START

OF

ROLL

RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original documents after microfilm reproductions have been made.

William d. Carter
Signature of Scanner Operator

3/14/2012
Date

LIST OF FILES

2009-2010
HOUSE FINANCE COMMITTEE
LIST OF FILES (PAGE 1)

1/21/09	CALL TO ORDER
1/22/09	REVENUE FORECAST: DEPARTMENT OF REVENUE
1/23/09	PRINCIPLES OF THE PERMANENT FUND PRINCIPAL
1/26/09	FY09/10 BUDGET OVERVIEW: OFFICE OF MANAGEMENT AND BUDGET
1/27/09	OVERVIEW: LEGISLATIVE FINANCE DIVISION
1/27/09	OVERVIEW: ALASKA MENTAL HEALTH TRUST AUTHORITY
1/28/09	OVERVIEW: GOVERNOR'S FY10 OPERATING BUDGET
1/29/09	OVERVIEWS: DEPARTMENT OF ADMINISTRATION, DEPARTMENT OF REVENUE, ALASKA COURT SYSTEM, DEPARTMENT OF LAW - CIVIL
1/30/09	OVERVIEWS: DEPARTMENT OF PUBLIC SAFETY, DEPARTMENT OF CORRECTIONS
2/2/09	OVERVIEWS: JOINT ARMED SERVICES COMMITTEE, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, DEPARTMENT OF NATURAL RESOURCES, DEPARTMENT OF FISH AND GAME
2/3/09	OVERVIEWS: DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT, UNIVERSITY OF ALASKA, DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
2/4/09	OVERVIEWS: DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES; DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT
2/5/09	OVERVIEWS: DEPARTMENT OF ADMINISTRATION - DIVISION OF RETIREMENT & BENEFITS
2/11/09	OVERVIEW: PORT OF ANCHORAGE & PORT MACKENZIE

2009-2010
HOUSE FINANCE COMMITTEE
LIST OF FILES (PAGE 2)

2/18/09	OVERVIEW: ALASKA HOUSING FINANCE CORPORATION
2/19/09	GOVERNOR'S FY10 OPERATING BUDGET AMENDMENTS
2/24/09	CONFIRMATIONS
4/8/09	CONFIRMATION: RONALD BROWN, STATE ASSESSMENT REVIEW BOARD
4/9/09	UPDATE: STATE CRIME LAB PROPOSAL
11/5/09	WORKSHOP WITH LEGISLATIVE FINANCE DIVISION
11/5/09	ALASKA GEOGRAPHIC DIFFERENTIAL STUDY
1/21/10	REVENUE OVERVIEW
1/22/10	OVERVIEWS: OFFICE OF MANAGEMENT & BUDGET, LEGISLATIVE FINANCE DIVISION
1/25/10	OVERVIEWS: DEPARTMENT OF ENVIRONMENTAL CONSERVATION, DEPARTMENT OF FISH & GAME
1/26/10	OVERVIEW: ENDANGERED SPECIES ACT
1/27/10	OVERVIEWS: DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT; DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
1/28/10	OVERVIEW: UNIVERSITY OF ALASKA
1/28/10	CRIMINAL JUSTICE PRESENTATION
1/29/10	OVERVIEWS: DEPARTMENT OF NATURAL RESOURCES, DEPARTMENT OF REVENUE
2/1/10	OVERVIEW: DEPARTMENT OF HEALTH & SOCIAL SERVICES
2/2/10	OVERVIEWS: DEPARTMENT OF LAW, ALASKA COURT SYSTEM)

2/3/10	OVERVIEWS: DEPARTMENT OF ADMINISTRATION; DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT
2/4/10	OVERVIEW: ALASKA MENTAL HEALTH TRUST AUTHORITY
2/4/10	OVERVIEW: DEPARTMENT OF MILITARY & VETERANS AFFAIRS
2/5/10	OVERVIEWS: DEPARTMENT OF PUBLIC SAFETY, DEPARTMENT OF CORRECTIONS
2/11/10	OVERVIEW: DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
2/16/10	CONFIRMATIONS
2/25/10	GOVERNOR'S FY11 OIL & GAS REQUESTS
2/26/10	REVIEW OF MEDICAID EXPENDITURES & PROJECTIONS
4/2/10	PRESENTATION: LARRY PERSILY
HB 3	
HB 7	
HB 10	
HB 20	
HB 26	
HB 29	
HB 35	
HB 36	
HB 44	
HB 50	

2009-2010
HOUSE FINANCE COMMITTEE
LIST OF FILES (PAGE 4)

HB 52

HB 63

HB 64

HB 69

HB 70

HB 73

HB 77

HB 78

HB 81

HB 81/83 PUBLIC TESTIMONY

HB 81/83 CONFERENCE COMMITTEE

HB 83

HB 85

HB 86

HB 88

HB 90

HB 98

HB 105

HB 109

HB 113

HB 114

HB 116

HB 121

HB 123

HB 126

HB 127

HB 137

HB 141

HB 150

HB 151

HB 154

HB 157

HB 161

HB 162

HB 167

HB 168

HB 172

HB 175

HB 180

HB 184

HB 186

HB 190

HB 199

HB 204

HB 207

HB 212

HB 214

HB 221

HB 222

HB 225

HB 226

HB 229

HB 235

HB 245

HB 273

HB 280

HB 283

HB 291

HB 292

HB 294

HB 296

HB 297

HB 298

HB 300

HB 302

HB 312

HB 314

HB 315

HB 316

HB 317

HB 319

HB 324

HB 326

HB 329

HB 331

HB 339

HB 342

HB 344

HB 346

HB 355

HB 356

HB 357

HB 361

HB 363

HB 369

HB 376

HB 381

HB 386

HB 392

HB 408

HB 410

HB 412

HB 413

HB 416

HB 421

HB 422

HB 424

HB 426

HCR 13

HCR 16

HCR 19

HCR 21

HCR 22

HJR 8

HJR 11

HJR 35

HJR 42

HJR 45

HJR 48

HR 6

SB 1

SB 1 LETTERS OF SUPPORT

SB 3

SB 13

SB 24

SB 25

SB 32

SB 45

SB 50

SB 57

SB 72

SB 75

SB 77

SB 83

SB 88

SB 89

SB 96

SB 110

SB 114

SB 116

SB 125

SB 133

SB 139

SB 144

SB 159

SB 165

SB 170

SB 171

SB 172

SB 174

SB 177

SB 183

SB 199

SB 217

SB 219

SB 220

SB 221

SB 222

SB 230

SB 234

SB 235

SB 236

SB 237

SB 238

SB 243

SB 246

SB 247

SB 248

SB 257

SB 258

SB 262

SB 263

SB 266

SB 269

SB 270

SB 279

SB 284

SB 292

SB 294

SB 300

SB 301

SB 305

SB 309

SB 312

SCR 19

SJR 21

1/21/09 CALL TO ORDER

<target><bill></bill><subject>1-21-09 CALL TO ORDER</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE
HOUSE FINANCE COMMITTEE

Representative Mike Hawker
Co-Chairman
(907) 465-4949
Fax: (907) 465-4979
Representative.Mike.Hawker@legis.state.ak.us

State Capitol 505
Juneau, Alaska 99801

Representative Bill Stoltze
Co-Chairman
(907) 465-4958
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Representative.Bill.Stoltze@legis.state.ak.us

State Capitol 515
Juneau, Alaska 99801

State Capitol, Juneau, Alaska 99801-1182

MEMORANDUM

DATE: January 19, 2009

TO: Members of the Alaska State House of Representatives
Members of the Alaska State Senate

FROM: Representative Bill Stoltze, Co-Chairman
Representative Mike Hawker, Co-Chairman
House Finance Committee

RE: **Hearing Request Requirements for the House Finance Committee**

The House Finance Committee will consider bills for scheduling when the prime sponsor submits a hearing request with the following documents in an electronic format to my office:

- Memo requesting scheduling of the pending legislation;
- A sponsor statement describing the intent of the bill and how the intent will be achieved through the passage of the legislation;
- A sectional analysis for long or complex bills;
- A brief explanation of changes, if any, that have occurred between the original version of the bill and the version that is before the House Finance Committee for consideration;
- Appropriate and updated fiscal notes for the most recent version of the bill;
- Supplemental back-up documentation from agencies and organizations, including but not limited to, research and legal opinions;
- A list of expected witnesses to testify on the legislation; and
- Teleconference and off-net site requests.

All hearing requests should include the name and phone number of the staff member assigned to the legislation. Please submit the hearing request and above information to: House_Finance_Legislation@legis.state.ak.us.

All documents should be submitted as separate PDF documents, and not in one large PDF file. When the legislation is scheduled for a hearing, the documents will be posted to the House Finance Committee website, under the Division of Legislative Finance.

If the sponsor of a bill would like a blank committee substitute to be considered by the committee in lieu of the most recent version of the bill, it must be received in a hard copy at least 24 hours prior to the scheduled hearing.

Amendments

Only House Finance Committee members may offer amendments for consideration by the committee. Amendments by the sponsor should be submitted with 24 hours prior to the scheduled hearing. Also, if the amendments will have a fiscal impact on the legislation, it is suggested that updated fiscal notes from the departments affected should also be submitted. When possible, amendments should be drafted by Legislative Legal Services to ensure conformity and legality.

Requests to Waive Bills from Committee

A written request, submitted electronically, must be submitted with the following information:

- A sponsor statement;
- Appropriate (new or revised) fiscal notes for the most recent version of the bill; and
- A sectional analysis or explanation of the bill.

If approved for waiver, my office will issue a House Finance Committee memo. All House Finance Committee members must sign, agreeing to the waiver.

If you have any questions, please feel to contact Ben Mulligan, at 465-6541.

Thank you for your cooperation.

ALASKA STATE LEGISLATURE
HOUSE FINANCE COMMITTEE

Representative Mike Hawker
Co-Chairman
(907) 465-4949
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State Capitol 515
Juneau, Alaska 99801

State Capitol, Juneau, Alaska 99801-1182

HOUSE FINANCE COMMITTEE RULES

TIME:

1:30 p.m. to 3:30 p.m. (longer if necessary)
Please notify the appropriate Co-Chairman if you must be absent from or leave during a meeting:

Rep. Stoltze-legislation/Capital Budget
Rep. Hawker-Operating/Supplemental Budgets

If possible let the Chairmen's offices know where you can be reached in case you are needed for a vote or to establish a quorum. Members must be present to vote on passage of a bill from committee and to sign committee reports.

If you are requesting an excused absence from the Call of the House, both Co-Chairmen must approve the absence from committee. Once approved by the Co-Chairmen, please bring a copy of the excused absence to Capitol 505.

COMMITTEE QUORUM AND VOTING RULES:

A quorum of the majority of the committee membership (**six** members) is necessary to vote or take any Committee action.

If fewer than eleven members are present, motions to amend may be adopted by a majority of those present, but under no conditions will the number of votes required for adoption of an amendment be less than **five**.

Members participating via teleconference may be considered for the purposes of establishing quorum.

CONFLICTS OF INTEREST/ABSTENTION FROM VOTING

It is not required to request to abstain from voting to report a bill from committee due to conflict of interest. However, if members would like to declare a conflict of interest and request to abstain from voting, they may.

AMENDMENTS:

When possible, amendments should be drafted by Legislative Legal Services to ensure conformity and legality. This will facilitate the transmittal of amended legislation.

All amendments to legislation **must** be turned into the appropriate Co-Chairman's office **24 hours prior** to a bill hearing in House Finance. This will be strictly enforced this year. We will hold bills over if amendments need to be done but are not submitted 24 hours ahead.

COMMITTEE REPORTS

Members must be present to sign the committee report. Please do not leave the room before signing. Staff is unable to track down members for their signature. A legal memo is attached concerning the signing of committee reports.

DRAFT HFC COMMITTEE SUBSITUTES

Only the Chairmen and their staff may request draft House Finance Committee Substitutes. Members may request blank committee substitutes or submit their requests as amendments.

TELECONFERENCE PARTICIPATION:

When necessary, members may participate via teleconference. They may vote on amendments and any other committee action. However, they may not vote to move a bill from committee. A member must be physically present to vote on the passage of a bill from committee. Attached is a memo from legal regarding teleconference participation.

NOTICE REQUIREMENTS:

Written notice of the time, place, and subject matter of all House Finance Committee meetings shall be given in accordance with Rule 23 of the Uniform Rules.

House Finance Committee
Agenda
Wednesday, January 21, 2008

House Finance Committee
Call to Order

1. Gavel in
    a. Date
    b. Time
    c. Location
2. Member introductions
    a. Foster – special recognition
    b. Co-chairs
    c. Vice Chair
3. Declare quorum
4. Member aide introductions
    a. Hawker
    b. Stoltze
    c. Thomas
    d. Others
5. Legislative drafting personnel introductions
    a. Tam Cook, Legal Services Director
        i. Peeps
6. Legislative finance personnel introductions
    a. David Teal, Legislative Fiscal Analyst
        i. Peeps
7. Committee Room Personnel Introductions
    a. Louanne Christian, Finance Committee Assistant
        i. Peeps
8. Rules of the road
    a. Separate memo sent to committee members
    b. No SOP changes
    c. Stoltze Role
        i. Capital Budget
        ii. Legislation hearings
        iii. Special hearings
    d. Hawker Role
        i. Operating budget
        ii. Special hearings
    e. Donut rule still in effect
        i. Entrapment encouraged
    f. Meetings begin when scheduled
        i. Quorum not needed to begin meeting
    g. Voting rules
        i. Quorum required
        ii. No teleconference voting
        iii. 5 to pass amendment
        iv. 6 to move bill from committee
    h. Committee process by Louanne

i. Microphones sensitive
ii. File drawers
iii. Bill file preparation
iv. Short forms and detail books
v. All handouts through Committee aide
1. must be attributed

9. Operating budget basics
   a. Subcommittee chairs (handout)
   b. Deadlines and schedule
      i. Governors supplemental amends due Feb 3
      ii. Governors operating amends due Feb 18
   c. Closeout schedule to be determined
      i. Morgan schedules committee room
   d. Preliminary hearing schedule (handout)
10. Capital budget basics
   a. Stoltze
11. Legislation process basics
   a. Stoltze
12. Member forum
13. Adjourn to time certain

House Finance Committee
26th Legislature Budget Subcommittees

	AGENCY	CHAIR
1	Administration	Thomas
2	Community and Economic Development	Austerman
3	Corrections	Kelly
4	Court System	Hawker
5	Education and Early Development	Fairclough
6	Environmental Conservation	Austerman
7	Fish and Game	Thomas
8	Governor	Hawker
9	Health and Social Services	Joule
10	Labor and Workforce	Fairclough
11	Law	Stoltze
12	Legislature	Hawker
13	Military and Veterans Affairs	Foster
14	Natural Resources	Kelly
15	Public Safety	Stoltze
16	Revenue	Hawker
17	Transportation and Public Facilities	Foster
18	University	Fairclough

1/22/09 REVENUE FORECAST: DEPARTMENT OF REVENUE

<target><bill></bill><subject>1-22-09 REVENUE FORECAST
DEPARTMENT OF REVENUE</subject><comm>HFIN26</comm></target>

Prices. B-1a

Crude Oil and Natural Gas Prices—History[1]

NOMINAL[2]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
WTI	18.04	14.13	24.82	30.41	23.87	29.47	33.12	47.19	63.01	63.63
ANS West Coast Spot	15.86	12.64	23.27	27.86	21.78	28.16	31.74	43.44	60.80	61.63
ANS Wellhead Wtd Average All Destinations	11.70	8.50	18.94	22.81	17.09	23.10	26.71	38.82	55.33	55.67
Cook Inlet Wellhead	13.76	10.51	21.00	25.88	19.64	24.93	27.85	40.24	57.06	57.31

Henry Hub Natural Gas Prices
($ per million Btu)

FY	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Henry Hub	2.43	1.97	2.64	5.47	2.80	4.62	5.37	6.18	9.20	6.64

REAL 2007 $[3]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
WTI	22.83	17.59	30.30	35.79	27.21	33.24	36.58	50.47	65.73	63.63
ANS West Coast Spot	20.07	15.73	28.41	32.78	24.83	31.76	35.06	46.46	63.43	61.63
ANS Wellhead Wtd Average All Destinations	14.80	10.58	23.13	26.85	19.48	26.05	29.50	41.52	57.72	55.67
Cook Inlet Wellhead	17.42	13.09	25.64	30.46	22.39	28.12	30.76	43.04	59.53	57.31

Henry Hub Natural Gas Prices
($ per million Btu)

FY	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Henry Hub	3.07	2.45	3.23	6.44	3.19	5.21	5.93	6.61	9.60	6.64

(1) Data from Platt's Oilgram Price Report, Wood McKenzie and Alaska Department of Revenue's prevailing value and tax return data. Historical nominal crude oil and natural gas prices can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/OilGasPrices.pdf.

(2) Adjustment to "nominal" dollars is required to prepare the crude oil and natural gas price forecasts. Callan Associates Inc.'s inflation rate of 2.75% was used for FY 2008 and beyond. A summary of nominal crude oil and natural gas prices can be found in at the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/OilGasPrices.pdf.

(3) Adjustment to "real 2007" dollars is useful to compare prices across time excluding inflation. These prices data are adjusted to real 2007 dollars based on inflation rates provided by the U.S. Department of Labor, Bureau of Labor Statistics. The data series used is the Consumer Price Index for all Urban Consumers (CPI-U) which can be found at: www.gls.gov/cpi/home.htm. A summary of real 2007 crude oil and natural gas prices can be found in at the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/OilGasPrices.pdf.

FALL 2007

Prices. B-1a

Crude Oil and Natural Gas Prices—History[1][2]

NOMINAL[3]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
WTI	14.48	25.99	30.05	23.70	29.90	33.73	48.72	64.22	63.35	97.02
ANS West Coast Spot	12.99	24.42	27.54	21.65	28.59	32.36	44.85	62.12	61.60	96.51
ANS Wellhead Wtd Average All Destinations	8.88	19.87	22.56	17.04	23.42	27.46	40.12	56.69	56.20	90.46
Cook Inlet Wellhead	10.84	22.14	25.64	19.37	25.32	28.41	41.72	58.26	57.31	82.26

Henry Hub Natural Gas Prices
($ per million Btu)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Henry Hub	1.98	2.81	5.43	2.76	4.84	5.41	6.26	9.12	6.88	8.30

REAL 2008 $[4]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
WTI	18.46	32.49	36.22	27.66	34.54	38.16	53.37	68.62	64.88	97.02
ANS West Coast Spot	16.56	30.53	33.19	25.27	33.03	36.60	49.13	66.37	63.08	96.51
ANS Wellhead Wtd Average All Destinations	11.32	24.84	27.19	19.90	27.05	31.06	43.95	60.57	57.02	90.46
Cook Inlet Wellhead	13.82	27.69	30.91	22.61	29.24	32.14	45.70	62.24	58.69	82.26

Henry Hub Natural Gas Prices
($ per million Btu)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Henry Hub	2.52	3.51	6.54	3.22	5.59	6.12	6.85	9.75	7.04	8.30

Production. C-2a

Crude Oil Production—History[1]

(million barrels per day)

FY	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Prudhoe Bay[2]	0.713	0.636	0.571	0.540	0.487	0.433	0.419	0.381	0.340	0.274
PBU Satellites[3]		0.003	0.005	0.007	0.026	0.045	0.052	0.044	0.041	0.043
GPMA[4]	0.192	0.159	0.118	0.089	0.075	0.065	0.061	0.056	0.049	0.037
Kuparuk	0.259	0.240	0.212	0.197	0.176	0.160	0.155	0.142	0.134	0.122
Kuparuk Satellites[5]	0.001	0.025	0.037	0.031	0.039	0.052	0.049	0.051	0.041	0.045
Milne Point[6]	0.053	0.055	0.053	0.052	0.052	0.051	0.051	0.050	0.041	0.033
Endicott[7]	0.062	0.052	0.048	0.037	0.033	0.029	0.029	0.021	0.020	0.017
Liberty										
Alpine[8]				0.038	0.096	0.098	0.099	0.104	0.123	0.105
Fiord[9]										0.009
Nanuq[10]										0.009
NPR-A										
Offshore[11]										
Northstar[12]					0.020	0.059	0.066	0.069	0.056	0.046
Total ANS	**1.279**	**1.170**	**1.044**	**0.991**	**1.004**	**0.993**	**0.980**	**0.917**	**0.845**	**0.740**
Cook Inlet	**0.032**	**0.032**	**0.029**	**0.029**	**0.033**	**0.028**	**0.023**	**0.019**	**0.018**	**0.018**
Total Alaska	**1.311**	**1.202**	**1.073**	**1.020**	**1.037**	**1.021**	**1.004**	**0.936**	**0.863**	**0.758**

(1) A summary of historical crude oil production can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/AlaskaProduction.pdf.
(2) Includes NGLs from Central Gas Facility shipped to TAPS.
(3) Aurora, Borealis, Midnight Sun, Orion and Polaris.
(4) Lisburne, Niakuk, North Prudhoe Bay State, Point McIntyre, Raven, West Beach and West Niakuk.
(5) Meltwater, Tabasco, Tarn and West Sak.
(6) Includes Sag River and Schrader Bluff.
(7) Includes Badami, Eider and Sag Delta.
(8) Includes Alpine-West and Qannik.
(9) Fiord and Fiord-Kuparuk.
(10) Nanuq and Nanuq-Kuparuk.
(11) Known Offshore includes Nikaitchuq and Oooguruk.
(12) Includes Outer Continental Shelf (OCS) production.

FALL 2007

Production. C-2a

Crude Oil Production—History [1][2]

(million barrels per day)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Prudhoe Bay[3]	0.626	0.571	0.536	0.486	0.429	0.414	0.380	0.335	0.271	0.291
PBU Satellites[4]	0.004	0.005	0.007	0.030	0.045	0.052	0.043	0.041	0.043	0.034
GPMA[5]	0.152	0.113	0.088	0.073	0.065	0.060	0.055	0.048	0.037	0.044
Kuparuk	0.238	0.211	0.197	0.174	0.160	0.154	0.141	0.133	0.121	0.113
Kuparuk Satellites[6]	0.028	0.036	0.031	0.041	0.052	0.049	0.051	0.043	0.044	0.038
Milne Point[7]	0.055	0.053	0.052	0.052	0.051	0.051	0.049	0.041	0.033	0.033
Endicott[8]	0.049	0.043	0.037	0.033	0.029	0.028	0.020	0.021	0.016	0.014
Liberty										
Alpine[9]			0.045	0.096	0.099	0.099	0.105	0.123	0.103	0.079
Fiord[10]									0.011	0.018
Nanuq[11]									0.010	0.019
NPR-A										
Offshore[12]										0.000
Northstar[13]				0.025	0.059	0.066	0.068	0.055	0.045	0.034
Total ANS	**1.150**	**1.033**	**0.993**	**1.010**	**0.991**	**0.974**	**0.911**	**0.840**	**0.734**	**0.716**
Cook Inlet	**0.027**	**0.026**	**0.025**	**0.029**	**0.030**	**0.025**	**0.020**	**0.018**	**0.016**	**0.014**
Total Alaska	**1.177**	**1.059**	**1.018**	**1.039**	**1.021**	**0.999**	**0.931**	**0.858**	**0.750**	**0.730**

[1] In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

[2] A summary of historical crude oil production can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/AlaskaProduction.pdf.

[3] Includes NGLs from Central Gas Facility shipped to TAPS.

[4] Aurora, Borealis, Midnight Sun, Orion and Polaris.

[5] Lisburne, Niakuk, North Prudhoe Bay State, Point McIntyre, Raven, West Beach and West Niakuk.

[6] Meltwater, Tabasco, Tarn and West Sak.

[7] Includes Sag River and Schrader Bluff.

[8] Includes Badami, Eider and Sag Delta.

[9] Includes Alpine-West and Qannik.

[10] Fiord, Fiord-Kuparuk and Fiord West.

[11] Nanuq and Nanuq-Kuparuk.

[12] Known Offshore includes Nikaitchuq and Oooguruk.

[13] Includes Outer Continental Shelf (OCS) production.

FALL 2008

Figure 7-8. Constitutional Budget Reserve Fund Cash Flows, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
	FY 2008	FY 2009	FY 2010
Beginning Cash Balance CBRF	2,548.4	5,601.2	7,138.3
Beginning Main Account Balance	1,980.7	1,134.0	2,237.0
Earnings on Main Account Balance [1]	140.4	83.0	103.4
Petroleum Tax, Royalty Settlements [2]	438.3	20.0	20.0
Repayment to CBRF (prior year) [3]	74.6	0.0	0.0
(Loan to GF)/Repayment to CBRF (current year) [3]	(1,500.0)	1,000.0	0.0
Ending Main Account Balance	**1,134.0**	**2,237.0**	**2,360.4**
Beginning Special Subaccount Balance	567.7	4,467.2	4,901.3
Earnings on Special Subaccount Balance [1]	(200.5)	(129.7)	391.4
Repayment to Special Subaccount [3]	4,100.0	563.8	146.4
Ending Special Subaccount Balance	**4,467.2**	**4,901.3**	**5,439.1**
Total CBRF Balance	**5,601.2**	**7,138.3**	**7,799.5**

[1] The earnings estimate for the main account is 4.526% and the earnings estimate for the special subaccount is 7.609%. These projections are based on 2008 Callan's capital market assumptions and Department of Revenue, Treasury Division's asset allocation.

[2] Settlement estimates are provided by the Department of Revenue and Department of Law, net of annual Federal Minerals Management Service payments.

[3] Repayment from the General Fund to the CBRF is indicated by a positive dollar amount; Loan from the CBRF to the General Fund is indicated by a negative dollar amount.

ORIGINAL WEB VERSION
FALL 2008

Figure 7-6. Constitutional Budget Reserve Fund Cash Flows, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
	FY 2008	FY 2009	FY 2010
Beginning Cash Balance CBRF	2,548.4	5,601.2	7,531.0
Beginning Main Account Balance	1,980.7	1,134.0	3,193.5
Earnings on Main Account Balance [1]	140.4	83.0	103.4
Petroleum Tax, Royalty Settlements [2]	438.3	20.0	20.0
(Loan to GF)/Repayment to CBRF [3]	2,674.6	1,956.5	146.4
Transfer to Special Subaccount	(4,100.0)	0.0	0.0
Ending Main Account Balance	**1,134.0**	**3,193.5**	**3,463.3**
Beginning Special Subaccount Balance	567.7	4,467.2	4,337.5
Earnings on Special Subaccount Balance [1]	(200.5)	(129.7)	391.4
Transfer from Main Account [3]	4,100.0	0.0	0.0
Ending Special Subaccount Balance	**4,467.2**	**4,337.5**	**4,728.9**
Total CBRF Balance	**5,601.2**	**7,531.0**	**8,192.2**

[1] The earnings estimate for the main account is 4.526% and the earnings estimate for the special subaccount is 7.609%. These projections are based on 2008 Callan's capital market assumptions and Department of Revenue, Treasury Division's asset allocation.

[2] Settlement estimates are provided by the Department of Revenue and Department of Law, net of annual Federal Minerals Management Service payments.

[3] Repayment from the General Fund to the CBRF is indicated by a positive dollar amount; Loan from the CBRF to the General Fund is indicated by a negative dollar amount.

PRINTED VERSION
FALL 2008

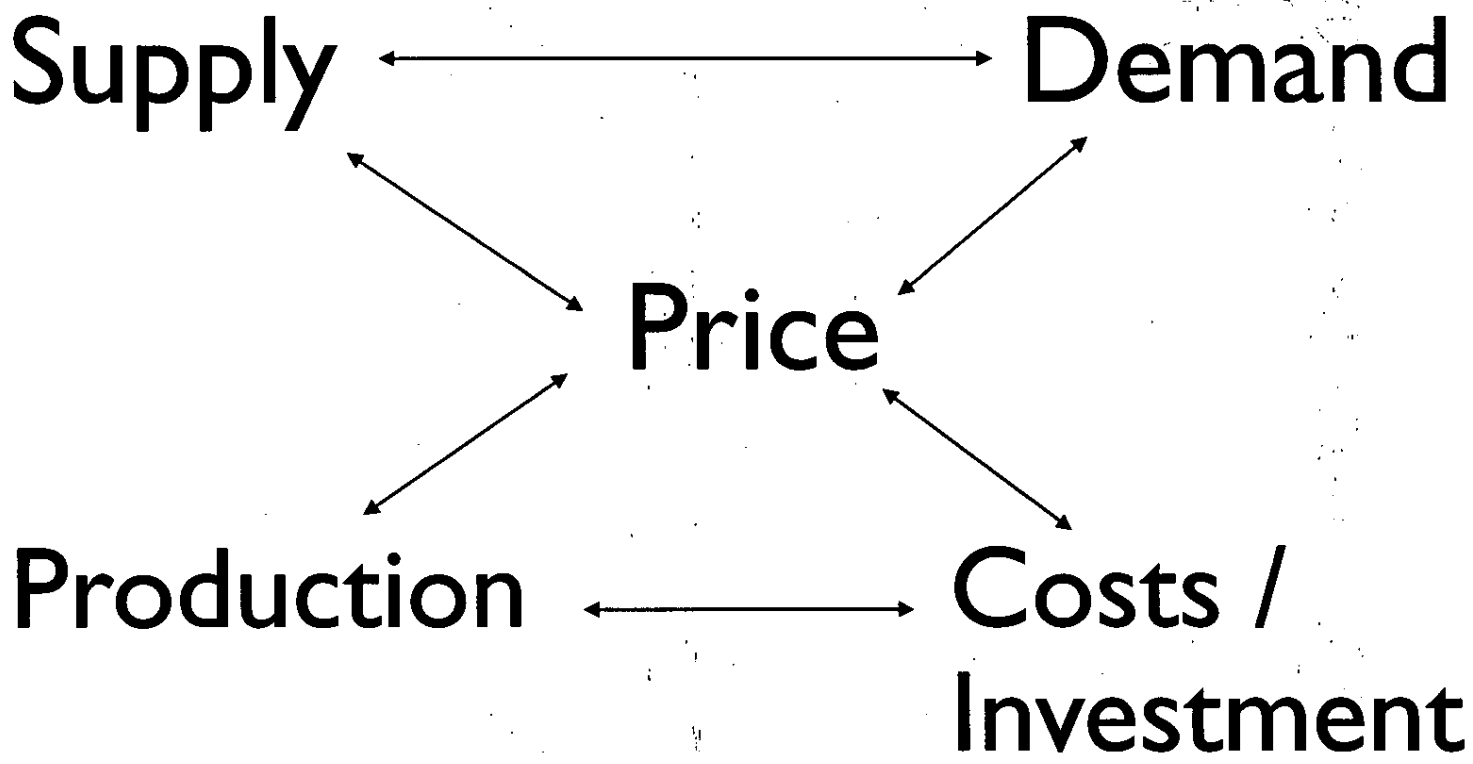
Overview of Fall 2008 Revenue Forecast

Presentation to the
House Finance Committee
January 22, 2009
Alaska Department of Revenue

Oil and Gas Revenue Forecast Variables

- Production
- Price
- Costs / Investment

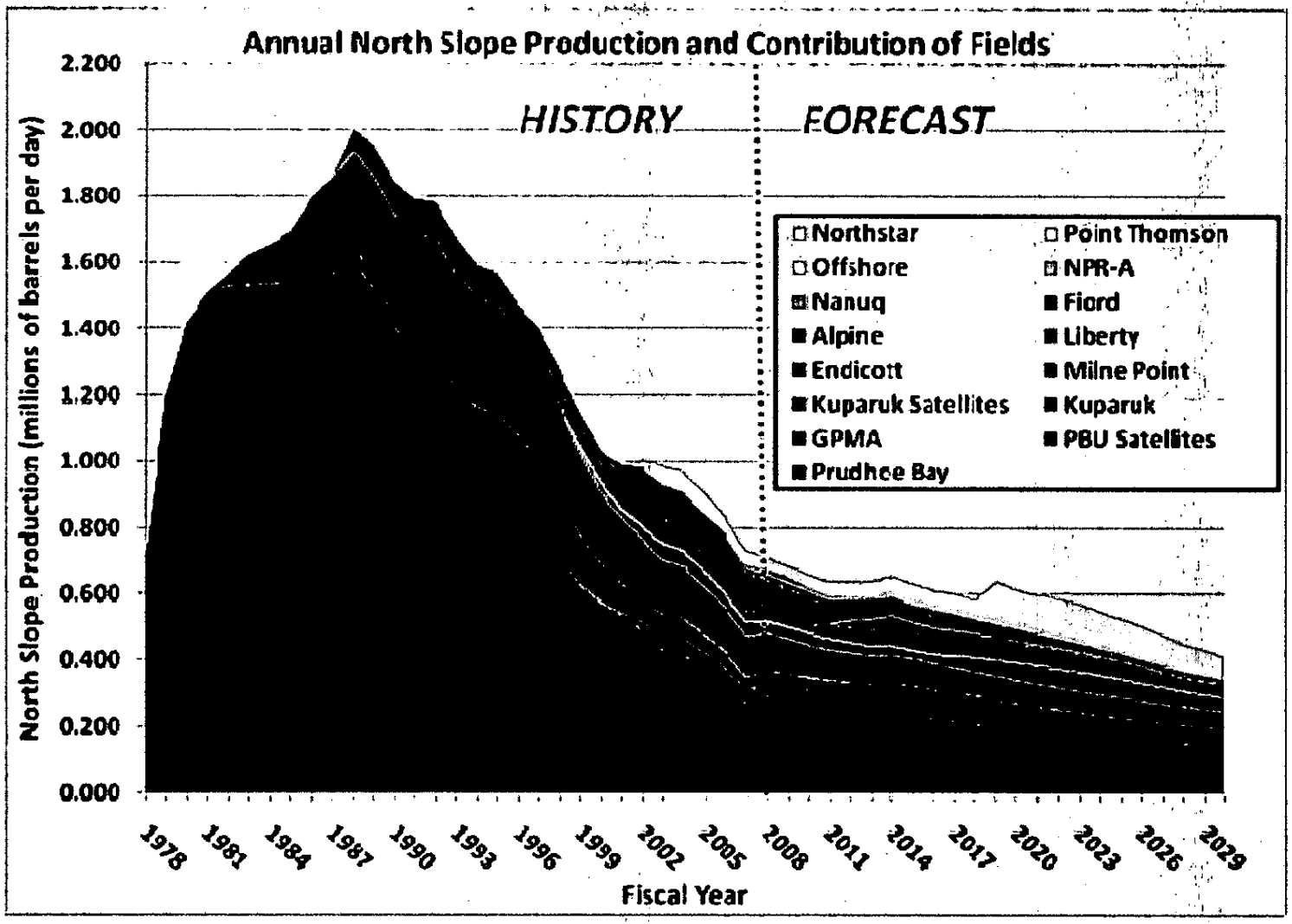
Interdependency of Forecast Variables



Oil and Gas Revenue Forecast Variables

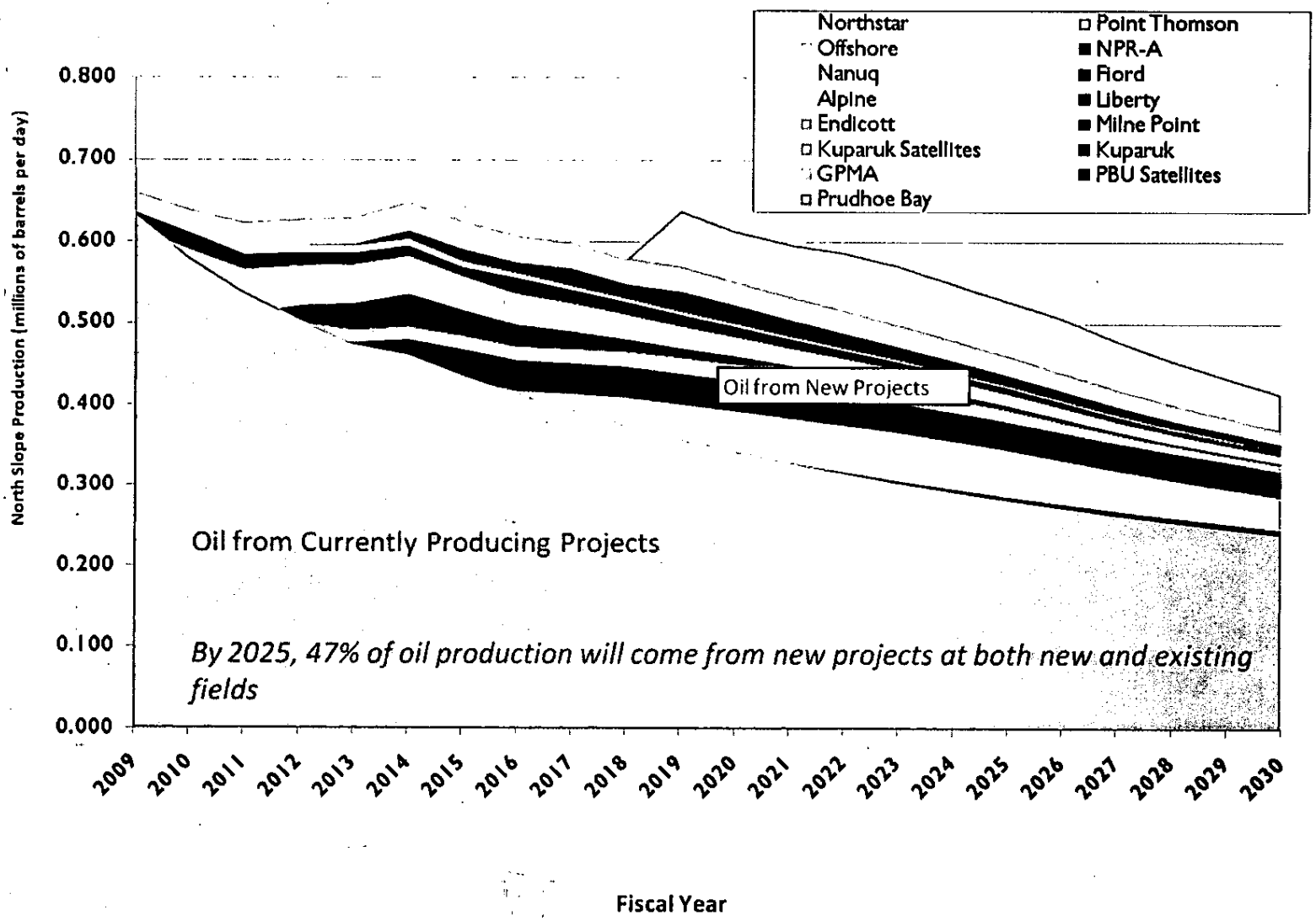
- Production
- Price
- Costs / Investment

ANS Production, History & Forecast



Source: Fall 2008 Revenue Sources Book

Forecasted ANS Production, FY 2009 - 2030

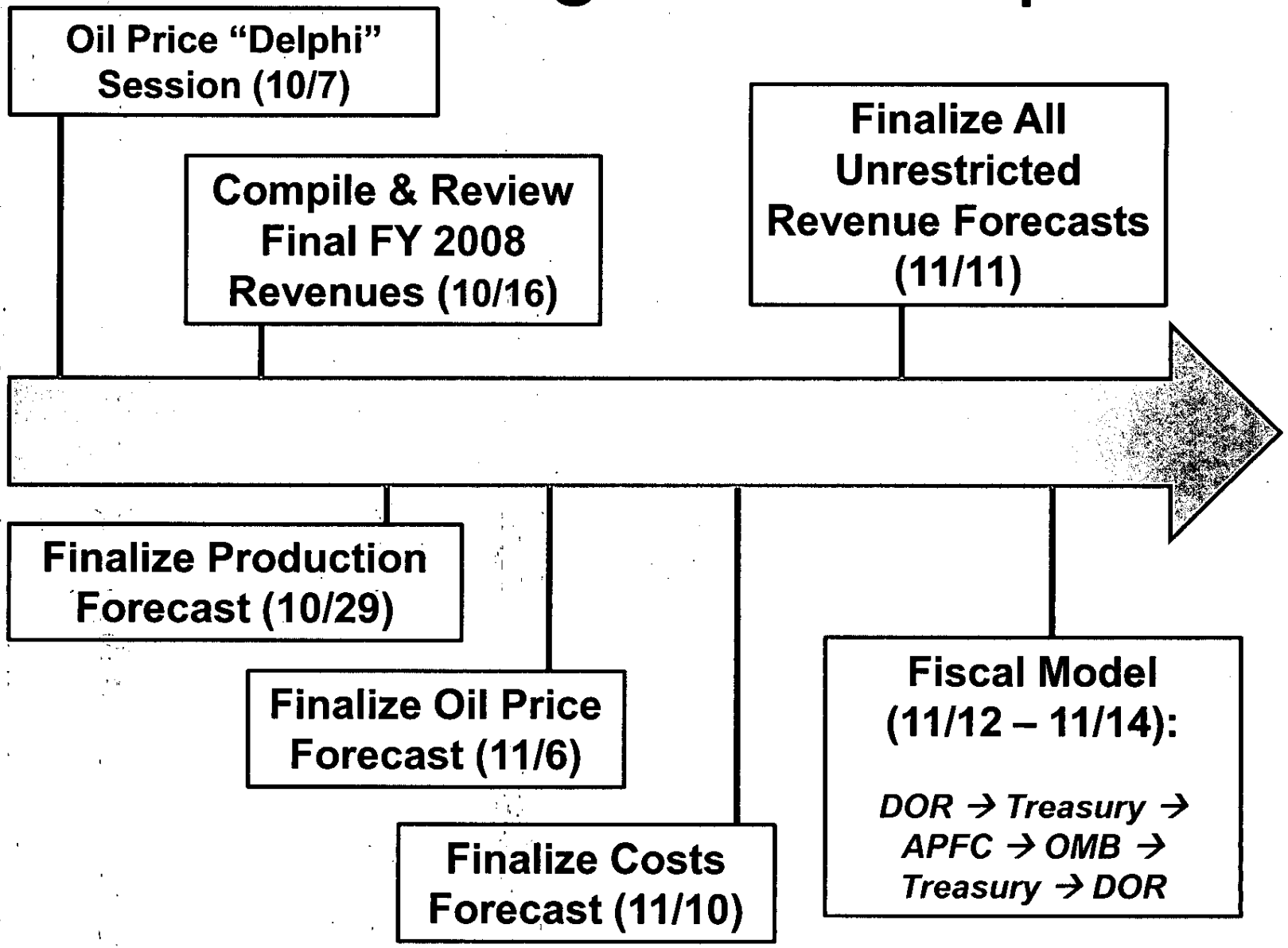


Source: Fall 2008 Revenue Sources Book

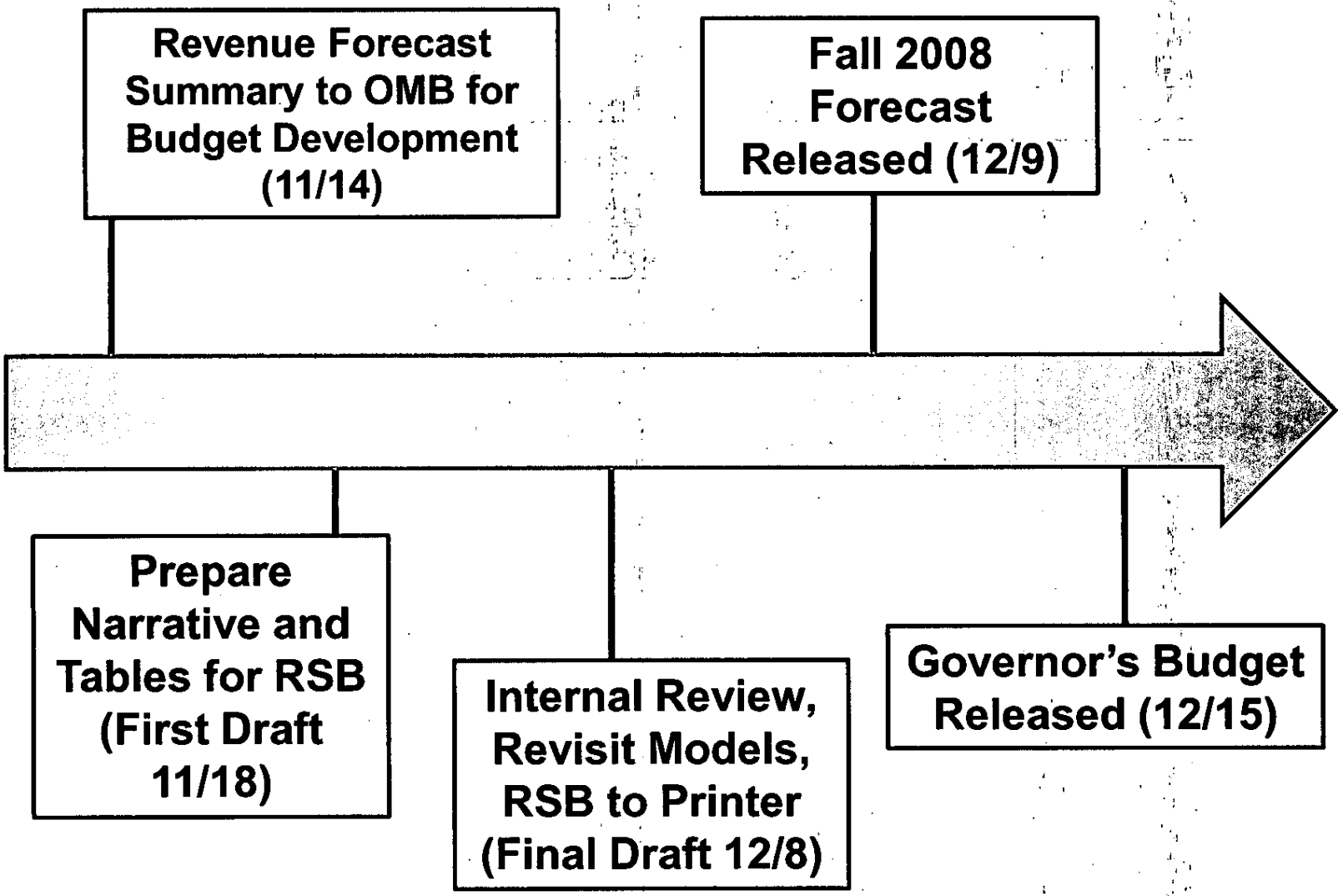
Oil and Gas Revenue Forecast Variables

- Production
- Price
- Costs / Investment

The Forecasting Timeline – part I



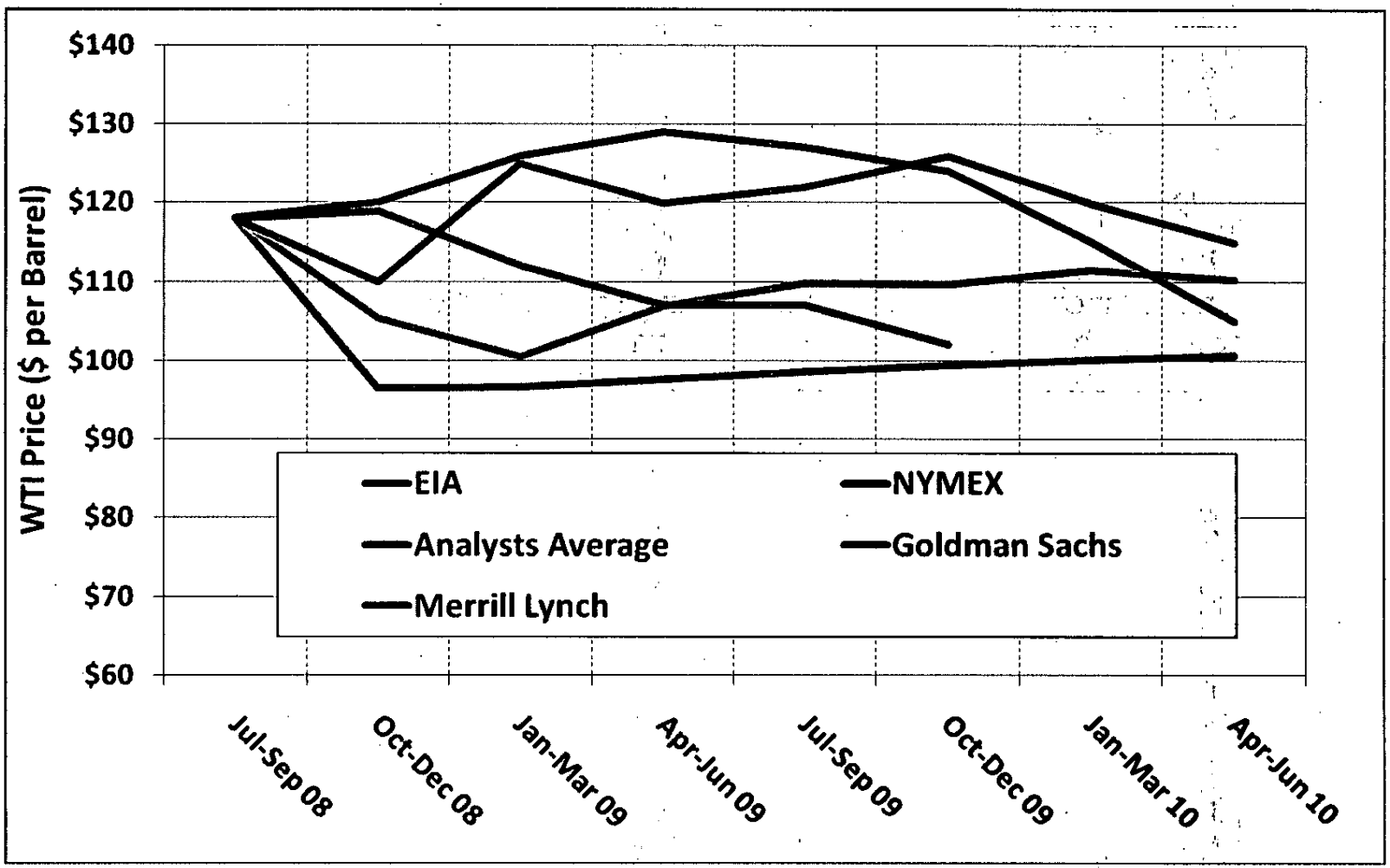
The Forecasting Timeline – part II



The "Delphi" Session

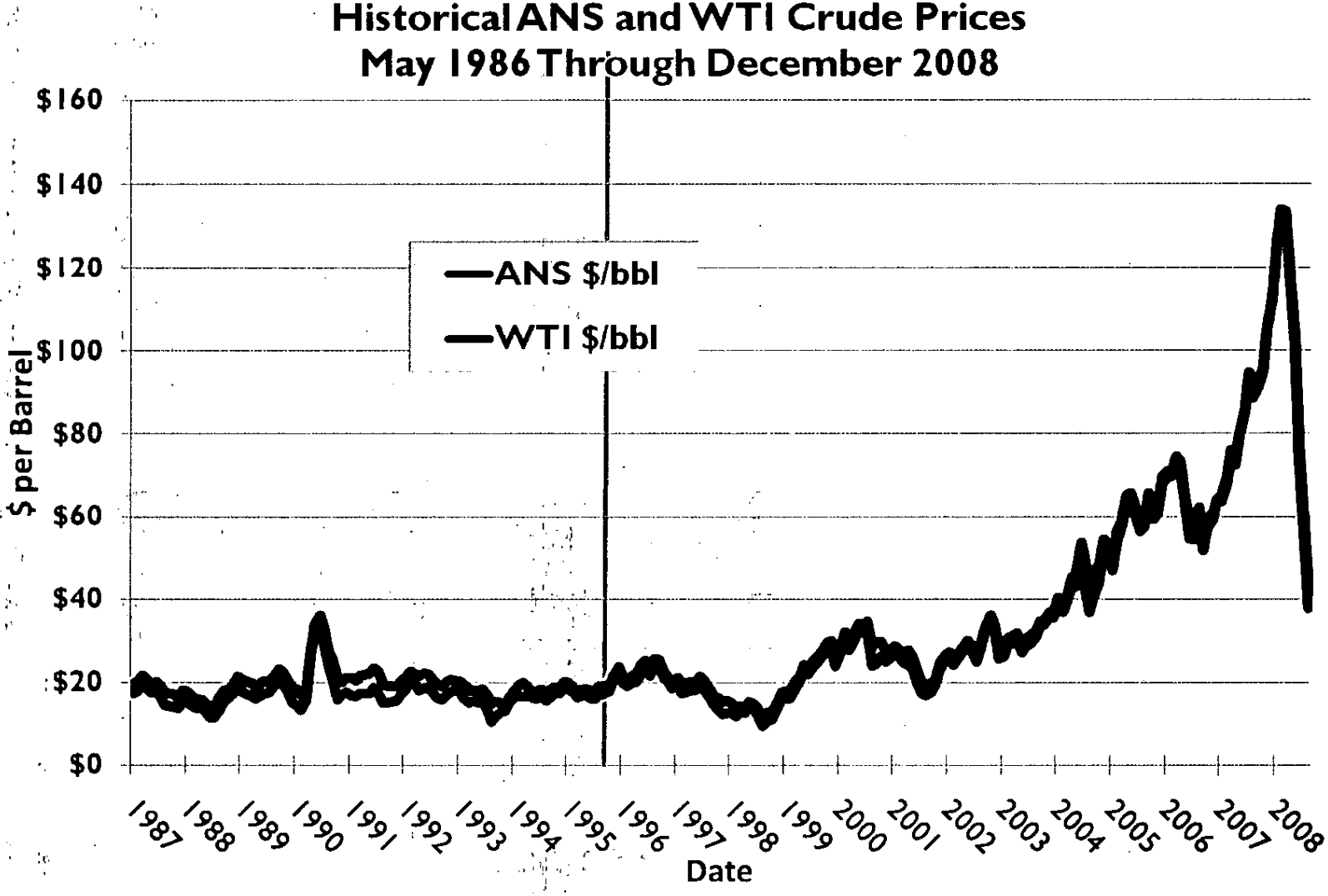
- **Modified "Delphi" technique**
- **Oct 7, 2008: Prices averaging $92.85**
- **Expanded Invitee List: 50 Invitees, 29 Participants from DOR, DNR, DOL, OMB, University, Legislative Finance, Legislature, outside participants**
- **Presentations: Fundamentals (supply & demand), geopolitics, financial markets, analyst expectations, etc.**
- **28 forecasts received; Delphi forecast is the "median" forecast of the participants**

Price Forecasts Available At Delphi



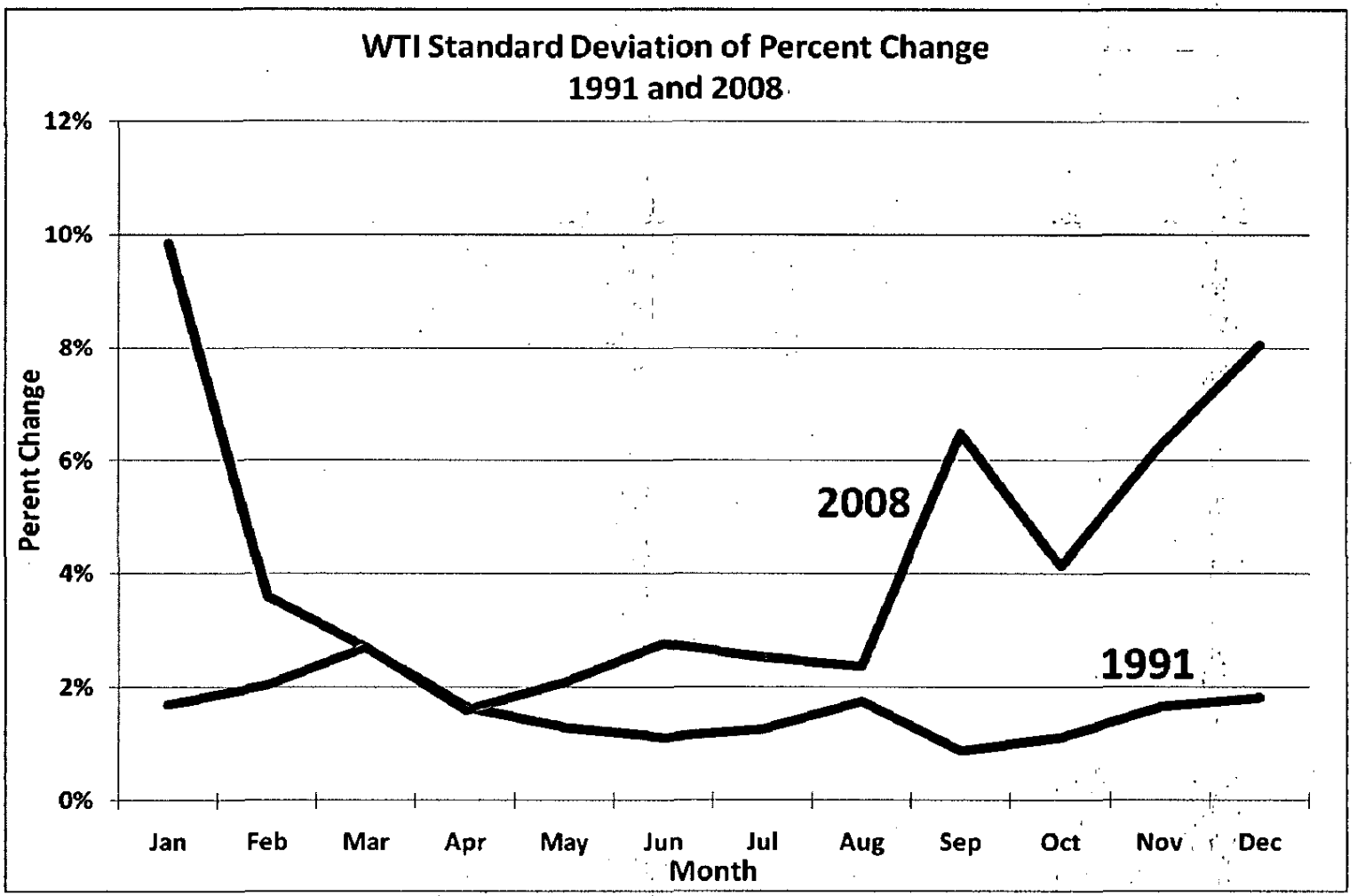
Sources: Bloomberg, New York Mercantile Exchange, Energy Information Agency
Note: Only Analyst Average, EIA and NYMEX were presented at Delphi. Merrill Lynch and Goldman Sachs were included in Analyst Average.

Oil Price Volatility – 80% decline in 5 months



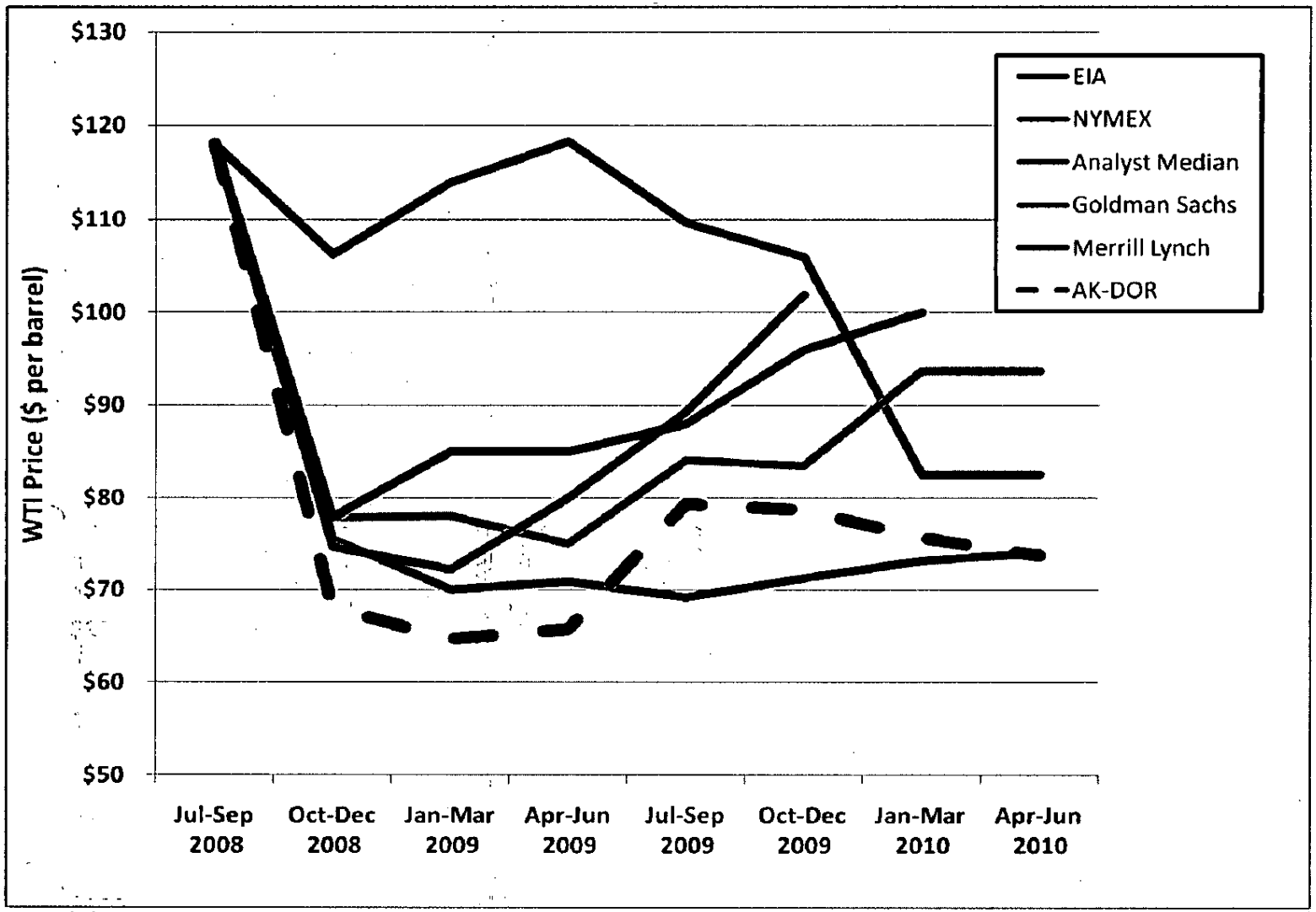
Source: Reuters, Bloomberg

Oil Price Volatility – Two of the Most Volatile Years in History



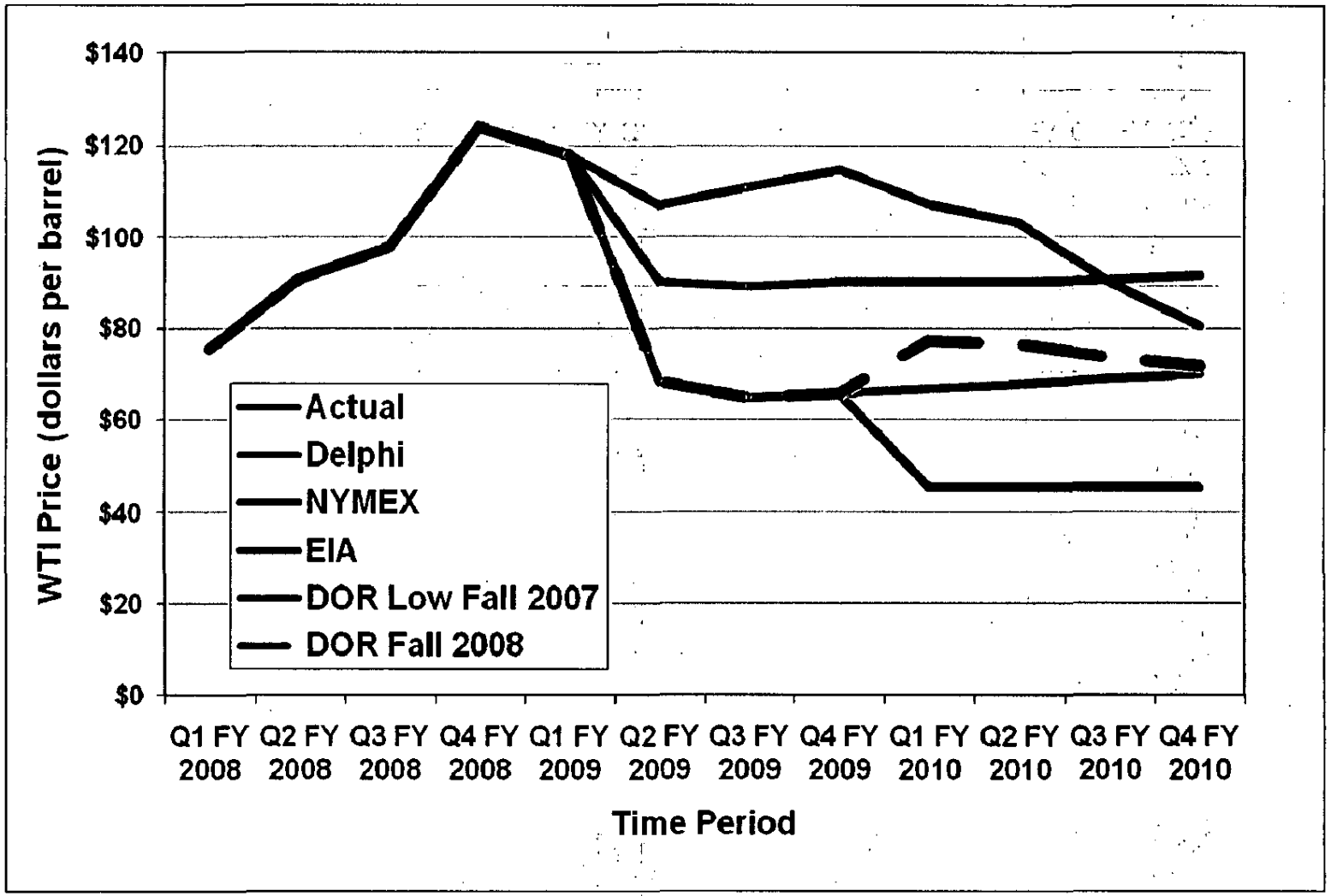
Source: Reuters, Bloomberg, DOR Analysis

Price Forecasts as of 11/6/2008



Source: Bloomberg, Wall St Journal, Energy Information Agency

Our Forecast Was a Blend…



Source: EIA, NYMEX, Alaska Department of Revenue

How Did We Get to Our Price Forecast?

WTI in Real $	Delphi Median Oct 7, 2008	NYMEX Oct 24, 2008	EIA Oct 2008	DOR Fall 2007 Low Scenario	Official Fall 2008 Forecast	Explanation
1st Quarter FY 09	118.05	118.05	118.05	118.05	118.05	Actual prices
2nd Quarter FY 09	90.00	68.16	107.00	–	68.16	NYMEX price, dated Oct 24, 2008
3rd Quarter FY 09	89.00	64.76	110.90	–	64.76	
4th Quarter FY 09	90.00	65.78	114.80	–	65.78	
FY 09 Average	***96.76***	***79.19***	***112.69***	***118.05***	***79.19***	
1st Quarter FY 10	90.00	66.80	107.10	45.28	77.30	Average of Delphi, NYMEX, EIA, and Fall 2007 Low
2nd Quarter FY 10	90.00	67.89	103.20	45.28	76.59	
3rd Quarter FY 10	90.50	69.02	90.00	45.28	73.70	
4th Quarter FY 10	91.50	70.06	80.50	45.28	71.84	
FY 10 Average	***90.50***	***68.44***	***95.20***	***45.28***	***74.86***	

*Note: Revenue forecasts for FY2009 included one more month of actual prices, which changed the ANS FY2009 average price to $77.66.

Source: Alaska Department of Revenue

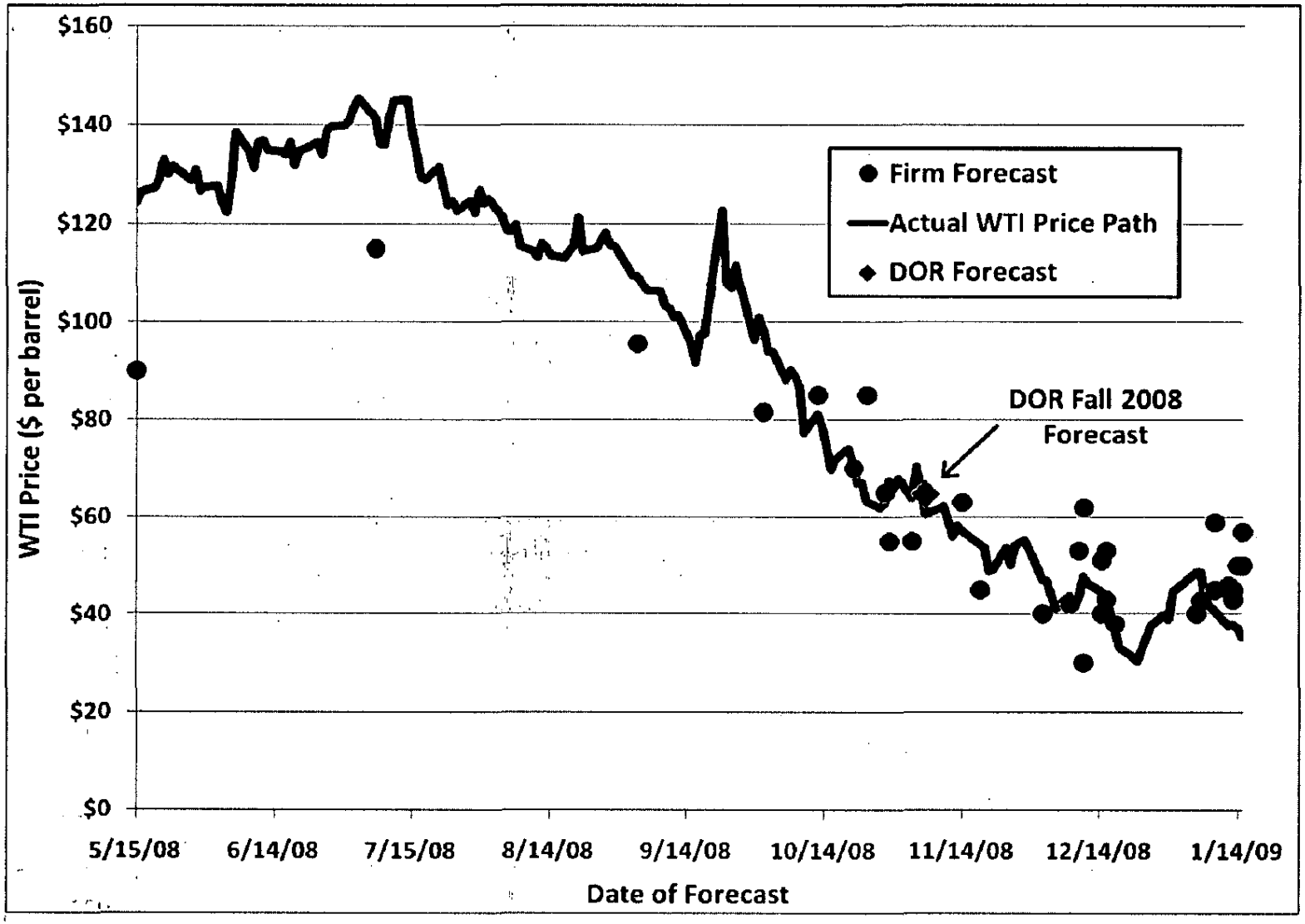
Fall 2008 DOR Oil Price Forecast

	Nominal $		Real $	
	WTI	ANS	WTI	ANS
1st Quarter FY 2009	118.05	115.55	118.05	115.55
2nd Quarter FY 2009	68.16	65.66	68.16	65.66
3rd Quarter FY 2009	64.76	62.26	64.76	62.26
4th Quarter FY 2009	65.78	63.28	65.78	63.28
FY 2009 Average	***79.19***	***76.69***	***79.19***	***76.69***
1st Quarter FY 2010	79.42	76.92	77.30	74.86
2nd Quarter FY 2010	78.70	76.20	76.59	74.16
3rd Quarter FY 2010	75.73	73.23	73.70	71.27
4th Quarter FY 2010	73.81	71.31	71.84	69.40
FY 2010 Average	***76.92***	***74.41***	***74.86***	***72.42***

*Note: Revenue forecasts for FY2009 included one more month of actual prices, which changed the ANS FY2009 average price to $77.66.

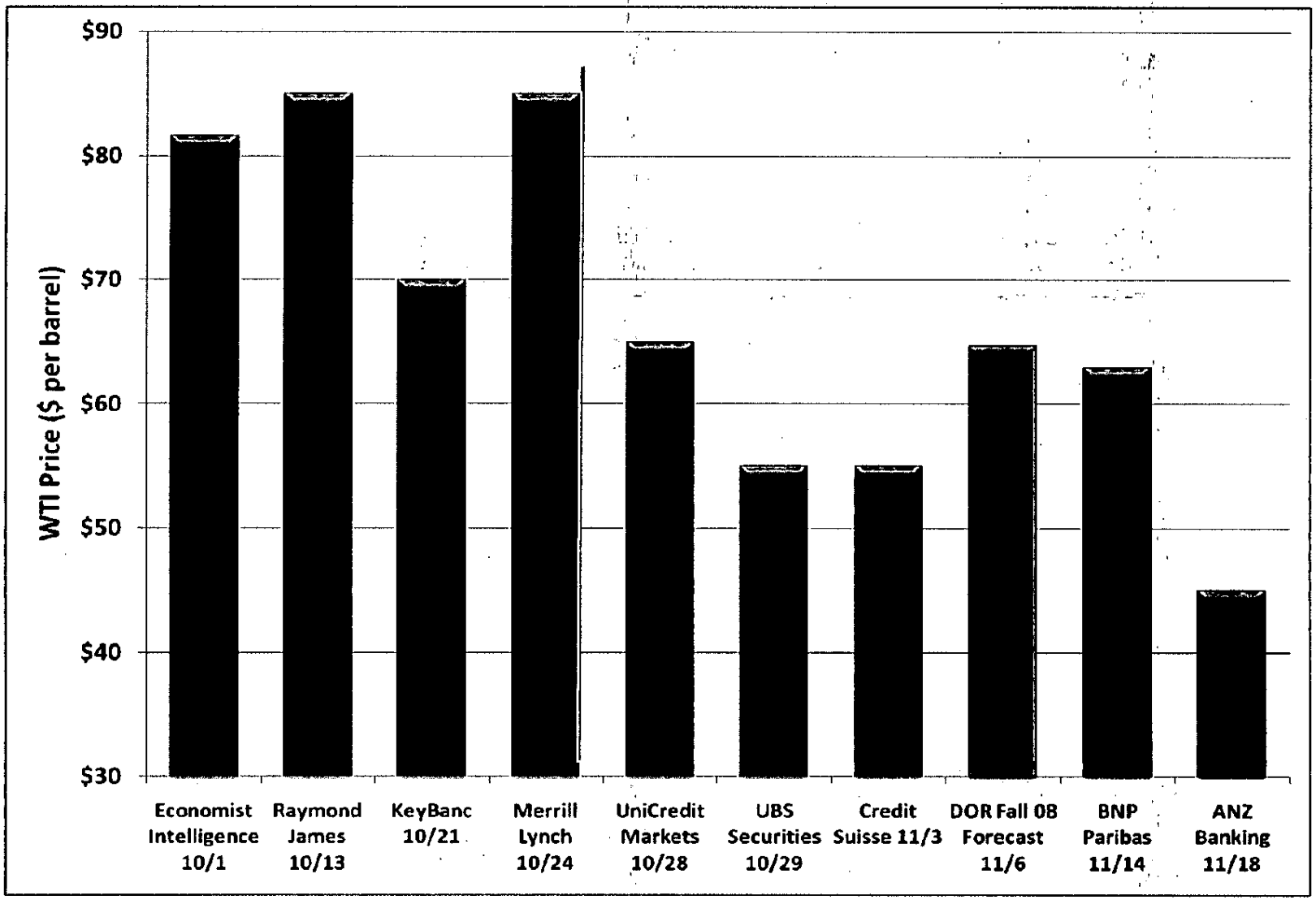
Source: Fall 2008 Revenue Sources Book

Price Forecasts for Jan-Mar 2009



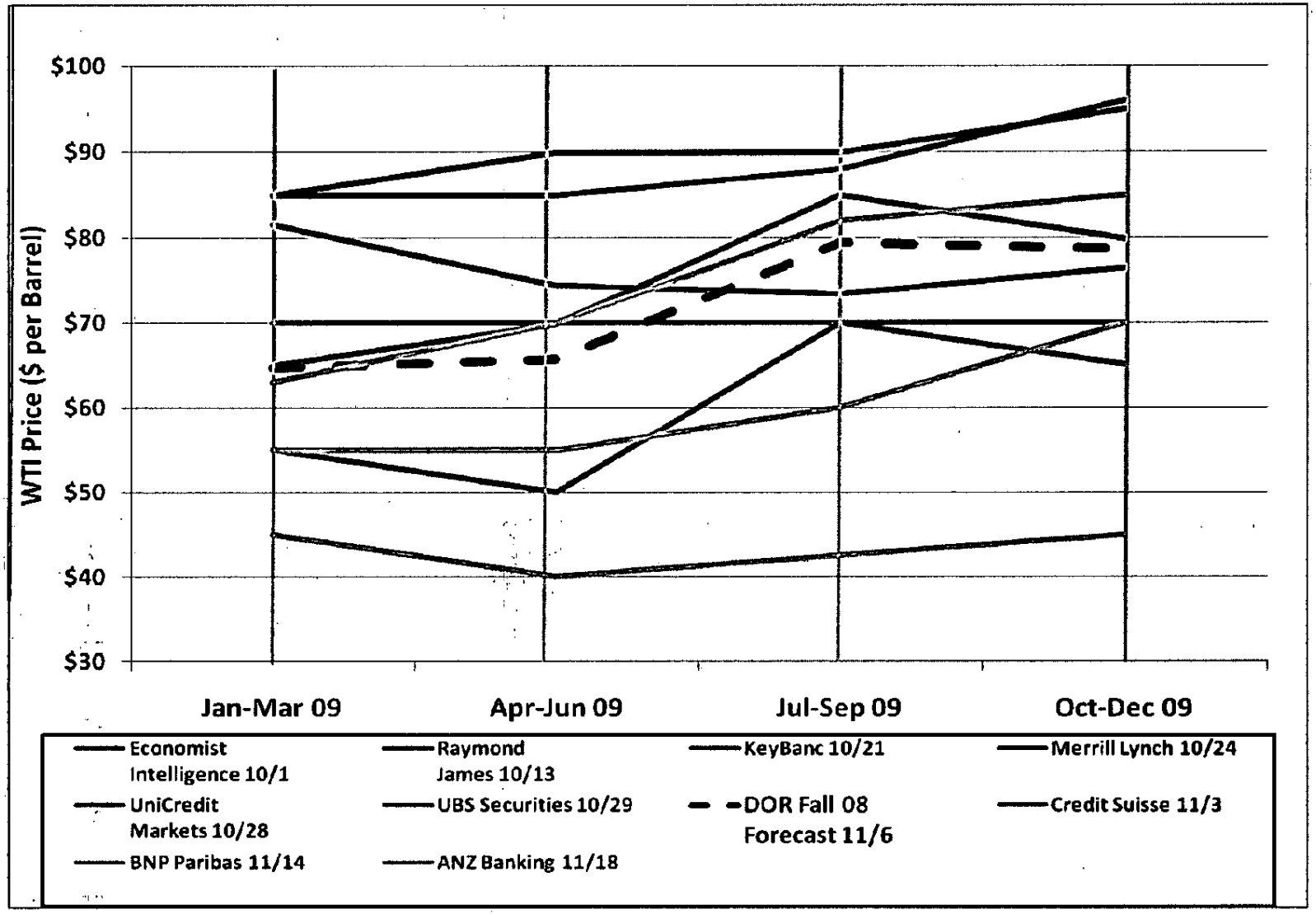
Source: Bloomberg Analyst Survey

Price Forecasts for Jan-Mar 2009



Source: Bloomberg Analyst Survey

Price Forecasts for Calendar 2009

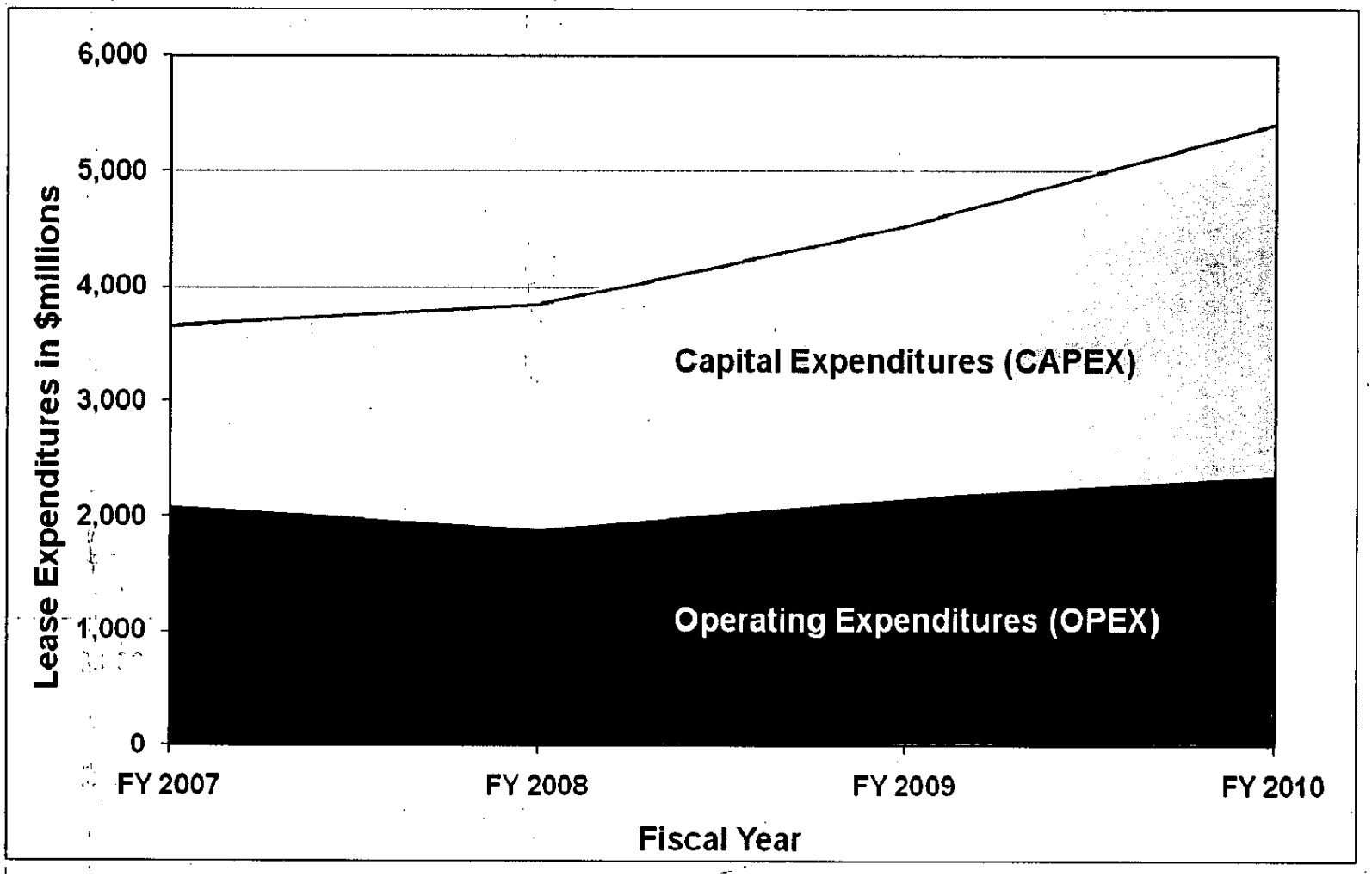


Source: Bloomberg Analyst Survey

Oil and Gas Revenue Forecast Variables

- Production
- Price
- Costs / Investment

Lease Expenditures (Costs)



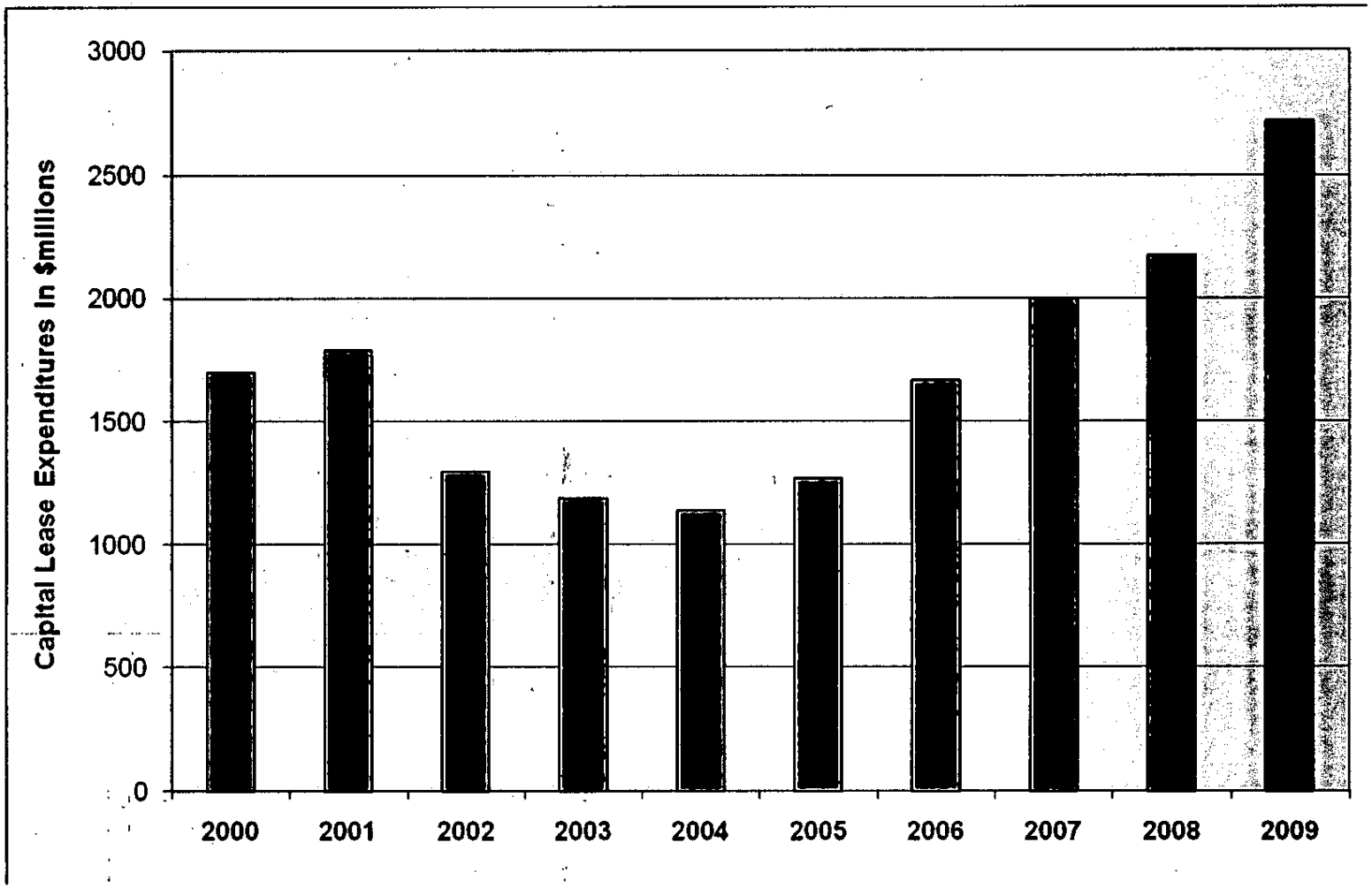
Source: Alaska Department of Revenue

Lease Expenditures per Barrel

	FY 2007	FY 2008	FY 2009	FY 2010
Lease Expenditures ($ millions)				
Operating (OPEX)	2,081	1,881	2,153	2,352
Capital (CAPEX)	1,578	1,967	2,379	3,052
Production (barrels per day)	739,702	715,950	688,880	664,557
Lease Expenditures per barrel ($)				
OPEX per barrel ($)	7.71	7.20	8.56	9.70
CAPEX per barrel ($)	5.84	7.53	9.46	12.58

Source: Alaska Department of Revenue

North Slope Investment
(Historical and Projected)



Source: Alaska Department of Revenue

FY 2009 Total Revenue

	$ Millions
Unrestricted Revenue	
Oil Revenue	6,051.4
Other Revenue (except Federal & Investment)	484.1
Investment Earnings	215.9
Subtotal Unrestricted	6,751.4
Restricted Revenue	
Oil Revenue	759.8
Other Revenue (except Federal & Investment)	634.4
Investment Earnings	2,799.7
Federal Revenue	2,523.4
Subtotal Restricted	6,717.4
Total Revenue	13,468.8

Source: Fall 2008 Revenue Sources Book, Page 6

Restricted vs. Unrestricted Revenues

- **All revenue is classified as either "Restricted" or "Unrestricted"**
- **All amounts in the presentation are Unrestricted Revenue only.**
- **Restricted = Use of this revenue is restricted by constitution, state or federal law, trust or debt restrictions, or customary practice.**
- **Unrestricted = Revenue available for general appropriation. This is the amount typically discussed in budget context.**

Sources of Unrestricted Revenue

- **Oil – Property tax, Corporate Income Tax, Production Tax (ACES), Royalties.**
  - ***Oil will make up 89% of unrestricted revenue in FY 2009***
- **Investment Earnings – On General Fund**
- **Other Non-Oil – Taxes, Charges for Services, Fines and Forfeitures, Licenses and Permits, Rents and Royalties, Miscellaneous**

FY 2009 Revenue Overview
(General Fund Unrestricted Revenue)

	$ Millions	Share of Total
Royalty - Net PF / SF	1,755.1	26.0%
Production Tax	3,588.8	53.2%
Corp Income Tax	635.0	9.4%
Property Tax	72.5	1.1%
Subtotal Oil Revenue	**6,051.4**	**89.6%**
Non-Oil Revenue	700.0	10.4%
Total Revenue	**6,751.4**	**100.0%**

Source: Fall 2008 Revenue Sources Book, Pages 4 & 5

FY 2009 Non-Oil Revenue Detail

	$ Millions	Share of Total
Taxes		
Corporate Income	160.0	22.9%
Mining	41.3	5.9%
Insurance Premium	48.5	6.9%
Tobacco	45.4	6.5%
Motor Fuel	6.8	1.0%
Other Taxes	62.3	8.9%
Subtotal Taxes	**364.3**	**52.0%**
Investments	**215.9**	**30.8%**
Other *	**119.8**	**17.1%**
Total Non-Oil	**700.0**	**100.0%**

*Other includes Charges for Services, Fines and Forfeitures, Licenses & Permits, Rents & Royalties, and Miscellaneous non-oil revenues.

Source: Fall 2008 Revenue Sources Book, Pages 8 & 9

FY 2009 Revenue Forecast Comparison

	Spring 08 Forecast	Fall 08 Forecast	*Change from Spring to Fall*
Revenues:			
Royalty	2,011.7	1,755.1	*-12.8%*
Production Tax	3,651.3	3,588.8	*-1.7%*
Corp Income Tax	693.6	635.0	*-8.4%*
Property Tax	59.1	72.5	*22.7%*
Non-Oil	707.7	700.0	*-1.1%*
Total Revenue	**7,123.3**	**6,751.4**	*-5.2%*
Key Forecast Inputs:			
Oil Prices $/bbl	85.73	77.66	*-9.4%*
Production mmbd	0.689	0.689	*0.0%*
Costs/Investment	4677.00	4526.00	*-3.2%*

Note: Revenues and Costs are in $ Millions

Source: Spring 2008 Forecast and Fall 2008 Revenue Sources Book

Conclusions

- Record level oil price volatility
- Price forecast in "ballpark" when issued
- Minimum production level changes from previous forecast
- Lower prices likely to impact future costs and possibly investment

Historical Production and Price Changes as of Fall 2008

Change in Revenue Forecasting from "cash basis" to "accrual" accounting

- Timing Issue: Production, prices, and revenue received in July for June production changed from June to July
- Necessary due to significant monthly variation in oil revenues
- Shift in fiscal year affected historical production and price, not revenue
- Greater accuracy in reporting
- Alignment with state financial documents

Change to RSB Figure 7-6

Figure 7-6 Constitutional Budget Reserve Fund Cash Flows, FY 2008 and Forecasted FY 2009-2010 ($million)

	First Version		
	History	Forecast	
	FY 2008	FY 2009	FY 2010
Beginning Cash Balance	2,548.4	5,601.2	7,138.3
Beginning Main Account Balance	1,980.7	1,134.0	2,237.0
Earnings on Main Account Balance(1)	140.4	83.0	103.4
Petroleum Tax, Royalty Settlements(2)	438.3	20.0	20.0
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Ending Main Account Balance	**1,134.0**	**2,237.0**	**2,360.4**
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Earnings on Special Subaccount Balance(1)	(200.5)	(129.7)	391.4
Repayment to Special Subaccount(3)	4,100.0	563.8	146.4
Ending Special Subaccount Balance	**4,467.2**	**4,901.3**	**5,439.1**
Total CBRF Balance	**5,601.2**	**7,138.3**	**7,799.5**

(1) The earnings estimate for the main account is 4.526% and the earnings estimate for the special subaccount is 7.609%. These projections are based on 2008 Callan's capital market assumptions and Department of Revenue, Treasury Division's asset allocation.
(2) Settlement estimates are provided by the Department of Revenue and Department of Law, net of annual Federal Minerals Management Service payments.
(3) Repayment from the General Fund to the CBRF is indicated by a positive dollar amount; Loan from the CBRF to the General Fund is indicated by a negative dollar amount.

	Final Version		
	History	Forecast	
	FY 2008	FY 2009	FY 2010
Beginning Cash Balance	2,548.4	5,601.2	7,531.0
Beginning Main Account Balance	1,980.7	1,134.0	3,193.5
Earnings on Main Account Balance(1)	140.4	83.0	103.4
Petroleum Tax, Royalty Settlements(2)	438.3	20.0	20.0
(Loan to GF)/Repayment to CBRF(3)	2,674.6	1,956.5	146.4
Transfer to Special Subaccount	(4,100.0)	0.0	0.0
Ending Main Account Balance	**1,134.0**	**3,193.5**	**3,463.3**
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Ending Special Subaccount Balance	**4,467.2**	**4,337.5**	**4,728.9**
Total CBRF Balance	**5,601.2**	**7,531.0**	**8,192.2**

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(2) Settlement estimates are provided by the Department of Revenue and Department of Law, net of annual Federal Minerals Management Service payments.
(3) Repayment from the General Fund to the CBRF is indicated by a positive dollar amount; Loan from the CBRF to the General Fund is indicated by a negative dollar amount.

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Thursday, January 22, 2009

Revenue Forecast - Department of Revenue

Pat Galvin, Commissioner, Department of Revenue
Jerry Burnett, Deputy Commissioner, Division of Treasury, Department of Revenue
Cheryl L Nienhuis, Acting Chief, Revenue Economist, DOR

Questions in Juneau:
Dan Stickel, Economist, Alaska Department of Revenue - Tax Division
Donna Keppers, Audit Master, Department of Revenue

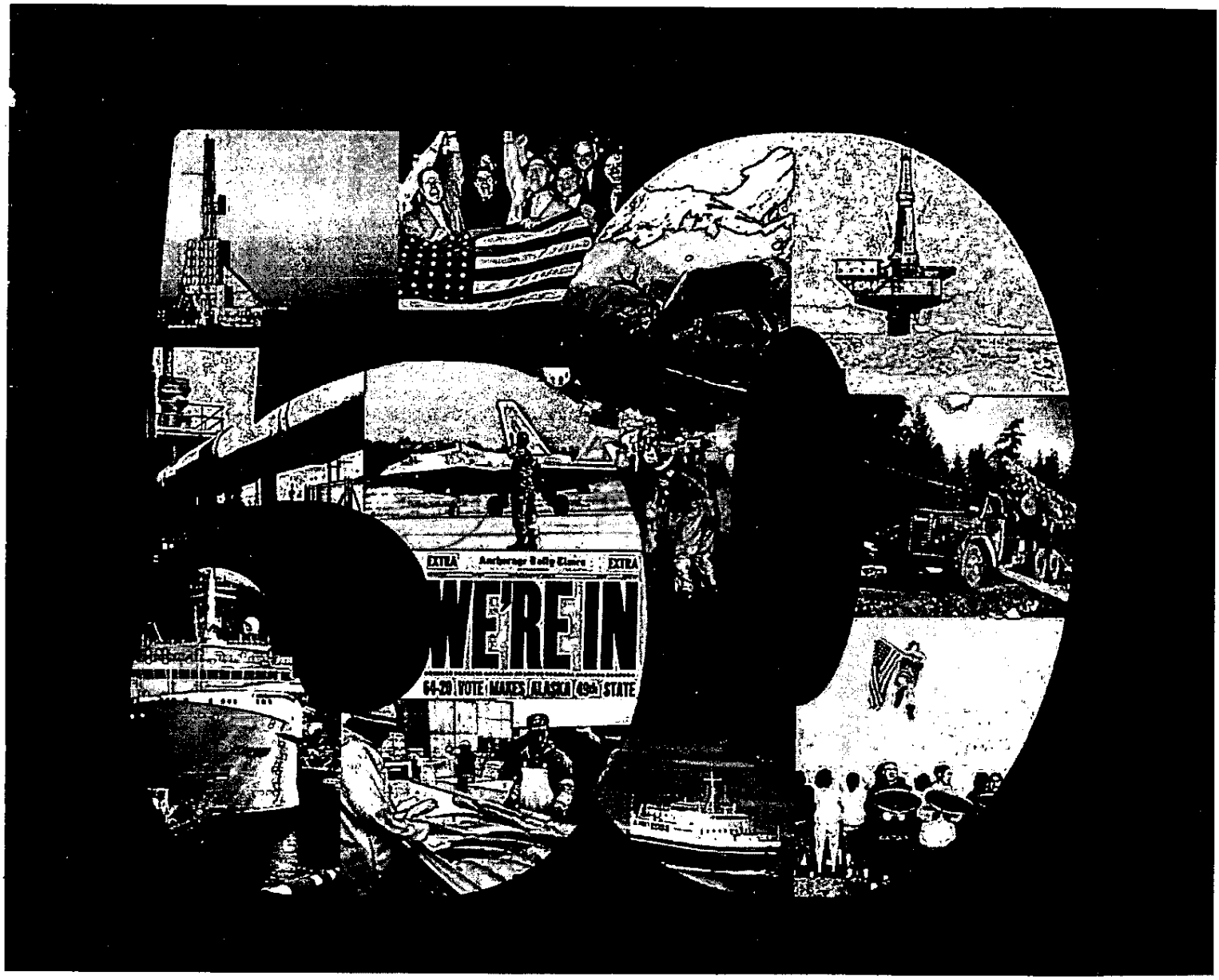
Teleconference for Questions:
Dudley Platt, Production Forecast Engineer, DOR

Stedman
Kawasaki
Guttenberg
Buch

P53-1 i book

Revenue Sources Book

Alaska Department of Revenue – Tax Division



50 Years of Statehood Edition

FALL 2008

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008

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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

Sarah Palin, Governor

❑ *State Office Building*
PO Box 110420
Juneau, AK 99811-0420
907.465.2301

❋ *550 W 7th Ave Suite 1820*
Anchorage, AK 99501-3555
907.269.0080

www.revenue.state.ak.us

December 9, 2008

The Honorable Sarah Palin, Governor of Alaska
P.O. Box 110001
Juneau, Alaska 99811-0001

Dear Governor Palin:

This letter accompanies the Department of Revenue's Fall 2008 *Revenue Sources Book* (RSB). The RSB is a resource document presented to you, the Alaska Legislature, and the Alaska public that includes an accounting of state revenues received in Fiscal Year 2008 and projections for FY 2009 through FY 2018.

This *Revenue Sources Book* includes the four components of restricted and unrestricted oil revenue, as well as non-oil and other revenue sources. To celebrate Alaska's 50th anniversary, we have also included a special chapter on Alaska's revenue history, titled "Fifty Years of Revenue." This publication is the end product of a collaborative effort between Department of Revenue Tax Division and Treasury, the Permanent Fund Corporation, and the Office of Management and Budget.

Fiscal Year 2009 may be one for the record books when it comes to oil price volatility. Alaska North Slope (ANS) crude oil prices started out the year at close to $133 per barrel, but dropped precipitously down to less than $50 per barrel in November, a 63% decrease in only four months. We forecast ANS prices to level off for the remainder of the fiscal year in the $62 per barrel range, closing out the fiscal year at $77.66 per barrel when all twelve months are averaged. For FY 2010, we project an average price over the entire year of $74.41.

Our medium term outlook calls for increased stability in oil prices, with FY 2011 and FY 2012 at $71.65 and $72.57, respectively, and in the mid-$70 range through FY 2015. Our long term ANS crude oil price forecast for FY 2016 and beyond did not change from our Spring 2008 forecast price of $78.51, increasing at the projected rate of inflation. This price forecast assumes that the financial crisis experienced in the U.S. is relatively short-lived, and the economy returns to a more stable state within one to two years.

Production of ANS crude oil is expected to finish out FY 2009 averaging about 689,000 barrels per day, a 3.8% decline from FY 2008. For FY 2010, we forecast production to decline to 665,000 barrels per day, 3.5% lower than the previous year. At least part of the decrease in volume is due to company plans that call for significant facility and pipeline downtime in the summer of 2009, reducing production.

The steeper production decline from existing fields is expected to be offset by production coming from new fields. It is anticipated that Nikaitchuq will produce its first crude oil in FY 2010. Ongoing development at the new Oooguruk field will continue to add production. New development is also expected in the Colville River Unit (Alpine) and exploration is ongoing in the National Petroleum Reserve-Alaska (NPR-A).

Total unrestricted revenue in FY 2009 is forecast to be $6,751.4 million, of which 90% is attributable to oil production. In FY 2010, we are forecasting total unrestricted revenue to be $5,275.4 million, of which 88% is attributable to oil. Non-oil sources will contribute $700 million and $648 million of those unrestricted totals, respectively.

It is possible that the state will receive a Trans Alaska Pipeline System (TAPS) tariff settlement during FY 2009 in the amount of approximately $175 million. Any payment made pursuant to this settlement will likely be deposited in the Constitutional Budget Reserve Fund (CBRF). Due to the uncertainty of the timing of this payment, we have not incorporated this revenue source into this publication.

We hope you find the information provided in the Fall 2008 *Revenue Sources Book* to be useful. Our next forecast for FY 2009 and FY 2010 will be provided in the Spring of 2009.

Sincerely,

Patrick Galvin
Commissioner

In Memoriam

Brian Andrews

Brian Andrews and his son Brandon were lost August 9, 2008 while returning from Young's Lake on Admiralty Island in Brian's floatplane. In spite of extensive air, water and ground searches of the area, no sign of Brian, Brandon or the plane has been found.

Brian Andrews was appointed Deputy Commissioner on January 10th, 2007. Brian had more than 30 years of private and governmental financial investment and management experience in Alaska. His experience included management positions in banking, credit union and broker-dealer industries. Brian worked as Branch Manager or Assistant Manager at Merrill Lynch and then Smith Barney. Prior to that, he spent ten years working for the Department of Revenue in positions including Comptroller, Debt Manager, and Deputy Commissioner for Treasury.

Brian was a 48 year resident of Alaska. Over those 48 years he lived in ten different Alaskan communities. He appreciated and understood the diversity and "spirit" of Alaska.

Brian received his BBA from Colorado State University in 1974. He furthered his education with public administration graduate level course work through the University of Alaska. He achieved the Certified Investment Management Analyst (CIMA) designation in 2005. Brian held the series 3, 7 and 8 SEC licenses, the NASD series 63 and 65 licenses and was a licensed insurance agent with the State of Alaska.

Brian was a board member of Wildflower Court, a non-profit organization dedicated to senior citizen care. Brian was an involved member of various civic and club organizations in Juneau. Brian is survived by his wife Joyce, another son, and a daughter.

Brian's great sense of humor, positive attitude, and dedication will be missed by all.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008

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Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008

1. **Introduction** 1

2. **Executive Summary** 3

3. **Fifty Years of Revenue** 17

   A historical look at the state's revenue sources.

4. **Oil Revenue** 39

   In FY 2009, oil revenues are projected to contribute 90% of the state's General Purpose Unrestricted Revenue. Oil revenues will continue to play a key role in Alaska's future.

5. **Other Revenue (except Federal & Investment)** 61

   Revenue from non-oil sources includes non-oil taxes, charges for services, fines and forfeitures, licenses and permits, rents and royalties and other revenue sources.

6. **Federal Revenue** 75

   Federal funding accounted for 14.5% of the state's total revenue in FY 2008.

7. **Investment Revenue** 79

   Investment earnings come from the Alaska Permanent Fund, Constitutional Budget Reserve Fund, General Fund and other state investments.

8. **State Endowment Funds** 87

   Alaska has six endowment funds including the Alaska Permanent Fund, Mental Health Trust, Public School Trust, Alaska Children's Trust, Power Cost Equalization Endowment and the University of Alaska Endowment.

9. **Public Corporations & the University of Alaska** 91

   Seven public corporations and the University of Alaska are treated as separate component units of state government for financial reporting purposes.

10. **Appendices** 99

    The appendices provide 10 years of historical data and 10 years of forecast data on oil revenue, prices and production.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008

Commissioners of the Department of Revenue

Patrick Galvin
2007-present

William Corbus
2002-2006

Wilson Condon
1995-2002

Laraine Derr
1994

Darrel Rexwinkel
1991-1994

Lee E. Fisher
1990-1991

Hugh Malone
1986-1990

Mary Nordale
1984-1986

Robert Heath
1983-1984

Thomas Williams
1979-1982

Sterling Gallagher
1974-1979

Eric E. Wolforth
1970-1972

George Morrison
1968-1970

Ron Rettig
1967

Robert Stevenson
1963-1967
1972-1974

Peter Gatz
1958-1962

1. Introduction

General Discussion

The purpose of the semi-annual Revenue Sources Book is to provide the governor, legislature and citizens of the state a summary of our past collections of state revenue and a forecast of future revenue. Revenues are categorized into four major components: oil revenue, revenue from sources other than oil, federal revenue and investment revenue.

Oil revenue continues to dominate the unrestricted revenue picture—and is projected to provide more than 84% of General Purpose Unrestricted Revenue through FY 2018. However, North Slope oil production is declining. In FY 2008, Alaska North Slope (ANS) output was 0.716 million barrels per day compared to a peak of 2.01 million barrels per day in FY 1988. While production declined by approximately 64% over that period, the market price of oil increased more than sixfold. For FY 2009, we project ANS oil production will decrease to 0.689 million barrels per day.

Before 2003, the Constitutional Budget Reserve Fund (CBRF) was used to balance the state's budget in 10 of the previous 15 years. Fiscal Year 2008 was a banner revenue year, in which surpluses exceeding $5 billion were deposited in the CBRF. Lower prices in the future, combined with the fall in North Slope crude oil volumes, could lead to future budget shortfalls and draws on the CBRF.

On December 19, 2007, Governor Palin signed into law the oil and gas production tax called Alaska's Clear and Equitable Share (ACES). This tax is designed to encourage investment by the petroleum industry in Alaska, while providing an open, transparent tax system in which both the industry and the people of the state can have confidence that the state is receiving a fair share of the revenue from Alaska's petroleum resources.

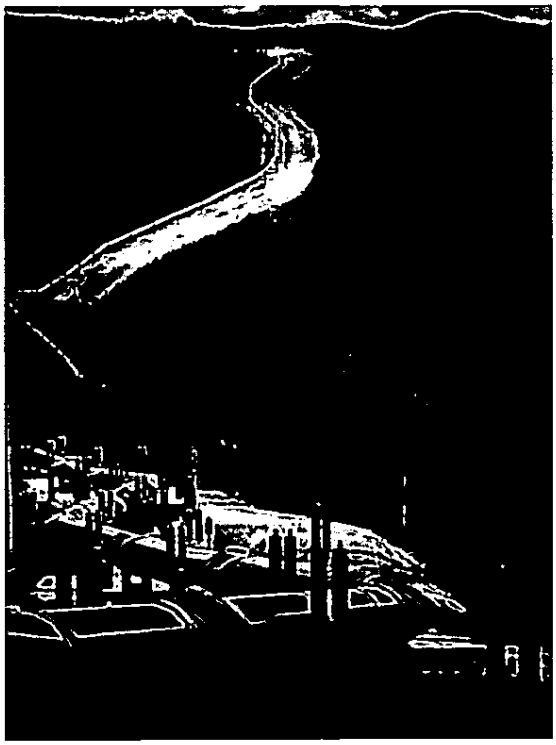
Alaska's total revenue picture also includes earnings from investments in the Permanent Fund and CBRF, federal revenue and other sources, such as taxes, charges for services, licenses, permits, fines and forfeitures. The information provided in this book will provide greater insight not only into the sources of revenue that support the state today, but also into future revenue from potential new sources.

Please note that totals in some tables throughout this publication may not equal the sum of components due to rounding.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008



The Trans Alaska Pipeline

© Alaska Division of Tourism

2. Executive Summary

Total State Revenue

Figure 2-1. FY 2008 Total State Revenue: $13.1 billion

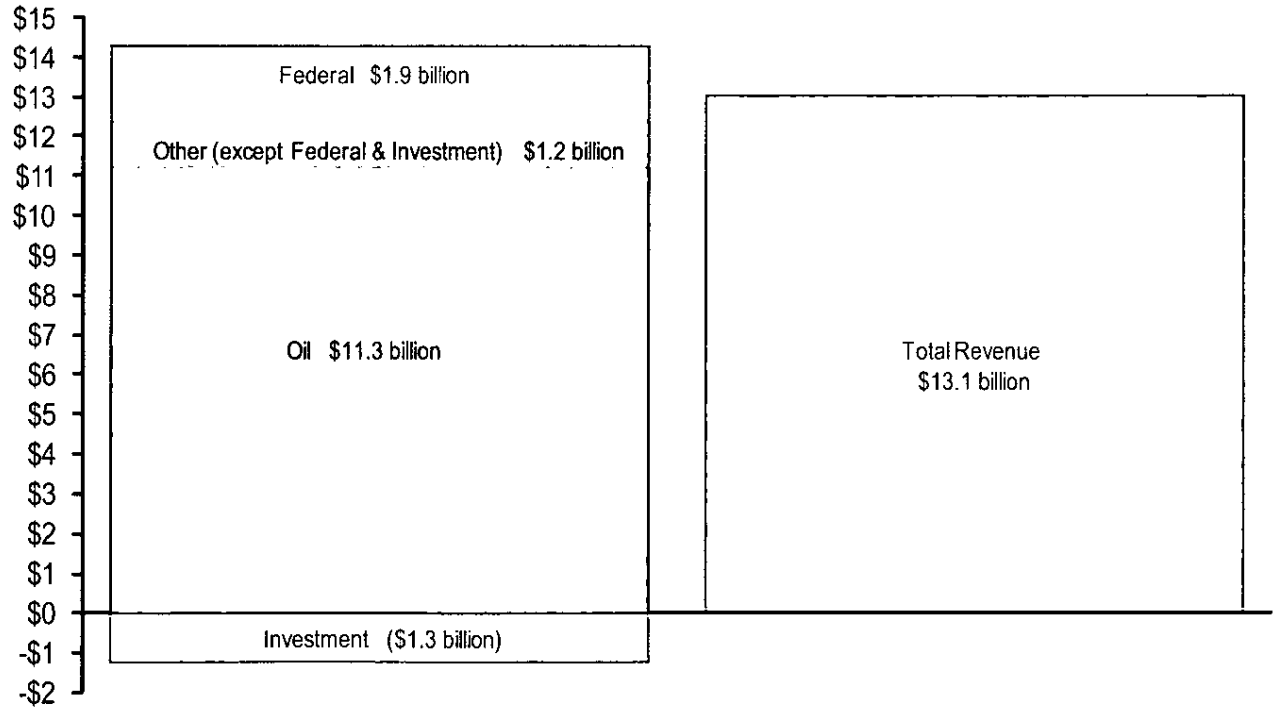


Figure 2-2. Total State Revenue by Major Component, FY 2008 and Forecasted FY 2009-2010 ($ million)

Oil Revenue	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Petroleum Property Tax	81.5	72.5	69.4
Petroleum Corporate Income Tax	605.8	635.0	560.0
Production Tax	6,879.0	3,588.8	2,389.7
Royalties (including Bonuses, Rents, & Interest)	2,446.1	1,755.1	1,607.8
Subtotal	**10,012.4**	**6,051.4**	**4,626.9**
Restricted			
Royalties to Perm Fund & School Fund (includes Bonuses & Rents)	799.1	717.3	734.8
Tax Settlements to CBRF	438.3	20.0	20.0
NPR-A Royalties, Rents & Bonuses	5.2	22.5	7.5
Subtotal	**1,242.6**	**759.8**	**762.3**
Total Oil Revenue	**11,255.0**	**6,811.3**	**5,389.2**

Other Revenue (except Federal & Investment)	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Taxes	433.2	364.3	302.2
Charges for Services	29.3	27.7	28.9
Fines and Forfeitures	8.9	8.3	8.7
Licenses and Permits	38.9	43.9	42.2
Rents and Royalties	15.7	13.4	11.7
Other	26.2	26.5	19.5
Subtotal	**552.2**	**484.1**	**413.2**
Restricted			
Taxes	139.6	138.0	138.4
Charges for Services	246.7	298.5	299.0
Fines and Forfeitures	41.9	37.4	36.7
Licenses and Permits	38.0	40.9	39.2
Rents and Royalties	7.0	10.7	9.9
Other	131.2	108.9	108.9
Subtotal	**604.4**	**634.4**	**632.1**
Total Other Revenue	**1,156.6**	**1,118.5**	**1,045.3**

Figure 2-2. Continued

Federal Revenue

	History	Forecast	
	FY 2008	FY 2009	FY 2010
Restricted	1,902.5	2,523.4	2,523.4
Total Federal Revenue	**1,902.5**	**2,523.4**	**2,523.4**

Investment Revenue

Unrestricted

Investments	226.5	214.6	234.0
Interest Paid by Others	1.3	1.3	1.3
Subtotal	**227.8**	**215.9**	**235.3**

Restricted

Investments	48.9	44.7	53.0
Constitutional Budget Reserve Fund	(60.1)	(46.7)	494.8
Other Treasury Managed Funds	(9.0)	(6.3)	(5.8)
Alaska Permanent Fund (GASB) [1]	(1,463.3)	2,808.0	2,983.8
Subtotal	**(1,483.5)**	**2,799.7**	**3,525.8**
Total Investment Revenue	**(1,255.7)**	**3,015.6**	**3,761.1**
Total Unrestricted & Restricted Revenue	**13,058.4**	**13,468.8**	**12,719.0**

[1] Both realized and unrealized gains and losses are included per GASB 34 as interpreted by the Finance Division of the Department of Administration in its Comprehensive Annual Financial Report.

Figure 2-3. Total State Revenue by Major Component, FY 2008 ($ billion)

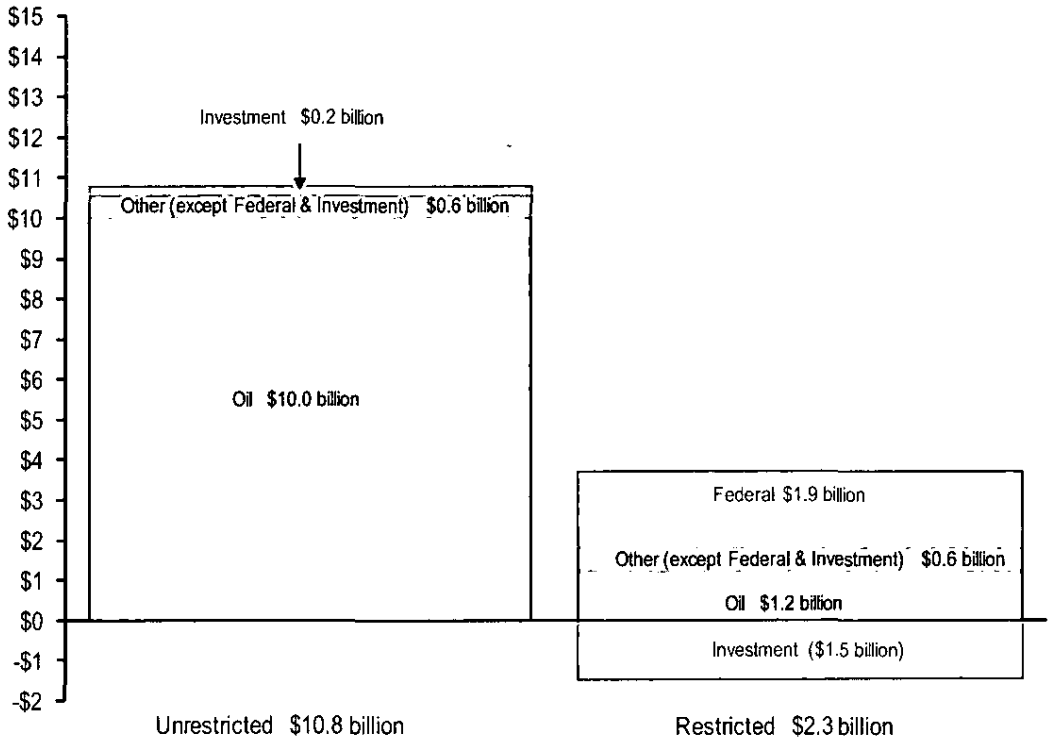


Figure 2-4. Total State Revenue, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Oil Revenue	10,012.4	6,051.4	4,626.9
Other Revenue (except Federal & Investment)	552.2	484.1	413.2
Investment Earnings	227.8	215.9	235.3
Subtotal	**10,792.4**	**6,751.4**	**5,275.4**
Restricted			
Oil Revenue	1,242.6	759.8	762.3
Other Revenue (except Federal & Investment)	604.4	634.4	632.1
Investment Earnings	(1,483.5)	2,799.7	3,525.8
Federal Revenue	1,902.5	2,523.4	2,523.4
Subtotal	**2,266.0**	**6,717.4**	**7,443.6**
Total Unrestricted & Restricted Revenue	**13,058.4**	**13,468.8**	**12,719.0**

Unrestricted Revenue and Restricted Revenue

Throughout this forecast, we report two categories of revenue: General Purpose Unrestricted Revenue (frequently referred to as unrestricted revenue) and restricted revenue. These two types of revenue are based on the two components of the General Fund in the Alaska State Accounting System (AKSAS)—the unrestricted component and the restricted component—with certain adjustments.

General Purpose Unrestricted Revenue (GPUR)

General Purpose Unrestricted Revenue reflects revenue that is not restricted by the constitution, state or federal law, trust or debt restrictions, or customary practice. Most legislative and public debate centers on this category of revenue, and this is the amount generally used for budget planning purposes and designated in budget documents as General Fund revenue. General Purpose Unrestricted Revenue reported in this forecast includes funds deposited into the unrestricted component of the General Fund, with certain adjustments:

- Reductions might include (a) revenue earmarked for specific programs, (b) pass-through revenue for qualified regional aquaculture and dive fishery associations and (c) revenue shared with municipal governments and organizations (e.g., fisheries taxes).
- Additions might include transfers from the unclaimed property trust to the state treasury.

The Department of Revenue uses a three-step process to make its final estimate of General Purpose Unrestricted Revenue.

Step 1. We estimate all revenue for the unrestricted component of the General Fund in AKSAS, as well as certain program receipts, by using our forecast models and obtaining estimates from other state agencies.

Step 2. We then consult the Governor's Office of Management and Budget and Legislative Finance for their input.

Step 3. Finally, following analysis, we adjust our initial projection to derive a forecast of total General Purpose Unrestricted Revenue.

Figure 2-5 on the next two pages sets out FY 2008 General Purpose Unrestricted Revenue and our forecast for FY 2009 and 2010.

Restricted Revenue

Restricted revenue represents any revenue that is not considered General Purpose Unrestricted Revenue. This includes revenue restricted by the constitution, state or federal law, trust or debt restrictions, or customary practice. Restricted revenue reported in this forecast includes money deposited into the restricted component of the General Fund, with certain additions. Additions might include (a) receipts deposited in funds other than the General Fund and (b) receipts that are deposited into the unrestricted component of the General Fund but are restricted by statute or customarily appropriated for a particular purpose or program, such as sharing of fish tax revenue with municipalities.

Article IX, Section 15 of the Alaska constitution requires that at least 25% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state be placed in the Permanent Fund. Until 2003, Alaska Statute 37.13.010 required the placement of 50% of royalties from certain leases into the permanent fund. House Bill 11, passed by the legislature in 2003, changed the law so that 25% from all leases would be placed into the Permanent Fund, contingent on the impact of this change to the Permanent Fund Dividend. On October 1, 2008, the impact of HB 11 on the Permanent Fund Dividend had exceeded the limitations provided in HB 11, and HB 11 was repealed. As of October 1, 2008, the applicable leases will pay 50% of royalties to the Permanent Fund, while others will pay 25% to the fund. This change will be reflected in this revenue forecast as a decrease in unrestricted revenue and an increase in restricted revenue.

In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

Figure 2-5. General Purpose Unrestricted Revenue, FY 2008 and Forecasted FY 2009-2010 ($ million)

Oil Revenue	History FY 2008	Forecast FY 2009	Forecast FY 2010
Petroleum Property Tax	81.5	72.5	69.4
Petroleum Corporate Income Tax	605.8	635.0	560.0
Production Tax			
Oil & Gas Production	6,867.3	3,577.8	2,379.2
Oil & Gas Hazardous Release	11.7	11.0	10.5
Subtotal Production Tax	**6,879.0**	**3,588.8**	**2,389.7**
Royalties (including Bonuses, Rents, & Interest)			
Mineral Bonuses & Rents	11.6	6.5	5.1
Oil & Gas Royalties	2,420.6	1,746.6	1,601.3
Interest	13.9	2.0	1.4
Subtotal Royalties	**2,446.1**	**1,755.1**	**1,607.8**
Total Oil Revenue	**10,012.4**	**6,051.4**	**4,626.9**

Other Revenue (except Federal & Investment)

Taxes			
Excise Tax			
Alcoholic Beverages	20.0	19.4	19.9
Tobacco Products – Cigarettes	35.7	35.6	34.2
Tobacco Products – Other	9.2	9.8	10.4
Insurance Premium	47.1	48.5	50.9
Electric and Telephone Cooperative	0.2	0.2	0.2
Motor Fuel	41.8	6.8	33.8
Vehicle Rental	8.5	8.5	8.7
Tire Fee	1.5	1.5	1.5
Subtotal Excise Tax	**164.0**	**130.3**	**159.6**
Subtotal Corporate Income Tax	**182.7**	**160.0**	**90.0**
Fish Tax			
Fisheries Business	14.7	17.1	17.6
Fishery Resource Landing	7.9	5.8	6.0
Subtotal Fish Tax	**22.6**	**22.9**	**23.6**

Figure 2-5. Continued

Other Revenue (except Federal & Investment)	History FY 2008	Forecast FY 2009	FY 2010
Other Tax			
Mining	54.4	41.3	19.5
Estate	0.0	0.0	0.0
Large Passenger Vessel Gambling	6.8	6.8	6.8
Gaming	2.7	3.0	2.7
Subtotal Other Tax	**63.9**	**51.1**	**29.0**
Subtotal Taxes	**433.2**	**364.3**	**302.2**
Charges for Services			
General Government	27.0	25.0	26.5
Natural Resources	2.0	2.3	2.1
Other	0.3	0.4	0.3
Subtotal Charges for Services	**29.3**	**27.7**	**28.9**
Subtotal Fines & Forfeitures	**8.9**	**8.3**	**8.7**
Licenses & Permits			
Alcoholic Beverage Licenses	1.0	1.0	1.0
Motor Vehicle	36.0	40.4	38.7
Other	1.9	2.5	2.5
Subtotal Licenses & Permits	**38.9**	**43.9**	**42.2**
Rents & Royalties			
Other Non-Petroleum Rents & Royalties	7.8	4.7	4.7
Coal Royalties	7.9	8.7	7.0
Subtotal Rents & Royalties	**15.7**	**13.4**	**11.7**
Other			
Miscellaneous	11.2	20.0	13.0
Unclaimed Property	15.0	6.5	6.5
Subtotal Other	**26.2**	**26.5**	**19.5**
Total Other Revenue (except Federal & Investment)	**552.2**	**484.1**	**413.2**

Investment Revenue

Investments	226.5	214.6	234.0
Interest Paid by Others	1.3	1.3	1.3
Total Investment Revenue	**227.8**	**215.9**	**235.3**

Grand Total Unrestricted Revenue	**10,792.4**	**6,751.4**	**5,275.4**

Crude Oil Price Forecast

Oil revenue is projected to provide more than 84% of forecasted General Purpose Unrestricted Revenue through FY 2018. Three elements are critical to the oil revenue forecast: price, volume and to a lesser extent lease expenditures.

There is no price for Alaska crude oil on the New York Mercantile Exchange (NYMEX) [1] or other commodity exchanges. The spot price of Alaska North Slope (ANS) crude oil is calculated by subtracting a market differential from the spot price of West Texas Intermediate (WTI). Platts, Reuters, Dow Jones Energy Service and Bloomberg each estimate that market differential and report a daily spot price for ANS.

All of Alaska's oil production is delivered to refineries on the U.S. West Coast (including Alaska and Hawaii). Consequently, Alaska's royalty and production tax revenue depends in large part on the average market price of ANS crude oil at U.S. West Coast refining centers.

Figure 2-6 shows crude oil prices for FY 2008 and the Department of Revenue's forecast of prices for the 10-year period beginning with the current fiscal year FY 2009 and continuing through FY 2018. The oil price forecast is based both on a subjective assessment of market dynamics and trend analysis by participants at a Department of Revenue price forecasting seminar and other commercial price forecasting sources.

Figure 2-6. Nominal WTI, ANS West Coast and ANS Wellhead, FY 2008 and Forecasted FY 2009-2018 ($ per barrel)

Fiscal Year	WTI	ANS West Coast	ANS Wellhead
2008	97.02	96.51	90.46
2009	79.79	77.66	71.84
2010	76.91	74.41	68.93
2011	74.15	71.65	66.05
2012	75.07	72.57	66.67
2013	76.05	73.55	67.48
2014	76.74	74.24	68.04
2015	76.32	73.82	67.48
2016	81.01	78.51	72.06
2017	83.24	80.74	74.09
2018	85.53	83.03	76.35

[1] The NYMEX futures market is one source for a WTI quote. A daily WTI spot quote could also be determined by a reporting service's daily assessment of the WTI spot market.

Figure 2-7 shows: (1) the monthly ANS West Coast market price from November 2003, through October 2008, (2) the 60-month moving average of the ANS West Coast market price for the same period and (3) estimated ANS futures price for December 2008 to December 2013.

The figure illustrates a number of issues with respect to oil prices:

- Month-to-month crude oil price volatility—monthly ANS West Coast prices during this time period ranged from $29.11 per barrel to $133.78 per barrel.
- The 60-month moving average is $64.64 per barrel and has more than tripled since 2003.
- The derived futures market price from November 2008 shows prices that are dramatically lower from July 2008 record highs and lower than the 60-month moving average.

We project that over the medium term, ANS oil prices will average $72.57 per barrel in FY 2012, $73.55 per barrel in FY 2013 and $74.24 per barrel in 2014 in nominal dollars. Over the long run, ANS oil prices are projected to average $78.51 per barrel in FY 2016, then increase at 2.75% per year, based on inflation.

Figure 2-7. Monthly Nominal ANS West Coast and Futures Market Oil Prices ($ per barrel)

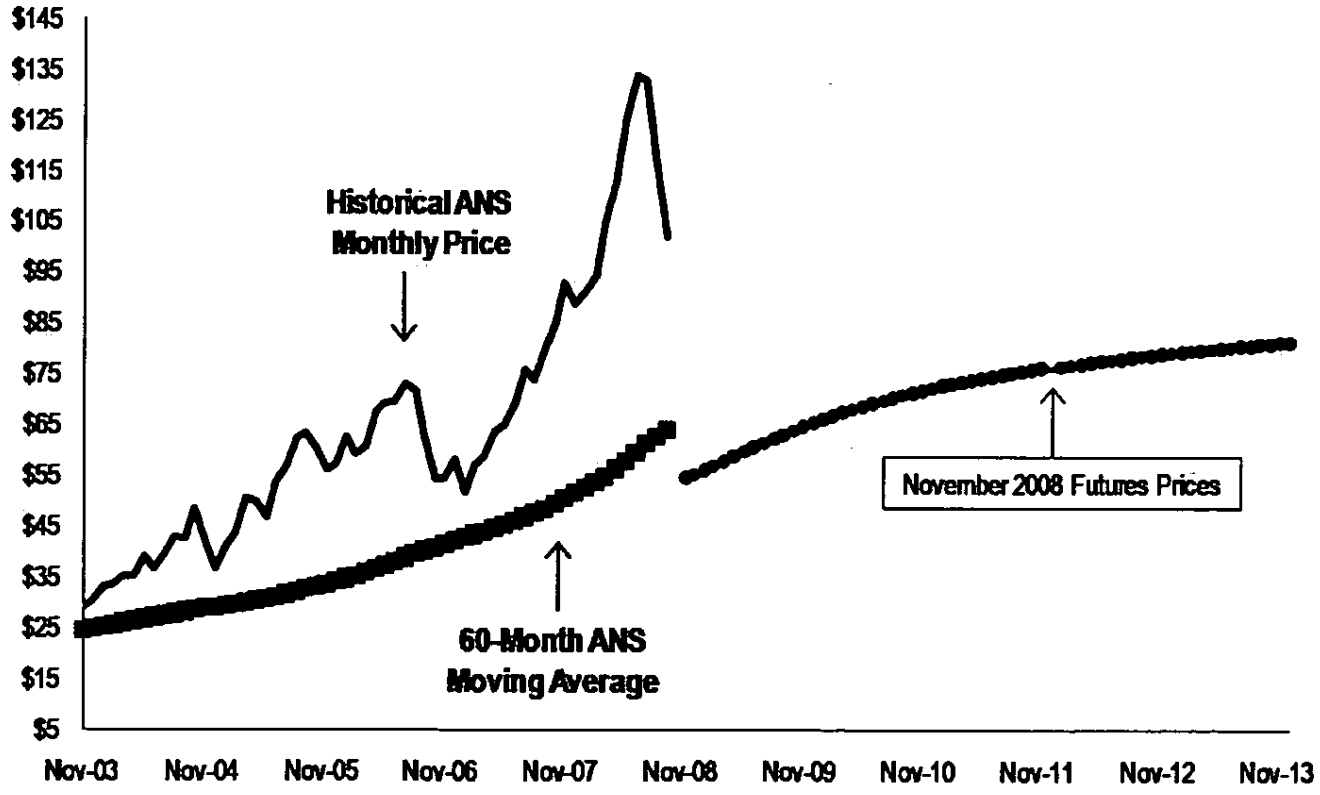


Figure 2-8. Alaska Crude Oil and NGL Production, FY 2008 and Forecasted 2009-2010 (million barrels per day)

	History	Forecast	
Alaska North Slope	**FY 2008**	**FY 2009**	**FY 2010**
Prudhoe Bay [1]	0.291	0.282	0.268
Aurora	0.009	0.008	0.007
Borealis	0.010	0.013	0.015
Midnight Sun	0.002	0.002	0.001
Orion	0.009	0.011	0.013
Polaris	0.003	0.005	0.005
Lisburne	0.010	0.009	0.010
Niakuk	0.005	0.004	0.003
Point McIntyre	0.029	0.026	0.025
Raven	0.001	0.001	0.001
Kuparuk	0.113	0.105	0.096
Meltwater	0.003	0.002	0.002
Tabasco	0.003	0.003	0.002
Tarn	0.016	0.014	0.014
West Sak	0.016	0.018	0.019
Milne Point [2]	0.020	0.021	0.020
Schrader Bluff	0.013	0.011	0.011
Endicott [3]	0.014	0.015	0.014
Badami	0.000	0.000	0.000
Alpine [4]	0.079	0.068	0.063
Fiord [5]	0.018	0.019	0.020
Nanuq [6]	0.019	0.019	0.012
Oooguruk	0.000	0.006	0.013
Nikaitchuq	0.000	0.000	0.004
Northstar	0.034	0.028	0.026
Total Alaska North Slope	0.716	0.689	0.665
increase/decrease from prior period	(0.018)	(0.027)	(0.024)
% change from prior period	(2.5%)	(3.8%)	(3.5%)
Total Cook Inlet[7]	**0.014**	**0.013**	**0.012**
increase/decrease from prior period	(0.002)	(0.001)	(0.001)
% change from prior period	(10.2%)	(10.1%)	(7.0%)
Total Alaska[7]	**0.730**	**0.701**	**0.676**
increase/decrease from prior period	(0.020)	(0.028)	(0.025)
% change from prior period	(2.1%)	(3.9%)	(3.6%)

[1] Includes NGLs

[2] Includes Sag River and Ugnu-Milne Point

[3] Includes Eider and Sag Delta

[4] Includes Qannik

[5] Includes Fiord-Kuparuk

[6] Includes Nanuq-Kuparuk

[7] Percent change calculation may vary from calculation using production amounts due to rounding

Crude Oil Production Forecast

Alaska North Slope crude oil production peaked at 2.01 million barrels per day in FY 1988 and has steadily declined since. We anticipate volumes will decline by 3.8% in FY 2009 to about 0.689 million barrels per day (see Figure 2-8), due in part to increased planned and unplanned maintenance on aging North Slope facilities, flowlines, pipelines and wells. For FY 2010, we project a 3.5% decrease in North Slope production due primarily to delays in heavy oil development. More discussion of the Fall 2008 oil production forecast can be found in Section 4. Also, a detailed production forecast is included in the appendices of this forecast.

Crude Oil Expenditures Forecast

A third component of production tax revenue forecasting is the forecast of expenditures. Under the new ACES production tax, companies are allowed to deduct certain lease expenditures from the gross value of their production before applying the tax rate. Future tax collections, therefore, are dependent not only on the oil price and the level of production, but on the cost of that production. Costs of production may include fixed and variable operating expenses, such as the costs of labor and the expense to run facilities, and they may include costs to acquire production equipment or to drill a well—usually deemed to be capital expenses. A portion of capital expenses is also allowed as a credit against the ACES production tax.

Lease expenditures for the exploration for and production of crude oil have risen over the two-year period that they have been reported. In FY 2007, over $3.6 billion was spent producing and exploring for oil on the North Slope. Although we have not received complete information for FY 2008, we estimate lease expenditures to total approximately $3.8 billion. In FY 2009, lease expenditures are estimated to total $4.5 billion. We estimate that FY 2010 lease expenditures will total over $5 billion.

Long-Term Unrestricted Revenue Outlook

Using the price, volume and lease expenditure components developed for this fall forecast, Figure 2-9 summarizes the department's forecast of total General Purpose Unrestricted Revenue through FY 2018.

Figure 2-9. Total General Purpose Unrestricted Revenue, FY 2008 and Forecasted FY 2009-2018 ($ million)

Fiscal Year	Unrestricted Oil Revenue	Unrestricted Other Revenue (except Federal & Investment)	Unrestricted Investment Revenue	Total Unrestricted Revenue	Percent From Oil
2008	10,012.4	552.2	227.8	10,792.4	93%
2009	6,051.4	484.1	215.9	6,751.4	90%
2010	4,626.9	413.2	235.3	5,275.4	88%
2011	3,693.5	427.8	235.3	4,356.6	85%
2012	3,803.0	444.0	235.3	4,482.3	85%
2013	3,730.9	451.7	235.3	4,417.9	84%
2014	4,266.8	462.0	235.3	4,964.1	86%
2015	3,888.1	472.9	235.3	4,596.3	85%
2016	4,036.1	487.4	235.3	4,758.8	85%
2017	4,319.5	497.4	235.3	5,052.2	85%
2018	4,643.5	504.4	235.3	5,383.2	86%

Spending, Revenue Forecast and the Constitutional Budget Reserve Fund

As approved by voters in 1990, all receipts from oil and gas tax and royalty settlements are deposited into the Constitutional Budget Reserve Fund (CBRF). The state has deposited about $6.2 billion into the reserve fund and generated another $1.5 billion in investment earnings. Since the increase in oil prices beginning in 2003, no CBRF withdrawals have been necessary to balance the state's budget. However, given price volatility and the decline expected in volumes from the North Slope, the state may have to depend on the CBRF in the future. Through September 30, 2008, approximately $5.2 billion had been borrowed from the CBRF to balance the budget, leaving a balance of approximately $2.7 billion. According to the state constitution, the $5.2 billion that was withdrawn must be repaid to the CBRF. In FY 2007 and 2008, significant progress was made toward this repayment, as a total of $4.6 billion was deposited back into the CBRF. Approximately $612 million remains to be repaid back into the fund.

Figure 2-10 is presented to help the reader understand the time period in which the CBRF could be depleted, based on the current forecast and the assumption that all excess revenue would be deposited into the CBRF. This figure shows that, given the current forecast, the earliest we would anticipate the CBRF being depleted would be March 2015, assuming that the state experiences budget increases of 10% per year. If oil prices were to fall below our forecasted level and stay at $40 per barrel, we could expect the CBRF to be depleted as early as July 2012, assuming an annual 10% increase in the state's budget. Assuming forecasted oil prices and a 3% annual increase in the state budget, the CBRF is expected to last at least until December 2020.

Figure 2-10. CBRF Run-Out Date With Revenue Surpluses Deposited into CBRF

Annual State Budget (% change)	Fall 2008 Oil Price Forecast[1]	Fiscal Model of Oil Revenue & CBRF Performance at Selected Prices ($ per barrel)[2]					
		$40	$45	$50	$55	$60	$65
+10%	Mar-2015	Jul-2012	Sep-2012	Nov-2012	Feb-2013	May-2013	Oct-2013
+5%	Nov-2017	Oct-2012	Dec-2012	Mar-2013	Jul-2013	Jan-2014	Aug-2014
+4%	Nov-2019	Nov-2012	Jan-2013	Apr-2013	Aug-2013	Mar-2014	Nov-2014
+3%	Dec-2020	Nov-2012	Feb-2013	Jun-2013	Sep-2013	Jun-2014	Mar-2015
+2%	Dec-2020	Dec-2012	Mar-2013	Jul-2013	Nov-2013	Aug-2014	Oct-2015
+1%	Dec-2020	Jan-2013	Apr-2013	Aug-2013	Jan-2014	Nov-2014	Mar-2016
Baseline Fall Forecast	Dec-2020	Jan-2013	May-2013	Sep-2013	Jun-2014	Mar-2015	Oct-2016
-1%	Dec-2020	Feb-2013	Jun-2013	Nov-2013	Sep-2014	Aug-2015	Jul-2017
-2%	Dec-2020	Mar-2013	Jul-2013	Jan-2014	Jan-2015	Mar-2016	Feb-2020
-3%	Dec-2020	Apr-2013	Sep-2013	Mar-2014	Jun-2015	Dec-2016	Dec-2020
-4%	Dec-2020	May-2013	Oct-2013	Jun-2014	Dec-2015	Dec-2020	Dec-2020
-5%	Dec-2020	Jul-2013	Dec-2013	Oct-2014	Sep-2016	Dec-2020	Dec-2020
-10%	Dec-2020	May-2014	Oct-2015	Dec-2020	Dec-2020	Dec-2020	Dec-2020

Baseline Expenditure Forecast ($ million)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
$6,188	$5,129	$5,129	$5,129	$5,129	$5,129	$5,129	$5,129	$5,129	$5,129	$5,129	$5,129

[1] See Figure 2-6 for the Fall 2008 ANS oil price forecast used in the highlighted scenario.

[2] Matrix allows reader to select specific fiscal year price (from FY 2011-beyond) to determine CBRF exhaustion date. Fall 2008 forecasted production volumes are used. A date of Dec-2020 indicates that the CBRF does not run out during matrix timeframe.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008

The First State Legislature, Juneau Alaska 1959

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3. Fifty Years of Revenue

Alaska's Purchase and Struggle for Statehood

"The political society to be constituted here, first as a territory, and ultimately as a state or many states, will prove a worthy constituency of the Republic,"[1] remarked Secretary of State William H. Seward during a visit to Alaska. William Seward was one of very few who recognized Alaska's potential when he negotiated its purchase from Russia in 1867. At less than 2 cents an acre, the land mass acquired, more than twice the size of Texas, would be known by some to be "Seward's Folly" because of its remote location and seemingly questionable value. As one news columnist reported on the purchase, "The territory included in the proposed cession was not contiguous to the national domain. It lay away at an inconvenient and dangerous distance. The treaty had been secretly prepared, and signed and foisted upon the country at one o'clock in the morning. It was a dark deed done in the night..."[2]

True, the Russians needed to dispose of the property. The whaling and fur trade industries that supported the Russian colony for years was at risk due to overharvesting and the Russian government had land acquisition aspirations closer to home. As acquired by the U.S., an estimated 2,500 Russians and 8,000 aborigines were spread among 23 Russian trading posts, and another 50,000 Eskimos and Native Americans resided elsewhere in the state. The official transfer ceremony was held in Sitka on October 18, 1867, a day that continues to be celebrated as Alaska Day. The Aleutian word "Alakshak," meaning Great Land, was chosen as the official name for the new U.S. possession, although it took on the Russian pronunciation of Alaska.

At the time of Alaska's purchase, statehood seemed like a far away dream. The First Organic Act, passed by the federal government in 1894, allowed Alaska to become a judicial district. The Second Organic Act, passed in 1912, authorized territorial status for the remote parcel, along with an elected legislature. Even under these acts, the federal government retained control over the land's vast resources. It wasn't until the 1920s that the push for statehood began. The first referendum, held in 1946, showed that Alaskans

[1] Gislason, Eric. "A Brief History of Alaska Statehood (1867-1959)." Alaska Statehood Celebration Commission. 2008. http://www.gov.state.ak.us/ASCC/.

[2] Oberholtzer, Ellix Paxson. *A History of the United States since the Civil War.* Volume 1. 1917. p. 123

supported statehood by a 3-to-2 margin. The biggest hurdle was yet to come: convincing the federal government that statehood should be granted to the relatively wild, new land.

Statehood opponents were set on thwarting Alaska's efforts. Many claimed Alaska could not support a state government because of the lack of an adequate tax base. Adding to the struggle, the political makeup of the U.S. Senate was sharply divided. Congressional republicans were not pleased with the prospect of two new democratic senators from Alaska. Opposition to statehood also came from Alaska residents. Representatives of the salmon canning industry, for example, lobbied against statehood for fear that the state would impose new taxes on their industry, thereby jeopardizing their business viability.

Most Alaskans were persistent in their goal and, led by statehood advocates Bob Bartlett and Ernest Gruening, kept the focus on statehood. Bartlett represented Alaska for 14 years as a non-voting delegate to Congress and worked to persuade Congressional members that Alaska was ready for statehood. Gruening was an ardent supporter of statehood during his service as governor of Alaska for 13 years and pushed reforms that would prepare Alaska for the change.

Two organizations sprung up to support the effort: The Alaska Statehood Committee and Operation Statehood. Members of the statehood movement had articles about Alaska published in nationwide media and pushed for Anchorage's selection as an "All America City" by the U.S. Chamber of Commerce.[3] Alaskans argued that not only did they have the capacity to govern themselves, but the right to be represented by a state government and control their natural resources.

Alaskans responded to claims that a state government could not support itself by establishing new territorial taxes and perhaps most importantly, by creating a constitution prior to achieving statehood. Fifty-five delegates to the Constitutional Convention met in Fairbanks for about 90 days beginning on November 8, 1955. Delegates included businessmen, miners, fishermen and homemakers. One Alaska Native, Frank Peratrovich, was also a delegate to the convention. By the time the delegates were done, Alaska had what would later be recognized as one of the best constitutions in the country, with a strong emphasis on the management and development of natural resources for the benefit of all Alaskans.

In July of 1958, Congress passed the Alaska Statehood Act and President Eisenhower signed it into law. The battle was over and Alaska was a state – at least on paper. The process of building a functioning state government would be Alaska's next struggle.

In the first years of statehood, Alaska faced challenges to establish itself as a stable, capable state. Revenues hardly met budget demands for the new state. The economy had no apparent pillars, and federal transitional grants would not last forever. The largest revenue source was the individual income tax that, prior to oil development, provided nearly one quarter of the unrestricted revenue for the state. The individual income tax dated back to pre-statehood days and initially collected 10% of an individual's federal income tax liability.

In 1961, the state legislature had to take serious measures to guarantee that a functioning state government would continue to exist. The highway motor fuel tax was raised from 5 to 6 cents per gallon; taxes on liquor and wine were increased from $3.50 to $4, and from $.50 to $.60 per gallon respectively, and individual income taxes raised from 10% to 16% of federal income tax liability on income earned within Alaska. Even with the tax increase, real non-petroleum revenue per capita was stagnant after the 1961 tax increases.

Alaskans Strike Oil!

Statehood advocates stood firm on the premise that the ability to exercise control over its abundant resources would be key to sustaining a mature economy. It was under such premises that the Statehood Act gave Alaska the right to select 104 million acres, or 28% of the total land in Alaska, to support any activities the state deemed reasonable. The state selected its lands wisely.

Among the parcels selected by the state was a barren, brutally cold tract of land on the North Slope later known as Prudhoe Bay. The selection was based on the recommendation of Tom Marshall, the land selection officer with the Department of Natural Resources. Even with geological data to support his choice, Marshall was ridiculed for selecting land that was of no interest to oil developers and was generally considered "worthless tundra." Fortunately, Marshall's geological experience told him otherwise, and Roscoe Bell, commissioner of the Department of Natural Resources at the time, backed Marshall's pick.[4]

[3] Haycox, Stephen. Alaska: An American Colony. Seattle: University of Washington Press, 2002.
[4] Wolf, Lisa. "Katalla to Prudhoe Bay: An entertaining look at the first 100 years of the oil and gas industry in Alaska." Petroleum News, 1997.

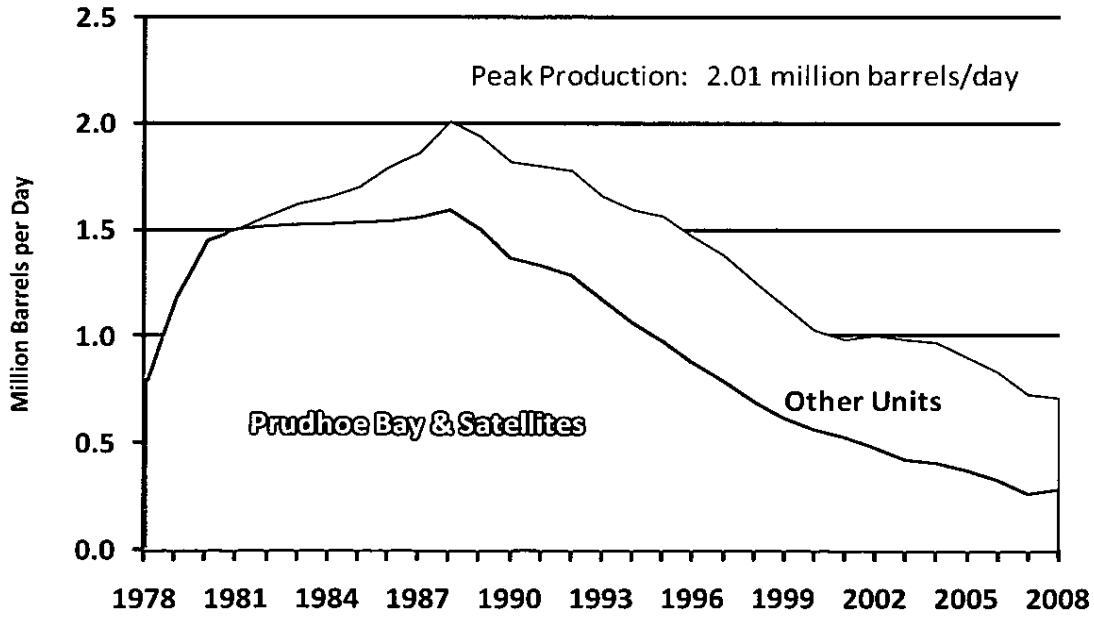
The first oil in Alaska was not discovered on the North Slope, however. Alaska's first commercial oil production came from an unlikely discovery by Alaskan pioneer Tom White in 1896. After nearly falling into a puddle of oil during a bear hunt near the small village of Katalla, near Cordova, he later returned to the pool with a match. White recalls burning his face as "a gusher of fire as high as the trees" roared in front of him.[5] Some stories have it that the countryside burned for a week, others say it was a month. In either case, Katalla was rich with oil, and the history of Alaska's oil production had begun. Production in Katalla started up and stalled several times until a refinery fire in 1933 ended Katalla's oil days.

Further discoveries in Cook Inlet just prior to statehood helped expand the industry. The Swanson River oil field on the Kenai Peninsula led to a wave of exploration and development in the area. In 1965, the McArthur River oil field was discovered in Cook Inlet, and proved to be the largest oil development in the Cook Inlet basin. The development of these oil fields boosted state government revenues. Although the production tax rate was only 1%, production from Swanson River starting in 1961 and McArthur River in 1968 immediately fed revenue into Alaska's new state government. Cook Inlet production of oil and gas increased 10-fold and 30- fold respectively from 1961 to 1968.

Federal approval of Alaska's land selections in the North Slope area meant that the state could begin issuing leases on the North Slope. The state's first North Slope lease sale was held in 1964, raising $4.3 million; a second lease sale in 1965 brought the state $6.1 million, demonstrating active interest in exploring for oil in the remote region. Despite the influx of investment dollars on the North Slope, however, explorers had little to show for their money. It wasn't until December 1967 that the Prudhoe Bay State No. 1 well proved fruitful, as gas ignited by workers monitoring the well soared 50 feet in a 30 mph wind. Two months later, Atlantic-Richfield Company announced oil was discovered, and by the summer of 1968 Prudhoe Bay was known to be awash with black gold. The $900 million Prudhoe Bay lease sale in September 1969 sent state revenue to a record high in FY 1970.[6]

The discovery of oil at Prudhoe Bay relieved worry that Alaska wouldn't survive as a state. But oil on the North Slope could not be turned into revenue until it could be transported to market. A pipeline would need to be constructed to transport oil from Prudhoe Bay to Valdez. In addition to the engineering and regulatory challenges of a designing and building an 800-mile pipeline over Arctic

Figure 3-1. Alaska North Slope Oil Production, 1978-Present



[5] Wolf, Lisa. "Katalla to Prudhoe Bay: An entertaining look at the first 100 years of the oil and gas industry in Alaska." Petroleum News, 1997.
[6] ibid.

tundra and three mountain ranges, issues relating to Alaska Native land claims and environmental concerns needed federal attention before any construction could begin.

Native land claims were settled with the Alaska Native Claims Settlement Act (ANCSA) passing Congress in 1971, but the decision on whether the pipeline, called the Trans Alaska Pipeline System (TAPS), would meet National Environmental Policy Act (NEPA) standards was pending court approval after environmental groups filed suit against the project. Two years of hearings, decisions and appeals had passed since the completion of the draft environmental impact statement (EIS) in 1971, and the courts' final ruling did not state whether the EIS met NEPA standards. Tired of waiting, in the summer of 1973 Congress passed the Alaska Pipeline Authorization Act, which squeaked through the Senate with Vice President Spiro Agnew breaking the tie vote.[7]

As the state anxiously awaited the completion of TAPS, the drain on the state budget grew. The influx of pipeline construction workers meant higher demand for state services, and it would be at least two years before oil revenue would reach state coffers. In response to this temporary shortfall, the Alaska legislature passed a 2% tax on oil and gas reserves. The tax would allow money paid under the reserves tax to be credited against future production taxes. Essentially, the state was borrowing against future oil production tax revenues. From 1976 to 1977, the state collected about $500 million in reserves tax.

When completed, TAPS was the largest privately financed project in the world, costing $8 billion. The pipeline carried its first oil from the North Slope to Valdez in June 1977. This event marked the end of an era and the beginning of another. There was no longer as much concern about where money would come from, but rather how the state's new wealth would be spent and managed.

Figure 3-1 shows the importance of the Prudhoe Bay discovery to petroleum production in Alaska. Although production in the Prudhoe Bay Unit and satellites has been in steady decline since 1988, oil production in other units has helped to stem the decline.

Unprecedented Wealth Shapes Decisions

The discovery of Prudhoe Bay in the late 1960s and subsequent nine year delay in revenues meant that Alaska lawmakers were well aware of the revenues they were about to receive. In the years preceding the first flow of oil, many were concerned about how the state's new wealth would be spent. Some pointed to the speed at which ensuing legislatures had spent the $900 million from the Prudhoe Bay lease sale. In particular, Governor Jay Hammond advocated for the creation of a permanent fund as a way to prudently manage the state's wealth. A similar proposal offered by Hammond in 1969, prior to the state's receipt of revenue from the Prudhoe Bay lease sale, had been defeated by the legislature. This time, Governor Hammond got the public's support, when he advocated there were "900 million reasons why Alaskans should support [the Permanent Fund]."[8]

In 1976, the Alaska Permanent Fund was established to invest a minimum of 25% of the state's resource royalties, rents and bonuses. The Permanent Fund was not initially set up to pay out dividends to Alaska residents. It was a savings account, but legislators had not yet agreed on a method for investing the revenue. Between 1976 and 1980, Alaskans debated whether to use the fund as an economic development bank that would invest in Alaska industries or a public trust that would pay out dividends to Alaska residents. Several proposals were put forth, and generally, people agreed the Fund should benefit future generations of Alaskans and not be used for current government expenses.

In 1980, it was decided that the fund would be a public trust that paid dividends to Alaska residents, rather than be used as a development bank to subsidize commercial enterprises in Alaska. The first checks in the amount of $1,000 were mailed out in 1982. By the end of FY 2008, $13 billion had been deposited into the Permanent Fund since FY 1977, and the total fund balance had reached $36 billion.[9] In addition to the creation of the Permanent Fund, the School Fund was established to fund "the state public school program" with 0.5% of resource royalties, rents and bonuses.

In 1977, the legislature abandoned its old production tax system, a graduated tax ranging from 3% to 8% of the wellhead value based on barrels per day per well, and adopted a new production tax system on oil production with a nominal rate of 12.25% of wellhead value, adjusted by the economic limit factor (ELF). Under the ELF formula, the lower a lease or

[7] Clifton, L.J., and B.J. Gallaway. "History of Trans Alaska Pipeline System." February 15, 2001. http://tapseis.anl.gov/.
[8] Cole, Terrance. "Blinded by Riches: The Permanent Funding Problem and the Prudhoe Bay Effect." January 2004.
[9] Alaska Permanent Fund Corporation. http://www.apfc.org/.

property's average per-well production, the lower the effective tax rate. This allowed small or declining fields in Cook Inlet and the North Slope to be taxed at lower rates than those applicable to highly productive fields such as Prudhoe Bay and Kuparuk.

Concerns over how the state would manage Alaska's wealth were also part of the motivation for creating the Constitutional Budget Reserve Fund (CBRF). In 1990, the CBRF was established to meet the state's cash flow needs and provide temporary funding when the state budget exceeded revenues. The CBRF could also be appropriated for any public use purpose if three-fourths of the House and Senate approve.

Revenue deposited into the CBRF is from settlements of litigation and tax disputes involving mineral royalties, rents, bonuses, production taxes and other sources of mineral revenue. The wealth of the CBRF became especially important when low oil prices in the late 1990s reduced revenues. Withdrawing funds from the CBRF allowed for continued funding of state operations and general services.

Figure 3-2 illustrates the impact petroleum production has on unrestricted revenue used to fund the state government. Also shown are events that contributed to higher and lower petroleum revenues.

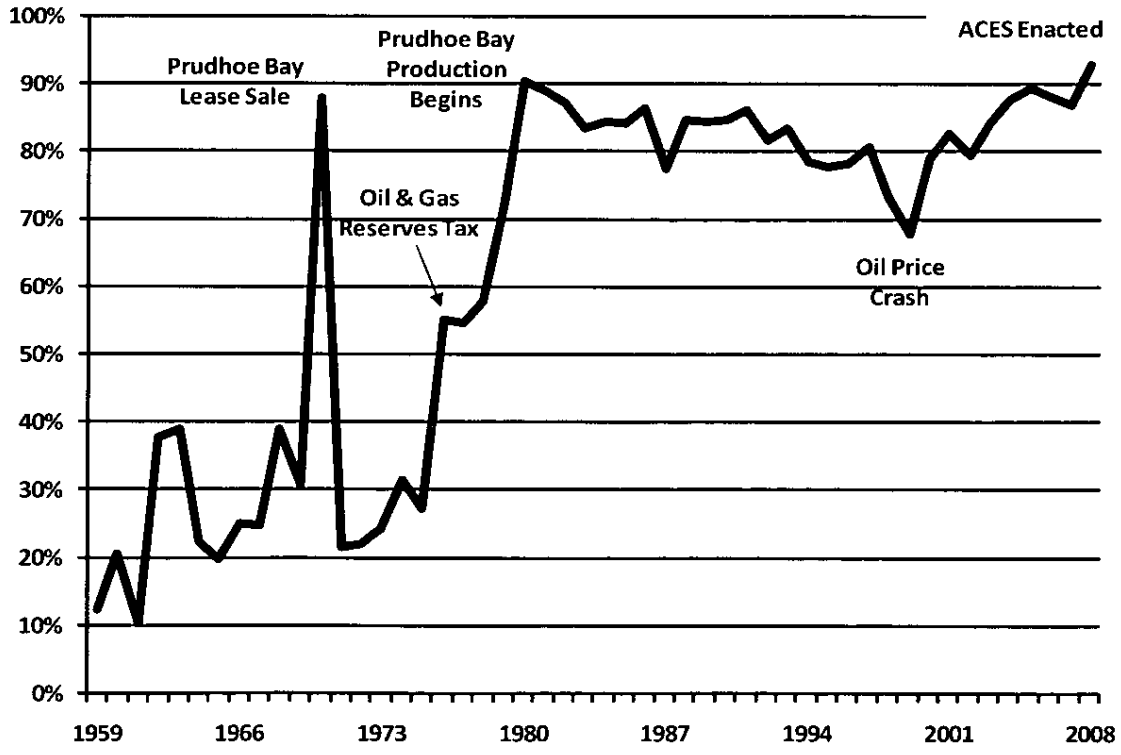
Fifty Years of Revenue

The discovery and development of Prudhoe Bay and other petroleum reservoirs helped solidify the state's financial future. In 1980, the personal income tax was repealed. Although there have been discussions over the years since statehoo, about implementing a state sales tax, state policymakers have avoided doing so.

Despite lean revenue years when oil prices were low, over the past 50 years, the state has collected a total of $96 billion in restricted and unrestricted oil revenue, for an average of about $2 billion per year. Royalties, bonuses and rents make up almost half of the total revenue, with a total of $42 billion. Production tax is next with about 35%, or roughly $34 billion. The other components of oil revenue are corporate income tax, property tax, interest and oil tax and royalty litigation settlements that are required to be deposited in the CBRF. These categories make up the remaining $20 billion.

On average, oil revenue has accounted for 85% of General Purpose

Figure 3-2. Unrestricted Petroleum Revenue as a Percent of Total Unrestricted Revenue



Unrestricted Revenue. Non-oil revenue, which will be discussed later in this chapter, has averaged 10% of unrestricted revenue. Investment interest makes up the remainder of the revenue.

Although the state has substantial reserves of natural gas, the market for this petroleum resource has been limited by the lack of a transportation system. The Cook Inlet region has been a steady supplier of natural gas to the greater Anchorage area since the 1960s. The revenue generated from the production of Cook Inlet natural gas has been low compared to the revenue generated by North Slope oil, due to the relatively small volumes of gas produced. The volumes of gas known to exist on the North Slope are substantial and the production and sale of these reserves could yield significant tax and royalty revenue for the state. To date, however, the majority of the state's natural gas supplies remains stranded on the North Slope, without a means of transporting it to market.

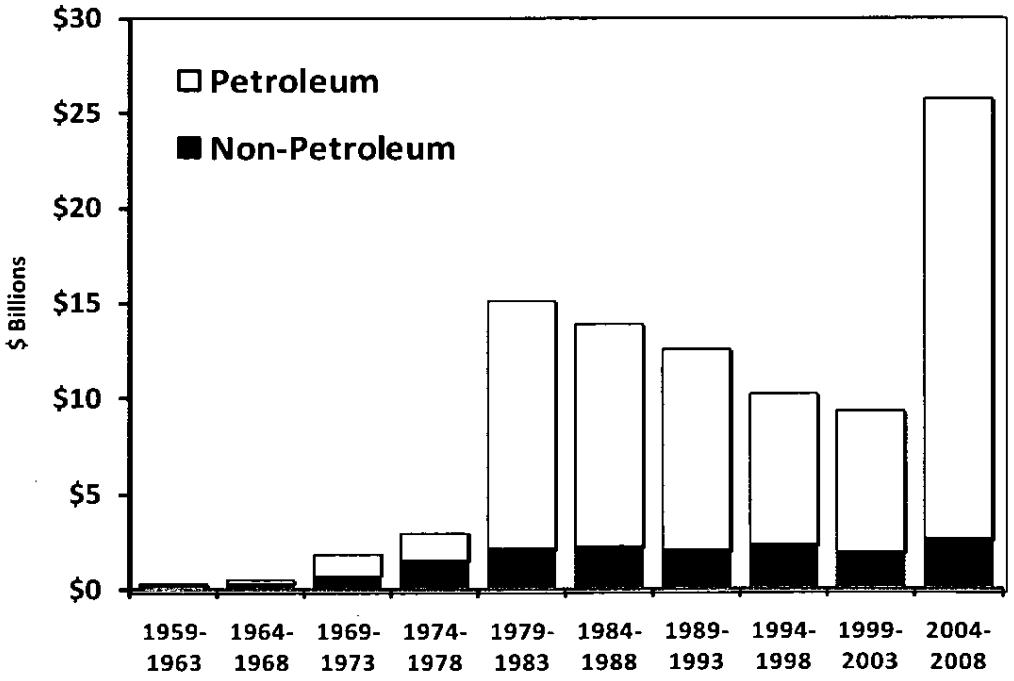
Figure 3-3 shows the importance of petroleum revenue compared to non-petroleum revenue in Alaska since statehood. Non-petroleum revenue has remained essentially flat since 1979, while petroleum revenue decreased in the years from 1979 through 2003, and then increased dramatically beginning in 2004 with the rapid rise in oil prices and changes in production tax.

Revenue Classifications

The Department of Revenue classifies revenue as either unrestricted or restricted, based in part on whether the revenue is available for general legislative appropriation. Restricted revenue, which is not available for general legislative appropriation, is considered set aside for a particular use by the constitution, state or federal law, trust or debt restrictions, or customary practice. An example of restricted revenue is the royalty revenue that is deposited in the Permanent Fund, as provided in the Alaska Constitution. The Department of Revenue also classifies as restricted those revenues that are customarily appropriated back to the programs that generate them (sometimes called "program receipts."). For example, the Business Licensing Program generates revenue, and the legislature is not required to, but customarily does, appropriate these funds back to the Business Licensing Program.

Unrestricted Revenue is all revenue that does not fit into the restricted category. Unrestricted revenue resides primarily in the General Fund and is generally available for legislative appropriation. When budget makers are assembling annual state budgets, they look to the amount of unrestricted revenue as a budget guide. The department forecasts unrestricted revenue twice yearly. For more information on the definitions of

Figure 3-3. Unrestricted Petroleum and Non-Petroleum Revenue, $ billion (nominal)



unrestricted and restricted revenue, see the Executive Summary section of this Revenue Sources Book.

The classification of several revenue sources as unrestricted or restricted has changed over time. For example, prior to 1988, the municipal share of fisheries business taxes was classified as unrestricted revenue. Beginning in 1988, the department reclassified this revenue as restricted, due to the long standing tradition of allocating this revenue to the municipalities. Such changes are minor in the big picture of state revenue, and they do not materially distort unrestricted revenue trends.

General Purpose Unrestricted Revenue from FY 1959 to FY 2008 is presented in Figure 3-7 at the end of this chapter. We do not present total restricted revenue due to the inconsistency in reporting criteria over the period. Restricted petroleum revenue is available for all years and can be accessed through the historical revenue database on the Department of Revenue, Tax Division website.

Petroleum Revenue

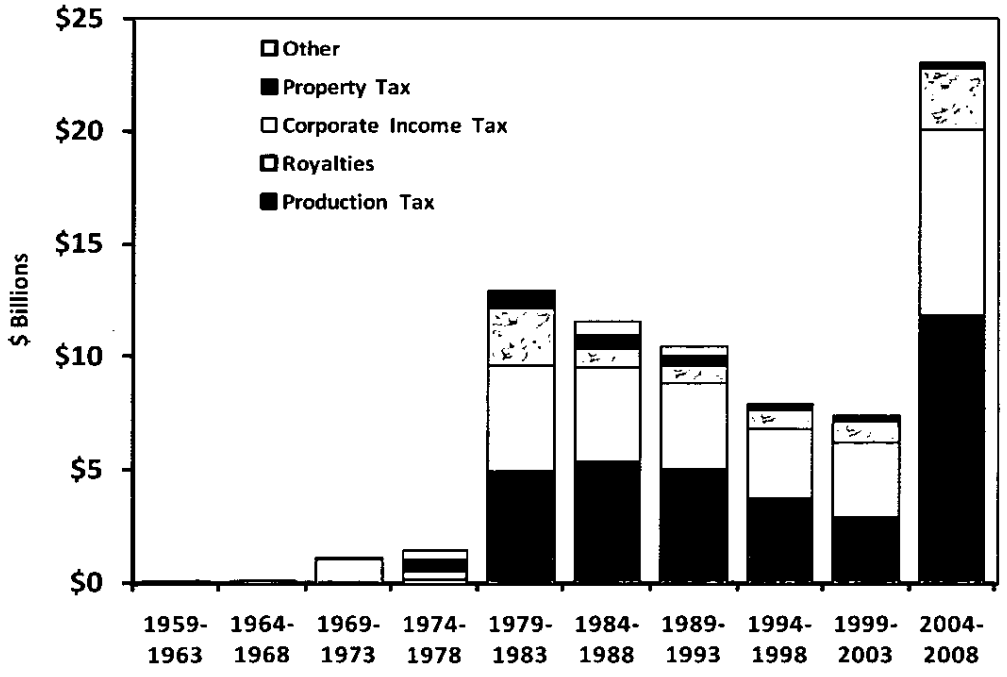
Petroleum taxes and the majority of royalty revenue are classified as unrestricted revenue. Petroleum taxes consist of production tax, property tax and petroleum corporate income tax. Of these three petroleum taxes, the production tax accounts for the majority of the tax revenue.

Royalty revenue, which is administered and collected by the Department of Natural Resources, is the fourth source of petroleum revenue. The Alaska Constitution requires that a minimum 25% of all mineral bonuses, rents and royalties be deposited into the Permanent Fund. Another 0.5% of mineral bonuses, rents and royalties is deposited in the Public School Trust Fund. The amounts deposited in the Permanent Fund and School Trust Fund are classified as restricted revenue. The remainder of the royalty revenue is classified as unrestricted revenue.

Fiscal Year 2008 had the highest annual unrestricted and restricted petroleum revenue in the state's history, in nominal dollars, totaling about $11.26 billion. As a comparison, FY 1981's $4.6 billion in nominal petroleum revenue amounted to about $11.5 billion in real 2008 dollars when adjusted for inflation. Fiscal Year 2008's record revenue was due primarily to high oil prices (average $96.51 per barrel) in conjunction with a new, progressive tax structure, while FY 1981 had nearly double the oil volumes and high oil prices relative to the years following it, at about $34 per barrel ($84 per barrel in nominal dollars).

Production tax structure has played an important role in the amount of revenue collected from Alaska's oil. As

Figure 3-4. Unrestricted Petroleum Revenue by Component, $ billion (nominal)



described earlier, the first substantive production tax on petroleum was a tax on the gross value of the oil and gas produced as adjusted by the Economic Limit Factor (ELF). The ELF tax structure remained in place from 1977, when Prudhoe Bay began production, to 2006, when a revised production tax structure based on net profits was adopted. The first version of the net profits production tax, called the Petroleum Profits Tax (PPT) became effective April 1, 2006. The tax structure was further revised with the passage of the Alaska's Clear and Equitable Share tax (ACES), effective July 2007. Both of these tax structures allowed deductions of lease expenditures against the gross value of production before applying the tax rate. Both of the structures also had credit provisions whereby taxpayers could offset tax liabilities through capital investments made towards petroleum production in Alaska.

Among the goals of the net profits tax structure was to encourage reinvestment in petroleum properties in the state. Alaska was the first state to adopt a progressive tax structure like ACES, although many other oil provinces around the world use a similar structure.

Figure 3-4 illustrates the four primary components of petroleum revenue, along with a fifth component called "other" that consists of revenue from petroleum special settlements and the reserves tax received in some prior years.

Non-Petroleum Revenue

Since statehood, non-petroleum unrestricted revenue has totaled $15.7 billion, or 17% of revenue collected. Although Alaska's revenue picture is now concerned primarily with oil and gas revenue, this has not always been the case. Before Alaska became a major oil province, the state relied on non-petroleum revenues to fund the majority of state government. Looking forward, as oil production continues to decline, and oil prices stabilize well below recent record levels, if gas resources are not developed, then non-petroleum revenues could again become a major component of state revenues.

With the exception of the Prudhoe Bay lease sale in 1970, non-petroleum revenues made up more than 50% of unrestricted revenue every year from statehood through 1975. The largest contributor to state revenues during these years was the individual income tax. The individual income tax generated $459 million from statehood through 1975, or about 21% of unrestricted revenue (again excluding the Prudhoe Bay lease sale revenue).

A number of other taxes and revenue sources round out non-petroleum revenues. At statehood, there were taxes on corporate income, motor fuel, alcohol, fisheries and business licenses, as well as an inheritance tax and a school tax. There were also revenues from licenses and permits, charges for state services, investment earnings, non-petroleum royalties and miscellaneous items. Individually, these items contributed a very small amount to the state treasury, but collectively they accounted for more than half of Alaska's unrestricted revenue from 1959-1975 (not counting the Prudhoe Bay lease sale).

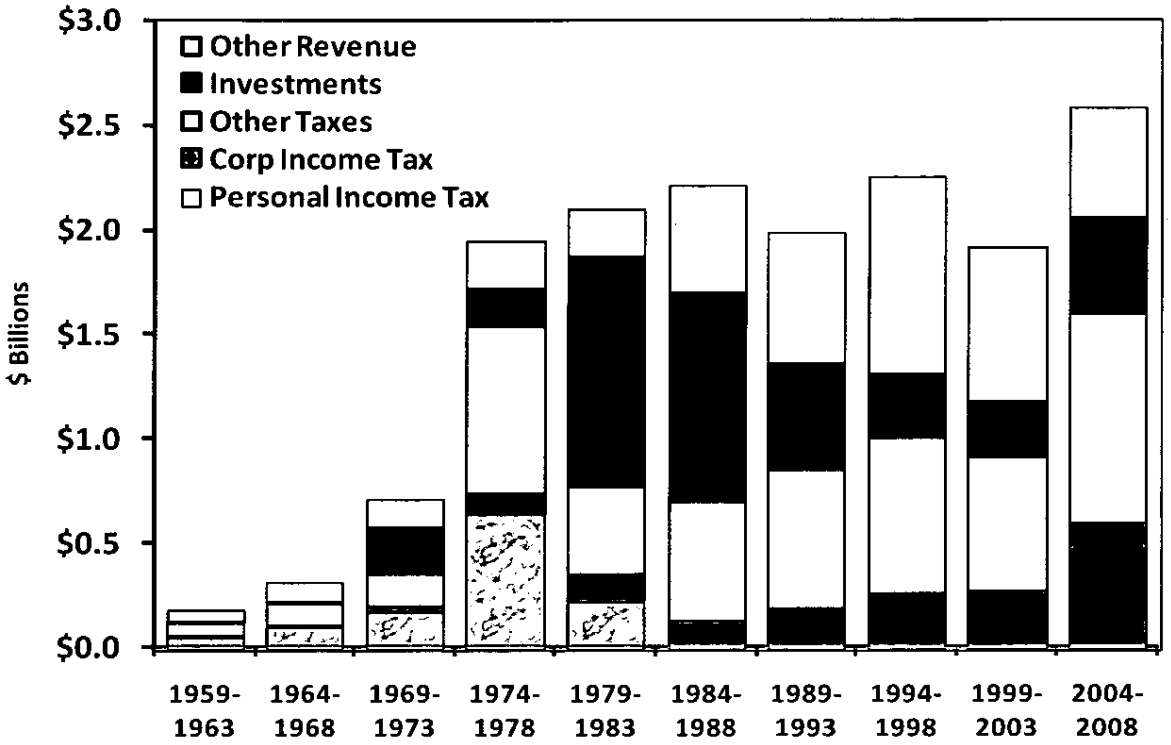
Since 1975, non-petroleum revenue has made up a much smaller share of Alaska's revenue than in the early years of statehood. Revenue from oil allowed Alaska to eliminate the biggest source of early state revenue: the individual income tax. Alaska also eliminated other revenue generators it relied upon in earlier years, such as the school tax, the inheritance tax and the business license tax. Until its repeal in 1980, the income tax was a stabilizing tax, producing a total of $1.2 billion over that period. Alaska is the only state in the nation that does not have a statewide sales or income tax.

Today, non-petroleum revenue is a mix of several different taxes, fees and other revenue items, with taxes making up nearly two-thirds of the total over the past five years. A number of industries contribute to non-petroleum tax revenues. There are taxes on fisheries processing and landing. There is a severance tax on the net income of mining operations in the state which has grown in recent years as mineral prices increased. Taxes on tourism activities were added within the last 5 years, and they include a vehicle rental tax and a large passenger vessel gambling tax. There are also per-passenger tourism taxes and fees, but those revenues are considered restricted revenues. The largest non-petroleum tax is the corporate income tax, which is paid by companies in almost all industries, including mining, tourism, fisheries, timber and others.

Collectively, all unrestricted non-petroleum revenues amounted to $780 million in FY 2008 compared to over $10 billion of unrestricted petroleum revenue. Although the amount pales in comparison with oil revenue, non-petroleum taxes do contribute to the state treasury and may become a larger force. in the future.

Figure 3-5 presents the five components of non-petroleum revenue. These include the individual income tax, the corporate income tax, investments, other taxes and other revenue. "Other taxes" includes all tax revenue except the personal and corporate income taxes, including fisheries taxes, mining taxes, insurance taxes, excise taxes, etc.

Figure 3-5. Unrestricted Non-Petroleum Revenue by Component, $ billion (nominal)



"Other revenue" includes non-petroleum revenues that are neither taxes nor investment revenues such as licenses and permits, charges for state services, fines and forfeitures, rents and royalties and miscellaneous revenues. In contrast to petroleum revenue, non-petroleum revenue has remained relatively consistent since 1974.

Boom and Bust Cycles and Fiscal Stability

Since the first oil began flowing down TAPS, Alaska's state budget has been largely dependent on oil revenues. Government budgets that depend on resource-driven revenues such as oil will have a bumpy ride where the price of that resource is volatile. Over the past 30 years, oil prices have been as low as $8.79 per barrel and as high as $145 per barrel. Oil prices on an annual basisreached their low only 10 years ago in FY 1999 when they hit $12.99 per barrel ($16.70 in real 2008 dollars). Not coincidentally, that same year was also the state's lowest revenue year over the 30-year period with total unrestricted revenue for the year at just $1.35 billion. The budget for FY 1999 was $2.4 billion, creating a revenue shortfall of just over $1 billion. Fortunately, previous legislatures set aside some early oil revenue in the Constitutional Budget Reserve Fund. The CBRF came to the rescue in 1999, providing over $1 billion, or almost half of the revenues needed to meet budget demands. The CBRF was tapped to fill revenue-budget gaps in ten of the fifteen years since FY 1994.

In a letter to the governor from the Fall 2000 Revenue Sources Book, then-Commissioner Wilson Condon noted,

Amusement parks are known for their rollercoaster rides but there's nothing amusing about the up-and-down ride for oil prices this year. Buyers on March 7 paid a 10-year high for Alaska North Slope crude at $32.30 a barrel, and then watched as the price fell to $22.10 on April 10. The rollercoaster cranked up again and topped out at a crest of $35.62 on Sept. 19 before aiming down another curve and hitting $25 on Monday.

This has been a familiar story to past and present governors of this state. Oil prices seemed to mysteriously rise and fall with very little warning. What's more, in recent years, oil price swings have become bigger, accentuating the volatility. Whereas movements in price were once measured in cents or in dollars, they are increasingly being measured in $10 and $20 increments.

With several down years of oil prices in the late 1990s, the words "budget

shortfall" were not uncommon in the halls of the Capitol and state budgets had to be trimmed to accommodate the lack of revenue. Broad based taxes were again the subject of conversation, and there were several legislative proposals to re-establish an individual income tax or to implement a sales tax in the state. None of them were passed, however, leaving state revenues subject to the boom and bust cycles of oil prices.

This fiscal year may be a year for the record books when it comes to oil price volatility. Oil prices essentially doubled from levels experienced in 2006 and 2007, reaching an all time high in July 2008 of $145.29. Within a few months, oil prices came crashing down to less than $50 per barrel in November 2008 – a decrease of almost $100 per barrel. The impacts will be felt in the state's revenue picture as well: in Spring 2008, the department forecasted FY 2010 revenues to be what was deemed a conservative $6.3 billion. The figure for FY 2010 revenue is now set one billion dollars lower, at $5.3 billion. The outlook for FY 2011 looks less rosy, with revised estimates of unrestricted revenue at $4.4 billion from a previously forecasted $6.0 billion.

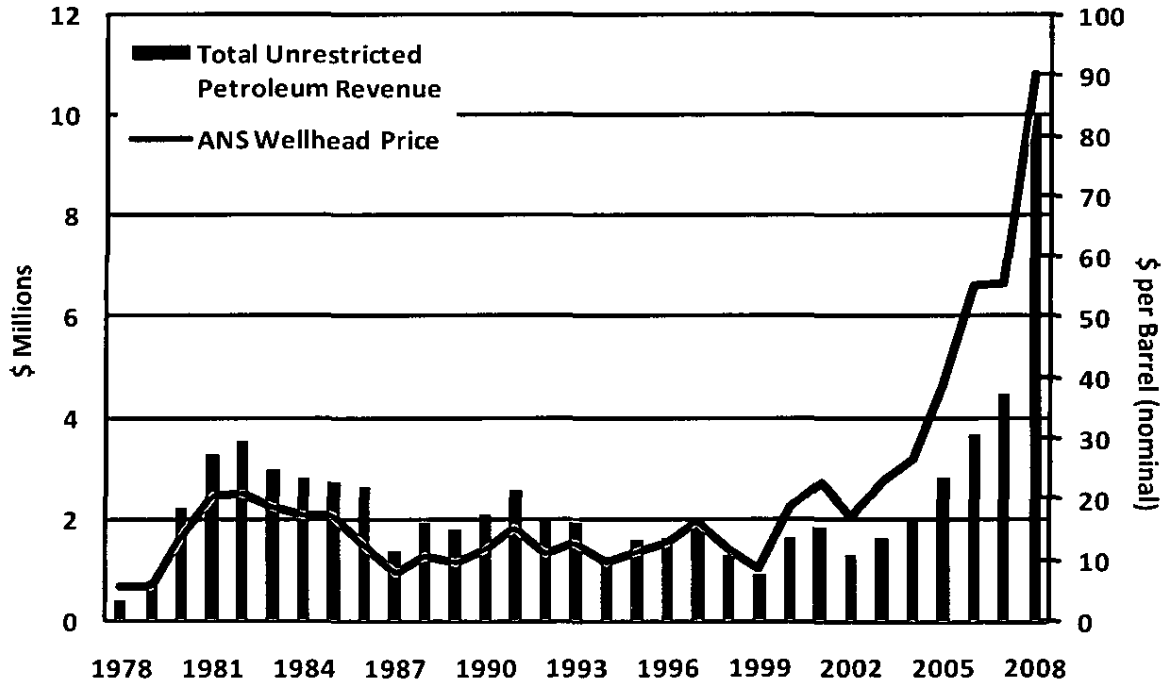
Most economists point to market fundamentals—primarily reduced demand—as the driver of the recent downturn in oil prices. The housing market crisis and the subsequent near collapse of several of the country's largest financial institutions have had a significant impact on the health of the nation's economy. Recent indicators are that the U.S. recession is spreading worldwide, impacting global markets in otherwise healthy economies. All this has led to lower consumer confidence, reduced spending and decreased demand for petroleum products.

As has happened throughout the history of Alaska's petroleum revenues, however, petroleum demand will rebound when economies strengthen. With the increase in demand, oil prices should come back to levels that are consistent with demand. If demand increases to levels beyond those sustainable by supply, we will see oil prices rise again, perhaps to levels at or above those experienced in July 2008. Such is the typical boom and bust cycle that non-renewable resources like petroleum generate.

Figure 3-6 illustrates the impact oil prices have on the state's unrestricted revenues. In the mid to late 1980s, production levels sustained revenues, even in the absence of high oil prices.

In an effort to stabilize state spending—one half of the revenue-budget equation—the legislature passed House Bill 125 in 2008, requiring the governor to prepare and submit a 10-year fiscal plan along with the

Figure 3-6. ANS Wellhead Price and Total Unrestricted Petroleum Revenue



normal budget documentation at the beginning of each legislative session. The fiscal plan must identify the source of funds, as well as the use of them, and the two must balance. The governor and the Office of Management and Budget will be submitting the first of such fiscal plans to the legislature in January 2009.

Alaska Revenues – A Look Back and A Look into the Future

The history of state revenue in Alaska has not been a dull story. At times revenue trickled and at other times it flooded the treasury.

Over the 50 years that Alaska has been a state, over eighty percent of unrestricted revenue has come from petroleum sources, and sixty percent of this has been from production taxes and royalties. With so much state revenue coming from a commodity with such price volatility, booms and busts in state revenue are almost guaranteed.

In the early years of statehood, petroleum revenue was only a small portion of unrestricted revenue. Individual and business taxes provided most of state revenue before Prudhoe Bay. In the past five years, petroleum revenue has averaged 89% of unrestricted revenue.

Has this reversal been a blessing or a curse? On the positive side, it has allowed the state to establish a stable state government and balance the budget—something that was a challenge before Prudhoe Bay. On the negative side, the state's revenue heavily depends on a finite resource that is subject to extreme price volatility.

For the past 50 years, state revenue has been focused on the Prudhoe Bay discovery and its production. What will be the focal point of the next 50 years?

On August 1, 2008, the Alaska legislature authorized the Alaska Gasline Inducement Act (AGIA) license to be awarded to TransCanada Alaska. The 1,715-mile proposed natural gas pipeline from Alaska's North Slope to the Alberta Hub in Canada will be the largest construction project in North American history. It will ship 4.5 billion cubic feet (bcf) of gas per day with additional capacity up to 5.9 bcf per day.

In the coming years TransCanada will be moving forward on early-stage development of the project and preparing to secure supply commitments in an open season to be held by July 2010. The TransCanada Alaska gasline is scheduled to be in service before the end of 2018.

Natural gas is also an important energy source for Alaskans. With this in mind, the ACES production tax provides tax relief for natural gas production that is sold and used within the state. It is anticipated that a portion of the natural gas that is developed through the AGIA process or other in-state gas delivery initiatives will be made available to meet the energy needs of Alaska residences and current and future industries.

Mining in Alaska also holds potential for future revenue. Alaska is currently fifth in the United States in mineral production value, and more exploration and development is under way. Mining exploration and development has expanded in the last four years. Total exploration expenditures have increased 12-fold from 2002 to 2007; development expenditures from 2005 to 2007 were higher than any other 3-year period over the last 30 years.[10]

Alaska's seafood industry has enjoyed higher prices and healthy stocks. The 2007 salmon harvest reached its 4th highest level in terms of pounds of salmon caught since 1960.[11] The ability of Alaska to sustain an environment conducive to large and healthy seafood populations and promote Alaska seafood products will be vital to continuing the growth of the seafood industry and its contribution to state revenue.

Alaska's natural resource wealth also includes its beauty and attractiveness to outside visitors. Alaska's tourism industry and its share of state tax revenue, through corporate income taxes, vehicle taxes and passenger vessel taxes, have grown in recent years as the volume of visitors and employment in the industry have increased. A citizen's initiative passed in 2006, adding new taxes on the cruise ship industry and increasing its share of state tax revenue. Alaska boasts superb summer and winter activities and attractions that generate tourism dollars in most areas of the state. Improving the attractiveness of visiting Alaska and its natural assets will be essential to the growth of the state's economy and its revenue.

Alaska's natural resource wealth will be a major part of Alaska's future economy and state revenue. It alone, however, does not ensure a prosperous future. The ability of Alaskans to successfully manage their natural resources and handle the volatile wealth it brings has been a vital element in creating and sustaining Alaska's prosperity. The future will surely be no different.

[10] Szumigala, D.J., and R.A. Hughes. Alaska's Mineral Industry 2007: A summary. Alaska Division of Geological & Geophysical Surveys, 2008.

[11] Nelson, Patricia, Michael D. Plotnick, and Amy M. Carroll. Run Forecasts and Harvest Projections for 2008 Alaska Salmon Fisheries and Review of the 2007 Season. Alaska Department of Fish and Game, 2008.

Figure 3-7. Fifty Years of Revenue

General Purpose Unrestricted Revenue—1959-1968[1]($ million)

FY	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
TAX REVENUE										
Petroleum Property Tax [2]	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Excise Tax										
Alcoholic Beverages	2.1	2.2	2.4	2.5	2.8	2.8	3.1	3.4	3.4	3.7
Tobacco Products	0.0	0.0	0.0	0.6	0.8	0.8	0.8	1.0	0.9	1.0
Insurance Premium	0.7	0.9	1.0	1.0	1.1	1.2	1.3	1.7	1.8	2.0
Electric and Telephone Cooperative [3]	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Motor Fuel Tax [4]	3.1	3.7	4.8	6.9	6.1	5.6	6.0	6.6	7.1	7.8
Vehicle Rental tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tire Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**5.9**	**6.7**	**8.1**	**11.3**	**10.9**	**10.6**	**11.4**	**12.8**	**13.5**	**14.7**
Income Tax										
General Corporate	1.4	1.7	1.4	1.8	2.2	1.8	1.9	4.1	3.5	3.8
Petroleum Corporate [5]	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.1
Individual and Fiduciary	8.1	8.9	10.4	12.2	13.0	13.9	16.2	19.2	22.7	22.6
Total	**9.5**	**10.6**	**11.8**	**14.0**	**15.2**	**15.7**	**18.1**	**23.3**	**26.1**	**26.5**
Severance Tax										
Oil and Gas Production	0.0	0.0	0.0	0.2	0.3	0.3	0.3	0.3	0.5	2.0
Oil and Gas Conservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil and Gas Hazardous Release	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.2**	**0.3**	**0.3**	**0.3**	**0.3**	**0.5**	**2.0**
Fish Tax										
Fisheries Business Tax [6]	1.8	1.4	2.0	3.1	2.9	2.3	2.8	3.2	3.6	2.3
Fish Landing [6]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other [7]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**1.8**	**1.4**	**2.0**	**3.1**	**2.9**	**2.3**	**2.8**	**3.2**	**3.6**	**2.3**
Other Tax										
Estate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.1
Charitable Gaming [4]	0.0	NA	NA	NA	NA	NA	NA	NA	NA	NA
Business License Tax	1.2	1.2	1.3	1.4	2.3	2.4	2.9	3.2	3.3	3.8
Large Passenger Vessel Gambling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other [8]	0.7	1.3	1.2	1.0	0.8	0.9	1.0	0.9	1.0	1.6
Total	**1.9**	**2.5**	**2.5**	**2.4**	**3.2**	**3.3**	**4.0**	**4.2**	**4.4**	**5.5**
TOTAL TAX REVENUE	**19.1**	**21.2**	**24.4**	**31.0**	**32.5**	**32.2**	**36.6**	**43.8**	**48.0**	**50.9**

Figure 3-7. Fifty Years of Revenue

General Purpose Unrestricted Revenue—1959-1968, continued[1]($ million)

FY	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
NON TAX REVENUE										
Licenses and Permits	**2.5**	**3.1**	**3.4**	**3.8**	**4.8**	**4.5**	**4.5**	**6.3**	**6.2**	**6.6**
Intergovernmental Receipts										
Federal Shared Revenues	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Charges for Services	**0.1**	**1.8**	**0.7**	**0.8**	**1.1**	**3.2**	**3.9**	**4.6**	**5.4**	**7.0**
Fines and Forefeitures	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Rents and Royalties										
Oil and Gas Royalties-Net	0.0	0.0	2.4	4.5	18.9	5.9	8.4	7.9	9.6	17.0
Oil and Gas Bonuses, Rents, Interest[9]	3.1	9.9	1.7	21.3	8.6	8.7	7.7	13.3	11.3	24.7
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other [10]	0.2	1.0	1.3	0.9	1.0	1.1	1.6	0.7	1.7	1.8
Total Rents and Royalties	**3.3**	**10.9**	**5.5**	**26.7**	**28.6**	**15.8**	**17.7**	**22.0**	**22.7**	**43.5**
Investment Earnings[11]	**0.2**	**0.8**	**0.8**	**0.9**	**1.3**	**1.3**	**2.6**	**3.2**	**2.8**	**2.2**
Miscellaneous Revenue	**0.2**	**10.2**	**5.8**	**5.8**	**3.5**	**10.1**	**17.6**	**6.6**	**1.4**	**2.6**
TOTAL NON-TAX REVENUE	**6.2**	**26.8**	**16.1**	**38.0**	**39.2**	**34.8**	**46.3**	**42.7**	**38.5**	**61.8**
TOTAL GENERAL PURPOSE UNRESTRICTED REVENUE [12]	**25.4**	**48.0**	**40.5**	**68.9**	**71.6**	**67.0**	**83.0**	**86.4**	**86.6**	**112.7**
Cumulative General Purpose Unrestricted Revenue	25.4	73.4	113.9	182.8	254.5	321.4	404.4	490.8	577.4	690.1
Petroleum Revenue	3.1	9.9	4.2	26.0	27.8	14.9	16.5	21.6	21.5	43.8
Non-Petroleum Revenue	22.3	38.1	36.3	43.0	43.8	52.1	66.5	64.9	65.1	68.9
% Petroleum of Total GPUR	12%	21%	10%	38%	39%	22%	20%	25%	25%	39%

[1] In years before FY 2000, some revenues figures may include customarily restricted revenue. These include revenues in the following categories: license & permits, federal shared revenues, and charges for services and others.

[2] The property tax figure in the Spring 1991 Revenue Sources Book includes a $28 million settlement with the City of Valdez. This table excludes that settlement.

[3] Prior to FY 1988, data are for General Fund Unrestricted Revenue. This amount is higher than General Purpose Unrestricted Revenue because the data include certain shared revenue.

[4] Prior to FY 1997, includes aviation fuel tax revenue shared with local municipalities.

[5] The figure in the Spring 1994 Revenue Sources Book includes $717.6 million in settlements to the CBRF. The figure in this table excludes these settlements.

[6] Prior to FY 2000, includes revenue shared with local municipalities.

[7] The "other fish tax" category includes salmon enhancement tax and seafood and salmon marketing tax.

[8] The "other tax" category includes several taxes which are now repealed: school tax, inheritance tax, non-petroleum property tax and others.

[9] These categories are primarily comprised of petroleum.

[10] The "other rents and royalties" category includes several non-petroleum royalties and other resource revenue such as sales of state property and timber sales.

[11] Starting in FY 2001, interest earnings are included in oil and gas royalties and excluded from investment earnings.

[12] Includes payments of $22.4 million, $45.6 million and $131.4 million for FY 1978, 1979, and 1980 respectively to the Alaska Native Fund under ANCSA.

Figure 3-7. Fifty Years of Revenue

General Purpose Unrestricted Revenue—1969-1978[1] ($ million)

FY	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
TAX REVENUE										
Petroleum Property Tax [2]	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**6.6**	**83.4**	**139.1**	**173.0**
Excise Tax										
Alcoholic Beverages	3.9	4.4	4.9	4.8	5.2	5.7	6.6	7.8	8.0	7.6
Tobacco Products	1.0	1.0	1.1	1.2	1.2	1.3	1.5	1.7	1.8	1.7
Insurance Premium	2.2	2.6	3.0	3.5	3.7	3.8	4.4	6.1	8.1	10.0
Electric and Telephone Cooperative [3]	0.3	0.3	0.4	0.5	0.5	0.6	0.7	0.9	1.2	1.5
Motor Fuel Tax [4]	9.1	10.4	11.0	11.4	12.4	13.8	18.0	24.4	20.6	23.3
Vehicle Rental tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tire Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**16.6**	**18.7**	**20.4**	**21.4**	**23.1**	**25.1**	**31.2**	**41.0**	**39.7**	**44.1**
Income Tax										
General Corporate	4.2	4.9	5.2	5.3	6.0	7.0	14.9	26.2	30.8	25.1
Petroleum Corporate [5]	0.1	0.4	0.9	1.2	0.9	1.2	2.5	4.9	5.0	8.4
Individual and Fiduciary	25.2	32.5	35.5	39.1	43.4	49.2	87.0	146.3	210.5	145.8
Total	**29.5**	**37.8**	**41.6**	**45.6**	**50.2**	**57.5**	**104.3**	**177.4**	**246.3**	**179.3**
Severance Tax										
Oil and Gas Production	5.6	7.9	10.5	11.4	12.0	14.8	26.6	27.9	23.7	107.6
Oil and Gas Conservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Oil and Gas Hazardous Release	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**5.6**	**7.9**	**10.5**	**11.4**	**12.0**	**14.8**	**26.6**	**28.0**	**23.8**	**107.7**
Fish Tax										
Fisheries Business Tax [6]	2.8	2.5	4.0	3.3	2.5	2.8	2.7	3.1	6.2	8.3
Fish Landing [6]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other [7]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**2.8**	**2.5**	**4.0**	**3.3**	**2.5**	**2.8**	**2.7**	**3.1**	**6.2**	**8.3**
Other Tax										
Estate	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.2
Mining	0.1	0.0	0.0	0.0	0.0	NA	NA	NA	NA	NA
Charitable Gaming [4]	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Business License Tax	4.2	5.1	5.6	6.1	6.7	7.5	11.2	19.1	23.3	21.7
Large Passenger Vessel Gambling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other [8]	2.6	2.2	1.6	1.5	1.6	1.9	3.0	227.6	274.3	3.6
Total	**6.8**	**7.3**	**7.2**	**7.6**	**8.4**	**9.6**	**14.2**	**246.9**	**297.7**	**25.5**
TOTAL TAX REVENUE	**61.3**	**74.2**	**83.7**	**89.3**	**96.2**	**109.7**	**185.7**	**579.7**	**752.8**	**537.8**

Figure 3-7. Fifty Years of Revenue

General Purpose Unrestricted Revenue—1969-1978, continued[1] ($ million)

FY	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
NON TAX REVENUE										
Licenses and Permits	7.3	8.4	8.7	9.1	9.8	10.9	13.6	16.4	16.1	19.1
Intergovernmental Receipts										
Federal Shared Revenues	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Charges for Services	8.4	9.2	11.0	13.7	17.4	17.8	20.2	22.4	24.8	24.9
Fines and Forefeitures	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Rents and Royalties										
Oil and Gas Royalties-Net	24.7	27.5	32.6	30.1	27.8	35.8	49.8	48.4	36.3	150.6
Oil and Gas Bonuses, Rents, Interest[9]	4.1	903.1	3.2	5.5	9.5	28.4	4.9	3.7	2.8	1.8
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other [10]	2.1	2.3	2.4	2.9	3.1	2.7	13.4	3.6	2.9	5.0
Total Rents and Royalties	30.9	932.9	38.1	38.5	40.4	66.9	68.1	55.7	42.0	157.4
Investment Earnings[11]	2.7	39.8	78.4	67.3	43.2	41.1	38.5	31.7	34.8	44.2
Miscellaneous Revenue	1.7	2.7	0.7	1.2	1.2	8.5	7.4	3.9	3.9	3.9
TOTAL NON-TAX REVENUE	51.1	993.0	136.9	129.8	112.0	145.2	147.8	130.1	121.6	249.5
TOTAL GENERAL PURPOSE UNRESTRICTED REVENUE [12]	112.4	1,067.2	220.5	219.1	208.2	254.9	333.4	709.8	874.4	787.3
Cumulative General Purpose Unrestricted Revenue	802.5	1,869.8	2,090.3	2,309.4	2,517.6	2,772.5	3,106.0	3,815.8	4,690.2	5,477.5
Petroleum Revenue	34.5	938.9	47.1	48.3	50.2	80.2	90.4	391.5	477.6	441.5
Non-Petroleum Revenue	77.9	128.3	173.4	170.8	158.0	174.7	243.0	318.3	396.8	323.4
% Petroleum of Total GPUR	31%	88%	21%	22%	24%	31%	27%	55%	55%	58%

[1] In years before FY 2000, some revenues figures may include customarily restricted revenue. These include revenues in the following categories: license & permits, federal shared revenues, and charges for services and others.
[2] The property tax figure in the Spring 1991 Revenue Sources Book includes a $28 million settlement with the City of Valdez. This table excludes that settlement.
[3] Prior to FY 1988, data are for General Fund Unrestricted Revenue. This amount is higher than General Purpose Unrestricted Revenue because the data include certain shared revenue.
[4] Prior to FY 1997, includes aviation fuel tax revenue shared with local municipalities.
[5] The figure in the Spring 1994 Revenue Sources Book includes $717.6 million in settlements to the CBRF. The figure in this table excludes these settlements.
[6] Prior to FY 2000, includes revenue shared with local municipalities.
[7] The "other fish tax" category includes salmon enhancement tax and seafood and salmon marketing tax.
[8] The "other tax" category includes several taxes which are now repealed: school tax, inheritance tax, non-petroleum property tax and others.
[9] These categories are primarily comprised of petroleum.
[10] The "other rents and royalties" category includes several non-petroleum royalties and other resource revenue such as sales of state property and timber sales.
[11] Starting in FY 2001, interest earnings are included in oil and gas royalties and excluded from investment earnings.
[12] Includes payments of $22.4 million, $45.6 million and $131.4 million for FY 1978, 1979, and 1980 respectively to the Alaska Native Fund under ANCSA.

Figure 3-7. Fifty Years of Revenue

General Purpose Unrestricted Revenue—1979-1988[1] ($ million)

FY	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
TAX REVENUE										
Petroleum Property Tax [2]	**163.4**	**168.9**	**143.0**	**142.7**	**152.6**	**131.0**	**128.4**	**113.5**	**102.5**	**96.2**
Excise Tax										
Alcoholic Beverages	7.4	7.4	8.3	9.0	10.4	13.0	13.9	13.3	12.6	12.1
Tobacco Products	1.7	1.6	1.7	1.9	2.0	2.0	2.0	4.9	6.6	6.1
Insurance Premium	10.8	10.4	10.6	12.5	13.8	16.2	17.5	21.1	23.7	23.7
Electric and Telephone Cooperative [3]	1.7	2.0	1.1	1.2	1.4	1.6	1.8	1.9	2.0	0.1
Motor Fuel Tax [4]	22.3	26.1	23.2	30.3	36.7	32.2	36.0	36.1	32.2	33.6
Vehicle Rental tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tire Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**43.9**	**47.5**	**44.9**	**54.9**	**64.3**	**65.0**	**71.2**	**77.3**	**77.1**	**75.6**
Income Tax										
General Corporate	24.8	17.9	34.8	34.8	30.3	39.5	36.0	11.2	20.5	23.4
Petroleum Corporate [5]	232.6	547.5	860.1	668.9	236.0	265.1	168.6	133.9	120.4	158.0
Individual and Fiduciary	117.3	100.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**374.7**	**666.0**	**894.9**	**703.7**	**266.3**	**304.6**	**204.6**	**145.1**	**140.9**	**181.4**
Severance Tax										
Oil and Gas Production	173.6	506.2	1169.9	1581.1	1493.0	1392.4	1388.7	1107.4	647.3	816.4
Oil and Gas Conservation	0.2	0.3	0.3	0.6	0.7	0.7	0.7	0.5	1.2	2.3
Oil and Gas Hazardous Release	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**173.8**	**506.5**	**1,170.2**	**1,581.7**	**1,493.7**	**1,393.1**	**1,389.4**	**1,107.9**	**648.5**	**818.7**
Fish Tax										
Fisheries Business Tax [6]	11.9	14.6	20.7	22.8	20.5	19.0	18.7	21.1	26.5	22.5
Fish Landing [6]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other [7]	0.0	0.0	0.0	2.4	3.5	3.3	3.6	5.4	5.8	8.5
Total	**11.9**	**14.6**	**20.7**	**25.2**	**24.0**	**22.3**	**22.3**	**26.5**	**32.3**	**31.0**
Other Tax										
Estate	0.1	0.2	0.5	0.3	0.7	0.7	0.5	0.7	1.1	0.3
Mining	NA	NA	NA	0.2	0.2	0.4	0.3	0.3	0.3	0.4
Charitable Gaming [4]	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Business License Tax	28.2	4.2	5.4	5.5	6.9	19.9	38.8	2.1	1.5	1.4
Large Passenger Vessel Gambling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other [8]	4.6	4.4	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**32.9**	**8.8**	**8.9**	**6.0**	**7.8**	**21.0**	**39.6**	**3.1**	**2.9**	**2.1**
TOTAL TAX REVENUE	**800.6**	**1,412.3**	**2,282.6**	**2,514.2**	**2,008.7**	**1,937.0**	**1,855.5**	**1,473.4**	**1,004.2**	**1,205.0**

Figure 3-7. Fifty Years of Revenue

General Purpose Unrestricted Revenue—1979-1988, continued[1] ($ million)

FY	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
NON TAX REVENUE										
Licenses and Permits	**19.8**	**18.8**	**21.3**	**23.8**	**25.7**	**26.7**	**28.9**	**29.3**	**29.2**	**28.3**
Intergovernmental Receipts										
Federal Shared Revenues	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Charges for Services	**28.0**	**30.8**	**36.2**	**44.0**	**47.4**	**46.7**	**52.6**	**48.2**	**47.0**	**39.8**
Fines and Forefeitures	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Rents and Royalties										
Oil and Gas Royalties-Net	250.2	689.4	1,119.7	1,174.4	1,105.6	1,058.5	1,042.2	845.0	448.3	701.5
Oil and Gas Bonuses, Rents, Interest[9]	1.6	344.2	11.3	7.1	38.7	13.9	14.9	38.9	4.3	11.3
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	418.2	70.5	163.9
Other [10]	12.0	10.5	13.8	12.4	18.2	15.1	15.6	13.8	17.1	5.4
Total Rents and Royalties	**263.8**	**1,044.1**	**1,144.8**	**1,193.9**	**1,162.5**	**1,087.5**	**1,072.7**	**1,315.9**	**540.2**	**882.1**
Investment Earnings[11]	**59.2**	**119.9**	**227.8**	**324.7**	**375.8**	**282.7**	**233.5**	**195.2**	**161.9**	**132.6**
Miscellaneous Revenue	**7.2**	**6.7**	**5.5**	**7.8**	**10.9**	**9.5**	**16.8**	**13.0**	**16.9**	**16.1**
TOTAL NON-TAX REVENUE	**378.0**	**1,220.3**	**1,435.6**	**1,594.2**	**1,622.3**	**1,453.1**	**1,404.5**	**1,601.6**	**795.2**	**1,098.9**
TOTAL GENERAL PURPOSE UNRESTRICTED REVENUE [12]	**1,178.6**	**2,632.6**	**3,718.2**	**4,108.4**	**3,631.0**	**3,390.1**	**3,260.0**	**3,075.0**	**1,799.4**	**2,303.9**
Cumulative General Purpose Unrestricted Revenue	6,656.1	9,288.7	13,006.9	17,115.3	20,746.3	24,136.4	27,396.4	30,471.4	32,270.8	34,574.7
Petroleum Revenue	821.6	2,256.5	3,304.3	3,574.8	3,026.6	2,861.6	2,743.5	2,657.4	1,394.5	1,949.6
Non-Petroleum Revenue	311.4	244.7	413.9	533.6	604.4	528.5	516.5	417.6	404.9	354.3
% Petroleum of Total GPUR	73%	90%	89%	87%	83%	84%	84%	86%	77%	85%

[1] In years before FY 2000, some revenues figures may include customarily restricted revenue. These include revenues in the following categories: license & permits, federal shared revenues, and charges for services and others.

[2] The property tax figure in the Spring 1991 Revenue Sources Book includes a $28 million settlement with the City of Valdez. This table excludes that settlement.

[3] Prior to FY 1988, data are for General Fund Unrestricted Revenue. This amount is higher than General Purpose Unrestricted Revenue because the data include certain shared revenue.

[4] Prior to FY 1997, includes aviation fuel tax revenue shared with local municipalities.

[5] The figure in the Spring 1994 Revenue Sources Book includes $717.6 million in settlements to the CBRF. The figure in this table excludes these settlements.

[6] Prior to FY 2000, includes revenue shared with local municipalities.

[7] The "other fish tax" category includes salmon enhancement tax and seafood and salmon marketing tax.

[8] The "other tax" category includes several taxes which are now repealed: school tax, inheritance tax, non-petroleum property tax and others.

[9] These categories are primarily comprised of petroleum.

[10] The "other rents and royalties" category includes several non-petroleum royalties and other resource revenue such as sales of state property and timber sales.

[11] Starting in FY 2001, interest earnings are included in oil and gas royalties and excluded from investment earnings.

[12] Includes payments of $22.4 million, $45.6 million and $131.4 million for FY 1978, 1979, and 1980 respectively to the Alaska Native Fund under ANCSA.

Figure 3-7. Fifty Years of Revenue

General Purpose Unrestricted Revenue—1989-1998[1] ($ million)

FY	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
TAX REVENUE										
Petroleum Property Tax [2]	**89.7**	**89.8**	**85.0**	**69.0**	**66.9**	**61.5**	**57.3**	**56.0**	**53.6**	**51.3**
Excise Tax										
Alcoholic Beverages	11.8	12.0	12.2	12.0	11.9	12.0	12.0	12.0	11.6	11.8
Tobacco Products	6.4	11.0	14.0	14.3	14.0	14.1	14.4	14.2	13.7	15.4
Insurance Premium	19.4	22.7	24.4	25.5	26.3	26.1	28.0	28.2	28.4	33.7
Electric and Telephone Cooperative [3]	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Motor Fuel Tax [4]	37.3	41.5	39.8	43.3	40.7	40.4	39.5	37.5	35.2	35.5
Vehicle Rental tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tire Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**75.0**	**87.3**	**90.4**	**95.1**	**92.9**	**92.6**	**93.9**	**91.9**	**89.0**	**96.5**
Income Tax										
General Corporate	38.0	45.3	37.9	33.7	37.6	44.3	67.0	53.3	48.4	53.4
Petroleum Corporate [5]	166.0	117.2	185.1	165.5	117.6	17.8	128.5	173.7	269.4	200.1
Individual and Fiduciary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**204.0**	**162.5**	**223.0**	**199.2**	**155.2**	**62.1**	**195.5**	**227.0**	**317.8**	**253.5**
Severance Tax										
Oil and Gas Production	696.4	972.3	1253.8	1022.2	989.4	662.8	769.8	771.7	907.0	564.4
Oil and Gas Conservation	2.4	2.4	2.3	2.3	2.1	2.3	2.0	1.8	1.7	1.6
Oil and Gas Hazardous Release	0.0	26.9	28.0	28.7	26.1	27.0	22.1	13.7	12.9	11.8
Total	**698.8**	**1,001.6**	**1,284.1**	**1,053.2**	**1,017.6**	**692.1**	**793.9**	**787.2**	**921.6**	**577.8**
Fish Tax										
Fisheries Business Tax [6]	26.7	25.1	31.1	30.1	42.2	33.9	39.0	38.2	31.0	28.5
Fish Landing [6]	0.0	0.0	0.0	0.0	0.0	0.1	7.3	7.1	8.3	3.8
Other [7]	12.8	9.8	9.5	7.0	10.4	10.8	13.6	13.8	10.8	9.9
Total	**39.5**	**34.9**	**40.6**	**37.1**	**52.6**	**44.8**	**59.9**	**59.1**	**50.1**	**42.2**
Other Tax										
Estate	0.7	1.1	3.3	1.0	0.9	1.6	1.2	1.7	1.7	5.5
Mining	0.5	0.9	0.6	0.5	0.4	0.2	0.3	0.5	0.4	1.7
Charitable Gaming [4]	0.6	1.6	1.5	1.5	1.4	1.7	2.0	1.9	1.9	2.1
Business License Tax	1.0	0.1	NA	NA	0.1	0.2	NA	NA	NA	NA
Large Passenger Vessel Gambling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other [8]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**2.8**	**3.7**	**5.4**	**3.0**	**2.8**	**3.7**	**3.5**	**4.1**	**4.0**	**9.3**
TOTAL TAX REVENUE	**1,109.8**	**1,379.8**	**1,728.5**	**1,456.6**	**1,388.0**	**956.8**	**1,204.0**	**1,225.3**	**1,436.1**	**1,030.6**

Figure 3-7. Fifty Years of Revenue

General Purpose Unrestricted Revenue—1989-1998, continued[1] ($ million)

FY	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
NON TAX REVENUE										
Licenses and Permits	**28.3**	**27.8**	**29.1**	**32.4**	**32.7**	**35.7**	**34.7**	**60.9**	**69.0**	**74.6**
Intergovernmental Receipts										
Federal Shared Revenues	NA	NA	NA	NA	0.2	0.2	0.6	1.0	2.0	2.2
Charges for Services	**43.6**	**46.2**	**57.2**	**86.4**	**55.1**	**58.4**	**59.6**	**75.4**	**78.1**	**72.0**
Fines and Forefeitures	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**9.4**	**8.2**	**37.7**
Rents and Royalties										
Oil and Gas Royalties-Net	611.5	753.7	958.7	708.2	716.7	516.1	631.8	642.2	759.2	480.4
Oil and Gas Bonuses, Rents, Interest[9]	16.7	4.2	24.7	6.8	44.3	5.1	5.0	5.7	6.4	23.0
Petroleum Special Settlements	257.7	154.8	33.5	4.7	4.7	0.1	0.7	0.0	0.0	0.0
Other [10]	5.9	9.9	12.9	2.2	4.8	9.5	22.5	10.7	11.5	8.9
Total Rents and Royalties	**891.8**	**922.6**	**1,029.8**	**721.9**	**770.5**	**530.8**	**660.0**	**658.6**	**777.1**	**512.3**
Investment Earnings[11]	**100.7**	**117.9**	**125.0**	**101.8**	**70.9**	**31.7**	**72.4**	**64.1**	**77.1**	**60.6**
Miscellaneous Revenue	**10.0**	**10.9**	**14.9**	**61.4**	**45.0**	**36.2**	**49.2**	**35.8**	**44.6**	**33.5**
TOTAL NON-TAX REVENUE	**1,074.4**	**1,125.4**	**1,256.0**	**1,003.9**	**974.2**	**693.0**	**876.5**	**905.2**	**1,056.1**	**792.9**
TOTAL GENERAL PURPOSE UNRESTRICTED REVENUE [12]	**2,184.2**	**2,505.2**	**2,984.5**	**2,460.5**	**2,362.4**	**1,649.8**	**2,080.5**	**2,130.5**	**2,492.2**	**1,823.5**
Cumulative General Purpose Unrestricted Revenue	36,758.9	39,264.1	42,248.6	44,709.1	47,071.5	48,721.3	50,801.8	52,932.3	55,424.5	57,248.0
Petroleum Revenue	1,840.4	2,121.3	2,571.1	2,007.4	1,967.8	1,292.7	1,617.2	1,664.8	2,010.2	1,332.6
Non-Petroleum Revenue	343.8	383.9	413.4	453.1	394.4	357.1	463.3	465.7	482.0	490.9
% Petroleum of Total GPUR	84%	85%	86%	82%	83%	78%	78%	78%	81%	73%

[1] In years before FY 2000, some revenues figures may include customarily restricted revenue. These include revenues in the following categories: license & permits, federal shared revenues, and charges for services and others.

[2] The property tax figure in the Spring 1991 Revenue Sources Book includes a $28 million settlement with the City of Valdez. This table excludes that settlement.

[3] Prior to FY 1988, data are for General Fund Unrestricted Revenue. This amount is higher than General Purpose Unrestricted Revenue because the data include certain shared revenue.

[4] Prior to FY 1997, includes aviation fuel tax revenue shared with local municipalities.

[5] The figure in the Spring 1994 Revenue Sources Book includes $717.6 million in settlements to the CBRF. The figure in this table excludes these settlements.

[6] Prior to FY 2000, includes revenue shared with local municipalities.

[7] The "other fish tax" category includes salmon enhancement tax and seafood and salmon marketing tax.

[8] The "other tax" category includes several taxes which are now repealed: school tax, inheritance tax, non-petroleum property tax and others.

[9] These categories are primarily comprised of petroleum.

[10] The "other rents and royalties" category includes several non-petroleum royalties and other resource revenue such as sales of state property and timber sales.

[11] Starting in FY 2001, interest earnings are included in oil and gas royalties and excluded from investment earnings.

[12] Includes payments of $22.4 million, $45.6 million and $131.4 million for FY 1978, 1979, and 1980 respectively to the Alaska Native Fund under ANCSA.

Figure 3-7. Fifty Years of Revenue

General Purpose Unrestricted Revenue—1999-2008[1] ($ million)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TAX REVENUE										
Petroleum Property Tax [2]	**48.8**	**45.0**	**45.1**	**49.6**	**48.7**	**47.3**	**42.5**	**54.5**	**65.6**	**81.5**
Excise Tax										
Alcoholic Beverages	12.2	12.7	12.0	12.9	14.1	16.4	17.3	17.6	17.1	20.0
Tobacco Products	15.2	16.3	16.3	15.5	16.3	16.0	25.1	35.4	43.8	44.9
Insurance Premium	28.4	28.7	32.2	34.1	39.0	43.7	45.9	44.3	46.5	47.1
Electric and Telephone Cooperative [3]	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Motor Fuel Tax [4]	37.6	41.9	37.5	40.2	37.2	41.2	39.4	42.0	39.2	41.8
Vehicle Rental tax	0.0	0.0	0.0	0.0	0.0	2.7	7.5	7.7	8.0	8.5
Tire Fee	0.0	0.0	0.0	0.0	0.0	0.8	1.6	1.6	1.5	1.5
Total	**93.6**	**99.8**	**98.2**	**102.8**	**106.8**	**121.0**	**137.0**	**148.8**	**156.3**	**164.0**
Income Tax										
General Corporate	53.8	56.3	59.5	53.4	47.7	39.6	61.8	138.0	176.9	182.7
Petroleum Corporate [5]	145.1	162.7	338.1	178.4	151.1	298.8	524.0	661.1	594.4	605.8
Individual and Fiduciary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**198.9**	**219.0**	**397.6**	**231.8**	**198.8**	**338.4**	**585.8**	**799.1**	**771.3**	**788.5**
Severance Tax										
Oil and Gas Production	358.6	693.2	694.4	486.7	589.8	642.7	854.9	1,191.7	2,198.3	6,867.3
Oil and Gas Conservation	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil and Gas Hazardous Release	11.1	9.5	9.4	9.6	9.2	9.2	8.3	7.8	10.1	11.7
Total	**371.1**	**702.7**	**703.8**	**496.3**	**599.0**	**651.9**	**863.2**	**1,199.5**	**2,208.4**	**6,879.0**
Fish Tax										
Fisheries Business Tax [6]	25.9	18.2	15.4	12.7	13.8	14.9	10.7	15.4	17.1	14.7
Fish Landing [6]	5.9	2.2	4.1	2.6	6.9	2.5	3.9	4.7	5.3	7.9
Other [7]	9.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**41.0**	**20.4**	**19.5**	**15.3**	**20.7**	**17.4**	**14.6**	**20.1**	**22.4**	**22.6**
Other Tax										
Estate	1.7	2.5	2.7	3.1	1.2	2.3	1.5	0.6	0.1	0.0
Mining	0.6	3.4	1.7	0.5	0.4	3.2	10.3	18.6	79.1	54.4
Charitable Gaming [4]	2.2	2.3	2.4	2.5	2.6	2.4	2.5	2.4	2.5	2.7
Business License Tax	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Large Passenger Vessel Gambling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.8
Other [8]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**4.5**	**8.2**	**6.8**	**6.1**	**4.2**	**7.9**	**14.3**	**21.6**	**81.7**	**63.9**
TOTAL TAX REVENUE	**757.9**	**1,095.1**	**1,271.0**	**901.9**	**978.2**	**1,183.9**	**1,657.4**	**2,243.6**	**3,305.7**	**7,999.5**

Figure 3-7. Fifty Years of Revenue

General Purpose Unrestricted Revenue—1999-2008, continued[1] ($ million)

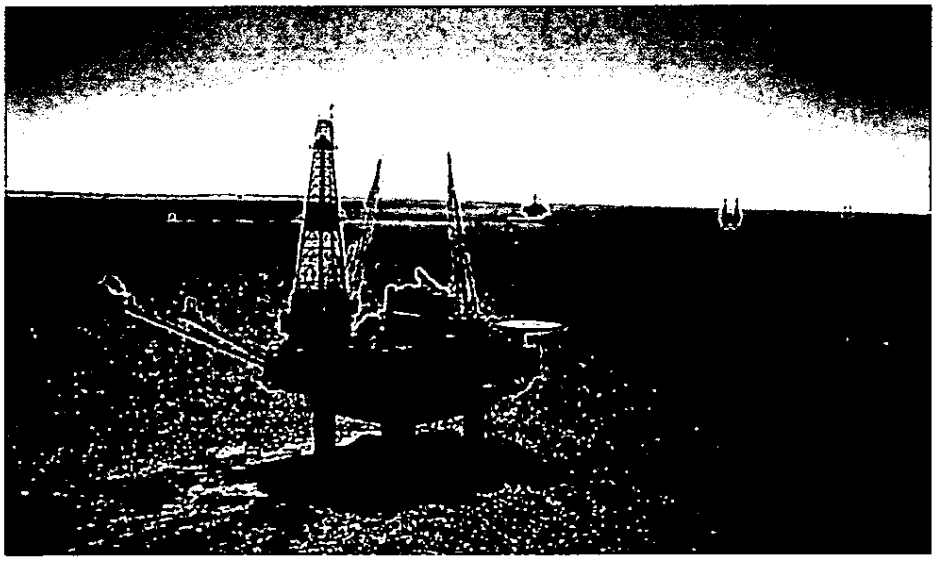
FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
NON TAX REVENUE										
Licenses and Permits	**63.7**	**68.4**	**37.3**	**42.2**	**33.6**	**41.8**	**42.7**	**41.0**	**42.0**	**38.9**
Intergovernmental Receipts										
Federal Shared Revenues	0.8	1.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Charges for Services	**70.6**	**43.7**	**27.0**	**19.1**	**13.9**	**11.1**	**17.9**	**21.8**	**28.5**	**29.3**
Fines and Forefeitures	**12.5**	**46.2**	**33.6**	**6.6**	**7.0**	**16.0**	**9.4**	**8.5**	**7.8**	**8.9**
Rents and Royalties										
Oil and Gas Royalties-Net	322.6	727.8	781.0	575.7	825.7	1,042.8	1,401.1	1,772.2	1,583.8	2,420.6
Oil and Gas Bonuses, Rents, Interest[9]	25.6	4.1	18.3	20.1	14.6	13.3	18.8	11.9	29.2	25.5
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other [10]	10.9	9.7	10.9	9.3	6.2	7.8	9.3	8.8	11.8	15.7
Total Rents and Royalties	**359.1**	**741.6**	**810.2**	**605.1**	**846.5**	**1,063.9**	**1,429.2**	**1,792.9**	**1,624.8**	**2,461.8**
Investment Earnings[11]	**46.5**	**48.1**	**67.6**	**43.1**	**59.0**	**9.7**	**24.7**	**53.3**	**140.1**	**227.8**
Miscellaneous Revenue	**37.3**	**37.6**	**34.9**	**42.3**	**9.4**	**19.2**	**7.5**	**39.3**	**9.7**	**26.2**
TOTAL NON-TAX REVENUE	**590.5**	**986.6**	**1,010.9**	**758.4**	**969.4**	**1,161.7**	**1,531.4**	**1,956.8**	**1,852.9**	**2,792.9**
TOTAL GENERAL PURPOSE UNRESTRICTED REVENUE [12]	**1,348.4**	**2,081.7**	**2,281.9**	**1,660.3**	**1,947.6**	**2,345.6**	**3,188.8**	**4,200.4**	**5,158.6**	**10,792.4**
Cumulative General Purpose Unrestricted Revenue	58,596.4	60,678.1	62,960.0	64,620.3	66,567.9	68,913.5	72,102.3	76,302.7	81,461.3	92,253.7
Petroleum Revenue	913.2	1,642.3	1,886.3	1,320.1	1,639.1	2,054.1	2,849.6	3,699.2	4,481.4	10,012.4
Non-Petroleum Revenue	435.2	439.4	395.6	340.2	308.5	291.5	339.2	501.2	677.2	780.0
% Petroleum of Total GPUR	68%	79%	83%	80%	84%	88%	89%	88%	87%	93%

[1] In years before FY 2000, some revenues figures may include customarily restricted revenue. These include revenues in the following categories: license & permits, federal shared revenues, and charges for services and others.
[2] The property tax figure in the Spring 1991 Revenue Sources Book includes a $28 million settlement with the City of Valdez. This table excludes that settlement.
[3] Prior to FY 1988, data are for General Fund Unrestricted Revenue. This amount is higher than General Purpose Unrestricted Revenue because the data include certain shared revenue.
[4] Prior to FY 1997, includes aviation fuel tax revenue shared with local municipalities.
[5] The figure in the Spring 1994 Revenue Sources Book includes $717.6 million in settlements to the CBRF. The figure in this table excludes these settlements.
[6] Prior to FY 2000, includes revenue shared with local municipalities.
[7] The "other fish tax" category includes salmon enhancement tax and seafood and salmon marketing tax.
[8] The "other tax" category includes several taxes which are now repealed: school tax, inheritance tax, non-petroleum property tax and others.
[9] These categories are primarily comprised of petroleum.
[10] The "other rents and royalties" category includes several non-petroleum royalties and other resource revenue such as sales of state property and timber sales.
[11] Starting in FY 2001, interest earnings are included in oil and gas royalties and excluded from investment earnings.
[12] Includes payments of $22.4 million, $45.6 million and $131.4 million for FY 1978, 1979, and 1980 respectively to the Alaska Native Fund under ANCSA.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008



Offshore Oil Platform, Cook Inlet

© Alaska Division of Community and Business Development

4. Oil Revenue

Figure 4-1. FY 2008 Oil Revenue: $11.3 billion

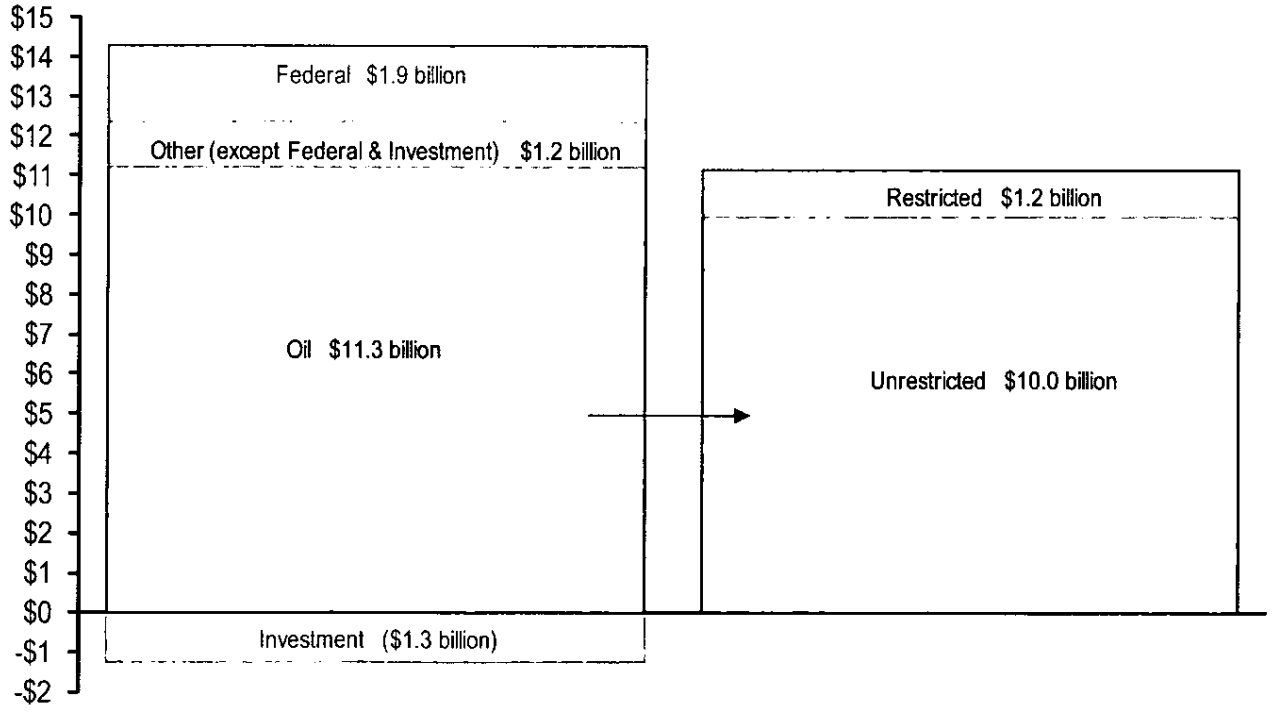


Figure 4-2. Total Oil Revenue, FY 2008 and Forecasted FY 2009-2010 ($ million)

Oil Revenue

	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Petroleum Property Tax	81.5	72.5	69.4
Petroleum Corporate Income Tax	605.8	635.0	560.0
Production Tax	6,879.0	3,588.8	2,389.7
Royalties (including Bonuses, Rents & Interest)	2,446.1	1,755.1	1,607.8
Subtotal	**10,012.4**	**6,051.4**	**4,626.9**
Increase/Decrease from Prior Period	5,531.0	(3,961.0)	(1,424.5)
% Change from Prior Period	123.4%	(39.6%)	(23.5%)
Restricted			
Royalties to Permanent Fund & School Fund	799.1	717.3	734.8
Tax Settlements to CBRF [1]	438.3	20.0	20.0
NPR-A Royalties, Rents & Bonuses	5.2	22.5	7.5
Subtotal	**1242.6**	**759.8**	**762.3**
Increase/Decrease from Prior Period	582.2	(482.8)	2.5
% Change from Prior Period	88.2%	(38.9%)	0.3%
Total Oil Revenue	**11,255.0**	**6,811.3**	**5,389.2**
Increase/Decrease from Prior Period	6,113.2	(4,443.7)	(1,422.0)
% Change from Prior Period	118.9%	(39.5%)	(20.9%)

Unrestricted Oil Revenue

Figure 4-3. Unrestricted Oil Revenue, FY 2008 and Forecasted FY 2009-2018 ($ million)

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Petroleum Property Tax	81.5	72.5	69.4	66.4	63.4	60.5	57.7	55.1	52.5	50.0	47.7
Petroleum Corporate Income Tax	605.8	635.0	560.0	545.0	545.0	550.0	555.0	550.0	570.0	580.0	590.0
Production Tax	6,879.0	3,588.8	2,389.7	1,602.3	1,734.2	1,670.9	2,222.3	1,910.4	1,983.0	2,252.8	2,552.9
Royalties-Net [1]	2,446.1	1,755.1	1,607.8	1,479.8	1,460.4	1,449.5	1,431.8	1,372.7	1,430.6	1,436.6	1,452.9
Total Oil Revenues	**10,012.4**	**6,051.4**	**4,626.9**	**3,693.5**	**3,803.0**	**3,730.9**	**4,266.8**	**3,888.1**	**4,036.1**	**4,319.5**	**4,643.5**
Increase/Decrease from Prior Period	5,531.0	(3,961.0)	(1,424.5)	(933.4)	109.5	(72.1)	535.9	(378.7)	148.0	283.3	324.0
% Change from Prior Period	123.4%	(39.6%)	(23.5%)	(20.2%)	3.0%	(1.9%)	14.4%	(8.9%)	3.8%	7.0%	7.5%

[1] Includes bonuses and interest

General Discussion

The state receives oil and gas revenue from four sources: oil and gas production tax, property tax, royalties and corporate income tax. The bulk of the revenue goes into the General Fund for general purpose spending. With the repeal of HB 11[1], about 30% of oil royalties goes into the principal of the Alaska Permanent Fund and 0.5% goes into the Public School Trust Fund. There also are two other funds that receive specific oil and gas revenues: the National Petroleum Reserve-Alaska (NPR-A) Fund,[2] which receives the state's share of all lease bonuses from sales in the NPR-A; and the Constitutional Budget Reserve Fund (CBRF), which receives settlements of tax and royalty disputes between the state and oil and gas producers.

Figure 4-2 shows the actual amount of each tax and royalty source in FY 2008 and forecast for FY 2009 and FY 2010. As can be seen from the figure, royalties and the production tax constitute the largest part–90%–of restricted and unrestricted oil revenue combined. Figure 4-3 shows the department's unrestricted oil revenue forecast from the current fiscal year through FY 2018 by revenue category. This section begins with a discussion of production taxes and royalties, both of which are driven by price and volume. We then review the price forecasting methodology that underlies this report, and discuss the linkage between market prices and wellhead values. We also review our production forecast, and close this section with a discussion of oil and gas property taxes, oil and gas corporate income taxes and the restricted portions of oil revenue.

[1] For more discussion on deposits to the Permanent Fund and HB11, see the Executive Summary section.

[2] This fund implements a federal requirement that the state use its share of NPR-A oil revenue to satisfy the need of local communities most affected by development in the NPR-A. For detailed information on this fund, see Section XII-P of Treasury's Investment Policies and Procedure Manual.

Crude Oil and Natural Gas Production Taxes

All oil and gas production in Alaska, except the federal and state royalty share and a small amount used in production operations, is subject to the state's production tax and to the hazardous release surcharge, which is levied only on crude oil. Taxes and surcharges are collected on a monthly basis.

The Production Tax Known as "Alaska's Clear and Equitable Share" (ACES)

In November 2007, the Alaska State Legislature passed Alaska's Clear and Equitable Share, which made changes to the state's production tax system. The previous production tax, known as the Petroleum Profits Tax (PPT), had been in place for one year prior to the passage of ACES. Both are based on net income (see Figure 4-4). For more than 20 years prior to the enactment of the PPT, the state used a production tax system that was based on the gross value at the point of production as adjusted by the Economic Limit Factor (ELF).

The ACES tax calculation starts with the value at the point of production, then subtracts upstream costs, including costs that are capitalized on company financial statements, from this value to arrive at the "production tax value." Each company that produces oil in Alaska has a production tax value based on this calculation, which is conceptually similar to a company's net income. The production tax value is multiplied by the tax rate—25%—to arrive at the base tax. Should the production tax value exceed $30 per barrel of oil produced (or the equivalent in gas), the tax rate increases by a progressive factor of 0.4% for every dollar the per-barrel production tax value is over $30. For production tax values greater than $92.50, the progressive factor changes to 0.1% for every additional dollar of profit on a barrel of oil. The maximum total tax rate is 75%.

Under ACES, a company's production tax liability is reduced to the extent that it invests in equipment, projects, or other items that are deemed "capital expenditures." Capital expenditures generally include costs related to the purchase of drilling rigs or other equipment, infrastructure, exploration and facility expansion. Capital costs are eligible for a 20% credit against the company's ACES liability, and they must be spread over two years. The 20% capital expenditure credit is intended to encourage investment in Alaska.

ACES also encourages investment in Alaska through three other tax credits. Companies producing less than 100,000 barrels of oil per day may be eligible for a tax credit of up to $12 million per year. Net losses are eligible for a 25% tax credit in the year following the loss. ACES also expanded the Exploration Incentive Credit, changing the credit rates from 20% and 40% to 30% and 40% of exploration expenditures.

Figure 4-5 shows the credits that companies reported on their annual tax returns filed March 31, 2007 and March 31, 2008. Note that most of the credits were applied against tax liabilities; those that could not be immediately applied against a tax liability will be carried forward or sold to the state or another company.

Figure 4-4. ACES Tax Liability Calculation

ACES Tax Liability = [(Value – Costs) * Tax Rate] – Credits

The terms used in the equation are defined as follows:

Value = Volume of Oil and Gas Produced x Wellhead Value

Costs = Operating Expenditures + Capital Expenditures

Tax Rate = 25% + 0.4% for every $1 per barrel that this "net income" exceeds $30

Credits = (20% x Capital Expenditures)* + (20% x Eligible Transition Expenditures)** + Base Allowance

* spread over two years

**Limited to those credits earned while the PPT was in effect and could not be used

The oil and gas tax credit fund, authorized under AS 43.55.028, was created to fund the state's purchase of production tax credit certificates. In FY 2008, the fund paid out $54 million to purchase credits, and approximately $200 million are pending approval. As of November 2008, the fund balance was $556 million.

Hazardous Release Surcharge

The Oil and Hazardous Substance Release Prevention and Response Fund was created by the legislature in 1986 to provide a "readily available funding source to investigate, contain and clean up oil and hazardous releases." An amendment in 1994 divided the fund into two separate accounts comprised of (1) the Response Account, which requires a surcharge on all oil production except federal and state royalty barrels, that may be used to finance the state's response to an oil or hazardous substance release declared a disaster by the governor; and (2) the Prevention Account, which is funded by an additional surcharge on all oil production except federal and state royalty barrels, that may be used for the clean up of oil and hazardous substance releases not declared a disaster by the governor. This account can also be used to fund oil and hazardous substance release prevention programs in Alaska.

The Response surcharge (AS 43.55.201) is $.01 per taxable barrel of oil and the Prevention surcharge (AS 43.55.300) is $.04 per taxable barrel of oil produced.

The Response surcharge is suspended when the balance of the Response Account is equal to or exceeds $50 million. As of September 30, 2008, the cumulative balance of the account was $45.4 million. The Response surcharge was re-imposed effective April 1, 2007.

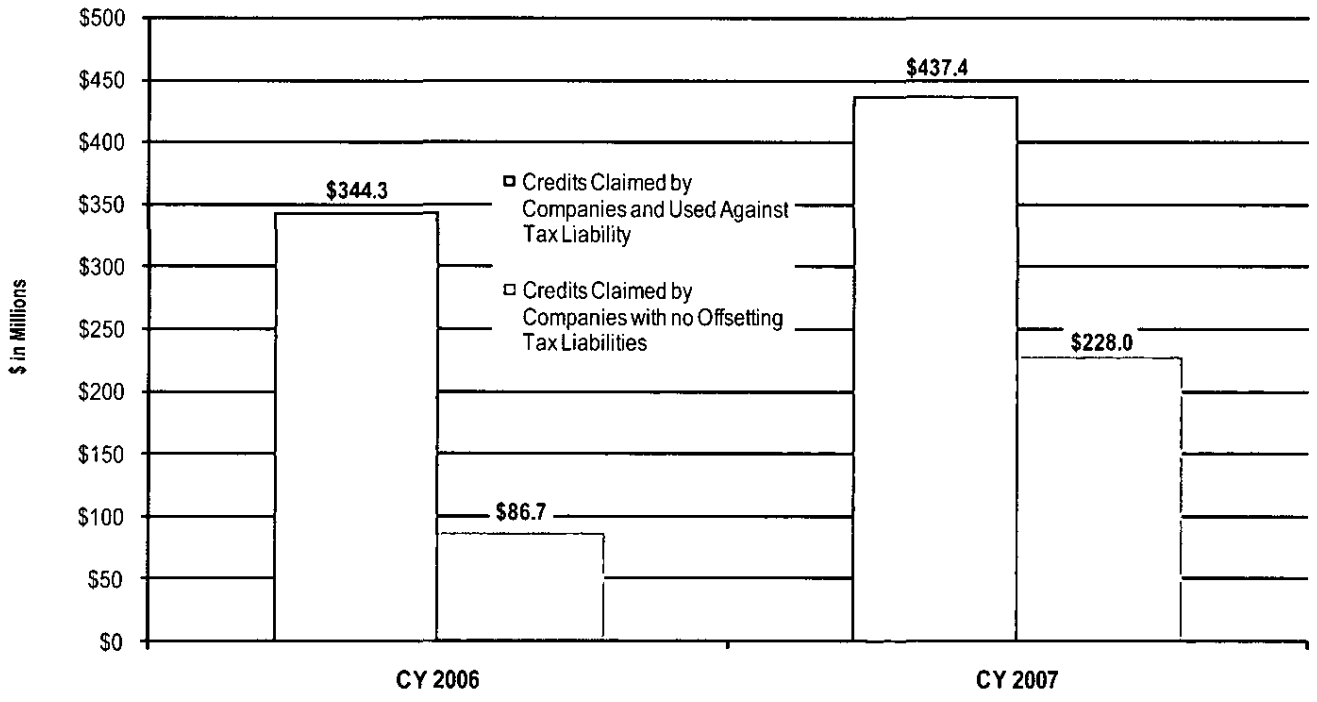
Oil Royalties

Almost all Alaska oil and gas production occurs on state lands leased for exploration and development. As the land owner, the state earns revenue from leasing as (1) upfront bonuses, (2) annual rent and (3) a royalty interest in oil and gas production.

Typically, the state issues leases based on a competitive bonus bid system. The state generally retains a royalty interest of at least 12.5%. The vast majority of current production is from leases that carry that rate. Some currently producing leases carry rates as high as 20%, and some leases also have a net profit-share production agreement.

State oil and gas leases provide that the state may take its oil royalty in barrels (in-kind) or as a percentage of the production value (in-value). In FY 2008, the state took approximately 60,000 barrels per day of North Slope production in-kind and sold it to Flint

Figure 4-5. Production Tax Credits Reported, CY 2006 and CY 2007 ($ million)



Hills Resources Alaska, LLC for their refinery at North Pole.

The royalty oil taken in-value is valued according to a formula using a market basket of spot crude oil prices closely approximating the ANS West Coast spot price of oil, less a transportation allowance back to the lease. Royalties are based on a destination price—the higher of the actual sales price or the prevailing value.[3] Pipeline and marine transportation costs are deducted from the destination value to derive the well-head value of the oil or gas.

Crude Oil Prices, Lease Expenditures, Transportation Costs and Crude Oil Production: Forecasting Methodology & Assumptions

For many years, the level of revenues accruing to the state from oil production have been contingent primarily on (1) oil prices and (2) production volumes. With the new production tax on net profits, a third factor influences revenues from oil production—costs related to exploring for, developing and producing oil, which are deductible under the production tax as "lease expenditures" and are often the basis for credits against production tax liability

Estimating oil revenue for the state entails projecting four factors:

1. Crude oil prices
2. Lease expenditures
3. Transportation charges
4. Crude oil production

This section reviews each of these factors.

To forecast oil prices, the department conducts a day-long price forecasting session to review and discuss petroleum price drivers. The session includes professionals from the Department of Revenue, Department of Natural Resources, Department of Labor, the Governor's Office of Management and Budget, the Division of Legislative Finance, the University of Alaska and industry experts.

To forecast crude oil production volumes, the Department of Revenue uses an engineering consultant in conjunction with assistance from the Department of Natural Resources and the Alaska Oil and Gas Conservation Commission. The statewide production volume forecast is based on projections of oil and gas production by field.

To forecast lease expenditures, the department uses data from industry filings as a base and projects short-term future expenditures from company submitted documents. Mid- and long-term expenditure forecasts take into account long-term development plans as detailed in company documents and are intended to coincide with our production forecast.

Transportation charges include tariffs on pipelines, marine transportation and other cost adjustments for moving crude oil to market. ACES allows "reasonable" costs to be subtracted as transportation charges.

Each of these four forecasted items play an important role in determining the level of revenue anticipated from oil production. These four items are inputs in the department's revenue model. More information about expenditures and tax calculations is explained later in this section.

1. Crude Oil Prices

Methodology for Forecasting Prices

The department uses a modified Delphi[4] technique, which involves a pre-session price solicitation, a day of presentations and discussion and a post-session price solicitation, to develop its official price forecast. Participants are asked for their projections for West Texas Intermediate (WTI) crude oil prices. Prices are forecasted in real 2008 dollars. The Department of Revenue projects the differential between WTI and ANS and uses a projection of inflation to arrive at the nominal dollar forecast used in this publication.

The fall oil price forecasting session, held October 7, 2008, had over 25 attendees from various state agencies, and included three presentations from outside consultants. In addition to hearing the presenters' views, participants reviewed forecasts from the Energy Information Administration (EIA), the New York Mercantile

[3] ANS West Coast prevailing value per 15 AAC 55,171, is the monthly average of daily spot market prices reported by Platt's Oilgram, Reuters and Dow Jones Energy reporting services. This price is published monthly on the Tax Division website at www.tax.state.ak.us.

[4] The Delphi method is a forecasting technique developed by the RAND Corporation that obtains a forecast by eliciting and refining individual forecasts from a group of independent experts. For more information, see the 1967 RAND Corporation paper "Delphi" by N.C. Dalkey, www.rand.org/pubs/papers/p3704/.

Exchange (NYMEX) and several other oil price forecasting organizations. At the end of the session, the participants completed the post-session price solicitation forms that became part of the department's official oil price forecast.

Given the oil price volatility of the past 12 months—and particularly over the past 6 months—it was decided that the department's price forecast would benefit from incorporating forecasts created by other organizations. Accordingly, three other forecasts were selected for blending with the forecast compiled from the Delphi participants: the EIA, the NYMEX and the department's Fall 2007 low price scenario forecast. The NYMEX prices as of October 24, 2008 were used for the FY 2009 forecast; the three forecasts citied above were equally weighted with the forecast from the oil price session to create the base forecast for FY 2010 through FY 2015. The long-term base forecast, which begins in FY 2016, did not change from the spring 2008 forecast of $67 real 2008 dollars for WTI ($78.51 nominal dollars).

Oil Price Forecast Assumptions

Many factors contribute to the pricing of oil on the world market. There are the fundamental economic factors of supply and demand. There are geopolitical events. There are other related issues, such as the impact of the financial sector, refining capacity and configuration and weather, that help determine how oil is priced. These factors have all been considered in establishing our oil price forecast. The following is a discussion of recent events affecting the oil market and projections for supply and demand over both the short and long term.

Recent Events Affecting the Oil Market

The year 2008 can be split into two distinct periods of time with regard to oil prices: the first half of the year was a period of rising prices leading to the all-time record oil price set on July 3; the second half has thus far been a period of falling prices, during which the oil price has fallen over 60% from July's high price.

The first half of 2008, which saw rising oil prices, was marked by uncertainty about oil supplies caused by geopolitical concerns, low spare capacity and below average oil inventories going into summer driving and hurricane seasons. World oil demand was showing significant growth, particularly in China, the Middle East and Latin America. Commodity traders expected further supply constraints and demand growth and poured money into oil price futures, propping up the high prices. On July 3, WTI oil prices closed at an all-time record of $145.29 per barrel. The summer's high prices were not yet tempering the economic outlook. In a July update, the International Monetary Fund reported global GDP growth of 4.5 percent in the first quarter of 2008, with a forecast of 4.1 percent growth in 2008 and 3.9 percent growth in 2009.

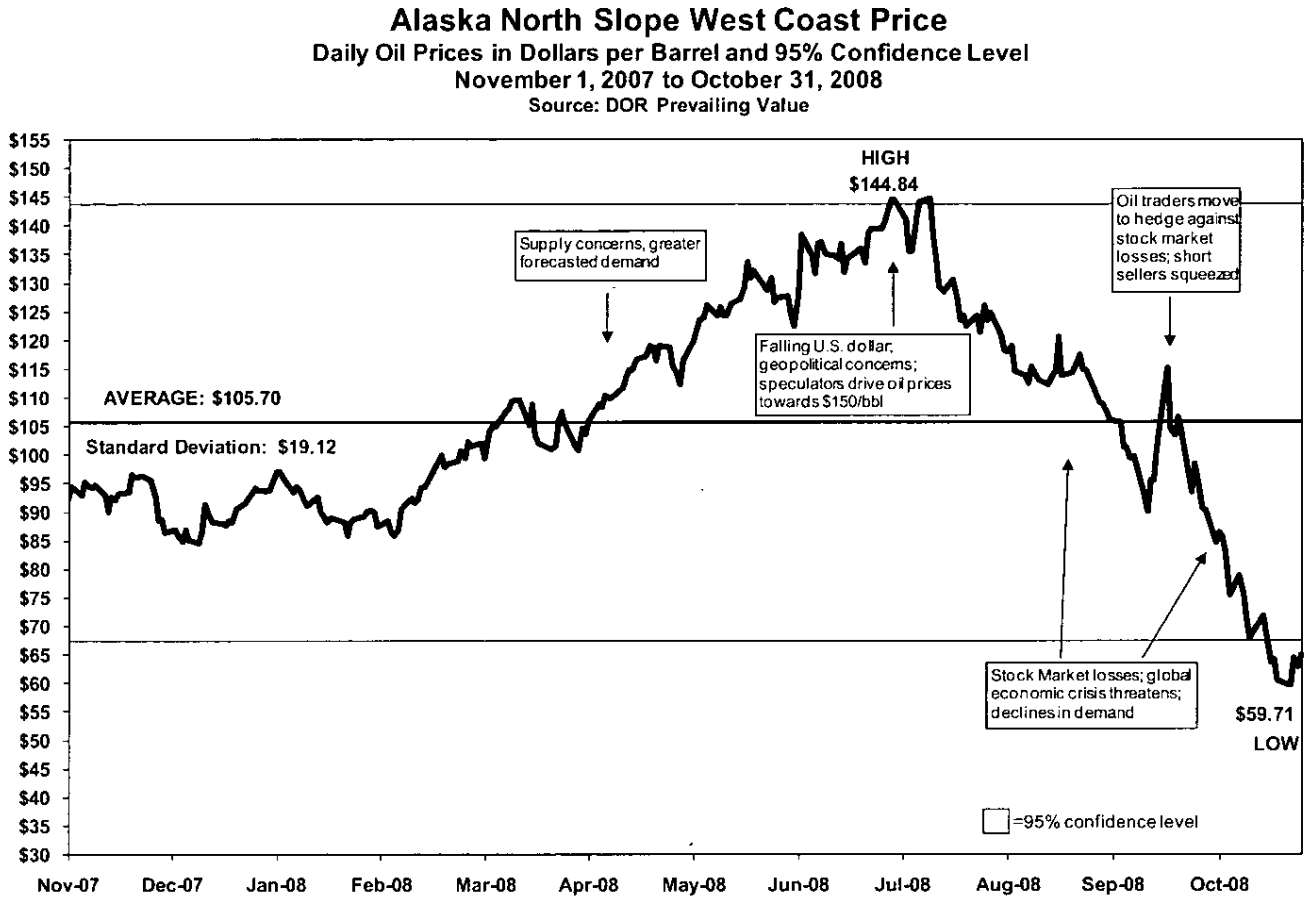
The second half of 2008 has been a dramatic reversal of the first half of the year. By October, the world economy was suffering the effects of a severe credit crisis. The combination of the economic downturn and high prices early in the year led to a reduction in worldwide energy demand and a corresponding plunge in oil prices. Compounding this decline in demand, space capacity from the Organization of Petroleum Exporting Countries (OPEC) and non-OPEC supply are both expected to grow next year, spurred in part by recent high prices. As a result, OPEC reduced their production target by 1.5 million barrels per day, citing the global economic slowdown, weakening oil demand, falling prices and increases in oil supply as rationale for the cuts. Despite their efforts, OPEC's production cuts have not been enough to stop the slide in oil prices. Other factors, such as sell-offs in the financial markets, the troubled manufacturing sector and the general slowdown in economic growth have been the drivers of oil prices for the latter half of 2008. Most advanced economies—including the US, the largest user of oil—are expected to show negative growth in 2009. Oil prices responded to the deteriorating economic outlook by falling precipitously, and are below $50 as we go to press. Oil prices are now more than 70% below the record set just a few months ago (see Figure 4-6 on the following page).

Short- and Long-Term Demand and Supply Projections

History shows that oil prices move in cycles—they go up and they come down. As oil prices increased in recent years, analysts warned that they would not go up forever. Likewise, the current decline in oil prices will eventually come to an end and prices will stabilize and even go up again. But when will this change take place? Over the short term, the outcome of the economic crisis is likely to be the major determinant of oil prices and prices will rise and fall with the outlook for the economy. A severe global recession could lead to falling demand and further declines in oil prices. A return to growth could support a return to higher price levels.

In their November 2008 update, the EIA projected that OPEC production cuts will stabilize oil prices near current levels, barring a severe global recession. The EIA predicted that world oil demand will be essentially flat in 2008

Figure 4-6. ANS Crude Price Volatility



Note: 95% confidence level equals two standard deviations, or +/- $38.24 from the average of $105.70 per barrel

and 2009, as declines in the industrial economies are offset by demand growth in China, Latin America and the Middle East. This is a change from the trend in recent years that saw demand growth increasing in almost all the economies in the world including the U.S., the world's largest oil consumer.

On the supply side, non-OPEC supply will show a moderate decline for 2008 of 280,000 barrels per day, mostly due to project delays and supply disruptions, such as Hurricane Ike in the Gulf of Mexico. In 2009, non-OPEC supply will grow by 500,000 barrels per day, led by a 450,000 barrel per day increase in the United States as new projects come on line and production recovers from Hurricane Ike. For OPEC, the EIA estimates that about 70% of the announced 1.5 million barrel per day cut will be implemented, and that OPEC will hold production steady at 31.1 million barrels per day through 2009. Combined with new projects coming on line, OPEC spare capacity should rise to over 4 million barrels per day, the highest level since 2002. Most of this spare capacity will be located in Saudi Arabia.

Current economic difficulties could be setting the stage for the next run-up in oil prices. If low oil prices and difficulty obtaining project financing restrain supply growth, this could result in a period of tight supplies when the economy and demand growth recover. As always, oil prices move in cycles and there will be ups and downs in the future as there have been in the past.

Over the long term, we must look beyond the immediate situation. The EIA projects that over the long term, world petroleum consumption will grow by about 27 million barrels per day from the 2007-2009 level of just under 86 million barrels per day to 112.5 million barrels per day by 2030. About 90 percent of the demand growth will come from developing countries, including Eastern Europe, Asia, the Middle East, Africa and Latin America.

Over half of the increase will come from developing countries in Asia, led by China. Thus, even as the United States and other developed nations limit growth in oil use, the developing world will drive world consumption higher as its people buy automobiles, build factories, generate power and engage in the other oil-intensive activities that are the hallmarks of modern society.

Increased oil supplies will be needed to meet this higher level of demand and will require new investments. The EIA projects that supply growth will be evenly spread between OPEC and non-OPEC, with over 13 million barrels per day of new production from each category by 2030.

Some pundits have suggested that world conventional oil production is beginning to plateau. Indeed, supply growth over the next two decades will require a great deal of unconventional supply. In addition to finding and developing new sources of conventional oil, sources such as biofuels, deep water oil, heavy oil and enhanced oil recovery in existing fields will be needed to achieve the growth in supply. Many of these sources have higher costs than conventional supplies, so we are unlikely to see prices much lower than current levels for a sustained period of time. Prices will have to be high enough to justify bringing new, more expensive supplies into production.

We believe that the global economy – and demand growth – will face a slowdown in the short term but will eventually return to growth over the long term. We assume that oil will continue to be a competitive energy resource. And finally, we forecast that oil prices will remain above historical levels, encouraging OPEC and non-OPEC oil-producing countries to continue to explore ways to increase production from existing facilities and to seek out new production opportunities.

Low-Price Drivers

In July of 2008, it seemed almost inconceivable that oil prices could plunge 60% in the matter of only a few months. Yet, in November 2008, WTI oil prices hovered around $60 per barrel—less than half of the price of oil in July of the same year. What caused the price of oil to come crashing down at such a rapid pace? Most economists point to market fundamentals, specifically the destruction of demand in industrialized countries, as being one of the root causes. Other causes include a weakened U.S. economy brought on by the collapse of some of the country's largest financial institutions. Fears are that this downturn could impact global markets, creating a worldwide recession.

Although oil prices have declined significantly, they could be pushed even lower. The following oil price drivers would likely push oil prices lower than the $60 range they were in during early November:

- The recession that began in the U.S. is severe and spreads worldwide. Developing nations like China and India can no longer sustain their rapid growth due to weakening demand for their products in the industrialized nations. Demand for petroleum products falls not only in the Organization for Economic Cooperation and Development (OECD), but in the emerging economies in the Asia-Pacific as well.
- Oil supplies increase as a result of investments made over the past several years. High oil prices have spurred investment in exploration and in the development of new technologies to extract oil from unconventional sources. These investments will give way to new oil supplies. Additional supplies at a time of lowered demand will drive down prices.
- OPEC is not successful in implementing production cuts and therefore is not able to support higher prices.
- Financial markets amplify the downward trend of oil prices. Commodity traders, seeing the already declining price, accelerate the downward trajectory by purchasing "puts" for prices to decline in the future.
- Governments achieve some success with energy policies. These policies include giving tax breaks to companies that adopt energy saving measures and develop alternative fuels and technology breakthroughs that reduce the use of petroleum based products.
- Governments open areas otherwise off limits to drilling. In the U.S., this would include offshore federal acreage that was under a moratorium on drilling, and vast tracts of known reserves, such as the Arctic National Wildlife Refuge.

High-Price Drivers

Oil prices reached an all-time high in July of 2008. The increase in prices was driven by a "perfect storm" of increasing demand, limited supplies, limited inventories, geopolitical instability and a weak dollar. Even OPEC nations voiced concern about the runaway prices that they claimed had little to do with market fundamentals and more to do with geopolitical and economic instability and intense commodity trading. Beginning in March, oil prices stayed above $100 per barrel for close to 200 days.

During the run-up in prices, some analysts were suggesting that prices could be as high as $200 within the year. We believe that should the right market conditions exist, prices could stay above $100 for an extended period of time.

The following oil price drivers would likely push oil prices back up to triple digits:

- The recession that began in the U.S. subsides as government programs aimed at rebuilding the economy begin to work. Demand for oil in the U.S. and in other OECD countries increases. The recession does not significantly spread to developing nations, and demand in those countries continues to grow.
- Not only does oil demand increase, but it does so at an accelerated rate. Supply cannot keep pace with demand in the developing countries as their economies expand and more people have sufficient income to travel and purchase automobiles. Demand in the industrialized nations stays flat or rises gradually as people are able to absorb the higher cost of fuels.
- Investments made by oil companies over the past few years fail to translate to additional supplies. Nationalizations and excessive taxation in oil-rich provinces drive out companies that could assist in developing new technologies to increase supplies. At the same time, OPEC nations limit their production to ensure prices remain high.
- The financial markets amplify the trends set by market fundamentals. In this scenario, one would expect to see traders having "call" options on the expectation that prices would rise.
- There are unanticipated supply disruptions due to geopolitical instability and weather-related events such as hurricanes.
- The U.S. dollar weakens against other currencies to levels seen in early 2008.

Forecast for Alaska North Slope Crude Oil

Since our Spring 2008 forecast, Alaska North Slope crude prices set an all-time record and subsequently fell by over 75%, closing below $40 per barrel in early December 2008. The Department of Revenue's fiscal year end forecast for ANS crude for 2009 is $77.66. The price of benchmark West Texas Intermediate is forecasted to average $79.79 in FY 2009, implying an average discount for ANS of $2.13 per barrel for the fiscal year.

In spring 2008, we increased our WTI oil price forecast for the period FY 2016 and beyond, from $36.00 per barrel in real 2008 dollars to $67.00 per barrel. This corresponds to an ANS price forecast of about $65.00 per barrel in real 2008 dollars. The inflation rate is 2.75% per year based on Callan Associates Inc. 5-year capital market assumptions.

2. Lease Expenditures

The passage of PPT and subsequently ACES requires the Department of Revenue to forecast lease expenditures, a task the department had never before undertaken for tax purposes. Lease expenditures are defined in part as the upstream costs that are the direct costs of exploring for, developing, or producing oil or gas deposits. When the department undertook this task for the first time in 2006, it had very little industry information on which to base its forecast.

Methodology

The first annual tax filings under PPT at the end of March 2007 provided the department with much needed data for the purpose of forecasting lease expenditures. In addition to having more accurate information about the magnitude of spending on oil and gas production, the tax returns provided insight into whether the costs were capital or operating expenditures. Forecast models were adjusted to take into account this new information.

A second annual tax filing, this time under ACES at the end of March 2008, provided additional cost information to the department. It also provided insight into current and future spending plans by companies that are engaged primarily in exploration in the remote areas of the North Slope.

Beginning in May of 2008, companies began submitting monthly information forms that detail expenditure information by field. This regularly scheduled data influx has greatly enhanced the department's abilities to monitor and project costs. Forecasted cost information provided semi-annually by taxpayers has helped department economists create better revenue forecasts.

The department also uses several other means to forecast lease expenditures, including other taxpayer-submitted information, such as plans of development, federal partnership returns and other documentation. Production profiles are reviewed, as well as publicly available information on estimated costs to bring new fields online and projected start-up dates.

Forecast

We forecast operating expenditures of $2.15 billion for FY 2009 and $2.35 billion for FY 2010. Capital expenditures are estimated at $2.37 billion and $3.05 billion for FY 2009 and FY 2010, respectively. Total forecasted lease expenditures are $4.53 billion for FY 2009 and more than $5 billion for FY 2010 (see Figure 4-7).

Figure 4-7. Basic Data Used for ANS Oil & Gas Production Taxes

	FY 2008 History	FY 2009 Forecast	FY 2010 Forecast
State Production Tax Revenue from the North Slope			
Millions of Dollars	6,879.0	3,588.8	2,389.7
Key North Slope Assumptions			
Price of ANS WC in dollars per barrel	96.51	77.66	74.42
Transit Costs & Other in dollars per barrel	6.05	5.82	5.48
ANS Wellhead in dollars per barrel	90.46	71.84	68.93
Production in barrels per day	715,950	688,880	664,557
Royalty and federal barrels per day	89,494	91,553	88,227
Taxable barrels per day	626,456	597,327	576,330
Lease Expenditures in Millions of Dollars			
Operating Expenditures [OPEX]	1,881	2,153	2,352
Capital Expenditures [CAPEX]	1,967	2,373	3,052
Total Expenditures	3,848	4,526	5,404
Implied North Slope Data			
CAPEX Credits Used against Tax Liability in $millions	411.4	396.8	440.6
CAPEX Credits not Used against Liability in $millions	250.8	375.0	275.0
Lease Expenditures per barrel of oil produced			
OPEX	7.2	8.6	9.7
CAPEX	7.5	9.4	12.6
Total Expenditures	14.7	18.0	22.3
Average Production Value per Barrel [Pre-Tax]	75.7	53.8	46.7
Production Tax Collected per Taxable Barrel	30.1	16.5	11.4

Notes

1 This table presents a grossly simplified snapshot of the production tax calculation on an average North Slope basis, and any use of this data should be viewed accordingly. Additionally, because production tax is calculated on a company basis, any simplification such as this distorts the actual value to companies. For example, a company's pre-tax production value per barrel could be significantly more or less than that shown in this table, depending on the "mix" of petroleum investments they have on the North Slope.

2 Lease expenditures for FY 2008 are estimated and unaudited. Expenditure data for July 2007 through December 2007 are as reported on tax returns received March 31, 2008, while January 2008 through June 2008 are estimates.

3 Expenditure data for FY 2009 and FY 2010 are compiled from company submitted expenditure forecast estimates and other documentation as provided to the DOR.

4 CAPEX credits are spread out over two years as specified in the ACES production tax. In addition, the assumptions for the transitional credits and the $12 million credits for small Alaska producers are not included in the table.

3. Transportation Charges and Other Production Costs

Taxpayers subtract marine transportation costs, the Trans Alaska Pipeline System (TAPS) tariff, feeder pipeline tariffs and an adjustment for Quality Bank charges from the appropriate destination value. This netback calculation is shown in Figure 4-8 for FY 2008-2018. The Department of Revenue has not yet finalized its regulations which address the methodologies to be used in calculating "reasonable" transportation charges. Pending completion of these regulations, the Fall 2008 forecast utilitzes the same methodology adopted in prior years.

Marine Transportation Costs

Crude oil deliveries to Valdez are shipped to Washington and California refineries by tanker. State-of-the-art double-hulled tankers known as "Alaska Class" vessels are now the standard. The mandated replacement of vessels without double hulls with new, more expensive double-hulled vessels, and the continued use of smaller qualified vessels to replace larger vessels retired by compliance with the Federal Pollution Act of 1990 have increased tanker transportation costs. We forecast that a modest increase in tanker transportation costs per barrel will be necessary in order to maintain the integrity of the fleet.

Trans Alaska Pipeline System (TAPS) Tariff

The TAPS tariff forecast uses a cost-of-service ratemaking approach with guidance from recent decisions by the Federal Energy Regulatory Commission (FERC). Components of the model and the methodology are designed to emulate the regulatory approach and outcome.

In June of 2008 the FERC issued Opinion and Order No. 502. The opinion affirmed a 2007 Administrative Law Judge (ALJ) ruling that interstate rates charged in 2005 and 2006 were not just and reasonable and ordered limited refunds to shippers who had overpaid. Refunds are limited to the difference between the 2005/2006 rates and the 2004 filed rate.

Order 502 clarified provisions in the ALJ's order regarding the appropriate dismantlement, removal and restoration (DR&R) expenses and modified the return on equity component of the capital structure to be consistent with FERC's new policy on proxy groups for pipelines. The order also established the basis for the new just and reasonable rates to go into effect on a prospective basis. New rates are to be based on Opinion No. 154-B methodology and are to be determined after the carriers make a compliance filing to establish rates in conformance with the Initial Decision and Order 502 within thirty days of the order.

In July 2008, the carriers submitted their compliance filing to implement the rulings in the Order 502 decision. Rates for 2005 and 2006 were calculated using test period and actual period data. Rates for 2007 and 2008 were not calculated because the order did not require them and proceedings regarding the 2007 and 2008 rate filings are being held in abeyance subject to the outcome of the current proceedings.

In November 2008, FERC issued their Order on Rehearing and Compliance. The order denied rehearing of return on investment issues and balances in property and deferred return accounts. They also denied rehearing

Figure 4-8. Fall 2008 Forecast Assumptions, FY 2008 and Forecasted FY 2009-2018 (nominal $ per barrel)

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
ANS West Coast Price	96.51	77.66	74.41	71.65	72.57	73.55	74.24	73.82	78.51	80.74	83.03
ANS Marine Transportation	1.93	2.17	2.43	2.48	2.53	2.58	2.63	2.68	2.73	2.78	2.83
TAPS Tariff	5.08	4.52	3.75	3.79	3.95	4.01	4.02	4.11	4.23	4.35	4.35
Other Deductions & Adjustments [1]	-0.96	-0.87	-0.70	-0.67	-0.57	-0.52	-0.44	-0.45	-0.51	-0.48	-0.50
ANS Wellhead Price	90.46	71.84	68.93	66.05	66.67	67.48	68.04	67.48	72.06	74.09	76.35

[1] Includes other adjustments such as quality bank charges, location differentials and company-amended information.

on the uniform rate issue, but granted rehearing on the pooling arrangement and directed carriers to include a pooling mechanism when the uniform rate becomes effective. Carriers are to modify their governing operating agreement to include an all-inclusive pooling mechanism so that the revenue requirement is based on usage, not ownership share.

The order accepted compliance rates using test period data and rejected rates using actual data. The following are the rates effective January 1, 2005:

	2005	2006
Golden Valley Electric	$1.23	$1.30
Petrostar	$1.90	$2.00
Valdez Intrastate	$1.91	$2.01
Valdez Interstate	$1.92	$2.02

Our TAPS tariff forecast does not attempt to predict the outcome of pending litigation or estimate the level and timing of protested tariffs. Corrections between filed, charged and allowed rates will be made through the refund process and are not part of the tariff forecast. The TAPS forecast model simulates what the tariff would be using standard rate making practices with assumptions and data from the compliance order. The model calculates a total revenue requirement for operating and maintaining the pipeline, while providing a return for the investment in the pipeline. The total revenue requirement is then unitized by dividing by the total number of barrels of oil shipped through the pipeline.

The rate base calculation uses test period data from Order 502 and a 154-B methodology with the FERC specified depreciation schedule and life of the pipeline. Other cost components are projected using relationships developed from historical data and assumptions regarding future costs and investments. Additional capital expenditures are input for the Strategic Reconfiguration project.

Adjustments to the rate base use

- Beginning rate base
- Trending
- Deferred return
- New capital additions
- Depreciation
- Ending rate base.

Per FERC Order 502, the return component uses a capital structure of 58% debt and 42% equity with a 7.16% cost of debt and an 8.89% real return on equity. The deferred return and the Allowance for Funds Used During Construction (AFUDC) are amortized per the specified rate. Components of the revenue requirement include

- Operating expenses
- Property tax
- Depreciation expense
- Interest expense
- Return on equity
- Amortization of AFUDC
- Amortization of deferred return
- Income tax allowance
- Non-transportation revenues.

The sum of the cost components listed above is the total revenue requirement (TRR) for the pipeline. A tariff in dollars per barrel is calculated by dividing the TRR by throughput or deliveries. Dividing by throughput makes the tariff sensitive to the production profile and subjects the forecast to the inherent uncertainties in production forecasting.

Using the methodology specified in Order 502 generates a lower tariff than using the methodology in the existing settlement agreement. The TAPS Settlement Agreement (TSA), established in 1985, defines the TAPS Settlement Methodology (TSM) for each carrier to use to calculate their annual TAPS tariff. The TSA expires at the end of 2011, but the agreement has a provision that allows parties to open negotiations on a follow-on agreement after December 31, 2006. That provision was triggered on January 1, 2007, and negotiations are on-going. If an agreement is not reached within a two-year period, any party, including the State of Alaska, has the right to terminate the agreement. It is thus possible that use of the TSM will terminate as early as January 1, 2009.

Carriers may continue to file TSM ceiling rates but the effective rates are assumed to be those in compliance with Order 502. The tariff forecast in Figure 4-8 is consistent with the order and uses the Fall 2008 production forecast discussed below. For calendar year 2009, the tariff using Order 502 is about two dollars less than the tariff calculation using the TSM. Since the tariff model is calendar year, the fiscal year forecast is calculated as the average of the current calendar year and the previous calendar year. The forecast is $4.52 per barrel for FY 2009, $3.75 for FY 2010, then increases modestly for the next few years. TAPS is an old pipeline with operating expenses accounting for about 80 percent of the total revenue requirement. As the production decline accelerates and operating costs get spread over fewer units, the tariff will escalate more rapidly.

The tariff forecasting model is cost-based and simulates the regulatory approach and outcome. As a cost-based tariff, we assume that the TAPS tariff is "reasonable" for transportation charges for the purposes of this forecast.

Feeder Pipeline Tariffs and Other Adjustments

These costs include both feeder pipeline charges and other cost adjustments to account for the different qualities of oil

entering the pipelines, as well as market location differentials for intrastate sales. Transportation costs for feeder pipelines are incurred to move the crude oil from the various North Slope production fields to Pump Station No. 1 of the TAPS. A tariff is calculated for each of the feeder pipelines according to the particular settlement agreement. Inflation and cost-based factors are used to project the tariffs, which are weighted by each pipeline's throughput volume to estimate a weighted-average feeder pipeline tariff.

Wellhead Price

The combination of ANS wellhead value and production volumes forms the basis for both state production taxes and royalties. The wellhead value is calculated by subtracting the relevant marine transportation and pipeline tariff costs (as well as adjustments for North Slope feeder pipelines and pipeline Quality Bank) from the appropriate destination value. Figure 4-8 reflects this calculation for FY 2008-2018.

4. Crude Oil Production

Methodology

In a hydrocarbon rich basin such as the North Slope of Alaska, any discussion regarding production forecasting methodology should begin with identifying those resources that are not included in our estimates. We do not include any estimates for undiscovered oil, including future potential from the Alaska National Wildlife Refuge (ANWR), the National Petroleum Reserve-Alaska (NPR-A), the federal Outer Continental Shelf (OCS) or onshore lands within the state of Alaska. We exclude from our estimates production from most of the known heavy or viscous oil deposits; in fact we consider none of the approximately 20 billion barrels from the giant Ugnu deposit. We exclude 96% of the viscous/heavy oil from the large West Sak field, projecting roughly 400 million barrels recovery out of roughly 10 billion barrels in place. We also exclude 87% of the heavy oil at Schrader Bluff, projecting roughly 285 million barrels recovery out of over 2 billion barrels in place. Additionally, none of the known oil discoveries in the federal OCS, in fields such as Sivilluq, Kuvlum and Sandpiper, potentially totaling hundreds of millions of barrels of recoverable oil, are considered in the forecast. None of the known discoveries west of the small NPR-A accumulations in the vicinity of the Alpine field are included. Finally, we limit any production attributed to a promising new enhanced oil recovery technology termed 'low salinity waterflood' to a portion of the Endicott field, where results from an ongoing pilot project are expected by year end. Laboratory tests using Endicott rock show low salinity waterflood can increase ultimate recovery by 10-15%, or approximately 150 million barrels. Successful slopewide implementation of low salinity waterflood could result in incremental recovery measured in the billions of barrels. We also exclude any enhanced oil recovery from CO_2 injection, a long proven technology that complements low salinity waterflood and provides necessary disposition of an otherwise unwanted byproduct of gas conditioning associated with major gas sales from the North Slope. Carbon dioxide injection, presumed to occur only with major gas sales, could add hundreds of millions barrels of incremental recovery from the North Slope.

We exclude the aforementioned resources, both known and unknown, in order to avoid speculation and to reduce the uncertainty typically associated with the commercialization, timing and magnitude of resource development. Accordingly, we believe that our current estimates of ultimate recovery from the North Slope are conservative.

For the production forecasting process, we engage a petroleum engineering consultant who performs a bottom-up evaluation on each of the individual fields that yields a forecast of three types of oil production: (1) oil that is currently being produced, (2) oil production that we expect to realize from projects currently under development and (3) oil production that we expect to realize from projects under evaluation. A detailed description of each type of production is provided later in this section. The engineering consultant employs decline curve analysis, augmented by generally accepted engineering principals, discussions with field operators and public and private information, in order to assemble our long range production forecast.

Assumptions

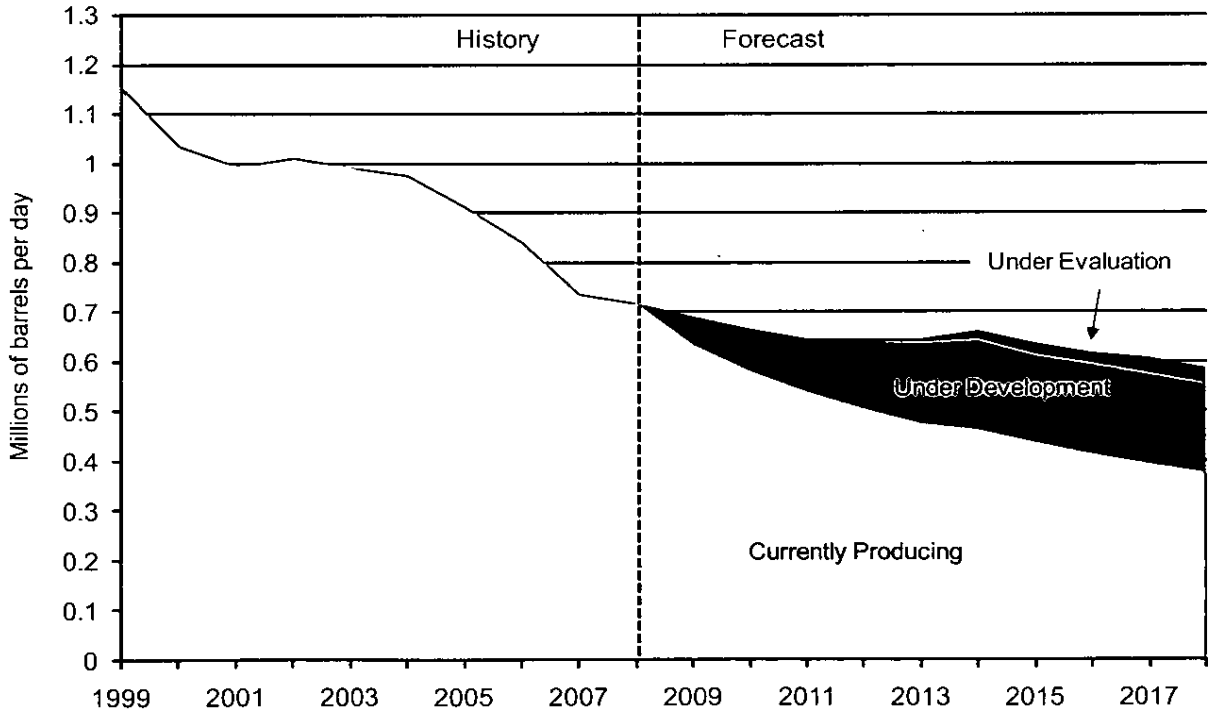
We continue to make adjustments to our production expectations from the North Slope in this Fall 2008 forecast. As always, we examine reservoir performance, review the uncertainty associated with the pace and scope of development of new fields and new projects within existing fields and re-evaluate planned and unplanned downtime for all fields. Our review indicates that, with minor exceptions and notwithstanding planned and unplanned surface disruptions, all reservoirs are performing at or above expectations. Through FY 2050, we expect to produce almost 6.7 billion barrels of liquid hydrocarbons.

In the next ten years, we anticipate new developments on state and federal lands, both of which benefit the state. Most of the opportunities to add production from state lands are from expanded heavy/viscous oil development (West Sak, Orion, Polaris,

Schrader Bluff fields), continued satellite development at Alpine (Fiord, Fiord-West, Nanuq, Qannik, Alpine West fields) and new developments at Oooguruk and Nikaitchuq. Production from the Oooguruk field began during the summer of 2008 and is progressing as expected. As anticipated, the Nikaitchuq field was sanctioned in early 2008, and development is underway, with first oil expected in the first quarter of CY 2010. Although we forecast expanded development at West Sak, we have again assumed a slower pace of heavy oil development there to allow the operator to fully evaluate technical and commercial issues associated with the development. For similar reasons, heavy oil development at Orion and Polaris was assumed to be slower, although Phase 2 development is moving forward. For the Milne Point Unit, which includes both the Kuparuk pool and the heavier Schrader Bluff pool, we have assumed a slower pace of development to allow for reprioritized spending on infrastructure renewal projects. We have assumed a delayed development of Point Thomson and associated satellites for one year in keeping with our 10 year development lead time, which may be conservative. The development of Point Thomson has not been tied to any gas pipeline project or gas contract. Our review of Alpine satellite field development yielded expanded development at Alpine West, the addition of new satellite Fiord West, increased expectations from Fiord and reduced expectations from Nanuq. New satellite Qannik came on production during the summer of 2008 and is under development.

Our forecast includes production from federal lands. From a revenue standpoint, the State of Alaska benefits in at least five ways, albeit to a lesser degree, from new developments on federal lands: (1) shared royalties (27.5% of federal share) from federal OCS fields such as Liberty; (2) production taxes on federal oil produced onshore within Alaska (NPR-A); (3) increased property tax on any infrastructure on state lands required to produce and transport federal oil; (4) corporate income taxes; and (5) lower pipeline transportation tariffs, which increase wellhead prices. In addition, any oil processed through the Endicott facility (from Liberty for example) may increase net profit payments to the state. Federal oil produced within the State of Alaska can return up to 75% of the revenue generated by oil produced on state lands. Federal oil produced from non-state lands provides a revenue benefit limited to decreased transportation tariffs and increased property taxes.

Figure 4-9. Alaska North Slope Production, FY 1999-2008, and Forecasted FY 2009-2018.



For the fall forecast we have reevaluated our assumptions regarding the scope and pace of development of projects within the federal NPR-A to better reflect the timing of competing projects at Alpine and to permit further delineation drilling and subsequent evaluation this winter. The end result is a slight delay in development at known accumulations Spark and Moose's Tooth. Liberty development is underway, with long lead items such as building the world's largest land drilling rig setting the pace. The rate profile we use for Liberty is adapted from the plan of development recently filed with the Minerals Management Service and should be considered a base case scenario with upside potential.

Although we anticipate new developments from state and federal lands over the next 10 years to contribute to overall production and partially mitigate base decline, we continue to make adjustments near term to reflect ongoing infrastructure renewal projects. Much of the new production we forecast relies upon the continued use of aging wells, flowlines, production facilities and pipelines, as does at least 500,000 barrels per day of existing production.

Crude Oil Production Forecast

Our three categories of North Slope production are illustrated in Figures 4-9 and 4-10. We do this so that the reader will have an understanding about the uncertainty associated with the production forecast. We forecast production of only those fields that have already been discovered and at a minimum are being evaluated for development.

Currently Producing

Production characterized as "currently producing" includes baseline production and presumes a continued level of expenditure sufficient to promote safe, environmentally sound operations. Such expenditures include the following: well diagnostic and remedial work, data acquisition and rate-enhancing expenditures such as perforating, acid stimulation, well workovers, fracture treatments, artificial lift optimization and production profile optimization. This category of production also presumes continued gas and water injection for pressure support. We exclude 10% of the barrels currently producing at Kuparuk and 15% of the barrels currently producing at Prudhoe Bay to reflect future development drilling, opting instead to characterize some as "under development." Based on historical forecasting performance, we assign a 98% confidence level for the current fiscal year and a 95% confidence level for the second fiscal year forward.

Currently Under Development

Production characterized as "currently under development" is based on new projects either currently funded or

Figure 4-10. Alaska North Slope Production, FY 2008 and Forecasted FY 2009-2018[1] (million barrels per day)

Fiscal Year	Currently Producing	Under Development	Under Evaluation	Total ANS
2008	0.716	0.000	0.000	0.716
2009	0.633	0.056	0.000	0.689
2010	0.580	0.084	0.000	0.665
2011	0.538	0.105	0.001	0.644
2012	0.504	0.138	0.003	0.644
2013	0.474	0.164	0.006	0.644
2014	0.461	0.183	0.016	0.660
2015	0.436	0.178	0.022	0.635
2016	0.412	0.183	0.020	0.616
2017	0.393	0.183	0.030	0.606
2018	0.375	0.180	0.030	0.585

[1] Some of the oil forecasted in the Under Development and Under Evaluation categories are from new projects in fields currently producing.

Figure 4-11. New Oil as a Percentage of Total Oil (million barrels per day)

Fiscal Year	Total New Oil	ANS Total	Percent New Oil
2009	0.056	0.689	8.2%
2010	0.085	0.665	12.7%
2011	0.106	0.644	16.5%
2012	0.141	0.644	21.8%
2013	0.170	0.644	26.4%
2014	0.199	0.660	30.2%
2015	0.200	0.635	31.4%
2016	0.204	0.616	33.1%
2017	0.213	0.606	35.2%
2018	0.210	0.585	36.0%

awaiting project sanctioning in the very near future. It includes projects that may be in the design/construction phase, as well as development drilling and enhanced oil recovery (miscible or immiscible injection) projects, currently funded or underway, but not included in the "currently producing" category. It also includes incremental oil expected from the long-term gas cap water injection project at Prudhoe Bay and the low salinity waterflood at Endicott. Examples of production currently under development include the Fiord, Nanuq, Alpine West, Fiord West and Qannik satellites at Alpine; the Borealis, Orion and Polaris satellites at Prudhoe Bay; J-pad, 3K-pad, 1N-Pad and 1P-Pad at West Sak; development drilling at Tarn and Northstar; Liberty; Oooguruk; Nikaitchuq; 10% of existing Kuparuk production and 15% of existing Prudhoe Bay production.

The timing of these projects are often influenced by budget cycles, working interest owner approval, available human resources, equipment procurement, rig availability and even available bed space in camps on the North Slope. Our subjective confidence level for this category of production is 85% to 90%.

Currently Under Evaluation

Production characterized as "currently under evaluation" includes technically viable projects currently in the pencil sharpening stage where engineering, cost, risk and reward are all being actively evaluated. These projects are all currently unfunded by the operators but have a high chance of being brought to fruition. Examples include heavy oil development outside of the core or near core area at West Sak, longer term Orion drilling, half of all new Schrader Bluff drilling, Point Thomson and associated satellites and pools within the NPR-A.

Confidence levels vary for this category of production. Production from the known NPR-A fields that are undergoing further delineation and likely will use the existing Alpine facility might have confidence levels approaching that of "production under development." High-cost, scope-challenged developments such as Point Thomson probably deserve a lower confidence level, not because of the lack of reserves, but because of the uncertainty in the timing of first production.

As Figure 4-11 shows, by FY 2013 more than one-quarter of our projected oil production will come from projects requiring significant new investment.

Undiscovered Potential

The long term revenue outlook published in this book is associated with our forecast of production from oilfields that have already been discovered. However, it is important to discuss the potential for future production from resources currently undiscovered.

In August 2007, the U.S. Department of Energy released a report entitled *Alaska North Slope Oil and Gas: A Promising Future or an Area in Decline?*[5]

[5] http://www.netl.doe.gov/publications/press/2008/08002-DOE_Releases_Alaska_Report.html

Figure 4-12. Technically Recoverable North Slope Oil and Gas Potential

Exploration Area	Mean Technically Recoverable Oil (BBO)	Mean Technically Recoverable Gas (TCF)
ANWR 1002 Area	10.4	3.84
Beaufort Sea OCS	6.9	32.1
Chukchi Sea OCS	15.5	60.1
Colville-Canning Area (& adjacent state waters)	4.5	37.5
NPR-A	10.6	61.4
TOTAL	**47.9**	**194.94**

Source: U.S. Department of Energy, August 2007

Figure 4-13. Economically Recoverable North Slope Oil and Gas Potential

	Near Term 2005-2015		Long Term 2015-2050		Total 2005-2050	
Exploration Area	**Oil (BBO)**	**Gas (TCF)**	**Oil (BBO)**	**Gas (TCF)**	**Oil (BBO)**	**Gas (TCF)**
ANWR 1002 Area	N.A.	N.A.	6.25	2.0+	6.25	2.0+
Beaufort Sea OCS	0.65	1.0 (associated gas)	4.3	20.0	4.95	21.0
Chukchi Sea OCS	NA	NA	9.5	50.0	9.5	50.0
Colville-Canning Area (& adjacent state waters)	1.1	10.0	2.05	23.3	3.15	33.3
NPR-A	1.1	1.0 (associated gas)	5.4	30.0	6.5	31.0
TOTAL ARCTIC ALASKA	**2.85**	**12.0**	**27.5**	**125.3**	**30.35**	**137.3**

Source: U.S. Department of Energy, August 2007

which assessed the potential for Alaska to remain a major producer of oil and gas under different development scenarios. The report summarizes near-term potential (2005-2015) and long-term potential (2015-2050) mostly under a major gas sales scenario. According to the report, the North Slope is a relatively young petroleum province from an exploration perspective, and may provide oil, and increasingly more important natural gas, for years to come. The 2007 report, which is based on information as of 2005, is currently being revised to reflect changes since then. The revised report is estimated to be released early in 2009.

The 2007 report evaluates geologic and commercial viability of future oil and gas production from five areas or provinces: (1) the central Arctic area between the Colville and Canning Rivers (and adjacent state waters), (2) the 1002 area of ANWR, (3) NPR-A, (4) the Beaufort Sea OCS and (5) the Chukchi Sea OCS. Under the most optimistic scenario, DOE reported mean technically recoverable oil resources of 47.9 billion barrels and mean technically recoverable gas resources of 194.9 trillion cubic feet (TCF) from these five areas. Figure 4-12 shows the breakout by exploration area.

These figures represent the amount of hydrocarbon resources that are technically recoverable with today's technology assuming that all five areas are open to development; however, they say nothing about the economic recoverability. DOE also estimates economically recoverable reserves from these five areas using a range of oil and gas prices ($25 to $60 per barrel and $3.13 to $7.50 per thousand cubic feet of gas), and an 8:1 oil-to-gas price ratio. Using the high oil price case of $60 per barrel, total economically recoverable oil for the 2005-2050 time period is estimated at 35-36 billion barrels of oil and 137 TCF of gas. Figure 4-13 details the economic recoverable resources by area.

Petroleum Property Tax

An annual tax is levied each year on the full and true value of property taxable under AS 43.56. The tax on oil and gas property is the only statewide property tax. The valuation procedure for three distinct classes of property—exploration, production and pipeline transportation—is described here.

Exploration Property

Value is based on the estimated price that the property would bring in an open market under prevailing market conditions in a sale between a willing seller and a willing buyer, both conversant with the property and with prevailing general price levels.

The state petroleum property assessor gathers raw data for determining market value by reviewing the details of equipment sales in Alaska when available and reviewing trade journals. This data is then applied to the taxable

Figure 4-14. Distribution of Petroleum Property Tax, FY 2008 ($ million)[1]

Municipalities	Gross Tax	Local Share	State Share
North Slope	254.3	235.2	19.1
Unorganized	52.7	0.0	52.7
Valdez	26.5	26.5	0.0
Kenai	12.7	6.6	6.1
Fairbanks	10.2	6.8	3.3
Anchorage	1.8	1.4	0.5
Other Municipalities [2]	0.0	0.0	0.0
Total	**358.3**	**276.5**	**81.7**

[1] Amounts shown here do not include the supplemental property tax roll and as a result may not exactly match data presented elsewhere in this forecast

[2] Includes Matanuska-Susitna Borough, Cordova and Whittier.

property, taking into account age, capacity and physical and functional obsolescence.

Production Property

Value is determined on the basis of replacement cost new less depreciation, based on the economic life of the proven reserves.

The factor used in the depreciation calculation for the facility typically equals the years of remaining life divided by the total life.

Pipeline Transportation Property

The full and true value of taxable pipeline property is determined with due regard to the economic value of the property based on the estimated life of the proven reserves of gas or unrefined oil that will be transported by the pipeline. We rely upon several standard appraisal techniques to value Alaska pipelines. When market rents are available, we analyze the income method under which the value is the net present worth of all future income streams of the pipeline. We primarily rely on replacement cost new less depreciation, based on the economic life of the reserves that feed the pipeline. This is especially useful when rents are constrained by the regulatory process or when market rents cannot be obtained for use in the income method.

Figure 4-14 illustrates the property tax distribution between local communities and the state for FY 2008. The property value is assessed by the state. A local tax is levied on the state's assessed value for oil and gas property within a city or borough, and is subject to the local property tax limitations established in AS 29.45.080 and AS 29.45.100. The state's mill rate is effectively 20 mills minus the local rate.

Petroleum Corporate Income Tax

Alaska levies two types of corporate income tax. This section focuses on the oil and gas corporate income tax. Forecasts and discussion of the corporate income tax as applied to corporations other than oil and gas corporations can be found in the Other Revenue section of this forecast.

An oil and gas corporation's Alaska income tax liability depends on the relative size of its Alaska and worldwide activities and the corporation's total worldwide net earnings. The corporation's Alaska taxable income is derived by apportioning its worldwide taxable income to Alaska based on the average of three factors as they pertain to the corporation's Alaska operations: (1) tariffs and sales, (2) oil and gas production and (3) oil and gas property.

Historically, oil and gas corporate income tax revenue has varied greatly along with oil prices and oil industry profits. In FY 1982, revenue from this tax was $668.9 million. As recently as FY 1994, the oil and gas corporate income tax generated a mere $17.8 million. For the past several years, revenues from the oil and gas corporate income tax have benefitted from high oil prices and oil industry profits, generating $605.8 million in FY 2008. This represents a small increase from the $594.4 million collected in FY 2007.

We produce our forecast of oil and gas corporate income tax collections using an economic model based on the statistical relationships between historical tax payments, crude oil prices, North Slope oil production and refinery margins. We then adjust for refunds and carryforwards which cause actual collections to differ from estimated payments.

We forecast oil and gas corporate income tax collections of $635 million in FY 2009, benefitting from record oil prices early in the fiscal year. We expect moderation in oil prices to result in a decline to $560 million in FY 2010.

Restricted Oil Revenue

According to Article IX, Section 15 of the Alaska Constitution, a minimum of 25% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state must be deposited into the Alaska Permanent Fund. In addition, AS 37.14.110 requires a contribution of 0.5% of all royalties and bonuses to the Public School Trust Fund. Settlements with, or judgments against, the oil industry involving tax and royalty disputes must be deposited in the Constitutional Budget Reserve Fund (CBRF).

The state is entitled to 50% of all bonuses, rents and royalties from oil development activity in the federal NPR-A, all of which flows into the NPR-A Special Revenue Fund. Revenue in the fund each year is available for appropriation in the form of grants to municipalities that demonstrate present or future impact from NPR-A oil development. Of the revenue not appropriated to the municipalities, 25% goes to the Permanent Fund, 0.5% goes to the Public School Trust Fund, and the rest may be appropriated to the Power Cost Equalization and Rural Electric Capitalization Fund. Any remaining revenue after these appropriations lapses into the General Fund.

Figure 4-15 reflects restricted oil and gas revenue.

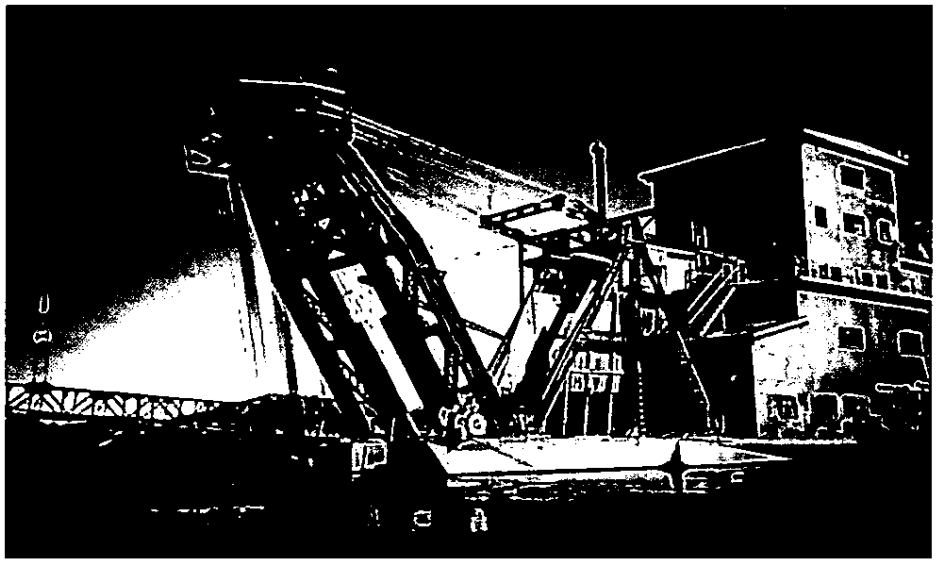
Figure 4-15. Restricted Oil Revenue, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
Restricted	FY 2008	FY 2009	FY 2010
Royalties to Permanent Fund & School Fund			
Royalties, Bonuses & Rents to the Permanent Fund	782.6	705.0	723.1
Royalties, Bonuses & Rents to the School Fund	16.5	12.4	11.7
Subtotal	**799.1**	**717.3**	**734.8**
Settlements to CBRF	438.3	20.0	20.0
NPRA Royalties, Rents & Bonuses	5.2	22.5	7.5
Total Restricted	**1,242.6**	**759.8**	**762.3**

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008



Gold Mine in Interior Alaska

© Alaska Division of Community and Business Development

5. Other Revenue (except Federal & Investment)

Figure 5-1. FY 2008 Other Revenue: $1.2 billion

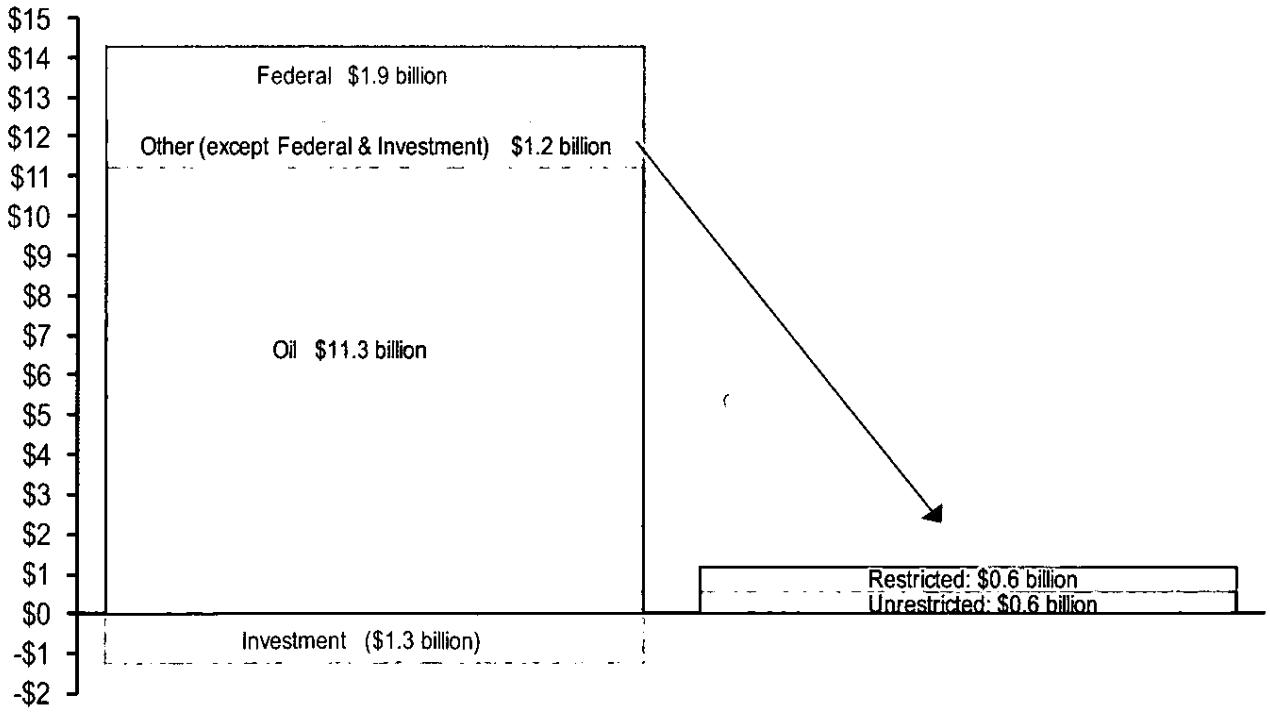


Figure 5-2. Total Other Revenue (except Federal & Investment), FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Taxes	433.2	364.3	302.2
Charges for Services	29.3	27.7	28.9
Fines & Forfeitures	8.9	8.3	8.7
Licenses & Permits	38.9	43.9	42.2
Rents & Royalties	15.7	13.4	11.7
Other	26.2	26.5	19.5
Total Unrestricted	**552.2**	**484.1**	**413.2**
Restricted			
Taxes	139.6	138.0	138.4
Charges for Services	246.7	298.5	299.0
Fines & Forfeitures	41.9	37.4	36.7
Licenses & Permits	38.0	40.9	39.2
Rents & Royalties	7.0	10.7	9.9
Other	131.2	108.9	108.9
Total Restricted	**604.4**	**634.4**	**632.1**
Total Other Revenue	**1,156.6**	**1,118.5**	**1,045.3**

General Discussion

This section includes income from sources other than oil, state investments and federal receipts, including non-oil taxes, charges for services, fines and forfeitures, licenses and permits, rents and royalties and other revenue sources. These revenue sources are divided between unrestricted and restricted revenues; the amounts of each are reflected in Figures 5-2 through 5-8 throughout this chapter. Restricted revenue includes money deposited in funds other than the General Fund, as well as receipts that are restricted by statute or that the legislature customarily appropriates for a particular purpose or program, such as fish tax revenue that is shared with municipalities.

Taxes

Alcoholic Beverages Tax

Alcoholic beverage taxes are collected primarily from wholesalers and distributors of alcoholic beverages sold in Alaska. The per-gallon tax rates on alcoholic beverages are $1.07 for beer, $2.50 for wine and $12.80 for liquor. Qualifying small brewers pay tax at a rate of $0.35 per gallon for beer. Revenue is deposited into the General Fund. Fifty percent of the revenue is deposited into a subfund of the General Fund, the Alcohol and Other Drug Abuse Treatment and Prevention Fund, and is treated as restricted in this forecast.

Over the past 10 years, alcohol consumption has grown at an average annual rate of 0.7% for beer, 4.3% for wine, and 3.8% for liquor. We forecast that consumption will continue to grow at these historical average rates.

Charitable Gaming

Under Alaska law, municipalities and qualified nonprofit organizations may conduct certain charitable gaming activities. The purpose of these activities is to derive public benefit in the form of money for the charities and revenues for the state. The Department of Revenue collects permit and license fees, a 1% net proceeds fee and a 3% pull-tab tax. We forecast that revenues from charitable gaming activity will increase slightly in FY 2009 before returning to current levels in FY 2010.

Commercial Passenger Vessel Taxes

In August 2006, Alaska voters approved an initiative that imposed new taxes and fees on commercial passenger vessels:

- The Cruise Ship Passenger Fee, a per-passenger tax of $46 on commercial passenger vessels with 250 or more berths. Revenues are deposited into a subfund of the General Fund, the Commercial Vessel Passenger Tax Account. Five dollars of the tax is distributed to each of the first five ports of call, and an additional 25% of the tax is designated for other local governments impacted by the cruise ship industry via the Regional Cruise Ship Impact Fund. The entire passenger fee is considered restricted for purposes of this forecast. We forecast that just over 1 million passengers per year will be subject to the tax, representing no change from FY 2008 levels.
- The Ocean Ranger Fee is an additional per-berth fee of $4 to operate the Ocean Ranger program, which provides for independent observers of engineering, sanitation and health practices. This fee is considered restricted and is included in the Charges for Services section of this forecast.
- The Large Passenger Vessel Gambling Tax is a tax of 33% on the adjusted gross income from gaming or gambling activities aboard large passenger vessels in the state. Revenue goes to the General Fund and is considered unrestricted. We expect revenue to remain constant at FY 2008 levels.
- The Alaska corporate income tax now applies to large commercial passenger vessels. The effects of this provision are included in our forecast of corporate income taxes.
- There are new penalties for false reporting, violating environmental regulations and failing to make proper disclosures on promotions and shore side activity sales. Any revenue from these provisions is included in the Fines and Forfeitures section of this forecast.

Corporate Income Tax

Alaska levies two types of corporate income tax: one that applies to oil and gas corporations and one that applies to corporations other than oil and gas corporations. Forecasts and discussion of the corporate income tax as applied to oil and gas corporations can be found in the Oil Revenue section of this forecast.

Alaska levies the corporate income tax on net income of corporations that do business in the state and derive income from sources within Alaska. Corporate tax rates are graduated from 1% to 9.4% in $10,000 increments of Alaska taxable income; the maximum rate of 9.4% applies to taxable income over $90,000. S-Corporations and LLCs that file federally as partnerships are generally exempt from corporate income tax. Corporations compute their tax liability based on federal taxable income with Alaska adjustments. Corporations other than oil and gas corporations apportion their income to Alaska by using a three-factor apportionment based on sales, property and payroll. Alaska taxable income is determined by applying the apportionment factor to the corporation's modified federal taxable income.

We produce our forecast of non-petroleum corporate income tax collections by using two economic models: one for the largest sector (in terms of collections), mining, and one for all other sectors.

The mining sector model is based on the statistical relationship between historical tax payments, corporate profits and zinc prices. Zinc prices are used because zinc accounts for over half of Alaska minerals production. The model for all sectors other than mining is based on the statistical relationship between historical tax payments, corporate profits and crude oil prices. Crude oil prices are used because the price of oil influences company profitability in many economic sectors in Alaska. After forecasting estimated payments, we then adjust for refunds, carry-forwards and other payments that cause actual collections to differ from estimated payments.

Over the past few years, income tax revenue from corporations other than oil and gas corporations has increased significantly. In FY 2004, revenue from the tax was $39.6 million. By FY 2008, revenue increased to $182.7 million. Much of the growth came from mining, with collections from that sector growing from $0.4 million in FY 2004 to $61.3 million in FY 2008. Looking forward, collections will be lower in part because of the economic downturn, and in part due to lower prices for Alaska's oil and minerals. The first half of FY 2009 appears strong and collections are expected to total $160 million for the year. However, by FY 2010 we expect that collections will fall to $90 million – about half of FY 2008 total.

Electric Cooperative and Telephone Cooperative Taxes

The electric cooperative tax is based on kilowatt hours furnished by qualified electric cooperatives recognized under Title 10 of the Alaska Statutes. The telephone cooperative tax is levied on gross revenue of qualified telephone cooperatives under Title 10. Revenue from cooperatives located in municipalities is treated as restricted revenue in this forecast because it is shared 100% with the municipalities. The small amount of revenue collected from cooperatives outside municipalities is retained by the state. We forecast that revenues from the electric and telephone cooperative taxes will grow according to the overall rate of inflation.

Estate Tax

The estate tax is levied on the transfer of an estate upon death. The Alaska estate tax is tied to the federal tax, with the amount of the state tax equaling the maximum state credit allowed on the estate's federal return. All revenue derived from estate taxes is deposited in the General Fund.

As a result of changes to the federal estate tax, the Alaska estate tax was phased out completely beginning January 1, 2005. The federal estate tax changes that caused the state tax to phase out are currently scheduled to sunset after December 31, 2010. Assuming the tax changes sunset as scheduled, Alaska will begin to receive revenue from the estate tax again in FY 2012.

Fisheries Business Tax

The fisheries business tax is levied on businesses that process fisheries resources in or export fisheries resources from Alaska. Although the tax usually is levied on the act of processing, the tax is often referred to as a "raw fish tax" because it is based on the value of the raw fishery resource. Tax rates vary from 1% to 5%, depending on whether a fishery resource is classified as "established" or "developing," and whether it was processed by a shore-based or floating processor. Revenue from the tax is deposited in the General Fund. Fifty percent of the revenue (before credits) is shared to qualified municipalities and is treated as restricted in this forecast.

We forecast fisheries business tax revenues based on estimated taxable values of the major fisheries in the state and historical effective tax rates. Fisheries business tax revenue retained by the state is reduced by a forecast of tax credits, including Salmon Product Development credits, which apply only to the state portion of the tax.

Fishery Resource Landing Tax

The fishery resource landing tax is levied on fishery resources processed outside of and first landed in Alaska, and is based on the unprocessed statewide average price of the resource. The tax is collected primarily from factory trawlers and floating processors that process fishery resources outside the state's 3-mile limit and bring their products into Alaska for shipment. The tax rates vary from 1% to 3%, based on whether the resource is classified as "established" or "developing." All revenue derived from the tax is deposited in the General Fund. Fifty percent of the revenue (before credits) is shared with qualified municipalities, and is treated as restricted in this forecast.

We forecast fisheries resource landing tax revenue based on estimated taxable values of the major fisheries in the state and historical effective tax rates. Fisheries resource landing tax revenue retained by the state is reduced by a forecast of tax credits which apply only to the state's share of the tax.

Insurance Premium Tax

Insurance companies in Alaska pay an insurance premium tax instead of corporate income tax, sales or other excise taxes. Revenue is deposited into the General Fund, and for most types of insurance, the tax is treated as unrestricted revenue. Insurance premium taxes on worker's compensation insurance are deposited into a subfund of the General Fund, the Workers Safety and Compensation Fund, and are reflected as restricted in this forecast. The restricted component also includes service fees paid into the Workers Safety and Compensation Fund by employers who are uninsured or self-insured.

We forecast insurance premium tax revenues based on estimates provided by the Department of Commerce, Community and Economic Development's Division of Insurance, which administers the insurance premium tax, and the Department of Labor and Workforce Development's Workers Compensation Division, which collects worker's compensation service fees.

Mining License Tax

The mining license tax is a tax ranging from 0% to 7% on the net income of all mining operations in the state. Except for sand and gravel operations, new mining operations are exempt from the mining license tax for a period of 3½ years after production begins.

Our forecast is produced using a bottom-up approach that estimates tax payments for each of the major mines in the state based on expected minerals prices and production.

Mining license tax revenues were $54.4 million in FY 2008, the second-highest level on record. However, prices for many minerals have declined recently. In particular, zinc prices have fallen by about 75% from the highs reached in late 2006 (zinc prices are particularly important because zinc accounts for more than half of Alaska's non-petroleum mineral production).

Based on expectations of lower profits at Alaska's mines, we forecast that mining license tax revenues will decline from recent records. We foresee a moderate decline in FY 2009 followed by collections of under $20 million by FY 2010.

Motor Fuel Tax

The motor fuel tax is imposed on all motor fuel sold, transferred or used within Alaska. Per gallon rates are 8 cents for highway use, 5 cents for marine fuel, 4.7 cents for aviation gasoline, 3.2 cents for jet fuel, and 8 cents or 2 cents for gasohol, depending on the season, location and EPA mandate. Motor fuel taxes are collected primarily from wholesalers and distributors licensed as qualified dealers. Various uses of fuel are exempt from tax, including fuel used for heating or flights to or from a foreign country. All revenue derived from motor fuel taxes is deposited in the General Fund. Sixty percent of the taxes attributable to aviation fuel sales at municipal airports are shared with the respective municipalities, and are treated as restricted for purposes of this forecast.

A temporary suspension of the motor fuel tax was included in the energy assistance package introduced by the governor and passed by the legislature this summer. This suspension took effect September 1, 2008 and ends August 31, 2009. Therefore, FY 2009 will include only two months of motor fuel tax collections and FY 2010 will include ten months of collections.

We forecast motor fuel tax revenue based on Energy Information Agency projections for U.S. motor fuel consumption growth, with adjustments for the temporary tax suspension.

Tire Fee

The tire fee has two components. The first component is a tax of $2.50 on all new tires sold in Alaska for motor vehicles intended for highway use. The second component is an additional $5 fee per tire on all new tires with heavy studs sold in Alaska, and a $5 fee per tire on the installation of heavy studs on a previously un-studded tire.

We forecast tire fee revenue based on the expected number of vehicle registrations in the state.

Seafood Assessments and Taxes

The Department of Revenue administers five different programs that raise money through seafood assessments and taxes. The rates for these assessments and taxes are determined by a vote of the appropriate association within the seafood industry, by members of the Alaska Seafood Marketing Institute, or by the Department of Revenue.

The five programs are the following:

- The seafood marketing assessment, which applies to all seafood products made or first landed in Alaska and all unprocessed products exported from Alaska.
- The dive fishery management assessment, which is levied on the value of fishery resources taken using dive gear in a designated management area.
- The regional seafood development tax, which is levied on the value of fishery resources in a designated management area.
- The salmon enhancement tax, which is levied on salmon sold or exported from designated aquaculture regions.
- The cost recovery fisheries assessment, a new program authorized in 2006. This program allows hatcheries to establish a common property fishery and recoup costs through an assessment on fishery resources taken in the terminal harvest area. So far, no hatcheries have elected to use this program as a funding source.

Although revenue received under these assessments is deposited in the General Fund, funds are treated as restricted revenue in this forecast because they are set aside for the legislature to appropriate for the benefit of the seafood industry, either in marketing or in management and development of the industry.

We forecast salmon enhancement tax revenue based on the estimated taxable value of Alaska's salmon fishery and historical effective tax rates. We forecast seafood development tax revenue based on the estimated taxable value of seafood processed in Alaska. All other seafood assessments are reflected as receipt supported services under the Charges for Services section of this forecast and are not forecast individually.

Tobacco Tax

The tobacco tax is levied on cigarettes and tobacco products sold, imported or transferred into Alaska. Tobacco taxes are collected primarily from licensed wholesalers and distributors. There are two components to the tobacco tax: the cigarette tax and the other tobacco products tax.

The tax rate on cigarettes has been $2.00 per pack since July 1, 2007. Of the

cigarette tax, $0.76 per pack is deposited into the School Fund, and is considered restricted revenue. All cigarette and tobacco products license fees are also deposited in the School Fund. The remainder of the cigarette tax revenue is deposited into the General Fund. Of the General Fund portion, 8.9% is deposited into a subfund of the General Fund, the Tobacco Use Education and Cessation Fund, and is treated as restricted in this forecast.

We forecast cigarette tax revenue based on projected average consumption declines of 4% annually. Our forecast does not include the effects of any possible increase in the federal excise tax on cigarettes.

The tax rate on other tobacco products, such as cigars and chewing tobacco, is 75% of the wholesale price and is deposited entirely in the General Fund.

We forecast that moderate increases in wholesale prices and consumption will result in other tobacco products tax revenue continuing to increase at the 10-year average rate of about 6% annually.

Figure 5-3. Other Taxes, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Excise Tax			
Alcoholic Beverage	20.0	19.4	19.9
Tobacco Products – Cigarettes	35.7	35.6	34.2
Tobacco Products – Other	9.2	9.8	10.4
Electric & Telephone Cooperative	0.2	0.2	0.2
Insurance Premium	47.1	48.5	50.9
Motor Fuel Tax	41.8	6.8	33.8
Tire Fee	1.5	1.5	1.5
Vehicle Rental	8.5	8.5	8.7
Subtotal	**164.0**	**130.3**	**159.6**
Corporate Income Tax (non oil and gas)	**182.7**	**160.0**	**90.0**
Fish Tax			
Fisheries Business	14.7	17.1	17.6
Fishery Resource Landing	7.9	5.8	6.0
Subtotal	**22.6**	**22.9**	**23.6**
Other Tax			
Charitable Gaming	2.7	3.0	2.7
Estate	0.0	0.0	0.0
Large Passenger Vessel Gambling	6.8	6.8	6.8
Mining License	54.4	41.3	19.5
Subtotal	**63.9**	**51.1**	**29.0**
Total Unrestricted Taxes	**433.2**	**364.3**	**302.2**

Figure 5-3. Continued

Restricted	History FY 2008	Forecast FY 2009	FY 2010
Excise Tax			
Alcoholic Beverage (alcohol & drug treatment)	19.1	19.4	19.9
Insurance Premium/Other (worker's safety & compensation)[1]	7.6	7.9	8.0
Electric & Telephone Cooperative (municipal share)	3.9	4.0	4.1
Tobacco – Cigarettes (school fund)	24.9	24.0	23.0
Tobacco – Cigarettes (tobacco use cessation)	3.6	3.5	3.3
Motor Fuel Tax – Aviation (municipal share)	0.1	0.0	0.1
Subtotal	**59.2**	**58.8**	**58.4**
Fish Tax			
Fisheries Business (municipal share)	20.2	19.6	20.1
Fishery Resource Landing (municipal share)	6.4	6.4	6.6
Salmon Enhancement (Aquaculture Association share)	5.5	5.0	5.1
Seafood Development (qualifying regional associations)	1.4	1.3	1.3
Subtotal	**33.5**	**32.3**	**33.1**
Other Taxes & Fees			
Cruise Ship Passenger Fee (state share)	25.2	25.2	25.2
Cruise Ship Passenger Fee (municipal & region share)	10.0	10.0	10.0
Cruise ship Passenger Fee (regional cruise ship impact fund)	11.7	11.7	11.7
Subtotal	**46.9**	**46.9**	**46.9**
Total Restricted Taxes	**139.6**	**138.0**	**138.4**
Grand Total	**572.8**	**502.3**	**440.6**

[1] In addition to the worker's compensation insurance premiums for the Insurance Premium Tax, this amount also includes services fees from employers who are self-insured.

Vehicle Rental Tax

The vehicle rental tax is a 10% tax on most passenger vehicle rentals of 90 days or less, and a 3% tax on rentals of recreational vehicles for 90 days or less. The vehicle rental tax provisions became effective January 1, 2004.

We forecast that vehicle rental tax revenue will remain flat in FY 2009 due to the economic downturn then increase with the overall rate of inflation.

Charges for Services

The charges for services category includes fees and other program charges for state services. Revenues reported in this category do not include all charges for state services—just those that do not fit into other categories in this report.

Most of these receipts are considered restricted revenue because they are returned to the program where they were generated. The only unrestricted revenues listed in this category come from charges that do not have program receipt designations, or are not otherwise segregated and appropriated back to a program. Many of the charges for services are small amounts that we have grouped into the broad categories "General Government," "Natural Resources" and "Other." Our forecast for these categories is based on fiscal year-to-date collections and historical averages. The largest categories of charges for services are listed separately and are discussed below.

Marine Highway Fund

The Alaska Marine Highway Fund is a subfund of the General Fund and receives revenue from state ferry system operations. The legislature has discretion over how the revenue is allocated. Because revenue is customarily appropriated for Alaska Marine Highway operations, they are considered restricted for this forecast. We forecast Marine Highway Fund receipts based on revenue expectations in the Alaska Marine Highway System business plan.

Commercial Passenger Vessel Fees

Commercial passenger vessel fees paid into the Environmental Compliance Fund come from two sources: ocean ranger fees and environmental compliance fees. All fees paid into the fund are considered restricted for purposes of this forecast. We forecast receipts based on an estimate of just over 1 million passengers per year.

The Ocean Ranger Fee is a per-berth fee of $4 that applies to commercial passenger vessels with 250 or more berths. The fee is levied to support the Ocean Ranger Program, which provides for independent observers of engineering, sanitation and health practices aboard the vessels. This fee was imposed as part of an initiative passed by voters in August 2006, and is covered in more detail in the Taxes section of this chapter.

Environmental compliance fees are levied on commercial passenger vessels with over 50 berths. Fees range from $75 to $3,750 per vessel based on the number of berths, and funds are used to support environmental compliance programs.

Program Receipts

Under AS 37.05.142 – 37.05.146, receipts from authorized state programs are accounted for separately and appropriated to administer the source program, implement laws related to the program, or cover costs associated with collecting the receipts. Some programs with program receipt authority are not included in our Charges for Services category because they are reported elsewhere in this forecast or because they do not generate revenue available for general appropriation.

We forecast program receipt revenues based on discussions with the Governor's Office of Management and Budget and analysis of the most recent budget expectations for these categories.

Program receipts listed in this section are

- Receipt supported services, which includes state services such as Pioneers homes and occupational licensing that are funded by program receipts. Some seafood assessments are included in this category.
- Statutorily designated program receipts, which includes money received from sources other than the state or federal government and restricted by the terms of a gift, grant, bequest or contract.
- Regulatory Commission of Alaska (RCA) receipts, which are regulatory cost charges and user fees levied on utilities and pipelines to fund costs of regulation.
- Test fisheries receipts, generated by the Department of Fish and Game from selling fish caught during testing the commercial viability of fisheries.
- Timber sale receipts, which are used to fund the timber disposal program of the Department of Natural Resources.
- Oil and Gas Conservation Commission receipts, which are fees and charges for regulation of oil and gas wells and pipelines.
- Business license fees collected by the Department of Commerce, Community and Economic Development.

Figure 5-4. Charges for Services, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
General Government	27.0	25.0	26.5
Natural Resources	2.0	2.3	2.1
Other	0.3	0.4	0.3
Total Unrestricted	**29.3**	**27.7**	**28.9**
Restricted			
General Government	9.2	8.0	8.5
Natural Resources	0.6	0.5	0.6
Cruise Ship Ranger Fee	4.1	4.1	4.1
Environmental Compliance Fees	2.3	2.3	2.3
Marine Highway Receipts	53.6	51.3	51.2
Receipt Supported Services	123.6	105.8	105.8
Statutorily Designated	31.5	100.6	100.6
RCA Receipts	8.4	9.9	9.9
Test Fisheries Receipts	1.5	2.5	2.5
Timber Sale Receipts	1.3	0.8	0.8
Oil & Gas Conservation	4.2	5.2	5.2
DCCED Business Licenses	6.4	7.5	7.5
Total Restricted	**246.7**	**298.5**	**299.0**
Grand Total	**276.0**	**326.2**	**327.9**

Fines and Forfeitures

Fines and forfeitures include civil and criminal fines and forfeitures and money received by the state from the settlement of civil lawsuits. The largest single source of receipts under this category is the multi-state tobacco settlement. Other sources are forecast based on fiscal year-to-date collections and historical averages.

Tobacco Settlement

The tobacco Master Settlement Agreement was signed by 46 states (including Alaska) in November 1998 and dictates annual payments to each of the states. All tobacco settlement revenue is considered restricted for purposes of this forecast. Eighty percent of the settlement revenue is earmarked for the Northern Tobacco Securitization Corporation for payments on bonds that were sold based on the future revenue stream. The remaining 20% of the revenue is deposited into the Tobacco Use Education and Cessation Fund, a subfund of the General Fund.

Tobacco settlement payments are based on a complex formula that takes into account several factors including declines in cigarette consumption, inflation and certain adjustments for litigation expenses and market share losses related to

Figure 5-5. Fines & Forfeitures, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Fines & Forfeitures	8.9	8.3	8.7
Total Unrestricted	**8.9**	**8.3**	**8.7**
Restricted			
Tobacco Settlement (North Tobacco Securitization Corporation)	27.6	28.3	27.4
Tobacco Settlement (Tobacco Use Education & Cessation Fund)	6.9	7.1	6.8
Other	7.4	2.0	2.5
Total Restricted	**41.9**	**37.4**	**36.7**
Grand Total	**50.8**	**45.7**	**45.4**

the settlement. We forecast that cigarette consumption will decline at an annual rate of 4% and inflation will be 2.75%.

Licenses and Permits

Licenses and permits represent government revenue derived from charges for participating in activities regulated by the state. The majority of the receipts under this category are from motor vehicle registration and fishing and hunting license fees. Alcoholic beverage license fees are also forecast separately. There are several other small license and permit fees which are summarized in the Other Fees category.

Alcoholic Beverage Licenses

Alcoholic beverage licenses are required to manufacture or sell alcoholic beverages in Alaska. Licenses are issued by the Alcoholic Beverage Control Board and revenue is deposited into the General Fund. All of the revenue from biennial license fees collected within municipalities, excluding annual wholesale fees and biennial wholesale license fees, is shared with the municipalities and treated as restricted for purposes of this forecast. We forecast little change in revenue because alcoholic beverage license issuance is limited based on population.

Fishing and Hunting License Fees

Fishing and hunting licenses are issued by the Alaska Department of Fish and Game for participation in various fishing, hunting and related activities. The majority of these fees are appropriated to a special revenue fund called the Fish and Game Fund. Money in the fund may only be spent for fish and game management purposes. We forecast fishing and hunting license fee revenue based on expectations of the Alaska Department of Fish and Game.

Motor Vehicle Registration Fees

Motor vehicle registration fees are collected by the Division of Motor Vehicles within the Department of Administration. Most are considered unrestricted license and permit revenue; however, some registration fees are considered restricted receipt supported services and are reflected in the Charges for Services section of this forecast. We forecast motor vehicle registration fee revenue based on expectations of the Division of Motor Vehicles.

Rents and Royalties

Rents and royalties from sources other than oil and gas fall into two categories: mining rents and royalties and other non-petroleum rents and royalties.

All rents and royalties from oil and gas are reported in the Oil Revenue section of this forecast.

Mining Rents and Royalites

As with oil and gas production, the state earns revenue from other mineral production that occurs on state lands leased for exploration and development. As the

landowner, the state earns revenue from leases as (1) upfront bonuses, (2) annual rent charges and (3) as a retained royalty interest in minerals production.

Until October 2008, only 25% of the rents and royalties were deposited in the Permanent Fund and 0.5% to the School Fund. With the repeal of House Bill 11 this year, the amount rises to 50% for leases issued after December 1979. The amound deposited into the School Fund remains unchanged. See the Oil Revenue section for a more complete discussion of HB11.

We forecast mining rents and royalties based on expected changes in minerals prices as well as mine-specific forecasts for large mines on state land.

Other Non-Petroleum Rents and Royalties

The state receives revenue from the leasing, rental and sale of state land. While all of these revenues are deposited into the General Fund, some are deposited in subfunds of the General Fund and are treated as restricted for purposes of this forecast. This category includes revenues from leasing, rental and sale of state land that do not fall into the oil and gas or mining royalties categories. We forecast other non-petroleum rents and royalties based on analysis of fiscal year-to-date and historical collections.

Other

This category includes unclaimed property transfers, transfers to the state from component organizations and miscellaneous revenues. Miscellaneous revenues, which include contributions to the state and other revenues, are projected based on analysis of fiscal year-to-date and historical collections. Unclaimed property and transfers from component organizations are discussed below.

Unclaimed Property

Alaska's Unclaimed Property statutes require businesses and corporations to report unclaimed intangible property to the state. Property is reportable if an owner cannot be located, the owner has not cashed a property check, or an account has not had any owner-initiated activity for at least three years. Unclaimed property may include checking accounts, customer deposits and over-payments, gift certificates, unpaid wages, and security related

Figure 5-6. Licenses & Permits, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Alcoholic Beverage Licenses	1.0	1.0	1.0
Motor Vehicles	36.0	40.4	38.7
Other Fees	1.9	2.5	2.5
Total Unrestricted	**38.9**	**43.9**	**42.2**
Restricted			
Hunting & Fishing			
Hunting & Fishing Fees (Fish & Game Fund)	32.3	33.2	33.5
Sanctuary Fees (Fish & Game Fund)	0.4	0.3	0.3
Subtotal	**32.7**	**33.5**	**33.8**
Other Fees	4.4	6.5	4.5
Alcoholic Beverage License (municipal share)	0.9	0.9	0.9
Subtotal	**5.3**	**7.4**	**5.4**
Total Restricted	**38.0**	**40.9**	**39.2**
Grand Total	**76.9**	**84.8**	**81.4**

accounts. The state holds the property in trust until the owner or his or her legal heir claims it. Each year the unclaimed property trust account is evaluated and the excess of the working trust balance is transferred to the General Fund.

A $15 million transfer was processed during FY 2008. Transfers in FY 2009 and following years are expected to be $6.5 million per year. We forecast unclaimed property revenue based on estimates prepared by the Unclaimed Property Group of the Department of Revenue.

Transfers from Component Organizations

Each year, the state receives money in the form of transfers from component organizations, such as the Alaska Housing Finance Corporation, frequently in the form of dividends. Component organizations are covered in more detail in the Public Corporations & the University of Alaska section of this forecast. Some component organizations do not make transfers to the state, and as a result not all component organizations are listed here.

Actual transfers for FY 2008 are reflected in draft tables from the Comprehensive Annual Financial Report. Forecasts for FY 2009 and FY 2010 transfers are based on discussions with the Governor's Office of Management and Budget and analysis of the most recent budget expectations for these categories.

Transfers from component organizations presented under this category may differ from those presented in the Public Corporations & University of Alaska section for two reasons: (1) amounts in this section account differently for funds paid over time for multi-year capital projects; and (2) amounts in this section include funds that are transferred to the state and then appropriated to the component unit for operations.

Figure 5-7. Rents & Royalties, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Mining Rents and Royalties	7.8	4.7	4.7
Other Non-Petroleum Rents and Royalties	7.9	8.7	7.0
Total Unrestricted	**15.7**	**13.4**	**11.7**
Restricted			
Mining Rents and Royalties	1.6	4.7	4.7
Other Non-Petroleum Rents and Royalties	5.4	6.0	5.2
Total Restricted	**7.0**	**10.7**	**9.9**
Grand Total	**22.7**	**24.1**	**21.6**

Figure 5-8. Other Revenue, FY 2008 and Forecasted FY 2009-2010 ($ million)

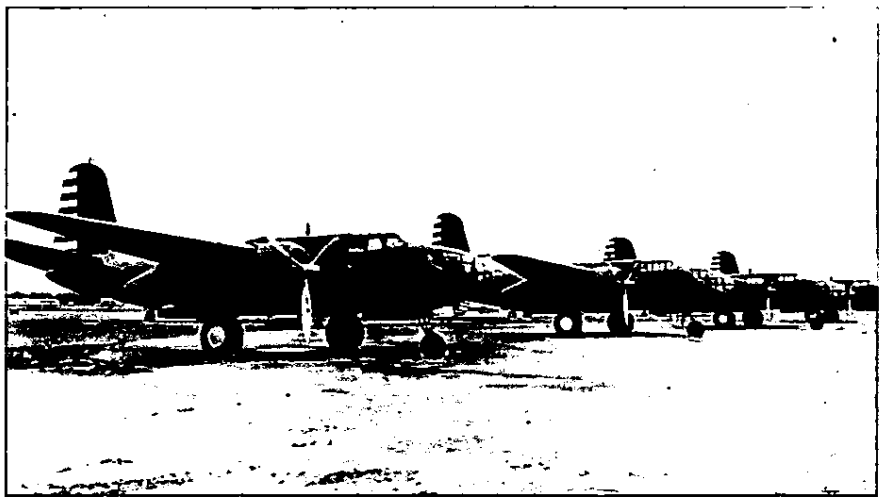
	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Miscellaneous	11.2	20.0	13.0
Unclaimed Property	15.0	6.5	6.5
Total Unrestricted	**26.2**	**26.5**	**19.5**
Restricted			
Alaska Housing Finance Corporation	56.1	59.7	59.7
Alaska Industrial Development & Export Authority	10.0	23.8	23.8
Alaska Municipal Bond Bank Authority	0.0	1.3	1.3
Alaska Student Loan Corporation	44.6	4.1	4.1
Alaska Energy Authority	0.0	0.0	0.0
Miscellaneous [1]	20.5	20.0	20.0
Total Restricted	**131.2**	**108.9**	**108.9**
Grand Total	**157.4**	**135.4**	**128.4**

[1] Revenue shown under account codes for "other" or "contributions" in the Alaska State Accounting System for General Fund subfunds and special revenue funds.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008



Douglas A-20 Havocs

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6. Federal Revenue

Figure 6-1. FY 2008 Federal Revenue: $1.9 billion

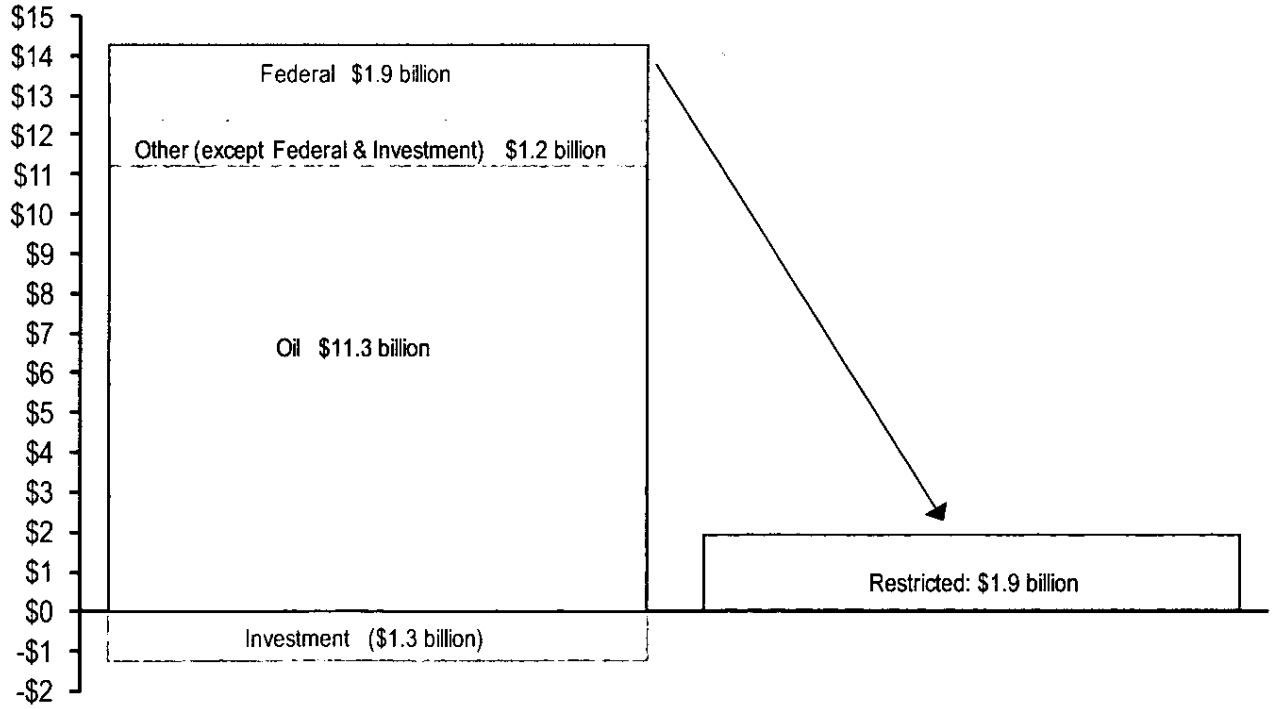


Figure 6-2. Total Federal Revenue to the State, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
	FY 2008	FY 2009	FY 2010
Unrestricted			
Federal Receipts	0.0	0.0	0.0
Restricted			
Federal Receipts	1,902.5	2,523.4	2,523.4
Grand Total	**1,902.5**	**2,523.4**	**2,523.4**

General Discussion

The federal government continues to play a significant role in Alaska's economy. In Federal Fiscal Year (FFY) 2007, the federal government spent $9.4 billion in total direct expenditures in Alaska.[1] The majority of that spending came from the activities of various federal agencies, including defense spending, procurement contracts, retirement and disability payments, wages, loans and grants. Another $1.3 billion was spent on other federal assistance, such as loan guarantees and insurance.

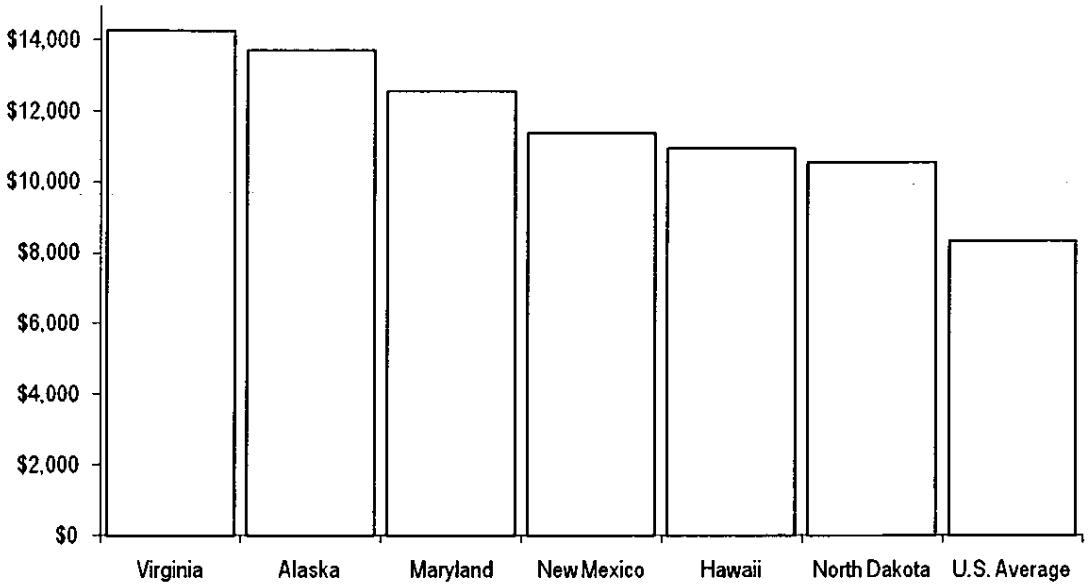
Alaska has historically ranked first in per capita federal spending, however, increased federal expenditures to Louisiana and Mississippi after Hurricane Katrina and Rita in FFY 2006 dropped Alaska to third. In FFY 2007, Alaska moved up, ranking second only to Virginia (see Figure 6-3). In the last several years, federal spending in Alaska has grown faster than total U.S. spending. However, for FFY 2007, federal direct expenditures in Alaska increased by only 1.4 percent from FFY 2006, while total U.S. federal expenditures increased by 4.4 percent. In FFY 2005, Alaska received $1.84 for every dollar paid in federal taxes, the most recent data available from the Tax Foundation.[2]

Among federal agencies, the Department of Defense spends the most in Alaska, followed by the Department of Health and Human Services. Together, these two departments account for 61percent of all federal direct spending in the state. Not surprisingly, a large portion of federal money flows into Alaska through salaries of federal employees. However, 32 percent of all federal direct spending comes in the form of grants, mostly to state and municipal governments, and to nonprofit organizations.

In FY 2008, the State of Alaska received and spent more than $1.9 billion in federal funds. This federal funding is generally restricted to specific uses such as road improvements, Medicaid payments and aid to schools. Potential changes to federal law, differing federal and state fiscal years and varying numbers of eligible Alaskans in certain programs make forecasting federal revenue difficult. The estimates we present for FY 2009 and FY 2010 are from the Office of Management and Budget and are based on state

[1] U.S. Census Bureau Consolidated Federal Funds Report for FY 2007, U.S. Department of Commerce. http://harvester.census.gov/cffr.
[2] Tax Foundation's "Federal Spending in Each State per Dollar of Federal Taxes," www.taxfoundation.org/research/show/266.html.

Figure 6-3. FFY 2007 Federal Spending per Capita, Top Six States



agency projections of potential federal revenues.

For FY 2009, the state is budgeted to receive more than $2.5 billion in federal receipts. The same amount is predicted for FY 2010. Most federal funding requires state-matching money. The budgeted state match and the top three budgeted categories for federal spending in Alaska for FY 2009 are included in Figure 6-5.

It is important to note that the state routinely budgets for federal funds in excess of expected allotments. The legislature authorizes state agencies to receive and spend the maximum that federally funded programs might receive, while the actual appropriation amounts are generally less. In addition, some of the funding granted for multi-year capital projects is received and spent in years following the one in which the money is procured. All federal funds, whether spent in the operating or capital budget, are restricted by legislative appropriation to specific uses.

Figure 6-4. Total Federal Spending in Alaska, FFY 2007

By Distributing Agency

	$ Million	Percent
Defense	3,309.5	35%
Health & Human Services	2,433.8	26%
Social Security	817.2	9%
Other Agencies	2,817.8	30%
Total	**9,378.3**	**100%**

By Appropriation Category

	$ Million	Percent
Grants	2,996.3	32%
Salaries & Wages	2,340.0	25%
Procurement	2,048.3	22%
Retirement & Disability	1,341.7	14%
Other Direct Payments	651.9	7%
Total	**9,378.3**	**100%**

Figure 6-5. Federal Spending, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History FY 2008	Budgeted FY 2009	Budgeted FY 2010
State Match Requirement			
Operating Budget	416.8	474.5	474.5
Capital Budget	79.7	53.7	53.7
Total	**496.5**	**528.2**	**506.1**
Top Spending Categories			
Transportation Projects	555.5	592.1	592.1
Medicaid	723.9	739.1	739.1
Education (K-12, University of Alaska)	382.4	415.6	415.6

7. Investment Revenue

Figure 7-1. FY 2008 Investment Revenue: ($1.3 billion)

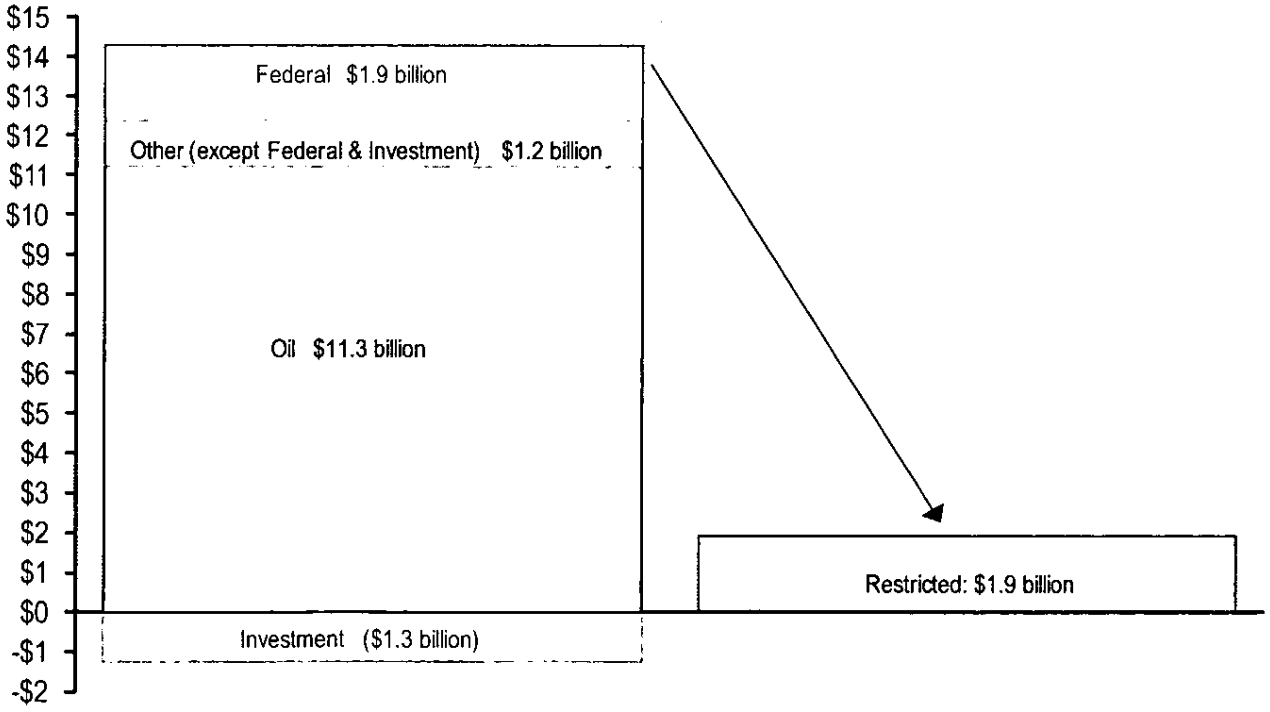


Figure 7-2. Total Investment Revenue, FY 2008 and Forecasted FY 2009-2010 ($ million) [1]

	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Investments	226.5	214.6	234.0
Interest Paid by Others	1.3	1.3	1.3
Total Unrestricted	**227.8**	**215.9**	**235.3**
Restricted			
Investments	48.9	44.7	53.0
Constitutional Budget Reserve Fund	(60.1)	(46.7)	494.8
Other Treasury Managed Funds	(9.0)	(6.3)	(5.8)
Alaska Permanent Fund	(1,463.3)	2,808.0	2,983.8
Total Restricted	**(1,483.5)**	**2,799.7**	**3,525.8**
Grand Total	**(1,255.7)**	**3,015.6**	**3,761.1**

[1] Governmental Accounting Standards Board (GASB) principles require the recognition of changes in the value of investments as income or losses at the end of each trading day, whether the investment is actually sold or not.

Investment Forecast

To forecast investment revenue for the current fiscal year—FY 2009—we combine actual performance through September 30, 2008, with a projection for the remainder of the year. Forecasts and estimated capital market median returns are based on information supplied by the state's investment consultant, Callan Associates Inc., and their 5-year capital market estimated returns.

Unrestricted Investment Revenue

Unrestricted investment revenue is earned on the General Fund non-segregated investments managed by the Treasury Division. Interest Paid by Others is interest received by the state other than on its investments. Oil and gas royalty interest, production tax interest, and corporate income tax interest are included in the Oil Revenue section of this forecast.

Restricted Investment Revenue

Restricted investment revenue consists of earnings from governmental funds, the Constitutional Budget Reserve Fund (CBRF), other Treasury-managed governmental funds and the Alaska Permanent Fund.

Figure 7-3. Callan Associates Inc.'s 5-year Capital Market Estimated Returns, as of September 30, 2008

Asset Class	Benchmark for Asset Class	%/Year Median Expected Return	%/Year Expected Risk[1]
Equities			
U.S. Broad	Callan Associates Inc. (CAI) Broad	9.00%	16.90%
U.S. Large Cap	Standard and Poors (S&P) 500	8.85%	16.40%
U.S. Small Cap	Russell 2000 Index	9.85%	22.70%
International Equity	Morgan Stanley Capital International EAFE	9.00%	19.20%
Emerging Markets Equity	Morgan Stanley Capital International Emerging Markets	9.60%	31.20%
Fixed Income			
Domestic Broad Market	Lehman Brothers Aggregate	5.25%	4.50%
Domestic Short Term (cash equivalent)	Three-Month U.S. Treasury Bill	3.50%	0.80%
Domestic Intermediate	Merrill Lynch 1- to 5-Year Goverment	4.40%	3.10%
International	Salomon Brothers Non-U.S. Government	5.15%	9.60%
US TIPS	Lehman Brothers US TIPS Index	4.90%	6.00%
High Yield	Merrill Lynch US High Yield Master II Constrained	7.00%	11.50%
Other			
Real Estate	CRES	7.60%	16.50%
Private Equity	CPI + 5%	12.00%	34.00%
Absolute Return	91 Day T-Bill + 5%	6.50%	9.70%
Lazard Emerging Income Plus	1 Month Libor + 500 Basis Points	10.50%	10.00%
Conservative Aggregate	90% Lehman Aggregate / 10% Lehman Treasury Index	5.13%	4.59%
Inflation	CPI-U	2.75%	1.40%

[1] The continued volatility in the world's financial markets makes focus on the "Expected Risk" column (far right in the table above) particularly appropriate. The numbers in the Expected Risk column represent a statistical measure called standard deviation, which is the most commonly used measure of risk in the investment world. The standard deviation is a measure of the dispersion of data around its mean. The analyst can use this measure of dispersion to provide a range of possible outcomes at any desired level of confidence. In the data in this table, the level of confidence is set at 67% or one standard deviation. A higher level of confidence would require a broader range. For example, Callan estimates an average annual return for the domestic broad market fixed-income asset class of 5.25% and an expected risk for that asset class of 4.5%. That means Callan is forecasting that two-thirds of the time the annual return for the domestic broad fixed-income asset class will fall between 0.75% (the median expected average annual return of 5.25% minus the expected risk of 4.5%) and 9.75% (the median expected return plus the expected risk). A prediction at 95% confidence would run from -3.75% to 14.25%, too broad a range to be useful. The probability that a particular asset class or portfolio will have a negative return over a given period of time is another way to reflect the riskiness of that asset class or portfolio.

Figure 7-4. Investment Revenue Summary, FY 2008 and Forecasted FY 2009-2010 ($ million)

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-income Pool	37%	Three-month U.S. Treasury Bill
Intermediate-term, Fixed-income Pool	63%	Merrill Lynch 1- to 5-year government index

Investment Balance September 30, 2008	$7,268.7
Projected Annual Rate of Return	4.1%
Probability of Negative Return Over 1 Year	2.5%

Actual Total Investment Income, FY 2007	181.8
Actual Total Investment Income, FY 2008	275.4
Projected Total Investment Income, FY 2009	259.3

	History	Forecast	
	FY 2008	FY 2009	FY 2010
Investment Revenue Unrestricted	226.5	214.6	234.0
Investment Revenue Restricted[1]	48.9	44.7	53.0
Total	**275.4**	**259.3**	**287.0**

[1] Includes subfunds of the General Fund.

Figure 7-5. Constitutional Budget Reserve Fund Cash Flows Investment Revenue Summary, FY 2008 and Forecasted FY 2009-2010 ($ million)

Asset Allocation Regular Account

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-income pool	5%	Three-month U.S. Treasury Bill
Intermediate-term, Fixed-income Pool	75%	Merrill Lynch 1- to 5-year government index
Broad Market Fixed-income Pool	20%	Lehman Brothers aggregate bond index

Regular Balance September 30, 2008	$2,577.3
Projected Annual Rate of Return	4.5%
Probability of Negative Return Over 1 Year	8.0%

Asset Allocation Special Subaccount

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	36%	Lehman Brothers Aggregate Bond Index
Domestic Equity Pool	44%	Russell 3000 Index
International Equity Pool	19%	MSCI EAFE Index
Lazard Emerging Income Plus	1%	1 Month Libor + 500 Basis Points

Special Subaccount Balance September 30, 2008	$4,102.8
Projected Annual Rate of Return	7.61%
Probability of Negative Return Over 1 Year	24.01%

Total Investment Income	History	Forecast	
	FY 2008	FY 2009	FY 2010
Regular Account	140.4	83.0	103.4
Special Subaccount	(200.5)	(129.7)	391.4
Total	**(60.1)**	**(46.7)**	**494.8**

Figure 7-6. Constitutional Budget Reserve Fund Cash Flows, FY 2008 and Forecasted FY 2009-2010 ($ million)

	History	Forecast	
	FY 2008	FY 2009	FY 2010
Beginning Cash Balance CBRF	2,548.4	5,601.2	7,531.0
Beginning Main Account Balance	1,980.7	1,134.0	3,193.5
Earnings on Main Account Balance [1]	140.4	83.0	103.4
Petroleum Tax, Royalty Settlements [2]	438.3	20.0	20.0
(Loan to GF)/Repayment to CBRF [3]	2,674.6	1,956.5	146.4
Transfer to Special Subaccount	(4,100.0)	0.0	0.0
Ending Main Account Balance	**1,134.0**	**3,193.5**	**3,463.3**
Beginning Special Subaccount Balance	567.7	4,467.2	4,337.5
Earnings on Special Subaccount Balance [1]	(200.5)	(129.7)	391.4
Transfer from Main Account [3]	4,100.0	0.0	0.0
Ending Special Subaccount Balance	**4,467.2**	**4,337.5**	**4,728.9**
Total CBRF Balance	**5,601.2**	**7,531.0**	**8,192.2**

[1] The earnings estimate for the main account is 4.526% and the earnings estimate for the special subaccount is 7.609%. These projections are based on 2008 Callan's capital market assumptions and Department of Revenue, Treasury Division's asset allocation.

[2] Settlement estimates are provided by the Department of Revenue and Department of Law, net of annual Federal Minerals Management Service payments.

[3] Repayment from the General Fund to the CBRF is indicated by a positive dollar amount; Loan from the CBRF to the General Fund is indicated by a negative dollar amount.

Figure 7-7. Public School Trust Investment Revenue Summary, FY 2008 and Forecasted FY 2009-2010 ($ million)

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-income Pool	55%	Lehman Brothers aggregate index
Domestic Equity Pool	45%	Russell 3000 Index

Public School Fund Balance September 30, 2008	$355.0
Projected Annual Rate of Return	6.9%
Probability of Negative Return Over 1 Year	20.8%

Total Investment Income & Distributable Income ($ million)

	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Public School Trust Total Investment Income	(9.4)	(6.7)	(6.1)
Public School Trust Distributable Income	14.1	13.8	12.9

Figure 7-8. Alaska Children's Trust Investment Revenue Summary, FY 2008 and Forecasted FY 2009-2010 ($ million)

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-income Pool	18%	Lehman Brothers aggregate index
International Equity Pool	58%	Morgan Stanley Capital International (EAFE)
Domestic Equity Pool	24%	Russell 3000 Index

Alaska Children's Fund Balance September 30, 2008	$11.4
Projected Annual Rate of Return	8.3%
Probability of Negative Return Over 1 Year	27.2%

Total Investment Income & Distributable Income ($ million)

	History	Forecast	
Unrestricted	FY 2008	FY 2009	FY 2010
Alaska Children's Trust Total Investment Income	(1.0)	(0.9)	(0.8)
Alaska Children's Trust Distributable Income	0.3	0.3	0.3

Figure 7-9. Permanent Fund Managed by the Permanent Fund Corporation, FY 2008 and Forecasted FY 2009-2010[1] ($ million)

	History	Forecast	
Reserved Assets — Principal	FY 2008	FY 2009	FY 2010
Total Reserved Assets – Beginning Balance	**33,694.5**	**30,912.2**	**34,379.7**
Contributions & Appropriations			
Contributions & Appropriations – Beginning Balance	27,496.9	29,148.9	31,239.6
Dedicated Petroleum Revenue	844.3	705.4	723.6
Inflation Proofing Transfer from Realized Earnings [2]	807.7	1,385.2	879.0
Deposits to Principal and Settlement Earnings	0.0	0.0	0.0
Subtotal Contributions & Appropriations	29,148.9	31,239.6	32,842.1
Unrealized Appreciation/Depreciation			
Appreciation/Depreciation – Beginning Balance	6,197.6	1,763.2	3,140.1
Annual Unrealized Gain/Loss	(4,434.4)	1,376.9	1,172.9
Subtotal Unrealized Appreciation/Depreciation	1,763.2	3,140.1	4,313.0
Total Reserved Assets – Ending Balance	**30,912.2**	**34,379.7**	**37,155.1**
Realized Earnings Account			
Realized Earnings Account – Beginning Balance	4,131.6	4,968.8	3,713.1
Annual Realized Earnings	2,971.0	1,431.2	1,810.9
Dividend Payment to State of Alaska [3]	(1,293.2)	(1,283.5)	(1,287.2)
Inflation Proofing Transfer to Reserved Assets	(807.7)	(1,385.2)	(879.0)
Other Transfers to Reserved Assets	0.0	0.0	0.0
Other Appropriations Out of Fund	(33.0)	(18.0)	(21.2)
Realized Earnings Account – Ending Balance	**4,968.8**	**3,713.1**	**3,336.6**
Market Value – Total Fund Invested Assets Value			
Contributions & Appropriations – End-of-year Balance	29,148.9	31,239.6	32,842.1
Unrealized Appreciation/Depreciation End-of-year Balance	1,763.2	3,140.1	4,313.0
Realized Earnings End-of-year Balance (statutory earnings)	4,968.8	3,713.1	3,336.6
Fund Balance (market value) End-of-year Balance	**35,880.9**	**38,092.8**	**40,491.7**
Total Reported Earnings			
Annual Unrealized Gain/Loss	(4,434.4)	1,376.9	1,172.9
Annual Realized Earnings	2,971.0	1,431.2	1,810.9
Reported Earnings	**(1,463.3)**	**2,808.0**	**2,983.8**

[1] Data projected using September 30, 2008, financial statements and the Fall 2008 revenue forecast. Callan Associates Inc.'s 2007 capital market assumptions result in 8.05% median expected total return for FY 2009 and FY 2010.

[2] Inflation proofing is required by statute AS 37.13.145(c). Callan Associates Inc.'s inflation rate of 2.75% was used to project inflation proofing.

[3] The Permanent Fund dividend payment is recorded as a liability at fiscal year end and is paid out the following month.

8. State Endowment Funds

This section compares important attributes of six endowment funds. The University of Alaska endowment is included in this comparison because it is one of Alaska's public endowment funds that uses the annual distribution calculation method typical of the vast majority of endowments in the United States and Canada.[1]

The fiduciary for each of these endowment funds has the responsibility for establishing an asset-allocation policy for the fund. Figure 8-1 on the next page compares the asset-allocation policies for these endowments.

Under the standards adopted by the Governmental Accounting Standards Board (GASB), public funds calculate and report their income by recognizing changes in the value of securities as income, or losses, as they occur at the end of each trading day. They do this regardless of whether the securities are actually sold and the income, or losses, are taken or realized. All six of these endowments report annual income on this basis. However, as reflected in Figure 8-2 on the next page, four of them use other measures of annual income for determining their distributions. These include the Alaska Permanent Fund and the Mental Health Trust Fund, both administered by the Alaska Permanent Fund Corporation, the Public School Trust and the Alaska Children's Trust.

In determining the amount of income available for distribution each year for the two funds managed by the Alaska Permanent Fund Corporation, gains or losses on individual investments are not recognized until the investment is sold. For calculating distributable income for the Public School Trust and the Alaska Children's Trust, only interest earned and dividends received are treated as income. Gains and losses in the value of individual investments are never recognized as income. By law, those gains and losses remain with the principal of the fund.

[1] The predominant practice, making annual distributions of 4% to 5% of the market value of the endowment, developed following a 1968 Ford Foundation study. See The Ford Foundation Managing Educational Endowments (New York, New York; 1968).

Figure 8-1. Target Percent Asset Allocation—State Endowment Funds

	Cash	U.S. Bonds	International Bonds	U.S. Equities	International Equities	Global Equities	Real Estate	Alternative Investments	Total
Alaska Permanent Fund	0	19	3	26	13	14	10	15	100
Mental Health Trust	0	19	3	26	13	14	10	15	100
Public School Trust	0	55	0	45	0	0	0	0	100
Alaska Children's Trust	0	18	0	58	24	0	0	0	100
Power Cost Equalization	0	39	0	43	18	0	0	0	100
University of Alaska Endowment	3	17.5	0	26	11	10	8.5	24	100

Figure 8-2. Calculation of Annual Income—State Endowment Funds

	Financial Reporting of Income	Distributable Income
Alaska Permanent Fund	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on investments actually sold
Mental Health Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on investments actually sold
Public School Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid; gains and losses on value of securities are never income, they become part of principal
Alaska Children's Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid; gains and losses on value of securities are never income, they become part of principal
Power Cost Equalization Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)
University of Alaska Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)

Figure 8-3. Distributable Income Determination—State Endowment Funds

Alaska Permanent Fund

The annual distribution for the Permanent Fund Dividend follows the formula in AS 37.13.140-.150, which specifies that 10.5% of the past five years' total realized income shall be paid out as dividends but also sets the limitation that the annual distribution may never exceed 50% of the balance in the fund's Realized Earning Account (REA). The 50% limitation has never been triggered.

Mental Health Trust

The Mental Health Trust Board adopted a policy, beginning in FY 2001, to distribute 3.5% a year of the market value of the fund's total assets. The distribution rate had been 3% for FY 1996-1998 and 3.25% for FY 1999-2000. Because of recent declines in market value, the board is exploring a redefinition of "principal" so that losses in market value would be proportionally allocated to the principal account and the earnings account rather than assigning the entire value of any losses to the earning account.

Public School Trust

The annual distribution is 4.75% of a five-year moving average of the fund's principal market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable earnings account balance, providing a cushion for the fund to maintain its annual distributions in a sustained bear market.

Alaska Children's Trust

The annual distribution is 4.75% of a five-year moving average of the fund principal's market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable earnings account balance, providing a cushion for the fund to maintain its annual distributions in a sustained bear market.

Power Cost Equalization Endowment

The annual distribution is 7% of the fund's market value. For the initial transition years, state statute specifies that the fund shall use the market value on February 1 for the subsequent fiscal year's distribution. Thereafter, the fund is to distribute each year 7% of the monthly average market value for a specified 36-month period.

University of Alaska Endowment

The annual distribution is 5% of a 5-year moving average of the market value of the fund.

Figure 8-4. Inflation-Proofing Procedures—State Endowment Funds

Alaska Permanent Fund

An annual appropriation is needed to inflation proof the principal of the Permanent Fund (but not the accumulated earnings) pursuant to AS 37.13.145. The legislative appropriation requires a transfer from the Realized Earnings Account to the fund's principal an amount equal to the calculated U.S. Consumer Price Index's effect on the value of the principal, comprised of oil and gas royalty contributions and legislative appropriations. The Alaska Permanent Fund Corporation's Trustees have proposed a constitutional amendment that would inflation proof the entire fund—the principal and accumulated earnings—by limiting the annual distribution of earnings to 5% of a five-year moving average of the market value of the fund.

Mental Health Trust

The Mental Health Trust Authority has adopted two policies to inflation proof the fund. First, it limits distributions to 3.5% of the fund's market value. (The authority's ultimate goal, after further building up the principal, is to distribute 5% of the fund's market value each year, which would still allow enough retained earnings to inflation proof the fund.) Second, the authority also has adopted a policy transferring money from the reserve account to the principal whenever the reserve exceeds four times the annual income distribution, to help build up the fund's principal.

Public School Trust

The asset-allocation policy is such that—when combined with the requirement that the fund's capital gains and losses remain part of the principal—the retained capital gains are adequate to inflation proof the fund.

Alaska Children's Trust

The asset-allocation policy is such that—when combined with the requirement that the fund's capital gains and losses remain part of the principal—the retained capital gains are adequate to inflation proof the fund.

Power Cost Equalization Endowment

The legislature, in selecting a 7% distribution policy, expressly elected not to inflation proof this fund, but rather to distribute all, or almost all, of its anticipated annual earnings.

University of Alaska Endowment

The university's distribution policy of 5% of the moving five-year average of the fund's market value should allow for retained earnings to inflation proof the fund.

9. Public Corporations & University of Alaska

Public Corporations

The state has established the following public corporations to carry out certain public policies:

- Alaska Housing Finance Corporation (AHFC)
- Alaska Industrial Development and Export Authority (AIDEA)
- Alaska Energy Authority (AEA)
- Alaska Student Loan Corporation (ASLC)
- Alaska Municipal Bond Bank Authority (AMBBA)
- Alaska Aerospace Development Corporation (AADC)
- Alaska Railroad Corporation (ARC)

These seven corporations and the University of Alaska are components of state government whose activities are accounted for in the state's Comprehensive Annual Financial Report separately from the activities of primary state government. Information in this section is provided by these corporations.

Four of these corporations pay some portion of their income as an annual "dividend" to the state. They include the Alaska Housing Finance Corporation, Alaska Industrial Development Authority, Alaska Student Loan Corporation and Alaska Municipal Bond Bank Authority.

The members of the AIDEA Board of Directors also serve as Board of Directors of AEA, though AIDEA and AEA continue to exist as separate legal entities. AEA has no employees, and AEA contracts to have AIDEA employees administer AEA programs. Other corporations have their own staffs and boards. While neither the sale of bonds nor the expenditure of bond proceeds by these corporations are subject to the state's Executive Budget Act, expenditures for the day-to-day administration of all of these corporations except the Alaska Railroad are subject to the Executive Budget Act.

The Alaska Commission on Postsecondary Education (ACPE) administers the ASLC programs. The ASLC has no employees, and the executive director of the ACPE serves as the executive officer of the ASLC.

The six figures that follow in this section summarize the activities of these corporations.

Figure 9-1. Public Corporations—Missions. What does the corporation do and how does it do it?

Alaska Housing Finance Corporation

Using proceeds from the sale of bonds backed by its corporate assets, AHFC purchases home mortgages from Alaska banks. Income from payments on these mortgages repays bond holders and adds to the corporation's income, thereby enabling the corporation, since FY 1991, to pay an annual dividend and/or return of capital to the state. In addition to ensuring that Alaskans, especially Alaskans of low and moderate income and those in remote and underdeveloped areas of the state, have adequate housing at reasonable cost, the corporation administers federally and state funded multi-residential, senior and low-income housing, residential energy and home weatherization programs. In recent years, the legislature has authorized AHFC to finance the construction of schools, University of Alaska housing and other capital projects identified by the legislature.

Alaska Industrial Development and Export Authority

By lending money, guaranteeing loans or becoming an owner, AIDEA makes financing available for industrial, export and other business enterprises in Alaska. The corporation earns money from interest on its loans, investments, leases and operations of its properties. The corporation has paid an annual dividend to the state since FY 1997.

Alaska Energy Authority

AEA provides loans to utilities, communities and individuals to pay for the purchase or upgrade of equipment and for bulk fuel purchases. Additionally, the agency administers the Power Cost Equalization program, subsidizing rural electric costs with the Power Cost Equalization Endowment. AEA also receives federal and state money to provide technical advice and assistance in energy planning, emergency response management, energy infrastructure construction and conservation in rural Alaska. AEA owns and, under contractual agreements, operates and maintains state-owned power projects, such as Bradley Lake and the Alaska Intertie.

Alaska Student Loan Corporation

The Alaska Student Loan Corporation uses proceeds from bond sales to finance education loans made by the Alaska Commission on Postsecondary Education. Loan repayments satisfy bond obligations and enhance the corporation's capital asset base. Alaska statutes authorize the board of directors to annually declare a return to the state of a portion of its net income. The board has declared return of capital payments for each year beginning in FY 2001 through FY 2007. Alaska statutes also authorize the corporation to issue bonds for the purpose of financing projects of the state. Those bonds in aggregate may not exceed $280 million.

Alaska Municipal Bond Bank Authority

The Bond Bank loans money to Alaska municipalities for capital improvement projects. The bank's larger capital base, its reserve funds and its credit rating enable it to sell bonds at lower interest rates than the municipalities could obtain on their own. The Bond Bank earns interest on the money it holds in reserve and has returned a dividend to the state every year since 1977.

Alaska Aerospace Development Corporation

The corporation operates and maintains a commercial spaceport in Kodiak, Alaska and provides commercial rocket vehicle launch support services. It promotes space-related business, research, education and economic growth in the State of Alaska.

Alaska Railroad Corporation

The corporation operates freight and passenger rail services between Seward and Fairbanks, including a spur line to Whittier. In addition, the corporation generates revenues from real estate it owns.

Figure 9-2. Public Corporations—State Capitalization. How did the state capitalize the corporation?

Alaska Housing Finance Corporation
The legislature appropriated $739.9 million in cash and $292.5 million in mortgages held by the General Fund to the corporation between 1976 and 1984. The payments on those mortgages and additional mortgages purchased with the cash have helped build the corporation's asset base and allow it to return some capital to the state each year. In 1993, AHFC received an additional $27.7 million in cash and $9.3 million in equity when the legislature merged the Alaska State Housing Authority with this corporation.

Alaska Industrial Development and Export Authority
Between 1981 and 1991, the State of Alaska transferred various loan portfolios worth $297.1 million and $69.2 million in cash to this corporation.

Alaska Energy Authority
The legislature established the AEA in 1976 to finance and operate power projects. This corporation has also administered rural energy programs at various times, including the present. As a result of legislatively mandated reorganizations, capital has moved into and out of the corporation. At the end of FY 2001, this corporation reported contributed capital of $963.5 million.

Alaska Student Loan Corporation
In FY 1988, the state transferred $260 million of existing student loans to this corporation. Additional appropriations of cash between FY 1988 and FY 1992 totaled $46.7 million.

Alaska Municipal Bond Bank Authority
Between 1976 and 1986, the legislature appropriated $18.6 million to the Bond Bank to be used for backing bond issues. In addition, the legislature gave the Bond Bank $2.5 million in 1981 to fund a direct loan by a municipality. The municipality repaid the loan and the Bond Bank retained the appropriation.

Alaska Aerospace Development Corporation
Since 1993, the state has contributed $10.9 million from the Science and Technology Endowment.

Alaska Railroad Corporation
The state bought the railroad from the federal government in 1985. The purchase price of $22.7 million was recorded as the state's capitalization.

Figure 9-3. Public Corporations—Financial Facts, FY 2008 ($ million) [1]

	Total Assets	Assets Less Liabilities Book Value	Unrestricted Net Assets	FY 2007 Operating Budget	Total Positions [2]
Alaska Housing Finance Corporation	$4,946.1	$1,666.2	$781.0	$50.5	372
Alaska Industrial Development & Export Authority [3]	$1,165.9	$945.9	$863.4	$8.0	66
Alaska Energy Authority [3]	$747.3	$596.7	$420.4	$34.1	See AIDEA [4]
Alaska Student Loan Corporation [5]	$781.1	$177.0	$139.4	$11.7	103
Alaska Municipal Bond Bank Authority	$586.9	$42.2	$11.6	$0.5	0.5
Alaska Aerospace Development Corporation [6]	$103.7	$90.0	$3.8	$22.9	39
Alaska Railroad Corporation [7]	$834.5	$198.1	$47.4	$99.3	801

[1] All figures are effective as of June 30, 2008, except for the Alaska Railroad which reports on a calendar year basis.

[2] Permanent Full Time (PFT), Permanent Part Time (PPT) and Temporary (TMP) are included in total positions.

[3] The Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (AEA) report financial data on a fiscal year basis. Assets, liabilities and net assets in the table are from audited June 30, 2008 financial statements.

[4] AIDEA provides staff for the activities of AEA. A significant portion of AIDEA's 66 member staff is engaged in AEA programs.

[5] Budget and positions reported are for the Alaska Commission on Postsecondary Education (ACPE). Budget amount reported is funded by the Alaska Student Loan Corporation (ASLC). ACPE staff serve as staff for the ASLC.

[6] Based on audited financial statements.

[7] The Alaska Railroad reports financial data on a calendar year basis. Assets and book value shown in this table are from audited December 31, 2007, financial statements. The operating budget figure shown here is for CY 2007.

Figure 9-4. Public Corporations—Revenue & Net Income, FY 2008 ($ million)

	Revenue	Operating Income	Net Income
Alaska Housing Finance Corporation	$341.8	$35.3	($18.3)
Alaska Industrial Development & Export Authority [1]	$85.1	$46.0	$47.3
Alaska Energy Authority [1]	$61.9	($17.9)	($32.6)
Alaska Student Loan Corporation	$60.0	$10.1	$5.0
Alaska Municipal Bond Bank Authority	$17.2	$0.9	($0.5)
Alaska Aerospace Development Corporation[2]	$18.1	($5.0)	($3.7)
Alaska Railroad Corporation [3]	$167.8	$9.7	$16.3

[1] The Alaska Industrial Development and Export Authority and Alaska Energy Authority report financial data on a fiscal year basis. Revenue, operating income and net income in the table are from audited June 30, 2008 financial statements.

[2] The Alaska Aerospace Development Corporation financial data include depreciation of $5.5 million and are based on audited June 30, 2008 financial statements.

[3] The Alaska Railroad reports financial data on a calendar year basis. Revenue and Operating Income shown in this table are for CY 2007.

Figure 9-5. Public Corporations—Dividends to the State. How, if at all, does the corporation pay dividends to the state?

Alaska Housing Finance Corporation

The Twenty-Third Legislature, in 2003, enacted SCSHB 256 (the "2003 Act") which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. As approved and signed into law by the Governor, the Transfer Plan calls for annual transfers as follows: FY 2005, $103 million; FY 2006, $103 million; FY 2007, the lesser of 95% net income or $103 million; FY 2008, the lesser of 85% net income or $103 million; FY 2009 and thereafter, the lesser of 75% of the corporation's net income or $103 million.

Alaska Industrial Development and Export Authority

By statute, AIDEA must make available to the state each year not less than 25% and not more than 50% of its total net income for a base year, defined as the year two years prior to the dividend year. The dividend is further limited to no more than the total amount of its unrestricted net income in the base year (AS 44.88.088). Net income is defined in the statutes.

Alaska Energy Authority

AEA does not pay a dividend or return capital to the state on a regular basis. However, in FY 2000 this corporation returned $55.6 million of contributed capital to the Railbelt Energy Fund and the General Fund.

Alaska Student Loan Corporation

This corporation, at the discretion of its board of directors, may make available to the state a return of contributed capital or dividend for any base year in which the net income of the corporation is $2 million or more. A base year is defined as the year two years before the payment year. If the board authorizes a payment, it must be between 10% and 35% of net income for the base year (AS 14.42.295). The corporation may also issue bonds in an aggregate amount not to exceed $280 million, for the purpose of financing projects of the state as those projects may be identified by law (AS 14.42.220).

Alaska Municipal Bond Bank Authority

By statute, the Bond Bank annually returns earnings or income of its reserve fund, in excess of expenses, to the state.

Alaska Aerospace Development Corporation

AADC does not pay a dividend or return capital to the state.

Alaska Railroad Corporation

The corporation does not pay a cash dividend to the General Fund.

Figure 9-6. Public Corporations—Operating Expenses & Dividends ($ million)

	Expenses		Dividends	
	Actual FY 2008	Budget FY 2009	Actual FY 2008	Budget FY 2009
Alaska Housing Finance Corporation [1]	$46.5	$51.2	$81.4	$65.9
Alaska Industrial Development & Export Authority	$7.9	$8.2	$10.0	$23.8
Alaska Energy Authority [2]	$32.7	$33.2	na	na
Alaska Student Loan Corporation	$11.7	$12.0	$1.2	$9.1
Alaska Municipal Bond Bank Authority	$0.5	$0.7	$0.7	$0.3
Alaska Aerospace Development Corporation [3]	$22.6	$24.1	na	na
Alaska Railroad Corporation	na	na	na	na

[1] Because some of this money is earmarked for multi-year capital projects, actual cash transfers in any given year may vary.

[2] The Alaska Industrial Development and Export Authority and Alaska Energy Authority report financial data on a fiscal year basis. Actual operating expenses and dividends are for the fiscal year ended June 30, 2008

[3] The Alaska Aerospace Development Corporation financial data include depreciation of $5.5 million and are based on audited June 30, 2008 financial statements.

University of Alaska

Figure 9-7. University of Alaska ($ million)

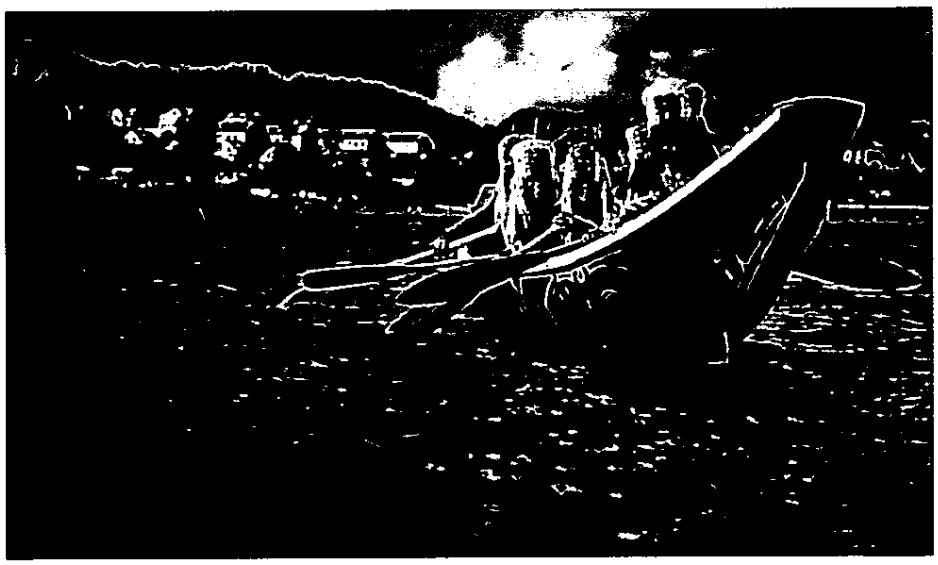
Lands & Facilities June 30,2007	Total Assets June 30, 2007	Unrestricted Net Assets	FY 2008 Operating Budget	FY 2008 Total Positions
$792.2 [1]	$1,205.0	$66.5	$838.1	4,916

[1] Includes depreciation of $681.5 million.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008



Alaska Native Canoe
© Alaska Division of Tourism

10. Appendices

A. Revenue

A-1 Glossary of Terms Used in this Revenue Sources Book 100

A-2 General Fund Unrestricted Revenue Sensitivity Matrices, FY 2009-2011 101

A-3 General Purpose Unrestricted Revenue—History 102
A-4a General Purpose Unrestricted Petroleum Revenue—History 104
A-4b General Purpose Unrestricted Petroleum Revenue—Forecast 105

A-5a Total Alaska Government Petroleum Revenue—History 106
A-5b Total Alaska Government Petroleum Revenue—Forecast 107

B. Prices

B-1a Crude Oil and Natural Gas Prices—History 108
B-1b Crude Oil and Natural Gas Prices—Forecast 109

B-2a Nominal Netback Costs—History 110
B-2b Nominal Netback Costs—Forecast 111

B-3 Price Changes from Spring 2008 Forecast 112

C. Production

C-1 Production Changes from Spring 2008 Forecast 113

C-2a Crude Oil Production—History 114
C-2b Crude Oil Production—Forecast 115

C-3a Economic Limit Factor (for fields with Positive ELF)—History 116
C-3b Economic Limit Factor (for fields with Positive ELF)—Forecast 117

Revenue. A-1

Glossary of Terms

Constitutional Budget Reserve Fund (CBRF)

Created by voters in 1990, the Constitutional Budget Reserve Fund receives proceeds from settlements of oil, gas, and mining tax and royalty disputes. The legislature may, with a three-quarters majority vote in each chamber, withdraw money from the fund.

Federal Revenue

Revenue appropriated from the federal government to the state with restrictions on how the money can be used. Highway and airport construction funds, Medicaid and education funding cannot be used for other purposes. In addition to restricting how the money is spent, the federal government often requires states to put up matching funds to qualify for the federal funding.

General Fund Revenue

General Fund Revenue has different meanings in different contexts. In the state's official financial reports, General Fund Revenue is used to designate the sum of General Purpose Unrestricted Revenue, General Fund sub-account revenue, program receipts and federal dollars spent through the General Fund. In budget-writing context, General Fund revenue has a definition similar to General Purpose Unrestricted Revenue.

Permanent Fund GASB (or Market) Income

Under standards adopted by the Governmental Accounting Standards Board (GASB), the Permanent Fund's income—and that of any other government fund—is the difference between the purchase price of the investments and their market value at a given point in time, plus any dividends, interest or rent earned on those investments. Under GASB standards, the Permanent Fund does not have to sell the investment to count the gain or loss as it changes value. It is called "marking to market," that is, measuring the value of the fund's investments by the current market price. This can produce a much different picture than Permanent Fund statutory income, which does not reflect fluctuating investment values until the assets are sold.

Permanent Fund Statutory Income

Permanent Fund statutory income is the sum of realized gains and losses of all Permanent Fund investment transactions during the year, plus interest, dividends and rents earned by the fund. The Permanent Fund Dividend is based on statutory income. Though the legislature may appropriate the earnings for any purpose it chooses, the historical practice has been to restrict the use of realized income to dividends and inflation proofing, and then either leave the excess in the Realized Earnings Account or transfer it to the principal of the Permanent Fund.

Restricted Program Receipts

Revenue that is earmarked in state statute or by contract for specific purposes and is usually appropriated back to the program that generated the revenue. Examples include University of Alaska tuition payments, marine highway receipts, payments to various revolving loan funds and public corporation receipts. Some of this revenue is actually dedicated as a consequence of the provisions of Article 18, Section 11 of the Alaska Constitution. The remainder, while statutorily earmarked, may be appropriated to purposes other than those reflected in statute if the legislature so chooses.

Restricted Revenue

Restricted revenue represents revenue that is restricted by the constitution, state or federal law, trust or debt restrictions, or by customary practice. The legislature can at any time remove restrictions that are solely imposed by either Alaska statute or customary practice. Program receipts, revenues allocated to sub-accounts of the General Fund, and General Fund revenues customarily shared with other entities are all considered restricted revenues for the purposes of this report.

General Purpose Unrestricted Revenue

Revenue not restricted by the constitution, state or federal law, trust or debt restrictions or customary practice. Most legislative and public debate over the budget each year centers on this category of revenue. In deriving this figure from General Fund revenues, we have excluded General Fund sub-account revenue, as well as customarily restricted revenues such as shared taxes and marine highway receipts.

Revenue. A-2

General Purpose Unrestricted Revenue Matrices, with Price and Cost Sensitivity, FY 2009-2011 ($ million)

FY 2009[1]

At forecasted production of 0.689 mmbbls/day

ANS $/barrel[2]	Total capital & operating costs In dollars/barrel		
	$15.00	$20.00	$25.00
$40	N/A	N/A	N/A
$45	N/A	N/A	N/A
$50	4,406	4,406	4,406
$55	4,791	4,616	4,616
$60	5,231	4,919	4,824
$65	5,673	5,361	5,058
$70	6,136	5,802	5,489
$75	6,769	6,244	5,926
$80	7,456	6,842	6,342
$85	8,218	7,520	6,917
$90	9,054	8,272	7,585
$95	9,965	9,098	8,327
$100	10,955	10,004	9,148

FY 2010

At forecasted production of 0.665 mmbbls/day

ANS $/barrel	Total capital & operating costs In dollars/barrel		
	$15.00	$20.00	$25.00
$40	2,089	1,856	1,856
$45	2,511	2,225	2,015
$50	2,934	2,646	2,346
$55	3,416	3,069	2,769
$60	4,004	3,537	3,191
$65	4,609	4,096	3,615
$70	5,261	4,703	4,173
$75	5,951	5,346	4,769
$80	6,683	6,032	5,407
$85	7,462	6,765	6,092
$90	8,278	7,536	6,814
$95	9,136	8,348	7,579
$100	10,042	9,207	8,390

FY 2011

At forecasted production of 0.644 mmbbls/day

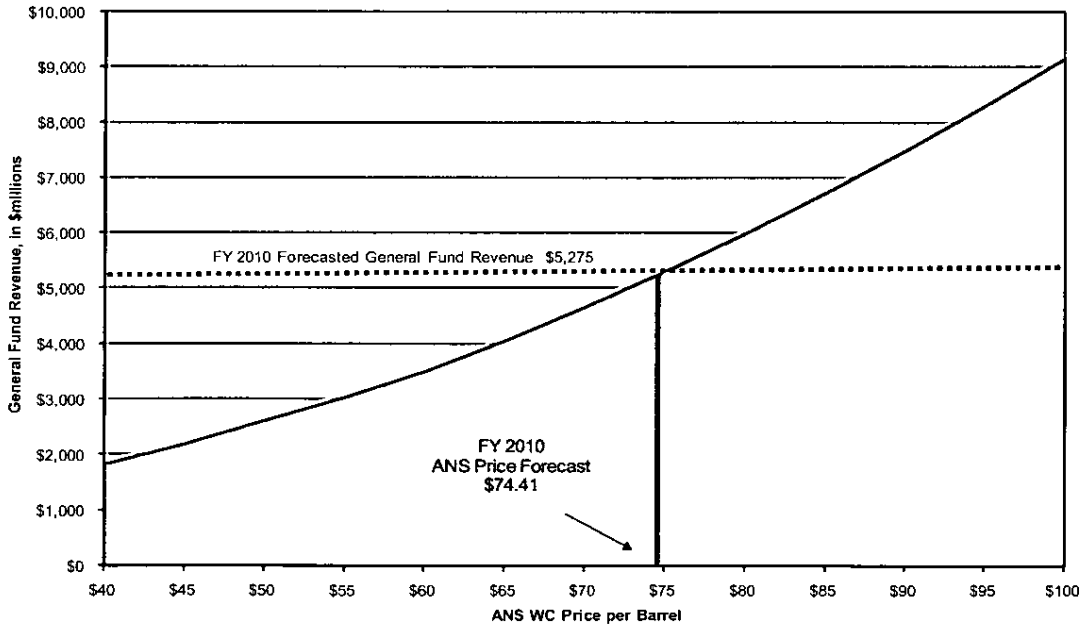
ANS $/barrel	Total capital & operating costs In dollars/barrel		
	$15.00	$20.00	$25.00
$40	2,057	1,830	1,830
$45	2,474	2,181	1,984
$50	2,878	2,584	2,291
$55	3,349	2,993	2,699
$60	3,914	3,438	3,102
$65	4,497	3,973	3,503
$70	5,121	4,144	4,033
$75	5,790	5,172	4,608
$80	6,496	5,831	5,220
$85	7,242	6,531	5,873
$90	8,035	7,276	6,571
$95	8,864	8,058	7,306
$100	9,733	8,880	8,082

[1]FY 2009 revenue totals illustrate the significant impact of monthly variation in oil prices. Oil prices for the first three months of the fiscal year averaged $116 per barrel. In these three months, over one half of the total forecasted production tax of $3,589 was collected. This is largely due to the impact of the progressive surcharge, which is triggered at net profit of $30 per barrel, and is calculated on a monthly basis.

[2]Fiscal year averages incorporate actual prices for the first four months of FY 2009. Because oil prices were high in the first four months, prices would have to remain very low for the rest of the fiscal year to bring the average down to the levels in this table (e.g. a fiscal year price of $50 per barrel would require eight months of oil prices at around $22 per barrel).

*In addition to price and production, revenue estimates under ACES depend on levels of spending by petroleum producers and explorers. Spending plans may change as companies occasionally revise their investment strategies. The above estimates also do not consider how company investment decisions would change with a change in oil prices.

FY 2010 General Fund Unrestricted Revenue, with Price Sensitivity



Revenue. A-3

General Purpose Unrestricted Revenue—History [1][2]

($ million)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TAX REVENUE										
Petroleum Property Tax	**48.8**	**45.0**	**45.1**	**49.6**	**48.7**	**47.3**	**42.5**	**54.5**	**65.6**	**81.5**
Excise Tax										
Alcoholic Beverages	12.2	12.7	12.0	12.9	14.1	16.4	17.3	17.6	17.1	20.0
Tobacco Products	15.2	16.3	16.3	15.5	16.3	16.0	25.1	35.4	43.8	44.9
Insurance Premium	28.4	28.7	32.2	34.1	39.0	43.7	45.9	44.3	46.5	47.1
Electric and Telephone Cooperative	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Motor Fuel Tax	37.6	41.9	37.5	40.2	37.2	41.2	39.4	42.0	39.2	41.8
Vehicle Rental tax	0.0	0.0	0.0	0.0	0.0	2.7	7.5	7.7	8.0	8.5
Tire Fee	0.0	0.0	0.0	0.0	0.0	0.8	1.6	1.6	1.5	1.5
Total	**93.6**	**99.8**	**98.2**	**102.8**	**106.8**	**121.0**	**137.0**	**148.8**	**156.3**	**164.0**
Income Tax										
General Corporate	53.8	56.3	59.5	53.4	47.7	39.6	61.8	138.0	176.9	182.7
Petroleum Corporate	145.1	162.7	338.1	178.4	151.1	298.8	524.0	661.1	594.4	605.8
Total	**198.9**	**219.0**	**397.6**	**231.8**	**198.8**	**338.4**	**585.8**	**799.1**	**771.3**	**788.5**
Severance Tax										
Oil and Gas Production	358.6	693.2	694.4	486.7	589.8	642.7	854.9	1,191.7	2,198.3	6,867.3
Oil and Gas Conservation	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.1	0.0
Oil and Gas Hazardous Release	11.1	9.5	9.4	9.6	9.2	9.2	8.3	7.8	0.0	11.7
Total	**371.1**	**702.7**	**703.8**	**496.3**	**599.0**	**651.9**	**863.2**	**1,199.5**	**2,208.4**	**6,879.0**
Fish Tax										
Fisheries Business Tax	25.9	18.2	15.4	12.7	13.8	14.9	10.7	15.4	17.1	14.7
Fish Landing	5.9	2.2	4.1	2.6	6.9	2.5	3.9	4.7	5.3	7.9
Other [3]	9.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**41.0**	**20.4**	**19.5**	**15.3**	**20.7**	**17.4**	**14.6**	**20.1**	**22.4**	**22.6**
Other Tax										
Estate	1.7	2.5	2.7	3.1	1.2	2.3	1.5	0.6	0.1	0.0
Mining [4]	0.6	3.4	1.7	0.5	0.4	3.2	10.3	18.6	79.1	54.4
Charitable Gaming [4]	2.2	2.3	2.4	2.5	2.6	2.4	2.5	2.4	2.5	2.7
Large Passenger Vessel Gambling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.8
Other [4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**4.5**	**8.2**	**6.8**	**6.1**	**4.2**	**7.9**	**14.3**	**21.6**	**81.7**	**63.9**
TOTAL TAX REVENUE	**757.9**	**1,095.1**	**1,271.0**	**901.9**	**978.2**	**1,183.9**	**1,657.4**	**2,243.6**	**3,305.7**	**7,999.5**

(continued on next page)

General Purpose Unrestricted Revenue—History (continued from prior page)

($ million)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
NON TAX REVENUE										
Licenses and Permits	**63.7**	**68.4**	**37.3**	**42.2**	**33.6**	**41.8**	**42.7**	**41.0**	**42.0**	**38.9**
Intergovernmental Receipts										
Federal Shared Revenues	0.8	1.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Charges for Services	**70.6**	**43.7**	**27.0**	**19.1**	**13.9**	**11.1**	**17.9**	**21.8**	**28.5**	**29.3**
Fines and Forefeitures	**12.5**	**46.2**	**33.6**	**6.6**	**7.0**	**16.0**	**9.4**	**8.5**	**7.8**	**8.9**
Rents and Royalties										
Oil and Gas Royalties-Net	322.6	727.8	781.0	575.7	825.7	1,042.8	1,401.1	1,772.2	1,583.8	2,420.6
Oil and Gas Bonuses, Rents, Interest[5] [6]	25.6	4.1	18.3	20.1	14.6	13.3	18.8	11.9	29.2	25.5
Other [7]	10.9	9.7	10.9	9.3	6.2	7.8	9.3	8.8	11.8	15.7
Total	**359.1**	**741.6**	**810.2**	**605.1**	**846.5**	**1,063.9**	**1,429.2**	**1,792.9**	**1,624.8**	**2,461.8**
Investment Earnings[6]	**46.5**	**48.1**	**67.6**	**43.1**	**59.0**	**9.7**	**24.7**	**53.3**	**140.1**	**227.8**
Miscellaneous Revenue	**37.3**	**37.6**	**34.9**	**42.3**	**9.4**	**19.2**	**7.5**	**39.3**	**9.7**	**26.2**
Sub-Total NON-TAX REVENUE	**590.5**	**986.6**	**1,010.9**	**758.4**	**969.4**	**1,161.7**	**1,531.4**	**1,956.8**	**1,852.9**	**2,792.9**
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NON-TAX REVENUE	**590.5**	**986.6**	**1,010.9**	**758.4**	**969.4**	**1,161.7**	**1,531.4**	**1,956.8**	**1,852.9**	**2,792.9**
TOTAL TAX REVENUE	**757.9**	**1,095.1**	**1,271.0**	**901.9**	**978.2**	**1,183.9**	**1,657.4**	**2,243.6**	**3,305.7**	**7,999.5**
TOTAL GENERAL PURPOSE UNRESTRICTED REVENUE	**1,348.4**	**2,081.7**	**2,281.9**	**1,660.3**	**1,947.6**	**2,345.6**	**3,188.8**	**4,200.4**	**5,158.6**	**10,792.4**

(1) General Purpose Unrestricted Revenue includes those revenues that are not restricted by statute or custom, as reported elsewhere in this publication. A summary of historical General Purpose Unrestricted Revenue can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/GeneralFund-UnrestrictedRevenueHistory.pdf

(2) Prior to FY 2000, data presented are for General Fund unrestricted revenue. This amount is higher than General Purpose Unrestricted Revenue because the data include certain revenues that are restricted by custom, such as fisheries tax revenues shared.

(3) Prior to FY 2000, other fish tax included certain customarily restricted fisheries tax revenues.

(4) Prior to FY 2000, mining license tax and charitable gaming receipts are included in "Other."

(5) These categories are primarily composed of petroleum.

(6) Starting in FY 2001, interest earnings are included in oil and gas royalties and excluded from investment earnings.

(7) Includes non-petroleum rents and royalites.

Revenue. A-4a

General Purpose Unrestricted Petroleum Revenue—History [1]

($ million)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Petroleum Corporate Income Tax	145.1	162.7	338.1	178.4	151.1	298.8	524.0	661.1	594.4	605.8
Production Tax	371.1	702.7	703.8	496.3	599.0	651.9	863.2	1,199.5	2,208.4	6,879.0
Petroleum Property Tax	48.8	45.0	45.1	49.6	48.7	47.3	42.5	54.5	65.6	81.5
Oil and Gas Royalties-Net[2]	322.6	727.8	781.0	575.7	825.7	1,042.8	1,401.1	1,772.2	1,583.8	2,420.6
Bonuses, Rents & Interest-Net[2][3]	25.6	4.1	18.3	20.1	14.6	13.3	18.8	11.9	29.2	25.5
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Petroleum Revenue	**913.2**	**1,642.3**	**1,886.3**	**1,320.1**	**1,639.1**	**2,054.1**	**2,849.6**	**3,699.2**	**4,481.4**	**10,012.4**
Cumulative Unrestricted Petroleum Revenue[4]	**46,082.2**	**47,724.5**	**49,610.8**	**50,930.9**	**52,570.0**	**54,624.1**	**57,473.7**	**61,172.9**	**65,654.3**	**75,666.7**
Total General Purpose Unrestricted Revenue	**1,348.4**	**2,081.7**	**2,281.9**	**1,660.3**	**1,947.6**	**2,345.6**	**3,188.8**	**4,200.4**	**5,158.6**	**10,792.4**
% Petroleum of Total GP Unrestricted Revenue	68%	79%	83%	80%	84%	88%	89%	88%	87%	93%

(1) Historical General Purpose Unrestricted petroleum revenue can be found on the Tax Division's web site at: http://www.tax.alaska.gov/sourcesbook/PetroleumRe enueHistory.pdf. Table on Tax web site includes historical Reserve Tax (FY 1976-1977) and Petroleum Special Settlements (FY 1986-1995) which are reflected current zero totals in Appendix A-4a.

(2) Royalties, bonuses, rents and interest are net of Permanent Fund contribution and Constitutional Budget Reserve Fund (CBRF) deposits.

(3) This category is primarily composed of petroleum revenue.

(4) The cumulative unrestricted petroleum revenue total is based on revenue beginning in FY 1959.

Revenue. A-4b

General Purpose Unrestricted Petroleum Revenue—Forecast [1]

($ million)

FY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Petroleum Corporate Income Tax	635.0	560.0	545.0	545.0	550.0	555.0	550.0	570.0	580.0	590.0
Production Tax	3,588.8	2,389.7	1,602.3	1,734.2	1,670.9	2,222.3	1,910.4	1,983.0	2,252.8	2,552.9
Petroleum Property Tax	72.5	69.4	66.4	63.4	60.5	57.7	55.1	52.5	50.0	47.7
Oil and Gas Royalties-Net[2]	1,746.6	1,601.3	1,472.1	1,453.6	1,440.8	1,424.7	1,365.3	1,423.2	1,429.2	1,445.5
Bonuses, Rents & Interest-Net[2][3]	8.5	6.5	7.7	6.8	8.7	7.1	7.4	7.4	7.4	7.4
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Petroleum Revenue	**6,051.4**	**4,626.9**	**3,693.5**	**3,803.0**	**3,730.9**	**4,266.8**	**3,888.1**	**4,036.1**	**4,319.5**	**4,643.5**
Cumulative Unrestricted Petroleum Revenue[4]	**81,718.1**	**86,345.1**	**90,038.6**	**93,841.6**	**97,572.5**	**101,839.3**	**105,727.4**	**109,763.6**	**114,083.0**	**118,726.5**
Total General Purpose Unrestricted Revenue	**6,751.4**	**5,275.4**	**4,356.6**	**4,482.3**	**4,417.9**	**4,964.1**	**4,596.3**	**4,758.8**	**5,052.2**	**5,383.2**
% Petroleum of Total GP Unrestricted Revenue	90%	88%	85%	85%	84%	86%	85%	85%	85%	86%

(1) Historical General Purpose Unrestricted petroleum revenue can be found on the Tax Division's web site at: http://www.tax.alaska.gov/sourcesbook/PetroleumRevenueHistory.pdf. Table on Tax web site includes historical Reserve Tax (FY 1976-1977) and Petroleum Special Settlements (FY 1986-1995) which are reflected as current zero totals in Appendix A-4a.

(2) Royalties, bonuses, rents and interest are net of Permanent Fund contribution and Constitutional Budget Reserve Fund (CBRF) deposits.

(3) This category is primarily composed of petroleum revenue.

(4) The cumulative unrestricted petroleum revenue total is based on revenue beginning in FY 1959.

Revenue. A-5a

Total Alaska Government Petroleum Revenue—History

($ million)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Unrestricted Petroleum Revenue										
Petroleum Corporate Income Tax	145.1	162.7	338.1	178.4	151.1	298.8	524.0	661.1	594.4	605.8
Oil and Gas Production Tax	358.6	693.2	694.4	486.7	589.8	642.7	854.9	1,191.7	2,198.3	6,867.3
Oil and Gas Hazardous Release	11.1	9.5	9.4	9.6	9.2	9.2	8.3	7.8	10.1	11.7
Oil and Gas Conservation	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Petroleum Property Tax	48.8	45.0	45.1	49.6	48.7	47.3	42.5	54.5	65.6	81.5
Oil & Gas Royalties	322.6	727.8	781.0	575.7	825.7	1,042.8	1,401.1	1,772.2	1,583.8	2,420.6
Bonuses, Rents & Interest	25.6	4.1	18.3	20.1	14.6	13.3	18.8	11.9	29.2	25.5
Total Unrestricted Petroleum Revenue	913.2	1,642.3	1,886.3	1,320.1	1,639.1	2,054.1	2,849.6	3,699.2	4,481.4	10,012.4
Restricted Petroleum Revenue										
NPR-A Rents, Royalties, Bonuses	0.0	40.3	1.7	1.7	34.6	2.5	31.6	4.5	12.8	5.2
Royalties to Permanent Fund	155.5	301.1	339.3	257.7	397.6	354.7	476.9	599.5	535.0	782.6
Royalties to Public School Fund	2.4	5.4	5.6	4.3	6.2	7.1	9.6	12.0	10.6	16.5
CBRF Deposits [1]	55.4	448.3	49.1	90.2	22.3	8.4	27.4	43.7	101.9	438.3
Total Restricted Petroleum Revenue	213.3	795.1	395.7	353.9	460.7	372.7	545.5	659.7	660.3	1,242.6
Total Petroleum Revenue	**2,039.7**	**2,437.4**	**2,282.0**	**1,674.0**	**2,099.8**	**2,426.8**	**3,395.1**	**4,358.9**	**5,141.7**	**11,255.0**

[1] Oil and Gas Settlements from DOR Mineral Payments Fund Allocation Detail.

Revenue. A-5b

Total Alaska Government Petroleum Revenue—Forecast [1]

($ million)

FY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Unrestricted Petroleum Revenue										
Petroleum Corporate Income Tax	635.0	560.0	545.0	545.0	550.0	555.0	550.0	570.0	580.0	590.0
Oil and Gas Production Tax	3,577.8	2,379.2	1,592.1	1,723.9	1,660.6	2,211.7	1,900.2	1,973.1	2,243.1	2,543.5
Oil and Gas Hazardous Release	11.0	10.5	10.2	10.3	10.3	10.6	10.2	9.9	9.7	9.4
Oil and Gas Conservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Petroleum Property Tax	72.5	69.4	66.4	63.4	60.5	57.7	55.1	52.5	50.0	47.7
Oil & Gas Royalties	1,746.6	1,601.3	1,472.1	1,453.6	1,440.8	1,424.7	1,365.3	1,423.2	1,429.2	1,445.5
Bonuses, Rents & Interest	8.5	6.5	7.7	6.8	8.7	7.1	7.4	7.4	7.4	7.4
Total Unrestricted Petroleum Revenue	6,051.4	4,626.9	3,693.5	3,803.0	3,730.9	4,266.8	3,888.1	4,036.1	4,319.5	4,643.5
Restricted Petroleum Revenue										
NPR-A Rents, Royalties, Bonuses	22.5	7.5	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Royalties to Permanent Fund	705.0	723.1	658.9	638.9	629.1	618.1	590.4	617.6	619.3	619.7
Royalties to Public School Fund	12.4	11.7	10.7	10.5	10.4	10.3	9.9	10.3	10.3	10.4
CBRF Deposits [1]	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Total Restricted Petroleum Revenue	759.8	762.3	697.3	677.1	667.1	656.0	627.8	655.5	657.3	657.8
Total Petroleum Revenue	**6,811.3**	**5,389.2**	**4,390.8**	**4,480.1**	**4,398.0**	**4,922.8**	**4,516.0**	**4,691.7**	**4,976.7**	**5,301.2**

[1] Oil and Gas Settlements from DOR Mineral Payments Fund Allocation Detail.

Prices. B-1a

Crude Oil and Natural Gas Prices—History[1][2]

NOMINAL[3]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
WTI	14.48	25.99	30.05	23.70	29.90	33.73	48.72	64.22	63.35	97.02
ANS West Coast Spot	12.99	24.42	27.54	21.65	28.59	32.36	44.85	62.12	61.60	96.51
ANS Wellhead Wtd Average All Destinations	8.88	19.87	22.56	17.04	23.42	27.46	40.12	56.69	56.20	90.46
Cook Inlet Wellhead	10.84	22.14	25.64	19.37	25.32	28.41	41.72	58.26	57.31	82.26

Henry Hub Natural Gas Prices
($ per million Btu)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Henry Hub	1.98	2.81	5.43	2.76	4.84	5.41	6.26	9.12	6.88	8.30

REAL 2008 $[4]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
WTI	18.46	32.49	36.22	27.66	34.54	38.16	53.37	68.62	64.88	97.02
ANS West Coast Spot	16.56	30.53	33.19	25.27	33.03	36.60	49.13	66.37	63.08	96.51
ANS Wellhead Wtd Average All Destinations	11.32	24.84	27.19	19.90	27.05	31.06	43.95	60.57	57.02	90.46
Cook Inlet Wellhead	13.82	27.69	30.91	22.61	29.24	32.14	45.70	62.24	58.69	82.26

Henry Hub Natural Gas Prices
($ per million Btu)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Henry Hub	2.52	3.51	6.54	3.22	5.59	6.12	6.85	9.75	7.04	8.30

Prices. B-1b

Crude Oil Prices—Forecast

NOMINAL[3]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
WTI	79.79	76.91	74.15	75.07	76.05	76.74	76.32	81.01	83.24	85.53
ANS West Coast Spot	77.66	74.41	71.65	72.57	73.55	74.24	73.82	78.51	80.74	83.03
ANS Wellhead Wtd Average All Destinations	71.84	68.93	66.05	66.67	67.48	68.04	67.48	72.06	74.09	76.35
Cook Inlet Wellhead	71.18	72.47	69.71	70.64	71.62	72.31	71.90	76.60	78.79	81.09

REAL 2008 $

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
WTI	79.79	74.86	70.23	69.21	68.23	67.00	64.85	67.00	67.00	67.00
ANS West Coast Spot	77.66	72.42	67.86	66.90	65.99	64.82	62.73	64.93	64.99	65.04
ANS Wellhead Wtd Average All Destinations	71.84	67.09	62.56	61.46	60.54	59.41	57.35	59.60	59.64	59.81
Cook Inlet Wellhead	71.18	70.53	66.03	65.12	64.26	63.14	61.10	63.35	63.42	63.52

(1) In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

(2) Data from Platt's Oilgram Price Report, Wood McKenzie and Alaska Department of Revenue's prevailing value and tax return data. Historical real and nominal crude oil and natural gas prices can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/OilGasPrices.pdf.

(3) Adjustment to "nominal" dollars is required to prepare the crude oil and natural gas price forecasts. Callan Associates Inc.'s inflation rate of 2.75% was used for FY 2009 and beyond.

(4) Adjustment to "real 2008" dollars is useful to compare prices across time excluding inflation. These prices data are adjusted to real 2008 dollars based on inflation rates provided by the U.S. Department of Labor, Bureau of Labor Statistics. The data series used is the Consumer Price Index for all Urban Consumers (CPI-U) which can be found at: www.gls.gov/cpi/home.htm.

Prices. B-2a

Nominal Netback Costs—History [1][2]

Marine Costs, TAPS Tariff, Feeder Pipeline and Other Adjustment Charges

($ per barrel)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Marine Costs	1.52	1.56	1.40	1.58	1.70	1.69	1.79	1.65	1.63	1.93
TAPS Tariff	2.73	2.90	3.30	3.50	3.37	3.16	3.33	3.55	4.51	5.08
TAPS Quality Bank + Loss	0.00	0.00	0.00	(0.03)	(0.05)	(0.15)	(0.27)	(0.27)	(0.81)	(1.00)
Feeder Pipe + Other Upstream Costs	0.03	(0.03)	(0.07)	0.10	0.31	0.25	0.23	0.42	0.34	0.05
Location Differential	(0.17)	0.11	0.36	(0.55)	(0.16)	(0.05)	(0.36)	0.08	(0.28)	(0.01)
Total	**4.11**	**4.55**	**4.98**	**4.60**	**5.17**	**4.89**	**4.72**	**5.43**	**5.40**	**6.05**

[1] In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

[2] Historical netback costs can be found on the Tax Division web site: www.tax.alaska.gov/sourcesbook/NetbackCosts.pdf.

Prices. B-2b

Nominal Netback Costs—Forecast [1]

Marine Costs, TAPS Tariff, Feeder Pipeline and Other Adjustment Charges

($ per barrel)

FY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Marine Costs	2.17	2.43	2.48	2.53	2.58	2.63	2.68	2.73	2.78	2.83
TAPS Tariff	4.52	3.75	3.79	3.95	4.01	4.02	4.11	4.23	4.35	4.35
TAPS Quality Bank + Loss	(0.98)	(0.81)	(0.84)	(0.86)	(0.88)	(0.91)	(0.93)	(0.96)	(0.98)	(1.01)
Feeder Pipe + Other Upstream Costs	0.11	0.12	0.17	0.29	0.37	0.46	0.48	0.45	0.51	0.52
Location Differential	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**5.82**	**5.48**	**5.59**	**5.90**	**6.07**	**6.20**	**6.33**	**6.45**	**6.65**	**6.68**

[1] Data from the Department of Revenue's Forecast Model.

Prices. B-3

Price Changes from Spring 2008 Forecast

(nominal $ per barrel)

FY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fall 2008 Forecast										
WTI	79.79	76.91	74.15	75.07	76.05	76.74	76.32	81.01	83.24	85.53
ANS West Coast	77.66	74.41	71.65	72.57	73.55	74.24	73.82	78.51	80.74	83.03
ANS Wellhead Wtd Average All Destinations	71.84	68.93	66.05	66.67	67.48	68.04	67.48	72.06	74.09	76.35
Cook Inlet Wellhead	71.18	72.47	69.71	70.64	71.62	72.31	71.90	76.60	78.79	81.09
Spring 2008 Forecast										
WTI	85.54	83.15	82.29	81.79	81.04	81.93	81.30	83.54	85.83	88.19
ANS West Coast	83.04	80.65	79.79	79.29	78.54	79.43	78.80	81.04	83.33	85.62
ANS Wellhead Wtd Average All Destinations	77.65	76.30	75.24	74.51	73.59	74.31	73.52	75.54	77.70	79.84
Cook Inlet Wellhead	78.74	76.35	75.49	74.99	74.24	75.13	74.50	76.74	79.03	81.21
$ change from prior forecast										
WTI	(5.75)	(6.24)	(8.14)	(6.72)	(4.99)	(5.19)	(4.98)	(2.52)	(2.59)	(2.66)
ANS West Coast	(5.38)	(6.24)	(8.14)	(6.72)	(4.99)	(5.19)	(4.98)	(2.52)	(2.59)	(2.60)
ANS Wellhead Wtd Average All Destinations	(5.81)	(7.37)	(9.19)	(7.83)	(6.11)	(6.27)	(6.04)	(3.48)	(3.61)	(3.49)
Cook Inlet Wellhead	(7.56)	(3.89)	(5.78)	(4.35)	(2.62)	(2.81)	(2.60)	(0.13)	(0.24)	(0.12)
% change from prior forecast										
WTI	(6.7%)	(7.5%)	(9.9%)	(8.2%)	(6.2%)	(6.3%)	(6.1%)	(3.0%)	(3.0%)	(3.0%)
ANS West Coast	(6.5%)	(7.7%)	(10.2%)	(8.5%)	(6.4%)	(6.5%)	(6.3%)	(3.1%)	(3.1%)	(3.0%)
ANS Wellhead Wtd Average All Destinations	(7.5%)	(9.7%)	(12.2%)	(10.5%)	(8.3%)	(8.4%)	(8.2%)	(4.6%)	(4.6%)	(4.4%)
Cook Inlet Wellhead	(9.6%)	(5.1%)	(7.7%)	(5.8%)	(3.5%)	(3.7%)	(3.5%)	(0.2%)	(0.3%)	(0.1%)

Production. C-1

Production Differences from Spring 2008 Forecast

(million barrels per day)

FY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fall 2008 Forecast										
ANS	0.689	0.665	0.644	0.644	0.644	0.660	0.635	0.616	0.606	0.585
Cook Inlet	0.013	0.012	0.011	0.010	0.009	0.009	0.008	0.008	0.007	0.007
ALASKA	0.701	0.676	0.655	0.654	0.653	0.669	0.643	0.624	0.613	0.592
Spring 2008 Forecast										
ANS	0.689	0.669	0.666	0.669	0.676	0.674	0.667	0.635	0.610	0.663
Cook Inlet	0.013	0.012	0.011	0.010	0.010	0.009	0.009	0.008	0.008	0.007
ALASKA	0.702	0.682	0.677	0.679	0.685	0.683	0.675	0.643	0.618	0.670
Volume change from prior forecast										
ANS	(0.000)	(0.005)	(0.022)	(0.024)	(0.032)	(0.014)	(0.031)	(0.019)	(0.004)	(0.078)
Cook Inlet	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.000)	(0.000)	(0.001)	(0.001)
ALASKA	(0.001)	(0.005)	(0.022)	(0.025)	(0.032)	(0.014)	(0.032)	(0.019)	(0.005)	(0.078)
Percent change from prior forecast										
ANS	0.0%	(0.7%)	(3.3%)	(3.7%)	(4.7%)	(2.0%)	(4.7%)	(2.9%)	(0.7%)	(11.7%)
Cook Inlet	(5.8%)	(4.5%)	(4.8%)	(5.0%)	(5.3%)	(5.5%)	(5.8%)	(6.0%)	(7.2%)	(7.6%)
ALASKA	(0.1%)	(0.8%)	(3.3%)	(3.7%)	(4.7%)	(2.1%)	(4.7%)	(3.0%)	(0.8%)	(11.7%)

Production. C-2a

Crude Oil Production—History [1][2]

(million barrels per day)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Prudhoe Bay[3]	0.626	0.571	0.536	0.486	0.429	0.414	0.380	0.335	0.271	0.291
PBU Satellites[4]	0.004	0.005	0.007	0.030	0.045	0.052	0.043	0.041	0.043	0.034
GPMA[5]	0.152	0.113	0.088	0.073	0.065	0.060	0.055	0.048	0.037	0.044
Kuparuk	0.238	0.211	0.197	0.174	0.160	0.154	0.141	0.133	0.121	0.113
Kuparuk Satellites[6]	0.028	0.036	0.031	0.041	0.052	0.049	0.051	0.043	0.044	0.038
Milne Point[7]	0.055	0.053	0.052	0.052	0.051	0.051	0.049	0.041	0.033	0.033
Endicott[8]	0.049	0.043	0.037	0.033	0.029	0.028	0.020	0.021	0.016	0.014
Liberty										
Alpine[9]			0.045	0.096	0.099	0.099	0.105	0.123	0.103	0.079
Fiord[10]									0.011	0.018
Nanuq[11]									0.010	0.019
NPR-A										
Offshore[12]										0.000
Northstar[13]				0.025	0.059	0.066	0.068	0.055	0.045	0.034
Total ANS	**1.150**	**1.033**	**0.993**	**1.010**	**0.991**	**0.974**	**0.911**	**0.840**	**0.734**	**0.716**
Cook Inlet	**0.027**	**0.026**	**0.025**	**0.029**	**0.030**	**0.025**	**0.020**	**0.018**	**0.016**	**0.014**
Total Alaska	**1.177**	**1.059**	**1.018**	**1.039**	**1.021**	**0.999**	**0.931**	**0.858**	**0.750**	**0.730**

(1) In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

(2) A summary of historical crude oil production can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/AlaskaProduction.pdf.

(3) Includes NGLs from Central Gas Facility shipped to TAPS.

(4) Aurora, Borealis, Midnight Sun, Orion and Polaris.

(5) Lisburne, Niakuk, North Prudhoe Bay State, Point McIntyre, Raven, West Beach and West Niakuk.

(6) Meltwater, Tabasco, Tarn and West Sak.

(7) Includes Sag River and Schrader Bluff.

(8) Includes Badami, Eider and Sag Delta.

(9) Includes Alpine-West and Qannik.

(10) Fiord, Fiord-Kuparuk and Fiord West.

(11) Nanuq and Nanuq-Kuparuk.

(12) Known Offshore includes Nikaitchuq and Oooguruk.

(13) Includes Outer Continental Shelf (OCS) production.

Production. C-2b

Crude Oil Production—Forecast [1]

(million barrels per day)

FY	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Prudhoe Bay[2]	0.282	0.268	0.257	0.247	0.237	0.243	0.233	0.224	0.215	0.207
PBU Satellites[3]	0.039	0.042	0.046	0.052	0.057	0.060	0.063	0.062	0.064	0.063
GPMA[4]	0.040	0.040	0.037	0.034	0.032	0.030	0.029	0.027	0.026	0.024
Kuparuk	0.105	0.096	0.091	0.088	0.086	0.083	0.080	0.077	0.075	0.072
Kuparuk Satellites[5]	0.036	0.037	0.035	0.033	0.031	0.029	0.026	0.027	0.035	0.042
Milne Point[6]	0.032	0.030	0.031	0.031	0.033	0.035	0.038	0.037	0.037	0.038
Endicott[7]	0.015	0.014	0.013	0.014	0.015	0.015	0.016	0.016	0.017	0.018
Liberty				0.022	0.032	0.041	0.032	0.027	0.022	0.016
Alpine[8]	0.068	0.063	0.056	0.050	0.049	0.047	0.043	0.039	0.034	0.030
Fiord[9]	0.019	0.020	0.018	0.016	0.014	0.012	0.011	0.019	0.017	0.015
Nanuq[10]	0.019	0.012	0.011	0.010	0.009	0.008	0.007	0.006	0.005	0.004
NPR-A					0.002	0.010	0.015	0.013	0.021	0.019
Offshore[11]	0.006	0.017	0.028	0.031	0.033	0.035	0.035	0.033	0.031	0.030
Northstar[12]	0.028	0.026	0.021	0.017	0.014	0.012	0.010	0.008	0.007	0.006
Total ANS	**0.689**	**0.665**	**0.644**	**0.644**	**0.644**	**0.660**	**0.635**	**0.616**	**0.606**	**0.585**
Cook Inlet	**0.013**	**0.012**	**0.011**	**0.010**	**0.009**	**0.009**	**0.008**	**0.008**	**0.007**	**0.007**
Total Alaska	**0.701**	**0.676**	**0.655**	**0.654**	**0.653**	**0.669**	**0.643**	**0.624**	**0.613**	**0.592**

(1) In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

(2) Includes NGLs from Central Gas Facility shipped to TAPS.

(3) Aurora, Borealis, Midnight Sun, Orion and Polaris.

(4) Lisburne, Niakuk, North Prudhoe Bay State, Point McIntyre, Raven, West Beach and West Niakuk.

(5) Meltwater, Tabasco, Tarn and West Sak.

(6) Includes Sag River and Schrader Bluff.

(7) Includes Badami, Eider and Sag Delta.

(8) Includes Alpine-West and Qannik.

(9) Fiord, Fiord-Kuparuk and Fiord West.

(10) Nanuq and Nanuq-Kuparuk.

(11) Known Offshore includes Nikaitchuq and Oooguruk.

Production. C-3a

Economic Limit Factors (for Fields with Positive ELF)—History [1][2]

(percent)

FY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Prudhoe Bay	0.946	0.931	0.915	0.895	0.868	0.850	0.847	0.856	0.789	0.809
Aurora							0.367	0.856	0.789	0.809
Borealis				0.098	0.107	0.076	0.369	0.856	0.789	0.809
Midnight Sun				0.018	0.001	0	0.367	0.856	0.789	0.809
Orion							0.368	0.856	0.789	0.809
Polaris							0.367	0.856	0.789	0.809
Point McIntyre	0.834	0.618	0.415	0.192	0.162	0.098	0.383	0.856	0.789	0.809
Kuparuk	0.691	0.589	0.487	0.336	0.234	0.165	0.044	0.004	0	0
Tarn	0.078	0.041	0.003	0.050	0.102	0.051	0.008	0.001	0	0
Milne Point	0.040	0.025	0.009	0.001	0	0	0	0.069	0	0
Endicott	0.078	0.046	0.007	0.001	0	0	0	0	0	0
Alpine			0.418	0.878	0.858	0.842	0.829	0.856	0.781	0.603
Fiord									0.007	0.023
Fiord-Kuparuk									0.011	0.000
Nanuq-Kuparuk									0.207	0.326
Northstar				0.495	0.861	0.847	0.824	0.722	0.521	0.266
Volume Weighted ELF	**0.763**	**0.700**	**0.646**	**0.608**	**0.580**	**0.553**	**0.564**	**0.608**	**0.535**	**0.499**

[1] In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

[2] A summary of historical ELFs can be found on the Tax Division's web site at www.tax.alaska.gov/sourcesbook/ELFs.pdf.

Under the ELF production tax system, the tax rate for oil depended on the age of the field and the Economic Limit Factor (ELF). The ELF was calculated based on total daily oil production and average daily per well production from each producing field. The statutory production tax rate on oil was 12.25% of its value at the point of production for the first five years of field production and 15% thereafter. There was a minimum tax of 80 cents per taxable barrel. The effective tax rate was calculated by multiplying the statutory tax rate, even if it was the minimum 80 cents per barrel, times the ELF. The ELF formula resulted in lower effective tax rates for smaller, low-production fields and higher tax rates for larger, highly productive fields. There was a unique combination of total daily field production and average daily per well production.

In January 2005, the department aggregated seven fields in the Prudhoe Bay Unit. The decision to aggregate focused on, among other things, the increasing interdependence found in the engineering and operation of the fields.

Production. C-3b

Economic Limit Factors (for Fields with Positive ELF)—Forecast [1]

(percent)

FY	2009	2010	2011
Prudhoe Bay	0.800	0.750	0.726
Aurora	0.800	0.750	0.726
Borealis	0.800	0.750	0.726
Midnight Sun	0.800	0.750	0.726
Orion	0.800	0.750	0.726
Polaris	0.800	0.750	0.726
Point McIntyre	0.800	0.750	0.726
Kuparuk	0.000	0.000	0.000
Tarn	0.000	0.000	0.000
Milne Point	0.000	0.000	0.000
Endicott	0.000	0.000	0.000
Alpine	0.366	0.323	0.207
Fiord	0.029	0.006	0.000
Fiord-Kuparuk	0.001	0.000	0.000
Nanuq-Kuparuk	0.258	0.011	0.001
Northstar	0.150	0.010	0.000
Volume Weighted ELF	**0.441**	**0.398**	**0.373**

[1] ELF is projected through FY 2011 to assist in the comparison of ACES revenues and revenue under the old ELF-based system. This comparison is required under the new statute.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008

Bull Moose

© Alaska Division of Tourism

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008

In accordance with AS 37.07.060 (b)(4), the Revenue Sources book is compiled biannually by the Alaska Department of Revenue to assist the governor in formulating a proposed comprehensive financial plan for presentation to the Alaska State Legislature. Within the publication are shown prior year actuals, revised current year estimates and future year projections.

Anticipated state income is projected through the use of a number of data sources:

(1) econometric models developed by the Department of Revenue to forecast unrestricted non-petroleum revenues;

(2) a petroleum revenue model created by the department's Tax Division;

(3) estimates from individual state agencies.

We thank the various state agencies for their cooperation in computing anticipated revenues for publication in this Fall 2008 Revenue Sources Book.

The Department of Revenue complies with Title II of the Americans With Disabilities Act of 1990. This publication is available in alternative communication formats upon request. Please contact the division's representative at 907-465-3692 or 907-465-3678 (TDD) to make necessary arrangements.

This publication, required by law (AS 37.07.060), was printed in Juneau, Alaska at a cost of about $13 per copy.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2008

Forecast & Historical Data

Sarah Palin, Governor

Patrick Galvin, Commissioner

Jonathan Iversen, Director

Cherie Nienhuis, Acting Chief Economist

www.tax.alaska.gov

1/23/09 PRINCIPLES OF THE PERMANENT FUND PRINCIPAL

<target><bill></bill><subject>1-23-09 PRINCIPLES OF THE PERMANENT FUND
PRINCIPAL</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Friday, January 23, 2009

The Principles of the Permanent Fund Principal

GE Greg Erickson, Economist

Pg Pat Galvin, Commissioner, Department of Revenue

JB Jerry Burnett, Deputy Commissioner, Treasury Division, Department of Revenue

Rep Sen Coms

Available for questions:
Mike Burns, Executive Director, Permanent Fund Corporation, Department of Revenue

Law

Mike ~~Burns~~ Barnhill, assistant Attorney General,

194

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Heidi
5-3863

How the PFD Came to be at Risk

By

Gregg Erickson

1976 amendment to Alaska's Constitution:

- "At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. ..."
- —Article IX, Section 15 [Effective February 21, 1977].

Orange County Debacle

- "The new rule arises in part out of the losses incurred in 1993 by the government of Orange County. Managers of county investments were able to avoid showing the declining market value of bad investments because they were not required to show the loss on the county-owned fund's income statement. Accounting experts believe that requiring unrealized gains and losses to be reported will help provide early warning of such investment problems."
- —"APFC asks for legal opinion on status of income, principal," *Alaska Budget Report*, February 17, 1999

GASB 31

- "Governmental entities, including governmental external investment pools, should report investments at fair value in the balance sheet. … Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale."
- —"Summary of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools," Government Accounting Standards Board, March 1997

1999 Request for Legal Opinion

- "The Alaska Permanent Fund Corporation has asked the national law firm of Morrison and Forrester to prepare a legal opinion on whether the governor's proposal in HB 90 to remove $4 billion from the permanent fund would invade the principal of the fund.
- "…Communications Director Jim Kelly told the Senate State Affairs Committee that a legal opinion had been requested. The issue arose in the context of … testimony on … a bill by Sens. Jerry Ward and Rick Halford to transfer … the fund's earnings reserve to the principal."
- — "APFC asks for legal opinion on status of income, principal," *Alaska Budget Report*, February 17, 1999

199

1999 Legal Opinion

- "Attorneys from Morrison and Foerster say Gov. Tony Knowles' proposal to take $4 billion from the permanent fund won't violate the Alaska Constitution. But a formula in state law that is used to calculate income available for dividends (or other purposes) should be changed to avoid a possible conflict-of-laws situation that could occur under new accounting interpretations, the lawyers said in a March 3 opinion."
- — "Lawyers OK $4 billion transfer from earnings reserve to CBR," *Alaska Budget Report*, March 10, 1999

The 2002 Crisis, Part 1

- "For a few days in July a falling stock market shaved $399.9 million off the principal of the permanent fund. The erosion of principal, the first such event in the fund's 25-year history, reached its deepest point on July 23, culminating a slide that took the fund's reserves from a comfortable $8.6 billion in the spring of 2000 to a negative value in July."
- —"Fund recovers after market slide eats $400 million hole in principal," *Alaska Budget Report*, September 17, 2002.

The 2002 Crisis, Part 2

- "Later in July rising market values erased the deficit, but the issues raised by the episode remain, including
- "• worries that fund's constitutional structure is more vulnerable to meltdown than officials had ever realized,
- "• unsettling legal questions about APFC's authority to transfer money to the state government when reserves drop into the red, and
- "• increased doubt over whether the fund will be able to meet its dividend and inflation-proofing obligations in 2003."
- —"Fund recovers after market slide eats $400 million hole in principal," *Alaska Budget Report*, September 17, 2002.

POMV Percent of Market Value

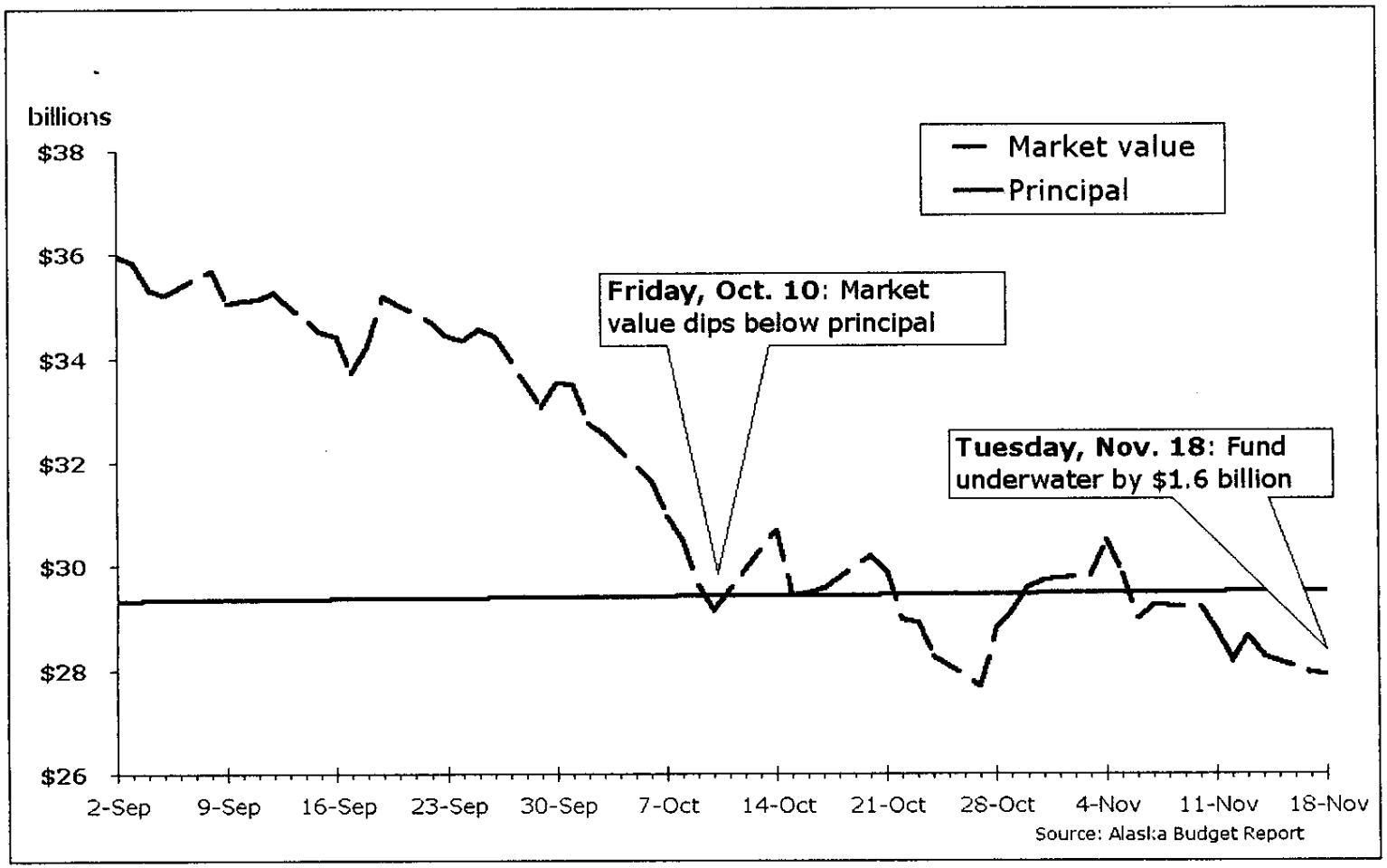
Renkes' Opinion and POMV

- "Only through a constitutional amendment, like that currently proposed by the corporation trustees establishing a payout limit of 5 percent of the total fund value, can the rate of dedication be increased and the deposit of income available for distribution be limited. Absent such an amendment, the full amount of income, made up of the realized gains and losses, is available for expenditure."
- —Renkes 2003 opinion AG file 663-03-0153

Renkes' Legal Opinion, Part 2

- "There is no basis for expanding the concept of principal by creating a notational number that serves as a limitation on the deposit of income for distribution purposes."
- —Renkes 2003 opinion AG file 663-03-0153
- "Rep. Eric Croft of Anchorage says he is still pondering a lawsuit to challenge Attorney General Gregg Renkes' opinion that unrealized gains shouldn't be considered 'available for appropriation.'"
- —"What do Democrats really want," *Alaska Budget Report*, December 33, 2003.

Investment losses of 2008-2009



APFC October 23 letter to OMB

- "Erosion of the supposedly permanent principal has stimulated Alaska Permanent Fund Corporation (APFC) officials to seek guidance from the Palin administration on the appropriateness of continuing to draw money from the fund to pay their own salaries and other corporation expenses. …'In times of extreme market volatility with downward trends, as is the current case questions arise regarding the Permanent Fund's ability to make cash payments for items such as its operating budget,' wrote APFC executive director Mike Burns … in an October 23 memorandum to OMB Director Karen Rehfeld."
- —"Fund recovers after market slide eats $400 million hole in principal," *Alaska Budget Report*, September 17, 2008.

OMB's Reply to Burns

- "A consultation with the Department of Law regarding the corporation's current circumstances affirms APFC's interpretation that the [APFC] operating budget should be paid from the positive cash flow in order to meet the FY09 appropriated budget."
- —OMB Director Karen Rehfeld, Memorandum to APFC Executive Director Mike Burns, November 5, 2008

Current Status

- Principal exceeds market value: fund is $1.6 billion under water.
- $1.1 billion needed on June 30 to pay PFD
- $3.9 billion in realize earnings "reserve" account, but …
  - fund investments must grow by about $2.7 billion ($1.6 billion + $1.1 billion) to avoid threat of court intervention.

Options

- Take no action.
  - Hope markets rise as in 2002.
  - Hope nobody sues.
  - If dividends are blocked, deal with economic consequences separately.
  - Try to find consensus on a POMV amendment for that can win voter approval in 2010.
- Adopt backstop plan.
  - Pay PFD (all or part) out of CBR, AHFC equity, or other sources.
  - Hope markets rise before June 30, 2010.
  - Try to find consensus on a POMV amendment for that can win voter approval in 2010.

Professional History

Economist and journalist Gregg Erickson, was raised in Anchorage. In 1966 he joined the University of Alaska's Institute of Social and Economic Research as a resources economist. In 1972 he left Alaska to take an appointment as a research fellow with Resources for the Future, a Washington, D.C., think-tank.

Erickson's work at RFF on energy economics led to appointment in 1973 to the staff of what is now the U.S. Senate Energy Committee.

In 1976, Mr. Erickson returned to Alaska, becoming director of research for the Alaska Legislature. In 1984 he joined the Alaska Office of the Governor, where he served as senior economist under Governors Bill Sheffield and Steve Cowper. Following the Exxon Valdez oil spill in 1989, he was selected to direct the state's oil spill impact assessment and restoration efforts.

In 1991, Erickson left state government and opened Erickson & Associates, an economic consulting firm, and in the same year founded the *Alaska Budget Report,* a weekly legislative newsletter. He remains affiliated with the newsletter as editor-at-large.

He is co-author of *Mineral Policy and the Public Lands*, editor of two other books, and the author of more than 150 articles, papers and monographs on Alaska economics, public finance and fiscal policy issues. He frequently testifies as an economic expert in state and federal courts in Alaska, and writes a syndicated newspaper column appearing every two weeks in Alaska's largest newspapers.

Erickson is president of the Juneau Symphony Foundation. He is a long-time director of the New York-based Robert Schalkenbach Foundation and has served four terms as the foundation's treasurer. He currently chairs the foundation's Employee Pension Trust. He is married, has four grown children, and three grandchildren.

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State of Alaska

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NEWS RELEASE

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FOR IMMEDIATE RELEASE: June 20, 2003

Alaska Attorney General Issues Opinion Clarifying Permanent Fund Accounting Procedures

(Juneau) – Attorney General Gregg Renkes today released an opinion clarifying that the Alaska Permanent Fund Corporation should only consider realized investment income in calculating the amount available for dividends and inflation-proofing.

After a thorough review of Alaska statutory and case law, the attorney general determined that existing law requires only realized income from investments should be used for expenditures and the calculation of income. Alaska law (AS 37.13.140) is explicit that net income shall be computed "excluding any unrealized gains or losses." Moreover, this is consistent with what the generally accepted accounting principles were prior to 1997, when unrealized gain or loss was not a part of the income determination.

The Permanent Fund Board of Trustees requested the opinion from the attorney general in order to resolve an apparent inconsistency between that law and revised accounting principles, the attorney general said.

"We hope this opinion will resolve the ambiguity created by differences between our law and standard accounting practices regarding the treatment of unrealized gains and losses," Renkes said. "This is important because it could affect the amount of money available for Permanent Fund dividends and will affect the calculations the funds necessary for inflation-proofing."

Alaska law requires the corporation to transfer funds from the Fund's earnings reserve account at the end of each fiscal year to distribute dividend checks and inflation-proof the principal. While the Alaska Legislature this year made the necessary appropriations authorizing each transfer, declining stock and financial markets had raised concerns that the earnings reserve account would not be big enough to cover those appropriations.

These concerns were exacerbated by an apparent conflict between state law and changes in the Generally Accepted Accounting Principles (GAAP) regarding calculation of the balance of the earnings reserve account, the attorney general said.

(MORE)

State law holds that only realized earnings (i.e., the gains and losses from the sale of investments, bond interest, stock dividends, and rental property income) were recorded as income in the earnings reserve account. However, 1998 changes to the GAAP required the Permanent Fund Corporation to record the Fund's readily marketable investments at current fair value in its financial statements. In other words, all unrealized earnings (i.e., the difference between market value and the original cost of assets held in the fund) were required to be included in determining Fund income for accounting purposes.

"This inconsistency resulted in large differences between net income as calculated under Alaska law, and net income as calculated using the new generally accepted accounting principles," Renkes said. "The Permanent Fund Trustees looked to us to resolve that inconsistency in their March 14 request for an opinion."

"Although financial markets have significantly rebounded over the past several months, it was imperative that these issues be addressed today," said Renkes. "By clarifying these standards, we ensure that the earnings reported by the Permanent Fund are an accurate representation of its value. It is important that the public and the trustees understand the correct application of the law and that the corporation's financial statements properly inform the public."

As of June 30, 2002 the Permanent Fund recorded net assets totaling $23.5 billion. Of that total, $21.8 billion was principal. Since 1982, $7.5 billion of permanent fund income has been added to principal for inflation-proofing, through June 30, 2002. In addition to the constitutionally and statutorily mandated dedicated revenues, the legislature has made special appropriations to the permanent fund totaling $6.9 billion. In FY04 the Legislature appropriated an additional amount to principal which could not be determined as of the date of this opinion.

The Permanent Fund Corporation will announce the amount of this year's dividends on June 30, 2003.

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STATE OF ALASKA

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DEPARTMENT OF LAW

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June 18, 2003

Eric Wohlforth, Chair
Board of Trustees
Alaska Permanent Fund Corporation
P.O. Box 110410
Juneau, Alaska 99811-0410

Re: Questions Concerning the Accounting for Principal and Income of the Alaska Permanent Fund
AG File No. 663-03-0153

Dear Mr. Wohlforth:

This letter responds to a request from the Alaska Permanent Fund Corporation (the corporation) for an opinion interpreting the provisions of article IX, section 15, of the Alaska Constitution and implementing statutes. Particularly, the APFC trustees ask if their current policies correctly determine net income available for appropriation and the limitations, if any, properly placed upon the expenditure of income from the earnings reserve account.

Introduction

At the end of each fiscal year, AS 37.13.145(b) directs the corporation to transfer to the dividend fund established under AS 43.23.045 an amount that is equal to 50 percent of the "income available for distribution" under AS 37.13.140. In addition, AS 37.13.145(c) directs the corporation to transfer to the principal of the Alaska permanent fund an amount "sufficient to offset the effect of inflation" on the principal ("inflation-proofing"). These transfers are to be made from the permanent fund's

earnings reserve account established by AS 37.13.145(a). Separate appropriations authorizing those transfers for the current fiscal year (ending June 30, 2003) were approved by the legislature in the FY 2003 operating budget (sec. 10, ch. 94, SLA 2002).

Although the necessary appropriations for the transfer of money to pay permanent fund dividends and inflation-proofing in 2003 are enacted, possible declines in the financial markets can cause some uncertainty whether there will be a balance available for expenditure from the earnings reserve account to cover the amounts appropriated. The question arises for two related reasons. First, there is an apparent inconsistency between the provisions of AS 37.13.140 and AS 37.13.145, both adopted in the 1980's, and the accounting requirements of GASB 31,[1] which became effective in 1998, regarding how to determine the size of the earnings reserve account from which money may be transferred. Second, although the constitutional provision that created the permanent fund[2] has always been viewed as providing "protection" for the principal, the

[1] "GASB 31" is shorthand for Statement No. 31 of the Governmental Accounting Standards Board, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

[2] Section 15, article IX of the Alaska Constitution provides:

> Section 15. Alaska Permanent Fund. At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

nature and extent of that protection are unclear. Accordingly, the corporation requested an opinion from this office to assist in determining how much is available for expenditure from the earnings reserve account to finance the 2003 appropriations for dividends and inflation-proofing.[3]

Questions presented:

Is the corporation's current policy that only realized income of the permanent fund is available for expenditure under AS 37.13.145 correct? If not, how should the amount available for expenditure from the permanent fund under AS 37.13.145 be determined?

Short answer: We believe that the corporation's policy that only realized earnings are available for expenditure is correct.

Is the corporation's current practice that both realized and unrealized income of the permanent fund should be taken into account in determining the amount that is available for appropriation correct? If not, how should the amount available for appropriation from the permanent fund be determined?

Short Answer: We believe that it would not be correct to compute the amount available for distribution by using unrealized gains and losses to determine

[3] Since it is clear under both AS 37.13.145 and the appropriations for permanent fund dividends and inflation-proofing that funding of the PFD appropriation has priority and must be fully paid before any amount is transferred for inflation-proofing, you did not request our advice on whether or how those two transfers should be prioritized or allocated.

income. Existing law clearly provides that only realized gains and losses are allocated to income and are thus available for distribution. Under the relevant constitutional provision, what is not principal is income; therefore any gain or loss not expressly allocated to income must be allocated to principal.

Do the constitution and statutes require that income of the fund may not be appropriated when doing so would bring the total value of the permanent fund including all unrealized gains and losses below the sum of the amounts deposited or appropriated to principal? If not, are there any other limitations with respect to the use of principal that are applicable in determining the amount that is available for expenditure or appropriation from the permanent fund?

Short Answer: We believe that principal is the total value of all deposits and appropriations adjusted for unrealized gains and losses that should properly be allocated to principal. There is no doubt that the principal of the permanent fund cannot be deposited in the general fund and must only be used for income producing investments. However, if unrealized gains and losses are allocated to principal, by definition there is no invasion or misuse of principal if only statutory income, realized gains, is deposited in the earnings reserve fund and available for appropriation.

Before we explain how we arrived at the answers set out above, it is necessary to consider the history of the permanent fund amendment and the actions of the legislature and the corporation to implement the amendment.

Legislative History Relevant to the Questions Presented.

1. Prior to Adoption of the Amendment.

The legislature passed the permanent fund amendment in the form of HJR 39 which was ratified by the voters at the 1976 general election. The effective date of the amendment was February 21, 1977.[4] The amendment was introduced by Governor Hammond.[5] The legislative history of consideration of the resolution is primarily devoted to the amount and kind of revenue to be dedicated to the permanent fund. The governor first proposed a 10 percent dedication of mineral revenues but later supported an increase to at least 25 percent.

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[4] The ballot summary read as follows:

> This proposal would amend Article IX, Section 7 (Dedicated Funds) and add a new section to Article IX, Section 15 (Alaska Permanent Fund) of the Alaska Constitution. It would establish a constitutional permanent fund into which at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payment and bonuses received by the State would be paid. The principal of the fund would be used only for income producing investments permitted by law. The income from the fund would be deposited in the State's General Fund and be available for appropriation for the State unless law provided otherwise.

1976 Ballot Proposition No. 2.

[5] The resolution was introduced in January, 1976 as a sponsor substitute for the initial version of HJR 39, introduced by the governor the previous June, which had only proposed amending the dedicated funds provision of article IX, section 7 of the Alaska Constitution to permit the dedication of the proceeds of mineral lease bonuses. The sponsor substitute proposed adding a new section 15 to article IX to create a permanent fund by dedicating 10 percent of nonrenewable resource revenue. The resolution substituted by the governor also expressly provided that the legislature could make additional contributions to the fund. 1976 House J. at 39-40.

In a joint report of the House Judiciary and Finance Committees, the chairmen explained that the principal would be used only for income-producing investments that the legislature could change from time to time to meet the needs of the state. They explained that the effective date of the amendment was delayed somewhat to permit the legislature to provide by law for an investment structure for the fund. Finally, they explained that it was their intent to give future legislatures the maximum flexibility in using permanent fund earnings, ranging from adding to principal to paying out a dividend to residents.[6]

In supporting materials provided at the time of consideration by standing legislative committees, it appeared that the governor intended that the permanent fund could be used to invest in economic development projects with a long term net economic benefit.[7] This same view was repeated after adoption of the resolution when various proponents took their case to the voters.[8] Although the voters were told that it was up to the legislature to shape the permanent fund, it was explained that the "income producing"

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6 Joint Chairmen's Report on CS SSHJR 39, 1976 House J. at 684.

7 1976 House and Senate J. Supp. (fiscal note comments dated January 12, 1976).

8 Anchorage Daily News editorial, October 26, 1976 ("a percentage of the fund would go for direct use by Alaskans - for loans to businessmen, fishermen and builders.") The permanent fund was described as a "tool whereby Alaska can take some of today's mineral wealth and prepare for the future by investing in the development of human and material resources that will remain productive for many generations . . . ." *Quoting* Revenue Commissioner Sterling Gallagher.

requirement gave the state broad latitude and that local bonds could be purchased as a means of financing instate development.[9] The Revenue Commissioner reported

> I hear public support for the fund from three sectors, . . . from those who favor a savings account approach, those who want it used to provide assistance in community development and those who want it to provide economic diversity in the state. . . . [A] major goal [is] the strengthening of the state's economic base by investing in renewable resources and by policies which would reduce seasonality of employment.[10]

The voters were told that "the income from the fund will be available for general appropriation by the legislature but the principal of the fund may not be touched."[11] The permanent fund was described as "a lasting savings account."[12]

> The object is to prevent future legislatures from doing what previous legislatures did with the $900 million bonanza received by the state from the sale of Prudhoe Bay leases in 1969. That gigantic sum ran through the legislators' fingers like water, to the alarm of many who had pleaded at the time that the $900 million be invested, the principal preserved and the state spend only that money derived from interest.[13]

There is fairly strong evidence that the voters were aware that the legislature would have a role in providing the details for administration of the permanent

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9 Anchorage Times, October 24, 1976 ("Lawmakers Would Shape Permanent Fund").

10 Anchorage Times, October 14, 1976 ("Panel Mulls Permanent Fund").

11 Anchorage Times, October 27, 1976 ("Governor's Point of View").

12 Anchorage Daily News, October 24, 1976 (editorial, "Its Permanent").

13 Anchorage Times, October 24, 1976 (editorial, "No Easy Choice").

fund. Whether the fund was to be a savings account or a development bank was not resolved by the legislature until four years after adoption of the amendment.

2. Post Adoption

A. Legal Opinions

After the amendment took effect, the attorney general was asked to interpret its meaning for various purposes. Set out below are opinions discussing aspects of the permanent fund that are relevant to our consideration of the corporation's accounting practices.

In August of 1977, the attorney general answered whether money appropriated to permanent fund principal in excess of the amount required by the constitution is irretrievable. The attorney general confirmed that once money was deposited in principal by any means, it could not be removed without further amendment of the constitution.[14] The attorney general advised that the constitution's restriction on the use of fund principal is an implied restriction against the withdrawal of appropriated principal.[15] The attorney general speculated that the legislature probably could not condition appropriations to principal on the ability to withdraw at a future date or to

[14] 1977 Inf. Op. Att'y Gen. (Aug. 31; 663-78-0106).

[15] *See also* 1986 Inf. Op. Att'y Gen. (Mar. 6; no file number); 1987 Inf. Op. Att'y Gen. (Feb. 12; 663-87-0356).

specify that such amounts would not be considered principal. The attorney general observed that the permanent fund was a "peculiar -- perhaps unique -- quasi-trust."

In September of 1977, the attorney general again interpreted the amendment to determine whether the legislature was required to enact legislation which takes inflation into consideration in the management and investment of fund principal.[16] In this opinion, the attorney general restated the conclusion that the permanent fund was a trust or quasi-trust. This was based on a prediction that "the Alaska Supreme Court will follow a previously exhibited tendency to impose trust-like duties on the state's management of its patrimony" and the amendment "is extremely similar to the classic spendthrift trust both in its roots and causes and in its establishment . . . ."

The attorney general also concluded that the legislature acts as a trustee which must prudently exercise any duty in relation to administration of the permanent fund. In this regard, the legislature was advised that its power was not plenary but limited by the constitution and implied trust concepts. This office advised that there was no legal requirement that inflation be taken into account in statutes enacted to implement the permanent fund. The legislature was advised that the foregoing interpretation cannot be considered settled until the supreme court rules on the matter. However, the

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[16] 1977 Inf. Op. Att'y Gen. (Sept. 16; 663-78-0107).

legislature was advised that it could resolve the question of status by making or treating the permanent fund as a trust.

In 1999, the attorney general contracted for an opinion from outside counsel on behalf of the board of trustees to advise on the possible transfer of permanent fund principal to the Constitutional Budget Reserve Fund (CBR). Morrison & Foerster Opinion, March 3, 1999. The advice was sought to assist the state in determining whether a proposed transfer of a portion of the permanent fund's assets to the CBR would involve an expenditure of principal. Similar to earlier legal opinions on the subject, Morrison & Foerster concluded that the permanent fund is not a true public or private trust fund. However, after rejecting the notion that the fund is a trust, the opinion resorts to trust law to support conclusions concerning the possibility of spending principal as a consequence of the transfer of principal to the CBR. Counsel observed that the board of trustees had a fiduciary obligation imposed by statute to preserve principal and to manage fund assets as prudent investors.

Morrison & Foerster accepted without comment the corporation's assumptions regarding principal. Under the corporation's longstanding practice, "principal" is reported as a notational number that changes only with further contributions to the fund - it does not fluctuate with changes in the market value of the

investments purchased with principal.[17] Counsel interpreted AS 37.13.140 as inconsistent with the principal and income allocation rules usually applicable to trusts. They determined that, after the adoption of GASB 31, an invasion of principal would occur if the amount paid out exceeded the balance of the earnings reserve account which, under GASB 31, would include both realized and unrealized gains and losses. It would not occur where, after a distribution, the balance of that fund turned negative. The critical difference, according to that opinion, is between an action of the trustees and the natural fluctuation of the investment markets. The opinion suggests that unrealized losses could not force an invasion of principal. Morrison & Foerster Op. at p. 16, n.7.

At the time of the opinion, the permanent fund was enjoying the benefits of a sustained period of capital appreciation which was accounted for in the earnings reserve. This fact permitted Morrison & Foerster to conclude that, because the fund's GASB 31 earnings reserve account was then substantially in excess of that amount, a $4 billion transfer of assets was possible to accomplish without "invading principal."

B. Principal and Income Accounting Practices

Next we consider the past principal and income accounting practices applied to the permanent fund and the sources from which those practices were derived.

[17] These contributions have included one-time legislative appropriations to the permanent fund of both income and general fund revenues and the annual inflation-proofing amounts, as well as the natural resource revenues dedicated under the constitutional provision.

These practices show that differing interpretations of principal and income prevailed under previous versions of the fund's enabling statutes.

For the period 1977 - 1980, the permanent fund was under the interim management of the Department of Revenue while legislation was pending to create the corporation. The fund was invested primarily in debt instruments with a fixed rate of return. Ch. 6, SLA 1977. In 1980, legislation was enacted providing for the management of the permanent fund by a public corporation within the Department of Revenue, managed by a board of trustees. Ch. 18, SLA 1980. This legislation modified the rate of dedication to the permanent fund from 25% to 50% of revenue received by the state from mineral leases issued after December 1, 1979, or, in the case of bonuses, after February 15, 1980. The 1980 legislation only authorized the corporation to invest in certain fixed return instruments.[18] Under this statute, income was defined to be the interest earned on investments and any realized gains or losses were to be allocated to principal.[19]

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[18] The corporation was given authority to place funds in direct obligations of the United States Treasury, federal agency securities, certificates of deposit, high-grade corporate bonds, quality short-term investments, and federally guaranteed loans. The fund was directed to give preference to Alaska investments as long as they met the standards of quality set out in law. Specifically, deposits could be made in Alaska banks, mutual savings banks, savings and loan associations, and credit unions. Residential real estate (owner occupied single family dwellings, duplexes, and condominiums) could also be purchased if the mortgage was privately insured by a company doing business in Alaska.

[19] This legislation was accompanied by a free conference committee report in which the joint committee chairmen explained "[t]he fund is designed to be a trust which focuses on the (continued . . .)

In 1982, legislation was enacted making four amendments bearing on the corporation's accounting practices: (1) the authorized list of investments was expanded to include equities; (2) the concept of "net income" was established which included gain or appreciation in value determined by generally accepted accounting principles, excluding unrealized gains or losses; (3) a portion of each year's permanent fund income was targeted for reinvestment back into the fund to offset inflation; and (4) a valid permanent fund dividend program was established. Ch. 81, SLA 1982; ch. 102, SLA 1982.[20]

During the interim management period of 1977 - 1980, and after creation of the corporation until 1982, the accounting practices applied to the permanent fund distinguished between income and appreciation in the value of investments. For the first two accounting cycles of the corporation (1980 - 1982), income of the fund was defined as "the interest received in a year." Sec. 5, ch. 18, SLA 1980. For the entire period 1977 - 1982 during which the fund was limited to fixed income investments, appreciation

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safety of principal first and the maximization of earnings second." 1980 Senate J. at 671. It was intended that the fund would be held to a more restrictive list of investments than other fiduciary trusts.

[20] The authorized list of investments has since been expanded at least four more times by the legislature: in 1989 to include investments in non-U.S. securities; in 1992 to include A-rated corporate bonds; in 1994 to expand permissible real estate investments; and in 1999 to make a variety of adjustments to the authorized list, to authorize up to 5% of the fund to be invested in other prudent investments not specifically included in the list, and to increase the allocation limit placed on equity investments.

in value ("gain") was credited to principal, interest was credited to income.[21] However, if losses exceeded gains, interest was to be transferred to principal in an effort to cover some of the loss. Former AS 37.13.130 (repealed 1982); former 15 AAC 137.060 (repealed 7/12/92).

In 1982 after the fund was authorized to invest in equities, income was defined to include realized gain representing appreciation in value. Under then-applicable generally accepted accounting principles ("GAAP"), only realized gains (and losses) of the fund were recorded as income in the earnings reserve account established under AS 37.13.145. This former GAAP approach was consistent with the statutory requirement of AS 37.13.140 (in effect since 1982) for determining fund "net income" (from which the amount of the annual dividend transfer is then computed), which specifically excluded unrealized gains and losses from the determination.[22]

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[21] According to annual financial statements of the permanent fund, realized gain was credited to principal for fiscal years 1980 and 1981. When the permanent fund was under Department of Revenue management, income was deposited in the general fund. After the corporation was created, statutes called for income to be deposited in an undistributed income account.

[22] There were actually some minor differences in determining "net income" between the methods called for by GAAP pre-GASB 31 and by AS 37.13.140, but those differences did not affect the underlying requirement of each that only *realized* gains and losses be taken into account. The drafters of sec. 140 were aware of the potential that GAAP and state law might some day be inconsistent. In his transmittal letter, Governor Hammond made clear his intent that the statutory method for computing income should prevail over generally accepted accounting principles. Letter from Gov. Jay Hammond, regarding Sponsor Substitute for Senate Bill 684, 1982 Senate J. at 494, 496 (March 9, 1982).

This consistency in treatment ended with the implementation of GASB 31 in 1997. Under GASB 31, the corporation is required to record as revenue in its financial statements the permanent fund's readily marketable investments at current fair value. The corporation has interpreted this change in GAAP as requiring all unrealized market appreciation and depreciation (unrealized gains and losses) to be included in determining income for accounting purposes, potentially resulting in large differences between GAAP net income and "net income" under AS 37.13.140. As a result, the corporation now has two different ways to report income. The first method is to report realized income, as called for by the definition of "net income" under AS 37.13.140, to determine how much is available for distribution. The other method is to apply the GAAP definition and include both realized and unrealized gains and losses to determine net income for financial reporting purposes. Depending on the situation, the corporation applies both approaches in its financial statements. The inherent conflict between these two approaches is at the heart of the request for this opinion.

In late 2001, the audit committee of the corporation considered an issue paper prepared by APFC staff which discussed the policy for determining the amount available for expenditure to pay the dividend and inflation-proofing transfers provided for under AS 37.13.145. The issue paper did not resolve the matter, but recommended the trustees seek a legal opinion from the Department of Law. While the subject was briefly discussed by the trustees, they did not pursue an opinion from the Department of Law at

that time. In the absence of an attorney general's opinion, the corporation has applied a conservative "invasion test" under which realized income may not be spent if doing so causes the total value of the permanent fund and the earnings reserve account to fall below the historic dollar amount ("notational principal") contributed to principal from all sources. Although this limitation is not specifically addressed in the statutes, it was presumably applied in order to "protect" past contributions to principal from diminishment and has been subsumed in the corporation's accounting practices.

Notwithstanding this conservative "invasion test," there have been instances in the past when distributed earnings were more than offset by unrealized losses. These distributions to the state general fund occurred in fiscal years 1978 and 1979 and would have amounted to an expenditure of principal under the corporation's "invasion test." This is apparently why, beginning in 2001, the corporation and corporate counsel recommended obtaining a legal review of corporate accounting policy by this office.

For fiscal year 2002, there was enough realized income accumulated in the earnings reserve account and in excess of "notational principal" to fully pay the 2002 dividend and inflation-proofing distributions without having to apply the limitation regarding invasion of principal. However, given the current investment allocation of the fund, a sustained downward trend in financial markets could result in the total market value of the permanent fund at the end of a fiscal year totaling less than the sum of the

amount attributed to "notational principal," plus the amount of realized income in the earnings reserve account. If total market value of the permanent fund is less than the sum of those two figures, then current corporation accounting practices would limit the amount available for expenditure under AS 37.13.145 to the amount (if any) by which the total market value of the permanent fund on the last day of that fiscal year, including the earnings reserve, exceeds "notational principal" (the sum of all dedications and appropriations to the principal of the fund over time).

Discussion

At the outset we observe that the permanent fund has not yet experienced market conditions that required the trustees to apply an "invasion test" to limit appropriations from the earnings reserve. It appears, though, that the possibility of this happening caused the trustees to request this opinion. Notwithstanding the apparent lack of immediacy, this opinion is as appropriate and necessary now as it was in 2001 when staff and counsel first recommended it. It is important that the public and the trustees understand the correct application of the law and that the corporation's financial statements properly inform the public. It now appears that the financial condition of the fund and earnings reserve, barring some unforeseen and extraordinary financial event at the end of the fiscal year, will again not test the application of the concepts discussed here. Clearer opinions no doubt result when the law is not looked at through the fog of a looming crisis.

While the permanent fund is not a trust, we resort in part to trust principles to answer the corporation's questions, the central issue of which turns on construction of AS 37.13.140, defining income for purposes of the permanent fund corporation. The terms of every trust are governed by the governing document, statutes, court decision, and general trust principles. In the case of the permanent fund, the governing document is the Alaska Constitution and valid implementing statutes. In arriving at the correct interpretation of sec. 140, we will attempt insofar as possible to harmonize the provisions of that statute with trust principles.[23] However, if there is a conflict, existing law must prevail. An added complication is that the provisions of AS 37.13.140 can be read to be ambiguous regarding the treatment of unrealized gains and losses on assets of the permanent fund. We must determine whether unrealized gain or loss is an element of principal or income. This allocation is important for determining how much is available for distribution in a given year.

All who have considered the legal character of the permanent fund agree that it is not a trust. It is a constitutionally dedicated fund, the principal of which must be invested in income producing assets. However, each analysis inevitably turned to trust principles to support the advice given. Early in the life of the fund, this office advised the legislature that it was not obligated to protect the fund from inflation, but that it could

[23] We have located no case law in Alaska applying trust principles relevant to the questions presented.

undertake that responsibility and make clear that the fund will be operated according to trust concepts. We also advised that the legislature is a trustee when it provides for the administration of the permanent fund. This means that the legislature may be limited in its lawmaking power when it provides meaning to terms and concepts applicable to the permanent fund.

It appears that the legislature intended to act consistent with the advice of this office when it first enacted statutes to implement the permanent fund amendment. In a free conference committee report, the chairmen declared the permanent fund is ". . . designed to be a trust which focuses on the safety of principal first and the maximization of earnings second."[24] The corporation has also done its part to interpret both the constitution and the statutes. The corporation made specific the legislature's direction through various resolutions and policies. The corporation's powers to interpret and make specific the constitution are important. However, because we are interpreting the constitution and enabling statutes, it is not likely that a court will accord deference to interpretations by either the legislature or the corporation.[25]

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[24] 1980 Senate J. at 671 (Senate and House J. Supp. No. 7).

[25] In *Hickel v. Cowper*, 874 P.2d 922 (Alaska 1995), the Alaska Supreme Court declared that matters of constitutional construction are reviewed *de novo*. The court will determine what the constitution actually means and will approach this task as a question of law which requires the exercise of independent judgment. 874 P.2d at 926.

The constitution uses the terms "principal" and "income" in establishing the permanent fund. As a limited exception to the general constitutional prohibition on dedicated funds, the constitutional amendment creating the permanent fund is explicit in that only principal must remain dedicated for investment and that income should be made available for appropriation from the general fund. This requirement by implication prevents appropriation of principal but does not further define principal or income. It clearly does not require that principal be preserved in the manner contemplated by the "invasion test" or in any way subjugate the availability of "income" for expenditure to the dedication of "principal" to income producing investments.

Consistent with the constitutional dedication of fund principal to one purpose, income producing investment, the legislature has declared a general purpose to provide safety for principal and legislative committees have, in a non-binding way, expressed intent that principal must be preserved. Relying in part on this expression of intent, the corporation interpreted the constitution and enabling statutes to require that principal be recorded at the dollar amount historically deposited by dedication and appropriation without any diminishment for gain or loss on investments. However, in doing so it appears that the corporation failed to consider the potential effect on the constitutional requirement that income be made available for appropriation.

explained above, the amendment was promoted by some as a savings account that would serve as a form of development bank to help diversify an economy that was too dependent on non-renewable resource revenues. There was also a clearly stated purpose to dedicate oil revenue and prevent expenditure of the dedicated amounts. The amendment expressly provided that income is to be deposited in the general fund or other legislatively authorized purpose. After the amendment was adopted, the legislature abandoned the development bank approach in favor of an investment fund managed by a public corporation authorized to make conservative fixed income investments.[26]

At the time the permanent fund amendment was adopted in 1976, trust law traditionally allocated gain and loss on equity securities to principal rather than income.

> The proceeds of the sale of trust property are ordinarily to be treated as trust principal, even though they include profit in excess of cost price or inventory value. Losses on such sales fall on trust principal. The rule should govern sales of corporate stock where there is a gain in value due to undistributed earnings.

Bogert on Trusts, sec. 120 (6th ed. 1987). As recently as 1984, the legislature chose to adopt traditional allocation rules for common trusts.[27]

There has been a movement among the trustees of endowment trusts to change traditional allocation rules to permit investment in equity securities. This

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[26] *See* discussion of legislative history set out in 1994 Inf. Op. Att'y Gen. (Sept. 23; 663-94-0207).

[27] 1984 House and Senate J. Supp. No. 21; *see also* AS 13.18.020(b) and 13.38.050.

approach would authorize a trustee to consider capital gain as part of the total return, enabling distributions to beneficiaries without being restricted by whether the returns are accounting income or value appreciation. A uniform act was proposed in 1972 to permit trustees to allocate both realized and unrealized capital appreciation to income for distribution purposes.[28] The uniform act is the law in 46 states and the District of Columbia. The UMIFA contains an impairment rule very similar to the "invasion test" contemplated by the corporation. Realized and unrealized gains are offset to determine if the historic dollar amount of contributions to principal will be impaired by a planned distribution. Sec. 2 UMIFA. However, the uniform act is not the law in Alaska. Aside from the difference between the permanent fund and an endowment trust, the uniform act differs from existing law by permitting distributions based on unrealized appreciation. State law charts a different course for the permanent fund by not allowing such a distribution. For that reason, it is not appropriate to apply the impairment rule of the uniform act. When the legislature expanded authority for investments to include equity

[28] Uniform Management of Institutional Funds Act, 7A U.L.A. 316 (West Supp. 1997) (UFIMA).

securities, it added a definition of income. AS 37.13.140 provides in pertinent part:

> Net income of the fund shall be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses.

(Emphasis added.) This hybrid definition of income is intended to "to allow the maximum use of disposable income." AS 37.13.020(3). By making clear that "gain" is to be an element of income, the definition of income was expanded to include capital appreciation, but it plainly prevented any distribution of unrealized gain. Section 140 does not explain the accounting treatment for unrealized gains and losses other than to provide that this form of appreciation or loss is to be excluded from the determination of income.

The limitation of income to that which is realized appears to be consistent with the text of both the constitution and statute. The constitution provides the income "shall be deposited in the general fund." Alaska Const., art. IX, sec. 15. The statute provides: "[I]ncome from the [permanent] fund shall be deposited by the corporation into the [earnings reserve] account as soon as it is received." AS 37.13.145(a). When interpreting these words, a court will attempt to discover the plain meaning and purpose of the provision.

> Because of our concern for interpreting the constitution as the people ratified it, we generally are reluctant to construe abstrusely any constitutional term that has a plain ordinary meaning. Rather, absent some signs that the term at issue has acquired a peculiar meaning by statutory definition or judicial construction, we defer to the meaning the people themselves probably placed on the provision. Normally, such deference to

> the intent of the people requires "[a]dherence to the common understanding of words."[29]

The words "deposit" and "received" convey a meaning that income is to be in hand, or realized.[30] By applying these common meanings there is no conflict between sections 140, 145, and the permanent fund amendment.

Section 140 defines income with reference to generally accepted accounting standards. Before 1997, these standards did not include unrealized gain or loss in the determination of income. These unrealized values were permitted to be reported in notes at the foot of an agency's financial statements. After 1997, accounting principles changed to require the depiction of investment income as the net increase or decrease in fair value. Fair value is what a willing buyer would pay for the security in an arm's length transaction and necessarily includes unrealized gain or loss on the valuation date of a security held in the corporation's portfolio. Para. 22, GASB 31. This change reflected a concern that the disclosure of fair value in the notes may not have allowed financial statement users to be sufficiently aware of the potential effect of investment gains and losses. Appendix A to GASB 31. Even though GASB 31 requires fair value

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[29] *Citizens Coalition for Tort Reform, Inc. v.McAlpine*, 810 P.2d 162, 169 (Alaska 1991) (citations omitted).

[30] "Deposit" means to "place, cache, or entrust", while "receive" means to "take possession or delivery." Webster's Third International Dictionary.

reporting, the National Council on Governmental Accounting recognized that state law requiring other methods for the computation of income governs when there is a conflict.[31]

The restrictive definition of income set out in AS 37.13.140 embodies a policy instituted by the legislature to allow distributions to be made from the appreciated value of investments in equity securities. However, the legislature permitted appreciation to be considered income only if it is realized. Unrealized capital appreciation is not expressly allocated to either principal or income by section 140. As recounted in our discussion of the accounting practices set out above, realized appreciation was allocated to the principal of the permanent fund until the corporation was authorized to invest in equity securities. It is unclear whether unrealized appreciation was allocated at all, but we presume it would have been allocated to principal as well. We find no evidence that the legislature intended to alter the traditional allocation rules as to unrealized gain or loss. Therefore, we decline to attribute a legislative intent to allocate unrealized appreciation to income for any purpose, including the use of unrealized losses to determine whether there has been an invasion of principal. We believe that this policy is not authorized and could possibly upset the balance in the accounting for principal and income. The better interpretation is to give a consistent meaning to the exclusion of unrealized appreciation

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[31] "Conflicts between legal provisions and GAAP do not require maintaining two accounting systems. Rather, the accounting system may be maintained on a legal-compliance basis, but should include sufficient additional records to permit GAAP based reporting." (continued . . .)

or loss in section 140 and account for such gains and losses as an element of principal where it has traditionally been allocated.

In our opinion, authority to invest in equity securities does not imply that unrealized gain or loss becomes an element of income for any purpose. The legislature can establish allocation rules for common trusts under its plenary law-making powers. *See Bogert on Trusts and Trustees*, sec. 816 (2nd ed. rev.) (but the best criterion for making [allocation] decisions is the practical treatment of the topic by the courts or the legislature.) We believe that the legislature established such a criterion when it enacted section 140.

Under article IX, section 15 of the Alaska Constitution and the relevant implementing statutes, there is no basis for expanding the concept of principal by creating a notational number that serves as a limitation on the deposit of income for distribution purposes. Once dedicated or appropriated, the principal in the permanent fund is used only for income producing investments the value of which rise and fall in corporation financial statements as unrealized gains and losses dictate. Only through a constitutional amendment, like that currently proposed by the corporation trustees establishing a payout limit of 5 percent of the total fund value, can the rate of dedication be increased and the deposit of income available for distribution be limited. Absent such an amendment, the

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Para. 13, National Council on Governmental Accounting Statement No. 1 (Governmental Accounting and Financial Reporting Principles, issued March 1979).

full amount of income, made up of the realized gains and losses, is available for expenditure. It is up to the legislature, as it has done in the past, to appropriate excess permanent fund income to principal.[32] A corporate practice cannot operate to prevent the legislature from exercising discretion over the disposition of income.

Finally, we anticipate some will claim that our reading of the constitution and statutes serves to permit a silent invasion of principal when the permanent fund is carrying a large unrealized loss on its books. Realized income does not lose its character as income even if it were offset by unrealized capital losses. There simply is no basis in the history of the amendment or the enabling statutes for a liberal interpretation that

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[32] As of June 30, 2002 the permanent fund recorded net assets totaling $23.5 billion. Of that total, $21.8 billion was principal. Since 1982, $7.5 billion of permanent fund income has been added to principal for inflation-proofing, through June 30, 2002. In addition to the constitutionally and statutorily mandated dedicated revenues, the legislature has made special appropriations to the permanent fund totaling $6.9 billion. The amount and sources of these appropriations are set out below:

Permanent Fund
Special Appropriations
(amounts in millions)

Year	Amount	Source
FY 81-85	$2,700	Surplus Oil Revenues
FY 87	1,264	Earnings Reserve Account
FY 96	1,842	Earnings Reserve Account
FY 97	803	Earnings Reserve Account
FY 00	250	Earnings Reserve Account

In FY 03 the legislature appropriated and additional amount to principal which could not be determined as of the date of this opinion.

would expand the scope of the dedicated fund by foreclosing expenditure of traditional accounting or statutorily defined income. To do so would do violence to the plain meaning of the constitution and section 140 which require that income be determined by realized gains and losses and be available for expenditure.

The constitutionally required dedication of principal is more than satisfied by the prudent investing practices of the corporation in statutorily approved investments and the generous inflation-proofing and contributions to principal appropriated by the legislature. We decline to read into either the constitution or the statutes a broader exception to the general prohibition on dedicated funds than can be justified by the plain meaning of article IX, section 15 of the Alaska Constitution and relevant implementing statutory provisions and the history leading to the adoption or enactment of these provisions.

Sincerely,

Gregg D. Renkes
Attorney General

GDR:JLB:jn

Mofo Document #1

1.23.09

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March 3, 1999

Privileged and Confidential

Eric Wohlforth
Chair, Board of Trustees
Alaska Permanent Fund Corporation
P.O. Box 25500
Juneau, Alaska 99802-5500

Re: Transfer of Securities Pursuant to the Proposed Appropriation of $4 Billion of Permanent Fund Income to the Constitutional Budget Reserve Fund

Dear Mr. Wohlforth:

On behalf of the Board of Trustees of Alaska Permanent Fund Corporation ("APFC") you have requested our opinion on three questions regarding the transfer of securities from the Alaska Permanent Fund (the "Permanent Fund" or the "Fund") to the Constitutional Budget Reserve Fund to implement a proposed $4 billion appropriation of income from the Fund by the Governor and Legislature.

Question One: What is the proper definition of principal in the Permanent Fund, and does the plan to identify securities for transfer described in the accompanying memorandum (the "Discussion") in any way involve the expenditure of principal which is prohibited by the Constitution?

Answer: Principal in the Alaska Permanent Fund is an amount equal to the amounts contributed to the Fund by constitutional dedication, statutory dedication, and appropriation. The amount representing the excess of total assets, less total liabilities, over principal are credited to the earnings reserve account. Accordingly, the plan to identify securities for transfer does not involve the prohibited expenditure of principal provided that at the time of transfer the value of the securities transferred does not exceed the amount then credited to the earnings reserve account in the Permanent Fund as determined under generally accepted accounting principles.

Question Two: Is there anything in the Constitution or the enabling act that would conflict with or prevent the plan described in the Discussion from being implemented as presently conceived?

Answer: No, provided that the proposed legislation described in the Discussion amends the statute to direct that the earnings reserve account shall be determined pursuant to generally accepted accounting principles, amends the net income provision to clarify that it pertains only to the computation of income available for distribution, and directs that the amount of principal remaining in the Permanent Fund be maintained inviolate.

Question Three: What fiduciary obligations are imposed upon the Board of Trustees of the APFC ("Board") when they undertake to identify specific securities within the portfolio of the Permanent Fund for transfer?

Answer: Although not trustees of a true trust, the Board will be subject to the duties of judgment and care imposed by the prudent investor rule — here imposed by statute — whenever they select securities to sell and reinvest. The magnitude of the proposed transaction may impose greater restrictions on their flexibility than would be imposed by the ordinary turnover of a smaller percentage of securities within the portfolio. The proposed alternative method of transferring an across the board "slice" of the Permanent Fund's assets in the form of a unit interest in the commingled investment pool would preserve the existing diversification and asset allocation. Their duty to incur only reasonable expenses would appear to be well served by the proposed in-kind transfer, absent other conflicting considerations. The Board's constitutional duty to preserve principal is not impaired, provided the legislation requiring the transfer directs that principal is not to be impaired by the transfer. The Board's fiduciary duties to the other entities whose funds it administers are essentially limited to those of an investment manager — to follow the statutory prudent investor rule and to account for the principal and income in accordance with the governing statutes of each entity.

In rendering this opinion and responding to your inquiries, we have considered such facts and circumstances as you, the Commissioner of Revenue, the Chief Financial Officer, and others within the staff of the APFC have made available to us that describe the pending legislation, as well as the existing accounting methodologies utilized by the Permanent Fund as described in a memorandum prepared by the Chief Financial Officer of the APFC. We have also relied on discussions with, and a memorandum describing, the Permanent Fund's outside accountant KPMG's accounting analysis of the proposed transaction. Both memoranda are attached to this letter. We have also considered such law as we deemed appropriate and have made assumptions as stated in the Discussion. We have relied primarily on secondary sources for legislative or constitutional history materials due to the apparent lack of original documents. Our review of the books and records of the APFC has been limited to the 1997 and 1998 Annual Reports. This opinion is based upon and subject to those facts and circumstances supplied to us and

the considerations and assumptions reflected in the Discussion. Unless otherwise defined herein, capitalized terms shall have the meaning contained in the Discussion.

This opinion has been reviewed by the Office of the Attorney General of the State of Alaska and it concurs in our conclusions. This letter responds only to the specific questions asked, and should not be relied upon for opinions on issues that were not specifically requested. This opinion is provided solely for the use of the Board of Trustees of AFPC and may be distributed only as it shall direct.

Very truly yours,

Morrison & Foerster LLP (AHC)

DISCUSSION

Discussion appears under the following headings:

I. Background 5
II. Constitutional Duty to Protect Principal 5
III. Character of Fund — Not a True Trust 6
IV. Relevant Fiduciary Principles 8
V. Definition of "Principal" 10
VI. The Meaning of Income 13
VII. Impact of a Transfer on Principal 16
VIII. Statute Inconsistent With GAAP 17
IX. Limited Fiduciary Duties Analyzed 19
A. Prudence in Investing 19
B. Duty to Minimize Expenses 20
C. Fiduciary Duty of Loyalty — to the State 20
D. Investments Managed on Behalf of Other Entities 20

I. Background

You have informed us that Governor Tony Knowles proposes to appropriate $4 billion from the income of the Alaska Permanent Fund (the "Permanent Fund" or Fund"), Alaska Const. art. IX, 15, to the Constitutional Budget Reserve Fund, Alaska Const. art. IX, 17. The size of the proposed transfer would necessitate taking amounts equivalent to both realized and unrealized income from the earnings reserve account as it is determined under generally accepted accounting principles. Moreover, the actual sale of securities in order to realize up to $4 billion in cash proceeds to transfer would entail large transaction costs. Accordingly, it has been proposed that investments of the Permanent Fund not be sold in order to realize income, but that specific securities equivalent in value up to the amount of income appropriated be identified and transferred in kind to the Constitutional Budget Reserve Fund. Under these circumstances, questions have arisen as to whether the existing constitutional and statutory framework would permit such an in-kind transfer.

II. Constitutional Duty to Protect Principal

In anticipation of a great wave of revenue from Alaska's oil resources and with a historical recognition of the boom and bust nature of natural resource exploitation, the Constitution of the State of Alaska was amended by public referendum in 1976 to dedicate a portion of the State's natural resource revenues to the Alaska Permanent Fund. That same constitutional mandate required that the principal of the fund "shall be used only for income-producing investments specifically designated by law as eligible for permanent fund investments." Alaska Const. art. IX, 15. However, "[a]ll income from the permanent fund shall be deposited in the general fund unless otherwise provided by law." *Id.* This section has been interpreted to safeguard the principal of the fund by removing it from the power of legislative appropriation. Williams v. Zobel, 619 P.2d 448, 453 (Alaska 1980) ("the constitutional provision establishing the fund places the principal of the fund beyond the Legislature's appropriation power, which can be exercised only over earnings derived from the fund"), *rev'd on different grounds*, 457 U.S. 55 (1982).

The constitutional and legislative history are replete with discussions of the meaning and intent of a "permanent" fund. The consensus appears to have been that the principal could never be touched, but was to be invested in perpetuity. As a result, moneys dedicated or appropriated to the Permanent Fund cannot be withdrawn. *See* Helgath & Bibb, The Alaska Permanent Fund; Legislative History Intent and Operations (Alaska State Senate, January 1986) at 30-33.

III. Character of Fund — Not a True Trust.

As a predicate to our analysis, the legal status and character of the Permanent Fund must be established. Upon analysis, we conclude that the Permanent Fund does not have the fundamental characteristics of a true private or public trust fund.

First, the Constitution does not actually create a trust. Rather, the enumerated state revenues are placed in a dedicated fund called a permanent fund. This constitutional provision is an express exception to another constitutional provision which prohibits the dedication of state proceeds "to any special purpose, except as provided in section 15 of this article [the Permanent Fund]". Alaska Const. art. IX, §7. And indeed, no specific trust purposes are enumerated —rather, all income is to be deposited into the state's general fund to be expended as the legislature sees fit. Alaska Const. art. IX, 15.

Moreover, simply calling the Board "trustees" does not create a trust. "It is not enough, however, that a statute purports to create a trust: A state cannot magically transform ordinary agents, contractors, or sellers into fiduciaries by the simple incantation of the terms "trust" or "fiduciary." *See* In re Khai Tran, 151 F.3d 339, 342 (5th Cir. 1998).

In this case, the trustees are not designated as trustees of a trust fund but rather constitute the Board of a public corporation created under a statutory charter, AS 37.13.040, and required by the Constitution to be closely tied to the executive branch. *See* Alaska Const. art. III, §22. Indeed, the Alaska Attorney General has frequently issued legal opinions that the APFC is a state agency, and that its Board officers and employees are subject to the same laws and immunity as other state officials. *See, e.g.*, 1982 Op. (Inf.) Atty. Gen. Alaska, File No. 366-269-83 (Dec. 2, 1983).

Despite the obligation to take care when handling the Fund's investments in order to preserve the safety of capital as well as produce income, AS 37.13.120, "all income" from the Fund is specifically made subject to disposition "by law," and hence is subject to appropriation by the Legislature.

In this instance, the Constitution mandates that the Fund produce income not for beneficiaries of the Fund but for the "general fund" of the State of Alaska or for such other purposes as the Legislature shall direct. Thus, unlike a trust, the Board does not manage Fund assets for beneficiaries, present and future. Rather, it manages the Fund to generate income for distribution as the Legislature, not the Board, directs. Because the disposition of income is subject to the control of the Legislature, which may choose to either distribute it (favoring current recipients) or add it to principal for reinvestment (favoring future generations), the balance between the interests of current and future

generations is determined by the Legislature, not the Board. Because the determination of the distribution of income is constitutionally reserved to the Legislature, the Alaska Permanent Fund, at least with regard to the disposition of income, is more properly characterized as an investment fund rather than a classical trust fund.

Consequently, the "trustees" of the Permanent Fund do not have the customary trustee's obligations to balance the investments of the trust so as to avoid overgeneration of income for current beneficiaries at the expense of future beneficiaries. The trustees of a classical trust would be required to invest and distribute income in such a manner as to balance the needs of present and future beneficiaries. *See Restatement (Second) of Trusts* 183 cmt. a (duty to deal impartially with the beneficiaries of a trust whether they are entitled to their interests "simultaneously or successively") *and* §232 (duty to the successive beneficiaries to act "with due regard to their respective interests"); 3A Fratcher, Scott on Trusts (4th ed. 1998) §232 at 5-7.

Because the Constitution leaves the distribution of income to subsequent direction by law, the Fund differs from a true trust that creates a class or classes of beneficiaries with a legally enforceable entitlement to income. If a true trust with regard to income had been created in a legal sense, its ascertainable beneficiaries (a necessary component of any trust, *see Restatement (Second) of Trusts* 112 (1959) ("Definite Beneficiary Necessary")) would have enforceable legal rights against the trust and a legal entitlement to their dividends. However, both Alaska and federal courts have rejected any such notion of absolute entitlement. In Exxon Corp. v. Heinze, 792 F. Supp. 72,75 (D. Alaska 1992), the court stated that "The right to a dividend is a matter of legislative grace, not entitlement." The Court observed that no individual owns an interest, or has a cause of action to protect his expectancy regarding future dividends. *See also* Underwood v. State, 881 P.2d 322, 327 & n.7 (Alaska 1994) (no Alaskan has a vested right to a dividend, which is a creature of the Legislature and can be abolished at any time); Beattie v. United States, 635 F. Supp. 481, 491 (D. Alaska 1986), *aff'd sub nom.* Griesen v. United States, 831 F.2d 916 (9th Cir. 1987), *cert. denied*, 485 U.S. 1006 (1988) ("The people do not 'own' the natural resources nor the proceeds from the same nor the Alaska Permanent Fund. . . . . In adopting their constitution, the people of the State of Alaska have very clearly constituted the State as owner of the natural resources which give rise to the fund [Permanent Fund] in question."); State v. Anthony, 810 P.2d 155, 158 (Alaska 1991). Indeed, the IRS has ruled that current distributions, *i.e.*, dividend payments, are not distributions of Permanent Fund income, but rather are distributions of State funds. Rev. Rul. 90-56, 1990-2 C.B. 103 (1990).

Likewise, there is no class of remainder beneficiaries who ultimately would receive the principal of the trust. In contrast, under a private trust, "[a]lmost every trustee finds that the trust terms require him to pay or apply income to or for a

temporary beneficiary, and to distribute principal to one or more beneficiaries prior to or upon termination of the trust." G. Bogert, Trusts and Trustees, (rev. 2d ed.) Ch. 39, §816, at p. 339. The constitutional history plainly indicates that the Permanent Fund was to be exactly that — *permanent*. "Unlike most trusts, the principal may not be reached whatever, either now or in the future. No one has a future right to principal." Helgath & Bibb, The Alaska Permanent Fund: Legislative History, Intent, and Operations (Alaska State Senate, January 1986), at 32 (quoting State of Alaska Department of Law Letter to Representative Clark Gruening (Aug. 31, 1977)).

These facts, which distinguish the Permanent Fund from a true trust, are reinforced when considering other public trusts, each of which imposes duties on the trustees not only to manage the fund, but also to distribute the income to specified classes of beneficiaries. The state statutes reflect that the Alaska Legislature has either established or has inherited from Congress legislative authority over legal trust funds in other contexts. *See, e.g.*, Public School Trust Fund, AS 37.14.110-37.14.170; Alaska Children's Trust, AS 37.14.200-37.14.270; Mental Health Trust, AS 37.14.001-37.14.099. When it was intended that such state funds have a more traditional trust character, they were designated trust funds with duties to identifiable beneficiaries. For example, the enabling act for the Mental Health Trust specifies that the trust has beneficiaries, and charges the trustees with duties towards the beneficiaries. AS 37.14.007(b).

We conclude therefore that the Permanent Fund is an investment fund, not a true trust fund.[1] Indeed, to a great extent it is *sui generis*, and not readily susceptible to analogies or traditional concepts. *Compare* Beattie v. United States, 635 F. Supp. 481 (D. Alaska 1986), *aff'd sub nom.* Griesen v. United States, 831 F.2d 916 (9th Cir. 1987), *cert. denied*, 485 U.S. 1006 (1988).

IV. Relevant Fiduciary Principles

[1] We note that in 1997 the Government Accounting Standards Board circulated an Exposure Draft of "Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments", which would require reporting from dual perspectives at both the entity-wide perspective and at the fund perspective. These financial reporting standards would define a new type of fund, Permanent Funds. These funds would consist of certain funds previously classified as Nonexpendable Trust Funds. This category would be included in the proprietary fund category, although such Permanent Funds presented at the fund perspective level would be presented in the entity-wide financial statements as governmental activities. The Permanent Fund category would include funds that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the reporting government's programs (*i.e.*, for the benefit of the public).

Despite the foregoing, trust law has some relevance to interpreting the statutory and constitutional obligations of the Permanent Fund. The Legislature has imposed certain statutory fiduciary obligations upon the Fund that are rooted in trust law. *See Restatement (Second) of Trusts* §2, cmt. b (1959)("Fiduciary Relation") (limiting the duty of a fiduciary to act for the benefit of another "within the scope of the relation"); SEC v. Chenery Corp., 318 U.S. 80, 85-86, 63 S Ct. 454, 458, 87 L. Ed. 626, 632 (1942) (opinion of Frankfurter, J.) ("To say that a man is a fiduciary only begins analysis; it gives direction to further inquiry. To whom is he a fiduciary? What obligations does he owe as a fiduciary? In what respect has he failed to discharge these obligations? And what are the consequences of his deviation from duty?"); A. Scott, "The Fiduciary Principle," 37 Calif. L. Rev. 541 (1949) ("Some fiduciary relationships are undoubtedly more intense than others. The greater the independent authority to be exercised by the fiduciary, the greater the scope of his fiduciary duty.")

In this instance, the Board's fiduciary duties are provided by statute, which specifically imposes the prudent investor rule on the Board, admonishing it to "exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it not in regard to speculation but in regard to the permanent disposition of funds, considering the probable safety of capital as well as probable income." AS 37.13.120.

Here, the fiduciary duty of the Board is limited to preservation of principal and money management; the Governor and Legislature are in charge of distribution of income. This Board is obligated to manage the investments of the principal by the prudent investor rule, a rule traditionally applicable to trusts. It is charged with a paramount duty to preserve principal, again a fundamental trust law concept.

We believe that in analyzing the questions presented here, a Court would look to the plain language of the Constitution and implementing legislation, their purpose and intent, the decisional law of the state, and to the past practice of the responsible administrative agencies. *See* G. Bogert, Trusts and Trustees, (rev. 2d ed.) §816 at p. 340 ("the best criterion for making decisions [as to what is principal] is the practical treatment of the topic by the courts or legislatures.") And secondarily, when faced with the duty to interpret the applicable provisions of law absent controlling statutory or constitutional guidance, the Alaska courts also will look to basic trust law principles for analogies to guide their rulings.

A fundamental rule of trust law is that a trustee has such powers as are specifically conferred by the terms of the trust. The expression "terms of the trust" is here used in the broad sense, *Restatement (Second) of Trusts* 186, and frequently

includes statutory terms such as the prudent investor rule. A basic rule of trust construction is that the courts will interpret the trust documents in such a way as to implement the intent of the creator of the trust. Similarly, when the courts come to interpret and apply legislation, they construe legislation in accord with the legislative purposes. By either standard, the primary focus will be to determine what was intended. The statutory and constitutional provisions — the "terms of the trust" — will govern over general default rules of trust law, which will be applied only where the terms are silent. With these distinctions in mind, we turn to the relevant sections of the Alaska Constitution and the Alaska statutes.

V. Definition of "Principal"

The starting point for a definition of principal is the fundamental distinction between principal and income. Trust law divides the assets of a trust between the mutually exclusive categories of principal and income. Black's Law Dictionary (5th ed. 1979) defines "principal" as "property as opposed to income. The term is often used to designate the corpus of a trust." The Revised Uniform Principal and Income Act ("RUPIA"), which Alaska has adopted for *private trusts*, defines principal as: "The property that has been set aside by the owner or the person legally empowered so that it is held in trust eventually to be delivered to a remainderman while the return or use of the principal is in the meantime taken or accumulated for an income beneficiary." AS 13.38.020(b). By contrast, income is defined as: "The return in money or property derived from the use of principal, including ...." AS 13.38.020 (a). Even in private trusts, however, the terms of the trust may override the classic treatment of principal and interest by specific direction. AS 13.38.020(a); *see Restatement (Second) of Trusts* §§232-233.

Neither the Alaska Constitution, the statutes, nor the decided cases announce a comprehensive definition of the "principal" of the Permanent Fund, although they prescribe that certain amounts be dedicated or allocated to the Fund's principal. The statutes have defined "income" in different ways at various times which provides some guidance because what is income is not principal and what is not principal must be income. For the reasons stated below, we believe that a coherent definition of principal nevertheless may be derived from the Alaska Constitution and statutes, which is supported by analogy from trust law.

The drafters of the Constitutional clause that established the Permanent Fund had an overriding concern with the preservation of principal for the production of income for future generations. *See* Free Conf. Comm. Rept. for SB 161, p.1 (May 4, 1979). This duty was recognized by the Legislature when it enacted provisions to inflation-proof the principal of the fund, and is recognized by the Trustees themselves in managing their

investments. Alaska Permanent Fund Corporation, 1997 Annual Report, p. 1. Classically, the principal of a trust, or its "corpus," is the amount set aside to fund the trust when it is first created or "settled." Extending this principle to the Permanent Fund, the principal of the Fund clearly includes the amounts constitutionally dedicated to the Fund, that is, at least twenty-five percent of:

- mineral lease rentals,
- royalties,
- royalty sale proceeds, and
- federal mineral revenue sharing payments and bonuses.

Alaska Const. art. IX, 15.

In addition, such additional funds as the Legislature has directed to the Fund also constitute its principal. By statute, the Legislature has increased the constitutionally dedicated amounts from certain mineral leases to fifty percent of the enumerated revenues. AS 37.10.010. The Legislature also has enacted provisions further dedicating amounts for inflation-proofing pursuant to the statute, AS 37.13.145 (c), and transferring settlement earnings to principal, AS 37.13.145(d). And from time to time, the Legislature has appropriated additional amounts specifically to principal. *See* AS 37.13.010(a)(3). *See, e.g.*, 1983 Op. Atty. Gen. Alaska No. 234 (Sept. 23, 1983) (discussing inflation proofing — reflects consistent legislative view that principal is limited to monthly deposits of these enumerated revenues plus specific appropriations to principal).

This definition of principal is consistent also with the core concepts of trust law. The principal of a private trust would be the amount that the settler of a trust set aside for the future.

In a private trust, however, some portion of earnings also would be directed to principal absent specific direction from the trust document. For example, the Restatement of Trusts and the Uniform Act provide definitions of how profits, gains, dividends and interest should be allocated between principal and income. By implication, these authorities prescribe what increments of profit from investments shall be added to principal. For example, unless otherwise provided by the terms of a private trust, realized capital gains would be added back to the principal of the trust. This allocation is necessary in the private trust context because of the need to balance the interests of current and remainder beneficiaries.

The governing law for the Permanent Fund, however, does not look to private trust law principles for guidance, but rather establishes a different treatment for gains,

whether realized or unrealized.[2] First, under the Constitution, all income from the Permanent Fund is directed to the general fund of Alaska and is not added back to principal unless the Legislature directs otherwise. Alaska Const. art. IX 15. Indeed, the Constitution expressly directs that principal be used "only for income-producing investments", Alaska Const. Art. IX, 15; it does not require that any portion of it be used for principal-producing investments. The legislative history of the constitutional Permanent Fund provision indicates that the legislative intent behind the constitutional mandate depositing all income into the general fund was to give "future legislatures the maximum flexibility in using the fund's earnings—ranging from adding to fund principal to paying out a dividend...." Joint Comm. Rept. on HJR 39, 1976 House Journal, p. 635.

The history of legislative direction and control over gains and losses further supports the conclusion that they are allocable to income. The statutory scheme does not rely on traditional trust definitions of income or principal, but rather focuses on whether a particular inflow of money is to be considered "net income" under generally accepted accounting principles. AS 37.13.140. Thus under the statute, a capital gain of the Permanent Fund is allocated to income, not to principal. AS 37.13.140. Consequently, the Legislature's definitions of income reinforce the conclusion that principal consists exclusively of the constitutionally and statutorily-mandated sums plus additional legislative appropriations.

A related question is whether principal of the Permanent Fund consists of an identified, specific set of assets. We believe not. The sums set aside for the Permanent

[2] We believe a court would recognize that when the Legislature intended to incorporate specific provisions of private trust law, it chose precise language to do so. For example, other state trust funds have provisions that require that realized revenues, depending on their character as gains, losses, interest or dividends, are allocated to either principal, which must be preserved, or income which may be expended by the legislature for any public purpose. To illustrate, the enabling act for the Mental Health Trust expressly provides that principal and income are to be determined according to the guidelines applicable to private trusts. AS 37.14.031(d), citing AS 13.38 (the Revised Uniform Principal and Income Act). The governing statutes for the Public School Trust Fund, the Alaska Children's Trust, and the Alaska Heritage Endowment Fund all expressly provide that (1) income does not include capital gains or losses realized on principal, and (2) capital gains or losses realized on the principal shall be retained in the respective trust funds perpetually for investment as additions to principal. AS 37.14.110(c)(Public School Trust Fund); AS 37.14.240(a) (Alaska Children's Trust); AS 37.14.530(a)(Alaska Heritage Endowment Fund). In contrast, the Permanent Fund enabling act, as amended by the legislature, defines net income to include all realized income (regardless of its character as gain, dividend or interest), and excludes only *unrealized* gains or losses. AS 37.13.140.

Fund are cash revenues from identified resources and activities, which are invested in income-producing investments. This is not like a public land trust, for example, where the principal consists of specifically identifiable or tangible assets. Cash, by definition, is fungible — one dollar has no different character than any other dollar. The Permanent Fund principal cannot be traced to specific investments separate and apart from the investments representing reinvested earnings. Thus principal is an aggregate amount, consisting of the sum of all constitutional dedications, statutory transfers from income, and legislative appropriations. So long as the Permanent Fund records and separately accounts for these sums, the amount of principal has been identified. However, principal is not specifically identified to particular assets.

VI. The Meaning of Income

To answer the question of whether and when an invasion of principal could occur, we must consider the definition of income. The first statutory definition of income was found in section 37.13.140 ("Income") and its companion provision, section 37.13.130 ("Gains and Losses"). Income was then defined as "interest received in a year." Under section 37.13.130, the net gains from the sale of securities were to be added to principal, which was intended to help offset the effects of inflation. Free Conf. Comm. Rept. for SB161, p.2 (May 4, 1979).[3] It also provided that an amount equal to net losses from such sales should be deducted from income and added to principal, which was intended to protect the principal from erosion. *Id.* No specific legislative direction of such net gains to principal would have been necessary or possible if net gains were not otherwise included in income, and hence subject to legislative control.

Section 37.13.130 was repealed in 1982. At that time, section 37.13.140 was amended. Although the Section is titled "Income," it begins by discussing "Net Income." It does not define net income but directs that it be computed annually "in accordance with generally accepted accounting principles, excluding any unrealized gains or losses."[4] Section 37.13.145, titled "Disposition of Income," also does not define income directly, but rather provides that "Income from the fund shall be deposited by the corporation into the [earnings reserve] account as soon as it is received."

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[3] This language reflects the Permanent Fund's statutory investment limitations. At the time, the Board lacked the power to invest in equities; the securities in question presumably would be bonds and other interest bearing investments such as mortgages.

[4] A later amendment clarified that income from the earnings reserve account is also included within income. 1992 SLA Ch. 134, §19.

Section 37.13.140 references generally accepted accounting principles for the determination of net income. At the time section 37.13.140 was first adopted, generally accepted accounting principles did not recognize unrealized gains or losses in income. In 1997, the Governmental Accounting Standards Board ("GASB") adopted Statement No. 31 ("GASB 31"). That standard requires that unrealized gains (or losses) be taken into account in determining net income. Consistent with the adoption of GASB 31, the Permanent Fund for *reporting purposes* now periodically marks to market its investment portfolio and reflects unrealized gains and losses in its statement of revenues and expenses.

The statutory reference to the definition of net income provided by generally accepted accounting principles, in turn, poses several interpretative issues. First, is there a difference between income and net income for statutory purposes? Second, given the change over time in generally accepted accounting principles ("GAAP"), has the statutory language become internally inconsistent or can it be reconciled with GAAP?

Is there a viable distinction between "income" and "net income" for purposes of section 37.13.140 or section 37.13.145 or both? Standard accounting texts recognize the concepts of gross and net income; income, however, can be one or the other depending upon the context. Gross income, however, is income before expenses, i.e. is equivalent to gross revenues. Net income, in turn, is defined to be what is generally conceived of as profit. One standard accounting text defines net income as "the net increase in net assets (owners' equity) of the firm, assuming no new capital contributions by the owners or dividend distributions by the business." Williams, Stanga, Holder, Intermediate Accounting (1984). Thus, net income as typically understood for accounting purposes is consistent with the broader GASB 31 definition although not consistent with the definition of section 37.13.140.

One might argue that a distinction between income and net income is supported by the difference between the title of section 37.13.140 — "Income" — and the use of the term "net income" in the statutory language itself. We do not believe a court would favor this view. A common principle of statutory and contract interpretation is to disregard section titles. Sutherland Stat. Const. §47.14 (5th ed. 1992 & 1998 Supp.). The only reference within section 37.13.140 to "income" other than "net income" is the term "income available for distribution," defined as a percentage of net income for the last five fiscal years. This usage of "income" is not inconsistent with the usage of "net income" in that section.

Although it could also be argued that the statute adopts the determination of net income under generally accepted accounting principles, this incorporated definition must be read as modified by the plain text of section 37.13.140, which expressly

excludes from net income unrealized gains and losses. The available legislative history suggests that the Legislature made a conscious decision to reject inclusion of unrealized gains and losses in the determination of net income for dividend purposes.[5] Moreover, this reading of "net income" is consistent with the use of "income" in section 37.13.145(a) — "income" appears to be limited to that which can be "deposited . . . as soon as it is received," *i.e.*, cash or realized income. Finally, it is inconceivable that the Legislature could allow a nongovernmental party ("GASB") the discretion to decide in the future what is net income for purposes of calculating the payment of State funds without creating a potential improper delegation of legislative power.

The inconsistency between GAAP and the statutory definition of income is further exacerbated by the discrepancy between the earnings reserve account as it is computed under generally accepted accounting principles ("the GAAP earnings reserve account") and the statutory earnings reserve account described in section 37.13.145(a). The statute establishes the earnings reserve account as a separate account in the Fund. It then states, however, that "income from the fund shall be deposited by the corporation into the account as soon as it is received." AS 37.13.145(a). The obvious implication is that the statutory earnings reserve account includes only realized income. This language made sense in an era when generally accepted accounting principles also required earnings to be realized before being treated as income and included in an earnings reserve account. However, this statutory provision is inconsistent with current generally accepted accounting principles.

Because unrealized gains and losses are now taken into income for accounting purposes, the earnings reserve account used for accounting purposes (the "GAAP earnings reserve account") contains both realized and unrealized gains and losses. That is, the GAAP earnings reserve account used for accounting purposes now contains all

[5] The legislative history of the 1982 amendments to AS 37.13.140 suggests that the sponsors of the amendment were aware of the potential that such an inconsistency might develop between the statutory exclusion of unrealized gains and losses and GAAP. The Governor's transmittal letter for the amendment observes that the provision was consistent with GAAP at that time. The Governor, however, notes that "we are advised that the GAAP may be revised to allow inclusion of unrealized gains and losses while computing net income. While it is important for sound management to know the market value of the fund, this concern is satisfied by the reporting requirement of AS 37.13.170. The Board of Trustees has determined, and I concur, that since the amount of income available for distribution is fixed by statute and may not be altered by the Board, it is imperative for sound management of the Fund to ensure the exclusion of unrealized gains and losses when computing distributable income." Letter from Gov. Jay Hammond, regarding Sponsor Substitute for Senate Bill No. 684, 1982 Senate Journal 494, 496 (March 9, 1982).

income of the Permanent Fund as that concept is defined by generally accepted accounting principles. At any point in time, then, the assets of the Fund are divided between the GAAP earnings reserve account and the principal.

VII. Impact of a Transfer on Principal

When would an invasion of principal occur? An invasion of principal would occur if a proposed pay-out from the Fund exceeded the current balance of the earnings reserve account. Past Permanent Fund dividend pay-outs have not tested this limitation because they were constrained by the limitation of section 37.13.140 against including unrealized gains and losses in income. In other words, the Permanent Fund had a cushion of retained earnings (consisting of unrealized gains and losses) that, in an accounting sense, protected it against coming close to an invasion of principal.[6] After adoption of GASB 31, an invasion of principal would occur if the amount transferred or paid out of the earnings reserve account exceeded the balance in the account, which balance now includes both realized and unrealized gains and losses due to the operation of GASB 31.[7]

We have been advised, and we have assumed for purposes of our opinion, that the past practice of the legislature, the State, the APFC, and its accountants and outside auditors — since the inception of the Fund — has been to treat principal as a balance of the accumulated sum equal to the value of the total assets contributed to the Fund by constitutional dedication, Alaska Const. art. IX, 15, statutory dedication, AS 37.13.010, 37.13.145; *see* AS 37.13.020, and legislative appropriation. We have also been advised, and we have assumed for purposes of this opinion, that principal is not specifically attributed to any particular asset in the Fund, but is maintained as a balance amount in the Fund as a whole. Accordingly, under the present accounting methodology, the

[6] Another protection is found in section 37.13.145(b), which provides that only 50% of the income available for distribution is transferred to the dividend fund.

[7] A logical question occurs. What if most of the balance of the earnings reserve account were paid out and some time later the stock market suffered a major correction? In that hypothetical situation, the value of the earnings reserve account would turn negative. Would that negative balance, be offset against the principal balance and if so, would that constitute an invasion of principal? The answer is negative. An invasion of principal would occur where the Permanent Fund had attempted action to pay out more than the balance of the earnings reserve account. It would not occur where, after a payout, the balance of that fund turned negative. The critical difference is between an action of the trustees and the natural fluctuation of the investment markets. One is an action over which the trustees have control; the market fluctuation is not.

excess of market value of total assets over principal, less total liabilities, is credited to the earnings reserve account. Accordingly, when a dividend is paid, principal always remains in the Fund and is not impaired when specific securities are sold and the entire proceeds transferred out of the earnings reserve account. So long as the value of the assets remaining in the Fund less the total liabilities at the time of the transfer is greater than the principal balance amount, the decrease in assets in the Fund caused by the transfer is balanced by a decrease in the balance attributed to the earnings reserve account, leaving the principal balance unimpaired.

Because the actual sale of securities and the transfer of the proceeds of such a sale would not result in any impairment of principal so long as the value of the remaining assets of the Fund (less total liabilities) exceed the principal balance, it is our opinion that the direct transfer of those assets at their fair market value also does not impair principal, provided that at the time of transfer the value of the securities transferred does not exceed the amount in the Permanent Fund earnings reserve account as determined under generally accepted accounting principles.

VIII. Statute Inconsistent With GAAP

The statutory framework for the Fund distinguishes the treatment given to realized and unrealized income. Section 37.13.140 provides, "Net income of the fund shall be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses." For a period of time only the statutory net income consisting of net realized gains was credited to the earnings reserve account established by section 37.13.145(a), which provides, "Income from the fund shall be deposited into the [earnings reserve] account as soon as it its received. Money in the account shall be invested in [authorized] investments...." However, with the adoption of GASB 31, the chief financial officer of the APFC began valuing investments at market on a monthly basis and crediting unrealized net earnings to the balance of the earnings reserve account for financial reporting purposes. Accordingly, for financial reporting purposes, the earnings reserve account now holds both realized and unrealized net gains in the income that has been credited to it.

The statutory definition of net income in section 37.13.140 requires both adherence to generally accepted accounting principles, which requires marking assets to market value, and the exclusion of unrealized market gains and losses. This conflict creates problems with regard to whether or not the "income" of the Fund that must be deposited in the earnings reserve account, and from which the legislative appropriation shall come, should properly include unrealized gains and losses. One possible solution to the problem would be to simply sell the securities, which would convert any

unrealized gains or losses attributable to those securities into actual realized gains credited to the earnings reserve account that could then be transferred to the Constitutional Budget Reserve Fund. The difficulty with this approach is that selling securities on the open market generates additional expenses in the form of brokerage commissions and other transaction costs. If the securities could be transferred in kind at their fair market value, the Fund would be spared the expenses associated with the sales, and hence more Fund assets would be preserved. The difficulty is that it is not clear that the "income" held in the earnings reserve account under section 37.13.145(a) properly includes the unrealized gains and losses not included in "net income" under section 37.13.140.

Because the ambiguity has been created by section 37.13.140, it may be remedied the same way — by amending the statute to conform to generally accepted accounting principles to provide that income held in the earnings reserve account shall include both realized and unrealized gains and losses.[8] As income, the amounts in the earnings reserve account are subject to disposition as directed by statute without invading principal. Any proposed legislation should further direct that the principal shall be maintained inviolate.

If the statute is amended as described above, then a transfer of $4 billion of securities from the Permanent Fund to the Constitutional Budget Reserve Fund can occur without either affecting the dividend or requiring the realization of the gain associated with the particular securities that are transferred. Our conclusion is premised upon not only the amendment of the statute as described above, but also the advice that we have received from the Permanent Fund's accountants ("KPMG") that this transfer would be a one time non-standard, non-recurring event, which would be treated by the accountants as a residual equity transfer and permissible under generally accepted accounting principles as such. The consequence of this transfer would be that the earnings reserve account, assuming that it had more than $4 billion of realized and unrealized gains and losses, as well as other income, would be reduced by $4 billion as would the assets of the Fund. We are advised by KPMG that the particular unrealized gain that, in a theoretical sense, could be identified to the transferred securities would not be realized, and thus would have no immediate impact on the dividend calculation. Any impact on future dividends would be the result of the reduced amount of investments in the Fund, as well as any limitation on future pay-outs imposed by the

[8] To maintain the legislature's intent that the dividend shall be based on a measure of distributable income that excludes unrealized gains and losses, a companion amendment to Section 37.14.140 should clarify that the calculation of net income under that section is solely for the purpose of calculating the dividend.

decreased level of income in the earnings reserve account. The Constitutional Budget Reserve Fund would receive these securities at the fair market value on the date of transfer.

IX. *Limited Fiduciary Duties Analyzed*

In carrying out the proposed transfer, the Board will be subject to the same duties of prudence and care that apply whenever it selects securities to sell and reinvests; although the magnitude of the proposed transaction will impose greater restrictions on its flexibility than would be imposed by the ordinary turnover of a smaller percentage of securities within the portfolio. The duty to incur only reasonable expenses would appear to be well served by the proposed in-kind transfer, absent other conflicting considerations. The limited duty of impartiality and the duty to preserve principal are not impaired provided that the Board's acts are directed by the legislation requiring the transfer.

A. Prudence in Investing

The Board has adopted policies that pay careful attention to and comply with the concepts of diversification, asset allocation, and "total return" — the latter defined as "the realized income plus the net change in unrealized gains and losses. Realized income includes interest, dividends, real estate cash flow and realized capital gains." Alaska Permanent Fund Corporation, 1997 Annual Report, p. 3 note. The proposal does pay attention to total return, but reduces equity allocation and therefore diversification until rebuilt by future receipts and investments. However, this is a function of the fact that the unrealized gains and losses that are being transferred are due, in very large part, to appreciation in equities. The change in asset allocation is therefore a function of where the unrealized gains and losses to be transferred occur, not the consequence of a deliberate investment choice by the Board.

The Board will need to exercise care when selecting the stocks to be transferred to make sure that it has evaluated the impact of its divestiture program both on the overall risk of its portfolio, and on the investment policies that it has chosen in constructing its current equities portfolio.

We understand that one methodology under consideration as an alternative to selecting assets for transfer would be to implement the proposed transfer by transferring to the Constitutional Budget Reserve Fund a percentage across-the-board "slice" of the Permanent Fund's assets, representing $4 billion in value. The Constitutional Budget Reserve Fund would become a unit holder in the combined funds' investment pool, similar to the interests held by the Alaska Mental Health Trust, the Alaska Science and

Technology Foundation, and the International Trade and Business Endowment. *See* Discussion Part IX.D. below. This proposal would not disturb the asset allocation or diversification of the investment pool, nor would it impose unnecessary costs.

B. Duty to Minimize Expenses

A trustee must "incur only costs that are reasonable in amount and appropriate to the investment responsibility of the trusteeship." *Restatement (Third) of Trusts* §227(c)(3) (1992)(prudent investor rule). One of the clear advantages of an indexed approach to equity investments is that stock turnover is very low, thereby minimizing the losses that would otherwise occur in the form of commissions paid to brokers to execute trades. The need to sell stocks in order to generate cash proceeds to transfer decreases this advantage to the indexing investment strategy. However, the proposed direction of an in-kind transfer is clearly compatible with the duty to minimize costs, because it should substantially reduce the transaction costs that would otherwise attend the selling of a significant proportion of the Fund's equity portfolio.

C. Fiduciary Duty of Loyalty — to the State

The *Restatement (Second) of Trusts* §2, cmt. b (1957) states: "b. *Fiduciary relation.* A person in a fiduciary relation to another is under a duty to act for the benefit of the other as to matters within the scope of the relation." Here, the Board's duty is owed, not to specific beneficiaries, but to the State for which it manages the Permanent Fund in accordance with the statutes.

Here, the terms of the Constitution specifically reserve the disposition of "all income" to direction by the State "by law." Alaska Const. art. IX, 15. The removal of $4 billion in trust assets cannot help but reduce the amount to be available in the future for dividends because the lesser amounts to be invested will, all other things being equal, result in lower absolute amounts of income realized on those investments even if the current rate of return is maintained. However, the duties of this Board do not extend to distribution of income except as directed by law. Accordingly, no duty of loyalty within the scope of the discretion given to these trustees is implicated by the transfer itself.

D. Investments Managed on Behalf of Other Entities

Separately, there may be impartiality issues vis-à-vis the other state funds that invest through the Permanent Fund that will need to be handled to make sure that whatever interests they may have are kept whole. By statute, the Alaska Mental Health Trust (AS 37.13.300, 37.14.001 - 37.14.099), the Alaska Science and Technology Foundation Endowment (AS 37.17.010 - 37.17.110),and the International Trade and

Business Endowment (AS 37.17.440)(collectively referred to hereafter as "other funds") are invested by the APFC under the same investment authority as the Permanent Fund is managed. Alaska Permanent Fund Corporation, 1998 Annual Report, "Alaska's Future," p. 39 ("1998 Annual Report").

The assets of the other funds are commingled with the assets of the Permanent Fund for investment purposes. Earnings are separately allocated to the other funds on the basis of unit and fractional shares, which have undivided beneficial interests in the commingled assets equal to the proportion that such shares bear to the total units outstanding. Unit shares are credited to the other funds on the basis of amounts contributed to the investment pool. The following represents the other funds' shares of the commingled assets:

	6/30/1998	1997
Alaska Science and Technology Endowment Fund	$ 129,092,000	$ 128,565,000
Alaska Mental Health Trust Fund	299,356,000	267,553,000
International Trade and Business Endowment Fund	5,710,000	
TOTAL OF OTHER MANAGED FUNDS	$ 434,158,000	$ 396,118,000

It is apparent from a review of the respective enabling statutes that the APFC Board, acting only as investment manager of each of the respective funds, has only limited fiduciary responsibilities. For example, the cash principal of the Mental Health Trust Fund shall be retained perpetually in the fund for investment by the APFC under the prudent investor rule. AS 37.14.033, 37.14.035, AS 37.13.300. Net income of the fund shall be transferred to the mental health trust settlement income account at the end of each fiscal year and may be utilized only "by the Alaska Mental Health Trust Authority for purposes listed in AS 37.14.041". AS 37.13.035.

Similarly, the Science and Technology Foundation Endowment shall be held and invested by the APFC subject to the prudent investor rule, but net income shall be distributed by grants under Title 37, Chapter 17 rather than by the APFC. AS 37.17.020(b). The International Trade and Business Endowment also was established within, and is administered by, the Alaska Science and Technology Foundation, AS 37.17.440(a), 37.17.010(b)(3), although it is invested by the APFC subject to the prudent investor rule. AS 37.17.440(b).

Thus, the responsibilities for operational employment of the funds and distribution to the beneficiaries rest with the trustees and directors of the respective entities, and such fiduciary responsibilities as exist for the APFC Board are limited to those existing "within the scope of the [investment] relationship." *Restatement (Second) of Trusts*, § 2, comment b (1959).

Since the funds are permissibly commingled with the other assets of the Fund for investment purposes, the Board will adequately discharge its fiduciary responsibility with respect to these funds by continuing to follow the prudent investor rule (AS 37.13.120), by maintaining impartial treatment as to each of the separate funds through the undivided beneficial interests of each of the funds in the fashion described above, and by segregating income of other funds as required by particular provisions of the particular statutes relating to each fund. The Mental Health Trust enabling act requires that "The net income of the fund shall be determined by the Alaska Permanent Fund Corporation in the same manner the corporation determines the net income of the Alaska permanent fund under AS 37.13.140," AS 37.14.031(c), and then that "net income of the fund shall be transferred by the corporation to the mental health trust settlement income account at the end of each fiscal year." AS 37.14.035(b). Similarly, the "net income from the [Alaska Science and Technology Foundation] endowment shall be distributed under AS 37.17.010 - 37.17.110 and 37.17.225.", *i.e.*, under the control of that endowment's Board of Directors to make grants or other distributions of endowment income, and "not [as] net income available for distribution under AS 37.13.140." AS 37.17.020(b) Therefore, inasmuch as the special funds require the APFC Board to account separately for the net income of each fund, the Board must do so in such a way as not to impair the income due the subsidiary fund because of the Board's substantial transfer to the Constitutional Budget Reserve Fund.

In summary on this point, apart from investing according to the prudent investor rule (imposed by statute on all assets under its management), and accounting for principal and income under the terms of the particular statutes whose funds are being administered by it, the APFC Board has no other duties under the circumstances of the proposed legislation. The proposed legislation should have no special effect on commingled funds different from its effect on the other assets held by the Board since its effect will be distributed proportionately among each and all of the funds it holds for investment.

MORRISON & FOERSTER LLP

MEMORANDUM

TO: Kathy Porterfield

CC: Peter Bushre
James Baldwin

FROM: Robert Loeffler
Linda Arnsbarger
Michael Toumanoff
Joseph Wyatt

DATE: March 2, 1999

FILE: 14507/85

RE: Summary of Feb. 24, 1999 Discussion Regarding Accounting for Fund Transfers

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This is to summarize the discussion on February 24, 1999 between Kathy Porterfield, Peter Bushre, James Baldwin, Robert Loeffler, Joe Wyatt, Michael Toumanoff, and Linda Arnsbarger regarding the proposed recommendations as to the proper accounting for a fund transfer. The facts we discussed involved the possible one-time transfer of $4 billion in cash or securities from the Alaska Permanent Fund to the Constitutional Budget Reserve Fund. We asked Kathy to discuss the accounting treatment for such a transfer. Kathy responded that her answer was premised on the fact that both are state funds, and the proposed transfer is a one-time transfer. She discussed two options with regard to transfers in general.

One, which was not discussed at length, was to reflect the transfer in the income statements, which would have an immediate and substantial impact on the dividend.

The second approach, which we understood to be the appropriate accounting treatment, was to reflect the transfer as an adjustment to retained earnings, here the earnings reserve account, which would not have an immediate impact on the dividend. We understand that the accounting literature would permit the second approach, described as a "residual equity transfer" if it is a one-time transfer between two state funds, so long as it is legal to do so.

With respect to the legal question, Kathy identified one statutory barrier to this second treatment. AS 37.13.145(a) establishes the earnings reserve account, and states that "income from the fund shall be *deposited* by the corporation into the account as soon as it is *received*." This provision literally appears to limit the earnings reserve account to realized cash income. In other words, as a matter of law, the unrealized gains are not in the earnings reserve account.

We asked Kathy to consider the following hypothetical: First, assume that AS 37.13.145 is amended to provide that the earnings reserve account is calculated in accordance with generally accepted accounting principles. Then assume that, on a one-time basis, $4 billion in securities are transferred from the Permanent Fund to another state fund. Assume that the transferred securities have $1 billion in unrealized gains associated with them. Assume that, prior to the transfer, the earnings reserve account is $5 billion. Kathy agreed that the assets of the fund would be reduced by $4 billion, and the earnings reserve account would be reduced by

the amount of $4 billion (leaving $1 billion in the account). The CBRF would take the securities at their market value.

In KPMG's view, under the second approach, the transfer of $4 billion in assets with an associated $1 billion in unrealized gain associated with the assets would not result in any realization of gain, and thus would have no immediate impact on the dividend calculation. Any impact on future dividends would be the result of the reduced amount of investments in the fund, as well as any limitation on future pay-outs imposed by the decreased level of income in the earnings reserve account.

We explored how this reduction in the earnings reserve account would follow through for statutory purposes in calculating a dividend in subsequent years. (Our concern was how, under the statutory accounting method, to ensure that the component of the transferred earnings reserve that represented transferred unrealized gains would not be double counted in determining realized gains in later years for purposes of the statutory dividend calculation.) Kathy agreed that if, in the subsequent year, the fund had $3 billion in realized income, and the calculated income available for distribution exceeded the earnings reserve account, the amount of the dividend still could not exceed $1 billion, or the amount in the earnings reserve account, because to pay out more would be to invade principal. In other words, $2 billion of that year's realized income would nevertheless be unavailable for a dividend distribution in the current year.

Kathy and Peter clarified that the earnings reserve account for statutory purposes is not, by definition, the same as the earnings reserve account for accounting purposes under current GAAP. The accounting earnings reserve account represents only residual equity, not income.

We asked Kathy Porterfield and Peter Bushre to review a draft of this memorandum, dated February 24, 1999, and to let us know whether this summary accurately reflects the description they provided to us.

Kathy Porterfield has reviewed this memorandum, made revisions, and has confirmed in a telephone conversation with James Baldwin and Linda Arnsbarger on March 2, 1999 that this revised summary accurately reflects the description she provided to us.

DOL Document #2

FISCAL PLAN AMENDMENTS

1. The governor has introduced a bill proposing to transfer $4 billion from the earnings reserve account of the Alaska Permanent Fund to capitalize the Constitutional Budget Reserve Fund.

2. A proposal has been under consideration to make the transfer in a way that will avoid the necessity of selling a large amount in securities to raise the money.

   These sales will cost the permanent fund a substantial amount in transaction fees (estimated in excess of $20 million) owed to brokers and other securities dealers.

3. The plan involves either the transfer to the CBRF of in-kind securities worth $4 billion, or an undivided interest in the permanent fund worth $4 billion. Counsel to the Alaska Permanent Fund Corporation was engaged to provide independent legal advice concerning implementation of this in-kind transfer plan.

4. Legal counsel determined that a one-time, in-kind transfer could be validly implemented if certain statutory amendments were made by the legislature to make it clear that income of the permanent fund is determined exclusively by generally accepted accounting principles.

5. By establishing these principles in statute, there would be no legal questions concerning whether the appreciated value of securities owned by the permanent fund can be made available for distribution by the board of trustees as income.

6. If these amendments are enacted, legal counsel advises that a transfer of unrealized earnings of the permanent fund will not

   constitute an appropriation from the principal of the permanent fund; and

   that such a transfer will not violate a fiduciary duty owed by the board of trustees of the Alaska Permanent Fund.

7. The legal opinion also relies on the advice of auditors of the Alaska Permanent Fund that such a one-time transfer of $4 billion in permanent fund income would not cause an increase in the permanent fund dividend payable in the year of the transfer.

"Draft Legislation" Document (#3)

* Section __. AS 37.13.140 is amended to read:

Sec. 37.14.140. Income. Net income of the fund includes income of the earnings reserve account established under AS 37.13.145. **For the purpose of calculating the income available for distribution, net** [NET] income of the fund shall be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses. Income available for distribution equals 21 percent of the net income of the fund for the last five fiscal years, including the fiscal year just ended, but may not exceed [NET INCOME OF THE FUND FOR THE FISCAL YEAR JUST ENDED PLUS] the balance in the earnings reserve account described in AS 37.13.145.

* Sec. __. AS 37.13.145(a) is amended to read:

(a) The earnings reserve account is established as a separate account in the fund. **The balance of the earnings reserve account shall be determined according to generally accepted accounting principles.** [INCOME FROM THE FUND SHALL BE DEPOSITED BY THE CORPORATION INTO THE ACCOUNT AS SOON AS IT IS RECEIVED.] Money in the account shall be invested in investments authorized under AS 37.13.120.

1.23.09

http://www.adn.com/opinion/story/606388.html

adn.com
Anchorage Daily News

Should Permanent Fund managers stick to philosophy?

GREGG ERICKSON
COMMENT

(11/29/08 22:56:03)

In late August, Sarah Palin flew off on her nine-week campaign for the nation's second-highest office. During those nine weeks the Alaska Permanent Fund lost $8 billion, including more than $1 billion from the supposedly untouchable principal.

Palin's absence played no role in the fund's meltdown. The fund's managers lost the state's money because of the world financial collapse. But Palin's preoccupations -- with gas pipeline issues, Troopergate and the national campaign -- may be implicated in the paralysis that has gripped managers in responding to the fund's hemorrhaging value.

The decline in fund investments has not occurred across the board. Stocks and real estate have declined most dramatically, while bonds have done relatively well. As a result, percentages of assets in several of the fund's nine asset categories have drifted far from the board's allocation targets. So far, managers have taken no steps to bring them back to where they belong. Domestic bond holdings, for instance, account for 27 percent of fund assets, way above the 19 percent target and well beyond the permissible percentage variation the board established in a July resolution. Real estate holdings are also outside the limits, though in the opposite direction.

Maintaining allocation discipline is the Holy Grail that has guided managers at the fund since the theory was first adopted there in 1983. Innovative then, the notion that diversified asset allocation is the key to successful investing is now a core tenet of investment theory as taught in finance and investment courses at graduate schools around the world.

Why have Permanent Fund managers abandoned this long-held discipline?

Author and investment manager Peter Lynch writes that when it comes to investing, "The key organ in the body is the stomach, not the brain." The way to maintain the allocation percentages is to sell assets that have done well and use the proceeds to buy more of the assets that have done poorly. Following through on that discipline in today's market requires the courage of one's convictions.

That kind of courage appears to be in short supply at Permanent Fund headquarters. Fund managers have the responsibility to maintain that discipline; they don't need to

wait for the board of trustees' blessing. In an interview last month with reporters for the Alaska Budget Report (see the newsletter's Oct. 31 issue), Michael Burns, the fund's executive director, was asked repeatedly why the oft-touted discipline appears to have been abandoned.

"We're working through it," was his most direct response.

Permanent Fund managers also worry about the political implications of continuing to draw money from the fund to cover its expenses when doing so eats into the constitutionally protected principal. The principal is the sum of the state's contributions to the Permanent Fund since its inception, whether from oil royalties, special state appropriations or inflation-proofing. As the chart shows, on Nov. 18 the fund's market value was $1.6 billion less than the principal, putting the fund "under water." Money drawn to pay Burns' monthly $21,416 salary or any other outlay submerges it even deeper.

If the fund is under water in June when it's time to transfer more than a billion dollars to the Department of Revenue for Permanent Fund dividends, someone could ask the courts to block the payments on grounds they would invade the principal.

Former Attorney General Gregg Renkes, in a 2003 legal opinion, wrote that the problem can be eliminated by adopting a new legal definition of "principal," but Burns is uncertain where Palin -- who styles herself as a fund protector -- might come down on that. On Oct. 23 he wrote an official memo to Palin's budget chief, Karen Rehfeld, requesting the administration's views.

So far, we see little indication that Palin or her top officials have paid much attention. In an interview late last month, Rehfeld, noting the implications for next year's Permanent Fund dividend, said Burns shouldn't expect a substantive response to come quickly.

"We have to look at that question, we have to look at inflation-proofing, all of those pieces. We're researching it now," Rehfeld said.

Patrick Galvin, Palin's revenue commissioner and one of her two representatives on the Permanent Fund's six-person board of trustees, was unaware of Burns' memo to Reh-feld until I asked him about it a week after it was sent.

The trustees have a meeting scheduled Tuesday and Wednesday in Anchorage. That's their chance to ask Burns whether managers have the courage to stick to their allocation discipline, and how he proposes to deal with a potential dividend challenge. Let's hope the trustees do ask those questions. And let's hope they get coherent answers.

Juneau economic consultant Gregg Erickson is editor-at-large of the Alaska Budget Report. E-mail, gerickso@alaska.com.

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MEMORANDUM

STATE OF ALASKA
Office of the Governor
Office of Management and Budget
PO Box 110020
Juneau AK 99811-0020
(907) 465-4660, fax 465-3008

To: Michael Burns
Executive Director
Alaska Permanent Fund Corporation

Date: November 5, 2008

From: Karen J. Rehfeld
Director
Office of Management and Budget

Subject: APFC Operating Budget in Declining Financial Markets

On October 23, 2008, you requested feedback on a potential issue regarding the source of funds for the Alaska Permanent Fund Corporation's annual operating budget during times of extreme market volatility with downward trends.

As you outlined in your memorandum, state statute section 37.13.150 clearly identifies the source of corporation's operating budget as "The revenue generated by the fund's investments." A consultation with the Department of Law regarding the corporation's current circumstance affirms APFC's interpretation that the operating budget should be paid from positive cash flow in order to meet the FY09 appropriated budget.

cc: Mike Nizich, Chief of Staff
Julie Hamilton, APFC Director of Finance

1·23·09

Alaska Constitution

Section 9.15 - Alaska Permanent Fund.

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

Alaska Statute

Sec. 37.13.020. Findings.

The people of the state, by constitutional amendment, have required the placement of at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses received by the state into a permanent fund. The legislature finds with respect to the fund that

(1) the fund should provide a means of conserving a portion of the state's revenue from mineral resources to benefit all generations of Alaskans;

(2) the fund's goal should be to maintain safety of principal while maximizing total return;

(3) the fund should be used as a savings device managed to allow the maximum use of disposable income from the fund for purposes designated by law.

Sec. 37.13.140. Income.

Net income of the fund includes income of the earnings reserve account established under AS 37.13.145 . Net income of the fund shall be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses. Income available for distribution equals 21 percent of the net income of the fund for the last five fiscal years, including the fiscal year just ended, but may not exceed net income of the fund for the fiscal year just ended plus the balance in the earnings reserve account described in AS 37.13.145 .

Sec. 37.13.145. Disposition of income.

(a) The earnings reserve account is established as a separate account in the fund. Income from the fund shall be deposited by the corporation into the account as soon as it is received. Money in the account shall be invested in investments authorized under AS 37.13.120 .

(b) At the end of each fiscal year, the corporation shall transfer from the earnings reserve account to the dividend fund established under AS 43.23.045 , 50 percent of the income available for distribution under AS 37.13.140 .

(c) After the transfer under (b) of this section, the corporation shall transfer from the earnings reserve account to the principal of the fund an amount sufficient to offset the effect of inflation on principal of the fund during that fiscal year. However, none of the amount transferred shall be applied to increase the value of that portion of the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District) on July 1, 2004. The corporation shall calculate the amount to transfer to the principal under this subsection by

(1) computing the average of the monthly United States Consumer Price Index for all urban consumers for each of the two previous calendar years;

(2) computing the percentage change between the first and second calendar year average; and

(3) applying that rate to the value of the principal of the fund on the last day of the fiscal year just ended, including that portion of the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District).

(d) Notwithstanding (b) of this section, income earned on money awarded in or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District), including settlement, summary judgment, or adjustment to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned on the money, or on the earnings of the money shall be treated in the same manner as other income of the Alaska permanent fund, except that it is not available for distribution to the dividend fund or for transfers to the principal under (c) of this section, and shall be annually deposited into the Alaska capital income fund (AS 37.05.565).

1·23·09

ALASKA PERMANENT FUND

Balance Sheets

Unaudited (millions of dollars)	November 30, 2008	June 30, 2008
Assets		
Cash and temporary investments	$ 565.9	819.9
Receivables, prepaid expenses and other assets	325.5	1,089.3
Investments —		
Marketable debt securities	8,173.3	9,706.4
Preferred and common stock	12,860.7	19,936.0
Real estate	3,225.3	3,514.1
Alternative investments	2,942.5	3,088.0
Alaska certificates of deposit	232.2	237.2
Total investments	27,434.0	36,481.7
TOTAL ASSETS	$ 28,325.4	38,390.9
Liabilities		
Accounts payable	$ 178.2	998.9
Securities sold short at market value	125.4	184.9
Income distributable to the State of Alaska	0.0	1,326.2
TOTAL LIABILITIES	303.6	2,510.0
Fund Balances		
Reserved — principal:		
Contributions and appropriations	29,553.9	29,148.9
Unrealized appreciation (depreciation) on invested assets	(5,675.4)	1,763.3
Total reserved	23,878.5	30,912.2
Unreserved:		
Realized earnings	4,143.3	4,968.7
TOTAL FUND BALANCES	28,021.8	35,880.9
TOTAL LIABILITIES AND FUND BALANCES	$ 28,325.4	38,390.9

ALASKA PERMANENT FUND

Statements of Revenues, Expenditures and Changes in Fund Balances

Unaudited (millions of dollars)	Month ended November 30, 2008	Five months ended November 30, 2008	Fiscal year-end actual June 30, 2008
Revenues			
Interest	$ 37.3	186.4	549.5
Dividends	31.3	148.6	457.7
Real estate and other income	0.4	78.2	195.1
Total interest, dividends, real estate and other income	69.0	413.2	1,202.3
Net increase (decrease) in the fair value of investments			
Marketable debt securities	86.3	(698.9)	228.5
Preferred and common stock	(1,035.0)	(7,251.4)	(2,631.2)
Real estate	(87.0)	(331.3)	(176.6)
Alternative investments	(145.6)	(398.0)	97.7
Forward exchange contracts and futures	(3.1)	47.0	(95.1)
Currency	0.3	(13.0)	(4.2)
Total net increase (decrease) in investments	(1,184.1)	(8,645.6)	(2,580.9)
TOTAL REVENUES	(1,115.1)	(8,232.4)	(1,378.6)
Expenditures			
Operating expenditures	(4.7)	(29.1)	(78.4)
Other legislative appropriations	0.0	(2.6)	(6.3)
TOTAL EXPENDITURES	(4.7)	(31.7)	(84.7)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	$ (1,119.8)	(8,264.1)	(1,463.3)
Other Financing Sources (Uses)			
Transfers in	79.5	405.0	844.3
Transfers out	0.0	0.0	(1,326.2)
NET CHANGE IN FUND BALANCES	(1,040.3)	(7,859.1)	(1,945.2)
Fund Balances			
Beginning of period	29,062.1	35,880.9	37,826.1
End of period	$ 28,021.8	28,021.8	35,880.9

Statutory Income Calculation			
Excess (Deficiency) of revenues over expenditures	(1,119.8)	(8,264.1)	(1,463.3)
Adjustments to bring net income to statutory net income:			
Unrealized (gain) loss	893.3	7,438.6	4,434.4
Alaska Capital Income Fund realized earnings	0.0	0.0	(33.0)
STATUTORY NET INCOME (LOSS)	$ (226.5)	(825.5)	2,938.1

ALASKA PERMANENT FUND

Receivables and Payables

Unaudited (millions of dollars)		November 30, 2008
Accounts Receivable		
Interest Receivable	$	90.2
Dividends Receivable		40.1
Pending Sales Fixed Income		6.4
Pending Sales Equities		40.1
Pending Sales Alternative Investments		0.0
Foreign Exchange Contracts Receivable		28.3
State Dedicated Revenues Receivable		116.8
Pending Sales Real Estate/REITs		3.6
Prepaid and Other Receivables		0.0
TOTAL RECEIVABLES	$	325.5
Accounts Payable		
Accrued Operating Payables	$	16.1
Pending Purchase Fixed Income		94.6
Pending Purchase Equities		65.9
Pending Purchase Real Estate/REITs		1.6
Foreign Exchange Contracts Payable		0.0
TOTAL PAYABLES	$	178.2

ALASKA PERMANENT FUND
FUND FINANCIAL HISTORY & PROJECTIONS
as of November 30, 2008

Projections will extend ten years, and are based on best available information ($ in millions)

		Reserved Fund Balance - Principal							Unreserved Fund Balance								TOTAL FUND	
		FY-Begin Contrib.	Appro- [1]	Dedicated [2] State	Inflation	FY-End Balance	Unrealized Gain (Loss) Net	FY-End	FY-End Reserved	Acct. Net	Statutory Net	Distributions of Statutory Net Income			Realized Earnings Net	FY-End		FY-End
	FY	Balance	priations	Revenues	Proofing	Contributions	Change	Balance	Balance	Income [3]	Income [3]	Dividends	Inflation Proofing	Gen. Fund / Other [4]	Change	Balance	FY	Balance	
	77-00	0	7,039	6,731	6,244	20,014	3,529	3,529	23,543	25,080	23,433	9,806	6,244	274	2,972	2,972	77-00	26,515	
	01	20,014	8	339	686	21,047	(2,146)	1,383	22,430	(924)	1,199	1,113	686	4	(588)	2,384	01	24,814	
	02	21,047	(23)	258	602	21,884	(878)	505	22,389	(617)	257	926	602	5	(1,248)	1,136	02	23,525	
	03	21,884	354 [5]	398	352	22,988	601	1,106	24,094	963	355	691	352	0	(1,035)	100	03	24,194	
	04	22,988	(339) [5]	353	524	23,526	1,909	3,015	26,541	3,434	1,502	581	170 [5]	0	759	859	04	27,400	
	05	23,526	0	480	641	24,647	859	3,874	28,522	2,640	1,754	532	641	27 [4]	581	1,440	05	29,962	
	06	24,647	0	601	856	26,104	347	4,221	30,325	3,072	2,689	689	856	37	1,145	2,585	06	32,910	
	07	26,104	0	532	860	27,497	1,977	6,198	33,694	5,448	3,429	1,022	860	42	1,547	4,132	07	37,826	
	08	27,497	0	844	808	29,149	(4,434)	1,763	30,912	(1,463)	2,936	1,293	808	33	837	4,969	08	35,881	
10%	09	29,149	0	724	1,180	31,052	(2,936)	(1,172)	29,880	(1,928)	994	1,240	1,180	13	(1,425)	3,544	09	33,424	10%
25%	09	29,149	0	724	1,180	31,052	(1,272)	491	31,544	(51)	1,206	1,262	1,180	15	(1,236)	3,733	09	35,276	25%
Mid	09	29,149 [6]	0	724 [2]	1,180	31,052	1,377	3,140	34,193	2,830	1,435	1,286	1,180	18	(1,031)	3,938	09	38,131	Mid
25%	09	29,149	0	724	1,180	31,052	3,570	5,333	36,386	5,302	1,711	1,315	1,180	21	(784)	4,185	09	40,570	25%
10%	09	29,149	0	724	1,180	31,052	6,020	7,783	38,836	8,042	1,997	1,345	1,180	25	(527)	4,441	09	43,277	10%
	10	31,052	0	659	872	32,584	1,173	4,313	36,897	3,006	1,812	1,168	872	21	(228)	3,710	10	40,607	
	11	32,584	0	639	914	34,137	1,248	5,562	39,699	3,202	1,933	1,186	914	21	(167)	3,543	11	43,242	
	12	34,137	0	630	956	35,723	1,328	6,890	42,613	3,412	2,062	1,120	956	21	(14)	3,529	12	46,142	
	13	35,723	0	619	999	37,341	1,417	8,307	45,648	3,642	2,204	992	999	21	213	3,742	13	49,389	
	14	37,341	0	591	1,043	38,975	1,515	9,822	48,797	3,900	2,363	1,089	1,043	21	231	3,972	14	52,770	
	15	38,975	0	618	1,089	40,682	1,619	11,441	52,123	4,170	2,530	1,165	1,089	21	276	4,248	15	56,371	
	16	40,682	0	620	1,136	42,437	1,729	13,170	55,608	4,457	2,707	1,246	1,136	21	325	4,574	16	60,181	
	17	42,437	0	620	1,184	44,242	1,845	15,015	59,257	4,761	2,895	1,333	1,184	21	377	4,951	17	64,208	
	18	44,242	0	674	1,235	46,151	1,969	16,984	63,134	5,084	3,094	1,427	1,235	21	432	5,383	18	68,518	
	19	46,151	0	671	1,288	48,109	2,100	19,084	67,193	5,428	3,306	1,526	1,288	21	493	5,876	19	73,069	
	Cumulative Totals Proj. for 2009-2019		0	7,064	11,896		17,321			43,892	26,341	13,538	11,896	230	907				

Assumptions:		Total Return	- Inflation	=Total Real Return		Statutory Return
10%	FY 2009	-5.08%	3.95%	-9.03%	10%	3.02%
25%	FY 2009	0.10%	3.95%	-3.85%	25%	3.61%
Mid	FY 2009 [8]	8.05%	3.95%	4.10%	Mid	4.25%
25%	FY 2009	14.87%	3.95%	10.92%	25%	5.02%
10%	FY 2009	22.43%	3.95%	18.48%	10%	5.82%
	FY 2010-2019 [7]	8.05%	2.75%	5.30%		5.00%

Income year-to-date as of November 30, 2008

FY09 Statutory net income	
Interest, dividends, real estate & other income	$ 413.2
Realized gains (losses) on the sale of invested assets	(1,207.0)
Less operating exp / Legis. appropriations	(31.7)
Less AK Capital Inc. Fund committed realized earnings	-
Statutory net income (loss)	$ (825.5)

FY09 Accounting (GAAP) net income	
Statutory net income (loss)	$ (825.5)
Unrealized gains (losses) on invested assets	(7,438.6)
AK Capital Income Fund committed realized earnings	-
Accounting (GAAP) net income (loss)	$ (8,264.1)

Notes related to financial history and projections FY1977 - FY2019

[1] Appropriations include special general fund, realized earnings, and other miscellaneous appropriation transfers into principal

[2] Dedicated State Revenues in current and future fiscal years is based on the Fall 2008 Department of Revenue forecast

[3] Accounting net income is based on United States Generally Accepted Accounting Principles (GAAP). Statutory net income is accounting net income, exlcuding any unrealized gains and losses on investments.

[4] FY05 and forward, Amerada Hess, et al. settlement earnings are transferred to Alaska Capital Income Fund per AS 37.13.145(d)

[5] FY03 Senate Bill 100 transferred $354 million from realized earnings to principal. FY04 Senate Bill 283 defined that appropriation as pre-FY04 inflation proofing, so it was moved from appropriations to inflation proofing, along with the balance of $170 necessary to fully inflation proof the Fund. $15 million in settlement earnings remained in appropriations per AS 37.13.145(d).

[6] Current year returns are based on 2008 Callan capital market assumptions. A range of possible returns illustrates shows different outcomes across various market scenarios.

[7] Future returns are based on 2008 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary

PERFORMANCE SUMMARY (preliminary as of November 30, 2008)	Current Month	Last 3 Months	Fiscal Y-T-D	Calendar Y-T-D	Last 12 Months	Last 3 Years	Last 5 Years
Alaska CDs	0.12%	0.41%	0.73%	2.00%	2.34%	4.08%	3.33%
Domestic Fixed Income	1.22%	-5.73%	-5.36%	-4.68%	-4.51%	2.32%	2.80%
Non-Domestic Fixed Income	2.91%	-1.29%	-1.39%	1.26%	1.04%	4.90%	5.04%
Domestic Equities	-8.05%	-31.29%	-30.40%	-37.72%	-38.18%	-9.07%	-1.28%
Non-Domestic Equities	-5.95%	-38.34%	-43.55%	-49.03%	-49.33%	-7.18%	2.30%
Global Equities	-6.38%	-34.14%	-37.10%	-43.62%	-44.23%		
Real Estate	-1.77%	-6.71%	-8.14%	-8.66%	-9.23%	5.72%	12.27%
Absolute Return	-2.43%	-13.60%	-16.46%	-17.46%	-17.27%	0.86%	
Total Fund	-3.28%	-20.85%	-22.39%	-26.72%	-27.05%	-2.76%	2.62%
Total Fund Benchmark Return	-3.80%	-20.77%	-22.52%	-27.02%	-27.44%	-2.63%	2.57%

For more information see www.apfc.org

2009 HOUSE FINANCE
COMMITTEE ATTENDANCE

DATE: 1/23/08

Circle Meeting Chair: Hawker Stoltze

	MEMBER	PRESENT	ABSENT
RF	REP. FOSTER	/	
AA	REP. AUSTERMAN	/	
MK	REP. KELLY	/	
AF	REP. FAIRCLOUGH	/	
MH	CO-CHAIR HAWKER	/	
BS	CO-CHAIR STOLTZE	/	
BT	VICE-CHAIR THOMAS	/	
LG	REP. GARA	/	
HC	REP. CRAWFORD	/	
WS	REP. SALMON	/	
RJ	REP. JOULE	/	

PG Pat Galvin
GE greg erickson
SB Jenny Burnett
Rep Pask
Rep Doogan.
Barnhill-DOL
Sen Bunde
R Stoelzer

1/26/09 FY09/10 BUDGET OVERVIEW: OFFICE OF MANAGEMENT AND BUDGET

<target><bill></bill><subject>1-26-09 FY09-10 BUDGET OVERVIEW OFFICE OF MANAGEMENT AND BUDGET</subject><comm>HFIN26</comm></target>

FY09/FY10 Budget Overview

House Finance Committee

Governor's Office of Management and Budget

January 26, 2009

Budget Guidelines

Starts with clearly established goals communicated to state agencies, the legislature and the public

Governor Palin's budget goals have been consistent:

- Slow the growth of government
- Live within our means
- Save for the future
- Focus on core services
  - Invest in responsible resource development
  - Constitutional and statutory responsibilities

Budget Timelines

The process starts with state agencies

- The state fiscal year is July 1 through June 30
- Planning for the next fiscal year starts July 1
- Budget instructions to departments in August
- Discussion with agencies in September
- Preliminary decisions in October
- Final decisions in November
- Proposed budget released to the public Dec. 15
- Legislative review and final action by the 90th day

Budget Direction

The fundamental building blocks

- Focus on core state services,
- Find efficiencies in service delivery,
- Identify savings or reductions,
- Redirect existing resources, where possible, to higher priority items, and
- Limit growth in operating budget .

Budget Preparation

Fundamentals include accountability

- Agency budgets built on missions and results.
- Recommended strategies to implement the missions and results.
- Recommended measures for determining whether the missions and desired results are achieved.
- Assessment of whether prior year missions and desired results have been achieved.

FY2009 Revenues/Expenditures

A year of unprecedented revenue volatility

FY2009 Budget Version Forecast Version	Governor Dec. 15, 2007 Fall 2007	Enacted May 23, 2008 Spring 2008	Post Special Sessions	Governor Dec. 15, 2008 Fall 2008	*What If ?* *Not an official forecast* Interim Spring 2009
Price Per Barrel	$66.32	$83.04	$100 +	$77.66	$60's
Production	0.701	0.689		0.689	
Total Revenue*	**$5,264.9**	**$7,523.3**	**$7,523.3**	**$6,765.4**	**$5,765.4**
Budget Appropriations	**$4,609.6**	**$5,045.6**	**$5,979.7**	**$5,992.3**	**$5,992.3**
Savings Appropriations	**$500.0**	**$1,175.5**	**$1,195.3**	**$1,175.3**	**$1,175.3**
Surplus/(Shortfall)	$155.3	$1,302.2	$348.3	($402.2)	($1,402.2)

*Includes tax credits and carryover

Office of Management and Budget

FY2009 Revenue Shortfall

Steps taken and in process to address a revenue shortfall

- Governor Palin signed the appropriation bills on May 23, 2008, with instructions to the departments to achieve at least $20 million in savings in the operating budget.
- Hiring freeze and non-essential purchases issued January 23, 2009.
- FY2009 supplemental bill will propose reductions in current year expenditures.
- Seek legislative approval for use of reserves.

Reserve Balances

Estimated balances as of December 31, 2008

- Constitutional Budget Reserve $6.8 billion
  - Main Fund $3.2 billion
  - Sub Fund $3.6 billion
- Statutory Budget Reserve $1.0 billion
- Public Education Fund $1.0 billion
- AK Housing Capital Fund $342.3 million

FY2009 Supplemental Bill

Due to the legislature on February 3, 2009 – 15th Legislative Day

- Interim FY09 forecast will be provided along with the supplemental bill.
- Reducing current year operating and capital expenditures.
- Seek authorization to access reserve funds to balance the budget.

FY2009 Economic Stimulus Bill

Moving quickly at the federal level

Federal action expected mid-February

- Formula and competitive grants
  - Transportation
  - Energy
  - Education
  - Health Care
- State agencies reviewing the legislation
- Anticipate separate supplemental bill

FY2010 Budget Overview

Consistent fiscal policy

- Dec. 15 budget proposes to spend less general fund dollars in FY2010 than we are spending in the current year - $4.9 billion compared to $5.2 billion (*comparison excludes resource rebate*)

- Budgeted $389 million below the fall forecast of $5.27 billion.

- Interim forecast will be provided on February 18 along with budget amendments.

FY2010 Budget Highlights

Focus on Priorities

- Operating
  - K-12 Education $1.05 billion
  - Revenue Sharing $60 million
  - Retirement system unfunded liability $451.2 million
  - Exploration tax credits $300 million
  - State employee contract increases $31 million
- Capital
  - Gas line projects $82.1 million
  - Renewable Energy Fund $50 million
  - School Major Maintenance $40.5 million
  - Highways & Aviation $772.5 million
  - Water & Sewer $114.8 million

To Meet 09/10 Budget Challenges

and Protect Alaska's economy

- Fiscal Discipline
  - Savings and efficiencies
  - Budget reductions where practical and sustainable
  - Hiring freeze and non-essential purchases
- Prudent use of Reserves
  - $8 billion in reserves
  - Careful planning to manage shortfall in the short-term and provide long-term stability
  - Avoid massive single-year cuts

More Information on the Budgets

http://www.gov.state.ak.us/omb/

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Office of Management and Budget
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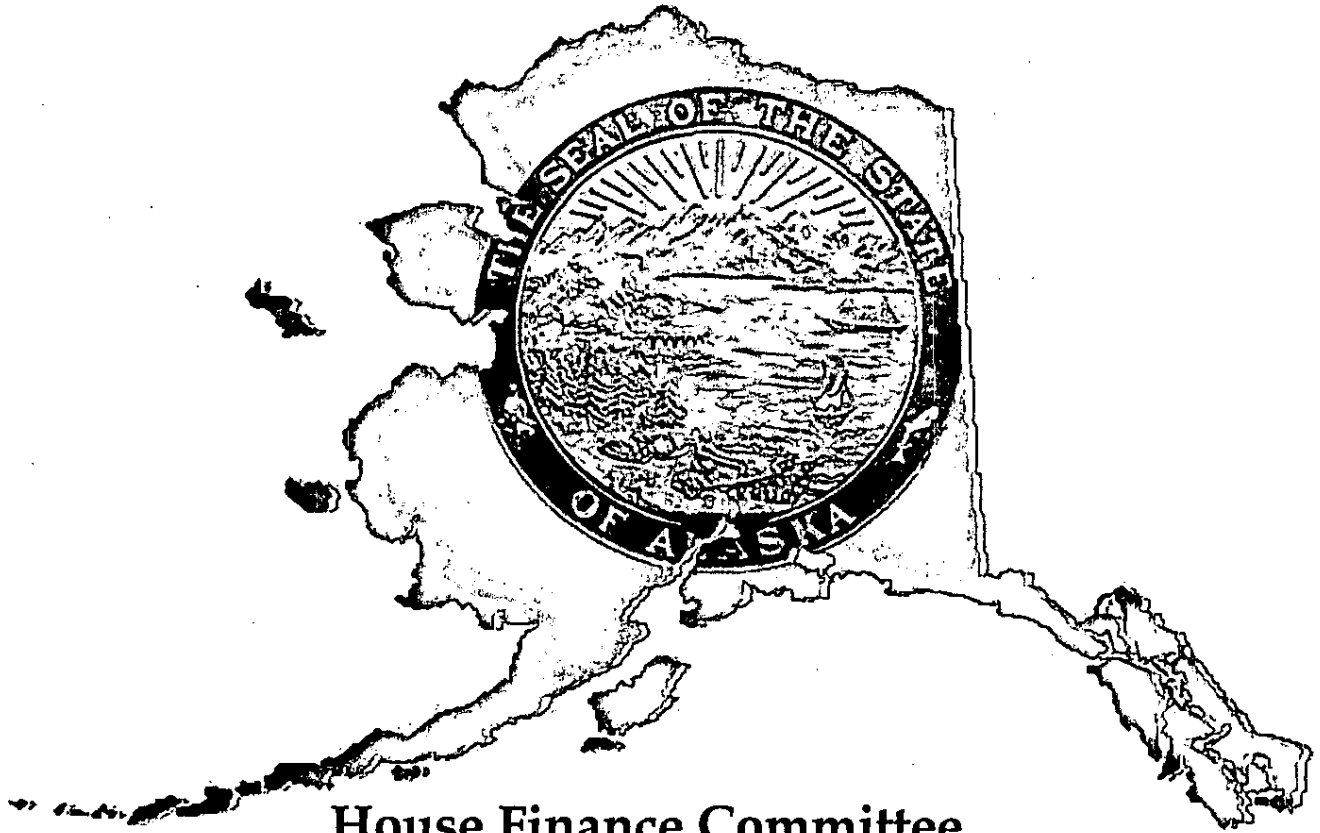
FY2010 10-year Plan



House Finance Committee

Governor's Office of Management and Budget

January 26, 2009

Implementation Schedule

The initial cycle of the 10 year plan process

- HB 125 introduced in 2007 session, passed in April 2008.
- In June 2008, HB 125 signed into law.
- Initial 10-year plan development schedule:
  - August-December 2008 – Development of initial 10 year plans (simultaneous with agency budgets)
  - December 2008 - Release of FY2010 budget, revenue forecast, and executive summary of 10-year plan
  - January 2009 - Release of agency level plan detail and additional required fund projections

Purpose of the Plan

To keep a dialogue about Alaska's future in the forefront

- Should initiate a dialogue about the future fiscal health of Alaska.
- Must involve the Legislature and engage Alaskans.
- The FY2010 plan is a starting point - not the "answer".

Imperatives of the Plan

The fiscal plans "must do's"

- AS Statute 37.30.020 (b) (2) says that the annual fiscal plan must:
  - Balance the Budget
  - Provide for essential state services
  - Protect Alaska's economic stability

Goal of the FY2010 Plan

Bridge the projected revenue gap from today to first gas

- In the long run, Alaska must diversify its revenue base.
- Monetizing Alaska's natural gas resource represents the state's best chance to replace the revenue decline that is projected due to falling oil production.
- The plan's primary goal is to bridge the revenue gap from today to the onset of natural gas revenue, currently forecast to occur sometime between 2018 and 2020.

Principles of the FY2010 Plan

Four basic principles of the FY2010 plan

- Slow the growth of government
- Live within our means
- Save for the future
- Invest in responsible resource development

Plan Guidance Provided by OMB

Agencies were provided an instruction memo in mid-August

- Agencies given latitude to develop their projections given the stated goals of the Administration and the plan.
- OMB did not provide a target growth rate
- Agencies were directed not to view the plan as an opportunity to develop a "wish list"
  - *"..the projections should be the result of a rational , objective process within each department that will withstand the scrutiny of the Governor, the legislature and the public. "*

Consistent Assumptions

Agencies were provided guidance for some "key assumptions"

- If inflation was to be included in the projection, it had to be documented which program and either use a 2.75% annual rate (DOR/Callan) or if appropriate a generally recognized rate i.e. medical care.
- Consistent with OMB policy, projections were not to be automatically adjusted for general inflation.
- If population growth is a factor in program growth, DOLWD November 2007 mid-case estimates were to be used, unless there is a commonly used projection source for a specific program.

What Did Agencies Project?

Agencies were asked to provide 3 discreet projections

- **Baseline**- Projected cost to continue the FY09 level of service through FY2019.
  - (*exception*: a program projecting a non-GF fund source decrease was not to assume that GF would replace that fund source. Those proposed GF increases were to be considered initiatives.)
  - Wage and benefit driven increases are not part of the agency projections, they were projected at a statewide level using data from the Dept. of Administration. (2.0% wages/5.0% medical for blended rate of approximately 3.25%)

Gasline and Initiatives Projections

In addition to baseline, two other projections scenarios were provided

- **Gasline**- Projected costs associated with the development of the TC/Alaska gasline project.

- **Initiatives**- Projected costs associated with expanding the service capacity of the agency beyond the FY09 service level (or if new GF would be needed to replace non GF funds.)

Level of Detail

What did the agencies provide?

Department level projections for FY2010-FY2019 by fund source (GF/Federal/Other) for the following categories

- Operations
  - Formula (with detailed projections for each formula program)
  - Non-formula
- Capital

Sample Projection

Baseline Budget Growth
(thousands $)

	FY10	FY11	FY12	FY13	FY14
Total Appropriations	61,130.1	72,229.7	72,674.8	73,123.7	76,926.5
General Fund	9,919.6	16,184.4	16,290.1	16,396.7	16,254.3
General Fund Match	3,407.3	3,505.8	3,540.2	3,574.8	3,609.8
Federal Funds	34,485.3	39,186.3	39,455.9	39,728.0	43,902.5
Other State Funds	13,317.9	13,353.2	13,388.6	13,424.2	13,159.9
Operations	47,730.1	49,829.7	50,264.8	50,723.7	49,776.5
General Fund	8,619.6	8,724.4	8,810.6	8,936.7	9,044.3
General Fund Match	2,657.3	2,755.8	2,790.2	2,824.8	2,859.8
Federal Funds	23,135.3	24,996.3	25,265.9	25,538.0	24,712.5
Other State Funds	13,317.9	13,353.2	13,388.6	13,424.2	13,159.9
Formula Programs	2,380.8	2,280.8	2,280.8	2,280.8	880.8
General Fund	880.8	880.8	880.8	880.8	880.8
General Fund Match	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,200.0	1,100.0	1,100.0	1,100.0	0.0
Other State Funds	300.0	300.0	300.0	300.0	0.0
Formula Detail					
Formula #1	2,380.8	2,280.8	2,280.8	2,280.8	880.8
General Fund	880.8	880.8	880.8	880.8	880.8
General Fund Match	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,200.0	1,100.0	1,100.0	1,100.0	0.0
Other State Funds	300.0	300.0	300.0	300.0	0.0
Non-formula Programs	45,349.3	47,548.9	47,994.0	48,442.9	48,895.7
General Fund	7,738.8	7,843.6	7,949.3	8,055.9	8,163.5
General Fund Match	2,657.3	2,755.8	2,790.2	2,824.8	2,859.8
Federal Funds	21,935.3	23,896.3	24,165.9	24,438.0	24,712.5
Other State Funds	13,017.9	13,053.2	13,088.6	13,124.2	13,159.9
Capital	13,400.0	22,400.0	22,400.0	22,400.0	27,150.0
General Fund	1,300.0	7,460.0	7,460.0	7,460.0	7,210.0
General Fund Match	750.0	750.0	750.0	750.0	750.0
Federal Funds	11,350.0	14,190.0	14,190.0	14,190.0	19,190.0
Other State Funds	0.0	0.0	0.0	0.0	0.0

Sample Draft

Yet to Accomplish

There could be significant improvements to the 10 year planning process

Planning & Budgeting data are not integrated

- Budget changes do not automatically inform the plan, they are manually dealt with.
- Statewide "sum of all agencies" is calculated separately from the statewide model.

Existing statewide projections model is GF focused- changes in federal and other funds are not factored in to the overall picture.

Depending on the level of engagement, one approach might be the development of an "outward" facing model for citizens to engage in the process.

Disclaimer

The plan will change

- *Appropriations projections in the plan do not represent a commitment by the Administration to propose spending at a particular level in FY2010 or any future year.*

- *The 10 year forecast shows that based on the Fall 2008 revenue forecast and expenditure assumptions, budget shortfalls over the 10-year period could be filled through prudent use of reserve funds. However, other fiscal tools including spending reductions could be used in addition to, or in lieu of, reserve funds.*

- *The plan will be revisited as conditions warrant.*

The 10-year forecast

Under Fall 2008 forecast, the CBR and SBR can sustain 3% growth through 2019

Fall 2008 Forecast	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
ANS West Coast ($/bbl)	$77.66	$74.42	$71.65	$72.57	$73.55	$74.24	$73.82	$78.51	$80.74	$83.03	$85.31
ANS production (mbbl./day)	0.683	0.659	0.640	0.641	0.641	0.658	0.633	0.614	0.605	0.584	0.643

Revenue vs. Spending ($ Millions)

General Fund Unrestricted Revenue	$6,765.4	$5,275.4	$4,356.6	$4,482.3	$4,417.9	$4,964.1	$4,596.3	$4,758.8	$5,052.2	$5,383.2	$6,294.6
General Fund Expenses	$7,167.6	$4,886.7	$5,033.3	$5,184.3	$5,339.8	$5,500.0	$5,665.0	$5,835.0	$6,010.0	$6,190.3	$6,376.0
Budget Surplus/Shortfall	$402.2	$388.7	$676.7	$702.0	$921.9	$535.9	$1,068.7	$1,076.1	$957.9	$807.2	$81.5
Reserve Balances											
CBRF Total	$5,985.6	$6,806.5	$7,301.0	$7,097.9	$6,673.1	$6,636.1	$6,035.1	$5,378.9	$4,791.9	$4,308.7	$4,551.9
Statutory Budget Reserve Balance	$638.5	$664.5	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Reserve Balances	$6,624.1	$7,471.0	$7,301.0	$7,097.9	$6,673.1	$6,636.1	$6,035.1	$5,378.9	$4,791.9	$4,308.7	$4,551.9

More Information on the Plan

http://www.gov.state.ak.us/omb/

Executive Summary currently available

Agency plans will be posted as they are finalized over the next two weeks.

OMB lead

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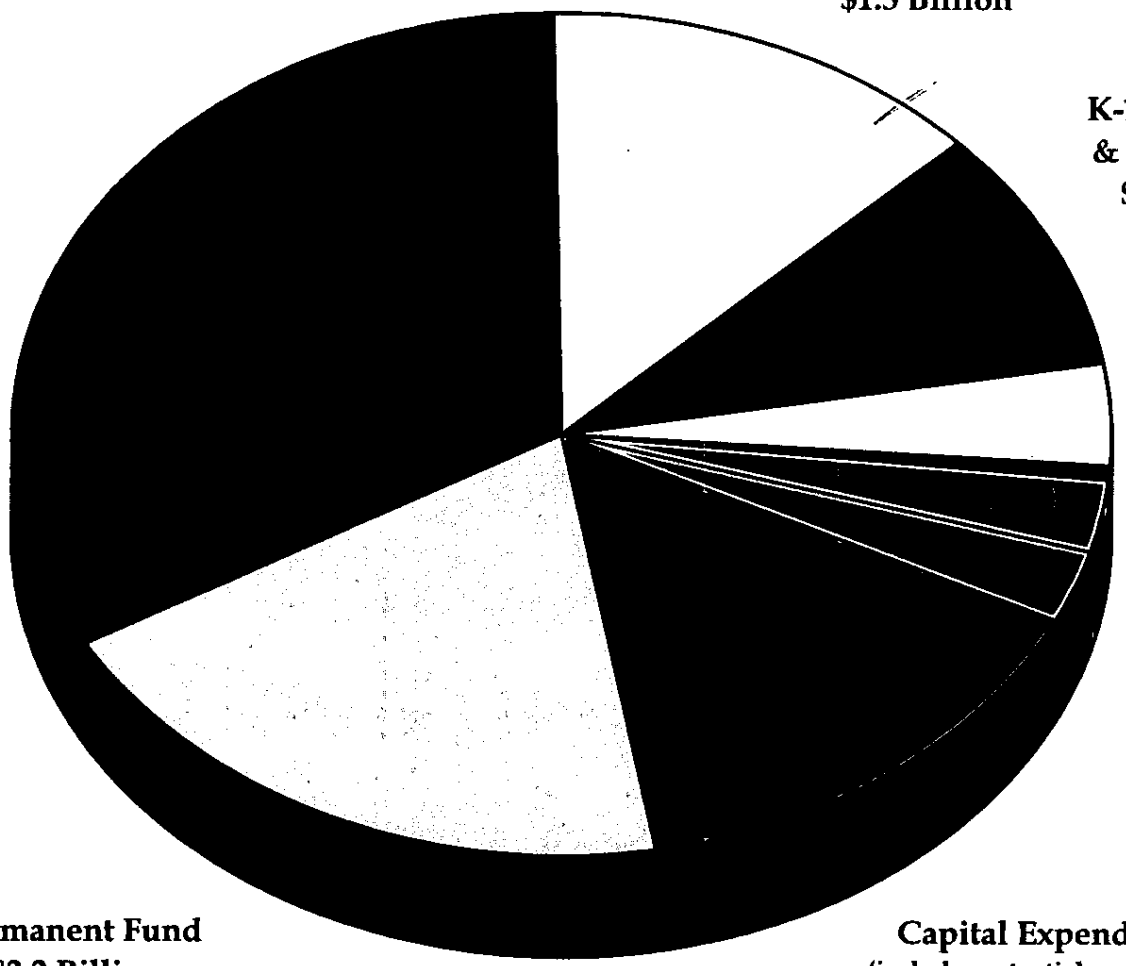
FY10 Budget Proposal Totals $11.2 Billion



1/ Excludes duplicated authorizations.

Office of Management and Budget

December 15, 2008

State of Alaska

Fiscal 2010 Governor's Budget Fiscal Summary

(dollars shown in millions)

		FY2009 Authorized				FY2010 Governor					
		General Fund	Federal Funds	Other Funds	Total Funds	General Fund	Federal Funds	Other Funds	Total Funds	GF % Change	Total % Change
1	**Revenues**										
2	Total Unrestricted General Fund Revenues (A)	6,751.4			6,751.4	5,275.4			5,275.4		
3	Fall 2007 Forecast	6,754.5			6,754.5				0.0		
4	Spring 2008 Forecast Adjustment	768.8			768.8				0.0		
5	Fall 2008 Forecast Adjustment	(771.9)			(771.9)				0.0		
6	Reappropriations and Carry Forward (B)	14.0	4.6	1.4	20.0				0.0		
7	Corporate Dividends (C)			87.6	87.6			84.5	84.5		
8	Federal and Other State Funds		2,556.5	1,417.7	3,974.2		2,803.8	1,272.0	4,075.9		
9	**Total Revenues**	**6,765.4**	**2,561.1**	**1,506.7**	**10,833.2**	**5,275.4**	**2,803.8**	**1,356.6**	**9,435.8**	**-22.0%**	**-12.9%**
10	**Authorization to Spend**										
11	**Agency Operating**	**3,425.5**	**1,713.1**	**991.7**	**6,130.3**	**3,492.4**	**1,667.9**	**989.4**	**6,149.7**	**2.0%**	**0.3%**
12	Agency Operations (Non-formula)	1,793.6	865.5	1,598.1	4,257.2	1,817.4	840.4	1,608.0	4,265.9	1.3%	0.2%
13	Revised Programs Legislatively Approved		11.7	0.3	12.0				0.0		
14	Formula Programs and Potential Rate Adjustments	628.6	835.9	99.2	1,563.7	622.4	827.5	90.5	1,540.4	-1.0%	-1.5%
15	K-12 Foundation and Pupil Transportation (D)	1,003.3			1,003.3	1,052.6			1,052.6	4.9%	4.9%
16	Duplicated Authorizations (E)			(705.9)	(705.9)			(709.1)	(709.1)		
17	**Statewide Appropriations**	**1,101.4**	**40.6**	**238.2**	**1,380.2**	**1,002.6**	**32.0**	**110.4**	**1,145.0**	**-9.0%**	**-17.0%**
18	Direct Deposit to Retirement Systems	449.6			449.6	451.2			451.2		
19	Debt Service (F)	37.2	0.0	209.6	246.9	38.3	0.0	223.2	261.5		
20	Debt Retirement Fund Capitalization (F)	107.0	13.1	0.6	120.7	118.7	12.0	3.7	134.4		
21	Other Fund Capitalization (G)	47.5	27.5	28.0	103.0	34.5	20.0	34.0	88.5		
22	Revenue Sharing	60.0			60.0	60.0			60.0		
23	Oil and Gas Tax Credits	400.0			400.0	300.0			300.0		
24	Duplicated Authorizations (E)			(136.2)	(136.2)			(150.6)	(150.6)		
25	**Potential Supplementals, Amendments and Legislation**	**50.0**	**0.0**	**0.0**	**50.0**	**75.0**	**0.0**	**0.0**	**75.0**		
26	Statewide Supplementals (placeholder)	50.0			50.0	50.0			50.0		
27	Operating Amendments (placeholder)				0.0	20.0			20.0		
28	New Legislation	0.0	0.0	0.0	0.0	5.0	0.0	0.0	5.0		
29	**Total Operating Authorization**	**4,576.9**	**1,753.6**	**1,229.9**	**7,560.5**	**4,570.0**	**1,699.9**	**1,099.8**	**7,369.7**	**-0.2%**	**-2.5%**
30	**Capital**	**669.0**	**807.4**	**276.7**	**1,753.1**	**287.2**	**1,103.9**	**256.8**	**1,647.9**	**-57.1%**	**-6.0%**
31	Project Appropriations	529.0	786.7	458.2	1,773.9	227.7	1,103.9	361.1	1,692.7		
32	AHCC Receipts Funded Projects and Fund Capitalization (H)				0.0			238.4	238.4		
33	Revised Programs Legislatively Approved		20.6	5.2	25.8				0.0		
34	Fund Capitalization for Capital Projects	140.0	0.1		140.1	59.5	0.0	0.0	59.5		
35	AK Capital Income Fund Capitalization (Am Hess) (I)			28.0	28.0			28.0	28.0		
36	General Obligation Bond Capital Projects			315.1	315.1				0.0		
37	Duplicated Authorizations (E)			(529.7)	(529.7)			(370.7)	(370.7)		
38	**Potential Capital Amendments**	**0.0**	**0.0**	**0.0**	**0.0**	**20.0**	**0.0**	**0.0**	**20.0**		
39	**Total Capital Authorization**	**669.0**	**807.4**	**276.7**	**1,753.1**	**307.2**	**1,103.9**	**256.8**	**1,667.9**	**-54.1%**	**-4.9%**
40	**Total Authorization to Spend**	**5,245.9**	**2,561.1**	**1,506.7**	**9,313.6**	**4,877.2**	**2,803.8**	**1,356.6**	**9,037.6**	**-7.0%**	**-3.0%**
41	PF Dividends / PFD Division Operations and FY2009 Resource Rebate (J)	746.4		1,370.0	2,116.4			1,311.0	1,311.0		
42	PF Inflation Proofing			1,384.0	1,384.0			876.0	876.0		
43	Total AK Permanent Fund	746.4	0.0	2,754.0	3,500.4	0.0	0.0	2,187.0	2,187.0		
44	**Totals with Permanent Fund**	**5,992.3**	**2,561.1**	**4,260.7**	**12,814.1**	**4,877.2**	**2,803.8**	**3,543.6**	**11,224.6**		
45	**Totals with Permanent Fund less Resource Rebate**	**5,245.9**	**2,561.1**	**4,260.7**	**12,067.6**	**4,877.2**	**2,803.8**	**3,543.6**	**11,224.6**	**-7.0%**	**-7.0%**
46	**Additional Savings / Investments**	**1,175.3**	**0.0**	**0.0**	**1,175.3**	**9.6**	**0.0**	**0.0**	**9.6**		
47	FY2009 CBR Savings Deposit	1,000.0									
48	Public Education Fund	175.3				9.6					
49	**Total Authorization to Spend and Saving / Investments**	**7,167.6**	**2,561.1**	**4,260.7**	**13,989.4**	**4,886.7**	**2,803.8**	**3,543.6**	**11,234.1**		
50	**Balance to Constitutional Budget Reserve (K)**	**(402.2)**				**388.7**					

Notes

A Unrestricted General Fund Revenues: FY2009 Unrestricted Revenues are based on an ANS West Coast oil price of $77.66 per barrel and estimated production of .689 million barrels per day. FY2010 Unrestricted Revenues are based on an ANS West Coast oil price at $74.41 per barrel and .665 million barrels per day.

B Reappropriations and Carry Forward: Includes fund sources for reappropriations and other appropriations (typically roll-forwards of prior year authorizations) that were posted to FY2009 subsequent to the FY2009 Conference Committee, and that do not require additional FY2009 revenue.

C Corporate Dividends: Includes funds made available to the State by the boards of the Alaska Industrial Development and Export Authority (AIDEA), Alaska Housing Finance Corporation (AHFC) and Alaska Student Loan Corporation (ASLC). The AIDEA dividend is $23.8 million for FY2009 and $22.7 million for FY2010, though $22 million is appropriated in the Governor budget. The total AHFC transfer for dividend, capital projects, loan programs and debt service is $65.9 million for FY2009 and $68.7 million for FY2010. Since AHFC's debt payments for general government purpose bonds do not require appropriation, the net transfers appropriated here are $59.7 million for FY2009 and $62.5 million for FY2010. The ASLC Dividend is $4.1 million for FY2009; there is no ASLC Dividend for FY2010.

D Public Education Fund: Legislation in 2005 established the Public Education Fund (PEF). One of the effects of this legislation was to remove expenditures for K-12 Foundation Program and Pupil Transportation from operating formula programs (line 14), since expenditures from the fund do not require appropriation.

The FY2009 and FY2010 proposed Education K-12 Foundation Program and Pupil Transportation expenditures are shown as funds expended from the Public Education Fund on line 15.

Public Education Fund	Foundation	Pupil Transportation	Total
FY2009	944,776.2	58,516.6	1,003,292.8
FY2010	992,268.5	60,293.8	1,052,562.3
FY2011	1,049,674.8	62,239.9	1,111,914.7

The amount estimated for FY2011 is funded from the estimated balance of the Public Education Fund plus $9,565.4 from the FY2010 deposit of $1,062,127.7.

E Duplicated Authorizations: These appropriations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. The most significant examples of these type of expenditures include operating payments from Interagency Receipts, and debt payments from the Debt Retirement Fund.

F Debt Service / Debt Retirement Fund Capitalization: The Debt Service line (line 19) includes actual payment of debt obligations, primarily general obligation bonds, State debt reimbursement programs, certificates of participation (lease-financing), and International Airports revenue bonds. Some of these debt payments are made from the Debt Retirement Fund, which is capitalized from a variety of fund sources. The Debt Retirement Fund Capitalization line (line 20) identifies various funding sources used to pay debt from the Debt Retirement Fund.

G Other Fund Capitalization: Other Fund Capitalization includes capitalization of various State operating funds, such as the Fish and Game Fund, Power Cost Equalization and Rural Electric Capitalization Fund, and others.

H AHCC Receipts Funded Projects and Fund Capitalization: In FY2006, the Legislature appropriated $300 million to the Alaska Housing Finance Corporation (AHFC) for the purpose of funding capital projects in Sec. 14, Ch. 13, SLA 2006. The Legislature's intent also allowed AHFC to transfer those funds and the earnings to a subsidiary corporation, which AHFC did. Those funds currently total $339 million in the Alaska Housing Capital Corporation (AHCC) as of mid-November, 2008. The receipts of the AHCC are the source of funds used for certain capital projects.

I Alaska Capital Income Fund Capitalization: The Alaska Capital Income Fund is authorized by AS 37.05.565. The fund consists of income earned on money awarded as a result of the State vs. Amerada Hess royalty case, estimated to be $28-29 million per year, plus other appropriations.

J PF Dividends / PFD Division Operations: Line 41 includes both the amounts for Permanent Fund Dividend (PFD) checks and other State operating costs of the PFD. In FY2009 the State will spend $20.7 million for Department of Revenue, Division of Permanent Fund Dividends operations ($7.1 million) and DHSS Public Assistance PFD Hold Harmless ($13.6 million). In FY2010 the amounts will be $21 million for Department of Revenue, Division of Permanent Fund Dividends operations ($7.4 million), and DHSS Public Assistance PFD Hold Harmless ($13.6 million).

The FY2009 GF one-time resource rebate is shown here as it was distributed with the FY2009 Permanent Fund Dividend.

K Balance to Constitutional Budget Reserve: The FY2009 column shows a negative amount based on the Fall 2008 Revenue Forecast. The administration will be closely monitoring revenues and revising the forecast in the coming months. Adjustments will be made for FY2009 if necessary.

House Finance Committee

Office of Management & Budget

Budget Overview – January 26, 2009

Slide 1 – Presentation Cover

Introduce yourself, Joan and John

Thank co-chair Hawker, co-chair Stoltze, and members of the committee for the invitation to present an overview of the governor's budget

I look forward to working with you and your staff on the budget.

In any year, there is a tremendous amount of work to do on the budget and this year, given the revenue picture, will present a number of challenges.

The administration is committed to working with you throughout the process.

First, introductions of the OMB staff and their particular areas of expertise.

Put names with faces, I'll ask them to stand as I call their names.

Read from list attached -

These folks do a remarkable job, are a great group of professionals and it is my privilege to work with them. Please feel free to call them or have your staff call directly if you have questions.

Slide 2 – Budget Guidelines

These budget goals have been the cornerstone of every conversation and communication with commissioners and state agencies from the beginning of the administration. Virtually every correspondence with individuals and communities requesting budget information or assistance also contains these guidelines.

Slide 3 – Budget Timelines

The budget is a planning tool – the better job we do in developing the budget, the better it will be as a tool. Along with the performance framework and the HB125 long-range fiscal plans, we have a tremendous opportunity to "connect the dots" that will help us invest our dollars wisely.

The budget is also a continual process – this slide outlines the development of a single budget through action by the legislature – once the budget is enacted, it is recorded in the state accounting system and the fiscal year begins again! At that same time, we are closing out the prior fiscal year, and starting the process for the next fiscal year!

Slide 4 – Budget Direction

There is significant pressure on agency budgets as the costs to do business increase while in many cases agencies are asked to absorb costs.

Agencies are asked to look critically at their core programs and services and find ways to change the way they are delivering those programs and services to find savings and efficiencies while still providing needed services.

State government is continually changing. Better use of technology and a skilled workforce are key to improved productivity and results!

Slide 5 – Budget Preparation

Performance and Accountability – this framework has been embraced by some, resisted by others, but is really so basic in terms of being able to tell the story – what are we doing? How do we intend to get there? How will we know? And what do we do if we are missing the mark? And if we are missing the mark, perhaps we should not continue that effort.

Improvements ARE happening – training, changes in the web, but still more to do.

Slide 6 – FY2009 Revenue and Expenditures

This HAS been a year of unprecedented revenue volatility – I know you discussed revenue forecasting with Commissioner Galvin last week and that we will be bringing you an interim forecast with the supplemental bill on February 3. We also know that we will have a revenue shortfall – let me walk through the chart from where we started FY09 to where we are

Gov Dec 07 - $66.32 ppb and $5.3 bill revenue

Enacted May 08 – had gone up to $83.04 and $7.5 bill revenue and kept on going

Post special sessions Sept 08 – no revised forecast but predictions of significant surplus and ppb over $100+

Between Sept and Dec 08 – rapidly declining oil prices – fall forecast $77.66 and $6.8 revenue

The What IF column is for illustration only – what if our revenue comes in lower than the Dec 15 estimate by $1 billion – somewhere in the $60's

It looks like we could end up closer to where we started in FY09

This is a significant challenge – we do have some options to address a revenue shortfall

Slide 7 – FY2009 Revenue Shortfall

Savings Target

Even at high oil prices last summer, the governor's commitment to managing the growth in the operating budget resulted in the $20 million savings target. We know we typically lapse GF at the end of the fiscal year. The goal was to start at the beginning of the fiscal year and manage those things we have control over, find efficiencies, make changes in business processes and practices to produce savings.

Public Safety and Corrections were held harmless although the commissioners are working hard to find efficiencies in their agencies also.

About ½ of the department savings plans targeted personal services – we have asked departments to report quarterly

Hiring Freeze and non-essential purchases

As of Dec 31, 2008 – approx 1,500 vacant full-time positions

Estimated ½ year cost of personal services for the 1,500 vacant full-time positions is $12 million

A number of these positions will be automatically exempted from the hiring freeze because they meet the essential services criteria for protecting Alaskans.

Some of these positions are already slated to be held vacant for the entire year to either meet the $20 million savings target or the normal budgeted vacancy.

Not all of these vacant positions are being actively recruited – Division of Personnel estimated approximately 157 positions in recruitment as of the date of the hiring freeze.

There will be some waivers granted for essential services – we don't know how many that will be.

This is a management tool to help us save money in FY2009. The amount of the savings is indeterminate and we will not know until the end of the fiscal year how much GF actually will lapse as a result of the savings target, the hiring freeze, or non-essential purchases.

FY09 Supplemental

We informed departments in December that with the drop in oil price we needed to look for reductions in the current year budget.

We asked them to update their savings plans and to redirect savings to cover other unanticipated costs

We also asked them to scrutinize existing appropriations for balances or projects that could be reduced or deleted.

Even with these efforts, we will need legislative authorization to use reserve funds to cover a revenue shortfall.

Slide 8 – Reserve Balances

We do have reserves to draw on – over $8 billion – these reserve funds were built up thanks to the wise choices by the governor and the legislature to save a significant amount of surplus revenue over the past two years.

Fiscal discipline, spending reductions, and prudent use of reserves will help us manage through this uncertain time, keep Alaskans employed and the economy moving.

The 3 year education plan with the changes to the base student allocation, intensive student funding, and district cost factors, lets school districts know what to budget and plan for provides the forward funding of education

The Public Education Fund sets aside a year's worth of education funding.

The AK Housing Capital Fund also has a balance – We have proposed to use a portion of this fund in the FY2010 budget ($238.4 million).

Slide 9 – FY2009 Supplemental Bill
Just reiterates the timing and our approach

Slide 10 – Economic Stimulus Bill
Is moving very rapidly – appears to be formula and grant driven
We do anticipate a separate bill once we know what authorization is needed and the timelines.

Slide 11 – FY2010 Budget Overview

The Governor's Dec. 15 budget proposes to spend less general fund dollars in FY2010 than we are spending in the current year

The $4.9 billion general fund and $11.2 billion total funds budget operating and capital budgets represent a 7% decrease from FY2009. (This comparison excludes the FY2009 one-time resource rebate of $746.4 million and appropriations to savings.)

We budgeted $389 million below the fall revenue of $5.27 billion which is over 7% below what was projected.

We know that given the current economic situation that the price per barrel will be different, and that expectation is that it will be lower. Commissioner

Galvin did an excellent job of describing the process and the challenges of revenue forecasting – especially during this extremely volatile and unpredictable time.

Interim forecast will be provided on February 18 along with budget amendments to correspond with these changing conditions.

Slide 12 – FY2010 Budget Highlights – REFER TO PIE CHART

FY2010 PIE CHART - $11.2 billion total; $4.9 billion GF

Will use the pie chart for the presentation but will reference where these items are on the fiscal summary.

1. **Agency Operations – Non-Formula $3.7 Billion**

   Includes 14 Executive Branch Departments, the University, Courts and Legislature – represents 33% of the total budget (38.8% GF)

   Line 10 - Non-formula $4,265.9; Line 25 – Potential Amends $75.0; less dups $639.3 = $3,701.6

   1. Bargaining Unit Agreements for state agencies and the University of Alaska - $31.0 GF - $50.6 total
   3. Placeholders $20 million amendments due to legislature on the 30th day - February 18, 2009
   4. Placeholder $50 million for FY2010 supplementals
   5. Placeholder $5 million for legislation

2. Formula Programs $1.5 billion

represents 13% of the total budget (12.8% GF)

Line 14 – Formula Programs & Rate Adjustments $1,540.4; less dups $69.8 = $1,470.6

This line includes elected official and national guard retirement systems, DHSS formula programs

1. Medicaid Savings – cost containment $33.7 million ($13.5 GF)
2. Federal Reimbursement FMAP – from 51.02% to 51.21% for a savings of $7.7 GF
3. Able to reallocate savings to children's and senior services, including MHTrust
4. Rate Increases $4.7 million subsidized adoptions and child care benefits
5. Natl Guard Retirement benefits $880,800 (increase of $130.0 GF)
6. Elected official retirement $1,948.1 (increase of $120.0 GF)
7. AK Challenge Youth Academy $6,429.1 (increase of $185.2 GF)
8. Boarding Home Grants $1,690.8 (increase of $350.0 GF)

3. K-12 Education $1.1 Billion

represents 9.4% of the total budget (21.6% GF)

Line 15 - Public Education $1.1 billion – 53 school districts; 128,357 students

1. Public School funding formula - $992.3 million - $47.5 increase –

increasing the base student allocation from $5,480 to $5,580 = $23.0 million; intensive student increase from 9 times the BSA to 11 times = $21.0 million; district cost factors to 62.5% = $12.5 million

increase in required local effort of $9.0 million

number of students 128,357.12 ADM

2. Pupil Transportation - $60.3 million = increase of $1.8 million

GF based on 3.2% CPI and estimated ADM 117,624.70

STATEWIDE APPROPRIATIONS

The next 4 items represents 10.2% of the total budget (20.6% GF)

4. Direct Deposit to Retirement Systems $451.2 Million

Line 18 – Direct Deposit to Retirement Systems $451.2 million

1. PERS $241.6 Million – retain employer rate at 22%
2. TRS $206.3 Million – retain employer rate at 12.56%
3. Judicial Retirement $1.6 million
4. Direct Military $1.7 million

Unfunded liability as of 6/30/07 – Total of $7.5 billion (down from $8.4 PY)

PERS $4.7 billion (down from $5.3) and TRS $2.8 billion (down from $3.1)

Current funding ratio for PERS is 68% and TRS is 62% - we are committed to improving this ratio.

5. Community Revenue Sharing $60 million

Line 22 – Community Revenue Sharing $60 million

Along with the state's contributions to education funding and the retirement system unfunded liability is significant in assisting local communities

6. Oil Tax Credits $300 million

Line 23 – Oil Tax Credits $300 million

Incentive to exploration and develop Alaska's oil resources through exploration investment tax credits - there is a lag from when the credits are earned to when they are paid – this authorization may need to be adjusted as we get more experience with the program

7. Debt and Fund Capitalizations $334 million –

$484.4 - $150.8 dups = $333.6

Line 19 – Debt Service $261.5 million

1. payment of debt obligations – GO Bonds, School Debt, COPS, prison expansion, Revenue Bonds, etc..

Line 20 – Debt Retirement Fund Capitalization $134.4 million

1. funds used to pay debt from the debt retirement fund

Line 21 – Other Fund Capitalization $88.5 million

1. PCE - $10.4 GF plus $20.9 endowment/plus carryforward – fully funded at $32.2 million
2. Disaster Relief Fund total $16.5 million - $7.5million GF

8. Capital Budget $1.7 billion total; $307.2 GF (inc $20 m placeholder)

represents 14.9% of the total budget (6.3% GF)

Line 39 - FY2009 Capital Budget – totals $1,667.9 million

1. General Fund $307.2 million
2. Federal Funds $1,103.9 million

Other funds $256.8 million

3. AK Housing Capital Corporation Funds $238.4 million
4. Cruise Ship Tax $39.2 million – in section 4 of capital budget bill
5. AIDEA Dividends $22.0 million
6. AHFC Dividends $62.5 million
7. AK Capital Income Fund $28.0 million
8. Gambling Tax $9.6 million

- Capital federal highway, aviation and water projects $887.3 million – including $88.6 million in matching general funds
    - DOTPF Highway & Aviation $772.5 million ($49.6 GFM)
    - DEC Village Safe Water $91.6 million ($39 GFM)
    - DEC Municipal water/sewer $23.2 million
- Capital Energy projects $98 million
    - $50 million to capitalize Renewable Energy Grant Fund
    - $41 million AK Energy Authority
    - $7.2 million AK Housing Finance Corporation
- Gasline Projects $79.5 million including $20 million for the AGIA reimbursement fund

- Gasline projects in Sec 7 of capital bill; AGIA in section 12 e; operating in section 16 of the operating
- School Major Maintenance $40.5 million – 20 projects

9. Permanent Fund $2.2 billion total

represents 19.5% of the total budget (0% GF)

Line 43 – Permanent Fund $2,187.0

1. Dividends $1,311.0 million
2. Inflation Proofing $876.0 million

New Positions – Net of 45 new full time positions

Executive Branch - Net of 17 Full Time

Court System – 25 Full Time

University – 3 Full Time

Total Budget $11,224.6 Billion - $4,877.2 General Funds

Line 45 – Total Authorization to Spend -7.0 % decrease from FY2009 without the Resource Rebate or Savings included

Important to note that over 60% of the total state budget flows to communities, schools, non-profit organizations and individuals through grants and capital spending.

GO TO FISCAL SUMMARY! VERY FEW DIFFERENCES THIS YEAR
Add a few comments from Steve/David's report

The presentation of the four main categories of Agency Operating, Statewide, Capital, and Savings will provide consistency over time – only a few areas of differences –
The largest in terms of comparison is that we excluded the resource rebate and have it on a different line in the budget –

GF versus other funds for the AK Housing Capital Corp receipts

Use of Gambling Revenue

We will continue to work with LFD to make further adjustments

Slide 13 – To Meet 09/10 Budget Challenges and Protect Alaska's economy

The administration is taking this very seriously, will be providing interim revenue updates and amending the budget to address these challenges.

Reasonable and Responsible approach to the current financial situation –

Turn it over to Mr. Boucher to present the Long-Range Fiscal Plan

STATE OF ALASKA

SARAH PALIN, GOVERNOR

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

P.O. BOX 110020
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February 6, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

The Honorable Mike Hawker
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

During my presentation before the House Finance Committee on January 26, 2009, and the Senate Finance Committee on February 4, 2009, I was asked to provide documents regarding the $20 million savings target. I have enclosed:

- memorandum of June 26, 2008, with instructions to state agencies;
- follow-up email of July 11, 2008, to state agencies;
- memorandum of October 27, 2008, regarding quarterly reporting;
- the departments' savings plans;
- the departments' second quarter report; and
- a one-page summary as of December 31, 2008

As the Governor stated in her operating budget transmittal letter dated May 23, 2008, she implemented a $20 million savings target last summer. We asked agencies to see what they could accomplish in savings in FY2009 by managing those things we have control over, finding efficiencies, and implementing changes in business processes and practices that could ultimately result in some savings.

We did not ask agencies to cut services or positions. We encouraged departments to look at all line items for potential savings. We also suggested delaying the filling of vacant positions or reassigning work, if possible, to achieve some savings. Agencies prepared savings plans and have provided quarterly reports on the status of the plans.

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The Departments of Public Safety and Military and Veterans Affairs were exempted from the savings target although the commissioners are working hard to find efficiencies in their agencies also.

Departments' savings plans and reports vary in the amount of specificity, but all are committed to achieving the savings. We included $17.5 million in reductions in the FY2009 supplemental bill based on the savings identified through these plans. With five months left in the fiscal year, adjustments may be needed in the savings plans at the component level in order to achieve the target. In order to provide flexibility, we included unallocated reductions in the commissioner's office for the amount of the departments' savings targets with two exceptions - both related to Education: a reduction in the school performance incentive program and a reduction in school debt reimbursement.

Please contact me if you have additional questions.

Sincerely,

Karen J. Rehfeld
Director

Enclosures

cc: David Teal, Legislative Finance Division
House and Senate Finance Committee members

PROJECTION 1/20/09

	FY 2009 Budget	Remaining in the Budget	Projection for the Remainder of the Year	FY 2009 Actuals @ 1-20-09	FY 2009 Projection	Variance
INCOME						
Tickets:						
Season Tickets	45,000.00	(1,760.50)	239.50	46,760.50	47,000.00	2,000.00
Single Tickets	138,500.00	98,623.60	78,909.00	39,876.40	118,785.40	(19,714.60)
Education Tickets	7,100.00	1,279.00	4,050.00	5,821.00	9,871.00	2,771.00
Special Projects	8,000.00	5,891.00	4,191.00	2,109.00	6,300.00	(1,700.00)
Total Tickets:	**198,600.00**	**104,033.10**	**87,389.50**	**94,566.90**	**181,956.40**	**(16,643.60)**
Donations:						
Individuals						
Cash	40,000.00	21,470.00	22,070.00	18,530.00	40,600.00	600.00
In-kind	65,000.00	65,000.00	65,000.00	-	65,000.00	-
Subtotal	**105,000.00**	**86,470.00**	**87,070.00**	**18,530.00**	**105,600.00**	**600.00**
Local Businesses						
Cash	13,500.00	8,125.00	9,450.00	5,375.00	14,825.00	1,325.00
In-kind	14,000.00	(10,207.84)	1,192.16	24,207.84	25,400.00	11,400.00
Subtotal	27,500.00	(2,082.84)	10,642.16	29,582.84	40,225.00	12,725.00
Organizations	18,200.00	8,253.92	9,000.00	9,946.08	18,946.08	746.08
Corporations						
Cash						
AT&T	9,000.00	9,000.00	9,000.00	-	9,000.00	-
Alaska Pacific Bank	2,500.00	-	-	2,500.00	2,500.00	-
Alyeska Pipeline	2,500.00	2,500.00	2,500.00	-	2,500.00	-
ConocoPhillips	10,000.00	-	-	10,000.00	10,000.00	-
Wells Fargo	-	-	-	-	-	-
BP Exploration	2,500.00	-	-	2,500.00	2,500.00	-
Holland America	-	(1,000.00)	-	1,000.00	1,000.00	1,000.00
Other Corporate Cash	2,500.00	2,500.00	4,000.00	-	4,000.00	1,500.00
In-kind	-	-	-	-	-	-
Alaska Airlines	14,000.00	10,250.00	6,750.00	3,750.00	10,500.00	(3,500.00)
Other Corporate In-kind	1,500.00	800.00	800.00	700.00	1,500.00	-
Subtotal	44,500.00	24,050.00	23,050.00	20,450.00	43,500.00	(1,000.00)
Total Donations:	**195,200.00**	**116,691.08**	**129,762.16**	**78,508.92**	**208,271.08**	**13,071.08**
Grants:						
Federal	45,000.00	45,000.00	20,000.00	-	20,000.00	(25,000.00)
State	25,000.00	(5,000.00)	-	30,000.00	30,000.00	5,000.00
Municipal						
CBJ Assembly	45,000.00	-	-	45,000.00	45,000.00	-
CBJ Youth Activities	14,000.00	(950.00)	-	14,950.00	14,950.00	950.00
Foundation						
Alaska Humanities Forum	50,000.00	34,550.00	38,050.00	15,450.00	53,500.00	3,500.00
Surdna	50,000.00	-	-	50,000.00	50,000.00	-
Allen	60,000.00	60,000.00	45,000.00	-	45,000.00	(15,000.00)
Shubert	45,000.00	45,000.00	45,000.00	-	45,000.00	-
Mellon	20,000.00	-	-	20,000.00	20,000.00	-
Rasmuson	46,000.00	46,000.00	54,588.00	-	54,588.00	8,588.00
TCG/Pew	30,000.00	(5,000.00)	-	35,000.00	35,000.00	5,000.00
Wallace	-	-	-	-	-	-
Other Foundation						
Charlotte Martin Foundation	7,500.00	1,500.00	-	6,000.00	6,000.00	(1,500.00)
Douglas Dornan Foundation	2,000.00	(500.00)	-	2,500.00	2,500.00	500.00
Skaggs Foundation	2,500.00	2,500.00	2,500.00	-	2,500.00	-
Ellefson Foundation	1,000.00	1,000.00	1,000.00	-	1,000.00	-
Other Misc Foundation	3,000.00	3,000.00	11,000.00	-	11,000.00	8,000.00
Total Grants:	**446,000.00**	**227,100.00**	**217,138.00**	**218,900.00**	**436,038.00**	**(9,962.00)**
Special Events:						
Other Fundraisers	-	(1,940.90)	-	1,940.90	1,940.90	1,940.90
Board Fundraiser	12,000.00	12,000.00	11,000.00	-	11,000.00	(1,000.00)
Raffle	25,000.00	25,000.00	25,000.00	-	25,000.00	-
Total Special Events:	**37,000.00**	**35,059.10**	**36,000.00**	**1,940.90**	**37,940.90**	**940.90**
Education:						
UAS Residency	29,664.00	-	-	29,664.00	29,664.00	-
Tuition/Workshop Fees	17,000.00	6,000.00	11,600.00	11,000.00	22,600.00	5,600.00
Total Education:	**46,664.00**	**6,000.00**	**11,600.00**	**40,664.00**	**52,264.00**	**5,600.00**
Other Earned Income:						
Touring/Residency Fees	-	-	-	-	-	-
Subsidiary Royalties	-	-	-	-	-	-
Concessions	10,000.00	5,400.50	6,900.50	4,599.50	11,500.00	1,500.00
Merchandise	5,000.00	3,760.00	2,560.00	1,240.00	3,800.00	(1,200.00)
Rentals	42,200.00	26,025.42	17,175.42	16,174.58	33,350.00	(8,850.00)
Advertising Income						
Cash	37,000.00	22,725.00	7,725.00	14,275.00	22,000.00	(15,000.00)
Trade	11,600.00	7,830.00	8,000.00	3,770.00	11,770.00	170.00
Endowment Income	50,000.00	50,000.00	43,500.00	-	43,500.00	(6,500.00)
Interest Income	-	(12.00)	-	12.00	12.00	12.00
Total Other Income:	**155,800.00**	**115,728.92**	**85,860.92**	**40,071.08**	**125,932.00**	**(29,868.00)**
TOTAL INCOME	**1,079,264.00**	**604,612.20**	**567,750.58**	**474,651.80**	**1,042,402.38**	**(36,861.62)**

PROJECTION 1/20/09

	FY 2009 Budget	Remaining in the Budget	Projection for the Remainder of the Year	FY 2009 Actuals @ 1-20-09	FY 2009 Projection	Variance
EXPENSE						
Payroll Expenses:						
Administrative Salaries	189,966.67	106,517.30	81,052.96	83,449.37	164,502.33	(25,464.33)
Artistic Salaries	104,416.67	49,807.55	50,149.88	54,609.12	104,759.00	342.33
Performer Salaries	61,430.00	35,762.52	36,385.00	25,667.48	62,052.48	622.48
Production Salaries	131,243.67	66,424.37	64,062.46	64,819.30	128,881.76	(2,361.91)
Payroll Taxes & Benefits						
Worker's Comp	18,329.51	13,447.51	12,706.51	4,882.00	17,588.51	(741.00)
Payroll Taxes	51,505.05	31,777.25	22,616.14	19,727.80	42,343.94	(9,161.10)
Health Insurance	42,186.83	20,022.17	21,709.64	22,164.66	43,874.30	1,687.47
Benefits-other	12,738.00	10,026.69	4,939.50	2,711.31	7,650.81	(5,087.19)
Total Payroll Expenses:	**611,816.38**	**333,785.34**	**293,622.09**	**278,031.04**	**571,653.13**	**(40,163.25)**
Production Expenses:						
Set	24,250.00	13,444.19	7,568.37	10,805.81	18,374.18	(5,875.82)
Trade	-	-	-	-	-	-
Model Design Expenses	650.00	129.26	168.96	520.74	689.70	39.70
Lights	5,500.00	2,255.92	1,254.36	3,244.08	4,498.44	(1,001.56)
Costumes	9,850.00	4,609.30	4,441.89	5,240.70	9,682.59	(167.41)
in-kind	-	-	-	-	-	-
Stage Management	1,000.00	801.52	185.96	198.48	384.44	(615.56)
Supplies	500.00	500.00	-	-	-	(500.00)
Props	7,650.00	5,222.71	3,750.00	2,427.29	6,177.29	(1,472.71)
in-kind	-	-	-	-	-	-
Sound	1,500.00	1,497.50	1,147.50	2.50	1,150.00	(350.00)
Hair/Make-up	1,500.00	1,084.57	650.00	415.43	1,065.43	(434.57)
Scripts/Books	700.00	601.03	1.03	98.97	100.00	(600.00)
Royalties	9,960.00	3,468.23	3,430.00	6,491.77	9,921.77	(38.23)
Video	500.00	500.00	500.00	-	500.00	-
Tools & Repair	2,000.00	1,835.41	1,585.41	164.59	1,750.00	(250.00)
Freight/Truck Rental	-	-	-	-	-	-
Misc. Production Costs	4,450.00	3,692.92	12,800.00	757.08	13,557.08	9,107.08
Total Production Expenses:	**70,010.00**	**39,642.56**	**37,483.48**	**30,367.44**	**67,850.92**	**(2,159.08)**
Marketing						
Cash						
Brochure	5,500.00	1,897.00	-	3,603.00	3,603.00	(1,897.00)
Bulk Mail	3,780.00	1,877.46	1,437.42	1,902.54	3,339.96	(440.04)
Design	5,800.00	2,629.57	2,329.57	3,170.43	5,500.00	(300.00)
Merchandise	5,000.00	2,435.34	-	2,564.66	2,564.66	(2,435.34)
Misc. Publicity	9,950.00	4,464.76	4,607.74	5,485.24	10,092.98	142.98
Photos	-	-	-	-	-	-
Posters	1,395.00	849.20	561.40	545.80	1,107.20	(287.80)
Print Ads	225.00	(1,543.48)	-	1,768.48	1,768.48	1,543.48
Post Cards	1,900.00	568.00	-	1,332.00	1,332.00	(568.00)
Programs	11,000.00	7,100.99	6,500.00	3,899.01	10,399.01	(600.99)
Radio	1,900.00	1,225.00	1,225.00	675.00	1,900.00	-
Television	-	-	-	-	-	-
Trade						-
Misc. Publicity	1,100.00	(1,660.00)	-	2,760.00	2,760.00	1,660.00
Photos	500.00	500.00	500.00	-	500.00	-
Print Ads	1,300.00	1,300.00	1,300.00	-	1,300.00	-
Postcards	-	(1,100.00)	-	1,100.00	1,100.00	1,100.00
Radio	8,700.00	8,070.00	8,070.00	630.00	8,700.00	-
In-Kind		-	-	-	-	-
Print Ads	12,500.00	5,377.48	4,377.48	7,122.52	11,500.00	(1,000.00)
Subtotal	70,550.00	33,991.32	30,908.61	36,558.68	67,467.29	(3,082.71)
Production Admin						
Travel						
Cash	8,750.00	(2,169.81)	2,050.00	10,919.81	12,969.81	4,219.81
In-kind	12,000.00	6,000.00	4,500.00	6,000.00	10,500.00	(1,500.00)
Subtotal	20,750.00	3,830.19	6,550.00	16,919.81	23,469.81	2,719.81
Per Diem	-	-	-	-	-	-
Housing						
Cash	-	(2,260.25)	-	2,260.25	2,260.25	2,260.25
In-kind	65,000.00	65,000.00	65,000.00	-	65,000.00	-
Subtotal	65,000.00	62,739.75	65,000.00	2,260.25	67,260.25	2,260.25
Vehicle & Local Transportation	-	(626.39)	-	626.39	626.39	626.39
Insurance	15,000.00	9,857.50	2,857.50	5,142.50	8,000.00	(7,000.00)
Repair/Maintenance	7,500.00	6,624.10	5,624.10	875.90	6,500.00	(1,000.00)
Gas	5,000.00	3,718.53	2,968.53	1,281.47	4,250.00	(750.00)
other-bus pasess	2,250.00	1,526.49	676.49	723.51	1,400.00	(850.00)
In-kind	-	-	-	-	-	-
Subtotal	29,750.00	21,100.23	12,126.62	8,649.77	20,776.39	(8,973.61)
Company Appreciation	5,100.00	4,212.50	3,836.64	887.50	4,724.14	(375.86)
in-kind	-	-	-	-	-	-
Concessions	4,800.00	3,600.92	3,157.51	1,199.08	4,356.59	(443.41)
Trade	-	(614.64)	435.36	614.64	1,050.00	1,050.00
Supplies	1,200.00	980.14	980.14	219.86	1,200.00	-
Ticket Charges	3,897.62	3,238.62	2,407.85	659.00	3,066.85	(830.78)
Total Production Admin	**130,497.62**	**99,087.71**	**94,494.12**	**31,409.91**	**125,904.03**	**(4,593.60)**

PROJECTION 1/20/09

	FY 2009 Budget	Remaining in the Budget	Projection for the Remainder of the Year	FY 2009 Actuals @ 1-20-09	FY 2009 Projection	Variance
Office Expenses:						
Legal/Accounting Salaries	5,840.00	5,840.00	6,840.00	-	6,840.00	1,000.00
Trade	-	-	-	-	-	-
Printing/Xeroxing	6,000.00	3,920.52	3,620.52	2,079.48	5,700.00	(300.00)
Postage	4,000.00	2,712.92	2,512.92	1,287.08	3,800.00	(200.00)
Telephone	8,500.00	3,116.84	3,116.84	5,383.16	8,500.00	-
in kind	-	(875.04)	-	875.04	875.04	875.04
Computer Purchase and Maintenance	8,500.00	3,087.47	2,587.47	5,412.53	8,000.00	(500.00)
Office Supplies	8,700.00	7,155.53	2,655.53	1,544.47	4,200.00	(4,500.00)
Trade	-	-	-	-	-	-
Total Office Expenses:	**41,540.00**	**24,958.24**	**21,333.28**	**16,581.76**	**37,915.04**	**(3,624.96)**
Building Expenses:						
Insurance	25,000.00	9,841.59	9,841.59	15,158.41	25,000.00	-
Repairs/Maintenance						
Cash	8,200.00	7,241.12	6,741.12	958.88	7,700.00	(500.00)
In-kind	-	(212.50)	-	212.50	212.50	212.50
Trade	-	-	-	-	-	-
Rents						
Cash	9,000.00	4,405.30	4,505.30	4,594.70	9,100.00	100.00
In-kind	-	-	-	-	-	-
Taxes	5,500.00	1,315.49	1,315.49	4,184.51	5,500.00	-
Depreciation	15,000.00	15,000.00	15,000.00	-	15,000.00	-
FF&E Depreciation	20,000.00	20,000.00	20,000.00	-	20,000.00	-
Utilities	32,000.00	21,016.75	19,016.75	10,983.25	30,000.00	(2,000.00)
Grant Credit	-	(1,076.21)	372.49	1,076.21	1,448.70	1,448.70
Total Building Expenses:	**114,700.00**	**77,531.54**	**76,792.74**	**37,168.46**	**113,961.20**	**(738.80)**
Capital Expenses:						
Building Improvements/Materials	-	-	2,000.00	-	2,000.00	2,000.00
Capital Equipment	15,000.00	11,684.00	21,272.00	3,316.00	24,588.00	9,588.00
Capital Improvement Labor	-	-	-	-	-	-
Total Capital Expenses:	**15,000.00**	**11,684.00**	**23,272.00**	**3,316.00**	**26,588.00**	**11,588.00**
Miscellaneous Expenses						
Fundraisers						
Cash	3,000.00	3,000.00	1,000.00	-	1,000.00	(2,000.00)
In-kind	-	-	-	-	-	-
Subscriptions/Dues/Memberships	3,250.00	462.87	462.87	2,787.13	3,250.00	-
Fines & Penalties	-	(240.69)	259.31	240.69	500.00	500.00
Service Charges/Bad Debt	6,000.00	1,822.04	2,322.04	4,177.96	6,500.00	500.00
License/Permit Fees	400.00	350.00	350.00	50.00	400.00	-
Interest Expense	9,000.00	3,177.61	5,577.61	5,822.39	11,400.00	2,400.00
Development Expense	3,500.00	513.01	950.00	2,986.99	3,936.99	436.99
Moving Expenses	-	(2,034.40)	-	2,034.40	2,034.40	2,034.40
In-kind	-	(2,780.28)	-	2,780.28	2,780.28	2,780.28
Total Miscellaneous Expenses:	**25,150.00**	**4,270.16**	**10,921.83**	**20,879.84**	**31,801.67**	**6,651.67**
TOTAL EXPENSES	**1,079,264.00**	**624,950.87**	**588,828.15**	**454,313.13**	**1,043,141.28**	**(36,122.73)**
NET PROFIT/LOSS	**(0.00)**	**(20,338.67)**	**(21,077.57)**	**20,338.67**	**(738.90)**	**(738.89)**
In-Kind/Trade Revenues				32,427.84	114,170.00	
In-Kind/Trade Expenses				21,882.48	107,514.02	
In-Kind/Trade Net				10,545.36	6,655.98	

MEMORANDUM

STATE OF ALASKA
Office of the Governor
Office of Management and Budget
PO Box 110020
Juneau AK 99811-0020
(907) 465-4660, fax 465-3008

To: Commissioners
Administrative Services Directors

Date: June 26, 2008

From: Karen J. Rehfeld
Director

Subject: FY2009 General Fund
Savings Plans

As you know, the Governor has set a savings target of $20 million general fund for FY2009. The attached document provides additional information and the savings targets by department to assist you in developing a FY2009 savings plan.

The savings targets were established as 2.9% of each department's estimated general fund personal services. Personal services are the only budget line item that includes fund source data. The estimated general fund personal services amounts came from the FY2009 Governor Amended Final scenario, which will be updated in the FY2009 Management Plan scenario.

Even though the target amounts were based on personal services, the saving plan does not necessarily need to come from personal services. However, since personal services is a large portion of a department's budget, cost savings may be achieved by requiring an internal review process before approving recruitment for vacant positions or by extending the vacancy by a month or more. Departments should also limit the creation of new positions.

As of July 1, OMB approval will be required for the creation of ALL new positions. In addition, OMB approval will be required for all reclassifications resulting in more than a two-range increase. Reclassifications as a result of flex-range positions or if initiated by the Division of Personnel are exempt from OMB approval. Updated personal services revised program procedures will be included in the July 2008 version of the Revised Program Manual. The manual will be available shortly.

I encourage you to review all line items and programs for potential savings. Consider savings in travel costs by using airline miles for ticket purchases, consolidating or reducing the number of trips and/or the number of travelers, and holding more video or teleconference meetings. Every year state agencies lapse funds. It may be helpful to look at FY08 lapse as the fiscal year ends for potential savings ideas.

Your department savings plan with amounts and impacts by component is due to OMB by Friday, August 1. If you have any questions, please contact me or your OMB Analyst. Thank you for your assistance.

Attachment

Task: Identify $20 million in FY2009 General Fund Savings

General fund target methodology

Targets established as a percentage of each department's estimated general fund personal services.

Departments are not limited to the personal services line for actually obtaining the required savings.

As of July 1 all new position requests must be submitted to OMB for approval along with reclassification requests that increase more than two ranges. Reclassifications associated with flex-range positions or initiated by the Division of Personnel are exempt from OMB review.

Departments develop savings plan and submit it to OMB by Friday, August 1.

No Washington Monuments!

Encourage departmental review of ALL line items and programs.

Engage department staff.

Savings plan memo to identify the amounts and impacts by component.

Identify the reductions that can be continued in the FY2010 budget.

Chief of Staff and OMB Director review each department's plan and work with department to modify if necessary.

Present summary to Governor for approval.

Departmental plans to be finalized by August 29 and incorporated into FY2009 Management Plan scenario.

Each department will establish general fund expenditure AKSAS restrictions by line item per the approved plan and report quarterly to OMB on progress.

Each department will develop a cost savings plan for FY2010 budget (may be different than that proposed for FY2009) and be prepared to discuss it at their Heads Up meetings in September - October, including whether or not legislation or regulations would be required for implementation.

Targets:

Administration - $1,100.0	
Commerce, Community & Economic Development - $80.0	
Corrections - $3,910.0	
Education & Early Development - $270.0	
Environmental Conservation - $390.0	
Fish & Game - $940.0	
Governor - $440.0	
Health & Social Services - $4,760.0	
Labor & Workforce Development - $330.0	
Law - $1,030.0	
Military & Veterans Affairs - $160.0	
Natural Resources - $1,300.0	
Public Safety - $2,280.0	
Revenue - $390.0	
Transportation & Public Facilities - $3,220.0	
Total	**$20,600.00**

MEMORANDUM

STATE OF ALASKA

Office of the Governor
Office of Management and Budget
PO Box 110020
Juneau AK 99811-0020
(907) 465-4660, fax 465-3008

To: Commissioners
Administrative Services Directors

Date: October 27, 2008

From: Karen J. Rehfeld
Director

Subject: Quarterly Reporting on FY2009 General Fund Savings Plans

During last month's Heads Up Meetings, we briefly discussed progress to date with the FY2009 Savings Plan in conjunction with potential supplemental needs. In order to keep track of efforts made by each agency toward meeting the savings target, we would like to receive a report on your progress for the first quarter of FY2009.

Please submit a memo that lists the approved components of your plan; the savings amounts assigned to each, if they were specified; your actual or estimated savings as of September 30 for each item identified; and any comments.

This format will be helpful:

Savings Plan	**Savings Target**	**Sept 30 Savings**	**Comments**
Hold 5 PCNs vacant in XYZ Division	$350.0	$17.5	On track to achieve this savings target
Reduce travel costs by using accrued miles	$100.0	$15.0	Struggling with this savings target. If unable to meet this target, will find other savings in department.
Savings Plan Totals	**$450.0**	**$32.5**	

If your department is having significant difficulty meeting your savings target, please contact me immediately. Otherwise, please submit your first quarter report to your OMB Analyst by October 31. Please use this format for subsequent quarterly reports (due dates are on the budget calendar).

Thank you for your efforts to control spending and find efficiencies that may result in cost containment and costs savings. The careful managing of our budget will have positive results in reduced supplemental need or in helping to find areas in the budget that may be trimmed in the future.

Rehfeld, Karen J (GOV)

From: Rehfeld, Karen J (GOV)
Sent: Friday, July 11, 2008 8:43 AM
To: GOV Commissioners; GOV Administrative Directors
Cc: GOV OMB Staff; GOV Special Assistants; Nizich, Michael A (GOV); Goode, Kelly C (GOV)
Subject: $20 Million Savings Target

Good Morning –

I have received some feedback from legislators who are hearing from their constituents that we are "cutting the FY09 budget" and impacting services.

In response, I explained the governor's concern about managing the growth in the operating budget and her goal in setting the $20 million savings target. I let them know that we have asked agencies to see what we may be able to accomplish in savings in FY09 by managing those things we have control over, finding efficiencies, and implementing changes in business processes and practices that could ultimately result in some savings.

We used 2.9% of GF personal services to establish the savings target so that departments would have a number to work toward, but we did not suggest that savings would have to come from personal services. We encourage departments to look at all line items for potential savings.

We typically end up with a GF lapse at the end of the year without imposing any savings targets. We have NOT asked agencies to cut services or positions. We have suggested delaying the filling of vacant positions or reassigning work, if possible, to achieve some savings.

We look forward to hearing your plans – emphasis on plans – in early August. The careful managing of our budget will have positive results in reduced supplemental need or in helping to find areas in the budget that may be trimmed in the future.

Please remind your divisions and programs that it is in everyone's best interest to be good stewards of public resources and demonstrate our commitment to provide quality service in the most efficient and effective manner. We have very talented and creative state employees who have excellent ideas on how to better serve Alaskans. Juneau's recent energy conservation efforts are a great example of what is possible.

Thanks for your help in communicating the positive aspects of our savings efforts!

Karen
****

Karen J. Rehfeld, Director
Office of Management & Budget
465-3568

karen.rehfeld@alaska.gov

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

ANNETTE KREITZER, COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

Memorandum

To: Karen Rehfeld
Director, Office of
Management and Budget

Date: July 25, 2008

From: Annette Kreitzer

Phone: 907-465-5671

Subject: Department of Administration FY2009 GF Savings Plan

We have reviewed the FY2009 operating budget of the Department of Administration (DOA) to determine where reductions can be made to meet the Governor's savings target. I believe reductions for FY2009 can be made which will result in GF savings for FY2009 and which will limit the impact to the services we provide to our customers. My recommendations are as follows:

Division of Finance (DOF) **($300.0) GF**
This reduction will be offset with an increase in unbudgeted CIP receipts. The DOF currently has capital project funding in excess of $40 million GF for statewide systems replacement. The division plans to use staff resources to work on the project, and expect that staff efforts over the next several fiscal years will be at a level to support charging the project $300.0 annually.

Enterprise Technology Services (ETS) **($300.0) GF**
ETS received in excess of $800.0 GF for salary and health insurance cost increases for FY2009 for all units within the division. ETS also has in excess of $7.0 million of GF in the FY2009 budget for SATS/ALMR operations. I believe we can aggressively manage vacancy and achieve efficiencies in non-personal services costs in all areas of ETS to meet the targeted savings.

Department Wide Personal Services Reduction **($200.0) GF**
I am proposing to spread $200.0 of GF reduction among all divisions within the department that have GF in their personal services budget. The reduction will be based on each divisions' percentage share of the amount of the total GF received for salary and health insurance increases for FY2009. The reductions

will be modest for each division, and I believe with careful management of vacancy we can achieve the savings.

Retirement & Benefits GF Reduction **($107.6) GF**

The Division of Retirement & Benefits will see a reduction of GF needed in FY2009 for costs related to the defined contribution retirement plan. This reduction, which was projected in the fiscal note for SB141 (CHAPTER 9 FSSLA 05), and which should have been made in the FY2009 budget, was inadvertently overlooked.

Year End Lapsing **($200.0) GF**

For the past several years the DOA has lapsed in excess of $200.0 of GF each year. I believe it is reasonable to expect that to occur again in FY2009. As we progress through FY2009 we will be looking to identify specifically where this lapse will occur.

The total amount of FY2009 GF savings identified here is $1,107,600. This exceeds our target amount by $7,600.

Please let me know if you have questions or need additional information.

cc: Kevin Brooks, Deputy Commissioner, Department of Administration
Rachael Petro, Deputy Commissioner, Department of Administration
Division Directors, Department of Administration

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

ANNETTE KREITZER, COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 110200
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Please let me know if you have questions or need additional information.

cc: Kevin Brooks, Deputy Commissioner, Department of Administration
Rachael Petro, Deputy Commissioner, Department of Administration
Division Directors, Department of Administration

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sarah Palin, Governor
Emil Notti, Commissioner

Date: August 1, 2008

To: Karen Rehfeld, Director
Office of Management and Budget

From: Emil Notti, Commissioner
Department of Commerce, Community and Economic Development

Subject: FY09 General Fund Savings Plan

The Department of Commerce, Community, and Economic Development has looked at a variety of areas to determine where to achieve the $80,000 of general funds savings requested by the Governor. After discussions with the directors of the impacted divisions and careful consideration of the options, I am proposing the following general fund cuts:

The Office of Economic Development (OED): $60,000.
Although $290,000 was added via a fiscal note for the newly created film office, the regulations process and the position approval and recruitment has taken longer than anticipated. As a result, OED will be able to achieve one-time savings of $60,000 from the FY09 budget. However, the film office will be fully operational fairly soon, and OED will need the full $290,000 in FY10.

The Division of Community and Regional Affairs: $16,000.
Due to significant staff turnover, DCRA is actively recruiting for a number of positions. The payroll costs of these temporarily vacant positions should be enough to address most of this reduction. Additional cuts will be made by reducing staff travel. This travel reduction will result in a reduced presence at conferences this year, including the Southeast Conference, Alaska Municipal League, and AFN.

Because DCRA's turnover is typically very low, this cut will be difficult to sustain when the positions are filled. If this cut carries into FY10, the delivery of its programs may be negatively impacted.

Division of Administrative Services: $4,000.
Reductions in travel (in numbers of trips and the length of trips) and delaying the purchase of some equipment should enable this division to achieve these savings. These savings are probably sustainable and can be carried into FY10.

P.O. Box 110800, Juneau, Alaska 99811-0800
Telephone: (907) 465-2500 Fax: (907) 465-5442 Text Telephone: (907) 465-5437
Email: questions@commerce.state.ak.us Website: http://www.commerce.state.ak.us/

STATE OF ALASKA /

MEMORANDUM

DEPARTMENT OF CORRECTIONS

Division of Administrative Services
P.O. Box 112000
Juneau, Alaska 99811-2000
Phone (907) 465-3376 Fax (907) 465-2006

To: Karen J. Rehfeld, Director
Office of Management and Budget
Governor's Office

DATE: July 31, 2008

From: Dwayne Peeples
Deputy Commissioner
Department of Corrections

SUBJECT: DOC FY09 Savings Scenario

The Department of Corrections appreciates the opportunity to provide the requested information on potential general fund savings for FY2009. This was a valuable exercise in looking for inefficiencies and areas where we identify long-term practices that can save general fund dollars in future years.

Challenges and Possibilities:

- FY 09 Anticipated Supplemental Requirements: Fuel/energy cost increases for 24/7 facilities. In addition to physical plant increased costs, this also includes increased transport cost and increased commodities—all tied to fuel and energy increased costs.

- FY09 *Knowns*: If population remains static, we will not be in supplemental mode *except for fuel/utilities*, and possibly *medical*. We can draw from Electronic Monitoring (EM) and Out-of-State (OOS)—OOS will generate fewer trips if populations remain static as of 7/31/08 (3696 max cap - 3626 incarcerated = -70).

Savings Scenario--$3,910.0 GF, $123.0 MHTAAR = $4,033.0:

- Substance abuse treatment program FY09 increases, $1,132.8: These services are expansion of treatment services appropriated for ¾ of the fiscal year and are the major part of the department's initiative to reduce recidivism. The expansion for the services have not been implemented and will not result in lay offs or cancelation of contracts. Impact: Elimination of this program expansion will result in increased population growth in future years requiring additional facility construction or purchase of contract beds; adversely impact the program design of the new 1,536 bed prison in the Mat/Su Borough and adversely impact the credibility of the department with the legislature to obtain funding for these programs in future years.

- Freeze Substance Abuse Coordinator and Education Program Coordinator (or the equivalent), $199.6: the substance abuse position is vacant, this will not result in a layoff situation. The Education Program Coordinator position is expected to become vacant by 10/1/08 and will remain unfilled, duties will be absorbed by existing filled positions.

- 3rd year fiscal note funding for Sex Offender Polygraph, $752.5: 1) the Sex Offender Polygraph program is under performing, however, it has recently shown improvements in our ability to hire qualified polygraphists; and, 2) we propose to restrict the funding for the 2 PFT probation officer positions until the program is performing at full levels. *(NOTE: this does not impact the YKCC (Bethel) program.)*

- Electronic Monitoring (EM) FY08 increase, $881.1: we have not increased EM by 50 slots as originally proposed. In FY09, adding 40 Community Residential Center (CRC) beds is being proposed which will reduce overcrowding in the Anchorage Correctional Complex and allow the out-of-state placements to remain static.*

- Freeze SCCC Micro-Tech (or equivalent) and HMCC Food Service Lead, $148.6: this does not generate lay-offs, these are vacant positions that we believe the duties can be absorbed by existing staff (HMCC) or by institutions sharing a Micro-Tech (WWCC and SCCC).

- Mental Health Services FY09 increase, $246.0: we have not implemented this increase in services by providing treatment materials; or, fund existing vacant positions that were to be reallocated to mental health to facilitate increased services. Not implementing increased services minimizes the impact versus reducing or eliminating an existing service. This does not create a lay-off situation.

- Increase the vacancy factor from 3.3% to 6.25% for Probation/Parole, $672.4: while this will increase the caseload for existing PO's, the positions are vacant and this does not create a lay-off situation.

**With OMB approval, DOC procured the CRC beds in July 2008, using EM funds*

Conservation and Efficiencies--In Process of Implementation:

- Energy Conservation Measures: DOC Energy Savings Performance Contracting w/Siemens Financial
  - Savings will not be measurable until project is complete and enough time has lapsed to generate a comparative analysis on energy savings

- Cost Containment Measure: Standardized Menu
  - Nutritionist/Contractor submitted first draft of standardized menu on 7/25/08; review is underway. Until standardized menus are adopted and implemented in the institutions, there is no measurable savings. Standardized menu savings will be linked to standard procurements (below) and may be possible to evaluate savings by the end of FY09.

- Cost Containment Measure: Western States Contracting Alliance (WSCA), standardized procurement
  - SOA/DGS is within a few weeks of signing the final WSCA contracts
  - WSCA allows states to purchase as much or as little at any one time at negotiated bulk flat rates
  - We pay NO freight and shipping costs, exceptions: Bethel, Nome, Fairbanks, Pt. McKenzie

        - DOC anticipates primary savings on paper products and cleaning supplies
            - Contract is not in place; no measurable savings as yet

- Fund Source Change: SGF to GF/MH – No direct savings, fund change
    - Working with AMTHA to complete preliminary identification of FY10 funds by early September; and, any amounts remaining will be captured in FY11.

- Liquidated Damage Recovery: Out-of-State (OOS) Contract with Corrections Corporation of America (CCA)
    - In FY08, the department recovered $275.0 in contract funds for not providing services included in the contract. The department has taken due diligence in controlling the OOS agreement by holding the CCA accountable and to the terms of the contract.
    - In FY09, we anticipate recovering up to $200.0

If you require additional information, please feel free to contact us.

cc: Joe Schmidt, Commissioner
Leslie Houston, Director of Administrative Services
April Wilkerson, Budget Chief
Steve Hildebrand, OMB Budget Analyst

Department of Corrections
FY 2009 Operating Summary

Scenario 1

Component	Description	GF	FED	Other	TOTAL
Offender Programs	Freeze Substance Abuse Program Coordinator position (or the equivalent)	(119.8)			**(119.8)**
Offender Programs	Freeze Education Program Coordinator position $106.4 annually / hold vacant 3/4 yr (or the equivalent)	(79.8)			**(79.8)**
SCCC	Freeze Micro Tech position / support maintained by WWCC's & Admn Support (or the equivalent)	(76.3)			**(76.3)**
HMCC	Freeze Food Service Lead (or the equivalent)	(72.3)			**(72.3)**
	Sub-Total FY09 Scenario 1 :	***(348.2)***	***0.0***	***0.0***	**(348.2)**
Statewide Probation	Increase V&T within Probation & Parole to meet GF reductions. FY09 Authorized PS = $10,786.7 less 6.25% (or $672.4) = $10,114.3. This is the equivalent of 8.5 Adult Probation Officer I/II positions statewide.	(672.4)			**(672.4)**
	FY09 Scenario 1 Total :	***(1,020.6)***	***0.0***	***0.0***	**(1,020.6)**

DEC FY 2009 General Fund Savings Report Proposal

Identify General Fund Type (GF, GFPR or GFM)	Program	Savings Amount	Describe Impact
GFPR	Air - Air Non-Point & Mobile Source Program	$34,980	It is projected at this point that all these receipts will not be realized in FY09.
GF	SPAR – Industry Preparedness and Pipeline Operations	$208,520	In fiscal year 2008 DEC received an appropriation of $606,500 and 4 positions for the purpose of pipeline compliance oversight and North Slope flow line integrity. The department has encountered extreme difficulties in the classification and recruitment of these four positions. One position has been filled with the incumbent to begin in August, however, we don't expect to fill the other 3 positions until later this year. This is a one time savings and will not be available in FY10.
GF / GFM / GFPR	All Divisions – Implement agency based travel program	$126,500	This would eliminate $56,000 in travel agent fees annually and one position estimated at $70,500.
GF / GFM / GFPR	Mileage Tickets	$20,000	Current balance of the DEC mileage account would allow approximately 50 tickets to be purchased. This would be allocated to a variety of programs.

TOTAL $390,000

Department of Education & Early Development
FY2009 Management Plan Discussion

The Department of Education & Early Development has conducted an internal review of general fund program expenditures to identify potential areas of savings to meet the target provided by the Governor's Office of Management & Budget. While developing a management plan to minimize program impact but still attaining the goal, it is critical to review the overall fund source levels for program operations compared to annual growth and the personal services required for agency operations.

General fund for the Foundation Program, Boarding Home Grants, Youth in Detention, Special Schools, School Performance Incentive Program, Pupil Transportation, Alaska Challenge Youth Academy, Early Learning Coordination (Head Start) and WWAMI were not considered for targeted restrictions. The School Debt Reimbursement expenditures are not included in ABS under the Department of Education & Early Development and were not manually added for this analysis but do have a human resource impact. These totals are included in the analysis of personal services expenditures because of the human resources required to manage and execute these authorized programs.

Based on the program funding levels recorded in ABS under Management Plan scenarios for each given fiscal year with the exception of FY2009 which is still being developed, the overall growth of general fund personal services expenditures remains relatively low as shown below. For FY2009, only 2.13% of the total budget (all fund sources) is allocated to personal services and this represents an annual change of -.04% since FY2004. The sharp decline in the total position count from FY2004 to FY2005 was due to a statewide realignment/integration which transferred programs to more appropriate agencies and also included the elimination of specific programs or reductions through efficiency measures.

	FY2009	FY2008	FY2007	FY2006	FY2005	FY2004
Positions:						
Permanent Full Time	332	331	304	298	294	319
Permanent Part Time	14	15	39	40	37	61
Non Permanent	0	0	0	0	0	1
	346	346	343	338	331	381
Position count change from FY08	0					
Position count change from FY04	-35					
% Change from FY04	-9.19%					
% Personal Services to Total Agency Funds	2.13%	2.05%	2.01%	2.09%	2.01%	2.34%
% Change from FY08	0.08%					
% Change from FY04	-0.21%					
5 year average annual growth	-0.04%					
General Fund % Personal Services to Total Agency Funds	0.67%	0.61%	0.65%	0.68%	0.57%	0.61%
% Change from FY08	0.06%					
% Change from FY04	0.06%					
5 year average annual growth	0.01%					
General Fund Personal Services Comparison to Personal Services Total all fund sources	31.38%	29.74%	32.49%	32.48%	28.41%	26.02%
% Change from FY08	1.64%					
% Change from FY04	5.36%					
5 year average annual growth	1.07%					

The general fund allocated to personal services represents less than 1% of the total agency funding. The general fund allocated to personal services in the DEED budget

represents less than 1/3 of the total funding allocated specifically for personal services. The average annual growth of general fund personal services compared to overall personal services authorization allocated within DEED budget is only 1.07% as illustrated over the six year period.

In order to mitigate the perception of cutting programs or services connected to other funding sources, DEED did not to include general fund match in the following analysis of positions. This analysis identifies the specific components containing funding for personal services, and the percentage funded with general funds.

Component	Percentage General Fund	Total Position count
Executive Administration	100%	8
Administrative Services	77%	8
Information Services	30%	6
School Finance	58%	13
Student & School Achievement	16%	70
Mt. Edgecumbe	30%	44
Libraries	100%	35
Archives	89%	10
Museums	97%	18

Executive Administration
The Executive Administration component provides oversight and leadership to the agency in support of the mission and vision of the State Board of Education & Early Development. Historically, this component has maintained extremely low staffing levels relative to the responsibilities and duties. For FY2009, this component received general funds through a fiscal note associated with SB 285 which also authorized three new positions for the Statewide System of Support (district intervention). The total position count of eight shown for this component includes these three new positions created specifically for the Statewide System of Support directing state resources to fund activities necessary to fulfill the constitutional mandate clearly defined in the Moore v. State decision. In the review to identify areas where efficiencies can be managed, the Department of Education & Early Development will meet the OMB target in components other than Executive Administration. General funds to support essential staff and State Board of Education & Early Development priorities remain critical to the success of the entire agency in execution of the mission to ensure quality standards-based instruction to improve academic achievement for all students.

Administrative Services
This unit has maintained stable staffing levels and supports the activities of the entire department. With a low turnover rate, the vacancy factor must remain relatively low to accurately reflect the personal services expenditures necessary for this unit. This unit has available funding from interagency receipts collected from various components and has historically been able to return funding to the programs at the end of the fiscal year. This section would be able to restrict $5.0 general fund in the contractual line item by allocating expenditures to the interagency fund source.

Department of Education & Early Development
FY2009 Management Plan Discussion

Information Services
Beginning in FY2007, the Information Services section has seen extremely challenging levels of turnover and difficulties in the recruitment process to keep the section fully staffed with experienced personnel. We anticipate stabilization within this section since two key positions have been filled. On going recruitment issues for Analyst/Programmer positions will continue to exist but restricting funds based on any anticipated vacancies would be detrimental to funding contractors through the ETS Task Order system which has become a critical component to meeting the business requirements of the department while these positions are vacant. This section has seen significant savings related to software expenditures and the enterprise agreement with Microsoft for educational discounts. This section would be able to restrict $5.0 in the contractual line item in support of the efficiency efforts.

School Finance & Facilities
The School Finance & Facilities section manages K-12 Foundation program, Pupil Transportation, School Debt Reimbursement, the CIP process, and the audit process. While all of these programs are removed from the operational areas where funding could be restricted for FY2009, the personal services associated with providing the human resources necessary to execute these programs are contained in this section. Within this section, PCN 05-1058, Statistical Technician II, Range 14 with a total cost projected at $66,519 for FY2009, remains unfilled due to recruitment difficulties. Under the current memo of instruction from OMB regarding job reclassification, this section will seek the approval of an upgrade for this position to accurately reflect the duties required to meet the business needs of this section. DEED anticipates the approval and recruitment process to take several months and can restrict approximately 4 months of the costs associated with the position for a total of $16.9 to manage a lapse savings for FY2009.

Student & School Achievement
This section manages most of the federal funding for education programs administered through DEED. The majority of the federal receipt authority is located in the grants line item. The general fund in this component is approximately 4.6% of the total funds authorized for this component (FY2009 Management Plan). The largest expenditure of general fund is the contract costs for Data Recognition Corporation to administer the Comprehensive Statewide System of Assessments which includes the High School Graduation Qualifying Examination. A newly funded general fund program for the development of a longitudinal data system is also contained within this component for the first time in FY2009. This program was funded previously with federal receipts from a 3 year grant. During the FY2009 budget cycle, it was anticipated that the federal receipts would expire or be fully expended. We have since received approval for a no-cost grant extension on the period of performance and contractual obligations were moved into the current fiscal year accordingly. Recruiting fully qualified, expert Analyst/Programmers required due to the complexity of this project continues to be an issue. Managing the use of the DOA/ETS Task Order system or other procurement procedures for professional services must be utilized to fill the void while recruitment efforts continue. A projected 6 month vacancy can be managed to allow a restriction of $36.5 for PCN 05-8723 and 05-8724, Analyst/Programmer II, Range 16 positions. Specific projected costs associated

with hardware/software maintenance identified for the general fund appropriation can be deferred to FY2010 due to the timing of the maintenance and licensing renewals. General fund in the amount of $100.0 may be restricted in order to contribute to the managed lapse savings target for FY2009.

Mt. Edgecumbe High School
Mt. Edgecumbe High School has been successful in managing the increasing costs of running the State Boarding School's academic and residential programs with the help of additional funding for fuel costs through various energy relief funding measures. The additional increases in the funding available through the Foundation Program will also contribute substantially to the success of this program. To avoid the appearance of making unnecessary reductions to this program when fuel costs could realistically require some level of supplemental funding and until the energy costs stabilize or begin trending toward a manageable growth, DEED recommends not restricting any general funds associated with this program pre-maturely for FY2009.

State Facilities Rent
This component contains the funding necessary for leased space acquired through General Services and also space associated with the Public Building Fund. DEED received a general fund appropriation to provide off site storage for the State Archives. The Division of General Services is preparing a Request for Proposals (RFP) to acquire existing space or provide a build to suit contract for the necessary square footage. The RFP will be made public at the end of July with an anticipated award date of September. Since the appropriation anticipated the lease costs on an annual basis, $60.0 may be restricted in order to contribute to the managed lapse savings target for FY2009.

Libraries, Archives and Museums
The Division of Libraries, Archives and Museums (LAM) provides services to the public, the legislature and the executive branch. The (LAM) budget has been impacted by rising costs associated with materials, books, periodicals and online database subscriptions required to provide reference and research services. These costs erode the capacity of this unit to maintain a budget with little or no growth to mitigate the pressure on existing general fund appropriations.

This component has identified several areas that will be restricted without impacting the delivery of services to the public. Through vacancies associated with staff turnover and recruitment efforts, this division will be able to restrict $11.8 for PCN 05-3080, Librarian I Range 16, and $24.8 for PCN 05-3508, Micrographics Manager (Archives) Range 17.

By deferring purchases of equipment and museum acquisitions, another $10.0 will be restricted in the commodities line item.

School Performance Incentive Program
A lapse balance could occur within the School Performance Incentive Program in FY09 but will not be included as part of the DEED reduction analysis since the payments are formula driven based on assessment data and not subject to savings attributable to

management decisions. In FY 07, the payments totaled approximately $1.9 million and $3.86 million lapsed. The FY08 payments are projected to be close to $1.1 million which will leave a lapse balance of nearly $2.5 million. If the trend continues, a significant lapse balance may be available in FY09 that could be included as part of the overall OMB savings target. Ideally, the final year of the School Performance Incentive Program will reflect greater improvements in student performance throughout the state.

The proposed general fund managed lapse savings will be restricted as follows:

Component	General Fund Proposed Managed Lapse
Administrative Services Total	5.0
Information Services Total	5.0
School Finance & Facilities	16.9
Student & School Achievement Total	136.5
State Facilities Rent	60.0
Library Operations	16.8
Archives	24.8
Museum Operations	5.0
Total Proposed General Fund Restriction	270.0

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

ADMINISTRATIVE SERVICES

SARAH PALIN, GOVERNOR

P.O. BOX 115526
JUNEAU, AK 99811-5526
PHONE: (907) 465-6085
FAX: (907) 465-6078

MEMORANDUM

TO: Karen Rehfeld, Director
Office of Management and Budget

THRU:

FROM: Tom Lawson, Director

DATE: August 1, 2008

SUBJECT: FY09 General Fund Savings Plan

The purpose of this memo is to outline the Department of Fish and Game's (ADF&G) FY09 savings plan as requested by Governor Palin. Per your June 26, 2008 memo, the department's targeted savings goal is $1.0 million of general fund (GF). ADF&G determined that the most equitable method of allocating the savings target within the department should be based on the percentage of GF in each division.

Following is the proposed ADF&G FY09 savings plan. Savings plans for most divisions are based on extending the vacancies of already vacant positions or leaving positions vacant for a period of time, once the incumbent departs. It must be noted that generally, extended vacancies in divisions are the result of our inability to attract candidates because of non-competitive wages and benefits. Vacant positions put a significant strain on existing staff as the workloads of vacant positions must be absorbed.

Division of Commercial of Commercial Fisheries – $644.2

The Division of Commercial Fisheries continues to experience recruitment difficulties within each regional, headquarters, and special projects components.

SE Region: The SE Region Fisheries Management component will leave a Fishery Biologist vacant for over 7 months. This position has been vacant and work has been and will continue to be absorbed by other positions. Savings from this position is expected to result in a one-time spending reduction of $41.9.

Central Region: The Central Region Fisheries Management component will leave 3 positions (Vessel Technician, and 2 Fishery Biologists) vacant for a minimum of three months. Savings from these positions are expected to result in a one-time spending reduction of $37.7.

AYK Region: The AYK Region Fisheries Management component will leave vacant 7 positions (4 Fishery Biologists, Research Analyst, Program Technician, and F&G Regional Supervisor) for a minimum of three months. Savings from these positions are expected to result in a one-time spending reduction of $94.5.

Westward Region: The Westward Region Fisheries Management component will leave vacant 4 positions (4 Fishery Biologists). for a minimum of three months. Savings from these PCNs are expected to result in a one-time spending reduction of $85.0.

HQ Fisheries Management: The Headquarters Fisheries Management component will leave 11 positions (Deputy Director, 2 Analyst Programmers, Database Manager, 2 Biometricians, 3 Fishery Biologists, Fisheries Scientist, and F&G Regional Supervisor) for a minimum of two to three months. Many of the vacant positions within headquarters have been vacant for a while and recent recruitment efforts have failed. It is hoped that a successful applicant pool will be available when these positions are recruited again. In the interim, some staff members have been placed in acting status or others have taken on additional duties. Neither are good long-term solutions. Savings from these positions are expected to result in a one-time spending reduction of $284.9.

CF Special Projects: Every effort will be made to leave positions vacant longer than usual to try and achieve a GF savings of $100.2.

Division of Sport Fisheries – $67.9

The Division of Sport Fisheries is experiencing ongoing recruitment difficulties in positions throughout the state, particularly at the professional level (biometricians, fishery scientists, fishery biologists). This general fund decrease in personal services could be absorbed in FY09 due to these vacancies, but with ongoing recruitments and a fully staffed division this general fund decrease would be difficult to absorb in future fiscal years.

Division of Wildlife Conservation – $123.5

The Division of Wildlife Conservation will manage this requested spending reduction through the vacancy of its new Wildlife Scientist position. This position is required by the division to oversee the scientific rigors of division research. The position must receive final classification action by the Division of Personnel and complete the recruitment and hiring process. This is expected to require six months of time, achieving a one-time FY09 savings of approximately $60.0. Additionally, the division continues to experience recruitment difficulties within each region. To achieve the balance of the savings required by this target, the division will extend by one month the vacancy period when positions turnover. If savings by this mechanism do not materialize, the division would have to reduce spending on field research. The division does not anticipate the savings to be sustainable in future years.

Commissioner's Office – $13.4

The Commissioner's Office generally budgets for a zero vacancy factor, but due to turnover with clerical staff, the actual vacancy factor is higher than zero. Historically, the Commissioner's Office has a very tight budget, but in FY09 every effort will be made to manage position costs with a reduced personal services line.

Division of Administrative Services – $42.2

The Division of Administrative Services has recruitment and retention issues in all positions in Juneau where most of the staff are located. The division generally budgets for a 5 percent vacancy factor, but due to turnover of clerical staff and the inability to fill higher level positions, the actual vacancy factor has been higher than 5 percent. This personal services reduction amount is possible in FY09 due to recruitment and retention issues. However, the division will continue to actively recruit for these higher level professional positions and does not expect the savings to be sustainable in future years.

Boards Support – $20.6

The Boards Support Section was able to procure a new contract for printing for FY09 that was less than last year's costs. This contractual services reduction amount is possible due to a one time savings because of the lower bid award to the vendors and the section does not anticipate the savings to be sustainable in future years.

Division of Subsistence – $36.2

73000 per 7Dm

For FY09, the Division of Subsistence is projecting to use carry-forward federal indirect receipts savings from the previous year to pay for services normally paid with general fund. The division does not anticipate the savings to be sustainable in future years.

Division of Habitat – $52.0

The Division of Habitat will manage the requested reduction in spending by reducing its contractual services by $30.0; FY09 lease costs will be less than in FY08 due to the transition from the Department of Natural Resources to ADF&G per Executive Order 114. The division will also reduce commodities by $22.0; many older computers and office supplies were updated in FY08 so FY09 expenses should be less. This GF decrease will be very difficult to absorb in future fiscal years due to decreases in several of the division's interagency agreements that provide key personal services support.

cc: Denby Lloyd, ADF&G Commissioner
David Bedford, ADF&G Deputy Commissioner
ADF&G Division Directors and Boards Executive Directors

20.6 + 30

22.

SARAH PALIN
Governor

P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

M E M O R A N D U M

TO: Karen Rehfeld, Director
Office of Management and Budget

DATE: August 1, 2008

FROM: Linda Perez
Administrative Director
Office of the Governor

SUBJECT: FY 2009 Savings Plan

As requested, the Office of the Governor has identified $465.0 in potential GF savings in FY 2009. We will create a 'savings plan' management encumbrance for these funds against our FY 2009 Executive Office appropriation.

We will continue to review our accounts throughout the year to identify any additional savings that may be realized in FY2009.

cc: Mike Nizich, Acting Chief of Staff
Joan Brown, Chief Budget Analyst
Sara Peacock, Finance Officer

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER
FINANCE AND MANAGEMENT SERVICES

SARAH PALIN, GOVERNOR

P.O. Box 110650
Juneau, AK 99811-0650
Phone: (907) 465-3082
Fax: (907) 465-2499

MEMORANDUM

DATE: July 31, 2008

TO: Karen Rehfeld
Director
Office of Management and Budget

FROM: Randall Super
Deputy Commissioner

SUBJECT: Governor's $20 million Savings Target

The Department of Health and Social Services will achieve its portion of the Governor's savings target through a range of management and program actions. To most effectively manage achievement the department will establish restrictions on AKSAS limiting each affected division's expenditure authority. However, as the year progresses the department may adjust the allocation of those restrictions to reflect actual activity; but will maintain restrictions totaling the department's $4,760.0 general fund target.

Summary	GF Amount
Position Management	(500.0)
Senior Benefits Program	(500.0)
Medicaid Client Travel	(437.6)
Administrative Travel	(134.5)
Additional Medicaid Reductions	(3,187.9)
Total	***(4,760.0)***

Position Management - $500.0 GF
The department will manage position vacancy and turnover to achieve an additional savings totaling $500.0 in general funds through a combination of management techniques. Division directors will evaluate the necessity of filling each individual position (new or becoming vacant), may hold positions that become vacant open longer before recruitment, or may lay off positions

determined less essential to achieving the division's mission. This target is allocated between the divisions based on the number of authorized positions in each division divided by the total authorized positions in the Department. The following table displays the Division and the allocation of this portion of the target.

Division	PFT	PPT	Non-Perm	Total Positions	% of Total Positions	Target Amount
Alaska Pioneer Homes	557	49	40	646	17.6%	88.0
Behavioral Health	304	15	27	346	9.4%	47.1
Children's Services	475	2	7	484	13.2%	65.9
Health Care Services	91	-	7	98	2.7%	13.4
Juvenile Justice	467	5	18	490	13.4%	66.8
Public Assistance	528	9	-	537	14.6%	73.2
Public Health	519	16	15	550	15.0%	74.9
Senior and Disabilities Servies	119	1	3	123	3.4%	16.8
Commissioner's Office/FMS	357	1	17	375	10.2%	51.1
Boards and Commissions	19	-	2	21	0.6%	2.9
Totals	3,436	98	136	3,670		500.0

Senior Benefits Program - $500.0 GF

The new Senior Benefits Program helps low-income seniors who are at least 65 years of age remain independent in the community by providing a monthly cash benefit.

During a special session in late June 2007, the Alaska Legislature passed legislation to create a new program to benefit low-income seniors, which followed the sunset and end of the SeniorCare program on June 30. The department successfully transitioned almost 7,000 seniors from the former SeniorCare program to the new Senior Benefits Program, and continues to process applications for individuals newly eligible under the income limits. By FY09, the division expects 11,000 seniors will qualify for assistance under this new program. Individual monthly payments are $125, $175 or $250 depending on the senior's gross annual income. Income limits are tied to the Alaska Federal Poverty Guidelines and will change annually.

The FY09 appropriation for the program includes $19,662.3 in benefits and $683.1 for administrative costs. With actual caseload and expenditure data through the end of April, the Department conservatively projects that it will not expend $500.0 GF of the appropriation by the end of FY09.

Medicaid Client Travel – $875.2 ($437.6 GFM/$437.6 Fed)
The divisions will reduce the Medicaid FY09 Travel Authorization by 2%. The 2% reduction target is calculated based on the 5/27/08 MMIS FY08 projected Travel expenditure of $43,760.3. Division reductions are calculated based on that division's percentage portion of the total Medicaid authorization times the FY08 projected actual travel expenditure multiplied by 2%. This reduction estimate does not include any savings that may result from an internal review of the State Travel Office by the Department of Administration.

Medicaid Services Transportation

Estimated FY08 Actuals as of 5/27/08	43,760.3			
Division Allocation based on FY08 Exp to Date			**Total**	**GF Portion**
DHCS	676,032	57.3%	(501.5)	(250.8)
DBH	168,921	14.3%	(125.3)	(62.7)
OCS	16,146	1.4%	(12.0)	(6.0)
DSDS	318,610	27.0%	(236.4)	(118.2)
Total Services Transportation		100.0%	***(875.2)***	**(437.6)**

Agency Travel – $134.5 GF
Each division will reduce the FY09 Travel line allocation within its programs by 2%. This reduction estimate does not include or reflect any savings that may result from an internal review of the State Travel Office by the Department of Administration.

FY09 DHSS Travel Budget by Appropriation		
Alaska Pioneer Homes	24.3	(0.5)
Behavioral Health	617.0	(12.3)
Children's Services	1,026.7	(20.5)
Adult Preventative Dental Medicaid Services	-	
Health Care Services	179.9	(3.6)
Juvenile Justice	415.8	(8.3)
Public Assistance	666.8	(13.3)
Public Health	2,646.5	(52.9)
Senior and Disabilities Services	304.5	(6.1)
Departmental Support Services	455.9	(9.1)
Boards and Commissions	388.3	(7.8)
Human Services Community Matching Grant	-	
Community Initiative Matching Grants	-	
Agency Total	***6,725.7***	***(134.5)***

Additional Medicaid Program - $3,187.9 GF
The final portion of the target will be achieved through actions by the Division's within their portions of the Medicaid program to reduce expenditures. The Division's portion of the target will be achieved by allocating the reduction between the divisions based on their portion of the

FY2008 Medicaid expenditures similar to the Medicaid Client Travel above. However, given the sensitivity around children in the custody of the state the small amount (43.6) allocated to the Office of Children's Services has been reallocated to the Division of Health Care Services.

Division of Health Care Services	(1,870.4)
Division of Behavioral Health	(456.5)
Division of Senior & Disability Services	(861.0)
Total	***(3,187.9)***

cc: William Hogan, Commissioner
William J. Streur, Deputy Commissioner
Jay Butler, Chief Medical Officer
Sherry Hill, Assistant Commissioner
Wilda Laughlin, Special Assistant
HSS Division Directors
HSS Administrative Managers

Brown, Joan A (GOV)

From: Bell, Guy B (DOL)

Sent: Thursday, July 31, 2008 10:46 AM

To: Towne, Barbara L (GOV); Brown, Joan A (GOV); Rehfeld, Karen J (GOV)

Cc: Helms, Michael E (DOL); Bishop, Clark C (DOL); Stone, David (DOL); Endicott, William D (DOL); Keith, Brynn (DOL); Hegg, Paul S (DOL); Mitchell, Grey R (DOL); Lisankie, Paul F (DOL); Geldhof, Corine S (DOL); Nelson, Thomas W (DOL); Esposito, Fred W (DOL); Walsh, Cheryl A (DOL)

Subject: FY 09 GF Lapse Projection.xls

Attachments: FY 09 GF Lapse Projection.xls

I have enclosed our general plan to reach the general fund savings target. We hope to achieve the target by managing travel and personal services costs. Specific actions include the following:

1. Data Processing Section will delay the hiring of a position to implement Chapter 92, SLA 08. This position is critical to our achieving the security requirements contemplated in Chapter 92, but given that we have just completed the classification process and given the hiring timeline, we feel we can achieve the proposed level of savings.
2. Various components have had some difficulty recruiting and while we continue to actively pursue qualified candidates for critical positions, we believe the extended vacancy in some areas will enable us to manage toward a general fund lapse.
3. Other components are identified for modest general fund savings that we think are achievable through prudent management.

If circumstances arise is specific components that require adjustments we will keep you apprised.

Guy

Department of Labor and Workforce Development
FY 09 General Fund Lapse Projection

Component	Total GF	GF Red.	Notes
Commissioner's Office	$ 658.5	$ 4.4	Travel Management
Management Services	$ 184.6	$ 12.0	Vacancy Management
Data Processing	$ 426.7	$ 25.0	Delay hire of position to implement Ch. 92, SLA 08.
Labor Market Information	$ 1,242.2	$ 8.0	Vacancy Management
Workers' Compensation	$ 3.3	$ 3.3	Restrict GF and manage cost of travel, contractual, personal services.
Second Injury Fund	$ 0.2	$ 0.2	Restrict GF and manage cost of travel, contractual, personal services.
Wage and Hour	$ 1,588.8	$ 40.0	Delay maint. of new Certified Payroll System-system development is still underway
Mechanical Inspection	$ 1.3	$ 1.3	Restrict GF and manage cost of travel, contractual, personal services.
Employment & Training	$ 1,312.8	$ 128.0	Adjust funding distribution for Tok/Glenallen PCN's/delay hiring some PCN's
Unemployment Insurance	$ 942.4	$ 42.0	Vacancy Management
Business Services	$ 2,323.8	$ 5.0	Vacancy Management
AVTEC	$ 4,783.2	$ 5.0	Vacancy Management
VR Administration	$ 3.9	$ 3.9	Restrict GF and manage cost of travel, contractual, personal services.
VR Client Services	$ 3,897.3	$ 50.0	Vacancy Management
Disability Determination Unit	$ 1.9	$ 1.9	Restrict GF and manage cost of travel, contractual, personal services.
		$ 330.0	

MEMORANDUM

STATE OF ALASKA

Department of Law

To: Karen J. Rehfeld, Director
Office of Management and Budget

Date: July 31, 2008

From: Talis Colberg, Attorney General
Department of Law

Subject: FY2009 General Fund Savings Plans

CONFIDENTIAL: DELIBERATIVE PROCESS PRIVILEGE

OMB has requested the Department of Law propose a savings plan for FY2009 that will generate $1,030,000 in general fund cost savings. We have identified the following areas where general funds can be saved.

RDU	Component	Description	FY2009 General Fund Savings	Potential Carryover to FY2010
Civil	Commercial and Fair Business	Move $200,000 in existing unused SDPR authority from Labor and State Affairs to Commercial and Fair Business and expended additional consumer protection program receipts instead of general funds	$200,000	$200,000
Civil	Human Services	Lapse the majority of the $500,000 Curyung multi-year supplemental. The case appears to be settling and the Dept had minimal costs during FY08. NOTE: If the status of the settlement suddenly changes we could have to revisit this item.	$475,000	
Criminal	2nd Judicial	Fund Barrow Victim Witness Paralegal with federal earmark money from July 2008 – September 2009 (new PCN approved in FY09 budget)	$106,200	$26,550
Criminal	OSPA	Recruitment time will result in estimated start dates of the new Attorney and LOM of Sept 1, 2008 (2 mos x $35,000/month)	$75,000	
Criminal	4th Judicial	The current lease will renew in November 2008 at a lower rate as the cost of amortizing leasehold improvements drop off.	$78,000	$78,000

All	Various	Slow down PC replacement cycle (currently 3 years)	$95,800	$37,500
		Total	$1,030,000	$342,050

Approximately 33% of the FY2009 savings will carry forward into FY2010. Following is a discussion of other constraints facing the Department as it moves into the FY2010 budget planning process.

Civil Division Billing Methodology:

Over $29 million of the Civil Division's costs are captured for accounting purposes in a cost allocation pool. From there these costs are billed out to the Division's clients based upon actual attorney and paralegal hours worked on cases times a uniform billing rate. "Clients" are either RSA's with other agencies or the Division's own general fund. Reduction in charges to any RSA or to general funds can happen one of two ways – either the billing rate is reduced (which affects all clients) or fewer hours are billed (which affects only the client being billed to).

Reduce hourly billing rate: First, the hourly billing rate can be reduced by cutting actual costs in the pool. On average, 51% of our professionals' time is billed to the Division's general funds. Every dollar saved in the pool by the direct reduction of costs only equates to 51 cents in savings to general fund cases – the other 49% benefit is passed along to other agencies when time is billed to them. Or stated differently, to reduce billings to the Division's general funds by $1 a total of $1.96 in costs must be cut from the pool. This equitable sharing of costs across all matters the attorneys work on makes the exercise of finding general fund specific savings extra burdensome for the department.

Reduce the number of hours billed: The second way to reduce charges to the general fund would be to reduce hours worked on matters funded from the Division's general fund. A quarter of the Division's general fund is used to cover work on human services and child protection – areas that do not readily lend themselves to simply not performing the work as a way of reducing the dollars billed. Another 30% of the Division's general funds are spent on oil and gas related matters. Because the nature of this work requires the department to engage expensive outside counsel and continues to be an area of heavy investment by the State, the Division has sought supplementals and increments for the last few years. For all intents and purposes attempts to save money in this area will simply result in a subsequent supplemental.

The remaining 45% of the Division's general fund billings are primarily in the areas of Labor and State Affairs, Opinions and Appeals and Statehood Defense. These billings include matters such as representation of the State in significant civil appellate matters (approximately 100 active cases at any time) before the Alaska Supreme Court, Ninth Circuit and U.S. Supreme Court; legal matters relating to Indian law, native sovereignty, federal subsistence, land into trust, Tongass National Forest, ANSCA, RS 2477, ANILCA access rights; ownership of navigable waters; involvement in ethics, elections, personnel and employment litigation; and advice for the State acting as an employer as well as legal advice when requested by the Offices of the Governor and Lt. Governor.

Lease Expirations:

Our lease in Anchorage is expiring and the Division of General Services has estimated the increase to market rate with the signing of a new lease will result in an additional $1.5 million in rent per year. As a result, in FY 2010 roughly $510,000 in general funds will be required for the Criminal Division as well as $485,000 in additional interagency authority and $505,000 in general funds for the Civil Division. The Civil Division's share will be charged through the pool and is likely to require us to raise our billing rates approximately $2.00/hour.

Our Bethel and Kenai offices are currently functioning seriously below the state's space standards. We are currently investigating the availability of additional space and determining the actual expected increase in costs.

Personnel Services:

HB417: The passage of HB417 was accompanied by a fiscal note that did not include the effect to the Department of Law of dozens of attorneys suddenly receiving pay increments years in advance of when longevity increases would have happened (or as in the case of those at M step resulted in pay increments to those who would other wise have never seen another increase other than COLA). The costs to us in FY2009 alone will be $235,000.

During the FY2007 budget process, the Civil Division's Statehood Defense general funds were cut and replaced with carry forward reappropriated funds. As we stated at the time, we believe the reappropriated funds will cover the reduced general funds through FY2009 but we will need to seek replacement general funds in FY2010.

Federal Funds:

The Criminal Division received two multi-million dollar earmarks in 2004 to fund expanded work in the areas of rural prosecution and domestic violence and sexual assault. These funds expire in FY2009 and FY2010. We are anticipating carry-over funds and are proceeding with requests to extend with the appropriate federal agency but the exact impact to our FY2010 budget is still undetermined.

Karen, we look forward to our meetings with you and the Chief of Staff in August to further discuss these items.

MEMORANDUM

State of Alaska
Department of Military & Veterans Affairs
Division of Administrative Services

TO:	Lena Simmons Budget Analyst Office of Management and Budget	DATE:	August 4, 2008
FROM:	Susan Colligan Director	SUBJECT:	FY09 Cost Savings Plan

The Department of Military and Veterans Affairs has followed Governor Palin's direction during her administration regarding budget expectations. DMVA has met or exceeded the expectations of no O&M Supplemental in SFY08 and a "No Growth" budget for SFY09. At this time we have not been able to identify any additional savings that would not impact the effectiveness of our programs and our mission.

As you know DMVA is responsible for the Army and Air National Guard military force, the State Defense Force, Alaska Military Youth Academy, Homeland Security and Emergency Management, and the Naval Militia, being fully prepared to protect Alaska from any threat, disaster, or emergency at all times. This can only be accomplished with adequate resources of military and civilian personnel and support costs to maintain the necessary infrastructure in preparation and response to any threat, disaster, or emergency. As a department with the responsibility of the military forces for protection, preparedness, and recovery, it is important to ensure that we do not jeopardize our ability to respond to our mission by reducing necessary resources with cost savings measures.

We are willing to look at our budget over time and identify any additional savings that might be available.

We look forward to discussing this information with you. Please contact me at 428-6881 if you have any questions.

MEMORANDUM

State of Alaska
Department of Military & Veterans Affairs
Division of Administrative Services

TO: Lena Simmons
Budget Analyst
Office of Management & Budget

DATE: August 19, 2008

FROM: Susan Colligan
Director

SUBJECT: FY09 Savings Plan

Per your request of August 13, I am providing additional information on how this department has continued to hold the line in the operating budget. As we stated before, the Department of Military and Veterans Affairs has followed Governor Palin's direction during her administration regarding budget expectations.

In FY2008, the department contributed to the Governor's target reduction request by: discontinuing the JROTC program which resulted in a $40.0 general fund reduction; reduced general funds related to publication distribution by $25.0; cost savings of approximately $215.0 in general funds through efficiencies in facility maintenance costs; and deleted a net of nine permanent full-time positions department-wide resulting in a reduction of approximately $233.0 in general funds.

The Department submitted a no new growth FY2009 budget as requested by the Governor. It is our understanding that DMVA was the only department to follow the Governor's direction of no new growth. The department also adhered to the Governor's direction of no position increases in the budget.

Additionally, the department proposed efficiencies through consolidation of Information Technology Services and Procurement. This consolidation will allow for better management and support of these functions across the entire department. Although no specific savings has been identified with these consolidations, efficiencies will allow for maintaining required staffing levels to provide the department-wide support in a more accountable and efficient manner.

Another important thing to consider with DMVA's budget is that while DMVA has not asked for new funding per the Governor's direction, other departments have. As a result the base funding level to find "savings" is much tighter for DMVA than other agencies that have seen increased funding requests under this Administration.

With those points made, DMVA is committed to help the Palin Administration meet the goal of reducing spending, but cannot identify specific dollar savings at this time. However, the department will monitor use of overtime, travel, and contracting costs where possible without impairing its ability to meet its mission and requirements of the Federal/State Cooperative Agreement.

If you have any further questions, please contact me at 428-6881.

cc: John Cramer, Deputy Commissioner
Laura Baker, Deputy Director, DAS
Teri Clark, Budget Analyst

ALASKA DEPARTMENT OF NATURAL RESOURCES

Support Services Division

400 Willoughby, Suite 500 PO Box 111010 Juneau, AK 99811-1010

TO: Karen J. Rehfeld, Director
Office of Management and Budget

FROM: Leta Simons, Director
Support Services Division

THRU: Tom Irwin, Commissioner

DATE: July 18, 2008

RE: FY09 General Fund Savings Plan

The Department of Natural Resources has developed a FY2009 savings plan as requested by the Office of Management and Budget in the memo dated June 26, 2008. The targeted savings for DNR is $1.24 million, approximately 1% of our operating budget for FY09.

FY09 SAVINGS PLAN

DNR will realize cost savings for FY09 by restricting transfers from the Personal Services line item, thereby allowing excess funds due to vacancies to lapse rather than be transferred for use in other line items. Savings estimates by component are detailed on the attached spreadsheet. Actual savings may differ from this initial plan. We will monitor the variance between budgeted and actual Personal Services expenditures quarterly, and recommend adjustments as needed.

IMPACT

For all components, the impact will be the same. Funds that were previously available to purchase office furniture and equipment, pay down DNR's leave balance, conduct special events such as the AGIA forum, pay for unexpected buildout and move expenses, purchase software and other technology resources that became available, cover increases in the cost of facilities and commodities, and otherwise cover a variety of unexpected and under-budgeted expenses will not be available in FY09. A tighter budget with reduced margin for error will likely result in an increase in the amount of time spent on budget management and a decrease in time devoted to program management and service delivery.

DNR FY09 Cost Savings Plan
Details by Component

	Component	Line Item	Planned Savings
423	Commissioner's Office	Personal Services	-
424	Administrative Services	Personal Services	48,400
427	Information Resource Management	Personal Services	-
439	Oil & Gas Development	Personal Services	465,500
2847	Petroleum Systems Integrity Office	Personal Services	129,700
1191	Pipeline Coordinator	Personal Services	2,200
2680	Alaska Coastal and Ocean Management	Personal Services	75,000
2733	Large Project Permitting	Personal Services	-
2460	Claims, Permits & Leases	Personal Services	184,300
2456	Land Sales & Municipal Entitlements	Personal Services	-
2459	Title Acquisition & Defense	Personal Services	105,300
916	Water Development	Personal Services	49,000
2440	Director's Office/Mining, Land & Water	Personal Services	-
435	Forest Management & Development	Personal Services	16,700
2132	Non-Emergency Hazard Mitizagion Projects	Personal Services	-
1031	Geological Development	Personal Services	24,800
802	Recorder's Office/Uniform Commercial Code	Personal Services	-
455	Agricultural Development	Personal Services	-
2204	North Latitude Plant Material Center	Personal Services	41,100
2235	Agriculture Revolving Loan Program Admin	Personal Services	-
2633	Conservation and Development Board	Personal Services	16,600
2441	Public Services Office	Personal Services	-
1199	Trustee Council Projects	Personal Services	-
1650	Interdepartmental Information Technology Chargeback	Personal Services	-
1635	Mental Health Trust Lands Administration	Personal Services	-
2225	Citizen's Advisory Commission on Federal Areas	Personal Services	19,800
2226	RS 2477/Navigability Assertions and Litigation Support	Personal Services	-
2705	Fire Suppression Preparedness	Personal Services	20,800
451	State Historic Preservation Program	Personal Services	-
452	Parks Management	Personal Services	33,700
2136	Parks & Recreation Access	Personal Services	7,100
			1,240,000

STATE OF ALASKA
Department of Public Safety
MEMORANDUM

To: Karen Rehfeld, Director
Office of Management & Budget

Date: February 4, 2009

Telephone: 907-465-5488

From: Dan Spencer, Director
Administrative Services

Subject: FY09 Savings Target

The Department of Public Safety has examined our budget and business practices to consider the means by which we might achieve the Governor's targeted general fund savings of $2,280,000 for this department. Obviously, we will do our best to make efficient use of state resources and where possible we will make processes more efficient, so long as those efficiencies do not come with an unacceptable cost in effectiveness nor cause a significant drop in services we provide unless we have discussed that with the Governor's Office.

So far as it is practical and prudent we may reduce staff assigned to special events, curtail some lower priority enforcement activity, and take other measures that will not significantly reduce services. We will also work to implement technological improvements funded in the FY09 capital budget; this will not provide operating budget savings in FY09, but it will help us provide better service in a cost effective manner. We have already planned measures such as targeted use of airline miles to hold down increasing travel costs for recruiting and training.

However, unless we immediately reduce services significantly, I do not expect the department to lapse this amount of general funds. My assessment of our fiscal situation is that the department will need a multi-million dollar FY09 supplemental appropriation if we intend to continue to provide the same level of services in FY09 as we did in FY08. Our efforts to save money may reduce the amount of supplemental appropriations required, but will not eliminate the need.

As you know, the Governor requested more than $4 million in supplemental appropriations for the department in FY08. The legislature did not fully fund that request and the Alaska State Trooper RDU was forced to reduce services to save more than $900,000 in the last two months of FY08. In recognition of the FY08 supplemental needs, the Governor's amended FY09 budget included an increase of about $3.4 million just to ensure a continuation level of service. That amount was reduced by more than $1.3 million. Additionally, the legislature inadvertently failed to appropriate more than $650,000 for the Anchorage prisoner transportation agreement even though we are providing those services, so that will need to be requested as supplemental funding. And finally, rising inflation for all facets of operations, not just for fuel, will almost certainly drive our cost of operations even higher.

The managers and staff of the department are serious about being good stewards of public funds and accomplishing our mission in a cost effective manner. Unfortunately, we cannot at this time tell you that we have any realistic expectation of lapsing enough general funds to meet the savings goal established for the department.

As always, I would be happy to answer any questions you may have.

State of Alaska

Department of Revenue

Administrative Services Division

SARAH PALIN, GOVERNOR

333 Willoughby Avenue, 11th Floor

P.O. Box 110400

Juneau, Alaska 99811-0405

Phone: (907) 465-2300

Fax: (907) 465-2394

MEMORANDUM

To: Karen Rehfeld
Director
Office of Management & Budget

Date: August 1, 2008

From: Jerry Burnett
Director
Administrative Services Division

Phone: 465-2312

Subject: FY2009 GF Savings Plan

In response to the Governor's request that departments collectively meet a savings target of $20 million general fund for FY2009, the Department of Revenue proposes the following savings plan to meet its target of $390.0.

General funds in the Department of Revenue exist primarily in the Tax Division, which accounts for over 81% of the department's general fund budget. The Treasury Division has about 9%, and the Commissioner's Office and Administrative Services have 1.4% each. The remaining general fund is spread in small amounts amongst minimally funded agencies such as the Long-term Care Ombudsman.

The operating budgets for Treasury, the Commissioner's Office and Administrative Services each contain a mix of funding sources that are based on cost allocation plans and indirect cost recovery. The general fund in these budgets serves to supplement the receipt-based allocation methods that are used, reduces the amount that must be charged back to GF-funded programs, and provides funding for costs that aren't otherwise allocable. For example, Treasury allocates the cost of managing the investments of the state's general fund to the GF in their budget; this cost isn't allocable to other funds being invested by Treasury. With the increase in the state's general fund accounts, Treasury may actually require an increase of GF in their budget in order to maintain proper cost allocation. Removing general funds from these three components is not recommended, due to the effect on other funds and other components cited above.

In order to meet the general fund reduction target, the department must look to the Tax Division. The largest cost in the Tax Division's budget is personal services, which accounts for 78% of its overall funding. Because this division has had high vacancy rates of up to 20% in recent years, much effort has gone into the recruitment and retention of tax auditors and other staff critical to meeting the division's mission of collecting revenues for use by state government. Currently we have managed to reduce the vacancy to near 12% which is the lowest level in several years, but the Tax Division continues to have turnover and it will require aggressive recruitment to maintain that level.

To achieve savings of $390.0, the equivalent of four tax auditor positions would need to be left vacant for one year. This is in addition to the positions which will be held vacant to meet the budgeted vacancy factor of approximately 10%. The actual positions held vacant will be determined by the division based on workload priorities. The division will supplement personal services savings by reducing travel whenever possible.

During the 2008 legislative session the Tax Division requested funding for four audit master positions that were established as part of the ACES legislation passed during the special session in 2007. This request was short-funded by the legislature in the amount of $200.0 with the expressed intent that the Tax Division would be able to ask for supplemental funding in FY2009 if the positions are filled. The Tax Division's general fund increment request to implement ACES was further reduced by an additional $473.2 from the FY2009 Governor's Amended budget. When combined with the $390.0, the division will receive a total general fund reduction in their current year budget of $1,063.2.

To minimize the impact of this reduction on the Tax Division, the Department of Revenue intends to closely review all line items and programs for potential savings as part of the management plan budget exercise and will continue to work with OMB to achieve the Governor's savings goals.

cc: Pat Galvin, Commissioner
Marcia Davis, Deputy Commissioner
Brian Andrews, Deputy Commissioner

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities
Office of the Commissioner

TO: Karen Rehfeld, Director
Office of Management and Budget

DATE: August 4, 2008

TELEPHONE NO: 465-3901
TEXT TELEPHONE: 465-3652
FAX NUMBER: 586-8365

FROM: Leo von Scheben, P.E., L.S., M.B.A.
Commissioner

SUBJECT: FY09 Operating Savings

This is in response to your memo of June 26, 2008, requesting our department savings plan for FY09. Over the years the department has been faced with maintaining services at fairly flat funding levels and staff have implemented many cost efficiencies as a result. For example, DOT&PF has warehouses in Juneau, Anchorage, Fairbanks and Ketchikan that allow the purchase of supplies in quantity at lower prices and then distribute and charge those supplies as they are needed. I am including a list of program efficiencies that are either currently being implemented or plan to be implemented in the future.

Alaska Marine Highways

- Starting Oct. 1, 2008, the Alaska Marine Highway System will commence the use of "Force Account" work. Force account work allows the use of the State's own workforce, when the costs are determined to be less than with a bid contract. A labor-cost comparison indicates that as much as $599.0 could be saved by using vessel engineering staff as opposed to outside manufacturer's labor.
- During the last overhaul of the M/V Aurora, an electronic voyage power management system was installed. This system controls the vessel's power and speed settings to effect fuel consumption savings. With the setting of the departure point, arrival point and time-to-destination, the system controls the engines, via the most efficient means, bringing the vessel to its destination – taking into account all the external forces the vessel may encounter. The Aurora is seeing a fuel savings of over 12% as a result of this computerized control system. This new system cost $250.0 to install through a federal project and is projecting a fuel costs savings of $378.0 this year (based on fuel at $4.00/gallon). AMHS plans to install this system aboard 9 vessels as they rotate through their federal overhaul projects.

Highways and Aviation

- Implementation of "pave and trade" road projects where state owned facilities are improved to local government standards and then turned over to the local governments for ownership and responsibility for maintenance. Such has taken place in Petersburg, Juneau, Wrangell, Haines, Wasilla, Palmer and Anchorage. Estimated annual savings is $109.5.
- Reimbursing employees for use of personal aircraft to reduce commercial travel costs for maintaining outlying rural airports. Estimated annual savings is $8.0.
- Reducing overtime. Estimated annual savings is $500.8.

- Installation of magnetic cards and readers at bulk fuel tanks at maintenance stations to monitor fuel consumption and theft protection. There is no estimate of savings at this time.
- Increased heavy equipment size to accomplish more highway snow/ice removal work, with same labor hours. Estimated annual savings is $300.0.
- Acquired modern, secure/dedicated frequency FM-band radios, both vehicle-mounted and hand-held, to provide much better communication and field execution efficiency with available personnel. Estimated annual savings is $100.0.
- Deployed RWIS (Road Weather Information system) to have remote cameras and thermo-sensors to dispatch crews more timely and efficiently. Estimated annual savings is $25.0.
- Now post all seasonal weight restriction notices on Public Notice website, thus informing many more users without answering phone calls or paying for newspaper notices. Estimated annual savings is $25.0.
- Applying dust control products on roads and airports as well as winter road icing practices has helped us decrease overall maintenance cost by retaining fines, and reducing frequency of surface maintenance. Estimated annual savings has been $400.0.
- Established a statewide training program for Equipment Operators. Adequately training operators provides for efficiencies in work and repair of equipment. This has reduced the cost of preventable accidents by reducing damage to state equipment. We have seen a 40% reduction in equipment damage which is about $150:0 cost savings per year. Savings could also result from less damage to other items such as overhead doors and airport lighting. These can range from $20.0 to $50.0 per incident.
- Installation of LED lights in all traffic signals in the Anchorage District. Estimated annual savings is $350.0.

Facilities

- Participated in the Energy Performance Contract for three of our large energy consuming facilities: Aviation Avenue Building, Department of Public Safety Headquarters, and Anchorage Annex Building. Cost savings are used to pay for upgrades to facilities. Once upgrades are paid for, all savings are available for reallocation or cover rising cost of utilities. Annual savings is $63.5 which covers the cost of the Siemens contract. These improvements include:
    a. Installing new energy efficient lighting
    b. Add motion light sensors
    c. Install Direct Digital Controls for HVAC fans to shut down in the evening
- Reducing heating fuel for remote snow removal equipment buildings. Installation of low temperature "fixed" thermostats at our SREBs. Our contractor maintained airports were using too much fuel relative to contracted work activities. We installed tamper proof thermostats set at 45 degrees in the SREBs. This effort, in conjunction with aggressive control of available funding allowed NR SREB heat to come in on-budget vs. over-budget in prior years. Estimated annual savings is $65.0.
- Installed Variable Frequency Drive Fan motors in the Boney Court Facility saving over $25.0 annually in electric costs.
- Retrofitted lighting at the Anchorage Boney Court Building with new energy efficient T8 lighting saving an average of $3.0 per month or about $36.0 annually in electric costs. Transition to T-8 florescent has improved our electrical efficiency in upgraded buildings by 10% over the past ten years. There is an initiative in progress to retrofit our Tok, Tazlina, and Valdez buildings to even more efficient T-5 technology lamps. Occupancy sensors

reduce lighting costs and have been retrofitted in many of our buildings. All new buildings incorporate them. Northern Region estimated annual savings is $100.0.

- Installed high efficiency boilers in the Department of Public Safety Headquarters, Anchorage Boney Court and Kodiak Griffin facilities saving approximately 20% in gas consumption. Estimated annual savings is $27.2.
- Replaced roofs on Anchorage Building Maintenance Building and on the Ninilchik, Kalsin Bay and Chulitna Maintenance Stations with energy efficient roof systems reducing heating oil consumption by 20% and 15%. Estimated annual savings is $6.5.
- Installed insulated thermo pane windows at the Bethel Combined Facility reducing heating fuel consumption by 10%. Installed insulated thermo pane windows at the Juneau, 7-Mi facility. Estimated annual savings is $1.2.
- There are ongoing energy projects to retrofit many of the older existing facilities with upgraded high efficiency lighting. Estimated savings could be 25% of lighting costs.
- Altered heating and cooling set-points in many facilities to 68 degrees for heating and 72 degrees for cooling. The impact of this measure has not been determined at this time.
- Smart building technology. New construction and some retrofitted buildings have Direct Digital Control systems that improve fuel and electric efficiency while improving the comfort level of occupants. This technology enables remote monitoring and control of the buildings which drastically cuts employee time/travel to them. In addition, system alarms and trending identifies failing components before they fail, reducing overall repair cost. Estimated annual savings is $100.0.
- Alternative schedules for Roving Crew. The 7on/7off schedule reduces "windshield time" and increases productivity. The crew works remote jobs and stays onsite for their shift, eliminating commute time and overall cost. The LOA pays them long term per diem vs. the higher cost short term. This has enabled completion of projects that would otherwise be too costly to consider. Estimated annual savings is $40.0.
- Dispatching personnel by trade. This major organizational change greatly improved efficiency. Previously Facilities personnel were each assigned buildings. Some buildings needed more attention than others which caused inefficiencies. Now personnel are dispatched centrally by trade. If the building needs plumbing work, a plumber is dispatched. If there is an electrical problem, an electrician is sent. The respective district foremen dispatch staff for optimum use of available staff. Estimated annual savings is $30.0.
- Northern Region mandated many of the LTC employees to achieve a Journey level in a second trade. Many jobs can be completed by a single employee as a result. We have been able to defer staffing increases as a result. Estimated annual savings is $160.0.
- Locking fuel tanks. While we have found no lock stops a determined thief, locks installed on our fuel tanks have reduced fuel theft. With the rising fuel cost, this is going to be more of a problem than ever. Estimated annual savings is $50.0.
- Installation of "heat recovery" systems at our diesel generator powered facilities. These systems recover wasted heat from the diesel's cooling system. Instead of using a typical radiator, we route the coolant through a heat exchanger and use it as heat in our buildings. These systems reduce station heating fuel consumption by up to 40% depending on the size of the shop. Estimated annual savings is $200.0.
- Use of thermographic cameras. These cameras allow us to "see" where our heat loss is. We have used camera data to make decisions on door and window replacement, weather stripping, and insulation projects. This is new technology we began using in FY08. No

savings data is available, but it is very obvious it can be a big heating (and cooling) cost saver. Estimated annual savings is $40.0.

- Right tools for the job. To cover all buildings situated throughout Northern Region with only 40 maintenance technicians, having the right tool for the job is critical. Investment in tools has improved job efficiency by reducing necessary manpower and "gofer" trips to rent or buy the proper tool. Estimated annual savings is $60.0.
- Computerized Maintenance Management System. We have implemented a system that streamlines administration of the workforce documentation. Face to face communications are reduced by inputting data remotely that is reviewed and approved by management. The system called the Buildings Interface includes all aspects of building management. Workers check the computer to view assigned jobs, record data including time, parts, materials, actions taken and status. The system maintains a searchable database of completed, in progress, and scheduled work. Workers do not have to wait in line to receive their jobs for the day or week. They know in advance and plan accordingly. Since all workers log on daily, it serves as a bulletin board for group communications. Estimated annual savings is $120.0.
- Conversion to oil fired hydronic heat. All Peger Road complex buildings were built with electric heat. We have converted most buildings to hydronic heat and realized a 15% energy cost savings. With the rising cost of fuel oil however, this savings may be eroded. Estimated annual savings is $100.0.

Measurement Standards and Commercial Vehicle Enforcement (MSCVE)

- Movement of MSCVE to Virtual Servers (VMWare) which will realize a savings of $14.4 in 2009 in server costs alone, and will have additional savings throughout the subsequent years. Virtualization essentially lets one computer do the job of multiple computers by sharing the resources of a single computer across multiple environments. Virtual servers and virtual desktops will allow MSCVE to host multiple operating systems and multiple applications locally and in remote locations, freeing MSCVE from physical and geographical limitations. The Information Services section of Administrative Services Division is looking at this for possible efficiencies in other areas of the department.
- MSCVE purchased a 100/500 gallon prover to be placed in Dutch Harbor this past year. To move the prover to various locations as needed during the testing of fuel meter devices, MSCVE acquired an X-class extended cab pick-up truck. This will allow MSCVE to no longer ship a truck and prover to Dutch Harbor for the annual inspections. This will result in a cost savings of $3.0 or more each subsequent year.
- MSCVE will be moving toward the automation of the load analysis impact on bridge structures for overweight permits. This automation should increase the efficiency of the Commercial Vehicle Customer Service Center in the number of permits issued by 12%. This increase in efficiency will reduce overtime needed to process permits as well as increase the revenue received. It will also eliminate any potential errors of these impact calculations, protecting public infrastructure.
- Measurement Standards is often requested by a company to go to a site for a special inspection or for a re-inspection of devices. The companies agree to pay for all costs associated with the trip using our Device Inspection Request form. In FY08, MSCVE increased RSS by $30.0 and in FY09 an additional $5.0 to offset the expenditure to travel to these locations. Prior to this increase in RSS, these expenditures were funded by GF/GOR and caused a shortfall in the travel budget every year, affecting regularly scheduled trips to inspect devices to assure market place confidence and equitable trade.

Construction

- Eliminated the Construction/M&O Director at a position savings of $153.0.

Transportation Management and Security

- Keep the Integrated Vegetation Management Coordinator position vacant an additional three (3) months ($11.8). Delaying the filling of this position will impact the department's ability to address our longstanding brush control issues and the new challenge of noxious weeds infesting our right of ways.

Contracts and Appeals

- The Engineer/Architect II position will be reclassified to a Procurement Specialist position. Since the Design/Build program is up and going, an engineering position is no longer needed. Anticipated savings is expected to be $32.0.

Administrative Services

- The following vacant positions will be kept open longer resulting in a savings of $41.6: Accountant III, Administrative Clerk III, and Procurement Specialist II.

Program Development

- Keep two more positions vacant resulting in savings of $5.5. Leaving these positions vacant could interfere with meeting Federal requirements set by Federal Highways Administration (FHWA). Our solution is to cross train existing staff to cover the FHWA required duties of the vacant positions.

Statewide Design and Engineering Services

- The Division will not complete as many bridge inspections during FY09 as originally anticipated. Those inspections will be delayed until FY10. This will provide an estimated savings of $20.0.

Department-wide initiatives

- Implemented an electronic procurement system throughout most of the department (still training vessel crew on this program). This is an on-line stock request program that has increased processing efficiencies for purchase and receipt of orders. It has reduced the amount of redundant data entry and has allowed in at least one office to convert a clerical position to an additional procurement position.
- Partially implemented an electronic time sheet program that reduces the amount of data entry and thus errors associated with payroll processing and AKSAS charges to projects.
- Travel is more scrutinized by the regions especially travel that is not specific to a project. Estimated annual savings is $5.5. Mileage is being used where ever possible – the department's most recent mileage balance is 355,000 which is pretty low for the size of this agency.
- Converted computer replacement schedules to 4 years as opposed to 3 years. Estimated annual savings is $60.3.
- Software purchases (i.e., Adobe) are not made for all computers which reduces the number of software licenses in use and renewed each year. Estimated annual savings is $22.8.
- Equipment is being sent in for repair instead of replacement.

- Implement more sharing of copiers, scanners and plotters between the different sections within the regions. Estimated annual savings is $32.0.
- The use of cellular phones by each section is monitored closely and reviewed each year to identify areas where costs can be reduced by eliminating phones and changing calling plans. Estimated annual savings is $4.7.
- Eliminated the agreement with a local courier service to pick up recycling and instead use warehouse staff during their frequent trips between the Juneau offices to deliver recycling to the recycling center. Estimated annual savings is $1.0.

As you can see, we are dedicated to providing state services in as efficient manner as possible. The past several years have shown that DOT&PF has little to no general fund lapse balances. We have also needed supplemental funding to cover the cost increases associated with fuel, utility and contractual services. I expect that we will be seeking supplemental funding again this year for the same reasons. If further costs savings are required of this agency, then service reductions would be necessary. I am hesitant to offer reductions in Marine Highway service, reduced maintenance on roads, airports and public buildings, or elimination of any positions. I would appreciate your feedback on the items we are presenting to you. If I can be of further assistance, please do not hesitate to call.

cc: Jim Beedle, Deputy Commissioner of Marine Operations
Christine Klein, Deputy Commissioner of Aviation
Frank Richards, Deputy Commissioner of Highways & Public Facilities
Nancy Slagle, Director, Division of Administrative Services

MEMORANDUM

STATE OF ALASKA
Department of Administration
Office of the Commissioner

To: Karen Rehfeld
Director
Office of Management & Budget

Date: January 14, 2009

Phone: 465-2200

From: Annette Kreitzer
Commissioner

Subject: Quarterly Reporting on
FY2009 GF Savings Plan

The approved components of the Department of Administration FY2009 GF Savings Plan and second quarter estimates are as follows:

Savings Plan	Savings Target	Est. Jan. 15 Savings	Comments
Division of Finance GF Reduction	$300.0	$300.0	Savings will be Achieved.
ETS GF Reduction	$300.0	Unknown	We continue to be challenged with this target.
Department Personal Services Reduction	$200.0	$75.0 - $200.0	Many divisions should be able to achieve.
R&B Reduction	$107.6	$107.6	Savings is achieved.
Year End Lapsing	$200.0	Unknown	It is too early to estimate amounts. Some of these savings may be difficult to achieve.

Please let me know if you need additional information.

C: Kevin Brooks, Deputy Commissioner
Rachael Petro, Deputy Commissioner
DOA Directors

DCCED 2nd Qtr Savings Plan
31-Dec-08

Component	Savings Plan	Savings Target	1st Qtr Savings	2nd Qtr Savings	Total Savings	Comments
Administrative Services	Cut travel and delay equipment purchases	4.0	1.0	1.0	2.0	Director is not traveling to Anchorage as often ($2.0 savings) The savings plan is on track.
Community and Regional Affairs	Cut travel & leave positions vacant	16.0	16.0	0.0	16.0	Although it appears that DCRA has met its target (and absolutely plans to meet this target), given the challenges communities now face, DCRA must absorb the following: --$10.1 for the FY09 contractual increases. --Costs associated with the Ketchikan Gateway Borough lawsuit (DCRA was going to request this in the supplemental bill) The savings plan is on track.
Office of Economic Development	Savings occurred due to delay in hiring two Film Office positions	60.0	42.5	17.5	60.0	A delay in hiring two film positions ($150.0 appropriated for the positions) has allowed OED to meet its goal. However, achieving additional savings will be difficult for the following reasons: --The two film positions have been hired. --Travel costs for two film positions will be incurred. --OED must absorb another $1.8 due to contractual salary agreements The savings plan is on track.
	Savings Plan Totals	**80.0**	**59.5**	**18.5**	**78.0**	

STATE OF ALASKA

MEMORANDUM

DEPARTMENT OF CORRECTIONS

Division of Administrative Services
P.O. Box 112000
Juneau, Alaska 99811-2000
Phone (907) 465-3339 Fax (907) 465-3315

TO: Karen Rehfeld, Director
Office of Management and Budget
Office of the Governor

DATE: January 15, 2009

PHONE: 465-3339

FROM: Leslie Houston, Director
Division of Administrative Services

SUBJECT: FY2009 2nd Quarter General Fund Savings Plans

The falling price of oil is certainly a mixed-blessing. For the Department of Corrections (DOC), this has alleviated our fears as we anticipated a large fuel cost-related supplemental. The 38% surcharges on our foodstuffs has dropped to less than 4%; our shipping costs have dropped; and most of all, our energy costs in all facilities with the exception of Anvil Mountain (Nome) and Yukon-Kuskokwim (Bethel) have dropped and stabilized. Barring the price of oil rising sharply, we believe we are secure with our level of fuel/energy funding for FY2009.

Following is the updated DOC FY2009 2nd Quarter General Fund savings and efficiencies status report:

- ***Savings Plan, $672.4***: Statewide Probation/Parole V&T– we will meet this savings.

- ***Energy Conservation Measures:*** We are resubmitting the DOT Energy Savings Plan and DOC Analysis. This is the same document that was submitted with the 1st Qtr Savings Update. Please let us know if you have questions and we can coordinate a teleconference to include Facilities/Project Manager, Charlie Finch.

- ***Cost Containment Measures***

o **Western States Contracting Alliance (WSCA) Standardized Procurement**: this is a multi-state buying consortium contract facilitated by DGS. The first vendor Waxie was found by the DOC to be unresponsive, and in some cases, charging more for products than competing vendors that are not included in the WSCA contract. The second vendor Coastwide (aka Corporate Express) is no improvement. We have determined WSCA purchasing is not cost effective for all of our facilities. The four institutions located in the Anchorage Bowl may eventually realize savings when DGS can secure a reliable vendor, however, the other eight institutions will no longer attempt to participate in the WSCA purchasing process because the products offered are more costly.

The DOC agreed to be a pilot agency for this contract based on the savings we would gain. To date, we have no measurable savings from this contract. We will continue attempting to participate through the 3rd quarter of FY2009, if no improvements are made we will be seeking alternate forms of procurement that are both reliable and cost-effective.

o **Standardized Menu**: We are on target to implement the standardized menu by February 1, 2009. The savings are unknown, we should be able to evaluate savings by the end of FY2009.

o **Out-of-State Liquidated Damage Recovery, $429.0**: On October 20, 2008, DOC received a check from the out-of-state contract vendor Corrections Corporation of America (CCA) in the amount of $429.0. These funds are being applied to prior fiscal years 2007 and 2008—there is no savings in FY2009.

If you require additional information, please feel free to contact me directly.

Attachment: Energy Savings Plan

Cc: Joe Schmidt, Commissioner
Dwayne Peeples, Deputy Commissioner
April Wilkerson, Budget Chief

State of Alaska, DOT&PF - Energy Performance Contracting
Phase II - DOC Statewide Facilities

Project Goals

A - The primary goal of this program is to reduce energy consumption by investing in high efficiency electrical and mechanical equipment with a highly favorable return on investment (ROI).

B - Our secondary goal was to utilize the savings generated by the high ROI systems, such as lighting, heat reclaim units, etc. and invest those savings in systems with longer payback periods. We specifically looked at systems that were not being funded via our 6-year capital improvement program due to higher priority items (emergency repairs, etc.) displacing them.

C - Our Tertiary goal was to install systems that could reduce the workload on our staff and allow their efforts to be directed on planed maintenance and less on emergency response on antiqueted equipment failures.

Project Finacial Data

Financed Amount	$ 9,010,700	Annual Interest Rate	4.3%
Rebates & Down payments	$ -	Finance Period	15 years
Escrow Interest Earnings (17 Months)	$ 201,428	Finance Payments / Year	12/Year
Total Project Cost to ADOC	$ 9,010,700	Interest Payments (Total)	$ 4,547,038
Annual Utility Savings	$ 913,329	Energy Escalation	3.5%
Annual Operating Savings	$ 5,152	Operational Escalation	2.0%
Monthly Lease Payment	$ 75,109	Number of Lease Payments	198
ROI	15 years	Buy-Out option after Month 25	$ 9,560,760
Construction Period	18 months	Construction Completion Date	2/28/2009
Energy/Utility Savings (over 15 years)	$ 13,699,933	ESCO (Siemens) cost	$ 7,339,895
Operational Savings (over 15 years)	$ 77,284	SLS (Sylvania Lighting Services Corp.)	$ 1,670,805
Total Savings	**$ 13,777,217**	**Total Contract Services**	**$ 9,010,700**
Maximum Loan term	16.5 Years	Final Scheduled Payment	2/1/2024

Facility Improvement Measures (FIM's)

Lighting Upgrades	FIM # 1.00	New or renovated lighting fixtures	
- Lighting Controls	FIM # 1.01	New lighting controls	
Water Conservation	FIM # 2.00	Flow control on toilets, shower & laundries	
Electrical Motors	FIM # 3.00	Replace with new high efficiency motors	
- Variable Frequency Drive Applications	FIM # 3.01	Replace constant speed motors with VFD's	
Building Automation System	FIM # 4.00	Replace antiquated and or missing HVAC controls	
- Vending Misers	FIM # 4.01	Occupancy Sensor controls	
Mechanical Retrofits	FIM # 5.00		
- Heat Recovery	FIM # 5.01	Repair or replace Heat Recovery systems	
- Valve Insulation	FIM # 5.02	Provide and install piping and valve insulation	
- Burner Replacement	FIM # 5.03	Replace antiquated fuel burning equipment	
- Air Handler Conversions	FIM # 5.04	Convert Constant Volume to Variable Air Volume Fan Conversions...	
- Return Air Conversions	FIM # 5.05	Convert 100% make up air systems to balanced return air systems	

MEMORANDUM

State of Alaska
Department of Education
& Early Development

To: Karen J. Rehfeld
Director
Office of Management & Budget

Date: January 15, 2009

Phone: **465-2875**

FAX: **465-3452**

File: OMBQuarterly

From: Mark E. Lewis
Administrative Services Director

Subject: Quarterly Reporting FY2009

The Department of Education & Early Development has reviewed our targeted general fund savings for the second quarter of FY2009.

Savings Plan	Savings Target	January 15 Savings	Comments
Administrative-Information Services contractual line items	$10.0	$5.0	On track to achieve this savings target
School Finance & Facilities personal services vacancy	$16.9	$16.9	On track to achieve this savings target
Student & School Achievement personal services vacancy	$36.5	$36.5	On track to achieve this savings target
Student & School Achievement contractual line items	$100.0	$50.0	On track - IT infrastructure issues may require use of this funding. Other departmental balances will be identified to meet this target.
State Facilities Rent	$60.0	$30.0	Funding identified is tied to occupancy date of the new leased facility and build out requirements. EED is tracking progess.
Library, Archives & Museums	$46.6	$23.3	On track to achieve savings.
Savings Plan Totals	**$270.0**	**$161.7**	

FY 2009 General Fund Savings Quarterly Report
December 31, 2008

Savings Plan	Savings Target	Dec 31 Savings	Savings Amount
Uncollectible GFPR	$34,980	$17,490	On track to achieve this savings target.
In fiscal year 2008 DEC received an appropriation of $606,500 and 4 positions for the purpose of pipeline compliance oversight and North Slope flow line integrity. The department has encountered extreme difficulties in the classification and recruitment of these four positions. One position has been filled with the incumbent to begin in August, however, we don't expect to fill the other 3 positions until later this year. This is a one time savings and will not be available in FY10.	$208,520	$0.00	The return of the GF from the Contaminated Sites component to the Industry Preparedness and Pipeline Operations (IPP) did not occur. Since the vacant positions are in the IPP component the funding source realizing this savings is now Oil/Hazardous Response funding (1052) not GF as originally appropriated. We are continuing to review current spending levels to identify areas in which we may be able to cut back on our GF spending.
This would eliminate $56,000 in travel agent fees annually and one position estimated at $70,500.	$126,500	$0.00	The managed travel process is still in place so no savings have been realized this quarter. Savings not realized this quarter total $50,377.
Current balance of the DEC mileage account would allow approximately 50 tickets to be purchased. This would be allocated to a variety of programs.	$20,000	$2,087	On track to achieve this savings target. Update of mileage use procedure is completed and mileage usage is on the rise.
Savings Plan Totals	**$390,000**	**$19,577**	

Department of Fish and Game
FY09 General Fund Savings Plan
As of December 31, 2008

Savings Plan Item	Division	Savings Target	1st Quarter savings	2nd quarter savings	Cumulative savings	Comment (update)
SE Region - leave positions vacant for 3 months	Comm Fish	41.9	20.0	11.9	31.9	PCN expected to remain vacant for about 7 mm. The target amount may not be met if estimated service step increases of 10.0 are unfunded.
Central Region - leave positions vacant for 3 months	Comm Fish	37.7	37.7	(12.4)	25.3	PCNs have remained vacant for the required 3 mm but the target amount may not be met if estimated service step increases of 12.4 are unfunded.
AYK Region - leave positions vacant for 3 months	Comm Fish	94.5	94.5	(6.7)	87.8	PCNs have remained vacant for the required 3 mm but the target amount may not be met if estimated service step increases of 6.7 are unfunded.
WW Region - leave positions vacant for 3 months	Comm Fish	85.0	85.0	100.0	185.0	PCNs have remained vacant for the required 3 mm. The region has identified additional savings due a cancelled project and the availability of other funding sources.
HQ Fisheries Mgmt - leave positions vacant for 3 months	Comm Fish	284.9	284.9	(100.0)	184.9	While PCNs have remained vacant for the required 3 mm the target amount is not expected to be met due miscellaneous expenditures and if estimated service step increases of 16.6 are unfunded. However, the Westward region has identified additional savings that cover this components savings target.
CF Special Projects - leave positions vacant for 3 months	Comm Fish	100.2	25.0	25.1	50.1	PCNs have remained vacant for the required 3 mm. The region is on track to meet its savings objective.

Department of Fish and Game
FY09 General Fund Savings Plan
As of December 31, 2008

Savings Plan Item	Division	Savings Target	1st Quarter savings	2nd quarter savings	Cumulative savings	Comment (update)
Realize savings due to ongoing recruitment difficulties	Sport Fish	67.9	14.8	15.5	30.3	The target amount may not be met if estimated service step increases of 37.6 are unfunded.
Wildlife Scientist position - hold vacant for 6 months.	Wildlife Cons	60.0	30.4	29.6	60.0	Held vacant for 6 months. On-Target
Division vacancies - hold open for an additional month	Wildlife Cons	63.5	18.3	33.5	51.8	On-target
Reduction in personal services line	Comm office	13.4	4.0	-	4.0	Due to unanticipated moving expenses for two newly appointed staff members, the personal services savings from the deputy commissioner position vacancy is no longer available. The 1st quarter GF savings amount is still valid.
Reduction in personal services line	Admin Services	42.2	10.0	-	10.0	The division has had to absorb some unanticipated Information Technology costs. In addition, the target amount may not be met if estimated service step increases of 7.0 are unfunded.
Reduction in printing/lower bid award.	Boards	20.6	20.6	-	20.6	The target has been met. The Boards Support Section was able to procure a new contract for printing for FY09 that was less than last year's costs. This contractual services reduction has allowed for a savings of approximately 20 percent for each legal notice and call for proposals mail out. We are currently working on a multi-year bid for the printing of proposal books.

Department of Fish and Game FY09 General Fund Savings Plan As of December 31, 2008						
Savings Plan Item	**Division**	**Savings Target**	**1st Quarter savings**	**2nd quarter savings**	**Cumulative savings**	**Comment (update)**
Division of Subsistence	Subsistence	36.2	9.1	-	9.1	The division is not on track to realize the target savings especially if estimated service step increases of 6.5 are unfunded.
Reduce Contractual Services	Habitat	30.0	6.0	-	6.0	The Habitat Division has been unable to meet its projected second quarter GF savings plan due the transition from DNR to ADF&G and the associated move costs as well as other contractual and personnel costs. Specifically, line 300 and line 400 funds where we had anticipated savings, will need to be shifted to line 100 to cover a potential shortfall.
Reduce Commodities	Habitat	22.0	5.0	-	5.0	The Habitat Division has been unable to meet its projected second quarter GF savings plan due the transition from DNR to ADF&G and the associated move costs as well as other contractual and personnel costs. Specifically, line 300 and line 400 funds where we had anticipated savings, will need to be shifted to line 100 to cover a potential shortfall.
	Total	**1,000.0**	**665.3**	**96.5**	**761.8**	

KJR
- Yvonne

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. Box 110650
Juneau, AK 99811-0650
Phone: (907) 465-3030
Fax: (907) 465-3068

MEMORANDUM

OFFICE OF MANAGEMENT & BUDGET

JAN 0 8 2009

DATE: December 30, 2008

TO: Karen Rehfeld
Director
Office of Management and Budget

FROM: Alison M. Elgee
Assistant Commissioner

SUBJECT: FY2009 General Fund Savings Plan

In response to the Governor's FY2009 General Fund Savings Plan, the Department of Health and Social Services fully restricted the $4.7 million general funds allotted as its share. The restrictions will remain in place throughout the year and the impacted entities are monitoring their expenditures to ensure the general funds will not be needed.

Savings Plan	Savings Target	Dec 31 Savings	Comments
Position Management	<$500.0>	<$250.0>	On track
Senior Benefits Program	<$500.0>	<$250.0>	On track
Medicaid Client Travel	<$437.6>	<$218.8>	On track
Administrative Travel	<$134.5>	<$67.2>	On track
Additional Medicaid Reductions	<$3,187.9>	<$1,594.0>	On track
Savings Plan Totals	**<$4,760.0>**	**<$2,380.0>**	

If you have additional questions regarding this issue, please contact me at 465-1630.

cc: Patrick Hefley, Deputy Commissioner
Bill Streur, Deputy Commissioner
Kate Bowns, Acting Budget Manager

H:\BSECDATA\FY09 Budget\FY09 Gov's Savings Plan 4.8 mil HSS

FY09 General Fund Lapse Projections
Department of Labor and Workforce Development
01-12-09

Savings Plan	Savings Target	Dec 31 Savings	Comments
Commissioner: Travel Savings	$ 4.4	$ 2.2	On track to achieve this savings target
Management Services Vacancy Management	$ 12.0	$ 6.0	On track to achieve this savings target
Data Processing Hiring Delay	$ 25.0	$ 25.0	Met target – position now filled.
Labor Market Info: Vacancy Management	$ 8.0	$ 4.0	Met target.
Workers' Comp: Restrict GF	$ 3.3	$ 3.3	Met target.
Second Injury Fund: Restrict GF	$ 0.2	$ 0.2	Met target.
Wage and Hour: Certified Payroll System Maintenance	$ 40.0	$ 20.0	On track to achieve this savings target
Mechanical Inspection: Restrict GF	$ 1.3	$ 0.7	On track to achieve this savings target
Employment & Training: Personal Services	$ 128.0	$ 64.0	On track to achieve this savings target
Unemployment Insurance: Vacancy Management	$ 42.0	$ 21.0	On track to achieve this savings target
Business Services: Vacancy Management	$ 5.0	$ 5.0	Met target.
AVTEC: Vacancy Management	$ 5.0	$ 2.5	On track to achieve this savings target
DVR: Hold 2 PCNs vacant Client Services Component	$ 50.0	$ 50.0	Met target
DVR: Reduce travel costs by using accrued miles. VR Administration & Disability Determinations Unit	$ 5.8	$ 5.8	Met target
Savings Plan Totals	**$ 330.0**	**$ 209.7**	

MEMORANDUM

State of Alaska
Department of Law
Division of Administrative Services
Phone (907) 465-3672 Fax (907) 465-5419

To: Mike Crabb, Budget Analyst
Office of Management & Budget
Office of the Governor

Date: January 15, 2009

Telephone: 465-3673

From: Dave Blaisdell, Director
Administrative Services Division
Department of Law

Subject: 2nd Quarterly Report
FY2009 Savings Plan

As requested, this memorandum is intended to report on the Department of Law's progress during the second quarter of FY2009 toward meeting the Savings Plan goal of $1,030,000 set out in Attorney General Colberg's July 31, 2008 memo to Karen Rehfeld.

Savings Plan	Savings Target	Dec 31 Savings	Comments
Move $200K in unused SDPR to offset GF expenditures on consumer protection matters.	$200.0	$0.0	Savings will not be realized until final quarter of FY09 when these adjustments are customarily made.
Lapse majority of $500K Curyung Supplemental.	$475.0	$245.2	Expenditures against this approp have totaled only $4,830 through the second quarter. Savings goal appears to be on target.
Fund Barrow VW Paralegal from federal earmark.	$106.2	$34.9	Position was not filled until mid-August and vacated in mid-November. It is currently only 50% allocated to federal earmark funds. If filled in January savings may only reach $58K
Delay filling new OSPA attorney and LOM until after first quarter.	$75.0	$75.0	Savings target fully achieved.
Fairbanks DA office lease reduction after November 2008.	$78.0	$78.0	Savings target fully achieved.
Slow PC hardware replacement cycle.	$95.8	$0.0	Savings will not be realized until final quarter of FY09 when these purchases are customarily made.
Savings Plan Totals:	**$1,030.0**	**$433.1**	

As with last quarter, although the total savings through December may not appear at first glance to be "on-target" I would note that for several of the items originally listed the actual savings were not anticipated until specific payments or adjustments were made. In two cases those payments or adjustments would not customarily occur until the last quarter of the fiscal year. In the case of the Barrow victim/witness paralegal it was previously reported that we could not fund the position 100%

from the federal earmark funds originally cited; however, the position has been vacant for three of the last six months so some additional savings have been realized through vacancy as well as federal funding.

If you have any questions or would like to discuss any of these matters in greater detail, please don't hesitate to call.

MEMORANDUM

State of Alaska
Department of Military & Veterans Affairs
Division of Administrative Services

TO: Lena Simmons
Budget Analyst
Office of Management and Budget

DATE: January 15, 2009

FROM: Susan Colligan
Director

SUBJECT: FY09 Cost Savings
Second Quarter Update

I am responding to OMB's request for a second quarter update on FY09 cost savings for the Department of Military and Veterans' Affairs.

As you know in August 2008 DMVA provided you with information on how the department has continued to hold the line on the operating budget. In addition to holding the line on the budget, DMVA submitted cost savings in FY08 (budget reductions) and consolidated department core services to achieve efficiencies.

In the Governor's FY10 budget, the department has again, held the line on the budget with no major changes to the base funding level. As a result of the recent budget reductions and holding the line on the budget, the base funding level to find "savings" is much tighter for DMVA than other agencies that have seen increased funding requests under this Administration.

The department is continuing to monitor overtime, travel (we have been using up unused tickets and will be using mileage as a means to reduce costs), and contracting costs but at this time cannot identify specific dollar savings due to the loss in buying power of our base budget to maintain services without impairing our ability to meet our mission and the requirements of the Federal/State Cooperative Agreement.

If you have any further questions, please contact me at 428-6881.

cc: John Cramer, Deputy Commissioner
Laura Baker, Deputy Director, DAS
Teri Clark, Budget Analyst, DAS

Department of Natural Resources
FY09 Cost Savings Plan
Second Quarter Report, for the Period Ending 12/31/2008

	Component	Line Item	Planned Savings	Savings due to Vacancies 7/1/2008 - 9/30/2008	Savings due to Vacancies 7/1/2008 - 12/31/2008
423	Commissioner's Office	Personal Services	-	13,375	42,600
424	Administrative Services	Personal Services	48,400	-	49,500
427	Information Resource Management	Personal Services	-	2,887	14,300
439	Oil & Gas Development	Personal Services	465,500	250,720	321,500
2847	Petroleum Systems Integrity Office	Personal Services	129,700	38,703	78,400
1191	Pipeline Coordinator	Personal Services	2,200	10,136	18,000
2680	Alaska Coastal and Ocean Management	Personal Services	75,000		
2733	Large Project Permitting	Personal Services	-		
2460	Claims, Permits & Leases	Personal Services	184,300	11,172	8,000
2456	Land Sales & Municipal Entitlements	Personal Services	-		
2459	Title Acquisition & Defense	Personal Services	105,300	26,610	29,900
916	Water Development	Personal Services	49,000	2,070	12,700
2440	Director's Office/Mining, Land & Water	Personal Services	-		
435	Forest Management & Development	Personal Services	16,700		
2132	Non-Emergency Hazard Mitizagion Projects	Personal Services	-		
1031	Geological Development	Personal Services	24,800	71,355	101,400
802	Recorder's Office/Uniform Commercial Code	Personal Services	-		
455	Agricultural Development	Personal Services	-		
2204	North Latitude Plant Material Center	Personal Services	41,100	11,595	14,100
2235	Agriculture Revolving Loan Program Admin	Personal Services	-		
2633	Conservation and Development Board	Personal Services	16,600	5,191	15,100
2441	Public Services Office	Personal Services	-		
1199	Trustee Council Projects	Personal Services	-		
1650	Interdepartmental Information Technology Chargeback	Personal Services	-	16,055	28,500
1635	Mental Health Trust Lands Administration	Personal Services	-		
2225	Citizen's Advisory Commission on Federal Areas	Personal Services	19,800	8,547	15,500
2226	RS 2477/Navigability Assertions and Litigation Support	Personal Services	-		
2705	Fire Suppression Preparedness	Personal Services	20,800	95,148	
451	State Historic Preservation Program	Personal Services	-		
452	Parks Management	Personal Services	33,700	101,030	149,900
2136	Parks & Recreation Access	Personal Services	7,100	2,351	4,000
			1,240,000	666,945	903,400

1st quarter notes

DNR will restrict the Personal Services line items in the above components for a total realized cost savings of $666,945 as of 9/30/2008. This amount represents a little more than half of the FY09 cost savings goal amount of $1.24 million for our agency. Since payroll adjustments are not made quarterly, subsequent adjustments may cause a change in the amount or the source. However, we do expect to meet the target goal by the end of the fiscal year.component

2nd quarter notes

DNR will restrict transfers from Personal Services line items in the above components for a total realized cost savings of $903,400 as of 12/31/2008. This amount represents 75% of the FY09 cost savings goal amount of $1.24 million for our agency. We expect to meet the target goal by the end of the fiscal year.

State of Alaska

Department of Revenue

Administrative Services Division

SARAH PALIN, GOVERNOR

333 Willoughby Avenue, 11th Floor

P.O. Box 110400

Juneau, Alaska 99811-0405

Phone: (907) 465-2300

Fax: (907) 465-2394

MEMORANDUM

To: Karen Rehfeld
Director
Office of Management & Budget

Date: January 15, 2009

From: Ginger Blaisdell
Director
Administrative Services Division

Phone: 465-2312

Subject: FY2009 GF Savings Plan
Second Quarter Report

In response to the Governor's request that departments collectively meet a savings target of $20 million general fund forFY2009, the Department of Revenue proposed holding three positions vacant in the Tax Division to meet its savings plan target of ($390.0).

During the first quarter of FY2009, unexpected vacancies and delays in filling newly created positions resulted in sufficient savings in the personal services line to allow the Tax Division to fill these positions for the balance of FY2009 and still meet the target. The $390.0 GF has been restricted in the personal services line of the Tax Division budget.

Savings Plan	Savings Target	December 31 Savings	Comments
Hold three positions vacant in Tax Division for FY2009	$390.0	$390.0	Savings goal achieved
Savings Plan Totals	**$390.0**	**$390.0**	

MEMORANDUM State of Alaska

Department of Transportation & Public Facilities
Administrative Services Division

TO: Karen Rehfeld, Director
Office of Management and Budget

DATE: January 19, 2009

TELEPHONE NO: 465-3911
FAX NO: 465-3124

FROM: Nancy J. Slagle
Director

SUBJECT: 2nd Quarter Report
FY2009 GF Savings

This in response to your October 27, 2008 memo requesting the status of achieving cost savings this year. The following is the information you requested for DOT&PF:

Savings Plan	Savings Target	December 31 Savings	Comments
AMHS use of force account	599.0	-	Authorization restricted. Savings should begin during 3rd quarter.
AMHS - fuel management system	378.0	189.0	Authorization restricted. On track to achieve savings target.
MSCVE - virtual servers	14.4	14.4	Authorization restricted. Savings has already been realized for FY09.
MSCVE - prover transport	3.0	3.0	Authorization restricted. Savings has already been realized for FY09.
MSCVE-automation of load analysis	7.7	3.0	Authorization restricted. Overtime reduction has been reflected in FY09 Mgmt Plan. On track to achieve savings target.
MSCVE-travel for re-inspection services (third-party billing)	5.0	2.9	Authorization restricted. Billing for special inspections directly to customer. On track to achieve savings target.
TM&S - Integrated Vegetation	11.8	11.8	Authorization restricted. Position held vacant.
Contracts & Appeals - reclass	32.0	32.0	Authorization restricted. Position held vacant.
Admin Svcs - positions	41.6	22.7	Authorization restricted. Positions held vacant.
Prog Dev -position vacancies	5.5	5.5	Authorization restricted. Positions vacant.

"Providing for the safe movement of people and goods and the delivery of state services."

SD&ES - bridge inspections	20.0	-	Authorization restricted. On track to achieve savings target.
Dept wide - travel	5.5	-	Savings will be realized by year-end.
Dept wide - computer replace	60.3	-	Savings will be realized by year-end.
Dept wide - software purchases	22.8	-	Savings will be realized by year-end.
Dept wide - shared equipment	32.0	-	Savings will be realized by year-end.
Dept wide - cell phones	4.7	-	Savings will be realized by year-end.
Admin Svcs - courier svcs	1.0	-	On target - the contract has been cancelled
Total	1,244.3	284.3	

Please let me know if you require any further information.

December 31, 2008 Savings Target Update

Department	Original Saving Target	Savings as of Dec. 31, 2008	Supplemental Bill Budget Reduction	Comments
Administration	1,100.0	607.6	1,100.0	Savings target is a challenge.
Commerce, Community, and Economic Dev.	80.0	78.0	80.0	On track to meet target.
Corrections	3,910.0	672.4	750.0	Original savings target reduced.
Education & Early Development	270.0	2,461.7	2,570.0	On track to meet original target. Increased savings of $2,300.0 comes from the School Performance Incentive Program
Environmental Conservation	390.0	19.6	390.0	Savings target is a challenge.
Fish & Game	1,000.0	761.8	1,000.0	More or less on track to meet target.
Governor	440.0	465.0	465.0	On track to meet target.
Health & Social Services	4,760.0	2,380.0	4,760.0	On track to meet target.
Labor & Workforce Development	330.0	209.7	330.0	On track to meet target.
Law	1,030.0	433.1	980.0	More or less on track to meet target.
Military & Veterans Affairs	160.0	0.0	0.0	Held harmless from savings target.
Natural Resources	1,240.0	903.4	1,240.0	On track to meet target.
Public Safety	2,280.0	0.0	0.0	Held harmless from savings target.
Revenue	390.0	390.0	390.0	Savings target has been achieved.
Transportation	3,220.0	284.3	1,500.0	Original savings target reduced.
Debt		2,015.8	2015.8	Savings due to reduced school debt reimbursement need.
	20,600.0	**11,682.4**	**17,570.8**	

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
FAX: (907) 465-3008

February 9, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

The Honorable Mike Hawker
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

The executive branch hiring freeze was instituted by the Governor on January 23 as a management tool to help save funds, particularly general funds, in FY2009 given our new fiscal realities. We did not mandate a specific dollar amount to achieve through the hiring freeze, but asked departments to critically look at their staffing needs and if possible, delay hiring by some period of time without negatively impacting services to the public. Any general fund savings realized by the hiring freeze will ultimately reduce the amount of the FY2009 draw from the Constitutional Budget Reserve (CBR) as proposed in the supplemental bill. Any savings from a non-general fund funding source that is subject to the year-end sweep into the CBR will increase the CBR balance.

I have enclosed the following hiring freeze information:

- January 23, 2009, memorandum establishing the hiring freeze and listing exemptions to the hiring freeze;
- February 6, 2009, memorandum adding clarification of exemptions to the hiring freeze; and
- the listing of waiver requests received as of this date and the disposition of them

printed on recycled paper

I also want to share with you our estimates of the number of permanent full-time positions (PFTs) potentially affected by the hiring freeze. As of December 31, 2008, there were nearly 1,500 vacant budgeted PFTs, of which 844 had general funds (GF) in their funding mix. The GF cost for the remainder of the fiscal year for those 844 vacant PFTs is approximately $25.5 million. As you know, agencies generally do not receive 100% funding of their personal services costs as there is a presumption of some vacancy during the fiscal year.

We know that some of these positions will remain vacant in order to achieve the budgeted vacancy factor and also efforts to achieve additional savings in FY2009 by managing position vacancy. Our initial $12 million estimate of potential savings was based on approximately one-half of the GF cost for the remainder of the fiscal year. We know there will be waivers requested and granted, so we do not expect to achieve that level of savings.

The hiring freeze explicitly exempts several types of positions, including public safety and 24 hour institutions. Any savings achieved will increase in the GF lapse at the end of the fiscal year which will reduce the amount of the draw on reserves to balance the budget.

Sincerely,

Karen J. Rehfeld
Director

Enclosures

cc: David Teal, Legislative Finance Division
House and Senate Finance Committee Members

State of Alaska
Sarah Palin, Governor

Office of the Governor
PO Box 110020
Juneau AK 99811-0020
(907) 465-3500, fax 465-3532

To: Commissioners
Administrative Services Directors

Date: January 23, 2009

From: Michael Nizich
Chief of Staff

Subject: Purchasing Restriction and Hiring Freeze

In her State of the State speech before a joint session of the Alaska Legislature last night, Governor Palin described the period of financial uncertainty due to current oil prices. As you may recall, last spring when the FY2009 budget was finalized, we expected the price of a barrel of oil to average $83.04 during this fiscal year. The price is currently hovering in the $30 - $40 range and is having a significant impact on our state revenues. In light of this, we need to take prudent management actions.

The Governor announced the immediate implementation of a non-essential purchasing restriction and a hiring freeze to reduce the impact on state general funds. Each Commissioner will determine what items are non-essential, but would likely include conference travel, administrative travel, subscriptions, supply or equipment purchases that could be delayed until FY2010, etc. The hiring freeze applies to all positions, except for those that are necessary to protect the health and safety of Alaskans. Departments may request a waiver from the hiring freeze due to extraordinary circumstances. That process is outlined below.

The hiring freeze applies to:

- All full-time, part-time, non-permanent and seasonal positions in bargaining units and in the partially-exempt and exempt service paid for by general funds and other state funds.
- Requests to establish new non-permanent positions.
- Requests to extend non-permanent positions.
- Positions that provide administrative support and maintenance in 24-hour facilities.
- Positions partially funded by federal funds.

The hiring freeze does not apply to:

- Positions essential to protect Alaska citizens. This includes Alaska State Troopers, corrections and probation officers, airport police and fire officers, airport screening officers, and employees that provide patient and resident services and food service at 24-hour institutions. The following are considered 24-hour institutions:
  - Correctional Facilities
  - Juvenile Justice Facilities
  - Alaska Military Youth Academy
  - Pioneer Homes
  - Alaska Psychiatric Institute
  - AVTEC
  - Mt. Edgecumbe High School
- Positions for which an offer of employment was made prior to January 23, 2009.
- Lateral transfers and promotions within the same department.
- Range changes in flexibly-ranged positions.
- Reclassifications within the same job family.
- Employees delegated the authority to perform the duties of a vacant position that is assigned a higher pay range if bargaining unit provisions or regulations provide for compensation.
- The use of on-call non-permanent employees if only used to perform work essential to protect the public's safety or meet other essential state responsibilities.
- Positions fully funded by federal funds. The Division of Personnel must be sent funding verification from the Commissioner of the requesting department for any new job posting for a position that is 100% federally funded.
- Alaska Aerospace Development Corporation,
- Alaska Commission on Postsecondary Education,
- Alaska Housing Finance Corporation,
- Alaska Industrial Development and Export Authority,
- Alaska Oil and Gas Conservation Commission,
- Commercial Fisheries Entry Commission
- Permanent Fund Corporation, and
- Regulatory Commission of Alaska.

Recruitments currently on Workplace Alaska will be open through the stated closing date. However, a notice to all applicants will be posted on Workplace Alaska advising applicants of the hiring freeze and stating that only positions necessary to protect the health and safety of Alaskans and to meet other essential state responsibilities will be filled. A currently posted recruitment will not be extended unless a waiver has been approved.

Positions providing direct patient or resident services (including food services) or that are essential in protecting Alaska citizens, but not employed in a 24-hour institution or in one of the exempt job classifications listed above IS subject to the hiring freeze, but a waiver may be requested.

If a department believes filling a position is necessary to protect the public's safety or meet other essential state responsibilities, a request for waiver from the freeze must be submitted to OMB. The waiver request must be submitted in a memorandum addressed to the Chief of Staff and approved by the department's Commissioner. The memorandum must include the following information:

- position title, range, ADN, annual personal services cost, and fund source (if CIP Receipts, identify the source of the CIP Receipts);
- the essential results that the person will be responsible for delivering;
- the extraordinary circumstances that contribute to why a waiver should be approved; and
- how long the position has been vacant.

When a waiver is approved, the department is responsible for providing a copy of it to their HR Manager in the Division of Personnel.

On behalf of the Governor, please accept her thanks for your cooperation in meeting this challenge.

State of Alaska
Sarah Palin, Governor

Office of Management and Budget
PO Box 110020
Juneau AK 99811-0020
(907) 465-4660, fax 465-3640

To: Commissioners
Administrative Services Directors

Date: February 6, 2009

From: Karen J. Rehfeld
Director

Subject: Hiring Freeze
Update

In response to questions that have been asked about hiring freeze applicability, I want to clarify that the following positions are also exempt from the hiring freeze:

- Recall seasonal positions.
- Student, college, and graduate interns.
- New hires into seasonal positions for the Department of Fish and Game, Department of Natural Resources, and the Department of Transportation and Public Facilities.
- On-call and temporary substitute positions.
- EVOS Trustee Council.

STATE OF ALASKA - OFFICE OF MANAGEMENT AND BUDGET

FY 2009 Revised Program Processing Log (2/6/2009 2:23:38 PM)

Req ADN	Svc ADN	Type	Fiscal Yr	Batch#	Seq #	Req Comp	Svc Comp	Description	Status	$ Amount	Date In	Date Out
01-09-8038	0-0-0	WRP	2009	0	0	0	0	Waiver: Position responsible for completing administrative regulations and citizens initiative function	Approved	0.0	1/26/2009	1/27/2009
01-09-8039	0-0-0	WRP	2009	0	0	0	0	Waiver: Attorney II-III PCN 01-9037 Partially Exempt R20-22 Human Rights Commission	Approved-Started pre-HF	0.0	2/3/2009	2/6/2009
02-09-0039	0-0-0	WRP	2009	0	0	0	0	Waiver: Maintenance Generalist , Sub-Journey I R58 PCN 25-2538 FT Seasonal in Grounds & Gardens	Pending	44.6	2/6/2009	
03-09-0240	0-0-0	WRP	2009	0	0	0	0	Waiver: Law Office Assi R13 Barrow DA's Office	Approved	78.3	2/4/2009	2/6/2009
06-09-0340	0-0-0	WRP	2009	0	0	0	0	Waiver: OCS, Div Health Care Services, Div Public Assistance, Div Public Health, Div Senior/Disability	Approved	0.0	2/3/2009	2/6/2009
07-09-1141	0-0-0	WRP	2009	0	0	0	0	Waiver: Admin Officer II R19 Div Labor Standards & Safety (Job offered 1/21/09)	Approved	88.6	1/23/2009	1/29/2009
07-09-1144	0-0-0	WRP	2009	0	0	0	0	Waiver: Demographer (07-1729) & Research Analyst I/II (07-1737) in Research & Analysis Section	Pending	0.0	1/27/2009	
07-09-1145	0-0-0	WRP	2009	0	0	0	0	Waiver: Education specialist II PCN 07-5517 R21 AGIA Training Strategic Plan	Approved-Started pre-HF	89.5	1/27/2009	2/6/2009
07-09-1146	0-0-0	WRP	2009	0	0	0	0	Waiver: Law Office Assi I PCN 07-3066 AK Workers' Compensation Appeals Commission R11	Approved-Started pre-HF	0.0	1/27/2009	2/6/2009
07-09-1147	0-0-0	WRP	2009	0	0	0	0	Waiver: Program Coordinator (PCN07-5481) R20 Div Business Partnerships	Approved-Started pre-HF	0.0	1/27/2009	2/6/2009
07-09-1149	0-0-0	WRP	2009	0	0	0	0	Waiver: ELEVEN Unemployment Insurance Employment Security Specialists (Claim Specialist)	Approved	0.0	1/30/2009	2/6/2009
08-09-0136	0-0-0	WRP	2009	0	0	0	0	Waiver: Div Corporations,Business & Prof.Licensing-Admin Officer & Bus Reg Examiner	Approved	0.0	1/29/2009	2/6/2009
08-09-01360	0-0-0	WRP	2009	0	0	0	0	Waiver: Div of Corporations, Business & Professional Licensing - Accounting Clerk II PCN 08-2052 R10	Disapproved	52.3	1/29/2009	2/6/2009
08-09-0139	0-0-0	WRP	2009	0	0	0	0	Waiver: Analyst Programmer II/III/IV R16/18/20 PCN 08-9005 Div Investments	Pending		2/4/2009	
08-09-0189	0-0-0	WRP	2009	0		0	0	Waiver: Micro/Network II PCN 08-2072 Admin Services	Pending	92.3	2/4/2009	
08-09-1035	0-0-0	WRP	2009	0	0	0	0	Waiver: THREE Financial Institution Examiners Div Banking & Securities (currently interviewing)	Approved	0.0	1/26/2009	1/29/2009
10-09-5097	0-0-0	WRP	2009	0	0	0	0	Waiver: Firefighting, Forester, Aircraft pilot, mechanic journeyman, Fire Info Officer, Nat Res Special	Pending	0.0	2/3/2009	
11-09-0782	0-0-0	WRP	2009	0	0	0	0	Waiver: Fishery Biologist IV R20 PCN 11-5023 Div Commercial Fisheries	Approved-Started pre-HF	93.4	1/28/2009	2/6/2009
11-09-0783	0-0-0	WRP	2009	0	0	0	0	Waiver: Biometrician II R17-20 PCN 11-4119 Div Sport Fish	Approved-Started pre-HF	85.7	1/28/2009	2/6/2009

FY 2009 Revised Program Processing Log (2/6/2009 2:23:38 PM)

Req ADN	Svc ADN	Type	Fiscal Yr	Batch#	Seq #	Req Comp	Svc Comp	Description	Status	$ Amount	Date In	Date Out
11-09-0790	0-0-0	WRP	2009	0	0	0	0	Waiver: Fishery Biologist III PCN 11-1223 R18	Pending	81.8	2/5/2009	
11-09-0796	0-0-0	WRP	2009	0	0	0	0	Waiver; Fish & Wildlife Tech II Short-term Non-Permanent R11 McGrath 2/1-4/30	Pending	10.5	2/5/2009	
11-09-0801	0-0-0	WRP	2009	0	0	0	0	Waiver; New Create Short-term Non-Permanent Fish &Wildlife Technician II Fbks R9 2/5-5/8	Pending	8.0	2/5/2009	
12-09-0220	0-0-0	WRP	2009	0	0	0	0	Waiver; SIX Public Safety Technician I & II's & Vessel Technician II & Boat Officer I	Pending	0.0	2/6/2009	
25-09-7339	0-0-0	WRP	2009	0	0	0	0	Blanket waiver for Federal vacant CIP ICAP positions	Disapproved	0.0	1/26/2009	1/27/2009
25-09-7340	0-0-0	WRP	2009	0	0	0	0	Waiver: Engineering Asst II R19 PCN 25-2318 SE Region Design & Engineering Services	Approved	85.4	1/27/2009	1/27/2008
25-09-7341	0-0-0	WRP	2009	0	0	0	0	Waiver: Planner I SE Planning R15 PCN 15-2340	Approved	67.1	2/2/2009	2/6/2009
25-09-7345	0-0-0	WRP	2009	0	0	0	0	Waiver: PCN 25-0723 Driller/Operator Journey R53 Statewide Design & Engineering Services	Approved-Started pre-HF	0.0	2/4/2009	2/6/2009
25-09-7346	0-0-0	WRP	2009	0	0	0	0	Waiver: Commercial Vehicle Enforcement Officer I/II PCN 25-3370 R 12-14	Approved	0.0	2/4/2009	2/6/2009

Number of Observations: 28

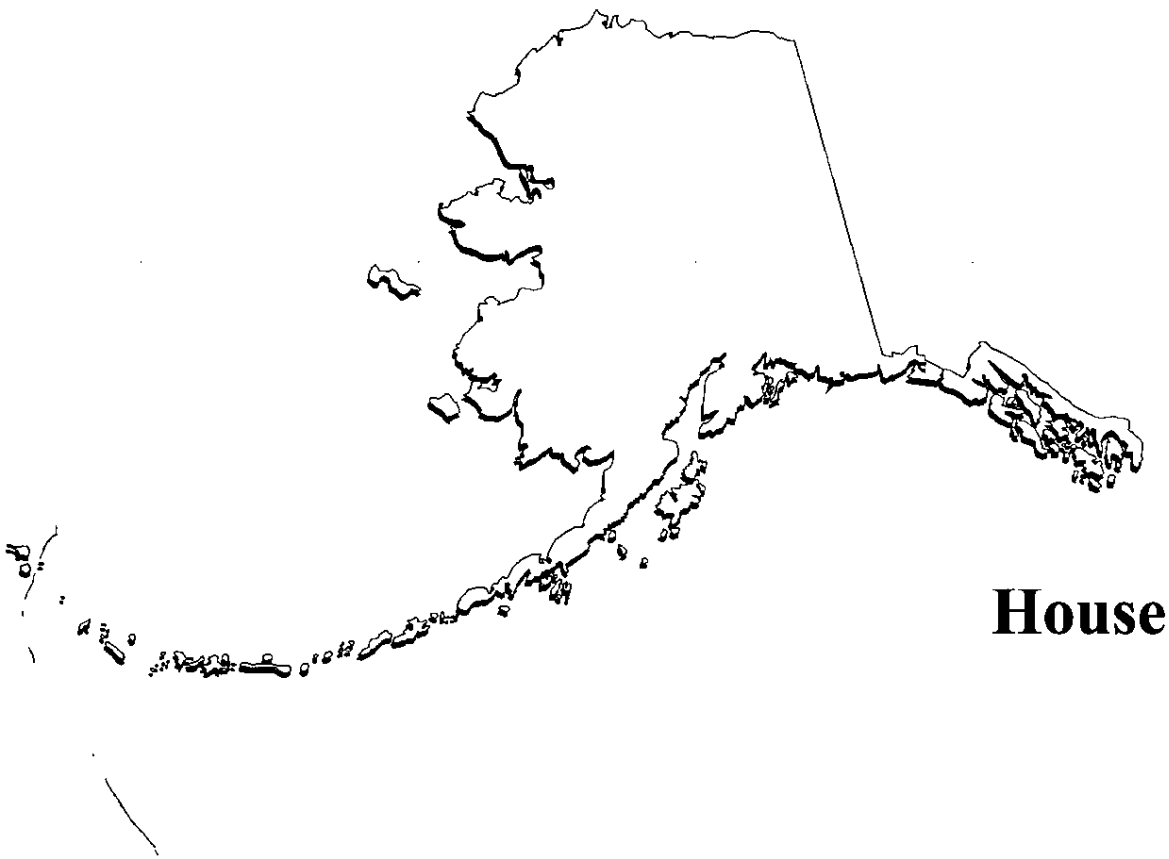
Approved Count:	17
Disapproved Count:	2
Pending Count:	9

1/27/09 OVERVIEW: LEGIS. FINANCE DIVISION

<target><bill></bill><subject>1-27-09 OVERVIEW LEGISLATIVE FINANCE DIVISION</subject><comm>HFIN26</comm></target>

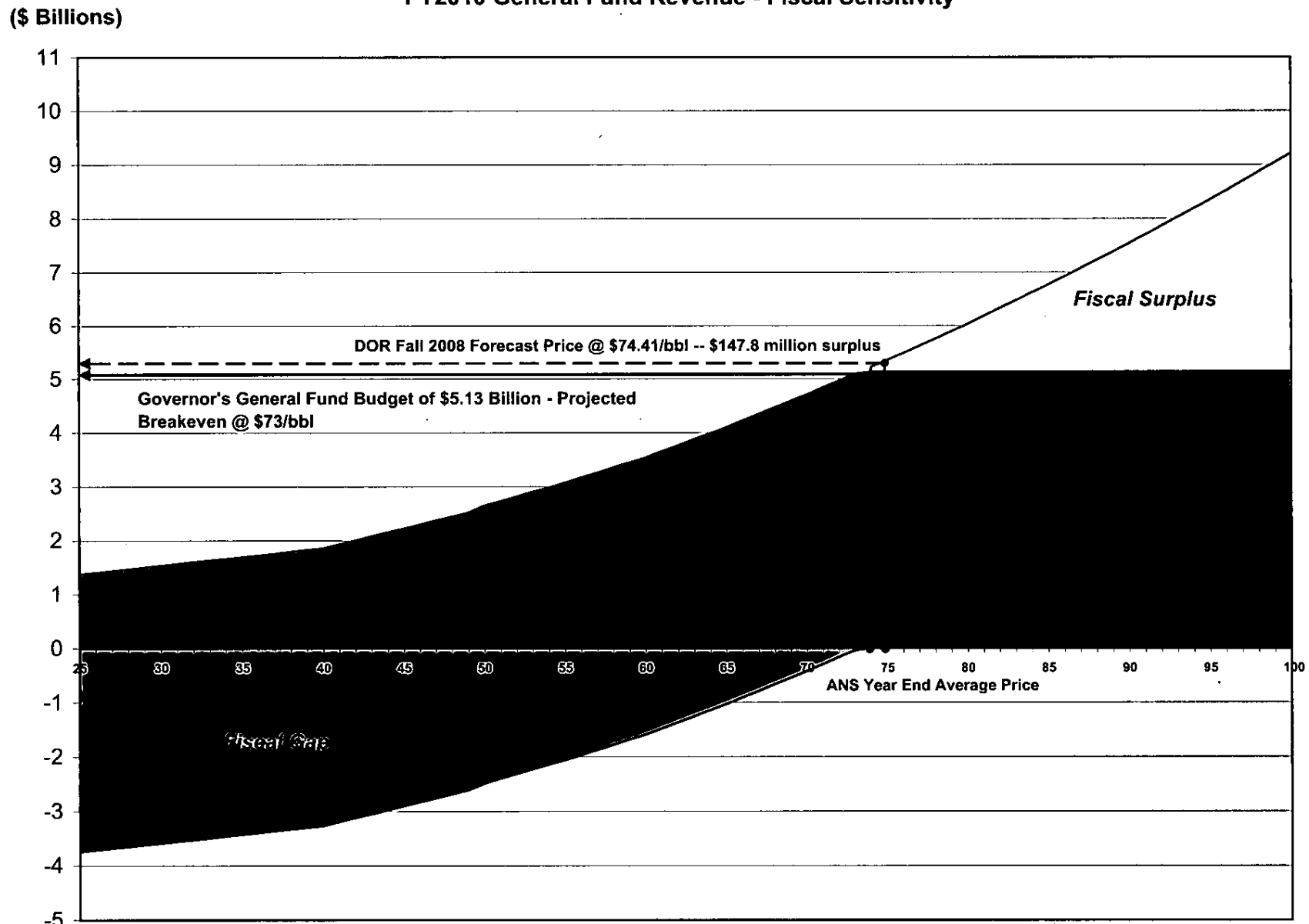
The Fiscal Year 2010 Budget:

Legislative Fiscal Analyst's Overview of the Governor's Request

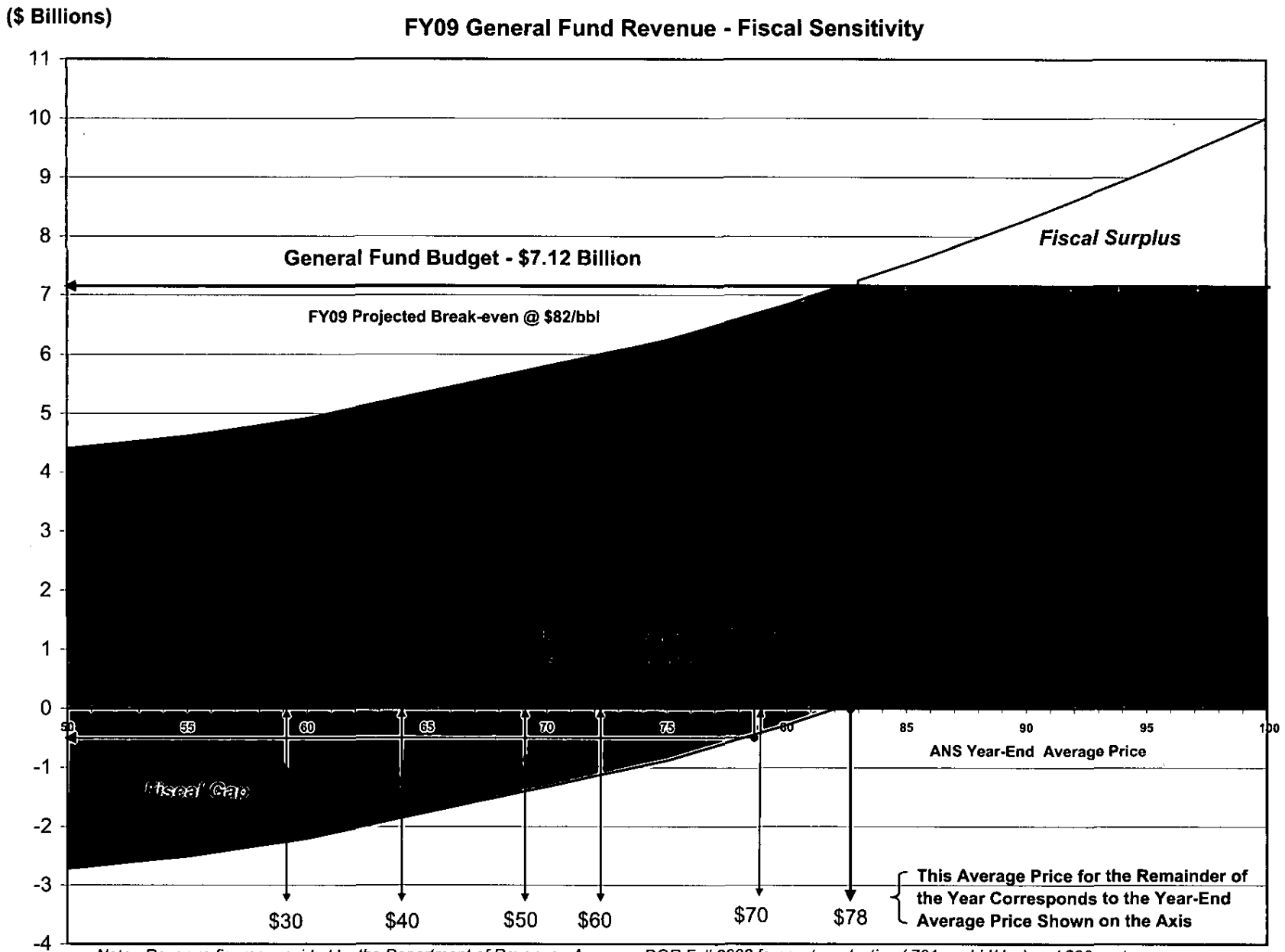


House Finance Committee
January 27, 2009

FY2010 General Fund Revenue - Fiscal Sensitivity



Note: Revenue figures provided by the Department of Revenue. Assumes DOR Fall forecast production (.676 mmbbl/day) and $20 per barrel cost estimates. Revenue figures include sources not directly affected by oil prices. Budget figures include operating and capital.



Note: Revenue figures provided by the Department of Revenue. Assumes DOR Fall 2008 forecast production (.701 mmbbl/day) and $20 cost estimates. Revenue figures include sources not directly affected by oil prices. Budget figures include operating, capital and savings.

3

State of Alaska Fiscal Summary

($ millions)

		FY09 Authorized				FY2010 Governor's Proposed				GF Change	
		GF	Federal	Other	Total	GF	Federal	Other	Total	$	%
1	**REVENUE** (Excludes Permanent Fund Earnings)	6,765.5	2,561.5	3,836.7	13,163.7	5,275.4	2,803.8	3,384.7	11,463.9	(1,490.1)	-22.0%
2	Unrestricted General Fund Revenue (Fall 2008) (1)	6,751.4			6,751.4	5,275.4			5,275.4	(1,476.0)	-21.9%
3	Unrestricted General Fund Revenue (2008 Interim) (1)	0.0			0.0	0.0			0.0		
4	Unrestricted General Fund Revenue (Spring 2009) (1)	0.0			0.0	0.0			0.0		
5	Carryforward (2)	14.1	4.6	1.4	20.0				0.0		
6	Net Corporate Dividends (3)			87.6	87.6			84.5	84.5		
7	Federal and Other Funds		2,556.9	3,747.7	6,304.6		2,803.8	3,300.1	6,103.9		
8	**APPROPRIATIONS**										
9	**TOTAL OPERATING APPROPRIATIONS**	5,273.4	1,754.0	1,093.9	8,121.3	4,572.5	1,699.9	954.4	7,226.8	(700.9)	-13.3%
10	**Agency Operations**	3,427.9	1,713.4	991.9	6,133.2	3,569.9	1,667.9	987.1	6,224.9	141.9	4.1%
11	Current Fiscal Year Appropriations	3,427.9	1,713.4	991.9	6,133.2	3,519.9	1,667.9	987.1	6,174.9	91.9	2.7%
12	Agency Operations (Non-Formula)	1,775.8	869.8	968.0	3,613.7	1,800.1	840.4	966.3	3,606.8	24.3	1.4%
13	K-12 Formula	1,003.3	20.8	14.3	1,038.4	1,054.6	20.8	12.9	1,088.3	51.3	5.1%
14	Other Formula Programs	648.9	810.8	9.2	1,468.8	640.2	806.7	7.8	1,454.7	(8.6)	-1.3%
15	Amendments	0.0	12.0	0.3	12.3	20.0	0.0	0.0	20.0		
16	New Legislation (other than those affecting K-12 Foundation)	0.0	0.0	0.0	0.0	5.0	0.0	0.0	5.0		
17	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*705.7*	*705.7*	*0.0*	*0.0*	*708.9*	*708.9*		
18	Supplemental Appropriations (placeholder)	0.0	0.0	0.0	0.0	50.0	0.0	0.0	50.0	50.0	
19	**Statewide Operations**	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
20	Current Fiscal Year Appropriations	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
21	Debt Service	144.3	13.1	74.1	231.4	157.0	12.0	76.8	245.8	12.7	8.8%
22	Fund Capitalization	791.5	27.6	28.0	847.1	34.5	20.0	(109.4)	(55.0)	(757.1)	-95.6%
23	Direct Appropriations to Retirement	449.6	0.0	0.0	449.6	451.2	0.0	0.0	451.2	1.6	0.3%
24	Revenue Sharing	60.0	0.0	0.0	60.0	60.0	0.0	0.0	60.0	0.0	0.0%
25	Oil & Gas Investment Credits	400.0	0.0	0.0	400.0	300.0	0.0	0.0	300.0	(100.0)	-25.0%
26	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*136.2*	*136.2*	*0.0*	*0.0*	*0.0*	*0.0*		
27	Supplemental Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
28	Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
29	Fund Capitalization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
30	Local Government Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
31	Deposits to Retirement Accounts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
32	Oil & Gas Investment Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
33	**TOTAL CAPITAL APPROPRIATIONS**	669.0	807.4	276.8	1,753.2	555.1	1,103.9	247.2	1,906.3	(113.8)	-17.0%
34	Current Fiscal Year Appropriations	669.0	807.4	276.7	1,753.1	535.1	1,103.9	247.2	1,886.3	(133.8)	-20.0%
35	Project Appropriations & RPLs (Revised Programs)	529.0	807.3	248.7	1,585.0	415.1	1,103.9	219.2	1,738.3	(113.8)	-21.5%
36	Fund Capitalization	140.0	0.1	28.0	168.1	120.0	0.0	28.0	148.0	(20.0)	-14.3%
37	*Projects Funded w/ General Obligation Bonds (non-add) (5)*	*0.0*	*0.0*	*315.1*	*315.1*	*0.0*	*0.0*	*0.0*	*0.0*		
38	*Projects Funded w/ Other Debt Proceeds (non-additive) (5)*	*0.0*	*0.0*	*28.6*	*28.6*	*0.0*	*0.0*	*24.3*	*24.3*		
39	*Capital Vetoes (non-additive)*	*(71.4)*	*0.0*	*(43.3)*	*(114.7)*	*0.0*	*0.0*	*0.0*	*0.0*		
40	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*529.7*	*529.7*	*0.0*	*0.0*	*310.2*	*310.2*		
41	Supplemental Appropriations	0.0	0.0	0.1	0.1	20.0	0.0	0.0	20.0		
42	Capital Projects (net of Duplication)	0.0	0.0	0.1	0.1	20.0	0.0	0.0	20.0		
43	Capital Project Vetoes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
44	Fund Capitalization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
45	**Pre-Savings Authorization** (unduplicated)	5,942.3	2,561.5	1,370.7	9,874.5	5,127.6	2,803.8	1,201.7	9,133.1	(814.7)	-13.7%
46	*Pre-Savings Surplus (Draw From CBRF)*	*823.1*	*12%*	*of Revenue*		*147.8*	*3%*	*of Revenue*			
47	**SAVINGS**	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-120%
48	Current Fiscal Year Appropriations	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-119.9%
49	Constitutional Budget Reserve Fund	1,000.0	0.0	0.0	1,000.0	0.0	0.0	0.0	0.0	(1,000.0)	-100.0%
50	Statutory Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
51	Public Education Fund	175.3	0.0	0.0	175.3	9.6	0.0	0.0	9.6	(165.7)	-94.5%
52	Cruise Ship Gambling Tax Receipts	6.0	0.0	0.0	6.0	(6.0)	0.0	0.0	(6.0)	(12.0)	-200.0%
53	AHFC Savings Account	0.0	0.0	0.0	0.0	(238.4)	0.0	0.0	(238.4)	(238.4)	
54	Supplemental Savings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
55	Constitutional Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
56	Statutory Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
57	Community Revenue Sharing Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
58	**Post-Savings Authorization** (unduplicated)	7,123.6	2,561.5	1,370.7	11,055.8	4,892.8	2,803.8	1,201.7	8,898.3	(2,230.9)	-31.3%
59	*Post-Savings Surplus (Draw From CBRF)*	*(358.2)*	*-5%*	*of Revenue*		*382.6*	*7%*	*of Revenue*			
60	Permanent Fund Appropriations	0.0	0.0	2,466.0	2,466.0	0.0	0.0	2,183.0	2,183.0		
61	Permanent Fund Dividends	0.0	0.0	1,286.0	1,286.0	0.0	0.0	1,311.0	1,311.0		
62	Permanent Fund Inflation Proofing	0.0	0.0	1,180.0	1,180.0	0.0	0.0	872.0	872.0		
63	Other Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
64	**Total Authorization** (unduplicated)	7,123.6	2,561.5	3,836.7	13,521.8	4,892.8	2,803.8	3,384.7	11,081.3	(2,230.9)	-31.3%
65	**FISCAL YEAR SUMMARY**	7,123.6	2,561.5	1,370.7	11,055.8	4,892.8	2,803.8	1,201.7	8,898.3	(2,230.9)	-31.3%
66	Agency Operations	3,427.9	1,713.4	991.9	6,133.2	3,569.9	1,667.9	987.1	6,224.9	141.9	4.1%
67	Statewide Operations	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
68	**Total Operating**	5,273.4	1,754.0	1,093.9	8,121.3	4,572.5	1,699.9	954.4	7,226.8	(700.9)	-13.3%
69	**Capital**	669.0	807.4	276.8	1,753.2	555.1	1,103.9	247.2	1,906.3	(113.8)	-17.0%
70	**Savings**	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-119.9%

Notes: January 15, 2009

(1) The Fall 2008 revenue forecast for FY09 is 0.701 mmbd at $77.66 per barrel; the FY2010 forecast is 0.676 mmbd at $74.41/bbl.

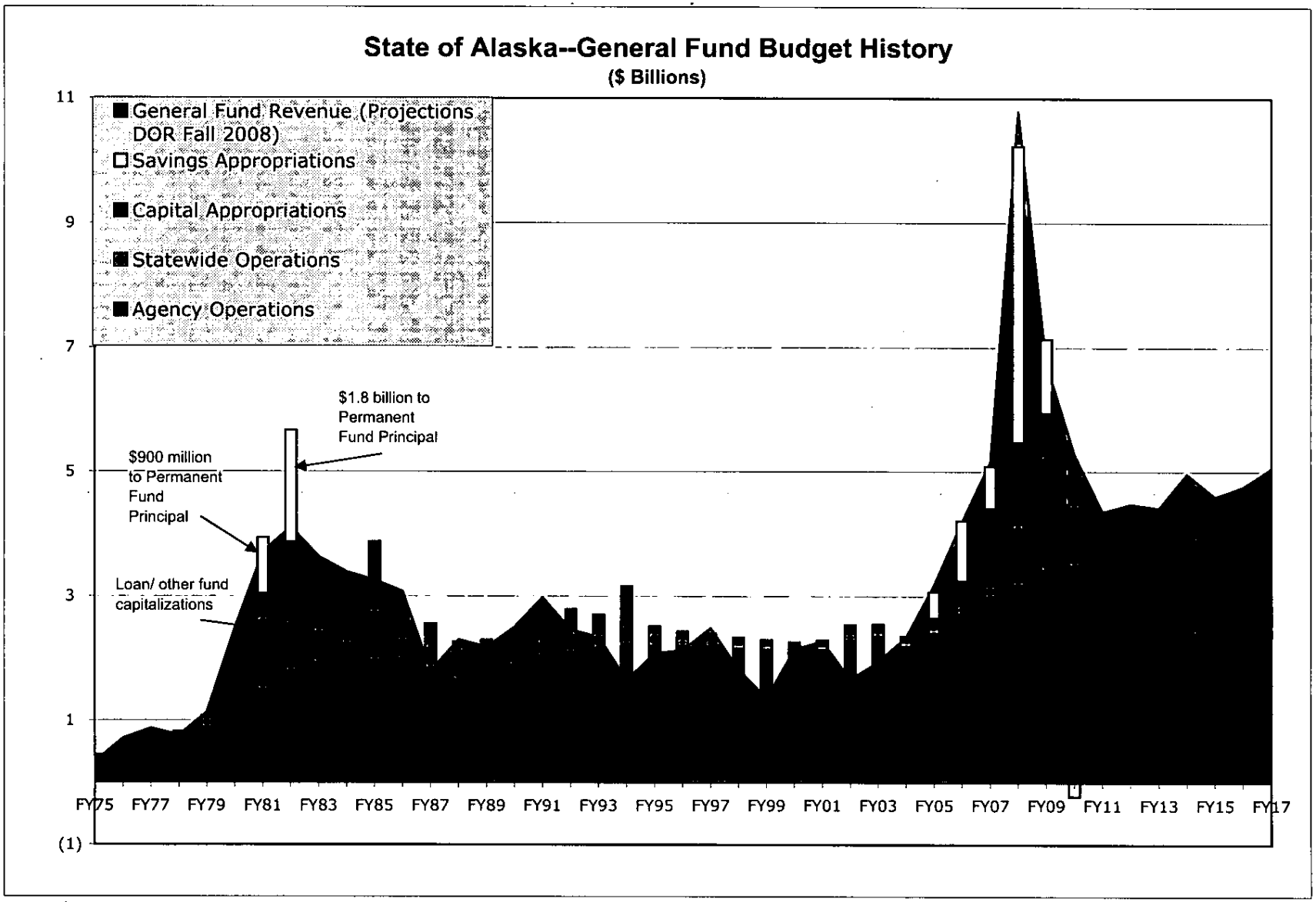
(2) Carryforward is money that was appropriated in a prior year that is made available for spending in FY09 via multiyear appropriations or reappropriations.

(3) Corporate dividends include funds made available to the State by the boards of AHFC, AIDEA, and ASLC. Dividends retained by AHFC for debt service on state capital project bonds are excluded from the stated amount. Net dividends for FY09 and FY2010, respec

(4) Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also includes the expenditure of bond proceeds when debt service on bonds

(5) The state is responsible for future debt service payments on airport revenue bonds and GO bonds. Bond proceeds are included on line 36 and 37 and are deducted on line 40.

4


State of Alaska--General Fund Budget History
($ Billions)
General Fund Revenue (Projections - DOR Fall 2008)
Savings Appropriations
Capital Appropriations
Statewide Operations
Agency Operations
$1.8 billion to Permanent Fund Principal
$900 million to Permanent Fund Principal
Loan/ other fund capitalizations
11
9
7
5
3
1
(1)
FY75 FY77 FY79 FY81 FY83 FY85 FY87 FY89 FY91 FY93 FY95 FY97 FY99 FY01 FY03 FY05 FY07 FY09 FY11 FY13 FY15 FY17

1/27/09 OVERVIEW: ALASKA MENTAL HEALTH TRUST AUTHORITY

<target><bill></bill><subject>1-27-09 OVERVIEW ALASKA MENTAL HEALTH TRUST AUTHORITY</subject><comm>HFIN26</comm></target>

The Alaska Mental Health Trust Authority

The Alaska Statewide Suicide Prevention Council is one of several boards/commissions that represent beneficiaries of the Alaska Mental Health Trust Authority (The Trust). Trust beneficiaries include people with mental illness, people with developmental disabilities, people with chronic alcoholism, and people with Alzheimer's disease and related disorders.

Prior to statehood, there were limited services available in the Territory of Alaska for individuals who experienced mental illness or developmental disabilities. Instead, these individuals were sent by the federal government to live in an institution in Oregon. During Alaska's transition to a state, Congress passed the Alaska Mental Health Enabling Act of 1956 to help bring these individuals home. This act transferred the responsibility for providing mental health services from the federal government to the Territory of Alaska and ultimately the State of Alaska, by creating the Alaska Mental Health Trust. To fund The Trust, the state selected one million prime acres of land that would be managed to generate income that would pay for a comprehensive integrated mental health program.

Though the state legislature held a fiduciary responsibility to mange the land on behalf of Alaskans with disabilities, it did not do so. Instead, by 1982, only about 35 percent of the land remained in state ownership. The majority of the land had been transferred to individuals or municipalities, or designated by the legislature as forests, parks or wildlife areas.

In 1982, Vern Weiss filed a lawsuit on behalf of his son, who required mental health services that were not available in Alaska. Other beneficiary groups joined *Weiss v State of Alaska* in a class action suit. The case was ruled on in 1984 by the State Supreme Court, which ordered that the original trust be restored. Ten years later, in 1994, a final settlement reconstructed The Trust with 500,000 acres of original Trust land, 500,000 acres of replacement land and $200 million.

The settlement established an independent Board of Trustees who are appointed by the governor and confirmed by the legislature for five-year, staggered terms. The Trustees are responsible for oversight of The Trust's investments and land and non-cash assets. The investments are managed by the Alaska Permanent Fund Corporation, and the land and non-cash assets are managed under a contract with the Trust Land Office, a separate unit within the Alaska Department of Natural Resources.

The Trust works with the Alaska Department of Health and Social Services to coordinate planning for a comprehensive mental health program, makes recommendations to fund the program and advocates for funding and policies that support the systems serving Trust beneficiaries.

For more information, call or check these websites:

Alaska Mental Health Trust Authority	907-269-7960 -- www.mhtrust.org
Advisory Board on Alcoholism and Drug Abuse	907-465-8920 or 888-464-8920 – www.hss.state.ak/abada
Alaska Commission on Aging	907-465-3250 --www.alaskaaging.org
Alaska Mental Health Board	907-465-8920 -- www.hss.state.ak/amhb
Governor's Council on Disabilities and Special Education	907-269-8990 -- www.hss.state.ak.us/gcdse
Statewide Suicide Prevention Council	907-451-2017 -- www.hss.state.ak/suicideprevention
Alaska Brain Injury Network	907-274-2824 – www.alaskabraininjury.net

Alaska Statewide Suicide Prevention Council

[Alaska Statute 44.29.300-390]

The Statewide Suicide Prevention Council is the state planning and coordinating agency for issues surrounding suicide and suicide prevention. The powers, duties and responsibilities of the Council are to act in the advisory capacity to the Governor and the legislature with respect to what actions can and should be taken to:

- ✓ Improve health and wellness throughout the state by reducing suicide and its effect on individuals, families, and communities;
- ✓ Broaden the public's awareness of suicide and the risk factors related to suicide;
- ✓ Enhance suicide prevention services and programs throughout the state;
- ✓ Develop healthy communities through comprehensive, collaborative, community-based approaches;
- ✓ Develop and implement a statewide suicide prevention plan; and
- ✓ Strengthen existing and build new partnerships between public and private entities that will advance suicide prevention efforts in the state.

Our beneficiaries are families, friends, and neighbors –

They are Alaskans in our schools, churches and workplaces. They deserve the quality of care and level of service that will allow them to live as independently as possible. Healthy people are Alaska's most important natural resource.

Services make a difference –

An individual who receives appropriate services can live a fuller, more dignified life. We have made great strides in understanding the challenges facing Trust beneficiaries and how to better help them. Adequate services allow beneficiaries to become more self-sufficient, improving the quality of life for them, their families and communities.

Investment produces dividends –

Wisely investing resources today in early intervention and prevention helps people build healthy lives and decreases the prospect of more costly services in the future. Individuals, families, communities, and the state reap the dividends.

What are some major challenges?

Funding for prevention and treatment has not kept pace with community need. Increasing reliance on Medicaid funds to be eligible for treatment excludes all but the very needy. Reaching out to families, returning veterans, older Alaskans, and others with moderate needs is critical to decreasing high costs, both financially and in addictions that take more effort to treat.

You KNOW us ...

The Public Health Burden of Brain Injury (prevalence)

5.3 million Brain Injuries

5 million persistent Mental Illness
4 million Alzheimer's
3 million Stroke
2 million Epilepsy
900,000 HIV/AIDS
500,000 Cerebral Palsy
400,000 Spinal Cord Injury

Brain injury prevalence is higher than most other disabilities.

Research shows outcomes after brain injury improve with quality TBI services at the right time.

The Financial Burden of Brain Injury

- Cost of care for a severe TBI survivor can range from $600,000 and $1,875,000.
- Direct medical costs and indirect costs of TBI such as lost productivity totaled an estimated $60 billion in the United States in 2000. *(Centers for Disease Control and Prevention)*
- Every dollar used for brain injury rehabilitation saves up to $35 in future medical costs. (Rhode Island Brain Injury Association)

Prevention is the <u>only</u> cure for Brain Injury

- The three leading causes of brain injury in Alaska are:
  1) falls 2) motor vehicles crashes and 3) assaults
  (ATV and Snowmachine accidents combined are a close fourth)
- One-third of all TBIs recorded in the Alaska Trauma Registry were alcohol related.
- The use of safety belts is the single most effective measure to prevent traumatic brain injuries.
- Using a helmet increases your chance of surviving a motorcycle crash by 37 percent. (*National Highway Traffic Safety Administration)*
- Bicycle helmets are 85-88 percent effective in mitigating head and brain injuries. Every dollar spent on a bike helmet saves $40 in direct medical costs and other costs to society. *(National Highway Traffic Safety Administration)*
- 14-20 percent of returning service members return from Iraq and Afghanistan with a TBI. Elmendorf Hospital recognizes the need for a Mild TBI clinic in Alaska. In the past year, 1400 soldiers have visited the local mild TBI clinic. *(KTUU News, 8/27/08)*

Traumatic Brain Injury is a beneficiary group in the Alaska Mental Health Trust Authority "You Know Me" Anti-Stigma and Treatment Works Campaign.

alaska brain injury network

Every 15 seconds someone sustains a traumatic brain injury (TBI) in the U.S.

Thirty years ago, only half of all people with brain injury survived; now 78% survive. This means that many individuals now live with significant disability requiring a full range of services.

Every year the Alaska Department of Health & Social Services reports about 800 traumatic brain injury (TBI) cases resulting in hospitalization or fatality. There is an estimated 3000 emergency department visits. The TBI rate in rural Alaska is one of the highest in the nation.

It is estimated that at least 10,000 Alaskans are living with brain injury today. This number accumulates each year. Brain Injury can be a life-long disability.

The goal for every brain injury survivor is the best possible recovery for a fulfilling and productive life. Achieving that goal requires full range of services close to home.

The Alaska Brain Injury Network, Inc. (ABIN) is a non-profit organization dedicated to Alaskans whose lives have been changed by brain injury.

ABIN's Board of Directors represent all regions of Alaska and the extended brain injury community – survivors, family members, service providers, health educators, researchers and those who write laws and policy.

ABIN works with Department of Health and Social Services, the Alaska Mental Health Trust Authority, and partner boards to advocate for policy changes, programs, and facilities to better serve Alaskans with disability due to brain injury.

ABIN connects survivors and family members with others. Please contact us to learn about brain injury programs in your region.

What you can do...

- **Support FY10 TBI Budget items:**

  "Care Coordination with specialty in brain injury"

  Department of Health and Social Services,
  Senior and Disability Services

  $50.0 (General Fund/Mental Health)
  Matching funds $150.0 MHTAAR
  Visit www.alaskabraininjury.net to learn more.

- **Be aware of the fiscal and social burden of brain injury to the state**
- **Recognize emerging populations i.e. military and the elderly.**
- **Join Alaska Brain Matters online forum to meet and learn from Alaskans who have been affected by TBI.**

10 Year TBI State Plan Priorities

Visit www.alaskabraininjury.net to read the full report

Brain Injury Waiver – Develop TBI Waiver and/or improve the current Medicaid waiver system to accommodate the services needed by brain injury survivors: neuropsychological assessment; cognitive and functional therapy; case management; counseling, home modifications; transportation; and respite care.

In-state rehab facility – many Alaskans are left in a hospital setting because there is no post-acute rehabilitation option in Alaska. Others are sent out of State. Research shows outcomes improve with quality and timely rehabilitation.

Implement full continuum of TBI Services: I & R, Care Coordination, Acute and Post-Acute Rehab, Educational and related supports, Vocational Training and Rehabilitation, Long-term Care and Community Supports.

Continue TBI System Development: Public Awareness, Prevention and Advocacy; Outreach and Identification; Training and Workforce Development; and Statewide Planning and Coordination.

alaska brain injury network
www.alaskabraininjury.net
3745 Community Park Loop, Ste 140
Anchorage, AK 99508
(907) 274-2824

Alaska Brain Injury Network, Inc. mission is to educate, plan, coordinate, and advocate for a comprehensive service delivery system for Alaskans with traumatic brain injury and their families.

assistance and ongoing support of multiple agency partners, the State Plan was intended to actively guide their work for the next four years, leveraged by the synergy of annual implementation meetings in which partners share ideas and report on their plan-related activities.

In 2006, the ACoA formed the Alaska Aging Advocacy Network (AAAN), a group of about 125 individuals (seniors and senior advocates) with an interest in joining the ACoA in advocating for legislation of particular interest to Alaska seniors. In 2007, the efforts of the AAAN assisted the Commission and other advocates in successfully obtaining a Senior Benefits program and several other bills benefiting seniors.

Each year, the Commission develops a list of advocacy priorities, which it posts on its website. One of the ACoA's top priority issues, a substantial operating budget increment for senior grant services (and an accompanying capital budget item for facility upgrades for senior grant providers), remains the focal point of the Commission's advocacy work in 2008.

Each year, the ACoA holds a series of senior legislative teleconferences during session, giving seniors at host sites across the state the opportunity to learn about and discuss a wide range of bills that may potentially impact them.

In 2007, the Commission and other partner agencies published a Report on the Economic Well-Being of Alaska Seniors, a long-awaited description of the economic status of older Alaskans and the variety of State programs available to them.

The ACoA engages in a variety of public awareness campaigns ranging from an Older Americans Month celebration each May featuring posters carrying messages about healthy aging, to participation in The Trust's "You KNOW Me..." campaign and the recent launching of the Healthy Body, Healthy Brain Campaign aimed at educating seniors and baby boomers about the links between healthy lifestyles (physical activity, healthy eating, socializing, and mental challenges) and a lower risk of developing ADRD.

The Commission's popular website is frequently updated with new features and news stories of interest to older Alaskans.

The Alaska Mental Health Trust Authority

The Alaska Commission on Aging is one of several boards/commissions that represent beneficiaries of the Alaska Mental Health Trust Authority (The Trust). Trust beneficiaries include people with mental illness, those with developmental disabilities, people with chronic alcoholism, and people with Alzheimer's disease and related disorders.

Prior to statehood, there were limited services available in the Territory of Alaska for individuals who experienced mental illness or developmental disabilities. Instead, these individuals were sent by the federal government to live in an institution in Oregon. During Alaska's transition to statehood, Congress passed the Alaska Mental Health Enabling Act of 1956 to help bring these individuals home. This act transferred the responsibility for providing mental health services from the federal government to the Territory of Alaska and ultimately the State of Alaska by creating the Alaska Mental Health Trust. To fund The Trust, the state selected one million prime acres of land that would be managed to generate income that would pay for a comprehensive integrated mental health program.

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In 1982, Vern Weiss filed a lawsuit on behalf of his son, who required mental health services that were not available in Alaska. Other beneficiary groups joined Weiss v. State of Alaska in a class action suit. The case was decided in 1984 by the Alaska Supreme Court, which ordered that the original trust be restored. Ten years later, in 1994, a final settlement reconstructed The Trust with 500,000 acres of original Trust land, 500,000 acres of replacement land, and $200 million.

The settlement established an independent Board of Trustees who are appointed by the governor and confirmed by the legislature for five-year, staggered terms. The Trustees are responsible for oversight of The Trust's investments and land and non-cash assets. The investments are managed by the Alaska Permanent Fund Corporation, and the land and non-cash assets are managed under a contract with the Trust Land Office, a separate unit within the Alaska Department of Natural Resources.

The Trust works with the Alaska Department of Health and Social Services to coordinate planning for a comprehensive mental health program, makes recommendations to fund the program, and advocates for funding and policies that support the systems serving Trust beneficiaries.

The Alaska Commission on Aging

Alaska's Seniors – a Resource and a Responsibility

907-465-3250 www.alaskaaging.org

Alaska's senior population is the second most rapidly growing senior population in the nation. We experienced more than a 100% increase in the 60 and older population from 1990 to 2006, with the number of older Alaskans now growing by over five percent per year. By 2030, seniors age 60 and older will comprise 17% of Alaska's population – the same proportion as Florida's age 65+ population today.

Older Alaskans provide enormous benefits to the state, their communities, and their families. Contributing over $1.5 billion a year to the Alaskan economy (from retirement income and health care payments), seniors comprise one of the state's most basic economic "industries" – and one with many positive features, such as stability; local spending, triggering the economic multiplier effect; support of a diverse job mix year-round; an environmentally benign profile; non-enclave character where spending is distributed throughout the state); and creation of economies of scale in the provision of goods and services, especially in health care.

In addition to their economic assets, older Alaskans also contribute to their communities through high levels of volunteering, and they frequently serve as unpaid caregivers for children, other seniors, and younger adults with disabilities. The leadership and historical knowledge elders provide to our state is priceless and irreplaceable.

As the number of older Alaskans increases, the network of services for seniors must be strengthened and its capacity significantly expanded. This includes the information and referral resources upon which seniors rely to find the programs and services they need. Most seniors do not use any services – but when the need arises, they wish to have those services available and accessible.

Alaska Commission on Aging

The Alaska Commission on Aging (ACoA), formerly known as the Older Alaskans Commission, has been in existence since 1982. Its mission is to ensure dignity and independence for Alaska's seniors and to assist them, through planning, advocacy, education, and inter-agency coordination, to lead useful and meaningful lives.

What are the major challenges?

Alaska's senior population is expected to more than double by 2030, and the number of those age 85+ (the age group most likely to be affected by Alzheimer's Disease and Related Disorders – ADRD) will more than triple. There are an estimated 5,000 older Alaskans with ADRD today. While 80% of care for individuals with ADRD is provided at home, it is essential for families to be able to rely on an effective support system comprised of government, non-profit agencies, churches, businesses, and volunteers.

According to a 2005 senior survey conducted by the ACoA, financial security was the top concern of older Alaskans, followed closely by accessible, affordable health care. The survey provided an early alert to the growing problem of access to primary care for seniors on Medicare, with more and more physicians declining to serve patients enrolled in this program (they cite very low reimbursement rates). Other important concerns identified by the survey included the need for appropriate housing, fears of inadequate funding of senior services, a growing demand for senior transportation, and a perception that government and political leaders in Alaska should be more responsive to senior issues.

State- and municipally-funded programs (for example, the Senior Benefits program, the senior municipal property tax exemption, and senior grant services) are an important part of the economic and supportive resources of many senior households. However, they by no means constitute an adequate safety net for seniors. Only about one in five older Alaskans receives Medicaid services. The remaining 80%, often of very modest income, can have great difficulty obtaining the supportive services they may need. Even those with the requisite low income are deemed ineligible for Medicaid waiver services if their primary diagnosis is ADRD. Available funds for senior grant services have increased only marginally over the past decade, while the number of seniors has grown by over five percent per year.

How has the Commission addressed these challenges?

The Alaska Commission on Aging has undertaken a number of activities related to planning, advocacy, public awareness, and inter-agency coordination to address these challenges.

The State Plan for Senior Services, FY 2008 – FY 2011, approved by the U.S. Administration on Aging in June 2007, provides a broad vision of the status and needs of Alaskan seniors and offers an extensive set of goals, objectives and strategies chosen to move this vision forward among the state's aging network and other relevant agencies. Developed with the

systems navigation. This promotes communication between people with disabilities and their policymakers.

- **Education:** Alaska students should have educational experiences that allow them to reach their goals, and achieve their hopes and dreams. We work to ensure students with disabilities succeed at a rate as closely as possible to that of the general population. We also work to ensure that youth graduating from high school are equipped with skills to successfully participate in adult life.

- **Transportation:** We believe everyone should be able to get where they want to go when they want to get there. Only a few Alaska communities have public transportation. In other communities, what transportation that is available is uncoordinated and unnecessarily expensive. We work to improve statewide availability and accessibility of adequate transportation.

- **Health Care**: Everyone should have the opportunity to be healthy and benefit from the full range of needed health care services. As more people receive services, more attention needs to be given to assuring their health and safety. We work to promote the recruiting and retaining of high quality staff; exterminating wait lists; and giving more attention to people with complex needs, as well as those in remote areas of the state.

- **Housing**: We believe Alaskans who experience disabilities should be able to secure accessible, affordable and integrated housing in their communities. We work to increase the availability of accessible housing options for people with disabilities.

- **Self-Determination**: People should have control, choice, and flexibility in the services and supports they receive. We strive to ensure every individual is a valued, participating member of their community by helping them learn how to gain more control over their own supports and services. In this way, they learn and practice skills that enhance their abilities for self-determination.

- **Employment**: It is our goal that every Alaska is able to get and keep employment consistent with his or her interests, abilities, and needs. We work to develop strategies to significantly increase career opportunities for people with disabilities.

The Governor's Council on Disabilities and Special Education is one of several boards/commissions that the Alaska Mental Health Trust Authority (The Trust) represents.

For more information, call or check these websites:

Governor's Council on Disabilities and Special Education
(907) 269-8990 – http://health.hss.state.ak.us/gcdse/

Alaska Mental Health Trust Authority
907-269-7960 -- www.mhtrust.org

Governor's Council on Disabilities and Special Education

Creating Change That Improves the Lives of People with Disabilities
And Students Receiving Special Education Services

The more than 87,000 children and adults in Alaska with developmental disabilities are as varied as any group of people. They go to school or work; have families and friends; nurture hopes and dreams; fulfill expectations and potential. These individuals and their families, like all of us, want to determine their own lifestyles and be valued, participating members of their communities.

Alaska is a better place than it used to be for people with developmental disabilities. We have more accessible, affordable housing, and better transportation and family support systems. But we also have long waiting lists for available services. And in many communities, services aren't available at all.

Large gaps exist between adults with developmental disabilities and other adults in employment, education, income and other important standards of living. Many public buildings still aren't accessible. Lack of affordable health care is also a major barrier to independent living.

For students with disabilities, getting an appropriate education is challenging. Education issues rank second in the number of complaints with the Disability Law Center. Successful transitions throughout the educational process are inconsistent statewide. Very few Alaskans with developmental disabilities receive any post-secondary education, which limits their employment options and opportunities for career advancement.

Rather than creating separate boards to comply with the requirements of the Developmental Disabilities Assistance and Bill of Rights Act and the Individuals with Disabilities Education Act, the Alaska Legislature established the Governor's Council on Disabilities and Special Education. The Council serves as the:

- State Council on Developmental Disabilities
- Special Education Advisory Panel
- Interagency Coordinating Council on Infants and Toddlers with Disabilities
- Beneficiary Board of the Alaska Mental Health Trust Authority
- Governing Board of the Special Education Service Agency (SESA)

The Council is a 28-member Governor-appointed body made up of people with disabilities, parents, and representatives of principal state agencies and private providers. We use planning, evaluation, capacity building, and advocacy to create change. We analyze trends and study population characteristics. To influence attitudes we conduct public awareness campaigns. We strive to coordinate services through interagency working groups. We develop coalitions to bring about change through legislation and regulation. We also provide information to assist individuals and families to access services and advocate to policymakers on their own behalf.

Our Major Areas of Focus

- **Community Participation**: We seek to make certain people with disabilities have access to fully participate in all aspects of their community by increasing their knowledge regarding consumer rights and responsibilities, self-determination, self-advocacy and

Advisory Board on Alcoholism and Drug Abuse

abada amhb

Alaska Mental Health Board

Alaska Mental Health Board

Prevention & Treatment work! Recovery happens!

http://www.hss.state.ak.us/amhb
Toll free **(888) 464-8920**
In Juneau (907) **465-8920**

The Alaska Mental Health Board (AMHB) is statutorily charged with assisting in planning and offering oversight and evaluation of Alaska's behavioral health system. AMHB also provides advocacy for Alaskans affected by mental illness. Our vision is for all Alaskans to live healthy, productive lives.

Advocacy priorities

AMHB supports:

- Promoting evidence-based recovery models and treatment services for people with mental illness – including children, veterans and the elderly – in both rural and urban communities and in detention facilities;
- Treating children with emotional disorders at home in their own communities;
- Innovative housing for people with mental illness;
- Defining behavioral health needs of aging Alaska citizens;
- Reducing the stigma associated with mental illness.
- Promoting workforce development for both providers in the behavioral health field and beneficiaries in all fields.

AMHB supports evidence-based services such as tele-psychiatry and on-call emergency service teams to support rural community service needs. Making acute care services available in rural areas promotes quality treatment as close to home as possible while also reducing the costs associated with transporting people in crisis to Anchorage.

Too many Alaskans with serious mental illnesses end up in a corrections facility. The AMHB advocates for effective community-based programs available to serve individuals with serious mental illnesses so that they are less likely to offend, or to re-offend when released into the community.

With the Alaska Mental Health Trust Authority (Trust) and others, we continue to support the need for community-based care for children who experience severe emotional disorders. The Bring the Kids Home initiative has dramatically reduced the number of children in out-of-state treatment — we support maintaining the services to keep our children in Alaska.

We continue to support developing innovative housing for individuals experiencing mental illness, including consumer-run programs.

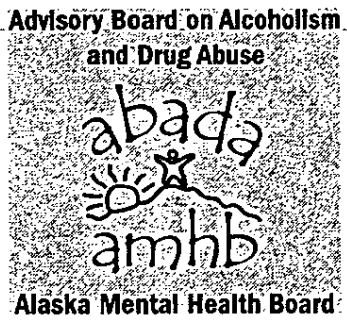
Alaska's senior population is growing rapidly. AMHB is working closely with the Alaska Commission on Aging and other partners to better define the behavioral health needs and resources for this group. Alaska and other states are finding that depression and substance abuse within the senior population are very serious problems that require specialized services.

Some facts about mental health in Alaska

The Division of Juvenile Justice reported that in a one-day count, 40% of the youth in their custody or care have a mental health diagnosis.

According to a one-day snapshot study conducted for the Department of Corrections in 2007, 42% of those in the corrections system experience a mental health disorder. "Among those identified, findings indicate that Trust beneficiaries spend more time in custody than other inmates, are more likely to recidivate post-release, and more than ¼ do not get reconnected with community-based mental health service providers upon release," the study said.

Alaska has the highest percentage of veterans in the nation (17% of all adults). The Veterans Administration reports that one in three veterans returning from Afghanistan and Iraq face behavioral health problems. Post traumatic stress disorders (PTSD), depression, substance abuse and traumatic brain injuries are very real problems for Alaska's veterans. The only four VA Centers are located on the road system, making it difficult for veterans in rural areas to access care. Alaskan veterans with severe mental health problems are sent to the Lower 48 for treatment.



Advisory Board on Alcoholism and Drug Abuse

Prevention & Treatment work! Recovery happens!

http://www.hss.state.ak.us/abada
Toll free **(888) 464-8920**
In Juneau (907) **465-8920**

The Advisory Board on Alcoholism and Drug Abuse (ABADA) is a statutorily authorized Governor's advisory board charged with assisting in planning and offering oversight of Alaska's behavioral health system. Through our mandate, we work to support a comprehensive, effective and accountable behavioral health system of prevention and treatment of substance abuse for Alaskans. Our members' vision is of all Alaskans living healthy, productive lives. The shared plan to achieve that vision is on our web site at www.hss.state.ak.us/abada.

Advocacy priorities

ABADA supports:

- a comprehensive and effective behavioral health service system;
- effective evidence-based prevention programs that target young people and families to help reduce the tendency and/or predisposition to becoming an alcoholic or addict;
- effective evidence-based treatment programs that work in the community and in detention facilities to guide alcoholics and addicts in changing their thinking and subsequently their behavior as it relates to addiction;
- reducing stigma about substance abuse disorder.

The American Medical Association has determined that addiction is a disease, like diabetes or heart disease. And, like other diseases, recovery from addiction is possible. ABADA supports programs that help individuals with addiction disorders realize their potential in recovery.

Evidence shows that incarcerated individuals with addiction disorders are less likely to reoffend if they receive treatment services while in prison and during the transition back into their communities. Evidence-based treatment programs are proven to decrease recidivism when an individual is treated closer to his/her family and community. ABADA supports partnering with the Alaska Department of Corrections to implement programs for supportive housing, employment and social/emotional skill development during the transition after incarceration.

The social and economic costs of substance abuse are shared by all Alaskans. Public safety, health care and public assistance are all impacted by substance abuse. However, funding for prevention and treatment of behavioral health programs that treat substance abuse has not kept pace with community need.

Some facts about substance abuse in Alaska

In 2003, the total cost of substance dependence in was estimated to be $738 million.*

- $367 million from productivity losses
- $154 million from criminal justice and protective services
- $178 million from health care
- $35 millions from traffic crashes
- $4 million from public assistance

Approximately 17,400 offenses and 1,190 incarcerations were attributed to alcohol and other drug abuse in Alaska's prisons. It is estimated that alcohol and other drug abuse plays a role in 85% to 95% of all incarcerations in the state.*

Alcohol and other drug abuse is a primary contributor to child abuse in Alaska. A 1999 study found that parents were three times more likely to abuse their children and four times more likely to neglect their children if the parents were substance abusers.*

About half of all U.S. fatal traffic crashes are caused by alcohol use. In Alaska in 2002, 32% of the 78 deaths from traffic crashes were attributed to alcohol.*

* *Economic Costs of Alcohol and Other Drug Abuse in Alaska, 2005 – McDowell Group, Inc.*

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Background/Facts about Trust Advisors

The Trust works closely with several advisory boards that represent Trust beneficiaries:

- **Advisory Board on Alcoholism and Drug Abuse**
  - Call 907-465-8920 in Juneau or 888-464-8920 (toll free
  - http://www.hss.state.ak.us/abada
- **Alaska Mental Health Board**
  - Call 907-465-8920 in Juneau or 888-464-8920 (toll free)
  - http://hss.state.ak.us/amhb
- **Governor's Council on Disabilities and Special Education**
  - Call 907-268-8990 in Anchorage or 888-269-8990 (toll free)
  - http://health.hss.state.ak.us/gcdse
- **Alaska Commission on Aging**
  - Call 907-465-3250 in Juneau
  - http://www.alaska.aging.org
- **Alaska Brain Injury Network**
  - Call 907-274-2824 in Anchorage or 888-574-2824 (toll free)
  - http://www.alaskabraininjury.net
- **Statewide Suicide Prevention Council**
  - Call 907-465-8536 or 877-383-2287 (toll free)
  - http://www.hss.state/ak.us/suicideprevetion

Details about each of these advisory groups are attached.

Alaska Scorecard

Key Issues Impacting Alaska Mental Health Trust Beneficiaries

The Trust — The Alaska Mental Health Trust Authority

▲ Satisfactory ⇔ Uncertain ▼ Needs Improvement

	Key Population Indicators for Alaska	*Alaska Data*	*U.S. Data*	*2012 AK Target*	*Status*
	Health				
	Suicide				
1	Suicide rate per 100,000	19.6	10.9	18	▼
2	Non-fatal suicide attempts (rate per 100,000)	104.9	54.5	95	▼
	Substance Abuse				
3	Alcohol-induced deaths per 100,000	20.7	7	17	▼
4	Adults who engage in heavy drinking	6.4%	5.2%	5.2%	▼
5	Adults who engage in binge drinking	19.2%	15.7%	18%	▼
6	Illicit drug users (age 12 and older)	11.1%	8.3%	10%	▼
	Mental Health				
7	Days of poor mental health in past month (adults)	3.2	3.2	3	⇔
8	Teens who experienced depression during past year	26.9%	28.5%	22.5%	▼
	Access				
9	Population without health insurance	17.4%	15.5%	14.6%	⇔
	Safety				
	Protection				
10	Children abused and neglected (rate per 1,000)	14.3	12.3	12.3	▼
11	Injuries to elders due to falls — rate per 100,000	1,369	1,176	1,176	⇔
12	Rate of non-fatal traumatic brain injury per 100,000	87.3	not avail.	82	▲
	Justice				
13	Percent of incarcerated adults with mental illness or mental disabilities	42%	38.7%	40%	▼
14	Criminal recidivism rates for incarcerated adults with mental illness or mental disabilities	36.2%	not avail.	34%	⇔
15	Percent of arrests involving alcohol or substance abuse (State Troopers)	58.4%	not avail.	not avail.	▼
	Living with Dignity				
	Accessible, Affordable Housing				
16	Rate of chronic homelessness per 100,000	91.8 *(2008)*	41.1 *(2007)*	63.5	▼
	Educational Goals				
17	High school graduation rate	63%	not avail.	not avail.	▼
18	Percent of youth who received special education who are employed and/or enrolled in post-secondary education one year after leaving school	68.4%	not avail.	71.4%	⇔
	Economic Security				
19	Percent of minimum wage income needed for average 2-bedroom housing	85%	not avail.	30%	▼
20	Average annual unemployment rate	7%	5.7%	not avail.	⇔
21	Percent of SSI recipients with blindness or disabilities who are working	7.1%	5.7%	8%	▲

Prevalence Estimates: Alaska Mental Health Trust Beneficiaries		
Trust Beneficiary Population	*Number (and population rate)*	
Mental Illness: Alaskan Adults with Serious Mental Illness	21,754	(4.6%)
Mental Illness: Alaskan Children with Serious Emotional Disturbance	12,725	(6%)
Alaskans with Alzheimer's Disease and Related Disorders	5,100	(.8%)
Alaskans with Traumatic Brain Injury	11,900	(1.8%)
Alaskans with developmental disabilities	12,185	(1.8%)
Alaskan adults dependent on alcohol	17,000	(3.6%)

Alaska Scorecard, December 2008 | www.hss.state.ak.us/dph/healthplanning/scorecard/

Health: Suicide

1. Suicide rate per 100,000. Alaska rate is almost twice the national rate. (2005)[1]

2. Non-fatal suicide attempts per 100,000. Rate of non-fatal attempts requiring hospitalization for at least 24 hours. AK ranks no. 2 in the U.S. (2006)[2]

Health: Substance Abuse

3. Alcohol-induced deaths per 100,000. Includes fatalities from alcoholic psychoses, alcohol dependence syndrome, non-dependent abuse of alcohol, alcohol-induced chronic liver disease and cirrhosis, and alcohol poisoning. (2006)[1]

4. Adults who engage in heavy drinking. Percent of adults who reported heavy drinking in past 30 days (2 or more drinks daily for men and 1 or more daily for women). AK ranks no. 8 in the U.S. (2007)[3]

5. Adults who engage in binge drinking. Percent who reported drinking 5 or more drinks on one occasion in past 30 days. AK ranks no. 6 in the U.S. (2007)[3]

6. Illicit drug users. % population age 12 and older who report using illicit drugs, including marijuana/hashish, cocaine (including crack), heroin, hallucinogens, inhalants, or prescription-type psychotherapeutics used non-medically. Alaska ranks no. 2 in the U.S. (2006)[4]

Health: Mental Health

7. Days of poor mental health in past month (adults). Mean number of reports of poor mental health. (2007)[3]

8. Teens who experienced depression during past year. Percent of high school students who felt so sad or hopeless almost every day for two weeks or more in a row that they stopped doing some usual activities during past 12 months. (2007)[5]

Health: Access

9. Population without health insurance. Percent of Alaskans without health insurance for entire year. (2007)[6]

Safety: Protection

10. Children abused and neglected. Rate of child abuse and neglect per 1,000 children ages 0-17. AK rate is number 6 in U.S. (2006).[7]

11. Injuries to elders due to falls — rate per 100,000. Non-fatal injuries, ages 65+, hospitalized 24 hours or more. (2005)[2]

12. Rate of non-fatal traumatic brain injury per 100,000. Hospitalized 24 hours or more. (2005)[2]

Safety: Justice

13. Percent of incarcerated adults with mental illness or mental disabilities. (2006)[8]

14. Statewide criminal recidivism rates for incarcerated adults with mental illness or mental disabilities. Rate of re-entry into ADOC for a new crime occurring within one year of initial date of discharge. (2006)[8]

15. Percent of arrests involving alcohol or substance abuse. Arrest offenses with Division of AK State Troopers or Wildlife Troopers that were flagged as being related to alcohol and/or drugs. This data does not include municipalities. (2007)[9]

Living with Dignity: Housing

16. Rate of chronic homelessness per 100,000 population. AHFC Point-in-Time Survey. (2007)[10]

Living with Dignity: Education

17. High school graduation rate. Percent graduating public schools with a regular diploma. (2007)[11]

18. Percent of youth who received special education who are employed and/or enrolled in post-secondary education one year after leaving school. (2007)[12]

Economic Security

19. Percent of minimum wage income needed for average 2-bedroom housing in Alaska. "Affordable" housing defined as 30% of one's income. (2007)[13]

20. Average annual unemployment rate. Rate represents the number unemployed as a percent of the labor force. (2007)[14]

21. Percent of SSI recipients with blindness or disabilities who are working. (2007)[15]

Data Sources

1. DHSS Division of Public Health, Bureau of Vital Statistics and CDC National Vital Statistics Reports

2. DHSS Div. of Public Health, Alaska Trauma Registry and US Centers for Disease Control, WISQARS

3. AK DHSS Div. of Public Health, Behavioral Risk Factor Surveillance Survey (BRFSS) and U.S. CDC

4. SAMHSA, Office of Applied Studies, National Survey on Drug Use and Health

5. AK DHSS Div. of Public Health, Youth Risk Behavior Survey (YRBS)

6. US Census Bureau, Current Population Reports, P60 Series, Consumer Income

7. AK DHSS Office of Children's Services, 253 and 257 reports from the ORCA Online Report Manager

8. Hornby Zeller Associates, Inc. (December, 2007). A Study of Trust Beneficiaries in the Alaska Department of Corrections.

9. Alaska Public Safety Information Network (APSIN) case data for AK Dept of Public Safety Division of AK State Troopers and Wildlife Troopers (personal communication 11/5/08)

10. Alaska Housing Finance Corporation

11. Alaska Department of Education and Early Development

12. Alaska Department of Education and Early Development, Special Education

13. National Low Income Housing Coalition "Out of Reach" reports

14. Alaska Dept. of Labor and Workforce Development; U.S. Dept. of Labor, Labor Force Statistics from the Current Population Survey

15. Social Security Administration Annual Statistical Reports

Population Rates: AK Dept. of Labor & Workforce Development Population Estimates

Prevalence Data — Sources

Mental Illness (SMI and SED). WICHE Mental Health Program and Holzer, Charles (January 15, 2008). 2006 Behavioral Health Prevalence Estimates in Alaska: Serious Behavioral Health Disorders in Households

Alzheimer's Disease. Alaska Commission on Aging (2008)

Traumatic Brain Injury. Univ. of AK Center for Human Development (2003). The Alaska Traumatic Brain Injury (TBI) Planning Grant Needs and Resources Assessment, June 2001 – January, 2003 and AK Brain Injury Network director

Developmental Disabilities. Gollay, E. (1981). Summary Report on the Implications of Modifying the Definition of a Developmental Disability. U.S. Department of Health, Education and Welfare; and GCDSE

Alcohol dependence. U.S. DHHS, SAMHSA, State Estimates of Substance Use from the 2005-2006 National Surveys on Drug Use & Health

Alaska Scorecard

Key Issues Impacting Alaska Mental Health Trust Beneficiaries

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Key to Scorecard Status Symbols

	AK vs. US % variation		Trend		Definition	Status
If	Less than 15%	and	Getting better	then	Satisfactory	▲
If	Less than 15%	and	Getting worse or flat	then	Uncertain	⇔
If	Greater than 15% to the positive	and	Getting better or flat	then	Satisfactory	▲
If	Greater than 15% to the positive	and	Getting worse	then	Uncertain	⇔
If	Greater than 15% to the negative	and	Getting better	then	Uncertain	⇔
If	Greater than 15% to the negative	and	Getting worse or flat	then	Needs Improvement	▼
If	An unacceptably large rate to the negative	then	Trend becomes irrelevant	then	Needs Improvement	▼

Charts showing trend data can be found in the Drilldown Information by Key Population Indicator.

Scorecard indicator #8 on teen depression is labeled with a "down" arrow because even though a clear trend cannot be determined, the Comprehensive Integrated Mental Health Program Executive Committee finds it unacceptable that more than 20 percent of Alaska teens experience depression.

House Finance Committee FY 2010 Budget

Alaska Mental Health Trust Authority

January 27, 2009

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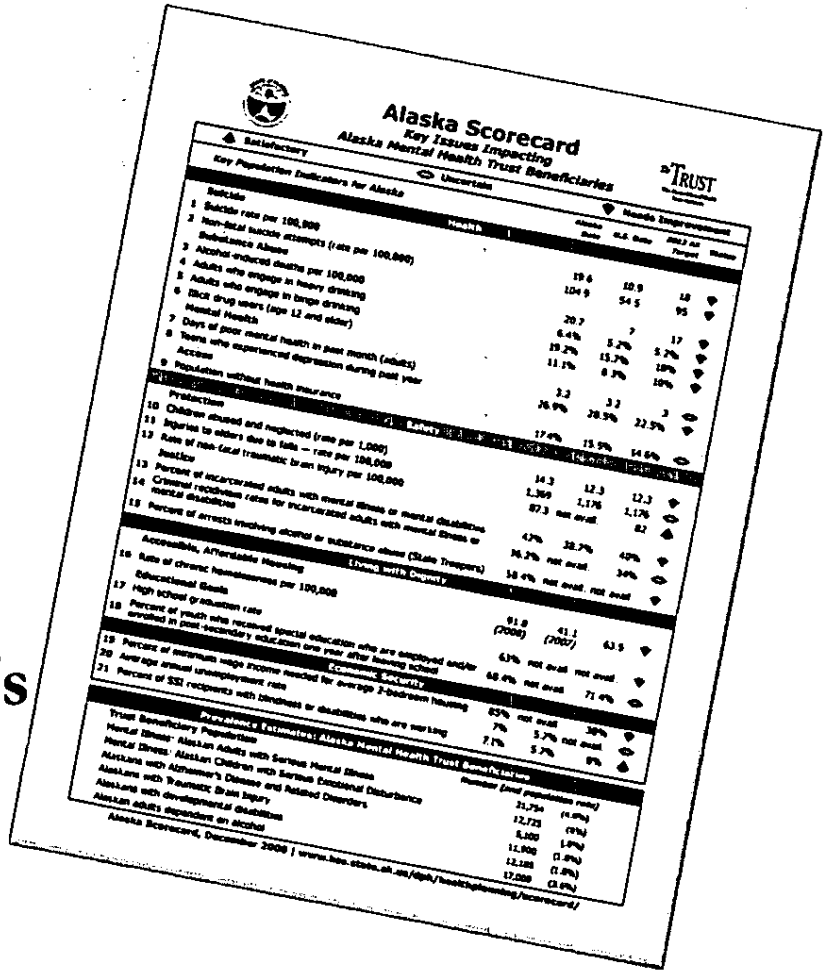
Trust Beneficiaries

- People with mental illness
- People with developmental disabilities
- People with chronic alcoholism
- People with Alzheimer's disease and other dementia



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Trust Advisors

- Alaska Mental Health Board
- Advisory Board on Alcoholism & Drug Abuse
- Governor's Council on Disabilities & Special Education
- Alaska Commission on Aging
- Commissioners of Health and Social Services, Natural Resources, Revenue and Corrections
- Alaska Brain Injury Network
- Statewide Suicide Prevention Council

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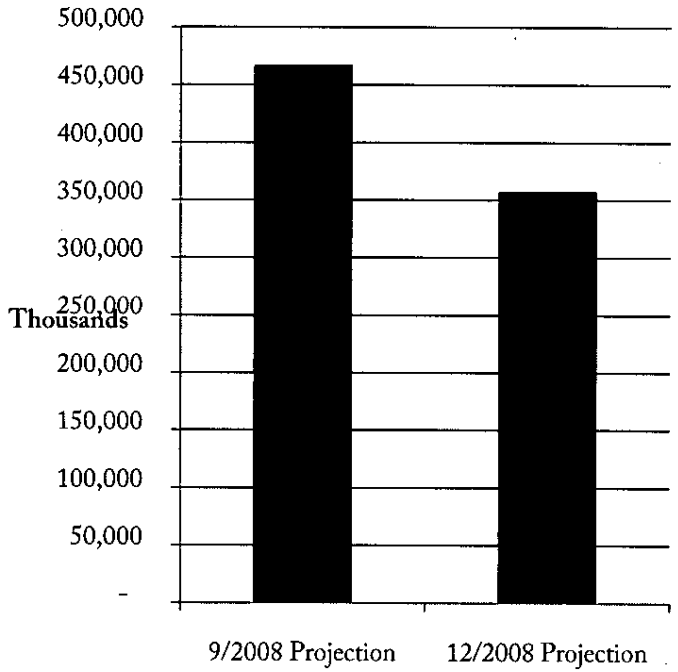
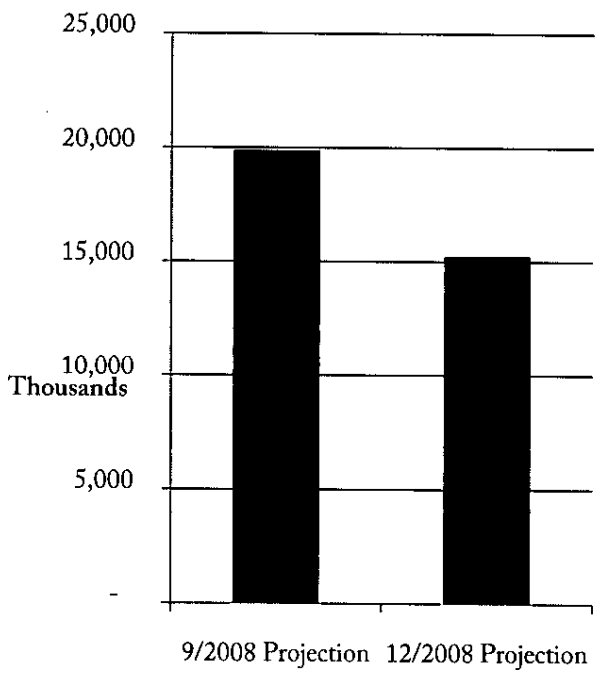
FY2010 Budget Projections

Changes in Financial Projects between September 2008 and January 2009

Endowment



Projected Payout



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Trust Funding FY2010

Distributable Income	
Trust Fund Payout 4.25%	$15,205,253
Prior Year Lapse	$ 4,049,000
Land Office Income	$ 1,800,000
Interest	$ 800,000
Total Trust Projected	$21,854,253

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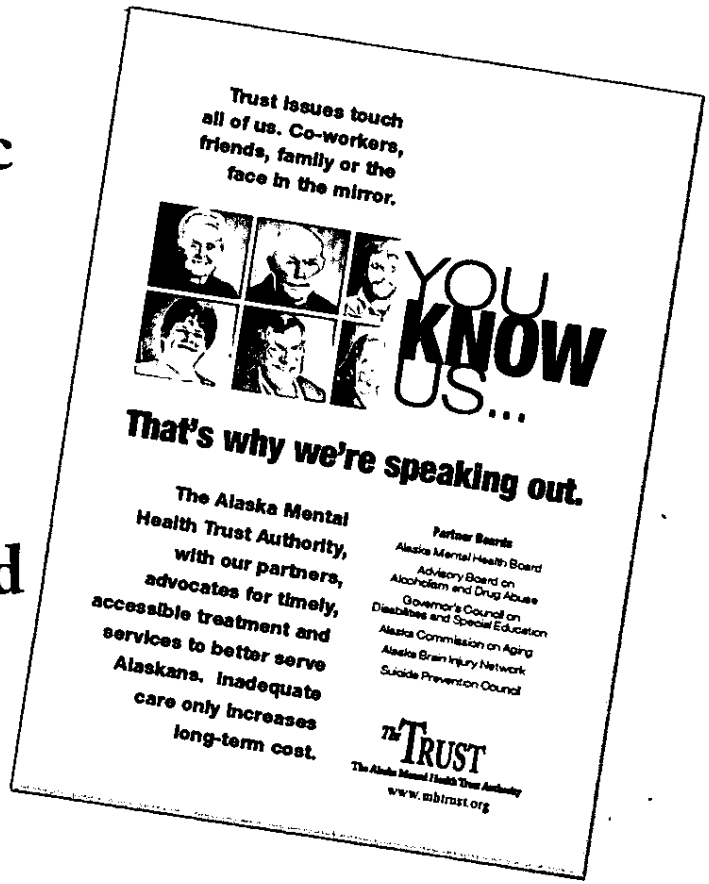
Joint FY2010 Legislative Priorities

- Reauthorize adult dental Medicaid services
- Establish regular and periodic schedule of rate reviews for home and community-based services
- Fund 10-year plan to reduce homelessness
- Fund community-coordinated transportation systems



Priorities shared by The Trust and its advisors: Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse, Governor's Council on Disabilities and Special Education, Alaska Commission on Aging

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Formula for Success

- **Identify a problem or community need**
- **Collaborate with governmental agencies, advisory groups, non profits, service providers, philanthropic organizations and private sector**
- **Develop strategic, sharply focused solutions**
- **Make lasting system improvements for Trust beneficiaries**

committed partners + strategic thinking = results for Trust beneficiaries

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Five Focus Areas

- **Bring the Kids Home**
- **Affordable, Appropriate Housing**
- **Disability Justice**
- **Workforce Development**
- **Beneficiary Projects Initiative**

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Bring the Kids Home

- **Problem or community need**
  - FY06: a total of 743 Alaskan children with severe emotional disturbances received service in out-of-state residential psychiatric treatment centers
    - separated from families, communities
    - length of stay varies from several months to multiple years
  - FY06: $40 million for out-of-state Medicaid care
- **Committed partners**
  - DHSS, Denali Commission, Trust partner boards, Alaska Native health providers, other service providers, parents, advocacy groups, AHFC
- **Strategic thinking**
  - Each child treated at appropriate level of care as close to home as possible
    - Build appropriate treatment facilities in Alaska
    - Increase capacity/core competence for outpatient services
    - Provide family supports
    - Involve parents and youth in the solutions

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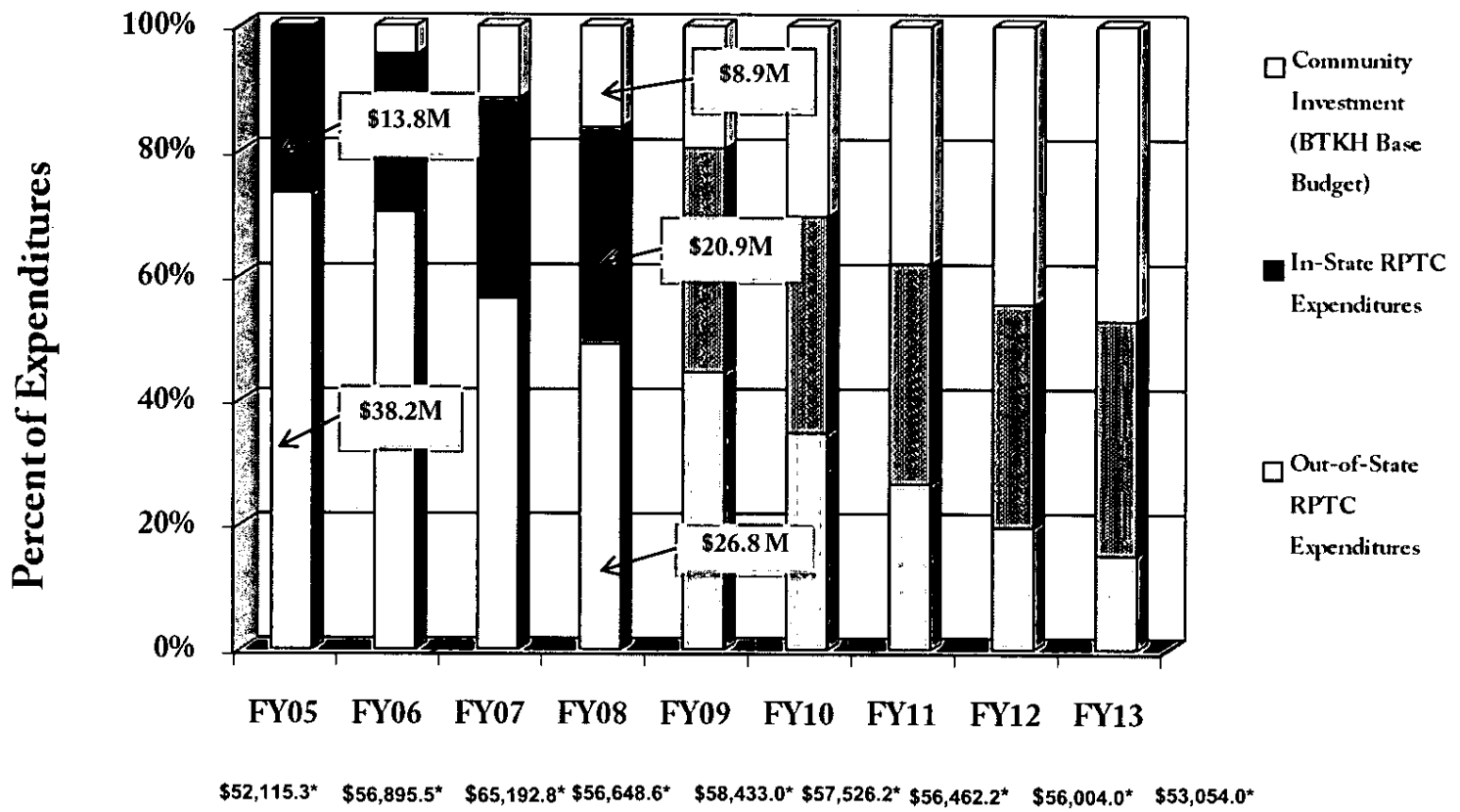
Projected BTKH Reinvestment

FY05-FY08 = Actual Expenditures *FY09 – FY13 = Projected Expenditures*



$52,115.3* $56,895.5* $65,192.8* $56,648.6* $58,433.0* $57,526.2* $56,462.2* $56,004.0* $53,054.0*

** Total per year cost in thousands of dollars*

Data for FY05-07 are from Behavioral Health based on paid claims for Medicaid data. Expenditure data for FY08 are from Finance Management Services and includes all claims incurred and paid in FY08 and claims incurred in FY08 and paid in the first quarter of FY09.

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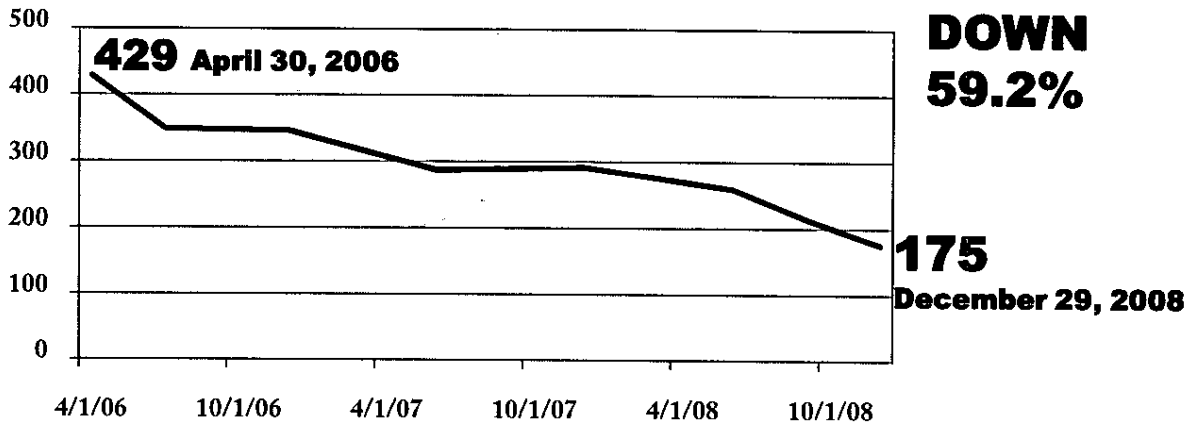
Results for Beneficiaries

Youth Out-of-State Census



- Census of youth in out-of-state residential psychiatric treatment facilities DROPPED 59.2% from 429 on 4/30/06 to 175 on 12/29/08
- IN STATE services continue to increase. During FY08:
  - 300+ youth received INDIVIDUALIZED SERVICES
  - 500+ youth received services via new COMMUNITY behavioral health capacity
  - 150+ RESIDENTIAL BEDS were added

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Ahead in FY2010

Transition into BTKH Base Budget:	MHTAAR	GF/MH	Total
• Individualized services		$ 800.0	$ 800.0
• Behavioral Health Technical Assistance	$ 100.0	$ 225.0	$ 325.0
Build capacity within BTKH Base Funding:			
• Community BH capacity development	$ 250.0	$ 2,000.0	$ 2,250.0
• Crisis Bed Stabilization	$ 150.0		$ 150.0
• Tribal/rural system development	$ 400.0	$ 400.0	$ 800.0
• Transitional-aged youth	$ 200.0	$ 300.0	$ 500.0
• Early childhood mental health	$ 255.0	$ 200.0	$ 455.0
• School based services	$ 300.0		$ 300.0
• Foster parent/parent services	$ 75.0		$ 75.0
• Strong family voice	$ 25.0	$ 25.0	$ 50.0
BTKH Capital Funding:			
• Matching for Denali Commission funds		$ 2,316.8	$ 2,316.8

Funding in thousands of dollars

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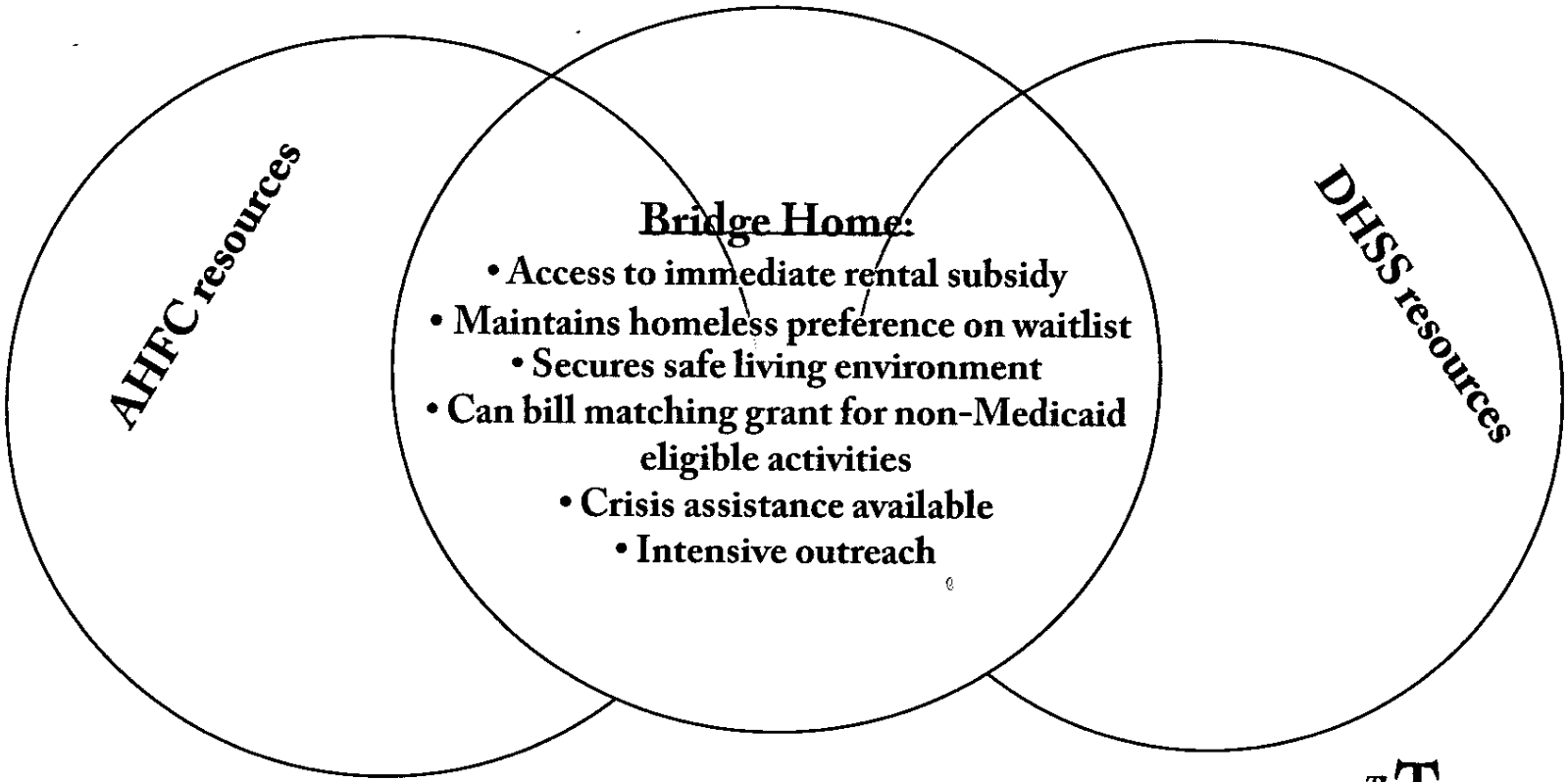
Affordable, Appropriate Housing

- **Problem or community need**
  - **3,500 Alaskans homeless on any given night**
    - **1,600 are in families with children**
    - **4,000 + and growing are number of people on rental assistance waitlist**
    - **Wait time on the list can be 2 years or longer**
  - **Lack of housing disproportionately affects Trust beneficiaries**
    - **challenges associated with disabling conditions**
    - **lack of opportunities for economic advancement**
    - **need for supportive living situations**
    - **physical accommodations required to meet special needs**
    - **need assistance locating and maintaining independent apartment units**

Bridge Home Pilot Project

Program replicates housing trust programs Outside by combining resources



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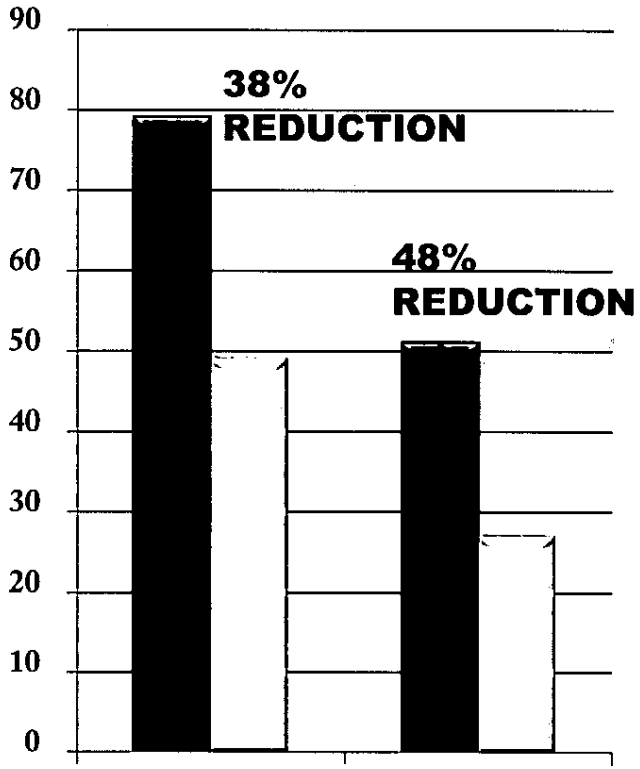
Bridge Home Results

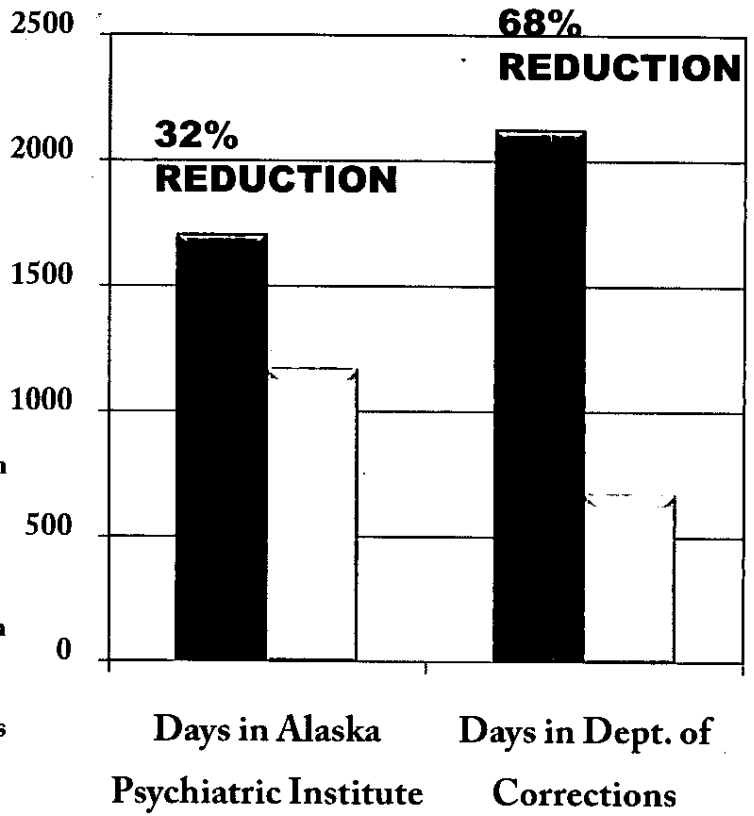
Reductions in institutionalization and incarceration



Prior to Program

During Program

•N = 47 participants



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A Proven Model

- Each $1 spent leverages $7 in other funds
- 600 housing trusts operating in more than 30 states using these components
- Investment in permanent, affordable housing
- Include supportive services and skills training
  - case management
  - access to treatment
  - crisis intervention
  - financial literacy
  - home maintenance/upkeep
  - tenant education and responsibilities
  - job counseling and building work routines
  - transportation
  - money management
  - nutrition
  - life-skills training

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Results for Beneficiaries

- Reduces public funding for other services
  - public safety
  - courts
  - jails
- Promotes strong families and community stability
- Children more successful in school
- Seniors and persons with disabilities can live independently with dignity
- Encourages partnerships between Alaska's social service and business sectors
- Helps keep Alaska's housing construction industry strong

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Ahead in FY2010

- **Policy - Governor's Council on the Homeless**
  - interagency collaboration
  - creating and overseeing 10-year homeless plan and budget recommendations
  - adapting programs to replicate successful homeless programs
- **Budget - $10 million in Governor's capital budget to begin implementing 10-year plan**
  - The Trust, AHFC, GF/MH and other sources
  - National Housing Trust funds possible in FY2010
- **Projects - Working on implementation of more responsive projects**
  - AHFC grants in FY08 and FY09 Special Needs Grant rounds
  - Trust/DHSS Bridge Home pilot project
  - Trust/Rasmuson Foundation pilot projects - $2 million
  - Office of Public Advocacy intensive needs housing project

Disability Justice

- **Problem or community need**
  - at least 42% of those incarcerated in DOC are Trust beneficiaries
  - incarcerated beneficiaries
    - have more difficulty adjusting to incarceration
    - are more likely to be victimized by other prisoners
    - spend a disproportionate amount of time in custody
  - hundreds of beneficiaries incarcerated for "safety" because services not available
- **Committed partners**
  - Alaska Court System
  - Dept. of Law
  - Dept. of Public Safety
  - Local governments
  - Dept. of Health & Social Services
  - Community treatment providers
  - Dept. of Corrections
  - Public Defender Agency
  - University of Alaska
  - Local law enforcement

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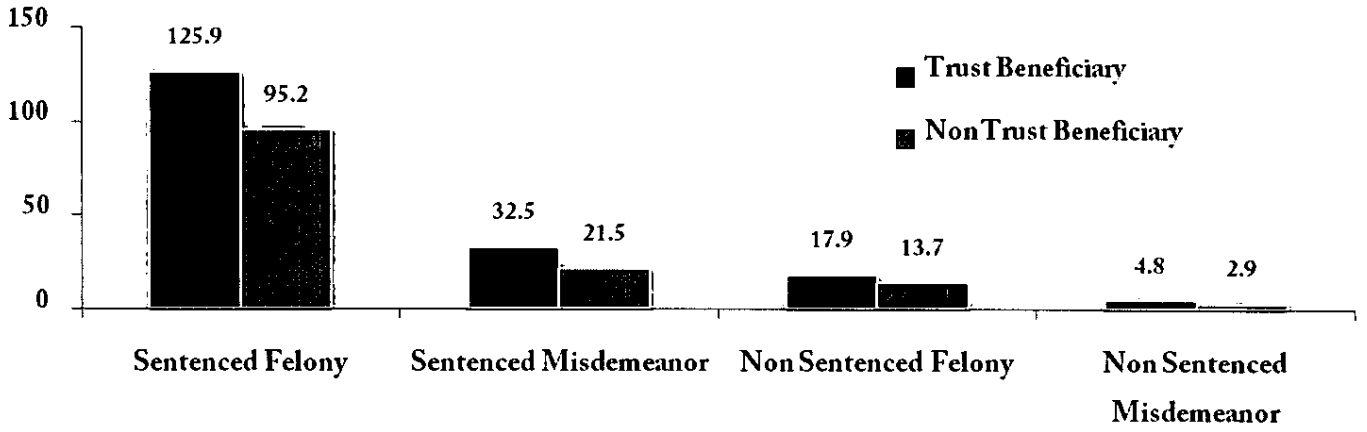
Incarcerated Beneficiaries

Distribution of Beneficiaries in DOC Custody

	FY2003	FY2004	FY2005	FY2006
Total Incarcerations	36,457	39,067	39,260	37,165
Trust Beneficiary Incarcerations	14,996	16,570	16,309	15,175
Trust Beneficiary Percent	41.0%	42.4%	41.5%	40.8%

Comparison of Number of Days in Correctional Facilities



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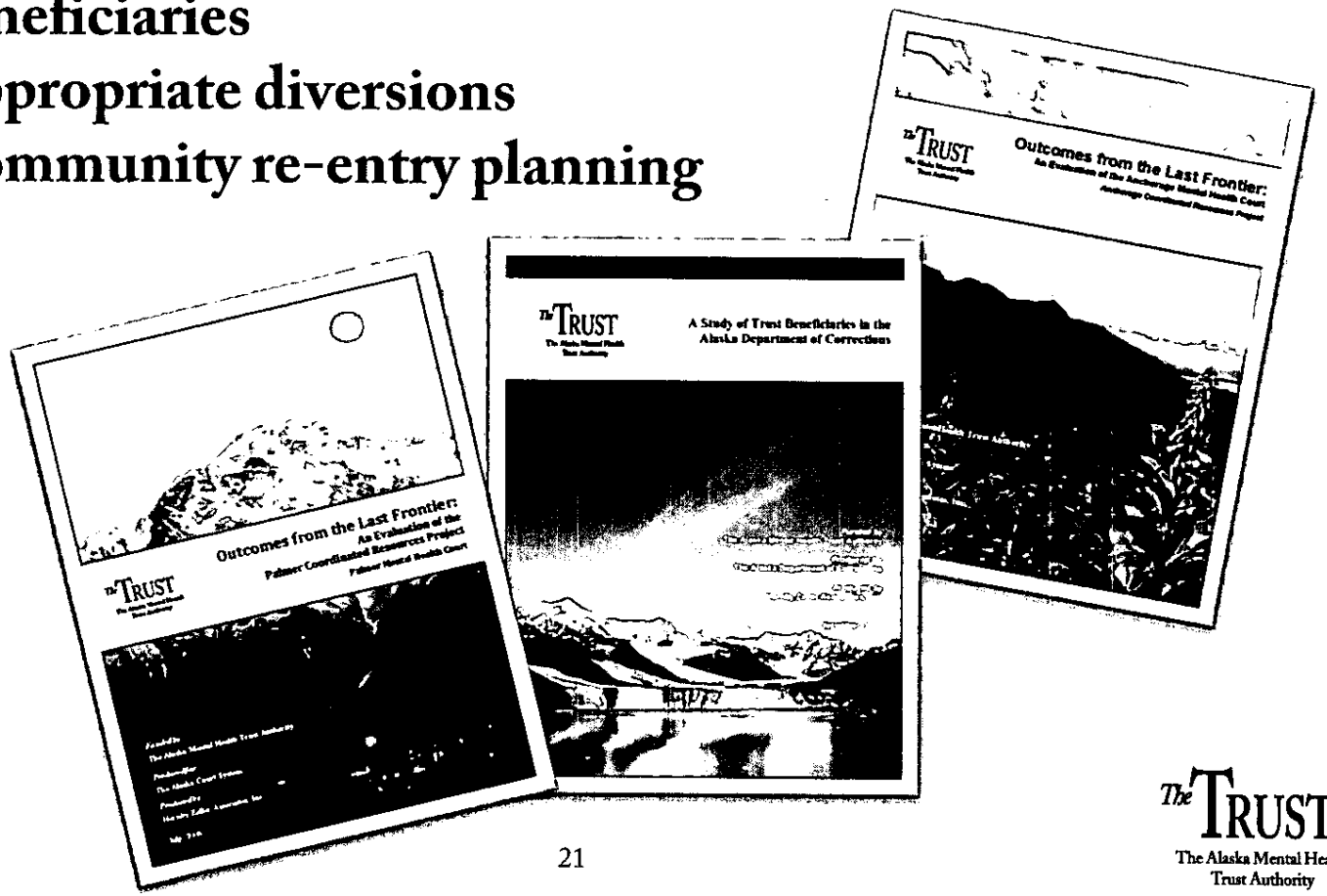
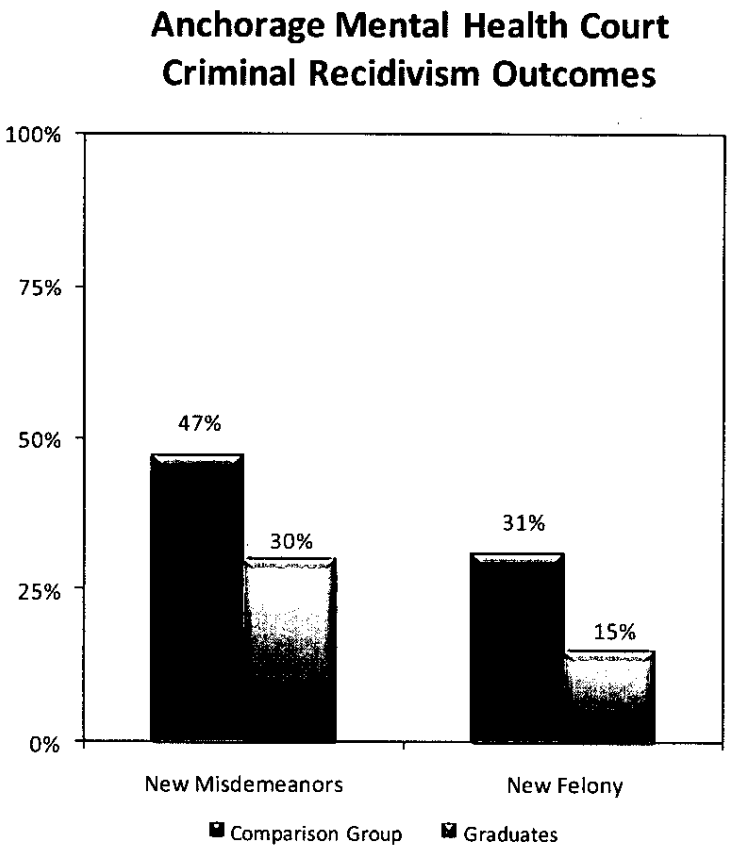
Strategic Thinking

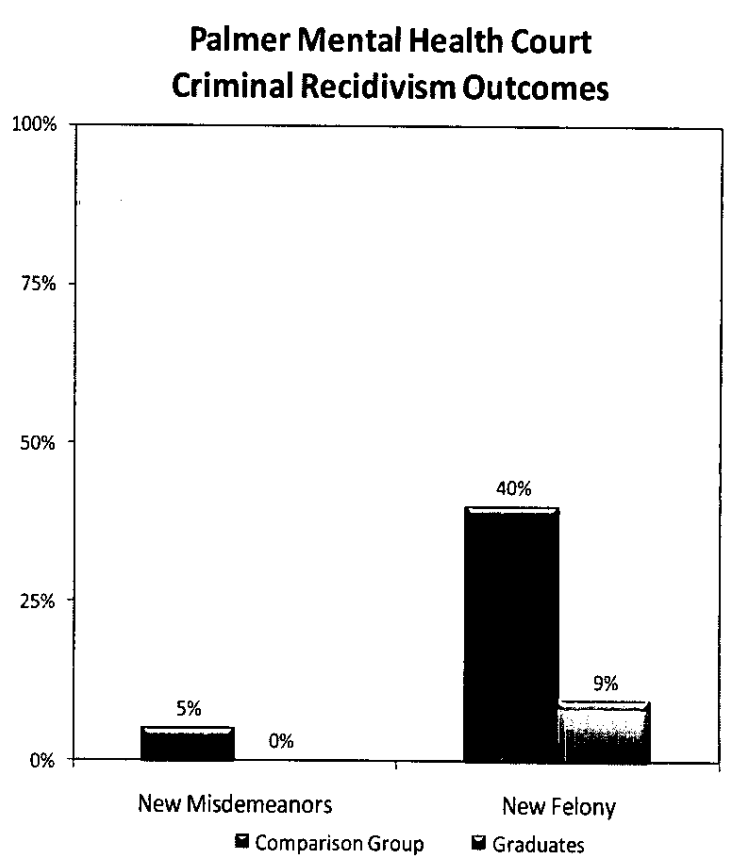
- Access to comprehensive community mental health and substance abuse treatment
- Early screening and assessment to identify beneficiaries
- Appropriate diversions
- Community re-entry planning



The Trust
The Alaska Mental Health Trust Authority

Improving Outcomes for Trust Beneficiaries Involved with the Criminal Justice System





The Trust
The Alaska Mental Health Trust Authority

Ahead in FY2010

	MHTAAR	GF/MH	Other	Total
Sustain & Expand Therapeutic Models & Practices				
• Fairbanks Juvenile Mental Health Court	$255.9			$255.9
• Mental Health Court Expansion in Targeted Community	$204.4			$204.4
• Anchorage Mental Health Court		$ 99.4		$ 99.4
• Treatment Funding for Therapeutic Court participants		$500.0		$500.0
• Adult Guardianship/Mediation Project		$147.7		$147.7
Transitional Planning for Beneficiaries Involved with Criminal Justice System				
• APIC Discharge Planning Model	$210.0			$210.0
• Increased Mental Health Clinician Capacity	$164.0	$164.0		$328.0
• Mental Health Services			$444.8	$444.8
• Substance Abuse Treatment			$500.0	$500.0
• Increased Mental Health Clinician Capacity for Juveniles	$189.2			$189.2
• Develop Alternatives to Incarcerations for Title 47 Substance Abuse Protective Custody Holds	$500.0			$500.0

Funding in thousands of dollars

The Trust
The Alaska Mental Health Trust Authority

Workforce Development

- Problem or community need
  - shortage of health care workers in Alaska at a near-crisis level
  - health services industry fastest growing sector of Alaska's economy, more than 7% of workforce
  - burgeoning demand for increased health services for the state's steadily growing and aging population, some are Trust beneficiaries
  - need to increase pool of qualified employees in Alaska who serve Trust beneficiaries and keep adequately trained
- Committed partnerships
  - more than 20 partners
    - service providers, Dept. of Health and Social Services, Dept. Labor and Workforce Development, non-profit and faith-based organizations, University of Alaska system
- Strategic thinking
  - key focus areas
    - recruitment,
    - retention
    - training

Results for Beneficiaries

- 990 professionals/providers across Alaska received training and education on behavioral health related topics through the Trust Training Cooperative
- 1,194 providers trained by the Geriatric Education and Training Center on issues regarding Alzheimer's and related disorders
- 1,550 people received behavioral health training through the University of Alaska, a 13% increase in enrollment in beneficiary related degree programs
- 958 professionals across the state received training through the Training and Technical Assistance for Providers program, increasing the number of professionals trained to respond to cases of disability related abuses

The TRUST
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Ahead in FY2010

- Support student loan repayment strategies for health professionals
- Support increments for University of Alaska health programs
- Researching a psychiatric residency program in Alaska
- Finalizing plans for a PhD psychologist internship program in Alaska

Trust Beneficiary Projects Initiative

- **Community need:**
  - consumers active in defining and delivering recovery support
  - beneficiaries/families desire consumer-driven services yet need expertise and training
  - peer services, benefit of lower cost, prevention
- **Partners:**
  - 27 beneficiary grantees since 2006
  - Alaska Peer Support Consortium
  - Division of Behavioral Health, Rasmuson Foundation, Division of Vocational Rehabilitation, UAA-Center for Human Development
  - Partner Boards - Advisory Board on Alcohol and Drug Abuse, Alaska Mental Health Board, Governors Council on Disabilities and Special Education
- **Strategic thinking:**
  - Provide funding and technical assistance for beneficiary group projects
    - safe, sustainable and effective
  - Mini grants to improve beneficiaries' quality of life
  - Small projects grants for small, beneficiary-directed projects
    - $250,000 annually

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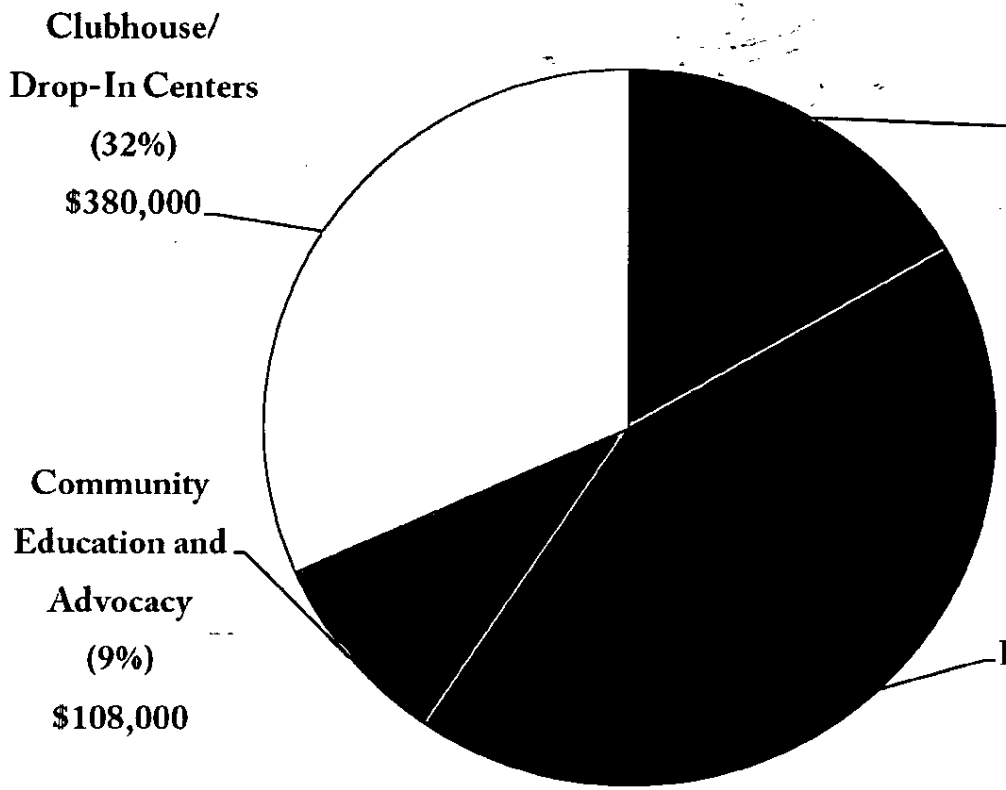
FY08 Beneficiary Projects Grants



27 grantees serving
- people with mental illness
- people with developmental disabilities
- people with chronic alcoholism

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Results for Beneficiaries

- 27 beneficiary grantees since 2006
- Promotes recovery and stability
- Provides sense of empowerment
- Wide range of beneficiary-run programs
  - peer-support services
  - clubhouses
  - drop-in centers
  - community outreach
  - illness self-management
- In communities from Fairbanks to Sitka

Thank You

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The TRUST
The Alaska Mental Health Trust Authority

2007 Annual Report

Creating a formula for Success

The Trust

The Alaska Mental Health Trust Authority

THE ALASKA MENTAL HEALTH TRUST AUTHORITY

Board of Trustees

Dr. William Doolittle, Chair

Laraine Derr

Paula Easley

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Roy Huhndorf

Margaret Lowe

John Malone

FY07 Year in Review

As we assess the many things we accomplished at the Alaska Mental Health Trust (The Trust) during fiscal year 2007, there is clear evidence that we have continued to improve and refine our efforts because we are reaping more targeted results for Trust beneficiaries than ever. We attribute this success to the many collaborative relationships we are engaged in and the strategic thinking that evolves from these relationships. We have found this formula to be very successful and it will continue to guide us through the coming year. Thus, the theme for this annual report is "*committed partners + strategic thinking = results for Trust beneficiaries.*"

At the center of our success are our relationships with hundreds of committed partners, including local, state and federal agencies, our advisory groups, non-profits, service providers, philanthropic organizations and private sector leaders. Working with these partners has reinforced the old adage that "two heads are smarter than one," because together we have developed strategic, well-thought-out programs that are helping make a difference in the lives of Trust beneficiaries.

Like any organization, we work to learn from the past so that we are continuously improving and innovating. Over the years we have discovered that we are most successful when we focus our efforts like a laser beam on a few critical issues rather than scattering our funding across diverse program areas. From this knowledge evolved the concept of "focus areas," in which we concentrate funding and other resources on a few specific issues in an effort to substantially improve services and delivery systems across the state, and ultimately improve the lives of Trust beneficiaries. Currently The Trust is working on five focus areas that address issues with significant impact on Trust beneficiaries:

1. Bring the Kids Home – bringing home to Alaska children who are being treated in out-of-state psychiatric institutions and increasing treatment services statewide;
2. Affordable Appropriate Housing – increasing the availability of a continuum of housing options for Trust beneficiaries;
3. Justice for Persons with Disabilities – reducing the involvement and recidivism of Trust beneficiaries in the criminal justice system;
4. Trust Beneficiary Projects Initiative – supporting grassroots, consumer-driven programs and small, one-time projects that improve the lives of beneficiaries; and
5. Workforce Development – creating an available and competent workforce for Trust beneficiary service providers.

In each focus area we have partnered with agencies and organizations that can bring the most influence to the table or that are essential in helping us navigate through the current landscape of services and support available for beneficiaries. In many instances we have directly engaged beneficiaries or their family members – after all, who can better speak about these issues – to get guidance and feedback. From all these discussions we have fashioned specific performance measures that help us gauge how we are doing and whether we are turning the curve when it comes to improving the lives of beneficiaries. This annual report will address each of these focus areas and describe how we are making a difference.

All of this effort takes funding, of course, and fortunately The Trust had a highly successful financial year in FY07. Investments with the Alaska Permanent Fund increased approximately 14 percent over the previous year. As a result approximately $26 million was available to support programs of direct benefit to Trust beneficiaries in FY07. We expect to fund at a similar level in FY08 and in FY09. The full details of our financial performance are included later in this report.

The Trustees take their fiduciary responsibilities at The Trust very seriously. Trustees are also conscious of the need to develop Trust policies and programs that adequately and appropriately reflect the needs of beneficiaries, especially as state and federal funding tightens and philanthropic support is spread more thinly. We are committed to a prudent investment plan that will result in sustained growth over time and stability for the work of The Trust. At the beginning of FY08, The Trustees hired Harry Noah as the new executive director for the Trust Land Office and he has been tasked with seeking new ways to take advantage of the investment opportunities created by our land and non-cash assets.

We urge you to read through this annual report to see the progress we made in FY07 using our formula for success, and what lies ahead for FY08 as we continue to collaborate with our partners for the betterment of our beneficiaries.

William Doolittle, M.D.
Chair

Jeffrey L. Jessee
Chief Executive Officer

Bring the Kids Home Focus Area

The **Bring the Kids Home Focus Area** is a model example of how committed partners, strategic thinking and measurable outcomes provide results for Trust beneficiaries.

THE PROBLEM OR COMMUNITY NEED:

The events that led to formation of the Bring the Kids Home Focus Area began building in the late 1990s when the number of Alaska children being sent at state expense for treatment in out-of-state psychiatric institutions began rising dramatically. The situation was devastating to the children and their families, and it was expensive for the state.

By 2005, the state was paying almost $40 million for out-of-state care for more than 700 Alaskan children with severe emotional disturbances. That same year the Department of Health and Social Services and The Trust partnered to bring home the kids who were being treated in out-of-state psychiatric institutions. We also began building a continuum of services from in-home supports to foster and group homes, which are needed in order to curtail the practice in the future. By improving the treatment delivery system, we hope to improve the lives of these youth and their families, and control the state's cost for children's mental health care.

COMMITTED PARTNERSHIPS:

The Bring the Kids Home Focus Area is one of the most complicated efforts The Trust has undertaken because it involves so many players, including representatives from the Department of Health and Social Services, the Denali Commission, behavioral health providers, Trust partner boards, a parent advocacy group, individual parents, Alaska Housing Finance Corporation and The Trust. Plus, this initiative requires service system redesign, capital infrastructure development and workforce development, each of which can involve complex and protracted solutions.

STRATEGIC THINKING:

The initial planning and funding efforts focused on the following:

- ensuring that each child is treated at the appropriate level of care as close to home as possible,
- building appropriate treatment facilities in state,
- increasing the capacity and core competencies of in-state providers so they can provide services that meet the needs of kids with severe emotional disturbances,
- ensuring youth and their parents are supported as they navigate the system of care, and
- involving parents and youth in the entire process so they are part of the solution.

From the outset, the partners in the initiative agreed that this process would be data-driven and success would be gauged by significant changes in areas directly impacting the children, namely treatment location, length of stay, recidivism, functional improvements, and service satisfaction. In addition, we began tracking increases in service capacity and shifts in funding from out of state to more in state. Our goal is to achieve significant improvements in all these areas by fiscal year 2012.

RESULTS FOR BENEFICIARIES:

After two years of intense work, our data-driven effort is showing signs of impacting the problem and changing service delivery for this group of children. Some key indicators are:

- The number of youth admitted to out-of-state residential treatment facilities has dropped 39.3 percent, from 489 when this focus area launched in FY05 to 297 at the close of FY07.
- With the infusion of capital funding from the State and The Trust's partners, service capacity – the number of beds available in state – has increased from 668 in FY05 when the initiative launched to 804 in FY07. Another 349 beds are expected to be added by the close of FY09, bringing total capacity to 1,153 for a 72.6 percent increase over FY05.

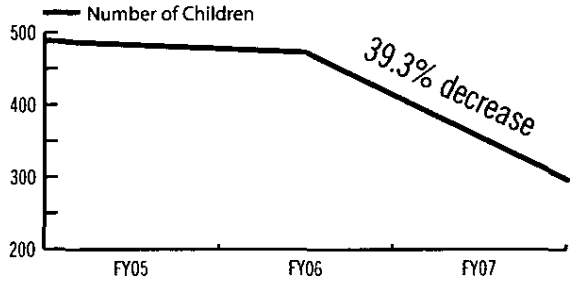
In order to bring the kids home, Alaska needed to increase the number of in-state services.

Construction began in late FY07 to increase capacity at the ARCH residential treatment facility in Eagle River.

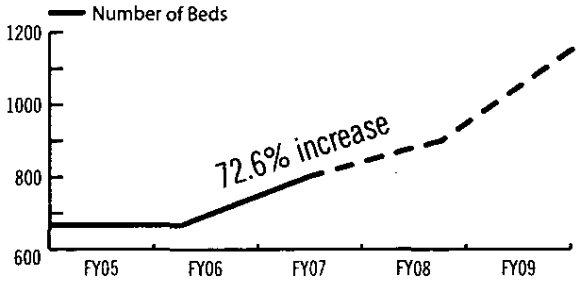
The ARCH is increasing its beds from 16 to 24 for children experiencing severe emotional disturbances.

New residential treatment facilities and group homes are also underway or operating in Fairbanks, Juneau, Mat-Su Valley and Dillingham.

CHILDREN IN OUT-OF-STATE RESIDENTIAL TREATMENT FACILITIES



RESIDENTIAL TREATMENT CAPACITY IN ALASKA



AHEAD FOR '08:

Our initial efforts in FY06 and FY07 focused heavily on increasing in-state residential treatment capacity in order to bring home the kids who were being treated in out-of-state psychiatric facilities. In FY07 we began to shift our focus to early intervention programs. These are primarily home and community-based programs involving families, schools and day care centers. This effort will receive greater attention in FY08 and FY09 in an attempt to help children experiencing severe emotional disturbances get assistance early in their lives. Our goal is to prevent these kids from advancing to residential treatment.

Capacity building remains an issue, however, and several capital projects are on the horizon in FY08 that will help increase capacity and improve the state's service delivery system. For example, in early FY08 bids were being accepted to build a 44-bed facility in Eklutna, which is expected to be complete sometime in FY09. Plus, construction began in late FY07, expanding the ARCH residential treatment facility in Eagle River from 16 to 24 beds. This project is expected to be complete by late FY08.

While great strides were made in FY07 and are ahead for FY08, creating a sensible and sustainable program that keeps Alaska's children home and controls out-of-state spending will take years of continuous effort.

Affordable Appropriate Housing Focus Area

The goal of The Trust's Affordable Appropriate Housing Focus Area is to increase the availability of a continuum of housing options that are best suited to Trust beneficiary needs, and that will improve or sustain their quality of life.

THE PROBLEM OR COMMUNITY NEED:

Statistics from around the state are conclusive: many Alaskans of all ages do not have a place to truly call home. What is most disturbing to The Trust is that the statewide housing shortage disproportionately affects Trust beneficiaries. Having safe, decent, affordable, accessible and appropriate housing is often the key for beneficiaries in maintaining a healthy lifestyle.

The high incidence of homelessness among Trust beneficiaries can be linked to challenges associated with disabling conditions, lack of opportunities for economic advancement, the need for supportive living situations, or accommodations required to meet special needs. Increasingly, the cost of providing these supportive services, such as treatment, crisis intervention, job counseling or life-skills training, is too expensive for mainstream landlords and challenging even for skilled social service providers.

RurAL CAP celebrated 10 years of offering supportive housing to Alaskans.

Housing advocates across the state support the Alaska Housing Trust.

Kenai Peninsula Housing Initiatives completed Crestview, supported housing in Soldotna.

Valley Residential Services operates several supported housing units in Mat-Su.

COMMITTED PARTNERS:

A steering committee was formed in 2006 to examine possible ways to increase the number of affordable housing units in Alaska and how to maintain them securely over time. Among the models examined was creation of a housing trust. The committee included representatives from the governor's office, The Trust, Alaska Housing Finance Corporation, Alaska Department of Health and Social Services, several regional tribal housing authorities, U.S. Department of Housing and Urban Development, U.S. Department of Agriculture Rural Development, Wells Fargo Bank, Rasmuson Foundation, social service providers, and homebuilders.

STRATEGIC THINKING:

Based on the success of housing trusts in more than 30 states, The Trust and its partners agreed to create the Alaska Housing Trust. A housing trust is a pot of non-federal funds devoted to housing activities for individuals and families with greater housing needs. It allows flexibility in spending and the opportunity to be innovative and entrepreneurial in solving housing problems.

By creating a housing trust, Alaska can increase the number of affordable units available for rent and help maintain them securely over time. Funding from a housing trust can serve as the glue to meld federal resources and social service funding, and can subsidize areas of supported housing projects that are not covered by traditional funding streams. With assistance from a housing trust, these units are more affordable and secure for tenants because additional support services and subsidies are built into the overall project costs. These service-enriched units are also attractive to developers and landlords because they create mechanisms for tenants to afford their rents, become reliable, long-term residents, and receive assistance with skills training and crisis management.

RESULTS FOR TRUST BENEFICIARIES:

In tandem with our efforts to create a housing trust, this focus area also funded several programs in FY07 that provide or promote stable housing for Trust beneficiaries. For instance, The Trust, the Denali Commission, the Rasmuson Foundation and The Foraker Group partnered to create a predevelopment program that offers technical assistance to housing and social service agencies interested in expanding or retaining their existing portfolio of special needs housing units. The Trust also collaborated with the Division of Behavioral Health's Supported Housing Office in developing a supported housing business plan for small housing developers that takes into account the cost of providing support to Trust beneficiaries. Additionally, in FY07, The Trust helped fund rental subsidies at Bridge Home, a transitional living facility which provided stable housing to about 40 individuals who had been cycling through hospital emergency rooms and psychiatric facilities.

During the 2007 legislative session, Gov. Sarah Palin issued an Administrative Order maintaining and expanding the Alaska Council on the Homeless, which was formed in 2004 to address homelessness in Alaska. The governor also included directions to develop a framework for the housing trust and legislation that will enact it. This legislation has been drafted and is ready for release once the Council, AHFC, the Alaska Housing Trust steering committee and the state administration determine the best mechanism to move the legislation ahead.

In recognition that the Alaska Housing Trust is moving forward, The Trust allocated $1 million in FY07 to support the housing trust and the Rasmuson Foundation granted a matching $1 million. In addition, the Alaska Housing Trust Coalition formed in FY07 in support of the Alaska Housing Trust and has nearly 70 members, including representatives from United Way organizations across the state, the Municipality of Anchorage, social service providers, private housing developers and the Alaska Chapter of AARP.

AHEAD FOR '08:

As a first step in administering the $2 million in pilot funds contributed in FY07 to support the housing trust, AHFC, the Municipality of Anchorage and The Trust combined application processes for AHFC's FY08 capital projects. This improved procedure gives applicants access to state and local funding, plus the housing trust pilot money, in a single competitive bid, demonstrating how the housing trust model streamlines the funding process.

Already several communities have begun examining how the Alaska Housing Trust may assist in meeting their need for housing for special populations, including plans for a pilot project in Anchorage to support the chronic homeless, and coordination of services in Juneau and Fairbanks to ensure seasonal housing demands are met.

WORK HOURS NEEDED TO PAY RENT

Area	Work hours per week at minimum wage needed to afford 1 bedroom	Work hours per week at minimum wage needed to afford 2 bedroom	Work hours per week at minimum wage needed to afford 3 bedroom	Work hours per week at minimum wage needed to afford 4 bedroom
	Alaska minimum wage = $7.14/hour			
Anchorage	81	101	146	178
Fairbanks	72	92	134	141
Mat-Su Borough	67	86	122	148
Bethel	108	131	156	229
Juneau	94	118	159	199
Kenai Peninsula	65	79	108	138
Ketchikan	86	104	151	182
Kodiak	85	111	160	169

Source: National Low Income Housing Coalition "Out of Reach 2006"

Disability Justice Focus Area

THE PROBLEM OR COMMUNITY NEED:

A 1997 study showed that 37 percent of persons under the supervision of the Department of Corrections had a mental illness and most also had a co-occurring substance abuse disorder for either drugs or alcohol. By 2006 the statistics had not improved and a large number of Trust beneficiaries continued to be incarcerated, spurring The Trust to form the Disability Justice Focus Area. This focus area has two primary goals: (1) reduce the involvement and recidivism of Trust beneficiaries in the criminal justice system and (2) increase the criminal justice system's ability to effectively accommodate the needs of victims and offenders who are Trust beneficiaries.

Trust beneficiaries are at increased risk of involvement with the criminal justice system both as defendants and as victims. Each year, hundreds of Trust beneficiaries, who have committed no crime, are incarcerated for their safety because appropriate service alternatives are not available. Thousands more are arrested, prosecuted and incarcerated for status offenses resulting from behaviors associated with the symptoms of their mental disorders.

COMMITTED PARTNERS:

Several strong partnerships were formed to address this issue with The Trust, including the Alaska Court System, the departments of Corrections, Health and Social Services, Law, and Public Safety, the University of Alaska, local governments, law enforcement, and behavioral health treatment providers.

STRATEGIC THINKING:

The partners quickly identified cross system communication, early identification of beneficiaries when they enter the criminal justice system, and training as the key components needed to assist Alaska's criminal justice and health and social service systems in preventing the inappropriate or avoidable arrest, prosecution, and incarceration of Trust beneficiaries.

RESULTS FOR BENEFICIARIES:

In FY07, The Trust and its partners focused on two key areas: training criminal justice personnel to be more familiar with beneficiaries and their needs, and discharge planning for beneficiaries exiting the corrections system and re-entering Alaska's communities as a strategy to reduce recidivism among beneficiaries.

The Alaska Court System, the Alaska Bar Association, the Public Defender Agency and The Trust partnered to develop and implement a six-part Continuing Legal Education (CLE) series entitled "Managing Cases Involving Persons with Mental Disorders." The curriculum assists judges, lawyers and other professionals in understanding and more effectively handling legal cases involving Trust beneficiaries. There were 450 participants in the CLE series, of which 262 worked in the legal field. The training sessions were videotaped and are available for those who were unable to attend or for new lawyers entering the field who are unfamiliar with mental health disorders and law.

The departments of Corrections and Health and Social Services, behavioral health treatment providers and other stakeholders from around the state developed and implemented a discharge planning program for beneficiaries who leave corrections and re-integrate into Alaska's communities. It is based on a national best-practice model called Assess, Plan, Identify, Coordinate (APIC). The program was operational in the fourth quarter of FY07 in Anchorage, Fairbanks, Juneau and Palmer.

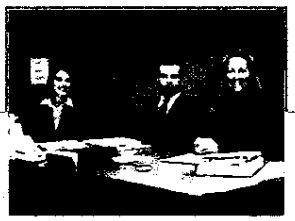
AHEAD FOR '08:

Goals for FY08 include release of a comprehensive, four-year, retrospective analysis of beneficiaries who entered, were served within, and were released from the Department of Corrections. This data will assist the Disability Justice Focus Area partners to strategically plan and develop effective programs that will divert and reduce the number of Trust beneficiaries who are incarcerated. The Trust has also committed funds in FY08 for additional training on disorders experienced by beneficiaries and intervention techniques for law enforcement officers in Anchorage and Fairbanks. Planning will begin for introduction of additional therapeutic courts in Southeast Alaska.

Finally, The Trust plans to develop, in partnership with the departments of Corrections and Health and Social Services, local governments and stakeholders, an enhanced continuum of detoxification and treatment services in several locations that will reduce the inappropriate and avoidable incarceration of beneficiaries under Alaska's protective custody laws.

District Court Judge Stephanie Rhoades presides over the Anchorage Mental Health Court.

Law enforcement and correctional officers completed Trust funded Crisis Intervention Team training.



Prosecutors are key team members of therapeutic courts in Anchorage, Fairbanks, Palmer, Bethel, Juneau and Ketchikan.

District Court Judge Greg Heath presides over the Palmer Mental Health Court.

Beneficiary Projects Initiative Focus Area

What better way to demonstrate The Trust's commitment to improving the lives and circumstances of Trust beneficiaries than putting funds directly into beneficiaries' hands for beneficiary-directed projects they conceive and operate.

THE PROBLEM OR COMMUNITY NEED:

Involving consumers in defining and mapping out their recovery is a well-known treatment tactic and may forestall the need for more intensive traditional service. While plenty of beneficiaries and their family members have keen interest in developing consumer-driven services, not all have the expertise or training to organize, manage and sustain the programs they envision.

In FY07, the Beneficiary Projects Initiative Focus Area committed about $1.3 million for Trust beneficiaries to develop grassroots projects that focus on peer-to-peer support. This means beneficiaries are helping each other find and maintain their individual path to recovery and wellness. The Trust also funded a $1.2 million mini-grant program for projects that provide Trust beneficiaries with a broad range of equipment and services essential to directly improving their quality of life and increasing independent functioning. In addition, The Trust allocated $250,000 for The Trust's Small Projects program, which provided small amounts of one-time funding for more than 30 beneficiary-directed projects in FY07.

COMMITTED PARTNERS:

The most significant partners in this focus area are the beneficiary grantees, of which there has been 25 since the program began in 2006, including 15 who received funding in FY07. They all have committed to delivering safe, effective services and running stable, well-managed organizations. They are succeeding because of the help they receive from a host of committed partners, including The Trust's advisory boards, federal agencies such as SAMHSA, state agencies such as the Division of Behavioral Health, Native organizations such as First Alaskans Institute, major foundations such as the Rasmuson Foundation, and national and state technical assistance providers.

STRATEGIC THINKING:

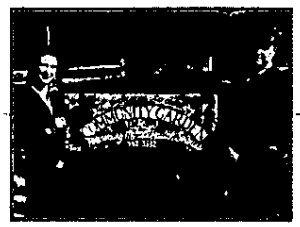
Among the goals for this focus area are providing grantees with seed money and technical assistance so their projects get off the ground, operate smoothly and are sustainable. The program is administered through a contract with The Foraker Group where staff can answer basic operating questions, help develop business plans, or assist beneficiaries in getting a program started and running effectively.

RESULTS FOR BENEFICIARIES:

Some of the services initiated by Trust beneficiaries include peer-support services, clubhouses and drop-in centers, community outreach, and illness self-management in communities that range from Nenana to Ketchikan. By funding these projects, The Trust has helped increase the capacity of the state's mental health treatment delivery system for beneficiary-directed services. But more importantly, these projects and services are improving beneficiaries' lives by creating a sense of empowerment and promoting recovery among both the beneficiary providers and the recipients. In 2007, more than 1,600 Trust beneficiaries received both direct and indirect services through the Beneficiary Projects Initiative Focus Area, nearly all of which were provided by fellow beneficiaries and/or family members.

AHEAD IN '08:

In FY08 an "incubator" program will assist beneficiaries in developing their project ideas more thoroughly. Overall initiative capacity building will take two distinct forms. First, through leadership training, we want to grow the expertise of individual beneficiaries who are already serving; and, second, we will recruit other skilled individuals who have interest in serving their communities. Finally, an evaluation of the initiative will be conducted to provide focus area guidance and establish appropriate performance measures.



The Trust funded the Petersburg Community Garden as a small project.

The annual Key Campaign raises awareness about developmental disabilities.

Beneficiaries developed peer-support services, club houses and drop-in centers.

Young self-advocates give back to their community by participating in a tree-planting program.

Workforce Development Focus Area

THE PROBLEM OR COMMUNITY NEED:

Having an available and competent workforce are enormous challenges for all Trust beneficiary service providers. A shortage of health care workers in Alaska has been at a near-crisis level for many years, yet the health services industry is the fastest growing sector of Alaska's economy, employing more than 7 percent of the state's workforce, according to a 2007 study commissioned by The Trust. Much of the reason for this worker shortage lies in Alaska's remoteness, harsh climate, rural isolation, low population density, high cost of living and scarce training resources. Exacerbating this already difficult situation is a burgeoning demand now for increased health services for the state's steadily growing and aging population, some of whom are among The Trust's beneficiaries. The Workforce Development Focus Area is aimed specifically at increasing the available pool of qualified employees in Alaska who serve Trust beneficiaries and keeping that workforce adequately trained.

COMMITTED PARTNERSHIPS:

More than 20 partners worked in FY07 to develop strategies that will address the goals set out by this focus area. These partners included service providers, the departments of Health and Social Services and Labor and Workforce Development, non-profit and faith-based organizations, and educational institutions such as the University of Alaska system, including the campuses in Anchorage, Fairbanks and Sitka.

STRATEGIC THINKING:

After studying data around the workforce issues it became clear that there are many dimensions to the problem and that multiple strategies are needed to reduce the problems. We have developed strategies around recruitment, retention and training issues to accomplish our goal of having a competent workforce to serve Trust beneficiaries. The strategies address a diverse array of problems including adequate pay and benefits, affordable housing, access to training and professional development, and competent supervision.

RESULTS FOR BENEFICIARIES:

The Trust partnered with the University of Alaska to conduct a state-wide vacancy study in 2007 to assess the number and length of time positions have been open in a broad array of physical and behavioral health organizations. The results were staggering, especially among the occupations that serve Trust beneficiaries. The vacancy study shows the most severe shortages in the behavioral health field were for occupations that fell under the category of human services worker, with both extremely high vacancy numbers and high vacancy rates. Overall, all behavioral health occupation vacancies were high – around 29 percent of all estimated vacancies – and ranked higher than any other occupational group. This means organizations that serve beneficiaries are understaffed, which results in delayed treatment or no services available to some people, resulting in negative impacts to individuals, families and communities.

AHEAD FOR '08:

Because the Workforce Development Focus Area is the newest of The Trust's focus areas, most of the work was just being planned in 2007 so many of the strategies are expected to gain traction or launch in FY08. A new Trust Training Cooperative formed in 2007 will address training needs in the field, helping to tie together and maximize available on-the-job training and necessary continuing education for the workforce. Additionally, new recruitment and retention strategies are beginning or expanding in FY08 in a wide variety of venues. For instance, a demonstration project for a new Student Loan Repayment Program for behavioral health professionals is expected to commence in 2008 that will serve as a recruitment and retention tool.

REGIONAL VACANCY RATES

Occupational Group	Regions (Study Sample – n = 476)						
	North/West (n=10)	Southwest (n=17)	Interior (n=72)	Anchorage Mat-Su (n=232)	Gulf Coast (n=69)	Southeast (n=70)	Statewide Multiregional (n=6)
Physicians	26.7%	21.2%	21.6%	12.6%	10.4%	6.8%	30.3%
Professional Nurses	26.0%	21.6%	5.9%	11.1%	8.0%	5.9%	12.1%
Other Nursing Staff	18.6%	18.8%	5.8%	6.2%	4.6%	2.3%	8.8%
Dentists/Pharmacists/Therapists	32.4%	32.4%	20.7%	15.9%	16.5%	16.3%	12.4%
Behavioral Health	19.0%	22.7%	13.1%	8.3%	7.1%	11.1%	11.6%
Allied Health	17.0%	24.6%	7.3%	6.5%	8.4%	7.7%	8.6%
Public Health/Nutrition	30.0%	6.3%	0.0%	4.0%	18.9%	0.0%	10.5%
Other Primary Care (PA & CHA/P)	19.7%	18.6%	24.5%	9.0%	9.1%	4.0%	0.0%
Managers	13.8%	2.4%	3.5%	3.2%	6.4%	11.7%	4.0%
Health Information/Reimbursement	15.9%	16.9%	2.0%	5.3%	6.6%	2.8%	7.2%
All Occupations	20.1%	20.3%	9.0%	8.6%	8.1%	7.7%	10.2%

The 2007 Alaska Health Workforce Vacancy Study was conducted by the Alaska Center for Rural Health – Alaska's AHEC, at the University of Alaska, Anchorage. The study was funded by The Trust and by the Office of Associate VP for Health, University of Alaska Anchorage, through the Centers for Disease Control and Prevention. The full report may be downloaded at http://nursing.uaa.alaska.edu/acrh/.

Trust Fund Experiences Record Growth in FY07

Due to strong investment markets throughout the 2007 fiscal year, the cash assets of the Alaska Mental Health Trust Authority reached a record high balance. Investments with the Alaska Permanent Fund (APFC) increased 13.8 percent, rising from $385,366,600 at the end of FY06 to $438,513,700 at the end of FY07.

Income from these investments was $62,448,000 for FY07 and $36,046,700 for FY06. Statutory net income determined by APFC (which does not include unrealized gains) was $31,756,200 for FY07 and $39,733,300 for FY06. Statutory net income increases the Budget Reserve and can be used to fund the mental health budget, while unrealized net income can only be applied to inflation proof our Principal investment.

The Budget Reserve is set at 400 percent of the annual payout, to allow for disbursements during market downturns without eroding Trust Principal. The Budget Reserve investment is split between the Alaska Permanent Fund and the Treasury Division of the Alaska Department of Revenue.

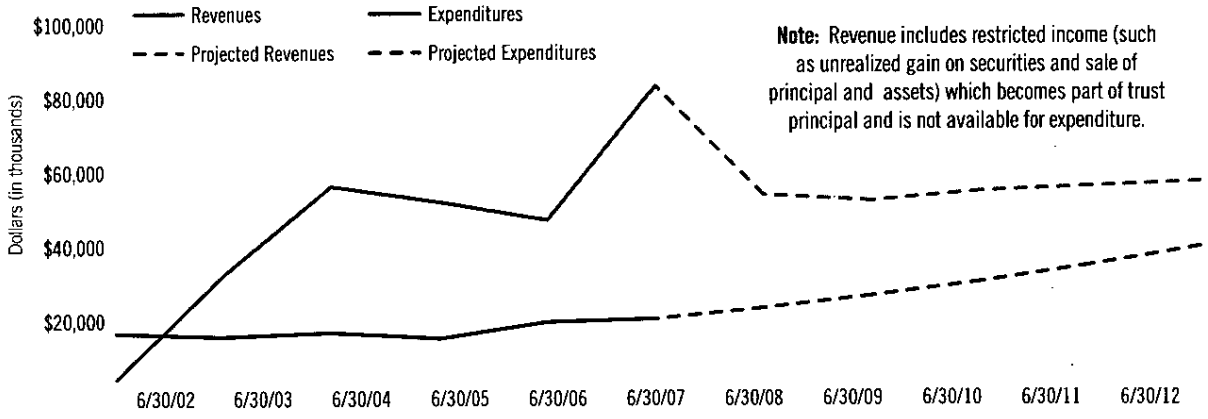
The Treasury Division Budget Reserve investments were reallocated during FY07 according to the recommendation of financial consultants Callan Associates, Inc. Due to this change, combined with strong investment performance, the earnings on this portion of the Budget Reserve soared tenfold from $445,740 in FY06 to $4,586,200 in FY07.

The Trust's payout rate, which is used to calculate the disbursement (or payout) for the mental health budget, was increased at the end of FY06 from 3.75 percent to 4.0 percent beginning with the FY07 budget. This rate is applied to the balance in the Trust Fund (Principal and Budget Reserve) at the end of a fiscal year to calculate the payout for the subsequent year.

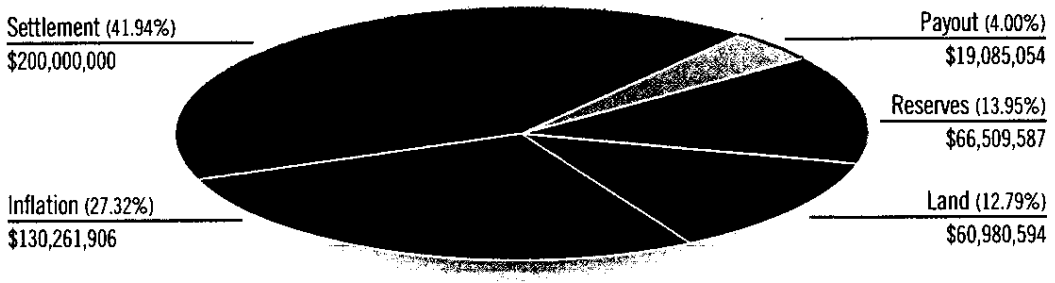
The following financial performance from FY07 is available for funding in FY08:

- Disbursement (payout) rate of 4.0 percent, for a payout of $19,085,054. This represents an increase of 14.8 percent over FY06.
- Resource management revenue allocated as income was $3,428,312.
- Interest on the Income Account at Treasury Division was $1,620,108.
- Lapsed funds from prior fiscal years were $2,770,922.
- Total funding available for FY08 is $26,904,396. This is a 17 percent increase from FY07 availability of $23,032,672.

REVENUES AND EXPENDITURES



TRUST CASH ASSETS AT END OF FY07



Trust Land Office Generated $8.1 Million

Revenue-generating uses of Trust land include land leasing and sales; commercial timber sales; mineral exploration and production; coal, oil and gas exploration and development; sand, gravel and rock sales; and other general land uses.

The Trust Land Office (TLO) is a small 11-person unit in the Department of Natural Resources that manages approximately one million acres of land and non-cash assets throughout Alaska on behalf of the beneficiaries of the Alaska Mental Health Trust. Gross revenue in FY07 totaled about $8.1 million, of which about $3.3 million was Spendable Income and about $4.7 million was Principal revenue.

Revenue-generating uses of Trust land include land leasing and sales; commercial timber sales; mineral exploration and production; coal, oil and gas exploration and development; sand, gravel and rock sales; and other general land uses. Rents, fees and 15 percent of timber revenue from Trust land uses are considered "Spendable Income' and are available to The Trust for use in the following fiscal year. Land Sale revenue, hydrocarbon and mineral royalties, and 85 percent of timber revenue are considered "Principal" and are deposited in The Trust corpus, which is held and managed by the Alaska Permanent Fund Corporation.

[redacted]:

- Completed subdivision and re-plat of The Trust's Juneau waterfront parcel known as The Subport, and sold a parcel adjacent to Centennial Hall to the City and Borough of Juneau for $2.93 million.
- Fairbanks Gold Mining Inc. paid The Trust a royalty of more than $700,000 for its 2006 calendar year production from its mine located on Trust land north of Fairbanks.
- Sold 67 parcels in The Trust's annual land sale for a value of $2.17 million.
- Responded quickly to approve an authorization for the expedited recovery of spilled fuel from a DC-4 that crashed on Trust land near Nenana carrying 3,000 gallons of heating oil.
- Worked with the Department of Natural Resources to establish a new replacement land list, and prioritized conveyances of the lands owed to The Trust under the Settlement Agreement for lands that were originally conveyed to The Trust in error or had other encumbrances that significantly affected the land.
- After a 10-year hiatus, the Board of Land Management began adjudication of the remaining Mental Health Enabling Act selections as part of the agreement to close out The Trust's federal entitlement.
- Talon Gold began mineral exploration on Trust land near Livengood. Early results from that program continue to provide encouraging news for the precious metals prospect.
- Worked with various communities throughout Alaska on issues affecting management of Trust lands.

[redacted]:

The TLO will begin long-term planning for Trust timber lands, commercial real estate and resort properties. In addition, the office will strive to build or rebuild relationships with local communities or individuals that live or work near lands managed by The Trust.

Key projects will include:

- Planning for development of the Juneau Waterfront Property (formerly titled the Juneau Subport);
- Researching potential timber land exchanges in Southeast Alaska with the U. S. Forest Service;
- Developing a long-term property and land management program for use by TLO staff;
- Resolving a back log of land use issues;
- Developing a preliminary feasibility study for monitoring resort quality properties;
- Offering for sale potential subdivision lots; and
- Continuing to offer oil, gas and mineral properties for lease.

Trust land along Juneau's waterfront is being redeveloped.

Typical timberland owned by The Trust in Southeast Alaska.

Saw logs waiting to be processed at Silver Bay Mill in Wrangell.

Yellow cedar dimensional lumber waiting for shipment in Wrangell.

The TRUST

The Alaska Mental Health Trust Authority

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The TRUST
The Alaska Mental Health Trust Authority

FACT SHEET

The Trust

The Alaska Mental Health Trust Authority is a state corporation that administers the Alaska Mental Health Trust, a perpetual trust managed on behalf of Trust beneficiaries. The Trust operates much like a private foundation, using its resources to ensure that Alaska has a comprehensive integrated mental health program to provide treatment and services for Trust beneficiaries. The Trust works with the Alaska Department of Health and Social Services to coordinate planning for this program, makes recommendations to the governor and Legislature regarding funding of the program, and advocates for funding and policies that support the systems serving Trust beneficiaries.

Trust Beneficiaries

Trust beneficiaries include:

- people with mental illness,
- people with developmental disabilities,
- people with chronic alcoholism and
- people with Alzheimer's disease and related disorders.

Trust History

Prior to statehood, there were limited services available in the Territory of Alaska for individuals who experienced mental illness or developmental disabilities. Instead, these individuals were sent by the federal government to live in an institution in Oregon. During Alaska's transition to a state, Congress passed the Alaska Mental Health Enabling Act of 1956 to help bring these individuals home. This act transferred the responsibility for providing mental health services from the federal government to the Territory of Alaska and ultimately the State of Alaska, by creating the Alaska Mental Health Trust. To fund The Trust, the state selected one million prime acres of land that would be managed to generate income to pay for a comprehensive integrated mental health program.

Though the Alaska Legislature held a fiduciary responsibility to manage the land on behalf of Alaskans with mental disabilities, it did not do so. Instead, by 1982, only about 35 percent of the land remained in state ownership. The majority of the land had been transferred to individuals or municipalities, or designated by the Legislature as forests, parks or wildlife areas.

In 1982, Vern Weiss filed a lawsuit on behalf of his son, who required mental health services that were not available in Alaska. Other beneficiary groups joined *Weiss v State of Alaska* in a class action suit. The case was ruled on in 1984 by the State Supreme Court, which ordered that the original trust be restored. Ten years later, in 1994, a final settlement reconstructed The Trust with 500,000 acres of original Trust land, 500,000 acres of replacement land and $200 million in cash.

Trust Governance

The Trust settlement established an independent Board of Trustees appointed by the governor and confirmed by the Legislature. The appointments are for five-year, staggered terms. Current Trustees are:

- Dr. William Doolittle, Chair
- Laraine Derr, Vice Chair
- Paula Easley, Secretary/Treasurer
- Tom Hawkins
- Larry Norene
- Timothy Schuerch

3745 Community Park Loop, Suite 200 • Anchorage AK 99508 • (907) 269-7960 • www.mhtrust.org

Trust Advisors

The Trust works closely with several advocacy boards that represent Trust beneficiaries:

- **Advisory Board on Alcoholism and Drug Abuse**
  - Call 907-465-8920 in Juneau or 888-464-8920 (toll free
  - http://www.hss.state.ak.us/abada
- **Alaska Mental Health Board**
  - Call 907-465-8920 in Juneau or 888-464-8920 (toll free)
  - http://hss.state.ak.us/amhb
- **Governor's Council on Disabilities and Special Education**
  - Call 907-268-8990 in Anchorage or 888-269-8990 (toll free)
  - http://health.hss.state.ak.us/gcdse
- **Alaska Commission on Aging**
  - Call 907-465-3250 in Juneau
  - http://www.alaska.aging.org
- **Alaska Brain Injury Network**
  - Call 907-274-2824 in Anchorage or 888-574-2824 (toll free)
  - http://www.alaskabraininjury.net
- **Statewide Suicide Prevention Council**
  - Call 907-465-8536 or 877-383-2287 (toll free)
  - http://www.hss.state/ak.us/suicideprevetion

Trust Assets

The Trust employs the expertise of several organizations to manage its cash and non-cash assets. The Alaska Permanent Fund Corporation and the Alaska Department of Revenue Treasury Division manage The Trust's cash assets. The Trust Land Office, a separate unit within the Alaska Department of Natural Resources, manages the land and other non-cash assets on behalf of The Trust.

Trust Funding

The majority of The Trust's annual operating and capital budgets is spent in two areas:

- Trust Focus Areas -- based on recommendations from the focus area workgroups.
- Programs initiated by The Trust's advisory boards through the annual Request for Recommendation process.

These expenditures along with other state funds comprise the Separate Mental Health Budget Bill and must be approved by the Legislature.

A small portion of The Trust's annual operating budget is available for grants to non-profits, providers, tribal entities, governmental agencies and other organizations that serve Trust beneficiaries. Grant funds are spent at the discretion of the Board of Trustees or Trust staff.

Trust Focus Areas

Currently The Trust is focusing on five program areas that address issues with significant impact on Trust beneficiaries:

1. **Bring the Kids Home** – bringing home to Alaska those children who experience severe emotional disturbances and are being treated in out-of-state psychiatric institutions, and increasing treatment, services statewide so they remain in Alaska;
2. **Affordable Appropriate Housing** – increasing a continuum of housing options for Trust beneficiaries;
3. **Disability Justice** – reducing the involvement and recidivism of Trust beneficiaries in the criminal justice system;
4. **Beneficiary Projects Initiative** – supporting grassroots, peer-to-peer programs for Trust beneficiaries;
5. **Workforce Development** – creating an available and competent workforce for Trust beneficiary service providers.

January 2009

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Tuesday, January 27, 2009

Legislative Finance Division – Budget Overview

Alaska Mental Health Trust Authority – Budget Overview

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Tuesday, January 27, 2009

Legislative Finance Division – Budget Overview
{ David Teal, Director, Legislative Finance Division }

Alaska Mental Health Trust Authority – Budget Overview
{ Jeff Jesse, Executive Director, Alaska Mental Health Trust Authority }
{ Laraine Derr, Vice Chair, Alaska Mental Health Trust Authority }

~ teleconference

Continuing our formula for Success

The Trust

The Alaska Mental Health Trust Authority

2008 Annual Report

Board of Trustees

Dr. William Doolittle, Chair

Laraine Derr, Vice Chair

Paula Easley, Secretary/Treasurer

Tom Hawkins

Margaret Lowe

John Malone

Larry Norene

Tim Schuerch

Trust Beneficiaries

People with mental illness

People with developmental disabilities

People with chronic alcoholism

People with Alzheimer's disease and related dementia

Trust Advisors

Advisory Board on Alcoholism and Drug Abuse

Alaska Mental Health Board

Governor's Council on Disabilities and Special Education

Alaska Commission on Aging

Commissioner of Health and Social Services

Commissioner of Natural Resources

Commissioner of Revenue

Commissioner of Corrections

An Overview of 2008

Last year we reported that we have developed a formula for achieving our goal of improving the lives and circumstances of Trust beneficiaries. We defined the formula as *"committed partners + strategic planning = results for Trust beneficiaries."* Throughout FY2008, we continued to rely on this formula to guide our work on behalf of Trust beneficiaries. As a result, our theme for this annual report is *"continuing our formula for success,"* which reflects our ongoing commitment to serve as a catalyst for change in the systems that serve Trust beneficiaries.

We urge you to read through this report to learn how we are collaborating with our many partners to ensure and improve the comprehensive integrated mental health program in Alaska. We hope that by reading this report you will have a better understanding of how the issues we address affect virtually all Alaskans.

WHAT IS THE TRUST

The Alaska Mental Health Trust Authority is a state corporation that manages the Mental Health Trust, which was established at statehood. Our goal is to serve as a catalyst for change and improvement in Alaska's mental health continuum of care. We do not provide individual services; instead we operate much like a private foundation, using our resources to fund projects and activities that promote system change, including capacity building, demonstration projects, funding partnerships, technical assistance, and other activities that will improve the lives and circumstances of Trust beneficiaries.

TRUST BENEFICIARIES

Our beneficiaries are a diverse group. They include people with mental illness, developmental disabilities, chronic alcoholism, and Alzheimer's disease and related dementia. They live throughout Alaska and range from newborns to the oldest members of our communities. You probably know someone who is represented by The Trust; it could be a family member, a neighbor, a coworker or even yourself. As a result, the issues addressed by The Trust touch nearly every Alaskan, either directly or indirectly.

HOW WE FUND PROGRAMS

The amount Trustees have available to spend each year includes a portion of the earnings from our cash and non-cash assets. Because of favorable market conditions in recent years our investments have done well. As a result, Trustees have disbursed about $25 million per year to support programs of direct benefit to Trust beneficiaries. The economic downturn in FY2009, however, indicates The Trust will have a smaller funding stream available in FY2010.

FOCUS OF TRUST FUNDING

Most of The Trust's annual operating and capital budgets are spent on five focus areas that address issues with significant impact on Trust beneficiaries. These focus areas are:

1. Bring the Kids Home – bringing home to Alaska children who are being treated in out-of-state residential psychiatric institutions and increasing early detection, intervention and treatment services for these children statewide;
2. Affordable Appropriate Housing – increasing the availability of a continuum of housing options for Trust beneficiaries to reduce homelessness and improve their quality of life;
3. Disability Justice – reducing the involvement and recidivism of Trust beneficiaries in the criminal justice system;
4. Trust Beneficiary Projects Initiative – supporting grassroots, consumer-driven programs and small, one-time projects that improve the lives of beneficiaries; and
5. Workforce Development – creating an available and competent workforce for Trust beneficiary service providers.

OUR PARTNERS

In many instances, we directly engage beneficiaries and family members for guidance and feedback. We also depend on input regarding funding and policy recommendations from several advisory boards that serve as a link between The Trust and our beneficiaries, their families, caregivers and legal guardians. In addition, we rely on participation and collaboration from a number of state agencies, community partners and stakeholders to help reform and improve the systems that serve Trust beneficiaries.

The Trustees and Trust staff are committed to working with Governor Palin, the Legislature and our many partners to continue applying our formula for achieving the systemic change needed to make long-term improvements in the lives and circumstances of Trust beneficiaries.

William Doolittle, M.D.
Chair

Jeffrey L. Jessee
Chief Executive Officer

Keeping Beneficiaries Out of Corrections

The Disability Justice Focus Area aims to reduce the involvement and recidivism of Trust beneficiaries in the criminal justice system and increase the system's ability to effectively accommodate the needs of victims and offenders who are Trust beneficiaries.

Study of Trust Beneficiaries in the Department of Corrections — More than 40 percent of Alaska inmates have a mental illness or a cognitive impairment, according to a study commissioned by The Trust and the Alaska Department of Corrections, in coordination with the Department of Health and Social Services. The 2008 study revealed that inmates identified as Trust beneficiaries are more likely to return to prison, return sooner and spend more time in custody than other inmates. The four-year study also revealed that Trust beneficiaries who receive community health services upon release from prison have a lower rate of recidivism. The Trust and its partners are using the study results to promote increased funding for correctional and community-based treatment, improve integration among the systems serving Trust beneficiaries, and provide better links with community health care services to help ease the burden of care on Alaska's criminal justice system.

Alaska District Court Judge Greg Heath presides over the Palmer Mental Health Court.

Therapeutic Court System Studies — Evaluations of the Anchorage and Palmer Mental Health Courts in FY2008 demonstrated that the courts save public funds, reduce crime, and better meet the needs of defendants with significant mental disabilities than the traditional criminal justice approach. The courts are a collaborative effort between The Trust, Alaska Court System, the departments of Administration-Public Defender Agency, Corrections, Health and Social Services, Law, and Public Safety; local law enforcement and community treatment providers.

According to the 2008 study of beneficiaries in the Department of Corrections, Trust beneficiaries are part of a "revolving door" system of justice that is expensive, does not serve the interests of public safety, and does not benefit the defendants. The retention and program completion rates at Anchorage and Palmer compare favorably with therapeutic courts nationally. As a result, other communities are being assessed for expansion of mental health and substance abuse courts statewide.

Fairbanks Enhanced Detox Facility — A $4.6 million, 16-bed detox treatment facility aimed at reducing the inappropriate and avoidable incarceration of beneficiaries under Alaska's protective custody laws opened in January 2009 in Fairbanks. Construction of the Gateway to Recovery – Fairbanks Community Enhanced Detox Center began in FY2008 after several years of planning by a coalition of community providers, including Fairbanks Memorial Hospital, Tanana Chiefs Conference, Fairbanks Community Behavioral Health Center, and the Fairbanks Native Association, which also operates the facility. The new center increases detoxification capacity in Fairbanks by 60 percent. The new facility is located on Trust land and received major financial support from the Department of Health and Social Services; the Department of Commerce, Community and Economic Development; Rasmuson Foundation; Greater Fairbanks Community Hospital Foundation; The Trust; Doyon Ltd.; Tanana Chiefs Conference and private donors.

Overall Distribution of Trust Beneficiaries in Custody of the Alaska Department of Corrections

Incarcerations	FY2003	FY2004	FY2005	FY2006
Total Incarcerations	36,597	39,067	39,260	37,165
Trust Beneficiary Incarcerations	14,996	16,570	16,309	15,175
Trust Beneficiary Percent	41.0%	42.4%	41.5%	40.8%
Unique Offenders	17,258	18,246	17,998	17,220
Unique Trust Beneficiaries	5,820	6,267	6,265	6,071
Trust Beneficiary Percent	33.7%	34.3%	34.8%	35.3%

Results from "A Study of Trust Beneficiaries in the Alaska Department of Corrections" conducted by Hornby Zeller Associates, Inc.
To read the full report, see http://www.mhtrust.org/documents_mhtrust/12-07%20Final%20DOC%20Trust%20Beneficiary%20Study.pdf.

Providing Affordable, Supportive Housing

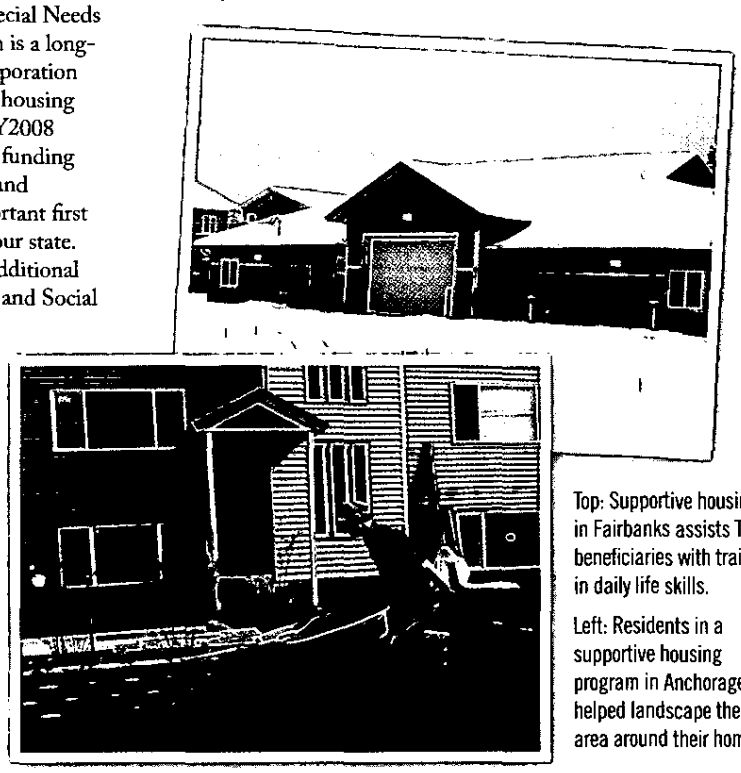
The Appropriate Affordable Housing Focus Area is directed at expanding the availability of supportive housing for Trust beneficiaries. Safe, affordable, secure housing is critical for all Trust beneficiaries to be successful in their communities. Yet, finding permanent, appropriate housing is a problem for all our beneficiary groups. The problem is compounded by the fact that Trust beneficiaries typically need more than just a roof over their heads. They often need housing that also provides training and support services such as budgeting, financial management, social-skills training, problem solving and assistance with cognitive or behavioral issues to help them become stable, dependable tenants. The Appropriate Affordable Housing Focus Area workgroup has developed and is piloting several innovative, flexible strategies to address the housing needs of Trust beneficiaries.

Special Needs Housing Grant Program Expanded — The Special Needs Housing Grants or SNHG (pronounced snug) program is a long-time partnership between Alaska Housing Finance Corporation and The Trust that provides capital funds for supported housing for Trust beneficiaries. The program was expanded in FY2008 to provide more operations assistance and more flexible funding so the units are affordable and have increased outreach and assistance for residents. This innovation represents important first steps to retooling the special needs housing systems in our state. The program is managed and funded by AHFC, with additional funding from The Trust and the Department of Health and Social Services. Competitive grants are available to non-profit service providers and housing developers for planning and construction activities and may provide for group, supportive and transitional housing.

Housing Trust Pilot Projects — The Rasmuson Foundation and The Trust each committed $1 million in FY2008 for supportive housing pilot projects in Southcentral Alaska. The projects replicate the approach used in 35 other states that have implemented housing trusts. Housing trusts are a tool that states and communities use to increase the outreach and social services available to housing developments. As a result, these housing developments offer long-term support for individuals with special needs and preserve the community's investment.

Restructured Housing in Fairbanks — The Trust and the Department of Health and Social Services were instrumental in assisting Fairbanks Community Behavioral Health Center in restructuring its housing programs, allowing the center to reopen 24 previously closed units for individuals with serious mental illness.

Bridge Home Reduces Institutionalization — The Trust's main program in the housing focus area, the Bridge Home, is aimed at reducing the number of beneficiaries cycling through the Alaska Department of Corrections and Alaska Psychiatric Institute. In a four-year analysis of program participants, there was a significant reduction in the number of admissions to these facilities and a reduction in the costs related to these visits. This program will be expanding in FY2009 to include more beneficiaries with histories of cycling through the system.



Top: Supportive housing in Fairbanks assists Trust beneficiaries with training in daily life skills.

Left: Residents in a supportive housing program in Anchorage helped landscape the area around their home.

Bridge Home Supportive Housing Results*

	Prior to Program	During Program	Reduction in Use
Alaska Psychiatric Institute Admits	79	49	38%
Days in Alaska Psychiatric Institute	1,707	1,167	32%
Department of Corrections Admits	51	27	48%
Days in Department of Corrections	2,124	674	68%

* Number of residents = 47

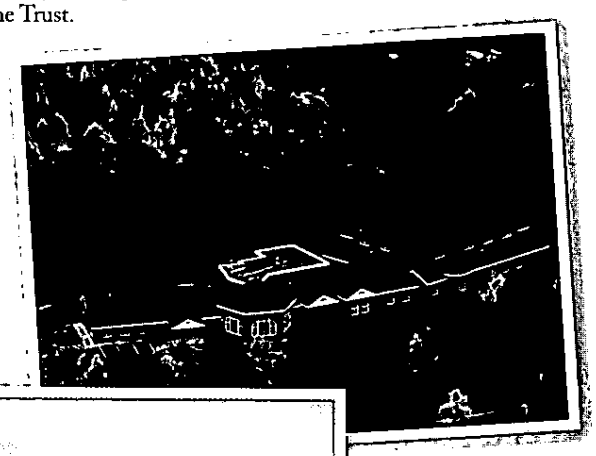
Reforming Mental Health Care for Children

The Bring the Kids Home Focus Area is reforming Alaska's mental health care for children and adolescents by increasing community-based services, providing early detection and intervention, and coordinating with families and schools to promote healthy learning environments. Bring the Kids Home began in 2005 as an initiative to return children with severe emotional disturbances from out-of-state residential facilities to treatment in Alaska and to keep additional children from moving into out-of-state care. Funded by The Trust and the Department of Health and Social Services, this initiative is a good example of how The Trust uses its resources to affect systemic change on behalf of Trust beneficiaries. Besides improving recovery at the lowest level of appropriate care, the State expects to benefit from this initiative by gaining better control of the future cost for children's mental health care.

Out-of-State Placements Dropped 59 Percent — The number of children admitted into out-of-state psychiatric treatment facilities dropped 32 percent, from 297 in FY2007 to 202 in FY2008. That is an overall 59 percent decline from the 489 kids who were admitted into out-of-state residential programs when the initiative began in 2005.

In-State Capacity Increased — In order for children in out-of-state treatment facilities to come home, there must be treatment available in Alaska. Planning and construction of new facilities take time and have not caught up with the need, but there were some small increases in FY2008 and at least one facility has opened in FY2009. The Boys & Girls Homes of Alaska in FY2008 opened a residential center in Fairbanks with a capacity of 130 kids. A five-bed group home opened in Dillingham in FY2008, with financial support from the Denali Commission, the Department of Health and Social Services and The Trust. In December 2008, the Volunteers of America-Alaska opened its expanded 24-bed adolescent residential center in Anchorage, increasing its capacity in FY2009 by 50 percent.

Individualized Services Increased — Developing in-state capacity for children with severe emotional disturbances is only a partial solution. The rest of the answer lies in preventing the need for residential care by providing youth the services and supports they need to stay at home. This requires investments in early intervention for children and families to keep problems from becoming severe. The Individualized Services program provides assistance to children and their families specifically geared to each child that will keep them safe, stable and at home. Services range from transportation to attend after-school activities to crisis intervention; and from family therapy to medication management. Without these services, many recipients would be destined for residential treatment, which would separate them from their families and home communities and cost more. The program is funded by the Department of Health and Social Services and The Trust.

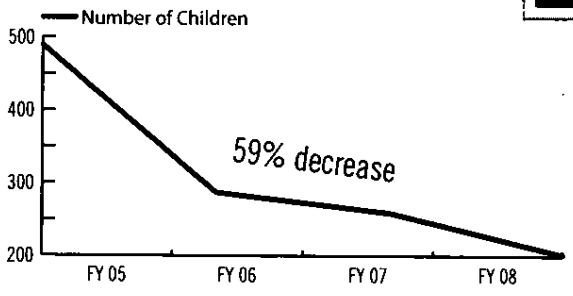


Top: Construction of new treatment facilities in Alaska is helping bring home those youth being treated out of state.

Left: Volunteers of America-Alaska increased capacity in their Anchorage residential facility by 50 percent.

Bottom: Early detection and intervention programs help children get help sooner and in their home communities.

Children Admitted into Out-of-State Residential Treatment Facilities



Bring the Kids Home Initiative

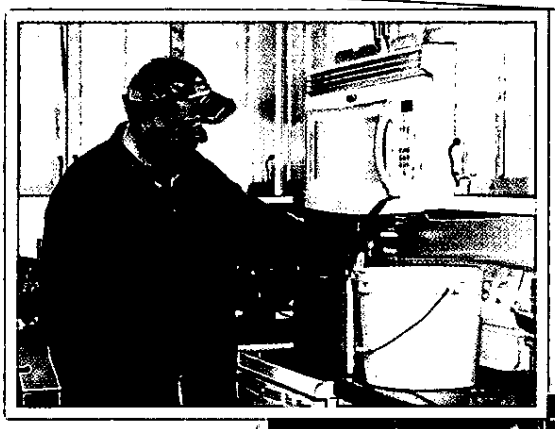
Offering the Wind Beneath Their Wings

The Beneficiary Projects Initiative Focus Area supports and funds grassroots, beneficiary-driven, peer-to-peer programs and small, one-time projects that improve the lives of Trust beneficiaries. In FY2008, The Trust authorized $1.25 million for this focus area, which is the only focus area that puts funds directly into the hands of beneficiaries to help them map out their recovery and long-term wellbeing. During the year, nine projects were funded that focused on everything from peer-to-peer support services and activities to early intervention programs, education, advocacy and outreach.

Technical Assistance — A panel of experts in the non-profit field is available to assist beneficiary groups in getting their programs developed, funded and running smoothly. The panel provided technical assistance in FY2008 to 23 beneficiary-led projects regarding organizational development, project implementation, business planning and board development. The panel is funded by The Trust and coordinated by The Foraker Group.

Alaska Peer Support Consortium — A network of 20 beneficiary-run programs organized into the Alaska Peer Support Consortium to advocate for beneficiaries, share information and provide training opportunities for peer-to-peer support services. The group is proving to be a critical partner to policymakers for developing peer-to-peer support services.

Beneficiaries Participate in Public Process — Partners in Policymaking is a Trust-funded program that provides training to Trust beneficiaries about how to participate in policymaking at various levels of government. The program is a collaboration with the Governor's Council on Disabilities and Special Education and the University of Alaska Center for Human Development. Program graduates have been successful in securing funds for peer-operated support services, serving on Beneficiary Projects Initiative grantee boards and participating in public advisory boards and commissions.



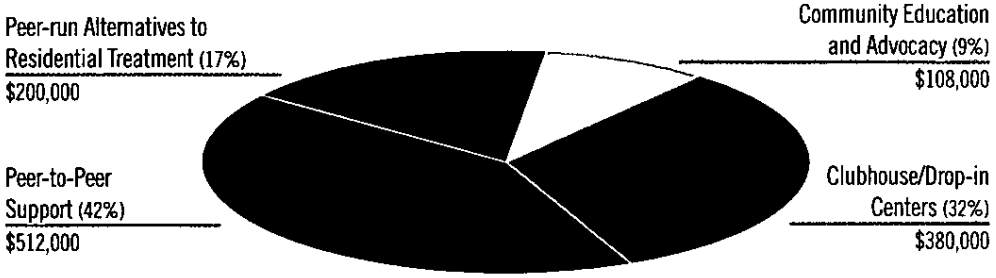
Top: Polaris House participants learn CPR at their Juneau clubhouse.

Left: Peer-run clubhouses offer participants life-skills training such as cooking.

Bottom: Beneficiaries produced costumes for an Anchorage poetry jam as part of their recovery.

5

Beneficiary Programs Initiative FY2008 Grants



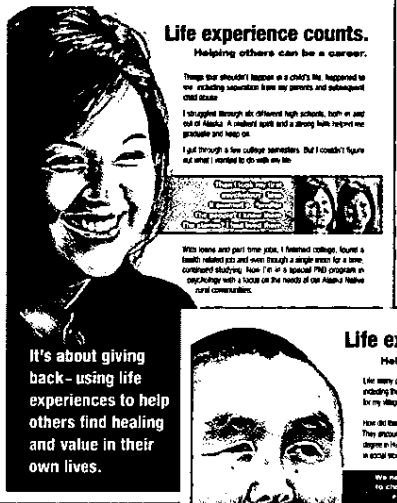
Recruiting, Retaining and Educating Workers

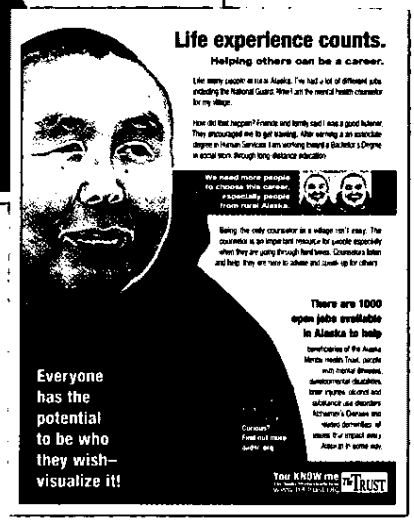
The overarching goal of the Workforce Development Focus Area is for service providers across the state to have access to a capable, culturally competent workforce that supports Trust beneficiaries, their families and communities. The focus area workgroup has identified three objectives to help make this happen: workforce recruitment, retention, and training and education. FY2008 was the first year of implementation in this focus area. During the year, more than 20 activities and programs were launched that targeted from entry-level personnel to paraprofessionals and professionals in a wide variety of beneficiary-related jobs across the state.

Student Loan Repayment Program — Under this incentive program, workers are being recruited into jobs in the behavioral health field that have been identified as having high vacancy rates in communities across the state. Professionals who graduated from an accredited college or university with a master's degree or higher are eligible for loan repayment in exchange for working in Alaska for two years. The program structure was developed in FY2008; five eligible job sites were selected for FY2008 and an additional five for FY2009.

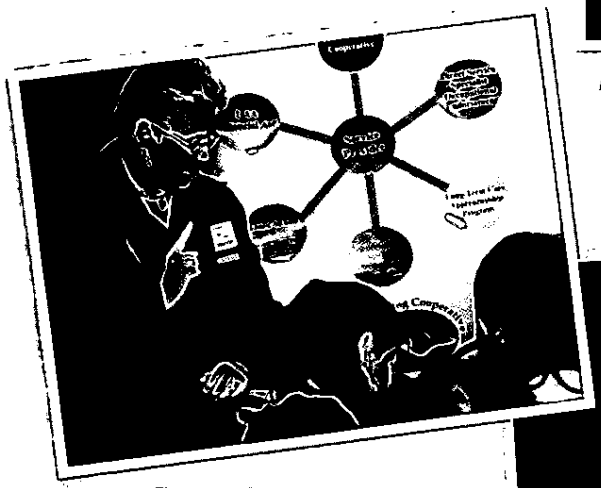
Trust Training Cooperative — Many service providers lack access to education and training for employees who serve Trust beneficiaries, especially at small agencies and agencies in rural areas. To help ease this problem, The Trust in FY2008 funded the Trust Training Cooperative, which is coordinated by and housed at the University of Alaska Center for Human Development. The cooperative functions as a clearinghouse to identify, coordinate and provide training, education and career development opportunities for the workforce that serves Trust beneficiaries. One of the cooperative's major accomplishments in 2008 was purchasing and piloting a learning management system for delivering, tracking and managing online training. When fully implemented, it will allow students to manage their training records, view course catalogs via the Internet, and register for, pay for and take training online.

"Life Experience Counts" Marketing Campaign — A television and print campaign was launched in FY2008 targeting Alaska Natives and individuals living in rural Alaska where there is a high percentage of vacancies in jobs serving Trust beneficiaries. The campaign ran in media outlets across the state with the slogan "Life Experience Counts" and featured the professional stories of two Alaska Natives. The ads encouraged individuals to use their experiences as caregivers as building blocks for jobs in the direct service field.





Above: TV and print ads encouraged people to turn their life experiences into job skills, helping and caring for Trust beneficiaries.



The annual Full Lives Conference provides motivational, educational and networking opportunities for direct service staff.

A loan repayment program is offering to repay student loans in exchange for working in behavioral health jobs in high vacancy areas of the state.

Trust Land Office Generated $11.8 Million

The Trust Land Office (TLO) is a 12-person unit in the Department of Natural Resources that manages approximately one million acres of land and other non-cash assets throughout Alaska on behalf of the Alaska Mental Health Trust. Gross revenues on these assets totaled about $11.8 million in FY2008, of which about $2.7 million was Spendable Income and about $9.1 million was Principal revenue.

Revenue-generating uses of Trust land include land leasing and sales; commercial timber sales; mineral exploration and production; coal, oil and gas exploration and development; sand, gravel and rock sales; and other general land uses. Rents, fees and 15 percent of timber revenue from Trust land uses are considered "Spendable Income" and are available to The Trust for use in the following fiscal year. Land Sale revenue, hydrocarbon and mineral royalties, and 85 percent of timber revenue are considered "Principal" and are deposited in The Trust corpus, which is held and managed by the Alaska Permanent Fund Corporation.

Highlights of FY2008 — The TLO completed a number of projects in FY2008 that resulted in increased revenue and helped build or strengthen relationships with individuals, communities and agencies that interact with the TLO. These included:

- Completed demolition and cleanup on Trust-owned waterfront property in Juneau, setting the stage for future development of the area.
- Received a royalty of more than $1.4 million from Fairbanks Gold Mining Inc. for 2008 production from its mine on Trust land north of Fairbanks. FGMI also paid $4.2 million for land assets involved in the mining operation.
- Sold 55 parcels in The Trust's annual land sale for $2.2 million.
- Signed a ground lease between The Trust and Fairbanks Behavioral Health Center for land on which a new enhanced detox center was built in FY2008.
- Sent the final Federal Entitlement close-out agreement to the Bureau of Land Management for review.
- Hired staff in Ketchikan and Petersburg, where large blocks of Trust land impact the local community.

Future Focus — The TLO, in conjunction with The Trust's Resource Management Committee, will continue developing long-term plans for its natural resource portfolio and working with local communities and individuals to increase public awareness of Trust lands and other non-cash assets and our mission. Key projects will include:

- Continued planning for the development of Juneau waterfront property;
- Exploring commercial real estate opportunities, specifically in the Anchorage University-Medical District and resort properties;
- Pursuing development of new mining projects on Trust lands;
- Developing a plan for future land sale programs;
- Developing large-block land management programs at Icy Cape and Haines;
- Seeking new business opportunities such as wind power or biomass development.

Top: This asphalt batch plant near Cantwell used aggregate from a quarry on Trust land to repair a section of the Parks Highway.

Right: The Trust has received more than $4 million in revenue over the past three years from timber harvested on Trust land near Leask Lake in Southeast Alaska.

Trust property adjacent to South Point Higgins Beach is being purchased by Ketchikan Gateway Borough. The property is highly valued by Ketchikan residents for its recreation and beach access.

Sluggish Economy Slows Trust Fund Growth

Due to the economic slowdown during the 2008 fiscal year, the cash assets of the Alaska Mental Health Trust decreased 7.2 percent from the record-high balance of the prior year. Our investments managed by the Alaska Permanent Fund Corporation (APFC) declined from $438,513,700 at the close of FY2007 to $406,981,200 at the end of FY2008.

These investments experienced a $15,575,000 loss for FY2008 compared to earnings of $62,448,000 for FY2007. Statutory net income determined by APFC (which does not include unrealized gains or losses) was $33,912,300 for FY2008 and $39,733,300 for FY2007. Statutory net income increases the Budget Reserve and can be used to fund the mental health budget, while unrealized net income can only be applied to inflation proof our Principal investment.

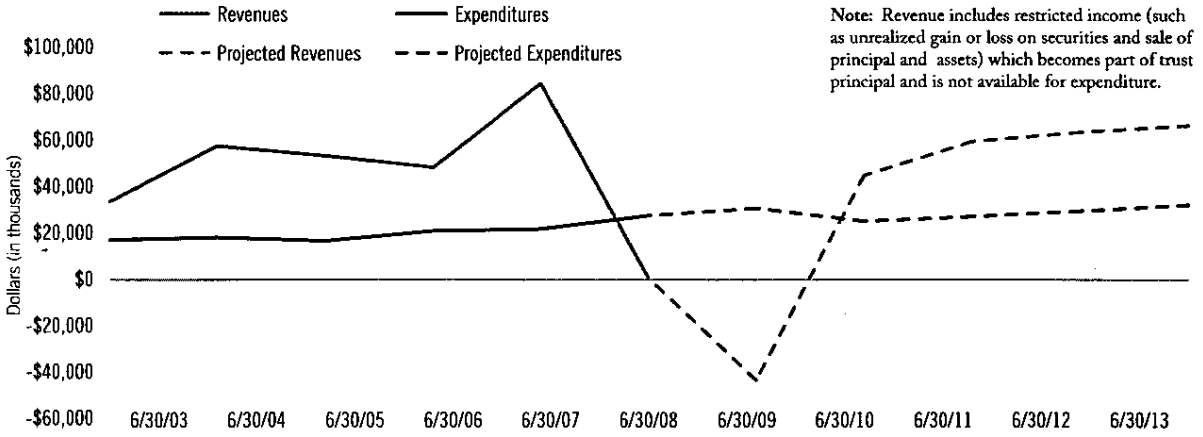
The reserve investments managed on behalf of The Trust by the Treasury Division of the Department of Revenue were also impacted by the economic uncertainty of 2008. The loss on this account was $1,914,200 in FY2008, compared to earnings of $4,586,200 in FY2007.

The Trust's payout rate, which is used to calculate the disbursement (or payout) for the mental health budget, was increased at the end of FY2007 from 4 percent to 4.25 percent beginning with the FY2008 budget. The following financial performance from FY2008 is available for funding in FY2009:

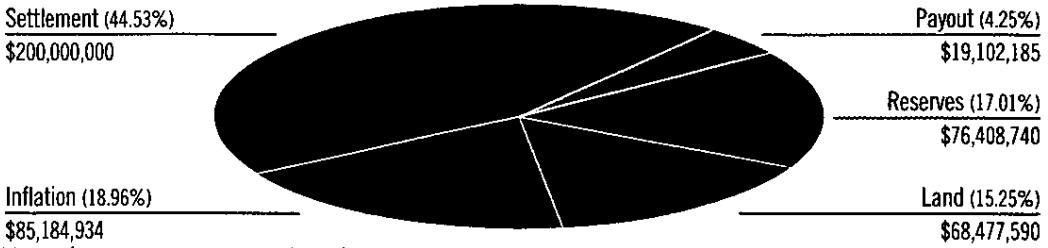
- Disbursement (payout) rate of 4.25 percent, for a payout of $19,102,185.
- Resource management revenue allocated as income was $2,579,683.
- Interest on the Income Account at Treasury Division was $1,846,172.
- Lapsed funds from prior fiscal years were $4,356,596.
- Total funding available for FY2009 is $27,884,636. This is a 3.6 percent increase from FY2008 availability of $26,904,396.

Since the end of FY2008, the financial slowdown has become a full-blown recession with the investments market falling sharply. In the first quarter of FY2009, we experienced more than a 25 percent reduction in our total asset value. Based on this trend, we are expecting FY2010 available income to fund the budget to be substantially less than FY2009.

Revenues and Expenditures



Trust Cash Assets at End of FY2008



Housing Trust Offers Housing Solutions

More than 150 policy makers, social service providers, business leaders and housing experts convened in Anchorage in December 2007 to discuss development of the Alaska Housing Trust as a mechanism for providing affordable, supportive housing for Alaska's low-income and vulnerable populations, including Trust beneficiaries. The theme of the two-day Alaska Housing Summit was "Opportunity Begins with a Home." The Alaska Housing Trust could fund construction of new housing or subsidize existing units that would also provide the kind of supportive services residents need to become stable, dependable tenants for our communities.

The Trust, the Alaska Housing Finance Corporation and a statewide coalition of housing planners and advocates took the housing message to Juneau during the 2008 legislative session. Their goal was an initial $10 million investment to establish the Alaska Housing Trust. While the Legislature stopped short of creating a specific Housing Trust Fund, legislators appropriated an additional $2.5 million to the Homeless Assistance Program already in AHFC's program base. The Trust committed $1 million to the program and AHFC was given authority to receive up to $2.5 million in donations from private foundations.

Based on the Legislature's backing for supportive housing in 2008, The Trust and its partners are committed to working with legislators in 2009 to create an acceptable governing structure for a stand-alone Housing Trust to assist low-income and vulnerable populations in finding and keeping stable, appropriate housing.

Housing Summit speakers included Alaska Housing Finance Corporation CEO Dan Fauske and Renee Sinclair, a former Washington State legislator and housing advocate.

9

Budgeting for FY2010

Each year the Board of Trustees makes recommendations to the governor and the Legislature regarding expenditure of Trust funds and other state dollars to help pay for Alaska's Comprehensive Integrated Mental Health Program. These recommendations comprise the Mental Health Budget Bill. During the 2009 legislative session, The Trust will seek approval of our FY2010 operating and capital budgets. Following are highlights of the projects and programs being planned for the next fiscal year in each of The Trust focus areas.

DISABILITY JUSTICE

- Expanding therapeutic courts to other communities,
- Continuing the partnership with Anchorage and Fairbanks police departments for crisis intervention team training, which instructs law enforcement on disorders experienced by Trust beneficiaries and appropriate intervention techniques, and
- Launching a juvenile therapeutic court to direct young people to the appropriate treatment and services and prevent them from entering the correctional system in the future.

AFFORDABLE APPROPRIATE HOUSING

- Assisting housing developers and service providers in business planning for supported housing and
- Improving and integrating the state funding systems available to housing developers and service providers for supported housing.

BRING THE KIDS HOME

- Expanding outpatient capacity to work with youth and families at home and avoid residential treatment and
- Establishing early childhood interventions that can mitigate the severity of mental illnesses among youth, thus preventing the future need for higher levels of care.

BENEFICIARY PROJECTS INITIATIVE

- Enhancing the Alaska Peer Support Consortium by increasing the capacity to assist grassroots programs and beneficiaries wishing to provide peer-to-peer support and
- Improving the credibility of peer-operated services within the traditional provider network.

WORKFORCE DEVELOPMENT

- Continuing to develop training capacity at the Trust Training Cooperative and
- Supporting expansion of student loan repayment for health care professionals through a state program.

The TRUST

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Trust Authority

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1/28/09 OVERVIEW: GOVERNOR'S FY10 OPERATING BUDGET

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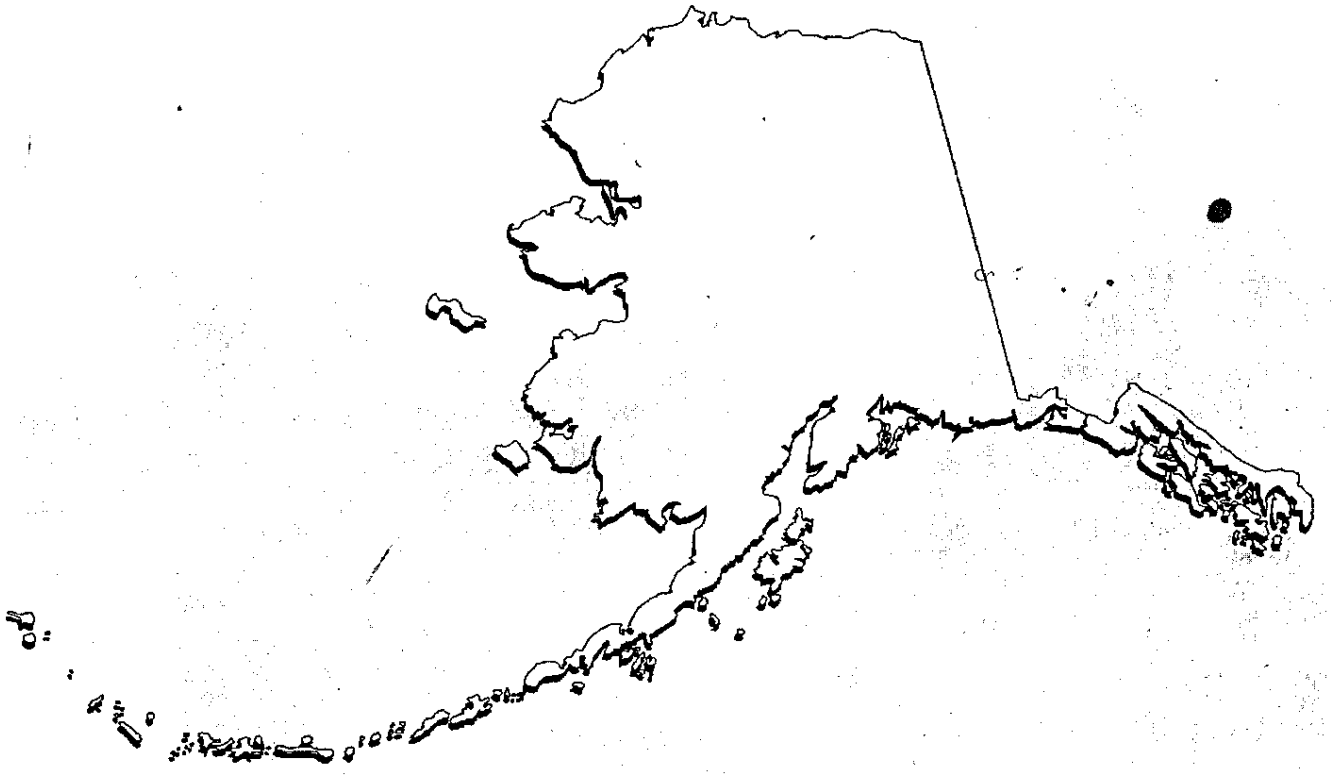
The Fiscal Year 2010 Budget:

Legislative Fiscal Analyst's Overview of the Governor's Request



Legislative Finance Division

http://www.legfin.state.ak.us/

The Legislative Fiscal Analyst Office has a professional, non-partisan staff that provides general budget analysis for members of the legislature and specifically supports the Legislative Budget and Audit Committee and the House and Senate standing finance committees. Each fiscal analyst is assigned agency areas of responsibility. Duties of the office are to:

(1) analyze the budget and appropriation requests of each department, institution, bureau, board, commission or other agency of state government;
(2) analyze the revenue requirements of the state;
(3) provide the finance committees of the legislature with comprehensive budget review and fiscal analysis services;
(4) cooperate with the Office of Management and Budget in establishing a comprehensive system for state budgeting and financial management as set out in the Executive Budget Act (AS 37.07);
(5) complete studies and prepare reports, memoranda or other materials as directed by the Legislative Budget and Audit Committee;
(6) with the Governor's permission, designate the legislative fiscal analyst to serve ex officio on the Governor's budget review committee. [AS 24.20.231]

Legislative Finance Budget System. The system tracks budget transactions and provides comparative reports for committees and subcommittees. In addition, the system is used to produce the Governor's budget request books, the general appropriations bills, Conference Committee reports and a breakdown of the capital budget by House district.

LEGISLATIVE FINANCE DIVISION
FISCAL ANALYST/BUDGET ASSIGNMENTS

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Danith Watts	Administration, Education and Early Development, Environmental Conservation, University of Alaska	465-5435
Gary Zepp	Health and Social Services, Operating Budget Coordinator, Supplemental Budget	465-5410
Kelly Cunningham	Corrections, Courts, Law, Public Safety, Military and Veterans Affairs	465-3821
Rob Carpenter	Transportation and Public Facilities, Revenue, Capital Budget Coordinator, Revenue Analysis	465-5413

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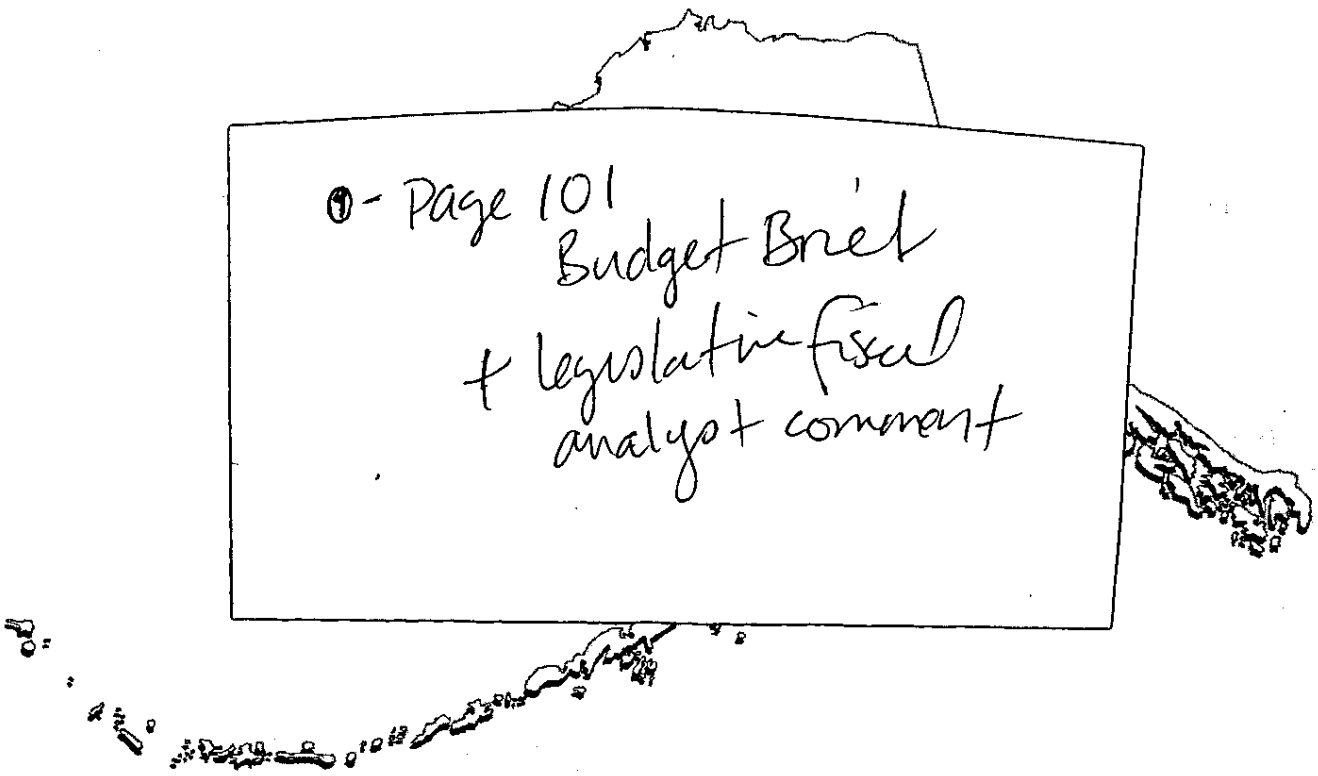

Legislative Finance Division

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TABLE OF CONTENTS

Table of Contents ..... *i*

Introduction 1

Fiscal Summary 4

Operating Budget 11
- Agency Summary – FY2010 Operating Budget – All Funds 13
- Agency Summary – FY2010 Operating Budget – General Funds Group 14
- Position Comparison 15
- Non-Duplicated State Funding 16
- Agency Summary – FY2010 Operating Budget – Non-Duplicated State Funds 17
- Fund Source Changes for Salary Adjustments 18
- Language Sections of the Governor's FY2010 Operating Budget 20

Debt Summary Table 47

Capital Budget 49
- Capital Budget Summary Table 55
- Language Sections of the Governor's FY2010 Capital Budget 56

Comprehensive Integrated Mental Health Program 63

Department of Administration 68

Department of Commerce, Community, and Economic Development 72

Department of Corrections 76

Department of Education and Early Development 80

Department of Environmental Conservation 86

Department of Fish and Game 90

Office of the Governor 94

TABLE OF CONTENTS (Cont.)

Department of Health and Social Services 98

Department of Labor and Workforce Development 106

Department of Law 112

Department of Military and Veterans Affairs 116

Department of Natural Resources 120

Department of Public Safety 126

Department of Revenue 132

Department of Transportation and Public Facilities 138

University of Alaska 142

Alaska Court System 148

Alaska Legislature 152

Introduction

As required by law, the Governor released her FY2010 budget proposal to the public and the legislature on December 15, 2008. The Legislative Finance Division prepared this Overview of the Governor's proposal and "subcommittee books" for each agency in accordance with AS 24.20.211-231.

Alaska's Fiscal Situation

For the first time in five years, State Senators and Representatives will begin a legislative session facing the prospect of a fiscal gap. Although the fiscal summary prepared at the end of the 2008 session anticipated a surplus of $350 million for FY09, an unprecedented drop in oil prices since then has turned a projected surplus into a projected $360 million deficit. And that projection is based on an average FY09 oil price of $78/barrel. If oil averages $40/barrel for the remainder of FY09, the deficit will be almost $2 billion—after paying $745 million as a resource rebate and depositing $1 billion into the Constitutional Budget Reserve Fund. (See the FY09 Sensitivity Chart on page 2.)

The FY2010 fiscal situation is equally sensitive to oil prices. The official Department of Revenue projection is that oil will average $74/barrel during FY2010. At that price, revenue will be sufficient to support the budget proposed by the Governor; as shown on line 46 of the fiscal summary on page 4, a pre-savings surplus of about $150 million is projected.

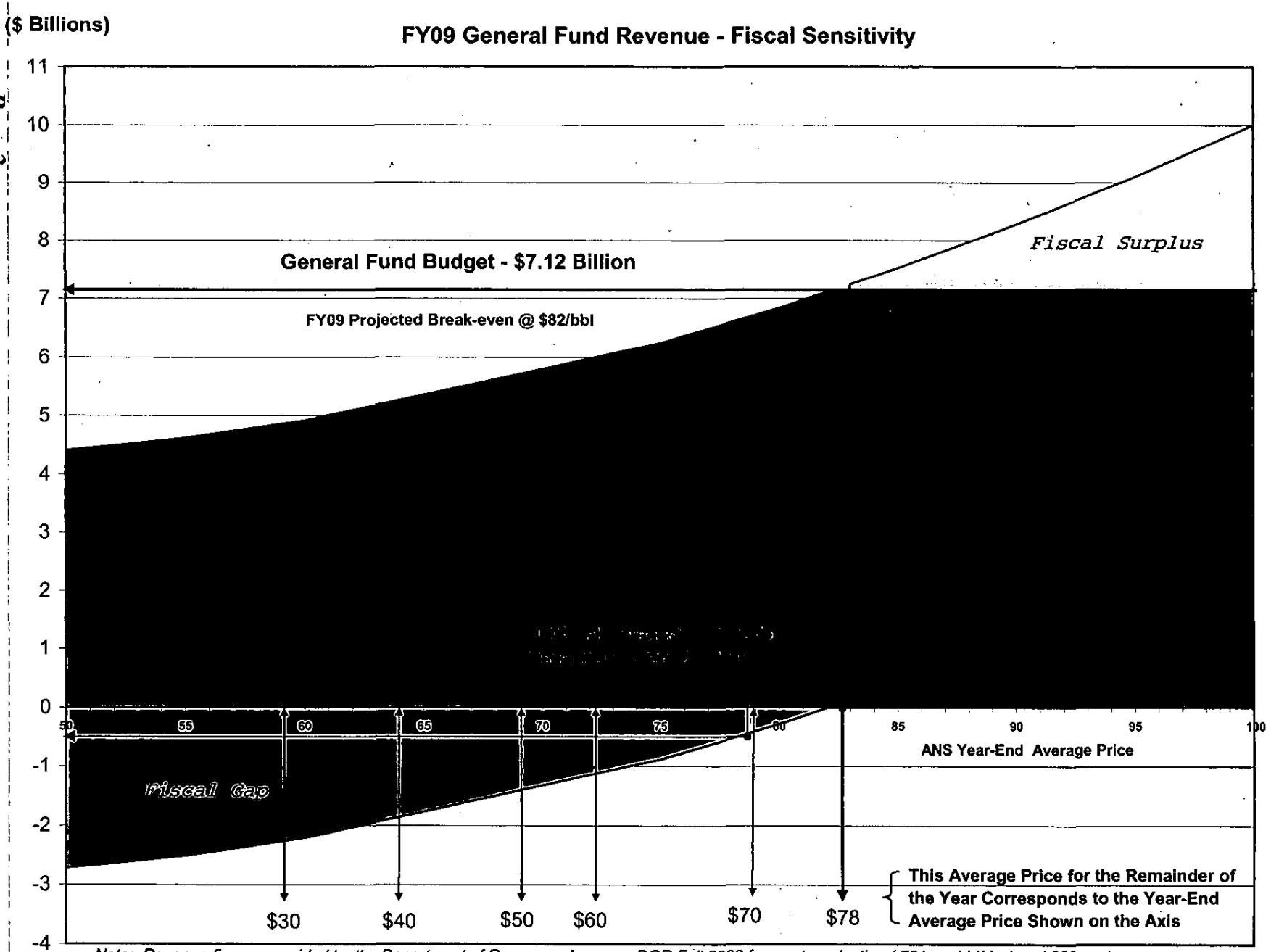
With oil now selling at less than $40/barrel, some legislators have questioned whether the official revenue forecast ($74/barrel oil) for FY2010 is a useful planning tool. Legislative Finance has used the official forecast for years, but finds a sensitivity chart to be a more useful tool than a specific dollar projection. The FY2010 Sensitivity Chart on page 3 shows how the surplus/deficit situation changes with oil prices (assuming adoption of the Governor's proposed spending level of $5.13 billion general funds):

- $74 oil (the official forecast) produces a surplus of $148 million;
- $73 oil produces a balanced budget;
- $55 oil produces a deficit of about $2 billion; and
- $35 to $40 oil produces a deficit of about $3.5 billion.[1]

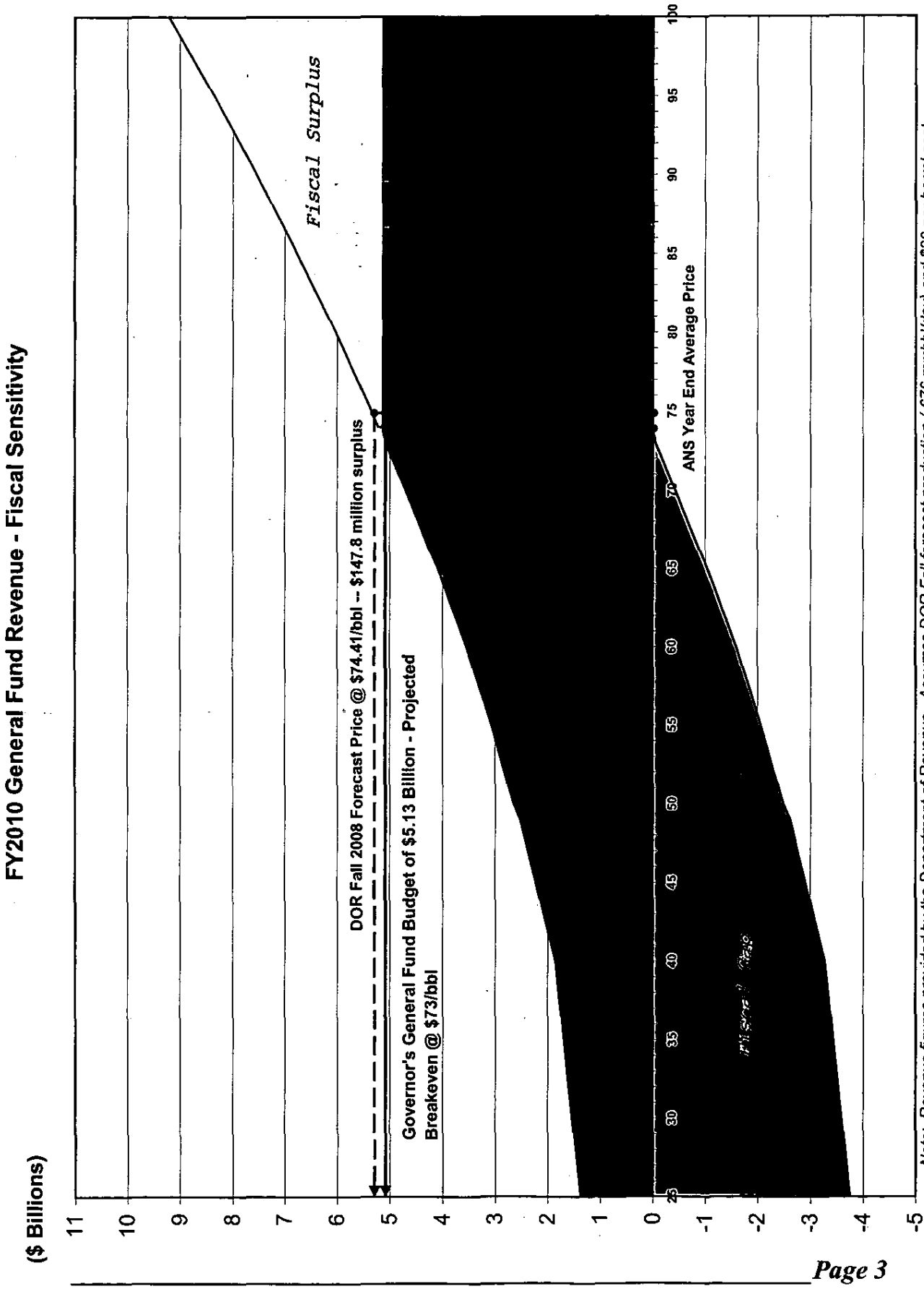
In summary, Alaska may be challenged with unprecedented levels of deficits (or budget reductions) unless and until oil prices rebound significantly. The combined deficit for FY09 and FY2010 could reach $5 billion.

Perhaps the only good news related to oil prices is that historically high prices in recent years allowed Alaska to develop an unprecedented level of reserves. As an example of the massive savings effort in recent years, consider the status of the Constitutional Budget Reserve Fund (CBRF). Withdrawals from the CBRF have been used to fill budget gaps almost every year since 1991, and it took 15 years to accrue a general fund debt to the CBRF of $5.2 billion. The legislature repaid over $4.6 billion of that liability since oil prices began climbing. Even with

[1] The sensitivity charts are vast oversimplifications of revenue forecasting techniques. They show only average oil prices for the year, while revenue at any average price is affected significantly by month-to-month price volatility because of the progressive nature of the tax. Although the charts can easily misstate annual revenue by $100 million or more at any price point, they are useful as a guide to determining the surplus/deficit at various oil prices.



Note: Revenue figures provided by the Department of Revenue. Assumes DOR Fall 2008 forecast production (.701 mmbbl/day) and $20 cost estimates. Revenue figures include sources not directly affected by oil prices. Budget figures include operating, capital and savings.



Note: Revenue figures provided by the Department of Revenue. Assumes DOR Fall forecast production (.676 mmbbl/day) and $20 per barrel cost estimates. Revenue figures include sources not directly affected by oil prices. Budget figures include operating and capital.

State of Alaska Fiscal Summary

($ millions)

		FY09 Authorized				FY2010 Governor's Proposed				GF Change	
		GF	Federal	Other	Total	GF	Federal	Other	Total	$	%
1	**REVENUE** (Excludes Permanent Fund Earnings)	6,765.5	2,561.5	3,836.7	13,163.7	5,275.4	2,803.8	3,384.7	11,463.9	(1,490.1)	-22.0%
2	Unrestricted General Fund Revenue (Fall 2008) (1)	6,751.4			6,751.4	5,275.4			5,275.4	(1,476.0)	-21.9%
3	Unrestricted General Fund Revenue (2008 Interim) (1)	0.0			0.0	0.0			0.0		
4	Unrestricted General Fund Revenue (Spring 2009) (1)	0.0			0.0	0.0			0.0		
5	Carryforward (2)	14.1	4.6	1.4	20.0				0.0		
6	Net Corporate Dividends (3)			87.6	87.6			84.5	84.5		
7	Federal and Other Funds		2,556.9	3,747.7	6,304.6		2,803.8	3,300.1	6,103.9		
8	**APPROPRIATIONS**										
9	TOTAL OPERATING APPROPRIATIONS	5,273.4	1,754.0	1,093.9	8,121.3	4,572.5	1,699.9	954.4	7,226.8	(700.9)	-13.3%
10	**Agency Operations**	3,427.9	1,713.4	991.9	6,133.2	3,569.9	1,667.9	987.1	6,224.9	141.9	4.1%
11	Current Fiscal Year Appropriations	3,427.9	1,713.4	991.9	6,133.2	3,519.9	1,667.9	987.1	6,174.9	91.9	2.7%
12	Agency Operations (Non-Formula)	1,775.8	869.8	968.0	3,613.7	1,800.1	840.4	966.3	3,606.8	24.3	1.4%
13	K-12 Formula	1,003.3	20.8	14.3	1,038.4	1,054.6	20.8	12.9	1,088.3	51.3	5.1%
14	Other Formula Programs	648.9	810.8	9.2	1,468.8	640.2	806.7	7.8	1,454.7	(8.6)	-1.3%
15	Amendments	0.0	12.0	0.3	12.3	20.0	0.0	0.0	20.0		
16	New Legislation (other than those affecting K-12 Foundation)	0.0	0.0	0.0	0.0	5.0	0.0	0.0	5.0		
17	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*705.7*	*705.7*	*0.0*	*0.0*	*708.9*	*708.9*		
18	Supplemental Appropriations (placeholder)	0.0	0.0	0.0	0.0	50.0	0.0	0.0	50.0	50.0	
19	**Statewide Operations**	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
20	Current Fiscal Year Appropriations	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
21	Debt Service	144.3	13.1	74.1	231.4	157.0	12.0	76.8	245.8	12.7	8.8%
22	Fund Capitalization	791.5	27.6	28.0	847.1	34.5	20.0	(109.4)	(55.0)	(757.1)	-95.6%
23	Direct Appropriations to Retirement	449.6	0.0	0.0	449.6	451.2	0.0	0.0	451.2	1.6	0.3%
24	Revenue Sharing	60.0	0.0	0.0	60.0	60.0	0.0	0.0	60.0	0.0	0.0%
25	Oil & Gas Investment Credits	400.0	0.0	0.0	400.0	300.0	0.0	0.0	300.0	(100.0)	-25.0%
26	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*136.2*	*136.2*	*0.0*	*0.0*	*0.0*	*0.0*		
27	Supplemental Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
28	Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
29	Fund Capitalization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
30	Local Government Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
31	Deposits to Retirement Accounts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
32	Oil & Gas Investment Credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
33	TOTAL CAPITAL APPROPRIATIONS	669.0	807.4	276.8	1,753.2	555.1	1,103.9	247.2	1,906.3	(113.8)	-17.0%
34	Current Fiscal Year Appropriations	669.0	807.4	276.7	1,753.1	535.1	1,103.9	247.2	1,886.3	(133.8)	-20.0%
35	Project Appropriations & RPLs (Revised Programs)	529.0	807.3	248.7	1,585.0	415.1	1,103.9	219.2	1,738.3	(113.8)	-21.5%
36	Fund Capitalization	140.0	0.1	28.0	168.1	120.0	0.0	28.0	148.0	(20.0)	-14.3%
37	*Projects Funded w/ General Obligation Bonds (non-add) (5)*	*0.0*	*0.0*	*315.1*	*315.1*	*0.0*	*0.0*	*0.0*	*0.0*		
38	*Projects Funded w/ Other Debt Proceeds (non-additive) (5)*	*0.0*	*0.0*	*28.6*	*28.6*	*0.0*	*0.0*	*24.3*	*24.3*		
39	*Capital Vetoes (non-additive)*	*(71.4)*	*0.0*	*(43.3)*	*(114.7)*	*0.0*	*0.0*	*0.0*	*0.0*		
40	*Duplicated Authorization (non-additive) (4)*	*0.0*	*0.0*	*529.7*	*529.7*	*0.0*	*0.0*	*310.2*	*310.2*		
41	Supplemental Appropriations	0.0	0.0	0.1	0.1	20.0	0.0	0.0	20.0		
42	Capital Projects (net of Duplication)	0.0	0.0	0.1	0.1	20.0	0.0	0.0	20.0		
43	Capital Project Vetoes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
44	Fund Capitalization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
45	**Pre-Savings Authorization** (unduplicated)	5,942.3	2,561.5	1,370.7	9,874.5	5,127.6	2,803.8	1,201.7	9,133.1	(814.7)	-13.7%
46	*Pre-Savings Surplus (Draw From CBRF)*	*823.1*	*12%*	*of Revenue*		*147.8*	*3%*	*of Revenue*			
47	**SAVINGS**	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-120%
48	Current Fiscal Year Appropriations	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-119.9%
49	Constitutional Budget Reserve Fund	1,000.0	0.0	0.0	1,000.0	0.0	0.0	0.0	0.0	(1,000.0)	-100.0%
50	Statutory Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
51	Public Education Fund	175.3	0.0	0.0	175.3	9.6	0.0	0.0	9.6	(165.7)	-94.5%
52	Cruise Ship Gambling Tax Receipts	6.0	0.0	0.0	6.0	(6.0)	0.0	0.0	(6.0)	(12.0)	-200.0%
53	AHFC Savings Account	0.0	0.0	0.0	0.0	(238.4)	0.0	0.0	(238.4)	(238.4)	
54	Supplemental Savings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
55	Constitutional Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
56	Statutory Budget Reserve Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
57	Community Revenue Sharing Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
58	**Post-Savings Authorization** (unduplicated)	7,123.6	2,561.5	1,370.7	11,055.8	4,892.8	2,803.8	1,201.7	8,898.3	(2,230.9)	-31.3%
59	*Post-Savings Surplus (Draw From CBRF)*	*(358.2)*	*-5%*	*of Revenue*		*382.6*	*7%*	*of Revenue*			
60	Permanent Fund Appropriations	0.0	0.0	2,466.0	2,466.0	0.0	0.0	2,183.0	2,183.0		
61	Permanent Fund Dividends	0.0	0.0	1,286.0	1,286.0	0.0	0.0	1,311.0	1,311.0		
62	Permanent Fund Inflation Proofing	0.0	0.0	1,180.0	1,180.0	0.0	0.0	872.0	872.0		
63	Other Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
64	**Total Authorization** (unduplicated)	7,123.6	2,561.5	3,836.7	13,521.8	4,892.8	2,803.8	3,384.7	11,081.3	(2,230.9)	-31.3%
65	**FISCAL YEAR SUMMARY**	7,123.6	2,561.5	1,370.7	11,055.8	4,892.8	2,803.8	1,201.7	8,898.3	(2,230.9)	-31.3%
66	Agency Operations	3,427.9	1,713.4	991.9	6,133.2	3,569.9	1,667.9	987.1	6,224.9	141.9	4.1%
67	Statewide Operations	1,845.4	40.7	102.0	1,988.1	1,002.6	32.0	(32.6)	1,002.0	(842.8)	-45.7%
68	Total Operating	5,273.4	1,754.0	1,093.9	8,121.3	4,572.5	1,699.9	954.4	7,226.8	(700.9)	-13.3%
69	Capital	669.0	807.4	276.8	1,753.2	555.1	1,103.9	247.2	1,906.3	(113.8)	-17.0%
70	Savings	1,181.3	0.0	0.0	1,181.3	(234.8)	0.0	0.0	(234.8)	(1,416.1)	-119.9%

Notes:

January 15, 2009

(1) The Fall 2008 revenue forecast for FY09 is 0.701 mmbd at $77.66 per barrel; the FY2010 forecast is 0.676 mmbd at $74.41/bbl.

(2) Carryforward is money that was appropriated in a prior year that is made available for spending in FY09 via multiyear appropriations or reappropriations.

(3) Corporate dividends include funds made available to the State by the boards of AHFC, AIDEA, and ASLC. Dividends retained by AHFC for debt service on state capital project bonds are excluded from the stated amount. Net dividends for FY09 and FY2010, respectively, are AHFC-$59.7 million and $65.5, AIDEA-$23.8 million and $22.7 million, and ASLC-$4.1 million and $0.0 million.

(4) Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also includes the expenditure of bond proceeds when debt service on bonds (which includes repayment of principal) will be reflected in future operating budgets.

(5) The state is responsible for future debt service payments on airport revenue bonds and GO bonds. Bond proceeds are included on line 36 and 37 and are deducted on line 40.

recent investment losses, the balance in this savings account exceeds $6 billion. The legislature has added to other savings accounts as well:

- $1 billion to the Statutory Budget Reserve Fund;
- $1.1 billion to the Public Education Fund; and
- $300 million to the AHFC Capital Corporation savings account.

Without these reserves, Alaska's FY2010 budget could resemble a list of catastrophic spending reductions. Alaska's more than $8 billion in reserves (excluding money held by the Permanent Fund) allows the state to take a studied approach to the fiscal situation—turning what could be a short-term crisis into a longer-term planning challenge.

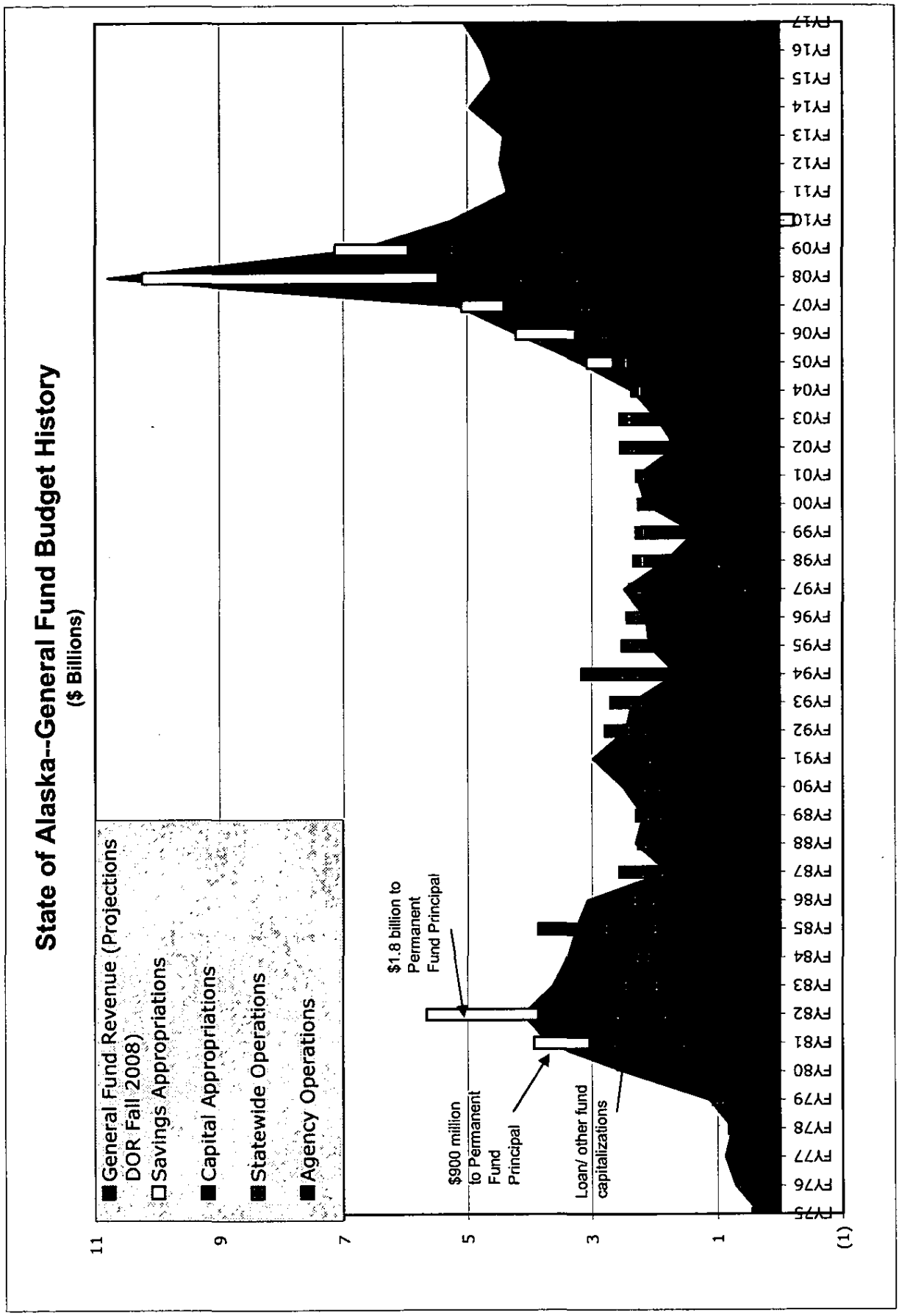
The Governor's Response to the Fiscal Situation

This discussion focuses on what the Governor proposed in her budget, not on whether the Governor's budget shows too much or too little response to the fiscal situation. That topic will undoubtedly be fodder for legislative debate; this review is intended to give context to that debate by dividing the budget into four topics:

1. **Agency operating budgets** are perhaps the best description of the public perception of "the budget"—they include money for Medicaid, K-12 education and other grant programs as well as the money to operate all public agencies. Because they are often perceived as providing necessary public services, agency operating budgets are notoriously difficult to cut, even in response to declining revenue.
2. **Statewide operations** include some items that are sticky in the sense that they depend on prior commitments and are difficult to change in the short term. These items include debt service and retirement system costs. Other items—community revenue sharing and the resource rebate, for example—are designed to spend money only when money is available. This part of the budget can be more responsive to changes in revenue.
3. **Capital budgets** act as shock absorbers in many states; capital spending increases when revenue is available and decreases—in some cases to little more than the matching amount required to receive federal grants—when state revenue declines. In Alaska, capital spending is sometimes perceived as more desirable than operating spending because it "brings the money home" to the people that want infrastructure and economic development.
4. **Savings** is the portion of the budget that is most responsive to revenue spikes. That status does little to reduce controversy; "How much should be saved?" was certainly a topic when oil revenue spiked. Similarly, revenue declines are sure to lead to questions/debate: "Should we withdraw from savings or focus on cutting expenses?" "Which savings account should be the source of withdrawals?" "How long will savings last if we.....?".

The graph on page 6 breaks Alaska's general fund budgets into the four topics described above. There are a few patterns worth noting:

- Agency budgets grew rapidly during the revenue spikes in the early 1980s and 2005-2008, but were stable when revenue did not support growth.
- Statewide operations were a decreasing part of the budget as GO bonds were repaid by FY00. The recent increase is due primarily to the cost of retirement contributions, capital expense credits against oil and gas production taxes, and the FY09 resource rebate.


State of Alaska--General Fund Budget History
($ Billions)
General Fund Revenue (Projections DOR Fall 2008)
Savings Appropriations
Capital Appropriations
Statewide Operations
Agency Operations
$1.8 billion to Permanent Fund Principal
$900 million to Permanent Fund Principal
Loan/ other fund capitalizations
11
9
7
5
3
1
(1)
FY75
FY76
FY77
FY78
FY79
FY80
FY81
FY82
FY83
FY84
FY85
FY86
FY87
FY88
FY89
FY90
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FY16
FY17

- Capital budgets jump during periods of surplus revenue and fade to little more than the minimum required for federal match when money is tight.
- Savings occur only during revenue spikes.

This review focuses on general funds, not because other funds are unimportant, but because the difference between unrestricted general fund spending and unrestricted general fund revenue defines the fiscal gap.[2]

1. **Agency operating budget** growth was $336 million (11%) from FY08 to FY09. The Governor's proposed increase from FY09 is less than one-third as large—$92 million (2.7%).

   - Most of the increase in agency operations can be categorized as "unavoidable".
     - $51 million is due to K-12 education formula changes that were specified in advance,
     - $31 million is associated with salary increases for state employees, and
     - $3 million is associated with a Governor's bill that reduced business license fees.

   The sum of these items may appear to imply that the Governor's budget contains few increases other than "unavoidable" items. But there were some items in FY09 agency operating budgets that are not repeated in the FY2010 request. These items understate the FY2010 increase by $43 million.

   - Funding for Power Cost Equalization was increased by $23 million for FY09 due to extraordinarily high fuel prices. The FY09 funding was a short-term fix and the issue is to be readdressed this session; it will be interesting to see the Governor's proposal for permanent changes to the program.
   - Funding for increased fuel and utility costs was $44 million in FY09, and is $24 million in FY2010. Given current fuel prices, the reduction is not out of line. It is, however, inconsistent with the official oil price forecast (see discussion of section 13 of the Governor's proposed language). At the official forecast, the fuel appropriation should be $7 million higher in order to match the schedule used in FY09.

   Beyond a few large items, attempting to classify increases as "unavoidable" or "discretionary" is not particularly productive; opinions will always vary. But reviewing recent budget growth can help put the FY2010 budget in perspective. The 2.7% increase in agency operations in FY2010 is the smallest in several years. Since FY05, agency operating costs have increased between ten and 15% annually.

2. **The statewide operating budget** proposed for FY2010 is $843 million less than the statewide operating budget for FY09. This decline does not indicate any significant change in policy direction; the decline is due to:

   - Elimination of the $1,200 per person one-time resource rebate—$745 million.

[2] State unduplicated funds should arguably be the focus of any multi-year budget analysis. That fund group is more comprehensive, more consistently defined and more informative than the general fund group. Finance Committee Co-chairs have indicated an interest in reviewing the budget reporting system in order to provide clearer, more meaningful information on state spending and revenue.

- A reduction in anticipated claims for oil and gas development credits—$100 million.
- Elimination of one-time capitalization of loan funds—$16 million ($11 million for fuel purchases and $5 million for improved safety electronics in private aircraft).

There is a $13 million increase in debt service, almost all of it associated with the sale of $315 million in general obligation bonds for FY09 capital projects and an increase in debt for correctional centers.

Retirement contributions offer substantial flexibility. Actuarial recommendations allow the state to reduce retirement contributions by about $160 million in FY2010. The Governor proposed no reduction of contributions. But there is more to this story:

- State retirement systems have an unfunded liability of several billion dollars. Although there is considerable flexibility in determining a repayment schedule, the liability must eventually be disposed of.
- The legislature has avoided actions that would have reduced state retirement contribution rates—essentially opting to pay down the unfunded liability when revenue was high.
- The fiscal situation has changed—the outlook is for deficits rather than surpluses.
- Maintaining savings balances offers a more flexible planning environment than can be achieved by paying down retirement system unfunded liability. In the current fiscal situation, the legislature may wish to reexamine its policy positions on "extra" retirement payments and on making changes (to actuarial methods) that could modify the shape of the long-term curve representing required retirement contributions.

3. **Capital budgets** are put together under a different concept than operating budgets. While operating budgets are incremental—meaning that each year there are increments (and more rarely, decrements) to a base budget that moves forward from one year to the next—capital budgets start over every year. Compared to operating budgets, capital budgets are often far more responsive to changes in revenue.

   The Governor's capital budget proposal is $114 million (20%) less than the FY09 capital budget adopted by the legislature. It is perhaps more useful/interesting to compare the FY2010 proposal with the FY09 proposal. In that regard, the FY2010 proposal is $194 million greater in general funds and $310 million greater in federal funds than the Governor's FY09 proposal. Other funds are down $416 million; the FY09 Governor's budget proposed spending $300 million in bond proceeds and $168 million from the capital income fund. Please see the capital budget discussion in this *Overview* for additional details.

4. **Savings** is the portion of the Governor's budget that most clearly exhibits a policy position. Saving for the future was one of the Governor's two major policy initiatives in FY09. She proposed making deposits to a transportation endowment, an energy fund, the Permanent Fund and the Public Education Fund. While few of these plans came to fruition, the legislature deposited nearly $1.2 billion to savings in FY09 (along with over $5 billion of FY08 revenue).

   As shown in the fiscal summary (line 47), the Governor's proposed budget spends $235 million from savings accounts. Given a pre-savings surplus of $148 million (line 46), withdrawing from savings accounts is a peculiar policy decision. After withdrawing from savings accounts, there is a projected FY2010 surplus of $383 million (line 59) that (absent an appropriation to the contrary) will be swept into the Constitutional Budget

Reserve Fund (CBRF) at year end. Effectively, the proposed budget transfers $235 million from other savings accounts to the CBRF.

- The proposed budget spends $238 million from the Alaska Housing Capital Corporation account—a savings account the legislature created with a $300 million general fund deposit in FY07. The Legislative Finance fiscal summary shows this item as a withdrawal from the savings account and a corresponding increase in general fund expenditures. The Governor shows the item as an expenditure of "other" funds rather than of general funds. Further, the expenditure is classified in the Governor's budget as a duplicated expenditure so it shows as a net zero item.

- Section 18(w) of the Governor's operating budget bill appropriates $1.062 billion from the general fund to the Public Education Fund (PEF) in FY2010. This amount is $9.5 million more than required to fund K-12 education in FY2010, so the fiscal summary shows a $9.5 million deposit to savings.

  But there has been an effort to forward fund K-12 education in recent years. The concept of forward funding is that the amount appropriated in a given year will be the amount required in the following year. In this regard, the Governor's $1.062 billion appropriation is $50 million short of forward funding the anticipated $1.112 billion cost of K-12 education in FY2011.

  Although the Governor's action leaves the Public Education Fund with a balance (nearly) sufficient to fund anticipated FY2011 K-12 expenditures, this is possible only because the balance of the Public Education Fund included a surplus that was intended to provide a cushion in case expenditures exceed expectations. While not technically a withdrawal from savings, the Governor's proposal reduces the PEF balance by $50 million compared to the forward funding concept adopted by the legislature.

- The Governor's budget also calls for spending $12 million of proceeds from the Cruise Ship Gambling Tax. The Governor classifies the revenue as "other" funds despite their inclusion (by the Department of Revenue) in the forecast of unrestricted general funds. To further complicate the matter, the FY2010 budget spends revenue from both FY09 and FY2010 ($6 million from each year). The Legislative Finance fiscal summary shows the use of gambling tax proceeds as a $6 million savings deposit in FY09 offset by a $6 million withdrawal in FY2010 (line 52).

Further Analysis

Although the fiscal summary provides a concise statement (and comparison) of projected revenue, appropriations and the size of the anticipated surplus or deficit, it has the limitation of being Alaska's budget-on-a-page. This *Overview* contains more detailed discussions of the proposed FY2010 budget:

- Agency summaries (operating budget on pages 11 & 12 and capital budget beginning on page 49) provide a quick comparison of the Governor's proposed budget with FY09 spending.
- Greater detail is available in the discussions of the operating budget (and subtopics) and the agency write-ups beginning on page 67.

Also, subcommittee members will want to review the detailed agency books available in the Finance Committee rooms.

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Operating Budget

The fiscal summary provides a "big picture" of the budget, including not only the operating budget, but also the capital budget, revenue, debt service, transfers and new legislation. This introduction to the operating budget focuses on how to put the Governor's operating request in perspective.

Budget comparisons across fiscal years are always difficult—there are so many adjustments required to get an "apples-to-apples" comparison that a complete discussion would push the limits of the term "overview." These details are better left to subcommittees. The agency discussions in this overview serve as a starting point for subcommittee discussion, and subcommittee books provide more detailed information.

Each subcommittee book compares the Governor's request to two scenarios: FY09 Management Plan and FY2010 Adjusted Base. The advantages and disadvantages of using each of the comparisons are discussed in the paragraphs below. The following table highlights items included throughout each stage of the budget.

		GF Only	Change from FY09 Mgt Plan	Change from FY2010 Adj Base
FY2009 Management Plan (GF Only)		**3,428,123.5**		
	One-Time Items removed	(142,788.3)		
	Transfers between Agencies (nets zero statewide)	-		
	FY2010 Contractual Salary and Health Increases	26,917.0		
	Misc Adjustments	50,408.6		
FY2010 Adjusted Base Budget (GF Only)		**3,362,660.8**	**(65,462.7)**	
	FY2010 Unrealizable Salary Fund Source Changes	3,886.6		
	FY2010 Governor's GF Increment/Decrements/Fund Changes	128,335.0		
FY2010 Governor's Request (GF Only)		**3,494,882.4**	**66,758.9**	**132,221.6**

FY09 Management Plan to the Governor's request: $66.8 million. Management Plan is the most accurate picture of the previous year's budget. It incorporates all appropriations that can be spent in FY09, including reappropriations and carryforward from multi-year appropriations, and reflects the latest estimates for open-ended language appropriations. Management Plan excludes supplemental appropriations (because they have not yet occurred) but any FY2010 supplemental appropriations that may occur are also excluded, so there is no distortion from this source.

However, the Governor's FY2010 budget does not include reappropriations and carryforward from multi-year appropriations, so comparing the FY09 Management Plan to the Governor's FY2010 request tends to understate spending in FY2010 relative to FY2009. The amount carried forward to FY09 was about $20 million.

One-time items are a far larger source of distortion. For example, a $23 million appropriation to Power Cost Equalization is included in the FY09 Management Plan, but it is not expected to be repeated in FY2010. The PCE appropriation makes the FY2010 budget $23 million lower than the FY09 budget.

FY2010 Adjusted Base to Governor's request: $132.2 million. The adjusted base attempts to reduce distortion in comparing budgets across fiscal years. It is the first FY2010 budget scenario and can be described as the "cost of doing the same functions in FY2010 as in FY09." The adjusted base is the starting point for subcommittee discussion of the Governor's request.

- It removes one-time appropriations, reappropriations, and carryforward of multi-year appropriations that were included in the FY09 Management Plan.
- It incorporates the FY2010 nondiscretionary increases that the legislature may accept or reject on a statewide basis. If the legislature rejects these nondiscretionary increases, such as contractual salary increases, the costs of these increases will have to be absorbed by the agencies.

The FY2010 Adjusted Base includes increases for the salary adjustments below:

- **Contractual Wage and Health Insurance Increases for Bargaining Units**—Negotiated agreements for covered employees for contractual salary increases (which vary by bargaining unit) and increased health insurance costs add $56.6 million statewide ($31.7 million GF, $5.6 million Federal Receipts and $19.3 million in Other Funds).

The **Governor's column** includes program increments and fund source changes that the legislature may wish to consider on an individual basis. Note that the concept of adjusted base is useful only for agency operating budgets. Savings deposits and statewide items—debt service, fund transfers, retirement contributions, etc.—are not budgeted on an incremental basis and are not reviewed by subcommittees.

The following summary tables make the comparisons discussed above. Note that Agency Summary reports include duplicated fund sources, while the fiscal summary removes these items from the operating portion of the budget. Also note that the adjusted base is set at the Governor's request for items other than agency operating budgets.

Please see the agency narratives for details on significant issues in each agency's budget.

In addition to summaries of agency budgets, the *Overview* contains discussions of fund source changes for increased salary costs (general funds replacing federal and "other" fund sources), position changes and details of debt obligations.

Agency Summary - FY 2010 Operating Budget - Total Funds

Agency	08Actual	09 CC	09 Auth	09MP Rev.	Adj Base	Gov	09MP Rev to Gov		Adj Base to Gov	
Administration	257,686.3	278,564.8	282,368.1	282,301.3	282,162.8	292,249.9	9,948.6	3.5%	10,087.1	3.6%
Commerce, Community & Economic Dev	142,580.5	165,993.7	195,643.5	195,643.5	172,035.8	187,618.1	-8,025.4	-4.1%	15,582.3	9.1%
Corrections	232,269.9	244,460.5	246,337.5	244,577.5	245,180.4	248,963.4	4,385.9	1.8%	3,783.0	1.5%
Education & Early Development	1,260,266.0	304,663.1	1,308,954.5	1,308,786.7	1,358,470.4	1,358,553.2	49,766.5	3.8%	82.8	0.0%
Environmental Conservation	64,924.2	73,369.0	73,486.0	73,375.0	73,861.6	74,135.0	760.0	1.0%	273.4	0.4%
Fish and Game	150,397.5	179,723.3	180,044.5	179,816.7	179,218.3	180,079.0	262.3	0.1%	860.7	0.5%
Office of the Governor	18,989.2	75,580.5	27,546.0	78,836.8	21,157.3	48,631.7	-30,205.1	-38.3%	27,474.4	129.9%
Health & Social Services	1,772,116.1	2,083,489.5	2,097,266.2	2,095,506.2	2,070,422.5	2,101,336.6	5,830.4	0.3%	30,914.1	1.5%
Labor & Workforce Development	141,237.3	170,238.9	173,485.0	172,521.4	170,259.1	175,185.1	2,663.7	1.5%	4,926.0	2.9%
Law	71,379.6	78,237.5	83,652.2	80,152.2	72,969.8	80,472.4	320.2	0.4%	7,502.6	10.3%
Military & Veterans Affairs	44,858.0	45,349.1	46,348.3	45,388.2	45,364.9	46,230.1	841.9	1.9%	865.2	1.9%
Natural Resources	122,536.4	129,722.4	143,820.4	142,085.6	127,444.4	136,421.0	-5,664.6	-4.0%	8,976.6	7.0%
Public Safety	137,740.3	149,261.2	158,261.8	157,458.5	153,939.9	163,355.0	5,896.5	3.7%	9,415.1	6.1%
Revenue	239,215.7	263,041.7	269,653.2	268,432.2	262,159.9	270,142.6	1,710.4	0.6%	7,982.7	3.0%
Transportation & Public Facilities	507,907.0	504,126.8	543,918.1	510,918.1	505,253.0	513,953.3	3,035.2	0.6%	8,700.3	1.7%
University of Alaska	716,481.6	839,086.0	842,956.7	838,116.7	851,268.2	822,063.8	-16,052.9	-1.9%	-29,204.4	-3.4%
Alaska Court System	81,539.9	87,655.2	87,655.2	87,655.2	89,098.1	92,319.0	4,663.8	5.3%	3,220.9	3.6%
Legislature	49,077.8	62,919.6	65,212.1	65,212.1	66,293.0	67,085.5	1,873.4	2.9%	792.5	1.2%
Debt Service	346,019.9	367,601.2	367,601.2	367,601.2	395,914.3	395,914.3	28,313.1	7.7%	0.0	0.0%
Fund Capitalization	1,468,316.9	1,459,381.9	1,389,081.9	1,389,081.9	1,256,497.4	1,256,497.4	-132,584.5	-9.5%	0.0	0.0%
Direct Approps to Retirement	454,992.3	449,622.5	449,622.5	449,622.5	451,172.5	451,172.5	1,550.0	0.3%	0.0	0.0%
Special Appropriations	48,685.6	235,000.0	1,204,000.0	1,204,000.0	360,000.0	360,000.0	-844,000.0	-70.1%	0.0	0.0%
Savings	808,552.3	1,995,292.9	2,375,292.9	2,375,292.9	643,150.2	643,150.2	-1,732,142.7	-72.9%	0.0	0.0%
Total - Operating Budget	**9,137,770.3**	**10,242,381.3**	**12,612,207.8**	**12,612,382.4**	**9,853,293.8**	**9,965,529.1**	**-2,646,853.3**	**-21.0%**	**112,235.3**	**1.1%**
General Funds	3,792,386.1	4,390,238.8	6,468,653.5	6,468,828.1	4,136,403.1	4,268,624.7	-2,200,203.4	-34.0%	132,221.6	3.2%
Federal Receipts	1,455,062.8	1,737,903.7	1,742,039.4	1,742,039.4	1,726,721.5	1,699,916.0	-42,123.4	-2.4%	-26,805.5	-1.6%
Other Funds	3,890,321.4	4,114,238.8	4,401,514.9	4,401,514.9	3,990,169.2	3,996,988.4	-404,526.5	-9.2%	6,819.2	0.2%

Agency Summary - FY 2010 Operating Budget - General Funds

Agency	08Actual	09 CC	09 Auth	09MP Rev	Adj Base	Gov	09MP Rev to Gov		Adj Base to Gov	
Administration	65,754.2	70,025.4	73,701.4	73,634.6	71,775.9	73,172.5	-462.1	-0.6%	1,396.6	1.9%
Commerce, Community & Economic Dev	9,986.3	9,687.0	38,161.9	38,161.9	14,798.0	19,627.0	-18,534.9	-48.6%	4,829.0	32.6%
Corrections	206,334.9	210,910.0	212,787.0	211,027.0	211,944.0	214,041.4	3,014.4	1.4%	2,097.4	1.0%
Education & Early Development	1,035,855.9	53,476.4	1,057,642.4	1,057,474.6	1,107,118.3	1,108,404.5	50,929.9	4.8%	1,286.2	0.1%
Environmental Conservation	18,290.3	18,888.7	19,002.4	18,891.4	18,893.1	19,140.5	249.1	1.3%	247.4	1.3%
Fish and Game	45,519.3	57,790.0	58,105.8	57,878.0	56,214.1	58,726.4	848.4	1.5%	2,512.3	4.5%
Office of the Governor	17,376.5	73,805.1	25,381.4	76,672.2	20,005.3	47,751.6	-28,920.6	-37.7%	27,746.3	138.7%
Health & Social Services	783,199.8	903,387.5	917,186.4	915,426.4	902,263.0	950,020.4	34,594.0	3.8%	47,757.4	5.3%
Labor & Workforce Development	23,488.6	29,278.8	30,786.4	29,822.8	25,992.6	31,001.0	1,178.2	4.0%	5,008.4	19.3%
Law	43,134.0	51,053.4	55,539.3	52,039.3	45,021.1	52,174.3	135.0	0.3%	7,153.2	15.9%
Military & Veterans Affairs	12,975.8	11,312.6	12,288.5	11,328.4	11,096.9	11,276.9	-51.5	-0.5%	180.0	1.6%
Natural Resources	66,194.4	67,997.8	81,509.8	79,775.0	66,959.7	71,233.6	-8,541.4	-10.7%	4,273.9	6.4%
Public Safety	110,584.5	114,631.5	119,868.3	119,065.0	118,936.3	123,186.6	4,121.6	3.5%	4,250.3	3.6%
Revenue	40,960.6	17,176.2	19,105.2	17,884.2	17,118.5	21,240.8	3,356.6	18.8%	4,122.3	24.1%
Transportation & Public Facilities	224,888.6	209,286.5	245,472.9	212,472.9	205,345.1	216,837.7	4,364.8	2.1%	11,492.6	5.6%
University of Alaska	295,807.6	308,985.5	312,675.5	307,835.5	316,933.0	321,476.9	13,641.4	4.4%	4,543.9	1.4%
Alaska Court System	79,488.6	84,485.8	84,485.8	84,485.8	86,916.5	89,627.1	5,141.3	6.1%	2,710.6	3.1%
Legislature	48,357.7	61,956.0	64,248.5	64,248.5	65,329.4	65,943.2	1,694.7	2.6%	613.8	0.9%
Debt Service	120,424.0	144,274.7	144,274.7	144,274.7	156,957.8	156,957.8	12,683.1	8.8%	0.0	0.0%
Fund Capitalization	40,086.6	31,914.5	47,514.5	47,514.5	34,461.8	34,461.8	-13,052.7	-27.5%	0.0	0.0%
Direct Approps to Retirement	454,992.3	449,622.5	449,622.5	449,622.5	451,172.5	451,172.5	1,550.0	0.3%	0.0	0.0%
Special Appropriations	48,685.6	235,000.0	1,204,000.0	1,204,000.0	360,000.0	360,000.0	-844,000.0	-70.1%	0.0	0.0%
Savings	0.0	1,175,292.9	1,195,292.9	1,195,292.9	-228,849.8	-228,849.8	-1,424,142.7	-119.1%	0.0	0.0%
Total - Operating Budget	**3,792,386.1**	**4,390,238.8**	**6,468,653.5**	**6,468,828.1**	**4,136,403.1**	**4,268,624.7**	**-2,200,203.4**	**-34.0%**	**132,221.6**	**3.2%**

Position Comparison

The Governor's FY2010 operating budget request increases permanent full-time (PFT) positions by 45 from the FY09 Revised Management Plan. In addition, 70 PFTs were added during FY09 to the number authorized by the legislature, so the total increase from the FY09 authorized level is 115. Overall, the Governor's FY2010 statewide budget contains 24,496 total positions (full-time, part-time, and temporary).

AS 39.25 (State Personnel Act) establishes the system of personnel administration within the state and describes the governor's authority to create and appoint positions within the executive branch. Positions (i.e. Position Control Numbers – PCNs) do not necessarily equate to the number of actual employees. More than one person can fill a single PCN, and many PCNs are vacant.

Permanent Full-time Positions Only

Agency	FY09 Authorized	FY09 Revised Management Plan	FY2010 Governor	Positions Added by Agencies in FY09	Additional Positions Requested in FY2010	TOTAL Change from FY09 to FY2010
Administration	1,048	1,068	1,068	20	-	20
Commerce, Community and Economic Development	521	523	525	2	2	4
Corrections	1,512	1,513	1,513	1	-	1
Education and Early Development	332	332	332	-	-	-
Environmental Conservation	529	531	532	2	1	3
Fish and Game	915	917	910	2	(7)	(5)
Office of the Governor	157	160	160	3	-	3
Health and Social Services	3,437	3,436	3,465	(1)	29	28
Labor and Workforce Development	835	833	825	(2)	(8)	(10)
Law	548	551	552	3	1	4
Military and Veterans Affairs	283	283	283	-	-	-
Natural Resources	759	778	780	19	2	21
Public Safety	837	844	844	7	-	7
Revenue	871	875	867	4	(8)	(4)
Transportation and Public Facilities	3,188	3,197	3,202	9	5	14
University of Alaska	4,694	4,694	4,697	-	3	3
Alaska Court System	728	729	754	1	25	26
Legislature	246	246	246	-	-	-
TOTAL -- ALL Agencies	**21,440**	**21,510**	**21,555**	**70**	**45**	**115**

Non-Duplicated State Funding

Traditionally, comparisons of the Governor's operating budget have been made using two "Agency Summary" reports—a report comparing *total funds* (includes all federal, general, and other funds) and a report comparing only *general funds*.

This Overview includes a third report comparing differences in *non-duplicated state funding*. Over the years, several fund sources have moved from the general funds (GF) group to the "other funds" group. Although transferring funding from GF to the "other fund" group does not affect total spending, it does make it more difficult to see the true level of overall state spending.

The *State Funds* report shows all non-duplicated funds except federal receipts. Duplicate counting occurs when money is appropriated more than once. For example, an appropriation of general funds may be used to capitalize the Debt Retirement fund, and money in the Debt Retirement Fund may then be appropriated to pay debt service. Appropriations from the Debt Retirement Fund are classified as "duplicated." Reports using this fund group will not match the appropriations bill because the appropriations bill includes duplicated appropriations.

Agency Summary - FY 2010 Operating Budget - Non-Duplicated State Funds

Agency	08Actual	09 CC	09 Auth	09MP Rev	Adj Base	Gov	09MP Rev to Gov		Adj Base to Gov	
Administration	110,098.1	117,918.0	121,700.6	121,633.8	120,310.4	127,240.8	5,607.0	4.6%	6,930.4	5.8%
Commerce, Community & Economic Dev	56,543.7	65,913.5	94,932.2	94,932.2	71,590.5	72,715.5	-22,216.7	-23.4%	1,125.0	1.6%
Corrections	212,927.3	218,899.5	220,776.5	219,016.5	219,590.3	222,074.2	3,057.7	1.4%	2,483.9	1.1%
Education & Early Development	1,061,562.8	82,666.8	1,086,953.0	1,086,785.2	1,136,253.8	1,136,116.8	49,331.6	4.5%	-137.0	0.0%
Environmental Conservation	28,427.3	32,461.8	32,575.5	32,464.5	32,552.0	32,802.4	337.9	1.0%	250.4	0.8%
Fish and Game	85,228.2	104,986.7	105,303.4	105,075.6	103,777.8	105,701.7	626.1	0.6%	1,923.9	1.9%
Office of the Governor	18,020.8	74,553.8	26,150.9	77,441.7	20,100.3	47,846.6	-29,595.1	-38.2%	27,746.3	138.0%
Health & Social Services	848,815.6	981,767.5	995,576.1	993,816.1	972,589.3	1,029,050.6	35,234.5	3.5%	56,461.3	5.8%
Labor & Workforce Development	48,039.2	61,030.9	64,259.5	63,295.9	59,716.3	65,471.1	2,175.2	3.4%	5,754.8	9.6%
Law	46,368.4	54,666.6	59,152.5	55,652.5	48,679.6	55,857.8	205.3	0.4%	7,178.2	14.7%
Military & Veterans Affairs	13,053.5	11,760.0	12,736.0	11,775.9	11,544.4	11,724.4	-51.5	-0.4%	180.0	1.6%
Natural Resources	92,327.5	101,879.1	115,974.5	114,239.7	99,300.7	107,737.8	-6,501.9	-5.7%	8,437.1	8.5%
Public Safety	115,363.1	120,863.7	126,100.5	125,297.2	125,242.2	129,468.6	4,171.4	3.3%	4,226.4	3.4%
Revenue	191,857.9	211,359.8	217,911.3	216,690.3	209,344.3	215,630.5	-1,059.8	-0.5%	6,286.2	3.0%
Transportation & Public Facilities	353,973.1	339,933.5	379,370.0	346,370.0	337,853.1	348,829.0	2,459.0	0.7%	10,975.9	3.2%
University of Alaska	536,983.1	605,336.5	610,207.3	605,367.2	616,518.7	617,514.3	12,147.1	2.0%	995.6	0.2%
Alaska Court System	79,713.0	85,558.6	85,558.6	85,558.6	87,001.5	90,222.4	4,663.8	5.5%	3,220.9	3.7%
Legislature	48,357.7	61,956.0	64,248.5	64,248.5	65,329.4	65,943.2	1,694.7	2.6%	613.8	0.9%
Debt Service	201,426.8	218,353.2	218,353.2	218,353.2	233,742.8	233,742.8	15,389.6	7.0%	0.0	0.0%
Fund Capitalization	1,438,132.8	1,431,881.9	1,361,481.9	1,361,481.9	1,236,038.2	1,236,038.2	-125,443.7	-9.2%	0.0	0.0%
Direct Approps to Retirement	454,992.3	449,622.5	449,622.5	449,622.5	451,172.5	451,172.5	1,550.0	0.3%	0.0	0.0%
Special Appropriations	48,685.6	235,000.0	1,204,000.0	1,204,000.0	360,000.0	360,000.0	-844,000.0	-70.1%	0.0	0.0%
Savings	808,000.0	1,995,292.9	2,375,292.9	2,375,292.9	643,150.2	643,150.2	-1,732,142.7	-72.9%	0.0	0.0%
Total - Operating Budget	**6,898,897.8**	**7,663,662.8**	**10,028,237.4**	**10,028,411.9**	**7,261,398.3**	**7,406,051.4**	**-2,622,360.5**	**-26.1%**	**144,653.1**	**2.0%**
General Funds	3,792,386.1	4,390,238.8	6,468,653.5	6,468,828.1	4,136,403.1	4,268,624.7	-2,200,203.4	-34.0%	132,221.6	3.2%
Other Funds	3,106,511.7	3,273,424.0	3,559,583.8	3,559,583.8	3,124,995.2	3,137,426.7	-422,157.1	-11.9%	12,431.5	0.4%

Fund Source Changes for Salary Adjustments

The Governor's FY2010 budget includes increases for rising insurance costs and negotiated salary agreements. There is a two-step process for allocating these cost increases among the various fund sources that pay the salaries and benefits of state employees.

- **Step One: allocate costs in proportion to current funding.** This allocation of costs goes in the *adjusted base* column—meaning that the costs are considered unavoidable and that there will be a single decision to incorporate the costs in the FY2010 budget. If the Finance Committee Chair decide to incorporate the cost increases at a statewide level, subcommittees will not be discussing the associated increments.
- **Step Two: replace "unavailable" fund sources with general funds.** Fund change transactions that reallocate costs among fund sources appear in the *Governor* column—meaning that subcommittees will be discussing the requested fund changes on an agency-by-agency basis.

The Governor's request replaces $3.9 million of federal and "other" funds with general funds. There are several reasons a fund source may be replaced. Finance Subcommittees need to examine each agency's fund source changes to determine whether the changes are justified. The following discussion highlights issues around some of the fund source changes, followed by questions subcommittees may want to consider to help them make decisions.

Fund source changes for programs supported by revenue, fund balances, or grants.

- **Revenue.** Many programs are supported by revenue generated by the programs. For instance, fees for use of the state parks are used to support the parks. If salary costs increase, should fees be increased to cover these costs? Or, due to statutory or other considerations, is a fee increase desirable?
- **Funds and accounts with "low" balances.** Some examples are the Fish and Game Fund, Commercial Fisheries Entry Commission receipts, Agricultural Revolving Loan Fund and the Oil/Hazardous Release Prevention & Response Fund. These funds are (or have been) spending at an unsustainable rate.
- **Grants that don't increase when costs increase.** Many grants are a set amount that does not increase as costs increase. Other grants have limits on overhead costs.

Fund source examples for the **revenue, fund balances,** and **grants** issues:

1002 Fed Rcpts	1027 IntAirport	1109 Test Fish	1180 A/D T&P Fd
1014 Donat Comm	1052 Oil/Haz Fd	1141 RCA Rcpts	1189 SeniorCare
1016 CSSD Fed	1053 Invst Loss	1153 State Land	1194 F&G NonDed
1005 GF/Prgm	1054 STEP	1154 Shore Fish	1201 CFEC Rcpts
1018 EVOS Trust	1055 IA/OIL HAZ	1155 Timber Rcp	
1021 Agric RLF	1076 Marine Hwy	1156 Rcpt Svcs	
1024 Fish/Game	1092 MHTAAR	1157 Wrkrs Safe	

Questions subcommittees may want to ask agencies:

- Is there a possibility of collecting more revenue for the program/project?

- If a fund balance exists, is it possible (or desirable) to draw more from the fund?
- Should the program absorb the cost of the salary adjustments?
- Should the state use GF for this program?
- Should the state subsidize a program that has been self-sustaining?

Fund source changes for contractual services.

- **Statutorily Designated Program Receipts (SDPR) (1108)** consists of program receipts for projects initiated by a third party that are outside the scope of an agency's normal business.
  - If a third party is contracting with the state to do something outside the scope of the agency's normal business, should the contract reflect the full costs of doing the third party's work?
- **Interagency (I/A) Receipts (1007)** consists of amounts transferred between appropriations under contractual Reimbursable Services Agreements (RSAs). For example, the Department of Labor and Workforce Development (Labor) may contract with the Department of Administration (DOA) for human resources services. Because Labor is primarily funded with federal funds, federal funds are used to pay DOA (it shows in DOA's budget as I/A Receipts). When general funds replace I/A receipts in DOA's budget, the state pays for the federal government's fair share of the cost of providing human resources to Labor.
- **Highways Equipment Working Capital Fund (Hwy Capital) (1026)** are receipts from rental fees and surcharges to various departments for equipment rental, repair and supplies.

The following questions apply to SDPR, I/A, and HwyCapital:

- When the cost of doing business rises, should the agency receiving services pay for the increment with the appropriate fund source?
- Would it be preferable to appropriate GF to the recipient of services rather than the provider of services? An increment in the receiving agency makes the budget clearer.

Fund source changes for Capital Improvement Project (CIP) Receipts

- **CIP Receipts (1061)** consist of amounts transferred from capital projects to the operating budget for project operating costs. As a project's operating costs increase, are additional CIP receipts available?

Language Sections of the Governor's FY2010 Operating Budget

Section Deleted; appeared in FY09 Operating Budget

LEGISLATIVE INTENT. (a) It is the intent of the legislature that the amounts appropriated by this Act are the full amounts that will be appropriated for those purposes for the fiscal year ending June 30, 2009.

Legislative Fiscal Analyst Comment: *In recent years the legislature has taken steps to reduce the need for routine supplemental appropriations. The intent of this section was to emphasize that supplemental operating appropriations are designed to be limited to needs that are truly unanticipated.*

(b) It is the intent of the legislature that money appropriated from the general fund be expended conservatively. If an appropriation includes the unexpended and unobligated balance of program receipts collected in a prior fiscal year, it is the intent of the legislature that the program receipts be expended, as allowed, before the expenditure of other money appropriated from the general fund. It is the intent of the legislature that the office of management and budget and the Department of Administration assist the legislature in carrying out this intent.

Legislative Fiscal Analyst Comment: *The legislature may wish to discuss the impact of this section, in terms of both general fund savings and accounting headaches. The legislature may wish to consider revising the language to allow a limited amount of carryforward of program receipts in those programs in which carryforward acts as a cushion against fluctuations in receipts.*

Section Deleted; appeared in FY09 Operating Budget

COSTS OF JOB RECLASSIFICATIONS. The money appropriated in this Act includes the amount necessary to pay the costs of personal services due to reclassification of job classes during the fiscal year ending June 30, 2009.

Legislative Fiscal Analyst Comment: *This section was added by the legislature several years ago in response to agency requests for supplemental appropriations to cover the costs of reclassification of selected job classes that the legislature was not informed of in advance. The section clarifies that the cost of reclassifying positions is to be absorbed in an agency's existing budget.*

Section Deleted; appeared in FY09 Operating Budget

PERSONAL SERVICES TRANSFERS. It is the intent of the legislature that agencies restrict transfers to and from the personal services line. It is the intent of the legislature that the office of management and budget submit a report to the legislature on January 15, 2009, that describes and justifies all transfers to and from the personal services line by executive branch agencies during the first half of fiscal year 2009. It is the intent of the legislature that the office of management and budget submit a report to the legislature on August 1, 2009, that describes and justifies all transfers to and from the personal services line by executive branch agencies during the second half of fiscal year 2009.

* **Sec. 4.** ALASKA AEROSPACE DEVELOPMENT CORPORATION. Federal receipts and other corporate receipts of the Alaska Aerospace Development Corporation received during the

fiscal year ending June 30, 2010, that are in excess of the amount appropriated in sec. 1 of this Act are appropriated to the Alaska Aerospace Development Corporation for operations during the fiscal year ending June 30, 2010.

Legislative Fiscal Analyst Comment: *This section is intended to maximize the AADC's ability to attract launch activity by eliminating all questions regarding the corporation's ability to accept and spend receipts in a timely manner.*

Funding: The estimated impact of this section is zero. Historically, the appropriations to AADC in section 1 have been sufficient to avoid application of this section.

*** Sec. 5.** ALASKA PERMANENT FUND CORPORATION. (a) The amount authorized under AS 37.13.145(b) for transfer by the Alaska Permanent Fund Corporation on June 30, 2010, is appropriated from the earnings reserve account (AS 37.13.145(a)) to the dividend fund (AS 43.23.045(a)) for the payment of permanent fund dividends and administrative and associated costs for the fiscal year ending June 30, 2010.

Subsection a appropriates funds from the earnings reserve account to the dividend fund for payment of dividends and administrative and associated costs. Earnings in FY2010 (as calculated on the last day of the fiscal year) will be used to pay PFDs in FY2010 and associated costs throughout FY2010.

Funding: The projected amount of dividend transfer for FY2010 is $1,168 billion, including administrative and associated costs. Administrative and associated costs for FY2010 are reflected in section 1 of the budget. They include the cost of operating the PFD Division, hold-harmless provisions that affect people served by the Department of Health & Social Services and "cost recovery" programs in various departments.

(b) After money is transferred to the dividend fund under (a) of this section, the amount calculated under AS 37.13.145(c) to offset the effect of inflation on the principal of the Alaska permanent fund during fiscal year 2010 is appropriated from the earnings reserve account (AS 37.13.145(a)) to the principal of the Alaska permanent fund.

Subsection b is an "inflation proofing" provision, which transfers money from the Earnings Reserve Account to principal.

Funding: The projected amount of inflation proofing for FY2010 is $872 million.

(c) The amount required to be deposited under AS 37.13.010(a)(1) and (2) during fiscal year 2010 is appropriated to the principal of the Alaska permanent fund in satisfaction of that requirement.

Subsection c appropriates 25% of mineral lease rentals, royalties, royalty sales, etc. to the principal of the Permanent Fund as required by constitution or statute.

Funding: These deposits to the Permanent Fund do not appear in the bill summary or in Legislative Finance reports because the deposits are constitutionally dedicated rather than appropriated. The Permanent Fund projects that dedicated deposits will be $659 million during FY2010.

*** Sec. 6.** DEPARTMENT OF ADMINISTRATION. The amount necessary to fund the uses of the state insurance catastrophe reserve account described in AS 37.05.289(a) is appropriated from that account to the Department of Administration for those uses during the fiscal year ending June 30, 2010.

This section references the statute that allows up to $5 million to be swept from lapsing general fund appropriations for the catastrophe reserve account. It appropriates funds from the catastrophe reserve account to the Department of Administration to obtain insurance, establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program.

Legislative Fiscal Analyst Comment: *This section re-emphasizes the state's authority to expend funds from the state insurance catastrophe reserve account described in AS 37.05.289(a). The language may not be necessary, but it does no harm.*

Legislative Fiscal Analyst Comment: *The catastrophe reserve account sweeps lapsing general fund appropriations annually to maintain a balance not to exceed $5 million. If these funds were not available, two opportunities would remain for meeting catastrophic situations: 1) supplemental appropriations by the legislature; and 2) judgment legislation. Delays that could occur with legislative remedies would cause difficulty in situations that require immediate action.*

Funding: This provision has no FY2010 fiscal impact; it allows money appropriated elsewhere to be transferred/spent but does not increase total appropriations.

* **Sec. 7.** DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. (a) The unexpended and unobligated balance of federal money apportioned to the state as national forest income that the Department of Commerce, Community, and Economic Development determines would lapse into the unrestricted portion of the general fund June 30, 2010, under AS 41.15.180(j) is appropriated as follows:

(1) up to $170,000 is appropriated to the Department of Transportation and Public Facilities, commissioner's office, for road maintenance in the unorganized borough, for the fiscal year ending June 30, 2010;

(2) the balance remaining after the appropriation made by (1) of this subsection is appropriated to home rule cities, first class cities, second class cities, a municipality organized under federal law, or regional educational attendance areas entitled to payment from the national forest income for the fiscal year ending June 30, 2010, to be allocated among the recipients of national forest income according to their pro rata share of the total amount distributed under AS 41.15.180(c) and (d) for the fiscal year ending June 30, 2010.

Subsection 1 appropriates $170,000 of National Forest Receipts to DOT&PF for road maintenance in the unorganized borough.

Subsection 2 appropriates any remaining balance to be paid as grants to local governments in the unorganized borough.

Legislative Fiscal Analyst Comment: *National Forest receipts consist of national forest income received by DCCED for the portion of national forests located within the unorganized borough. By law, 75 percent of the income is allocated to public schools and 25 percent for maintenance of public roads in the unorganized borough.*

Legislative Fiscal Analyst Comment: *AS 41.15.180(j) states that the amount in the national forest receipts fund remaining at the end of the fiscal year lapses into the general fund and shall be used for school and road maintenance in the affected areas of the unorganized borough for which direct distribution has not been made. The amount appropriated in subsection 1 ($170.0) has not changed for several years.*

Legislative Fiscal Analyst Comment: *Subsection 2 appears to change the intended purpose of lapsing receipts. Under AS 41.15.180(j) lapsing money must be spent in areas*

that do not receive money under AS 41.15.180(c) and (d). Subsection 2 takes money that would otherwise be spent in unorganized areas and appropriates it to local governments.

(b) An amount equal to the salmon enhancement tax collected under AS 43.76.010 - 43.76.028 in calendar year 2008 and deposited in the general fund under AS 43.76.025(c) is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in fiscal year 2010 to qualified regional associations operating within a region designated under AS 16.10.375.

Funding: These "pass through" amounts are excluded from Legislative Finance reports on the operating bill.

(c) An amount equal to the seafood development tax collected under AS 43.76.350 - 43.76.399 in calendar year 2008 and deposited in the general fund under AS 43.76.380(d) is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in fiscal year 2010 to qualified regional seafood development associations.

Funding: These "pass through" amounts are excluded from Legislative Finance reports on the operating bill.

(d) If the amount necessary to pay power cost equalization program costs without proration from the power cost equalization and rural electric capitalization fund (AS 42.45.100) exceeds the amount appropriated in sec. 1 of this Act, the amount necessary to pay those costs is appropriated from the power cost equalization and rural electric capitalization fund (AS 42.45.100) to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, power cost equalization allocation, for the fiscal year ending June 30, 2010.

NEW SUBSECTION: Subsection d makes the appropriation from the power cost equalization (PCE) fund to the PCE open-ended; if program costs exceed the amount appropriated in section 1, Subsection d authorizes additional transfers up to the amount required to fully fund PCE.

Funding: The estimated impact of this section is zero.

Legislative Fiscal Analyst Comment: *Subsection d addresses the (fairly common) problem of a shortage in the PCE program despite the availability of money in the PCE fund. However, it goes beyond addressing that situation when combined with the language in section 18(c), which is an open-ended appropriation that ensures the PCE formula is fully funded.*

Section Deleted; appeared in FY09 Operating Budget

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The sum of $4,800,000 is appropriated from the general fund to the Department of Education and Early Development for the school incentive program for the fiscal year ending June 30, 2009.

Legislative Fiscal Analyst Comment: *The legislature decided not to extend the pilot program.*

* **Sec. 8.** DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT. (a) If the amount necessary to pay benefit payments from the fishermen's fund (AS 23.35.060) exceeds the amounts appropriated in sec. 1 of this Act, the additional amount necessary to pay those benefit payments is appropriated from that fund to the Department of Labor and Workforce Development, fishermen's fund allocation, for the fiscal year ending June 30, 2010.

This section allows benefit payments to exceed the amount appropriated in section 1, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero.

(b) If the amount necessary to pay benefit payments from the second injury fund (AS 23.30.040(a)) exceeds the amount appropriated in sec. 1 of this Act, the amount necessary to make those benefit payments is appropriated from the second injury fund to the Department of Labor and Workforce Development, second injury fund allocation, for the fiscal year ending June 30, 2010.

This section allows benefit payments to exceed the amount appropriated in section 1, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero.

(c) If the amount necessary to pay benefit payments from the workers' compensation benefits guaranty fund (AS 23.30.082) exceeds the amount appropriated in sec. 1 of this Act, the additional amount necessary to pay those benefit payments is appropriated from that fund to the Department of Labor and Workforce Development, workers' compensation benefits guaranty fund allocation, for the fiscal year ending June 30, 2010.

This section allows benefit payments to exceed the amount appropriated in section 1, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero.

* **Sec. 9.** DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS. Five percent of the market value of the average ending balances in the Alaska veterans' memorial endowment fund (AS 37.14.700) for the fiscal years ending June 30, 2007, June 30, 2008, and June 30, 2009, is appropriated from the Alaska veterans' memorial endowment fund to the Department of Military and Veterans' Affairs for the purposes specified in AS 37.14.730(b) for the fiscal year ending June 30, 2010.

Funding: Endowment payout is expected to be about $12,500. Proceeds may be used for maintenance, repair and construction of monuments to the military.

* **Sec. 10.** DEPARTMENT OF NATURAL RESOURCES. Federal receipts received for fire suppression during the fiscal year ending June 30, 2010, are appropriated to the Department of Natural Resources for fire suppression activities for the fiscal year ending June 30, 2010.

This section appropriates an open-ended amount of federal receipts received for fire suppression to the Department of Natural Resources.

Funding: A $2 million federal receipts estimate for fire suppression has been used for several years.

Section (b) Deleted; appeared in FY09 Operating Budget

The sum of $523,000 is appropriated from the general fund to the Department of Natural Resources for the petroleum systems integrity office for the fiscal year ending June 30, 2009.

Legislative Fiscal Analyst Comment: *The Governor's FY2010 budget includes this item in section 1.*

* **Sec. 11.** DEPARTMENT OF PUBLIC SAFETY. (a) The sum of $1,393,200 is appropriated from the general fund to the Department of Public Safety, division of Alaska state troopers, narcotics task force, for drug and alcohol enforcement efforts during the fiscal year ending June

30, 2010.

Subsection a appropriates $1.4 million in general funds for drug and alcohol enforcement efforts.

(b) If the amount of federal receipts received by the Department of Public Safety from the justice assistance grant program during the fiscal year ending June 30, 2010, for drug and alcohol enforcement efforts exceeds $1,289,100, the appropriation in (a) of this section is reduced by the amount by which the federal receipts exceed $1,289,100.

Subsection b is contingency language that requires a dollar-for-dollar reduction of the previous subsection's general funds if DPS receives over $1.3 million in federal grants for drug and alcohol enforcement efforts.

Legislative Fiscal Analyst Comment: *The FY09 operating budget included similar language. DPS received $1,560,940 of federal funds for this purpose resulting in a reduction of $271,840.*

Funding: Because the amount of federal funds for FY2010 is unknown, Legislative Finance is estimating the cost of the section to be the full $1.4 million in general funds.

(c) The sum of $1,270,000 is appropriated from the general fund to the Department of Public Safety, division of Alaska state troopers, special projects, for rural alcohol interdiction efforts during the fiscal year ending June 30, 2010.

Subsection c appropriates $1.3 million in general funds for rural alcohol interdiction efforts.

(d) If federal receipts are received by the Department of Public Safety for the rural alcohol interdiction program during the fiscal year ending June 30, 2010, the appropriation in (c) of this section is reduced by the amount of the federal receipts.

Subsection d is contingency language that requires a dollar-for-dollar reduction of the previous subsection's general funds if DPS receives over $1.3 million in federal grants for drug and alcohol enforcement efforts.

Legislative Fiscal Analyst Comment: *The FY09 operating budget included similar language. DPS received $715.5 of federal funds for this purpose resulting in an equal reduction of general funds.*

Funding: Because the amount of federal funds for FY2010 is unknown, Legislative Finance is estimating the cost of the section to be the full $1.3 million in general funds.

* **Sec. 12.** DEPARTMENT OF REVENUE. (a) The minimum amount of program receipts received during the fiscal year ending June 30, 2010, by the child support services agency that is required to secure the federal funding appropriated from those program receipts for the child support enforcement program in sec. 1 of this Act is appropriated to the Department of Revenue, child support services agency, for the fiscal year ending June 30, 2010.

Subsection a permits an unspecified amount of program receipts collected by the Child Support Services Division (CSSD) to be spent to capture the federal receipts appropriated in section 1.

Legislative Fiscal Analyst Comment: *The Federal Deficit Reduction Act of 2005 changed the way states could use money earned from federal incentives. In the past, state child support programs could use federal incentive receipts as part of the required 34%*

match to federal receipts; this practice reduced the amount of state funds needed to maximize the federal receipts. Effective in federal fiscal year 2008, federal rules prohibit using federal incentive receipts as matching funds for federal receipts from the child support program. As a result, the division requested $1.9 million of general funds in section 1. This section is unlikely to have any effect. The section could be deleted, but it does no harm.

Funding: The estimated impact of this section is zero.

(b) Program receipts collected as cost recovery for paternity testing administered by the child support services agency, as required under AS 25.27.040 and 25.27.165, and as collected under AS 25.20.050(f), are appropriated to the Department of Revenue, child support services agency, for the fiscal year ending June 30, 2010.

Subsection b appropriates (to CSSD) receipts collected to recover the costs of paternity testing.

Funding: The Department estimates that paternity testing will generate $47,000 in program receipts.

*** Sec. 13.** OFFICE OF THE GOVERNOR. (a) If the 2010 fiscal year-to-date average price of Alaska North Slope crude oil exceeds $35 a barrel on August 1, 2009, the amount of money corresponding to the 2010 fiscal year-to-date average price, rounded to the nearest dollar, as set out in the table in (b) of this section is appropriated from the general fund to the Office of the Governor for distribution to state agencies to offset increased fuel and utility costs.

(b) The following table shall be used in determining the appropriation amount in (a) of this section:

2010 FISCAL YEAR-TO-DATE AVERAGE PRICE OF ALASKA NORTH SLOPE CRUDE OIL	AMOUNT
$60 or more	$24,000,000
59	23,500,000
58	23,000,000
57	22,000,000
56	21,000,000
55	20,000,000
54	19,000,000
53	18,000,000
52	17,000,000
51	16,000,000
50	15,000,000
49	14,000,000

48	13,000,000
47	12,000,000
46	11,000,000
45	10,000,000
44	9,000,000
43	8,000,000
42	7,000,000
41	6,000,000
40	5,000,000
39	4,000,000
38	3,000,000
37	2,000,000
36	1,000,000
35	0

(c) It is the intent of the legislature that a payment under (a) of this section be used to offset the effects of higher fuel and utility costs for the fiscal year ending June 30, 2010.

(d) The governor shall allocate amounts appropriated in (a) of this section as follows:

(1) to the Department of Transportation and Public Facilities, 65 percent of the total plus or minus 10 percent;

(2) to the University of Alaska, eight percent of the total plus or minus three percent;

(3) to the Department of Health and Social Services and the Department of Corrections, not more than five percent each of the total amount appropriated;

(4) to any other state agency, not more than four percent of the total amount appropriated;

(5) the aggregate amount allocated may not exceed 100 percent of the appropriation.

Subsection a appropriates up to $24 million depending on the year-to-date average price of crude oil on August 1, 2009. This funding is to be distributed to agencies to offset increased fuel and utility costs.

Subsection b indicates, based on the price of oil, how much funding is appropriated in subsection a.

Subsection c states legislative intent that the funding is to offset fuel and utility cost increases.

Subsection d provides guidelines for allocating the money among agencies.

Funding: OMB included a $24 million appropriation for fuel in its budget transmittal.

Legislative Fiscal Analyst Comment: *Similar trigger mechanisms appear to have*

functioned as designed—providing funding for fuel during the past few years without permitting high fuel costs to become part of the base budget—and the legislature may wish to continue the concept. Note, however, that the above schedule is inconsistent with the official oil price forecast; the schedule shows oil prices up to $60 while the official oil forecast is $74. In theory, the schedule should extend beyond the forecast price. Extending the schedule to the official forecast would add $7 million to the estimate of the appropriation. Extending the schedule beyond the forecast price adds nothing to the estimated appropriation, but it would cover the contingency of higher-than-anticipated oil prices.

Subsection Deleted; appeared in FY09 Operating Budget

(e) The sum of $3,670,800 is appropriated from the general fund to the Office of the Governor, division of elections, for costs associated with conducting the statewide primary and general elections for the fiscal year ending June 30, 2009.

Subsection e appropriates general funds to cover the costs of 2008 statewide elections.

Legislative Fiscal Analyst Comment: *This one-time funding for elections was removed from the FY2010 base.*

*** Sec. 14.** UNIVERSITY OF ALASKA. The amount of the fees collected under AS 28.10.421(d) during the fiscal year ending June 30, 2009, for the issuance of special request university plates, less the cost of issuing the license plates, is appropriated from the general fund to the University of Alaska for support of alumni programs at the campuses of the university for the fiscal year ending June 30, 2010.

Funding: The University expects to receive about $2,000 under this section.

*** Sec. 15.** BOND CLAIMS. The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well is appropriated to the agency secured by the bond for the fiscal year ending June 30, 2010, for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond.

This section is standard language that appropriates claims against bonds for land reclamation to the agencies that will direct the reclamation.

Funding: The Department of Natural Resources estimates the impact of this section to be $25,000.

*** Sec. 16.** GAS PIPELINE DEVELOPMENT. The following amounts are appropriated to the named department and components from the following sources in the amounts stated for work associated with development of a natural gas pipeline for the fiscal year ending June 30, 2010:

DEPARTMENT AND COMPONENT	SOURCE	APPROPRIATION AMOUNT
(1) Fish and Game		
Habitat and restoration	Interagency receipts	$180,000
(2) Labor and Workforce Development		
(A) Labor market information	General fund	145,000
(B) Business services	General fund	585,000
(C) Alaska Workforce		
Investment Board	General fund	130,000
(3) Law		
Oil, gas, and mining	General fund	1,250,000
(4) Natural Resources		
(A) Oil and gas development	General fund	391,700
(B) Pipeline coordinator	Statutory designated	
	Program receipts	2,500,000
(5) Revenue		
Natural gas commercialization	General fund	771,000

NEW SECTION: This section appropriates funding to multiple departments for development work associated with the natural gas pipeline.

Legislative Fiscal Analyst Comment: *In FY09, the legislature consolidated oil and gas development funding requests in the Office of the Governor, with direction to distribute the one-time funding of $7.3 million GF to the departments of Labor and Workforce Development, Natural Resources, Law, and Revenue as needed for work associated with the Natural Gas Pipeline. Consolidation was intended to increase flexibility and track how much was being appropriated for gasline work. OMB did not take advantage of the flexibility provided, and consolidation in section 16 has the advantage of correctly identifying each appropriation with an agency.*

* **Sec. 17.** FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), information services fund program receipts as described in AS 44.21.045(b), Exxon Valdez oil spill trust receipts described in AS 37.05.146(b)(4), receipts of the Alaska Housing Finance Corporation, receipts of the Alaska marine highway system fund described in AS 19.65.060(a), receipts of the University of Alaska as described in AS 37.05.146(b)(2), and receipts of the Alaska Fire Standards Council described in AS 37.05.146(b)(5) that are received during the fiscal year ending June 30, 2010, and that

exceed the amounts appropriated by this Act, are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

(b) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) that are received during the fiscal year ending June 30, 2010, exceed the amounts appropriated by this Act, the appropriations from state funds for the affected program shall be reduced by the excess if the reductions are consistent with applicable federal statutes.

(c) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) that are received during the fiscal year ending June 30, 2010, fall short of the amounts appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

Subsection a provides open-ended appropriations of the types of receipts listed. Although the appropriations are conditioned on review by the Legislative Budget and Audit Committee, the Governor can increase authorization for listed fund sources without the approval of the Committee.

NEW FUND SOURCE LISTED: Receipts of the University of Alaska is a FY2010 addition to the list of funds that can be increased upon LB&A committee review. There is no indication of the reason for the addition.

Subsection b is standard language that permits state authorization to be reduced if unanticipated money is received for projects funded by general funds. There is no formal process for tracking potential reductions.

Subsection c is standard language that automatically limits authorization of federal and other receipts to the amount actually received.

Funding: Although requests for approval to spend additional receipts will almost certainly be received, there is no way to determine where the increases will be, how much they will be, or what fund sources would be appropriate. Legislative Finance reports place no dollar value on appropriations made in this section.

*** Sec. 18.** FUND TRANSFERS. (a) The following amounts are appropriated to the Alaska debt retirement fund (AS 37.15.011):

(1) the sum of $118,670,100 from the general fund;

(2) the sum of $12,007,700 from federal receipts for state-guaranteed transportation revenue anticipation bonds, series 2003B;

(3) the sum of $2,837,400 from the investment earnings on the bond proceeds deposited in the capital project funds for the series 2003A general obligation bonds;

(4) the sum of $877,400 from the investment earnings on the bond proceeds deposited in the capital project fund for the state guaranteed transportation revenue anticipation bonds, series 2003B;

(5) the sum of $26,000 from the investment loss trust fund (AS 37.14.300);

(6) if the debt retirement fund balance is insufficient to pay the debt service obligations on the State of Alaska general obligation bonds, series 2003A and 2009A, the amount necessary is appropriated from the general fund.

Subsection a is summarized below:

Capitalization of the Debt Retirement Fund

Subsec	Fund Source	FY2010 Debt Service	Details
1	General Funds	118,670.1	Non-specific capitalization
2	Federal Receipts	12,007.7	Federal receipts to pay series 2003B GO Bonds
3	Capital Project Fund	2,837.4	Investment earnings receipts to pay series 2003A GO Bonds
4	Capital Project Fund	877.4	Investment earnings receipts to pay series 2003B GO Bonds
5	ILTF	26.0	Non-specific capitalization
6	General Funds	.0	Contingency funding for GO Bonds
	TOTAL DEPOSITS	**$134,418.6**	

New Subsection a (6) is an open-ended appropriation that appears to be intended to ensure that there is sufficient money to pay GO bond debt service.

Legislative Fiscal Analyst Comment: *The provision makes sense on the surface, given that the series 2009 bonds have not yet been sold, so the amount of debt service is unknown. However, because the various appropriations to the fund are not tied to specific debt service payments, the effect is that any shortage in the fund could be attributed to debt service on GO bonds. The weakness of this funding method is that it allows the amount of general fund capitalization to be understated. This situation could be avoided by specifying what type of debt service each appropriation to the fund is intended for, but that approach runs the risk of underfunding debt service. The legislature may prefer to simply deposit enough money to the debt retirement fund to leave a margin of safety.*

(b) The sum of $20,892,700 from the power cost equalization endowment fund (AS 42.45.070) is appropriated to the power cost equalization and rural electric capitalization fund (AS 42.45.100).

Subsection b capitalizes the PCE Fund with seven percent of the average value of the PCE Endowment ($20.9 million).

(c) The amount necessary, estimated to be $10,379,300, is appropriated from the general fund to the power cost equalization and rural electric capitalization fund (AS 42.45.100) for payment of power cost equalization for the fiscal year ending June 30, 2010.

Subsection c capitalizes the PCE Fund with $10.4 million in general funds. When combined with the appropriation in (b) this appropriation provides the $32.2 million needed to fully fund the PCE program appropriations made in section 1.

Legislative Fiscal Analyst Comment: *The appropriation in (c) is open-ended. This appropriation, in combination with section 7(d), ensures full funding of the PCE formula. The PCE program is up for review this session; section 18(c) will provide full funding under any changes made to the formula.*

(d) The federal funds received by the state under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 not appropriated for grants under AS 37.05.530(d) are appropriated as follows:

(1) to the principal of the Alaska permanent fund and the public school trust fund (AS 37.14.110), according to AS 37.05.530(g)(1) and 37.05.530(g)(2); and

(2) to the principal of the Alaska permanent fund, the public school trust fund (AS 37.14.110), and the power cost equalization and rural electric capitalization fund (AS 42.45.100), according to AS 37.05.530(g)(3).

Subsection d (per AS 37.05.530(g)) appropriates the lapsing balance of NPR-A grants. No lapsing balance is anticipated.

Funding: The estimated fiscal impact of this section is zero.

(e) An amount calculated under AS 43.55.028(c), not to exceed $300,000,000 is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55.028(a)).

Legislative Fiscal Analyst Comment: The amount appropriated to this fund—which is used to purchase transferable tax credit certificates and production tax certificates—in FY09 was $400 million. The legislature may wish to ask the Department of Revenue to describe cash flows into and out of the fund.

(f) The following amounts of revenue collected during the fiscal year ending June 30, 2010, are appropriated to the fish and game fund (AS 16.05.100):

(1) receipts from the sale of crewmember fishing licenses (AS 16.05.480(a)) that are not deposited into the fishermen's fund under AS 23.35.060;

(2) range fees collected at shooting ranges operated by the Department of Fish and Game (AS 16.05.050(a)(15));

(3) fees collected at boating and angling access sites described in AS 16.05.050(a)(6) and managed by the Department of Natural Resources, division of parks and outdoor recreation, under a cooperative agreement;

(4) receipts from the sale of waterfowl conservation stamp limited edition prints (AS 16.05.826(a));

(5) fees collected for sanctuary access permits (AS 16.05.050(a)(15)).

Subsection f appropriates revenue generated by the named licenses and fees into the Fish and Game Fund. Appropriations from this revenue source use the Fish and Game Nondedicated Receipts fund code (1194) to differentiate these appropriations (which are essentially GF appropriations) from the dedicated portion of the Fish and Game Fund.

Funding: The estimated fiscal impact of this subsection is $2.3 million.

(g) The following amounts are appropriated to the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010) from the sources indicated:

(1) the balance of the oil and hazardous substance release prevention mitigation account (AS 46.08.020(b)) in the general fund on July 1, 2009, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2009, estimated to be $11,100,000, from the surcharge levied under AS 43.55.300.

Subsection g is standard language appropriating (to the Oil and Hazardous Substance Release Prevention Account) the balance of the Release Prevention Mitigation Account and the FY09 collections from the 4 cent per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006 changed the per barrel surcharge from $0.03 to $0.04.

(h) The following amounts are appropriated to the oil and hazardous substance release response account (AS 46.08.010(a)(2)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010) from the following sources:

(1) the balance of the oil and hazardous substance release response mitigation account (AS 46.08.025(b)) in the general fund on July 1, 2009, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2009, from the surcharge levied under AS 43.55.201;

Subsection h is standard language appropriating (to the Oil and Hazardous Substance Release Response Account) the balance of the Release Response Mitigation Account and the FY09 collections from the $0.01 cent per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006 changed the per barrel surcharge from $0.02 to $0.01.

Funding: Based on a five-year average, the projected balance of the response mitigation account that will be transferred under this section is approximately $600,000. The surcharge collected under paragraph (2) became effective when the balance of the Response Account dropped below $50 million. The drop in the balance is due to a Department of Law request for $8.8 million to investigate two oil spills which occurred in 2006 from transit pipelines operated by BP in Prudhoe Bay oil field.

Legislative Fiscal Analyst Comment: *Based on the current balance and annual collections of $2.3 million from the one cent surcharge, the surcharge may be in effect for a few more years.*

(i) The portions of the fees listed in this subsection that are collected during the fiscal year ending June 30, 2010, are appropriated to the Alaska children's trust (AS 37.14.200):

(1) fees collected under AS 18.50.225, less the cost of supplies, for the issuance of birth certificates;

(2) fees collected under AS 18.50.272, less the cost of supplies, for the issuance of heirloom marriage certificates;

(3) fees collected under AS 28.10.421(d) for the issuance of special request Alaska children's trust license plates, less the cost of issuing the license plates.

Subsection i appropriates (to the Alaska Children's Trust) net receipts collected during FY2010 from sales of heirloom birth certificates, heirloom marriage certificates and Trust license plates.

The Alaska Children's Trust was created by Chapter 19, SLA 88. The legislature appropriated $6 million from the investment loss trust fund to the principal of the trust in Chapter 123, SLA 96. The trust was established to provide a continuing source of revenue for grants to community-based programs for the prevention of child abuse and neglect.

Funding: *OMB projects $39.5 net proceeds from the sale of certificates/plates.*

(j) The loan origination fees collected by the Alaska Commission on Postsecondary Education for the fiscal year ending June 30, 2010, are appropriated to the origination fee account (AS 14.43.120(u)) within the education loan fund (AS 14.42.210) of the Alaska Student Loan Corporation for the purposes specified in AS 14.43.120(u).

Subsection j appropriates origination fees charged on student loans to the origination fee account within the student loan fund. The fees are intended to offset loan losses due to death, disability, bankruptcy and default.

Funding: The amount of the loan origination fee is capped by regulation at 5% and set annually by the corporation. For FY2010, the Alaska Commission on Postsecondary Education has indicated that the maximum fee of 5% will be set. It is currently set at 3%. Because the appropriation earmarks money within a fund, there is no impact on state expenditures.

(k) The amount of federal receipts received for disaster relief during the fiscal year ending June 30, 2010, is appropriated to the disaster relief fund (AS 26.23.300).

Subsection k is standard language appropriating federal receipts for disaster relief to the Disaster Relief Fund. The Governor needs no specific appropriations to spend money in the Disaster Relief Fund; money can be spent upon declaration of a disaster.

Funding: A $9 million estimate for federal disaster relief receipts has been used for several years.

(l) The sum of $7,500,000 is appropriated from the general fund to the disaster relief fund (AS 26.23.300).

Subsection l capitalizes the Disaster Relief Fund with $7.5 million of general funds. FY09 capitalization was $16 million.

(m) The balance of the mine reclamation trust fund income account (AS 37.14.800(a)) on June 30, 2009, and money deposited in that account during the fiscal year ending June 30, 2010, is appropriated to the mine reclamation trust fund operating account (AS 37.14.800(a)) for the fiscal year ending June 30, 2010. The amount necessary for the purposes specified in AS 37.14.820 for the fiscal year ending June 30, 2010, is appropriated from the mine reclamation trust fund operating account (AS 37.14.800(a)) to the Department of Natural Resources.

Subsection m authorizes an internal transfer of funds from the income account to the operating account, where it is available to DNR to spend without further appropriation.

Funding: The agency estimates the amount needed for mine reclamation expenditures is about $75,000.

(n) The sum of $6,000,000 is appropriated to the Alaska clean water fund (AS 46.03.032) for the Alaska clean water loan program from the following sources:

Alaska clean water fund revenue bond receipts	$1,000,000
Federal receipts	5,000,000

(o) The sum of $7,660,000 is appropriated to the Alaska drinking water fund (AS 46.03.036) for the Alaska drinking water loan program from the following sources:

Alaska drinking water fund revenue bond receipts	$1,660,000
Federal receipts	6,000,000

Subsections n and o provide money to develop sewer and water systems in Alaska communities through revolving loan programs. The state typically issues short-term

bonds that are repaid with earnings from the loan programs, and uses the bond proceeds to match federal money.

(p) The amount of municipal bond bank receipts determined under AS 44.85.270(h) to be available for transfer by the Alaska Municipal Bond Bank Authority for the fiscal year ending June 30, 2009, is appropriated to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

Subsection p appropriates earnings of the Bond Bank to its earnings reserve fund.

Funding: *Earnings for FY09 were $250,000 and a similar amount is expected in FY2010.*

(q) The bulk fuel revolving loan fund fees established under AS 42.45.250(j) and collected under AS 42.45.250(k) from July 1, 2008, through June 30, 2009, estimated to be $45,000, are appropriated from the general fund to the bulk fuel revolving loan fund (AS 42.45.250).

Subsection q attempts to appropriate fee revenues to the bulk fuel revolving loan fund.

Legislative Fiscal Analyst Recommendation: *If the legislature chooses to capitalize the loan fund, the subsection should begin with "An amount equal to ..." in order to clarify that this is an appropriation of FY2010 general funds. The effective date of the section is July 1, 2009, which means that the specified FY09 collections will no longer be accessible. The associated budget transaction uses FY2010 general funds to capitalize the loan fund.*

(r) The sum of $8,400,000 is appropriated from the Alaska sport fishing enterprise account (AS 16.05.130(e)) in the fish and game fund (AS 16.05.100) to the Alaska fish and game revenue bond redemption fund (AS 37.15.770).

Subsection r transfers the amount collected under the surcharge on sport fish licenses (created by SB 147 (Ch 94, SLA 2005)) from the sport fish enterprise account, where the revenue is deposited, to the bond redemption fund. The transfer is for payment of debt service on bonds authorized for hatchery construction. As both funds are subfunds of the Fish and Game Fund, this section has no fiscal impact; it is an attempt to preempt legal issues associated the fisheries revenue bonds.

(s) An amount equal to the federal receipts deposited in the Alaska sport fishing enterprise account (AS 16.05.130(e)), not to exceed $1,584,200, as reimbursement for the federally allowable portion of the principal balance payment on the sport fishing revenue bonds series 2006 is appropriated from the Alaska sport fishing enterprise account (AS 16.05.130(e)) to the fish and game fund (AS 16.05.100).

Subsection s clarifies that the Department chooses to use $1.58 million of current federal funding as reimbursement. They may use federal operating receipts as reimbursement for a portion of debt service payments on the "Sportfish Bonds" issued in 2006 (see Section 23(u)).

Legislative Fiscal Analyst Comment: *The Department's action increases flexibility in the use of existing federal receipts by placing federal money in the sport fishing enterprise account. Once there, the money can be used for sport fishing facilities intended to directly benefit license purchasers.*

Funding: The section simply transfers funds between accounts within the Fish and Game Fund; there is no direct fiscal impact.

NEW SUBSECTION

(t) The sum of $459,200 is appropriated from the permanent fund dividend (PFD) appropriation in lieu of dividends to criminals account within the dividend fund (AS 43.23.045(a)) to the crime victim compensation fund (AS 18.67.162).

NEW SUBSECTION

(u) An amount received under AS 18.67.162, during the fiscal year ending June 30, 2010, is appropriated from the applicable fund source to the crime victim compensation fund (AS 18.67.162).

Subsection t capitalizes the Crime Victim Compensation Fund with $459.2 of "PFD in lieu of Dividends to Criminals" receipts.

Subsection u capitalizes the Crime Victim Compensation Fund with "money from donations, recoveries of or reimbursements for awards made from the fund, income from the fund, and other program receipts."

Legislative Fiscal Analyst Comment: *Chapter 112 SLA 2008 added language to the effect that money appropriated to the fund "may include donations, recoveries of or reimbursements for awards made by the fund, income from the fund, and other program receipts." The fund source cited in subsection t is not mentioned in AS 18.67.182, but lack of mention does not preclude the legislature from appropriating PFD criminal funds for this purpose.*

(v) An amount equal to 20 percent of the revenue collected under AS 43.55.011(g), not to exceed $60,000,000, is appropriated from the general fund to the community revenue sharing fund (AS 29.60.850).

Subsection v appropriates 20% of receipts from the progressive portion of the oil and gas production tax, to a limit of $60 million, for revenue sharing.

Legislative Fiscal Analyst Comment: *The revenue sharing fund was established with an FY08 supplemental appropriation of $180 million. Per AS 29.60.850, 1/3 of the FY08 year end balance ($60 million) was distributed to communities in FY09. The amount distributed was replaced by $60 million of FY09 revenue from the progressive portion of the oil and gas production tax. The FY2010 distribution to communities will be $60 million (1/3 of the FY09 year end balance). As long as oil prices are high enough to generate more than $60 million from the progressive production tax, the cycle of $60 million annual deposits/distribution will continue. At prices less than about $60/barrel, the progressive tax generates no revenue and annual distributions will decline. If there is no progressive tax revenue in FY2010, the year end fund balance will be $120 million and the amount available for distribution in FY2011 will be $40 million. If there is no progressive tax revenue in FY2011, the year end fund balance will be $80 million and the amount available for distribution in FY2012 will be $27 million. If the fund balance falls below $60 million (as it would in FY2012 if oil remains below about $60/barrel) there would be no distribution in FY2013.*

Funding: The full $60 million potential amount of the appropriation is included in all Legislative Finance and OMB reports.

(w) The sum of $1,062,127,700 is appropriated from the general fund to the public education fund (AS 14.17.300).

Subsection w appropriates $1.062 billion to the Public Education Fund (PEF).

Legislative Fiscal Analyst Comment: *The legislature began making deposits to the PEF in FY06, with the expectation of making continued deposits until reaching the goal of a balance sufficient to fund K-12 education one year in advance. The goal was reached last year, and FY2010 education was "forward funded". The concept of forward funding is that the amount appropriated in a given year will be the amount required in the following year. In this regard, the Governor's $1.062 billion appropriation is $50 million short of forward funding the anticipated $1.112 billion cost of K-12 education in FY2011!*

Although the Governor's proposal leaves the Public Education Fund with a balance (nearly) sufficient to fund anticipated FY2011 K-12 expenditures, this is possible only because the balance of the Public Education Fund included a surplus that was intended to provide a cushion in case expenditures exceed expectations. While not technically a withdrawal from savings, the Governor's proposal reduces the PEF balance by $50 million compared to the forward funding concept adopted by the legislature!

Section Deleted; appeared in FY09 Operating Budget

The sum of $5,000,000 is appropriated from the general fund to the information services fund (AS 44.21.045(a)).

Legislative Fiscal Analyst Comment: *The Information Services Fund is capitalized in the capital appropriations bill!*

Section Deleted; appeared in FY09 Operating Budget

The sum of $19,099,558 is appropriated from the Alaska capital income fund (AS 37.05.565) to the school construction grant fund (AS 14.11.005).

Legislative Fiscal Analyst Comment: *The fund is not capitalized in the Governor's budget proposal!*

Section Deleted; appeared in FY09 Operating Budget

The sum of $80,702,477 is appropriated from the Alaska capital income fund (AS 37.05.565) to the major maintenance grant fund (AS 14.11.007).

Legislative Fiscal Analyst Comment: *The fund is capitalized in the capital appropriations bill!*

*** Sec. 19.** RETAINED FEES AND BANKCARD SERVICE FEES. (a) The amount retained to compensate the collector or trustee of fees, licenses, taxes, or other money belonging to the state during the fiscal year ending June 30, 2010, is appropriated for that purpose to the agency authorized by law to generate the revenue. In this subsection, "collector or trustee" includes vendors retained by the state on a contingency fee basis.

Subsection a allows the state to compensate vendors that collect fees on behalf of the state. The provision originally addressed Fish and Game fishing, hunting and trapping license sales in which the vendor retained a portion of the sale. It also applies to several programs in the Department of Administration, Department of Natural Resources and Trial Courts!

Funding: These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money!

(b) The amount retained to compensate the provider of bankcard or credit card services to the state during the fiscal year ending June 30, 2010, is appropriated for that purpose to each agency of the executive, legislative, and judicial branches that accepts payment by bankcard or credit card for licenses, permits, goods, and services provided by that agency on behalf of the

state, from the funds and accounts in which the payments received by the state are deposited.

Subsection b allows credit card service providers to retain fees charged for using a credit card.

Funding: These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money.

(c) The amount retained to compensate the provider of bankcard or credit card services to the state during the fiscal year ending June 30, 2010, is appropriated for that purpose to the Department of Law for accepting payment of restitution in accordance with AS 12.55.051 by bankcard or credit card, from the funds and accounts in which the restitution payments received by the Department of Law are deposited.

Subsection c allows credit card service providers to retain fees charged for using a credit card for *payment of restitution*.

Funding: These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money.

* **Sec. 20.** RETIREMENT SYSTEM FUNDING. (a) The sum of $206,300,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the teachers' retirement system as an additional state contribution for the fiscal year ending June 30, 2010, under AS 14.25.085.

(b) The sum of $241,600,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the public employees' retirement system as an additional state contribution for the fiscal year ending June 30, 2010, under AS 39.35.280.

Legislative Fiscal Analyst Comment: *During the past five years, Alaska's retirement systems accrued a multi-billion dollar unfunded liability due to a combination of investment losses, escalating health care costs, modification of actuarial assumptions and capped contribution rates. Beginning in FY08, the state began making direct contributions to retirement systems in order to stabilize employer contribution rates while repaying that unfunded liability. Actuarial rates for both TRS and PERS declined for FY2010, which means that required contributions decline as well. As shown below, the appropriations in subsections a and b contribute about $135 million "extra" to PERS and about $23 million extra to TRS. With the decline in state revenue, the legislature may wish to consider reducing extra contributions to retirement systems.*

Direct Payments to Retirement Systems ($ millions)

Retirement System	Fiscal Year	Estimated Salary Base	Actuarial Rate	Employer Share	State Share	Direct Payments	Amount Appropriated	Suplus Direct Payment
PERS	FY09	$ 1,813	35.22%	22.00%	13.22%	$ 239.7	$ 241.6	$ 1.9
	FY2010	$ 1,886	27.65%	22.00%	5.65%	$ 106.5	$ 241.6	$ 135.1
TRS	FY09	$ 652	44.17%	12.56%	31.61%	$ 206.2	$ 206.3	$ 0.1
	FY2010	$ 678	39.53%	12.56%	26.97%	$ 182.9	$ 206.3	$ 23.4
Joint	FY09	$ 2,465	79.39%	34.56%	44.83%	$ 445.9	$ 447.9	$ 2.0
	FY2010	$ 2,564	67.18%	34.56%	32.62%	$ 289.5	$ 447.9	$ 158.4

(c) The sum of $1,722,500 is appropriated from the general fund to the Department of Military and Veterans' Affairs for deposit in the defined benefit plan account in the Alaska National Guard and Alaska Naval Militia retirement system for the purpose of funding the Alaska National Guard and Alaska Naval Militia retirement system under AS 26.05.226.

Legislative Fiscal Analyst Comment: *A $10 million FY08 supplemental appropriation to the retirement fund was intended to payoff the unfunded liability of the system. The appropriation in subsection c may not be necessary; except for recent investment losses, the system has little unfunded liability.*

(d) The sum of $1,550,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the judicial retirement system for the purpose of funding the judicial retirement system under AS 22.25.046.

Legislative Fiscal Analyst Comment: *A $49 million FY08 supplemental appropriation to the retirement fund was intended to payoff the unfunded liability of the system. The appropriation in subsection d may not be necessary; except for recent investment losses, the system has little unfunded liability. Repayment of the unfunded liability reduced the actuarial rate that applies to the retirement system, permitting a reduction in the contribution rate paid by the Court System. FY2010 decrements totaling $3.5 million are reflected in the Court's budget request in section 1.*

* **Sec. 21.** SALARY AND BENEFIT ADJUSTMENTS. (a) The operating budget appropriations made in sec. 1 of this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the terms for the fiscal year ending June 30, 2010, of the following ongoing collective bargaining agreements:

(1) Alaska Public Employees Association, for the confidential unit;

(2) Alaska State Employees Association, for the general government unit;

(3) Alaska Public Employees Association, for the supervisory unit;

(4) Alaska Vocational Technical Center Teachers' Association – National Education Association, for the employees of the Alaska Vocational Technical Center;

(5) Public Safety Employees Association, representing the regularly Commissioned public safety officers unit.

(b) The operating budget appropriations made to the University of Alaska in this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2010, for university employees who are not members of a collective bargaining unit and for implementing the monetary terms of the collective bargaining agreements including the terms of the agreement providing for the health benefit plan for university employees represented by the following entities:

(1) Alaska Higher Education Crafts and Trades Employees;

(2) University of Alaska Federation of Teachers;

(3) United Academics;

(4) United Academics-Adjuncts.

(c) If a collective bargaining agreement listed in (b) of this section is not ratified by the

membership of the respective collecting bargaining unit, the appropriations made by this Act that are applicable to that collective bargaining unit's agreement are reduced proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are reduced accordingly.

Legislative Fiscal Analyst Comment: *"collecting" should be replaced with "collective" on the second line.*

Funding: This section appropriates no money; it specifies that various salary adjustments are funded with money appropriated in section 1.

*** Sec. 22.** SHARED TAXES AND FEES. (a) The amount necessary to refund to local governments their share of taxes and fees collected in the listed fiscal years under the following programs is appropriated to the Department of Revenue from the general fund for payment to local governments in fiscal year 2010:

REVENUE SOURCE	FISCAL YEAR COLLECTED
Commercial passenger vessel excise tax (AS 43.52.230(a))	2009
Fisheries business tax (AS 43.75)	2009
Fishery resource landing tax (AS 43.77)	2009
Aviation fuel tax (AS 43.40.010)	2010
Electric and telephone cooperative tax (AS 10.25.570)	2010
Liquor license fee (AS 04.11)	2010

Funding: These "pass through" amounts are excluded from Legislative Finance reports on the operating bill.

(b) The amount necessary, estimated to be $55,000, to pay to municipalities that amount of aviation fuel tax proceeds to which the municipalities would have been entitled under AS 43.40.010(e) for aviation fuel taxes that would have been due under AS 43.40.410 during the fiscal year ending June 30, 2010, but were not collected during a suspension from July 1, 2009 through August 31, 2009, of motor fuel taxes imposed under AS 43.40.010 is appropriated from the general fund to the Department of Revenue for the fiscal year ending June 30, 2010, for payment to municipalities of the amounts to which the municipalities would have been entitled to under AS 43.40.010(e) had the motor fuel tax not been suspended.

NEW SUBSECTION: Subsection b appropriates money to offset the loss of aviation fuel tax receipts that (if collected by the state) would have been distributed to municipalities under subsection a. The tax is suspended until August 31, 2009.

(c) It is the intent of the legislature that the payments to local governments set out in (a) and (b) of this section may be assigned by a local government to another state agency.

Subsection c is intended to allow a municipality to assign a payment under subsection a to a state agency. For example, the City of Homer might receive Fisheries Business tax payments under subsection a, but owe the Department of Administration contributions for PERS. Homer could assign the payment to DOA, thus avoiding cash flow from the state

to the city and back to the state.

*** Sec. 23.** STATE DEBT AND OTHER OBLIGATIONS. (a) The amount required to pay interest on any revenue anticipation notes issued by the commissioner of revenue under AS 43.08 during the fiscal year ending June 30, 2010, is appropriated from the general fund to the Department of Revenue for payment of the interest on those notes.

Subsection a appropriates general funds to pay interest on any revenue anticipation notes that may be issued during the year.

Legislative Fiscal Analyst Comment: *No notes are expected to be issued.*

(b) The amount required to be paid by the state for principal and interest on all issued and outstanding state-guaranteed bonds is appropriated from the general fund to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2010, for payment of principal and interest on those bonds.

Subsection b appropriate general funds to pay principal and interest on state-guaranteed bonds (veterans mortgage bonds) if the revenue stream from the mortgage loans is insufficient to make those payments. The only purpose of the state general obligation pledge is to gain tax-exempt status for the bonds. Because the bonds are general obligations of the state, they must be authorized by law, ratified by the voters, and approved by the State Bond Committee.

Funding: The revenue stream from mortgage loans is expected to be sufficient to cover bond payments, so the expected fiscal impact of this subsection is zero. However, a potential general fund obligation exists.

(c) The sum of $30,455,300 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A, for the fiscal year ending June 30, 2010.

(d) The sum of $14,200 is appropriated to the state bond committee from State of Alaska general obligation bonds, series 2003A bond issue premium, interest earnings, and accrued interest held in the debt service fund of the series 2003A bonds for the fiscal year ending June 30, 2010, for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A.

Subsections c and d appropriates $30.5 million from the debt retirement fund and $14,200 from bond premiums and interest, respectively, to pay debt service on series 2003A general obligation bonds. The bonds were authorized by the voters in 2002 for construction of schools and university facilities.

(e) The sum of $11,275,000 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A, for the fiscal year ending June 30, 2010.

Subsection e appropriates $11.3 million from the debt retirement fund to pay debt service on series 2009A general obligation bonds. The bonds were authorized by voters in 2009 for road and harbor construction/renovation.

(f) If the amount necessary to pay the debt service obligations on the outstanding State of Alaska general obligation bonds, series 2003A and 2009A, exceed the amounts appropriated in (c), (d), or (e) of this section, the additional amount necessary is appropriated from the Alaska debt retirement fund (AS 37.15.011) for payment of those obligations for the fiscal year ending

June 30, 2010.

NEW SUBSECTION f ensures full payment of debt service on GO bonds.

(g) The sum of $12,885,100 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding state-guaranteed transportation revenue anticipation bonds, series 2003B, for the fiscal year ending June 30, 2010.

(h) The sum of $1,300 is appropriated to the state bond committee from state-guaranteed transportation revenue anticipation bonds, series 2003B bond issue premium, interest earnings, and accrued interest held in the debt service fund of the series 2003B bonds for the fiscal year ending June 30, 2010, for payment of debt service and trustee fees on outstanding state-guaranteed transportation revenue anticipation bonds, series 2003B.

Subsections g and h appropriate $12.9 million from the debt retirement fund and $1,300 from bond premiums and interest, respectively, to pay debt service on series 2003B state guaranteed transportation revenue anticipation bonds. The bonds were authorized by voters in 2002 for road and harbor construction/renovation.

Legislative Fiscal Analyst Comment: *Although these bonds were issued with a GO pledge by the state, they are more appropriately referred to as GARVEE bonds. The majority of the debt service is paid using eligible federal-aid highway formula funding coupled with a state matching component.*

(i) The sum of $50,028,700 is appropriated to the state bond committee for the fiscal year ending June 30, 2010, for payment of debt service and trustee fees on outstanding international airports revenue bonds from the following sources in the amounts stated:

SOURCE	AMOUNT
International Airports Revenue Fund (AS 37.15.430)	$46,828,700
Passenger facility charge	3,200,000

Subsection i appropriates funding for payment of debt service and fees on outstanding international airport revenue bonds.

(j) The sum of $1,005,000 is appropriated from interest earnings of the Alaska clean water fund (AS 46.03.032) to the Alaska clean water fund revenue bond redemption fund (AS 37.15.565) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 during the fiscal year ending June 30, 2010.

(k) The sum of $1,670,000 is appropriated from interest earnings of the Alaska drinking water fund (AS 46.03.036) to the Alaska drinking water fund revenue bond redemption fund (AS 37.15.565) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 during the fiscal year ending June 30, 2010.

Subsections j and k appropriate the interest earnings of the clean water and drinking water funds to their respective bond redemption funds. Both funds are capitalized annually with federal receipts for drinking and clean water bond receipts (see sections 18(n) and (o)). The federal receipts require a state match. Federal restrictions on the loan funds, however, limit their use to making loans and paying debt service. This section takes advantage of the ability to use the funds to pay debt service. Issuing short-term bonds (secured by the assets of the loan fund) allows the "restricted" earnings of the

funds to be used to pay off the bonds. Essentially, the earnings of the funds are used as match.

(l) The sum of $8,036,300 is appropriated from the Alaska debt retirement fund (AS 37.15.011) to the state bond committee for the fiscal year ending June 30, 2010, for trustee fees and lease payments relating to certificates of participation issued for real property.

Subsection l appropriates funds from the debt retirement fund to the state bond committee for payment of trustee fees and lease payments related to state-issued certificates of participation. Certificates of participation (COPs) are sold by the state to finance construction or purchase of state facilities. COPs represent fractional interest in the ownership of the lease payments that are paid over time by the state. Eventually, the state owns the facility outright.

(m) The sum of $3,467,100 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2010, for payment of obligations to the Alaska Housing Finance Corporation for the Robert B. Atwood Building in Anchorage.

Subsection m appropriates $3.5 million for obligations associated with the Atwood Building. AHFC purchased the Robert B. Atwood Building for approximately $39 million in cash and then issued revenue bonds secured by the building itself and lease payments from the state. The state will own the building at the end of the lease.

(n) The sum of $25,968,100 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2010, for payment of obligations and fees for the following facilities:

FACILITY	ALLOCATION
(1) Anchorage Jail	$5,103,900
(2) Spring Creek Correctional Center	2,102,400
(3) Goose Creek Correctional Center	17,810,000
(4) Yukon-Kuskokwim Correctional Center	951,800

Subsection n appropriates $5.1 million to pay lease costs for the Anchorage Jail. Anchorage issued municipal bonds to pay for the construction of the Anchorage Jail, which the state leases.

Legislative Fiscal Analyst Comment: *In common language, the contract with the Municipality of Anchorage is a lease, but terms of the contract are such that Governmental Accounting Standards Board's (GASB) rule #34 classifies it as a Capital Lease. This means that a default on lease payments could affect the state's credit rating. Because of the potential impact on credit rating, the obligation is categorized as debt.*

Legislative Fiscal Analyst Comment: *Chapter 160, SLA 2004 (SB 65) authorized lease-purchase agreements for the Spring Creek Correctional Center (SCCC) expansion, the Yukon-Kuskokwim Correctional Center (YKCC) expansion, and the Goose Creek Correctional Center construction. Upon renovation, the state will pay the debt service and utilize the facilities (a capital lease arrangement). SCCC is a $22 million project with projected FY2010 debt service of $2.1 million (25 year term @ 5.25%). YKCC is a $12.5 million project with projected FY2010 debt service of $952,000 (25 year term @ 5.25%).*

The latest construction cost estimates for the 1,536 bed Point McKenzie jail project, named Goose Creek Correctional Center, range from $257 to $259 million. The 25-year state lease is capped in statute at $11,600 per bed, and annual debt service is limited to $17.8 million. In order to remain within these financing parameters, bond rates would have needed to be about 4.75%. The administration proposed putting up $20 million as "gap" funding so that only $240 million would need to be raised through bond proceeds. The bonds were finally issued in that amount on December 22nd, 2008 at 5.95%. At this rate and term, annual debt service is expected to be in the $17.6 million range ($200 thousand less than the amount requested for FY2010).

(o) The sum of $3,303,500 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2010, for payment of obligations to the Alaska Housing Finance Corporation for the Linny Pacillo Parking Garage in Anchorage.

***Subsection o** appropriates $3.3 million for obligations associated with the Linny Pacillo parking garage. The obligation is a lease purchase similar to the obligation for the Robert B. Atwood Building.*

(p) The sum of $98,937,100 is appropriated to the Department of Education and Early Development for state aid for costs of school construction under AS 14.11.100 from the following sources:

Alaska debt retirement fund (AS 37.15.011)	$75,937,100
School fund (AS 43.50.140)	23,000,000

Subsection p appropriates funds for municipal school debt reimbursement. AS 14.11.100 authorizes the state to reimburse municipalities for selected bonds issued for school construction (from 60-90% of principal and interest depending on the authorization). The amount of this appropriation is the projected need for full reimbursement.

(q) The sum of $5,548,923 is appropriated from the general fund to the following agencies for the fiscal year ending June 30, 2010, for payment of debt service on outstanding debt authorized by AS 14.40.257, AS 29.60.700, and AS 42.45.065, respectively, for the following projects:

AGENCY AND PROJECT	APPROPRIATION AMOUNT
(1) University of Alaska	$1,412,615
Anchorage Community and Technical College Center Juneau Readiness Center/UAS Joint Facility	
(2) Department of Transportation and Public Facilities	
(A) Nome (port facility addition and renovation)	127,500
(B) Matanuska-Susitna Borough (deep water port and road upgrade)	755,120
(C) Aleutians East Borough/False Pass (small boat harbor)	101,840

AGENCY AND PROJECT (Cont.)	APPROPRIATION AMOUNT (Cont.)
(D) Lake and Peninsula Borough/Chignik (dock project)	117,844
(E) City of Fairbanks (fire headquarters station replacement)	872,115
(F) City of Valdez (harbor renovations)	225,743
(G) Aleutians Ease Borough/Akutan (small boat harbor)	303,948
(H) Fairbanks North Star Borough (Eielson AFB Schools, major maintenance and upgrades)	337,343
Department of Transportation and Public Facilities Subtotal	2,841,453
(3) Alaska Energy Authority	
(A) Kodiak Electric Association (Nyman combined cycle cogeneration plant)	943,676
(B) Copper Valley Electric Association (cogeneration projects)	351,179
Alaska Energy Authority subtotal	1,294,855

Subsection q appropriates $5.5 million to various state agencies for reimbursement to municipalities and public entities for debt service on projects authorized in Ch. 115, SLA 2002 (HB 528). This level of reimbursement is lower than that enacted for FY09 ($8.0 million). The level of reimbursement is discretionary.

(r) The sum of $8,900,000 is appropriated from the Alaska fish and game revenue bond redemption fund (AS 37.15.770) to the state bond committee for payment of debt service, accrued interest, and trustee fees on outstanding sport fish hatchery revenue bonds. It is the intent of the legislature that the sum of $3,600,000 of the appropriation made by this subsection be used for early redemption of the bonds.

Subsection r appropriates the majority of the surcharge levied on sport fish licenses authorized under Ch 94, SLA 2005—and transferred to the bond redemption fund in Section 18(r) of this bill—for payment of debt service on bonds issued for sport fish hatchery development. The appropriation exceeds the debt service due on the bonds, allowing the bonds to be paid off ahead of schedule.

* **Sec. 24.** CONSTITUTIONAL BUDGET RESERVE FUND. (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2009 that are made from subfunds and accounts other than the operating general fund (state accounting system fund number 11100) by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund are appropriated from the budget reserve fund to the subfunds and accounts from which those funds were transferred.

Subsection a is "sweep reversal language." The Constitution requires that year-end general fund balances be used to repay withdrawals from the CBRF. All general fund subaccounts are "swept" into the CBRF; this provision reverses that action.

(b) Unrestricted interest earned on investment of the general fund balances for the fiscal year ending June 30, 2010, is appropriated to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska). The appropriation made by this subsection is intended to compensate the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for any lost earnings caused by use of the fund's balance to permit expenditure of operating and capital appropriations in the fiscal year ending June 30, 2010, in anticipation of receiving unrestricted general fund revenue. The amount appropriated by this subsection may not exceed an amount equal to the earnings lost by the budget reserve fund as the result of the use of money from the budget reserve fund to permit expenditure of operating and capital appropriations in the fiscal year ending June 30, 2010, in anticipation of receiving unrestricted general fund revenue.

Subsection b appropriates general fund earnings to the CBRF as compensation for earnings lost by the CBRF as a result of draws to meet the Treasury's cash flow requirements.

(c) The sum of $1,673,000 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Department of Revenue, treasury division, for operating costs related to management of the budget reserve fund for the fiscal year ending June 30, 2010.

Subsection c appropriates $1.7 million from the budget reserve fund to the Department of Revenue, Treasury Division, for investment management fees for FY2010.

(d) The appropriations made by (a) and (c) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska.

Subsection d stipulates that appropriations made from the CBRF must be approved by at least three-quarters of the members of each house of the legislature.

Legislative Fiscal Analyst Comment: *The bill contains no language appropriating funds from the CBRF to cover any shortfall in unrestricted revenue.*

*** Sec. 25.** NONLAPSE OF APPROPRIATIONS. The appropriations made by secs. 5, 18, 20, 23(j), and 23(k) of this Act are for the capitalization of funds and do not lapse.

*** Sec. 26.** RETROACTIVITY. Those portions of the appropriations made in sec. 1 of this Act that appropriate either the unexpended and unobligated balance of specific fiscal year 2009 program receipts or the unexpended and unobligated balance on June 30, 2009, of a specified account are retroactive to June 30, 2009, solely for the purpose of carrying forward a prior fiscal year balance.

*** Sec. 27.** Section 26 of this Act takes effect June 30, 2009.

*** Sec. 28.** Except as provided in sec. 27 of this Act, this Act takes effect July 1, 2009.

Debt Summary Table

(thousands)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10Gov	FY09 to FY010	Comments
Alaska Debt Retirement Fund (ADRF)											
Capitalization											
General Funds	33,678.4	8,000.0	2,702.4	-	45,784.1	41,491.9	102,298.0	107,043.3	118,670.1	11,626.8	
Federal Receipts	-	-	3,894.5	8,606.4	8,043.1	9,295.1	11,788.0	13,055.2	12,007.7	(1,047.5)	
Investment Loss Trust Funds	-	100.0	2,500.0	104.0	77.8	12.7	376.5	171.9	26.0	(145.9)	
Municipal Bond Bank Receipts (Earnings)	-	-	775.0	775.0	250.0	250.0	-	458.7	-	(458.7)	
AHFC Dividend	6,000.0	18,700.0	8,861.1	27,568.0	18,854.6	17,441.7	-	-	-	-	
AIDEA Dividend	-	-	-	13,837.4	8,812.0	16,649.5	-	-	-	-	
ASLC Dividend	-	783.1	-	-	3,100.0	-	-	-	-	-	
ASLC Bonds	-	-	-	24,815.0	22,000.0	-	-	-	-	-	
Statutory Designated Program Receipts	723.0	-	-	-	-	-	-	-	-	-	
State Land Fund	-	-	2,500.0	-	-	-	-	-	-	-	
Chugach Interetie Earnings (Misc. Earnings)	-	-	30,469.0	-	-	-	-	-	-	-	
International Trade and Business Endowment	-	-	4,382.0	-	-	-	-	-	-	-	
Lease Payment Accounts Residual (Misc. Earnings)	-	-	-	109.8	-	-	-	-	-	-	
AATP Bond Proceeds (Misc. Earnings)	-	-	-	438.6	-	-	-	-	-	-	
GO Bond Interest - Series 2003A (Misc. Earnings)	-	-	-	2,473.1	3,720.3	6,829.8	5,173.0	-	2,837.4	2,837.4	
GO Bond Interest - Series 2003B (Misc. Earnings)	-	-	-	-	1,196.9	2,367.0	1,434.7	-	877.4	877.4	
Total	**40,401.4**	**27,583.1**	**56,084.0**	**78,727.3**	**111,838.8**	**94,337.7**	**121,070.2**	**120,729.1**	**134,418.6**	**13,689.5**	
DEBT SERVICE/ REIMBURSEMENT											
ADRF Debt Payments											
GO Bonds -Schools/Roads (Series 2003A)	-	-	-	19,706.2	31,772.1	31,470.9	31,148.6	30,803.3	30,455.3	(348.0)	
GO Bonds -GARVEES (Series 2003B)	-	-	4,194.5	9,045.0	9,241.0	11,662.0	13,222.7	13,062.5	12,885.1	(177.4)	
GO Bonds-Transportation(Series 2009A)									11,275.0	11,275.0	
Certificates of Participation (COPs)	15,979.4	17,642.1	15,751.4	17,290.7	13,782.1	13,147.6	11,170.1	8,061.3	8,036.3	(25.0)	
School Debt Reimbursement	27,971.4	27,372.1	37,424.1	51,670.1	59,463.5	66,935.0	70,497.0	73,621.2	75,937.1	2,315.9	
Administrative Systems Replacement	-	-	-	-	400.0	-	2,302.0	-	-	-	
AMHS Vessel Overhaul	-	-	-	-	764.0	-	-	-	-	-	
Subtotal	**43,950.8**	**45,014.2**	**57,370.0**	**97,712.0**	**115,422.7**	**123,215.5**	**128,340.4**	**125,548.3**	**138,588.8**	**13,040.5**	
Other Debt Payments (Including GF)											
GO Bonds -Schools/Roads (Series 2003A)	-	-	15,192.6	12,609.3	96.8	44.5	11.4	13.6	14.2	0.6	GO Bond Premium and Interest
GO Bonds -GARVEES (Series 2003B)	-	-	-	5,045.6	4,543.3	1,860.1	56.3	6.9	1.3	(5.6)	GO Bond Premium and Interest
International Airport Revenue Bonds	16,750.0	17,444.0	28,907.3	31,557.9	33,125.9	45,426.3	49,085.7	50,027.4	50,028.7	1.3	IARF and PFC's
Clean Water Fund Bonds	1,680.0	1,680.0	1,640.0	1,630.0	1,630.0	1,539.3	831.8	2,050.0	1,005.0	(1,045.0)	ACWF Receipts
Drinking Water Fund Bonds	850.0	1,060.5	1,040.0	1,030.0	1,105.0	1,075.3	1,109.8	1,115.0	1,670.0	555.0	ADWF Receipts
School Fund - School Debt Reimbursement	29,049.1	29,006.3	28,800.0	30,200.0	27,000.0	27,000.0	24,500.0	23,400.0	23,000.0	(400.0)	School Fund
Sport Fish Hatchery Revenue Bonds	-	-	-	-	-	8,219.0	7,000.0	7,500.0	8,900.0	1,400.0	Sport Fish License Surcharge
GF - Capital Project Reimbursement (HB 528)	-	-	2,818.7	2,736.0	3,634.1	10,209.9	10,459.0	8,036.2	5,548.9	(2,487.3)	GF
Atwood Building	3,549.4	3,549.4	3,549.4	3,549.4	3,549.4	3,467.1	3,467.1	3,467.1	3,467.1	-	GF
Atwood Parking Garage	-	-	-	-	-	-	3,443.0	3,303.5	3,303.5	-	GF
Anchorage Jail (Capital Lease)	3,555.7	5,262.8	5,264.5	5,274.1	5,275.1	5,091.8	5,102.0	5,091.2	5,103.9	12.7	GF
Spring Creek Correctional Center	-	-	-	-	-	-	-	1,755.6	2,102.4	346.8	GF
Yukon-Kuskokwim Correctional Center	-	-	-	-	-	-	-	951.8	951.8	-	GF
Goose Creek Correctional Center	-	-	-	-	-	-	-	-	17,810.0	17,810.0	GF
AHFC State Capital Project Bonds	45,000.0	51,000.0	56,001.7	53,892.5	59,895.4	31,935.0	6,138.6	6,139.6	6,139.9	0.3	Diverted AHFC Dividends
NTSC Tobacco Settlement Bonds (off budget)	19,900.0	20,000.0	17,100.0	16,900.0	16,000.0	16,400.0	27,600.0	28,300.0	27,400.0	(900.0)	Diverted Tobacco Settlement Revenue (to NTSC)
Subtotal	**120,334.2**	**129,003.0**	**160,114.2**	**164,424.8**	**155,855.0**	**152,268.3**	**138,804.7**	**141,157.9**	**156,446.7**	**15,288.8**	
TOTAL DS/ Reimbursement	**164,285.0**	**174,017.2**	**217,484.2**	**262,136.8**	**271,277.6**	**275,483.8**	**267,145.1**	**266,706.2**	**295,035.5**	**28,329.3**	
Debt Payments by Type											
GO Bonds	-	-	19,387.1	46,406.1	45,653.2	45,037.5	44,439.0	43,886.3	54,630.9	10,744.6	
Lease-Purchase Financing	23,084.5	26,454.3	24,565.3	26,114.2	22,606.6	21,706.5	23,182.2	22,630.5	40,775.0	18,144.5	COP's, Atwood Building/ Garage, Anchorage Jail/ Correct. Centers
Revenue Bonds	16,750.0	17,444.0	28,907.3	31,557.9	33,125.9	53,645.3	56,085.7	57,527.4	58,928.7	1,401.3	International Airport, Sport Fish
Debt Reimbursement	57,020.5	56,378.4	68,842.8	84,606.1	90,861.6	104,144.9	105,456.0	105,057.4	104,486.0	(571.3)	School Debt, Municipal Capital Debt
Corporate Debt for State Capital Projects	64,900.0	71,000.0	73,101.7	70,792.5	75,895.4	48,335.0	33,738.6	34,439.6	33,539.9	(899.7)	AHFC, NTSC
Short Term Financing/ Credit Line	2,530.0	2,740.5	2,680.0	2,660.0	3,135.0	2,614.6	4,243.6	3,165.0	2,675.0	(490.0)	Clean and Drinking Water, Master Lease LOC

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Capital Budget

The Governor has proposed capital projects of $1.9 billion and a total capital budget of $2.02 billion for FY2010.[3] The budget includes $535 million in general funds, $1.1 billion in federal funds, and $380 million of other state funds.[4] Compared with the budget proposed last year (on 12/15/2007), it is $194 million greater in general funds, $310 million greater in federal funds, but down $416 million in other state funds for a $88 million net increase over the Governor's FY09 proposal.

Funding

General Funds

General funds are up $194 million over the Governor's FY09 proposal. This amount includes money from a savings account set aside by the legislature in FY07. The legislature placed $300 million of general funds in a sub-corporation of AHFC, with the intent that the money be used for future capital projects. The Governor proposes using $238.4 million of the $300 million (plus approximately $45 million of earnings) available.

Other State Funds

The large drop in other state funds is attributable to:

- The inclusion of much more bond funding in FY09. A total of $300 million of general obligation and Alaska Student Loan bonds were proposed. This year, only airport bonds ($24.3 million) are included as a bond fund source.
- A substantial reduction in expenditures from the Alaska Capital Income Fund. Last year's appropriation level was supported by infusions of cash into the fund.[5] The fund was essentially drained in FY09 and the FY2010 budget contains roughly the amount of income expected in FY2010 (approximately $28 million).

The Governor's FY2010 proposal includes over $39 million in cruise-ship-related projects funded from the Commercial Passenger Vessel Tax Fund. Last year the legislature appropriated $25 million from this fund, of which $10 million was vetoed by the Governor.

Federal Funds

Federal receipt authority is up over $300 million. Much of this is attributable to two projects:

- DNR's $58 million Coastal Impact Assistance Program and
- the University's $100 million Arctic Research Vessel.

The remaining increase is in the DOT&PF Airport Improvement and Surface Transportation programs. Due to the very complex environment for federal funding (see *Issues* later in this section), the DOT&PF capital budget appears to include some "extra" projects. This is not an uncommon strategy by DOT&PF; it provides the flexibility to manage federal programs so as to best capture available federal funding. Once a new federal transportation authorization bill is

[3] The total budget includes fund transfer appropriations which, as duplicated appropriations, do not actually put more "money on the street." The Capital Budget Summary table on page 62 reflects this best. The report differs from the depiction on the Fiscal Summary, in which all duplicate funds are removed.

[4] The Fiscal Summary shows FY2010 GF spending of $555 million. That figure includes a $20 million placeholder for FY2010 supplemental projects which is excluded here.

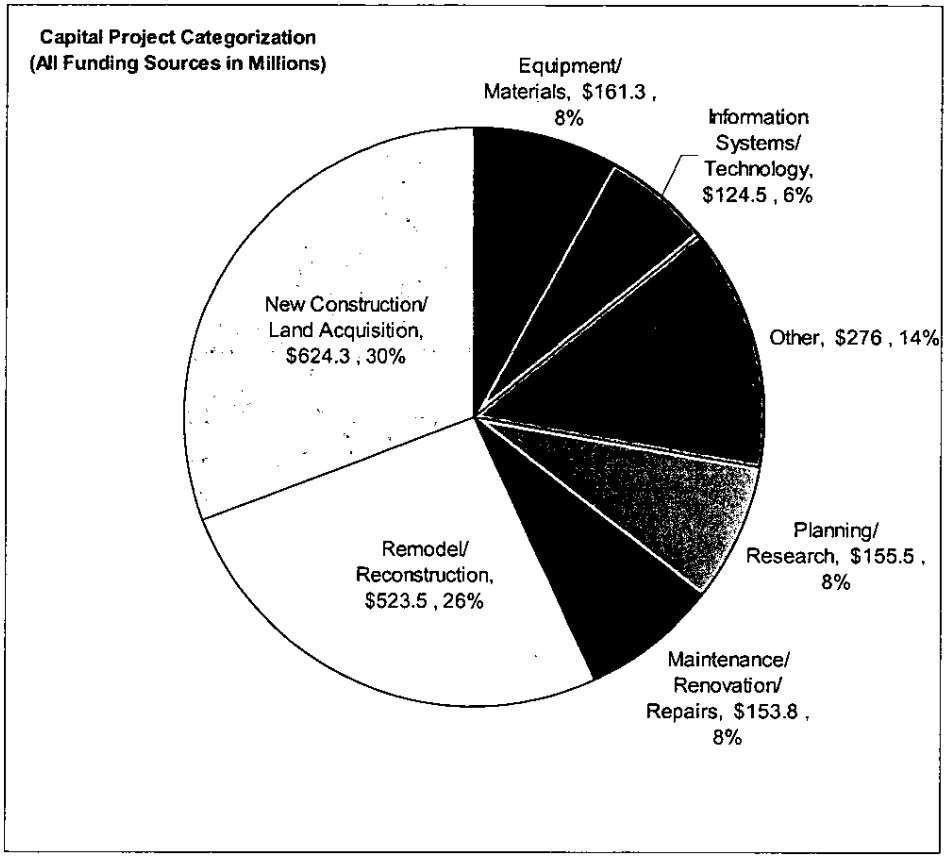
[5] In FY07, a general fund sweep provision caused over $140 million to be swept into the fund. In FY08, over $50 million of corporate dividends was placed into the fund.

passed and plans for economic stimulus are revealed, the direction of future federal funding will be clearer.

Budget Composition

The pie chart below provides a categorical breakdown of the proposed capital spending plan.[6] Further project details may be addressed in the individual agency narratives.

Figure 1



Construction

Construction projects—both new and remodel—comprise over 56% of the Governor's proposed capital budget. New construction involves adding infrastructure to the state's capital stock, and includes both new roads and new square footage. Reconstruction involves modifying or changing the function of existing roads or space. The Surface Transportation Program and the Airport Improvement Program within DOT&PF make up the majority of the construction budget at $602 million. Other significant construction projects are in the Village Safe Water and Waste Water Program and the Municipal Water Sewer Matching Grants Program at $110 million. Large, stand-alone *state funded* construction appropriations include:

- $20 million (AHCC Funds) - Goose Creek Correctional Center gap funding
- $20 million (AHCC Funds) - AVTEC 3rd Avenue Dorm Replacement

[6] Please see the last page of this section for the methodology of the project categorization.

- $12 million (AHCC Funds) - AVTEC Heavy Equipment and Diesel Shop
- $15 million (University Receipts) – UAF Energy Technology Building
- $20.6 million (University Receipts) – UAF Life Sciences Facility
- $50 million (GF) – Federal Aid Highway/ Aviation State Match
- $10.8 million (GF) – School Major Maintenance Projects

Maintenance/Renovation/Repairs

This category includes deferred/scheduled maintenance or repair projects for agency facilities, state parks, harbors, highways, bridges, rural airports, aircraft and vessels. The category accounts for 8% of the total capital budget. Notable projects include:

- $32 million (GF) – School Major Maintenance Projects
- $9.8 million (GF) – AMHS Vessel/Terminal Overhaul
- $18 million (Federal) – AMHS Mainline Ferry Refurbishment
- $11.4 million (Federal) – Richardson Highway Flood Repairs
- $10 million (GF) – UA Annual Facility Maintenance, Renewal/Renovation
- $32.9 million (various) – Various Agency Facility Maintenance Projects

Planning/Research

Another 8% of the budget is for the planning/research category, primarily federal highway and airport pre-construction appropriations. At $45 million and $18 million, respectively, these highway and airport projects fund the preliminary design, engineering, environmental analysis, right-of-way and utility work for the federal Airport Improvement Program and Surface Transportation Program. Other sizable projects include:

- $4.2 million (AHCC Receipts) – DEC Girdwood Wastewater Treatment Facility
- $22 million (Federal) – DF&G Pacific Coastal Salmon Recovery Fund
- $3 million (AHCC) – DNR Gas Pipeline Implementation
- $6 million (AHCC) – DNR Reservoir Studies Oil and Gas Resources
- $5 million (AHCC) – DOR Gas Spur Line Development
- $2 million (AHFC Dividend) – AHFC Energy Efficiency Monitoring Research

Information Systems/Technology

Information technology projects make up a significant portion of the budget at 6%. This is substantial given that the funding is made up of almost entirely state funds. Spread throughout state agencies, projects include network upgrades/replacements, security projects, document imaging projects, and two notable projects comprising over half the category:

- $23.4 million (AHCC/Gamble Tax) – DOR Tax Management System
- $50 million (AHCC) - DOA Statewide System Replacement (accounting and payroll system)

Equipment/Materials

This category, totaling $161 million, is much larger than normal because it includes $100 million of federal receipt authority for the UAF Alaska Region Research Vessel project. This funding, along with $80 million of previous authority, will allow for construction of a 236 foot ice-capable research vessel. Other significant equipment/ materials projects include:

- $15 million (Hwy Working Capital Funds) – State Equipment Fleet Replacement
- $13.6 million (Federal) – Snow Removal Equipment
- $2.3 million (AHCC Receipts) – Fairbanks Pipeline Training Center Equipment

Other

The Other category, 14% of the budget, is comprised of projects outside the other project categories. They include projects of economic assistance, training, safety grants/ programs, fund capitalizations and others. Notable projects include:

- $58 million (Federal) – DNR Coastal Impact Assistance Program
- $10 million (various) – AHFC Homeless Assistance Program
- $11.5 million (Federal) – DOT&PF Statewide Safety Program
- $20 million (AHCC) – AGIA Reimbursement Fund

ISSUES

Federal Funding

Last summer the Congressional Budget Office projected a Federal Highway Trust Fund shortfall of $3.3 billion for 2009. This shortfall was addressed by Congress, albeit temporarily, by an $8 billion infusion from the general treasury. Current projections have the Trust Fund remaining solvent through federal fiscal year 2009. The infusion fixes the immediate shortfall in funding, but does not address the structural problem with regard to the Trust Fund. Congress will need to address the funding mechanism of the fund on a long-term basis in the transportation authorization bill to follow SAFETEA-LU.

An unprecedented fiscal stimulus package is expected soon after the inauguration of President Obama. How it will affect Alaska is unknown at this time. Conjecture has Alaska receiving upwards of $300 million dollars very soon after the package is signed into law. The stimulus is intended to be very swift, and strings are likely to be attached. There is speculation that projects must be fully vetted through the normal federal rules and be "shovel ready" in short order, or states may lose the funding to a state that is ready to move more rapidly.

The Governor has submitted a $140 million request to the Alaska Congressional Delegation that some regard as less-than-sufficient given the situation. On the list were three gas pipeline infrastructure projects and one for Central Region general surface repairs. It is expected that these projects would come off the top of the $300 million, leaving approximately $160 million for statewide ready-to-build projects.

In order to avoid losing "stimulus funds," DOT&PF may use the new money for projects currently scheduled to receive regular federal program funding. They would then replace the projects removed from the regular funding list with projects scheduled for later years. A supplemental bill addressing the stimulus package is expected from the administration. Fast tracking the bill may be in order to maximize the federal funds. Environmental infrastructure, the Alaska Railroad and other infrastructure may also be included.

Gas Pipeline Infrastructure

The Department of Transportation and Public Facilities previously outlined $2 billion in transportation infrastructure projects that are deemed necessary in order to build the gas pipeline. "Every day, week, month or year that we wait to complete infrastructure will add cost to the project (gas pipeline) and could in fact be the main reason that this project doesn't get built," Federal Pipeline Coordinator Drue Pearce recently said. With only five construction seasons remaining before planned pipeline construction, the 86 identified projects along the Dalton, Elliot, Richardson, Parks, Glenn and Alaska Highways will need to be screened for "mission critical" items. The $2 billion estimate came when oil was over $100/bbl. In this $30-$40/bbl environment, projects may be limited to "must haves" for the safe and efficient construction of the pipeline. The governor has included one pipeline transportation infrastructure project, Dalton Highway MP 9-11 ($26.3 million), in her current bill.

Distribution by House District

The pie charts on the following page (Figures 2 & 3) detail the proportional breakdown of the budget by house district on an "impact" basis.[7] Figure 2 contains all funding sources, while Figure 3 is state funds only. As can be seen, the majority of projects are assigned to the "Statewide" House District. Projects falling under this assignment are generally broad appropriations that span multiple regions or the state. The types of projects included are large deferred maintenance projects, information technology projects, and federal grant programs. The Capital Budget Summary table on page 62 breaks out the funding sources by fund group (general, federal and other funds) for each house district. Project detail reports by House District (along with project back-up) can be found on the Legislative Finance website.

Project Categorization Methodology

The pie chart beginning this section and the spreadsheets accompanying each agency narrative categorize the capital budget by project groups. The groupings have been developed with the intent of creating a mutually exclusive set. This allows for the totaling of projects into a Project Group Summary report that reflects the entire capital budget without duplication. As with any task of categorization, subjectivity exists.

The rules used to define the projects in each group are provided in the table below.

Project Group	Description
Planning and Research	Projects involving planning, design, engineering, research, or studies
Maintenance, Renovation and Repairs	Projects involving the repair of deteriorated conditions, restoration, bringing back to a preexisting or improved state
Remodel and Reconstruction	Projects modifying existing space, changing the function of existing space
New Construction and Land Acquisition	Projects involving the addition of new space
Information Systems and Technology	Projects related to information technology regardless of whether they are in a planning phase or construction (programming) phase - segregated due to their unique nature
Other	Projects that do not fit elsewhere

[7] Legislative Finance assigns two house districts to each project: 1) by the house districts impacted by a project, and 2) by the geographic location of a project.

Figure 2

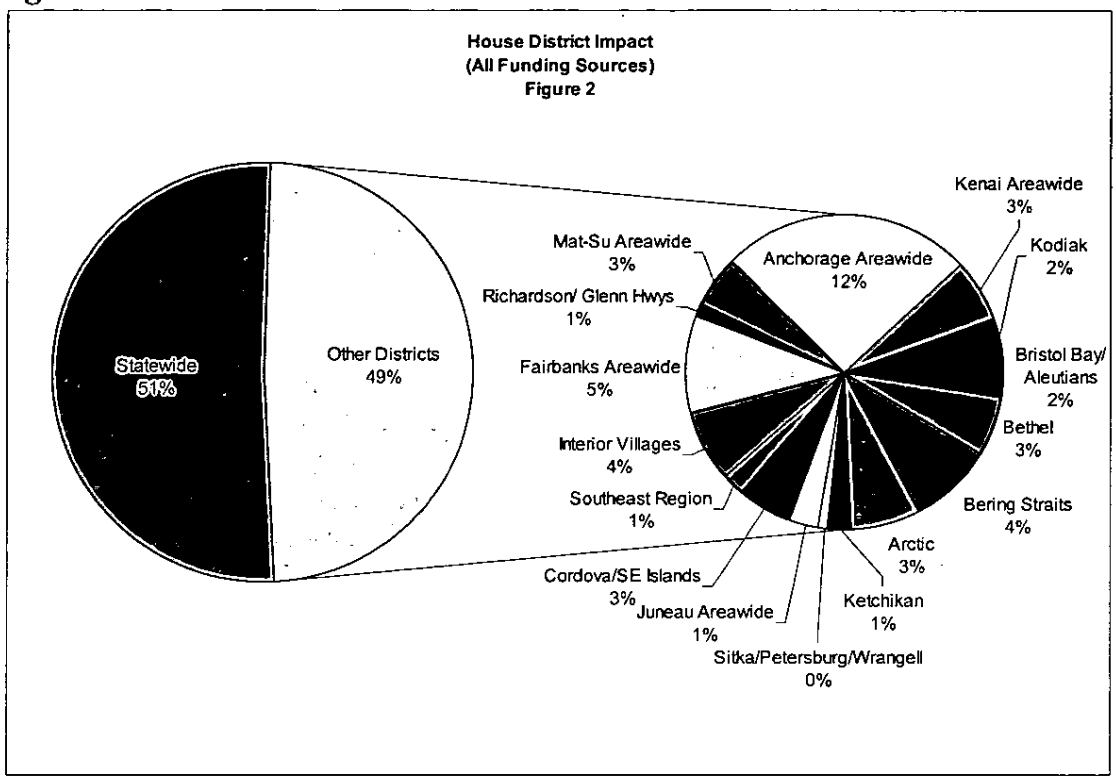
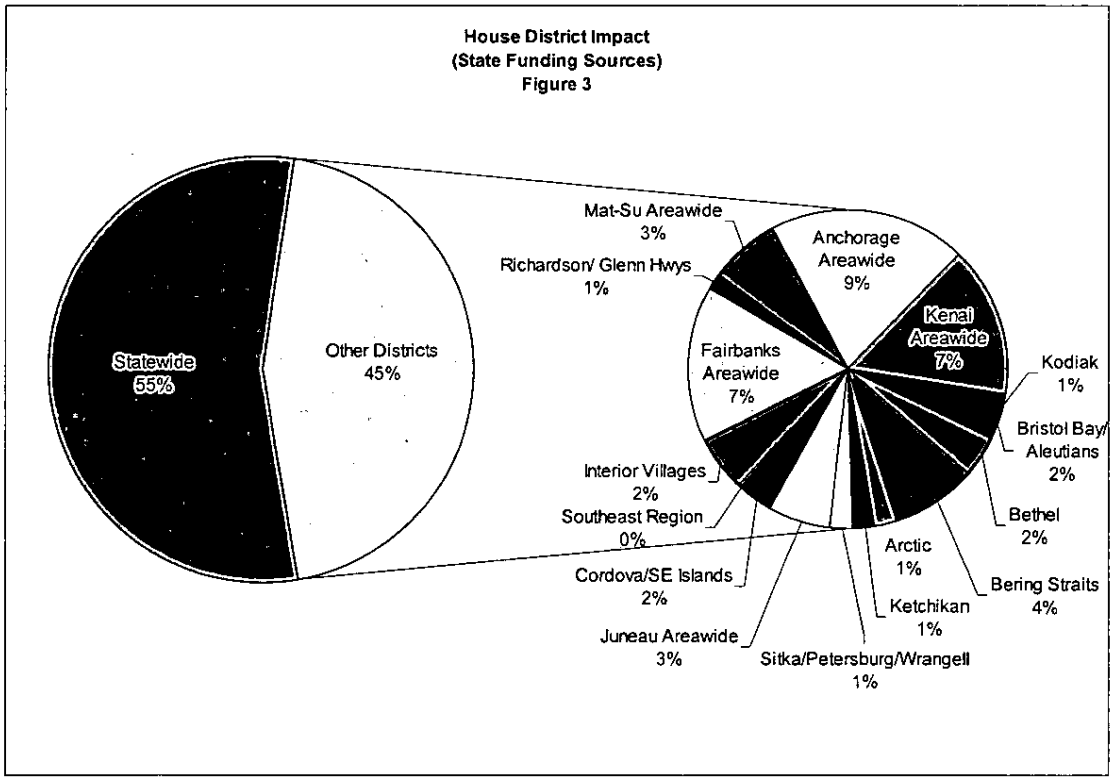


Figure 3



Capital Budget Summary

	Agency Comparison - All Funds (Includes MH)			FY2010 Governor by House District				
Agency	FY09 Governor (12/15/2007)	FY2010 Governor (12/15/2008)	Change FY09-FY2010	House District	HD #	General Funds	Federal Funds	Other Funds
Administration	38,118,000	65,325,000	27,207,000	Ketchikan	1	4,171,984	15,104,817	3,842,164
Commerce, Community & Econ Dev	88,282,802	138,311,401	50,028,599	Sitka/Petersburg/Wrangell	2	2,636,306	641,322	5,126,513
Corrections	14,761,700	27,690,400	12,928,700	Juneau Areawide	3-4	13,437,695	4,700,000	8,790,000
Education and Early Development	106,256,035	42,514,065	(63,741,970)	Cordova/SE Islands	5	815,575	39,325,231	12,161,763
Environmental Conservation	121,328,992	120,605,996	(722,996)	Southeast Region	1-5	275,000	18,600,000	-
Fish and Game	43,190,400	30,918,000	(12,272,400)	Interior Villages	6	7,038,489	49,899,688	12,581,618
Office of the Governor	100,000	12,185,183	12,085,183	Fairbanks Areawide	7-11	15,905,164	34,480,476	40,407,600
Health and Social Services	39,693,400	21,254,277	(18,439,123)	Richardson/ Glenn Hwys	12	13,255	8,263,360	4,875,000
Labor and Workforce Development	22,446,700	39,178,100	16,731,400	Mat-Su Areawide	13-16	25,414,260	23,250,000	-
Law	200,000	-	(200,000)	Anchorage Areawide	17-32	22,021,700	162,294,950	48,744,141
Military and Veterans Affairs	33,511,915	13,400,000	(20,111,915)	Kenai Areawide	33-35	47,100,923	6,433,428	6,500,000
Natural Resources	70,139,000	97,682,000	27,543,000	Kodiak	36	3,743,180	24,625,097	3,236,143
Public Safety	121,660,000	13,072,500	(108,587,500)	Bristol Bay/Aleutians	37	8,562,103	32,522,464	619,965
Revenue	83,933,700	114,526,000	30,592,300	Bethel	38	13,274,139	42,303,356	1,110,259
Transportation & Public Facilities	880,129,150	966,718,791	86,589,641	Bering Straits	39	10,545,596	47,607,247	20,566,140
University of Alaska	114,450,000	164,697,000	50,247,000	Arctic	40	7,372,827	56,315,014	-
Alaska Court System	9,776,000	2,500,000	(7,276,000)	Statewide	1-40	252,801,862	537,556,791	182,964,108
Fund Capitalization (1)	10,000,000	20,000,000	10,000,000					
Total Capital - "Money on the Street" (3)	**1,797,977,794**	**1,890,578,713**	**92,600,919**			**435,130,058**	**1,103,923,241**	**351,525,414**
Fund Transfers (2)	132,902,035	128,014,065	(4,887,970)	Statewide	1-40	100,014,065	-	28,000,000
Total - Including Fund Transfers	**1,930,879,829**	**2,018,592,778**	**87,712,949**			**535,144,123**	**1,103,923,241**	**379,525,414**
General Funds	341,337,982	535,144,123	193,806,141					
Federal Funds	794,323,817	1,103,923,241	309,599,424					
Other State Funds	795,218,030	379,525,414	(415,692,616)					

Notes:

1) Fund Capitalization in this context refers to funding appropriated to a program not requiring further appropriation for expenditure (e.g.- Harbor Facility Grant Fund, AGIA Reimbursement Fund).

2) Fund Transfers is the funding appropriated from one "fund" to another "fund," not actually adding any new capital project funding to the total.

3) "Money on the Street" is the total amount of funding for capital projects, net of fund transfers. Duplicated fund sources are not removed. Doing so would underestimate the actual amount of funding going toward capital projects. This is the opposite of operating budget duplicate funds, whereby the duplicate fund sources would double the actual money paying for services.

Language Sections of the Governor's FY2010 Capital Budget

*** Sec. 10.** ENTERPRISE INFORMATION TECHNOLOGY PROJECTS. (a) The sum of $7,564,659 is appropriated to the Office of the Governor from the following sources in the amounts stated and allocated for department information technology security projects:

DEPARTMENT AND PROJECT			SOURCE	ALLOCATION BY SOURCE	PROJECT TOTAL ALLOCATION
(1)	Administration Enterprise security projects		Information services fund	$5,000,000	$5,000,000
(2)	Health and Social Services				
	(A)	Personal information protection data encryption	Federal receipts	81,814	818,141
			General fund match	736,327	
	(B)	Health insurance portability and accountability compliance	Federal receipts	668,724	1,337,448
			General fund match	668,724	
	(C)	Disaster recovery	Federal receipts	40,907	409,070
			General fund match	368,163	

(b) The sum of $4,160,800 is appropriated to the Office of the Governor from the following sources in the amounts stated and allocated for department information technology imaging and document management projects:

DEPARTMENT AND PROJECT		SOURCE	ALLOCATION BY SOURCE	PROJECT TOTAL ALLOCATION
(1)	Administration			
	Document management system – microfilm conversion phase 1	General fund	$4,600	$328,000
		Group health and life benefits fund	94,500	
		FICA administration fund account	2,000	
		Public employees retirement trust fund	160,100	
		Teachers retirement trust fund	63,200	
		Judicial retirement system	400	
		National guard retirement system	3,200	

DEPARTMENT AND PROJECT			SOURCE	ALLOCATION BY SOURCE	PROJECT TOTAL ALLOCATION
(2)	Commerce, Community, and Economic Development				
	(A)	Banking and securities management systems	Receipt supported services	890,000	890,000
	(B)	Community and regional affairs imaging	General fund	690,000	690,000
	(C)	Banking and securities imaging	Receipt supported Services	580,000	580,000
(3)	Health and Social Services				
	Contract management automation system		Federal receipts General fund match	47,300 425,500	472,800
(4)	Natural Resources				
	DNR document management system phase 2 or 2		General fund	1,200,000	1,200,000

(c) The distribution to the respective state agencies of the appropriations allocated in (a) and (b) of this section is contingent on the respective state agencies signing an agreement to participate in the Department of Administration's enterprise collaboration model for information technology projects.

Subsections a appropriates $7.6 million to the Office of the Governor for information technology security projects. There are four allocations to various departments.

Subsection b appropriates $4.2 million to the Office of the Governor for information technology imaging and document management projects. There are six allocations to various departments.

Subsection c limits distribution of project funding to agencies that agree to meet unspecified requirements regarding collaboration.

Although details are not yet available, the Enterprise Investment Board (EIB) recently voted to establish a model of collaboration between agencies for IT projects of common scope. The intent is to "leverage opportunities in integration and take advantage of efficiencies and economies of scale." The EIB also voted to group similar projects into appropriations to the Office of the Governor, the intent of which is to compel collaborative work; OMB will hold the purse strings until agencies sign Project Charter Agreements identifying scope, timelines, etc. The minutes from the October 30, 2008 EIB meeting are available online and provide additional information on the topic.

Legislative Fiscal Analyst Comment: *While collaboration is a laudable goal, there may be alternative appropriation language that achieves the same end while allowing the projects to be formally associated the applicable agency.*

* **Sec. 11.** FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), information services fund program receipts as defined in AS 44.21.045(b), receipts of the University of Alaska as described in AS 37.05.146(b)(2), receipts of commercial fisheries test fishing operations under AS 37.05.146(c)(21), corporate receipts of the Alaska Housing Finance Corporation, corporate receipts of the Alaska Aerospace Development Corporation, Exxon Valdez oil spill trust receipts as defined in AS 37.05.146(b)(4), and receipts of the Alaska Fire Standards Council under AS 37.05.146(b)(5), that exceed the amounts appropriated by this Act are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

Subsection a lists types of unanticipated additional receipts that are appropriated subject to review by the Legislative Budget and Audit (LB&A) Committee. Corporate receipts of the AHFC have been added to the list since FY08.

Legislative Fiscal Analyst Comment: *This standard language permits requests for additional capital authorization to be submitted to the LB&A committee for approval. Similar language in the operating budget applies only to operating authorization. The operating language excludes test fisheries receipts and corporate receipts of the Alaska Aerospace Development Corporation.*

(b) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) exceed the estimates appropriated by this Act, the appropriations from state funds for the affected program may be reduced by the excess if the reductions are consistent with applicable federal statutes.

Subsection b permits state authorization to be reduced if unanticipated money is received for projects funded by state funds. There is no formal process for tracking potential reductions.

(c) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) fall short of the estimates appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

Subsection c automatically limits authorization of federal and other receipts to the amount actually received. The language applies to all appropriations in the Act, not merely to appropriations subject to LB&A review.

* **Sec. 12.** FUND TRANSFERS. (a) The income earned during fiscal year 2010 on revenue from the sources set out in AS 37.13.145(d) is appropriated to the Alaska capital income fund (AS 37.05.565).

Subsection a appropriates the FY2010 earnings associated with the State vs Amerada Hess settlement (held within the Permanent Fund) to the Alaska Capital Income Fund. This fund was established in FY05 and is customarily appropriated for capital projects.

Funding: The Amerada Hess settlement portion of the Permanent Fund is "fenced off" from the rest of the Permanent Fund principal. The earnings on this $425 million portion have historically been projected at $28 million per year based on the expected rate of return on Permanent Fund investments. Historically, earnings have averaged almost $35 million per year, and FY09 earnings are currently projected at $18 million.

(b) The interest earned on amounts in the election fund are appropriated to the election fund required by the federal Help America Vote Act.

(c) The following appropriations are made from the general fund to the following funds in the amounts stated:

FUND	APPROPRIATION
(1) Information services fund (AS 44.21.045(a))	$9,500,000

This subsection capitalizes the Information Services Fund for capital projects in Section 1. Typically, project appropriations equal the amount capitalizing the fund.

Legislative Fiscal Analyst Comment: *This cumbersome method of funding projects is intended to identify and track projects so that expenditures can be recouped via IT service charges. Given the high level of IT chargeback rates and the pushback from agencies on rate increases, it is doubtful that capital investments will be recouped.*

Funding: The projects in Section 1 utilizing the Information Services Fund (ISF) total $10.8 million. This exceeds the capitalization by $1.3 million.

Legislative Fiscal Analyst Comment: *Spending in excess of the capitalization of the fund begs questions concerning the available cash balance in the ISF. The balance is approximately $28 million, but the amount of that balance free of future replacement obligations is unknown at this time. Finance committees may wish to examine this issue.*

(2) Renewable energy grant fund (AS 42.45.045(a))	50,000,000

This subsection capitalizes the Renewable Energy Grant Fund created last session in HB 152 (Chapter 31, SLA 2008) and capitalized at $50 million. The fund was capitalized with an additional $50 million in HB4001, the special session appropriation bill.

Legislative Fiscal Analyst Comment: *Despite intent to distribute $100 million during the interim, most of the FY09 deposits remain in the fund. Requests for grants are expected to be part of the regular capital budget process.*

(d) The sum of $40,514,065 is appropriated from Alaska housing capital corporation receipts to the major maintenance grant fund (AS 14.11.007).

This subsection capitalizes the Major Maintenance Grant Fund set up in statute for school maintenance projects. Projects are scored and ranked by the Department of Education and Early Development (DEED). This amount would fund projects 1-23 on the DEED Major Maintenance List. The list contains 138 approved projects of which the state's share amounts to $269.6 million (approximately 75% of the total estimated cost).

Funding: The Alaska Housing Capital Corporation fund source refers to a $300 million general fund appropriation to a subcorporation established within the Alaska Housing Finance Corporation.

Legislative Fiscal Analyst Comment: *The AHCC savings account is a "parking spot" for surplus revenue. The account was created within AHFC in FY07 because doing so made the balance exempt from the annual sweep of unspent general funds to the Constitutional Budget Reserve Fund. Legislative Finance classifies withdrawals from the savings account as general funds; the Governor classifies them as duplicated funds.*

Legislative Fiscal Analyst Comment: *Note that the proposed budget does not address capitalization of—or spending from—the School Construction Grant Fund. The school construction list contains 32 schools projects that have an estimated state cost of $475 million.*

Legislative Fiscal Analyst Comment: *Legislative Finance prefers the Major Maintenance and School Construction Grant Funds be capitalized in the numbers section of the capital bill. The appropriation can go directly to the specific fund in DEED with the projects listed as allocations. Last year, this change was made in the capital bill (see*

page 136, line 13 through page 138 line 17, Section 13, Chapter 29, SLA 2008. The advantages of the FY09 approach are reduced fund source duplication in the budget (which adds clarity), and faster bill writing and modification.

(e) The sum of $20,000,000 is appropriated from Alaska housing capital corporation receipts to the Alaska Gasline Inducement Act reimbursement fund (AS 43.90.400(a)) for the natural gas pipeline project construction inducement under AS 43.90.110(a)(1).

This section appropriates $20 million to the AGIA reimbursement fund for expenses associated with the $500 million inducements provided to TransCanada Alaska with the issuance of the AGIA license. $30 million from the general fund was appropriated to the fund in the special session authorizing the license.

* **Sec. 13.** INSURANCE CLAIMS. The amounts to be received in settlement of insurance claims for losses and the amounts to be received as recovery for losses are appropriated from the general fund to the

(1) state insurance catastrophe reserve account (AS 37.05.289(a)); or

(2) appropriate state agency to mitigate the loss.

This section allows an agency to receive insurance claim settlement payments directly from a third party. Without this provision, settlements would remain in the general fund and would not be available to offset an agency's loss without a specific appropriation.

* **Sec. 14.** NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM. The amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6506a(*l*) or former 42 U.S.C. 6508 by August 31, 2009, estimated to be $22,500,000, is appropriated from that fund to the Department of Commerce, Community, and Economic Development for capital project grants under the National Petroleum Reserve - Alaska impact grant program.

This section appropriates the entire amount received (estimated at $22.5 million for FY2010) from the revenue shared by the federal government from sales, rentals, bonuses, and royalties on leases issued within the NPR-A to the NPR-A Impact Grant Program. Grants are awarded to municipalities impacted by oil and gas development in the NPR-A. AS 37.05.530(g) states that receipts not appropriated as grants are to be distributed as follows: 25% to Permanent Fund Principal, ½% to the Public School Trust Fund, and any remaining amount to the Power Cost Equalization and Rural Electric Capitalization Fund.

Legislative Fiscal Analyst Comment: *The FY09 capital bill contained an itemized listing of all grantees and the projects to be funded. The benefits of listing the grantees in the bill include the ability to search for specific grant recipients.*

* **Sec. 15.** RURAL ELECTRIFICATION REVOLVING LOAN FUND; ELECTRICAL EMERGENCIES PROGRAM. (a) Notwithstanding AS 42.45.020(g), the balance of the rural electrification revolving loan fund (AS 42.45.020) on June 30, 2009, estimated to be $80,400, is appropriated to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, for the electrical emergencies program.

This section is effectively a general fund appropriation; it makes an FY09 supplemental appropriation of the balance of the Rural Electrification Revolving Loan fund to AEA before the receipts are deposited into the general fund. The balance consists of the loan payments on the remaining loans outstanding. These loan payments totaled approximately $330,000 annually until recently, when several loans accounting for over 70% of the outstanding balance were paid in full. The remaining loan payments will total

approximately $80,000 ($80,400 for FY2010) until 2020, when they will drop to approximately $65,000.

(b) The sum of $250,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, for the electrical emergencies program.

The $250,000 is the difference between the $330,000 customary amount appropriated for electrical emergencies and the energy loan repayments of $80,000 appropriated in subsection a.

Legislative Fiscal Analyst Comment: *Scooping a lapsing balance may have made sense when no additional appropriation was necessary, but the legislature may wish to consider deleting this section in favor of a numbers section appropriation of $330,000 general funds.*

* **Sec. 16.** CLIMATE CHANGE IMPACT MITIGATION PROGRAM. Section 10, ch. 11, SLA 2008, page 57, lines 30 - 31, is amended to read:

ALLOCATIONS	APPROPRIATION ITEMS	GENERAL FUND	OTHER FUNDS
Climate Change Impact Mitigation Program (HD 1-40)	**1,400,000** [1,100,000]	**1,400,000** [1,100,000]	

This section adds $300,000 from the general fund to the listed appropriation.

Legislative Fiscal Analyst Comment: *Unless a supplemental adjustment is required, there is no need to amend the original appropriation. This project can be moved to the numbers section of the bill, which would then include a new project in the amount of $300,000 for Climate Change Impact Mitigation. If the section was intended to have a supplemental effective date, it can remain in language, but the effective date clause would need to be revised.*

* **Sec. 17.** LAPSE. (a) The appropriations made by secs. 12 and 13(1) of this Act are for the capitalization of funds and do not lapse.

(b) The appropriations made by secs. 10 and 14 - 16 of this Act are for capital projects and lapse under AS 37.25.020.

This section states that the projects lapse under AS 37.25.020 which provides that the appropriation is for the life of the project. The belief that capital appropriations have a five-year lapse is a common misunderstanding.

(c) A grant awarded in secs. 1 - 16 of this Act to a named recipient under AS 37.05.316 is for a capital project, unless specifically identified in this Act as an operating grant, and lapses under AS 37.25.020 unless otherwise stated or designated for a fiscal year.

This new subsection is included to clarify that all grants under AS 37.05.316 are to be considered capital projects and are to lapse like other capital projects. There has been confusion in the past on whether some grants are intended to be operating grants with a one-year lapse. This language should clarify the situation.

* **Sec. 18.** Section 15(a) of this Act takes effect June 30, 2009.

This effective date makes the $80,000 appropriation for electrical emergencies in section 15 (a) an FY09 supplemental appropriation.

* **Sec. 19.** Except as provided in sec. 18 of this Act, this Act takes effect July 1, 2009.

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Comprehensive Integrated Mental Health Program

The Alaska Mental Health Trust Authority (Authority) administers the Mental Health Trust established in perpetuity. The Authority has a fiduciary responsibility to enhance and protect the Trust and to provide leadership in advocacy, planning, implementation, and funding of a comprehensive integrated mental health program (CIMHP) to improve the lives and circumstances of its beneficiaries. **The Trust's beneficiaries include:**

- People with mental illness;
- People with developmental disabilities;
- People with chronic alcoholism; and
- People with Alzheimer's disease and related disorders.

The Trust

The Mental Health Lands Trust Settlement reconstituted the Trust established by the Alaska Mental Health Enabling Act of 1956 with trust land totaling approximately 930,000 acres. **The settlement required the state to:**

- provide a cash payment of $200 million into a newly created mental health trust fund;
- establish a Trust Authority;
- return the principal of the trust fund to the Authority; and
- perpetually use the income of the trust to pay for trust administration costs and ensure improvements and continuation of the integrated, comprehensive mental health program.

Chapter 6, SLA 1994 appropriated $200 million to the mental health trust fund from the following sources:

Mental health trust income account	$33,000.0
DNR mental health trust income in the general fund	$11,700.0
Proceeds from sale of DNR land sale contract portfolio	$25,000.0
Budget reserve fund	$130,300.0

This appropriation was finalized after the superior court of the State of Alaska made its final determination that the state had satisfied its obligation to reconstitute the Mental Health Trust.

Management of the Trust: The Permanent Fund Corporation manages the trust principal, the Mental Health Trust Lands Office (Dept. of Natural Resources) manages the land, and the Mental Health Trust Authority (Dept. of Revenue) and its Board make recommendations for program funding.

Mental Health Funding: The Trust Authority sources of income for annual spending include:

- a percentage of net asset value of the Trust Fund Corpus (Principal);
- lapsed funds from the prior year;
- income from the Trust's account in the treasury; and
- income from rents, fees, purchase contract interest, and 15% of timber sales from the Trust Land Management.

The Mental Health Budget Process

Separate Appropriation Bill: AS 37.14.001 establishes the responsibilities and authority for management of the Mental Health Trust. The statute requires the Governor to submit a separate appropriation bill limited to appropriations for the state's integrated comprehensive mental health program. If appropriations in the bill submitted by the Governor or the bill approved by the legislature differ from those proposed by the Authority, the bills must be accompanied by a report explaining the reasons for the differences from the Trust's recommendations.

Mental Health Trust Authority Authorized Receipts: The Mental Health Trust generates revenue from the investment earnings on the $200 million trust, land sale/lease proceeds, and land use royalties. Mental Health Trust income, identified in the appropriation bill as MHTAAR or Mental Health Trust Authority Authorized Receipts, provides approximately $10 million per year for CIMHP funded programs and mental health trust administrative costs.

A unique provision of the settlement grants the Authority the power to spend mental health trust income without legislative approval. This provision does not, however, remove the legislature from spending decisions. The Trust's spending plans typically allocate substantial money to state agencies, which cannot spend the money without legislative authorization.

This approach to budgeting requires extensive cooperation between the Authority and the agencies that receive MHTAAR. The Authority considers requests from relevant agencies and beneficiary boards, and then submits a list of approved projects and funding proposals to the Governor. Although the budget is developed cooperatively, the Governor's request makes changes in MHTAAR funding without the approval of the Authority. Similarly, the legislature typically works with the Authority on any revisions to the Authority's plan.

Zero-Based Budgeting: FY2010 is the second year of zero-based budgeting of MHTAAR for the Trust, meaning that all MHTAAR in state agencies was removed from the FY2010 adjusted base budget. This approach emphasizes that MHTAAR funding is not based on prior year appropriations, but is an independent decision made by the Authority each year. The approach has the advantage (from the Authority's perspective) of specifying the purpose of all MHTAAR that appears in the budget. In prior years, the purpose of continuing funding was not stated in budget transactions.

Other Funds Appropriated in the Mental Health Budget: Other state funds and federal funding are typically included in the CIMHP. These might include general funds, AHFC Dividend funds, and Alcohol and Other Drug Abuse Treatment & Prevention Funds. The Authority does not exercise as much control over this portion of the Mental Health budget. Although the Authority is typically consulted about expenditure of non-MHTAAR for mental health purposes, the Authority cannot dictate where other funds may or may not be used. Allocation of state and federal funding for mental health purposes is similar to the process that applies to the regular operating and capital budgets; state agency operating requests show changes to appropriations made the previous fiscal year. Capital requests are typically independent of prior year appropriations.

The FY2010 Mental Health Budget

The Trustees approved five focus areas for the FY2010 budget cycle, with the goals affecting significant system changes in the areas of:

- Bring The Kids Home;
- Affordable, Appropriate Housing for Trust Beneficiaries;
- Disability Justice for Trust Beneficiaries;

- Trust Beneficiary Group Initiatives; and
- Workforce Development

OPERATING

The net increase in state-controlled funding **(GF/MH)** from FY2009 to FY2010 is approximately $12.5 million. Mental Health Trust recommendations do not typically address all Mental Health funding. The Governor's budget request includes the following items not addressed by the Trust:

- FY2009 GF/MH funding included in the base for FY2010; and
- FY2010 Salary Wage and Health Insurance increases.

The FY2010 Trust **MHTAAR** recommended budget totals $12.7 million. The following items are Trust recommendations that are not yet included in the Governor's FY2010 budget request:

- New student loan repayment program to be used as a recruitment and retention tool for providers serving Trustee beneficiaries;
- Pilot program to provide coordinated services to individuals with traumatic brain injury, and their families not otherwise eligible for such services from other agencies or programs; and
- Support for a rural secure treatment provider program under Title 47, which provides for involuntary commitment of clients incapacitated by alcohol and/or drugs. Title 47 client services are the highest level of treatment and the most expensive in providing secure treatment services.

Statewide Total Appropriations for Mental Health Programs

	FY06	FY07	FY08	FY09	AMHTA FY2010 Request	FY2010 Gov
State-Controlled	114,652.0	127,712.4	131,568.6	159,818.2	17,918.6	172,269.9
MH Trust	10,063.5	11,446.4	12,308.7	13,714.2	12,698.4	12,143.9
Total Operating	**124,715.5**	**139,158.8**	**143,877.3**	**173,532.4**	**30,542.0**	**184,413.8**
State-Controlled	9,049.2	12,200.0	13,600.0	10,050.0	18,816.8	16,209.7
MH Trust	3,100.0	2,650.0	2,500.0	3,500.0	2,780.0	2,330.0
Total Capital	**12,149.2**	**14,850.0**	**16,100.0**	**13,550.0**	**21,596.8**	**18,539.7**

CAPITAL

The Governor's FY2010 Capital Budget Request of $18.5 million for Mental Health programs is $3.1 million less than the Trust's recommendations of $21.6 million. The Trust's recommendations include $2.7 million MHTAAR, $6.1 million GF/MH, and $12.8 million AHFC Dividends. Below are some of the significant projects contained in both the Trust's recommendations and the Governor's Mental Health budget (funding levels shown below are from the Governor's budget):

- MH AHFC Homeless Assistance Program (ED 99) $10.0 million
- MH AHFC Beneficiary and Special Needs Housing (ED 99) $1.8 million
- MH Coordinated Transportation and Vehicles (ED 99) $1.1 million
- MH Home Modification and Upgrades to Retain Housing $1.1 million

Agency Narratives and Funding Summaries

Department of Administration

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$70,025.4**			
FY09 Fiscal Notes	2,144.9			
CarryForward	1,450.6			
Special Appropriations	7.5			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	6.2			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$73,634.6**	$3,609.2	5.2%	
One-time Items removed	(3,175.3)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	1,316.6			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$71,775.9**	($1,858.7)	-2.5%	
FY 10 Unrealizable Salary Fund Source Changes	1,095.1			4
FY 10 Governor's GF Increments/Decrements/Fund Changes	301.5			
FY10 Governor's Request (GF only)	**$73,172.5**	$1,396.6	1.9%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$301.5**	
Finance	6,111.0	6,251.0	140.0	2
Retirement and Benefits	419.6	169.4	(250.2)	
Elected Public Officers Retirement System Benefits	1,778.1	1,898.1	120.0	3
Enterprise Technology Services	8,103.3	8,403.3	300.0	1
Violent Crimes Compensation Board	8.3	-	(8.3)	

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	2,782.4	2,782.4	-	
Other funds (all allocations)	206,509.4	216,295.0	9,785.6	
Total Non-General Funds (all allocations)	**$209,291.8**	**$219,077.4**	**$9,785.6**	
Position Changes (From FY09 Management Plan to Gov)	**1,121**	**1,121**	**0**	
PFT	1,068	1,068	-	
PPT	20	20	-	
Temp	33	33	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	3,050.0	-	3,050.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	62,275.0	-	62,275.0	
Other	-	-	-	
TOTAL CAPITAL	**$65,325.0**	**$0.0**	**$65,325.0**	

Department of Administration

The mission of the Department of Administration (DOA) is to provide consistent and efficient support services to state agencies so that they may better serve Alaskans. As a liaison between the Governor's Office and the Legislature, DOA steps in to establish policies and coordinate services among divisions. DOA provides statewide leadership and policy direction in the following areas:

- finance and accounting;
- payroll;
- information technology;
- human resources;
- labor relations;
- procurement, including final administrative decisions on statewide procurement appeals;
- facility leasing and management;
- risk management; and
- employee and retiree benefits programs for state and local governments.

Direct public services are provided through the Division of Motor Vehicles, Public Defender Agency, Office of Public Advocacy, and the Office of Administrative Hearings. The Department also oversees administrative functions of four independent boards and commissions (the Alaska Public Broadcasting Commission, the Alaska Public Offices Commission, the Alaska Oil and Gas Conservation Commission, and the Violent Crimes Compensation Board).

SIGNIFICANT ISSUES

The FY2010 Department of Administration general fund operating budget as submitted by the Governor is $462.1 below the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $66.8). The Governor's net GF change from Adjusted Base is $1,396.6.

The following notes correspond to numbers in the last column on the preceding spreadsheet:

1. **Enterprise Technology Services: $300.0 GF.** Additional funding is requested to pay cost increases associated with operation and maintenance of the State of Alaska Telecommunications System (SATS) microwave transmission network. The cost increases include fuel and power for SATS microwave sites and transportation costs, including costs for helicopter access to remote sites. This increment will assist in maintaining the physical operations of the SATS Microwave Network System and telephonic and network communications outside the Anchorage area. These sites are important to daily operations of state agencies, including the Alaska State Troopers. Areas of the state that rely on the SATS Microwave System include Kodiak, the Anchorage-Fairbanks-Delta-Tok-Glennallen highway corridors, the Kenai Peninsula, Valdez and Cordova.

2. **Finance Operations: $140.0 GF/Program Receipts.** The Governor requests additional authority to spend receipts anticipated under a new contract with U.S.

Bank for *One Card*. During FY09, the budgeted credit card rebate was increased by $250.0 for a new total of $463.2. Current projections suggest a rebate of between $550.0 and $600.0 will be available under the new contract with U.S. Bank in FY2010. The Department is asking for the authority to spend these receipts to partially offset cost increases related to supporting the Alaska Data Enterprise Reporting (ALDER) Data Warehouse ($100.0) and to provide for vacancy factor reduction ($40.0).

Per AS 37.05.142-144: Program receipts may not be collected unless authorized by law. An appropriation is required before funds may be expended, and expenditures are restricted to the lesser of the amount collected or amount authorized. Program receipts may be used to administer the program generating the receipts, implement the laws related to the functions generating the receipts, or cover the cost of collecting the receipts. They may not be used directly for programs other than the program that generates the receipts. Because it is not clear that receipts generated by a credit card program can be used for a data warehouse or vacancy factor reduction, subcommittees may wish to consider changing the fund source to GF.

3. **Elected Public Officers Retirement System (EPORS) Benefits: $120.0 GF.** EPORS currently has 39 members (25 retirees and 14 surviving dependents) who are receiving benefits. Increased costs are due to mandatory benefit increases based upon the salaries of the positions from which members retire. Another contributing factor for this increment is the projected rise in the cost of health insurance, which is also a member benefit.

4. **Salary Fund Source Changes: $1,095.1 GF.** The Governor's budget proposes using general funds to replace a portion of other funding sources that could be used to pay for contractual wage and health benefits increases. Subcommittees should carefully examine each of these salary adjustment fund changes. Please see ***Fund Source Changes for Salary Adjustments*** on page 18 for further discussion of this issue. Within the Department of Administration, $1.1 million in GF fund changes have been included to replace Inter-agency Receipts that are "not available" in customer agency budgets. The largest of these fund switches are in Personnel ($472.2) and Enterprise Technology Services ($415.9). As an alternative to these fund source changes, DOA could charge agencies for services and let any necessary fund source changes occur in the agencies. The latter approach would provide more information regarding agencies that are unable to pay for DOA services using existing fund sources.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

The Governor's 2010 capital budget contains $50 million from the Alaska Housing Capital Corporation (AHCC) "savings account" to continue the massive undertaking of replacing accounting (AKSAS) and payroll (AKPAY) systems. The accounting and payroll systems are nearing the end of their useful lives and the Department is attempting to replace them while they are still functioning. Previous appropriations for this project total $41 million. The future anticipated GF requests from FY11 through FY15 would add another $105 million.

Legislative Fiscal Analyst Comment: *The AHCC fund source is classified as GF in Legislative Finance Division's view of the world. The Governor classifies these receipts as "Other" Funds, leading to a discrepancy in how the Department of Administration's largest capital project—the Statewide System Replacement—is classified.*

Section 10 of the capital budget appropriates $11.7 million in Information Technology Projects to the Governor's Office. Two of these projects are allocated to the Department of Administration:

- Administration Enterprise security projects for $5 million funded through the Information Services Fund, and
- Administration Document Management System – Microfilm Conversion Phase 1 for $328,000 funded by a variety of retirement system accounts and a small amount of GF.

The Information Services Fund is capitalized by a $9.5 million GF appropriation in Section 12(c)(1) of the Governor's bill.

The capital request presented by the Governor also includes $930.0 GF for four smaller projects. The most significant of those GF projects is the Lease Management System that will replace the existing systems currently used to project lease and facility costs (in service since approximately July 2002) with one that will interface with the state accounting system. The Department's goal for managing statewide leases, facilities information, and budgets is to provide effective space management, cost tracking, reporting, and projections for leases and facilities.

Legislative Fiscal Analyst Comment: *As in FY09, direct appropriations for costs associated with public employees' retirement systems are segregated from the Department's budget in order to avoid overstating the Department of Administration's budget. A total of $451.2 million in direct appropriations for retirement include:*

*(a) **$206,300.0 GF for the teachers' retirement system** defined benefit plan account;*

*(b) **$241,600.0 GF for the public employees' retirement system** defined benefit plan account;*

*(c) **$1,722.5 GF for the Department of Military and Veterans' Affairs AK National Guard and Alaska Naval Militia** defined benefit plan account; and*

*(d) **$1,550.0 GF for the judicial retirement system** defined benefit plan account.*

Department of Commerce, Community, and Economic Development

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$9,687.0**			
FY09 Fiscal Notes	5,310.9			
CarryForward	-			
Special Appropriations	23,164.0			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-		-	
FY09 Revised Management Plan (GF only)	**$38,161.9**	$28,474.9	293.9%	
One-time Items removed	(23,450.0)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	86.1			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$14,798.0**	($23,363.9)	-61.2%	
FY 10 Unrealizable Salary Fund Source Changes	132.9			4
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,696.1			
FY10 Governor's Request (GF only)	**$19,627.0**	$4,829.0	32.6%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$4,696.1**	
Administrative Services	1,256.2	1,258.5	2.3	
Community and Regional Affairs	1,839.0	4,204.3	2,365.3	1
Office of Economic Development	624.8	639.8	15.0	
Alternative Energy & Efficiency	340.1	771.4	431.3	3
Alaska Seafood Marketing Institute	785.3	2,667.5	1,882.2	2

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	54,503.8	64,377.2	9,873.4	
Other funds (all allocations)	102,578.9	103,613.9	1,035.0	
Total Non-General Funds (all allocations)	**$157,082.7**	**$167,991.1**	**$10,908.4**	
Position Changes (From FY09 Management Plan to Gov)	**535**	**539**	**4**	
PFT	521	525	4	
PPT	2	2	-	
Temp	12	12	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	690.0	-	690.0	
Maintenance, Renovation, and Repairs	250.0	-	250.0	
Remodel and Reconstruction	12,125.0	-	12,125.0	
New Construction and Land Acquisition	47,525.0	56,500.0	104,025.0	
Equipment and Materials	-	-	-	
Information Systems and Technology	10,565.0	-	10,565.0	
Other	4,026.4	6,630.0	10,656.4	
TOTAL CAPITAL	**$75,181.4**	**$63,130.0**	**$138,311.4**	

Department of Commerce, Community, and Economic Development

The Department of Commerce, Community, and Economic Development (DCCED) provides a wide range of development services to private businesses, aids in protecting the public by regulating certain industries, and provides services to communities. The Department:

- provides general assistance and access to capital markets for businesses;
- coordinates numerous state grant and loan programs;
- manages programs aimed at key economic sectors such as electric power generation, tourism, aerospace, mining, and fishing;
- participates in the marketing of Alaskan products and visitor attractions;
- regulates banking, securities and corporations, insurance, occupations and public utilities;
- provides services to local governments and unincorporated communities in the form of grants and direct technical assistance; and
- administers programs offering assistance in the areas of government and financial management, utilities, planning, and energy management.

SIGNIFICANT ISSUES

The FY2010 Department of Commerce, Community, and Economic Development general fund operating budget submitted by the Governor is $18.5 million less than the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding). In FY09, the legislature made a special appropriation of $23.0 million GF for distribution through the Power Cost Equalization Program. This amount is included in the FY09 Management Plan but is removed from the FY2010 base. The Governor's net GF increase from Adjusted Base is $4.8 million, comprised of salary fund source changes and several increments described in the numbered paragraphs below.

Power Cost Equalization (PCE). PCE was an issue in the special session when the legislature raised the cap on subsidies for rural electric rates in response to higher fuel costs. This was intended to be a one-year solution that would be readdressed during the 2009 session. The Governor's FY2010 request reflects a return to FY08 parameters. The FY2010 funding level is $32.8 million—down from $51.1 million in FY09. PCE is not typically addressed by subcommittees.

Core Service Increases. The Department's request includes several increments for "Core Services." According to the Department, the core services increment in the Commissioner's Office is primarily to record *intra-agency* charges, while the core services increments in various divisions are primarily to record *inter-agency* costs.

Most of the $171.0 I/A Receipts increment in the Commissioner's Office reflects indirect cost plan charges that have been collected (but not budgeted) for years. The request is not so much an increment as a clarification of the budget. According to the Department, the core services increments in various divisions cover FY09 and FY2010 increased charges (imposed by the Departments of Administration and Law) that the Department cannot absorb. Subcommittees may

wish to ask the Department to provide additional detail on all the core service increments, including where the money comes from, where it will go and what it will purchase.

Federal Program Funding for National Forest Receipts and Payment in Lieu of Taxes (PILT), $9.9 million Federal Funding. The Department anticipates receiving and distributing (to local governments) $6.3 million in National Forest Receipts and $3.6 million through the PILT formula.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Community and Regional Affairs: $2.36 million GF.

- **Fund Change, $2 million GF.** Passage of HB 111 (effective 10/1/09), reduced business license fees to $50/year (from $100/year). The approved fiscal note for HB111 showed replacement of lost Business License Receipts revenue with general funds. This appropriation implements the fiscal note. In FY09, $6.26 million of Business License and Corporation Fees was spent to support Community and Economic Development and Operations on issuing licenses. Receipts in FY2010 are expected to be about $4.4 million. Thus, $1.97 million GF funding will be needed to maintain services at current levels.
- **Alaska Legal Services: $200.0 GF.** The Department did not remove this one-time item from the base budget for FY2010. The Department seeks to continue FY09 one-time funding for the Alaska Legal Services Program. Legislative Finance removed the amount from the base, and then added an increment in order to match the Governor's request.
- **Grant Administrators: $164.0 GF.** Two grant administrators were added as a one-time item in FY09 in response to an increasing number of grants appearing in the budget as oil prices (and state revenue) climbed from FY06 through FY09. The Department is requesting these positions be continued in the FY2010 budget. The number of grants distributed/monitored by the Department remains high and the grant administrators are needed to provide technical assistance to recipients. The subcommittee may wish to explore adding these positions to the base budget if the number of grants administered by the Department remains at current levels. On the other hand, if revenue reductions result in a significant reduction in the number of grants appropriated, retaining the one-time designation may be appropriate.

2. Alaska Seafood Marketing Campaign: $1,882.2 GF.

The Department's Seafood Marketing program seeks to replace $1,500.0 in Federal grants ($500.0 in direct federal funds and $1 million SDPR from the Alaska Fisheries Marketing Board (AFMB)—federal funds passed through the AFMB). In addition, ASMI claims that $378.0 of authority to receive and spend revenue from fish taxes will be uncollectible and requests that this amount be replaced with general funds. Subcommittees may wish to examine the reasons for declining receipts in this program and the desirability of adding general funds to the base budget.

3. Statewide Project Development, Alternative Energy Efficiency: $431.3 GF.

- **Support for Energy Planning: $150.0 GF.** This request is intended to provide the resources necessary to fund support staff for energy planning.
- **AEA Executive Director for Statewide Energy Coordination: $210.3 GF.** The AEA Executive Director/Statewide Energy Coordinator was funded in FY09 with

CIP receipts from a statewide energy plan capital project. Because the need for this position will not end when the statewide energy plan is completed, the agency is requesting base funding in the FY2010 budget.

- **Renewable Energy Fund/Task Force: $71.0 GF.** The fiscal note for HB 152 identified $71.0 as a one-time FY09 appropriation. The Department did not remove this amount from the base budget for FY2010. Legislative Finance added an increment in order to match the Governor's request, but subcommittees should consider deleting the start-up costs from the budget request.

4. **Fund Changes for salary adjustments: $132.9 GF.** Three fund changes have been requested to "correct unrealizable fund sources in the salary adjustment for bargaining units." The Department states that additional I/A Receipts funds are not available for programs and requests a replacement with GF. Please see ***Fund Source Changes for Salary Adjustments*** on page 18 for further discussion of this issue.

ORGANIZATIONAL CHANGES

There are no significant organizational changes.

CAPITAL REQUEST

DCCED's total capital budget is nearly $140 million; $63 million of which is federal money. The budget consists of a diverse mix of grants and capital projects, most of which are more clearly described as *passing through DCCED* rather than *to DCCED*. The pass-through projects include rural power and transportation systems, community economic assistance, port expansion and cruise ship industry enhancements. Projects requested by DCCED include:

- $17.5 million to build two facilities at the Kodiak Launch complex: a dedicated rocket motor storage facility and an additional launch pad.
- Several information technology projects, including $565.0 appropriated directly to the Department and $2.2 million for imaging and management systems appropriated through the Governor's Office.

Department of Corrections

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$210,910.0**			
FY09 Fiscal Notes	-			
CarryForward	45.0			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	72.0			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$211,027.0**	$117.0	0.1%	
One-time Items removed	(552.2)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	1,469.2			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$211,944.0**	$917.0	0.4%	
FY 10 Unrealizable Salary Fund Source Changes	14.9			
FY 10 Governor's GF Increments/Decrements/Fund Changes	2,082.5			
FY10 Governor's Request (GF only)	**$214,041.4**	$2,097.4	1.0%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$2,082.5**	
Research and Records	298.8	478.8	180.0	3
Out-of-State Contractual	21,485.0	21,866.1	381.1	1
Wildwood Correctional Center	12,494.7	12,796.9	302.2	1
Community Residential Centers	16,827.6	17,546.8	719.2	1
Inmate Health Care	25,728.1	26,228.1	500.0	2

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	3,003.4	3,174.4	171.0	3
Other funds (all allocations)	30,233.0	31,747.6	1,514.6	2
Total Non-General Funds (all allocations)	**$33,236.4**	**$34,922.0**	**$1,685.6**	
Position Changes (From FY09 Management Plan to Gov)	**1,516**	**1,516**	**0**	
PFT	1,513	1,513	-	
PPT	3	3	-	
Temp	-	-	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	2,500.0	-	2,500.0	
Remodel and Reconstruction	2,550.0	-	2,550.0	
New Construction and Land Acquisition	20,000.0	-	20,000.0	
Equipment and Materials	890.4	-	890.4	
Information Systems and Technology	1,750.0	-	1,750.0	
Other	-	-	-	
TOTAL CAPITAL	**$27,690.4**	**$0.0**	**$27,690.4**	

Department of Corrections

The mission of the Department of Corrections (DOC) is to provide secure confinement, reformative programs, and a process of supervised community reintegration to enhance the safety of Alaskan communities. The Department:

- provides secure confinement;
- provides reformative programs; and
- provides supervised re-entry.

SIGNIFICANT ISSUES

The FY2010 Department of Corrections general fund operating budget as submitted by the Governor is $3,014.4 above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $1,760.0). The Governor's net GF change from Adjusted Base is $2,097.4.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Prison population** has declined recently; however, population increases during the past few years have continued to drive departmental costs upward. The state prisoner population typically exceeds 100% of approved institutional emergency capacity. With increased law enforcement by local and state agencies, the Department has no expectation of a long-term decline in the offender population. The Department addresses the prison population issue with several increments;

Legislative Fiscal Analyst Comment: Subcommittee members may wish to inquire about the unprecedented decrease (roughly 5%) in the Department's in and out-of-state prisoner count (from December 2007 to present) and what impact these latest statistics have on costs.

- **Community Residential Centers (CRC): $719.2 GF.** Funding is requested for 43 additional regular beds to assist in managing the in-state offender population. In FY2008, the DOC contracted for 710 CRC beds (602 regular beds and 108 per-diem beds) of which approximately 50% of the per-diem beds were funded. DOC used 93% of available funding. In FY2009, DOC received funding for 710 CRC beds but was able to contract for 733 (625 regular beds and 108 per-diem beds) of which approximately 70% of the per-diem beds are funded.

- **Increased contractual costs for Arizona: $381.1 GF.** The Department is requesting funding for a $1.23/bed/day contract rate increase at the Red Rock Arizona facility that houses Alaska's overflow prisoners. As of October 31, 2008, out-of-state institutional capacity was at 98% (882 of 900 beds filled) with no expectation of a decline in offender population. The DOC anticipates continuing to place prisoners in the contract facility throughout the next fiscal year.

- **Wildwood Correctional Center: $302.2 GF.** In FY09, the Department received a one-time increment of $302.2 to convert two existing buildings in order to house 80 prisoners. The housing units are scheduled to become available in late FY09. The Department also received $1.1 million to cover ¾ of FY09 operating costs of the new housing units. The $1.1 million remains in the FY2010 base, and an increment for

$353.3 (for ¼ year operating costs) was expected. Instead, the Department request retains the $302.2 one-time funding and adds it to the base budget. The DOC intends to manage the new units at the requested funding level.

- **Goose Creek Correctional Center: $218.6 GF Transfer.** The Department is transferring two positions from the Prison System Expansion component to the new Goose Creek Correctional Center component that is expected to open in FY2012. In anticipation of future staffing needs, the Training Academy has established an annual schedule consistent to meet the needs of the new prison that will be located at Point MacKenzie.

2. **Inmate Health Care** cost increases are primarily due to increased costs for medical services and are associated with the degree of care that is being required for chronic conditions (i.e. dialysis, cardiac, oncology, geriatrics, diabetes, etc). The Department is requesting the following increments to address rising costs and expansion of services:

- **Substance Abuse Treatment Programs: $500.0 GF.** This request provides funding for a second year of expansion of the institutional out-patient treatment programs. This increment would implement two institutional out-patient treatment programs at Anchorage Correctional Complex and Anvil Mountain Correctional Center. In FY09, the Department received $801.0 GF to implement five intensive outpatient treatment programs at Spring Creek Correctional Center, Palmer Correctional Center, Fairbanks Correctional Center, Yukon-Kuskokwim Correctional Center, Lemon Creek Correctional Center, and the Anchorage Community Residential Treatment Centers.

- **Mental Health Services: $444.8 PFD Criminal.** Additional funding is requested to support the increase in Mental Health Trust beneficiaries committed to the custody of the Department. Of the 38,000 bookings processed annually by DOC, 14,000 have a mental health diagnosis. In FY09, the legislature approved a $246.0 increment ($123.0 GF/$123.0 MHTAAR) for this purpose.

- **Sex Offender Treatment: $200.0 PFD Criminal.** This increment is requested to establish an institutional sex offender treatment program within the Wildwood Correctional Center. The sex offender treatment program will enhance community safety by providing more offenders with intensive, offense-specific assessment and treatment prior to release.

Legislative Fiscal Analyst Comment: *As part of the new management strategy of the Palin administration, the agency is working to restore or expand many offender rehabilitation programs. Subcommittees may wish to inquire about the effectiveness of these programs on recidivism.*

- **Criminal Sentencing and Polygraphing: $485.3 PFD Criminal.** This request is the third year of funding associated with the passage of legislation relating to periodic polygraph testing and treatment of all sex offenders on probation or parole [Ch 14 SLA06 (SB 218)]. Previous appropriations for these activities total $786.8 GF in FY08 and $752.5 GF in FY09.

Legislative Fiscal Analyst Comment: *The amount of PFD Criminal funds available varies with the amount of the Permanent Fund dividend and the number of felons incarcerated. Recent investment losses are likely to reduce PFDs in the future, with a*

corresponding decrease in PFD Criminal funds available. The likely result is future requests to replace PFD Criminal funds with general funds.

3. **Administration and Support** has requested the following two increments:

- **Research and Records: $180.0 GF.** This increment replaces one-time funding in the Department's FY09 budget for a File Imaging Program in order to manage the increasing number of criminal records. According to the Department, continued funding is necessary to fully implement the program as well as maintain files as imaged records rather than as hard-copies.
- **Information Technology MIS: $183.9 Federal Receipts.** The Department is requesting authority to receive one-time funding for the second year of the Statewide Automated Victim Information and Notification (SAVIN) grant through the United States Department of Justice/Bureau of Justice Assistance (BJA). The Department will use the grant to enhance Alaska's existing automated victim notification system (VINES) which provides self-registered victims with information regarding the custody status of a given offender. DOC received the first year of funding ($122.6 in FY09) through RPL #20-9-0010.

  The Department will use their existing GF operating appropriation to fund their matching portion (50%) of this grant as required by the BJA.

ORGANIZATIONAL CHANGES

The Department has moved the Correctional Academy and Prison System Expansion allocations from Administration and Support to the Population Management Appropriation. The Substance Abuse Treatment and Sex Offender Programs have been relocated from Offender Habilitation / Population Management to the Inmate Health Care Appropriation.

CAPITAL REQUEST

The Agency's $27.7 million capital budget is primarily comprised of a $20 million dollar appropriation for the Goose Creek Correctional Center scheduled to begin construction in calendar year 2009. With the recent collapse of financial markets, the cost of selling bonds for this project has increased significantly. The Department of Corrections has responded by cutting back elements of construction where possible, however, the gap between the revised construction budget and the bond sale is still short by approximately $20 million. This request to support the construction and occupancy of the new prison utilizes Alaska Housing Capital Corporation (AHCC) Receipts.

Legislative Fiscal Analyst Comment: *Legislative Finance classifies the Alaska Housing Capital Corporation savings account as general funds. The Governor classifies the account as "other" funds.*

Some of the Department's other large capital projects include:

- Annual Facilities Maintenance and Repairs: **$2.5 million GF**
- Combined Hiland Mountain Correctional Center Lead Abatement and Buffer Fence: **$2.0 million GF**
- Medical Information System: **$1.5 million PFD Criminal**

Department of Education & Early Development

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$53,476.4**			
FY09 Fiscal Notes	700.2			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	5.2			
09 Salary Fund Changes	-			
Misc Adjustments	1,003,292.8			1
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$1,057,474.6**	$1,003,998.2	1877.5%	
One-time Items removed	(1,003,322.8)			1
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	404.2			
Misc Adjustments	1,052,562.3			1
FY10 Adjusted Base Budget (GF only)	**$1,107,118.3**	$49,643.7	4.7%	
FY 10 Unrealizable Salary Fund Source Changes	174.8			
FY 10 Governor's GF Increments/Decrements/Fund Changes	1,111.4			
FY10 Governor's Request (GF only)	**$1,108,404.5**	$1,286.2	0.1%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$1,111.4**	
Foundation Program	992,268.5	994,268.5	2,000.0	2
Boarding Home Grants	1,340.8	1,690.8	350.0	8
Special Schools	3,132.8	3,127.5	(5.3)	
School Performance Incentive Program	4,800.0	-	(4,800.0)	11
Alaska Challenge Youth Academy	6,243.9	6,429.1	185.2	3
Executive Administration	1,307.7	2,131.9	824.2	4
School Finance & Facilities	1,512.8	1,732.7	219.9	10
Student and School Achievement	8,033.4	8,583.4	550.0	6
Early Learning Coordination	6,999.7	7,799.7	800.0	5
Professional Teaching Practices Commission	22.9	275.0	252.1	9
EED State Facilities Rent	1,835.2	2,045.8	210.6	
WWAMI Medical Education	2,130.1	2,654.8	524.7	7

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	214,572.0	214,958.5	386.5	
Other funds (all allocations)	36,605.3	35,190.2	(1,415.1)	
Total Non-General Funds (all allocations)	**$251,177.3**	**$250,148.7**	**($1,028.6)**	
Position Changes (From FY09 Management Plan to Gov)	**347**	**347**	**0**	
PFT	332	332	-	
PPT	15	15	-	
Temp	-	-	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	31,753.3	-	31,753.3	
Remodel and Reconstruction	10,760.8	-	10,760.8	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-		-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	$42,514.1	$0.0	$42,514.1	

Department of Education and Early Development

The Department of Education and Early Development (DEED) is committed to ensuring quality standards-based instruction to improve academic achievement for all students. The Department is responsible for funding and regulating the state's K-12 schools as well as administering school debt reimbursement and grants for school construction/major maintenance. Core services include the following:

- Provide and evaluate a Comprehensive Student and School Standards, Assessment and Accountability System for all students and schools in Alaska that is based on student, school, educator, and culturally responsive standards and state and federal requirements;
- Provide and support standards-based professional development and mentoring for Alaska's educators to ensure high quality and student achievement;
- Provide a statewide program to ensure all students have the foundational skills required for a successful transition to college and/or the workforce after high school;
- Secure and award state, federal, and private educational funding to school districts and other educational organizations to result in higher student achievement; and
- Provide high quality data to school districts and stakeholders through the use of the Alaska Statewide Longitudinal Data System.

The Department also houses Commissions and Boards (including the Professional Teaching Practices Commission, the Alaska State Council on the Arts and the Alaska Postsecondary Education Commission) and is responsible for Mt. Edgecumbe Boarding School, EED State Facilities Maintenance, and Alaska Library and Museums.

SIGNIFICANT ISSUES

The FY2010 Department of Education and Early Development general fund operating budget as submitted by the Governor is $50,929.9 above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $167.8). The Governor's net GF change from Adjusted Base is $1,286.2.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. K-12 Education Formula Funding. Because education funding changes are likely to come through legislation rather than subcommittee action, the discussion here is brief and general. The Governor's general fund request of $994.3 million for the foundation program is $49.5 million more than the FY09 Management Plan.

Last year the Governor presented a three-year education plan that closely followed the legislative Education Task Force recommendations. The legislature approved HB 273 (Ch. 9, SLA 2008) with fiscal notes that provided for GF appropriations to capitalize the Public Education Fund for increases to the Foundation Program and Pupil Transportation. On the basis of this legislation, the Base Student Allocation (BSA) will increase $100/student/year for FY09, FY2010, and FY2011. There are also approximately 2,000 intensive-needs students in Alaska who experience health conditions and disabilities requiring daily monitoring and assistance with their school day activities. The second

year of a three-year phase-in with significantly higher payments to school districts to educate and care for these students is also included in the Governor's request.

Section 18(w) of the Governor's operating budget bill appropriates $1.062 billion from the general fund to the Public Education Fund for FY2010. This amount is $9.5 million more than required to fund K-12 education in FY2010, but is $50 million less than required to fund education in FY2011.

The concept of forward funding is that the amount appropriated in a given year will be the amount required in the following year. In this regard, the Governor's budget is $50 million short of forward funding K-12 education. However, the Public Education Fund target balance is 3% above the anticipated cost of K-12 in the following year. By using the "cushion" in the fund, the Governor's budget is only about $1 million short of funding anticipated FY2011 K-12 needs.

2. **Pre-Kindergarten Pilot Program: $2,000.0 GF.** Initial program implementation funds are included for an "Age 4 Pre-Kindergarten Pilot Program". According to the Department, this new preschool program would provide a voluntary, comprehensive, half-day for four-year olds and early five-year olds based on the standards set forth in the Alaska Early Learning Guidelines. Participating school districts would be funded through a competitive grant process. It is anticipated that the preschools would serve 500 children statewide.

3. **Alaska Challenge Youth Academy (ACYA): $185.2 GF.** The academy is operated by the Department of Military and Veterans Affairs and is funded through a Reimbursable Services Agreement with DEED in accordance with AS 14.30.740. With this increment, the total general fund budget for the ACYA will be $6,429.1.

Legislative Fiscal Analyst Comment: *The legislature may wish to revisit this formula program. The current statutory program support formula provides seven times the base student allocation for ACYA residential students plus a smaller non-resident amount. The legislature may wish to consider a direct appropriation to DMVA, as DEED has no legal responsibility for the ACYA and, therefore, should not act as a pass-through agency.*

4. **Executive Administration: $824.2 GF.** The Executive Administration allocation includes a request for additional funds ($600.0 GF) aimed at district improvement support services. According to the Department, specialist contracts in the amount of $600.0 are needed to meet the mandate in legislation passed last session (SB285—Ch. 70, SLA2008) which provides for DEED to work toward district improvement in the areas of math, science, arts, IT, culture, and social studies. A second increment ($224.2 GF) funds implementation of school improvement plans and district interventions on a statewide basis.

5. **Early Learning Coordination: $800.0 GF.** An increase of $800.0 GF for Head Start Grants would serve approximately 60-80 additional children. Approximately 1,000 Alaska children remain on wait lists for this program. The legislature increased funding for Head Start by $600.0 in FY09. With approval of this FY2010 increment, overall funding for Head Start grants would be $7,393.3 (GF $7,353.3/Fed $40.0).

6. **Student and School Achievement: $550.0 GF.** General Fund increments in this area are divided into three requests:

   (a) $250.0 for the Alaska Comprehensive System of Statewide Assessments Contractual Increase based on current contract change order costs plus a 4% annual anticipated increase;

   (b) $150.0 (GF/MH) for the GF match portion of the Mental Health Trust Authority's recommendation for an Autism Resource Center. This on-going project to provide education, consultation, and support to families plus resources for mental health community members is managed by DEED through a contract with the Special Education Service Agency. An additional increment of $200.0 Mental Health Trust Authority Authorized Receipts (MHTAAR) provides Trust Authority funding; and

   (c) $150.0 GF/MH funds for the Governor's Council for Rural Secondary Transition—a project managed by DEED to identify the skills of rural residents and seeks to team those residents with youth and communities in transition planning and service delivery. This FY2010 request continues the momentum of the project from FY09 which is currently funded with $50.0 MHTAAR plus $50.0 GF/MH.

7. **WWAMI Medical Education: $524.7 GF.** In the spring of 2007, the Alaska WWAMI program expanded class size to 20 incoming students per year. This increment is required under Alaska's contract with the University of Washington School of Medicine (UWSM). The basis for the funding structure is determined by the partnership contract between the UWSM, the University of Alaska, and the State of Alaska. Students attend the first year of training at the University of Alaska, Anchorage campus, before continuing training at the UWSM in Seattle, Washington. The Postsecondary Education Commission acts as the state's fiscal agent and administers WWAMI participants' services agreements/loans. Funds are used for education and administrative costs for second, third and fourth year students, which average over $40,000 per student per year. In addition, the program provides support for clinical sites in Alaska. WWAMI program administration and community clinical unit costs run about $300,000 per year. Since the inception of the program in 1971, approximately 400 students have been enrolled in this program which to date has a 95% graduation rate.

8. **Boarding Home Grants: $350.0 GF.** In accordance with regulation, Galena City School District is requesting an increase in funding for an additional 55 beds (from 120 to 175 students) for the Galena Boarding Home Residential Program. The capacity increase is due to continued growth of the program and increased dormitory capacity.

9. **Professional Teaching Practices Commission: $252.1 GF.** The Governor's FY2010 budget includes a funding switch from Receipt Supported Services to GF in the amount of $252.1. For the most part, in the past the Professional Teaching Practices Commission (PTPC) has received their revenue from receipts collected through Teacher Certification fees. The fees collected from Teacher Certification services also support the Teacher Certification allocation. For FY2010, the Department has determined that in order to remain self-supporting, the Teacher Certification program no longer has the ability to distribute a portion of their receipts to the PTPC, which has resulted in the increment request. There is neither a plan to increase Teacher Certification fees, nor are additional applications expected.

10. School Finance & Facilities: $219.9 GF. General Fund increments in this area are divided into three requests:

(a) $24.7 for the FY2010 School Bus Transportation contract, which increased due to negotiated CPI adjustments;

(b) $45.2 for school bus driver training program increases; and

(c) $150.0 to provide additional auditors for intensive students. The Department states that these funds will allow for contracts for auditors to review *new* claims regarding intensive students. Currently new claims are backlogged as staff focus on federal programs and current claims. These contracts would take place regionally in Juneau, Anchorage and Fairbanks.

11. School Performance Incentive Program: ($4,800.0) GF: *Decrement* to remove funding for the School Performance Incentive Program, which was initially authorized as a three-year program (FY07 – FY09) and which will sunset at the completion of the FY09 incentive award distributions.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

In addition to school district major maintenance grants totaling over $40 million, the Department of Education and Early Development's FY2010 capital budget includes $2 million GF for continued work on deferred maintenance and construction projects from the Mt. Edgecumbe High School six-year plan. Specific projects are determined by an annual review including verification that the school is performing maintenance and operation tasks in accordance with the requirements of AS 14.11.011.

Legislative Fiscal Analyst Comment: *The school debt reimbursement program is shown in a separate section of this overview that addresses debt obligations (see table on page 47).*

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Department of Environmental Conservation

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$18,888.7**			
FY09 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	2.7			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$18,891.4**	$2.7	0.0%	
One-time Items removed	(184.0)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	185.7			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$18,893.1**	$1.7	0.0%	
FY 10 Unrealizable Salary Fund Source Changes	63.4			
FY 10 Governor's GF Increments/Decrements/Fund Changes	184.0			
FY10 Governor's Request (GF only)	**$19,140.5**	$247.4	1.3%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$184.0**	
Air Quality	1,440.3	1,624.3	184.0	1

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	21,497.6	21,497.6	-	
Other funds (all allocations)	33,407.5	33,496.9	89.4	2, 3
Total Non-General Funds (all allocations)	**$54,905.1**	**$54,994.5**	**$89.4**	
Position Changes (From FY09 Management Plan to Gov)	**537**	**538**	**1**	**2**
PFT	531	532	1	
PPT	1	1	-	
Temp	5	5	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	4,474.6	877.7	5,352.2	
Maintenance, Renovation, and Repairs	5,000.0	-	5,000.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	58,256.4	51,247.4	109,503.8	
Equipment and Materials	750.0	-	750.0	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	**$68,481.0**	**$52,125.0**	**$120,606.0**	

Department of Environmental Conservation

The Department of Environmental Conservation (DEC) is responsible for protecting human health and the environment. This agency provides the following core services:

- develop and enforce standards for protection of the environment;
- provide controls and enforcement for the prevention and abatement of pollution to the environment; and
- provide controls and enforcement to protect citizens from unsafe sanitary practices.

SIGNIFICANT ISSUES

The FY2010 Department of Environmental Conservation general fund operating budget submitted by the Governor is $249.1 GF above the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding of $111.0). The Governor's net GF change from Adjusted Base is $247.4, comprised of salary fund source changes and one GF increment in Air Quality.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Climate Change Sub-Cabinet Activity: $184.0 GF.** The Department anticipates that during 2009 and 2010, The Alaska Sub-Cabinet on Climate Change will provide climate change mitigation and adaptation recommendations to the Governor. These recommendations will require coordination between the public and private sectors, between state agencies, and within the Department of Environmental Conservation. The 2008 Legislature added a one-time $184.0 GF increment associated with the Climate Impact Work Group (as part of the Alaska Climate Change Sub-Cabinet established by Administrative Order #238). The Sub-Cabinet's work is not yet done, and the Department requests funds in Air Quality for its completion. Currently, over one hundred Alaskans are serving on various advisory and technical committees providing recommendations to the Sub-Cabinet. The draft strategy is scheduled to be available in late 2009 for public comment before submission to the Governor for approval. The requested funding would pay for contractual costs for preparing final recommendations, public meeting participation costs, advisor travel costs, and a small amount for commodities and personal services. The subcommittee may wish to consider classifying the increment as a one-time item.

2. **Oversight of Activities Associated with Increased Mining Activity: $145.0 Inter-Agency Receipts.** Because mining activities have increased during the last few years, the Division of Water requests funding to provide additional oversight by adding one permanent, full-time Environmental Engineer position (as well as funding for part-time positions) to work with federal agencies to complete a viable and protective mine permitting framework. The receipts come from existing Department of Natural Resources funds within the Large Project Permitting allocation, Resource Development appropriation.

3. **Continuation of Ocean Ranger Program: $4.0 million Ocean Ranger Funds.** The 2008 Legislature approved $4.0 million and implemented a new FY09 fund source code to track expenditures for the Ocean Ranger program and other oversight measures as called for by a ballot initiative passed in August 2006. The

FY2010 Governor's request continues funding for this program. During the 2008 cruise ship season, the Department implemented a full Ocean Ranger program on large cruise ships. Ocean Rangers rode approximately 89% of voyages while a ship was in Alaskan waters. The other vessel voyages were covered using in-port inspections. The $4.0 million annual cost of the program equals the Department's estimate of fees that will be collected from a $4 per berth tax imposed to provide funds for the State to hire or retain Coast Guard licensed marine engineers (Ocean Rangers) to observe health, safety, and wastewater treatment and discharge operations.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

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Department of Fish and Game

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$54,916.9**			
FY09 Fiscal Notes	59.8			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	2,899.9			
09 Contractual Salary Adjustments	1.4			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$57,878.0**	$2,961.1	5.4%	
One-time Items removed	(2,306.7)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	642.8			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$56,214.1**	($1,663.9)	-2.9%	
FY 10 Unrealizable Salary Fund Source Changes	708.6			5
FY 10 Governor's GF Increments/Decrements/Fund Changes	1,803.7			
FY10 Governor's Request (GF only)	**$58,726.4**	$2,512.3	4.5%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$1,803.7**	
AYK Region Fisheries Mgmt.	5,421.2	5,501.2	80.0	3
Westward Region Fisheries Mgmt.	6,692.4	7,486.1	793.7	2
Wildlife Conservation Special Projects	912.9	1,842.9	930.0	1

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	55,114.5	54,612.5	(502.0)	
Other funds (all allocations)	67,181.1	66,920.1	(261.0)	4
Total Non-General Funds (all allocations)	**$122,295.6**	**$121,532.6**	**($763.0)**	
Position Changes (From FY09 Management Plan to Gov)	**1,739**	**1,739**	**0**	
PFT	910	910	-	
PPT	767	767	-	
Temp	62	62	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	2,455.0	22,000.0	24,455.0	
Maintenance, Renovation, and Repairs	1,850.0	-	1,850.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	775.0	2,325.0	3,100.0	
Equipment and Materials	-	-	-	
Information Systems and Technology	763.0	-	763.0	
Other	750.0	-	750.0	
TOTAL CAPITAL	**$6,593.0**	**$24,325.0**	**$30,918.0**	

Department of Fish and Game

The Department of Fish and Game (ADF&G) is charged with protecting and improving the fish, game, and aquatic plant resources of the state, and managing their use and development in the best interests of the economy and the people of the state, consistent with the sustained yield principle.

Core Services:

- Provide opportunity to utilize fish and wildlife resources;
- Ensure sustainable and harvestable surplus of fish and wildlife resources;
- Provide information to all customers;
- Involve the public in management of fish and wildlife resources; and
- Protect the state's sovereignty to manage fish and wildlife resources.

Goals:

- Optimize habitats and economic benefits from fish and wildlife resources;
- Optimize public participation in fish and wildlife pursuits; and
- Increase public knowledge and confidence about management of fish and wildlife.

SIGNIFICANT ISSUES

The FY2010 Department of Fish & Game general fund operating budget submitted by the Governor is $848.4 above the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding of $227.8). The Governor's net GF change from Adjusted Base is $2,512.3 comprised of salary fund source changes and a limited number of increments described in the numbered paragraphs below.

The Department of Fish and Game's request for FY2010 does not indicate any significant policy changes. The following are noteworthy items reflected in the budget request:

Use of Loan Funds. The Department of Commerce, Community, and Economic Development remains concerned about the long-term health of the Commercial Fisheries Revolving Loan Fund (CFRLF), which the Department of Fish and Game has used as a funding source for several years. Because loan interest rates are linked to the prime rate, and prime rate has fallen to an all-time low, fund income is in decline. Continuing to withdraw money from the loan fund for purposes not related to lending will eventually limit the ability to make loans. Subcommittees may wish to replace $1.3 million of CFRLF receipts used by the Department of Fish and Game with general funds. However, it should be noted that the CFRLF will receive no less than $10 million in direct payments from assignments of Exxon Valdez Oil Spill (EVOS) settlements in FY2011. Subcommittees may wish to examine use of Commercial Fisheries Entry Commission receipts as well.

Federal Funding Issues. For the past four fiscal years, the Department has budgeted federal receipts in excess of actual revenue by an average of $10.7 million per year. The Department states it is making efforts to reduce surplus federal authority for FY2010. The Governor's budget contains decrements that cut surplus federal funding authority by $572.0. Subcommittees may wish to request the Department to further reduce surplus federal authority.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Wildlife Conservation (W.C.) Special Projects: $930.0 GF.** In FY09, the legislature made a one-time appropriation of $1,180.0 GF for Pinniped Research (stellar sea lion, harbor seal, ice seals). The Department now requests that a portion of this funding be continued in FY2010. The ADF&G marine mammal program hopes to continue the research and data collection project, which the Department states has provided critical information on commercial fisheries, predation, oil and gas activities, and environmental variability as well as marine mammal populations protected under the Endangered Species Act (ESA).

2. **Commercial Fisheries, Westward Region Fisheries Mgmt.: $793.7 GF.** This general fund increment replaces a portion of a $1,043.7 one-time amount added in FY09 to support the Bering Sea crab research program. The Department states this funding is needed so the division can continue to provide supervision and perform data collection and analyses needed for abundance-based management of commercial king and Tanner crab stocks throughout the Bering Sea and Aleutian Islands area.

3. **Commercial Fisheries, AYK Region Fisheries: Mgmt.: $80.0 GF.** The Department is requesting GF to replace lost federal receipts that had been part of the funding for two subsistence programs in the AYK Region through the Office of Subsistence Management.

4. **Increased Specific Capital Receipt Authority from Pacific Coastal Salmon Recovery Fund (PCSRF) Program to fund CIP Position Costs in Commercial Fisheries Special Projects: 600.0 CIP.** The Division of Commercial Fisheries has additional PCSRF projects that will be funded in the FY10 budget which will require an additional $600.0 of CIP receipt authority to fund positions in the Special Projects Component.

5. **Fund Source Changes.** The Department is seeking $708.6 GF as fund source changes for Salary Adjustments. Subcommittees may wish to examine these fund source changes carefully to ensure that the funds being replaced with general funds are truly unavailable. Please see ***Fund Source Changes for Salary Adjustments*** on page 18 for further discussion of this issue.

ORGANIZATIONAL CHANGES

The Office of Habitat Management and Permitting (OHMP) of the Alaska Department of Natural Resources became the Division of Habitat, a part of the Alaska Department of Fish and Game, effective July 1, 2008, as a result of Executive Order 114. As part of this reorganization, special area planning, permitting functions, and staff, became part of the Division of Habitat, and offices have physically relocated.

CAPITAL REQUEST

The Department of Fish and Game's capital budget is primarily comprised of the following larger projects:

- **Pacific Coastal Salmon Recovery Fund: $22.0 million Federal Receipts**. Federal fiscal year 2009 (FFY09) appropriations legislation contains funding for the Pacific Coastal Salmon Recovery Fund (PCSRF). The Alaska portion of the federal appropriation is estimated to be up to $22.0 million. Funding comes to the state through a Memorandum of Understanding with the U.S. Department of Commerce designating the Alaska Department of Fish and Game as the program manager. This program seeks to maintain salmon populations for sustainability.

- **Genetic Analysis: $1.5 million GF.** This project proposes to continue the use of genetic stock identification to identify the stock composition of western Alaska chum and sockeye salmon fisheries. Upon completion, ADF&G and the stakeholders will have unprecedented information on the numbers and distribution in space and time of the various stocks of AYK (Alaska Yukon Kuskokwim) salmon to allow improved estimation of productivity and fishery impacts on a stock-specific basis.

- **Hazardous Site Cleanup: $750.0 GF.** The Department of Fish and Game has identified several sites across the state that have known, or suspected, hazardous substances contained at the location. This project provides funds to contract for hazardous substances/contamination site assessments and cleanup designs, and (pending funding) follow up with the actual site cleanup contracts. The funds would be allocated approximately as follows: Glennallen $250,000, Kodiak $250,000, and other smaller ADF&G facilities across the state $250,000.

- **Annual Maintenance and Repair: $1.1 million GF.** This request provides for repair, maintenance and renovation of department facilities statewide and vessel and aircraft repair and maintenance. This is an annual ongoing request.

- **Wildlife Conservation Response Team: $750.0 GF.** This project adds teams of trained wildlife technicians to take responsibility for the public education, proactive enforcement, and incidence responses regarding the increased interactions with wildlife in populated areas of the state. A Wildlife Conservation Response Team will be piloted for Anchorage, Kenai/Soldotna, Palmer, and Southeast communities beginning during the spring of 2010. The goal of the team is to save wildlife and work with the public to reduce inappropriate behaviors and practices that serve to entice wildlife into populated areas.

- **Sport Fish Recreational Access: $3.1 million ($2.3 million federal funds & $775.0 Fish/Game Funds).** This annual request authorizes the Division of Sport Fish to continue to construct and upgrade boating and sport fish access facilities statewide from funds comprised of 75% federal assistance and 25% Fish and Game Fund state match. Projects include: boat launches, mooring floats, parking lots, restrooms, fish cleaning facilities, and other services for recreational boaters.

The remainder of ADF&G's request is in seven projects totaling $791.0 in the areas of software development, salmon assessment, and interagency cooperation resources.

Office of the Governor

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$73,805.1**			
FY09 Fiscal Notes	92.3			
CarryForward	2,769.8			
Special Appropriations	10.0			
Agency Transfers (excludes fuel/utility &gasline)				
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	(5.0)			
FY09 Revised Management Plan (GF only)	**$76,672.2**	$2,867.1	3.9%	
One-time Items removed	(57,083.5)			2, 4
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	416.6			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$20,005.3**	($56,666.9)	-73.9%	
FY 10 Unrealizable Salary Fund Source Changes	3.7			
FY 10 Governor's GF Increments/Decrements/Fund Changes	27,742.6			
FY10 Governor's Request (GF only)	**$47,751.6**	$27,746.3	138.7%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$27,742.6**	
Human Rights Commission	1,743.5	1,918.5	175.0	1
Redistricting Planning Commission	-	1,000.0	1,000.0	3
Executive Office	9,745.3	11,091.6	1,346.3	1
Governors House	378.9	478.9	100.0	1
Contingency Fund	710.0	800.0	90.0	1
Lieutenant Governor	1,001.0	1,201.0	200.0	1
Facilities Rent	422.9	526.2	103.3	1
Leasing	447.2	532.6	85.4	1
Office of Management and Budget	2,333.5	2,560.0	226.5	1
Elections	3,226.7	3,642.8	416.1	1
Branch-wide Fuel	-	24,000.0	24,000.0	2

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	187.6	187.6	-	
Other funds (all allocations)	964.4	692.5	(271.9)	
Total Non-General Funds (all allocations)	**$1,152.0**	**$880.1**	**($271.9)**	
Position Changes (From FY09 Management Plan to Gov)	**205**	**183**	**(22)**	
PFT	160	160	-	
PPT	-	-	-	
Temp	45	23	(22)	4

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	-	-	-	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	11,320.9	864.3	12,185.2	
Other	-	-	-	
TOTAL CAPITAL	$11,320.9	$864.3	$12,185.2	

Office of the Governor

The Governor's Office is responsible for the operation of the executive branch of Alaska State government, with fiscal and policy duties conferred by the Alaska Constitution and statutes.

SIGNIFICANT ISSUES

The Governor's Office request for FY2010 reveals no significant changes in policy.

The practices of placing branch-wide appropriations (fuel costs and gasline development) in the Governor's Office and removing one-time items from the base budget make year-to-year budget comparisons difficult. Note that the FY09 budget of $76.7 million includes $57 million that is not carried into the FY2010 base budget. The result is that comparing the FY2010 request with the FY09 budget shows a decrease of $19 million, while comparing the request with the adjusted base shows an increase of $27.7 million. A more meaningful comparison focuses only on the FY2010 base increments; these include $2.7 million for various purposes (see the discussion of carryforward below) and $1 million for redistricting.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Use of Carryforward from FY08. The Governor's Office has been permitted to carry forward unexpended operating appropriations for several years. Over $2.7 million of Governor's Office general funds was carried forward into FY09. The Governor's Executive Contingency Fund is the allocation that has been used in recent years to record the annual carryforward appropriation, which has historically been used by the Governor's Office for operational and unanticipated expenditures. Carryforward is considered to be a one-time item and is backed-out of the budget each year.

Last year, legislative leadership suggested that the annual carryforward appropriation should be eliminated and that the FY2010 Governor's Office budget should reflect appropriate funding levels in all allocations. The Governor's budget request shows FY09 Executive Contingency funds ($2.7 million) being carried forward into FY2010 and then transferred to various allocations within the Office of the Governor as follows:

Human Rights Commission	$175.0
Executive Office	1,346.3
Governors House	100.0
Contingency Fund	90.0
Lieutenant Governor	200.0
Facilities Rent	103.3
Leasing	85.4
Office of Management and Budget	226.5
Elections	416.1

Because the carryforward appropriation lapses at the end of FY09, the $2.7 million is not available for carryforward or transfer in FY2010. Legislative Finance replaced the

Governor's transfers with increments in order to match the amounts appearing in the Governor's request. Subcommittees may wish to ask the Governor's Office to provide information regarding the purpose of each amount in the table above.

2. **Special Fuel/Utility Cost Adjustment: $24 million GF contingency funding.** Section 13 of the Governor's operating budget bill appropriates up to $24 million (depending on the price of crude oil) to be distributed to agencies to cover increased fuel costs in FY2010.

   An FY09 appropriation of $44 million for increased fuel costs was distributed to agencies. The transfers were considered one-time items and were removed from agencies' FY2010 base budgets. The practice of including one-time branch-wide fuel appropriations in the Governor's Office budget inflates the apparent growth in the Governor's Office budget by $24 million; money appropriated via the fuel trigger will be spent by other agencies.

   Legislative Fiscal Analyst Comment: *The maximum amount of the appropriation corresponds to an average oil price of $60 per barrel. The table in section 13 is truncated before it reaches the projected FY2010 price of $74 per barrel. For further discussion, see section 13 of the review of language provisions in the Governor's operating bill.*

3. **Redistricting Planning Committee: $1,000.0 GF.** Chapter 4, SLA 1999 (now AS 15.10.300) established a Redistricting Planning Committee to make advance preparations for the Redistricting Board, which convenes in September of 2010. The Committee may obtain office space, staff and equipment, and procure a computerized system of data and maps for use by the Redistricting Board. This request kicks off the planning process for redistricting per the 2010 census.

4. **Elections: $3,670.8 GF Reduction.** The entire amount of the FY09 increment for general elections has been removed from the FY2010 budget. The reduction includes 29 temporary employees.

CAPITAL REQUEST

The Governor's Office capital budget contains several Information Technology projects that are to be allocated to various agencies. These projects are discussed in the reviews of the various agencies. The Governor's Office has no capital projects that apply to that Office.

ORGANIZATIONAL CHANGES

There are no structural changes, but several allocations no longer have funding. These include:

- the Statehood Celebration Commission,
- Arctic Wildlife Refuge, and
- Alaska Resources Marketing and Development.

In addition, $200.0 GF for the State Energy Coordinator has been moved to the Alaska Energy Authority.

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Department of Health and Social Services

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$903,387.5**			
FY09 Fiscal Notes	(42.0)			
CarryForward	-			
Special Appropriations	12,002.9			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	78.0			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$915,426.4**	$12,038.9	1.3%	
One-time Items removed	(17,610.6)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	4,447.2			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$902,263.0**	($13,163.4)	-1.4%	
FY 10 Unrealizable Salary Fund Source Changes	123.5			
FY 10 Governor's GF Increments/Decrements/Fund Changes	47,633.9			
FY10 Governor's Request (GF only)	**$950,020.4**	$47,757.4	5.3%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$47,633.9**	
Behavioral Health Grants	9,114.0	13,608.2	4,494.2	**1, 4**
Services for Severely Emotionally Disturbed Youth	9,445.2	11,645.2	2,200.0	**7**
Front Line Social Workers	24,644.8	29,155.7	4,510.9	**2**
Family Preservation	4,075.0	6,698.8	2,623.8	**2, 5, 8**
Subsidized Adoptions and Guardianship	10,192.3	12,153.1	1,960.8	**5**
Infant Learning Programs	5,167.4	7,182.3	2,014.9	**5, 7**
Adult Preventative Dental Medicaid Services	-	2,602.0	2,602.0	**1**
Child Care Benefits	8,918.9	12,224.3	3,305.4	**6**
Energy Assistance Program	3.6	5,003.6	5,000.0	**3**
Senior and Disabilities Medicaid Services	156,993.2	171,612.6	14,619.4	**1**
All Other Increments	673,832.1	678,134.6	4,302.5	

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	1,003,436.4	987,422.6	(16,013.8)	**1, 2, 8**
Other funds (all allocations)	164,599.6	163,893.6	(706.0)	
Total Non-General Funds (all allocations)	**$1,168,036.0**	**$1,151,316.2**	**($16,719.8)**	
Position Changes (From FY09 Management Plan to Gov)	**3,641**	**3,671**	**30**	
PFT	3,436	3,465	29	
PPT	94	95	1	
Temp	111	111	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	4,750.0	203.9	4,953.9	
Remodel and Reconstruction	10,550.0	-	10,550.0	
New Construction and Land Acquisition	2,200.0	-	2,200.0	
Equipment and Materials	1,974.3	540.8	2,515.1	
Information Systems and Technology	820.2	215.2	1,035.4	
Other	-	-	-	
TOTAL CAPITAL	**$20,294.5**	**$959.8**	**$21,254.3**	

Department of Health and Social Services

The Department of Health and Social Services (DHSS) promotes and protects the health and well-being of Alaskans through the following core services:

- providing the highest quality of life in a safe home environment for older Alaskans and veterans;
- providing an integrated and comprehensive behavioral health system based on sound policy, effective practices, and open partnerships;
- promoting stronger families, and safer children;
- managing health care coverage for Alaskans in need;
- holding juvenile offenders accountable for their behavior, promoting the safety and restoration of victims and communities, and assisting offenders and their families in developing skills to prevent crime;
- promoting self-sufficiency and providing basic living expenses to Alaskans in need;
- protecting and promoting the health of Alaskans;
- promoting independence of Alaska seniors and people with physical and developmental disabilities; and
- providing quality administrative services supporting the Department's mission.

SIGNIFICANT ISSUES

The FY2010 Department of Health and Social Services general fund operating budget as submitted by the Governor is $34.6 million above the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding of $1,760.0). The Governor's net GF change from Adjusted Base is $47.8 million. This is the smallest increase requested since FY2005.

The Department is targeting five program areas in meeting their theme of, "helping individuals and families create safe and healthy communities." The targeted areas include:

1. Substance Abuse;
2. Health and Wellness;
3. Health Care Reform;
4. Long-Term Care Programs; and
5. Protecting Vulnerable Alaskans.

The largest general fund cost increases in the Governor's FY2010 budget are for the following:

- Medicaid costs—$35.5 million, with reductions of $21.2 million, for a net increase of $14.3 million for Medicaid;
- Children's Services programs and Child Care programs—$7.1 million;
- Alaska Heating Assistance Program—$5.0 million; and
- Substance Abuse and Mental Health programs—$4.5 million GF.

Some requested increases in general funds are attributable to decreases in federal receipts (resulting in the need for general funds to replace federal funds in order to maintain service levels):

- Temporary Assistance for Needy Families (TANF)—the estimated FY2010 cost to continue assisting families with children is $5.1 million GF; and
- Child Advocacy Centers (including the cost of establishing two new centers)—the estimated FY2010 cost is $1.1 million GF.

Significant increases in the Governor's budget are discussed below. The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Medicaid Increments: $35.5 million GF. Medicaid-related increases appear in the Behavioral Health, Adult Preventative Dental Medicaid Services, Health Care Services, and Senior/Disabilities Medicaid appropriations. Increases in Medicaid programs are attributable to the additional capacity expected as a result of the completion of new facilities and to proposed increases in provider reimbursement rates. Additional funding requests include the re-enrollment and updating of provider information in the Department's current Medicaid information system (required by the Federal Centers for Medicare and Medicaid Services), and adding new positions for performing eligibility assessments for Medicaid recipients.

The Department's request includes the following reductions, which give a net overall Medicaid increase of $14.3 million:

- Cost containment measures and reduced Medicaid authorizations ($13.5 million). Reductions in this year's budget are due to expanding the use of a Preferred Drug List, requiring prior authorization for certain medical services, and the continued use of the supplemental rebate program; and
- FFY2010 Federal Medical Assistance Percentage (FMAP) rate increase of 0.9 percentage point ($7.7 million). The rate change reduces GF and increases federal funds in the Behavioral Health, Children's Services, Health Care Services, and the Senior and Disabilities Services appropriations. The rate change affects three-quarters of state FY2010.

  The federal fund reimbursement rate is set by the Centers for Medicare and Medicaid and is outside the control of state government. The FMAP rate is based on the state's national rank of per capita personal income but can be no less than 50%. The amount of federal funds the state receives for its Medicaid program depends on a complex array of reimbursement rates, some of which change each October 1st with the start of a new federal fiscal year.

  This is the first FMAP rate increase since FFY2004. During the period from FFY2004 through FFY2009, the FMAP rate (which is the percentage of program expenses reimbursed by the federal government) decreased by 10.81 percentage points, which shifted a larger share of increasing health care costs to the state.

  The FMAP rate change also affects the State Children's Health Insurance Program (SCHIP) and the Breast and Cervical Cancer program (BCC), both of which are part of Alaska's Medicaid program. Eligible claims for SCHIP and BCC are reimbursed at an enhanced FMAP rate which reduces the state share of costs by 30% over the regular FMAP.

Legislative Fiscal Analyst Comment: *According to the "check write" information available on-line, the FY09 authorization may exceed Medicaid projections by as much as $40 million. Subcommittees may wish to discuss Medicaid expenditure projections and whether further GF surpluses may exist in the FY2010 budget.*

2. **Temporary Assistance for Needy Families (TANF): $5.1 million GF.** General funds are requested to replace lost federal receipts for the state's TANF program within the Children's Services Appropriation (Front Line Social Workers and Family Preservation allocations). The availability of TANF funding has diminished due to the effects of:

- elimination of TANF high performance bonuses (Alaska earned over $12 million in four years) and limiting the extension of supplemental grants to states with high population growth through FFY2009 (Alaska's annual high population grant is about $7 million);
- slower growth in the number of families on temporary assistance; and
- reductions in Alaska's annual TANF block grant as more Tribal TANF programs are established.

Under the welfare reform legislation of 1996 (the Personal Responsibility and Work Opportunity Reconciliation Act), TANF replaced the welfare program known as Aid to Families with Dependent Children (AFDC). The TANF block grant is designed and operated to accomplish:

- assisting needy families so that children can be cared for in their own homes;
- reducing the dependency of needy parents by promoting job preparation, work, and marriage;
- preventing out-of-wedlock pregnancies; and
- encouraging the formation and maintenance of two-parent families.

Alaska's temporary assistance program uses a "Work First" approach, which focuses on getting a job, then developing skills and work habits on the job in order to advance sufficiently to leave temporary assistance.

3. **Alaska Heating Assistance Program: $5.0 million GF.** The requested GF would be added to the base operating budget of the Energy Assistance Program allocation to maintain services beyond FY09. Last year's enacted budget included $10.0 million GF in one-time funding.

In FY09, the legislature appropriated $10.0 million GF and established a state heating assistance program that extended the federal Low-Income Home Energy Assistance Program (LIHEAP). LIHEAP program eligibility is capped at 150% of the federal poverty level and benefit amounts are based on a point system that considers household size and income, fuel costs and the type of housing. The state program provides home heating assistance to households with income levels between 150% and 225% of the federal poverty guidelines for Alaska. The Department estimates that as many as 8,800 households could qualify for the program in FY2010.

4. **Substance Abuse Programs: $4.5 million GF.** The increments requested provide funding in the Behavioral Health Grants allocation to various community based

grantees, the Palmer Mental Health Court participants, and the new Fairbanks Enhanced Detoxification Center. The funding would provide assessment and treatment of Alaskans with substance abuse and/or mental health illnesses. Increments include:

- $1.8 million GF for hard-to-serve adults with severe and persistent mental health illnesses, substance abuse problems, as well as repeated hospitalization, incarceration, and homelessness. Funding would provide treatment capacity for nursing care, 24 hour/day case manager support, daily medication administration, residential dual diagnosis, and transportation to services;
- $1.8 million GF for a 9% increase in statewide grant funding for substance abuse treatment services. The request would provide funding to agencies that are not able to bill Medicaid (due to Medicaid-related exclusions and non-eligible populations);
- $500.0 GF to cover the costs for Alaskans who don't have Medicaid or private insurance coverage. The funding fills the gap (for the new Fairbanks Enhanced Detoxification Center) between total operating costs and the amount of revenue that can be generated from Medicaid and other third-party billings;
- $419.2 GF for grant programs providing prevention and treatment services for substance abuse and mental health clients. The intent is to enhance community based models by recruiting and retaining a qualified workforce; and
- $75.0 GF to continue treatment capacity for Therapeutic Court Participants with co-occurring disorders (mental health and substance abuse), and providing assessment and treatment services (Palmer Mental Health Court program).

5. Children's Services Grantee and Rate Increases: $3.8 million GF. The GF increments include both grantee cost-of-operating increases and provider rate increases within the Family Preservation, Subsidized Adoptions and Guardianship, Residential Child Care, and Infant Learning Program allocations.

- $863.7 GF to address a 4.6% increase in grantee operating costs. According to the Department, without this increment, existing grant funds would need to be used to cover overhead costs, thereby reducing the services currently being provided to vulnerable Alaskans.
- $1.4 million GF for adoption subsidies to foster care base rate levels. Subsidized adoption rates are negotiated using the foster care base rate as the cap. According to the Department, most rates are negotiated at about 85% of the foster care base rate. In FY09 the foster care base rate increased by 28.9%, which affects subsidized adoption rates negotiated since FY06.
- $1.5 million GF increase for Early Intervention/Infant Learning Program (EI/ILP) provider rate increases. The intent of the funding is to adjust for inflation from 2003 for increases in therapy services, travel, fuel and personnel costs. The request is expected to recover up to 20 providers and one training coordinator. The EI/ILP program was not included in last year's provider rate increases.

In 2003, Congress reauthorized the Child Abuse and Prevention and Treatment Act (CAPTA). This required a referral for all children under the age of three with a substantiated report of abuse or neglect to the EI/ILP. Since 2003, EI/ILP has seen a 50% increase in referrals and a corresponding increase in children eligible for services. The federal reauthorization mandate did not include funding for the increase in referrals or services.

6. **Child Care Provider Rate Increases: $3.3 million GF.** This GF increase in the Child Care Benefits allocation is for adjusting the Child Care Provider Rates and grantee cost-of-operating increases for the Anchorage Bowl area. Increments include:

- $3.0 million GF to increase Child Care Rates to bring the state subsidy rates closer to the 75th percentile, as recommended by the federal government. The rates are currently at the 50th percentile, according to the Department's 2007 Child Care Market Rate Survey. The Department plans to conduct another Child Care Market Rate Survey in March of 2009. The information will be used in conjunction with the Department's comprehensive rate study to develop standardized methodologies for calculating child care rates and recommendations for the FY2010 rate increase.

  Legislative Fiscal Analyst Comment: *The requested increment, as stated by the Department, is an estimate of the cost to bring the rates closer to the 75th percentile. However, the next scheduled Child Care Market Rate Study is not expected to be completed until March of 2009. The subcommittees may wish to explore postponing the increment request until the March 2009 Child Care Market Rate Study is completed and a more accurate figured is calculated.*

- $305.4 GF to maintain service levels and avoid service reductions for grantees in the Anchorage Bowl area. Eligibility determinations for Child Care Assistance, Child Care Resource and Referral services, and Child Care Licensing in the Anchorage Bowl are provided through community grantees. The inflation adjustment is estimated to be 4.6% in FY2010.

7. **Youth Experiencing Serious Emotional Disturbances (SED): $2.2 million GF.** Increment requests within the Services for Severely Emotionally Disturbed Youth and Infant Learning Program allocations focus on reducing the need for more costly residential level services for youth experiencing serious emotional disturbances. General fund increments include the following:

- $1.1 million to expand grant funding to Community Behavioral Health Centers for enhancing outpatient services using innovative programs and training. The emphasis will be for youth from birth to age six with Fetal Alcohol Syndrome;
- $500.0 for continued care of youth experiencing SED who are not qualified under Medicaid or need non-Medicaid eligible services to stay at lower levels of care and avoid more costly Residential Psychiatric Treatment Centers (RPTC);
- $400.0 to assist in establishing treatment services for SED children in rural areas and to support tribal expansion in the delivery of this health service; and
- $200.0 to establish an early childhood mental health learning network, add a state coordinator, and provide grant funding for early childhood screening and intervention services at day care programs and Head Start programs to intervene early with youth at-risk of experiencing SED. The funding is part of the Bring-The-Kids Home Initiative in intervening early with youth at risk and avoiding placements in costly out-of-state RPTCs.

8. **Support for Child Advocacy Centers (CAC): $1.1 million GF.** This request for $1.1 million in general funds is to replace lost federal receipts to operate existing centers and support new centers in Homer and Glenallen.

A federal grant from the United States Department of Justice, Office of Juvenile Justice and Delinquency Prevention, provided funding to establish Alaska's Child Care Advocacy Centers over the last five years. At the end of FY09, this federal funding will be exhausted. According to the Department's latest data, reports of child sexual abuse and physical abuse increased 7% from FY07 to FY08.

During the five-year period, Alaska established Child Advocacy Centers in Anchorage, Wasilla, Juneau, Bethel, Nome, Fairbanks, and Dillingham. Child Advocacy Centers provide services for child sexual abuse victims and severe physical abuse victims, ages 0 through 18, and their non-offending parents. This includes a safe, child-friendly place to interview and receive forensic medical examinations and mental health services or referrals. Each victim is assigned a specialized family advocate who will remain with the child and family throughout the investigative process.

ORGANIZATIONAL CHANGES

Behavioral Health Appropriation:

- **Alaska Psychiatric Institute Advisory Board:** In July of 2008, the Governor established the Alaska Psychiatric Institute Advisory Board (Administrative Order Number 241). The advisory board will provide advice and recommendations to the Department's commissioner for meeting the needs of the state and the institute's patients and their families.
- **Alaska Mental Health & Alcohol & Drug Abuse Boards:** According to a Department press release, the above entity will move from the Boards and Commissions appropriation to the Behavioral Health appropriation to more closely align the constituent groups represented by the board or commission.

Health Care Services Appropriation:

- **Health Facilities Survey:** The new allocation's core service is to have certification and licensing surveyors inspect health care facilities in the state to determine whether they meet state and federal standards, and investigate complaints made against care providers. The purpose of the inspection is to determine a care provider's ability to offer services that are safe and meet acceptable standards. The Health Facility Survey program was previously housed in the Certification and Licensing allocation in FY09.

Public Health Appropriation:

- **Preparedness Program:** This newly created allocation's focus will be on the coordination and management of public health and emergency medical disaster preparedness activities such as planning, training, exercises and resource development. The program will provide expertise and funding for public health and emergency medical disaster preparedness to the Municipality of Anchorage, Alaska Native Tribal Health Consortium, all Alaska hospitals, nursing homes and primary care clinics.

Senior and Disabilities Services:

- **Governor's Council on Disabilities and Special Education and the Alaska Commission on Aging:** According to a Department press release, the above entities

will move from the Boards and Commissions appropriation to the Senior and Disabilities appropriation to more closely align the constituent groups represented by the board or commission.

CAPITAL REQUEST

The agency's $21.3 million capital budget includes the following:

- Phase 1 of 4 for renovating the Johnson Youth Center ($9.5 million GF). This phase includes renovation and expansion of the detention unit, new medical suite, and new admissions and police entry areas. Phases 2 through 4 would occur in FY12 – FY14 and are expected to cost an additional $8.1 million GF.
- The Johnson Youth Center is located in Juneau and is the State's fourth oldest facility. According to the Department's 2007 Assessment Study, threats to safety and security in this facility are a result of aging infrastructure, overcrowding, and an increase in behavioral health issues. The original structure is 50 years old and, according to the Department, needs safety and security issues addressed in order to expect positive results from the staff. Examples of deficiencies include antiquated door locking systems and design flaws that prevent adequate observation of the residents.

Section 10 of the Governor's capital budget appropriates $11.7 million in Information Technology Projects to the Governor's Office. Four of these projects are allocated to the Department of Health and Social Services for $2.2 million GF and $838.7 Federal Receipts as follows:

- Personal Information Protection Data Encryption, $736.3 GF/$81.8 Federal Receipts;
- Health Insurance Portability and Accountability Act Compliance, $668.7 GF/$668.7 Federal Receipts;
- Disaster Recovery, $368.2 GF/$40.9 Federal Receipts/$40.9 Federal Receipts; and
- Contract Management Automation System, $425.5 GF/$47.3 Federal Recipts.

Department of Labor and Workforce Development

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$29,278.8**			
FY09 Fiscal Notes	148.6			
CarryForward	395.4			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$29,822.8**	$544.0	1.9%	
One-time Items removed	(4,115.4)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	285.2			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$25,992.6**	($3,830.2)	-12.8%	
FY 10 Unrealizable Salary Fund Source Changes	308.6			
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,699.8			
FY10 Governor's Request (GF only)	**$31,001.0**	$5,008.4	19.3%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$4,699.8**	
Data Processing	501.1	526.1	25.0	
Labor Market Information	1,325.2	1,470.2	145.0	4
Occupational Safety & Health	22.8	12.6	(10.2)	7
Workforce Investment Board	5.1	135.1	130.0	5
Business Services	2,329.3	2,914.3	585.0	2
SW AK Voc Educ Ctr Ops Grant	-	195.0	195.0	3
Construction Academy Training	-	3,500.0	3,500.0	1
Client Services	4,127.1	4,257.1	130.0	6

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	86,594.7	85,751.6	(843.1)	
Other funds (all allocations)	57,363.2	58,432.5	1,069.3	
Total Non-General Funds (all allocations)	**$143,957.9**	**$144,184.1**	**$226.2**	
Position Changes (From FY09 Management Plan to Gov)	**962**	**963**	**1**	
PFT	825	825	-	
PPT	114	115	1	
Temp	23	23	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	-	-	-	
Remodel and Reconstruction	1,500.0	-	1,500.0	
New Construction and Land Acquisition	32,000.0	-	32,000.0	
Equipment and Materials	2,310.5	-	2,310.5	
Information Systems and Technology	3,367.6	-	3,367.6	
Other	-	-	-	
TOTAL CAPITAL	$39,178.1	$0.0	$39,178.1	

Department of Labor and Workforce Development

The Department of Labor and Workforce Development (DOLWD) is responsible for providing safe and legal working conditions and advancing employment opportunities. It has also been charged with developing a statewide training program for an Alaskan workforce capable of managing, constructing, operating, and maintaining a gasline. To accomplish these goals the Department provides the following core services:

- Employment Assistance;
- Training and Education;
- Workforce and Economic Development;
- Injured Worker and Unemployment Compensation;
- Statutory and Regulatory Assistance and Enforcement; and
- Assistance to people with disabilities to obtain and maintain employment.

SIGNIFICANT ISSUES

The FY2010 Department of Labor and Workforce Development's general fund operating budget submitted by the Governor is $1,178.2 more than the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding of $963.6). The Governor's net GF change from Adjusted Base is an increase of $5,008.4 million, which is comprised of salary fund source changes and the increments described in the numbered paragraphs below. The Department's request for FY2010 does not indicate any significant policy changes. The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Construction Academy Training: $3,500.0 GF.** The Alaska Construction Academy received funding in the capital budget in FY07 and FY08, and in FY09 funding was moved to the operating budget. This request seeks to continue the appropriation that was received in FY09 as a one-time item. The Department states that an aging workforce and lack of available training opportunities for young Alaskans leave the construction, mining, transportation and energy industries with a significant shortage of skilled workers. The Department believes the shortage can be remedied in part through continuation of this program. The training takes place in existing facilities throughout the state.

2. **Workforce Development Business Services: $585.0 GF: $575.1 STEP Funds, & $128.5 Votech Ed Funds.** A requested GF one-time increment of $585.0 reestablishes one-time funds received in FY09 as part of the Department's Gasline Training Program. The increment is intended to provide:

   - Training to at least 70 apprentices at Regional Training Centers for gasline related occupations ($180.1);
   - Funding for cooperative training agreements with business and industry for registered apprentices and on-the-job training for approximately 125 workers ($321.7); and
   - Funding for Division of Business Partnerships staff assigned to assist in development of this project ($83.2).

The Business Services Unit is also requesting base increments of State Training & Employment Program (STEP) ($575.1) funds for training and Technical Vocational Education Program Receipts (TVEP) ($128.5) funds for administrative functions.

3. **SW AK Vocational Education Center Ops Grant: $195.0 GF.** The proposed Governor's budget seeks to reestablish one-time funds of $195.0 GF, received in FY09, by Southwest Alaska Vocational and Education Center (SAVEC). The Department says these funds represent approximately one-quarter of the current SAVEC annual operating budget and that a loss of the funds would present SAVEC with significant challenges to continued operations and services. As submitted, the increment would be added to base budgets in future years.

4. **Labor Market Information, Gasline Training Program Guide: $145.0 GF.** The Department requests continuation of a one-time FY09 appropriation for development of a web and print-based Alaska Training Program guide and for development and dissemination of regional employment data products. The guide is intended to identify training programs including Regional Training Centers, State Training Centers, University of Alaska, Registered Apprenticeships, the Pipeliner Training facility and associated career opportunities. The subcommittee may wish to inquire why the guide is not yet completed and to determine how much more time and money are needed to complete and maintain the Program Guide.

5. **Workforce Investment Board – AGIA Training Program: $130.0 GF.** The Department seeks to continue a FY09 one-time appropriation as part of the Department's Gasline Training Program. These funds will support an existing Education Specialist II position and associated costs. The Education Specialist will serve as the education skills coordinator for the Department of Labor and Workforce Development, to implement vocational education strategies contained in the Department's Gasline Training Strategic Plan. The Department requests that the increment be added to base budgets in future years.

6. **Client Services, Voc Rehab Lease Cost Increase: $130.0 GF.** The University of Alaska chose not to renew the lease for the space occupied by the Vocational Rehabilitation Office on University Lake Drive in Anchorage. That lease expires February 28, 2009. An agreement for new space was reached with the Municipality of Anchorage. However, the new space will cost $387,000 per year as compared to $257,000 for the space being vacated. Without this additional $130.0 GF funding, the Department states it may need to layoff a counselor, serving approximately 115 individuals, to pay the additional lease amount.

7. **Workers' Compensation Fund Change, ($10.2) GF, Occupational Safety and Health, Mech. Inspection Program Fund Change: $294.5 Workers' Safety Account (WSA).** The Department is proposing a change to the funding source for a portion of the elevator, boiler/pressure vessel, electrical and plumbing inspections. This change is dependent on approval of a requested $294.5 increase to WSA funding in the OSH component. Inspections are currently fee-supported, but revenue is not sufficient to cover all program and training costs. Nearly all mechanical inspections provide a significant degree of workplace safety. Consequently, the Department proposes to fund a portion of all inspection costs from the Workers' Safety Account instead of from the Building Safety Account. The statutory authority for WSA funding is maintained by the Occupational Safety and Health (OSH) component.

Through a reimbursable services agreement, OSH will contract with Mechanical Inspection to provide these inspections in places of employment.

ORGANIZATIONAL CHANGES

The Construction Academy Training was a separate appropriation in FY09. The FY2010 proposed structure makes it an allocation under the Workforce Development appropriation. Subcommittees may wish to consider retaining this program as a separate appropriation.

CAPITAL REQUEST

The Department of Labor and Workforce Development's capital budget totals $39.2 million, of which $36.1 is GF. These projects are:

- **AVTEC Dormitory Replacement: $20 million Alaska Housing Capital Corporation (AHCC) funds**. The Department requests these funds for replacement of an existing 120-bed facility that has several Americans with Disabilities Act (ADA) code and life-and-safety-deficiencies. The new facility will be fully accessible and reflect the current style dorm preferred by prospective students and will have handicap access.

  Legislative Fiscal Analyst Comment: *The AHCC fund source is classified as GF in Legislative Finance Division's view of the budget. The Governor classifies these receipts as "Other" Funds, leading to a discrepancy in how the capital project is classified.*

- **AVTEC Heavy Equipment Shop and Pipe Welding Program: $12.0 million AHCC funds.** The Department seeks funding to add a 16,000 square foot steel fabricated building to AVTEC's Applied Tech campus to house the Heavy Equipment and Diesel programs. The Heavy Equipment program relocation will facilitate the demolition of the existing building which has Americans with Disabilities Act (ADA) code and life-and-safety deficiencies.

- **Fairbanks Pipeline Training Center: $2.3 million AHCC funds.** The Department requests equipment funding for the Fairbanks Pipeline Training Center. With this additional equipment, the center will have the capacity to train up to 200 students per year initially, increasing to 400 per year during the peak construction phase of the natural gas pipeline.

- **AVTEC Deferred Maintenance and Expansion: $1.5 million GF**. This funding is requested for deferred maintenance in order to obtain materials and equipment for ongoing work performed by AVTEC's maintenance staff, or contractors, especially in the Industrial Electric training facility. Ability to take care of deferred maintenance allows AVTEC to provide safe environments for AVTEC students receiving training for future employment in Alaska.

- **Social Security and Employment Data Interface: $275.4 GF.** Funds are requested for the Division of Vocational Rehabilitation to create an electronic interface between the Division's management information system, the Social Security Administration's (SSA) beneficiary database housed in the Department of Health and Social Services and the unemployment insurance database in the Department of Labor and Workforce Development. The interface is needed to process state reimbursement

claims under SSA's Ticket to Work program and to help clients become more economically self-sufficient.

- **WC Computer Application/Platform Upgrade: $3.1 million Workers Safety funds**. The Workers' Compensation system, at the direction of the Department of Administration, needs to be upgraded to the ".Net" programming application because the old platform "VB6" will no longer be supported by Microsoft. The upgrade appears essential to the program's continued efficient functioning.

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Department of Law

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$51,053.4**			
FY09 Fiscal Notes	428.8			
CarryForward	700.0			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	(142.9)			
FY09 Revised Management Plan (GF only)	**$52,039.3**	$985.9	1.9%	
One-time Items removed	(8,400.0)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	1,381.8			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$45,021.1**	($7,018.2)	-13.5%	
FY 10 Unrealizable Salary Fund Source Changes	16.3			
FY 10 Governor's GF Increments/Decrements/Fund Changes	7,136.9			
FY10 Governor's Request (GF only)	**$52,174.3**	$7,153.2	15.9%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$7,136.9**	
Third Judicial District: Anchorage	6,370.1	6,721.3	351.2	2
Deputy Attorney General's Office	508.6	748.1	239.5	2
Oil, Gas and Mining	3,443.2	9,802.4	6,359.2	1
Statehood Defense	879.8	1,066.8	187.0	3

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	3,233.7	3,233.7	-	
Other funds (all allocations)	24,715.0	25,064.4	349.4	
Total Non-General Funds (all allocations)	**$27,948.7**	**$28,298.1**	**$349.4**	
Position Changes (From FY09 Management Plan to Gov)	**559**	**559**	**0**	
PFT	551	552	1	
PPT	8	7	(1)	
Temp	-	-	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	-	-	-	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	$0.0	$0.0	$0.0	

Department of Law

The mission of the Department of Law is to provide legal services to state government and to prosecute crime. The Department represents the state in:

- prosecuting violators of state criminal laws;
- representing the state in legal actions;
- providing legal services in the resolution of tax and royalty disputes;
- providing consumer protection;
- providing legal services for extraordinary proceedings such as oil and gas litigation; and
- advising state agencies in areas of legal concern, including promulgating regulations and drafting legislation.

The Criminal Division protects the public by prosecuting all violations of state criminal law committed by adults and juveniles, and by placing them under appropriate controls. The Civil Division serves the interest of Alaska's citizens by providing legal counsel to the executive branch in all civil actions. The Administrative Services Division provides the core administrative services that are essential to the day-to-day operation of the Department and to managing the resources of the Department.

SIGNIFICANT ISSUES

The FY2010 Department of Law GF operating budget as submitted by the Governor is $135.0 above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $3.5 million). The Governor's net GF change from Adjusted Base is $7,153.2, which is comprised primarily of increments in the Oil, Gas and Mining appropriation.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Oil, Gas and Mining: $6,359.2 GF. The Department is requesting funds in order to continue to play a role in the Governor's top priority project (the construction of a gas pipeline and bringing natural gas to market). Additionally, the Department has a number of other major projects underway that will continue to require outside counsel and experts beyond the funding included in the Department's base budget.

- **$5,109.2 GF** added to the base budget for ongoing oil and non-gas pipeline matters including Pt. Thomson Litigation, proceedings before the Federal Energy Regulatory Commission, TransAlaska Pipeline Service tariff issues, and two major corporate income tax matters.
- **$1,250.0 GF** one-time increment to assist the Department in the preparation of legislation and implementation of a comprehensive plan to commercialize North Slope gas.

  In FY09, the Department received $3.0 million dollars for "Gas Pipeline and Other Oil & Gas Projects" as one-time funding as well as $3.5 million dollars through an Oil and Gas Development transfer from the Governor's Office. Subcommittees may wish to ask the following questions of the Department:

  - How were the one-time increments (totaling $6.5 million) in FY09 broken out between gasline and non-gasline work?

- When does the agency anticipate resolution to the litigation issues mentioned in this request (i.e. Pt. Thomson)? Should the $5.1 million be added to the base budget?

2. **Lease Costs: $590.7 GF.** Additional funding is requested to cover increased lease costs, the largest factors of which are the Whale and Brady buildings in Anchorage. Lease expenses are expected to rise 34% between FY08 and FY2010, primarily due to higher rates per square foot.

   - **$351.2 GF:** Third Judicial District: Anchorage
   - **$239.5 GF:** Deputy Attorney General's Office

3. **Statehood Defense: $187.0 GF.** In FY08 the Department of Law reduced its general fund budget for Statehood Defense by $167.0. The reduction had no operational impact because an FY04 reappropriation of $350.0 (lapsing balance from the legislature) was available for statehood defense. The reappropriation was a multi-year appropriation with a lapse date of FY09, and none of the available funding was spent through FY07. The Department is seeking general funds in the FY2010 budget to cover the costs of an attorney assigned to statehood defense issues. The increment would be included in the base budget in future years. The subcommittee may wish to ask for an explanation of statehood defense issues, with focus on whether this increment should be added to the base budget or be identified as an increment tied to a specific project with an end date in sight.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

The Department of Law has no capital projects for FY2010.

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Department of Military and Veterans Affairs

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$11,312.6**			
FY09 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	15.8			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$11,328.4**	$15.8	0.1%	
One-time Items removed	-			
Transfers between Agencies (nets zero statewide)	(328.5)			
FY10 Contractual Salary and Health Increases	97.0			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$11,096.9**	($231.5)	-2.0%	
FY 10 Unrealizable Salary Fund Source Changes	-			
FY 10 Governor's GF Increments/Decrements/Fund Changes	180.0			
FY10 Governor's Request (GF only)	**$11,276.9**	$180.0	1.6%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$180.0**	
Veterans' Services	987.6	1,037.6	50.0	2
Retirement Benefits	750.8	880.8	130.0	1

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	21,435.3	21,935.3	500.0	4
Other funds (all allocations)	12,832.7	13,017.9	185.2	3
Total Non-General Funds (all allocations)	**$34,268.0**	**$34,953.2**	**$685.2**	
Position Changes (From FY09 Management Plan to Gov)	**286**	**286**	**0**	
PFT	283	283	-	
PPT	2	2	-	
Temp	1	1	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	250.0	-	250.0	
Maintenance, Renovation, and Repairs	1,750.0	1,750.0	3,500.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	50.0	9,600.0	9,650.0	
TOTAL CAPITAL	**$2,050.0**	**$11,350.0**	**$13,400.0**	

Department of Military and Veterans Affairs

The mission of the Department of Military and Veterans Affairs (DMVA) is to provide military forces to accomplish military missions in the state or around the world; provide homeland security and defense; emergency response; veterans' services; and youth military training and education. The Department accomplishes this mission by providing core services for the following:

- Alaska National Guard Joint Forces Headquarters;
- National Guard Support;
- Homeland Security and Emergency Services Management & Coordination;
- Alaska Statewide Emergency Communications (IT);
- Veterans' Services;
- Alaska Military Youth Academy;
- Administrative Services Support; and
- Special Operations.

SIGNIFICANT ISSUES

The FY2010 Department of Military and Veterans Affairs GF operating budget as submitted by the Governor is $51.5 below the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $960.1). The Governor's net GF change from Adjusted Base is $180.0.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. National Guard Retirement Normal Cost Administrative Fees: $130.0 GF. As with other state retirement plans, employer contributions to the Alaska National Guard and Naval Militia Retirement System (NGNMRS) are identified as "normal" costs (the cost of future benefits for current employees) and "unfunded liability" (the cost associated with bringing the fund balance to the actuarially recommended level). DMVA pays the normal costs of the system while the state makes direct contributions to the retirement fund to pay down the unfunded liability.

For FY2010, the Alaska Retirement Management (ARM) Board recommends the same amount of contributions made in FY09, with the addition of a $130.0 GF "expense load" that is equal to a two-year average of the administrative costs incurred by the Department of Administration. In the past, normal contributions did not include administrative costs.

Legislative Fiscal Analyst Comment: *During the last session, the legislature appropriated $10 million to pay off the unfunded liability of the NGNMRS. Although this payment permits the state to eliminate direct payments to the retirement fund, the ARM Board recommends that the state make the same direct contribution ($1,722.5) that was made in FY09. While the recommendation may fail to account for the $10 million contribution, the legislature may wish to make the recommended contribution in order to offset investment losses!*

2. **Expand Outreach to Veterans: $50.0 GF.** These funds will be used to expand the information delivery system on issues pertaining to veterans' benefits and eligibility criteria in order to ensure that Alaskan veterans are receiving benefits to which they are entitled.

3. **Alaska Military Youth Academy formula: $185.2 I/A Receipts.** The Alaska Military Youth Academy (AMYA) ChalleNGe program is a military school program for at-risk youth. The program is funded by a formula set in statute (AS 14.30.740), with general funds appropriated to the Department of Education and Early Development (DEED) and transferred to AMYA.

   The formula was originally designed to produce a specific dollar amount at a specific point in time. It provides seven times the base student allocation (BSA set forth by the Department of Education and Early Development) for each AMYA ChalleNGe program residential student.

   In FY2010, the BSA increased $100 dollars per student (to $5,580) which brings the Department's FY2010 request to $6.4 million ($185.2 more than the amount appropriated in FY09).

   Legislative Fiscal Analyst Comment: *Subcommittees may wish to discuss plans for future enrollment and estimates of operating costs at various student counts. The legislature may wish to consider a direct appropriation to DMVA, as DEED has no legal responsibility for the AMYA and, therefore, should not act as a pass-through agency.*

4. **Army Guard Facilities Maintenance: $500.0 Federal Receipts.** The Department is requesting additional federal authorization for ongoing operating maintenance costs such as snow removal, utilities, general day-to-day maintenance, etc. The federal fund increase reflects the anticipated amount of receipts for army guard facilities eligible for 100% funding from the National Guard Bureau. The Department does not have adequate operating federal authorization to utilize these available funds to meet costs.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

A few of the larger projects included in the Governor's $13.4 million capital request for the Department of Military and Veterans Affairs are:

- **State Homeland Security Grant Program: $9.5 million Federal Receipts.** The 100% federally funded State Homeland Security grant program is annually awarded by the U.S. Department of Homeland Security. Programs include homeland security planning, equipment, training, and exercises to support local first responders, private sector critical infrastructure and state preparedness. This funding has been requested to assist in life-safety citizen preparedness.
- **Army Guard Facilities Project: $2.5 million ($1.75 million Federal Receipts/$750.0 GF Match).** With 237 Alaska Army National Guard buildings at 96 various locations with an average age of approximately 30 years, deferred

maintenance, renewal and replacement are a high priority. Alaska National Guard preventative maintenance is performed on a schedule, yet building components have a limited life requiring eventual renewal and replacement.

- **Military Youth Academy Deferred Maintenance: $1.0 million GF.** The Alaska Military Youth Academy (AMYA) operates at Camp Carroll on Fort Richardson. The campus currently has 23 buildings totaling 61,805 sq ft. with an average building age of 35+ years. Inadequacies include basic life-safety issues, outdated and inefficient heating/ventilation systems, restrooms, showers, and laundry facilities. This request will fund the modification of the Academy's ChalleNGe facilities to improve safety and living conditions (in compliance with ADA regulations), as well as improve technical training and educational training platforms.

Department of Natural Resources

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$70,870.9**			
FY09 Fiscal Notes	114.0			
CarryForward	6,088.6			
Special Appropriations	5,500.0			
Agency Transfers (excludes fuel/utility &gasline)	(2,899.9)			
09 Contractual Salary Adjustments	19.7			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	(92.9)			
FY09 Revised Management Plan (GF only)	**$79,600.4**	$8,729.5	12.3%	
One-time Items removed	(13,313.6)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	672.9			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$66,959.7**	($12,640.7)	-15.9%	
FY 10 Unrealizable Salary Fund Source Changes	99.1			
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,174.8			
FY10 Governor's Request (GF only)	**$71,233.6**	$4,273.9	6.4%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$4,174.8**	
Oil & Gas Development	7,489.0	9,898.8	2,409.8	1
Claims, Permits, & Leasing	7,043.0	7,093.0	50.0	6
Title Acquisition & Defense	1,365.5	1,665.5	300.0	4
Geological Development	3,948.3	4,548.3	600.0	3
N. Latitude Plant Material Ctr	882.8	1,607.8	725.0	2
Fire Suppression Preparedness	15,030.4	15,120.4	90.0	5

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	15,894.3	15,804.3	(90.0)	
Other funds (all allocations)	44,491.3	49,383.1	4,891.8	
Total Non-General Funds (all allocations)	**$60,385.6**	**$65,187.4**	**$4,801.8**	
Position Changes (From FY09 Management Plan to Gov)	**1,096**	**1,102**	**6**	
PFT	778	780	2	
PPT	245	246	1	
Temp	73	76	3	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	14,077.0	2,360.0	16,437.0	
Maintenance, Renovation, and Repairs	5,780.0	3,900.0	9,680.0	
Remodel and Reconstruction	3,200.0	-	3,200.0	
New Construction and Land Acquisition	3,750.0	600.0	4,350.0	
Equipment and Materials	850.0	-	850.0	
Information Systems and Technology	215.0	-	215.0	
Other	1,000.0	61,950.0	62,950.0	
TOTAL CAPITAL	**$28,872.0**	**$68,810.0**	**$97,682.0**	

Department of Natural Resources

The Department of Natural Resources (DNR) develops, conserves, and maximizes the use of Alaska's natural resources on state-owned land consistent with public interest by providing the following core services:

- provide opportunities to utilize state land and water resources;
- acquire and provide hydrologic, geologic, geographic, historical site, and other land record and natural resource information;
- acquire land;
- make land available for sale to the public, and transfer land to municipalities;
- preserve and enhance the value of state land and water resources and Alaska's coastal areas;
- mitigate potential disasters and hazards; and
- comply with federal regulations and programs related to natural resources.

SIGNIFICANT ISSUES

The FY2010 Department of Natural Resources general fund operating budget submitted by the Governor is $8,366.8 million *less* than the FY09 Revised Management Plan (which excludes fuel/utility and gasline one-time funding of $1,904.4). The Governor's net GF change from Adjusted Base is an increase of $4,273.9 million, which is comprised primarily of salary fund source changes and the increments described in the numbered paragraphs below. The Department's request for FY2010 does not indicate any significant policy changes.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Oil & Gasline Initiatives: $2.4 million GF. The Division of Oil and Gas Development is seeking to stabilize its base funding for Oil and Gas Development and to enhance its capacity to collect royalty revenues for the state. It is requesting the addition of previous one-time items, which have been renewed, to its base budget. Some of these items are as follows:

- **Workload Base Adjustment: $1.3 million GF.** The Division of Oil and Gas is requesting that this funding, which has been one-time funding each year for five years, be added to the base operating budget. This annual funding has been utilized since FY05 to address workload issues in the Division of Oil and Gas. This money is not related to any specific project and is not related to gasline coordination.
- **Royalty Valuation Litigation: $500.0 GF.** This request is to pay the costs of outside legal counsel and consultants to develop and defend the state's position in royalty disputes and to represent the state in the reopening of royalty arbitration proceedings. (This funding was requested as a capital project in FY09 but was approved as an operating appropriation.) The Department seeks to add this amount to its base budget.
- **Contract Royalty Auditors: $200.0 GF.** The Department is requesting a base increment to cover the ongoing cost of outside auditors to reduce or eliminate the

backlog of royalty and net profit share lease audits. The increment would be added to the base budget in future years. The increment continues a one-time increment of $200.0 GF appropriated in FY09 with the understanding that use of contract auditors solved an anticipated problem with filling auditor positions in the agency. Subcommittees may wish to inquire about the continued use of contract auditors.

- **Gas Pipeline Coordination: $391.0 GF.** This request is made to provide ongoing funding for gasline coordination in DNR's budget. This funding was included in the FY09 operating budget as a one-time distribution from the Governor's Office. DNR is now requesting this funding as part of the base budget. Subcommittees may wish to consider continuing to segregate gasline startup costs from the base budget.

2. North Latitude Plant Material Center (PMC) – AK State Seed Lab: $725.0 GF. In FY09, the PMC received one-time funding to maintain the state's foundation seed program after a loss of federal funds, and to provide certified and pathogen-free seed potatoes to local farmers. The foundation seed program ensures the availability of healthy native seed stock in Alaska, which growers use to supply seeds to construction companies, state and federal agencies, the mining industry, and others tasked with reseeding/revegetation projects. The PMC is the only source of native plant seed stocks.

3. Geological Development – Mineral Survey and Volcano Observatory, $600.0 GF as follows:

- **Alaska Geophysical and Geological Mineral Inventory Fund Source Change: $350.0 GF.** The Department requests a fund source change of $350.0 for its geological survey program. The FY09 operating budget included $450.0 from GF and $350.0 authorization from industry (SDPR) for surveys. Collection of funding from industry was only marginally successful, despite the Department's claim that an increased interest in precious metals has increased the demand for survey data. The Department states that in order to contract for surveys, including airborne mapping, it is necessary to replace the $350.0 SDPR authorization with general funds. The general funds would remain in the base budget in future years.

- **Alaska Volcano Observatory Fund Source Change: $250.0 GF.** The Department requests a fund source change (to replace the expected federal funding decrease in FY2010) to allow functions of the observatory to continue at current levels. The observatory monitors volcanic activity and ash clouds potentially affecting aeronautic conditions for aircraft traffic and local communities along the Aleutian and Cook Inlet volcanic chain and sends alerts as necessary. The general funds would remain in the base budget in future years.

4. Title Acquisition and Defense – Statehood Entitlement Transfers: $300.0 GF. The Department requests funding for the final stages of the Bureau of Land Management (BLM) 2009 Conveyance Project. The state will receive approximately eleven million acres still owed to the state under the Statehood Act. The project will also result in the transfer of over eight million acres of federal land to Alaska Native Corporations formed under Alaska Native Claims Settlement Act (ANCSA). Special attention must be given to these conveyances to protect state ownership interests and public access and ensure that the state receives clear title. The federal government provided money in FY06 for implementation of the transfers, and positions were created, but federal funds were reduced and are no longer available to address public access and

state ownership interests (such as navigable waters). Subcommittees may wish to discuss the status of the land transfers, with a focus on whether the appropriation should be part of the base budget in future years or be identified as project funding with an end in sight.

5. **Fire Suppression Preparedness – Interagency Cost Increases: $90.0 GF.** The Alaska Interagency Coordination Center (AICC), located on Ft. Wainwright, serves as the focal point for initial attack resource coordination, logistics support, and predictive services for all state and federal agencies involved in wildland fire management and suppression in Alaska. Cooperators include the Bureau of Land Management, DNR, USDA Forest Service, National Park Service, Bureau of Indian Affairs, and the Fish and Wildlife Service. This funding will cover DNR's share of cost increases of the AICC, including lightning detection and weather station costs.

6. **Resource Development – Guide Service Initiative: $50.0 GF.** At the request of the guiding industry, the Department is seeking funds to develop a big game guide program that would establish a prospectus review procedure to allocate leased guide areas to specific guides for big game guide services on state land. The money is intended to cover the cost of drafting related regulations and statutes. Subcommittees may wish to consider identifying the funding as a one-time item.

ORGANIZATIONAL CHANGES

The Office of Habitat Management and Permitting (OHMP) of the Alaska Department of Natural Resources became the Division of Habitat, a part of the Alaska Department of Fish and Game (ADF&G), effective July 1, 2008, as a result of Executive Order 114.

CAPITAL REQUEST

DNR has requested a total capital budget of $97.7 million, of which $68.8 is Federal Funds. The budget consists of a diverse mix of capital projects from snowmobile trail development to parks maintenance, coastal management, fire suppression, bear viewing, technology upgrades, boating access, and trails, among others. Through the Governor's Office, DNR has also requested a $1.2 million GF Document Management System. A few of the larger DNR capital projects are:

- **Coastal Impact Assistance Funds: $58 million federal receipts**. The Division of Coastal and Ocean Management is the lead state agency to administer the approximately $29 million annually in Coastal Impact Assistance Program (CIAP) funding disbursed under the Energy Policy Act of 2005 (R.R. 6). As required by law, 35% of these funds will be paid to the coastal districts of the state, and the remaining 65% will be allocated as identified in the approved program. The $58 million reflected in the FY2010 amount includes the amount allocated but not yet received in FY09, as well as the FY2010 amount.

- **Gas Pipeline Implementation: $3.2 million GF**. Implementing the Alaska Gasline Inducement Act (AGIA) will involve contracting with numerous experts and specialists to advise the state on such issues as pipeline engineering, pipeline commercial terms, including analysis of and advice on tariffs, tariff terms, pipeline access, and terms for addressing cost overruns, royalty valuation methodology, enforcement, and remedies. Success of the initial and subsequent open seasons will

depend on the Department's ability to retain these services. This project may be more appropriately placed in the operating budget.

- **Reservoir Studies to Evaluate Oil and Gas Resources on the N. Slope, Phase 2 of 2: $6 million GF.** The primary purpose of this phase of reservoir studies is to determine the best way to maximize remaining Prudhoe oil recovery while optimizing gas for a North Slope gas pipeline. Qualified consultants will be hired through the Request for Proposals (RFP) process to work on the project. Results will enable the state to make informed technical decisions with regards to the impact of gas production on the recovery of remaining Prudhoe Bay oil reserves. This project may be more appropriately placed in the operating budget.

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Department of Public Safety

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$114,631.5**			
FY09 Fiscal Notes	434.4			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	4,168.1			
09 Salary Fund Changes	31.0			
Misc Adjustments	-			
Vetoes	(200.0)			
FY09 Revised Management Plan (GF only)	**$119,065.0**	$4,433.5	3.9%	
One-time Items removed	(2,704.2)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	1,919.2			4
Misc Adjustments	656.3			
FY10 Adjusted Base Budget (GF only)	**$118,936.3**	($128.7)	-0.1%	
FY 10 Unrealizable Salary Fund Source Changes	96.2			
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,154.1			
FY10 Governor's Request (GF only)	**$123,186.6**	$4,250.3	3.6%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$4,154.1**	
Special Projects	37.1	1,433.6	1,396.5	1
AK Bureau of Judicial Services	8,170.0	8,258.0	88.0	3
Rural Trooper Housing	1,279.3	1,706.6	427.3	2
Narcotics Task Force	812.1	2,205.3	1,393.2	1
AST Detachments	46,933.0	47,561.1	628.1	2
Alaska Wildlife Troopers	16,061.7	16,155.7	94.0	2
Laboratory Services	4,349.7	4,476.7	127.0	2

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	11,636.0	15,191.2	3,555.2	6
Other funds (all allocations)	23,367.6	24,977.2	1,609.6	5, 7
Total Non-General Funds (all allocations)	**$35,003.6**	**$40,168.4**	**$5,164.8**	
Position Changes (From FY09 Management Plan to Gov)	**875**	**874**	**(1)**	
PFT	844	844	-	
PPT	16	16	-	
Temp	15	14	(1)	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	3,007.0	-	3,007.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	2,500.0	-	2,500.0	
Equipment and Materials	1,200.0	-	1,200.0	
Information Systems and Technology	3,865.5	-	3,865.5	
Other	-	2,500.0	2,500.0	
TOTAL CAPITAL	**$10,572.5**	**$2,500.0**	**$13,072.5**	

Department of Public Safety

The mission of the Department of Public Safety (DPS) is to ensure public safety and enforce fish and wildlife laws. The Department's core services include the following items:

- perform criminal and traffic law enforcement and investigations;
- manage and perform search and rescue operations for lost and missing persons;
- provide wildlife law enforcement and investigations;
- provide support to rural law enforcement entities;
- provide security to the Alaska Court System, transport inmates to and from court and between correctional institutions, and perform extradition of wanted persons to and from the state;
- provide criminal laboratory and forensic services, administer the statewide breath alcohol program, maintain Alaska's DNA identification system, and provide expert testimony in court proceedings;
- maintain accurate and complete Alaska criminal records and information for use by law enforcement agencies in Alaska and elsewhere;
- manage building and fire codes (development, adoption, interpretation, and review), conduct building plan reviews of commercial buildings and 4-plex and larger housing units, conduct fire and life safety inspections of priority facilities; and
- enforce alcoholic beverage laws.

SIGNIFICANT ISSUES

The FY2010 Department of Public Safety general fund operating budget as submitted by the Governor is $4,121.6 above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $803.3). The Governor's net GF increase from Adjusted Base is $4,250.3.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Drug Enforcement and Rural Alcohol Interdiction: $2,789.7 GF.

According to the Department, alcohol and drug enforcement remains a significant challenge, particularly with tenuous federal funding. The Department requests continued one-time funding, which could be restored based upon the amount of federal money received by DPS.

- **$1,393.2 GF (Language):** Narcotics Task Force
- **$1,270.0 GF (Language):** Rural Alcohol Interdiction Program (includes $400.0 for prosecution efforts by the Department of Law).

Legislative Fiscal Analyst Comment: *The legislature has included "reduce general funds if federal funds are forthcoming" language for the Narcotics Task Force Program since FY07. Similar language was added for the Rural Alcohol Interdiction Program in FY09. Because the language may imply that federal funds are anticipated, there may be an expectation that these increments will have no GF*

impact. The majority of federal funds have not materialized ($271,840 in FY08 and $715,479 in FY09 were returned to the general fund as a result of these language sections) and the subcommittees may wish to consider placing both funding items into the base budget (numbers section of the operating bill) with intent language stating that the general funds are not to be used if federal funding is received.

- **$126.5 GF: Alaska State Troopers Special Projects** requests funding to replace a federal grant for reducing illegal drug and alcohol use. The grant is no longer available. A portion of this increment will be used to fund cold case homicide investigations.

2. Departmental Overhead and Service Costs: $1,276.4 GF. The Department is requesting increments to pay increased overhead and service costs throughout the agency. Overhead costs include utilities, leases, housing, and medical and laboratory services and supplies. Increments have been requested as follows:

- **Rural Trooper Housing: $427.3 GF.** The Department requests funding to cover the increased cost of housing Alaska State Troopers (AST) located in rural posts. This increment request is for higher lease and utility costs and will assist in the leasing of eight replacement trooper units in Galena and Aniak. The Public Safety Employees Association (PSEA) bargaining unit contract states that troopers are required to pay a portion of their salary for rent with the remaining costs to be borne by the state.
- **Rising Lease Costs: $318.4 GF.** The Department is requesting an increment of $230.3 to cover rising office lease expenses for the AST Detachment component in the following communities: Aniak, Galena, King Salmon, Cooper Landing, Seward, and Wasilla.

  Additionally, $88.1 GF is requested for office and aircraft hangar lease increases in the Wildlife Troopers allocation.
- **Statewide Dispatch Services: $208.3 GF.** The Department is requesting funds for increased costs of contracts with local police departments to provide dispatch services in Wasilla and Kodiak partially funded in a similar increment request in FY09.
- **Ammunition and Uniforms: $31.4 GF.** Additional base funding is requested for the Alaska State Troopers ($25.5) and Wildlife Troopers ($5.9)
- **Medical Exams: $164.0 GF**. Additional funding in the AST Detachment allocation is also requested to offset the rising expense of medical forensic exams of victims of sexual assault and sexual abuse of a minor. Actual costs for these mandated services (AS 18.68.040) have exceeded authorization by roughly $164.0 per year since FY08.
- **Laboratory Services: $127.0 GF.** Overhead expenses for the Scientific Crime Detection Laboratory have increased significantly since FY07. Included in this increment are:
  - **$40.0** for the purchase of enough DNA reagent kits to process 400 additional violent crime and property crime cases and 6,000 Combined DNA Index System (CODIS) cases per year
  - **$40.0** to cover freight and courier service costs to return evidence to the submitting agency to be available for trial and to free up limited laboratory storage space.

3. **Prisoner Transportation: $88.0 GF.** In FY09, the legislature approved a $656.3 GF increment for six new Court Service Officer positions (attributable to a court settlement between DPS and the Municipality of Anchorage that transferred responsibility for prisoner transportation to the Department). A Legislative Finance error in recording conference committee action omitted the funding from the FY09 operating budget (a supplemental request should be expected). The amount was added to the FY2010 adjusted base. The Department requests an additional $88.0 for increased transportation costs.

4. **Corrected FY09 PSEA Salary Adjustments: $50.5 GF.** The Public Safety Employees Association (PSEA) contract negotiations for FY09 occurred late in the 2008 session and a portion of the monetary terms for uniform allowances was omitted from the budget request. This amount has been added to the FY2010 base budget; however, the Department could request supplemental funding for FY09 costs.

5. **Council on Domestic Violence and Sexual Assault (CDVSA): $1,677.9 PFD Criminal.** In FY09, the legislature replaced $1,341.5 GF with PFD Criminal Funds (PFD appropriations in lieu of dividends to incarcerated felons). As permanent fund dividends increase, more PFD Criminal funds are available for program costs.

__Legislative Fiscal Analyst Comment:__ The amount of PFD Criminal funds available varies with the amount of the Permanent Fund dividend and the number of felons incarcerated. Recent investment losses are likely to reduce PFDs in the future, with a corresponding decrease in PFD Criminal funds available. The likely result is future requests to replace PFD Criminal funds with general funds.

6. **Department Carryforward: $3,660.2 Federal Receipts.** Beginning in FY08, the department received a $5,000.0 federal multi-year appropriation for domestic violence and sexual assault prevention programs which lapses on June 30, 2010. This amount represents the unspent balance of that appropriation as of July 1, 2008.

7. **State Oversight of Hazardous Pipeline Facilities: $142.0 I/A Receipts.** Funding is requested to staff the new Office of Oil and Gas Systems Facilities within the Department via interagency receipts from the Department of Natural Resources (DNR). This office will provide one-stop servicing for fire inspection, plan review, fire investigation, fire detection and suppression system maintenance, and review of emergency response plans and fire response training for the whole oil and gas industry, statewide, to include onshore and offshore facilities. The new office will be located with the Joint Pipeline Office within DNR and will act as liaison supporting governmental oversight agencies for Trans-Alaska Pipeline System (TAPS) and all hazardous pipeline facilities located throughout the state.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

Some of the larger projects in the Governor's $13.1 million capital budget for the Department of Public Safety are:

- Anchorage Aircraft Hangar Replacement – Phase II: $2.5 million ($2.43 million AHFC Receipts and $.07 million GF)
- Marine Fisheries Patrol Improvements: $2.5 million Federal
- Alaska Public Safety Information Network (APSIN) Redesign: $2.0 million GF
- Statewide Facilities Maintenance, Repairs, and Improvements: $1.5 million GF
- Aircraft and Vessel Repair and Maintenance: $1.5 million GF

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Department of Revenue

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$17,176.2**			
FY09 Fiscal Notes	8.0			
CarryForward	-			
Special Appropriations	700.0			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$17,884.2**	$708.0	4.1%	
One-time Items removed	(1,247.0)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	481.3			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$17,118.5**	($765.7)	-4.3%	
FY 10 Unrealizable Salary Fund Source Changes	34.3			
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,088.0			
FY10 Governor's Request (GF only)	**$21,240.8**	$4,122.3	24.1%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	**FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)**	**FY10 Governor's Request (GF only)**	**Change from Revised FY10 Adj Base to FY10 Governor's Request**	**See Note:**
Allocation			**$4,088.0**	
Tax Division	13,383.4	14,228.4	845.0	**4, 5**
Treasury Division	1,575.9	2,147.9	572.0	**3**
Child Support Services Division	174.7	2,074.7	1,900.0	**1**
Natural Gas Commercialization	-	771.0	771.0	**2**

Non-General Fund Agency Summary	**FY10 Adjusted Base Budget + Salary Fund Changes**	**FY10 Governor's Request**	**Change from Revised FY10 Adj Base to FY10 Governor's Request**	**See Note:**
Federal Funds (all allocations)	37,903.4	39,588.3	1,684.9	**6**
Other funds (all allocations)	207,103.7	209,313.5	2,209.8	**7,8,9**
Total Non-General Funds (all allocations)	**$245,007.1**	**$248,901.8**	**$3,894.7**	
Position Changes (From FY09 Management Plan to Gov)	**942**	**925**	**(17)**	
PFT	875	867	(8)	
PPT	50	41	(9)	
Temp	17	17	-	

Governor's Capital Request	**State Funds (GF + Other)**	**Federal Funds**	**Total**	**See Note:**
Planning and Research	7,000.0	-	7,000.0	
Maintenance, Renovation, and Repairs	10,450.0	6,500.0	16,950.0	
Remodel and Reconstruction	14,992.5	2,640.0	17,632.5	
New Construction and Land Acquisition	27,250.0	5,000.0	32,250.0	
Equipment and Materials	-	-	-	
Information Systems and Technology	24,850.8	142.7	24,993.5	
Other	9,800.0	5,900.0	15,700.0	
TOTAL CAPITAL	**$94,343.3**	**$20,182.7**	**$114,526.0**	

Department of Revenue

The Department of Revenue's responsibilities include:

- administration and enforcement of Alaska's tax laws;
- management of the treasury;
- administration of the Permanent Fund Dividend Program;
- collection and distribution of child support; and
- administrative support to the following independent boards and corporations:
  - Alaska Permanent Fund Corporation;
  - Alaska Housing Finance Corporation;
  - Alaska Municipal Bond Bank Authority;
  - Alaska Natural Gas Development Authority;
  - Alaska Retirement Management Board; and
  - the Alaska Mental Health Trust Authority.

SIGNIFICANT ISSUES

The Governor's FY2010 general fund operating budget for the Department of Revenue (DOR) is $3,356.6 above the FY09 Revised Management Plan (excludes fuel/ utility & gasline one-time funding of $1,221.0). The net GF change from Adjusted Base is $4,122.3.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Child Support Services Division Match: Fund Change $1,900.0 GF Match/($1,900.0) Receipt Supported Services (RSS). Continued decline in receipts received by the division, as a result of the decline in Temporary Assistance for Needy Families (TANF) cases, is expected to result in a shortfall of state matching funds. General funds are requested to supplement the shortfall.

Legislative Fiscal Analyst Comment: *TANF cases continue to decline for a variety of reasons (see H&SS analysis). The Child Support Services Division (CSSD) retains child support when a family is on TANF and splits the funding with the federal government (the state retains 47% as RSS). The retained funding is then utilized by the agency and counted toward the 34% state match. During the last two years, CSSD has been authorized to carry forward prior year receipts, thereby reducing the need for an alternate matching fund source. That funding source has been exhausted.*

2. Natural Gas Pipeline Development: $771.0 GF. For FY09, DOR received $1,221.0 for gas line development. This was the amount identified in the fiscal note to HB 177 or the Alaska Gasline Inducement Act (AGIA). The agency continues to follow that fiscal note and is requesting the $771.0 itemized for FY2010.

Legislative Fiscal Analyst Comment: *Considering that the fiscal note was written almost two years ago, it seems unlikely that the agency's expenditure plan remains*

exactly as written. Subcommittees may wish to ask the Department for further information regarding this request.

3. **Treasury Revised Cost Allocation Plan: Net Increase $572.0 GF/($420.0) Other.** Many agencies utilize federal program revenue for state retirement contributions. The Treasury Division invests these funds and has recently received federal approval of a new cost allocation plan. The plan requires a reallocation of funding sources to be in compliance. According to the Department, the plan will be used to develop budgets and agreements for charging users of Treasury services, and for allocating costs equitably among each fund/trust/client agency. The method is devised to address all costs and all users in a consistent, easily-administered manner, utilizing actual, quantifiable statistics.

Legislative Fiscal Analyst Comment: *The FY2010 cost allocation plan is based on fund net asset value at year end FY08. The plan is effective retroactive to July 1, 2008, making it effective for all of FY09. Adjustments in the supplemental process should be expected.*

4. **Contract Audit Assistance: $540.0 GF.** Last session, Revenue requested just over $1 million for contractual audit assistance during the recruitment of four Audit Master positions. A one-time increment of $540.0 was intended to fund two contract auditors and associated overhead. The Department did not remove this one-time item from the base budget for FY2010. Legislative Finance removed the amount from the base and added an increment in order to match the Governor's request. Contract audit assistance was identified in the fiscal note to AGIA (the oil production tax legislation) as a four-year need at over $1 million per year. The purpose is to supplement auditor functions during recruitment and provide training to less experienced staff. Subcommittees may want to examine the continued use of contract auditing.

5. **Fourth Audit Master: $200.0 GF.** Funding was requested last session for four Audit Master positions created during revision of the oil production tax. Funding for three of the positions ($600.0) was approved in anticipation of a recruitment lag. Funding for the final position is requested for FY2010.

6. **Federal "Moving to Work" Program Adjustments: $1,634.0 Federal Receipts/($674.3) Other.** The Alaska Housing Finance Corporation (AHFC) has recently become a Federal Housing and Urban Development (HUD) "Moving to Work (MTW)" eligible agency. This does not entitle AHFC to receive any additional federal funding per se, but it does allow considerable flexibility regarding how funding is programmed and accounted for. $674.3 of AHFC Receipts are being reclassified as federal receipts (per a rule change in FY08, these were changed from Federal Receipts to AHFC Receipts) while significant other federal funding is essentially being reprogrammed and brought on budget.

7. **Constitutional Budget Reserve (CBR) Fees: $1,673.0 CBR Funds.** As a result of high oil prices, the CBR has grown substantially. As a consequence of higher balances, additional funding for management fees are required (fees are typically a percentage of asset value). For FY09, $4.3 million was budgeted for fees. This amount exceeded the FY09 requirements and expenditure authority is expected to lapse. The amount requested for FY2010 reflects anticipated needs.

8. **Independent Actuary Audit: $300.0 Other Funds.** A one-time increment for an independent audit of the state's actuary was included in the FY09 budget. Per AS 37.10.220(10), an audit is to be performed not less than once every four years. The Department did not remove this one-time item from the base budget for FY2010. Legislative Finance removed the amount from the base, then added an increment in order to match the Governor's request. Subcommittees may wish to delete this increment.

9. **Mental Health Trust Zero-based Budgeting: $2,650.0 Other Funds.** The Alaska Mental Health Trust Authority has implemented zero-based budgeting for all of their programs. The goal of the Trust is to be able to identify how Trust funding is being allocated on a year-by-year basis. Yearly increments will be clearly identifiable as Trust recommended programs.

Legislative Fiscal Analyst Comment: *This concept works very well for Trust targeted program funding. However, there is no benefit to zero-based budgeting of the Trust's own administrative budget. The Trust may wish to return to incremental budgeting of administrative costs.*

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

The Alaska Housing Finance Corporation capital budget makes up the majority of DOR's annual request (74% of the budget for FY2010). AHFC has over $84 million budgeted for their housing programs, including $20 million of federal receipts, and almost $63 million of the $68.7 million AHFC dividend to the state. A few of the larger projects are:

- the Supplemental Housing Development Program ($10 million AHFC Dividend);
- the Senior Citizen's Housing Development Program ($7.5 million AHFC Dividend);
- the Homeless Assistance Program ($6 million AHFC Dividend); and
- the Loussac Manor Renovation and Replacement Phase 3 ($8.5 million AHFC Dividend).

The remainder of DOR's request is primarily two large projects totaling $28.5 million:

Gas Spur Line: $5,000.0 AHCC Funds. The Alaska Natural Gas Development Authority (ANGDA) is working to develop a spur line off the future gas pipeline from the North Slope. The intended route is from Delta Junction to Cook Inlet. During the special session last year, ANGDA had requested $25 million for this project, but received no funding. Current estimates for the spur line vary from $1 to 1.5 billion, depending on timing and other factors. This $5 million will allow efforts for right-of-way acquisition and engineering/ design to continue.

Legislative Fiscal Analyst Comment: *The ownership structure of the spur line is presently unclear. It may be prudent to identify ownership rights, revenue flow, and operational aspects before additional state funding is allocated to this project.*

Tax Revenue Management System: $23.4 million GF. DOR received $3.9 million in the FY09 capital budget for tax system(s) replacement. This project will create a single, comprehensive management system that will accommodate all tax types. The prior year funding will be combined with this funding to cover anticipated total project cost of just over $27 million.

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Department of Transportation and Public Facilities

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$209,286.5**			
FY09 Fiscal Notes	157.5			
CarryForward	328.2			
Special Appropriations	2,297.6			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	396.2			
09 Salary Fund Changes	6.9			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$212,472.9**	$3,186.4	1.5%	
One-time Items removed	(7,570.9)			1,9
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	443.1			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$205,345.1**	($7,127.8)	-3.4%	
FY 10 Unrealizable Salary Fund Source Changes	1,015.2			10
FY 10 Governor's GF Increments/Decrements/Fund Changes	10,477.4			
FY10 Governor's Request (GF only)	**$216,837.7**	$11,492.6	5.6%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$10,477.4**	
Leased Facilities	1,972.1	1,930.1	(42.0)	
Program Development	369.2	400.3	31.1	
Central Region Facilities	5,892.6	5,945.3	52.7	3
Northern Region Facilities	8,415.5	8,666.7	251.2	3,4
Southeast Region Facilities	1,243.8	1,267.8	24.0	4
Central Region Highways and Aviation	38,551.2	39,051.2	500.0	2
Southeast Region Highways and Aviation	11,817.0	12,062.2	245.2	2,5
Whittier Access and Tunnel	100.0	2,600.0	2,500.0	7
Marine Vessel Operations	66,875.4	73,790.6	6,915.2	9

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	4,157.0	4,157.0	-	
Other funds (all allocations)	294,735.7	295,458.6	722.9	6,7,8
Total Non-General Funds (all allocations)	**$298,892.7**	**$299,615.6**	**$722.9**	
Position Changes (From FY09 Management Plan to Gov)	**3,837**	**3,845**	**8**	
PFT	3,197	3,202	5	
PPT	441	444	3	
Temp	199	199	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	9,327.3	91,469.0	100,796.3	
Maintenance, Renovation, and Repairs	28,591.9	32,670.0	61,261.9	
Remodel and Reconstruction	67,118.6	395,612.1	462,730.8	
New Construction and Land Acquisition	90,651.0	172,753.4	263,404.4	
Equipment and Materials	24,688.0	27,050.0	51,738.0	
Information Systems and Technology	1,265.5	2,250.0	3,515.5	
Other	400.0	22,871.9	23,271.9	
TOTAL CAPITAL	**$222,042.3**	**$744,676.5**	**$966,718.8**	

Department of Transportation and Public Facilities

The Department of Transportation and Public Facilities (DOT&PF) is responsible for planning, research, design, construction, operation, maintenance, and protection of all state transportation systems and many public facilities. This includes approximately 258 state-owned airports and seaplane bases, 6,000 miles of state roads, 700 buildings ranging from maintenance shops to state office complexes, and 25 ports and harbors. In addition, the Department owns and operates the Alaska Marine Highway System (AMHS). The Department also owns and operates the State Equipment Fleet, which provides full maintenance support and replacement activities for all departments and state agencies, including 7,800 light and heavy duty vehicles and attachments.

SIGNIFICANT ISSUES

The Governor's FY2010 general fund operating budget for the Department of Transportation and Public Facilities is $4,364.8 above the FY09 Revised Management Plan (excludes fuel/ utility & gasline one-time funding of $33 million). The net GF change from Adjusted Base is $11,492.6.

The following notes correspond to numbers in the last column on the preceding spreadsheet:

1. Commodities Market: ($33,000.0) GF. The last three budget cycles have seen unprecedented commodity price inflation that has affected every family, business, organization and government unit in the state. The recent collapse of commodity prices—particularly fuel prices—relieves considerable budgetary pressure on DOT&PF.

The fuel "trigger" appropriation created by the legislature performed as intended. By making fuel appropriations one-time items, and backing them out of base budgets each year, the legislature has avoided excessive base budget build-up due to high fuel prices.

The Governor's budget retains a fuel trigger appropriation for FY2010, even with fuel prices far below the levels of FY09. Legislative Finance believes a trigger mechanism to be prudent given the volatility of markets, but suggests that the table (in section 13 of the Governor's operating bill) extend at least as high as the official forecast of $74 per barrel of oil. Limiting the trigger price to $60 per barrel may provide insufficient funding if oil prices rebound. If oil prices remain low, there is no harm in a higher cap.

DOT&PF received $33 million of the fuel appropriation for FY09. This is their maximum allocation (75%) of the $44 million appropriated. Under the Governor's proposal, DOT&PF would receive a maximum of $18 million in FY2010.

Legislative Fiscal Analyst Comment: *As of this writing, Alaska North Slope is trading near $30 per barrel. If oil stays at this level for the rest of the fiscal year, the year-end average price will be near $60 per barrel (see Fiscal Sensitivity on page 18). This price level would have provided DOT&PF with $18 million for fuel in FY09. The legislature may wish to explore the potential for supplemental appropriations that recover/reallocate a portion of the FY09 fuel appropriation.*

2. Sidewalk Snow Removal: $547.1 GF. $1.25 million was approved in the FY09 capital budget to purchase snow removal equipment for sidewalks on state roads, specifically those in the Anchorage Bowl. The sidewalk snow removal equipment was a legislative addition after discussion in the DOT&PF subcommittee last year revealed the lack of necessary tools to clear the sidewalks. Now part-time man-power is requested to run the equipment. An increment of $500.0 and eight part-time positions is requested for

snow removal operations in Central Region Highways and Aviation. An additional $47.1 is requested for the Southeast Region.

3. **Specialized Contracting Services: $170.0 GF.** The costs of various specialized contracting services in the Northern and Central Regions are increasing. An additional $110.0 in the Northern Region is requested for new Direct Digital Control (DDC) systems coming online, along with other specialized contract services such as elevator maintenance and insulation services. An increment was approved in FY09 for a position to maintain all of the DDC systems in the Northern Region. In FY2010 $60.0 is requested for similar Central Region contract cost increases.

4. **Janitorial Contracts: $165.2 GF.** Northern and Southeast Regions are requesting additional funding for janitorial contracts. In prior years, the cost for janitor contracts has been absorbed. The agency contends that contract prices have reached the point where they require additional funding.

5. **Striping Contracts: $169.3 GF.** Southeast Region Highways and Aviation is requesting funding for increased costs associated with highway and airport runway striping. The current budget for striping in the region is $180.7. Recent striping costs put the required amount near $350.0.

6. **Motor Carrier Safety Assistance Program Expansion: $250.0 Receipt Supported Services (RSS).** Through DOT&PF, Alaska became a Unified Carrier Program (UCR) state during FY09. This federal program authorized in SAFETEA-LU, allows states to mandate commercial motor vehicle registration under the UCR program. Program revenue is required to be used for increased motor carrier safety and motor carrier enforcement along with any administrative costs related to the program. This increment request would allow for expenditure of the additional revenue for motor carrier safety and enforcement activities.

7. **Whittier Tunnel Extended Operating Hours: $500.0 Cruise Ship Gambling Tax.** Last session, a special $500.0 appropriation was made in the capital bill for extended operating hours at the Whittier Tunnel. The extended hours were to benefit cruise ship passengers and industry merchants. An increment is being requested to maintain those extended hours during FY2010. In addition to the increment, a $2 million fund source change is requested from CIP Receipts (via federal capital projects) to gambling tax revenue.

Legislative Fiscal Analyst Comment: *The funding used in FY09 was from the Regional Cruise Ship Impact Fund established by the cruise ship head tax initiative passed in 2006. Present legal opinion is that the head tax revenue may be used only to mitigate cruise ship impacts or to benefit cruise ship passengers (in order to avoid violation of U.S. Constitution Commerce/Tonnage Clauses). The FY2010 request uses cruise ship gambling tax proceeds. Although this revenue source was also created as part of the head tax initiative, use of the fund source is not restricted by the same legal issues. Legislative Finance and the Department of Revenue classify the head tax as restricted Other State Funds, and the gambling tax revenue as part of the unrestricted general fund. Using the same funding source as FY09 may be warranted.*

Legislative Fiscal Analyst Comment: *Upon completion of the Whittier Tunnel, the Federal Highway Administration agreed to partially fund operation and maintenance of the tunnel until such time that it could be self-supporting. This contract expires in February of 2009. The switch from federal funds to state funds appears, however, to be a*

state choice. The federal government is not mandating the fund source change and federal funding may still be available as an option for tunnel operations. That said, using federal funds for tunnel operations makes them unavailable for road construction projects.

8. **International Economic Impacts on International Airports: ($2,153.0) International Airport Revenue Funds.** The global financial situation has caused considerable pressure on both passenger and cargo airlines. The airline association has asked DOT&PF to reduce landing fees given this operating environment. FY09 year-to-date combined cargo/passenger landing weight is approximately 16% below FY08. International Airport revenue is expected to be lower commensurately. The airport system is planning reductions for the FY2010 budget totaling over $2 million. Cost containment has already begun in FY09 and supplemental budget reductions are expected.

9. **Alaska Marine Highway System Maintenance Budget: $8,865.2 GF.** AMHS received two one-time appropriations for FY09. They have requested a continuation of that funding for FY2010 and beyond. $4.6 million was added during the operating budget process as a one-time fleet reconfiguration cost increase during Tustemena and other vessel overhaul. Additionally, $4.2 million was added in the capital bill as a one-time expansion of service to Southwest Alaska during the Tustemena overhaul.

Legislative Fiscal Analyst Comment: *FY2010 will require a different mix of vessels and likely have a different cost structure to maintain the same service level. The finance committees may wish to evaluate whether maintaining the same funding level is appropriate.*

10. **Salary Fund Source Changes: $1,015.2 GF.** The Governor's budget proposes using general funds to replace a portion of other funding sources that could be used to pay for contractual wage and health benefits increases. Subcommittees should carefully examine each of these salary adjustment fund changes. Please see **Fund Source Changes for Salary Adjustments** on page 18 for further discussion of this issue.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL BUDGET

The DOT&PF capital budget comprises the majority of the statewide capital budget each year. Typical programs include the Surface Transportation Program (receipts from the Federal Highway Administration) and the Airport Improvement Program (receipts from the Federal Aviation Administration). Both programs require a state match component that are usually budgeted separately to allow for agency flexibility. The budget also typically has appropriations from the general fund for facility, harbor, airport, highway and Alaska Marine Highway vessel/ terminal deferred maintenance, and for the stockpiling of materials for construction. The Governor's proposal contains elements of all of the aforementioned. See the capital budget section on page 49 for further details.

University of Alaska

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$308,985.5**			
FY09 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	(1,150.0)			
FY09 Revised Management Plan (GF only)	**$307,835.5**	($1,150.0)	-0.4%	
One-time Items removed	(95.0)			
Transfers between Agencies (nets zero statewide)	328.5			
FY10 Contractual Salary and Health Increases	8,864.0			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$316,933.0**	$9,097.5	3.0%	
FY 10 Unrealizable Salary Fund Source Changes	-			
FY 10 Governor's GF Increments/Decrements/Fund Changes	4,543.9			
FY10 Governor's Request (GF only)	**$321,476.9**	$4,543.9	1.4%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$4,543.9**	
Statewide Services	14,364.1	14,714.1	350.0	
Anchorage Campus	97,697.1	99,470.4	1,773.3	
Small Business Development Center	257.2	807.2	550.0	
Fairbanks Campus	104,897.1	105,296.9	399.8	
Fairbanks Organized Research	20,849.5	21,349.5	500.0	
Cooperative Extension Service	3,902.5	4,314.1	411.6	
Interior-Aleutians Campus	1,813.9	1,909.6	95.7	
College of Rural & Community Development	4,831.2	4,912.9	81.7	
Tanana Valley Campus	5,792.0	5,886.3	94.3	
Juneau Campus	21,014.9	21,302.4	287.5	

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	156,076.9	131,558.5	(24,518.4)	
Other funds (all allocations)	378,258.3	369,028.4	(9,229.9)	
Total Non-General Funds (all allocations)	**$534,335.2**	**$500,586.9**	**($33,748.3)**	
Position Changes (From FY09 Management Plan to Gov)	**4,916**	**4,919**	**3**	
PFT	4,694	4,697	3	
PPT	222	222	-	
Temp	-	-	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	500.0	-	500.0	
Maintenance, Renovation, and Repairs	10,000.0	-	10,000.0	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	35,925.0	15,000.0	50,925.0	
Equipment and Materials	1,072.0	100,000.0	101,072.0	
Information Systems and Technology	-	-	-	
Other	2,200.0	-	2,200.0	
TOTAL CAPITAL	**$49,697.0**	**$115,000.0**	**$164,697.0**	

University of Alaska

The major goals of the University are to inspire learning, and to advance and disseminate knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples by fostering and promoting the following:

- a high quality postsecondary educational system;
- appropriate vocational education development and training;
- advancement and extension of knowledge, learning, and culture; and
- the University as the state's primary research facility with focus on the application of new knowledge and emerging technologies.

SIGNIFICANT ISSUES

The FY2010 University of Alaska operating budget as submitted by the Governor is $13,641.4 GF above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding of $4.8 million). The Governor's net GF change from Adjusted Base is $4,543.9 (which includes, a requested fund source change, switching FY09 Business License & Corporation Filing Fees and Taxes funding to $550.0 GF for FY2010).

According to the University, the program enhancements in the University's FY2010 budget are critical to meeting the Board of Regents' goals in the following growth priorities:

- K-12 Outreach;
- Energy, Engineering, Climate;
- Health Programs; and
- Workforce and Campus Programs.

The University of Alaska Board of Regents requested an overall increase of $11.6 million (a net result of a $32.3 million GF increase and a net *decrease of $20.7 million* in non-GF). The Governor's budget mirrors the Regents' request in several categories but the end result is less than the Board of Regents' request by $24.6 million ($16.2 million GF and $8.4 million non-GF). (see following table)

- **Compensation Increases** – The compensation package requested by the University and submitted by the Governor includes salary increases for all union-represented groups and for non-represented faculty and staff totaling $14.5 million (including $8.9 million GF). It is based on projections of contractual increases for current employee agreements. This request includes a reduction for the University's Optional Retirement Program (ORP) for FY2010 of $2.4 million ($1.3 million of which is GF). It further includes a reduction of $234.4 GF for a one-time workforce development stipend of $800 per retained Alaska Community Colleges' Federation of Teachers member. As with similar salary adjustments in other agencies, compensation increases were added to the base budget.

The Governor made cuts to some areas as shown in the table on the next page:

UNIVERSITY OF ALASKA	FY10 Board of Regents Request			FY10 Governor's Request			Difference between Board of Regents and FY10 Governor's Request		
	GF	non-GF	TOTAL	GF	non-GF	TOTAL	GF	non-GF	TOTAL
FULLY FUNDED BY GOVERNOR									
Compensation Increases with decrements for ORP ($1.3 million GF/$1.1 million non-GF) and one-time ACCFT Stipend reflected ($.2GF) (All Represented & Non-Represented Faculty & Staff including Executives) (No Health increase requested for FY10)	**$8,864.0**	**$5,676.5**	**$14,540.5**	**$8,864.0**	**$5,676.5**	**$14,540.5**	**No Differences**		
PARTIALLY FUNDED BY GOVERNOR									
Other Cost Increases Categorized as Fixed (by the University)									
Non-Personnel Services Fixed Cost Increases	$3,214.9	$7,614.3	$10,829.2	$0.0	$7,614.3	$7,614.3	($3,214.9)	$0.0	($3,214.9)
Compliance Mandates (personnel)	$654.0	$400.0	$1,054.0	$0.0	$400.0	$400.0	($654.0)	$0.0	($654.0)
Utility Cost Increases	$1,700.0	$1,100.0	$2,800.0	$0.0	$0.0	$0.0	($1,700.0)	($1,100.0)	($2,800.0)
New Facility Operating and Maintenance Costs	$2,790.5	$344.3	$3,134.8	$350.0	$344.3	$694.3	($2,440.5)	$0.0	($2,440.5)
Other Cost Increases Subtotal	**$8,359.4**	**$9,458.6**	**$17,818.0**	**$350.0**	**$8,358.6**	**$8,708.6**	($8,009.4)	($1,100.0)	($9,109.4)
	GF	non-GF	TOTAL	GF	non-GF	TOTAL	GF	non-GF	TOTAL
Priority Program Enhancement and Growth									
K-12 Outreach	**$2,628.1**	**$846.6**	**$3,474.7**	**$800.0**	**$230.0**	**$1,030.0**	($1,828.1)	($616.6)	($2,444.7)
Bridging Programs, Tech Prep and Career Awareness	$1,490.0	$305.0	$1,795.0	$800.0	$230.0	$1,030.0			
Outreach, Testing, Placement and Teacher Preparation	$1,138.1	$541.6	$1,679.7	$0.0	$0.0	$0.0			
Energy, Engineering, Climate	**$3,823.4**	**$7,120.0**	**$10,943.4**	**$1,000.0**	**$3,968.1**	**$4,968.1**	($2,823.4)	($3,151.9)	($5,975.3)
Energy and Cooperative Extension Service	$1,438.4	$3,968.1	$5,406.5	$1,000.0	$3,968.1	$4,968.1			
Engineering	$1,560.0	$651.9	$2,211.9	$0.0	$0.0	$0.0			
Climate	$825.0	$2,500.0	$3,325.0	$0.0	$0.0	$0.0			
Health Programs	**$3,073.2**	**$3,213.5**	**$6,286.7**	**$1,843.9**	**$299.5**	**$2,143.4**	($1,229.3)	($2,914.0)	($4,143.3)
BioMed Capacity	$1,229.3	$2,914.0	$4,143.3	$0.0	$0.0	$0.0			
Academic Programs	$1,843.9	$299.5	$2,143.4	$1,843.9	$299.5	$2,143.4			
Workforce and Campus Programs	**$2,341.8**	**$619.9**	**$2,961.7**	**$0.0**	**$0.0**	**$0.0**	($2,341.8)	($619.9)	($2,961.7)
Workforce Programs	$1,216.5	$290.4	$1,506.9	$0.0	$0.0	$0.0			
Advanced Indigenous Studies	$335.3	$215.0	$550.3	$0.0	$0.0	$0.0			
Student Achievement	$790.0	$114.5	$904.5	$0.0	$0.0	$0.0			
Priority Program Enhancement and Growth Subtotal	**$11,866.5**	**$11,800.0**	**$23,666.5**	**$3,643.9**	**$4,497.6**	**$8,141.5**	**($8,222.6)**	**($7,302.4)**	**($15,525.0)**
TOTAL INCREASES	**$29,089.9**	**$26,935.1**	**$56,025.0**	**$12,857.9**	**$18,532.7**	**$31,390.6**	**($16,232.0)**	**($8,402.4)**	**($24,634.4)**

In addition to (fully supported) compensation increases, Board of Regents' increments partially supported by the Governor include the following:

- **Non-Personnel Services Fixed Cost Increases** – $7,614.3 non-GF. This increase is intended to cover:
  - projected FY2010 travel for intercollegiate athletic teams at UAA and UAF, as well as academic and research travel, to offset airline travel costs that have risen 30%;
  - annual maintenance and repair calculated at a minimum 1.5% of current building value and other increases in non-discretionary costs (estimated at 2% of contractual services and commodities).
- **Compliance Mandates (personnel)** – $400.0 non-GF. This area includes risk management increases to support required insurance, risk assessment, and operation increases.
- **New Facility Operating and Maintenance Costs** – Total $694.3 ($350.0 GF, $344.3 non-GF) Additional funding in this area would cover:
  - the Bragaw Building Lease Expense in Anchorage for space expansion related to Development, Corporate Programs, Risk and Land Management functions;
  - the Integrated Science Building (ISB) East Campus Parking Garage; and
  - ISB support positions funding.

Legislative Fiscal Analyst Comment: *As in 2009, the Governor has included a contingent appropriation in the operating budget to offset increased fuel and utility costs of agencies. The University Board of Regents requested funds in excess of that contingency (estimating that costs will rise another 10% for FY2010), but that increment was not included in the Governor's budget submission. The University anticipates a possible supplemental request to cover excess fuel costs for FY09.*

The Governor's request does not include the entire Board of Regents' proposal in Priority Program Enhancement and Growth. A total of $15,525.0 ($8,222.6 GF and $7,302.4 non-GF) was cut from the Board of Regents' FY2010 operating budget submittal in these areas. Partial program funding is included in the Governor's budget for the following:

- **K-12 Outreach** – Total $1,030.0 ($800.0 GF, $230.0 non-GF) Funding in this category is intended to support partnerships with the Department of Education and Early Development and school districts, as well as summer camps, career awareness, outreach, special education teacher training, and early testing, assessment and placement. Examples of proposed program investments include expanding the following:
  - UAA Engineering Bridging Activities/Summer Camps;
  - UAA Alaska Native Science and Engineering Program;
  - UAF Alaska Summer Research Academy Engineering Components;
  - UAF Interior Aleutians Campus Early College High School Initiative;
  - UAF Individual Technology Based Math and Summer Bridge Programs; and
  - UAS Summer Bridge, Early College Advising and Programs.
- **Energy, Engineering, Climate** – Total $4,968.1 ($1,000.0 GF, $3,968.1 non-GF)

- The Governor's request focuses on funding to address solutions to the state's most pressing energy issues, including outreach through the Alaska Cooperative Extension Service.
- Operating support for energy is intended to provide the core expertise and support to address the needs expressed through state plans, including a plan prepared by the Alaska Energy Authority.

- **Health Programs** – Total $2,143.4 ($1,843.9 GF, $299.5 non-GF)
  - This priority program request is designed to support the University's next step in building strong health occupation training programs. Specific examples include:
    - Anchorage Campus – Clinical Rotations/Health Pipeline partnering with industry leaders to encourage Alaskans in health careers and support health students to select employment in underserved areas and with underserved populations; UAA distance social work program in partnership with the Alaska Mental Health Trust Authority; Human Services Practicum Coordination to meet accreditation guidelines; faculty/liaisons in the areas of pharmacy careers and physical therapy; and, expansion of the Physician Assistant Program;
    - Fairbanks Campus – increased funding for the UAF Psychology Clinic as the training site and behavioral health research facility for doctoral student clinicians;
    - College of Rural and Community Development – UAF Rural Human Services Faculty to work toward a culturally appropriate training program designed for rural human service workers;
    - Tanana Valley Campus – addition of a tenure-track faculty position to the Allied Health/Medical Assisting Certificate and Associate of Applied Science (AAS) program to expand the Medical Assisting program to rural locations; and
    - Juneau Campus – addition of a UAS Career and Health Coordinator to work with the Health Distance Education Partnership, Student Success Coordinator to work with students prior to and after enrollment in any regional health occupation program, and a biological sciences laboratory technician for the Sitka-based program.

Although the Board of Regents had requested funds for Workforce and Campus Programs, no funds were included in the Governor's request for that purpose.

The Governor's University of Alaska FY2010 budget adds three new PFT positions for a total of 4,919 (4,697 PFT and 222 PPT) positions.

ORGANIZATIONAL CHANGES

For FY2010, the Governor's Office is supporting a single appropriation structure for the University of Alaska. Although this was the structure maintained for many years, in FY09 the legislature determined that seven appropriations would allow more oversight and control from a legislative perspective.

In addition to the single University of Alaska appropriation, an allocation for the Small Business Development Center (SBDC) has been created. In FY09, an appropriation was set up to allow movement of the SBDC from the capital budget to the operating budget. For FY2010, this program is also singled out with a transfer of $337.2 ($257.2 GF, $80.0 non-GF) from the Anchorage Campus operating budget (which supplemented the capital budget appropriation each year) to a newly created allocation which adds to and continues the FY09 funding of $550.0. The University's intent is to keep this allocation complete and separate to track all SBDC activities for the federal match requirements, BuyAlaska and the Procurement Technical Assistance Program.

CAPITAL REQUEST

There are two general fund projects in the University's FY2010 capital budget:

(1) $10 million GF to maintain existing facilities (renewal and renovation annual requirement), and

(2) $2.2 million GF designed as a pass thru to Providence Alaska Medical Center for the Alaska Family Medicine Residency Program which trains medical school graduates who intend to practice family medicine in Alaska. This is the only residency program in the Northwest that does not receive annual direct state appropriations from their state university or higher education system.

Legislative Fiscal Analyst Comment: *Prior funding for this program was provided in the Department of Commerce, Community and Economic Development as a Grant to a Named Recipient ($2.0 million each in FY08 and FY09). If funding for this purpose is approved, the legislature may wish to add it to the operating budget as an ongoing appropriation.*

One other item in the University's capital request is funded by AHCC Receipts – $1,072.0 for University of Alaska Gasline Workforce Development to enable acquisition of a machinery simulator package that would support training for any occupation utilizing heavy equipment. The AHCC fund source is classified as GF by Legislative Finance. The Governor classifies these receipts as "Other" Funds.

Alaska Court System

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$84,485.8**			
FY09 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$84,485.8**	$0.0	0.0%	
One-time Items removed	-			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	2,430.7			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$86,916.5**	$2,430.7	2.9%	
FY 10 Unrealizable Salary Fund Source Changes	-			
FY 10 Governor's GF Increments/Decrements/Fund Changes	2,710.6			
FY10 Governor's Request (GF only)	**$89,627.1**	$2,710.6	3.1%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)	FY10 Governor's Request (GF only)	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Allocation			**$2,710.6**	
Apellate Courts	6,522.4	6,306.6	(215.8)	1,2,3
Trial Courts	69,934.7	72,221.8	2,287.1	1,2,3,4,6,7
Administration and Support	9,366.1	9,928.0	561.9	1,2
Commission on Judicial Conduct	359.0	362.6	3.6	1
Judicial Council	943.9	1,017.7	73.8	5

Non-General Fund Agency Summary	FY10 Adjusted Base Budget + Salary Fund Changes	FY10 Governor's Request	Change from Revised FY10 Adj Base to FY10 Governor's Request	See Note:
Federal Funds (all allocations)	1,675.6	1,675.6	-	
Other funds (all allocations)	506.0	1,016.3	510.3	7
Total Non-General Funds (all allocations)	**$2,181.6**	**$2,691.9**	**$510.3**	
Position Changes (From FY09 Management Plan to Gov)	**819**	**843**	**24**	
PFT	729	754	25	
PPT	62	61	(1)	
Temp	28	28	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	-	-	-	
Remodel and Reconstruction	2,500.0	-	2,500.0	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	$2,500.0	$0.0	$2,500.0	

Alaska Court System

The Alaska Court System constitutes the Judicial Branch of the state's government. Alaska has a unified, centrally administered, and completely state-funded judicial system. The mission of the Alaska Court System is to provide an accessible and impartial forum for the just resolution of all cases that come before it, and to decide such cases in accordance with the law, expeditiously and with integrity.

There are four levels of courts in the Alaska Court System, each with different powers, duties and responsibilities. The four levels of courts are the Supreme Court, the Court of Appeals, the Superior Court, and the District Court. The Supreme Court and the Superior Court were established in the Alaska Constitution. The District Court was established by state statute in 1959. The Court of Appeals was established by state statute in 1980. Jurisdiction and other areas of the judicial responsibility for each level of court are set out in Title 22 of the Alaska Statutes.

The Alaska Court System budget is presented in three appropriation requests - the Alaska Court System, the Commission on Judicial Conduct, and the Judicial Council.

SIGNIFICANT ISSUES

The FY2010 Alaska Court System GF operating budget as submitted by the Alaska Court System is $5,141.3 above the FY09 Revised Management Plan (which excludes fuel/utility & gasline one-time funding). The net GF change from Adjusted Base is $2,710.6.

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. **Improve Public Service: $3,202.0 GF.** The Court System has been experiencing difficulty in recruiting and retaining qualified staff to manage the department's increased caseloads throughout the state. The agency has addressed this problem by adding twenty-five full-time positions to the FY2010 request. Increments for these purposes include:

   - **$2,085.0 GF:** Adding judicial, clerical, and administrative support positions where appropriate in communities with the largest need and expanding some positions from part-time to full-time;
   - **$474.0 GF:** Increasing salaries for Magistrates and Pro Tem Judges and Justices in an effort to maintain parity with employees in the classified and partially exempt state service;
   - **$639.4 GF:** Eliminating vacancy factors that currently exacerbate the number of backlogged caseloads by forcing delays in filling judgeships; and
   - **$3.6 GF:** Reducing personal services underfunding in the office of Judicial Conduct.

2. **Operating Expenses: $2,045.1 GF.** Operating costs are increasing for the Court System in the areas of lease costs, building maintenance, utilities, service contracts, office supplies and equipment, information technology and travel. Increments for these purposes include:

   - **$725.0 GF:** Utilities and service contracts to keep up with the rising cost of fuel and building service contractors (snow removal, janitorial and security services);

- **$492.8 GF:** Update operating systems and replace outdated equipment in addition to the purchase and maintenance of critical software licenses;
- **$297.5 GF:** Office and library products including paper, toner and other consumable supplies;
- **$268.3 GF:** Public Building Fund increases in Palmer and Juneau as well as increased lease costs for the other 22 facilities leased through private landlords;
- **$236.5 GF:** Increased travel costs, largely due to an 8.1% rise in domestic airfares from the second quarter of 2007; and
- **$25.0 GF:** Replacement of aging workstations and furniture.

3. **Judicial Retirement System Savings: $3,529.9 GF Reduction.** During the last session, the legislature appropriated $49 million to pay off the unfunded liability of the Judicial Retirement System (JRS). This reduction of debt enabled the Alaska Retirement Management (ARM) Board to reduce the contribution rate from 57.7% to 26.2%. This rate is expected to be stable for the foreseeable future; individual benefit costs under the Judicial Retirement System are more than twice the cost of individual benefit costs under the Public Employees Retirement System.

4. **Transcript Costs for Criminal Proceedings: $125.0 GF.** With an increase in criminal caseloads, the demand for transcripts has dramatically increased. Coupled with this increased demand, fewer contractors are willing to accept work from the court because the payment rates are below market standards. The Court System is currently paying a per page rate of $2.65 - $3.05, while federal courts are paying a per page rate of $3.65 - $4.85.

5. **Judicial Selection: $63.6 GF.** This increment will assist the Commission on Judicial Conduct in meeting its workload requirements in the judicial application and selection processes.

6. **Juror Mileage Reimbursement: $35.0 GF.** By court rule, jurors must reside in excess of 30 miles away from the court to be entitled to receive mileage reimbursement. The Court System is seeking a rule change to permit mileage expenses to be reimbursed after the juror has driven more than 60 miles to perform their service as a juror. This change is particularly important for jurors serving multiple days in rural locations.

7. **Mental Health Programs: $510.3 MHTAAR and $747.1 GF/MH.** FY2010 will be the second year of zero-base budgeting for Mental Health Trust Authority Authorized Receipts (MHTAAR) – meaning that all MHTAAR funding in state agencies is removed from the adjusted base and reconsidered by the Mental Health Trust Authority each fiscal year.

   For FY2010, The Mental Health Trust is recommending $510.3 ($477.5 less than FY09 Authorized) in MHTAAR funding for the MH Trust Disability Justice Initiative. The majority of the funding is for:

   - preventative treatment for youth intended to avoid future costs of more expensive treatment services associated with the adult correctional and judicial systems; and

- developing court ordered treatment plans that address clients treatment needs and are monitored by the court, thus reducing risk of future contacts with the criminal justice system.

The proposed reductions in MHTAAR authorization would be offset by a $747.1 increase in GF/MH funding for additional Disability Justice Initiative programs. Replacement of $647.7 MHTAAR authorization with GF/MH will ensure continued access to treatment services for existing and new therapeutic courts. The remainder of the GF/MH increase will replace FY2009 MHTAAR authorization for the Anchorage Mental Health Court ($99.4).

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

Anchorage Campus Project – Phase II: $2.5 Million GF. The Court System's sole capital project included in the Governor's request is a major remodel to all floors of the Boney Courthouse and a minor remodel in the Nesbett Courthouse to accommodate additional judges, provide safe prisoner transport to additional courtrooms in the Boney Courthouse, and provide spaces that are more conducive to efficient customer service.

Alaska Legislature

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY09 Conference Committee (GF Only)	**$61,956.0**			
FY09 Fiscal Notes	-			
CarryForward	2,292.5			
Special Appropriations	-			
Agency Transfers (excludes fuel/utility &gasline)	-			
09 Contractual Salary Adjustments	-			
09 Salary Fund Changes	-			
Misc Adjustments	-			
Vetoes	-			
FY09 Revised Management Plan (GF only)	**$64,248.5**	$2,292.5	3.7%	
One-time Items removed	(292.5)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	1,373.4			
Misc Adjustments	-			
FY10 Adjusted Base Budget (GF only)	**$65,329.4**	$1,080.9	1.7%	
FY 10 Unrealizable Salary Fund Source Changes	-			
FY 10 Governor's GF Increments/Decrements/Fund Changes	613.8			
FY10 Governor's Request (GF only)	**$65,943.2**	$613.8	0.9%	

FY10 Governor's Increments, Decrements and Fund Changes Less Unrealizable Salary Fund Source Changes	**FY10 Adjusted Base Budget + Salary Fund Changes (GF Only)**	**FY10 Governor's Request (GF only)**	**Change from Revised FY10 Adj Base to FY10 Governor's Request**	**See Note:**
Allocation			**$613.8**	
Council and Subcommittees	3,288.4	3,580.9	292.5	2
Office of Victims Rights	287.2	108.5	(178.7)	3
Legislative Operating Budget	11,137.4	11,637.4	500.0	1

Non-General Fund Agency Summary	**FY10 Adjusted Base Budget + Salary Fund Changes**	**FY10 Governor's Request**	**Change from Revised FY10 Adj Base to FY10 Governor's Request**	**See Note:**
Federal Funds (all allocations)	63,329.4	65,943.2	2,613.8	
Other funds (all allocations)	963.6	1,142.3	178.7	3
Total Non-General Funds (all allocations)	**$64,293.0**	**$67,085.5**	**$2,792.5**	
Position Changes (From FY09 Management Plan to Gov)	**526**	**526**	**-**	
PFT	246	246	-	
PPT	280	280	-	
Temp	-	-	-	

Governor's Capital Request	**State Funds (GF + Other)**	**Federal Funds**	**Total**	**See Note:**
Planning and Research	-	-	-	
Maintenance, Renovation, and Repairs	-	-	-	
Remodel and Reconstruction	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	**$0.0**	**$0.0**	**$0.0**	

Alaska Legislature

The Alaska State Legislature sets policy through the adoption of laws and has the power of appropriation as provided in the Alaska Constitution and in state statute. The legislature includes the following appropriations and allocations:

- Legislative Budget and Audit Committee
  - Legislative Audit
  - Legislative Finance
  - Committee Expenses
  - Legislature State Facilities Rent
- Legislative Council
  - Legislative Salaries and Allowances
  - Administrative Services
  - Session Expenses
  - Council and Subcommittees
  - Legal and Research Services
  - Select Committee on Ethics
  - Office of Victims Rights
  - Office of the Ombudsman
- Legislative Operating Budget

SIGNIFICANT ISSUES

The budget submitted to the Governor is traditionally a preliminary draft that has not been formally reviewed by legislative leadership. The FY2010 submittal is essentially identical to the FY09 budget, with the exception of salary adjustments and the following:

1. An increment of $500.0 general funds for potential cost increases during interims.

2. Two one-time appropriations that were carried forward into the FY2010 budget—$100.0 for the Legislative Outdoor Heritage Caucus and $192.5 for a Council of State Governments meeting – lapse at the end of FY09. In keeping with a legislative policy decision (made last session) to minimize carryforward, the legislature may wish to delete these FY09 one-items from the FY2010 budget.

3. A fund change that replaces $178.7 of general funds with PFD Criminal funds.

Legislative Fiscal Analyst Comment: *The amount of PFD Criminal funds available varies with the amount of the Permanent Fund dividend and the number of felons incarcerated. Recent investment losses are likely to reduce PFDs in the future, with a corresponding decrease in PFD Criminal funds available. The likely result is future requests to replace PFD Criminal funds with general funds.*

There are no capital projects or organizational changes requested.

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Military and Veterans Affairs
House Finance Overview
Presented by Commissioner Campbell
January 28, 2009

- **Department Overview & Introductions**

- **FY2009 Status Report**

- **FY2010 Budget Overview / Significant Changes**

- **HB 125 Long Range Fiscal Plan – Executive Summary**

akole822 @ gahoo.com

Military & Veterans Affairs

Baseline Budget Growth

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	80,260.1	60,130.1	75,579.7	71,024.8	71,473.7	71,926.5	72,468.1	67,928.8	68,393.5	68,862.1	69,334.7
General Fund	17,646.3	10,419.6	15,934.4	16,040.1	16,146.7	16,254.3	16,362.9	12,392.5	12,503.0	12,614.4	12,726.9
General Fund Match	6,184.3	3,407.3	3,505.8	3,540.2	3,574.8	3,609.8	3,645.0	3,680.5	3,716.4	3,752.5	3,789.0
Federal Funds	43,634.3	33,285.3	43,086.3	38,355.9	38,628.0	38,902.5	39,264.3	38,623.8	38,905.8	39,190.4	39,477.4
Other State Funds	12,795.2	13,017.9	13,053.2	13,088.6	13,124.2	13,159.9	13,195.9	13,232.0	13,268.3	13,304.8	13,341.4
Operations	46,348.3	46,230.1	48,429.7	48,874.8	49,323.7	49,776.5	50,318.1	50,778.8	51,243.5	51,712.1	52,184.7
General Fund	9,654.2	8,619.6	8,724.4	8,830.1	8,936.7	9,044.3	9,152.9	9,262.5	9,373.0	9,484.4	9,596.9
General Fund Match	2,634.3	2,657.3	2,755.8	2,790.2	2,824.8	2,859.8	2,895.0	2,930.5	2,966.4	3,002.5	3,039.0
Federal Funds	21,264.6	21,935.3	23,896.3	24,165.9	24,438.0	24,712.5	25,074.3	25,353.8	25,635.8	25,920.4	26,207.4
Other State Funds	12,795.2	13,017.9	13,053.2	13,088.6	13,124.2	13,159.9	13,195.9	13,232.0	13,268.3	13,304.8	13,341.4
Formula Programs	750.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8
General Fund	750.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Detail											
AK National Guard Benefits	750.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8
General Fund	750.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	45,597.5	45,349.3	47,548.9	47,994.0	48,442.9	48,895.7	49,437.3	49,898.0	50,362.7	50,831.3	51,303.9
General Fund	8,903.4	7,738.8	7,843.6	7,949.3	8,055.9	8,163.5	8,272.1	8,381.7	8,492.2	8,603.6	8,716.1
General Fund Match	2,634.3	2,657.3	2,755.8	2,790.2	2,824.8	2,859.8	2,895.0	2,930.5	2,966.4	3,002.5	3,039.0
Federal Funds	21,264.6	21,935.3	23,896.3	24,165.9	24,438.0	24,712.5	25,074.3	25,353.8	25,635.8	25,920.4	26,207.4
Other State Funds	12,795.2	13,017.9	13,053.2	13,088.6	13,124.2	13,159.9	13,195.9	13,232.0	13,268.3	13,304.8	13,341.4
Capital	33,911.8	13,900.0	27,150.0	22,150.0	22,150.0	22,150.0	22,150.0	17,150.0	17,150.0	17,150.0	17,150.0
General Fund	7,992.1	1,800.0	7,210.0	7,210.0	7,210.0	7,210.0	7,210.0	3,130.0	3,130.0	3,130.0	3,130.0
General Fund Match	3,550.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0
Federal Funds	22,369.7	11,350.0	19,190.0	14,190.0	14,190.0	14,190.0	14,190.0	13,270.0	13,270.0	13,270.0	13,270.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

See detailed spreadsheet

Military & Veterans Affairs

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	0.0	0.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0
General Fund	0.0	0.0	0.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	0.0	0.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	0.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0
General Fund	0.0	0.0	0.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0										
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for new initiatives (except gasline) appropriations estimates

See attached spreadsheet

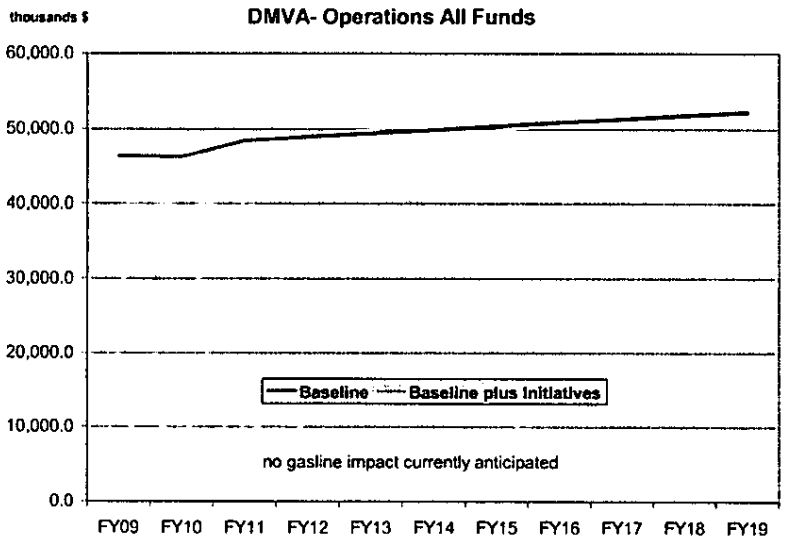
Military & Veterans Affairs

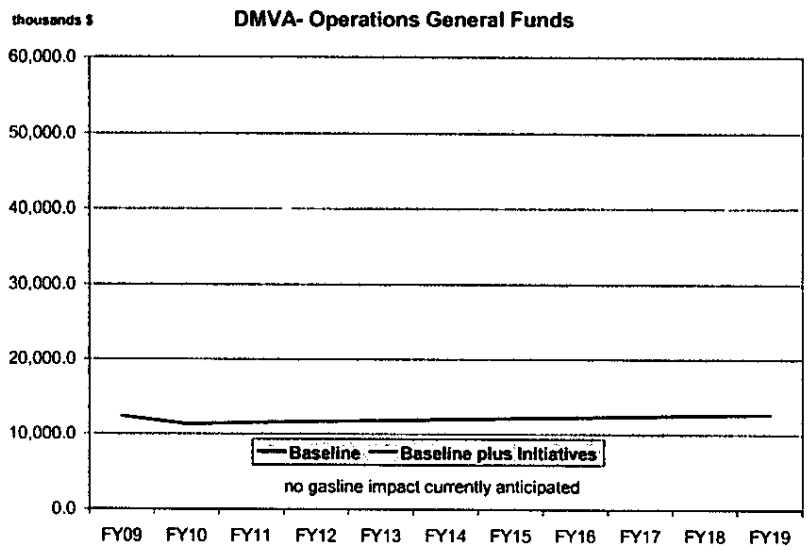
Baseline plus Initiatives

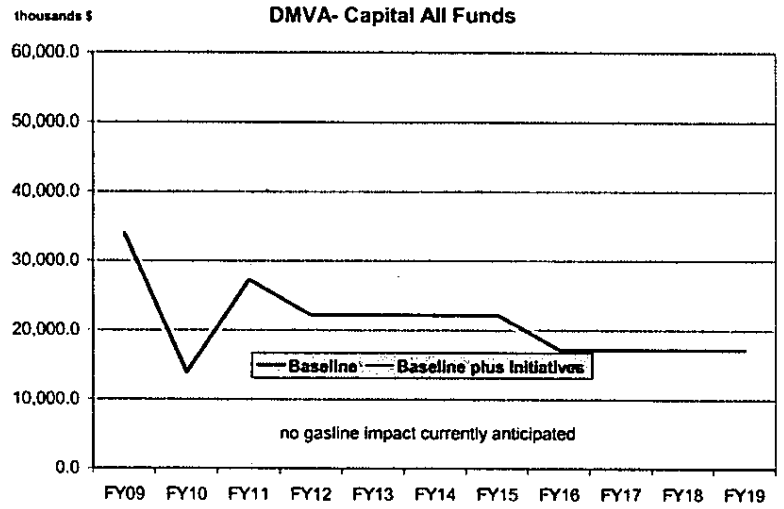
(thousands $)

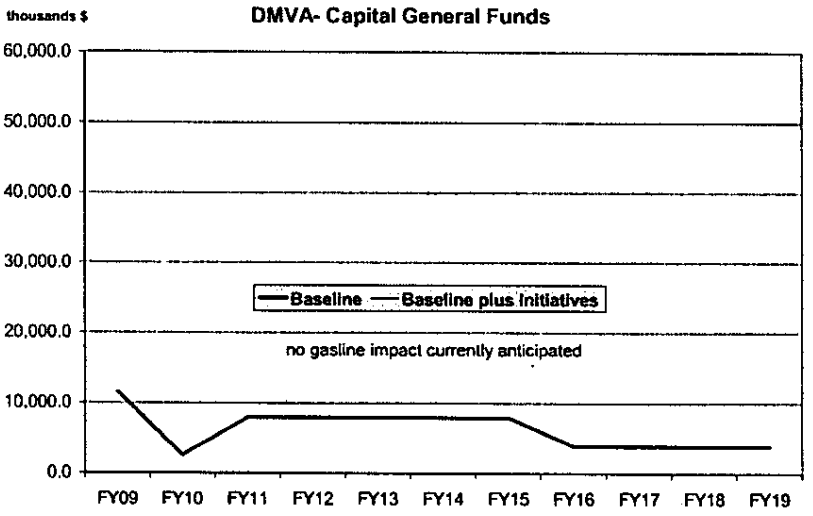
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	80,260.1	60,130.1	75,579.7	71,274.8	71,723.7	72,176.5	72,718.1	68,178.8	68,643.5	69,112.1	69,584.7
General Fund	17,646.3	10,419.6	15,934.4	16,290.1	16,396.7	16,504.3	16,612.9	12,642.5	12,753.0	12,864.4	12,976.9
General Fund Match	6,184.3	3,407.3	3,505.8	3,540.2	3,574.8	3,609.8	3,645.0	3,680.5	3,716.4	3,752.5	3,789.0
Federal Funds	43,634.3	33,285.3	43,086.3	38,355.9	38,628.0	38,902.5	39,264.3	38,623.8	38,905.8	39,190.4	39,477.4
Other State Funds	12,795.2	13,017.9	13,053.2	13,088.6	13,124.2	13,159.9	13,195.9	13,232.0	13,268.3	13,304.8	13,341.4
Operations	46,348.3	46,230.1	48,429.7	49,124.8	49,573.7	50,026.5	50,568.1	51,028.8	51,493.5	51,962.1	52,434.7
General Fund	9,654.2	8,619.6	8,724.4	9,080.1	9,186.7	9,294.3	9,402.9	9,512.5	9,623.0	9,734.4	9,846.9
General Fund Match	2,634.3	2,657.3	2,755.8	2,790.2	2,824.8	2,859.8	2,895.0	2,930.5	2,966.4	3,002.5	3,039.0
Federal Funds	21,264.6	21,935.3	23,896.3	24,165.9	24,438.0	24,712.5	25,074.3	25,353.8	25,635.8	25,920.4	26,207.4
Other State Funds	12,795.2	13,017.9	13,053.2	13,088.6	13,124.2	13,159.9	13,195.9	13,232.0	13,268.3	13,304.8	13,341.4
Formula Programs	750.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8
General Fund	750.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Detail											
AK National Guard Benefits	750.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8
General Fund	750.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8	880.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	45,597.5	45,349.3	47,548.9	48,244.0	48,692.9	49,145.7	49,687.3	50,148.0	50,612.7	51,081.3	51,553.9
General Fund	8,903.4	7,738.8	7,843.6	8,199.3	8,305.9	8,413.5	8,522.1	8,631.7	8,742.2	8,853.6	8,966.1
General Fund Match	2,634.3	2,657.3	2,755.8	2,790.2	2,824.8	2,859.8	2,895.0	2,930.5	2,966.4	3,002.5	3,039.0
Federal Funds	21,264.6	21,935.3	23,896.3	24,165.9	24,438.0	24,712.5	25,074.3	25,353.8	25,635.8	25,920.4	26,207.4
Other State Funds	12,795.2	13,017.9	13,053.2	13,088.6	13,124.2	13,159.9	13,195.9	13,232.0	13,268.3	13,304.8	13,341.4
Capital	33,911.8	13,900.0	27,150.0	22,150.0	22,150.0	22,150.0	22,150.0	17,150.0	17,150.0	17,150.0	17,150.0
General Fund	7,992.1	1,800.0	7,210.0	7,210.0	7,210.0	7,210.0	7,210.0	3,130.0	3,130.0	3,130.0	3,130.0
General Fund Match	3,550.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0
Federal Funds	22,369.7	11,350.0	19,190.0	14,190.0	14,190.0	14,190.0	14,190.0	13,270.0	13,270.0	13,270.0	13,270.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Military & Veterans Affairs

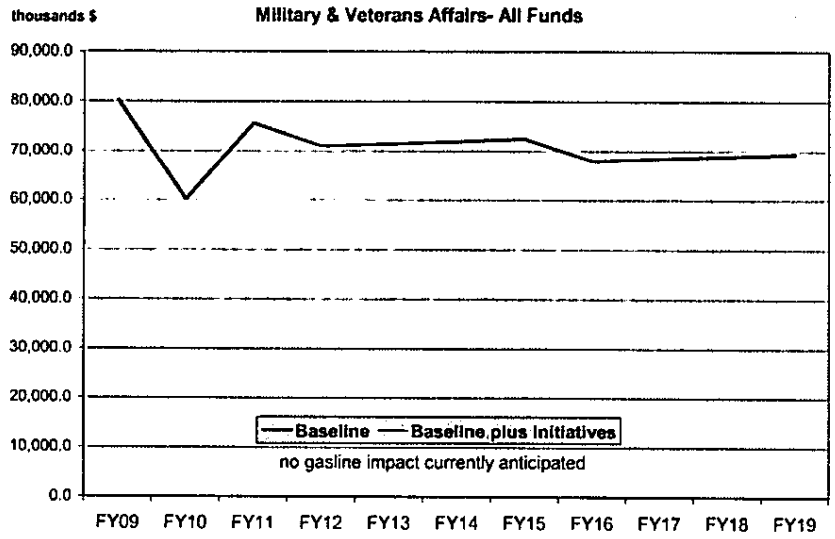


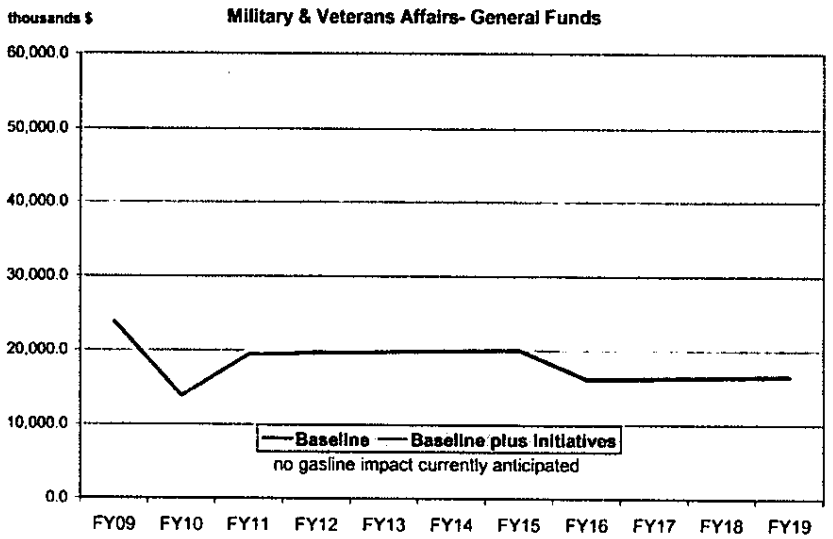






Military & Veterans Affairs





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65

Summary of DMVA 10-year Plan Assumptions
Updated 1/26/09
Prepared by L. Baker

NOTE: Each column represents only the difference from the previous year total and is assumed continued in base unless otherwise backed out below in future years. For FY2009 and 2010 to not include potential additional need per OMB instructions, as those discussions are pending.

Description		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Operating Budget Current Services Baseline												
Formula												
C NG Retirement Benefits System Increased costs based on Actuarial Recommendation	GF		130.0									
	Federal											
	Other											
	Total		130.0									
Formula Change Subtotal		-	**130.0**	-	-	-	-	-	-	-	-	-
Non Formula												
C FY2009 OMB Fuel Supp Alloc (OMB shows in Statewide in FY2010 so nothing in out years either).	GF	960.1	(960.1)	-	-	-	-	-	-	-	-	-
	Federal											
	Other											
	Total		(960.1)									
C FY2010 Expand Outreach to Veterans (GF)	GF		50.0									
	Federal											
	Other											
	Total		50.0									
C FY2010 Increase in Public School Formula Funding for AMYA based on student/cadet counts on 10/1/2008 (Interagency Receipts from DEED)	GF											
	Federal											
	Other		185.2									
	Total		185.2									
C FY2010 Wage/Hlth Ins Increase for Bargaining Unit Increases w/existing Agreements	GF		97.0									
	Federal		170.7									
	Other		145.0									
	Total		412.7									
C FY2010 Army Guard Increased Federal Auth	GF											
	Federal		500.0									
	Other											
	Total		500.0									
C FY2010 Transfer CIP Receipts for AK Aviation Safety Project to DOT	GF											
	Federal											
	Other		(107.5)									
	Total		(107.5)									

6

	Description		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
C	FY2010 Transfer UA Tuition Assistance Waiver Program Funding to the UofA	GF		(328.5)									
		Federal											
		Other											
		Total		(328.5)									
C	Increased Fed Auth for Homeland Security & Emerg Svcs / Other (Note: The additional receipt authority will allow for one-time federal funding requests, that cannot continue to be absorbed with existing authority levels in future years.	GF											
		Federal			1,500.0								
		Other											
		Total			1,500.0								
C	Operating Costs Related to Bethel Armory Replacement anticipated to be open summer of 2010 (may be FY2010 budget amendment rather than FY2011 increment. 75% fed; $25% GF Match (Does not include any personal services)	GF/Match			64.6								
		Federal			193.7								
		Other											
		Total			258.3								
C	Increased operating costs related to new USPFO, Camp Denali building of 40,000 sq. feet. (No personal services) 100% federal	GF											
		Federal							84.8				
		Other											
		Total			-	-	-	-	84.8	-	-	-	-
C	FY2011 and future annual 0.99% inflation increase from 2010 starting point (split of 8% go/match; 25.9% GF; and 66.1% fed based on FY2010 Gov split of the three funding sources. Reflect increased cost of doing business in travel, contractual, and supply costs. Note: Personal Services wage/benefit increases and fuel increases are not included as OMB is reflecting in Statewide numbers.	GF			85.1	85.9	86.7	87.6	88.5	89.3	90.2	91.1	92.0
		GF/Match			26.3	26.6	26.8	27.1	27.4	27.6	27.9	28.2	28.5
		Federal			217.2	219.3	221.5	223.7	225.9	228.1	230.4	232.7	235.0
		Other											
		Total			328.6	331.8	335.0	338.4	341.8	345.0	348.5	352.0	355.5
C	Annual inflation increase of 1/2 percent to offset absorbing costs related to employee merit increases; new LOA service steps; meeting bargaining unit promotional rules on step placement; unrealizable vacancy factor, etc. Based on FY2010 Gov PS and Post Vacancy Funding split. Note: Other funds may not be realizable if paying entities don't receive increase as well.	GF			27.4	27.5	27.7	27.8	28.0	28.1	28.2	28.4	28.5
		Federal			50.1	50.3	50.6	50.8	51.1	51.4	51.6	51.9	52.1
		Other			35.3	35.4	35.6	35.7	36.0	36.1	36.3	36.5	36.6
		Total			112.8	113.2	113.9	114.3	115.1	115.6	116.1	116.8	117.2
	Non Formula Change Subtotal		**960.1**	**(248.2)**	**2,199.7**	**445.0**	**448.9**	**452.7**	**541.7**	**460.6**	**464.6**	**468.8**	**472.7**
	Total		**960.1**	**(118.2)**	**2,199.7**	**445.0**	**448.9**	**452.7**	**541.7**	**460.6**	**464.6**	**468.8**	**472.7**

C = Current Service Levels

Operating Summary Continuation Level	FY2009*	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
General Funds	960.1	(1,011.6)	203.4	140.0	141.2	142.5	143.9	145.0	146.3	147.7	149.0
Federal	-	670.7	1,961.0	269.6	272.1	274.5	361.8	279.5	282.0	284.6	287.1
Other Funds		222.7	35.3	35.4	35.6	35.7	36.0	36.1	36.3	36.5	36.6
Total	**960.1**	**(118.2)**	**2,199.7**	**445.0**	**448.9**	**452.7**	**541.7**	**460.6**	**464.6**	**468.8**	**472.7**

* Fuel Supplemental Allocation added into FY2009 then backed out of FY2010 as a One-Time Item per OMB instructions. Without that in FY09 based, net GF difference is ($51.5) between FY09 and FY2010.

Description	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019

NOTE: Each column represents only the difference from the previous year total and is assumed continued in base unless otherwise backed out below in future years.

	Operating Summary New Initiatives		FY2009*	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
N	Operating costs for new Interior Veterans Cemetery - 100% GF	GF				250.0							
		Federal											
		Other											
		Total				250.0							

N = New Initiative

Description		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Capital numbers are portrayed as the total request for each year, not cumulative or incremental.												
Capital Budget												
Army Guard Facilities Projects (FY2010 and out years $1,750.0 Fed / $750.0 GFM)	GF	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0
	Federal	750.0	1,750.0	1,750.0	1,750.0	1,750.0	1,750.0	1,750.0	1,750.0	1,750.0	1,750.0	1,750.0
	Other											
	Total	1,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0
Interior Alaska Veterans Cemetery Design & Planning $750.0 GF Required up front to obtain federal construction funding of $5 million in FY2011	GF		750.0									
	Federal			5,000.0								
	Other											
	Total		750.0	5,000.0	-	-	-					
Military Youth Academy Deferred Maintenance, Renewal & Replacement GF	GF	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0				
	Federal											
	Other											
	Total	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0				
NG Counter drug Support and ROPES Program (FY 2010 and out $100.0 Fed / $50.0 GF)	GF		50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
	Federal	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Other											
	Total	100.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
State Homeland Security Grant Program (Federal Receipts)	GF											
	Federal	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0
	Other											
	Total	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0	9,500.0
Deferred Maintenance (FY2009 SB 221 Funding $7.9 mil / $1.8 Fed & $6.1 GF)(Future years split 23% Fed & 77% State)	GF	6,092.1	-	6,160.0	6,160.0	6,160.0	6,160.0	6,160.0	3,080.0	3,080.0	3,080.0	3,080.0
	Federal	1,819.7		1,840.0	1,840.0	1,840.0	1,840.0	1,840.0	920.0	920.0	920.0	920.0
	Other											
	Total	7,911.8	-	8,000.0	8,000.0	8,000.0	8,000.0	8,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Improved Communications for Emerg Response (ICER) - FY09 $3.2 million Fed / $800.0 GF)(Future years 100% Federal))	GF	800.0	-									
	Federal	3,200.0		1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
	Other											
	Total	4,000.0	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
FY09 CIP Ak Aviation Safety Project (any future year funding in DOT/PF) (GF)	GF	500.0										
	Federal											
	Other											
	Total	500.0										
FY09 CIP Anchorage Armory Roof Replacement ($ 2 Mil Fed/ $2 Mil GF)	GF	2,000.0										
	Federal	2,000.0										
	Other											
	Total	4,000.0										

Description		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
FY09 CIP Compliance Clean-up Site Restoration (Note: FY2010 fed auth amendment potential.)	GF											
	Federal	5,000.0										
	Other											
	Total	5,000.0										
FY 09 CIP Emergency Response Plans - GF	GF	400.0										
	Federal											
	Other											
	Total	400.0										
Total		**33,911.8**	**13,900.0**	**27,150.0**	**22,150.0**	**22,150.0**	**22,150.0**	**22,150.0**	**17,150.0**	**17,150.0**	**17,150.0**	**17,150.0**

Capital Summary	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
General Funds	11,542.1	2,550.0	7,960.0	7,960.0	7,960.0	7,960.0	7,960.0	3,880.0	3,880.0	3,880.0	3,880.0
Federal	22,369.7	11,350.0	19,190.0	14,190.0	14,190.0	14,190.0	14,190.0	13,270.0	13,270.0	13,270.0	13,270.0
Other Funds	-	-	-	-	-	-	-	-	-	-	-
Total	**33,911.8**	**13,900.0**	**27,150.0**	**22,150.0**	**22,150.0**	**22,150.0**	**22,150.0**	**17,150.0**	**17,150.0**	**17,150.0**	**17,150.0**

2009 HOUSE FINANCE
COMMITTEE ATTENDANCE

DATE: 1-28-08

Circle Meeting Chair: Hawker Stoltze

	MEMBER	PRESENT	ABSENT
RF	REP. FOSTER		
AA	REP. AUSTERMAN	/	
MK	REP. KELLY	/	
AF	REP. FAIRCLOUGH	/	
MH	CO-CHAIR HAWKER	/	
BS	CO-CHAIR STOLTZE	/	
BT	VICE-CHAIR THOMAS	/	
LG	REP. GARA	/	
HC	REP. CRAWFORD	/	
WS	REP. SALMON	/	
RJ	REP. JOULE	/	

1·28·09

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Wednesday, January 28, 2009

Budget Overviews:

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

William Hogan, Dept Commissioner, Family, Community, & Integrated Services, DHSS
Alison Elgee, Assistant Commissioner, Finance and Management Services, DHSS

Teleconference Questions:
William Streur, Deputy Commissioner, Medicaid & Health Care Policy, DHSS

MILITARY AND VETERANS AFFAIRS

Craig Campbell, Adjutant General, Commissioner, Military & Veterans Affairs

Questions:
John Cramer, Deputy Commissioner, Division of Administrative Services, DMVA
Susan Colligan, Director, Division of Administrative Services, DMVA
Laura Baker, Deputy Director, Division of Administrative Services, ~~DHSS~~ DMVA

ask AF what she was referring to.

- Boucher (OMB)
Anna Kinn? (sp) D Health + Human Servs Gov spec. assistant

Karen Perdue - UAS.
Jay Butler CDC epidemiology
Beverly Wilis - MUNI -

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Wednesday, January 28, 2009

Budget Overviews:

Department of Health and Social Services
Military and Veterans Affairs

Campbell —

1·28·09

Alaska Department of Health and Social Services

2009 PRIORITIES

The overriding theme for future direction for the Alaska Department of Health and Social Services is ***helping individuals and families create safe and healthy communities.***

Substance Abuse

Substance abuse affects every family and community in Alaska. It is a contributing factor in suicides, crime, unemployment, domestic violence, child abuse, school dropouts, juvenile delinquency, etc. We need to prevent, intervene early, treat and help people recover from substance abuse through public/ private partnerships and long-term strategies.

Major strategies include:

- **Prevention:** Implement Prevention of Underage Drinking Initiative; target substance abuse and suicide prevention programs to those communities most in need.
- **Early Intervention:** Integrate primary care with behavioral health (mental health and substance abuse); screen all youth in the juvenile justice system for substance abuse.
- **Treatment:** Develop and implement family-based treatment services (based on the California SHIELDS for FAMILIES project); submit substance abuse Medicaid Waiver targeting adults; implement involuntary treatment and secure detoxification services.
- **Recovery:** Support array of recovery services using performance-based standards and funding. Continue to integrate mental health and substance abuse services into a behavioral health system.

Health and Wellness

Many Alaskans lead less happy and less productive lives, and many die prematurely each year, because of disability and death caused by tobacco, alcohol abuse, injuries, obesity, diabetes, cancer, heart disease, and sexually transmitted diseases. The economic impact of chronic disease alone in Alaska is staggering: an estimated $600 million is spent annually on direct medical services and $1.9 billion in lost productivity. Most of this is attributable to personal choice involving diet, physical activity and tobacco use — and is preventable. We can do a better job of screening, diagnosing and treating these conditions.

Major strategies include:

- **Prevention:** Implement evidence-based, population-based health promotion efforts. Increase primary prevention approaches, including those targeting increased self responsibility, improved policies and environmental supports that encourages healthy choices. Educate about and improve methods for screening, diagnosis, and early treatment of conditions and behaviors most detrimental to the physical and mental health of Alaskans. Implement Early Childhood Comprehensive System recommendations (including a focus on early childhood mental health).
- **Access:** Grow the health care workforce and expand the number of Alaskans with health insurance.
- **Trauma system:** Develop a statewide trauma system.
- **Emergency Response Planning and Preparedness:** Work with communities to prevent health emergencies and prepare for pandemics and natural disasters.
- **Environmental Health Impacts:** Assess, guide and mitigate environmental impacts on health in Alaska. Develop expertise in performing health impact assessments.

Health Care Reform

Alaska's health care system continues to be fragmented and uncoordinated and doesn't produce the kinds of outcomes we expect. By strategically focusing on care management, reforming Medicaid, creating a Health Care Commission and growing our health care workforce, we can transform our health care system.

Major strategies include:

- **Care Management:** Improve care coordination; implement disease management program for chronic diseases and explore use of primary care case management strategy for most disabled populations; complete planning for the Bring the Kids Home Initiative.
- **Medicaid Reform:** Develop legislative and systemic recommendations for reforming Medicaid aimed at improving Medicaid sustainability.
- **Health Care Commission:** Establish a commission in order to build public awareness and define the future roles of the state, business, providers and individuals regarding health care funding and delivery.
- **Health Care Workforce:** Partner with the federal government and other states to increase training capacity and expand training programs for health care professions.

Continued ...

Alaska Department of Health and Social Services

2009 PRIORITIES

Long-Term Care

Seniors represent the fastest growing population in Alaska and it is our responsibility to determine what kinds of services we want for our aging parents (and grandparents) in order to keep them at home in their own communities. We need to develop a long-term care plan, improve services to those with Alzheimer's Disease and related disorders, and promote the expansion of aging and disability resource centers.

Major strategies include:

- **Long-Term Care Plan:** Develop an immediate and sustainable long-term care plan. DHSS has contracted with HCBS Strategies to develop this plan, which includes:
  - support for family caregivers;
  - improved service arrays and definitions of future roles of residential settings, e.g., the Pioneer Homes and nursing homes;
  - development of the workforce to meet long-term care needs; and
  - interdisciplinary departmental planning to provide quality assurance, provider training, audit and compliance coordination.
- **Long-Term Care and Services for Alaska Natives:** Work with the Alaska Native Tribal Health Consortium to identify and implement long-term care services.
- **Alzheimer Disease and Related Disorders Waiver:** Submit Waiver.
- **Aging and Disability Resource Centers:** Promote expansion of these centers.

Vulnerable Alaskans

We need to ensure that both kids and communities are safe, that developmentally disabled kids and adults have access to quality services and supports, and that individuals and families get the kind of financial and vocational supports they need to be contributing members of society. By focusing on family-centered services and through the use of performance-based standards and funding, we can better meet the needs of our most vulnerable citizens and their families.

Major strategies include:

- **Family-Centered Services Project:** Expand this project, which is designed to help families leave the public assistance rolls and find employment.
- **Performance-Based Standards:** Implement use of performance-based standards and funding for grantees.
- **Licensing, Certification and Training Standards:** Ensure providers comply with these standards.
- **Social Service Workforce:** Recruit and retain a qualified social services workforce using evidence-based practices to design and implement a department-wide approach.

Department of Health & Social Services
Overview of 10 Year Plan
January 27, 2009

MAJOR UNKNOWNS
- Federal funds – e.g. general erosion of funding, cost shifting, unfunded mandates
- Tighter federal and state budgets
- Increasing scrutiny and accountability, especially for Medicaid
- Broad economic problems – e.g. financial markets, energy costs, mortgage defaults, medical inflation
- Environmental problems – e.g. climatic/demographic changes, aging infrastructure, infectious disease outbreak
- Paradigm shifts in program operations – e.g. fewer medical professionals, IT efficiencies, cross- dept working groups

BASELINE ASSUMPTIONS

OMB –
- Non-formula program costs should reflect the FY09 level of service
- If adjusting for inflation, use 2.75% or a generally recognized source appropriate for the type of expense
- If adjusted for population, use ADOL&WD's mid-case population scenario

HSS –
- Non-formula programs were inflation adjusted using OMB's rate of 2.75%/year
- Medicaid service costs were estimated using MESA, a sophisticated forecasting model that incorporates many factors
- Medicaid School Based Administrative Claims were adjusted for inflation (2.75%) and trends in federal participation
- Children's Services were adjusted based on established historical trends
- Health Care Services were adjusted by program based on historical trends and projected population changes

BASELINE RESULTS

Total Cost
- From FY08 to FY19, total costs increase by 71% (or 5.5% per year, compounded)
- Formula based programs consume an ever larger percentage of total departmental costs

Operating Costs

Formula Programs – *such as Medicaid, Public Assistance, Child Care, Foster Care, Temporary Assistance*
- Over 10 years, formula-based program costs increase by 89% (6.6%/year, compounded), rising from 68% of total HSS costs in FY08 to 75% of total HSS costs in FY19
- Medicaid costs alone increase by 7.2%/year, gradually rising from 58% of total HSS costs in FY08 to 69% in FY19

Non-formula Programs – *such as Public Health activities, Child Protective Services, department administration*
- Over 10 years, non-formula program costs increase by 29% (2.7%/year, compounded) and decline as a percentage of total HSS costs (from 31% in FY08 to 24% in FY19)

Capital Costs
- Over 10 years, deferred maintenance of existing facilities increases 49% (4.1%/year, compounded) – est. $10 MM/year
- Capital grant programs for Trust beneficiaries

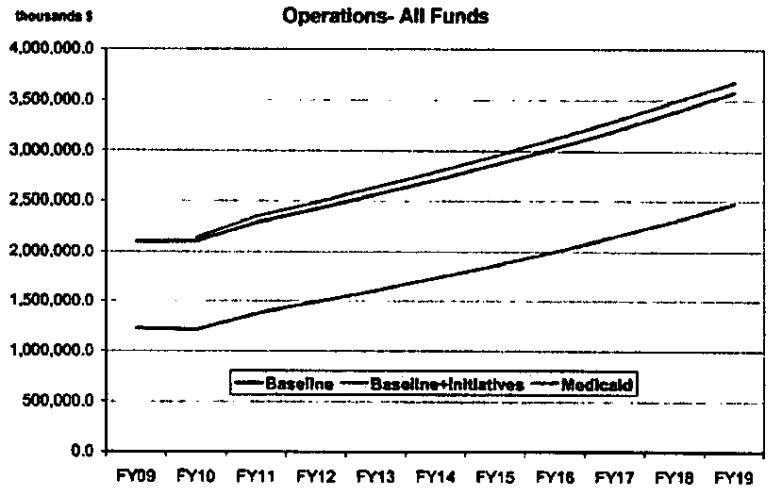
GASLINE ALTERNATIVE
- No gas line alternative was prepared due to the difficulty in quantifying social impacts
- TAPS experience leads HSS to expect an INCREASED need for Department services due to higher alcohol and drug abuse, as well as in-migration of job seekers from other states impacting public assistance roles

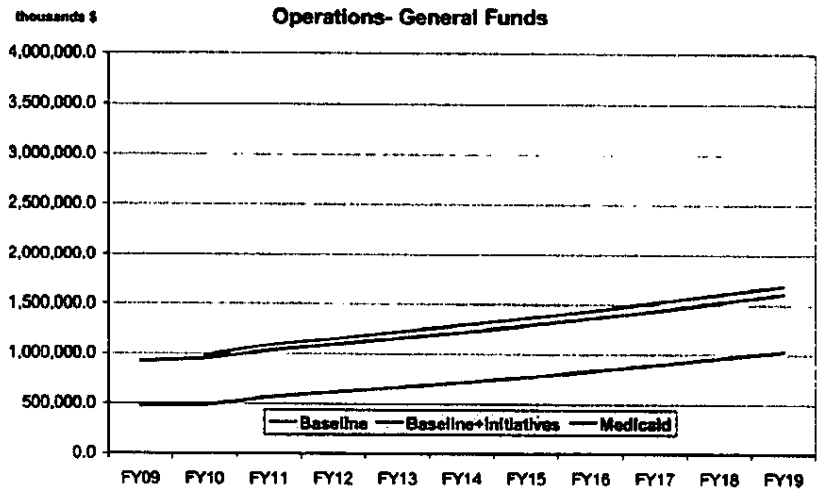
NEW INITIATIVES

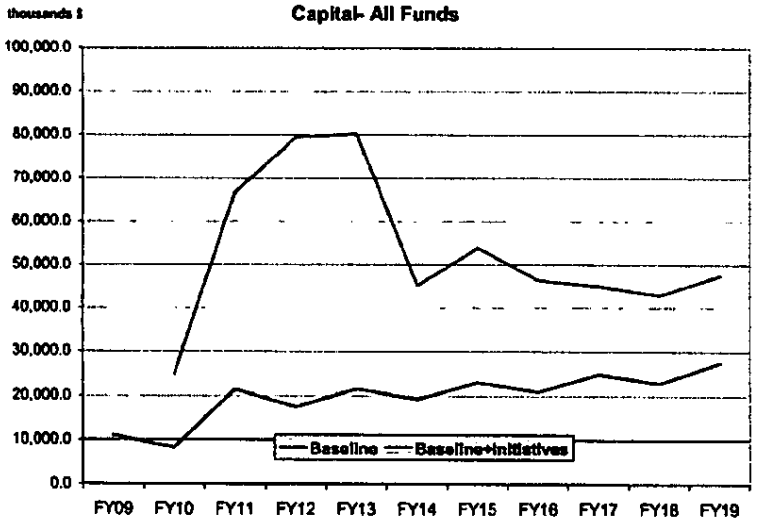
Cost
- The average annual cost for New Initiatives is $110.6Million (roughly 6.2% of HSS Baseline)
- $7.7 MM (7%) for formula programs; $70.4 MM (64%) for non-formula programs; $32.5 MM (29%) for capital projects

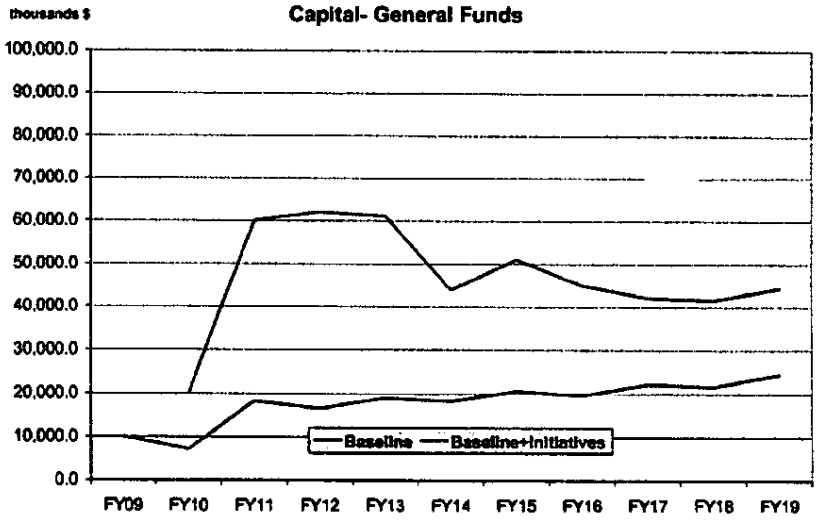
Description
- Formula Programs – *Improvements in foster care and adoption subsidies beginning FY10, FY11, and FY12*
- Non-formula Programs – *For grant programs in DBH, DSDS, and OCS (excluding Medicaid) increase inflation from OMB's 2.75% rate to the BLS Anchorage CPI rate of 4.6%*
- Capital Projects –
  Public Assistance IT system replacement (EIS) in FY11-13; Juvenile Justice facility improvements in FY11-16
  From FY17-FY19 a placeholder was added for projects not yet specifically identified

Health & Social Services









Health & Social Services

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	2,108,243.2	2,109,571.2	2,308,309.5	2,436,750.3	2,581,077.5	2,725,420.9	2,883,856.7	3,047,396.9	3,226,163.5	3,407,911.7	3,606,338.3
General Fund	467,951.3	492,217.0	388,905.9	397,861.6	411,391.8	421,988.2	435,943.6	446,865.8	461,590.8	473,471.2	489,075.4
General Fund Match	459,285.1	464,918.4	659,331.0	707,709.1	759,089.2	813,022.9	870,087.1	932,053.2	997,570.7	1,066,797.7	1,140,018.0
Federal Funds	1,008,392.0	987,992.2	1,098,538.9	1,168,191.8	1,241,973.2	1,319,425.5	1,401,184.9	1,488,935.3	1,581,600.6	1,679,451.9	1,782,845.0
Other State Funds	172,614.8	164,443.6	161,533.7	162,987.7	168,623.5	170,984.3	176,641.1	179,542.5	185,401.3	188,190.9	194,400.0
Operations	2,097,266.2	2,101,336.6	2,286,866.5	2,419,324.1	2,559,513.3	2,706,215.0	2,860,736.3	3,026,521.2	3,201,178.6	3,385,052.7	3,578,936.5
General Fund	466,161.0	485,640.5	371,755.0	382,395.8	393,510.9	404,894.1	416,518.8	428,429.2	440,644.0	453,105.0	465,927.4
General Fund Match	451,025.4	464,379.9	658,336.1	706,678.9	758,021.2	811,914.4	868,935.3	930,849.8	996,312.7	1,065,481.8	1,138,640.8
Federal Funds	1,008,215.0	987,422.6	1,097,641.7	1,167,261.6	1,241,007.7	1,318,422.2	1,400,141.1	1,487,849.6	1,580,470.6	1,678,274.9	1,781,618.3
Other State Funds	171,864.8	163,893.6	159,133.7	162,987.7	166,973.5	170,984.3	175,141.1	179,392.5	183,751.3	188,190.9	192,750.0
Formula Programs	1,438,803.9	1,427,894.6	1,598,587.3	1,712,117.2	1,832,858.2	1,959,576.9	2,093,565.7	2,238,253.4	2,391,233.5	2,552,834.0	2,723,831.9
General Fund	187,127.2	190,459.1	79,517.6	82,121.8	84,979.4	87,878.0	90,784.7	93,737.5	96,748.2	99,752.1	102,857.3
General Fund Match	403,606.7	414,754.3	608,265.8	655,231.7	705,159.2	757,598.7	813,125.9	873,505.6	937,391.5	1,004,940.4	1,076,434.5
Federal Funds	794,920.2	780,877.1	877,004.4	940,556.8	1,008,068.5	1,079,077.1	1,154,214.0	1,235,159.6	1,320,831.6	1,411,495.8	1,507,502.8
Other State Funds	53,149.8	41,804.1	33,799.6	34,206.9	34,651.2	35,023.2	35,441.1	35,850.7	36,262.1	36,645.7	37,037.3
Formula Detail											
Behavioral Health Medicaid Svc	172,459.8	154,512.3	174,414.6	188,317.7	203,088.6	218,651.1	235,114.1	252,933.4	271,800.3	291,776.2	312,926.6
General Fund	42,625.3	42,625.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	28,450.5	27,068.5	79,654.5	86,262.6	93,283.2	100,680.3	108,504.3	117,010.9	126,016.1	135,548.7	145,639.5
Federal Funds	98,984.0	82,418.5	93,060.2	100,355.1	108,105.4	116,270.9	124,909.8	134,222.6	144,084.2	154,527.5	165,587.1
Other State Funds	2,400.0	2,400.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0
Children's Medicaid Services	16,145.7	16,145.7	15,717.3	16,937.4	18,233.1	19,597.7	21,040.8	22,601.8	24,254.0	26,002.7	27,853.6
General Fund	6,220.4	6,220.4	610.6	626.4	642.7	659.4	676.6	694.2	712.2	730.7	749.7
General Fund Match	1,705.8	1,688.9	7,084.3	7,659.7	8,270.9	8,914.9	9,596.1	10,336.7	11,120.7	11,950.6	12,829.1
Federal Funds	8,219.5	8,236.4	8,022.4	8,651.3	9,319.4	10,023.3	10,768.1	11,570.9	12,421.1	13,321.3	14,274.8
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Prev Dental Medicaid Svc	10,108.8	6,133.8	6,866.7	7,414.1	7,995.8	8,608.3	9,256.5	9,958.0	10,700.8	11,487.3	12,319.9
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	1,877.0	2,602.0	2,855.5	3,088.4	3,335.9	3,596.6	3,872.4	4,172.6	4,490.3	4,826.6	5,182.6
Federal Funds	6,831.8	3,531.8	4,011.2	4,325.7	4,659.7	5,011.7	5,384.0	5,785.5	6,210.5	6,660.7	7,137.4
Other State Funds	1,400.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medicaid Services	677,227.1	662,336.3	753,965.5	814,066.2	877,918.3	945,192.8	1,016,359.5	1,093,389.5	1,174,947.7	1,261,300.4	1,352,729.9
General Fund	43,354.5	43,354.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	188,389.6	185,858.0	271,078.8	293,698.6	317,730.4	343,051.1	369,831.6	399,013.2	429,902.9	462,598.7	497,204.7
Federal Funds	423,593.2	422,052.1	478,136.6	515,617.6	555,437.9	597,391.6	641,777.9	689,626.2	740,294.8	793,951.7	850,775.2
Other State Funds	21,889.8	11,071.7	4,750.0	4,750.0	4,750.0	4,750.0	4,750.0	4,750.0	4,750.0	4,750.0	4,750.0

Health & Social Services

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Senior/Disabilities Medicaid	346,139.6	367,581.3	422,989.7	456,707.4	492,529.8	530,272.1	570,198.0	613,413.4	659,169.2	707,614.8	758,908.6
General Fund	19,153.2	19,153.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	138,118.5	152,459.4	201,897.7	218,447.1	236,029.6	254,554.8	274,149.5	295,447.7	317,994.7	341,862.5	367,128.0
Federal Funds	185,988.1	192,216.5	219,012.3	236,180.5	254,420.4	273,637.4	293,968.7	315,885.8	339,094.7	363,672.5	389,700.7
Other State Funds	2,879.8	3,752.2	2,079.8	2,079.8	2,079.8	2,079.8	2,079.8	2,079.8	2,079.8	2,079.8	2,079.8
Medicaid School Based Claims	6,243.8	6,243.8	6,415.5	6,591.9	6,773.2	6,959.5	7,150.9	7,347.5	7,549.6	7,757.2	7,970.5
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	6,243.8	6,243.8	6,415.5	6,591.9	6,773.2	6,959.5	7,150.9	7,347.5	7,549.6	7,757.2	7,970.5
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Base Rate	17,246.0	17,246.0	17,267.5	17,975.5	18,802.3	19,373.5	20,032.2	20,633.1	21,190.2	21,571.6	21,959.9
General Fund	7,287.6	7,287.6	7,708.9	8,024.9	8,394.1	8,746.6	9,044.0	9,315.3	9,566.8	9,739.1	9,914.4
General Fund Match	3,902.8	3,902.8	4,128.4	4,297.7	4,495.4	4,589.8	4,745.8	4,888.2	5,020.2	5,110.5	5,202.5
Federal Funds	3,512.9	3,512.9	2,585.9	2,691.9	2,815.7	2,874.9	2,972.6	3,061.8	3,144.5	3,201.1	3,258.7
Other State Funds	2,542.7	2,542.7	2,844.3	2,961.0	3,097.2	3,162.2	3,269.7	3,367.8	3,458.7	3,521.0	3,584.4
Foster Care Augmented Rate	2,276.1	2,276.1	2,419.8	2,519.1	2,634.9	2,702.4	2,794.2	2,878.1	2,955.8	3,009.0	3,063.1
General Fund	500.0	500.0	528.9	550.6	575.9	600.1	620.5	639.1	656.4	668.2	680.2
General Fund Match	1,237.6	1,237.6	1,309.1	1,362.8	1,425.5	1,455.4	1,504.9	1,550.1	1,591.9	1,620.6	1,649.8
Federal Funds	538.5	538.5	581.8	605.6	633.5	646.8	668.8	688.9	707.5	720.2	733.2
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Special Need	6,163.3	6,163.3	6,866.3	7,154.7	7,512.4	7,850.5	8,188.0	8,515.6	8,864.7	9,201.5	9,551.2
General Fund	2,109.0	2,109.0	2,349.6	2,448.2	2,570.6	2,686.3	2,801.8	2,913.9	3,033.4	3,148.6	3,268.3
General Fund Match	1,531.5	1,531.5	1,706.2	1,777.8	1,866.7	1,950.7	2,034.6	2,116.0	2,202.8	2,286.5	2,373.4
Federal Funds	1,027.7	1,027.7	1,144.9	1,193.0	1,252.7	1,309.0	1,365.3	1,419.9	1,478.1	1,534.3	1,592.6
Other State Funds	1,495.1	1,495.1	1,665.6	1,735.6	1,822.4	1,904.4	1,986.3	2,065.7	2,150.4	2,232.1	2,316.9
Sub Adoptions & Guardianship	21,539.1	24,541.3	22,673.7	23,263.2	23,844.8	24,417.0	24,978.6	25,553.1	26,115.3	26,689.8	27,303.7
General Fund	7,057.9	9,018.7	7,429.7	7,622.8	7,813.4	8,000.9	8,185.0	8,373.2	8,557.4	8,745.7	8,946.8
General Fund Match	3,134.4	3,134.4	3,299.5	3,385.3	3,469.9	3,553.2	3,634.9	3,718.5	3,800.3	3,883.9	3,973.3
Federal Funds	11,346.8	12,388.2	11,944.5	12,255.0	12,561.4	12,862.9	13,158.7	13,461.4	13,757.5	14,060.2	14,383.6
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Catastrophic & Chronic Illness	1,471.0	1,471.0	1,652.8	1,752.0	1,857.1	1,968.5	2,086.6	2,211.8	2,344.6	2,485.2	2,634.3
General Fund	1,471.0	1,471.0	1,652.8	1,752.0	1,857.1	1,968.5	2,086.6	2,211.8	2,344.6	2,485.2	2,634.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Health & Social Services

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
ATAP	26,631.8	26,631.8	30,131.8	30,131.8	30,131.8	30,131.8	30,131.8	30,131.8	30,131.8	30,131.8	30,131.8
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9
Federal Funds	8,175.9	8,175.9	11,675.9	11,675.9	11,675.9	11,675.9	11,675.9	11,675.9	11,675.9	11,675.9	11,675.9
Other State Funds	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0
Adult Public Assistance	56,866.0	56,370.0	57,231.4	58,820.8	60,570.4	62,372.5	64,228.7	66,140.5	68,109.8	70,138.1	72,227.2
General Fund	51,773.0	51,277.0	52,138.4	53,727.8	55,477.4	57,279.5	59,135.7	61,047.5	63,016.8	65,045.1	67,134.2
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0
Other State Funds	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0
Child Care Benefits	48,334.5	51,729.1	51,352.6	51,545.4	51,743.5	51,947.0	52,156.1	52,371.0	52,591.8	52,818.7	53,051.8
General Fund	2,581.4	5,887.0	5,651.6	5,844.4	6,042.5	6,246.0	6,455.1	6,670.0	6,890.8	7,117.7	7,350.8
General Fund Match	6,325.1	6,337.3	6,317.8	6,317.8	6,317.8	6,317.8	6,317.8	6,317.8	6,317.8	6,317.8	6,317.8
Federal Funds	39,428.0	39,504.8	39,383.2	39,383.2	39,383.2	39,383.2	39,383.2	39,383.2	39,383.2	39,383.2	39,383.2
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Relief Assistance	2,993.9	1,555.4	1,447.2	1,524.6	1,605.6	1,690.5	1,779.4	1,872.4	1,969.8	2,071.8	2,178.5
General Fund	2,993.9	1,555.4	1,447.2	1,524.6	1,605.6	1,690.5	1,779.4	1,872.4	1,969.8	2,071.8	2,178.5
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tribal Assistance	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	884.7	884.7	884.7	884.7	884.7	884.7	884.7	884.7	884.7	884.7	884.7
PFD Hold Harmless	13,584.7	13,584.7	13,802.1	14,022.9	14,244.2	14,469.1	14,697.6	14,929.7	15,165.5	15,405.1	15,648.5
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	13,584.7	13,584.7	13,802.1	14,022.9	14,244.2	14,469.1	14,697.6	14,929.7	15,165.5	15,405.1	15,648.5
Non-formula Programs	658,462.3	673,442.0	688,279.2	707,206.8	726,655.0	746,638.1	767,170.6	788,267.8	809,945.2	832,218.6	855,104.7
General Fund	279,033.8	295,181.4	292,237.4	300,274.0	308,531.5	317,016.1	325,734.1	334,691.8	343,895.8	353,352.9	363,070.1
General Fund Match	47,418.7	49,625.6	50,070.3	51,447.2	52,862.0	54,315.7	55,809.4	57,344.2	58,921.1	60,541.5	62,206.4
Federal Funds	213,294.8	206,545.5	220,637.3	226,704.9	232,939.2	239,345.1	245,927.1	252,690.0	259,639.0	266,779.1	274,115.5
Other State Funds	118,715.0	122,089.5	125,334.1	126,780.8	132,322.3	135,961.1	139,700.1	143,541.8	147,489.2	151,545.2	155,712.7

Health & Social Services

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Capital	10,977.0	8,234.6	21,443.0	17,426.2	21,564.2	19,205.9	23,120.4	20,875.7	24,984.9	22,859.0	27,401.8
General Fund	1,790.3	6,576.5	17,150.9	15,465.8	17,880.7	17,094.1	19,424.8	18,436.6	20,946.8	20,366.1	23,148.0
General Fund Match	8,259.7	538.5	994.9	1,030.2	1,068.0	1,108.5	1,151.8	1,203.4	1,258.1	1,315.9	1,377.1
Federal Funds	177.0	569.6	897.2	930.2	965.5	1,003.3	1,043.8	1,085.7	1,130.0	1,177.0	1,226.6
Other State Funds	750.0	550.0	2,400.0	0.0	1,650.0	0.0	1,500.0	150.0	1,650.0	0.0	1,650.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

Summary of changes made in January 2009
Baseline Scenario >> Capital - Projects not funded in FY09 moved to out one year
New Initiatives >> Capital - Placeholders entered for projects not yet identified from FY17-FY19; Operating cost - On-going expenses added back into analysis (most recent version did not include these costs in either Baseline or New Initiatives)

Health & Social Services

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	31,616.4	51,443.3	99,564.2	123,269.2	132,328.2	105,119.5	118,217.9	118,225.3	115,689.3	119,276.0	122,583.2
General Fund	28,089.7	37,615.1	79,415.3	72,523.7	78,721.7	82,744.4	89,527.8	88,448.4	85,124.7	87,316.4	89,505.2
General Fund Match	659.7	6,545.1	11,227.1	27,861.8	29,656.4	13,854.3	14,922.6	15,256.3	15,745.4	16,268.9	16,788.9
Federal Funds	1,667.0	4,196.6	8,241.3	22,142.2	23,523.7	7,672.1	12,688.7	13,068.9	13,604.1	14,169.1	14,726.5
Other State Funds	1,200.0	3,086.5	680.5	741.5	426.4	848.7	1,078.8	1,451.8	1,215.1	1,521.5	1,562.6
Operations	1,900.0	34,926.4	54,249.9	61,216.7	73,657.3	79,195.9	87,542.8	92,774.2	95,689.3	99,276.0	102,583.2
General Fund	1,900.0	27,183.8	39,695.1	44,220.4	52,878.9	57,143.3	59,175.2	62,997.3	65,124.7	67,316.4	69,505.2
General Fund Match	0.0	3,914.0	9,024.9	10,623.7	13,247.3	13,695.2	14,763.5	15,256.3	15,745.4	16,268.9	16,788.9
Federal Funds	0.0	2,942.1	4,849.4	5,631.0	7,104.6	7,508.7	12,525.3	13,068.9	13,604.1	14,169.1	14,726.5
Other State Funds	0.0	886.5	680.5	741.5	426.4	848.7	1,078.8	1,451.8	1,215.1	1,521.5	1,562.6
Formula Programs	0.0	2,270.0	5,306.3	6,199.6	8,317.0	8,541.5	8,772.0	9,009.0	9,252.2	9,502.0	9,738.5
General Fund	0.0	1,410.0	4,423.1	5,292.5	7,045.4	7,235.6	7,430.9	7,631.6	7,837.7	8,049.3	8,246.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	860.0	883.2	907.1	1,271.6	1,305.9	1,341.1	1,377.4	1,414.5	1,452.7	1,491.9
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Detail											
Behavioral Health Medicaid Svc	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Children's Medicaid Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Prev Dental Medicaid Svc	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medicaid Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Senior/Disabilities Medicaid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medicaid School Based Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Base Rate	0.0	0.0	2,975.0	3,055.3	3,137.8	3,222.5	3,309.5	3,398.9	3,490.7	3,584.9	3,661.7
General Fund	0.0	0.0	2,975.0	3,055.3	3,137.8	3,222.5	3,309.5	3,398.9	3,490.7	3,584.9	3,661.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Augmented Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Special Need	0.0	0.0	0.0	750.0	2,270.3	2,331.6	2,394.5	2,459.2	2,525.5	2,593.7	2,663.7
General Fund	0.0	0.0	0.0	750.0	1,930.3	1,982.4	2,035.9	2,090.9	2,147.3	2,205.3	2,264.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	340.0	349.2	358.6	368.3	378.2	388.4	398.9
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Health & Social Services

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Sub Adoptions & Guardianship	0.0	2,270.0	2,331.3	2,394.3	2,908.9	2,987.4	3,068.0	3,150.9	3,236.0	3,323.4	3,413.1
General Fund	0.0	1,410.0	1,448.1	1,487.2	1,977.3	2,030.7	2,085.5	2,141.8	2,199.7	2,259.1	2,320.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	860.0	883.2	907.1	931.6	956.7	982.5	1,009.1	1,036.3	1,064.3	1,093.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Catastrophic & Chronic Illness	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ATAP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Public Asistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Child Care Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Relief Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tribal Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFD Hold Harmless	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	1,900.0	32,656.4	48,943.6	55,017.1	65,340.3	70,654.4	78,770.8	83,765.2	86,437.1	89,774.0	92,844.7
General Fund	1,900.0	25,773.8	35,272.0	38,927.9	45,833.5	49,907.7	51,744.3	55,365.7	57,287.0	59,267.1	61,258.6
General Fund Match	0.0	3,914.0	9,024.9	10,623.7	13,247.3	13,695.2	14,763.5	15,256.3	15,745.4	16,268.9	16,788.9
Federal Funds	0.0	2,082.1	3,966.2	4,723.9	5,833.0	6,202.8	11,184.2	11,691.5	12,189.6	12,716.4	13,234.6
Other State Funds	0.0	886.5	680.5	741.5	426.4	848.7	1,078.8	1,451.8	1,215.1	1,521.5	1,562.6
Capital	29,716.4	16,516.9	45,314.4	62,052.6	58,671.0	25,923.6	30,675.1	25,451.1	20,000.0	20,000.0	20,000.0
General Fund	26,189.7	10,431.3	39,720.2	28,303.3	25,842.8	25,601.1	30,352.6	25,451.1	20,000.0	20,000.0	20,000.0
General Fund Match	659.7	2,631.1	2,202.2	17,238.1	16,409.1	159.1	159.1	0.0	0.0	0.0	0.0
Federal Funds	1,667.0	1,254.5	3,392.0	16,511.2	16,419.1	163.4	163.4	0.0	0.0	0.0	0.0
Other State Funds	1,200.0	2,200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for new initiatives (except gasline) appropriations estimates below:

FY09: Includes one-time Resource Rebate hold harmless of $1,900.0

Health & Social Services

Baseline plus Initiatives

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	2,139,859.6	2,161,014.5	2,407,873.7	2,560,019.5	2,713,405.7	2,830,540.4	3,002,074.6	3,165,622.2	3,341,852.8	3,527,187.6	3,728,921.5
General Fund	496,041.0	529,832.1	468,321.2	470,385.3	490,113.3	504,732.5	525,471.4	535,314.2	546,715.5	560,787.6	578,580.6
General Fund Match	459,944.8	471,463.5	670,558.1	735,571.0	788,745.6	826,877.3	885,009.7	947,309.5	1,013,316.2	1,083,066.6	1,156,806.9
Federal Funds	1,010,059.0	992,188.8	1,106,780.3	1,190,334.0	1,265,496.9	1,327,097.5	1,413,873.6	1,502,004.2	1,595,204.7	1,693,621.0	1,797,571.5
Other State Funds	173,814.8	167,530.1	162,214.1	163,729.2	169,049.9	171,833.0	177,719.9	180,994.3	186,616.4	189,712.4	195,962.6
Operations	2,099,166.2	2,136,263.0	2,341,116.3	2,480,540.7	2,633,170.5	2,785,410.9	2,948,279.1	3,119,295.4	3,296,867.9	3,484,328.7	3,681,519.8
General Fund	468,061.0	512,824.3	411,450.1	426,616.2	446,389.8	462,037.4	475,694.0	491,426.5	505,768.7	520,421.5	535,432.6
General Fund Match	451,025.4	468,283.9	667,361.0	717,302.7	771,268.5	825,609.7	883,698.8	946,106.1	1,012,058.1	1,081,750.7	1,155,429.7
Federal Funds	1,008,215.0	990,364.7	1,102,491.1	1,172,892.6	1,248,112.3	1,325,930.8	1,412,666.4	1,500,918.5	1,594,074.7	1,692,444.0	1,796,344.9
Other State Funds	171,864.8	164,780.1	159,814.1	163,729.2	167,399.9	171,833.0	176,219.9	180,844.3	184,966.4	189,712.4	194,312.6
Formula Programs	1,438,803.9	1,430,164.6	1,603,893.6	1,716,316.8	1,841,175.2	1,968,118.4	2,102,337.7	2,247,262.4	2,400,485.7	2,562,336.0	2,733,570.4
General Fund	187,127.2	191,869.1	83,940.7	87,414.3	92,024.8	95,113.6	98,215.6	101,369.1	104,585.9	107,801.4	111,103.9
General Fund Match	403,606.7	414,754.3	608,265.8	655,231.7	705,159.2	757,598.7	813,125.9	873,505.6	937,391.5	1,004,940.4	1,076,434.5
Federal Funds	794,920.2	781,737.1	877,887.6	941,463.9	1,009,340.1	1,080,383.0	1,155,555.1	1,236,537.0	1,322,246.1	1,412,948.5	1,508,994.7
Other State Funds	53,149.8	41,804.1	33,799.6	34,206.9	34,651.2	35,023.2	35,441.1	35,850.7	36,262.1	36,645.7	37,037.3
Formula Detail											
Behavioral Health Medicaid Svc	172,459.8	154,512.3	174,414.6	188,317.7	203,088.6	218,651.1	235,114.1	252,933.4	271,800.3	291,776.2	312,926.6
General Fund	42,625.3	42,625.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	28,450.5	27,068.5	79,654.5	86,262.6	93,283.2	100,680.3	108,504.3	117,010.9	126,018.1	135,548.7	145,839.5
Federal Funds	98,984.0	82,418.5	93,060.2	100,355.1	108,105.4	116,270.9	124,909.8	134,222.6	144,084.2	154,527.5	165,587.1
Other State Funds	2,400.0	2,400.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0
Children's Medicaid Services	16,145.7	16,145.7	15,717.3	16,937.4	18,233.1	19,597.7	21,040.8	22,601.8	24,254.0	26,002.7	27,853.6
General Fund	6,220.4	6,220.4	610.6	626.4	642.7	659.4	676.6	694.2	712.2	730.7	749.7
General Fund Match	1,705.8	1,688.9	7,084.3	7,659.7	8,270.9	8,914.9	9,596.1	10,336.7	11,120.7	11,950.6	12,829.1
Federal Funds	8,219.5	8,236.4	8,022.4	8,651.3	9,319.4	10,023.3	10,768.1	11,570.9	12,421.1	13,321.3	14,274.8
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Prev Dental Medicaid Svc	10,108.8	6,133.8	6,866.7	7,414.1	7,995.6	8,608.3	9,256.5	9,958.0	10,700.8	11,487.3	12,319.9
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	1,877.0	2,602.0	2,855.5	3,088.4	3,335.9	3,596.6	3,872.4	4,172.6	4,490.3	4,826.6	5,182.6
Federal Funds	6,831.8	3,531.8	4,011.2	4,325.7	4,659.7	5,011.7	5,384.0	5,785.5	6,210.5	6,660.7	7,137.4
Other State Funds	1,400.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medicaid Services	677,227.1	682,336.3	753,965.5	814,066.2	877,918.3	945,192.8	1,016,359.5	1,093,389.5	1,174,947.7	1,261,300.4	1,352,729.9
General Fund	43,354.5	43,354.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	188,389.6	185,858.0	271,078.8	293,698.6	317,730.4	343,051.1	369,831.6	399,013.2	429,902.9	462,598.7	497,204.7
Federal Funds	423,593.2	422,052.1	478,136.6	515,617.6	555,437.9	597,391.6	641,777.9	689,626.2	740,294.8	793,951.7	850,775.2
Other State Funds	21,889.8	11,071.7	4,750.0	4,750.0	4,750.0	4,750.0	4,750.0	4,750.0	4,750.0	4,750.0	4,750.0

Health & Social Services

Baseline plus Initiatives

(thousands $)

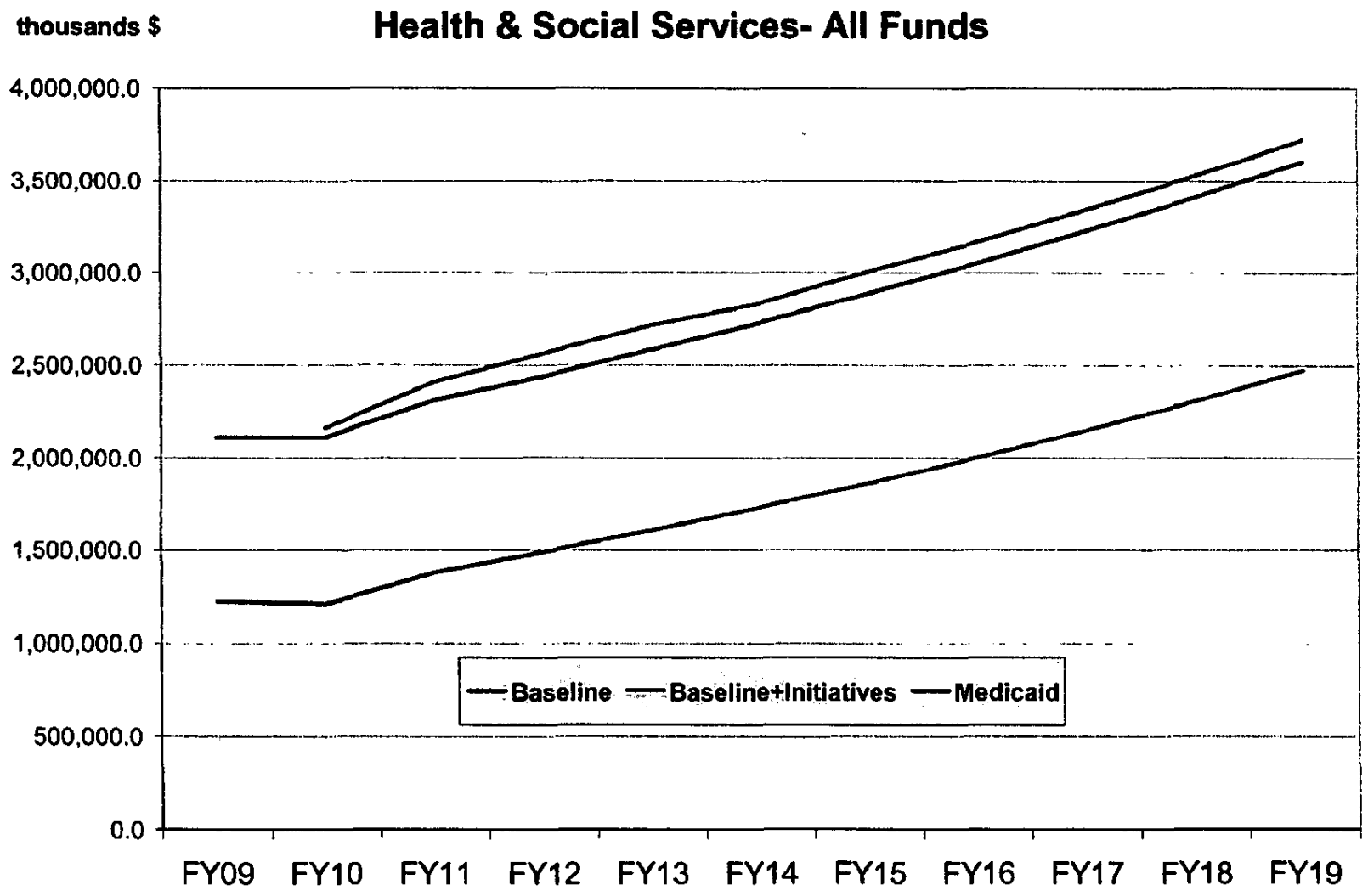
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Senior/Disabilities Medicaid	346,139.6	367,581.3	422,989.7	456,707.4	492,529.8	530,272.1	570,198.0	613,413.4	659,169.2	707,614.8	758,908.6
General Fund	19,153.2	19,153.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	138,118.5	152,459.4	201,897.7	218,447.1	236,029.6	254,554.8	274,149.5	295,447.7	317,994.7	341,862.5	367,128.0
Federal Funds	185,988.1	192,216.5	219,012.3	236,180.5	254,420.4	273,637.4	293,968.7	315,885.8	339,094.7	363,672.5	389,700.7
Other State Funds	2,879.8	3,752.2	2,079.8	2,079.8	2,079.8	2,079.8	2,079.8	2,079.8	2,079.8	2,079.8	2,079.8
Medicaid School Based Claims	6,243.8	6,243.8	6,415.5	6,591.9	6,773.2	6,959.5	7,150.9	7,347.5	7,549.6	7,757.2	7,970.5
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	6,243.8	6,243.8	6,415.5	6,591.9	6,773.2	6,959.5	7,150.9	7,347.5	7,549.6	7,757.2	7,970.5
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Base Rate	17,246.0	17,246.0	20,242.5	21,030.8	21,940.1	22,596.0	23,341.7	24,032.0	24,680.9	25,156.5	25,621.6
General Fund	7,287.6	7,287.6	10,683.9	11,080.2	11,531.9	11,969.1	12,353.5	12,714.2	13,057.5	13,324.0	13,576.1
General Fund Match	3,902.8	3,902.8	4,128.4	4,297.7	4,495.4	4,589.8	4,745.8	4,888.2	5,020.2	5,110.5	5,202.5
Federal Funds	3,512.9	3,512.9	2,585.9	2,691.9	2,815.7	2,874.9	2,972.6	3,061.8	3,144.5	3,201.1	3,258.7
Other State Funds	2,542.7	2,542.7	2,844.3	2,961.0	3,097.2	3,162.2	3,269.7	3,367.8	3,458.7	3,521.0	3,584.4
Foster Care Augmented Rate	2,276.1	2,276.1	2,419.8	2,519.1	2,634.9	2,702.4	2,794.2	2,878.1	2,955.8	3,009.0	3,063.1
General Fund	500.0	500.0	528.9	550.6	575.9	600.1	620.5	639.1	656.4	668.2	680.2
General Fund Match	1,237.6	1,237.6	1,309.1	1,362.8	1,425.5	1,455.4	1,504.9	1,550.1	1,591.9	1,620.6	1,649.8
Federal Funds	538.5	538.5	581.8	605.6	633.5	646.8	668.8	688.9	707.5	720.2	733.2
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Special Need	6,163.3	6,163.3	6,866.3	7,904.7	9,782.7	10,182.1	10,582.5	10,974.8	11,390.2	11,795.2	12,214.9
General Fund	2,109.0	2,109.0	2,349.6	3,198.2	4,500.9	4,668.7	4,837.7	5,004.8	5,180.7	5,353.9	5,533.1
General Fund Match	1,531.5	1,531.5	1,706.2	1,777.8	1,866.7	1,950.7	2,034.6	2,116.0	2,202.8	2,286.5	2,373.4
Federal Funds	1,027.7	1,027.7	1,144.9	1,193.0	1,592.7	1,658.2	1,723.9	1,788.2	1,856.3	1,922.7	1,991.5
Other State Funds	1,495.1	1,495.1	1,665.6	1,735.6	1,822.4	1,904.4	1,986.3	2,065.7	2,150.4	2,232.1	2,316.9
Sub Adoptions & Guardianship	21,539.1	26,811.3	25,005.0	25,657.5	26,753.7	27,404.4	28,046.6	28,704.0	29,351.3	30,013.2	30,716.8
General Fund	7,057.9	10,428.7	8,877.8	9,110.0	9,790.7	10,031.6	10,270.5	10,515.0	10,757.1	11,004.8	11,266.9
General Fund Match	3,134.4	3,134.4	3,299.5	3,385.3	3,469.9	3,553.2	3,634.9	3,718.5	3,800.3	3,883.9	3,973.3
Federal Funds	11,346.8	13,248.2	12,827.7	13,162.1	13,493.0	13,819.6	14,141.2	14,470.5	14,793.8	15,124.5	15,476.6
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Catastrophic & Chronic Illness	1,471.0	1,471.0	1,652.8	1,752.0	1,857.1	1,968.5	2,086.6	2,211.8	2,344.6	2,485.2	2,634.3
General Fund	1,471.0	1,471.0	1,652.8	1,752.0	1,857.1	1,968.5	2,086.6	2,211.8	2,344.6	2,485.2	2,634.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Health & Social Services

Baseline plus Initiatives

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
ATAP	26,631.8	26,631.8	30,131.8	30,131.8	30,131.8	30,131.8	30,131.8	30,131.8	30,131.8	30,131.8	30,131.8
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9	16,445.9
Federal Funds	8,175.9	8,175.9	11,675.9	11,675.9	11,675.9	11,675.9	11,675.9	11,675.9	11,675.9	11,675.9	11,675.9
Other State Funds	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0	2,010.0
Adult Public Asistance	56,866.0	56,370.0	57,231.4	58,820.8	60,570.4	62,372.5	64,228.7	66,140.5	68,109.8	70,138.1	72,227.2
General Fund	51,773.0	51,277.0	52,138.4	53,727.8	55,477.4	57,279.5	59,135.7	61,047.5	63,016.8	65,045.1	67,134.2
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0	1,030.0
Other State Funds	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0	4,063.0
Child Care Benefits	48,334.5	51,729.1	51,352.6	51,545.4	51,743.5	51,947.0	52,156.1	52,371.0	52,591.8	52,818.7	53,051.8
General Fund	2,581.4	5,887.0	5,651.6	5,844.4	6,042.5	6,246.0	6,455.1	6,670.0	6,890.8	7,117.7	7,350.8
General Fund Match	6,325.1	6,337.3	6,317.8	6,317.8	6,317.8	6,317.8	6,317.8	6,317.8	6,317.8	6,317.8	6,317.8
Federal Funds	39,428.0	39,504.8	39,383.2	39,383.2	39,383.2	39,383.2	39,383.2	39,383.2	39,383.2	39,383.2	39,383.2
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Relief Assistance	2,993.9	1,555.4	1,447.2	1,524.6	1,605.6	1,690.5	1,779.4	1,872.4	1,969.8	2,071.8	2,178.5
General Fund	2,993.9	1,555.4	1,447.2	1,524.6	1,605.6	1,690.5	1,779.4	1,872.4	1,969.8	2,071.8	2,178.5
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tribal Assistance	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7	13,372.7
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0	12,488.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	884.7	884.7	884.7	884.7	884.7	884.7	884.7	884.7	884.7	884.7	884.7
PFD Hold Harmless	13,584.7	13,584.7	13,802.1	14,022.9	14,244.2	14,469.1	14,697.6	14,929.7	15,165.5	15,405.1	15,648.5
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	13,584.7	13,584.7	13,802.1	14,022.9	14,244.2	14,469.1	14,697.6	14,929.7	15,165.5	15,405.1	15,648.5
Non-formula Programs	660,362.3	706,098.4	737,222.7	762,223.9	791,995.3	817,292.5	845,941.4	872,033.0	896,382.3	921,992.6	947,949.4
General Fund	280,933.8	320,955.2	327,509.5	339,201.9	354,365.0	366,923.8	377,478.4	390,057.4	401,182.8	412,620.0	424,328.7
General Fund Match	47,418.7	53,539.6	59,095.2	62,071.0	66,109.3	68,011.0	70,572.9	72,600.5	74,686.6	76,810.4	78,995.3
Federal Funds	213,294.8	208,627.6	224,603.5	231,428.7	238,772.2	245,547.8	257,111.3	264,381.5	271,828.6	279,495.5	287,350.2
Other State Funds	118,715.0	122,976.0	126,014.6	129,522.3	132,748.7	136,809.8	140,778.8	144,993.6	148,704.3	153,066.7	157,275.3
Capital	40,693.4	24,751.5	66,757.4	79,478.8	80,235.2	45,129.5	53,795.5	46,326.8	44,984.9	42,859.0	47,401.8
General Fund	27,980.0	17,007.8	56,871.1	43,769.1	43,723.5	42,695.2	49,777.4	43,887.7	40,946.8	40,366.1	43,148.0
General Fund Match	8,919.4	3,169.6	3,197.1	18,268.3	17,477.1	1,267.6	1,310.9	1,203.4	1,258.1	1,315.9	1,377.1
Federal Funds	1,844.0	1,824.1	4,289.2	17,441.4	17,384.6	1,166.7	1,207.2	1,085.7	1,130.0	1,177.0	1,226.6
Other State Funds	1,950.0	2,750.0	2,400.0	0.0	1,650.0	0.0	1,500.0	150.0	1,650.0	0.0	1,650.0


thousands $
Health & Social Services- All Funds
4,000,000.0
3,500,000.0
3,000,000.0
2,500,000.0
2,000,000.0
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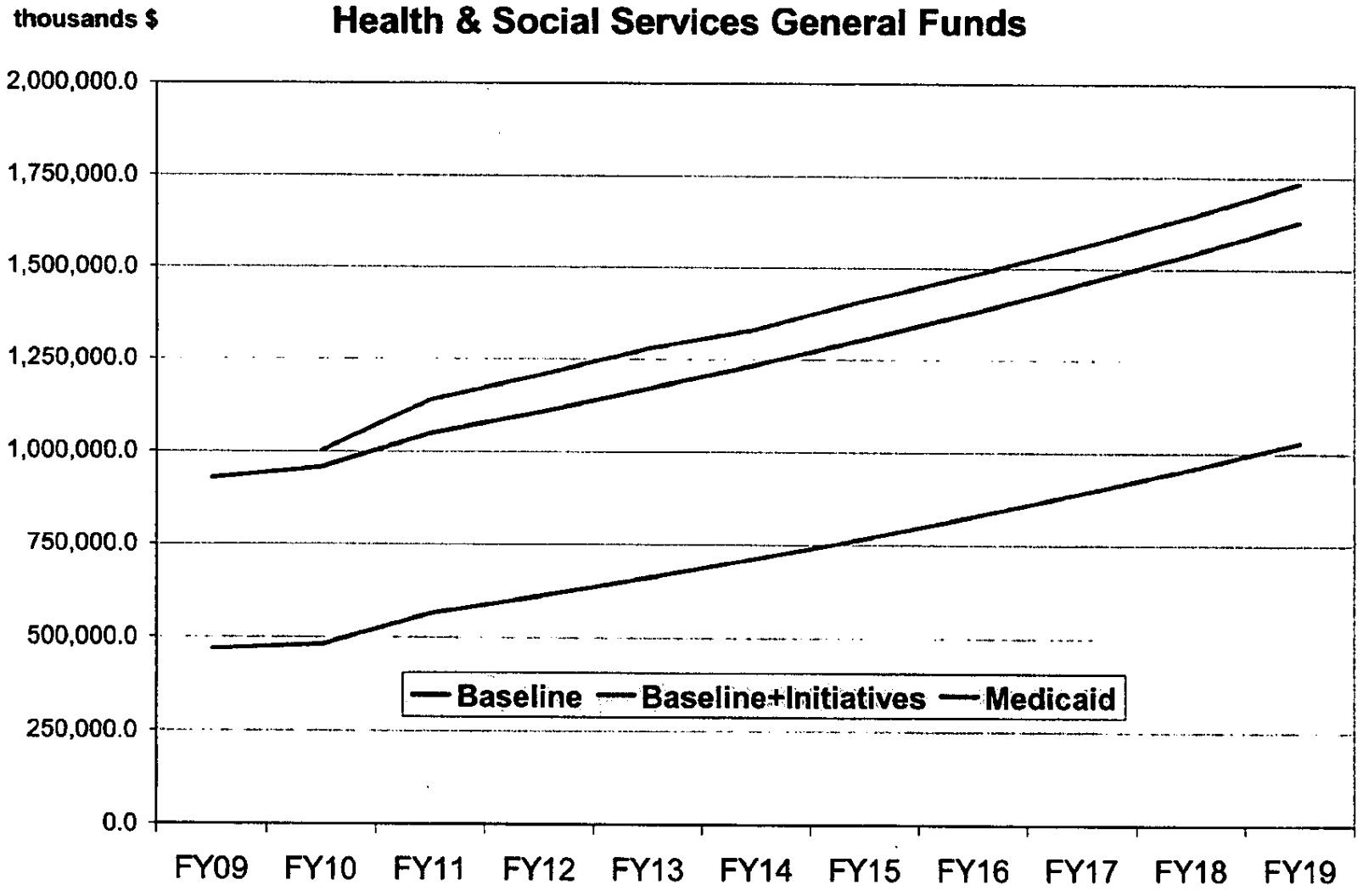
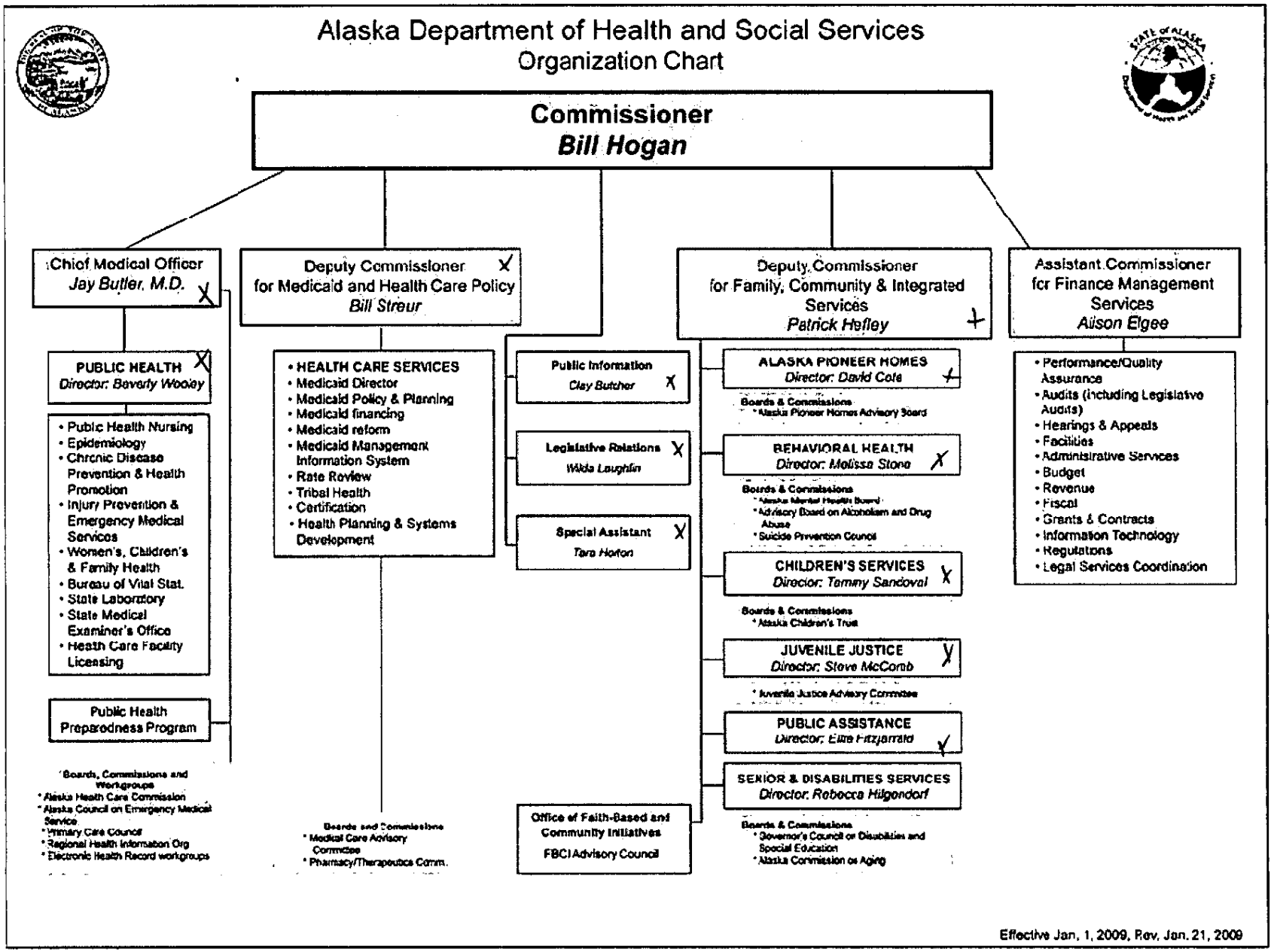
0.0
Baseline
Baseline+Initiatives
Medicaid
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19


thousands $
Health & Social Services General Funds
2,000,000.0
1,750,000.0
1,500,000.0
1,250,000.0
1,000,000.0
750,000.0
500,000.0
250,000.0
0.0
Baseline
Baseline+Initiatives
Medicaid
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19

Alaska Department of Health and Social Services
Organization Chart

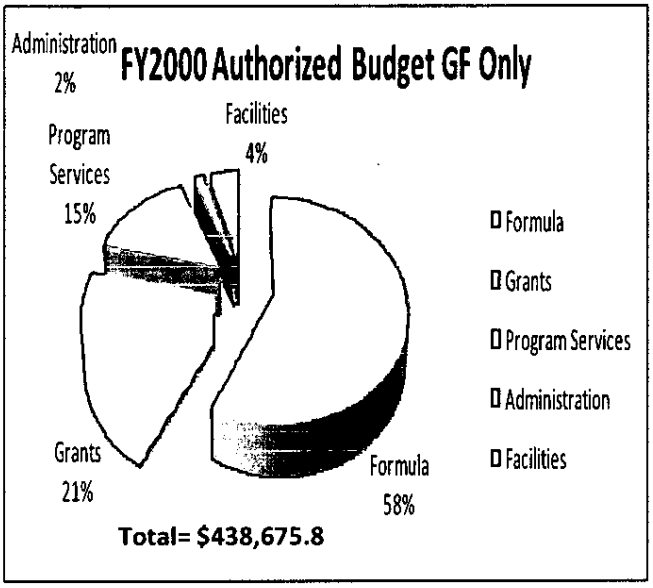


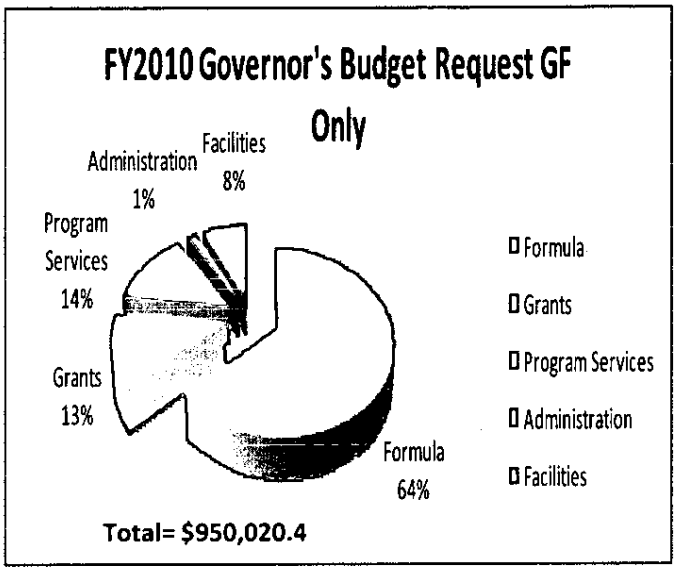
Effective Jan. 1, 2009, Rev. Jan. 21, 2009

Department of Health and Social Service

1.28.09

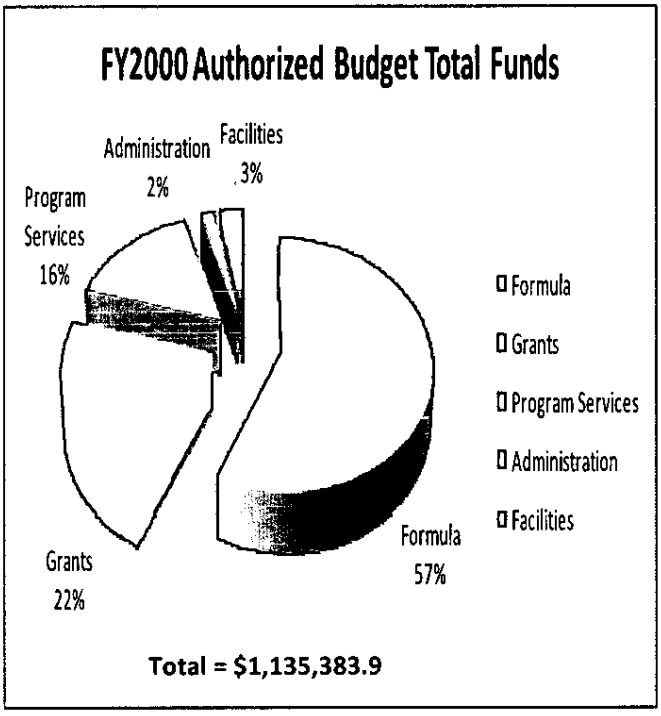
Expenditures Category Comparisons of general fund Authorization

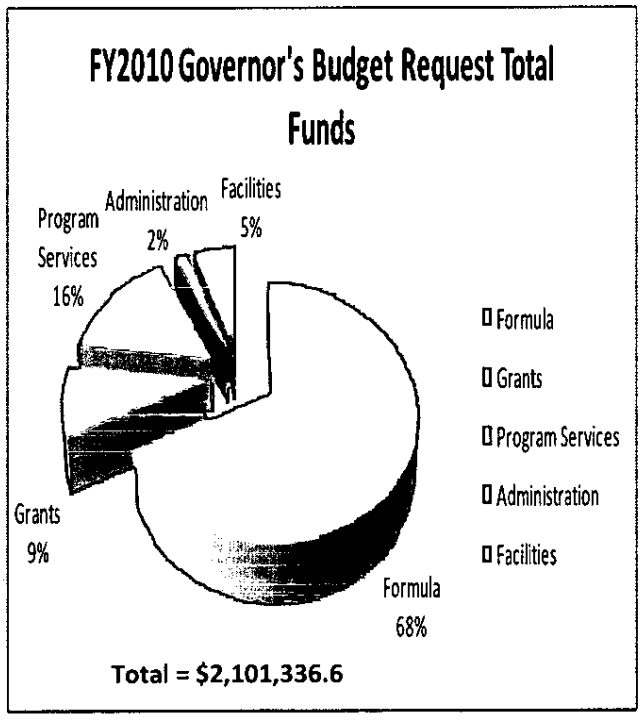




Formula programs comprised approximately 58% of the department's FY2000 general fund budget in comparison to 64% of the FY2010 general fund budget.

Expenditure category Comparisons of Total Funds Authorization





Formula programs comprised approximately 58% of the department's FY2000 general fund budget in comparison to 64% of the FY2010 general fund budget.

Department of Health and Social Service

The department has over 3,600 positions budgeted under Direct Field work, Program Support Services and Administrative Management Services. The table on the right indicates the geographical locations with their coordinating position count.

Direct Field Workers

115	Public Health Nurses
287	Social Workers & Children's Service Specialists
308	Eligibility Determination Staff
283	Youth Detention/Treatment Workers
92	Juvenile Probation Officers
257	API Staff
652	Pioneer Homes Staff
1,994	**TOTAL**

Program Support Services

108	Behavioral Health Programs
126	Senior and Disability Programs
422	Public Health Programs
223	Children's Services
124	Juvenile Programs
10	Facilities Management
389	Benefit Payments/Systems
1,402	**TOTAL**

Administrative/Management Support

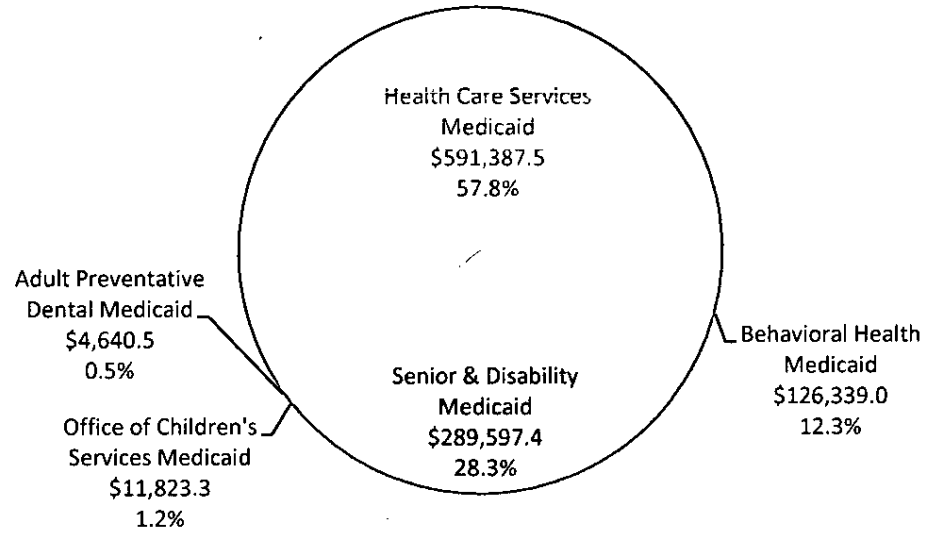
135	Information Technology
139	All Other Centralized Admin/Mgmt
274	**TOTAL**

3,670	**FY2010 GRAND TOTAL**

FY2010 Position Summary by Location

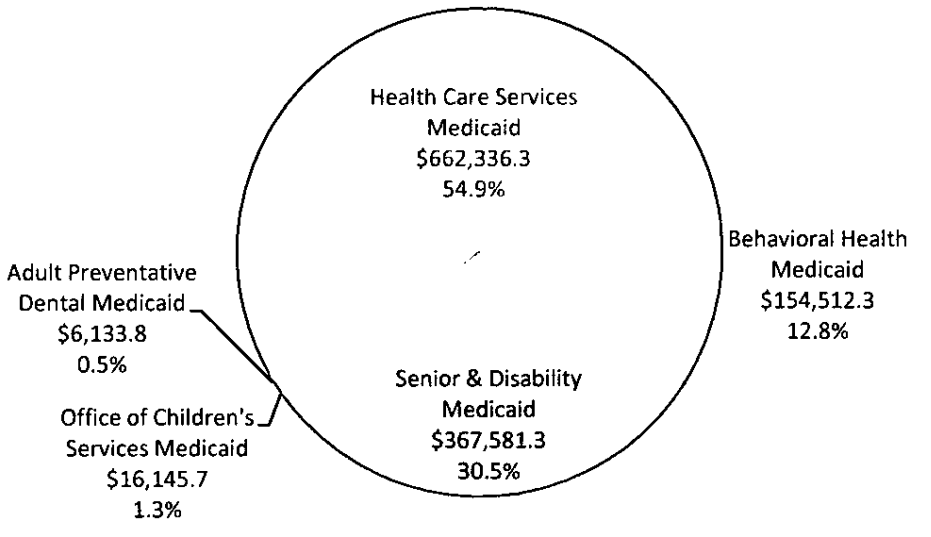
Location	Total Position Counts
Anchorage	**1,780**
Aniak	**3**
Barrow	**9**
Bethel	**97**
Cordova	**2**
Craig	**6**
Delta Junction	**7**
Dillingham	**11**
Eagle River	**1**
Fairbanks	**378**
Fort Yukon	**1**
Galena	**3**
Glenallen	**3**
Haines	**2**
Homer	**17**
Juneau	**657**
Kenai	**84**
Ketchikan	**137**
King Salmon	**2**
Kodiak	**16**
Kotzebue	**10**
Mat-Su Area-wide	**14**
McGrath	**3**
Nome	**41**
Palmer	**142**
Petersburg	**4**
Saint Mary's	**5**
Seward	**3**
Sitka	**101**
Soldotna	**1**
Tok	**2**
Unalaska	**1**
Valdez	**5**
Wasilla	**120**
Wrangell	**2**
Totals	**3,670**

FY 2008 Medicaid Direct Services Expenditures by Division (thousands)



Source: AKSAS data

FY 2010 Medicaid Direct Services Expenditures by Division (thousands)



Source: Medicaid Budget Group using AKSAS Budget System Data

Department of Health and Social Service

Medicaid Direct Services Expenditures by Division, FY 2008
(in thousands)

Total Medicaid Direct Services	$	1,023,787.7
Health Care Services Medicaid	$	591,387.5
Hospital Services	$	224,313.5
Physician Services	$	112,968.6
Pharmacy Services	$	70,673.9
Dental Services	$	25,095.9
Transportation	$	44,228.7
Other Medicaid Direct Services	$	49,142.1
Non-MMIS Services	$	41,097.2
Medicaid Refinancing	$	23,394.4
Medicaid (State-only)	$	473.2
Adult Preventative Dental Medicaid	$	4,640.5
Adult Preventative Dental	$	4,640.5
Seniors & Disabilities Medicaid	$	289,597.4
Personal Care Services	$	72,272.7
Nursing Homes	$	74,659.0
Adults with Disabilities Waiver	$	21,551.6
Children with Complex Medical Conditions	$	9,618.5
Mental Retardation/Develpmental Disabilities	$	76,806.1
Older Alaskans Waiver	$	33,502.5
Other Services	$	1,187.0
Behavioral Health Medicaid	$	126,339.0
Residential Psychiatric Treatment Centers	$	47,393.5
Inpatient Psychiatric Hospitals	$	16,485.7
General Mental Health Services	$	60,038.7
Other Services	$	2,421.1
Office of Children's Services Medicaid	$	11,823.3
Behavioral Rehabilitation Services	$	10,627.2
Beh. Rehabilitation Services-BTKH	$	1,196.1

Source: Medicaid Budget Group using AKSAS and ABS data.

1/29/09 OVERVIEWS: DEPARTMENT OF ADMINISTRATION, DEPARTMENT OF REVENUE, ALASKA COURT SYSTEM, DEPARTMENT OF LAW - CIVIL

<target><bill></bill><subject>1-29-09 OVERVIEWS DEPARTMENT OF ADMINISTRATION, DEPARTMENT OF REVENUE, ALASKA COURT SYSTEM, DEPARTMENT OF LAW - CIVIL</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Thursday, January 29, 2009

Budget Overviews:

Department of Administration

Annette Kreitzer, Commissioner, Department of Administration
Kevin Brooks, Deputy Commissioner, Department of Administration
Eric Swanson, Director, Division of Administrative Services, Department of Administration

Department of Revenue

Pat Galvin, Commissioner, Department of Revenue
Jerry Burnett, Deputy Commissioner, Division of Treasury, Department of Revenue
Ginger Blaisdale

Alaska Court System

Chris Christensen, Staff Counsel, Alaska Court System
Larry Cohn, Executive Director, Alaska Judicial Council, Alaska Court System

Department of Law – Civil

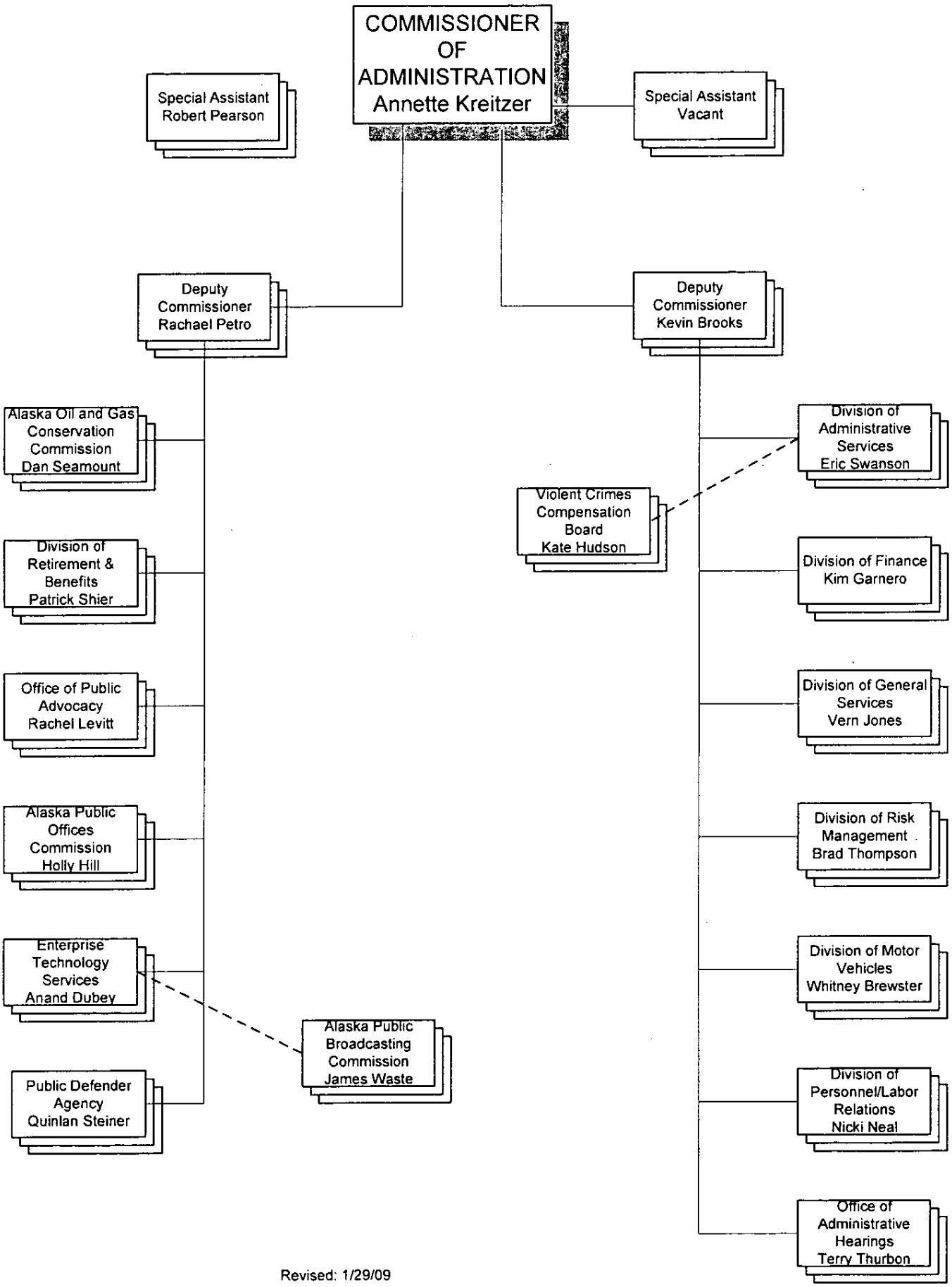
Talis Colberg, Attorney General, Department of Law

Questions:

Dave Blaisdell, Director, Division of Administrative Services, Department of Law
Craig Tillery, Deputy Attorney General, Department of Law
~~Tina Kobayashi, Oil and Gas, Law~~
~~Richard Svobodny~~, Deputy Attorney General, Criminal Division, Department of Law
~~Mark Ford~~

~~Foster, Salmon, Crawford, Cora, Kelly~~ ~~Stoltz~~

Rhonda Mettford *
Kevin Meyer
Nancy Dahlstrom *



Revised: 1/29/09

From Annette Kreitzer
ADM

House Finance Committee
Representative Mike Hawker, Chairing
Thursday, January 29, 2009
Department of Administration Overview

I. Introductions:
   a. Organizational Chart
      i. Robert Pearson
      ii. Anchorage DepCom & Directors
      iii. Juneau DepCom, KB and Director ES
      iv. Juneau Directors

II. Department has three main parts, one main function:
   1. Arm's Length Relationship
   2. Centralized Services
   3. Public Facing Agencies

Main Function: is to save the State money by centralizing services so that payroll, mailroom, personnel and computer services are not replicated across every department.

BROCHURE

1) **Boards, Commissions** with Arm's Length Relationship to department/commissioner:
- Alaska Oil & Gas Conservation Commission
- Alaska Public Broadcasting Commission
- Alaska Public Offices Commission
- Violent Crimes Compensation Board

2) **Centralized Services:**
- Personnel & Labor Relations
  - Handle all of the labor grievances, arbitrations for all departments
  - Negotiate contracts with all 11 State employee unions
  - Recruitment & Retention – AO #237 Working Group Report on our website
- Office of Administrative Hearings
  - Centralized, and Arm's Length
- Risk Management
- Enterprise Technology Services
- Finance
  - Online Checkbook
- BROCHURE : General Services
  - Rural and municipal outreach – purchasing power

3) **Public Agencies:**
   - Public Defender Agency
   - Office of Public Advocacy
   - Division of Motor Vehicles
   - Retirement & Benefits

III. FY 2009 Status Report:
   a. Completed installing VOIP phones – decommissioning the PBX's that were struck by lightning
   b. Brought Online Checkbook - online
   c. Have begun rolling out Active Directory, next step in Microsoft Exchange roll-out begun in 2007.
   d. Linny Pacillo Parking Garage opened on-time and on-budget in September 2008.
   e. Getting Palmer State Office Building ready for occupancy October 1 of this year.
   f. Working State computer security initiatives, including HB 65
   g. Continuing to address recruitment and retention issues for the State as an employer
      i. Labor contracts
      ii. Service steps – negotiated into most contracts
      iii. Working Group Report on progress is on the DOA main web page

IV. FY 2009 Savings Targets:
   a. Taking $300,000 reduction in the Division of Finance
   b. Taking $300,000 reduction in ETS - struggle
   c. Taking $200,000 reduction across the department in personal services (% of Personal Services budget)
   d. Believe through managing vacancies, and delaying purchases and ratcheting up vigilance on purchases that we could end the year saving $200,000. Some of those purchases would still be necessary in FY10.

V. FY10 Budget Overview – significant changes – Eric Swanson

V. HB 125 Long Range Plan – 10 Year Summary - Eric

Department of Administration 10 Year Plan

Operating Budget Assumptions
The 10 Year Plan template separates the operating budget of the DOA into Formula and Non-formula programs. For the DOA, there are only two formula programs, both small, both retirement plan related. The two are the Elected Public Officers Retirement System (EPORS) and the Unlicensed Vessel Participant Annuity Retirement Plan. There is a small amount of growth projected for EPORS, based on the analysis of an actuarial consultant. The UVPARP budget is projected to remain unchanged.

The remainder of the DOA was examined and projected primarily by function and division.. A recap of the more significant portions of that analysis is as follows:

DMV: Projected growth based on population growth estimates.

OPA and PD: Projected growth based on prior year spending trends. This amounts to approximately a 6% annual increase. We are expecting improved delivery of caseload numbers from the Public Defender Agency soon, and will revisit this methodology and conclusion upon receipt of the new data.

EPORS and UVPARP
Actuarially based growth for EPORS, flat for UVPARP.

Core Services:
Core Services includes the Office of Administrative Hearings, Office of the Commissioner, Administrative Services as well as the Divisions of Finance, Personnel & Labor Relations, General Services, Retirement & Benefits as well as the State Travel Office. There are a few other smaller components that reside here as well. For this group we are assuming a 1% annual growth for other funds and no growth for GF. *(note: future statewide labor contract costs are NOT included here).*

One unit within the core services group that is an exception to the above methodology is the Group Health unit, for which we are requesting an additional $5.1 million or what amounts to a 39% increase for FY2010 in this budget. This increment is in anticipation of a new contract for health care administration.

ETS – Estimate of 7% annual growth in the operating budget to provide resources necessary for creation/acquisition and deployment of equipment, software and other new technology.

AOGCC assumes flat funding in the operating budget.

Capital Budget Assumptions
Division of Finance System Replacement project calls for $50.0 million in FY2010, and an additional $152.0 million by FY2013.

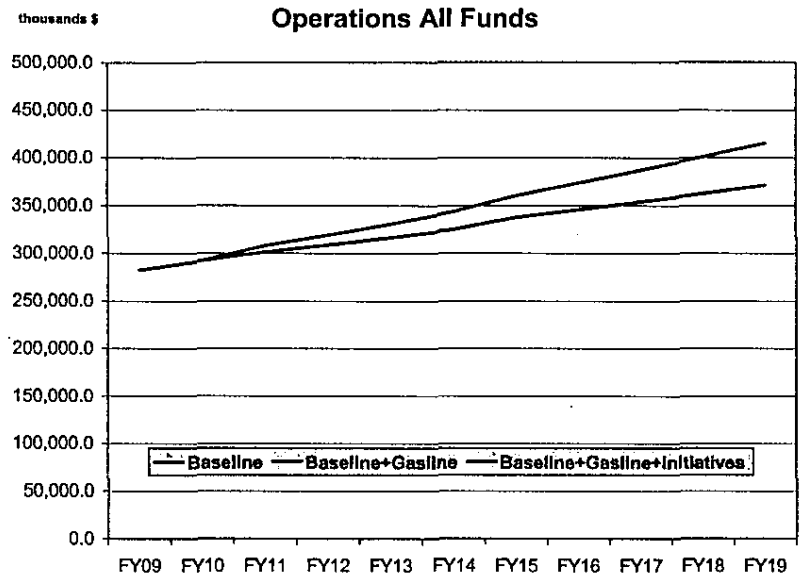
ETS capital is projected to average approximately $31.0 million per year. This is based on a prior four year average.

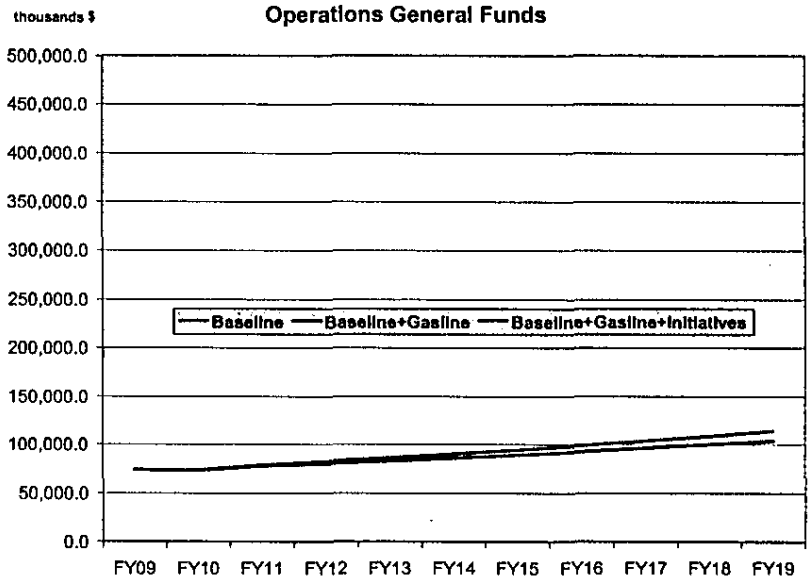
DMV is in need of $5.0 million in FY2010 for the ALVIN project, then another $2.5 million in FY2011.

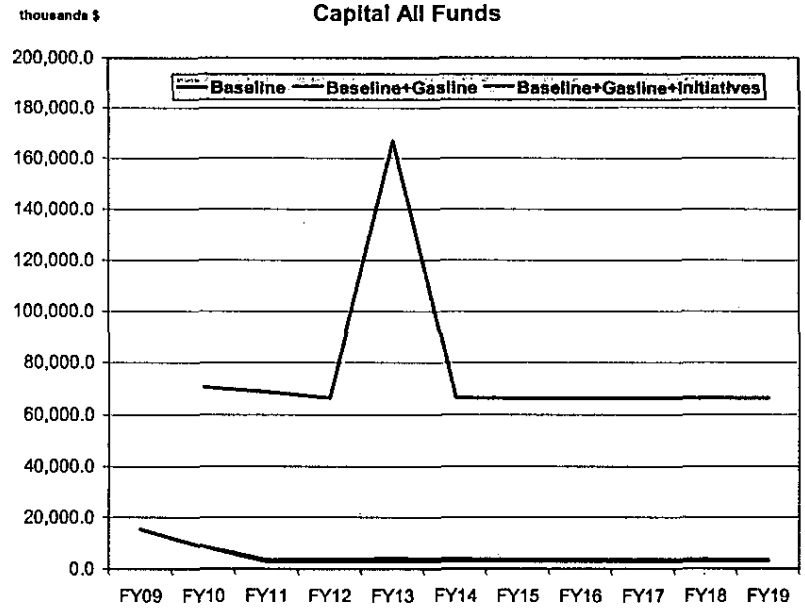
Continuing capital budget items include $250.0 per year for Non-PBF facilities, and approximately $2.8 million for PBF facilities.

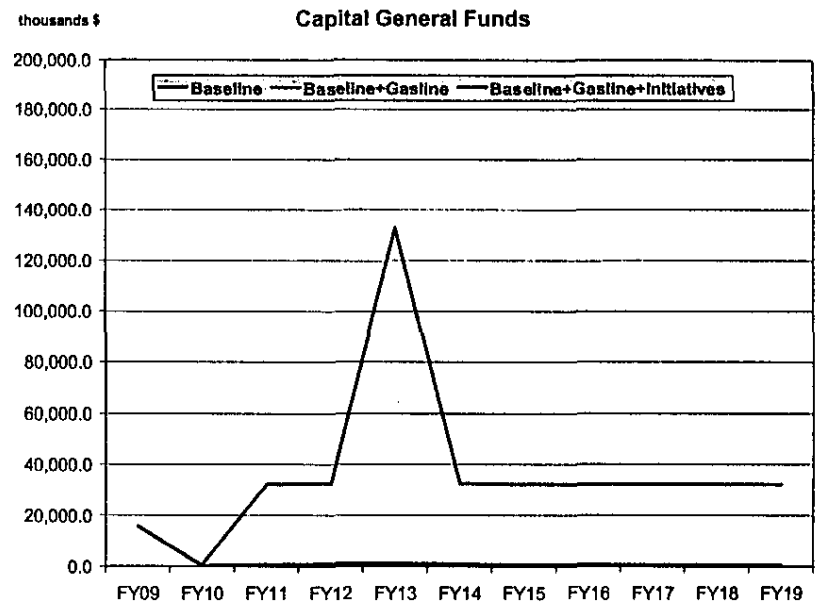
Gasline Capital
AOGCC estimates needing an additional $500.0 to $1.0 million per year starting in FY2011 to complete gasline related studies and work.

Administration









Administration

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	298,093.1	301,099.9	304,397.7	311,467.7	319,146.6	327,763.7	340,076.8	348,467.6	356,657.5	365,149.3	373,889.4
General Fund	89,426.4	73,422.5	77,693.0	80,434.9	83,344.4	86,398.9	89,635.4	93,079.3	96,725.9	100,587.7	104,677.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,776.3	2,782.4	2,784.8	2,789.3	2,794.1	2,799.1	2,804.3	2,809.8	2,815.5	2,821.6	2,827.9
Other State Funds	205,890.4	224,895.0	223,919.8	228,243.5	233,008.1	238,565.8	247,637.1	252,578.6	257,116.1	261,740.0	266,383.8
Operations	282,368.1	292,249.9	301,347.7	308,417.7	316,096.6	324,713.7	337,026.8	345,417.6	353,607.5	362,099.3	370,839.4
General Fund	73,701.4	73,172.5	77,443.0	80,184.9	83,094.4	86,148.9	89,385.4	92,829.3	96,475.9	100,337.7	104,427.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,776.3	2,782.4	2,784.8	2,789.3	2,794.1	2,799.1	2,804.3	2,809.8	2,815.5	2,821.6	2,827.9
Other State Funds	205,890.4	216,295.0	221,119.8	225,443.5	230,208.1	235,765.8	244,837.1	249,778.6	254,316.1	258,940.0	263,583.8
Formula Programs	1,828.1	1,948.1	1,924.0	1,890.8	1,862.6	1,807.1	1,751.1	1,709.1	1,665.0	1,619.0	1,571.3
General Fund	1,828.1	1,948.1	1,924.0	1,890.8	1,862.6	1,807.1	1,751.1	1,709.1	1,665.0	1,619.0	1,571.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Detail											
UVPARP	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
General Fund	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPORS	1,778.1	1,898.1	1,874.0	1,840.8	1,812.6	1,757.1	1,701.1	1,659.1	1,615.0	1,569.0	1,521.3
General Fund	1,778.1	1,898.1	1,874.0	1,840.8	1,812.6	1,757.1	1,701.1	1,659.1	1,615.0	1,569.0	1,521.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	280,540.0	290,301.8	299,423.7	306,526.9	314,234.0	322,906.6	335,275.7	343,708.5	351,942.5	360,480.3	369,268.1
General Fund	71,873.3	71,224.4	75,519.0	78,294.1	81,231.8	84,341.8	87,634.3	91,120.2	94,810.9	98,718.7	102,856.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,776.3	2,782.4	2,784.8	2,789.3	2,794.1	2,799.1	2,804.3	2,809.8	2,815.5	2,821.6	2,827.9
Other State Funds	205,890.4	216,295.0	221,119.8	225,443.5	230,208.1	235,765.8	244,837.1	249,778.6	254,316.1	258,940.0	263,583.8
Capital	15,725.0	8,850.0	3,050.0	3,050.0	3,050.0	3,050.0	3,050.0	3,050.0	3,050.0	3,050.0	3,050.0
General Fund	15,725.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	8,600.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.
See assumptions on cover page.

Administration

Gasline Related Budget Growth

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	1,000.0	0.0	500.0	750.0	1,000.0	750.0	500.0	500.0	500.0	500.0	500.0
General Fund	1,000.0	0.0	500.0	750.0	1,000.0	750.0	500.0	500.0	500.0	500.0	500.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	1,000.0	0.0	500.0	750.0	1,000.0	750.0	500.0	500.0	500.0	500.0	500.0
General Fund	1,000.0	0.0	500.0	750.0	1,000.0	750.0	500.0	500.0	500.0	500.0	500.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for gasline appropriations estimates:

The capital gas-line item is an Alaska Oil & Gas Conservation Commission projection of capital project funding needs relating to reservoir modeling work.

Administration

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	61,803.0	71,844.1	73,003.1	176,918.3	81,107.5	85,589.9	90,386.2	95,518.2	101,009.4	106,885.0
General Fund	0.0	684.5	32,726.5	33,479.9	134,286.1	35,148.8	36,071.8	37,059.4	38,116.1	39,246.9	40,456.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	61,118.5	39,117.6	39,523.2	42,632.1	45,958.7	49,518.2	53,326.8	57,402.0	61,762.5	66,428.2
Operations	0.0	0.0	6,615.6	10,274.6	14,189.8	18,379.0	22,861.4	27,657.7	32,789.7	38,280.9	44,156.5
General Fund	0.0	0.0	1,362.2	2,115.7	2,921.9	3,784.5	4,707.5	5,695.1	6,751.9	7,882.6	9,092.5
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	5,253.3	8,158.9	11,267.9	14,594.5	18,153.9	21,962.5	26,037.8	30,398.3	35,064.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	6,615.6	10,274.6	14,189.8	18,379.0	22,861.4	27,657.7	32,789.7	38,280.9	44,156.5
General Fund	0.0	0.0	1,362.2	2,115.7	2,921.9	3,784.5	4,707.5	5,695.1	6,751.9	7,882.6	9,092.5
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	5,253.3	8,158.9	11,267.9	14,594.5	18,153.9	21,962.5	26,037.8	30,398.3	35,064.0
Capital	0.0	61,803.0	65,228.5	62,728.5	162,728.5	62,728.5	62,728.5	62,728.5	62,728.5	62,728.5	62,728.5
General Fund	0.0	684.5	31,364.3	31,364.3	131,364.3	31,364.3	31,364.3	31,364.3	31,364.3	31,364.3	31,364.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	61,118.5	33,864.3	31,364.3	31,364.3	31,364.3	31,364.3	31,364.3	31,364.3	31,364.3	31,364.3

Describe department assumptions for initiatives (except gasline) appropriations estimates:

Division of Finance accounting system replacement. 50.0 million for FY2010. An additional 150.0 million by FY2013.
Division of Motor Vehicles ALVIN replacement. 5,000.0, in FY2010 then 2,500.0 in FY2011.
Lease Management System Replacement. 500.0 GF.
ETS capital going forward is in new initiatives except gas line. Four year average of totals used to project. Amounts are included in GF (capitalize fund) and Other Funds, to provide ISF authorization. This is a "worst case" methodology assuming little contribution from depreciation.

Administration

Baseline plus Gasline

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	299,093.1	301,099.9	304,897.7	312,217.7	320,146.6	328,513.7	340,576.8	348,967.6	357,157.5	365,649.3	374,389.4
General Fund	90,426.4	73,422.5	78,193.0	81,184.9	84,344.4	87,148.9	90,135.4	93,579.3	97,225.9	101,087.7	105,177.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,776.3	2,782.4	2,784.8	2,789.3	2,794.1	2,799.1	2,804.3	2,809.8	2,815.5	2,821.6	2,827.9
Other State Funds	205,890.4	224,895.0	223,919.8	228,243.5	233,008.1	238,565.8	247,637.1	252,578.6	257,116.1	261,740.0	266,383.8
Operations	282,368.1	292,249.9	301,347.7	308,417.7	316,096.6	324,713.7	337,026.8	345,417.6	353,607.5	362,099.3	370,839.4
General Fund	73,701.4	73,172.5	77,443.0	80,184.9	83,094.4	86,148.9	89,385.4	92,829.3	96,475.9	100,337.7	104,427.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,776.3	2,782.4	2,784.8	2,789.3	2,794.1	2,799.1	2,804.3	2,809.8	2,815.5	2,821.6	2,827.9
Other State Funds	205,890.4	216,295.0	221,119.8	225,443.5	230,208.1	235,765.8	244,837.1	249,778.6	254,316.1	258,940.0	263,583.8
Formula Programs	1,828.1	1,948.1	1,924.0	1,890.8	1,862.6	1,807.1	1,751.1	1,709.1	1,665.0	1,619.0	1,571.3
General Fund	1,828.1	1,948.1	1,924.0	1,890.8	1,862.6	1,807.1	1,751.1	1,709.1	1,665.0	1,619.0	1,571.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Detail											
UVPARP	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
General Fund	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPORS	1,778.1	1,898.1	1,874.0	1,840.8	1,812.6	1,757.1	1,701.1	1,659.1	1,615.0	1,569.0	1,521.3
General Fund	1,778.1	1,898.1	1,874.0	1,840.8	1,812.6	1,757.1	1,701.1	1,659.1	1,615.0	1,569.0	1,521.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	280,540.0	290,301.8	299,423.7	306,526.9	314,234.0	322,906.6	335,275.7	343,708.5	351,942.5	360,480.3	369,268.1
General Fund	71,873.3	71,224.4	75,519.0	78,294.1	81,231.8	84,341.8	87,634.3	91,120.2	94,810.9	98,718.7	102,856.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,776.3	2,782.4	2,784.8	2,789.3	2,794.1	2,799.1	2,804.3	2,809.8	2,815.5	2,821.6	2,827.9
Other State Funds	205,890.4	216,295.0	221,119.8	225,443.5	230,208.1	235,765.8	244,837.1	249,778.6	254,316.1	258,940.0	263,583.8
Capital	16,725.0	8,850.0	3,550.0	3,800.0	4,050.0	3,800.0	3,550.0	3,550.0	3,550.0	3,550.0	3,550.0
General Fund	16,725.0	250.0	750.0	1,000.0	1,250.0	1,000.0	750.0	750.0	750.0	750.0	750.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	8,600.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0	2,800.0

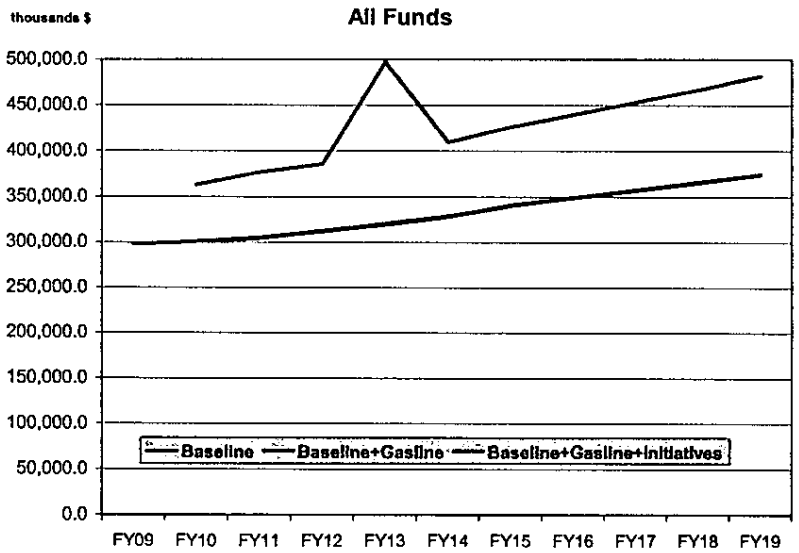
Administration

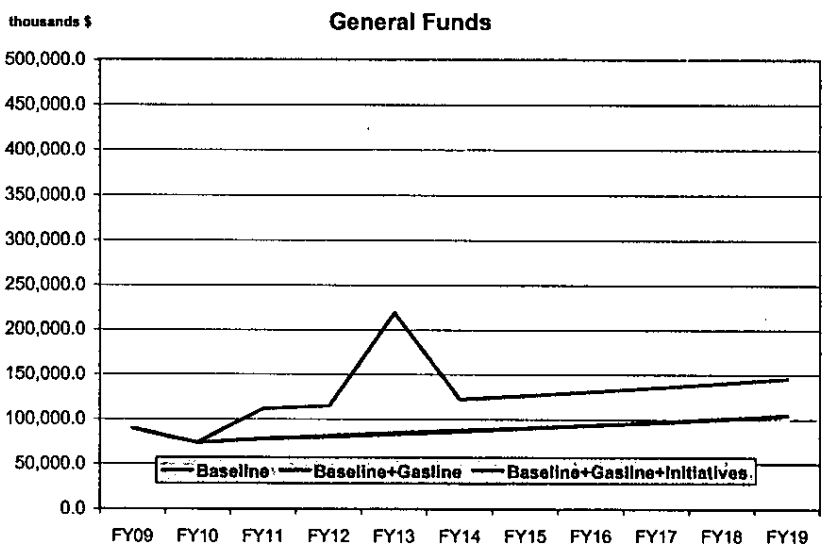
Baseline plus Gasline plus Initiatives

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	299,093.1	362,902.9	376,741.7	385,220.8	497,064.9	409,621.2	426,166.8	439,353.8	452,675.7	466,658.6	481,274.3
General Fund	90,426.4	74,107.0	110,919.5	114,664.8	218,630.5	122,297.6	126,207.2	130,638.7	135,342.1	140,334.5	145,634.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,776.3	2,782.4	2,784.8	2,789.3	2,794.1	2,799.1	2,804.3	2,809.8	2,815.5	2,821.6	2,827.9
Other State Funds	205,890.4	286,013.5	263,037.4	267,766.6	275,640.3	284,524.5	297,155.3	305,905.4	314,518.1	323,502.5	332,812.0
Operations	282,368.1	292,249.9	307,963.2	318,692.3	330,286.4	343,092.7	359,888.3	373,075.3	386,397.2	400,380.1	414,995.8
General Fund	73,701.4	73,172.5	78,805.3	82,300.6	86,016.3	89,933.4	94,092.9	98,524.4	103,227.8	108,220.3	113,520.2
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,776.3	2,782.4	2,784.8	2,789.3	2,794.1	2,799.1	2,804.3	2,809.8	2,815.5	2,821.6	2,827.9
Other State Funds	205,890.4	216,295.0	226,373.2	233,602.4	241,476.0	250,360.2	262,991.0	271,741.1	280,353.8	289,338.3	298,647.8
Formula Programs	1,828.1	1,948.1	1,924.0	1,890.8	1,862.6	1,807.1	1,751.1	1,709.1	1,665.0	1,619.0	1,571.3
General Fund	1,828.1	1,948.1	1,924.0	1,890.8	1,862.6	1,807.1	1,751.1	1,709.1	1,665.0	1,619.0	1,571.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Detail											
UVPARP	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
General Fund	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPORS	1,778.1	1,898.1	1,874.0	1,840.8	1,812.6	1,757.1	1,701.1	1,659.1	1,615.0	1,569.0	1,521.3
General Fund	1,778.1	1,898.1	1,874.0	1,840.8	1,812.6	1,757.1	1,701.1	1,659.1	1,615.0	1,569.0	1,521.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	280,540.0	290,301.8	306,039.2	316,801.5	328,423.8	341,285.6	358,137.2	371,366.2	384,732.2	398,761.1	413,424.5
General Fund	71,873.3	71,224.4	76,881.3	80,409.8	84,153.7	88,126.3	92,341.8	96,815.3	101,562.8	106,601.3	111,948.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,776.3	2,782.4	2,784.8	2,789.3	2,794.1	2,799.1	2,804.3	2,809.8	2,815.5	2,821.6	2,827.9
Other State Funds	205,890.4	216,295.0	226,373.2	233,602.4	241,476.0	250,360.2	262,991.0	271,741.1	280,353.8	289,338.3	298,647.8
Capital	16,725.0	70,653.0	68,778.5	66,528.5	166,778.5	66,528.5	66,278.5	66,278.5	66,278.5	66,278.5	66,278.5
General Fund	16,725.0	934.5	32,114.3	32,364.3	132,614.3	32,364.3	32,114.3	32,114.3	32,114.3	32,114.3	32,114.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	69,718.5	36,664.3	34,164.3	34,164.3	34,164.3	34,164.3	34,164.3	34,164.3	34,164.3	34,164.3

Administration





The Mission of the Department of Administration is to provide consistent and efficient support services to State agencies so that they may better serve Alaskans.

Commissioner
Annette Kreitzer

Deputy Commissioner
Kevin Brooks

Deputy Commissioner
Rachael Petro

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- AO 237 Working Group Report
  - Executive Working Group - Action Updates
  - Salary and Variable Benefits for State Employee Groups FY08- FY11
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- Doing Business with the State
- Enterprise Investment Board (EIB)
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Alaska Department of Revenue
10 Year Plan

A look back at the Department of Revenue's funding provides an historical perspective to how the agency long-range plan was derived.

1. Salary adjustments include benefits increases and bargaining agreement adjustments
2. Fixed Costs include mainframe, insurance, and rent chargeback with the most significant growth for AHFC
3. Actual increments are less than 1% for each of the prior years

The Department of Revenue anticipates a fairly flat projection with increases built in for population growth that would directly impact PFD, CSSD and AHFC.

1. We anticipate fund growth where management fees may increase again but staff management may not need to increase.
2. Capital budget growth should remain at a minimum given the assumption the new tax management information system funding is provided in FY10.
3. PFD's online filing has proven successful and should remain viable for the next 10 years.
4. After removing the management fee increases, the department's past growth has been consistently around 3%. That 3% is fairly evenly divided between salary adjustments, fixed costs, and fiscal notes.
5. Less than 1% is actual program growth to better serve Alaskans.

FY2006
Budget Growth totaled $26,711.0 (all funds)

- Salary Adjustments $3.5MM
- Fiscal Notes $4.7MM
- Fixed Cost Increases $2.5MM
- Investment Mgt Fees $13.5MM
- INC: Tobacco Tax Enforcement $778.9
- INC: Corporate Audit Program $998.6
- INC: Compliance Adjustments $225.0

FY 2007
Budget Growth totaled $28,927.5 (all funds)

- Salary Adjustments $4.1MM
- Fiscal Notes $167.0
- Fixed Cost Increases $3.2MM
- Investment Mgt Fees $20.4MM
- INC: ARMB responsibilities $661.9
- INC: Juvenile Justice Grant $100.0
- INC: APFC positions $300.0

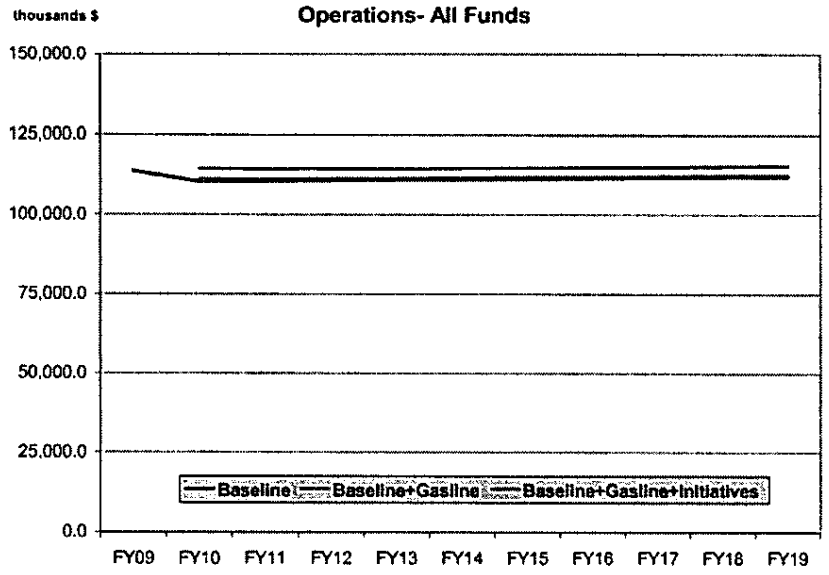
FY 2008
Budget Growth totaled $26,291.6 (all funds)

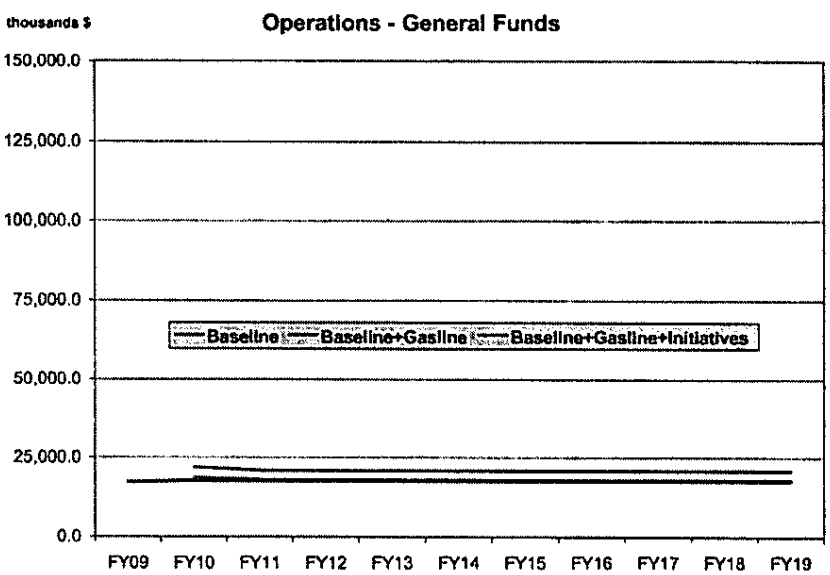
- Salary Adjustments $3.4MM
- Fiscal Notes $2.4MM
- Fixed Cost Increases $1.5M
- Investment Mgt Fees $17.6MM
- INC: CSSD federal match $1.2MM

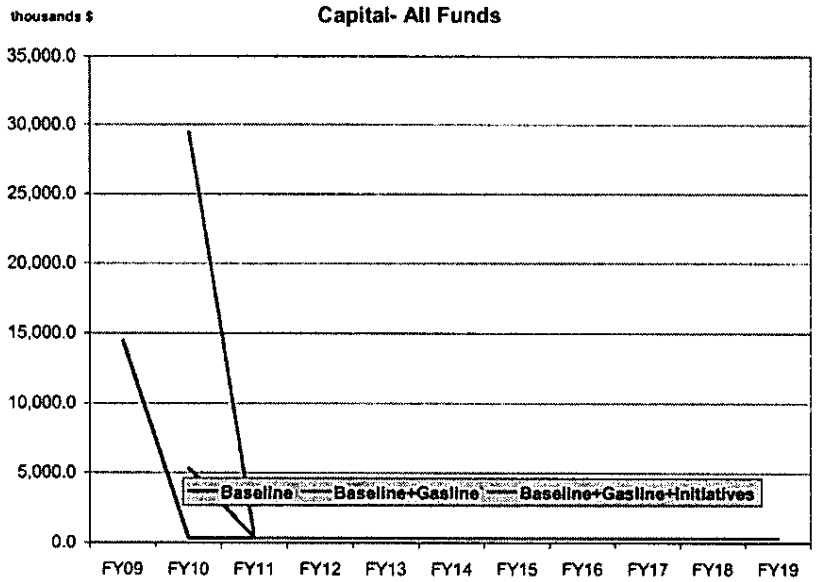
FY 2009
Budget Growth totaled $32,572.3 (all funds)

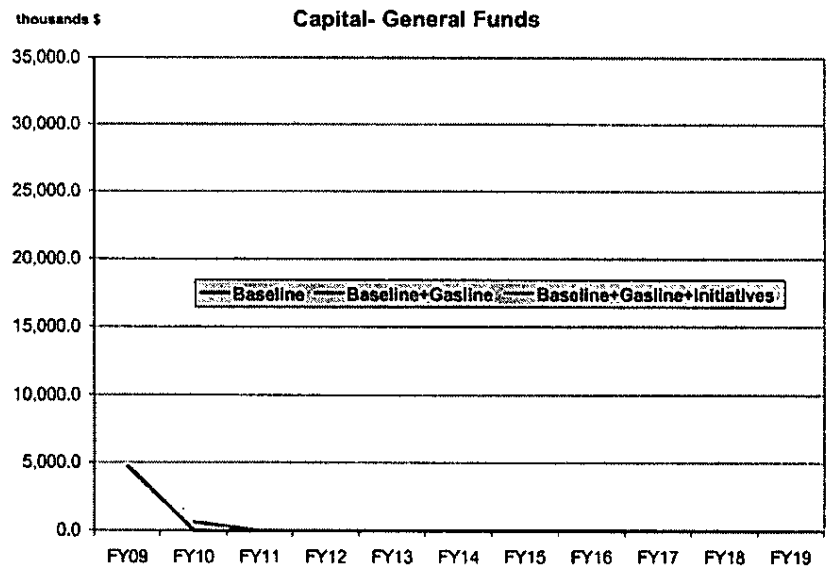
- Salary Adjustments $4.8MM
- Fiscal Notes $1.6MM
- Fixed Cost Increases $1.2MM
- Investment Mgt Fees $24.2MM
- INC: Audit Master positions $600.0
- INC: Contract Auditors $540.0
- INC: ARMB Contracted Actuary $300.0

Revenue


thousands $
Operations- All Funds
150,000.0
125,000.0
100,000.0
75,000.0
50,000.0
25,000.0
0.0
Baseline
Baseline+Gasline
Baseline+Gasline+Initiatives
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Operations - General Funds
150,000.0
125,000.0
100,000.0
75,000.0
50,000.0
25,000.0
0.0
Baseline
Baseline+Gasline
Baseline+Gasline+Initiatives
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Capital- All Funds
35,000.0
30,000.0
25,000.0
20,000.0
15,000.0
10,000.0
5,000.0
0.0
Baseline
Baseline+Gasline
Baseline+Gasline+Initiatives
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Capital- General Funds
35,000.0
30,000.0
25,000.0
20,000.0
15,000.0
10,000.0
5,000.0
0.0
Baseline
Baseline+Gasline
Baseline+Gasline+Initiatives
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19

Revenue

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	127,977.9	110,627.2	110,778.5	110,988.0	111,147.2	111,309.0	111,473.6	111,641.5	111,812.3	111,987.2	112,162.3
General Fund	21,895.0	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,591.1	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9
Other State Funds	87,491.8	73,898.5	74,049.8	74,259.3	74,418.5	74,580.3	74,744.9	74,912.8	75,083.6	75,258.5	75,433.6
Operations	113,498.1	110,291.5	110,442.8	110,652.3	110,811.5	110,973.3	111,137.9	111,305.8	111,476.6	111,651.5	111,826.6
General Fund	17,184.2	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,463.1	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2
Other State Funds	77,850.8	73,705.5	73,856.8	74,066.3	74,225.5	74,387.3	74,551.9	74,719.8	74,890.6	75,065.5	75,240.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	113,498.1	110,291.5	110,442.8	110,652.3	110,811.5	110,973.3	111,137.9	111,305.8	111,476.6	111,651.5	111,826.6
General Fund	17,184.2	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,463.1	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2
Other State Funds	77,850.8	73,705.5	73,856.8	74,066.3	74,225.5	74,387.3	74,551.9	74,719.8	74,890.6	75,065.5	75,240.6
Capital	14,479.8	335.7	335.7	335.7	335.7	335.7	335.7	335.7	335.7	335.7	335.7
General Fund	4,710.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	128.0	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7
Other State Funds	9,641.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

1) No major changes in programs are anticipated; assumes current service levels will be maintained.
2) Does not include APFC or AHFC; the corporations will provide separate 10-year plans.
3) The AK Mental Health Trust assumes average 3% growth in operating budget (MHT Admin/Other Funds) with two years that include planned staff increases of 1 FTE at a time.
4) PFD Div program growth tracks population growth per DOLWD projections.
5) Usual ongoing capital requests include computer replacements for CSSD and PFD Division.

Revenue

Gasline Related Budget Growth

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	1,221.0	5,771.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0
General Fund	1,221.0	771.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	5,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	1,221.0	771.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0
General Fund	1,221.0	771.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	1,221.0	771.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0
General Fund	1,221.0	771.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0	331.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.0	5,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	5,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for gasline appropriations estimates

Operating gasline GF is for AGIA implementation;
Capital gasline funding is for ongoing ANGDA spur line project

Revenue

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	745,242.5	27,395.5	3,182.7	3,182.7	2,971.5	2,971.5	2,971.5	2,971.5	2,971.5	2,971.5	2,971.5
General Fund	744,700.0	1,470.6	822.0	822.0	822.0	822.0	822.0	822.0	822.0	822.0	822.0
General Fund Match	0.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	542.5	24,024.9	460.7	460.7	249.5	249.5	249.5	249.5	249.5	249.5	249.5
Operations	745,242.5	3,237.7	3,182.7	3,182.7	2,971.5	2,971.5	2,971.5	2,971.5	2,971.5	2,971.5	2,971.5
General Fund	744,700.0	877.0	822.0	822.0	822.0	822.0	822.0	822.0	822.0	822.0	822.0
General Fund Match	0.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	542.5	460.7	460.7	460.7	249.5	249.5	249.5	249.5	249.5	249.5	249.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	745,242.5	3,237.7	3,182.7	3,182.7	2,971.5	2,971.5	2,971.5	2,971.5	2,971.5	2,971.5	2,971.5
General Fund	744,700.0	877.0	822.0	822.0	822.0	822.0	822.0	822.0	822.0	822.0	822.0
General Fund Match	0.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	542.5	460.7	460.7	460.7	249.5	249.5	249.5	249.5	249.5	249.5	249.5
Capital	0.0	24,157.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	593.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	23,564.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for new initiatives (except gasline) appropriations estimates below:

FY09 New Initiatives:
GF $744,600.0 Resource Rebates, one time item; GF $100.0 Motor Fuel Tax hold harmless, one-time item;
Other $542.5 PFD Charitable Giving Program (SDPR; reduced to $211.2 in FY10; program ends in FY12)

FY10 new initiatives:
GF $55.0 Motor Fuel Tax hold harmless, one-time item; GF $200.0 Tax audit master position funding; GF $50.0 Tax salmon report fund change
GF $572.0 Treasury cost allocation plan implementation ($420.0 fund change; $152.0 increment);
GFM $1,900.0 CSSD fund change for fed program
Other $249.5 ARMB new investment options; Other $211.2 PFD Charitable Giving Program (SDPR; program ends in FY12)

Revenue

Baseline plus Gasline plus Initiatives

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	874,441.4	143,793.7	114,292.2	114,501.7	114,449.7	114,611.5	114,776.1	114,944.0	115,114.8	115,289.7	115,464.8
General Fund	767,816.0	19,934.4	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8
General Fund Match	0.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0
Federal Funds	18,591.1	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9
Other State Funds	88,034.3	102,923.4	74,510.5	74,720.0	74,668.0	74,829.8	74,994.4	75,162.3	75,333.1	75,508.0	75,683.1
Operations	859,961.6	114,300.2	113,956.5	114,166.0	114,114.0	114,275.8	114,440.4	114,608.3	114,779.1	114,954.0	115,129.1
General Fund	763,105.2	19,340.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8
General Fund Match	0.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0
Federal Funds	18,463.1	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2
Other State Funds	78,393.3	74,166.2	74,317.5	74,527.0	74,475.0	74,636.8	74,801.4	74,969.3	75,140.1	75,315.0	75,490.1
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	859,961.6	114,300.2	113,956.5	114,166.0	114,114.0	114,275.8	114,440.4	114,608.3	114,779.1	114,954.0	115,129.1
General Fund	763,105.2	19,340.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8	18,845.8
General Fund Match	0.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0	1,900.0
Federal Funds	18,463.1	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2
Other State Funds	78,393.3	74,166.2	74,317.5	74,527.0	74,475.0	74,636.8	74,801.4	74,969.3	75,140.1	75,315.0	75,490.1
Capital	14,479.8	29,493.5	335.7	335.7	335.7	335.7	335.7	335.7	335.7	335.7	335.7
General Fund	4,710.8	593.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	128.0	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7
Other State Funds	9,641.0	28,757.2	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0

Revenue

Baseline plus Initiatives

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	127,977.9	158,942.8	110,778.5	110,988.0	111,147.2	111,309.0	111,473.6	111,641.5	111,812.3	111,987.2	112,162.3
General Fund	21,895.0	18,880.0	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,591.1	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9
Other State Funds	87,491.8	121,026.9	74,049.8	74,259.3	74,418.5	74,580.3	74,744.9	74,912.8	75,083.6	75,258.5	75,433.6
Operations	113,498.1	134,449.3	110,442.8	110,652.3	110,811.5	110,973.3	111,137.9	111,305.8	111,476.6	111,651.5	111,826.6
General Fund	17,184.2	18,286.4	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,463.1	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2
Other State Funds	77,850.8	97,269.7	73,856.8	74,066.3	74,225.5	74,387.3	74,551.9	74,719.8	74,890.6	75,065.5	75,240.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	113,498.1	134,449.3	110,442.8	110,652.3	110,811.5	110,973.3	111,137.9	111,305.8	111,476.6	111,651.5	111,826.6
General Fund	17,184.2	18,286.4	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8	17,692.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,463.1	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2
Other State Funds	77,850.8	97,269.7	73,856.8	74,066.3	74,225.5	74,387.3	74,551.9	74,719.8	74,890.6	75,065.5	75,240.6
Capital	14,479.8	24,493.5	335.7	335.7	335.7	335.7	335.7	335.7	335.7	335.7	335.7
General Fund	4,710.8	593.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	128.0	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7
Other State Funds	9,641.0	23,757.2	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0

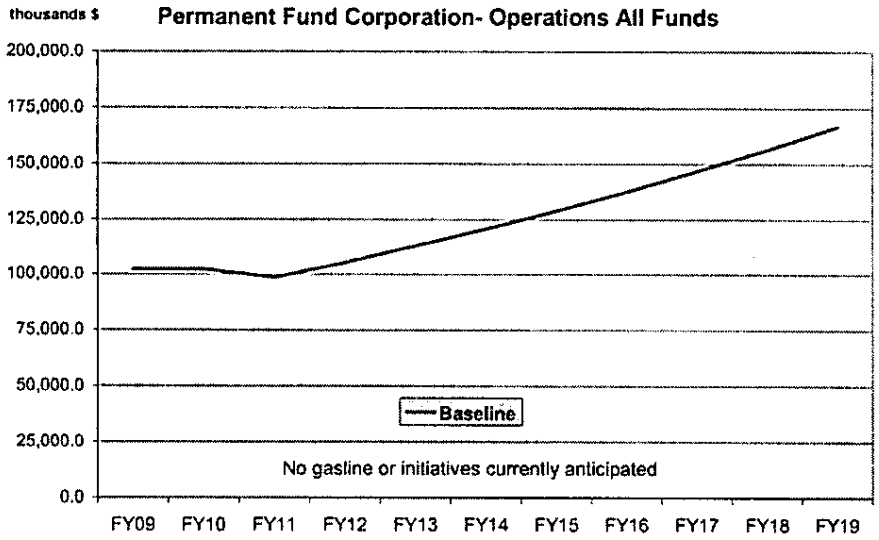
Revenue

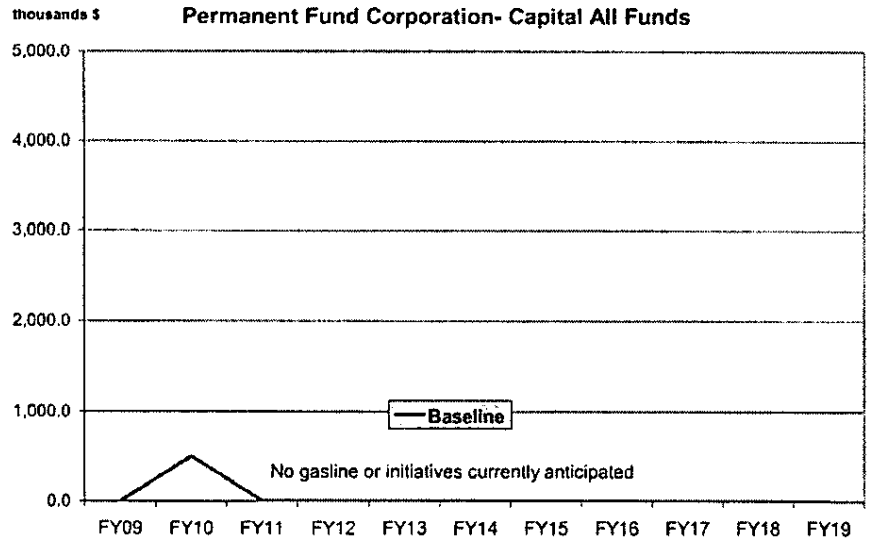
Baseline plus Gasline

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Department of Revenue											
Total Appropriations	129,198.9	116,398.2	111,109.5	111,319.0	111,478.2	111,640.0	111,804.6	111,972.5	112,143.3	112,318.2	112,493.3
General Fund	23,116.0	18,463.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,591.1	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9	19,035.9
Other State Funds	87,491.8	78,898.5	74,049.8	74,259.3	74,418.5	74,580.3	74,744.9	74,912.8	75,083.6	75,258.5	75,433.6
Operations	114,719.1	111,062.5	110,773.8	110,983.3	111,142.5	111,304.3	111,468.9	111,636.8	111,807.6	111,982.5	112,157.6
General Fund	18,405.2	18,463.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,463.1	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2
Other State Funds	77,850.8	73,705.5	73,856.8	74,066.3	74,225.5	74,387.3	74,551.9	74,719.8	74,890.6	75,065.5	75,240.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	114,719.1	111,062.5	110,773.8	110,983.3	111,142.5	111,304.3	111,468.9	111,636.8	111,807.6	111,982.5	112,157.6
General Fund	18,405.2	18,463.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8	18,023.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,463.1	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2	18,893.2
Other State Funds	77,850.8	73,705.5	73,856.8	74,066.3	74,225.5	74,387.3	74,551.9	74,719.8	74,890.6	75,065.5	75,240.6
Capital	14,479.8	5,335.7	335.7	335.7	335.7	335.7	335.7	335.7	335.7	335.7	335.7
General Fund	4,710.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	128.0	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7
Other State Funds	9,641.0	5,193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0

Alaska Permanent Fund Corp.





Alaska Permanent Fund Corp.

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	102,063.1	102,696.2	98,476.2	105,234.9	112,953.7	120,754.4	128,923.7	137,620.9	146,807.8	156,503.2	166,884.9
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	102,063.1	102,696.2	98,476.2	105,234.9	112,953.7	120,754.4	128,923.7	137,620.9	146,807.8	156,503.2	166,884.9
Operations	102,063.1	102,196.2	98,476.2	105,234.9	112,953.7	120,754.4	128,923.7	137,620.9	146,807.8	156,503.2	166,884.9
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	102,063.1	102,196.2	98,476.2	105,234.9	112,953.7	120,754.4	128,923.7	137,620.9	146,807.8	156,503.2	166,884.9
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	102,063.1	102,196.2	98,476.2	105,234.9	112,953.7	120,754.4	128,923.7	137,620.9	146,807.8	156,503.2	166,884.9
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	102,063.1	102,196.2	98,476.2	105,234.9	112,953.7	120,754.4	128,923.7	137,620.9	146,807.8	156,503.2	166,884.9
Capital	0.0	500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

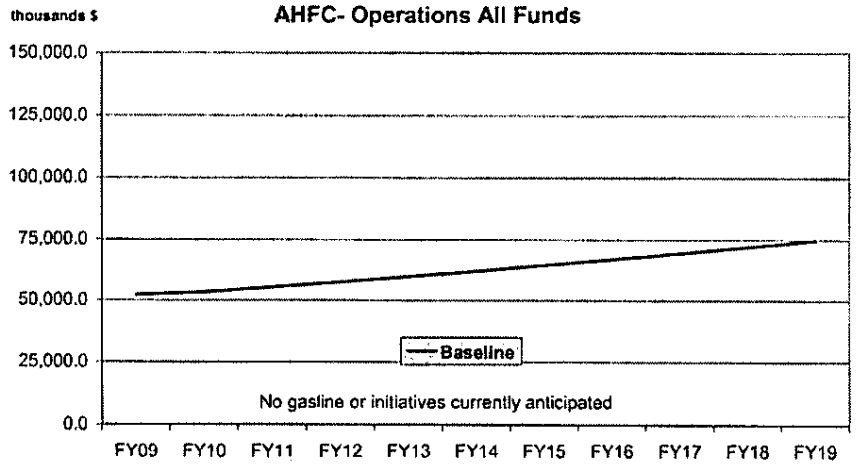
1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

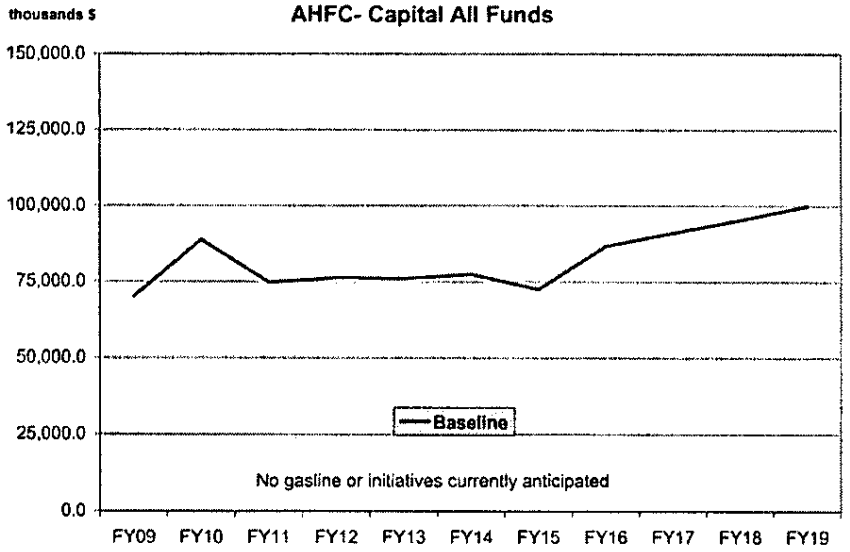
Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

Manager/Custody Fee Component: Manager Fees projection based on projected Fund value multiplied by the projected annual cost to manage Fund assets. Information obtained from APFC 10-YR Projections of Fund value utilizing actual data through October 2008 and Fall 2008 base case revenue projections. Cost to manage Fund assumes .26%.

Operations Component: Future years based on historical actual expenditure growth of 4% (mean case).

Alaska Housing Finance Corp.





Alaska Housing Finance Corp.

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	122,342.0	141,968.7	129,928.3	133,535.3	135,393.0	139,146.5	136,573.0	153,190.8	160,008.5	166,834.8	174,279.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	43,378.8	40,735.1	37,851.4	36,829.2	37,919.2	37,252.2	38,098.8	38,969.9	39,866.1	40,788.4	41,737.5
Other State Funds	78,963.2	101,233.6	92,077.0	96,706.1	97,473.9	101,894.2	98,474.2	114,220.9	120,142.4	126,046.4	132,541.5
Operations	52,188.1	53,246.3	55,255.8	57,357.5	59,533.4	61,793.7	64,141.5	66,580.3	69,113.7	71,745.3	74,478.8
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	20,328.8	20,695.1	21,253.9	21,827.7	22,417.1	23,022.3	23,643.9	24,282.3	24,937.9	25,611.3	26,302.8
Other State Funds	31,859.3	32,551.2	34,002.0	35,529.8	37,116.4	38,771.3	40,497.6	42,298.0	44,175.8	46,134.0	48,176.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	52,188.1	53,246.3	55,255.8	57,357.5	59,533.4	61,793.7	64,141.5	66,580.3	69,113.7	71,745.3	74,478.8
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	20,328.8	20,695.1	21,253.9	21,827.7	22,417.1	23,022.3	23,643.9	24,282.3	24,937.9	25,611.3	26,302.8
Other State Funds	31,859.3	32,551.2	34,002.0	35,529.8	37,116.4	38,771.3	40,497.6	42,298.0	44,175.8	46,134.0	48,176.0
Capital	70,153.9	88,722.4	74,672.5	76,177.8	75,859.6	77,352.8	72,431.5	86,610.5	90,894.8	95,089.5	99,800.2
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	23,050.0	20,040.0	16,597.5	15,001.5	15,502.1	14,229.9	14,454.9	14,687.6	14,928.2	15,177.1	15,434.7
Other State Funds	47,103.9	68,682.4	58,075.0	61,176.3	60,357.5	63,122.9	57,976.6	71,922.9	75,966.6	79,912.4	84,365.5

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

Alaska Commission on Judicial Conduct

December 3, 2008

MEMORANDUM

TO: Division Director
Office of Management and Budget

THRU: Lena Simmons
Budget Analyst

FROM: Marla N. Greenstein
Executive Director

RE: **FY 2010 Budget Submission**

Enclosed is a copy of our FY 10 budget request. Please note that we are requesting additional funding to address an increase in our personal services under-funding. Our request for a $ 3,600 increment will address our anticipated personal services under-funding. We hope to ask for legislative action that will allow future minor adjustments to our personal services underfunding to occur automatically, without the need for us to request an increment every year.

If I can answer any questions, please do not hesitate to call.

Alaska Commission on Judicial Conduct

January 9, 2009

MEMORANDUM

TO: Division Director
Office of Management and Budget

THRU: Lena Simmons
Budget Analyst

FROM: Marla N. Greenstein
Executive Director

RE: **FY 2009 Supplemental Request for Commission Special Counsel**

As you are aware, the Commission proceeded with Formal Charges and a Formal Disciplinary hearing in a matter this fiscal year. We maintain an operating budget line of $36,000 to allow us to hire Special Counsel when the need arises, recognizing that supplemental funding will be needed should the matter proceed to formal hearing. This matter has exceeded our budgeted amount. To date our professional services costs for this matter in FY 09 total $58, 144, with an estimated additional $11, 000 for upcoming proceedings before the Alaska Supreme Court in this matter. These total costs exceed our budgeted funding by **$33, 144** (our supplemental request).

If I can answer any questions, please do not hesitate to call.

Alaska Court System
Review of 10-Year Funding Plan
1/29/09

The Alaska Court System is the primary entity in the Judicial Branch of state government. Its main purpose is to handle criminal and civil cases. The court system does not initiate this caseload; its work is generated entirely by the individuals, organizations, businesses, governmental agencies, and other entities that file cases.

Because the court system's workload is created entirely by others, it is difficult to predict how this workload might change in the future, other than to note that increases in population have historically meant more cases. The workload is also greatly impacted by the laws that are enacted by the legislature each session. The court system cannot predict future statutory changes that will impact the caseload.

FY10 Funding Levels – Amounts included for FY10 reflect the court system's FY10 operating and capital budget request.

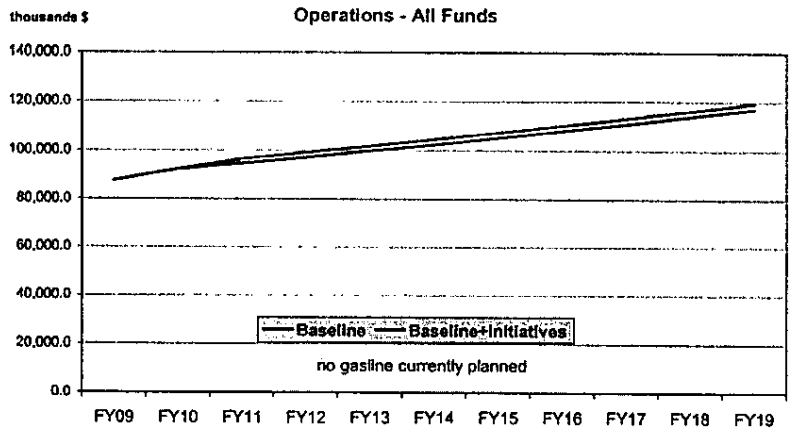
FY11 Strategic Initiatives – In FY09, the court system requested funding for a significant court initiative called "No Dark Courtrooms" to improve courtroom operations around the state. The court system received 25% of the funding requested for this initiative. In the FY10 budget request, the court system is seeking $879,100 to further progress on this effort. In FY11, the court system will require an additional $866,700 to completely implement this project. This initiative has a far-reaching impact on the justice agencies serving the state. Improvements made under the first phase of the project have included expedited dissemination of data such as criminal judgments, bail, and conditions of release that are essential to public safety, as well as the distribution of documents such as copies of orders and notices of next hearing dates while the parties are in the courtroom.

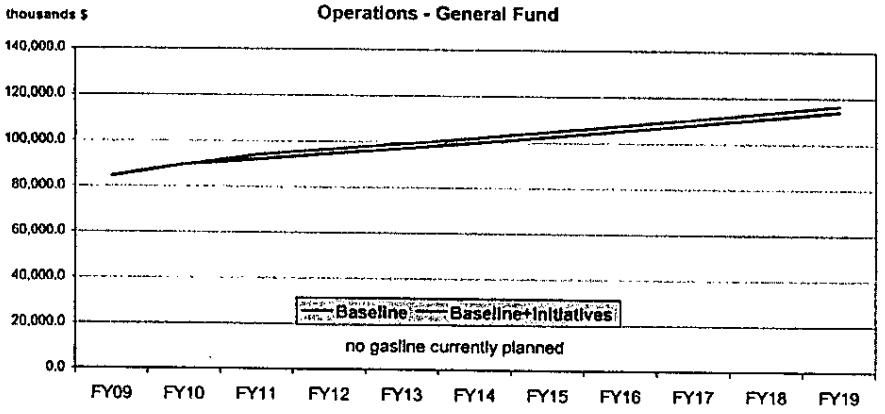
Another initiative included in the FY11 planning document is the addition of two superior court judgeships. Long-term trends in the court system's caseload support adding superior court judges and related staff in Anchorage and in Juneau. The substantial increase in felonies is the driving force behind the Anchorage request, and the Juneau request is based on a caseload that is the highest in the state.

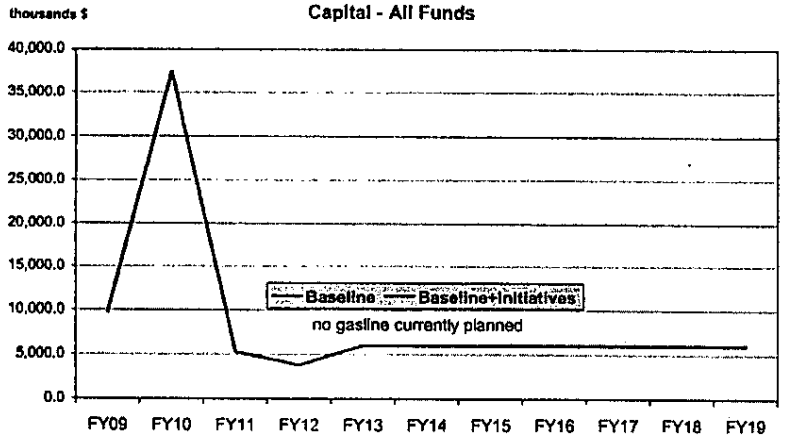
FY12 – FY19 – Lacking information about future changes in the law and other factors that may increase the number of case filings (such as the state of the economy or the number of municipal law enforcement officers), the funding requirements for FY12 – FY19 assume no significantly changed workload. For future years, the court system has applied the 2.75% inflation factor suggested by OMB for projecting operating funding required for the future periods. Capital funding required for FY11 – FY12 is based on capital projects currently identified in the court system's capital budget request. The annual capital project funding requirement for FY13 – FY19 is projected to be $6 million.

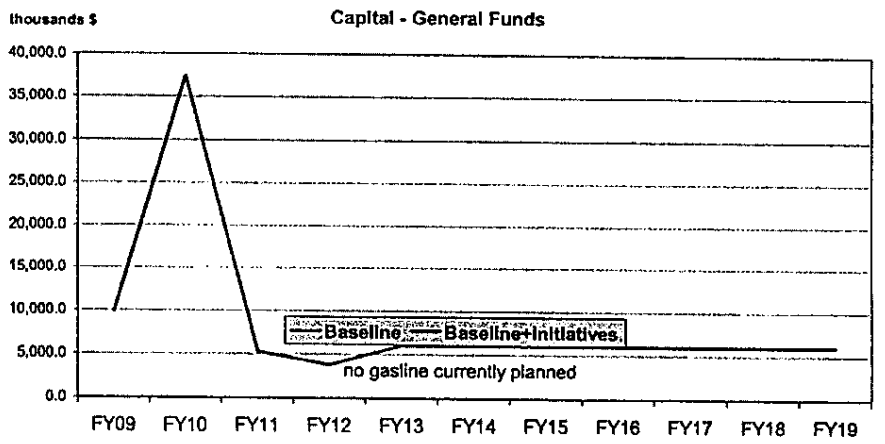
Impact of Gasline Project on Court Operations – The court system is unable to determine the increased costs that will result from the development of the gasline with the information it has available. During the 1970s, the criminal and civil caseload of the court system was impacted by the construction of the Trans Alaska Pipeline System (TAPS). This increased workload was the inevitable result of oil field construction projects that employed over 30,000 persons. The surge in workers resulted in significantly higher caseloads and court costs in Interior Alaska, with lesser impacts in other parts of the state. While the scope of the gasline project will not be as great as the TAPS project, we do not have enough information to project increased costs at this time. More accurate cost information will be available as this project progresses.

Courts


thousands $
Operations - All Funds
140,000.0
120,000.0
100,000.0
80,000.0
60,000.0
40,000.0
20,000.0
0.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Operations - General Fund
140,000.0
120,000.0
100,000.0
80,000.0
60,000.0
40,000.0
20,000.0
0.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Capital - All Funds
40,000.0
35,000.0
30,000.0
25,000.0
20,000.0
15,000.0
10,000.0
5,000.0
0.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Capital - General Funds
40,000.0
35,000.0
30,000.0
25,000.0
20,000.0
15,000.0
10,000.0
5,000.0
0.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19

Courts

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	97,431.2	129,742.7	100,051.5	101,158.8	105,918.4	108,592.2	111,339.4	114,162.2	117,062.7	120,042.9	123,105.0
General Fund	94,261.8	127,050.8	97,359.6	98,466.9	103,226.5	105,900.3	108,647.5	111,470.3	114,370.8	117,351.0	120,413.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,493.8	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3
Operations	87,655.2	92,319.0	94,783.7	97,316.3	99,918.4	102,592.2	105,339.4	108,162.2	111,062.7	114,042.9	117,105.0
General Fund	84,485.8	89,627.1	92,091.8	94,624.4	97,226.5	99,900.3	102,647.5	105,470.3	108,370.8	111,351.0	114,413.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,493.8	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	87,655.2	92,319.0	94,783.7	97,316.3	99,918.4	102,592.2	105,339.4	108,162.2	111,062.7	114,042.9	117,105.0
General Fund	84,485.8	89,627.1	92,091.8	94,624.4	97,226.5	99,900.3	102,647.5	105,470.3	108,370.8	111,351.0	114,413.1
General Fund Match	0.0										
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,493.8	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3
Capital	9,776.0	37,423.7	5,267.8	3,842.5	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
General Fund	9,776.0	37,423.7	5,267.8	3,842.5	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond:

The cost for FY10 reflects the budget request levels for the entire Judicial Branch: the Alaska Court System, the Alaska Judicial Council and the Alaska Commission on Judicial Conduct. There is a significant capital component for the FY10 request; the majority of this request is for the remodel of the Boney Courthouse and for several deferred maintenance projects. For FY11 - FY19 operating requirements, the standard 2.75% inflation factor has been added to the prior year's funding level.

Courts

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	0.0	1,858.2	1,909.3	1,961.8	2,015.8	2,071.2	2,128.1	2,186.7	2,246.8	2,308.6
General Fund	0.0	0.0	1,858.2	1,909.3	1,961.8	2,015.8	2,071.2	2,128.1	2,186.7	2,246.8	2,308.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	0.0	1,858.2	1,909.3	1,961.8	2,015.8	2,071.2	2,128.1	2,186.7	2,246.8	2,308.6
General Fund	0.0	0.0	1,858.2	1,909.3	1,961.8	2,015.8	2,071.2	2,128.1	2,186.7	2,246.8	2,308.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	1,858.2	1,909.3	1,961.8	2,015.8	2,071.2	2,128.1	2,186.7	2,246.8	2,308.6
General Fund	0.0	0.0	1,858.2	1,909.3	1,961.8	2,015.8	2,071.2	2,128.1	2,186.7	2,246.8	2,308.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for initiatives (except gasline) appropriations estimates:

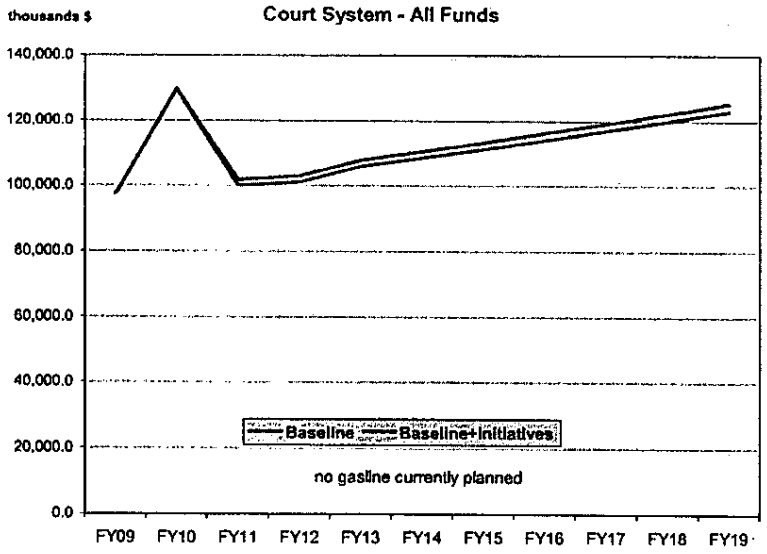
In FY11, the court system plans to add clerical staff to continue the "No Dark Courtrooms" initiative, which is an effort to expedite criminal case processing, improve courtroom operations, and make critical information available in a timely manner to law enforcement agencies and others. In addition, two new superior court judges and related staff will be needed in FY11. The work of the court system is greatly impacted by changes in legislation, and we cannot predict the statutory changes that will be enacted. In addition, the court system does not initiate its caseload; instead, work is initiated by the individuals, organizations, businesses, and governmental entities that file cases. Lacking information about future changes in the law, and about many of the factors that may increase the number of case filings (such the state of the economy or the number of municipal law enforcement officers), the funding for years FY12 - FY19 does not reflect any significantly changed workload.

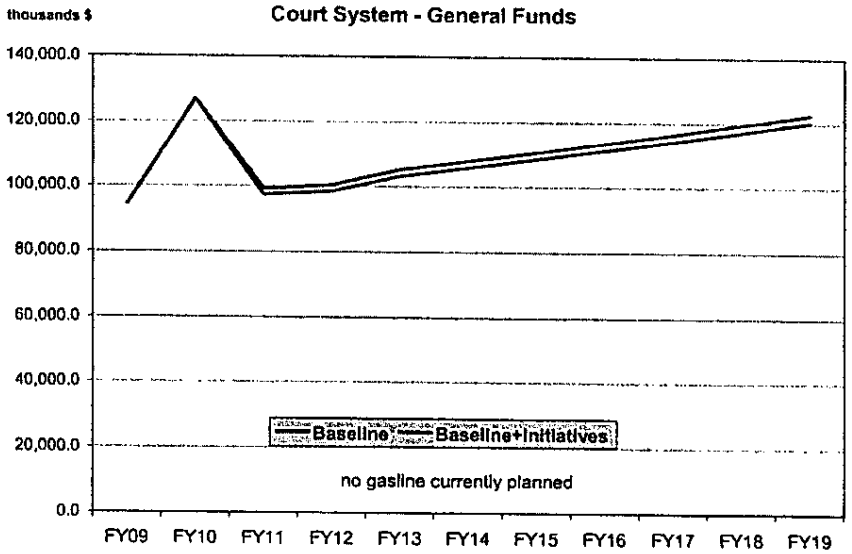
Courts

Baseline plus Initiatives

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	97,431.2	129,742.7	101,909.7	103,068.1	107,880.2	110,607.9	113,410.6	116,290.4	119,249.3	122,289.7	125,413.6
General Fund	94,261.8	127,050.8	99,217.8	100,376.2	105,188.3	107,916.0	110,718.7	113,598.5	116,557.4	119,597.8	122,721.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,493.8	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3
Operations	87,655.2	92,319.0	96,641.9	99,225.6	101,880.2	104,607.9	107,410.6	110,290.4	113,249.3	116,289.7	119,413.6
General Fund	84,485.8	89,627.1	93,950.0	96,533.7	99,188.3	101,916.0	104,718.7	107,598.5	110,557.4	113,597.8	116,721.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,493.8	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	87,655.2	92,319.0	96,641.9	99,225.6	101,880.2	104,607.9	107,410.6	110,290.4	113,249.3	116,289.7	119,413.6
General Fund	84,485.8	89,627.1	93,950.0	96,533.7	99,188.3	101,916.0	104,718.7	107,598.5	110,557.4	113,597.8	116,721.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,493.8	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3	1,016.3
Capital	9,776.0	37,423.7	5,267.8	3,842.5	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
General Fund	9,776.0	37,423.7	5,267.8	3,842.5	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Courts


thousands $
Court System - All Funds
140,000.0
120,000.0
100,000.0
80,000.0
60,000.0
40,000.0
20,000.0
0.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19


thousands $
Court System - General Funds
140,000.0
120,000.0
100,000.0
80,000.0
60,000.0
40,000.0
20,000.0
0.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19

ALASKA JUDICIAL COUNCIL - JUDICIAL SELECTION COSTS

- Absent sufficient funding for the Alaska Judicial Council's selection work, judgeships are likely to remain vacant for longer periods. Enabling a timely selection process is cost effective. The cost to the Alaska Court System of covering vacant judgeships is more than the cost of facilitating a timely judicial selection process.

- Prolonging judicial vacancies is likely to increase case disposition times for litigants.

- There have been many more judicial vacancies than in the past, a trend that is expected to continue.

- Prior to 2003, Alaska averaged 4 judicial vacancies per year. From 2003 through 2008, Alaska averaged 7 judicial vacancies per year.

- The Alaska Judicial Council anticipates 8 or 9 vacancies in 2009. In the first month of 2009 alone, the Council is aware of 5 vacancies occurring in 2009.

- The Alaska Court System is seeking funding for an additional judgeship in FY10.

- In addition to more vacancies, there have been more applicants per vacancy in recent years. Prior to 2003, an average of 8.3 attorneys applied for each vacancy. From 2003 through 2008, an average of 10.6 attorneys applied for each vacancy.

- The Council has no control over the numbers of judicial positions, vacancies, or applicants.

- Except for one-time funding in FY 07 to evaluate applicants for six new judgeships created by the legislature, the Council's budget for selection costs has been based on a pre-2003 historical average of 4 vacancies a year. When adjusted for inflation, the Council's funding for judicial selection expenses has not increased in more than 20 years, despite the Council's increased workload.

- In FY08, due to the high number of vacancies, the Council required supplemental funding for the first time in more than 20 years.

- Based on the numbers over the past 6 years, the Council seeks $63,600 to cover its increased judicial selection costs. These funds will permit the Council to screen applicants for 7 vacancies per year. This amount does not include any personal service costs even though the Council has fewer full-time staff than it did before 2003.

Alaska Department of Law
Long Range Fiscal Plan Summary
January 23, 2009

Operating Budget

We developed this plan expecting a 10% growth in population, an increase in cyber crime and an expansion of specialty courts (mental health courts, wellness courts, minor consuming courts, etc). We also anticipate that both federal and state laws will continue to increase in both numbers and complexity and increase agency reliance on our services. Our federal funding is slated to run out in FY10, and the plan does not anticipate additional federal dollars.

The Alaska Department of Law is predominately funded from either direct appropriations or funds from other agencies, which for purposes of the long range plan are all treated as general fund. Funding sources used by other agencies to pay the Department of Law include general funds, other state funds and federal funds. In FY 2009, 67% of the department's budget (civil, criminal and administrative divisions) is funded from general fund sources, 28% from agency receipts and 5% federal funds.

Personal services accounts for 66% of the department's budget and is the driving force behind increments built into the Baseline Long Range Plan. Most of the positions were added in FY14 and FY15 and are directly related to population growth. We have included a $7,200 overhead factor for each position to cover other costs associated with increased staff.

The greatest factor impacting the number of District Attorneys in the criminal division is the number of crimes committed and the number of law enforcement personnel to investigate those crimes. Other factors include the size and demographics of the population and the state of the economy (not factored into our plan). New laws generally have a direct impact on division resources.

Most of the growth in the civil section relates to the population growth. Other factors include the fluid human services laws and regulations and the increasing complexity of laws and regulations faced by state agencies.

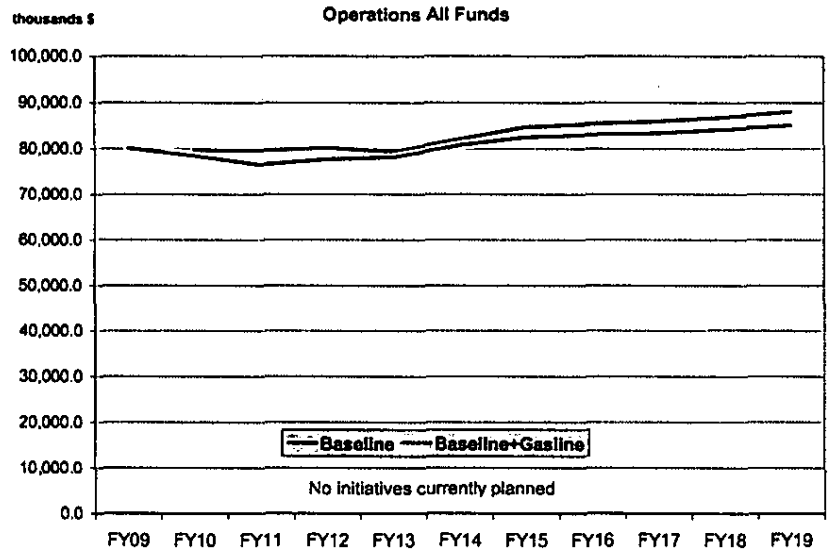
Capital budget needs: The department's capital budget is primarily related to IT purchases and leasehold improvements. It is anticipated that the department will continue to seek funding for security enhancements and technology. We are projecting $200,000 per year; however, we anticipate the requests will continue to fluctuate.

GASLINE

The department anticipates that the Gasline will include increments in both personal services and legal contracts. We also anticipate that crime will increase as construction ramps up.

The long range plan does not include any potential funding as a result of the Economic Stimulus package.

Law


thousands $
Operations All Funds
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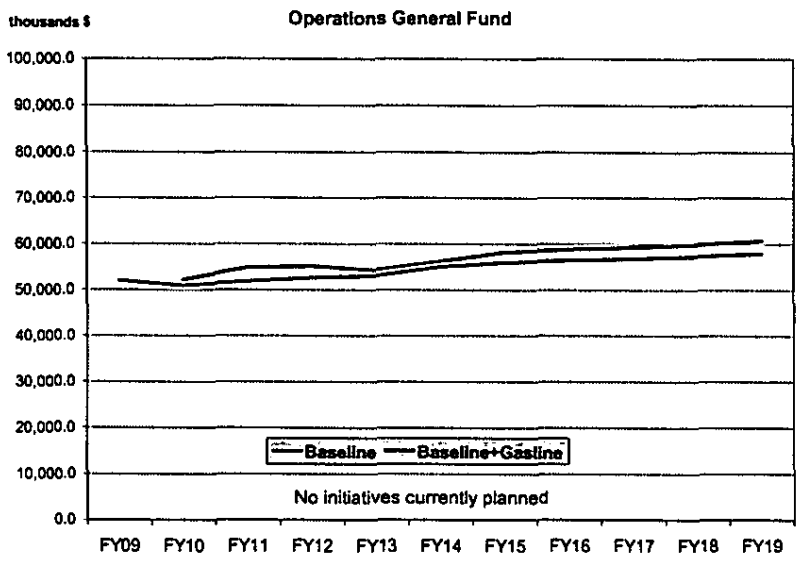
90,000.0
80,000.0
70,000.0
60,000.0
50,000.0
40,000.0
30,000.0
20,000.0
10,000.0
0.0
Baseline
Baseline+Gasline
No initiatives currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Operations General Fund
100,000.0
90,000.0
80,000.0
70,000.0
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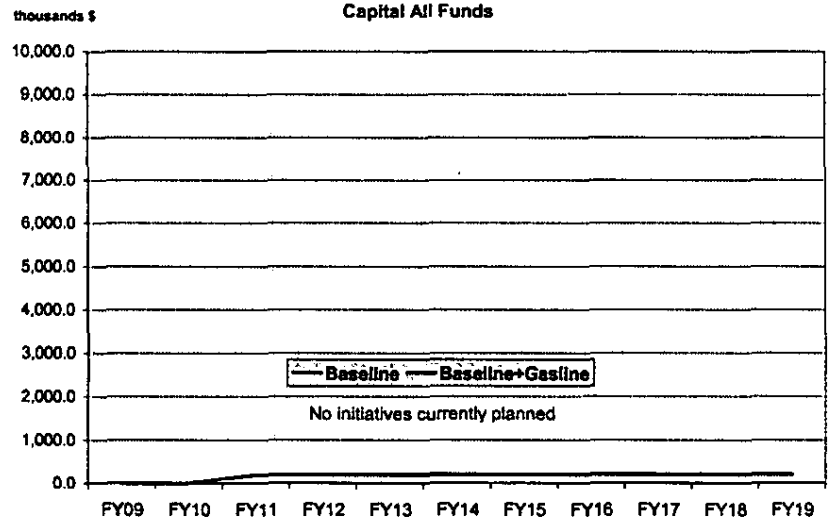
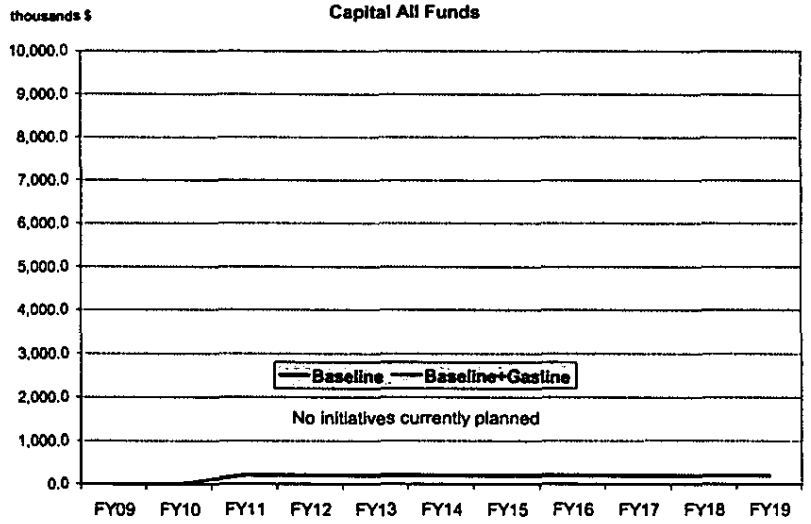
Baseline
Baseline+Gasline
No initiatives currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Capital All Funds
10,000.0
9,000.0
8,000.0
7,000.0
6,000.0
5,000.0
4,000.0
3,000.0
2,000.0
1,000.0
0.0
Baseline
Baseline+Gasline
No initiatives currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Capital All Funds
10,000.0
9,000.0
8,000.0
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5,000.0
4,000.0
3,000.0
2,000.0
1,000.0
0.0
Baseline
Baseline+Gasline
No initiatives currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19

Law

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	80,152.2	78,450.8	76,788.2	77,907.5	78,377.1	80,998.6	82,716.9	83,252.3	83,602.5	84,466.2	85,322.1
General Fund	51,867.3	50,746.5	52,079.2	52,895.3	53,310.9	55,279.6	56,239.5	56,712.8	57,009.1	57,585.4	58,158.4
General Fund Match	172.0	177.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,059.6	3,233.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	24,053.3	24,292.8	24,709.0	25,012.2	25,066.2	25,718.9	26,477.4	26,539.5	26,593.4	26,880.8	27,163.6
Operations	80,152.2	78,450.8	76,588.2	77,707.5	78,177.1	80,798.6	82,516.9	83,052.3	83,402.5	84,266.2	85,122.1
General Fund	51,867.3	50,746.5	51,879.2	52,695.3	53,110.9	55,079.6	56,039.5	56,512.8	56,809.1	57,385.4	57,958.4
General Fund Match	172.0	177.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,059.6	3,233.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	24,053.3	24,292.8	24,709.0	25,012.2	25,066.2	25,718.9	26,477.4	26,539.5	26,593.4	26,880.8	27,163.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	80,152.2	78,450.8	76,588.2	77,707.5	78,177.1	80,798.6	82,516.9	83,052.3	83,402.5	84,266.2	85,122.1
General Fund	51,867.3	50,746.5	51,879.2	52,695.3	53,110.9	55,079.6	56,039.5	56,512.8	56,809.1	57,385.4	57,958.4
General Fund Match	172.0	177.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,059.6	3,233.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	24,053.3	24,292.8	24,709.0	25,012.2	25,066.2	25,718.9	26,477.4	26,539.5	26,593.4	26,880.8	27,163.6
Capital	0.0	0.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
General Fund	0.0	0.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

FY09 Includes Operating Budget General Fund carryforward amounts for the Village of Curyung v. State DHSS, OCS: Sec. 27(e), Ch 11, SLA08, P 105, L 1 (SB256) and Statehood Entitlement Issues Sec. 48(c) Ch 159 SLA04 P 105 L10 (SB 283). Federal Fund carryforward amounts for Sexual Assault/Domestic Violence Fed Earmark: Sec. 27(d), Ch 11, SLA08, P 104, L 29 (SB256) as also included.

Law

Gasline Related Budget Growth

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	3,500.0	1,250.0	3,000.0	2,500.0	1,212.1	1,212.1	2,213.3	2,377.1	2,541.0	2,541.0	2,868.7
General Fund	3,500.0	1,250.0	3,000.0	2,500.0	1,212.1	1,212.1	2,213.3	2,377.1	2,541.0	2,541.0	2,868.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	3,500.0	1,250.0	3,000.0	2,500.0	1,212.1	1,212.1	2,213.3	2,377.1	2,541.0	2,541.0	2,868.7
General Fund	3,500.0	1,250.0	3,000.0	2,500.0	1,212.1	1,212.1	2,213.3	2,377.1	2,541.0	2,541.0	2,868.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	3,500.0	1,250.0	3,000.0	2,500.0	1,212.1	1,212.1	2,213.3	2,377.1	2,541.0	2,541.0	2,868.7
General Fund	3,500.0	1,250.0	3,000.0	2,500.0	1,212.1	1,212.1	2,213.3	2,377.1	2,541.0	2,541.0	2,868.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Law

Baseline plus Gasline

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	83,652.2	79,700.8	79,788.2	80,407.5	79,589.2	82,210.7	84,930.2	85,629.4	86,143.5	87,007.2	88,190.7
General Fund	55,367.3	51,996.5	55,079.2	55,395.3	54,523.1	56,491.8	58,452.8	59,090.0	59,550.1	60,126.4	61,027.1
General Fund Match	172.0	177.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,059.6	3,233.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	24,053.3	24,292.8	24,709.0	25,012.2	25,066.2	25,718.9	26,477.4	26,539.5	26,593.4	26,880.8	27,163.6
Operations	83,652.2	79,700.8	79,588.2	80,207.5	79,389.2	82,010.7	84,730.2	85,429.4	85,943.5	86,807.2	87,990.7
General Fund	55,367.3	51,996.5	54,879.2	55,195.3	54,323.1	56,291.8	58,252.8	58,890.0	59,350.1	59,926.4	60,827.1
General Fund Match	172.0	177.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,059.6	3,233.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	24,053.3	24,292.8	24,709.0	25,012.2	25,066.2	25,718.9	26,477.4	26,539.5	26,593.4	26,880.8	27,163.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	83,652.2	79,700.8	79,588.2	80,207.5	79,389.2	82,010.7	84,730.2	85,429.4	85,943.5	86,807.2	87,990.7
General Fund	55,367.3	51,996.5	54,879.2	55,195.3	54,323.1	56,291.8	58,252.8	58,890.0	59,350.1	59,926.4	60,827.1
General Fund Match	172.0	177.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,059.6	3,233.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	24,053.3	24,292.8	24,709.0	25,012.2	25,066.2	25,718.9	26,477.4	26,539.5	26,593.4	26,880.8	27,163.6
Capital	0.0	0.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0

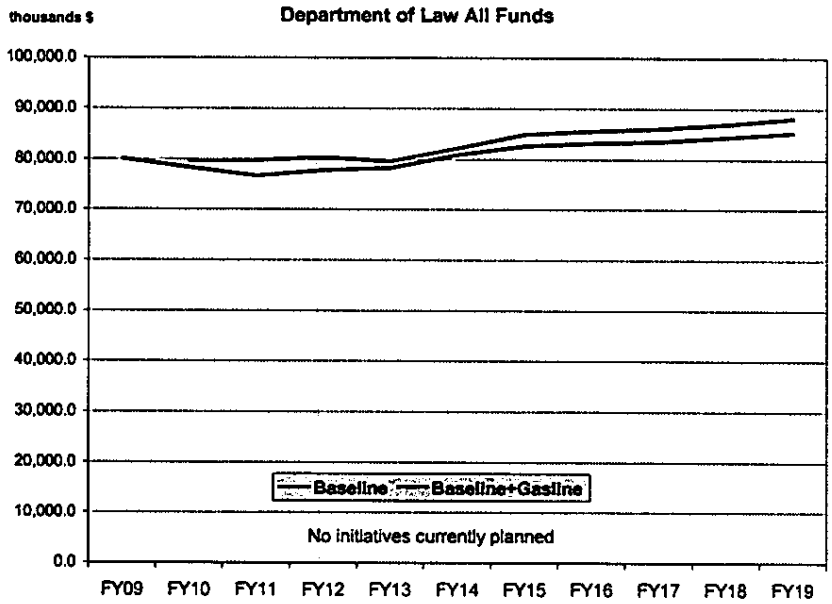
Law

Baseline plus Gasline plus Initiatives

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	83,652.2	79,700.8	79,788.2	80,407.5	79,589.2	82,210.7	84,930.2	85,629.4	86,143.5	87,007.2	88,190.7
General Fund	55,367.3	51,996.5	55,079.2	55,395.3	54,523.1	56,491.8	58,452.8	59,090.0	59,550.1	60,126.4	61,027.1
General Fund Match	172.0	177.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,059.6	3,233.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	24,053.3	24,292.8	24,709.0	25,012.2	25,066.2	25,718.9	26,477.4	26,539.5	26,593.4	26,880.8	27,163.6
Operations	83,652.2	79,700.8	79,588.2	80,207.5	79,389.2	82,010.7	84,730.2	85,429.4	85,943.5	86,807.2	87,990.7
General Fund	55,367.3	51,996.5	54,879.2	55,195.3	54,323.1	56,291.8	58,252.8	58,890.0	59,350.1	59,926.4	60,827.1
General Fund Match	172.0	177.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,059.6	3,233.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	24,053.3	24,292.8	24,709.0	25,012.2	25,066.2	25,718.9	26,477.4	26,539.5	26,593.4	26,880.8	27,163.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	83,652.2	79,700.8	79,588.2	80,207.5	79,389.2	82,010.7	84,730.2	85,429.4	85,943.5	86,807.2	87,990.7
General Fund	55,367.3	51,996.5	54,879.2	55,195.3	54,323.1	56,291.8	58,252.8	58,890.0	59,350.1	59,926.4	60,827.1
General Fund Match	172.0	177.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,059.6	3,233.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	24,053.3	24,292.8	24,709.0	25,012.2	25,066.2	25,718.9	26,477.4	26,539.5	26,593.4	26,880.8	27,163.6
Capital	0.0	0.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0

Law


thousands $
Department of Law All Funds
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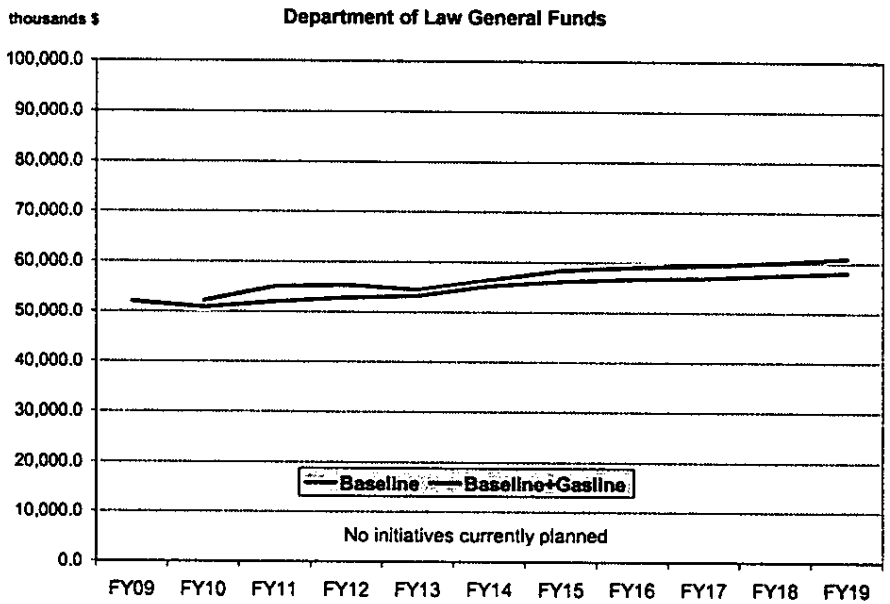
0.0
Baseline
Baseline+Gasline
No initiatives currently planned
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19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Baseline
Baseline+Gasline
No initiatives currently planned
FY09
FY10
FY11
FY12
FY13
FY14
FY15
FY16
FY17
FY18
FY19

State of Alaska

Department of Revenue

Administrative Services Division

SARAH PALIN, GOVERNOR

333 Willoughby Avenue, 11th Floor

P.O. Box 110400

Juneau, Alaska 99811-0405

Phone: (907) 465-2300

Fax: (907) 465-2394

February 11, 2009

The Honorable Mike Hawker
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, AK 99801-1182

Dear House Finance Committee Co-Chairs:

During the House Finance Committee hearing for the Department of Revenue overview on January 29, 2009, questions were asked by members of the committee that required some follow-up on the part of the department. These questions are re-stated below with the department's answers.

What amount of the Resource Rebate was garnished by the Child Support Services Division (CSSD) in payment of child support?

According to the PFD Division, there were 12,528 applicants whose dividends were subject to garnishment by CSSD. Since the Resource Rebate was combined with the Permanent Fund Dividend and not all garnishments would have been for the full amount, it would require substantial effort to determine the exact amount garnished by CSSD that was attributable to the Resource Rebate portion of the payment. However, at $1,200 per applicant, the maximum amount of $15,033,600 could have been paid in child support from the Resource Rebate.

Do children placed in out-of-state care facilities (such as residential psychiatric treatment centers) receive Permanent Fund Dividends?

In most cases the child out-of-state and under continuous medical care would qualify for the PFD as long as they intend to return to the state, meet the "72 hour physical presence in two years" requirement, and are otherwise eligible to receive the dividend.

Will the new Tax Management Information System project allow for more timely release of the fisheries report, Commercial Operator's Annual Report (COAR)?

Fish processors file a Commercial Operator's Annual Report (referred to as the COAR report) with Alaska Department of Fish & Game (ADF&G) on March 31st of each year, reporting processing activities in the prior calendar year. AS 43.77.200(7) requires ADF&G to establish an annual statewide average price from the COAR information for each fish species, which is used to determine the value of fishery resources subject to the fishery resource landing tax collected by Department of Revenue (DOR). After compiling the COAR data, ADF&G provides DOR the statewide average price list (historically between the middle and end of May), which DOR publishes to allow at-sea processors to calculate their fishery resource landing tax. The COAR data is recorded under a database system that is managed by ADF&G, therefore the new system DOR is seeking would not affect the timing of the creation/publishing of the statewide average price list created by ADF&G.

Has the unfunded liability in the pension funds grown?

The latest actuarial estimates of the PERS and TRS unfunded liabilities was done based on June 30, 2007 information. They show an estimate of $4.7 billion for PERS and $2.8 billion for TRS based on the market value of assets. While the department does not have an estimated accrued liability numbers for today, it is most likely based on previous trends that these numbers will have increased slightly since June 30 2007.

The assets of the two systems have been reduced by about $3 billion during this period, so it is more than likely that if a reset of the actuarial valuation was done as of today's date, the total unfunded liability would be in the range of $10-$11 billion and the funding ratio would be just over 50% for both systems combined. Since we are in the middle of a fiscal year and actuarial studies are done at the end of each fiscal year, the numbers above should be used only as a guide. The year-end actuarial numbers will likely be substantially different than numbers based on today's asset values.

If the Committee requires any additional information, please contact me.

Sincerely,

Ginger Blaisdell

Ginger Blaisdell
Director

cc: Members, House Finance Committee

State of Alaska

Department of Revenue

Administrative Services Division

SARAH PALIN, GOVERNOR

333 Willoughby Avenue, 11th Floor

P.O. Box 110400

Juneau, Alaska 99811-0405

Phone: (907) 465-2300

Fax: (907) 465-2394

February 11, 2009

The Honorable Mike Hawker
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

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If the Committee requires any additional information, please contact me.

Sincerely,

Ginger Blaisdell

Ginger Blaisdell
Director

cc: Members, House Finance Committee

Place Stamp Here
Post Office will not deliver without postage

Return Address

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
OFFICE OF THE COMMISSIONER
PO BOX 110200
JUNEAU, AK 99811-0200

Cut Here

Motor Vehicles

Provides over-the-counter issuance of driver's licenses and instruction permits as well as vehicle ownership and registration documents including title certificates, license plates, and registration stickers.

DMV Director's Office 907.269.5559
Email ..... DOA.DMV@alaska.gov

Recorded Information

Juneau 907.465.4385
Fairbanks 907.451.5180
Anchorage 907.269.5551
Kenai-Soldotna 907.262.4681
Mat-Su 907.745.2185
Palmer 907.745.2185

Vehicle Registration Renewal

Anchorage 907.269.5590
Toll-free 1.888.DMV.KWIK

Office of Administrative Hearings

Provides fair, efficient, and cost effective hearings on contested state agency decisions when citizens challenge those decisions at the administrative level. The agency oversees a code of conduct for hearing officers.

Juneau 907.465.1886
Email ..... DOA.OAH@alaska.gov

Office of Public Advocacy

Advocates for children in state custody, provides guardianship services for vulnerable adults and represents indigent individuals that the Public Defender Agency cannot represent because of a conflict of interest.

Anchorage 907.269.3500
Email ..... DOA.OPA@alaska.gov

Personnel & Labor Relations

Provides policy and consultative guidance and direct human resource services to state executive branch agencies, assisting with human resource needs including recruitment, performance management, classification, payroll, training and workforce planning.

Negotiates and administers collective bargaining agreements with state employee bargaining units, assists in employee relations matters, and represents the state in grievances and Labor Relations Agency hearings.

Juneau 907.465.4430
Email ..... DOA.DOP@alaska.gov

Public Defender Agency

Provides legal representation to persons unable to afford an attorney in certain types of state initiated litigation: parents accused of child abuse or neglect, juveniles accused of delinquent behavior, persons accused of criminal conduct and persons who are the subject of a civil commitment proceeding.

Anchorage 907.334.4400
Email ..... DOA.PDA@alaska.gov

Retirement and Benefits

Administers five defined-benefit retirement plans with 93,000 participants and $12.6 billion in assets; two defined-contribution plans with 31,950 participants and assets of $2.5 billion. The division also administers two health plans.

Toll-Free 800-821-2251
Juneau 907.465.4460
Email ..... DOA.DRB@alaska.gov

Risk Management

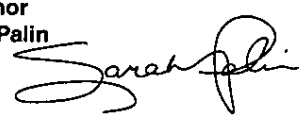
Administers comprehensive self-insurance programs protecting state agencies, covering all workers' compensation, property and liability claims arising from state operations and property, extending to state airports, aircraft, and watercraft including AMHS ferry vessels.

Juneau 907.465.2180
Email ..... DOA.DRM@alaska.gov

DEPARTMENT OF ADMINISTRATION
ALASKANS PROUDLY SERVING ALASKANS

The primary goal of my administration is to develop Alaska's abundant resources and ensure good jobs for Alaska families. The Alaska Department of Administration plays a key role in that mission. Its employees work hard every day to help individual Alaskans and support our state government.

Governor
Sarah Palin



Administrative Services
Alaska Oil and Gas Conservation Commission
Alaska Public Broadcasting Commission
Alaska Public Offices Commission
Enterprise Technology Services
Finance
General Services
Motor Vehicles
Office of Administrative Hearings
Office of Public Advocacy
Personnel & Labor Relations
Public Defender Agency
Retirement and Benefits
Risk Management
Violent Crimes Compensation Board

"Alaskans proudly serving Alaskans"

These words symbolize our commitment at the Alaska Department of Administration to provide consistent, efficient support services to State agencies so they may better serve all Alaskans.

Many of our department's services are quite familiar to Alaskans. However, the Alaska Department of Administration also fills a vital role in providing a broad spectrum of support services to state government.

We prepared this brochure so Alaskans have a convenient reference guide summarizing all of the services, telephone numbers, and email addresses for the 13 divisions in our department.

I would appreciate receiving your comments on the work of the Department of Administration. You may use the form attached to this brochure or contact me by telephone or email.

Commissioner
Annette Kreitzer

Annette Kreitzer

Telephone 907.465.2200
Email ..... DOA.Commissioner@alaska.gov

Alaska Oil & Gas Conservation Commission

An independent state agency, the commission oversees oil and gas drilling, development and production, reservoir depletion and metering operations on lands subject to state authority. AOGCC also is an adjudicator for resolving disputes.

Anchorage 907.279.1433
Email ..... DOA.AOGCC@alaska.gov

Alaska Public Broadcasting Commission

Provides vision, coordination, administrative, and technical support to Alaska's local public broadcasting institutions as well as support services to public telecommunications policy and governance boards.

Anchorage 907.277.6300
Email ..... DOA.APBC@alaska.gov

Alaska Public Offices Commission

The commission mission is to encourage public confidence in elected and appointed officials. It administers disclosure statutes and publishes information on activities of campaigns, candidates, lobbyists, lobbyist employers, and public officials.

Anchorage 907.276.4176
Email ..... DOA.APOC@alaska.gov

Violent Crimes Compensation Board

The crime victim compensation program helps mitigate the impact of violent crime by paying out-of-pocket medical, counseling, and funeral costs, relocating Alaskans to safety, reimbursing lost wages and support of minors who have lost their parent(s) due to homicide.

Toll-free 907.800.3040
Juneau 907.465.3040
Email ..... DOA.VCCB@alaska.gov

Administrative Services

Provides procurement, budget, accounting, computer support services, and federal cost allocation planning within the department, and serves as the department liaison with the Office of Management and Budget and the Legislature on budget matters. Provides oversight of the Violent Crimes Compensation Board.

Juneau 907.465.2277
Email ..... DOA.DAS@alaska.gov

Enterprise Technology Services

Provides access to the Internet, telephone and computer networks for state agencies and builds state-of-the-art "roads of communication" to travel the technological highways across Alaska and the world.

Juneau 907.465.2220
Anchorage 907.269.5744
Email ..... DOA.ETS@alaska.gov

Finance

Provides financial services including budget compliance, accounting, payments and payroll processing for all three branches of government; publishes the Comprehensive Annual Financial Report; and supervises the state Travel Office serving executive branch agencies.

Juneau 907.465.2240
Email ..... DOA.DOF@alaska.gov

General Services

Provides skilled procurement assistance to state agencies and manages state-owned and leased office space. Establishes cost effective contracts for goods and services, disposes of surplus property, and manages mail operations in Juneau.

Juneau 907.465.2250
Anchorage 907.269.0303
Email ..... DOA.DGS@alaska.gov

Cut Here

We Welcome Hearing From You

Use this form to send your questions and comments about the Department of Administration directly to the Office of the Commissioner.

Name: _____

Address: _____

City: _____ State: _____ ZIP: _____ Telephone: _____

I would appreciate receiving information about: _____

_____

_____

Visit the Department of Administration's website and send the Commissioner an email. intra1.admin.state.ak.us/commishmail

733

Benefits

These contracts provide significant savings that your entity may not be able to otherwise achieve through its normal contracting activities:

- **Great pricing** based on the State of Alaska's purchasing power
- **Multi-state contracts** that leverage the combined purchasing volume of many states
- **Avoid the time and expense** of contracting for these same goods and services yourself
- Most cooperative contracts allow **payment by credit card**
- State contracts include the latest and greatest goods and services at **discount prices**. We contract for the good stuff!

State of Alaska
Div. of General Services
P.O. Box 110210
Juneau, AK 99811

Phone (907) 465-2250
Fax (907) 465-2189

Go here for more info
http://polisubs.alaska.gov

This outreach is part of Governor Sarah Palin's initiative to ensure rural communities and other State of Alaska subdivisions have access to cost effective and efficient contracts.

The Division of General Services is a customer driven organization that values integrity, customer service, mutual respect, teamwork and innovation.

State of Alaska
Div. of General Services
P.O. Box 110210
Juneau, AK 99811

Phone (907) 465-2250
Fax (907) 465-2189

Cooperative State Contracts Web Site:

http://polisubs.alaska.gov

State Contracts

Available to Cities, Boroughs, School Districts and other Political Subdivisions of the State of Alaska.

Division of General Services
Purchasing Section

HUGE SAVINGS!

$$$$$$$$

HERE ARE JUST SOME OF THE STATE CONTRACTS THAT ARE AVAILABLE FOR USE BY CITIES, BOROUGHS, SCHOOL DISTRICTS AND OTHER POLITICAL SUBDIVISIONS:

Computers and Peripherals
Copiers
Industrial Supplies
Pharmaceuticals
Radios
Office Supplies
Fuel
Software
Hospital and Lab Supplies
Tires/Vehicle lifts
Vehicle Purchases
Fax Machines
Aircraft Charters
Paper

http://polisubs.alaska.gov

DOES THE STATE CHARGE A FEE?

No, the state does not charge or collect any fee for the use of these contracts.

WHAT IF I'M NOT SURE IF MY ORGANIZATION IS ELIGIBLE?

Contact the Division of General Services (DGS). A DGS Contracting Officer will work directly with you to determine eligibility. All State of Alaska political subdivisions may use these cooperative contracts, including cities, boroughs, school districts, and Rural Educational Attendance Areas (REAA).

ABOUT THE USE OF STATE CONTRACTS...

AS 36.30.700 allows the State of Alaska to make these contracts available for use by:

- Cities, Boroughs, School Districts;
- Alaska Court System, University of Alaska, Legislative Branch; and
- "Local public procurement unit", which means a municipality or other subdivision of the state or other entity that expends public funds for the procurement of supplies, services, professional services, and construction (ref. AS 36.30.790).

How do I order from a particular contract?

Each contract has specific ordering procedures included on DGS' Cooperative State Contracts web site. Follow the terms, conditions and ordering procedures of each particular contract.

What if I have additional questions about the use of state contracts?

Contact DGS Contracting Officer Jason Soza at:

(907) 465-5682

OR

jason.soza@alaska.gov

WHAT ELSE SHOULD I KNOW

Check with your organization's procurement expert to determine whether your public entity's rules, policies, or purchasing ordinances, allow you to use these contracts. All contracts were established by the state in accordance with AS 36.30 – the State Procurement Code.

In general, contract prices represent the purchase of a single item. We encourage users to negotiate lower prices for larger purchases.

All of the contracts are "non-mandatory" for use by state political subdivisions. However, some of the contracts may include a "mandatory use" clause that only applies to state Executive Branch Departments.

More information and a list of available contracts can be found at:

http://polisubs.alaska.gov

734

1/30/09 OVERVIEWS: DEPARTMENT OF PUBLIC SAFETY, DEPARTMENT OF CORRECTIONS

<target><bill></bill><subject>1-30-09 OVERVIEWS DEPARTMENT OF PUBLIC SAFETY, DEPARTMENT OF CORRECTIONS</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Friday, January 30, 2009

Budget Overviews:

Department of Public Safety

Joseph Masters, Commissioner, Department of Public Safety
Dan Spencer, Director, Division of Administrative Services, DPS

On Teleconference for Questions:
John Glass, Deputy Commissioner, Department of Public Safety
David Schade
Audie Holloway
Steve Bear
John Glick
Kelly Nicolello
Dave Tyler
Orin Dym
Lisa Emerson & Nancy Wojnowski
Cheri Cadiente

Department of Corrections

Joseph Schmidt, Commissioner, Department of Corrections
Dwayne Peeples, Deputy Commissioner, Department of Corrections
Leslie Houston, Division of Administrative Services, Department of Corrections

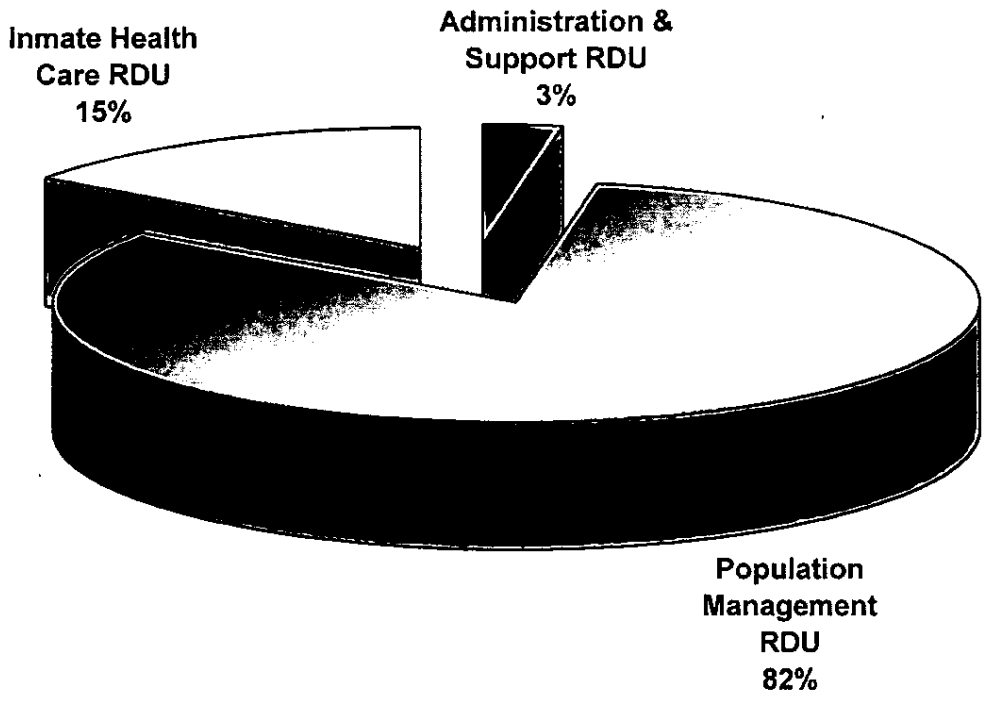
DEPARTMENT OF CORRECTIONS

FY 2010 Finance Sub-Committee Handout

DEPARTMENT OF CORRECTIONS
HIGHLIGHTS

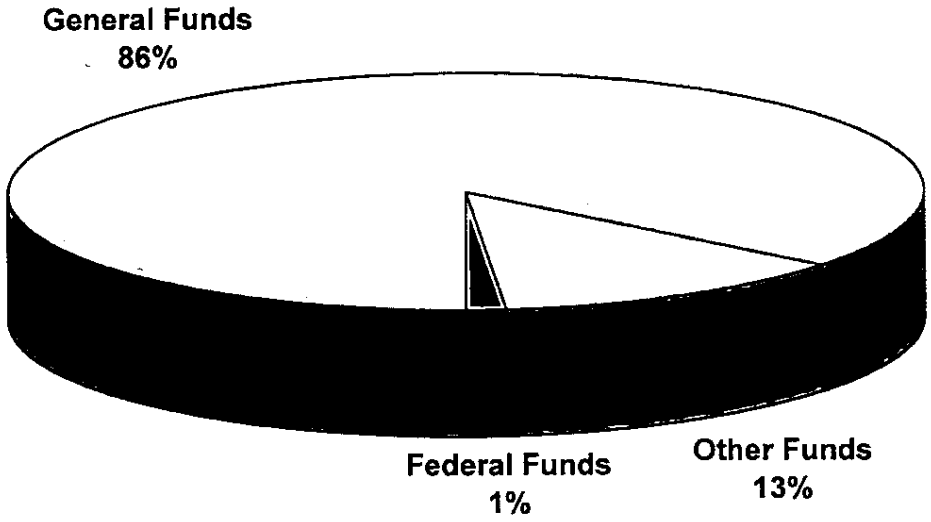
- 12 Correctional Institutions with 3,715 Beds (Maximum Capacity) including Pt. MacKenzie Farm
- Electronic Monitoring and Offender Supervision Programs
- Out Of State Prison Contracts (900 contract beds)
- 15 Municipal Jails (Contracted - 153 Beds) (Bristol Bay Boro, Cordova, Craig, Dillingham, Haines, Homer, Kodiak, Kotzebue, North Slope Boro, Petersburg, Seward, Sitka, Unalaska, Valdez, Wrangell)
- 13 Regional Adult Probation Offices
- 6 Community Residential Centers – 753 Beds (645 Regular beds / 108 Per Diem beds)

Department of Corrections
Fiscal Year 2010 Operating Budget Request
RDU Overview



Department of Corrections RDUs	
Administration & Support RDU	*$6,926.7*
Population Management RDU	*$204,869.2*
Inmate Health Care RDU	*$37,167.5*
Department of Corrections RDUs Total	***$248,963.4***

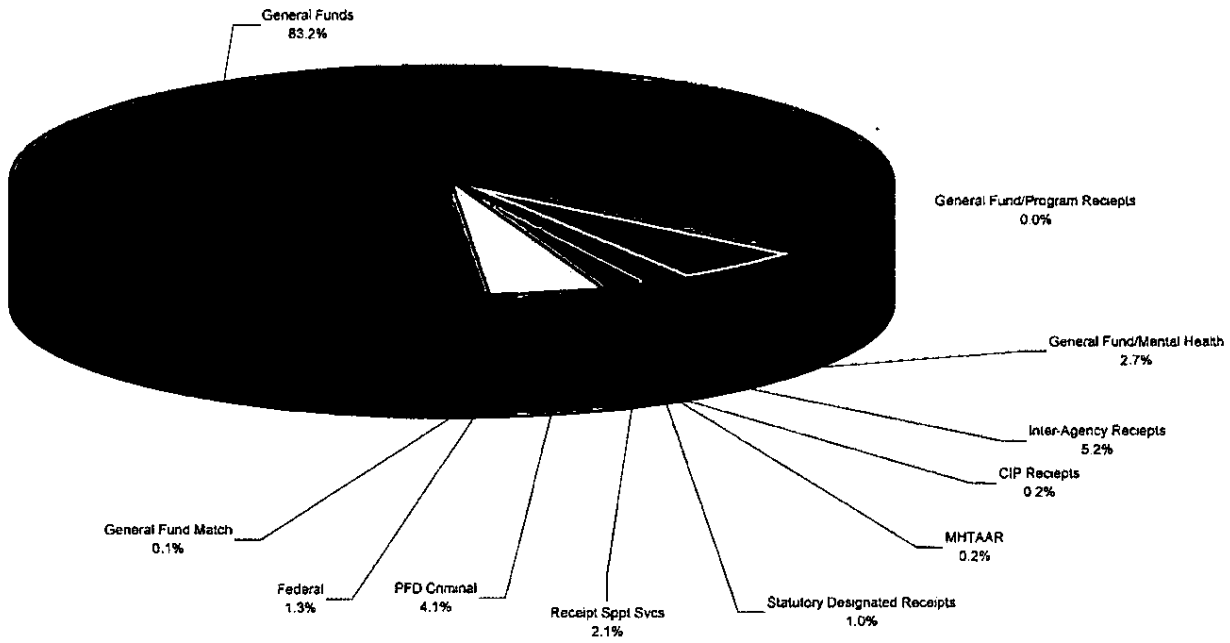
Department of Corrections
Fiscal Year 2010 Operating Budget Request
Funding Overview



Department of Corrections Funding

Federal Funds	*$3,174.4*
General Funds	*$214,041.4*
Other Funds	*$31,747.6*
Department of Corrections Total	***$248,963.4***

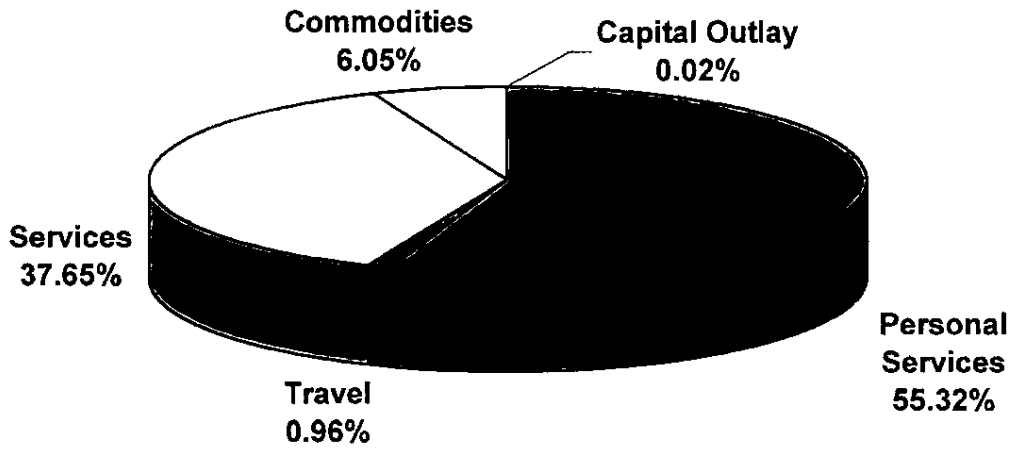
Department of Corrections
Fiscal Year 2010 Operating Budget Request
Funding Summary



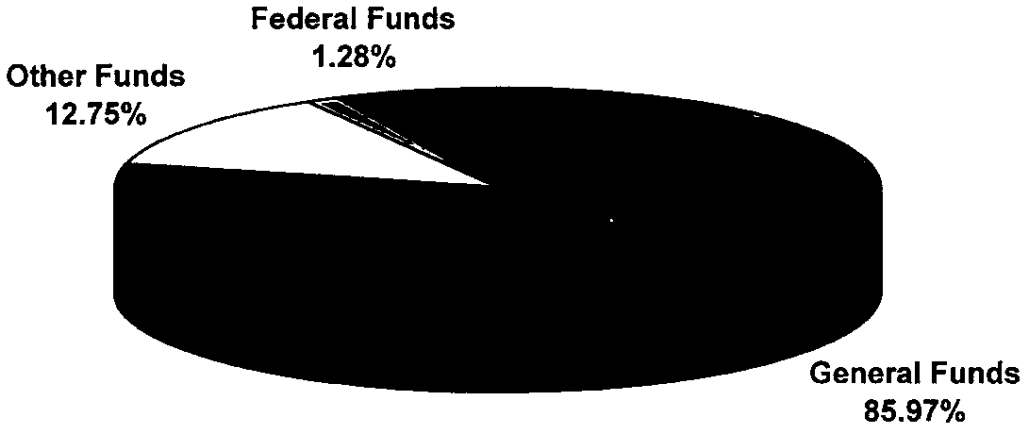
Department of Corrections Funding

Federal	*$3,174.4*	***Federal Funds $3,174.4***
General Fund Match	*$128.4*	***General Funds $214,041.4***
General Funds	*$207,032.1*	
General Fund/Program Reciepts	*$85.0*	
General Fund/Mental Health	*$6,795.9*	
Inter-Agency Reciepts	*$12,938.9*	***Other Funds $31,747.6***
CIP Reciepts	*$519.8*	
MHTAAR	*$386.5*	
Statutory Designated Receipts	*$2,465.8*	
Receipt Sppt Svcs	*$5,180.5*	
PFD Criminal	*$10,256.1*	
Department of Corrections Total	***$248,963.4***	

DEPARTMENT OF CORRECTIONS
FY2010 BUDGET REQUEST



Personal Services	*$137,722.4*
Travel	*$2,392.6*
Services	*$93,738.5*
Commodities	*$15,057.1*
Capital Outlay	*$52.8*
TOTAL	***$248,963.4***



Federal Funds	*$3,174.4*
General Funds	*$214,041.4*
Other Funds	*$31,747.6*
TOTAL	***$248,963.4***

DEPARTMENT OF CORRECTIONS
FY 2010 Department Total

Administration & Support RDU	FUNDING	PCNs
Office of the Commissioner	1,271.5	8
Administrative Services	2,701.6	28
Information Technology	2,184.9	18
Research and Records	478.8	6
DOC State Facilities Rent	289.9	0
RDU TOTAL	**6,926.7**	**60**
Population Management RDU		
Correctional Academy	981.6	7
Fac-Capital Improvedment Unit	548.5	5
Prison System Expansion	498.9	3
Facility Maintenance	12,280.5	0
Classification and Furlough	1,161.6	8
Out-of-State Contractual	21,866.1	5
Offender Habilitation Programs	1,397.4	5
Institution Director's Office	820.7	5
Prison Employment Program	2,385.6	6
Inmate Transportation	2,044.2	8
Point of Arrest	628.7	0
Anchorage Correctional Complex	24,190.7	239
Anvil Mountain Correctional Center	5,173.7	39
Comb. Hiland Mountain Correctional Center	10,331.4	95
Fairbanks Correctional Center	9,612.3	92
Goose Creek Correctional Center	218.6	2
Ketchikan Correctional Center	3,814.1	35
Lemon Creek Correctional Center	8,019.2	73
Mat-Su Correctional Center	4,070.5	38
Palmer Correctional Center	11,907.3	110
Spring Creek Correctional Center	18,633.2	176
Wildwood Correctional Center	12,805.0	118
Yukon-Kuskokwim Correctional Center	5,471.3	40
Point MacKenzie Correctional Farm	3,657.9	28
Probation & Parole Director's Office	738.9	5
Statewide Probation and Parole	13,409.1	143
Electronic Monitoring	1,919.1	8
Community Jails	6,115.4	0
Community Residential Centers	19,377.9	0
Parole Board	789.8	5
RDU TOTAL	**204,869.2**	**1,298**
Inmate Health Care		
Inmate Health Care	37,167.5	158
RDU TOTAL	**37,167.5**	**158**
DEPARTMENT TOTAL	**248,963.4**	**1,516**

Department of Corrections
Summary Overview
(Statewide Increment / Decrement)

FY 2010 Wage and Health Insurance Increases: $1,513.1

FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements (General Government & Supervisory) and Non-Covered Employees.

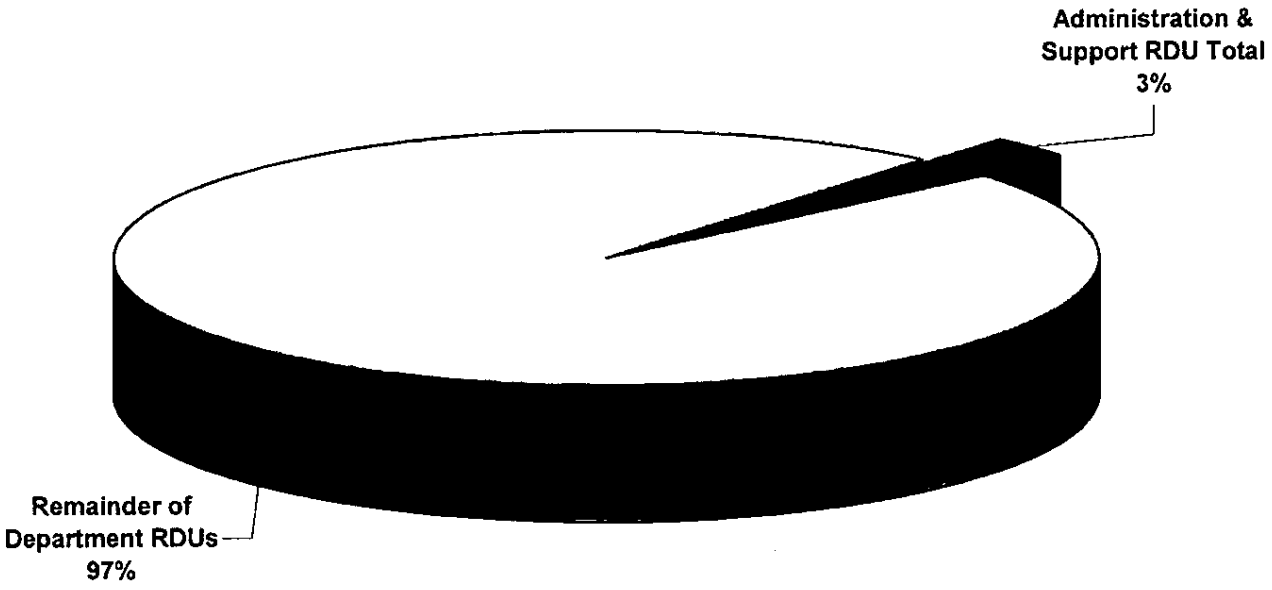
Administration & Support RDU	$142.8
Population Management RDU	$966.0
Inmate Health Care RDU	$404.3

Department of Corrections
RDU Change Summary

Result Delivery Unit	FY09 Mgt Plan	FY09 Fuel/Utility & OTI Items	FY10 Trin & Trout	FY10 Salary Adjustments (NonCovered / SSU / GGU)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Request	FY10 Governor's Budget
Administration & Support	$8,090.5	($230.0)	($1,440.5)	$142.8	$0.0	$363.9	$0.0	$6,926.7
Population Management	$207,379.0	($1,805.0)	($2,771.1)	$966.0	$0.0	$1,100.3	$0.0	$204,869.2
Inmate Health Care	$30,868.0	($333.0)	$4,211.6	$404.3	$0.0	$1,630.1	$386.5	$37,167.5
Department Total	**$246,337.5**	**($2,368.0)**	**$0.0**	**$1,513.1**	**$0.0**	**$3,094.3**	**$386.5**	**$248,963.4**

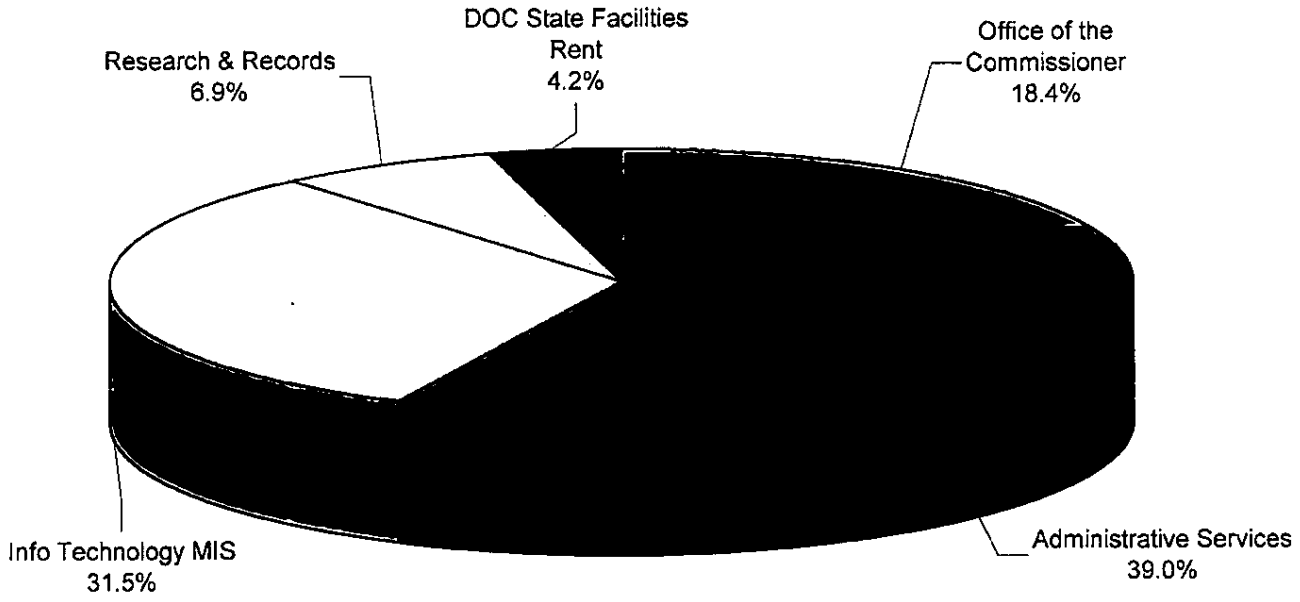
Fund Source	FY09 Mgt Plan	FY09 Fuel/Utility & OTI Items	FY10 Trin & Trout	FY10 Salary Adjustments (NonCovered / SSU / GGU)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Request	FY10 Governor's Budget
Federal Receipts	$2,990.5	$0.0	$0.0	$12.9	($12.9)	$183.9	$0.0	$3,174.4
General Fund Match	$128.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$128.4
General Fund	$205,906.6	($2,010.0)	$0.0	$1,340.3	$14.9	$1,780.3	$0.0	$207,032.1
General Fund/Program Receipt	$85.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$85.0
Inter-Agency Receipts	$12,934.3	$0.0	$0.0	$6.6	($2.0)	$0.0	$0.0	$12,938.9
General Fund/Mental Health	$6,667.0	$0.0	$0.0	$128.9	$0.0	$0.0	$0.0	$6,795.9
CIP Receipts	$510.2	$0.0	$0.0	$9.6	$0.0	$0.0	$0.0	$519.8
MHTAAR	$358.0	($358.0)	$0.0	$0.0	$0.0	$0.0	$386.5	$386.5
Statutory Designated Receipts	$2,465.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$2,465.8
Receipt Support Services	$5,165.7	$0.0	$0.0	$14.8	$0.0	$0.0	$0.0	$5,180.5
PFD Criminal	$9,126.0	$0.0	$0.0	$0.0	$0.0	$1,130.1	$0.0	$10,256.1
Department Total	**$246,337.5**	**($2,368.0)**	**$0.0**	**$1,513.1**	**$0.0**	**$3,094.3**	**$386.5**	**$248,963.4**

Department of Corrections
Fiscal Year 2010 Operating Budget Request
Administration and Support RDU



Administration & Support RDU Total	*$6,926.7*
Remainder of Department RDUs	*$242,036.7*
Department of Corrections Total	***$248,963.4***

Department of Corrections
Fiscal Year 2010 Operating Budget Request
Administration and Support RDU



Administration & Support RDU:

Office of the Commissioner	*$1,271.5*
Administrative Services	*$2,701.6*
Info Technology MIS	*$2,184.9*
Research & Records	*$478.8*
DOC State Facilities Rent	*$289.9*
Administration & Support RDU Total	***$6,926.7***

Department of Corrections
FY 2010 Governor's Request Changes (Increases / Decreases)
Administration and Support RDU

Office of the Commissioner:

Remove OTI Authorization for Evidence Based Study ($50.0) ($25.0 GF / $25.0 MHTAAR)

Delete one-time item received in FY2009 for study of evidence-based options to lower crime and corrections costs in Alaska.

Information Technology MIS:

Establish Federal Authorization for Statewide Automated Victim Information and Notification Programs Grants $183.9

The Department of Corrections (DOC) is requesting authority to receive and expend funding from the United States Department of Justice, Office of Justice Programs, Bureau of Justice Assistance's FFY2008 Developing and Enhancing Statewide Automated Victim Information and Notification (SAVIN) grant. The SAVIN grant assures victims of crime receive accurate and timely information regarding the status of offenders and events related to their case and enables victims participation in the process and the ability to make well-informed personal decisions.

The Department of Corrections will use this SAVIN grant award to enhance Alaska's existing statewide automated VINE system by adding photos which will allow for a more positive visual identification and verification of the offender. SAVIN also provides one more method to assure that a victim's rights to information and notification are being upheld.

Trin/Trout of 3 PFT's with funding from Institutions $235.5 GF

Transfer of three positions with funding currently located within Anchorage Correctional Complex, Spring Creek Correctional Center and Wildwood Correctional Center. This request transfers these positions from the institutions to the Information Technology MIS component. These transfers will provide institutional information technology support from a centralized Department Information Technology component.
$83.0 GF and PCN 20-7663 Micro/Network Tech I/II from Anchorage Correctional Complex
$75.4 GF and PCN 20-8013 Micro/Network Tech I/II from Spring Creek Correctional Center
$77.1 GF and PCN 20-5215 Micro/Network Tech I/II from Wildwood Correctional Center

Research and Records:

Replace the Imaging Program OTI funding $180.0

The Department is requesting replacement of the File Imaging Program in FY2010 by decrementing the FY2009 One-Time-Item (OTI) and replacing as an increment request for establishment into the base budget of the Research and Records component. This request will continue the on-going records imaging management process.

The amount of boxes sent for storage and imaging has continuously increased even as boxes are imaged and purged. Once all the boxes of existing criminal and medical records in storage are imaged it will be necessary to maintain this funding to continue support of the program to keep up with imaging new boxes that are received rather than maintain hard copies. Continuing the imaging of these records will reduce the amount of storage space required for these boxes and results in increased efficiencies and in cost avoidance for future storage requirements within the Department.

Structure Changes:

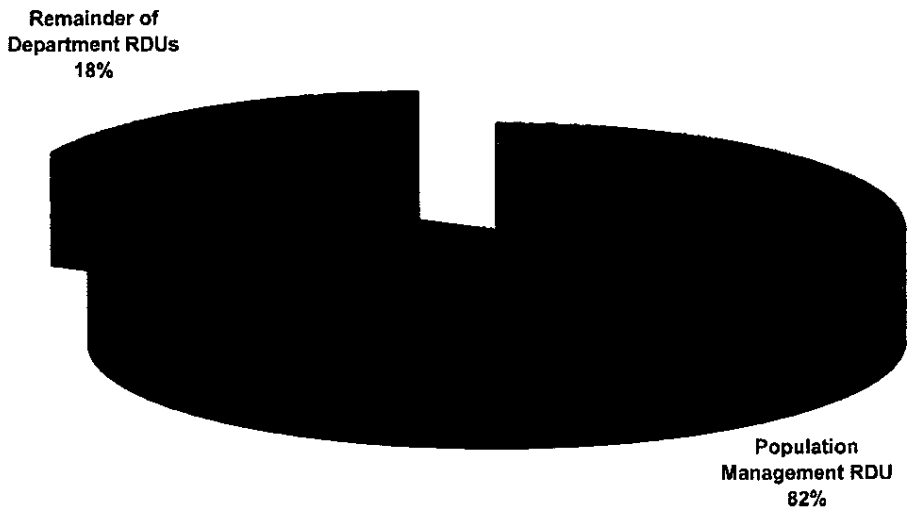
The Correctional Academy and the Prison System Expansion Components are being transferred out of the Administrative Support RDU and to the Population Management RDU.

Department of Corrections
Administration and Support RDU
Change Summary

Component	FY09 Mgt Plan	FY09 OTI MHTAAR Adjustment	FY10 Trin & Trout	FY10 Salary Adjustments (NonCovered / SSU / GGU)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY10 Governor's Budget
Commissioner's Office	$1,298.0	($50.0)		$23.5				**$1,271.5**
Correctional Academy	$973.0		($973.0)					**$0.0**
Administrative Services	$2,634.8			$66.8				**$2,701.6**
Information Technology MIS	$1,724.5		$235.5	$41.0		$183.9		**$2,184.9**
Research & Records	$467.3	($180.0)		$11.5		$180.0		**$478.8**
DOC State Facility Rent	$289.9							**$289.9**
Prison System Expansion	$703.0		($703.0)					**$0.0**
RDU Total	**$8,090.5**	**($230.0)**	**($1,440.5)**	**$142.8**	**$0.0**	**$363.9**	**$0.0**	**$6,926.7**

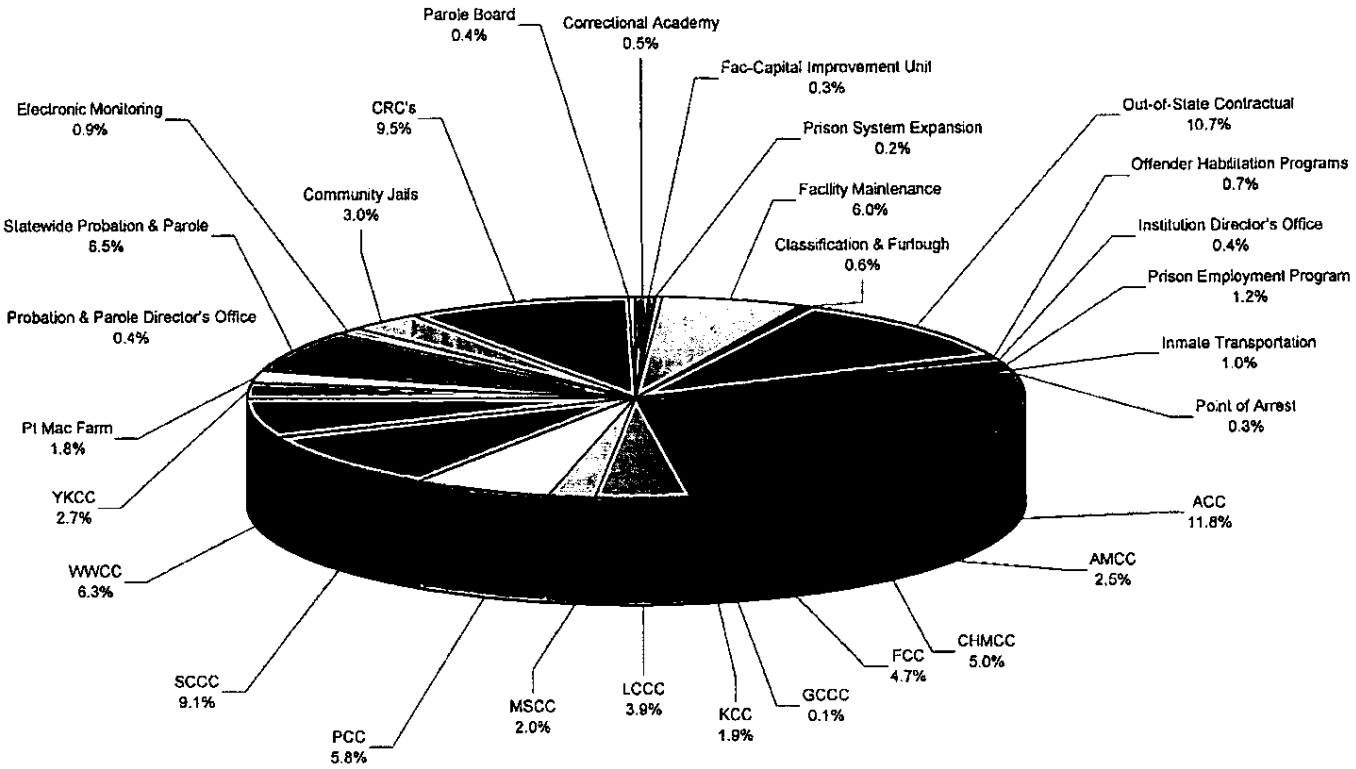
Fund Source	FY09 Mgt Plan	FY09 OTI MHTAAR Adjustment	FY10 Trin & Trout	FY10 Salary Adjustments (NonCovered / SSU / GGU)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY10 Governor's Budget
Federal Receipts	$111.4					$183.9		$295.3
General Fund Match	$7.4							$7.4
General Fund	$7,766.7	($205.0)	($1,260.5)	$142.8		$180.0		$6,624.0
General Fund/Program Receipt	$0.0							$0.0
Inter-Agency Receipts	$0.0							$0.0
General Fund/Mental Health	$0.0							$0.0
CIP Receipts	$180.0		($180.0)					$0.0
MHTAAR	$25.0	($25.0)						$0.0
Statutory Designated Receipts	$0.0							$0.0
Receipt Services	$0.0							$0.0
PFD Criminal	$0.0							$0.0
RDU Total	**$8,090.5**	**($230.0)**	**($1,440.5)**	**$142.8**	**$0.0**	**$363.9**	**$0.0**	**$6,926.7**

Department of Corrections
Fiscal Year 2010 Operating Budget Request
Population Management RDU



Population Management RDU	*$204,869.2*
Remainder of Department RDUs	*$44,094.2*
Department of Corrections Total	***$248,963.4***

Department of Corrections
Fiscal Year 2010 Operating Budget Request
Population Management RDU



Population Management RDU:	
Correctional Academy	*$981.6*
Fac-Capital Improvement Unit	*$548.5*
Prison System Expansion	*$498.9*
Facility Maintenance	*$12,280.5*
Classification & Furlough	*$1,161.6*
Out-of-State Contractual	*$21,866.1*
Offender Habilitation Programs	*$1,397.4*
Institution Director's Office	*$820.7*
Prison Employment Program	*$2,385.6*
Inmate Transportation	*$2,044.2*
Point of Arrest	*$628.7*
ACC	*$24,190.7*
AMCC	*$5,173.7*
CHMCC	*$10,331.4*
FCC	*$9,612.3*
GCCC	*$218.6*
KCC	*$3,814.1*
LCCC	*$8,019.2*
MSCC	*$4,070.5*
PCC	*$11,907.3*
SCCC	*$18,633.2*
WWCC	*$12,805.0*
YKCC	*$5,471.3*
Pt Mac Farm	*$3,657.9*
Probation & Parole Director's Office	*$738.9*
Statewide Probation & Parole	*$13,409.1*
Electronic Monitoring	*$1,919.1*
Community Jails	*$6,115.4*
CRC's	*$19,377.9*
Parole Board	*$789.8*
Population Management RDU Total	***$204,869.2***

Department of Corrections
FY 2010 Governor's Request Changes (Increases / Decreases)
Population Management RDU

Out-of-State Contractual:

Arizona Contract Bed Rate Increase $381.1 GF

The Department is requesting additional funding to meet increased per day bed costs for the Arizona Contract Facility. The FY09 bed rate is currently $61.63 per prisoner per day with an anticipated average prisoner population of 900.

Offender Habilitation Programs:

Move Substance Abuse Treatment ($2,017.7) and the Sex Offender Treatment ($2,193.9) Programs from Offender Habilitation Programs to Inmate Health Care

The Department of Corrections (DOC) long-range goal is to provide comprehensive, integrated medical, mental health, substance abuse treatment services, and behavioral modifications both within correctional facilities and as a central component of corrections-community linkages.

The relationships between behavioral health (mental health and substance use) disorders, behavioral modification (sex offender), and physical health disorders (general health care) are connected and should be budgetarily co-located. This assists the DOC's phased and ongoing efforts to isolate and identify the true costs that go to serve this special needs population.

The Department proposes moving the Substance Abuse Treatment and Sex Offender Program out of the Offender Habilitation Programs component, Population Management Results Delivery Unit (RDU) to the Inmate Health Care RDU. The Offender Habilitation Program Component will continue to have the Educational Program Services and the Chaplain Program Services neither of which can be classified behavioral health programs.

Various Institutions:

Fuel/Utility Cost Increased Funding Distribution for 24-hour Facilities - One-time Item Reduction ($1,760.0)

Delete the FY09 one-time fuel/utility cost increase funding distribution from the Office of the Governor that was made pursuant to sec. 19(a) - (d), ch. 27, SLA 2008, pages 75 - 78.

Various Institutions:

Trin/Trout of 3 PFT's with funding to Information Technology MIS $235.5 GF

Transfer of three positions with funding currently located within Anchorage Correctional Complex, Spring Creek Correctional Center and Wildwood Correctional Center. This request transfers these positions from the institutions to the Information Technology MIS component. These transfers will provide institutional information technology support from a centralized Department Information Technology component.
$83.0 GF and PCN 20-7663 Micro/Network Tech I/II from Anchorage Correctional Complex
$75.4 GF and PCN 20-8013 Micro/Network Tech I/II from Spring Creek Correctional Center
$77.1 GF and PCN 20-5215 Micro/Network Tech I/II from Wildwood Correctional Center

Anchorage Correctional Complex:

Fund Change from Federal Receipts to General Funds $12.9

Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements.

The number of incarcerated prisoners in the department's custody has become stable, however, the number of federal prisoners housed by the department is still anticipated to decline. This reduction in the number of federal prisoners housed as well as the number of days held in the Department's custody has previously resulted in the decrease of realizable federal receipts. Many of the facility costs are static and General Funds are needed to provide funding for daily operations.

Goose Creek Correctional Center:

Transfer 2 PFTs with funding from Prison System Expansion $218.6

Transfers of the Physical Plant Manager and Assistant Correctional Superintendent from the Prison System Expansion to the Goose Creek Correctional Center. The Goose Creek Correctional Center is anticipated to open in FY2012. These positions are essential in assisting in the planning, development and design of this new facility.

Probation & Parole Director's Office:

Fund Change from Inter-Agency Receipts to General Funds $2.0

Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements.

Inter-Agency Receipts are received through a budgeted Reimbursable Services Agreement (RSA) with the Department of Public Safety to support a Criminal Justice Technician position for Victim's Services. Increased funding for this position requires approval by the Board of Victim's Services through the Department of Public Safety.

Community Jails:

Remove OTI FY09 funding for Community Jails contract review ($45.0) GF

Delete one-time item received in FY08 (SB256 (Ch 11) Sec 24(a) Pg 103 Ln 4) for the Department to establish a professional services agreement with an independent contractor to assist in completing a Community Jails Review to ensure a balanced distribution of funding is allocated on an equitable basis within the community jails program.

Community Residential Center Facilities:

Increase Community Residential Centers by 43 contract beds $719.2 GF

Increase Community Residential Centers (CRC) contracts by 43 regular beds to assist in managing the in-state offender population. These beds provide a viable alternative to institutional "hard" beds and allows an offender to be monitored within the community. This also gives the offender the opportunity to be employed, meet family and financial obligations, and is a source for reintegrating offenders back into society.

Structure Changes:

The Correctional Academy and the Prison System Expansion Components are being transferred out of the Administrative Support RDU and to the Population Management RDU.

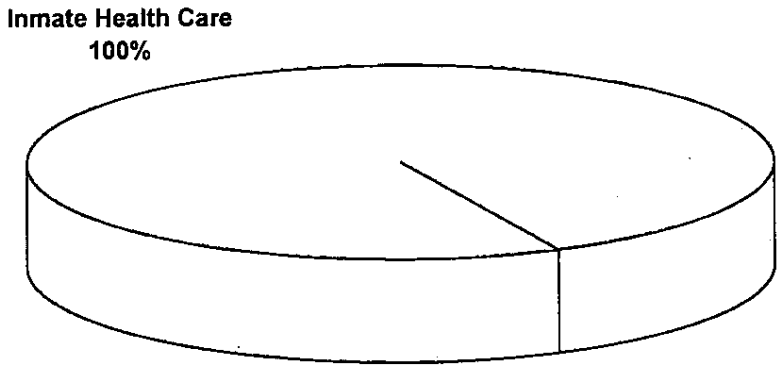
Establish the Goose Creek Correctional Center component.

Department of Corrections
Population Management RDU
Change Summary

Component	FY09 Mgt Plan	FY09 Fuel/Utility & OTI Items	FY10 Trin & Trout	FY10 Salary Adjustments (NonCovered / SSU / GGU)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY10 Governor's Budget
Correctional Academy	$0.0		$973.0	$8.6				**$981.6**
Facility Capital Improvement	$533.8			$14.7				**$548.5**
Prison System Expansion	$0.0		$484.4	$14.5				**$498.9**
Facility Maintenance	$12,280.5							**$12,280.5**
Classification & Furlough	$1,140.5			$21.1				**$1,161.6**
Out of State Contractual	$21,472.8			$12.2		$381.1		**$21,866.1**
Offender Habilitation Programs	$5,581.6		($4,211.6)	$27.4				**$1,397.4**
Institution Director's Office	$807.5			$13.2				**$820.7**
Prison Employment Program	$2,370.8			$14.8				**$2,385.6**
Inmate Transportation	$2,044.2							**$2,044.2**
Point of Arrest	$628.7							**$628.7**
Anchorage Corr Complex	$24,248.7	($85.5)	($83.0)	$110.5				**$24,190.7**
Anvil Mountain CC	$5,248.9	($100.7)		$25.5				**$5,173.7**
Hiland Mountain CC	$10,289.6			$41.8				**$10,331.4**
Fairbanks CC	$9,792.7	($225.4)		$45.0				**$9,612.3**
Goose Creek CC	$0.0		$218.6					**$218.6**
Ketchikan CC	$3,834.0	($36.6)		$16.7				**$3,814.1**
Lemon Creek CC	$8,097.7	($111.2)		$32.7				**$8,019.2**
Mat-Su CC	$4,088.0	($33.4)		$15.9				**$4,070.5**
Palmer CC	$12,105.5	($240.5)		$42.3				**$11,907.3**
Spring Creek CC	$19,221.6	($575.7)	($75.4)	$62.7				**$18,633.2**
Wildwood CC	$12,931.4	($99.6)	($77.1)	$50.3				**$12,805.0**
Yukon-Kuskokwim CC	$5,629.5	($182.7)		$24.5				**$5,471.3**
Pt. MacKenzie Corr Farm	$3,710.6	($68.7)		$16.0				**$3,657.9**
Probation & Parole Director	$723.6			$15.3				**$738.9**
Statewide Probation & Parole	$13,099.1			$310.0				**$13,409.1**
Electronic Monitoring	$1,901.3			$17.8				**$1,919.1**
Community Jails	$6,160.4	($45.0)						**$6,115.4**
Community Residential Cntrs	$18,658.7					$719.2		**$19,377.9**
Parole Board	$777.3			$12.5				**$789.8**
RDU Total	**$207,379.0**	**($1,805.0)**	**($2,771.1)**	**$966.0**	**$0.0**	**$1,100.3**	**$0.0**	**$204,869.2**

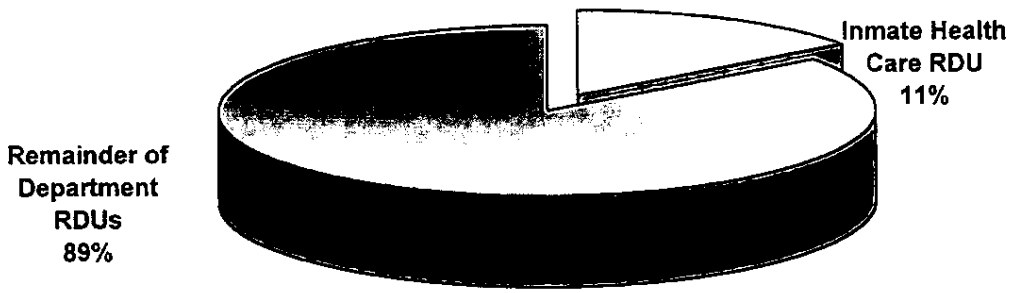
Fund Source	FY09 Mgt Plan	FY09 Fuel/Utility & OTI Items	FY10 Trin & Trout	FY10 Salary Adjustments (NonCovered / SSU / GGU)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY10 Governor's Budget
Federal Receipts	$2,879.1			$12.9	($12.9)			$2,879.1
General Fund Match	$121.0							$121.0
General Fund	$183,092.8	($1,805.0)	($2,268.8)	$926.7	$14.9	$1,100.3		$181,060.9
General Fund/Program Receipt	$0.0							$0.0
Inter-Agency Receipts	$12,712.9		($70.8)	$2.0	($2.0)			$12,642.1
General Fund/Mental Health	$611.5		($611.5)					$0.0
CIP Receipts	$330.2		$180.0	$9.6				$519.8
MHTAAR	$0.0							$0.0
Statutory Designated Receipts	$2,465.8							$2,465.8
Receipt Services	$5,165.7			$14.8				$5,180.5
PFD Criminal	$0.0							$0.0
RDU Total	**$207,379.0**	**($1,805.0)**	**($2,771.1)**	**$966.0**	**$0.0**	**$1,100.3**	**$0.0**	**$204,869.2**

Department of Corrections
Fiscal Year 2010 Operating Budget Request
Inmate Health Care RDU



Inmate Health Care RDU:

Inmate Health Care	*$37,167.5*
Inmate Health Care RDU Total	***$37,167.5***



Inmate Health Care RDU	*$37,167.5*
Remainder of Department RDUs	*$211,795.9*
Department of Corrections Total	***$248,963.4***

Department of Corrections
Changes (Increases / Decreases)
Inmate Health Care RDU

Inmate Health Care:

Eliminate FY09 OTI Mental Health Trust Authorization ($333.0)

Delete all MHTAAR funding from base funding received through FY2009 MH Trust recommendation.

Mental Health Trust Disability Justice – APIC Model $210.0 MHTAAR

The MH Trust: Dis Justice - Implement Assess, Plan, Identify, Coordinate (APIC) model connects the Trust beneficiary offenders re-entering the community to appropriate community behavioral health services and when appropriate, prior to release applies and receives prior authorization for SSI/Medicaid benefits for the beneficiary offender. This project will be managed by the Mental Health Release Programs Coordinator, with some funding disseminated to behavioral health grantees through contract agreements.

This project maintains a critical component of the Disability Justice Focus Area plan by proactively engaging the community treatment provider with the soon-to-be-released offender, so a plan is developed and secured for the offender to transition into once released from Department of Corrections (DOC) custody, thus decreasing the risk of recidivism and the associated high costs of care within the correctional setting. DOC staff will be collecting data on how funding is being utilized to save correctional costs, number of beneficiaries served, and the number of beneficiaries qualified, pre-release, for SSI/Medicaid.

This project was funded in FY09 with $210.0 MHTAAR and $239.0 GF/MH. In FY10 The Trust will maintain the partnership with DOC and the momentum of effort in this project with a MHTAAR investment at $210.0.

MH Trust: Dis Justice - Corrections Mental Health Clinical Positions $164.0 MHTAAR

Beginning in FY08 the Trust in partnership with the Department of Corrections, focused on increasing mental health clinical capacity within their correctional facilities. As part of this partnership funding was secured in FY09 for a mental health clinician at the Wildwood Correctional Center in Kenai. Currently there no on-site mental health staff at the Yukon-Kuskokwim Correctional Center in Bethel. Thus, mental health screenings are done by medical staff and those identified as having mental health needs are seen via telemedicine clinic on a weekly basis. As part of the Department-wide expansion, an additional 68 beds will be added to accommodate the facilities' growth. Adding a Mental Health Clinician staff to better assist those with mental health disorders in Bethel and other identified facilities is a critical need.

Mental Health Service Programs $444.8 PFD

Increase Mental Health Services to meet the increase in beneficiaries that have been committed to the custody of the department.

The Department of Corrections (DOC) processes approximately 38,000 bookings annually. Nearly 14,000 of these bookings have a mental health diagnosis. Mental Health staff are providing services for approximately 100 - 120 new patients each month who had previously been unidentified as having mental health diagnosis. This funding will provide staffing to meet the increased offender population with mental health issues.

Move Substance Abuse Treatment $2,017.7 and the Sex Offender Treatment $2,193.9 Programs from Offender Habilitation Programs to Inmate Health Care

The Department of Corrections (DOC) long-range goal is to provide comprehensive, integrated medical, mental health, substance abuse treatment services, and behavioral modifications both within correctional facilities and as a central component of corrections-community linkages.

The relationships between behavioral health (mental health and substance use) disorders, behavioral modification (sex offender), and physical health disorders (general health care) are connected and should be budgetarily co-located. This assists the DOC's phased and ongoing efforts to isolate and identify the true costs that go to serve this special needs population.

The Department proposes moving the Substance Abuse Treatment and Sex Offender Program out of the Offender Habilitation Programs component, Population Management Results Delivery Unit (RDU) to the Inmate Health Care RDU. The Offender Habilitation Program Component will continue to have the Educational Program Services and the Chaplain Program Services neither of which can be classified behavioral health programs.

Substance Abuse Program Increase $500.0 GF
Increase Substance Abuse Treatment Program services to provide Institutional out-patient treatment for incarcerated offenders located at Anchorage Correctional Complex and the Anvil Mountain Correctional Center. All participants will have aftercare plans when they are released into the community.

Out-patient (Institutional) Substance Abuse Programs are continuous (or open-ended) intensive treatment for a duration period of 3 to 4 months. All participants will have aftercare plans when released back into communities.

In FY09, the Department received an increment of $801.0 for inpatient treatment. This funding implements five intensive outpatient treatment programs beginning with Spring Creek Correctional Center, Palmer Correctional Center, Fairbanks Correctional Center, Yukon-Kuskokwim Correctional Center, Lemon Creek Correctional Center, and the Anchorage Community Residential Treatment Centers.

Sex Offender Treatment Increase $200.0 PFD
This funding will increase the Sex Offender Treatment Program for institutional programming within the Wildwood Correctional Center, beginning with Level I (Basic) treatment programs. This will enhance community safety because more offenders will receive intensive assessment and treatment prior to release.

Services in the Level 1 program would include offense-specific assessment and psycho-educational programming on basic sexual offending issues. Offense-specific treatment will be offered in an individual and group setting and therapists will work with probation officers to develop appropriate safety plans for offenders who are releasing. Offense-specific assessment and treatment focuses on issues that are directly related to sexual offending. This differs from general mental health counseling that is not related to the risk of re-offense.

Continue 4th year of Fiscal Note for Criminal Sentencing & Polygraph (SB218) $485.3 PFD
This request continues funding from the fiscal note for SB 218 Criminal Sentencing and Polygraphing in the Offender Habilitation Programs component.

SB 218 requires regular periodic polygraph examinations of all sex offenders releasing on probation or parole following the effective date of July 1, 2007. Regular periodic polygraph examinations used in conjunction with community sex offender treatment and sex offender specific supervision, often referred to as the Containment Model, is best practice in the field of sex offender management.

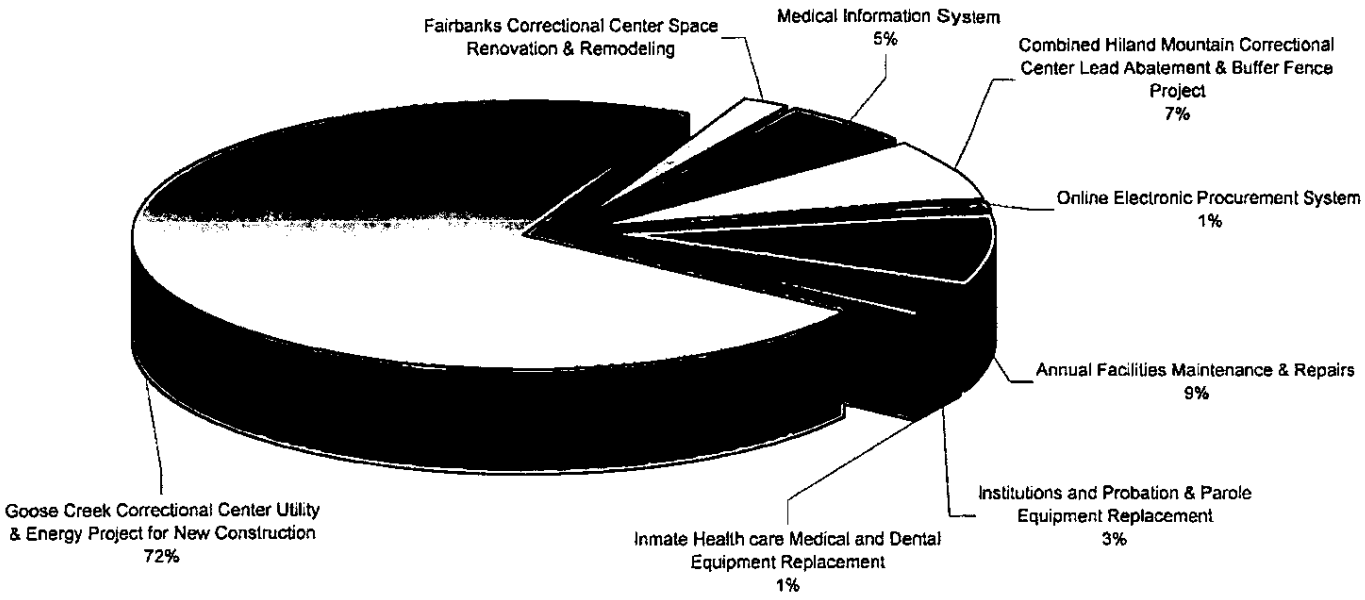
The fiscal impact on Offender Habilitation Programs will be phased in over a three year period beginning in FY08 as offenders gradually are released with the new parole/probation conditions.

Department of Corrections
Inmate Health Care RDU
Change Summary

Component	FY09 Mgt Plan	FY09 OTI MHTAAR Adjustment	FY10 Trin & Trout	FY10 Salary Adjustments (NonCovered / SSU / GGU)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY10 Governor's Budget
Inmate Health Care	$30,868.0	($333.0)	$4,211.6	$404.3		$1,630.1	$386.5	**$37,167.5**
RDU Total	**$30,868.0**	**($333.0)**	**$4,211.6**	**$404.3**	**$0.0**	**$1,630.1**	**$386.5**	**$37,167.5**

Fund Source	FY09 Mgt Plan	FY09 OTI MHTAAR Adjustment	FY10 Trin & Trout	FY10 Salary Adjustments (NonCovered / SSU / GGU)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY10 Governor's Budget
Federal Receipts	$0.0							$0.0
General Fund Match	$0.0							$0.0
General Fund	$15,047.1		$3,529.3	$270.8		$500.0		$19,347.2
General Fund/Program Receipt	$85.0							$85.0
Inter-Agency Receipts	$221.4		$70.8	$4.6				$296.8
General Fund/Mental Health	$6,055.5		$611.5	$128.9				$6,795.9
CIP Receipts	$0.0							$0.0
MHTAAR	$333.0	($333.0)					$386.5	$386.5
Statutory Designated Receipts	$0.0							$0.0
Receipt Services	$0.0							$0.0
PFD Criminal	$9,126.0					$1,130.1		$10,256.1
RDU Total	**$30,868.0**	**($333.0)**	**$4,211.6**	**$404.3**	**$0.0**	**$1,630.1**	**$386.5**	**$37,167.5**

Department of Corrections
Fiscal Year 2010 Capital Budget Request



Department of Corrections Capital Projects

Goose Creek Correctional Center Utility & Energy Project for New Construction	*$20,000.0*
Fairbanks Correctional Center Space Renovation & Remodeling	*$550.0*
Medical Information System	*$1,500.0*
Combined Hiland Mountain Correctional Center Lead Abatement & Buffer Fence Project	*$2,000.0*
Online Electronic Procurement System	*$250.0*
Annual Facilities Maintenance & Repairs	*$2,500.0*
Institutions and Probation & Parole Equipment Replacement	*$750.0*
Inmate Health care Medical and Dental Equipment Replacement	*$140.4*
Department of Corrections Total	***$27,690.4***

Department Overview

New Mission Statement: We provide secure confinement, reformative programs, and a process of supervised community reintegration to enhance the safety of our communities.

Corrections Team:

- Dwayne Peeples, Deputy Comm:
  - Administrative function oversight department wide
  - Supervises medical function
  - Oversees departmental budget
  - Based in Juneau
- Sam Edwards, Deputy Comm:
  - Operational oversight department wide
  - Supervises population management
  - Oversees Arizona contract facility
  - Based in Anchorage
- Three Divisions:

Division of Institutions	Director Garland Armstrong
Division of Probation and Parole	Director Donna White
Division of Administrative Services	Director Leslie Houston

- Unified Department, pre-trial and sentenced prisoners. One of six states
- Twelve Institutions with a total of 3604 General Cap, and 3604 Emergency Cap
- Thirteen Probation Offices currently supervising 5940 Offenders
- Fifteen contract jails with 153 beds
- Seven Community Residential Centers with 753 beds
- Seven contract treatment centers with 26 beds
- CCA is holding 885 prisoners in the Red Rock facility in Arizona
- Electronic Monitoring program is currently supervising 184 offenders

Works In Progress

- Staffing review: ensuring staff are working where they are budgeted (Truth in Budgeting)
- OSHA respiratory protection program

Challenges

- Aging facilities; All are 18 or older (except ACC)
- Inmate Health Care

Alaska Department of Corrections

FY2011 thru FY2019 Anticipated Long Range Plan:

The Department of Corrections (DOC) is undergoing a full review and long-range analysis of its population management for the future years. This includes examining the current use of all facilities.

The department is appraising each institution for potential expansion, rehabilitation, or replacement. Many of the state facilities are aging and deteriorating. Funding for annual maintenance and repairs has not matched the pace of inflation and deterioration. This has placed the DOC in the position of responding and directing funds to the most urgent of repair needs associated with life, safety, and health.

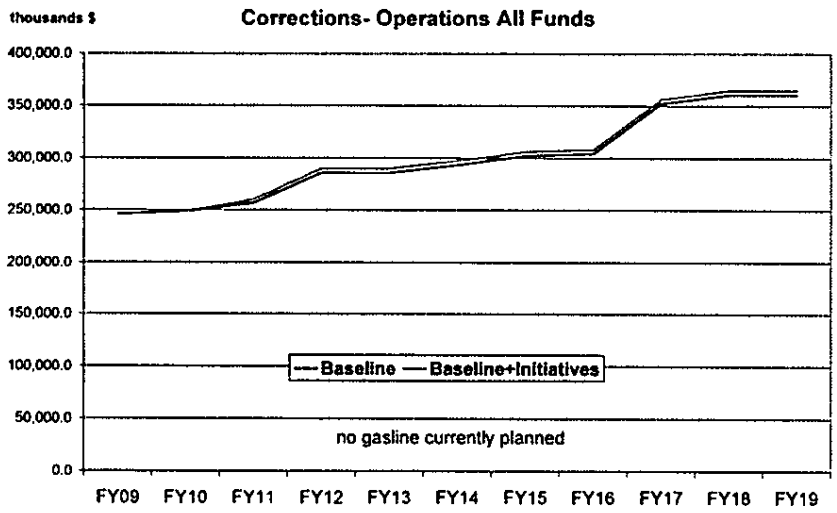
A report prepared for the DOC by the University of Alaska, Institute of Social Economic Research providing a forecast in growth in Alaska's populations and prison expenditures is due for release in February, 2009. The department will use this report in its review and analysis to evaluate the potential for expanding prevention and intervention programs that will generate a cost-savings, curb prison growth, and continue to reduce crime in the State of Alaska.

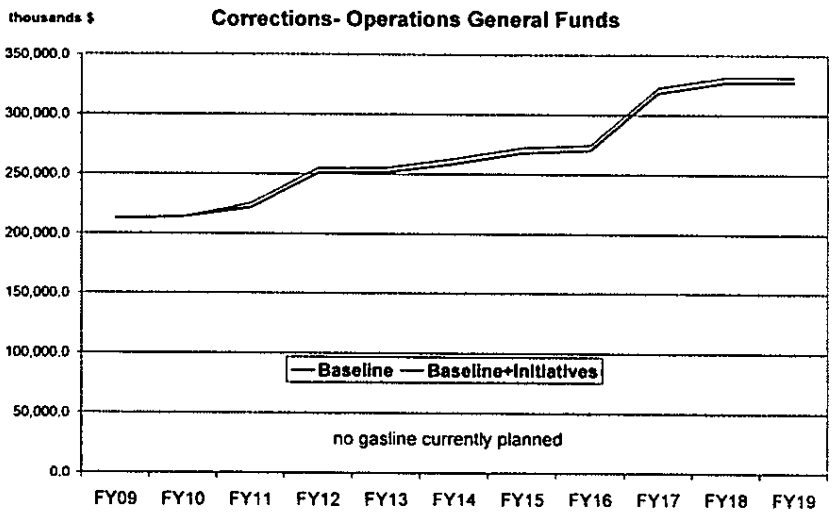
The state's inmate population has grown dramatically over the years with increases in mental illness, chronic disease, and health issues associated with geriatrics. This represents a significant challenge for the department. In developing our long range plan, the department will consider a means of providing cost effective services for this special needs population.

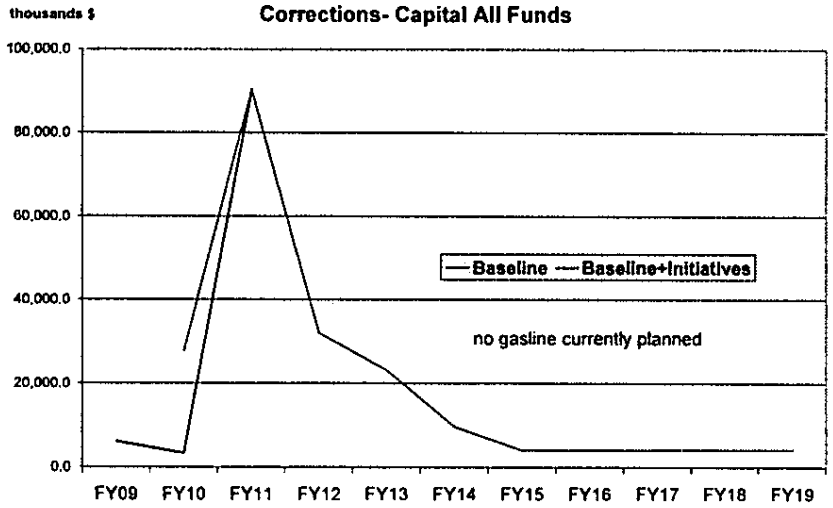
The department's long range plan is to continue to address population management, rehabilitation and mental health services, and offender supervision. This includes statewide:

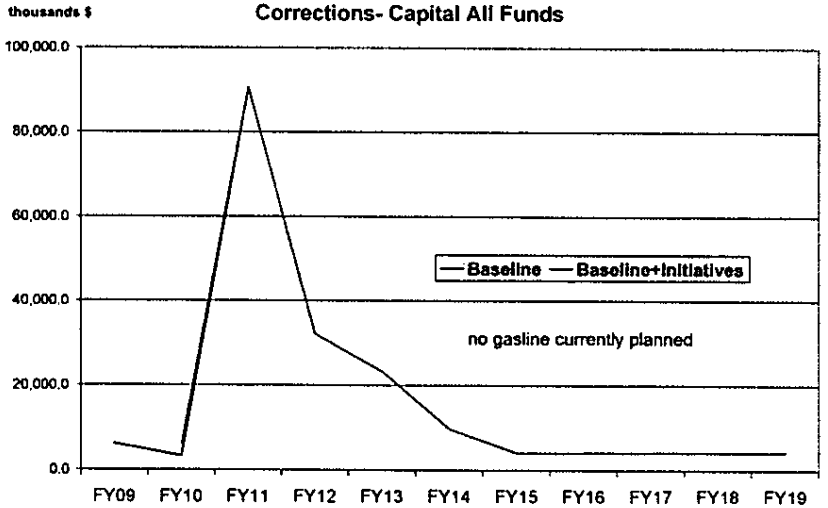
- Institutional bed capacity and community-based services
- State owned Facility Maintenance and Repairs
- Institutional-based offender habilitation programs
- Mental health services to meet the offender population diagnosed with mental health issues

Corrections









Corrections

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	252,493.2	252,353.8	347,169.5	317,623.8	308,862.8	302,903.3	306,148.6	308,250.0	356,317.9	364,825.3	364,968.5
General Fund	218,814.3	217,163.0	312,303.0	282,941.2	274,364.1	268,588.5	272,017.7	274,303.0	322,554.8	331,246.1	331,573.2
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	2,990.5	3,174.4	2,990.5	2,806.6	2,622.7	2,438.8	2,254.9	2,071.0	1,887.1	1,703.2	1,519.3
Other State Funds	30,560.0	31,888.0	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6
Operations	246,337.5	248,963.4	256,628.8	285,536.8	285,636.8	293,231.3	302,079.6	304,139.1	352,164.7	360,629.4	360,729.4
General Fund	212,658.6	213,913.0	221,762.3	250,854.2	251,138.1	258,916.5	267,948.7	270,192.1	318,401.6	327,050.2	327,334.1
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	2,990.5	3,174.4	2,990.5	2,806.6	2,622.7	2,438.8	2,254.9	2,071.0	1,887.1	1,703.2	1,519.3
Other State Funds	30,560.0	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	246,337.5	248,963.4	256,628.8	285,536.8	285,636.8	293,231.3	302,079.6	304,139.1	352,164.7	360,629.4	360,729.4
General Fund	212,658.6	213,913.0	221,762.3	250,854.2	251,138.1	258,916.5	267,948.7	270,192.1	318,401.6	327,050.2	327,334.1
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	2,990.5	3,174.4	2,990.5	2,806.6	2,622.7	2,438.8	2,254.9	2,071.0	1,887.1	1,703.2	1,519.3
Other State Funds	30,560.0	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6
Capital	6,155.7	3,390.4	90,540.7	32,087.0	23,226.0	9,672.0	4,069.0	4,110.9	4,153.2	4,195.9	4,239.1
General Fund	6,155.7	3,250.0	90,540.7	32,087.0	23,226.0	9,672.0	4,069.0	4,110.9	4,153.2	4,195.9	4,239.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	140.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

Operating - Out years include increases to maintain existing services and meet contractual obligations. The DOC's Planned Expansions have been removed from this information pending revisions and updates to meet the changing offender population.

Capital - Current Appropriations include all departmental capital projects. This includes Deferred Maintenance and Information Technology items and excludes any costs associated with the Expansion Projects. A capital/construction inflation factor of 2.9% was used for FY16-FY19 and excludes any capital/construction costs associated with the DOC's Expansion Plans.

Corrections

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	24,300.0	3,592.6	3,862.9	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2
General Fund	0.0	2,800.0	3,592.6	3,862.9	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	21,500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	0.0	3,592.6	3,862.9	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2
General Fund	0.0	0.0	3,592.6	3,862.9	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	3,592.6	3,862.9	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2
General Fund	0.0	0.0	3,592.6	3,862.9	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2	3,973.2
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.0	24,300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	2,800.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	21,500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for new initiatives (except gasline) appropriations estimates below:

Operating - assumptions are based on the DOC's program increases/expansion as identified by the Offender Programs Task Force which developed strategies to assess short-term and long-term offender program needs within institutions.

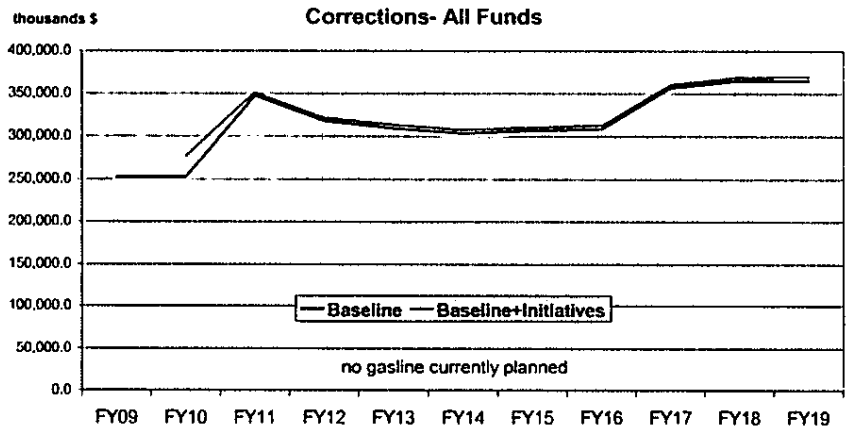
Corrections

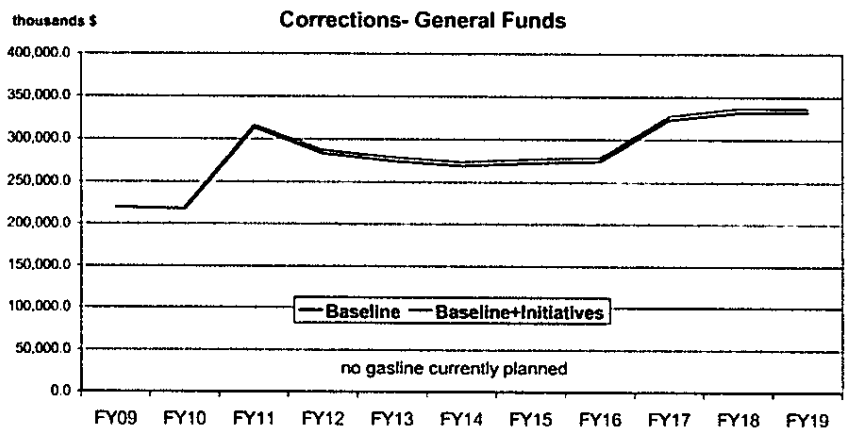
Baseline plus Initiatives

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	252,493.2	276,653.8	350,762.1	321,486.7	312,836.0	306,876.5	310,121.8	312,223.2	360,291.1	368,798.5	368,941.7
General Fund	218,814.3	219,963.0	315,895.6	286,804.1	278,337.3	272,561.7	275,990.9	278,276.2	326,528.0	335,219.3	335,546.4
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	2,990.5	3,174.4	2,990.5	2,806.6	2,622.7	2,438.8	2,254.9	2,071.0	1,887.1	1,703.2	1,519.3
Other State Funds	30,560.0	53,388.0	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6
Operations	246,337.5	248,963.4	260,221.4	289,399.7	289,610.0	297,204.5	306,052.8	308,112.3	356,137.9	364,602.6	364,702.6
General Fund	212,658.6	213,913.0	225,354.9	254,717.1	255,111.3	262,889.7	271,921.9	274,165.3	322,374.8	331,023.4	331,307.3
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	2,990.5	3,174.4	2,990.5	2,806.6	2,622.7	2,438.8	2,254.9	2,071.0	1,887.1	1,703.2	1,519.3
Other State Funds	30,560.0	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	246,337.5	248,963.4	260,221.4	289,399.7	289,610.0	297,204.5	306,052.8	308,112.3	356,137.9	364,602.6	364,702.6
General Fund	212,658.6	213,913.0	225,354.9	254,717.1	255,111.3	262,889.7	271,921.9	274,165.3	322,374.8	331,023.4	331,307.3
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	2,990.5	3,174.4	2,990.5	2,806.6	2,622.7	2,438.8	2,254.9	2,071.0	1,887.1	1,703.2	1,519.3
Other State Funds	30,560.0	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6	31,747.6
Capital	6,155.7	27,690.4	90,540.7	32,087.0	23,226.0	9,672.0	4,069.0	4,110.9	4,153.2	4,195.9	4,239.1
General Fund	6,155.7	6,050.0	90,540.7	32,087.0	23,226.0	9,672.0	4,069.0	4,110.9	4,153.2	4,195.9	4,239.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	21,640.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Corrections





House Finance Committee
January 30th 2009
Department of Corrections

FY2009 Status update:

Commissioner's Office - $50.0 for Evidence Based Study to Lower Crimes in Alaska
The department entered into a Reimbursable Service Agreement (RSA) with the University of Alaska / Institute of Social and Economic Research (ISER) to begin the study. The final report is expected by February, 2009.

Offender Habilitation Programs - $801.0 Institutional Substance Abuse Treatment Program
The department received ¾ of the annual operating funding to implement Institutional Out-Patient programs intended for short-term offenders. The 5 contracts have been awarded to serve: Fairbanks Correctional Center, Lemon Creek Correctional Center, Spring Creek Correctional Center, Yukon-Kuskokwim Correctional Center, and the Anchorage Community Residential Center.

Offender Habilitation Programs - $470.3 Criminal Sentencing & Polygraphing
Contracts where implemented in October 2008 for the Bethel Community Residential Center and the Bethel Community Sex Offender Treatment Program. Existing contracts were amended to include the Palmer, Sitka and Ketchikan areas.

Institutions - $1,853.9 Vacancy & Turnover Elimination
The department continues in its efforts of recruitment. Currently there are 25 total vacant PCNs within the 24 hour facilities of which 15 are Correctional Officers. It is anticipated to have these position filled by June 2009.

Wildwood Correctional Center - $1,417.2 Building Conversion for 80 Bed Offender Housing Units
This project involves two buildings and both buildings have been abated of asbestos and the architectural designs are near completion. The anticipated timeframe for these beds to become available is late spring or early summer of 2009.

The department also received $1.1 million to cover ¾ of FY09 operating costs of the new housing units. The $1.1 million is being maintained in the FY2010 base, and an increment for $353.3 (for ¼ year operating costs) will not be requested. Instead, the Department is maintaining the $302.2 one-time item, leaving it in the base budget as a substitute for the $353.3 increment that was expected. The DOC intends to manage the new units at the requested funding level.

Community Jails - $45.0 Jail Oversight Contract
Funding was received to meet the Legislative Audit recommendation to establish a professional services agreement with an independent contractor to assist the department in its endeavor to assure that an equitable distribution of funding is allocated within the community jails program. The department is currently working with the contractor on the scope of work for the project.

Inmate Health Care - $246.0 Mental Health Services
Additional funding was received to support existing staff to continue providing Mental Health Services such as: Community based case management within the Anchorage Area; Expanded the men's Mental Health Services to meet the Chronic Mentally Ill (CMI) at the Anchorage Correctional Center and; Dual-diagnosis release planning at the Wildwood (men's) and Hiland Mountain (women's) Correctional Centers.

FY2010 Budget Highlights:

Offender Habilitation Programs - $500.0 Institutional Substance Abuse Treatment Program

This request provides funding for the second year of expansion of the institutional outpatient treatment programs. This increment would implement two institutional outpatient treatment programs at Anchorage Correctional Complex and Anvil Mountain Correctional Center.

Offender Habilitation Programs - $485.3 Criminal Sentencing & Polygraphing

This represents the third year of funding associated with the passage of legislation relating to periodic polygraph testing and treatment of all sex offenders on probation or parole [Ch 14 SLA06 (SB 218)]. Previous appropriations for these activities total $786.8 GF in FY08 and $752.5 GF in FY09.

Offender Habilitation Programs - $200.0 Sex Offender Treatment

The department is requesting funding to establish an institutional sex offender treatment program within the Wildwood Correctional Center. The sex offender treatment program will enhance community safety by providing more offenders with intensive, offense-specific assessment and treatment prior to release.

Community Residential Center - $719.2 Increase 43 regular beds

43 regular beds have been added to assist in managing the in-state offender population. These beds are being partially funded in FY2010 with $500.0 authorization from the Electronic Monitoring Unit.

Out of State Contractual - $381.1 Bed Rate increase

Annual bed rate increase negotiated with the Corrections Corporation of America for contract prison space in Arizona. The current FY2009 bed rate is $61.63 with the anticipated FY2010 bed rate to be $62.86 per prisoner per day with an anticipated average prisoner population of 900.

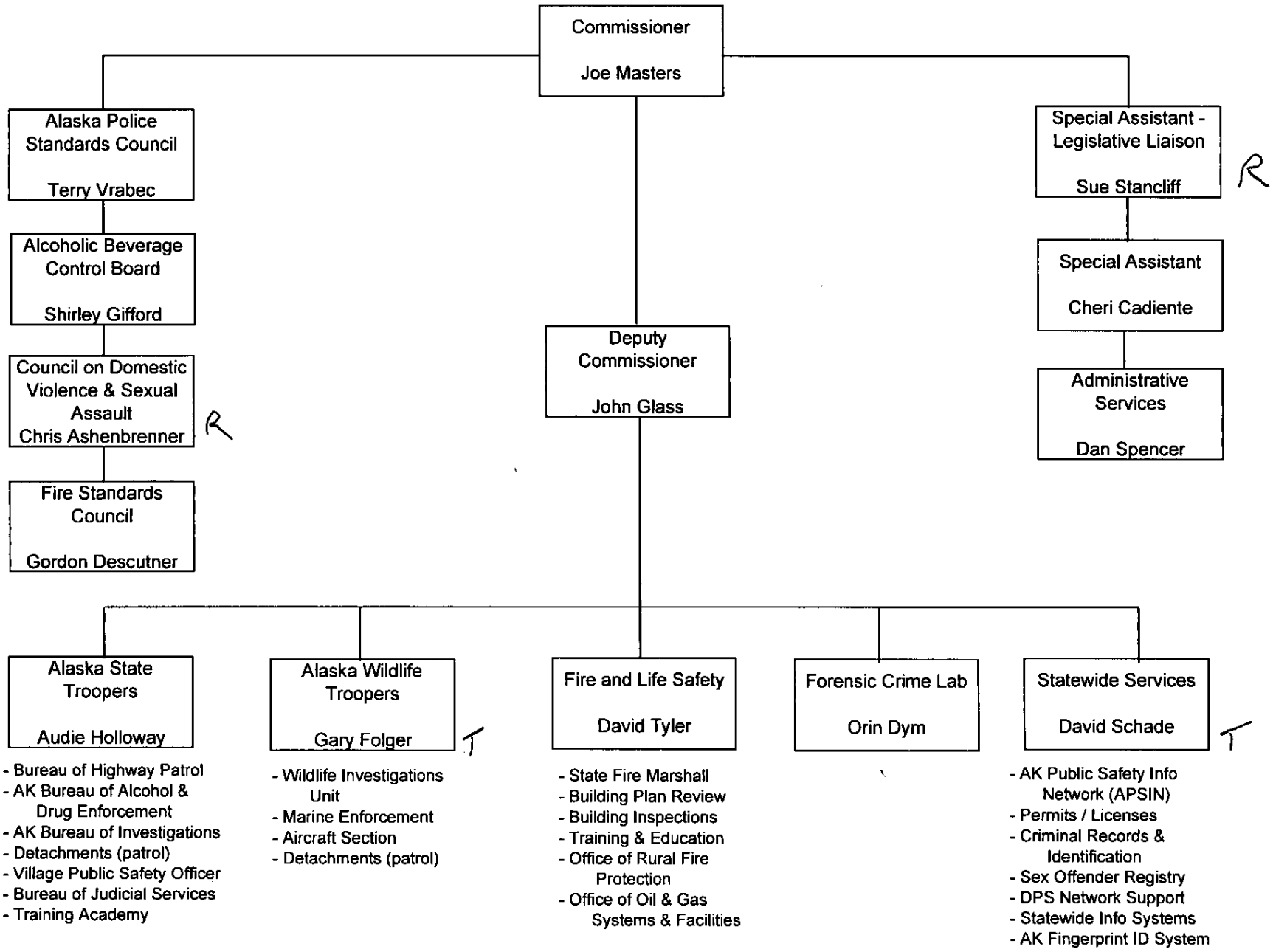
Inmate Health Care - $444.8 Mental Health Services

Additional funding is requested to support the increase in Mental Health Trust beneficiaries committed to the custody of the Department. Of the 38,000 bookings processed annually by DOC, 14,000 have a mental health diagnosis.

Structure Change –

Established Goose Creek Correctional Component in preparation of the anticipated opening in FY2012.

Department of Public Safety
January 30, 2009



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Department of Public Safety
Selected 2008 Accomplishments

Alaska State Troopers
- 13 Homicides in 2008, 100% solved
- 72 open cold cases, 29 closed, continued progress

Alaska Wildlife Troopers
- 58,584 Resource user contacts
- 8.5% Violation to contact rate

Village Public Safety Officer
- 238 Domestic violence and assault arrests - up 51%
- 57 Driving under the influence arrests - up 63%

Fire and Life Safety
- 1,543 Facility inspections (143% increase) compliance @ 35%.
- 1,024 Building plan reviews (20% increase)

Statewide Services
- 2,458 Registered Sex Offenders, 107 non-compliant
- 7,802 Active Concealed Handgun permits

60,000 fingerprint

Crime Lab
- Filled 10 lab vacancies, fully staffed for first time since 2002
- Case backlog reduced 24% currently 600

3

State of Alaska
Department of
Public Safety

Sarah Palin, Governor
Joseph A. Masters, Commissioner

January 29, 2009

The Honorable Bill Stoltze, Chair
Public Safety Subcommittee
House Finance Committee
State Capitol, Room 515
Juneau, AK 99801-1182

Dear Representatives Stoltze:

During the January 22, 2009 House Finance Public Safety Subcommittee hearing, a number of questions were asked relating to the Department of Public Safety's (DPS) operating budget. Our responses follow:

Several questions were posed asking about DPS' recruitment efforts generally, and more specifically how these efforts are directed toward the military. Attached is a paper discussing those efforts. I hope it will provide the information you need.

Another questioner asked for statistics on the Drug Abuse Resistance Education (D.A.R.E.) program. D.A.R.E. Alaska, Inc., is a private non-profit organization. DPS employees administer federal funds used for D.A.R.E. officer training.

During the 2007-2008 school year, 70 D.A.R.E. officers from 20 police agencies taught D.A.R.E. curricula to 5,108 students in 57 elementary, middle, and high schools throughout the state. During October 2007, a two-day in-service was held to provide ongoing training for D.A.R.E. officers. Twenty-five certified D.A.R.E. officers attended the in-service, receiving training for additional supplemental lessons, the new community program, and enhanced training on a variety of topics that the D.A.R.E. officer deals with such as Internet safety. In December 2007, D.A.R.E. Alaska, Inc. hosted the Alaska Student Safety Summit, which provided critical information and skills for attendees. This two-day conference was attended by one hundred and fifty D.A.R.E. officers, police officers, educators, community based treatment providers, and

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community and youth leaders. Evaluations of the speakers and the conference as a whole were very positive with many requests to continue to host the conference. In February 2008, 20 new D.A.R.E. officers graduated from the two-week D.A.R.E. Officer Training. Nine of the graduating D.A.R.E. officers were VPSOs who will be taking the program back to their communities. The D.A.R.E. program saw a decrease in the number of students that were taught during the 2007-2008 school year from six percent to four percent. This could be related to a number of differing factors, including officers moving to new positions, some larger schools not receiving the program due to construction, and several officers not responding to the request for surveys. There was a 29 percent increase in the number of certified D.A.R.E. officers statewide, a 12 percent increase in D.A.R.E. police agencies, a 29 percent increase in the percentage of school districts with the D.A.R.E. program, and a 59 percent increase in communities that have adopted the D.A.R.E. program.

Do VPSO training programs differ around the state? All VPSOs attend the same basic training at the department's Sitka training academy. Each year, regional training sessions are held, bringing in the VPSOs in that geographic area to a regional hub. Essentially, the regional trainings are consistent as it pertains to insuring all the necessary re-certification needs are met and continued training in DPS lead courses, such as Defensive Tactics, Report Writing, Crime Scene Investigation, EMT, Fire Training, Probation and Parole, DUI Enforcement, SAR/ICS, Domestic Violence, etc. The various regional non-profits also include training that is specific the non-profit corporation's policies and procedures, i.e., risk management, sexual harassment, regional Indian Child Welfare Act issues, etc.

Please call if you have additional questions.

Sincerely,

Joe Masters, Commissioner

Enclosure

cc: The Honorable Nancy Dahlstrom
The Honorable John Harris
The Honorable Mike Hawker
The Honorable Scott Kawasaki
The Honorable Bob Lynn
The Honorable Woodie Salmon
Kelly Cunningham, Legislative Finance
Mary Sutton, Office of Management and Budget

2007/2008 D.P.S. Recruitment Brief

Outreach events attended by D.P.S. Recruiters and Personnel

- 01/30/2007 Army Career & Alumni Program (ACAP), Fairbanks Military Job Fair
- 2/21/2007 Juneau Job Fair
- 2/21/2007 Alaska Pacific University
- 2/27-28/2007 High School and Community Career Fair, Sitka
- 03/01/2007 Bethel Job Fair
- 3/3-4/2007 Palmer Gun Show
- 03/05/2007 Dillingham Job Fair
- 03/07/2007 Anchorage Daily News Job Fair, Egan
- 03/08/2007 Ketchikan Job Fair
- 03/08/2007 Kotzebue Job Fair
- 03/19/2007 Ft. Richardson, Winter Safety Driving/Driving Under the Influence (DUI)/Recruiting
- 03/27/2007 Fairbanks Job Fair
- 03/29/2007 Kenai Job Fair
- 03/29-4/1/2007 Sportsman Show
- 04/3-5/2007 Alaska Police Officer Association (APOA) Crime Conference
- 04/09/2007 Seward Job Fair
- 04/10/2007 St. Marys Job Fair
- 04/11/2007 Valdez Job Fair
- 04/19/2007 Michigan Job Fair
- 04/20-22/2007 Anchorage Women's Show, Sullivan Arena
- 05/01/2007 Mat-Su Job Fair
- 05/03/2007 Dutch Harbor High School Job Fair
- 05/5-6/2007 Alaska State Aviation Trade Show and Conference
- 05/19/2007 Copper River Native Association Job Fair
- 05/19/2007 Armed Forces Day, Dimond Mall
- 06/24/2007 Anchorage Glacier Pilots' Kids Day
- 06/30/2007 Polynesian Cultural Awareness Day Celebration
- 07/20/2007 Fort Lewis, Washington Job Fair
- 07/30/2007 Chugiak Career Day, Alaska Pacific University
- 08/22-9/3/2007 Alaska State Fair
- 09/12/2007 Anchorage Daily News Job Fair, Egan
- 09/13/2007 King Career Center Recruitment Night
- 09/19/2007 Juneau Job Fair
- 09/28-30/2007 Winter Recreation and Travel Show, Sullivan Arena
- 10/17/2007 Joint Military Job Fair, Ft. Richardson
- 10/24/2007 2007 Alaska Federation of Natives Business Expo/Job Fair
- 11/08/2007 Veteran Job Fair, Anchorage Job Center, Muldoon
- 11/14/2007 ACAP Law Enforcement and Corrections Day, Fort Lewis, WA
- 01/23-25/08 San Diego Job Fair
- 01/29/08 Anchorage Daily News Job Fair, Trades, and Construction

- 02/8-9/08 Kodiak High School Job Fair
- 02/20/2008 Alaska Pacific University Career Fair
- 02/22/2008 University of Alaska-Anchorage (UAA) Justice Club Meeting
- 02/27-28/08 World of Work Job and Career Fair, Sitka
- 03/1-2/08 Palmer Gun Show
- 03/06/08 Ketchikan Job Fair
- 03/06/08 Kotzebue Job Fair
- 03/12/08 Juneau Job Fair
- 03/19/08 Anchorage Daily News Job Fair
- 03/26/08 Annual Kenai Peninsula Job Fair
- 03/28/08 Annual 2008 Yukon Kuskokwim Delta Job and Career Fair
- 03/31/08 King Career Center
- 04/02/08 Fairview Works Job Fair for Youth and Adults
- 04/04/08 Career Day, Tech High School, Wasilla
- 04/4-6/08 Great Alaska Sportsman Show
- 04/07/2008 Seward Community Job Fair
- 04/10/2008 Burchell High School, Wasilla
- 04/11/2008 Homer College, Career and Job Fair
- 04/11-13/2008 Today's Woman, Woman Show
- 04/14/2008 King Career Center
- 04/16/2008 Annual Valdez Job Fair
- 04/18-20/2008 Alaska Women's Show
- 04/22/2008 Annual Fairbanks Job Fair
- 04/25/2008 Mat-Su Job Fair
- 05/3-4/2008 Alaska State Aviation Trade Show
- 05/07/2008 King Career Center
- 05/17/2008 Military Appreciation Day
- 06/27-28/2008 Arctic Thunder 2008 Air Show
- 07/20/2008 Glacier Pilots Kids Day
- 07/13/202008 Kulis Family Day
- 07/25/202008 Mayor's (Anchorage) Diversity Day, Park Strip
- 08/1-9/202008 Tanana Fair
- 08/21-9/1/2008 Alaska Fair, Palmer
- 09/5/2008 Career Day-Tech High School, Wasilla
- 09/10/2008 Anchorage Daily News Job Fair
- 09/11/2008 King Career Center
- 10/1/2008 Joint Military Job Fair, Ft. Richardson
- 10/1/2008 Sitka Job Fair
- 10/2/2008 Juneau Job Fair
- 10/15/2008 Fort Lewis, Washington Job Fair
- 10/16/2008 Charter College Career Services Career Fair
- 10/17-19/2008 Oxygen and Octane Expo
- 10/20-25/2008 Alaska Federation of Natives
- 11/05/2008 Veterans' Job Fair
- 11/13/2008 2008 Human Services Employer Expo, UAA
- 11/17/2008 Ft. Richardson

DPS Military Recruitment Efforts

The Department of Public Safety, Alaska State Troopers, has a long history of recruiting military veterans and being active in the Guard and Reserve. This partnership is natural in part due to the paramilitary atmosphere of the Alaska State Troopers and the search for highly independent, disciplined, and ethical public service orientated men and women with adventurous spirits.

The department has employed members who have served at nearly all levels of the armed forces in all branches, including the Guard and Reserve. Currently, the Command Sergeant Major of the National Guard is a former Alaska State Trooper captain who retired from DPS to accept the highest-ranking enlisted position with the National Guard.

The department's historical recruitment efforts have focused on the "separating" active duty personnel as these veterans are often preparing to enter the civilian workforce and are searching for career opportunities. Guard and Reserve members generally have civilian careers and/or live in communities with ties that discourage them from joining the Alaska State Troopers, who often require them to move from their communities. It is, however, common for commissioned troopers to join their local National Guard and Reserve Units so they can enjoy the benefits of the Guard and Reserve programs.

Recruiting the Military

The Alaska State Troopers recruitment efforts have had a constant military focus. Currently, the department employs a significant percentage of military veterans. DPS provides a military preference in that all honorably discharged military veterans are offered an interview during the background portion of the application process.

The department recruitment unit attends several out-of-state military career fairs every year. DPS advertises with the Marine for Life program, Vet Jobs publications, Hire a Vet publications, G.I. Jobs, the Elmendorf and Ft. Richardson Newcomer's Guide, and all statewide Veteran Job Fairs and Army Career and Alumni Program (ACAP) events. The department also participates in the U.S. Army Partnership for Youth (PaYS) Program.

In addition, the DPS Academy has been approved by the Alaska Department of Military and Veterans Affairs (DMVA) Office of Veterans Affairs to allow military veterans to receive their G.I. Bill benefits while attending the academy and during the 15 week Field Training and Evaluation Program.

The department staffs a recruitment booth and display during the Military Appreciation Day at the Dimond Center in Anchorage as well as Arctic Thunder Air Show on Elmendorf Air Force Base.

Frequently throughout each year, the military asks for troopers to present information during their Safety Day Training, and during those presentations, trooper recruitment is highlighted. The department also attends venues to address separating military personnel from all the

installations, whenever the opportunity is presented. These events occur both in Anchorage and in Fairbanks.

Alaska National Guard and Reserve

Historically, current troopers who are also members of Alaska's Guard and Reserve have maintained themselves as informal liaisons with their Guard and Reserve counterparts, encouraging their peers to consider the Alaska State Troopers as a civilian career. These troopers have the advantage of working along side potential applicants and can provide valuable "real life" considerations for Guard members to consider.

The department recruiter has begun working with the Alaska National Guard recruitment commander discussing joint advertising and exploring the option of a "joint career track" between the Alaska State Troopers (civilian occupation) and the National Guard Military Police (Guard Service). In part, this concept may allow an "under 21" National Guard member to undergo the criminal background check for the Alaska State Troopers and if acceptable, attend the DPS Training Academy. At the conclusion of the Academy, the member could be hired into a non-commissioned position and secure employment with DPS with the anticipation that the employee promotes to trooper after reaching the age of 21. This would allow the department to mentor and train the young employee while providing them with a solid career path, and at the same time, they participate in Alaska's National Guard.

DPS has formalized a group of troopers whose heritage comes from Alaska Native communities from around the state. These troopers are focusing on recruiting Alaska Natives and building bridges between the department and native organizations statewide. In addition, this group will solicit interest from those National Guard and Reserve members who are currently residing in "Bush" Alaska.

Periodically throughout the year, the department attends meetings with ESGR (Employee support for Guard and Reserve) to discuss veterans' issues, strategize opportunities for returning military members, and the services we can provide those members.

Recruitment Enhancements

Staff Realignment

Currently the recruitment section staff consists of a Lieutenant, a Criminal Justice Technician, an Administrative Clerk II, and five background investigators. A vacant Corporal PCN is being upgraded to Sergeant and will be assigned to recruitment. Additionally, a vacant Administrative Assistant position will be converted to a GGU employee assigned to recruitment to focus on VPSO recruitment and background investigation.

Alaska National Guard and Reserve

Historically, troopers who are also members of Alaska's Guard and Reserve have maintained themselves as informal liaisons with their Guard and Reserve counterparts, encouraging their

peers to consider the Alaska State Troopers as a civilian career. Additionally, discussions with the Alaska National Guard recruitment commander have begun, discussing joint advertising and exploring the option of a "joint career track" between the Alaska State Troopers (civilian occupation) and the National Guard Military Police (Guard Service). Discussions and options are ongoing with particular interest in rural Alaska.

Alaska Native State Trooper Recruitment Program

Nine Alaska Native State/Wildlife Troopers have been selected to staff this team. These troopers will travel singly or in teams to different parts of Alaska to speak specifically about the need to increase native recruitment numbers in the divisions of Alaska State and Alaska Wildlife Troopers. They will also speak at social events like high school graduations and at other high school and university functions to encourage young adults to maintain a lifestyle that would allow for future employment in law enforcement. This team would also be allowed to travel to events put on by Alaskan Native corporations, other Alaskan Native professional organizations, as well as tribal events. Prisoner trips and airline mileage rewards would augment travel costs where possible.

Female Alaska State Trooper Recruitment Contract

A contract will be let for a retired female Alaska State Trooper to make recruitment trips to specific events aimed at increasing the numbers of qualified female recruits. The contractor would submit an overall plan and budget to the recruitment supervisor for approval. The contractor would provide generalized information and directions to large groups and would also seek out prospects with a high interest and stay in touch with those to provide encouragement and assistance during application.

Alaska State Trooper Ambassador Program

Troopers will be given the opportunity to submit a written plan to the recruitment supervisor that outlines a specific recruitment trip in which they have a personal interest. This may be a return to a hometown, a previous employment location, a university alma mater, etc. The troopers selected would bring a personal touch and personal interest to this effort, thus providing a greater chance for success. Each submission would be reviewed by headquarters command staff. AST would offset the cost of travel by using prisoner trips and airline mileage rewards where possible. The troopers who take these trips will be required to focus on a select few applicants that are really interested and have a true potential to succeed through the hiring process. The troopers would stay in touch with the prospects to maintain encouragement.

D.P.S. Recruitment Enhancements

- Opened recruitment to out-of-state applicants, 2005
- Establish $100,000 budget for advertising/recruitment programs, 2005
- Discontinued use of out-of-date written exam
- Finished the new recruitment website, 2006
- Integrated to Workplace Alaska by fall, 2007
- Open lateral hires to out-of-state police and troopers, 2007

- Increased moving allowance to include cost of transportation from point of origination to assigned duty station in Alaska instead of from Alaska border
- Increased outreach efforts (job, trade ,and career fairs) in all of Alaska
- Increased presence at military job fairs in Alaska, Washington, and San Diego
- Advertised with Career Builder.Com, Fish Alaska, Alaska Magazine, Alaska Airline Magazine, Military Guides
- Increased free advertising with Policeone.com, Officer.com, Craig's List
- Increased advertising in military venues
- Implemented Recruitment Incentives to PSEA members (leave award)
- Active with King Career Center, MatSu Career and Tech, Charter College, and UAA Criminal Justice Club
- Improved Lateral Hire process and Training program
- Updated Recruitment Display, VPSO banner, and incorporated DUI seized Caddie as a recruitment vehicle
- Updated and improved selection criteria for State Trooper Recruit, Court Service Officer, and Deputy Fire Marshal
- Increased advertising through "give-always"
- Increased background investigators by one
- Improved information passed on to applicants by the background investigators about "what it means to be an Alaskan State Trooper."
- DPS payment of Basic Police Certificate fee
- Improved follow-up with potential applicant questions

Proposed Projects

- Contract recruiter for female applicants
- Native trooper recruitment outreach program
- Assist lateral applicants with airfare and hotel costs for testing
- Host a co-operative Alaska law-enforcement summit/career fair
- Increase advertising budget
- College job fairs (Criminal Justice)
- "Troops to Trooper" concept with the National Guard
- Attempt to secure Advanced Step Placement for lateral hires
- Traveling AST recruitment Ambassador Program "Road Show"

Department of Public Safety

Presentation to House Finance Committee
January 30, 2009

FY 2009 Status Report

All trooper positions expected to be filled by July 1

- Expect 20 recruits in Academy starting next month
- Expect up to 12 lateral hires (from other police depts.)

Converted 7 trooper positions to Court Services Officer (CSO)

- Bethel (2), Nome/Kotzebue (2), Dillingham (1), Kenai (1), Anchor Pt. (1)
- Each new CSO frees up one trooper to return to law enforcement duties

VPSO update

- Salary increase in effect
- Still not all positions filled

New Crime Lab

- Land lease with Municipality of Anchorage near completion
- Validation study of design by DOT/PF contractor

FY2010 Budget Overview / Significant Changes

Operating Budget

- Budget request funds FY09 levels of service – no new initiatives
- Significant cost increases include adding the funding for the prisoner settlement with Municipality of Anchorage. Was inadvertently omitted from conference committee bill last session.
- Ongoing operations costs funded – previously covered by vacancy
- Small amount (50.5) for PSEA contract – uniform allowance omitted from monetary terms presented last year
- CDVSA grants increased by $1,677.9 PFD Criminal funds (forfeitures in lieu of dividends) – most of this will go directly to shelters

Capital Budget

- Recurring requests for facilities / aircraft / vessel maintenance and repairs
- Aircraft Hangar – $2.5 million to ensure enough funding prior to beginning – based on DOT/PF estimate
- APSIN $2.0 million to finish this multi-year redesign effort
- Smaller amounts to complete On-line Plan Review System and to ensure continuation of Alaska Law Enforcement Information Sharing System (ALEISS)

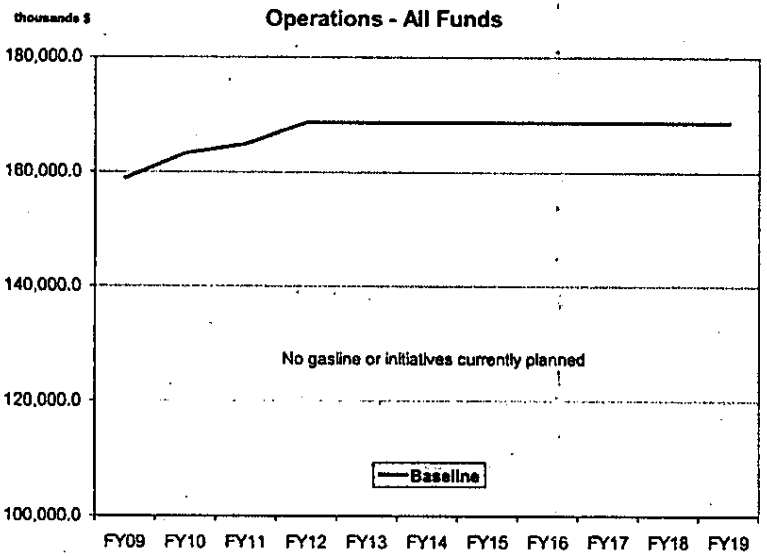
Department of Public Safety
Overview of 10 Year Plan

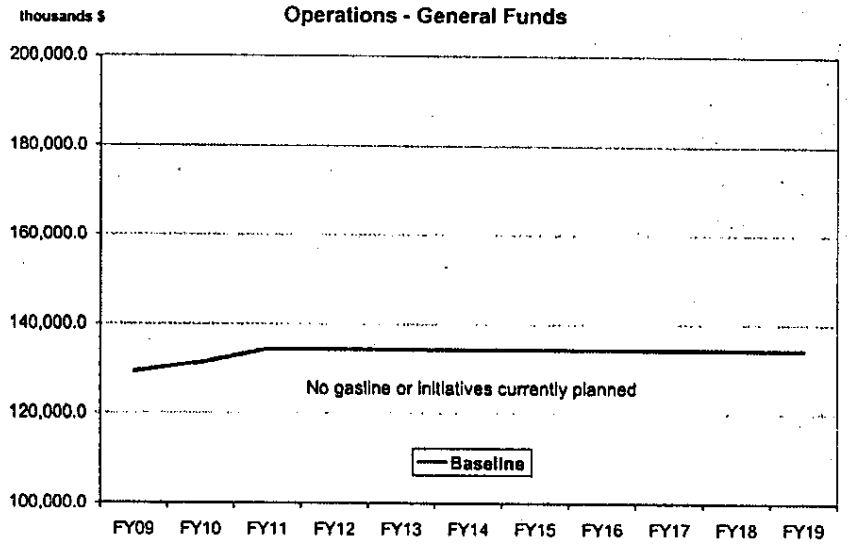
Note: The department will undertake a long range planning process during FY2010. Results of this effort will be reflected in the long range plan presented to the legislature next year.

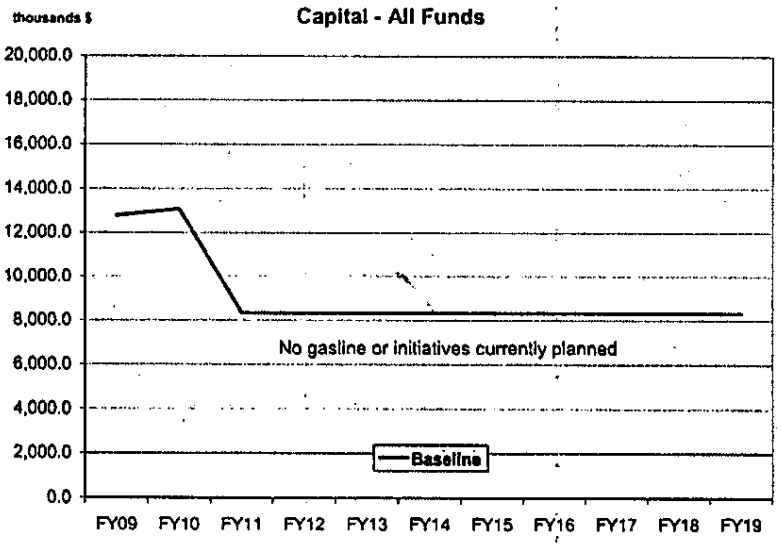
Baseline Assumptions:

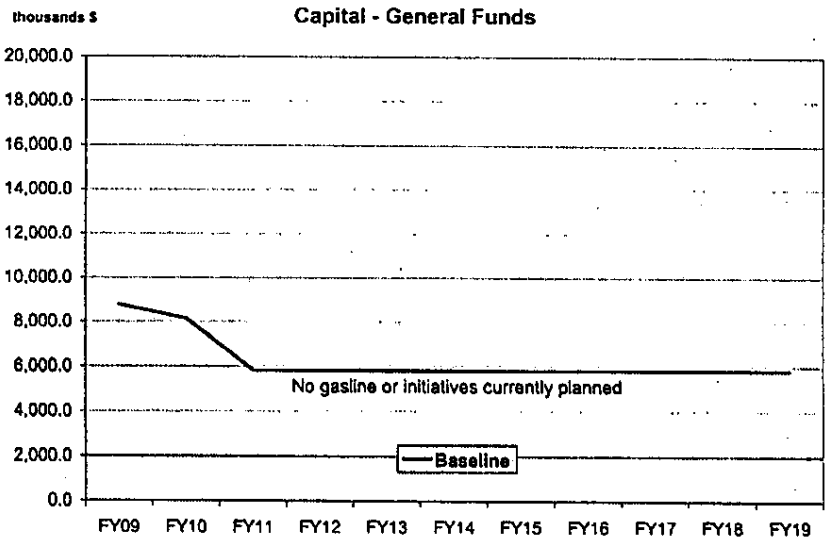
- Operating: FY 2009 level of service in FY2010 and beyond
  - All enforcement positions filled
  - No inflation adjustments
- Capital: Recurring routine capital outlay
  - Aircraft / vessel / facility maintenance at FY2010 cost
  - Periodic replacement / upgrades for short-life equipment
- Gas Line Initiatives:
  - No gas line initiatives
  - Impacts of gas line construction to be determined during planning process
- New Initiatives:
  - No new initiatives
  - Any new initiatives will be identified during planning process

Public Safety









Public Safety

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	171,708.1	176,427.5	173,289.8	176,950.0	176,950.0	176,950.0	176,950.0	176,950.0	176,950.0	176,950.0	176,950.0
General Fund	128,696.7	130,701.5	133,654.3	133,654.3	133,654.3	133,654.3	133,654.3	133,654.3	133,654.3	133,654.3	133,654.3
General Fund Match	617.9	627.3	627.3	627.3	627.3	627.3	627.3	627.3	627.3	627.3	627.3
Federal Funds	19,257.6	17,691.2	14,031.0	17,691.2	17,691.2	17,691.2	17,691.2	17,691.2	17,691.2	17,691.2	17,691.2
Other State Funds	23,135.9	27,407.5	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2
Operations	158,918.1	163,355.0	164,957.8	168,618.0	168,618.0	168,618.0	168,618.0	168,618.0	168,618.0	168,618.0	168,618.0
General Fund	119,906.7	122,559.3	127,822.3	127,822.3	127,822.3	127,822.3	127,822.3	127,822.3	127,822.3	127,822.3	127,822.3
General Fund Match	617.9	627.3	627.3	627.3	627.3	627.3	627.3	627.3	627.3	627.3	627.3
Federal Funds	15,257.6	15,191.2	11,531.0	15,191.2	15,191.2	15,191.2	15,191.2	15,191.2	15,191.2	15,191.2	15,191.2
Other State Funds	23,135.9	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	158,918.1	163,355.0	164,957.8	168,618.0	168,618.0	168,618.0	168,618.0	168,618.0	168,618.0	168,618.0	168,618.0
General Fund	119,906.7	122,559.3	127,822.3	127,822.3	127,822.3	127,822.3	127,822.3	127,822.3	127,822.3	127,822.3	127,822.3
General Fund Match	617.9	627.3	627.3	627.3	627.3	627.3	627.3	627.3	627.3	627.3	627.3
Federal Funds	15,257.6	15,191.2	11,531.0	15,191.2	15,191.2	15,191.2	15,191.2	15,191.2	15,191.2	15,191.2	15,191.2
Other State Funds	23,135.9	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2	24,977.2
Capital	12,790.0	13,072.5	8,332.0	8,332.0	8,332.0	8,332.0	8,332.0	8,332.0	8,332.0	8,332.0	8,332.0
General Fund	8,790.0	8,142.2	5,832.0	5,832.0	5,832.0	5,832.0	5,832.0	5,832.0	5,832.0	5,832.0	5,832.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,000.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0
Other State Funds	0.0	2,430.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

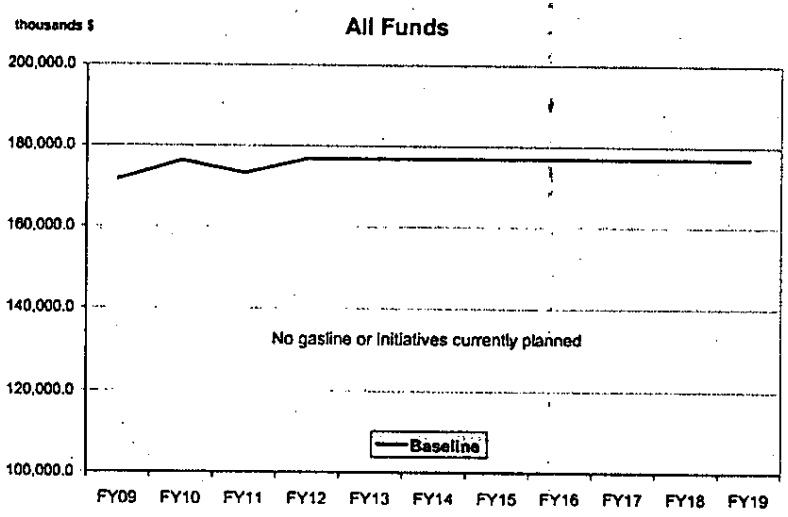
Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

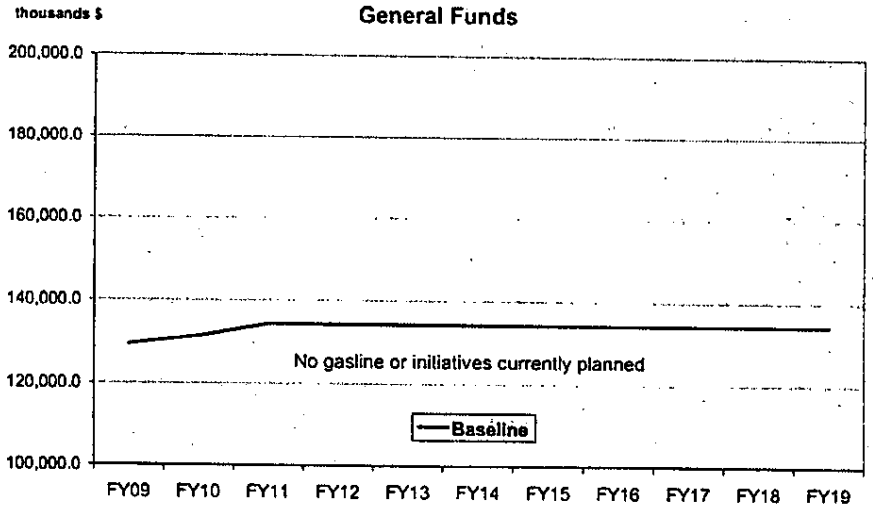
FY09 capital funding of $1,715.0 GF was deferred maintenance only, with the remainder of their capital appropriation funded from FY08 funds. FY08 capital: Leg Adds $12,025.0 GF, dept requests $15,637.0 GF and $5,000.0 fed for a total of $32,662.0.

Department includes usual annual appropriations in FY2009 baseline capital:
GF - $500.0 AST Law Enforcement Equipment, $475.0 AWT Law Enforcement Equipment, $100.0 Lab Equipment, $1000.0 Aircraft & Vessel Repair and Maintenance, $5000.0 APSIN Redesign.
FED - $2000.0 NMFS Patrol and Improvements, $2000.0 APSIN Redesign. $656.3 included in baseline OP GF for MOA prisoner transport supplemental omitted in error in conference committee bill.

FY2010 OP: Add operating requests as of 12/15/08.
FY2010 CIP: Add capital requests as of 12/15/08.
FY2011 OP: GF - increase amount needed for Illegal Drug/Alcohol Initiative to $606.4 for full year (netted out $126.5 in FY2010 budget); increase needed to fully fund VPSOs added at 50% in FY2009, $783.1; assume fill all commissioned PCNs at $4,000.0. Reduced CDVSA by $3660.2 one-time VAWA earmark.
FY2011 CIP: delete one-time FY2010 requests: $240.5 GF Phase II On-line Plan Review, $69.7 GF and $2430.3 AHFC Ph II Aircraft Hangar, $2000 GF APSIN Redesign.

Public Safety





2/2/09 OVERVIEWS: JOINT ARMED SERVICES COMM., DEPT. OF ENVIRONMENTAL CONSERVATION, DEPT.OF NATURAL RESOURCES, DEPT. OF FISH AND GAME

<target><bill></bill><subject>2-2-09 OVERVIEWS JOINT ARMED SERVICES COMMITTEE, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, DEPARTMENT OF NATURAL RESOURCES, DEPARTMENT OF FISH AND GAME</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda

Monday, February 2, 2009 House Finance Room 519 – 1:30 PM

SB 77-EXTEND JOINT ARMED SERVICES COMMITTEE
Sen. Wieleschowski, Sponsor
Rep. Dahlstrom, Chair, Joint Armed Services Committee

Mc Hugh
Pierre,
DMVA

Budget Overviews:

Department of Environmental Conservation

Larry Hartig, Commissioner, Department of Environmental Conservation
~~Mike Maher,~~ Director, Division of Administrative Services, Department of Revenue
~~Laura Beason,~~ Administrative Services Manager, Division of Information and Administrative Services, Department of Environmental Conservation

Department of Natural Resources
Tom Irwin, Commissioner, Department of Natural Resources
Leta Simons, Director, Division of Support Services, Department of Natural Resources

Available for Questions:
Marty Rutherford, Deputy Commissioner, Department of Natural Resources
~~Mark Myers~~

Department of Fish and Game
Denby Lloyd, Commissioner, Department of Fish and Game
Tom Lawson, Director, Administrative Services, Department of Fish and Game

~~Jennifer Nicholas~~

COMMITTEE ACTION ON LEGISLATION

Fax to Chief Clerk's Office 5334
HOUSE FINANCE SECRETARY: Nancy Jones

PAGE 1 OF 1
DATE: Feb. 2, 2009

SHORT TITLE	ACTION TAKEN ON LEGISLATION
CSSB 77 (STA)	X Moved Out of Committee _____ Moved CS (_____) Out of Committee _____ Moved HCS (_____) Out of Committee _____ Heard and Held _____ Heard and Held Assigned to Subcommittee _____ Bill Postponed to _____ _____ Scheduled but not Heard _____ Failed to Move Out of Committee
SHORT TITLE	ACTION TAKEN ON LEGISLATION
HB 81 HB 83	_____ Moved Out of Committee _____ Moved CS (_____) Out of Committee _____ Moved HCS (_____) Out of Committee X Heard and Held _____ Heard and Held Assigned to Subcommittee _____ Bill Postponed to _____ _____ Scheduled but not Heard _____ Failed to Move Out of Committee
SHORT TITLE	ACTION TAKEN ON LEGISLATION
	_____ Moved Out of Committee _____ Moved CS (_____) Out of Committee _____ Moved HCS (_____) Out of Committee _____ Heard and Held _____ Heard and Held Assigned to Subcommittee _____ Bill Postponed to _____ _____ Scheduled but not Heard _____ Failed to Move Out of Committee
SHORT TITLE	ACTION TAKEN ON LEGISLATION
	_____ Moved Out of Committee _____ Moved CS (_____) Out of Committee _____ Moved HCS (_____) Out of Committee _____ Heard and Held _____ Heard and Held Assigned to Subcommittee _____ Bill Postponed to _____ Scheduled but not Heard _____ Failed to Move Out of Committee

Mon. Feb. 2, 2009

CSSB 77 (STA) - Joint Armed Ser. Comm. 26-LS0373\S

Wielechowski

#1 Leg. R.O.

HB81 - Operating Budget

HB83 - MH Budget

Overviews:

DEC

DNR

DFG

Department of Environmental Conservation
Overview of 10 Year Plan
January 29, 2009

UNKNOWNS

- Increases for inflation
- Bargaining unit increases besides the known GGU and SU increases in FY10
- Future cost of living allowances
- Future fuel distributions

BASELINE ASSUMPTIONS

- Non-formula programs were not adjusted for inflation.
- All years include an anticipated 1.875% increase in personal services to accommodate step increases and longevity increases.
- State statute providing $2,000,000 to support food safety inspections throughout the state will be approved in FY2010.
- Adoption of additional federal rules for public water systems from amendments to the Safe Drinking Water Act will occur and be funded in FY2013 ($500.0 GF and $500.0 Fed).
- FY09 Capital includes $135,000 General Fund Leg add-on for Dilution of Effluent Study.
- Mining is projected to increase 25% annually due to increasing metal prices and applications for mining permits will continue to increase. This is reflected as a 25% increase each year in I/A authority through FY19.
- The Federal appropriations for rural sanitation CIP projects will decline at a rate of $10 million per year until zeroing out in FY16. This decrease in funding is shown in the Baseline scenario under the Capital section. General Funds are included in the New Initiatives section to offset this decline in funding and maintain the Water Facilities program at its current funding level.

BASELINE RESULTS

Total Costs

- From FY09 to FY19 total Baseline costs decrease by 28.1%, largely due to the significant decline in Federal funding. However, when the total baseline appropriation is combined with Capital New Initiatives, total funding increases by 3.7% over 10 years. This is referenced on the attached "Environmental Conservation – All Funds" chart.

Operating Costs

Formula Programs – *DEC has none*

Non-formula Programs – *includes all RDUs and Components*

- Non-formula program costs increase by 5.8% over 10 years.

Capital Costs

- Capital Appropriations in the Baseline Budget shows a decline 52% over 10 years due to the significant decline in Federal funding to the Water program.
- Overall Capital Funding (Baseline and New Initiatives) will increase by a modest 2.4% over 10 years.

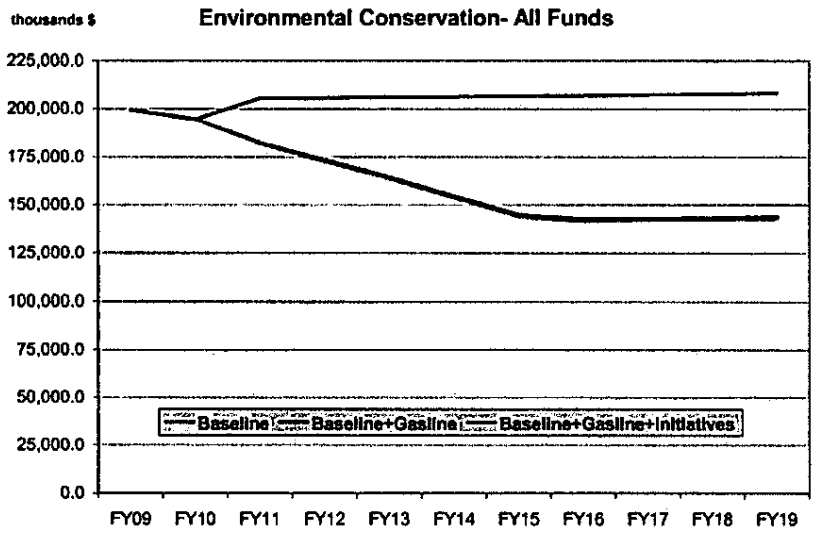
GASLINE ASSUMPTIONS

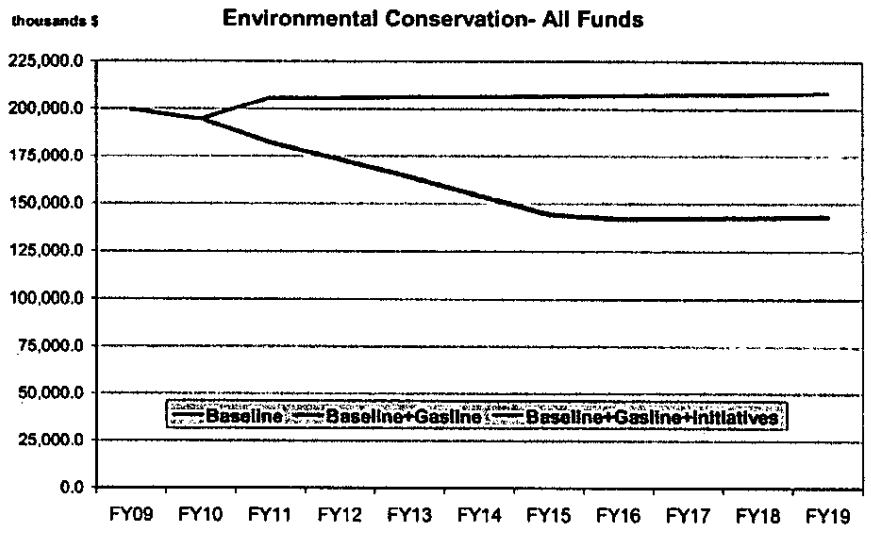
- Assumes AGIA startup in FY17. This includes AGIA only, and does not include affiliated projects (Bullet line or Alaska Natural Gas Development Authority).
- Assumes the following activities will be needed from DEC:
    - Air permits, monitoring and pre-construction review efforts. Food Safety & Sanitation, Drinking Water and Solid Waste permitting activity for pipeline camps during construction phase from FY15 to FY18. Construction of water and wastewater systems in temporary construction camps beginning in FY12 and increasing each year by 4% based on population growth as found on ADOL&WD's projection report during oil pipeline development in the 1970's. A 4% increase was determined by taking the average of the population growth trend during the construction period.
- All costs are for non-formula programs, which include: involvement in gas line legislation and permitting, AGIA startup and associated monitoring and permitting (see assumptions above), and Air Non-Point Mobile Source program conformity review for the FNSB in FY14 through FY16.

NEW INITIATIVES ASSUMPTIONS

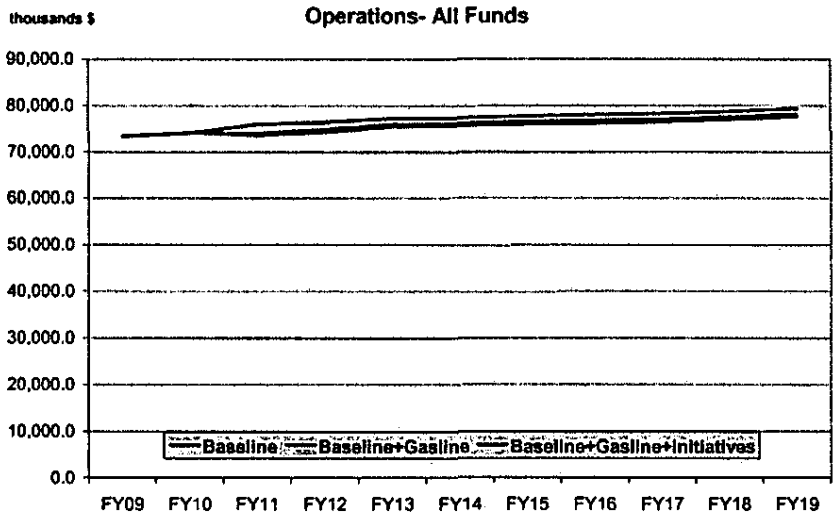
- The Fugitive Dust project will be paid for using general funds absent any federal funds for three years with additional funds needed for compliance efforts after promulgation.
- Increased funding needed for increased monitoring of air quality with additional federal regulation implementation and adoption related to climate change and other environmental monitoring efforts.
- Federal appropriations for rural sanitation CIP projects will decline and will be completely expended and unavailable by FY16, as noted in the Baseline section. All but $500,000 of the Capital General Funds in New Initiatives will be used to replace the unavailable federal appropriations and maintain the current funding level.

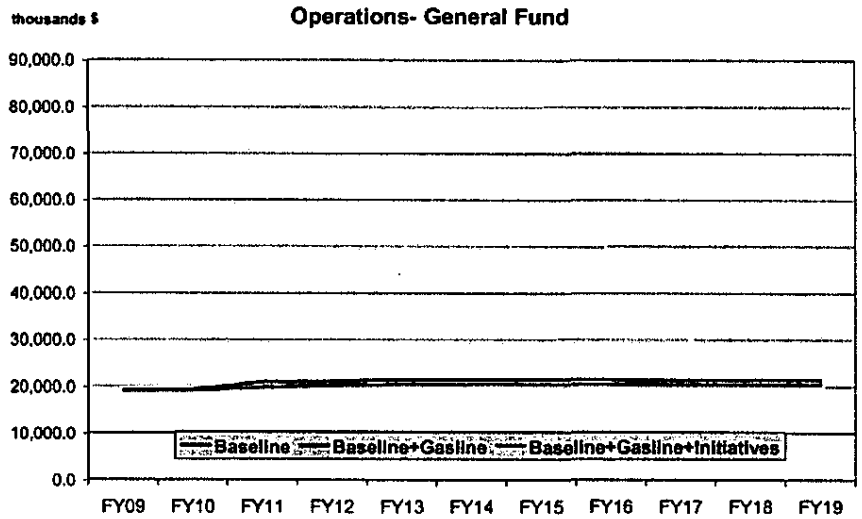
Environmental Conservation

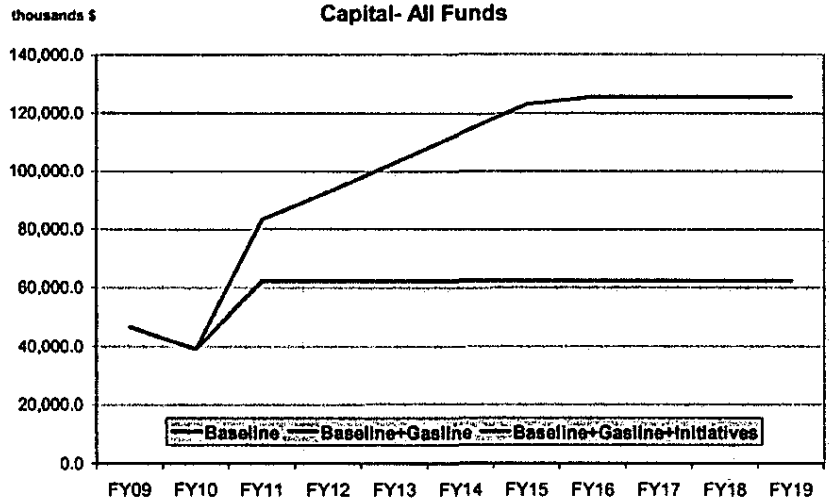


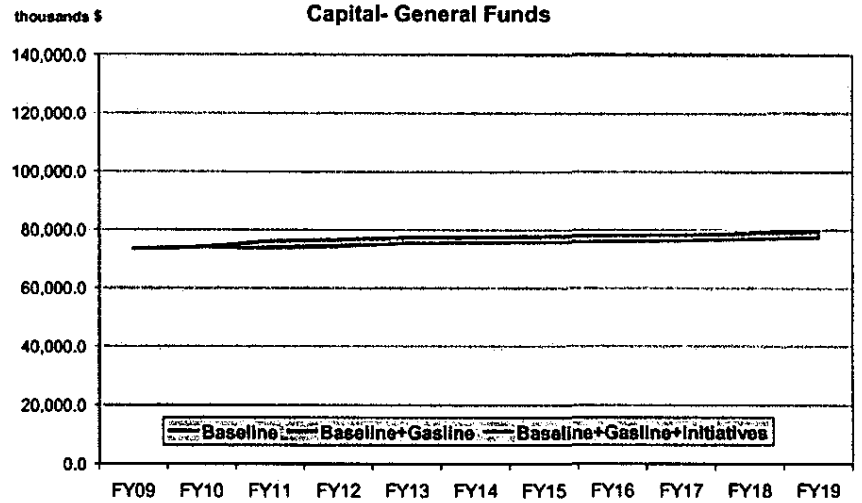


Environmental Conservation









Environmental Conservation

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	199,454.4	194,741.0	182,105.2	172,877.0	163,827.9	154,017.7	144,294.7	141,925.7	142,495.5	142,757.5	143,334.7
General Fund	38,856.2	40,125.9	64,026.0	64,351.0	64,851.0	64,851.0	64,891.0	64,851.0	64,851.0	64,851.0	64,851.0
General Fund Match	26,886.1	18,056.2	18,037.6	18,038.6	18,039.6	18,040.6	18,041.6	18,042.6	18,043.6	18,044.6	18,045.6
Federal Funds	100,125.3	73,622.6	62,502.6	52,502.6	43,002.6	33,002.6	23,002.6	20,877.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,586.8	62,936.3	37,539.0	37,984.8	37,934.7	38,123.5	38,359.5	38,154.5	38,723.3	38,984.3	39,560.5
Operations	73,486.0	74,135.0	73,849.2	74,471.0	75,621.9	75,811.7	76,088.7	76,344.7	76,714.5	77,176.5	77,753.7
General Fund	15,025.8	15,125.9	15,786.6	16,161.6	16,661.6	16,661.6	16,701.6	16,661.6	16,661.6	16,661.6	16,661.6
General Fund Match	3,976.6	4,014.6	3,996.0	3,997.0	3,998.0	3,999.0	4,000.0	4,001.0	4,002.0	4,003.0	4,004.0
Federal Funds	21,396.8	21,497.6	20,377.6	20,377.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,086.8	33,496.9	33,689.0	33,934.8	34,084.7	34,273.5	34,509.5	34,804.5	35,173.3	35,634.3	36,210.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	73,486.0	74,135.0	73,849.2	74,471.0	75,621.9	75,811.7	76,088.7	76,344.7	76,714.5	77,176.5	77,753.7
General Fund	15,025.8	15,125.9	15,786.6	16,161.6	16,661.6	16,661.6	16,701.6	16,661.6	16,661.6	16,661.6	16,661.6
General Fund Match	3,976.6	4,014.6	3,996.0	3,997.0	3,998.0	3,999.0	4,000.0	4,001.0	4,002.0	4,003.0	4,004.0
Federal Funds	21,396.8	21,497.6	20,377.6	20,377.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,086.8	33,496.9	33,689.0	33,934.8	34,084.7	34,273.5	34,509.5	34,804.5	35,173.3	35,634.3	36,210.5
Capital	125,968.4	120,606.0	108,256.0	98,406.0	88,206.0	78,206.0	68,206.0	65,581.0	65,781.0	65,581.0	65,581.0
General Fund	23,830.4	25,000.0	48,239.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4
General Fund Match	22,909.5	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6
Federal Funds	78,728.5	52,125.0	42,125.0	32,125.0	22,125.0	12,125.0	2,125.0	0.0	0.0	0.0	0.0
Other State Funds	500.0	29,439.4	3,850.0	4,050.0	3,850.0	3,850.0	3,850.0	3,350.0	3,550.0	3,350.0	3,350.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

FY09 Capital includes: $135.0 GF Leg add on for Dilution of Effluent Study project #46852

Growth to the baseline budget includes the following assumptions:

- FY2010 includes the 3% negotiated COLA increase for GGU and SU employees.
- All years include an anticipated 1.875% increase in personal services to accommodate step increases and longevity increases.
- State statute providing $2,000.0 to support food safety inspections throughout state will be approved in FY2010.
- Adoption of additional federal rules for public water systems from amendments to the Safe Drinking Water Act will occur and be funded in FY2013 ($500.0 GF and $500.0 Fed).
- Federal appropriations for rural sanitation CIP projects will decline at a rate of $10 million per year until zeroing out in FY2016.

Assumption that State General Funds will replace federal appropriations to maintain an annual CIP total of $125.6 million.

- FY09 Capital includes: $135.0 GF Leg add on for Dilution of Effluent Study project #46852. Mining is projected to increase 25% annually due to increase in the metal prices.

We are seeing an increase in the mining permit applications. Federal Performance Partnership Grant has been decreasing and will impact starting from FY2011.

Environmental Conservation

Gasline Related Budget Growth

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	0.0	155.0	397.4	361.9	391.8	512.0	522.7	403.8	415.4	482.4
General Fund	0.0	0.0	155.0	342.4	251.9	261.8	272.0	282.7	293.8	305.4	317.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	6.0	6.0	6.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	14.0	14.0	14.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	55.0	110.0	110.0	220.0	220.0	110.0	110.0	165.0
Operations	0.0	0.0	155.0	397.4	361.9	391.8	512.0	522.7	403.8	415.4	482.4
General Fund	0.0	0.0	155.0	342.4	251.9	261.8	272.0	282.7	293.8	305.4	317.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	6.0	6.0	6.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	14.0	14.0	14.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	55.0	110.0	110.0	220.0	220.0	110.0	110.0	165.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	155.0	397.4	361.9	391.8	512.0	522.7	403.8	415.4	482.4
General Fund	0.0	0.0	155.0	342.4	251.9	261.8	272.0	282.7	293.8	305.4	317.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	6.0	6.0	6.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	14.0	14.0	14.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	55.0	110.0	110.0	220.0	220.0	110.0	110.0	165.0
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for gasline appropriations estimates:

Growth to the budget related to the gasline includes the following assumptions:

Growth to the budget related to the gasline includes the following assumptions:

- Assumes AGIA startup on 2017. AGIA only--does not include affiliated projects (bullet line or Alaska Natural Gas Development Authority).
- Assumes the following activities will be needed from DEC:

o Air permits, monitoring and pre-construction review efforts. Food safety & sanitation, drinking water and solid waste permitting activity for pipeline camps during construction phase for 2015 to 2018. Construction of water and wastewater systems in temporary construction camps beginning in FY2012 and increasing each year by 4% based on population growth as found on the Department of Labor projection report during oil pipeline development (1970's). A 4% increase was determined by taking the average of the population growth trend during the construction period.

Environmental Conservation

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	0.0	23,303.3	32,373.3	42,093.3	51,918.3	61,918.3	64,543.3	64,543.3	64,543.3	64,543.3
General Fund	0.0	0.0	21,843.3	30,843.3	40,843.3	50,843.3	60,843.3	63,468.3	63,468.3	63,468.3	63,468.3
General Fund Match	0.0	0.0	391.5	456.0	375.0	322.5	322.5	322.5	322.5	322.5	322.5
Federal Funds	0.0	0.0	913.5	1,064.0	875.0	752.5	752.5	752.5	752.5	752.5	752.5
Other State Funds	0.0	0.0	155.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	0.0	2,050.0	1,620.0	1,340.0	1,165.0	1,165.0	1,165.0	1,165.0	1,165.0	1,165.0
General Fund	0.0	0.0	590.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
General Fund Match	0.0	0.0	391.5	456.0	375.0	322.5	322.5	322.5	322.5	322.5	322.5
Federal Funds	0.0	0.0	913.5	1,064.0	875.0	752.5	752.5	752.5	752.5	752.5	752.5
Other State Funds	0.0	0.0	155.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	2,050.0	1,620.0	1,340.0	1,165.0	1,165.0	1,165.0	1,165.0	1,165.0	1,165.0
General Fund	0.0	0.0	590.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
General Fund Match	0.0	0.0	391.5	456.0	375.0	322.5	322.5	322.5	322.5	322.5	322.5
Federal Funds	0.0	0.0	913.5	1,064.0	875.0	752.5	752.5	752.5	752.5	752.5	752.5
Other State Funds	0.0	0.0	155.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.0	0.0	21,253.3	30,753.3	40,753.3	50,753.3	60,753.3	63,378.3	63,378.3	63,378.3	63,378.3
General Fund	0.0	0.0	21,253.3	30,753.3	40,753.3	50,753.3	60,753.3	63,378.3	63,378.3	63,378.3	63,378.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for initiatives (except gasline) appropriations estimates below:

Growth to the budget related to the new initiatives includes the following assumptions:

- Increased funding needed for increased monitoring of air quality with additional federal regulation implementation and adoption related to climate change and other environmental monitoring efforts.
- Federal appropriations for rural sanitation CIP projects will decline at a rate of $10 million per year until zeroing out in FY2016. Assumption that State General Funds will replace federal appropriations to maintain an annual CIP total of $125.6 million is included in "New Initiatives" section and not included in "Baseline Budget Growth" scenario.

Environmental Conservation

Baseline plus Gasline

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	199,454.4	194,741.0	182,260.2	173,274.4	164,189.8	154,409.5	144,806.7	142,448.4	142,899.3	143,172.9	143,817.1
General Fund	38,856.2	40,125.9	64,181.0	64,693.4	65,102.9	65,112.8	65,163.0	65,133.7	65,144.8	65,156.4	65,168.4
General Fund Match	26,886.1	18,056.2	18,037.6	18,038.6	18,039.6	18,046.6	18,047.6	18,048.6	18,043.6	18,044.6	18,045.6
Federal Funds	100,125.3	73,622.6	62,502.6	52,502.6	43,002.6	33,016.6	23,016.6	20,891.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,586.8	62,936.3	37,539.0	38,039.8	38,044.7	38,233.5	38,579.5	38,374.5	38,833.3	39,094.3	39,725.5
Operations	73,486.0	74,135.0	74,004.2	74,868.4	75,983.8	76,203.5	76,600.7	76,867.4	77,118.3	77,591.9	78,236.1
General Fund	15,025.8	15,125.9	15,941.6	16,504.0	16,913.5	16,923.4	16,973.6	16,944.3	16,955.4	16,967.0	16,979.0
General Fund Match	3,976.6	4,014.6	3,996.0	3,997.0	3,998.0	4,005.0	4,006.0	4,007.0	4,002.0	4,003.0	4,004.0
Federal Funds	21,396.8	21,497.6	20,377.6	20,377.6	20,877.6	20,891.6	20,891.6	20,891.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,086.8	33,496.9	33,689.0	33,989.8	34,194.7	34,383.5	34,729.5	35,024.5	35,283.3	35,744.3	36,375.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	73,486.0	74,135.0	74,004.2	74,868.4	75,983.8	76,203.5	76,600.7	76,867.4	77,118.3	77,591.9	78,236.1
General Fund	15,025.8	15,125.9	15,941.6	16,504.0	16,913.5	16,923.4	16,973.6	16,944.3	16,955.4	16,967.0	16,979.0
General Fund Match	3,976.6	4,014.6	3,996.0	3,997.0	3,998.0	4,005.0	4,006.0	4,007.0	4,002.0	4,003.0	4,004.0
Federal Funds	21,396.8	21,497.6	20,377.6	20,377.6	20,877.6	20,891.6	20,891.6	20,891.6	20,877.6	20,877.6	20,877.6
Other State Funds	33,086.8	33,496.9	33,689.0	33,989.8	34,194.7	34,383.5	34,729.5	35,024.5	35,283.3	35,744.3	36,375.5
Capital	125,968.4	120,606.0	108,256.0	98,406.0	88,206.0	78,206.0	68,206.0	65,581.0	65,781.0	65,581.0	65,581.0
General Fund	23,830.4	25,000.0	48,239.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4	48,189.4
General Fund Match	22,909.5	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6
Federal Funds	78,728.5	52,125.0	42,125.0	32,125.0	22,125.0	12,125.0	2,125.0	0.0	0.0	0.0	0.0
Other State Funds	500.0	29,439.4	3,850.0	4,050.0	3,850.0	3,850.0	3,850.0	3,350.0	3,550.0	3,350.0	3,350.0

Environmental Conservation

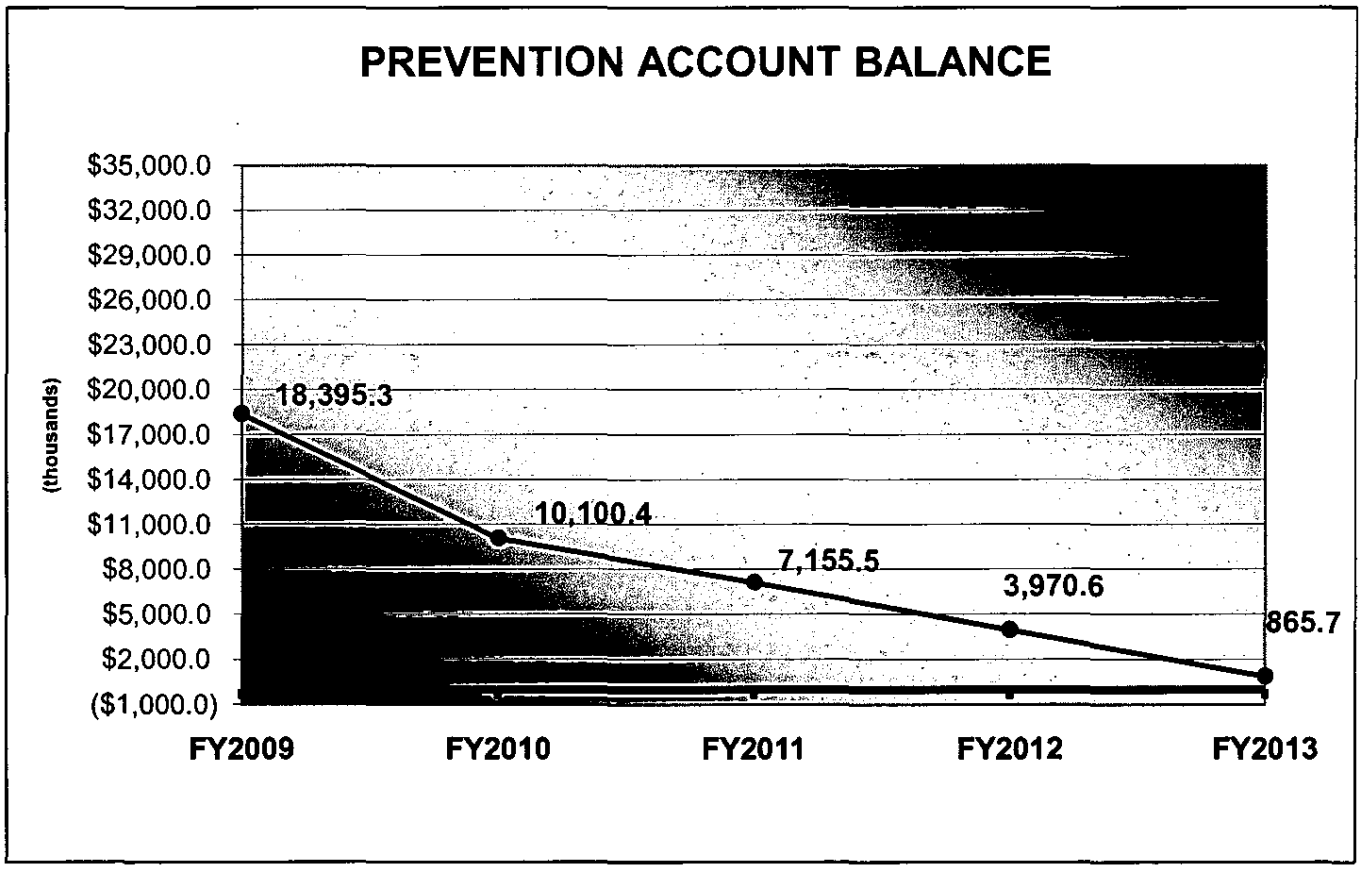
Baseline plus Gasline plus Initiatives

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	199,454.4	194,741.0	205,563.5	205,647.7	206,283.1	206,327.8	206,725.0	206,991.7	207,442.6	207,716.2	208,360.4
General Fund	38,856.2	40,125.9	86,024.3	95,536.7	105,946.2	115,956.1	126,006.3	128,602.0	128,613.1	128,624.7	128,638.7
General Fund Match	26,886.1	18,056.2	18,429.1	18,494.6	18,414.6	18,369.1	18,370.1	18,371.1	18,366.1	18,367.1	18,368.1
Federal Funds	100,125.3	73,622.6	63,416.1	53,566.6	43,877.6	33,769.1	23,769.1	21,644.1	21,630.1	21,630.1	21,630.1
Other State Funds	33,586.8	62,936.3	37,694.0	38,049.8	38,044.7	38,233.5	38,579.5	38,374.5	38,833.3	39,094.3	39,725.5
Operations	73,486.0	74,135.0	76,054.2	76,488.4	77,323.8	77,368.5	77,765.7	78,032.4	78,283.3	78,756.9	79,401.1
General Fund	15,025.8	15,125.9	16,531.6	16,594.0	17,003.5	17,013.4	17,063.6	17,034.3	17,045.4	17,057.0	17,069.0
General Fund Match	3,976.6	4,014.6	4,387.5	4,453.0	4,373.0	4,327.5	4,328.5	4,329.5	4,324.5	4,325.5	4,326.5
Federal Funds	21,396.8	21,497.6	21,291.1	21,441.6	21,752.6	21,644.1	21,644.1	21,644.1	21,630.1	21,630.1	21,630.1
Other State Funds	33,086.8	33,496.9	33,844.0	33,999.8	34,194.7	34,383.5	34,729.5	35,024.5	35,283.3	35,744.3	36,375.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	73,486.0	74,135.0	76,054.2	76,488.4	77,323.8	77,368.5	77,765.7	78,032.4	78,283.3	78,756.9	79,401.1
General Fund	15,025.8	15,125.9	16,531.6	16,594.0	17,003.5	17,013.4	17,063.6	17,034.3	17,045.4	17,057.0	17,069.0
General Fund Match	3,976.6	4,014.6	4,387.5	4,453.0	4,373.0	4,327.5	4,328.5	4,329.5	4,324.5	4,325.5	4,326.5
Federal Funds	21,396.8	21,497.6	21,291.1	21,441.6	21,752.6	21,644.1	21,644.1	21,644.1	21,630.1	21,630.1	21,630.1
Other State Funds	33,086.8	33,496.9	33,844.0	33,999.8	34,194.7	34,383.5	34,729.5	35,024.5	35,283.3	35,744.3	36,375.5
Capital	125,968.4	120,606.0	129,509.3	129,159.3	128,959.3	128,959.3	128,959.3	128,959.3	129,159.3	128,959.3	128,959.3
General Fund	23,830.4	25,000.0	69,492.7	78,942.7	88,942.7	98,942.7	108,942.7	111,567.7	111,567.7	111,567.7	111,567.7
General Fund Match	22,909.5	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6	14,041.6
Federal Funds	78,728.5	52,125.0	42,125.0	32,125.0	22,125.0	12,125.0	2,125.0	0.0	0.0	0.0	0.0
Other State Funds	500.0	29,439.4	3,850.0	4,050.0	3,850.0	3,850.0	3,850.0	3,350.0	3,550.0	3,350.0	3,350.0

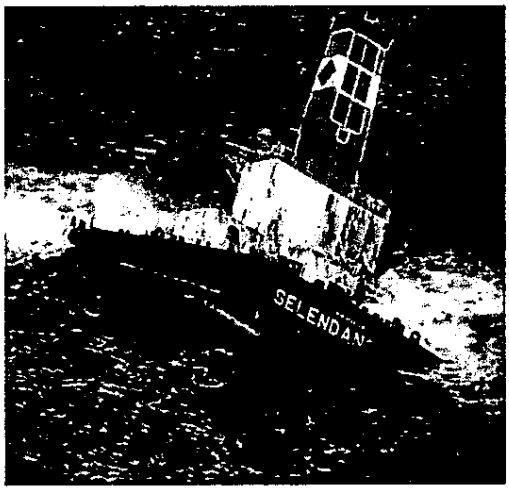
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
RESPONSE FUND

PREVENTION ACCOUNT - BALANCE PROJECTION
12/15/08 YEAREND UPDATE

FY2008 FUND BALANCE	**13,537.6**				
	FY2009	**FY2010**	**FY2011**	**FY2012**	**FY2013**
REVENUE to PREVENTION ACCOUNT	**18,780.0**	**11,550.0**	**11,150.0**	**10,910.0**	**10,990.0**
4 Cent Surcharge (Fall 2008 *Revenue Sources Book*)	9,476.2	8,800.0	8,400.0	8,160.0	8,240.0
Cost Recovery/Fines/Penalties*	8,053.8	1,500.0	1,500.0	1,500.0	1,500.0
Interest	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0
GOVERNOR'S BUDGETED OPERATING EXPENDITURES	**13,922.3**	**14,094.9**	**14,094.9**	**14,094.9**	**14,094.9**
Environmental Conservation (annual salary increases not included in FY11-13)	13,922.3	14,094.9	14,094.9	14,094.9	14,094.9
CAPITAL EXPENDITURES	**0.0**	**5,750.0**	**0.0**	**0.0**	**0.0**
ESTIMATED PREVENTION ACCOUNT BALANCE	**18,395.3**	**10,100.4**	**7,155.5**	**3,970.6**	**865.7**
EXPENDITURES IN EXCESS OF REVENUE	**4,857.7**	**(8,294.9)**	**(2,944.9)**	**(3,184.9)**	**(3,104.9)**



* **Nothing added for potential increases in cost recovery caused by intent to collect from other agencies. Number represents estimated collections for FY2009 use.**



WHAT THE 4¢ SURCHARGE PAYS FOR

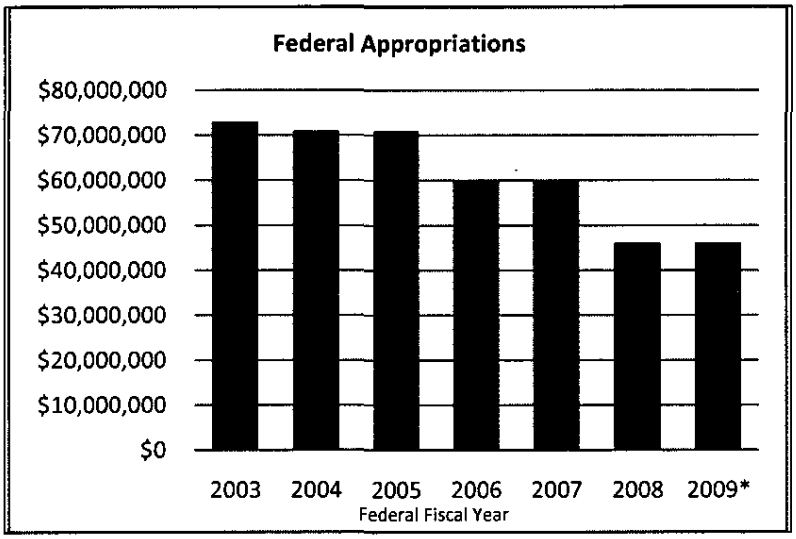
OIL AND HAZARDOUS SUBSTANCE, SPILL PREVENTION AND RESPONSE

- Standards and regulation to protect the environment from releases or oil or hazardous substances.
- Establishment and maintenance of a spill response capability.
- Investigation, evaluation, containment, and/or cleanup of a release or threatened release of oil or hazardous substances.
- Restoration of the environment.
- Review of oil discharge prevention and contingency plans.
- Training, response exercises, inspections, and tests.
- Verification of proof of financial responsibility.
- Recovery of state costs.

IS IT ENOUGH?

- Revenues continue to decrease as production decreases.
- Despite the change in surcharge amounts, expenditures continue to exceed projected revenues.
- Without additional revenues, the fund will be depleted in FY2014, which assumes no additional capital appropriations for clean-up costs.

Rural Alaska Sanitation Appropriations



Annual funding for rural sanitation improvements has declined by nearly $27 million or 37% since FFY 2003.

Fiscal Year	EPA				USDA				Total Enacted
	President	House	Senate	Enacted	President	House	Senate	Enacted	
2003	$40,000,000	$35,000,000	$45,000,000	$43,000,000	$20,000,000	$24,000,000	$30,000,000	$30,000,000	$73,000,000
2004	$40,000,000	$25,000,000	$45,000,000	$43,000,000	$11,800,000	$0	$30,000,000	$28,000,000	$71,000,000
2005	$40,000,000	$20,000,000	$50,000,000	$45,000,000	$11,800,000	$0	$28,000,000	$26,000,000	$71,000,000
2006	$15,000,000	$15,000,000	$40,000,000	$35,000,000	$11,800,000	$0	$26,000,000	$25,000,000	$60,000,000
2007	$14,850,000	$15,000,000	$40,000,000	$35,000,000	$0	$0	$25,000,000	$25,000,000	$60,000,000
2008	$15,500,000	$10,500,000	$30,000,000	$24,610,000	$0	$0	$21,945,000	$ 21,515,000	$46,125,000
2009*	$15,500,000			$24,610,000	$3,300,000			$ 21,515,000	$46,125,000

* Assumes the Continuing Resolution for the first six months of FFY09 will be extended through last six months of FFY09.

While funding has declined by 37% over the last six years, there are still over 500 rural Alaska sanitation projects that need funding. The cost of completing these projects is approximately $700 million.

The State's continued goal is to increase the number of rural households with adequate sanitation facilities by an average of 3% per year while at the same time assisting communities address sanitation needs relating to aging infrastructure and complying with new regulations.

We are concerned that although we've achieved this goal for the last several years, the momentum that we've gained may wane due to a decrease in federal funding levels.

DEC Water, Wastewater and Solid Waste Grant Programs

- Facility Programs of DEC's Division of Water work with communities to develop and maintain sustainable water, sewer, and solid waste services in full regulatory compliance.

- There are two types of grant programs managed by DEC for sanitation projects. The *Village Safe Water* program offers 100% grant funding for smaller, rural communities and the Municipal Matching Grants program offers 60%-85% grant funding for larger communities.

Village Safe Water (VSW) Program

- VSW Funding comes from a combination of federal grants and state appropriations. The two primary federal funding sources (which have provided a five year combined average of $57 million per year) are the U.S. Department of Agriculture and the Environmental Protection Agency. Funding through these agencies requires a 25% State match. In addition, the Denali Commission and the Indian Health Service have provided a recent average of $10 million a year in 100% federal grants for projects through VSW.

- Communities apply each year for proposed sanitation project funding. Applications are scored, based heavily on the proposed project's ability to address assessed critical public health needs, as well as the communities' demonstrated capacity to operate and maintain the facilities. Capital funding is requested for the highest ranking projects.

- Per a federal funding requirements established in 2004, the VSW CIP priority list which is divided into two types of projects – those that can be completed in less than three years and those that will take three years or longer.

- Projects that are estimated to take one year to complete receive full funding in a single fiscal year.

- The Three Year List contains large, high scoring projects; however projects on the list are not prioritized. This allows the flexibility that is required in scheduling funding for multi-year projects. An

unanticipated delay in one project will not hold up funding for a different project that is ready to go.

- Funding for the construction phases of Three Year List projects is granted based upon completion of design packages and chronological approval, available funding, and sufficient drawdown of existing project funds. In other words, this is a "first ready, first funded" list and new funds are not made available to a project until prior project grant funds for the project are exhausted.

- In some cases, funding is transferred by VSW through the Indian Health Service to the Alaska Native Tribal Health Consortium, who in turn assists communities in design and construct of sanitation projects.

Municipal Matching Grants Program

- The Alaska Municipal Water, Sewerage, and Solid Waste Matching Grant program provides partial funding and engineering support for drinking water, sewer, solid waste and non-point source pollution projects, such as water quality enhancement and waterbody restoration and recovery.

- These state grants primarily assist the larger communities and boroughs in the State.

- Each year, communities submit sanitation grant questionnaires which are scored weighing primarily the extent to which proposes projects address critical public health and environmental needs. Grants are awarded to the highest ranking projects as funding allows.

- SB 303 which passed the Legislature last year amended the Municipal Matching Grants enabling statute to change the State/Local funding ratio of eligible project costs. The State share of project costs for grants awarded under the program are now:

    - 85 percent of eligible costs for a municipality with a population of 1,000 persons or less.

    - 70 percent of eligible costs for a municipality with a population of 1,001 to 10,000 persons.

    - 60 percent of eligible costs for a municipality with a population of greater than 10,000 persons.

Annual Summary of Oil and Hazardous Substance Releases

Fiscal Year 2008 (July 1, 2007-June 30, 2008)

Alaska Department of Environmental Conservation
Division of Spill Prevention and Response
January 2009

Significant Responses

Sand Point Abandoned Drum Site

Location: Sand Point
*Report Date: February 15, 2007**
Product: diesel fuel, used oil, and water
Quantity: 605 drums
Cause: leaking drums

Over a 10-year period, more than 600 drums containing diesel fuel, used oil and water were placed within storage cells in an old rock quarry near the the Sand Point airport. The drums were placed there by the City of Sand Point and various other State agencies, private businesses, and local residents. During a site visit, DEC responders determined that 121 drums had ruptured and released their contents, some of which leached into the ground when it overflowed the secondary containment. In July 2007, DEC responders worked with the EPA, the City of Sand Point, and local native groups to clean up the site and properly dispose of the drums and their contents.

*NOTE: Cleanup occurred during FY 2008.

♦♦♦

F/V Nordic Viking Grounding

Location: Port Gravina
Spill Date: July 21, 2007
Product: diesel
Quantity: 3,500 gallons
Cause: grounding

On July 21, 2007, the *F/V Nordic Viking* ran aground at Port Gravina near Olsen Bay, Prince William Sound releasing an estimated 3,500 gallons of diesel fuel into the water. ADF&G closed the commercial salmon fishery for the Port Gravina area. The response team assisted with the lightering and salvage operations until demobilization on July 31, 2007. There were no reports of wildlife impacts.

♦♦♦

DS-16 Flowline D, Crude/Methanol Spill

Location: Flow Station 2, Prudhoe Bay Field
Spill Date: October 15, 2007
Product/Quantity: 630 gallons methanol;1,260 gallons 60/40 methanol/water; 42 gallons crude/water
Cause: puncture

A flow line at Flow Station 2 was punctured when it moved with sufficient force to strike an adjacent horizontal support module. An estimated 1,932 gallons of methanol, crude oil and water were released. Approximately one acre was impacted. The contaminated snow and ice were removed and treated.

♦♦♦

Kuparuk 2U Pad Crude Oil Spill

Location: North Slope, Kuparuk River Field
Spill Date: December 16, 2007
Product: crude oil, gas and fluids
Quantity: 4,284 gallons
Cause: external corrosion of flow line

On December 16, 2007, oil field workers at the Kuparuk 2U Pad discovered a crude oil spill from the 24-inch flowline and the oil wells feeding the flowline were shut down. Production wells were shut down for approximately five days during the repair. The spill volume was reported at 4,284 gallons (102 barrels) and affected a nearby frozen lake and the surrounding tundra.

♦♦♦

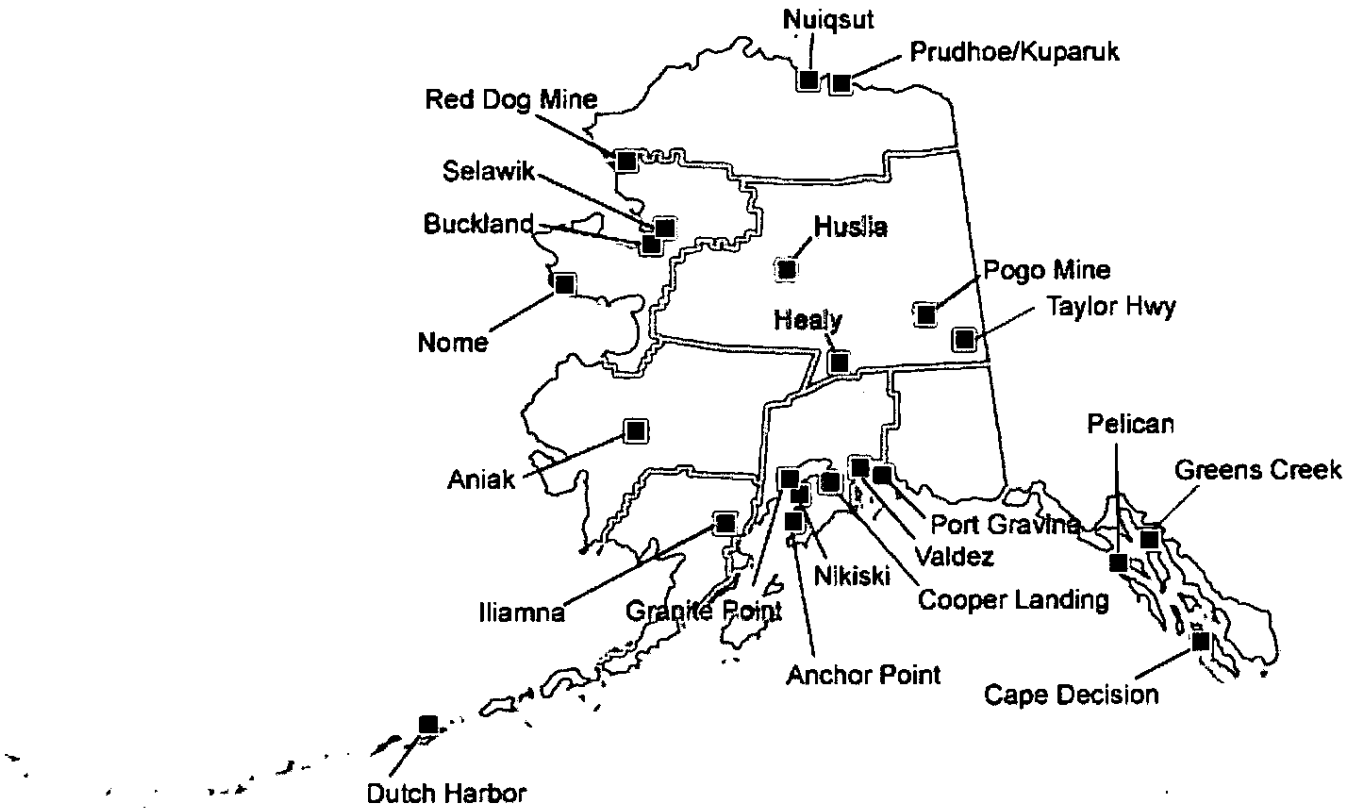
Selawik Tank Farm Release

Location: Selawik IRA Fuel Project
Spill Date: January 23, 2008
Product: diesel fuel No. 1
Quantity: 5,385 gallons
Cause: automatic shutoff malfunctioned

An estimated 5,385 gallons of diesel fuel was released due to the failure of an automatic shut off pump that transfers fuel from the storage tank to the day tank. The day tank overfilled and the diesel spilled into the tank farm's secondary containment. All the free-standing fuel oil was recovered and pumped back into a holding tank.

♦♦♦

Large Spills



Large Spills, July 1, 2007-June 30,2008

Spill Date	Spill Name	Location	Product	Total Released
03/23/2008	F/V Alaska Ranger	120 miles W of Dutch Harbor	Diesel	145,000 gal
07/21/2007	Red Dog Mine	82 mi N of Kotzebue	Produced Water	78,300 gal
05/23/2008	HR Trucking	Cooper Landing	Urea (Solid)	48,300 lbs
12/22/2007	Unisea	Dutch Harbor	Ammonia (Anhydrous)	18,007 lbs
11/05/2007	Samson Tug & Barge	Cape Decision	Propane (LPG)	17,800 lbs
08/20/2007	Pogo Mine	38 mi NE of Delta Junction	Mill Slurry	15,000 gal
03/15/2008	Pogo Mine	38 mi NE of Delta Junction	Other	12,000 gal
03/26/2008	Kuparuk Gubik #3	Prudhoe Bay/Kuparuk	Drilling Muds	10,920 gal
01/23/2008	Selawik Tank Farm	Selawik	Diesel	10,000 gal
11/20/2007	MP 252 Parks Hwy	Healy	Other	9,500 lbs
10/21/2007	Red Dog Mine	82 mi N of Kotzebue	Other	8,854 lbs
04/05/2008	Buckland KAE Tank	Buckland	Diesel	7,750 gal
06/25/2008	Agrium Plant	Nikiski	Ammonia (Anhydrous)	4,500 lbs
12/16/2007	Kuparuk Drill Site 2U	Prudhoe Bay/Kuparuk	Crude	4,284 gal
07/28/2007	Taylor Highway MP 32	MP 32 Taylor Highway	Diesel	3,698 gal
07/21/2007	F/V Nordic Viking	Port Gravina	Diesel	3,500 gal
07/13/2007	Aniak Tank Farm	Aniak	Diesel	3,000 gal
10/21/2007	Red Dog Mine	82 mi N of Kotzebue	Zinc Slurry	3,000 gal
02/01/2008	Greens Creek Mine	18 mi S of Juneau	Hydrogen Peroxide	3,000 lbs

Spill Date	Spill Name	Location	Product	Total Released
09/04/2007	Iliamna Airport	Iliamna	Aviation Fuel	2,280 gal
01/30/2008	Kuparuk Gubik #3	Prudhoe Bay/Kuparuk	Drilling Muds	2,226 gal
07/16/2007	Agrium Plant	Nikiski	Unknown	2,100 gal
02/03/2008	Oooguruk Development Project	Prudhoe Bay/Kuparuk	Drilling Muds	2,100 gal
03/17/2008	West North Slope Rendezvous 2	Prudhoe Bay/Kuparuk	Crude	2,100 gal
04/28/2008	Nuiqsut Maintenance Shop	Nuiqsut	Used Oil (all types)	2,020 gal
06/04/2008	Pump Station 1	Prudhoe Bay/Kuparuk	Halon	1,800 lbs
02/11/2008	Granite Point Tank Farm	Granite Point, Cook Inlet	Produced Water	1,680 gal
06/04/2008	Pump Station 1	Prudhoe Bay/Kuparuk	Halon	1,600 lbs
02/11/2008	Pelican Power Plant	Pelican	Diesel	1,500 gal
12/29/2007	Prudhoe Bay, Well Pad W	Prudhoe Bay/Kuparuk	Drilling Muds	1,470 gal
10/15/2007	Prudhoe Bay, Drill Site 16	Prudhoe Bay/Kuparuk	Produced Water	1,260 gal
02/10/2008	Prudhoe Bay, Drill Site 13	Prudhoe Bay/Kuparuk	Produced Water	1,260 gal
11/05/2007	Samson Tug & Barge	Cape Decision	Kerosene	1,100 gal
01/06/2008	Nome Airport	Nome	Diesel	1,050 gal
09/11/2007	Pioneer Resources Hansen #1	5.5. mi N of Anchor Point	Diesel	1,018 gal
11/25/2007	Red Dog Mine	82 mi N of Kotzebue	Other	1,000 gal
05/03/2008	Huslia Water Treatment Plant	Huslia	Diesel	1,000 gal

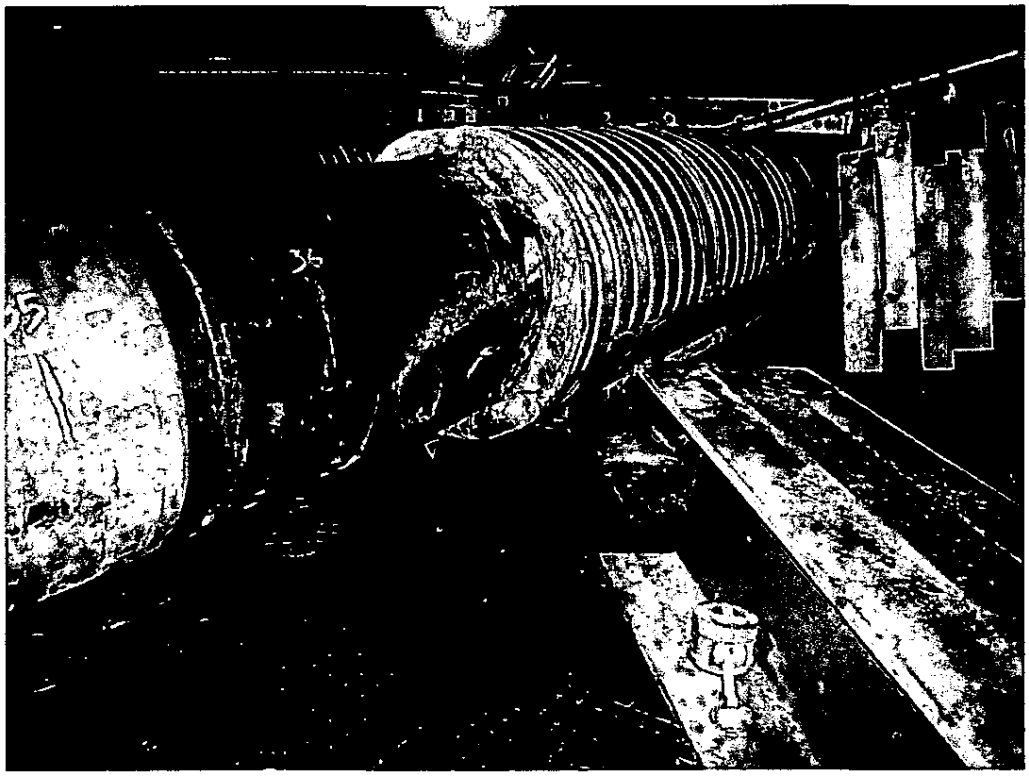


Photo showing the puncture in the BPXA DS 16 Flowline D and the wooden blocks to prevent the flowline from shifting.

(Photo courtesy of BP)

Statewide Summary

All Spills

During Fiscal Year 2008 (July 1, 2007-June 30, 2008), 2,013 oil and hazardous substance releases were reported to the Department.

Noncrude oil comprised 75% of the spills reported and nearly 60% of the total volume. The largest noncrude spill was a 145,000 gallon diesel spill which resulted when the *F/V Alaska Ranger* sank on March 23, 2008. This spill was also the largest one for the period.

While Oil Production facilities reported more spills, Vessels and Mining facilities were responsible for the greatest volume released for FY 2008.

Spills Reported in Gallons	2,013
Total Gallons	388,842
Spills Reported in Pounds	45
Total Pounds	117,856

Top 5 Causes (gallons)

Cause	Spills	Gallons
Sinking (HUM)	32	145,940
Line Failure (STR/MECH)	363	106,612
Equipment Failure (STR/MECH)	272	37,024
Human Error (HUM)	287	16,013
Crack (STR/MECH)	58	12,606

Top 5 Products (gallons)

Product	Spills	Gallons
Diesel	611	205,013
Produced Water	30	84,975
Drilling Muds	19	19,220
Other	85	16,180
Mill Slurry	2	15,122

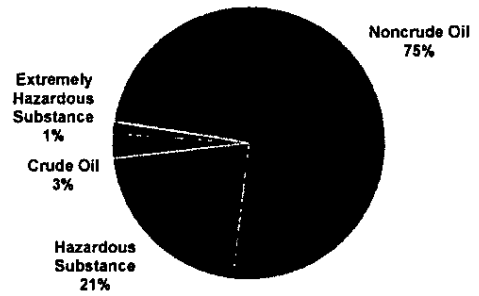
Top 5 Facility Types (gallons)

Facility Type	Spills	Gallons
Vessel (VES)	208	155,926
Mining Operation (STO)	261	116,433
Oil Production (TRA)	441	30,166
Noncrude Terminal (STO)	21	18,464
Oil Exploration (TRA)	34	16,350

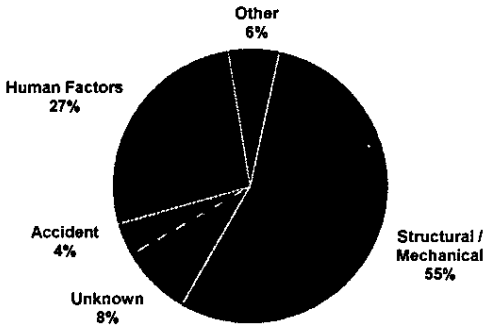
KEY TO ABBREVIATIONS

HUM	Human Factors
ACC	Accident
UNK	Unknown
OTH	Other
STR/MECH	Structural/Mechanical
STO	Storage
TRA	Transportation
VES	Vessel
OTH/UNK	Other/Unknown

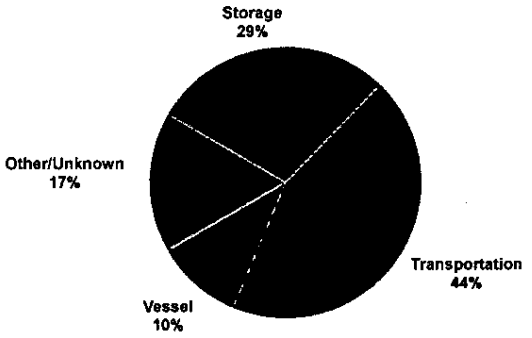
Number of Spills by Product



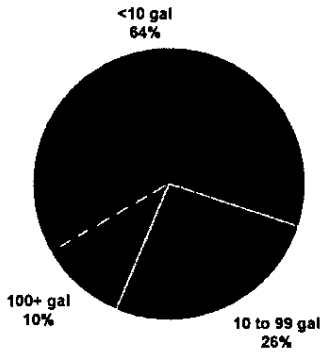
Number of Spills by Cause



Number of Spills by Facility Category



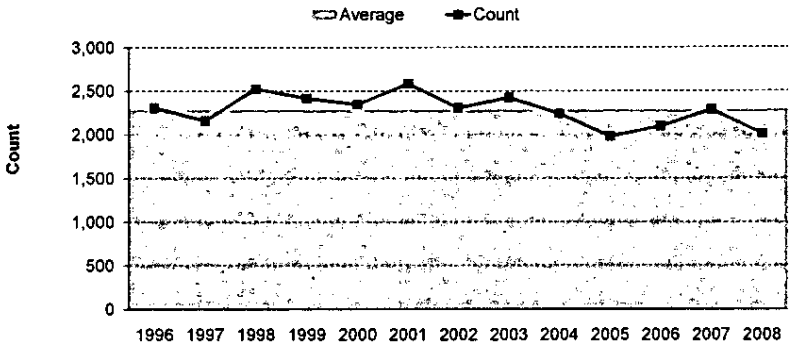
Number of Spills by Size Class

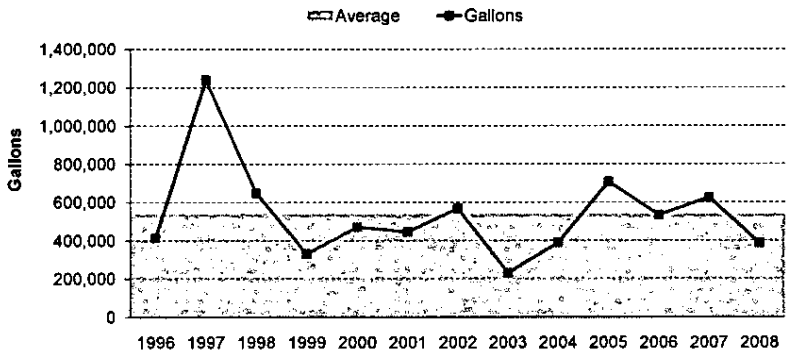


- The total number of spills *(2,013)* as well as the total volume *(388,842 gal)* released in FY 2008 was lower than the average for the 13-year period of record.*
- The North Slope subarea had the greatest number of spills *(545)* during FY 2008 compared to the other subareas. However, the total volume *(46,755 gal)* was less than 25% of the 13-year average for the subarea *(200,933 gal)*.
- Cook Inlet subarea had significantly fewer spills *(351)* than its 13-year average *(538)*.
- Total volume spilled in the Aleutians subarea *(148,554 gal)* was about three times the 13-year average due to the 145,000-gallon diesel spill resulting from the sinking of the FV Alaska Ranger.
- Spill counts for the Aleutian subarea *(97)* and the North Slope subarea *(545)* were significantly higher than average during FY 2008.
- During FY 2008, spill counts for Cook Inlet subarea *(351)*, Interior subarea *(318)*, Prince William Sound subarea *(42)*, and Western subarea *(48)* were significantly lower than average.
- The Cook Inlet subarea *(16,175 gal)*, North Slope subarea *(46,755 gal)*, Southeast subarea *(11,642 gal)*, and Western subarea *(5,091 gal)* had spill volumes in FY 2008 that were significantly lower than average.
- The total spill count *(2,013)* and spill volume *(388,842 gal)* for FY 2008 were both significantly lower than average.

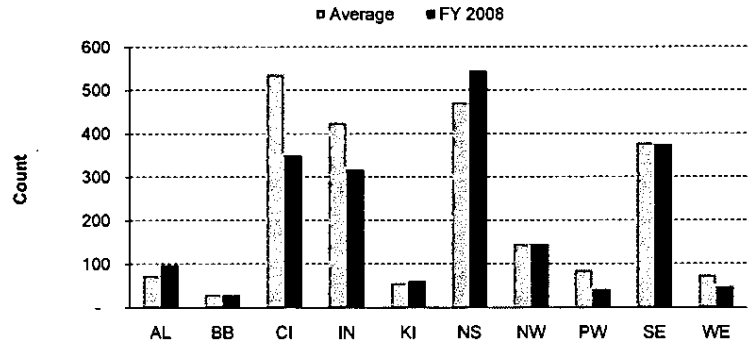
**July 1, 1995 to June 30, 2008*

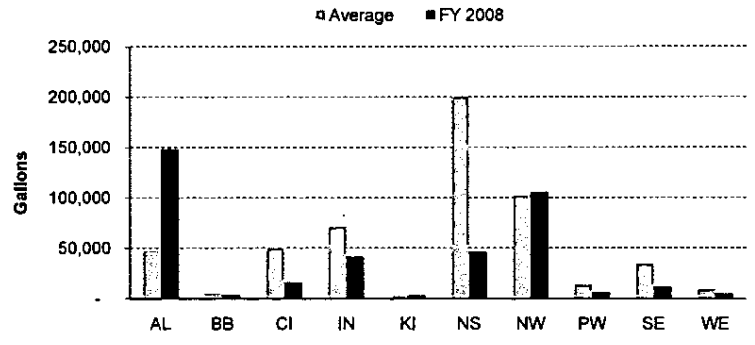
Spills by Fiscal Year





Spills by Subarea





KEY TO ABBREVIATIONS

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Noncrude Oil

- Nearly two-thirds of the noncrude spills were under 10 gallons.
- Diesel comprised approximately 40% of the total number of noncrude spills and more than 80% of the total volume released during FY 2008.
- The largest noncrude spill during the reporting period was a 145,000 gallon diesel spill which occurred when the F/V Alaska Ranger sank in March 2008. This single incident comprised over half of the total noncrude volume for the year.

♦♦♦

Spills Reported in Gallons	1,497
Total Gallons	227,151
Spills Reported in Pounds	6
Total Pounds	17,953

Top 5 Causes (gallons)

Cause	Spills	Gallons
Sinking (HUM)	32	145,940
Unknown (UNK)	118	11,383
Crack (STR/MECH)	44	10,345
Rollover/Capsize (ACC)	31	9,515
Equipment Failure (STR/MECH)	203	7,877

Top 5 Products (gallons)

Product	Spills	Gallons
Diesel	611	205,013
Hydraulic Oil	423	5,636
Aviation Fuel	74	4,257
Used Oil (all types)	61	3,581
Other	41	1,871

Top 5 Facilities (gallons)

Product	Spills	Gallons
Vessel (VES)	204	155,919
Noncrude Terminal (STO)	17	18,433
Vehicle (TRA)	170	9,459
Other (OTH/UNK)	219	8,347
Residence (OTH/UNK)	96	7,395

KEY TO ABBREVIATIONS

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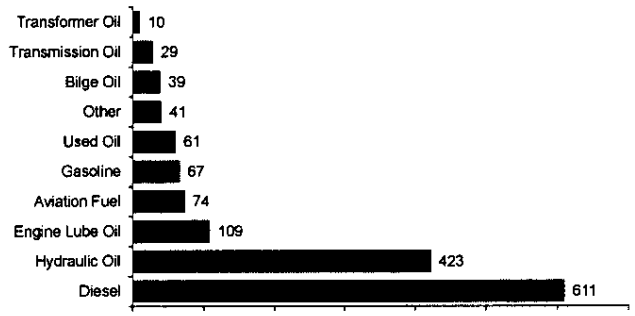
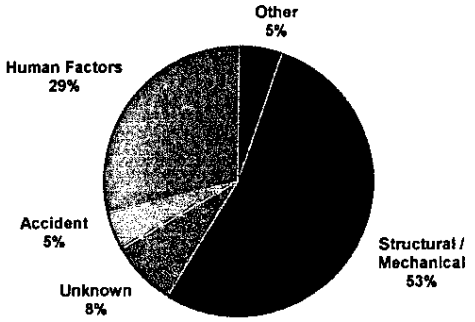
ACC	Accident
UNK	Unknown
OTH	Other
STR/MECH	Structural/Mechanical
STO	Storage
TRA	Transportation
VES	Vessel
OTH/UNK	Other/Unknown

Number of Spills by Product

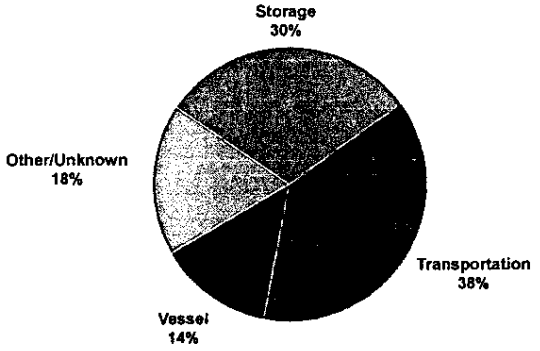
(10 or more spills reported)



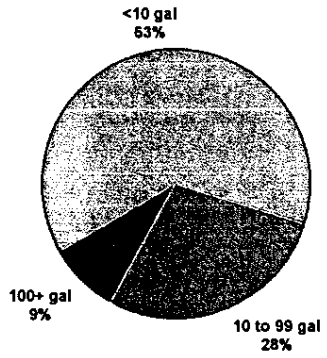
Number of Spills by Cause



Number of Spills by Facility Category

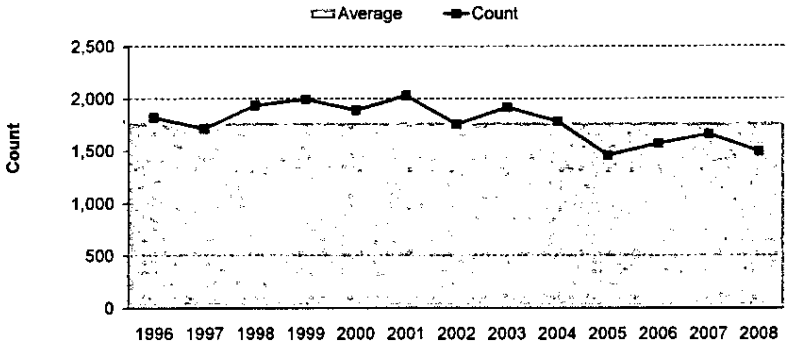


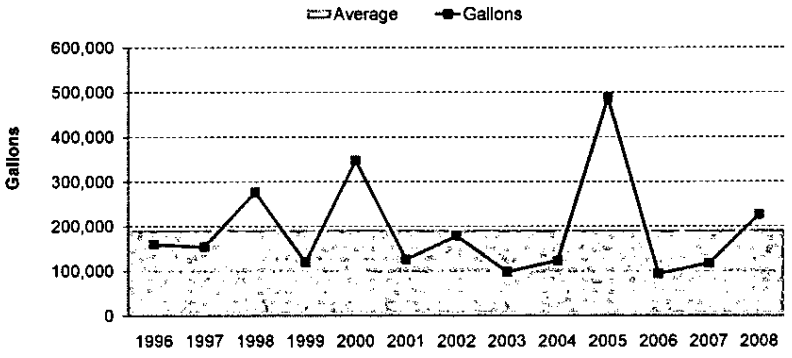
Number of Spills by Size Class



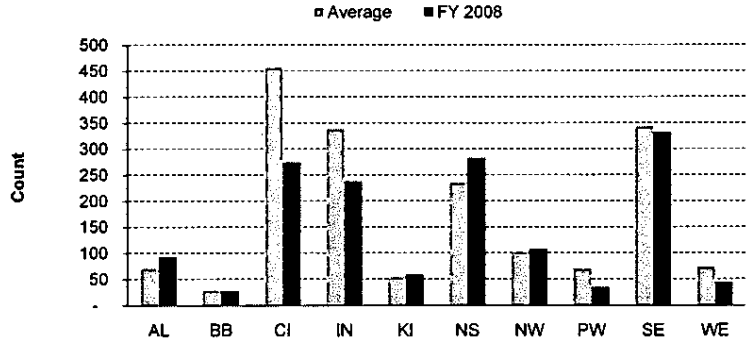
- The number of noncrude spills during **FY 2008 (1,497) was significantly below** the 13-year annual average.
- The total noncrude volume for FY 2008 *(227,151 gal)* was slightly above average, **but about 80% of the total was due** to a single 145,000 gallon release.
- Four large spills resulted in higher than average volumes:
  - FY 1998 - Elmendorf Aero Club *(100,000 gal aviation fuel)*
  - FY 2000 - West Coast Aviation Tank Farm *(84,360 gal gasoline)* and Gold Creek Derailment *(120,516 gal diesel)*
  - FY 2005 - Selendang Ayu *(321,052 gal IFO 380)*
- **The Cook Inlet subarea** *(275)*, **Interior** subarea *(238)* and Prince William Sound subarea *(35)* **had significantly fewer** spills compared to the 13-year average. Total noncrude volume for those subareas *(8,225 gal, 11,384 gal and 6,041 gal respectively)* **was also significantly** below the 13-year average.
- Total noncrude volume spilled in the Aleutians subarea *(148,548 gal)* was about three times the 13-year average due to the 145,000-gallon diesel spill resulting from the sinking of the FV Alaska Ranger.
- The Aleutian subarea *(93)* and North Slope subarea *(283)* had spill counts **that were significantly higher than** average in FY 2008.

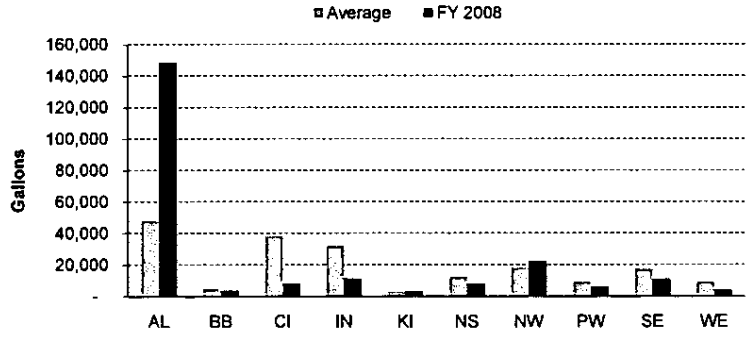
Spills by Fiscal Year





Spills by Subarea





KEY TO ABBREVIATIONS

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Statewide Summary *(continued)*

Crude Oil

- More than 80% of the Crude Oil spills occurred at Oil Production facilities.
- Corrosion and External Factors were the primary causes based on total volume released.
- Over half of all Crude Oil spills were less than 10 gallons.

♦♦♦

Spills Reported	59
Total Gallons	9,985

Top 5 Causes

Cause	Spills	Gallons
Corrosion (STR/MECH)	5	4,678
External Factors (OTH)	5	3,414
Valve Failure (STR/MECH)	6	549
Line Failure (STR/MECH)	4	436
Human Error (HUM)	7	324

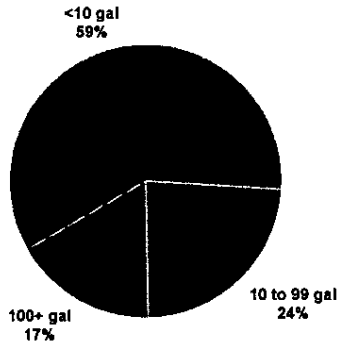
Top 5 Facilities

Product	Spills	Gallons
Oil Production (TRA)	49	9,423
Crude Oil Terminal (STO)	1	420
Refinery Operation (STO)	5	122
Transmission Pipeline (TRA)	2	10
Oil Exploration (TRA)	1	5

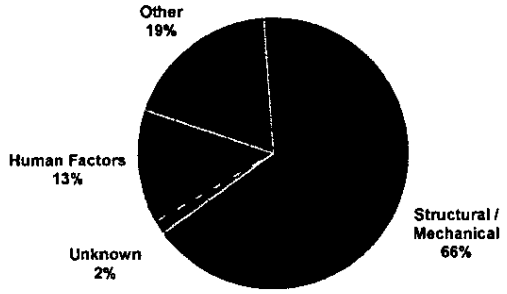
KEY TO ABBREVIATIONS

HUM	Human Factors
ACC	Accident
UNK	Unknown
OTH	Other
STR/MECH	Structural/Mechanical
STO	Storage
TRA	Transportation
VES	Vessel
OTH/UNK	Other/Unknown

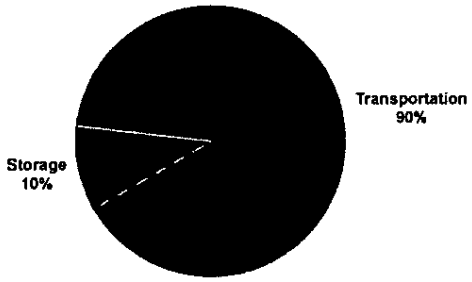
Number of Spills by Size Class



Number of Spills by Cause

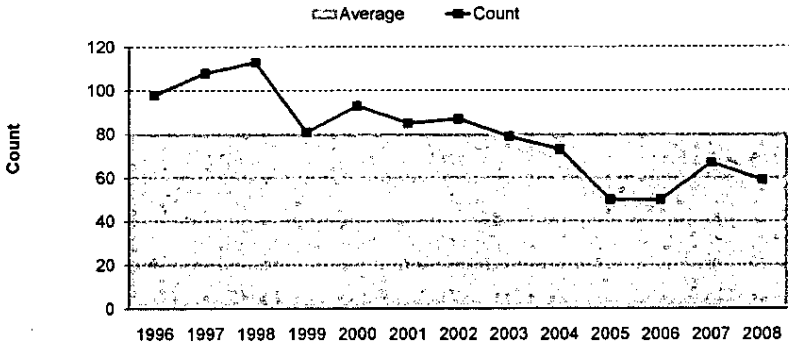


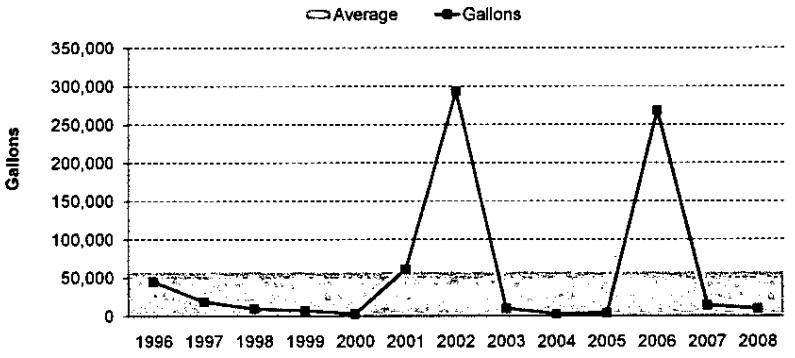
Number of Spills by Facility Category



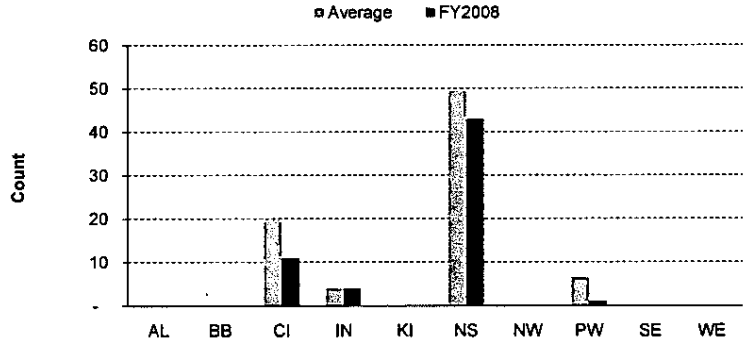
- There were 59 Crude Oil spills in FY 2008, significantly lower than average for the 13-year period.
- The average number of Crude Oil spills for the first half of the period (FY 1996-2002) was 95 compared to 63 spills for the latter half (FY 2003-2008).
- Several large crude oil spills account for higher total annual volumes:
  - FY 1996 - Check Valve 92 *(34,073 gallons)*
  - FY 2001 - GC-2 *(30,030 gallons)* and GCI D-Pad Flowline *(25,500 gallons)*
  - FY 2002 - TAPS Bullet Hole Release *(285,600 gallons)*
  - FY 2006 - GC-2 Oil Transit Line Release *(267,000 gallons)*
- Most subareas had fewer Crude Oil spills during FY 2008 compared to the 13-year average.
- Total volume for crude oil spills was substantially less than the 13-year average volume for the North Slope and Interior subareas. However, the average is inflated by a few very large spills -- in particular, the TAPS Bullet Hole release in FY 2002 and the GC-2 spill in FY 2006.
- The spill count for the Cook Inlet subarea *(20)* and the Prince William Sound subarea *(6)* was significantly below average in FY 2008.
- The spill volume for Cook Inlet *(1,649 gal)* was significantly below average in FY 2008.

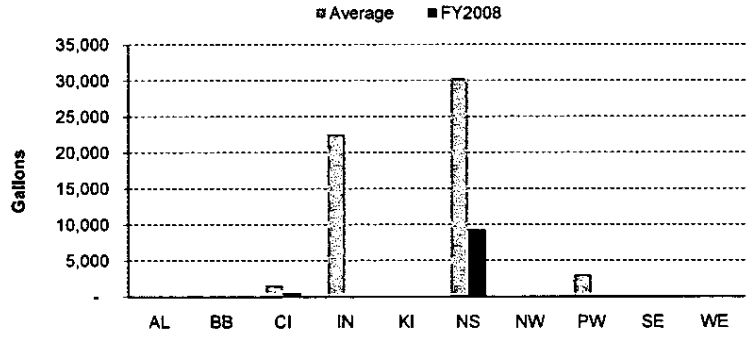
Spills by Fiscal Year





Spills by Subarea





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Statewide Summary *(continued)*

Hazardous Substances

- More than 60% of the Hazardous Substance spills in FY 2008 were less than 10 gallons.
- Mining facilities had more Hazardous Substance spills in terms of total volume.

♦♦♦

Spills Reported in Gallons	430
Total Gallons	151,595
Spills Reported in Pounds	19
Total Pounds	71,502

Top 5 Causes (gallons)

Cause	Spills	Gallons
Line Failure (STR/MECH)	56	99,567
Equipment Failure (STR/MECH)	57	28,860
Human Error (HUM)	58	8,494
Valve Failure (STR/MECH)	32	3,510
Seal Failure (STR/MECH)	35	3,423

Top 5 Products (gallons)

Product	Spills	Gallons
Produced Water	30	84,975
Drilling Muds	19	19,220
Mill Slurry	2	15,122
Other	44	14,310
Zinc Slurry	13	3,083

Top 5 Facilities (gallons)

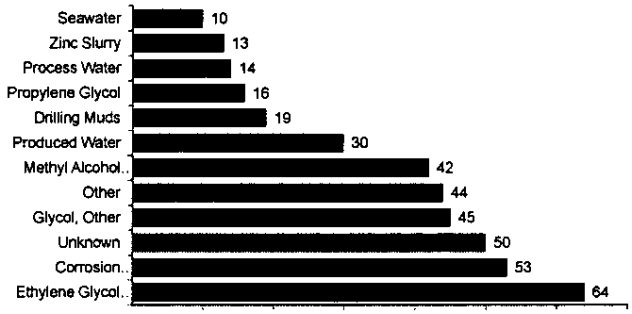
Product	Spills	Gallons
Mining Operation (STO)	74	113,119
Oil Production (TRA)	167	15,822
Oil Exploration (TRA)	12	14,246
Refinery Operation (STO)	11	2,229
Crude Oil Terminal (STO)	4	1,681

KEY TO ABBREVIATIONS

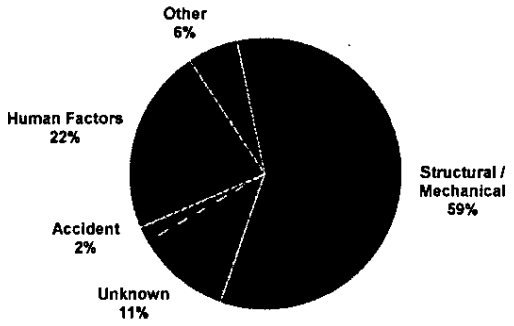
HUM	Human Factors
ACC	Accident
UNK	Unknown
OTH	Other
STR/MECH	Structural/Mechanical
STO	Storage
TRA	Transportation
VES	Vessel
OTH/UNK	Other/Unknown

Number of Spills by Product

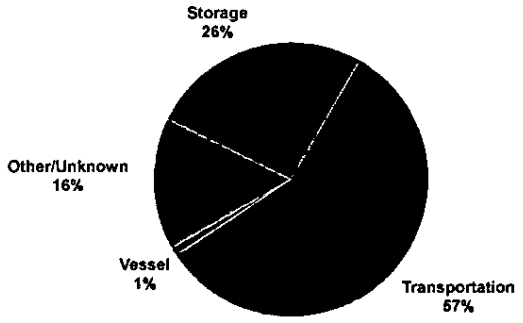
(10 or more spills reported)



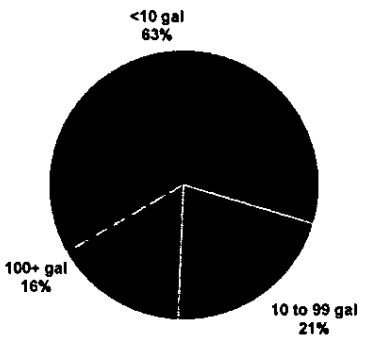
Number of Spills by Cause



Number of Spills by Facility Category

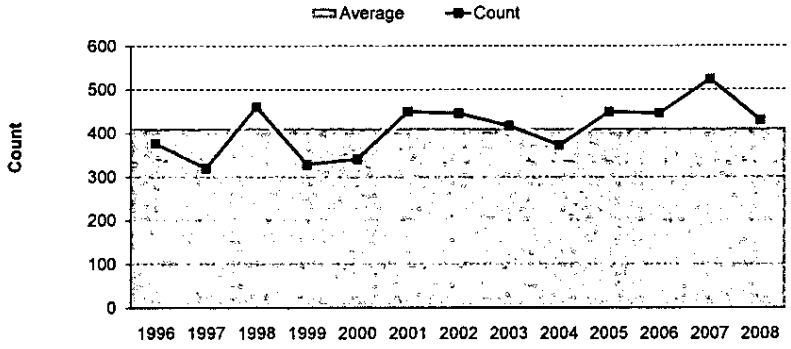


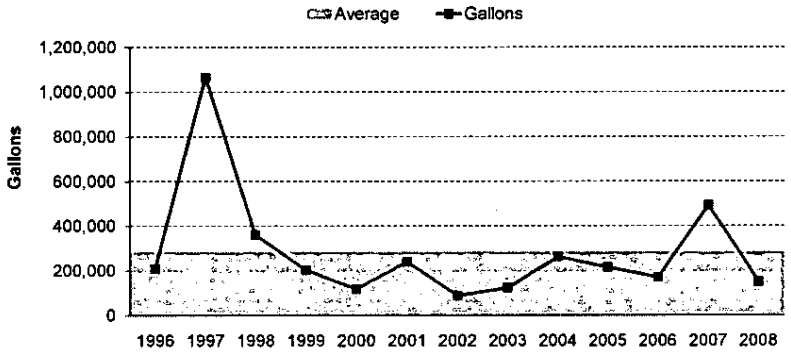
Number of Spills by Size Class



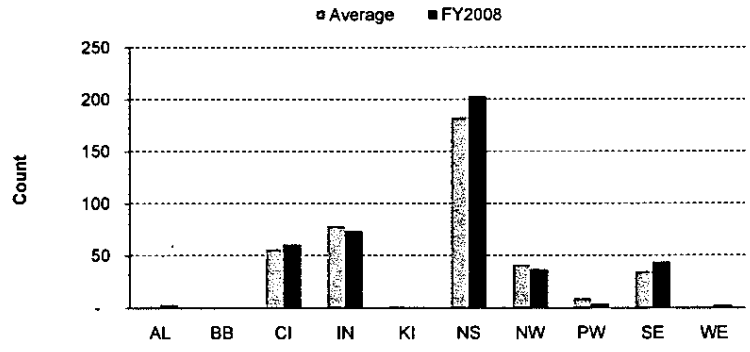
- The number of Hazardous Substance spills has been fairly steady over the 13-year period of record.
- **Total volume fluctuated quite a bit in** certain years due several large releases:
  - **ARCO Seawater DS 4 in FY 1997** (995,400 gallons)
  - GC-2 Tank 8511 Produced Water in **FY 2007 (234,738 gallons)**
- The total spill volume for FY 2008 *(151,595 gal)* **was significantly below** average.
- The North Slope subarea *(203)* and the **Interior subarea** *(74)* had the greatest number of Hazardous Substance releases during FY 2008, and also the greatest average over the 13-year period.
- The Northwest Arctic subarea had the greatest volume spilled for FY 2008 *(83,561 gal)*.
- The Southeast subarea *(44)* and the Western subarea *(3)* had higher than average spill counts in FY 2008.
- The Prince William Sound subarea *(4)* had a below average spill count in FY 2008.
- The Western subarea *(752 gal)* and the Interior subarea *(30,014 gal)* had above average spill volumes in FY 2008.
- The North Slope subarea *(29,285 gal)* and the Southeast subarea *(550 gal)* had below average spill volumes in FY 2008.

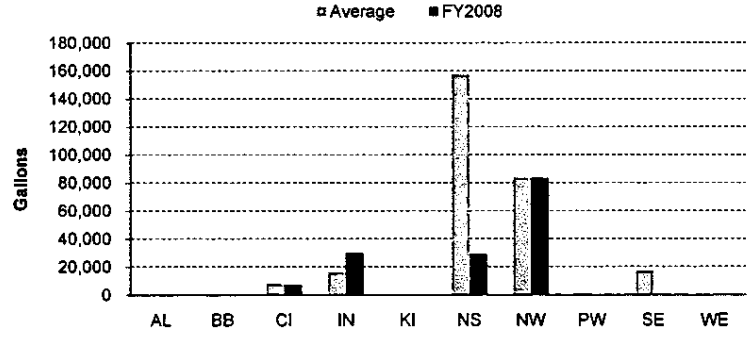
Spills by Fiscal Year





Spills by Subarea





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Statewide Summary *(continued)*

Extremely Hazardous Substances

Spills Reported in Gallons	27
Total Gallons	110
Spills Reported in Pounds	20
Total Pounds	28,401

Top 5 Causes (pounds)

Cause	Spills	Pounds
Leak (STR/MECH)	4	18,687
Intentional Release (HUM)	1	4,500
Other (OTH)	1	3,000
Valve Failure (STR/MECH)	3	602
Unknown (UNK)	2	501

Top Products (pounds)

Product	Spills	Pounds
Anhydrous Ammonia	15	24,279
Hydrogen Peroxide	1	3,000
Sulfur Dioxide	2	1,000
Chlorine	2	122

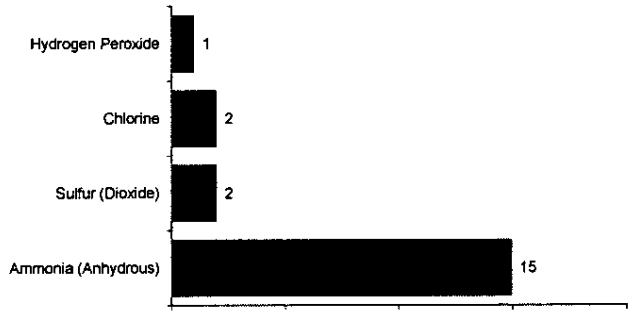
Top 5 Facility Types (pounds)

Product	Spills	Pounds
Cannery (STO)	9	18,199
Refinery Operation (STO)	4	5,950
Mining Operation (STO)	1	3,000
Chemical Manufacturing (STO)	4	1,130
Water/Wastewater Facility (STO)	2	122

NOTE: Extremely Hazardous Substances (EHS) are designated by the US Environmental Protection Agency in federal regulations (40 CFR part 355, Emergency Planning and Notification).

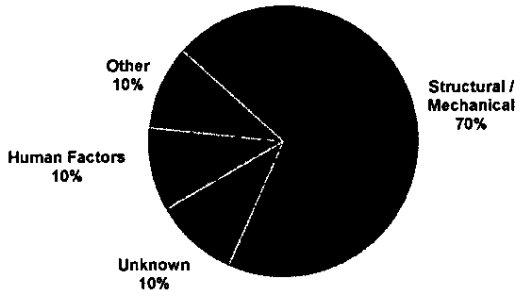
Number of Spills by Product

(spills reported in pounds)



Number of Spills by Cause

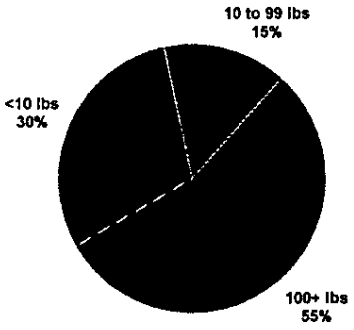
(spills reported in pounds)



Number of Spills by Facility Category

(spills reported in pounds)

Number of Spills by Size Class

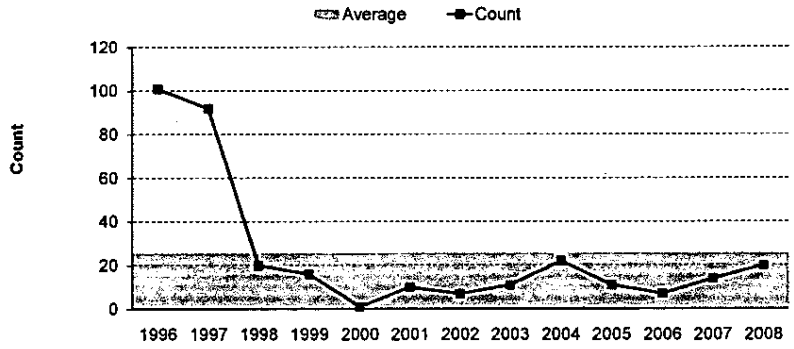


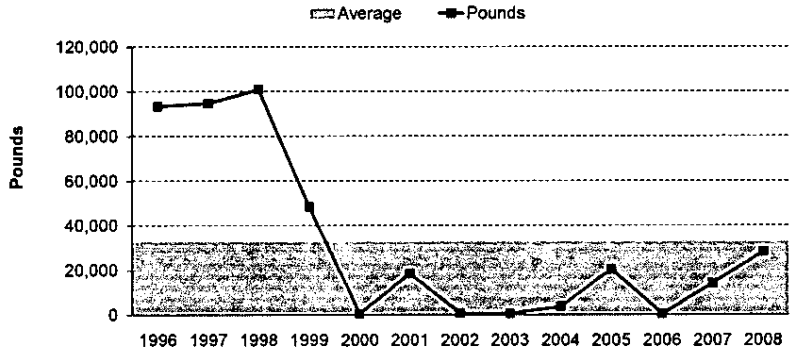
KEY TO ABBREVIATIONS

HUM	Human Factors
ACC	Accident
UNK	Unknown
OTH	Other
STR/MECH	Structural/Mechanical
STO	Storage
TRA	Transportation
VES	Vessel
OTH/UNK	Other/Unknown

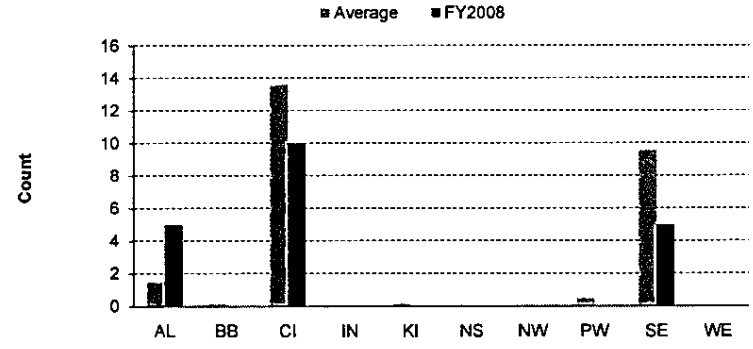
- The number of Extremely Hazardous Substance (EHS) releases and total pounds released was significantly higher in FY 1996 and FY 1997. The majority of releases during those years were from a pulp mill in Southeast Alaska which ceased operations in 1997. EHS spill counts and quantities released have been substantially less since then.
- During FY 2008, EHS releases occurred within the the Cook Inlet subarea *(10)*, Aleutian subarea *(5)* and the Southeast Alaska subarea *(5)*.

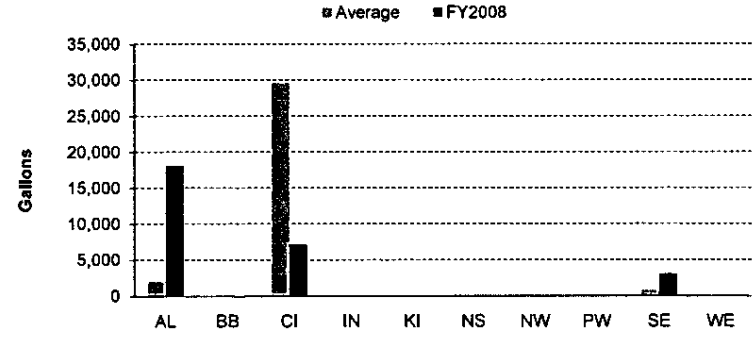
Spills by Fiscal Year *(spills reported in pounds)*





Spills by Subarea *(spills reported in pounds)*





KEY TO ABBREVIATIONS

AL	Aleutian
BB	Bristol Bay
CI	Cook Inlet
IN	Interior
KI	Kodiak Island
NS	North Slope
NW	Northwest Arctic
PW	Prince William Sound
SE	Southeast Alaska
WE	Western Alaska

Projects

Special Projects

■ *Emergency Towing System*

Within the last decade, several distressed or stricken vessel incidents occurring in the Aleutian Islands have impacted the community of Unalaska and in a few cases caused environmental and economic repercussions. In each situation, the vessel was a large tramper or cargo type vessel, which generally carry fuel in bottom tanks, thus posing a significant pollution risk in a grounding. The information provided in the Vessel Traffic in the Aleutians Subarea study, illustrates roughly 67% of port calls to Unalaska/ Dutch Harbor in 2004 were either container ships or tramper/reefer vessels.

Following the near grounding of the *Salica Frigo* on March 9, 2007 the Mayor of Unalaska convened a Disabled Vessel workgroup to address the possibility of future groundings and to discuss local emergency response solutions. This initial meeting prompted the Emergency Towing System (ETS) workgroup whose goal was to develop emergency towing capabilities for disabled vessels in the Aleutian Subarea using locally available tugboats in conjunction with ETS equipment stationed in Unalaska.

The City of Unalaska purchased a system suitable for vessels up to 50,000 DWT and the Alaska Department of Environmental Conservation purchased a system capable of towing vessels greater than 50,000 DWT; both systems are stored in Unalaska.

The ETS consists of a light weight towline, a messenger line to assist in deploying the towline, a line-launcher, a lighted buoy, and chaffing gear. These components may be configured to deploy to a disabled ship from the stern of a tugboat or airdropped to the ship's deck via helicopter.

The Alaska Department of Environmental Conservation has also purchased and stored a 10-inch Emergency Towing System (ETS) at the USCG Air Station in Kodiak. For mobilization and use of the Kodiak Emergency Towing System, please contact the USCG Sector Anchorage Command Center at (866) 396-1361 or (907) 271-6769.

Project website: http://www.dec.state.ak.us/spar/perp/aiets/home.htm

Prevention Initiatives

■ *Home Heating Oil Tanks*

Home heating oil tanks are in use throughout the state and are not regulated by the Department. Since 2001, response staff have actively worked to achieve a reduction in the number and magnitude of heating oil discharges from home heating oil systems through a variety of public outreach methods with a focus on prevention targeted primarily at the homeowner. They have attended home shows, state fairs, and local and statewide forums, and have been interviewed on radio and television. A series of public service announcements was produced and aired in over 250 Alaskan communities served by the Alaska Public Radio Network, and a print version appeared in newspapers.

Additional outreach information is being developed for fuel distributors. Greater emphasis is being placed on providing information on preventive measures to rural Alaskan communities where oil drum "tanks" are common and the high price of oil makes the impact of a spill difficult on the residents and governments of these remote Alaskan villages and towns.

Project website: http://www.dec.state.ak.us/spar/perp/hho.htm

■ *Clean Harbors Initiative*

The Clean Harbors initiative in Alaska is being sponsored jointly by Alaska Department of Environmental Conservation (ADEC) and Cook Inlet Regional Citizens' Advisory Council (CIRCAC), and is partially financed by a grant from the Conoco Phillips Earth Energy Partners Program. Homer Harbor is serving as a "pilot project" for launching the Clean Harbors initiative in Alaska. This program is based on Clean Marinas programs on the west coast and nationwide, promoted by NOAA and others, that encourage marina operators and recreational boaters to protect coastal water quality by engaging in environmentally sound operating and maintenance practices.

While Clean Marina Programs vary from state to state, all programs offer information, guidance, and technical assistance to marina operators, local governments, and recreational boaters on Best Management Practices that can be used to prevent or reduce pollution. Marinas that participate in the Clean Marina Program are recognized for their environmental stewardship.

The first workgroup meeting for the Clean Harbors pilot project was held in Homer on December 19, 2007. Participants at the meeting included ADEC, CIRCAC, City of Homer Port Administration, Cook Inlet Keeper, the USCG, Alaska Sea Grant, and Nuka Research. As the first step in the pilot project, a sub-group is working with a contractor, Nuka Research, to develop a Best Management Practices template for harbors in Alaska.

Project website: http://www.nukaresearch.com/projects/cleanharbor/index.shtml

■ *Aleutians Risk Assessment*

ADEC and the U.S. Coast Guard are funding a multi-stage risk assessment of maritime transportation in the Bering Sea and the Aleutian Archipelago. The first phase of this long-term risk assessment and mitigation strategy is to fund a project titled, "Risk of Oil Spills in the Aleutian Islands-A Study to Design a Comprehensive Risk Assessment". A Committee established within the Transportation Research Board of the National Academies is conducting this project and the first committee meeting was held in Anchorage and Unalaska during the last week of October 2007.

The efforts of the committee culminated with the completion of their report titled "Risk of Oil Spills in the Aleutian Islands- A Study to Design a Comprehensive Risk Assessment."

The second phase of the project – conducting the Aleutian Islands Risk Assessment is now underway. The assessment organization and management structure consists of four groups: a Management Team, an Advisory Panel, a Risk Analysis Team, and a Peer Review Panel. The management team consists of the U.S. Coast Guard, State of Alaska (ADEC), and the National Fish and Wildlife Foundation (the agency responsible for allocating funds). A priority for the management team is the establishment of the advisory panel and selection of a contracted facilitator for the panel.

Project website: http://www.dec.state.ak.us/spar/perp/ai_risk/ai_risk.htm

For more information go to:
www.dec.state.ak.us/spar/perp

STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPARTMENT OF FISH AND GAME

ADMINISTRATIVE SERVICES

P.O. BOX 115526
JUNEAU, AK 99811-5526
PHONE: (907) 465-6085
FAX: (907) 465-6078

February 17, 2009

The Honorable Mike Hawker, Co-chair
House Finance Committee
House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Representative Hawker:

At the February 2 Alaska Department of Fish and Game overview before the House Finance Committee, you asked the question whether the department had been asked by the Alaska Energy Authority to review their proposed energy projects.

The short answer is no. However, the department has issued fish habitat permits to Kenai Hydro LLC for the installation of stream gauges to collect baseline date regarding four hydro feasibility projects in the Moose Pass area.

Please contact me if you have further questions.

Sincerely,

Tom Lawson
Director

Department of Natural Resources
FY10 Long Range Plan

Notes for FY09 baseline appropriations and department assumptions for FY10 and beyond

Through operating budget one-time-item continuations and increments and capital project requests, the Department will continue to seek funding to support:

Resource Development

- Services provided by the Division of Oil and Gas
- Royalty valuation, allowing re-negotiation of royalty settlement agreements when it is advantageous to the State
- Airborne mineral surveys
- Abandoned Mine Reclamation (Fed)
- New Geologic Materials Center

Water Resources

- Cooperative Water Resource Program (SDPR)

Coastal Management

- Alaska Coastal Management pass-through grants (Fed)

Land acquisition and sales

- Land acquisition as per statehood entitlement
- Forward funding of surveys for remote recreational cabin sites (LDIF)
- New subdivision development and remote recreational cabin program (LDIF)

Wildland Firefighting

- Shared costs at the Interagency Coordinator Center
- Increases in helicopter and air tanker costs when contracts come up for renewal

Parks Facilities and Programs

- Design phase of the South Denali Access Road and other capital projects in State Parks
- Maintain the Boating Safety Program and expand the education portion (mostly Fed)
- Acquire outdoor recreation lands and develop facilities through the Land and Water Conservation Fund (Fed)
- National Historic Preservation Program (Fed)
- National Recreation Trails Grant (Fed)

Forest Management

- Reforestation of State forest lands following harvests and burns
- Forest road maintenance
- Timber inventories

- Technical forestry assistance program (Fed)
- Private and public forest assessment

Agricultural Industry

- Foundation seed program and other functions of the Plant Material Center that support the agricultural industry in Alaska

Guide Concession Area Program

- Initial planning work for guide concession area program, with additional general funds needed in subsequent years to develop regulations and implement the program until it is self-supporting through fees

Administrative and Information Technology

- Information technology infrastructure upgrades and contract increases
- Increases in chargebacks and core service costs

Anticipated need for replacement of federal funds:

- Funds to support critical services of the Alaska Volcano Observatory will decline, starting in FY10
- Federal funding for BLM2009 is scheduled to end in FY09, but continuing general funds will be needed for surveys, audits, and settlement of discrepancies

Increased demand for services and information:

- Over the next ten years we expect oil, gas and mineral exploration and development to continue to increase, based on the potential of Alaska's undeveloped resources
- General fund support for Large Project programs will be needed to allow advanced planning and staffing necessary to meet industry needs and facilitate projects that create jobs and generate state revenue
- The Pebble Project, if permitted, will require a full-time coordinator. Industry will support the position, although some general funds will be needed in the initial planning stage.
- Information needs will include geohydrology for water resource conservation, management and development; coastal hazards and development data; improved Geographic Information System (GIS) capability; a Statewide parcel database; and increased demand for programming and electronic solutions
- Increasing complexity of borough and other restrictions will require increased staffing in the Land Sales Program
- Increased demand for roads to access forest resources for firewood and timber sales
- Increased support for the agricultural industry will be proposed including erosion control and land conservation, a wetlands research unit, and horticulture evaluation program

Continual need for replacement/upgrade of facilities, equipment, and IT infrastructure including:

- Wildland fire truck replacement and fleet maintenance cost increases
- Trunk Road Facility move in FY10

- State Parks deferred and annual maintenance, with deferred maintenance balance currently at $60 million
- Plant Material Center facilities, grounds and equipment
- Deferred and ongoing maintenance of other buildings
- Replacement of Northern Region Facility and Kenai/Kodiak Area Forestry Facility, and site studies for various fire and resource management facilities
- Replace state-owned tactical aircraft in FY11

Other expected increases:

- Increased responsibilities of the Petroleum Systems Integrity Office based on completion of the gap analysis and risk assessment
- Need for Oil and Gas leasing program improvements
- Twenty permanent seasonal initial attack firefighting positions are currently paid with soft funding. To assure continuation of these positions, it will be necessary to replace this with general funds starting in FY11

Expected project completions:

- Mat-Su Hydrogeology assessment in FY11
- Electronic document management system in FY11 - creating electronic land management case files with search capability
- Unified Permit Project to streamline application and approval processes in FY11
- Statewide digital mapping initiative in FY13
- Electronic recording of titles and UCC for the Recorder's Office, resulting in savings as the need for regional offices will decrease

Department assumptions for gasline appropriation estimates

Continuation of funding to support:

- AGIA license management
- Pipeline corridor geologic hazards identification

Increased demand for services and information:

- Surveys, rights-of-way, inspection and administrative staff through FY17 as pipeline(s) are completed
- Geological trench mapping starting in FY13 (part SDPR)
- Upon completion of gasline in FY18, funds will be needed for multi-agency oversight of the completed project, and will require some level of funding for the life of the pipeline

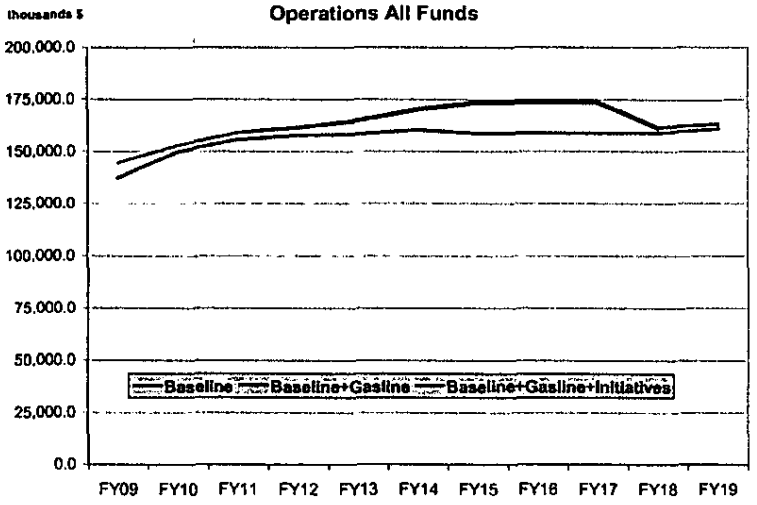
Expected project completion:

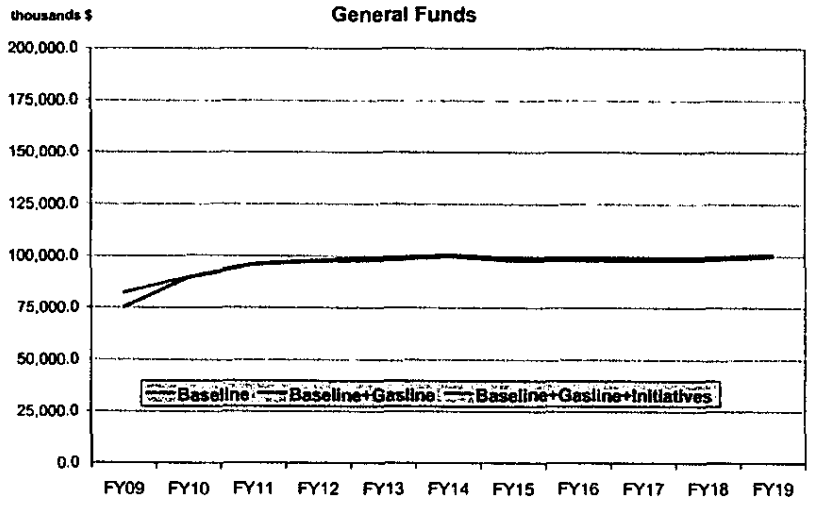
- North Slope Reservoir Studies to determine the best use of natural gas resources

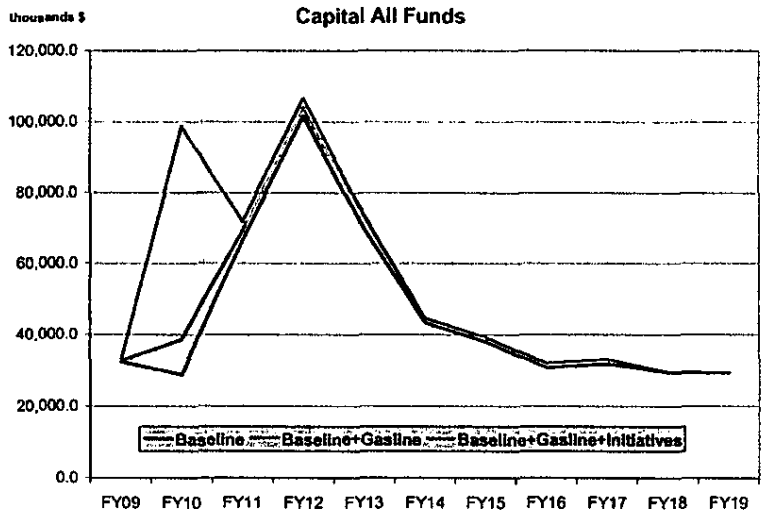
Department assumptions for new initiatives except gasline:

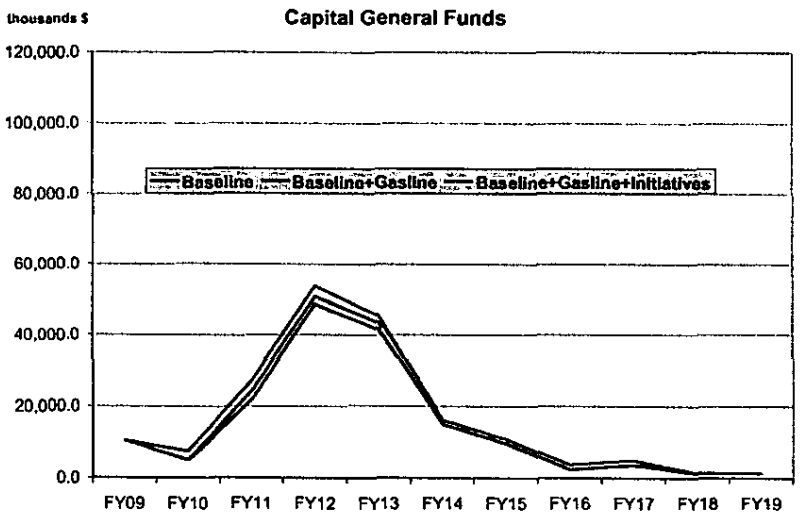
- Major influx of formula funds from the federal government for the Coastal Impact Assessment Program. Increase is based on federal offshore drilling leases. (Fed)
- Need to address the potentially dangerous situation of bear/human interaction at the Chilkoot River in Haines by managing the area to allow road-accessible brown bear viewing
- Construction of South Denali Visitors Center, estimated to start in FY12 (Fed)

Natural Resources









Natural Resources

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	169,697.3	178,701.7	222,398.1	259,604.7	228,181.9	203,854.4	196,704.6	189,488.7	190,570.7	188,446.7	190,227.7
General Fund	83,332.7	92,495.7	115,302.2	143,919.8	137,275.0	112,520.6	105,461.8	98,254.9	99,372.9	97,283.9	99,093.9
General Fund Match	2,177.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5
Federal Funds	34,211.5	26,695.0	27,023.0	52,073.0	26,990.0	26,790.0	26,340.0	26,140.0	25,940.0	25,740.0	25,540.0
Other State Funds	49,975.6	57,383.5	77,945.4	61,484.4	61,789.4	62,416.3	62,775.3	62,966.3	63,130.3	63,295.3	63,466.3
Operations	137,370.8	149,944.7	155,911.1	157,849.6	158,403.6	160,504.7	158,768.7	158,859.7	158,841.7	159,017.7	160,898.7
General Fund	72,932.7	87,555.7	93,552.2	95,401.7	95,750.7	97,592.1	95,847.1	95,847.1	95,765.1	95,876.1	97,686.1
General Fund Match	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5
Federal Funds	15,835.0	15,885.0	15,413.0	15,413.0	15,413.0	15,413.0	15,163.0	15,163.0	15,163.0	15,163.0	15,163.0
Other State Funds	46,475.6	44,376.5	44,818.4	44,907.4	45,112.4	45,372.1	45,631.1	45,722.1	45,786.1	45,851.1	45,922.1
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	137,370.8	149,944.7	155,911.1	157,849.6	158,403.6	160,504.7	158,768.7	158,859.7	158,841.7	159,017.7	160,898.7
General Fund	72,932.7	87,555.7	93,552.2	95,401.7	95,750.7	97,592.1	95,847.1	95,847.1	95,765.1	95,876.1	97,686.1
General Fund Match	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5
Federal Funds	15,835.0	15,885.0	15,413.0	15,413.0	15,413.0	15,413.0	15,163.0	15,163.0	15,163.0	15,163.0	15,163.0
Other State Funds	46,475.6	44,376.5	44,818.4	44,907.4	45,112.4	45,372.1	45,631.1	45,722.1	45,786.1	45,851.1	45,922.1
Capital	32,326.5	28,757.0	66,487.0	101,755.1	69,778.3	43,349.7	37,935.9	30,629.0	31,729.0	29,429.0	29,329.0
General Fund	10,400.0	4,940.0	21,750.0	48,518.1	41,524.3	14,928.5	9,614.7	2,407.8	3,607.8	1,407.8	1,407.8
General Fund Match	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,376.5	10,810.0	11,610.0	36,660.0	11,577.0	11,377.0	11,177.0	10,977.0	10,777.0	10,577.0	10,377.0
Other State Funds	3,500.0	13,007.0	33,127.0	16,577.0	16,677.0	17,044.2	17,144.2	17,244.2	17,344.2	17,444.2	17,544.2

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

See cover sheet.

Natural Resources

Gasline Related Budget Growth

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	7,209.8	12,680.2	5,555.2	5,655.2	8,080.2	10,530.2	15,530.2	15,530.2	15,530.2	1,891.7	1,391.7
General Fund	7,209.8	391.7	2,766.7	2,566.7	2,491.7	1,841.7	1,841.7	1,841.7	1,841.7	591.7	591.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	12,288.5	2,788.5	3,088.5	5,588.5	8,688.5	13,688.5	13,688.5	13,688.5	1,300.0	800.0
Operations	7,209.8	3,180.2	3,180.2	3,480.2	6,180.2	9,280.2	14,280.2	14,280.2	14,280.2	1,891.7	1,391.7
General Fund	7,209.8	391.7	391.7	391.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	2,788.5	2,788.5	3,088.5	5,588.5	8,688.5	13,688.5	13,688.5	13,688.5	1,300.0	800.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	7,209.8	3,180.2	3,180.2	3,480.2	6,180.2	9,280.2	14,280.2	14,280.2	14,280.2	1,891.7	1,391.7
General Fund	7,209.8	391.7	391.7	391.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	2,788.5	2,788.5	3,088.5	5,588.5	8,688.5	13,688.5	13,688.5	13,688.5	1,300.0	800.0
Capital	0.0	9,500.0	2,375.0	2,175.0	1,900.0	1,250.0	1,250.0	1,250.0	1,250.0	0.0	0.0
General Fund	0.0	0.0	2,375.0	2,175.0	1,900.0	1,250.0	1,250.0	1,250.0	1,250.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	9,500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for gasline appropriations estimates below

FY09: Includes Special Session appropriation for AGIA Implementation. See attached for further explanation.

Natural Resources

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	60,745.0	3,250.0	3,666.0	2,870.0	1,020.0	1,020.0	1,020.0	1,020.0	1,020.0	1,020.0
General Fund	0.0	2,625.0	3,070.0	3,085.0	2,275.0	330.6	330.6	330.6	330.6	330.6	330.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	58,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	120.0	180.0	581.0	595.0	689.4	689.4	689.4	689.4	689.4	689.4
Operations	0.0	120.0	270.0	766.0	870.0	1,020.0	1,020.0	1,020.0	1,020.0	1,020.0	1,020.0
General Fund	0.0	0.0	90.0	185.0	275.0	330.6	330.6	330.6	330.6	330.6	330.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	120.0	180.0	581.0	595.0	689.4	689.4	689.4	689.4	689.4	689.4
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	120.0	270.0	766.0	870.0	1,020.0	1,020.0	1,020.0	1,020.0	1,020.0	1,020.0
General Fund	0.0	0.0	90.0	185.0	275.0	330.6	330.6	330.6	330.6	330.6	330.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	120.0	180.0	581.0	595.0	689.4	689.4	689.4	689.4	689.4	689.4
Capital	0.0	60,625.0	2,980.0	2,900.0	2,000.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	2,625.0	2,980.0	2,900.0	2,000.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	58,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for new initiatives (except gasline) appropriations estimates below

See assumptions on cover sheet.

Natural Resources

Baseline plus Gasline

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	176,907.1	191,381.9	227,953.3	265,259.9	236,262.1	214,384.6	212,234.8	205,018.9	206,100.9	190,338.4	191,619.4
General Fund	90,542.5	92,887.4	118,068.9	146,486.5	139,766.7	114,362.3	107,303.5	100,096.6	101,214.6	97,875.6	99,685.6
General Fund Match	2,177.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5
Federal Funds	34,211.5	26,695.0	27,023.0	52,073.0	26,990.0	26,790.0	26,340.0	26,140.0	25,940.0	25,740.0	25,540.0
Other State Funds	49,975.6	69,672.0	80,733.9	64,572.9	67,377.9	71,104.8	76,463.8	76,654.8	76,818.8	64,595.3	64,266.3
Operations	144,580.6	153,124.9	159,091.3	161,329.8	164,583.8	169,784.9	173,048.9	173,139.9	173,121.9	160,909.4	162,290.4
General Fund	80,142.5	87,947.4	93,943.9	95,793.4	96,342.4	98,183.8	96,438.8	96,438.8	96,356.8	96,467.8	98,277.8
General Fund Match	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5
Federal Funds	15,835.0	15,885.0	15,413.0	15,413.0	15,413.0	15,413.0	15,163.0	15,163.0	15,163.0	15,163.0	15,163.0
Other State Funds	46,475.6	47,165.0	47,606.9	47,995.9	50,700.9	54,060.6	59,319.6	59,410.6	59,474.6	47,151.1	46,722.1
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	144,580.6	153,124.9	159,091.3	161,329.8	164,583.8	169,784.9	173,048.9	173,139.9	173,121.9	160,909.4	162,290.4
General Fund	80,142.5	87,947.4	93,943.9	95,793.4	96,342.4	98,183.8	96,438.8	96,438.8	96,356.8	96,467.8	98,277.8
General Fund Match	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5
Federal Funds	15,835.0	15,885.0	15,413.0	15,413.0	15,413.0	15,413.0	15,163.0	15,163.0	15,163.0	15,163.0	15,163.0
Other State Funds	46,475.6	47,165.0	47,606.9	47,995.9	50,700.9	54,060.6	59,319.6	59,410.6	59,474.6	47,151.1	46,722.1
Capital	32,326.5	38,257.0	68,862.0	103,930.1	71,678.3	44,599.7	39,185.9	31,879.0	32,979.0	29,429.0	29,329.0
General Fund	10,400.0	4,940.0	24,125.0	50,693.1	43,424.3	16,178.5	10,864.7	3,657.8	4,857.8	1,407.8	1,407.8
General Fund Match	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,376.5	10,810.0	11,610.0	36,660.0	11,577.0	11,377.0	11,177.0	10,977.0	10,777.0	10,577.0	10,377.0
Other State Funds	3,500.0	22,507.0	33,127.0	16,577.0	16,677.0	17,044.2	17,144.2	17,244.2	17,344.2	17,444.2	17,544.2

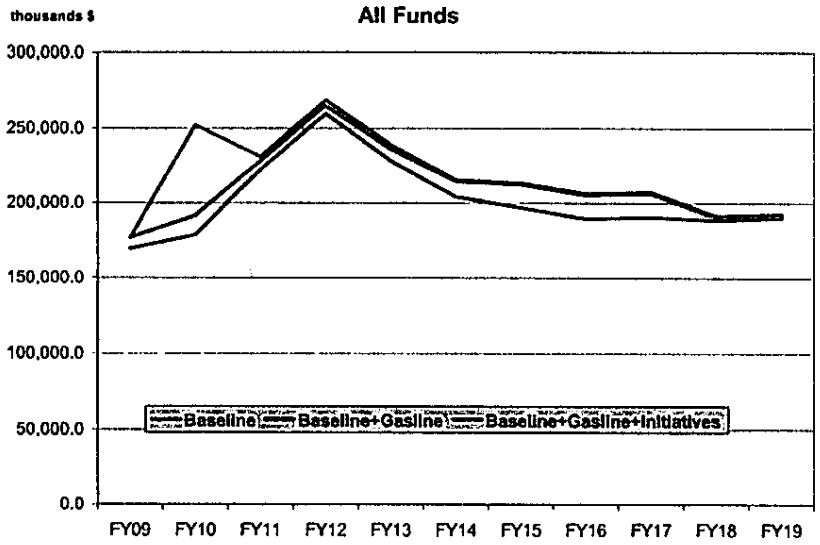
Natural Resources

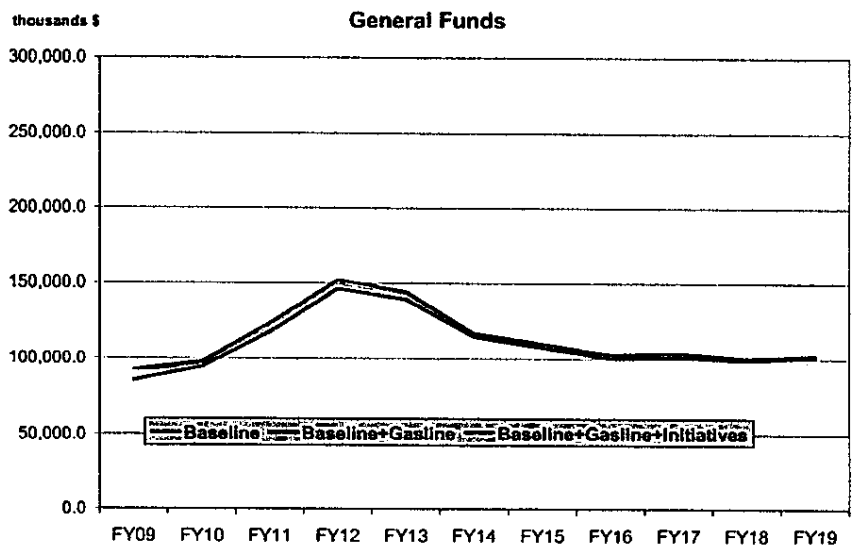
Baseline plus Gasline plus Initiatives

(thousands $)

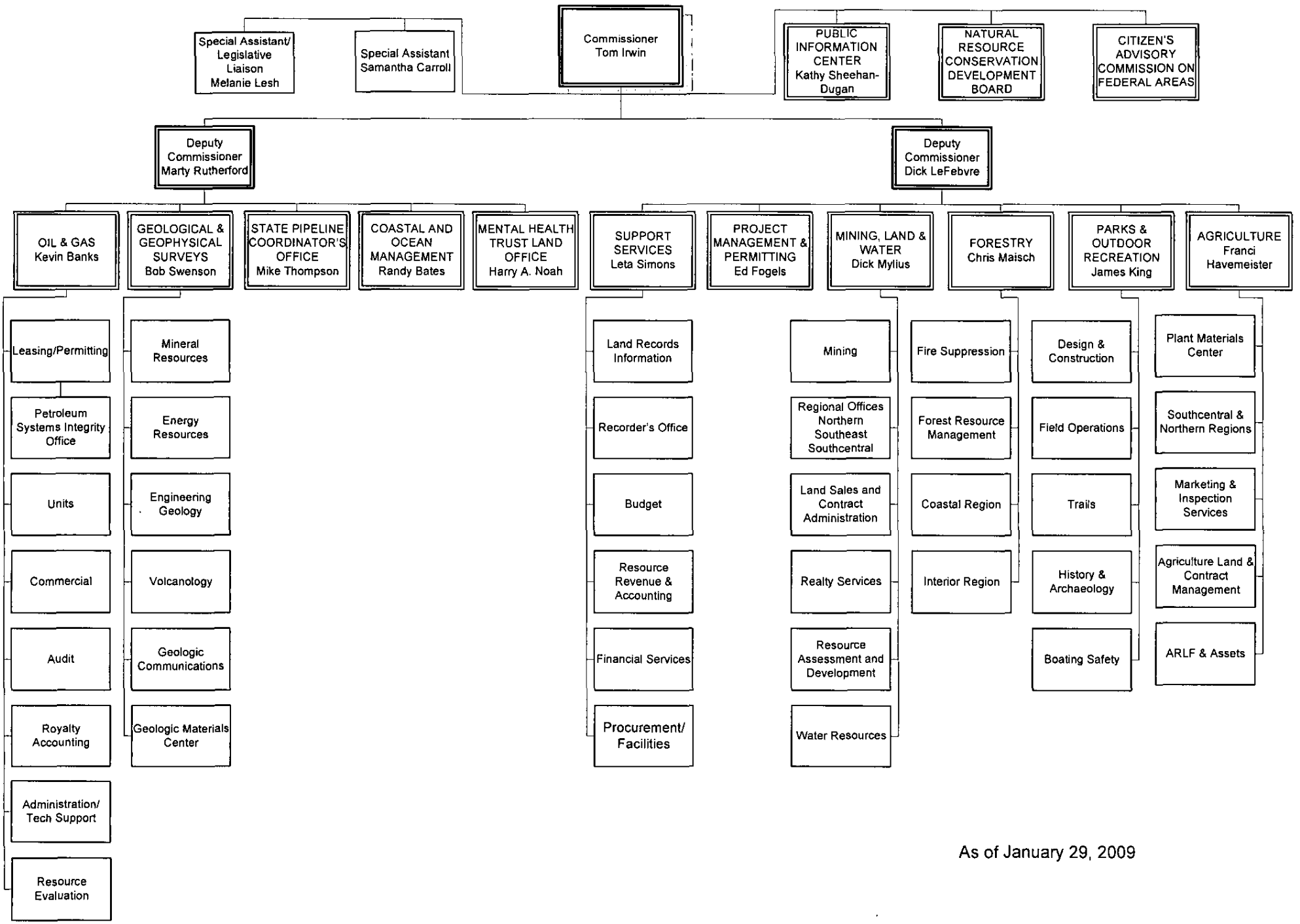
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	176,907.1	252,126.9	231,203.3	268,925.9	239,132.1	215,404.6	213,254.8	206,038.9	207,120.9	191,358.4	192,639.4
General Fund	90,542.5	95,512.4	121,138.9	149,571.5	142,041.7	114,692.9	107,634.1	100,427.2	101,545.2	98,206.2	100,016.2
General Fund Match	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5
Federal Funds	34,211.5	84,695.0	27,023.0	52,073.0	26,990.0	26,790.0	26,340.0	26,140.0	25,940.0	25,740.0	25,540.0
Other State Funds	49,975.6	69,792.0	80,913.9	65,153.9	67,972.9	71,794.2	77,153.2	77,344.2	77,508.2	65,284.7	64,955.7
Operations	144,580.6	153,244.9	159,361.3	162,095.8	165,453.8	170,804.9	174,068.9	174,159.9	174,141.9	161,929.4	163,310.4
General Fund	80,142.5	87,947.4	94,033.9	95,978.4	96,617.4	98,514.4	96,769.4	96,769.4	96,687.4	96,798.4	98,608.4
General Fund Match	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5
Federal Funds	15,835.0	15,885.0	15,413.0	15,413.0	15,413.0	15,413.0	15,163.0	15,163.0	15,163.0	15,163.0	15,163.0
Other State Funds	46,475.6	47,285.0	47,786.9	48,576.9	51,295.9	54,750.0	60,009.0	60,100.0	60,164.0	47,840.5	47,411.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	144,580.6	153,244.9	159,361.3	162,095.8	165,453.8	170,804.9	174,068.9	174,159.9	174,141.9	161,929.4	163,310.4
General Fund	80,142.5	87,947.4	94,033.9	95,978.4	96,617.4	98,514.4	96,769.4	96,769.4	96,687.4	96,798.4	98,608.4
General Fund Match	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5	2,127.5
Federal Funds	15,835.0	15,885.0	15,413.0	15,413.0	15,413.0	15,413.0	15,163.0	15,163.0	15,163.0	15,163.0	15,163.0
Other State Funds	46,475.6	47,285.0	47,786.9	48,576.9	51,295.9	54,750.0	60,009.0	60,100.0	60,164.0	47,840.5	47,411.5
Capital	32,326.5	98,882.0	71,842.0	106,830.1	73,678.3	44,599.7	39,185.9	31,879.0	32,979.0	29,429.0	29,329.0
General Fund	10,400.0	7,565.0	27,105.0	53,593.1	45,424.3	16,178.5	10,864.7	3,657.8	4,857.8	1,407.8	1,407.8
General Fund Match	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	18,376.5	68,810.0	11,610.0	36,660.0	11,577.0	11,377.0	11,177.0	10,977.0	10,777.0	10,577.0	10,377.0
Other State Funds	3,500.0	22,507.0	33,127.0	16,577.0	16,677.0	17,044.2	17,144.2	17,244.2	17,344.2	17,444.2	17,544.2

Natural Resources





Department of Natural Resources



As of January 29, 2009

Overview of the Alaska Department of Fish and Game
February 2, 2009

Background

Alaska Constitutional mandates: Article VIII (Natural Resources) reads in part:

> The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.
>
> Fish, forests, wildlife, grasslands, and all other replenishable resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses.

Mission of the department:

> To protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their use and development in the best interest of the economy and the well-being of the people of the state, consistent with the sustained yield principle.

Goals of the department:

Optimize economic benefits from fish and wildlife resources
Optimize public participation in fish and wildlife pursuits
Increase public knowledge and confidence that wild populations of fish and wildlife are responsibly managed

Core Services of the Department

1. *Harvest Management*: provide opportunity to utilize fish and wildlife resources
2. *Stock Assessment*: ensure sustainability and harvestable surplus of fish and wildlife resources
3. *Customer Service*: provide information to all customers
4. *Public Involvement*: involve the public in management of fish and wildlife resources
5. *State Sovereignty*: protect the state's sovereignty to manage fish and wildlife resources

In support of these core services, the department conducts the following activities:

6. *Habitat Conservation*: protect, maintain, and improve Alaska's fish and wildlife habitat
7. *Workforce Development*: support a professional staff to deliver other core services

Ambitions within core services:

1. *Harvest management*: provide opportunities to utilize fish and wildlife resources
   - Expand existing and develop new programs to increase harvest opportunities (e.g., abundance-based management initiatives)
   - Protect and improve access to fishing and hunting opportunities and resources
   - Optimize participation in hunting and fishing activities
   - Improve harvest monitoring and assessment

2. *Stock assessment*: ensure sustainability and harvestable surplus of fish and wildlife resources
   - Improve existing fish and wildlife stock assessment capabilities
   - Expand stock assessments
   - Invest in new technologies*
   - Anticipate changing conditions (e.g., climate change, invasive species)

   *Idea of investing in new technologies applies to several of the core services.

3. *Customer service*: provide accurate and meaningful information to all customers
   - Enhance public communications materials and delivery (e.g., web capacity, multimedia, technical and lay reports)
   - Increase publication in peer-reviewed scientific literature
   - Improve management and scientific reporting
   - Improve licensing and permitting services (including unique identifier for each user)
   - Better coordinate and improve education and viewing programs throughout department and better integrate CF and Subsistence into education programs.

4. *Public involvement*: involve the public in management of fish and wildlife resources
   - Improve BOF/BOG and other regulatory processes (e.g., Federal Subsistence Board, North Pacific Fishery Management Council)
   - Effectively involve (optimize) public in specific decision making processes (legislative, EVOS, task forces and advisory groups)
   - Evaluate further and enhanced opportunities for public involvement

5. *State sovereignty*: protect the state's sovereignty to manage fish and wildlife resources
   - Reassess strategies for state/federal agreements and initiatives
   - Evaluate and improve effectiveness in interacting with other government agencies and forums (e.g., ESA, Magnuson-Stevens Act, NPFMC, Pacific Salmon Treaty, Migratory Bird Treaty Act, ANILCA, FSB)
   - Strengthen state's role in dual management for subsistence
   - Strengthen state's interests in partnerships with other governmental agencies

6. *Habitat conservation*: protect, maintain, and improve Alaska's fish and wildlife habitat
   - Strengthen department involvement in resource development and land use project reviews
   - Improve technical capabilities (e.g., geographical information systems, GIS) to inform environmental reviews of development projects

- Maintain, restore and improve habitats in the face of other resource development and land use

7. *Workforce development*: support professional staff to deliver other core services
   - Re-establish ADF&G as premier employer among nation's fish and wildlife agencies (e.g., compensation, benefits, training, workload management, motivation, initiative, recognition)
   - Improve and increase employee training opportunities
   - Enhance and improve administrative support
   - Stabilize and increase funding for divisional programs and employee development

Structure and Budget

The Department of Fish and Game comprises six divisions (Commercial Fisheries, Sport Fish, Wildlife Conservation, Subsistence, Habitat, and Administrative Services) plus the Alaska Boards of Fisheries and Game, the Commercial Fisheries Entry Commission, and the Exxon Valdez Oil Spill Trustee Council. Two deputy commissioners, an assistant commissioner, and special assistants support the Commissioner in managing the state's fish and wildlife resources.

The department's FY 09 operating budget is $180.0 million, from sixteen funding sources, including $55.0 million in federal funds, $58.1 million in state general funds, and $26.2 million in fish and game funds. In FY09, the department has 917 permanent full-time, 764 permanent part-time, and 62 non-permanent positions for a total of 1,743 positions.

The department's FY10 operating budget request is $180.0 million from sixteen funding sources, including $54.6 million in federal funds, $58.7 million in state general funds, and $26.1 million in fish and game funds. In FY10, the department has requested 910 permanent full-time, 767 permanent part-time, and 62 non-permanent positions, for a total of 1,739 positions.

Other Designated Responsibilities for the Commissioner

North Pacific Fishery Management Council
Pacific Fishery Management Council—non-voting seat
Pacific States Marine Fisheries Commission
University of Alaska-Fairbanks School of Fisheries and Ocean Sciences (SFOS) Advisory Council
Alaska Sea Grant Advisory Council
Alaska Board of Fisheries—as ex officio secretary, not a voting member
Alaska Board of Game—as ex officio secretary, not a voting member
Exxon Valdez Oil Spill Trustee Council
Federal Subsistence Board—non-voting seat
Western Association of Fish and Wildlife Agencies (WAFWA)—incoming president
Association of Fish and Wildlife Agencies (AFWA)
Alaska Migratory Bird Comanagement Council
The Pacific Flyway Council
The North Slope Science Initiative Board of Directors

Department of Fish and Game 10 Year Plan

Budget Assumptions

The Alaska Department of Fish and Game (ADF&G) does not have any operating formula programs and has fairly static operating and capital budgets. The growth in ADF&G's operating budget has been primarily related to Cost of Living Allowances (COLA) for state employees handled by the Office of Management and Budget (OMB) and a few priority programs and projects that are identified each fiscal year. The capital budget annually includes a few recurring appropriations for deferred maintenance of facilities, vessels, aircraft and equipment; recreational boating access projects; and Pacific Coastal Salmon Recovery Funds. Other capital budget items are generally for one-time projects identified each fiscal year.

The department has not identified any significant issues other than the gasline that will significantly affect ADF&G's budget over the next 10 years. The following is a list of each budget presented in the Long Range Fiscal Plan and our assumptions.

Baseline budget

FY10 and beyond assumes no major changes in funding as salary and benefit adjustments and other statewide issues dealt with by OMB.

Gasline budget

The operating budget amounts are for the Division of Habitat only and represent a "best guess" at workloads, funding, and positions needed to support gasline initiatives. These estimates are also based on the State Pipeline Coordinators Office estimates of timeframes and the assumption that either the TransCanada Alaska or Denali pipeline will be built, but not both.

The gasline will have operating impacts on other ADF&G divisions, but the department has not determined the financial impacts on the other divisions at this time. ADF&G assumes the gasline will have no major impacts on the department's capital budget.

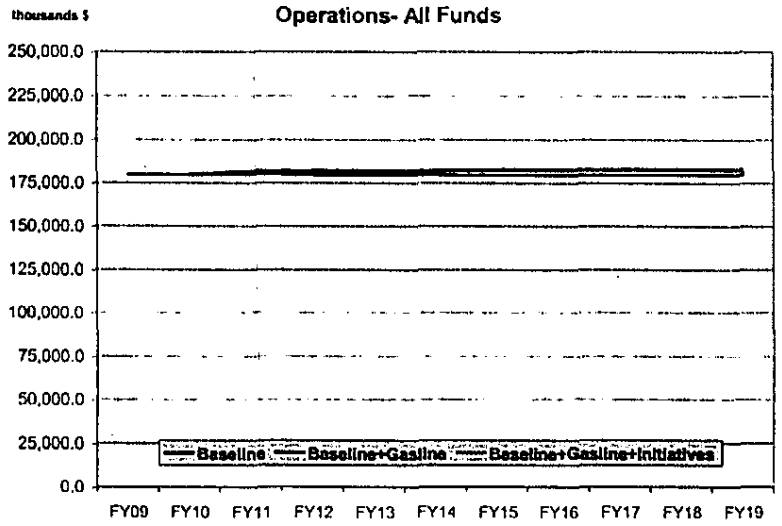
New Initiatives budget

FY09 and FY10 budgets are showing zero as the full budget amounts are shown in the FY09 Authorized and FY10 Governor's baseline budget amounts above. It is very difficult to split out funds tied to new initiatives versus funds used to support programs.

For FY11 and beyond in the operating budget, ADF&G assumes a minimal 3 percent per year for yet to be determined initiatives. Historically ADF&G has received state funded initiatives that total at least 3 percent. (FY09 GF increments of $7,509.1 divided by total FY09 GF in Governor's Amended budget of $55,267.9 equals 13.5 percent. FY10 GF requested increments of $1,803.7 divided total FY10 GF in Governor's Request budget of $58,726.4 equals 3 percent.) These GF increments are not related to salary and/or benefit adjustments related or other statewide issues handled by OMB.

For the capital budget, we are assuming FY11 and beyond would be similar to FY10 amounts already shown in the baseline budget amount above.

Fish & Game


thousands $
Operations- All Funds
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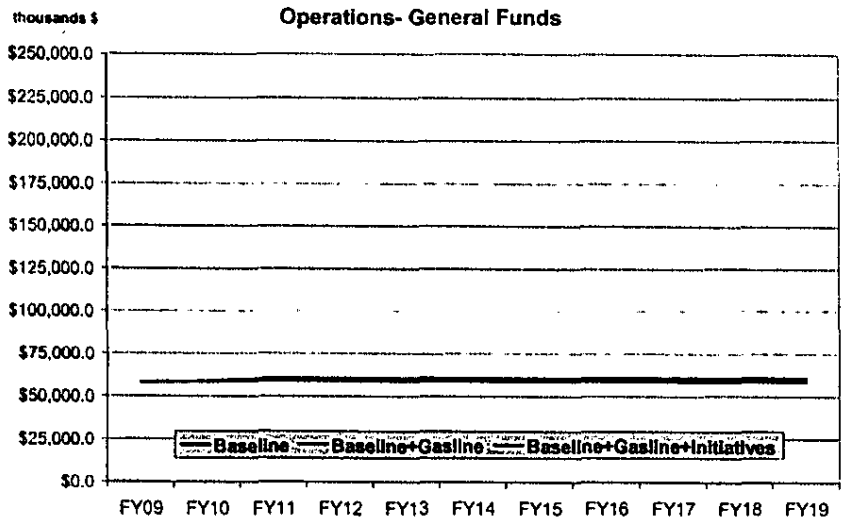
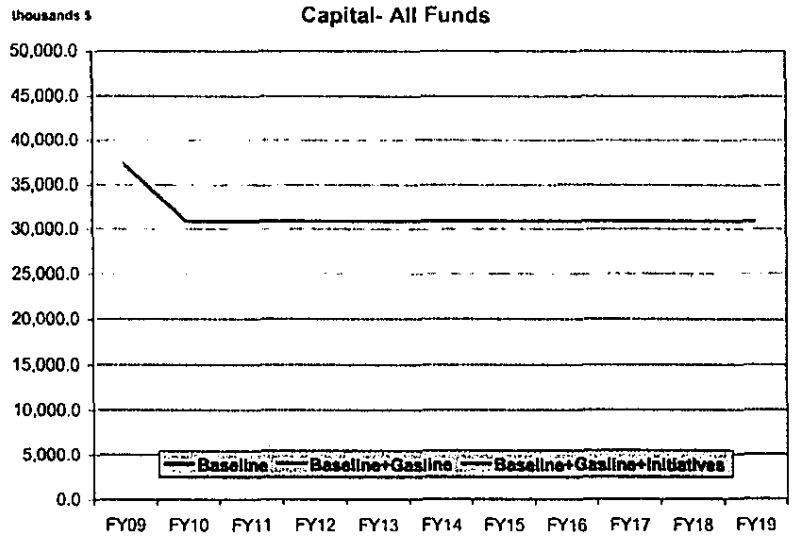
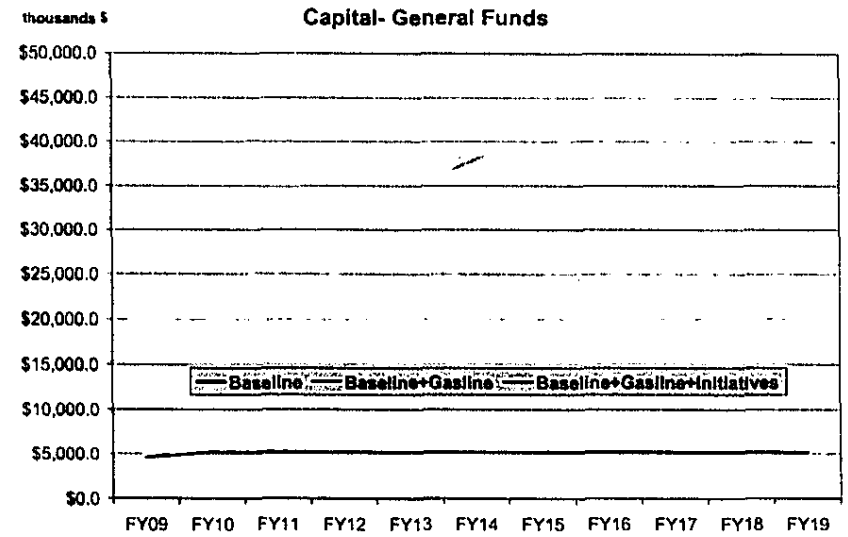
225,000.0
200,000.0
175,000.0
150,000.0
125,000.0
100,000.0
75,000.0
50,000.0
25,000.0
0.0
Baseline
Baseline+Gasline
Baseline+Gasline+Initiatives
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Operations- General Funds
$250,000.0
$225,000.0
$200,000.0
$175,000.0
$150,000.0
$125,000.0
$100,000.0
$75,000.0
$50,000.0
$25,000.0
$0.0
Baseline
Baseline+Gasline
Baseline+Gasline+Initiatives
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Capital- All Funds
50,000.0
45,000.0
40,000.0
35,000.0
30,000.0
25,000.0
20,000.0
15,000.0
10,000.0
5,000.0
0.0
Baseline
Baseline+Gasline
Baseline+Gasline+Initiatives
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Capital- General Funds
$50,000.0
$45,000.0
$40,000.0
$35,000.0
$30,000.0
$25,000.0
$20,000.0
$15,000.0
$10,000.0
$5,000.0
$0.0
Baseline
Baseline+Gasline
Baseline+Gasline+Initiatives
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19

Fish & Game

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	217,401.2	210,997.0	210,997.0	210,997.0	210,997.0	210,997.0	210,997.0	210,997.0	210,997.0	210,997.0	210,997.0
General Fund	62,244.3	63,528.8	63,528.8	63,528.8	63,528.8	63,528.8	63,528.8	63,528.8	63,528.8	63,528.8	63,528.8
General Fund Match	418.2	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6
Federal Funds	80,925.3	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5
Other State Funds	73,813.4	68,108.1	68,108.1	68,108.1	68,108.1	68,108.1	68,108.1	68,108.1	68,108.1	68,108.1	68,108.1
Operations	180,044.5	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0
General Fund	57,687.6	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8
General Fund Match	418.2	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6
Federal Funds	54,950.3	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5
Other State Funds	66,988.4	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	180,044.5	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0	180,079.0
General Fund	57,687.6	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8	58,303.8
General Fund Match	418.2	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6
Federal Funds	54,950.3	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5
Other State Funds	66,988.4	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1	66,740.1
Capital	37,356.7	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0
General Fund	4,556.7	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	25,975.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0
Other State Funds	6,825.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

FY09 Capital includes Leg Add On $4,556.7 GF for Mixed Stock Salmon Fishery Assessment project #45755
Assumes no changes in funding for FY10-19 as COLA and other statewide issues dealt with by OMB.

Fish & Game

Gasline Related Budget Growth

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	180.0	90.0	371.2	557.4	557.4	1,082.4	1,082.4	1,082.4	1,082.4	1,082.4
General Fund	0.0	0.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	180.0	0.0	281.2	467.4	467.4	992.4	992.4	992.4	992.4	992.4
Operations	0.0	180.0	90.0	371.2	557.4	557.4	1,082.4	1,082.4	1,082.4	1,082.4	1,082.4
General Fund	0.0	0.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	180.0	0.0	281.2	467.4	467.4	992.4	992.4	992.4	992.4	992.4
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	180.0	90.0	371.2	557.4	557.4	1,082.4	1,082.4	1,082.4	1,082.4	1,082.4
General Fund	0.0	0.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	180.0	0.0	281.2	467.4	467.4	992.4	992.4	992.4	992.4	992.4
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for gasline appropriations estimates

The Operating budget amounts shown below are for the Division of Habitat only. The gasline will have operating impacts on other ADF&G divisions, but we are unable to determine the financial impacts on the other divisions at this time.

Operating Budget: The narrative, below, represents a "best guess" at workloads, funding, and positions needed to support gasline initiatives. Multiple State agencies will be affected by these proposals and, undoubtedly, as the projects develop and as applicants submit a specific scope of work, there will be interagency discussions to formulate the best overall State approach to review and permit these projects, including detailed discussions about budget and staffing needed. These interagency discussions have not yet occurred. These estimates are also based on the State Pipeline Coordinators Office estimates of timeframes and the assumption that either the TransCanada Alaska or Denali pipeline will be built, but not both.

FY10: Assumes Habitat will request and receive GF support for one new HB III position in Fairbanks to begin initial planning/design review/field inspections/and pre-construction permitting work on the TransCanada Gasline Project. This project is part of the $291,900 increment detailed in our FY 10 HUM budget proposal. Cost: $ 90,020 GF

Assumes pre-application work for Denali, ANGDA, ENSTAR and TransCanada. Assumes Habitat will get RSA money to support our initial planning/design review/field inspections/and pre-construction permitting.

Estimate up to two PCNs needed and cost of $180,000 in interagency receipt (RSA) funds will be handled with internal transfers from Sport Fish to Habitat.

(continued on following page)

Fish & Game

Department gasline assumptions continued

FY11: Assumes pre-application work for Denali and TransCanada and receipt of right-of-way applications from ANGDA and ENSTAR. Assumes Habitat will receive continuation RSA monies from previous year.

FY12: Assumes right-of-way applications received from Denali and TransCanada and continued processing of ANGDA and ENSTAR right-of-way applications. Assumes Habitat will get RSA money to support of work. Estimate up to three PCNS needed. ($281.2 includes funds for travel and supplies)

FY13: Assumes continued processing of right-of-way applications submitted by Denali and TransCanada. Also assumes that either ENSTAR or ANGDA are in the construction phase. Assumes Habitat will get RSA money to support our permitting/review/monitoring work. Estimate up to two PCNs needed. (Cost: $186.2 includes funds for travel and supplies)

FY14: Assumes continued processing of right-of-way applications submitted by Denali and TransCanada. Also assumes that either ENSTAR or ANGDA are in the construction phase. Assumes Habitat will receive continuation RSA monies from previous year, but no new monies or positions are needed.

FY15: Assumes construction phase for Denali or TransCanada (only one project assumed to reach the construction phase).
Assumes Habitat will receive RSA money to support our permitting/monitoring work. Estimate up to 5 PCNs needed. (Cost: $525.0 includes funds for travel and supplies)

FY16: Assumes construction phase for Denali or TransCanada. Assumes Habitat will receive continuation RSA monies from previous year, no new monies or positions needed.

FY17: Assumes construction phase for Denali or TransCanada. Assumes Habitat will receive continuation RSA monies from previous year, no new monies or positions needed.

FY18: Assumes first year operation for Denali or TransCanada. Assumes Habitat will receive RSA funding to support same number of positions.

FY19: Assumes continuation of Operation Oversight for Denali and ENSTAR. Assumes Habitat will receive RSA funding to support one oversight position.
(Cost: $119.8 includes funds for travel and supplies)

Fish & Game

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	0.0	1,801.6	1,803.2	1,857.3	1,913.0	1,970.4	2,029.5	2,090.4	2,153.1	2,217.7
General Fund	0.0	0.0	1,801.6	1,803.2	1,857.3	1,913.0	1,970.4	2,029.5	2,090.4	2,153.1	2,217.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	0.0	1,801.6	1,803.2	1,857.3	1,913.0	1,970.4	2,029.5	2,090.4	2,153.1	2,217.7
General Fund	0.0	0.0	1,801.6	1,803.2	1,857.3	1,913.0	1,970.4	2,029.5	2,090.4	2,153.1	2,217.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	1,801.6	1,803.2	1,857.3	1,913.0	1,970.4	2,029.5	2,090.4	2,153.1	2,217.7
General Fund	0.0	0.0	1,801.6	1,803.2	1,857.3	1,913.0	1,970.4	2,029.5	2,090.4	2,153.1	2,217.7
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for new initiatives (except gasline) appropriations estimates

For FY09 and FY10, we are showing zero as the full budget amounts are shown in the FY09 Authorized and FY10 Governor's Base budget amount. It is very difficult to split out funds tied to new initiatives versus funds used to support programs.

For FY11 and beyond in Operating, we assume a minimal 3 percent per year for yet to be determined initiatives. At this point, we cannot forecast that far into the future, but historically we have state funded initiatives that total at least 3 percent (FY09 GF increments of $7,509.1 divided by total FY09 GF in Gov amended of $55,267.9 equals 13.5 perent. FY10 GF increments of $1,803.7 divided total FY10 GF in Governor of $58,726.4 equals 3 percent). These GF increments are not COLA or service step related which have been handled by OMB. For Capital, we are assuming FY11 and beyond would similar to FY10 amounts already shown in the Base amount.

Fish & Game

Baseline plus Gasline

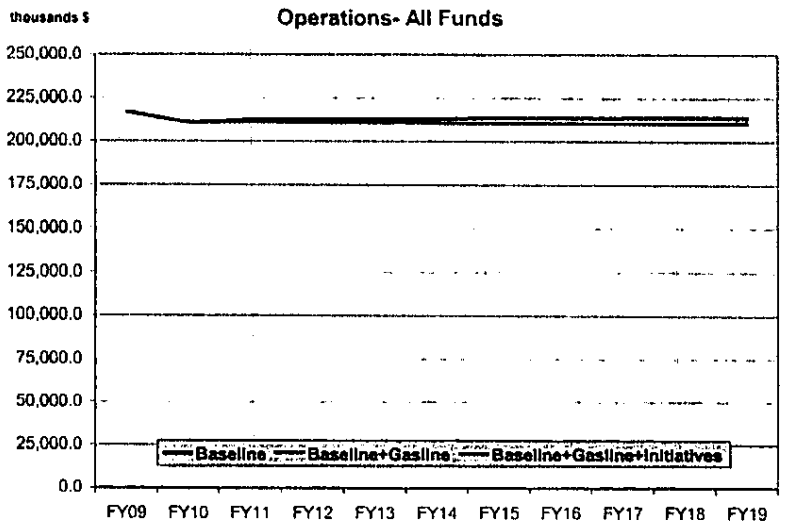
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	217,401.2	211,177.0	211,087.0	211,368.2	211,554.4	211,554.4	212,079.4	212,079.4	212,079.4	212,079.4	212,079.4
General Fund	62,244.3	63,528.8	63,618.8	63,618.8	63,618.8	63,618.8	63,618.8	63,618.8	63,618.8	63,618.8	63,618.8
General Fund Match	418.2	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6
Federal Funds	80,925.3	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5
Other State Funds	73,813.4	68,288.1	68,108.1	68,389.3	68,575.5	68,575.5	69,100.5	69,100.5	69,100.5	69,100.5	69,100.5
Operations	180,044.5	180,259.0	180,169.0	180,450.2	180,636.4	180,636.4	181,161.4	181,161.4	181,161.4	181,161.4	181,161.4
General Fund	57,687.6	58,303.8	58,393.8	58,393.8	58,393.8	58,393.8	58,393.8	58,393.8	58,393.8	58,393.8	58,393.8
General Fund Match	418.2	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6
Federal Funds	54,950.3	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5
Other State Funds	66,988.4	66,920.1	66,740.1	67,021.3	67,207.5	67,207.5	67,732.5	67,732.5	67,732.5	67,732.5	67,732.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	180,044.5	180,259.0	180,169.0	180,450.2	180,636.4	180,636.4	181,161.4	181,161.4	181,161.4	181,161.4	181,161.4
General Fund	57,687.6	58,303.8	58,393.8	58,393.8	58,393.8	58,393.8	58,393.8	58,393.8	58,393.8	58,393.8	58,393.8
General Fund Match	418.2	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6
Federal Funds	54,950.3	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5
Other State Funds	66,988.4	66,920.1	66,740.1	67,021.3	67,207.5	67,207.5	67,732.5	67,732.5	67,732.5	67,732.5	67,732.5
Capital	37,356.7	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0
General Fund	4,556.7	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	25,975.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0
Other State Funds	6,825.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0

Fish & Game

Baseline plus Gasline plus Initiatives

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	217,401.2	211,177.0	212,888.6	213,171.4	213,411.7	213,467.4	214,049.8	214,108.9	214,169.8	214,232.5	214,297.1
General Fund	62,244.3	63,528.8	65,420.4	65,422.0	65,476.1	65,531.8	65,589.2	65,648.3	65,709.2	65,771.9	65,836.5
General Fund Match	418.2	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6
Federal Funds	80,925.3	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5	78,937.5
Other State Funds	73,813.4	68,288.1	68,108.1	68,389.3	68,575.5	68,575.5	69,100.5	69,100.5	69,100.5	69,100.5	69,100.5
Operations	180,044.5	180,259.0	181,970.6	182,253.4	182,493.7	182,549.4	183,131.8	183,190.9	183,251.8	183,314.5	183,379.1
General Fund	57,687.6	58,303.8	60,195.4	60,197.0	60,251.1	60,306.8	60,364.2	60,423.3	60,484.2	60,546.9	60,611.5
General Fund Match	418.2	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6
Federal Funds	54,950.3	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5
Other State Funds	66,988.4	66,920.1	66,740.1	67,021.3	67,207.5	67,207.5	67,732.5	67,732.5	67,732.5	67,732.5	67,732.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	180,044.5	180,259.0	181,970.6	182,253.4	182,493.7	182,549.4	183,131.8	183,190.9	183,251.8	183,314.5	183,379.1
General Fund	57,687.6	58,303.8	60,195.4	60,197.0	60,251.1	60,306.8	60,364.2	60,423.3	60,484.2	60,546.9	60,611.5
General Fund Match	418.2	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6	422.6
Federal Funds	54,950.3	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5	54,612.5
Other State Funds	66,988.4	66,920.1	66,740.1	67,021.3	67,207.5	67,207.5	67,732.5	67,732.5	67,732.5	67,732.5	67,732.5
Capital	37,356.7	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0	30,918.0
General Fund	4,556.7	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0	5,225.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	25,975.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0	24,325.0
Other State Funds	6,825.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0	1,368.0

Fish & Game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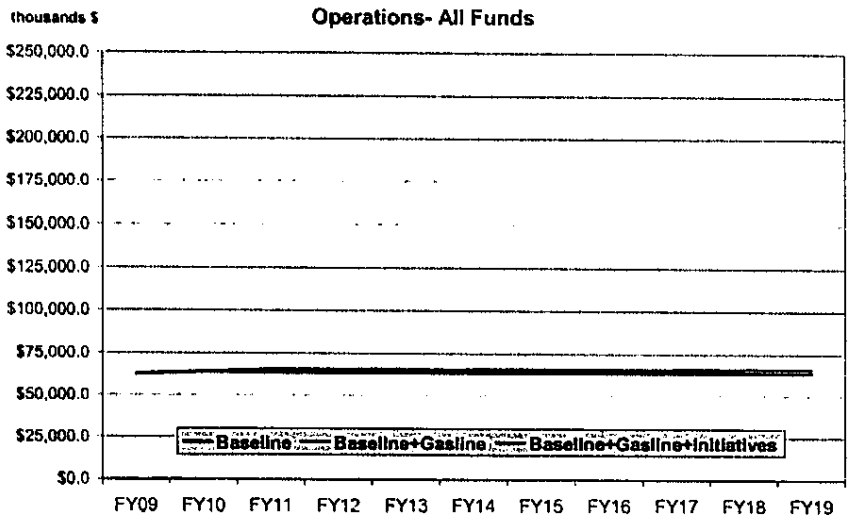
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19
Baseline
Baseline+Gasline
Baseline+Gasline+Initiatives


thousands $
Operations- All Funds
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FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19
Baseline
Baseline+Gasline
Baseline+Gasline+Initiatives

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION
DIVISION OF WATER

SARAH PALIN, GOVERNOR
555 Cordova Street
Anchorage, Alaska 99501-2617
PHONE: (907) 269-7599
FAX: (907) 334-2415

February 9, 2009

The Honorable Mike Hawker
House of Representatives
Alaska State Capitol, Room 505
Juneau, Alaska 99801-1182

RE: Water and Sewer Services in Alaska

Dear Co-Chairman Hawker:

During the House Finance Committee hearing on February 2, 2009 Representative Gara asked two questions of the Department of Environmental Conservation regarding water and sewer services in Alaska.

First, he asked how many communities are paying more than $100/month for water and sewer services. We conducted a survey of 85 communities and found that 22% charged a residential rate which totaled $100 per month or greater. Survey results are enclosed.

Second, Representative Gara asked how many rural households have been disconnected from piped sewer and water service due to financial hardship in comparison to how many households have been connected to service. As part of the survey mentioned above, we asked if any customers had requested to be disconnected from service due to financial hardship. None of the communities responding answered yes to this question. In contrast, over the last ten years, the number of rural households receiving sanitation service has grown at an average rate of 2.5% per year or 875 homes per year. Currently an estimated 89% of all rural households are connected to a piped or covered haul system.

Sincerely,

Lynn J. Tomich Kent

Lynn J. Tomich Kent
Director

Enclosure
cc: House Finance Committee Members
Marit Carlson-VanDort, Legislative Liaison

Alaska Department of Environmental Conservation

Survey of Piped Water and Sewer User Fees
February 6, 2009

No	Community	Monthly Residential Household Rate			Total	Notes
		Water	Sewer	Combined		
1	Cold Bay			$186.00	$186.00	
2	Lower Kalskag			$160.00	$160.00	
3	Deering			$155.00	$155.00	
4	Buckland	$75.00	$75.00		$150.00	
5	Selawik			$130.00	$130.00	
6	Tanana			$130.00	$130.00	
7	Haines	$46.93	$77.47		$124.40	
8	Ambler			$120.00	$120.00	
9	Brevig Mission			$120.00	$120.00	
10	Fort Yukon			$118.50	$118.50	
11	Aktachak			$118.00	$118.00	
12	Kobuk			$115.00	$115.00	
13	Bethel	$86.25	$27.00		$113.25	
14	Nulato			$110.00	$110.00	
15	Noatak			$108.00	$108.00	
16	Akiak			$105.00	$105.00	
17	McGrath	$60.00	$45.00		$105.00	
18	Kotzebue	$69.30	$31.83		$101.13	
19	Grayling			$100.00	$100.00	
20	Gambell			$95.00	$95.00	
21	Whittier	$47.17	$47.17		$94.34	
22	Skageway	$60.00	$30.30		$90.30	
23	Klawock	$42.81	$46.13		$88.94	
24	Chevak			$85.00	$85.00	
25	Chignik Lake			$85.00	$85.00	
26	Goodnews Bay			$85.00	$85.00	
27	Hooper Bay			$85.00	$85.00	
28	Savoonga			$80.00	$80.00	
29	Upper Kalskag		$80.00		$80.00	No water fee (household use individual wells)
30	Fairbanks	$36.09	$43.85		$79.94	
31	Juneau	$23.00	$56.00		$79.00	
32	Nome	$36.00	$43.00		$79.00	
33	Seward	$34.17	$43.11		$77.28	
34	Unalaska	$28.96	$47.31		$76.27	
35	Dillingham	$32.07	$43.40		$75.47	
36	Alakanuk			$75.00	$75.00	
37	Anchorage	$44.24	$29.00		$73.24	
38	Elim	$45.00	$25.00		$70.00	
39	Emmonak			$70.00	$70.00	
40	Russian Mission			$70.00	$70.00	
41	South Naknek			$70.00	$70.00	
42	Toksook Bay			$70.00	$70.00	
43	Barrow	$55.00	$14.00		$69.00	
44	Cordova	$29.58	$38.95		$68.53	
45	St. Mary's	$35.50	$30.50		$66.00	
46	Thorne Bay	$36.00	$30.00		$66.00	
47	Unalakleet			$66.00	$66.00	
48	Chuathbaluk			$65.00	$65.00	
49	Kaltag			$62.50	$62.50	
50	Petersburg	$32.47	$29.52		$61.99	
51	Ketchikan	$27.74	$33.97		$61.71	
52	Hoonah	$25.05	$35.05		$60.10	

No	Community	Monthly Residential Household Rate			Total	Notes
		Water	Sewer	Combined		
53	Marshall			$60.00	$60.00	
54	Shaktoolik			$60.00	$60.00	
55	Sleetmute	$60.00			$60.00	Water fee only (no community sewer system)
56	Togiak			$60.00	$60.00	
57	Nenana	$29.40	$29.40		$58.80	
58	Wrangell	$24.36	$31.92		$56.28	
59	Craig	$19.50	$35.00		$54.50	
60	Kenai	$13.78	$40.35		$54.13	
61	Yakutat	$25.00	$26.00		$51.00	
62	Atka			$50.00	$50.00	
63	New Stuyahok			$50.00	$50.00	
64	Twin Hills			$50.00	$50.00	
65	Soldotna	$18.90	$29.62		$48.52	
66	Larsen Bay			$46.00	$46.00	
67	Sitka	$16.00	$30.00		$46.00	
68	Port Lions			$45.50	$45.50	
69	Palmer	$24.75	$20.45		$45.20	
70	Homer	$25.00	$20.00		$45.00	
71	Sand Point	$24.00	$19.00		$43.00	
72	Manokotak			$40.00	$40.00	
73	Saint Paul	$20.00	$20.00		$40.00	
74	North Pole	$22.27	$13.41		$35.68	
75	Adak	$20.00	$15.00		$35.00	
76	Glenallen		$30.25		$30.25	No water fee (household use individual wells)
77	Aniak		$30.00		$30.00	No water fee (household use individual wells)
78	Chilkat Indian Villlage			$30.00	$30.00	
79	Hydaburg			$30.00	$30.00	
80	Scammon Bay			$30.00	$30.00	
81	Kake			$24.00	$24.00	
82	Koliganek			$20.00	$20.00	
83	Platinum			$20.00	$20.00	
84	Pelican	$5.80	$0.00		$5.80	
85	Akutan			$0.00	$0.00	Totally subsidized by Trident SF

2/3/09 OVERVIEWS: DEPARTMENT OF EDUCATION & EARLY DEV., UNIVERSITY OF ALASKA, DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT

<target><bill></bill><subject>2-3-09 OVERVIEWS DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT, UNIVERSITY OF ALASKA, DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Tuesday, February 3, 2009

Budget Overviews:

Department of Education and Early Development
Larry Ledoux Commissioner, DEED
Mark Lewis, Director, Administrative Services, DEED
Eddy Jeans, Director, Education Support Services, DEED

University
Mark Hamilton, President, University of Alaskan
Michelle Rizk, Budget Director, University of Alaska
Questions:
Pete Kelly, Director, State Relations, University of Alaska

Labor and Workforce Development-Workforce Development-Regulatory
Clark Bishop, Commissioner, Labor and Workforce Development
Guy Bell, Assistant Commissioner and Director, Division of Administrative Services, Department of Labor and Workforce Development

DAVID STONE

2009 HOUSE FINANCE
COMMITTEE ATTENDANCE

DATE: 2/3

Circle Meeting Chair: Hawker Stoltze

	MEMBER	PRESENT	ABSENT
RF	REP. FOSTER	✓	
AA	REP. AUSTERMAN	✓	
MK	REP. KELLY	✓	
AF	REP. FAIRCLOUGH	✓	
MH	CO-CHAIR HAWKER	✓	
BS	CO-CHAIR STOLTZE		
BT	VICE-CHAIR THOMAS	✓	
LG	REP. GARA	✓	
HC	REP. CRAWFORD	✓	
WS	REP. SALMON		
RJ	REP. JOULE	✓	

Alaska Department of Labor and Workforce Development

House Finance Committee
Click Bishop, Commissioner
February 3, 2009

Our Mission

- Provide safe and legal working conditions and advance opportunities for employment.
  - Workforce Development
    - Labor market information (Research & Analysis Section)
    - Employment assistance (Employment Security Division)
    - Worker training and education (Business Partnerships and Alaska Vocational Technical Center)
    - Unemployment compensation (Employment Security Division)
    - Assisting people with disabilities to obtain and maintain employment (Vocational Rehabilitation Division)
  - Regulatory
    - Assuring fair compensation for work performed (Labor Standards & Safety, Wage and Hour)
    - Assuring a safe workplace (Labor Standards & Safety, Occupational Safety & Health)
    - Assuring fair workers' compensation claim adjudication (Workers' Compensation Division and Appeals Commission)
    - Unemployment insurance tax collection/fraud detection (Employment Security Division)

Alaska's Dynamic Labor Market

Workforce growth: 44,000 new Alaska jobs from 2006 to 2016

Aging workers—18% of Alaskans (124,500) are between the ages of 51 and 65

Unemployed Workers: Approximately 22,000 unemployed each month (a 6.2% average annual unemployment rate)

Imported workers: In 2007, nearly 20% of Alaska's workers are non residents—they earned over $1.7 billion, just over 13% of total wage and salary earnings.

Alaska's Youth

- 11,000 new Alaskan 18 year olds each year.
- 4,000 Alaskans ages 16-19 are not in school and not working.
- 62% of Alaska students who were freshmen in 2002 graduated high school in 2006 (does not include GED's).
- Only 62% of Alaskan high school graduates remain for training or employment; the rest leave the state.
- 2000 Census—over 57,000 Alaskans age 18 and over with no high school diploma.

Alaska Youth First goal -- in school, engaged and prepared for Alaska jobs…

Training System at a Glance

Funding

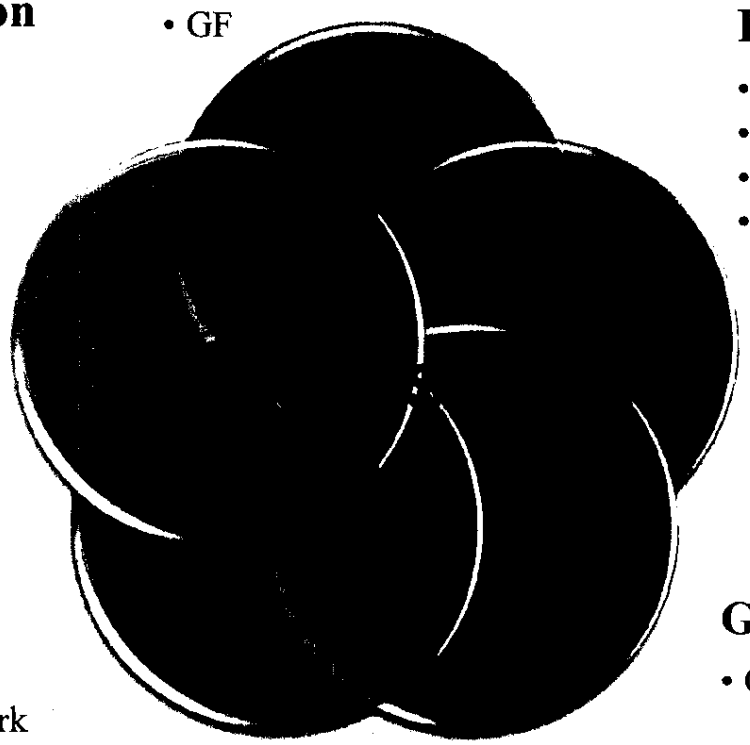
- *Federal*
  - Workforce Investment Act
  - Denali Training
  - Pipeline Training
- *State*
  - STEP
  - TVEP
  - GF

Workforce Investment Board

- Policy Development
- System Oversight

Secondary Education

- DEED/High Schools
- Adult Basic Education
- Youth First
- Construction Academies
- College Ready/Work Ready
- Private Partners



Postsecondary Education

- University of Alaska
- AVTEC
- Regional Training Centers
- Private Partners

Employment Services

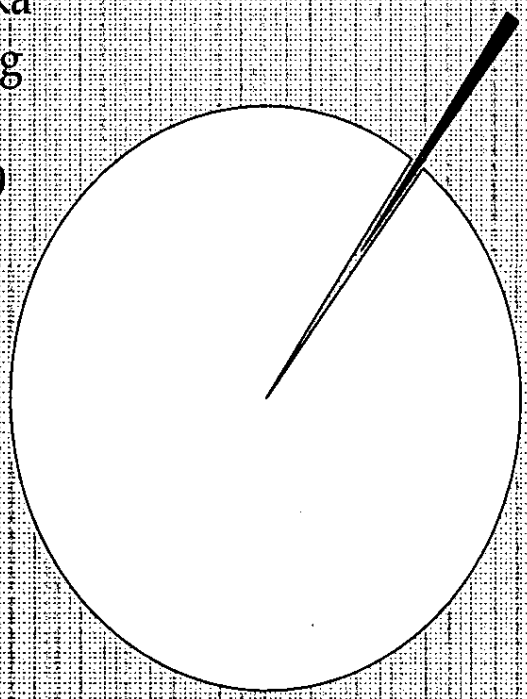
- Job Center Network
  - Counseling
  - Job/ Training Referral

Grantees

- Competitive Selection

FY 10 Operating Budget is $175.2 million…

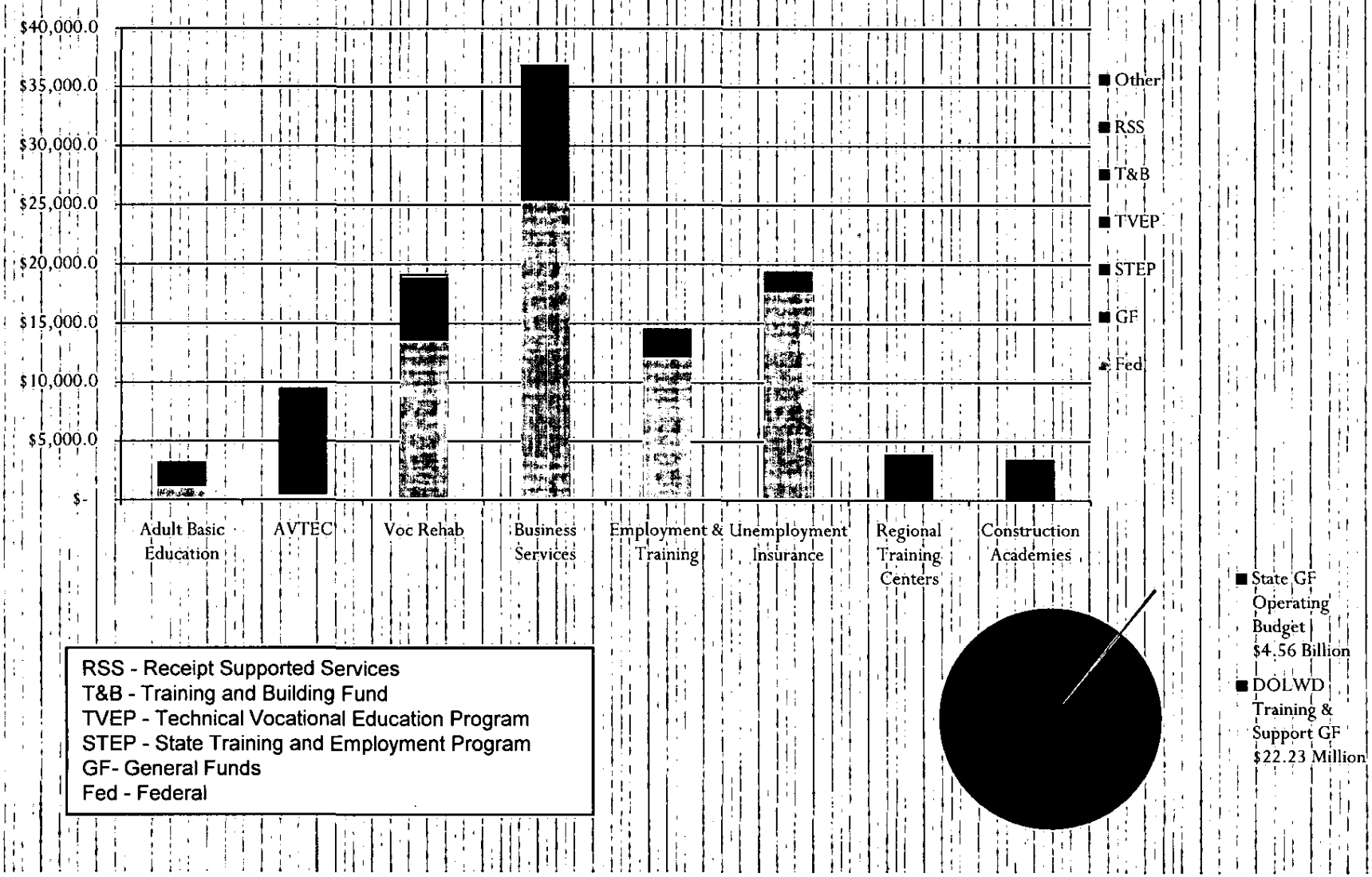
State of Alaska GF Operating Budget $4,564,039.9



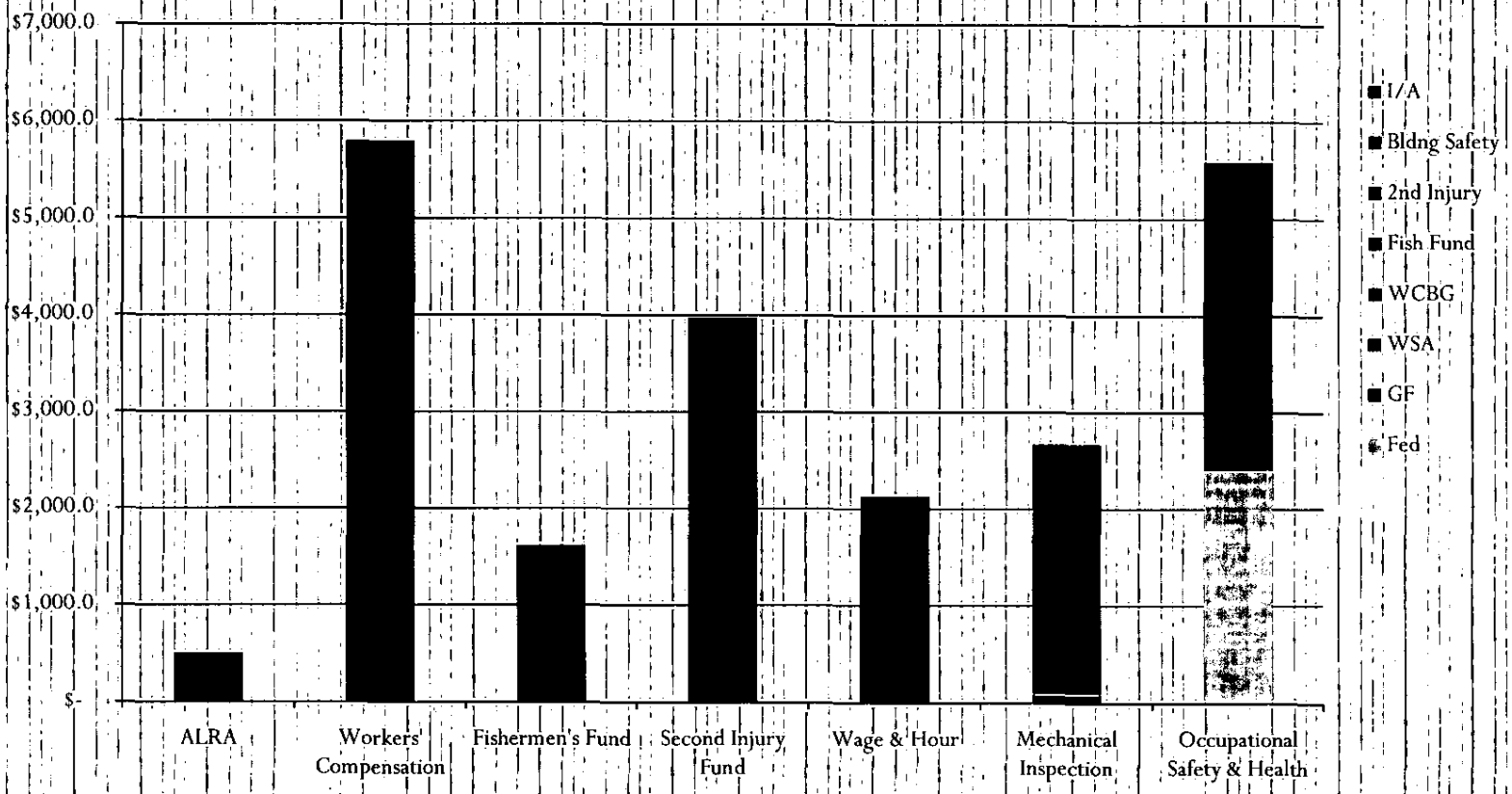
Department of Labor GF Operating Budget $31,001.0 (0.68%)

DOL WD Non-General Funds	
Federal:	$85,751.6
Other:	$58,432.5

Workforce Development Program Funding - $110.5 Million



Regulatory Program Funding – $22.2 Million Total Funds/$2.2 Million GF



I/A: Interagency Receipts
WCBG: Workers' Compensation Benefit Guaranty Fund
WSA: Worker Safety Account
GF: General Fund
Fed: Federal Funds

FY 08 Key Program Accomplishments

Workforce Development

- Alaska job center network connected 31,274 Alaskans with jobs.
- 6,673 individuals received employment and/or training services for jobs. 94% of trained participants entered employment.
- 529 Vocational Rehabilitation Division consumers were employed
- Issued 1,540 General Education Development Diplomas.
- AVTEC trained nearly 900 Alaskans.
- Published a gasline workforce training plan.

Regulatory

- Occupational Safety: 21% reduction in the rate of lost workday accidental injuries and illness – from 2.02 to 1.59 per 100 employees.
- Wage & Hour: Wage claim resolution time is 4.5 months, 1.5 months less than the target of 6 months.
- Workers' Compensation: 169 uninsured employers were detected and there were 60 uninsured injuries .

FY 10 General Fund Continuation Increments

- **Construction Academy continuation--$3.5 Million GF***
  - Construction career training for youth and adults in Anchorage, Fairbanks, Mat-su, Juneau, Kenai, and Ketchikan.
- **On-the-Job Training and Registered Apprenticeship Incentives--$ 585.0 GF***
  - 200 participants targeted for industry related occupational training.
- **Coordinator to integrate Vocational Education/Set Standards--$130.0 GF***
  - Consistent standards for training programs/Program Accreditation.
  - Connect Education and Workforce Development.
- **Regional Economic Data Gathering--$95.0 GF***
  - Research & Analysis' support regional/local workforce planning.
- **Training Program Guide--$50.0 GF***
- **Continue designated grant to SAVEC--$195.0 GF***
- **Vocational Rehabilitation lease cost increase--$130.0 GF**

* **Funded in FY 09 but counted as one-time items; funding requested again in FY 10. Year over year GF change from FY 09 Authorized to FY 10 Request is $214.6.**

Workforce Training Related Programs and FY 10 Expected Funding Amount

The Training Continuum

	Secondary	Postsecondary Training	On the Job	Reemployment Assistance
Private Training System	Build-up Program and other programs in the schools	Employer paid tuition	Match state funding for training programs! Apprenticeships and Training Programs.	
Gasline Training Plan $860.0 GF		Training System Coordination focusing on Accreditation and Skills Standards. Regional economic data gathering.	Apprenticeship and OJT Incentives to Expand Skilled Opportunities. Increase registered apprentices and trainees. *Number Served: 200*	
Construction Academies $3.5 million GF	Train in and out of school youth as well as young adult workers in basic construction, welding, and other skills. *Number served: 1,000 High School/300 Adults*			
Youth First $2,321.8 GF	Secondary School Youth Career Awareness, Preparation and Job Experiences. Now working in tandem with DEED's Work Ready/College Ready . Captures all kids--not just those identified as "high risk" *Number served: 2,000*			
AVTEC $10,326.2 Total $4,852.9 GF		Vocational Training for in-demand occupations. *Number Served: 893*		
TVEP $9,447.0 TVEP		Allocated to various training entities and the University of Alaska to support operations and training programs.		
STEP $8,568.1 STEP		Used through the Job Center Network and Competitive Grant Awards to Train Workers who are Unemployed or face the threat of Unemployment. Fills funding gaps not met by WIA programs. *Number served: 2,000 to 2,500*		
Gasline Worker Federal Grant $2.5 million Federal	Summer Camps for College Bound Students *Number Served: 100*	Regional Training Center/AVTEC Targeted Training *Number Served: 350*	Apprenticeship and OJT Incentives to Expand Skilled Opportunities/Fairbanks Pipeliner Training *Number served: 350*	
Denali Training Fund $3.15 Million Federal	Denali Training Fund includes a $1 million per year allocation for competitive youth employment grants in rural Alaska, preferably connected with Denali Commission projects. *Number served: 1,000*		Denali Training Fund offers approximately $2!15 million in competitive grants for rural workforce development projects, preferably connected with Denali Commission Projects. *Number served: 250*	
Workforce Investment Act $12.7 Million Federal	Youth Funding focuses on at-risk in-school and out of school youth (ages 14 to 21) *Number Served: 500*		- Adult Program focuses on Job Center Services to unemployed individuals including counseling, assessments, job referral, and training. *Number Served: 530* - WIA Dislocated Worker program focuses on Job Center services to workers unemployed by virtue of business downsizing or closure. *Number served: 560*	

Sarah Palin, Governor

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

OFFICE OF THE COMMISSIONER

P. O. Box 111149
Juneau, AK 99811-1149
PHONE: (907) 465-2700
FAX: (907) 465-2784

November 21, 2008

President Mark Hamilton
Office of the President
University of Alaska
P.O. Box 755000
Fairbanks, AK 99775

Dear President Hamilton:

The AGIA Training Plan calls for alignment of Alaska's vocational and technical education system in the best interest of the citizens of our state. I 'm seeking your support to develop a strategy for the postsecondary systems for career and technical education in the state, to assure they are aligned to train and educate our citizens without needless duplication of programs and investments.

I have directed my staff to work closely with representatives from the University of Alaska and prepare recommendations to address the AGIA strategy of CTE alignment in our state. Over the coming months I anticipate conversations to take place that will help us plan and shape Alaska's workforce development future. It is my intention to have recommendations from this working group, led by Fred Villa and David Stone, in May, 2009.

I hope you will join me in this endeavor to make sure that we position the state of Alaska to place the right programs in the right places to assist Alaskans in getting quality jobs in Alaska, maximizing Alaska resident hire overall and reducing the wages that are leaving the state.

Sincerely,

Clark Bishop
Commissioner

Alaska Department of Labor and Workforce Development
Long Range Fiscal Plan Summary
January 23, 2009

Operating Budget

Over the next 10 years, the Alaska Department of Labor and Workforce Development will continue to rely heavily on federal funds and state non general funds to support its regulatory and workforce development activities.

At present, general funds account for less than 18% of the department's operating budget--$31 million. Beginning in FY 11, anticipate requests to implement the gasline training plan, including training program administration, public awareness, expanding career and technical education, apprentice training expansion, training scholarships, and other targeted training through AVTEC, regional training centers and the University of Alaska.

Gasline related expenditures would stair step down 20% per year beginning in FY 15, and some funding would be reallocated from workforce training to enforcement. In addition, we assume additional occupational safety enforcement funding and staff will be required during the construction phase of the project.

The department is projecting new general fund initiatives in FY 11 focusing on Health Care Industry Career and Technical Education and Resident Hire Enforcement.

Capital Budget

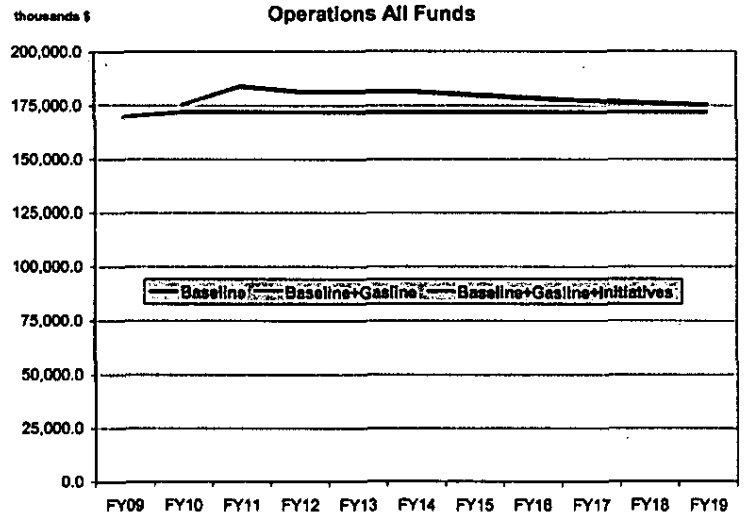
The department's capital budget is primarily state-funded. In FY 10 and over the succeeding two fiscal years, we project significant facilities improvements at the Alaska Vocational Technical Center. Several of AVTEC's buildings do not meet current code and safety requirements and need to be replaced. Included in our long range fiscal plan are replacements of a dormitory, heavy equipment/diesel /welding building, the automotive technology building, and the building technology/facilities maintenance building. When these projects are completed, we project that AVTEC's facilities will be in a normal annual maintenance mode.

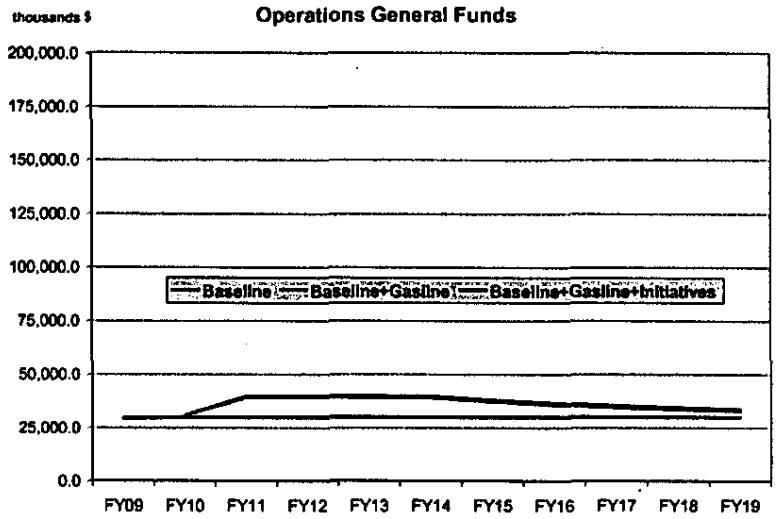
FY 13 and beyond, the department projects continued capital investments with an emphasis on regional training centers in preparation for construction of the gasline, with a ramping down of gasline related capital investments beginning in FY 14 of 20% per year.

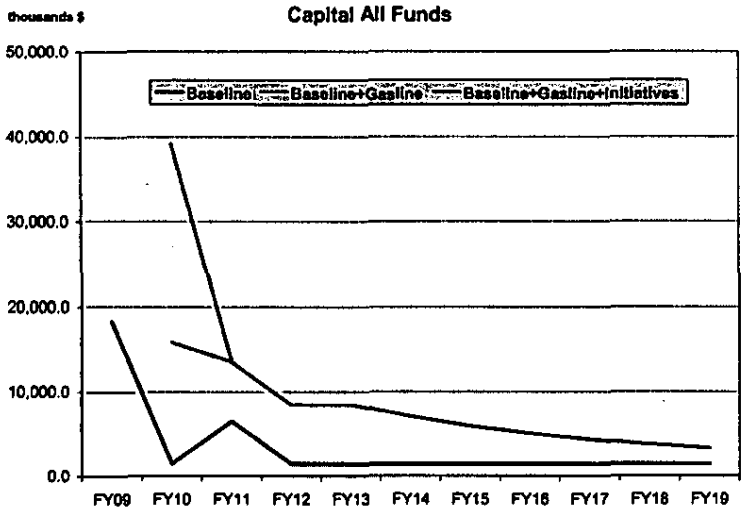
Note

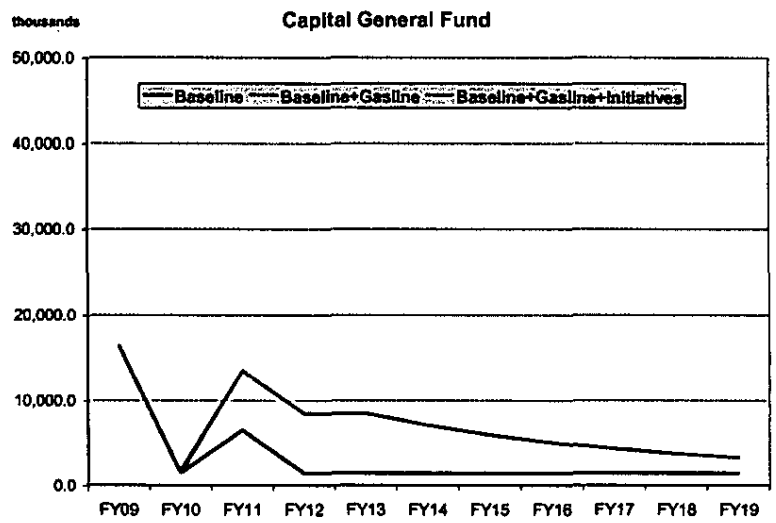
The department is not forecasting additional federal funding; however, it is very likely that additional federal authorization will be requested due to the workforce investment components of the Economic Stimulus Package.

Labor & Workforce Development









Labor & Workforce Development

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	188,076.3	173,325.1	178,325.1	173,275.1	173,275.1	173,275.1	173,275.1	173,275.1	173,275.1	173,275.1	173,275.1
General Fund	38,229.2	24,973.9	29,973.9	24,923.9	24,923.9	24,923.9	24,923.9	24,923.9	24,923.9	24,923.9	24,923.9
General Fund Match	7,648.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	85,366.2	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5
Operations	169,729.6	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1
General Fund	23,232.5	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9
General Fund Match	6,298.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	83,366.2	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	169,729.6	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1	171,825.1
General Fund	23,232.5	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9	23,473.9
General Fund Match	6,298.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	83,366.2	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5
Capital	18,346.7	1,500.0	6,500.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0
General Fund	14,996.7	1,500.0	6,500.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0
General Fund Match	1,350.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

FY09 Department's Capital items were funded from FY08.
Note: (1) Federal Funds reduced by $2.5 million in FY 09 and shifted to Gasline Related to recognize Pipeliner Training Grant.
(2) No inflation assumption is used.
Capital Assumption: Limited to AVTEC's deferred maintenance request only.
FY11 and FY12 amounts are taken from AVTEC's three-year plan and it is assumed that ongoing deferred maintenance cost will remain at FY 12 level for the foreseeable future.

Labor & Workforce Development

Gasline Related Budget Growth

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	10,355.4	17,670.5	18,550.0	16,050.0	16,050.0	14,650.0	12,020.0	9,676.0	7,800.8	6,000.6	4,800.5
General Fund	4,855.4	860.0	16,050.0	16,050.0	16,050.0	14,650.0	11,720.0	9,376.0	7,500.8	6,000.6	4,800.5
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	5,500.0	2,500.0	2,500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	14,310.5	0.0	0.0	0.0	0.0	300.0	300.0	300.0	0.0	0.0
Operations	3,755.4	3,360.0	11,550.0	9,050.0	9,050.0	9,050.0	7,540.0	6,092.0	4,933.6	3,706.9	2,965.5
General Fund	1,255.4	860.0	9,050.0	9,050.0	9,050.0	9,050.0	7,240.0	5,792.0	4,633.6	3,706.9	2,965.5
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,500.0	2,500.0	2,500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	300.0	300.0	300.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	3,755.4	3,360.0	11,550.0	9,050.0	9,050.0	9,050.0	7,540.0	6,092.0	4,933.6	3,706.9	2,965.5
General Fund	1,255.4	860.0	9,050.0	9,050.0	9,050.0	9,050.0	7,240.0	5,792.0	4,633.6	3,706.9	2,965.5
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,500.0	2,500.0	2,500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	300.0	300.0	300.0	0.0	0.0
Capital	6,600.0	14,310.5	7,000.0	7,000.0	7,000.0	5,600.0	4,480.0	3,584.0	2,867.2	2,293.8	1,835.0
General Fund	3,600.0	0.0	7,000.0	7,000.0	7,000.0	5,600.0	4,480.0	3,584.0	2,867.2	2,293.8	1,835.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	3,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	14,310.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for gasline appropriations estimates below:

NOTE: Federal funds are the three-year Pipeliner Training Grant from the U.S. Department of Labor, Employment and Training Administration.

Operating Assumptions:

FY 10 continues GF funding received in FY 09 for gasline training program guide, regional economic analysis, apprenticeship development, and training through regional training centers.

FY 11 and beyond: adds funding to fully implement the gasline training plan, including training program administrator, public awareness, expanded career and technical ed, apprentice training expansion, training scholarships, and other targeted training through AVTEC, regional training centers and the University of Alaska. Funding would stairstep down beginning in FY 15, and some funding would be reallocated from workforce training to enforcement. In addition, we assume additional occupational safety enforcement funding and staff will be required during the construction phase of the project and are including $300.0 WSA in our plan for enforcement activities.

Capital Assumptions:

FY 10-Heavy Equipment/Diesel Shop/Welding Relocation $12 million and Fairbanks Pipeline Training Center Equipment-$2,310.5.

FY 11-AVTEC Automotive Technology Shop Replacement $7 million.

FY 12-AVTEC Building Tech/Facilities Maintenance Building-$7 million. Thereafter unknown but estimated at $7 million in FY 13, then ramping down thereafter during project construction and implementation.

Labor & Workforce Development

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	23,367.6	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0
General Fund	0.0	275.4	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	23,092.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	0.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0
General Fund	0.0	0.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0
General Fund	0.0	0.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0	650.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.0	23,367.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	275.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	23,092.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for new initiatives (except gasline) appropriations estimates below:

Operations Assumptions: All increments currently requested; new non-Gasline initiatives in FY11 and beyond may include expanded resident hire enforcement and career and technical education, perhaps focusing on healthcare.

Capital Assumptions: All items currently requested; can't project forward at this time. FY 10 CIP is for AVTEC Dormitory Replacement at $20 million NGF; and Workers' Compensation Computer System Replacement at $3,092.2 WSA; and DVR Computer Interface improvements at $275.4 GF.

Labor & Workforce Development

Baseline plus Gasline plus New Initiatives

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	198,431.7	214,363.2	197,525.1	189,975.1	189,975.1	188,575.1	185,945.1	183,601.1	181,725.9	179,925.7	178,725.6
General Fund	43,084.6	26,109.3	46,673.9	41,623.9	41,623.9	40,223.9	37,293.9	34,949.9	33,074.7	31,574.5	30,374.4
General Fund Match	7,648.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	90,866.2	85,751.6	85,751.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	95,835.2	58,432.5	58,432.5	58,432.5	58,432.5	58,732.5	58,732.5	58,732.5	58,432.5	58,432.5
Operations	173,485.0	175,185.1	184,025.1	181,525.1	181,525.1	181,525.1	180,015.1	178,567.1	177,408.7	176,182.0	175,440.6
General Fund	24,487.9	24,333.9	33,173.9	33,173.9	33,173.9	33,173.9	31,363.9	29,915.9	28,757.5	27,830.8	27,089.4
General Fund Match	6,298.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	85,866.2	85,751.6	85,751.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,732.5	58,732.5	58,732.5	58,432.5	58,432.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	173,485.0	175,185.1	184,025.1	181,525.1	181,525.1	181,525.1	180,015.1	178,567.1	177,408.7	176,182.0	175,440.6
General Fund	24,487.9	24,333.9	33,173.9	33,173.9	33,173.9	33,173.9	31,363.9	29,915.9	28,757.5	27,830.8	27,089.4
General Fund Match	6,298.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	85,866.2	85,751.6	85,751.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,732.5	58,732.5	58,732.5	58,432.5	58,432.5
Capital	24,946.7	39,178.1	13,500.0	8,450.0	8,450.0	7,050.0	5,930.0	5,034.0	4,317.2	3,743.8	3,285.0
General Fund	18,596.7	1,775.4	13,500.0	8,450.0	8,450.0	7,050.0	5,930.0	5,034.0	4,317.2	3,743.8	3,285.0
General Fund Match	1,350.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	5,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	37,402.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Labor & Workforce Development

Baseline plus New Initiatives

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	188,076.3	196,692.7	178,975.1	173,925.1	173,925.1	173,925.1	173,925.1	173,925.1	173,925.1	173,925.1	173,925.1
General Fund	38,229.2	25,249.3	30,623.9	25,573.9	25,573.9	25,573.9	25,573.9	25,573.9	25,573.9	25,573.9	25,573.9
General Fund Match	7,648.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	85,366.2	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	81,524.7	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5
Operations	169,729.6	171,825.1	172,475.1	172,475.1	172,475.1	172,475.1	172,475.1	172,475.1	172,475.1	172,475.1	172,475.1
General Fund	23,232.5	23,473.9	24,123.9	24,123.9	24,123.9	24,123.9	24,123.9	24,123.9	24,123.9	24,123.9	24,123.9
General Fund Match	6,298.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	83,366.2	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	169,729.6	171,825.1	172,475.1	172,475.1	172,475.1	172,475.1	172,475.1	172,475.1	172,475.1	172,475.1	172,475.1
General Fund	23,232.5	23,473.9	24,123.9	24,123.9	24,123.9	24,123.9	24,123.9	24,123.9	24,123.9	24,123.9	24,123.9
General Fund Match	6,298.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	83,366.2	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5
Capital	18,346.7	24,867.6	6,500.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0
General Fund	14,996.7	1,775.4	6,500.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0	1,450.0
General Fund Match	1,350.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	2,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	23,092.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

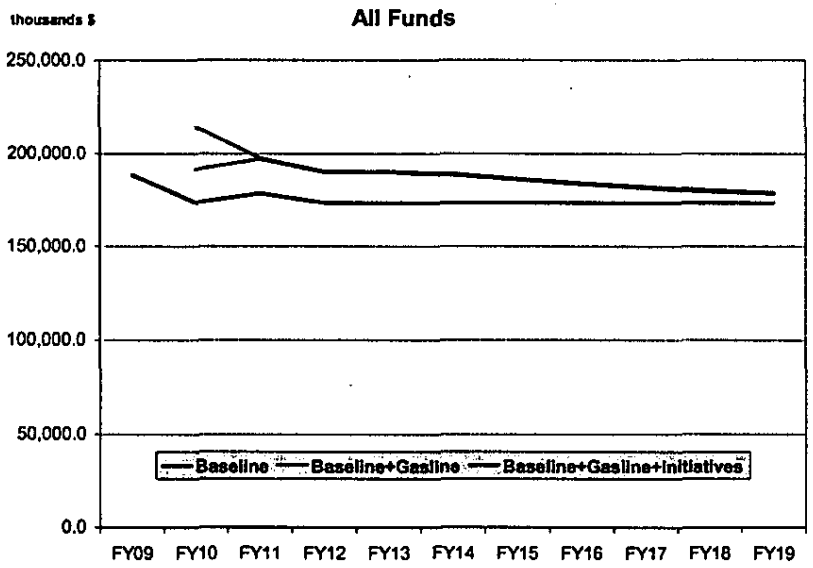
Labor & Workforce Development

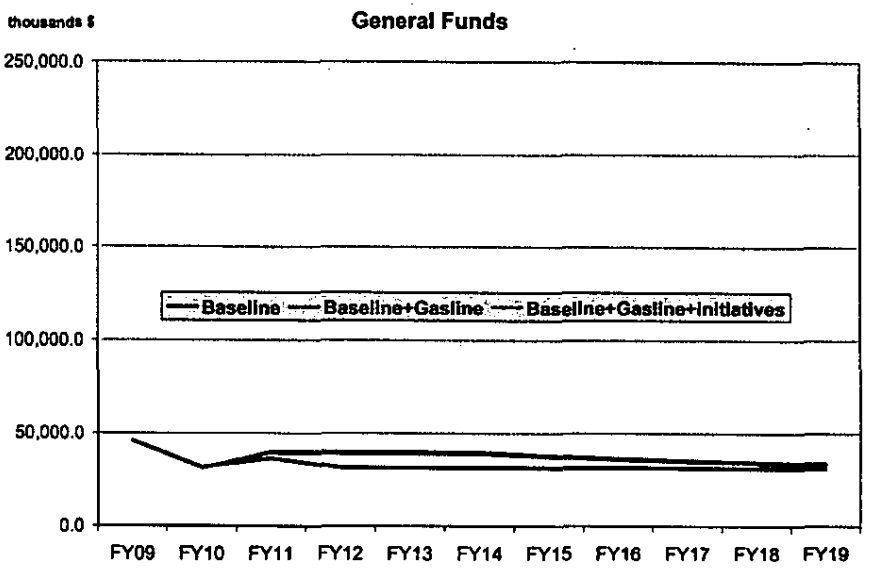
Baseline plus Gasline

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	198,431.7	190,995.6	196,875.1	189,325.1	189,325.1	187,925.1	185,295.1	182,951.1	181,075.9	179,275.7	178,075.6
General Fund	43,084.6	25,833.9	46,023.9	40,973.9	40,973.9	39,573.9	36,643.9	34,299.9	32,424.7	30,924.5	29,724.4
General Fund Match	7,648.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	90,866.2	85,751.6	85,751.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	72,743.0	58,432.5	58,432.5	58,432.5	58,432.5	58,732.5	58,732.5	58,732.5	58,432.5	58,432.5
Operations	173,485.0	175,185.1	183,375.1	180,875.1	180,875.1	180,875.1	179,365.1	177,917.1	176,758.7	175,532.0	174,790.6
General Fund	24,487.9	24,333.9	32,523.9	32,523.9	32,523.9	32,523.9	30,713.9	29,265.9	28,107.5	27,180.8	26,439.4
General Fund Match	6,298.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	85,866.2	85,751.6	85,751.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,732.5	58,732.5	58,732.5	58,432.5	58,432.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	173,485.0	175,185.1	183,375.1	180,875.1	180,875.1	180,875.1	179,365.1	177,917.1	176,758.7	175,532.0	174,790.6
General Fund	24,487.9	24,333.9	32,523.9	32,523.9	32,523.9	32,523.9	30,713.9	29,265.9	28,107.5	27,180.8	26,439.4
General Fund Match	6,298.5	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
Federal Funds	85,866.2	85,751.6	85,751.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6	83,251.6
Other State Funds	56,832.4	58,432.5	58,432.5	58,432.5	58,432.5	58,432.5	58,732.5	58,732.5	58,732.5	58,432.5	58,432.5
Capital	24,946.7	15,810.5	13,500.0	8,450.0	8,450.0	7,050.0	5,930.0	5,034.0	4,317.2	3,743.8	3,285.0
General Fund	18,596.7	1,500.0	13,500.0	8,450.0	8,450.0	7,050.0	5,930.0	5,034.0	4,317.2	3,743.8	3,285.0
General Fund Match	1,350.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	5,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	14,310.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Labor & Workforce Development





Quick Facts & Figures

	UAF	UAA	UAS
Headcount Fall 2008			
Urban Campuses	5,212	15,356	2,625
Community Campuses	4,464	4,369	975
Total	9,676	19,725	3,600
Comparisons from 2003 to 2008			
Occupational Endorsements	NA	NA / 47	NA/ 28
Certificates	78 / 190	88 / 87	21 / 52
Associate Degrees	246 / 238	530 / 679	72 / 65
Baccalaureate Degrees	395 / 444	770 / 871	80 / 93
Master's Degrees	163 / 199	204 / 289	61 / 116
Doctorate Degrees	36 / 29	NA	NA
First-Time Freshmen	1,057 / 943	1,581 / 1,907	193 / 220
Foreign Students	398 / 315	448 / 472	78 / 45
Female/Male Ratio 2008	5,894 / 3,934	11,837 / 7,891	2,409 / 1,189
% Female	60%	60%	67%
UA Scholars	510 / 698	809 / 1,081	66 / 65
Alaska Native Students	2,299 / 2,048	1,790 / 1,864	762 / 493
Average Age UA Student	28 / 27	28 / 27	31 / 30
Instructional Faculty FTE	373 / 383	458 / 511	95 / 97
Staff FTE	1,500 / 1,518	968 / 987	203 / 222
External Research	$99.4 m/$108 m	$10.2 m/$8.8 m	$1.2 m/$2.1 m

UA Request Compared to Actual Appropriation

FY	UA's Requested GF* Increase	State Appropriated GF* Increase		Salary and Fixed Cost Obligations	
				GF*	NGF
2000	$16.3 m	$6.0 m	3.6%	$12.9 m	$2.5 m
2001	$16.9 m	$15.7 m	9.0%	$11.7 m	$3.7 m
2002	$16.8 m	$10.7 m	5.6%	$10.7 m	$7.1 m
2003	$16.9 m	$9.7 m	4.8%	$10.3 m	$8.6 m
2004	$13.6 m	$4.6 m	2.2%	$9.9 m	$9.3 m
2005**	$19.3 m	$15.5 m	7.2%	$18.6 m	$13.6 m
2006**	$19.5 m	$17.1 m	7.4%	$18.8 m	$17.6 m
2007**	$40.5 m	$34.3 m	13.8%	$29.9 m	$18.7 m
2008	$27.8 m	$10.0 m	3.5%	$12.9 m	$15.8 m
2009	$28.4 m	$20.5 m	7.0%	$14.5 m	$13.9 m
Total	$216.0 m	$144.1 m	7.1%	$150.2 m	$110.8 m

F Includes GF/MHT/TVEP/ASTF/BLic
ncludes extraordinary PERS/TERS retirement increases for FY05 $8.8m GF; FY06 $6.9m GF; 7 $7.9 m GF

Bottom Line: In only four of the last 20 years have general fund increases overed the salary and fixed cost obligations and allowed for state-funded rogram growth.

UA's Impact on Alaska

Completion of at least one workforce training course at UA leads to an average 18 percent increase in earnings.

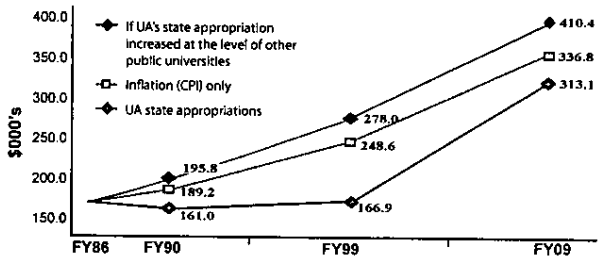
The UA Scholars Program keeps young Alaskans in state. More than 4,250 Scholars have enrolled since 1999, earning more than 1,200 degrees and certificates to date. More than 90 percent of them stay in Alaska to work, raise families and contribute to the economy.

New Occupational Endorsement and Workforce Credential tracks are tailored toward non-traditional students who have a specific career goal; like a promotion.

UA freshmen in baccalaureate engineering programs have doubled since 2004, with a 30 percent increase in the last year. State labor economists predict strong employment opportunities in engineering and related fields.

UA graduates in health programs have increased over 20 percent in the last five years. The latest enrollment figures, at nearly 3,450 students, are up an incredible 86 percent since 2000. Health-care workers are highly sought for employment, with demand even higher in rural Alaska.

State Appropriation Comparison



- Where We Could Be: If state funding increased at the average for Lower 48 public universities
- Where We Should Be: If state participation was adjusted for inflation (CPI)
- Where We Are: Nearly $24.6 million is consumed by extraordinary increases in state retirement

Bottom Line: State support for UA has not kept pace with the average of Lower 48 counterparts. At the same time, retirement costs have skyrocketed.

Budget Request

And Performance Summary

FY 2010

UNIVERSITY of ALASKA

Many Traditions One Alaska

University of Alaska Anchorage (UAA):
Anchorage, Kenai, Mat-Su, Homer, Kodiak and Valdez
Outreach centers: Cordova, Copper Center and Eagle River

University of Alaska Southeast (UAS)
Juneau, Sitka and Ketchikan

University of Alaska Fairbanks (UAF)
Fairbanks, Bethel, Dillingham, Nome, Kotzebue, Tanana Valley and Interior-Aleutians
Outreach centers: Fort Yukon, Galena, McGrath, Nenana, Tok and Unalaska

University of Alaska

FY10 Operating Budget Request Summary

(in thousands)

	State Approp.	Receipt Authority	Total
9 Operating Budget	313,107.1	525,007.6	838,114.7
FY10 Operating Request Items			
usted Base Requirements			
pensation Increases	9,098.4	5,676.5	14,774.9
itional Operating Cost Increases	8,359.4	9,458.6	17,818.0
Subtotal - Adjusted Base Requirements	17,457.8	15,135.1	32,592.9
rity Program Enhancement and Growth			
Outreach	2,628.1	846.6	3,474.7
gy, Engineering, Climate	3,823.4	7,120.0	10,943.4
lth Programs	3,073.2	3,213.5	6,286.7
kforce and Campus Programs	2,341.8	619.9	2,961.7
Subtotal - Priority Program Enhancement and Growth	11,866.5	11,800.0	23,666.5
l FY10 Increment Request	29,324.3	26,935.1	56,259.4
l FY10 Operating Budget Request	342,431.4	551,942.7	894,374.1
Percent Change FY09 Received to FY10 Request	9.4%	5.1%	6.7%
rating Budget Adjustments	2,957.5	(47,677.0)	(44,719.5)
l FY10 Operating Budget Request with Adjustments	345,388.9	504,265.7	849,654.6

University of Alaska

FY10 Capital Budget Request Summary

(in thousands)

	State Approp.	Receipt Authority	Total
0 Facility Capital Needs			
ntaining Existing Facilities R&R Annual Requirement	50,000.0		50,000.0
Life Sciences Innovation and Learning Facility	82,195.0	20,625.0	102,820.0
Auke Lake Way Campus Entry Improvements & Road Realign.	4,130.0		4,130.0
Sports Arena	65,000.0		65,000.0
v Facilities Planning & Design	47,300.0	15,800.0	63,100.0
lucing Major R&R and Deferred Maintenance Backlog	150,000.0		150,000.0
Alaska Region Research Vessel		100,000.0	100,000.0
eral Receipt Authority		15,000.0	15,000.0
Subtotal - FY10 Facility Capital Needs	398,625.0	151,425.0	550,050.0
0 Project and Equipment Requests			
rgy Projects	20,950.0		20,950.0
ıate Projects	21,500.0		21,500.0
ska Education Policy Project	700.0		700.0
versity Equipment Refresh (administrative & academic)	90,000.0		90,000.0
ıpliance/Business Efficiency Solutions	10,000.0		10,000.0
Subtotal - FY10 Project and Equipment Requests	143,150.0		143,150.0
l FY10 Capital Budget Request	541,775.0	151,425.0	693,200.0

Strengthening Alaska's Economy

- The University of Alaska leaves an economic footprint in the state of nearly $1 billion annually, including:
  - Direct and indirect payroll
  - Student and visitor spending
  - And millions in goods and services paid to 1,200 Alaska businesses in 70 communities
- Nine out of 10 recent high school graduates rate the quality of education at UA as good or very good, a dramatic improvement since 1999.
- UA research brings over $150 million to the state each year, employs nearly 2,400 people and has a total payroll of $92 million. Future growth in UA research will require a state investment in new facilities.
- Charitable donations to the UA Foundation reached a record $31 million in FY08, with nearly 6,450 people, businesses and foundations supporting the university's programs, scholarships and students.
- UA now attracts 63 percent of college-bound high school graduates in Alaska, up from 45 percent in the mid-1990s.

Bottom Line: Students, parents, employers, alumni and citizens support the UA system.

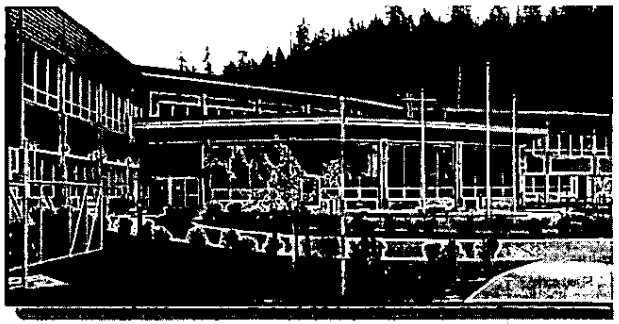
Funding Analysis Comparison
University of Alaska Compared to Western States

	U of A	WICHE
	FY06	FY06
State Appropriation to Higher Education	9.8%	11.6%
State Grant Aid per Student	$28	$416
Ratio : Instruction Expenditures per Student FTE	$9,373	
2-year, 4-year and Graduate Institutions		$6,545
4-year and Graduate Institutions only		$9,813
Ratio : Appropriation per Student FTE	$14,090	
2-year, 4-year and Graduate Institutions		$7,073
4-year and Graduate Institutions only		$15,613
Staff per 100 FTE Students*	13.9	12.9
Research Generated per Faculty**	$118,734	$54,283

Note: * UA Peer Institutions with less than 35,000 student FTE.

** Only FY05 Faculty figures were available on WICHE website: http://www.wiche.edu/policy/factbook/

Bottom Line: UA instructional costs and state appropriations, per student, are in line with our Western neighbors.



UA Facilities Need Investment

- UA requires annual capital funding of $50 million for major renewal and renovation (R&R), plus an additional annual investment to begin to address the R&R backlog known as "deferred maintenance."
- This investment is in addition to operating funds UA dedicates each year ($31 million in FY09) to maintain 400 buildings – 6.7 million square feet across the state.
- When capital R&R funding falls below $50 million annually, UA's maintenance backlog grows.
- Every year, UA's highest priority capital budget request is major R&R. Since FY2000, UA's annual request has averaged $75 million. State appropriations have averaged $16 million.
- UA's R&R inventory now exceeds $800 million--a critical level.

FY08 REPORT CARD

From FY07		From FY99
Up 1%	High Demand Job Area Degrees Awarded	Up 38%
Down 1.5 points	First-Time Full-Time Undergraduate Retention	Up 9.5 points
No Change	Student Credit Hours	Up 16%
Down 4.6%	Grant-funded Research Expenditures	Up 97%
No Change	University-Generated Revenue	Up 90%

Dispelling the Myths

The university does not compare itself with obviously larger institutions to justify costs. UA campuses use nationally established peer comparisons as guidelines. Peer campuses include Missouri State at Rolla, Utah's Weber State, and University of Wyoming.

Rural campuses are far more efficient than many people might think, and are moving toward even greater efficiencies.

UA has steadily decreased its dependence on state funds - from 60 percent of its overall budget to about 40 percent. However, fixed cost challenges (retirement and health care) may require more state funding in the future.

The university's business practices have saved millions of dollars in operating costs and maximized the use of our work force.

Health and pharmacy benefits are aggressively negotiated to keep rates low. Expanded disease management incentives result in healthier employees and reduced medical costs.

Serving a vast area presents unique challenges to the administration. UA consistently comes out as either average or below average on administrative costs and staffing levels compared with our peers.

UNIVERSITY of ALASKA

Many Traditions One Alaska

University Relations
P.O. Box 755200
Fairbanks, AK 99775-5200

www.alaska.edu/state/

Did you know:

UA enrollment is healthy - student credit hour production has increased 18 percent since 1999, with a headcount increase of more than 7 percent.

Sixty three percent of Alaska's college-bound high school graduates now choose to attend one of UA's 16 campuses across the state. That's up from 40 percent in the mid-1990s.

Over 80 percent of jobs in Alaska and the nation require at least one year of post-secondary education or workforce training.

UA research is one of Alaska's largest industries. In 2007, UA received over $132 million for research from public and private sources outside the state.

Facts
Not Fiction

University of Alaska

Facts Not Fiction

FICTION

Top administrator salaries are too high

FACT UA pays executives based on market comparisons. However, due to decades-long budget constraints, they are paid, on average, 10-20 percent below their colleagues at comparable institutions.

The President's annual salary of $300,000 is about 30 percent below the national average for a system president. According to a recent survey in the Chronicle of Higher Education, the average salary for similar positions is $389,000 per year.

FICTION

UA wants to be the "Harvard of the North"

FACT Though UA strives to be a quality institution, its costs and administrative levels are based on comparisons with schools of similar size and mission.

Unlike the "big name" private schools of the Lower 48, UA campuses are open admission institutions with few restrictions on enrollment. UA also embraces the community college, vocational and technical mission that more restrictive universities overlook.

FICTION

UA's tuition is too high

FACT Other universities across the nation have raised their tuition at higher rates. UA is still less expensive than other four-year public schools, including Arizona, California, Montana, North Dakota, Oregon, South Dakota and Washington State.

Tuition revenue at UA covers less than a quarter of the actual costs. But return on investment is high – working college graduates in Alaska make almost 50 percent more each year than working high school or GED graduates.

FICTION

The university is fat and inefficient

FACT That claim is ancient history. UA was cut $20 million in the late eighties, was flat funded through the nineties, and has absorbed numerous cost increases.

The truth is, UA funding has not kept up with inflation. In fact, in the last 20 years, UA has received program money, beyond fixed costs, just four times. This is particularly challenging in light of high cost drivers, such as retirement, utilities, fuel and healthcare.

FICTION

The university offers too many degree programs. It shouldn't try to be all things to all people

FACT According to the Western Interstate Commission on Higher Education (WICHE), the University of Alaska offers 30 percent fewer degree programs than the average offered by other universities in the West.

New programs in recent years have been aimed directly at addressing high priority state workforce needs such as engineering, nursing and allied health careers.

FICTION

There are too many rural campuses

FACT UA's rural campuses consume less than most people think – only 13 percent of total funds received by the state. Serving our rural neighbors is an integral part of the University of Alaska's mission.

FICTION

If the university would sell some of its land it would have all the money it needs

FACT Even after the state transfers 250,000 acres of land to the university per 2005 legislation, it will take many years before these remote, undeveloped lands produce regular income. In 20 years, it's estimated that proceeds from UA land will support 5 percent of the university's budget. Land income is important, but not the total budget fix.

FICTION

Professors don't spend enough time in the classroom

FACT University faculty workloads are consistent with institutions throughout the United States. Faculty members are required to perform multiple functions outside the classroom – including student advising, research and public service – as a condition of their employment.

FICTION

The university is top heavy with administrators

FACT National data on administrative staffing levels and costs consistently show UA at or below average for peer institutions.

University of Alaska 10-year Plan

Operating Budget Assumptions

The baseline scenario reflects the Governor's proposed FY10 budget increment level. This funding level is less than the UA Board of Regent's fixed cost increment; therefore some service level decreases are projected in key areas from FY09 to FY10. UA's 10-year plan includes projected contract and policy mandated personnel services increases, unlike other state agencies.

This plan has a GF Operating baseline increase of four percent based on the national Higher Education Price Index (HEPI). HEPI is an inflation index designed specifically to track the primary cost drivers in higher education. It is an essential planning tool for educational managers, enabling schools to project the future budget and funding increases required to maintain real purchasing power and investment. HEPI has averaged four percent for the past five years for the nation as a whole.

UA's actual fixed costs are projected to increase from four to five percent per year, based on projected contract requirements. A lower rate of increase will be challenging to achieve and represents a commitment by UA to continue realizing efficiencies.

The operating gasline related increments would support increased capacity for gasline related programs such as Engineering and Construction. UA is not producing enough graduates in these areas to meet current demand, much less demand increases anticipated from the gasline. In response to state needs, $4.3 million of the Board of Regents' approved FY10 request for Operations-GF is for gasline related programs and program support. This plan assumes the proportion of gasline related operating program increments will grow over this 10-year timeframe incrementally through FY19.

In addition to gasline related initiatives, UA has a number of other program initiatives designed to meet critical state needs. UA's K-12 Outreach initiatives, though not directly gasline related, are essential in order for UA to have a pool of Alaskan students with the skills required to enter gasline related programs. Another fundamental function provided by UA is Health career training. Though not directly gasline related, each of these initiative areas will provide support toward current and projected future workforce needs, which may be intensified by the gasline impact.

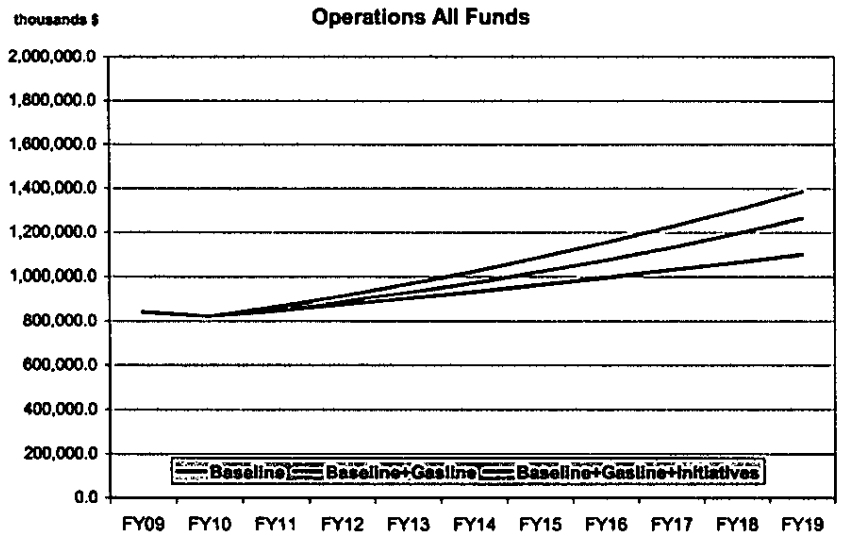
Capital Budget Assumptions

The capital projects presented in each scenario are based on the UA Board of Regents 6-year Capital Plan. The first three years of the plan are used for direct project cost estimates, and out year projects are represented by general placeholder cost estimates.

It is fiscally responsible to maintain existing facilities. The Governor's proposed FY10 budget provides $10 million of UA's $50 million annual renewal and renovation (R&R) requirement. This will add $40 million to UA's deferred maintenance backlog which already exceeds $800 million. For the period of FY11 through FY19, the baseline scenario incorporates $50 million annually in capital GF to meet the Annual Renewal & Replacement requirement to keep the backlog from growing. This plan also includes a pay down of the deferred maintenance backlog of $100 million annually.

The FY10 UA Board of Regents capital request includes $25 million in UA Engineering planning; this has been moved to FY11 as it is not included in the Governor's proposed FY10 budget. There is a placeholder for UA Engineering projects in FY12. A significant proportion of out-year Capital-GF listed as initiative is anticipated to support gasline related program growth.

University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Baseline+Gasline
Baseline+Gasline+Initiatives
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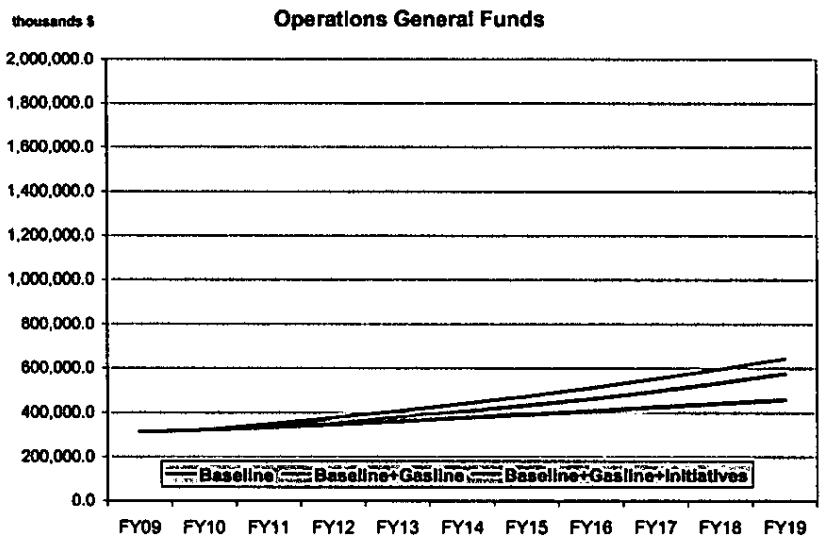
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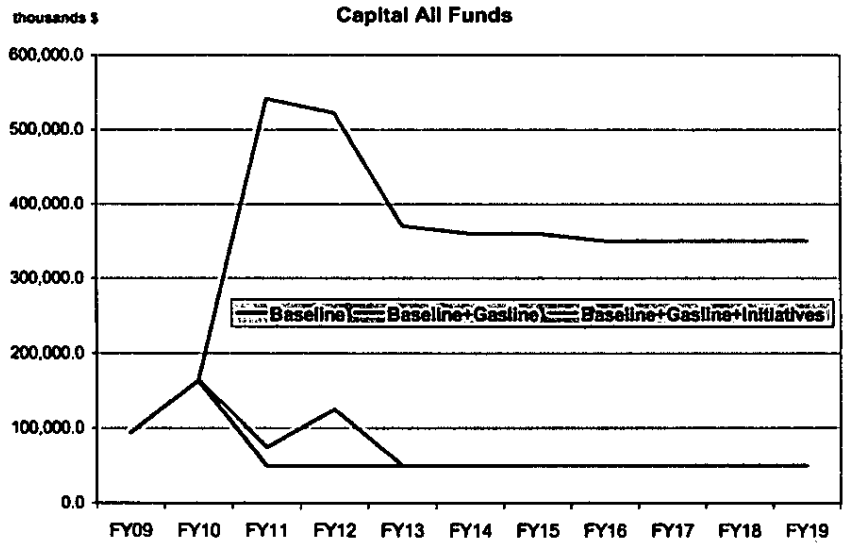
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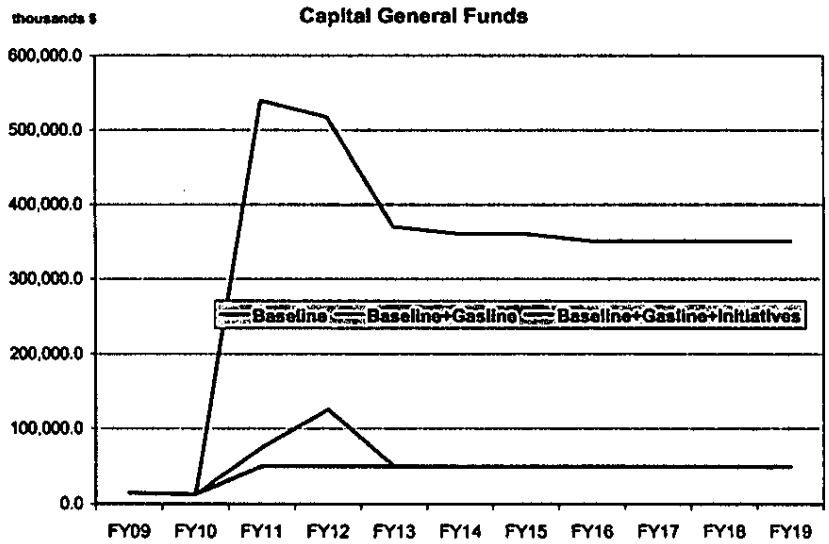
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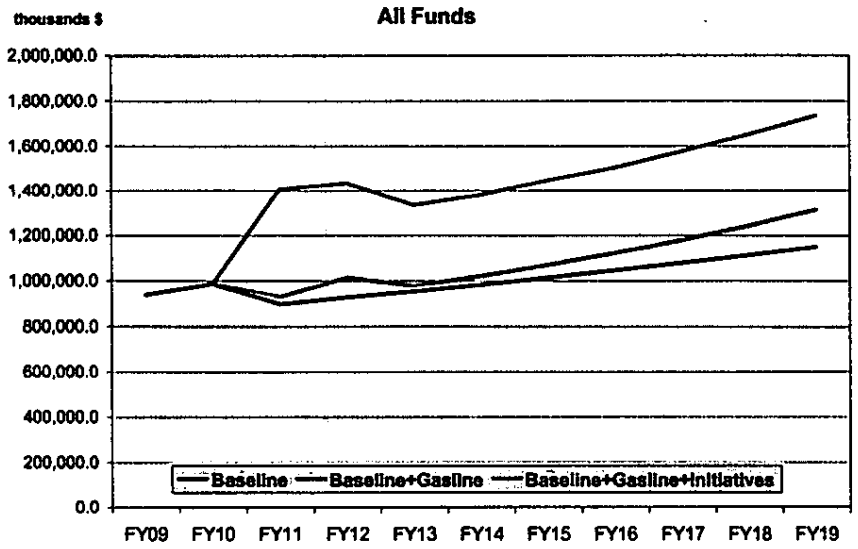
University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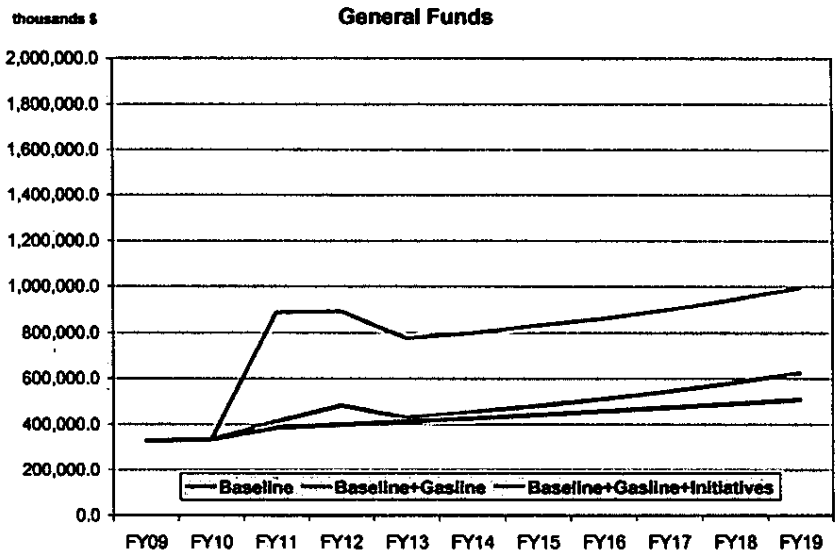
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FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19
Baseline
Baseline+Gasline
Baseline+Gasline+Initiatives

UA PLAN BASELINE ASSUMPTIONS: *Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond*

- The Governor's FY09 Capital Budget Includes $46,075.0 in Legislative add-on projects ($75.0 General Funds and $46,000.0 Other Funds) for UA.
- This plan assumes future baseline GF program support growth at UA of 4% annually. This growth rate assumption will be challenging to achieve in part due to anticipated contract and policy mandated personnel services increases, which are included in this plan.
- The FY10 baseline numbers represent the Governor's proposed operating and capital budgets; however, these are less than the amount required for UA to maintain FY09 service levels.
- FY10 Operations-GF includes $9.4 million for fixed cost increases; this is $6.3 million (not including utilities) less than the level necessary for UA to continue operations at FY09 service levels. Also included is: $800.0 in K-12 Outreach; $1,000.0 in Energy and Cooperative Extension; and $1,843.9 in Health Academic Programs. It is important to note that to implement these programs the fixed cost shortfall will need to be addressed.
- Also included in the FY10 Operations-GF are transfers of Small Business Development Center funding from Business License and Corporate Fees to GF, and the Alaska National Guard/University of Alaska Tuition Scholarship Program (TSP) from the Department of Military and Veteran Affairs to the UA.
- The Higher Education Price Index (HEPI) is an inflation index designed specifically to track the primary cost drivers in higher education. It is an essential planning tool for educational managers, enabling schools to project the future budget and funding increases required to maintain real purchasing power and investment. HEPI has averaged 4% for the past 5 years.
- In response to state needs, UA has focused a majority of its resources on growing programs in high demand job areas. Most of these programs have higher costs associated with them due to: a need for competitive wages to recruit faculty; smaller class sizes because of strict accreditation limits and lab constraints; and needs for costly academic equipment.
- At UA, the primary contributors to Operations- Other State Funds are Student tuition and fees and general university receipts such as individual, local and corporate giving.
- The FY10 Baseline Operations incorporated unrealizable budget authority reductions in Other State Funds of $22.6 million and Federal Funds of $25.4 million.
- This plan assumes modest growth in Operations- Federal Funds; realizing this growth requires state investment in research space.
- Some of the FY10 Operations- Other State Funds budget increments are dependent on unfunded GF increments and will not be realizable at this level without the GF funding.
- This plan assumes tuition rate increases of 5% per year, which is just enough to keep up with the portion of fixed cost increases reliant on this source.
- Over this ten year period UA will become proportionally more dependent on state funds, due to having optimized the non-general fund leveraging opportunities at this time.
- The FY10 Capital-GF includes $10 million of the $50 million annual R&R requirement, and $2.2 million of pass-thru funding to Providence Alaska Medical Center for the Alaska Family Medicine Residency Program.
- $50 million per year in Renewal and Renovation is necessary in order to not add to the deferred maintenance backlog.
- FY10 Capital - Federal Funds is for the Alaska Region Research Vessel; and some receipt authority for other potential Federal projects.
- FY10 Capital-Other State Funds include bonding for the UAF Life Sciences Innovation and Learning Facility and the UAF Energy Technology Building. It is important to note that without the GF portion this authority will likely be unrealizable.
- College preparation program focus is necessary to continue increasing the number of qualified students and successful graduates.

University

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	937,011.4	985,688.8	897,767.7	925,628.9	953,225.3	981,895.8	1,012,650.2	1,044,636.2	1,077,905.3	1,112,510.9	1,148,624.1
General Fund	321,952.9	328,899.6	379,556.5	392,929.8	406,838.0	421,302.6	436,345.7	451,990.6	468,261.3	485,182.8	502,781.2
General Fund Match	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3
Federal Funds	156,076.9	246,558.5	132,581.3	134,530.7	135,463.6	136,404.0	137,351.9	138,307.4	139,270.6	140,241.5	141,220.1
Other State Funds	454,204.3	405,453.4	380,852.6	393,391.1	406,146.4	419,411.9	434,175.3	449,560.9	465,596.1	482,309.3	499,845.5
Operations	842,956.7	822,063.8	847,767.7	875,628.9	903,225.3	931,895.8	962,650.2	994,636.2	1,027,905.3	1,062,510.9	1,098,624.1
General Fund	307,898.2	316,699.6	329,556.5	342,929.8	356,838.0	371,302.6	386,345.7	401,990.6	418,261.3	435,182.8	452,781.2
General Fund Match	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3
Federal Funds	156,076.9	131,558.5	132,581.3	134,530.7	135,463.6	136,404.0	137,351.9	138,307.4	139,270.6	140,241.5	141,220.1
Other State Funds	374,204.3	369,028.4	380,852.6	393,391.1	406,146.4	419,411.9	434,175.3	449,560.9	465,596.1	482,309.3	499,845.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	842,956.7	822,063.8	847,767.7	875,628.9	903,225.3	931,895.8	962,650.2	994,636.2	1,027,905.3	1,062,510.9	1,098,624.1
General Fund	307,898.2	316,699.6	329,556.5	342,929.8	356,838.0	371,302.6	386,345.7	401,990.6	418,261.3	435,182.8	452,781.2
General Fund Match	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3
Federal Funds	156,076.9	131,558.5	132,581.3	134,530.7	135,463.6	136,404.0	137,351.9	138,307.4	139,270.6	140,241.5	141,220.1
Other State Funds	374,204.3	369,028.4	380,852.6	393,391.1	406,146.4	419,411.9	434,175.3	449,560.9	465,596.1	482,309.3	499,845.5
Capital	94,054.7	163,625.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0
General Fund	14,054.7	12,200.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	115,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	80,000.0	36,425.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. UA baseline figures include wage and benefit increases.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

FY09 numbers include a $4,840.0 GF transfer from the Governor's office for Fuel and Utilities.
See prior page for assumptions.

UA PLAN GASLINE RELATED ASSUMPTIONS: *Describe department assumptions for gasline appropriations estimates below:*

- The Governor's proposed FY10 budget includes $800.0 in Operations- GF for K-12 bridging programs that support engineering and other gasline related programs.
- In response to state needs, $4.3 million of the Board of Regents' approved FY10 request for Operations-GF was for gasline related programs and program support, such as engineering.
- This plan assumes that the proportion of gasline related operating program increments will grow over this 10-year timeframe incrementally through FY19.
- The gasline related Capital-GF includes training equipment for gasline related programs in FY10, planning money for UA engineering facilities in FY11, and a placeholder for the actual construction costs for these facilities in FY12.
- A significant proportion of out-year Capital-GF listed under other growth is anticipated to support gasline related program growth.
- College preparation program focus is necessary to continue increasing the number of qualified students in gasline related programs and produce successful graduates in these programs.

University

Gasline Related Budget Growth

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	1,072.0	30,770.1	88,413.2	24,921.5	39,246.8	56,893.5	77,401.3	101,993.2	131,183.4	165,482.1
General Fund	0.0	0.0	29,507.1	85,577.3	18,445.6	28,374.0	40,655.0	55,614.1	73,613.6	95,056.0	120,388.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	1,072.0	1,263.1	2,835.9	6,476.0	10,872.9	16,238.5	21,787.2	28,379.6	36,127.4	45,093.7
Operations	0.0	0.0	5,770.1	13,413.2	24,921.5	39,246.8	56,893.5	77,401.3	101,993.2	131,183.4	165,482.1
General Fund	0.0	0.0	4,507.1	10,577.3	18,445.6	28,374.0	40,655.0	55,614.1	73,613.6	95,056.0	120,388.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	1,263.1	2,835.9	6,476.0	10,872.9	16,238.5	21,787.2	28,379.6	36,127.4	45,093.7
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	5,770.1	13,413.2	24,921.5	39,246.8	56,893.5	77,401.3	101,993.2	131,183.4	165,482.1
General Fund	0.0	0.0	4,507.1	10,577.3	18,445.6	28,374.0	40,655.0	55,614.1	73,613.6	95,056.0	120,388.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	1,263.1	2,835.9	6,476.0	10,872.9	16,238.5	21,787.2	28,379.6	36,127.4	45,093.7
Capital	0.0	1,072.0	25,000.0	75,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	25,000.0	75,000.0							
General Fund Match	0.0	0.0									
Federal Funds	0.0	0.0									
Other State Funds	0.0	1,072.0									

Describe department assumptions for gasline appropriations estimates:

See prior page for assumptions.

UA PLAN NEW INITIATIVES (Except Gasline) ASSUMPTIONS: *Describe department assumptions for new initiatives (except gasline) appropriations estimates below:*

- A significant proportion of out-year Capital-GF listed under other growth is anticipated to support gasline related program growth.
- Items from the Board of Regents' FY10 approved capital request that were unfunded in the Governor's proposed FY10 budget have been shifted to FY11 and FY12, with some of the projects distributed across multiple years in phases. Some of the projects planned for FY11 have been shifted to FY12.
- In FY11, anticipated requests include: the UAF Life Sciences Innovation and Learning Facility; UAS Auke Lake Campus Entry Improvements and Road Realignment; the UAA Sports Arena; the UAF Energy Technology Building; additional or replacement dorms at all three MAUs; planning for the UAA cogeneration plant; planning for the UAF Fire Station and Student Firefighter Training Center; feasibility studies for Community Campus new facilities; as well as first phases of project and equipment requests in the areas of energy, climate and Alaska education policy.
- In FY12, anticipated capital requests include: the UAF Fire Station and Student Firefighter Training Center; the UAA Cogeneration plant; UAA and UAF classroom expansions; and UAA Health Sciences Phase II.
- Out year increments are placeholders for such things as potential projects coming from the Community Campus feasibility study results and/or increased state demand in a particular program area requiring additional facility investment.
- This plan assumes continued efficiencies are realized in space utilization of existing facilities.
- A solution to deferred maintenance is important; this plan incorporates $100 million per year for the next 8 years to pay down deferred maintenance. There are other funding options to be discussed.
- For every $100 million in new facilities investment there can be an expected increase of $3-5 million in operating costs.
- Over this ten year period UA will become proportionally more dependent on state funds, due to having optimized the non-general fund leveraging opportunities at this time.
- College preparation program focus is necessary to continue increasing the number of qualified students and successful graduates.

University

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	0.0	478,567.3	420,160.3	357,719.7	360,263.7	377,115.9	381,670.0	395,469.0	408,276.4	419,966.7
General Fund	0.0	0.0	473,024.9	409,408.8	344,904.7	342,908.9	350,573.8	347,757.9	354,298.8	360,010.9	364,682.2
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	1,363.8	1,851.2	5,657.3	7,674.0	14,927.2	21,496.5	28,479.5	35,899.8	43,940.5
Other State Funds	0.0	0.0	4,178.5	8,900.3	7,157.6	9,680.7	11,614.9	12,415.6	12,690.7	12,365.7	11,344.0
Operations	0.0	0.0	11,894.3	22,435.3	37,719.7	50,263.7	67,115.9	81,670.0	95,469.0	108,276.4	119,966.7
General Fund	0.0	0.0	8,351.9	16,683.8	24,904.7	32,908.9	40,573.8	47,757.9	54,298.8	60,010.9	64,682.2
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	1,363.8	1,851.2	5,657.3	7,674.0	14,927.2	21,496.5	28,479.5	35,899.8	43,940.5
Other State Funds	0.0	0.0	2,178.5	3,900.3	7,157.6	9,680.7	11,614.9	12,415.6	12,690.7	12,365.7	11,344.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	11,894.3	22,435.3	37,719.7	50,263.7	67,115.9	81,670.0	95,469.0	108,276.4	119,966.7
General Fund	0.0	0.0	8,351.9	16,683.8	24,904.7	32,908.9	40,573.8	47,757.9	54,298.8	60,010.9	64,682.2
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	1,363.8	1,851.2	5,657.3	7,674.0	14,927.2	21,496.5	28,479.5	35,899.8	43,940.5
Other State Funds	0.0	0.0	2,178.5	3,900.3	7,157.6	9,680.7	11,614.9	12,415.6	12,690.7	12,365.7	11,344.0
Capital	0.0	0.0	466,673.0	397,725.0	320,000.0	310,000.0	310,000.0	300,000.0	300,000.0	300,000.0	300,000.0
General Fund	0.0	0.0	464,673.0	392,725.0	320,000.0	310,000.0	310,000.0	300,000.0	300,000.0	300,000.0	300,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	2,000.0	5,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for new initiatives (except gasline) appropriations estimates:

See prior page for assumptions.

University

Baseline plus Gasline

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	937,011.4	986,760.8	928,537.8	1,014,042.1	978,146.8	1,021,142.6	1,069,543.7	1,122,037.5	1,179,898.5	1,243,694.3	1,314,106.2
General Fund	321,952.9	328,899.6	409,063.6	478,507.1	425,283.6	449,676.6	477,000.7	507,604.7	541,874.9	580,238.8	623,169.6
General Fund Match	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3
Federal Funds	156,076.9	246,558.5	132,581.3	134,530.7	135,463.6	136,404.0	137,351.9	138,307.4	139,270.6	140,241.5	141,220.1
Other State Funds	454,204.3	406,525.4	382,115.7	396,227.0	412,622.4	430,284.8	450,413.8	471,348.1	493,975.7	518,436.7	544,939.2
Operations	842,956.7	822,063.8	853,537.8	889,042.1	928,146.8	971,142.6	1,019,543.7	1,072,037.5	1,129,898.5	1,193,694.3	1,264,106.2
General Fund	307,898.2	316,699.6	334,063.6	353,507.1	375,283.6	399,676.6	427,000.7	457,604.7	491,874.9	530,238.8	573,169.6
General Fund Match	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3
Federal Funds	156,076.9	131,558.5	132,581.3	134,530.7	135,463.6	136,404.0	137,351.9	138,307.4	139,270.6	140,241.5	141,220.1
Other State Funds	374,204.3	369,028.4	382,115.7	396,227.0	412,622.4	430,284.8	450,413.8	471,348.1	493,975.7	518,436.7	544,939.2
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	842,956.7	822,063.8	853,537.8	889,042.1	928,146.8	971,142.6	1,019,543.7	1,072,037.5	1,129,898.5	1,193,694.3	1,264,106.2
General Fund	307,898.2	316,699.6	334,063.6	353,507.1	375,283.6	399,676.6	427,000.7	457,604.7	491,874.9	530,238.8	573,169.6
General Fund Match	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3
Federal Funds	156,076.9	131,558.5	132,581.3	134,530.7	135,463.6	136,404.0	137,351.9	138,307.4	139,270.6	140,241.5	141,220.1
Other State Funds	374,204.3	369,028.4	382,115.7	396,227.0	412,622.4	430,284.8	450,413.8	471,348.1	493,975.7	518,436.7	544,939.2
Capital	94,054.7	164,697.0	75,000.0	125,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0
General Fund	14,054.7	12,200.0	75,000.0	125,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	115,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	80,000.0	37,497.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

University

Baseline plus Gasline plus New Initiatives

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	937,011.4	986,760.8	1,407,105.1	1,434,202.4	1,335,866.5	1,381,406.3	1,446,659.6	1,503,707.5	1,575,367.5	1,651,970.7	1,734,072.9
General Fund	321,952.9	328,899.6	882,088.5	887,915.9	770,188.3	792,585.5	827,574.5	855,362.6	896,173.7	940,249.7	987,851.8
General Fund Match	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3
Federal Funds	156,076.9	246,558.5	133,945.1	136,381.9	141,120.9	144,078.0	152,279.1	159,803.9	167,750.1	176,141.3	185,160.6
Other State Funds	454,204.3	406,525.4	386,294.2	405,127.3	419,780.0	439,965.5	462,028.7	483,763.7	506,666.4	530,802.4	556,283.2
Operations	842,956.7	822,063.8	865,432.1	911,477.4	965,866.5	1,021,406.3	1,086,659.6	1,153,707.5	1,225,367.5	1,301,970.7	1,384,072.9
General Fund	307,898.2	316,699.6	342,415.5	370,190.9	400,188.3	432,585.5	467,574.5	505,362.6	546,173.7	590,249.7	637,851.8
General Fund Match	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3
Federal Funds	156,076.9	131,558.5	133,945.1	136,381.9	141,120.9	144,078.0	152,279.1	159,803.9	167,750.1	176,141.3	185,160.6
Other State Funds	374,204.3	369,028.4	384,294.2	400,127.3	419,780.0	439,965.5	462,028.7	483,763.7	506,666.4	530,802.4	556,283.2
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	842,956.7	822,063.8	865,432.1	911,477.4	965,866.5	1,021,406.3	1,086,659.6	1,153,707.5	1,225,367.5	1,301,970.7	1,384,072.9
General Fund	307,898.2	316,699.6	342,415.5	370,190.9	400,188.3	432,585.5	467,574.5	505,362.6	546,173.7	590,249.7	637,851.8
General Fund Match	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3	4,777.3
Federal Funds	156,076.9	131,558.5	133,945.1	136,381.9	141,120.9	144,078.0	152,279.1	159,803.9	167,750.1	176,141.3	185,160.6
Other State Funds	374,204.3	369,028.4	384,294.2	400,127.3	419,780.0	439,965.5	462,028.7	483,763.7	506,666.4	530,802.4	556,283.2
Capital	94,054.7	164,697.0	541,673.0	522,725.0	370,000.0	360,000.0	360,000.0	350,000.0	350,000.0	350,000.0	350,000.0
General Fund	14,054.7	12,200.0	539,673.0	517,725.0	370,000.0	360,000.0	360,000.0	350,000.0	350,000.0	350,000.0	350,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	115,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	80,000.0	37,497.0	2,000.0	5,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Department of Education & Early Development – 10 Year Fiscal Plan Assumptions

BASELINE BUDGET GROWTH (SCENARIO) 1

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond: Salary adjustments are included for FY10 but not highlighted below.

- Foundation Program Projections: Foundation Program projections reflect the following increases per Fiscal Note 2 (HB273) adjusted for updated student counts- FY10 $47,492.4, FY11 $57,406.3, FY12 $12,901.0, FY13 $12,075.0. As a primary assumption for this formula program it must be noted the division of School Finance has been tracking a steady decline in student population which is in contrast to the Department of Labor and Workforce Development Alaska Population Projections document. It is also assumed that legislation would be required to increase the Base Student Allocation (BSA) to hold harmless the districts with severely declining student populations FY14 through FY19. Since many factors impact the state aid calculation such as enrollment and required local effort, the trends would indicate a need to project declining entitlement payments. Using a historical perspective, state aid can remain relatively flat over multiple years during times of decreasing state revenue. On the optimistic side, the program should be sufficiently funded primarily due to the fact a tremendous amount of work has been accomplished through the efforts of the Education Funding Task Force and the implementation of their recommendations with the support of the governor and the legislature to build an equitable formula.

- Foundation Program - Public School Trust Funds from tobacco taxes fluctuates annually and will reduce or increase the amount of general fund required to fully fund the Foundation program. The published report online from the Department of Revenue shows a slight increase from FY08 to FY09. Funding will remain flat in this projection since no long term trends are available.

- Pupil Transportation reflects an increase of $1,777.2 in FY10 and an increase of $1,946.1 in FY11 per the latest student counts and based on the Anchorage CPI increases estimated at 3.2% (DLWD). The projection for Pupil Transportation from FY12 through FY19 reflects an average annual increase of 2.75% based on the annual inflation assumption as reported by the Alaska Permanent Fund.

- Boarding Home Grants includes an increment of $350.0 GF in the base for Galena's program beginning in FY10, Youth in Detention and Special Schools reflects no increments in a fiscally conservative environment (Special Education Service Agency has minor fluctuations in population and a decrement of 5.3 GF is projected in FY10) .

- Alaska Challenge Youth Academy includes and increment of 185.2 GF in FY10 based on student count. FY11 through FY19 reflects flat funding. Formula generated increases were rejected by the Alaska State Legislature in FY08 as

excessive. Legislation would be required to remove the link to formula funding and create a GF base budget in DMVA for annual appropriations.

- School Performance Incentive Program will be allowed to sunset after FY09. $4,800.0 is included in the non-formula section of the spreadsheet for FY09 only.

- Executive Administration projections include a decrement in FY10 of 30.0 GF based on SB285 fiscal note for start up funding for district support activities.

- School Finance and Facilities contains an increment of $24.7 GF for school bus inspections and $45.2 GF for school bus driver training. These are included in the base budget beginning in FY10 as a fixed cost.

- Student & School Achievement, Assessments section projects a fixed cost annual increase of $250.0 GF for state assessment contracts. The Standards Based Assessments and the High School Graduation Qualifying Examination are trending with a 3.5% to 4.0% annual increase just to maintain the current level of services. This amount has been included in the baseline budget growth projections beginning in FY10. Increments based on the Mental Health Trust recommendations are also included in the base for Autism Resources and Rural Secondary Transitions.

- Alaska State Council on the Arts includes an increment of $56.5 in federal authority to receive and expend additional National Endowment of the Arts grant funding.

- State Facilities Rent includes an additional $210.6 GF in the base budget projected from FY2010 through FY19 to provide funding for leases (DOA FY10 Projections) and to secure additional space.

- Alaska Commission on Post Secondary Education – Western Interstate Commission for Higher Education (WICHE) program assumes contractual increases at 4% annually in the base beginning in FY11 through FY19 based on current trends. This RDU includes an increase in federal authority of $330.0 for carryforward funds from the prior year.

- Washington, Wyoming, Alaska, Montana and Idaho (WWAMI) Program – University of Washington School of Medicine. Fiscal note for additional students provides an increase of $524.7 GF for FY10 and the program projects an annual increase of 4% through FY19 based on the number of students participating.

Capital

- Mt. Edgecumbe High School - $2,000.0 GF is included in the FY10 Governor's capital budget request for projects on the priority list developed from the six year CIP master plan. $5,000.0 has been included through FY15 and reduced to

$1,000.0 annually out to FY19 to complete a majority of the projects in the current six year CIP master plan. The CIP master plan would be scheduled for an update in FY14.

- School Construction/Major Maintenance - Assumes Debt Reimbursement does not sunset and is re-authorized. FY11 through FY19 consists of SC/MM at $100,000.0 annually in the base numbers. The FY10 Governor's capital budget contains only $42,514.1 for major maintenance using Alaska Housing Finance Corporation receipts.

- FY12 and beyond assumes $50.0 capital appropriations for other components annually.

NEW INITIATIVES (Except Gasline)

Describe department assumptions for new initiatives (except gasline) appropriations estimates below;

- Foundation Program includes $2,000.0 for the Age 4 Pilot Program as part of Education Reform beginning in FY10 with a $2,000.0 annual increase through FY14 and flat funding projected from FY15 out to FY19 set at $10,000.0 annually. The annual increases will serve an additional 500 children per year under the pilot program and would reach a service level of 2,500 children in FY14 according to this scenario.

- Executive Administration includes an increment of $824.2 GF justified as follows: During the last legislative session, the legislature passed SB285 (Ch.70) adding AS 14.07.032 and amending AS 14.07.020(a) and AS 14.07.03, which provides the Department of Education & Early Development with the clear, legal authority to improve instructional practices in school districts. The funding in this increment will be directed toward district/school improvement in the areas of math, science, arts, information technology, networks, culture and social studies by contracting the services of specialists for nine-month periods during the school year. The department fully anticipates a critical need for additional contracted staff to address the increasing need to provide professional and technical assistance to school districts and has projected an additional $800.0 GF in FY11 with flat funding through FY19. General funds are critical and required to implement and support this state mandate.

- School Finance & Facilities includes an increment of $150.0 GF in FY10 to provide funding to contract for 3 regionally based auditors to review new claims for intensive students.

- Early Learning Coordination has an increase of $800.0 GF in FY10 to serve approximately 60 - 80 additional children in Head Start programs. Approximately

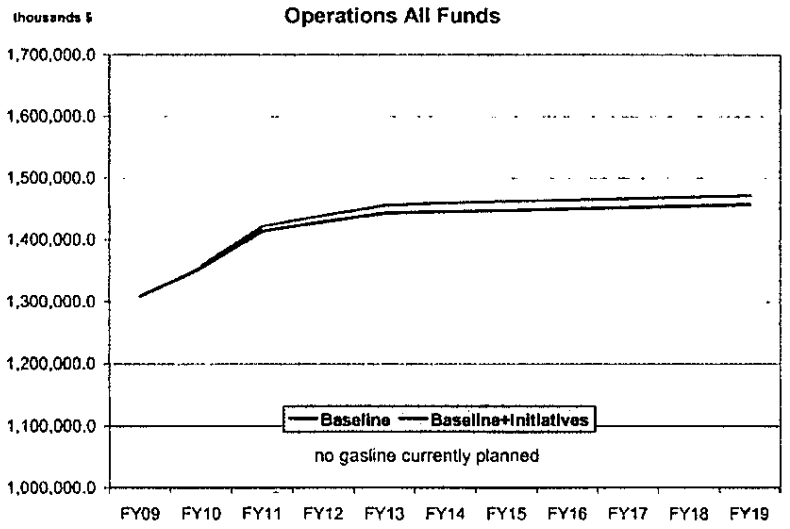
1,000 Alaska children remain on wait lists for Head Start. The department projects a need to increase the funding by $800.0 in FY11 and again in FY12 to add capacity to the program. The funding is projected to remain flat from FY13 to FY19 under this scenario.

- Professional Teaching Practices Commission will be funded with 252.1 GF to replace Receipt Supported Services revenue generated from teacher certification fees. In order to remain self-supporting, the Teacher Certification component no longer has the ability to distribute a portion of their receipts to PTPC.

Capital

- School Construction/Major Maintenance - $50,000.0 - Assumes Debt Reimbursement does not sunset and is re-authorized. FY11 through FY19 consists of an additional $50,000.0 to provide an annual split of $50,000.0 for major maintenance to address the ever growing backlog of projects and $100,000.0 for new school construction due to the deterioration of old BIA and Molly Hootch schools.

Education


thousands $
Operations All Funds
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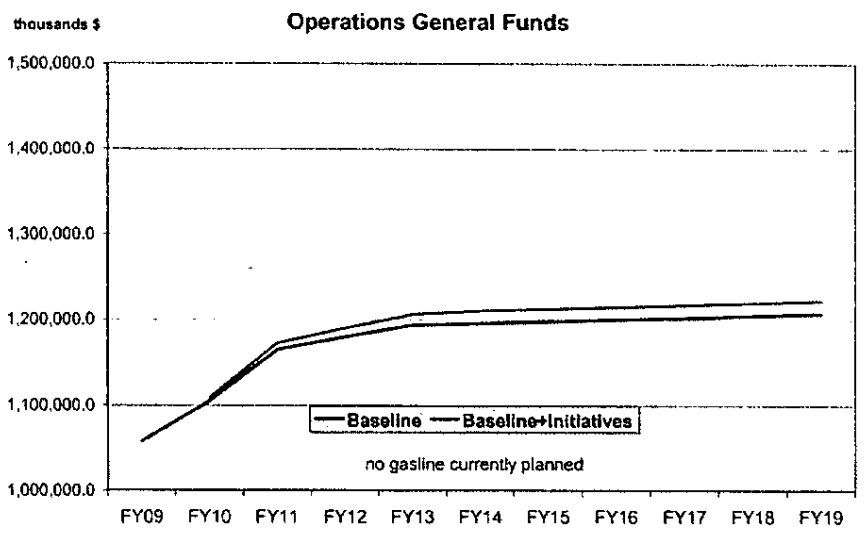
1,600,000.0
1,500,000.0
1,400,000.0
1,300,000.0
1,200,000.0
1,100,000.0
1,000,000.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Operations General Funds
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1,400,000.0
1,300,000.0
1,200,000.0
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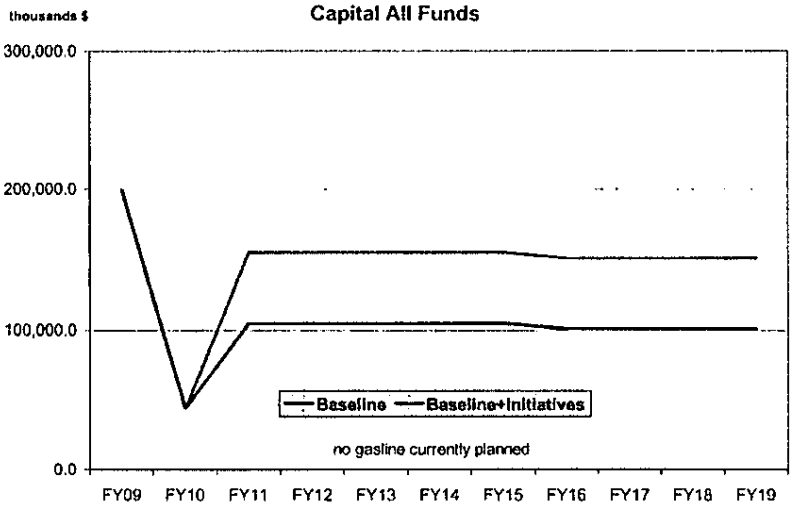
1,000,000.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
Capital All Funds
300,000.0
200,000.0
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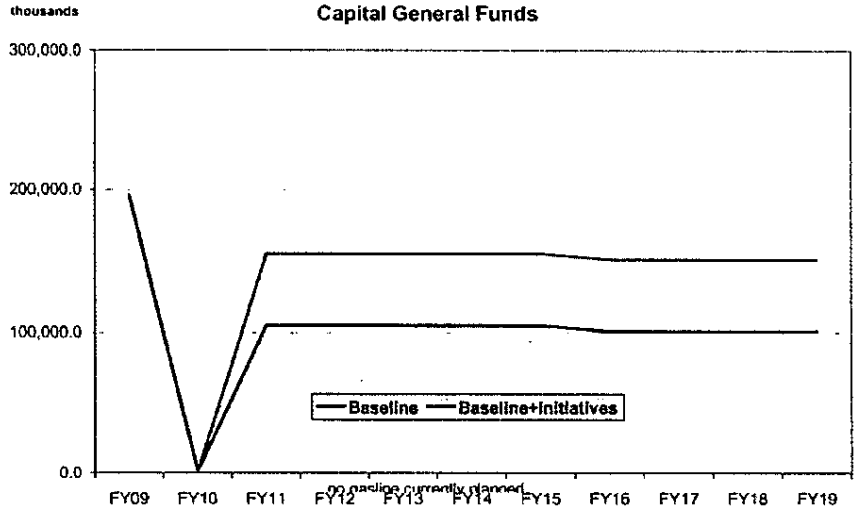
Baseline
Baseline+Initiatives
no gasline currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands
Capital General Funds
300,000.0
200,000.0
100,000.0
0.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19

Education

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	1,507,894.2	1,399,041.1	1,519,431.4	1,534,459.4	1,548,663.2	1,550,845.1	1,553,081.6	1,551,374.4	1,553,725.1	1,556,135.3	1,558,606.7
General Fund	1,252,593.5	1,105,431.2	1,268,139.8	1,283,162.8	1,297,361.4	1,299,537.9	1,301,768.8	1,300,055.8	1,302,400.4	1,304,804.3	1,307,269.1
General Fund Match	928.6	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1
Federal Funds	214,567.9	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5
Other State Funds	39,804.2	77,704.3	35,386.0	35,391.0	35,396.2	35,401.6	35,407.2	35,413.0	35,419.1	35,425.4	35,432.0
Operations	1,308,786.6	1,354,527.0	1,414,431.4	1,429,409.4	1,443,613.2	1,445,795.1	1,448,031.6	1,450,324.4	1,452,675.1	1,455,085.3	1,457,556.7
General Fund	1,056,545.9	1,103,431.2	1,163,139.8	1,178,112.8	1,192,311.4	1,194,487.9	1,196,718.8	1,199,005.8	1,201,350.4	1,203,754.3	1,206,219.1
General Fund Match	928.6	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1
Federal Funds	214,567.9	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5
Other State Funds	36,744.2	35,190.2	35,386.0	35,391.0	35,396.2	35,401.6	35,407.2	35,413.0	35,419.1	35,425.4	35,432.0
Formula Programs	1,050,201.3	1,098,637.8	1,157,990.2	1,172,602.8	1,186,436.5	1,188,243.5	1,190,100.2	1,192,008.0	1,193,968.2	1,195,982.4	1,198,051.9
General Fund	1,015,110.3	1,064,909.8	1,124,262.2	1,138,874.8	1,152,708.5	1,154,515.5	1,156,372.2	1,158,280.0	1,160,240.2	1,162,254.4	1,164,323.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0
Other State Funds	14,300.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0
Formula Detail											
Foundation Program	979,867.2	1,025,996.6	1,083,402.9	1,096,303.9	1,108,378.9	1,108,378.9	1,108,378.9	1,108,378.9	1,108,378.9	1,108,378.9	1,108,378.9
General Fund	944,776.2	992,268.6	1,049,674.9	1,062,575.9	1,074,650.9	1,074,650.9	1,074,650.9	1,074,650.9	1,074,650.9	1,074,650.9	1,074,650.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0
Other State Funds	14,300.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0
Pupil Transportation	58,516.6	60,293.8	62,239.9	63,951.5	65,710.2	67,517.2	69,373.9	71,281.7	73,241.9	75,256.1	77,325.6
General Fund	58,516.6	60,293.8	62,239.9	63,951.5	65,710.2	67,517.2	69,373.9	71,281.7	73,241.9	75,256.1	77,325.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Boarding Home Grants	1,340.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8
General Fund	1,340.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Youth in Detention	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0
General Fund	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Education

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Special Schools	3,132.8	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5
General Fund	3,132.8	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AK Challenge Youth Acac	6,243.9	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1
General Fund	6,243.9	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	258,585.3	255,889.2	256,441.2	256,806.6	257,176.7	257,551.6	257,931.4	258,316.4	258,706.9	259,102.9	259,504.8
General Fund	41,435.6	38,521.4	38,877.6	39,238.0	39,602.9	39,972.4	40,346.6	40,725.8	41,110.2	41,499.9	41,895.2
General Fund Match	928.6	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1
Federal Funds	193,776.9	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5
Other State Funds	22,444.2	22,253.2	22,449.0	22,454.0	22,459.2	22,464.6	22,470.2	22,476.0	22,482.1	22,488.4	22,495.0
Capital	199,107.6	44,514.1	105,000.0	105,050.0	105,050.0	105,050.0	105,050.0	101,050.0	101,050.0	101,050.0	101,050.0
General Fund	196,047.6	2,000.0	105,000.0	105,050.0	105,050.0	105,050.0	105,050.0	101,050.0	101,050.0	101,050.0	101,050.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	3,060.0	42,514.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

See cover sheet

Education

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	4,026.3	7,626.3	10,426.3	12,426.3	14,426.3	14,426.3	14,426.3	14,426.3	14,426.3	14,426.3
General Fund	0.0	4,026.3	57,626.3	60,426.3	62,426.3	64,426.3	64,426.3	64,426.3	64,426.3	64,426.3	64,426.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	4,026.3	7,626.3	10,426.3	12,426.3	14,426.3	14,426.3	14,426.3	14,426.3	14,426.3	14,426.3
General Fund	0.0	4,026.3	7,626.3	10,426.3	12,426.3	14,426.3	14,426.3	14,426.3	14,426.3	14,426.3	14,426.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	2,000.0	4,000.0	6,000.0	8,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
General Fund	0.0	2,000.0	4,000.0	6,000.0	8,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Detail											
Foundation Program	0.0	2,000.0	4,000.0	6,000.0	8,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
General Fund	0.0	2,000.0	4,000.0	6,000.0	8,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pupil Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Boarding Home Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Youth in Detention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AK Challenge Youth Acac	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	2,026.3	3,626.3	4,426.3	4,426.3	4,426.3	4,426.3	4,426.3	4,426.3	4,426.3	4,426.3
General Fund	0.0	2,026.3	3,626.3	4,426.3	4,426.3	4,426.3	4,426.3	4,426.3	4,426.3	4,426.3	4,426.3
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Education

Capital	0.0	0.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0
General Fund	0.0	0.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0	50,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for new initiatives (except gasline) appropriations estimates below;

See cover sheet

Education

Baseline plus Initiatives

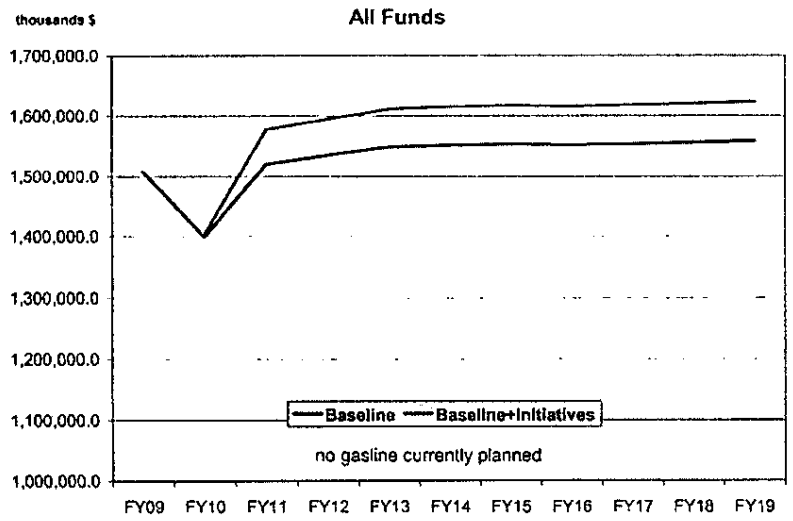
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	1,507,894.2	1,403,067.4	1,577,057.7	1,594,885.7	1,611,089.5	1,615,271.4	1,617,507.9	1,615,800.7	1,618,151.4	1,620,561.6	1,623,033.0
General Fund	1,252,593.5	1,109,457.5	1,325,766.1	1,343,589.1	1,359,787.7	1,363,964.2	1,366,195.1	1,364,482.1	1,366,826.7	1,369,230.6	1,371,695.4
General Fund Match	928.6	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1
Federal Funds	214,567.9	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5
Other State Funds	39,804.2	77,704.3	35,386.0	35,391.0	35,396.2	35,401.6	35,407.2	35,413.0	35,419.1	35,425.4	35,432.0
Operations	1,308,786.6	1,358,553.3	1,422,057.7	1,439,835.7	1,456,039.5	1,460,221.4	1,462,457.9	1,464,750.7	1,467,101.4	1,469,511.6	1,471,983.0
General Fund	1,056,545.9	1,107,457.5	1,170,766.1	1,188,539.1	1,204,737.7	1,208,914.2	1,211,145.1	1,213,432.1	1,215,776.7	1,218,180.6	1,220,645.4
General Fund Match	928.6	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1
Federal Funds	214,567.9	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5	214,958.5
Other State Funds	36,744.2	35,190.2	35,386.0	35,391.0	35,396.2	35,401.6	35,407.2	35,413.0	35,419.1	35,425.4	35,432.0
Formula Programs	1,050,201.3	1,100,637.8	1,161,990.2	1,178,602.8	1,194,436.5	1,198,243.5	1,200,100.2	1,202,008.0	1,203,968.2	1,205,982.4	1,208,051.9
General Fund	1,015,110.3	1,066,909.8	1,128,262.2	1,144,874.8	1,160,708.5	1,164,515.5	1,166,372.2	1,168,280.0	1,170,240.2	1,172,254.4	1,174,323.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0
Other State Funds	14,300.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0
Formula Detail											
Foundation Program	979,867.2	1,027,996.6	1,087,402.9	1,102,303.9	1,116,378.9	1,118,378.9	1,118,378.9	1,118,378.9	1,118,378.9	1,118,378.9	1,118,378.9
General Fund	944,776.2	994,268.6	1,053,674.9	1,068,575.9	1,082,650.9	1,084,650.9	1,084,650.9	1,084,650.9	1,084,650.9	1,084,650.9	1,084,650.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0
Other State Funds	14,300.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0	12,937.0
Pupil Transportation	58,516.6	60,293.8	62,239.9	63,951.5	65,710.2	67,517.2	69,373.9	71,281.7	73,241.9	75,256.1	77,325.6
General Fund	58,516.6	60,293.8	62,239.9	63,951.5	65,710.2	67,517.2	69,373.9	71,281.7	73,241.9	75,256.1	77,325.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Boarding Home Grants	1,340.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8
General Fund	1,340.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8	1,690.8
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Youth in Detention	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0
General Fund	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

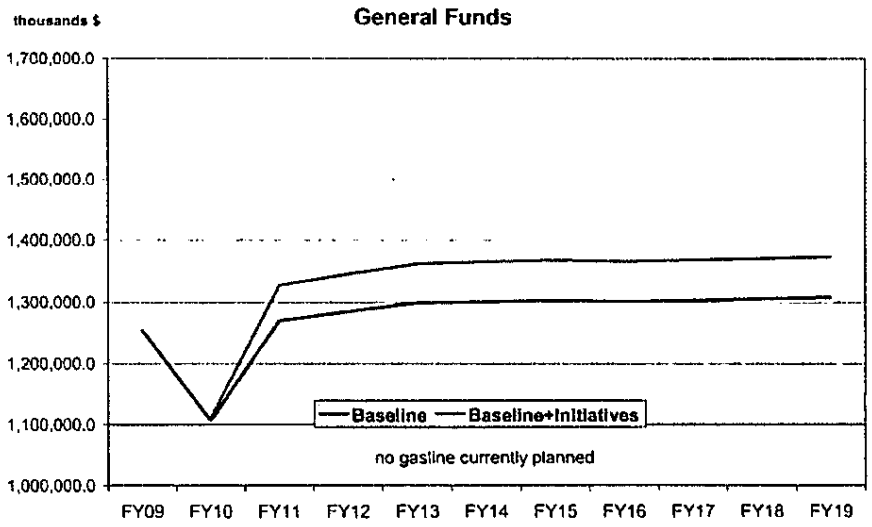
Education

Baseline plus Initiatives

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Special Schools	3,132.8	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5
General Fund	3,132.8	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5	3,127.5
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AK Challenge Youth Aca	6,243.9	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1
General Fund	6,243.9	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1	6,429.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	258,585.3	257,915.5	260,067.5	261,232.9	261,603.0	261,977.9	262,357.7	262,742.7	263,133.2	263,529.2	263,931.1
General Fund	41,435.6	40,547.7	42,503.9	43,664.3	44,029.2	44,398.7	44,772.9	45,152.1	45,536.5	45,926.2	46,321.5
General Fund Match	928.6	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1	947.1
Federal Funds	193,776.9	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5	194,167.5
Other State Funds	22,444.2	22,253.2	22,449.0	22,454.0	22,459.2	22,464.6	22,470.2	22,476.0	22,482.1	22,488.4	22,495.0
Capital	199,107.6	44,514.1	155,000.0	155,050.0	155,050.0	155,050.0	155,050.0	151,050.0	151,050.0	151,050.0	151,050.0
General Fund	196,047.6	2,000.0	155,000.0	155,050.0	155,050.0	155,050.0	155,050.0	151,050.0	151,050.0	151,050.0	151,050.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	3,060.0	42,514.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Education


thousands $
All Funds
1,700,000.0
1,600,000.0
1,500,000.0
1,400,000.0
1,300,000.0
1,200,000.0
1,100,000.0
1,000,000.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19


thousands $
General Funds
1,700,000.0
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Baseline
Baseline+Initiatives
no gasline currently planned
FY09 FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19

DRAFT

Alaska Education Plan

January 23, 2009

FROM: DEPT. OF EDUCATION

Introduction

Welcome to the Alaska Education Plan. Created by Alaskans from many walks of life, it is the state's first blueprint for public education. The plan provides the basis for accountability to the public.

The plan answers these fundamental questions: What is Alaska's vision for our schools and students? What are our goals? What attributes and skills do we want high school graduates to possess? What actions will allow us to meet these goals and make this vision a reality?

In short, the vision and goals in the Alaska Education Plan are our destination. The actions are the roadmap. Knowing where we want to go, we can determine if our expenditures of money and effort are efficiently and effectively getting us there.

The public, having a clear vision for our schools and students, can measure performance against these goals. The plan, which will periodically be reviewed and revised, encourages Alaskans to participate in the goal-setting process and own the results.

The Alaska Statewide Education Summit, held in November 2008 in Anchorage, initiated the effort to develop the Alaska Education Plan. Nearly 450 participants discussed education topics ranging from preschool to postsecondary, technology to finances, community partnerships to culture.

Two principles guided the summit's structure: focused conversations among those who gather in a common cause will produce a shared vision, and collective wisdom is generated when groups gather in discussion.

Participants met in eight groups, each group discussing a separate topic in education. Each group identified challenges, opportunities, goals and actions for its topic. A ninth group crafted vision and mission statements and graduation outcomes – a list of the desired skills and attributes that Alaska high school graduates should possess as a result of their public education.

The Alaska Education Plan organizes the results from all eight groups at the summit into three topics, in order to provide greater focus. They are World-Class Schools; Community, Culture, and Family; and Student Health and Safety. Other topics discussed at the summit -- such as finance, technology, early education, and partnerships – have been integrated throughout the three remaining topics.

Each topic in the plan includes a rationale for action, a goal, and broadly stated actions for each goal. Groups of Alaskans will continue to meet in 2009 to develop a detailed, prioritized action plan for each goal.

The Alaska Education Plan, related background documents, and its ongoing progress are featured on the web site of the Alaska Department of Education & Early Development at www.eed.state.ak.us/ .

Vision

Vision: An Alaska education opens a world of possibilities.

- Our parents value learning
- Our communities support dreams and create opportunities
- Our schools inspire thinking
- Our graduates build the future

Mission

Mission: Alaska's education system fosters creativity and curiosity, and embraces diversity. Alaska's students have the skills and knowledge to contribute to their local and the global community by understanding the past and present, and are prepared for the future.

World-Class Students
Graduation Outcomes

Possess a broad knowledge base

- Know and be able to discuss the critical bodies of knowledge in art, science, literature/language arts, history, geography and health in addition to being skilled in reading, writing, and mathematics
- Apply content knowledge to everyday situations
- Use prior knowledge to acquire new knowledge, develop new skills, and expand understanding

Communicate effectively

- Express ideas clearly, both verbally and in writing
- Communicate through listening and discussion with others
- Read, understand and respond to written information
- Understand and respond to verbal information

Use technology skills

- Use a broad range of technologies to pursue interests, investigate and solve problems, and communicate and share ideas
- Be personally accountable for the ethical use of technology
- Use the Internet to explore questions; collect, evaluate and select information sources; synthesize conclusions; and communicate the results

Think logically and critically

- Solve problems using questioning, reasoning, and analysis
- Acquire and manage information to understand and solve problems
- Understand and apply decision-making processes in a variety of settings
- Be able to select, use and evaluate information for specific purposes
- Explore, consider and evaluate divergent viewpoints and ideas

Be healthy

- Apply the knowledge, habits and attitudes that promote physical and mental health
- Participate in collaborative and responsible relationships
- Make informed and safe choices
- Set and achieve personal goals
- Connect with family and culture values

Recognize, value and use creativity

- Appreciate artistic expression
- Demonstrate creative thinking
- Show self-expression
- Honor traditional art forms

Be a responsible and ethical citizen

- Understand and participate in the democratic process
- Demonstrate respect for people and cultures
- Demonstrate respect for the environment and evaluate the use of resources
- Take responsibility for personal actions and understand the impact those actions have on others
- Demonstrate an ability to approach problems from a global perspective
- Be an effective and responsible decision-maker who contributes to the community
- Adapt to a diverse and changing world

Be an enthusiastic learner

- Make a commitment to create quality work and strive for excellence
- Use a variety of learning strategies, personal skills, and time management skills to enhance learning
- Reflect on and evaluate learning for self-improvement
- Understand the relevance of learning a broad range of skills

World-Class Schools

Rationale for action

World-class schools are the ultimate goal for Alaska's public education system. All the other goals feed into this. These schools will nurture the students described in this plan's graduation objectives as world-class students.

There are many success stories in Alaska's schools, ranging from caring teachers helping struggling students, to the graduates who fill our work places, to creative programs by school districts to teach students independent living skills and the skills for jobs or postsecondary (after high school) education.

And yet there are many gaps in the education of Alaska's children. Some students are already behind on their first day of kindergarten. As they grow older, roughly a quarter of students are less than proficient in one or more of the fundamental skills of reading, writing and math. Several categories of students are less likely to do well in school -- ethnic minorities, students with disabilities, students from low-income families, and students who don't know English well.

At least a third of Alaska students will leave school without a diploma. About 40 percent of recent Alaska high school graduates who attend the University of Alaska need remedial courses. Some Alaska high school graduates have completed their public education yet do not have a direction in life and are not prepared for a career, while well-paying, interesting jobs go unfilled.

World-class schools will have the support of families and communities. World-class schools will honor local cultures and integrate them into instruction.

World-class schools will have strong academic standards and high expectations for all students, yet these schools will support the varied needs and interests of each student, both in academics and activities. World-class schools will have the flexibility to provide alternative pathways to student success. They will offer career and technical courses, preparation and guidance.

World-class schools will attract, prepare and retain quality teachers and administrators. World-class schools will have appropriate facilities and technology. They will build partnerships with entities outside of the schools.

Goal

All students will graduate prepared for careers or postsecondary training and education.

Actions

1. Ensure that families, if they desire, can access in their community affordable, high-quality early care and learning programs for children ages 3-5.

2. Define an education system, aligned from preschool to postsecondary, that ensures all students are prepared to transition to the next level of education, career, or life path of their choice.

3. Review the state's academic standards to determine alignment with world-class 21st century skills and Alaska's graduation outcomes.

4. Establish partnerships that enhance readiness for postsecondary education, career preparation, and life.

5. Develop a staff development infrastructure that is collaborative, need-based, research-proven, and provides opportunities for continuous growth for new and experienced teachers.

6. Ensure that public and private postsecondary institutions, business and industry, tribal organizations and state agencies work collaboratively to develop and maintain a coherent educational plan designed to achieve Alaska's high education expectations.

7. Collaborate with Alaska's postsecondary institutions to ensure that education-related degree programs and staff development programs reflect research, best practices, Alaska's diverse cultures, and alignment to academic standards, and are sufficient in scale and scope to meet the public school work force needs.

8. Empower students by engaging them as active partners in their own learning through technology.

9. Ensure that teachers have the training to effectively use technology to support instruction.

10. Establish and maintain a statewide public telecommunications network that provides the opportunity for instruction, communication and distance education.

11. Ensure that the state foundation funding program is comprehensible to the public, sufficient to meet world-class performance expectations, responsive to the changing needs of Alaska's work force, and predictable enough to facilitate effective planning.

12. Provide consistent funding for school construction and major maintenance projects.

Community, Culture and Family

Rationale for action

Family engagement has emerged as a central focus in Alaska education. Viewing parents as the first and best teachers of their children goes beyond their role in early education. Engagement means involving families in every aspect of educational planning, implementation and evaluation throughout their children's education.

Engagement means more than inviting parents to attend school functions or parent conferences or to join the PTA. Parent involvement must be more than asking parents to approve decisions about the school or their children that have already been made. Schools that make adjustments for parents with busy schedules, different backgrounds and varying comfort levels with schools will enjoy more parental involvement. Relevant parent engagement is recognizing that the school serves the interests of parents.

When parents join with other community members and the school to determine behavioral expectations or learning goals for their children, they become partners in their children's education. Student achievement data can demonstrate how well a student is progressing toward the state's grade-level expectations, but only parent and student feedback can reveal how positive the learning climate is and how well the school is serving the community's valued interests.

Schools that support and celebrate school choice and family engagement must be committed to sharing information about program options, assessment data, and other information that is critical to evaluating what is best for children. Choice without knowledge has no meaning.

Goal

Schools will form strong partnerships with families and communities, and will respect and embrace local cultures.

Actions

1. Develop and implement strategies that encourage Alaskans to value and support education and lifelong learning.

2. Formulate a shared vision of community-based education that respects culture, school governance and community ownership.

3. Implement a system of data collection and reporting of prekindergarten-postsecondary programming so parents, communities, and policy makers can make informed decisions.

4. Increase diversity in the teaching profession.

5. Ensure that Alaska's standards for culturally responsive schools are applied.

6. Provide new and experienced educators with sufficient training and ongoing support to integrate and instruct within the context of a community's indigenous cultures.

7. Ensure that schools' instruction, organization and operational procedures reflect and respond to student, family and community values and needs.

8. Support opportunities for school choice, education alternatives and distance-delivery options that are high quality, standards-based and flexible to meet the individual needs of a child or family.

9. Provide support and resources for parents who choose to home school their children.

10. Create a sustainable infrastructure committed to developing and maintaining partnerships that enhance student success.

Student Health and Safety

Rationale for action

Creating healthy, safe schools requires healthy families and communities. Children who have a strong connection to family values, customs and beliefs develop the confidence to reach for a star and the talent to grab one.

If children cannot rely on positive connections at home, they will settle for any substitute that satisfies this longing, including gang affiliation, harmful relationships, violence, and drug and alcohol abuse.

Schools must be proactive, focusing on the prevention of unsafe and unhealthy practices. Several ingredients are necessary to create a safe and healthy school environment. Schools will form partnerships with community entities to achieve these goals.

Schools must consistently demand zero tolerance for violence, drugs, disruptive behavior, and harassment. Schools must provide support and intervention services for parents and students, a broad range of activities, rigorous academic and vocational programs, and learning alternatives that meet the interests and learning needs of every child and family.

School staff must receive training and support to enforce school expectations. Students, parents, educators and community members must teach and model a consistent set of values as the basis for every activity, program, lesson or expectation.

Schools should be models of healthy nutrition and physical activity, teaching students good habits. Approximately one in 10 Alaska children is obese. At least half of Alaska's children do not meet recommended levels of physical activity.

Goal

Students will have access to safe schools, where they develop healthy and safe practices for life.

Actions

1. Develop a comprehensive health and safety plan that uses the expertise of parents, communities, tribal organizations, social and civic organizations, state agencies, and school districts.

2. Implement health and wellness programs that address substance abuse, suicide, sex education, bullying, Internet safety, mental health, and personal safety.

3. Implement nutrition and physical activity programs to ensure that students develop patterns of lifelong healthy behaviors.

4. Ensure that students, staff and community members are provided safe and secure schools.

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Tuesday, February 3, 2009

Budget Overviews:

Department of Education and Early Development
Larry Ledoux Commissioner, Department of Education and Early Development
Mark Lewis, Director, Administrative Services, DOE
Eddy Jeans, Director, Education Support Services, Education and Early Development

University
Mark Hamilton, President, University of Alaskan
Pete Kelly, Director, State Relations, University of Alaska

Labor and Workforce Development-Workforce Development-Regulatory
Clark Bishop, Commissioner, Department of Labor and Workforce Development
Guy Bell, Assistant Commissioner and Director, Division of Administrative Services, Department of Labor and Workforce Development

2/4/09 OVERVIEWS: DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES; DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT

<target><bill></bill><subject>2-4-09 OVERVIEWS DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES; DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT</subject><comm>HFIN26</comm></target>

2.4.09

123
1608

Department of Commerce, Community and Economic Development
Overview of the 10-Year Plan
February 3, 2009

BASELINE ASSUMPTIONS

- **Operating:** Continuation funding for programs existing in FY09
- **Capital:** After FY09, the capital budget numbers do not contain funding for legislative grants.

BASELINE

Operating

- Formula
  - Incorporates anticipated changes in federal funding for existing programs such as the National Forest Receipts program and the Payment in Lieu of Taxes programs.

- Non-formula
  - FY11: Assumes $1 million of federal funding for the Rural Utility Business Advisory (RUBA) program is replaced with general funds
  - Funding at the FY10 level for all operating programs

Capital

- FY10 includes Governor's request ($2.2 mill GF, $48.5 Fed, and $62.0 Other)
- FY11-FY19 includes funding DCCED's recurring capital requests: Community Block Grants, Community Assistance Grants, AEA Energy Projects, Renewable Energy projects, other on-going capital programs and a $2 million placeholder ($1 million in GF and $1 million in other funds) for other projects.

NEW INITIATIVES

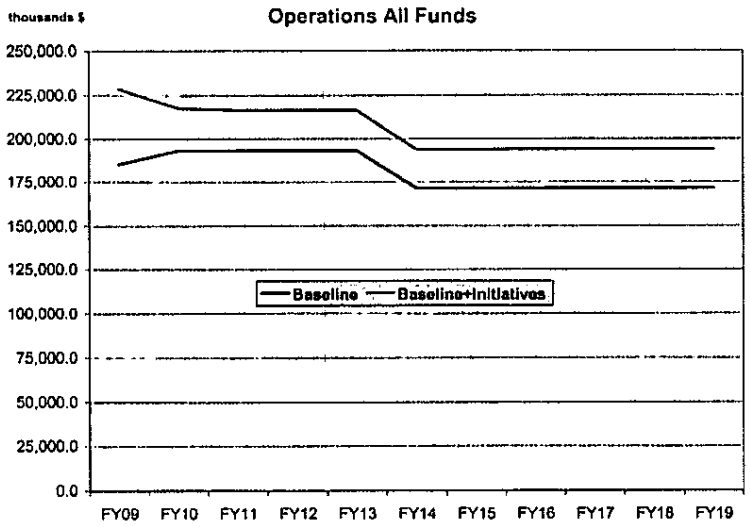
- Power Cost Equalization (PCE): FY10-FY19 funding assumes the FY09 $1 ceiling for the PCE program continues.
- Includes three FY10 Increments to support Energy Planning ($360.3 of GF and $541.0 Other funds)

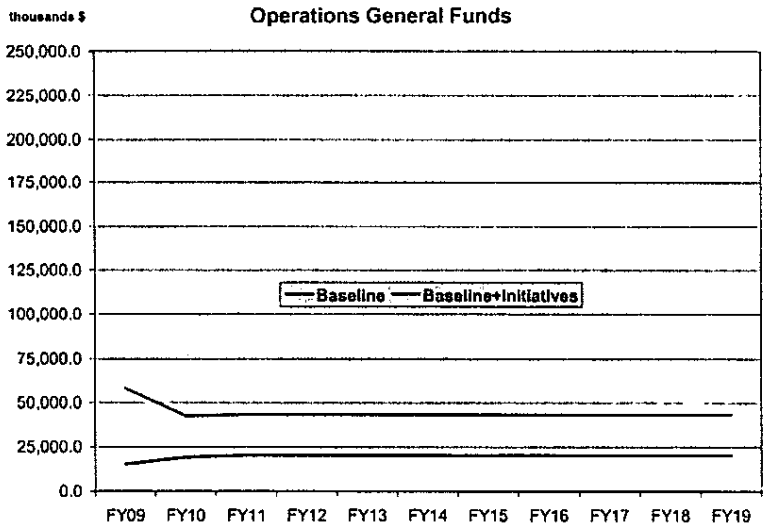
GASLINE RELATED BUDGET GROWTH: Commerce has no direct gas line appropriations. Due to the difficulty in quantifying impacts of the gas line on communities (hence on Commerce's budget) no gas line estimates were projected.

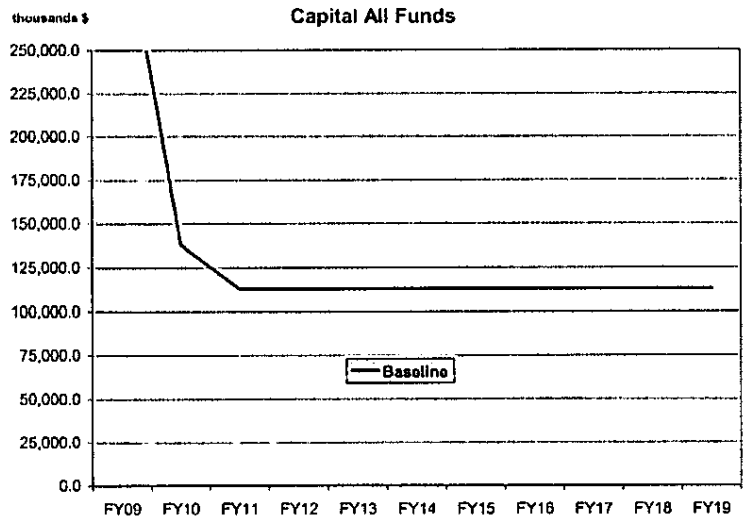
ITEMS EXCLUDED FROM DCCED'S LONG-RANGE FISCAL PLAN

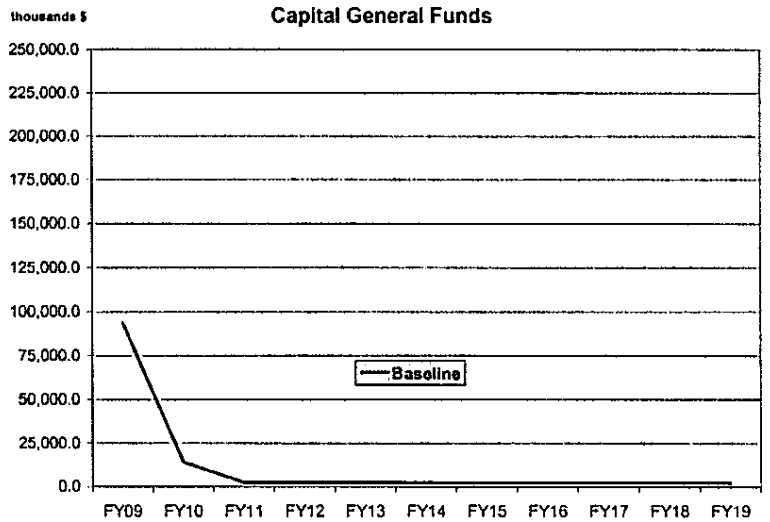
- Inflationary factors such as salary adjustments
- Funding that may be available in the Federal Economic Stimulus Package

Commerce, Community and Economic Development









Commerce, Community and Economic Development

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	518,730.2	331,624.8	306,069.8	306,069.8	306,069.8	283,769.8	283,769.8	283,769.8	283,769.8	283,769.8	283,769.8
General Fund	107,644.7	32,037.4	21,612.4	21,612.4	21,612.4	21,612.4	21,612.4	21,612.4	21,612.4	21,612.4	21,612.4
General Fund Match	869.2	1,310.7	880.7	880.7	880.7	880.7	880.7	880.7	880.7	880.7	880.7
Federal Funds	123,148.5	134,103.8	118,503.8	118,503.8	118,503.8	96,203.8	96,203.8	96,203.8	96,203.8	96,203.8	96,203.8
Other State Funds	287,067.8	164,172.9	165,072.9	165,072.9	165,072.9	165,072.9	165,072.9	165,072.9	165,072.9	165,072.9	165,072.9
Operations	185,430.1	193,313.4	193,313.4	193,313.4	193,313.4	171,013.4	171,013.4	171,013.4	171,013.4	171,013.4	171,013.4
General Fund	14,344.0	18,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0
General Fund Match	799.2	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7
Federal Funds	67,818.5	70,973.8	69,973.8	69,973.8	69,973.8	47,673.8	47,673.8	47,673.8	47,673.8	47,673.8	47,673.8
Other State Funds	102,468.4	103,072.9	103,072.9	103,072.9	103,072.9	103,072.9	103,072.9	103,072.9	103,072.9	103,072.9	103,072.9
Formula Programs	60,486.6	68,160.0	68,160.0	68,160.0	68,160.0	45,860.0	45,860.0	45,860.0	45,860.0	45,860.0	45,860.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	28,726.6	32,400.0	32,400.0	32,400.0	32,400.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0
Other State Funds	31,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0
Formula Detail											
Payment in Lieu of Taxes	6,426.6	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	6,426.6	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
National Forest Receipts	22,300.0	22,300.0	22,300.0	22,300.0	22,300.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	22,300.0	22,300.0	22,300.0	22,300.0	22,300.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fisheries Taxes	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0

Commerce, Community and Economic Development

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
AK Energy Authority/PCE	28,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	28,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0
Non-formula Programs	124,943.5	125,153.4	125,153.4	125,153.4	125,153.4	125,153.4	125,153.4	125,153.4	125,153.4	125,153.4	125,153.4
General Fund	14,344.0	18,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0
General Fund Match	799.2	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7
Federal Funds	39,091.9	38,573.8	37,573.8	37,573.8	37,573.8	37,573.8	37,573.8	37,573.8	37,573.8	37,573.8	37,573.8
Other State Funds	70,708.4	67,312.9	67,312.9	67,312.9	67,312.9	67,312.9	67,312.9	67,312.9	67,312.9	67,312.9	67,312.9
Capital	333,300.1	138,311.4	112,756.4	112,756.4	112,756.4	112,756.4	112,756.4	112,756.4	112,756.4	112,756.4	112,756.4
General Fund	93,300.7	13,581.4	2,156.4	2,156.4	2,156.4	2,156.4	2,156.4	2,156.4	2,156.4	2,156.4	2,156.4
General Fund Match	70.0	500.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0
Federal Funds	55,330.0	63,130.0	48,530.0	48,530.0	48,530.0	48,530.0	48,530.0	48,530.0	48,530.0	48,530.0	48,530.0
Other State Funds	184,599.4	61,100.0	62,000.0	62,000.0	62,000.0	62,000.0	62,000.0	62,000.0	62,000.0	62,000.0	62,000.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

FY2009 Capital for Department Only (no legislative add-ons) = $70,350.0; GF=$13,950.0, GFM=$70.0, FED=$55,330.0 and OTH=$1,000.0.

Assumptions:

- Governor's FY10 budget is accepted except for exclusion of AEA Energy increments (totaling $360.3 of GF)
- FY11: $1 million increase in GF to replace lost federal funds in the RUBA program
- National Forest Receipts Program: assumes FY09-FY13 expenditures at the $22.3 million level. FY14-FY19 assumes program is eliminated
- Payment in Lieu of Taxes program holds steady at $10.1 million for FY09-FY13, FY14-FY19 assumes program expenditures at $5.0 million.

Commerce, Community and Economic Development

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	43,110.0	23,901.3	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0
General Fund	43,000.0	23,360.3	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	110.0	541.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	43,110.0	23,901.3	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0
General Fund	43,000.0	23,360.3	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	110.0	541.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0
General Fund	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Detail											
Payment in Lieu of Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
National Forest Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fisheries Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AK Energy Authority/PCE	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0
General Fund	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	20,110.0	901.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	20,000.0	360.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	110.0	541.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for new initiatives (except gasline) appropriations estimates below:

FY09: Includes one-time PCE program adjustment of $23,000.0; one-time $20 million for AVEC fuel purchase loan; and $110.0 for CRA admin costs for Bulk Fuel Bridge Loan program

FY10 includes continuation funding for the PCE program adjustment and increments totaling $360.3 of GF for AEA Energy Planning

Commerce, Community and Economic Development

Baseline plus Initiatives

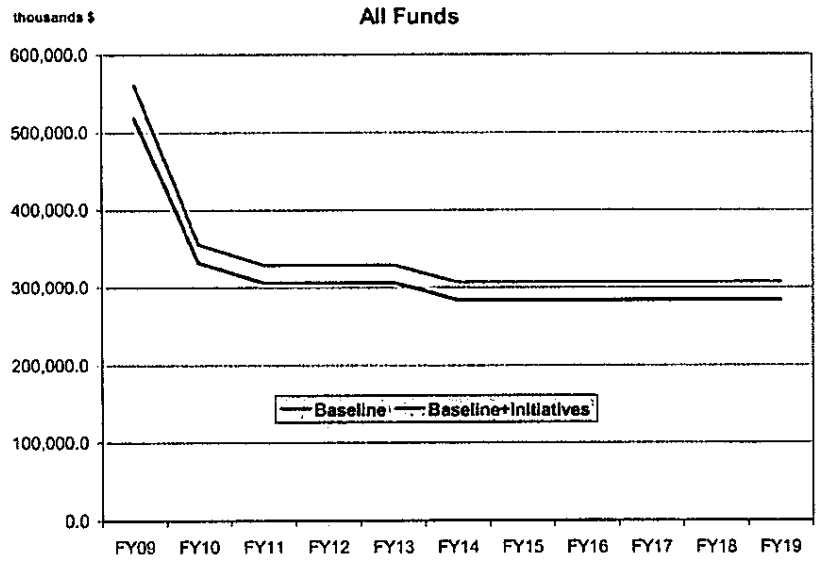
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	561,840.2	355,526.1	329,069.8	329,069.8	329,069.8	306,769.8	306,769.8	306,769.8	306,769.8	306,769.8	306,769.8
General Fund	150,644.7	55,397.7	44,612.4	44,612.4	44,612.4	44,612.4	44,612.4	44,612.4	44,612.4	44,612.4	44,612.4
General Fund Match	869.2	1,310.7	880.7	880.7	880.7	880.7	880.7	880.7	880.7	880.7	880.7
Federal Funds	123,148.5	134,103.8	118,503.8	118,503.8	118,503.8	96,203.8	96,203.8	96,203.8	96,203.8	96,203.8	96,203.8
Other State Funds	287,177.8	164,713.9	165,072.9	165,072.9	165,072.9	165,072.9	165,072.9	165,072.9	165,072.9	165,072.9	165,072.9
Operations	228,540.1	217,214.7	216,313.4	216,313.4	216,313.4	194,013.4	194,013.4	194,013.4	194,013.4	194,013.4	194,013.4
General Fund	57,344.0	41,816.3	42,456.0	42,456.0	42,456.0	42,456.0	42,456.0	42,456.0	42,456.0	42,456.0	42,456.0
General Fund Match	799.2	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7
Federal Funds	67,818.5	70,973.8	69,973.8	69,973.8	69,973.8	47,673.8	47,673.8	47,673.8	47,673.8	47,673.8	47,673.8
Other State Funds	102,578.4	103,613.9	103,072.9	103,072.9	103,072.9	103,072.9	103,072.9	103,072.9	103,072.9	103,072.9	103,072.9
Formula Programs	83,486.6	91,160.0	91,160.0	91,160.0	91,160.0	68,860.0	68,860.0	68,860.0	68,860.0	68,860.0	68,860.0
General Fund	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	28,726.6	32,400.0	32,400.0	32,400.0	32,400.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0
Other State Funds	31,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0	35,760.0
Formula Detail											
Payment in Lieu of Taxes	6,426.6	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	6,426.6	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0	10,100.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
National Forest Receipts	22,300.0	22,300.0	22,300.0	22,300.0	22,300.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	22,300.0	22,300.0	22,300.0	22,300.0	22,300.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fisheries Taxes	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0

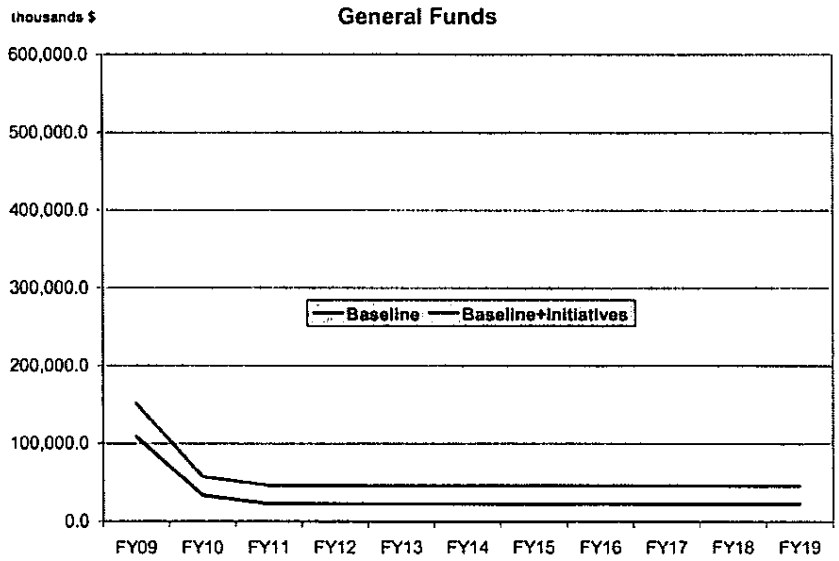
Commerce, Community and Economic Development

Baseline plus Initiatives

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
AK Energy Authority/PCE	51,160.0	55,160.0	55,160.0	55,160.0	55,160.0	55,160.0	55,160.0	55,160.0	55,160.0	55,160.0	55,160.0
General Fund	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0	23,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	28,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0	32,160.0
Non-formula Programs	145,053.5	126,054.7	125,153.4	125,153.4	125,153.4	125,153.4	125,153.4	125,153.4	125,153.4	125,153.4	125,153.4
General Fund	34,344.0	18,816.3	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0	19,456.0
General Fund Match	799.2	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7	810.7
Federal Funds	39,091.9	38,573.8	37,573.8	37,573.8	37,573.8	37,573.8	37,573.8	37,573.8	37,573.8	37,573.8	37,573.8
Other State Funds	70,818.4	67,853.9	67,312.9	67,312.9	67,312.9	67,312.9	67,312.9	67,312.9	67,312.9	67,312.9	67,312.9
Capital	333,300.1	138,311.4	112,756.4	112,756.4	112,756.4	112,756.4	112,756.4	112,756.4	112,756.4	112,756.4	112,756.4
General Fund	93,300.7	13,581.4	2,156.4	2,156.4	2,156.4	2,156.4	2,156.4	2,156.4	2,156.4	2,156.4	2,156.4
General Fund Match	70.0	500.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0
Federal Funds	55,330.0	63,130.0	48,530.0	48,530.0	48,530.0	48,530.0	48,530.0	48,530.0	48,530.0	48,530.0	48,530.0
Other State Funds	184,599.4	61,100.0	62,000.0	62,000.0	62,000.0	62,000.0	62,000.0	62,000.0	62,000.0	62,000.0	62,000.0

Commerce, Community and Economic Development

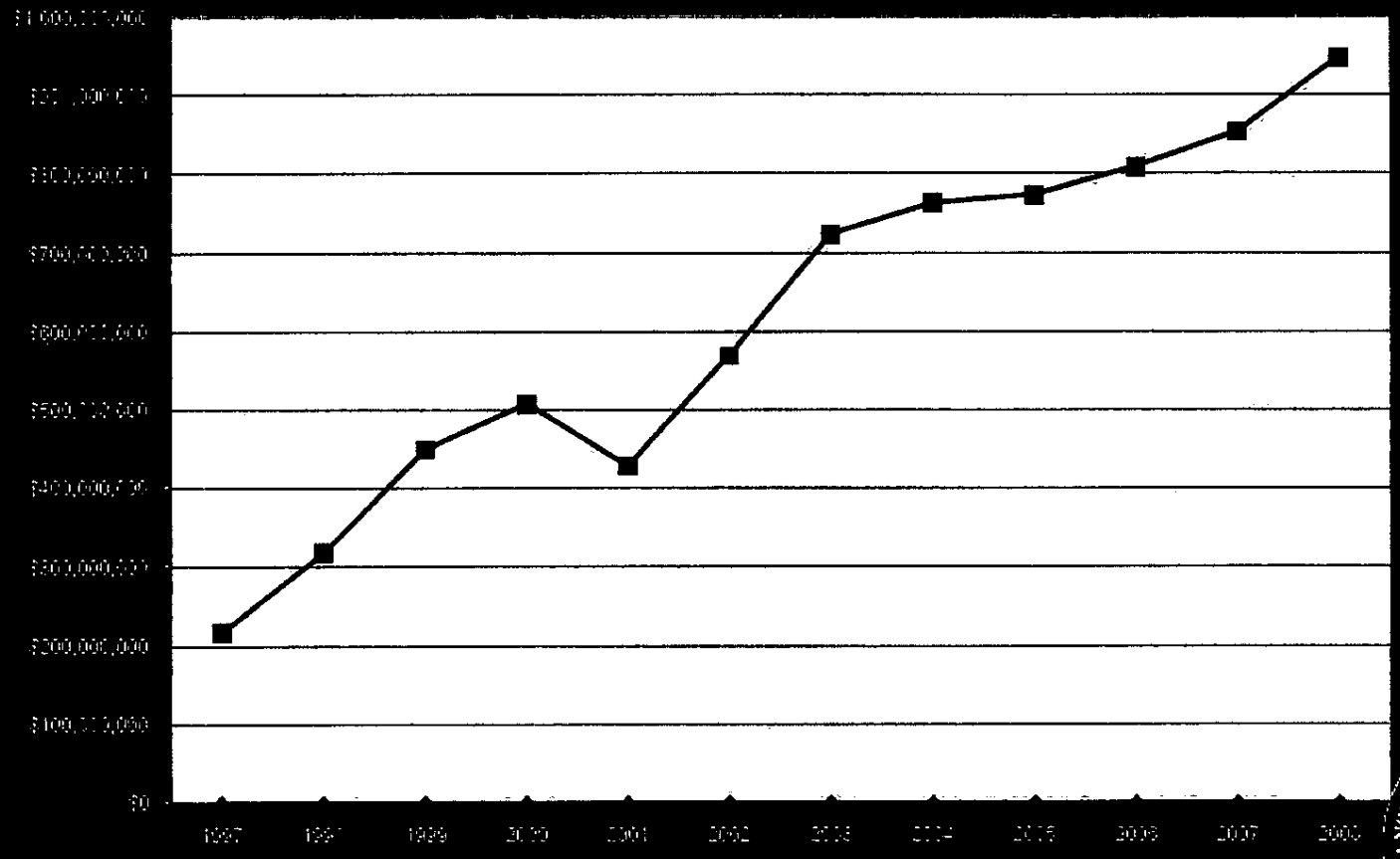




2.4.09

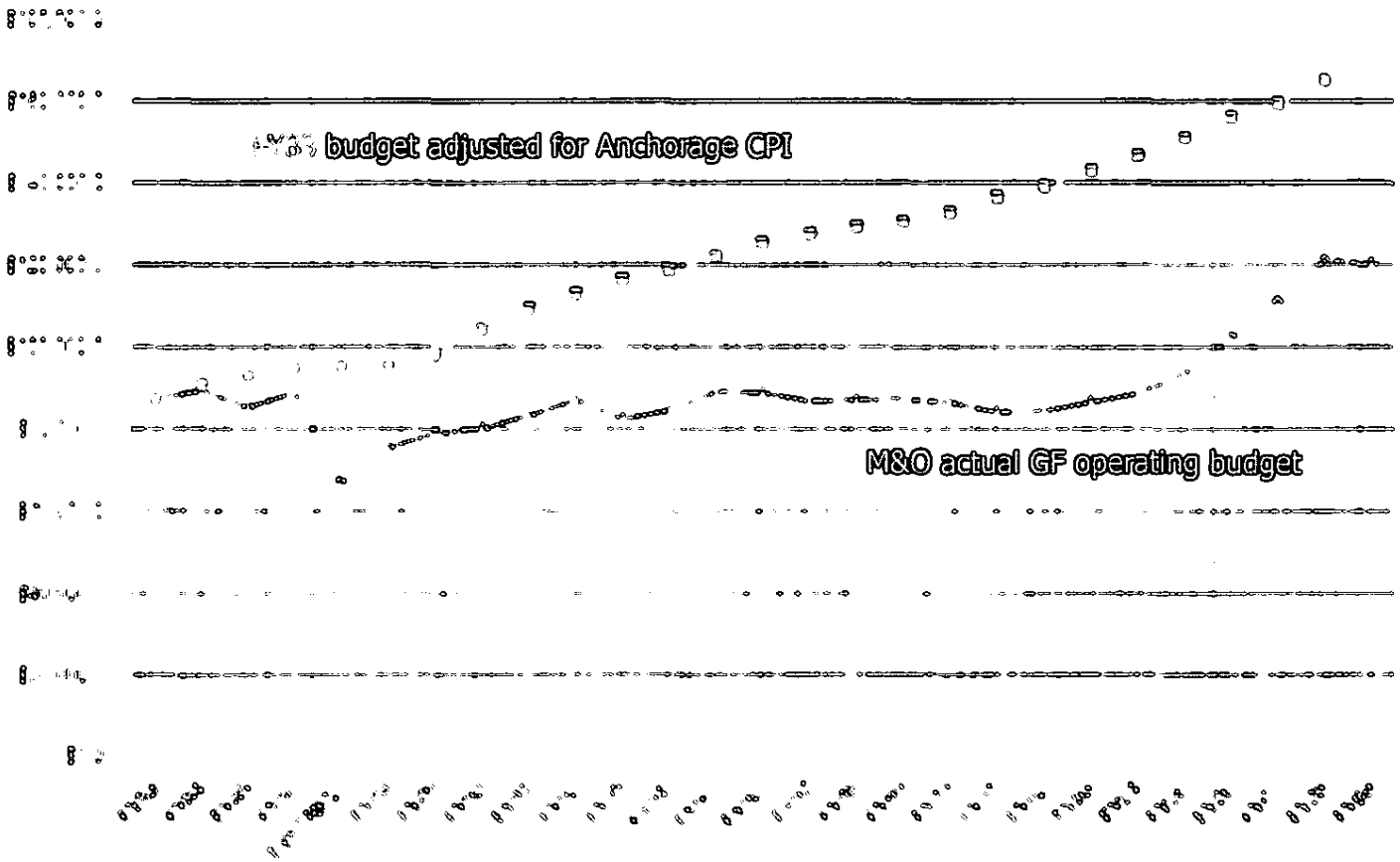
Historical Construction Expenditures

AMHS, Highways and Aviation



2.4.09

Maintenance and Operations General Fund Authorizations



2·4·09

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Wednesday, February 4, 2009
#hb81
#hb83
HB 81-APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 83-APPROP: MENTAL HEALTH BUDGET

Budget Overviews:

Department of Transportation and Public Facilities
Leo Van Scheben, Commissioner, Transportation and Public Facilities ask about acomplete
Nancy Slagle, Dir., Administrative Services, DOTPF
Questions:
Frank Richards, Dep. Com., Highways & Public Facilities, DOTPF

Commerce, Community and Economic Development
Emil Notti, Commissioner, DCCED
Amanda Ryder, Director, Division of Administrative Services, DCCED

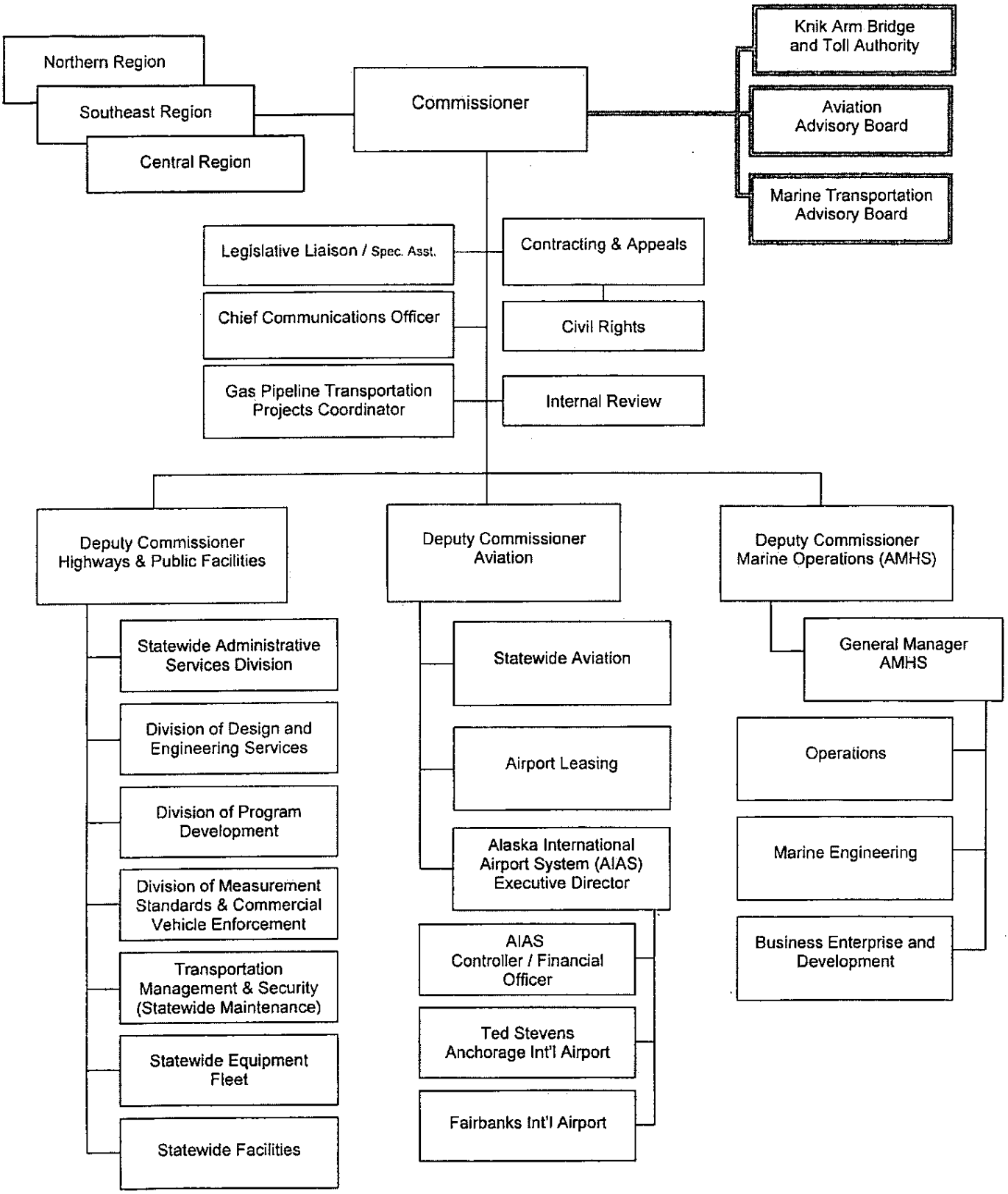
Jim Beedle deputy commissioner

328 mil
535 mile

2-4-09

Department of Transportation and Public Facilities

(December 2008)



Department of Transportation and Public Facilities
Select 2008 Accomplishments

- Transferred ownership of five docks and harbors to communities.
- Maintenance and Operations crews covered 1,563,794 linear feet of highways with surface crack seal treatment or re-leveling depressed roadway surfaces by "banding".
- Paved 33 lane miles of gravel roads.
- Repaved 213 lane miles of roads.
- Reconstructed 31 lane miles of roads
- Performed 529 bridge inspections.
- Completed 9,748 commercial vehicle inspections during FFY 08.
- Conducted airport pavement condition inspections on 1/3rd of all paved airports in the State.
- Between 2006 and 2008, fatal and major injury crashes dropped by 77% on the Seward Highway and 37% on the Parks Highway, Alaska's two designated safety corridors.
- Provided surface maintenance of either gravel or paved runways for 31 airports.
- Performed repairs on 34 bridges
- 17% reduction in square footage of structurally deficient bridges (2007-2008)
- Replaced 41 failing culverts - some over six feet in diameter.
- The Ted Stevens Anchorage International Airport, South Terminal Seismic and Security Retrofit Project, Concourse A was completed.
- In 2008 both AMHS passenger and vehicle ridership showed an increase in numbers from those of 2007.
- AMHS on-time departures were at 93% for 2008.

2.4.09

Department of Transportation and Public Facilities
Executive Summary of 10 Year Fiscal Plan

Baseline Budget

- Operating
  - Governor's request used as base for FY10
  - Used 2.75% inflation on non-personal services budget
  - Wages and benefit increases provided on a statewide basis
  - Fuel and utilities projections also provided on a statewide basis
- Capital
  - Identified regular, reoccurring capital programs (deferred maintenance, federal highway and aviation programs, match for federal projects, AMHS vessel overhaul, etc.)
  - Federal Surface Transportation Program kept at current level
  - Used 4% inflation for construction related projects/programs

Gas Line Initiatives – 4 competing projects, 2 large dia. and 2 small dia.

- Operating
  - Program management and right-of-way impacts during DOT&PF construction
- Capital
  - $2 billion infrastructure need to support the gas line
  - Timing is based on what can be accomplished in time for delivery of pipe

New Initiatives

- Operating
  - Continued additional services identified in the Governor's FY10 request (sidewalk clearing, Unified Carrier Registration program)
  - Identified additional needs in FY11 and beyond (equipment operator apprentice program, addition of new buildings and lane miles)
  - Reflect cost savings related to power management system added to AMHS vessels
- Capital
  - Projects were identified that are important to the safety of the traveling public and the continuing economy of the state – such as:
    - AMHS shuttles
    - Safety Corridors
    - Connect Anchorage and Highway to Highway programs
    - Rut repair
    - Salt Storage Buildings to meet EPA requirements
    - Rural airport lease lot improvements
    - Nome State Office Building
    - Various road, bridge and facility projects of high importance
  - Used 4% inflation for construction related projects/programs

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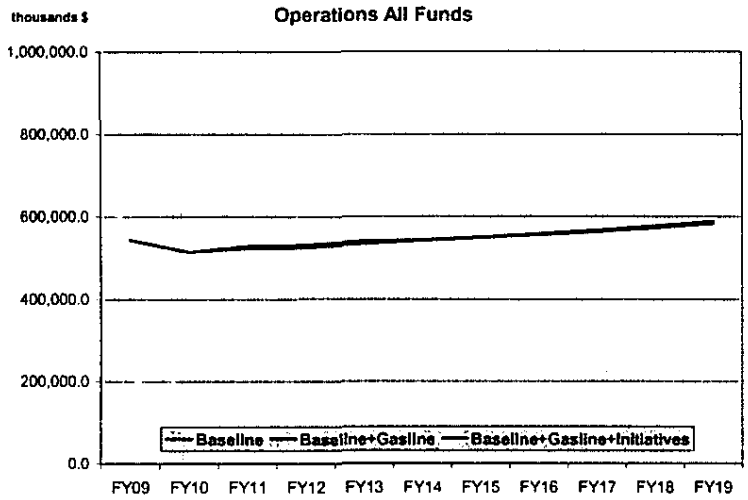
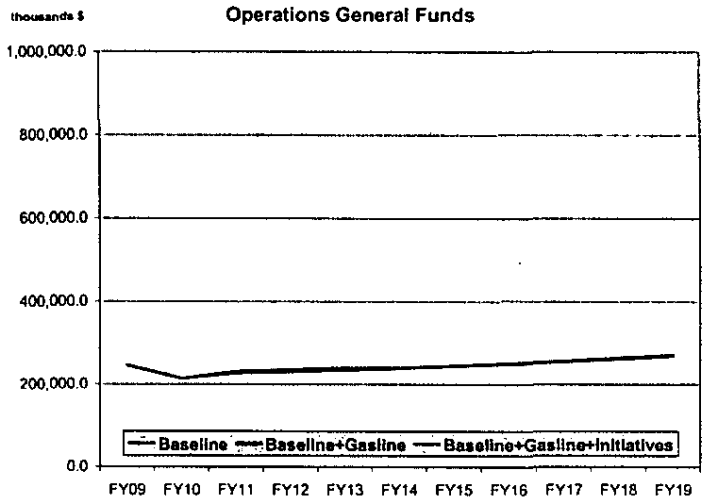
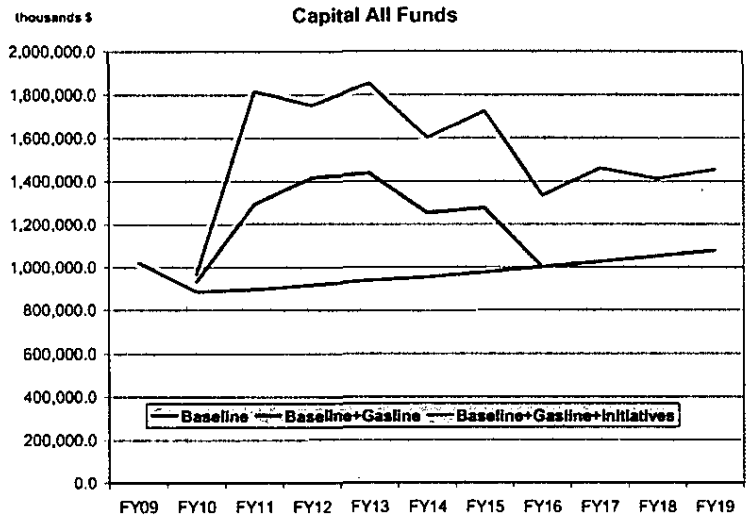
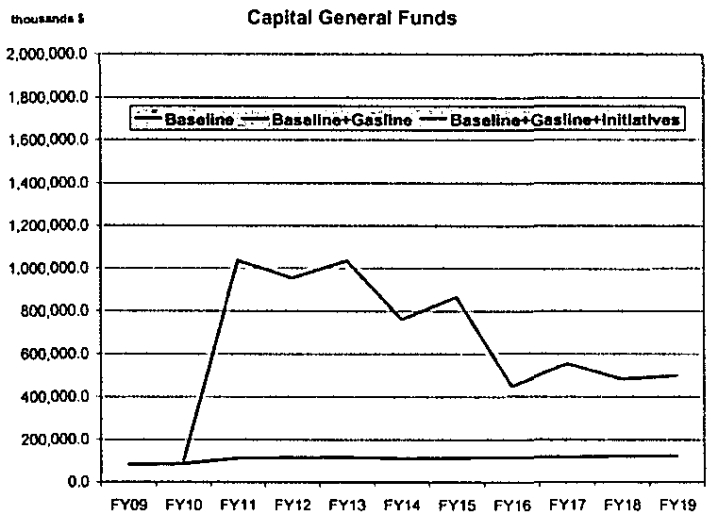
Transportation and Public Facilities









Transportation and Public Facilities

Baseline Budget Growth 1/

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	1,565,250.5	1,399,198.6	1,419,430.9	1,441,945.7	1,472,335.0	1,493,997.7	1,523,858.1	1,555,208.4	1,588,275.4	1,623,238.3	1,660,598.4
General Fund	303,860.1	248,327.6	286,686.7	292,304.9	297,199.1	296,340.9	302,755.1	309,680.9	317,249.1	325,659.6	335,210.8
General Fund Match	24,130.4	52,260.0	52,750.4	53,260.4	53,790.8	54,342.5	54,916.2	55,512.8	56,133.3	56,778.7	57,449.8
Federal Funds	540,695.8	728,243.5	709,357.2	724,801.8	740,863.6	757,567.1	774,937.4	793,003.1	811,789.9	831,327.3	851,645.6
Other State Funds	696,564.2	370,367.5	370,636.6	371,578.6	380,481.5	385,747.2	391,249.4	397,011.6	403,103.1	409,472.7	416,292.2
Operations	543,918.1	513,953.3	523,899.7	525,625.3	535,393.8	541,694.6	548,454.8	555,781.1	563,863.0	572,841.3	583,177.6
General Fund	245,472.9	214,337.7	226,914.7	230,742.0	234,773.7	239,102.3	243,786.9	248,914.0	254,611.5	261,076.5	268,604.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,130.7	4,157.0	4,237.7	4,293.5	4,351.0	4,410.0	4,470.0	4,533.0	4,597.0	4,662.7	4,730.4
Other State Funds	294,314.5	295,458.6	292,747.3	290,589.8	296,269.1	298,182.3	300,197.9	302,334.1	304,654.5	307,102.1	309,842.8
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	543,918.1	513,953.3	523,899.7	525,625.3	535,393.8	541,694.6	548,454.8	555,781.1	563,863.0	572,841.3	583,177.6
General Fund	245,472.9	214,337.7	226,914.7	230,742.0	234,773.7	239,102.3	243,786.9	248,914.0	254,611.5	261,076.5	268,604.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,130.7	4,157.0	4,237.7	4,293.5	4,351.0	4,410.0	4,470.0	4,533.0	4,597.0	4,662.7	4,730.4
Other State Funds	294,314.5	295,458.6	292,747.3	290,589.8	296,269.1	298,182.3	300,197.9	302,334.1	304,654.5	307,102.1	309,842.8
Capital	1,021,332.4	885,245.3	895,531.2	916,320.4	936,941.2	952,303.1	975,403.3	999,427.3	1,024,412.4	1,050,397.0	1,077,420.8
General Fund	58,387.2	33,989.9	59,772.0	61,562.9	62,425.4	57,238.6	58,968.2	60,766.9	62,637.6	64,583.1	66,606.4
General Fund Match	24,130.4	52,260.0	52,750.4	53,260.4	53,790.8	54,342.5	54,916.2	55,512.8	56,133.3	56,778.7	57,449.8
Federal Funds	536,565.1	724,086.5	705,119.5	720,508.3	736,512.6	753,157.1	770,467.4	788,470.1	807,192.9	826,664.6	846,915.2
Other State Funds	402,249.7	74,908.9	77,889.3	80,988.8	84,212.4	87,564.9	91,051.5	94,677.5	98,448.6	102,370.6	106,449.4

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.

Notes for FY09 Baseline Appropriations and department assumptions for FY10 and beyond

FY09 Includes Operating Budget General Fund carryforward amount for Environmental Protection Agency Enforcement Actions Sec. 28e, Ch 11 SLA 08 P105 L29 (SB256) and $33.0

Transportation and Public Facilities

Gasline Related Budget Growth

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	27,150.0	46,890.0	400,575.0	500,575.0	500,575.0	300,575.0	300,575.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	400,575.0	500,575.0	500,575.0	300,575.0	300,575.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	27,150.0	20,590.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	26,300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	0.0	575.0	575.0	575.0	575.0	575.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	575.0	575.0	575.0	575.0	575.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	575.0	575.0	575.0	575.0	575.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	575.0	575.0	575.0	575.0	575.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	27,150.0	46,890.0	400,000.0	500,000.0	500,000.0	300,000.0	300,000.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	400,000.0	500,000.0	500,000.0	300,000.0	300,000.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	27,150.0	20,590.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	26,300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Describe department assumptions for gasline appropriations estimates below:

Transportation and Public Facilities

Initiatives (Except Gasline)

(thousands $)

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	0.0	34,583.5	527,662.3	343,817.2	423,061.2	350,172.5	451,894.1	336,763.4	438,406.1	364,819.5	379,926.8
General Fund	0.0	17,903.0	526,532.3	342,676.8	421,910.3	349,010.7	450,721.1	335,578.9	437,209.8	363,611.0	378,705.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	16,680.5	1,130.0	1,140.4	1,150.9	1,161.8	1,173.0	1,184.5	1,196.3	1,208.5	1,220.9
Operations	0.0	0.0	5,191.8	5,442.1	5,863.0	1,488.7	1,948.2	2,932.0	3,242.4	4,229.0	4,690.9
General Fund	0.0	0.0	4,061.8	4,301.7	4,712.1	326.9	775.2	1,747.5	2,046.1	3,020.5	3,470.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	1,130.0	1,140.4	1,150.9	1,161.8	1,173.0	1,184.5	1,196.3	1,208.5	1,220.9
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	5,191.8	5,442.1	5,863.0	1,488.7	1,948.2	2,932.0	3,242.4	4,229.0	4,690.9
General Fund	0.0	0.0	4,061.8	4,301.7	4,712.1	326.9	775.2	1,747.5	2,046.1	3,020.5	3,470.0
General Fund Match	0.0	0.0	0.0								
Federal Funds	0.0	0.0									
Other State Funds	0.0	0.0	1,130.0	1,140.4	1,150.9	1,161.8	1,173.0	1,184.5	1,196.3	1,208.5	1,220.9
Capital	0.0	34,583.5	522,470.5	338,375.1	417,198.2	348,683.8	449,945.9	333,831.4	435,163.7	360,590.5	375,235.9
General Fund	0.0	17,903.0	522,470.5	338,375.1	417,198.2	348,683.8	449,945.9	333,831.4	435,163.7	360,590.5	375,235.9
General Fund Match	0.0	0.0									
Federal Funds	0.0	0.0									
Other State Funds	0.0	16,680.5									

Describe department assumptions for new initiatives (except gasline) appropriations estimates below:

FY10 Capital Budget "Other" funded projects are Cruise Ship Related Projects.

Transportation and Public Facilities

Baseline plus Gasline

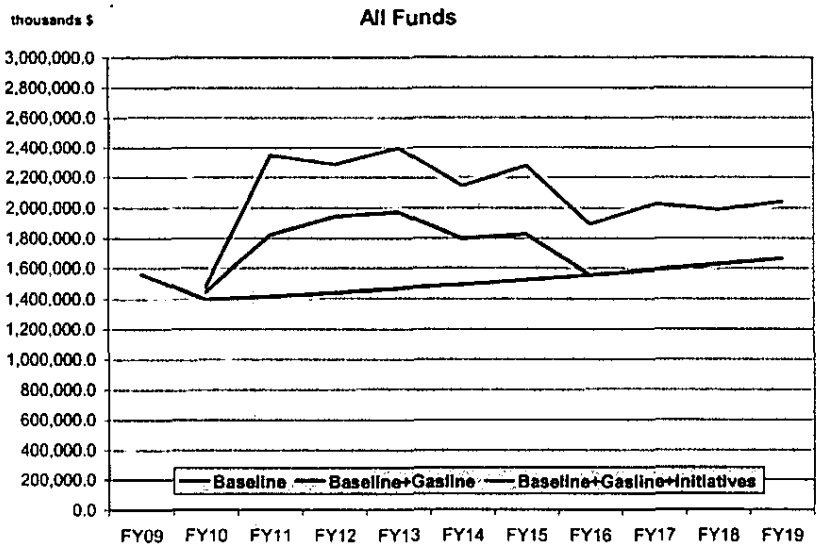
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	1,592,400.5	1,446,088.6	1,820,005.9	1,942,520.7	1,972,910.0	1,794,572.7	1,824,433.1	1,555,208.4	1,588,275.4	1,623,238.3	1,660,598.4
General Fund	303,860.1	248,327.6	687,261.7	792,879.9	797,774.1	596,915.9	603,330.1	309,680.9	317,249.1	325,659.6	335,210.8
General Fund Match	24,130.4	52,260.0	52,750.4	53,260.4	53,790.8	54,342.5	54,916.2	55,512.8	56,133.3	56,778.7	57,449.8
Federal Funds	567,845.8	748,833.5	709,357.2	724,801.8	740,863.6	757,567.1	774,937.4	793,003.1	811,789.9	831,327.3	851,645.6
Other State Funds	696,564.2	396,667.5	370,636.6	371,578.6	380,481.5	385,747.2	391,249.4	397,011.8	403,103.1	409,472.7	416,292.2
Operations	543,918.1	513,953.3	524,474.7	526,200.3	535,968.8	542,269.6	549,029.8	555,781.1	563,863.0	572,841.3	583,177.6
General Fund	245,472.9	214,337.7	227,489.7	231,317.0	235,348.7	239,677.3	244,361.9	248,914.0	254,611.5	261,076.5	268,604.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,130.7	4,157.0	4,237.7	4,293.5	4,351.0	4,410.0	4,470.0	4,533.0	4,597.0	4,662.7	4,730.4
Other State Funds	294,314.5	295,458.6	292,747.3	290,589.8	296,269.1	298,182.3	300,197.9	302,334.1	304,654.5	307,102.1	309,842.8
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	543,918.1	513,953.3	524,474.7	526,200.3	535,968.8	542,269.6	549,029.8	555,781.1	563,863.0	572,841.3	583,177.6
General Fund	245,472.9	214,337.7	227,489.7	231,317.0	235,348.7	239,677.3	244,361.9	248,914.0	254,611.5	261,076.5	268,604.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,130.7	4,157.0	4,237.7	4,293.5	4,351.0	4,410.0	4,470.0	4,533.0	4,597.0	4,662.7	4,730.4
Other State Funds	294,314.5	295,458.6	292,747.3	290,589.8	296,269.1	298,182.3	300,197.9	302,334.1	304,654.5	307,102.1	309,842.8
Capital	1,048,482.4	932,135.3	1,295,531.2	1,416,320.4	1,436,941.2	1,252,303.1	1,275,403.3	999,427.3	1,024,412.4	1,050,397.0	1,077,420.8
General Fund	58,387.2	33,989.9	459,772.0	561,562.9	562,425.4	357,238.6	358,968.2	60,766.9	62,637.6	64,583.1	66,606.4
General Fund Match	24,130.4	52,260.0	52,750.4	53,260.4	53,790.8	54,342.5	54,916.2	55,512.8	56,133.3	56,778.7	57,449.8
Federal Funds	563,715.1	744,676.5	705,119.5	720,508.3	736,512.6	753,157.1	770,467.4	788,470.1	807,192.9	826,664.6	846,915.2
Other State Funds	402,249.7	101,208.9	77,889.3	80,988.8	84,212.4	87,564.9	91,051.5	94,677.5	98,448.6	102,370.6	106,449.4

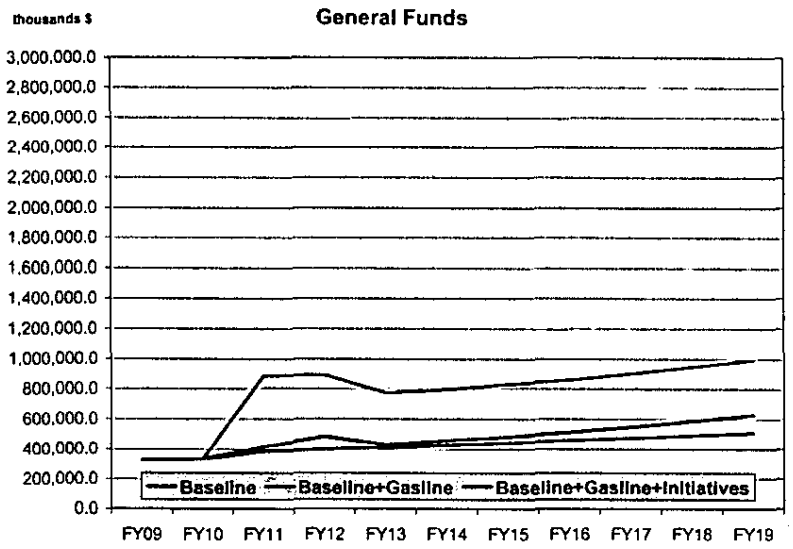
Transportation and Public Facilities

Baseline plus Gasline plus Initiatives

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Total Appropriations	1,592,400.5	1,480,672.1	2,347,668.2	2,286,337.9	2,395,971.2	2,144,745.2	2,276,327.2	1,891,971.8	2,026,681.5	1,988,057.8	2,040,525.2
General Fund	303,860.1	266,230.6	1,213,794.0	1,135,558.7	1,219,684.4	945,926.6	1,054,051.2	645,259.8	754,458.9	689,270.6	713,916.7
General Fund Match	24,130.4	52,260.0	52,750.4	53,260.4	53,790.8	54,342.5	54,916.2	55,512.8	56,133.3	56,778.7	57,449.8
Federal Funds	567,845.8	748,833.5	709,357.2	724,801.8	740,883.6	757,567.1	774,937.4	793,003.1	811,789.9	831,327.3	851,645.6
Other State Funds	696,564.2	413,348.0	371,766.6	372,719.0	381,632.4	386,909.0	392,422.4	398,196.1	404,299.4	410,681.2	417,513.1
Operations	543,918.1	513,953.3	529,666.5	531,642.4	541,831.8	543,758.3	550,978.0	558,713.1	567,105.4	577,070.3	587,868.5
General Fund	245,472.9	214,337.7	231,551.5	235,618.7	240,060.8	240,004.2	245,137.1	250,661.5	256,657.6	264,097.0	272,074.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,130.7	4,157.0	4,237.7	4,293.5	4,351.0	4,410.0	4,470.0	4,533.0	4,597.0	4,662.7	4,730.4
Other State Funds	294,314.5	295,458.6	293,877.3	291,730.2	297,420.0	299,344.1	301,370.9	303,518.6	305,850.8	308,310.6	311,063.7
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	543,918.1	513,953.3	529,666.5	531,642.4	541,831.8	543,758.3	550,978.0	558,713.1	567,105.4	577,070.3	587,868.5
General Fund	245,472.9	214,337.7	231,551.5	235,618.7	240,060.8	240,004.2	245,137.1	250,661.5	256,657.6	264,097.0	272,074.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	4,130.7	4,157.0	4,237.7	4,293.5	4,351.0	4,410.0	4,470.0	4,533.0	4,597.0	4,662.7	4,730.4
Other State Funds	294,314.5	295,458.6	293,877.3	291,730.2	297,420.0	299,344.1	301,370.9	303,518.6	305,850.8	308,310.6	311,063.7
Capital	1,048,482.4	966,718.8	1,818,001.7	1,754,695.5	1,854,139.4	1,600,986.9	1,725,349.2	1,333,258.7	1,459,576.1	1,410,987.5	1,452,656.7
General Fund	58,387.2	51,892.9	982,242.5	899,938.0	979,623.6	705,922.4	808,914.1	394,598.3	497,801.3	425,173.6	441,842.3
General Fund Match	24,130.4	52,260.0	52,750.4	53,260.4	53,790.8	54,342.5	54,916.2	55,512.8	56,133.3	56,778.7	57,449.8
Federal Funds	563,715.1	744,676.5	705,119.5	720,508.3	736,512.6	753,157.1	770,467.4	788,470.1	807,192.9	826,664.6	846,915.2
Other State Funds	402,249.7	117,889.4	77,889.3	80,988.8	84,212.4	87,564.9	91,051.5	94,677.5	98,448.6	102,370.6	106,449.4

Transportation and Public Facilities





Promoting a healthy economy and strong communities . . .

Department of Commerce, Community, and Economic Development

Department's Fiscal Year 2010 Operating Budget Overview

REV: January 23, 2009

Sarah Palin, Governor
Emil Notti, Commissioner

State of Alaska
Department of Commerce, Community, and
Economic Development

Department's Fiscal Year 2010 Budget Overview

Sarah Palin, Governor

Emil Notti, Commissioner

Office of the Commissioner

P.O. Box 110800

Juneau, Alaska 99811-0800

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The State of Alaska, Department of Commerce, Community, and Economic Development (Commerce), complies with Title II of the Americans with Disabilities Act of 1990. This publication is available in alternative communication formats upon request. Please contact Jennie Starkey at 907-269-4560 or Jennie.Starkey@alaska.gov to make necessary arrangements. Commerce's Telephonic Device for the Deaf (TDD) number is 907-465-4537.

Table of Contents

Department Budget Overview 1

Commissioner's Office 7

Division of Administrative Services 9

Serve Alaska 12

Division of Banking and Securities 16

Division of Community & Regional Affairs 20

Division of Corporations, Business, and Professional Licensing 23

Division of Insurance 26

Division of Investments 29

Office of Economic Development 33

Alaska Aerospace Development Corporation (AADC) 38

Alaska Industrial Development and Export Authority (AIDEA) 39

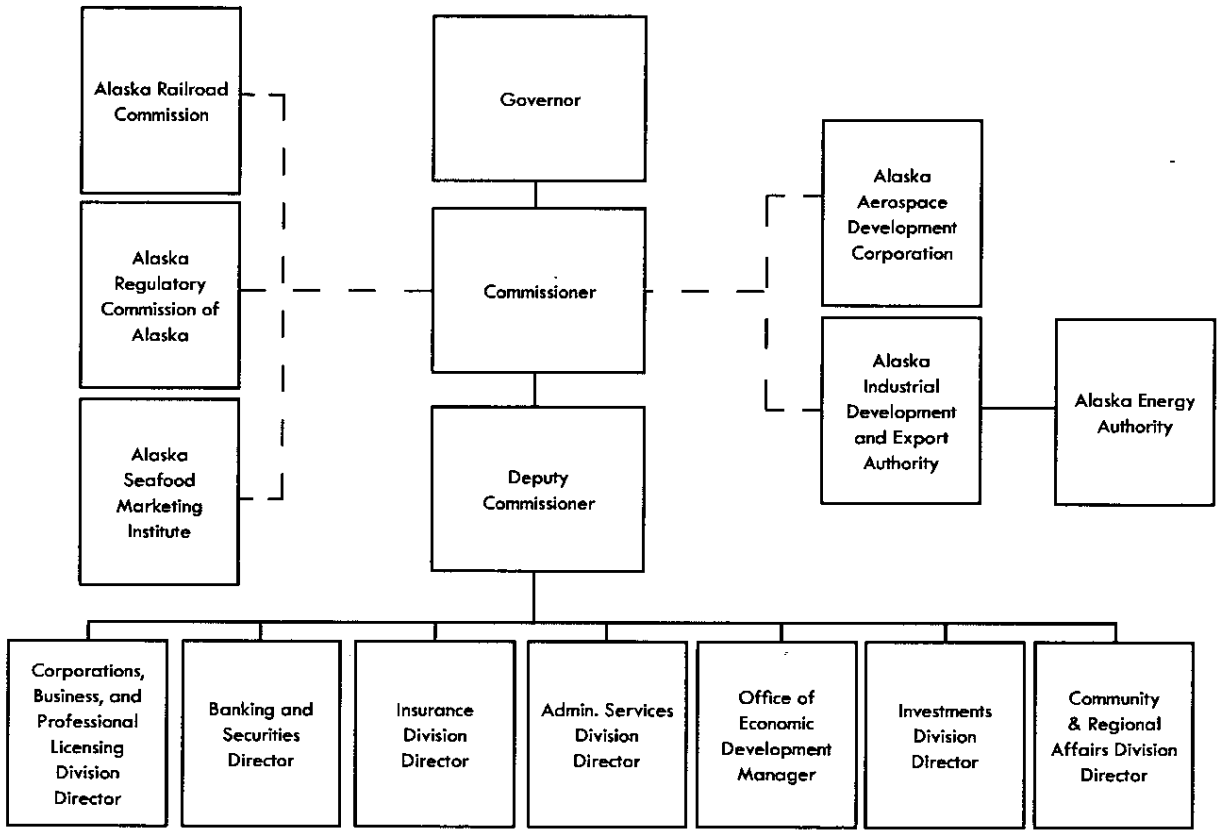
Alaska Energy Authority (AEA)/AIDEA 41

Alaska Railroad Commission 42

Alaska Regulatory Commission of Alaska (RCA) 42

Alaska Seafood Marketing Institute (ASMI) 43

Organization Chart



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sarah Palin, Governor
Emil Notti, Commissioner

January 20, 2009

Dear Legislators:

The following is a brief overview of the Department of Commerce, Community, and Economic Development's Divisions and activities. The overview will provide you with a glimpse of our division's activities, a brief synopsis of what each division does and what we have accomplished in the last year.

As part of this introduction we have provided a summary of the general operating budget, source of funds, and expenditures to try to give you a context for individual budget presentations by each division. This report describes in detail only the line or internal divisions. The independent corporations or authorities of the Department of Commerce, Community, and Economic Development are summarized at the end of this report. More detailed descriptions of their activities and budgets will are provided in the divisions narrative in this publication.

As Commissioner, my priority for this coming year is to address the sustainability of communities, especially in rural Alaska, and statewide economic development. One of the most important economic development issues in the State is the Energy issue. Another issue involves strategies for statewide economic development that can provide jobs and opportunities for communities.

Another initiative of the Department and Alaska Energy Authority is developing long term plans for energy independence, replacing rural community dependence on diesel fuels, establishing an economic development plan in conjunction with AIDEA, and providing jobs in chronic high unemployment regions of the state. We are providing for the future of the State on a variety of fronts.

The Department is moving forward. I am continuing to organize the Department to best accomplish our mission and to address the priorities we have set for accountability and better consumer protection.

I look forward to working with each of you to better serve your respective constituencies. Thank you for reviewing this report and please feel free to share your recommendations with me.

Sincerely,

Emil Notti

Emil Notti
Commissioner

550 W. 7th Avenue, Suite 1770, Anchorage, Alaska 99501-3510
Telephone: (907) 269-8100 Fax: (907) 269-8125 Text Telephone: (907) 465-5437
Website: http://www.commerce.state.ak.us/

Department Budget Overview

Emil Notti,
Commissioner

Our Mission:

Promoting a healthy economy and strong communities.

Contact:

Office of the Commissioner
P.O. Box 110800
Juneau, AK 99811-0800
Phone: 907-465-2505
Fax: 907-465-5442

The total FY 2010 operating budget request for the Department of Commerce, Community and Economic Development is $187,618,100. This includes a general fund reduction of 48.6% from the FY2009 Management Plan (a decrease of $18.5 million). This decrease is primarily due to the removal of $23 million of general funds used to pay for a one-year increase in the ceiling of Power Cost Equalization formula from 52.5 cents to $1/kWh.

General Fund Changes. To more accurately compare budgetary changes, when the $23 million one-time PCE funding is removed from comparisons, the Department's GF increases by $4.5 million. The requested increases can be broken into two groups: budgetary changes that *maintain* the current level of service or budgetary changes that *increase* the level of service. About $4.36 million is requested to *maintain* the current level of service as follows:

- $2 million of GF to replace business license revenue due to the annual reduction in fees from $100 to $50
- $1.9 million of GF in ASMI to replace lost federal and other revenue
- $255.5 of GF for contractual salary increases
- $210.3 of GF for the AEA Executive Director/Statewide Energy Coordinator

The only general fund budgetary change that *increases* the current level of service is $150,000 of general funds to the Alaska Energy Authority to support the implementation of alternative energy and other energy initiatives.

Non-General Fund Requests. The Power Cost Equalization request program is fully funded under the traditional statutory formula and $32.8 million is the estimated amount needed for this—down from $51.1 million in FY09.

The recently passed Economic Stimulus package increased federal funds for the Payment in Lieu of Taxes (PILT) program and the National Forest Receipts programs by more than 50%. A $3.7 million increment is requested for the PILT program and another $6.3 million is

requested for the National Forest Receipts. All of the funding for these programs is distributed to communities.

Capital Budget. Finally, the overwhelming majority of our $138,311,401 capital budget request is for projects that pass through the Department to our associated organizations, corporations, and communities. For example, $17.5 million ($3.5 million GF) is requested for the Alaska Aerospace Development Corporation's new launch pad and rocket motor storage facility; $31 million for Alaska Energy Authority projects ($21 million federal funds); Community Block Grants, match for Denali Commission rural transportation projects.

Significant Budget Changes

Divisions within the Department

Commissioners Office

Significant Budget Changes (in thousands):
1. Increase to reflect increases in core services: $171.0
2. Cost-of-living increases per union agreements: $7.8

Division of Administrative Services

Significant Budget Changes (in thousands):
1. Increase to reflect increases in core services: $8.2
2. Cost-of-living increases per union agreements: $76.9

Serve Alaska

Significant Budget Changes (in thousands):
1. Cost-of-living increases per union agreements: $4.9

Division of Banking and Securities

Significant Budget Changes (in thousands):
1. Increase to reflect increases in core services: $8.2
2. Cost-of-living increases per union agreements: $39.0
3. Implement mortgage licensee examinations every three years: $208.0

Division of Community & Regional Affairs

Significant Budget Changes (in thousands):
1. Cost-of-living increases per union agreements: $110.8
2. Replace $2 million of Business License revenue with GF due to reduction in cost of a business license
3. Remove excess expenditure authority: $340.6

Division of Corporations, Business, and Professional Licensing

Significant Budget Changes (in thousands):
1. Increase to reflect increases in core services: $26.4
2. Cost-of-living increases per union agreements: $98.9

Division of Insurance

Significant Budget Changes (in thousands):
1. Reflect funding for temporary positions working on an imaging capital project: $122.8
2. Cost-of-living increases per union agreements: $100.1

Division of Investments

Significant Budget Changes (in thousands):
1. Increase to reflect increases in core services: $13.6
2. Cost-of-living increases per union agreements: $77.2

Office of Economic Development

Significant Budget Changes (in thousands):
1. Reflect contract with DMV to provide services to Tok and surrounding communities: $40.6
2. Cost-of-living increases per union agreements: $25.2
3. Fund each Alaska Regional Development Organization at the FY 09 level: $57.7

Corporations, Agencies, and Contracts within the Department

- AEA Energy Projects: $31 million ($20 million federal and $11 million other)
- AEA-Denali Commission Match for rural Power System Upgrades: $10 million Other Funds
- Community Block Grants: $6.1 million ($70,000 GF and $6,030,000 federal)
- Manufacturing Extension Program: $806,401 GF
- Community Development and Assistance: $2.63 million ($430,000 GF, $600,000 federal, $1,600,000 other)
- Denali Commission Match for Rural Transportation: $5 million other funds
- NPR-A Impact Grant program: $22.5 million federal
- Electrical Emergencies Program: $250,000 general funds

Department Financial Summary

(In Thousands) By Expenditure Category	FY 2009 Management Plan	FY 2010 Governor's Proposed	Difference Between FY 09 & FY 10	% Change From FY 09 & FY 10
Personnel Service	47,492.5	49,042.4	1,549.9	3.3%
Travel	2,258.3	2,287.5	29.2	1.3%
Services	65,726.0	65,087.7	(638.3)	-1.0%
Commodities	3,470.5	3,508.2	37.7	1.1%
Capital Outlay	788.1	753.1	(35.0)	-4.4%
Grants, Benefits	75,908.1	66,939.2	(8,968.9)	-11.8%
Miscellaneous	-	-	-	0.0%
Total Expenditures	**195,643.5**	**187,618.1**	**(8,025.4)**	**-4.1%**

(In Thousands) By Components	FY 2009 Management Plan	FY 2010 Governor's Proposed	Difference Between FY 09 & FY 10	% Change From FY 09 & FY 10
Division Components				
Commissioner's Office	742.0	920.8	178.8	24.1%
Administrative Services	4,348.8	4,433.9	85.1	2.0%
Serve Alaska	-	3,289.7	3,289.7	100.0%
ASCSC	3,284.8	-	-3284.8	-100.0%
Banking & Securities	3,040.4	3,287.4	247.0	8.1%
CDQ Program	57.5	57.6	0.1	0.2%
DCRA	9,903.2	9,703.4	-199.8	-2.0%
Corp, Bus. & Prof Licensing	8,872.5	10,945.3	2,072.8	23.4%
Office of Con. Affairs & Investigation	1,917.2	-	-1917.2	-100.0%
Insurance	6,383.3	6,606.2	222.9	3.5%
Investments	4,487.5	4,578.3	90.8	2.0%
OED	2,962.0	3,085.5	123.5	4.2%
DCCED Facilities	1,052.7	1,345.2	292.5	27.8%
Total Division Component Expenditures	**47051.9**	**48,253.3**	**1,201.4**	**2.6%**
Corporation/Agency/Other				
Revenue Sharing	19,430.0	29,403.4	9,973.4	51.3%
Qualified Trade Association	9,000.0	9,000.0	-	0.0%
QTA Independent Traveler Grants	-	-	-	0.0%
Alaska Seafood Marketing Inst.	18,627.9	17,667.4	-960.5	-5.2%
Regulatory Commission of Alaska	8,371.3	8,074.3	-297.0	-3.5%
Alaska Aerospace Dev. Corp.	28,524.6	28,561.0	36.4	0.1%
Alaska Industrial Dev. & Export Auth.	8,243.4	8,866.4	623.0	7.6%
Alaska Energy Authority	56,394.4	37,792.3	-18602.1	-33.0%
Total Corp./Agency/Other Expenditures	**148591.6**	**139,364.8**	**2,326.9**	**1.6%**

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor's Proposed	Difference Between FY 09 & FY 10	% Change From FY 09 & FY 10
Federal Receipts	54,921.9	64,377.2	9,455.3	17.2%
General Fund Match	799.2	810.7	11.5	1.4%
General Fund	32,813.3	14,265.9	-18,547.4	-56.5%
General Fund Program	18.7	18.7	-	0.0%
Inter-Agency Receipts	13,080.5	13,685.8	605.3	4.6%
Commercial Fish Loan Fund	3,704.2	3,784.5	80.3	2.2%
Surety Fund	278.1	280.0	1.9	0.7%
CIP Receipts	4,330.9	4,461.6	130.7	3.0%
Power Project	1,056.5	1,056.5	-	0.0%
Fisheries Enh. Rev. Loan Fund	557.6	564.1	6.5	1.2%
Bulk Fuel Rev. Loan Fund	53.7	53.7	-	0.0%
Power Cost Equalization	28,160.0	32,160.0	4,000.0	14.2%
Alaska Aerospace Dev. Corp.	452.4	521.4	69.0	15.3%
AIDEA Receipts	5134	5,443.6	309.6	6.0%
Alaska Energy Authority	1,067.1	1,067.1	-	0.0%
Statutory Designated Receipts	1,474.6	474.8	-999.8	-67.8%
RCA Receipts	8,371.3	8,074.3	-297.0	-3.5%
Receipt Supported Services	28,001.0	27,100.6	-900.4	-3.2%
Rural Development Initiative Fund	51.8	52.5	0.7	1.4%
Small Bus. Econ. Dev. Rev. Loan	50.0	50.7	0.7	1.4%
Bus. & Corp. Receipts	6,262.4	4,306.6	-1,955.8	-31.2%
Special Vehicle Reg. Receipts	135.8	135.8	-	0.0%
Vehicle Rental Tax Receipts	4,530.7	4,531.7	1.0	0.0%
Fuel Bridge Loan Fund	218.0	218.0	-	0.0%
Capstone Avionics	119.8	122.3	2.5	2.1%
Funding Totals	**195,643.5**	**187,618.1**	**-8,025.4**	**-4.1%**

Total Permanent Positions

By Staff Category	FY 2009 Management Plan	FY 2010 Governor's Proposed	Difference Between FY 09 & FY 10	% Change From FY 09 & FY 10
Permanent Full-time	523	525	2	0.38%
Permanent Part-time	2	2	0	0%
Total Permanent Staff	**525**	**527**	**2**	**0.38%**

By Component Permanent (Full & Part)	FY 2009 Management Plan	FY 2010 Governor's Proposed	Difference Between FY 09 & FY 10	% Change From FY 09 & FY 10
Division Components				
Commissioner's Office	6	6	-	0.0%
Administrative Services	46	46	-	0.0%
Serve Alaska	-	3	3	100%
ASCSC	3	-	-3	-100%
Banking & Securities	20	22	2	10%
CDQ Program	-	-	-	0.0%
DCRA	59	59	-	0.0%
Corp, Bus. & Prof Licensing	64	82	18	28.1%
Office of Con. Affairs and Invest.	18	0	-18	-100.0%
Insurance	53	53	-	0.0%
Investments	44	44	-	0.0%
OED	15	15	-	0.0%
Total Division Component Staff	**328**	**330**	**2**	**0.6%**
Corporations/Agency/Other				
Alaska Seafood Marketing Inst.	19	19	0	0.0%
Regulatory Commission of Alaska	57	57	0	0.0%
Alaska Aerospace Dev. Corp.	53	52	-1	-1.9%
Alaska Industrial Dev. & Export Auth	68	69	1	1.5%
Total Corp./Agency/Other Staff	**197**	**197**	**0**	**0.0%**
Total Permanent Staff	**525**	**527**	**2**	**0.4%**

6

Commissioner's Office

Overview

Emil Notti,
Commissioner

Our Mission:

Promoting a healthy economy and strong communities.

The Department continues to make the organizational changes needed and necessary to carrying out our mission. We have made personnel changes in the Director's level of several Divisions and our Legislative Liaison position has a new face. I believe that our new Directors and Legislative Liaison are very capable and will serve the Department and the people of Alaska in an outstanding manner.

The Commissioner's Office has one Deputy Commissioner position filled and another authorized but with no funding. In these difficult economic times that has probably been unavoidable. Even though the mission of this Department is extremely diverse and demanding, our ability to manage the responsibilities of being not only the representative of commerce as well as community issues of the State has made me proud.

The Department is certainly in the middle of many exciting initiatives and activities. Whether it is our involvement in developing a strategy for alternative energy under the leadership of our Alaska Energy Authority, the participation of the Department in development of Climate Change Policies, the involvement of our staff in the creation of a Statewide Economic Development Strategy through the Alaska Industrial Development Authority, ensuring the health and credibility of our financial institutions, the protection of our residents from fraudulent schemes, or the safeguarding of the welfare of our rural communities in very difficult economic times, our Department and our staff are dedicated and capable.

Certainly the State finds itself, as does most of the world, in times of uncertainty and stress. However, the opportunities for Alaska certainly outshine most other states and some countries. But these are only opportunities and opportunities missed are doubly vexing. The Department must continue to provide essential services to the State of Alaska's residents if we are as a state to benefit from our unique geography, resources and people. I am committed to ensuring that each unit of this Department is fulfilling its mission in a way that lives up to the promises given upon the creation of this organization fifty years ago.

Contact:

Office of the Commissioner
P.O. Box 110800
Juneau, AK 99811-0800
Phone: 907-465-2505
Fax: 907-465-5442

Commissioner's Office Financial Summary

(in Thousands) By Expenditure Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY09 & FY10	% Change From FY09 to FY10
Personnel Service	611.1	789.9	178.8	29.3%
Travel	58.2	58.2	-	0.0%
Services	65.5	65.5	-	0.0%
Commodities	7.2	7.2	-	0.0%
Capital Outlay	-	-	-	0.0%
Grants, Benefits	-	-	-	0.0%
Miscellaneous	-	-	-	0.0%
Total Expenditures	**742.0**	**920.8**	**178.8**	**24.1%**

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY09 & FY10	% Change From FY09 to FY10
General Fund Receipts	99.1	100.1	1.0	1.0%
Inter-Agency Receipts	642.9	820.7	177.8	27.7%
Funding Totals	**742.0**	**920.8**	**178.8**	**24.1%**

8

Significant Budget Changes (in thousands)

1. Increase to reflect increases in core services: 171.0
2. Cost-of-living increases per union agreements: $7.8

By Staff Category	FY 2009 Management Plan	FY 2010 Governor	
Permanent Full-time	6	6	**No Change**
Permanent Part-time	-	-	
Nonpermanent	-	-	
Total Staff	**6**	**6**	

Division of Administrative Services

Amanda Ryder,
Director

Our Mission:

To provide management services and centralized administrative support to the divisions and agencies in the department.

Contact:

Division of Administrative Services
P.O. Box 110803
Juneau, AK 99811-0803
Phone: 907-465-2505
Fax: 907-465-2563

The Division of Administrative Services provides management assistance to the Commissioner and professional support services for the Department's divisions and agencies. Centralized administrative support includes operating/ capital budgeting, financial management, procurement, property control, personnel actions and recruitment, and information technology.

The Finance Management Section reconciles grants and cooperative agreements with expenditures, prepares reimbursement requests, records receivables, and federal reports. The Department is substantially funded by sources other than State general funds. Most of the revenue received in the Department are revenues generated by the Department as well as federal receipts. The Division also develops the Department's cost allocation plan, calculates indirect costs and negotiates approval with the Federal Division of Cost Allocation. The Division prepares audit responses to audit recommendations and findings from OMB internal auditors, federal auditors and special audits conducted by state legislative auditors.

The Budget section provides departmental policy, procedures, processing, training and controls relating to the operating/ capital budget and ensuring compliance with state laws and regulations.

The Procurement Section provides services for all procurements over $25,000, professional service contracts, and alternate and exempt procurements. Procurement within DCCED is conducted in accordance with applicable laws and regulations.

The Information Technology (IT) Section focuses on providing coordination of computer services and programming activities to the entire department. At any one time, the IT section has between 20 and 25 active projects in various stages of implementation. The IT section chief acts as the Department liaison to the Department of Administration

Enterprise Technology Services. Key services include desktop deployment and support, custom systems programming and maintenance, website development and maintenance and providing all aspects of the computing infrastructure that the Department requires in fulfilling its mission.

Accomplishments in FY08

Supply and Inventory. Programs were implemented to improve purchasing and property management systems allowing a smoother yearly inventory process as well as better tracking and documentation of the department's property.

CBP Portal. A custom portal was developed for the Division of Corporations, Business and Professional Licensing to integrate the division's applications into one location for ease of use.

Business Licensing. Developed a completely new .Net application to track and issue business licenses for the Division of Corporations, Business and Professional Licensing.

Tax Assessor Reporting. Implemented a new system to provide enhanced reporting capabilities to the state tax assessor's office.

Oracle Strong Passwords. Implemented new rules for password creation, retention and expiration for the Department's oracle users to provide for better security.

Division of Administrative Services Financial Summary

(in Thousands) By Expenditure Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Personnel Service	3,871.9	3,948.8	76.9	2.00%
Travel	47.5	47.5	-	0.0%
Services	342.2	350.4	8.2	2.4%
Commodities	61.1	61.1	-	0.0%
Capital Outlay	26.1	26.1	-	0.0%
Grants, Benefits	-	-	-	0.0%
Miscellaneous	-	-	-	0.0%
Total Expenditures	**4,348.8**	**4,433.9**	**85.1**	**2.0%**

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
General Fund Receipts	1,233.7	1,258.5	24.8	2.00%
Inter-Agency Receipts	3,115.10	3,175.40	60.30	1.9%
Funding Totals	**4,348.8**	**4,433.9**	**85.1**	**2.0%**

Significant Budget Changes (in thousands):

1. Increase to reflect increases in core services: $8.2
2. Cost-of-living increases per union agreements: $76.9

By Staff Category	FY 2009 Management Plan	FY 2010 Governor
Permanent Full-time	46	46
Permanent Part-time	-	-
Nonpermanent	1	1
Total Staff	**47**	**47**

No Change

Serve Alaska

Nita Madsen,
Director

12

Our Mission:

To foster, support and promote the ethic of service and volunteerism for all Alaskans

Contact:

Alaska State Community
Service Commission
550 W. Seventh Ave.
Suite 1770
Anchorage, AK 99501
Phone: 907-269-4659
Fax: 907-269-5666

The Alaska State Community Service commission (ASCSC) was created in 1994 by Governor Walter J. Hickel to establish the state's eligibility to receive AmeriCorps funding. In November 2008 Administrative Order 245 was issued to change the name to ***Serve Alaska.*** The State commission is comprised of a 15-25 member Governor appointed nonpartisan board. The composition of the Commission is legally constrained to ensure non-partisanship and political neutrality. The National and Community Service Trust Act and administrative regulations issued in conjunction with it, specify requirements for balance in the Commission.

Based on population and funding availability, the Commission recommends formula and competitive applications to the Corporation for National and Community Service. Applications are selected based on their ability to address unmet community needs in education, public safety, disability inclusion, homeland security, faith-based and community initiative, environment or other human needs.

Our Goals

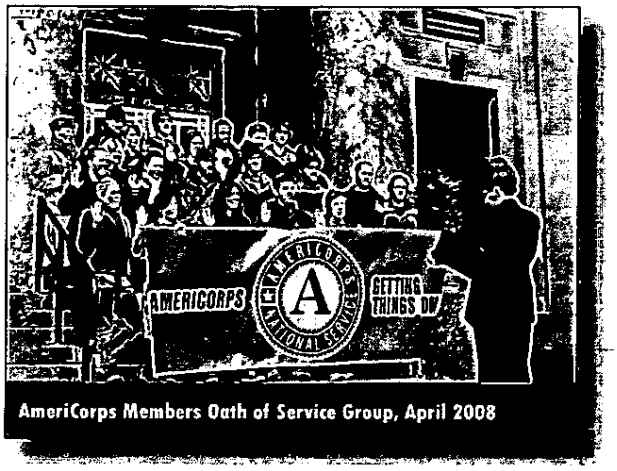
To more effectively serve the populace of our state, Serve Alaska will place a priority on programs that address statewide needs. Programmatic focus areas shall include the following:

- Developing Young Alaskans: projects could include but are not limited to: life skills development, job readiness or education.
- Meeting the Needs of Rural Alaska: projects could include but are not limited to: health, environment, and youth development.
- Meeting Alaska's Social Needs: projects could include but are not limited to: prisoner reentry, domestic violence, and drug and alcohol dependency. **Serve Alaska**, the State Service Commission's Core Service is

Vibrant and caring communities strengthen and sustained through service and volunteerism

In Alaska last program year:

- **AmeriCorps members** served 275,400 hours in meeting critical community needs in education public safety, health and the environment (Based on $17.50 as an hourly wage this would equate to $4,181,950. AmeriCorps members can not replace an employee);
- **AmeriCorps members** providing tutoring & mentoring services resulted in 373 individuals receiving their GED;
- **AmeriCorps members** assisted 476 ex-offenders with service for re-entry, 32 of the ex-offenders received full-time employment as a result of the services provided;
- **AmeriCorps members** coordinated backhaul and recycling for 20 rural communities resulting in 1,113,402 pounds of solid waste removal;



AmeriCorps Members Oath of Service Group, April 2008

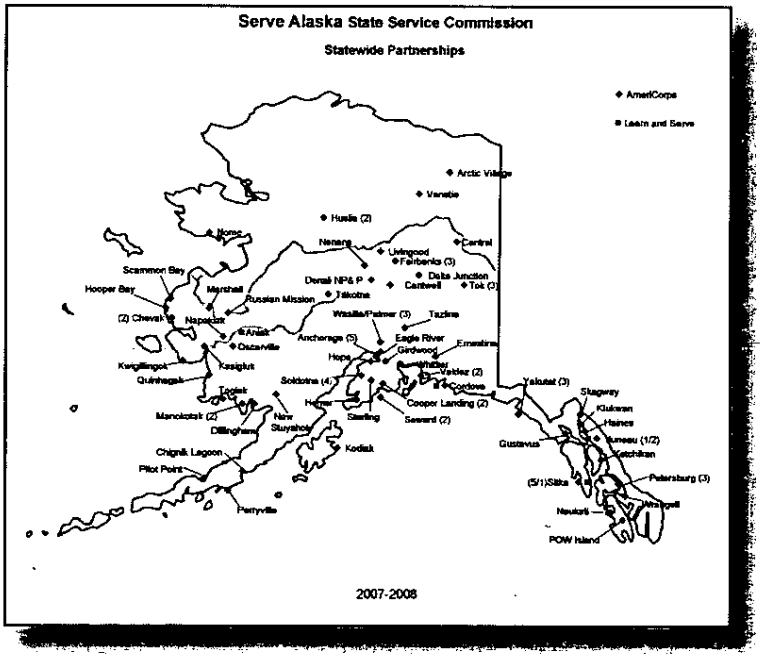
- **AmeriCorps members** recruited and engaged 6,669 volunteers in a wide variety of activities related to education, public safety, health and the environment.

In **Alaska** between March 1, 1994 and March 1, 2008

- There have been 2,558 AmeriCorps members enrolled, serving 3,221,148 hours of service and earned $6,049,584 of the Segal AmeriCorps Education Awards (scholarships).
- Between March 1, 1995 and March 1, 2008 $2,541,428, of the Segal Education Awards have been used to attend the Alaska Title IV Universities and Vocational Training Institutes.

The state **must** have a state commission in order to access the AmeriCorps funding

375 students have participated in the **Learn and Service America** programs in the state. The primary difference in service learning and community service projects is **Service Learning** must connect the service to the curriculum.



Serve Alaska Financial Summary

(in Thousands) By Expenditure Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Personnel Service	-	260.0	260.0	100.0%
Travel	-	57.3	57.3	100.0%
Services	-	155.0	155.0	100.0%
Commodities	-	12.1	12.1	100.0%
Capital Outlay	-	8.0	8.0	100.0%
Grants, Benefits	-	2,797.3	2,797.3	100.0%
Miscellaneous	-	-	-	100.0%
Total Expenditures	**-**	**3,289.7**	**3,289.7**	**100.0%**

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Federal Receipts	-	3,072.9	3,072.9	100.0%
General Fund Match	-	86.0	86.0	100.0%
General Fund Receipts	-	26.1	26.1	100.0%
Statutory Designated Receipts	-	104.7	104.7	100.0%
Funding Totals	**-**	**3,289.7**	**3,289.7**	**100.0%**

14

Significant Budget Changes (in thousands):

1. Cost-of-living increases per union agreements: $4.9

By Staff Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Permanent Full-time	-	3	3	100%
Permanent Part-time	-	-	-	-
Nonpermanent	-	-	-	0.0%
Total Staff	**-**	**3**	**3**	

ASCSC Financial Summary

(in Thousands) By Expenditure Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Personnel Service	242.6	-	-242.6	-100.0%
Travel	57.3	-	-57.3	-100.0%
Services	167.5	-	-167.5	-100.0%
Commodities	12.1	-	-12.1	-100.0%
Capital Outlay	8.0	-	-8	-100.0%
Grants, Benefits	2,797.3	-	-2,797.3	-100.0%
Miscellaneous	-	-	0	-100.0%
Total Expenditures	**3,284.8**	**-**	**-3,284.8**	**-100.0%**

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Federal Receipts	3,069.7	-	-3,069.7	100.0%
General Fund Match	84.5	-	-84.5	100.0%
General Fund Receipts	26.1	-	-26.1	100.0%
Statutory Designated Receipts	104.5	-	-104.5	100.0%
Funding Totals	**3,284.8**	**-**	**-3,284.8**	**100.0%**

By Staff Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Permanent Full-time	3	-	-3	-100%
Permanent Part-time	-	-	-	-
Nonpermanent	-	-	-	0.0%
Total Staff	**3**	**-**	**-3**	**-100.0%**

Division of Banking and Securities

Lorie L. Hovanec,
Director

Our Mission:

Protect consumers of financial services and maintain a safe and sound state financial system.

Contact:

Division of Banking and Securities
P.O. Box 110807
Juneau, AK 99811-0807
Phone: 907-465-2521
Fax: 907-465-2549

Banking Section

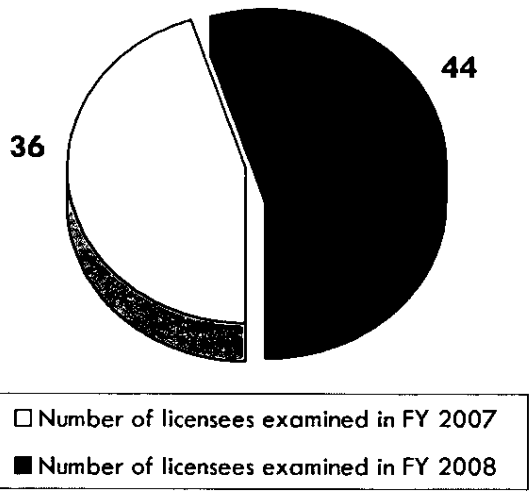
Seventy-one financial institution offices are subject to regulation by the Division, including banks, credit unions, trust companies, small loan companies, payday lenders and premium finance companies.

Our Accomplishments:

- We conducted examinations of more than half of the licensees we supervise, representing 44 licensed locations; the majority of examinations were conducted on the premises of the institution.

  (Note: most institutions are examined once every 18 months as required by statute).

Examinations Conducted



- As a result of our investigations, the Division required refunds directly to Alaska borrowers of approximately $10,000 in finance changes and fees.

- We approved licenses for four new payday lending businesses; and four new licenses for premium finance businesses.
- One payday loan licensee voluntarily surrendered their license due to a felony conviction.
- The Division approved the merger of a national bank by a state bank.
- The Division approved the sale of a state chartered trust company.

DON'T BORROW TROUBLE.
ALASKA

Don't Borrow Trouble-Alaska" Campaign Partners
AARP Alaska
Alaska Housing Finance Corporation
Alaska Legal Services
Alaska Office of Faith-Based & Community Initiatives
Alaska Mortgage Bankers Association
Alaska Public Interest Research Group
Anchorage Board of Realtors
Anchorage Equal Rights Commission
Anchorage Neighborhood Housing Services
Association of Alaska Housing Authorities
Consumer Credit Counseling Services
Cook Inlet Tribal Council
Fairbanks Neighborhood Housing Services
Federal Trade Commission
State of Alaska Division of Banking & Securities
State of Alaska Attorney General's Office
United Way of Anchorage
U.S. Attorney's Office
YWCA of Anchorage

Securities Section

The Mission

The Securities section of the Alaska Division of Banking and Securities administers and enforces the Alaska Securities Act and associated regulations. The administrative function includes regulating securities offerings (stocks, bonds, mutual funds, etc.) and registering the firms and individuals who sell securities or give investment advice.

The enforcement function includes handling complaints and investigations of registered entities and regulated offerings as well as investigating unregistered activities (scams), whether offered directly by an individual or via phone, internet, newspaper, or public meetings. The Securities section's primary mission is protecting Alaska residents from investment activities that may cause financial harm.

Highlights

The Securities section in FY 2008 generated approximately $13 million in revenue with a budget of approximately two million dollars. The operation of the section is completely industry-supported through the assessment of various fees.

Activities

- Completed the registration of over 60,000 broker-dealer and investment adviser firms and their agents.
- Completed the registration of over 5,000 mutual funds to be sold to Alaska investors.
- Completed the registration of almost 300 exempt securities transactions for the creation of Alaska businesses.
- Completed the registration of almost 350 security offerings.
- Completed or in process of completing over 50 securities investigations. The Division's goal is to conduct a thorough investigation to determine if a law has been violated and protect investors and Native shareholders.
- Completed 13 determinations or interpretive opinions regarding securities issues.

Major Accomplishments

- Conducted investigations of several brokerage firms regarding the failure of the Auction Rate Securities market. The Division

received complaints that represented almost $100 million in invested funds. Final resolution of the complaints will continue into FY 2009.

- Planning outreach for FY 2009 in coordination with AARP to deliver investor education to fourteen communities. In FY 2008, delivered investor education program with AARP to eleven communities and over 1,500 Alaskans.

ANCSA Oversight

In FY 2008 the Securities Section reviewed ANCSA documents and investigated 35 complaints that certain reports and materials were untrue or misleading.

Consumer Finance Section

In addition to its banking and securities sections, the Division added a third section in response to added responsibilities under two new laws which came into effect July 1, 2008:

- The Alaska Mortgage Lending Regulation Act, under which the Division licenses, examines and regulates mortgage loan originators, brokers and lenders.

- The Alaska Uniform Money Services Act under which the Division licenses, examines and regulates money service businesses (businesses which sell or issue money orders, traveler's checks or stored value cards, receive money for transmission, and exchange currency).

Our Accomplishments

- In the final months of FY 2008, the Division set up the new section's structure, office space and prepared to hire more staff.

- The section is now up and running in FY 2009 and is conducting licensing activities under these new laws. It is anticipated that 200 licenses for mortgage lending and 35 licenses for money service businesses will be issued during FY 2009.

Banking and Securities Financial Summary

(in Thousands) By Expenditure Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Personnel Service	1,753.9	1,971.5	217.6	12.41%
Travel	116.6	141.6	25.0	21.44%
Services	1,090.5	1,092.9	2.4	0.22%
Commodities	16.4	53.4	37.0	225.61%
Capital Outlay	63.0	28.0	(35.0)	-55.56%
Grants, Benefits	-	-	-	0.0%
Miscellaneous	-	-	-	0.0%
Total Expenditures	**3,040.4**	**3,287.4**	**247.0**	**8.1%**

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Federal Receipts	250.0	250.0	-	0.00%
Receipt Supported Services	2,790.4	3,037.4	247.0	8.9%
Funding Totals	**3,040.4**	**3,287.4**	**247.0**	**8.1%**

Significant Budget Changes (in thousands):

1. Increase to reflect increases in core services: $8.2
2. Cost-of-living increases per union agreements: $39.0
3. Implement mortgage licensee examinations every three years: $208.0

By Staff Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Permanent Full-time	20	22	2	10%
Permanent Part-time	0	0	0	-
Nonpermanent	0	0	0	0.0%
Total Staff	**20**	**22**	**2**	**10.0%**

Division of Community & Regional Affairs

Tara Jollie, Director

Our Mission:

Promote strong communities and healthy economies by providing information, technical and financial assistance, and other capacity building resources.

Contact:

Division of Community & Regional Affairs
550 W. 7th Avenue
Suite 1770
Anchorage, AK 99501
Phone: 907-269-4501
Fax: 907-269-4539

DCRA is a small Division of 60 dedicated staff that strive to meet its constitutional mandate to "advise and assist local governments." Much of our attention is focused on smaller communities because of their limited resources and need for this type of technical assistance. DCRA maintains seven offices throughout the state to allow staff a closer relationship with our constituent groups. The breadth of programs offered by DCRA is significant. Services include providing technical assistance for local government administration and rural utility management, Municipal Trust Lands management, administration of more than 2,000 grants, coordinating community mapping projects, preparing reports on municipal boundary alterations for the Local Boundary Commission, and researching a myriad of other issues affecting Alaskans. DCRA also plays a significant role in collaborating with other agencies for the benefit of Alaska's rural communities.

Our Accomplishments

Rural Utility Business Advisor Program, or RUBA, provides technical assistance for effective rural utility management. The majority of DCRA's regional office staff is RUBA and funded by the federal Environmental Protection Agency (EPA). RUBA staff is charged with providing the technical assistance necessary to manage sanitation services in rural Alaska. A small number of DCRA staff complement the RUBA program and provide local government assistance to those communities that do not participate in the federal program.

RUBA staff and local government specialists made 182 trips to 172 communities for a total of 470 days of on-site assistance in the areas of utility management, financial management, personnel issues, elections and ordinance adoption. Staff presented nine 32-hour Utility Management classes in six regional locations throughout the state to 102 utility managers. Contractors funded by RUBA presented three regional QuickBooks accounting classes to 32 participants representing 23 communities. Contractors also completed on-site installation and training for QuickBooks in the communities of Port Lions, Houston, Fort Yukon, and Thorne Bay.

Municipal Lands Trustee Program: DCRA assistance was instrumental in the settlement of land claims and the submission of boundary maps for the communities of Igiugig and Chefornak. ANCSA 14(c) lands were surveyed in Ninilchik, Mekoryuk and Naknek. Final plats were recorded for Allakaket, Kaltag, and Twin Hills.

Community Planning: DCRA Planning section provides technical advice, training, and funding opportunities for community and regional planning. These services include the National Flood Insurance Program which provides an opportunity for individuals, businesses, and renters in 32 cities and boroughs to purchase flood insurance coverage. Planning staff also serves as coordinator for the Newtok Planning Group, a multi-agency group assisting the Native Village of Newtok in its relocation efforts.

Grants and Financial Aid to Communities: DCRA grant administrators administered $900 million representing 11 programs with an average of over 200 grants per administrator. DCRA is also responsible for administering several state and federal shared revenue programs which provide financial assistance directly to communities, including Community Revenue Sharing, Payment in Lieu of Taxes, National Forest Receipts, Shared Fisheries Business Tax, and Fishery Resource Landing Tax.

Staff to the Local Boundary Commission: In 2008, DCRA replaced the LBC Director with Brent Williams. LBC worked on major issues involving Commission decisions: incorporation of a new Wrangell borough; and, annexation to the Ketchikan Gateway Borough. As a result of the Commission's revised regulations that took effect, January 9, 2008, LBC staff initiated required revisions to all boundary-change petition forms.

State Assessor's Office: The annual full value determination for taxable property in 84 municipalities was again completed within statutory deadlines. The office presented ten training workshops on assessment practices and Boards of Equalization. New personal property value models reflecting full values of several different categories of property were developed. The office also conducted audits on assessment practices for Ketchikan Gateway Borough, Haines Borough, Kenai Peninsula Borough and the Fairbanks North Star Borough. The office also assisted the Kenai Peninsula Borough assembly with reviewing assessment alternatives for tax purposes. This involved several meetings with the assembly and the public to investigate allegations of problems with the current methodology.

Research and Analysis: DCRA's research section maintains widely used Community Profile and Capital Projects databases. The database provides internet access to every municipal budget and year-end financial statement submitted to DCRA annually. The Financial Documents Delivery System is available through DCRA's website. The section also publishes reports on fuel prices across Alaska, as well as bi-monthly reports on liens filed against rural local governmental entities.

Division of Community & Regional Affairs Financial Summary

(in Thousands) By Expenditure Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Personnel Service	5,430.4	5,536.9	106.5	2.0%
Travel	250.9	250.9	-	0.0%
Services	2,182.1	1,875.8	(306.3)	-14.0%
Commodities	65.0	65.0	-	0.0%
Capital Outlay	14.0	14.0	-	0.0%
Grants, Benefits	1,960.8	1,960.8	-	0.0%
Miscellaneous	-	-	-	0.0%
Total Expenditures	**9,903.2**	**9,703.4**	**(199.8)**	**-2.0%**

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Federal Receipts	2,364.3	2,364.3	-	0.0%
General Fund Match	714.7	724.7	10.0	1.4%
General Fund Receipts	1,370.9	3,460.9	2,090.0	152.5%
General Fund Program Receipts	18.7	18.7	-	0.0%
Inter-Agency Receipts	838.4	497.8	(340.6)	-40.6%
Debt Retirement	-	-	-	0.0%
CIP Receipts	682.8	694.9	12.1	1.8%
Statutory Designated Receipts	31.1	31.1	-	0.0%
Bus. & Corp. Receipts	3,528.5	1,557.2	(1,971.3)	-55.9%
Vehicle Rental Tax Receipts	135.8	135.8	-	0.0%
Anatomical Gift Awareness Fund	-	-	-	0.0%
Bulk Fuel Bridge Loan Fund	218.00	218.00	-	0.0%
Funding Totals	**9,903.2**	**9,703.4**	**(199.8)**	**-2.0%**

22

Significant Budget Changes (in thousands):

1. Cost-of-living increases per union agreements: $110.8
2. Replace $2 million of Business License revenue with GF due to reduction in cost of a business license
3. Remove excess expenditure authority: $340.6

By Staff Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Permanent Full-time	59	59	0	0.0%
Permanent Part-time	0	0	0	0.0%
Nonpermanent	3	1	-2	-66.7%
Total Staff	**62**	**60**	**-2**	**-3.2%**

Division of Corporations, Business, and Professional Licensing

Lynne Smith, Director

Our Mission:

To ensure that competent professional and commercial services are available to Alaska consumers; and to protect the public from unethical and incompetent providers of services

Contact:

Division of Corporations, Business, and Professional Licensing
300 W. Willoughby Ave.
9th Floor
PO Box 110806
Juneau, AK 99811-0805
Phone: 907-465-2530
Fax: 907-465-3257

The Division of Corporations, Business and Professional Licensing regulates 39 professional and occupational licensing programs and administers the Alaska business licensing and corporations programs. Each year, the Division regulates over 100,000 individuals, businesses and corporations that offer services to Alaska consumers. To effectively administer these regulatory programs, there are 20 professional licensing boards and commissions established by Alaska Statutes that regulate certain industries. Individuals who serve on these boards and commissions are appointed by the Governor, confirmed by the Legislature and are comprised of industry and public members. The Division provides administrative, budgetary, and investigation services to the regulatory programs when appropriate. There are 19 programs solely administered through the Division without the oversight of a board or commission.

The Division licenses businesses to engage in commerce in Alaska and grant tobacco endorsements for sale of tobacco or tobacco-related products. The Division also registers corporations and trademarks for entities engaged in commerce in Alaska.

- Serve as a one-stop location to investigate and resolve consumer complaints regarding state licenses, state licensed non-depository lending, money service companies and other state licensed businesses.
- Provide consumer outreach and education regarding consumer borrowing and the use of state licensed professionals.

Issues Addressed in 2008

- Implementation of the Alaska Mortgage Licensing Regulation Act.
- Prescription Drug Monitoring Program signed into law.

- Veterinary students in their fourth year are authorized to perform an internship in Alaska. Statutory changes were also enacted allowing researchers and out of state experts to assist State licensed veterinarians without encountering licensing issues.
- The Division is encouraging licensees to use the web for renewals by mailing notices instead of renewal forms to licensees and advising how to renew online or how to download application forms.
- Coordination efforts between U.S. Coast Guard, U.S. Customs Office, Alaska State Troopers and local harbormasters' offices has resulted in greater compliance of marine pilot exemption laws on foreign pleasure craft entering southeast waters.

Coming in Fiscal Year 2010

- Online capabilities for licensing programs that currently do not have online capabilities.
- Provide new guide unit area maps for the Big Games Commercial Services Board along with access to Guide Hunt and Transporter Activity Records via the internet.
- Business license fees are decreased from $100 to $50 annually.

Corporations, Business and Professional Licensing

(in Thousands) By Expenditure Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Personnel Service	4,073.3	5,710.8	1,637.5	40.2%
Travel	334.4	344.4	10.0	3.0%
Services	4,246.7	4,647.0	400.3	9.4%
Commodities	80.7	105.7	25.0	31.0%
Capital Outlay	137.4	137.4	0.0	0.0%
Grants, Benefits	-	-	-	0.0%
Miscellaneous	-	-	-	0.0%
Total Expenditures	**8,872.5**	**10,945.3**	**2,072.8**	**23.4%**

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Federal Receipts	400.0	400.0	0.0	0.0%
Inter-Agency Receipts	317.5	692.0	374.5	118.0%
Surety Fund	278.1	280.0	1.9	0.7%
CIP Receipts	-	-	0.0	0.0%
Receipt Supported Services	6,343.9	8,024.8	1,680.9	26.5%
Bus. & Corp. Receipts	1,533.00	1,548.50	15.5	1.0%
Funding Totals	**8,872.5**	**10,945.3**	**2,072.8**	**23.4%**

Significant Budget Changes (in thousands):

1. Increase to reflect increases in core services: $26.4
2. Cost-of-living increases per union agreements: $98.9

By Staff Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Permanent Full-time	64	82	18	28.1%
Permanent Part-time	-	-	-	0.0%
Nonpermanent	-	-	-	0.0%
Total Staff	**64.0**	**82.0**	**18.0**	**28.1%**

Division of Insurance

Linda Hall, Director

Our Mission:

To assure competitive, viable, ethical and lawful insurance is available to Alaskans

Contact:

Division of Insurance
550 W 7th Ave Ste 1560
Anchorage, AK 99501
Phone: 907-269-7900
Fax: 907-269-7910

The Division of Insurance provides the regulatory framework for insurance industry operations in Alaska and impacts consumers, agents, and insurance companies. Oversight of both the financial solvency and the underwriting and claims practices of insurance entities is a primary regulatory function.

For FY 08 total premium taxes and penalties collected by the Division on insurance business written in Alaska were $48,494,318 with an additional $11,510,009 collected in fees from the entities regulated for a total revenue attributed to the Division of $60,004,327. Total premiums written in Alaska in calendar year 2007 was $2.926 billion with 1,068 insurance companies doing business in Alaska on an admitted basis.

The National Association of Insurance Commissioners renewed the Division's accreditation in September of 2007. This accreditation is a recognition that the financial analysis and examinations performed by the Alaska examiners can be relied upon by other regulatory jurisdictions.

Core Services

Licensing

The Licensing section oversees and administers licenses of agents in compliance with Alaska statutes and regulations as one component of the emphasis on public protection in the Division.

Compliance

Compliance is monitored by the Financial Examination section and the Market Conduct section. These sections enforce statutes and regulations and conduct examinations of insurance companies and agencies. The third compliance section is Financial Reports and Audits which enforces statutes and regulations on tax and surplus lines matters and collects premium tax revenue for the State.

The Financial Examination section conducts examinations that are the primary method of oversight of the financial condition of insurance companies and focus on solvency. The Market Conduct Examination section monitors the insurance market for signs of problems. Both sections work collaboratively with the other Division sections to provide technical support.

Investigations

This section investigates alleged or suspected fraudulent insurance activities. In FY 2007, 54 cases were opened and reviewed in the Investigation section. Since early 2006 there have been eight criminal convictions.

Filing Approval

The Filings Review section monitors the raters and policy forms used by insurers providing insurance coverage for Alaskans. The rate review considers the funds needed to pay claims. In 2007, the section reviewed 4,022 rate and form filings.

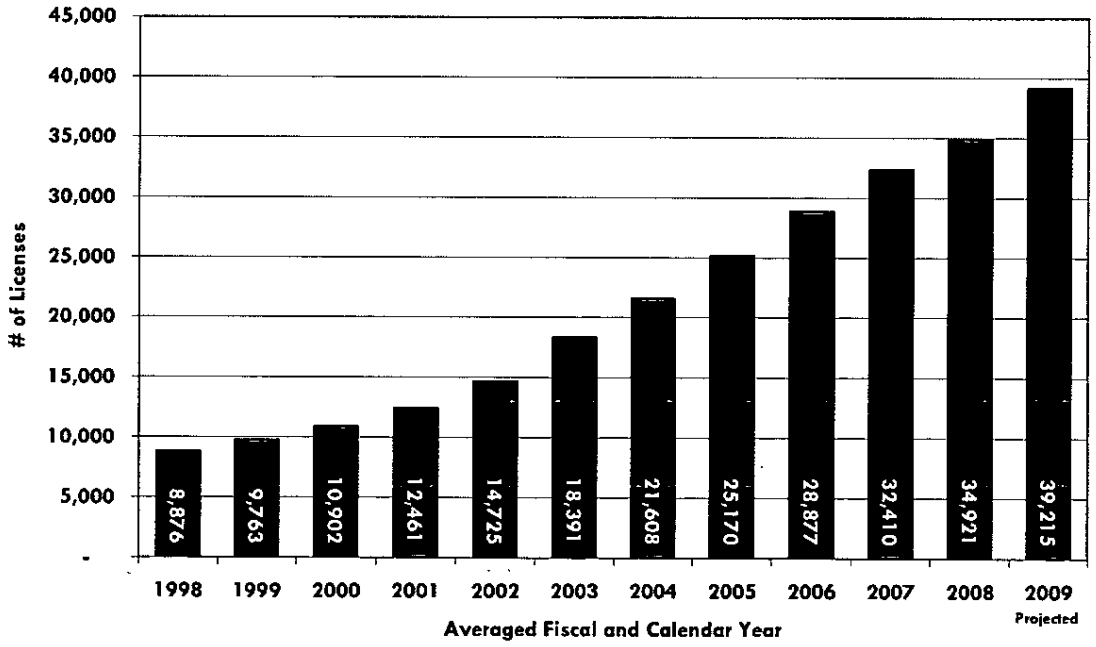
Public Information

Public information and education are key to preventing insurance fraud and promoting consumer protection. Outreach efforts include presentations to community groups and press releases about current insurance topics. In addition, education materials are prepared, such as guides for consumers on Homeowners and Auto insurance, long term care and many more.

Consumer Services specialists investigation complaints, gather and evaluate data, research insurance laws and take appropriate action to bring the complaint to proper resolution.

In 2007, 331 consumer complaints were opened and the specialists resolved complaints that provided additional benefit payments to consumers of $634,228. The Division web site includes an electronic consumer complaint form which has made reporting a complaint to the Division easier.

Number of Licenses Maintained by the Division of Insurance



Division of Insurance Financial Summary

(in Thousands) By Expenditure Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Personnel Service	4,316.4	4,525.5	209.1	4.8%
Travel	187.5	187.5	-	0.0%
Services	1,784.9	1,798.7	13.8	0.8%
Commodities	59.2	59.2	-	0.0%
Capital Outlay	35.3	35.3	-	0.0%
Grants, Benefits	-	-	-	0.0%
Miscellaneous	-	-	-	0.0%
Total Expenditures	**6,383.3**	**6,606.2**	**222.9**	**3.5%**

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
CIP Receipts	-	125.3	125.3	100.0%
Receipt Supported Services	6,383.30	6,480.90	97.60	1.5%
Funding Totals	**6,383.3**	**6,606.2**	**222.9**	**3.5%**

28

Significant Budget Changes (in thousands):

1. Reflect funding for temporary positions working on an imaging capital project: $122.8
2. Cost-of-living increases per union agreements: $100.1

By Staff Category	FY 2009 Management Plan	FY 2010 Governor	
Permanent Full-time	53	53	**No Change**
Permanent Part-time	-	-	
Nonpermanent	3	3	
Total Staff	56	56	

Division of Investments

Greg Winegar,
Director

Our Mission:

Promote economic development and provide interagency and interdepartmental servicing of loan portfolios that increase operational efficiencies and to protect the State's investments in the loan funds administered by ADI while providing a return of capital when it does not impair program missions.

Contact:

Division of Investments
PO Box 34159
Juneau, AK 99803-4159
Phone: 907-465-2510
Fax: 907-465-2103

The Alaska Division of Investments (ADI) mission is to promote economic development and provide interagency and interdepartmental servicing of loan portfolios that increase operational efficiencies and to protect the State's investments in the loan funds administered by ADI while providing a return of capital when it does not impair program missions.

Lending

ADI accomplishes its mission by administering and servicing thirteen loan programs under the Department of Commerce, Community, & Economic Development. These programs were primarily designed to promote economic development through direct state lending in industries and areas of the state that are not adequately serviced by the private sector. Private sector financing for these programs is generally not feasible due to limitations on the types of collateral available or because of a higher level of risk.

Active lending is available in six loan programs: Capstone Avionics, Commercial Fishing Revolving Loan Fund, Fisheries Enhancement Revolving Loan Fund, Small Business Economic Development Revolving Loan Fund, the Rural Development Initiative Fund and the Self Help Group Home Loan Program. These programs accomplish important policy goals as they create jobs for Alaskans, generate significant economic activity and provide a revenue stream back to the state in the form of earnings. These programs are completely self-sufficient and receive no support from the General Fund.

ADI provides loan servicing in six portfolios for four other state agencies: the Alaska Industrial Development and Export Authority, the Division of Community & Regional Affairs, the Department of Health and Social Services, and the Department of Environmental Conservation.

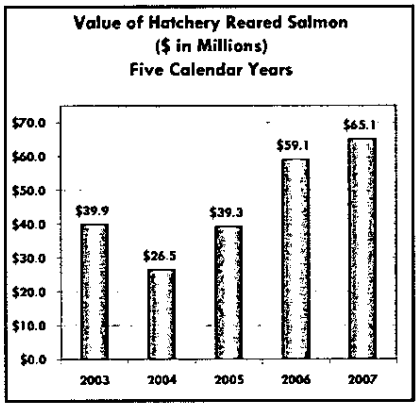
Commercial Fishing Revolving Loan Fund

This program benefits Alaska's economy by promoting the development of a predominantly resident fishery. This is accomplished by providing low interest rate loans to Alaskan commercial fishing harvesters to help them purchase limited entry permits, quota share, vessels and gear. During FY 08 120 new loans were made totaling $6.7 million. A total of 361 jobs were either created or saved as a result of these loans.

In September 2008 ADI created a new loan program that will provide low-interest loans to commercial fishing vessel owners who wish to replace older engines with new, more fuel efficient engines. These loans not only improve the viability of Alaskan fishing operations, they also benefit the environment by reducing the industry's carbon footprint. Since inception twenty-six loan applications have been received totaling $1.2 million.

Fisheries Enhancement Revolving Loan Fund

This program promotes the enhancement of the State's fisheries by making loans to qualified nonprofit corporations to build and operate salmon hatcheries and to engage in other fisheries related enhancement activities. During FY 08 four loans were made totaling $2.2 million. Salmon hatcheries provide a significant financial contribution to numerous coastal economies.



Rural Development Initiative Fund

This program benefits Alaska's economy by creating jobs and generating economic activity in communities of 5,000 or less. During FY 08 a total of five loans were made that created or saved forty-seven jobs.

Small Business Economic Development Revolving Loan Fund

This program benefits Alaska's economy by creating jobs and generating economic activity in areas of the state that have experienced economic difficulties. During FY 08 a total of seven loans were made that created or saved seventy jobs.

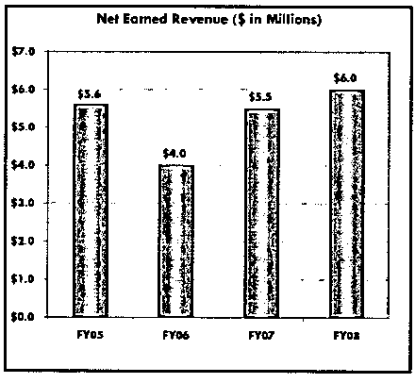
Alaska Capstone Avionics Loan Program

The Alaska Capstone Avionics Loan Program (Capstone Program) was implemented July 1, 2008. The Capstone Program is a joint endeavor involving both federal and state government and private industry in an effort to improve aviation safety as well as enhancing economic efficiency in the State of Alaska. The Capstone Program provides low interest loans to aircraft owners that fly a substantial number of flight hours in Alaska so that they can purchase Capstone Avionics equipment. This equipment allows aircraft to interact with ground infrastructure and satellite stations to provide pilots with a whole package of real time data needed for safe flight. The Federal Aviation Administration (FAA) has committed to installing and maintaining the required ground infrastructure (approximately $493 million) if a sufficient number of aircraft owners install the Capstone Avionics equipment. A pilot project demonstrated that aircraft equipped with Capstone Avionics were involved in 47% fewer accidents. The FAA estimated that the state could reap $824 million in safety and

community access benefits over the next twenty-seven years as a result of this new technology. ADI developed program regulations, policies and procedures, accounting infrastructure and servicing guidelines by the July 1st implementation date. Since inception, six loans have been made totaling $562,100.

Net Earned Revenue used for Government Operations

In addition to accomplishing very important policy goals, proper financial management of the loan portfolios creates earnings that can be made available for the operations of state government without sacrificing program goals. Improved market conditions and efficient program management resulted in increased earnings in FY 08.



Volunteer Tax & Loan Program

ADI supports and promotes economic development not only through their loan programs, but also through the Volunteer Tax & Loan Program (VTLP), which has been operating successfully since it originated in 1996. The VTLP was created as an effort to lay a foundation for strengthening the commercial fishing industry and rural Alaska's fishing community's economy. The VTLP program is a cooperative effort between ADI, the Alaska Business Development Center (ABDC), the University of Alaska Anchorage, the Internal Revenue Service and the private sector. Each year ABDC's VTLP sends volunteers to rural communities to assist taxpayers with the completion of tax returns and provides them with tax education. The program also serves taxpayers through a mail-in site located in the Anchorage office. ADI directly supports the VTLP through a fisheries business development contract with ABDC. The focus of the VTLP continues to be rural harvesting communities targeted by the IRS as having tax compliance issues. The VTLP program has won four national awards for excellence and is an outstanding example of how the state, federal government, higher education system and private sector can work together to create a program that accomplishes program goals for all concerned. Since inception, 45,692 Alaskan's have been assisted and a total of 22.7 million in tax refunds has been returned to the communities.

Division of Investments Financial Summary

(in Thousands) By Expenditure Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Personnel Service	3,473.7	3,543.5	69.8	2.0%
Travel	33.5	33.5	-	0.0%
Services	936.1	957.1	21	2.2%
Commodities	38.4	38.4	-	0.0%
Capital Outlay	5.8	5.8	-	0.0%
Grants, Benefits	-	-	-	0.0%
Miscellaneous	-	-	-	0.0%
Total Expenditures	**4,487.5**	**4,578.3**	**90.8**	**2.0%**

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Inter-Agency Receipts	4.1	4.2	0.1	2.4%
Commercial Fish Loan Fund	3,704.2	3,784.5	80.3	2.2%
Fisheries Enh. Rev. Loan Fund	557.6	564.1	6.5	1.2%
Rural Dev. Initiative Fund	51.8	52.5	0.7	1.4%
Small Bus. Dev. Rev. Loan Fund	50.0	50.7	0.7	1.4%
Capstone Avionics	119.80	122.30	2.50	2.1%
Funding Totals	**4,487.5**	**4,578.3**	**90.8**	**2.0%**

Significant Budget Changes (in thousands):

1. Increase to reflect increases in core services: $13.6
2. Cost-of-living increases per union agreements: $77.2

By Staff Category	FY 2009 Management Plan	FY 2010 Governor	
Permanent Full-time	44	44	**No Change**
Permanent Part-time	-	-	
Nonpermanent	1	1	
Total Staff	**45**	**45**	

Office of Economic Development

Joe Austerman,
Manager

Our Mission:

Support the advancement of successful tourism, film, fisheries, forest products, minerals, and small business assistance programs in order to increase economic activity in Alaska and create new employment for Alaskans.

Contact:

Office of Economic Development
550 W. 7th Avenue
Suite 1770
Anchorage, AK 99501
Phone: 907-269-8100
Fax: 907-269-8125

The Office of Economic Development continues to pursue its mission of responsible industry advocacy for the benefit of Alaska. Our primary focus is in fostering responsible development of the mineral, timber, film, tourism, and fishery industries as well as assisting with small business development. OED's unique positioning within government provides for a critical conduit between the State and industries that are seeking to do business in Alaska. The industry development specialists in OED work with industry and policy makers alike in offering expertise in recognizing and capitalizing on opportunities with an emphasis on achieving a mutually beneficial outcome for both industry and the people of Alaska.

In the past year, OED has expanded our area of expertise and broadened our economic analysis abilities by adding a senior level economist to our staff. Having a senior level economist along with industry expertise has bolstered OED's capacity to provide timely and valuable economic and cost benefit analysis in evaluating policy and investment along with the potential impact to community and industry.

While we advocate for the proper development of industry, our customers are the people of Alaska and we are proud to be of service to them.

OED Publications and Reports

- Alaska Economic Performance Report and Net Rate of Return
- Alaska's Mineral Industry Report
- Report of the Alaska Minerals Commission
- Alaska Logging History for Society of American Foresters
- Film Office Annual Report – Available February of 2009'

- Also provide economic information and opinions to multiple users including Governor's Office, representatives, Department of Fish and Game, Department of Transportation, AIDEA, and general public

Office of Economic Development Highlights of 2008

Fisheries: Our industry development specialist works with industry, state, federal and local agencies serving as a primary conduit for fisheries related economic development projects in Alaska.

Film: Film is a relatively new sector to OED created with the passing of SB230. The primary activity associated with this sector has been in getting it rolled out. As of January of 09', the office is staffed and regulations supporting the bill are ready for public review and comment.

- The office has processed and approved three Pre Qualifying applications with an estimated qualifying spend in Alaska at just under $5 million.
- Disney has completed production work and is waiting for the final regulations package to apply for the final tax credit.

Tourism: OED's tourism staff continues to successfully assist entrepreneurs, primarily rural, interested in establishing tourism based business and draw new dollars to their communities. Activities for the year include:

- The Developing Alaska Rural Tourism (DART) project is a partnership between OED and the (U.S.) Economic Development Administration (EDA). Currently under DART, OED is helping several regional Alaska tourism destination marketing efforts get underway, offering targeted business development training workshops, and managing the Tourism Mentorship Assistance Program (TMAP). TMAP represents an 18 month long program that partners current successful tourism business owners with new or potential business owners.
- OED manages the Alaska Visitor Statistics Program (AVSP), the most comprehensive visitor arrival, visitor profile, and visitor spending data collected for Alaska's visitor industry. OED has just released the interim visitor numbers for Summer 2008. They indicate that just over 1.7 million out-of-state visitors came to Alaska between May and September 2008. This represents a slight (0.4 percent) decline from Summer 2007.
- OED manages the statewide AlaskaHost customer service training program - designed for employees of the hospitality and visitor services industry. The core of the AlaskaHost program trains participants in how to provide quality customer service for both residents and visitors to Alaska.

Minerals: Along with coordinating the Alaska Minerals commission and generating industry reports, the minerals development specialist in OED is the industry's primary state contact in evaluating investment potential in Alaska. This sector serves as a resource in interpreting government policy, promoting development opportunities and encouraging investment in Alaska. 2007 was a banner year in minerals exploration and development in the State. However, we know that 08' and 09' will be substantially less. Below are some of the activities conducted by this OED sector:

- Agency support in analysis of the minerals industry in the form of:
  - Identifying opportunities for financial support – analysis of needs and economics of that help.
  - Tax load analysis of specific operations/ projects or generic projects by location, land status.
  - Marketing recommendations – opportunities, informational development, tax analysis, infrastructure needs, economic analysis.
  - Infrastructure needs for projects and regions of mineral prominence.
  - Participated in the evaluation of the BLM Eastern area management plan.
- Providing support to and liaison between industries:
  - Assisting the small miner in technical issues with mines and recovery plants and legal issues to the extent that this assistance does not encroach on private industry consultants and attorneys.
  - Providing financial liaison between lenders and the mining industry – AIDEA, others.
  - Providing liaison between agencies and industry for legislative tax proposals and other issues.
  - Otherwise providing minerals-related information to the worldwide mining industry relative to opportunities in the State of Alaska.

Forestry: While the primary mission of this sector is to promote Alaska's hardwood resources for value added end products, the expertise available in this sector of OED has also been tapped for bio fuel energy analysis. 08' activity includes, but is not limited to:

- Promoting development of Alaska's hardwood resources.
  - Completed revision of hardwood prospectus.
  - Translation of hardwood prospectus into Japanese.
  - Providing assistance in securing investment in new sawmills in Mat-Su area.
- Partnering to promote and encouraging wood-based energy projects.
  - Provided technical assistance to companies in Kenai, Fairbanks, Mat-Su, Rural Alaska interested in wood pellet manufacturing.
  - Partners include AEA, FEDC, AK Village Initiative, DNR- DOF.
- Conducted survey of existing and potential Asian markets for Alaska wood.
  - Site visits in November, 2008.
  - Reports to be issued jointly with Federal and University agencies.

Business Development: Along with assisting businesses through the Small Business Assistance Center, OED also manages the Made in Alaska Program and the Alaska Product Preference Program.

Alaska Regional Development Organizations (ARDORs)

- In 2008, the State of Alaska, Office of Economic Development recognized the Interior Rivers Resource Conservation & Development Council (IRRC&D) as a reestablished ARDOR region. This

will make a total of 12 ARDORs partnered with the SOA helping to provide assistance in rural Alaska to communities, businesses and entrepreneurs.

Made In Alaska Program (MIA)

- Strengthened the integrity and the legal support of the MIA program by Federally Trade marking and registering the Mother Bear and Cub logo with the U.S. Trade mark office, for the MIA program.
- Through Webb Consulting increasing the rural outreach training programs (through Webinar) for marketing, and development of small businesses.

Small Business Assistance Center (SBAC)

- This is an effort to further develop outreach to rural Alaska and support small businesses and entrepreneurs. Expanding the partnership between the ARDORs, University of Alaska Anchorage, Small Business Development Center, Alaska Manufacturing Extension Partnership and the Division of Investments. Several businesses have followed the directions given by the OED specialist which resulted in winning start-up fees for their business in excess of $35,000.
- Provided support for entrepreneurs and small businesses in the Kenai Peninsula Economic Development District (ARDOR) region which helped to generate an additional $2 million dollar in new revenue for manufactures in the state.

Office of Economic Development Financial Summary

(in Thousands) By Expenditure Category	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Personnel Service	1,485.9	1549.0	63.1	4%
Travel	89.5	89.5	-	0%
Services	724.1	726.1	2.0	0%
Commodities	24.6	25.3	0.7	3%
Capital Outlay	17.9	17.9	-	0%
Grants, Benefits	620.0	677.7	57.7	9%
Miscellaneous	-	-	-	0.0%
Total Expenditures	**2,962.0**	**3,085.5**	**123.5**	**4.2%**

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Federal Receipts	169.4	169.6	0.2	0.1%
General Fund Receipts	291.8	313.2	21.4	7.3%
Inter-Agency Receipts	742.4	842.0	99.6	13.4%
CIP Receipts	103.5	104.8	1.3	1.3%
Statutory Designated Receipts	128.4	128.4	-	0.0%
Bus. & Corp. Receipts	1,200.9	1,200.9	-	0.0%
Vehicle Rental Tax Receipts	325.60	326.60	1.00	0.3%
Funding Totals	**2,962.0**	**3,085.5**	**123.5**	**4.2%**

Significant Budget Changes (in thousands):

1. Reflect contract with DMV to provide services to Tok and surrounding communities: $40.6
2. Cost-of-living increases per union agreements: $25.2
3. Fund each Alaska Regional Development Organization at the FY 09 level: $57.7

By Staff Category	FY 2009 Management Plan	FY 2010 Governor	
Permanent Full-time	13	13	No Change
Permanent Part-time	2	2	
Nonpermanent	3	3	
Total Staff	**18.0**	**18.0**	

Corporations

Contact:

Alaska Aerospace Development Corporation
4300 B Street, Suite 101
Anchorage, AK 99503
Phone: 907-561-3338
Fax: 907-561-3339

Alaska Industrial Development Export Authority
813 W. Northern Lights Blvd.
Anchorage, AK 99503
Phone: 907-771-3000
Fax: 907-771-3044
Toll Free (Alaska only): 888-300-8534

Alaska Energy Authority
813 W. Northern Lights Blvd.
Anchorage, AK 99503
Phone: 907-771-3000
Fax: 907-771-3044
Toll Free (Alaska only): 888-300-8534

Alaska Railroad Commission
327 W. Ship Creek Ave.
Anchorage, AK 99501
Phone: 800-321-6518

Alaska Regulatory Commission
701 W. 8th Avenue, Suite 300
Anchorage, AK 99501-3469
Phone: 907-276-6222
Fax: 907-276-0160

Alaska Seafood Marketing Institute
311 N. Franklin Street, Suite 200
Juneau, AK 99801-1147
Phone: 907-465-5560
Fax: 907-465-5572
Toll Free: 800-478-2903

The following corporations have been assigned to the Department of Commerce, Community, and Economic Development by Statute. While these entities are independent from the Department, their respective missions are complimentary, and within the scope of the philosophical mission of the Department to promote economic development, foster commerce, and facilitate responsible industry development across the state.

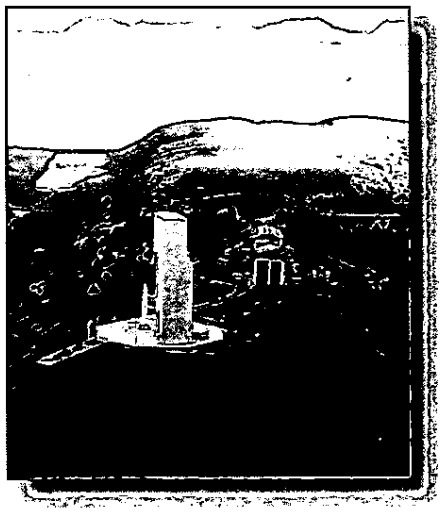
Alaska Aerospace Development Corporation (AADC)

Mission:

To promote aerospace related economic growth and development and strengthen Alaska's technological infrastructure.

The Alaska Aerospace Development Corporation was created by the Alaska State Legislature in 1991 as a public corporation of the state with a charter to take a leading role in developing aerospace industry in Alaska and for the nation.

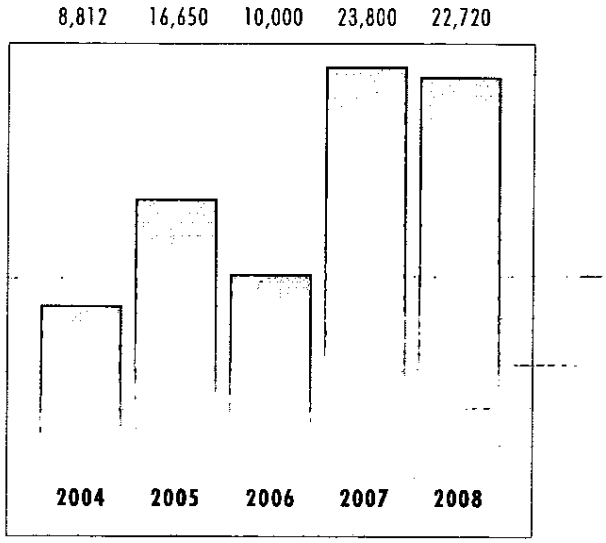
AADC designed, built, and operates the Kodiak Launch Complex (KLC), a high technology state-of-the-industry spaceport on Kodiak Island in partial fulfillment of its charter. Design and construction work on KLC was initiated with a $15.6M grant from the legislature, which AADC leveraged to gain approximately $139.0M in federal grants to invest in the construction of KLC and upgrades to the facility. Launch operations commenced at KLC in 1998, and to date there have been 14 missions launched from the facility,



all successful. Launch and related revenue brought into the state has totaled $93.5M.

AADC is a significant source of revenue for Kodiak and state residents. Each year AADC contracts an independent review of its revenue contributions to the state. The record is marked by steady growth in economic activity. The FY08 Economic Impact Report prepared by Northern Economics, Inc. revealed that the total economic contribution of AADC's operations and projects amounted to $28.7M. The data show AADC's business operations contributed $17.8M to the Kodiak economy and another $10.9M to the rest of the state. The total regional employment generated by AADC operations is estimated at 155 jobs being contributed to Kodiak. AADC continues to have a positive economic impact to Kodiak and other areas of Alaska.

AADC pursues business opportunities across the aerospace industry. The requirement for spaceport facilities to meet rapid response launch capabilities is expanding. The ability to meet this requirement enables AADC with an opportunity to be a key service provider to organizations upgrading and replacing key space infrastructure components.



AIDEA
Dividend History by Year Declared
(in thousands)

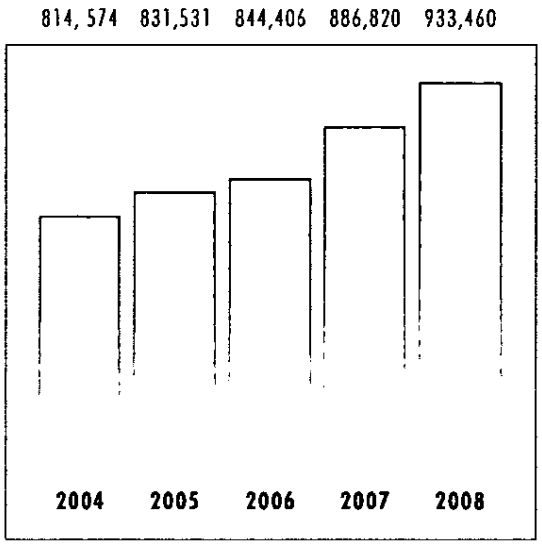
This capability requires a spaceport which can quickly prepare and launch space vehicles with a variety of payloads that is cost competitive and ensures the highest quality standards are met. AADC's current facilities and the planned construction of an additional launch pad and rocket motor storage facility will provide strategic opportunities for AADC to provide rapid launch capabilities at a competitive price.

Alaska Industrial Development and Export Authority (AIDEA)

Mission: To provide various means of financing to promote economic growth and diversification in Alaska.

AIDEA is a public corporation of the State of Alaska, constituting a political subdivision with separate and independent legal existence under the laws of the State. AIDEA was established in 1967 to advance Alaska's economic prosperity and to create jobs for Alaskans. AIDEA accomplishes this mission through its Credit programs by providing long-term capital to businesses for operations and expansion, and through the Development Finance Program by developing and owning infrastructure projects such as roads, ports and airport facilities with the purpose of advancing the economic prosperity of a region.

The Credit programs provide affordable long-term capital to Alaska businesses for new and existing projects, or for the refinancing of existing



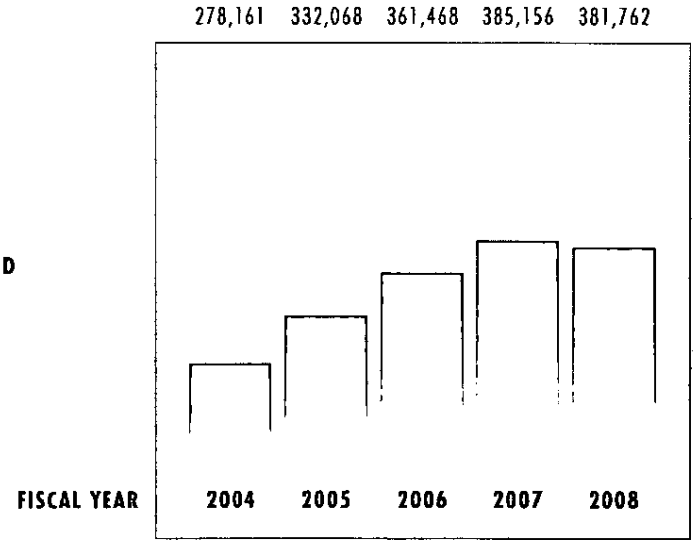
AIDEA REVOLVING FUND
Net Assets
(in thousands)

loans. In FY 2008, AIDEA issued more than $48 million in loans through the Loan Participation program, which resulted in more than 570 permanent jobs, including 206 construction jobs. At the end of FY 2008, the total Loan Participation portfolio was $381.5 million. Thousands of jobs have been created or retained as a result of AIDEA's Loan Participation and Conduit Revenue Bond programs, and these programs will continue to be an economic and job catalyst into the future.

The Development Finance program finances infrastructure necessary to support larger economic development projects in Alaska. This program has led to the estimated creation and retention of over 630 direct jobs in the regions of the state where AIDEA projects are located and have a tremendous economic impact on the respective communities.

AIDEA also provides, pursuant to Alaska statutes, an annual dividend to the state general fund. Since 1996, AIDEA has provided the state and its citizens with over $251 million in dividend funds to support much-needed programs, services and projects.

Key challenges lay ahead for AIDEA based on current economic forecasts suggesting a constriction in the secondary capital market. AIDEA projects more businesses seeking out funding in both the development finance and loan participation programs. AIDEA will seek to attract diverse economic development projects in the state as well as increase the loan portfolio to generate increased earnings in



AIDEA REVOLVING FUND
Total Loans
(in thousands)

FY 2010. Based on market demands, AIDEA is expanding the Ketchikan Shipyard and the Skagway Ore Terminal which will increase the economic development and job growth in the areas where the facilities are located. AIDEA must also maintain its current credit rating on its revolving fund bonds as this rating strengthens its ability to provide the kinds of financing that helps promote economic growth, development and diversification in Alaska.

Alaska Energy Authority (AEA)/ AIDEA

Mission: Reduce the cost of energy in Alaska

Alaska Energy Authority (AEA) projects and programs support its mission by:

1. providing for the operation and maintenance of existing Authority-owned projects with maximum utility control;

2. assisting in the development of safe, reliable, and efficient energy systems throughout Alaska, which are sustainable and environmentally sound;

3. reducing the cost of electricity for residential customers and community facilities in rural Alaska; and

4. responding quickly and effectively to electrical emergencies.

The Alaska Energy Authority was created in1976 by the Alaska Legislature. The Authority is a public corporation of the State with separate and independent legal existence. In 1993, under comprehensive energy legislation, oversight of AEA's existing state hydroelectric projects and the Alaska Intertie was transferred to the Alaska Industrial Development and Export Authority (AIDEA). Pursuant to legislation, the members of the Board of AIDEA also serve as the members of the Board of AEA. AIDEA provides staffing and administrative overhead for AEA; however, AEA continues to exist as a separate legal entity. There is no commingling of funds, assets, or liabilities between AIDEA and AEA and there is no responsibility of one for the debts or the obligations of the other. Programs addressing the energy needs of rural communities were transferred to a newly-created Division of Energy within the Department of Community and Regional Affairs. In 1999, Rural energy programs were integrated into AEA, with AIDEA providing staffing and administrative overhead. Division of Energy staff became AIDEA employees. The integration of Rural energy programs was done by the Legislature as part of a larger reorganization of state agencies. Benefits include: 1) a coordinated state energy policy encompassing rural energy programs and state-owned hydroelectric projects; 2) AIDEA oversight to foster a business-oriented attitude toward finance and development; and 3) a focused approach to work with the federal Denali Commission on rural energy issues.

AEA provides for the development and implementation of energy infrastructure projects through a variety of programs. Bulk Fuel Upgrades and Rural Power System Upgrades are funded by the Denali Commission with AEA staff providing direct project management for both programs. The Alternative Energy and Energy Efficiency Program manages projects that seek to lower the cost of power and heat to Alaskan communities while maintaining system safety and reliability.

In 2008, the Renewable Energy Fund was established for the purpose of recommending grants for renewable energy projects. AEA expects to play a lead role in the construction of many of the projects recommended through this program.

AEA's role as Statewide Energy Coordinator led to the development of the Statewide Energy Plan. Staff continues to move forward to implement the plan by engaging Alaskans to provide energy solutions through their active participation in the selection and ownership of their alternative energy sources.

Alaska Railroad Corporation

Mission: Safety, Service, Profitability.

Vision: Building a Great Railroad Across the Great Land

While wholly owned by the State of Alaska, the Alaska Railroad Corporation (ARRC) is an independent authority responsible for its own financial and legal obligations. According to statute, ARRC is mandated to be a self-sustaining corporation required to conduct its business without operating subsidies from the state. Employees are not State employees but employees of the Corporation who is responsible for all compensation and benefits.

ARRC was purchased by the State of Alaska in January 1985 and charged with providing transportation services, fostering economic development, and promoting the development of the state's transportation network. The Railroad is governed by a seven-member Board of Directors appointed by the Governor of Alaska. ARRC falls under the Department of Commerce but is enabled to operate as an independent enterprise through its exemption from the Executive Budget Act.

From tidewater at Whittier and Seward to the heart of the Interior Alaska in Fairbanks, ARRC's mainline rail covers 467 miles. There are 651 total miles of track including industrial spur lines and yard track. ARRC's operations are supported through revenues generated by providing freight, passenger and real estate services to Alaska businesses and the general public. Its Maintenance and operations centers are located in Seward, Whittier, Anchorage, Healy and Fairbanks. ARRC has commercial property including docks and/or rail in four ports and is the only remaining full-service railroad in the United States, providing both year-round regularly scheduled freight and passenger services.

Alaska Regulatory Commission of Alaska (RCA)

Mission: Decide all nature of disputes between individual regulated entities, regulated entities and their consumers or shippers and regulated entities and the Attorney General representing the public interest.

The Alaska Legislature created the Regulatory Commission of Alaska in 1999, giving it authority to regulate utilities and pipeline carriers throughout the state. The Commission monitors active certificates for public utilities and pipelines; these certificates cover

a broad range of activities, from provisional certificates for small village water and wastewater systems to fully regulated telecommunications, electric, and natural gas monopolies. In addition, the RCA regulates public utilities by certifying qualified providers of public utility and pipeline services and ensuring that they provide safe and adequate services and facilities at just and reasonable rates, terms, and conditions

Alaska Seafood Marketing Institute (ASMI)

Mission: Increase the economic value of the Alaska seafood resource through:

- Increasing positive awareness of the Alaska Seafood brand
- Collaborative marketing programs that align ASMI and industry marketing efforts for maximum impact within the food industry
- Long-term proactive marketing planning
- Quality assurance, technical industry analysis, education, advocacy and research
- Prudent, efficient fiscal management

ASMI was created over twenty-five years ago as a cooperative partnership between the Alaska seafood industry and state government to advance the mutually beneficial goal of a stable seafood industry in Alaska. It is Alaska's "official seafood marketing agency", and is established under State law as a public corporation. ASMI is governed by a seven member board of directors appointed by the Governor of Alaska.

In order to accomplish its mission ASMI engages in marketing activities promoting all species of Alaska Seafood in the United States, Europe and Asia. The "Alaska Seafood" brand is one of the best known and most respected seafood brands in the world and ranks in the top three most popular brands at restaurants in the United States. Promoting Alaska itself is an integral part of the "Alaska Seafood" brand promotion effort and helps generate interest in Alaska that goes well beyond simply purchasing Alaska Seafood in the market place.

The majority of ASMI's funding comes from a voluntary self-assessment by the Alaska Seafood industry. Federal matching grants (for overseas marketing) and state of Alaska general funds provide the remainder of ASMI marketing budget.

Corporation/Agency/Other Financial Summary

(in Thousands) By Funding Source	FY 2009 Management Plan	FY 2010 Governor	Difference Between FY 09 & FY 10	% Change From FY 09 to FY 10
Revenue Sharing				
Payment In Lieu Of Taxes	6,426.6	10,100.0	3,673.4	57.2%
National Forest Receipts	9,403.4	15,703.4	6,300.0	67.0%
Fisheries Taxes	3,600.0	3,600.0	-	0.0%
Total Revenue Sharing	**19,430.0**	**29,403.4**	**9,973.4**	**51.3%**
Qualified Trade Association	9,000.0	9,000.0	-	0.0%
QTA Independent Traveler Grants	-	-	-	0.0%
Alaska Seafood Marketing Inst.	18,627.9	17,667.4	(960.5)	-5.2%
Regulatory Commission of Alaska	8,371.3	8,074.3	(297.0)	-3.5%
Alaska Aerospace Development Corp.				
AK Aerospace Development Corp.	4,335.6	4,387.3	51.7	1.2%
AADC Facilities Maintenance	24,189.0	24,173.7	(15.3)	-0.1%
Total AADC	**28,524.6**	**28,561.0**	**36.4**	**0.1%**
Alaska Industrial Dev. & Export Auth.				
AIDEA	7,981.4	8,604.4	623.0	7.8%
AIDEA Facilities Maintenance	262.0	262.0	-	0.0%
Total AIDEA	**8,243.4**	**8,866.4**	**623.0**	**7.6%**
Alaska Energy Authority				
AEA Owned Facilities	1,067.1	1,067.1	-	0.0%
AEA Rural Energy Operations	3,146.5	3,184.1	37.6	1.2%
AEA Technical Assistance	100.7	100.7	-	0.0%
AEA Power Cost Equalization	51,160.0	32,160.0	(19,000.0)	-37.1%
Alternative Energy & Efficiency	920.1	1,280.4	360.3	39.2%
Total AEA	**56,394.4**	**37,792.3**	**(18,602.1)**	**-33.0%**

By Staff Category	FY 2009 Management Plan	FY 2010 Governor's Proposed	Difference Between FY 09 & FY 10	% Change From FY 09 & FY 10
Permanent Full-time	197	197	0	0.0%
Permanent Part-time	0	0	0	0.0%
Nonpermanent	4	3	-1	-25.0%
Total Staff	**201**	**200**	**-1**	**-0.5%**

By Corporation/Agency Permanent (Full & Part-time)	FY 2009 Management Plan	FY 2010 Governor's Proposed	Difference Between FY 09 & FY 10	% Change From FY 09 & FY 10
ASMI	19	19	0	0.0%
RCA	57	57	0	0.0%
Alaska Aerospace Dev Corp				
AADC	25	24	-1	-4.0%
AADC Facilities Maintenance	28	28	0	0.0%
Total AADC	**53**	**52**	**-1**	**-1.9%**
AIDEA	68	69	1	1.5%
Total Staff	**197**	**197**	**0**	**0.0%**

By Corporation/Agency Nonpermanent	FY 2009 Management Plan	FY 2010 Governor's Proposed	Difference Between FY 09 & FY 10	% Change From FY 09 & FY 10
ASMI	-	-	-	-
RCA	4	3	-1	-25.0%
Alaska Aerospace Dev Corp	-	-	-	-
AADC	-	-	-	-
AADC Facilities Maintenance	-	-	-	-
Total AADC	-	-	-	-
AIDEA	-	-	-	-
Total Staff	**4**	**3**	**-1**	**-25.0%**

2/5/09 OVERVIEWS: DEPARTMENT OF ADMINISTRATION - DIVISION OF RETIREMENT & BENEFITS

<target><bill></bill><subject>2-5-09 OVERVIEWS DEPARTMENT OF ADMINISTRATION - DIVISION OF RETIREMENT & BENEFITS</subject><comm>HFIN26</comm></target>

Alaska's Retirement Systems Glossary

Actuarial Accrued Liability (Past Service Cost)
The excess of the present value of a pension fund's total liability for future benefits and fund administrative expenses over the present value of the normal cost of those benefits as accrued for the current year.

Actuarial Assumptions
Factors which actuaries use in estimating the cost of funding a defined benefit pension plan. Examples include: the rate of return on plan investments; mortality rates; and the rates at which plan participants are expected to leave the system because of retirement, disability, termination, etc

Actuarial Cost Method
An actuarial method which defines the allocation of pension costs (and contributions) over a member's working career. All standard actuarial cost methods are comprised of two components: normal cost and the actuarial accrued liability (past service cost). An actuarial cost method determines the estimated pension costs, not the ultimate cost of a pension plan; that cost is determined by the actual benefits paid less the actual investment income.

Actuarial Valuation Report
Actuarial valuations are technical reports providing full disclosure of the financial and funding status of public retirement systems administered by the Department of Administration, Division of Retirement and Benefits.

Actuarially Required Contribution (ARC)
The ARC is equal to the sum of (1) the employer's "normal cost" of retirement benefits earned by employees in the current year, and (2) the amount needed to amortize any existing unfunded accrued liability over a period of 25 years.

Alaska Retirement Management Board (ARMB)
The Alaska Retirement Management Board serves as the trustee of the assets of the state's retirements systems, the State of Alaska Supplemental Annuity Plan and the deferred compensation program for state employees. The board manages and invests fund assets in a manner that is sufficient to meet the liabilities and the pension obligations of the system.

Funded Ratio
The ratio of a plan's current assets to the present value of earned pensions. There are several acceptable methods of measuring a plan's assets and liabilities. In financial reporting of public pension plans, funded status is reported using consistent measures by all governmental entities. According to the Government Accounting Standards Board (GASB), the funded ratio equals the actuarial value of assets divided by the actuarial accrued liability calculated under the Projected Unit Credit cost method.

Market Value of Assets
Market value is the amount for which fund assets would sell on the open market if put up for sale in the ordinary course of business.

Normal Cost
The normal cost generally represents the portion of the cost of projected benefits allocated to the current plan year. The employer normal cost equals the total normal cost of the plan reduced by employee contributions

Past Service Cost
The present value of benefits earned to date not covered by current plan assets.

PERS
The Public Employees' Retirement System (PERS) includes a defined benefit plan that is for government employees first hired on or before June 30, 2006 and a hybrid defined contribution plan that has some defined benefit components for employees first hired on or after July 1, 2006.

Pension
A series of periodic payments, usually for life, payable monthly or at other specified intervals. The term is frequently used to describe the part of a retirement allowance financed by employer contributions.

Political Subdivision
Any political entity, such as a municipality, city, or borough, governed by its own legislative body.

Pre-Funding
To accumulate a reserve fund in advance of paying benefits. This is the opposite of "pay-as-you-go."

Present Value
The current worth of an amount or series of amounts payable in the future, after discounting each amount at an assumed rate of interest and adjusting for the probability of its payment or receipt.

Qualified Plan
An employee benefit plan approved by the Internal Revenue Service, meeting requirements set forth in IRS Code Section 401 or 457. Contributions to such plans are subject to favorable tax treatment.

SB 141
Closed the defined benefit plans and created a new retirement and retiree health plan. Signed into law July 27, 2005 Chapter 9 FSSLA 05.

SB 123
Technical correction bill. Allowed the Alaska Retirement Management Board to apply the percent of pay past service cost against both defined benefit and defined contribution salaries. Signed into law June 6, 2007 Chapter 20 SLA 07.

SB 125
Changed the PERS to a cost-share plan and set the employer rate at 22%. Established that the State will pay the difference between the 22% and the actuarially determined rate. Signed into law April 8, 2008 Chapter 13 SLA 08

TRS
The Teachers' Retirement System (TRS) includes a defined benefit plan that is for government employees first hired on or before June 30, 2006 and a hybrid defined contribution plan that has some defined benefit components for employees first hired on or after July 1, 2006.

Unfunded Actuarial Accrued Liability (UAAL)
The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets. In other words, the present value of benefits earned to date that are not covered by current plan assets.

Valuations
The process of determining the value of the funds. There are many assumptions used in the valuation, some are objective, such as the actual monetary assets some are subjective, such as member mortality or project cost of health insurance.

Name_____

Date_____

QUIZ 1

Retirement Systems 101 Instructor: Pat Shier

Multiple Choice: Place the letter of the answer you have chosen in the blank.

1. The Public Employees Retirement System (PERS) was established in _____.
   a. 1959 b. 1966
   b. 1961 c. 1972

2. SB 141 consolidated several retirement boards into the _____ .
   a. ROTC b. ARMB
   c. ASPIB d. AREA

3. "Accrued benefits of these [employee retirement] systems shall not be diminished or impaired" is found in _____ of the Alaska Constitution.
   a. Article 13, section 13 b. Article 7, section 12
   c. Article 9, section 2.5 d. Article 12, section 7

4. The Employer Contribution Rate of 22% into PERS and 12.56% into TRS is determined by _____.
   a. Alaska statute b. Alaska regulations
   c. the Governor d. the Commissioner of Administration

5. The difference between the Employer Contribution Rate of 22% into PERS, and the Alaska Retirement Management Board adopted rate of 35.22% into PERS is paid by _____.
   a. Federal funds b. taxpayers of local school districts
   b. state of Alaska d. individual TRS employees

6. That portion of the ARM Board adopted Employer Contribution Rates which only pays for the current year's benefit accrual is called the _____.
   a. Service Benefit Payment b. Normal Cost
   c. Regular Service Cost d. Accrued Service Payment

7. In *Actuarial Speak*, "Past Service Cost" means _____.
   a. costs of retired legislators b. last fiscal year budget shortfall
   c. paying for unfunded liability d. Actuarial assets/liabilities ratio

8. My first thought at the conclusion of this presentation is, _____.
   a. "Why am I here?" b. "Where are the doughnuts?"
   c. "This was very helpful!" d. 'Yawn, I could have had a nap instead!"

ANSWERS: 1. c, 2. b, 3. d, 4. a, 5. b, 6. b, 7. c, 8. c

ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT

As of December 31, 2008

ALASKA RETIREMENT MANAGEMENT BOARD

Schedule of Investment Income and Changes in Invested Assets by Fund

For the Six Months Ending December 31, 2008

Fund Type	Beginning Invested Assets	Investment Income (1)	Net Contributions (Withdrawals)	Ending Invested Assets
PERS System				
Defined Benefit Plan-Public Employees Retirement Trust Fund	$ 10,424,034,727	$ (1,999,590,854)	$ (64,680,160)	$ 8,359,763,713
Defined Contribution Retirement Plan-Defined Benefit-				
Occupational Death and Disability PERS	883,517	(239,275)	615,651	1,259,893
Occupational Death and Disability PERS P/F	210,747	(58,258)	168,268	320,757
Defined Contribution Retirement Plan-Participant Directed-				
Defined Contribution Retirement PERS	24,758,328	(7,640,435)	13,491,711	30,609,604
Defined Contribution Retirement-Retiree Medical Plan - PERS	2,310,329	(593,402)	1,176,164	2,893,091
Defined Contribution Retirement-Health Reimbursement Arrangement - PERS	7,509,385	(1,921,669)	4,328,819	9,916,535
Defined Benefit- PERS Retirement Health Trust	353,729,076	(92,744,923)	105,697,665	366,681,818
	10,813,436,109	(2,102,788,816)	60,798,118	8,771,445,411
TRS System				
Defined Benefit Plan-Teachers Retirement Trust Fund	4,624,179,432	(897,234,493)	(21,113,093)	3,705,831,846
Defined Contribution Retirement Plan-Defined Benefit-				
Occupational Death and Disability TRS	358,647	(86,785)	222,046	493,908
Defined Contribution Retirement Plan-Participant Directed-				
Defined Contribution Retirement TRS	12,992,811	(3,547,842)	4,759,786	14,204,755
Defined Contribution Retirement-Retiree Medical Plan -TRS	1,180,459	(275,219)	353,568	1,258,808
Defined Contribution Retirement-Health Reimbursement Arrangement - TRS	2,999,394	(698,248)	1,098,846	3,399,992
Defined Benefit- TRS Retirement Health Trust	94,262,257	(49,540,156)	139,656,833	184,378,934
	4,735,973,000	(951,382,743)	124,977,986	3,909,568,243
Judicial Retirement Plan				
Defined Benefit Plan-Judicial Retirement Trust Fund	119,733,204	(24,322,426)	(677,168)	94,733,610
Defined Benefit-Judicial Retirement Health Trust	13,454,217	(2,902,358)	441,031	10,992,890
	133,187,421	(27,224,784)	(236,137)	105,726,500
Military Retirement Plan				
Defined Benefit Plan-Military Retirement Trust Fund	27,261,582	(3,589,041)	1,648,132	25,320,673
SBS Plan				
Supplemental Annuity Plan	2,129,739,982	(261,329,119)	202,266	1,868,613,129
Deferred Compensation Plan				
Deferred Compensation Plan	502,613,852	(71,108,062)	4,523,734	436,029,524
Total All Funds	$ 18,342,211,946	$ (3,417,422,565)	$ 191,914,099	$ 15,116,703,480

Notes:

(1) Includes interest, dividends, securities lending, expenses, realized and unrealized gains/losses

ALASKA RETIREMENT MANAGEMENT BOARD

Schedule of Investment Income and Changes in Invested Assets by Fund

For the Month Ended December 31, 2008

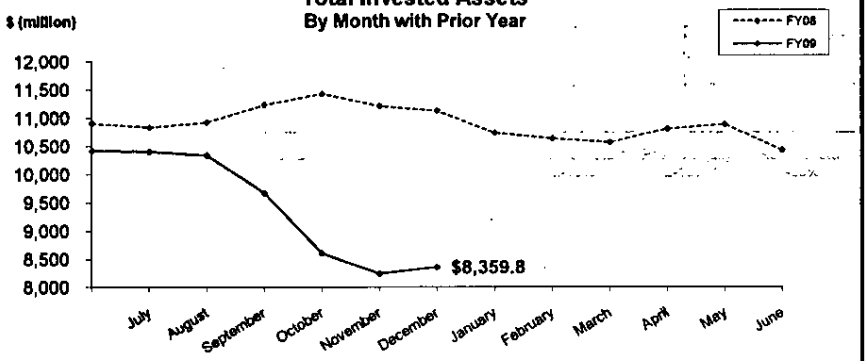
Fund Type	Beginning Invested Assets	Investment Income [1]	Net Contributions (Withdrawals)	Ending Invested Assets	% Increase (Decrease) in Invested Assets
PERS System					
Defined Benefit Plan-Public Employees Retirement Trust Fund	$ 8,240,443,046	$ 142,493,815	$ (23,173,148)	$ 8,359,763,713	1.45%
Defined Contribution Retirement Plan-Defined Benefit-					
Occupational Death and Disability PERS	1,083,233	60,890	115,770	1,259,893	
Occupational Death and Disability PERS P/F	273,756	15,550	31,451	320,757	
Defined Contribution Retirement Plan-Participant Directed-					
Defined Contribution Retirement PERS	26,519,218	1,440,448	2,649,938	30,609,604	
Defined Contribution Retirement-Retiree Medical Plan - PERS	2,534,985	137,132	220,974	2,893,091	
Defined Contribution Retirement-Health Reimbursement Arrangement - PERS	8,594,472	465,150	856,913	9,916,535	
Defined Benefit- PERS Retirement Health Trust	351,050,759	13,483,773	2,147,286	366,681,818	
	8,630,499,469	158,096,758	(17,150,816)	8,771,445,411	
TRS System					
Defined Benefit Plan-Teachers Retirement Trust Fund	3,663,242,122	63,218,517	(20,628,793)	3,705,831,846	1.16%
Defined Contribution Retirement Plan-Defined Benefit-					
Occupational Death and Disability TRS	416,739	23,570	53,599	493,908	
Defined Contribution Retirement Plan-Participant Directed-					
Defined Contribution Retirement TRS	12,368,457	664,544	1,171,754	14,204,755	
Defined Contribution Retirement-Retiree Medical Plan - TRS	1,113,681	59,541	85,586	1,258,808	
Defined Contribution Retirement-Health Reimbursement Arrangement - TRS	2,963,616	160,120	276,256	3,399,992	
Defined Benefit- TRS Retirement Health Trust	181,047,075	6,784,578	(3,452,719)	184,378,934	
	3,861,151,690	70,910,870	(22,494,317)	3,909,568,243	
Judicial Retirement Plan					
Defined Benefit Plan-Judicial Retirement Trust Fund	92,778,596	1,920,064	34,950	94,733,610	2.11%
Defined Benefit-Judicial Retirement Health Trust	10,461,742	408,078	123,070	10,992,890	
	103,240,338	2,328,142	158,020	105,726,500	
Military Retirement Plan					
Defined Benefit Plan-Military Retirement Trust Fund	24,662,828	790,362	(132,517)	25,320,673	2.67%
SBS Plan					
Supplemental Annuity Plan	1,816,597,250	49,347,859	2,668,020	1,868,613,129	2.86%
Deferred Compensation Plan					
Deferred Compensation Plan	422,688,686	11,036,455	2,304,383	436,029,524	3.16%
Total All Funds	$ 14,858,840,261	$ 292,510,446	$ (34,647,227)	$ 15,116,703,480	

Notes:

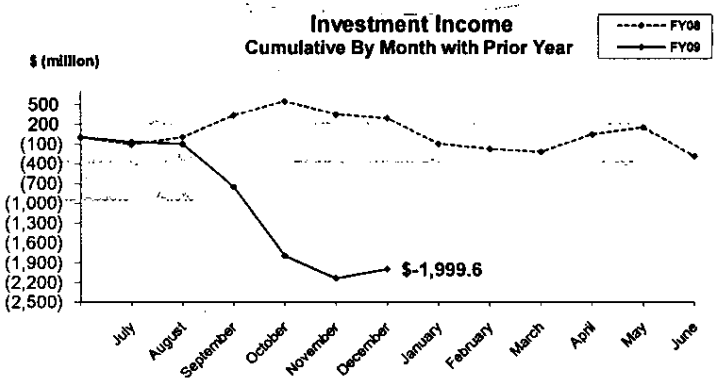
(1) Includes interest, dividends, securities lending, expenses, realized and unrealized gains/losses

PUBLIC EMPLOYEES' RETIREMENT TRUST FUND
As of December 31, 2008

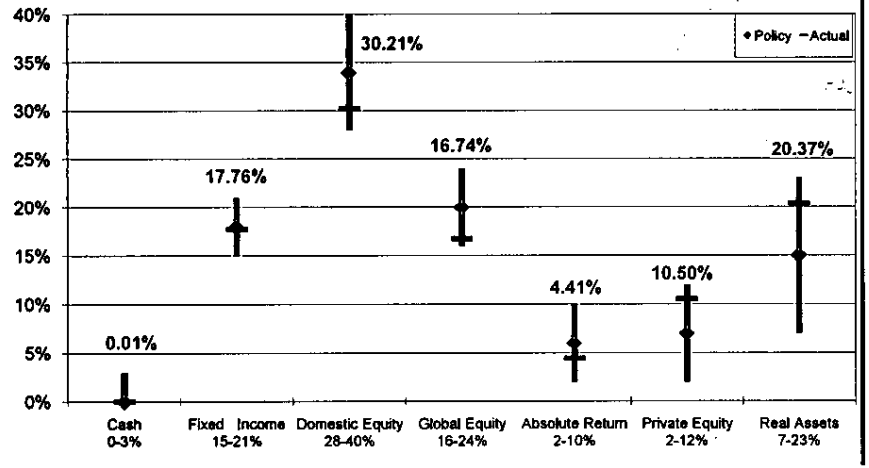
Total Invested Assets
By Month with Prior Year



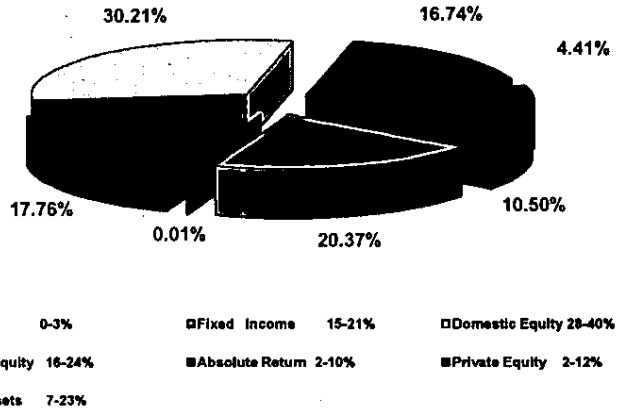
Investment Income
Cumulative By Month with Prior Year



Actual Asset Allocation v. Target Allocation

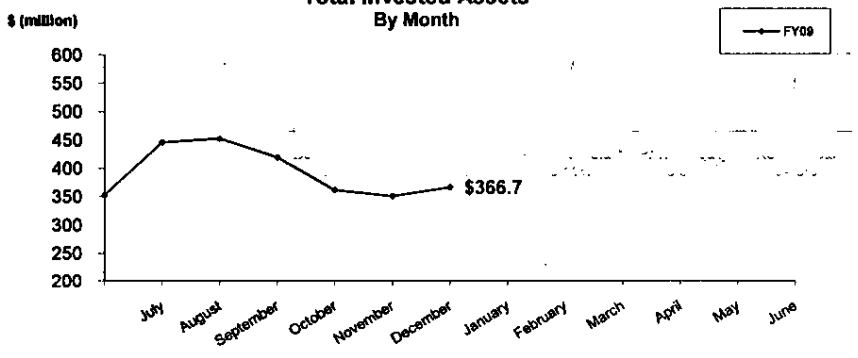


Invested Assets
By Major Asset Class

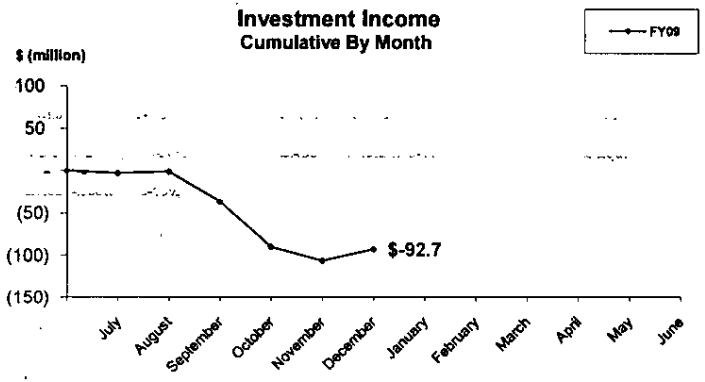


PUBLIC EMPLOYEES' RETIREE HEALTH CARE TRUST FUND
As of December 31, 2008

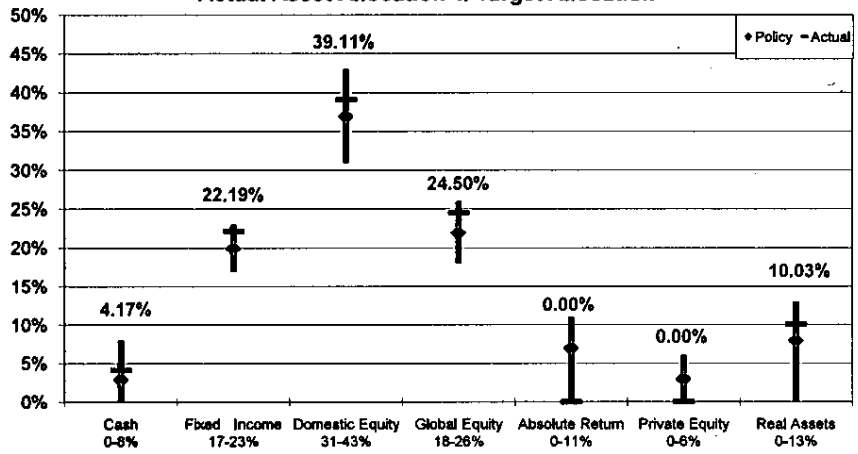
Total Invested Assets
By Month



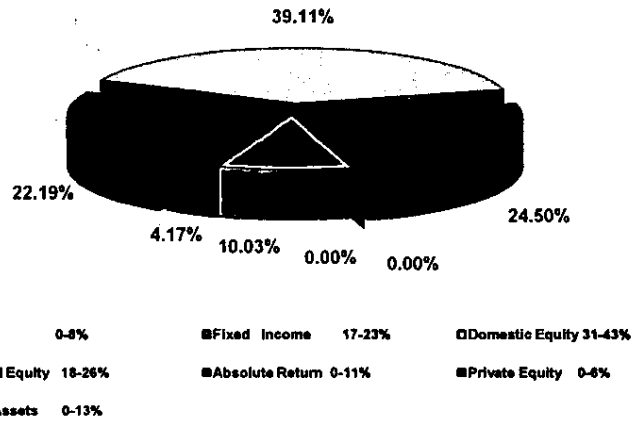
Investment Income
Cumulative By Month



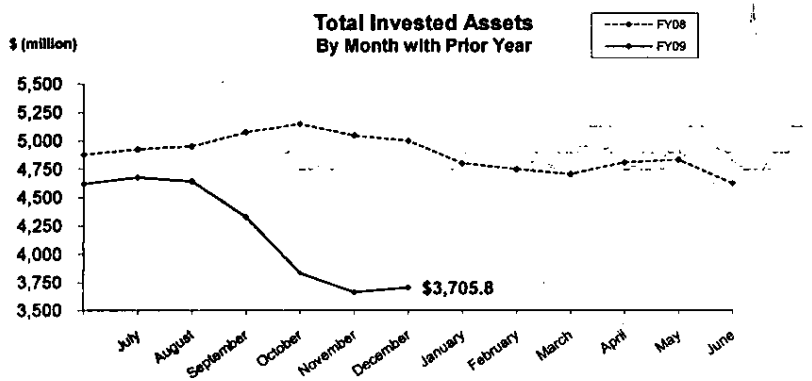
Actual Asset Allocation v. Target Allocation

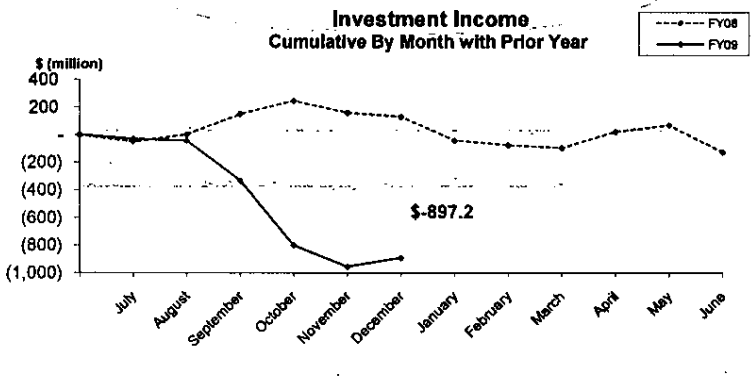


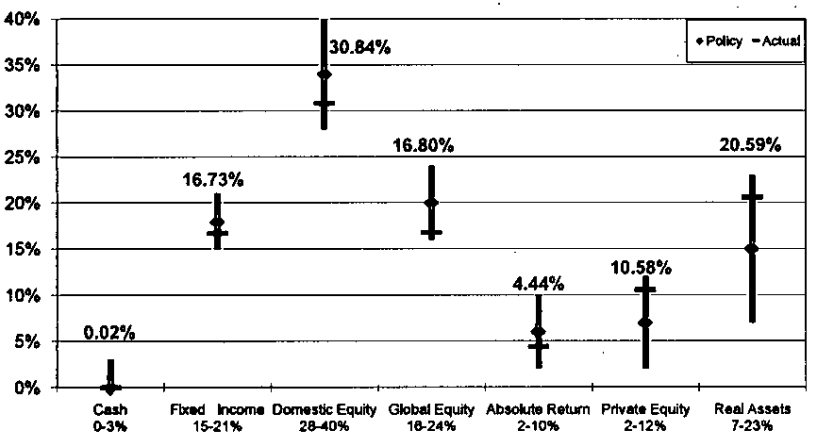
Invested Assets
By Major Asset Class

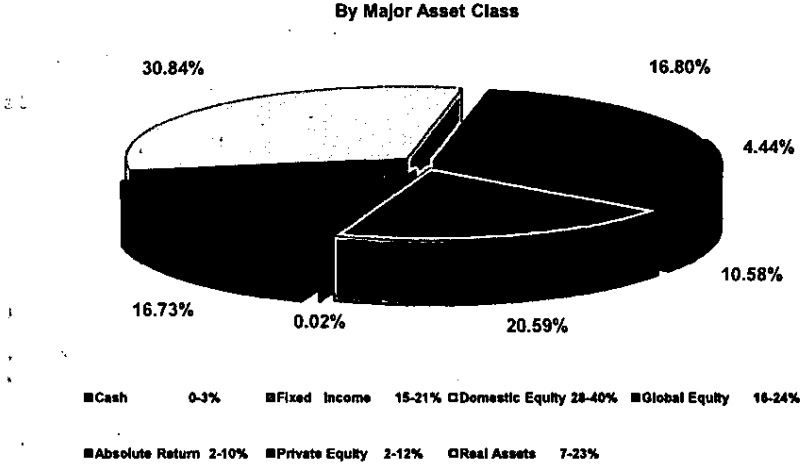


TEACHERS' RETIREMENT TRUST FUND
As of December 31, 2008



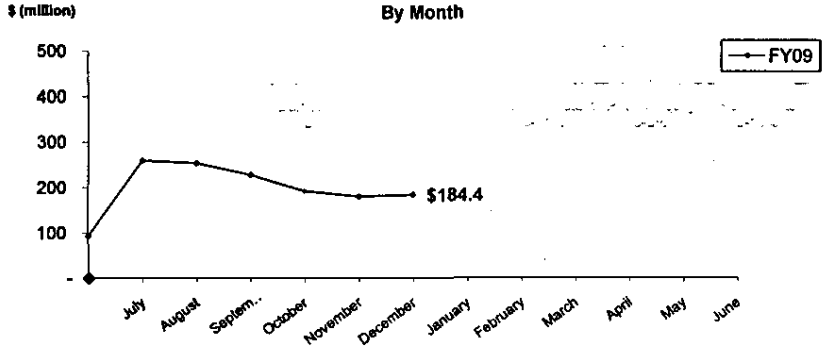




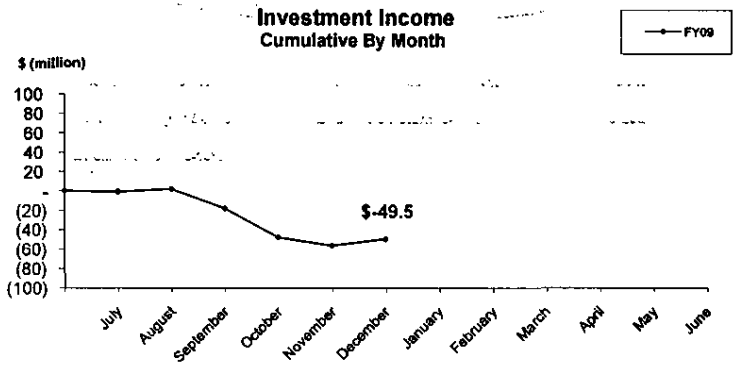


TEACHERS' RETIREE HEALTH CARE TRUST FUND
As of December 31, 2008

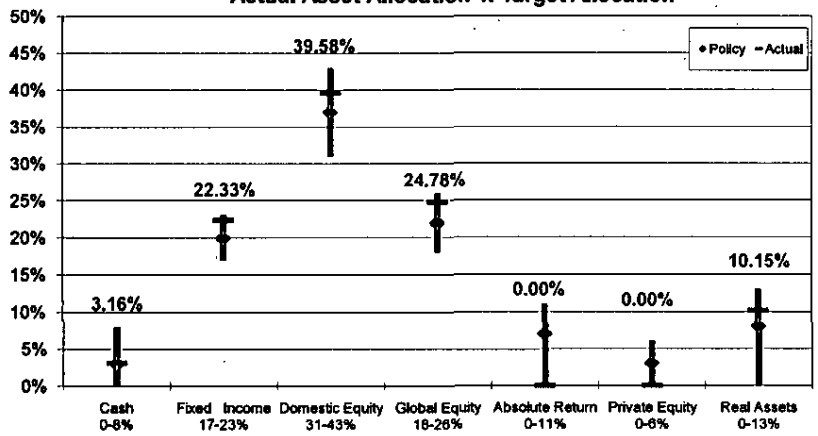
Total Invested Assets
By Month



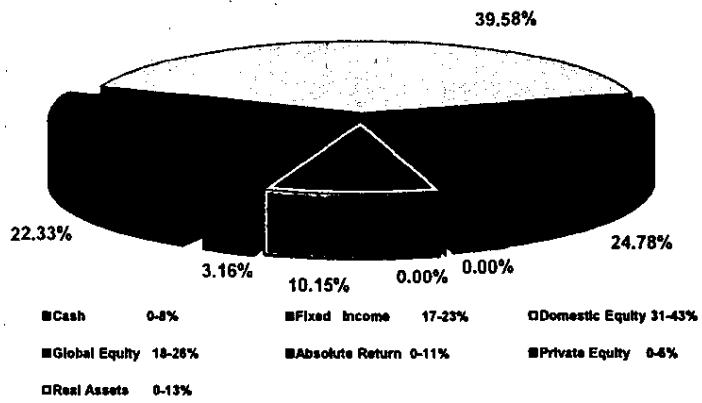
Investment Income
Cumulative By Month



Actual Asset Allocation v. Target Allocation

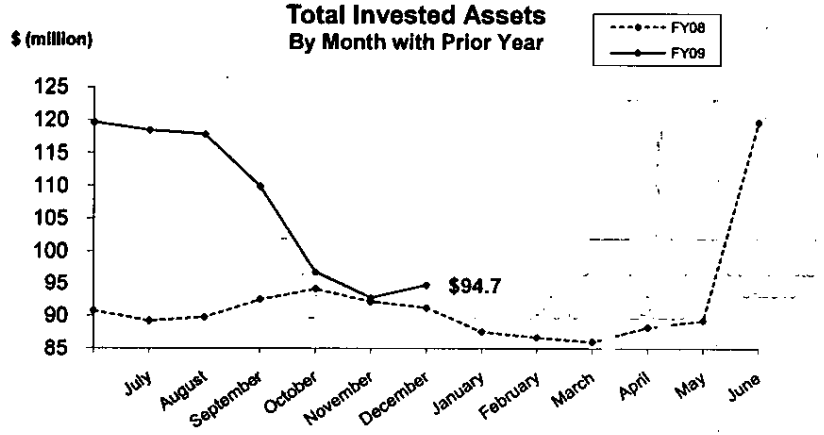


Invested Assets
By Major Asset Class

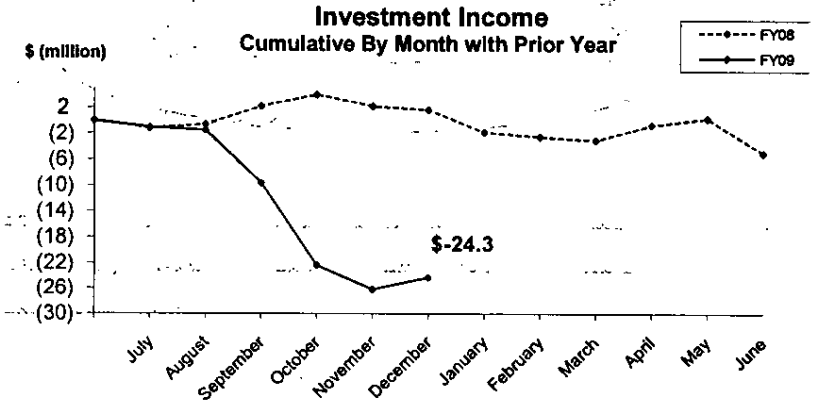


JUDICIAL RETIREMENT TRUST FUND
As of December 31, 2008

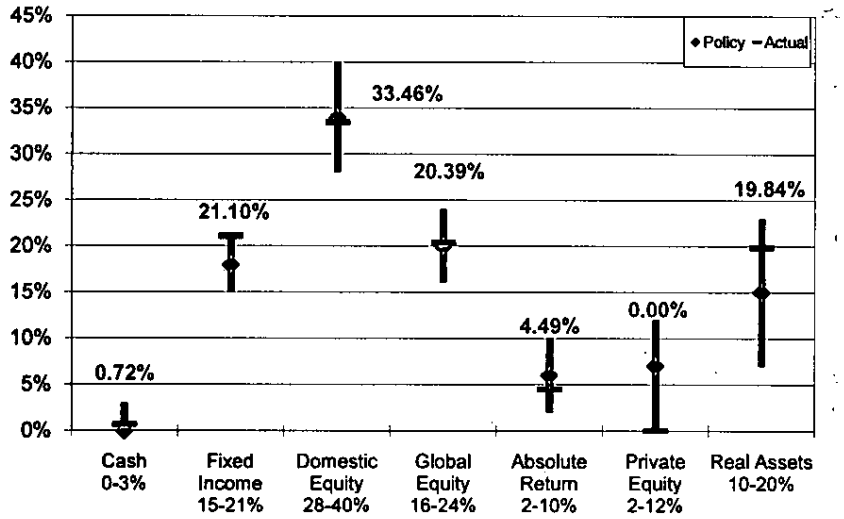
Total Invested Assets
By Month with Prior Year



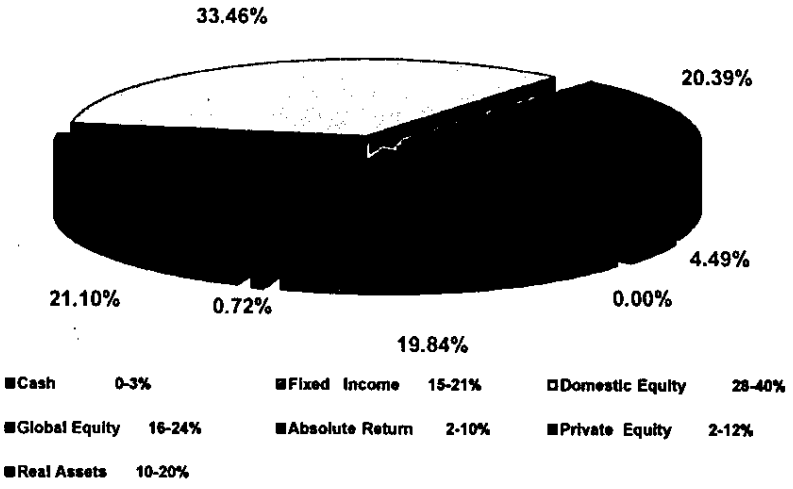
Investment Income
Cumulative By Month with Prior Year



Actual Asset Allocation v. Target Allocation

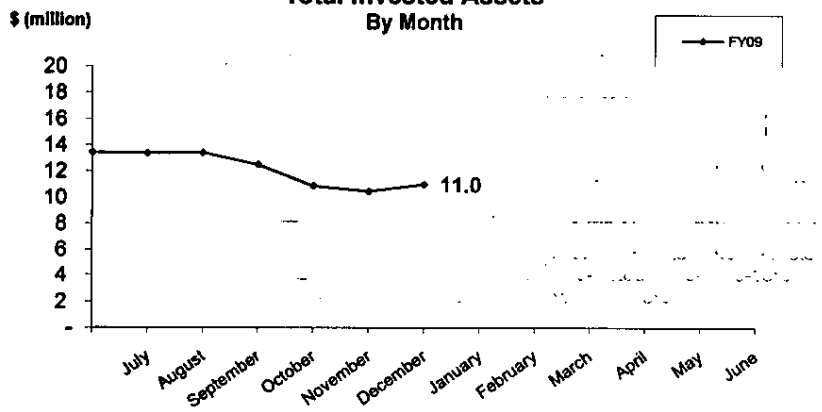


Invested Assets
By Major Asset Class

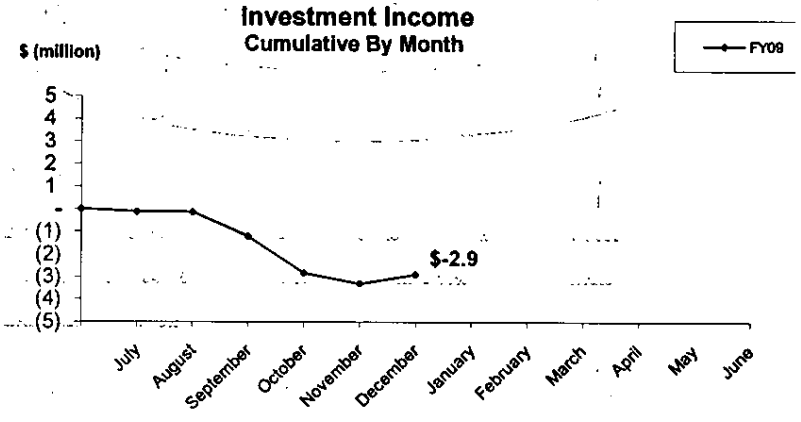


JUDICIAL RETIREE HEALTH CARE TRUST FUND
As of December 31, 2008

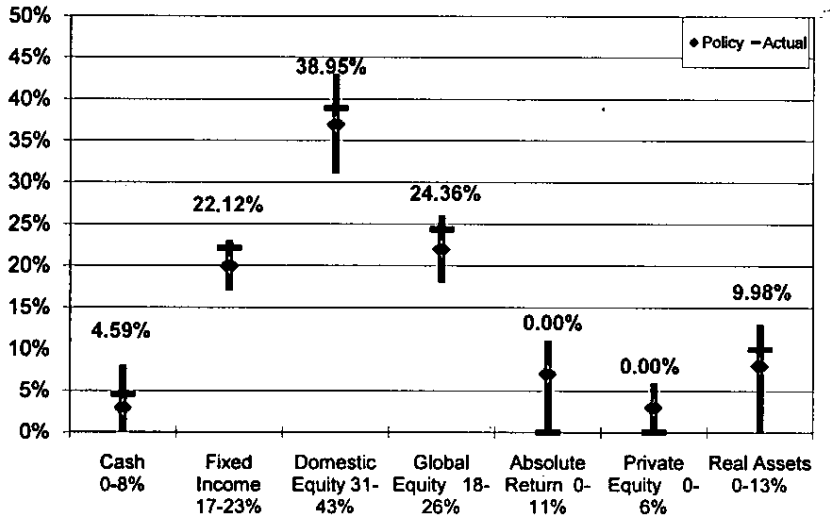
Total Invested Assets
By Month



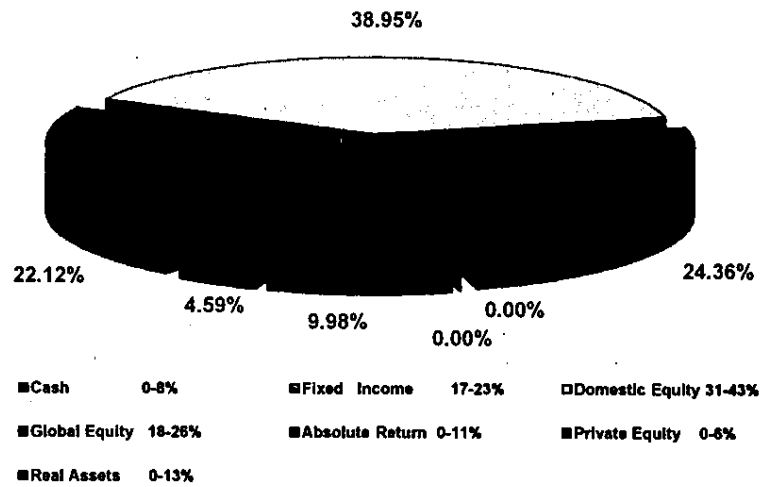
Investment Income
Cumulative By Month



Actual Asset Allocation v. Target Allocation

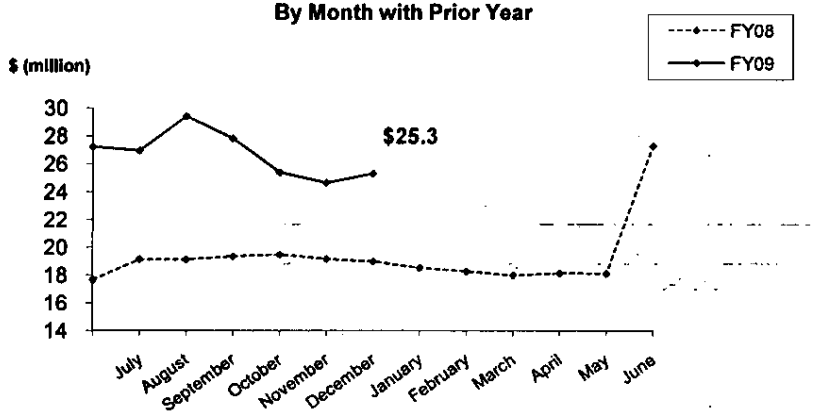


Invested Assets
By Major Asset Class

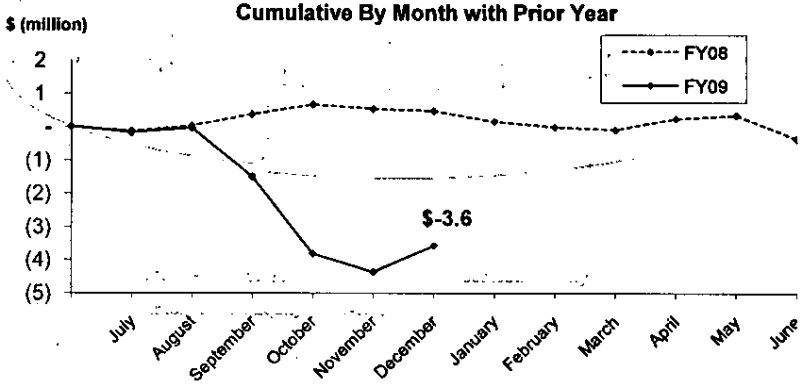


MILITARY RETIREMENT TRUST FUND
As of December 31, 2008

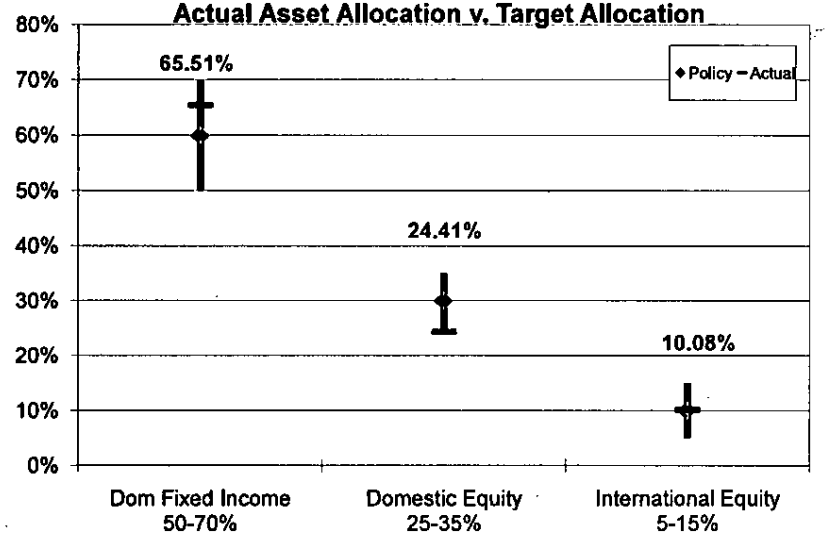
Total Invested Assets
By Month with Prior Year



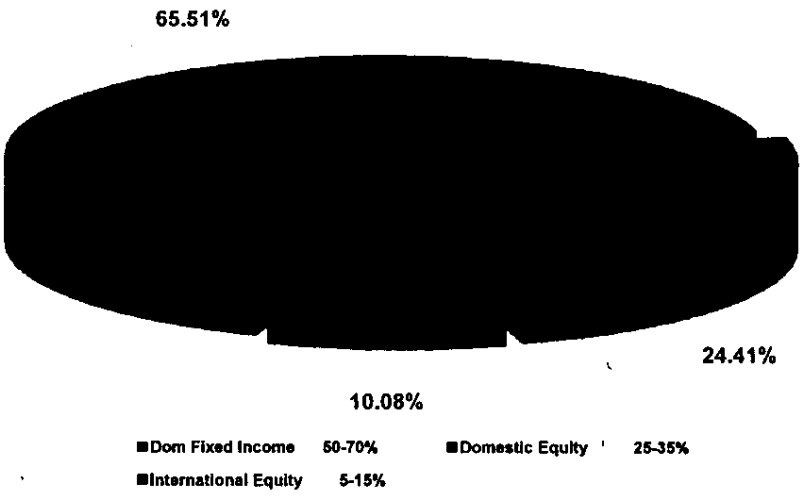
Investment Income
Cumulative By Month with Prior Year



Actual Asset Allocation v. Target Allocation



Invested Assets
By Major Asset Class



ALASKA RETIREMENT MANAGEMENT BOARD
Reporting of Funds by Manager

Defined Benefit Retirement Plans

Alaska Retirement Management Board

Public Employees',Teachers', Judicial and Military Defined Benefit Retirement Funds by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended December 31, 2008

AY		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% of Total	% of Pool Total
	Cash						
70	**Short-Term Fixed Income Pool**	$ 15,444,520	$ (2,986)	$ (13,251,796)	$ 2,189,738	0.02%	0.02%
	Total Cash	15,444,520	(2,986)	(13,251,796)	2,189,738		
	Fixed Income						
77	**Internal Fixed Income Investment Pool**	1,595,389,555	47,723,890	(109,706,241)	1,533,407,204	12.58%	12.58%
	International Fixed Income Pool						
63	Mondrian Investment Partners	224,129,806	16,187,653	-	240,317,459	1.97%	1.97%
	High Yield Pool						
9N	ING Investment Management	129,471,069	7,671,198	-	137,142,267	1.13%	
9P	MacKay Shields, LLC	134,117,604	3,775,961	-	137,893,565	1.13%	
	Total High Yield	263,588,673	11,447,159	-	275,035,832		2.26%
	Emerging Debt Pool						
5M	Lazard Emerging Income	91,027,432	1,175,993	-	92,203,425	0.76%	0.76%
	Total Fixed Income (cont.)	2,174,135,466	76,534,695	(109,706,241)	2,140,963,920		17.57%

Alaska Retirement Management Board

Public Employees',Teachers', Judicial and Military Defined Benefit Retirement Funds by Manager

Schedule of Investment Income and Changes in Invested Assets

For the Month Ended December 31, 2008

		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% of Total	% of Pool Total
	Domestic Equities						
	Small Cap Managers						
	Passively Managed						
4N	SSgA Russell 2000 Growth	41,942,135	2,280,082	-	44,222,217	0.36%	
4P	SSgA Russell 2000 Value	203,118,594	12,532,757	-	215,651,351	1.77%	
	Total Passive	245,060,729	14,812,839	-	259,873,568		
	Actively Managed						
4D	Turner Investment Partners	112,448,712	1,022,690	-	113,471,402	0.93%	
4F	Luther King Capital Management	90,907,385	5,126,919	-	96,034,304	0.79%	
4G	Jennison Associates, LLC	111,796,078	9,323,043	-	121,119,121	0.99%	
6A	SSgA Futures Small Cap	3,227,231	667,745	-	3,894,976	0.03%	
4H	Lord Abbett & Co.	124,477,307	4,995,203	-	129,472,510	1.06%	
	Total Active	442,856,713	21,135,600	-	463,992,313		
	Total Small Cap	687,917,442	35,948,439	-	723,865,881		5.94%
	Large Cap Managers						
	Passively Managed						
30	Transition Account	526,566	-	(526,566)		0.00%	
4L	SSgA Russell 1000 Growth	277,608,076	5,009,856	-	282,617,932	2.32%	
4M	SSgA Russell 1000 Value	416,752,560	5,506,167	(30,000,000)	392,258,727	3.22%	
4R	SSgA Russell 200	962,940,732	6,325,371	526,565	969,792,668	7.96%	
	Total Passive	1,657,827,934	16,841,394	(30,000,001)	1,644,669,327		
	Actively Managed						
39	Cap Guardian Trust Co	221,907,844	3,922,750	-	225,830,594	1.85%	
47	Lazard Freres	195,085,643	5,965,868	50,790,000	251,841,511	2.07%	
48	McKinley Capital Mgmt.	266,894,580	3,930,764	-	270,825,344	2.23%	
4U	Barrow, Haney, Mewhinney & Strauss	86,826,807	3,970,713	-	90,797,520	0.75%	
4V	Quantitative Management Assoc.	91,582,891	2,182,400	-	93,765,291	0.77%	
38	RCM	273,661,110	1,132,466	-	274,793,576	2.26%	
6B	SSgA Futures large cap	3,678,213	142,511	-	3,820,724	0.03%	
4J	Relational Investors, LLC	147,050,152	6,370,518	(26,747,963)	126,672,707	1.04%	
	Total Active	1,286,687,240	27,617,990	24,042,037	1,338,347,267		
	Total Large Cap	2,944,515,174	44,459,384	(5,957,964)	2,983,016,594		24.49%
	Total Domestic Equity	3,632,432,616	80,407,823	(5,957,964)	3,706,882,475		30.43%

(cont.)

Alaska Retirement Management Board

Public Employees',Teachers', Judicial and Military Defined Benefit Retirement Funds by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended December 31, 2008

		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% of Total	% of Pool Total
	Global Equities Ex US						
	International Equity Pool						
65	Brandes Investment Partners	561,212,895	47,308,931	-	608,521,826	4.99%	
58	Lazard Freres	239,778,633	23,576,989	62,210,000	325,565,622	2.67%	
67	Cap Guardian Trust Co	312,005,226	23,121,222	-	335,126,448	2.75%	
68	State Street Global Advisors	204,245,646	10,850,514	-	215,096,160	1.77%	
6D	SSgA Futures International	114,839	(41)	-	114,798	0.00%	
69	McKinley Capital Management	252,187,706	17,157,724	-	269,345,430	2.21%	
	Total International Equity	1,569,544,945	122,015,339	62,210,000	1,753,770,284		14.39%
	Emerging Markets Equity Pool A [1]						
6P	Lazard Asset Management	47,497,493	3,415,266	-	50,912,759	0.42%	
6Q	Eaton Vance	49,331,696	4,085,362	-	53,417,058	0.44%	
	Total Emerging Markets Pool A	96,829,189	7,500,628	-	104,329,817		0.86%
	Emerging Markets Equity Pool B [1]						
6R	Lazard Freres Asset Mgmt.	-	-	-	-	0.00%	
6S	Eaton Vance	-	-	-	-	0.00%	
62	The Capital Group Inc.	148,861,693	11,786,155	25,000,000	185,647,848	1.52%	
	Total Emerging Markets Pool B	148,861,693	11,786,155	25,000,000	185,647,848		1.52%
	Total Global Equities	1,815,235,827	141,302,122	87,210,000	2,043,747,949		16.77%
	Private Equity Pool						
98	Pathway Capital Management LLC	538,890,483	5,142,368	(103,739)	543,929,112	4.46%	
85	Abbott Capital	658,677,088	(16,595,474)	(1,639,121)	640,442,493	5.26%	
8A	Blum Capital Partners-Strategic	31,717,448	-	-	31,717,448	0.26%	
8B	Blum Capital Partners-Public	27,969,515	28,278	-	27,997,793	0.23%	
8Q	Onex Partnership III	-	-	218,750	218,750		
8W	Warburg Pincus X	7,316,574	-	-	7,316,574	0.06%	
8X	Angelo, Gordon & Co.	18,193,432	-	-	18,193,432	0.15%	
	Total Private Equity	1,282,764,540	(11,424,828)	(1,524,110)	1,269,815,602		10.42%
	Absolute Return Pool [2]						
9D	Mariner Investment Group, Inc.	214,734,273	(974,001)	-	213,760,272	1.75%	
9E	Cadogan Management LLC	113,336,846	(666,365)	-	112,670,481	0.92%	
9F	Crestline Investors, Inc.	219,870,101	(9,078,161)	-	210,791,940	1.73%	
	Total Absolute Return Investments (cont.)	547,941,220	(10,718,527)	-	537,222,693		4.41%

Alaska Retirement Management Board

Public Employees',Teachers', Judicial and Military Defined Benefit Retirement Funds by Manager

Schedule of Investment Income and Changes in Invested Assets

For the Month Ended December 31, 2008

		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% of Total	% of Pool Total
	Real Assets						
	Farmland Pool A						
9B	UBS Agrivest, LLC	302,431,131	68	(2,739,734)	299,691,465	2.46%	
9G	Hancock Agricultural Investment Group	135,910,553	78	6,730,000	142,640,631	1.17%	
	Total Farmland Pool A	438,341,684	146	3,990,266	442,332,096		3.63%
	Farmland Water Pool						
8Y	Hancock Farmland and Water PPTY	7,166,457	-	-	7,166,457	0.06%	
8Z	UBS Argivest, LLC	15,098,499	(13)	(480,000)	14,618,486	0.12%	
	Total Farmland Water Pool	22,264,956	(13)	(480,000)	21,784,943		0.19%
	Timber Pool A						
9Q	Timberland INVT Resource LLC	41,900,000	-	-	41,900,000	0.34%	
9S	Hancock Natural Resourse Group	-	-	-	-		
	Total Timber Pool A	41,900,000		-	41,900,000		0.34%
	Energy Pool A						
9A	TCW Energy Fund XD	37,215,176	(14,549)	-	37,200,627	0.31%	
9Z	TCW Energy Fund XIV-A	47,608,565	549,149	-	48,157,714	0.40%	
	Total Energy Pool A	84,823,741	534,600	-	85,358,341		0.69%
	REIT Pool						
9H	REIT Holdings	35,147,739	5,367,668	-	40,515,407	0.33%	0.33%
	Treasury Inflation Proof Securities						
6N	TIPS Internally Managed Account	70,101,707	3,433,065	(8,000,000)	65,534,772	0.53%	0.53%

(cont.)

Alaska Retirement Management Board

Public Employees',Teachers', Judicial and Military Defined Benefit Retirement Funds by Manager

Schedule of Investment Income and Changes in Invested Assets

For the Month Ended December 31, 2008

		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% of Total	% of Pool Total
	Real Estate						
	Core Commingled Accounts						
7A	JP Morgan	235,279,020	(13,943,299)	-	221,335,721	1.82%	
7B	UBS Realty	95,673,918	91,104	-	95,765,022	0.79%	
	Total Core Commingled	330,952,938	(13,852,195)	-	317,100,743		2.60%
	Core Separate Accounts						
7D	Cornerstone Real Estate Advisers Inc.	222,549,335	(2,080,618)	(1,218,487)	219,250,230	1.80%	
7E	LaSalle Investment Management	239,534,742	(1,076,533)	(770,525)	237,687,684	1.95%	
7F	Sentinel Separate Account	126,342,384	(3,783,251)	(588,106)	121,971,027	1.00%	
7G	UBS Realty, RESA	364,633,428	238,771	(1,417,932)	363,454,267	2.98%	
	Total Core Separate	953,059,889	(6,701,631)	(3,995,050)	942,363,208		7.73%
	Non-Core Commingled Accounts						
7H	Coventry	64,282,330	(4,356,266)	-	59,926,064	0.49%	
7J	Lowe Hospitality Partners	51,511,961	(668,117)	-	50,843,844	0.42%	
7M	Cornerstone Rotational Fund	6,773	12,810	(24,691)	(5,108)	0.00%	
7N	ING Clarion Development Ventures II	37,790,080	(1,625,663)	-	36,164,417	0.30%	
7P	Lehman Brothers Real Estate Partners II	131,926,419	(18,506,065)	919,343	114,339,697	0.94%	
7Q	Rothschild Five Arrows Realty Securities IV	32,185,803	400,594	1,923,545	34,509,942	0.28%	
7R	Tishman Speyer Real Estate Venture VI	89,853,375	(13,446,374)	2,788,750	79,195,751	0.65%	
7X	Tishman Speyer Real Estate Venture VII	11,341,595	(3,343,603)	318,698	8,316,690	0.07%	
7S	Rothschild Five Arrows Realty SecuritiesV	3,175,151	25,890	1,251,184	4,452,225	0.04%	
7V	ING Clarion Development Ventures III	(114,635)	(96,394)	-	(211,029)	0.00%	
7W	Lehman Brothers Real estate Partners III	13,400,000	(3,430,618)	639,368	10,608,750	0.09%	
8R	BlackRock Diamond Property Fund	78,124,246	(2,661,043)	-	75,463,203	0.62%	
8S	Colony Investors VIII, L.P.	35,631,433	(8,653,784)	-	26,977,649	0.22%	
8U	LaSalle Medical Office Fund II	12,200,629	(94,942)	-	12,105,687	0.10%	
8V	Cornerstone Apartment Venture III	15,250,634	(13,690)	-	15,236,944	0.13%	
	Total Non-Core Commingled	576,565,794	(56,457,265)	7,816,197	527,924,726		4.33%
	Total Real Estate	1,860,578,621	(77,011,091)	3,821,147	1,787,388,677		
83/84	Mortgage-related Assets [3]	13,955	84	(810)	13,229	0.00%	
	Total Real Assets	2,553,172,403	(67,675,541)	(669,397)	2,484,827,465		20.38%
	TOTALS	$ 12,021,126,592	$ 208,422,758	$ (43,899,508)	$ 12,185,649,842	100.00%	100.00%

Notes

(1) Investment is represented by shares in (or as a percentage of) commingled equity investments which, at any given time, may be a combination of securities and cash.
(2) Investment is represented by shares in various hedge funds.
(3) Mortgage-related assets are managed in-house. These assets are valued at their principal balance (cost) less an allowance for loan loss, the result of which approximates market value.

ALASKA RETIREMENT MANAGEMENT BOARD

Participant Directed Plans

ALASKA RETIREMENT MANAGEMENT BOARD

Supplemental Annuity Plan

Schedule of Investment Income and Changes in Invested Assets

for the Month Ended

December 31, 2008

Interim Transit Account	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Treasury Division [1]					
Cash and Cash Equivalents	$ 5,802,577	$ (489)	$ (4,615,443)	$ -	$ 1,186,645
Participant Options [2]					
T. Rowe Price					
Target 2010 Fund	35,483,714	394,568	88,481	(709)	35,966,054
Target 2015 Fund	63,000,785	1,379,742	147,881	193,333	64,721,741
Target 2020 Fund	20,084,608	410,532	138,504	(83,713)	20,549,931
Target 2025 Fund	6,131,413	129,055	103,470	38,074	6,402,012
Alaska Balanced Fund	882,597,959	26,495,398	1,245,937	(2,976,864)	907,362,430
Long Term Balanced Fund	149,285,948	4,055,112	4,940,029	(1,741,358)	156,539,731
Small-Cap Stock Fund	31,506,406	1,885,424	235,556	(68,762)	33,558,624
Stable Value Fund	263,476,367	776,591	(2,023,442)	(4,490,648)	257,738,868
	1,451,567,200	35,526,422	4,876,416	(9,130,647)	1,482,839,391
State Street Global Advisors					
Long US Treasury Bond Index	7,946,956	782,805	20,360	5,519,206	14,269,327
Russell 3000 Index	1,217,055	38,757	14,486	135,071	1,405,369
S&P 500 Stock Index Fund Series A	153,396,651	1,959,136	1,013,081	(156,302)	156,212,566
State Street Treasury Money Market Fund - Inst.	5,772,700		51,367	96,731	5,920,798
US Real Estate Investment Trust Index	283,772	134,003	7,627	1,064,037	1,489,439
US Treasury Inflation Protected Securities Index	1,570,003	76,743	13,062	594,311	2,254,119
World Equity Ex-US Index	534,367	32,410	9,252	125,221	701,250
World Government Bond Ex-US Index	592,839	37,521	(7,812)	695,861	1,318,409
Barclays Global Advisors					
Government Bond Fund	49,335,653	2,252,228	197,510	(249,989)	51,535,402
Intermediate Bond Fund	18,507,636	462,183	(14,024)	1,726,656	20,682,451
Brandes Institutional					
International Equity Fund	61,274,627	6,637,982	663,502	(165,888)	68,410,223
Capital Guardian Trust Company					
Global Balanced Fund	43,786,019	1,478,344	270,157	187,093	45,721,613
RCM					
Sustainable Opportunities Fund	15,009,195	(70,186)	168,479	(441,361)	14,666,127
Total Externally Managed Funds	1,810,794,673	49,348,348	7,283,463	-	1,867,426,484
Total All Funds	$ 1,816,597,250	$ 49,347,859	$ 2,668,020	$ -	$ 1,868,613,129

Notes:

(1) Represents net contributions in transit to/from the record keeper.

(2) Source data provided by the record keeper, Great West Life.

ALASKA RETIREMENT MANAGEMENT BOARD
Supplemental Annuity Plan
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
December 31, 2008
$ (Thousands)

	July	August	September	October	November	December
Invested Assets (At Fair Value)						
Investments with Treasury Division						
Cash and cash equivalents	$ 1,979	$ 1,827	$ 1,560	$ 1,972	$ 5,803	$ 1,187
Investments with T. Rowe Price						
Target 2010 Fund	37,816	37,584	38,196	35,445	35,484	35,966
Target 2015 Fund	74,852	75,065	71,488	65,138	63,001	64,722
Target 2020 Fund	27,405	27,827	25,474	21,386	20,085	20,550
Target 2025 Fund	9,021	9,249	8,671	6,683	6,131	6,402
Alaska Balanced Fund	1,056,437	1,063,289	1,007,115	903,681	882,598	907,362
Long Term Balanced Fund	178,949	183,958	174,531	154,360	149,286	156,540
Small-Cap Stock Fund	45,350	50,783	46,176	34,944	31,506	33,559
Stable Value Fund	223,283	222,866	232,377	256,160	263,476	257,739
Investments with State Street Global Advisors						
Long US Treasury Bond Index	-	-	762	3,968	7,947	14,269
Russell 3000 Index	-	-	428	1,032	1,217	1,405
S&P 500 Stock Index Fund Series A	210,995	216,714	197,170	164,567	153,397	156,213
State Street Treasury Money Market Fund - Inst.	-	-	1,583	4,846	5,773	5,921
US Real Estate Investment Trust Index	-	-	233	289	284	1,489
US Treasury Inflation Protected Securities Index	-	-	1,089	1,512	1,570	2,254
World Equity Ex-US Index	-	-	705	495	534	701
World Govt Bond Ex	-	-	238	608	593	1,318
Investments with Barclays Global Investors						
Government Bond Fund	63,268	61,913	57,616	49,161	49,336	51,535
Intermediate Bond Fund	-	-	5,731	13,903	18,508	20,682
Investments with Brandes Investment Partners						
International Equity Fund	106,080	100,118	86,330	66,673	61,275	68,410
Investments with Capital Guardian						
Global Balanced Fund	61,316	60,505	54,737	46,235	43,786	45,722
Investments with RCM						
Sustainable Opportunities Fund	25,600	25,474	21,409	16,982	15,009	14,666
Total Invested Assets	$ 2,122,351	$ 2,137,172	$ 2,033,619	$ 1,850,040	$ 1,816,597	$ 1,868,613
Change in Invested Assets						
Beginning Assets	$ 2,129,740	$ 2,122,351	$ 2,137,172	$ 2,033,619	$ 1,850,040	$ 1,816,597
Investment Earnings	(7,293)	16,779	(102,134)	(182,815)	(35,213)	49,348
Net Contributions (Withdrawals)	(96)	(1,958)	(1,419)	(764)	(1,771)	2,668
Ending Invested Assets	$ 2,122,351	$ 2,137,172	$ 2,033,619	$ 1,850,040	$ 1,816,597	$ 1,868,613

ALASKA RETIREMENT MANAGEMENT BOARD

Deferred Compensation Plan

Schedule of Invested Assets and Changes in Invested Assets
for the Month Ended
December 31, 2008

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Participant Options					
T. Rowe Price					
Interest Income Fund	$ 157,552,244	$ 480,284	$ (117,464)	$ (824,561)	$ 157,090,503
Small Cap Stock Fund	33,196,388	1,950,124	313,186	(284,384)	35,175,314
Long Term Balanced Fund	20,620,728	543,818	251,944	(187,085)	21,229,405
Total Investments with T. Rowe Price	211,369,360	2,974,226	447,666	(1,296,030)	213,495,222
Barclays Global Investors					
Intermediate Bond Fund	20,492,851	481,675	57,531	(78,910)	20,953,147
Government/Credit Bond Fund	30,294,787	1,378,698	156,438	(307)	31,829,616
S&P 500 Index Fund	84,564,813	1,014,346	794,786	(1,153,115)	85,220,830
Total Investments with Barclays Global Investors	135,352,451	2,874,719	1,008,755	(1,232,332)	138,003,593
Capital Guardian Trust Company					
Global Balanced Fund	28,715,681	972,913	403,633	(177,545)	29,914,682
Brandes Institutional					
International Equity Fund	35,549,276	3,907,910	439,576	107,108	40,003,870
RCM					
Sustainable Core Opportunities Fund	5,282,131	(24,524)	123,525	(181,973)	5,199,159
State Street Global Advisors					
Long US Treasury Bond Index	1,925,111	202,825	19,042	1,981,444	4,128,422
Russell 3000 Index	535,309	17,694	14,918	73,786	641,707
State Street Treasury Money Market Fund - Inst.	2,900,103	-	(179,791)	143,696	2,864,008
US Real Estate Investment Trust Index	73,361	48,686	4,517	245,266	371,830
US Treasury Inflation Protected Securities Index	654,919	34,404	12,245	100,328	801,896
World Equity Ex-US Index	160,323	13,246	7,917	55,010	236,496
World Government Bond Ex-US Index	170,662	14,356	2,380	181,242	368,640
Total All Funds	$ 422,688,686	$ 11,036,455	$ 2,304,383	$ -	$ 436,029,524

Source data provided by the record keeper, Great West Life.

ALASKA RETIREMENT MANAGEMENT BOARD
Deferred Compensation Plan
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
December 31, 2008
$ (Thousands)

	July	August	September	October	November	December
Invested Assets (at fair value)						
Investments with T. Rowe Price						
Interest Income Fund						
Cash and cash equivalents	$ 6,741	$ 7,029	$ 6,596	$ 9,257	$ 8,287	$ 7,109
Synthetic Investment Contracts	144,752	145,545	146,466	147,609	149,265	149,981
Small Cap Stock Fund	48,785	51,719	47,615	36,710	33,196	35,175
Long Term Balanced Fund	27,578	27,845	26,239	21,806	20,621	21,229
Investments with Barclays Global Investors						
Intermediate Bond Fund	17,929	17,726	19,172	19,367	20,493	20,953
Government/Credit Bond Fund	31,947	32,276	31,766	29,584	30,295	31,830
S&P 500 Index Fund	118,034	120,591	110,014	90,892	84,565	85,221
Investments with Capital Guardian Trust Company						
Global Balanced Fund	38,581	38,447	35,445	30,354	28,716	29,915
Investments with Brandes Institutional						
International Equity Fund	58,164	55,575	49,015	38,162	35,549	40,004
Investments with RCM						
Sustainable Opportunities Fund	8,545	8,592	7,392	5,969	5,282	5,199
State Street Global Advisors						
Long US Treasury Bond Index	-	-	269	1,121	1,925	4,128
Russell 3000 Index	-	-	212	547	535	642
State Street Treasury Money Market Fund - Inst.	-	-	577	2,226	2,900	2,864
US Real Estate Investment Trust Index	-	-	48	107	73	372
US Treasury Inflation Protected Securities Index	-	-	307	795	655	802
World Equity Ex-US Index	-	-	260	151	160	236
World Government Bond Ex-US Index	-	-	58	172	171	369
Total Invested Assets	**$ 501,056**	**$ 505,345**	**$ 481,451**	**$ 434,829**	**$ 422,689**	**$ 436,030**
Change in Invested Assets						
Beginning Assets	$ 502,614	$ 501,056	$ 505,345	$ 481,451	$ 434,829	$ 422,689
Investment Earnings	(745)	3,053	(24,991)	(47,372)	(12,090)	11,036
Net Contributions (Withdrawals)	(813)	1,236	1,097	750	(50)	2,305
Ending Invested Assets	**$ 501,056**	**$ 505,345**	**$ 481,451**	**$ 434,829**	**$ 422,689**	**$ 436,030**

ALASKA RETIREMENT MANAGEMENT BOARD

Defined Contribution Retirement - Participant Directed PERS

Schedule of Investment Income and Changes in Invested Assets

for the Month Ended

December 31, 2008

Interim Transit Account	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Treasury Division [1]					
Cash and Cash Equivalents	$ 720,410	$ (520)	$ (121,640)	$ -	$ 598,250
Participant Options [2]					
T. Rowe Price					
Target 2025 Fund	22,574	509	2,071	-	25,154
Alaska Balanced Fund	174,038	6,058	15,400	28,782	224,278
Long Term Balanced Fund	233,832	3,213	15,130	(126,880)	125,295
Small-Cap Stock Fund	4,840,316	330,700	528,386	263,533	5,962,935
Alaska Money Market	382,168	723	87,140	(28,772)	441,259
	5,652,928	341,203	648,127	136,663	6,778,921
State Street Global Advisors					
S&P 500 Stock Index Fund Series A	6,200,994	156,445	754,539	1,798,313	8,910,291
Long US Treasury Bond Index	24,352	2,263	1,613	10,563	38,791
Russell 3000 Index	9,696	271	2,217	-	12,184
State Street Treasury Money Market Fund - Inst.	16,492	-	3,113	2,525	22,129
US Real Estate Investment Trust Index	1,808	394	581	1,036	3,818
US Treasury Inflation Proctected Sec Index	13,400	605	2,169	3,767	19,940
World Equity Ex-US Index	5,620	383	1,170	-	7,173
World Government Bond Ex-US Index	2,379	152	391	458	3,380
	6,274,739	160,512	765,792	1,816,662	9,017,706
Barclays					
Government Bond Fund	868,696	40,157	80,277	(53,413)	935,717
Intermediate Bond Fund	62,221	1,511	3,858	2,200	69,790
Brandes Institutional					
International Equity Fund	7,783,560	954,447	896,877	770,978	10,405,862
Capital Guardian Trust Company					
Global Balanced Fund	1,084,745	17,544	66,753	(655,510)	513,532
RCM					
Sustainable Opportunities Fund	4,071,918	(74,406)	309,894	(2,017,580)	2,289,826
Total Externally Managed Funds	25,798,808	1,440,968	2,771,578	-	30,011,354
Total All Funds	$ 26,519,218	$ 1,440,448	$ 2,649,938	$ -	$ 30,609,604

ALASKA RETIREMENT MANAGEMENT BOARD
Defined Contribution Retirement - Participant Directed PERS
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
December 31, 2008
$ (Thousands)

	July	August	September	October	November	December
Invested Assets (At Fair Value)						
Investments with Treasury Division[1]						
Cash and cash equivalents	$ 651	$ 659	$ 687	$ 631	$ 720	$ 598
Investments with T. Rowe Price						
Target 2025 Fund	21	21	20	21	23	25
Alaska Balanced Fund	140	152	157	133	174	224
Long Term Balanced Fund	361	384	381	344	234	125
Small-Cap Stock Fund	3,753	4,219	4,599	4,356	4,840	5,963
Alaska Money Market	261	271	300	356	382	441
Investments with State Street Global Advisors						
S&P 500 Stock Index Fund Series A	4,755	5,308	4,825	4,406	6,201	8,910
Long US Treasury Bond Index	-	-	0	10	24	39
Russell 3000 Index	-	-	1	5	10	12
State Street Treasury Money Market Fund - Inst.	-	-	3	20	16	22
US Real Estate Investment Trust Index	-	-	0	2	2	4
US Treasury Inflation Proctected Sec Index				3	13	20
World Equity Ex-US Index	-	-	3	4	6	7
World Government Bond Ex-US Index	-	-	1	2	2	3
Investments with Barclays						
Government Bond Fund	77	78	483	697	869	936
Intermediate Bond Fund	-	-	4	39	62	70
Investments with Brandes Investment Partners						
International Equity Fund	7,230	7,760	7,635	6,788	7,784	10,406
Investments with Capital Guardian						
Global Balanced Fund	2,587	2,837	2,489	1,857	1,085	515
Investments with RCM						
Sustainable Opportunities Fund	5,895	6,544	6,369	5,905	4,072	2,290
Total Invested Assets	**$ 25,731**	**$ 28,233**	**$ 27,957**	**$ 25,579**	**$ 26,519**	**$ 30,610**
Change in Invested Assets						
Beginning Assets	$ 24,758	$ 25,731	$ 28,233	$ 27,957	$ 25,579	$ 26,519
Investment Earnings	(194)	50	(2,465)	(4,861)	(1,611)	1,440
Net Contributions (Withdrawals)	1,167	2,452	2,189	2,483	2,551	2,651
Ending Invested Assets	**$ 25,731**	**$ 28,233**	**$ 27,957**	**$ 25,579**	**$ 26,519**	**$ 30,610**

ALASKA RETIREMENT MANAGEMENT BOARD

Defined Contribution Retirement - Participant Directed TRS

Schedule of Investment Income and Changes in Invested Assets

for the Month Ended

December 31, 2008

Interim Transit Account	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Treasury Division [1]					
Cash and Cash Equivalents	$ 267,570	$ (101)	$ (87,293)	$ -	$ 180,176
Participant Options [2]					
T. Rowe Price					
Target 2025 Fund	4,921	106	496	-	5,523
Alaska Balanced Fund	209,644	6,382	5,980	3,868	225,874
Long Term Balanced Fund	139,457	2,107	9,075	(66,815)	83,824
Small-Cap Stock Fund	2,251,369	150,267	237,420	124,215	2,763,271
Alaska Money Market	142,817	268	48,791	(27,120)	164,756
	2,748,208	159,130	301,762	34,148	3,243,248
State Street Global Advisors					
S&P 500 Stock Index Fund Series A	2,760,733	68,274	325,539	888,200	4,042,746
Long US Treasury Bond Index	5,741	472	617	745	7,575
Russell 3000 Index	1,391	46	532	-	1,969
US Real Estate Investment Trust Index	48	11	27	-	86
US Treasury Inflation Proctected Sec Index	7,670	350	735	745	9,500
World Government Bond Ex-US Index	1,368	87	107	-	1,562
	2,776,951	69,240	327,557	889,690	4,063,438
Barclays					
Intermediate Bond Fund	19,130	463	1,166	2,809	23,568
Government Bond Fund	384,936	17,779	37,013	(17,313)	422,415
	404,066	18,242	38,179	(14,504)	445,983
Brandes Institutional					
International Equity Fund	3,697,318	443,648	409,474	344,732	4,895,172
Capital Guardian Trust Company					
Global Balanced Fund	626,679	11,192	39,092	(331,119)	345,844
RCM					
Sustainable Opportunities Fund	1,847,665	(36,807)	142,983	(922,947)	1,030,894
Total Externally Managed Funds	12,100,888	664,645	1,259,047	-	14,024,579
Total All Funds	12,368,457	$ 664,544	$ 1,171,754	$ -	$ 14,204,755

Notes:

(1) Represents net contributions in transit to/from the record keeper.

(2) Source data provided by the record keeper, Great West Life.

1010

ALASKA RETIREMENT MANAGEMENT BOARD
Defined Contribution Retirement - Participant Directed TRS
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
December 31, 2008
$ (Thousands)

	July	August	September	October	November	December
Invested Assets (At Fair Value)						
Investments with Treasury Division[1]						
Cash and cash equivalents	$ 168	$ 148	$ 262	$ 216	$ 268	$ 180
Investments with T. Rowe Price						
Target 2025 Fund	5	5	5	5	5	6
Alaska Balanced Fund	137	150	130	192	210	226
Long Term Balanced Fund	299	296	261	196	139	84
Small-Cap Stock Fund	2,025	2,066	2,123	2,046	2,251	2,763
Alaska Money Market	57	64	200	181	143	165
Investments with State Street Global Advisors						
S&P 500 Stock Index Fund Series A	2,556	2,579	2,172	1,935	2,761	4,043
Long US Treasury Bond Index	-	-	-	5	6	8
Russell 3000 Index	-	-	-	-	1	2
US Real Estate Investment Trust Index	-	-	-	-		-
US Treasury Inflation Proctected Sec Index	-	-	-	7	8	10
World Government Bond Ex-US Index	-	-	-	1	1	2
Investments with Barclays						
Intermediate Bond Fund	-	-	1	13	19	24
Government Bond Fund	14	14	190	304	385	422
Investments with Brandes Investment Partners						
International Equity Fund	3,894	3,785	3,550	3,253	3,697	4,895
Investments with Capital Guardian						
Global Balanced Fund	1,418	1,402	1,188	952	627	346
Investments with RCM						
Sustainable Opportunities Fund	3,174	3,188	2,937	2,706	1,848	1,031
Total Invested Assets	$ 13,747	$ 13,697	$ 13,019	$ 12,012	$ 12,368	$ 14,205
Change in Invested Assets						
Beginning Assets	$ 12,993	$ 13,747	$ 13,697	$ 13,019	$ 12,012	$ 12,368
Investment Earnings	(103)	30	(1,171)	(2,208)	(761)	665
Net Contributions (Withdrawals)	857	(80)	493	1,201	1,117	1,172
Ending Invested Assets	$ 13,747	$ 13,697	$ 13,019	$ 12,012	$ 12,368	$ 14,205

1011

PERS and TRS Tier Comparison Chart

PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
Employee Contribution Rates **(% of pay)**	Pre-tax employee contribution: 6.75% begin 1/1/87—all others 7.5% begin 1/1/87—police and fire 9.6% begin 7/1/99—school district	Pre-tax employee contribution: 6.75% begin 1/1/87—all others 7.5% begin 1/1/87—police and fire 9.6% begin 7/1/99—school district	Pre-tax employee contribution: 6.75% begin 1/1/87—all others 7.5% begin 1/1/87—police and fire 9.6% begin 7/1/99—school district	Pre-tax employee contribution: 8% for all employees
Employer Contribution **(% of payroll)**	22% Cost Share PERS on-behalf payment paid by the State of Alaska is 10.51% State of Alaska FY 2010 Contribution is $241,600,000	22% Cost Share PERS on-behalf payment paid by the State of Alaska is 10.51% State of Alaska FY 2010 Contribution is $241,600,000	22% Cost Share PERS on-behalf payment paid by the State of Alaska is 10.51% State of Alaska FY 2010 Contribution is $241,600,000	5% - Retirement 0.99% - Health Plan – adjusted by annual actuarial valuation annually. **plus** Health Reimbursement Arrangement (HRA)- Flat dollar amount per employee based on 3% of the average annual compensation of all employees of all employers in the system. Occupational Death & Disability 1.33% – Police /Fire 0.58% – All others
Vesting	Employees vest with 5 years of service.	Employees vest with 5 years of service.	Employees vest with 5 years of service in the pension plan and with 10 years of service for the medical plan.	100% vested in employee contributions immediately. % vested in employer contributions: 25% after 2 years of service, 50% after 3 years, 75% after 4 years 100% after 5 years.

PERS and TRS Tier Comparison Chart

PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
Qualifications for Retirement	Normal retirement age is 55, with early retirement at age 50; ▪ police/fire members can retire at any age after 20 years of police/fire service; ▪ all other members can retire at any age after 30 years of membership service. Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.	Normal retirement age is 60, with early retirement at age 55; ▪ police/fire members can retire at any age after 20 years of police/fire service; ▪ all other members can retire at any age after 30 years of membership service. Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.	Normal retirement age is 60, with early retirement at age 55; ▪ police/fire members can retire at any age after 20 years of police/fire service; ▪ all other members can retire at any age after 30 years of membership service. Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.	None for investment account. Taxes and penalties may apply if withdrawn before age 59-1/2. See requirements for Retirement Medical Coverage.
Benefit Calculation Formula	Benefit formula: ▪ 2% for first 10 years and all years of service prior to July 1, 1986, ▪ 2.25% for the next 10 years, and ▪ 2.5% per year thereafter. Benefit calculation is determined on the average of the **high three** consecutive years' salary. Police/Fire - 2% X 10, 2.5% over 10.	Benefit formula: ▪ 2% for first 10 years, ▪ 2.25% for the next 10 years, and ▪ 2.5% per year thereafter. Benefit calculation is determined on the average of the **high three** consecutive years' salary. Police/Fire - 2% X 10, 2.5% over 10.	Benefit formulas did not change. However, the benefit calculation is determined on the average of the **high five** consecutive years' salary. The benefit calculation for police and fire members is the average of the **high three** consecutive years regardless of tier (effective 2002).	DC account balance plus investment earnings. May be received in several different payment options. Payout options include lump-sum payments, rollovers to another qualified plan, or annuities. Annuities may be taken as a lifetime annuity, joint and survivor annuity, or for a period certain.
Alaska Cost-of-living Increases (COLA)	An Alaska Cost-of-Living Allowance is payable to benefit recipients who remain domiciled in Alaska after retirement. The allowance is $50 or 10% of the base benefit, whichever is greater.	An Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement. The allowance is $50 or 10% of the base benefit, whichever is greater.	An Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement. The allowance is $50 or 10% of the base benefit, whichever is greater.	None provided.

PERS and TRS Tier Comparison Chart

PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
Post Retirement Pension Adjustments (PRPA) (Inflation Protection)	PRPA increases granted on an ad hoc basis. If an ad hoc is not granted, Tier I employees must be age 60 or over or receiving benefits for 5 years to qualify for the automatic PRPA. The automatic PRPA passed in 1986 applied to all members regardless of hire date.	Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 5 years.	Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 5 years.	None provided.
Retirement Medical Coverage	Medical coverage is provided to all benefit recipients and their eligible dependents for life. The retiree medical plan premium is paid by the retirement system. 5 year vesting.	Medical coverage is provided to disabilitants, regardless of age and benefit recipients over age 60 or, ▪ Peace officer/fire members with 25 years of police/fire service, ▪ all other members with 30 years of membership service and their eligible dependents for life. The retirement system pays the retiree medical plan premium. Retirees and survivors under age 60 must pay the full premium cost if they want coverage. 5 year vesting.	Same as Tier II. However, employees must accrue a minimum of 10 years of **credited service*** to have system-paid coverage at age 60. Employees with less than 10 years must pay the full premiums as long as they wish to continue medical coverage. 100% vested with 10 years of credited service.	Access to medical coverage at Medicare eligible age with 10 years of service or at any age with 25 years of service for peace officers and firefighters or with 30 years of service for all others. Must retire directly from the system. If not eligible for Medicare, must pay full premium. May use health reimbursement arrangement (HRA) account to pay premiums. Once the HRA is exhausted, member self- pays premiums. When eligible for Medicare, the percentage of premium paid by the retiree or surviving spouse is: ▪ 10-14 years of service - 30% ▪ 15-19 years - 25% ▪ 20-24 years - 20% ▪ 25-29 years - 15% ▪ 30 years or more - 10%

PERS and TRS Tier Comparison Chart

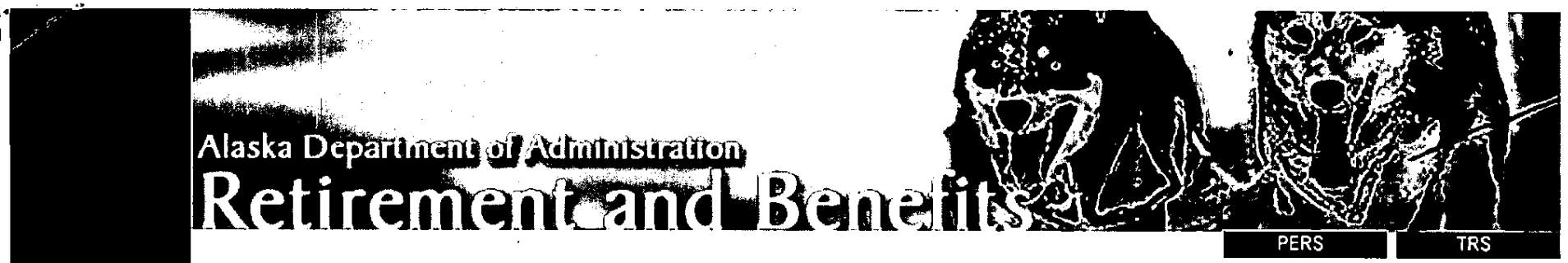
PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
Disability Benefits	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability provides 40% of the gross monthly compensation. Different occupational disability formula available before 7/1/76.	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability provides 40% of the gross monthly compensation.	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability provides 40% of the gross monthly compensation.	Must be a total and presumably permanent disability whose cause is directly related to performance of duties of the job or an on the job injury. Benefit is 40% of salary, earns service while on occupational disability. Employer continues to make all required contributions as if the member were working, plus the member's required contributions to the DCR account, without deduction from the member's disability payment. Disability benefits cease when the member becomes eligible for normal retirement at Medicare eligible age and 10 years of service or at any age with 25 years of service for peace officers and firefighters or with 30 years of service for all others. Medical insurance is available to members receiving disability when member is eligible for a normal retirement.

PERS and TRS Tier Comparison Chart

TRS Tier	Tier I 7/1/1955 – 6/30/90	Tier II Entered after 6/30/90	Tier III Entered after 6/30/06
Employee Contribution	Pre-tax employee contribution: 8.65% beginning 1/1/91	Pre-tax employee contribution: 8.65% beginning 1/1/91	Pre-tax employee contribution: 8%
Employer Contribution	12.56% Cost Share TRS on-behalf 42.26% State of Alaska FY 2010 Contribution is $206,300,000	12.56% Cost Share TRS on-behalf 42.26% State of Alaska FY 2010 Contribution is $206,300,000	7% - DCR account 1.61% Health Plan - determined by annual actuarial valuation after FY07. **plus** Heath Reimbursement Arrangement (HRA) - Flat dollar amount per employee based on 3% of the average annual compensation of all employees of all employers in the system.
Vesting	Members vest with 8 years of service.	Members vest with 8 years of service.	100% vested in employee contributions from inception. Vested in employer contributions based on the following schedule: 25% after 2 years of service 50% after 3 years 75% after 4 years and 100% after five years.
Qualifications for Retirement	Normal retirement age is 55, with early retirement at age 50; teachers can retire at any age after 20 years of membership service.	Normal retirement age is 60, with early retirement at age 55; teachers can retire at any age after 20 years of membership service.	None for investment account. Taxes and penalties may apply if withdrawn before age 59 1/2. See requirements for Retirement Medical Coverage.
Benefit Calculation Formula	Benefit formula is 2% for the first 20 years and all years of service prior to July 1, 1990, 2.5% thereafter. Benefit calculation is determined on the average of the high three contract salaries.	Benefit formula is 2% for the first 20 years, 2.5% thereafter. Benefit calculation is determined on the average of the high three contract salaries.	DC account balance plus investment earnings. May be received in several different payment options. Payout options include lump sum payments, rollovers to another qualified plan, or annuities. Annuities may be taken as a lifetime annuity, joint and survivor annuity, or for a period certain.
Alaska Cost-of-living Increases (COLA)	An Alaska Cost-of-Living Allowance is payable to benefit recipients who remain domiciled in Alaska after retirement. The allowance is 10% of the base benefit.	An Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement. The allowance is 10% of the base benefit.	None provided.

PERS and TRS Tier Comparison Chart

TRS Tier	Tier I 7/1/5555 – 6/30/90	Tier II Entered after 6/30/90	Tier III Entered after 6/30/06
Post Retirement Pension Adjustments (PRPA) *Inflation protection*	PRPA increases granted on an ad hoc basis. If an ad hoc is not granted, Tier I employees must be age 60 or over or receiving benefits for 8 years to qualify for the automatic PRPA. The automatic PRPA passed in 1990 applied to all members regardless of hire date.	Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 8 years.	None provided.
Retirement Medical Coverage	Medical coverage is provided to all benefit recipients and their eligible dependents. The retiree medical plan premium is paid by the retirement system.	The retirement system pays the retiree medical plan premium for all disabilitants regardless of age, for retirees and survivors over age 60 and for retirees with at least 25 years of membership service. This coverage includes eligible dependents. Retirees and survivors under age 60, with less than 25 years of membership service must pay the full premium cost if they want coverage.	Access to medical coverage at Medicare eligible age with 10 years of service or at any age with 30 years of service. Must retire directly from the system. If not eligible for Medicare, must pay full premium. May use health reimbursement arrangement (HRA) account to pay premiums. Once the HRA is exhausted, member self- pays premiums. When eligible for Medicare, the percentage of premium paid by the retiree or surviving spouse is: 10-14 years of service - 30% 15-19 years - 25% 20-24 years - 20% 25-29 years - 15% 30 years or more - 10%
Disability Benefits	Disability benefits are 50% of base salary, plus 10% for each eligible dependent child up to a maximum of 4 children.	Disability benefits are 50% of base salary, plus 10% for each eligible dependent child up to a maximum of 4 children.	Must be a total and presumably permanent disability whose cause is directly related to performance of duties of the job or an on the job injury. Benefit is 40% of salary, earns service while on occupational disability. Employer continues to make all required contributions as if the member were working, plus the member's required contributions to the DC account, without deduction from the member's disability payment. Disability benefits cease when the member becomes eligible for normal retirement at Medicare eligible age and 10 years of service or at any age with 30 years of service. No medical insurance until eligible for normal retirement.



State of Alaska

Public Employees' Retirement System

Teachers' Retirement System

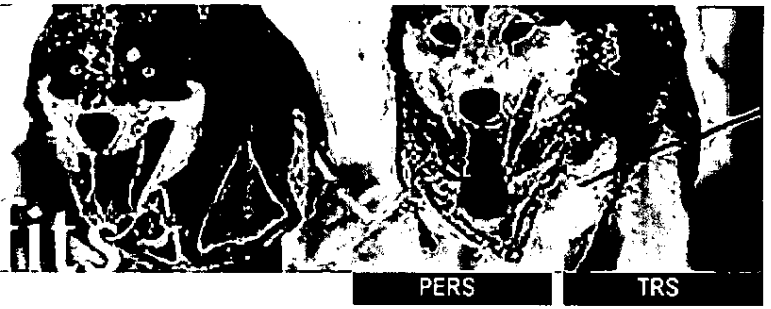
Presentation to the House Finance Committee on PERS/TRS 2009

History of PERS & TRS

- TRS established in 1955
- PERS established in 1961

Alaska Department of Administration

Retirement and Benefits



Who is Covered in the System?

Public Employers/Employees & Teachers

- Cities, boroughs, some hospitals, school districts, State of Alaska
- Optional for political subdivisions

ARM Board & Consolidation of Governance

- Several separate boards before – ASPIB, PERB and TRB
- 2004 SB 141 consolidation in Alaska Retirement Management Board

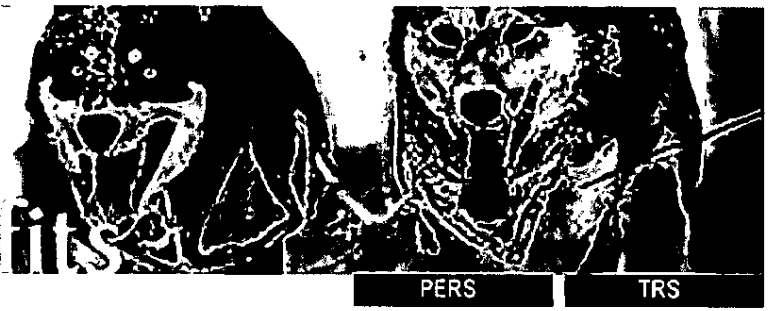
Alaska Department of Administration

Retirement and Benefits

PERS TRS

PERS SYSTEM

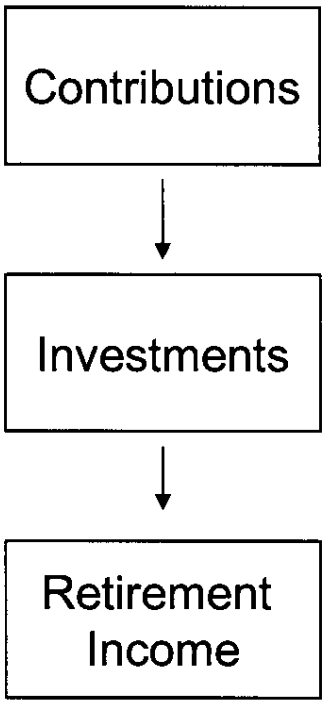
Defined Benefit (DB)	Defined Contribution Retirement (DCR-Hybrid)
Retirement Income	Retirement Income
Health	Health + HRA
Disability (Occupational and Non-occupational)	Disability (Occupational)
Survivor	Survivor



Constitutional Prohibition Against Diminishment

Article 12, section 7 - Retirement Systems. Membership in employee retirement systems of the State or its political subdivisions shall constitute a contractual relationship. Accrued benefits of these systems shall not be diminished or impaired.

How Does the Retirement System Work?



Contributions

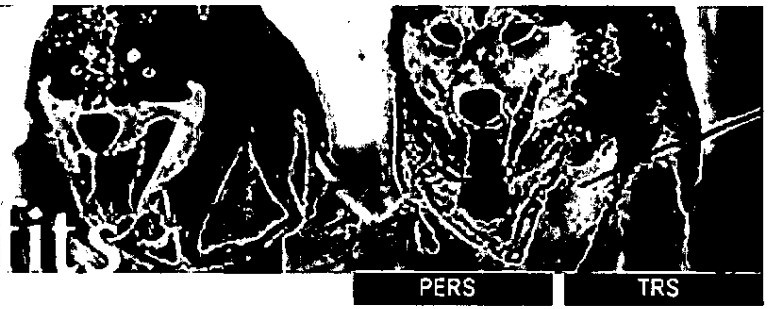
- Employee & Employer
- SB 125, General Fund – to pay down unfunded liability

Alaska Department of Administration

Retirement and Benefits

Contributions
Employee

Defined Benefit (DB)	Defined Contribution Retirement (DCR-Hybrid)
6.75% PERS and 7.5% PERS Peace Officer and Firefighter	8% PERS
8.65% TRS	8% TRS
Statutory	Statutory



Contributions

Employer - Rates

- ARMB Adopted Rates: 35.22% PERS, 44.17% TRS
- Statutory: 22.00% PERS, 12.56% TRS
- SB 125: Difference paid by state. (FY09 Budgeted & FY10 Governor's Request PERS $241,600,000, TRS $206,300,000)

ARMB Adopted Rate

- Valuations/Rate adopted by ARMB (based on over 25 variables set by ARM Board)
- Examples: Investments – rate of return and assets value, life expectancy, payroll growth, future healthcare costs

ARMB Adopted Rate

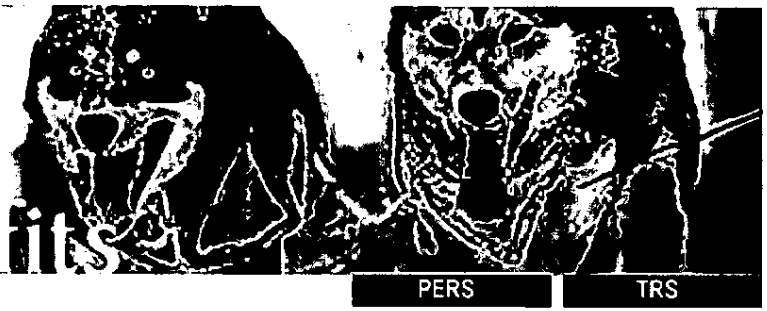
- Normal Cost pays for this year's benefit accrual only
- Past Service Cost pays for unfunded liability

ARMB Adopted Rate

	PERS	TRS
Normal Cost	→ 13.72%	9.37%
Past Service	→ 21.50%	34.80%
ARMB Adopted	→ 35.22%	44.17%
Statutory Rate	→ 22.00%	12.56%

Investments

- Assumptions and Asset Allocations (current rate of return assumption 8.25%; stocks, bonds, real estate)
- Long-term view – 5 yr. smoothing
- CY2008 PERS losses = DB (22.24%)
  DCR (35.46%)



Investments

- Needed for cash flow – contributions alone are not sufficient to make benefit payments as more people retire

Pay – Retirement Income

- Over 32,500 retirees
- 60% in state, 40% out of state
- $60 million per month retiree income
- $25 million per month in additional retiree & dependent health care

Unfunded Liability

- Funding ratio = assets ÷ liabilities
- 2001/2002 – investment losses from technology crash

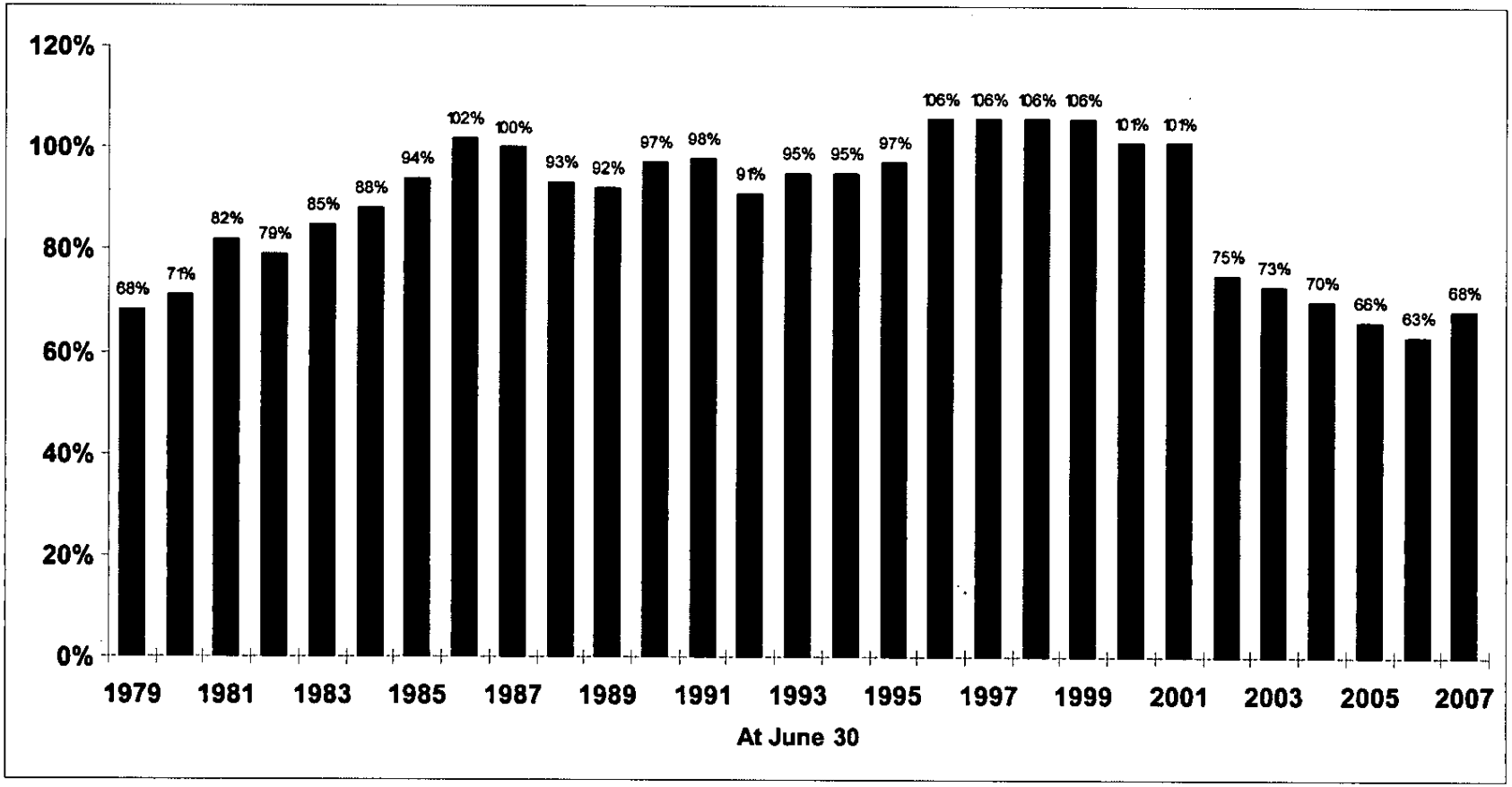
Unfunded Liability

- Both PERS and TRS enjoyed funding ratios over 100% through 2003
- Funding levels reflect combined pension and OPEB liabilities
- With the market downturn in the early 2000s, recognition of OPEB costs and other actuarial adjustments, ratios have fallen to the 60% range
- Contribution requirements that were steady or declining rose markedly in 2005 and after
- Alaska is not alone

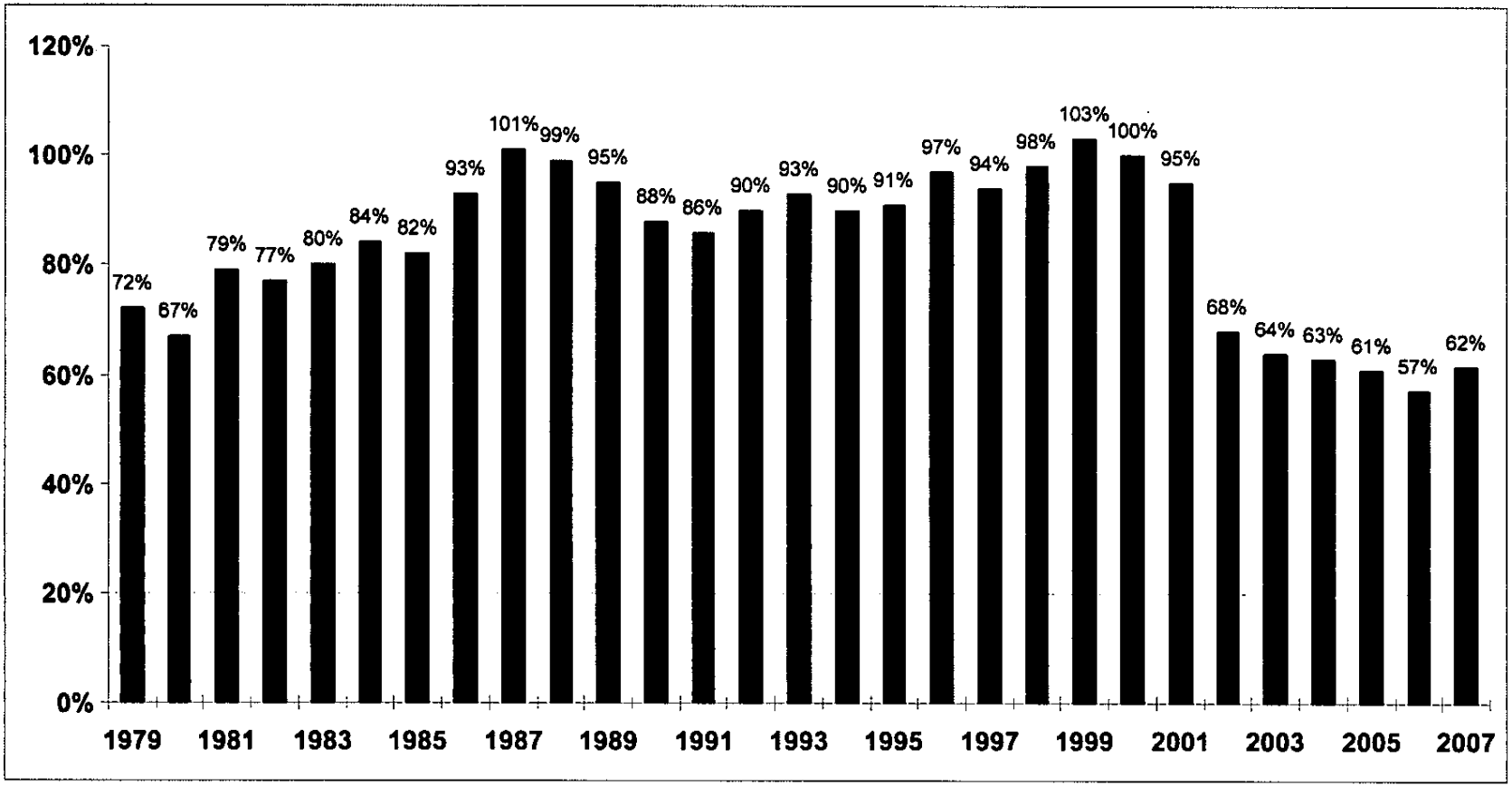
Alaska's Response

- DCR-Hybrid SB 141 – new retirement plan + new employer-funded health benefit plan
- SB 123 clean-up bill – assess all payroll at statutory rate
- SB 125 State pays difference between PERS 22%, TRS 12.56% statutory & ARMB adopted rate

PERS Funding Ratio History
(Based on Valuation Assets)



TRS Funding Ratio History
(Based on Valuation Assets)



2009 HOUSE FINANCE
COMMITTEE ATTENDANCE

DATE: 02/05/09

Circle Meeting Chair: Hawker Stoltze

	MEMBER	PRESENT	ABSENT
RF	REP. FOSTER		
AA	REP. AUSTERMAN	✓	
MK	REP. KELLY	✓	
AF	REP. FAIRCLOUGH	✓	
MH	CO-CHAIR HAWKER		
BS	CO-CHAIR STOLTZE	✓	
BT	VICE-CHAIR THOMAS	✓	
LG	REP. GARA	✓	
HC	REP. CRAWFORD	✓	
WS	REP. SALMON	✓	
RJ	REP. JOULE	✓	

First Session, Twenty-Sixth Legislature
Staff Phone List, Feb. 1, 2009

Legislative Office	Office Address	Phone / Fax	Staff	
Austerman, Alan	Representative State Capitol, Rm 434 Juneau, AK 99801-1182	Phone # 465-2487 Fax # 465-4956	Verna Adams Erin Harrington Cliff Stone	 Finance Committee
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Davis, Bettye H&SS Chair	Senator State Capitol, Rm 30 Juneau, AK 99801-1182	Phone # 465-3822 Fax # 465-3756	Richard Benavides Don Burrell Thomas Obermeyer Lynda Zaugg	Anch Office 269-0144
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Ellis, Johnny Majority Leader	Senator State Capitol, Rm 103 Juneau, AK 99801-1182	Phone # 465-3704 Fax # 465-2529	Jesse Cross-Call Max Hensley Amory Lelake Nick Moe	 Finance Committee
Elton, Kim Education Chair	Senator State Capitol, Rm 506 Juneau, AK 99801-1182	Phone # 465-4947 Fax # 465-2108	Kristen Bressette Alida Bus Jesse Kiehl Dana Owen	 Finance Committee
Fairclough, Anna	Representative State Capitol, Rm 421 Juneau, AK 99801-1182	Phone # 465-3777 Fax # 465-2819	Crystal Koeneman Karen Schuessler Kim Skipper	 Eagle River 694-8944
Foster, Richard	Representative State Capitol, Rm 410 Juneau, AK 99801-1182	Phone # 465-3789 Fax # 465-3242	Larry Labolle Paul Labolle	Finance Committee
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Gardner, Berta	Representative State Capitol, Rm 424 Juneau, AK 99801-1182	Phone # 465-4930 Fax # 465-3834	Virginia Allen Noah Hanson	
Gatto, Carl Military & Veterans Affairs Chair	Representative State Capitol, Rm 108 Juneau, AK 99801-1182	Phone # 465-3743 Fax # 465-2381	Dirk Craft Bonnie Gruening Sandra Wilson	
Gruenberg, Max	Representative State Capitol, Rm 110 Juneau, AK 99801-1182	Phone # 465-4940 Fax # 465-3766	Allison Laffen Deneen Tuck	

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Hawker, Mike Finance Co-Chair	Representative State Capitol, Rm 505 Juneau, AK 99801-1182	Phone # 465-4949 Fax # 465-4979	Morgan Hopson Juli Lucky Larry Persily Paulyn Swanson	 Finance Committee Finance Committee Finance Committee
Herron, Bob H&SS Co-Chair, Com & Regional Affairs Co-Chair	Representative State Capitol, Rm 415 Juneau, AK 99801-1182	Phone # 465-4942 Fax # 465-4589	Marianna Carpeneti Rob Earl	
Hoffman, Lyman Finance Co-Chair	Senator State Capitol, Rm 518 Juneau, AK 99801-1182	Phone # 465-4453 Fax # 465-4523	Sandy Burd David Gray Pat Walker	 Finance Committee
Holmes, Lindsey	Representative State Capitol, Rm 405 Juneau, AK 99801-1182	Phone # 465-4919 Fax # 465-2137	Lisa Valenta James Waldo	
Huggins, Charlie Rules Chair	Senator State Capitol, Rm 119 Juneau, AK 99801-1182	Phone # 465-3878 Fax # 465-3265	Deborah Grundmann Sharon Long Karen Sawyer Jody Simpson	 Finance Committee
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Johnson, Craig Resources Co-Chair	Representative State Capitol, Rm 126 Juneau, AK 99801-1182	Phone # 465-4993 Fax # 465-3872	Jon Bittner Debra Higgins Jeanne Ostnes	
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Legislative Office	Office Address	Phone / Fax	Staff	
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Kelly, Mike	Representative State Capitol, Rm 513 Juneau, AK 99801-1182	Phone # 465-4976 Fax # 465-3883	Derek Miller Willow Olson Sheila Peterson	 Finance Committee
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Lynn, Bob State Affairs Chair	Representative State Capitol, Rm 104 Juneau, AK 99801-1182	Phone # 465-4931 Fax # 465-4316	Nancy Manly Dirk Moffatt Mike Sica	
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Menard, Linda State Affairs Chair	Senator State Capitol, Rm 9 Juneau, AK 99801-1182	Phone # 465-6600 Fax # 465-3805	Marilyn Lane Deborah Prator Michael Rovito	
Meyer, Kevin Budget & Audit Chair	Senator State Capitol, Rm 101 Juneau, AK 99801-1182	Phone # 465-4945 Fax # 465-3476	Josh Applebee Rick Clair Christine Marasigan	Leg Budget & Audit
Millett, Charisse Energy Co-Chair	Representative State Capitol, Rm 412 Juneau, AK 99801-1182	Phone # 465-3879 Fax # 465-2069	Ryan Makinster Pam Marquez Jeff Turner	
Muñoz, Cathy Com & Regional Affairs Co-Chair	Representative State Capitol, Rm 409 Juneau, AK 99801-1182	Phone # 465-3744 Fax # 465-2273	Shannon Fields Terry Harvey Kendra Kloster	
Neuman, Mark Resources Co-Chair	Representative State Capitol, Rm 432 Juneau, AK 99801-1182	Phone # 465-2679 Fax # 465-4822	James Ellis Beth Schneider Rex Shattuck	

Legislative Office	Office Address	Phone / Fax	Staff	
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Olson, Kurt Labor & Commerce Chair	Representative State Capitol, Rm 24 Juneau, AK 99801-1182	Phone # 465-2693 Fax # 465-3835	Konrad Jackson Anna Marie Latham Jennifer Senette	
Paskvan, Joe Labor & Commerce Chair	Senator State Capitol, Rm 7 Juneau, AK 99801-1182	Phone # 465-3709 Fax # 465-4714	Jake Hamburg Anna Sorensen Jeff Stepp	
Petersen, Pete	Representative State Capitol, Rm 422 Juneau, AK 99801-1182	Phone # 465-4939 Fax # 465-2418	David Dunsmore Ashley Rousson	
Ramras, Jay Judiciary Chair, Econ Dev, Trade, & Tourism Chair	Representative State Capitol, Rm 118 Juneau, AK 99801-1182	Phone # 465-3004 Fax # 465-2070	Margaret Dowling Jane Pierson Dana Judith Strommen	
Salmon, Woodie	Representative State Capitol, Rm 114 Juneau, AK 99801-1182	Phone # 465-4527 Fax # 465-2197	Maridon Boario Carol Shewfelt	
Seaton, Paul Education Chair	Representative State Capitol, Rm 102 Juneau, AK 99801-1182	Phone # 465-2689 Fax # 465-3472	Louis Flora Katie Koester Mary Jane Shows	
Stedman, Bert Finance Co-Chair	Senator State Capitol, Rm 516 Juneau, AK 99801-1182	Phone # 465-3873 Fax # 465-3922	Weston Eiler Linda Hay Julie Isom	
Stevens, Gary Senate President	Senator State Capitol, Rm 111 Juneau, AK 99801-1182	Phone # 465-4925 Fax # 465-3517	Tim Lamkin Doug Letch Katrina Matheny Theresa Robl Cheryl Sutton	
Stoltze, Bill Finance Co-Chair	Representative State Capitol, Rm 515 Juneau, AK 99801-1182	Phone # 465-4958 Fax # 465-4928	James Armstrong John Coan Sandy Moore Ben Mulligan	Finance Committee Finance Committee Finance Committee
Therriault, Gene Minority Leader	Senator State Capitol, Rm 427 Juneau, AK 99801-1182	Phone # 465-4797 Fax # 465-3884	Heather Brakes Ernest Prax David Stancliff	

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Thomas, Joe	Senator State Capitol, Rm 510 Juneau, AK 99801-1182	Phone # 465-2327 Fax # 465-5241	Joseph Hardenbrook Grier Hopkins Catherine Reardon	 Finance Committee
Tuck, Chris	Representative State Capitol, Rm 426 Juneau, AK 99801-1182	Phone # 465-2095 Fax # 465-3810	Aurah Landau Eugene White	
Wagoner, Tom	Senator State Capitol, Rm 423 Juneau, AK 99801-1182	Phone # 465-2828 Fax # 465-4779	Mary Jackson Amy Seitz	
Wielechowski, Bill Resources Co-Chair, Jnt Armed Svcs Co-Chair	Senator State Capitol, Rm 115 Juneau, AK 99801-1182	Phone # 465-2435 Fax # 465-6615	George Ascott Shelly Morgan Michelle Sydeman	
Wilson, Peggy Transportation Chair	Representative State Capitol, Rm 406 Juneau, AK 99801-1182	Phone # 465-3824 Fax # 465-3175	Daniel Di Stefano Kathleen Everest Sherry Hill Becky Rooney	
Finance Committee Secretary's Office	State Capitol, Rm 519 Juneau, AK 99801-1182	Phone # 465-6814 Fax # 465-6813	Christina Apathy Louanne Christian Johanna Crossett Doniece Gott Nancy Jones Marta Lastufka Christine Marie Helen Phillips	Senate 465-4935 Staff Supervisor 465-6814 Senate 465-6367 Relief 465-3753 House 465-2156 House 465-2378 Senate 465-2618 Web Poster 465-6258
House Chief Clerk's Office	State Capitol, Rm 216 Juneau, AK 99801-2197	Phone # 465-3725 Fax # 465-5334	Londi Ensor Tisha Gieser Stephanie Hall Suzi Lowell Nancy McMullen Jackie Schulz	 Chief Clerk

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House Majority Office	State Capitol, Rm 208 Juneau, AK 99801-1182	Phone # 465-4859 Fax # 465-3799	Joel Lounsbury Tom Wright	
House Majority Press Office	State Capitol, Rm 116 Juneau, AK 99801-1182	Phone # 465-6791 Fax # 465-2698	Renee Limoge William Vandergriff	 465-5284
House Majority Web Office	State Capitol, Rm 116 Juneau, AK 99801	Phone # Fax #	Bud Curtis Ken Erickson	465-6547 269-0256
House Minority Press Office	State Capitol, Rm 404 Juneau, AK 99801-1182	Phone # 465-3842 Fax # 465-4748	Frank Ameduri	
House Records	Terry Miller LOB, Ste 229 Juneau, AK 99801	Phone # 465-2214 Fax # 465-2267	Kelly Burnett Butch Carber Nancy Hemenway Crys Jones Julie Koehler Susan Rael Lori Roland Deborah Tillinghast	 Records Supervisor
Joint Armed Services Committee	716 W. 4th Ave, Ste 380 Anchorage, AK 99501	Phone # 269-0220 Fax # 269-0221		
Legislative Council	State Capitol, Rm 403 Juneau, AK 99801-1182	Phone # 465-3721 Fax # 465-3799	John Bitney	
Outdoor Heritage Caucus	716 W. 4th Ave, Ste 600 Anchorage, AK 99501-213	Phone # 269-0155 Fax # 269-0128	Edward Grasser	

Legislative Office	Office Address	Phone / Fax	Staff	
Select Committee on Legislative Ethics	716 W. 4th Ave, Ste 230 Anchorage, AK 99510	Phone # 269-0150 Fax # 269-0152	Joyce Anderson	
Senate Finance Staff	State Capitol, Rm 516 Juneau, AK 99801-1182	Phone # Fax #	Miles Baker	465-3873
			Tim Grussendorf	465-4453
			Jay Livey	465-4453
			Darwin Peterson	465-3873
Senate Floor Staff	State Capitol, Senate Chambers Juneau, AK 99801-2197	Phone # 465-4987 Fax #	Amanda Behrends	
			Doug Eckland	Sergeant-At-Arms
			Dave Langlee	
			Edra Morledge	Asst Sergeant-At-Arms
			Amanda Neuman	
			Matthew Neuman	
			Ellen Peyton	
			Greta Thibodeau	
Senate Majority / House Minority Web Office	State Capitol, Rm 17A Juneau, AK 99801-1182	Phone # 465-2430 Fax #	Peter Stein	
Senate Majority Office	State Capitol, Rm 111 Juneau, AK 99801-1182	Phone # 465-5038 Fax # 465-3805	Katharine Moss	
Senate Majority Press Office	State Capitol, Rm 413 Juneau, AK 99801-1182	Phone # 465-3803 Fax # 465-4450	Tim Barry	
Senate Minority Press Office	State Capitol, Rm 429 Juneau, AK 99801-1182	Phone # 465-5369 Fax #	John Manly	
Senate Records	Terry Miller LOB, Ste 226 Juneau, AK 99801-2197	Phone # 465-2870 Fax # 465-2931	Karey Cooperrider	
			Ann Krekelberg	Records Supervisor
			Linda Randall	
			Susan Warner	
Senate Secretary's Office	State Capitol, Rm 213 Juneau, AK 99801-1182	Phone # 465-3701 Fax # 465-2832	Liz Clark	
			Martha Hopson	
			Nancy Schaufelberger	
			Julianna Singh	
			Gina Spartz	
			Kirsten Waid	Senate Secretary

COMMITTEE ACTION ON LEGISLATION

Fax to Chief Clerk's Office 5334

HOUSE FINANCE SECRETARY: M. DIZE

DATE: 02/05/09

SHORT TITLE	ACTION TAKEN ON LEGISLATION
HB 81 HB 83	_____Moved Out of Committee _____Moved CS (_____) Out of Committee _____Moved HCS (_____) Out of Committee __✓__Heard and Held _____Heard and Held Assigned to Subcommittee _____Bill Postponed to_____ _____Scheduled but not Heard _____Failed to Move Out of Committee
SHORT TITLE	ACTION TAKEN ON LEGISLATION _____Moved Out of Committee _____Moved CS (_____) Out of Committee _____Moved HCS (_____) Out of Committee _____Heard and Held _____Heard and Held Assigned to Subcommittee _____Bill Postponed to_____ _____Scheduled but not Heard _____Failed to Move Out of Committee
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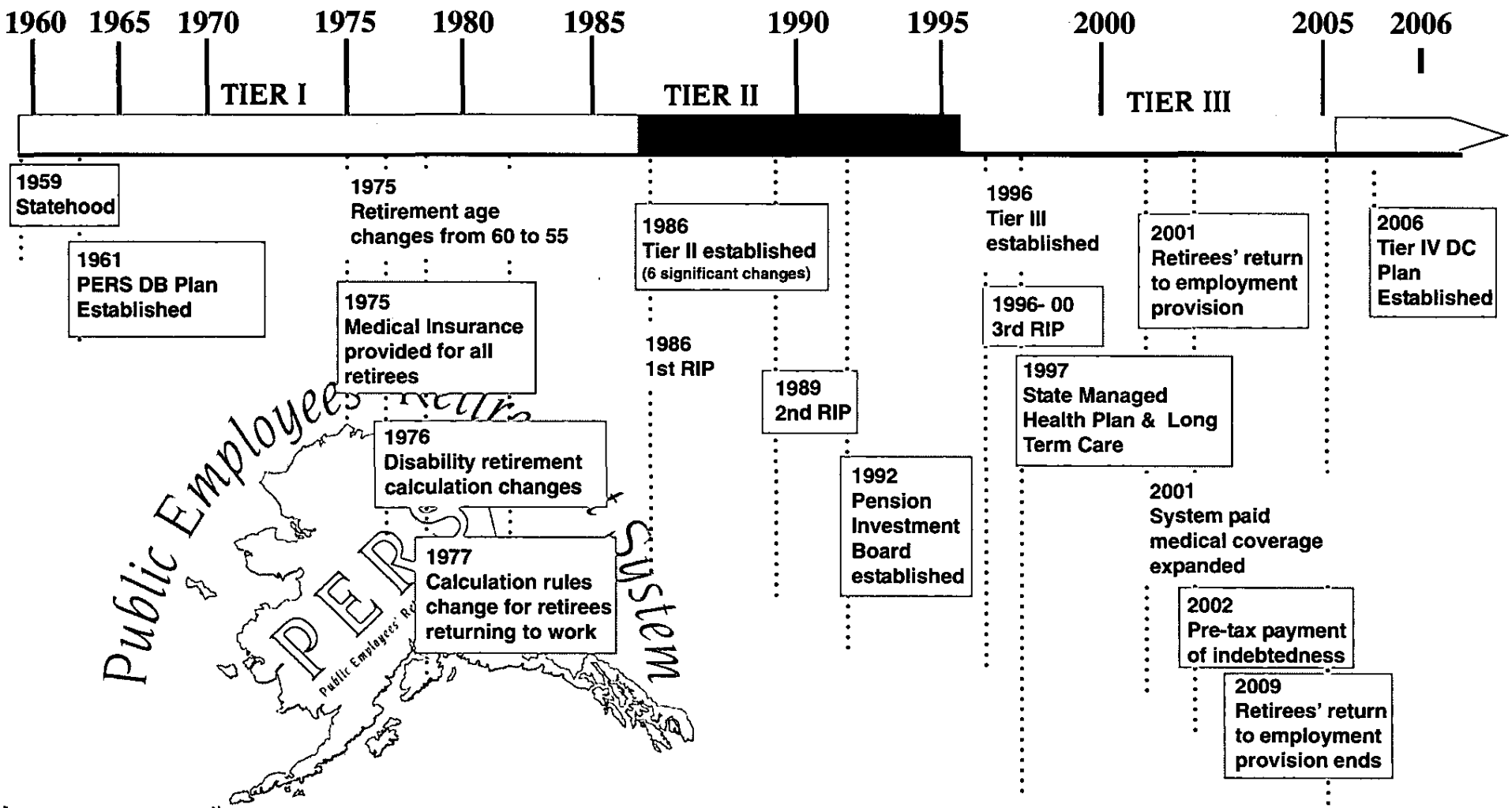
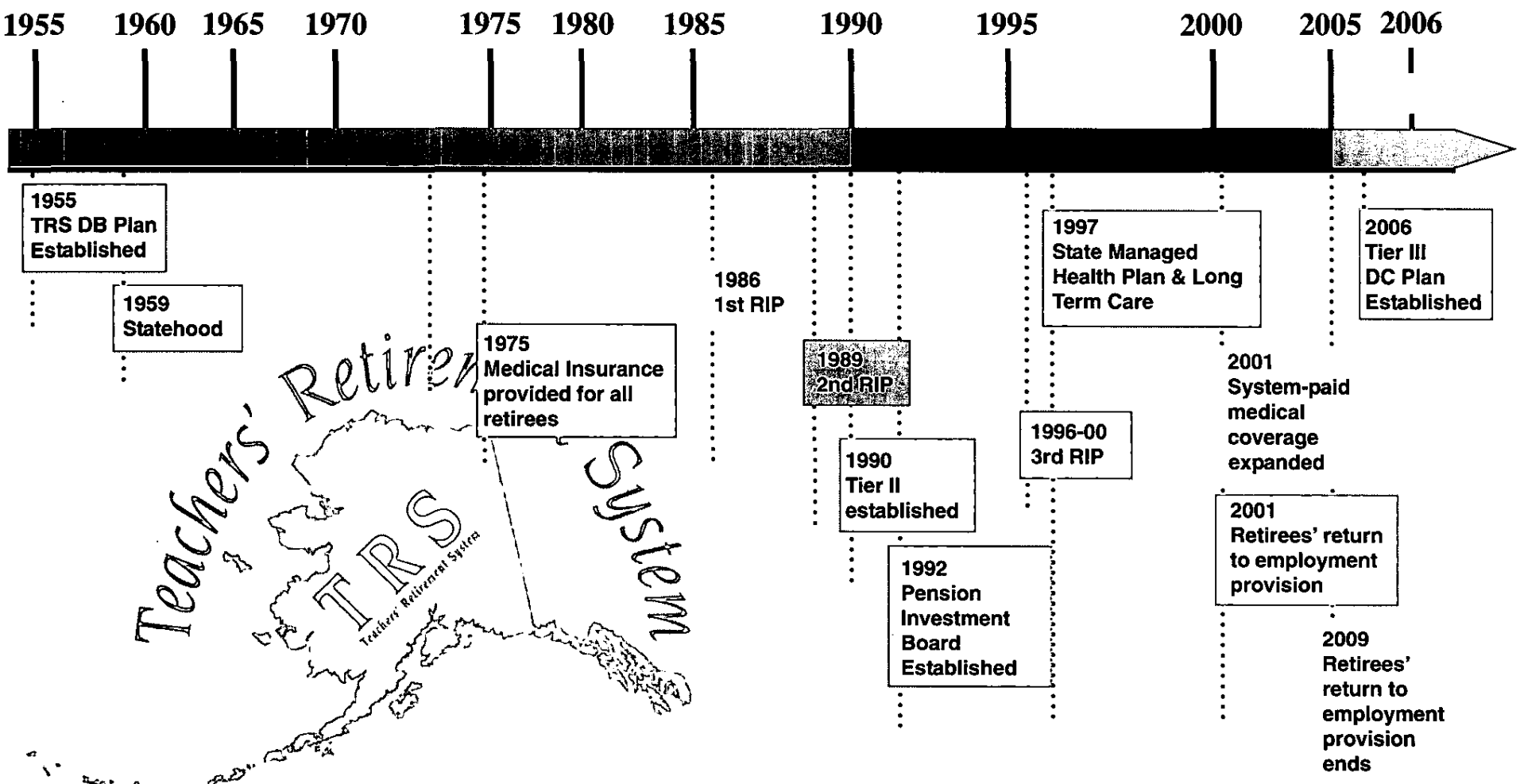
ALASKA PERS TIMELINE



The information on this timeline is not intended to replace the Alaska Statutes, the Alaska Administrative Code or Federal law. Language contained in the Alaska Statutes and the Alaska Administrative Code govern the plans.
G:/publications/timelines/perstimeline.pmd (Rev. 12/08). Prepared by the State of Alaska, Department of Administration, Division of Retirement & Benefits. Contact Jim Puckett at 907-465-4471 for more information.

ALASKA TRS TIMELINE



The information on this timeline is not intended to replace the Alaska Statutes, the Alaska Administrative Code or Federal law. Language contained in the Alaska Statutes and the Alaska Administrative Code govern the plans. G:/publications/timelines/trstimeline.pmd (Rev. 12/07). Prepared by the State of Alaska, Department of Administration, Division of Retirement & Benefits. Contact Jim Puckett at 907-465-4471 for more information.

Actuarial Valuation 101

The ultimate cost of any retirement system can be represented by, the formula:

System Costs = Assets - Liabilities

Where assets = Investment Returns + Plan Contributions
and Liabilities = Benefits to be Paid + Administrative Expenses

Since none of these factors are known until the last benefit is paid, they must be measured and estimated by something called an **Actuarial Valuation**. The primary function of an **Actuarial Valuation** is to determine:

- The annual amount, the actuarially computed employer rate that must be paid into the plan in order to pay for current and all future benefit costs.

- This results in the computation of the plan's **Actuarial Funding Ratio**: the ratio of fund assets to liabilities for benefits accrued to date.

A pension plan whose assets equal its liabilities is funded at 100% and is considered *fully funded;* any shortfall of assets is an *unfunded liability,* and a plan with an unfunded liability is considered *underfunded.*

Underfunded does not mean that a plan is unable to pay the benefits for which it is presently obligated to pay or to meet its current cash flow requirements. It simply means that in the unlikely event that all the plan's liabilities had to be settled today, it would be unable to meet them. Fortunately, a retirement system's obligations extend many years into the future so the plan has time to accrue the assets needed to ultimately meet all its future obligations.

Calculating the employer rate and the Actuarial Funding Ratio involves many variable financial, economic, and demographic assumptions. Over the short-term, many of these assumptions will be incorrect to one degree or another. After all, the Actuarial Valuation is only a snapshot of an arrangement of complex, long-term financial and demographic projections, "based on the theoretical supposition that the plan's liabilities are subject to settlement on the date the valuation is done."

Because no one knows what the future holds, an actuary uses a mixture of professional judgment, past experience and future expectations to estimate possible future economic outcomes. Assumptions used in the **Actuarial Valuation** should be chosen in a way that ensures:

1) the plan is funded in an orderly and stable way and
2) that the plan's accumulated annual contributions and investment returns are adequate to provide participants with their promised benefit payouts by the end of the funding period - in the case of PERS and TRS, 25 years.

The Alaska Division of Retirement & Benefits contracts with an actuarial consultant to prepare annual Actuarial Valuations of the state's public retirement systems -PERS & TRS.

The actuarial consultant uses the following assumptions and actuarial methods in their annual valuation analysis:

Economic Assumptions

Relate to the expected long-term financial experience of *the plan*

- Annual Investment Return
- Post Retirement Health Premium Trend
- Total Inflation
- Annual Salary Increases

Demographic Assumptions

Relate to the plan's populations and how they are expected to change over time

- Mortality Rates
- Total Turnover Rate
- Disability Rate
- Retirement Rates
- Assumed Retirement Date if Before Age 50

Actuarial Assumptions

In addition to the Demographic and Economic Assumptions stated above, the following additional assumptions are inputs in the actuarial analysis

- Medical Benefit Valuation - A pre-65 and post-65 premium cost are computed, increased with a health inflation assumption and combined into a blended premium. This evaluation also is based on who is actually eligible for employer paid health care.
- Target Funding Ratio - *The ratio* of *Assets to Accrued Liabilities that the plan is targeting going forward - at 100% target ratio, the plan targets full funding after* 25 *years in the case* of *PERS and TRS.*
- COLA -% of retirees receiving
- Spouse's Age
- Dependent Children
- Contribution Refund Rates
- New Entrants
- Post-Pension Retirement Adjustments
- Expenses
- Marital Status

Actuarial Methods

The methods adopted by the actuarial consultant in determining the cost of a pension plan and for determining the annual contribution required to adequately provide for future benefits

- Asset Valuation Method -Actuarial currently uses an Asset Smoothing Method -*which recognizes 20%* of *assets gains* & *losses for the current and preceding four years*
- Actuarial Cost Method -Actuarial currently uses a Projected Unit Credit (PUC) -*which produces an Accrued Liability, Unfunded Liability,* a *Normal Cost Rate and* a *Past Service Cost* Accrued Liability -*the present value* of *benefits credited*
    - Unfunded Liability -*the* excess of *Accrued Liabilities over the Plan's total Assets*
    - Normal Cost -*is the present value* of *the benefits expected to be earned by active members during the current year*
    - Past Service Cost -*the annual payment required to payoff any Unfunded Liability over the stipulated amortization period*
- Amortization Schedule for Unfunded Liability and Future Gains & Losses – the actuarial uses a 25-year fixed period level percentage of pay.

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Thursday, February 5, 2009

HB 81-APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 83-APPROP: MENTAL HEALTH BUDGET

Budget Overviews:
PERS/TRS Update

Annette Kreitzer, Commissioner, Department of Administration
Pat Shier, Director, Division of Retirement and Benefits, Department of Administration

Available for Questions:
Kevin Brooks, Deputy Commissioner, Department of Administration
Kathy Lea, Retirement Manager, Division of Retirement and Benefits, DOA
Jerry Burnett, Deputy Commissioner, Division of Treasury, Department of Revenue
Gary Bader, Chief Investment Officer, Treasury Division, Department of Revenue
Pamela Green, Comptroller, Division of Treasury, Department of Revenue

2/11/09 OVERVIEW: PORT OF ANCHORAGE & PORT MACKENZIE

<target><bill></bill><subject>2-11-09 OVERVIEW PORT OF ANCHORAGE & PORT MACKENZIE</subject><comm>HFIN26</comm></target>

House Finance Committee
February 11, 2009

The Port of Anchorage

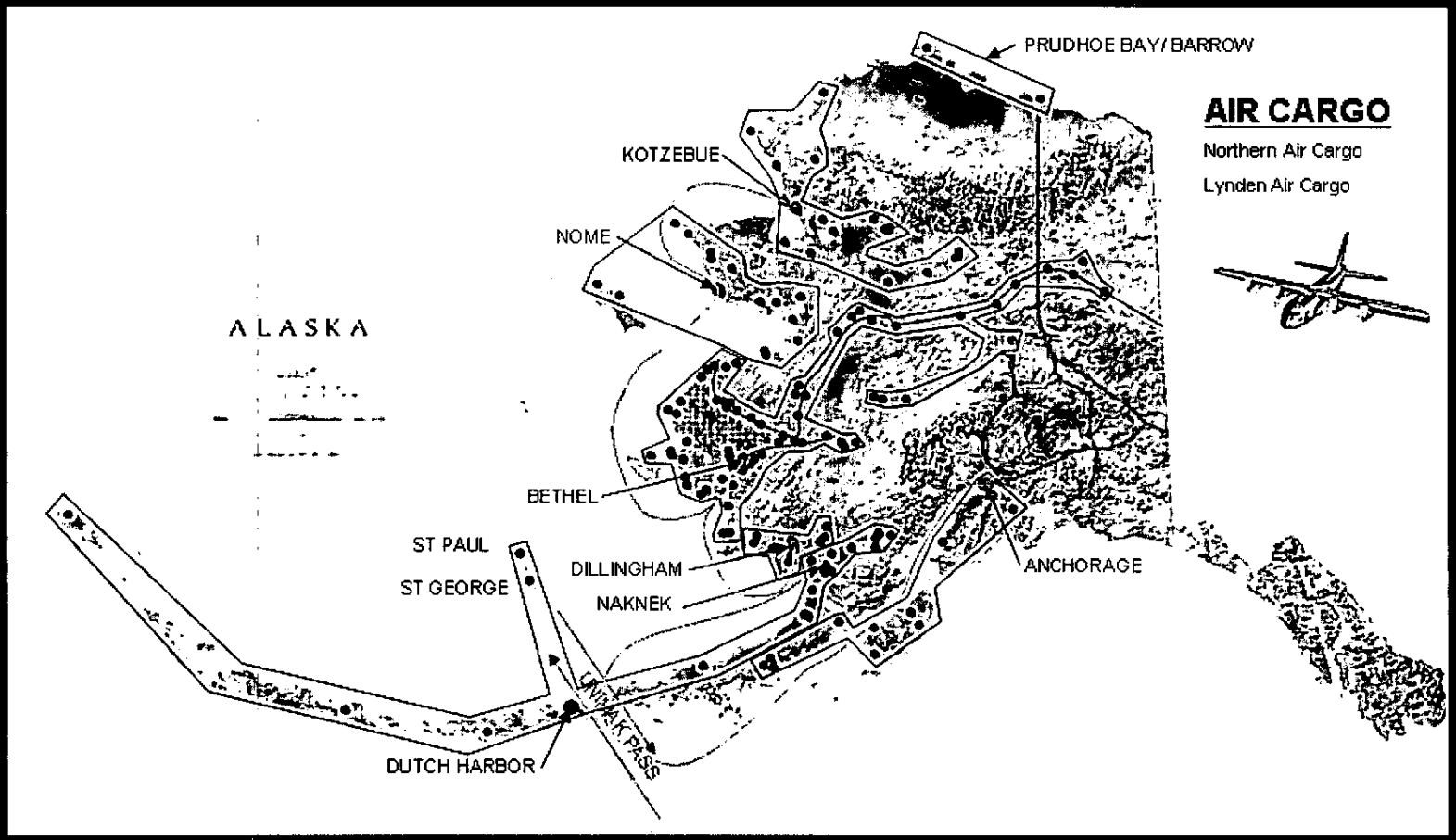
Economic Impact

- Serves 85% of the population, providing 90% of consumer goods
- Total economic impact estimated at $663 million[1]
- Freight Activity at the Port contributes to $137 million in household earnings and 4, 142 jobs
- 97% of freight shipments between Puget Sound and Alaska are waterborne
- 46,000 jobs in Puget Sound (Seattle-Tacoma) directly dependent on Alaska Trade & Shipping
- Classified as a "Port of National Significance" by the Department of Transportation-Maritime Administration

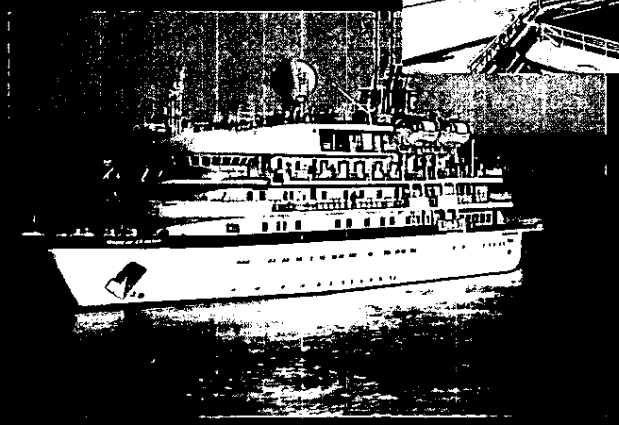
[1]Prokop, Darren. "The Economic Impact and Logistics of the Port of Anchorage." Department of Logistics, College of Business and Public Policy, University of Alaska Anchorage.

Regional & Statewide Importance

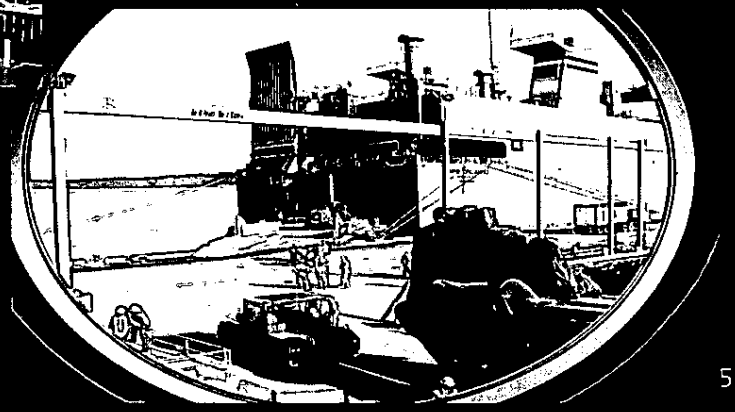
Transportation Supply Routes From Port of Anchorage



Business at the Port of Anchorage



- Containers
- Petroleum
- Dry Bulk/Cement
- Cruise Ships
- Coast Guard
- Military

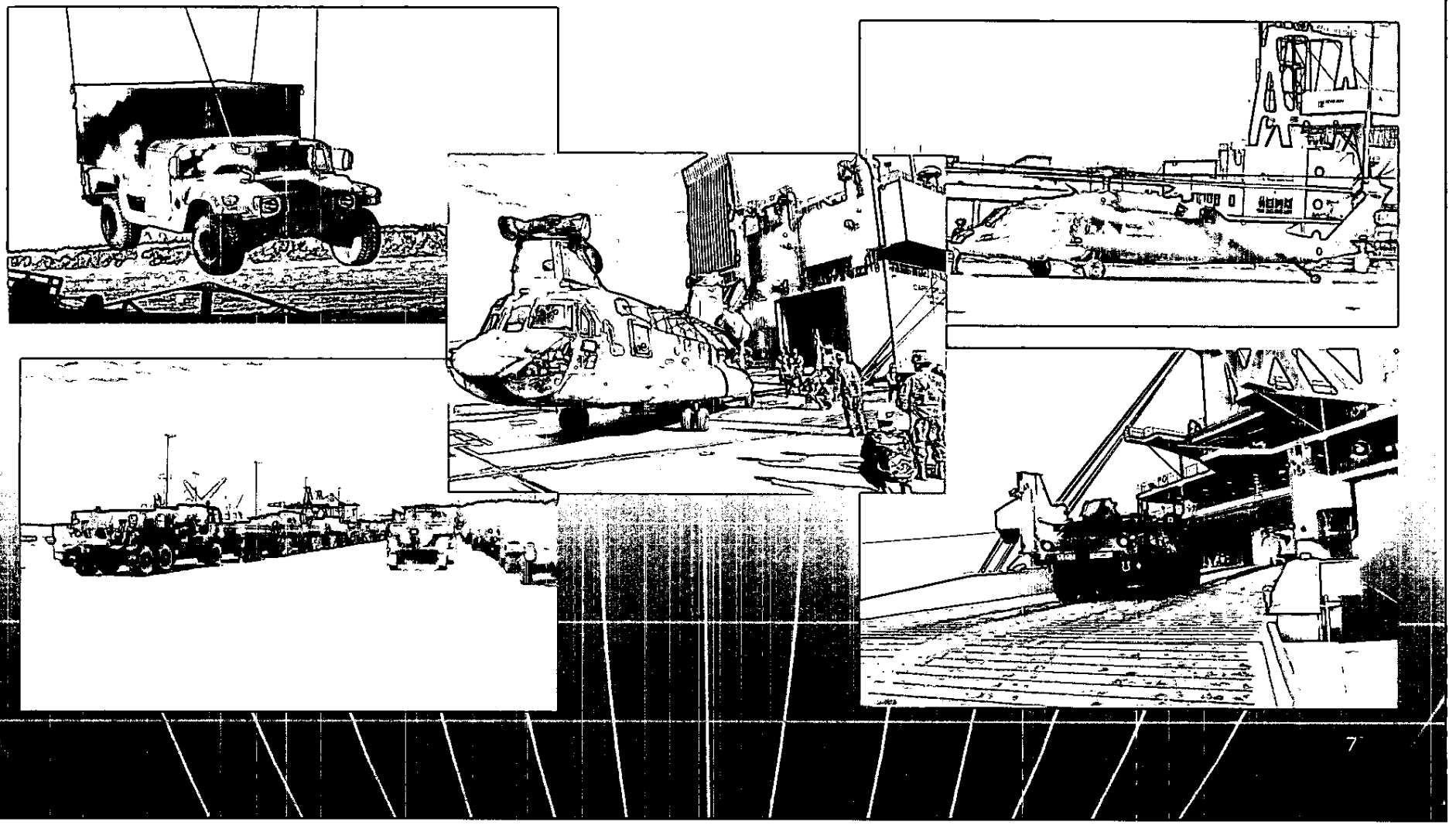


1060

The Port of Anchorage & the U.S. Military

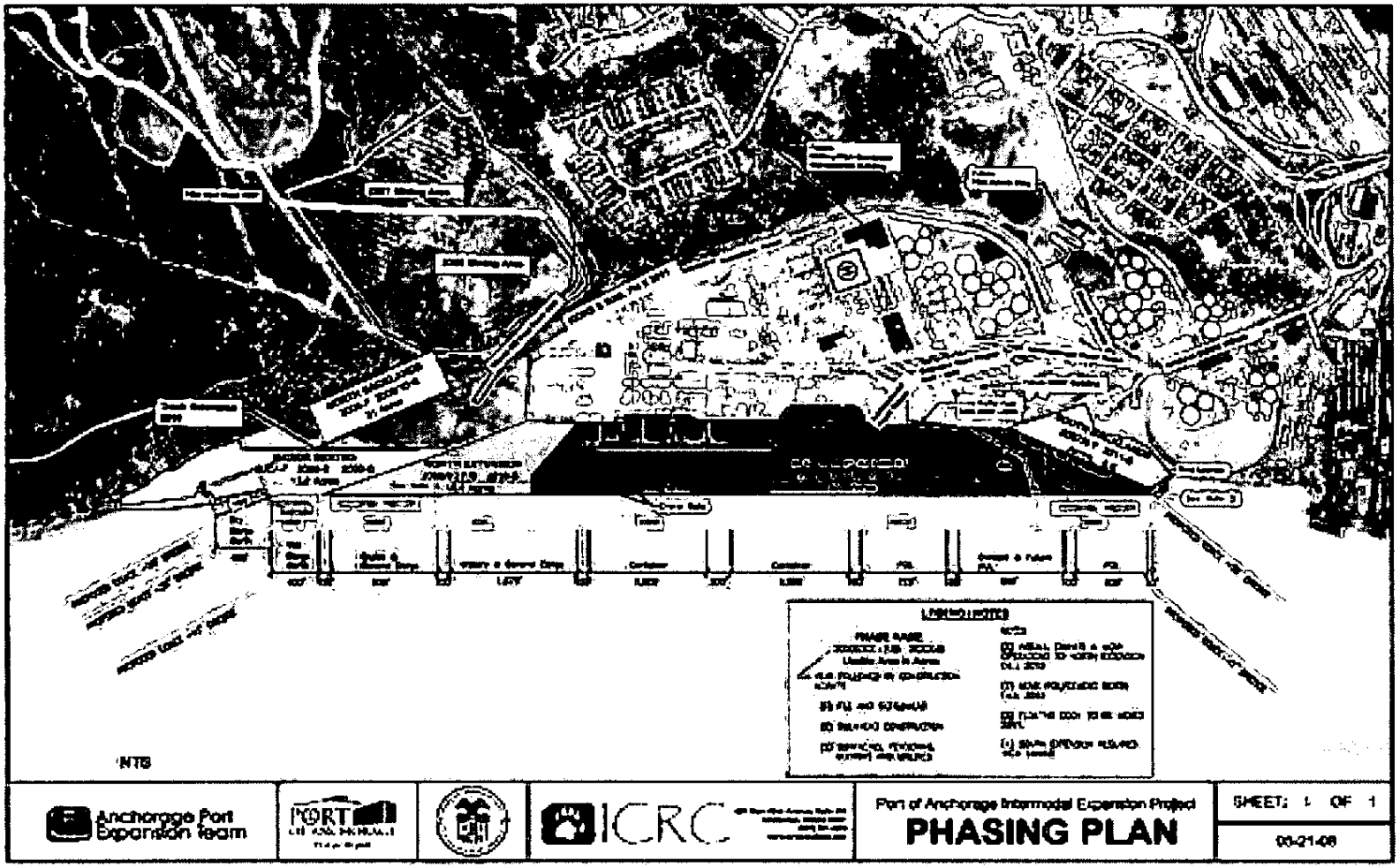
- Designated by the Department of Defense as a "Strategic Port" for national defense purposes
- Assisted in critical deployments in and out of the military bases and training facilities in Alaska to Iraq and Afghanistan
- Home to the Coast Guard Marine Safety and Security Team

Supply Hub for the U.S. Military in Alaska



The Port of Anchorage Intermodal Expansion Project

The Port of Anchorage Intermodal Expansion Project



The Port of Anchorage Intermodal Expansion Project

- A federal,state, and municipal program to replace/expand the current dock and facilities
  - Current infrastructure: Built in the 1950s
- US DOT Maritime Administration is the lead agency for the project
- Rehabilitate the facility to accommodate:
  - Larger ships
  - Increased port calls
- Purpose: reduce transportation conflicts and to improve intermodal transportation and commerce
  - Not just for Anchorage, but for the entire state of Alaska

The Port of Anchorage Intermodal Expansion Project

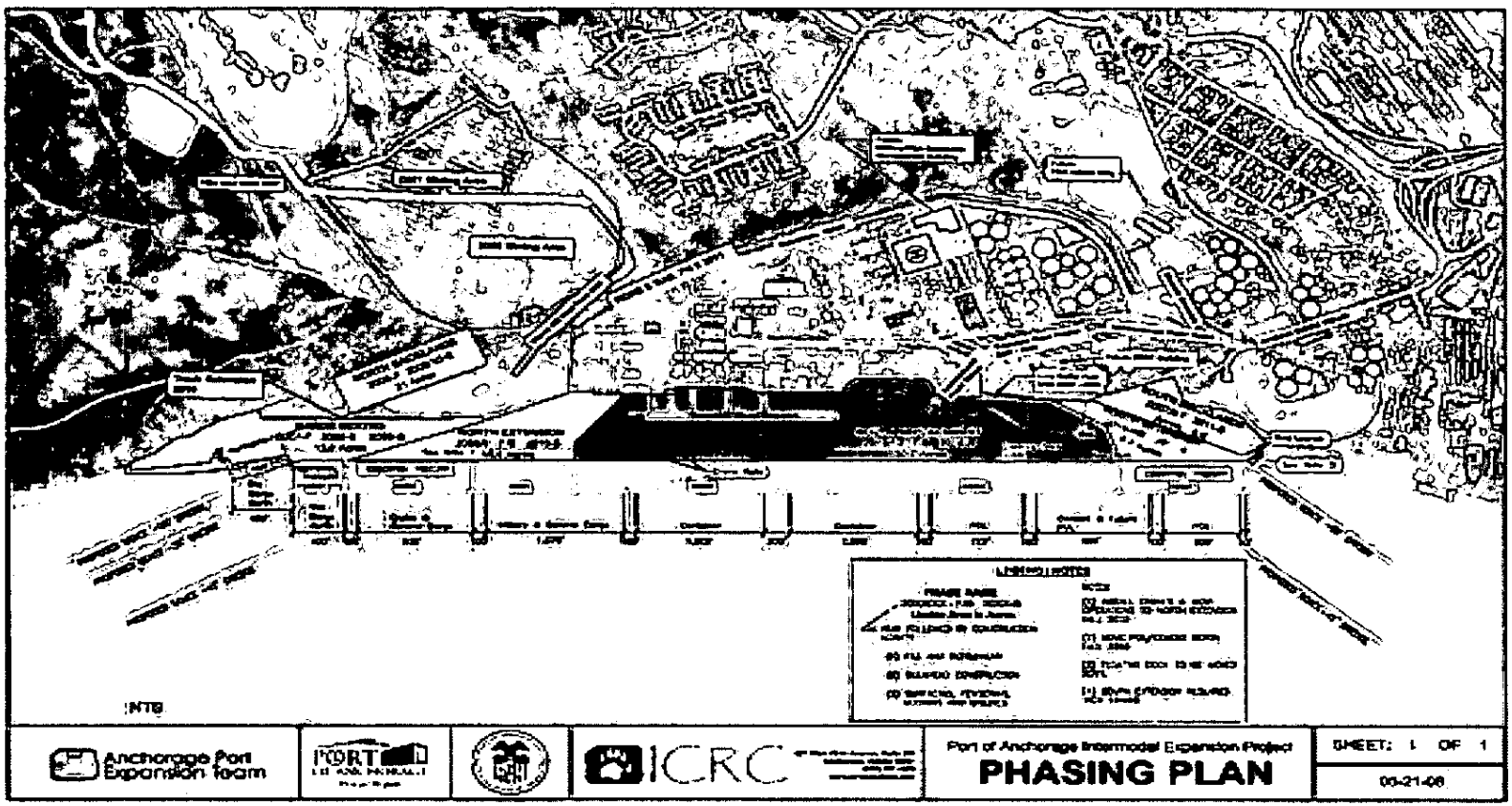
- Completed construction will provide efficient ship-to-shore connections
- New rail line connecting the waterfront to Alaska's mainline railbelt
- New roads with direct connections to the State's highway system
- State of the art cargo offloading and handling facilities
- Deeper and wider berths to accommodate modern shipping vessels and military ships

2009 Construction

- Finish fendering/mooring on North end; Barge Berths – Open For Business
- Complete fill and sheet pile in North Extension

2010 Construction

- Finish final utilities/paving on north end for arrival of new cranes
- Begin fill and sheet pile in South Extension



Construction Costs & Funding

Sources of Funds To Date
(in millions)

▫ Federal:	$112.7	(53%)
▫ State:	$ 41.3	(20%)
▫ Port:	$ 57.5	(27%)
▫ Total:	$211.5	

Construction Costs To Date
(in millions)

USES	2002 - 2008
Program/Project Admin, Safety & Const Mgmt	$ 14.2
Environmental Permitting & Compliance	$ 3.2
Engineering & Design, Peer Review	$ 16.6
Uplands Rehabilitation (existing surface, utilities)	$ 28.9
Structural Open Cell Sheet Pile & Gravel Fill	$ 142.4
Borrow Pit Development, Gravel Extraction (EAFB)	$ 4.6
Finish Surface, Drainage and Utilities (New Land)	$ 0.5
Total Uses	$ 210.4

$120 million in 2009
(in millions)

USES (in Millions)	2002 - 2008	2009	2010	2011	2012	2013	2014	Total
Program/Project Admin, Safety & Const Mgmt	$ 14.2	$ 7.3	$ 4.0	$ 3.0	$ 2.5	$ 2.5	$ 2.0	$ 35.5
Environmental Permitting & Compliance	$ 3.2	$ 0.6	$ 0.2	$ 0.2	$ 0.1	$ 0.1		$ 4.4
Engineering & Design, Peer Review	$ 16.6	$ 3.0	$ 2.5	$ 1.2	$ 1.1	$ 0.5	$ 0.1	$ 25.0
Uplands Rehabilitation	$ 28.9		$ 5.1	$ 0.1			$ 0.1	$ 34.1
Structural Open Cell Sheet Pile & Gravel Fill	$ 142.4	$ 66.3	$ 72.3	$ 87.9				$ 368.9
Borrow Pit Development, Gravel Extraction	$ 4.6	$ 1.8	$ 1.0	$ 0.5	$ 0.6	$ 0.5		$ 9.0
Finish Surface, Drainage and Utilities	$ 0.5	$ 23.0	$ 46.3	$ 33.3	$ 3.9	$ 58.1	$ 55.2	$ 220.3
Total Uses	$ 210.4	$ 102.0	$ 131.4	$ 126.2	$ 8.2	$ 61.7	$ 57.4	$ 697.2

Cost of Construction:

Total Projected Costs	$ 736.8
Projected Costs With State Funds	$ (697.2)
Cost Savings (in millions)	**$ 39.6**

Fund South Extension in 2009 for 2010 Construction
Fund North Replacement in 2010 for 2011 / 2012 Construction
Fund South Replacement in 2011 for 2012 / 2013 Construction

Without $120 million in 2009

USES (in Millions)	2002 - 2008	2009	2010	2011	2012	2013	2014	Total
Program/Project Admin, Safety & Const Mgmt	$ 14.2	$ 7.3	$ 4.0	$ 3.0	$ 2.5	$ 2.5	$ 2.0	$ 35.5
Environmental Permitting & Compliance	$ 3.2	$ 0.6	$ 0.2	$ 0.2	$ 0.1	$ 0.1		$ 4.4
Engineering & Design, Peer Review	$ 16.6	$ 3.0	$ 2.5	$ 1.2	$ 1.1	$ 0.5	$ 0.1	$ 25.0
Uplands Rehabilitation (existing surface, utilities)	$ 28.9		$ 5.1	$ 0.1			$ 0.1	$ 34.1
Structural Open Cell Sheet Pile & Gravel Fill	$ 142.4		$ 76.2	$ 83.1	$ 101.1			$ 402.8
Borrow Pit Development, Gravel Extraction	$ 4.6	$ 1.8	$ 1.0	$ 0.5	$ 0.6	$ 0.5		$ 9.0
Finish Surface, Drainage and Utilities	$ 0.5	$ 23.0	$ 46.3		$ 42.8	$ 58.1	$ 55.2	$ 225.9
Total Uses	$ 210.4	$ 35.7	$ 135.3	$ 88.1	$ 148.2	$ 61.7	$ 57.4	$ 736.7

Cost of Construction:

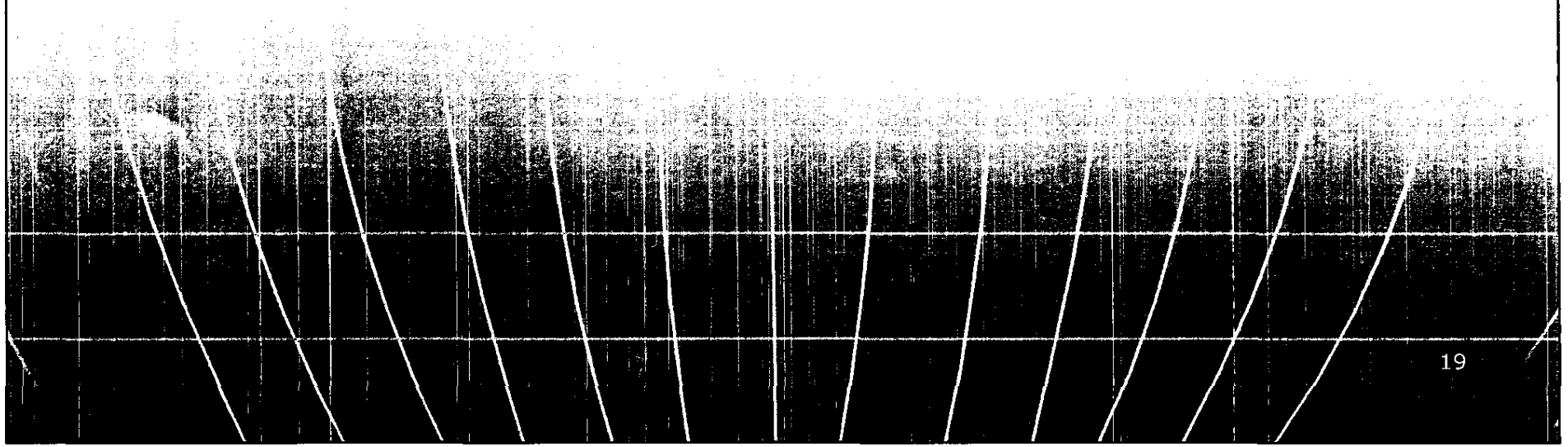
Total Projected Costs **$ 736.8**

Advantages Realized with Advanced Funding

- Contracts completed earlier reduce costs
- Materials ordered in advance reduce costs
- Opportunity to purchase in volume reduces cost
- Cost reduction decreases investment required
- Speeds up completion

For more information on the Port of Anchorage Intermodal Expansion Project:

www.portofanchorage.org



Port of Anchorage
Bill Sheffield, Port Director
Anchorage, Alaska

PROJECT NAME: Port of Anchorage Replacement/Expansion ($120,000,000)

The Statewide critical transportation infrastructure program is funded 52% by the federal government, and 48% by the Port and the State of Alaska. Past requests for State funding have called for $20 million from the State for 6 consecutive years; this request calls for an advance of $120 million in funding to allow awards of necessary construction contracts. Awards cannot be made without funding in place. Full awards will ensure the program continues without disruption, employs thousands of workers in Alaska, and ensures the State has necessary infrastructure in place to support gas line construction.

PROJECT IS READY-TO-GO

Should the Port receive advanced funding from the State, the Port is in a position to immediately begin field construction of ready projects in 2009. In the recent 5 years, the project has been fully permitted and designed employing several teams of registered engineers, environmental and permitting professionals, project managers, scientists, surveyors, and inspectors. The USDOT Maritime Administration (lead federal agency) and all regulatory agencies are positioned to continue project construction through permit conditions.

Construction is well underway; $210 million has been spent on the project to date. At the end of 2008, approximately 80 acres will have been developed north of the existing port and 15 acres south of the existing port (of 135 total additional acres programmed). The newly developed land will be the site of numerous projects, including the building of docking facilities and utilities necessary to support shipping operations. Two barge terminals are included, which will be the only publically owned barge docks in upper Cook Inlet. Receipt of the $120 million State capital funding will ensure the Port completes surface work through 2010, allowing occupancy of this new ground and complete relocation of maritime operations to new docks with no disturbance in service to the State. Further, it will provide the ability to reduce overall project cost through accelerated ordering of project materials, and through timelier contract actions. The full project cost is currently estimated at $700 million through 2014.

$65,000,000 – Construct Intermodal Transportation Connections

Construction components:

- Track extension to the waterfront with loading facilities.
- Road systems and intersections, track crossings, truck queuing lanes.
- Ship mooring infrastructure.
- Crane structural supports and power supply.
- Trunk utility corridors and systems.
- Operational support systems and structures.

$55,000,000 – Complete Cargo Handling Areas
Construction components:

- Develop parking, staging, and cargo storage areas.
- Modify and extend underground power supply.
- Modify and extend water/sewer, communications, and security systems.
- Install overhead lighting and other support systems.

TOTAL REQUEST - $120,000,000 (Labor and Materials)

The Port of Anchorage replacement/expansion project is a long term endeavor that is fully permitted and ready to proceed immediately. We are in a unique position to accelerate our project and get payroll into the hands of workers tomorrow.

PROJECT WILL CREATE JOBS
Over 3,000 to 7,500 direct and indirect jobs would be created, immediately, resulting in an estimated payroll of $55 to $60 million and an estimated $220 to $240 million in indirect economic impact to the nation. Payroll and labor records indicate 400-500 direct jobs are created at the project site each construction season, May through November. The project complies with Buy America; contracts are only open to American labor, suppliers, and materials.

The types of jobs created are very well paid, as salaries are Davis-Bacon prevailing wages, which is the highest of State and Federal prevailing wages at the time of the bid and are eligible for 1.5 times regular salary for any overtime. Even though all funds are administered by the federal government, the State of Alaska Department of Labor and Workforce Development has made final determination that AS 36, specifically AS 36.05 and AS 36.10 apply to all construction contracts awarded under this program. Notices of Work are filed routinely with the State, and 1% filing fees are submitted.

Many of these jobs will be year-round. While past years have required layoffs of construction workers at the end of each construction season due to subarctic temperatures, most of the remaining work will be out-of-water construction on the new 95 acres of developed land, as opposed to substructures in the water (already completed). The Port is in need of specialty trades which have the potential for immediate and year-round employment within the construction industry. Once this 95 acres are finished and ready for port occupancy, existing commercial crane operations will be relocated to this site to enable full demolition and future re-construction of the existing inefficient marine terminal area.

>3,000 Direct jobs per year:

carpenters, framers	landscape contractors
civil construction workers	masons
concrete workers	painters, stripers
crane rail contractors	paving contractors
drafting/graphics personnel	pile drivers, iron workers
electricians and electrical line workers	pipefitters, plumbers
environmental monitors & compliance personnel	riggers
equipment operators	safety personnel
estimators	scientists
expeditors	signage contractors
fencing contractors	specialty track contractors
field surveyors & engineers	storm water control contractors

field, superintendents & project managers	suppliers
HVAC technicians	steel workers
inspectors	telecomm system workers
insulators	traffic control personnel
laboratory technicians	truckers
laborers	welders

PROJECT WILL STIMULATE ECONOMY

A study found that Port's total economic impact is $663 million using 2002 data. Freight activity at the Port contributed to $137 million in household earnings and 4,142 jobs. The port facility itself contributed a further $6.7 million to the labor income earned in Anchorage; and furthermore another 115 jobs were created as a result.[1] In addition to the five berths available, these figures are expected to increase significantly with the expansion project to increase the number of berths by eight more.

The project connects the Port to the Alaska Railroad, which is also an economic engine for the State of Alaska. The Alaska Railroad is projected to spend $131 million in the Alaska economy in 2008, generating 2,036 jobs (full time equivalent) and $105 million of payroll. Of this total, 979 jobs will be railroad employees and 1,107 will be in other parts of the economy. Each $1 million decline in operations spending results in a loss of $890,000 in payroll and 17 jobs from the economy. Each $1 million decline in capital projects spending results in a loss of $640,000 in payroll and 13 jobs from the economy.[2] The Port of Anchorage will also be a key player with the Alaska Railroad and the U.S. Army-Alaska as the Railroad completes the currently-funded rail extension from Fairbanks and Fort Wainwright across the Tanana River and into the Army's million-plus acre training ranges in Alaska's interior. As a result of recent Army posture changes, the growth in numbers of Army personnel assigned in the State, and the maturing of these training ranges into assets for the entire U.S. Army, the Port of Anchorage's ability to support the subsequent growth in military movements into and out of the State is essential to the overall success of this effort.

The Nation and the State of Alaska are moving closer to seeing a natural gas pipeline project that can deliver vast quantities of gas to America's heartland, become an economic reality. The gas line project will employ tens of thousands of people from all over the country. The expanded and modernized Port of Anchorage will be a vital node in the supply chain process that will support the gas line construction and maintenance; without the growth in available staging put into service and ready for occupancy with cranes, operational conflicts would exist. The Port of Anchorage is the only truly intermodal port facility in the State. It has road, rail, and maritime access, close proximity to the world's third largest cargo airport, and a large city with a diverse skilled labor force. The Port's expansion is designed to ensure that, when gas line construction begins, there will be both sufficient depth for deep draft vessels planned to deliver the necessary project supplies and equipment; and sufficient acreage for gas pipe laydown, immediate rail access for reduced handling, and sufficient industrial ground for module construction. Additionally, the Port is adding the first two public barge berths to be made available in Upper Cook Inlet. These barge berths will be located adjacent to the planned module construction area and the extended rail line.

[1] Prokop, Darren. "The Economic Impact and Logistics of the Port of Anchorage." Department of Logistics, College of Business and Public Policy, University of Alaska Anchorage.

[2] Goldsmith, Scott. (2008). Institute of Social and Economic Research, University of Alaska Anchorage.

Alaska, and specifically the Port, is a key driver in the Pacific Northwest economy. The economic relationship between Alaska and the Puget Sound area in Washington State – which is the nation's leading region in foreign export sales – is stronger than ever. The trading partnership between Alaska and Puget Sound, by way of the Port of Anchorage, is an economic asset for Puget Sound, especially as a stimulus that helps offset regional downturns, as over 46,000 jobs in Puget Sound companies are directly dependent upon export trade with Alaska. The growth in jobs from the Alaska-Puget Sound trade relationship between 1994 and 2003 is substantial – equal to attracting a 1,000 employee company to the region each year. By weight, 97 percent of all freight shipments between Puget Sound and Alaska are waterborne.[3] An expansion of the Port of Anchorage to handle even more cargo could make this growth even more rapid.

While Alaska's economy is dominated by natural resource extraction, Alaska is transforming into a service-based economy that needs specialized banking, accounting, legal, engineering, and management, educational and medical services. Seattle has long served as a key service supplier not only to Alaska but for much of the quadrant of the Lower 48 west of Minneapolis and north of San Francisco.[4] The Port expansion project envisions dock space for cruise ships. The Alaska cruise ship industry has enjoyed phenomenal growth in recent years. The number of cruise line passengers departing from Puget Sound for Alaska has risen from 14,000 in 1994 to 550,000 in 2004.[5] Petroleum remains a hub of the Alaska-Puget Sound economic relationship. In 2003, $2.8 billion of Alaska crude oil came to Puget Sound refineries. Direct impact of this trade includes 1,990 jobs and $144.5 million in labor earnings.[6]

The Port of Anchorage rehabilitation provides sufficient storage of fuel and fuel transfer facilities to better serve the energy needs of western Alaska. More efficient and larger container handling facilities with warehousing in Anchorage will provide greater trans-shipment efficiency to western Alaska and will improve delivery schedules and costs with increased activity year-round.

Port expansion would allow running international cargo through the Port of Anchorage, which could cut typical transit times from Asia to the Midwestern United States in half. It takes only six to 12 days for ships to sail from Anchorage to a variety of destinations within Japan and China, respectively. It takes 10-17 days to sail from Los Angeles to Japan and China.[7]

Upon completion, the port will be able to support the build up for a planned gas line and storage/shipment of construction materials for off-shore drilling and pipeline construction. The gas line in Alaska will enable the flow of American gas for energy consumption. ConocoPhillips Alaska estimates that 17,000 workers in the U.S. and 12,000 workers in Canada would be needed to build the gas pipeline to the Midwest.[8]

The Port of Anchorage has committed staging grounds to BP for 4,000 tons of steel pipe a year (for 2009 and 2010) to offload and stage materials critical to their operations in Alaska;

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[3] Ties That Bind: The Enduring Economic Impact of Alaska on the Puget Sound Region. (2004). Commissioned by the Tacoma-Pierce County Chamber and Greater Seattle Chambers of Commerce.
[4] Ibid.
[5] Ibid.
[6] Ibid.
[7] Poe, Robert (2004). "Port of Anchorage: The Logistical Choice." Anchorage Economic Development Council.
[8] Ties That Bind: The Enduring Economic Impact of Alaska on the Puget Sound Region. (2004). Commissioned by the Tacoma-Pierce County Chamber and Greater Seattle Chambers of Commerce

serviceable ground is critical to today's BP logistics and needs separated from commercial port operations. Future gasline logistics will certainly require much more dedicated ground.

PROJECT DETAILS

The completed construction program will provide efficient ship-to-shore connections with a new rail line extension connecting the waterfront to Alaska's mainline railbelt, new roads with direct connections into the State's highway system, state-of-the-art cargo offloading and handling facilities, and deeper and wider berths to accommodate modern shipping vessels. This multi-year program replaces aged and deteriorating dock structures, which are functionally outdated and marginally safe, with new facilities capable of serving the commercial and military ships that call at this vital seaport. The existing dock structure is neither capable nor efficient enough for modern maritime intermodal operations.

The dock's 50-year-old cranes cannot reach required distances to serve modern vessels and must be replaced with three 100-foot gauge modern cranes to load and off-load cargo. The 9-acre trestle dock must be demolished by 2011 and replaced with a 135-acre offloading facility to accommodate berthing, intermodal ship-to-shore transfers, and adequate secured cargo storage – without disruption to critical Statewide cargo operations. Currently, $4-5M is spent annually on under-dock repairs by the Port of Anchorage administration, while crucial surface operations and cargo transfers continue to remain inadequate.

The new facility is being constructed in phases to accommodate the shipping industry without impact to day-to-day intermodal transfer operations and continual service to 85% of the State; to coincide with the US Army Corps of Engineer's on-going annual harbor maintenance program to maintain shipping lanes at the Port; and to align with incremental funding and available cash flow. The funding plan calls for 52% federal funds with 48% of remaining funds at the local level (State and Municipal revenue bonds, Port revenues).

The USDOT Maritime Administration and regulatory agencies are positioned to continue project construction through permit conditions, previously established best management practices during construction, acoustic programs and data collection, sighting/reporting teams on-site, and mandatory shut-downs of certain activities when whales are observed near the project.

ABOUT THE PORT

The Port of Anchorage serves 85% of the population within the State of Alaska providing 90% of their consumer goods, and is one of sixteen nationally designated commercial Strategic Ports with direct calls scheduled by the Department of Defense for critical deployments in-and-out of Alaska's military bases and training facilities (Ft. Greely, Eielson AFB, Ft. Wainwright, Ft. Richardson, and Elmendorf AFB) to Iraq and Afghanistan. The Port of Anchorage was inaugurated in the late 1950's with little build-up in the past fifty years, and is currently under-serving the State's transportation system as its primary hub.

The Port of Anchorage provides direct ties with the Stevens International Airport for competitive supplies of jet fuel and the sea-air movement of cargo. It also offers an active Foreign Trade Zone and is a designated customs port of entry to Alaska. It has been rated one of the most efficient container ports on the West Coast as far as location, and is the northernmost deep draft port in the United States. It is open for business with full services year-round.[9]

[9] Poe, Robert (2004). "Port of Anchorage: The Logistical Choice." Anchorage Economic Development Council.

The Port of Anchorage began a federal, state, and municipal dock replacement/expansion program in 2003, with the USDOT Maritime Administration as the lead federal agency, to rehabilitate the port facility to accommodate larger ships and increased port calls by providing additional upland area and berthing capacity. This project was undertaken specifically by the government on our behalf to reduce transportation conflicts and traffic congestion and to improve intermodal transportation and commerce for the Municipality of Anchorage and State of Alaska. The USDOT Maritime Administration, the State of Alaska, and the Municipality of Anchorage are partners in this endeavor.

Attachments:
-Current project phasing plan.
-Map of Alaska indicating Statewide reliance on the Port of Anchorage.
-Nine minute video about the purpose/need of the project.

HEADQUARTERS
ALASKAN COMMAND (ALCOM)
ELMENDORF AIR FORCE BASE, ALASKA 99506

Lieutenant General Dana T. Atkins
Commander, Alaskan Command
10471 20th Street, Suite 139D
Elmendorf Air Force Base Alaska 99506-2200

The Honorable William J. Sheffield
Director, Port of Anchorage
2000 Anchorage Port Road
Anchorage Alaska 99501

Dear Governor Sheffield

Thank you for the recent Port of Anchorage update you presented to the ALCOM staff. As you know, we [ALCOM] view this capital investment in the port very beneficial to our mission and requirement to receive and deploy combat forces stationed in Alaska. With recent changes in Army posture around the world, Alaska is now home to a stryker brigade, an airborne brigade, and an aviation task force, with the likelihood of even more forces being home-stationed here in the future. Our ability to project this power to combat theaters around the globe is heavily dependent upon sealift, so the Port of Anchorage remains absolutely critical to our success.

I concur with the Maritime Administration's decision to designate the Port of Anchorage as one of America's 19 National Strategic Ports in 2004, and I believe the Port of Anchorage must maintain that level of capability as long as we have these force levels assigned to Alaska. The Port's commitment under the Strategic Port program to provide at least 25 acres of ground within its facility during a deployment is a key enabler for the efficient staging and loading of our forces. Due to the high tempo of operations around the world, we have executed several large military movements through the Port recently, and I want to express my appreciation for the efforts that you, your staff, and the current Port tenants made to ensure the success of the operations. I have no doubt the Port of Anchorage will continue to provide superb support to the Department of Defense and its military forces in Alaska.

Finally, I appreciate your continued consideration of Alaskan military needs as you plan and execute your ongoing expansion project, and I look forward to continuing the partnership between the Port of Anchorage and Alaskan Command forces for many years to come.

Very respectfully,

Dana T. Atkins

DANA T. ATKINS
Lieutenant General, USAF
Commander

Guardian of the North

1080

Port of Anchorage Intermodal Expansion Project

State Request:

- $120 million

Project is "Shovel Ready"

- Port is in a position to immediately begin field construction of ready projects
- The project is fully permitted and designed
- Construction well underway-$210 million spent to date.
- $120 million in funding will ensure that the Port completes work through 2010, allowing complete relocation of maritime operations to new docks with no disturbance of operations.
- Funding will allow for reduced overall project costs
    - Accelerated ordering of project materials and timelier contract actions

Detail of Project Funding:

$65,000,000-Construct Intermodal Connections

- Track extension to the waterfront with loading facilities
- Road systems and intersections, track crossings, truck queing lanes
- Ship mooring infrastructure
- Crane structural supports and power supply
- Trunk utility corridors and systems
- Operational support systems and structures

$55,000,000-Complete Cargo Handling Areas

- Develop parking, staging, and cargo storage areas
- Modernize and extend underground power supply
- Modernize and extend water/sewer, communications, and security systems
- Install overhead lighting and other support systems

Materials Necessary for Project Expansion: [1]

- Concrete
    - 11,000 Cubic Yards- 186 direct& Indirect jobs
- Asphalt
    - 65,900 Tons - 99 direct & Indirect jobs
- Gravel & Rock Fill
    - 865,000,000 Cubic Yards- 312 direct & indirect jobs
- Dredging
    - 70,800 Cubic Yards 42 direct & indirect jobs

National Implications – Materials and Equipment Manufactured elsewhere in the USA

- Steel
  - 7,700 Tons, total of 420 direct & indirect jobs
    - Forged/milled in Texas and/or Alabama-
    - Galvanized in California and/or Oklahoma -
    - Shipped by rail through Oregon and Washington Shipped to Alaska via ship and barge from Washington
    - Installed in Alaska
- Other equipment to be manufactured in the lower 48 states (380 direct and indirect jobs).
  - Petroleum Loading Arms
  - High Mast Lighting
  - Electrical Transformers & Conductors
  - Crane rails
  - Light poles
  - Concrete Ties

Support Services

- In addition to direct construction jobs 60 to 70 direct technical and professional jobs will be needed to support the construction.

Economic Impacts of Projects: Alaska and National

- Jobs
  - Between 3,000-7,500 direct and indirect jobs, in Alaska and out of Alaska, will be created.
  - Resulting in an estimated payroll of $55-$60 million
  - Estimated $300 to $350 million in direct economic impact to the nation.
  - Jobs are well paid, Davis-Bacon prevailing wages
  - Many of these jobs will be year-round
  - Most of the remaining work will be out-of-water construction on the new 60 acres of developed lands, as opposed to substructures in the water (already completed)
- Port's total economic impact: $663 million
- Freight activity contributes to $137 million in household earnings and 4142 jobs
- Natural Gas Pipeline
  - The expanded port will be an integral part to the construction of the widely supported natural gas pipeline to carry natural gas to the Lower 48 states to help address our nation's energy crisis
    - Sufficient depth for deep draft vessels planned to deliver project supplies and equipment
    - Sufficient acreage for gas pipe laydown
    - Immediate rail access for reduced handling of pipe
    - Sufficient industrial ground for module construction
- Key driver in the Pacific Northwest Economy

- Over 46,000 jobs in Puget Sound are directly dependent on export trade with Alaska
- Expanded port will result in increased domestic deliveries
- Expansion of the port will assist in revitalizing the economy of Alaska as well as Washington with new jobs

- Expansion will allow for increased international cargo through the Port of Anchorage
  - Could cut typical transit times from Asia to Midwestern United States by half, providing for efficient movement of consumer goods
    - Port of Anchorage is already an active Foreign Trade Zone and a designated customs port of entry into the United States

National and Strategic Significance:

- The Port of Anchorage is the major hub for the entire state.
- It serves 85% of the state's population and 90% of consumer goods pass through the Port.
- Home to the Coast Guard Marine Safety and Security Team
- Classified as a "Port of National Significance" by the Department of Transportation Maritime Administration (MARAD)

Designated by the Department of Defense as a "Strategic Port" for national defense purposes:

- Military Mission in Alaska:
  - The capital investment at the Port of Anchorage is seen as beneficial to the mission of the military to receive and deploy combat forces.
  - Alaska is now home to a stryker brigade, an airborne brigade, and an aviation task force, with the likelihood of increased forces being home stationed in Alaska.
  - Ability to respond to national and international theaters around the globe is heavily dependent on sealift-thus emphasizing Alaska's strategic global advantage
  - Year round access to training ranges by rail and with a Tanana River crossing that will be the key to future defense planning in Alaska for the nation.

- Joint Pacific-Alaska Range Complex
  - Training mission expanded to include maritime training in the Gulf of Alaska.
  - Port of Anchorage needs to have infrastructure to serve as a U.S. Navy Port of call for Naval vessels, including carriers
  - Donally Range-U.S. Army investing $80 million in range equipment and infrastructure

- Disaster Response/Survivability

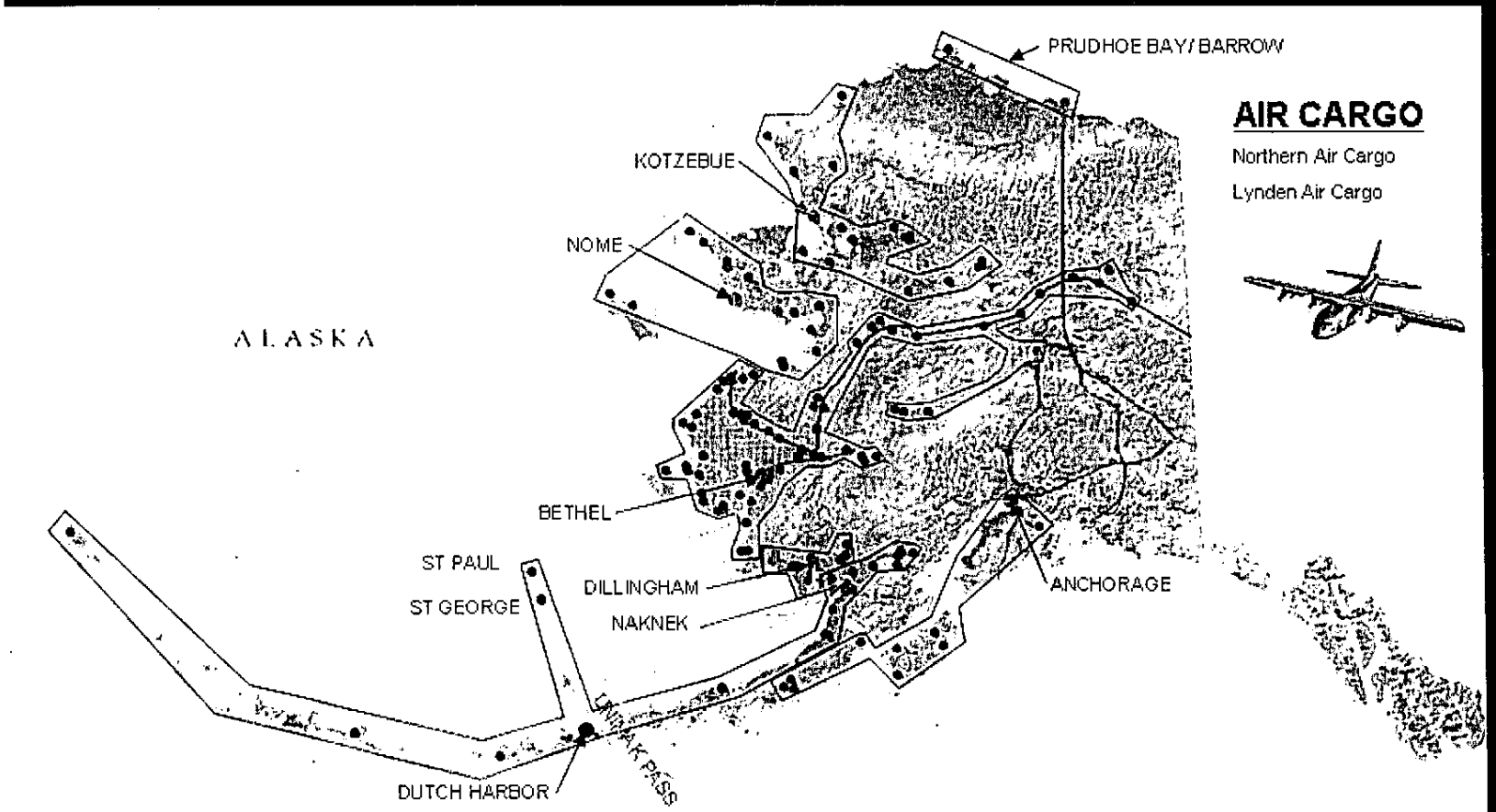
- Alaska Command (ALCOM) Commander views Port of Anchorage as a key node in all of their planning for maritime re-supply and disaster recovery
- ALCOM committed to working with the Port to assure no single point failures in fuel supply infrastructure

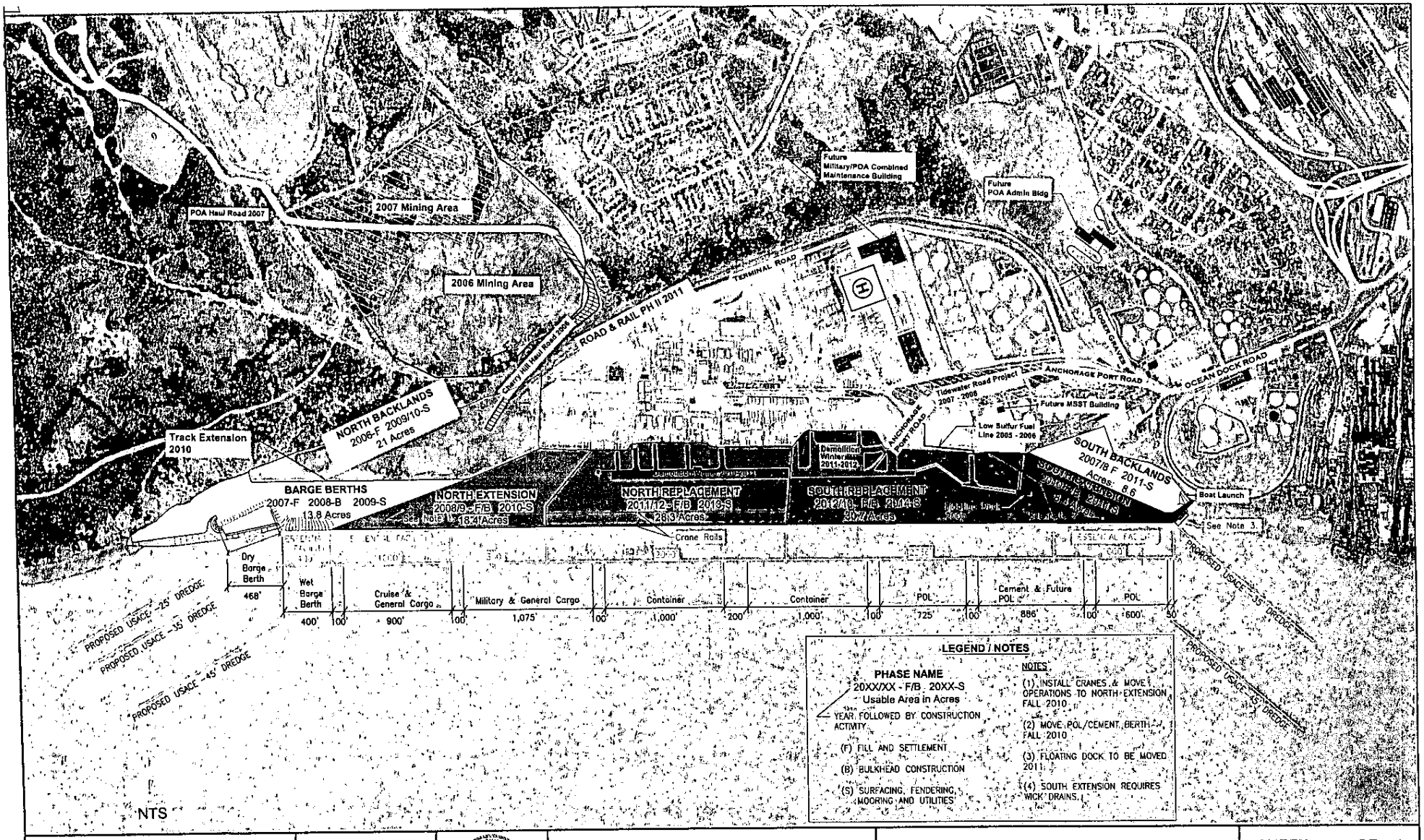
---

[1] Job estimates are based on information from work to date on the PIEP, information from the Alaska General Contractors Association, a Canadian study, and Pres. Obama's speech in Hawaii talking about impact to Hawaii's construction industry. All of these sources agree that every $150,000 of construction spending creates approximately one direct job and two additional indirect jobs (delivery, supply, and secondary from spending of wages). The Alaska General Contractors information also suggested that for every dollar spent on construction, the State Gross Domestic Product increased by 1.9 dollars. This was used to adjust the "estimated economic impact figures for direct economic impact."

Jobs for other equipment were based on an assumption that 50 percent of the cost is labor and that a similar ratio for dollars spent to direct and indirect jobs would hold.

Transportation Supply Routes From Port of Anchorage





Anchorage Port Expansion Team

PORT OF ANCHORAGE
We've got the goods

ICRC
421 West First Avenue, Suite 200
Anchorage, Alaska 99501
(907) 561-4272
www.icrcsolutions.com

Port of Anchorage Intermodal Expansion Project

PHASING PLAN

SHEET: 1 OF 1

05-21-08

1087

Port MacKenzie

Gateway to the
Matanuska-Susitna Borough

Presentation for the

House Finance Committee

February 11, 2009

MISSION

- To develop a world class Alaskan deep-water Port capable of safely and efficiently transporting people and commodities.

VISION

- Create new employment opportunities.
- Stimulate economic development in the Port District, Borough, and State through capital investment for industrial facilities by private enterprises.
- Establish a transportation link for exporting natural resources from the State of Alaska.

PORT MACKENZIE
A "REGIONAL" IMPROVEMENT
MAIN GOALS

1. To construct utilities (3-phase electric, telephone/fax/internet, natural gas) to the Port.

2. To construct docks (barge dock expansion, ferry landings, deep-draft dock expansion).

3. To complete road improvements (Pt. MacKenzie Road, Port Access Road, Burma Road).

4. To develop a year-round ferry system.

5. To construct a rail line from the Parks Highway to the Port.

3

1090

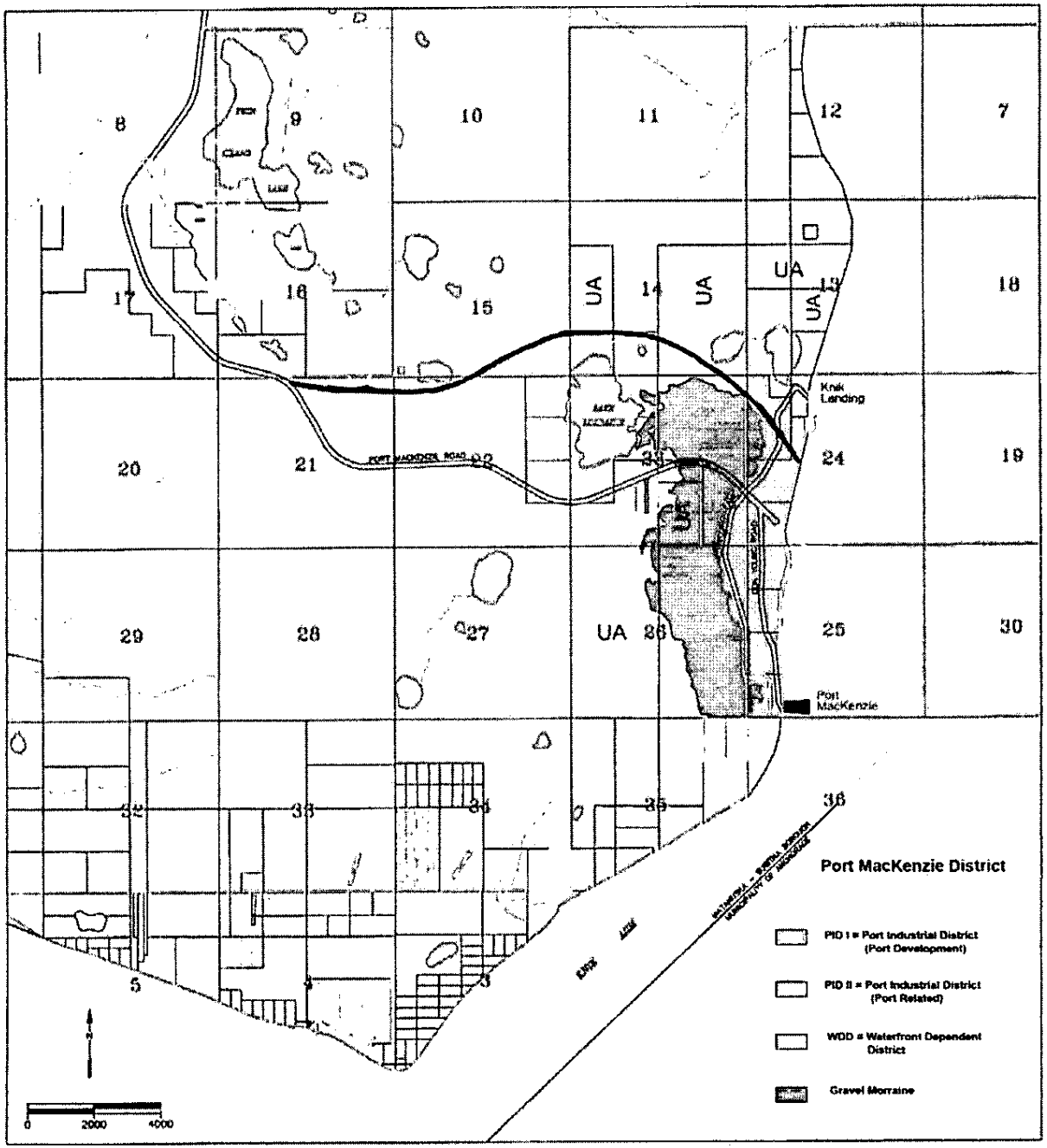
PORT MACKENZIE
A "REGIONAL" IMPROVEMENT
MAIN GOALS

6. To construct a rail loading facility at the Port.

7. To construct a fuel tank farm and connect to Anchorage via pipeline.

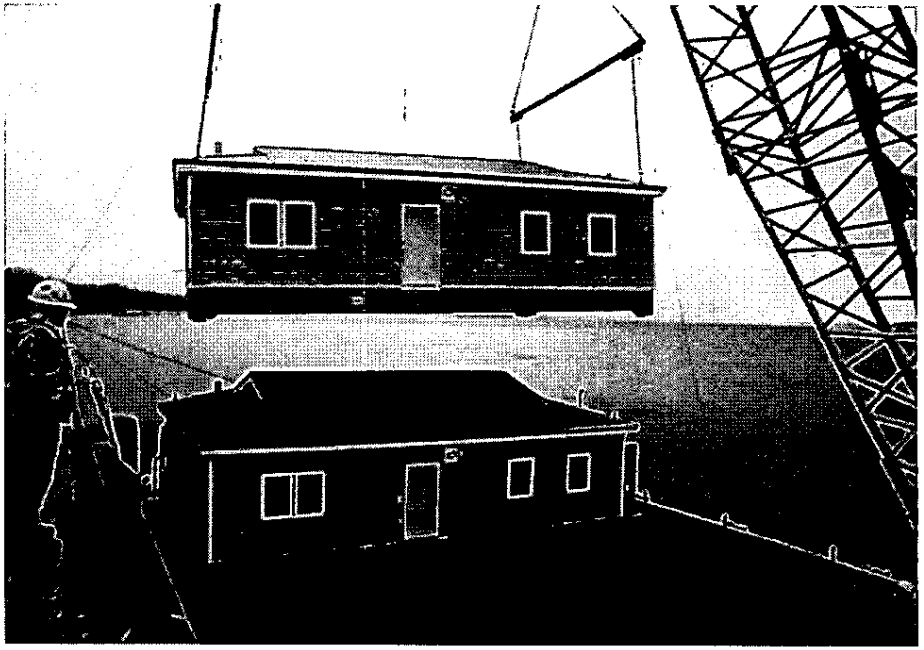
8. To promote the creation of a petrochemical facility or LNG plant at Port MacKenzie.

PORT DISTRICT BOUNDARIES

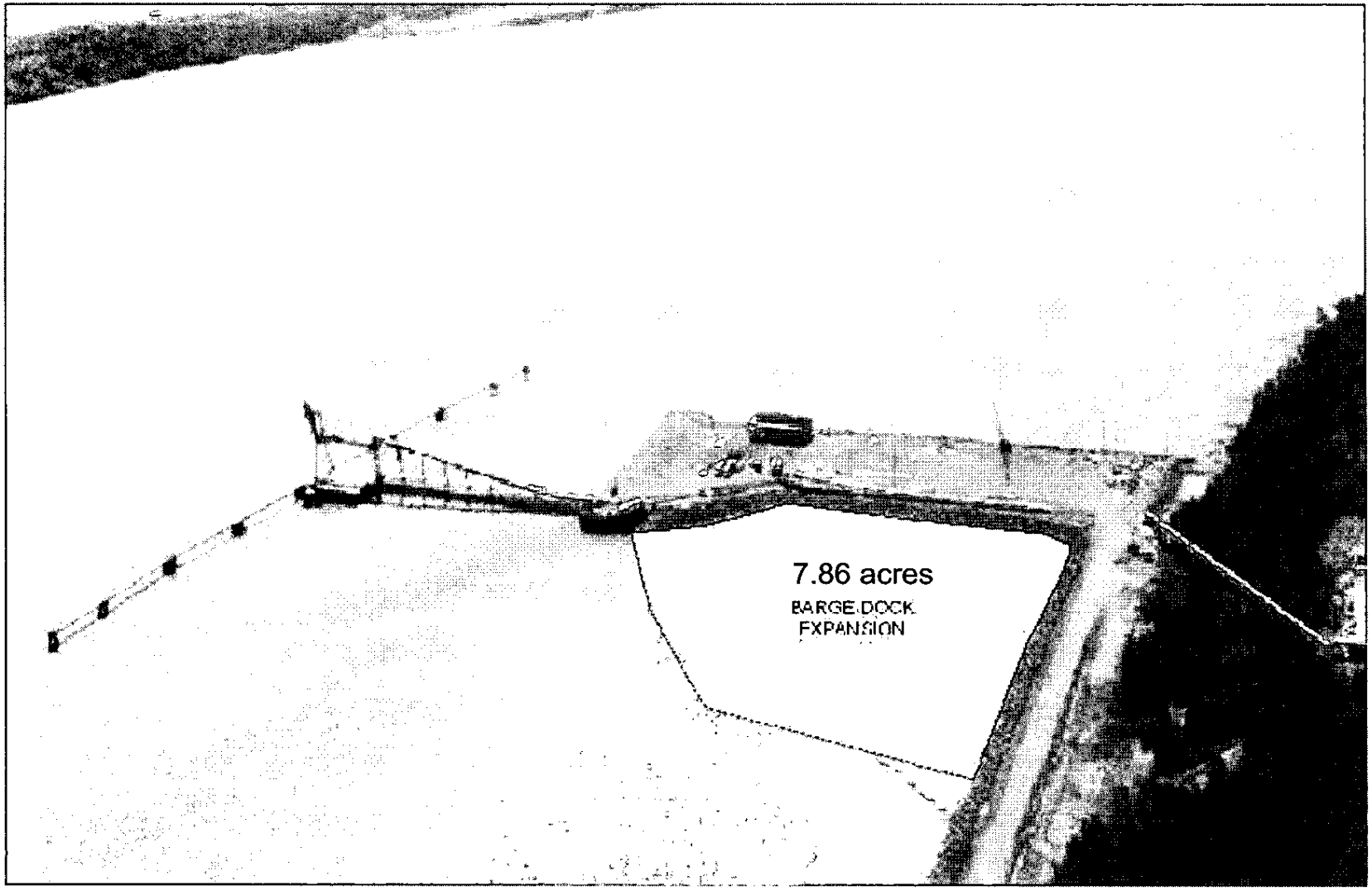


BARGE DOCK (-20' MLLW)

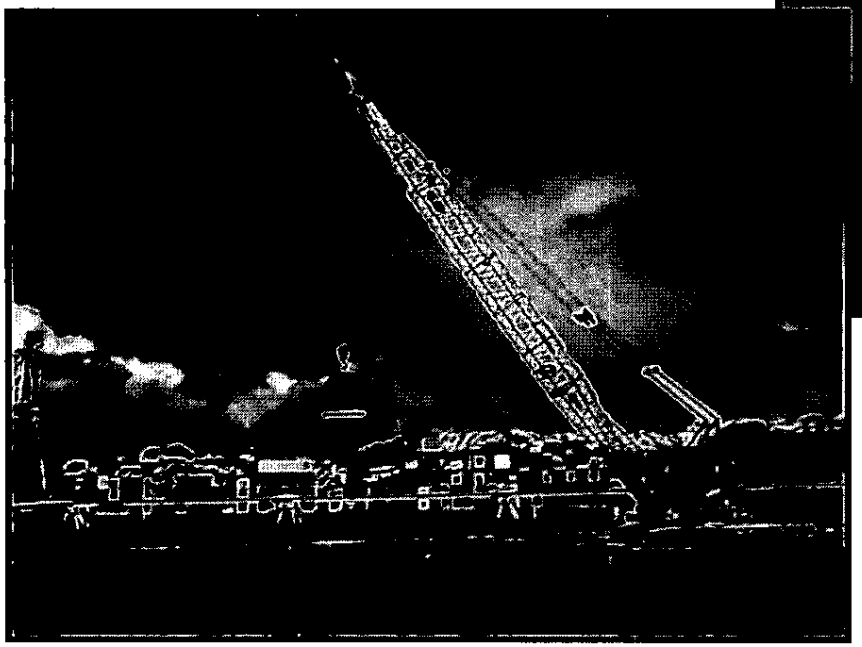
- 850' x 500' at face.
- Completed in Fall of 2003 with plans for expansion by 7.86 acres.



Future Expansion of Barge Dock

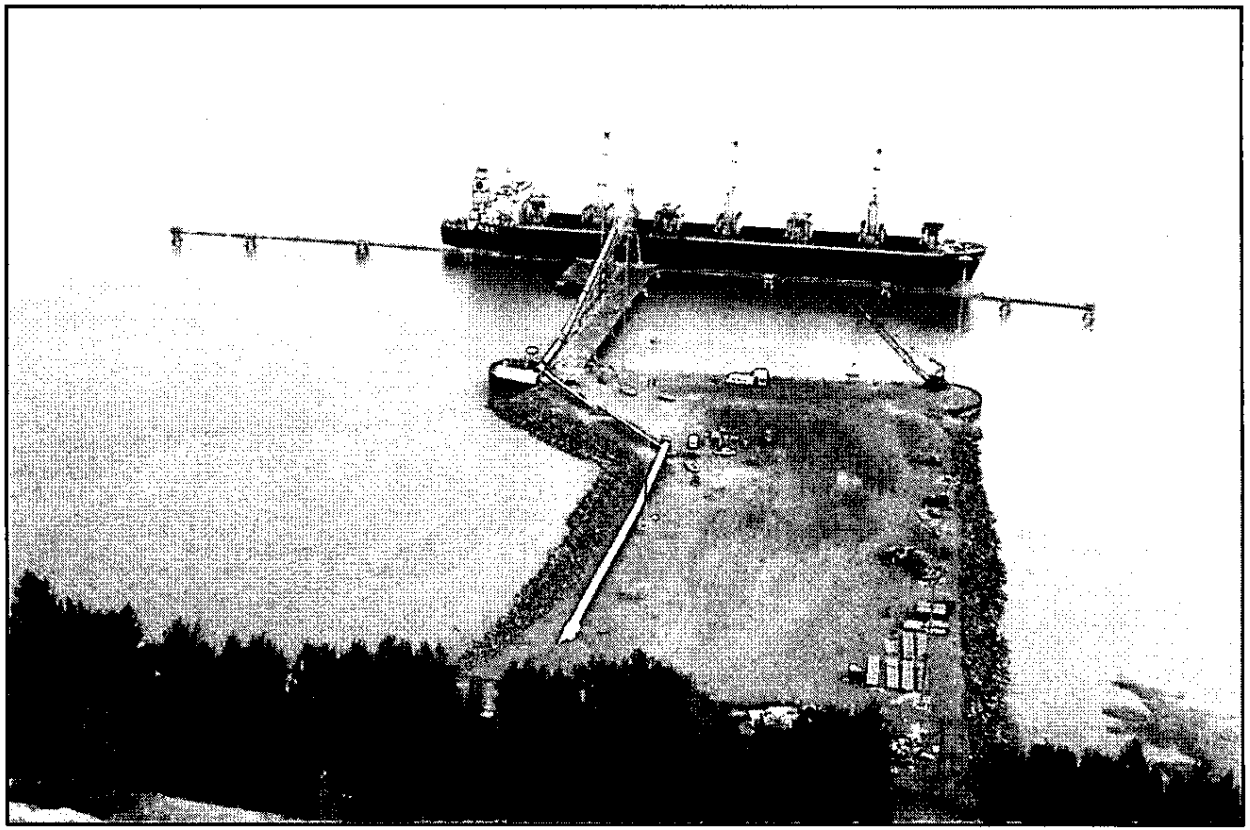


Barge at Port MacKenzie

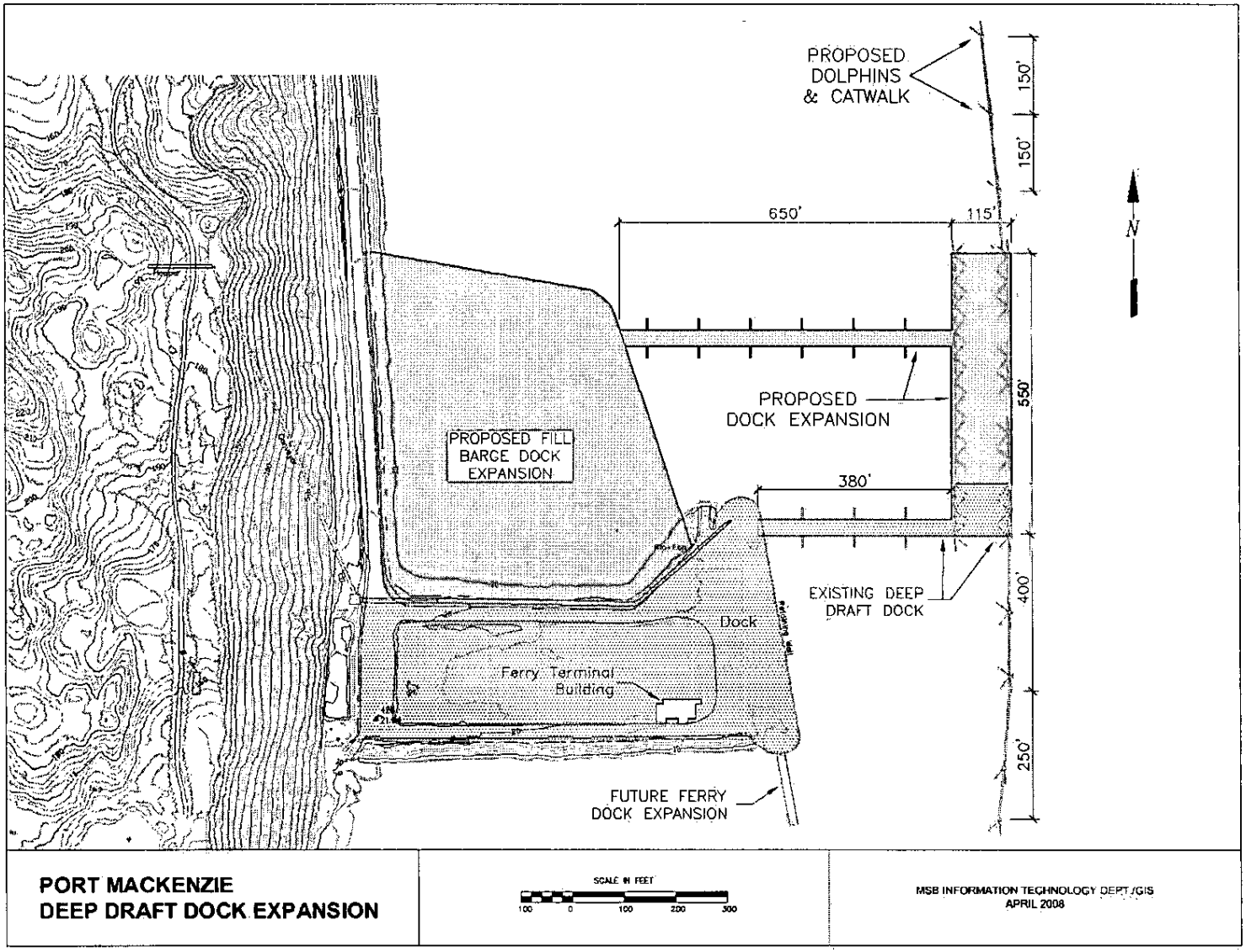


DEEP-DRAFT DOCK (-60' MLLW)

- The Northern most Deep-Draft Dock in North America.
- 485' trestle from existing barge dock leading to a dock face of 1,200'.



Future Expansion of Deep-Draft Dock



PORT MACKENZIE MARKETS

Export

- Wood Chips
  - S. Korea
  - Japan
  - Taiwan
- Saw Logs – S. Korea
- Sand & Gravel – w/i Alaska
- Heavy Equipment – w/i Alaska

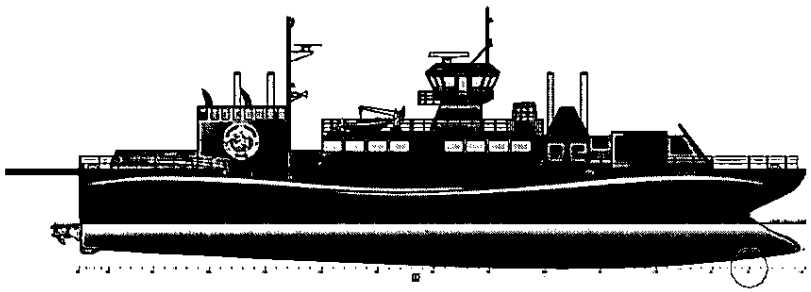
Import

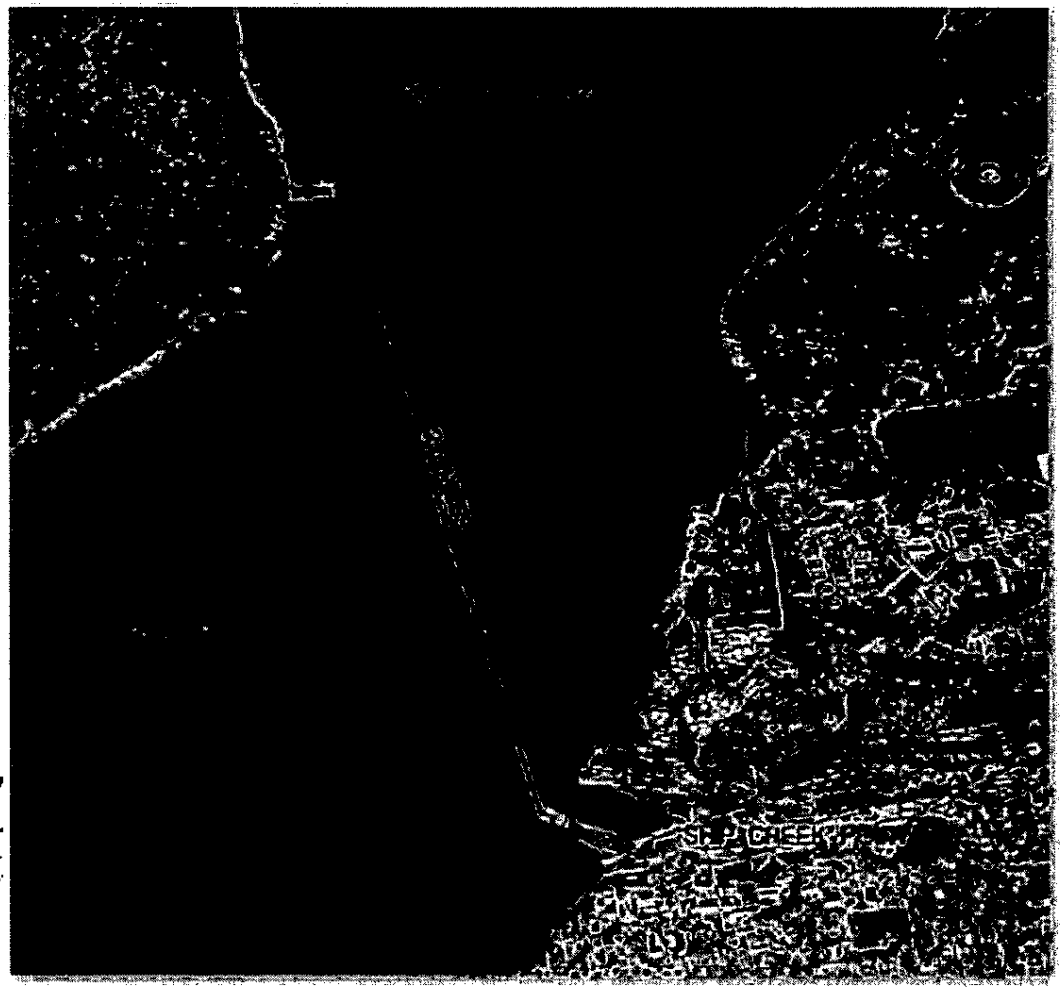
- Cement - China

Ferry Terminal Building

COOK INLET FERRY

- Will provide year-round transportation between Anchorage and Port MacKenzie.
- Also equipped as a Rescue Boat and Command Center.
- VariCraft vessel designed with variable deck configuration.
- Less than 15 minutes to cross the Inlet.





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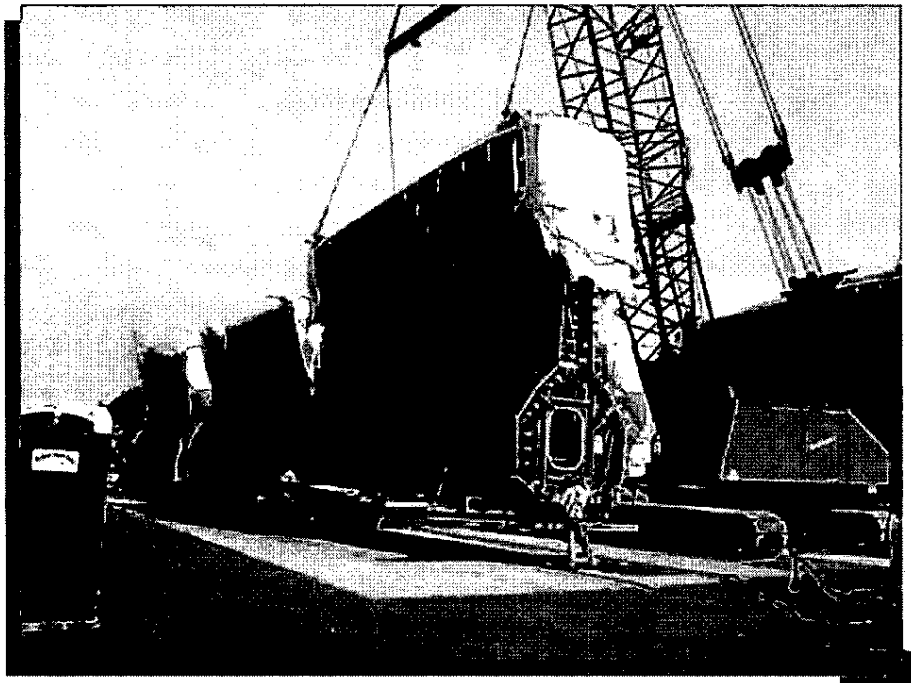
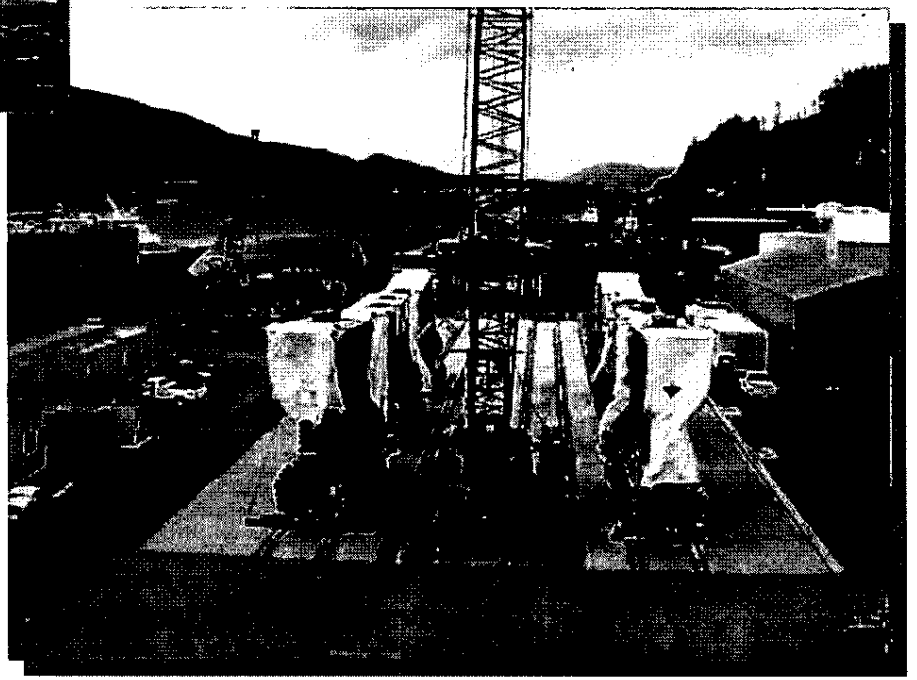


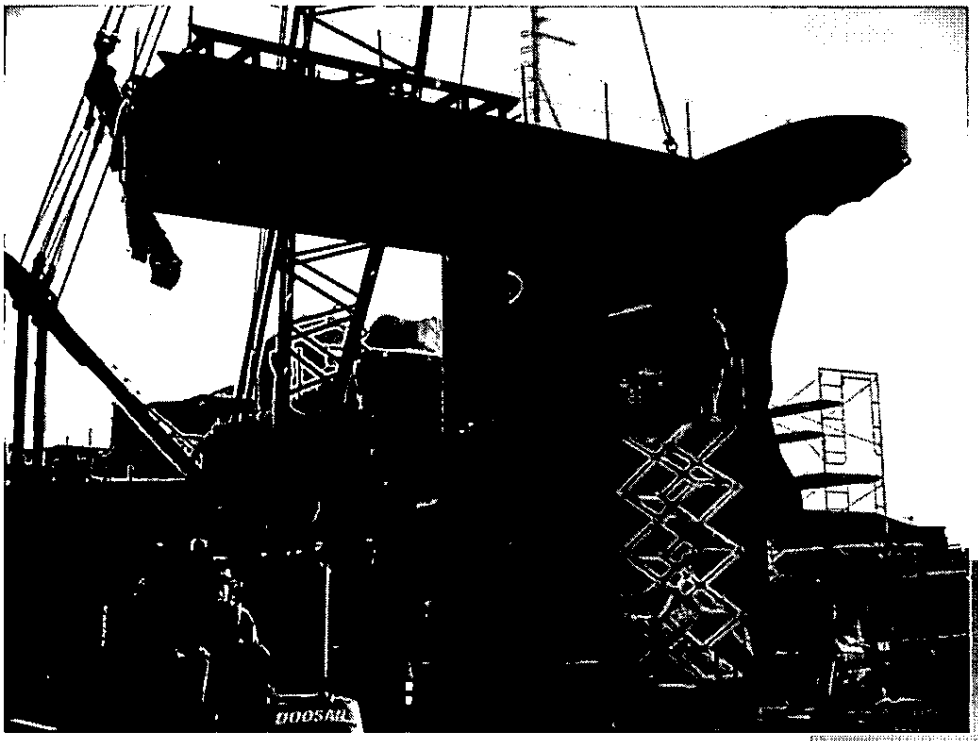


Construction Progress

Alaska Ship & Drydock

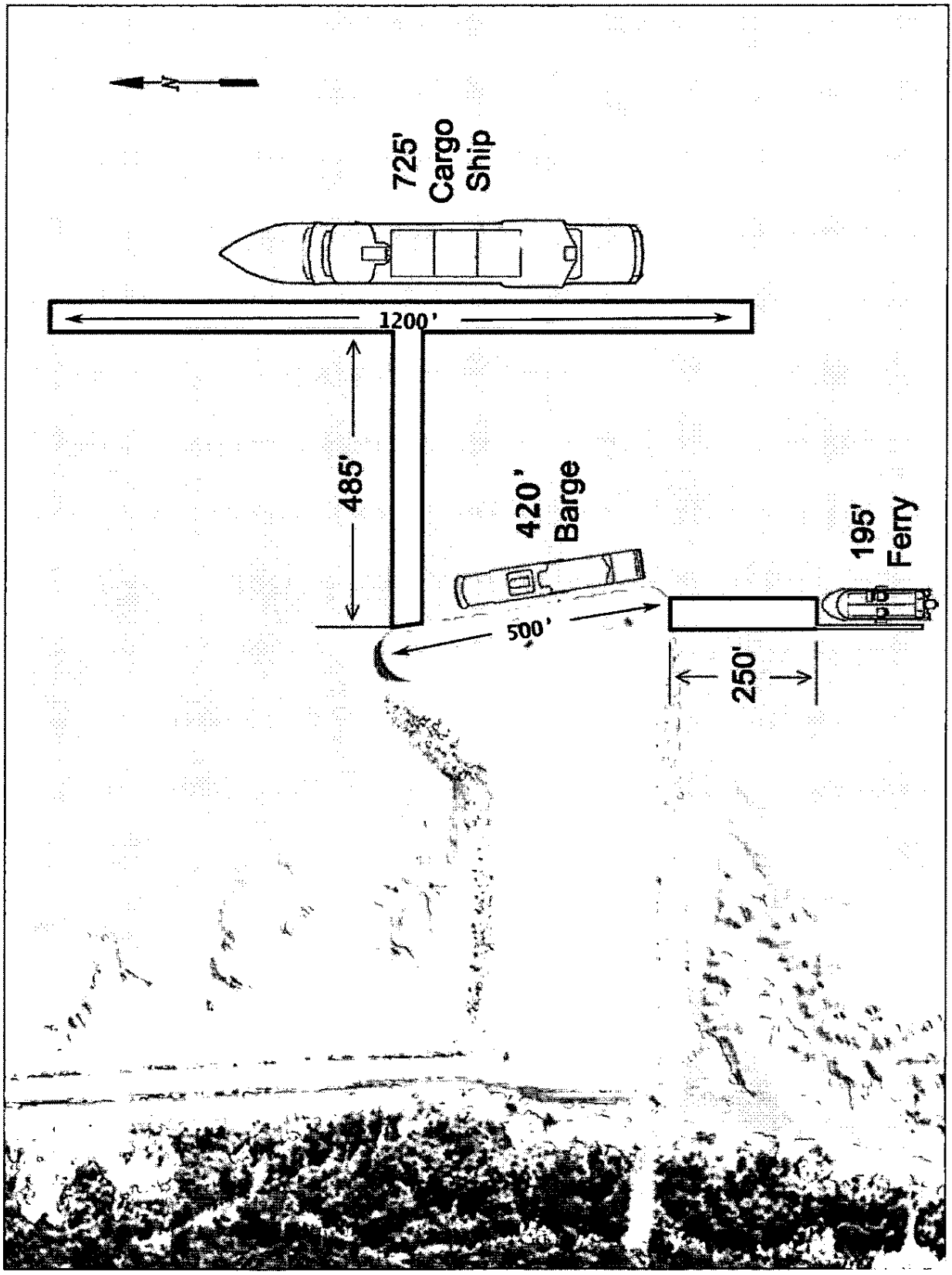
Ketchikan, Alaska

July 2008

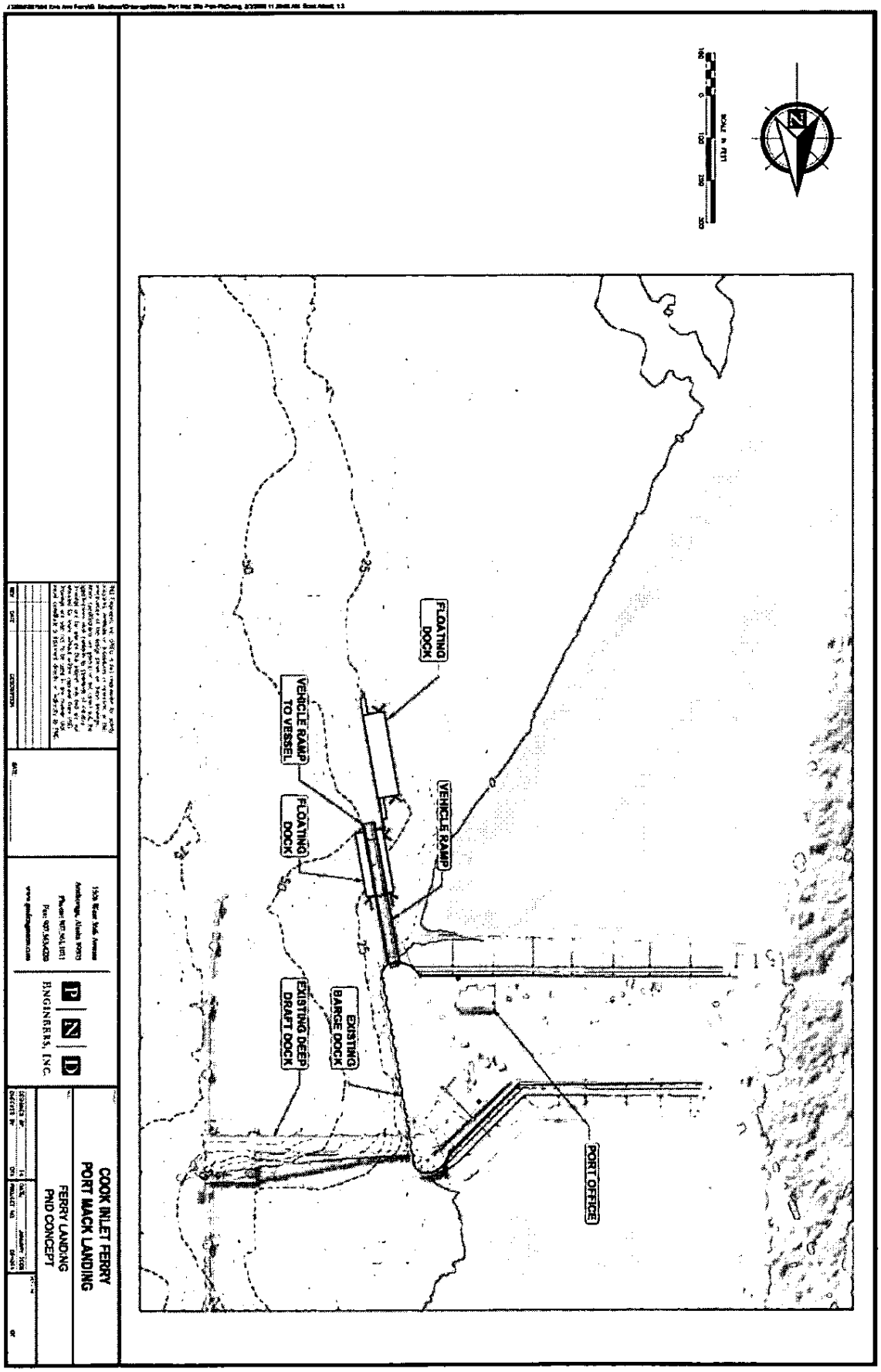


Superblock 3-29/1 construction

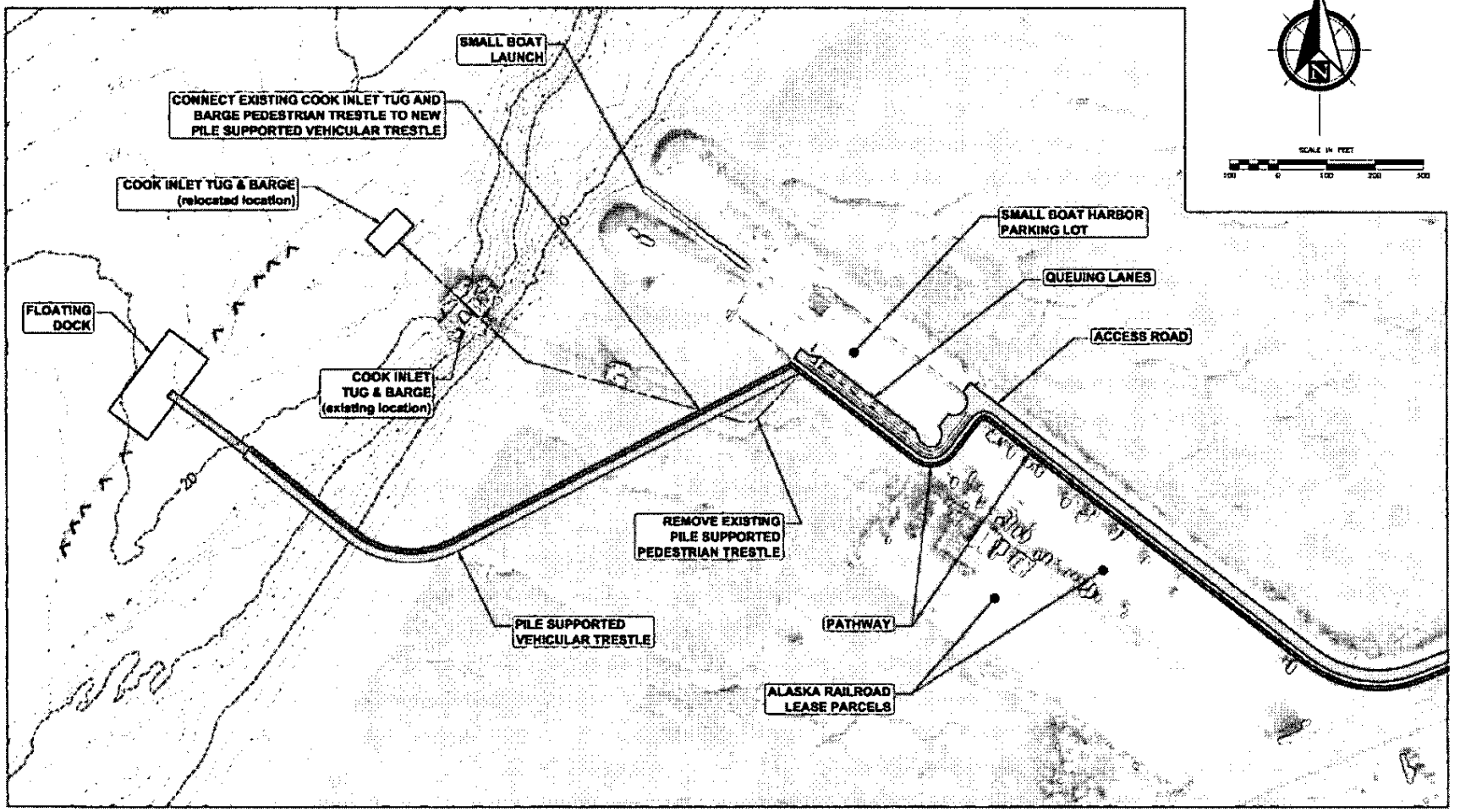
January 19, 2009


725'
Cargo
Ship
1200'
485'
420'
Barge
195'
Ferry
500'
250'

17


FLOATING DOCK
VEHICLE RAMP TO VESSEL
FLOATING DOCK
VEHICLE RAMP
EXISTING BARGE DOCK
EXISTING DEEP DRAFT DOCK
PORT OFFICE
COOK INLET FERRY
PORT MACK LANDING
FERRY LANDING
PND CONCEPT
PND ENGINEERS, INC.

1105



NO.	DATE	DESCRIPTION

DATE: .....

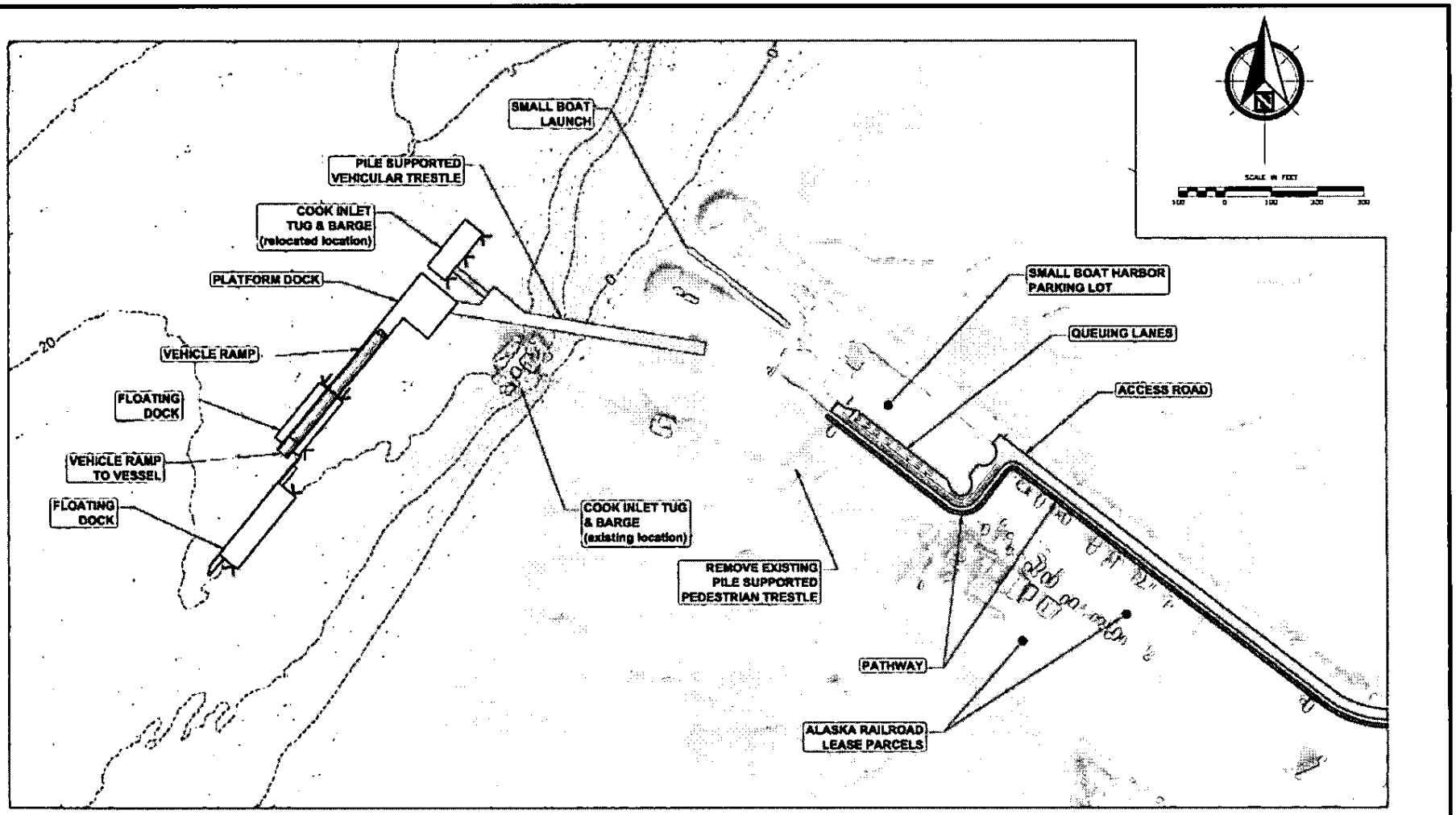
Anchorage, Alaska 99503
Phone: 907.561.1011
Fax: 907.563.4220
www.pndengineers.com
P N D ENGINEERS, INC.

COOK INLET FERRY
SHIP CREEK LANDING

FERRY LANDING AND STAGING AREA IMPROVEMENTS - RFP CONCEPT

DESIGNED BY: ... | DATE: ... | PROJECT NO: ... | SHEET NO: ... OF ...
DRAWN BY: ... | CHECKED BY: ...

18



PND ENGINEERS, INC.

1506 West 36th Avenue
Anchorage, Alaska 99503
Phone: 907.561.1011
Fax: 907.563.4220

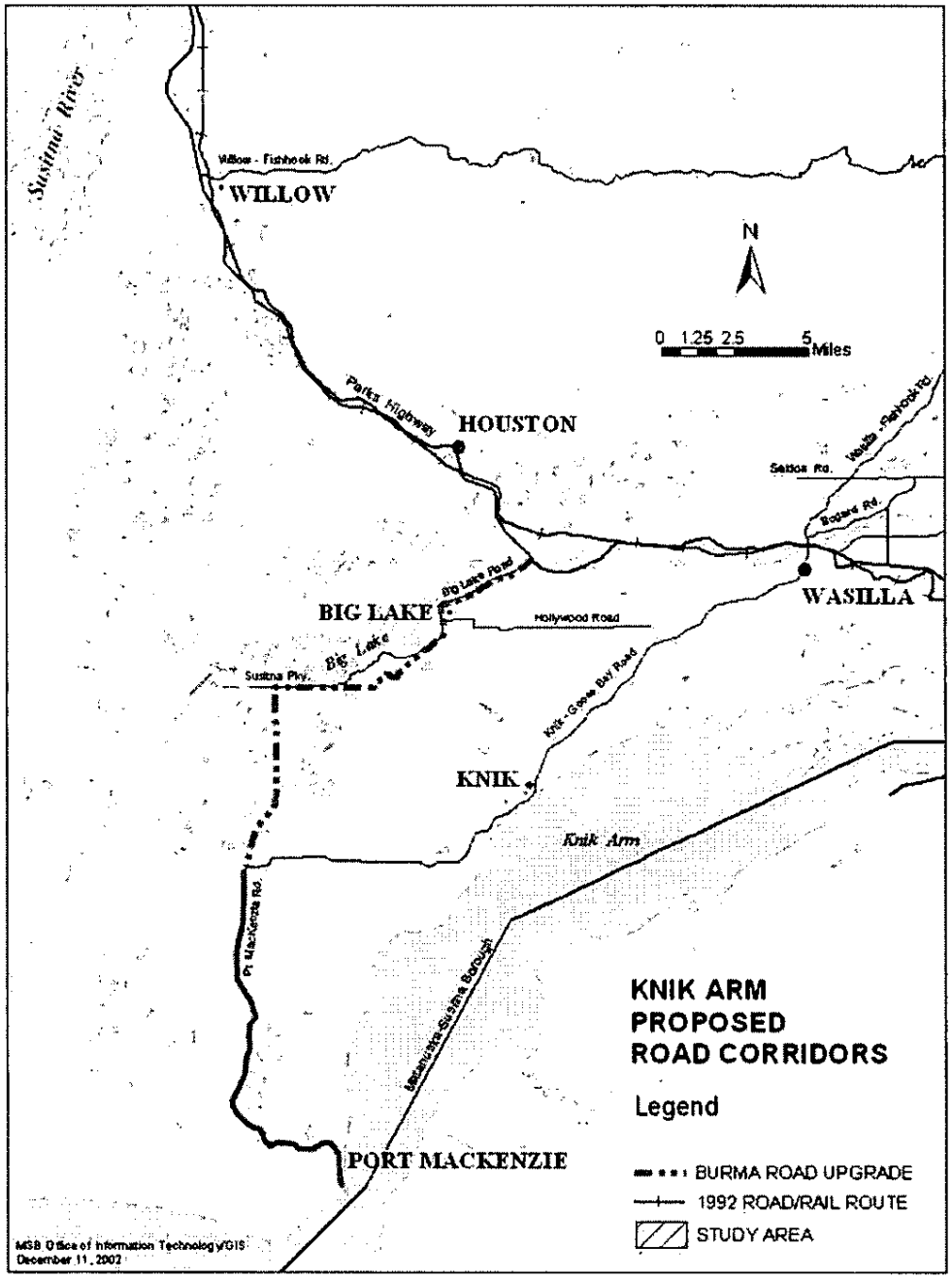
COOK INLET FERRY
SHIP CREEK LANDING

FERRY LANDING AND STAGING AREA IMPROVEMENTS - PND CONCEPT

DESIGNED BY: TH DATE: JANUARY 2008
CHECKED BY: DTH PROJECT NO: DRAWN BY:

1106

1107

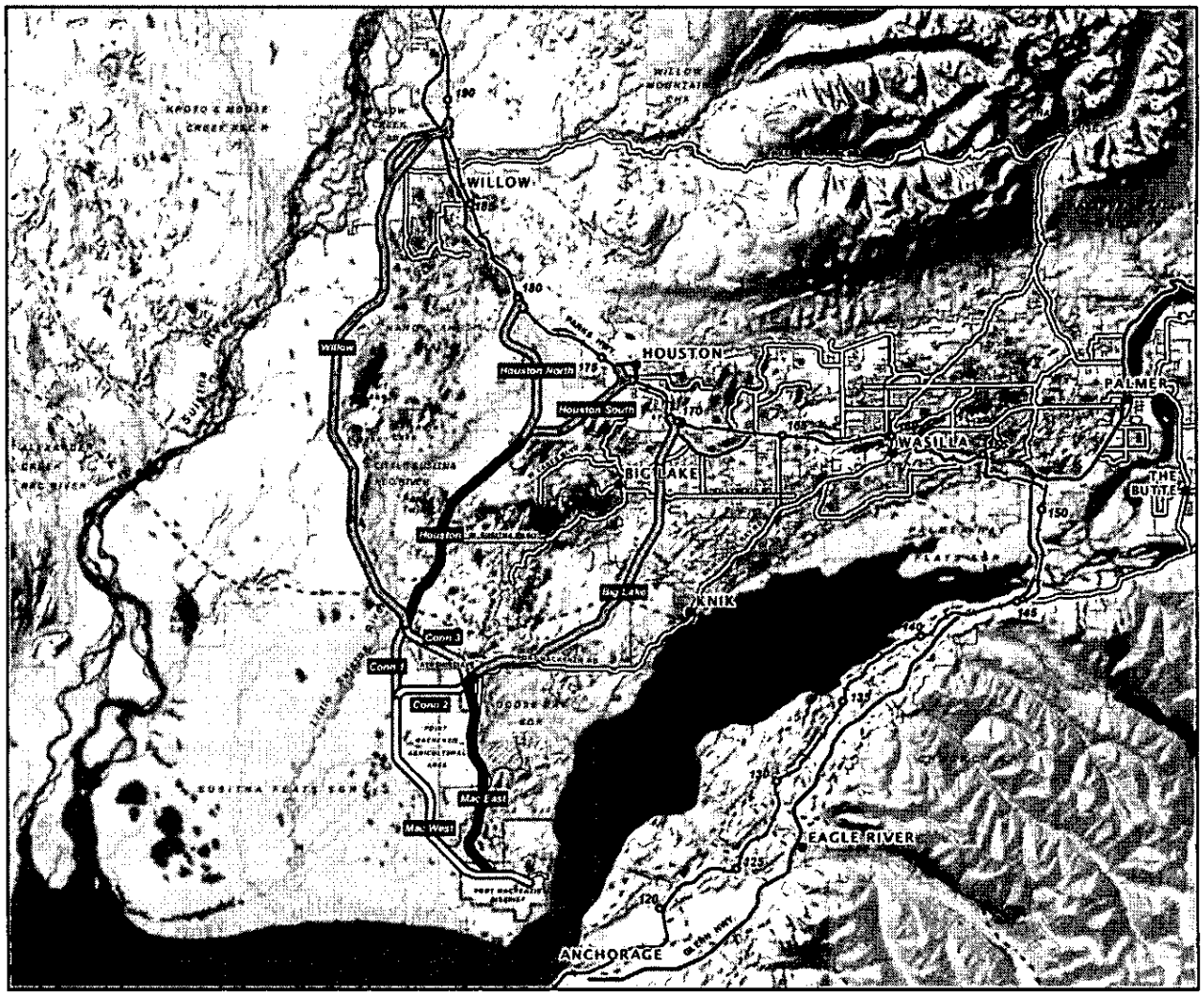

Susitna River
Willow - Fishhook Rd.
WILLOW
N
0 1.25 2.5 5 Miles
Parks Highway
HOUSTON
Wasilla - Fishhook Rd.
Seldon Rd.
Bogard Rd.
WASILLA
Big Lake Road
BIG LAKE
Hollywood Road
Big Lake
Susitna Pky.
Knik - Goose Bay Road
KNIK
Knik Arm
Pt. MacKenzie Rd.
Matanuska-Susitna Borough
PORT MACKENZIE
KNIK ARM
PROPOSED
ROAD CORRIDORS
Legend
BURMA ROAD UPGRADE
1992 ROAD/RAIL ROUTE
STUDY AREA
MSB Office of Information Technology/GIS
December 11, 2002

20

RAIL LINE

NEXT STEPS:

- EIS
- Permit
- Purchase ROW
- Design
- Construct



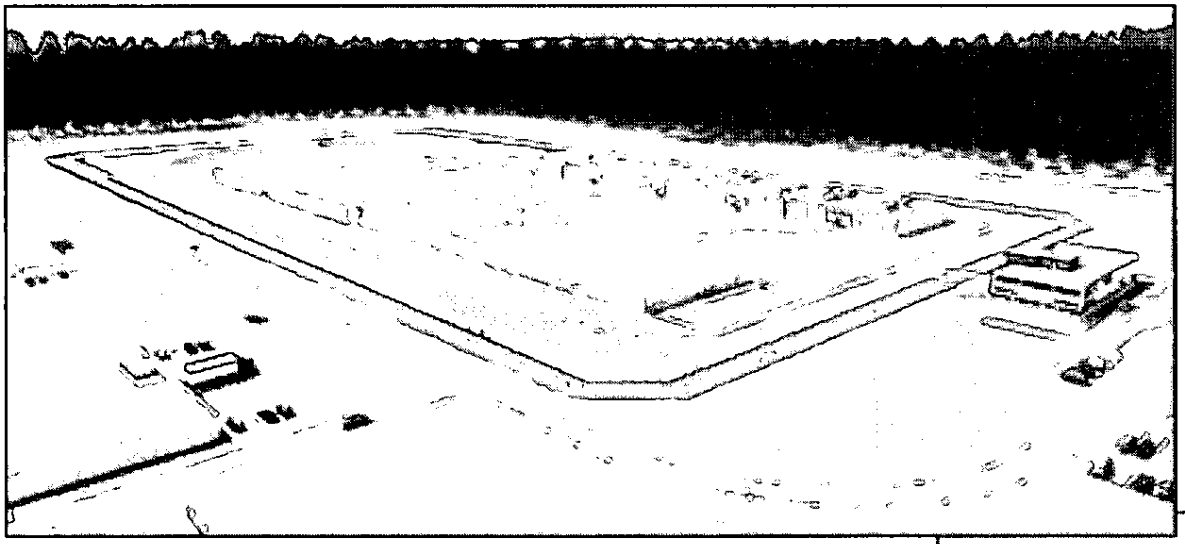
1109

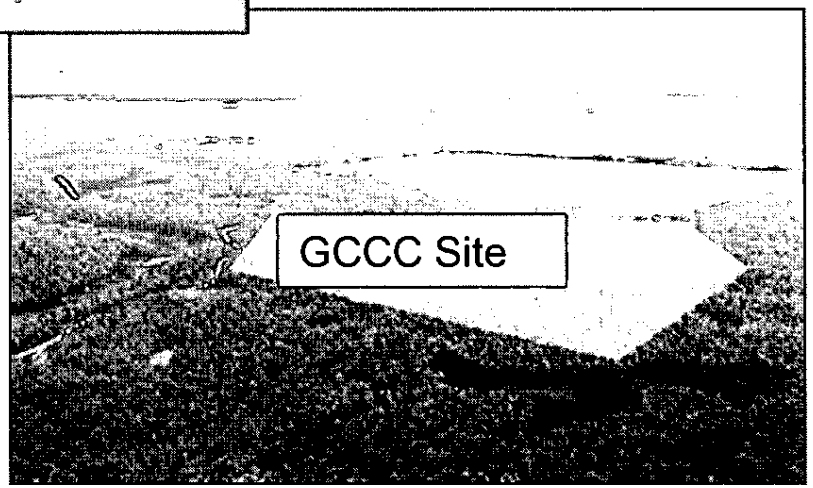
Projected Volumes of Natural Resources

*From the Economic Analysis of Rail Link Port MacKenzie to Willow, Alaska
Dr. Paul Metz report dated November 2007

Product	Annual Tonnages in Years 1-5	Annual Tonnages in Years 6-10
Coal Exports	1,000,000	1,000,000
Aggregates	100,000	100,000
Lime	50,000	50,000
Wood Chips	60,000	60,000
Petroleum Products	200,000	200,000
Natural Gas Pipeline	0	960,000
Power Plant	0	1,000,000
Mineral Concentrates	365,000	1,679,000
Total	**1,775,000**	**5,049,000**

Goose Creek Correctional Center





- 1,536 bed medium security prison
- 415,000 square foot building
- 330-acre tract at the intersection of Point MacKenzie Road and Alsop Road
- 50-acre cleared compound

Website: http://ww1.matsugov.us/prison/

CURRENT BUSINESSES

- AMC – Manufacturing
- NPI – Wood Chips
  Saw Logs

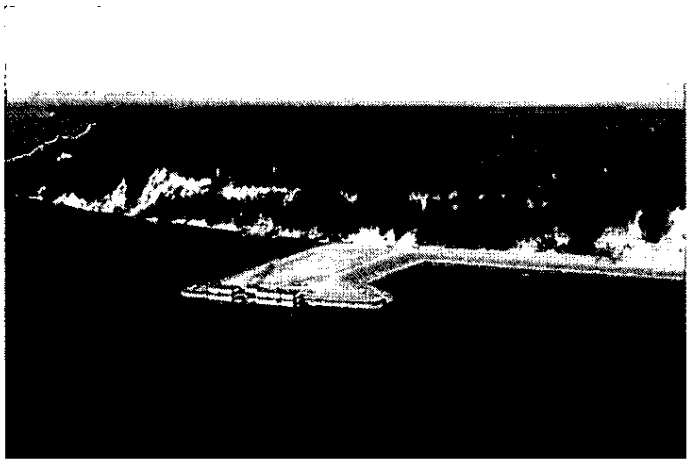
NEW BUSINESSES

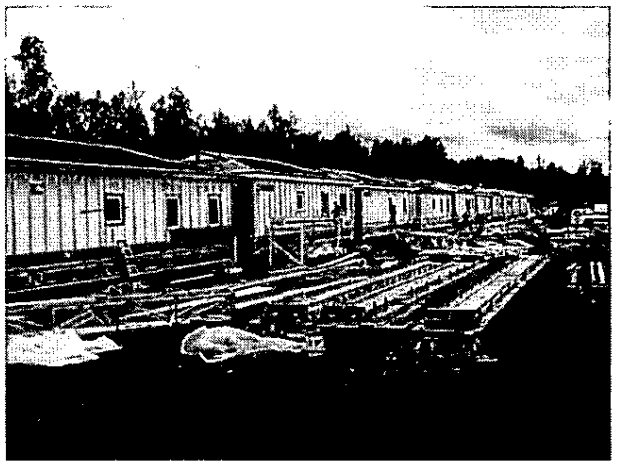
- KLONDIKE – Cement (Import)
- QUALITY ASPHALT - Sand & Gravel/451,000 tons in 2008

PROJECTED BUSINESSES

- CH2M Hill – Module Fabrication Plant
- Cruz Construction – Marine Base
- Coal Export from Sutton (Wishbone Hill)

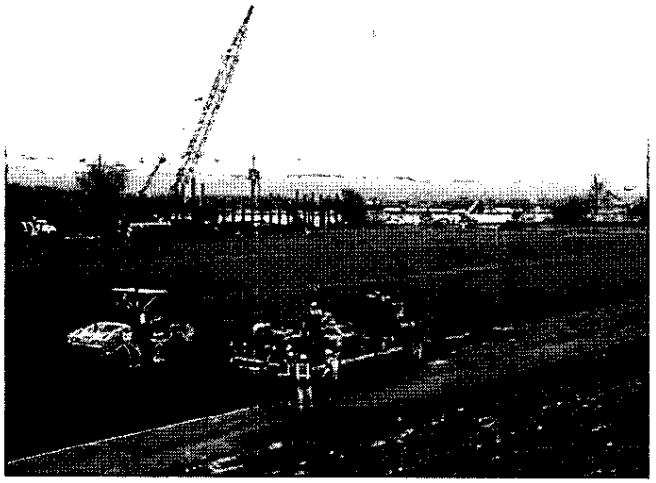
CURRENT BUSINESSES



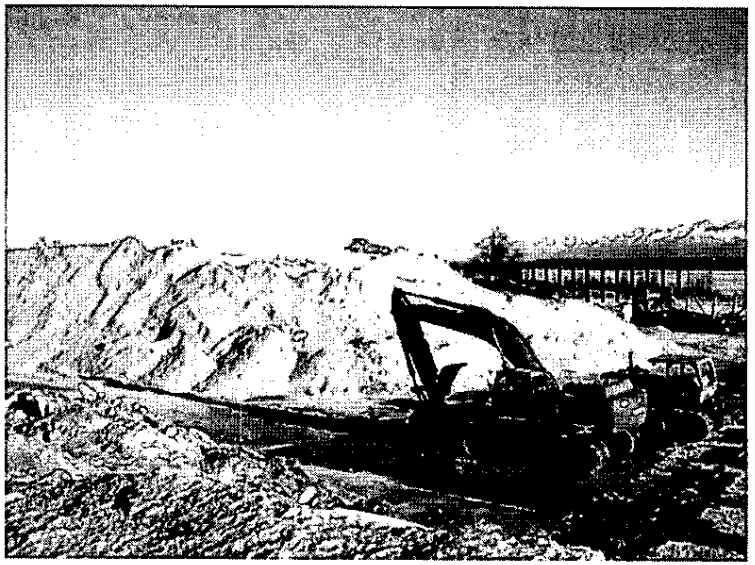


- **Alutiiq Manufacturing Contractors**
  - Local company started in 2000 building modular homes for rural Alaskans.
  - First shipment from Port MacKenzie's barge dock on July 10, 2001.
  - Branching into government contracts.
  - Veco utilized facility in 2005 for constructing pump and electrical modules ($30-$40 million).

CURRENT BUSINESSES



- **NPI, LLC**
  - Exporter of wood chips.
  - Invested $3 million in the Deep-Draft Dock.
  - Invested $20 million in new road, commodities storage pad, conveyor system, and equipment.
  - First shipment of wood chips from Port MacKenzie's Deep-Draft Dock was in February 2005.

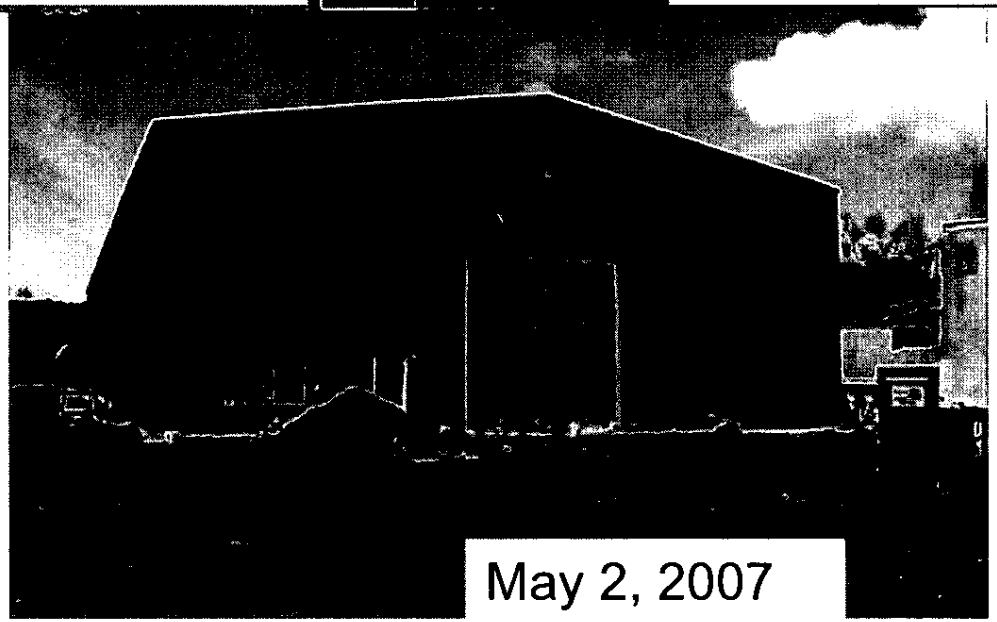


NPI's 24,000 sq ft Warehouse

November 8, 2006

December 27, 2006

This warehouse will be used to store super sacks of cement.



May 2, 2007

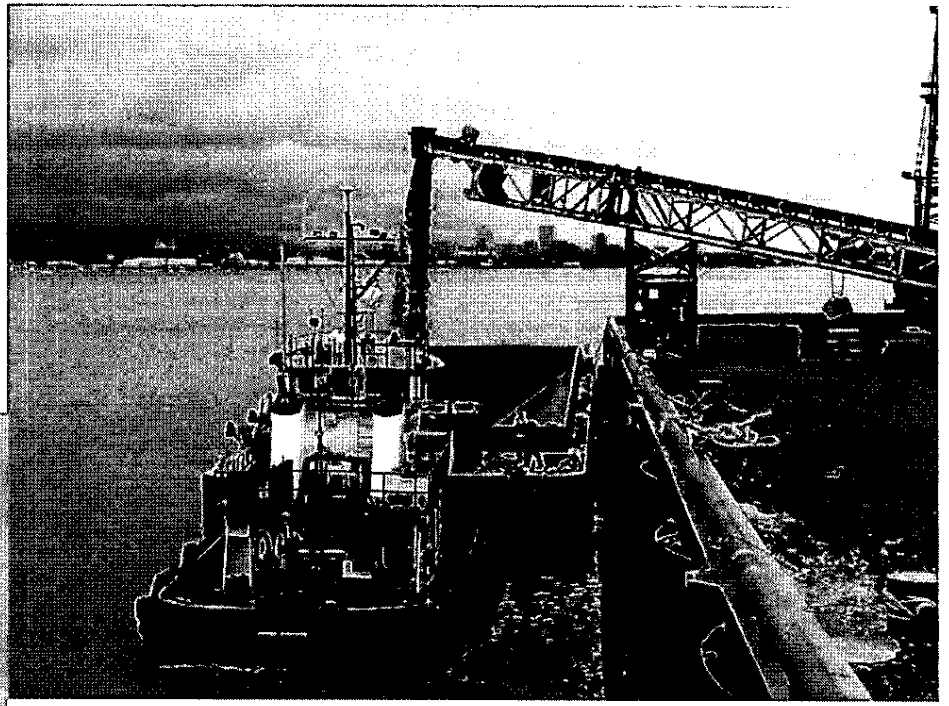
27

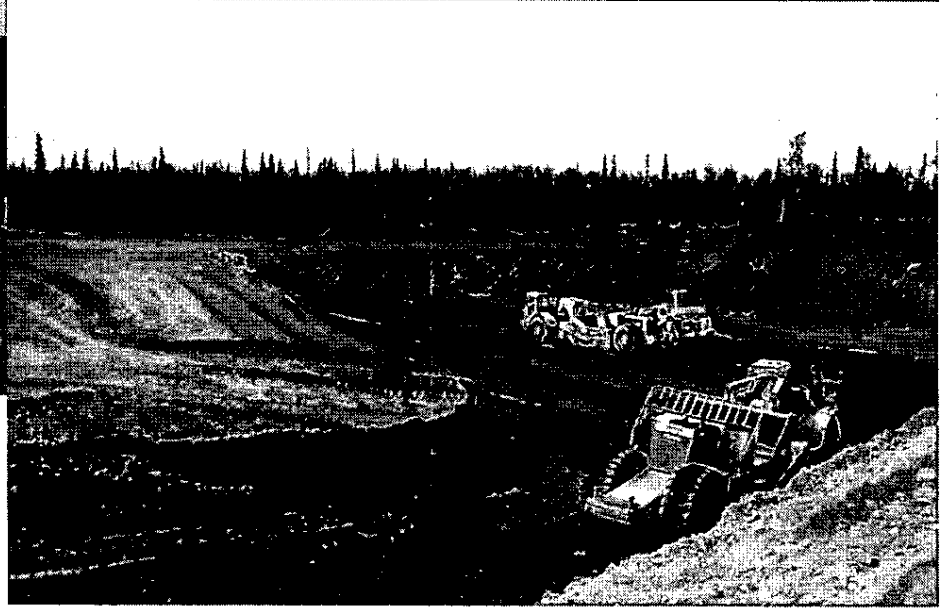
1114

Gravel Excavation Project

451,000 tons for the Port of Anchorage Expansion Project

July 2008

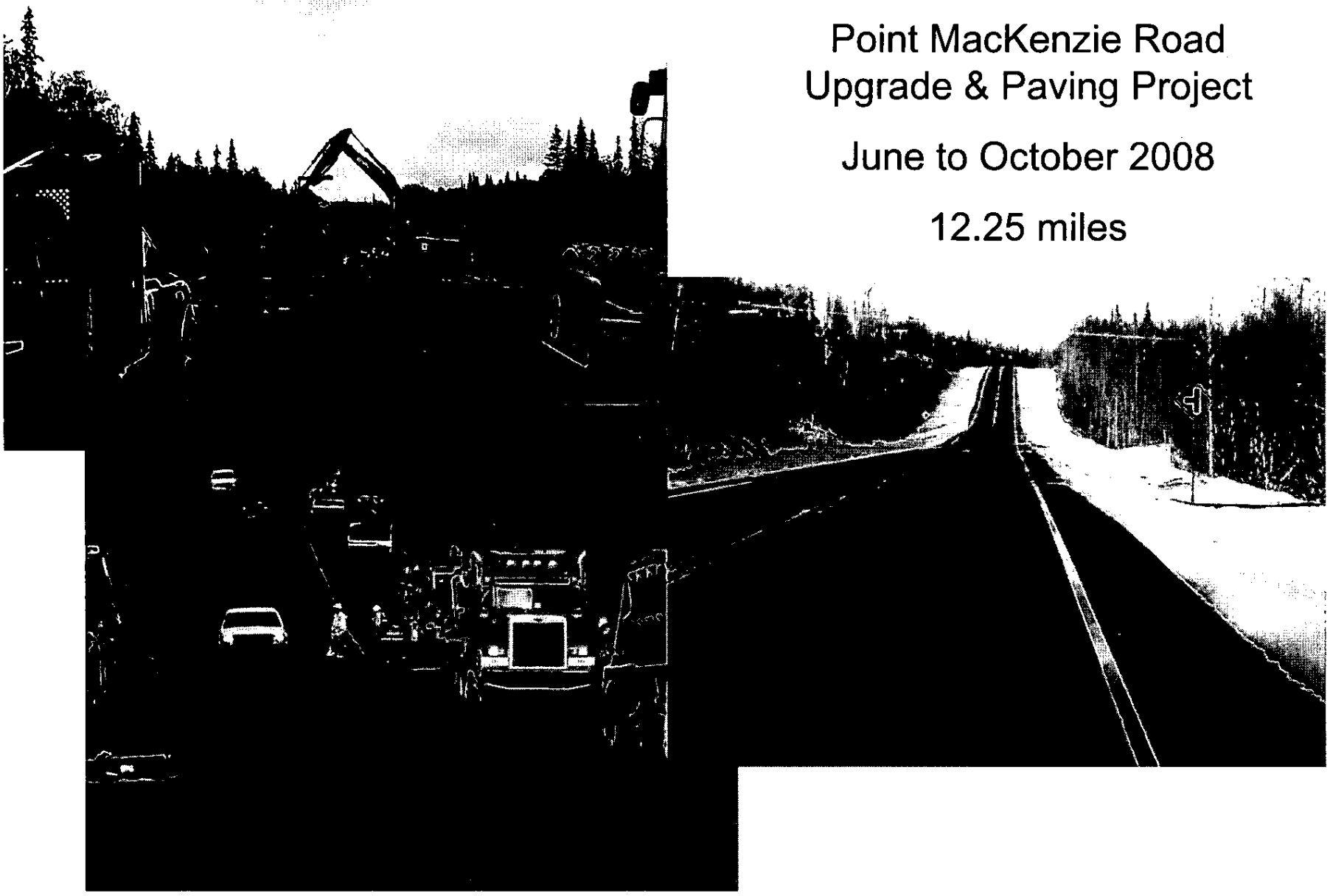




Point MacKenzie Road Upgrade & Paving Project

June to October 2008

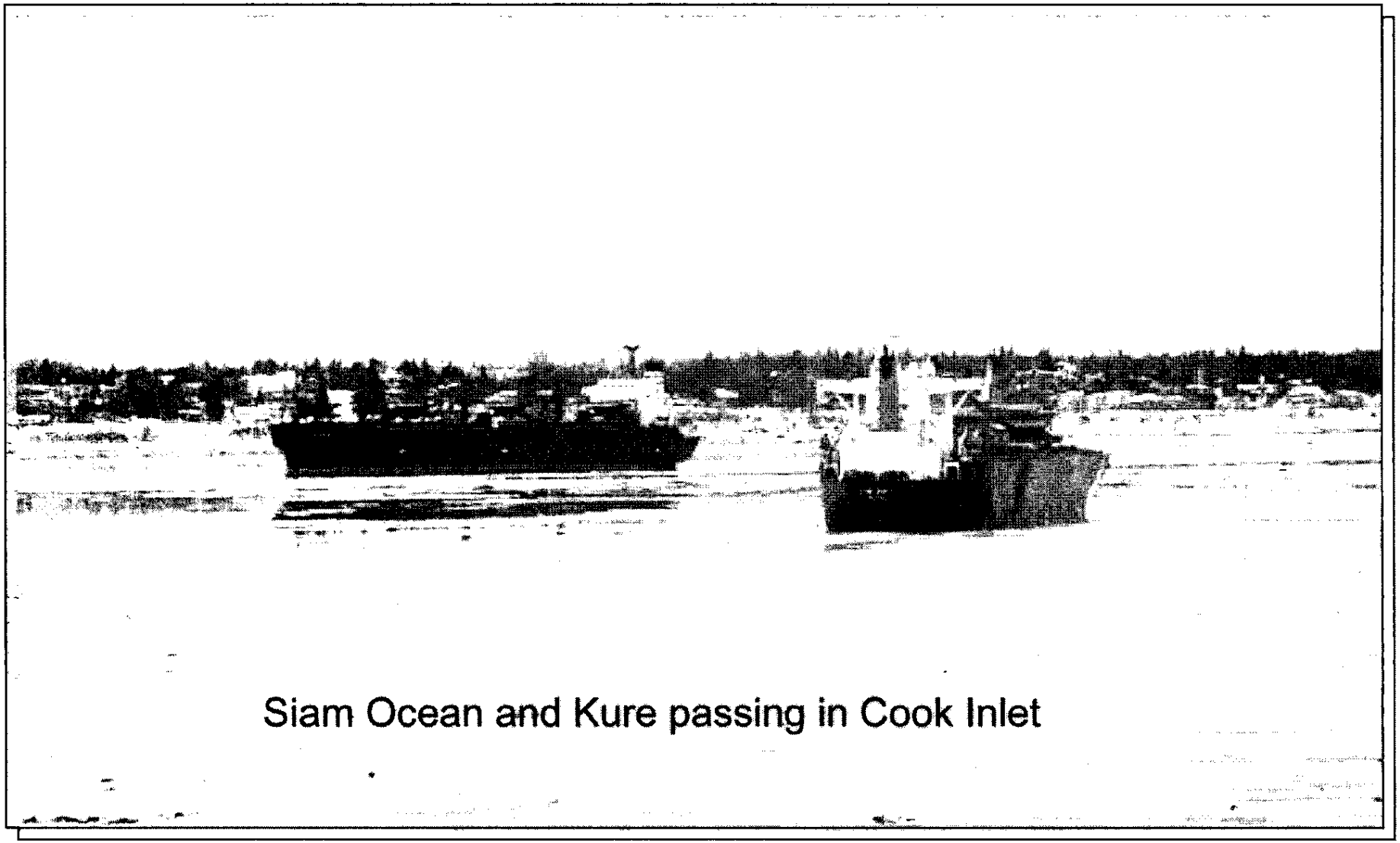
12.25 miles



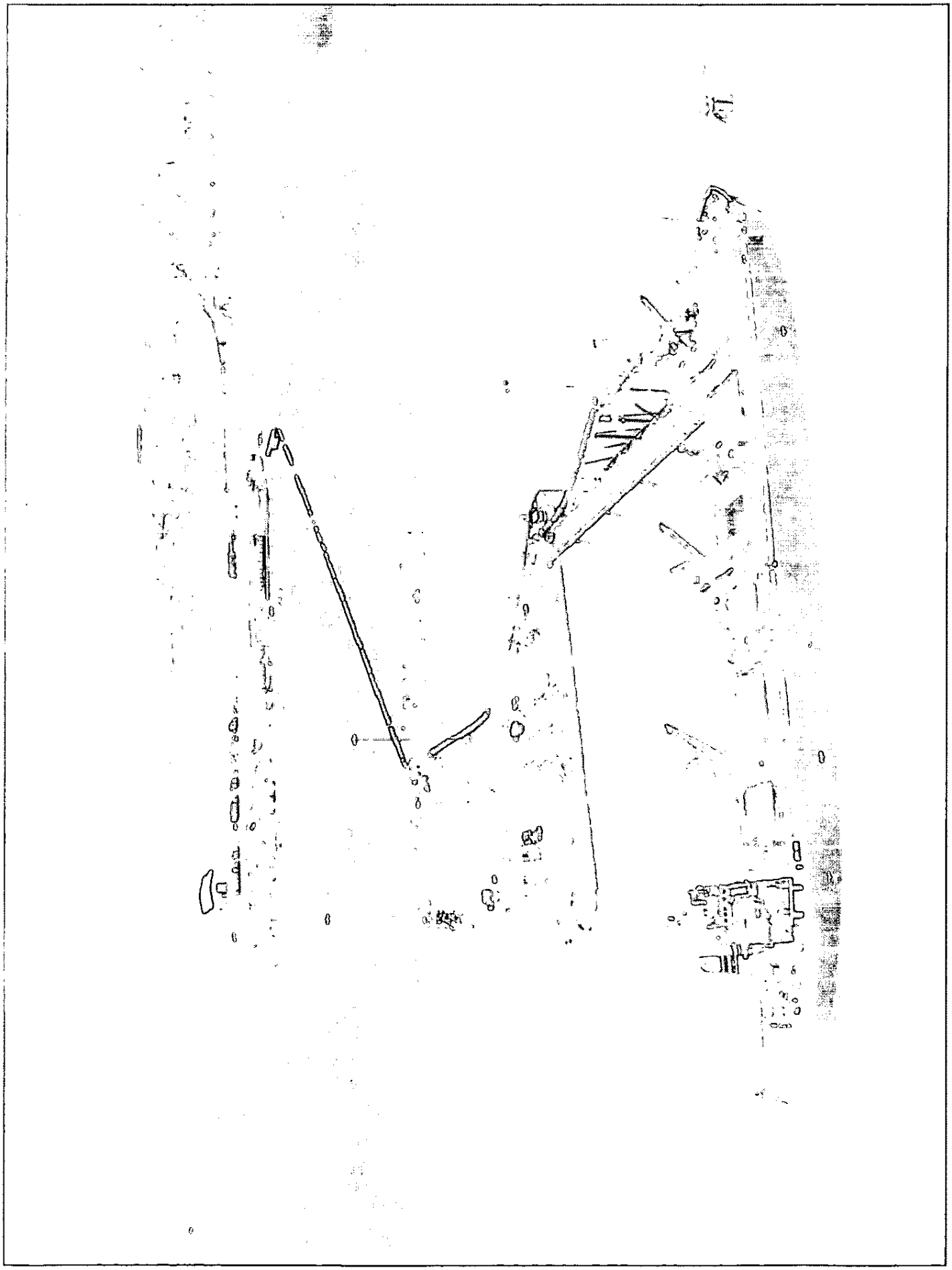
1116

BENEFITS OF PORT MACKENZIE

1. Complementary Port to the Port of Anchorage
2. Deep-Draft Capability (-60' MLLW)
3. Space for Commercial/Industrial Development
   - 8,940 Acres (14 Square Miles)
4. Economic Development (Jobs)
5. Residential Expansion
6. Recreational Opportunities
7. New road/rail/utility corridors
8. Allow for export of natural resources
9. Fuel Tank Farm Expansion
10. Access for Small Aircraft Airpark
11. Access for connection to Knik Arm Crossing
12. Access for relocation of International Airport
13. Reduce tax burden on property owners



Siam Ocean and Kure passing in Cook Inlet



PORT MACKENZIE

ALASKA

33

1120

Port of Anchorage Intermodal Expansion Project

2009 Project Detail and Cost Estimates

Estimated Cost/Advertise In Time Frame:	30 days	60 days	90 days	Total
Total Estimated Costs for "Shovel Ready" Projects:	$ 63,441,154.00	$ 30,184,917.00	$ 68,879,894.00	$162,505,965.00

Project Detail			Estimated Cost/Advertise in Time Frame						
Item #	Project Phase	Task Order/Activity	30 Days	60 Days	90 Days	Priority Grouping	Comments	Length/Start Work	Coord Agency
1	General	EAFB tree clearing or Cherry Hill Reclamation	$ 500,000.00			1	Clearing must be completed prior to May 1 for Migratory Bird concurrence. Reclamation required in 2009 if no clearing.	1-3 mo	EAFB
2	General	EAFB Pit Development/Stockpile on site	$ 21,150,800.00			2	Work start dependent on ground thawing, tree clearing could be included and started earlier. Advertise $$ and request quantities bid.	12 mo	EAFB
3		ML&P Trunk Extension into the North Backlands	$ 3,325,000.00			1	Work contingent on ground thawing, 750-800 feet from Tidewater and then off pavement (includes telephone and data trunk lines).	6-8 mo	POA/ML&P
4		Crane Pilings	$ 6,410,000.00			1	Subsurface support for future cranes. Work will proceed when OCSP is complete. Pile material must be ordered /galvanized and shipped.		
5		Ground Bed Anodes	$ 8,310,000.00			1	Required for cathodic protection for steel already installed. Cannot delay. Work will proceed when OCSP is complete and coordinated with crane pile work. Includes purchase and installation.		
6		Move Cherry Hill Haul Road entrance to Port	$ 975,000.00			1	Work start contingent on ground thawing. Places road closer to the hill and increases available container parking space.	1-2 mo	
7		Continuity welds on Barge Berths/North Extension	$ 500,000.00			1	This is to tie all the tail walls together for corrosion protection.	6-8 mo	
8		Additional Cell To accommodate reduced cell width	$ 600,000.00			1	One 27-foot OCSP cell to complete the North Extension.	2-3 weeks	
9		Final Grading and NFS Cap North Extension	$ 11,817,000.00			2	Summer season work after ground thaw.	2-3 mo	
10		Temporary Wet Barge Berth Cap	$ 500,000.00			1	Work will proceed after vibracompaction is complete (scheduled for 5/31/09). This is the sacrificial cap that allows placing the Barge Berth in immediate revenue service; will install the permanent cap in 2010.	2 mo	
11		Drainage grates	$ 5,000.00			1	Improve drainage at Barge Berths	1 week	
12		Utilities and surfacing at Barge Berths (includes final Grading and NFS Cap)		$ 11,534,917.00		1	Utilities first, gravel second and surface third. Start after ground thaw; grade and cap almost designed (cap at 95%). Can advertise with 100% drawings in 60 days.	Start Util Jun-09	
13	General	Lower Jet Fuel Line		$ 500,000.00		3	Critical fuel line that provides all fuel to EAFB. Would require a by-pass line temporarily.		EAFB
14	General	Gaylor Gulch Storm Drain Connection		$ 2,750,000.00		2	Corrects erosion/sedimentation problem between Port and EAFB. Already designed and ready to bid.		EAFB
15		South Extension OCSP installation Big red phase. (Could be combined with 16)			$61,480,100.00	2	ERDC review scheduled late February 09. Already designed. Over 10 acres on south end. $61.4M includes purchase of steel.	Jul-09	USACE/ERDC
16		South Extension Earth Work -Dredging and mass fill. (Subset of 15 and could be combined).		$ 15,400,000.00	$ (15,400,000.00)	1	Expedited option to advertise in 60 days. Part of Item 15. Start work after ground thaw. ERDC review scheduled. 2009/2010 work.	Jun-09	USACE/ERDC
		MATERIAL PURCHASE ONLY							
17		Purchase of Steel Sheet Pile - (one half of South Replacement phase)			$ 22,799,794.00	3	Owner furnished material.		USACE/ERDC

Port of Anchorage Intermodal Expansion Project

2009 Project Detail and Cost Estimates

Item #	Project Phase	Task Order/Activity	30 Days	60 Days	90 Days	Priority Grouping	Comments	Length/Start Work	Coord Agency
18		Purchase of Loading Arms for POL Docks	$ 3,764,177.00			3	To make South Extension (Red) operational. Owner furnished material. Rigid articulating arms.		
19		Purchase Loading Arms for South Replacement	$ 3,764,177.00			3	Owner furnished material. Rigid articulating arms.		
20		ML&P transformer	$ 770,000.00			1	Critical path purchase. Will power the cranes. One year lead time.		ML&P
		CONSTRUCTION SUPPORT							
21	General	Additional Construction support Services	$ 500,000.00			1	Labs, inspectors, QA/QC	Apr-09	
22	General	Construction Monitoring and Permit Compliance	$ 300,000.00			1	Increased marine mammal mitigation, reporting, training ,etc.	Mar-09	
23	General	Additional design effort for Packages and Addendums	$ 250,000.00			1	Design firms to accelerate package preparation and provide addendums, extra engineering support, as necessary for fast track bid/build.	Mar-09	
		Subtotals	**$ 63,441,154.00**	**$ 30,184,917.00**	**$ 68,879,894.00**				
					Total:	**$ 162,505,965.00**			

Estimated Cost/Advertise In Time Frame:	30 days	60 days	90 days	180 days	Total
Total Estimated Costs for Other Project Segments:	$ 7,700,000.00	$ -	$ 40,129,533.00	$130,016,000.00	$177,845,533.00

	Project Phase	Other Project Segments:	30 Days to Advertise	60 Days to Advertise	90 Days to Advertise	Comments	Length/Start Work	Coord Agency
*		Dredge and replace soils with gravel at North and South Replacements			$ 36,129,533.00	Construction Dredging. Requires USACE coord, re-analysis and design in progress. [Possible cost share with USACE: DREDGING by USACE-$21,220,180 and FILL by Port-$14,909,353.]	May-10	USACE/ERDC
*	General	Rail Extension			$4,000,000	Estimate for single track to barge berth. 90 days to bid.	May-10	
*	General	Purchase and Install Asphalt Batch Plant. (Coordinate with item 27)	$ 3,300,000.00			Most of the costs would be purchase.		
*	General	Crush and stockpile aggregate for Asphalt/Concrete (Coordinate with item 26)	$ 4,400,000.00			Stockpile in Cherry Hill. Requires Asphalt Plant to be installed.		EAFB
*		Construct trestle and extend POL dock temporarily	Advertise in 180 days for $30,000,000			Temporary POL dock # 2. Assume 180 days to bid. $30M.	May-10	
*		North Extension Dock Cap, Utilities, & Surfacing. LOOK AT MOVING UP SOONER.	Advertise in 180 days for $67,056,000.			Can not start until OCSP installation complete in Aug/Sept 2009. In design now. Advertise $67,056,000 in 180 days. Maybe combine with Item 9 to accelerate.	Earliest start Oct 09	
*	General	Stevedore Buildings (two)	Advertise in 180 days for $1,960,000.			Design/Build. Assume 180 days to bid. $1,960,000 for both buildings.	May-10	
*	General	POA Administrative Building	Advertise in 180 days for $25,000,000			Assume 180 days to bid. $25M	Jun-10	
*	General	MSST Building for Coast Guard	Advertise in 180 days for $6,000,000			Assume 180 days to bid. $6M		
		Total for Other Project Segments			**$ 177,845,533.00**			

NOTES: Colors in the Project Phase column coincide with the colors on the project Phasing Plan.

- North Extension
- Barge Berths
- South Replacement current phasing
- South Replacement/North Replacement
- South Extension

USACE = U.S. Corps of Engineers
ERDC = USACE, Engineering Research & Development Center
EAFB = Elmendorf Air Force Base
ML&P = Municipal Light and Power
POA = Port of Anchorage

KEY POINTS FROM POA ADMINISTRATION:

Critical Path 1- Complete North End as soon as possible, new cranes arrive August 2010.
Critical Path 2 - Do the South Extension Phases, so cement ships may dock there by end of 2010.
Critical Path 3- Demolition of the two existing docks.

With State $120 Million in 2009

SOURCES (in Millions)	2002 - 2008	2009	2010	2011	2012	2013	2014	Total
Federal Funds	$ 112.7	$ 24.7	$ 48.1	$ 48.1	$ 48.1	$ 48.1	$ 48.1	$ 377.9
State Funds	$ 41.3	$ 30.0	$ 20.0	$ 20.0	$ 20.0	$ 20.0	$ 20.0	$ 171.3
Port Operations	$ 18.5	$ 4.2	$ 4.8	$ 5.1	$ 8.9	$ 10.6	$ 10.6	$ 62.7
Port Commercial Paper	$ 39.0	$ 20.0	$ 15.0					$ 74.0
Total Sources	$ 211.5	$ 78.9	$ 87.9	$ 73.2	$ 77.0	$ 78.7	$ 78.7	$ 685.9

USES (in Millions)	2002 - 2008	2009	2010	2011	2012	2013	2014	Total
Program/Project Admin, Safety & Const Mgmt	$ 14.2	$ 7.3	$ 4.0	$ 3.0	$ 2.5	$ 2.5	$ 2.0	$ 35.5
Environmental Permitting & Compliance	$ 3.2	$ 0.6	$ 0.2	$ 0.2	$ 0.1	$ 0.1		$ 4.4
Engineering & Design, Peer Review	$ 16.6	$ 3.0	$ 2.5	$ 1.2	$ 1.1	$ 0.5	$ 0.1	$ 25.0
Uplands Rehabilitation (existing surface, utilities)	$ 28.9		$ 5.1	$ 0.1			$ 0.1	$ 34.1
Structural Open Cell Sheet Pile & Gravel Fill	$ 142.4		[illegible]	$ 87.9				$ 368.9
Borrow Pit Development, Gravel Extraction (EAFB)	$ 4.6	$ 1.8	$ 1.0	$ 0.5	$ 0.6	$ 0.5		$ 9.0
Finish Surface, Drainage and Utilities (New Land)	$ 0.5	$ 23.0	$ 46.3		$ 3.9	[illegible]	[illegible]	$ 220.3
Total Uses	$ 210.4	$ 102.0	$ 131.4	$ 126.2	$ 8.2	$ 61.7	$ 57.4	$ 697.2

[redacted] Fund South Extension in 2009 for 2010 Construction
Fund North Replacement in 2010 for 2011 / 2012 Construction
Fund South Replacement in 2011 for 2012 / 2013 Construction

Advantages:

- **Contracts completed earlier reduce costs**
- **Materials ordered in advance reduce costs**
- **Opportunity to purchase in volume reduces cost**
- **Cost reduction decreases investment required**
- **Speeds up completion**

Cost of Construction:

Total Projected Costs	$ 736.8
Projected Costs With State Funds	$ (697.3)
Construction Cost Savings (in millions)	**$ 39.5**

12/31/2008

Without State $120 Million Upfront - With $20 Million Over 6 Years

SOURCES (in Millions)	2002 - 2008	2009	2010	2011	2012	2013	2014	Total
Federal Funds	$ 112.7	$ 24.7	$ 48.1	$ 48.1	$ 48.1	$ 48.1	$ 48.1	$ 377.9
State Funds	$ 41.3	$ 30.0	$ 20.0	$ 20.0	$ 20.0	$ 20.0	$ 20.0	$ 171.3
Port Operations	$ 18.5	$ 4.2	$ 4.8	$ 5.1	$ 8.9	$ 10.6	$ 10.6	$ 62.7
Port Commercial Paper	$ 39.0	$ 20.0	$ 15.0					$ 74.0
Total Sources	$ 211.5	$ 78.9	$ 87.9	$ 73.2	$ 77.0	$ 78.7	$ 78.7	$ 685.9

USES (in Millions)	2002 - 2008	2009	2010	2011	2012	2013	2014	Total
Program/Project Admin, Safety & Const Mgmt	$ 14.2	$ 7.3	$ 4.0	$ 3.0	$ 2.5	$ 2.5	$ 2.0	$ 35.5
Environmental Permitting & Compliance	$ 3.2	$ 0.6	$ 0.2	$ 0.2	$ 0.1	$ 0.1		$ 4.4
Engineering & Design, Peer Review	$ 16.6	$ 3.0	$ 2.5	$ 1.2	$ 1.1	$ 0.5	$ 0.1	$ 25.0
Uplands Rehabilitation (existing surface, utilities)	$ 28.9		$ 5.1	$ 0.1			$ 0.1	$ 34.1
Structural Open Cell Sheet Pile & Gravel Fill	$ 142.4		[redacted]	[redacted]	[redacted]			$ 402.8
Borrow Pit Development, Gravel Extraction (EAFB)	$ 4.6	$ 1.8	$ 1.0	$ 0.5	$ 0.6	$ 0.5		$ 9.0
Finish Surface, Drainage and Utilities (New Land)	$ 0.5	$ 23.0	$ 46.3		[redacted]	[redacted]	[redacted]	$ 225.9
Total Uses	$ 210.4	$ 35.7	$ 135.3	$ 88.1	$ 148.2	$ 61.7	$ 57.4	$ 736.7

[redacted] Fund South Extension in 2010 for 2011 Construction
Fund North Replacement in 2011 for 2012 / 2013 Construction
[redacted] Fund South Replacement in 2012 for 2013 / 2014 Construction

Cost of Construction:

Total Projected Costs **$ 736.8**

12/31/2008

2/18/09 OVERVIEW: ALASKA HOUSING FINANCE CORP.

<target><bill></bill><subject>2-18-09 OVERVIEW ALASKA HOUSING FINANCE
CORPORATION</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE

Agenda
1:30 PM

Wednesday, February 18, 2009

Presentation: Alaska Housing Finance Corporation
Program Overview/Update
Energy Efficiency
Homeless Assistance
Federal Stimulus Briefing

Dan Fauske, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue
Bryan Butcher, Legislative Liaison, Alaska Housing Finance Corporation
Joe Dubler, Director of Finance, Alaska Housing Finance Corporation

Questions:
Paul Kapansky, Director, Mortgage Operations, AHFC
John Anderson, Weatherization Officer, Research and Rural Dev.

Bob Green

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Alaska's Housing Market 2009

Alaska Housing Finance Corporation

www.ahfc.us

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Alaska's Housing Market

- Interest rates are historically low
- Prices are stable
- New construction
  - Extremely low
  - Contractors busy with remodeling

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What Happened Outside?

- Collapse of housing market
  - Economy – Loss of jobs
  - Excessive speculation
    - Buying
    - Construction
  - Subprime mortgages defaulted
  - Depreciating home values

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The good news is…

- Alaska is different from the Lower 48
  - Adjustable rate mortgages (ARMs) were a very small proportion of total market
  - Small lending community that didn't participate in riskier loan products
  - AHFC did not participate in them
  - Minimal speculative development or buying
  - Continued moderate growth in economy expected

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Delinquencies—Are we in trouble?
3rd Quarter 2008

- Mortgage Bankers Association survey – 6.99 percent nationally
  - In Alaska our rate was 2.66 percent — the lowest in the nation
  - AHFC's delinquencies—2.29 percent

- Alaska's delinquency rate reached 5.9 percent in 2000 and 2001

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Foreclosures
3rd Quarter 2008

- Alaska ranks 47th in foreclosures at 1.64 percent
- Nearly one-third the national average of 5.17 percent

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Market is cooling

- 2008 end-of-year numbers of homes for sale in Anchorage much lower than '90s
- From 1999 to 2005, market hot for sellers
- Now a more moderate pace

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Average Sales Price as of Dec. 2008

- Anchorage – $326,000 (stable)
- Mat-Su – $221,000 (stable)
- Fairbanks* – $213,000 (up 1 percent)
- Kenai – $197,000 (up 2 percent)
- Kodiak – $260,000 (up 10 percent)

*as of Sept. 2008

Average Sales Price Reported By Lenders
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
2000
2001
2002
2003
2004
2005
2006
2007
2008
Anchorage
Fairbanks
Juneau
MatSu

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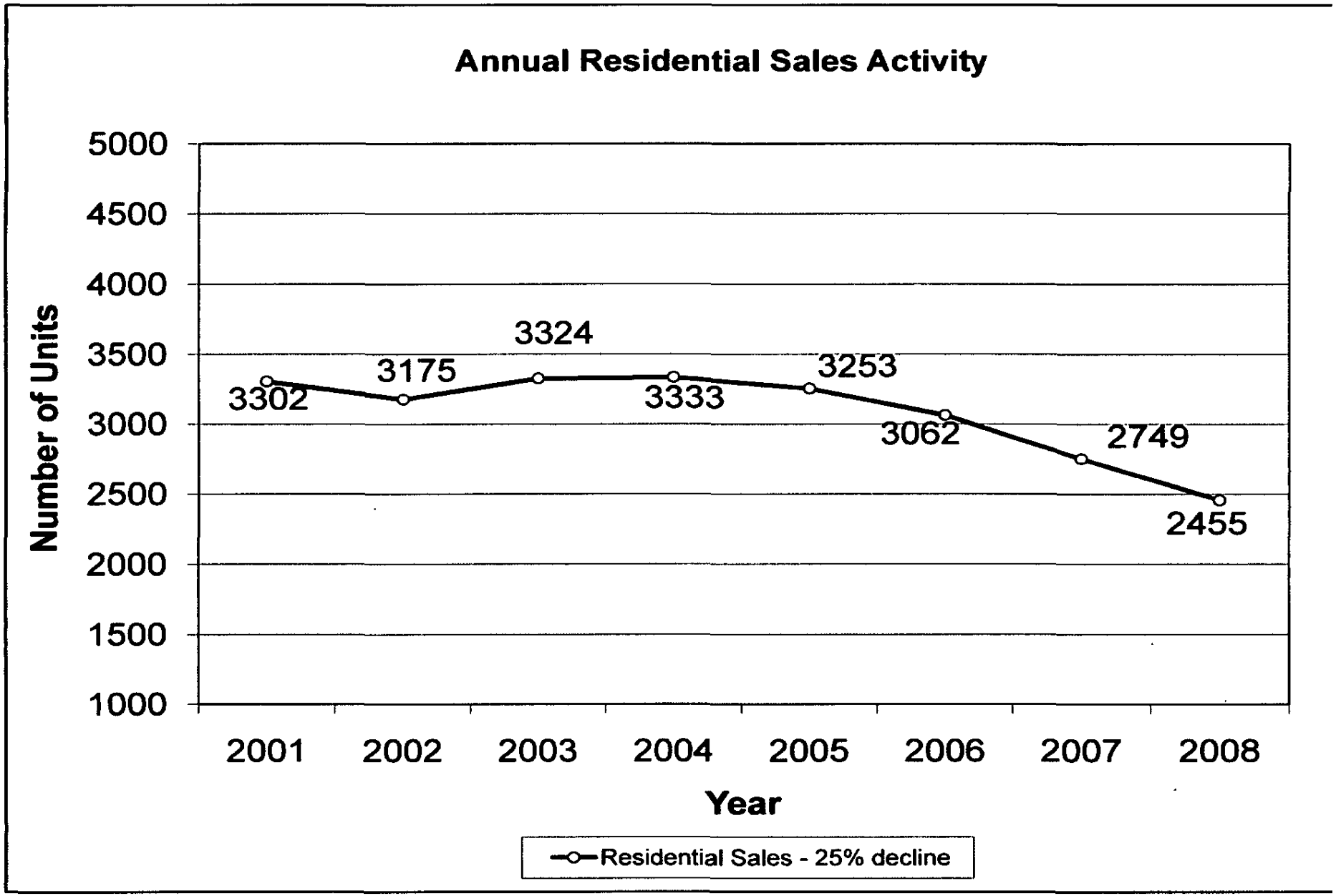
Statewide Housing Market – 2008

Sales Activity

- Anchorage – down 10 percent
- Mat-Su – down 20 percent
- Fairbanks (as of 09/08) – down13 percent
- Kenai – down 17 percent
- Kodiak – down .05 percent


Annual Residential Sales Activity
Number of Units
5000
4500
4000
3500
3000
2500
2000
1500
1000
3302
3175
3324
3333
3253
3062
2749
2455
2001
2002
2003
2004
2005
2006
2007
2008
Year
Residential Sales - 25% decline

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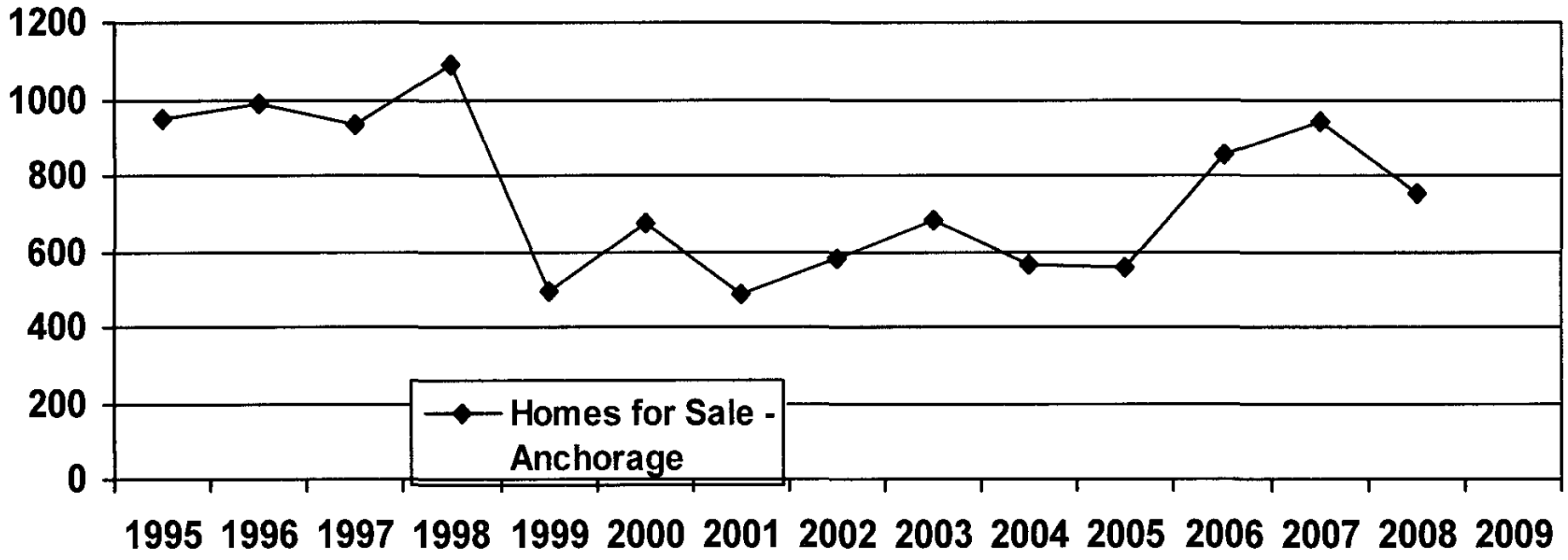
Number of Homes for Sale - Anchorage



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Average Market Days – Statewide Through Dec. 2008

- Anchorage: 64 – 72, up 13 percent
- Mat-Su: 79 – 92, up 16 percent
- Fairbanks*: 50 – 74, up 48 percent
- Kenai: 103 – 116, up 13 percent
- Kodiak: 68 – 85, up 25 percent

*as of Sept. 2008

Alaska Housing
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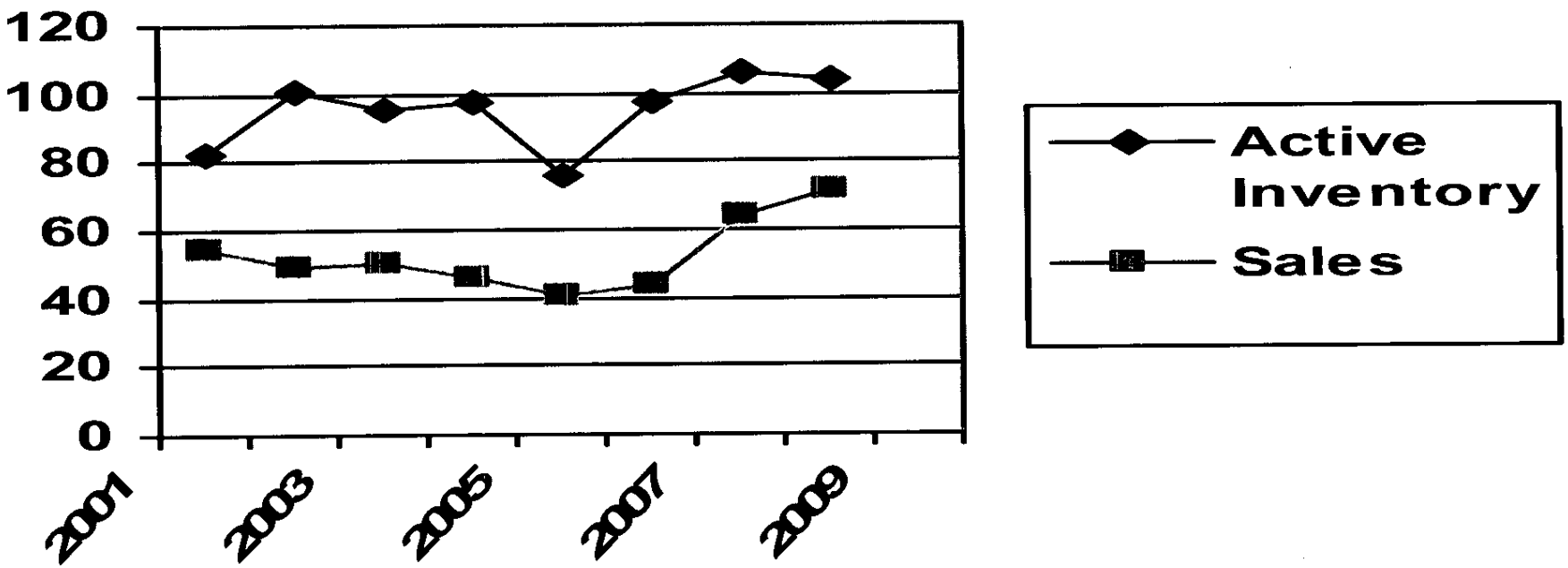
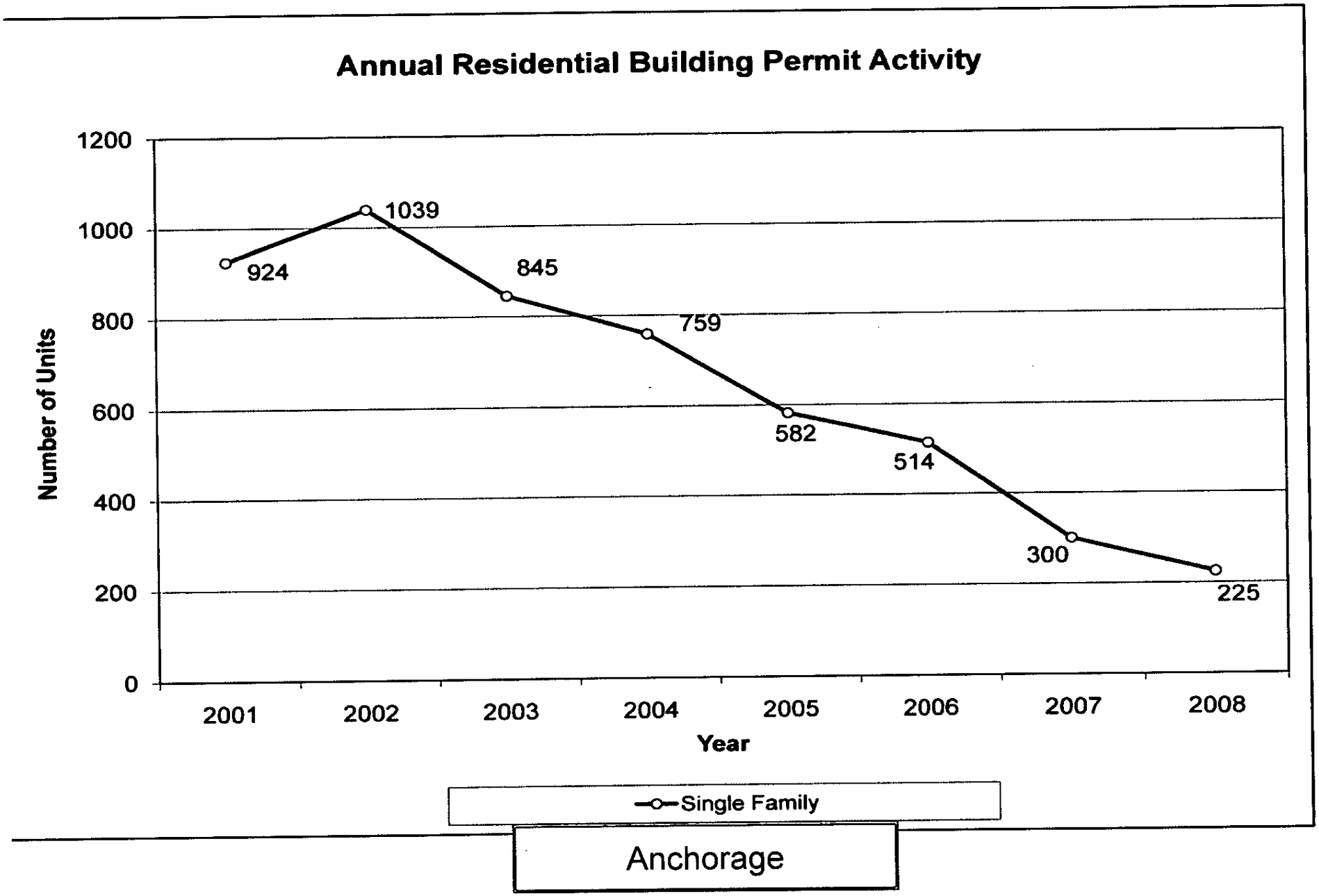
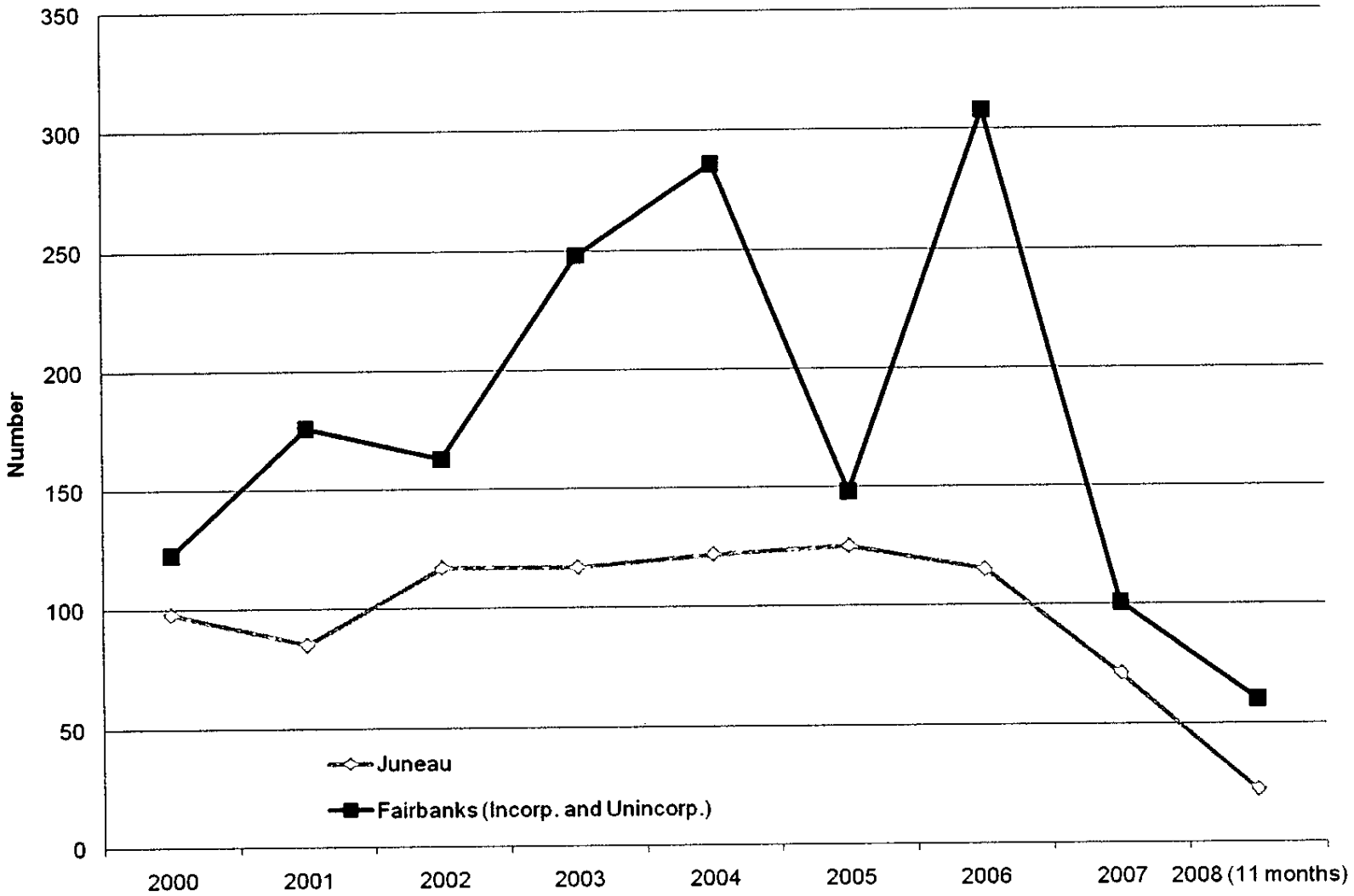
How long does it take to sell?

Average time on the market – Anchorage




Annual Residential Building Permit Activity
1200
1000
800
600
400
200
0
Number of Units
924
1039
845
759
582
514
300
225
2001
2002
2003
2004
2005
2006
2007
2008
Year
Single Family
Anchorage

Number of Permits By Area



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Apartment Vacancies
Feb. 2009

- Anchorage - 5.0 percent
- Juneau - 4.7 percent
- Fairbanks - 21.2 percent
- Wasilla/Palmer - 2.1 percent
- Kenai/Wasilla - 8.6 percent

See detailed chart next slide.

ANCHORAGE					
Unit Type	**Eff.**	**1BR**	**2BR**	**3BR**	**Total**
# Units	304	1,831	1,642	115	3,892
# Vacant	22	101	68	3	194
Vacancy Rate	**7.2%**	**5.5%**	**4.1%**	**2.6%**	**5.0%**

JUNEAU					
Unit Type	**Eff.**	**1BR**	**2BR**	**3BR**	**Total**
# Units	65	167	107	23	362
# Vacant	11	2	4	0	17
Vacancy Rate	**16.9%**	**1.2%**	**3.7%**	**0%**	**4.7%**

FAIRBANKS					
Unit Type	**Eff.**	**1BR**	**2BR**	**3BR**	**Total**
# Units	70	501	580	54	1,205
# Vacant	19	140	88	8	255
Vacancy Rate	**27.1%**	**27.9%**	**15.2%**	**14.8%**	**21.2%**

PALMER/WASILLA					
Unit Type	**Eff.**	**1BR**	**2BR**	**3BR**	**Total**
# Units	13	128	72	20	233
# Vacant	0	5	0	0	5
Vacancy Rate	**0%**	**3.9%**	**0%**	**0%**	**2.1%**

KENAI/SOLDOTNA					
Unit Type	**Eff.**	**1BR**	**2BR**	**3BR**	**Total**
# Units	5	102	95	30	232
# Vacant	0	11	7	2	20
Vacancy Rate	**0%**	**10.8%**	**7.4%**	**6.7%**	**8.6%**

via phone surveys Feb. 2 – 6, 2009

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How about interest rates?

- Let's look at the average interest rates over time…
- The following four slides are reprinted with permission from Mortgage X Mortgage Information Service.

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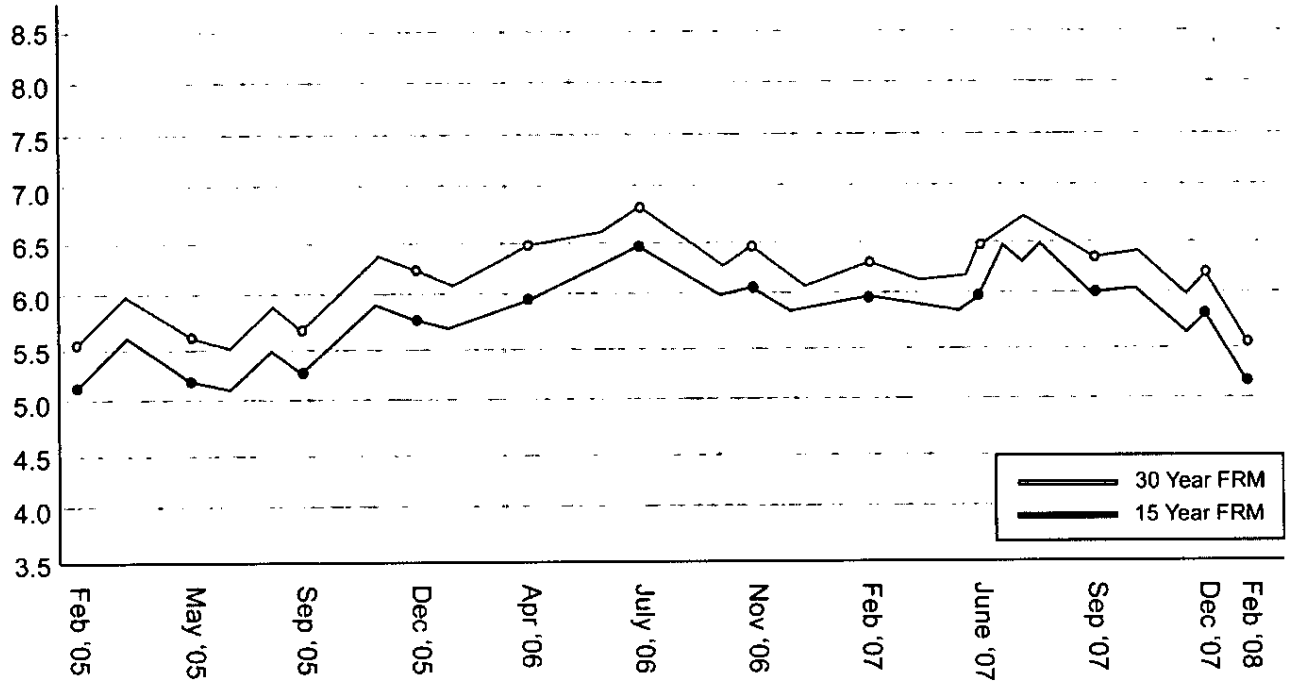
Short term:
Good to still good…

Three Year Trends:



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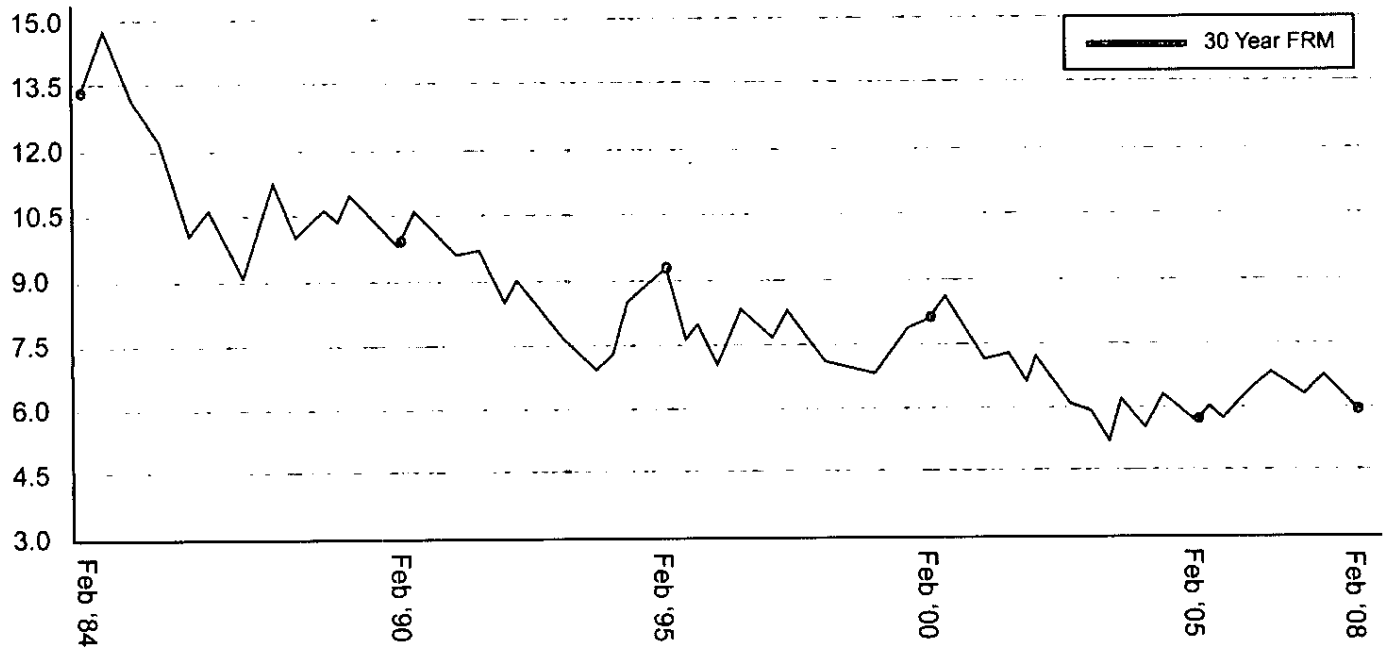
Longer view:
Rates well below average…

30-Year Fixed Rate Mortgages, 1984 – 2008



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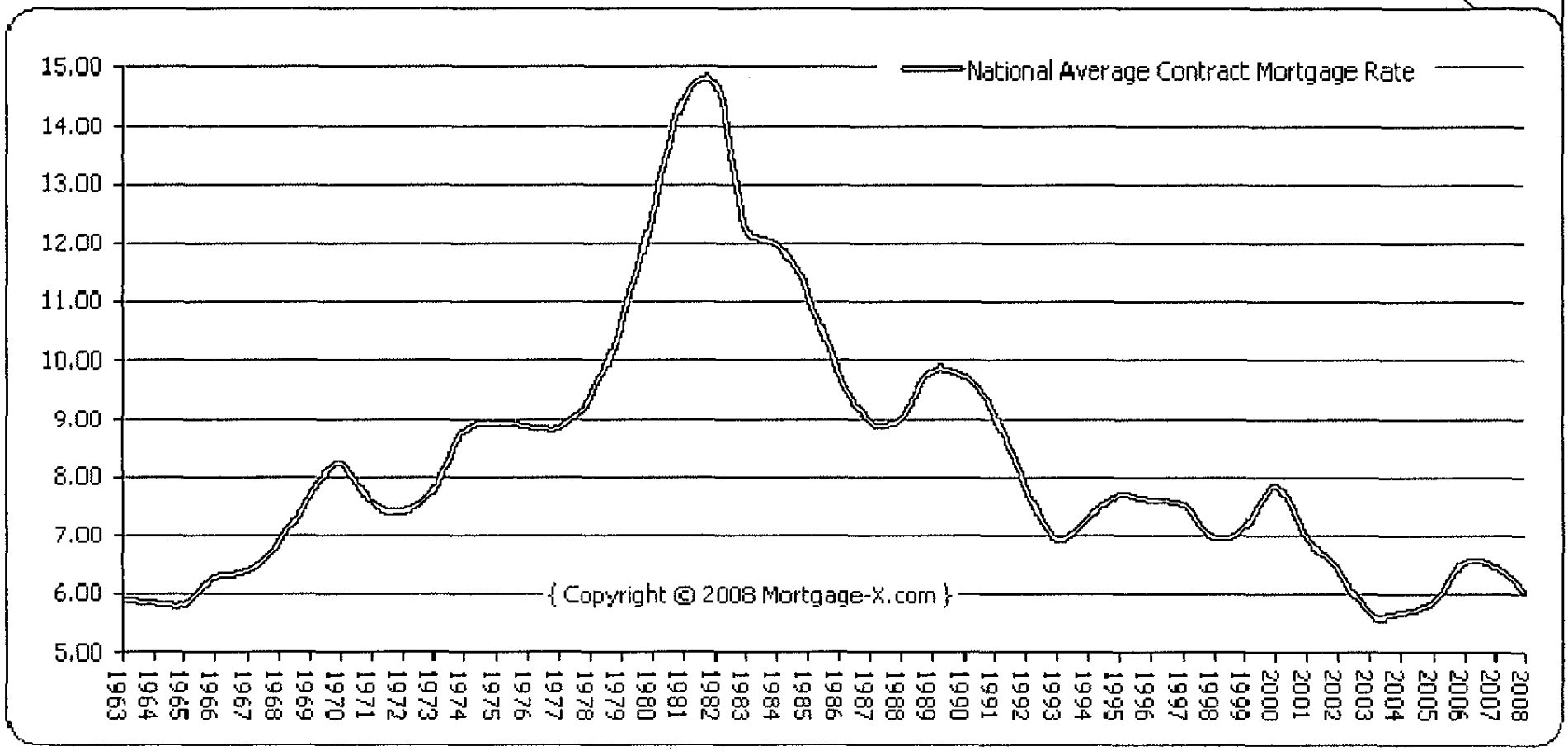
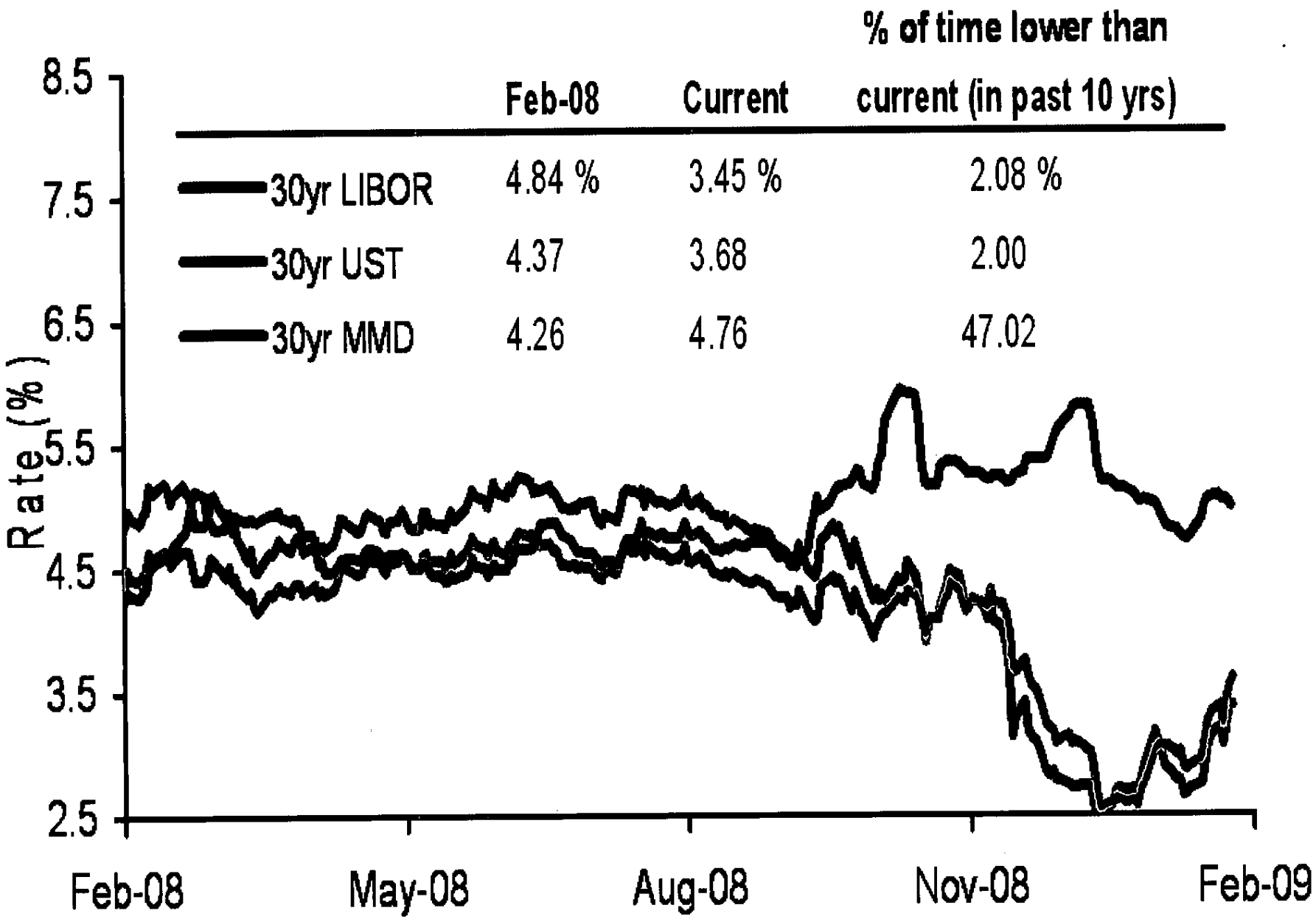
Interest rates as low as the '60s
National Average Mortgage Rate 1963 - 2008




% of time lower than
Feb-08
Current
current (in past 10 yrs)
30yr LIBOR
4.84 %
3.45 %
2.08 %
30yr UST
4.37
3.68
2.00
30yr MMD
4.26
4.76
47.02
Rate (%)
8.5
7.5
6.5
5.5
4.5
3.5
2.5
Feb-08
May-08
Aug-08
Nov-08
Feb-09

AHFC Tax-Exempt 30-year vs. Conventional 30-year
Interest Rate,%
4.500%
5.000%
5.500%
6.000%
6.500%
7.000%
01/02/04
03/02/04
05/02/04
07/02/04
09/02/04
11/02/04
01/02/05
03/02/05
05/02/05
07/02/05
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05/02/08
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09/02/08
11/02/08
01/02/09
AHFC Daily T/E FTHB 30-Year
FHLMC PMMS 30-year Fixed Conventional

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Mortgage Rate Trend Survey Predictions as of 02/09/09

Over the next 30 days:

- rates will rise significantly: 0.0%
- rates will rise slightly: 17.9%
- rates will remain unchanged: 14.3%
- rates will decline slightly: 64.3%
- rates will decline significantly: 3.6%

Over the next 90 days:

- rates will rise significantly: 0.0%
- rates will rise slightly: 17.9%
- rates will remain unchanged: 25.0%
- rates will decline slightly: 42.9%
- rates will decline significantly: 14.3%

Low Interest Rates – What has changed?

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- Eligible borrowers have diminished 30 – 40 percent
  - Loan investors & mortgage insurance companies tightened credit standards
    - Higher down payment required
    - Higher FICO score required
    - Jumbo loan financing limited
    - No more exotic loans
      - No income; no jobs; no assets; interest-rate teaser; payment option (interest-only, half-interest, etc., payments)
  - FHA
    - increased fees
    - no seller-financed down payment assistance
  - People don't qualify to refinance
    - Decrease in property values
    - Shouldn't have gotten the loan in the first place & don't qualify

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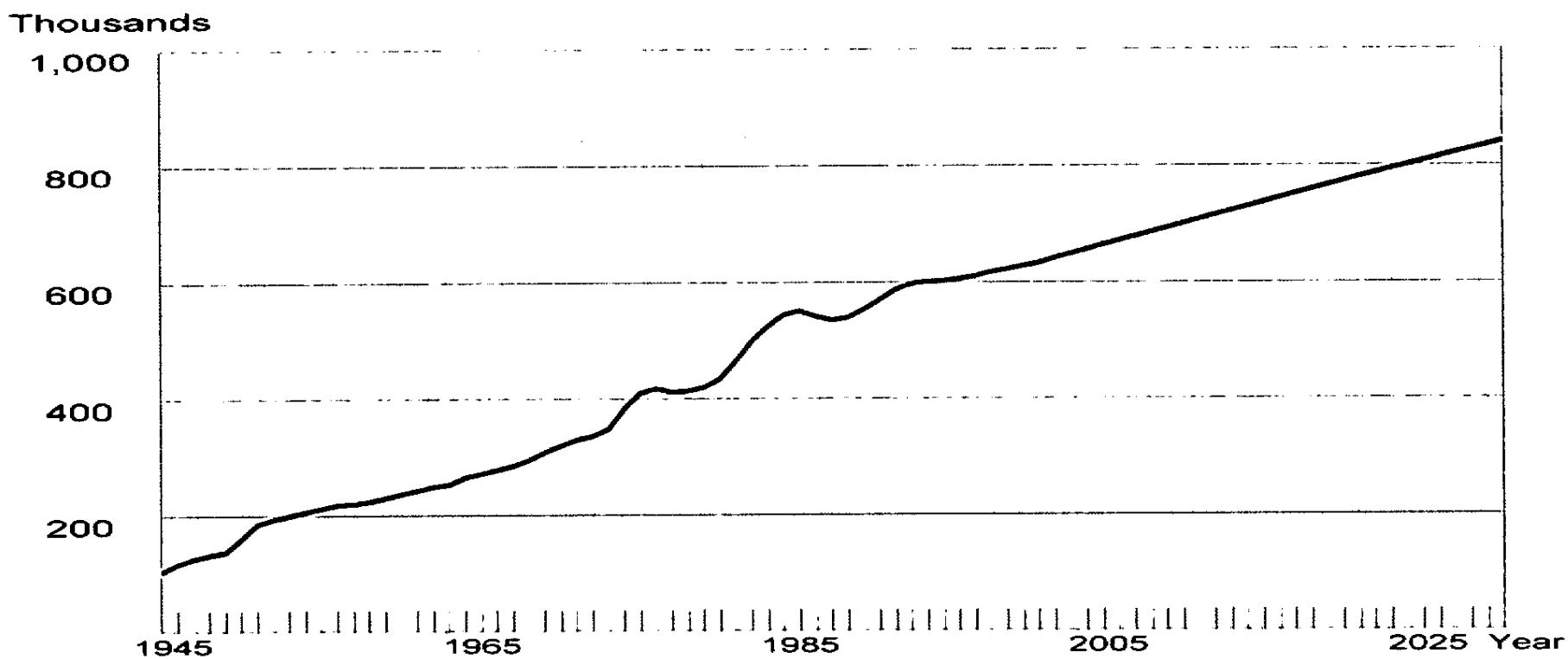
Interest Rates Equate to Buying Power

- 1 percent decrease in interest rates roughly translates into a 10 percent increase in homebuyer purchasing power

Demand for housing isn't likely to subside...

- State demographers forecast population growth in Alaska = increased likelihood of demand for housing. (Source: Alaska Dept. of Labor & Workforce Development, Research & Analysis Sec.)

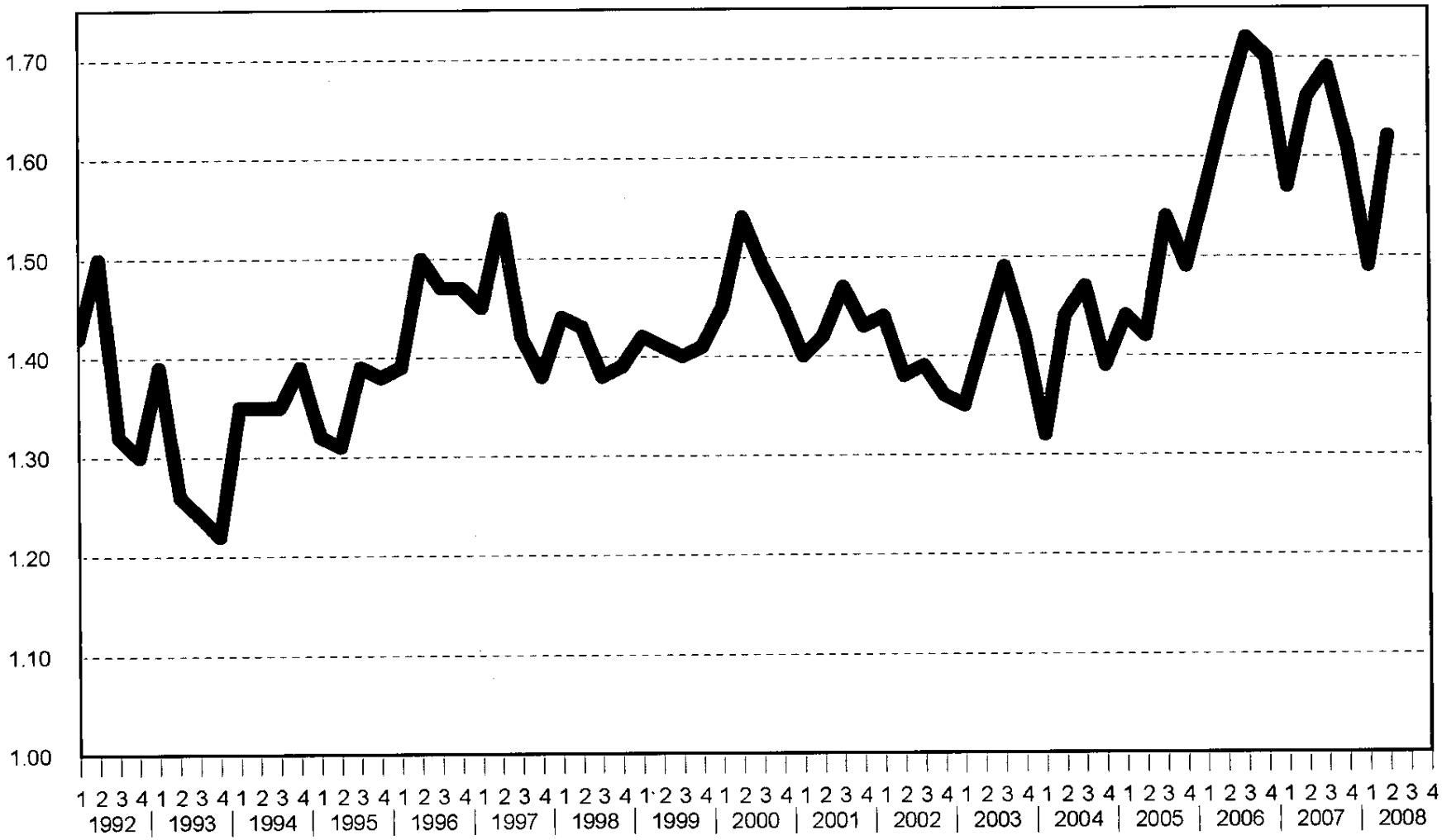
Figure 1.4
Alaska Population 1945 - 2030*



Alaska Affordability Index

Single-Family Homes, Private and Public Agency Lenders

1st Quarter 1992 - 2nd Quarter 2008



Note: The index value for the most recent quarter is preliminary.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.

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AHFC's Loan Volume

- AHFC's loan volume:
  - FY2007 – 2,808 loans; $565.7 million
  - FY2008 – 2,012 loans; $493.5 million
  - Projected through FY2009 – 1,500 loans; $368 million (down 25 percent)

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Construction Spending 2009 Forecast – Alaska

- Total spending
  - $7.1 billion, down 3 percent
- Private-sector spending
  - $4.3 billion, down 12 percent
- Public-sector spending
  - $2.7 billion, up 16 percent

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How did Alaska compare? 2008

- Nationwide: Median home **values** fell for ninth straight quarter – 15.3 percent for the year
- Anchorage: Median home **values** up 3 percent
- Nationwide: Existing home **sales** down 3.5 percent
- Western states: Existing home **sales** down 31.6 percent
- Alaska: Existing home **sales** down 9 percent

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Energy Programs

- $200 million for weatherization
- $100 million for rebates
- $60 million additional for rebates (Sept. 2008)
- Big training component for both programs

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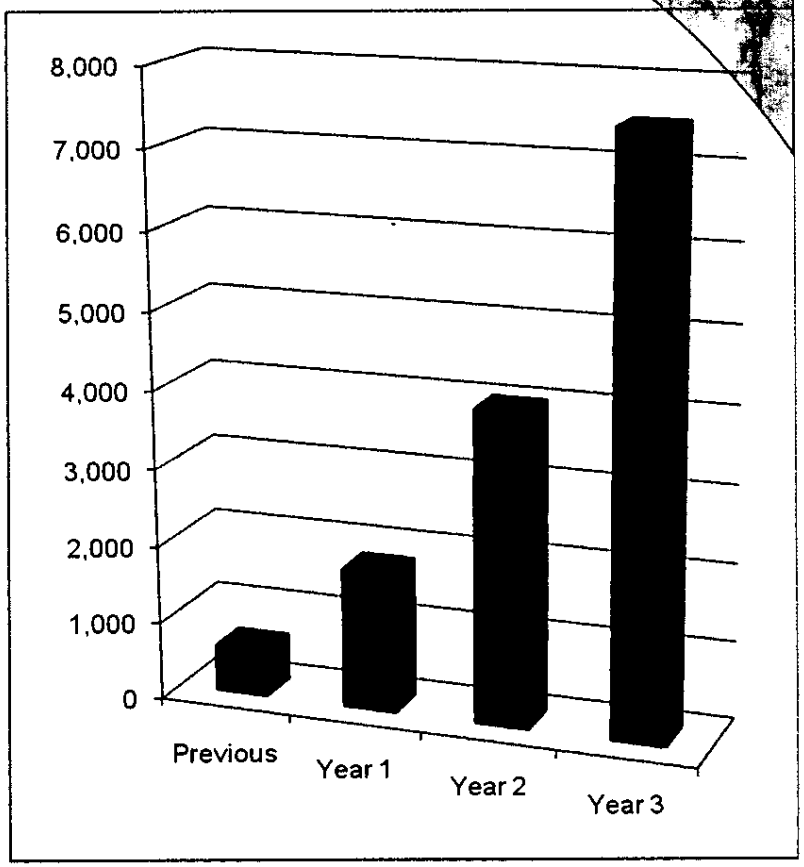
Weatherization Program Progress Report

- Previous program weatherized 600 homes.
- This year that number will triple to 1,800
- Year 2: 4,000
- Year 3: 7,500
- Statewide weatherization providers and housing authorities continue ramp-up



Alaska Housing
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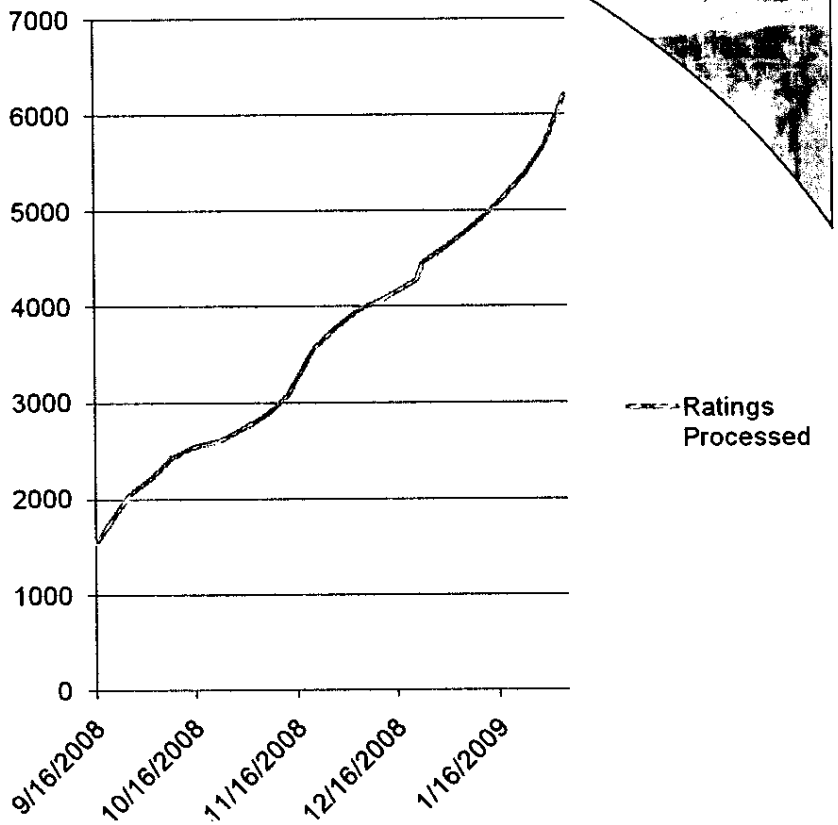
Home Energy Rebate Program Ratings Processed

- *Estimate: More than* 8,000 ratings performed by raters
- **6,212** ratings processed
- Approximately **$58.9 million** committed
- 150 – 200 applications received per day
- More than 200 inquiries per day
- **349** Post-Improvement rebates paid average: **$5,941**
- **162** New 5 Star Plus rebates paid totaling **$1.2 million**



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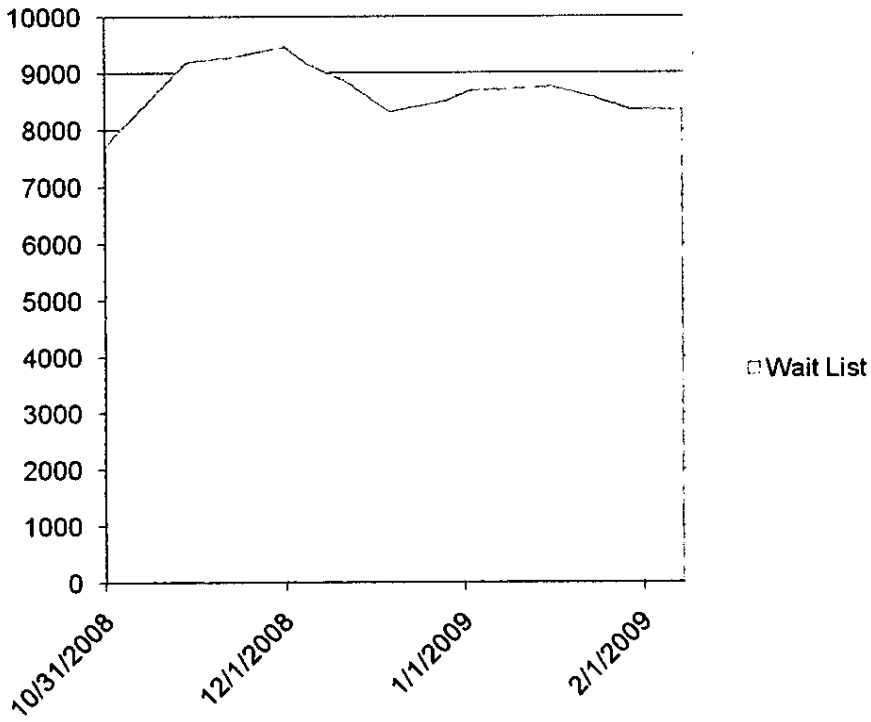
Home Energy Rebate Program
Wait List as of 2/5/09

Statewide: 8,365



Sample Communities

Anchorage - 5,935

Kodiak - 183

Juneau - 122

Fairbanks - 16

Bethel - 4

Dillingham - 5

Total Dispatched: 6,821

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What's the Big Picture?

- Average home prices stable
- Home sale activity down
- Time on market up
- Delinquencies low
- Foreclosures low
- Interest rates low
- Overall construction outlook good
  - New home construction down
- Additional $1 billion estimated in Stimulus Package
- Population growth forecasted

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Thank You –

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1-800-478-2432
www.ahfc.us

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Housing for Alaskans.

Energy-Efficiency Programs

Progress Update for Alaska Legislature 2.17.2009

Weatherization PROGRAM

Home Energy Rebate PROGRAM

Overview

- $200 million for **weatherization**
  (income-based, no-cost program)
- $100 million for **rebates**
  (for those NOT qualifying for weatherization program: rebates for eligible improvements - ratings required)
- $60 million additional for rebates 9/2008(to carry program into 2009 calendar year)
- Large training component for both programs

Allocations

	Rebate	Weatherization
Anchorage Region	$26 million	• $34 million
Southcentral Region	$16 million	• $24 million
Fairbanks Region	$17 million	• $29 million
Interior Region	$2 million	• $12 million
Juneau Region	$4 million	• $12 million
Southeast Region	$5 million	• $14 million
Northern Region	$4 million	• $18 million
Western Region	$5 million	• $20 million
Southwest Region	$2 million	• $12 million

Program Start-Up

- April 2008: Programs approved
  - AHFC operates under emergency regulations
  - Training & personnel ramp-up started
- May 2008: Programs launched
- July 2008: Public hearing & final regulations adopted
- Summer 2008: Continued ramp-up & training

Weatherization
PROGRAM

Alaska Housing Finance Corporation

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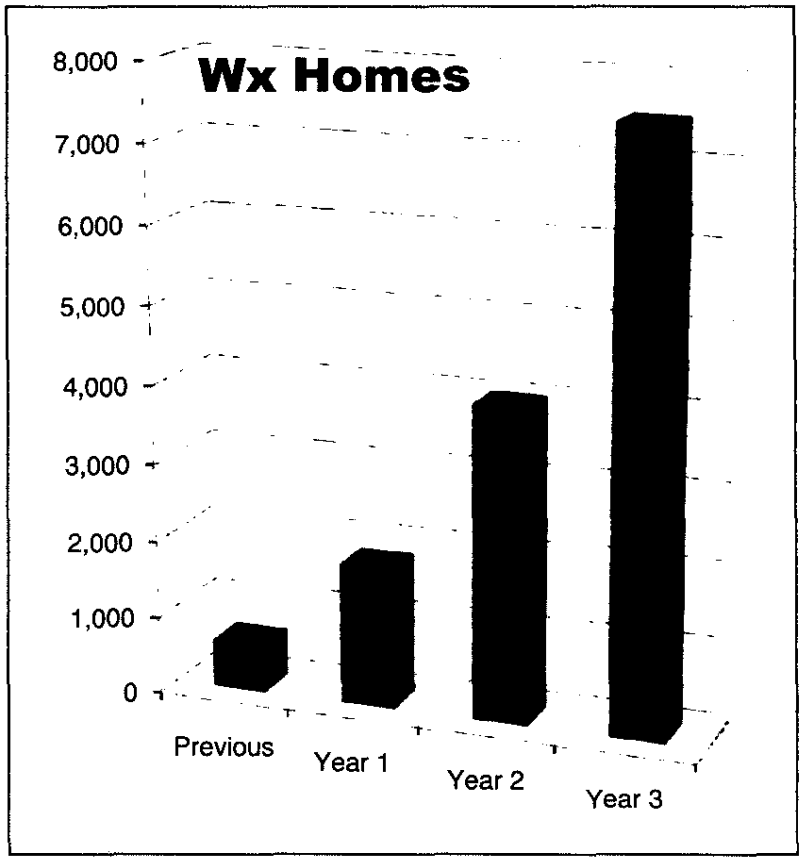
Weatherization PROGRAM

Progress Report

- Previous program weatherized 600 homes.
- This year that number will triple to 1800.
- Year 2: 4000
- Year 3: 7500



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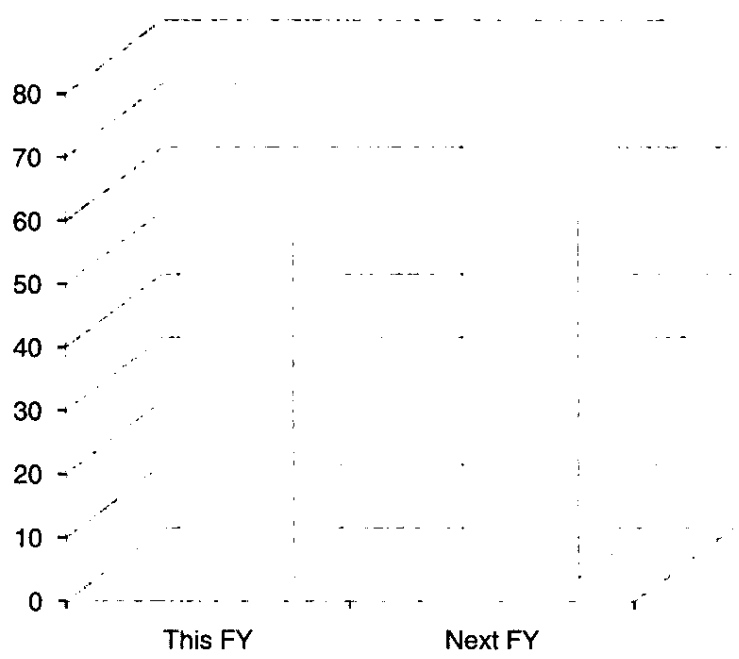
Weatherization PROGRAM

Progress Report

- **$30 million** currently on the street.
- **$59.9 million** projected for next fiscal year.
- Communities and surrounding areas served: **56** this year and **76** next year.
- Statewide weatherization providers & housing authorities continue ramping up.

Wx Communities/Areas Served



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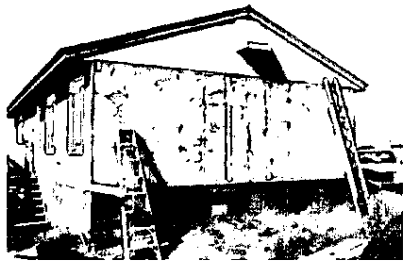
Weatherization PROGRAM

Program Snapshot

Weatherization homes this fiscal year



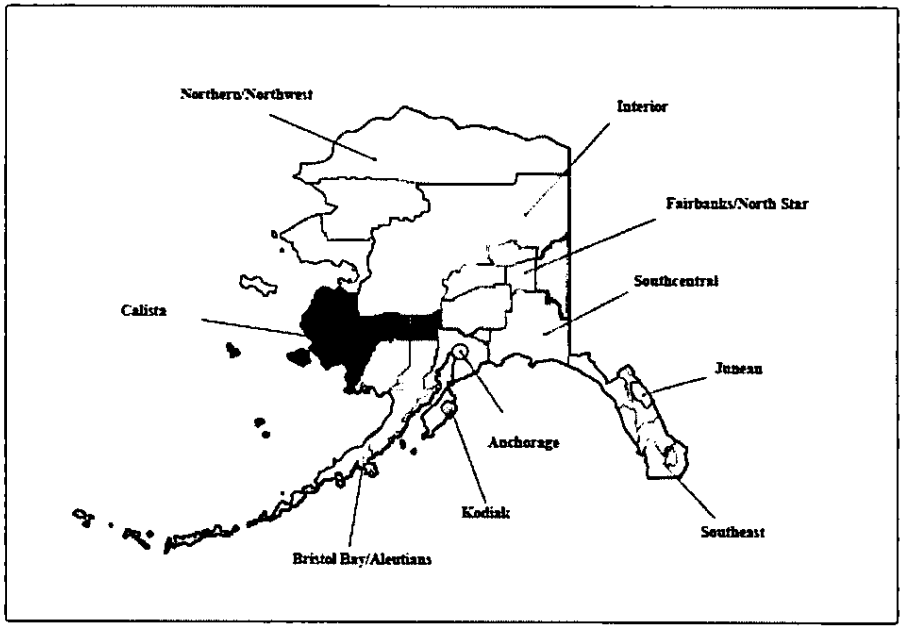
Current Status of Wx Homes

Homes	Status
700	Completed
500	Near Completion
600	Assessment/Early Construction

Weatherization
PROGRAM

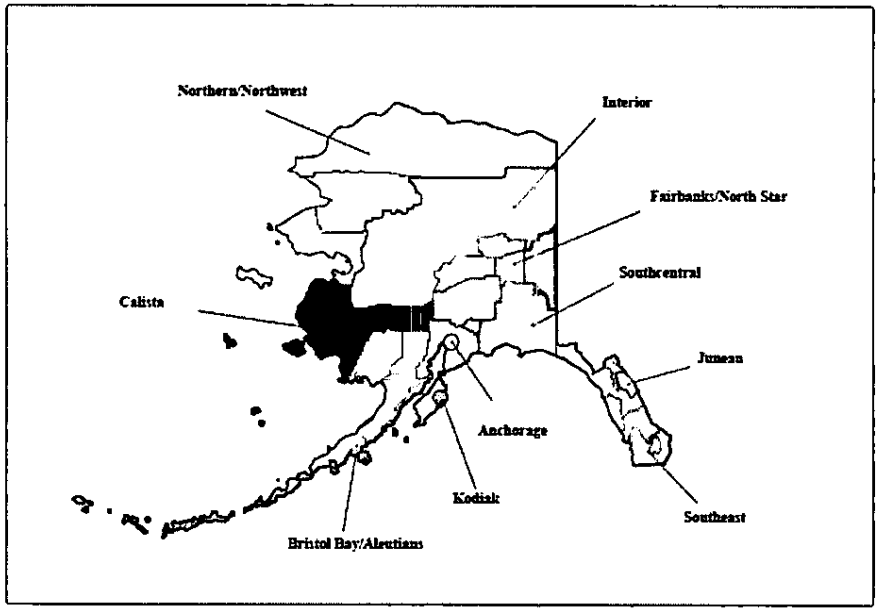
Statewide Weatherization Providers

- Alaska Community Development Corporation
- Interior Weatherization
- Municipality of Anchorage
- Rural Community Action Program
- RuralCap-Juneau
- Tanana Chiefs Conference



Weatherization
PROGRAM

Alaska Housing Authorities Weatherization



- Aleutian Housing Authority
- AVCP Regional Housing Authority
- Baranof Island Housing Authority
- Bering Straits Regional Housing Authority
- Bristol Bay Housing Authority
- Cook Inlet Housing Authority
- Copper River Basin Reg. Housing
- Interior Regional Housing Authority
- Kodiak Island Housing Authority
- North Pacific Rim Housing Authority
- Northwest Inupiat Housing Authority
- Tagiugmiullu Nunamiullu (TNHA) through North Slope Borough
- Tlingit-Haida Regional Housing Authority
- Ketchikan Indian Community
- Metlakatla Housing Authority

Home Energy Rebate
PROGRAM

Alaska Housing
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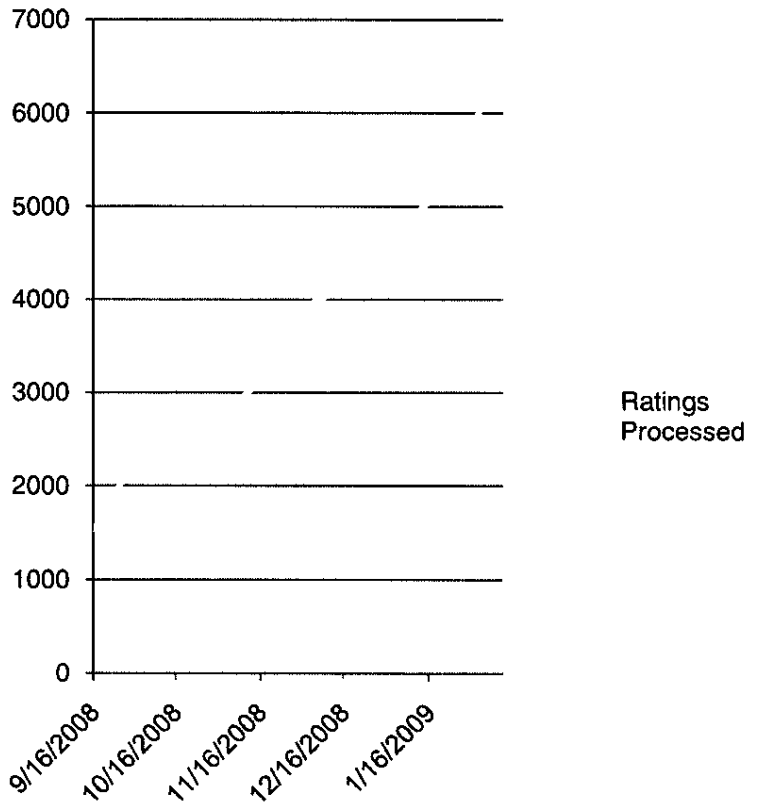
www.ahfc.state.ak.us/energy

Home Energy Rebate PROGRAM

Ratings Processed

- *Estimate: Over* 8000 ratings performed by raters
- **6413** ratings processed
- Approximately **$60.9 million** committed
- 100-150 applications received per day
- Over 200 inquiries per day
- **394** Post-Improvement rebates paid average: **$5891**
- **182** New 5 Star Plus rebates paid totaling **$1.3 million**



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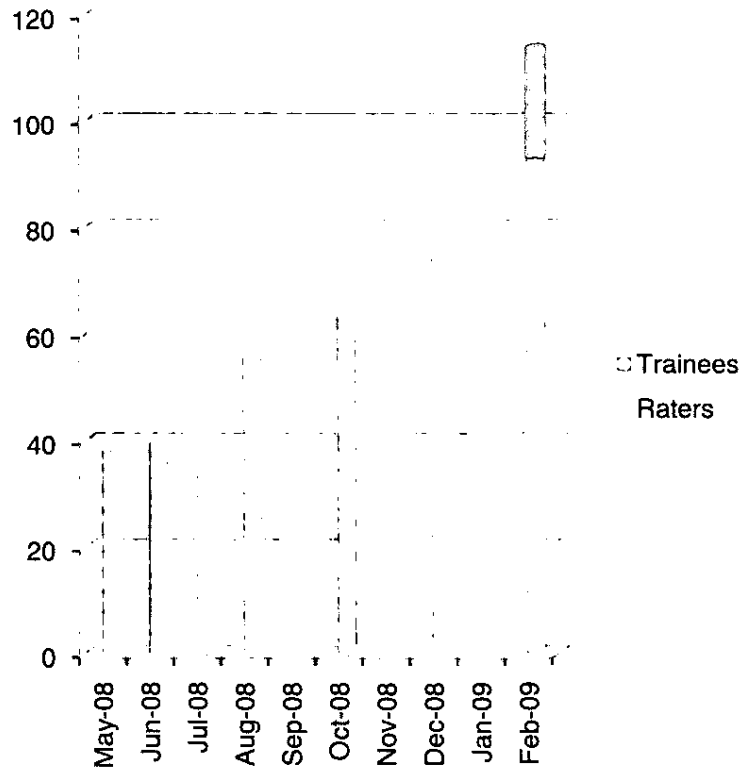
2/11/2009

Home Energy Rebate PROGRAM

Rater Availability

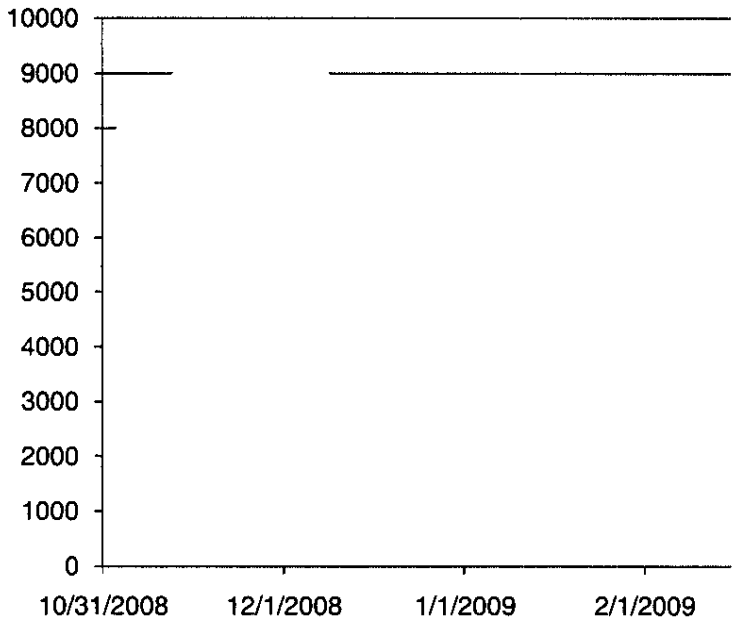
- Raters
  - 38 at program start
  - 93 at present
  - 21 in training status
- Roving rater Program
- Centralized sign-up list www.akrebate.com or call 1-877-AK-REBATE
  - Ability to check place on waiting list



Home Energy Rebate PROGRAM

Wait List

Statewide: 8032



Sample Communities

Anchorage-5924

Kodiak-190

Juneau-136

Fairbanks-13

Dillingham-11

Total Dispatched: 7416

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2/16/2009

Home Energy Rebate PROGRAM

Program Snapshot

Rebates vs. Amount Spent by Sampled Homeowners

AHFC Rebate Amount	*Homeowner Paid Costs*
$1,782,664	$2,841,226
divided by 300 rebates	divided by 300
= **$5942** average rebate	**=$9,470** average spent
	-$5942 average rebate
	=$3528 homeowner investment

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Home Energy Rebate PROGRAM

Program Snapshot

Energy & CO2 Impacts from Sampled Homes

HOMES	Before	After	Total Savings	Per Home
Energy Cost	$1,211,080	$941,242	$269,837	**$1355/year**
CO2 lbs/year	9,627,880	7,194,342	2,433,538	**12,228 lbs/yr**
Rating Stars	2.8	4.1		1.21 increase

Total energy saved in BTUs = 17.2 billion

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1.26.2009

Home Energy Rebate PROGRAM

	Allocated	Encumbered
Anchorage Region	$26 million	• $19.8 million
Southcentral Region	$16 million	• $12.8 million
Fairbanks Region	$17 million	• $17.9 million
Interior Region	$2 million	• $0.36 million
Juneau Region	$4 million	• $4 million
Southeast Region	$5 million	• $3.7 million
Northern Region	$4 million	• $0.37 million
Western Region	$5 million	• $0.25 million
Southwest Region	$2 million	• $0.2 million

Allocations do not include additional $60 million

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2.11.2009

Training

Weatherization
PROGRAM

Home Energy Rebate
PROGRAM

Alaska Housing
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Training

Classes for:

- Weatherization Service Providers
- Housing Authorities
- Energy Raters
- Contractors
- General Public

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Weatherization PROGRAM

Home Energy Rebate PROGRAM

Training Progress Report

April-December 2008

Professional Classes: 121

Professional Students: 2615

Consumer Classes: 13

Consumer Students: 464

TOTAL Classes: 134

TOTAL Students: 3079

Training provided in 14 regional communities

- Anchorage
- Barrow
- Bethel
- Cordova
- Fairbanks
- Juneau
- Hydaburg
- Ketchikan
- King Salmon
- Kodiak
- Kotzebue
- Nome
- Palmer/Wasilla
- Seward

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Weatherization PROGRAM

Home Energy Rebate PROGRAM

Training Partners

- Alaska Building Science Network
- Alaska Works
- Alaska Craftsman Home Program
- Northern Building Science Group
- UAF Cooperative Extension
- UAS Building Science Program
- Wisdom & Associates
- Cold Climate Housing Research Center
- Opportunity Council
- Building Performance Institute

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Weatherization PROGRAM

Home Energy Rebate PROGRAM

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Housing for Alaskans.

Energy-Efficiency Programs

Weatherization
PROGRAM

Home Energy Rebate
PROGRAM

COMMITTEE ACTION ON LEGISLATION

Fax to Chief Clerk's Office 5334
HOUSE FINANCE SECRETARY: Doniece

PAGE 1 OF ___
DATE: 2.18.09

SHORT TITLE	ACTION TAKEN ON LEGISLATION
Presentation: Alaska Housing Finance Corporation	_____Moved Out of Committee _____Moved CS (_____) Out of Committee _____Moved HCS (_____) Out of Committee _____Heard and Held _____Heard and Held Assigned to Subcommittee _____Bill Postponed to_____ _____Scheduled but not Heard _____Failed to Move Out of Committee
SHORT TITLE	ACTION TAKEN ON LEGISLATION _____Moved Out of Committee _____Moved CS (_____) Out of Committee _____Moved HCS (_____) Out of Committee _____Heard and Held _____Heard and Held Assigned to Subcommittee _____Bill Postponed to_____ _____Scheduled but not Heard _____Failed to Move Out of Committee
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authorization provided in section 365(f) of such Act only if the governor of the recipient State notifies the Secretary of Energy in writing that the governor has obtained necessary assurances that each of the following will occur:

(1) The applicable State regulatory authority will seek to implement, in appropriate proceedings for each electric and gas utility, with respect to which the State regulatory authority has ratemaking authority, a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently.

(2) The State, or the applicable units of local government that have authority to adopt building codes, will implement the following:

(A) A building energy code (or codes) for residential buildings that meets or exceeds the most recently published International Energy Conservation Code, or achieves equivalent or greater energy savings.

(B) A building energy code (or codes) for commercial buildings throughout the State that meets or exceeds the ANSI/ASHRAE/IESNA Standard 90.1–2007, or achieves equivalent or greater energy savings.

(C) A plan for the jurisdiction achieving compliance with the building energy code or codes described in subparagraphs (A) and (B) within 8 years of the date of enactment of this Act in at least 90 percent of new and renovated residential and commercial building space. Such plan shall include active training and enforcement programs and measurement of the rate of compliance each year.

(3) The State will to the extent practicable prioritize the grants toward funding energy efficiency and renewable energy programs, including—

(A) the expansion of existing energy efficiency programs approved by the State or the appropriate regulatory authority, including energy efficiency retrofits of buildings and industrial facilities, that are funded—

(i) by the State; or

(ii) through rates under the oversight of the applicable regulatory authority, to the extent applicable;

(B) the expansion of existing programs, approved by the State or the appropriate regulatory authority, to support renewable energy projects and deployment activities, including programs operated by entities which have the authority and capability to manage and distribute grants, loans, performance incentives, and other forms of financial assistance; and

(C) cooperation and joint activities between States to advance more efficient and effective use of this funding to support the priorities described in this paragraph.

(b) STATE MATCH.—The State cost share requirement under the item relating to "Department of Energy; Energy Conservation" in title II of the Department of the Interior and Related Agencies

Distributed by Rep. Gara

2009 HOUSE FINANCE
COMMITTEE ATTENDANCE

DATE: 2·18·09

Circle Meeting Chair: Hawker Stoltze

	MEMBER	PRESENT	ABSENT
RF	REP. FOSTER	X	
AA	REP. AUSTERMAN	X	
MK	REP. KELLY		
AF	REP. FAIRCLOUGH	X	
MH	CO-CHAIR HAWKER		
BS	CO-CHAIR STOLTZE	X	
BT	VICE-CHAIR THOMAS	X	
LG	REP. GARA	X	
HC	REP. CRAWFORD	X	
WS	REP. SALMON	X	
RJ	REP. JOULE		

2/19/09 GOVERNOR'S FY10 OPERATING BUDGET AMENDMENTS

<target><bill></bill><subject>2-19-09 GOVERNOR'S FY10 OPERATING BUDGET AMENDMENTS</subject><comm>HFIN26</comm></target>

1191

FMAP

Governor's FY2010 Operating Budget Amendments

	A	B	C	D	E	F	G	H	I	J	K
1	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2	Administration	Personnel				A one-time item for Costs Associated with State Officers Compensation Commission (HB 417) (SB221 Sec 59 page 220 line 6) is removed.	(7.5)				(7.5)
3	Administration	Public Defender Agency				Additional funding is needed to cover expected increased operational costs due to projected caseload and workload increases. For the 1st half of FY2009, the Public Defender Agency (PDA) has experienced caseload growth in key areas. The Anchorage Criminal Section has experienced an 11% increase for all cases, a 30% increase in felony petitions to revoke probation, a 14% increase in misdemeanor cases, and a 70% increase in misdemeanor petitions to revoke probation. Of particular importance is the low closing rates in these cases. The closing rate for Anchorage Criminal is 73% for all cases, 81% for felony cases, 69% for felony petitions to revoke probation, 72% for misdemeanor cases, and 41% for misdemeanor petitions to revoke probation. Fairbanks has experienced a 5% increase in felony cases and a 14% increase in juvenile delinquency cases. The Civil Section within PDA has experienced a 7% increase in all cases, a 15% increase in juvenile delinquency cases, and a 9% increase in civil commitment cases. The Palmer office has seen a 35% increase in Child in Need of Aid (CINA) cases.	1,000.0				1,000.0
4	Commerce	Community and Regional Affairs				The department contracted for an updated cost allocation plan. This amendment provides additional authorization needed for the component to pay their share of the costs under the new proposed allocations.	4.4		51.1	CIP Rcpts 3.9 BLic Rcpts 45.0 Veh Rcpts 1.1 BF Bridg LF 1.1	55.5
5	Commerce	Community and Regional Affairs				Updated calculations for Business License Receipts show that there will be sufficient amounts to pay for salary cost increases without GF support previously requested in the Governor's Budget. These salary fund source changes are being reversed in both Community and Regional Affairs and the Office of Economic Development for a total of $61.4.	(39.2)		39.2	BLic Rcpts	0.0
6	Commerce	Office of Economic Development				Updated calculations for Business License Receipts show that there will be sufficient amounts to pay for salary cost increases without GF support previously requested in the Governor's Budget. These salary fund source changes are being reversed in both Community and Regional Affairs and the Office of Economic Development for a total of $61.4.	(22.2)		22.2	BLic Rcpts	0.0
7	Commerce	Office of Economic Development				The department contracted for an updated cost allocation plan. This amendment provides additional authorization needed for the component to pay their share of the costs under the new proposed allocations.			61.9	CIP Rcpts 1.9 BLic Rcpts 60.0	61.9
8	Commerce	Office of Economic Development				Eliminate one-time funding for start-up equipment costs to establish the new Film Office per fiscal note for ch. 63, SLA 2008.	(15.0)				(15.0)
9	Commerce	Payment in Lieu of Taxes				Language is added to ensure that all federal receipts received are able to be distributed to local governments as quickly as possible.					0.0
10	Commerce	National Forest Receipts				Language is added to ensure that all federal receipts received are able to be distributed to affected communities as quickly as possible.					0.0
11	Commerce	Alaska Aerospace Development Corporation				The department contracted for an updated cost allocation plan. This amendment provides additional authorization needed for the component to pay their share of the costs under the new proposed allocations.		36.5	14.2	CIP Rcpts 12.7 Aero Rcpts 1.5	50.7
12	Commerce	Alaska Seafood Marketing Institute				The department contracted for an updated cost allocation plan. This amendment provides additional authorization needed for the component to pay their share of the costs under the new proposed allocations.	2.3		2.8	Receipt Supported Srvcs	5.1
13	Commerce	AEA - Statewide Project Development				Eliminate one-time funding for start-up funding to establish the Renewable Energy Task Force and Renewable Energy Project Advisory Committee per the fiscal note for ch. 31, SLA 2008 (HB 152).	(71.0)				(71.0)
14	Commerce	Corporations, Business and Professional Licensing				The department contracted for an updated cost allocation plan. This amendment provides additional authorization needed for the component to pay their share of the costs under the new proposed allocations.			309.5	Interagency Rcpts 18.6 Rcpt Svcs 225.9 BLic Rcpts 65.0	309.5
15	Commerce	Corporations, Business and Professional Licensing				This amendment reduces uncollectible Interagency Receipt authority. At FY2009 Management Plan, the Office of Consumer Affairs and Investigations (OCAI) transferred $300.0 from personal services to contractual to hold for further evaluation of collectibiltiy. The component was merged with Corporations, Business and Professional Licensing in the Governor's Operating budget but potential funding needs were still being evaluated. The evaluation is complete and the authority is no longer needed.			(300.0)	Interagency Rcpts	(300.0)
16	Commerce	Regulatory Commission of Alaska				The department contracted for an updated cost allocation plan. This amendment provides additional authorization needed for the component to pay their share of the costs under the new proposed allocations.			105.3	RCA Rcpts	105.3
17	Commerce	Serve Alaska				The department contracted for an updated cost allocation plan. This amendment provides additional authorization needed for the component to pay their share of the costs under the new proposed allocations.	8.9	9.0			17.9
18	Corrections	Goose Creek Correctional Center				Goose Creek Correctional Center – A private contractor is being used to monitor the construction of the new prison. The Mat-Su Borough is going to contract with Corrections for that private contractor, since the State has oversight of the design and construction.			250.0	Statutory Designated Prgm. Rcpts	250.0

Governor's FY2010 Operating Budget Amendments

	A	B	C	D	E	F	G	H	I	J	K
1	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
19	Corrections	Inmate Health Care				Eliminate MHTAAR for the Critical Incident Stress Management and Moral Reconation Therapy Training / Materials to comply with Trust request of January 2009. Reduces MHTAAR from $12.5 to 0.0.			(12.5)	MHTAAR	(12.5)
20	Fish and Game	Commercial Fisheries AYK Region Fisheries Management				Lower Yukon River cooperative summer drift test fishing project to assess run timing and relative strength of summer chum salmon at the mouth of the Yukon River. Funding is needed to replace special project funding from the Office of Subsistence Management (OSM), which was cut several years ago. The Yukon Delta Fisheries Development Association will be providing funding to hire local technicians to offset additional costs of this project.	18.9				18.9
21	Fish and Game	Commercial Fisheries AYK Region Fisheries Management				Hooper Bay/Dall Point offshore salmon test fish feasibility study. The proposed project is a cooperative study with the Yukon Delta Fisheries Development Association who is expected to provide local hire technicians to build community capacity and cover additional costs of operating this project.	67.0				67.0
22	Fish and Game	Commercial Fisheries AYK Region Fisheries Management				Pilot Station sonar fall chum comprehensive sampling to ensure the accuracy of fall chum and coho salmon passage estimates generated at the Pilot Station sonar project by increasing the frequency of sonar sampling during major pulses of returning salmon.	24.1				24.1
23	Fish and Game	Commercial Fisheries Westward Region Fisheries Management				Reduce general fund support for the Bering Sea/Aleutian Islands Crab Observer and Research Programs as federal funding may be available in the FY09 federal budget.	(793.7)				(793.7)
24	Fish and Game	Commercial Fisheries Special Projects				Increase federal receipt authority for the Bering Sea/Aleutian Islands Crab Observer and Research Programs as approximately $1million in federal funding may be available in the FY09 federal budget. A $793.7 general fund decrement for this program is in the Commercial Fisheries Westward Region Fisheries Management component. This federal increment is in the Commercial Fisheries Special Projects component as this is where the division records federal funds and represents the additional amount of federal authority needed to receive this funding.		500.0			500.0
25	Fish and Game	Wildlife Conservation				Wildlife pilot program of urban response teams. A more extensive program was included in the Governor's FY10 capital budget which is being deleted. This operating program will focus on the Anchorage area and may expand to other areas of the state.	190.0				190.0
26	Fish and Game	Wildlife Conservation Special Projects				Increase SDPR to receive National Fish and Wildlife Foundation funding to support two new research projects: 1) Dall Sheep Ecology Within Northern Alaska, and 2) Reduce Conflicts Between Grizzly Bears and Old Development Within Northern Alaska. Excess Interagency Receipt authority in this component is reduced for a net zero amendment.			0.0	Stat Des Prgm Rcpts 50.0 Interagency Rcpts (50.0)	0.0
27	Fish and Game	Administrative Services				Increase Interagency Receipt authority due to unanticipated SB250 indirect receipts from Wildlife Conservation and Sport Fisheries.			300.0	Interagency Rcpts	300.0
28	Governor	Executive Office	(2)			Transfer two AGIA positions and funds from Governor's Office to DNR (PCN 01-802X and PCN 01-919X). The transfer of PCN 01-802X is already in the supplemental budget bill and a supplemental amendment will be submitted to transfer the other position.	(390.0)				(390.0)
29	Governor	Governor's Office Leasing				Delete the GF increment for lease costs for the Absentee and Petition Office. The Office will remain funded with federal Help America Vote Act (HAVA) funds.	(60.5)				(60.5)
30	Governor	Elections				Delete the GF increment for Absentee and Petition Office. The Office will remain funded with federal Help America Vote Act (HAVA) funds.	(416.1)				(416.1)
31	Governor	Elections	(2)			Delete two HAVA project positions.					0.0
32	Governor	Elections				Restore funding from federal Help America Vote Act (HAVA) funds for Absentee and Petition Office staff.			142.0	CIP Rcpts	142.0
33	Governor	Fuel Branch-wide Unallocated				Reduce by $1.0 million the $24.0 million in the budget for distribution to executive branch agencies to reflect fuel and utility cost increases. $24.0 million is the appropriation amount corresponding to an oil price of $60 per barrel. The Department of Revenue's February 2009 Interim Forecast predicts the FY2010 price per barrel will be $57.78. Therefore, the cost associated with this appropriation is reduced by $1 million.	(1,000.0)				(1,000.0)
34	Health & Social Services	Behavioral Health Medicaid Services				Reduce authorization based on current Medicaid trends.	(4,300.0)	(4,300.0)			(8,600.0)
35	Health & Social Services	Behavioral Health Medicaid Services				Economic Stimulus - FMAP reduction. HSS calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(10,399.9)	10,399.9			0.0
36	Health & Social Services	Behavioral Health Grants				Reduce MHTAAR for Develop Detox and Treatment Capacity as Alternative to Protective Custody Holds project to comply with Trust request of January 2009. Reduces MHTAAR from $530.0 to $500.0.			(30.0)	MHTAAR	(30.0)
37	Health & Social Services	Behavioral Health Administration				Increase MHTAAR for Office of Integrated Housing project to comply with Trust request of January 2009. Increases MHTAAR from $185.0 to $200.0.			15.0	MHTAAR	15.0
38	Health & Social Services	Behavioral Health Administration				Eliminate MHTAAR for Clinical Position within Office of Integrated Housing project to comply with Trust request of January 2009. Reduces MHTAAR from $75.0 to 0.0.			(75.0)	MHTAAR	(75.0)
39	Health & Social Services	Svcs/Severely Emotionally Disturbed Youth				Reduce MHTAAR for Bring the Kids Home Transitional Aged Youth project to comply with Trust request of January 2009. Reduces MHTAAR from $300.0 to $200.0.			(100.0)	MHTAAR	(100.0)
40	Health & Social Services	Children's Medicaid Services				Economic Stimulus - FMAP reduction. HSS calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(613.7)	613.7			0.0

Governor's FY2010 Operating Budget Amendments

	A	B	C	D	E	F	G	H	I	J	K
1	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
41	Health & Social Services	Front Line Social Workers				Reverse fund change requested in original FY10 Governor's budget. Updated projections reflect this replacement can be postponed until FY2011.	(4,200.0)	4,200.0			0.0
42	Health & Social Services	Family Preservation				Reverse fund change requested in original FY10 Governor's budget. Updated projections reflect this replacement can be postponed until FY2011.	(900.0)	900.0			0.0
43	Health & Social Services	Foster Care Base Rate				Economic Stimulus - FMAP reduction. HSS calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(243.6)	243.6			0.0
44	Health & Social Services	Subsidized Adoptions and Guardianship				Economic Stimulus - FMAP reduction. HSS calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(780.0)	780.0			0.0
45	Health & Social Services	Adult Preventative Dental Medicaid				STRUCTURE CHANGE: Move Adult Preventative Dental Medicaid from a stand-alone RDU to the Health Care Services RDU to enhance managerial efficiency.					0.0
46	Health & Social Services	Adult Preventative Dental Medicaid				Additional funds needed for the reauthorization of the program. Cost estimates are based upon revised projections as of February 4, 2009. This will also be put forward in an amended fiscal note.	448.7	705.9			1,154.6
47	Health & Social Services	Adult Preventative Dental Medicaid				Economic Stimulus - FMAP reduction. HSS calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(521.0)	521.0			0.0
48	Health & Social Services	Medicaid Services				Reduce funds based on reduction of RSA with Nursing due to recent determination of error in billing methodology. See related items in Nursing and Administrative Support Services. A corresponding FY09 supplemental was submitted.	(2,000.0)	(2,000.0)			(4,000.0)
49	Health & Social Services	Medicaid Services				Economic Stimulus - FMAP reduction. HSS calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(34,724.2)	34,724.2			0.0
50	Health & Social Services	Health Planning and Infrastructure				Transfer Community Health Center authorization from Senior Community Based Grants to Health Planning and Infrastructure to group comparable grants.	350.0				350.0
51	Health & Social Services	Nursing				Transfer nursing grants for Maniilaq and Norton Sound from Community Health Grants to Nursing component to assist in better management of the grant funds.	1,192.7				1,192.7
52	Health & Social Services	Nursing				Increase general funds due to reduction of RSA with Medicaid Services due to recent determination of error in billing methodology related to Nursing. See related items in Medicaid Services and Administrative Support Services. A corresponding FY09 supplemental was submitted.	4,000.0		(4,000.0)	Interagency Rcpts	0.0
53	Health & Social Services	Community Health Grants				Transfer Nursing grants for Maniilaq and Norton Sound ($1,192.7) to Nursing component and Emergency Medical Services grants for Maniilaq and Y-K Health Corporation ($491.1) from Community Health Grants to Emergency Medical Services Grants to assist in better management of the grant funds.	(1,683.8)				(1,683.8)
54	Health & Social Services	Community Health Grants				STRUCTURE CHANGE: Transfer the balance of the component ($1,903.9) from Public Health RDU to the Health Care Services RDU to consolidate the management of provision of health care services in one division. The balance is comprised of the Community Health Aide Training and Supervision (CHATS) grants.					0.0
55	Health & Social Services	Emergency Medical Services Grants				Transfer Emergency Medical Services grant funding for Maniilaq and Y-K Health Corporation ($491.1) from Community Health Grants to Emergency Medical Services Grants component to assist in better management of the grant funds.	491.1				491.1
56	Health & Social Services	Senior and Disabilities Medicaid Services				Economic Stimulus - FMAP reduction. HSS calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(27,241.2)	27,241.2			0.0
57	Health & Social Services	Senior and Disabilities Medicaid Services				Reduce authorization based on current Medicaid trends	(3,000.0)	(3,000.0)			(6,000.0)
58	Health & Social Services	Senior and Disabilities Services Administration				MH Trust: Brain Injury - 2045 Traumatic brain injury service coordination. The project is added as an amendment at the request of the Mental Health Trust.			150.0	MHTAAR	150.0
59	Health & Social Services	Senior and Disabilities Services Administration				Reduce MHTAAR for Rural Long-Term Care project to comply with Trust request of January 2009. Reduces MHTAAR from $200.0 to $135.0.			(65.0)	MHTAAR	(65.0)
60	Health & Social Services	Senior Community Based Grants				Transfer Community Health Center authorization from Senior Community Based Grants to Health Planning and Infrastructure to group comparable grants.	(350.0)				(350.0)
61	Health & Social Services	Administrative Support Services				Increase general funds due to reduction of RSA with Medicaid Services due to recent determination of error in billing methodology related to Nursing. See related item in Medicaid Services and Nursing. A corresponding FY09 supplemental was submitted.	800.0	(800.0)			0.0
62	Health & Social Services	Structure Change				STRUCTURE CHANGES: Requested by HSS to align boards with their respective divisions. There are four structure changes with no financial impact. Transfer AK Mental Health and Alcohol & Drug Abuse (combined) board from Boards and Commissions RDU to Behavioral Health RDU; Transfer the Commission on Aging and the Governor's Council on Disabilities and Special Education from Boards and Commissions RDU to Senior & Disabilities Services RDU; and Transfer Pioneers Homes Advisory Board from Boards and Commissions RDU to Alaska Pioneer Homes RDU					0.0

Governor's FY2010 Operating Budget Amendments

	A	B	C	D	E	F	G	H	I	J	K
1	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
63	Health & Social Services	Governor's Council on Disabilities and Special Education				Reduce MHTAAR for "Grow Your Own" Recruitment Strategy for Youth project to comply with Trust request of January 2009. Reduces MHTAAR from $180.0 to $141.0.			(39.0)	MHTAAR	(39.0)
64	Health & Social Services	Governor's Council on Disabilities and Special Education				Eliminate MHTAAR to develop marketing strategies for beneficiary area service careers to comply with Trust request of January 2009. Reduces MHTAAR from $165.0 to 0.0.			(165.0)	MHTAAR	(165.0)
65	Labor	Worker's Compensation				Funding is needed for increased Anchorage office space lease costs for the fraud unit.			108.0	Workers Safety Account	108.0
66	Labor	Employment and Training Services				The Business Services component will transfer via RSA approximately $1.8 million per year to the Employment and Training Services component for Workforce Investment Act (WIA) Adult Services grants. Employment and Training Services needs additional Interagency Receipt authority for these funds. The program provides training and training related support services to job seekers needing to gain or upgrade their skills to qualify for self-sustaining employment.			1,400.0	Interagency Rcpts	1,400.0
67	Labor	Unemployment Insurance				UI is receiving an increase to their federal authorization based on contingingency they earn on their normal program operations. There is no guarantee that the these federal funds will remain at this level in the future, however other funds are expected to be available. This is not related to the Economic Stimulus bill but a regular increase based on operations.	(964.2)	1,886.6			922.4
68	Labor	AVTEC				Authority is needed to be able to collect tax credit receipts, as well as carry forward language so the funding does not lapse. As of January 1, 2009, a revision to AS 43.20.014 allows AVTEC to receive donations in return for tax credits. According to statute, use of funds is very specific and must be spent by the institution that receives the donation.			300.0	Statutory Designated Prgm. Rcpts	300.0
69	Law	Third Judicial District: Anchorage				Lease Costs Increase Based on further analysis of the information provided by the Department of Administration, Division of General Services, the increment for FY10 lease costs can be reduced. Lease costs are expected to increase in FY10. The largest factor is the expiration of Law's largest lease, the Whale and Brady Buildings in Anchorage. The lease expires 9/30/09 and the Division of General Services within the Department of Administration has executed a new lease. Law's current lease is approximately $2.50/square foot. The new lease is approximately $3.13 a square foot. Department of Law is requesting funding for only 3/4 year in FY10 and will need additional funds in FY11.	(58.8)				(58.8)
70	Law	Criminal Justice Litigation				Reduce MHTAAR for Deliver Training for Prosecutors project to comply with Trust request of January 2009. Reduces MHTAAR from $25.0 to $12.5.			(12.5)	MHTAAR	(12.5)
71	Law	Deputy Attorney General's Office				Lease Costs Increase Based on further analysis of the information provided by the Department of Administration, Division of General Services, the increment for FY10 lease costs can be reduced. Lease costs are expected to increase in FY10. The largest factor is the expiration of Law's largest lease, the Whale and Brady Buildings in Anchorage. The lease expires 9/30/09 and the Division of General Services within the Department of Administration has executed a new lease. Law's current lease is approximately $2.50/square foot. The new lease is approximately $3.13 a square foot. Department of Law is requesting funding for only 3/4 year in FY10 and will need additional funds in FY11.	(40.1)		(40.1)	Interagency Rcpts	(80.2)
72	Law	Commercial and Fair Business				Tobacco Education Cessation Arbitration Funding is requested to resolve a dispute between Alaska and the tobacco companies that signed the Master Settlement Agreement (MSA). This dispute is to be resolved by an arbitration panel and this arbitration is scheduled to commence on October 1, 2009. The Department of Law is requesting $165.0 to cover the significant preparation and other related costs associated with this arbitration.			165.0	Tobacco Use Education and Cessation Fund	165.0
73	Law	Oil, Gas and Mining				Trans Alaska Pipeline System (TAPS) Strategic Reconfiguration The Department of Law is requesting $1,900.0 to cover the significant preparation and other related costs associated with the TAPS Strategic Reconfiguration. The State is protesting imprudent capital expenditures on the TAPS Strategic Reconfiguration project that are included in rates from 2005 forward.	1,900.0				1,900.0
74	Law	Statehood Defense				Endangered Species Act Litigation Costs associated with assessing and protecting the State's interest related to actions taken by the federal government as they relate to the Endangered Species Act, including Polar Bears and Beluga Whales.	600.0				600.0

Governor's FY2010 Operating Budget Amendments

	A	B	C	D	E	F	G	H	I	J	K
1	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
75	Law	BP Corrosion				BPXA Corrosion Litigation Law (DOL) requests an appropriation for FY10 in the amount of $3.5 million to continue the pursuit of claims for penalties and lost revenues for the 2006 Prudhoe Bay pipeline spills and production shutdowns. DOL believes that it is unlikely that an agreement could be reached to resolve the claims and anticipates filing a court case later this year or risk certain claims being time barred; hence this request for an appropriation to fund the anticipated litigation in FY10.	3,500.0				3,500.0
76	Military & Veterans Affairs	Air Guard Facilities Maintenance				Increase Federal Authority for Ongoing Maintenance Costs Additional federal authorization is available for ongoing maintenance costs at Air National Guard facilities.		300.0			300.0
77	Natural Resources	Oil & Gas Development	(3)			Transfer AGIA related funding and positions (PCNs 10-Z054, 10-Z055, 10-Z056) from the Oil & Gas Development component to a new State Coordinator - Gas Pipeline component.	(391.7)				(391.7)
78	Natural Resources	State Coordinator - Gas Pipeline				Create new component for Gas Pipeline Oversite					0.0
79	Natural Resources	State Coordinator - Gas Pipeline	2			Transfer AGIA related funding and positions from Governor's Office to new State Coordinator - Gas Pipeline component. (PCN 01-802X and PCN 01-919X) The transfer of PCN 01-802X is already in the supplemental budget bill and a supplemental amendment will be submitted to transfer the other position.	390.0				390.0
80	Natural Resources	State Coordinator - Gas Pipeline	3			Transfer AGIA related funding and positions (PCNs 10-Z054, 10-Z055, 10-Z056) from the Oil & Gas Development component to a new State Coordinator - Gas Pipeline component.	391.7				391.7
81	Natural Resources	Mental Health Trust Lands Administration	(2)			Delete Vacant PCNs 10-0131 and 10-0136. Based on the current status of funding available from the Mental Health Trust Authority, current economic conditions, and future business opportunities, these positions will not be needed. Current workload can be managed with existing staff.			(189.9)	MHTAAR	(189.9)
82	Public Safety	Special Projects				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	4.8				4.8
83	Public Safety	Special Projects	13			Fund the operations of the Bureau of Highway Patrol in Fairbanks, Mat-Su Valley and Kenai Peninsula regions. These funds add 10 troopers and 3 administrative staff to the seven positions (four state troopers and three administrative) that were added in FY2009 through an RSA. These funds are from the National Highway Traffic Safety Administration (NHTSA) through the Department of Transportation and Public Facilities, Highway Safety Office.			4,800.0	CIP Rcpts	4,800.0
84	Public Safety	Alaska State Troopers Director's Office				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	6.0				6.0
85	Public Safety	Alaska Bureau of Judicial Services				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	424.2				424.2
86	Public Safety	Prisoner Transportation				Increased transportation costs due to higher fuel and airline ticket costs.	400.0				400.0
87	Public Safety	Rural Trooper Housing				Central Regional Facilities Maintenance RSA with DOT/PF. Department wants to have maintenance done before things break instead of having to do emergency RSAs, hire private contractors or add the fixes to the deferred maintenance backlog. Also, department can get a cost break from DOT by having maintenance done when DOT is already traveling to the location to do work for other customers.	30.0				30.0
88	Public Safety	Narcotics Task Force				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	49.3				49.3
89	Public Safety	Alaska State Trooper Detachments				Increased trooper moves necessitated by having all trooper positions filled. Costs are based on 10 rural moves which have averaged $50,000/move and 10 road system moves that have averaged $30,000/move.	600.0				600.0
90	Public Safety	Alaska State Trooper Detachments				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	2,439.9				2,439.9
91	Public Safety	Alaska State Trooper Detachments				Increased vehicle costs corresponding to FY09 supplemental request.	139.8				139.8
92	Public Safety	Alaska State Trooper Detachments				Central Regional Facilities Maintenance RSA with DOT/PF. Department wants to have maintenance done before things break instead of having to do emergency RSAs, hire private contractors or add the fixes to the deferred maintenance backlog. Also, department can get a cost break from DOT by having maintenance done when DOT is already traveling to the location to do work for other customers.	42.0				42.0
93	Public Safety	Alaska Bureau of Investigation				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	268.8				268.8
94	Public Safety	Alaska Bureau of Alcohol and Drug Enforcement				Increased vehicle costs corresponding to FY09 supplemental request.	6.4				6.4
95	Public Safety	Alaska Bureau of Alcohol and Drug Enforcement				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	83.9				83.9
96	Public Safety	Alaska Wildlife Troopers				Central Regional Facilities Maintenance RSA with DOT/PF. Department wants to have maintenance done before things break instead of having to do emergency RSAs, hire private contractors or add the fixes to the deferred maintenance backlog. Also, department can get a cost break from DOT by having maintenance done when DOT is already traveling to the location to do work for other customers.	28.0				28.0

Governor's FY2010 Operating Budget Amendments

	A	B	C	D	E	F	G	H	I	J	K
1	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
97	Public Safety	Alaska Wildlife Troopers				Increased trooper moves necessitated by having all trooper positions filled. Costs are based on 10 rural moves which have averaged $50,000/move and 10 road system moves that have averaged $30,000/move.	200.0				200.0
98	Public Safety	Alaska Wildlife Troopers				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	746.1				746.1
99	Public Safety	Alaska Wildlife Troopers Aircraft Section				Projected risk management cost increases. This corresponds to the FY09 supplemental request that was split between AWT Aircraft Section and AWT Marine Enforcement.	318.8				318.8
100	Public Safety	Alaska Wildlife Troopers Aircraft Section				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	43.7				43.7
101	Public Safety	Alaska Wildlife Troopers Marine Enforcement				Projected risk management cost increases. This corresponds to the FY09 supplemental request that was split between AWT Aircraft Section and AWT Marine Enforcement.	21.2				21.2
102	Public Safety	Alaska Wildlife Troopers Marine Enforcement				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	31.5				31.5
103	Public Safety	Alaska Wildlife Troopers Director's Office				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	9.3				9.3
104	Public Safety	Alaska Wildlife Troopers Investigations				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	22.1				22.1
105	Public Safety	VPSO Contracts				Annualize costs of 15 new VPSO's added in the FY09 budget by the legislature.	783.1				783.1
106	Public Safety	VPSO Contracts				Add 15 new VPSO positions per Task Force recommendation.	1,245.5				1,245.5
107	Public Safety	VPSO Contracts				Establish 3% COLA to match trooper COLA. Of this total amount $34.2 is attributable to the request for 15 new positions in FY10. There are VPSO vacancies currently, but the department expects these new positions and the vacancies will be filled.	205.2				205.2
108	Public Safety	VPSO Contracts				Establish annual merit increases per Task Force recommendation.	236.5				236.5
109	Public Safety	Training Academy				Full funding of commissioned officers with no vacancy. The department expects all trooper positions will be filled by July 1, 2009.	35.5				35.5
110	Revenue	ARM Board				Increase expenditure authorization of Benefit Systems Receipts due to costs allocable to the supplemental annuity plan (SBS) and deferred compensation plan (DCP) under Treasury's federally-approved cost allocation plan, which was approved retroactive to July 1, 2008.			900.0	Benefit Systems Recpts	900.0
111	Revenue	ARM Board				Add contractual funding to conduct an audit of the Alaska Retirement Management Board's performance consultant, as required under AS 37.10.220 (11).			150.0	PERS $102.5 TRS $46.6 JRS $0.8 Nat Guard $0.1	150.0
112	Revenue	ARM Board				Remove the one-time item for independent audit of the state's actuary, which was conducted in FY2009 in accordance with AS 37.10.220 (10).			(300.0)	PERS ($195.6) TRS ($100.3) JRS ($2.8) Nat Guard ($1.3)	(300.0)
113	Revenue	ARM Custody and Management Fees				Reduce contractual services due to lower fees billed by investment managers, whose fees are based on net asset values of invested assets. Lower net asset values and manager fees are reflective of the recent downturn in financial markets.			(8,546.7)	PERS ($5,842.9) TRS ($2,653.5) JRS ($44.6) Nat Guard ($5.7)	(8,546.7)
114	Revenue	APFC Custody and Management Fees				Reduce contractual services due to lower fees billed by investment managers, whose fees are based on net asset values of invested assets. Lower net asset values and manager fees are reflective of the recent downturn in financial markets.			(10,000.0)	Perm Fund Rcpts	(10,000.0)
115	Transportation	Statewide Information Systems				Maintenance Management System Operating Costs The Department of Transportation and Public Facilities is nearly finished deploying a Maintenance Management System (MMS) which was funded with federal receipts in the capital budget. Ongoing costs of the MMS are ineligible for federal funds. General funds are needed to continue operating, maintaining and enhancing the system. Beginning in FY09, salaries for the four existing analyst/programmers are no longer eligible for federal funding as the project has moved from implementation into the maintenance phase. These positions were short funded in FY09. This increment will allow the existing positions to be fully funded.	75.0				75.0

Governor's FY2010 Operating Budget Amendments

	A	B	C	D	E	F	G	H	I	J	K
1	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
116	Transportation	Statewide Design and Engineering Services				Transfer out Janitorial, Electricity and Water/Sewer Funding to Central Region Facilities for the Statewide Materials Building Statewide Design and Engineering Services has been paying for electricity ($10.7), water/sewer ($1.8) and janitorial ($5.3) costs for the Statewide Materials building in Anchorage. Capital Improvement Project/Indirect Cost Allocation Plan (CIP/ICAP) Receipt funding for these costs is being transferred to the Central Region Facilities component which is responsible for ongoing services of this nature for Department of Transportation and Public Facilities' owned and occupied buildings.			(17.8)	CIP Rcpts	(17.8)
117	Transportation	State Equipment Fleet	1			Transfer PCN 25-1912, Mechanic, from Northern Region Highways and Aviation for Mechanic Support of State Equipment Through a Reimbusable Services Agreement (RSA) with State Equipment Fleet (SEF), this position has provided mechanic support on all state-owned equipment assigned to this maintenance station and at several surrounding villages since SEF does not have a mechanic at this station. Since the Air Force vacated their base at Galena and the Maintenance and Operations (M&O) workforce was reduced to provide maintenance at a lower level, one mechanic position was transferred to the Dalton Highway two years ago and there is no longer enough work at Galena for the one full time mechanic remaining at this station. This position will continue to provide operator support to Highways and Aviation, as necessary, in performing airport rescue and fire fighting duties, snow plowing, and other routine road and airport maintenance and SEF will be reimbursed for these services through payment on the monthly equipment billings.					0.0
118	Transportation	State Equipment Fleet				Increase Highway Working Capital Funds Authorization to Fund PCN 25-1912 State Equipment Fleet (SEF) requests an additional $98.6 Highway Working Capital Funds authorization to fund PCN 25-1912 which is being transferred in from Northern Region Highways and Aviation. Through a Reimbusable Services Agreement (RSA) with State Equipment Fleet (SEF), this position has provided mechanic support on all state-owned equipment assigned to this maintenance station and at several surrounding villages since SEF does not have a mechanic at this station. This position will continue to provide operator support to Highways and Aviation, as necessary, in performing airport rescue and fire fighting duties, snow plowing, and other routine road and airport maintenance and SEF will be reimbursed for these services through payment on the monthly equipment billings.			98.6	Highway Equipment Working Capital Fund	98.6
119	Transportation	Central Region Facilities				Transfer in Janitorial, Electricity and Water/Sewer Funding to Central Region Facilities for the Statewide Materials Building Statewide Design and Engineering Services has been paying for electricity ($10.7), water/sewer ($1.8) and janitorial ($5.3) costs for the Statewide Materials building in Anchorage. Capital Improvement Project/Indirect Cost Allocation Plan (CIP/ICAP) Receipt funding for these costs is being transferred to the Central Region Facilities component which is responsible for ongoing services of this nature for Department of Transportation and Public Facilities' owned and occupied buildings.			17.8	CIP Rcpts	17.8
120	Transportation	Central Region Highways and Aviation				National Pollutant Discharge Elimination System Compliance for Anchorage - Street Sweeping To meet Environmental Protection Agency air quality regulations and National Pollution Discharge Elimination Systems (NPDES) requirements, spring sweeping and storm drain cleaning is necessary to remove winter sand from the roads in the Anchorage area. The sweeping contract is due to be rebid in March 2009. According to the current contractor, the rate per mile is expected to increase from $390 to about $700 (a 79% increase). With 596.55 lane miles to be swept, the cost for one round of sweeping wil increase by $185.0. If we eliminate all secondary sweeping, the result is a net increase of $116.3.	116.3				116.3
121	Transportation	Northern Region Highways and Aviation				Parks Highway Maintenance Stations Winter Sand Stockpile All readily accessible sources and old reject stockpiles on the Parks Highway for Nenana, Healy, Cantwell and Antimony Creek (East Fork) maintenance stations have been depleted. Sand is needed for numerous hills and curves in this high snow and ice accumulation area of the Parks Highway and it is too expensive and time sensitive to be hauled in from distant storage sites. This $200.0 increment would allow the department to purchase approximately 10,000 tons of sand from a crushing contractor.	200.0				200.0

Governor's FY2010 Operating Budget Amendments

	A	B	C	D	E	F	G	H	I	J	K
1	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
122	Transportation	Northern Region Highways and Aviation	(1)			Transfer PCN 25-1912, Mechanic, to State Equipment Fleet for Mechanic Support of State Equipment Through a Reimbusable Services Agreement (RSA) with State Equipment Fleet (SEF), this position has provided mechanic support on all state-owned equipment assigned to this maintenance station and at several surrounding villages since SEF does not have a mechanic at this station. Since the Air Force vacated their base at Galena and the Maintenance and Operations (M&O) workforce was reduced to provide maintenance at a lower level, one mechanic position was transferred to the Dalton Highway two years ago and there is no longer enough work at Galena for the one full time mechanic remaining at this station. This position will continue to provide operator support to Highways and Aviation, as necessary, in performing airport rescue and fire fighting duties, snow plowing, and other routine road and airport maintenance and SEF will be reimbursed for these services through payment on the monthly equipment billings.					0.0
123	Transportation	Northern Region Highways and Aviation				Transfer Personal Services Funding to Contractual for Operator Support and Equipment Costs PCN 25-1912, a WG53 Mechanic Auto Advance Journey is being transferred to the State Equipment Fleet (SEF) component to better provide for mechanic support in the Galena and surrounding airports. Thus personal services funding will not be needed in Northern Region Highways and Aviation (NR H&A) for this position, but funding will be needed in contractual services to pay SEF for equipment operator services as needed, and for added equipment costs at this remote site.					0.0
124	Transportation	Marine Vessel Operations				FY10 Bargaining Unit Contract Terms: Inlandboatmen's Union of the Pacific Costs associated with the bargaining unit contract terms applicable to this component: $2,238.8. This includes both wage and health insurance increases. Wage increase: effective July 1, 2009 the hourly rates in effect on June 30, 2009 for all job classifications will increase by 5 percent. Health Insurance: effective July 1, 2009, the State contribution will increase from $868 to $911 per eligible employee per month. Wage Increase: $2,101.6 Health Insurance: $ 218.5 Total: $2,320.1 (in addition, a language amendment is submitted to add the Inlandboatmen's Union of the Pacific to the bargaining units listed in sec. 21.)	2,320.1				2,320.1
125	University	Anchorage Campus				Reduce MHTAAR for Trust Training Cooperative project to comply with Trust request of January 2009. Reduces MHTAAR from $695.0 to $559.0.			(136.0)	MHTAAR	(136.0)
126	University	Anchorage Campus				Reduce MHTAAR for project to increase provider capacity to better serve cognitively impaired offenders to comply with Trust request of January 2009. Reduces MHTAAR from $100.0 to $80.0.			(20.0)	MHTAAR	(20.0)
127	University	Anchorage Campus				Reduce MHTAAR for Specialized Skills and Service Training on Serving Cognitively Impaired Offenders project to comply with Trust request of January 2009. Reduces MHTAAR from $60.0 to $55.0.			(5.0)	MHTAAR	(5.0)
128	University	Anchorage Campus				Reduce MHTAAR for Training and Technical Assistance for Providers project to comply with Trust request of January 2009. Reduces MHTAAR from $225.0 to $210.0.			(15.0)	MHTAAR	(15.0)
129	University	Anchorage Campus				Eliminate MHTAAR for PhD Student Internships on the Outcomes Identification and System Performance Project to comply with Trust request of January 2009. Reduces MHTAAR from $45.0 to $0.0.			(45.0)	MHTAAR	(45.0)
130	University	Anchorage Campus				New Facility Operating and Maintenance Costs - Integrated Science Building Funding will cover a portion of the operating and maintenance costs of the new Integrated Sciences Building (ISB) scheduled to open in the fall of 2009. This 120,000 square foot facility extends the research and teaching capacities within the sciences. The ISB science teaching laboratories and classrooms support professional programs including Nursing and other high demand areas as well as providing science general education and instructional space for majors in science degrees. Completion of the facility will approximately double the amount of space devoted to science instruction and research programs.	1,025.0				1,025.0

Governor's FY2010 Operating Budget Amendments

	A	B	C	D	E	F	G	H	I	J	K
1	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
131	University	Fairbanks Campus				New Facility Operating and Maintenance Costs - State Virology Lab This request covers approximately 57% of UAF's portion of the maintenance requirement and anticipated new facility operating costs for the State Virology Lab. The facility is owned and primarily occupied by the State of Alaska Department of Health and Social Services (DH&SS), with a portion of the basement assigned to UAF. UAF will provide maintenance, operations and utilities for the facility and DH&SS will pay its pro-rata share of the costs for these services. This facility will foster opportunities for collaboration between State and UAF researchers regarding diagnostic activities related to animal and human health.	150.0				150.0
132	University	Fairbanks Campus				Reduce MHTAAR for AK Rural Behavioral Health Training Academy - Telebehavioral Health project to comply with Trust request of January 2009. Reduces MHTAAR from $87.5 to $25.0.			(62.5)	MHTAAR	(62.5)
133	University	Fairbanks Campus				Eliminate MHTAAR for PhD Student Internships on the Outcomes Identification and System Performance Project to comply with Trust request of January 2009. Reduces MHTAAR from $45.0 to $0.0.			(45.0)	MHTAAR	(45.0)
134	University	Multiple Campuses				Non-Personnel Services Fixed Costs - Facilities Maintenance and Repair UA's annual maintenance and repair is calculated at a minimum 1.5 percent of current building value. Each MAU is asked to annually increase its operating budget dedicated to facilities maintenance, often referred to as M&R, in order to keep pace with its ever increasing building maintenance needs. This request covers approximately 61% of the requirement. Starting in FY10, M&R is being budgeted at the allocation (campus level) instead of the MAU level. Statewide Services $ 18.4 Anchorage Campus 222.9 Kenai Peninsula College 26.2 Kodiak College 10.4 Mat-Su College 23.8 Prince William Sound CC 11.7 Fairbanks Campus 302.3 Bristol Bay Campus 14.6 Chukchi Campus 14.3 Interior-Aleutians Campus 17.2 Kuskokwim Campus 24.1 Northwest Campus 17.0 Tanana Valley Campus 44.5 Juneau Campus 50.9 Ketchikan Campus 11.0 Sitka Campus 15.7	825.0				825.0
135	Court System	Trial Courts				Reduce MHTAAR for Training for Therapeutic Court Clinical Staff project to comply with Trust request of January 2009. Reduces MHTAAR from $25.0 to $15.0.			(10.0)	MHTAAR	(10.0)
136	Court System	Trial Courts				Reduce MHTAAR for Fairbanks Juvenile Therapeutic Court project to comply with Trust request of January 2009. Reduces MHTAAR from $255.9 to $250.9.			(5.0)	MHTAAR	(5.0)
137	Court System	Trial Courts				Reduce MHTAAR for Access to Timely Neuropsychiatric Evaluations project to comply with Trust request of January 2009. Reduces MHTAAR from $25.0 to $5.0.			(20.0)	MHTAAR	(20.0)
138	Court System	Trial Courts				Change title of "Grant 1935.01 Juneau Mental Health Court" OTI to "Grant 1935.01 Mental Health Court Expansion to Targeted Community"			(204.4)	MHTAAR	(204.4)
139	Court System	Trial Courts				Change title of "Grant 1935.01 Juneau Mental Health Court" OTI to "Grant 1935.01 Mental Health Court Expansion to Targeted Community"			204.4	MHTAAR	204.4
140	Debt Service	Debt Retirement Fund				An additional $1,108,154 needed for Cordova which held their first bond issuance for schools and did not notify the department by October 15.	1,108.2				1,108.2
141	Debt Service	Debt Retirement Fund				Reduce the amount of General Fund required to capitalize the Debt Retirement Fund. The first bond sale is scheduled to take place the week of March 30. Therefore, the FY2010 debt service on the Series 2009A GO Bonds (Sec. 32(e)) can be reduced from $11,275.0 to $10,275.0.	(1,000.0)				(1,000.0)
142	Debt Service	Debt Retirement Fund				General Fund capitalization may be reduced for the amount of Series 2003A bonds paid from DEED GO Bond funded projects.	(207.3)				(207.3)
143	Fund Capitalization	Power Cost Equalization				Due to an expected decrease in interest revenue in the PCE Fund, less funding will be available for PCE grants. Additional GF is needed to fully fund the program.	888.0				888.0
144	Fund Capitalization	Permanent Fund Principal				Pursuant to sec. 18(d)(1), this represents the pro-rata allocation per AS 37.05.530(g)(2) of the NPRA funds received by the Department of Commerce, Community, and Economic Development that are not allocated to capital projects in the capital budget amendments.		65.9		NPRA Fund	65.9

1200

Governor's FY2010 Operating Budget Amendments

	A	B	C	D	E	F	G	H	I	J	K
1	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
145	Fund Capitalization	Public School Trust Fund				Pursuant to sec. 18(d)(1), this represents the pro-rata allocation per AS 37.05.530(g)(2) of the NPRA funds received by the Department of Commerce, Community, and Economic Development that are not allocated to capital projects in the capital budget amendments.		1.3		NPRA Fund	1.3
146	Fund Capitalization	Oil & Gas Tax Credit Fund				Reduction to match the Department of Revenue's updated estimate of $200 million in tax credits for FY2010.	(100,000.0)				(100,000.0)
147	Direct Appropriations to Retirement Accounts	School District TRS				Given the state's current economic situation, we are reducing the appropriation from $206.3 million to $173.5 million, a reduction of $32.8 million. School districts' portion of the reduction is estimated to be $28,560.0, for a new total of 158,940.0.	(28,560.0)				(28,560.0)
148	Direct Appropriations to Retirement Accounts	Other TRS				Given the state's current economic situation, we are reducing the appropriation from $206.3 million to $173.5 million, a reduction of $32.8 million. Other TRS employers' portion of the reduction is estimated to be $4,278.0, for a new total of $14,522.0.	(4,278.0)				(4,278.0)
149	Direct Appropriations to Retirement Accounts	School District PERS				Given the state's current economic situation, we are reducing the appropriation from $241.6 million to $108.0 million, a reduction of $133.6 million. School districts' portion of the reduction is estimated to be $12,120.0, for a new total of $16,780.0	(12,120.0)				(12,120.0)
150	Direct Appropriations to Retirement Accounts	Other PERS				Given the state's current economic situation, we are reducing the appropriation from $241.6 million to $108.0 million, a reduction of $133.6 million. Other PERS employers' portion of the reduction is estimated to be $121,527.0, for a new total of $91,173.0.	(121,527.0)				(121,527.0)
151	Debt Service	General Obligation Bonds				A portion of the Series 2003A GO Bonds will be paid from the unexpended balances of the DEED GO Bond funded projects, per the terms of the enabling legislation. The result is that the debt service paid from the Debt Retirement Fund is reduced while the payment from the Debt Service Fund is increased - a net zero transaction.				Debt Retirement Fund (207.3) Debt Service Fund 207.3	0.0
152	Debt Service	General Obligation Bonds				FY2010 debt service on the Series 2009A GO Bonds (Sec. 23(e)) can be reduced from $11,275.0 to $10,275.0.			(1,000.0)	Debt Retirement Fund	(1,000.0)
153	Debt Service	Jail Construction Reimbursement				City of Seward - The Spring Creek Correctional Center expansion will not proceed in FY2010. The project is not economically feasible under Chapter 160, SLA 2004 (SB 65).	(2,102.4)				(2,102.4)
154	Debt Service	Jail Construction Reimbursement				The Mat-Su bonds for the Goose Creek Correctional Center have been sold and there is an increase of the bond reimbursement/lease-purchase annual cost of $3,425, from $17,810,000 to $17,813,425	3.4				3.4
155	Debt Service	Jail Construction Reimbursement				City of Bethel - The Yukon-Kuskokwim Correctional Center expansion will not proceed in FY2010. The project is not economically feasible under Chapter 160, SLA 2004 (SB 65).	(951.8)				(951.8)
156	Debt Reimbursement	School Debt Reimbursement				An additional $1,108,154 needed for Cordova which held their first bond issuance for schools and did not notify the department by October 15.			1,108.2	Debt Retirement Fund	1,108.2
157	Debt Service	Revenue Lease Financing				Funding needed for the debt payment for the Master Lease Line of Credit financing of the Department of Revenue's Tax Revenue Management System in FY2010.	690.0				690.0
158	Constitutional Budget Reserve Fund					Add language to access the CBR to balance the FY10 budget.					0.0
159			9	0	0	FY2010 Operating Budget Amendments Total	(334,771.5)	73,028.8	(14,746.2)		(276,488.9)

Federal Medical Assistance Percentage (FMAP)

State of Alaska

Fiscal Year 2010 Governor's Amended Budget Fiscal Summary
(dollars shown in millions)

		FY2010 Governor				FY2010 Governor Amended				Amended Change	
		General Fund	Federal Funds	Other Funds	Total Funds	General Fund	Federal Funds	Other Funds	Total Funds	GF Change	Total Change
1	**Revenues**										
2	Total Unrestricted General Fund Revenues (A)	5,275.4			5,275.4	5,275.4			5,275.4		
3	February 2009 Interim Forecast Adjustment				0.0	(2,089.5)			(2,089.5)		
4	Corporate Dividends (B)			84.5	84.5			84.5	84.5		
5	Federal and Other State Funds		2,803.8	1,272.0	4,075.9		2,905.2	1,363.9	4,269.1		
6	**Total Revenues**	**5,275.4**	**2,803.8**	**1,356.6**	**9,435.8**	**3,185.9**	**2,905.2**	**1,448.4**	**7,539.5**	**(2,089.5)**	
7	**Authorization to Spend**										
8	**Agency Operating**	**3,492.4**	**1,667.9**	**989.4**	**6,149.7**	**3,428.2**	**1,740.9**	**969.7**	**6,138.7**	**(64.2)**	**(11.0)**
9	Agency Operations (Non-formula)	1,797.6	840.4	1,608.0	4,246.0	1,816.7	847.5	1,590.6	4,254.8	19.2	8.8
10	Formula Programs and Potential Rate Adjustments	642.2	827.5	90.5	1,560.2	633.4	818.9	90.5	1,542.8	(8.9)	(17.4)
11	Economic Stimulus Formula Program Adjustments				0.0	(74.5)	74.5		0.0	(74.5)	0.0
12	K-12 Foundation and Pupil Transportation (C)	1,052.6			1,052.6	1,052.6			1,052.6	0.0	0.0
13	Duplicated Authorizations (D)			(709.1)	(709.1)			(711.4)	(711.4)		
14	**Statewide Appropriations**	**1,002.6**	**32.0**	**110.4**	**1,145.0**	**734.5**	**32.0**	**110.6**	**877.1**	**(268.1)**	**(267.8)**
15	Direct Deposit to Retirement Systems	451.2			451.2	284.7			284.7	(166.5)	(166.5)
16	Debt Service (E)	38.3	0.0	223.2	261.5	35.9	0.0	223.3	259.2	(2.4)	(2.3)
17	Debt Retirement Fund Capitalization (E)	118.7	12.0	3.7	134.4	118.6	12.0	3.7	134.3	(0.1)	(0.1)
18	Other Fund Capitalization (F)	34.5	20.0	34.0	88.5	35.3	20.0	34.0	89.4	0.9	0.9
19	Revenue Sharing	60.0			60.0	60.0			60.0	0.0	0.0
20	Oil and Gas Tax Credits	300.0			300.0	200.0			200.0	(100.0)	(100.0)
21	Duplicated Authorizations (D)			(150.6)	(150.6)			(150.5)	(150.5)		
22	**Potential Supplementals, Amendments and Legislation**	**75.0**	**0.0**	**0.0**	**75.0**	**25.0**	**0.0**	**0.0**	**25.0**	**(50.0)**	**(50.0)**
23	Statewide Supplementals (placeholder)	50.0			50.0	20.0			20.0	(30.0)	(30.0)
24	Operating Amendments (placeholder)	20.0			20.0				0.0	(20.0)	(20.0)
25	New Legislation	5.0	0.0	0.0	5.0	5.0			5.0	0.0	0.0
26	**Total Operating Authorization**	**4,570.0**	**1,699.9**	**1,099.8**	**7,369.7**	**4,187.7**	**1,772.9**	**1,080.3**	**7,040.9**	**(382.3)**	**(328.8)**
27	**Capital**	**287.2**	**1,103.9**	**256.8**	**1,647.9**	**243.9**	**1,132.3**	**368.1**	**1,744.4**	**(43.2)**	**96.5**
28	Project Appropriations	227.7	1,103.9	361.1	1,692.7	210.9	1,132.3	451.7	1,795.0		
29	AHCC Receipts Funded Projects and Fund Capitalization (G)			238.4	238.4			128.8	128.8	0.0	(109.6)
30	Fund Capitalization for Capital Projects	59.5	0.0	0.0	59.5	33.0	0.0	0.0	33.0	(26.5)	(26.5)
31	AK Capital Income Fund Capitalization (Am Hess) (H)			28.0	28.0			21.0	21.0	0.0	(7.0)
32	Duplicated Authorizations (D)			(370.7)	(370.7)			(233.4)	(233.4)		
33	**Potential Capital Amendments**	**20.0**	**0.0**	**0.0**	**20.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(20.0)**	**(20.0)**
34	**Total Capital Authorization**	**307.2**	**1,103.9**	**256.8**	**1,667.9**	**243.9**	**1,132.3**	**368.1**	**1,744.4**	**(63.2)**	**76.5**
35	**Total Authorization to Spend**	**4,877.2**	**2,803.8**	**1,356.6**	**9,037.6**	**4,431.6**	**2,905.2**	**1,448.4**	**8,785.3**	**(445.5)**	**(252.3)**
36	PF Dividends / PFD Division Operations (I)			1,311.0	1,311.0			927.0	927.0	0.0	(384.0)
37	PF Inflation Proofing			876.0	876.0		0.1	871.0	871.1	0.0	(4.9)
38	Total AK Permanent Fund	0.0	0.0	2,187.0	2,187.0	0.0	0.1	1,798.0	1,798.1		
39	**Totals with Permanent Fund**	**4,877.2**	**2,803.8**	**3,543.6**	**11,224.6**	**4,431.6**	**2,905.3**	**3,246.4**	**10,583.3**		
40	**Totals with Permanent Fund less Resource Rebate**	**4,877.2**	**2,803.8**	**3,543.6**	**11,224.6**	**4,431.6**	**2,905.3**	**3,246.4**	**10,583.3**	**(445.5)**	**(641.2)**
41	**Additional Savings / Investments**	**9.6**	**0.0**	**0.0**	**9.6**	**9.6**	**0.0**	**0.0**	**9.6**		
42	Public Education Fund	9.6				9.6					
43	**Total Authorization to Spend and Saving / Investments**	**4,886.7**	**2,803.8**	**3,543.6**	**11,234.1**	**4,441.2**	**2,905.3**	**3,246.4**	**10,592.9**		
44	**Balance/(Draw) to Constitutional Budget Reserve (J)**	**388.7**				**(1,255.3)**				**(1,644.0)**	

Notes

A Unrestricted General Fund Revenues: FY2010 Unrestricted Revenues are based on an ANS West Coast oil price at $74.41 per barrel and .665 million barrels per day. The February 2009 Interim Forecast for Unrestricted Revenue for FY2010 Governor Amended is based on an ANS West Coast annual average oil price of $57.78 and estimated production of .659 million barrels per day.

B Corporate Dividends: Includes funds made available to the State by the boards of the Alaska Industrial Development and Export Authority (AIDEA), Alaska Housing Finance Corporation (AHFC) and Alaska Student Loan Corporation (ASLC). The AIDEA dividend is $23.8 million for FY2009 and $22.7 million for FY2010, though $22 million is appropriated in the Governor budget. The total AHFC transfer for dividend, capital projects, loan programs and debt service is $65.9 million for FY2009 and $68.7 million for FY2010. Since AHFC's debt payments for general government purpose bonds do not require appropriation, the net transfers appropriated here are $59.7 million for FY2009 and $62.5 million for FY2010. The ASLC Dividend is $4.1 million for FY2009; there is no ASLC Dividend for FY2010.

C Public Education Fund: Legislation in 2005 established the Public Education Fund (PEF). One of the effects of this legislation was to remove expenditures for K-12 Foundation Program and Pupil Transportation from operating formula programs (line 10), since expenditures from the fund do not require appropriation.

The FY2009 and FY2010 proposed Education K-12 Foundation Program and Pupil Transportation expenditures are shown as funds expended from the Public Education Fund on line 12.

Public Education Fund	Foundation	Pupil Transportation	Total
FY2009	944,776.2	58,516.6	1,003,292.8
FY2010	992,268.5	60,293.8	1,052,562.3
FY2011	1,049,674.8	62,239.9	1,111,914.7

The amount estimated for FY2011 is funded from the estimated balance of the Public Education Fund plus $9,565.4 from the FY2010 deposit of $1,062,127.7.

D Duplicated Authorizations: These appropriations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. The most significant examples of these type of expenditures include operating payments from Interagency Receipts, and debt payments from the Debt Retirement Fund.

E Debt Service / Debt Retirement Fund Capitalization: The Debt Service line (line 16) includes actual payment of debt obligations, primarily general obligation bonds, State debt reimbursement programs, certificates of participation (lease-financing), and International Airports revenue bonds. Some of these debt payments are made from the Debt Retirement Fund, which is capitalized from a variety of fund sources. The Debt Retirement Fund Capitalization line (line 17) identifies various funding sources used to pay debt from the Debt Retirement Fund.

F Other Fund Capitalization: Other Fund Capitalization includes capitalization of various State operating funds, such as the Fish and Game Fund, Power Cost Equalization and Rural Electric Capitalization Fund, and others.

G AHCC Receipts Funded Projects and Fund Capitalization: In FY2006, the Legislature appropriated $300 million to the Alaska Housing Finance Corporation (AHFC) for the purpose of funding capital projects in Sec. 14, Ch. 13, SLA 2006. The Legislature's intent also allowed AHFC to transfer those funds and the earnings to a subsidiary corporation, which AHFC did. Those funds currently total $339 million in the Alaska Housing Capital Corporation (AHCC) as of mid-November, 2008. The receipts of the AHCC are the source of funds used for certain capital projects.

H Alaska Capital Income Fund Capitalization: The Alaska Capital Income Fund is authorized by AS 37.05.565. The fund consists of income earned on money awarded as a result of the State vs. Amerada Hess royalty case, estimated to be $28-29 million per year, plus other appropriations. Those projects have been reduced in the FY2010 Governor's Amended columns per the Alaska Permanent Fund Corporation Fund Financial History & Projections as of December 31, 2008.

I PF Dividends / PFD Division Operations: Line 36 includes both the amounts for Permanent Fund Dividend (PFD) checks and other State operating costs of the PFD. In FY2009 the State will spend $20.7 million for Department of Revenue, Division of Permanent Fund Dividends operations ($7.1 million) and DHSS Public Assistance PFD Hold Harmless ($13.6 million). In FY2010 the amounts will be $21 million for Department of Revenue, Division of Permanent Fund Dividends operations ($7.4 million), and DHSS Public Assistance PFD Hold Harmless ($13.6 million).

The financial information for the FY2010 Amended columns is from the Alaska Permanent Fund Corporation Fund Financial History & Projections as of December 31, 2008. These financial statements are available on the Alaska Permanent Fund website: www.APFC.org .

J Balance to Constitutional Budget Reserve: The FY2010 Governor Amended column shows a negative amount based on the February 2009 Interim Forecast.

State of Alaska

Fiscal Year 2010 Governor's Amended Budget Fiscal Summary

(dollars shown in millions)

	FY2010 Governor				FY2010 Governor Amended				Amended Change	
	General Fund	Federal Funds	Other Funds	Total Funds	General Fund	Federal Funds	Other Funds	Total Funds	GF Change	Total Change
Revenues										
Total Unrestricted General Fund Revenues (A)	5,275.4			5,275.4	5,275.4			5,275.4		
February 2009 Interim Forecast Adjustment				0.0	(2,089.5)			(2,089.5)		
Corporate Dividends (B)			84.5	84.5			84.5	84.5		
Federal and Other State Funds		2,803.8	1,272.0	4,075.9		2,905.2	1,363.9	4,269.1		
Total Revenues	**5,275.4**	**2,803.8**	**1,356.6**	**9,435.8**	**3,185.9**	**2,905.2**	**1,448.4**	**7,539.5**	**(2,089.5)**	
Authorization to Spend										
Agency Operating	**3,492.4**	**1,667.9**	**989.4**	**6,149.7**	**3,428.2**	**1,740.9**	**969.7**	**6,138.7**	**(64.2)**	**(11.0)**
Agency Operations (Non-formula)	1,797.6	840.4	1,608.0	4,246.0	1,816.7	847.5	1,590.6	4,254.8	19.2	8.8
Formula Programs and Potential Rate Adjustments	642.2	827.5	90.5	1,560.2	633.4	818.9	90.5	1,542.8	(8.9)	(17.4)
Economic Stimulus Formula Program Adjustments				0.0	(74.5)	74.5		0.0	(74.5)	0.0
K-12 Foundation and Pupil Transportation (C)	1,052.6			1,052.6	1,052.6			1,052.6	0.0	0.0
Duplicated Authorizations (D)			(709.1)	(709.1)			(711.4)	(711.4)		
Statewide Appropriations	**1,002.6**	**32.0**	**110.4**	**1,145.0**	**734.5**	**32.0**	**110.6**	**877.1**	**(268.1)**	**(267.8)**
Direct Deposit to Retirement Systems	451.2			451.2	284.7			284.7	(166.5)	(166.5)
Debt Service (E)	38.3	0.0	223.2	261.5	35.9	0.0	223.3	259.2	(2.4)	(2.3)
Debt Retirement Fund Capitalization (E)	118.7	12.0	3.7	134.4	118.6	12.0	3.7	134.3	(0.1)	(0.1)
Other Fund Capitalization (F)	34.5	20.0	34.0	88.5	35.3	20.0	34.0	89.4	0.9	0.9
Revenue Sharing	60.0			60.0	60.0			60.0	0.0	0.0
Oil and Gas Tax Credits	300.0			300.0	200.0			200.0	(100.0)	(100.0)
Duplicated Authorizations (D)			(150.6)	(150.6)			(150.5)	(150.5)		
Potential Supplementals, Amendments and Legislation	**75.0**	**0.0**	**0.0**	**75.0**	**25.0**	**0.0**	**0.0**	**25.0**	**(50.0)**	**(50.0)**
Statewide Supplementals (placeholder)	50.0			50.0	20.0			20.0	(30.0)	(30.0)
Operating Amendments (placeholder)	20.0			20.0				0.0	(20.0)	(20.0)
New Legislation	5.0	0.0	0.0	5.0	5.0			5.0	0.0	0.0
Total Operating Authorization	**4,570.0**	**1,699.9**	**1,099.8**	**7,369.7**	**4,187.7**	**1,772.9**	**1,080.3**	**7,040.9**	**(382.3)**	**(328.8)**
Capital	**287.2**	**1,103.9**	**256.8**	**1,647.9**	**243.9**	**1,132.3**	**368.1**	**1,744.4**	**(43.2)**	**96.5**
Project Appropriations	227.7	1,103.9	361.1	1,692.7	210.9	1,132.3	451.7	1,795.0		
AHCC Receipts Funded Projects and Fund Capitalization (G)			238.4	238.4			128.8	128.8	0.0	(109.6)
Fund Capitalization for Capital Projects	59.5	0.0	0.0	59.5	33.0	0.0	0.0	33.0	(26.5)	(26.5)
AK Capital Income Fund Capitalization (Am Hess) (H)			28.0	28.0			21.0	21.0	0.0	(7.0)
Duplicated Authorizations (D)			(370.7)	(370.7)			(233.4)	(233.4)		
Potential Capital Amendments	**20.0**	**0.0**	**0.0**	**20.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(20.0)**	**(20.0)**
Total Capital Authorization	**307.2**	**1,103.9**	**256.8**	**1,667.9**	**243.9**	**1,132.3**	**368.1**	**1,744.4**	**(63.2)**	**76.5**
Total Authorization to Spend	**4,877.2**	**2,803.8**	**1,356.6**	**9,037.6**	**4,431.6**	**2,905.2**	**1,448.4**	**8,785.3**	**(445.5)**	**(252.3)**
PF Dividends / PFD Division Operations (I)			1,311.0	1,311.0			927.0	927.0	0.0	(384.0)
PF Inflation Proofing			876.0	876.0		0.1	871.0	871.1	0.0	(4.9)
Total AK Permanent Fund	0.0	0.0	2,187.0	2,187.0	0.0	0.1	1,798.0	1,798.1		
Totals with Permanent Fund	**4,877.2**	**2,803.8**	**3,543.6**	**11,224.6**	**4,431.6**	**2,905.3**	**3,246.4**	**10,583.3**		
Totals with Permanent Fund less Resource Rebate	**4,877.2**	**2,803.8**	**3,543.6**	**11,224.6**	**4,431.6**	**2,905.3**	**3,246.4**	**10,583.3**	**(445.5)**	**(641.2)**
Additional Savings / Investments	**9.6**	**0.0**	**0.0**	**9.6**	**9.6**	**0.0**	**0.0**	**9.6**		
Public Education Fund	9.6				9.6					
Total Authorization to Spend and Saving / Investments	**4,886.7**	**2,803.8**	**3,543.6**	**11,234.1**	**4,441.2**	**2,905.3**	**3,246.4**	**10,592.9**		
Balance/(Draw) to Constitutional Budget Reserve (J)	**388.7**				**(1,255.3)**				**(1,644.0)**	

State of Alaska

Notes

A Unrestricted General Fund Revenues: FY2010 Unrestricted Revenues are based on an ANS West Coast oil price at $74.41 per barrel and .665 million barrels per day. The February 2009 Interim Forecast for Unrestricted Revenue for FY2010 Governor Amended is based on an ANS West Coast annual average oil price of $57.78 and estimated production of .659 million barrels per day.

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J Balance to Constitutional Budget Reserve: The FY2010 Governor Amended column shows a negative amount based on the February 2009 Interim Forecast.

Alaska State Legislature
HOUSE FINANCE COMMITTEE

Agenda
1:30 PM

Thursday, February 19, 2009

Overview:
Governor's FY10 Operating Budget Amendments
Pat Galvin, Commissioner, Department of Revenue
Karen Rehfeld, Director, Office of Management and Budget

Pat Galvin
Commissioner
P.O. Box 110400
Juneau, AK 99811-0400
www.revenue.state.ak.us

STATE OF ALASKA
DEPARTMENT OF REVENUE

Lacy Wilcox
Special Assistant
907.465.2301
cell: 907.321.2376
lacy.wilcox@alaska.gov

Press Release

COMMISSIONER'S OFFICE

FOR IMMEDIATE RELEASE
February 18, 2009

No. 09-003

Media Contact: *Cherie Nienhuis, Chief Economist, 907.269.1019*
Lacy Wilcox, Communications Assistant, 907.465.2301

Revenue Releases FY10 Forecast Update

The Department of Revenue released the fiscal year 2010 interim revenue forecast today. This forecast is based upon a new oil price forecast for the July 2009 through June 2010 period that utilized the New York Mercantile Exchange (NYMEX) oil futures index, the federal Energy Information Agency (EIA) forecasts, the Department of Revenue's own low-price scenario from the Spring 2007 Revenue Sources Book, and the department's Fall 2008 modified-Delphi forecasting session results.

The resulting oil price forecast adjusted for ANS crude oil averages $57.78 for the FY 2010 period. Production levels for FY 2010 have also changed with this interim forecast to approximately 659,000 barrels a day, falling approximately 6,000 barrels a day from the Fall 2008 forecast for the same period.

Using these assumptions, unrestricted revenue for FY 2010 is projected to be $3.186 billion or $2.1 billion less than projected in the Fall 2008 forecast. Oil revenues provide 82% of the anticipated unrestricted revenue.

****

TITLE: **FEBRUARY 2009 INTERIM FY 2010 REVENUE FORECAST**

PREPARED BY: Department of Revenue, Tax Division

PURPOSE: To provide OMB an update to the Fall 2008 revenue forecast for FY 2010.
The official Spring 2009 forecast is scheduled to be released in April 2009.

DATA SOURCES: Department of Revenue, Tax and Treasury Divisions
Department of Administration, Division of Finance
Office of Management and Budget
Permanent Fund Corporation

ASSUMPTIONS: Forecast assumptions based on tax laws in place as of January 1, 2009.

For FY 2010 prices, we use a blend of the EIA's February 2009 forecast, the NYMEX as of February 6, 2009, the Fall 2007 Delphi Low Price Scenario, and the Fall 2008 Delphi median base price for a WTI annual average of $60.28.

ANS is forecasted to trade at a differential of $2.50 below WTI for FY 2010, resulting in an annual average forecast for ANS of $57.78.

FY 2010 total forecasted production volumes for ANS are 0.659 million barrels per day.

DISCLAIMER: This is not a confidential document.

The Department of Revenue uses an engineering consultant in conjunction with assistance from the Department of Natural Resources and the Alaska Oil & Gas Conservation Commission to derive its biannual production forecast.

The department may adjust its production expectations as we continue to examine reservoir performance, review the pace and scope of development of new fields, and re-evaluate downtime of fields on the North Slope.

All inputs may be revised before the final forecast.

Figure 2-2.
Total State Government Revenue by Major Component, Forecasted FY 2010
$ Million

	Forecast FY 2010
OIL REVENUE	
Unrestricted	
Petroleum Property Tax	69.4
Corporate Petroleum Income Tax	440.0
Production Tax	876.2
Royalties (including Bonuses, Rents & Interest)	1,222.6
Subtotal	**2,608.2**
Restricted	
Royalties to Perm Fund & School Fund (includes Bonuses & Rents)	560.2
Tax Settlements to CBRF	20.0
NPR-A Royalties, Rents and Bonuses	7.5
Subtotal	**587.7**
Subtotal Oil Revenue	**3,195.9**
OTHER REVENUE (EXCEPT FEDERAL & INVESTMENT)	
Unrestricted	
Taxes	275.4
Charges for Services	26.8
Fines and Forfeitures	8.7
Licenses and Permits	42.2
Rents and Royalties	11.7
Other	17.0
Subtotal	**381.8**
Restricted	
Taxes	135.2
Charges for Services	294.4
Fines and Forfeitures	36.7
Licenses and Permits	39.2
Rents and Royalties	9.9
Other	108.9
Subtotal	**624.3**
Subtotal Other Revenue (Except Federal & Investment)	**1,006.1**

Figure 2-2.
Total State Government Revenue by Major Component, Forecasted FY 2010
$ Million

	Forecast FY 2010
FEDERAL REVENUE	
Restricted	2,523.4
Subtotal Federal Revenue	**2,523.4**
INVESTMENT REVENUE	
Investments	194.5
Interest Paid by Others	1.4
Subtotal	**195.9**
Restricted	
Investments	47.0
Constitutional Budget Reserve Fund	356.5
Other Treasury Managed Funds	22.1
Alaska Permanent Fund (GASB) [1]	2,263.4
Subtotal	**2,688.9**
Subtotal Investment	**2,884.8**
Grand Total	**9,610.3**

[1] Both unrealized and realized gains and losses are included per Generally Accepted Accounting Principles (GAAP).

Figure 2-4.
Total State Government Revenue, Forecasted FY 2010
$ Million

Revenue Source	Forecast FY 2010
Unrestricted	
Oil Revenue	2,608.2
Non-Oil Revenue	381.8
Investment Earnings	195.9
Subtotal	**3,185.9**
Restricted	
Oil Revenue	587.7
Non-Oil Revenue	624.3
Investment Earnings	2,688.9
Federal Revenue	2,523.4
Subtotal	**6,424.4**
Grand Total	**9,610.3**

2/24/09 CONFIR-MATIONS

<target><bill></bill><subject>2-24-09
CONFIRMATIONS</subject><comm>HFIN26</comm></target>

Michael
MHTA

MARY JANE MICHAEL

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Anchorage, AK 99517
Michaelmj@muni.org

244-994

Office: (907) 343-4365

PROFESSIONAL EXPERIENCE

Executive Director 2003 - Present
Office of Economic and Community Development, Municipality of Anchorage

For the past five years I have served as an executive to the Mayor, responsible for promoting public and private economic development projects for the Municipality of Anchorage. Highlights have included the new Dena'ina Civic and Convention Center schedule for completion September of 2008, the transfer of the Museum from a public to private non-profit entity, the Library Renewal Initiative, the reorganization of the Parks and Recreation Department and the creation of the Parks Foundation. I have oversight for the rewrite of the Municipality's land use codes to be completed in 2008, completion of the Downtown Comprehensive Plan and the revitalization of one of our most underserved neighborhoods, Mountain View. In addition to spearheading many projects for the city I am responsible for an array of department including: the Port of Anchorage, the Planning Department, Heritage Land Bank and Real Estate Services, the Libraries, Parks and Recreation, and the Department of Neighborhoods and the Anchorage Community Development Authority. Responsibilities also include formulating and approving budgets for each department, spearheading departmental reorganizations, long range transportation planning for Anchorage, multimillion dollar grant proposals, real estate, capital improvement project planning and local, state and federal budget request formulation.

Executive Director and CEO 1999 to 2003
Anchorage Neighborhood Housing Services /
Anchorage Mutual Housing Association

I served as the Chief Executive Officer for Anchorage Neighborhood Housing Services (ANHS) a non-profit community development corporation dedicated to promoting affordable housing and neighborhood revitalization. ANHS is affiliated with the National Neighborhood Reinvestment Corporation and is certified as a Community Financial Institution. From 1998-2003 ANHS loaned $18 million and leveraged $34 million in first mortgages. Of the 545 loans made to low to moderate income families, 91 of those borrowers have been persons who experience a disability. Also under my direction was the sister organization, Anchorage Mutual Housing Association, which owned and managed 1,150 units of affordable rental housing in twelve locations citywide. Total assets for both companies at the time was 62.2 million relations, legislative affairs, and the overall administration of the organization. Duties also include the oversight of Anchorage Mutual Housing Association.

Executive Director 1981 to 1999
The Arc of Anchorage, Anchorage, Alaska

For 18 years served as the Executive Director for The Arc of Anchorage. I was instrumental in building an organization with an initial grant of $180,000 to more than 12 million. Programs included an array of services for persons with developmental and other disabilities including a day activity center, residential care, case management, in-home family services, respite, and specialized services for persons who experience dual diagnosis and emotional disturbances. I also sought funding, purchased, renovated and/or constructed more than 60 housing units, single and multifamily, to ensure safe, affordable housing for those we served. I worked with the Governor's office and the legislature on many issues facing persons with disabilities throughout the State of Alaska. Responsibilities included assets management, program development, grant writing, public relations, fundraising, legislative affairs, and advocacy on behalf of person with developmental and other disabilities and their families.

State Executive Director. 1982 to 1996
The Arc of Alaska, Anchorage, Alaska

In a dual role along with being the Executive Director for The Arc of Anchorage, I also coordinated statewide efforts for The Arc of Alaska. I was responsible for coordinating with the national office, The Arc of the United States on national issues facing persons with developmental disabilities, as well as statewide efforts.

University Research Assistant. 1986
Department of Human Services, University of Northern Colorado

Project assistant for research assessing the long-term care needs of elderly developmentally disabled adults in the state of Colorado. Included surveying existing services for the developmentally disabled and elderly and determining feasibility of integrated programs.

EDUCATION

1986 **University of Northern Colorado, Greeley**
Master of Arts in Rehabilitation Counseling with an Emphasis in Vocational Evaluation

1976 **California State University, Fresno**
Bachelor of Science in Therapeutic Recreation

BOARDS

2002-pres The Arc of Anchorage Foundation
2003-pres Anchorage Community Development Authority
2004-pres CIVIC Ventures Board of Director's

2005	Anchorage Community Land Trust
- 2005	Anchorage Convention and Visitors Bureau
03 - 2005	Alaska Native Heritage Center
2002 - 2007	Special Olympics of Alaska

AWARDS AND HONORS

2005	Heart of the City Award "Visionary Award" Downtown Partnership
2005/1996	YWCA Outstanding Professional in Chosen Field Nomination
1999	International People First Conference Award
1998	Gold Key Award (Key Campaign)
1998	People First Award for Support
1997	State of Alaska, Recognition, Harborview Closure
1991	Legislative Commendation for Services to the Developmentally Disabled
1990	Outstanding Service to the National Conference of Executive Directors/The Arc of the United States
1986	Kappa Delta Pi Honor Society
1984	The Arc Alaska Board Commendation
1984	The Arc Board Commendation

Hoffman
MHTA

Daniel P. Hoffman
911 Cushman Street
Fairbanks, AK 99701
(907) 450-6513
dphoffman@ci.fairbanks.ak.us

Work Experience Summary:

Throughout my twenty-year tenure with the Fairbanks Police Department, I have accepted position assignments and promotions encompassing increasing levels of instruction, management oversight, and program administration. Currently serving as the Chief of Police, I am responsible for all planning, budgeting, and daily operations of our fifty-one (51) member department, with an approved (2008) budget of $6.1 million. Extensive operational and administrative experience in the high-liability field of modern policing has resulted in my development of an extremely comprehensive administrative skill-set, with an emphasis on:

- Program and budget development/administration
- Proper employee training, with utilization of sound risk-management practices
- Federal and State of Alaska grant application and administration
- Knowledge of current "best practices" in human resource management
- De-escalation and conflict-resolution skills.
- Policy and procedure development and implementation.

In addition to internal department operations, the position of Police Chief requires extensive community involvement through participation on numerous task-forces, boards, and commissions. Outreach through local service groups and charity events, conflict-resolution with citizen's groups, and regular education/interaction with federal, state, and local political leaders is also required. Additionally, significant community interaction and education through speaking engagements, written editorials, formulation/publishing of departmental *Annual Reports,* draft and revision of an ongoing *Three Year Strategic Plan,* and routine media interaction are necessary to keep our populace engaged. This segment of my service, in particular, has enhanced what I believe to be a very strong communications skill-set, emphasizing:

- Exceptional written communication skills.
- Strong public-speaking skills, with the ability to assume leadership and facilitate discussion.
- Exceptional planning and research skills, preparing information for effective presentation. (See *FPD Reports* at http://www.ci.fairbanks.ak.us/departments/police/news.htm)

Education:

A.J. Dimond High School
Anchorage, AK
1979-1983

University of Alaska, Fairbanks
1983-1988
B.S. Degree: Wildlife Biology
Minor: Criminal Justice

F.B.I. National Academy
225th Session, April-June 2006
United States Department of Justice

University of Alaska, Fairbanks
2005-2008
M.A. Degree: Justice Administration

1216 **Law Enforcement Employment:**

City of Fairbanks Police Department, 911 Cushman Street, Fairbanks AK 99701

-Patrol Officer: March 1989- May 1995
-Field Training Officer: March 1993-May 1995
-F.P.D. Tactical Team: January 1990- April 1998
-Patrol Sergeant: May 1995- April 1998
-Investigations Supervisor: April 1998-February 2002
-Patrol Lieutenant: February 2002-2003
-Director, Alaska Police Corps: Feb 2003- May 2004
-Deputy Chief: June 2004- February 2005
-Police Chief: February 2005- Present

Current Boards & Commission Service:

- Governor's appointee, *Alaska Police Standards Council* (current service as Chair)
- Board member, *United Way of the Tanana Valley*
- Member, *Police Professional Advisory Committee*- Alaska Municipal League
- Member, *Fairbanks Local Emergency Planning Committee*
- Member, *Fairbanks Golden Heart Project* (Community chronic inebriate task force)
- Commissioner, *Alaska Law Enforcement Agency Accreditation Commission*
- Board Member (Ex-Officio), Fairbanks *Volunteers in Policing*

Instructional Capabilities:

Given my combination of education and professional experience, I am well qualified and prepared to instruct in any areas pertaining to organizational leadership, public agency administration, application of human-resource issues, and general criminal-justice and security practices. As an APSC Certified Police Instructor, I am comfortable with both classroom and dynamic/interactive presentations. I have published instructional articles in numerous law enforcement publications on topics pertaining to public safety and effective community education/interaction, to include: *Police Magazine, Law and Order, 911 Magazine,* and the *F.B.I. Law Enforcement Journal.* In 2008, I was invited to present an instructional symposium on effective community and media-relations strategies for the *International Association of Chiefs of Police* conference in San Diego, CA.

Professional and Service Associations:

- Alaska Peace Officers Association (Vice President, Farthest North Chapter)
- Alaska Association of Chiefs of Police (Executive Board Member)
- International Association of Chiefs of Police
- Rotary Club of Fairbanks

REFERENCES AND LETTERS OF RECOMMENDATION AVAILABLE UPON REQUEST

Doolittle
MHTA

William H. Doolittle, MD FACP
PO Box 71046
Fairbanks, Alaska 99707
(907) 456-8881

Education

Residency, Walter Reed General Hospital Internal Medicine
Intensive Care and Coronary Care Units, 1961-64
Internship, Womack Army Hospital, July 1960-61
MD, University of Vermont, College of Medicine, 1960
BS, University of Vermont, Bachelor of Science, 1957

Credentials Licensure

Medical License, State of Alaska
Fellowship, American College of Physicians, 1971
Certified by American Board of Internal Medicine, 1968

Professional Employment

Active Staff, Fairbanks Memorial Hospital, Fairbanks, Alaska, 1967-99
Chief, General Medical Section, Walter Reed General Hospital, Washington, D.C. 1967-68
Director, Arctic Medical Research Laboratory, Ft. Wainwright, Alaska, 1968-73
Courtesy Staff, St. Joseph Hospital, Fairbanks, Alaska, 1965-67
Chief of Medicine, Bassett Army Hospital, Ft. Wainwright, Alaska, 1964-67
Courtesy Staff, Montgomery General Hospital, Olney, Maryland, 1962-64

Appointments

Chief of Medical Staff, Fairbanks Memorial Hospital, Fairbanks, Alaska, 1974-76 and 1984-85
Director, Respiratory Therapy, Fairbanks Memorial Hospital, 1982
Director, Coronary / Intensive Care Unit, Fairbanks Memorial Hospital, 1981-82
Chief of Medicine, Fairbanks Memorial Hospital, Fairbanks, Alaska, 1973-74 and 1981-82
Clinical Associate in Medical Science, University of Alaska Fairbanks

Gubernatorial Appointments

State Health Coordinating Council
Alternatives in Health Care Financing Task Force
Medical Care Advisory Council, Department of Health and Social Services
Former, Violent Crimes Compensation Committee

Borough Appointments

Northern Alaska Health Resources Agency

Boards & Professional Memberships

Alaska State Medical Association
American Medical Association
American Association of Military Surgeons
American College of Physicians
Medical Advisor, North Pole Fire & Rescue
Greater Fairbanks Community Hospital Foundation, 1967 to Present
President / Founder, Fairbanks Internal Medicine & Diagnostic Center, 1974-Present
Consultant, Medical, Division of Vocational Rehabilitation, State of Alaska, 1975-84 and 2002 to Present
Member, Local Operating Board, Fairbanks Memorial Hospital, 1985 to Present
Consultant, Division Vocational Rehabilitation, State of Alaska
Medical Expert, Hearings & Appeals, Social Security Administration
Board of Directors, First National Bank of Fairbanks, 1980-99
Former Chairman, Planning Committee, Fairbanks Memorial Hospital Foundation
Chairman, Ethics Committee, Fairbanks Memorial Hospital, 1986
Member, Finance Committee, Fairbanks Memorial Hospital, 1986
Committee Member, Trust Committee, Alaska Bancorporation, 1980-82
Director, Cardiopulmonary Rehabilitation Program, Fairbanks, 1976-1981
President, Rotary of Fairbanks, 1978
Former Examining Committee, Alaska Pacific Bancorporation, and First National Bank of Fairbanks
President, Physicians' Services, Inc. An IPA, 1977-82
Board Member, Alaska Industrial Medicine, 1977-82
President, Amalgamated Leasing Co., 1978-
Former Consultant, Institute of Arctic Biology, University of Alaska Fairbanks
Consultant, Surgeon General, US Army (MRDC), 1974-78

Awards, Decorations, and Honorary Appointments

Fellow, American College of Physicians, 1972-Present
Paul Harris Fellow, Rotary International
Rotarian of the Year Award, Fairbanks Rotary, 1980
Physician of the Year Award, Alaska State Medical Association, 1977
Alpha Omega Alpha National Honorary Medical Society, 1968-Present
Army Commendation Medal (3 Clusters)
Meritorious Service Medal, US Army
Legion of Merit, US Army
Mosby Scholarship Award for Scholastic Excellence, 1959

Publications

Sumner, D. S., R. C. Simmonds, R.K. LaMunyon, M. A. Boller, and W. H. Doolittle: Peripheral Blood Flow in Experimental Frostbite. Ann. Surg. 171:1. 1970.

Sumner, D. S., T. L. Criblez, J. K. Novak, W. H. Doolittle: Prediction of Tissue Loss in Experimental Frostbite with Xenon-133. Surg. Gynec. & Obstet. 131:417-423. 1970.

Huibregtse, W. H., W. H. Doolittle, L. H. Hartley, and L. G. Jones: Improvement in Physical Fitness Associated with Walking Six Miles per Day for Ten Days. Abstract - Am. Physiol. Soc. 27 Aug- 3 Sep. 1970.

Doolittle, W. H.: The Impact of Living in Cold Environment on Coronary Risk Factors. Presented -Conference "Man's Health in a Changing Arctic Environment." Arctic Health Research Center. USPHS, May 1970.

Doolittle, W. H.: Of Stocks, Bonds and Cold Injury, Arctic Oil Journal, Dec/ Jan 1971.

Doolittle, W. H.: More on Cold Injury, Arctic Oil Journal. Feb/Mar 1972.

Sumner, D. S., J. A. Boswick, T. L. Criblez, and W. H. Doolittle: Predictions of Tissue Loss in Human Frostbite with Xenon-133. Surg. 69(6) 1971.

Doolittle, W. H.: Revision -TB MED -81 " Cold Injury" 1970.

Doolittle, W. H.: Revision -Chapter -4: "Cold Injury", NATO HANDBOOK, Emergency War Surgery, Dec, 1970.

Doolittle, W. H.: "Winter Survival," The Wainwrighter, Aug, 1971.

Sumner, D. S., T. L. Criblez, and W. H. Doolittle: Host Factors in Human Frostbite, V.139(6), Military Medicine, June, 1974.

Doolittle, W. H.: People Problems in the Cold. Abstract: National Safety Congress, Chicago. Ill., Oct. 1972.

Patton, J. F., and W. H. Doolittle: Core Rewarming by Peritoneal Dialysis Following Induced Hypothermia in the Dog, J. Appl. Physiol. 33(6): 800, Dec. 1972.

Huibregtse, W. H., L. H. Hartley, L. G. Jones, W. H. Doolittle, and T. L. Criblez: Improvement of Aerobic Work Capacity Following Nonstrenuous Exercise. Arch Environ. Health, 27:12-15, Jul. 1973.

Patton, J. F., W. H. Doolittle, and M. P. Hamlet: Peritoneal Clearance of Urea and Potassium Following Experimental Hypothermia. J. Appl. Physiol. 36:403-406, Apr 1974.

Doolittle, W. H.: "Disturbances Due to Cold", Current Therapy, H. F. Conn, Ed., 1976.

Ibid. Current Therapy, H. F. Conn, Ed., 1977.

Doolittle, W. H., John Hayward, William Mills, Martin Nemiroff, Tim Samuelson (Moderator): "Hypothermia and Cold Water Near Drowning Guidelines. Results of a Conference, July 1981, State of Alaska, EMS Section, Division of Public Health, Alaska Department of Health and Social Services, April 1982.

Doolittle, W. H.: "Disturbances Due to Cold" in Conn's Current Therapy 1986, R. E. Rakel, Ed., W. B. Saunders, Phila. PA, 1986. Pp933-938.

Presentation: Regional Meeting, American College of Physicians, Doolittle, W. H., "Health Care Circa 1995: An Alaska Perspective", Feb 21, '87.

4/8/09 CONFIRMATION: RONALD BROWN, STATE ASSESS-MENT REVIEW BOARD

<target><bill></bill><subject>4-8-09 CONFIRMATION RONALD BROWN, STATE ASSESSMENT REVIEW BOARD</subject><comm>HFIN26</comm></target>

Brown
Assessment

STATE OF ALASKA
OFFICE OF THE GOVERNOR
P.O. Box 110001, Juneau, AK 99811-0001
Phone: (907) 465-3500 Fax: (907) 465-3532

BOARDS AND COMMISSIONS APPLICATION FORM

OFFICE OF THE GOVERNOR MAILROOM
JUN 16 2008

INSTRUCTIONS

A separate application is required for each position for which you apply. Complete and specific answers will aid in rapid and accurate processing of your resume. Please type or print legibly in ink. Forward to the above address. Be sure your answers are true. A willfully false answer may result in your disqualification or removal from office if you are appointed.

Board or Commission and seat for which I am applying: STATE ASSESSMENT REVIEW BOARD (SARB)
(For example, Board of Agriculture, public seat)

Please list any other State Boards or Commissions on which you currently or previously have served:

Name: RONALD EDWARD BROWN

Mailing Address: 550 W 7TH AVE., STE. 1770 ANCHORAGE, AK 99501

Residence Address: 2304 JEFFERSON #1

City, State and Zip Code: ANCHORAGE AK 99517

Home or Message Telephone: _____ Business Telephone: (907) 269-4565

Fax Number: _____ Cell Phone: _____

Email address: ronald.brown@alaska.gov

AS 39-05-100 requires that a person appointed to a state board or commission be a registered voter prior to the last general election:

Are you a registered voter: YES X NO _____ Voter Registration Number (Optional): _____

Social Security Number (Optional, required if appointed for travel, reimbursement etc.) _____

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years?

YES _____ NO X if "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, recentness, and relationship to the board position applied for, will be evaluated and a determination will be made after a review of all relevant facts.

CONFLICTS OF INTEREST: Certain boards and commissions require full disclosure of personal financial data under AS 39.50.010. If required for the board or commission for which you are applying, are you willing to do so?
YES X NO _____

Could you or any member of your family be affected financially by decisions to be made by the board or commission for which you have applied? YES _____ NO X

If "YES", explain:

TRAINING AND EXPERIENCE: (If resume attached, it is not necessary to complete items A-D)

A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria:

A. LEVEL III ASSESSOR/APPRAISER - AK. ASSOC. OF ASSESSING OFFICERS 1/199
B. INSTRUCTOR COURSE 300 - "FUNDAMENTALS OF MASS APPRAISAL"
INTL. ASSOC. OF ASSESSING OFFICERS 9/2007

B. List both formal and informal education and training experiences: (Use additional paper if necessary).

SEE ATTACHED RESUME

C. List any community service, municipal government, and state positions held, and any awards received. Include both compensated and uncompensated positions (such as president of a service organization or a mayor). Include length of time serviced.

SEE ATTACHED RESUME

D. Employment work history – paid, unpaid or voluntary: (Use additional paper of necessary).

SEE ATTACHED RESUME

The Office of the Governor and the State of Alaska have an Affirmative Action Equal Employment Opportunity Program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide will not be used to illegally discriminate against you.

DATE OF BIRTH: _____ SEX: FEMALE _____ MALE _____

ETHNICITY:
Alaska Native ___ American Indian ___ Asian or Pacific Islander ___ Black ___ Hispanic ___ White ___

MILITARY SERVICE (if applicable, give dates): _____

CERTIFICATION: I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employees or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature (in ink): Ronald E. Brown Date: 6/9/2008

Please attach a current resume with your application.

STATE OF ALASKA
OFFICE OF THE GOVERNOR

BOARDS AND COMMISSIONS

Name: RONALD EDWARD BROWN Date: 6/9/2008

(Indicate top three boards/commissions of interest by number with #1 as your preference)

	Accounting Board
	Aerospace Development Corporation
	Aging Commission
	Agriculture & Conservation
	Alaska Juvenile Justice Advisory Committee
	Alaska Retirement Management Board
	Alaska Statehood Celebration Commission
	Alaska-Alberta Bilateral Council
	Alcohol/Drug Abuse
	Alcoholic Beverage Control
	Architects/Engineers/ Land Surveyors
	Arts Council
X	Assessment Review Board
	Aviation Advisory Board
	Bald Eagle Preserve
	Bar Association
	Barbers & Hairdressers
	Bering Sea Fishery Advisory Board
	Big Game Commercial Services
	Boating Safety Council
	Broadcasting Commission
	Children's Trust Board
	Chiropractic Examiners
	Clemency Advisory Committee
	Commemorative Coin Commission
	Commercial Fisheries Entry
	Commercial Fishing/Agriculture Bank
	Community Service Commission
	Denali Access System Advisory Committee
	Dental Examiners
	Disabilities/Special Education
	Domestic Violence/Sexual Assault
	Education & Early Development
	Education Commission/States
	Emergency Medical Services
	Emergency Response Commission
	Employment of People with Disabilities
	Exxon Valdez Oil Spill Trustee
	Faith-Based & Community Initiatives Council
	Fire Standards Council
	Fisheries

	Fisherman's Fund Advisory & Appeals
	Forestry
	Game
	Health Council
	Historical Commission
	Historical Records Advisory
	Homeless Council
	Housing Finance Corporation
	Human Rights
	Humanities Forum
	Independent Living Council
	Industrial Development/Export Authority
	Interstate Oil & Gas Compact
	Judicial Conduct
	Judicial Council
	Knik Arm Bridge
	Labor Relations Agency
	Libraries Advisory
	Local Boundary Commission
	Marine Pilots
	Marine Transportation Advisory Board
	Marital & Family Therapy
	Medical Board
	Mental Health Board
	Mental Health Trust Authority
	Midwives
	Minerals Commission
	Municipal Bond Bank
	Natural Gas Authority
	Natural Gas Pipeline Corporation
	Natural Resources Conservation Dev
	North Pacific Anadromous Fish
	North Pacific Fisheries Management Council
	North Pacific Research Board
	Nursing
	Occupational Safety
	Oil & Gas Conservation Commission
	Optometry
	Pacific Marine Fisheries Commission
	Pacific Salmon Commission-Commissioners
	Pacific Salmon Commission- Northern Panel

	Pacific Salmon Commission-Transboundary Panel
	Parole Board
	Permanent Fund
	Pharmacy Board
	Physical/Occupational Therapy
	Pioneer's Home Advisory
	Police Standards Council
	Postsecondary Education
	Professional Counselors
	Professional Teaching Practices
	Psychologist/ Psychological assoc.
	Public Offices Commission
	PWS Oil Spill Recovery Institute
	Railroad Corporation
	Real Estate Appraisers
	Real Estate Commission
	Regents
	Regulatory Commission (RCA)
	Royalty Oil & Gas Development
	Safety Advisory Council
	Seafood Marketing Institute
	Seismic Hazards Safety Commission
	Social Work Examiners
	Student Loan Corporation
	Subsistence Resource Commissions
	Suicide Prevention Council
	Telecommunications
	Uniform State Laws
	Veterans Advisory Council
	Veterinary Examiners
	Violent Crimes Compensation
	Water and Wastewater Works
	Western Interstate Comm/Higher Educ
	Wood-Tikchik State Park
	Worker's compensation
	Worker's Compensation Appeals Commission
	Workforce Investment Board
	Yukon River Panel

If appointed, a press release will be issued announcing your appointment pending the completion of the appointment process with the Governor's office. Please supply our office with the following information that will be included in the press release.

(Name): DONALD E. BROWN, (Age): 48 of (Hometown): ROSEBURG, OREGON
is (Job title/Place of employment): ASST. STATE ASSESSOR.
(Name) holds (Listing of earned degrees like bachelor's, master's, ect.): BACHELOR OF SCIENCE - BUSINESS ADMIN. - OREGON STATE UNIV.
(Or list relevant experience to the position you are being appointed to)

Examples:

John A. Doe, 38 of Soldotna, is Director of T-Shirts & Co. Doe holds a bachelor's degree in business administration from X University and a master's degree in communications from X University.

John A. Doe, 38 of Palmer, is the owner and operator of Doe and Associates, Inc. Doe previously served as division manager at X, Inc. Doe is a certified personnel consultant.

RONALD EDWARD BROWN

ADDRESS:
2304 Jefferson #1
Anchorage, AK 99517
Ph. (907) 382-2733

WORK:
550 W. 7th Ave, Ste. 1770
Anchorage, AK 99501
Ph. (907) 269-4565

EDUCATION: Graduated from Roseburg Senior High School in Roseburg, Oregon in 1978. Graduated from Oregon State University with a Bachelor of Science Degree in Business Administration/Finance in 1983. :

WORK EXPERIENCE:

State of Alaska: Hired as the Assistant State Assessor in May of 2007. Constructed models for the valuation of real and personal property throughout Alaskan. Conducted training of local government staff on matters of valuation and taxation in the State of Alaska. Assisted the State Assessor in compiling data and reports on topics ranging from mining, general taxation in Alaska and alternative taxation methodology. Also wrote the training course "Predictive Modeling with Microsoft Excel" for the training of assessment modeling staff in Alaska.

Municipality of Anchorage: Hired as a Senior Appraiser in 1997. Promoted to Appraisal Analyst in 2000. Duties include appraisal of over 60,000 residential parcels and defense of assessed values to the Board of Equalization. Handling taxpayer concerns on property valuation issues via telephone and in-person. Collection of data and sales to for purposes of real property market valuation.

Kenai Peninsula Borough: Hired in September of 1995 to establish the Homer branch office of the Borough. Notable duties included appraisal of over 10,000 residential parcels, supervision and training of an administrative assistant, analysis of the local economy, sales values and defense of assessed values to the Board of Equalization.

Ketchikan Gateway Borough: Hired in August of 1991 as an Appraiser I, promoted to Appraiser II in September of 1994. Duties included residential inspections, ratio analysis, public relations with taxpayers and defense of assessed values to the Board of Equalization.

U. S. Navy: Operations Specialist – Second Class aboard the U.S.S. Jouett (CG-29). Duties included radar tracking and identification of air and surface contacts, maintenance of classified materials and radio communication. Served as Duty Master at Arms on-board ship. Honorably discharged on December 7, 1990 with the Good Conduct, Armed Forces Expeditionary, National Defense Service, Navy Expeditionary and Southwest Asia Service medals.

OTHER QUALIFICATIONS AND TRAINING:

IAAO Instructor Training Workshop – September 2007
IAAO Workshop on Fundamentals of Ratio Studies – November 1992
IAAO Income Approach to Valuation – September 1994
IAAO Introduction to the Cost Approach to Value - February 1992
IAAO Fundamentals of Real Property Appraisal - August 1998
IAAO Standards of Practice and Professional Ethics – September 1998
IAAO Site Analysis and Evaluation - October 1994
IAAO Fundamentals of Mass Appraisal - December 1999
IAAO Appraisal of Land - September 1999

Member of the International Association of Assessing Officers and the Alaska Association of Assessing Officers since 1991.

IAAO Instructor – Fundamentals of Mass Appraisal (Course 300)

Certified Level III Assessor/Appraiser with the Alaska Assoc. of Assessing Officers

Speaker at the 1994 Conference of the International Association of Assessing Officers in Seattle Washington, presenting a research paper, "Property Values and the Local Industrial Economy" © 1994 by the International Association of Assessing Officers.

Speaker at the 2005 Conference of the International Association of Assessing Officers in Anchorage, Alaska, presenting a research paper, "Cluster Land Modeling for Residential Properties in Anchorage" © 2005 by the International Association of Assessing Officers.

INTERESTS:

PROFESSIONAL: Economic and statistical forecasting techniques. Stocks, options and other financial instruments

PERSONAL: Fishing, Hunting, Investing, Reading and Cooking.

Alaska State Legislature

House of Representatives

Office of the Chief Clerk

State Capitol, Room 216
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

Official Business

REFERRAL FOR CONFIRMATION

Date Referred: February 4, 2009

Committee: **Finance**

State Assessment Review Board
Ronald Brown – Anchorage
Appointed: 12/2/2008

Action Date: 4/8/09
(Same date as on the accompanying signature page)

Note: Attach to a signature page and return to the Chief Clerk's office.

CONFIRMATION COMMITTEE REPORT

Action date: 4.8.09

The **Finance Committee** has reviewed the qualifications of the following Governor's appointee(s) as shown on the attached Referral for Confirmation form(s) and recommends that the name(s) be forwarded to a joint session for consideration:

This does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Signature:	Printed Last Name
	Austerman
	Gara
	Crawford
	Kelly
	Stoltze
	Salmon
Co-Chair: Mike Hawker	Hawker
Co-Chair:	Stoltze

Please attach appointee Referral for Confirmation form(s) and return to the Chief Clerk's office.

4/9/09 UPDATE: STATE CRIME LAB PROPOSAL

<target><bill></bill><subject>4-9-09 UPDATE STATE CRIME LAB PROPOSAL</subject><comm>HFIN26</comm></target>

USER AGENCY
State of Alaska Department of Public Safety (DPS)
Alaska State Scientific Crime Detection Laboratory
Anchorage, AK

PROJECT MANAGEMENT
State of Alaska Department of Transportation and Public Facilities (DOT/PF)
Statewide Facilities Branch
Anchorage, AK

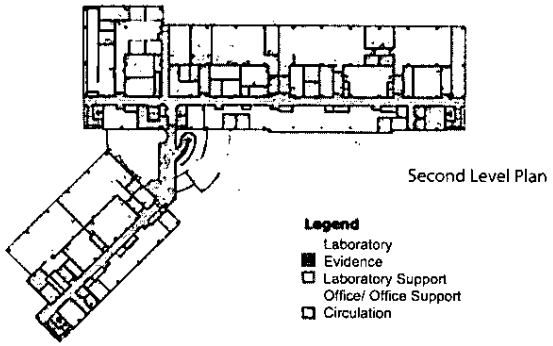
DESIGN TEAM
Prime/Architect: Livingston Slone, Inc., Anchorage, AK
Public Safety Associate/Architect: McClaren, Wilson, Lawrie, Inc., Roanoke, VA
Structural Engineer: Reid Middleton, Inc., Anchorage, AK
Mechanical/Electrical Engineer: AMC Engineers, Anchorage, AK

CONSTRUCTION TEAM
Construction Manager/
General Contractor: Nessel Construction, Inc., Anchorage, AK
Mechanical Contractor: Uddenhoven, Inc., Anchorage, AK
Electrical Contractor: MegaWatt Electric, Inc., Anchorage, AK

LIVINGSTON SLONE

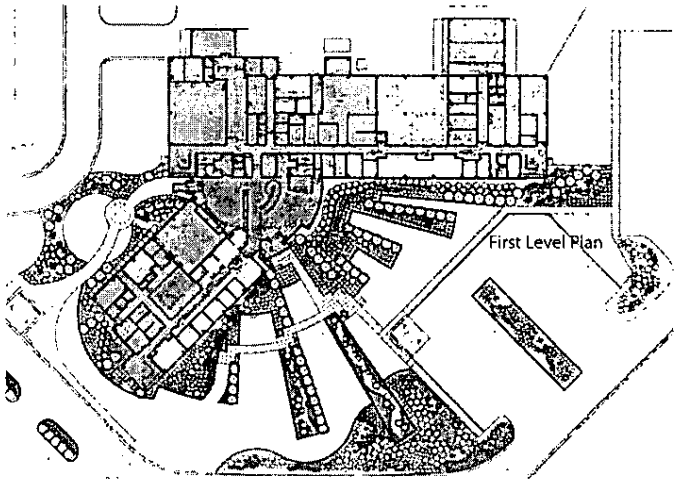
Why is the timing of funding urgent?

The new crime lab is in the design phase, with design completion scheduled for March, 2009. The site work design is completed and is "shovel-ready"; building construction could start summer of 2009 if funding is approved during the current 2009 Legislative session. Occupancy is scheduled for the Fall of 2011. Appropriated funding to date provided for design and site work, with a remaining $94M still needed to complete this project on time. Any delays in funding will add additional costs to the project. A one-year delay will add $7M to the project's cost.



Second Level Plan

The land for the new crime lab is owned by the Municipality of Anchorage. They are leasing the site to the Department of Public Safety for a 50 year/+- 25 lease term @ $1.00/per year. This represents a huge cost-savings.

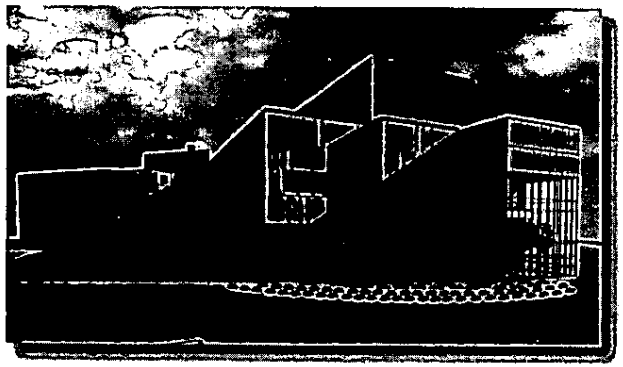


First Level Plan

SAFETY, SECURITY AND JUSTICE

"The bottom line is that average citizens are not concerned about forensic science until they, or someone they love, become the victim of a crime. As a result, crime laboratories do not receive the public attention and support that they deserve. This negligence results in low staffing, low salaries, outdated equipment, and eventually, high backlogs."
~ Crime Lab Report, 2008 (*www.crimelabreport.com*)

ALASKA STATE SCIENTIFIC CRIME DETECTION LABORATORY



NEW ALASKA STATE SCIENTIFIC CRIME DETECTION LABORATORY

How will the new Crime Lab affect livability in Alaska?

Department of Public Safety (DPS) personnel will be equipped to perform their services efficiently. Criminals will no longer be emboldened to repeat burglaries, rapes, and violent crimes without apprehension. The forcible rape rate in Alaska should decrease while the safety of our roads increases (toxicology tests will be performed here, in a timely manner). Home and vehicle break-ins should decrease as investigations of these crimes lead to more convictions. In addition to being and feeling safer, Alaskans will reap near term benefit from the economic stimulus of this large construction project.

Why do we need a new crime lab?

The existing Crime Lab was built in the early 1980's and is 19,200 SF, designed to accommodate up to 20 staff. Current staff is 39. Serving the entire State of Alaska, the lab is unable to keep pace with caseloads, emergent forensic technologies, and requisite staffing levels. These issues have a direct and measurable effect on Alaska's crime rate, livability and economy. Recent legislation adds to the caseload and storage issues of the lab: HB90 generates an additional 6,000 samples per year; The pending Innocence Project legislation will require retaining all biological evidence; Anonymous Reporting of Sexual Assaults requires storing sexual assault kits indefinitely. Alaska holds the unfortunate statistic of having the highest forcible rape rate in the U.S. Due to the current lab's storage and caseload issues, rape cases that do not have an immediately-identifiable suspect go to the bottom of the pile, adding to the probability that these cases remain unsolved.

Due to the lack of space needed to process crime scene evidence and a backlog of cases, law enforcement officers no longer collect burglary crime scene evidence. The lab's scientists have been forced to prioritize which cases to investigate and must limit this to serious violent crimes.

A study by the Urban Institute Justice Policy Center cited a 40% likelihood that burglaries and non-violent crimes are committed by someone who has already committed a violent crime or even murder, or an 80% chance that they will eventually commit a violent crime. 40% of these non-violent crime scenes could have evidence that would lead us to a match with evidence from a serious assault, rape or murder.

Although current lab staff are highly productive, the existing lab's limited space inhibits the scientific and technological growth required to keep pace with current caseloads. This results in unsolved crimes remaining unsolved due to case prioritization. New DNA forensic technologies are emerging, which would allow old, unsolved cases to be reworked. This technology could allow the investigation of 500-700 existing unsolved cases, but increases the caseload of the existing lab beyond current capacity. In addition to rape and burglary evidence not being submitted, over approximately 300 toxicology cases per year are not submitted to the lab for analysis (and possible later prosecution). Alaskan defense attorneys vigorously challenge the collection and processing of forensic evidence. All of these problems, unalleviated, will get worse with time. Funding is needed now to move this project forward and ensure safety, security and justice for all Alaskans.

How will the new crime lab improve Alaska's criminal justice system?

The new full-service lab will contain nine forensic sections including three new-to-Alaska sections: Toxicology, Question Documents and enhanced DNA Analysis. Unsubmitted evidence will be submitted and processed. The new lab will include training classrooms so that officers from around the State can learn cutting-edge crime scene evidence collection procedures. The facility will accommodate future changes in forensics, improve turnaround time on submitted cases, and allow room to grow as the state's population grows beyond the year 2020. The site will also allow for building expansion, without relocation, after the lab reaches its capacity.

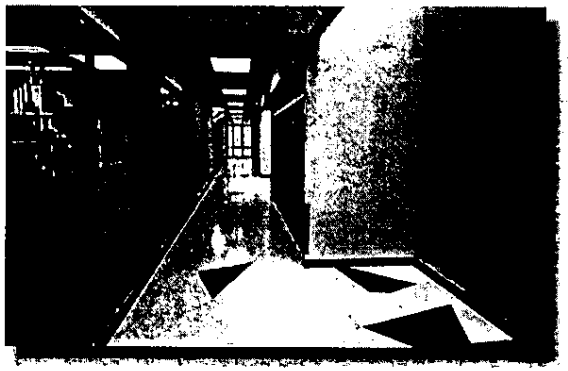
Size and Cost of the new lab

Our crime lab provides services to the entire state of Alaska. Labs in the lower 48 are often part of a multi-lab grouping that overlap service areas and share the workload, thereby able to function with individual smaller-sized labs. In order to provide Alaskans with a fully functioning, self-sufficient lab, we need space for services which are outsourced to the lower 48 or not done at all. The new lab will analyze question documents, trace and toxicology analysis, YSTR/DNA, and Mitochondrial DNA in-house. Trace and QD are currently sent to the FBI; turnaround can take years. Outsourced toxicology takes four months and requires experts from the outsourced labs to be flown to Alaska to testify in criminal trials, at a cost of approximately $2,000 per day. The crime lab's goal is to process 90% of crime scene evidence within 30 days. Outsourcing costs us money (financed through a limited scope, dwindling grant) and delays during which the guilty escape conviction and the innocent may languish in legal limbo.

A full-service lab requires discrete forensic lab spaces staffed with corresponding lab staff. Several of the labs within the new crime lab will be staffed part-time with cross-discipline-trained staff. For example: trace evidence, a new service in the new lab, requires a discrete lab space, but will be staffed with analysts from other sections, causing a zero net effect to actual projected staff count.

Climatic conditions in Alaska directly affect construction costs. More space is required to accommodate oversized HVAC and heating equipment, space for entry/exit vestibules, evidence drop-off sallyport, a vehicle examination sallyport, and additional exterior wall thickness.

Alaska is considered a "high-growth" service area, with projected *average* population growth to the year 2020 at 19%, well above the rate for similar population areas in the lower 48. Growth is anticipated to continue at 19% to the year 2020, without the gas pipeline. Add the pipeline, and growth will be well beyond the projected *average* 19%.



Crime Laboratory Expansion

FY2007 Request: **$4,800,000**
Reference No: **41600**

AP/AL: Appropriation
Category: Law and Justice
Location: Statewide

Project Type: Construction

Contact: Dan Spencer, Director, Administrative Services
Contact Phone: (907)465-5488

House District: Statewide
Estimated Project Dates: 07/01/2006 - 06/30/2010

Brief Summary and Statement of Need:
This project will provide funding for the design phase of a new 38,000 square foot Scientific Crime Detection Laboratory in Anchorage.

The current crime lab facility was constructed in 1986 to house the state's forensic laboratory functions that serve all law enforcement agencies in the state. The facility is no longer physically capable of housing the personnel and instrumentation necessary to meet the state's forensic analysis demands. This project is designed to address current and near-future space requirements while at the same time enhancing the lab's ability to contribute to the successful prosecution of criminals in Alaska.

Funding:	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	Total
Gen Fund	$4,800,000						$4,800,000
Total:	$4,800,000	$0	$0	$0	$0	$0	$4,800,000

☐ State Match Required ☐ One-Time Project ☑ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None

Project Description/Justification:
This project will provide funding for the design phase of a new 38,000 square foot Scientific Crime Detection Laboratory in Anchorage.

The current crime lab facility was constructed in 1986 to house the state's forensic laboratory functions that serve all law enforcement agencies in the state. The facility is no longer physically capable of housing the personnel and instrumentation necessary to meet the state's forensic analysis demands.

The crime lab is responsible for the statewide breath and blood alcohol testing program which includes maintaining breath testing instruments from across the state and providing the materials and documentation for insuring instrument accuracy and reliability for legal evidence gathering purposes. The lab provides forensic analysis to all local, state, and federal law enforcement agencies in Alaska in the areas of latent fingerprints, firearms, trace evidence, and other criminalistics services, drug analysis, and DNA analysis. Additionally, the crime lab provides crime scene response and courtroom testimony.

Crime Laboratory Expansion

FY2007 Request: **$4,800,000**
Reference No: **41600**

All sections of the lab are experiencing ever increasing backlogs of requests for forensic exams. This is due in part to agencies increasing the number of police personnel and in part to the success of new technologies such as DNA. Both increase the demands on the lab.

This project is designed to address current and near-future space requirements while at the same time enhancing the lab's ability to contribute to the successful prosecution of criminals in Alaska.

Crime Lab Replacement **FY2009 Request: $100,000,000**
Reference No: 41600

AP/AL: Appropriation
Category: Law and Justice
Location: Statewide

Project Type: Construction

Contact: Dan Spencer, Director, Administrative Services
Contact Phone: (907)465-5488

House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2008 - 06/30/2010

Brief Summary and Statement of Need:
This project would fund a new crime laboratory building.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
G/O Bonds	$100,000,000						$100,000,000
Total:	$100,000,000	$0	$0	$0	$0	$0	$100,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Sec 1, Ch 82, SLA 2006, Page 81, Lines 15-16 $4,800,000 General Funds

Project Description/Justification:

The current crime lab facility was constructed in 1986 to house the state's forensic laboratory functions that serve all law enforcement agencies in the state. The facility is no longer physically capable of housing the personnel and instrumentation necessary to meet the state's forensic analysis demands.

The lab provides forensic analysis to all local, state, and federal law enforcement agencies in Alaska in the areas of latent fingerprints, firearms, trace evidence, and other criminalistics services, blood and breath alcohol analysis, drug analysis, and DNA analysis. Additionally, the crime lab provides crime scene response and courtroom testimony.

The advent of DNA analysis and its use in solving crimes has resulted in establishment of an entire new section, including personnel, instrumentation, and evidence analysis, whose space has to be fit into a facility that was already crowded at best. With new laws requiring large classes of convicted criminals to provide DNA samples, the expansion of interconnected DNA databases nationwide, and significant improvements in DNA technologies, this section will only continue to grow in both importance to the law enforcement community and in its physical space requirements.

Bringing this section into the lab has already forced other sections of the lab into spaces such as the garage and maintenance areas that were previously available for processing large items of evidence such as vehicles and for dealing with large quantities of evidence such as from a major crime scene.

All sections of the lab are experiencing ever increasing backlogs of requests for forensic exams. This is due in part to agencies increasing the number of police personnel and in part to the success of new technologies such as DNA and electronic fingerprint processing. Both increase the demands on the lab.

Crime Lab Replacement

FY2009 Request: $100,000,000
Reference No: 41600

In simple terms, we have outgrown the current facility. The existing space is 18,000 square feet and houses 42 full time employees. The building is at the limits of its ability to house staff and equipment. Without more space, the capacity of the laboratory to perform analyses and meet their desired end result of expanding their forensic databases, such as the Combined DNA Index System (CODIS) database, is limited.

The department has begun site selection and preliminary design work, using funding from a FY2007 capital appropriation. A site within the Municipality of Anchorage has been identified and the department is working with the Municipality to acquire a long-term lease.

HOUSE BILL NO. 313

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/16/08
Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

"An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of a scientific crime detection laboratory; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

GENERAL OBLIGATION BONDS. For the purpose of paying the cost of design and construction of a scientific crime detection laboratory, general obligation bonds of the state in the principal amount of not more than $100,000,000, if ratified by a majority of the qualified voters of the state who vote on the question, shall be issued and sold. The full faith, credit, and resources of the state are pledged to the payment of the principal of and interest and redemption premium, if any, on the bonds. The bonds shall be issued under the provisions of AS 37.15 as those provisions read at the time of issuance.

*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to

read:

SCIENTIFIC CRIME DETECTION LABORATORY PROJECT FUND. If the issuance of the bonds is ratified by a majority of the qualified voters of the state who vote on the question, a special fund of the state to be known as the "scientific crime detection laboratory project fund" shall be established, to which shall be credited the proceeds of the sale of the bonds described in sec. 1 of this Act except for the accrued interest and premiums.

* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to read:

DEPARTMENT OF PUBLIC SAFETY. The amount of $100,000,000 of general obligation bond proceeds deposited to the scientific crime detection laboratory project fund and up to $6,000,000 in anticipated investment earnings in the scientific crime detection laboratory project fund is appropriated to the Department of Public Safety to be allocated to the design and construction of a scientific crime detection laboratory in Anchorage, Alaska.

* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to read:

STATE BOND COMMITTEE. If the issuance of the bonds is ratified by a majority of the qualified voters of the state who vote on the question, the amount of $500,000 or as much of that amount as is found necessary is appropriated from the general fund of the state to the state bond committee to carry out the provisions of this Act and to pay expenses incident to the sale and issuance of the bonds authorized in this Act. The amounts expended from the appropriation authorized by this section shall be reimbursed to the general fund from the proceeds of the sale of the bonds authorized by this Act.

* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to read:

ADVANCE PLANNING. The amount withdrawn from the public facility planning fund (AS 35.10.135) for the purpose of advance planning for the capital improvements financed under this Act shall be reimbursed to the fund from the proceeds of the sale of bonds authorized by this Act.

* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LAPSE; REDEMPTION; REIMBURSEMENT. The unexpended and unobligated balance of the appropriation made in sec. 3 of this Act lapses under AS 37.25.020 and is appropriated to the state bond committee to redeem bonds sold under this Act. The amounts expended from the general fund to pay the principal, interest, and redemption premium on bonds issued under this Act shall be reimbursed to the general fund from the appropriation made under this section to the extent that the money is not needed to redeem the bonds.

* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to read:

BALLOT QUESTION. The question whether the bonds authorized in this Act are to be issued shall be submitted to the qualified voters of the state at the next general election and shall read substantially as follows:

PROPOSITION

State General Obligation Scientific Crime Detection Laboratory Bonds $100,000,000

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than $100,000,000 for the purpose of paying the cost of design and construction of a scientific crime detection laboratory?

Bonds	Yes [ ]
Bonds	No [ ]

* **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).

State of Alaska
Department of
Public Safety

Sarah Palin, Governor
Walt Monegan, Commissioner

February 12, 2008

The Honorable Kevin Meyer, Co-Chair
House Finance Committee
State Capitol Building, Room 515
Juneau, Alaska 99801-1182

Dear Representative Meyer:

Following is the response to your request for information concerning costs associated with construction of the new Crime Laboratory in Anchorage.

Some of these figures are estimates of actual costs that may be different. The costs were determined by using other existing labs. These comparison labs are the Public Health Lab/Medical Examiners in Anchorage and the Virology Lab in Fairbanks.

We estimate that operational costs for the 83,000 square foot building will be $1.3 million. This figure reflects cost of utilities, cleaning services, and IT costs. The current operating cost for the existing lab is $236,000. The actual cost will be significantly changed based on the configuration of the final design.

The following is a breakdown provided by Department of Transportation and Public Facilities Engineer Matt Tanaka of the construction costs for the building as you requested. Again, the figures are estimates. The final determination will be based on the final design.

"Public Safety through Public Service"

Department of Public Safety
Office of the Commissioner
P.O. Box 111200, Juneau, AK 99811-1200
Voice (907) 465-4322 – Fax (907) 465-4362

PROJECT BUDGET

Design		
A/E Design		$7,319,707
Design Management, Administration		$492,740
CM/GC Contractor Pre-Construction Services		$329,820
Building Permit		$749,084
	Subtotal:	$8,891,000
Construction		
Construction Contract		$85,214,999
Wetlands Mitigation		$600,000
Construction Management, A/E Inspection,Testing, Startup		$6,880,679
Laboratory Equipment		$4,429,860
Artwork		$851,200
Laboratory Staff and Office Move		$80,000
Project Contingency		$3,327,095
Land Lease		$0
Cost of Bond Issuance		$525,580
	Subtotal:	$101,909,414
	Project Total:	$110,800,000
	Less Prior Appropriation:	($4,800,000)
	FUNDING REQUEST:	**$106,000,000**

I hope that this is the information that you requested. If I may be of further assistance, please do not hesitate to have one of your staff or yourself contact me directly.

Sincerely,

John D. Glass
Deputy Commissioner

"Public Safety through Public Service"

Department of Public Safety
Office of the Commissioner
P.O. Box 111200, Juneau, AK 99811-1200
Voice (907) 465-4322 – Fax (907) 465-4362

Alaska Department of Public Safety
New Alaska Scientific Crime Detection Laboratory

March 12, 2009
Prepared by Neeser Construction Inc.

Overview- What are the Facts; What do They Mean

The purpose of this report, and attached compilation of detailed facts and figures is to;

- Illustrate the actual versus assumed comparable costs of a Crime Lab built in Bismarck North Dakota in 2007, to the new Alaska DPS Crime Lab to be built in Anchorage, AK in 2010/2011
- Describe why the North Dakota and Alaska projects are dissimilar and therefore not suited for a size/price comparison
- Explain why the Alaska lab is designed to be over 84,000 square feet in size, and the process undertaken to determine the appropriate size
- Substantiate the cost of the new Alaska DPS Crime Lab

This overview will respond to the above stated purposes in an abridged "snapshot" format so that the reader can get a complete and easy to understand presentation of the facts that can be quickly digested. Much of the volume behind this overview is detailed information supporting the statements made in this overview, and can be referenced at the readers discretion. There are a few Tabbed sections that are short and easy to read, and provide very important information that goes a necessary step beyond "snapshot". **We respectfully ask that you take the time to read through:**

- **Tab A; direct responses to questions from the Governors staff**
- **Tab B; a comprehensive comparison of the ND and AK projects.**
- **Tab D-d1; briefly explains the Space Needs Analysis method and basis.**

Quick Facts Check

- Forcible Rape; AK ranks 1st in the nation, ND is 26th
- Murder; AK ranks 13th in the nation, ND is 43rd
- Violent Crime; AK ranks 9th in the nation, ND is 49th
- Property Crimes; AK ranks 24th in the nation, ND is 49th

- The scope of the work in the ND construction contract budget is not equal to the scope of work in the AK construction contract budget
- The AK budget is a turnkey budget; the ND budget is for construction only
- Only 56% of the ND facility is constructed with typical density of spaces; 44% is only finished at the shell walls, with no interior partitioning
- The ND lab out sources 6 space and staff intensive forensic procedures that will be done in house in the AK lab

- The AK lab is comparable in size and SF per staff ratio to similar labs in: WA, IN, CA, VA, NY
- ND population will decline by 1.9% while AK population increases by 19.25% btw 2009 and 2020; crime rate mirrors population fluctuation; the AK lab will accommodate the projected growth
- Attempting to reduce facility size through re-design would have to begin with yet another (3rd) Space Needs Analysis, and if warranted, redesign, re-estimating along with another extended period of pre-construction reconciliation work; all of

which would be a duplication of good money already well spent. Millions of dollars and a lost construction season later, the outcome would almost assuredly result in a validation of the project sized as it is now designed

- It will cost as much to redesign and build the lab to a smaller size therefore it would be fiscally irresponsible to do so

Comparable Cost of the North Dakota and Alaska Crime Labs

The analysis in the table below is based on an "apples to apples" comparison considering only construction contract costs. It is presented this way since the cost information provided to us for the North Dakota project was limited to construction only, and was not as complete in the scope of work as the Alaska project.

Construction Costs Comparison ACL 2010 vs NDCL 2007	Multiplier	ND Adjusted	ACL Adjusted
PUBLISHED BASE BUDGET PER SF		$254	$888
Only 56% of the ND lab was built out; 44% had very little tenant improvements adjust for improved SF ($254+$72)		$326	
Escalation for 2007 to 2010 Construction ($326 x 1.36%) ***A**	1.36	$443	
RS Means Regional Cost Variation AK vs ND ($443 x 1.56%) ***B**	1.56	$692	
Contractors Contingency / Escalation ($692 x 1.07%) + $48 ***D**	1.07	$788	
Square Foot Price after Regional Adjustments		$788	
Additions to Bismarck site to bring to Alaska Standards:			
Extensive site development/wetlands mitigation		$48	
Primary Utilities Services to Site		$20	
Structural Upgrades to meet Zone 4 Seismic ***C**		$22	
		$876	$888
***A** Based on a recent design of a Crime Lab in N Dakota			
***B** Based on RS Means Building Const. Data 2009			
***C** Bismarck N.D. is in the minimum Seismic Zone			
***D** Bismarck N.D. was based on completed Construction costs			
Pre-construction Services , design, FFE , admin, etc (as noted elsewhere in this document)			$398
Total Budget			$1,288

The North Dakota and Alaska facilities/budgets are dissimilar and therefore not suited for a size/price comparison

Comparison of Services Covered in the Alaska Construction Budget versus the Services Covered in the North Dakota Construction Budget

Costs Covered within Published Budgets	Alaska Included?	North Dakota Included?
Design		
A/E Design	Yes	No
Design management and Administration (DOT)	Yes	No
CM/CG Contractor Pre-Construction Services	Yes	No
Building Permit	Yes	No
Construction		
Construction Contract	Yes	Yes
Wetlands Mitigation	Yes	No
Construction Management (DOT)	Yes	No
Special Inspections	Yes	No
Testing	Yes	No
Facility Start Up	Yes	No
Furniture, Fixtures, Equipment (Group II)	Yes	No
Laboratory Equipment (Group II)	Yes	No
Record Drawings	Yes	No
Artwork	Yes	No
Laboratory Staff and Office Move to New Lab	Yes	No
Legal Fees	Yes	No
Cost of Bond Issuance	Yes	No
DOT/PF Overhead	Yes	No

The $4.8mil cost for the North Dakota lab covers only the value of the construction contract. The 17 other services/tasks that are included in the Alaska budget are not accounted for in the North Dakota budget provided. However, almost all of those other services/tasks would have been necessary to achieve a completed, functional facility in North Dakota. **The costs for these services would have to be added to the (adjusted) North Dakota construction cost in order to reasonably compare the total North Dakota budget to the total Alaska budget.**

Comparison of North Dakota and Alaska: Crime Statistics, Population Growth Projections, and Staffing Comparisons

CRIME STATISTICS, NORTH DAKOTA AND ALASKA *(From the US Dept. of Justice, FBI, Criminal Justice Information Services Division, Crime Statistics for 2007, Universal Crime Reporting Statistics):*	
North Dakota	**Alaska**
State population: 639,715	State Population: 683,478
Violent crimes: 911	Violent crimes: 4,519
State ranking, violent crimes: 49	State ranking, violent crimes: 9
Violent crime rate per 100K inhabitants: 142.4	Violent crime rate per 100K inhabitants: 661.2
Murder rate per 100K inhabitants: 1.9	Murder rate per 100K inhabitants: 6.4
Forcible rapes per 100K inhabitants: 32.4	Forcible rapes per 100K inhabitants: 77.4
Aggravated assault per 100K inhabitants: 97.2	Aggravated assault per 100K inhabitants: 492.0
Robberies per 100K inhabitants: 10.9	Robberies per 100K inhabitants: 85.3
Property crime rate per 100K inhabitants: 1,889.6	Property crime rate per 100K inhabitants: 3,379.5
Burglary rate per 100K inhabitants: 338.3	Burglary rate per 100K inhabitants: 538.7
Larceny-theft rate per 100K inhabitants: 1,408.4	Larceny-theft rate per 100K inhabitants: 2,487.0
Motor vehicle theft per 100K inhabitants: 142.9	Motor vehicle theft per 100K inhabitants: 353.8
Note: All of the violent crimes in the above list (bold font), as stated in the Blood Alcohol section of this document, require greater forensic lab space, officer and lab scientist training, staffing requirements, and specimen storage space than non-violent crimes.	

STATE POPULATION GROWTH PROJECTIONS	
North Dakota	**Alaska**
Median population growth rate from 2009 to 2020: negative 1.9%. According to the North Dakota State Data Center at North Dakota State University (a branch of the US Census Bureau), North Dakota's " At 642,200 in 2000, North Dakota has shown a 5.7 percent decrease in population since its peak in 1930 at 680,845." The US Census Bureau projects a continuation of this trend, with a population decrease of 30, 057 by 2020.	Median population growth rate from 2009 through 2020: 19.25% (without gas pipeline; higher with pipeline). According to "Alaska Population Projections: 2007-2030", Alaska Department of Labor and Workforce Development, Research and Analysis Section, population growth projections for the beginning of 2011 (move-in date for new lab) through the end of 2020 show an increase of 1.7% - 1.75% per year, using the high range values.

STAFFING COMPARISONS	
North Dakota Lab	**Alaska Lab**
Current staff, according to an organization chart provided by Hope Olsen, Director of the ND lab: Total staff = 11, including the Lab Director. This represents 20 staff positions. 6 staff members are cross-trained to fill more than one position within the 5 forensic areas of this lab (firearms, DNA, arson, trace and drug chemistry). 5 staff members work only one function within the DNA section, and of these 5, 2 are listed as "temporary". The staff of the ND lab does not process these additional forensics, which will be fully processed in the Alaska lab: 1. Full latent print processing (ND only does partial) 2. Toxicology 3. Question Documents 4. Crime scene 5. Bio screening 6. Controlled substances	**Projected staff at move-in, 2011**: 45 (8 new + 37 current) needed to match projected workload to achieve 30-day forensics turn-around in accordance with current/future forensic and government standards and practices. **Projected staff through 2020:** 60 (15 new + 45 current) to meet projected population growth factors, technological advancements, crime trends, future/unmet needs, and further development of new lab sections (toxicology and QD/DE). These new sections will require 5 of the 15 new staff. High-growth lab sections are anticipated to be DNA, controlled substances and latent prints, adding the other 10 new staff at a rate of 1 new staff/year for 10 years. This equates to a 2%/year growth rate, consistent with AK statewide population growth. If the gas pipeline project becomes a reality, population and crime is projected to increase well beyond these figures.

The above section has a lot of information to absorb. There is additional interesting and important information on these topics under TAB B.

The short story bottom line regarding these crime statistics is;

1. Based upon FBI statistics the rate of crime in Alaska is much higher than the crime rate in North Dakota by no less than 1.6 times greater to more than 7.8 times greater, depending on the type of crime. The largest disparities are between the more serious and violent crimes.
2. Between now and 2020 the population of North Dakota is projected to decline by 1.9% while the population of Alaska is projected to grow by 19.25%. This correlates directly to the space and staffing requirement projections.
3. The North Dakota facility/staff does not process all the forensics that the Alaska facility will process. North Dakota outsources six of the more; space, staff, and technically intensive processes that will be done in-house at the Alaska facility.

Why is the Alaska lab designed to be 84,379 square feet in size?

1. In 2005 a study to expand the existing Crime lab was done. Subsequently, a competition for design services for a new lab was held. The Livingston Slone Inc (LSI) team won the competition. The contract requirements included having a forensic crime lab specialists on the design team, and to complete a space needs analysis. McClaren, Wilson & Lawrie (MW&L) fills that position on the LSI team. MW&L is recognized as the premier crime lab specialist firm in the U.S., having designed 90 different crime labs nationwide, and overseeing construction of 45 different crime labs nationwide.

2. A modern forensic lab must meet the test of time. In 2007 MW&L did an extensive Space Needs Assessment, as required by the design contract. The MWL program identifies every room, the space components within each room, the numbers of staff, future lab sections and staff, etc.

3. The resultant design square footage proves out against similar labs in Washington, Indiana, California, Virginia, and New York (to name a few). See table below:

Building Area to Staff Ratio Comparison			
Lab Type & Location	Gross Building Area (GSF)	Number of Staff (FTE)	GFS/FTE
[redacted]			
Average for WA, IN, CA, VA, NY	**70,213**	**62**	**1,169**

Both the Gross Building Area and the Gross Building Area to Number of Staff Ratio are more efficient than the referenced sample projects from other states.

The space needs for the Alaska crime lab have been rigorously analyzed and reported on by the most qualified crime lab program and design professionals to be found in the U.S. The depth of the study cannot easily be conveyed in a snapshot. Please see TAB D.d1 for a summary of the study, and d2 through d5 for a thorough review of how the space needs were arrived at, and the mathematical results that define the facility size.

Why does the new Alaska Crime Lab Cost So Much?

It only appears to be overly costly when compared to projects out of state that have very little in common with the Alaska Crime Lab. The cost question was asked using a facility in North Dakota as a comparison. Not with-standing the regional cost differences and escalation in costs from 2007 to 2010, the SF figure for ND represented only the construction contract value. The AK budget is all inclusive; from the 2005 and 2007 space needs through the cost of relocating the staff. Apples and Oranges is a closer comparison than this.

When compared to other complex labs built in Alaska in recent years, the cost is dead-on:

ELEMENT	CRIME LAB**	CRIME LAB***	VIROLOGY LAB	ENVIRONMENTAL HEALTH LAB
Admin as % of Lab Space	21%	16%	32%	27%
Project Cost per Square Feet	$1,258		$1,136	$949
Project Cost per Square Feet*	$1,050			
	Note: Admin = lab offices and admin areas			
	**includes break room, classroom			
	***not including break room, classroom			
	*Less Crime Lab Features, Sitework @ $11M			

Conclusions

- Comparing the North Dakota project to the Alaska project is no more valid than comparing apples to Oldsmobile's
- The Alaska Crime Lab is appropriately sized based on an exhaustive space needs study performed by the most knowledgeable forensic crime lab designer in the U.S. and is comparable to labs in WA, ID, CA, VA, and NY
- The cost per square foot is unquestionably in line with other labs recently constructed in Alaska

This facility should be constructed as designed without further delay

Alaska Department of Public Safety
New Alaska Scientific Crime Detection Laboratory

March 12, 2009

Prepared by Voeror Construction Inc.

March 02, 2009 Questions/concerns from Mr. Randy Ruaro; and responses thereto:

Concern Expressed: *"The design costs for the Alaska lab so far are substantially close to what taxpayers in North Dakota paid for an entirely new laboratory facility ($5.1 million / 19,000 square feet)."*

5.1M for 19,000 sf equates to $268/sf. For the Alaska lab we are spending $7M just for the site preparation work (excavation of peat, import of gravel, utilities). This alone equates to $83/sf and helps to explain why one cannot randomly compare cost statistics between projects in different areas.

Furthermore, another reason why such comparisons are invalid is that a close inspection of the published facts about Alaska and North Dakota shows the two states share little in common beyond similar population size and winter weather. Regarding design costs, case composition/numbers and lab size comparison of North Dakota to Alaska we offer the following.

The major disparity in the type of crime and the crime rates between the two states shows why the labs are not directly comparable. The data does show, however, that Alaska's crime problem is orders of magnitude more severe than North Dakota's, giving rise to significantly more caseload, and the need for a much larger lab.

A comparison of the two states based on crimes per 100,000 persons reveals the following stark differences. (Data taken from the FBI 2007 crime statistics for the fifty United States, District of Colombia and Puerto Rico - see the website at http://www.fbi.gov/ucr/cius2007/data/table_05.html).

Forcible Rape; AK ranks 1st in the nation, ND is 26th.
Murder; AK ranks 13th and ND is 43rd.
Violent Crime; AK ranks 9th and ND is 49th.
Property Crimes; AK ranks 24th while ND is 49th.

Over all Alaska reported 27,617 crimes in 2007 while ND reported 12,999 crimes in 2007. Alaska's violent crime rate is more than 4.6 times that of ND. There is no category where Alaska is less than 1.6 times and it goes as high as 7.8 times ND.

The statistics above show that public safety issues and crime data comparisons between the two states is the basis for determining the size, cost and staffing for each state's respective crime lab needs.

The costs of any services including design services are based on the scope of work required, level of effort needed to accomplish a given task and the local prevailing labor costs. The state negotiated an equitable contract with the design team that is fair to both parties and provides the required services for a reasonable price.

According to the State of ND published wage rate schedules labor cost for government projects are at best half of Alaska published rates and less in some cases. (For instance, the ND published rate for a carpenter is $15.54/hour while Anchorage is $33.30 W/O benefits.)

An interesting observation is that the new ND lab has a current staff of twelve and is 19,000 SF. When built in 1985 the AK crime lab had a staff of seven and was 18,000 SF.

Concern expressed: *"And the North Dakota lab processes twice as much (or more work) as the Alaska lab."*

Regarding the assertion that the ND lab produces twice the work of Alaska we offer the following information.

Specific 2008 ND-AK caseload comparison (these statistics were provided by the North Dakota Crime Lab's current Director, Hope Olsen, and the AK Crime Lab Manager, Orin Dym):

North Dakota Lab	Alaska Lab
Latent prints: ND doesn't engage in full latent print identification, partially processing 36 latent prints (developing only).	**Latent prints**: AK fully analyzed 1,000 latent prints, including developing, comparison, and AFIS searches.
Firearm/toolmark: Received 41 cases; 5 were from violent crimes	**Firearm/toolmark**: Received 130 cases, nearly all from violent crimes
DNA: Received 200 cases for DNA analysis	**DNA**: Received 450 cases for DNA analysis
CODIS: Received 4,200 database samples	**CODIS**: Received 10,000 database samples
Breath Alcohol: Performed 3,500 breath tests	**Breath Alcohol**: Performed 6,000 breath tests
Controlled Substances: Received 2,000 cases; 75% were Marijuana only (requiring less analysis time), while 500 were solid dosage drug cases.	**Controlled Substances**: Received 1,200 cases; 15% were Marijuana only, while 1,000 were solid dosage drug cases (requiring more analysis time).
Blood Alcohol: Received 3,800 cases.* *NOTE: The ND lab receives many more minor offense crimes (drugs/alcohol) which are processed via simpler and faster highly automated analysis than violent crimes, thereby requiring less lab staff and lab space.	**Blood Alcohol**: Received 600 cases.** **NOTE: The AK lab processes less BA cases but more violent crime cases. Violent crime case analysis (DNA, firearms, latent prints) are more labor and space intensive. The new AK lab can process 3,000 additional BA cases per year w/o additional space due to the highly automated analysis process.

As you can see above, caseload and case type are not directly comparable between the two labs. Alaska's greater number of more complex cases means that far more staff and lab space are needed than in ND. Given the variation in complexity it is impossible to draw a simple, direct correlation between the numbers of cases worked per staff by each lab.

Statement: *"We will continue to review and analyze the questions surrounding the sizing and costs of the proposed Alaska lab until we have reasonable responses."*

The North Dakota crime lab is not a full service lab: it contains only four of the nine forensic scientific sections of a full service lab, plus a breath alcohol lab. Upon a review of the floor plan for the ND lab, many lab areas are very compressed, done to meet a restricted construction budget. In terms of the planning window for the ND lab, it was designed for needs occurring only a few years beyond the 2002 -2003 programming effort, compared to the year 2020 for the Alaska lab. There is nearly two decades of time between the planning windows of these two projects, which translates to a **major** size and cost differential between the two, further explaining the small size of the ND lab. The ND lab, if programmed and designed today, at the same time as the Alaska lab, would be much larger and designed much differently.

In terms of planning and design, one sees that the ND plan does not contain a standalone latent prints/AFIS section, standalone trace evidence section, or standalone CODIS DNA lab section, but rather these functions are merged within other sections. The ND lab does not have a Bioscreening section, Questioned Documents / Digital Evidence section or significant Crime Scene support facilities beyond a small vehicle exam bay. (The latter being the same size as Alaska's current lab.) Also, evidence storage has been reduced to a single relatively small room, remote from the central evidence receiving area. The ND lab plan does not have a firing range or any kind of enclosed mechanical space for rooftop equipment. Another example of the compression we see in the ND lab is that there is a distinct lack of separation between public access to the classroom and evidence flow from the evidence receiving room, presenting a serious security concern, which may render its data subject to court challenge. To avoid these types of planning issues requires substantially *more space*. The trends in design of forensic labs nationwide is to have separate and distinct lab sections for each lab section, to avoid potential cross contamination issues between lab disciplines and afford greater quality control, a more specialized and controlled lab environment. Another trend is for forensic labs to have in-process evidence storage rooms in each section plus a large central evidence storage room to accommodate governmental mandates for longer and longer retention times for evidence, particularly violent crime evidence (a crime type nearly five times more prevalent in Alaska). Forensic labs are undergoing greater and greater scrutiny by defense attorneys and this will lead to increased demands on the nation's crime labs in the future. Crime Labs must be designed to produce court defensible data when subjected to higher court scrutiny. This all translates to more space to assure separation of work areas and scientific reliability.

By comparison, the new Alaska crime lab is a full service lab, housing eleven forensic scientific sections in distinct standalone laboratory sections (DNA/Forensic Biology, CODIS DNA, Bioscreening, Trace Evidence, Firearms / Toolmarks, Controlled Substances, Latent Prints/AFIS/impressions / Toxicology, Breath Alcohol, Crime Scene / Vehicle Exam, Questioned Documents / Digital Evidence). Each lab section has its own in-process evidence storage rooms and there is a central evidence storage room within the evidence receiving section designed for long term retention of evidence. The Alaska lab is designed with a firing range and rooftop enclosed mechanical rooms to protect sensitive mechanical equipment. The Alaska lab has been designed to design standards and forensic science standards, which are much different from those that existed when the ND lab was programmed in the early 2000's. Bottom line, it is more economic for Alaska to have a full service lab that is designed to stand the test of time and be able to meet future growth needs of this dynamic State, than to scrimp now, only to have a new lab that begins in obsolescence on opening day. The State of Alaska is unique, being a World transportation hub and energy hub. This places a whole different set of crime and socioeconomic parameters on Alaska as compared to North Dakota. Additionally, the Alaska

crime lab is more remote from other supporting (outsourced) labs, our geographic service area is by far the largest in America and Alaska's case load and case profiles demand full services.

The size of any crime lab is determined by the types of forensic science sections to be accommodated (DNA, Firearms, etc.) and staff size for each section. Consideration for potential growth, new processes and advancement in detection techniques needs to be accommodated as well.

The ND Lab was sized based on a six year old needs assessment/space program to accommodate current needs only. In a state with a negative population growth factor no consideration was made for future expansion or added services. In fact, at the beginning of the construction the firing range was deleted by change order thus reducing the capability of the lab firearms section.

The new Alaska Crime Lab was planned to accommodate future growth to the year 2020-a mere eight years after occupancy, with a provision for it to serve with space compression through 2030. This planning assumption is based on historical information, caseload projections, and median population growth according to official state demographic data. Throughout the design and planning stages of the project the staffing numbers were reexamined, discussed and revised by the Lab Manager and the design team to insure that we had not oversized or undersized the individual forensic sections. The staffing growth plan is described in detail in the attached document "ACL Planning for Staff Growth" which is an expanded version of Part 1 of the project's Space Needs Assessment submittal.

When planning a major new state facility it is fiscally prudent and responsible to plan to accommodate some growth and allow for some future compression. To that end the new Alaska Crime Lab is designed to accommodate additional staff beyond the planned 60 up to 65 staff without compression. Note that five lab workstations are used from the date of move-in by cross trained personnel until full time positions are necessitated by growth in caseloads. This takes the building beyond the 2020 planning window, through 2030 without further capital expenditure. Further, the building is designed to easily accommodate expanded services through compression without major remodeling. Specific lab sections have been designed so that two workstations can be converted to three workstations by removing two movable tables. Surface utility raceways allow for additional power and data connection to be added without any major disruption. This compression ability will allow the facility to grow and change, functioning efficiently past the 2020 without major expansion or construction.

March 12, 2009 Questions from Mr. Randy Ruaro; and responses thereto:

1 (a) How did we arrive at a determination that we need 86,000 square feet? (b) To answer this question I think we need the workload data and assumptions that DPS provided to Mr. Sloane and (c) a breakdown of the 86,000 square feet by the type of work and other areas included in the design. (d) For instance, if the design allocates 5,000 square feet to room to park the crime lab van that has been outside for the past 20 years we need to know why this is required and why it has to be 5,000 square feet. (e) If the design allocates 5,000 square feet of space to Orin Dym for a new office, we need to know why this is required/ (f) Couldn't the 18,000 feet being vacated as the current lab be used for administrative space or at least part of the administrative space) and why does it have to be 5,000 square feet. (g) If 20,000 square feet is allocated for room to perform latent finger print work, why does it have to be this big? How many cases per analyst does this assume? How does this compare to other labs? (h) How do other labs manage to perform 4 times more latent finger print work in an area 1/4th size allocated in the current design with ½ as many analysts/

Response:

1(a)&(c): Please note that the new lab is a 84,379 SF building with a roof top vertical equipment enclosure of 10,000 SF. Please see the facility space needs assessment dated October 2007 (Tab D) for a list of rooms and net area planned for each. Also refer to the Space needs assessment supplement for a more detailed discussion of the staffing for each lab section.

1 (b): Please refer to the ACL Space Needs Supplement for a complete discussion of the basis for staffing projections.

1(d): This area is actually 500 SF not 5000 SF and serves as a second vehicle inspection bay. The existing AK crime lab originally had two inspection bays until one was turned into the maintenance office and breathalyzer equipment fill station.

1(e): The Lab Director Office is 180 SF not 5000 SF. During the early design phase it was reduced from 250 SF at Orin's request. He felt he did not need a conference area in his office and he would utilize the admin conference room. Please see the facility space needs assessment dated October 2007 **(TAB D)** for a list of rooms and net area planned for each.

1(f): See Mr. Ruaro's question No. 3 below for answers to these two similar questions.

1(g): The current design has 4,250 SF for latent prints, AFIS, footwear impressions and tire impressions. The latent section was programmed for eight criminalists and two supervisors. Refer to the Final Space Program revised January 11, 2008, which shows 4,586 SF was programmed for the lab space.

1(h): This concern cannot be evaluated with the information furnished. What other lab does this refer too? Do they do impression and comparison work?

The Alaska Lab has been managed, designed by the same team as three recent State Labs: Public Health Lab, DEC Food Safety Lab and Virology Lab. The contractor for the new crime lab built the Public Health Lab. This team has unparallel Alaska Lab experience.

2 (a) How did we arrive at a square foot cost of $1,250 a square foot? (b) the next most expensive lab in the nation is Orange County at $500 a square foot.

Response:

2(a): It should be noted that the $1,250 figure is for the total cost of the facility from conceptual design through supply and placement of furnishings and equipment. **Actual construction cost, including a construction contingency of $2,697,271, and a materials and labor escalation budget of $2,103,871 is $74,941,642, or $871 per SF. Cost per SF without the contingencies is $813 per SF. Of this amount we are spending $83/SF ($7M) on site preparation work alone. So effectively the Alaska lab's construction cost is $730/sf.**

It should also be noted that the referenced $1,250 per square foot cost is quite close to the cost projection stated in the DPS Statewide Services Crime Lab Expansion Study; December 2005 (TAB E). The 2005 study estimated $1,210/SF was based on a 2008 construction start. The current all inclusive budget is based on a 2010 (vertical) construction start. The cost difference represents less than 2% per year. Our budget was developed not from the 2005 study but from our findings in the space needs assessment (TAB D) and the actual design.

To date we have employed three estimators: two from separate estimating companies, and one from the construction contractor. All three are in agreement. Our construction cost was determined using a professional construction cost estimator that specializes in Alaska projects; and independent estimates by the actual construction contractors. At three stages in the project's development we have had each of these estimators develop discrete, independent parallel construction cost estimates. At each of these estimate phases the design and construction team spent hundreds of man-hours reviewing the detail of the estimates. Then over a three day period at each stage with the full design team, construction team and DOT&PF representatives reconciled the material quantities, labor hours and rates and all other incidental costs between these two estimates. This exhaustive effort insured that the state was getting exactly what was designed for a price that was reasonable and appropriate. The process also served to insure that the project was on or under the projected budget.

2(b): Regarding the lab in Orange County; First, without a complete description of what costs were included (were design, permitting, project management by the State, and FF&E included?). Second, what services does the Orange County facility provide; is it full service as is the proposed Alaska facility? Third; when was it constructed, has the cost been prorated/escalated in time to mirror the construction schedule anticipated for the Alaska facility? Was a Means regional cost differential applied? In summary, the cost to build facilities in Alaska are real costs and are not fabricated. As such, there are thousands of buildings erected worldwide that, if investigated, will validate Alaska's construction costs because the Alaska Lab's costs are real. Therefore efforts to make judgments based upon comparisons with other buildings elsewhere are not of relevance or value.

3) Could the current design be reduced from to 68,000 (almost $20 million in cost per square foot) if the 18,000 square feet at the current lab continued to be used for latent finger prints and other functions?

Response:

1(f) above and 3): Re-design to a 68,000 sf size will not result in any savings and it will delay the lab's completion by 3 years. This is because escalation, redesign costs, and delays will offset any savings in construction of a smaller building. Aside from this fact, with regard to the dollar figures listed above in question 3, do not take into account the additional cost of the remodel construction work and other project costs so the $20mil "savings" value noted above is not factually supportable. And the $20mil figure as presented includes static costs that are not impacted by building size. If it were practical to drop 18,000SF from the project (which it is not) the only costs that would be impacted are construction costs. Irrespective of the fact that the $20mil figure does not include remodel costs for the existing lab, the differential is overstated by a minimum of $241 per SF.

Please note that remodeling of the existing building for reuse by the crime lab was evaluated by the current design team with DPS, DOT&PF and determined to be undesirable and not cost effective for several reasons. Note also that the 2005 study developed by a separate team of professional designers came to the same conclusion.

- The on-going forensic science activity cannot be stopped during a remodel so the new crime lab would have to be built and move-in completed prior to the start of work. Temporary work space would have to be rented or found in existing facilities for the services planned to be housed in the existing facility.
  - The costs of rental space and two moves plus the cost of remodel design and construction would be close to the cost of building new space in one building.
- Separating the Administration or other lab functions from the single building would create extra ordinary operating inefficiencies rendering this concept infeasible.
  - Would supervisors be in the lab or admin building?
  - Reception staff would be needed in each building.
  - Where would case files be housed?
  - Administrators would need to drive back and forth between the buildings several times a day to view operations.
  - If a lab section is separated you would need two evidence storage areas and additional staff to cover the satellite evidence operation?

The USKH study was commissioned specifically to investigate the feasibility of expanding the existing lab at the existing site. The state did not seek the services of a true expert in the field of forensic lab design for that effort, as it was merely a quick 4 week study of order of magnitude feasibility and it was not intended to be used for actual design. The architect that performed the study had designed research labs and police facilities but had designed only one crime lab.

When the study was underway it became evident that it was infeasible to expand the existing lab a temporary lab would need to be built first to enable the scientists to continue working during construction. Renovation of the old lab would likewise be expensive. The cost was astronomically high. So the consultant was asked to take a quick look at building a standalone

facility elsewhere. That option was determined to be the best course. However a full needs assessment study for a new lab was beyond the scope of the study. The study was used to justify the creation of a standalone lab project and to initiate funding requests to properly plan and design a new crime lab.

Further, the projections made by that quick study in 2005, by an inexperienced lab architect, that had little crime lab experience, were grossly under-projected. For instance, the study's 2020 staff projections were realized in 2007. **Our space needs today for the staff currently in place already exceeds what the study projected for 2020**. Obviously the space projections were incorrect.

Subsequently AK DOT/PF solicited the services of a laboratory architect, teamed with McClaren, Wilson & Lawrie, Inc (MW&L). MW&L is recognized by their peers, to be the premier crime lab architect in the country (90 crime labs designed, 45 built). In contrast, other crime lab architects around the country can claim to have designed a few crime labs, meaning that nobody comes close to having the same level of experience as the crime lab architect retained to plan and design the Alaska Lab.

Prepared by Neeser Construction Inc.

Cost Comparisons to Projects Outside of Alaska

To people that are not familiar with construction it may seem that a simple commodity comparison of costs for facilities outside of Alaska, that appear to provide the same services as similar facility in Alaska, would be a reliable way to assess the validity of a budget in Alaska (or vice versa). There are a number of reasons why this doesn't work; and it would be very unusual for a person outside of the industry to understand the various impacts that effect cost differentials without taking sufficient time to be well informed.

Here are some impact issues that have a huge effect on cost differentials that to the untrained person might seem insignificant. I will restrict this discussion to construction issues only;

The time at which a facility comes on line has no bearing on construction costs; the important factor is; when did construction start? Example: there was a request for comparative data on a state Crime Lab in Edmond Oklahoma. The questioner referred to it as being recently constructed which is true if you related it to the year completed/opening dates. This doesn't tell us a start date. It is safe to say that the Oklahoma project started no more recently than 2006; a 5 year start differential from the anticipated start of the ACL. Construction cost escalation of 5/6% per year, compounded yearly must be added to the Oklahoma start to normalize it and begin to make an accurate comparison.

Regional cost differentials are tracked, calculated, and published annually by RSMeans in the RSMeans Building Construction Cost Data Book. This is the **industry standard** for cost data research. Means has several uses, one being to be able to adjust for location using City Cost Indexes. The indexes are established against a national average (the average being 100) that has been determined through Means research. Here are the indexes published for Anchorage, AK and Oklahoma City, OK:

Anchorage	Labor: 131.4/100	Material: 114/100	Weighted Average: 124/100
OK City	Labor: 97.3/100	Material: 61.5/100	Weighted Average: 82/100
Differential	Labor: 1.35	Material: 1.85	Weighted Average: 1.51

When Oklahoma is adjusted by the 5 year spread in start dates, and then by the Means differential, Oklahoma City increases from $349 to $706.26 PSF, more than twice what the difference would appear to be to an untrained eye. Research indicates that the published OK City costs were "construction only". The Anchorage budget for "construction only", including the extraordinary sitework is $888 PSF. There are additional adjustments that should be made that will reduce the cost difference even further.

What the City Cost Index Does Not Indicate: As good as RSMeans is they recognize, and advise the user that, "The weighted average for each city is a total of the divisional components weighted to reflect typical usage, but it does not include the productivity variations between trades or cites. In addition, the CCI does not take into consideration factors such as the following: managerial efficiency, competitive conditions, automation*, restrictive union practices, unique local requirements, or regional variations due to specific building codes." **The highlighted issues are very important to consider, each one of them adds costs to work in Anchorage that cities like Oklahoma City do not contend with;** there is no avoiding winter work in Anchorage, weather dependent, productivity loss is between 25 and 40 percent in cold weather. Davis Bacon wages are established by union scale parity, this may not be restrictive but it

certainly escalates the cost of labor. Overtime work necessary to get a building closed in before winter, cost of tenting and heating (labor, materials, heating equipment, and heating fuel), cost of snow removal etc. 1. Anchorage is in the equivalent of a seismic zone 4, this equates to big costs; Oklahoma City is in the equivalent of a seismic zone 2, so there are no associated extra structural costs. 2. Anchorage is a subarctic region where minimum footing depths are 42" we are researching OK City but likely 24" depth. 3. Anchorage has a minimum snow load requirement of 50 pounds per SF; Oklahoma City has a snow load minimum of less than 10 pounds per SF. 4. Anchorage wind resistance requirement is 120# (45#), OK City wind resistance requirement is 95# (42#).

When you compound the escalation adjustment for construction start time lapse; Means regional adjustment, and the 4 highlighted special circumstances, the differential between Anchorage and Oklahoma City disappears, or more than likely begins to make our Anchorage project look more cost effective than the OK City project. There are more issues that add to the difference but this is not a 5 minute discussion. If someone could give 30 minutes of concentrated time to listen, it would make a big difference in their understanding of construction costs.

This narrative was begun to hopefully help the folks asking the questions to understand that they are asking questions that won't give them true comparisons; questions along the lines of; why does a 2x4 cost more in Alaska, why does a toilet cost more, a run of ductwork etc. These things mean nothing without understanding that these components don't define the differentials between Anchorage and any other place in the USA without applying the industry standard adjustments discussed above; as any competent estimator would.

*the first three considerations which CCI does not address were inconsequential to this discussion.

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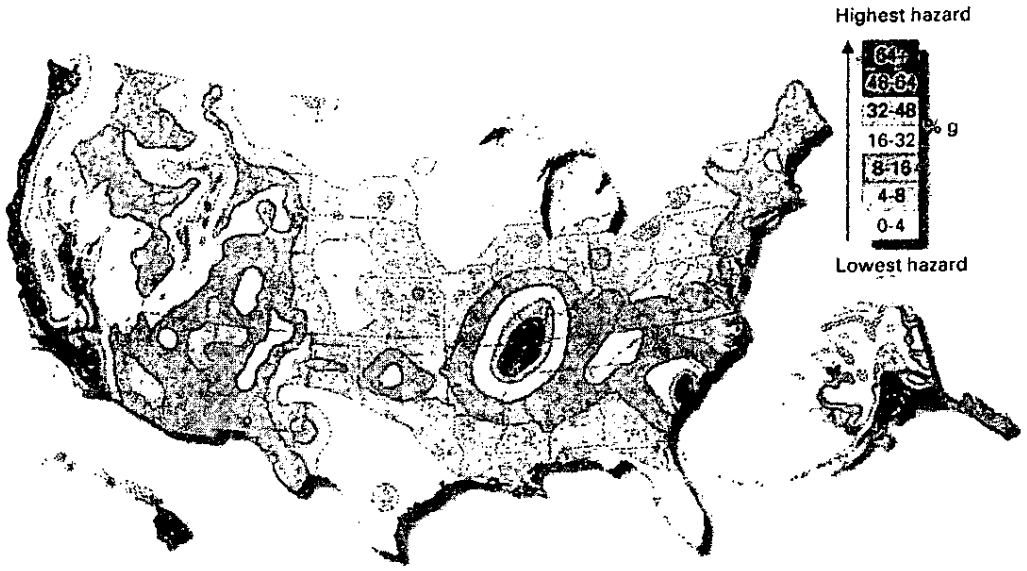
2008 United States National Seismic Hazard Maps

The U.S. Geological Survey's National Seismic Hazard Maps are the basis for seismic design provisions of building codes, insurance rate structures, earthquake loss studies, retrofit priorities, and land-use planning. Incorporating these hazard maps into designs of buildings, bridges, highways, and critical infrastructure allows these structures to withstand earthquake shaking without collapse. Properly engineered designs not only save lives, but also reduce disruption to critical activities following a damaging event. By estimating the likely shaking for a given area, the maps also help engineers avoid costs from over-design for unlikely levels of ground motion.



Colors on this map show the levels of horizontal shaking that have a 2-in-100 chance of being exceeded in a 50-year period. Shaking is expressed as a percentage of g (g is the acceleration of a falling object due to gravity).

The Update Process

The U.S. Geological Survey recently updated the National Seismic Hazard Maps by incorporating new seismic, geologic, and geodetic information on earthquake rates and associated ground shaking. These 2008 maps supersede versions released in 1996 and 2002. Updating the maps involved interactions with hundreds of scientists and engineers at regional and topical workshops. USGS also solicited advice from working groups, expert panels, State geological surveys, Federal agencies, and hazard experts from industry and academia. The Pacific Earthquake Engineering Research Center developed new crustal ground-motion models; the Working Group on California Earthquake Probabilities revised the California earthquake rate model; the Western States Seismic Policy Council submitted recommendations for the Intermountain West; and three expert panels were assembled to provide advice on best available science.

Changes to the Maps

The most significant changes to the 2008 maps fall into two categories, as follows:

1. Changes to earthquake source and occurrence rate models:
   - In California, the source model was updated to account for new scientific information on faults. For example, models for the southern San Andreas Fault System were modified to incorporate new geologic data. The source model was also modified to better match the historical rate of magnitude 6.5 to 7 earthquakes.
   - The Cascadia Subduction Zone lying offshore of northern California, Oregon, and Washington was modeled using a distribution of large earthquakes between magnitude 8 and 9. Additional weight was given to the possibility for a catastrophic magnitude 9 earthquake that ruptures, on average, every 500 years from northern California to Washington, compared to a model that allows for smaller ruptures.

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April 2008

- The Wasatch fault in Utah was modeled to include the possibility of rupture from magnitude 7.4 earthquakes on the fault.
- Fault steepness estimates were modified based on global observations of normal faults.
- Several new faults were included or revised in the Pacific Northwest, California, and the Intermountain West regions.
- The New Madrid Seismic Zone in the Central U.S. was revised to include updated fault geometry and earthquake information. In addition, the model was adjusted to include the possibility of several large earthquakes taking place within a few years or less, similar to the earthquake sequence of 1811–1812.
- Source models for the region near Charleston, S.C., have been modified to include offshore faults that are thought to be capable of generating earthquakes.
- A broader range of earthquake magnitudes was used for the Central and Eastern U.S.
- Earthquake catalogs and seismicity parameters were updated.

2. Changes to models of ground shaking (that show how ground motion decays with distance from an earthquake's source) for different parts of the U.S., based on new published studies:
   - New ground-motion prediction models developed by the Pacific Earthquake Engineering Research Center were adopted for crustal earthquakes beneath the Western U.S. These new models use shaking records from 173 global shallow crustal earthquakes to better constrain ground motion in western States.
   - Several new and updated ground-shaking models for earthquakes in the Central and Eastern U.S. were implemented in the maps. One of the new ground-shaking models accounts for the possibility that ground motion decays more rapidly from the earthquake source than was previously considered.
   - New ground-motion models were applied for earthquake sources along the Cascadia Subduction Zone.

Significance of Results

The new National Seismic Hazard Maps show, with some exceptions, similar or lower ground motion compared with the 2002 edition. For example, ground motion in the Central and Eastern U.S. has been generally lower by about 10–25 percent due to the modifications of the ground-motion models. Ground motion in the Western U.S. is as much as 30 percent lower for shaking caused by long-period (1-second) seismic waves, which affect taller multistory buildings, and ground motion is similar (within 10–20 percent) for shaking caused by short-period (0.2-second) waves, which affect structures of one or a few stories.

The new 2008 maps represent the best available science as determined by the USGS from an extensive information-gathering and review process. Changes will be made in future versions of the maps as new information on earthquake sources and resulting ground motion is gathered and processed.

San Francisco, Calif., Earthquake, April 18, 1906. Fault trace 2 miles north of the Skinner Ranch at Olema. View is north. 1906. Plate 10, U.S. Geological Survey Folio 193; Plate 3-A, U.S. Geological Survey Bulletin 324. (USGS Photo Library). Photograph by G.K. Gilbert.

For Further Information

To learn more about the National Seismic Hazard Mapping Project, go to URL *http://earthquake.usgs.gov/hazmaps/*. Working Group on California Earthquake Probabilities, go to URL *http://pubs.usgs.gov/of/2007/1437/*. Or you may also contact Mark Petersen: mpetersen@usgs.gov.

Prepared by Neeser Construction Inc.

Alaska Crime Lab Replacement Facility

Importance of commencing site work by March 10, 2009

The current FY2010 request for $94M assumes site work construction commencing before March 10, 2009. The project's site work must occur this winter while the site is frozen in order to economically excavate the peat moss. The cost of this early site work construction is currently funded. If the site work does not start before March 10, 2009 at the latest, the project will be impacted in the following ways:

Scenario: Full Funding Appropriated this Legislative Session (FY10)

FY10 CIP Amount: **$100.2M**
Start Construction: August 2, 2009
Move-in: June 2012 (delay of ½ year)

Comment – Original FY10 CIP request of $94M increased **by $6.2M** to accommodate higher costs from excavating in unfrozen wetlands, tenting and heating foundations in winter construction. Space needs to mitigate the backlog of crime evidence are not met for at least 3-1/2 years from now.

Scenario: Full Funding Appropriated next Legislative Session (FY11)

FY11 CIP Amount: **$105.4M**
Start Construction: August 2, 2010
Move-in: June 2013 (delay of 1-1/2 year)

Comment – Original FY10 CIP request of $94M increased by **$11.4M** to accommodate higher costs from excavating in unfrozen wetlands, tenting and heating foundations in winter construction, and one year of escalation. Space needs to mitigate the backlog of crime evidence are not met for at least 4-1/2 years from now.

February 16, 2009

11/5/09 WORKSHOP WITH LEGIS. FINANCE DIVISION

<target><bill></bill><subject>11-5-09 WORKSHOP WITH LEGISLATIVE FINANCE DIVISION</subject><comm>HFIN26</comm></target>

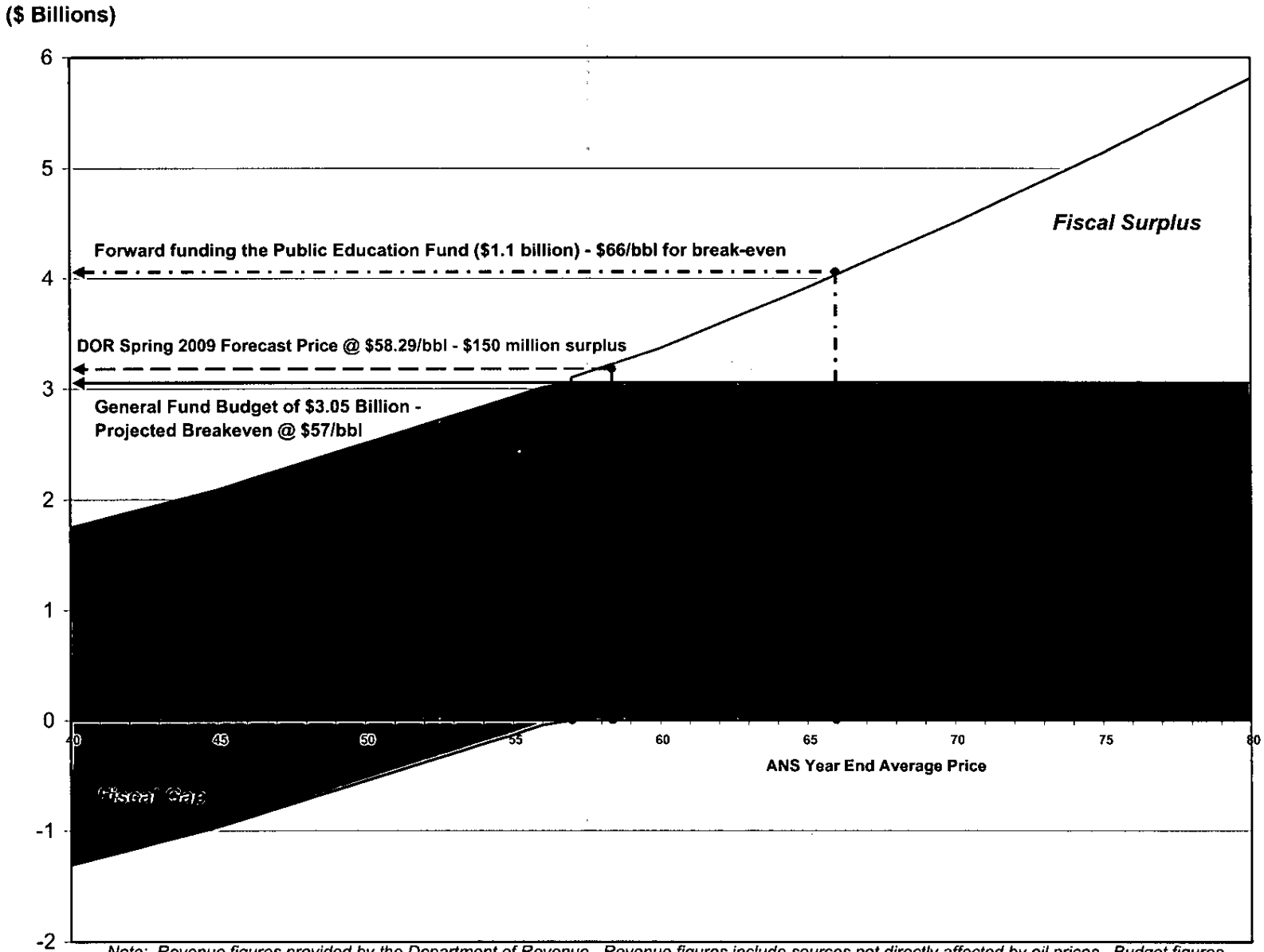
House Finance Committee Work Session

November 5, 2009

Legislative Finance Division

http://www.legfin.state.ak.us/

FY2010 General Fund Revenue - Fiscal Sensitivity



Note: Revenue figures provided by the Department of Revenue. Revenue figures include sources not directly affected by oil prices. Budget figures include operating and capital.

SUMMARY OF APPROPRIATIONS
2004 Session – FY 05
FY04/FY05 Fiscal Summary
($ millions)

REVENUE (Excludes Permanent Fund Earnings)	FY04 Authorized GF	Federal	Other	Total	FY05 Enacted GF	Federal	Other	Total	GF Change
Unrestricted General Fund Revenue (1)	2,331.6			2,331.6	1,961.1			1,961.1	(370.5)
New Revenues (2)					10.8				
Bond Proceeds (3)							120.0		
Corporate Dividends (4)			123.5	123.5			130.6	130.6	
Retained Corporate Dividends (4)			(53.0)	(53.0)			(53.9)	(53.9)	
Federal and Other Funds		2,759.6	1,072.4	3,831.9		3,011.5	943.1	3,954.6	
Total Revenue	**2,331.6**	**2,759.6**	**1,142.9**	**6,234.1**	**1,971.9**	**3,011.5**	**1,139.8**	**6,123.2**	**(359.7)**
APPROPRIATIONS									
Operating	**2,233.1**	**1,633.5**	**977.9**	**4,844.4**	**2,323.8**	**1,566.0**	**986.3**	**4,876.2**	**90.8**
Agency Operations (Non-Formula)	1,086.8	721.5	1,260.8	3,069.2	1,104.9	752.4	1,280.0	3,137.3	18.1
Formula Programs	1,060.5	730.4	140.5	1,931.5	1,150.4	772.1	134.0	2,056.4	89.9
Debt Service & Fund Capitalization	53.7	47.8	231.8	333.2	54.4	41.3	280.9	376.6	
Revised Program Legislation (RPLs)		75.5	1.8	77.3					
Supplemental Appropriations	32.1	58.2	12.6	102.9	12.5			12.5	(19.6)
New Legislation					1.7	0.3	17.3	19.3	1.7
Duplicated Authorization (5)			(669.6)	(669.6)			(725.9)	(725.9)	
Capital	**86.0**	**1,126.1**	**165.0**	**1,377.1**	**8.8**	**1,445.5**	**153.5**	**1,607.8**	**(77.2)**
Project Appropriations	84.6	969.3	198.9	1,252.8	8.8	1,445.5	105.5	1,559.8	
Bond Specific Projects			92.4	92.4			95.2	95.2	
Revised Program Legislation (RPLs)		61.1	0.0	61.1					
Supplemental Appropriations	1.5	95.7	6.7	103.9					
Duplicated Authorization (5)			(133.0)	(133.0)			(47.2)	(47.2)	
Total Authorization (unduplicated)	**2,319.1**	**2,759.6**	**1,142.9**	**6,221.5**	**2,332.7**	**3,011.5**	**1,139.8**	**6,484.0**	**13.6**
Draw From CBR or (GF Lapse)	**(12.5)**				**360.7**				**373.3**
Permanent Fund Dividends			568.0	**568.0**			512.0	**512.0**	
Permanent Fund Inflation Proofing & Other Transfers (6)		2.4	170.0	**172.4**			619.0	**619.0**	
TOTAL WITH PERMANENT FUND	**2,319.1**	**2,761.9**	**1,880.9**	**6,961.9**	**2,332.7**	**3,011.5**	**2,270.8**	**7,615.0**	**13.6**

Notes:
(1) Revenue assumptions are from the Spring 2004 Revenue Sources Book. FY04 is $31.13 per barrel and .985 million barrels per day. FY05 is $28.30 per barrel and .980 mbd.
(2) This includes increased revenue the executive branch expects to collect from increased fees and user costs that require no legislative action.
It also includes expected revenue generated from SB231, HB484 and SB1001 (tobacco bill passed during the special session).
(3) AHFC is providing $45 million in bond proceeds. ASLC is providing $75 million in bond proceeds as a return on invested capital.
(4) Corporate dividends include funds made available to the State by the boards of AHFC, AIDEA, and ASLC. Dividends retained by AHFC for debt service on state capital project bonds are subtracted.
(5) Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided.
(6) $354 million of FY04's inflation proofing of $524 was prefunded in FY03. The balance of $170.0 was funded with a supplemental but is being shown on this line.

		FY09 Budget				FY2010 Enacted Budget				GF Change	
		GF	Federal	Other	Total	GF	Federal	Other	Total	$	%
1	**REVENUE** (Excludes Permanent Fund Earnings)	5,871.7	3,500.9	3,465.0	12,837.5	3,210.7	2,825.1	2,950.7	8,986.6	(2,661.0)	-45.3%
2	Unrestricted General Fund Revenue (Spring 2009) (1)	5,857.6	-	-	5,857.6	3,210.7	-	-	3,210.7	(2,646.9)	-45.2%
3	Carryforward (2)	14.1	4.6	1.4	20.0	-	-	-	-		
4	Net Corporate Dividends (3)	-	-	87.6	87.6	-	-	84.5	84.5		
5	Federal and Other Funds	-	3,496.3	3,376.0	6,872.3	-	2,825.1	2,866.2	5,691.3		
6	**APPROPRIATIONS**										
7	**TOTAL OPERATING APPROPRIATIONS**	4,807.4	2,040.4	1,068.2	7,916.0	3,985.7	1,772.1	1,090.5	6,848.3	(821.7)	-17.1%
8	**Agency Operations**	3,370.5	1,999.9	990.6	6,360.9	3,476.0	1,740.1	995.3	6,211.4	105.5	3.1%
9	Current Fiscal Year Appropriations	3,427.9	1,717.0	991.9	6,136.8	3,426.0	1,740.1	995.3	6,161.4	(1.9)	-0.1%
10	Agency Operations (Non-Formula) (includes bills)	1,775.8	869.8	968.0	3,613.7	1,810.1	847.6	953.7	3,611.4	34.4	1.9%
11	K-12 Education (includes bills)	1,003.3	20.8	14.3	1,038.4	1,055.9	20.8	12.9	1,089.6	52.6	5.2%
12	Other Formula Programs (includes bills)	648.8	810.8	9.2	1,468.8	560.0	871.7	28.7	1,460.3	(88.8)	-13.7%
13	RPLs (No FY2010 RPLs are included)	-	15.6	0.3	16.0	-	-	-	-		
14	*Fiscal Notes (non-additive)*	-	-	-	-	*6.9*	*0.3*	*0.1*	*7.3*		
15	*Duplicated Authorization (non-additive) (4)*	-	-	*705.7*	*705.7*	-	-	*683.7*	*683.7*		
16	Supplemental Appropriations	(57.4)	282.8	(1.3)	224.1	50.0	0.0	0.0	50.0		
17	**Statewide Operations**	1,436.9	40.6	77.6	1,555.1	509.7	32.0	95.3	637.0	(927.2)	-64.5%
18	Current Fiscal Year Appropriations	1,845.4	40.6	102.0	1,988.0	509.7	32.0	95.3	637.0	(1,335.7)	-72.4%
19	Debt Service	144.3	13.1	74.1	231.4	140.9	12.0	82.6	235.5	(3.4)	-2.3%
20	Fund Capitalization	47.5	27.5	28.0	103.0	24.1	20.0	12.7	56.8	(23.4)	-49.3%
21	Direct Appropriations to Retirement	449.6	-	-	449.6	284.7	-	-	284.7	(164.9)	-36.7%
22	Local Government Support	60.0	-	-	60.0	60.0	-	-	60.0	-	0.0%
23	Oil & Gas Investment Credits	400.0	-	-	400.0	-	-	-	-	(400.0)	-100.0%
24	Resource Rebate	744.0	-	-	744.0	-	-	-	-	(744.0)	-100.0%
25	*Duplicated Authorization (non-additive) (4)*	-	-	*136.2*	*136.2*	-	-	*140.2*	*140.2*		
26	Supplemental Appropriations	(408.5)	0.0	(24.4)	(432.9)	0.0	0.0	0.0	0.0		
27	Debt Service	(2.7)	-	(24.4)	(27.1)	-	-	-	-		
28	Fund Capitalization	9.2	-	-	9.2	-	-	-	-		
29	Local Government Support	-	-	-	-	-	-	-	-		
30	Direct Appropriations to Retirement	-	-	-	-	-	-	-	-		
31	Oil & Gas Investment Credits	(415.0)	-	-	(415.0)	-	-	-	-		
32	**TOTAL CAPITAL APPROPRIATIONS**	675.3	1,460.5	377.7	2,513.5	173.1	1,053.0	153.2	1,379.2	(502.3)	-74.4%
33	Current Fiscal Year Appropriations	669.0	845.1	249.2	1,763.3	173.1	1,053.0	153.2	1,379.2	(495.9)	-74.1%
34	Project Appropriations & RPLs (Revised Programs)	529.0	845.0	249.2	1,623.2	171.6	1,053.0	91.9	1,316.4	(357.4)	-67.6%
35	Fund Capitalization	140.0	0.1	-	140.1	1.5	-	61.3	62.8	(138.5)	-98.9%
36	*Projects Funded with General Obligation Bonds (non-add)*	-	-	*315.1*	*315.1*	-	-	-	-		
37	*Projects Funded with Other Debt Proceeds (non-additive)*	-	-	*28.6*	*28.6*	-	-	*24.0*	*24.0*		
38	*Capital Vetoes (non-additive)*	*(71.4)*	-	*(43.3)*	*(114.7)*	*(5.3)*	*(0.6)*	-	*(5.9)*		
39	*Duplicated Authorization (non-additive) (4)*	-	-	*624.5*	*624.5*	-	-	*85.9*	*85.9*		
40	Supplemental Appropriations	6.3	615.4	128.5	750.2	0.0	0.0	0.0	0.0		
41	Capital Projects (net of Duplication)	6.3	615.4	128.5	750.2	-	-	-	-		
42	Fund Capitalization	-	-	-	-	-	-	-	-		
43	*Capital Vetoes (non-additive)*	-	-	*(5.0)*	*(5.0)*	-	-	-	-		
44	**Pre-Savings Authorization** (unduplicated)	5,482.7	3,500.9	1,446.0	10,429.6	4,158.7	2,825.1	1,243.7	8,227.5	(1,324.0)	-24.1%
45	*Pre-Savings Surplus (Draw From CBRF)*	*389.0*	*7%*	*of Revenue*		*(948.0)*	*-16%*	*of Revenue*			
46	**SAVINGS**	389.0	-	-	389.0	(1,052.6)	-	-	(1,052.6)	(1,441.5)	-370.6%
47	Current Fiscal Year Appropriations	1,175.3	0.0	0.0	1,175.3	(1,052.6)	0.0	0.0	(1,052.6)	(2,227.9)	-189.6%
48	Constitutional Budget Reserve Fund	1,000.0	-	-	1,000.0	-	-	-	-	(1,000.0)	-100.0%
49	Statutory Budget Reserve Fund	-	-	-	-	-	-	-	-	-	
50	Public Education Fund	175.3	-	-	175.3	(1,052.6)	-	-	(1,052.6)	(1,227.9)	-700.5%
51	AHFC Savings Account	-	-	-	-	-	-	-	-	-	
52	Supplemental Savings	(786.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
53	Constitutional Budget Reserve Fund	-	-	-	-	-	-	-	-		
54	Statutory Budget Reserve Fund (5)	(786.3)	-	-	-	-	-	-	-		
55	Public Education Fund	-	-	-	-	-	-	-	-		
56	AHFC Savings Account	-	-	-	-	-	-	-	-		
57	**Post-Savings Authorization** (unduplicated)	5,871.7	3,500.9	1,446.0	10,818.5	3,106.2	2,825.1	1,243.7	7,175.0	(2,765.5)	-47.1%
58	*Post-Savings Surplus (Draw From CBRF)*	*0.0*	*0%*	*of Revenue*		*104.5*	*3%*	*of Revenue*			
59	Permanent Fund Appropriations	-	-	2,019.0	2,019.0	-	0.1	1,707.0	1,707.1		
60	Permanent Fund Dividends	-	-	875.0	875.0	-	-	841.0	841.0		
61	Permanent Fund Inflation Proofing	-	-	1,144.0	1,144.0	-	0.1	866.0	866.1		
62	Other Deposits	-	-	-	-	-	-	-	-		
63	**Total Authorization** (unduplicated)	5,871.7	3,500.9	3,465.0	12,837.5	3,106.2	2,825.1	2,950.7	8,882.0	(2,765.5)	-47.1%
64	**FISCAL YEAR SUMMARY** (Excludes PermF)	5,871.7	3,500.9	1,446.0	10,818.5	3,106.2	2,825.1	1,243.7	7,175.0	(2,765.5)	-47.1%
65	Agency Operations	3,370.5	1,999.9	990.6	6,360.9	3,476.0	1,740.1	995.3	6,211.4	105.5	3.1%
66	Statewide Operations	1,436.9	40.6	77.6	1,555.1	509.7	32.0	95.3	637.0	(927.2)	-64.5%
67	**Total Operating**	4,807.4	2,040.4	1,068.2	7,916.0	3,985.7	1,772.1	1,090.5	6,848.3	(821.7)	-17.1%
68	**Capital**	675.3	1,460.5	377.7	2,513.5	173.1	1,053.0	153.2	1,379.2	(502.3)	-74.4%
69	**Savings**	389.0	-	-	389.0	(1,052.6)	-	-	(1,052.6)	(1,441.5)	-370.6%
70	**Federal Stimulus Funding (ARRA of 2009)**		879.0				99.8				

Notes:

August 18, 2009

(1) The Spring 2009 oil forecast for FY09 is 0.689 mbd at $65.70 per barrel; the FY2010 forecast is 0.655 mbd at $58.29/bbl.

(2) Carryforward is money that was appropriated in a prior year that is made available for spending in FY09 via multiyear appropriations or reappropriations.

(3) Corporate dividends include funds made available to the State by the boards of AHFC, AIDEA, and ASLC. Dividends retained by AHFC for debt service on state capital project bonds are excluded from the stated amount. Net dividends for FY09 and FY2010, respectively, are AHFC-$59.7 million and $65.5, AIDEA-$23.8 million and $22.7 million, and ASLC-$4.1 million and $0.0 million.

(4) Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also includes the expenditure of bond proceeds when debt service on bonds (which includes repayment of principal) will be reflected in future operating budgets.

(5) The amount required to fill an anticipated deficit in FY09 will be withdrawn from the Statutory Budget Reserve Account.

Guidelines for Repeals and Reappropriations

June 2009 (revised October 2009)

Issues:

1. When does a legislator or agency have "retention rights" to unexpended funds?
2. What is the best way to show reappropriation actions in bills and reports?
3. Which bills should contain reappropriations?

Reappropriating Operating Money for other Operating Purposes

Ordinarily, unspent operating appropriations lapse at the end of each fiscal year. The exception is multi-year appropriations, which offer a means to provide long-term money in cases where the need in a specific year for a specific purpose is unpredictable or when a project/purpose is long-term and there is a desire to ensure that funding is sufficient to complete a project. There are situations in which the legislature may wish to reappropriate operating money before it lapses.

Recommendations

1. Allow operating reappropriations as part of the *supplemental* process, but be careful to limit use of money to the current fiscal year. Advantages:
   - Reduces the net cost of supplemental bills.
   - Encourages agencies to save money in all programs in order to rescue programs that need additional funding.
2. Although intra-agency reappropriations are the focus, we pretty much have to accept that money may flow across all appropriation/agency lines.
3. The reappropriated amount should show in offsetting negative and positive transactions in the Supplemental column. Transactions may be numbers or language, but should state a specific amount.
4. Allow carry-forward when appropriate. Carry-forward is defined as money that is made available for the same purpose—not just the same program—in a subsequent fiscal year (a reappropriation may reprogram money).
   - Carry-forward should be addressed in the *operating* bill rather than in the supplemental bill. This ensures that finance committee members know about all funding made available to an agency for the upcoming fiscal year.
   - Carryforward language should specify "not to exceed" amounts, which will be used for budget transactions. The carryforward amount will show as a negative supplemental transaction and positive budget year transaction.
   - If the amount carried forward differs from the estimate, OMB should show the adjustment in the authorized column in December.
5. Continue use of multi-year appropriations when suitable.
6. Unused money that is not reappropriated does not need to be repealed—just let it lapse.

Reappropriating Capital Money for other Capital Projects

By tradition, available money from legislative adds is reappropriated within an election district with little scrutiny. This concept applies primarily to grants, but is sometimes extended to capital projects such as roads or schools.

The executive branch submits capital reappropriations as well, though the reason for reappropriation—as opposed to a request for new money—is less clear because there is little reason to protect "district money."

Recommendations:

1. Capital projects should appear in the *capital* bill and include normal back-up documents.
2. The tradition of reappropriating legislative adds within an election district should be retained. However, legislative reappropriations will show as offsetting negative and positive amounts in order to improve reporting capabilities.
3. The reappropriation process should not extend beyond legislative adds. All other extinguishable capital projects should be administratively terminated and the money returned to the original funding source. (OMB should provide a list of terminated projects. The legislature may wish to force termination of "old" projects.)
4. Money made available by project termination will appear as revenue in the fiscal summary but will not appear in the budget system.

Advantages of this approach include:

1. A cleaner, simpler capital bill—no need to reference administratively-terminated projects as the funding source for new projects.
2. Improved information because all projects will be added to the database. (Currently, there is no back-up for capital reappropriations.)
3. A fiscal gap calculation that adjusts for the termination of projects.
4. Enhanced scrutiny of projects—all projects compete equally instead of some skating by because they are reappropriations.

Reappropriating Operating Money for Capital Projects

A reappropriation of this type currently appears in budget reports as a supplemental operating reduction combined with a new capital appropriation. That is, the reappropriation shows as a "repeal and appropriate" and no change is recommended.

Recommendations:

1. The issue is tracking—reappropriation language should always include "not to exceed $xx..." and be specific about where money is from and where it is going.
2. Transactions moving operating money to capital projects should appear in the *capital* bill, preferably in a single section dedicated to this purpose.

Reappropriating Capital Money to the Operating Budget

These are rare, and the fact that they are used at all is probably due to a mistaken belief that the reappropriation will not appear in budget reports. They appear as a negative capital project and a positive operating appropriation.

Recommendations:

1. The issue is tracking—reappropriation language should always include "estimated to be $xx…".
2. Appropriations moving capital money to operating should appear in the *operating* budget so that subcommittees are aware of all funding made available to an agency.

Summary

Place in the Supplemental bill:

1. Operating reappropriations for the open fiscal year
   - Limited to the open fiscal year
   - Specific amount
   - Early effective date
   - Show as offsetting transactions

Place in the Operating bill:

1. Carryforward
   - Should be "not to exceed $x"
   - Amount may be revised in December
2. Capital to Operating
   - Should be "estimated amount of $x"
   - Amount may be revised in December

Place in the Capital bill:

1. Capital to Capital
   - Legislative Adds may be reappropriated—they appear as negative and positive projects (Executive branch reappropriations should be replaced with requests for new projects.)
2. Operating to Capital
   - Should state "not to exceed $x"
   - Should be specific on where money comes from and where it goes.

Numbers and Language

2009 Legislature - Operating Budget
Agency Summary - TIB Structure

The impact of adding an "agency" for transfers

Agency	[1] TIB
Agency Budgets	
Administration	293,192.4
Commerce, Community & Econ Dev	193,286.0
Corrections	248,578.5
Education & Early Dev	1,359,717.5
Environmental Conservation	73,971.0
Fish and Game	181,114.0
Governor	23,507.1
Health & Social Services	2,065,600.7
Labor & Workforce Dev	178,080.5
Law	84,382.5
Military & Veterans Affairs	46,613.6
Natural Resources	140,752.2
Public Safety	171,582.4
Revenue	251,111.8
Transportation	530,967.9
University of Alaska	823,208.9
Alaska Court System	90,368.2
Legislature	66,070.0
Branch-wide Unallocated Approp	23,000.0
Total	**6,845,105.2**
Statewide Items	
Debt Service	253,867.1
Fund Capitalization	16,500.0
Direct Approps to Retirement	284,687.5
Special Appropriations	60,000.0
Total	**615,054.6**
Statewide Total	**7,460,159.8**

Little or no change in agency budgets when we report on total funds.

Page 5a

2009 Legislature - Operating Budget
Agency Summary - TIB Structure

Numbers and Language

Agency	[1] TIB
Funding Summary	
General Funds (GF)	3,925,890.7
Federal Receipts (Fed)	1,761,088.3
Other (Oth)	1,773,180.8
Non-Additive Items	
Fund Transfers	816,659.0
Total	816,659.0

The key is that transfers are excluded from the sum of appropriation so that transfers can be counted where expenditures actually occur

Page 5b

Duplicated

List of duplicated codes - Existing Budget System

1007: Interagency Receipts
1008: General Obligation Bonds
1009: Revenue Bonds
1019: State Land Reforestation Fund
1026: Highways Equipment Working Capital Fund
1044: Alaska Debt Retirement Fund
1050: Permanent Fund Dividend Fund
1052: Oil/Hazardous Release Prevention & Response Fund
1055: Inter-Agency/Oil & Hazardous Waste
1061: Capital Improvement Project Receipts
1075: Alaska Clean Water Fund
1079: Underground Storage Tank Revolving Loan Fund
1080: School Construction Grant Fund
1081: Information Services Fund
1086: Southeast Energy Fund
1087: Municipal Capital Project Matching Grant Fund
1088: Unincorporated Community Capital Matching Grant Fund
1089: Power Cost Equalization & Rural Electric Capitalization Fund
1100: Alaska Drinking Water Fund
1112: International Airports Construction Fund
1116: Disaster Relief Fund
1134: Fish and Game Criminal Fines and Penalties
1135: Alaska Marine Highway System Duplicated Expenditures
1136: Supplemental Benefits Systems Inter-Agency Receipts
1137: Deferred Compensation Inter-Agency Receipts
1138: Health Inter-Agency Receipts
1145: Art in Public Places Fund
1147: Public Building Fund
1163: Certificates of Participation
1171: PFD Appropriations in lieu of Dividends to Criminals
1174: University of Alaska Intra-Agency Transfers
1176: Science and Technology Endowment
1177: International Trade and Business Endowment
1182: Educational and Museum Facility Design/Const/MajorMaint Fund
1183: Transportation Project Fund
1185: Election Fund
1189: Senior Care Fund
1191: DEED CIP Fund Equity Account

Duplicated

1193: Major Maintenance Grant Fund

1194: Fish and Game Nondedicated Receipts

1196: Master Lease Line of Credit

1197: Alaska Capital Income Fund

1198: Alaska Fish and Game Revenue Bond Redemption Fund

1202: Anatomical Gift Awareness Fund

1208: Bulk Fuel Bridge Loan Fund

1210: Renewable Energy Grant Fund

2009 Legislature - Operating Budget
Statewide Totals - TIB Structure

Numbers and Language
Fund Groups: Duplicated New

	[1] TIB
Total	633,254.8
Funding Sources	
1007 I/A Rcpts (Oth)	316,513.5
1026 HwyCapital (Oth)	27,194.7
1061 CIP Rcpts (Oth)	180,664.0
1081 Info Svc (Oth)	35,759.1
1147 PublicBldg (Oth)	12,702.5
1163 COP (Oth)	0.0
1174 UA I/A (Oth)	51,521.0
1198 F&GRevBond (Oth)	8,900.0
Funding Summary	
Other (Oth)	633,254.8

List of duplicated codes after creating an "agency" for transfers

Numbers and Language

2009 Legislature - Operating Budget
Allocation Summary - ConfComm Structure

Agency: Fund Capitalization

Allocation	[1] TIB
Fund Capitalization	
Alaska Children's Trust	39.5
Alaska Clean Water Fund	6,000.0
Alaska Drinking Water Fund	7,660.0
AK Capstone Avionics RLF	0.0
AMHS Stabilization Fund	0.0
Bulk Fuel Bridge Loan Fund	0.0
Bulk Fuel Revolving Loan Fund	45.0
Disaster Relief Fund	16,500.0
Fish and Game Fund	3,898.6
F&G Revenue Bond Redemp Fund	8,400.0
Oil & Haz Sub Rel Preventn Acc	14,223.1
Permanent Fund Dividend Fund	841,000.0
PCE Capitalization Fund	0.0
Public School Trust Fund	1.3
Crime Victim Comp Fund	459.2
Appropriation Total	898,226.7
Agency Total	898,226.7
Funding Summary	
General Funds (GF)	24,082.5
Federal Receipts (Fed)	20,001.3
Other (Oth)	854,142.9

← All of this is reported as fund capitalization under the current approach

Page 7a

2009 Legislature - Operating Budget
Allocation Summary - TIB Structure

Numbers and Language

Agency: Fund Capitalization

Allocation	[1] TIB
Fund Capitalization (OpSys)	
Disaster Relief Fund	16,500.0
Appropriation Total	16,500.0
Agency Total	16,500.0
Funding Summary	
General Funds (GF)	7,500.0
Federal Receipts (Fed)	9,000.0

Very little remains to be reported as fund capitalization after creating an "agency" for transfers

Numbers and Language

2009 Legislature - Operating Budget
Allocation Summary - TIB Structure

New approach to

Agency: Fund Transfers

Allocation	[1] TIB
Designated Savings	
Public Education Fund	-1,052,562.3
AVEC Bulk Fuel Loan	0.0
Appropriation Total	-1,052,562.3
Undesignated Savings	
Const Budget Reserve Fund	0.0
Permanent Fund Principal	866,065.9
Appropriation Total	866,065.9
OpSys Transfers (non-add)	
Alaska Capstone Avionics RLF	0.0
Alaska Children's Trust	39.5
Alaska Clean Water Fund	6,000.0
Alaska Drinking Water Fund	7,660.0
AMHS Stabilization Fund	0.0
Bulk Fuel Bridge Loan Fund	0.0
Bulk Fuel Revolving Loan Fund	45.0
Crime Victim Comp Fund	459.2
Debt Retirement Fund (Load)	121,428.7
Fish and Game Fund	3,898.6
F&G Revenue Bond Redemp Fund	8,400.0
Oil & Haz Sub Rel Preventn Acc	14,223.1
Permanent Fund Dividend Fund	841,000.0
PCE Capitalization Fund	0.0
Public School Trust Fund	1.3
Appropriation Total	1,003,155.4
Agency Total	816,659.0

Savings remain separate, but are excluded from reported expenditures

These former fund capitalizations are now reported as transfers – they are excluded from report totals

Page 8

		Current Structure				New Structure			GF Change
		GF	Federal	Other	Total	[redacted]		Total GF	$
1	**REVENUE** (Excludes Permanent Fund Earnings)	3,210.7	2,825.1	2,950.7	8,986.6	3,295.2	As various expenditures are recategorized to GF, the revenue associated with those expendiutres will also move to GF		
2	Unrestricted General Fund Revenue (Spring 2009) (1)	3,210.7	-	-	3,210.7	3,295.2			
3	Carryforward (2)	-	-	-	-	-			
4	[redacted]								
5	Net Corporate Dividends (3)	-	-	84.5	84.5	-			
6	Federal and Other Funds	-	2,825.1	2,866.2	5,691.3	-			
9	**APPROPRIATIONS**								
10	**TOTAL OPERATING APPROPRIATIONS**	3,985.7	1,772.1	1,090.5	6,848.3	3,963.8	699.0	4,662.8	677.1
11	**Agency Operations**	3,476.0	1,740.1	995.3	6,211.4	3,460.2	676.0	4,136.1	660.1
12	Current Fiscal Year Appropriations	3,426.0	1,740.1	995.3	6,161.4	3,410.2	676.0	4,086.1	660.1
13	Agency Operations (Non-Formula) (includes bills)	1,810.1	847.6	953.7	3,611.4				
14	K-12 Education (includes bills)	1,055.9	20.8	12.9	1,089.6				
15	Other Formula Programs (includes bills)	560.0	871.7	28.7	1,460.3				
16	RPLs (No FY2010 RPLs are included)	-	-	-	-				
17	*Fiscal Notes (non-additive)*	*6.9*	*0.3*	*0.1*	*7.3*				
18	*Duplicated Authorization (non-additive)* (4)	-	-	*683.7*	*683.7*				
19	Supplemental Appropriations	50.0	0.0	0.0	50.0	50.0	0.0	50.0	0.0
22	**Statewide Operations**	509.7	32.0	95.3	637.0	503.6	23.0	526.6	16.9
23	Current Fiscal Year Appropriations	509.7	32.0	95.3	637.0	503.6	23.0	526.6	16.9
24	Debt Service	140.9	12.0	82.6	235.5	151.4	23.0	174.4	33.5
25	Fund Capitalization	24.1	20.0	12.7	56.8	7.5	-	7.5	(16.6)
26	Direct Appropriations to Retirement	284.7	-	-	284.7	284.7	-	284.7	(0.0)
27	Local Government Support	60.0	-	-	60.0	60.0	-	60.0	-
28	Oil & Gas Investment Credits	-	-	-	-		-	-	-
29	Resource Rebate	-	-	-	-		-	-	-
30	*Duplicated Authorization (non-additive)* (4)	-	-	*140.2*	*140.2*	-	-	*136.2*	*136.2*
31	Supplemental Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Debt Service	-	-	-	-	-	-	-	-
33	Fund Capitalization	-	-	-	-	-	-	-	-
34	Local Government Support	-	-	-	-	-	-	-	-
35	Direct Appropriations to Retirement	-	-	-	-	-	-	-	-
36	Oil & Gas Investment Credits	-	-	-	-	-	-	-	-
39	**TOTAL CAPITAL APPROPRIATIONS**	173.1	1,053.0	153.2	1,379.2	266.8	59.1	325.9	152.8
40	Current Fiscal Year Appropriations	173.1	1,053.0	153.2	1,379.2	266.8	59.1	325.9	
41	Project Appropriations & RPLs (Revised Programs)	171.6	1,053.0	91.9	1,316.4	225.0	38.1	263.1	
42	Fund Capitalization	1.5	-	61.3	62.8	41.8	21.0	62.8	
43	*Projects Funded with General Obligation Bonds (non-add)*	-	-	-	-	-	-	-	
44	*Projects Funded with Other Debt Proceeds (non-additive)*	-	-	*24.0*	*24.0*	-	-	-	
45	*Capital Vetoes (non-additive)*	*(5.3)*	*(0.6)*	-	*(5.9)*	-	-	-	
46	*Duplicated Authorization (non-additive)* (4)	-	-	*85.9*	*85.9*	-	-	-	
47	Supplemental Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
48	Capital Projects (net of Duplication)	-	-	-	-	-	-	-	-
49	Fund Capitalization	-	-	-	-	-	-	-	-
50	*Capital Vetoes (non-additive)*	-	-	-	-	-	-	-	-
53	Pre-Savings Authorization (unduplicated)	4,158.7	2,825.1	1,243.7	8,227.5	4,230.6	758.1	4,988.7	829.9
54	*Pre-Savings Surplus/(Draw From CBRF)*	*(948.0)*	*-29%*	*of Revenue*					
57									0.0
58	[redacted]	(1,052.6)	-	-	(1,052.6)	(1,052.5)	17.0	(1,035.5)	17.1
59		(1,052.6)	0.0	0.0	(1,052.6)	(1,052.5)	17.0	(1,035.5)	17.1
60		(1,520.6)	-	-	-	(1,052.6)	-	(1,052.6)	468.0
61		-	-	-	-	-	-	-	-
62		-	-	-	-	0.1	17.0	17.1	-17.1
63		-	-	-	-	-	-	-	-
64		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
65		-	-	-	-	-	-	-	-
66		-	-	-	-	-	-	-	-
67		-	-	-	-	-	-	-	-
68		-	-	-	-	-	-	-	-
71	**Post-Savings Authorization** (unduplicated)	3,106.2	2,825.1	1,243.7	7,175.0	3,178.1	775.1	3,953.2	847.0
72	*Post-Savings Surplus (Draw From CBRF)*	*104.5*	*3%*	*of Revenue*					
75	Permanent Fund Activity	-	0.1	1,707.0	1,707.1	7.0	1,777.1	1,784.1	1,784.1
76	[redacted]						2,371.0	2,371.0	2,371.0
77	Permanent Fund Dividends	-	-	841.0	841.0	-	841.0	841.0	841.0
78	Permanent Fund Inflation Proofing	-	0.1	866.0	866.1	-	866.1	866.1	866.1
79	[redacted]					7.0	70.0	77.0	77.0
80		-	-	-	-	-	593.9	593.9	593.9
81	**Total Authorization** (unduplicated)	3,106.2	2,825.1	2,950.7	8,882.0	3,185.1	2,552.2	5,737.3	2,631.1
83	**FISCAL YEAR SUMMARY** (Excludes PermF	3,106.2	2,825.1	1,243.7	7,175.0	3,178.1	775.1	3,953.2	847.0
84	Agency Operations	3,476.0	1,740.1	995.3	6,211.4	3,460.2	676.0	4,136.1	660.1
85	Statewide Operations	509.7	32.0	95.3	637.0	503.6	23.0	526.6	16.9
86	**Total Operating**	3,985.7	1,772.1	1,090.5	6,848.3	3,963.8	699.0	4,662.8	677.1
87	**Capital**	173.1	1,053.0	153.2	1,379.2	266.8	59.1	325.9	152.8
88	**Savings**	(1,052.6)	-	-	(1,052.6)	(1,052.5)	17.0	(1,035.5)	17.1
89	**Federal Stimulus Funding (ARRA of 2009)**		879.0				879.0		

Notes:

(1) The Spring 2009 oil forecast for FY09 is 0.689 mbd at $65.70 per barrel; the FY2010 forecast is 0.655 mbd at $58.29/bbl.

Comparison between Old General Fund Group and New General Fund Group

	OLD GF	NEW GF			Total GF Comparison Old to New	
Department	GF	UGF	DGF	Total GF		
Administration	73,524.4	72,123.6	23,901.2	96,024.8	*22,500.4*	*31%*
Commerce, Community and Economic Development	35,712.5	30,781.0	72,409.4	103,190.4	*67,477.9*	*189%*
Corrections	212,773.8	212,688.8	16,153.9	228,842.7	*16,068.9*	*8%*
Education and Early Development	1,109,568.8	1,109,494.9	14,508.3	1,124,003.2	*14,434.4*	*1%*
Environmental Conservation	18,956.5	17,330.4	24,816.7	42,147.1	*23,190.6*	*122%*
Fish and Game	57,237.7	57,219.8	11,502.3	68,722.1	*11,484.4*	*20%*
Office of the Governor	22,485.0	22,480.1	4.9	22,485.0	-	*0%*
Health and Social Services	847,773.0	847,773.0	67,586.2	915,359.2	*67,586.2*	*8%*
Labor and Workforce Development	30,201.8	30,115.3	34,281.8	64,397.1	*34,195.3*	*113%*
Law	55,309.1	54,670.6	2,340.3	57,010.9	*1,701.8*	*3%*
Military and Veterans Affairs	11,360.4	11,332.0	28.4	11,360.4	-	*0%*
Natural Resources	74,376.2	67,887.3	24,334.3	92,221.6	*17,845.4*	*24%*
Public Safety	129,184.3	127,852.5	13,558.5	141,411.0	*12,226.7*	*9%*
Revenue	18,619.1	20,319.9	14,946.4	35,266.3	*16,647.2*	*89%*
Transportation & Public Facilities	230,238.5	229,499.5	61,209.8	290,709.3	*60,470.8*	*26%*
University of Alaska	323,505.0	323,505.0	293,537.4	617,042.4	*293,537.4*	*91%*
Alaska Court System	87,211.3	87,211.3	-	87,211.3	-	*0%*
Alaska Legislature	64,962.7	64,887.7	842.3	65,730.0	*767.3*	*1%*
Branch-wide Unallocated Appropriations	23,000.0	23,000.0	-	23,000.0	-	*0%*
Agency Operations	**3,426,000.1**	**3,410,172.7**	**675,962.1**	**4,086,134.8**	***660,134.7***	*19%*
				-	-	
Debt Service	140,917.1	151,443.9	23,000.0	174,443.9	*33,526.8*	*24%*
Fund Capitalization	24,082.5	7,500.0	-	7,500.0	*(16,582.5)*	*-69%*
Direct Appropriations to Retirement Accounts	284,687.5	284,687.5	-	284,687.5	-	*0%*
Special Appropriations	60,000.0	60,000.0	-	60,000.0	-	*0%*
Statewide	**509,687.1**	**503,631.4**	**23,000.0**	**526,631.4**	***16,944.3***	*3%*
Above the line	**3,935,687.2**	**3,913,804.1**	**698,962.1**	**4,612,766.2**	***677,079.0***	*17%*
duplication						
PFD						
Adjustd Above the Line	**3,935,687.2**	**3,913,804.1**	**698,962.1**	**4,612,766.2**	***677,079.0***	*17%*
Savings (now in xfers)	(1,052,562.3)			-	*1,052,562.3*	*-100%*
Total	**2,883,124.9**	**3,913,804.1**	**698,962.1**	**4,612,766.2**	***1,729,641.3***	*60%*
Fund Transfers		**(943,141.3)**	**1,724,041.7**	**780,900.4**	***780,900.4***	
PF is independent						
PF realized earnings			2,371,000.0			
Perm Fund Div			841,000.0			
PF IP			866,000.0			
PF Net deposit to ERA			664,000.0			

	A	B	C	D	E	F	G	M	N	O	P
1		**Fund Code Reclassification Project--for FY2011 Budget**									
2											
3	Goal:		Improve budget reporting by properly classifying fund codes								
4											
5	Progress:		**Categorize fund codes into groups**--completed 9/16/09 as shown in this sheet, but will continue to be reviewed.								
6			**Match revenue stream with expenditure groups**--discussed with DOR, who will present the data both ways (not a big project)								
7			**Confirm groupings with OMB**--need to fit in their schedule								
8			**Implementation**--will the Gov incorporate in bill? We must do both ways and prepare duplicate fiscal summaries								
9			**Structure changes**--will the Gov incorporate in bill? We will proceed regardless, but in the Gov bill is preferable								
10			**Statutory changes**--few are required in advance, working on documentation of needs								
11			Implementation does not require OMB participation or any statutory changes, but OMB cooperation will smooth the process immensely and some statutes should be modified.								
12			Some changes--RSS and SDPR--can be delayed until subcommittee review.								
13											
14			2-Oct-09								
15		Fund Code	Fund Name	Current Group	Current 8-way Category	Proposed Subgroup		**Restricted/Unrestricted is the distinction used by DOR to differentiate GF revenue: advantages of retaining the name may outweigh the advantages of a change to designated. But designated is more descriptive of reality.**	Eliminate	Statute	Structure=x Subcom=s
16											
17		**Federal Receipts**						Criteria: source is federal			
18		**Existing Codes**									
19		1002	Federal Receipts	fed							
20		1013	Alcoholism and Drug Abuse Revolving Loan Fund	fed		RLF					
21		1014	Donated Commodity/Handling Fee Account	fed							
22		1016	CSSD Federal Incentive Payments	fed							
23		1033	Federal Surplus Property Revolving Fund	fed							
24		1043	Federal Impact Aid for K-12 Schools	fed							
25		1063	National Petroleum Reserve-Alaska Special Revenu	fed							
26		1133	CSSD Administrative Cost Reimbursement	fed							
27		1188	Federal Unrestricted Receipts	fed							
28		1190	Adak Airport Operations	fed							
29		1212	Federal Stimulus: ARRA 2009	fed							
30											
31		**Moved from Other to Federal**									
32		1185	Election Fund	other	Duplicated	transfer		Relatively little GF capitalization, but may have to retain dup because of mixed state and fed funds. GF unlikely--classify as fed xfer			x
33		1144	Clean Water Fund Bond Receipts	other				should be changed to federal, no state money goes in anymore			
34		1159	Drinking Water Fund Bond Receipts	other				should be changed to federal, no state money goes in anymore			
35		1075	Alaska Clean Water Fund	other	Duplicated	RLF		loan fund, only approps are for admin and to pay off the bonds. Show as xfer, so will need a fed to GF transfer if feds ever release the money to the state.			x
36		1100	Alaska Drinking Water Fund	other	Duplicated	RLF		loan fund, only approps are for admin and to pay off the bonds. Show as xfer, so will need a fed to GF transfer if feds ever release the money to the state.			x
37											
38		**Unrestricted General Fund**						Criteria: State revenue with no statutory designation			
39		**Existing Codes**									
40		1003	General Fund Match	GF							
41		1004	Unrestricted General Fund Receipts	GF							
42		1037	General Fund / Mental Health	GF							
43											
44		**Moved from Other to Unrestricted GF**									
45		1001	Constitutional Budget Reserve Fund	other		savings		separate fund within treasury (i.e., GF) Mgt fees should be paid with GF, not CBR			s
46		1053	Investment Loss Trust Fund	other				just revenue, need to approp to GF?	1		s
47		1104	Alaska Municipal Bond Bank Receipts	other				earnings of reserve accounts, so specific code for misc earnings			
48		1139	Alaska Housing Finance Corporation Dividend	other				**several options for treatment of dividends** **those options are separate from this project**			s
49		1140	Alaska Industrial Development and Export Authority	other							s
50		1150	Alaska Student Loan Corporation Dividend	other							s
51		1173		other				just earnings on money held for capital projects potential problem with earnings on nonGF and with restrictions on use for project or projects put GF in name			s
52		1197	Alaska Capital Income Fund	other	Duplicated	transfer		primary source is Am-Hess (from ERA, which is now gf), but may also get other money. Have to show in fund caps if remains dup better to show other fund sources as transfers			x

	A	B	C	D	E	F	G	M	N	O	P
14			2-Oct-09								
15		Fund Code	Fund Name	Current Group	Current 8-way Category	Proposed Subgroup		Restricted/Unrestricted is the distinction used by DOR to differentiate GF revenue: advantages of retaining the name may outweigh the advantages of a change to designated. But designated is more descriptive of reality.	Eliminate	Statute	Structure=x Subcom=s
53											
54		**Designated General Fund**						Criteria: GF with a use designated by statute			
55		**Moved from Other to Designated GF**									
56		1021	Agricultural Revolving Loan Fund	other	loan	RLF		Single code for Revolving loan receipts would help prevent use outside the program. Surplus would come to GF as transfer. Does not appear to be used for purposes other than admin anymore ($2.5 m)		for all RLFs inconsistent treatment of earnings on balances and use for admin costs	x
57		1035	Veterans Revolving Loan Fund	other	loan	RLF		Categorized as designated GF because the outflows of the loan programs are specific. Could be undesignated GF because the legislature can appropriate balance for any purpose and balance returns to GF when RLF killed not used since 2005	1		x
58		1036	Commercial Fishing Loan Fund	other	loan	RLF		$1.3m used in F&G			x, s
59		1064	Housing Assistance Revolving Loan Fund	other	loan	RLF		no history of use since 1995	1		x
60		1065	Rural Electrification Revolving Loan Fund	other	loan	RLF		not used since 2008	1		x
61		1070	Fisheries Enhancement Revolving Loan Fund	other	loan	RLF		in use			x
62		1074	Bulk Fuel Revolving Loan Fund	other	loan	RLF		in use			x
63		1078	Senior Housing Revolving Loan Fund	other	loan	RLF		no history of use since 1995	1		x
64		1209	Alaska Capstone Avionics Revolving Loan Fund	other	loan	RLF		in use			x
65		1062	Power Project Fund	other	loan	RLF		in use			x
66		1170	Small Business Economic Development Revolving L	other	loan	RLF		in use			x
67		1079	Underground Storage Tank Revolving Loan Fund	other	Duplicated	RLF/nondup		should put O&H in xfers and the transfer to UST should also be a transfer no use since 2006	1		x
68		1208	Bulk Fuel Bridge Loan Fund	other	Duplicated	RLF/nondup		zero interest loans so dipping into balance if use alternative: pay admin costs with GF			x, s
69		1030	School Fund	other	Dedicated	Dedicated		grandfather, so leg has discretion			
70		1032	Fishermen's Fund	other	Dedicated	Dedicated		grandfather, so leg has discretion			
71		1066	Public School Trust Fund	other	Dedicated	Dedicated		grandfather, so leg has discretion			
72		1117	Vocational Rehabilitation Small Business Enterprise	other		dedicated		fed requirements here--34CFR395.8			
73		1195	[redacted]	other		dedicated		[redacted]			s
74		1141	Regulatory Commission of Alaska Receipts	other	regulatory	Regulatory		**keep all reg tracking codes and create a reg group**		AG can grab $	s PCE issue
75		1201	Commercial Fisheries Entry Commission Receipts	other	regulatory	Regulatory					s use $1.6m for mgt in DFG
76		1162	Alaska Oil & Gas Conservation Commission Receip	other	regulatory	Regulatory		AS 31.05.093© tot amt collected approximately equals the approps. Keep in DGF column			
77		1005	General Fund/Program Receipts	GFPR		PR		**Definition of PR is critical to the categorization effort. Single code for most, with Regulatory code? Cannot use outside program, which is not defined**		37.05.142-146	
78		1076	Alaska Marine Highway System Fund	other	enterprise	PR					
79		1048	University of Alaska Restricted Receipts	other		PR		**huge decision-$390 million. 146 does not apply-not unrestricted in either category. Can be viewed as corp (other) or as amhs (GF)**			

	A	B	C	D	E	F	G	M	N	O	P
14			2-Oct-09								
15		Fund Code	Fund Name	Current Group	Current 8-way Category	Proposed Subgroup		Restricted/Unrestricted is the distinction used by DOR to differentiate GF revenue: advantages of retaining the name may outweigh the advantages of a change to designated. But designated is more descriptive of reality.	Eliminate	Statute	Structure=x Subcom=s
80		1049	Training and Building Fund	other		PR		Penalties & interest on unpaid UC. By statute, unobligated balance over $100,000 transfers to Unemployment Trust Fund at end of each fiscal year. Funding can be used to: --maintain unemployment compensation program --fund manpower training programs --acquire land & buildings (primarily to fund rural Employment Security offices. **brings up issue of tax receipts that are moving w/o appropriation-applies to entire employee tax** **per DLWD, no fed restrictions**		needs change, regardless of treatment	
81		1109	Test Fisheries Receipts	other		PR		just GFPR, but keep code to track			
82		1153	State Land Disposal Income Fund	other		PR		excess of $5 mill lapses to GF each year			
83		1154	Shore Fisheries Development Lease Program	other		PR					
84		1155	Timber Sale Receipts	other		PR					
85		1156	Receipt Supported Services	other		PR		[redacted]			s
86		1157	Workers Safety and Compensation Administration A	other		PR		may need code because $ goes to WC OSH and LMI. LMI should be I/A this all comes from WC, but some goes to OSH			s
87		1166	Commercial Passenger Vessel Environmental Com	other		PR		pre initiative but all the money gets mixed		needs help	s
88	[redacted]	1172	Building Safety Account	other		PR		fee of $200 set in statute & use is very broad. Reasonable fees set by Dept. & funds to be deposited in the BS Acct. Used to be classified as GF/PR.			
89	[redacted]	1175	Business License & Corporation Filing Fees and Tax	other		PR		there is no statute designating a particular use should eliminate in favor of calling this GFPR	1		s
90		1205	Berth Fees for the Ocean Ranger Program	other		PR				needs help	s
91		1031	Second Injury Fund Reserve Account	other	Dedicated	Earmark		this appears to be a trust. It is not dedicated. But the difference is not substantive. But it is simply earmarking of GFPR			
92		1041	[redacted]	other		Earmark		Huge policy decision--$1.5 billion affected annually. Absent existing statute making this a part of the PF, the ERA would be GF. The basis of this exercise is that existing statutes should not drive the grouping of fund codes. ERA may need 2 codes, one for undesignated appropriations--IP and PFD are designated and should continue to use this code. Can continue to be shown below the line			needs work
93		1054	State Training & Employment Program	other		Earmark		Tax on employees (1/10th of 1% of employee contributions) designated for grants for employment assistance & training entities (STEP program). As a tax, this should be GF		needs work	needs work
94		1151	Technical Vocational Education Program Receipts	other		Earmark		.15 percent collected & distributed to various institutions in a statutorily dictated percentage.		needs work	needs work
95	[redacted]	1098	Children's Trust Earnings	other	Trust	Earmark		This is simply a designation of GF, both to principal and an earmark of earnings			
96	[redacted]	1099	Children's Trust Principal	other	Trust	Earmark		This is simply a designation of GF, both to principal and an earmark of earnings			x
97	[redacted]	1111	Fishermen's Fund Income	other		Earmark		a partial designation of interest that accumulates in the GF up to 50% may be approped for marine safety training & ed programs		23.35.060	

	A	B	C	D	E	F	G	M	N	O	P
14			2-Oct-09								
15		Fund Code	Fund Name	Current Group	Current 8-way Category	Proposed Subgroup		Restricted/Unrestricted is the distinction used by DOR to differentiate GF revenue: advantages of retaining the name may outweigh the advantages of a change to designated. But designated is more descriptive of reality.	Eliminate	Statute	Structure=x Subcom=s
98		1168	Tobacco Use Education and Cessation Fund	other		Earmark		flows in w/o appropriation so this is a nondup			
99		1180	Alcohol and Other Drug Abuse Treatment & Prevent	other		Earmark		50% of alcohol tax collected goes in this fund			
100		1200	Vehicle Rental Tax Receipts	GF		Earmark		just a tracking code, want to keep			
101		1203	Workers Compensation Benefits Guarantee Fund	other		Earmark		Composed of civil penalty payments, interest, approps to the fund, and money deposited by the dept (what $$ is deposited by the dept?)			
102		1012	Railbelt Energy Fund	other		Earmark		savings accounts should be below-the-line-transfers when loading, and show as GF on the way out. savings seems appropriate--very broad language & funding was appropriated for interties between Soldotna & anc & betw Healy and Fairbanks. These projects were halted & balance should have lapsed. Funding was then appropriated for different project			x
103		1050	Permanent Fund Dividend Fund	other	Duplicated	transfer		an internal transfer that is required to hold money so it does not lapse. perhaps want to look at division would lose all funding if PFDs go to zero			x
104		1171	PFD Appropriations in lieu of Dividends to Criminals	other	Duplicated	transfer		a tracking code see 1050			
105		1052	Oil/Hazardous Release Prevention & Response Fun	other	Duplicated	transfer		if surcharge is approp to the fund, put in transfers, ow do not approp to fund			x
106		1210	Renewable Energy Grant Fund	other	Duplicated	transfer		show as transfer move to opsys			x
107		1145	Art in Public Places Fund	other	Duplicated	nondup		inflow appears to be automatic--1% of building cost-so the money has been appropriated elsewhere			x
108		1082	AMHS Vessel Replacement Fund	other		savings and Earmark		designated GF savings			x
109		1169	Power Cost Equalization Endowment Fund	other		savings and Earmark		show as designated savings			x
110		1181	Alaska Veterans' Memorial Endowment Fund	other		savings and Earmark		SDPR is bulk, but can be GF appropriated. The earning--all new money--flows out so it is non dup			x
111											
112		**Other State Receipts--No "designated" Needed**						Criteria: Does not fit in above categories			
113		**Remain as Other--subgroups are important**									
114		1024	Fish and Game Fund	other	Dedicated	Dedicated		federal			
115		1027	International Airports Revenue Fund	other	enterprise	dedicated		statutory dedication permitted because of bond revenue and facilities built with bond revenue			
116		1179	Passenger Facility Charges	other		Dedicated		fed restrictions make this dedicated-need to change group in 8-way			
117		1093	Clean Air Protection Fund	other	Dedicated	Dedicated		federal			
118		1206	Commercial Passenger Vessel Tax	other		Dedicated		dedicated as forced by us constitution			
119		1207	Regional Cruise Ship Impact Fund	other		Dedicated		dedicated as forced by us constitution			
120		1017	Group Health and Life Benefits Fund	other	Trust	Trust					
121		1018	Exxon Valdez Oil Spill Trust	other	Trust	Trust					
122		1023	FICA Administration Fund Account	other	Trust	Trust					
123		1029	Public Employees Retirement Trust Fund	other	Trust	Trust					
124		1034	Teachers Retirement Trust Fund	other	Trust	Trust					
125		1040	Real Estate Surety Fund	other		Trust		Fees (not to exceed $125) are issued in lieu of purchasing individual fidelity bonds. Used for hearing & legal expenses, claims against the fund, and for real estate educational purposes. balance in excess of 500,000 lapses to GF			
126		1042	Judicial Retirement System	other	Trust	Trust					
127		1045	National Guard Retirement System	other	Trust	Trust					
128		1046	Education Loan Fund	other	Trust	Trust		says it is a trust, but is it? Used only for mgt fees	?		
129		1084	Alyeska Settlement Fund	other	Trust	Trust					
130		1092	Mental Health Trust Authority Authorized Receipts	other	Trust	Trust					
131		1094	Mental Health Trust Administration	other	Trust	Trust					
132		1114	Exxon Valdez Oil Spill Restoration Fund	other	Trust	Trust					
133		1142	Retiree Health Insurance Fund/Major Medical	other	Trust	Trust					
134		1143	Retiree Health Insurance Fund/Long-Term Care	other	Trust	Trust					
135		1192	Mine Reclamation Trust Fund	other	Trust	Trust					
136		1113	Alaska Housing Finance Corporation Statewide Bon	other		bonds		once bonds are approved, designated.			
137		1148	Accelerated Alaska Transportation Projects Fund	other	bonds	bonds			1		
138		1167	Tobacco Settlement Revenue Sale	other		bonds		contractually bound			
139		1186	Alaska Student Loan Corporation Bonds	other		bonds					
140		1008	General Obligation Bonds	other	Duplicated	bonds		need to keep if we want to show how much is on the street and also pay debt service			

	A	B	C	D	E	F	G	M	N	O	P
14			2-Oct-09								
15		Fund Code	Fund Name	Current Group	Current 8-way Category	Proposed Subgroup		Restricted/Unrestricted is the distinction used by DOR to differentiate GF revenue: advantages of retaining the name may outweigh the advantages of a change to designated. But designated is more descriptive of reality.	Eliminate	Statute	Structure=x Subcom=s
141		1009	Revenue Bonds	other	Duplicated	bonds		need to keep if we want to show how much is on the street and also pay debt service			
142		1163	Certificates of Participation	other	Duplicated	bonds		operates same as bonds			
143		1182	Educational and Museum Facility Design/Const/Maj	other	Duplicated	bonds		deactivate—use general code	1		
144		1183	Transportation Project Fund	other	Duplicated	bonds			1		
145		1198	Alaska Fish and Game Revenue Bond Redemption	other	Duplicated	bonds		internal transfer			
146		1184	General Obligation Bond Debt Service Fund	other		bonds		bond premium and earnings on proceeds. Restricted to pay debt service or could be used for cap projects in bond issue if overruns			
147		1199	Alaska Sport Fishing Enterprise Account	other		bonds		revenue is dedicated. States trust fund & it shall be completely segregated from all other funds of the state. All related to bonds			
148		1101	Alaska Aerospace Development Corporation Revolv	other	corp	Corp Rcpts					
149		1102	Alaska Industrial Development & Export Authority R	other	corp	Corp Rcpts					
150		1103	Alaska Housing Finance Corporation Receipts	other	corp	Corp Rcpts					
151		1106	Alaska Commission on Postsecondary Education R	other	corp	Corp Rcpts					
152		1107	Alaska Energy Authority Corporate Receipts	other	corp	Corp Rcpts					
153		1105	[redacted]	other	corp	Corp Rcpts		used by DNR dor and Law, probably improperly. Should be using ERA. This is used outside the corp specifically to hide GF. Should rename to ERA gross receipts. Should have a new code from ERA for undesignated approps like DNR			s
154		1152	Alaska Fire Standards Council Receipts	other				can be replaced with SDPR. Then go to LBA if need more auth. Over auth by 200+. receipts capped @ $300.0. what happens to funding greater than that?	1		s
155		1108	Statutory Designated Program Receipts	other				special purpose receipts. May need some work cleaning this up--agencies may be abusing. Stat revision needed if we want to differentiate		37.05.146	s
156		1007	Interagency Receipts	other	Duplicated	I/A		Most of these funds have specific purposes/contracts & should be restricted.			
157		1026	Highways Equipment Working Capital Fund	other	Duplicated	I/A		Similar to I/A and the ISF, agencies pay for particular services that are paid for from this fund. This should be considered restricted other funding.			
158		1147	Public Building Fund	other	Duplicated	I/A		enterprise?			
159		1055	Inter-Agency/Oil & Hazardous Waste	other	Duplicated	I/A		a tracking code	1		
160		1061	Capital Improvement Project Receipts	other	Duplicated	I/A		Must be spent for direct and indirect costs of managing a capital project.			
161		1081	Information Services Fund	other	Duplicated	I/A		contract for services by various agencies. Should not be capitalizing if this is supposed to be an internal service fund. Suggest we stop capitalizing. No recovery anyway. Perhaps should split into op and cap			needs work
162		1174	University of Alaska Intra-Agency Transfers	other	Duplicated	I/A					
163		1044	Alaska Debt Retirement Fund	other	Duplicated	deactivate		pay debt service directly, with open ended appropriations. If we have funds that are used as fast as they are capitalized, we can show the capitalization as non-add transfers, then show the appropriations from the fund as expenditures when they occur may want to keep code so to pay unexpected debt			x,s
164		1089	Power Cost Equalization & Rural Electric Capitalizat	other	Duplicated	deactivate		statute puts remaining npr-a balance here. May want to change statute to put funding in the pce endowment	1	modify npra and others	x, s
165		1202	Anatomical Gift Awareness Fund	other	[redacted]	nondup		no approp required. In cap and op. need to look at this applicants voluntarily donate to promote donations of body parts & can be spent WITHOUT further appropriation. Have to approp to or from...		modify to require approp	needs work, should probably be DGF, savings
166		1112	International Airports Construction Fund	other	[redacted]	dup		bonds/debt service have restrictions			x
167		1116	Disaster Relief Fund	other	Duplicated	dup		Need to look at this potential statute rewrite money flows out w/o appropriation???? So why is this dup? why does the code exist?	1	needs work	needs work

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14			2-Oct-09								
15		Fund Code	Fund Name	Current Group	Current 8-way Category	Proposed Subgroup		Restricted/Unrestricted is the distinction used by DOR to differentiate GF revenue: advantages of retaining the name may outweigh the advantages of a change to designated. But designated is more descriptive of reality.	Eliminate	Statute	Structure=x Subcom=s
168		1178	temporary code	other				we use this when OMB wants a new code that LFD does not want to add until the leg uses it			
169											
170											
171											
172											
173											
174	**Codes that should be deactivated (check all balances and use in appropriation bill)**										
175											balance
176		1193	Major Maintenance Grant Fund	other	Duplicated	nondup		need to show as transfer, but code does not appear in budget	1		
177		1211	Cruise Ship Gambling Tax	GF				eliminate, just need to track revenue	1		x
178		1213	Alaska Housing Capital Corporation Receipts	GF		savings		GF savings. Code never used by leg	1		x
179		1086	Southeast Energy Fund	other	Duplicated	savings		defunct	1		
180		1189	Senior Care Fund	other	Duplicated	deactivate		defunct	1		
181		1191	DEED Clp Fund Equity Account	other	Duplicated	deactivate		dead	1		
182		1087	Municipal Capital Project Matching Grant Fund	other	Duplicated	deactivate		defunct???	1		
183		1088	Unincorporated Community Capital Matching Grant	other	Duplicated	deactivate		defunct???	1		
184		1059	Correctional Industries Fund	other	enterprise	p		should move to dgf. Dead since 2007	1		
185		1164	Rural Development Initiative Fund	other	loan	RLF		federal grants used to capitalize the fund. Inactive since 2001 Fund code 1170 is now used.	1		
186		1194	Fish and Game Nondedicated Receipts	other	Duplicated	deactivate		this is GFPR and should be appropriated as GFPR to F&G	1		x
187		1134	Fish and Game Criminal Fines and Penalties	other	Duplicated	deactivate		killed this in 2007. they now get GF	1		x
188		1135	Alaska Marine Highway System Duplicated Expendi	other	Duplicated	dup		defunct	1		x
189											
190	**Inactive Codes**										
191											
192		1165	Constitutional Budget Reserve / Mental Health	other							
193		1096	Investment Loss Trust Fund (error)	GF	x	recycle		never used			
194		1119	Tobacco Settlement	GF	x						
195		1080	School Construction Grant Fund	other	x						
196		1083	Education Facilities Maint & Construction Fund	other	x						
197		1000	Restricted General Fund	other	x						
198		1127	User Fees - FY88	GF	x						
199		1028	Pre-FY90 Program Receipts	GF	x						
200		1091	General Funds - Designated	GF	x						
201		1010	University of Alaska Interest Income	other	x			now part of University Receipts			
202		1015	University of Alaska Dormitory/Food/Auxiliary Servic	other	x			now part of University Receipts			
203		1019	State Land Reforestation Fund	other	x						
204		1020	Grain Reserve Loan Fund	other	loan						
205		1025	Science & Technology Endowment Income	other	x			dead			
206		1038	University of Alaska Student Tuition/Fees/Services	other	x			now part of University Receipts			
207		1039	University of Alaska Indirect Cost Recovery	other	x			now part of University Receipts			
208		1051	Rural Economic Development Initiative Fund	other	loan						
209		1056	Electrical Service Extension Fund	other	x			savings? Dup? loan?			
210		1057	Small Business Revolving Loan Fund	other	loan	rlf					
211		1058	Tourism Revolving Loan Fund	other	loan	rlf					
212		1067	Mining Revolving Loan Fund	other	loan	rlf					
213		1068	Child Care Facility Revolving Loan Fund	other	loan	rlf					
214		1069	Historical District Revolving Loan Fund	other	loan	rlf					
215		1071	Alternative Energy Revolving Loan Fund	other	loan	rlf					
216		1072	Residential Energy Conservation Fund	other	loan	rlf					
217		1073	Power Development Revolving Loan Fund	other	loan	rlf					
218		1085	Railbelt Intertie Reserve Fund	other	x	savings		restricted? Savings?			
219		1090	Four Dam Pool Transfer Fund	other	x			inactive			
220		1110	Alaska Public Utility Commission Receipts	other	x			inactive--apuc changed to rca when name changed			
221		1115	International Trade and Business Endowment Earnir	other	x			inactive			
222		1161	Renewable Resources Development Fund	other	x			inactive			
223		1176	Science and Technology Endowment	other	x			Inactive--Endowment terminated in FY03			
224		1177	International Trade and Business Endowment	other	x			Inactive--FY04 transferred balance to the DRF			
225		1006	General Fund/Mental Health Trust Income Account	GF	x			replaced by MHTAAR			
226		1011	Alaska Advance College Tuition Savings Fund	other	x	trust					
227		1022	State Corporation Receipts	other	x			split into individual codes for dividends			
228		1060	Other Funds (Pre-FY '84 Only)	other	x						
229		1077	Gifts/Grants/Bequests	other	x			became SDPR			
230		1095	Medical Facilities Special Bond Guarantee Account	other	x						
231		1097	Group Health and Life Benefits Fund (AS 39.30.095	other	x	trust		inactive			
232		1121	Multiple Funds pre FY94	other	x			inactive			
233		1047	USHHS Social Services Block Grant	fed	x						
234		1149	Trans-Alaska Pipeline System Liability Fund	fed	x						
235		1187	Federal Mental Health	fed	x						

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14			2-Oct-09								
15		Fund Code	Fund Name	Current Group	Current 8-way Category	Proposed Subgroup		Restricted/Unrestricted is the distinction used by DOR to differentiate GF revenue: advantages of retaining the name may outweigh the advantages of a change to designated. But designated is more descriptive of reality.	Elimin ate	Statute	Structure=x Subcom=s
236		1160	Marine/Coastal Protection	other	x			inactive			
237		1120	Motor Fuel Tax Increase	GF	x	recycle		never used			
238		1122	License/Permits/Certification Pre 89	GF	x	recycle		never used			
239		1126	Contract Services Reimbursement - FY88	GF	x	recycle		never used			
240		1128	Child Support Enforcement - FY88	GF	x			never used			
241		1129	Legal Settlement Receipts - FY88	GF	x			never used			
242		1130	Handicapped Vendor Facility Fund - FY88	GF	x			never used			
243		1146	Fee Supported Increase	GF	x			never used			
244		1123	Care and Treatment - FY88	other	x			inactive--never used			
245		1124	Resource Assessment Receipts - FY88	other	x			inactive--never used			
246		1125	Alaska Power Authority Plant Maint & Op - FY88	other	x			inactive--never used			
247		1131	Alaska Railroad Corporation Revenue Fund - FY85,	other	x			inactive--never used			
248		1132	Publications and Other Services - FY88	other	x			inactive--never used			
249		1136	Supplemental Benefits Systems Inter-Agency Recei	other	x			inactive--never used			
250		1137	Deferred Compensation Inter-Agency Receipts	other	x			inactive--never used			
251		1138	Health Inter-Agency Receipts	other	x			inactive--never used			
252		1158	Employee Pay	other	x			inactive--never used			
253		1196	Master Lease Line of Credit	other	x	dup		inactive--never used			
254											

eliminate risk associated with investing, nor does it prohibit Fund principal from declining when "risk of loss" turns real. The language is designed to protect principal from appropriation, not from investment losses.

Because future Fund earnings will not be affected by where losses are booked—all accounts within the Fund are pooled for investment purposes—it may appear that there is little reason to care where the losses are booked. The key is that corpus cannot be appropriated, while the ERA is available for appropriation. Reducing the amount of money in the ERA (by booking all realized losses to the ERA) infringes on the legislature's power of appropriation. It also may affect the ability to pay dividends and/or to inflation proof the Fund, but that topic is not discussed here.

Mike Barnhill, with the Department of Law, suggested several clarifying options open to legislators:

a. If the legislature does not take action to approve the Permanent Fund's proposed accounting treatment, the net annual realized losses would be booked proportionately to the accounts that were the source of the invested money. This is <u>not</u> what the Fund is doing; as noted above, the Fund booked all net realized losses to the ERA. This option would reduce the value of the permanent fund principal by approximately $2.5 billion. Tentatively, the Department of Law believes that future realized gains would have to be offset against this realized loss before any further deposits to the ERA could be made. I do not share the Department's opinion; absent an appropriation restoring principal, the principal simply retains the loss.

b. If a reduction of corpus is unpalatable to the legislature—knowing that booking losses to the ERA may affect the ability to pay dividends and/or to inflation proof the fund—then there are two options:

    1) Appropriate money from the ERA (or general fund) to principal in order to offset the realized losses. The appropriation may or may not apply to the AmHess portion of principal. The legislature may wish to consider whether such an appropriation should be accounted for differently than past "special appropriations," since the purpose of it is to restore a net realized loss, which has never before happened.

    2) Include language in an appropriation bill that acknowledges that booking all realized losses to the ERA is acceptable to the legislature. My view is that this is a weak option; appropriation language is preferable.

2. **Losses allocated outside the Permanent Fund.** The Fund booked $33 million of the FY09 realized loss to the Capital Income Fund (CIF), which is not a part of the Permanent Fund. Their decision was based on an appropriation of AmHess earnings to the CIF (sec. 9(d), Ch. 27, SLA 2008). An appropriation of earnings typically refers to positive amounts; negative earnings imply a zero transfer.

   After discussion, the Fund revised their projections to show a zero transfer in FY09, but proposes (and shows in their projections) that future AmHess earnings be unavailable for transfer to the CIF until the $33 million share of the realized loss has been replenished. Again, there are several options from which the legislature may choose (all refer to future earnings, acknowledging that the FY09 transfer to the CIF is zero):

   a. The FY09 loss would be booked to the AmHess principal, which will forever reduce the earnings potential of the account (and reduce the annual deposit to the CIF). FY2010 AmHess earnings will be deposited in the CIF, essentially recognizing that each annual appropriation of AmHess earnings is an independent act.

   b. Appropriate money from the ERA (or general fund) to AmHess principal in order to offset the realized losses. This option effectively assigns the realized loss to the ERA. This decision does not have to be consistent with the decision regarding the "regular" corpus, and it could have an impact on dividends.

   c. Revise FY2010 appropriation language (sec. 14(a), Ch. 15, SLA 2009)—and draft FY11 language—to reduce the transfer of AmHess earnings to the CIF until the $33 million FY09 realized loss is absorbed. This is the option now proposed by the Permanent Fund; it effectively transfers the realized loss to the CIF over time. The revised Permanent Fund projections incorporate this option despite the belief (of the Department of Law and the Legislative Finance Division) that it requires legislative action.

APFC Comments

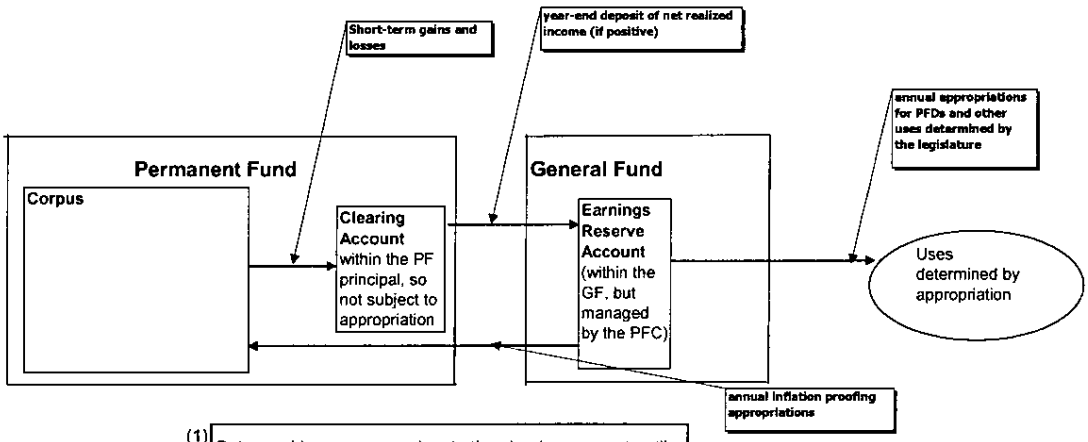
Fund staff believes that its accounting treatment on this issue is consistent with relevant statutes, statutory objectives, and Department of Law advice. In addition, while Fund staff acknowledges that the PF has never before closed a fiscal year with a net realized loss, PF "realized losses" have always (i.e., for over 25 years) been booked to the ERA (or to the AmHess subaccount of the ERA). Fund staff also indicated that they would present the issues discussed in this "heads up" differently. They would welcome an opportunity to be heard by the legislature.

What needs to be done?

Nothing soon. The Governor's budget may include language on this topic. If so, it should prompt discussion in the finance committees. That discussion may drift to cover the array of options and how they may affect future dividends, inflation proofing and deposits to the CIF. If the Governor's budget does not address the issue, the legislature can draft language corresponding to the choices presented above. Absent direction from the legislature or a legal opinion to the contrary, the PF Corporation has indicated that it will continue to book realized loses to the ERA. The legislature may also wish to consider revising statutes to clarify the definition and disposition of income and the placement of the ERA within the Permanent Fund versus the general fund.

I believe the flow chart below addresses many of the issues raised during our discussions. It would require some politically sensitive legal drafting and has not been endorsed by either OMB or the PF Corporation.

Suggested Statutory Revisions Affecting the Flow of Permanent Fund Income



(1)	Gains and losses accumulate in the clearing account until year-end
(2)	Because the clearing account is within the PF, 1) no appropriation to principal is required if losses are incurred and 2) the balance is not subject to appropriation. (The year end deposit to the ERA occurs without appropriation)
(3)	If the balance of the clearing account is positive at year-end, the balance is deposited in the ERA, which is a subaccount of the general fund that is managed by the PFC. (Optional--could be managed by DOR)
(4)	If the balance of the clearing account is not positive at year-end, there is no deposit to the ERA and the negative balance is carried forward to the following year, so there are no future deposits to the ERA until the loss is recovered.
(5)	The same concept applies to the Amerada-Hess portion of principal, except that year-end deposits go to the Capital Income Fund (within the general fund)
(6)	No change to inflation proofing or PFD formulas is required.

Another Reason for Concern: Access to the Constitutional Budget Reserve Fund

Section 43(c) of the FY2010 capital bill appropriates money from the Constitutional Budget Reserve Fund (CBRF) to the general fund. The amount of the appropriation is the amount available for appropriation in FY2010 less the amount appropriated in FY09, which is the amount accessible by simple majority vote as provided by Article IX, section 17(b) of the Alaska Constitution.

There are a number of legal and technical issues that make calculation of the amount of a simple majority draw under section 17(b) problematic. Those difficulties are not reviewed here, and the following discussion undoubtedly oversimplifies the situation.

The amount available for appropriation in FY2010 includes the sum of unrestricted GF revenue and the Earning Reserve Account (ERA) of the Permanent Fund. Projected FY2010 general fund revenue is about $2.7 billion less than FY09 appropriations. A revenue reduction alone does not permit simple majority access to the CBRF—recall that the ERA balance is considered available for appropriation. In the past, a large ERA balance typically precluded simple majority access to the CBRF.

Under the Permanent Fund's method of allocating FY09 realized losses, the projected cash balance of the ERA going into FY2010 is $2.5 billion less than it would be if the Permanent Fund's realized losses were attributed to principal rather than to the ERA. The FY09 year-end balance of the ERA was about $422 million—far too little to offset the decline in revenue—making a 17(b) draw a possibility.

Bottom line: using current revenue projections and the FY09 ERA balance (under the Fund's method of allocating losses), the appropriation from the CBRF to the general fund under 17(b) could be more than $2 billion, while attributing the FY09 losses to principal will reduce or eliminate the amount appropriated to the general fund under 17(b).

There is no guarantee that there will be a 17(b) draw if the Fund's allocation method is used. The amount accessible under 17(b) would decrease as the amount available for appropriation increases. This can occur through:

- GF revenue increases
- Other revenue increases
- ERA balance increases

12-9-22

Department of Military and Veterans Affairs

All Dollars in Thousands

	09 Mgt Pln	FY10 Adj Base	Governor	House Subcom	Senate Subcom	09 Mgt Pln to House		Adj Base to House		Governor to House Subcommittee	
Unrestricted GF	12,288.5	11,096.9	11,297.5	11,276.9		(1,011.6)	-8.2%	180.0	1.6%	(20.6)	-0.2%
Designated GF	-	-	-	-		-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
Other	12,795.2	12,832.7	13,036.1	13,017.9		222.7	1.7%	185.2	1.4%	(18.2)	-0.1%
Federal Funds	21,264.6	21,435.3	22,285.2	22,235.3		970.7	4.6%	800.0	3.7%	(49.9)	-0.2%
Total	**46,348.3**	**45,364.9**	**46,618.8**	**46,530.1**	-	**181.8**	**0.4%**	**1,165.2**	**2.6%**	**(88.7)**	**-0.2%**
Check (Enter #s from LFD reports)	*46,348.3*	*45,364.9*	*46,618.8*	*46,230.1*							
Should equal zero	-	-	-	*(300.0)*	-						
Funding Summary											
General Funds Total	12,288.5	11,096.9	11,297.5	11,276.9		(1,011.6)	-8.2%	(20.6)	-0.2%	180.0	1.6%
Other	12,795.2	12,832.7	13,036.1	13,017.9		222.7	1.7%	(18.2)	-0.1%	185.2	1.4%
Federal	21,264.6	21,435.3	22,285.2	22,235.3		970.7	4.6%	(49.9)	-0.2%	800.0	3.7%
Positions (Enter position counts from LFD reports)											
PFTs	283	283	283	283		-	0.0%	-	0.0%	-	0.0%
PPTs	2	2	2	2		-	0.0%	-	0.0%	-	0.0%
Temps	1	1	1	0		(1.0)	-100.0%	(1.0)	-100.0%	(1.0)	-100.0%
Total Positions	**286**	**286**	**286**	**285**							
Position Check (Should equal zero)				*1.0*							

Department of Military and Veterans Affairs

	HOUSE SUBCOMMITTEE				
	Unrestricted GF	Designated GF	Other State Funds	Federal	Total
Total Subcommittee Changes	**180.0**	**-**	**185.2**	**800.0**	**1,165.2**
Governor's Original Request Accepted	180.0	-	185.2	500.0	865.2
Governor's Amendments Accepted	-	-	-	300.0	300.0
Subcommittee's Additions	-	-	-	-	-

#	Appropriation	Allocation	Description	Subcommittee Notes	Subcommittee Funding Information			Funding Multiplier	Gov PCNs	Hse PCNs	Unrestricted GF	Designated GF	Other State Funds	Federal	Total
Governor's Original Increments/Decrements/Fund Changes (December 15th Budget Request)					Fund Code		**865.2**		**0**	**0**	**180.0**		**185.2**	**500.0**	**865.2**
1	Military and Veteran's Affairs	Army Guard Facilities Maintenance	Federal Authorization Increase		1002	Fed Rcpts	500.0	1	0	0	-	-	-	500.0	500.0
2	Military and Veteran's Affairs	Alaska Military Youth Academy	Funding Increase Due to enrollment in ChalleNGE on 10/1/08 and $100 increase to the Base Student Allocation (to $5,580)		1007	I/A Rcpts	185.2	1	0	0	-	-	185.2	-	185.2
3	Military and Veteran's Affairs	Veteran's Services	Expand Outreach to Veterans		1004	Gen Fund	50.0	1	0	0	50.0	-	-	-	50.0
4	Military and Veteran's Affairs	Alaska National Guard Benefits Retirement Benefits	Include DOA Administrative Costs in the Contribution Amount Approved by the ARM Board. (No rate for		1004	Gen Fund	130.0	1	0	0	130.0	-	-	-	130.0

Page 13a

Department of Military and Veterans Affairs

																	HOUSE SUBCOMMITTEE				
																	Unrestricted GF	Designated GF	Other State Funds	Federal	Total
															Total Subcommittee Changes		180.0	-	185.2	800.0	1,165.2
															Governor's Original Request Accepted		180.0	-	185.2	500.0	865.2
															Governor's Amendments Accepted		-	-	-	300.0	300.0
															Subcommittee's Additions		-	-	-	-	-
	#	Appropriation	Allocation	Description	Subcommittee Notes			Subcommittee Funding Information			Funding Multiplier	Gov PCNs	Hse PCNs	Unrestricted GF	Designated GF	Other State Funds	Federal	Total
	Governor's Original Increments/Decrements/Fund Changes (December 15th Budget Request)					Fund Code		865.2			0	0		180.0		185.2	500.0	865.2
	Governor's Amendments (Post December 15th Budget Requests)							388.7						-	-	-	300.0	300.0
	5	Military and Veteran's Affairs	Army Guard Facilities Maintenance	FY2010 Wage and Health Insurance Increases for the Labor, Trades and Crafts (LTC)		1002	Fed Rcpts	20.9	0		0	0		-	-	-	-	-
						1003	G/F Match	0.7	0					-	-	-	-	-
						1004	Gen Fund	10.2	0					-	-	-	-	-
						1007	I/A Rcpts	0.5	0					-	-	-	-	-
	6	Military and Veteran's Affairs	Air Guard Facilities Maintenance	AMD: Increase Federal authority for ongoing maintenance costs		1002	Fed Rcpts	300.0	1		0	0		-	-	-	300.0	300.0
	7	Military and Veteran's Affairs	Air Guard Facilities Maintenance	FY2010 Wage and Health Insurance Increases for the Labor, Trades and Crafts (LTC)		1002	Fed Rcpts	29.0	0		0	0		-	-	-	-	-
						1003	G/F Match	9.7	0					-	-	-	-	-
	8	Military and Veteran's Affairs	Alaska Military Youth Academy	FY2010 Wage and Health Insurance Increases for the Labor, Trades and Crafts (LTC)		1007	I/A Rcpts	16.2	0		0	0		-	-	-	-	-
	9	Military and Veteran's Affairs	Alaska Statewide Emergency Communications	FY2010 Wage and Health Insurance Increases for the Labor, Trades and Crafts (LTC)		1007	I/A Rcpts	1.5	0		0	0		-	-	-	-	-
	Other Subcommittee Actions							-						-	-	-	-	-
		Military and Veteran's Affairs	Army Guard Facilities Maintenance	SAMPLE TRANSACTION			#N/A	0.0			0	0		-	-	-	-	-

11/5/09 ALASKA GEOGRAPHIC DIFFEREN-TIAL STUDY

<target><bill></bill><subject>11-5-09 ALASKA GEOGRAPHIC DIFFERENTIAL STUDY</subject><comm>HFIN26</comm></target>

Alaska Geographic Differential Study

2008

Prepared for:

State of Alaska, Department of Administration

Presented to:

House Finance Committee

Presented by:

McDowell Group, Inc.

November 5, 2009

McDowell GROUP

Background

- Most recent prior comprehensive statewide COL study was prepared in 1985
- **Teamed with ECONorthwest and GMA Research**
- **Research conducted during Fall of 2008**

McDowell GROUP

Methodology

- Household Consumption Survey
  - 2,547 households in 74 Alaska communities
- **Retail Price Survey**
  - **634 retail outlets in 58 communities**
- **Household market basket of 200 items**

McDowell GROUP

Methodology

- Modeling blended consumption and prices to create differentials
- **Cost differentials were calculated for 18 geographic "pools" and 12 individual communities**
- **Differentials also calculated for the original 19 election districts**

McDowell GROUP

Methodology

- 18 geographic "pools" are composed of communities with common demographic and geographic characteristics
- Modeling was done at the community level, so other groupings could be analyzed

McDowell GROUP

Methodology

- Anchorage is the base community: Differential of 1.00
- **All cost differentials were calculated relative to Anchorage**
- **Study measured *differences* in the cost of living**

McDowell GROUP

Results

Block No.	Sample Block (Pool)	2008 Differential
1	Anchorage	1.00
2	Fairbanks	1.03
3	Parks/Elliott/Steese Highways	1.00
4	Glennallen Region	0.97
5	Delta Junction/Tok Region	1.04
6	Roadless Interior	1.31
7	Juneau	1.11
8	Ketchikan/Sitka	1.09
9	Southeast Mid-size Communities	1.05

McDowell GROUP

Results

Block No.	Sample Block (Pool)	2008 Differential
10	Southeast Small Communities	1.02
11	Mat-Su	0.95
12	Kenai Peninsula	1.01
13	Prince William Sound	1.08
14	Kodiak	1.12
15	Arctic Region	1.48
16	Bethel/Dillingham	1.49
17	Aleutian Region	1.50
18	Southwest Small Communities	1.44

McDowell GROUP

Results

Community	2008 Differential
Barrow	1.50
Bethel	1.53
Cordova	1.13
Dillingham	1.37
Homer	1.01
Ketchikan	1.04
Kotzebue	1.61
Nome	1.39
Petersburg	1.05
Sitka	1.17
Unalaska/Dutch Harbor	1.58
Valdez	1.08

McDowell GROUP

Change since 1985

1985 District	District Name	2008 Diff.	1985 Diff.	Change
1	Ketchikan/POW	1.04	1.02	+0.02
2	Petersburg/Wrangell	1.04	0.98	+0.06
3	Sitka	1.17	1.01	+1.16
4	Juneau	1.11	1.03	+0.08
5	Icy Strait/Lynn Canal	1.06	1.05	+0.01
6	Cordova/Valdez	1.05	1.11	-0.06
7	Palmer/Wasilla	0.95	0.94	+0.01
9	Seward	1.03	1.00	+0.03
10	Kenai/Cook Inlet	1.01	1.01	0.00

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Change since 1985

1985 District	District Name	2008 Diff.	1985 Diff.	Change
11	Kodiak	1.12	1.06	+0.06
12	Aleutian Islands	1.49	1.26	+0.23
13	Bristol Bay	1.37	1.29	+0.08
14	Bethel	1.53	1.39	+0.14
15	Yukon/Kuskokwim	1.16	1.29	-0.13
16	Fairbanks/Fort Yukon	1.02	1.03	-0.01
17	Barrow/Kotzebue	1.55	1.45	+0.10
18	Nome	1.37	1.33	+0.04
19	Wade Hampton	1.48	1.26	+0.22

McDowell GROUP

Recommendations

- Depart from the current plan that assigns pay differentials primarily by election district boundaries
- Define GDPs such that communities within each GDP have differentials that do not differ by a statistically significant amount

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Statistically-Based GDPs

2008 GDP #	Sample Blocks/Communities	Min. Diff.	Max. Diff.	Wght Ave.
1	Anchorage, Fairbanks, Delta/Tok, Glennallen, KPB, Mat-Su, Parks/Elliott/Steese, Small & Mid-size SE	.95	1.05	1.0
2	Cordova, Juneau, Kodiak, Sitka, Valdez	1.08	1.17	1.11
3	Dillingham, Nome, Roadless Interior	1.31	1.39	1.37
4	Barrow, Bethel, SW Small comm.	1.44	1.53	1.50
5	Kotzebue, Unalaska/Dutch Harbor	1.58	1.61	1.60

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Statistically-Based GDPs

- **Advantages**
  - Logical (grouping similar communities)
  - Easier to administer
  - Acknowledges uncertainty
- **Challenges**
  - No ideal number of GDPs
  - Establishes a range, not a single value

McDowell GROUP

Alaska Geographic Differential Study

McDowell Group, Inc.

Anchorage • Juneau

Providing consulting and research to Alaska businesses and organizations since 1972

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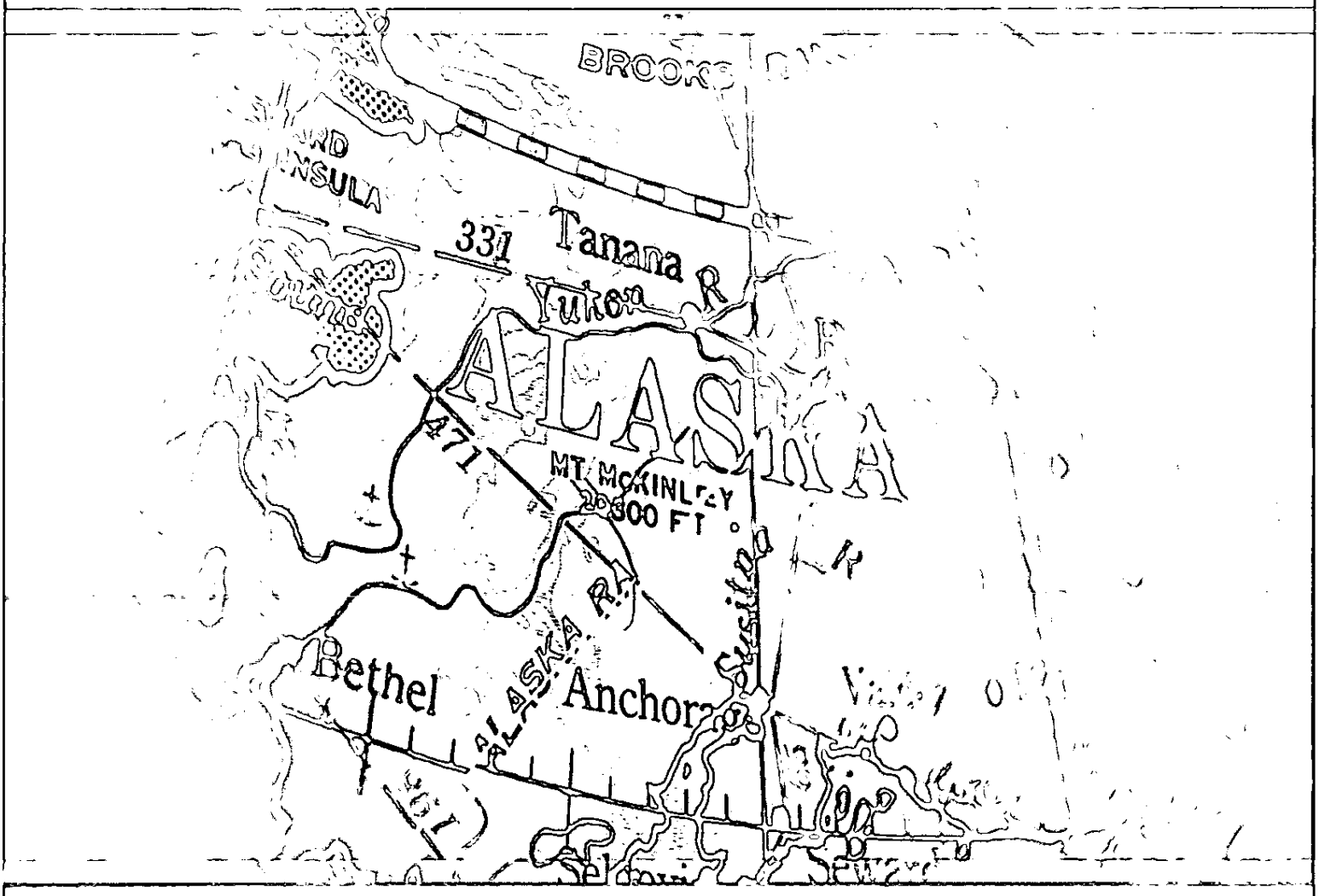
Alaska Geographic Differential Study

2008



Prepared by:

McDowell GROUP

Prepared for:
State of Alaska
Department of Administration

April 30, 2009

1310

Alaska Geographic Differential Study

2008

Prepared by:

McDowell GROUP

In association with:

ECONorthwest
ECONOMICS • FINANCE • PLANNING

GMA RESEARCH CORPORATION

Prepared for:
State of Alaska
Department of Administration

April 30, 2009

1311

Table of Contents

Section I: Executive Summary 1

Section II: Introduction 7

Section III: Results by Sample Block and Community 11

Overview 11
Sample Blocks 17
Communities 35
Seattle 47

Section IV: Methods and Analysis 51

Introduction 51
Designing Consumer-Price and Cost of Living Studies 52
Alaska GDS 2008 Methodology 57
Methods and Analysis by Budget Component 61

Section V: Data Collection Methodology 81

Household Consumption Survey 81
Retail Price Survey 88

Section VI: Statistical Analysis 95

SPSS and Statistical Analysis 95
Statistically-Based GDP Definitions 109

Section VI: Appendix 113

Bibliography
Household Consumption Survey Instrument
Retail Price Survey Instructions
Market Basket Forms

1312

List of Tables

Section I: Executive Summary

Table I-1: Geographic Cost Differentials, 2008 Sample Blocks 2
Table I-2: Geographic Cost Differentials, 2008 Selected Communities 3
Table I-3: 2008 Geographic Cost Differentials, with 1985 Comparisons 4
Table I-4: Statistically-Based Geographic Cost Differential Pools 5

Section II: Introduction

Table II-1: 2008 Geographical Differential Study Sample Blocks 9
Table II-2: 1985 Geographical Differential Study Districts 10

Section III: Results by Sample Block and Community

Table III-1: Geographic Cost Differentials, 2008 Sample Blocks 12
Table III-2: Geographic Cost Differentials, 2008 Selected Communities 13
Table III-3: 2008 Geographic Cost Differentials, with 1985 Comparisons 14
Table III-4: Anchorage 17
Table III-5: Fairbanks 18
Table III-6: Parks/Elliott/Steese Highways 19
Table III-7: Glennallen Region 20
Table III-8: Delta Junction/Tok Region 21
Table III-9: Roadless Interior 22
Table III-10: Juneau 23
Table III-11: Ketchikan/Sitka 24
Table III-12: Southeast Mid-Size Communities 25
Table III-13: Southeast Small Communities 26
Table III-14: Mat-Su 27
Table III-15: Kenai Peninsula 28
Table III-16: Prince William Sound 29
Table III-17: Kodiak 30
Table III-18: Arctic Region 31
Table III-19: Bethel/Dillingham 32
Table III-20: Aleutian Region 33
Table III-21: Southwest Small Communities 34
Table III-22: Barrow 35
Table III-23: Bethel 36
Table III-24: Cordova 37
Table III-25: Dillingham 38
Table III-26: Homer 39

1313

Table III-27: Ketchikan 40
Table III-28: Kotzebue 41
Table III-29: Nome 42
Table III-30: Petersburg 43
Table III-31: Sitka 44
Table III-32: Unalaska/Dutch Harbor 45
Table III-33: Valdez 46
Table III-34: ACCRA Seattle and Washington, D.C. Cost Differentials, by Component 50
Table III-35: Seattle and Washington, D.C. Cost Differential 50

Section IV: Methods and Analysis

Table IV-1: Simplified Geographic Cost Differential Model 57
Table IV-2: Household Consumption Survey Sample Sizes 58
Table IV-3: Communities included in Retail Price Survey (RPS) 59
Table IV-4: Average Total Monthly Housing Costs and Average Monthly Cost Per Square Foot 62
Table IV-5: Average Monthly Housing Costs Per Square Foot and Housing Cost Differential 63
Table IV-6: Average Monthly Household Expenditures on Food 65
Table IV-7: Food Cost Expenditure Weights and Price Differentials 67
Table IV-8: Average Monthly Transportation Costs 69
Table IV-9: Average Annual Household Expenditures on Air/Ferry Travel 70
Table IV-10: Transportation Expenditure Weights and Price Differentials 71
Table IV-11: Clothing Expenditures, Percent Local and Nonlocal 72
Table IV-12: Clothing Expenditure Weights and Price Differentials 74
Table IV-13: Annual Medical Expenditures 75
Table IV-14: Medical Expenditure Weights and Price Differentials 77
Table IV-15: Estimation of Expenditure Weights in Spending Categories not Measured in the HCS 78
Table IV-16: All Other Expenditure Weights and Price Differentials 79
Table IV-17: Importance of Hunting, Fishing, Gardening, and Gathering in Household Food Supply 80

Section V: Data Collection Methodology

Table V-1: Household Consumption Survey Sample Sizes and Associated Margins of Error 83
Table V-2: Margin of Error Ranges 84
Table V-3: HCS Phone Survey Disposition 85
Table V-4: Household Consumption Survey Sample Sizes, Population and State Employees 86
Table V-5: Communities Included in RPS Market Basket Pricing 88
Table V-6: List of Additional Communities Included in Energy and Service Pricing 89

Section VI: Statistical Analysis

Table VI-1: *A* and *B* Coefficients for Computing Approximate Standard Errors and Confidence Intervals for Results from the 2008 Alaska Differential Study 104

Table VI-2: Sample Sizes for Regional Blocks 105
Table VI-3: Sample Sizes for 1985 GDS Groupings 105
Table VI-4: Sample Sizes for 1994 GDS Groupings 106
Table VI-5: Sample Sizes for Individual Communities 107
Table VI-6: Community Groupings Based on FLSD Method 110
Table VI-7: Community Grouping Statistics 111

1315

Section I: Executive Summary

Executive Summary

Introduction

In September 2008, the Alaska Department of Administration contracted with McDowell Group, an Alaska research firm, to conduct a comprehensive, statistically reliable study comparing the cost of living in Anchorage with other communities and regions throughout Alaska. The purpose of the study was to identify differences in the cost of living that could affect pay equity among state employees living in different areas of the state.

Prior to this study, the most recent statewide cost of living study in Alaska was conducted by McDowell Group in 1985. That study produced cost of living differentials for Alaska's 19 House election districts as they were defined at that time.

This report presents the results of the 2008 study and provides geographic cost of living differentials for a number of unique geographic differential "pools" (GDPs), including the same 19 districts examined in the 1985 study, 18 pools defined for purposes of this study, and 12 individual communities.

Methodology

The study involved two primary research tasks, a Household Consumption Survey (HCS) and a Retail Price Survey (RPS). The HCS provided data on the relative importance of various components of the household budget (housing, food, transportation, etc.) and how consumption varies from community to community. The RPS provided data on how the prices for items in the household budget differ between various communities and Anchorage. It is the blend of HCS and RPS data – the combination of consumption differences and price differences – that produces the geographic cost differential.

Household Consumption Survey

The HCS included 2,547 surveys with randomly selected households in 74 communities throughout Alaska. Sample "blocks" were defined for purposes of sample distribution and to ensure sufficient sample sizes in various regions and among communities with common demographic and geographic characteristics. The largest communities (Anchorage, Fairbanks and Juneau) and the most populous boroughs (Mat-Su and Kenai Peninsula) were each assigned their own sample blocks. Smaller communities that were similar in terms of location and/or size were grouped together, and household surveys were distributed within that sample block in proportion to each community's population.

Retail Price Survey

The RPS included 634 retail outlets in 58 communities throughout Alaska, plus numerous providers of various services, including health care, transportation, communications, insurance, and others. Each of the items in a household market basket of approximately 200 goods and services was priced in each community where the item was available.

Findings

Geographic cost of living differentials for various GDPs and communities are presented in the following tables. As the base community, Anchorage is assigned a cost differential of 1.00. Differentials for GDPs and other communities provide a measure of the cost of living relative to Anchorage. For example, Kodiak's differential of 1.12 means that the cost of living in Kodiak is about 12 percent higher than in Anchorage. Similarly, the Palmer/Wasilla differential of 0.95 means the cost of living there is about 5 percent lower than in Anchorage.

As described above, the HCS sample blocks were defined so that communities with common demographic and geographic characteristics were grouped together. In particular, sample blocks were chosen to avoid mixing dissimilar communities, especially small rural communities with larger urban areas.

Cost differentials for each of the 18 sample blocks are provided in the following table. Some sample block definitions are identical to the 1985 GDS districts (Juneau, Kodiak, and Mat-Su). Others are similar, such as Fairbanks. However, in the 1985 GDS, the Fairbanks GDP included several small outlying communities, including Fort Yukon, while the 2008 sample block definition includes only the Fairbanks North Star Borough. Communities included in each 2008 sample block are identified in the introduction, following this executive summary.

Table I-1: Geographic Cost Differentials, 2008 Sample Blocks

Sample Block #	Sample Block	2008 Differential
1	Anchorage	1.00
2	Fairbanks	1.03
3	Parks/Elliott/Steese Highways	1.00
4	Glennallen Region	0.97
5	Delta Junction/Tok Region	1.04
6	Roadless Interior	1.31
7	Juneau	1.11
8	Ketchikan/Sitka	1.09
9	Southeast Mid-Size Communities	1.05
10	Southeast Small Communities	1.02
11	Mat-Su	0.95
12	Kenai Peninsula	1.01
13	Prince William Sound	1.08
14	Kodiak	1.12
15	Arctic Region	1.48
16	Bethel/Dillingham	1.49
17	Aleutian Region	1.50
18	Southwest Small Communities	1.44

In addition to the 18 sample blocks identified above, differentials were also calculated for 12 individual communities. Each of these communities is included in one of the 18 sample blocks, but in combination with one or more other communities. HCS sample sizes in these communities were large enough to allow for meaningful community-level cost of living analysis.

Table I-2: Geographic Cost Differentials, 2008 Selected Communities

Community	2008 Differential
Barrow	1.50
Bethel	1.53
Cordova	1.13
Dillingham	1.37
Homer	1.01
Ketchikan	1.04
Kotzebue	1.61
Nome	1.39
Petersburg	1.05
Sitka	1.17
Unalaska/Dutch Harbor	1.58
Valdez	1.08

A comparison of cost differentials for 2008 and 1985 for the districts as they were defined in 1985 (which followed election district boundaries) is instructive. In general, the 2008 *Geographic Differential Study* indicates that since 1985, communities outside Alaska's Railbelt and off the Alaska road system have seen greater increases in living costs relative to Anchorage. The most remote districts have experienced the largest relative increases. The most populated areas outside of Anchorage, including Mat-Su, the Kenai/Soldotna area, and Fairbanks have differentials very similar to those identified in the 1985 study.

See table next page.

Table I-3: 2008 Geographic Cost Differentials, with 1985 Comparisons

1985 District #	1985 District Name	2008 Differential	1985 Differential	Change
1	Ketchikan/Prince of Wales	1.04	1.02	+0.02
2	Petersburg/Wrangell	1.04	0.98	+0.06
3	Sitka	1.17	1.01	+0.16
4	Juneau	1.11	1.03	+0.08
5	Icy Strait/Lynn Canal	1.06	1.05	+0.01
6	Cordova/Valdez	1.05	1.11	-0.06
7	Palmer/Wasilla	0.95	0.94	+0.01
8	Anchorage	1.00	1.00	0.00
9	Seward	1.03	1.00	+0.03
10	Kenai/Cook Inlet	1.01	1.01	0.00
11	Kodiak	1.12	1.06	+0.06
12	Aleutian Islands	1.49	1.26	+0.23
13	Bristol Bay	1.37	1.29	+0.08
14	Bethel	1.53	1.39	+0.14
15	Yukon/Kuskokwim	1.16	1.29	-0.13
16	Fairbanks/Fort Yukon	1.02	1.03	-0.01
17	Barrow/Kotzebue	1.55	1.45	+0.10
18	Nome	1.37	1.33	+0.04
19	Wade Hampton	1.48	1.26	+0.22

Recommendations

How the State of Alaska chooses to use the geographic cost of living differentials measured in this study is primarily a matter of policy. However, the study team offers the following recommendations:

- Depart from the current plan that groups communities and assigns pay differentials primarily according to election district boundaries. This study has shown that significant variation in the cost of living exists within election districts.
- Initiate a policy of regularly updating the geographic cost differentials. This study has shown that differentials do change over time (especially in remote areas). The State might also consider conducting a near-term update (within a year or two) depending on trends in fuel prices.
- Consider defining GDPs such that communities (or sample blocks) within each GDP have cost of living differentials that do not differ from each other by a statistically significant amount. An example of such GDPs is provided in the following table.

Table 1-4 shows the five groupings that result if all the community-level differentials calculated for the study are grouped together based on a statistical test for significant differences among those differentials. These are purely mathematical groupings that ignore geography. For example, all the communities and regions in GDP #1 have differentials calculated for this study at between 0.95 and 1.05. Statistically, the differentials in GDP #1 are not meaningfully different from each other due to the degree of uncertainty inherent in survey research. The differentials for GDP #1 are, however, statistically different from those in the other four GDPs shown.

Table I-4: Statistically-Based Geographic Cost Differential Pools

2008 GDP #	Sample Blocks and/or Communities	Minimum Differential	Maximum Differential
1	Anchorage, Delta Junction/Tok Region, Fairbanks, Glennallen Region, Kenai Peninsula, Ketchikan, Mat-Su, Parks/Elliott/Steese Highways, Southeast Mid-size Communities, Southeast Small Communities	.95	1.05
2	Cordova, Juneau, Kodiak, Sitka, Valdez	1.08	1.17
3	Dillingham, Nome, Roadless Interior	1.31	1.39
4	Barrow, Bethel, Aleutians (other than Unalaska/ Dutch Harbor), Southwest Small Communities	1.44	1.53
5	Kotzebue, Unalaska/Dutch Harbor	1.58	1.61

Note: There is no statistically meaningful difference in the measured cost of living differential among communities within each GDP.

Using GDPs that are defined in purely statistical terms has a number of attractions:

- The method is straightforward to explain.
- It acknowledges that there is uncertainty associated with calculating GDPs.
- It is easier to administer because of the small number of GDPs.

However, the challenge for the state is to determine how best to set actual pay differentials for each GDP. Grouping communities into statistically-based GDPs may result in pay differentials higher than warranted for some employees in any given pool and lower than warranted for others. Setting a pay differential for GDP 3 at 1.39, for example, would insure that no one in that group is potentially under-compensated, relative to their estimated cost of living differential, but it would certainly be the most costly approach in terms of total state payroll. Other options include using the mid-point between the minimum and maximum differential in each GDP or, more equitably, using the weighted average differential for each GDP (weighted by the number of state employees in each community within the GDP). The weighted average approach produces a differential of 1.11 for GDP 2, 1.37 for GDP 3, 1.50 for GDP 4 and 1.60 for GDP 5.

The cost and equity implications (in terms of state salaries) of the various options are important, but beyond the scope of this study.

Note on Seattle's Cost Differential

The 2008 Alaska GDS methodology did not include household surveying or retail price surveying in Seattle. This is due in part to the cost and complexity of surveying in a very large urban area, which would be vastly out of proportion to the number of Alaska state employees who reside in Seattle (five). Another reason is that

other data already exists for estimating cost of living differentials between Anchorage and Seattle. Available data and other analysis, described in detail in this report, indicate the cost of living in Seattle and Anchorage are now about equal, unlike 24 years ago when Anchorage was significantly more expensive than Seattle.

Section II: Introduction

Introduction

The challenge before the State of Alaska is how to equitably remunerate state employees living throughout Alaska in exchange for the services they provide. McDowell Group's 1985 ***Alaska Geographic Differential Study*** served as the benchmark for most state salary differential adjustments. However, changes in the economies of all of the state's regions in the past 23 years have rendered the objective data from the 1985 study obsolete.

Alaska is unique among the 50 states in its geographic, climatic, economic, social, cultural, and lifestyle diversity. State employees are located throughout Alaska, in major cities as well as remote villages. Many small communities have a limited selection of goods and services available to support households. Transportation linkages and market size efficiencies can dramatically affect the price of the same item in different locations, even in locations close to one another. Climate can dictate household purchasing patterns, with residents of different areas consuming different household market baskets. Income differences between the state's bustling urban economies and struggling rural regions also significantly influence the makeup of household budgets. For example, expenditures on food require a higher proportion of income in economically depressed regions, while spending on recreation and entertainment tends to be much lower. Alaskans (including state employees) simply do not – and in many cases cannot – live in Barrow, Klawock or even Cordova the same way Alaskans live in Anchorage.

The 1985 geographic differential pools (GDPs) were based on Alaska's 19 election districts. Current Senate districts (20), House districts (40), and Census Areas/Boroughs (27) are more commonly used divisions for analyzing the state. However, the major factors that determine differences in household costs – market size efficiencies, road access, shipping distance and method, competition, climate, economic conditions, for example – do not conveniently confine themselves to district boundaries.

In September 2008, the Alaska Department of Administration contracted with McDowell Group, an Alaska research firm, to conduct a comprehensive, statistically defensible cost of living analysis in Alaska. The purpose of the study was to compare the cost of living in regions and communities throughout Alaska to the cost of living in Anchorage, and from that analysis, calculate geographic cost differentials.

It is important to understand what this study does not do. For example, this study does not place an absolute measure on the cost of living in any particular place; it only measures the difference in the cost of living between Anchorage and other communities where state employees reside. Further, this study does not measure changes in the cost of living over time, i.e., inflation. There is only one reliable measure of inflation, and that is the Anchorage Consumer Price Index (CPI), which is updated semi-annually. Finally, the 2008 Alaska GDS does not determine if state employee pay levels are too high, too low, or on par with past pay levels. This study only indicates how pay levels should vary relative to Anchorage to account for differences in living costs experienced by state employees residing elsewhere in Alaska.

The 2008 Alaska Geographic Differential Study was conducted by McDowell Group in association with ECONorthwest (database management and statistical analysis) and GMA Research (urban telephone survey research).

Report Organization

The report includes seven major segments:

I. **Executive Summary**

II. **Introduction** (including a definition of terms and geographic definitions)

III. **Study Results by Sample Block and Community** (one-page summaries of expenditure weights and price differentials for each sample block and for selected communities)

IV. **Methods and Analysis** (an overview of study methods, detailed methods and results for each main household budget component for each sample block)

V. **Data Collection Methodology** (detailed discussion of the methodologies employed on the Household Consumption Survey and the Retail Price Survey)

VI. **Statistical Analysis** (discussion of the statistical reliability of the cost of living differentials measured in this study)

VII. **Appendix** (bibliography, survey instruments and related information).

Definitions

Geographic Differential Pools (GDPs): Collections of communities grouped together for purposes of administering geographic pay differentials. Historically, GDPs have been defined by election district boundaries, with minor variations.

Household Consumption Survey (HCS): The HCS included 2,547 telephone surveys with randomly selected households located in 74 communities. The HCS collected data on household spending related to housing (including mortgage and rent payment, property taxes, insurance and all utilities), food, transportation, health care, and clothing. The survey was fielded during October and November 2008.

Retail Price Survey (RPS): The RPS included 634 retail outlets in 58 communities, plus numerous providers of various services, including health care, transportation, communications, insurance, and others. A market basket of approximately 200 goods and services was priced in each community where they were available. Data was collected in person and by telephone.

Expenditure Weights: A measure of the relative importance of various components of the household budget. The HCS and secondary data provided measures of the relative importance of various components of the household budget and how the importance of those components varies from community to community. The HCS provided measures of expenditure weights in 18 categories of household spending. Data from the Consumer Price Index was used to develop expenditure weights in four additional categories.

Price Differentials: The difference in prices between Anchorage and other communities in Alaska. Price differentials for specific items or services are calculated by dividing an item's average price in a particular community by the average price of the same item in Anchorage.

Sample Blocks: Sample blocks were defined for purposes of household survey sample distribution to ensure sufficient sample sizes in various regions and among communities with common demographic and geographic characteristics. The largest communities (Anchorage, Fairbanks and Juneau) and most populous boroughs (Matanuska-Susitna and Kenai Peninsula) formed their own sample blocks. Smaller communities, similar in terms of location or size, were grouped together into sample blocks, and household surveys were distributed within those blocks in proportion to each community's population. The communities included in each sample block are identified in the following table.

Table II-1: 2008 Geographical Differential Study Sample Blocks

Sample Block #	Sample Block Name	Sample Block Communities
1	Anchorage	Municipality of Anchorage
2	Fairbanks	Fairbanks North Star Borough
3	Parks/Elliott/Steese Highways	Healy, Cantwell, Central, Nenana, Manley Hot Springs, Talkeetna
4	Glennallen Region	Glennallen, Chitina, Paxson, Slana, Tazlina
5	Delta Junction/Tok Region	Delta Junction, Tok, Eagle, Northway
6	Roadless Interior	Galena, Fort Yukon, McGrath
7	Juneau	City and Borough of Juneau
8	Ketchikan/Sitka	Ketchikan Gateway Borough, City and Borough of Sitka
9	Southeast Mid-Size Communities	Craig, Haines, Klawock, Metlakatla, Petersburg, Wrangell
10	Southeast Small Communities	Hoonah, Skagway, Yakutat, Elfin Cove, Gustavus, Pelican, Tenakee Springs
11	Mat-Su	Matanuska-Susitna Borough (not including Talkeetna)
12	Kenai Peninsula	Kenai Peninsula Borough
13	Prince William Sound	Cordova, Valdez, Whittier
14	Kodiak	Community of Kodiak (does not include remote Borough communities)
15	Arctic Region	Barrow, Kotzebue, Nome, Teller
16	Bethel/Dillingham	Bethel, Dillingham
17	Aleutian Region	Adak, Cold Bay, King Cove, Sand Point, Unalaska/Dutch Harbor
18	Southwest Small Communities	Aniak, Anvik, Chignik, Emmonak, Goodnews Bay, Iliamna, King Salmon, Saint Mary's, Unalakleet

1985 GDS Districts: The 1985 Alaska Geographic Differential Study was required to consider the cost of living in each of Alaska's 19 official 1961 House Election Districts. Those districts and communities contained therein are defined in the following table. (Note: Not all communities located in each district are listed, only those where survey research was conducted in the 1985 study are shown.)

Table II-2: 1985 Geographical Differential Study Districts

District #	District Name	District Communities
1	Ketchikan/Prince of Wales	Ketchikan, Craig, Klawock
2	Petersburg/Wrangell	Petersburg, Wrangell, Kake
3	Sitka	Sitka, Angoon
4	Juneau	Juneau
5	Icy Strait/Lynn Canal	Yakutat, Haines, Hoonah, Skagway, Gustavus
6	Cordova/Valdez	Cordova, Valdez, Chitina, Glennallen, Tazlina, Gulkana, Slana
7	Palmer/Wasilla	Palmer, Wasilla, Big Lake, Willow, Talkeetna, Sutton
8	Anchorage	Anchorage
9	Seward	Seward, Moose Pass, Cooper Landing, Hope
10	Kenai/Cook Inlet	Homer, Kenai, Ninilchik, Soldotna, Sterling, Kasilof, Anchor Point, Halibut Cove, Seldovia
11	Kodiak	Kodiak, Karluk
12	Aleutian Islands	Unalaska, Sand Point, Cold Bay, St. Paul Island, Atka, Chignik
13	Bristol Bay	Naknek, King Salmon, Iliamna, Dillingham
14	Bethel	Bethel
15	Yukon/Kuskokwim	Aniak, Holy Cross, Grayling, McGrath, Healy, Cantwell, Galena, Manley Hot Springs, Rampart, Ruby, Nenana, Clear, Tanana, Nulato
16	Fairbanks/Fort Yukon	Fairbanks North Star Borough, Tok, Northway, Delta Junction/Ft. Greely, Fort Yukon, Eagle
17	Barrow/Kotzebue	Barrow, Kotzebue, Selawick, Noorvik, Ambler
18	Nome	Nome, Unalakleet, Gamble, Savoonga, Teller, Shishmaref
19	Wade Hampton	Mountain Village, St. Mary's

Section III: Results by Sample Block and Community

Sample Block and Community Selection

In order to determine how to distribute the overall HCS sample among all the communities that needed to be examined, communities with similar demographic and geographic characteristics were grouped together into sample blocks. Each sample block was allocated a sufficiently large sample size to allow the analysis to make meaningful comparisons between blocks. The largest communities (Anchorage, Fairbanks and Juneau) and the most populous boroughs (Mat-Su and Kenai Peninsula) formed their own sample blocks. Smaller communities that were similar in terms of location, access and/or size were grouped together. Combining smaller communities was necessary to insure statistically reliable survey sample sizes. Within each block, community-level samples were drawn so as to be proportional to community population.

Using sample blocks to determine sample distribution was deemed preferable to the 1985 method of sampling according to election districts because the blocks can be formulated to minimize grouping dissimilar communities, especially small rural communities with larger urban areas.

The Matanuska-Susitna Borough was treated as one sample block, with the exception of Talkeetna which was grouped with Parks/ Elliot /Steese Highways sample block. The most important reason for keeping Mat-Su largely intact as a sample block is the ease of access throughout the borough. In general, residents of any portion of the borough where state employees reside (other than Talkeetna) can work and shop in any other portion of the borough (or, for that matter, work and shop in Anchorage).

The Kenai Peninsula Borough was also treated as one sample block, recognizing that by calculating cost of living differentials by 1985 GDS districts would produce one differential for Seward alone and another differential for the remainder of the borough (collectively labeled "Kenai/Cook Inlet" in the 1985 study). A separate differential was originally calculated for Homer, but turned out to be essentially the same as the differential for the remainder of the Borough. Seldovia, which has air and water access only, might warrant its own differential. However, with only one state employee in the community in 2008, a separate analysis of the cost of living in that small community was not practical.

Though Southeast Alaska accounts for only about 10 percent of Alaska's population, the region was divided into four sample blocks due to its high level of socioeconomic and geographic diversity. Juneau, as the region's largest city and capital of Alaska, was its own sample block. Ketchikan and Sitka were grouped together because of their apparent similarities (though subsequent analysis indicted the two communities are dissimilar in terms of cost of living). Other communities in the region were divided among two sample blocks, with larger communities (Petersburg, Wrangell, Haines, etc.) in one and smaller communities (Hoonah, Yakutat, Skagway, etc.) in another. Four sample blocks in Southeast is warranted because the isolation of communities relative to one another (i.e., there is no road access between most communities), the existence of five borough governments in the region and two large census areas not within borough boundaries. The region also has highly variable local housing markets.

The Kodiak sample block includes only the community of Kodiak and therefore its differential does not necessarily represent remote communities within the borough.

The Prince William Sound sample block groups Valdez, Cordova and Whittier together. The study team recognized that Valdez, with highway access, and Cordova, with air and water access only, could have different cost of living differentials. However, survey sample sizes were sufficient to allow for analysis of each community alone.

Cost of living differentials were also calculated for 12 other individual communities. Each of these communities is included in one of the 18 sample blocks, but HCS sample sizes in these communities were large enough to allow for meaningful community-level cost of living analysis. Smaller communities were not analyzed in a similar fashion because small survey sample sizes would preclude meaningful estimates.

Sample Block and Community-Level Differentials

Geographic cost of living differentials for 2008 sample blocks and for larger communities are presented in the following table. The cost differential for Anchorage, the base community, is set at 1.00. Differentials for GPDs and other communities provide a measure of the cost of living relative to Anchorage. For example, Kodiak's differential of 1.12 means that the cost of living in Kodiak is about 12 percent higher than in Anchorage. Similarly, the Mat-Su differential of 0.95 means that the cost of living there is about 5 percent lower than in Anchorage.

Table III-1: Geographic Cost Differentials, 2008 Sample Blocks

Sample Block #	Sample Block	2008 Differential
1	Anchorage	1.00
2	Fairbanks	1.03
3	Parks/Elliott/Steese Highways	1.00
4	Glennallen Region	0.97
5	Delta Junction/Tok Region	1.04
6	Roadless Interior	1.31
7	Juneau	1.11
8	Ketchikan/Sitka	1.09
9	Southeast Mid-Size Communities	1.05
10	Southeast Small Communities	1.02
11	Mat-Su	0.95
12	Kenai Peninsula	1.01
13	Prince William Sound	1.08
14	Kodiak	1.12
15	Arctic Region	1.48
16	Bethel/Dillingham	1.49
17	Aleutian Region	1.50
18	Southwest Small Communities	1.44

In addition to the 18 sample blocks identified above, differentials also were calculated for 12 individual communities. These communities are included in one of the 18 sample blocks, but in combination with one or more other communities. HCS sample sizes in these communities were large enough (generally above 40 surveys) to allow for statistically meaningful community-level cost of living analysis.

This community-level analysis indicates that even among communities very similar in size, location, and access, there can be a difference in the cost of living. For example, Ketchikan and Sitka share many common geographic, economic, and demographic characteristics; combined, the Ketchikan/Sitka GDP has a cost differential of 1.08. However, analysis of Ketchikan and Sitka individually resulted in differentials of 1.03 and 1.16, respectively. The same situation is evident in the Prince William Sound sample block, where Valdez and Cordova have measurably different differentials.

Table III-2: Geographic Cost Differentials, 2008 Selected Communities

Community	2008 Differential
Barrow	1.50
Bethel	1.53
Cordova	1.13
Dillingham	1.37
Homer	1.01
Ketchikan	1.04
Kotzebue	1.61
Nome	1.39
Petersburg	1.05
Sitka	1.17
Unalaska/Dutch Harbor	1.58
Valdez	1.08

The following table compares cost differentials for 2008 and 1985 for the districts as they were defined in 1985 (along election district boundaries). This comparison indicates that, since 1985, communities outside Alaska's Railbelt and off the Alaska road system have seen greater increases in living costs relative to Anchorage. The most remote districts have experienced the largest relative increases. The most populated areas outside of Anchorage (Mat-Su, the Kenai/Soldotna area, and Fairbanks) have differentials very similar to those identified in the 1985 study. Increases in other areas, such as Juneau and Sitka, are the result of rising housing costs.

See table next page.

Table III-3: 2008 Geographic Cost Differentials, with 1985 Comparisons

1985 District Number	1985 District Name	2008 Differential	1985 Differential	Change
1	Ketchikan/Prince of Wales	1.04	1.02	+0.02
2	Petersburg/Wrangell	1.04	0.98	+0.06
3	Sitka	1.17	1.01	+0.16
4	Juneau	1.11	1.03	+0.08
5	Icy Strait/Lynn Canal	1.06	1.05	+0.01
6	Cordova/Valdez	1.05	1.11	-0.06
7	Palmer/Wasilla	0.95	0.94	+0.01
8	Anchorage	1.00	1.00	0.00
9	Seward	1.03	1.00	+0.03
10	Kenai/Cook Inlet	1.01	1.01	0.00
11	Kodiak	1.12	1.06	+0.06
12	Aleutian Islands	1.49	1.26	+0.23
13	Bristol Bay	1.37	1.29	+0.08
14	Bethel	1.53	1.39	+0.14
15	Yukon/Kuskokwim	1.16	1.29	-0.13
16	Fairbanks/Fort Yukon	1.02	1.03	-0.01
17	Barrow/Kotzebue	1.55	1.45	+0.10
18	Nome	1.37	1.33	+0.04
19	Wade Hampton	1.48	1.26	+0.22

Record-high fuel prices in 2008 may be responsible for some of the increase in the cost of living in Alaska's more remote areas, relative to Anchorage. Rising fuel prices affect urban and rural households, but not necessarily to the same degree. An increase in gas prices from $1.50 per gallon to $3 per gallon in Anchorage may translate into a price increase in Bethel from $3 per gallon to $6 per gallon. The increase in Bethel takes a much bigger bite out of the household budget than does the increase in Anchorage. Sharp increases in 2008 in home heating oil would have especially disproportionate effects on small, remote communities. The study team tested the sensitivity of geographic cost differentials to lower fuel prices by measuring the effect of a one-third reduction in household expenditures on home heating fuel and fuel for vehicles, coupled with a hypothetical reduction in the fuel price differential of about 20 percent. The results of this test suggest that for regions with the largest differentials, a substantial reduction in fuel prices could result in differentials of 0.02 to 0.05 lower than measured in this study. This finding should be interpreted with caution, however, as much more detailed analysis would be required to definitively determine the effect of fuel prices lower (or higher) than those prevalent at the time of this study.

Discussion of Statistical Considerations

While the geographic cost differentials presented in this report suggest a high level of precision, it is important to acknowledge the uncertainty associated with any analysis based on survey research. In fact, there is some degree of uncertainty around each of the cost differentials, depending on sample size and the magnitude of the differential. For example, for Juneau, with its relatively low cost of living differential (1.11) and large sample size (300 households), the approximate standard error is relatively small and, thus, the precision of the estimate is relatively high. The 95 percent confidence interval extends from approximately 1.08 up to 1.14. In contrast, the 95 percent confidence interval for the Aleutians differential (1.50) is

relatively wide, extending from approximately 1.42 up to 1.58. This is due to the larger cost of living differential and smaller sample size (77 households) for the Aleutians sample block.

In addition to the statistical uncertainty attributable to sample size and statistical random error, the HCS and RPS research methodology is subject to inherent uncertainty from sources such as the following:

- The ability of survey respondents to answer questions about spending and income accurately.
- The degree to which the choice of items and services in the market basket accurately reflects people's overall spending patterns.
- The accuracy with which price data from a given retail outlet within a community reflects the proportion of purchases people make at that particular outlet or at those specific prices.

Using telephone survey research to measure household spending patterns is a challenging task due to the complexity of the issue and recall limitations. Some respondents will overestimate their spending on food (for example), while some respondents will underestimate. With a large enough sample size, however, the average will be an accurate representation of household spending on food.

The most important consideration is to avoid any data collection bias that systematically influences survey respondents from a particular community to overstate or understate some aspect of their spending *relative to Anchorage survey respondents*. For example, an accurate measure of household spending on food in a particular community is important, but not as important as making sure that whatever measure of food spending is found accurately reflects the difference compared to Anchorage household spending on food. In other words, accurate absolute values are not as important as accurate relative values.

Finally, in reviewing the detailed data tables presented in this and following sections of the report, readers may occasionally note values that appear to be outliers or in some way counterintuitive. In all cases, data used for the analysis has been reviewed and determined to be the most representative available within the limitations of the methodology employed. The methodology systematically aggregates results from areas with small sample sizes in order to minimize statistical anomalies, but it cannot eliminate them altogether.

In summary, the highest degree of professional standards were applied at all stages of this project to ensure that the estimated cost of living differentials are unbiased measures of the true cost of living differentials experienced by communities throughout the state.

Sample Block and Community Cost of Living Profiles

Following this overview are one-page geographic cost of living profiles for each sample block and for selected communities. Each profile provides a description of the communities contained in each sample block (if more than one community), the population of each community, and the number of state employees residing in each community. The profiles provide expenditure weights and price differentials for each of the 22 household budget subcategories.

To calculate the cost of living differential for each sample block and community, expenditure weights for each subcategory are multiplied by the price differential for each subcategory to produce category cost differentials. These category cost differentials are then added to produce a single cost of living differential.

It is important to note that, unlike other categories, the housing category differential was not calculated from its subcategory (shelter and utilities) expenditure weights and price differentials. Therefore, weights and price

differentials for shelter and utilities reported in the following tables, while valid, cannot be used to calculate the overall housing category differential. This is because housing differentials were calculated as the ratio of total housing costs in the sample block to total housing costs in Anchorage. Differences in the price of rent, home heating oil, electricity, property taxes, insurance, etc., between sample blocks and Anchorage are reflected in that ratio. A detailed discussion of the housing cost methodology is provided in Section IV.

Anchorage

Sample block communities: Municipality of Anchorage

Description: Largest Alaska city and economy; most comprehensive availability of goods and services

2007 Population: 283,823

2008 State employee count: 5,940

Table III-4: Anchorage

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.33**	1.00	**0.33**
Shelter	0.27	1.00	
Utilities	0.06	1.00	
Food	**0.17**	**1.00**	**0.17**
Meats, poultry and fish	0.05	1.00	
Cereals and breads	0.02	1.00	
Dairy products	0.02	1.00	
Fruits and vegetables	0.03	1.00	
Other food items	0.03	1.00	
Food away from home	0.03	1.00	
Transportation	**0.15**	**1.00**	**0.15**
Fuel	0.05	1.00	
Car/truck ownership	0.03	1.00	
Other vehicle ownership	0.00	1.00	
Auto insurance	0.02	1.00	
Vehicle maintenance	0.02	1.00	
Interstate air travel	0.02	1.00	
In-state air/ferry travel	0.00	1.00	
Clothing	**0.02**	**1.00**	**0.02**
Medical	**0.05**	**1.00**	**0.05**
Medical services	0.02	1.00	
Medical insurance	0.03	1.00	
Other	**0.29**	**1.00**	**0.29**
Household furnishings/appliances	0.09	1.00	
Communication	0.04	1.00	
Recreation and education	0.09	1.00	
Personal care and other	0.06	1.00	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.00**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Fairbanks

Sample block communities: Fairbanks North Star Borough, including City of Fairbanks, North Pole, and surrounding area

Description: Alaska's second largest economy

2007 Population: 90,963

2008 State employee count: 1,615

Table III-5: Fairbanks

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.31**	**0.98**	**0.30**
Shelter	0.22	0.84	
Utilities	0.09	1.65	
Food	**0.16**	**1.03**	**0.16**
Meats, poultry and fish	0.04	1.07	
Cereals and breads	0.02	1.03	
Dairy products	0.02	1.03	
Fruits and vegetables	0.03	1.00	
Other food items	0.03	1.01	
Food away from home	0.02	1.02	
Transportation	**0.21**	**1.04**	**0.22**
Fuel	0.07	1.03	
Car/truck ownership	0.06	0.96	
Other vehicle ownership	0.01	0.99	
Auto insurance	0.03	0.89	
Vehicle maintenance	0.02	1.05	
Interstate air travel	0.03	1.39	
In-state air/ferry travel	0.00	1.00	
Clothing	**0.02**	**1.17**	**0.02**
Medical	**0.05**	**1.07**	**0.05**
Medical services	0.02	1.18	
Medical insurance	0.03	1.00	
Other	**0.25**	**1.05**	**0.27**
Household furnishings/appliances	0.08	1.11	
Communication	0.03	1.01	
Recreation and education	0.08	1.07	
Personal care and other	0.05	0.97	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.03**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Parks/Elliott/Steese Highways

Sample block communities: Healy, Cantwell, Central, Nenana, Manley Hot Springs, Talkeetna

Description: Small communities along the Parks Highway

2007 Population: Cantwell (183), Central (95), Healy (1,027), Nenana (357), Manley Hot Springs (72), Talkeetna (848)

2008 State employee count: Cantwell (14), Central (4), Healy (9), Nenana (7), Manley Hot Springs (2), Talkeetna (9)

Table III-6: Parks/Elliott/Steese Highways

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.23**	**0.75**	**0.17**
Shelter	0.11	0.51	
Utilities	0.12	1.94	
Food	**0.16**	**1.10**	**0.18**
Meats, poultry and fish	0.04	1.10	
Cereals and breads	0.02	1.08	
Dairy products	0.02	1.12	
Fruits and vegetables	0.03	1.10	
Other food items	0.02	1.11	
Food away from home	0.02	1.10	
Transportation	**0.20**	**1.10**	**0.22**
Fuel	0.06	1.22	
Car/truck ownership	0.04	1.01	
Other vehicle ownership	0.00	1.02	
Auto insurance	0.04	0.90	
Vehicle maintenance	0.02	1.09	
Interstate air travel	0.03	1.27	
In-state air/ferry travel	0.01	1.00	
Clothing	**0.01**	**1.11**	**0.01**
Medical	**0.10**	**1.05**	**0.11**
Medical services	0.05	1.12	
Medical insurance	0.06	1.00	
Other	**0.29**	**1.06**	**0.30**
Household furnishings/appliances	0.09	1.08	
Communication	0.04	0.99	
Recreation and education	0.10	1.07	
Personal care and other	0.06	1.04	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.00**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Glennallen Region

Sample block communities: Glennallen, Chitina, Paxson, Slana, Tazlina

Description: Small and mid-size Interior Alaska communities on the southeastern portion of the road system

2007 Population: Glennallen (1,845), Chitina (124), Paxson (32), Slana (108), Tazlina (219)

2008 State employee count: Glennallen (34), Chitina (6), Paxson (6), Slana (7), Tazlina (25)

Table III-7: Glennallen Region

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.29**	**0.72**	**0.21**
Shelter	0.14	0.43	
Utilities	0.15	2.19	
Food	**0.20**	**1.09**	**0.22**
Meats, poultry and fish	0.05	1.06	
Cereals and breads	0.03	1.11	
Dairy products	0.03	1.10	
Fruits and vegetables	0.04	1.12	
Other food items	0.04	1.08	
Food away from home	0.01	1.09	
Transportation	**0.24**	**1.14**	**0.27**
Fuel	0.12	1.20	
Car/truck ownership	0.05	1.00	
Other vehicle ownership	0.00	1.00	
Auto insurance	0.03	0.89	
Vehicle maintenance	0.03	1.40	
Interstate air travel	0.02	1.01	
In-state air/ferry travel	0.00	1.01	
Clothing	**0.02**	**1.00**	**0.02**
Medical	**0.04**	**0.96**	**0.03**
Medical services	0.02	0.92	
Medical insurance	0.02	1.00	
Other	**0.22**	**1.02**	**0.22**
Household furnishings/appliances	0.07	0.99	
Communication	0.03	0.98	
Recreation and education	0.07	1.02	
Personal care and other	0.05	1.09	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**0.97**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Delta Junction/Tok Region

Sample block communities: Delta Junction, Tok, Eagle, Northway

Description: Small and midsize Interior Alaska communities on the northwestern portion of the road system

2007 Population: Delta Junction (3,836), Tok (1,353), Eagle (109), Northway (81)

2008 State employee count: Delta Junction (46), Tok (56), Eagle (5), Northway (7)

Table III-8: Delta Junction/Tok Region

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.27**	**0.91**	**0.25**
Shelter	0.15	0.60	
Utilities	0.12	2.41	
Food	**0.14**	**1.09**	**0.15**
Meats, poultry and fish	0.03	1.02	
Cereals and breads	0.02	1.09	
Dairy products	0.02	1.10	
Fruits and vegetables	0.03	1.11	
Other food items	0.03	1.14	
Food away from home	0.02	1.09	
Transportation	**0.20**	**1.08**	**0.21**
Fuel	0.08	1.17	
Car/truck ownership	0.04	0.96	
Other vehicle ownership	0.00	1.04	
Auto insurance	0.03	0.89	
Vehicle maintenance	0.02	1.15	
Interstate air travel	0.01	1.40	
In-state air/ferry travel	0.01	1.07	
Clothing	**0.01**	**1.16**	**0.01**
Medical	**0.04**	**1.01**	**0.04**
Medical services	0.02	1.03	
Medical insurance	0.02	1.00	
Other	**0.34**	**1.09**	**0.37**
Household furnishings/appliances	0.11	1.15	
Communication	0.05	1.07	
Recreation and education	0.11	1.09	
Personal care and other	0.08	1.01	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.04**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Roadless Interior

Sample block communities: Fort Yukon, Galena, McGrath
Description: Small, Interior Alaska communities without road access
2007 Population: Fort Yukon (591), Galena (609), McGrath (315)
2008 State employee count: Fort Yukon (2), Galena (11), McGrath (26)

Table III-9: Roadless Interior

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.20**	**0.81**	**0.16**
Shelter	0.07	0.33	
Utilities	0.13	3.20	
Food	**0.17**	**1.55**	**0.26**
Meats, poultry and fish	0.05	1.39	
Cereals and breads	0.02	1.55	
Dairy products	0.02	1.62	
Fruits and vegetables	0.03	1.64	
Other food items	0.03	1.62	
Food away from home	0.02	1.56	
Transportation	**0.20**	**1.49**	**0.30**
Fuel	0.07	1.80	
Car/truck ownership	0.03	1.14	
Other vehicle ownership	0.01	1.35	
Auto insurance	0.01	0.89	
Vehicle maintenance	0.01	1.24	
Interstate air travel	0.02	2.05	
In-state air/ferry travel	0.05	1.26	
Clothing	**0.02**	**1.24**	**0.03**
Medical	**0.05**	**1.03**	**0.05**
Medical services	0.03	1.07	
Medical insurance	0.02	1.00	
Other	**0.36**	**1.43**	**0.51**
Household furnishings/appliances	0.11	1.68	
Communication	0.05	1.30	
Recreation and education	0.12	1.33	
Personal care and other	0.08	1.27	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.31**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Juneau

Sample block communities: City and Borough of Juneau

Description: Third-largest community in Alaska; serves as regional hub for communities in Southeast region

2007 Population: City and Borough of Juneau (30,305)

2008 State employee count: City and Borough of Juneau (3,365)

Table III-10: Juneau

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.30**	**1.14**	**0.34**
Shelter	0.23	1.04	
Utilities	0.07	1.63	
Food	**0.15**	**1.03**	**0.16**
Meats, poultry and fish	0.04	1.07	
Cereals and breads	0.02	1.05	
Dairy products	0.02	1.00	
Fruits and vegetables	0.03	0.96	
Other food items	0.03	1.04	
Food away from home	0.02	1.03	
Transportation	**0.14**	**1.09**	**0.15**
Fuel	0.04	1.13	
Car/truck ownership	0.03	1.24	
Other vehicle ownership	0.01	0.81	
Auto insurance	0.02	0.76	
Vehicle maintenance	0.01	1.12	
Interstate air travel	0.02	1.11	
In-state air/ferry travel	0.01	1.00	
Clothing	**0.01**	**1.02**	**0.01**
Medical	**0.05**	**1.03**	**0.05**
Medical services	0.02	1.08	
Medical insurance	0.03	1.00	
Other	**0.35**	**1.14**	**0.40**
Household furnishings/appliances	0.11	1.35	
Communication	0.05	1.00	
Recreation and education	0.11	1.09	
Personal care and other	0.08	0.99	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.11**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Ketchikan/Sitka

Sample block communities: Ketchikan Gateway Borough, City and Borough of Sitka
Description: Sizable Southeast Alaska communities serving as hubs for surrounding communities and villages
2007 Population: Ketchikan Gateway Borough (13,160), City and Borough of Sitka (8,640)
2008 State employee count: Ketchikan Gateway Borough (673), City and Borough of Sitka (240)

Table III-11: Ketchikan/Sitka

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.34**	**1.01**	**0.34**
Shelter	0.24	0.85	
Utilities	0.10	1.77	
Food	**0.17**	**1.17**	**0.20**
Meats, poultry and fish	0.04	1.12	
Cereals and breads	0.02	1.13	
Dairy products	0.03	1.29	
Fruits and vegetables	0.03	1.11	
Other food items	0.03	1.23	
Food away from home	0.02	1.17	
Transportation	**0.13**	**1.10**	**0.14**
Fuel	0.04	1.17	
Car/truck ownership	0.02	1.22	
Other vehicle ownership	0.01	1.02	
Auto insurance	0.02	0.82	
Vehicle maintenance	0.01	1.13	
Interstate air travel	0.03	1.09	
In-state air/ferry travel	0.01	1.26	
Clothing	**0.01**	**1.12**	**0.01**
Medical	**0.06**	**1.03**	**0.06**
Medical services	0.03	1.07	
Medical insurance	0.03	1.00	
Other	**0.29**	**1.15**	**0.33**
Household furnishings/appliances	0.09	1.33	
Communication	0.04	0.89	
Recreation and education	0.10	1.14	
Personal care and other	0.06	1.08	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.09**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Southeast Mid-Size Communities

Sample block communities: Craig, Haines, Klawock, Metlakatla, Petersburg, Wrangell

Description: Communities with 1,000 to 5,000 residents in Southeast Alaska

2007 Population: Craig (1,359), Haines (2,257), Klawock (743), Metlakatla (1,282), Petersburg (3,071), Wrangell (1,947)

2008 State employee count: Craig (13), Haines (51), Klawock (12), Metlakatla (1), Petersburg (48), Wrangell (22)

Table III-12: Southeast Mid-Size Communities

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.28**	**0.74**	**0.21**
Shelter	0.16	0.52	
Utilities	0.11	1.81	
Food	**0.18**	**1.22**	**0.22**
Meats, poultry and fish	0.05	1.10	
Cereals and breads	0.02	1.27	
Dairy products	0.03	1.29	
Fruits and vegetables	0.03	1.19	
Other food items	0.04	1.30	
Food away from home	0.02	1.23	
Transportation	**0.16**	**1.16**	**0.19**
Fuel	0.06	1.23	
Car/truck ownership	0.03	1.23	
Other vehicle ownership	0.01	0.94	
Auto insurance	0.02	0.82	
Vehicle maintenance	0.02	1.17	
Interstate air travel	0.02	1.29	
In-state air/ferry travel	0.01	1.05	
Clothing	**0.02**	**1.23**	**0.02**
Medical	**0.08**	**0.98**	**0.08**
Medical services	0.04	0.95	
Medical insurance	0.04	1.00	
Other	**0.28**	**1.21**	**0.34**
Household furnishings/appliances	0.09	1.36	
Communication	0.04	1.03	
Recreation and education	0.09	1.18	
Personal care and other	0.06	1.14	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.05**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Southeast Small Communities

Sample block communities: Elfin Cove, Gustavus, Hoonah, Pelican, Skagway, Tenakee Springs, Yakutat
Description: Communities with fewer than 1,000 residents in Southeast Alaska
2007 Population: Elfin Cove (21), Gustavus (442), Hoonah (852), Pelican (110), Skagway (845), Tenakee Springs (102), Yakutat (621)
2008 State employee count: Elfin Cove (1), Gustavus (2), Hoonah (6), Pelican (1), Skagway (13), Tenakee Springs (1), Yakutat (15)

Table III-13: Southeast Small Communities

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.33**	**0.67**	**0.22**
Shelter	0.18	0.45	
Utilities	0.15	1.77	
Food	**0.18**	**1.22**	**0.22**
Meats, poultry and fish	0.05	1.15	
Cereals and breads	0.03	1.27	
Dairy products	0.03	1.28	
Fruits and vegetables	0.02	1.20	
Other food items	0.03	1.25	
Food away from home	0.02	1.23	
Transportation	**0.12**	**1.19**	**0.14**
Fuel	0.04	1.29	
Car/truck ownership	0.02	1.24	
Other vehicle ownership	0.01	1.03	
Auto insurance	0.01	0.82	
Vehicle maintenance	0.01	1.25	
Interstate air travel	0.01	1.42	
In-state air/ferry travel	0.02	1.06	
Clothing	**0.01**	**1.21**	**0.01**
Medical	**0.05**	**1.01**	**0.06**
Medical services	0.02	1.03	
Medical insurance	0.03	1.00	
Other	**0.30**	**1.20**	**0.36**
Household furnishings/appliances	0.10	1.34	
Communication	0.04	0.98	
Recreation and education	0.10	1.17	
Personal care and other	0.07	1.15	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.02**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: Matanuska-Susitna Borough (including Palmer, Wasilla, and Willow; excluding Talkeetna)

Description: Communities in the Matanuska-Susitna Valley

2007 Population: Matanuska-Susitna Borough (80,056)

2008 State employee count: Matanuska-Susitna Borough (815)

Table III-14: Mat-Su

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.31**	**0.79**	**0.24**
Shelter	0.24	0.74	
Utilities	0.07	1.03	
Food	**0.16**	**1.03**	**0.16**
Meats, poultry and fish	0.04	1.03	
Cereals and breads	0.02	1.01	
Dairy products	0.02	1.04	
Fruits and vegetables	0.02	1.01	
Other food items	0.03	1.05	
Food away from home	0.02	1.03	
Transportation	**0.20**	**1.04**	**0.21**
Fuel	0.09	1.07	
Car/truck ownership	0.04	1.11	
Other vehicle ownership	0.01	1.00	
Auto insurance	0.03	0.98	
Vehicle maintenance	0.02	0.87	
Interstate air travel	0.01	1.00	
In-state air/ferry travel	0.00	1.00	
Clothing	**0.01**	**0.93**	**0.01**
Medical	**0.06**	**1.00**	**0.06**
Medical services	0.03	1.01	
Medical insurance	0.03	1.00	
Other	**0.26**	**1.01**	**0.26**
Household furnishings/appliances	0.08	1.04	
Communication	0.03	0.96	
Recreation and education	0.08	1.00	
Personal care and other	0.06	1.01	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**0.95**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Kenai Peninsula

Sample block communities: Kenai Peninsula Borough (including Seward, Kasilof, Kenai, Nikiski, Soldotna, Sterling, Homer, Anchor Point, Cooper Landing, Ninilchik, Seldovia)

Description: Mid-size and small communities on the Kenai Peninsula

2007 Population: Kenai Peninsula Borough (52,370)

2008 State employee count: Kenai Peninsula Borough (937)

Table III-15: Kenai Peninsula

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.28**	**0.78**	**0.22**
Shelter	0.19	0.64	
Utilities	0.09	1.46	
Food	**0.19**	**1.15**	**0.22**
Meats, poultry and fish	0.04	1.13	
Cereals and breads	0.03	1.14	
Dairy products	0.02	1.17	
Fruits and vegetables	0.04	1.17	
Other food items	0.04	1.15	
Food away from home	0.02	1.15	
Transportation	**0.17**	**1.16**	**0.20**
Fuel	0.06	1.12	
Car/truck ownership	0.03	1.36	
Other vehicle ownership	0.00	0.88	
Auto insurance	0.03	0.86	
Vehicle maintenance	0.02	1.09	
Interstate air travel	0.02	1.48	
In-state air/ferry travel	0.01	1.01	
Clothing	**0.01**	**1.17**	**0.02**
Medical	**0.07**	**0.98**	**0.06**
Medical services	0.03	0.97	
Medical insurance	0.03	1.00	
Other	**0.28**	**1.05**	**0.29**
Household furnishings/appliances	0.09	1.08	
Communication	0.04	0.88	
Recreation and education	0.09	1.09	
Personal care and other	0.06	1.04	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.01**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Prince William Sound

Sample block communities: Cordova, Valdez, Whittier

Description: PWS coastal communities with surface access to Anchorage via highway (Valdez and Whittier) and/or ferry (Cordova)

2007 Population: Cordova (2,192), Valdez (3,599), Whittier (174)

2008 State employee count: Cordova (82), Valdez (54), Whittier (4)

Table III-16: Prince William Sound

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.29**	**0.90**	**0.26**
Shelter	0.17	0.67	
Utilities	0.12	2.07	
Food	**0.17**	**1.31**	**0.22**
Meats, poultry and fish	0.04	1.20	
Cereals and breads	0.02	1.28	
Dairy products	0.02	1.34	
Fruits and vegetables	0.04	1.44	
Other food items	0.03	1.30	
Food away from home	0.02	1.31	
Transportation	**0.18**	**1.18**	**0.21**
Fuel	0.06	1.25	
Car/truck ownership	0.04	1.00	
Other vehicle ownership	0.00	1.15	
Auto insurance	0.02	0.86	
Vehicle maintenance	0.02	1.40	
Interstate air travel	0.03	1.44	
In-state air/ferry travel	0.01	1.12	
Clothing	**0.01**	**1.06**	**0.01**
Medical	**0.07**	**0.93**	**0.06**
Medical services	0.03	0.84	
Medical insurance	0.04	1.00	
Other	**0.27**	**1.11**	**0.32**
Household furnishings/appliances	0.09	1.14	
Communication	0.04	0.99	
Recreation and education	0.09	1.12	
Personal care and other	0.06	1.14	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.08**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Kodiak

Sample block communities: Community of Kodiak (does not include remote Borough communities)
Description: Island community on the Gulf of Alaska southwest of the Kenai Peninsula
2007 Population: Kodiak Borough (13,586)
2008 State employee count: Kodiak Borough (188)

Table III-17: Kodiak

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.33**	**1.03**	**0.34**
Shelter	0.22	0.84	
Utilities	0.10	1.97	
Food	**0.17**	**1.33**	**0.23**
Meats, poultry and fish	0.04	1.25	
Cereals and breads	0.02	1.29	
Dairy products	0.02	1.32	
Fruits and vegetables	0.03	1.50	
Other food items	0.03	1.31	
Food away from home	0.03	1.33	
Transportation	**0.17**	**1.25**	**0.22**
Fuel	0.05	1.22	
Car/truck ownership	0.05	1.01	
Other vehicle ownership	0.00	1.02	
Auto insurance	0.02	0.86	
Vehicle maintenance	0.01	1.33	
Interstate air travel	0.03	1.75	
In-state air/ferry travel	0.01	1.83	
Clothing	**0.01**	**0.94**	**0.01**
Medical	**0.04**	**0.94**	**0.04**
Medical services	0.02	0.88	
Medical insurance	0.02	1.00	
Other	**0.28**	**1.06**	**0.30**
Household furnishings/appliances	0.09	1.04	
Communication	0.04	1.01	
Recreation and education	0.09	1.07	
Personal care and other	0.06	1.12	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.12**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sample block communities: Barrow, Kotzebue, Nome, Teller

Description: Mid-size communities serving as hubs for villages in Northwest and Arctic Alaska

2007 Population: Barrow (4,052), Kotzebue (3,133), Nome (3,495), Teller (256)

2008 State employee count: Barrow (19), Kotzebue (41), Nome (179), Teller (2)

Table III-18: Arctic Region

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.26**	**1.21**	**0.31**
Shelter	0.16	0.98	
Utilities	0.10	2.37	
Food	**0.18**	**1.69**	**0.30**
Meats, poultry and fish	0.06	1.40	
Cereals and breads	0.02	1.74	
Dairy products	0.02	1.86	
Fruits and vegetables	0.03	1.85	
Other food items	0.04	1.83	
Food away from home	0.02	1.74	
Transportation	**0.15**	**1.72**	**0.25**
Fuel	0.03	1.59	
Car/truck ownership	0.02	1.12	
Other vehicle ownership	0.01	1.53	
Auto insurance	0.01	0.88	
Vehicle maintenance	0.01	1.87	
Interstate air travel	0.03	1.96	
In-state air/ferry travel	0.03	2.51	
Clothing	**0.02**	**1.29**	**0.02**
Medical	**0.03**	**1.05**	**0.03**
Medical services	0.01	1.10	
Medical insurance	0.01	1.00	
Other	**0.38**	**1.50**	**0.57**
Household furnishings/appliances	0.12	1.82	
Communication	0.05	1.00	
Recreation and education	0.12	1.41	
Personal care and other	0.08	1.45	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.48**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Bethel/Dillingham

Sample block communities: Bethel, Dillingham
Description: Mid-size communities serving as hubs for villages in Southwest Alaska
2007 Population: Bethel (5,650), Dillingham (2,404)
2008 State employee count: Bethel (218), Dillingham (77)

Table III-19: Bethel/Dillingham

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.29**	**1.54**	**0.45**
Shelter	0.17	1.18	
Utilities	0.12	3.38	
Food	**0.15**	**1.70**	**0.26**
Meats, poultry and fish	0.03	1.42	
Cereals and breads	0.02	1.76	
Dairy products	0.02	1.79	
Fruits and vegetables	0.03	1.78	
Other food items	0.04	1.83	
Food away from home	0.02	1.72	
Transportation	**0.16**	**1.55**	**0.24**
Fuel	0.06	1.63	
Car/truck ownership	0.02	1.13	
Other vehicle ownership	0.00	1.62	
Auto insurance	0.02	0.89	
Vehicle maintenance	0.01	2.06	
Interstate air travel	0.02	1.74	
In-state air/ferry travel	0.03	1.74	
Clothing	**0.02**	**1.09**	**0.02**
Medical	**0.03**	**1.05**	**0.03**
Medical services	0.02	1.11	
Medical insurance	0.02	1.00	
Other	**0.35**	**1.38**	**0.48**
Household furnishings/appliances	0.11	1.59	
Communication	0.05	1.00	
Recreation and education	0.11	1.31	
Personal care and other	0.08	1.42	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.49**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Aleutian Region

Sample block communities: Adak, Cold Bay, King Cove, Sand Point, Unalaska/Dutch Harbor

Description: Communities along the Aleutian Chain

2007 Population: Adak (136), Cold Bay (72), King Cove (756), Sand Point (992), Unalaska/Dutch Harbor (3,677)

2008 State employee count: Adak (3), Cold Bay (6), King Cove (1), Sand Point (8), Unalaska/Dutch Harbor (29)

Table III-20: Aleutian Region

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.27**	**1.42**	**0.38**
Shelter	0.17	1.07	
Utilities	0.10	3.14	
Food	**0.18**	**1.46**	**0.26**
Meats, poultry and fish	0.05	1.26	
Cereals and breads	0.02	1.32	
Dairy products	0.02	1.58	
Fruits and vegetables	0.04	1.68	
Other food items	0.03	1.51	
Food away from home	0.02	1.47	
Transportation	**0.15**	**2.08**	**0.32**
Fuel	0.04	1.20	
Car/truck ownership	0.01	1.04	
Other vehicle ownership	0.00	1.09	
Auto insurance	0.01	0.89	
Vehicle maintenance	0.02	1.77	
Interstate air travel	0.03	3.14	
In-state air/ferry travel	0.03	3.43	
Clothing	**0.02**	**1.09**	**0.02**
Medical	**0.04**	**1.00**	**0.04**
Medical services	0.02	1.00	
Medical insurance	0.02	1.00	
Other	**0.34**	**1.40**	**0.48**
Household furnishings/appliances	0.11	1.64	
Communication	0.05	1.39	
Recreation and education	0.11	1.27	
Personal care and other	0.08	1.26	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.50**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Southwest Small Communities

Sample block communities: Aniak, Anvik, Chignik, Emmonak, Goodnews Bay, Iliamna, King Salmon, Port Moller, Saint Mary's, Unalakleet

Description: Small, isolated communities in Southwest Alaska and along the Yukon River

2007 Population: Aniak (506), Anvik (102), Chignik (81), Emmonak (777), Goodnews Bay (235), Iliamna (93), King Salmon (426), Saint Mary's (521), Unalakleet (724)

2008 State employee count: Aniak (13), Anvik (3), Chignik (9), Emmonak (12), Goodnews Bay (0), Iliamna (5), King Salmon (50), Saint Mary's (20), Unalakleet (5)

Table III-21: Southwest Small Communities

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.19**	**0.75**	**0.14**
Shelter	0.07	0.34	
Utilities	0.12	2.82	
Food	**0.19**	**1.79**	**0.34**
Meats, poultry and fish	0.05	1.50	
Cereals and breads	0.02	1.80	
Dairy products	0.03	2.04	
Fruits and vegetables	0.03	1.90	
Other food items	0.04	1.87	
Food away from home	0.01	1.82	
Transportation	**0.21**	**1.70**	**0.36**
Fuel	0.08	1.84	
Car/truck ownership	0.02	1.12	
Other vehicle ownership	0.04	1.55	
Auto insurance	0.01	0.89	
Vehicle maintenance	0.02	1.77	
Interstate air travel	0.02	2.03	
Instate air/ferry travel	0.03	1.75	
Clothing	**0.02**	**1.11**	**0.03**
Medical	**0.03**	**1.03**	**0.03**
Medical services	0.01	1.09	
Medical insurance	0.02	1.00	
Other	**0.35**	**1.53**	**0.54**
Household furnishings/appliances	0.11	1.91	
Communication	0.05	1.04	
Recreation and education	0.11	1.41	
Personal care and other	0.08	1.46	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.44**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Barrow

Sample block communities: City of Barrow

Description: Northernmost community in Alaska, on the coast of the Chukchi Sea

2007 Population: City of Barrow (4,052)

2008 State employee count: City of Barrow (19)

Table III-22: Barrow

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.18**	**1.08**	**0.19**
Shelter	0.14	1.01	
Utilities	0.04	1.42	
Food	**0.18**	**1.78**	**0.33**
Meats, poultry and fish	0.04	1.40	
Cereals and breads	0.03	1.89	
Dairy products	0.02	1.92	
Fruits and vegetables	0.03	1.89	
Other food items	0.04	1.92	
Food away from home	0.02	1.80	
Transportation	**0.16**	**1.61**	**0.26**
Fuel	0.03	1.32	
Car/truck ownership	0.03	1.14	
Other vehicle ownership	0.00	1.61	
Auto insurance	0.01	0.88	
Vehicle maintenance	0.01	1.73	
Interstate air travel	0.03	2.03	
In-state air/ferry travel	0.04	2.09	
Clothing	**0.02**	**1.29**	**0.03**
Medical	**0.02**	**1.14**	**0.02**
Medical services	0.01	1.27	
Medical insurance	0.01	1.00	
Other	**0.43**	**1.54**	**0.66**
Household furnishings/appliances	0.14	1.88	
Communication	0.06	1.06	
Recreation and education	0.14	1.44	
Personal care and other	0.10	1.49	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.50**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Bethel

Sample block communities: City of Bethel
Description: Inland community on the Kuskokwim River in Southwest Alaska
2007 Population: City of Bethel (5,650)
2008 State employee count: City of Bethel (218)

Table III-23: Bethel

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.30**	**1.71**	**0.51**
Shelter	0.17	1.36	
Utilities	0.12	3.46	
Food	**0.15**	**1.72**	**0.26**
Meats, poultry and fish	0.04	1.41	
Cereals and breads	0.02	1.80	
Dairy products	0.02	1.81	
Fruits and vegetables	0.03	1.87	
Other food items	0.03	1.84	
Food away from home	0.02	1.75	
Transportation	**0.14**	**1.56**	**0.22**
Fuel	0.05	1.56	
Car/truck ownership	0.02	1.11	
Other vehicle ownership	0.00	1.64	
Auto insurance	0.02	0.89	
Vehicle maintenance	0.01	2.16	
Interstate air travel	0.02	1.68	
In-state air/ferry travel	0.03	1.83	
Clothing	**0.02**	**1.03**	**0.02**
Medical	**0.03**	**1.08**	**0.03**
Medical services	0.01	1.08	
Medical insurance	0.01	1.00	
Other	**0.37**	**1.36**	**0.50**
Household furnishings/appliances	0.12	1.59	
Communication	0.05	0.85	
Recreation and education	0.12	1.30	
Personal care and other	0.08	1.42	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.53**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Cordova

Sample block communities: City of Cordova

Description: Coastal community at the southeastern end of Prince William Sound

2007 Population: City of Cordova (2,192)

2008 State employee count: City of Cordova (82)

Table III-24: Cordova

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.22**	**0.80**	**0.18**
Shelter	0.12	0.56	
Utilities	0.10	1.99	
Food	**0.15**	**1.42**	**0.21**
Meats, poultry and fish	0.03	1.21	
Cereals and breads	0.02	1.45	
Dairy products	0.02	1.55	
Fruits and vegetables	0.03	1.51	
Other food items	0.03	1.40	
Food away from home	0.02	1.42	
Transportation	**0.19**	**1.20**	**0.22**
Fuel	0.06	1.38	
Car/truck ownership	0.04	1.01	
Other vehicle ownership	0.00	1.38	
Auto insurance	0.02	0.86	
Vehicle maintenance	0.02	1.32	
Interstate air travel	0.03	1.27	
In-state air/ferry travel	0.01	1.00	
Clothing	**0.01**	**1.11**	**0.01**
Medical	**0.08**	**0.92**	**0.07**
Medical services	0.03	0.83	
Medical insurance	0.04	1.00	
Other	**0.37**	**1.23**	**0.46**
Household furnishings/appliances	0.12	1.29	
Communication	0.05	1.18	
Recreation and education	0.12	1.18	
Personal care and other	0.08	1.25	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.13**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

1358

Dillingham

Sample block communities: City of Dillingham
Description: Located on Bristol Bay in Southwest Alaska
2007 Population: City of Dillingham (2,404)
2008 State employee count: City of Dillingham (77)

Table III-25: Dillingham

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.25**	**1.03**	**0.26**
Shelter	0.14	0.62	
Utilities	0.12	3.06	
Food	**0.16**	**1.64**	**0.27**
Meats, poultry and fish	0.04	1.45	
Cereals and breads	0.02	1.68	
Dairy products	0.02	1.75	
Fruits and vegetables	0.03	1.56	
Other food items	0.04	1.80	
Food away from home	0.01	1.65	
Transportation	**0.21**	**1.57**	**0.33**
Fuel	0.08	1.77	
Car/truck ownership	0.04	1.18	
Other vehicle ownership	0.01	1.59	
Auto insurance	0.02	0.89	
Vehicle maintenance	0.01	1.83	
Interstate air travel	0.02	1.88	
In-state air/ferry travel	0.04	1.52	
Clothing	**0.02**	**1.25**	**0.02**
Medical	**0.05**	**1.00**	**0.05**
Medical services	0.02	1.19	
Medical insurance	0.03	1.00	
Other	**0.31**	**1.44**	**0.45**
Household furnishings/appliances	0.10	1.60	
Communication	0.04	1.35	
Recreation and education	0.10	1.33	
Personal care and other	0.07	1.44	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.37**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Homer

Sample block communities: City of Homer and surrounding area
Description: Located on the highway system, southern Kenai Peninsula Borough
2007 Population: City of Homer (5,442) plus surrounding areas, approximately 8,000 total
2008 State employee count: City of Homer (104)

Table III-26: Homer

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.28**	**0.79**	**0.22**
Shelter	0.19	0.62	
Utilities	0.09	1.63	
Food	**0.18**	**1.13**	**0.20**
Meats, poultry and fish	0.05	1.12	
Cereals and breads	0.02	1.20	
Dairy products	0.02	1.21	
Fruits and vegetables	0.04	1.20	
Other food items	0.02	1.14	
Food away from home	0.02	1.17	
Transportation	**0.17**	**1.20**	**0.20**
Fuel	0.04	1.20	
Car/truck ownership	0.05	1.36	
Other vehicle ownership	0.01	0.99	
Auto insurance	0.02	0.86	
Vehicle maintenance	0.02	1.04	
Interstate air travel	0.02	1.56	
In-state air/ferry travel	0.01	1.01	
Clothing	**0.01**	**1.21**	**0.01**
Medical	**0.06**	**1.03**	**0.06**
Medical services	0.03	1.06	
Medical insurance	0.03	1.00	
Other	**0.30**	**1.04**	**0.31**
Household furnishings/appliances	0.10	1.07	
Communication	0.04	0.87	
Recreation and education	0.10	1.10	
Personal care and other	0.07	1.01	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.01**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Ketchikan

Sample block communities: Ketchikan Gateway Borough

Description: Comprised of City of Ketchikan and City of Saxman, in southern Southeast Alaska

2007 Population: Ketchikan Gateway Borough (13,160)

2008 State employee count: Ketchikan Gateway Borough (673)

Table III-27: Ketchikan

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.34**	**0.89**	**0.30**
Shelter	0.24	0.78	
Utilities	0.10	1.48	
Food	**0.17**	**1.18**	**0.20**
Meats, poultry and fish	0.04	1.18	
Cereals and breads	0.02	1.10	
Dairy products	0.04	1.23	
Fruits and vegetables	0.03	1.15	
Other food items	0.03	1.21	
Food away from home	0.02	1.17	
Transportation	**0.14**	**1.09**	**0.15**
Fuel	0.05	1.21	
Car/truck ownership	0.02	1.18	
Other vehicle ownership	0.01	1.01	
Auto insurance	0.02	0.82	
Vehicle maintenance	0.01	1.01	
Interstate air travel	0.03	1.06	
In-state air/ferry travel	0.00	1.38	
Clothing	**0.01**	**1.00**	**0.01**
Medical	**0.06**	**1.04**	**0.06**
Medical services	0.03	1.08	
Medical insurance	0.03	1.00	
Other	**0.28**	**1.11**	**0.31**
Household furnishings/appliances	0.09	1.27	
Communication	0.04	0.88	
Recreation and education	0.09	1.10	
Personal care and other	0.06	1.03	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.04**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Kotzebue

Sample block communities: City of Kotzebue
Description: Coastal community on Kotzebue Sound in Northwest Alaska
2007 Population: City of Kotzebue (3,133)
2008 State employee count: City of Kotzebue (41)

Table III-28: Kotzebue

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.21**	**1.42**	**0.30**
Shelter	0.13	1.05	
Utilities	0.08	3.29	
Food	**0.19**	**1.84**	**0.35**
Meats, poultry and fish	0.05	1.47	
Cereals and breads	0.02	1.87	
Dairy products	0.03	2.07	
Fruits and vegetables	0.03	1.92	
Other food items	0.05	2.01	
Food away from home	0.01	1.87	
Transportation	**0.13**	**1.94**	**0.26**
Fuel	0.02	2.04	
Car/truck ownership	0.01	1.11	
Other vehicle ownership	0.01	1.59	
Auto insurance	0.01	0.88	
Vehicle maintenance	0.01	1.60	
Interstate air travel	0.04	1.89	
In-state air/ferry travel	0.03	2.72	
Clothing	**0.01**	**1.30**	**0.02**
Medical	**0.03**	**0.91**	**0.03**
Medical services	0.02	0.86	
Medical insurance	0.01	1.00	
Other	**0.43**	**1.55**	**0.67**
Household furnishings/appliances	0.14	1.93	
Communication	0.06	0.87	
Recreation and education	0.14	1.47	
Personal care and other	0.09	1.51	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.61**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Nome

Sample block communities: City of Nome
Description: Coastal community on Norton Sound in Northwest Alaska
2007 Population: City of Nome (3,495)
2008 State employee count: City of Nome (179)

Table III-29: Nome

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.32**	**1.24**	**0.40**
Shelter	0.20	0.96	
Utilities	0.12	2.60	
Food	**0.17**	**1.51**	**0.25**
Meats, poultry and fish	0.05	1.32	
Cereals and breads	0.02	1.44	
Dairy products	0.02	1.60	
Fruits and vegetables	0.03	1.75	
Other food items	0.03	1.56	
Food away from home	0.02	1.53	
Transportation	**0.16**	**1.60**	**0.25**
Fuel	0.05	1.49	
Car/truck ownership	0.03	1.11	
Other vehicle ownership	0.01	1.39	
Auto insurance	0.02	0.88	
Vehicle maintenance	0.02	2.25	
Interstate air travel	0.02	1.89	
In-state air/ferry travel	0.02	2.72	
Clothing	**0.01**	**1.27**	**0.01**
Medical	**0.03**	**1.05**	**0.03**
Medical services	0.01	1.12	
Medical insurance	0.02	1.00	
Other	**0.32**	**1.40**	**0.45**
Household furnishings/appliances	0.10	1.66	
Communication	0.04	1.05	
Recreation and education	0.10	1.33	
Personal care and other	0.07	1.37	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.39**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Petersburg

Sample Block communities: City of Petersburg
Description: Located on Mitkof Island in central Southeast Alaska
2007 Population: City of Petersburg (3,071)
2008 State employee count: City of Petersburg (48)

Table III-30: Petersburg

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.28**	**0.74**	**0.21**
Shelter	0.18	0.62	
Utilities	0.09	1.31	
Food	**0.14**	**1.25**	**0.18**
Meats, poultry and fish	0.03	1.14	
Cereals and breads	0.02	1.34	
Dairy products	0.02	1.31	
Fruits and vegetables	0.03	1.21	
Other food items	0.02	1.31	
Food away from home	0.02	1.26	
Transportation	**0.14**	**1.09**	**0.15**
Fuel	0.03	1.13	
Car/truck ownership	0.02	1.25	
Other vehicle ownership	0.01	0.82	
Auto insurance	0.02	0.82	
Vehicle maintenance	0.01	1.25	
Interstate air travel	0.03	1.12	
In-state air/ferry travel	0.01	1.16	
Clothing	**0.01**	**1.40**	**0.02**
Medical	**0.06**	**0.94**	**0.05**
Medical services	0.03	0.87	
Medical insurance	0.03	1.00	
Other	**0.37**	**1.21**	**0.45**
Household furnishings/appliances	0.12	1.29	
Communication	0.05	1.06	
Recreation and education	0.12	1.21	
Personal care and other	0.08	1.17	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.05**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Sitka

Sample block communities: City and Borough of Sitka
Description: Island community located in Southeast Alaska
2007 Population: City and Borough of Sitka (8,640)
2008 State employee count: City and Borough of Sitka (198)

Table III-31: Sitka

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.34**	**1.17**	**0.40**
Shelter	0.23	0.96	
Utilities	0.10	2.20	
Food	**0.17**	**1.15**	**0.17**
Meats, poultry and fish	0.04	1.01	
Cereals and breads	0.03	1.17	
Dairy products	0.02	1.39	
Fruits and vegetables	0.04	1.04	
Other food items	0.03	1.27	
Food away from home	0.02	1.18	
Transportation	**0.12**	**1.10**	**0.12**
Fuel	0.03	1.11	
Car/truck ownership	0.01	1.29	
Other vehicle ownership	0.00	1.03	
Auto insurance	0.02	0.82	
Vehicle maintenance	0.01	1.31	
Interstate air travel	0.03	1.14	
In-state air/ferry travel	0.01	1.08	
Clothing	**0.01**	**1.31**	**0.01**
Medical	**0.05**	**1.02**	**0.05**
Medical services	0.02	1.06	
Medical insurance	0.03	1.00	
Other	**0.31**	**1.22**	**0.38**
Household furnishings/appliances	0.10	1.43	
Communication	0.04	0.90	
Recreation and education	0.10	1.20	
Personal care and other	0.07	1.14	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.17**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Unalaska/Dutch Harbor

Sample block communities: City of Unalaska
Description: Island-based community midway on the Aleutian Island chain
2007 Population: City of Unalaska (3,677)
2008 State employee count: City of Unalaska (29)

Table III-32: Unalaska/Dutch Harbor

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.27**	**1.65**	**0.45**
Shelter	0.19	1.35	
Utilities	0.08	3.14	
Food	**0.17**	**1.43**	**0.25**
Meats, poultry and fish	0.04	1.18	
Cereals and breads	0.02	1.22	
Dairy products	0.02	1.47	
Fruits and vegetables	0.05	1.68	
Other food items	0.03	1.51	
Food away from home	0.02	1.41	
Transportation	**0.15**	**2.35**	**0.35**
Fuel	0.04	1.19	
Car/truck ownership	0.01	1.05	
Other vehicle ownership	0.00	1.10	
Auto insurance	0.01	0.89	
Vehicle maintenance	0.02	1.84	
Interstate air travel	0.03	3.50	
In-state air/ferry travel	0.03	3.78	
Clothing	**0.02**	**1.08**	**0.02**
Medical	**0.04**	**0.98**	**0.04**
Medical services	0.02	0.96	
Medical insurance	0.03	1.00	
Other	**0.35**	**1.37**	**0.48**
Household furnishings/appliances	0.11	1.57	
Communication	0.05	1.52	
Recreation and education	0.11	1.24	
Personal care and other	0.08	1.20	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.58**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Valdez

Sample block communities: City of Valdez

Description: Located at the northern tip of Prince William Sound; the terminus of the Alaska oil pipeline

2007 Population: City of Valdez (3,599)

2008 State employee count: City of Valdez (54)

Table III-33: Valdez

Expenditure Category	Expenditure Weights	Price Differential	Cost of Living Differential
Housing	**0.31**	**0.97**	**0.30**
Shelter	0.19	0.73	
Utilities	0.12	2.18	
Food	**0.18**	**1.26**	**0.23**
Meats, poultry and fish	0.04	1.20	
Cereals and breads	0.02	1.19	
Dairy products	0.02	1.22	
Fruits and vegetables	0.04	1.41	
Other food items	0.04	1.25	
Food away from home	0.02	1.25	
Transportation	**0.17**	**1.17**	**0.20**
Fuel	0.06	1.17	
Car/truck ownership	0.04	1.00	
ther vehicle ownership	0.00	1.02	
Auto insurance	0.02	0.86	
Vehicle maintenance	0.02	1.47	
Interstate air travel	0.02	1.56	
In-state air/ferry travel	0.01	1.19	
Clothing	**0.02**	**1.04**	**0.02**
Medical	**0.07**	**0.92**	**0.06**
Medical services	0.03	0.83	
Medical insurance	0.04	1.00	
Other	**0.25**	**1.05**	**0.27**
Household furnishings/appliances	0.08	1.06	
Communication	0.03	0.88	
Recreation and education	0.08	1.08	
Personal care and other	0.06	1.08	
GEOGRAPHIC COST OF LIVING DIFFERENTIAL			**1.08**

Note: Columns may not add to totals/subtotals due to rounding. Expenditure weights reported as 0.00 indicate weights of less than 0.5 percent of the household budget, but not zero. The housing category differential is calculated by a procedure described in Section IV and is not the simple sum of subcategory products.

Seattle

The 2008 Alaska GDS methodology does not include household surveying or retail price surveying in Seattle. This is due in part to the cost and complexity of surveying in such a large urban area, which would be vastly out of proportion to the number of Alaska state employees who reside there (five). Another reason is that other data already exists for estimating cost of living differentials between Anchorage and Seattle. The ACCRA Cost of Living Index, though not reliable for measuring cost of living differences within Alaska, provides data useful for developing a Seattle differential.

ACCRA COLI data are sometimes supplemented by U.S. Housing and Urban Development Fair Market Rent (FMR) data, particularly when there is a need to extrapolate cost of living estimates beyond the urban centers covered in ACCRA. For example, the State of Washington Office of Financial Management employed this method in a recent study of Higher Education Per-Student Funding Comparisons (RCW 28B.15.068). Trial calculations by the Alaska GDS team comparing FMR and ACCRA results determined that ACCRA differentials are acceptable for comparing the Anchorage COLI with Seattle and Washington D.C.

Overview of the ACCRA Cost of Living Index

The Council for Community and Economic Research (C2ER), a nonprofit organization, develops the ACCRA COLI. ACCRA stands for American Chamber of Commerce Researchers Association, the organization that originated the survey. The index is used for many purposes, including as a guide for comparing managerial compensation among approximately 300 urban areas across the United States. The ACCRA COLI has been published continuously since 1968. C2ER sells the results of the ACCRA COLI in various formats to subscribers and individual purchasers.

Comparison of ACCRA and Alaska GDS

Market Basket

ACCRA's market basket is composed of 57 items representing six categories (groceries, housing, utilities, transportation, health care, and miscellaneous), compared to 200 items representing 22 categories in the Alaska GDS. As with the Alaska GDS, individual items in the ACCRA market basket are chosen to represent the collective prices of groups of goods and services. For example, the price of whole frying chicken is used to represent prices for all poultry products. If the price of whole fryers is 10 percent higher in one city than another, it is assumed that the price of all poultry products is also, on average, 10 percent higher.

Consumption Weights

For ACCRA, the consumption data used to weight each category in the composite index, as well as the consumption weights within each category, comes from the U.S. Bureau of Labor Statistics (BLS) 2006 Consumer Expenditure Survey. The consumption patterns used for ACCRA are those of the upper quintile of household income and of households where the reference person has a professional or managerial occupation.

For the Alaska GDS, consumption weights are developed from the Household Consumer Survey and represent the average consumption for all consumers in each community or sample block.

Data Collection

Consumer Expenditures

As noted, consumption data for ACCRA comes from a different source than for Alaska GDS. However, the two sources use similar approaches. The ACCRA source, the BLS Consumer Expenditure Survey, is widely vetted and generally regarded as methodologically sound. The Alaska GDS Household Consumption Survey methodology is modeled, to an extent, on the BLS method.

Retail Prices

There is a significant difference between Alaska GDS and ACCRA in the way retail pricing data is collected and reported. Alaska GDS data is collected by trained survey teams operating either by telephone or on location in the target communities. ACCRA price data is collected by local organizations in each of the 300 or so locations. The organizations volunteer for the task and multiple volunteers operate in each of the locations to amass the data. Data is collected quarterly and averaged; however, not all locations are able to provide data every quarter. Where quarterly data is missing, C2ER estimates prices as needed to develop average annual prices. ACCRA price data excludes taxes.

This C2ER process is not as standardized or controlled as the method used by Alaska GDS, and neither survey is based on random (statistical) sampling. Both the Alaska GDS and ACCRA obtain price data from "judgment" samples. For the Alaska GDS, the retail outlets surveyed are selected strategically to provide what the research team believes is a representation of the outlets where most people shop. C2ER depends on volunteer businesses to provide price information, and therefore has somewhat less control over sample selection. Neither method produces price estimates for which statistical confidence intervals may be calculated.

Composition and Weighting of the ACCRA Market Basket

Groceries

- Category weight: 12.49 percent
- Contains 26 items.

Housing

- Category weight: 29.84 percent
- Housing index is equal to the weighted average of the mortgage payment (81.95 percent), computed as the interest rate times the house purchase price, and the monthly apartment rent (18.05 percent).

- Apartment rent for childless professional and managerial couple – left to the discretion of the surveyor. Apartment sizes are determined to be between 850 and 1,050 square feet. ACCRA does not control for quality of the apartment (HUD, however, does control for quality).
- The price of a new house, 2,400 square feet, 3 to 4 bedrooms, 2 full bathrooms, and attached 2-car garage and several amenities.

- Walden (1998)[1] suggests comparing ACCRA apartment rents with HUD's Fair Market Rent (FMR). However, HUD's FMR are estimates rather than observed prices. The ACCRA data is still superior.

Utilities

- Category weight: 9.94 percent
- Based on the total cost (not per unit cost) of three items: electricity, other home energy, and telephone service.
- Energy consumption is based on a weather model and primary energy use in homes of the area.

Transportation

- Category weight: 10.73 percent
- Based on the cost of tire balancing and gasoline.

Health Care

- Category weight: 4.07 percent
- Includes: optometrist visit, doctor visit (AMA procedure 99213), dentist visit, prescription and non-prescription medications.

Miscellaneous

- Category weight: 32.93 percent
- Includes a wide variety of goods and services including eating out, personal care, apparel, household operations, reading, entertainment, and alcohol.

Approach and Results

To develop geographic differentials for Seattle, the study team relied on the most recent ACCRA data on average prices for all of the 57 items surveyed by C2ER as of the third quarter of 2008. The data includes the following federal Office of Management and Budget (OMB) designated areas: *Anchorage AK Metro* and *Seattle-Bellevue-Everett WA Metro Div.*

[1] Walden, M. (1998). Geographic Variation in Consumer Prices: Implications for Local Price Indices. The Journal of Consumer Affairs, Volume 32, Issue 2.

The ACCRA Index average between third quarter 2008 and third quarter 2007 for the areas above are provided in the following table.

Table III-34: ACCRA Seattle and Washington, D.C. Cost Differentials, by Component

Urban Area	Composite Index	Grocery Items	Housing	Utilities	Transportation	Health Care	Misc. Goods and Services
Anchorage	**126.5**	139.7	138.0	101.2	106.3	130.1	124.7
Seattle	**123.6**	116.5	152.7	86.9	109.7	120.9	115.9

Translating the ACCRA Index differentials into Alaska GDS differentials (with Anchorage as the reference location) results in composite differentials of 0.98 for Seattle.

Table III-35: Seattle and Washington, D.C. Cost Differentials

Urban Area	Composite Index (US Average)	Index with Anchorage Base
Anchorage	126.5	1.0
Seattle	123.6	0.98

Alternative Approaches

Runzheimer International produces Runzheimer's Plan of Living Cost Standards, a national cost of living index focused on lower income households. That index suggests that the standard of living that $32,000 would buy for a family of four in a "standard" U.S. city would cost $41,522 in Anchorage and $49,382 in Seattle. This suggests a Seattle differential relative to Anchorage of 1.19. This data may have limited application for this study, given its focus on low-income households.

Another approach to calculating a Seattle cost of living differential uses the differential for Seattle measured in the 1985 study and updates that value with the Consumer Price Index. The 1985 study measured a cost of living differential of 0.86 (relative to Anchorage's base value of 1.0). Since 1985, inflation has increased the cost of living in Seattle by a factor of 2.13 (or by 113 percent), based on the Consumer Price Index, and by a factor of 1.77 (77 percent) in Anchorage. Multiplying Seattle's 1985 differential of 0.86 by 2.13 results in an inflation-adjusted value of 1.83. Multiplying Anchorage's 1985 differential of 1.0 by 1.77 results in a value of 1.77, indicating a differential of 1.03 (1.83 divided by 1.77). This finding generally supports the differential developed using ACCRA data analysis, which indicates the cost of living in Seattle and Anchorage are now about equal, unlike 24 years ago when Anchorage was significantly more expensive than Seattle.

Section IV: Methods and Analysis

Introduction

Governments, businesses, and social scientists use estimates of consumer prices and cost of living in a wide variety of applications, including inequality studies, wage comparisons and poverty assessments. These estimates address two basic cost parameters: changes over time and differences from place to place. The federal Consumer Price Index (CPI), the most extensive price-measurement program in the U.S., is an estimate of inflation. It measures changes in the cost of a specified "market basket" of goods over time in 87 urban areas based on analysis of approximately 80,000 individual prices collected monthly from more than 21,000 retail outlets. One of the best-known geographic differential methodologies is the ACCRA (American Chamber of Commerce Researchers Association) Cost of Living Index. ACCRA measures differences in cost of living among roughly 400 urban and suburban areas throughout the U.S.

Because the CPI and geographic-differentials research help determine how billions of dollars in public and private services, salaries and other investments are allocated, the process of critiquing and refining these methodologies is ongoing. Alaska, however, remains something of a special case. Whereas many of methodological adjustments have been designed to address expanding consumer choices, much consumer behavior in Alaska is driven, instead, by an absence of choices. Things regarded as common necessities in parts of Alaska, a car for example, either can't be had or are of limited use in other communities. Such radical differences in local needs and options affect both the cost and quality of life.

This section of the report discusses some of the methodological considerations that have been addressed in the past few years in the consumer-price and cost of living literature and how they relate, or fail to relate, to Alaska.

Designing Consumer-Price and Cost of Living Studies

A consumer-price study measures changes in the prices of identical products over time or from place to place. A cost of living study is more complex. It measures changes in the cost of a defined standard of living over time or from place to place.[1] "Standard of living" means "identical utility" (in the economic sense) or, more generally, an identical level of well-being. This means that, while consumer price studies are concerned only with variations in the price of goods and services, cost of living studies include analysis of household consumption patterns as well as consumer prices. The CPI methodology, while not aspiring to measure true cost of living, combines methods to track pure price inflation with methods for consumption weighting to produce a more accurate estimate of the impact of inflation on real families.

Consumer-price and cost of living studies share a number of challenges, including the following:

- For various reasons, different stores in the same community may charge different prices for the same goods. Both consumer-price and cost of living studies must find ways of determining how much to weight prices from one store compared to prices from another.
- Changes in product design, technology and availability mean that the set of goods and services to be compared is not identical over time and often varies from place to place as well. In Alaska, for example, sales of new outboard motors have evolved over the past few years from predominantly two-stroke engines to predominantly four-stroke engines (with associated changes in price and performance).

Regional cost of living studies must confront special challenges, including the following:

- Consumer spending is affected not just by market prices and consumer preferences, but by non-market goods such as public infrastructure, climatic conditions, the crime rate, etc. For example, the outboard engines described above are virtual necessities in many parts of the state and virtually irrelevant in others. This variability affects both price and demand.
- Some sectors of consumer spending vary significantly from place to place, or are so complex that it becomes difficult to identify comparable products and prices. One example is medical care, where prices vary depending on what types of services and third-party payers are available.

In Alaska, differences in climate, transportation, service availability, and other factors can be so extreme as to make it virtually impossible to define key components of a standard of living in diverse communities. An example is housing. In most communities in rural Alaska, building and maintaining a house that is average for Anchorage would be prohibitively expensive for all but the wealthiest families. The Alaska GDS approach developed to address this and other challenges is described later in this section.

[1] Hoffmeister, Onno. "Cost of Living and Real Income Differentials in Russia's Provinces: Evidence from the Russia Longitudinal Monitoring Survey," Institute for Eastern European Studies, Berlin, 2003.

Developing Cost of Living Indexes

Like many economic measures, cost-of-living indexes must be interpreted within a set of assumptions that limits their application. If all consumers had the same preferences and income, price differentials would be wholly sufficient. Since preferences and income are affected by demographics, location, ethnicity, technology, access to information, and many other factors, even the most sophisticated cost of living methodologies, such as the CPI, fall short of pinpoint accuracy. Following is a brief discussion of how the field has tried to address three fundamental components of cost of living studies:

- Consumption weights
- Sampling
- Market basket

Consumption Weights

Price differentials, alone, can be a useful indicator of the cost of living. It is more accurate, however, to "weight" prices using information about consumption: what people actually buy. Consumption is affected by price, but also by need and preference. All three factors (price, need, and preference) vary from place to place and over time. Determining which goods, services, and prices are most relevant and important — and therefore deserve the most weight — is a key part of cost-of-living methodologies.

Two of the most common indexes for comparing cost of living are known as the Laspeyres Index and the Paasche Index. The two methods differ principally in what set of circumstances is used for the base calculation and what is used as the comparison. Each method leads to a slightly different mathematical result. A third method computes a geometric mean of the Laspeyres and Paasche Indexes. This is also known as the Fisher Ideal index.[2]

In practice, most cost of living studies use the Laspeyres Index because it relies on consumption patterns from the base region or base time period. Typically, base consumption patterns are known or represent the least cost to obtain. The Paasche Index requires consumption patterns from each new comparison region or time period, and the Fisher Index requires both. This means that, the Paasche and Fisher indexes require new consumption data for each new computation, while the Laspeyres Index may be computed for multiple time periods or locations using a single set of (base) consumption data.

Sampling

The ideal data for establishing geographic cost of living differentials would be a record of all household purchases (including all prices and all quantities) for all households in all regions of interest. It is clearly impractical to obtain data for all households, nor is it practical to obtain all prices and quantities. Cost of living indexes address these data shortcomings by sampling in a variety of ways, and an extensive body of literature has developed that evaluates the pros and cons of different methods.[3] All the sampling methods must address three basic parameters for both the base region and comparison region:

[2] Ibid. pages 23-24.

[3] Many of the basic issues involved in constructing and updating price indexes are summarized in the book, *At What Price*, by the National Research Council's Panel on Conceptual, Measurement, and Other Statistical Issues in Developing Cost-of-Living Indexes (2002, National Academy Press).

1. How does a representative household distribute its expenditures across all possible purchases?

2. What subset of items provides the best proxy for the range of actual items purchased?

3. What subset of local prices provides the best proxy for the range actual prices paid?

Typical methodologies include data collection from a sample of households (regarding purchases) and a sample of retail outlets (regarding prices and sales). In all cases, sampling plans must address the weighting considerations described above.

Market Basket

The concept of pricing comparable market baskets to measure price differences from time to time or place to place is deceptively simple. In practice, it is impossible to price a broad enough set of precisely the same items to obtain a wholly accurate comparison of overall living costs. Following is a brief discussion of some of the more material adjustments that may need to be considered in market basket methodologies.

SUBSTITUTION

Substitution refers to the fact that, over time or from place to place, consumers may purchase certain goods and services in lieu of others. For example, Delicious apples may substitute for Gala apples depending on season or location. This means that it is seldom possible to recreate in the comparison time period or region precisely the same market basket as was priced in the base. As a result, the BLS began using geometric instead of arithmetic averaging to combine individual prices in approximately 60 percent of the market basket strata used in the CPI.[4]

Substitution occurs over time, but is even more of a challenge from place to place. There are more substitution possibilities in urban areas than in rural areas.[5] Also, Curran et al (2006) argued that the set of choices available to different consumers is not the same. For example, wealthier households can afford to exercise greater choice not just because they can spend more, but because they are more mobile. Low-income households cannot respond as quickly to geographic price differences because they tend to have less money to cover moving costs, less information about work opportunities, less human capital (for example, less developed networks), and generally less capacity to explore options.

QUALITY

The effect of quality differences in similar goods and services is related to that of substitution. When two items are similar but one is of higher quality, the price premium for that quality reflects delivery of greater benefits to the consumer. If the benefits realized by the consumer are different, then the increase in price cannot, at least entirely, be attributed to inflation or an increased cost of living. Quality of life also increases as a result of the new benefits. For example, differences in the cost of cable television service may reflect increases in the amount of and quality of programming, high-definition picture, pay-per-view options, etc.

[4] Schultze and Mackie, Editors, *At What Price*, Panel on Conceptual, Measurement, and Other Statistical Issues in Developing Cost-of-Living Indexes, National Academy Press, 2002.

[5] Ravallion, Martin and Dominique van de Walle, "Urban-Rural Cost-of-Living Differentials in a Developing Economy," Journal of Urban Economics 29, 113-127, 1991.

Choice of Retail Outlet

Cost-of-living methodologies must try to estimate the effects on pricing of the types of retail outlets where people actually shop. To the extent possible, sample prices should be weighted to reflect the proportion of consumers who shop at, for example, box stores (lower prices) versus full-service specialty stores (higher prices). Ideally, a COLI methodology should also account for the decline in "utility" (increase in cost of living) for consumers who prefer to shop in a full-service outlet, but who have found those stores driven out of business by the new outlets. However, the BLS has found the latter type of adjustment to be impractical and of minor impact.[6]

Aggregating Data from Individual Households

Every household faces a unique cost of living (and, arguably, a unique rate of inflation). That is, no two households make precisely the same set of purchases, and, in theory, one could create an individual cost of living index for each household.[7] To produce an aggregated index requires averaging across households, and this may be done either with a simple average (equal weight to each household) or a weighted average (with households that spend more given more weight. The former is known as a "democratic" index, the latter as "plutocratic."

The practical limitation to either democratic or plutocratic aggregation across all households is simply the task of collecting individual data from all households. Schultze and Mackie suggest that the BLS consider an intermediate approach for the CPI, namely aggregating sub-indexes for defined groups, such as the poor and the elderly. They also point out, however, that there is not yet conclusive evidence such groups experience significantly different inflation rates over extended time periods.

Housing

Housing is a heterogeneous good. That means there is no single measure that represents the quantity consumed. Instead, observed market prices more accurately represent expenditures on a bundle of diverse housing attributes such as age of structure, climate, location (for example, roaded vs. non-roaded, distance to markets, or distance to green space), quality (of windows, toilet, kitchen, water, laundry, etc.), size, cultural attributes (traditional vs. modern building methods), etc. Housing is also a matter of consumer choice and income. Ravallion and van de Walle use a hedonic rent model to deal with some of the problems posed by heterogeneity.[8] In practice, however, a hedonic housing-cost-index would be time-intensive, difficult to calculate, and expensive.

Unlike other consumer goods, housing is not traded spatially (cannot be moved from place to place), which can greatly amplify price differentials.

Medical Care

Schultze and Mackie describe the issues associated with developing the medical care component of the CPI as more difficult than those of any other component. Technological progress and institutional evolution result in changing quality of care. Further complexity is introduced by the fact that many factors besides type and

[6] Schultze and Mackie, op. cit. page 251.
[7] "The Boskin Commission Report: Toward a More Accurate Measure of the Cost of Living," Report to the Senate Finance Committee, 1996:5.
[8] Hedonic pricing varies according to the qualities or attributes associated with individual purchases.

quality of care determine an individual's health. This leads to the question whether cost-of-living measures should be associated with inputs (a prescription, a physician visit, or a day in the hospital) or outputs, namely changes in health. Other questions abound, for example how an index should treat a relatively inexpensive condition that many people face, such as conjunctivitis, versus a more rare, but much more expensive condition such as heart disease. Finally, the issues are compounded by the different ways in which consumers pay for medical care, including variations in insurance coverage and cost and who pays the premiums. Even for a study of the scale of the CPI, substantial uncertainty exists about the precision of current methods. However, recommendations in Schultze and Mackie for potential improvements would require extensive analysis of medical outcomes under multiple treatment scenarios.[9]

Differentials Research in Alaska

As noted above, computing regional cost of living differentials requires generalizing about a variety of communities using sample data from households and retail outlets. The Alaska GDS methodology includes many design elements to address the special challenges of conducting this research in Alaska to the extent practical. However, extraordinary time and resources would be needed to overcome all of them completely, for example:

- The challenge of obtaining price data on site in far-flung, isolated communities.
- The challenge of supplementing telephone survey data about household expenditures with more detailed information from, for example, expenditure diaries, and lengthy personal interviews. Both of these supplementary methods are employed in CPI research.
- The fact that many items considered essential in some communities are either not available or not needed in other communities, due to differences in geography and lifestyle.
- The large impact that transportation, shipping, climate, and other factors can have on prices and consumption in specific areas of the state. For example, recent research by the Institute for Social and Economic Research (ISER) demonstrated that shipping anomalies, storage capacity, and other factors can result in large differences in fuel costs between communities that are located relatively close to one another.

[9] Schultze and Mackie, op. cit. pages 188 – 190.

Alaska GDS 2008 Methodology

Introduction

The methodology employed in the study involved two primary research tasks, a Household Consumption Survey (HCS) and a Retail Price Survey (RPS). The HCS provided data on the relative importance (percentage) of various components of the household budget and how the importance of those components varies from community to community. (Household budget components include such broad categories as housing, food, transportation, etc., each of which is composed of several subcategories, and each subcategory is composed of numerous market basket items.) The RPS provided data on how prices for various items in the household budget differ between communities, or collections of communities, and Anchorage. It is the blend of HCS and RPS data that produces the geographic cost differential. This concept is illustrated in the following table.

Table IV-1: Simplified Geographic Cost Differential Model

	Household Expenditure Category Weight Community "A" (Data from HCS)	Price Differential Community "A" vs. Anchorage (Data from RPS)	Community "A" Cost of Living Differential Factor
Housing	35%	1.35	0.47
Food	20	1.45	0.29
Transportation	15	1.40	0.21
Clothes	5	1.20	0.06
All other	25	1.10	0.28
Total budget	100%		
Community "A" Cost of Living Differential			1.31

Household Consumption Survey

The HCS included 2,547 surveys with randomly selected households located in 74 communities throughout Alaska. Sample blocks were defined for purposes of sample distribution and to ensure sufficient sample sizes in various regions and among communities with common demographic and geographic characteristics. The largest communities (Anchorage, Fairbanks and Juneau) and most populous boroughs (Matanuska-Susitna and Kenai Peninsula) formed their own sample blocks. Smaller communities, similar in terms of location and/or size, were grouped together into sample blocks, and household surveys were distributed within those block in proportion to each community's population.

Alaska's largest population centers were allocated approximately 1,500 of the 2,547 surveys. Anchorage, Fairbanks and Juneau had sample sizes of 300 surveys each. Mat-Su, the Kenai Peninsula Borough, and the Ketchikan/Sitka areas each had 200 surveys. Of the 200 Mat-Su surveys, 13 Talkeetna surveys were allocated to a different sample block, resulting in an actual sample size of 187 for Mat-Su excluding Talkeetna.

Table IV-2: Household Consumption Survey Sample Sizes

Sample Block	Sample Size
1: Anchorage	300
2: Fairbanks	300
3: Parks/Elliott/Steese Highways	65
4: Glennallen Region	50
5: Delta Junction/Tok Region	76
6: Roadless Interior	51
7: Juneau	300
8: Ketchikan/Sitka	200
9: Southeast Mid-Size Communities	104
10: Southeast Small Communities	52
11: Mat-Su	187
12: Kenai Peninsula	200
13: Prince William Sound	100
14: Kodiak	104
15: Arctic Region	153
16: Bethel/Dillingham	151
17: Aleutian Region	77
18: Southwest Small Communities	77

The 50-question HCS collected data on household spending related to housing (including mortgage and rent payment, property taxes, insurance and all utilities), food, transportation, health care, and clothing. The survey also collected data on household size and income. The survey was fielded during October and November 2008.

HCS data management was handled in the statistical software package SPSS. An extensive data cleaning process removed outlier or other irregular values from the analysis. The data management process and SPSS syntax are described in detail in the Statistical Analysis section of this report.

Perhaps the most important data management tool employed was weighting the HCS data so that it represented the demographics of communities more accurately than through a strictly random sample telephone survey data collection effort. For example, telephone survey research is likely to produce disproportionate representation of older, higher income, home-owning households. Younger households are typically more active and therefore less likely to be at home when a surveyor calls. As another example of potential age bias, approximately 12 to 13 percent of Alaska households have only cell phone service, with no conventional land-line phone service. These households (typically urban) would not be captured in a random sample survey (because lists of cell phone numbers are not available for purposes of survey research). These cell-phone-only households are likely to be younger, less likely to own a home, and probably somewhat lower-income than their older neighbors.

To adjust for these potential biases in the survey data, community-level data was weighted using 2000 census information on the proportion of homeowners versus renters. For example, 77 percent of the Anchorage household survey sample were homeowners, while 23 percent were renters. However, the 2000 census found that 60 percent of the occupied housing units in Anchorage are owner-occupied and 40 percent

renter-occupied. (More recently, the 2006 American Community Survey found a 61 percent home ownership rate in Anchorage.) Therefore Anchorage survey data was weighted so that household spending patterns of owners and renters were accurately reflected in the analysis.

Retail Price Survey

The Retail Price Survey (RPS) included 634 retail outlets in 58 communities throughout Alaska, plus numerous providers of various services, including health care, transportation, communications, insurance, and others. A market basket of approximately 200 goods and services was priced in each community where they were available. Data was collected in person and by telephone in the communities listed in the following table.

Table IV-3: Communities included in Retail Price Survey (RPS)

Community	In Person	Phone/Fax
Anchor Point	X	
Anchorage	X	
Aniak		X
Barrow		X
Bethel		X
Cantwell		X
Central		X
Chitina		X
Cordova	X	
Craig	X	
Delta Junction	X	
Dillingham		X
Eagle		X
Emmonak		X
Fairbanks/North Pole	X	
Fort Yukon		X
Galena		X
Glennallen	X	
Gustavus	X	
Haines	X	
Healy	X	
Homer	X	
Hoonah	X	
Juneau	X	
Kenai	X	
Ketchikan	X	
King Cove		X
Klawock	X	
Kodiak	X	
Kotzebue		X
Manley Hot Springs		X
McGrath		X
Metlakatla	X	
Nenana	X	
Ninilchik	X	
Nome	X	
Palmer	X	
Pelican		X
Petersburg	X	
Saint Mary's		X
Sand Point		X
Seldovia		X
Seward	X	
Sitka	X	
Skagway	X	
Soldotna	X	
Talkeetna	X	
Teller		X
Tenakee Springs		X
Tok	X	
Unalakleet		X
Unalaska/Dutch Harbor		X
Valdez	X	
Wasilla	X	
Whittier		X
Willow	X	
Wrangell	X	
Yakutat		X

Multiple retail outlets were surveyed for each category of retail items. Using groceries as an example, eight stores were surveyed in Anchorage, six in Juneau and six in Fairbanks. In other communities, depending on

the size of the community (and number of local retail outlets), as many as four grocery outlets were surveyed, though in the smallest communities, the survey was necessarily limited to one or two local stores.

All RPS pricing data was compiled and managed in Excel. This data also underwent an extensive cleaning process in which outlier values were removed prior to calculating average prices among specific items. Average prices for a particular item in each community were compared to the average price for the same item in Anchorage to produce a price differential. These individual item price differentials were then averaged with price differentials for other items in the same subcategory of items. For example, the price differential for hot dogs was averaged with the price differential for boneless chicken breasts and several other meat products to determine a subcategory "meats, poultry and fish" average-price differential.

When communities were grouped together to produce sample block or district differentials, all pricing data was weighted according to community population. Where applicable, sales taxes were applied to all retail items. Detailed information regarding the RPS methodology is provided in the Data Collection Methodology section.

Methods and Analysis by Budget Component

Housing

Calculation of housing cost differentials differs from other components of the household budget in that all supporting data was derived from the HCS. Extensive data related to housing costs was collected, including electric power costs, home heating oil costs, etc., but this information was used only as a tool to cross-reference the results of the HCS, which collected detailed housing cost data. In the HCS, households were asked:

- If they own or rent their home.
- The amount of their monthly mortgage or rental payment.
- If their mortgage payment includes property taxes and insurance, and if not, the amount of those annual payments.
- The size of their home, in terms of square feet and number of bedrooms.
- Total monthly or annual payments for electricity, heating oil, natural gas, propane, water, sewer, and garbage disposal.

With this information, sample block and community-level averages were calculated for monthly shelter costs, including mortgage (with property taxes and insurance, when applicable) and rent, and total monthly utilities costs. Community and sample block averages are weighted according to the percentage of owners and renters.

Average monthly shelter costs, monthly heat/utilities costs, and total monthly housing costs are provided in the following table for each sample block and for selected individual communities. Table IV-4 also provides the average total cost per square foot of living space for each sample block and community.

HCS sample sizes are also provided for each sample block and community. Readers should refer to the HCS methodology discussion in Section V for information on the margin of error associated with various sample sizes.

Table IV-4: Average Total Monthly Housing Costs and Average Monthly Cost Per Square Foot

	Sample Block/Community	HCS Sample Size	Shelter Cost	Heat/ Utilities Cost	Total Housing Cost
Sample Blocks					
1	Anchorage	300	$1,303	$242	$1,545
2	Fairbanks	300	1,097	422	1,519
3	Parks/Elliott/Steese Highways	65	578	415	993
4	Glennallen Region	50	590	546	1,136
5	Delta Junction/Tok Region	76	712	434	1,146
6	Roadless Interior	51	352	545	897
7	Juneau	300	1,263	386	1,649
8	Ketchikan/Sitka	200	1,033	389	1,422
9	Southeast Mid-Size Communities	105	689	443	1,132
10	Southeast Small Communities	51	579	433	1,012
11	Mat-Su	187	1,047	279	1,326
12	Kenai Peninsula	200	719	301	1,020
13	Prince William Sound	100	892	528	1,421
14	Kodiak	104	1,019	478	1,497
15	Arctic Region	153	942	452	1,394
16	Bethel/Dillingham	151	995	661	1,656
17	Aleutian Region	77	1,006	639	1,645
18	Southwest Small Communities	77	402	606	1,008
Communities					
	Barrow	66	$1,022	$295	$1,317
	Bethel	106	1,073	667	1,740
	Cordova	37	733	497	1,230
	Dillingham	45	805	646	1,450
	Homer	26	799	449	1,248
	Ketchikan	107	1,044	391	1,435
	Kotzebue	44	815	536	1,351
	Nome	48	1,049	550	1,599
	Petersburg	30	815	354	1,169
	Sitka	80	1,015	387	1,402
	Unalaska/Dutch Harbor	51	1,235	597	1,832
	Valdez	60	995	555	1,549

Total monthly housing costs were used to calculate the percentage of the total household budget that is spent on housing. To calculate the contribution of housing costs to the overall sample block/community geographic cost differential, housing's share of the total household budget was multiplied by the housing cost differential.

The housing cost differential was calculated as:

(Sample block or community monthly housing costs per square foot) /
(Anchorage monthly housing costs per square foot) =
Sample block or community housing cost differential

For example, the average per-square-foot cost of housing in Anchorage was measured at $1.09. The average cost in Juneau was $1.24. Dividing the Juneau average cost by the Anchorage average cost produced a cost differential of 1.14. The calculations are the same for an area with lower housing costs than Anchorage. For example, the average cost of housing in the Mat-Su Borough was measured at $0.86 per square foot. Dividing that figure by the Anchorage average cost produced a cost differential of 0.79.

Table IV-5: Average Monthly Housing Costs Per Square Foot and Housing Cost Differential

	Sample Block/Community	Ave. Housing Square Foot	Average Cost per Square Foot	Housing Cost Differential
Sample Blocks				
1	Anchorage	1,651	$1.09	1.00
2	Fairbanks	1,597	1.06	0.98
3	Parks/Elliott/Steese Highways	1,444	0.81	0.74
4	Glennallen Region	1,511	0.79	0.72
5	Delta Junction/Tok Region	1,614	0.99	0.91
6	Roadless Interior	1,102	0.88	0.81
7	Juneau	1,493	1.24	1.14
8	Ketchikan/Sitka	1,581	1.10	1.01
9	Southeast Mid-Size Communities	1,609	0.80	0.74
10	Southeast Small Communities	1,558	0.73	0.67
11	Mat-Su	1,726	0.86	0.79
12	Kenai Peninsula	1,561	0.85	0.78
13	Prince William Sound	1,725	0.98	0.90
14	Kodiak	1,594	1.12	1.03
15	Arctic Region	1,208	1.32	1.22
16	Bethel/Dillingham	1,276	1.68	1.54
17	Aleutian Region	1,296	1.54	1.42
18	Southwest Small Communities	1,327	0.82	0.75
Communities				
	Barrow	1,360	$1.17	1.08
	Bethel	1,242	1.88	1.73
	Cordova	1,741	0.87	0.80
	Dillingham	1,357	1.16	1.06
	Homer	1,673	0.86	0.79
	Ketchikan	1,639	0.97	0.89
	Kotzebue	1,053	1.55	1.42
	Nome	1,200	1.34	1.24
	Petersburg	1,673	0.80	0.74
	Sitka	1,496	1.27	1.17
	Unalaska/Dutch Harbor	1,182	1.80	1.65
	Valdez	1,738	1.06	0.97

Note: The average cost-per-square foot data presented in this table cannot be generated from other data provided in this and the preceding tables. In the housing cost differential model, all of the various calculations are performed separately for homeowners and renters until a weighted average cost per square foot is calculated.

A range of housing-related data was collected to support the analysis of housing cost differentials, including electric power rates, home heating fuel prices, and natural gas prices. This information is included in the appendices.

Food

Calculation of the food portion of geographic cost differentials involved collecting data on weekly or monthly household food expenditures in seven subcategories and retail price data for a market basket of 80 individual food items. These two sets of data were modeled to produce cost differentials in six food subcategories:

- Meats, poultry, and fish
- Cereals and breads
- Dairy products
- Fruits and vegetables
- Other food items
- Food away from home.

The HCS queried households on their weekly spending in the following food categories:

- Meats, poultry, and fish
- Cereals and breads
- Dairy products
- Fruits and vegetables
- Soups, frozen meals, and snacks
- Nonalcoholic beverages other than milk.

The HCS also collected data on households' monthly spending at restaurants and on take-out food. HCS data was not collected on household expenditures on alcohol or tobacco. The following table provides total monthly spending on food for each sample block and selected communities. Total monthly food costs range from a low of approximately $600 to a high of approximately $1,300. These costs reflect the price of food in each sample block or community, as well as average household incomes (higher-income households are likely to spend more on food than lower income households, all other factors being equal).

See table next page

Table IV-6: Average Monthly Household Expenditures on Food

	Sample Block/Community	Groceries	Food Away From Home	All Food
Sample Blocks				
1	Anchorage	$667	$134	$801
2	Fairbanks	643	111	753
3	Parks/Elliott/Steese Highways	599	81	680
4	Glennallen Region	754	55	810
5	Delta Junction/Tok Region	526	68	594
6	Roadless Interior	719	66	785
7	Juneau	697	119	817
8	Ketchikan/Sitka	706	98	804
9	Southeast Mid-Size Communities	717	86	803
10	Southeast Small Communities	596	88	683
11	Mat-Su	626	91	717
12	Kenai Peninsula	590	73	663
13	Prince William Sound	790	130	920
14	Kodiak	616	91	706
15	Arctic Region	1,003	106	1,109
16	Bethel/Dillingham	821	95	916
17	Aleutian Region	994	137	1,131
18	Southwest Small Communities	870	48	918
Communities				
	Barrow	$1,166	$141	$1,307
	Bethel	838	107	946
	Cordova	709	133	842
	Dillingham	782	65	847
	Homer	670	83	753
	Ketchikan	747	101	848
	Kotzebue	1,110	91	1,201
	Nome	713	76	789
	Petersburg	689	102	791
	Sitka	645	93	739
	Unalaska/Dutch Harbor	1,106	162	1,268
	Valdez	832	128	960

The 80-item RPS food market basket was priced in 634 different retail outlets throughout the state, with a combination of in-person and telephone price data collection. A listing of items in the food market basket is provided in the Appendix. Prices were collected for a combination of specific brand items and for most popular items (as indicated by item placement and allocation of self-space). Prices were collected from two to as many as eight stores in each community, depending on the population of the community.

The following steps were taken to develop geographic price differentials for each of the six food subcategories:

- Collect price data from multiple stores for each of the 80 items in the market basket.
- Clean data to ensure comparability of prices for specific items. In some instances, price data for specific items was excluded from the analysis if the price was an obvious outlier (the price was far below or far above prices for the same item in other stores in that community). Sale prices were not included in the sample.
- Calculate a weighted average price for each item, with prices weighted according to the results of question 25 in the HCS, which asked respondents where they did a majority of their grocery shopping. This step was necessary to ensure that the price of an item at a small convenience store did not have the same affect on average pricing as does the price of the same item from a store where many more people shop and the item is sold in much greater quantities.
- Apply sales tax in locations where such taxes are levied. This increased the price of each item by the sales tax rate and produced the actual price paid by the consumer.
- Calculate price differentials for each item by dividing each item's weighted average price by the weighted average price of the same item in Anchorage.
- Calculate the average price differential for all items in each subcategory.
- Minimize the potential for an unrepresentative price or set of prices for a particular item to skew the overall differential for a food subcategory. This was accomplished by removing the highest and lowest average prices for specific food items from the calculation of the average price differential for each subcategory. In a majority of cases (but not all), the average differential without the high and low weighted average prices was nearly identical to the average differential including all items in the subcategory.

Summary data for food cost geographic differentials are presented in the following table. The table presents the total expenditure weight for the food portion of the household budget (ranging between 14 percent and 20 percent) and the overall average price differential for all food items (ranging from 1.00 to 1.84).

See table next page

Table IV-7: Food Cost Expenditure Weights and Price Differentials

	Sample Block/Community	Expenditure Weights	Price Differential
Sample Blocks			
1	Anchorage	0.17	1.00
2	Fairbanks	0.16	1.03
3	Parks/Elliott/Steese Highways	0.16	1.10
4	Glennallen Region	0.20	1.09
5	Delta Junction/Tok Region	0.14	1.09
6	Roadless Interior	0.17	1.55
7	Juneau	0.15	1.03
8	Ketchikan/Sitka	0.17	1.17
9	Southeast Mid-Size Communities	0.18	1.22
10	Southeast Small Communities	0.18	1.22
11	Mat-Su	0.16	1.03
12	Kenai Peninsula	0.19	1.15
13	Prince William Sound	0.17	1.31
14	Kodiak	0.17	1.33
15	Arctic Region	0.18	1.69
16	Bethel/Dillingham	0.15	1.70
17	Aleutian Region	0.18	1.46
18	Southwest Small Communities	0.19	1.79
Communities			
	Barrow	0.18	1.78
	Bethel	0.15	1.72
	Cordova	0.15	1.42
	Dillingham	0.16	1.64
	Homer	0.18	1.13
	Ketchikan	0.17	1.18
	Kotzebue	0.19	1.84
	Nome	0.17	1.51
	Petersburg	0.14	1.25
	Sitka	0.17	1.15
	Unalaska/Dutch Harbor	0.17	1.43
	Valdez	0.18	1.26

Transportation

The transportation category includes seven subcategories:

- Fuel for all vehicles
- Car/truck ownership
- All other vehicle ownership
- Auto insurance
- Vehicle maintenance
- Interstate air travel
- Instate air/ferry travel

In the HCS, households were asked for:

- Monthly spending on fuel for all vehicles
- Monthly payments for vehicles of all types (by type of vehicle)
- Total spending in the last 12 months on maintenance for all vehicles
- Total spending in the last 12 months on insurance for all vehicles
- Total spending in the last 12 months on plane tickets for destinations outside of Alaska, not including business travel
- Total spending in the last 12 months on plane tickets for destinations within Alaska, not including business travel. (Average total annual household spending on ferry travel was compiled directly from AMHS data.)

Total vehicle expense (including vehicle payments on loans, fuel, maintenance, and insurance) ranged from a low of $424 a month to a high of $959. A variety of factors influence vehicle-related spending, including the extent of road infrastructure in and around each community, cost of fuel, geographic setting (with boats more prevalent in some areas, and snowmachines and four-wheelers more prevalent in others), average household income (with higher income households likely to own more vehicles), and other factors. It is important to note that record high fuel prices in 2008 are reflected in this data and that differences in costs between urban and rural areas are likely exaggerated relative to previous years (or future years) when prices are more moderate.

See table next page

Table IV-8: Average Monthly Transportation Costs

Sample Block/ Community		Total Vehicle Payments	Total Fuel	Vehicle Maintenance	Vehicle Insurance	Total Vehicle Expense
Sample Blocks						
1	Anchorage	$173	$257	$79	$119	$629
2	Fairbanks	297	335	110	140	881
3	Parks/Elliott/Steese Highways	192	281	111	142	726
4	Glennallen Region	251	360	95	106	812
5	Delta Junction/Tok Region	259	323	99	125	806
6	Roadless Interior	213	381	65	55	715
7	Juneau	190	250	67	92	599
8	Ketchikan/Sitka	137	187	61	89	474
9	Southeast Mid-Size Communities	145	242	59	84	531
10	Southeast Small Communities	70	212	68	74	424
11	Mat-Su	217	351	84	124	776
12	Kenai Peninsula	207	258	68	98	631
13	Prince William Sound	266	417	85	125	893
14	Kodiak	191	212	62	80	545
15	Arctic Region	169	211	78	78	536
16	Bethel/Dillingham	121	311	85	95	611
17	Aleutian Region	117	267	98	89	572
18	Southwest Small Communities	202	461	76	47	786
Communities						
	Barrow	$187	$244	$98	$101	$629
	Bethel	112	295	84	97	587
	Cordova	217	538	81	123	959
	Dillingham	142	348	87	89	667
	Homer	194	211	93	119	617
	Ketchikan	166	209	70	97	543
	Kotzebue	109	139	56	44	349
	Nome	221	255	81	91	648
	Petersburg	130	189	59	94	471
	Sitka	94	155	46	77	373
	Unalaska/ Dutch Harbor	87	277	105	93	562
	Valdez	302	351	88	127	869

Annual household expenditures on air and ferry travel ranged from a low of about $800 to a high of nearly $6,000. Logically, households in hub communities spend less on in-state travel than remote communities. Again, households in communities with higher average incomes spend more on travel, especially out-of-state travel, than households with lower average incomes. Areas reporting very low in-state travel spending include communities on the Southcentral and Interior Alaska highway network. Households on the highway network

probably travel to hub communities more often than households off the highway network, but their travel costs are captured in the vehicle expense data presented above.

Table IV-9: Average Annual Household Expenditures on Air/Ferry Travel

	Sample Block/Community	In-State Air/Ferry Travel	Out-of-State Air Travel	Total Travel
Sample Blocks				
1	Anchorage	$156	$1,639	$1,794
2	Fairbanks	255	1,831	2,086
3	Parks/Elliott/Steese Highways	395	1,694	2,089
4	Glennallen Region	12	815	827
5	Delta Junction/Tok Region	276	697	973
6	Roadless Interior	2,903	887	3,790
7	Juneau	430	1,760	2,190
8	Ketchikan/Sitka	367	1,536	1,903
9	Southeast Mid-Size Communities	509	1,055	1,565
10	Southeast Small Communities	1,009	1,056	2,065
11	Mat-Su	92	926	1,018
12	Kenai Peninsula	384	982	1,366
13	Prince William Sound	680	2,006	2,686
14	Kodiak	596	1,578	2,173
15	Arctic Region	2,233	2,170	4,403
16	Bethel/Dillingham	1,941	1,342	3,283
17	Aleutian Region	2,398	1,984	4,382
18	Southwest Small Communities	2,142	1,319	3,461
Communities				
	Barrow	$3,219	$2,759	$5,978
	Bethel	2,160	1,501	3,660
	Cordova	755	2,255	3,010
	Dillingham	1,432	974	2,407
	Homer	327	877	1,204
	Ketchikan	224	1,463	1,686
	Kotzebue	2,469	2,823	5,292
	Nome	1,099	1,145	2,244
	Petersburg	475	1,506	1,981
	Sitka	583	1,647	2,229
	Unalaska/Dutch Harbor	2,711	2,391	5,103
	Valdez	649	1,893	2,542

The RPS produced the following transportation-related price data, which was used to calculate cost differentials in each of the six transportation sub-categories:

- Regular unleaded gasoline and diesel fuel from service stations in 80 communities
- Purchase prices for a new truck, passenger car, snow machine, and four-wheeler
- Cost of an oil and filter change at a service station and the purchase price of motor oil, antifreeze, and a car battery

- Six-month premium for auto insurance (estimates from GEICO, Progressive and Allstate)
- Cost of a round-trip flight from each community to Seattle, including in-state air travel to a hub airport, if necessary
- Cost of a round-trip flight from each community to the nearest major hub (Anchorage, Fairbanks or Juneau). Price differentials for Juneau and Fairbanks were set at 1.0, equal to that of Anchorage.

Summary data for transportation cost geographic differentials are presented in the following table. The table presents the total expenditure weight for the transportation portion of the household budget (ranging between 12 percent and 24 percent) and the overall average price differential for all transportation goods and services (ranging from 1.00 to 2.35).

Table IV-10: Transportation Expenditure Weights and Price Differentials

Sample Block/Community	Expenditure Weights	Price Differential
Sample Blocks		
1 Anchorage	0.15	1.00
2 Fairbanks	0.21	1.04
3 Parks/Elliott/Steese Highways	0.20	1.10
4 Glennallen Region	0.24	1.14
5 Delta Junction/Tok Region	0.20	1.08
6 Roadless Interior	0.20	1.49
7 Juneau	0.14	1.09
8 Ketchikan/Sitka	0.13	1.10
9 Southeast Mid-Size Communities	0.16	1.16
10 Southeast Small Communities	0.12	1.19
11 Mat-Su	0.20	1.04
12 Kenai Peninsula	0.17	1.16
13 Prince William Sound	0.18	1.18
14 Kodiak	0.17	1.25
15 Arctic Region	0.15	1.72
16 Bethel/Dillingham	0.16	1.55
17 Aleutian Region	0.15	2.08
18 Southwest Small Communities	0.21	1.70
Communities		
Barrow	0.16	1.61
Bethel	0.14	1.56
Cordova	0.19	1.20
Dillingham	0.21	1.57
Homer	0.17	1.20
Ketchikan	0.14	1.09
Kotzebue	0.13	1.94
Nome	0.16	1.60
Petersburg	0.14	1.09
Sitka	0.12	1.10
Unalaska/Dutch Harbor	0.15	2.35
Valdez	0.17	1.17

Clothing

The HCS collected data on average monthly household spending on clothing, and the percentage spent locally versus outside the local area (including Internet and catalogue purchases). Clothing expenditure data for sample blocks and selected communities is presented in the following table. Average annual expenditures on clothing ranged from approximately $700 to more than $2,000.

Table IV-11: Clothing Expenditures, Percent Local and Nonlocal

Sample Block/Community	Average Annual Expenditures	Percent Local Purchases	Percent Nonlocal Purchases
Sample Blocks			
1 Anchorage	$973	77%	23%
2 Fairbanks	1,062	69	31
3 Parks/Elliott/Steese Highways	774	6	94
4 Glennallen Region	933	3	97
5 Delta Junction/Tok Region	685	4	96
6 Roadless Interior	1,535	1	99
7 Juneau	951	53	47
8 Ketchikan/Sitka	872	46	54
9 Southeast Mid-Size Communities	844	27	73
10 Southeast Small Communities	400	21	79
11 Mat-Su	732	56	44
12 Kenai Peninsula	706	44	56
13 Prince William Sound	1,033	16	84
14 Kodiak	697	50	50
15 Arctic Region	1,437	11	89
16 Bethel/Dillingham	971	24	76
17 Aleutian Region	1,431	6	94
18 Southwest Small Communities	1,580	7	93
Communities			
Barrow	$2,057	10%	90%
Bethel	961	23	77
Cordova	899	5	95
Dillingham	992	26	74
Homer	601	36	64
Ketchikan	844	53	47
Kotzebue	1,198	12	88
Nome	989	13	87
Petersburg	785	41	59
Sitka	913	38	62
Unalaska/Dutch Harbor	1,439	8	92
Valdez	1,128	22	78

The RPS included 23 clothing items. Not all items were available in all communities, but all items are available to all residents through mail order or Internet purchases. In cases where items were not available locally, a mail order or Internet price was identified and appropriate shipping costs applied to that price. Depending on the retailer, shipping costs ranged from free to 32 percent of the item's retail cost, with an average of about 10 percent on most items in most communities.

One outcome of this approach is that some mid-size communities, where all the items in the clothing market basket are available locally, are shown to have higher clothing cost differentials than more remote communities where some of the items are unavailable. This is because items may be available through mail order at a lower cost than prices in mid-size communities.

The challenge with developing price differentials for clothing is the tendency to buy clothing while traveling or via mail order/Internet, even among urban residents. Clothing prices for small communities on the highway system, in particular, have price differentials that match nearby hub communities because that is where most of the clothing shopping occurs. In any case, survey research suggests that clothing is a comparatively small part of the household budget (relative to housing, food and transportation) and therefore applying significantly higher (or lower) clothing price differentials would have negligible effects on a community's overall geographic cost differential.

See table next page

Table IV-12: Clothing Expenditure Weights and Price Differentials

Sample Block/Community	Expenditure Weight	Price Differential
Sample Blocks		
1 Anchorage	0.017	1.00
2 Fairbanks	0.017	1.17
3 Parks/Elliott/Steese Highways	0.013	1.11
4 Glennallen Region	0.021	1.00
5 Delta Junction/Tok Region	0.013	1.16
6 Roadless Interior	0.021	1.24
7 Juneau	0.013	1.02
8 Ketchikan/Sitka	0.013	1.12
9 Southeast Mid-Size Communities	0.017	1.23
10 Southeast Small Communities	0.010	1.21
11 Mat-Su	0.014	0.93
12 Kenai Peninsula	0.015	1.17
13 Prince William Sound	0.014	1.06
14 Kodiak	0.014	0.94
15 Arctic Region	0.015	1.29
16 Bethel/Dillingham	0.017	1.09
17 Aleutian Region	0.019	1.09
18 Southwest Small Communities	0.023	1.11
Communities		
Barrow	0.022	1.29
Bethel	0.017	1.03
Cordova	0.012	1.11
Dillingham	0.018	1.25
Homer	0.012	1.21
Ketchikan	0.012	1.00
Kotzebue	0.014	1.30
Nome	0.011	1.27
Petersburg	0.012	1.40
Sitka	0.013	1.31
Unalaska/Dutch Harbor	0.019	1.08
Valdez	0.015	1.04

Medical

The HCS collected household medical-related expenditure data in two subcategories:

- Monthly spending on medical insurance, not including payments covered by employers
- Spending in the last 12 months on medical expenses not covered by insurance, not including travel costs.

Table IV-13 provides annual medical-related spending for each sample block and selected communities. Total reported spending ranges widely, from approximately $1,700 to nearly $5,700 annually. Access to

medical care, insurance coverage and household income are factors affecting medical-related household spending averages.

Table IV-13: Annual Medical Expenditures

Sample Block/Community		Medical Insurance	Medical Expenses Not Covered by Insurance	Total Medical Expenditures
Sample Blocks				
1	Anchorage	$1,796	$1,465	$3,260
2	Fairbanks	2,033	1,371	3,404
3	Parks/Elliott/Steese Highways	3,010	2,657	5,667
4	Glennallen Region	866	1,116	1,982
5	Delta Junction/Tok Region	1,940	1,090	3,030
6	Roadless Interior	1,407	1,136	2,543
7	Juneau	1,826	1,262	3,088
8	Ketchikan/Sitka	1,876	1,567	3,443
9	Southeast Mid-Size Communities	2,221	1,916	4,137
10	Southeast Small Communities	1,545	859	2,404
11	Mat-Su	1,749	1,979	3,729
12	Kenai Peninsula	1,524	1,520	3,044
13	Prince William Sound	2,584	2,219	4,803
14	Kodiak	1,523	1,085	2,608
15	Arctic Region	872	856	1,728
16	Bethel/Dillingham	1,717	1,340	3,057
17	Aleutian Region	1,590	1,747	3,336
18	Southwest Small Communities	1,047	985	2,032
Communities				
	Barrow	$737	$996	$1,733
	Bethel	1,668	1,254	2,922
	Cordova	2,789	2,572	5,361
	Dillingham	1,837	1,553	3,390
	Homer	1,475	2,347	3,822
	Ketchikan	2,166	1,936	4,102
	Kotzebue	827	948	1,775
	Nome	1,081	645	1,726
	Petersburg	2,818	1,448	4,267
	Sitka	1,423	1,036	2,459
	Unalaska/Dutch Harbor	1,888	1,838	3,726
	Valdez	2,487	2,057	4,544

The medical-related RPS market basket was composed of 14 services and goods. Health care providers were asked for billing rates by service and billing code, including the following:

- Adult physical exam (age 18-39, age 40-64, age 65+)
- Well-child physical (age 0-11 months, age 1-4, age 5-11, age 12-17)
- Physician office visit

- Hospital, one-bed day (Medical/surgical)
- Dental exam
- Dental cleaning (adult, child), filling
- Eye exam
- Eyeglasses, lens/frame.

To calculate price differentials, prices were averaged in four categories: adult exams, well-child exams, other medical (physician office visit, hospital stay, eye), and dental care. Averages in these categories were divided by Anchorage prices in the same categories to produce differentials. From these differentials, an average medical differential was calculated, as was an average dental differential. These were then averaged (weighted 75 percent medical and 25 percent dental) to produce one overall medical services differential.

Data to support calculation of price differentials for health insurance was not collected, as geography generally is not a factor in the cost of insurance premiums. As such, all sample blocks were given an insurance cost differential of 1.00.

Table IV-14 provides expenditure weights and price differentials for each sample block and selected community. The price differential for the medical category is the average of the medical services differential and the medical insurance differential (1.00 for all sample blocks).

See table next page

Table IV-14: Medical Expenditure Weights and Price Differentials

Sample Block/Community	Expenditure Weight	Price Differential
Sample Blocks		
1 Anchorage	0.05	1.00
2 Fairbanks	0.05	1.07
3 Parks/Elliott/Steese Highways	0.10	1.05
4 Glennallen Region	0.04	0.96
5 Delta Junction/Tok Region	0.04	1.01
6 Roadless Interior	0.05	1.03
7 Juneau	0.05	1.03
8 Ketchikan/Sitka	0.06	1.03
9 Southeast Mid-Size Communities	0.08	0.98
10 Southeast Small Communities	0.05	1.01
11 Mat-Su	0.06	1.00
12 Kenai Peninsula	0.07	0.98
13 Prince William Sound	0.07	0.93
14 Kodiak	0.04	0.94
15 Arctic Region	0.03	1.05
16 Bethel/Dillingham	0.03	1.05
17 Aleutian Region	0.04	1.00
18 Southwest Small Communities	0.03	1.03
Communities		
Barrow	0.02	1.14
Bethel	0.03	1.04
Cordova	0.08	0.92
Dillingham	0.05	1.08
Homer	0.06	1.03
Ketchikan	0.06	1.04
Kotzebue	0.03	0.91
Nome	0.03	1.05
Petersburg	0.06	0.94
Sitka	0.05	1.02
Unalaska/Dutch Harbor	0.04	0.98
Valdez	0.07	0.92

All Other Household Expenditure Components

The components of the household budget described above (including housing, food, transportation, clothing, and medical) account for about 65 to 75 percent of the average household budget. The remainder of the typical household budget is composed of a broad range of goods and services. For purposes of this study, these have been grouped into the following categories:

- **Household furnishings and appliances**: furniture, furnishings, large and small appliances, tools, and household supplies. The category also includes televisions and other video equipment, stereos and other audio equipment, computers and related equipment.

- **Communications**: telephones/cell phones and related services, Internet services, cable TV, postage and delivery services.
- **Recreation and education**: sporting goods, toys, reading materials (newspapers and magazines), photography. Also includes pet food and supplies, tuition and related fees, and child-care services.
- **Personal care and other**: personal-care products and services, laundry services, legal and financial services. Other includes tobacco and alcohol.

The HCS did not collect data relevant to these spending categories and limited RPS data was collected to support the analysis of cost differentials.

Weighting (to reflect relative importance in the household budget) of various components within this category was accomplished by weighting each component in the same proportion as those components occur in the Anchorage Consumer Price Index (CPI). For example, CPI data indicates that this category accounts for approximately 22 percent of the after-tax household budget in Anchorage. Within the category, about one-third (32 percent) of the budget is for household furnishings and appliances, 13 percent for communication, 33 percent for recreation and education, and 22 percent for personal care and other. Regardless of how much of a community's average household budget was captured by the HCS, the un-captured portion was distributed among the "all other" subcategories according to these percentages. Table IV-15 illustrates this methodology.

Table IV-15: Estimation of Expenditure Weights in Spending Categories not Measured in the HCS

(Hypothetical Sample Block where 30 percent of Household Budget was not captured in HCS)

	Relative Importance from CPI Anchorage Data	Relative Importance within "All Other" Category	"All Other" Subcategory Expenditure Weights for Sample Block
Household furnishings/ appliances	7%	32%	9.6%
Communication	3	13	4.0
Recreation/education	7	33	9.8
Personal care/other	5	22	6.7
Total all other	**21%**	**100%**	**30%**

For calculation of price differentials in the "all other" category, the RPS collected prices for 23 items in the household furnishings and appliances category, seven communications services, and nine personal care items. The RPS also collected prices for one brand of cigarettes, seven different drinks at a bar and six alcohol items for consumption at home.

The communication price differential was calculated as the average of the monthly cost of basic and preferred cable (or satellite), Internet dial-up, Internet-DSL, phone, long distance rate per minute (in-state), and monthly wireless. If a particular service was not available in a community, that service was not included in the average.

Calculating the price differential for the recreation/education category was a two-step process. First, a recreation price differential was calculated as the average (unweighted) of price differentials for food (to account for pet food), clothing (proxy for toys, reading material, small sporting goods) and appliances (proxy for larger sporting good items). The price differential for education was set at 1.00 for all sample blocks and

communities, as identifying a meaningful education market basket suitable for Alaska communities was considered by the study team to be impractical.

The second step in calculating the price differential for the recreation/education category was to calculate the average of the recreation component and the education component, with recreation weighted at two-thirds and education at one-third.

The price differential of the personal care/other subcategory is the weighted average of the personal care market basket in the RPS (excluding tobacco), tobacco, and alcohol, weighted personal care 60 percent, alcohol 25 percent, and tobacco 15 percent. In dry communities, alcohol was not included in the average.

Table IV-16 provides expenditure weights and price differentials for the "all other" category.

Table IV-16: All Other Expenditure Weights and Price Differentials

Sample Block/Community		Expenditure Weight	Price Differential
Sample Blocks			
1	Anchorage	0.28	1.00
2	Fairbanks	0.25	1.05
3	Parks/Elliott/Steese Highways	0.29	1.06
4	Glennallen Region	0.23	1.02
5	Delta Junction/Tok Region	0.31	1.09
6	Roadless Interior	0.33	1.43
7	Juneau	0.32	1.14
8	Ketchikan/Sitka	0.29	1.15
9	Southeast Mid-Size Communities	0.30	1.21
10	Southeast Small Communities	0.34	1.20
11	Mat-Su	0.27	1.01
12	Kenai Peninsula	0.28	1.05
13	Prince William Sound	0.28	1.11
14	Kodiak	0.27	1.06
15	Arctic Region	0.34	1.50
16	Bethel/Dillingham	0.34	1.38
17	Aleutian Region	0.29	1.40
18	Southwest Small Communities	0.34	1.53
Communities			
	Barrow	0.37	1.54
	Bethel	0.36	1.36
	Cordova	0.37	1.23
	Dillingham	0.29	1.44
	Homer	0.30	1.04
	Ketchikan	0.29	1.11
	Kotzebue	0.38	1.55
	Nome	0.29	1.40
	Petersburg	0.40	1.21
	Sitka	0.29	1.22
	Unalaska/Dutch Harbor	0.30	1.37
	Valdez	0.25	1.05

Note on Subsistence-Related Activity

Subsistence harvests are a critically important part of many households' budgets. Within the framework of this study, the cost of subsistence activity is captured in the categories of transportation (vehicles and fuel), furnishings and appliances (outdoor equipment and supplies), and recreation (which includes "sporting goods"). The HCS asked for the percentage of household food supply obtained from activities such as hunting, fishing, gardening or berry-picking. The results of that question for each sample block are provided in the following table.

While subsistence activity was not factored into the differentials for each GDP, it reinforces the wide variations in expenditures related to food, transportation and recreation activities.

Table IV-17: Importance of Hunting, Fishing, Gardening, and Gathering in Household Food Supply

Sample Block		None	Less than 25%	25% to 50%	51% to 75%	More than 75%
1	Anchorage	37%	41%	18%	3%	1%
2	Fairbanks	30	44	19	4	1
3	Parks/Elliott/Steese Highways	26	40	17	15	2
4	Glennallen Region	10	28	28	20	14
5	Delta Junction/Tok Region	12	41	24	17	5
6	Roadless Interior	2	18	31	35	12
7	Juneau	37	45	13	3	2
8	Ketchikan/Sitka	27	46	21	5	2
9	Southeast Mid-Size Communities	9	48	22	13	2
10	Southeast Small Communities	12	27	31	21	6
11	Mat-Su	27	34	28	7	4
12	Kenai Peninsula	15	46	31	7	2
13	Prince William Sound	13	37	33	12	3
14	Kodiak	13	32	39	10	3
15	Arctic Region	14	32	27	19	7
16	Bethel/Dillingham	12	30	28	21	7
17	Aleutian Region	25	39	30	5	1
18	Southwest Small Communities	-	17	32	31	18

Section V: Data Collection Methodology

Household Consumption Survey

Overview

The purpose of the Household Consumption Survey (HCS) was to identify proportional expenditure patterns for the major market basket components for each GDP. The survey data was then used as the basis for development of statistical weights for each major consumption category.

The 50-question HCS collected data on household spending related to housing (including all utilities), food, transportation, health care, and clothing. The survey also collected data on household size and income. The HCS included 2,547 surveys with randomly selected households located in 74 communities throughout Alaska.

Survey Content Development

The project team began by conducting a review of the survey instrument used in the 1985 study, as well as a detailed analysis of the application of the data. Survey completion time in 1985 ranged from approximately 25 minutes to an hour. This length was deemed far too long in the modern survey environment and would have resulted in a high number of initial refusals and mid-survey terminations.

The updated survey instrument retained essential questions regarding housing, household size, income, and estimated expenditures for major components of the household budget. After briefly introducing the study purpose, the surveyor asked to speak with the person most familiar with the household's spending. The initial questions in the survey addressed household size and expenditures for shelter, fuels and utilities. Shelter costs captured data on mortgage payments, property taxes and insurance, rental costs and condo fees. Respondents were asked to estimate living space size, which allowed the study team to calculate average cost per square foot for each location. Fuel consumption categories included oil, natural gas, propane, coal, kerosene, electricity, and firewood. Utility categories included water, sewer, and garbage services.

The major expenditure components of the survey were based on Consumer Price Index categories, including food and beverage, apparel, transportation, medical care, and other goods and services. In addition to estimating household expenditures in dollar amounts, respondents were asked to allocate their spending as a percentage of their income for four major categories. The percentages were used to corroborate findings from the previous questions.

The survey instrument was pretested in numerous rural and urban communities. Average completion time during the pretest phase was approximately 15 minutes. The State of Alaska had an opportunity to review and comment on the survey instrument before fielding. A copy of the final survey instrument is included in the Appendix.

Sample Distribution

The first step in devising the sample distribution was developing a community profile for each Alaska location with one or more state employees. Employment data for 2007 and 2008 was provided by the Department of Administration. Additional information in the community profiles included population, per capita income, median household income, number of households, household size, borough or census area, median home value, median mortgage payment, median rental payment, and percentage of adults in the labor force. The profiles also included information about the closest major hub community, distance to the hub, and if there was access by road, ferry, barge, or airplane. Finally, the project team classified each community in terms of the 1985 GDP pools and current House and Senate election districts. Numerous data sources were utilized including 2000 Census data, Alaska Department of Labor and Workforce Development data, and information from the Division of Elections.

Following a detailed analysis of the community profile data, a total of 18 sample blocks were defined for purposes of sample distribution. The sample blocks ensured sufficient sample sizes in various regions for statistical analysis, especially critical for communities with very small populations. The largest communities and most populous boroughs formed their own sample blocks. Small and mid-size communities were grouped with others that shared similar demographic and geographic characteristics. Within each sample block, household surveys were distributed in proportion to community population.

Together, Alaska's largest population centers were allocated 1,500 of the 2,547 surveys. Anchorage, Fairbanks and Juneau had sample sizes of 300 surveys each. Two hundred surveys were assigned to the sample blocks for the Mat-Su region, Kenai Peninsula Borough, and the combined Ketchikan/Sitka area. The rest of the surveys (1,047) were distributed among the remaining sample blocks on the basis of population and number of state employees.

The table below shows the number of completed surveys in each of the 18 sample blocks and the maximum margin of error associated with each sample. Due to the nature of response distribution in sample statistics, most survey responses are more accurate than the maximum margin of error suggests.

It is important to note that the telephone survey did not include every single Alaska location. Instead, the sample plan was developed to ensure that every Alaska location with a state employee was included in the HCS and RPS data collection efforts. As a result of this approach, the study population represented 92 percent of the statewide population. Surveying the remaining Alaska residents proportionally by population would have further minimized the sample sizes for communities with state employees, and resulted in extremely small sample sizes for any additional communities included in the study.

See table next page

Table V-1: Household Consumption Survey Sample Sizes and Associated Margins of Error

Sample Block	Sample Size	Maximum Margin of Error
1: Anchorage	300	±5.8%
2: Fairbanks	300	5.8
3: Parks/Elliott/Steese Highways	65	12.0
4: Glennallen Region	50	14.2
5: Delta Junction/Tok Region	76	11.5
6: Roadless Interior	51	13.5
7: Juneau	300	5.8
8: Ketchikan/Sitka	200	7.1
9: Southeast Mid-Size Communities	104	10.0
10: Southeast Small Communities	52	14.2
11: Mat-Su	187	7.2
12: Kenai Peninsula	200	7.1
13: Prince William Sound	100	10.0
14: Kodiak	104	10.0
15: Arctic Region	153	8.2
16: Bethel/Dillingham	151	8.2
17: Aleutian Region	77	11.5
18: Southwest Small Communities	77	11.5

While communities were clustered into the sample blocks to ensure that the HCS sample was large enough for statistical analysis, a unique identifying number was assigned to each community. Any data collected during the study was consistently assigned the appropriate community number (including HCS, RPS, and secondary data), preserving the project team's ability to analyze the study findings in any community combination.

Statistical Reliability

Statistical tolerances are based on the assumption that when a sample is drawn randomly from a sufficiently large population, survey responses will be distributed within a predictable range if the survey were to be replicated. The margin of error is a function of both sample size and the variability of responses. A sample size of 50 may have a margin of error as low as ±2.8 percent, or as high as ±14.2 percent, depending on the uniformity of responses to each survey question. The ranges associated with survey sample sizes in this study are provided in the following table.

Table V-2: Margin of Error Ranges

Sample Size	Margin Of Error Ranges
50	± 2.8 - 14.2%
75	2.3 - 11.5
100	2.0 - 10.0
150	1.6 - 8.2
200	1.4 - 7.1
250	1.2 - 6.3
300	1.1 - 5.8

Other factors that affect statistical reliability include the size of the population and "nonsampling" sources of error, such as biased wording of questions or inconsistent recording of responses. In general, samples drawn from very small populations have lower margin of error ranges. Careful sample control and fielding procedures were employed to minimize nonsampling errors.

Another factor that can affect the statistical reliability of household telephone surveys is the number of households that only utilize cell phones. Major Alaska phone service providers estimate that 12 to 13 percent of the population falls into this category. The project team compared the HCS data to census data and other secondary research and determined that no systemic bias resulted from calling households with traditional phone lines.

Fielding Protocols

A household telephone survey was utilized for this study, as it offered a superior degree of statistical reliability and efficiency when compared to alternative methods such as mail surveys, Internet-based surveys or personal intercept interviews.

McDowell Group collaborated with GMA Research of Bellevue, Wash. to field the survey. GMA Research conducted 1,500 surveys in the seven most-populated areas in the state: Municipality of Anchorage, Fairbanks North Star Borough, City and Borough of Juneau, Ketchikan Gateway Borough, City and Borough of Sitka, Mat-Su Borough, and Kenai Peninsula Borough. Telephone lists were purchased from Survey Sampling Inc., a source frequently used for this type of research. Telephone numbers were randomly selected, ensuring all households had an equal opportunity of being selected in the sample.

McDowell Group conducted the phone surveys in the remaining communities. Households were randomly selected from published phone directories. A minimum of three calls were made to each primary number over a period of several days before selection of a secondary number. The field staff adhered to strict protocols prescribing the method for selection of an alternative household if contact could not be established or a household declined to participate in the study.

In all communities, respondents were screened for the person that was most familiar with household spending. Surveys were conducted on weekday evenings and weekend days allowing for maximum participation.

McDowell Group developed fielding protocols, conducted survey pretests, and conducted all surveys in rural communities. To ensure consistency of training and protocol implementation, McDowell Group project

management was present when GMA Research survey staff was trained and commenced surveying. Field management staff from the two firms communicated daily throughout fielding, data entry and statistical analysis. Survey field managers and staff in both locations were briefed frequently to ensure data was captured consistently.

Phone Survey Disposition

The telephone surveys were conducted between October 10 and November 15, 2008. The average HCS length was approximately 13 minutes. The total number of completed surveys was 2,547. Total contacts and refusals were tracked separately by GMA Research and McDowell Group. Results for each survey fielding location are provided below.

Surveys for the larger, urban areas were conducted using Computer Assisted Telephone Interviews (CATI). More than 19,500 calls were made. Approximately 11 percent of those contacted declined to participate, either through an initial refusal or mid-survey termination. Of the remaining calls, nearly 16,000 resulted in no contact (such as message machine, no answer, out of service, or fax). A total of 1,500 household surveys in urban areas were completed. GMA did not retain data from surveys that were terminated before completion.

In small communities, a total of 6,206 calls were made. Approximately 18 percent of the households declined to participate. Of the remaining 5,060 calls, approximately 4,000 resulted in no contact (such as message machine, no answer, out of service, or fax). A total of 1,047 household surveys in rural communities were completed. In a few instances, McDowell Group included responses from nearly completed surveys in the final data set to add to the statistical reliability at the community and sample block level.

The call disposition is typical for telephone survey research. In the 1985 GDS, a total of 23,065 calls were completed; 18,834 of the calls resulted in no contact (no answer, busy, disconnected, fax, or a business listing).

Table V-3: HCS Phone Survey Disposition

Survey Fielding Location	Completed Calls
GMA Research/Urban Areas	
Total calls	19,532
Initial refusals/terminations	2,092
No contact	15,950
Completed interviews	1,500
McDowell Group/Small Communities	
Total calls	6,206
Initial refusals/terminations	1,146
No contact	4,013
Completed interviews	1,047

All HCS data was entered into a single database. HCS data management was handled in both Microsoft Excel and SPSS. An extensive data cleaning process removed outlier or other irregular values from the analysis.

Survey Distribution by Community

The table below provides detailed information at the community level for each sample block. The number of surveys allocated to each sample block was influenced by population and number of state employees. For sample blocks comprised of multiple communities, surveys were distributed proportionally according to community population.

Table V-4: Household Consumption Survey Sample Sizes, Population and State Employees

Sample Block and Community	Sample Size	2007 Population	State Employees
1: Anchorage	300	283,823	5,192
2: Fairbanks North Star Borough	300	90,963	1,581
3: Healy	22	1,027	9
3: Cantwell	4	183	14
3: Central	2	95	4
3: Nenana	7	357	7
3: Manley Hot Springs	1	72	2
3: Talkeetna	29	848	9
4: Glennallen	41	1,845	34
4: Chitina	3	124	6
4: Paxson	1	32	6
4: Slana	3	108	7
4: Tazlina	2	219	25
5: Delta Junction	53	3,836	46
5: Tok	21	1,353	56
5: Eagle	1	109	5
5: Northway	1	81	7
6: Galena	21	609	11
6: Fort Yukon	20	591	2
6: McGrath	10	315	26
7: Juneau	300	30,305	3,361
8: Ketchikan	120	13,160	673
8: Sitka	80	8,640	198
9: Craig	13	1,359	13
9: Haines	23	2,257	51
9: Klawock	7	743	12
9: Metlakatla	12	1,282	1
9: Petersburg	30	3,071	48
9: Wrangell	19	1,947	22
10: Hoonah	14	852	6
10: Skagway	14	845	13
10: Yakutat	10	621	15
10: Elfin Cove	1	21	1
10: Gustavus	8	442	2
10: Pelican	3	110	1

Table V-4 cont'd: Household Consumption Survey Sample Sizes, Population and State Employees

Sample Block and Community	Sample Size	2007 Population	State Employees
10: Tenakee Springs	2	102	1
11: Palmer	37	5,504	565
11: Wasilla	82	7,025	185
11: Willow	24	2,048	7
11: Other Mat-Su Borough	44	64,631	58
12: Seward	22	2,661	338
12: Kasilof	4	596	1
12: Kenai	77	6,971	245
12: Nikiski	6	4,345	2
12: Soldotna	23	3,982	216
12: Sterling	10	5,123	2
12: Homer	26	5,502	104
12: Anchor Point	6	1,814	8
12: Cooper Landing	2	353	2
12: Ninilchik	4	778	7
12: Seldovia	6	429	1
12: Other Kenai Peninsula	14	15,468	11
13: Cordova	37	2,192	82
13: Valdez	60	3,599	65
13: Whittier	3	174	4
14: Kodiak	104	13,586	188
15: Barrow	56	4,052	19
15: Kotzebue	44	3,133	41
15: Nome	48	3,495	179
15: Teller	5	256	2
16: Bethel	106	5,650	218
16: Dillingham	45	2,404	77
17: Adak	2	136	3
17: Cold Bay	1	72	6
17: King Cove	10	756	1
17: Sand Point	13	992	8
17: Unalaska/Dutch Harbor	51	3,677	29
18: Aniak	11	506	13
18: Anvik	2	102	3
18: Chignik	2	81	9
18: Emmonak	17	777	12
18: Goodnews Bay	5	235	0
18: Iliamna	2	93	5
18: King Salmon	9	426	50
18: Saint Mary's	12	521	20
18: Unalakleet	17	724	5

Overview

The Retail Price Survey (RPS) included collection of retail price data for a market basket of approximately 200 goods and services throughout Alaska. McDowell Group priced an extensive list of consumer products for each of the communities listed in the table below. The first column indicates that data was collected personally by McDowell Group staff. The second column indicates that merchants assisted the study effort by providing price data by phone or fax. Additionally, price data was collected for numerous household services including energy and utility costs, health care, transportation, communications, and insurance for the 58 locations in the table, plus the additional 15 communities listed on the following page.

Table V-5: Communities Included in RPS Market Basket Pricing

Community	In Person	Phone/Fax
Anchor Point	X	
Anchorage	X	
Aniak		X
Barrow		X
Bethel		X
Cantwell		X
Central		X
Chitina		X
Cordova	X	
Craig	X	
Delta Junction	X	
Dillingham		X
Eagle		X
Emmonak		X
Fairbanks/North Pole	X	
Fort Yukon		X
Galena		X
Glennallen	X	
Gustavus	X	
Haines	X	
Healy	X	
Homer	X	
Hoonah	X	
Juneau	X	
Kenai	X	
Ketchikan	X	
King Cove		X
Klawock	X	
Kodiak	X	
Kotzebue		X
Manley Hot Springs		X
McGrath		X
Metlakatla	X	
Nenana	X	
Ninilchik	X	
Nome	X	
Palmer	X	
Pelican		X
Petersburg	X	
Saint Mary's		X
Sand Point		X
Seldovia		X
Seward	X	
Sitka	X	
Skagway	X	
Soldotna	X	
Talkeetna	X	
Teller		X
Tenakee Springs		X
Tok	X	
Unalakleet		X
Unalaska/Dutch Harbor		X
Valdez	X	
Wasilla	X	
Whittier		X
Willow	X	
Wrangell	X	
Yakutat		X

Table V-6: List of Additional Communities Included in Energy and Service Pricing

Community	
Adak	King Salmon
Anvik	Livengood
Chignik	Nelchina
Cold Bay	Northway
Denali	Paxson
Elfin Cove	Slana
Goodnews Bay	Tazlina
Iliamna	

It is important to differentiate the RPS methodology (which produced a representative assortment of product and service prices available within each community) from the HCS methodology (which produced statistically reliable data regarding the community's typical consumption patterns). The project team's usage of the two methods together yields statistically defensible results, particularly when the data is aggregated into clusters of communities that share common geographic and socio-economic characteristics.

Selection of Market Basket Items

In 1985, the RPS included more than 300 items. After a thorough review and pretesting process, McDowell Group reduced the RPS to approximately 200 goods and services. The team began with examination of the 1985 survey instrument and associated economic analysis to understand the relative importance of each category and product in the economic model. The team also reviewed survey instruments, weighting factors, and secondary data from Bureau of Labor Statistics, Consumer Price Index, ACCRA Cost of Living Index, and other sources. Product and merchant lists from the State of Alaska WIC program also were reviewed.

To ensure that the market basket reflected current consumption habits, as well as the unique purchasing patterns of rural residents, McDowell Group secured the cooperation of two major Alaska retailers. Fred Meyer (retail stores located in major communities in the Interior, Southcentral, and Southeast regions of the state) and Alaska Commercial Co. (retail stores located in numerous remote, rural locations in northern and western Alaska) provided confidential sales volume data for top-selling products in each of the major market basket categories carried by their respective stores. McDowell Group also consulted secondary sources of data regarding Alaska resident consumer purchasing such as Motor Trends, Business Week and Consumer Reports. The market basket was further refined to reflect top-selling products, brands and sizes.

Field management staff conducted multiple pretests with the market basket in Juneau and Anchorage, making refinements based on product availability and prices in independently owned retailers as well as larger chains. During the pretesting phase, the RPS training instructions and protocols were updated from the previous study.

Food products dominated the items included in the market basket, as they typically represent a large portion of a household's expenses. Food categories included:

- Meats, poultry and fish
- Cereals and breads
- Dairy products
- Fruits and vegetables
- Other food items
- Food consumed away from home.

Additional market basket categories included:

- Housing
- Transportation
- Clothing
- Medical
- All other household expenditures.

Surveyors priced a list of products for each of the RPS categories. The market basket included a brief product description and unit size if applicable. In any instance that a specific brand was requested, the surveyor was also instructed to record the price for the most popular alternative item in that category (as indicated by item placement and allocation of shelf space). Similarly, if the specific size or number of units was not available, the surveyor was instructed to record the price and size/quantity for the closest alternative. A comparable price was computed as data was entered in the McDowell Group office. These fielding protocols for selecting alternative products allowed the field team to utilize the RPS market basket consistently in retail stores throughout the state. The RPS collected regular (full-price) retail prices, recognizing that sale prices or other temporary changes could affect the outcome of the study.

The State of Alaska reviewed the market basket before fielding commenced. A copy is included in the Appendix.

Selection of Communities Included in the RPS

McDowell Group developed a plan for RPS data collection based on community population, number of state employees, and other demographic and geographic information. Energy and service price data was collected for every community included in the study. Nearly 60 communities were selected for inclusion in pricing of approximately 175 consumer products.

Two methods were utilized to obtain prices: personal data collection and phone/fax requests for merchant or service provider assistance. In general, communities located along the road system, in Southeast, or having a population larger than 2,000 were surveyed in person. Small, remote communities (typically with populations between 100 and 500) were targeted for direct contact with merchants to request pricing assistance. Due to time and project cost constraints, several larger communities in the northern and western regions were grouped into the phone/fax category, including Barrow, Kotzebue, and Unalaska/Dutch Harbor. Alaska

Commercial Co. provided price data for 15 locations included in the study. Given their prominence in the northern and western regions of the state, their support was integral to the success of the phone/fax method.

Selection of Retail Outlets

The RPS methodology did not seek the lowest price, or the price in every possible outlet, but the price commonly paid by most households. To identify the retail outlets to be included in the RPS, field staff developed an initial inventory of all relevant retail locations for each community. The most popular retailers were identified through personal knowledge about the community, interviews with community leaders, and review of community directories and other listings.

Retail prices were collected from multiple locations wherever possible. In recognition of the large number of state employees — and the role that Anchorage, Fairbanks and Juneau have as regional retail and service hubs — more price data was collected for these three locations. In the baseline community of Anchorage, eight prices were collected for each product or service in the market basket whenever possible. In Fairbanks and Juneau, six prices were collected for each market basket item. In all other communities, the field staff collected four prices where possible. The field staff maintained detailed records of the 634 retail outlets included in the consumer product portion of the RPS.

Before fielding commenced, McDowell Group verified that regular prices are typically identical when a retailer has multiple outlets in a single location. This information allowed the RPS field staff to include a greater variety of retailers in the data collection efforts. Grocery prices were later weighted by store and community, to reflect consuming purchasing data collected in the HCS.

Methods of Collecting Price Data

Multiple methods of collecting data were warranted due to the widely dispersed locations of Alaska communities, the inclusion of both products and services in the market basket, and the extensive amount of information collected.

McDowell Group utilized existing survey staff located in Anchorage, Fairbanks, Juneau, and Ketchikan. These four teams personally completed the RPS consumer product pricing in the 33 largest and most accessible locations. Following pretesting efforts in Juneau and Anchorage, McDowell Group's statewide field manager conducted training for field staff in all field locations, ensuring consistency in data collection.

The majority of data collection for RPS in-person communities was completed over a four-week period. Pre-testing and training occurred in late October. Retailers were contacted between mid-November and mid-December for the remaining 25 communities. The market basket was modified to collect prices from a single retail location, and an introduction and instruction letter was developed for this purpose. Additionally, the market basket was streamlined to reflect the product categories in each participating store. Field staff completed reminder calls, emails and faxes as needed to encourage completion and return of the market basket. Some retailers with multiple locations opted to provide data through their central business office, while others responded individually.

Pricing Goods Purchased Outside the Community

Whenever possible, the market basket was populated with products available in each community, as this most accurately reflected the differential in the cost of living between a particular community and the base community of Anchorage. After the initial data collection process was completed, gaps in the market basket for each community were addressed. Alternative prices were imputed when the market basket was incomplete, or when the HCS clearly indicated that a significant portion of residents were bypassing local grocery stores for the majority of their food purchases.

The project team developed a statewide impute plan, identifying the nearest hub for each community for each major product and service categories: groceries and liquor, clothing and small appliances, large appliances, transportation and other services. (Prices were not imputed for restaurant, bar and entertainment categories.) It was possible for a single location to have different hub communities for different product categories. For example, residents in a small community might be able to purchase groceries in another nearby small community, but would likely have to obtain large appliances or automobiles from a major urban center.

Shipping costs depended on the product and the most common method of transferring products between the hub and specific communities. The study team conducted numerous interviews with retailers and freight providers, and examined shipping policies from a wide array of retailers, to identify the most commonly used transportation methods and associated prices.

Data from the HCS regarding grocery purchases revealed noticeable differences between communities on the road system and those whose access to a hub community was only by air or water. Many residents on the road system stated they did a majority of their grocery shopping in Anchorage, Fairbanks, or the Palmer/Wasilla area, depending on their proximity to each hub. This purchasing pattern data also helped to guide where prices would be imputed from for other products and services. The study team decided any product and service prices imputed into road-accessible communities would be done without adding additional shipping costs, as associated increases in transportation costs were already captured in the HCS consumption data.

Residents in communities located off the road system tended to purchase the majority of their food from local retailers. In the few instances that prices for individual items were imputed, it was done without adding freight costs. This approach was reinforced by the observation that food shopping in hub communities is commonly clustered with other travel motives and purchases. As with residents in road-accessible communities, transportation costs are more appropriately reflected in another portion of household spending than by adding the cost of an air or ferry ticket to a food product price.

The project team then examined typical shipping methods and associated costs for clothing and small appliance retailers that offered the items in the consumer market basket. Shipping costs typically ranged from free shipping to an additional 32 percent of the product cost, depending on the product type, weight, total value of goods purchased, delivery speed and shipping distance. The study team also recognized that many clothing and small household items are purchased when residents are traveling in urban centers, rather than being purchased and shipped individually. After consideration of the numerous factors that affect shipping

costs for clothing items, the project team elected to add 10 percent to clothing prices imputed from a hub community to those located off the road system.

To account for shipping costs for smaller household furnishings and appliances, the project team averaged shipping costs from several retailers that offered the specific market basket items. Prices were computed separately for each market basket item, as product prices and weights varied considerably. No shipping costs were added to computers, as many in-state and national retailers offer free shipping. A flat fee was added to the rifle cost when prices were imputed to account for the shipping and handling fees typically charged by merchants (possession of a Federal Firearms License is required).

Shipping options for large appliances and household items (such as mattresses and washing machines) were somewhat more limited due to their size and weight. Fortunately, it was only necessary to impute prices for a few Southeast communities and one community on the Yukon River. Typical shipping prices were determined from calls to transportation providers and retailers in the specific regions, and then added to the hub community prices.

The transportation items were addressed according to community geography and transportation linkages. Ferry prices, determined on the basis of vehicle length, were easily obtained for all communities accessible by either the Alaska Marine Highway or Inter-Island Ferry Authority. The ferry transportation cost was simply added to the vehicle price. Commercial barge and landing craft operators were interviewed to obtain representative prices from marine-accessible communities without ferry service. Air freight prices were obtained for several of the northern and interior locations.

Data Cleaning and Management

All RPS price data was compiled and managed in Excel. When applicable, prices were increased to account for local sales taxes, alcohol taxes, and tobacco taxes. The data also underwent an extensive cleaning process in which outlier values were removed prior to calculating average prices among specific items. Average prices for a particular item in each community were compared to the average price for the same item in Anchorage to produce a price differential. These individual item price differentials were then averaged with price differentials for other items in the same subcategory of items. For example, the price differential for hot dogs was averaged with the price differential for other meat products to determine a subcategory "Meat, poultry and fish" average-price differential. When communities were grouped together to produce sample block or district differentials, all pricing data was weighted according to community population. (This process is discussed in more detail in subsequent chapters.)

Section VI: Statistical Analysis

SPSS and Statistical Analysis

SPSS Analysis

The data gathered through the household survey was compiled into an Excel database. The data was then imported into SPSS (Statistical Package for the Social Sciences) to conduct data examination and cleansing processes and to maintain a high level of data integrity throughout the analysis. Each variable was analyzed for consistency and reasonableness and, where necessary, values were imputed for records that were either missing or well beyond the range of normal variation. The analysis processes followed for each variable are outlined below. By conducting the household analysis in SPSS, the study team was also able to merge community information and several identifiers that allowed aggregation of the household responses into various groupings for reporting. These groupings include:

- The 19 community groupings from the 1985 differential study conducted by McDowell Group.
- The 19 community groupings defined in the 1994 update.
- The 40 Alaska House districts.
- The 20 Alaska Senate districts.
- An 18-block grouping developed by the McDowell Group based on geographic and commuting factors in Alaska.

Data Examination and Cleansing

Two data examination processes were conducted in SPSS to ensure that the data input into the Excel database from the household survey forms were properly recorded. A simple random sample equaling approximately 1.0 percent of all surveys was drawn and the values recorded for each variable for each survey record were compared against the paper survey forms received from the contractor overseeing the household survey.[1] No errors were found in any of the randomly drawn survey records.

As a second check on the accuracy of the data, descriptive statistics for each numeric variable were calculated and all records with extreme values were compared to the survey forms. In total, approximately 40 survey records were checked against the physical survey forms and values were corrected for three records.

[1] It was assumed that the occurrence of an error in the recording of the survey data would be a rare event. Developing a statistically valid sample to test for the occurrence of a rare event is generally very expensive due to the large sample size required to develop high relative precision. In essence, nearly every record would require re-examination. The selection of approximately 1.0 percent of records for thorough comparison against the physical survey forms was intended to confirm that no *systematic* errors were made in compiling the data into Excel.

Examination of Individual Variables and Data Imputation

Income

Respondents to the household survey were asked for the household's total pre-tax income from all sources in 2007. Most households provided this information. Those who refused to answer the direct income question were asked the category that best describes their household's income. The midpoint of each of the associated category was used to impute income for the household. Household income was set to *missing* for those households that refused to provide income information.

Demographic Information

Four variables were created based on the demographic information provided by the respondents:

- Average age of adults living in the household
- Average age of children living in the household
- The count of adults living in the household
- The count of children living in the household.

Housing

On average, housing and related costs are the largest component of household expenses. Because of its relative importance in the household budget, particular attention was paid to housing in both the survey instrument and in the examination of responses to housing questions. This is summarized in the following steps:

1. Survey responses were segmented based on whether or not the household reported owning or renting their home.
2. For those households that reported owning their home, monthly mortgage payments reported to be more than four standard deviations greater than the median monthly mortgage amount were truncated at this amount.[2]
3. For those households that reported owning their home, annual property tax payments reported to be more than four standard deviations greater than the median annual property tax payments were truncated at this amount.[3]
4. For those households that reported owning their home, but did not report property tax or property insurance payment amounts, values were imputed based on the statistical relationship between monthly house payments and annual property tax and insurance payments.[4]

[2] The median, rather than the mean of the distribution of mortgage payment amounts was chosen because it is a better representation of the central tendency of the distribution. Under the assumption of a symmetric distribution, which mortgage payments are not, four standard deviations from the median would encompass more than 99 percent of all mortgage payments. By truncating extreme values at this level, we reduce the degree of influence that the very small portion of the population has on the mean and other parametric statistical estimates.

[3] Ibid.

[4] Statistical relationship based on those households that reported both mortgage payments and property tax or property insurance amounts.

5. For those households that described their home as a condo, but did not report monthly condo fee, values were imputed based on the statistical relationship between monthly mortgage payments and monthly condo fees.[5]

6. For those households that described their home as a mobile home, but did not report monthly space rental cost, values were imputed based on the statistical relationship between monthly mortgage payments and monthly rental cost.[6]

7. Housing shelter cost was computed for each record.

    a. **Homeowner Shelter Cost** = (monthly mortgage payment) + (annual property tax/12) + (annual property insurance/12) + (monthly condo fees) + (monthly mobile home space rent)

    b. **Renter Shelter Cost** = monthly rental cost

8. For all households, home sizes reported to be more than four standard deviations greater than the median home size were truncated at this point.[7] Calculations were done separately for owners and renters.

9. For all households missing home size, values were imputed as the average empirical home size for each of the geographic regions identified in 1985 and 2008. Separate calculations were made for owners and renters.

10. For all households, missing values for home energy consumption costs were imputed based on statistical models of energy costs regressed on home size and indicators for alternative fuel types (e.g. natural gas, electric, wood, etc.). Separate models were estimated for each fuel type.

11. Home energy consumption costs were examined for extreme outliers.

12. Total home energy consumption was calculated as the sum of energy costs across all fuel types consumed by the household.

13. Total home utilities costs were calculated for each household. Any household with total utility costs greater than four standard deviations from the mean were truncated at that value.

14. Total housing costs were computed for each household.

    a. **Homeowner Total Housing Cost** = Homeowner shelter cost + total heating cost + total utility cost

    b. **Renter Total Housing Cost** = Renter shelter cost + total heating cost + total utility cost

15. Per foot shelter costs and total housing costs were calculated for each household.

    a. **Per Foot Homeowner Shelter Cost** = Homeowner shelter cost / home size

    b. **Per Foot Renter Shelter Cost** = Renter shelter cost / home size

[5] Ibid.
[6] Ibid.
[7] Ibid.

c. **Per Foot Homeowner Total Housing Cost** = Homeowner total housing cost / home size

d. **Per Foot Renter Total Housing Cost** = Renter total housing cost / home size

Vehicles

1. For those households that reported owning a car, monthly car payments reported to be more than four standard deviations greater than the median monthly car payment amount were truncated at this amount.

2. Monthly payment amount for other vehicle types (e.g. snow machine, boat, etc.) were examined for extreme outliers; no values were truncated for these variables.

3. Any record monthly vehicle fuel cost (for all vehicles) reported to be more than four standard deviations greater than the median monthly fuel cost amount was truncated at this amount.

4. Any record with monthly vehicle maintenance cost (for all vehicles) reported to be more than four standard deviations greater than the median monthly vehicle maintenance cost amount was truncated at this amount.

5. Any record with monthly vehicle insurance cost (for all vehicles) reported to be more than four standard deviations greater than the median monthly vehicle insurance cost amount was truncated at this amount.

In-State and Out-of-State Plane Travel

1. Any record with in-state air travel cost reported to be more than four standard deviations greater than the median in-state air travel cost amount was truncated at this amount.

2. Any record with out-of-state air travel cost reported to be more than four standard deviations greater than the median out-of-state air travel cost amount was truncated at this amount.

Food

1. Any record with weekly spending on groceries reported to be more than four standard deviations greater than the median reported spending on groceries was truncated at this amount.

2. Any record with weekly [food item][8] spending amount reported to be more than four standard deviations greater than the median [food item] spending amount was truncated at this amount.

3. Food away from home was analyzed for extreme values. None were found.

Clothing

1. Average monthly spending on clothing was analyzed for extreme values. None were found.

[8] Food Item categories include: Meats, poultry, and fish; Cereals and bread; Dairy products; Fruits and vegetables; Soups, frozen meals, and snacks; Nonalcoholic beverages other than milk.

2. Local monthly spending on clothing was computed as average monthly spending on clothes multiplied by the reported percent purchased in local area.

3. Non-local monthly spending on clothing was computed as average monthly spending on clothes multiplied by the reported percent purchased non-locally.

Medical

1. Any record with monthly spending on medical insurance reported to be more than four standard deviations greater than the median monthly spending amount was truncated at this amount.

2. Any record with monthly spending on medical expenses reported to be more than four standard deviations greater than the median monthly spending amount was truncated at this amount.

Household Budget

Survey respondents were asked to estimate the percent of their total household income that was spent on the following four categories:

- Housing and utilities
- Groceries and dining out
- Transportation and travel
- All other expenses, including clothing, recreation, entertainment, medical, education, taxes, and savings.

When necessary, the survey administrator assisted the respondent to assure that the sum of the four percentages equaled 100 percent.

Federal Taxes

To derive disposable income (total income – taxes) for each household, it was necessary to approximate the household's federal tax obligation. This was done through the following five steps, based on the 1040 tax form.

Step 1: Filing status: *married* or *head of household.*

- If the household consisted of only one adult, then it was assumed that the appropriate tax status is *head of household.*
- If the household consisted of two or more adults, then it was assumed that the appropriate tax status is *married filing jointly.*

Step 2: Compute exemptions and deductions.

- Head of household: $11,500 + total child count * $3,500.
- Married filing jointly: $17,900 + (total child count + total adult count – 2) * $3,500.

Step 3: Compute adjusted gross income: Total Income – exemptions and deductions.

Step 4: Compute federal taxes.

a. Head of Household:

- If (0 < adj. gross inc. <= $11,450) fed tax = 0 + 0.10 * (adj. gross inc. – 0).

- If ($11,450 < adj. gross inc. <= $43,650) fed tax = 0 + 0.15 * (adj. gross inc. – $11,450).
- If ($43,650 < adj. gross inc. <= $112,650) fed tax = 0 + 0.25 * (adj. gross inc. – $43,650).
- If ($112,650 < adj. gross inc. <= $182,400) fed tax = 0 + 0.28 * (adj. gross inc. – $112,650).
- If ($182,400 < adj. gross inc. <= $357,700) fed tax = 0 + 0.33 * (adj. gross inc. – $182,400).
- If ($357,700 < adj. gross inc.) fed tax = 0 + 0.35 * (adj. gross inc. – $357,700).

b. Married filing jointly:

- If (0 < adj. gross inc. <= $16,050) fed tax = 0 + 0.10 * (adj. gross inc. – 0).
- If ($16,050 < adj. gross inc. <= $65,100) fed tax = 0 + 0.15 * (adj. gross inc. – $16,050).
- If ($65,100 < adj. gross inc. <= $131,450) fed tax = 0 + 0.25 * (adj. gross inc. – $65,100).
- If ($131,450 < adj. gross inc. <= $200,300) fed tax = 0 + 0.28 * (adj. gross inc. – $131,450).
- If ($200,300 < adj. gross inc. <= $357,700) fed tax = 0 + 0.33 * (adj. gross inc. – $200,300).
- If ($357,700 < adj. gross inc.) fed tax = 0 + 0.35 * (adj. gross inc. – $357,700).

Step 5: Compute after tax income = household income – federal tax.

Calculation of Spending as a Percent of Income

For each component of household spending, the study team calculated spending as a percent of after tax household income.[9]

Alternative Aggregations

Alternative aggregations of the household data were developed based on (1) community, (2) the 1985 GDP study, (3) the 1994 GDP study, (4) the 2009 Alaska House of Representative districts, (5) the 2009 Alaska Senate districts, and (6) an aggregation developed by the study team.

Development of Approximate Standard Errors

Typically, the estimation of cost of living and other indices based on survey data does not include the development of standard errors. The reason for this is that survey data are generally "complex" in that the surveyed households often do not perfectly represent the population of interest and, therefore, parameter estimates must be developed inclusive of some sort of weighting scheme. Methods that allow for the calculation of (near) exact standard errors do exist, but they are beyond the ability of typical statistical software packages (e.g. SPPS, SAS, Stata) and developing individual standard errors for each parameter of interest requires extensive analyst and computer time. This would certainly be the case for the Alaska GDS, which includes the surveying of more than 2,500 Alaska households across 74 communities regarding their income and spending patterns. It would be prohibitively expensive in terms of time and budget to attempt to calculate exact standard error of each of the many cost of living parameter estimates derived from the household and retail surveys.

[9] Note 1: Any household with spending less than 30 percent or greater than 120 percent of after tax income was set to *missing* for the purpose calculating spending as a percent of household income.
Note 2: If spending at the major household sector (e.g. housing, transportation, etc.) was missing for any record, the value was imputed based on the respondents stated spending on the particular sector as a percent of household income (if available).

Generalized Variance Function Method

Fortunately, there is an alternative to the development of exact standard errors. The generalized variance function (GVF) method is a procedure for estimating *approximate* standard errors for estimated means, proportions, ratios, indexes, and the difference between sample estimates. GVF estimates can be developed relatively quickly using standard statistical software (e.g. SPSS, SAS, Stata). Although the specification of the GVF function varies based the parameter of interest, available data, and the needs of the analyst, the following characteristics are typical parts of GVF procedure:

1. Reliance on the *central limit theorem*, which states that the means from sufficiently large samples repeatedly drawn from any distribution will be normally distributed.

2. Monte Carlo-styled resampling of the survey data to develop an empirical distribution for the particular parameter.

3. The estimation of a statistical function that relates the parameter of interest to its variance (or standard deviation).

4. The construction of a formula based on the parameter estimates in Step 3 that allows for the calculation of the approximate standard error (and by extension, confidence intervals).

Development of Generalized Variance Function and the "*A*" and "*B*" Parameters

An SPSS routine was written to perform the resampling routines, obtain the parameter estimates of interest, and estimate the statistical models. The generalized steps of the routine are as follows:

Step 1: Draw 300 samples of approximately 100 cases per sample. Each sample is drawn using a Bernouli random variable, with each of the approximately 2,500 records having an equal probability (1 chance in 25) of being selected in each of the 100 samples.

Step 2: Compute the mean and variance of each continuous variable for each of the 100 samples.

Step 3: (Natural) log-transform each of the mean and variance estimates.

Step 4: Estimate the following statistical regression model:

$$\ln\left(\hat{\sigma}_x^2\right) = \beta_o + \beta_1 \ln(\bar{x})$$

Where:

$\ln\left(\hat{\sigma}_x^2\right)$ is the vector of standard deviation estimates for the variable of interest "x" transformed by the natural log function.

$\ln(\bar{x})$ is the vector of mean estimates for the variable of interest "x" transformed by the natural log function.

Step 5: Save the Y-intercept and slope coefficient from each statistical model. These parameter estimates will be used as the "*A*" and "*B*" parameters for calculating the approximate standard error for each of the variables of interest.

Calculating an Approximate Standard Error using the *A* and *B* Coefficients

The *A* and *B* coefficients estimated in the SPSS routine are simply the y-intercept and slope coefficients from the simple statistical models relating the mean value of each parameter estimate to its standard deviation. Estimating the standard error and the lower and upper confidence bounds of any of the parameter estimates of interest is a straightforward 3-step process.

Step 1: Estimate the approximate variance of the parameter of interest:

$$\tilde{\sigma}_x^2 = e^{A*\ln(\bar{x})+B}$$

Where:

$\tilde{\sigma}_x^2$ is the approximate variance of the parameter of interest.

$e^{A*\ln(\bar{x})+B}$ is the A and B function raised to the exponential function e.[10]

Step 2: Compute the approximate standard error from the variance:

$$se_x = \sqrt{\tilde{\sigma}_x^2} \Big/ \sqrt{n}$$

Step 3: Compute the lower and upper 95 percent confidence bounds.[11]

$$\text{Lower Bound} = \bar{x} - 2 * se_x$$

$$\text{Upper Bound} = \bar{x} + 2 * se_x$$

The *A* & *B* Table, Sample Sizes, and an Example Calculation

The *A* and *B* coefficients necessary to calculate approximate standard errors and confidence intervals are shown in Table VI-1. The sample sizes for each of the regional aggregations and individual communities, which are also necessary for calculating an approximate standard error, are shown in Tables VI-2, VI-3, VI-4, and VI-5.

Presented below are two examples of how to use the *A* and *B* coefficients to calculate the approximate standard error and confidence intervals for a parameter of interest. Only one example is actually necessary to demonstrate the process; however, by presenting two examples, the impact of sample size on the size of the approximate standard errors is shown and, by extension, the precision of the confidence interval.

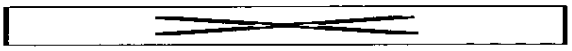
Juneau Cost of Living Differential

Based on the previously described analysis, the cost of living differential for Juneau is 1.11. To calculate the standard error on this estimate, the study team utilized the *A* coefficient of 2.236 and the *B* coefficient of -3.042 from row 30 of Table VI-1 and the sample size of 300 from row 7 of Table VI-2.

[10] Note the parameter of interest is log-transformed within the exponential function.

[11] Based on the assumption that two standard deviations on either side of the sample parameter estimate constitutes a 95 percent confidence interval. In fact, for very small sample sizes, the number of standard deviations increases.

Step 1: Estimate the approximate variance of the parameter of interest:

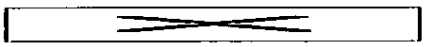


Step 2: Compute the approximate standard error from the variance:

$$se_x = \sqrt{\bar{\sigma}_x^2} \Big/ \sqrt{n} = se_{Juneau} = \sqrt{0.0603} \Big/ \sqrt{300} \approx 0.014$$

Step 3: Compute the lower and upper confidence bounds[12]

Lower Bound =

Upper Bound = 

Aleutians Cost of Living Differential

Based on our analysis, the cost of living differential for the Aleutians is 1.50. To calculate the standard error on this estimate, the study team utilized the *A* coefficient of 2.236 and the *B* coefficient of -3.042 from row 30 of Table VI-1, but the sample size for the Aleutians is only 77 (from row 17 of Table VI-2).

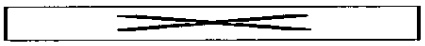
Step 1: Estimate the approximate variance of the parameter of interest:

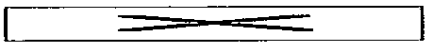
$$\bar{\sigma}_x^2 = e^{A*\ln(\bar{x})+B} = \bar{\sigma}_{Aleutians}^2 = e^{2.236*\ln(1.50)-3.042} \approx 0.1182$$

Step 2: Compute the approximate standard error from the variance:

$$se_x = \sqrt{\bar{\sigma}_x^2} \Big/ \sqrt{n} = se_{Aleutians} = \sqrt{0.1182} \Big/ \sqrt{77} \approx 0.0392$$

Step 3: Compute the lower and upper 95% confidence bounds[13]

Lower Bound = 

Upper Bound = 

As the two examples demonstrate, not only can the cost of living differentials (or any other parameter) differ greatly across the state, so can the relative variance of the estimated distributions (i.e., all else being equal, there is greater variation associated with larger parameter values) and as sample size goes up, the standard error of the estimated parameter goes down. Because of this, for Juneau, with its low cost of living differential and large sample size (relative to the Aleutians), the approximate standard error is relatively small and the precision of the estimate is relatively high. The approximate 95 percent confidence interval for Juneau extends from 1.08 up to 1.14. Comparatively, the approximate 95 percent confidence interval for the Aleutians is relatively wide, extending from 1.42 up to 1.58. This is due to the larger cost of living differential and smaller sample size.

[12] Based on the assumption that two standard deviations on either side of the sample parameter estimate constitutes a 95 percent confidence interval.

[13] Based on the assumption that two standard deviations on either side of the sample parameter estimate constitutes a 95 percent confidence interval.

Table VI-1: *A* and *B* Coefficients for Computing Approximate Standard Errors and Confidence Intervals for Results from the 2008 Alaska Differential Study

Row	Parameter of Interest	*A*	*B*
1	Shelter Cost as a Percent of Income—Owner	0.897	-2.462
2	Shelter Cost as a Percent of Income—Renter	1.069	-2.986
3	All Housing Costs as a Percent of Income—Owner	2.169	-1.074
4	All Housing Costs as a Percent of Income—Renter	1.069	-2.718
5	Vehicle Fuel Cost as a Percent of Income	2.600	1.517
6	Vehicle Maintenance Cost as a Percent of Income	2.190	1.338
7	Vehicle Insurance Cost as a Percent of Income	2.303	0.736
8	Automobile Payment as a Percent of Income	1.220	1.504
9	All Other Vehicle Payments as a Percent of Income	1.593	1.713
10	Spending on Food as a Percent of Income	2.398	-0.309
11	Spending on Groceries as a Percent of Income	2.536	0.131
12	Spending on Food Away from Home as a Percent of Income	2.438	1.739
13	Spending on Meat as a Percent of Income	2.547	1.607
14	Spending on Cereals and Bread as a Percent of Income	3.435	5.488
15	Spending on Dairy as a Percent of Income	3.987	7.515
16	Spending on Fruit as a Percent of Income	3.112	3.631
17	Spending on Soup as a Percent of Income	2.210	0.938
18	Spending on Beverage as a Percent of Income	2.512	2.634
19	Spending on Clothing as a Percent of Income	2.275	1.230
20	Local Spending on Clothes as a Percent of Income	2.117	1.574
21	Non-local Spending on Clothing as a Percent of Income	2.041	0.909
22	All Medical Spending as a Percent of Income	2.061	0.636
23	Spending on Medical Insurance as a Percent of Income	1.851	0.361
24	Spending on Medical Expenses as a Percent of Income	2.168	1.692
25	Spending on Travel as a Percent of Income	1.570	-1.186
26	Spending on In-State Travel as a Percent of Income	1.523	-0.924
27	Spending on Out-of-State Travel as a Percent of Income	1.556	-1.106
28	Household income	2.565	-6.886
29	After Tax Income	1.989	-0.657
30	**Cost of Living Differential Relative to Anchorage**	**2.236**	**-3.042**

Table VI-2: Sample Sizes for Regional Blocks

Sample Block #	Regional Blocks	Sample Size
1	Anchorage	300
2	Fairbanks	300
3	Parks/Elliott/Steese Highways	65
4	Glennallen Region	50
5	Delta Junction/Tok Region	76
6	Roadless Interior	51
7	Juneau	300
8	Ketchikan/Sitka	200
9	Southeast Mid-Size Communities	105
10	Southeast Small Communities	51
11	Mat-Su	187
12	Kenai Peninsula	200
13	Prince William Sound	100
14	Kodiak	104
15	Arctic Region	153
16	Bethel/Dillingham	151
17	Aleutian Region	77
18	Southwest Small Communities	77

Table VI-3: Sample Sizes for 1985 GDS Groupings

District #	1985 GDS Groupings	Sample Size
1	Ketchikan/Prince of Wales	153
2	Petersburg/Wrangell	49
3	Sitka	80
4	Juneau	300
5	Icy Strait/Lynn Canal	74
6	Cordova/Valdez	150
7	Palmer/Wasilla	216
8	Anchorage	300
9	Seward	24
10	Kenai/Cook Inlet	176
11	Kodiak	104
12	Aleutian Islands	79
13	Bristol Bay	56
14	Bethel	111
15	Yukon/Kuskokwim	78
16	Fairbanks/Fort Yukon	398
17	Barrow/Kotzebue	100
18	Nome	70
19	Wade Hampton	29

Table VI-4: Sample Sizes for 1994 GDS Groupings

District #	1994 GDS Groupings	Sample Size
1	Ketchikan/Prince of Wales	153
2	Wrangell/Petersburg	49
3	Sitka	80
4	Juneau	300
5	Icy Strait/Lynn Canal	74
6A	Cordova/Valdez (excluding Valdez Duty Station)	90
6B	Cordova/Valdez (Valdez Duty Station)	60
7	Palmer/Wasilla	216
8	Anchorage	300
9	Seward	24
10	Kenai/Cook Inlet	176
11	Kodiak	104
12	Aleutian Islands	79
13	Bristol Bay	56
14	Bethel	111
15A	Yukon/Kuskokwim (excluding Nenana Duty Station)	71
15B	Yukon/Kuskokwim (Nenana Duty Station)	7
16A	Fairbanks/Fort Yukon (South of Arctic Circle)	378
16B	Fairbanks/Fort Yukon (North of Arctic Circle)	20
17	Barrow/Kotzebue	100
18	Nome	70
19	Wade Hampton	29

Table VI-5: Sample Sizes for Individual Communities

Sample Block and Community	Sample Size
1: Anchorage	300
2: Fairbanks North Star Borough	300
3: Healy	22
3: Cantwell	4
3: Central	2
3: Nenana	7
3: Manley Hot Springs	1
3: Talkeetna	29
4: Glennallen	41
4: Chitina	3
4: Paxson	1
4: Slana	3
4: Tazlina	2
5: Delta Junction	53
5: Tok	21
5: Eagle	1
5: Northway	1
6: Galena	21
6: Fort Yukon	20
6: McGrath	10
7: Juneau	300
8: Ketchikan	120
8: Sitka	80
9: Craig	13
9: Haines	23
9: Klawock	7
9: Metlakatla	12
9: Petersburg	30
9: Wrangell	19
10: Hoonah	14
10: Skagway	14
10: Yakutat	10
10: Elfin Cove	1
10: Gustavus	8
10: Pelican	3
10: Tenakee Springs	2
11: Palmer	37
11: Wasilla	82
11: Willow	24
11: Other Mat-Su Borough	44

Table VI-5 cont'd: Sample Sizes for Individual Communities

Sample Block and Community	Sample Size
12: Seward	22
12: Kasilof	4
12: Kenai	77
12: Nikiski	6
12: Soldotna	23
12: Sterling	10
12: Homer	26
12: Anchor Point	6
12: Cooper Landing	2
12: Ninilchik	4
12: Seldovia	6
12: Other Kenai Peninsula	14
13: Cordova	37
13: Valdez	60
13: Whittier	3
14: Kodiak	104
15: Barrow	56
15: Kotzebue	44
15: Nome	48
15: Teller	5
16: Bethel	106
16: Dillingham	45
17: Adak	2
17: Cold Bay	1
17: King Cove	10
17: Sand Point	13
17: Unalaska/Dutch Harbor	51
18: Aniak	11
18: Anvik	2
18: Chignik	2
18: Emmonak	17
18: Goodnews Bay	5
18: Iliamna	2
18: King Salmon	9
18: Saint Mary's	12
18: Unalakleet	17

The state could use the results of this study to set a unique differential for each individual community or regional block. However, such an approach may prove to be administratively inefficient, and could lead to a de facto assumption regarding the precision of the estimated differentials that does not exist – especially for small communities. Alternatively, a differential could be set that would apply to subsets of communities. There are numerous options for grouping communities based on such factors as geographic region, political boundaries, community size, or the size of the estimated differential. There are likely positive and negative aspects to each of these grouping methods.

Among the many alternatives for grouping communities is one based purely on the statistical similarity between pairs of estimated differentials. As noted earlier, each differential represents the mean value of the difference in the cost of living between the particular community and Anchorage. For each differential, an *approximate* standard error was estimated based on Monte Carlo simulation and the development of generalized variance functions. Using this information, along with the sample size for each regional block or individual community, the Fisher Least Significant Difference (FLSD) method was used to group communities and regional blocks based on individual pair-wise comparisons between the respective differentials.

The FLSD is a procedure for comparing the means of multiple (more than two) populations based on individual pair-wise comparisons. The two-step procedure begins with a standard one-way analysis of variance (ANOVA) test to determine if the differentials of all of the regional blocks and individual communities are jointly equal (null hypothesis), versus the alternative hypothesis that at least one differential is different from the others. If the null hypothesis is rejected, as it was in this analysis, then the second step of the FLSD procedure is taken. The second step consists of applications of two-sample *t*-tests between every pair of means.[14] Two differentials are placed in the same group if results of the *t*-test indicate there is not a statistically significant difference between the two differentials.[15]

Results of the FLSD Analysis

The results of the FLSD analysis indicate that the 18 regional blocks and 11 communities examined can be pooled into four groups (see VI-6). One community, Valdez, could be placed in either of two groupings.[16]

[14] The total number of two-sample combinations is equal to "24 choose 2" or $\left(\frac{24!}{2!(24-2)!}\right)$, which results in 276 combinations.

[15] For more information on the Fisher Least Significant Difference Method, please see: Koopmans, L.H., Introduction to Contemporary Statistical Methods, Second Edition, PWS Publishers, 1987.

[16] The estimated differential for Valdez, 1.08, is closer to the differentials of regional blocks and communities in Group 2. However, its relatively small sample size (60 observations) results in it also being part of Group 1, the "Anchorage" block.

Table VI-6: Community Groupings Based on FLSD Method

Sample Block/Community		Differential	Group #
Sample Blocks			
1	Anchorage	1.00	1
2	Fairbanks	1.03	1
3	Parks/Elliott/Steese Highways	1.00	1
4	Glennallen Region	0.97	1
5	Delta Junction/Tok Region	1.04	1
6	Roadless Interior	1.31	3
7	Juneau	1.11	2
8	Ketchikan/Sitka	1.09	2
9	Southeast Mid-Size Communities	1.05	1
10	Southeast Small Communities	1.02	1
11	Mat-Su	0.95	1
12	Kenai Peninsula	1.01	1
13	Prince William Sound	1.08	2
14	Kodiak	1.12	2
15	Arctic Region	1.48	4
16	Bethel/Dillingham	1.49	4
17	Aleutian Region	1.50	4
18	Southwest Small Communities	1.44	4
Communities			
	Barrow	1.50	4
	Bethel	1.53	4
	Cordova	1.13	2
	Dillingham	1.37	3
	Homer	1.03	1
	Ketchikan	1.04	1
	Kotzebue	1.61	5
	Nome	1.39	3
	Sitka	1.17	2
	Unalaska/Dutch Harbor	1.58	5
	Valdez	1.08	2

Table VI-7 shows the minimum and maximum differentials for each community group and the number of communities within that group.

Table VI-7: Community Grouping Statistics

2008 GDP #	Sample Blocks and/or Communities	Minimum Differential	Maximum Differential
1	Anchorage, Delta Junction/Tok Region, Fairbanks, Glennallen Region, Kenai Peninsula, Ketchikan, Mat-Su, Parks/Elliott/Steese Highways, Southeast Mid-size Communities, Southeast Small Communities	.95	1.05
2	Cordova, Juneau, Kodiak, Sitka, Valdez	1.08	1.17
3	Dillingham, Nome, Roadless Interior	1.31	1.39
4	Barrow, Bethel, Aleutians (other than Unalaska/ Dutch Harbor), Southwest Small Communities	1.44	1.53
5	Kotzebue, Unalaska/Dutch Harbor	1.58	1.61

Section VII: Appendix

Appendix Contents

Bibliography

Household Consumption Survey Instrument

Retail Price Survey Instructions

Market Basket Forms

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Alaska Geographic Differential Study

Household Consumption Survey

Phone Number: _____ **Refusals:** _____

Interviewer Name: _____ **Date:** _____

Hi, this is _____ with the McDowell Group, an Alaska research firm. We are conducting a study for the State of Alaska regarding the cost of living in different communities around the state. Your household has been randomly selected to participate in this important project.

May I speak with the person who is most familiar with your household spending? *(If phone is passed, repeat intro paragraph.)*

[When you get the right person] May I ask you a few questions about your household's spending on categories such as housing, utilities, transportation and groceries?

1. **How many people currently live in your household?** _____ ❒ DK/Ref.

2. **Can you please tell me their ages?** ❒ DK/Ref.
(Record up to 8 household members)

Respondent _____ e. _____
b. _____ f. _____
c. _____ g. _____
d. _____ h. _____
(use <1 for less than 1 year old)

3. **Do you own or rent your home?**
   - ❒ Own
   - ❒ Rent → **3a. How much is your households' monthly rent?** $_____ (skip to Q9)
     ❒ DK/Ref. (skip to Q9)
   - ❒ Neither (skip to Q11)
   - ❒ DK/Ref. (skip to Q11)

4. **How much is your monthly mortgage payment?** $_____ (go to Q 5)
   ❒ Zero/paid off (skip to Q6)
   ❒ DK/Ref. (skip to Q9)

5. **Do your monthly mortgage payments include:**
   - ❒ Property Tax ❒ Yes
     ❒ No→**Q6** How much is your **annual** property tax? $_____? ❒DK/Ref
   - ❒ Property Insurance ❒ Yes (skip to Q8)
     ❒ No→**Q7** How much is your **annual** property insurance? $_____? ❒DK/Ref
   - ❒ DK/Ref. (skip to Q8)

8. **Which of the following best describes your home?** (Read 1-3)

- ❒ House
- ❒ Condominium → **8a. How much is your monthly condo fee? $_____** ❒ DK/Ref.
- ❒ Mobile home → **8b. What is your monthly space rent? $_____** ❒ DK/Ref.
- ❒ Other _____ **8c. How much does your _____ cost per month? $_____** ❒ DK/Ref.
- ❒ DK/Ref.

9. **How many square feet of living space does your home have? Your best estimate is fine.**

_____ **sq. feet** ❒ DK/Ref.

10. **How many bedrooms does your home have?** _____ **bedrooms**
❒ DK/Ref.

11. Which of the following do you use in your home? (Read a-g)	**12. About how much did your household spend on _____ in the last 12 months?** (If zero, ask if included in rent)	13. (If DK for any source) **About how much did your household spend on _____ last month?** (amount/time period)
c. ❒ Electricity	❒ DK/Ref. $_____ ❒ Included in rent	$_____/_____ ❒ DK/Ref.
a. ❒ Oil	❒ DK/Ref. $_____ ❒ Included in rent	$_____/_____ ❒ DK/Ref.
b. ❒ Natural gas	❒ DK/Ref. $_____ ❒ Included in rent	$_____/_____ ❒ DK/Ref.
d. ❒ Propane	❒ DK/Ref. $_____ ❒ Included in rent	$_____/_____ ❒ DK/Ref.
e. ❒ Firewood or pellets	❒ DK/Ref. $_____ ❒ Included in rent	$_____/_____ ❒ DK/Ref.
f. ❒ Coal	❒ DK/Ref. $_____ ❒ Included in rent	$_____/_____ ❒ DK/Ref.
g. ❒ Kerosene	❒ DK/Ref. $_____ ❒ Included in rent	$_____/_____ ❒ DK/Ref.

14. Does your household purchase any of the following services? (Read a-c)	15. About how much does your household spend on _____ each month? (If package, fill in d)
a. ❒ Water	❒ DK/Ref. $_____ ❒ Included in rent
b. ❒ Sewer	❒ DK/Ref. $_____ ❒ Included in rent
c. ❒ Garbage	❒ DK/Ref. $_____ ❒ Included in rent
d. ❒ Combo _____ (record W/S/G)	❒ DK/Ref. $_____ ❒ Included in rent
e. ❒ None (skip to Q 16)	

16. Does your household currently make any of the following types of vehicle payments? (Read a-e)	17. About how much does your household spend on _____ payments each month?
a. ❒ Car, truck , or motorcycle	$_____ ❒ DK/Ref.
b. ❒ Snow machine	$_____ ❒ DK/Ref.
c. ❒ Four wheeler	$_____ ❒ DK/Ref.
d. ❒ Boat	$_____ ❒ DK/Ref.
e. ❒ Airplane	$_____ ❒ DK/Ref.
f. ❒ Motor home	$_____ ❒ DK/Ref.
g.❒ None of the above (skip to Q 18)	

18. On average, about how much does your household spend <u>each month</u> on fuel for all vehicles?

$_____ ❒ DK/Ref.

19. About how much did your household spend in the last 12 months on maintenance for all vehicles?

$_____ ❒ DK/Ref.

20. About how much did your household spend in the last 12 months on insurance for all vehicles?

$_____ ❒ DK/Ref.

READ: Now I'd like to ask you about your household's spending on personal travel, food and clothing.

21. Can you estimate how much your household spent in the last 12 months on plane tickets for destinations <u>within</u> Alaska, not including business travel?

$_____ ❒ DK/Ref.

22. Can you estimate how much your household spent in the last 12 months on plane tickets for destinations <u>outside</u> of Alaska, not including business travel?

$_____ ❒ DK/Ref. (surveyor note: total round trip cost, from home community)

23. About how much does your household spend on groceries per week?

$_____ ❒ DK/Ref.

24. About how much does your household spend on each of the following types of groceries per week? Your best estimate will do. (Read a-f)	
a. Meats, poultry and fish	$_____ ❒ DK/Ref.
b. Cereals and breads	$_____ ❒ DK/Ref.
c. Dairy products	$_____ ❒ DK/Ref.
d. Fruits and vegetables	$_____ ❒ DK/Ref.
e. Soups, frozen meals, and snacks	$_____ ❒ DK/Ref.
f. Nonalcoholic beverages other than milk	$_____ ❒ DK/Ref.

25. Which store and community does your household buy most of its groceries from?

Store_____**Community** _____ **Code #**_____ ❒DK/Ref.

26. About how much did your household spend on restaurants and take-out <u>last month</u>?

$_____ ❒ DK/Ref.

27. What percentage of your household food supply is obtained from activities such as hunting, fishing, gardening, or picking berries? (Read list)

- ❒ None
- ❒ Less than 25%
- ❒ 25 to 50%
- ❒ 50 to 75%
- ❒ More than 75%
- ❒ DK/Ref.

28. On average, about how much does your household spend on clothing per month?

$_____ ❒ DK/Ref. ❒ Zero (skip to Q30)

29. **About what percentage of your household's clothing purchases are made from businesses in <u>your</u> community versus businesses <u>outside</u> your community?**

a._____**%** In community

b._____**%** Outside community (including Internet and catalogue purchases)

❒ DK/Ref.

30. **About how much does your household spend on medical insurance every month? Do not include payments covered by employers.**

$_____ ❒ DK/Ref.

31. **In the last 12 months, about how much did your household spend on medical <u>expenses</u> not covered by insurance? Do not include travel costs.**

$_____ ❒ DK/Ref.

READ: My last few questions are about overall household spending and income.

32. **Can you please tell me, what was your household's total pre-tax income from <u>ALL</u> sources for 2007? Please include wages, unemployment or other assistance payments, social security, investment income and perm fund dividends.**

$_____

❒DK/Ref. → **32a. Can you instead tell me which <u>category</u> best describes your household's total income?** (Read list)

❒Zero-$5,000	❒$35,000-$50,000	❒$125,000-$150,000
❒$5,000-$15,000	❒$50,000-$75,000	❒$150,000 or over
❒$15,000-$25,000	❒$75,000-$100,000	❒DK/Ref.
❒$25,000-$35,000	❒$100,000-$125,000	

READ: Next I'd like to ask you to estimate the percentage of your household spending for the categories we have talked about. The four categories are housing and utilities, groceries and dining out, transportation and travel, and all other expenses. All other expenses include items such as clothing, recreation, entertainment, medical, education, savings and taxes.

The four categories should add up to 100%. Your best estimate is fine.

33. About what percentage of your total household income is spent on _____?		**33a.** (If DK for any category) **About how much did your household spend on _____ in the last 12 months?** (amount/time period)
a. Housing and utilities	_____% ❒ DK/Ref.	$_____/_____ ❒ DK/Ref.
b. Groceries and dining out	_____% ❒ DK/Ref.	$_____/_____ ❒ DK/Ref.
c. Transportation and travel	_____% ❒ DK/Ref.	$_____/_____ ❒ DK/Ref.
d. All other expenses, including clothing, recreation, entertainment, medical, education, taxes and savings	_____% ❒ DK/Ref.	$_____/_____ ❒ DK/Ref.
	= 100%	

34. Is anyone in your household a State of Alaska employee?

- ❒ Yes
- ❒ No
- ❒ DK/Ref.

Thank you for participating in this important project!

TO BE FILLED OUT BY SURVEYOR (Do not read)

35. Gender

- ❒ Male
- ❒ Female
- ❒ Don't know

36. Community

_____ **Code #**_____

Retail Price Survey Instructions

Introduction

The purpose of the retail price survey is to identify the price of approximately 175 items which most Alaskan households buy. The retail price survey will be conducted in nearly 60 locations in Alaska. These prices will then be compared with Anchorage prices for the same items allowing the State of Alaska to identify the difference in cost of living in areas throughout our state. Your job is to personally go into selected business locations which sell the items to Alaskan households and then record the prices of those items.

Enclosed are three documents:

1. Retail Price Survey Instruction Sheet

   This document gives you some guidelines for how to select outlets, select items to price and specific questions to ask.

2. Interviewer's Retail Outlet Inventory

   This document is a checklist for you to record the names, locations, and telephone number of all the retail outlets which you will collect prices from. You can also record the date you survey each outlet.

3. Retail Price Survey Form

   This is the document you will use to record all of the prices which you collect for as many of the items as are available in each pricing location.

Retail Price Survey Instruction Sheet

Selecting Outlets

For most smaller pricing locations, outlets will be selected during the training session. We will rely on your personal knowledge of your communities. You may also use the local telephone book and other sources for each area. Four outlets in each category (grocery stores, service stations, etc.) are desired. If less than four exist in your pricing location, survey all those which do exist. If you find more than four exist, the most important ones to survey are the largest ones where the majority of people shop.

For smaller communities, there may be no outlets in some categories. Enter N/A in the first blank of that category.

During training you will fill out your Retail Outlet checklist as best you can, naming as many outlets as possible. After you arrive in the pricing location, take the time to look around and ask local sources to make certain you have listed all the important outlets that are possible. Remember to choose only four in each category. Avoid very small stores which do almost no business.

For Anchorage, eight outlets will be surveyed in each city, while in Fairbanks and Juneau six outlets in each category are desired. Outlets may be added in the Kenai/Soldotna and Palmer/Wasilla pricing locations if the rule of four outlets per category results in eliminating an excessive number of major stores.

If one store offers items in more than one category—like in many village stores and department stores—enter that store's name in each category. For example, AC Company stores offer groceries, clothing and boats. Enter "AC Store" in a blank under each category. This also happens with auto dealers. They sell cars and also repair them. It is fine to get prices for cars and for repairs from the same place, just as it is fine to get grocery, clothing and durable goods from the same store.

Pricing Rules

Specials in stores: If an item you are pricing is on special, use the regular price, not the special price.

When there are several choices for a grocery item: If the brand requested is not available, and there are still choices, select the most popular brand. This is normally the one at eye level and takes up the most shelf space. If the brand is available, get the brand price along with the most popular price.

When the item is not available: Select a similar item, if you can find one. For example, if you can't find Nabisco Saltine, select a box of plain crackers of the same weight. If you can't find a similar item, put N/A in the price blank of that store.

For autos, snow machines, four-wheelers: If model asked is not available, please pick the model that is closest to it. This normally means the model with the least amount of add-ons. For example, the Ford F-150 XL basic package does not include air conditioning or tinted rear-window. If the model asked is not available, please pick the closest brand. For example, if the Ford F-150 is not available, pick another American brand truck like the Chevrolet Silverado or the Dodge Ram. Always choose the base model and the basic package.

For furniture and appliances: The model listed is the basic model for each of the brands. However, there are more options for the basic models, so watch for extra costs, such as stainless steel and extra features. If the brand is not available, make an educated decision on the closest alternative.

For restaurants: Pick a basic restaurant popular in the community. Make sure it serves at least two of the three meal categories. This also means not picking eight Mexican restaurants, eight American burger joints or eight brand names such as Denny's. Pick places that would potentially serve several of the choices.

For bars: It is acceptable to pick bars that are also on your restaurant list. You do not have to go looking for the eight trendiest bars in each community. It is fine if you can eat and drink at the same location.

Market Basket Form for RPS

Item	Units	Store 1 Price (size if applicable)	Store 2 Price (size if applicable)	Store 3 Price (size if applicable)	Store 4 Price (size if applicable)
GROCERY STORE					
Cereals and bakery products					
Flour: Gold Medal, all purpose, white	5 lb bag				
Most popular, all purpose, white	5 lb bag				
Sugar: white	5 lb bag				
Evaporated milk: Nestle/Carnation	12 oz. can				
Most popular	12 oz. can				
Breakfast cereal: Kellogg's Corn Flakes	12 oz.				
Most popular, corn flakes	12 oz.				
Hot cereal: Quaker Oatmeal	18 oz. canister				
Most popular	18 oz. canister				
Rice: white, long grain, uncooked	28 oz				
Bread: AC Bread, white	24 oz. loaf				
Most popular, white	24 oz. loaf				
Bread: AC Bread, whole wheat	24 oz. loaf				
Most popular, whole wheat	24 oz. loaf				
Pasta: spaghetti, uncooked	16 oz.				
Tortillas: Mission 8" flour, soft taco size	10 count				
Most popular, soft taco size	10 count				
Crackers: Pilot Bread	2 lb				
Crackers: Nabisco saltine crackers	1 lb				
Most popular	1 lb				
Meat, Poultry, Seafood, Eggs					
Ground beef: lean, 15% fat	$/lb				
Chuck roast: USDA Choice, bone-in	$/lb				
Steak: round, USDA Choice, boneless	$/lb				
Steak: New York, USDA Choice, boneless	$/lb				
Chicken: whole uncut	$/lb				
Chicken: breast, boneless	$/lb				
Bacon: Bar-S, thick-sliced	1 lb				
Most popular	1 lb				
Pork chops: center cut, bone-in	$/lb				
Ham: boneless, NOT canned	$/lb				
Hot Dogs: Bar-S	$/lb				
Most popular	$/lb				
Spam luncheon meat	12 oz.				
Tuna: light, chunk, in oil	6 oz. can				
Eggs: Grade AA, large	18 count				
Eggs: Grade AA, large	Dozen				
Dairy					
Milk: Darigold, fresh, whole	1 gallon				
Most popular, fresh, whole	1 gallon				
Milk: Darigold, fresh, 2% low fat	1 gallon				
Most popular, fresh, 2% low fat	1 gallon				

Butter: Flavorite, salted	1lb stick				
Most popular, salted	1lb stick				
Cheese: Tillamook cheddar cheese	2 lb				
Most popular, cheddar cheese	2 lb				
Cheese: Kraft American singles	16 slices				
Most popular sandwich cheese slices	16 slices				
Sour cream: Darigold	16 oz.				
Most popular	16 oz.				
Yogurt: Yoplait, blueberry	6 oz.				
Most popular	6 oz.				
Ice cream: Vanilla, premium	1.75 qts.				
Fruits and Vegetables					
Apples: Red Delicious	$/lb				
Most popular	$/lb				
Bananas	$/lb				
Oranges: navel	$/lb				
Potatoes: Russet	10 lb bag				
Lettuce: iceberg	each				
Tomatoes: large red, not on vine	$/lb				
Onions: yellow, medium	$/lb				
Canned Corn: Del Monte, kernel	15.25 oz.				
Most popular, kernel	15.25 oz.				
Canned green beans: Del Monte, CUT	14.5 oz				
Most popular	14.5 oz				
Canned mandarin oranges: Dole	11 oz.				
Most popular	11 oz.				
Orange juice: frozen concentrate	12 oz. can				
Other Food Items					
Soft drinks, NOT diet: Coke	12-pack				
Pepsi	12-pack				
7-Up	12-pack				
Coffee: Folgers, Columbian	27.8 oz. canister				
Most popular, caffeinated	27.8 oz. canister				
Tea bags: Lipton, NOT ice tea	Box of 16				
Most popular hot tea bags	Box of 16				
Soup: Top Ramen noodles, chicken	1 package				
Ketchup: Heinz	24 oz.				
Most popular	24 oz.				
Jelly: Smuckers, strawberry	18 oz. jar				
Most popular, strawberry	18 oz. jar				
Peanut butter: JIF, creamy	18 oz. jar				
Most popular, creamy	18 oz. jar				
Vegetable oil	32 oz.				
Miscellaneous					
Cigarettes: Marlboro Kings, regular filter	1 pack				
Shaving cream: Gillette, regular foam	11 oz.				
Most popular	11 oz.				
Toothpaste: Colgate Total, regular/mint flavor	6 oz.				
Most popular	6 oz.				
Shampoo: Suave, NOT professional grade	15 oz.				

Most popular	15 oz.				
Razor: Men's Gillette replacement blades	8 pack				
Most popular, no special ingredients	8 pack				
Soap: Dial, body bar	3 bar pack				
Most popular	3 bar pack				
Toilet paper, double roll	12 rolls				
Paper towels	1 roll				
Laundry soap: Tide, original scent, no additives	70 oz.				
Most popular, original scent	70 oz.				
Dish detergent: Dawn	28 oz.				
Most popular	28 oz.				
LIQUOR STORE					
Alcohol (Non-restaurant consumption)					
Beer: Budweiser, 18-pack	12 oz. cans				
Beer: Coors, 18-pack	12 oz. cans				
Wine: Gallo Chardonnay	1.5 liter bottle				
Wine: Gallo Cabernet Sauvignon	1.5 liter bottle				
Liquor: Seagrams VO	750 mL				
Liquor: Bacardi Superior Puerto Rican Rum	750 mL				
CLOTHING STORE					
Men's winter boot: Sorrel	1 pair				
Most popular	1 pair				
Men's underwear: Hanes Classic	3 pack				
Most popular	3 pack				
Men's socks: white crew	6 pack				
Men's pants: Dockers khaki	1				
Most popular, khaki	1				
Men's dress shirt: long sleeve, cotton/poly	1 shirt				
Men's Carhartt pants: Work Double Front	1				
Most popular work pant	1				
Men's jean: Levi 501, classic	1				
Most popular	1				
Women's pants: Dockers flat front khaki pants	1				
Most popular	1				
Women's jeans: Levi or Lee, classic	1				
Most popular, classic	1				
Women's underwear: Jockey	3 pack				
Most popular	3 pack				
Unisex rubberboots	1 pair				
Kid's rubberboots	1 pair				
Kid's shoes: Sketchers	1 pair				
Most popular	1 pair				
Kid's pajamas: cotton/poly, top & bottom	1 pair				
RESTAURANT					
Breakfast: 2 eggs, toast, coffee					
Pancakes, coffee					
Lunches: Hamburger, fries, coke					
Burrito, taco, coke					
Dinners: Steak, potato, salad, coffee					
Spaghetti, bread, salad, coffee					

BARS					
Alcohol not to be consumed at home					
Margarita					
Rum and Coke (Bacardi Superior)					
Gin and Tonic					
Wine: House red	1 glass				
House white	1 glass				
Beer: Budweiser	12 oz. can/bottle				
Alaskan	1 pint				
MISCELLANEOUS					
Movie theater ticket, new release	1 adult				
DVD rental	1 new release				
Rifle: Remington 30-06, 700 model, not stainless, not synthetic stock					
DURABLE GOODS					
Household Appliances/Goods					
Refrigerator: GE, top freezer, NOT stainless steel	22-25 cu. ft				
Most popular					
Freezer: GE, chest, NOT stainless steel	15 cu. ft.				
Most popular					
Washing machine: GE, top loader, multiple cycle	4.0 cu. ft. cap.				
Most popular					
Television: Panasonic, LCD display	32"				
Most popular					
Toaster: Hamilton Beach, 2 slice					
Most popular					
Blender: Hamilton Beach, plastic jug, 10-speed					
Most popular					
Vacuum cleaner: Hoover Windtunnel, upright, bagless, 12 amp.					
Most popular					
DVD player: Toshiba, progressive scan					
Most popular					
Queen size box spring: Spring Air, Four Seasons					
Most popular					
Queen size mattress: Spring Air, Four Seasons					
Most popular					
Queen size sheet set (flat, fitted, two pillow cases)	180-200 thread count				
PC computer: HP Pavillion, a6600z series	NOT laptop				
Most popular	NOT laptop				
TRANSPORTATION					
Personal Transportation	**2008 Vehicles**				
Truck: Ford F-150, XL, regular cab, standard package					
Most popular, American made, regular cab					
Sedan: Toyota Camry, 5 speed auto					
Most popular					
Snow machine: Polaris 800 RMK 155					
Most popular					
Four-wheeler: Kawasaki 750 Brute Force 4x4i					
Most popular					

Auto Services					
Oil/filter change: 2008 Ford F-150					
Oil/filter change: 2008 Toyota Camry					
Auto Supplies					
Oil 10 W 40	1 quart				
Antifreeze	1 gallon				
Vehicle battery: auto sedan	12 volt sedan				
ADDITIONAL GOODS AND SERVICES					
Communications					
Basic and preferred cable (or satellite)	monthly				
Internet dial-up	monthly				
Internet-DSL	monthly				
Phone	monthly				
Long distance (in-state)	rate per minute				
Wireless	monthly				
Medical					
Adult physical exam: age 18-39	per visit				
Adult physical exam: age 40-64	per visit				
Adult physical exam: age 65+	per visit				
Well-child physical: age 0-11 months	per visit				
Well-child physical: age 1-4 years	per visit				
Well-child physical: age 5-11 years	per visit				
Well-child physical: age 12-17 years	per visit				
Physician office visit	per visit				
Hospital stay (medical/surgical)	1 bed day				
Dental exam	per visit				
Dental cleaning: adult	per visit				
Dental cleaning: child	per visit				
Dental filling	per filling				
Eye exam	per visit				
Eyeglasses, lens/frame	1 pair				
Energy/Fuel					
Regular unleaded gasoline and diesel fuel	per gallon				
Home heating oil (with price breaks)	per gallon				
Natural gas, average per month including taxes	100 ccf				
Electric power costs per month	500kWh				
Electric power costs per month	1,000kWh				
Auto insurance					
Comprehensive coverage	6 month premium				
Travel					
Round-trip flight to/from Seattle (inc. air travel to hub)	per flight				
Round-trip flight to/from nearest major hub	per flight				

Employee Count by Location

Anchorage	7,274
Juneau	3,794
Fairbanks	1,945
Palmer/Wasilla	937
Kenai Peninsula	726
Ketchikan	423
Bethel	270
Seward	265
Kodiak	256
Sitka/Mt. Edgecumbe	244
Nome	235
Dillingham	92
Cordova	76
Petersburg	75
Haines	66
Tok	65
Valdez	58
Kotzebue	54
King Salmon	53
Delta Junction	51
Dutch Harbor	40
Glennallen	37
Mcgrath	33
Tazlina	32
Saint Marys	27
Wrangell	27
Barrow	26
Finger Lake	25
Yakutat	22
Aniak	21
Craig	19
Deadhorse	16
Out of State	16
Cantwell	15
Chandalar (Chandler) Camp	15
Emmonak	15
Galena	15
Skagway	14
Chignik	13
Klawock	13
Sag River	12
Jim River	11
Livengood	11
Port Moller	11
Thompson Pass	11
Dalton Highway	10
Healy	10
Talkeetna	10
Unalakleet	9

Geo Diff Pools McDowell Report Page 5
GDP 1
GDP 2
GDP 3
GDP 4
GDP 5
unassigned

Coldfoot Camp	8
Seven Mile Camp	8
Slana	8
Eagle	7
Hoonah	7
Nenana	7
Northway	7
Silvertip	7
Willow	7
Chitina	6
Chulitna	6
Cold Bay	6
Montana Creek	6
Paxson	6
Sand Point	6
Whittier	6
Anvik	5
Iliamna	5
Nelchina	5
O'Brien Creek	5
Trimms Camp	5
Unalaska	5
Cascade	4
Central	4
Ernestine	4
North Kenai Camp	4
Quartz Creek	4
Adak	3
Chena River	3
Denali	3
Fort Yukon	3
Bear Creek	2
Birch Lake	2
Cottonwood Camp	2
Elfin Cove	2
Gustavus	2
Kalsin Bay	2
Manley Hot Springs	2
Pelican	2
South Fork	2
Sterling	2
Teller	2
Harding Lake	1
King Cove	1
Nancy Lake	1
Sutton	1
Tenakee Springs	1
Total Employees	**17,692**

Excludes AMHS/AVTECTA/TEAME/University

Attachment #2

Geographic Differential / Employee Count by Bargaining Unit and Location

Location	Noncovered (AS 39.27.020)	General Government	Supervisory	Correctional Officers	Public Safety	Confidential	Labor, Trades & Crafts	Total Employees
Anchorage	889	4,307	1,009	245	149	35	640	7,274
Geo Diff Percent	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Juneau	589	2,191	691	52	14	172	85	3,794
Geo Diff Percent	0.00%	0.00%	0.00%	5.00%	3.75%	0.00%	0.00%	
Fairbanks	114	1,118	242	66	93		312	1,945
Geo Diff Percent	13.44%	4.00%	4.00%	4.00%	3.75%			
Palmer and Wasilla	38	495	92	130	66		116	937
Geo Diff Percent	3.36%	0.00%	0.00%	0.00%	0.00%			
Kenai Peninsula	26	406	79	84	55		76	726
Geo Diff Percent	6.72%	0.00%	0.00%	0.00%	0.00%			
Ketchikan	15	260	54	26	13	5	50	423
Geo Diff Percent	0.00%	0.00%	0.00%	8.00%	7.50%	0.00%	0.00%	
Bethel	19	161	24	28	20		18	270
Geo Diff Percent	26.88%	38.00%	38.00%	38.00%	30.00%			
Seward	11	63	10	134	4		43	265
Geo Diff Percent	6.72%	0.00%	0.00%	0.00%	0.00%			
Kodiak	37	153	39		14		13	256
Geo Diff Percent	6.72%	9.00%	9.00%		15.00%			
Sitka and Mt. Edgecumbe	7	143	26		9		59	244
Geo Diff Percent	3.36%	0.00%	0.00%		7.50%			
Nome	14	118	20	27	8		48	235
Geo Diff Percent	30.24%	34.00%	34.00%	34.00%	26.25%			
Dillingham	3	63	7		6		13	92
Geo Diff Percent	23.52%	27.00%	27.00%		22.50%			
Cordova		54	11		3		8	76
Geo Diff Percent		11.00%	11.00%		11.25%			
Petersburg	1	49	14		2		9	75
Geo Diff Percent	3.36%	0.00%	0.00%		7.50%			
Haines		52	4		2		8	66
Geo Diff Percent		5.00%	5.00%		7.50%			
Tok		33	6		5		21	65
Geo Diff Percent		16.00%	16.00%		15.00%			
Valdez	2	25	5		1		25	58
Geo Diff Percent	16.88%	11.00%	11.00%		11.25%			
Kotzebue	3	30	4		8		9	54
Geo Diff Percent	30.24%	42.00%	42.00%		30.00%			
King Salmon		39	1		4		9	53
Geo Diff Percent		27.00%	27.00%		22.50%			
Delta Junction		31	3		6		11	51
Geo Diff Percent		16.00%	16.00%		15.00%			
Total Employees	**1,768**	**9,791**	**2,341**	**792**	**482**	**212**	**1,573**	**16,959**

Attachment #3

Budgeted Wages / Employee Count by Bargaining Unit and Location

Location	Noncovered (AS 39.27.020)	General Government	Supervisory	Correctional Officers	Public Safety	Confidential	Labor, Trades & Crafts	Employees/ Budgeted Wages
Anchorage	889	4,307	1,009	245	149	35	640	7,274
Budgeted Wages	73,649.0	216,812.0	71,435.0	14,613.0	11,136.0	1,924.0	30,501.0	420,070.0
Juneau	589	2,191	691	52	14	172	85	3,794
Budgeted Wages	39,793.0	104,325.0	48,770.0	3,313.0	1,228.0	8,829.0	4,292.0	210,550.0
Fairbanks	114	1,118	242	66	93		312	1,945
Budgeted Wages	7,468.0	57,260.0	18,652.0	4,030.0	8,033.0		15,200.0	110,643.0
Palmer and Wasilla	38	495	92	130	66		116	937
Budgeted Wages	3,214.0	20,552.0	6,063.0	8,104.0	5,645.0		4,969.0	48,547.0
Kenai Peninsula	26	406	79	84	55		76	726
Budgeted Wages	1,905.0	13,762.0	5,172.0	4,909.0	4,636.0		4,007.0	34,391.0
Ketchikan	15	260	54	26	13	5	50	423
Budgeted Wages	1,200.0	10,910.0	3,348.0	1,735.0	1,217.0	307.0	2,056.0	20,773.0
Bethel	19	161	24	28	20		18	270
Budgeted Wages	1,951.0	9,257.0	2,122.0	2,278.0	2,184.0		1,146.0	18,938.0
Seward	11	63	10	134	4		43	265
Budgeted Wages	616.0	2,783.0	727.0	8,285.0	347.0		2,010.0	14,768.0
Kodiak	37	153	39		14		13	256
Budgeted Wages	2,713.0	5,155.0	2,706.0		1,428.0		793.0	12,795.0
Sitka and Mt. Edgecumbe	7	143	26		9		59	244
Budgeted Wages	575.0	5,290.0	1,453.0		916.0		2,680.0	10,914.0
Nome	14	118	20	27	8		48	235
Budgeted Wages	1,009.0	6,128.0	1,711.0	2,131.0	947.0		2,466.0	14,392.0
Dillingham	3	63	7		6		13	92
Budgeted Wages	314.0	2,033.0	569.0		720.0		800.0	4,436.0
Cordova		54	11		3		8	76
Budgeted Wages		1,182.0	686.0		268.0		546.0	2,682.0
Petersburg	1	49	14		2		9	75
Budgeted Wages	75.0	1,087.0	741.0		163.0		530.0	2,596.0
Haines		52	4		2		8	66
Budgeted Wages		1,271.0	285.0		181.0		451.0	2,188.0
Tok		33	6		5		21	65
Budgeted Wages		1,211.0	381.0		513.0		1,085.0	3,190.0
Valdez	2	25	5		1		25	58
Budgeted Wages	32.0	1,274.0	376.0		93.0		1,496.0	3,271.0
Kotzebue	3	30	4		8		9	54
Budgeted Wages	368.0	1,483.0	380.0		900.0		626.0	3,757.0
King Salmon		39	1		4		9	53
Budgeted Wages		556.0	78.0		441.0		631.0	1,706.0
Delta Junction		31	3		6		11	51
Budgeted Wages		1,212.0	174.0		631.0		652.0	2,669.0
Total Employees	**1,768**	**9,791**	**2,341**	**792**	**482**	**212**	**1,573**	**16,959**
Wages	**134,882.0**	**463,543.0**	**165,829.0**	**49,398.0**	**41,627.0**	**11,060.0**	**76,937.0**	**943,276.0**

Geographic Differential Study
April 30, 2009

Background:
The executive workgroup created under A.O. No. 237 related to recruitment and retention recommended that a geographic differential study be completed to address compensation discrepancies in various regions of the state. The Legislature appropriated $400,000 to the Department of Administration in 2008 for completion of a study.

The department issued a request for proposals in August 2008 and awarded a contract to the McDowell Group in September. McDowell conducted its work during the fall and winter and submitted its report to the department in April 2009.

History:
The cost of living differential is established in AS 39.27.020 and is based on the 19 election districts in place in 1961. State statutes still reflect these original districts.

The state conducted studies in 1970, 1972, 1976, 1985 and 1995, although for a variety of reasons, most have not been implemented.

The most recent update of the differential adopted by the legislature was the study conducted in 1970.

The most extensive study (prior to the current one) was conducted in 1985, also by McDowell. It surveyed a total of 91 communities, 2,478 households, and 2,106 retail outlets.

The current study surveyed a total of 74 communities, 2,547 households, and 634 retail outlets, plus numerous providers of various services including health care, transportation, communication, insurance, and others. Modern day techniques using the internet and other sources of information improved the data gathering efforts and reliability of the current study.

Issues:
Six labor unions (General Government; Supervisory; Correctional Officers; Public Safety; Confidential; Labor, Trades & Crafts) have geographic differential provisions in their contracts. Non-covered employees (exempt and partially exempt) are covered by statutory provisions.

Differentials have been established either as a percentage over base or steps over base, resulting in different rates for different groups.

In several instances, there are up to four different rates for the same community, depending on bargaining unit.

The Labor, Trades & Crafts unit has a complex differential that makes meaningful comparisons with other units impossible.

Over time, arbitrators have made different awards for different units.

McDowell GROUP
Research-Based Consulting
Juneau · Anchorage

May 6, 2009

Ms. Nicki Neal
Director
Division of Personnel and Labor Relations
Department of Administration
State of Alaska

Sent via email

Dear Ms. Neal:

The purpose of this letter is to describe differences between the draft *2008 Alaska Geographic Differential Study*, dated March 2009, and the final report, with a cover date of April 30, 2009. This letter focuses on substantive changes to the report, rather than minor editorial changes. For the final report we made the following changes:

- Presented an example of statistically-based geographic cost differential pools, where all sample blocks/communities were grouped into one of five pools. This analysis was summarized in the executive summary, with the details of the analysis added to Section VI (Statistical Analysis).
- Removed all references to cost of living in Washington, D.C.
- Added a page of narrative at the beginning of Section III, describing the sample block and community selection process.
- Added Homer to the list of communities examined and presented individually, in detail.
- Incorporated the results of a minor SPSS programming correction. The correction resulted in generally minor changes to sample block differentials, with the exception of the Aleutians sample block, which decreased from 1.61 to 1.50.

Please call if you have any additional questions.

Sincerely,

Jim Calvin
McDowell Group Principal

9360 Glacier Highway, Suite 201 • Juneau, Alaska 99801 • Tel 907.586.6126 • Fax 907.586.2673
www.mcdowellgroup.net

Alaska Geographic Differential Study Timeline

2008

April	Legislature appropriated $400,000 effective July 1, 2008.
August 8	RFP issued.
August 18	RFP amendment issued.
August 29	Proposals due.
September 5	Notice of Intent to Award issued.
September 16	Contract awarded to McDowell Group.
September 17	Contract signed with McDowell Group.
October 15	Household consumption survey instrument and sample plan finalized. Retail price survey market basket and survey plan finalized.
October 15 – December 15	McDowell Group conducted surveys.

2009

January 31	Original due date.
February 27	Commissioner Kreitzer emailed all executive branch employees to explain delay in release of the report.
March 4	First draft of final report issued at the Study Group meeting.
	Feedback was provided to the McDowell Group that led to creation of the five geographic differential pools.
March 23	Second draft of final report delivered to the State.
April 6	Study Group met to review report.
April 27	Contract extended to April 30, 2010 to allow for presentation to the Legislature during the next session.
April 30	Final report issued.
May 1	Report published and posted to DOA website.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Sean Parnell, Governor

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I. DEPARTMENT OVERVIEW

- DOL employees 281 lawyers and 278 support staff
- Budget: $85.1 million
- DOL offices: Anchorage, Barrow, Bethel, Dillingham, Fairbanks, Juneau, Kenai, Ketchikan, Kodiak, Kotzebue, Nome, Palmer, and Sitka

II. DEPARTMENT'S CORE SERVICES

A. Protecting the Safety and Physical and Financial Well Being of Alaskans

B. Fostering the Conditions for Economic Opportunity and Responsible Development and Use of Our Natural Resources

C. Protecting the Fiscal Integrity of the State

D. Promoting and Defending Good Governance

III. BUDGET ALLOCATION OF DEPARTMENT'S CORE SERVICES

	GF	FED	OTH	TOTAL	% GF
Protecting Alaskans	33,762.5	3,781.0	10,427.4	47,970.9	66.9%
Fostering Economic Opportunity and Resource Development	4,090.9	33.1	3,374.6	7,498.6	6.7%
Protecting Fiscal Integrity	14,285.4	33.1	7,191.2	21,509.7	19.4%
Promoting Good Governance	3,870.3	33.1	4,200.1	8,103.5	7.0%
FY2010 AUTHORIZED	**56,009.1**	**3,880.3**	**25,193.3**	**85,082.7**	**100.0%**

1/21/10 REVENUE OVERVIEW

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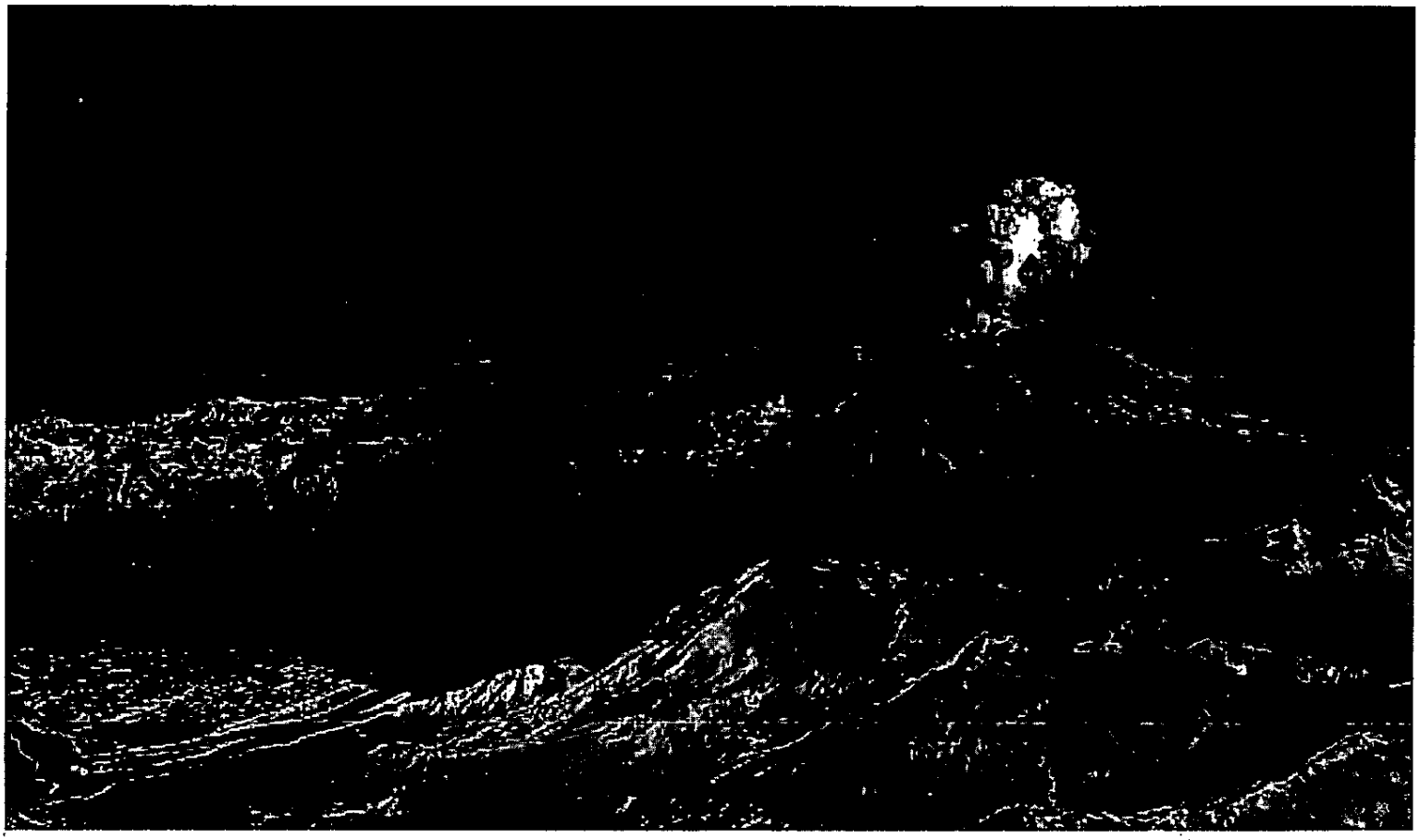
Revenue Sources Book

Alaska Department of Revenue – Tax Division



FALL 2009

1466

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

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About the Cover

April 4, 2009 Eruption of Mount Redoubt, taken by Game McGimsey

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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

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December 10, 2009

The Honorable Sean Parnell, Governor of Alaska
P.O. Box 110001
Juneau, Alaska 99811-0001

Dear Governor Parnell,

I am pleased to present to you the Department of Revenue's Fall 2009 *Revenue Sources Book* (RSB). The RSB is a compilation of revenues received in Fiscal Year 2009 and projections of revenues for FY 2010 through FY 2019, and is prepared for the purpose of informing you, the Alaska Legislature, and the public of Alaska's revenue outlook. The RSB represents a collaborative effort between the Department of Revenue Tax and Treasury divisions, the Permanent Fund Corporation, and the Office of Management and Budget.

Alaska's revenue is presented in four categories, unrestricted and restricted oil revenue, and unrestricted and restricted revenue from non-oil sources. Revenue from oil production continues to dominate the state's revenue picture, providing close to 89% of the general fund unrestricted revenue in FY09. We project that oil revenue will provide at least 87% of general fund unrestricted revenue throughout the forecast period, to FY 2019.

The amount of oil revenue received depends heavily on oil prices, and oil prices in FY 2009 were exceptionally volatile, climbing to $133 per barrel early in the fiscal year, and dropping to $38 per barrel five months later. Oil prices have stabilized significantly since the beginning of FY 2010, and we forecast continued stabilization for the remainder of the year, with FY 2010 prices averaging $66.93 per barrel. This is $8.64 above our previous FY 2010 forecast of $58.29, provided in Spring 2009. Our longer term oil price forecast is based upon an expectation of gradual economic recovery for the U.S. and other developed nations, and a corresponding gradual increase in demand for petroleum products. Under this scenario, we forecast oil prices increasing to $76.35 and $83.93 in FY 2011 and FY 2012, respectively.

Oil production on the North Slope continues to decline, with 3.3% less oil produced in FY 2009 than in FY 2008. Production in FY 2010 is expected to decline 4.8%, to 659,000 barrels per day, and a decline of another 5.4% is expected in FY 2011. We project some improvement

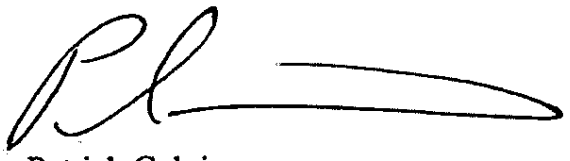
in production beginning in FY 2012, with new projects coming online. Our forecast calls for first oil production in the Nikaitchuq Unit in FY 2011 and in the Point Thomson Unit in FY 2014.

Total unrestricted revenue in FY 2009 was approximately $5.8 billion. For FY 2010 and FY 2011, we forecast total unrestricted revenue to be $4.8 billion, and $5.2 billion, respectively. Non-oil sources are projected to make up $610 million and $589 million of the FY 2010 and FY 2011 unrestricted totals.

Relatively high oil prices since 2005 have enabled the state to set aside some of the excess revenue in the state's Constitutional Budget Reserve Fund (CBRF). We devote this RSB's feature chapter to the establishment and history of the CBRF, its use over the years, its current balance, and its future. More about the CBRF—the state's "other" savings account—can be found in Chapter 3 of this publication.

We hope you find the information provided in the Fall 2009 *Revenue Sources Book* to be useful. Our next forecast for FY 2010 and FY 2011 will be published in the spring of 2010.

Sincerely,



Patrick Galvin
Commissioner

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

1. **Introduction** 1

2. **Executive Summary** 3

3. **The Consitutional Budget Reserve Fund** 17

   A historical look at the Constitutional Budget Reserve Fund.

4. **Oil Revenue** 25

   In FY 2010, oil revenues are projected to contribute 87% of the state's General Purpose Unrestricted Revenue. Oil revenues will continue to play a key role in Alaska's future.

5. **Other Revenue (except Federal & Investment)** 45

   Revenue from non-oil sources includes non-oil taxes, charges for services, fines and forfeitures, licenses and permits, rents and royalties and other revenue sources.

6. **Federal Revenue** 59

   Federal funding accounted for $2.1 billion of the state's total revenue in FY 2009.

7. **Investment Revenue** 63

   Investment earnings come from the Alaska Permanent Fund, Constitutional Budget Reserve Fund, General Fund and other state investments.

8. **State Endowment Funds** 71

   Alaska has six endowment funds including the Alaska Permanent Fund, Mental Health Trust, Public School Trust, Alaska Children's Trust, Power Cost Equalization Endowment and the University of Alaska Endowment.

9. **Public Corporations & the University of Alaska** 75

   Seven public corporations and the University of Alaska are treated as separate component units of state government for financial reporting purposes.

10. **Appendices** 83

    The appendices provide 10 years of historical data and 10 years of forecast data on oil revenue, prices and production.

1470

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

1471

1. Introduction

General Discussion

The purpose of the Revenue Sources Book is to provide the governor, legislature and citizens of the state a summary of our past collections of state revenue and a forecast of future revenue. Revenues are categorized into four major components: oil revenue, income from sources other than oil, federal revenue and investment revenue.

Oil revenue continues to dominate the unrestricted revenue picture—and is projected to provide more than 87% of General Purpose Unrestricted Revenue through FY 2019. However, North Slope oil production is declining. In FY 2009, Alaska North Slope (ANS) output was 0.692 million barrels per day compared to a peak of 2.006 million barrels per day in FY 1988. While production declined by about 65% over that period, the market price of oil has more than tripled. For FY 2010, we project ANS oil production will decrease to 0.659 million barrels per day.

Before 2003, the Constitutional Budget Reserve Fund (CBRF) was used to balance the state's budget in 10 of the previous 15 years. Fiscal Year 2008 was a banner revenue year, in which surpluses exceeding $5 billion were deposited in the CBRF. Lower prices in the future, combined with the fall in North Slope crude oil volumes, could lead to future budget shortfalls and draws on the CBRF.

The oil and gas production tax known as Alaska's Clear and Equitable Share (ACES) was signed into law on December 19, 2007. This tax is designed to encourage investment in Alaska by the petroleum industry, while providing an open, transparent tax system in which both the industry and the people of the state can have confidence that the state is receiving a fair share of the revenue from Alaska's petroleum resources.

Alaska's total revenue picture also includes earnings from investments in the Permanent Fund and CBRF, federal revenue and other sources, such as taxes, charges for services, licenses, permits, and fines and forfeitures. The information in this book will provide greater insight into not only the sources of revenue that support the state today, but also into future revenue from potential new sources.

Please note that totals in some tables throughout this publication may not equal the sum of components due to rounding.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

1473

2. Executive Summary

Total State Revenue

Figure 2-1. FY 2009 Total State Revenue: $2.5 billion

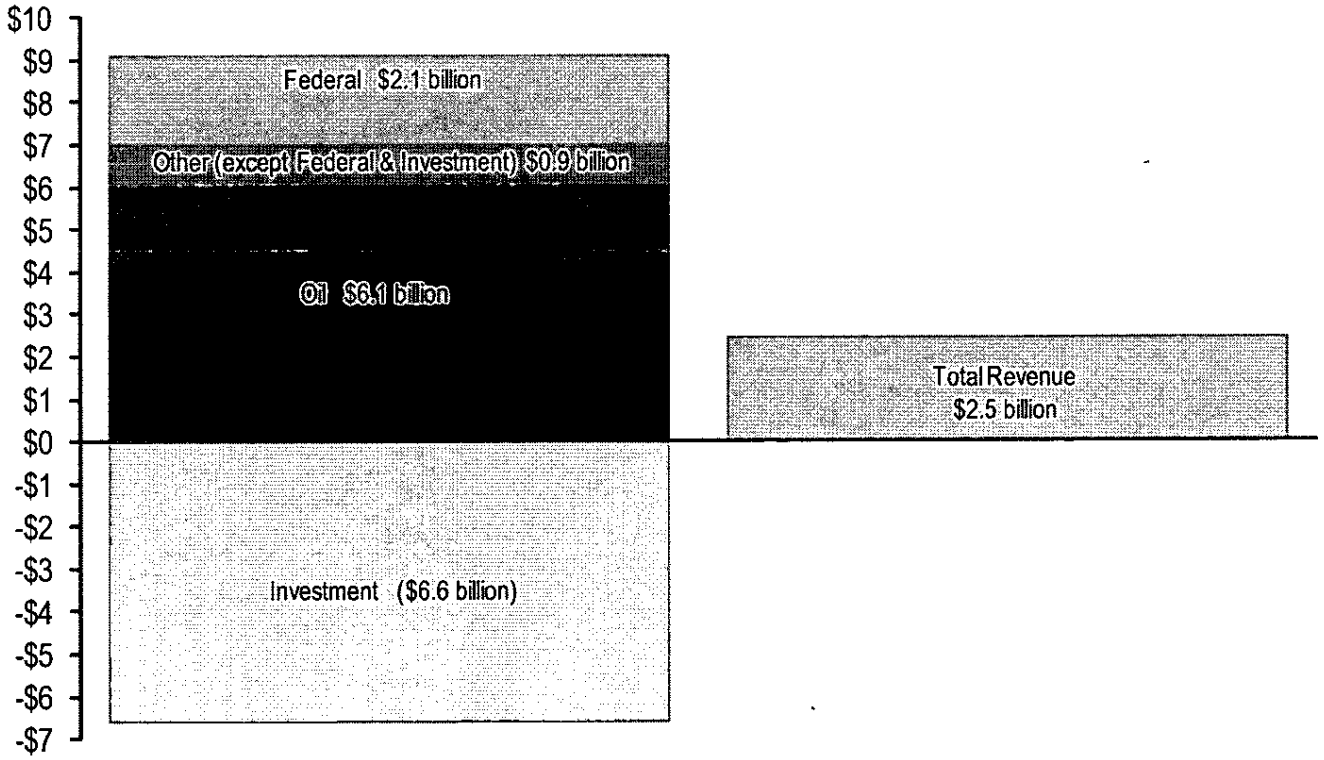


Figure 2-2. Total State Revenue by Major Component, FY 2009 and Forecasted FY 2010-2011 ($ million)

Oil Revenue	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Petroleum Property Tax	111.2	101.1	96.3
Petroleum Corporate Income Tax	492.2	470.0	580.0
Production Tax	3,112.0	2,126.1	2,430.9
Royalties (including Bonuses, Rents, & Interest)	1,465.6	1,470.3	1,540.4
Subtotal	**5,181.0**	**4,167.5**	**4,647.7**
Restricted			
Royalties to Perm. Fund & School Fund (includes Bonuses & Rents)	670.8	611.7	683.4
Tax Settlements to CBRF	202.6	440.7	20.0
NPR-A Royalties, Rents & Bonuses	14.8	4.9	4.9
Subtotal	**888.2**	**1,057.3**	**708.3**
Total Oil Revenue	**6,069.2**	**5,224.8**	**5,356.0**

Other Revenue (except Federal & Investment)	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Taxes	294.7	284.4	298.8
Charges for Services	19.3	20.0	23.2
Fines and Forfeitures	10.5	8.9	8.9
Licenses and Permits	35.5	40.5	38.8
Rents and Royalties	15.6	13.6	14.2
Other	27.0	21.9	21.9
Subtotal	**402.6**	**389.3**	**405.8**
Restricted			
Taxes	155.4	138.9	138.7
Charges for Services	250.9	257.2	258.4
Fines and Forfeitures	39.1	36.1	34.9
Licenses and Permits	34.7	39.2	39.5
Rents and Royalties	7.4	9.0	9.6
Other	58.3	108.5	108.5
Subtotal	**545.8**	**588.9**	**589.6**
Total Other Revenue	**948.4**	**978.2**	**995.4**

Figure 2-2. Continued

Federal Revenue

	History	Forecast	
	FY 2009	FY 2010	FY 2011
Restricted	2,088.4	2,916.7	2,916.7
Total Federal Revenue	**2,088.4**	**2,916.7**	**2,916.7**

Investment Revenue

Unrestricted

Investments	247.4	219.7	181.8
Interest Paid by Others	0.2	1.4	1.4
Subtotal	**247.6**	**221.1**	**183.2**

Restricted

Investments	57.1	51.7	45.5
Constitutional Budget Reserve Fund	(526.6)	968.2	578.5
Other Treasury Managed Funds	(30.6)	49.9	26.3
Alaska Permanent Fund (GASB) [1]	(6,394.4)	2,237.6	2,602.5
Subtotal	**(6,894.5)**	**3,307.3**	**3,252.8**
Total Investment Revenue	**(6,646.9)**	**3,528.4**	**3,436.0**
Total Unrestricted & Restricted Revenue	**2,459.1**	**12,648.1**	**12,704.1**

[1] Both realized and unrealized gains and losses are included per GASB 34 as interpreted by the Finance Division of the Department of Administration in its Comprehensive Annual Financial Report.

Figure 2-3. Total State Revenue by Major Component, FY 2009 ($ billion)

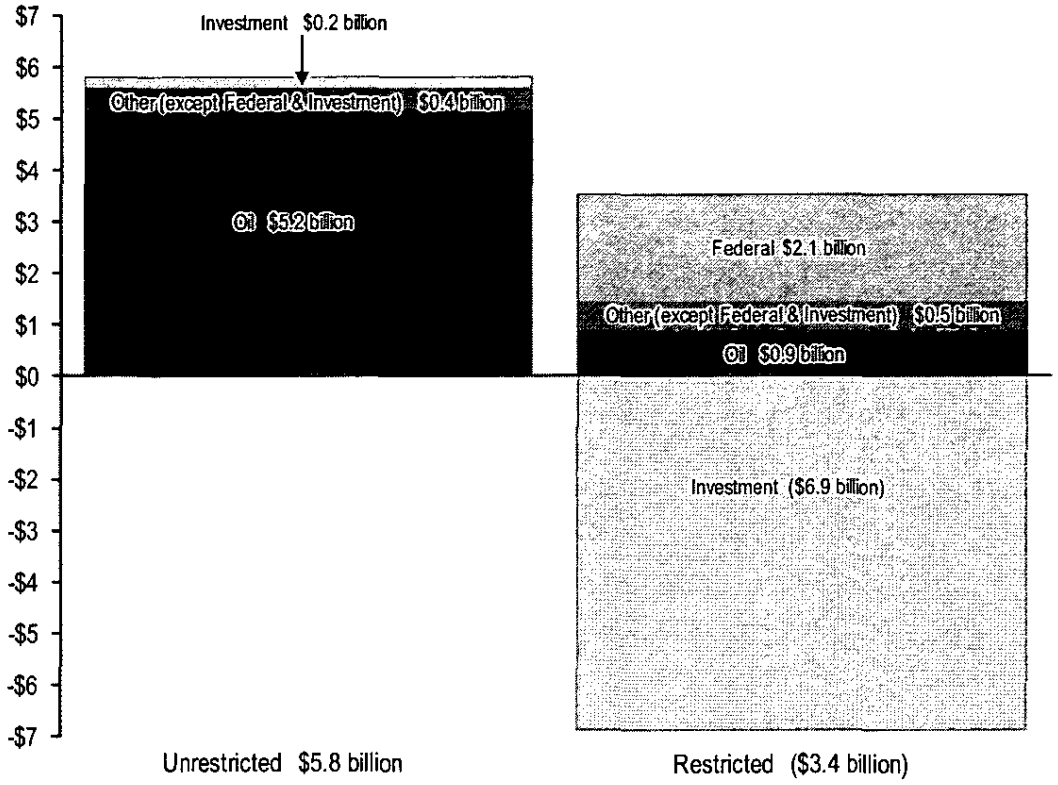


Figure 2-4. Total State Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Oil Revenue	5,181.0	4,167.5	4,647.7
Other Revenue (except Federal & Investment)	402.6	389.3	405.8
Investment Earnings	247.6	221.1	183.2
Subtotal	**5,831.2**	**4,777.9**	**5,236.6**
Restricted			
Oil Revenue	888.2	1,057.3	708.3
Other Revenue (except Federal & Investment)	545.8	588.9	589.6
Investment Earnings	(6,894.5)	3,307.3	3,252.8
Federal Revenue	2,088.4	2,916.7	2,916.7
Subtotal	**(3,372.1)**	**7,870.2**	**7,467.4**
Total Unrestricted & Restricted Revenue	**2,459.1**	**12,648.1**	**12,704.1**

Unrestricted Revenue and Restricted Revenue

Throughout this forecast, we report two categories of revenue: General Purpose Unrestricted Revenue (frequently referred to as unrestricted revenue) and restricted revenue. These two types of revenue are based on the two components of the General Fund in the Alaska State Accounting System (AKSAS)—the unrestricted component and the restricted component—with certain adjustments.

General Purpose Unrestricted Revenue (GPUR)

General Purpose Unrestricted Revenue reflects revenue that is not restricted by the constitution, state or federal law, trust or debt restrictions, or customary practice. Most legislative and public debate centers on this category of revenue, and this is the amount generally used for budget planning purposes and designated in budget documents as General Fund revenue. In this forecast, General Purpose Unrestricted Revenue includes funds deposited into the unrestricted component of the General Fund, with certain adjustments:

- Reductions might include (a) revenue earmarked for specific programs, (b) pass-through revenue for qualified regional aquaculture and dive fishery associations and (c) revenue shared with municipal governments and organizations (e.g., fisheries taxes).
- Additions might include transfers from the unclaimed property trust to the state treasury.

The Department of Revenue uses a three-step process to make its final estimate of General Purpose Unrestricted Revenue.

Step 1. We estimate all revenue for the unrestricted component of the General Fund in AKSAS, as well as certain program receipts, by using our forecast models and obtaining estimates from other state agencies.

Step 2. We then consult the Governor's Office of Management and Budget and Legislative Finance for their input.

Step 3. Finally, following analysis, we adjust our initial projection to derive a forecast of total General Purpose Unrestricted Revenue.

Figure 2-5 on the next two pages sets out FY 2009 General Purpose Unrestricted Revenue and our forecast for FY 2010 and 2011.

Restricted Revenue

Restricted revenue represents any revenue that is not considered General Purpose Unrestricted Revenue. This includes revenue restricted by the constitution, state or federal law, trust or debt restrictions, or customary practice. Restricted revenue reported in this forecast includes money deposited into the restricted component of the General Fund with certain additions. Additions might include (a) receipts deposited in funds other than the General Fund and (b) receipts that are deposited into the unrestricted component of the General Fund but are restricted by statute or customarily appropriated for a particular purpose or program, such as sharing of fish tax revenue with municipalities.

Article IX, Section 15 of the Alaska constitution requires that at least 25% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state be placed in the Permanent Fund. Until 2003, Alaska Statute 37.13.010 required the placement of 50% of royalties from certain leases into the permanent fund. House Bill 11, passed by the legislature in 2003, changed the law so that 25% from all leases would be placed into the Permanent Fund, contingent on the impact of this change to the Permanent Fund Dividend. On October 1, 2008, the impact of HB 11 on the Permanent Fund Dividend had exceeded the limitations provided in HB 11, and HB 11 was repealed. As of October 1, 2008, 50% of the royalties from applicable leases are paid to the Permanent Fund, while 25% from other leases are paid to the fund. This change is reflected in this revenue forecast as a decrease in unrestricted revenue and an increase in restricted revenue.

1478

Figure 2-5. General Purpose Unrestricted Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million)

Oil Revenue	History FY 2009	Forecast FY 2010	FY 2011
Petroleum Property Tax	111.2	101.1	96.3
Petroleum Corporate Income Tax	492.2	470.0	580.0
Production Tax			
Oil & Gas Production	3,100.9	2,115.6	2,421.0
Oil & Gas Hazardous Release	11.1	10.5	9.9
Subtotal Production Tax	**3,112.0**	**2,126.1**	**2,430.9**
Royalties (including Bonuses, Rents, & Interest)			
Mineral Bonuses & Rents	12.4	18.3	14.1
Oil & Gas Royalties	1,451.2	1,447.0	1,521.3
Interest	2.0	5.0	5.0
Subtotal Royalties	**1,465.6**	**1,470.3**	**1,540.4**
Total Oil Revenue	**5,181.0**	**4,167.5**	**4,647.7**

Other Revenue (except Federal & Investment)

Taxes			
Excise Tax			
Alcoholic Beverage	19.5	19.0	19.5
Tobacco Product – Cigarette	36.4	32.9	31.6
Tobacco Product – Other	10.2	10.6	11.5
Insurance Premium	45.5	43.9	43.0
Electric and Telephone Cooperative	0.1	0.1	0.1
Motor Fuel	10.1	30.0	40.3
Vehicle Rental	8.0	8.1	8.4
Tire Fee	1.5	1.5	1.5
Subtotal Excise Tax	**131.3**	**146.1**	**155.9**
Subtotal Corporate Income Tax	**120.9**	**86.6**	**89.1**
Fisheries Tax			
Fisheries Business	19.3	15.1	16.4
Fishery Resource Landing	4.7	4.7	6.1
Subtotal Fisheries Tax	**24.0**	**19.8**	**22.5**

Figure 2-5. Continued

Other Revenue (except Federal & Investment)	History FY 2009	Forecast FY 2010	Forecast FY 2011
Other Tax			
Mining	15.5	29.2	28.6
Estate	0.2	0.0	0.0
Charitable Gaming	2.8	2.7	2.7
Subtotal Other Tax	**18.5**	**31.9**	**31.3**
Subtotal Taxes	**294.7**	**284.4**	**298.8**
Charges for Services			
General Government	8.8	9.5	12.7
Natural Resources	2.0	2.0	2.0
Other	8.5	8.5	8.5
Subtotal Charges for Services	**19.3**	**20.0**	**23.2**
Subtotal Fines & Forfeitures	**10.5**	**8.9**	**8.9**
Licenses & Permits			
Alcoholic Beverage Licenses	1.0	1.0	1.0
Motor Vehicle	33.5	38.0	36.3
Other	1.0	1.5	1.5
Subtotal Licenses & Permits	**35.5**	**40.5**	**38.8**
Rents & Royalties			
Other Non-Petroleum Rents & Royalties	7.4	7.4	8.0
Coal Royalties	8.2	6.2	6.2
Subtotal Rents & Royalties	**15.6**	**13.6**	**14.2**
Other			
Miscellaneous	23.2	17.9	17.9
Unclaimed Property	3.8	4.0	4.0
Subtotal Other	**27.0**	**21.9**	**21.9**
Total Other Revenue (except Federal & Investment)	**402.6**	**389.3**	**405.8**
Investment Revenue			
Investments	247.4	219.7	181.8
Interest Paid by Others	0.2	1.4	1.4
Total Investment Revenue	**247.6**	**221.1**	**183.2**
Grand Total Unrestricted Revenue	**5,831.2**	**4,777.9**	**5,236.6**

Crude Oil Price Forecast

Oil revenue is projected to provide more than 87% of forecasted General Purpose Unrestricted Revenue through FY 2019. Three elements are critical to the oil revenue forecast: price, volume, and to a lesser extent lease expenditures.

There is no price for Alaska crude oil on the New York Mercantile Exchange (NYMEX)[1] or other commodity exchanges. The price of Alaska North Slope (ANS) crude oil is calculated by subtracting a market differential from the price of West Texas Intermediate (WTI) quoted on the NYMEX. Four different reporting services estimate that market differential and report a daily spot price for ANS.

All of Alaska's oil production is delivered to refineries on the U.S. West Coast (including Alaska and Hawaii). Consequently, Alaska's royalty and production tax revenue depends in large part on the average market price of ANS crude oil at U.S. West Coast refining centers.

Figure 2-6 shows crude oil prices for FY 2009 and the Department of Revenue's forecast of prices for the 10-year period beginning with the current fiscal year FY 2010 and continuing through FY 2019. The oil price forecast is based on a subjective assessment of market dynamics and trend analysis by participants at a Department of Revenue price forecasting session and other commercial price forecasting sources.

Figure 2-6. Nominal WTI, ANS West Coast and ANS Wellhead, FY 2009 and Forecasted FY 2010-2019 ($ per barrel)

Fiscal Year	WTI	ANS West Coast	ANS Wellhead
2009	69.71	68.34	61.86
2010	68.71	66.93	61.03
2011	78.85	76.35	70.36
2012	86.43	83.93	77.78
2013	88.74	86.24	80.02
2014	91.11	88.61	82.27
2015	93.55	91.05	84.57
2016	96.05	93.55	86.89
2017	98.63	96.13	89.22
2018	101.27	98.77	91.54
2019	103.99	101.49	93.84

[1] The NYMEX futures market is one source for a WTI quote. Several reporting services also report a daily WTI price quote.

Figure 2-7 shows: (1) the monthly ANS West Coast market price from November 2004, through October 2009, (2) the 60-month moving average of the ANS West Coast market price for the same period and (3) estimated ANS futures price for December 2009 to December 2014.

The figure illustrates a number of issues with respect to oil prices:

- Month-to-month crude oil price volatility—monthly ANS West Coast prices during this time period ranged from $36.66 per barrel to $133.78 per barrel.
- The 60-month moving average is $68.44 per barrel and has more than doubled since 2004.
- Futures prices from November 2009 are dramatically lower than July 2008 record highs, but higher than the 60-month moving average.

We project that ANS oil prices will average $66.93 per barrel in FY 2010, $76.35 per barrel in FY 2011 and $83.93 per barrel in 2012 in nominal dollars. ANS oil prices are projected to increase at approximately 2.75% per year starting in FY 2013, based on inflation.

Figure 2-7. Monthly Nominal ANS West Coast and Futures Oil Prices ($ per barrel)

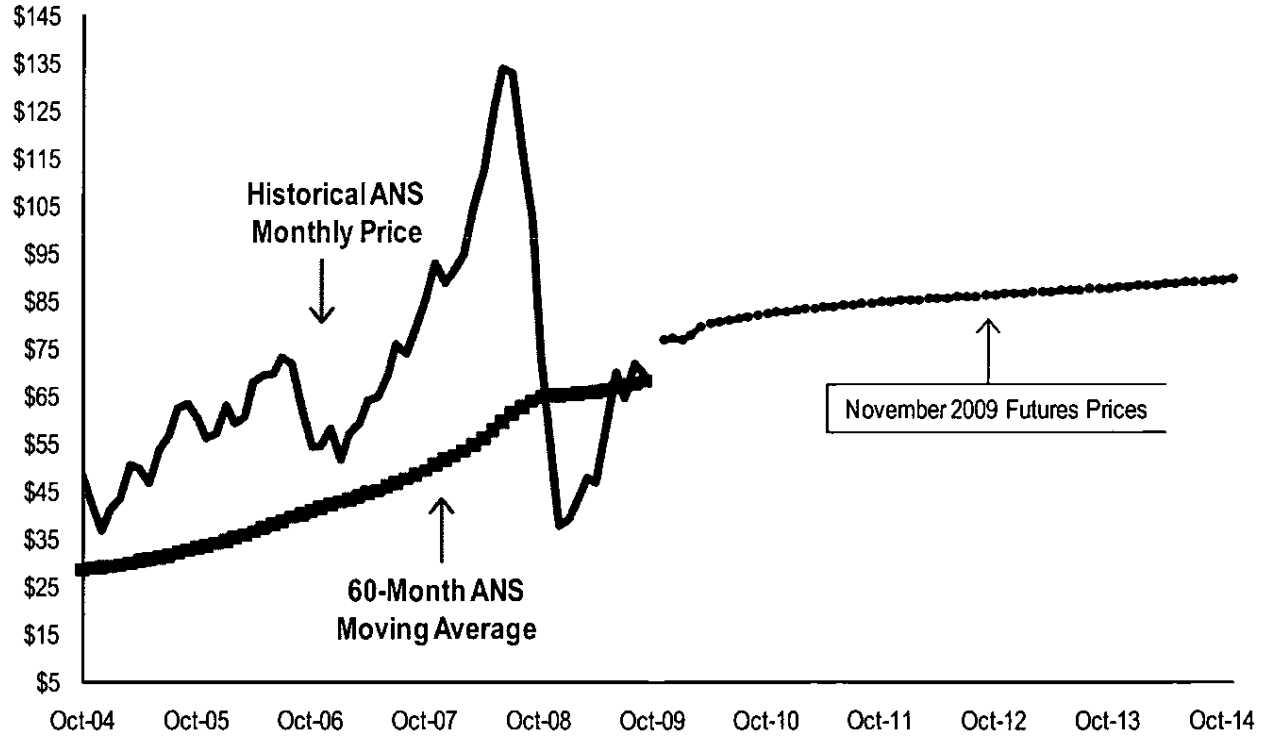


Figure 2-8. Alaska Crude Oil and NGL Production, FY 2009 and Forecasted FY 2010-2011 (million barrels per day)

	History	Forecast	
Alaska North Slope	**FY 2009**	**FY 2010**	**FY 2011**
Prudhoe Bay [1]	0.290	0.280	0.261
Aurora	0.008	0.007	0.007
Borealis	0.014	0.013	0.014
Midnight Sun	0.002	0.001	0.001
Orion	0.010	0.009	0.010
Polaris	0.004	0.004	0.005
Lisburne [2]	0.008	0.008	0.007
Niakuk	0.004	0.004	0.003
Point McIntyre	0.025	0.023	0.021
Raven	0.001	0.001	0.001
Kuparuk	0.106	0.099	0.091
Meltwater	0.002	0.002	0.002
Tabasco	0.002	0.002	0.002
Tarn	0.014	0.014	0.015
West Sak [3]	0.018	0.019	0.017
Milne Point [4]	0.021	0.020	0.020
Schrader Bluff	0.010	0.009	0.008
Endicott [5]	0.014	0.014	0.012
Badami	0.000	0.000	0.000
Alpine [6]	0.063	0.057	0.056
Fiord [7]	0.021	0.029	0.029
Nanuq [8]	0.022	0.013	0.009
Oooguruk	0.004	0.008	0.010
Nikaitchuq	0.000	0.000	0.006
Northstar	0.027	0.020	0.016
Total Alaska North Slope	0.692	0.659	0.623
increase/decrease from prior period	(0.024)	(0.033)	(0.036)
% change from prior period	(3.3%)	(4.8%)	(5.4%)
Total Cook Inlet[9]	**0.010**	**0.009**	**0.008**
increase/decrease from prior period	(0.004)	(0.001)	(0.001)
% change from prior period	(27.2%)	(13.1%)	(12.0%)
Total Alaska[9]	**0.702**	**0.668**	**0.631**
increase/decrease from prior period	(0.028)	(0.035)	(0.037)
% change from prior period	(3.8%)	(4.9%)	(5.5%)

[1] Includes NGLs

[2] Includes West Beach

[3] Includes Northeast West Sak

[4] Includes Sag River & Ugnu

[5] Includes Sag Delta

[6] Includes Qannik

[7] Includes Fiord-Kuparuk

[8] Includes Nanuq-Kuparuk

[9] Percent change calculation may vary from calculation using production amounts due to rounding

Crude Oil Production Forecast

Alaska North Slope crude oil production peaked at 2.006 million barrels per day in FY 1988 and has steadily declined since. We anticipate volumes will decline by 4.8% in FY 2010 to about 0.659 million barrels per day. For FY 2011, we project a 5.4% decrease in North Slope production. More discussion of the Fall 2009 oil production forecast can be found in Section 4. Oil Revenue. Also, a detailed field-by-field production forecast is included in the appendices of this forecast.

Crude Oil Expenditures Forecast

A third component of oil revenue forecasting is the expenditures forecast. Under the new ACES production tax, companies are allowed to deduct certain lease expenditures from the gross value of their production before applying the tax rate. Future tax collections, therefore, are dependent not only on the oil price and the level of production, but on the cost of that production. Costs of production may include fixed and variable operating expenses, such as labor costs and the expense to run a facility, and they may include costs to acquire production equipment or to drill a well—usually deemed to be capital expenses. A portion of capital expenses is also allowed as a credit against the ACES production tax.

Lease expenditures for the exploration for, and production of, crude oil have risen over the three-year period that they have been reported. In FY 2007, over $3.6 billion was spent producing and exploring for oil on the North Slope. In FY 2008, reported expenditures totaled $4.6 billion, and in FY 2009, reported expenditures totaled $4.9 billion. It is important to note that these are unaudited lease expenditures. We project spending in FY 2010 to moderate somewhat, partially due to cost reductions attributable to operational efficiencies and lower costs, with a total of $4.5 billion. For FY 2011, we expect capital spending to increase, with totals reaching $5 billion. These spending estimates are contingent on oil prices staying at current levels or increasing.

Long-Term Unrestricted Revenue Outlook

Using the price, volume and lease expenditure components developed for this fall forecast, Figure 2-9 summarizes the department's forecast of total General Purpose Unrestricted Revenue through FY 2019.

Figure 2-9. Total General Purpose Unrestricted Revenue, FY 2009 and Forecasted FY 2010-2019 ($ million)

Fiscal Year	Unrestricted Oil Revenue	Unrestricted Other Revenue (except Federal & Investment)	Unrestricted Investment Revenue	Total Unrestricted Revenue	Percent From Oil
2009	5,181.0	402.6	247.6	5,831.2	89%
2010	4,167.5	389.3	221.1	4,777.9	87%
2011	4,647.7	405.8	183.2	5,236.6	89%
2012	4,972.7	417.4	183.2	5,573.3	89%
2013	5,329.0	419.4	183.2	5,931.6	90%
2014	5,722.9	434.1	183.2	6,340.2	90%
2015	5,772.0	444.7	183.2	6,399.8	90%
2016	5,532.0	455.5	183.2	6,170.7	90%
2017	5,477.7	459.3	183.2	6,120.1	90%
2018	5,399.1	487.3	183.2	6,069.5	89%
2019	5,321.6	498.0	183.2	6,002.7	89%

Spending, Revenue Forecast and the Constitutional Budget Reserve Fund

As approved by voters in 1990, all receipts from mineral tax and royalty settlements are deposited into the Constitutional Budget Reserve Fund (CBRF). The state has deposited about $14.3 billion into the fund and generated another $1.9 billion in investment earnings. Through September 30, 2009, approximately $3.9 billion had been borrowed from the CBRF to balance the budget and another $4.1 billion had been spent through direct appropriations. During the years of FY 2007, 2008, and 2009, all borrowed funds were repaid from the General Fund into the CBRF. The net asset value in the CBRF as of September 30, 2009 was about $8.3 billion. Since the increase in oil prices beginning in 2003, no significant CBRF withdrawals were necessary to balance the state's budget, however given price volatility and the decline in expected oil volumes from the North Slope, the state may have to depend on the CBRF in the future.

Figure 2-10 is presented to help the reader understand the time period in which the CBRF could be depleted, based on the current revenue forecast and the assumption that all excess revenue would be deposited into the CBRF. This figure shows that, given the current revenue forecast and up to 10% in budget growth from FY 2010, the CBRF would not be depleted before 2020. If oil prices were to fall below our forecasted level and stay at that low level, we expect the CBRF to be depleted as early as July 2014, if the budget increases at a rate of 10% per year. If oil prices were to decline to an annual average of $50 per barrel, and the budget increases at 3% per year, the CBRF could be depleted by July 2017.

Figure 2-10. CBRF Run-Out Date With Revenue Surpluses Deposited into CBRF

Annual State Budget (% change)	Fall 2009 Oil Price Forecast[1]	Fiscal Model of Oil Revenue & CBRF Performance at Selected Prices ($ per barrel)[2]					
		$40	$45	$50	$55	$60	$65
+10%	Dec-2020	Jul-2014	Jan-2015	Sep-2015	Sep-2016	Apr-2018	Feb-2020
+5%	Dec-2020	Dec-2014	Sep-2015	Oct-2016	Jul-2018	Dec-2020	Dec-2020
+4%	Dec-2020	Jan-2015	Dec-2015	Feb-2017	Feb-2019	Dec-2020	Dec-2020
+3%	Dec-2020	Mar-2015	Feb-2016	Jul-2017	Nov-2019	Dec-2020	Dec-2020
+2%	Dec-2020	May-2015	May-2016	Dec-2017	Dec-2020	Dec-2020	Dec-2020
+1%	Dec-2020	Jul-2015	Sep-2016	Aug-2018	Dec-2020	Dec-2020	Dec-2020
Baseline Fall Forecast	Dec-2020	Oct-2015	Feb-2017	May-2019	Dec-2020	Dec-2020	Dec-2020
-1%	Dec-2020	Nov-2015	Jun-2017	Jun-2020	Dec-2020	Dec-2020	Dec-2020
-2%	Dec-2020	Mar-2016	Jan-2018	Dec-2020	Dec-2020	Dec-2020	Dec-2020
-3%	Dec-2020	Jun-2016	Sep-2018	Dec-2020	Dec-2020	Dec-2020	Dec-2020
-4%	Dec-2020	Nov-2016	Oct-2019	Dec-2020	Dec-2020	Dec-2020	Dec-2020
-5%	Dec-2020	Apr-2017	Dec-2020	Dec-2020	Dec-2020	Dec-2020	Dec-2020
-10%	Dec-2020	Dec-2020	Dec-2020	Dec-2020	Dec-2020	Dec-2020	Dec-2020

Baseline Expenditure Forecast ($ million)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
$4,350	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700	$4,700

[1] See Figure 2-6 for the Fall 2009 ANS oil price forecast used in the highlighted scenario.

[2] Matrix allows reader to select specific fiscal year price (from FY 2011-beyond) to determine CBRF exhaustion date. Fall 2009 forecasted production volumes are used. A date of Dec-2020 indicates that the CBRF does not run out during matrix timeframe.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

3. The Constitutional Budget Reserve Fund: Its Purpose, History and Use

Boom and Bust History of Natural Resource Revenues

For all of recorded history, Alaska has been a resource extraction state. From sea otter fur to timber, to gold, and finally to oil and natural gas, Alaskans have relied on natural resources as the major economic driver in the state. Because of its economic dependence on natural resources, Alaska has had a long history of boom and bust cycles.

As early as 1778, Captain Cook observed that traders would likely find a lucrative market for sea otter pelts or "sea-beaver" as they were called at the time. In fact, Captain Cook went so far as to call the sea otter pelts "soft gold."[1] Fur from sea otters and seals did indeed become a major source of revenue for Alaskan traders. Yet less than fifty years after Captain Cook correctly predicted the value of the sea otter trade in Alaska, a "fur boom" ensued and sea otters were hunted to virtual extinction.[2] This pattern of discovery of a resource in commercial quantities, followed by a subsequent rush to harvest the resource and ultimately the depletion of the resource, sadly played out again and again in Alaska over the next hundred years. Gold caused the next natural major resource boom for Alaska only to crash in the early 1940s. Fishing, specifically salmon, was a leading source of revenue for the Alaskan economy during World War II.

Another significant source of revenue in Alaska is federal spending, especially military spending. During World War II, over a billion dollars in federal money flowed into the state over a relatively short period of time, leading some to refer to the period as a "defense rush." Yet Alaska experienced a painful contraction within a few years of the end of World War II.

While federal revenues were flowing into the state at a record pace, tax revenues from the two leading sources of government revenue, fishing and mining, were dropping. Revenues from fishing and mining dropped so dramatically in the 1940s that by 1948, alcohol taxes had overtaken fishing and mining to become Alaska's main source of revenue.[3] At the same time, spending for state services skyrocketed, leaving Alaska with a multi-million dollar budget shortfall in 1947.

[1] Barnett, James K. *Captain Cook in Alaska and the North Pacific*, Todd Communications, Anchorage, Alaska, 2008.
[2] ibid.
[3] Cole, Terrance. *Blinded by Riches: The Permanent Funding Problem and the Prudhoe Bay Effect.* University of Alaska Institute of Social and Economic Research. Anchorage, Alaska, 2004.

1488

Over the years there were numerous discussions of the need to stabilize revenues and protect Alaska from the boom and bust cycles associated with reliance on natural resources, but there never seemed to be enough of a surplus or a willingness to save until oil was discovered in Alaska in world-class quantities.

The Permanent Fund

By the late 1970s, numerous groups and individuals had pointed out the need for Alaska to establish a savings fund to protect against swings in commodity prices for natural resources. As early as 1941, then Territorial Governor Ernest Gruening called for a budget stabilization fund to guard against the revenue volatility experienced by a natural resources dependent economy.[4]

Gruening's dream of an "Alaska fund" came true in the form of the Alaska Permanent Fund. While one purpose of the Permanent Fund was arguably to create a "rainy day account" for government spending when oil revenues dwindled, it has not been used for that purpose. Former Governor Jay Hammond is credited with the idea of generating public support for protecting the Alaska Permanent Fund by paying out dividends to Alaskans. The idea has been quite effective.

While legislators may appropriate money from the earnings of the Alaska Permanent Fund for government projects, the dividend program has made any dipping into the Alaska Permanent Fund for purposes other than dividends extremely controversial.

The 1980s Bust and Impetus for CBR

In the mid-1980s, roughly a decade after the Alaska Permanent Fund was established, Alaska experienced another severe resource bust as the price of oil dropped to roughly $10 per barrel, bringing widespread foreclosures and bankruptcies to Alaska.

The 1980s bust was the same painful story Alaskans weathered through for over a century: resources flowed in and government spending grew, resources played out or values dropped and suddenly Alaskans were faced with a tremendous shortfall. As the individual income tax and several other state taxes were repealed in 1979-1980 as a result of soaring oil revenues, taxes paid by Alaskan residents plummeted. As Stephen Jackstadt and Dwight Lee noted, "real taxes paid to the state by individual Alaskans after 1980 were only 14 to 16 percent of the real taxes they paid during fiscal year 1976."[5]

Revenues were declining and state spending was expanding. Over the seven years from 1981 to 1988, state spending increased almost 2,000% with state spending representing approximately $70,000 per Alaskan.[6]

Statutory Budget Reserve

In 1986 as the Alaskan economy cratered under the pressure of $10 per barrel oil, the legislature created another "rainy day" account: the Statutory Budget Reserve. The Statutory Budget Reserve was created to cover General Fund shortfalls using "excess revenues" from more profitable years.

The Alaska Legislature seeded the Statutory Budget Reserve with the balance of the remaining General Funds at the end of fiscal year 1991, $696.3 million.[7] By fiscal year 1994, the legislature had appropriated all of the money in the Statutory Budget Reserve leaving it with a zero balance. However, in 2008 the Legislature deposited approximately $1 billion in the Statutory Budget Reserve, which remains in the account today.

The Statutory Budget Reserve served its purpose for a short period of time before lying empty for over a decade. There was concern among some state legislators that the problem with the Statutory Budget Reserve was that funds were available through a simple majority vote. Some felt the Statutory Budget Reserve was doomed to fail because the money in the fund was simply too easy to spend.

Constitutional Budget Reserve History and Passage

The statutory reserve fund alone was not sufficient to protect Alaska from declining oil production and volatile prices. In the late 1980s, Alaskan legislators began discussing the idea of creating another budget reserve to be enshrined in the Alaska Constitution. The concept of the Constitutional Budget Reserve (CBR) as we know it today (an account containing oil and

[4] Cole, Terrance. *Blinded by Riches: The Permanent Funding Problem and the Prudhoe Bay Effect.* University of Alaska Institute of Social and Economic Research. Anchorage, Alaska, 2004.
[5] Jackstadt, Stephen L., and Dwight R. Lee. "Economic Sustainability: The Sad Case of Alaska." *Society.* Vol. 32 Issue 3. 1995.
[6] ibid.
[7] State of Alaska, Department of Revenue, Treasury Division. *Investment Policies and Procedures.* Ver. 3.0. Juneau, Alaska. 2007.

gas settlements from which appropriations generally require a three-quarter majority vote) came about as the state was considering the possibility of a large windfall from an oil settlement. Currently, CBR funds consist of revenues from the settlement of litigation over mineral taxes and royalties and the interest earned on those funds.

The legislation that created the CBR was sponsored by Senator Jan Faiks. Senator Faiks was the Chair of the Senate Judiciary Committee at the time and had just finished two years as the first female president of the Alaska State Senate from 1987 to 1988. Although Senator Faiks was the prime sponsor of the bill that created the CBR, the legislature changed the bill, which was ultimately combined with elements of a House Finance bill shepherded by Representative Kay Brown.

Originally, Senator Faiks' bill contained a number of provisions related to budgeting, one of which was labeled the Budget Stabilization Fund. Several other major sections in Faiks' bill were removed through the committee process including a constitutional spending limit to accompany the budget stabilization fund.

Today, under most circumstances the legislature can appropriate funds from the CBR only with a three-quarters majority vote. However, it is possible to make appropriations from the CBR with a simple majority vote under certain circumstances as provided in section 17(b) of the Constitution, and the legislature did so in 2003. Withdrawals from the CBR are required to be repaid.

The CBR was established in 1991, and since that time more than a dozen pieces of legislation have been introduced that would amend or change the CBR. However, the only significant changes to the CBR have been the asset allocation and the establishment of the CBR sub-account, a separate fund invested and managed with a longer time horizon than the main fund.

The CBR has been used heavily since 1991 and its exhaustion date is regularly forecasted as part of the official fall revenue forecast each year. There have been warnings that the State of Alaska will face a "fiscal gap" when the CBR is exhausted.

CBR Legislative and Balance History

Mary Halloran of the Governor's Office of Management and Budget summed up the impetus for the legislation in her comments before the Senate Finance Committee, which ultimately authorized the Constitutional Budget Reserve: "In mentioning the outstanding oil and gas litigation, [Halloran] said that, though the timeline is uncertain, it looks like the State could have some 'windfalls' during the next five years. [Halloran] said the Legislature has taken some very strong steps over the last couple of years to try to stabilize the spending limit, but there are still a number of programs 'out of control.'"[8]

Former Senator Jan Faiks recalled the passage of Senate Joint Resolution 5 (SJR 5) and creation of the CBR reserve as a bipartisan effort: "The decision was contentious because hardly anyone wanted to change the terms and conditions of the original Permanent Fund without approval from the people. So most Senators... insisted on another statewide vote and I think most House members agreed; thus, it was a bipartisan decision to propose a constitutional amendment. The Governor [Cowper] gets credit for recognizing the state had a real financial problem and he wanted to find a permanent solution. We knew the current situation of relying on the ups and downs of oil revenues was not good for either state or local governments. A bipartisan solution had to be found."[9]

Originally, SJR 5 was an updated version of a bill that had passed the Senate nearly unanimously in 1987. The bill called for a 50-30-20 distribution of the income of the Permanent Fund. Fifty percent of the Permanent Fund's earnings would have gone to the payment of dividends, thirty percent to inflation proofing and twenty percent to a budget stabilization fund. The twenty percent of earnings in Senator Faiks' bill as originally introduced eventually became the CBR as we know it today. One major piece of Senator Faiks' bill that was removed in the process was an appropriation limit. Another was a sunset clause under which the constitutional amendment would have expired after five years.

Just getting the bill out of the Senate was a challenge, even for the former Senate President Faiks. After failing to pass once and being returned to the Rules Committee on a motion by Senator Arliss Sturgulewski, SJR 5 was reported out of the Rules Committee and brought to the Senate Floor under a supplemental calendar on April 18,

[8] Testimony of Mary Halloran. 16th Alaska State Legislature, Senate Finance Committee. February 2, 1990. Transcribed by Alaska Legislative Records Dept.
[9] Faiks, Jan. "CBR." Email to Department of Revenue. November 10, 2009.

1990. The bill passed the Senate by a vote of 15-5 with Senators John Binkley and Michael Szymanski switching their votes to support passage.

Meanwhile, in the State House of Representatives, a bill with similar intent was making progress. House Joint Resolution 66 (HJR 66), while nominally sponsored by the House Finance Committee, was heavily supported by Representative Kay Brown. In fact, the legislative record describes Representative Brown as the Prime Sponsor of HJR 66. Co-Chairman of the House Finance Committee Ron Larson explained that the bill, "...evolved from the House Finance Fiscal Policy Subcommittee, chaired by Representative Brown, and was modified by the House Judiciary Committee."[10] The two bills (SJR 5 and HJR 66) finally collided in May of 1990 in the House Finance Committee.

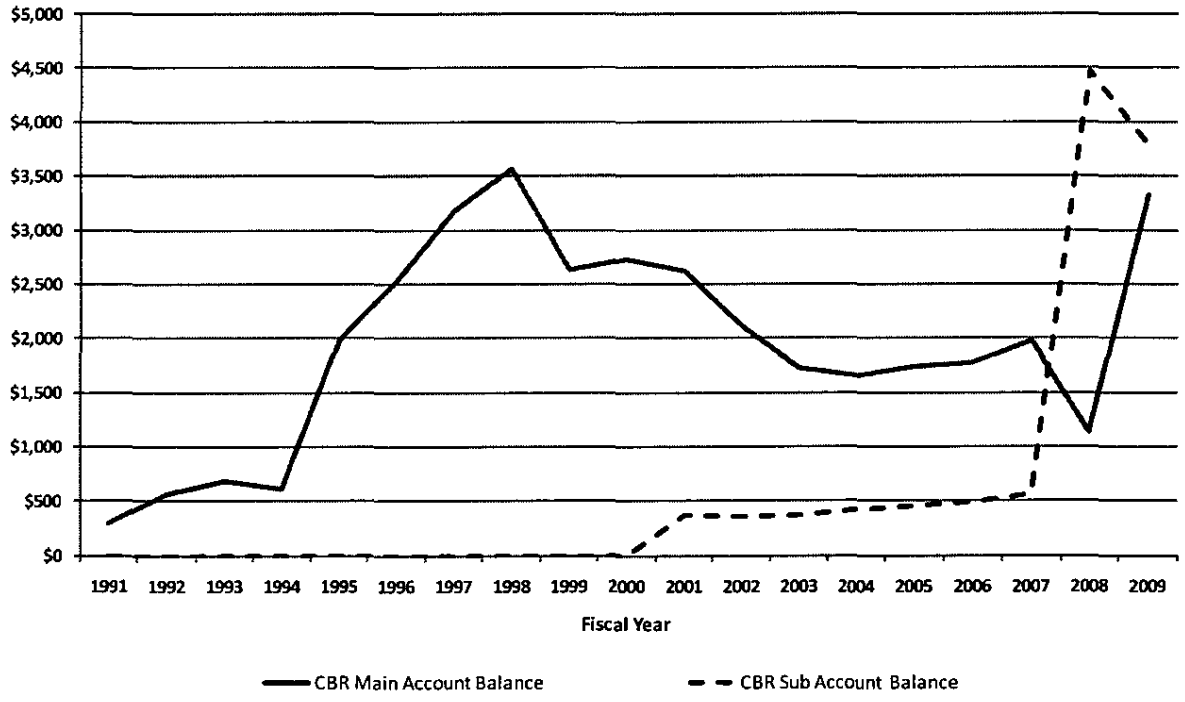
As is often the case with two pieces of similar legislation introduced separately in the House and Senate, the first bill to pass its respective house of origin typically becomes the "vehicle" or version to pass into law. In this case, SJR 5 by Senator Faiks had already passed the Senate and was assigned to the House Finance Committee for a hearing. HJR 66 never passed the House. However, the language from HJR 66 relating to the budget reserve, including the use of the term "budget reserve" rather than "budget stabilization fund" as it was referred to in SJR 5, was incorporated into SJR 5. Representative Brown testified before the House Finance Committee that the language in SJR 5 was nearly identical to the language in HJR 66 after the House Finance Committee had amended SJR 5.

In essence, SJR 5 was amended in the House to reflect the language of HJR 66. In the process, the spending limit in SJR 5 was eliminated. Numerous legislators and the Alaska Public Employees Association, a public employees union, opposed the constitutional spending limit.[11] Because the spending limit was deemed not politically viable, it was removed.

The Senate concurred with the House in a vote of 15-5 on May 8, 1990. The bill was sent to the governor on May 24, 1990, for signature. Governor Steve Cowper signed the bill almost exactly two months later on July 23, 1990.

Despite the passage of SJR 5 and the creation of the CBR, some question

Figure 3-1. Balance of the Constitutional Budget Reserve Main Account and Sub Account ($ million)



[10] Testimony of Ron Larson. 16th Alaska State Legislature, Senate Finance Committee. May 1, 1990. Transcribed by Alaska Legislative Records Dept.
[11] Testimony of Margaret Branson and Fran Ulmer. 16th Alaska State Legislature, Senate Finance Committee. May 1, 1990. Transcribed by Alaska Legislative Records Dept.

remained about which funds were to be deposited into the CBR. Former Governor Cowper and a number of legislators sued then Governor Wally Hickel, Department of Revenue Commissioner Darrel Rexwinkle and the State of Alaska in 1993 to dispute the State's interpretation of "administrative proceeding." Former Governor Cowper and the legislators argued that the State had been improperly depositing funds received during the informal conference stage of dispute[12] into the General Fund when they should have been deposited into the CBR. The Alaska Superior Court ruled in favor of former Governor Cowper and required the state to properly fund the CBR, with interest and foregone earnings, by the end of the regular session of the 18th Alaska Legislature in 1994.[13]

In another instance, nearly a billion dollars in funds which should have been deposited in the CBR were spent instead. When oil companies ARCO, Unocal, BP Exploration and Chevron agreed to pay the state $1.7 billion to settle long-running disputes over payments of back taxes and royalties in 1992 and 1993, the governor and legislature appropriated over half the amount. By spending this settlement rather than saving it, the state was able to maintain overall spending and more than double capital spending, from $300 million to $616 million.[14]

Historically, funds from the CBR were usually appropriated for general purposes. However, the CBR has also been used to fund specific programs in a number of instances. For example, a 2004 legislative research report listed the following expenditures from the CBR for specific programs: expenditures for oil and gas litigation and state title to oil and gas lands, capitalization of the Alaska Mental Health Trust, Y2K assessment, compliance, and remediation, and establishment of the Power Cost Equalization endowment fund.[15]

Figure 3-1 illustrates the history of the balances in the Constitutional Budget Reserve and the sub-account of the CBR from the first deposit through fiscal year 2009. Figures 3-2 and 3-3 illustrate the balance of each the Constitutional Budget Reserve and the Constitutional Budget Reserve sub-account with contributions and withdrawals by year. Figure 3-4 presents this information in tabular form.

CBR as a Stabilization Fund or Alternative to Hedging

The CBR as it exists today functions as a budget stabilization fund in the same manner as funds in many other states and oil producing nations. Like many resource producing states, the State of Alaska is exposed to tremendous commodity price risk. This is a difficult position for a government as expenses typically cannot be scaled back as quickly as revenues fall.

As a result of commodity price exposure, a number of resource producing states and nations from Texas to Mexico have actively hedged oil prices. The State of Alaska has studied hedging oil prices on a number of occasions with the most detailed discussion occurring in 2002 under the direction of Department of Revenue Commissioner Wilson Condon. In its hedging report, the Department of Revenue raised some concerns with using the CBR to protect the State from commodity price volatility, but also recognized the role the CBR plays in smoothing state revenues. However, because the CBR already insulates the state from the volatility of commodity prices, the report concluded that hedging oil prices was not ideal until the CBR was depleted or nearly depleted.[16]

"Alaska has not yet needed to pay the costs or take the risks of hedging its future oil revenues because our cushion against fluctuating oil prices for the past decade has been the Constitutional Budget Reserve Fund (CBRF). The fund was established a decade ago for exactly that purpose — to fill the gap between a fluctuating revenue source and a constant need for public services," wrote the Department in 2002.[17]

[12] The informal conference stage is the appeal to the regulatory agency.
[13] State of Alaska, Legislative Audit Division. Audit of Natural Resources and Department of Revenue: Constitutional Budget Reserve Fund. By Welker Randy. Juneau, Alaska. 1994.
[14] Jackstadt, Stephen L., and Dwight R. Lee. "Economic Sustainability: The Sad Case of Alaska." *Society*. Vol. 32, No. 3. March 1995.
[15] State of Alaska, Legislative Research Division. Appropriations from the Constitutional Budget Reserve Fund for Special Purposes. By Kathleen Wakefield. Juneau, Alaska. 2004.
[16] State of Alaska, Department of Revenue. *Hedging Oil Revenues: What Is It? When Should Alaska Do It, If At All? Why Should Alaska Consider It?* Juneau, Alaska. 2002.
[17] State of Alaska, Department of Revenue. *Oil Hedging Summary*. Juneau, Alaska. 2002.

Conclusion

Alaska's economy has always been at the mercy of commodity production and prices. After centuries of exhilarating resource booms followed all too regularly by severe busts, the State of Alaska created a budget stabilization fund in 1990: Alaska's Constitutional Budget Reserve. The CBR was created shortly after a time of economic crisis and with a view toward several large windfall settlements for the state.

Over nearly two decades, the CBR has almost single-handedly staved off massive budget shortfalls. In some years, withdrawals from the CBR reached a billion dollars in nominal terms. Yet the CBR remains vulnerable to prolonged overspending and the potential that oil prices may fall.

While the CBR is still vulnerable to overspending, and has at times appeared on the verge of exhaustion, the fund has acted as a buffer against commodity price volatility for almost two decades and can be expected to do so for the near future.

Figure 3-2. Constitutional Budget Reserve Main Account Contributions/Withdrawals and Balance ($ million)

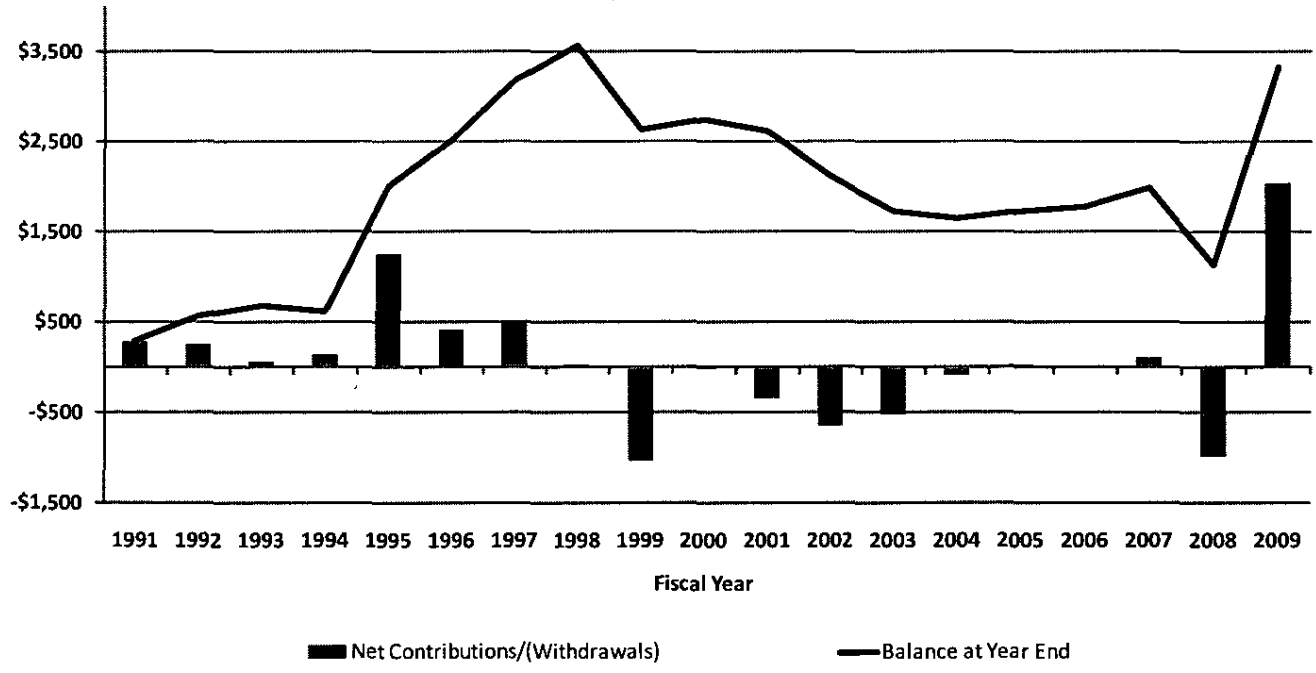


Figure 3-3. Constitutional Budget Reserve Sub-Account Contributions/Withdrawals and Balance ($ million)

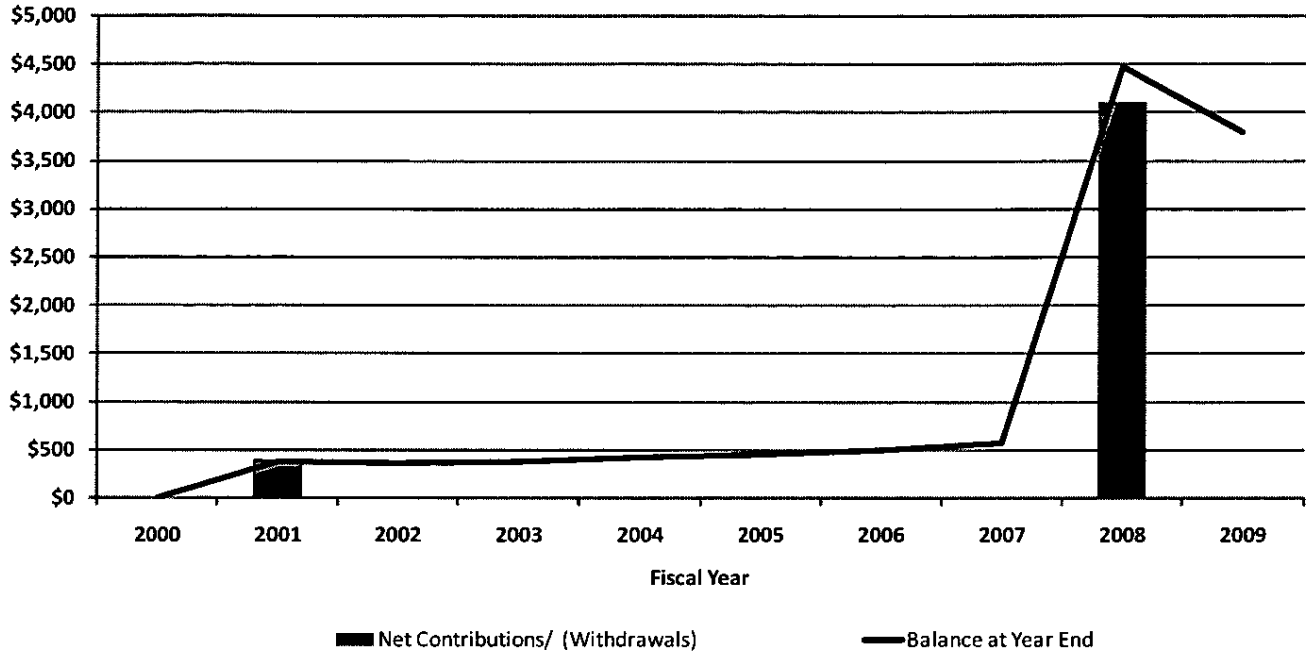


Figure 3-4. Constitutional Budget Reserve Main & Sub-Account Contributions/Withdrawals and Balance ($ million)

	MAIN ACCOUNT				SUB-ACCOUNT			
Fiscal Year	Beginning Balance	Net Contributions (Withdraws)	Investment Income	Ending Balance	Beginning Balance	Net Contributions (Withdraws)	Investment Income	Ending Balance
1991	0.0	291.0	6.0	297.0	0	0.0	0.0	0.0
1992	297.0	247.0	19.0	563.0	0.0	0.0	0.0	0.0
1993	563.0	65.0	57.0	685.0	0.0	0.0	0.0	0.0
1994	685.0	132.0	61.0	614.0	0.0	0.0	0.0	0.0
1995	614.0	1,258.0	122.0	1,994.0	0.0	0.0	0.0	0.0
1996	1,994.0	413.0	111.0	2,518.0	0.0	0.0	0.0	0.0
1997	2,518.0	487.0	167.0	3,172.0	0.0	0.0	0.0	0.0
1998	3,172.0	18.0	369.0	3,559.0	0.0	0.0	0.0	0.0
1999	3,559.0	(1,045.0)	114.0	2,628.0	0.0	0.0	0.0	0.0
2000	2,628.0	(9.0)	115.0	2,734.0	0.0	0.0	0.0	0.0
2001	2,734.0	(342.0)	227.0	2,619.0	0.0	400.0	(24.0)	376.0
2002	2,619.0	(648.0)	143.0	2,114.0	376.0	0.0	(21.0)	355.0
2003	2,114.0	(521.0)	127.0	1,720.0	355.0	0.0	18.0	373.0
2004	1,720.0	(81.0)	8.0	1,646.0	373.0	0.0	45.0	418.0
2005	1,646.0	23.0	62.0	1,731.0	418.0	0.0	36.0	454.0
2006	1,731.0	9.0	34.0	1,774.0	454.0	0.0	39.0	493.0
2007	1,774.0	101.0	106.0	1,981.0	493.0	0.0	75.0	568.0
2008	1,981.0	(987.0)	140.0	1,134.0	568.0	4,100.0	(200.0)	4,467.0
2009	1,134.0	2,040.0	144.0	3,317.0	4,467.0	0.0	(670.0)	3,797.0

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

1495

4. Oil Revenue

Figure 4-1. FY 2009 Oil Revenue: $6.1 billion

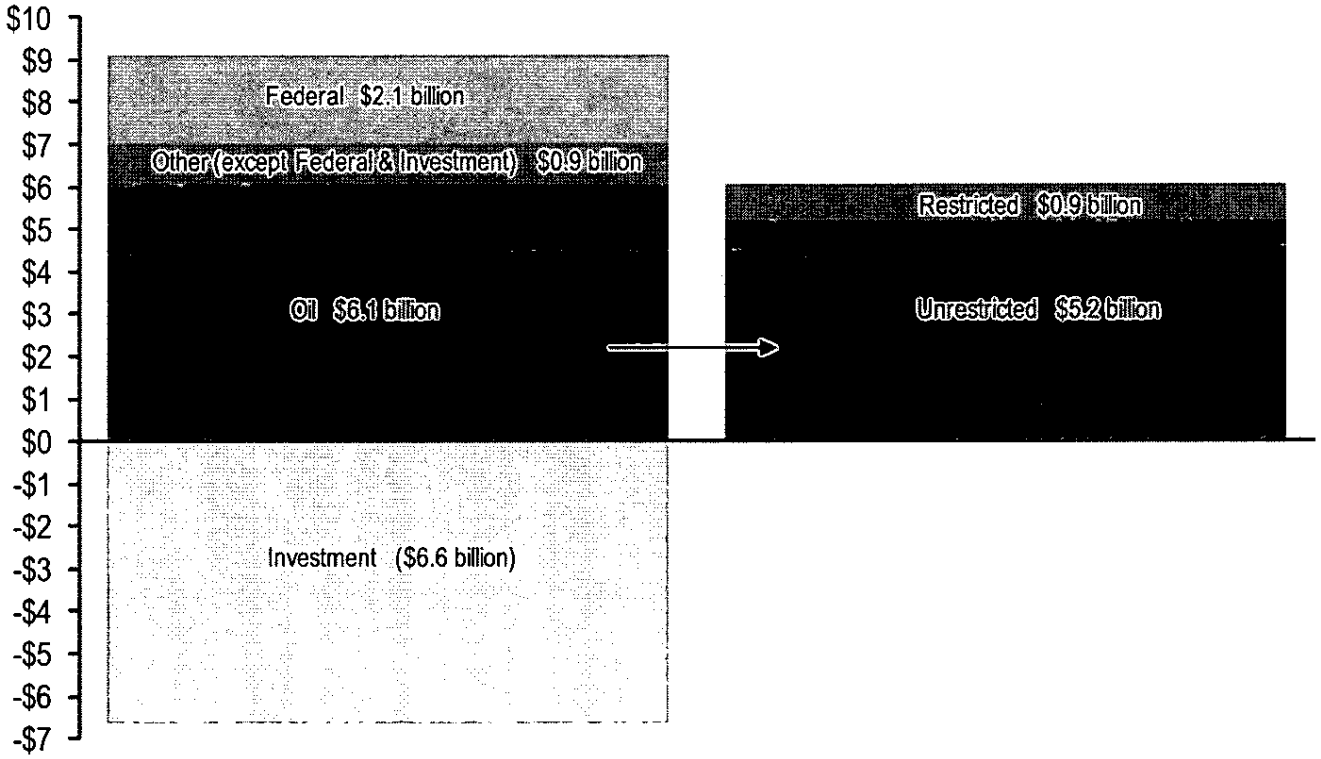


Figure 4-2. Total Oil Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million)

Oil Revenue

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Petroleum Property Tax	111.2	101.1	96.3
Petroleum Corporate Income Tax	492.2	470.0	580.0
Production Tax	3,112.0	2,126.1	2,430.9
Royalties (including Bonuses, Rents & Interest)	1,465.6	1,470.3	1,540.4
Subtotal	**5,181.0**	**4,167.5**	**4,647.7**
Increase/Decrease from Prior Period	(4,775.0)	(1,013.5)	480.2
% Change from Prior Period	(48.0%)	(19.6%)	11.5%
Restricted			
Royalties to Permanent Fund & School Fund	670.8	611.7	683.4
Tax Settlements to CBRF	202.6	440.7	20.0
NPR-A Royalties, Rents & Bonuses	14.8	4.9	4.9
Subtotal	**888.2**	**1,057.3**	**708.3**
Increase/Decrease from Prior Period	(443.9)	169.1	(349.0)
% Change from Prior Period	(33.3%)	19.0%	(33.0%)
Total Oil Revenue	**6,069.2**	**5,224.8**	**5,356.0**
Increase/Decrease from Prior Period	(5,218.9)	(844.4)	131.2
% Change from Prior Period	(46.2%)	(13.9%)	2.5%

Unrestricted Oil Revenue

Figure 4-3. Unrestricted Oil Revenue, FY 2009 and Forecasted FY 2010-2019 ($ million)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Petroleum Property Tax	111.2	101.1	96.3	91.9	87.4	83.2	79.3	75.5	71.8	68.2	64.9
Petroleum Corporate Income Tax	492.2	470.0	580.0	600.0	615.0	635.0	645.0	655.0	665.0	670.0	695.0
Production Tax	3,112.0	2,126.1	2,430.9	2,631.5	2,966.8	3,323.2	3,362.8	3,131.5	3,066.5	3,043.9	3,013.7
Royalties-Net [1]	1,465.6	1,470.3	1,540.4	1,649.4	1,659.8	1,681.5	1,684.9	1,670.0	1,674.5	1,617.0	1,548.0
Total Oil Revenues	**5,181.0**	**4,167.5**	**4,647.7**	**4,972.7**	**5,329.0**	**5,722.9**	**5,772.0**	**5,532.0**	**5,477.7**	**5,399.1**	**5,321.6**
Increase/Decrease from Prior Period	(4,775.0)	(1,013.5)	480.2	325.1	356.3	393.9	49.0	(240.0)	(54.3)	(78.6)	(77.5)
% Change from Prior Period	(48.0%)	(19.6%)	11.5%	7.0%	7.2%	7.4%	0.9%	(4.2%)	(1.0%)	(1.4%)	(1.4%)

[1] Includes bonuses and interest

General Discussion

The state receives oil and gas revenue from four sources: oil and gas production tax, property tax, royalties and corporate income tax. The bulk of the revenue goes into the General Fund for general purpose spending. With the repeal of HB 11,[1] approximately 30% of oil and gas royalties goes into the principal of the Alaska Permanent Fund and 0.5% goes into the Public School Trust Fund. There also are two other funds that receive specific oil and gas revenues: the National Petroleum Reserve-Alaska (NPR-A) Fund,[2] which receives the state's share of all lease bonuses from sales in the NPR-A; and the Constitutional Budget Reserve Fund (CBRF), which receives settlements of tax and royalty disputes between the state and oil and gas producers.

Figure 4-2 shows the actual amount of each tax and royalty source in FY 2009 and the forecast for FY 2010 and FY 2011. As can be seen from the figure, royalties and production tax constitute the largest part–81% for FY 2010–of restricted and unrestricted oil revenue combined. Figure 4-3 shows the department's unrestricted oil revenue forecast from the current fiscal year through FY 2019 by revenue category.

This section begins with a discussion of production taxes and royalties, both of which are driven by price and volume. We then review the price forecasting methodology that underlies this report, and discuss the linkage between market prices and wellhead values. We also review our production forecast and close this section with a discussion of oil and gas property taxes, oil and gas corporate income taxes and the restricted portions of oil revenue.

[1] For more discussion on deposits to the Permanent Fund and HB 11, see the Executive Summary section.

[2] This fund implements a federal requirement that the state use its share of NPR-A oil revenue to satisfy the needs of local communities most affected by development in the NPR-A. For detailed information on this fund, see Section XII-P of Treasury's Investment Policies and Procedure Manual.

Crude Oil and Natural Gas Production Taxes

All oil and gas production in Alaska, except the federal and state royalty share and a small amount used in production operations, is subject to the state's production tax, and to the hazardous release surcharge, which is levied only on crude oil. Taxes and surcharges are estimated and collected on a monthly basis.

The Production Tax Known as "Alaska's Clear and Equitable Share" (ACES)

In November 2007, the Alaska Legislature passed the Alaska's Clear and Equitable Share plan (ACES), which made changes to the state's production tax system, retroactive to July 1, 2007. The previous production tax, known as the Petroleum Profits Tax (PPT), had been in place for one year prior to the passage of ACES. Both production tax systems are based on net profits of oil and gas production (see Figure 4-4). For more than 20 years prior to the enactment of the PPT, the state used a production tax system that was based on the gross value at the point of production as adjusted by the Economic Limit Factor (ELF).

The ACES tax calculation starts with the value at the point of production, and then subtracts upstream costs, including costs capitalized on company financial statements, from this value to arrive at the "production tax value." Each company that produces oil in Alaska has a production tax value based on this calculation, which is conceptually similar to a company's net profit. The production tax value is multiplied by the tax rate—25%—to arrive at the base tax. Should the production tax value exceed $30 per barrel of oil produced (or the equivalent in gas), the tax rate increases 0.4% for every dollar the per-barrel production tax value is over $30. For production tax values greater than $92.50, the progressivity factor changes to 0.1% for every additional dollar of profit on a barrel of oil. The maximum total tax rate is 75%.

Under ACES, a company's production tax liability is reduced to the extent that it invests in equipment, projects, or other items that are deemed "capital expenditures." Capital expenditures generally include costs related to the purchase of drilling rigs or other equipment, infrastructure, exploration, and facility expansion. Capital costs are eligible for a 20% credit against the company's ACES liability and the credits must be spread over two years. The 20% capital expenditure credit is intended to encourage investment in Alaska.

ACES also encourages investment in Alaska through three other tax credits. Companies producing less than 100,000 barrels of oil per day may be eligible for a tax credit of up to $12 million per year. Net losses are eligible for a 25% tax credit in the year following the loss. ACES also expanded the Exploration Incentive Credit, changing the credit rates from 20% and 40% to 30% and 40% of qualified exploration expenditures.

Figure 4-5 shows the credits that companies reported on their annual tax returns filed March 31, 2008 and March 31, 2009. Note that most of the credits were applied against tax liabilities; those that could not be immediately applied against a tax liability will be carried forward or sold to the state or another company.

Figure 4-4. ACES Tax Liability Calculation

ACES Tax Liability = [(Value – Costs) * Tax Rate] – Credits

The terms used in the equation are defined as follows:

Value = Volume of Oil & Gas Produced * Wellhead Value

Costs = Operating Expenditures + Capital Expenditures

Tax Rate = 25% + 0.4% for every $1 per barrel that this "net profit" exceeds $30 up to $92.50, then 0.1%

Credits = (20% * Capital Expenditures)(1) + (20% * Eligible Transition Expenditures)(2) + Base Allowance

(1) Spread over two years

(2) Limited to those credits earned while the PPT was in effect and could not be used

The oil and gas tax credit fund, authorized under AS 43.55.028, was created to fund the state's purchase of production tax credit certificates. In FY 2009, the fund paid out $193 million, and thus far in FY 2010, the fund has paid out $49 million to purchase credits. As of November 2009, the fund balance was $138.5 million.

Hazardous Release Surcharge

The Oil and Hazardous Substance Release Prevention and Response Fund was created by the legislature in 1986 to provide a "readily available funding source to investigate, contain, and clean up oil and hazardous releases." An amendment in 1994 divided the fund into two separate accounts comprised of: (1) the Response Account, which requires a surcharge on all oil production, except federal and state royalty barrels, that may be used to finance the state's response to an oil or hazardous substance release declared a disaster by the governor; and (2) the Prevention Account which is an additional surcharge on all oil production, except federal and state royalty barrels, that may be used for the clean up of oil and hazardous substance releases not declared a disaster by the governor. This account can also be used to fund oil and hazardous substance release prevention programs in Alaska.

The Response surcharge (AS 43.55.201) is $.01 per taxable barrel of oil and the Prevention surcharge (AS 43.55.300) is $.04 per taxable barrel of oil produced.

The Response surcharge is suspended when the balance of the Response account is equal to or exceeds $50 million. As of September 30, 2009, the cumulative balance of the account was $45.8 million. The Response Surcharge was re-imposed effective April 1, 2007, by the Department of Revenue.

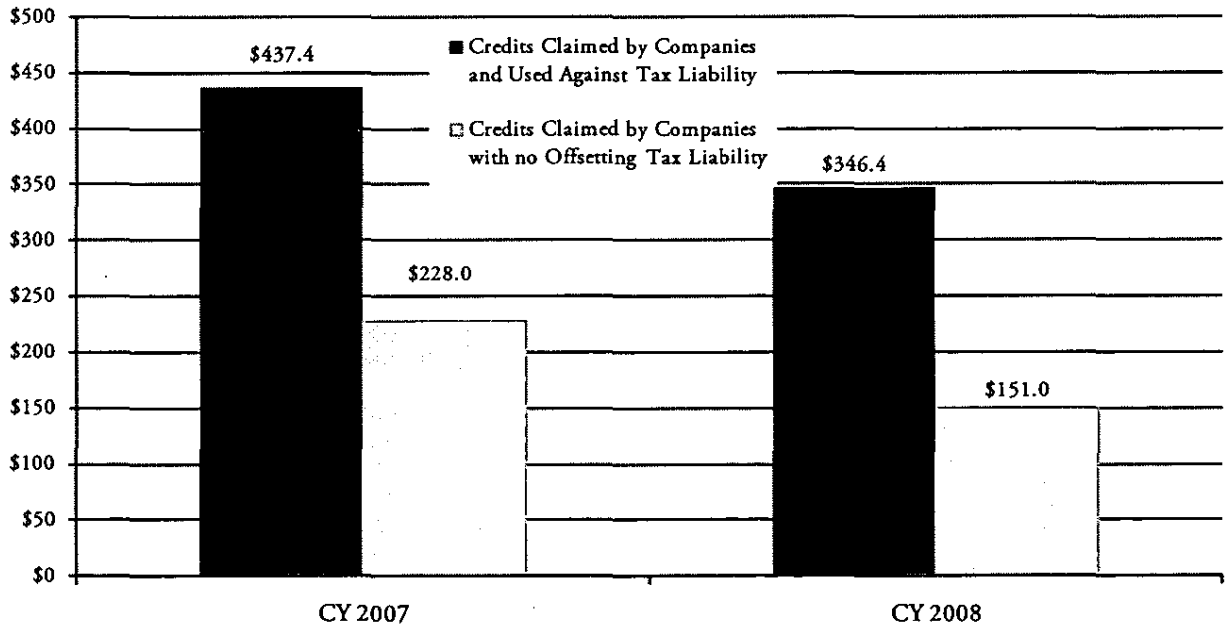
Oil Royalties

Almost all Alaska oil and gas production occurs on state lands leased for exploration and development. As the land owner, the state earns revenue from leasing as: (1) upfront bonuses, (2) annual rent and (3) a royalty interest in oil and gas production.

Typically the state issues leases based on a competitive bonus bid system. The state generally retains a royalty interest of at least 12.5%. The vast majority of current production is from leases that carry that rate. Some currently producing leases carry rates as high as 20%, and some leases also have a net profit-share production agreement.

State oil and gas leases provide that the state may take its oil royalty in barrels (in-kind) or as a percentage of the production value (in-value). In FY 2009, the state took approximately 56,000 barrels per day of North Slope

Figure 4-5. Production Tax Credits Reported, CY 2007 and CY 2008 ($ million)



production in-kind and sold it to Flint Hills Resources Alaska, LLC for their refinery at North Pole.

The royalty oil taken in-value is valued according to a formula using a market basket of spot crude oil prices closely approximating the ANS West Coast spot price of oil less a transportation allowance back to the lease. Royalties are based on a destination price—the higher of the actual sales price or the prevailing value.[3] Pipeline and marine transportation costs are deducted from the destination value to derive the taxable wellhead value of the oil or gas.

Crude Oil Prices, Lease Expenditures, Transportation Costs and Crude Oil Production: Forecasting Methodology & Assumptions

For many years, the level of revenues accruing to the state from oil production have been contingent primarily on oil prices and production volumes. With the implementation of the production tax on net profits, a third factor influences the level of revenues anticipated from oil production—costs related to exploring for, developing and producing oil, all or part of which are deductible and/or creditable under the production tax as "lease expenditures."

Estimating oil revenue for the state entails projecting four factors:

1. Crude oil prices
2. Lease expenditures
3. Transportation charges
4. Crude oil production

This section reviews each of these factors.

To forecast oil prices, the department conducts a day-long price forecasting session to review and discuss petroleum supply and demand price drivers. The session includes professionals from the Department of Revenue, Department of Natural Resources, Department of Labor, the Governor's Office of Management and Budget, the Division of Legislative Finance, the University of Alaska and industry experts.

To forecast crude oil production volumes, the Department of Revenue uses an engineering consultant in conjunction with assistance from the Department of Natural Resources and the Alaska Oil and Gas Conservation Commission. The statewide production volume forecast is summed from projections of oil and gas production by field.

To forecast lease expenditures, the department uses data from earlier filings for a base and projects short-term future expenditures from company documents. Mid and long-term expenditure forecasts take into account long-term development plans as detailed in company documents and are intended to coincide with our production forecast.

Transportation charges include tariffs on pipelines, marine transportation and other cost adjustments for moving crude oil to market. ACES allows "reasonable" costs to be subtracted as transportation charges.

Each of these forecasted items play an important role in determining the level of revenue anticipated from oil production. These four items are used as inputs into the department's revenue model.

More information about expenditures and tax calculations is provided later in this section.

1. Crude Oil Prices

Methodology for Forecasting Prices

The department compiles its oil price forecast from several sources, including a day-long price forecasting session with attendees from various agencies in the state government. Session attendees are asked for their projections for West Texas Intermediate (WTI) crude oil for three cases–a low case, a high case and a base case. The prices are forecast in real 2009 dollars. The Department of Revenue projects the differential between WTI and ANS and uses a projection of inflation to arrive at the nominal dollar forecast used in this publication. Among the other forecasting sources reviewed by the department are those prepared by the Energy Information Administration (EIA), the New York Mercantile Exchange (NYMEX), and industry analysts.

Oil prices were extremely volatile in FY 2009, due in large part to the economic crisis experienced in the U.S. and other developed nations. Although prices have stabilized thus far in FY 2010, there is still a significant amount of uncertainty about whether or not the economy is on a sustained path of recovery and if so, what impact that will have on oil demand and supply. In the 11 months since oil prices reached their recent low of $25 per barrel (December 2008), prices have rebounded to triple that amount, currently holding fairly steady in the $70 range for the past six months. Yet, many impacts of the recession continue to be felt, including high unemployment, shaky financial

[3] ANS West Coast prevailing value per 15 AAC 55.171 is the monthly average of daily spot market prices reported by Platt's Oilgram, Reuters and Dow Jones Energy reporting services. This price is published monthly on the Tax Division website at www.tax.state.ak.us.

markets and lower than normal consumer spending. Oil markets are intricately linked to the health of economies in the world and with so much potential for economic volatility still in the mix, it is difficult to predict with any accuracy the direction oil prices will go in the longer term.

Due to these uncertainties, we focused our oil price forecast on the near term, forecasting only out to 2012. Our forecast for the following seven years was held flat in real terms and escalated with inflation. The following observations and assumptions were considered in the preparation of our oil price forecast.

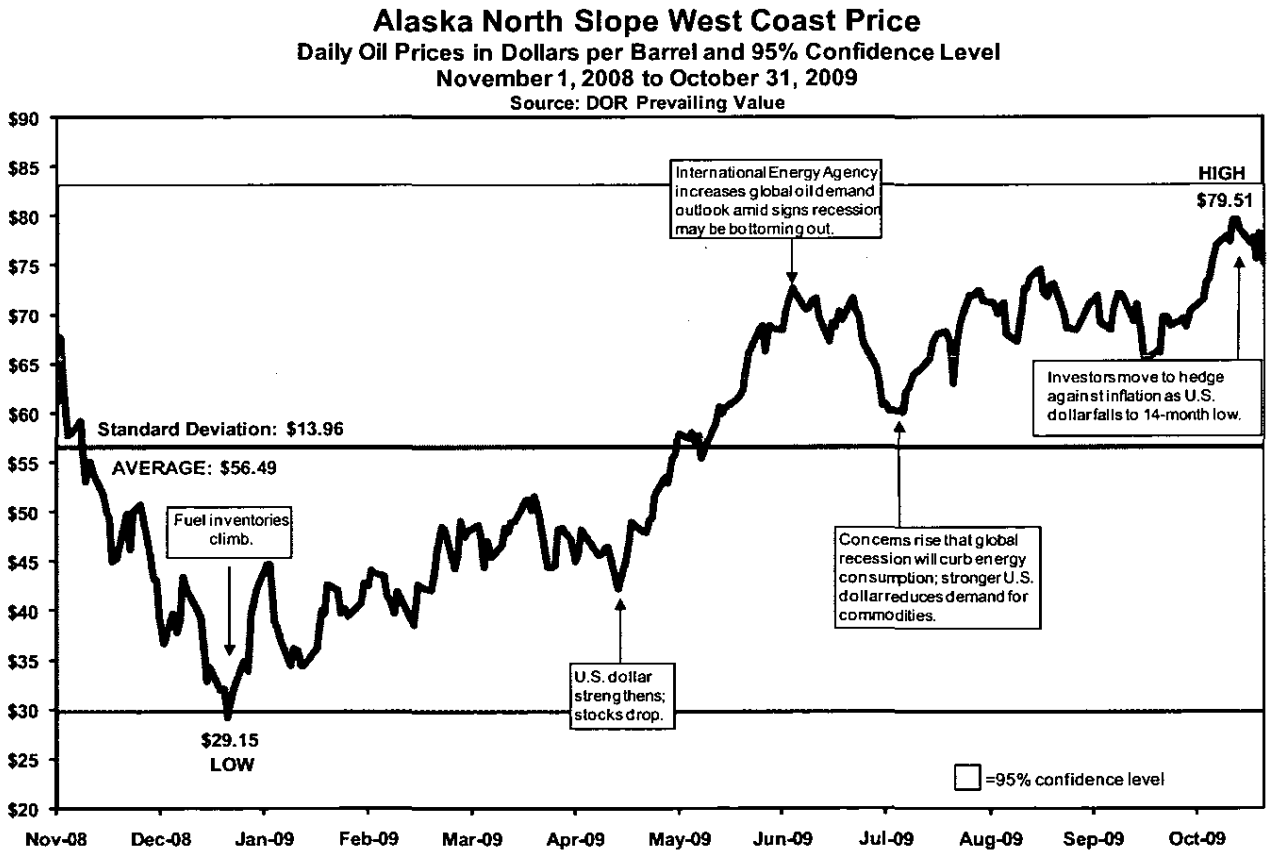
Factors that Influence Oil Prices

Many factors contribute to the pricing of oil on the world market. There are the fundamental economic factors of supply and demand, there are geopolitical events, there are inventory levels and weather-related events. There are other related issues, such as the impact of the financial sector, including commodities trading, and of facility constraints, including refinery capacity and configuration limitations. There is the influence of a strong oil market cartel—OPEC—which strives to keep oil prices within a pre-determined price band by increasing and decreasing supply. These are all factors that help determine the price of oil in the world market, and each of them must be considered in forecasting oil prices. At any given time, most of these factors are likely influencing the price of oil. Some of the factors push prices higher and some push them lower.

Oil Price Drivers

The most significant oil price driver for this forecast—both for high and low prices—is the health of the U.S. economy and other developed countries. Since the economy has been cited as the most commonly accepted reason for the crash in oil prices that occurred in late 2008, it should not be surprising that the economy is the most influential factor for oil price movements in the near term. The fact that the economy is the

Figure 4-6. ANS Crude Price Volatility



Note: 95% confidence level equals two standard deviations, or +/- $27.92 from the average of $56.49 per barrel

top reason for oil prices increasing, as well as for oil prices decreasing, reinforces the uncertainty that still exists in the future of the U.S. and other economies. While some notable economists have been quick to declare that the worst of the recession is past us and the economy is on an upward path, others warn of continued market volatility, as well as unemployment and inflation fears.

There have been several measures of positive economic growth in recent months that may help signal the end of the recession. In late October 2009, the Bureau of Economic Analysis (BEA) released an early report that the U.S. gross domestic product (GDP) had increased in the third quarter of 2009—the first such increase since the second quarter of 2008. Also according to the BEA, U.S. personal income was up in the second quarter of 2009, the first increase in a year. With regard to international trade, the BEA reported in the second quarter of 2009 that the deficit in international trade on goods and services declined to its lowest level since 2001. These are all positive economic signs that the worst of the recession could be over in the U.S.

Alternatively, should the U.S. economy slide back into negative growth again, the impact on oil prices could be severe. As the recession deepened in the fourth quarter of 2008, oil prices plunged from over $90 per barrel to about $25 per barrel, a 72% decrease. One year later, prices have rebounded as the economy appears to be recovering, but unemployment is the highest it has been in over 25 years. Prolonged unemployment could erode oil demand, sending prices downward again. Any economic impacts felt in the U.S. to some extent carry over to other parts of the world and could dampen oil demand there as well.

Along with the rebound in the economy has been an increase in commodities trading, particularly in oil futures. Oil is traded on the New York Mercantile Exchange (NYMEX) and the price of oil, at least in the near term, is significantly influenced by thousands of trades conducted daily on the commodity. Some economists opine that the huge number of commodity trades on oil could be contributing to the volatility of oil prices seen in recent years. These opinions have generated suggestions that the commodities markets should be more tightly controlled and regulated. It has yet to be determined what impact, if any, commodities trading has on long-term oil pricing. The influx of money into commodities, however, has been linked to the decreasing value of the U.S. dollar. The U.S. dollar has dropped in value by over 7% this year and by 37% since 2001 due to years of low interest rates and recent federal stimulus spending. The weakened U.S. dollar has also been linked to the price of another commodity, gold, which recently soared to over $1,100 per ounce. Futher weakening of the dollar is often cited as contributing to higher oil prices.

Other drivers of oil prices cited less frequently include decisions made by OPEC and whether members adhere to the quotas the organization sets. OPEC successfully cut production in the fourth quarter of 2008, hoping to reverse the downward trend in oil prices. Although the cuts had some impact, they did not have an immediate response in oil prices, due in part to the over-supply of oil in the market. The organization cut production again in the spring of 2009, with the goal of increasing oil prices. Since June 2009, prices appear to have stabilized in the $70 per barrel range. It is difficult to know how much influence OPEC's cuts have had on oil prices, but the organization does have the ability to control how much oil is in the market at any given time.

Disruptions in supply due to geopolitical events, weather-related events and infrastructure constraints played less of a role in this year's oil price forecast. The hurricane season failed to produce any real threatening storms that could shut in production in the Gulf of Mexico or elsewhere. Geopolitical events such as those seen in Nigeria and Iran and other oil-producing regions are still occurring, but appear to be taking a back seat to the economy's impact on oil prices. Recently, there have been no overwhelming infrastructure concerns, at least in the oil markets, to drive prices up or down.

Demand and Supply Projections

in the long run, oil prices are ultimately a function of two factors: the supply of oil and the demand for oil. While oil price forecasting necessarily considers the impact of such factors as financial speculation and weather events, the underlying fundamentals of supply and demand must also be examined.

In their November 2009 update, the EIA predicted that world oil demand will rebound in 2010 by over one million barrels per day, with most of the increase coming from developing countries. Economic growth in China and other Asian nations is expected to lead the rebound in oil consumption. The developed world, as represented by the nations in the Organization for Economic Cooperation and Development (OECD), is expected have essentially no change in consumption from 2009 to 2010. However, the U.S. is expected to reverse its downward trend in oil consumption that began in 2005.

On the supply side, OPEC production, which was 2.4 million barrels per day lower than 2008 over the first nine months of 2009, will gradually increase in 2010 as oil demand increases, according to the EIA. OPEC spare capacity is expected to remain above four million barrels per day, which represents significantly more excess capacity than the historical average. Most of this spare

capacity is located in Saudi Arabia. In contrast to OPEC, non-OPEC oil production was actually 500,000 barrels per day higher than 2008 over the first nine months of 2009, with most of the increase coming from Russia. Non-OPEC supply is expected to show an additional increase in 2010 of 250,000 barrels per day.

Although oil supply and demand are currently showing signs of stabilization, we know that oil prices will continue to move in cycles in the future as they have in the past. The EIA cited renewed economic growth as the driver of increased oil demand which in turn has helped prices to stabilize. Likewise, participants in the department's price forecasting session identified the state of the U.S. and world economy as the most important factor in determining oil prices. With OPEC showing a historically high level of quota discipline and holding enough spare capacity to help smooth out any supply disruptions, oil demand now appears to be the most important fundamental driver of oil prices. Demand, as we know, is a function of the economy: as the world economy goes, so too will oil prices. Our oil price forecast assumes that the world economy will be well on the way to recovery by late 2010.

Forecast for West Texas Intermediate and Alaska North Slope Crude Oil

We forecast the price for West Texas Intermediate (WTI) crude oil to average $68.71 for FY 2010, $78.85 for FY 2011, and $86.43 for FY 2012. Corresponding ANS prices are $66.93, $76.35, and $83.93 for the three years. We forecast a WTI-ANS differential of $2.50 per barrel, except in the case of FY 2010, which has some actual monthly differentials incorporated into the price. Beyond FY 2012, we project that oil prices will stay flat in real terms and increase in nominal terms by the projected 2.75% based on advice from Callan Associates on capital market inflation.

2. Lease Expenditures

The passage of PPT and now ACES requires the Department of Revenue to forecast lease expenditures, in addition to oil prices and production. Lease expenditures are defined in part as the upstream costs that are the direct costs of exploring for, developing, or producing oil or gas deposits. The production tax under PPT and now ACES allows the deduction of lease expenditures to arrive at a taxable base. The production tax system also allows a partial credit against the tax liability for certain lease expenditures known as qualified capital expenditures. For more information on how ACES production tax is calculated, see Figure 4-4.

Methodology

The Department of Revenue has received three annual filings of tax returns under a net profits production tax, under PPT in 2006, and under ACES in 2007 and 2008. Additionally, the department receives monthly information filings from oil and gas companies operating in the state that provide estimated monthly lease expenditures by property. Semi-annually, the department receives projections of lease expenditures by property for up to five years into the future. These reports have greatly enhanced the department's ability to prepare better revenue forecasts.

The department also uses several other means to forecast lease expenditures, including consulting other taxpayer-submitted information, such as plans of development, federal partnership returns, and other documentation. Production profiles are reviewed, as well as publicly available information on estimated costs to bring new fields online and projected start-up dates.

Forecast

In FY 2009, the following unaudited lease expenditures were reported on monthly information forms by companies producing or exploring for oil and/or gas on the North Slope: $2.1 billion in operating expenditures[4] and $2.2 billion in capital expenditures. For FY 2010, we forecast operating expenditures at $2 billion and capital expenditures at $2.5 billion. For FY 2011, we forecast operating expenditures at $2.1 billion and capital expenditures at $2.9 billion. The lower forecast for operating expenditures reflects lower costs of operation associated with lower oil prices, as well as efficiencies gained in companies streamlining their operations. Higher capital expenditure forecasts reflect continuing development in newer fields like Oooguruk, Nikaitchuq, and Point Thomson as well as projects aimed at enhanced oil recovery and the development of heavy oil.

3. Transportation Charges and Other Production Costs

Taxpayers subtract marine transportation costs, the Trans Alaska Pipeline System (TAPS) tariff, feeder pipeline tariffs and an adjustment for quality bank charges from the appropriate destination value. This netback calculation is shown in Figure 4-8 for FY 2009-2019.

Marine Transportation Costs

Crude oil delivered to Valdez through TAPS is shipped by tanker to refineries in Washington, California, Hawaii and the Kenai Peninsula. Most North Slope

[4] Includes the standard deduction for Prudhoe Bay and Kuparuk units per AS 43.55.165(j).

Figure 4-7. Basic Data Used for ANS Oil & Gas Production Taxes

	History FY 2009	Forecast FY 2010	Forecast FY 2011
State Production Tax Revenue from the North Slope			
Millions of Dollars	3,112.0	2,126.1	2,430.9
Key North Slope Assumptions			
Price of ANS WC in dollars per barrel	68.34	66.93	76.35
Transit Costs & Other in dollars per barrel	6.48	5.90	6.61
ANS Wellhead in dollars per barrel	61.86	61.03	69.74
Production in barrels per day	692,127	658,762	622,879
Royalty and federal barrels per day	93,664	85,564	80,255
Taxable barrels per day	598,463	573,198	542,624
Lease Expenditures in Millions of Dollars			
Operating Expenditures (Opex)	2,085	1,996	2,100
Capital Expenditures (Capex)	2,212	2,505	2,923
Total Expenditures	4,297	4,501	5,023
Implied North Slope Data			
Credits Used against Tax Liability in $millions	350.0	350.0	400.0
Credits for Potential Purchase in $millions	200.0	250.0	200.0
Lease Expenditures per barrel of oil produced			
Opex	8.3	8.3	9.2
Capex	8.8	10.4	12.9
Total Expenditures	17.0	18.7	22.1
Average Production Value per Barrel (Pre-Tax)	44.9	42.3	47.6
Production Tax Collected per Taxable Barrel	14.2	10.2	12.3

Notes

1 This table presents a grossly simplified snapshot of the production tax calculation on an average North Slope basis, and any use of this data should be viewed accordingly. Additionally, because production tax is calculated on a company basis, any simplification such as this distorts the actual value to companies. For example, a company's pre-tax production value per barrel could be significantly more or less than that shown in this table, depending on the "mix" of petroleum investments they have on the North Slope.

2 Lease expenditures for FY 2009 were prepared using unaudited company reported expenditure estimates.

3 Expenditure data for FY 2010 and FY 2011 are compiled from company submitted expenditure forecast estimates and other documentation as provided to the DOR.

4 CAPEX credits are spread out over two years as specified in the ACES production tax. In addition, the assumptions for the transitional credits and the $12 million credits for small Alaska producers are not included in the table.

5 Operating expenditures for Prudhoe Bay and Kuparuk units include the standard deduction provision per AS 43.55.165(j).

crude is delivered to Puget Sound, San Francisco and Los Angeles to meet the demand of Washington and California refineries. These voyages take about two weeks depending on loading and unloading time and potential delays.

The majority of crude oil delivered is by BP's "Alaska Class" and ConocoPhillips' "Endeavour Class" tankers, all of which are state-of-the-art double-hulled tankers. Double-hulled tankers have an inner hull containing the tanker's crude oil and a surrounding outer hull to offer additional protection against oil pollution. These tankers range from about 140 to 195 deadweight tons and can carry over a million barrels at full capacity.

Allowable costs for oil transported by a vessel not owned or effectively owned by the producer of the transported oil are the total costs under the charter or contract and other allowable costs borne by the producer.

For crude oil shipped on tankers that are owned or effectively not owned by the producer of the transported oil, which is typically the case, the bulk of allowable costs are the following:

- depreciation,
- return on investment,
- fuel for the vessel while in port and at sea,
- wages and benefits for the crew and captain,
- routine maintenance,
- tug and pilotage fees and
- drydocking costs.

We forecast a modest increase in tanker transportation costs per barrel that is considered necessary in order to maintain the integrity of the fleet.

Trans Alaska Pipeline System (TAPS) Tariff

The tariff model for TAPS is developed from the Federal Energy Regulatory Commission (FERC) Opinion 502 compliance filings. Opinion 502 requires the carriers to establish a uniform rate using the Order 154-B methodology of trended original cost (TOC). Treatment of dismantlement, removal and restoration (DR&R) expense is specified and the return on equity component is consistent with FERC's new policy for oil pipelines.

The forecasting model simulates what the tariff would be with a TOC cost-of-service model using information from Opinion 502 and projections of capital additions and operating costs. The cost-of-service components and the methodology are modeled to emulate the regulatory approach and outcome. We do not attempt to predict the outcome of pending litigation or estimate the level and timing of protested rates. Corrections between filed, charged and allowed rates are made through the refund process and are not part of the tariff forecast.

In the summer of 2009 both BP Pipelines Alaska (BPPA) and ExxonMobil filed new $4.01 interstate rates that were in effect subject to refund for short periods (BPPA July 1 to July 31st, and ExxonMobil May 1st to July 8th). The state protested those rates and therefore are subject to refund. ConocoPhillips also filed a $4.01 rate but then withdrew it. ExxonMobil, ConocoPhillips and BPPA then each filed a $4.10 rate, their current rates, that are subject to refund due to state protests. Unocal and Koch are still operating under their 2008 compliance rate tariffs.

A total revenue requirement (TRR) for operating and maintaining the pipeline while providing a reasonable rate of return for the investment in the pipeline. This TRR is then unitized by dividing by the total number of barrels of oil put through the pipeline.

To calculate the rate of return and depreciation components for the cost-of-service model, the beginning rate base is established and depreciated according to the FERC opinion, which extended the life of the line from 2011 to 2034. Carriers use 2034 as the end of the useful life of TAPS for setting depreciation rates, and FERC has rejected arguments to use a 2042 end-life for setting depreciation rates.

Additions to the rate base are made to account for future investments and capital expenditures for the Strategic Reconfiguration project.

Adjustments to the rate base use

- beginning rate base,
- trending,
- deferred return,
- new capital additions,
- depreciation,
- ending rate base.

The capital cost structure, cost of debt and real rate of return on equity are from the test period filing with FERC. Return on equity is consistent with the new FERC policy statement which allows Master Limited Partnerships to be included in rate of return proxy groups for determining rates for services. Property tax reflects the 2009 State Assessment Review Board (SARB) decision. Operating costs are function of the level of throughput and inflation. The deferred return and the Allowance for Funds Used During Construction (AFUDC) are amortized per the rate stipulated in the order. Other cost components are projected using relationships developed from historical data and statistical analysis.

1506

Components of the total revenue requirement include

- operating expenses,
- property tax,
- depreciation expense,
- interest expense,
- return on equity,
- amortization of AFUDC,
- amortization of deferred return,
- income tax allowance,
- non-transportation revenues.

The TRR for the pipeline is the sum of the components listed above. A dollar per barrel tariff is calculated by dividing the TRR by deliveries. This makes the tariff sensitive to the inherent uncertainties of forecasting production as well as the uncertainties in forecasting the cost-of-service components.

TAPS is an old pipeline with about 75 percent of the TRR attributable to operating expenses. As the relatively fixed operating expenses are spread over fewer barrels, the tariff increases rapidly. From about $5.60 per barrel in 2019 the tariff increases to over $15.00 by the 2034 end-life for setting depreciation rates.

Feeder Pipeline Tariffs and Other Adjustments

These costs include feeder pipeline charges, other cost adjustments to account for the different qualities of oil entering the pipelines, and market-location differentials for intrastate sales.

Transportation costs for feeder pipelines are incurred to move the crude oils from the various North Slope production fields to Pump Station No. 1 of TAPS. There are six feeder pipelines on the North Slope.

The tariff forecast for each pipeline is based on a cost-of-service model tailored to match the particular settlement agreement of each feeder pipeline. The tariff, under a cost-of-service ratemaking approach, includes certain costs incurred by the pipeline owner and a return on the rate base. These costs may include operating expenses, DR&R allowance, depreciation and other costs. The return on the rate base is the product of the rate base and a rate of return. The rate base is the value of the carrier property minus depreciation and other adjustments. The rate of return is an equity-and-debt-weighted return agreed upon in the settlement agreement. To forecast each pipeline's tariff per barrel, projected total costs and the return on the rate base are summed and divided over the projected total number of barrels throughput.

Wellhead Price

The combination of ANS wellhead value and production volumes forms the basis for both state production taxes and royalties. The wellhead value is calculated by subtracting the relevant marine transportation and pipeline tariff costs (as well as adjustments for North Slope feeder pipelines and pipeline quality bank) from the appropriate destination value. Figure 4-8 reflects this calculation for FY 2009-2019.

4. Crude Oil Production Methodology

In a hydrocarbon rich basin such as the North Slope of Alaska, any discussion regarding production forecasting methodology should begin with identifying those resources that are not included in our estimates. We do not include any estimates for undiscovered oil, including future potential from the Alaska National Wildlife Refuge (ANWR),

Figure 4-8. Fall 2009 Forecast Assumptions, FY 2009 and Forecasted FY 2010-2019 (nominal $ per barrel)

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ANS West Coast Price	68.34	66.93	76.35	83.93	86.24	88.61	91.05	93.55	96.13	98.77	101.49
ANS Marine Transportation	2.05	2.07	2.05	2.10	2.15	2.20	2.25	2.30	2.35	2.40	2.45
TAPS Tariff	4.59	4.18	4.40	4.51	4.50	4.51	4.60	4.75	4.95	5.23	5.62
Other Deductions & Adjustments [1]	(0.15)	(0.35)	(0.46)	(0.45)	(0.42)	(0.36)	(0.37)	(0.38)	(0.39)	(0.40)	(0.41)
ANS Wellhead Price	61.86	61.03	70.36	77.78	80.02	82.27	84.57	86.89	89.22	91.54	93.84

[1] Includes other adjustments such as quality bank charges, location differentials and company-amended information.

the National Petroleum Reserve-Alaska (NPR-A), the federal Outer Continental Shelf (OCS) or onshore lands within the state of Alaska. We exclude from our estimates production from most of the known heavy or viscous oil deposits; in fact we consider none of the approximately 20 billion barrels from the giant Ugnu deposit. We exclude 96% of the viscous/heavy oil from the large West Sak field, projecting roughly 400 million barrels recovery out of roughly 10 billion barrels in place. We also exclude 87% of the heavy oil at Schrader Bluff, projecting roughly 285 million barrels recovery out of over 2 billion barrels in place. Additionally, none of the known oil discoveries in the federal OCS, in fields such as Sivilluq, Kuvlum and Sandpiper, potentially totaling hundreds of millions of barrels of recoverable oil, are considered in the forecast. None of the known discoveries outside of the small NPR-A accumulations in the vicinity of the Alpine field are included. Finally, we limit any production attributed to a promising new enhanced oil recovery technology termed 'low salinity waterflood' to a portion of the Endicott field, where results from an ongoing pilot project are expected by year end. Laboratory tests using Endicott rock show low salinity waterflood can increase ultimate recovery by 10-15%, or approximately 150 million barrels. Successful slope-wide implementation of low salinity waterflood could result in incremental recovery measured in the billions of barrels. We also exclude any enhanced oil recovery from CO_2 injection, a long proven technology that complements low salinity waterflood and provides necessary disposition of an otherwise unwanted byproduct of gas conditioning associated with major gas sales from the North Slope. Carbon dioxide injection, presumed to occur only with major gas sales, could add hundreds of millions barrels of incremental recovery from the North Slope.

We exclude the aforementioned resources, both known and unknown, in order to avoid speculation and to reduce the uncertainty typically associated with the commercialization, timing and magnitude of resource development. Accordingly, we believe that our current estimates of ultimate recovery from the North Slope are conservative.

For the production forecasting process, we engage a certified petroleum engineering consultant who performs a bottom-up evaluation on each of the individual fields that yields a forecast of three types of oil production: (1) oil that is currently being produced, (2) oil production that we expect to realize from projects currently under development and (3) oil production that we expect to realize from projects under evaluation. A detailed description of each type of production is provided later in this section. The engineering consultant employs decline curve analysis, augmented by generally accepted engineering principles, discussions with field operators and public and private information, in order to assemble our long range production forecast.

Assumptions

We continue to make adjustments to our production expectations from the North Slope in this fall 2009 forecast. As always, we examined reservoir performance, reviewed the uncertainty associated with the pace and scope of development of new fields and new projects within existing fields and re-evaluated planned and unplanned downtime for all fields. Our review indicates that, with minor exceptions, and notwithstanding planned and unplanned surface disruptions, all reservoirs are performing at or above expectations. From FY 2009 through FY 2050, we expect to produce almost 5.3 billion barrels of liquid hydrocarbons.

In the next ten years, we anticipate new developments on state and federal lands, both of which benefit the state. Most of the opportunities to add production from state lands are from expanded heavy/viscous oil development (West Sak, Orion, Polaris, Schrader Bluff fields), continued satellite development at Alpine (Fiord, Fiord-West, Nanuq, Qannik, Alpine West fields), and new developments at Oooguruk and Nikaitchuq. Production from the Oooguruk field began during the summer of 2008 and is progressing as expected. The Nikaitchuq field was sanctioned in early 2008 and development is underway, with first oil anticipated at year-end 2010. Although we forecast expanded development at West Sak, we have slowed the pace of heavy oil development there to allow the operator to fully evaluate technical and commercial issues associated with the development. For similar reasons, heavy oil development at Orion and Polaris has been slowed. For the Milne Point Unit, which includes both the Kuparuk pool and the heavier Schrader Bluff pool, we have slowed the pace of development to allow for reprioritized spending on infrastructure renewal projects. We have delayed the development of Point Thomson satellites one year in keeping with our 10-year development lead time, which may be conservative. The development of Point Thomson is based on the most recent Plan of Development submitted by the operator. Our review of Alpine satellite field development yielded expanded development at Alpine West, the addition of satellite Fiord West, increased expectations from Fiord and reduced expectations from Nanuq. New satellite Qannik came on production during the summer of 2008 and is under continued development.

1508

Our forecast includes production from state lands as well as from federal lands. From a revenue standpoint, the State of Alaska benefits in at least five ways, albeit to a lesser degree, from new developments on federal lands: (1) shared royalties from federal OCS fields such as Liberty; (2) production taxes on federal oil produced onshore within Alaska (NPR-A); (3) increased property tax on any infrastructure on state lands required to produce and transport federal oil; (4) corporate income taxes; and (5) lower pipeline transportation tariffs, which increase wellhead prices. In addition, any oil processed through the Endicott facility (Liberty field) may increase net profits payments to the state. Federal oil produced within the State of Alaska can return up to 75% of the revenue generated by oil produced on state lands. Federal oil produced from non-state lands provides a revenue benefit limited to decreased transportation tariffs and increased property taxes.

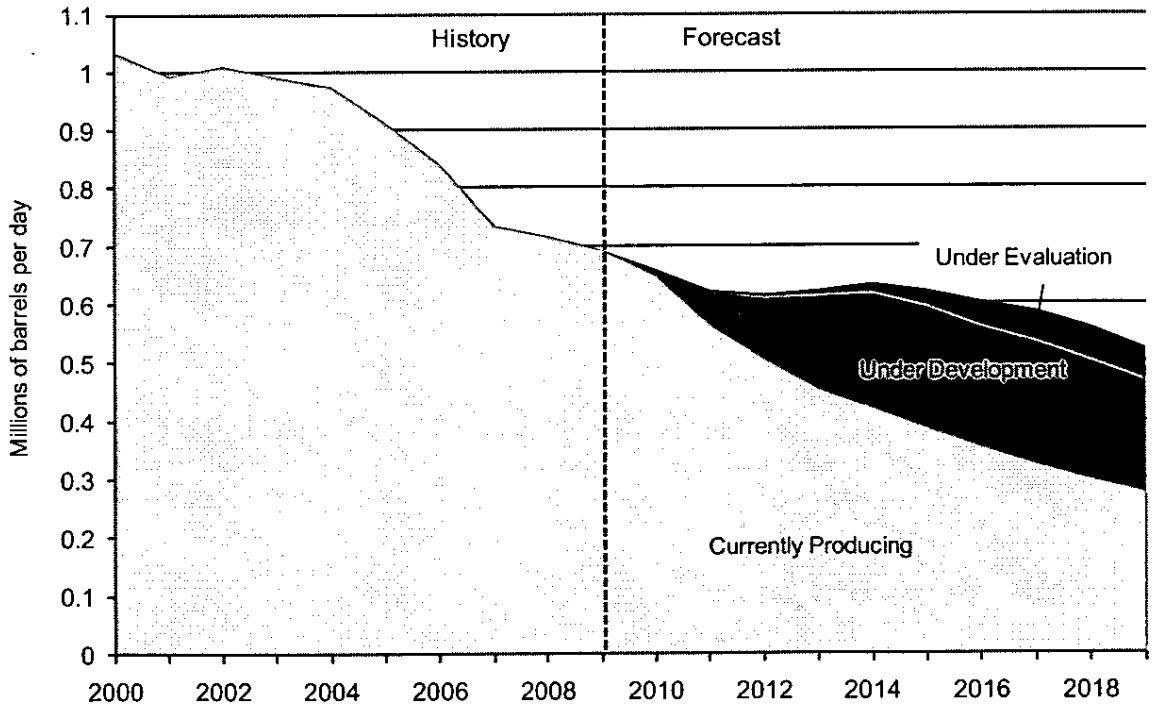
For the fall forecast we have reevaluated the scope and pace of development of projects within the federal NPR-A to better reflect the timing of competing projects at Alpine and to account for further delineation drilling and subsequent evaluation this winter. The end result is a slight delay in development at known accumulations Spark and Moose's Tooth. Liberty development is underway, with long lead items such as building the world's largest land drilling rig setting the pace. The rate profile we use for Liberty is adapted from the plan of development filed with the Minerals Management Service and should be considered a base case scenario with upside potential.

Although we anticipate new developments from state and federal lands over the next 10 years to contribute to overall production and partially mitigate base decline, we continue to make near-term adjustments to reflect ongoing infrastructure renewal projects. Much of the new production we forecast relies upon the continued use of aging wells, flowlines, production facilities and pipelines, as does at least 500,000 barrels per day of existing production.

Crude Oil Production Forecast

Our three categories of North Slope production are illustrated in Figures 4-9 and 4-10. We do this so that the reader will have an understanding of the uncertainty associated with the production forecast. We forecast production of only those fields that have already been discovered and at a minimum are being evaluated for development.

Figure 4-9. Alaska North Slope Production, FY 2000-2009 and Forecasted FY 2010-2019



Currently Producing

Production characterized as "currently producing" includes baseline production and presumes a continued level of expenditure sufficient to promote safe, environmentally sound operations. Such expenditures include the following: well diagnostic and remedial work, data acquisition and rate-enhancing expenditures such as perforating, acid stimulation, well workovers, fracture treatments, artificial lift optimization and production profile optimization. This category of production also presumes continued gas and water injection for pressure support. Based on historical forecasting performance, we assign a 98% confidence level for the current fiscal year and a 95% confidence level for the second fiscal year forward.

Currently Under Development

Production characterized as "currently under development" is based on new projects either currently funded or awaiting project sanctioning in the very near future. It includes projects that may be in the design/construction phase, as well as development drilling and enhanced oil recovery (miscible or immiscible injection) projects, currently funded or underway, but not included in the "currently producing" category. It also includes incremental oil expected from the long-term gas cap water injection project at Prudhoe Bay and Endicott which is planned for 2012. Examples of production currently under development include the Fiord, Nanuq, Alpine West, Fiord West and Qannik satellites at Alpine, the Borealis, Orion and Polaris satellites at Prudhoe Bay, development drilling at Tarn, Liberty, Oooguruk, and Nikaitchuq.

The timing of these projects are often influenced by budget cycles, working interest owner approval, available human resources, equipment procurement, and rig availability. Our subjective confidence for this category of production is 85% to 90%.

Currently Under Evaluation

Production characterized as "currently under evaluation" includes technically viable projects currently in the "pencil sharpening" stage where engineering, cost, risk and reward are all being actively evaluated. These projects are all currently unfunded by the operators but have a high chance of being brought to fruition. Examples include heavy oil development outside of the core or near core area at West Sak, longer term Orion drilling, half of all new Schrader Bluff drilling, long-term production from Point Thomson and associated satellites, and pools within the NPR-A.

Figure 4-10. Alaska North Slope Production, FY 2009 and Forecasted FY 2010-2019[1] (million barrels per day)

Fiscal Year	Currently Producing	Under Development	Under Evaluation	Total ANS
2009	0.692	0.000	0.000	0.692
2010	0.646	0.012	0.000	0.659
2011	0.562	0.060	0.000	0.623
2012	0.504	0.109	0.003	0.617
2013	0.452	0.165	0.007	0.624
2014	0.420	0.201	0.014	0.635
2015	0.385	0.213	0.025	0.623
2016	0.353	0.211	0.041	0.604
2017	0.324	0.214	0.051	0.588
2018	0.298	0.207	0.055	0.561
2019	0.276	0.196	0.052	0.524

[1] Some of the oil forecasted in the Under Development and Under Evaluation categories are from new projects in fields currently producing.

Confidence levels vary for this category of production. Production from the known NPR-A fields that are undergoing further delineation and likely will use the existing Alpine facility might have confidence levels approaching that of "production under development." High cost, scope challenged developments such as Point Thomson probably deserve lower confidence, not because of the lack of reserves, but because of the uncertainty in the timing of first production.

As Figure 4-11 shows, by FY 2014 more than one-third of our projected oil production will come from projects requiring significant new investment.

Undiscovered Potential

The long-term revenue outlook published in this book is associated with our forecast of production from oilfields that have already been discovered. However, it is important to discuss the potential for future production from resources currently undiscovered.

In April 2009, the U.S. Department of Energy released an addendum to their 2007 report entitled *Alaska North Slope Oil and Gas: A Promising Future or an Area in Decline?*[5] which assesses the potential for Alaska to remain a major producer of oil and gas under different development scenarios. The report summarizes near-term potential (2005-2015) and long-term potential (2015-2050) mostly under a major natural gas sales scenario. According to the report, the North Slope is a relatively young petroleum province from an exploration perspective, and may provide oil, and increasingly more important natural gas, for years to come.

The DOE report evaluates geologic and commercial viability of future oil and gas production from five areas or provinces: (1) the central Arctic area between the Colville and Canning Rivers (and adjacent state waters); (2) the 1002 area of ANWR; (3) NPR-A; (4) the Beaufort Sea OCS and (5) the Chukchi Sea OCS. Under the most optimistic scenario, DOE reported mean technically recoverable oil resources of 47.8 billion barrels and mean technically recoverable gas resources of 194.9 trillion cubic feet (TCF) from these five areas. Figure 4-12 shows the breakout by exploration area.

These figures represent the amount of hydrocarbon resources that are technically recoverable with today's technology assuming that all five areas are open to development; however, they say nothing about the economic recoverability. DOE also estimates economically recoverable reserves from these five areas using a range of oil and gas prices ($25 to $60 per barrel and $3.13 to $7.50 per thousand cubic feet of gas), and an 8:1 oil-to-gas price ratio. Using the high oil price case of $60 per barrel, total economically recoverable oil for the 2005-2050 time period is estimated at 31 billion barrels of oil and 135 TCF of gas. Figure 4-13 details the economic recoverable resources by area.

Figure 4-11. New Oil as a Percentage of Total Oil (million barrels per day)

Fiscal Year	Total New Oil	ANS Total	Percent New Oil
2010	0.012	0.659	1.9%
2011	0.061	0.623	9.7%
2012	0.113	0.617	18.3%
2013	0.172	0.624	27.6%
2014	0.215	0.635	33.9%
2015	0.238	0.623	38.2%
2016	0.252	0.604	41.6%
2017	0.265	0.588	45.0%
2018	0.262	0.561	46.8%
2019	0.248	0.524	47.3%

[5] http://www.netl.doe.gov/publications/press/2008/08002-DOE_Releases_Alaska_Report.html; http://www.netl.doe.gov/technologies/oil-gas/publications/AEO/ANS_potential.pdf

Petroleum Property Tax

An annual tax is levied each year on the full and true value of property taxable under AS 43.56. The tax on oil and gas property is the only statewide property tax. The valuation procedure for three distinct classes of property—exploration, production and pipeline transportation—is described here.

Exploration Property

Value is based on the estimated price that the property would bring in an open market under prevailing market conditions in a sale between a willing seller and a willing buyer, both conversant with the property and with prevailing general price levels.

The state petroleum property assessor gathers raw data for determining market value by reviewing the details of equipment sales in Alaska when available and reviewing trade journals. This data is then applied to the taxable property, taking into account age, capacity and physical and functional obsolescence.

Production Property

Value is determined on the basis of replacement cost new less depreciation, based on the economic life of the proven reserves.

The factor used in the depreciation calculation for the facility typically equals the years of remaining life divided by the total life.

Pipeline Transportation Property

The full and true value of taxable pipeline property is determined with due regard to the economic value of the property based on the estimated life of the proven reserves of gas or unrefined oil that will be transported by the pipeline. We rely upon several standard appraisal techniques to value Alaska pipelines. When market rents are available, we analyze the income method under which the value is the net present worth of all future income streams of the pipeline. We primarily rely on replacement cost new less depreciation, based on the economic life of the reserves that feed the pipeline. This is especially useful when rents are constrained by the regulatory process or when market rents cannot be obtained for use in the income method.

Figure 4-14 illustrates the property tax distribution between local communities and the state for FY 2009. The property value is assessed by the state. A local tax is levied on the state's assessed value for oil and gas property within a city or borough, and is subject to the local property tax limitations established in AS 29.45.080 and AS 29.45.100. The state's mill rate is effectively 20 mills minus the local rate.

Petroleum Corporate Income Tax

Alaska levies two types of corporate income tax. This section focuses on the oil and gas corporate income tax. Forecasts and discussion of the corporate income tax as applied to corporations other than oil and gas corporations can be found in the Other Revenue section of this forecast.

Figure 4-12. Technically Recoverable North Slope Oil and Gas Potential

Exploration Area	Mean Technically Recoverable Oil (BBO)	Mean Technically Recoverable Gas (TCF)
ANWR 1002 Area	10.3	3.8
Beaufort Sea OCS	6.9	32.1
Chukchi Sea OCS	15.5	60.1
Colville-Canning Area (& adjacent state waters)	4.5	37.5
NPR-A	10.6	61.4
TOTAL	**47.8**	**194.9**

Source: U.S. Department of Energy, August 2007; Addendum April 2009.

Figure 4-13. Economically Recoverable North Slope Oil and Gas Potential

	Near Term 2005-2015		Long Term 2015-2050		Total 2005-2050	
Exploration Area	**Oil (BBO)**	**Gas (TCF)**	**Oil (BBO)**	**Gas (TCF)**	**Oil (BBO)**	**Gas (TCF)**
ANWR 1002 Area	N.A.	N.A.	6.75	2.0+	6.75	2.0+
Beaufort Sea OCS	0.65	1.0	4.3	20.0	4.95	21.0
Chukchi Sea OCS	NA	NA	9.5	50.0	9.5	50.0
Colville-Canning Area (& adjacent state waters)	1.1	10.0	2.05	23.3	3.15	33.3
NPR-A	1.1	1.0 (associated gas)	5.4	30.0	6.5	31.0
TOTAL ARCTIC ALASKA	**2.85**	**12.0**	**28.0**	**125.3**	**30.85**	**137.3**

Source: U.S. Department of Energy, August 2007; addendum April 2009.

Figure 4-14. Distribution of Petroleum Property Tax, FY 2009 ($ million)[1]

Municipalities	**Gross Tax**	**Local Share**	**State Share**
North Slope	292.8	270.8	22.0
Unorganized	76.3	0.0	76.3
Valdez	39.6	39.6	0.0
Kenai	14.1	7.0	7.1
Fairbanks	13.9	9.3	4.6
Anchorage	4.7	3.7	1.1
Other Municipalities [2]	0.4	0.2	0.2
Total	**441.6**	**330.5**	**111.2**

[1] Amounts shown here do not include the supplemental property tax roll and as a result may not exactly match data presented elsewhere in this forecast.

[2] Includes Matanuska-Susitna Borough, Cordova and Whittier.

An oil and gas corporation's Alaska income tax liability depends on the relative size of its Alaska and worldwide activities and the corporation's total worldwide net earnings. The corporation's Alaska taxable income is derived by apportioning its worldwide taxable income to Alaska based on the average of three factors as they pertain to the corporation's Alaska operations: (1) tariffs and sales, (2) oil and gas production and (3) oil and gas property.

Historically, oil and gas corporate income tax revenue has varied greatly along with oil prices and oil industry profits. In FY 1982, revenue from this tax was $668.9 million. As recent as FY 1994, the oil and gas corporate income tax generated a mere $17.8 million. For the past several years, revenues from the oil and gas corporate income tax have benefited from high oil prices and oil industry profits, generating $492.2 million in FY 2009. This represents a decrease from the $605.8 million collected in FY 2008.

Our forecast of oil and gas corporate income tax collections uses an economic model based on the statistical relationships between historical tax payments, crude oil prices, North Slope oil production and refinery margins. We then adjust for refunds and carryforwards which cause actual collections to differ from estimated payments.

We forecast oil and gas corporate income tax collections of $470 million in FY 2010. We expect moderate increases in nominal oil prices to result in corresponding increases in oil and gas corporate income tax revenue.

Restricted Oil Revenue

According to Article IX, Section 15 of the Alaska Constitution, a minimum of 25% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state must be deposited into the Alaska Permanent Fund. With the repeal of HB 11[1] approximately 30% of oil and gas royalties goes into the principal of the Alaska Permanent Fund and 0.5% goes into the Public School Trust Fund. In addition, AS 37.14.110 requires a contribution of 0.5% of all royalties and bonuses to the Public School Trust Fund. Settlements with, or judgments against, the oil industry involving tax and royalty disputes must be deposited in the Constitutional Budget Reserve Fund (CBRF).

The state is entitled to 50% of all bonuses, rents and royalties from oil development activity in the federal NPR-A, all of which flows into the NPR-A Special Revenue Fund. Revenue in the fund is available for appropriation in the form of grants to municipalities that demonstrate present or future impact from NPR-A oil development. Of the revenue not appropriated to the municipalities, 25% goes to the Permanent Fund, 0.5% goes to the Public School Trust Fund, and the rest may be appropriated to the Power Cost Equalization and Rural Electric Capitalization Fund. Any remaining revenue after these appropriations lapses into the General Fund.

Figure 4-15 reflects restricted oil and gas revenue.

Figure 4-15. Restricted Oil Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Restricted	FY 2009	FY 2010	FY 2011
Royalties to Permanent Fund & School Fund			
Royalties, Bonuses & Rents to the Permanent Fund	659.8	601.3	672.3
Royalties, Bonuses & Rents to the School Fund	11.0	10.4	11.1
Subtotal	**670.8**	**611.7**	**683.4**
Settlements to CBRF	202.6	440.7	20.0
NPRA Royalties, Rents & Bonuses	14.8	4.9	4.9
Total Restricted	**888.2**	**1,057.3**	**708.3**

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

1515

5. Other Revenue (except Federal & Investment)

Figure 5-1. FY 2009 Other Revenue: $0.9 billion

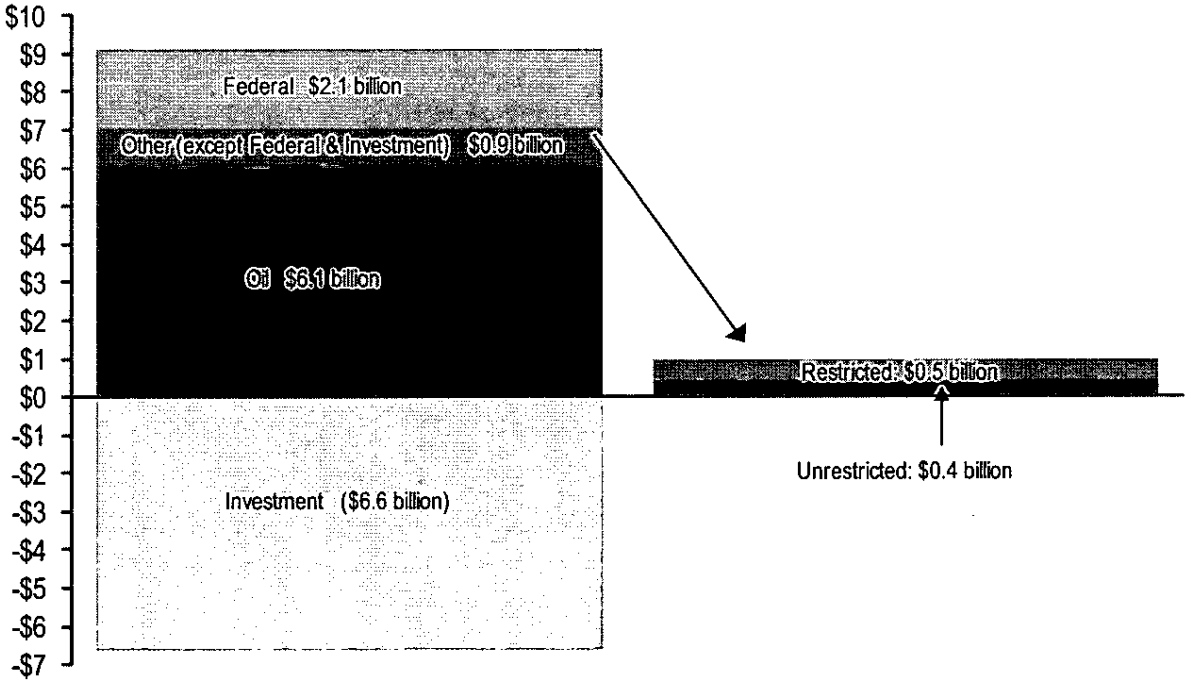


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Figure 5-2. Total Other Revenue (except Federal & Investment), FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Taxes	294.7	284.4	298.8
Charges for Services	19.3	20.0	23.2
Fines & Forfeitures	10.5	8.9	8.9
Licenses & Permits	35.5	40.5	38.8
Rents & Royalties	15.6	13.6	14.2
Other	27.0	21.9	21.9
Total Unrestricted	**402.6**	**389.3**	**405.8**
Restricted			
Taxes	155.4	138.9	138.7
Charges for Services	250.9	257.2	258.4
Fines & Forfeitures	39.1	36.1	34.9
Licenses & Permits	34.7	39.2	39.5
Rents & Royalties	7.4	9.0	9.6
Other	58.3	108.5	108.5
Total Restricted	**545.8**	**588.9**	**589.6**
Total Other Revenue	**948.4**	**978.2**	**995.4**

General Discussion

This section includes income from sources other than oil, state investments and federal receipts including non-oil taxes, charges for services, fines and forfeitures, licenses and permits, rents and royalties and other revenue sources. These revenue sources are divided between unrestricted and restricted revenues; the amounts of each are reflected in Figures 5-2 through 5-8 throughout this chapter. Restricted revenue includes money deposited in funds other than the General Fund, as well as receipts that are restricted by statute or that the legislature customarily appropriates for a particular purpose or program, such as sharing of fish tax revenue with municipalities.

Taxes

Alcoholic Beverages Tax

Alcoholic beverage taxes are collected primarily from wholesalers and distributors of alcoholic beverages sold in Alaska. The per-gallon tax rates on alcoholic beverages are $1.07 for beer, $2.50 for wine and $12.80 for liquor. The tax on beer produced by qualifying small brewers is $0.35 per gallon. Revenue is deposited into the General Fund. Fifty percent of the revenue is deposited into a subfund of the General Fund, the Alcohol and Other Drug Abuse Treatment and Prevention Fund, and is treated as restricted in this forecast.

Over the past 10 years, alcohol consumption has grown at an average annual rate of 0.6% for beer, 4.2% for wine, and 3.3% for liquor. We forecast that consumption will continue to grow at these historical average rates.

Charitable Gaming

Under Alaska law, municipalities and qualified nonprofit organizations may conduct certain charitable gaming activities. The purpose of these activities is to derive public benefit in the form of money for the charities and revenues for the state. The Department of Revenue collects permit and license fees, a 1% net proceeds fee and a 3% pull-tab tax. We forecast that revenues from charitable gaming activity will decrease slightly in FY 2010 and remain flat in FY 2011.

Commercial Passenger Vessel Taxes

In August 2006, Alaska voters approved an initiative that imposed new taxes and fees associated with commercial passenger vessels:

- The Cruise Ship Passenger Fee is a tax of $46 on each passenger traveling on a commercial passenger vessel with 250 or more berths. Revenues are deposited into a subfund of the General Fund, the Commercial Vessel Passenger Tax Account. Five dollars of the tax is distributed to each of the first five ports of call, and an additional 25% of the tax is designated for other local governments impacted by the cruise ship industry via the Regional Cruise Ship Impact Fund. The entire passenger fee is considered restricted for purposes of this forecast. Based on company announcements, we forecast passenger counts, and therefore tax collections, to decline for both FY 2010 and FY 2011. There may be some growth in FY 2012.
- The Ocean Ranger Fee is an additional per-berth fee of $4 to operate the Ocean Ranger program, which provides for independent observers of engineering, sanitation and health practices. This fee is considered restricted and is included in the Charges for Services section of this forecast.
- The Large Passenger Vessel Gambling Tax is a tax of 33% on the adjusted gross income from gaming or gambling activities aboard large passenger vessels in the state. Revenue goes into a subfund the General Fund and is considered restricted for purposes of this forecast. We expect revenue to decline to $5.7 million in FY 2010 from $6.3 million in FY 2009.
- The Alaska corporate income tax now applies to large commercial passenger vessels. The effects of this provision are included in our forecast of corporate income taxes.
- There are new penalties for false reporting, violating environmental regulations and failing to make proper disclosures on promotions and shore side activity sales. Any revenue from these provisions is included in the Fines and Forfeitures section of this forecast.

Corporate Income Tax

Alaska levies two types of corporate income tax: one that applies to oil and gas corporations and one that applies to corporations other than oil and gas corporations. Forecasts and discussion of the corporate income tax as applied to oil and gas corporations can be found in the Oil Revenue section of this forecast.

Alaska levies the corporate income tax on net income of corporations that do business in the state and derive income from sources within Alaska. Corporate tax rates are graduated from 1% to 9.4% in $10,000 increments of Alaska taxable income; the maximum rate of 9.4% applies to taxable income over $90,000. S-Corporations and LLCs that file federally as partnerships are generally exempt from corporate income tax. Corporations compute their tax liability based on federal taxable income with Alaska adjustments. Corporations other than oil and gas corporations apportion their income to Alaska by using a three-factor apportionment based on sales, property and payroll. Alaska taxable income is determined by applying the apportionment factor to the corporation's modified federal taxable income.

We produce our forecast of non-petroleum corporate income tax collections by using two economic models: one for the largest sector in terms of collections (mining) and one for all other sectors.

The mining sector model is based on the statistical relationship between historical tax payments, corporate profits and zinc prices. Zinc prices are used because zinc accounts for over half of Alaska minerals production. The model for all sectors other than mining is based on the statistical relationship between historical tax payments, corporate profits and crude oil prices. Crude oil prices are used because the price of oil influences company profitability in many economic sectors in Alaska. After forecasting estimated payments, we then adjust for refunds, carry-forwards and other payments that cause actual collections to differ from estimated payments.

Over the past few years, income tax revenue from corporations other than oil and gas corporations has been above the historical average. In FY 2009, revenue was $120.9 million, the fourth consecutive year of collection over $100 million. Looking forward, collections will be lower because of the economic downturn as well as lower prices for Alaska's oil and minerals. The first half of FY 2010 appears weak and collections are expected to total $86.6 million for the year. In FY 2011 we expect that collections will be $89 million – about $32 million less than FY 2009.

Electric Cooperative and Telephone Cooperative Taxes

The electric cooperative tax is based on kilowatt hours furnished by qualified electric cooperatives recognized under Title 10 of the Alaska Statutes. The telephone cooperative tax is levied on gross revenue of qualified telephone cooperatives under Title 10. Revenue from cooperatives located in municipalities is treated as restricted revenue in this forecast because it is shared 100% with the municipalities. The small amount of revenue collected from cooperatives outside municipalities is retained by the state. We forecast that revenues from the electric and telephone cooperative taxes will grow according to the overall rate of inflation.

Estate Tax

The estate tax is levied on the transfer of an estate upon death. The Alaska estate tax is tied to the federal tax, with the amount of the state tax equaling the maximum state credit allowed on the estate's federal return. All revenue derived from estate taxes is deposited in the General Fund.

As a result of changes to the federal estate tax, the Alaska estate tax was phased out completely beginning January 1, 2005. The federal estate tax changes that caused the state tax to phase out are currently scheduled to sunset after December 31, 2010. Assuming the tax changes sunset as scheduled, Alaska will begin to receive revenue from the estate tax again in FY 2012.

Fisheries Business Tax

The fisheries business tax is levied on businesses that process fisheries resources in or export fisheries resources from Alaska. Although the tax usually is levied on the act of processing, the tax is often referred to as a "raw fish tax" because it is based on the value of the raw fishery resource. Tax rates vary from 1% to 5%, depending on whether a fishery resource is classified as "established" or "developing," and whether it was processed by a shore-based or floating processor. Revenue from the tax is deposited in the General Fund. Fifty percent of the revenue (before credits) is shared to qualified municipalities and is treated as restricted in this forecast.

We forecast fisheries business tax revenues based on estimated taxable values of the major fisheries in the state and historical effective tax rates. Fisheries business tax revenue retained by the state is reduced by a forecast of tax credits, including Salmon Product Development credits, which apply only to the state portion of the tax.

Fishery Resource Landing Tax

The fishery resource landing tax is levied on fishery resources processed outside of and first landed in Alaska, and is based on the unprocessed statewide average price of the resource. The tax is collected primarily from factory trawlers and floating processors that process fishery resources outside the state's 3-mile limit and bring their products into Alaska for shipment. The tax rates vary from 1% to 3%, based on whether the resource is classified as "established" or "developing." All revenue derived from the tax is deposited in the General Fund. Fifty percent of the revenue (before credits) is shared to qualified municipalities, and is treated as restricted in this forecast.

We forecast fisheries resource landing tax revenues based on estimated taxable values of the major fisheries in the state and historical effective tax rates. Fisheries resource landing tax revenue retained by the state is reduced by a forecast of tax credits which apply only to the state's share of the tax.

Insurance Premium Tax

Insurance companies in Alaska pay an insurance premium tax instead of corporate income tax, sales or other excise taxes. Revenue is deposited into the General Fund, and for most types of insurance, the tax is treated as unrestricted revenue. Insurance premium taxes on worker's compensation insurance are deposited into a subfund of the General Fund, the Workers Safety and Compensation Fund, and are reflected as restricted in this forecast. The restricted component also includes service fees paid into the Workers Safety and Compensation Fund by employers who are uninsured or self-insured.

We forecast insurance premium tax revenues based on estimates provided by the Department of Commerce, Community and Economic Development's Division of Insurance, which administers the insurance premium tax, and the Department of Labor and Workforce Development's Workers Compensation Division, which collects worker's compensation service fees.

Mining License Tax

The mining license tax is a tax ranging from 0% to 7% on the net income of all mining operations in the state. Except for sand and gravel operations, new mining operations are exempt from the mining license tax for a period of 3½ years after production begins.

Our forecast is produced using a bottom-up approach that estimates tax payments for each of the major mines in the state based on expected minerals prices and production.

Mining license tax revenues were $15.5 million in FY 2009, a dramatic decrease from $54.4 million in FY 2008. However, prices for many minerals have climbed recently. In particular, zinc prices have stabilized and are likely to increase as the global demand returns.

(Zinc prices are particularly important because zinc accounts for more than half of Alaska's non-petroleum mineral production).

Based on expectations of higher profits at Alaska's mines, we forecast mining license tax revenues will increase from what was collected in FY 2009. We foresee an increase to over $29 million in FY 2010 followed by collections of more than $28 million by FY 2011.

Motor Fuel Tax

The motor fuel tax is imposed on all motor fuel sold, transferred or used within Alaska. Per gallon rates are 8 cents for highway use, 5 cents for marine fuel, 4.7 cents for aviation gasoline, 3.2 cents for jet fuel, and 8 cents or 2 cents for gasohol, depending on the season, location and EPA mandate. Motor fuel taxes are collected primarily from wholesalers and distributors licensed as qualified dealers. Various uses of fuel are exempt from tax, including fuel used for heating or flights to or from a foreign country. Although the statutes state that the legislature may appropriate the revenue for specific purposes, including highway construction and maintenance and water and harbor facilities, all motor fuel tax receipts are paid into the general fund and are treated as unrestricted for purposes of this forecast. Sixty percent of the taxes attributed to aviation fuel sales at municipal airports are shared with the respective municipalities, and are treated as restricted for the purposes of this forecast.

A temporary suspension of the motor fuel tax took effect September 1, 2008 and ended August 31, 2009. Therefore, FY 2009 included only two months of motor fuel tax collections and FY 2010 will include ten months of collections.

We forecast motor fuel tax revenue based on Energy Information Agency projections for U.S. motor fuel consumption growth, with adjustments for the temporary tax suspension.

Tire Fee

The tire fee has two components. The first component is a tax of $2.50 on all new tires sold in Alaska for motor vehicles intended for highway use. The second component is an additional $5 fee per tire on all new tires with heavy studs sold in Alaska, and a $5 fee per tire on the installation of heavy studs on a previously un-studded tire.

We forecast tire fee revenue based on the expected number of vehicle registrations in the state.

Seafood Assessments and Taxes

The Department of Revenue administers five different programs that raise money through seafood assessments and taxes. The rates for these assessments and taxes are determined by a vote of the appropriate association within the seafood industry, by members of the Alaska Seafood Marketing Institute, or by the Department of Revenue.

The five programs are the following:

- The seafood marketing assessment, which applies to all seafood products made or first landed in Alaska and all unprocessed products exported from Alaska.
- The dive fishery management assessment, which is levied on the value of fishery resources taken using dive gear in a designated management area.
- The regional seafood development tax, which is levied on the value of fishery resources in a designated management area.
- The salmon enhancement tax, which is levied on salmon sold or exported from designated aquaculture regions.
- The cost recovery fisheries assessment, a new program authorized in 2006. This program allows hatcheries to establish a common property fishery and recoup costs through an assessment on fishery resources taken in the terminal harvest area. So far, no hatcheries have elected to use this program as a funding source.

Although revenue received under these assessments is deposited in the General Fund, funds are treated as restricted revenue in this forecast because they are set aside for the legislature to appropriate for the benefit of the seafood industry, either in marketing or in management and development of the industry.

We forecast revenue for seafood assessments and taxes based on the estimated taxable value of the relevant seafood income.

Tobacco Tax

The tobacco tax is levied on cigarettes and tobacco products sold, imported or transferred into Alaska. Tobacco taxes are collected primarily from licensed wholesalers and distributors. There are two components to the tobacco tax: the cigarette tax and the other tobacco products tax.

The tax rate on cigarettes has been $2.00 per pack since July 1, 2007. Of the cigarette tax, $0.76 per pack is deposited into the School Fund, and is considered restricted revenue. All cigarette and tobacco products license fees are also deposited in the School Fund. The remainder of the cigarette tax revenue is deposited into the General Fund. Of the General Fund portion, 8.9% is deposited into a subfund of the General Fund, the Tobacco Use Education and Cessation Fund, and is treated as restricted in this forecast.

We forecast cigarette tax revenue based on projected average consumption declines of 4% annually.

1520

The tax rate on other tobacco products, such as cigars and chewing tobacco, is 75% of the wholesale price and is deposited entirely in the General Fund.

We forecast that moderate increases in wholesale prices and consumption will result in other tobacco products tax revenue continuing to increase at the 10-year average rate of over 7% annually.

Our forecast for both cigarettes and other tobacco products includes an adjustment for the demand response to increased federal excise taxes on tobacco that took effect April 1, 2009.

Vehicle Rental Tax

The vehicle rental tax is a 10% tax on most passenger vehicle rentals of 90 days or less, and a 3% tax on rentals of recreational vehicles for 90 days or less.

Figure 5-3. Other Taxes, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Excise Tax			
Alcoholic Beverage	19.5	19.0	19.5
Tobacco Products – Cigarettes	36.4	32.9	31.6
Tobacco Products – Other	10.2	10.6	11.5
Electric & Telephone Cooperative	0.1	0.1	0.1
Insurance Premium	45.5	43.9	43.0
Motor Fuel Tax	10.1	30.0	40.3
Tire Fee	1.5	1.5	1.5
Vehicle Rental	8.0	8.1	8.4
Subtotal	**131.3**	**146.1**	**155.9**
Corporate Income Tax (non oil and gas)	**120.9**	**86.6**	**89.1**
Fish Tax			
Fisheries Business	19.3	15.1	16.4
Fishery Resource Landing	4.7	4.7	6.1
Subtotal	**24.0**	**19.8**	**22.5**
Other Tax			
Charitable Gaming	2.8	2.7	2.7
Estate	0.2	0.0	0.0
Mining License	15.5	29.2	28.6
Subtotal	**18.5**	**31.9**	**31.3**
Total Unrestricted Taxes	**294.7**	**284.4**	**298.8**

Figure 5-3. Continued

Restricted	History FY 2009	Forecast FY 2010	FY 2011
Excise Tax			
Alcoholic Beverage (alcohol & drug treatment)	19.0	19.0	19.5
Insurance Premium/Other (worker's safety & compensation)[1]	6.8	6.2	5.6
Electric & Telephone Cooperative (municipal share)	4.0	4.1	4.2
Tobacco – Cigarettes (school fund)	23.1	22.1	21.2
Tobacco – Cigarettes (tobacco use cessation)	3.4	3.2	3.1
Motor Fuel Tax – Aviation (municipal share)	0.1	0.1	0.1
Subtotal	**56.4**	**54.7**	**53.7**
Fish Tax			
Fisheries Business (municipal share)	22.9	17.6	18.9
Fishery Resource Landing (municipal share)	6.3	5.3	6.7
Salmon Enhancement (Aquaculture Association share)	5.8	5.5	5.1
Seafood Development (qualifying regional associations)	1.4	1.4	1.2
Seafood Marketing Assessment	8.9	7.1	8.0
Dive Fishery Management Assessment	0.4	0.4	0.4
Subtotal	**45.7**	**37.3**	**40.3**
Other Taxes & Fees			
Cruise Ship Passenger Fee (State Share)	24.9	21.9	20.9
Cruise Ship Passenger Fee (Municipal & Region Share)	9.9	9.0	8.5
Cruise ship Passenger Fee (regional cruise ship impact fund)	11.6	10.3	9.8
Large Passenger Vessel Gambling	6.3	5.7	5.5
Settlements to CBRF (non-petroleum)	0.6	0.0	0.0
Subtotal	**53.3**	**46.9**	**44.7**
Total Restricted Taxes	**155.4**	**138.9**	**138.7**
Grand Total	**450.1**	**423.3**	**437.5**

[1] In addition to the worker's compensation insurance premiums for the Insurance Premium Tax, this amount also includes services fees from employers who are self-insured.

The vehicle rental tax provisions became effective January 1, 2004.

We forecast that vehicle rental tax revenue will remain essentially flat in FY 2010 due to the economic downturn then increase with the overall rate of inflation.

Charges for Services

The charges for services category includes fees and other program charges for state services. Revenues reported in this category do not include all charges for state services—just those that do not fit into other categories in this report.

Most of these receipts are considered restricted revenue because they are returned to the program where they were generated. The only unrestricted revenues listed in this category come from charges that do not have program receipt designations, or are not otherwise segregated and appropriated back to a program. Many of the charges for services are small amounts that we have grouped into the broad categories "General Government," "Natural Resources" and "Other." Our forecast for these categories is based on fiscal year-to-date collections and historical averages. The largest categories of charges for services are listed separately and are discussed below.

Marine Highway Fund

The Alaska Marine Highway Fund is a subfund of the General Fund and receives revenue from state ferry system operations. The legislature has discretion over how the revenue is allocated. Because revenue is customarily appropriated for Alaska Marine Highway operations, they are considered restricted for this forecast. We forecast Marine Highway Fund receipts based on revenue expectations in the Alaska Marine Highway System business plan.

Commercial Passenger Vessel Fees

Commercial passenger vessel fees paid into the Environmental Compliance Fund come from two sources: ocean ranger fees and environmental compliance fees. All fees paid into the fund are considered restricted for purposes of this forecast. We forecast receipts based on passenger count estimates that are consistent with our Commercial Passenger Vessel tax forecast.

The Ocean Ranger Fee is a per-berth fee of $4 that applies to commercial passenger vessels with 250 or more berths. The fee is levied to support the Ocean Ranger Program, which provides for independent observers of engineering, sanitation and health practices aboard the vessels. This fee was imposed as part of an initiative passed by voters in August 2006, and is covered in more detail in the Taxes section of this chapter.

Environmental compliance fees are levied on commercial passenger vessels with over 50 berths. Fees range from $75 to $3,750 per vessel based on the number of berths, and funds are used to support environmental compliance programs.

Program Receipts

Under AS 37.05.142 – 37.05.146, receipts from authorized state programs are accounted for separately and appropriated to administer the source program, implement laws related to the program, or cover costs associated with collecting the receipts. Some programs with program receipt authority are not included in our Charges for Services category because they are reported elsewhere in this forecast or because they do not generate revenue available for general appropriation.

We forecast program receipt revenues based on discussions with the Governor's Office of Management and Budget and analysis of the most recent budget expectations for these categories.

Program receipts listed in this section are

- Receipt supported services, which includes state services such as Pioneers homes and occupational licensing that are funded by program receipts. Some seafood assessments are included in this category.
- Statutorily designated program receipts, which include money received from sources other than the state or federal government and restricted by the terms of a gift, grant, bequest or contract.
- Regulatory Commission of Alaska (RCA) receipts, which are regulatory cost charges and user fees levied on utilities and pipelines to fund costs of regulation.
- Test fisheries receipts, generated by the Department of Fish and Game from selling fish caught during testing the commercial viability of fisheries.
- Timber sale receipts, which are used to fund the timber disposal program of the Department of Natural Resources.
- Oil and Gas Conservation Commission receipts, which are fees and charges for regulation of oil and gas wells and pipelines.
- Business license fees collected by the Department of Commerce, Community and Economic Development.

Figure 5-4. Charges for Services, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
General Government	8.8	9.5	12.7
Natural Resources	2.0	2.0	2.0
Other	8.5	8.5	8.5
Total Unrestricted	**19.3**	**20.0**	**23.2**
Restricted			
General Government	17.0	5.7	5.7
Natural Resources	0.5	0.5	0.5
Cruise Ship Ranger Fee	3.9	3.6	3.4
Environmental Compliance Fees	1.2	1.0	1.0
Marine Highway Receipts	46.2	51.1	52.5
Receipt Supported Services	124.7	107.0	107.0
Statutorily Designated	33.2	64.9	64.9
RCA Receipts	9.1	9.7	9.7
Test Fisheries Receipts	1.0	2.5	2.5
Timber Sale Receipts	0.6	0.8	0.8
Oil & Gas Conservation	4.6	5.5	5.5
DCCED Business Licenses	8.9	4.9	4.9
Total Restricted	**250.9**	**257.2**	**258.4**
Grand Total	**270.2**	**277.2**	**281.6**

Figure 5-5. Fines & Forfeitures, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Fines & Forfeitures	10.5	8.9	8.9
Total Unrestricted	**10.5**	**8.9**	**8.9**
Restricted			
Tobacco Settlement (North Tobacco Securitization Corporation)	29.8	27.7	26.7
Tobacco Settlement (Tobacco Use Education & Cessation Fund)	7.5	6.9	6.7
Other	1.8	1.5	1.5
Total Restricted	**39.1**	**36.1**	**34.9**
Grand Total	**49.6**	**45.0**	**43.8**

Fines and Forfeitures

Fines and forfeitures include civil and criminal fines and forfeitures and money received by the state from the settlement of civil lawsuits. The largest single source of receipts under this category is the multi-state tobacco settlement. Other sources are forecast based on fiscal year-to-date collections and historical averages.

Tobacco Settlement

The tobacco Master Settlement Agreement was signed by 46 states (including Alaska) in November 1998 and dictates annual payments to each of the states. All tobacco settlement revenue is considered restricted for purposes of this forecast. Eighty percent of the settlement revenue is earmarked for the Northern Tobacco Securitization Corporation for payments on bonds that were sold based on the future revenue stream. The remaining 20% of the revenue is deposited into the Tobacco Use Education and Cessation Fund, a subfund of the General Fund.

Tobacco settlement payments are based on a complex formula that takes into account several factors including declines in cigarette consumption, inflation and certain adjustments for litigation expenses and market share losses related to the settlement. We forecast that cigarette consumption will decline at an annual rate of 4% and inflation will be 2.75%.

Licenses and Permits

Licenses and permits represent government revenue derived from charges for participating in activities regulated by the state. The majority of the receipts under this category are from motor vehicle registration and fishing and hunting license fees. Alcoholic beverage license fees are also forecast separately. There are several other small license and permit fees which are summarized in the Other Fees category.

Alcoholic Beverage Licenses

Alcoholic beverage licenses are required to manufacture or sell alcoholic beverages in Alaska. Licenses are issued by the Alcoholic Beverage Control Board and revenue is deposited into the General Fund. All of the revenue from biennial license fees collected within municipalities, excluding annual wholesale fees and biennial wholesale license fees, is shared with the municipalities and treated as restricted for purposes of this forecast. We forecast little change in revenue because alcoholic beverage license issuance is limited based on population.

Fishing and Hunting License Fees

Fishing and hunting licenses are issued by the Alaska Department of Fish and Game for participation in various fishing, hunting and related activities. The majority of these fees are appropriated to a special revenue fund called the Fish and Game Fund. Money in the fund may only be spent for fish and game management purposes. We forecast fishing and hunting license fee revenue based on expectations of the Alaska Department of Fish and Game.

Motor Vehicle Registration Fees

Motor vehicle registration fees are collected by the Division of Motor Vehicles within the Department of Administration. Most are considered unrestricted license and permit revenue; however, some registration fees are considered restricted receipt supported services and are reflected in the Charges for Services section of this forecast. We forecast motor vehicle registration fee revenue based on expectations of the Division of Motor Vehicles.

Rents and Royalties

Rents and royalties from sources other than oil and gas fall into two categories: mining rents and royalties and other non-petroleum rents and royalties.

All rents and royalties from oil and gas are reported in the Oil Revenue section of this forecast.

Mining Rents and Royalites

As with oil and gas production, the state earns revenue from other mineral production that occurs on state lands leased for exploration and development. As the landowner, the state earns revenue from leases as (1) upfront bonuses, (2) annual rent charges and (3) as a retained royalty interest in minerals production.

Until October 2008, only 25% of the rents and royalties were deposited in the Permanent Fund and 0.5% to the School Fund. With the repeal of House Bill 11 last year, the amount rose to 50% for leases issued after December 1979. The amound deposited into the School Fund remains unchanged. See the Executive Summary section for a more complete discussion of HB 11.

We forecast mining rents and royalties based on expected changes in minerals prices as well as mine-specific forecasts for large mines on state land.

Other Non-Petroleum Rents and Royalties

The state receives revenue from the leasing, rental and sale of state land. While all of these revenues are deposited into the General Fund, some are deposited in subfunds of the General Fund and are treated as restricted for purposes of this forecast. This category includes revenues from leasing, rental and sale of state land that do not fall into the oil and gas or mining royalties categories. We forecast other non-petroleum rents and royalties based on analysis of fiscal year-to-date and historical collections.

Figure 5-6. Licenses & Permits, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Alcoholic Beverage Licenses	1.0	1.0	1.0
Motor Vehicles	33.5	38.0	36.3
Other Fees	1.0	1.5	1.5
Total Unrestricted	**35.5**	**40.5**	**38.8**
Restricted			
Hunting & Fishing			
Hunting & Fishing Fees (Fish & Game Fund)	29.1	33.5	33.8
Sanctuary Fees (Fish & Game Fund)	0.3	0.3	0.3
Subtotal	**29.4**	**33.8**	**34.1**
Other Fees	4.5	4.5	4.5
Alcoholic Beverage License (municipal share)	0.8	0.9	0.9
Subtotal	**5.3**	**5.4**	**5.4**
Total Restricted	**34.7**	**39.2**	**39.5**
Grand Total	**70.2**	**79.7**	**78.3**

Other

This category includes unclaimed property transfers, transfers to the state from component organizations and miscellaneous revenues. Miscellaneous revenues, which include contributions to the state and other revenues, are projected based on analysis of fiscal year-to-date and historical collections. Unclaimed property and transfers from component organizations are discussed below.

Unclaimed Property

Alaska's Unclaimed Property statutes require businesses and corporations to report unclaimed intangible property to the state. Property is reportable if an owner cannot be located, the owner has not cashed a property check, or an account has not had any owner-initiated activity for at least three years. Unclaimed property may include checking accounts, customer deposits and over-payments, gift certificates, unpaid wages, and security related accounts. The state holds the property in trust until the owner or his or her legal heir claims it. Each year the unclaimed property trust account is evaluated and the excess of the working trust balance is transferred to the General Fund.

A $3.8 million transfer was processed during FY 2009. Transfers in FY 2010 and following years are expected to be $4.0 million per year. We forecast unclaimed property revenue based on estimates prepared by the Unclaimed Property Group of the Department of Revenue.

Figure 5-7. Rents & Royalties, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Mining Rents and Royalties	7.4	7.4	8.0
Other Non-Petroleum Rents and Royalties	8.2	6.2	6.2
Total Unrestricted	**15.6**	**13.6**	**14.2**
Restricted			
Mining Rents and Royalties	3.3	3.3	3.9
Other Non-Petroleum Rents and Royalties	4.1	5.7	5.7
Total Restricted	**7.4**	**9.0**	**9.6**
Grand Total	**23.0**	**22.6**	**23.8**

Transfers from Component Organizations

Each year, the state receives money in the form of transfers from component organizations, such as the Alaska Housing Finance Corporation, frequently in the form of dividends. Component organizations are covered in more detail in the Public Corporations & the University of Alaska section of this forecast. Some component organizations do not make transfers to the state, and as a result not all component organizations are listed here.

Actual transfers for FY 2009 are reflected in draft tables from the Comprehensive Annual Financial Report. Forecasts for FY 2010 and FY 2011 transfers are based on discussions with the Governor's Office of Management and Budget and analysis of the most recent budget expectations for these categories.

Transfers from component organizations presented under this category may differ from those presented in the Public Corporations & University of Alaska section for two reasons: (1) amounts in this section account differently for funds paid over time for multi-year capital projects; and (2) amounts in this section include funds that are transferred to the state and then appropriated to the component unit for operations.

Figure 5-8. Other Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Miscellaneous	23.2	17.9	17.9
Unclaimed Property	3.8	4.0	4.0
Total Unrestricted	**27.0**	**21.9**	**21.9**
Restricted			
Alaska Housing Finance Corporation	12.4	62.5	62.5
Alaska Industrial Development & Export Authority	5.8	22.7	22.7
Alaska Municipal Bond Bank Authority	0.5	0.8	0.8
Alaska Student Loan Corporation	7.5	0.0	0.0
Alaska Energy Authority	0.0	0.0	0.0
Miscellaneous [1]	32.1	22.5	22.5
Total Restricted	**58.3**	**108.5**	**108.5**
Grand Total	**85.3**	**130.4**	**130.4**

[1] Revenue shown under account codes for "other" or "contributions" in the Alaska State Accounting System for General Fund subfunds and special revenue funds.

1528

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

1529

6. Federal Revenue

Figure 6-1. FY 2009 Federal Revenue: $2.1 billion

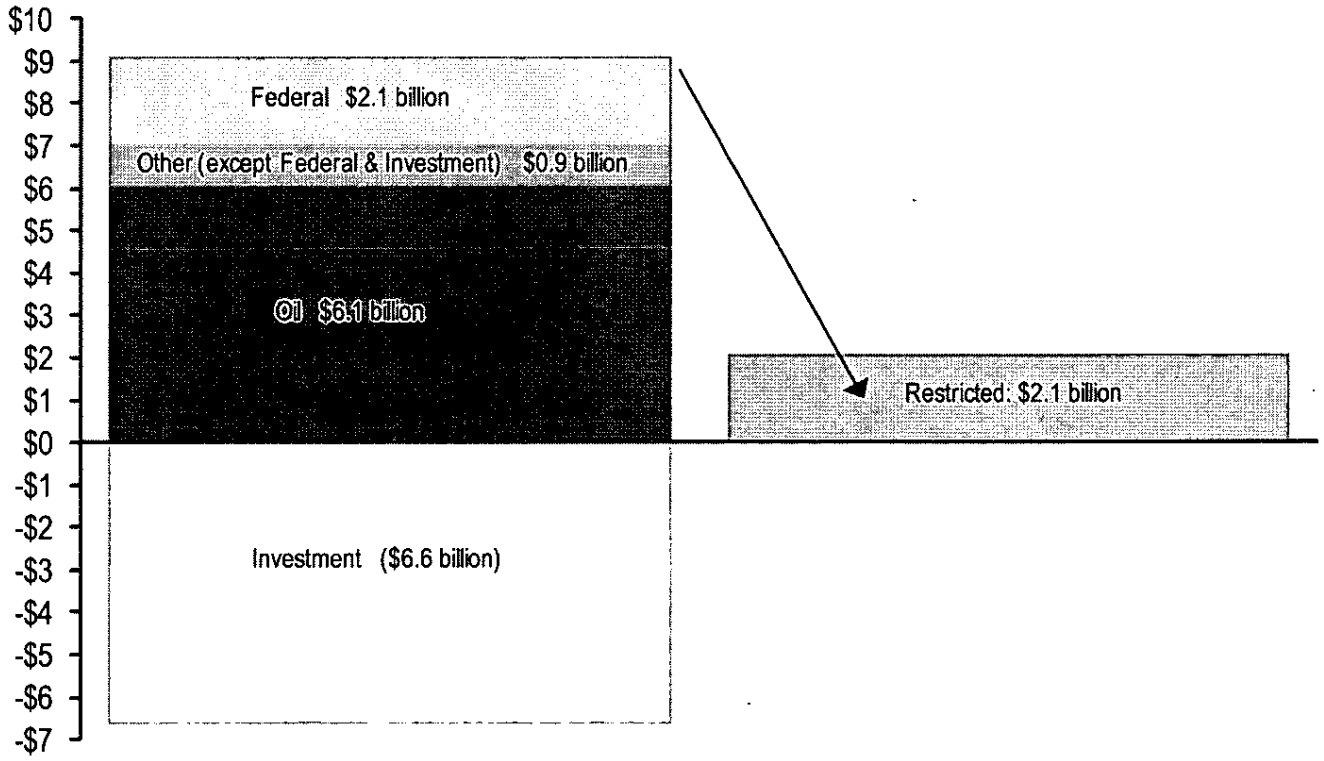


Figure 6-2. Total Federal Revenue to the State, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Federal Receipts	0.0	0.0	0.0
Restricted			
Federal Receipts	2,088.4	2,916.7	2,916.7
Grand Total	**2,088.4**	**2,916.7**	**2,916.7**

General Discussion

The federal government continues to play a significant role in Alaska's economy. In Federal Fiscal Year (FFY) 2008 the federal government spent $9.4 billion in total direct expenditures in Alaska.[1] The majority of that spending came from the activities of various federal agencies, including defense spending, procurement contracts, retirement and disability payments, wages, loans and grants. Another $1.3 billion was spent on other federal assistance, such as loan guarantees and insurance.

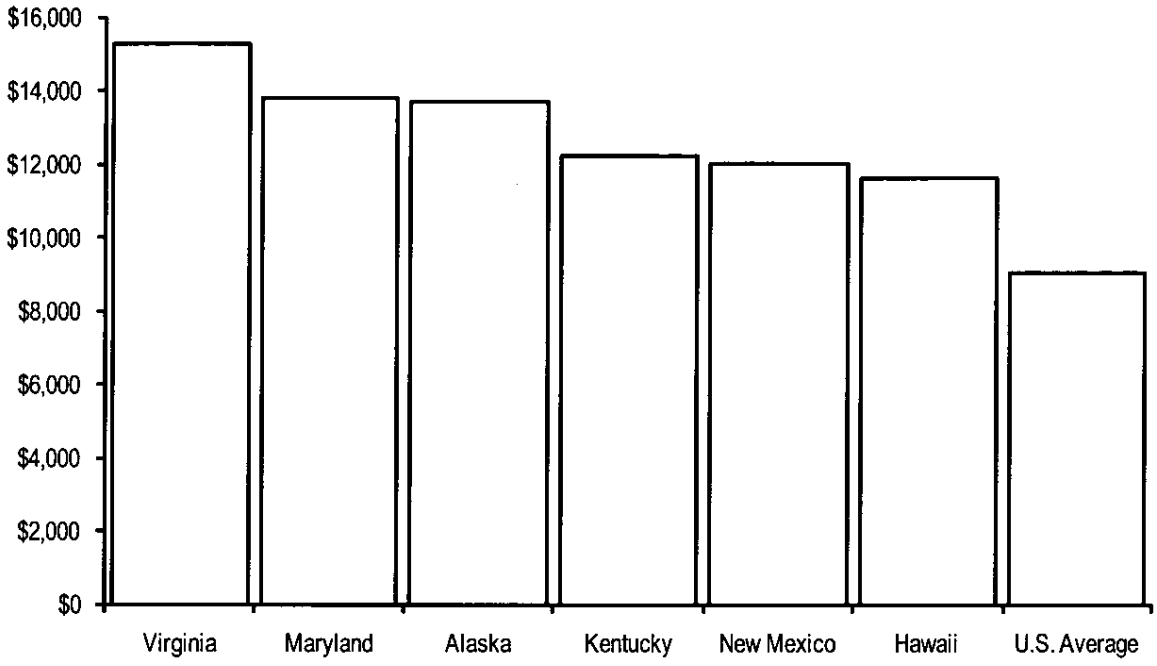
Alaska has historically ranked first in per capita federal spending, however, increased federal expenditures to Louisiana and Mississippi after Hurricane Katrina and Rita in FFY 2006 dropped Alaska to third place. In FFY 2007, Alaska moved up, ranking second only to Virginia. Maryland surpassed Alaska in per capita spending in FFY 2008 to put Alaska in third place out of all states again (see Figure 6-3). Historically, federal spending in Alaska has grown faster than total U.S. spending. However, for FFY 2007, federal direct expenditures in Alaska increased by only 1.4% from FFY 2006, while total U.S. federal expenditures increased by 4.4%. Federal spending grew at a slower rate in Alaska again in FFY 2008 with an increase of 0.5% in direct federal expenditures while overall federal spending increased 9.2%. In FFY 2005, the latest year for which data is available, Alaska received $1.84 for every dollar paid in federal taxes,.[2]

Among federal agencies, the Department of Defense spends the most in Alaska, followed by the Department of Health and Human Services. Together, these two departments account for 53% of all federal direct spending in the state. Not surprisingly, a large portion of federal money flows into Alaska through salaries of federal employees. However, 29% of all federal direct spending comes in the form of grants, mostly to state and municipal governments, and to nonprofit organizations.

In FY 2009, the State of Alaska received and spent nearly $2.1 billion in federal funds. This federal funding is generally restricted to specific uses such as road improvements, Medicaid payments and aid to schools. Potential changes to federal law, differing federal and state fiscal years and varying numbers of eligible Alaskans in certain

[1] U.S. Census Bureau Consolidated Federal Funds Report for FFY 2008, U.S. Department of Commerce. http://harvester.census.gov/cffr.
[2] Tax Foundation's "Federal Spending in Each State per Dollar of Federal Taxes," www.taxfoundation.org/research/show/266.html.

Figure 6-3. FFY 2008 Federal Spending per Capita, Top Six States



programs make forecasting federal revenue difficult. The estimates we present for FY 2010 and FY 2011 are from the Office of Management and Budget and are based on state agency projections of potential federal revenues.

In FY 2010, the budgeted amount of federal funds is $2.9 billion. In FY 2009, the American Recovery and Reinvestment Act of 2009 played a critical part in the overall level of federal funding in the state budget. Approximately $846.8 million or 24% of all federal funds, came as a result of ARRA. In FY 2010, the overall role of ARRA was significantly reduced, with a total of $174.6 million which represents 6% of all federal funds. Most federal funding requires state matching money. The budgeted state match and the top three budgeted categories for federal spending in Alaska for FY 2009 and FY 2010 are included in Figure 6-5.

It is important to note that the state routinely budgets for federal funds in excess of expected allotments. The legislature authorizes state agencies to receive and spend the maximum that federally funded programs might receive, while the actual appropriation amounts are generally less. In addition, some of the funding granted for multi-year capital projects is received and spent in years following the one in which the money is procured. All federal funds, whether spent in the operating or capital budget, are restricted by legislative appropriation to specific uses.

Figure 6-4. Total Federal Spending in Alaska, FFY 2008

By Distributing Agency

	$ Million	Percent
Defense	3,628.6	39%
Health & Human Services	1,359.3	14%
Social Security	844.5	9%
Other Agencies	3,590.4	38%
Total	**9,422.7**	**100%**

By Appropriation Category

	$ Million	Percent
Grants	2,701.6	29%
Salaries & Wages	2,479.9	26%
Procurement	2,205.6	23%
Retirement & Disability	1,372.6	15%
Other Direct Payments	662.9	7%
Total	**9,422.7**	**100%**

Figure 6-5. Federal Spending, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History FY 2009	Budgeted FY 2010	Budgeted FY 2011
State Match Requirement			
Operating Budget	405.4	389.1	389.1
Capital Budget	53.7	40.7	40.7
Total	**459.2**	**429.9**	**429.9**
Top Spending Categories			
Transportation Projects	886.7	748.4	748.4
Medicaid	770.4	795.0	795.0
Education (K-12, University of Alaska)	599.1	376.5	376.5

7. Investment Revenue

Figure 7-1. FY 2009 Investment Net Revenue: ($6.6 billion)

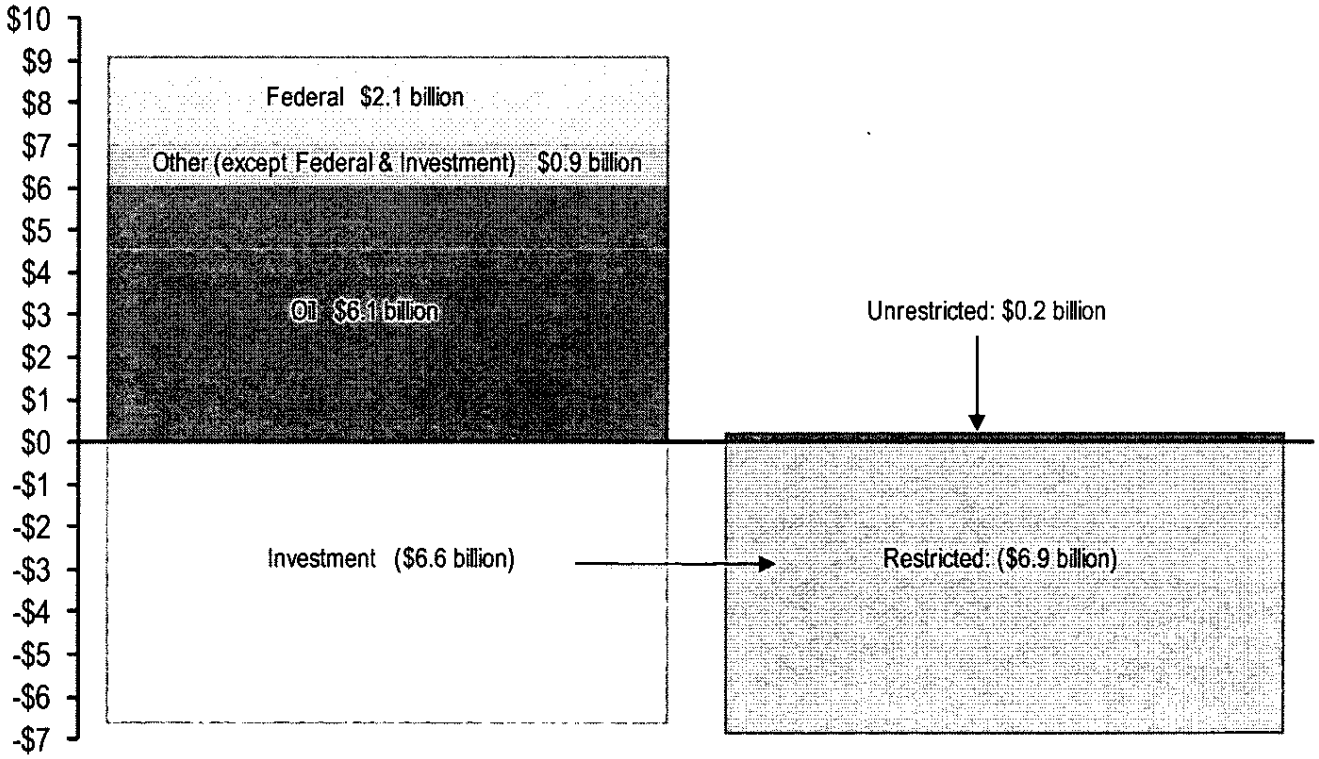


Figure 7-2. Total Investment Revenue, FY 2009 and Forecasted FY 2010-2011 ($ million) [1]

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Investments	247.4	219.7	181.8
Interest Paid by Others	0.2	1.4	1.4
Total Unrestricted	**247.6**	**221.1**	**183.2**
Restricted			
Investments	57.1	51.7	45.5
Constitutional Budget Reserve Fund	(526.6)	968.2	578.5
Other Treasury Managed Funds	(30.6)	49.9	26.3
Alaska Permanent Fund	(6,394.4)	2,237.6	2,602.5
Total Restricted	**(6,894.5)**	**3,307.3**	**3,252.8**
Grand Total	**(6,646.9)**	**3,528.4**	**3,436.0**

[1] Governmental Accounting Standards Board (GASB) principles require the recognition of changes in the value of investments as income or losses at the end of each trading day, whether the investment is actually sold or not.

Investment Forecast

To forecast investment revenue for the current fiscal year—FY 2010—we combine actual performance through September 30, 2009, with a projection for the remainder of the year. Forecasts and estimated capital market median returns are based on information supplied by the state's investment consultant, Callan Associates Inc., and their 5-year capital market estimated returns.

Unrestricted Investment Revenue

Unrestricted investment revenue is earned on the General Fund non-segregated investments managed by the Treasury Division. Interest Paid by Others is interest received by the state other than on its investments. Oil and gas royalty interest, production tax interest, and corporate income tax interest are included in the Oil Revenue section of this forecast.

Restricted Investment Revenue

Restricted investment revenue consists of earnings from governmental funds, the Constitutional Budget Reserve Fund (CBRF), other Treasury-managed governmental funds and the Alaska Permanent Fund.

Figure 7-3. Callan Associates Inc.'s 5-year Capital Market Estimated Returns, as of September 30, 2009

Asset Class	Benchmark for Asset Class	%/Year Median Expected Return	%/Year Expected Risk[1]
Equities			
U.S. Broad	Callan Associates Inc. (CAI) Broad	9.48%	16.40%
U.S. Large Cap	Standard and Poors (S&P) 500	9.22%	15.25%
U.S. Small Cap	Russell 2000 Index	10.04%	22.60%
International Equity	Morgan Stanley Capital International EAFE	9.25%	19.30%
Emerging Markets Equity	Morgan Stanley Capital International Emerging Markets	10.12%	27.00%
Fixed Income			
Domestic Broad Market	Lehman Brothers Aggregate	5.24%	5.00%
Domestic Short Term (cash equivalent)	Three-Month U.S. Treasury Bill	3.03%	0.80%
Domestic Intermediate	Merrill Lynch 1- to 5-Year Goverment	4.02%	3.00%
International	Salomon Brothers Non-U.S. Government	4.82%	9.60%
US TIPS	Lehman Brothers US TIPS Index	4.82%	6.00%
High Yield	Merrill Lynch US High Yield Master II Constrained	7.02%	11.70%
Other			
Real Estate	CRES	7.60%	16.10%
Private Equity	CPI + 5%	11.54%	37.00%
Absolute Return	91 Day T-Bill + 5%	6.93%	10.00%
Lazard Emerging Income Plus	1 Month Libor + 500 Basis Points	9.29%	10.00%
Conservative Aggregate	90% Lehman Aggregate / 10% Lehman Treasury Index	5.01%	5.05%
Inflation	CPI-U	2.75%	1.40%

[1] The continued volatility in the world's financial markets makes focus on the "Expected Risk" column (far right in the table above) particularly appropriate. The numbers in the Expected Risk column represent a statistical measure called standard deviation, which is the most commonly used measure of risk in the investment world. The standard deviation is a measure of the dispersion of data around its mean. The analyst can use this measure of dispersion to provide a range of possible outcomes at any desired level of confidence. In the data in this table, the level of confidence is set at 67% or one standard deviation. A higher level of confidence would require a broader range. For example, Callan estimates an average annual return for the domestic broad market fixed-income asset class of 5.24% and an expected risk for that asset class of 5.0%. That means Callan is forecasting that two-thirds of the time the annual return for the domestic broad fixed-income asset class will fall between 0.24% (the median expected average annual return of 5.24% minus the expected risk of 5.0%) and 10.24% (the median expected return plus the expected risk). A prediction at 95% confidence would run from -4.76% to 15.24%, too broad a range to be useful. The probability that a particular asset class or portfolio will have a negative return over a given period of time is another way to reflect the riskiness of that asset class or portfolio.

Figure 7-4. Investment Revenue Summary, FY 2009 and Forecasted FY 2010-2011 ($ million)

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-income Pool	43%	Three-month U.S. Treasury Bill
Intermediate-term, Fixed-income Pool	57%	Merrill Lynch 1- to 5-year government index
Alaska Student Loan Corporation note	0%	

Investment Balance September 30, 2009	$6,300.1
Projected Annual Rate of Return	3.6%
Probability of Negative Return Over 1 Year	2.5%

Actual Total Investment Income, FY 2008	275.4
Actual Total Investment Income, FY 2009	304.5
Projected Total Investment Income, FY 2010	271.4

	History	Forecast	
	FY 2009	FY 2010	FY 2011
Investment Revenue Unrestricted	247.4	219.7	181.8
Investment Revenue Restricted[1]	57.1	51.7	45.5
Total	**304.5**	**271.4**	**227.3**

[1] Includes subfunds of the General Fund.

Figure 7-5. Constitutional Budget Reserve Fund Cash Flows Investment Revenue Summary, FY 2009 and Forecasted FY 2010-2011 ($ million)

Asset Allocation Regular Account

Treasury Pool	Percent Allocation	Performance Benchmark
Short-term, Fixed-income pool	9%	Three-month U.S. Treasury Bill
Intermediate-term, Fixed-income Pool	71%	Merrill Lynch 1- to 5-year government index
Broad Market Fixed-income Pool	20%	Lehman Brothers aggregate bond index

Regular Balance September 30, 2009	$3,982.3
Projected Annual Rate of Return	4.2%
Probability of Negative Return Over 1 Year	8.0%

Asset Allocation Special Subaccount

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-Income Pool	35%	Lehman Brothers Aggregate Bond Index
Domestic Equity Pool	44%	Russell 3000 Index
International Equity Pool	20%	MSCI EAFE Index
Lazard Emerging Income Plus	1%	1 Month Libor + 500 Basis Points

Special Subaccount Balance September 30, 2009	$4,291.4
Projected Annual Rate of Return	7.87%
Probability of Negative Return Over 1 Year	23.26%

Total Investment Income	History	Forecast	
	FY 2009	FY 2010	FY 2011
Regular Account	143.7	213.5	207.0
Special Subaccount	(670.3)	754.7	371.5
Total	**(526.6)**	**968.2**	**578.5**

Figure 7-6. Constitutional Budget Reserve Fund Cash Flows, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
	FY 2009	FY 2010	FY 2011
Beginning Cash Balance CBRF	5,601.3	7,114.4	9,111.2
Beginning Main Account Balance	1,134.1	3,317.5	4,559.6
Earnings on Main Account Balance [1]	143.7	213.5	207.0
Petroleum Tax, Royalty Settlements [2][3]	121.6	440.7	20.0
(Loan to GF)/Repayment to CBRF [4]	1,918.1	161.5	0.0
Draw from/to GF	0.0	426.4	535.3
Ending Main Account Balance	**3,317.5**	**4,559.6**	**5,321.9**
Beginning Special Subaccount Balance	4,467.2	3,796.9	4,551.6
Earnings on Special Subaccount Balance [1]	(670.3)	754.7	371.5
Transfer from Main Account	0.0	0.0	0.0
Ending Special Subaccount Balance	**3,796.9**	**4,551.6**	**4,923.1**
Total CBRF Balance	**7,114.4**	**9,111.2**	**10,245.0**

[1] The earnings estimate for the main account is 4.179% and the earnings estimate for the special subaccount is 7.872%. These projections are based on 2009 Callan's capital market assumptions and Department of Revenue, Treasury Division's asset allocation.

[2] The petroleum tax, royalty settlements number on this sheet is shown on a cash basis. Please note the state accounting system numbers presented elsewhere in this book include accruals and therefore may differ from the numbers presented here.

[3] Settlement estimates are provided by the Department of Revenue and Department of Law, net of annual Federal Minerals Management Service payments.

[4] Repayment from the General Fund to the CBRF is indicated by a positive dollar amount; loan from the CBRF to the General Fund is indicated by a negative dollar amount.

Figure 7-7. Public School Trust Investment Revenue Summary, FY 2009 and Forecasted FY 2010-2011 ($ million)

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-income Pool	57%	Lehman Brothers aggregate index
Domestic Equity Pool	43%	Russell 3000 Index

Public School Fund Balance September 30, 2009	$367.9
Projected Annual Rate of Return	7.0%
Probability of Negative Return Over 1 Year	19.3%

Total Investment Income & Distributable Income ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Public School Trust Total Investment Income	(28.4)	48.2	25.5
Public School Trust Distributable Income	5.2	10.5	14.4

Figure 7-8. Alaska Children's Trust Investment Revenue Summary, FY 2009 and Forecasted FY 2010-2011 ($ million)

Asset Allocation

Treasury Pool	Percent Allocation	Performance Benchmark
Broad Market Fixed-income Pool	25%	Lehman Brothers aggregate index
International Equity Pool	15%	Morgan Stanley Capital International (EAFE)
Domestic Equity Pool	60%	Russell 3000 Index

Alaska Children's Fund Balance September 30, 2009	$9.7
Projected Annual Rate of Return	8.3%
Probability of Negative Return Over 1 Year	24.8%

Total Investment Income & Distributable Income ($ million)

	History	Forecast	
Unrestricted	FY 2009	FY 2010	FY 2011
Alaska Children's Trust Total Investment Income	(2.2)	1.7	0.8
Alaska Children's Trust Distributable Income	0.2	0.2	0.3

Figure 7-9. Alaska Permanent Fund Managed by the Alaska Permanent Fund Corporation, FY 2009 and Forecasted FY 2010-2011 ($ million)

	History	Forecast	
Reserved Assets — Principal	FY 2009	FY 2010[1]	FY 2011[2]
Total Reserved Assets – Beginning Balance	**31,213.2**	**29,496.1**	**31,586.9**
Contributions & Appropriations			
Contributions & Appropriations – Beginning Balance	29,148.9	30,944.7	31,546.4
Dedicated Petroleum Revenue	651.4	601.7	672.8
Inflation Proofing Transfer from Realized Earnings	1,144.3	0.0	886.0
Subtotal Contributions & Appropriations	30,944.7	31,546.4	33,105.2
Unrealized Appreciation/Depreciation			
Appreciation/Depreciation – Beginning Balance	2,064.3	(1,448.6)	40.5
Annual Unrealized Gain/Loss	(3,512.9)	1,489.1	1,133.2
Subtotal Unrealized Appreciation/Depreciation	(1,448.6)	40.5	1,173.7
Total Reserved Assets – Ending Balance	**29,496.1**	**31,586.9**	**34,278.9**
Unreserved Assets — Realized Earnings Account			
Total unreserved assets - beginning balance	5,320.7	420.0	578.4
Realized Earnings Account			
Realized Earnings Account – Beginning Balance	4,968.8	440.6	577.3
Annual Realized Earnings	(2,509.0)	726.7	1,452.2
Dividend Payment to State of Alaska [3]	(874.8)	(590.0)	(637.0)
Inflation Proofing Transfer to Reserved Assets	(1,144.3)	0.0	(886.0)
Other Appropriations Out of Fund	0.0	0.0	(3.0)
Realized Earnings Account – Ending Balance	440.6	577.3	503.5
Unrealized appreciation/depreciation [4]			
Appreciation/depreciation - beginning balance	351.9	(20.6)	1.1
Annual unrealized gain/loss	(372.5)	21.7	17.1
Sub total - unrealized appreciation/depreciation	(20.6)	1.1	18.2
Total Unreserved Assets – Ending Balance	**420.0**	**578.4**	**521.7**
Market Value – Total Fund Invested Assets Value			
Reserved Fund Balance - end of year	29,496.1	31,586.9	34,278.9
Unreserved Fund Balance - end of year	420.0	578.4	521.7
Fund Balance (market value) End-of-year Balance	**29,916.0**	**32,165.3**	**34,800.6**
Total Reported Earnings			
Annual Unrealized Gain/Loss	(3,885.4)	1,510.8	1,150.3
Annual Realized Earnings	(2,509.0)	726.7	1,452.2
Reported Earnings	**(6,394.4)**	**2,237.6**	**2,602.5**

[1] FY 2010 data projected using Callan 2009 capital market assumptions and May 2009 asset allocation resolution, resulting in an 7.70% median expected total return. Inflation based on actual through September 2009.

[2] FY 2011 projected using Callan 2009 capital market assumptions and May 2009 asset allocation resolution, resulting in an 8.28% expected total return, and 2.75% inflation.

[3] The permanent fund dividend payment is recorded as a liability at fiscal year end, and is paid out the following month.

[4] Beginning in FY 2009, and applied retroactively, Department of Law opinion required an allocation of unrealized gains and losses to the unreserved assets of the Fund.

8. State Endowment Funds

This section compares important attributes of six endowment funds. The University of Alaska endowment is included in this comparison because it is one of Alaska's public endowment funds that uses the annual distribution calculation method typical of the vast majority of endowments in the United States and Canada.[1]

The fiduciary for each of these endowment funds has the responsibility for establishing an asset-allocation policy for the fund. Figure 8-1 on the next page compares the asset-allocation policies for these endowments.

Under the standards adopted by the Governmental Accounting Standards Board (GASB), public funds calculate and report their income by recognizing changes in the value of securities as income, or losses, as they occur at the end of each trading day. They do this regardless of whether the securities are actually sold and the income, or losses, are taken or realized. All six of these endowments report annual income on this basis. However, as reflected in Figure 8-2 on the next page, four of them use other measures of annual income for determining their distributions. These include the Alaska Permanent Fund and the Mental Health Trust Fund, both administered by the Alaska Permanent Fund Corporation, the Public School Trust and the Alaska Children's Trust.

In determining the amount of income available for distribution each year for the two funds managed by the Alaska Permanent Fund Corporation, gains or losses on individual investments are not recognized until the investment is sold. For calculating distributable income for the Public School Trust and the Alaska Children's Trust, only interest earned and dividends received are treated as income. Gains and losses in the value of individual investments are never recognized as income. By law, those gains and losses remain with the principal of the fund. Figure 8-3 explains how distributable income for each of the endowments is determined.

[1] The predominant practice, making annual distributions of 4% to 5% of the market value of the endowment, developed following a 1968 Ford Foundation study. See The Ford Foundation Managing Educational Endowments (New York, New York; 1968).

Figure 8-1. Target Percent Asset Allocation—State Endowment Funds

	Cash	U.S. Bonds	International Bonds	U.S. Equities	International Equities	Global Equities	Real Estate	Alternative Investments	Total
Alaska Permanent Fund	2	19	3	24	24	0	12	16	100
Mental Health Trust	2	19	3	24	24	0	12	16	100
Public School Trust	0	57	0	43	0	0	0	0	100
Alaska Children's Trust	0	25	0	60	15	0	0	0	100
Power Cost Equalization	0	37	0	43	20	0	0	0	100
University of Alaska Endowment	3	17.5	0	26	11	10	8.5	24	100

Figure 8-2. Calculation of Annual Income—State Endowment Funds

	Financial Reporting of Income	Distributable Income
Alaska Permanent Fund	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on investments actually sold
Mental Health Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid + gains and losses on investments actually sold
Public School Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid; gains and losses on value of securities are never income, they become part of principal
Alaska Children's Trust	GASB (recognize gains and losses based on change in market value)	Interest earnings + dividends paid; gains and losses on value of securities are never income, they become part of principal
Power Cost Equalization Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)
University of Alaska Endowment	GASB (recognize gains and losses based on change in market value)	GASB (recognize gains and losses based on change in market value)

Figure 8-3. Distributable Income Determination—State Endowment Funds

Alaska Permanent Fund

The annual distribution for the Permanent Fund Dividend follows the formula in AS 37.13.140-.150, which specifies that 10.5% of the past five years' total realized income shall be paid out as dividends but also sets the limitation that the annual distribution may never exceed 50% of the balance in the fund's Realized Earning Account (REA). The 50% limitation has never been triggered.

Mental Health Trust

The Mental Health Trust Board adopted a policy, beginning in FY 2001, to distribute 3.5% a year of the market value of the fund's total assets. The distribution rate had been 3% for FY 1996-1998 and 3.25% for FY 1999-2000. Because of recent declines in market value, the board is exploring a redefinition of "principal" so that losses in market value would be proportionally allocated to the principal account and the earnings account rather than assigning the entire value of any losses to the earning account.

Public School Trust

The annual distribution is 4.75% of a five-year moving average of the fund's principal market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable earnings account balance, providing a cushion for the fund to maintain its annual distributions in a sustained bear market.

Alaska Children's Trust

The annual distribution is 4.75% of a five-year moving average of the fund principal's market value so long as that amount does not exceed the interest and dividend earnings available in the earnings account. The trust has accumulated a sizable earnings account balance, providing a cushion for the fund to maintain its annual distributions in a sustained bear market.

Power Cost Equalization Endowment

The annual distribution is 7% of the fund's market value. For the initial transition years, state statute specifies that the fund shall use the market value on February 1 for the subsequent fiscal year's distribution. Thereafter, the fund is to distribute each year 7% of the monthly average market value for a specified 36-month period.

University of Alaska Endowment

The annual distribution is 5% of a 5-year moving average of the market value of the fund.

Figure 8-4. Inflation-Proofing Procedures—State Endowment Funds

Alaska Permanent Fund

An annual appropriation is needed to inflation proof the principal of the Permanent Fund (but not the accumulated earnings) pursuant to AS 37.13.145. The legislative appropriation requires a transfer from the Realized Earnings Account to the fund's principal an amount equal to the calculated U.S. Consumer Price Index's effect on the value of the principal, comprised of oil and gas royalty contributions and legislative appropriations. The Alaska Permanent Fund Corporation's Trustees have proposed a constitutional amendment that would inflation proof the entire fund—the principal and accumulated earnings—by limiting the annual distribution of earnings to 5% of a five-year moving average of the market value of the fund.

Mental Health Trust

The Mental Health Trust Authority has adopted two policies to inflation proof the fund. First, it limits distributions to 3.5% of the fund's market value. (The authority's ultimate goal, after further building up the principal, is to distribute 5% of the fund's market value each year, which would still allow enough retained earnings to inflation proof the fund.) Second, the authority also has adopted a policy transferring money from the reserve account to the principal whenever the reserve exceeds four times the annual income distribution, to help build up the fund's principal.

Public School Trust

The asset-allocation policy is such that—when combined with the requirement that the fund's capital gains and losses remain part of the principal—the retained capital gains are adequate to inflation proof the fund.

Alaska Children's Trust

The asset-allocation policy is such that—when combined with the requirement that the fund's capital gains and losses remain part of the principal—the retained capital gains are adequate to inflation proof the fund.

Power Cost Equalization Endowment

The legislature, in selecting a 7% distribution policy, expressly elected not to inflation proof this fund, but rather to distribute all, or almost all, of its anticipated annual earnings.

University of Alaska Endowment

The university's distribution policy of 5% of the moving five-year average of the fund's market value should allow for retained earnings to inflation proof the fund.

9. Public Corporations & University of Alaska

Public Corporations

The state has established the following public corporations to carry out certain public policies:

- Alaska Housing Finance Corporation (AHFC)
- Alaska Industrial Development and Export Authority (AIDEA)
- Alaska Energy Authority (AEA)
- Alaska Student Loan Corporation (ASLC)
- Alaska Municipal Bond Bank Authority (AMBBA)
- Alaska Aerospace Development Corporation (AADC)
- Alaska Railroad Corporation (ARC)

These seven corporations and the University of Alaska are components of state government whose activities are accounted for in the state's Comprehensive Annual Financial Report separately from the activities of primary state government. Information in this section is provided by these corporations.

Four of these corporations pay some portion of their income as an annual "dividend" to the state. They include the Alaska Housing Finance Corporation, Alaska Industrial Development Authority, Alaska Student Loan Corporation and Alaska Municipal Bond Bank Authority.

The members of the AIDEA Board of Directors also serve as Board of Directors of AEA, though AIDEA and AEA continue to exist as separate legal entities. AEA has no employees, and AEA contracts to have AIDEA employees administer AEA programs. Other corporations have their own staffs and boards. While neither the sale of bonds nor the expenditure of bond proceeds by these corporations are subject to the state's Executive Budget Act, expenditures for the day-to-day administration of all of these corporations except the Alaska Railroad are subject to the Executive Budget Act.

The Alaska Commission on Postsecondary Education (ACPE) administers the ASLC programs. The ASLC has no employees, and the executive director of the ACPE serves as the executive officer of the ASLC.

The six figures that follow in this section summarize the activities of these corporations.

1546

Figure 9-1. Public Corporations—Missions. What does the corporation do and how does it do it?

Alaska Housing Finance Corporation

Using proceeds from the sale of bonds backed by its corporate assets, AHFC purchases home mortgages from Alaska banks. Income from payments on these mortgages repays bond holders and adds to the corporation's income, thereby enabling the corporation, since FY 1991, to pay an annual dividend and/or return of capital to the state. In addition to ensuring that Alaskans, especially Alaskans of low and moderate income and those in remote and underdeveloped areas of the state, have adequate housing at reasonable cost, the corporation administers federally and state funded multi-residential, senior and low-income housing, residential energy and home weatherization programs. In recent years, the legislature has authorized AHFC to finance the construction of schools, University of Alaska housing and other capital projects identified by the legislature.

Alaska Industrial Development and Export Authority

By lending money, guaranteeing loans or becoming an owner, AIDEA makes financing available for industrial, export and other business enterprises in Alaska. The corporation earns money from interest on its loans, investments, leases and operations of its properties. The corporation has paid an annual dividend to the state since FY 1997.

Alaska Energy Authority

AEA provides loans to utilities, communities and individuals to pay for the purchase or upgrade of equipment and for bulk fuel purchases. Additionally, the agency administers the Power Cost Equalization program, subsidizing rural electric costs with the Power Cost Equalization Endowment. AEA also receives federal and state money to provide technical advice and assistance in energy planning, emergency response management, energy infrastructure construction and conservation in rural Alaska. AEA owns and, under contractual agreements, operates and maintains state-owned power projects, such as Bradley Lake and the Alaska Intertie.

Alaska Student Loan Corporation

The Alaska Student Loan Corporation uses proceeds from bond sales to finance education loans made by the Alaska Commission on Postsecondary Education. Loan repayments satisfy bond obligations and enhance the corporation's capital asset base. Alaska statutes authorize the board of directors to annually declare a return to the state of a portion of its net income. The board has declared return of capital payments for each year beginning in FY 2001 through FY 2007. Alaska statutes also authorize the corporation to issue bonds for the purpose of financing projects of the state. Those bonds in aggregate may not exceed $280 million.

Alaska Municipal Bond Bank Authority

The Bond Bank loans money to Alaska municipalities for capital improvement projects. The bank's larger capital base, its reserve funds and its credit rating enable it to sell bonds at lower interest rates than the municipalities could obtain on their own. The Bond Bank earns interest on the money it holds in reserve and has returned a dividend to the state every year since 1977.

Alaska Aerospace Development Corporation

The corporation operates and maintains a commercial spaceport in Kodiak, Alaska and provides commercial rocket vehicle launch support services. It promotes space-related business, research, education and economic growth in the State of Alaska.

Alaska Railroad Corporation

The corporation operates freight and passenger rail services between Seward and Fairbanks, including a spur line to Whittier. In addition, the corporation generates revenues from real estate it owns.

Figure 9-2. Public Corporations—State Capitalization. How did the state capitalize the corporation?

Alaska Housing Finance Corporation

The legislature appropriated $739.9 million in cash and $292.5 million in mortgages held by the General Fund to the corporation between 1976 and 1984. The payments on those mortgages and additional mortgages purchased with the cash have helped build the corporation's asset base and allow it to return some capital to the state each year. In 1993, AHFC received an additional $27.7 million in cash and $9.3 million in equity when the legislature merged the Alaska State Housing Authority with this corporation.

Alaska Industrial Development and Export Authority

Between 1981 and 1991, the State of Alaska transferred various loan portfolios worth $297.1 million and $69.2 million in cash to this corporation.

Alaska Energy Authority

The legislature established the AEA in 1976 to finance and operate power projects. This corporation has also administered rural energy programs at various times, including the present. As a result of legislatively mandated reorganizations, capital has moved into and out of the corporation. At the end of FY 2001, this corporation reported contributed capital of $963.5 million.

Alaska Student Loan Corporation

In FY 1988, the state transferred $260 million of existing student loans to this corporation. Additional appropriations of cash between FY 1988 and FY 1992 totaled $46.7 million.

Alaska Municipal Bond Bank Authority

Between 1976 and 1986, the legislature appropriated $18.6 million to the Bond Bank to be used for backing bond issues. In addition, the legislature gave the Bond Bank $2.5 million in 1981 to fund a direct loan by a municipality. The municipality repaid the loan and the Bond Bank retained the appropriation.

Alaska Aerospace Development Corporation

Since 1993, the state has contributed $10.9 million from the Science and Technology Endowment.

Alaska Railroad Corporation

The state bought the railroad from the federal government in 1985. The purchase price of $22.7 million was recorded as the state's capitalization.

1548

Figure 9-3. Public Corporations—Financial Facts, FY 2009 ($ million) [1]

	Total Assets	Assets Less Liabilities Book Value	Unrestricted Net Assets	FY 2009 Operating Budget	Total Positions [2]
Alaska Housing Finance Corporation	4,731.4	1,672.1	734.4	51.2	372.0
Alaska Industrial Development & Export Authority [3]	1,183.5	974.5	888.1	8.2	73.0
Alaska Energy Authority [3]	773.0	626.7	453.2	33.2	See AIDEA [4]
Alaska Student Loan Corporation [5]	742.7	180.6	140.7	12.0	103
Alaska Municipal Bond Bank Authority	638.0	43.7	12.0	0.6	0.5
Alaska Aerospace Development Corporation [6]	103.2	91.5	4.4	28.5	47
Alaska Railroad Corporation [7]	854.1	179.7	0.0	97.5	715

[1] All figures are effective as of June 30, 2009, except for the Alaska Railroad which reports on a calendar year basis.

[2] Permanent Full Time (PFT), Permanent Part Time (PPT) and Temporary (TMP) are included in total positions.

[3] The Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (AEA) report financial data on a fiscal year basis. Assets, liabilities and net assets in the table are from audited June 30, 2009 financial statements.

[4] AIDEA provides staff for the activities of AEA. A significant portion of AIDEA's 73 member staff is engaged in AEA programs.

[5] Budget and positions reported are for the Alaska Commission on Postsecondary Education (ACPE). Budget amount reported is funded by the Alaska Student Loan Corporation (ASLC). ACPE staff serve as staff for the ASLC.

[6] Based on audited financial statements.

[7] The Alaska Railroad reports financial data on a calendar year basis. Assets and book value shown in this table are from audited December 31, 2008, financial statements. The operating budget figure shown here is for CY 2009.

Figure 9-4. Public Corporations—Revenue & Net Income, FY 2009 ($ million)

	Revenue	Operating Income	Net Income
Alaska Housing Finance Corporation	355.4	21.4	5.9
Alaska Industrial Development & Export Authority [1]	75.8	46.2	28.6
Alaska Energy Authority [1]	207.1	(31.8)	30.1
Alaska Student Loan Corporation	40.0	6.8	3.7
Alaska Municipal Bond Bank Authority	27.6	0.8	1.5
Alaska Aerospace Development Corporation[2]	19.7	(5.0)	(3.9)
Alaska Railroad Corporation [3]	177.9	3.3	12.6

[1] The Alaska Industrial Development and Export Authority and Alaska Energy Authority report financial data on a fiscal year basis. Revenue, operating income and net income in the table are from audited June 30, 2009 financial statements.

[2] The Alaska Aerospace Development Corporation financial data include depreciation of $5.9 million and are based on audited June 30, 2009 financial statements.

[3] The Alaska Railroad reports financial data on a calendar year basis. Revenue and Operating Income shown in this table are for CY 2008.

Figure 9-5. Public Corporations—Dividends to the State. How, if at all, does the corporation pay dividends to the state?

Alaska Housing Finance Corporation

The Twenty-Third Legislature, in 2003, enacted SCSHB 256 (the "2003 Act") which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. As approved and signed into law by the Governor, the Transfer Plan calls for annual transfers as follows: FY 2005, $103 million; FY 2006, $103 million; FY 2007, the lesser of 95% net income or $103 million; FY 2008, the lesser of 85% net income or $103 million; FY 2009 and thereafter, the lesser of 75% of the corporation's net income or $103 million.

Alaska Industrial Development and Export Authority

By statute, AIDEA must make available to the state each year not less than 25% and not more than 50% of its total net income for a base year, defined as the year two years prior to the dividend year. The dividend is further limited to no more than the total amount of its unrestricted net income in the base year (AS 44.88.088). Net income is defined in the statutes.

Alaska Energy Authority

AEA does not pay a dividend or return capital to the state on a regular basis. However, in FY 2000 this corporation returned $55.6 million of contributed capital to the Railbelt Energy Fund and the General Fund.

Alaska Student Loan Corporation

This corporation, at the discretion of its board of directors, may make available to the state a return of contributed capital or dividend for any base year in which the net income of the corporation is $2 million or more. A base year is defined as the year two years before the payment year. If the board authorizes a payment, it must be between 10% and 35% of net income for the base year (AS 14.42.295). The corporation may also issue bonds in an aggregate amount not to exceed $280 million, for the purpose of financing projects of the state as those projects may be identified by law (AS 14.42.220).

Alaska Municipal Bond Bank Authority

By statute, the Bond Bank annually returns earnings or income of its reserve fund, in excess of expenses, to the state.

Alaska Aerospace Development Corporation

AADC does not pay a dividend or return capital to the state.

Alaska Railroad Corporation

The corporation does not pay a cash dividend to the General Fund.

Figure 9-6. Public Corporations—Operating Expenses & Dividends ($ million)

	Expenses		Dividends	
	Actual FY 2009	Budget FY 2010	Actual FY 2009	Budget FY 2010
Alaska Housing Finance Corporation [1]	48.6	53.2	65.9	68.7
Alaska Industrial Development & Export Authority	9.3	8.9	23.8	22.7
Alaska Energy Authority [2]	42.6	36.5	na	na
Alaska Student Loan Corporation	11.6	12.2	9.1	0.0
Alaska Municipal Bond Bank Authority	0.6	0.7	0.8	0.3
Alaska Aerospace Development Corporation [3]	23.6	28.6	na	na
Alaska Railroad Corporation	na	na	na	na

[1] Because some of this money is earmarked for multi-year capital projects, actual cash transfers in any given year may vary.

[2] The Alaska Industrial Development and Export Authority and Alaska Energy Authority report financial data on a fiscal year basis. Actual operating expenses and dividends are for the fiscal year ended June 30, 2009

[3] The Alaska Aerospace Development Corporation financial data include depreciation of $5.9 million and are based on audited June 30, 2009 financial statements.

University of Alaska

Figure 9-7. University of Alaska ($ million)

Lands & Facilities June 30,2009	Total Assets June 30, 2009	Unrestricted Net Assets	FY 2010 Operating Budget	FY 2010 Total Positions
$834.0 [1]	$1,195.4	$107.1	$823.2	4,916

[1] Includes depreciation of $715.8 million.

1552

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

1553

10. Appendices

A. Revenue

A-1 Glossary of Terms Used in this Revenue Sources Book 84

A-2 General Fund Unrestricted Revenue Sensitivity Matrices, FY 2010-2012 85

A-3 General Purpose Unrestricted Revenue—History 86
A-4a General Purpose Unrestricted Petroleum Revenue—History 88
A-4b General Purpose Unrestricted Petroleum Revenue—Forecast 89

A-5a Total Alaska Government Petroleum Revenue—History 90
A-5b Total Alaska Government Petroleum Revenue—Forecast 91

B. Prices

B-1a Crude Oil and Natural Gas Prices—History 92
B-1b Crude Oil and Natural Gas Prices—Forecast 93

B-2a Nominal Netback Costs—History 94
B-2b Nominal Netback Costs—Forecast 95

B-3 Price Changes from Spring 2009 Forecast 96

C. Production

C-1 Production Changes from Spring 2009 Forecast 97

C-2a Crude Oil Production—History 98
C-2b Crude Oil Production—Forecast 99

C-3a Economic Limit Factor (for fields with Positive ELF)—History 100
C-3b Economic Limit Factor (for fields with Positive ELF)—Forecast 101

1554

Revenue. A-1

Glossary of Terms

Constitutional Budget Reserve Fund (CBRF)

Created by voters in 1990, the Constitutional Budget Reserve Fund receives proceeds from settlements of oil, gas, and mining tax and royalty disputes. The legislature may, with a three-quarters majority vote in each chamber, withdraw money from the fund.

Federal Revenue

Revenue appropriated from the federal government to the state with restrictions on how the money can be used. Highway and airport construction funds, Medicaid and education funding cannot be used for other purposes. In addition to restricting how the money is spent, the federal government often requires states to put up matching funds to qualify for the federal funding.

General Fund Revenue

General Fund Revenue has different meanings in different contexts. In the state's official financial reports, General Fund Revenue is used to designate the sum of General Purpose Unrestricted Revenue, General Fund sub-account revenue, program receipts and federal dollars spent through the General Fund. In budget-writing context, General Fund revenue has a definition similar to General Purpose Unrestricted Revenue.

Permanent Fund GASB (or Market) Income

Under standards adopted by the Governmental Accounting Standards Board (GASB), the Permanent Fund's income—and that of any other government fund—is the difference between the purchase price of the investments and their market value at a given point in time, plus any dividends, interest or rent earned on those investments. Under GASB standards, the Permanent Fund does not have to sell the investment to count the gain or loss as it changes value. It is called "marking to market," that is, measuring the value of the fund's investments by the current market price. This can produce a much different picture than Permanent Fund statutory income, which does not reflect fluctuating investment values until the assets are sold.

Permanent Fund Statutory Income

Permanent Fund statutory income is the sum of realized gains and losses of all Permanent Fund investment transactions during the year, plus interest, dividends and rents earned by the fund. The Permanent Fund Dividend is based on statutory income. Though the legislature may appropriate the earnings for any purpose it chooses, the historical practice has been to restrict the use of realized income to dividends and inflation proofing, and then either leave the excess in the Realized Earnings Account or transfer it to the principal of the Permanent Fund.

Restricted Program Receipts

Revenue that is earmarked in state statute or by contract for specific purposes and is usually appropriated back to the program that generated the revenue. Examples include University of Alaska tuition payments, marine highway receipts, payments to various revolving loan funds and public corporation receipts. Some of this revenue is actually dedicated as a consequence of the provisions of Article 18, Section 11 of the Alaska Constitution. The remainder, while statutorily earmarked, may be appropriated to purposes other than those reflected in statute if the legislature so chooses.

Restricted Revenue

Restricted revenue represents revenue that is restricted by the constitution, state or federal law, trust or debt restrictions, or by customary practice. The legislature can at any time remove restrictions that are solely imposed by either Alaska statute or customary practice. Program receipts, revenues allocated to sub-accounts of the General Fund, and General Fund revenues customarily shared with other entities are all considered restricted revenues for the purposes of this report.

General Purpose Unrestricted Revenue

Revenue not restricted by the constitution, state or federal law, trust or debt restrictions or customary practice. Most legislative and public debate over the budget each year centers on this category of revenue. In deriving this figure from General Fund revenues, we have excluded General Fund sub-account revenue, as well as customarily restricted revenues such as shared taxes and marine highway receipts.

Revenue. A-2

General Purpose Unrestricted Revenue Matrices, with Price and Cost Sensitivity, FY 2010-2012 ($ million)

FY 2010

At forecasted production of 0.659 mmbbls/day

ANS $/barrel[1]	Total capital & operating costs In dollars/barrel		
	$15.00	$20.00	$25.00
$40	2,613	2,613	2,613
$45	2,756	2,756	2,756
$50	3,071	2,900	2,900
$55	3,550	3,256	3,075
$60	3,943	3,681	3,381
$65	4,557	4,092	3,790
$70	5,218	4,670	4,212
$75	5,933	5,323	4,772
$80	6,688	6,008	5,384
$85	7,553	6,800	6,099
$90	8,489	7,662	6,885
$95	9,496	8,595	7,694
$100	10,533	9,598	8,667

FY 2011

At forecasted production of 0.623 mmbbls/day

ANS $/barrel	Total capital & operating costs In dollars/barrel		
	$15.00	$20.00	$25.00
$40	2,035	1,775	1,752
$45	2,418	2,168	1,896
$50	2,799	2,549	2,249
$55	3,213	2,930	2,630
$60	3,744	3,344	3,017
$65	4,294	3,854	3,385
$70	4,882	4,402	3,881
$75	5,508	4,989	4,420
$80	6,178	5,619	5,002
$85	6,882	6,282	5,617
$90	7,624	6,984	6,271
$95	8,405	7,725	6,964
$100	9,223	8,504	7,695

FY 2012

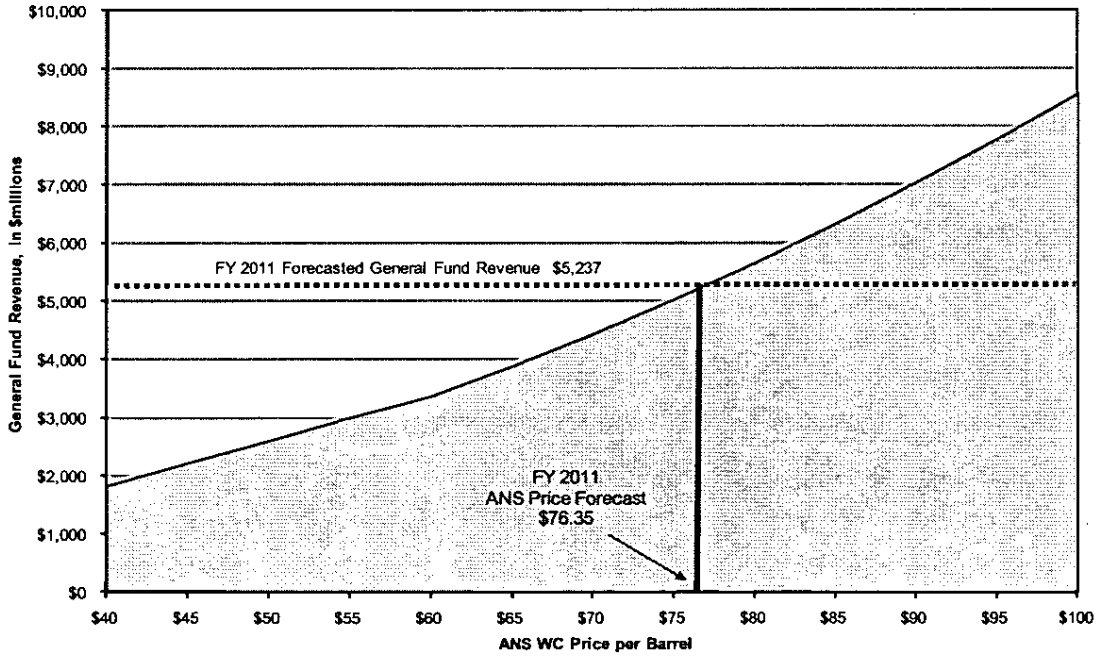
At forecasted production of 0.617 mmbbls/day

ANS $/barrel	Total capital & operating costs In dollars/barrel		
	$15.00	$20.00	$25.00
$40	1,976	1,714	1,695
$45	2,361	2,099	1,850
$50	2,748	2,485	2,198
$55	3,159	2,872	2,584
$60	3,687	3,271	2,990
$65	4,233	3,775	3,337
$70	4,818	4,318	3,823
$75	5,441	4,899	4,358
$80	6,097	5,512	4,926
$85	6,796	6,170	5,537
$90	7,533	6,865	6,186
$95	8,308	7,598	6,873
$100	9,117	8,364	7,593

[1]Fiscal year averages incorporate actual prices for the first four months of FY 2010. .

*In addition to price and production, revenue estimates under ACES depend on levels of spending by petroleum producers and explorers. Spending plans may change as companies occasionally revise their investment strategies. The above estimates also do not consider how company investment decisions would change with a change in oil prices.

FY 2011 General Fund Unrestricted Revenue, with Price Sensitivity



1556

Revenue. A-3

General Purpose Unrestricted Revenue—History[1]

($ million)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TAX REVENUE										
Petroleum Property Tax	**45.0**	**45.1**	**49.6**	**48.7**	**47.3**	**42.5**	**54.5**	**65.6**	**81.5**	**111.2**
Excise Tax										
Alcoholic Beverages	12.7	12.0	12.9	14.1	16.4	17.3	17.6	17.1	20.0	19.5
Tobacco Products	16.3	16.3	15.5	16.3	16.0	25.1	35.4	43.8	44.9	46.6
Insurance Premium	28.7	32.2	34.1	39.0	43.7	45.9	44.3	46.5	47.1	45.5
Electric and Telephone Cooperative	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Motor Fuel Tax	41.9	37.5	40.2	37.2	41.2	39.4	42.0	39.2	41.8	10.1
Vehicle Rental tax	0.0	0.0	0.0	0.0	2.7	7.5	7.7	8.0	8.5	8.0
Tire Fee	0.0	0.0	0.0	0.0	0.8	1.6	1.6	1.5	1.5	1.5
Total	**99.8**	**98.2**	**102.8**	**106.8**	**121.0**	**137.0**	**148.8**	**156.3**	**164.0**	**131.3**
Income Tax										
General Corporate	56.3	59.5	53.4	47.7	39.6	61.8	138.0	176.9	182.7	120.9
Petroleum Corporate	162.7	338.1	178.4	151.1	298.8	524.0	661.1	594.4	605.8	492.2
Total	**219.0**	**397.6**	**231.8**	**198.8**	**338.4**	**585.8**	**799.1**	**771.3**	**788.5**	**613.1**
Severance Tax										
Oil and Gas Production	693.2	694.4	486.7	589.8	642.7	854.9	1,191.7	2,198.3	6810.9	3,100.9
Oil and Gas Conservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil and Gas Hazardous Release	9.5	9.4	9.6	9.2	9.2	8.3	7.8	10.1	11.7	11.1
Total	**702.7**	**703.8**	**496.3**	**599.0**	**651.9**	**863.2**	**1,199.5**	**2,208.4**	**6,822.6**	**3,112.0**
Fisheries Tax										
Fisheries Business Tax	18.2	15.4	12.7	13.8	14.9	10.7	15.4	17.1	14.7	19.3
Fishery Landing	2.2	4.1	2.6	6.9	2.5	3.9	4.7	5.3	7.9	4.7
Total	**20.4**	**19.5**	**15.3**	**20.7**	**17.4**	**14.6**	**20.1**	**22.4**	**22.6**	**24.0**
Other Tax										
Estate	2.5	2.7	3.1	1.2	2.3	1.5	0.6	0.1	0.0	0.2
Mining	3.4	1.7	0.5	0.4	3.2	10.3	18.6	79.1	54.4	15.5
Charitable Gaming	2.3	2.4	2.5	2.6	2.4	2.5	2.4	2.5	2.7	2.8
Total	**8.2**	**6.8**	**6.1**	**4.2**	**7.9**	**14.3**	**21.6**	**81.7**	**57.1**	**18.5**
TOTAL TAX REVENUE	**1,095.1**	**1,271.0**	**901.9**	**978.2**	**1,183.9**	**1,657.4**	**2,243.6**	**3,305.7**	**7,936.3**	**4,010.1**

(continued on next page)

General Purpose Unrestricted Revenue—History (continued from prior page)

($ million)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NON TAX REVENUE										
Licenses and Permits	**68.4**	**37.3**	**42.2**	**33.6**	**41.8**	**42.7**	**41.0**	**42.0**	**38.9**	**35.5**
Intergovernmental Receipts										
Federal Shared Revenues	1.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Charges for Services	**43.7**	**27.0**	**19.1**	**13.9**	**11.1**	**17.9**	**21.8**	**28.5**	**29.3**	**19.3**
Fines and Forefeitures	**46.2**	**33.6**	**6.6**	**7.0**	**16.0**	**9.4**	**8.5**	**7.8**	**8.9**	**10.5**
Rents and Royalties										
Oil and Gas Royalties-Net	727.8	781.0	575.7	825.7	1,042.8	1,401.1	1,772.2	1,583.8	2,420.6	1,451.2
Oil and Gas Bonuses, Rents, Interest[2] [3]	4.1	18.3	20.1	14.6	13.3	18.8	11.9	29.2	25.5	14.4
Other [4]	9.7	10.9	9.3	6.2	7.8	9.3	8.8	11.8	15.7	15.6
Total	**741.6**	**810.2**	**605.1**	**846.5**	**1,063.9**	**1,429.2**	**1,792.9**	**1,624.8**	**2,460.7**	**1,481.2**
Investment Earnings[3]	**48.1**	**67.6**	**43.1**	**59.0**	**9.7**	**24.7**	**53.3**	**140.1**	**227.8**	**247.6**
Miscellaneous Revenue	**37.6**	**34.9**	**42.3**	**9.4**	**19.2**	**7.5**	**39.3**	**9.7**	**26.2**	**27.0**
Sub-Total NON-TAX REVENUE	**986.6**	**1,010.9**	**758.4**	**969.4**	**1,161.7**	**1,531.4**	**1,956.8**	**1,852.9**	**2,792.9**	**1,821.1**
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL NON-TAX REVENUE	**986.6**	**1,010.9**	**758.4**	**969.4**	**1,161.7**	**1,531.4**	**1,956.8**	**1,852.9**	**2,792.9**	**1,821.1**
TOTAL TAX REVENUE	**1,095.1**	**1,271.0**	**901.9**	**978.2**	**1,183.9**	**1,657.4**	**2,243.6**	**3,305.7**	**7,936.3**	**4,010.1**
TOTAL GENERAL PURPOSE UNRESTRICTED REVENUE	**2,081.7**	**2,281.9**	**1,660.3**	**1,947.6**	**2,345.6**	**3,188.8**	**4,200.4**	**5,158.6**	**10,728.2**	**5,831.2**

(1) General Purpose Unrestricted Revenue includes those revenues that are not restricted by statute or custom, as reported elsewhere in this publication. A summary of historical General Purpose Unrestricted Revenue can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/GeneralFund-UnrestrictedRevenueHistory.pdf

(2) These categories are primarily composed of petroleum.

(3) Starting in FY 2001, interest earnings are included in oil and gas royalties and excluded from investment earnings.

(4) Includes non-petroleum rents and royalites.

Revenue. A-4a

General Purpose Unrestricted Petroleum Revenue—History[1]

($ million)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Petroleum Corporate Income Tax	162.7	338.1	178.4	151.1	298.8	524.0	661.1	594.4	605.8	492.2
Production Tax	702.7	703.8	496.3	599.0	651.9	863.2	1,199.5	2,208.4	6,822.6	3,112.0
Petroleum Property Tax	45.0	45.1	49.6	48.7	47.3	42.5	54.5	65.6	81.5	111.2
Oil and Gas Royalties-Net[2]	727.8	781.0	575.7	825.7	1,042.8	1,401.1	1,772.2	1,583.8	2,420.6	1,451.2
Bonuses, Rents & Interest-Net[2][3]	4.1	18.3	20.1	14.6	13.3	18.8	11.9	29.2	25.5	14.4
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Petroleum Revenue	**1,642.3**	**1,886.3**	**1,320.1**	**1,639.1**	**2,054.1**	**2,849.6**	**3,699.2**	**4,481.4**	**9,956.0**	**5,181.0**
Cumulative Unrestricted Petroleum Revenue[4]	**47,724.5**	**49,610.8**	**50,930.9**	**52,570.0**	**54,624.1**	**57,473.7**	**61,172.9**	**65,654.3**	**75,610.3**	**80,791.3**
Total General Purpose Unrestricted Revenue	**2,081.7**	**2,281.9**	**1,660.3**	**1,947.6**	**2,345.6**	**3,188.8**	**4,200.4**	**5,148.5**	**10,728.2**	**5,831.2**
% Petroleum of Total GP Unrestricted Revenue	79%	83%	80%	84%	88%	89%	88%	87%	93%	89%

(1) Historical General Purpose Unrestricted petroleum revenue can be found on the Tax Division's web site at: http://www.tax.alaska.gov/sourcesbook/PetroleumRevenueHistory.pdf. Table on Tax web site includes historical Reserve Tax (FY 1976-1977) and Petroleum Special Settlements (FY 1986-1995) which are reflected as current zero totals in Appendix A-4a.

(2) Royalties, bonuses, rents and interest are net of Permanent Fund contribution and Constitutional Budget Reserve Fund (CBRF) deposits.

(3) This category is primarily composed of petroleum revenue.

(4) The cumulative unrestricted petroleum revenue total is based on revenue beginning in FY 1959.

Revenue. A-4b

General Purpose Unrestricted Petroleum Revenue—Forecast [1]

($ million)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Petroleum Corporate Income Tax	470.0	580.0	600.0	615.0	635.0	645.0	655.0	665.0	670.0	695.0
Production Tax	2,126.1	2,430.9	2,631.5	2,966.8	3,323.2	3,362.8	3,131.5	3,066.5	3,043.9	3,013.7
Petroleum Property Tax	101.1	96.3	91.9	87.4	83.2	79.3	75.5	71.8	68.2	64.9
Oil and Gas Royalties-Net[2]	1,447.0	1,521.3	1,632.8	1,643.2	1,664.9	1,668.3	1,653.4	1,657.9	1,600.4	1,531.4
Bonuses, Rents & Interest-Net[2][3]	23.3	19.1	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6
Petroleum Special Settlements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Petroleum Revenue	**4,167.5**	**4,647.7**	**4,972.7**	**5,329.0**	**5,722.9**	**5,772.0**	**5,532.0**	**5,477.7**	**5,399.1**	**5,321.6**
Cumulative Unrestricted Petroleum Revenue[4]	**84,958.8**	**89,606.5**	**94,579.3**	**99,908.3**	**105,631.2**	**111,403.2**	**116,935.2**	**122,412.9**	**127,812.0**	**133,133.5**
Total General Purpose Unrestricted Revenue	**4,777.9**	**5,236.6**	**5,573.3**	**5,931.6**	**6,340.2**	**6,399.8**	**6,170.7**	**6,120.1**	**6,069.5**	**6,002.7**
% Petroleum of Total GP Unrestricted Revenue	87%	89%	89%	90%	90%	90%	90%	90%	89%	89%

(1) Historical General Purpose Unrestricted petroleum revenue can be found on the Tax Division's web site at: http://www.tax.alaska.gov/sourcesbook/PetroleumRevenueHistory.pdf. Table on Tax web site includes historical Reserve Tax (FY 1976-1977) and Petroleum Special Settlements (FY 1986-1995) which are reflected as current zero totals in Appendix A-4a.

(2) Royalties, bonuses, rents and interest are net of Permanent Fund contribution and Constitutional Budget Reserve Fund (CBRF) deposits.

(3) This category is primarily composed of petroleum revenue.

(4) The cumulative unrestricted petroleum revenue total is based on revenue beginning in FY 1959.

1560

Revenue. A-5a

Total Alaska Government Petroleum Revenue—History

($ million)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Unrestricted Petroleum Revenue										
Petroleum Corporate Income Tax	162.7	338.1	178.4	151.1	298.8	524.0	661.1	594.4	605.8	492.2
Oil and Gas Production Tax	693.2	694.4	486.7	589.8	642.7	854.9	1,191.7	2,198.3	6,810.9	3,100.9
Oil and Gas Hazardous Release	9.5	9.4	9.6	9.2	9.2	8.3	7.8	10.1	11.7	11.1
Oil and Gas Conservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Petroleum Property Tax	45.0	45.1	49.6	48.7	47.3	42.5	54.5	65.6	81.5	111.2
Oil & Gas Royalties	727.8	781.0	575.7	825.7	1,042.8	1,401.1	1,772.2	1,583.8	2,420.6	1,451.2
Bonuses, Rents & Interest	4.1	18.3	20.1	14.6	13.3	18.8	11.9	29.2	25.5	14.4
Total Unrestricted Petroleum Revenue	1,642.3	1,886.3	1,320.1	1,639.1	2,054.1	2,849.6	3,699.2	4,481.4	9,956.0	5,181.0
Restricted Petroleum Revenue										
NPR-A Rents, Royalties, Bonuses	40.3	1.7	1.7	34.6	2.5	31.6	4.5	12.8	5.2	14.8
Royalties to Permanent Fund	301.1	339.3	257.7	397.6	354.7	476.9	599.5	535.0	834.0	659.8
Royalties to Public School Fund	5.4	5.6	4.3	6.2	7.1	9.6	12.0	10.6	16.5	11.0
CBRF Deposits [1]	448.3	49.1	90.2	22.3	8.4	27.4	43.7	101.9	476.4	202.6
Total Restricted Petroleum Revenue	795.1	395.7	353.9	460.7	372.7	545.5	659.7	660.3	1,332.1	888.2
Total Petroleum Revenue	**2,437.4**	**2,282.0**	**1,674.0**	**2,099.8**	**2,426.8**	**3,395.1**	**4,358.9**	**5,141.7**	**11,288.1**	**6,069.2**

[1] Oil and Gas Settlements from DOR Mineral Payments Fund Allocation Detail.

Revenue. A-5b

Total Alaska Government Petroleum Revenue—Forecast [1]

($ million)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Unrestricted Petroleum Revenue										
Petroleum Corporate Income Tax	470.0	580.0	600.0	615.0	635.0	645.0	655.0	665.0	670.0	695.0
Oil and Gas Production Tax	2,115.6	2,421.0	2,621.6	2,956.7	3,312.9	3,352.8	3,121.7	3,057.0	3,034.9	3,005.3
Oil and Gas Hazardous Release	10.5	9.9	9.9	10.1	10.2	10.1	9.7	9.5	9.0	8.5
Oil and Gas Conservation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Petroleum Property Tax	101.1	96.3	91.9	87.4	83.2	79.3	75.5	71.8	68.2	64.9
Oil & Gas Royalties	1,447.0	1,521.3	1,632.8	1,643.2	1,664.9	1,668.3	1,653.4	1,657.9	1,600.4	1,531.4
Bonuses, Rents & Interest	23.3	19.1	16.6	16.6	16.6	16.6	16.6	16.6	16.6	16.6
Total Unrestricted Petroleum Revenue	4,167.5	4,647.7	4,972.7	5,329.0	5,722.9	5,772.0	5,532.0	5,477.7	5,399.1	5,321.6
Restricted Petroleum Revenue										
NPR-A Rents, Royalties, Bonuses	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Royalties to Permanent Fund	601.3	672.3	720.4	731.7	748.5	745.5	745.1	738.2	715.5	680.2
Royalties to Public School Fund	10.4	11.1	11.9	12.0	12.2	12.2	12.1	12.1	11.7	11.2
CBRF Deposits [1]	440.7	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Total Restricted Petroleum Revenue	1,057.3	708.3	757.1	768.6	785.6	782.5	782.1	775.2	752.1	716.2
Total Petroleum Revenue	**5,224.8**	**5,356.0**	**5,729.9**	**6,097.6**	**6,508.6**	**6,554.5**	**6,314.1**	**6,252.9**	**6,151.2**	**6,037.8**

[1] Oil and Gas Settlements from DOR Mineral Payments Fund Allocation Detail.

1562

Prices. B-1a

Crude Oil and Natural Gas Prices—History[1][2]

NOMINAL[3]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
WTI	25.99	30.05	23.70	29.90	33.73	48.72	64.22	63.35	97.02	69.71
ANS West Coast Spot	24.42	27.54	21.65	28.59	32.36	44.85	62.12	61.60	96.51	68.34
ANS Wellhead Wtd Average All Destinations	19.87	22.56	17.04	23.42	27.46	40.12	56.69	56.20	90.46	61.86
Cook Inlet Wellhead	22.14	25.64	19.37	25.32	28.41	41.72	58.26	57.31	82.26	62.51

Henry Hub Natural Gas Prices
($ per million Btu)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Henry Hub	2.81	5.43	2.76	4.84	5.41	6.26	9.12	6.88	8.30	5.92

REAL 2009 $[4]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
WTI	34.21	38.14	29.13	36.37	40.18	56.20	72.25	68.32	102.16	69.71
ANS West Coast Spot	32.14	34.95	26.61	34.77	38.54	51.73	69.89	66.43	101.62	68.34
ANS Wellhead Wtd Average All Destinations	26.16	28.63	20.95	28.49	32.71	46.28	63.78	60.61	95.25	61.86
Cook Inlet Wellhead	29.15	32.55	23.81	30.79	33.84	48.13	65.54	61.80	86.62	62.51

Henry Hub Natural Gas Prices
($ per million Btu)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Henry Hub	3.70	6.89	3.39	5.88	6.44	7.22	10.26	7.41	8.74	5.92

Prices. B-1b

Crude Oil Prices—Forecast

NOMINAL[3]

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
WTI	68.71	78.85	86.43	88.74	91.11	93.55	96.05	98.63	101.27	103.99
ANS West Coast Spot	66.93	76.35	83.93	86.24	88.61	91.05	93.55	96.13	98.77	101.49
ANS Wellhead Wtd Average All Destinations	61.03	70.36	77.78	80.02	82.27	84.57	86.89	89.22	91.54	93.84
Cook Inlet Wellhead	65.04	74.48	82.08	84.40	86.79	89.24	91.75	94.34	96.99	99.72

REAL 2009 $

WTI, ANS West Coast, ANS and Cook Inlet Wellhead Prices
($ per barrel)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
WTI	66.87	74.69	79.68	79.62	79.56	79.50	79.44	79.39	79.33	79.28
ANS West Coast Spot	65.14	72.32	77.37	77.37	77.37	77.37	77.37	77.37	77.37	77.37
ANS Wellhead Wtd Average All Destinations	59.39	66.65	71.71	71.79	71.83	71.87	71.86	71.82	71.71	71.54
Cook Inlet Wellhead	63.30	70.55	75.66	75.72	75.78	75.83	75.88	75.93	75.98	76.02

(1) In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

(2) Data from Platt's Oilgram Price Report, Wood McKenzie and Alaska Department of Revenue's prevailing value and tax return data: Historical real and nominal crude oil and natural gas prices can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/OilGasPrices.pdf.

(3) Adjustment to "nominal" dollars is required to prepare the crude oil and natural gas price forecasts. Callan Associates Inc.'s inflation rate of 2.75% was used for FY 2011 and beyond.

(4) Adjustment to "real 2010" dollars is useful to compare prices across time excluding inflation. These prices data are adjusted to real 2010 dollars based on inflation rates provided by the U.S. Department of Labor, Bureau of Labor Statistics. The data series used is the Consumer Price Index for all Urban Consumers (CPI-U) which can be found at: www.bls.gov/cpi/home.htm.

1564

Prices. B-2a

Nominal Netback Costs—History [1][2]

Marine Costs, TAPS Tariff, and Other Adjustment Charges

($ per barrel)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
ANS West Coast	24.42	27.54	21.65	28.59	32.36	44.85	62.12	61.60	96.51	68.34
Marine Costs	1.56	1.40	1.58	1.70	1.69	1.79	1.65	1.63	1.93	2.05
TAPS Tariff	2.90	3.30	3.50	3.37	3.16	3.33	3.55	4.51	5.08	4.59
Other Deductions and Adjustments[2]	0.08	0.29	(0.48)	0.09	0.05	(0.40)	0.23	(0.74)	(0.96)	(0.15)
ANS Wellhead Value	**19.87**	**22.56**	**17.04**	**23.42**	**27.46**	**40.12**	**56.69**	**56.20**	**90.46**	**61.86**

[1] In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

[2] Historical netback costs can be found on the Tax Division web site: www.tax.alaska.gov/sourcesbook/NetbackCosts.pdf.

Prices. B-2b

Nominal Netback Costs—Forecast [1]

Marine Costs, TAPS Tariff, and Other Adjustment Charges

($ per barrel)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ANS West Coast	66.93	76.35	83.93	86.24	88.61	91.05	93.55	96.13	98.77	101.49
Marine Costs	2.07	2.05	2.10	2.15	2.20	2.25	2.30	2.35	2.40	2.45
TAPS Tariff	4.18	4.40	4.51	4.50	4.51	4.60	4.75	4.95	5.23	5.62
Other Deductions and Adjustments[2]	(0.35)	(0.46)	(0.45)	(0.42)	(0.36)	(0.37)	(0.38)	(0.39)	(0.40)	(0.41)
ANS Wellhead Value	**61.03**	**70.36**	**77.78**	**80.02**	**82.27**	**84.57**	**86.89**	**89.22**	**91.54**	**93.84**

[1] Data from the Department of Revenue's Forecast Model.

1566

Prices. B-3

Price Changes from Spring 2008 Forecast

(nominal $ per barrel)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fall 2009 Forecast										
WTI	68.71	78.85	86.43	88.74	91.11	93.55	96.05	98.63	101.27	103.99
ANS West Coast	66.93	76.35	83.93	86.24	88.61	91.05	93.55	96.13	98.77	101.49
ANS Wellhead Wtd Average All Destinations	61.03	70.36	77.78	80.02	82.27	84.57	86.89	89.22	91.54	93.84
Cook Inlet Wellhead	65.04	74.48	82.08	84.40	86.79	89.24	91.75	94.34	96.99	99.72
Spring 2009 Forecast										
WTI	60.79	70.17	78.44	82.45	86.00	88.43	91.90	94.70	97.54	100.58
ANS West Coast	58.29	67.68	75.94	79.95	83.50	85.93	89.40	92.20	95.04	98.08
ANS Wellhead Wtd Average All Destinations	52.70	62.00	70.09	74.01	77.45	79.76	83.09	85.66	88.40	91.29
Cook Inlet Wellhead	56.34	65.73	74.01	78.02	81.58	84.02	87.49	90.26	93.09	96.15
$ change from prior forecast										
WTI	7.92	8.68	7.99	6.29	5.11	5.12	4.15	3.93	3.73	3.41
ANS West Coast	8.64	8.67	7.99	6.29	5.11	5.12	4.15	3.93	3.73	3.41
ANS Wellhead Wtd Average All Destinations	8.32	8.36	7.70	6.01	4.82	4.81	3.80	3.56	3.14	2.55
Cook Inlet Wellhead	8.70	8.76	8.07	6.38	5.21	5.22	4.27	4.08	3.90	3.57
% change from prior forecast										
WTI	13.0%	12.4%	10.2%	7.6%	5.9%	5.8%	4.5%	4.1%	3.8%	3.4%
ANS West Coast	14.8%	12.8%	10.5%	7.9%	6.1%	6.0%	4.6%	4.3%	3.9%	3.5%
ANS Wellhead Wtd Average All Destinations	15.8%	13.5%	11.0%	8.1%	6.2%	6.0%	4.6%	4.2%	3.6%	2.8%
Cook Inlet Wellhead	15.4%	13.3%	10.9%	8.2%	6.4%	6.2%	4.9%	4.5%	4.2%	3.7%

Production. C-1

Production Differences from Spring 2008 Forecast

(million barrels per day)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fall 2009 Forecast										
ANS	0.659	0.623	0.617	0.624	0.635	0.623	0.604	0.588	0.561	0.524
Cook Inlet	0.009	0.008	0.007	0.006	0.006	0.005	0.005	0.004	0.004	0.004
ALASKA	0.668	0.631	0.623	0.630	0.640	0.628	0.609	0.593	0.564	0.527
Spring 2009 Forecast										
ANS	0.655	0.634	0.637	0.637	0.652	0.635	0.616	0.598	0.575	0.622
Cook Inlet	0.012	0.011	0.010	0.009	0.009	0.008	0.008	0.007	0.007	0.006
ALASKA	0.666	0.645	0.647	0.646	0.660	0.643	0.624	0.605	0.581	0.628
Volume change from prior forecast										
ANS	0.004	(0.011)	(0.021)	(0.013)	(0.017)	(0.011)	(0.012)	(0.010)	(0.014)	(0.099)
Cook Inlet	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
ALASKA	0.001	(0.014)	(0.024)	(0.016)	(0.020)	(0.014)	(0.015)	(0.013)	(0.017)	(0.101)
Percent change from prior forecast										
ANS	0.6%	(1.7%)	(3.3%)	(2.0%)	(2.6%)	(1.8%)	(1.9%)	(1.7%)	(2.5%)	(15.9%)
Cook Inlet	(24.4%)	(27.8%)	(30.6%)	(33.1%)	(35.4%)	(37.5%)	(39.3%)	(39.6%)	(41.3%)	(42.8%)
ALASKA	0.2%	(2.2%)	(3.7%)	(2.5%)	(3.0%)	(2.2%)	(2.4%)	(2.1%)	(2.9%)	(16.1%)

1568

Production. C-2a

Crude Oil Production—History [1][2]

(million barrels per day)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Prudhoe Bay[3]	0.571	0.536	0.486	0.429	0.414	0.380	0.335	0.271	0.291	0.290
PBU Satellites[4]	0.005	0.007	0.030	0.045	0.052	0.043	0.041	0.043	0.034	0.037
GPMA[5]	0.113	0.088	0.073	0.065	0.060	0.055	0.048	0.037	0.044	0.038
Kuparuk	0.211	0.197	0.174	0.160	0.154	0.141	0.133	0.121	0.113	0.106
Kuparuk Satellites[6]	0.036	0.031	0.041	0.052	0.049	0.051	0.043	0.044	0.038	0.036
Milne Point[7]	0.053	0.052	0.052	0.051	0.051	0.049	0.041	0.033	0.033	0.031
Endicott[8]	0.043	0.037	0.033	0.029	0.028	0.020	0.021	0.016	0.014	0.014
Liberty										
Alpine[9]		0.045	0.096	0.099	0.099	0.105	0.123	0.103	0.079	0.063
Fiord[10]	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.011	0.018	0.021
Nanuq[11]	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.010	0.019	0.022
NPR-A										
Offshore[12]									0.000	0.004
Northstar[13]			0.025	0.059	0.066	0.068	0.055	0.045	0.034	0.027
Total ANS	**1.033**	**0.993**	**1.010**	**0.991**	**0.974**	**0.911**	**0.840**	**0.734**	**0.716**	**0.692**
Cook Inlet	**0.029**	**0.029**	**0.033**	**0.030**	**0.025**	**0.020**	**0.018**	**0.015**	**0.014**	**0.010**
Total Alaska	**1.062**	**1.021**	**1.043**	**1.021**	**0.999**	**0.932**	**0.858**	**0.750**	**0.730**	**0.702**

(1) In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

(2) A summary of historical crude oil production can be found on the Tax Division's web site at: www.tax.alaska.gov/sourcesbook/AlaskaProduction.pdf.

(3) Includes NGLs from Central Gas Facility shipped to TAPS.

(4) Aurora, Borealis, Midnight Sun, Orion and Polaris.

(5) Lisburne, Niakuk, North Prudhoe Bay State, Point McIntyre, Raven, West Beach and West Niakuk.

(6) Meltwater, Tabasco, Tarn and West Sak.

(7) Includes Sag River and Schrader Bluff.

(8) Includes Badami, Eider and Sag Delta.

(9) Includes Alpine-West and Qannik.

(10) Fiord, Fiord-Kuparuk.

(11) Nanuq and Nanuq-Kuparuk.

(12) Known Offshore includes Nikaitchuq and Oooguruk.

(13) Includes Outer Continental Shelf (OCS) production.

Production. C-2b

Crude Oil Production—Forecast [1]

(million barrels per day)

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Prudhoe Bay[2]	0.280	0.261	0.249	0.237	0.238	0.231	0.222	0.214	0.205	0.198
PBU Satellites[3]	0.035	0.036	0.043	0.043	0.042	0.040	0.037	0.035	0.031	0.028
GPMA[4]	0.036	0.032	0.029	0.026	0.023	0.021	0.020	0.018	0.017	0.015
Kuparuk	0.099	0.091	0.090	0.085	0.081	0.077	0.073	0.069	0.065	0.062
Kuparuk Satellites[5]	0.037	0.035	0.031	0.028	0.026	0.029	0.027	0.031	0.029	0.027
Milne Point[6]	0.029	0.029	0.029	0.029	0.029	0.028	0.027	0.025	0.024	0.022
Endicott[7]	0.014	0.012	0.011	0.013	0.015	0.017	0.018	0.016	0.015	0.013
Liberty	0.000	0.000	0.009	0.024	0.034	0.032	0.026	0.021	0.018	0.015
Alpine[8]	0.057	0.056	0.054	0.053	0.053	0.046	0.041	0.036	0.032	0.029
Fiord[9]	0.029	0.029	0.025	0.022	0.019	0.018	0.023	0.028	0.027	0.022
Nanuq[10]	0.013	0.009	0.007	0.008	0.008	0.007	0.006	0.005	0.005	0.004
NPR-A	0.000	0.000	0.001	0.009	0.015	0.015	0.021	0.024	0.029	0.029
Offshore[11]	0.008	0.016	0.026	0.034	0.040	0.043	0.046	0.049	0.049	0.044
Point Thomson	0.000	0.000	0.000	0.000	0.002	0.010	0.010	0.010	0.010	0.010
Northstar[12]	0.020	0.016	0.013	0.011	0.010	0.009	0.008	0.007	0.006	0.006
Total ANS	**0.659**	**0.623**	**0.617**	**0.624**	**0.635**	**0.623**	**0.604**	**0.588**	**0.561**	**0.524**
Cook Inlet	**0.009**	**0.008**	**0.007**	**0.006**	**0.006**	**0.005**	**0.005**	**0.004**	**0.004**	**0.004**
Total Alaska	**0.668**	**0.631**	**0.623**	**0.630**	**0.640**	**0.628**	**0.609**	**0.593**	**0.564**	**0.527**

(1) In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.
(2) Includes NGLs from Central Gas Facility shipped to TAPS.
(3) Aurora, Borealis, Midnight Sun, Orion and Polaris.
(4) Lisburne, Niakuk, Point McIntyre, Raven, West Beach.
(5) Meltwater, Tabasco, Tarn and West Sak.
(6) Includes Sag River and Schrader Bluff.
(7) Includes Sag Delta.
(8) Includes Alpine-West and Qannik.
(9) Fiord, Fiord-Kuparuk and Fiord West.
(10) Nanuq and Nanuq-Kuparuk.
(11) Known Offshore includes Nikaitchuq and Oooguruk.
(12) Includes Outer Continental Shelf (OCS) production.

Production. C-3a

Economic Limit Factors (for Fields with Positive ELF)—History [1][2]

(percent)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Prudhoe Bay	0.931	0.915	0.895	0.868	0.850	0.847	0.856	0.789	0.809	0.797
Aurora						0.367	0.856	0.789	0.809	0.797
Borealis			0.098	0.107	0.076	0.369	0.856	0.789	0.809	0.797
Midnight Sun			0.018	0.001	0.000	0.367	0.856	0.789	0.809	0.797
Orion						0.368	0.856	0.789	0.809	0.797
Polaris						0.367	0.856	0.789	0.809	0.797
Point McIntyre	0.618	0.415	0.192	0.162	0.098	0.383	0.856	0.789	0.809	0.797
Kuparuk	0.589	0.487	0.336	0.234	0.165	0.044	0.004	0.000	0.000	0.000
Tarn	0.041	0.003	0.050	0.102	0.051	0.008	0.001	0.000	0.000	0.000
Milne Point	0.025	0.009	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Endicott	0.046	0.007	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Alpine		0.491	0.878	0.858	0.842	0.817	0.856	0.781	0.603	0.377
Fiord								0.007	0.023	0.054
Fiord-Kuparuk								0.011	0.000	0.005
Nanuq-Kuparuk								0.207	0.326	0.332
Northstar			0.495	0.861	0.847	0.824	0.722	0.521	0.266	0.020
Volume Weighted ELF	**0.700**	**0.650**	**0.608**	**0.580**	**0.553**	**0.563**	**0.606**	**0.512**	**0.499**	**0.465**

[1] In FY 2008, the Department of Revenue made a change in the method by which it accounts for future revenues, as well as historical and future production and oil prices, from a cash basis to an accrual basis. This method change will better align fiscal year revenues with the state's financial reports and other publications. As a result, slight modifications have been made to historical production values and oil prices to accommodate this change.

[2] A summary of historical ELFs can be found on the Tax Division's web site at www.tax.alaska.gov/sourcesbook/ELFs.pdf.

Under the ELF production tax system, the tax rate for oil depended on the age of the field and the Economic Limit Factor (ELF). The ELF was calculated based on total daily oil production and average daily per well production from each producing field. The statutory production tax rate on oil was 12.25% of its value at the point of production for the first five years of field production and 15% thereafter. There was a minimum tax of 80 cents per taxable barrel. The effective tax rate was calculated by multiplying the statutory tax rate, even if it was the minimum 80 cents per barrel, times the ELF. The ELF formula resulted in lower effective tax rates for smaller, low-production fields and higher tax rates for larger, highly productive fields. There was a unique combination of total daily field production and average daily per well production.

In January 2005, the department aggregated seven fields in the Prudhoe Bay Unit. The decision to aggregate focused on, among other things, the increasing interdependence found in the engineering and operation of the fields.

Production. C-3b

Economic Limit Factors (for Fields with Positive ELF)—Forecast [1]

(percent)

FY	2010	2011
Prudhoe Bay	0.772	0.715
Aurora	0.772	0.715
Borealis	0.772	0.715
Midnight Sun	0.772	0.715
Orion	0.772	0.715
Polaris	0.772	0.715
Point McIntyre	0.772	0.715
Kuparuk	0.000	0.000
Tarn	0.000	0.000
Milne Point	0.000	0.000
Endicott	0.000	0.000
Alpine	0.332	0.227
Fiord	0.089	0.026
Fiord-Kuparuk	0.003	0.000
Nanuq-Kuparuk	0.031	0.000
Northstar	0.008	0.000
Volume Weighted ELF	**0.339**	**0.368**

[1] ELF is projected through FY 2011 to assist in the comparison of ACES revenues and revenue under the old ELF-based system. This comparison is required under the new statute.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

1573

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

In accordance with AS 37.07.060 (b)(4), the Revenue Sources Book is compiled biannually by the Alaska Department of Revenue to assist the governor in formulating a proposed comprehensive financial plan for presentation to the Alaska State Legislature. Within the publication are shown prior year actuals, revised current year estimates and future year projections.

Anticipated state income is projected through the use of a number of data sources:

(1) Econometric models developed by the Department of Revenue to forecast unrestricted non-petroleum revenues;

(2) A petroleum revenue model created by the department's Tax Division;

(3) Estimates from individual state agencies.

We thank the various state agencies for their cooperation in computing anticipated revenues for publication in this Fall 2009 Revenue Sources Book.

The Department of Revenue complies with Title II of the Americans With Disabilities Act of 1990. This publication is available in alternative communication formats upon request. Please contact the division's representative at 907-465-3692 or 907-465-3678 (TDD) to make necessary arrangements.

This publication, required by law (AS 37.07.060), was printed in Juneau, Alaska at a cost of about $13 per copy.

Revenue Sources Book

Alaska Department of Revenue – Tax Division

FALL 2009

Forecast & Historical Data

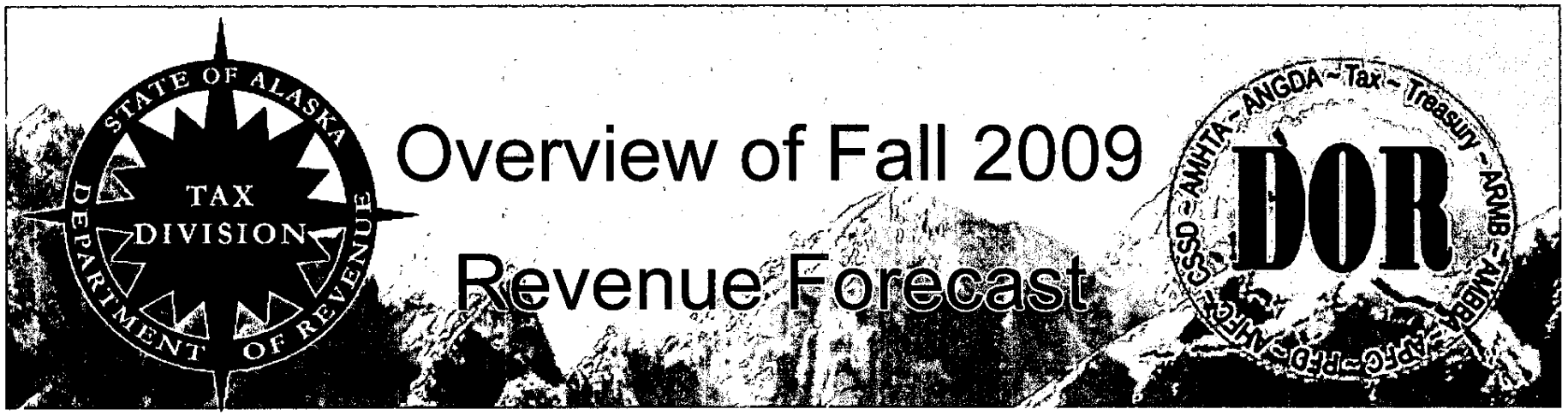
Sean Parnell, Governor

Patrick Galvin, Commissioner

Jonathan Iversen, Director

Dona Keppers, Audit Master

www.tax.alaska.gov



Presentation to the House Finance Committee January 21, 2010 Alaska Department of Revenue

Outline for Presentation

- **Revenue Forecast**
  - **Total Revenue**
  - **Unrestricted Revenue**
  - **Non-oil Revenue**
- **10-Year Revenue and Spending Projection**
- **Key Revenue Forecast Variables:**
  - **Oil Production Forecast**
  - **Oil Price Forecast**
  - **Lease Expenditures / Oil Company Spending**

Revenue Forecast

FY 10 and FY 11 Total Revenue

Revenue Type	FY10 ($M)	FY11 ($M)
Unrestricted Revenue		
Oil Revenue	$ 4,167.5	$ 4,647.7
Other Revenue (except Federal & Investment)	$ 389.3	$ 405.8
Investment Earnings	$ 221.1	$ 183.2
Subtotal Unrestricted	$ 4,777.9	$ 5,236.7
Restricted Revenue		
Oil Revenue	$ 1,057.3	$ 708.3
Other Revenue (except Federal & Investment)	$ 588.9	$ 589.6
Investment Earnings	$ 3,307.3	$ 3,252.8
Federal Revenue	$ 2,916.7	$ 2,916.7
Subtotal Restricted	$ 7,870.2	$ 7,467.4
Total Revenue	$ 12,648.1	$ 12,704.1

Source: Fall 2009 Revenue Sources Book

FY 10 & FY 11 General Fund Unrestricted Revenue

Revenue Type	FY 10 ($M)	% Total	FY 11 ($ M)	% Total
Royalty - Net PF / SF	$ 1,470.3	30.8%	$ 1,540.4	29.4%
Production Tax	$ 2,126.1	44.5%	$ 2,430.9	46.4%
Corp Income Tax	$ 470.0	9.8%	$ 580.0	11.1%
Property Tax	$ 101.1	2.1%	$ 96.3	1.8%
Subtotal Oil Revenue	**$ 4,167.5**	**87.2%**	**$ 4,647.7**	**88.8%**
Non-Oil Revenue	$ 610.4	12.8%	$ 589.0	11.2%
Total Revenue	**$ 4,777.9**	**100.0%**	**$ 5,236.6**	**100.0%**

Source: Fall 2009 Revenue Sources Book

FY 2010 and FY 2011 Non-Oil Revenue Detail

Revenue Type	FY 10 ($M)	% Total	FY 11 ($M)	% Total
Taxes				
Corporate Income	$ 86.6	14.2%	$ 89.1	15.1%
Mining	$ 29.2	4.8%	$ 28.6	4.9%
Insurance Premium	$ 43.9	7.2%	$ 43.0	7.3%
Tobacco	$ 43.5	7.1%	$ 43.1	7.3%
Motor Fuel	$ 30.0	4.9%	$ 40.3	6.8%
Other Taxes	$ 51.2	8.4%	$ 54.7	9.3%
Subtotal Taxes	**$ 284.4**	**46.6%**	**$ 298.8**	**50.7%**
Investments	**$ 221.1**	**36.2%**	**$ 183.2**	**31.1%**
Other *	**$ 104.9**	**17.2%**	**$ 107.0**	**18.2%**
Total Non-Oil	**$ 610.4**	**100.0%**	**$ 589.0**	**100.0%**

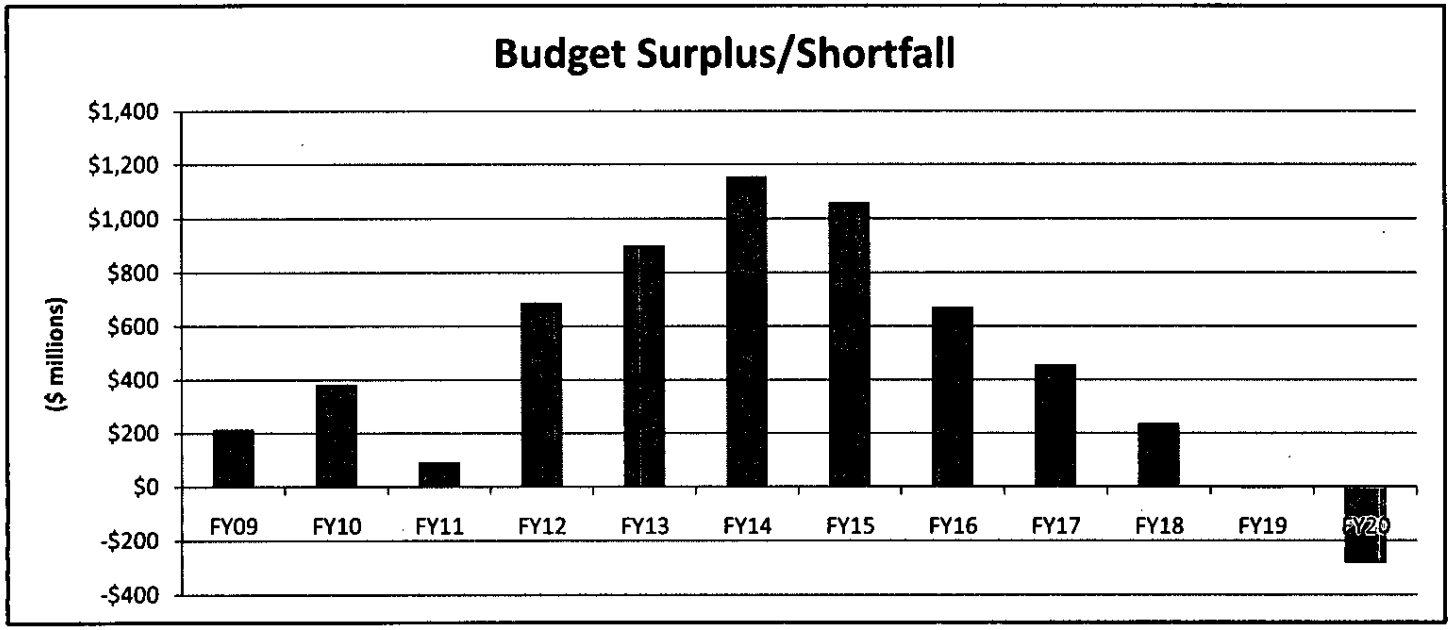
*Other includes Charges for Services, Fines and Forfeitures, Licenses & Permits, Rents & Royalties, and Miscellaneous non-oil revenues.

Source: Fall 2009 Revenue Sources Book

10-Year Revenue/Spending Projection

10-Year Revenue and Spending

Assumes Fall 2009 Revenue and 3% budget escalation from FY11



Revenue vs. Spending ($Millions)	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
General Fund Unrestricted Revenue	6,874.9	4,800.0	5,236.6	5,573.3	5,931.6	6,340.2	6,399.8	6,170.7	6,120.1	6,069.5	6,002.7	5,904.9
General Fund Expenses	6,659.0	4,415.2	4,742.6	4,884.9	5,031.4	5,182.4	5,337.8	5,498.0	5,662.9	5,832.8	6,007.8	6,188.0
Budget Surplus/Shortfall	215.9	384.8	94.0	688.4	900.2	1,157.8	1,062.0	672.7	457.2	236.7	(5.1)	(283.1)
Reserve Balances												
CBRF Total	7,114.4	9,070.0	9,750.0	11,082.0	12,704.0	14,674.0	16,649.0	18,330.0	19,884.0	21,301.0	22,561.0	23,903.0
Statutory Budget Reserve Balance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	995.0	712.0
Total Reserve Balances	8,114.4	10,070.0	10,750.0	12,082.0	13,704.0	15,674.0	17,649.0	19,330.0	20,884.0	22,301.0	23,556.0	24,615.0

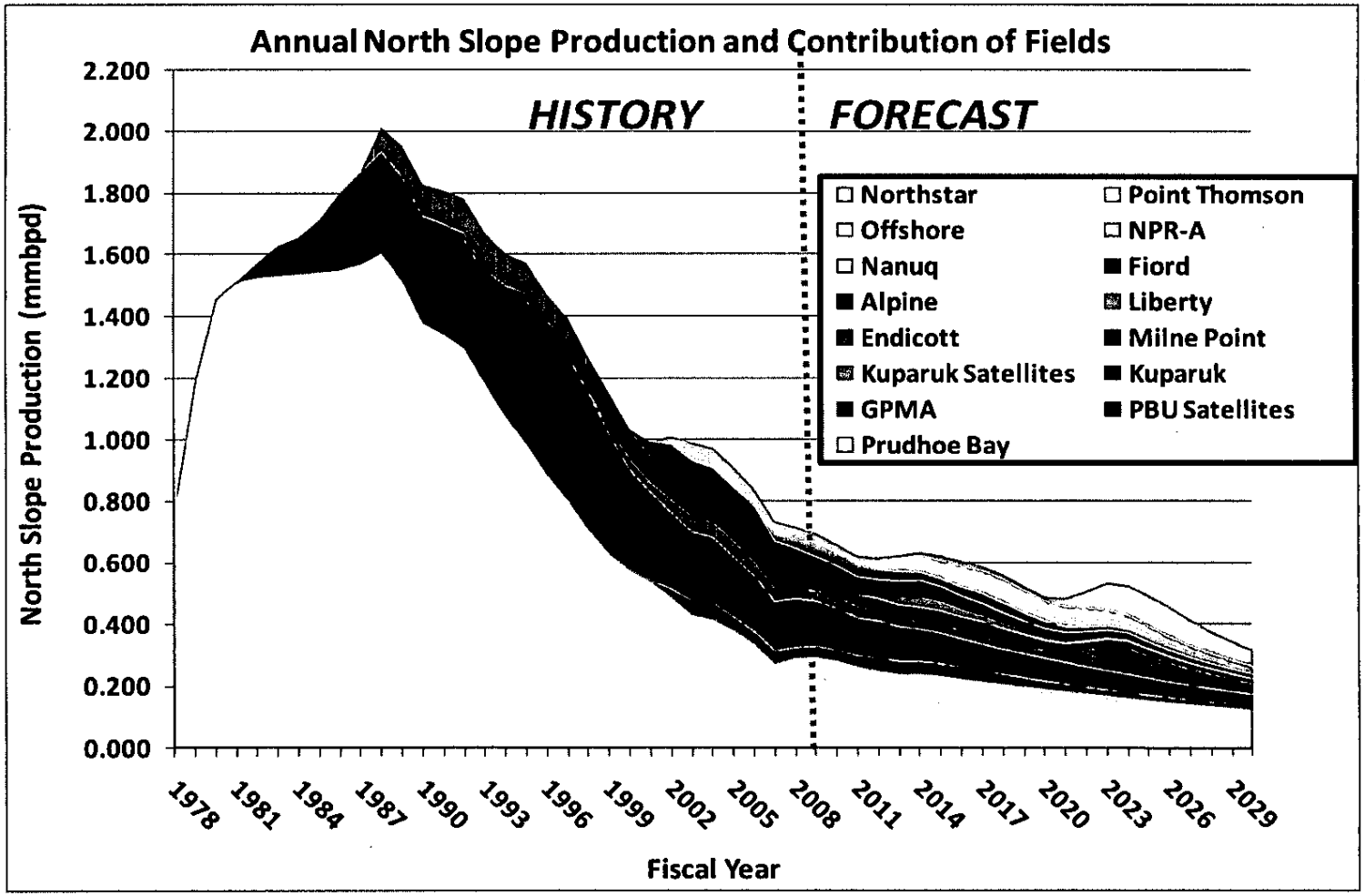
Source: OMB

- FY09 represents actuals rather than forecast.
- FY10 surplus/shortfall calculation adds $22.1 in reappropriations and carry over to total available revenue.
- FY11 surplus calculation subtracts $400 from surplus for Governor's Performance Scholarship Fund and $13.1 deposit to Public Education Fund for FY12. CBR balance assumes that all available surplus is deposited to CBR main fund.

Appropriations projections do not represent a commitment by the Administration to propose spending at a particular level in FY11 or any future year. The 10 year forecast shows that unanticipated shortfalls during the period could be filled primarily through the use of reserve funds. However, other options could be used in whole, or in part. The plan will be revisited as conditions warrant.

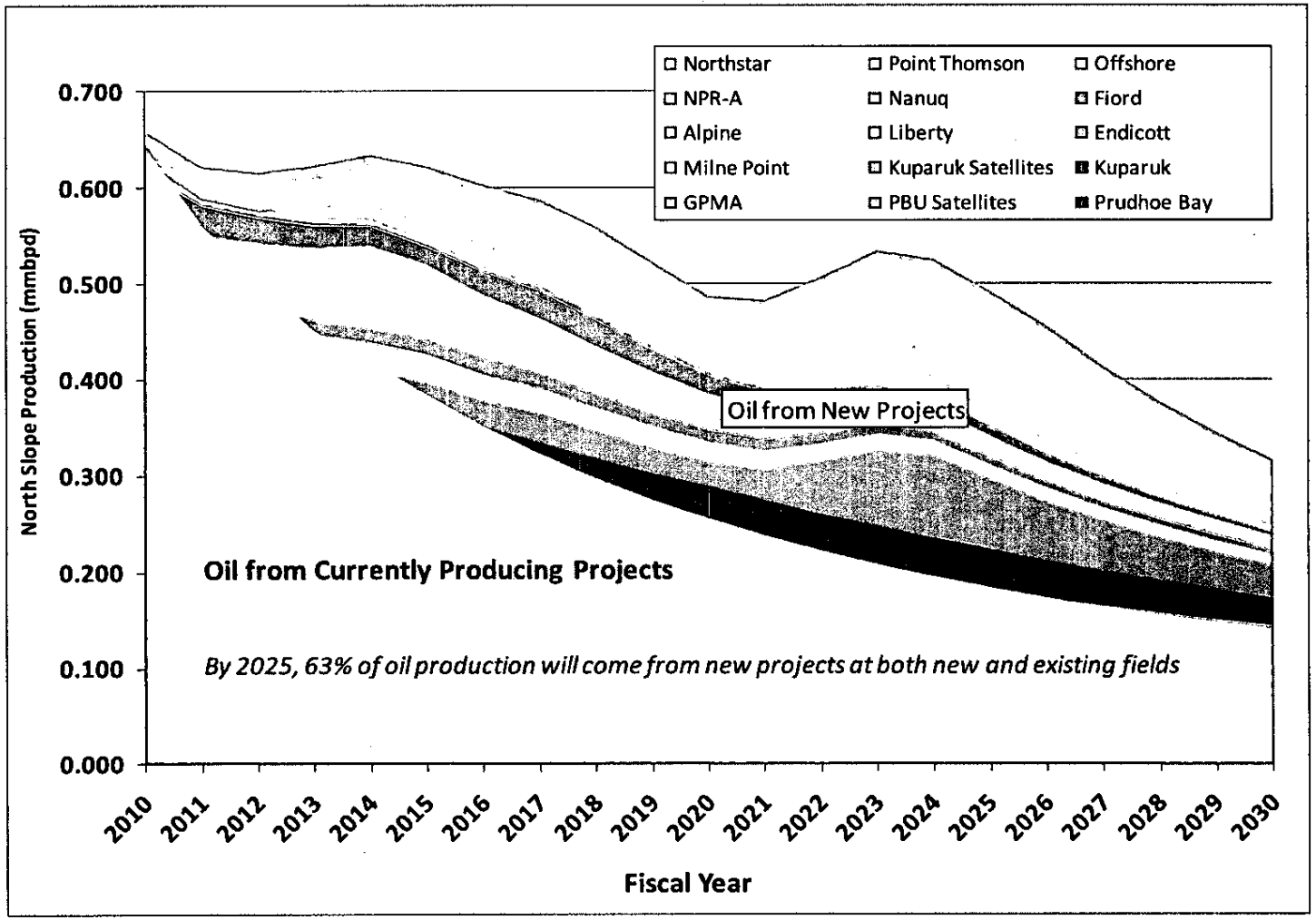
Oil Production Forecast

ANS Production, History & Forecast



Source: Fall 2009 Revenue Sources Book

Forecasted ANS Production FY 2010 - 2030



Source: Fall 2009 Revenue Sources Book

Production Decline

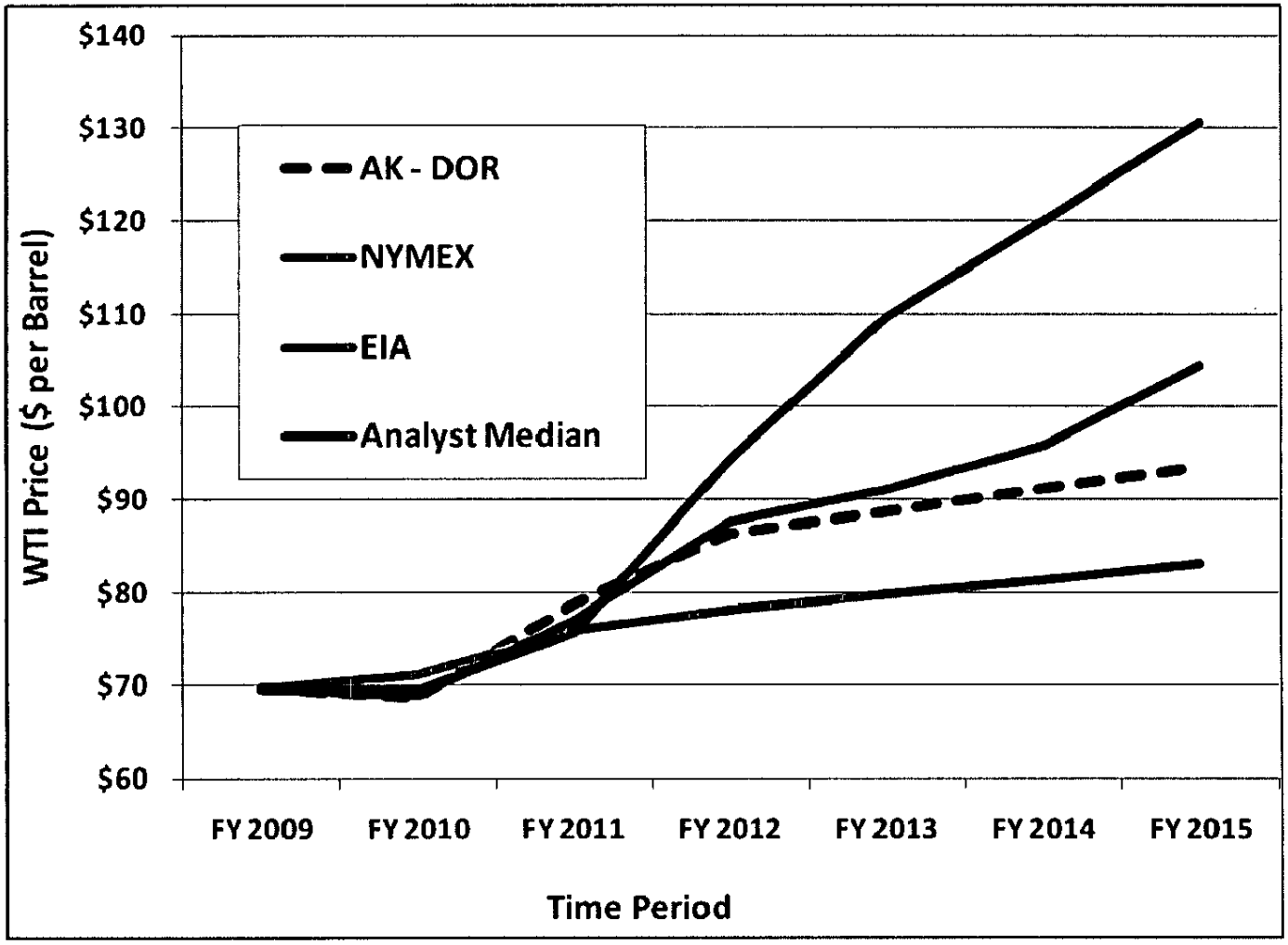
- **FY 1988: production peak → 2.01 million barrels per day (bpd).**
- **FY 2009: production → 693,000 bpd, a 66% decline since peak.**
- **FY 1988 to date: production decline rate → 4.9% per year, on average.**
- **Over the last 10 years: production decline rate → 4.8% per year, on average.**
- **Forecast production decline rate → 3.6% per year, on average, through FY 2030.**

Oil Price Forecast

Price Forecast Methodology

- **FY 2010- 2012: Average of participant forecasts from Price Forecasting Session**
- **24 Participants from DOR, DNR, DOL, OMB, University, Legislative Finance and outside participants**
- **Presentations: supply, demand, world economy, outside expert forecasts, etc.**
- **Due to economic uncertainty, session focused on near-term prices**
- **Beyond FY 2012: Constant real price, 2.75% inflation**

Price Forecasts as of October 2009



Source: DOR, Bloomberg, Wall St Journal, Energy Information Agency

Fall 2009 DOR Oil Price Forecast

Fiscal Year	WTI	ANS
2009	$69.71	$68.34
2010	$68.71	$66.93
2011	$78.85	$76.35
2012	$86.43	$83.93
2013	$88.74	$86.24
2014	$91.11	$88.61
2015	$93.55	$91.05

Source: Fall 2009 Revenue Sources Book

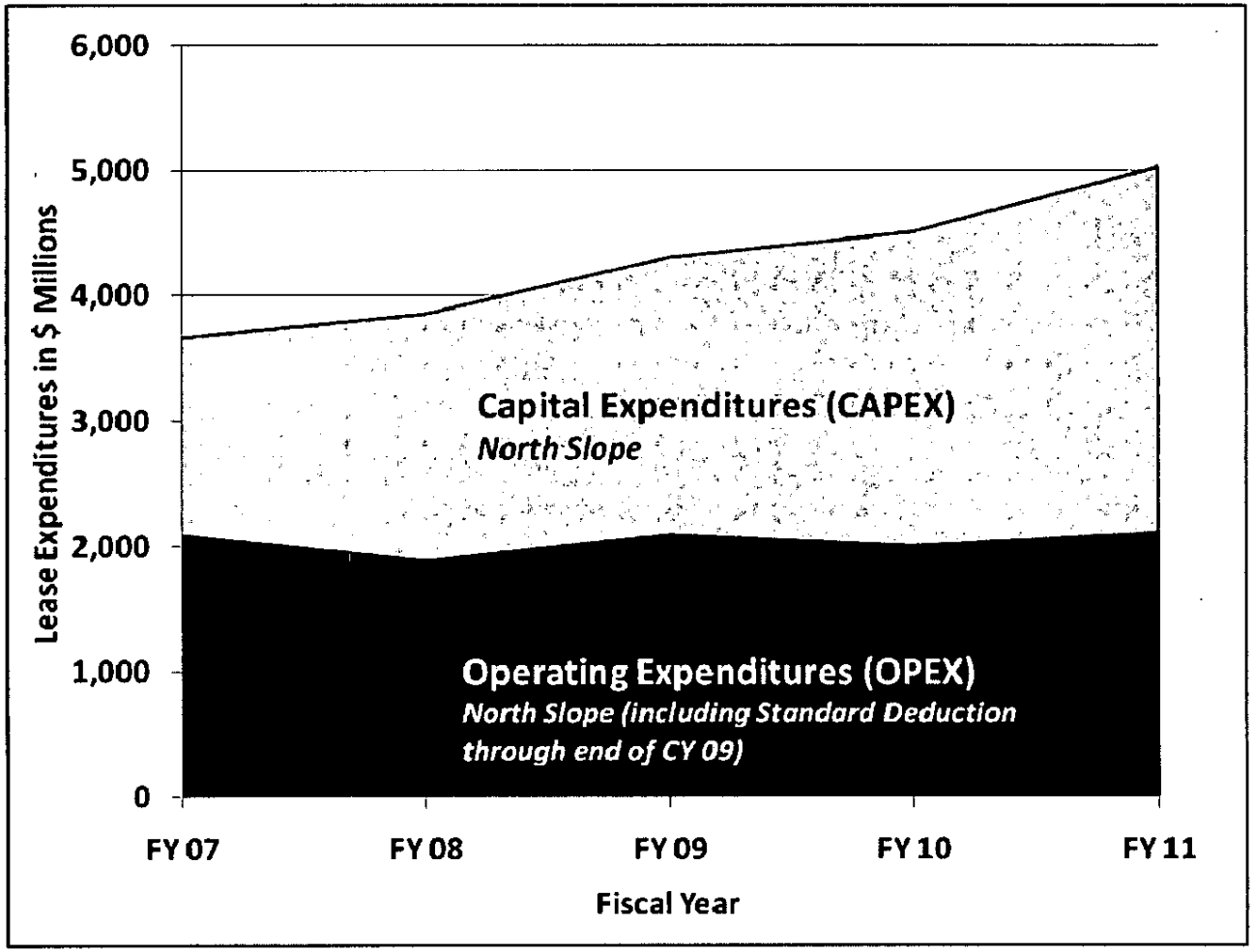
Lease Expenditures
(Oil Company Spending)

Lease Expenditures (Costs)

- **FY 2007 – FY 2009 lease expenditures based on unaudited company reported expenditure estimates submitted on production tax monthly forms and annual returns**
- **FY 2010 – FY 2011 lease expenditure forecasts were compiled from company submitted information**
- **Under ACES, DOR requests expenditure forecast estimates and other documentation from oil companies**
- **Operating expenditures are expected to remain steady but increase on a per-barrel basis as production declines.**
- **Capital expenditures are expected to increase in FY 2010 and FY 2011.**
- **New field development driving increased investment.**

Source: Alaska Department of Revenue

Lease Expenditures (Costs)



Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts.

Lease Expenditures per Barrel

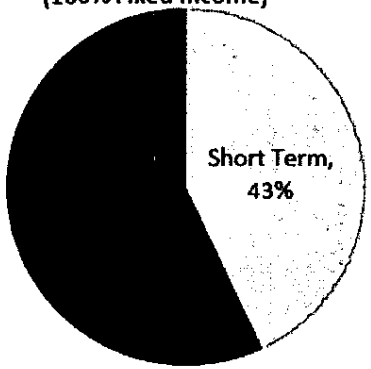
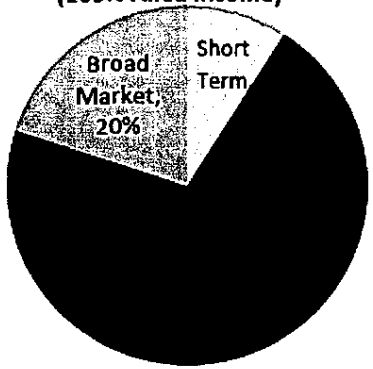
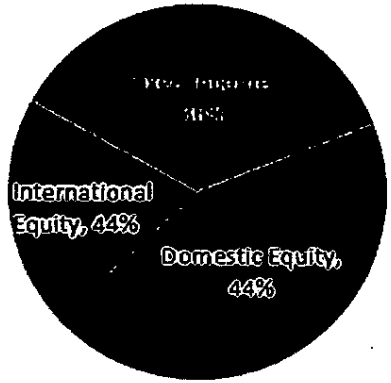
	FY 07	FY 08	FY 09	FY 10	FY 11
Lease Expenditures ($ millions)					
Operating Expenditures (OPEX)	2,081	1,881	2,085	1,996	2,100
Capital Expenditures (CAPEX)	1,578	1,967	2,212	2,505	2,923
Production (bpd)	739,702	715,950	692,127	658,762	622,879
Lease Expenditures per barrel ($)					
OPEX per barrel ($)	7.71	7.20	8.25	8.30	9.24
CAPEX per barrel ($)	5.84	7.53	8.76	10.42	12.86

Source: Department of Revenue from production tax monthly information forms, annual returns, and company forecasts

Current Fund Balances
and Asset Allocation

Fund balances and allocations

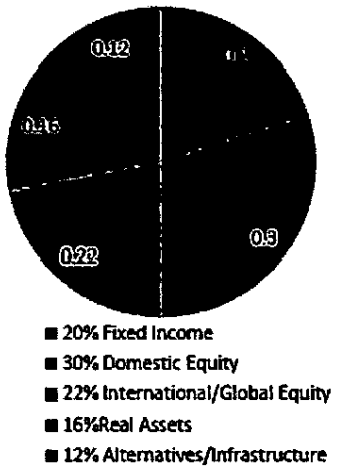
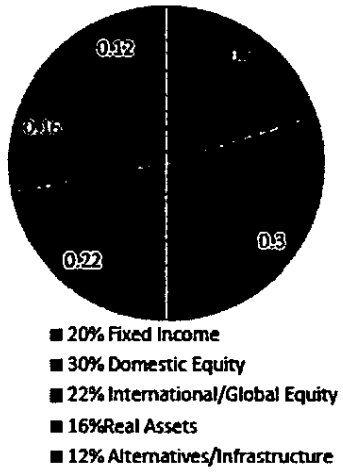
Comparative Analysis of State Operating and Savings Funds
General Fund and CBRF (main & sub)
Fiduciary oversight: Commissioner of Revenue

		General Fund (and other nonsegregated investments)	Constitutional Budget Reserve (main fund)	Constitutional Budget Reserve (sub fund)
Investment Objective		Moderate Risk, Short to Intermediate investment horizon	Moderate Risk, Intermediate investment horizon	High Risk, Moderately Long investment horizon
Target Asset Allocation				
Market Value (in 000s)	12/31/2007	$5,269,300	$2,521,400	$576,900
	12/31/2008	$7,466,400	$3,240,800	$3,590,800
	11/30/2009	$6,343,700	$4,043,900	$4,383,600
Returns (11/30/09)	YTD	3.61%	5.38%	22.08%
	FYTD	2.18%	3.59%	15.45%
	3 Year Actuals	4.93%	5.91%	-2.44%
	FORECAST	**3.60%**	**4.18%**	**7.87%**

Source: Treasury Division

Fund balances and allocations

Comparative Analysis of State Operating and Savings Funds
PERS & TRS
Fiduciary oversight: Alaska Retirement Management Board

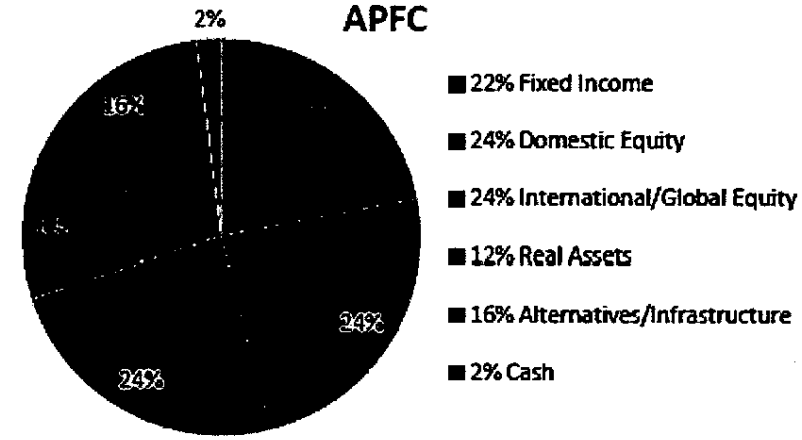
		PERS Retirement Defined Benefit Pension	TRS Retirement Defined Benefit Pension
Investment Objective		Moderate Risk, Long Term investment horizon	Moderate Risk, Long Term investment horizon
Target Asset Allocation		PERS 	TRS 
Market Value (in 000s)	12/31/2007	$11,129,100	$5,003,800
	12/31/2008	$8,359,800	$3,705,800
	11/30/2009	$9,474,500	$4,177,100
Returns (11/30/09)	YTD	10.43%	10.19%
	FYTD	11.13%	11.16%
	3 Year Actuals	-1.79%	-1.89%
	FORECAST	8.25%	8.25%

Source: Treasury Division

Fund balances and allocations

Comparative Analysis of State Operating and Savings Funds
APFC
Fiduciary oversight: Alaska Permanent Fund Corporation Board

Alaska Permanent Fund Corporation

Investment Objective		Long term Investment Goal is to achieve a real rate of return of 5% per year
Target Asset Allocation		
Market Value (in 000s)	12/31/2007	$38,909,800
	12/31/2008	$28,839,500
	11/30/2009	$34,037,100
Returns (11/30/09)	YTD	17.17%
	FYTD	12.52%
	3 Year Actuals	-1.39%
	FORECAST	8.28%

Source: Treasury Division

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Thursday, January 21, 2010

Department of Revenue
Commissioner Pat Galvin
Jerry Burnett, Deputy Commissioner
Dona Keppers, Audit Master, Tax Division
tele conf :-Jennifer Duval; Petroleum Economist
→ Frank Molli, Production Forecasting Consultant
online

Update: Revenues vs Expenditures FY09 & FY10
Revenue Forecast FY11
Production Decline

Cw

- OOGURUK -

1600

Provided by Rep. Mike Hawker
January 21, 2010

ANS production forecasts for 2015 from Fall Revenue Source Books - 2004 to 2009

The production trend is not good. Let's just pick 2015 production, as an illustration. Not only is the total dropping, but the important category of Under Evaluation is falling. So while projects have moved into Under Development from the 2007 to the 2009 forecast, the future looks thin, very thin.

Fall 2004 Forecast			
Currently Producing	Under Development	Under Evaluation	Total ANS
345,000	243,000	262,000	850,000

Fall 2007 Forecast			
Currently Producing	Under Development	Under Evaluation	Total ANS
428,000	107,000	149,000	684,000

Fall 2009 Forecast			
Currently Producing	Under Development	Under Evaluation	Total ANS
385,000	213,000	25,000	623,000

2018 Projections from Fall 2007 and 2009 Source Books

And here's another comparison between the Fall 2007 and Fall 2009 Forecast books, looking at production projections for 2018:

Fall 2007 Forecast			
Currently Producing	Under Development	Under Evaluation	Total ANS
373,000	86,000	221,000	680,000

Fall 2009 Forecast			
Currently Producing	Under Development	Under Evaluation	Total ANS
298,000	207,000	55,000	561,000

Trans Alaska Pipeline System

1602

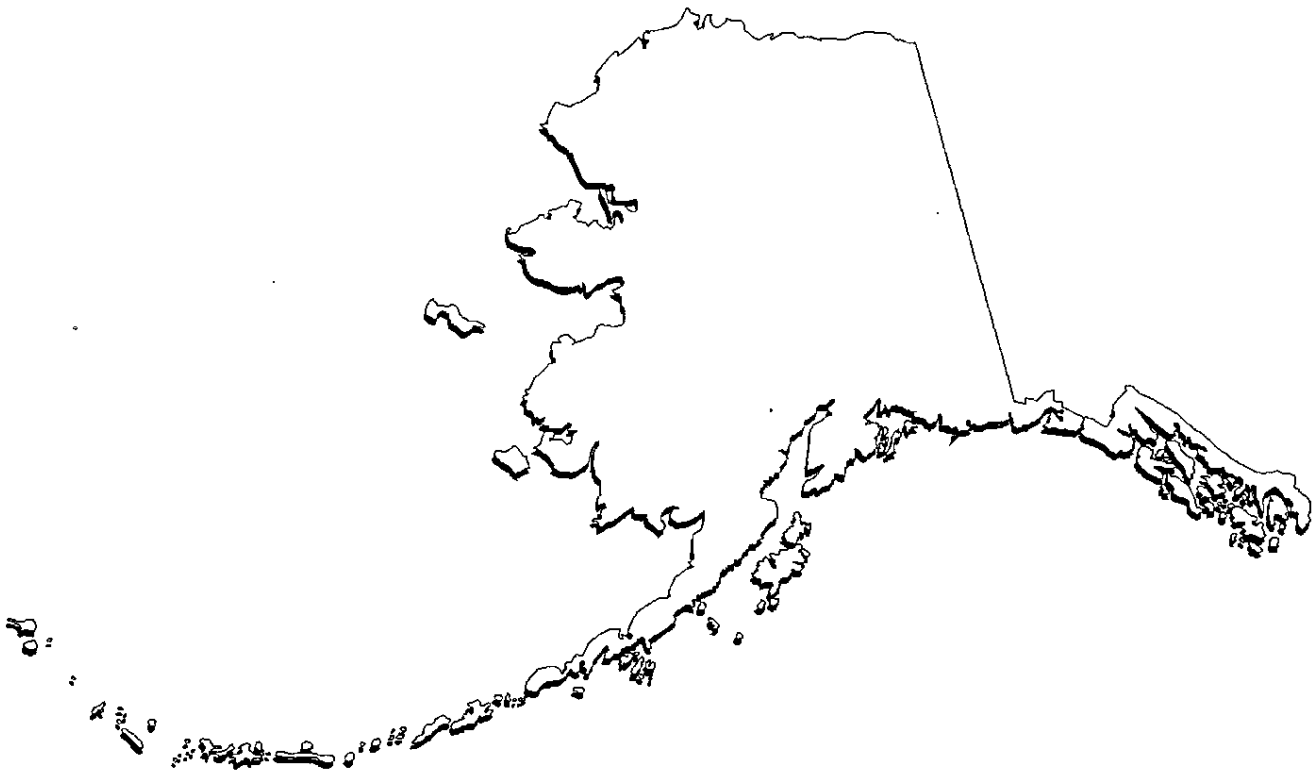
1/22/10

OVERVIEWS: OFFICE OF MANAGEMENT & BUDGET, LEGISLATIVE FINANCE DIVISION

<target><bill></bill><subject>1-22-10 OVERVIEWS OFFICE OF MANAGEMENT & BUDGET, LEGISLATIVE FINANCE DIVISION</subject><comm>HFIN26</comm></target>

The Fiscal Year 2011 Budget:

Legislative Fiscal Analyst's Overview of the Governor's Request



Legislative Finance Division

http://www.legfin.state.ak.us/

1604

The Legislative Fiscal Analyst Office has a professional, non-partisan staff that provides general budget analysis for members of the legislature and specifically supports the Legislative Budget and Audit Committee and the House and Senate standing finance committees. Each fiscal analyst is assigned agency areas of responsibility. Duties of the office are to:

(1) analyze the budget and appropriation requests of each department, institution, bureau, board, commission or other agency of state government;
(2) analyze the revenue requirements of the state;
(3) provide the finance committees of the legislature with comprehensive budget review and fiscal analysis services;
(4) cooperate with the Office of Management and Budget in establishing a comprehensive system for state budgeting and financial management as set out in the Executive Budget Act (AS 37.07);
(5) complete studies and prepare reports, memoranda or other materials as directed by the Legislative Budget and Audit Committee;
(6) with the Governor's permission, designate the legislative fiscal analyst to serve ex officio on the Governor's budget review committee. [AS 24.20.231]

Legislative Finance Budget System. The system tracks budget transactions and provides comparative reports for committees and subcommittees. In addition, the system is used to produce the Governor's budget request books, the general appropriations bills, Conference Committee reports and a breakdown of the capital budget by House district.

LEGISLATIVE FINANCE DIVISION
FISCAL ANALYST/BUDGET ASSIGNMENTS

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TABLE OF CONTENTS

Introduction 1

Fiscal Summary 5

Budget Clarity Progress Report 9

Operating Budget 15
Agency Summary – FY11 Operating Budget – All Funds 17
Agency Summary – FY11 Operating Budget – General Funds Group 18
Position Comparison 19
Language Sections of the Governor's FY11 Operating Budget 20

Debt Summary Table 54

Capital Budget 55
Capital Budget Summary Table 63
Language Sections of the Governor's FY11 Capital Budget 64

Comprehensive Integrated Mental Health Program 69

Department of Administration 74

Department of Commerce, Community, and Economic Development 78

Department of Corrections 82

Department of Education and Early Development 86

Department of Environmental Conservation 92

Department of Fish and Game 96

Office of the Governor 102

TABLE OF CONTENTS (Cont.)

Department of Health and Social Services 106

Department of Labor and Workforce Development 116

Department of Law 122

Department of Military and Veterans Affairs 128

Department of Natural Resources 132

Department of Public Safety 138

Department of Revenue 144

Department of Transportation and Public Facilities 150

University of Alaska 156

Alaska Court System 160

Alaska Legislature 166

Introduction

As required by law, the Governor released his FY11 budget proposal to the public and the legislature by December 15, 2009. The Legislative Finance Division prepared this Overview of the Governor's proposal and "subcommittee books" for each agency in accordance with AS 24.20.211-.231.

Alaska's Fiscal Situation

The short and sweet version of the story is that Alaska has more cash reserves than ever before—nearly $10 billion excluding the Permanent Fund Corpus and earnings reserves—and is projecting a seventh consecutive year of general fund surpluses. But nothing is short and sweet in the budget world, and there are concerns about long-term oil production declines, volatile oil prices, the pace of gasline development, and expenditure levels that may not be sustainable. As those who work with state budgets can attest, having money does not necessarily make the budget process easier.

Before consideration of transfers, the **anticipated surpluses for FY10 and FY11 are $1.45 billion and $330 million, respectively**. If the legislature approves transfers proposed by the Governor, the projected surpluses decline to $444 million for FY10 and $55 million for FY11.[1]

As always, projections involving oil prices are somewhat speculative. For this reason, Legislative Finance prefers sensitivity charts (like those on pages 6 and 7) to a revenue estimate based on a specific oil price. As the FY10 chart shows, if oil remains at the current year-to-date price of $73.42 per barrel through the end of the year, the FY10 surplus would grow to about $2.2 billion before transfers, and to about $1.1 billion after forward funding K-12 education.

In summary, Alaska is in a position to repay the remaining liability ($400 million) to the Constitutional Budget Reserve Fund (CBRF). That liability is the net amount borrowed from the fund since its inception in 1991. Repaying the liability to the CBRF would result in a major paradigm shift. General funds not appropriated by year-end would remain in the general fund and be available for appropriation—without a supermajority vote—in the following fiscal year. Alaska has not had a positive start-of-fiscal-year general fund balance in 20 years.

State senators and representatives typically begin a legislative session facing decisions about two fiscal years—the open fiscal year (FY10) and the budget year (FY11). In an unusual turn of events, the sharp declines in both oil prices and financial markets that occurred in FY09 remain relevant to current fiscal decisions. The fiscal summary prepared at the end of the 2009 session anticipated a deficit of nearly $800 million for FY09, after paying $745 million as a resource rebate and depositing $1 billion into the Constitutional Budget Reserve Fund. Actual revenue was within $40 million of projections and the amount appropriated was as projected, yet the FY09 comprehensive financial report shows a surplus of $200 million. Readers may wonder "So, how did a billion dollars appear from thin air, and how might that event affect the amount of money available for appropriation during the 2010 session?"

---

[1] The Governor proposes:

1. a $1.1 billion transfer from the general fund to the public education fund in FY10 (which would restore the fund balance to the level required to forward fund K-12 education in FY11);
2. a $400 million transfer from the general fund to a newly created performance scholarship fund in FY11;
3. transfers of $179 million from savings accounts in FY11; and
4. other more routine transfers of $40 million.

The money is available because of a miscommunication that caused revenue projections and financial statements to become unsynchronized beginning with FY08. Revenue projections cover the period from July through June, while financial statements designate accrued June revenue as money available in the following fiscal year.[2] June 2008 oil prices were extremely high, so adding June 2008 oil taxes to FY09 revenue while subtracting June 2009 taxes (so they could be added to FY10 revenue) caused the financial statement to show an unexpected billion dollars of available revenue in FY09. The extra money means that the Statutory Budget Reserve Fund was not needed to balance the budget in FY09 (so the balance remains at $1 billion) and the general fund liability to the CBRF was reduced by $200 million (and now stands at $400 million).

How does this impact extend to the current session? If the FY10 financial statements are synchronized with revenue forecasts, accrued revenue from June 2010 will not be designated for use in FY11. Effectively, synchronization could mean that FY10 would get a "thirteenth month" of revenue, adding $304 million to the projected $1.45 billion surplus. With the thirteenth month, the projected surplus is sufficient to forward fund K-12 education with $1.1 billion, repay the $400 million liability to the CBRF, and still have about $250 million to spend or save. If oil prices remain at the current level ($73.42/bbl) during the second half of FY10, revenue will be about $750 million more than the official projection.

The effects of the 2009 financial market decline also extend beyond FY09. The most significant issues include higher contributions to retirement plans—but that will come after FY11—and dealing with investment losses realized by the Permanent Fund in FY09. The latter issue is more complex than can be addressed in this overview, but readers who wish to prepare for legislative deliberation on the topic may want to review a paper on the subject (posted on the Legislative Finance Division website).

The Governor's Budget

The following discussion is based on the fiscal summary—Alaska's "budget on a page." Parenthetical references refer to line numbers on the summary on page 5. The summary incorporates the results of a project that moved about $750 million of "other funds" to the general fund category in order to provide clearer, more meaningful information on state spending and revenue. Please see page 9 for a discussion of the project.

The fiscal summary is broken into four sections. This review focuses on general funds, not because other funds are unimportant, but because the difference between general fund spending and general fund revenue defines the fiscal gap/surplus.

1. **Agency Operations (line 8)** refers to money appropriated/requested to operate all public agencies. It may be the best expression of public perception of "the budget" and includes money for K-12 education (line 11) and other formula programs like Medicaid (line 12) as well as all non-formula operating costs (line 10). The Governor's request is up $183 million (4.4%) from FY10. Roughly half of that amount is for K-12 education and Medicaid. Please see the discussion beginning on page 15 for more details on operating budget increases.

   There are no obvious places here for significant budget reductions. In fact, the legislature may find it difficult to remain below the Governor's request, particularly if a reduction in the Medicaid matching rate (lowered as part of the federal stimulus package) is not

[2] This discussion is oversimplified. While technical details might be of interest to Finance Committee members, detail would not facilitate understanding at the *Overview* level of discussion.

extended. Alaska's FY11 share of Medicaid payments will increase by $50 million or more if the rate returns to normal on December 31, 2010.

2. **Statewide Operations (line 17)** refers to appropriations that are typically not reviewed by operating budget subcommittees. The Governor's request is up $97 million (13.7%) from FY10. Most of these items—debt service, retirement system costs and petroleum tax credits—may be considered nondiscretionary.

   Although paying claims for tax credits is nondiscretionary, the estimate of required deposits to the tax credit fund (line 23) may be overstated. The appropriation for tax credits is merely an estimate that will be automatically reduced if claims for credits are lower than anticipated.

3. **Capital Appropriations (line 26)** include capital projects and a $150 million deposit to the Alaska Gasline Inducement Act (AGIA) reimbursement fund. The Governor's $549 million general fund request is $269 million (96%) more than the FY10 capital budget adopted by the legislature. Primary drivers of the increase are $150 million to the AGIA Reimbursement Fund and $100 million for state-wide deferred maintenance.

   The legislature typically adds a substantial amount to the Governor's capital request. After what some legislators consider as two lean years of capital spending, a larger capital spending plan by the legislature would be no surprise. Capital spending is also highly dependent on the fiscal situation—spending goes up when revenue is high. As the FY10 sensitivity chart on page 6 shows, if oil prices remain at the current level ($73.42/bbl) during the second half of FY10, revenue will exceed current appropriations by $2.2 billion. After forward funding K-12 education and repaying the $400 million liability to the CBRF, the remaining $1 billion surplus would be available for spending in FY11.

   An additional reason the final capital budget might be larger than the Governor's proposal becomes apparent when one compares the Governor's FY11 request to the FY10 final budget and to the FY10 Governor's request. Governor Palin's FY10 request contained several agency projects—the largest was a $76 million request for funds to replace payroll and accounting software—that were not approved and do not appear in the Governor's FY11 request. Many of the agency projects are still needed. For more details on the capital budget, please see the discussion beginning on page 55.

4. **Transfers (line 37)** is the portion of the fiscal summary that requires the most explanation. The transfers section records money that passes from one fund to another without leaving the treasury. Please see the budget clarity progress report reproduced on page 9 for a more detailed discussion.

   A negative number (such as the $1.057 billion in the FY10 GF column on line 39) indicates a transfer to the general fund. In this case, $1.057 billion is the estimated cost of K-12 education in FY10. That amount was removed from the Public Education Fund (PEF) and distributed to school districts, but the legislature did not approve an FY10 appropriation to the PEF, so there was a balance reduction of $1.057 billion.

   Similarly, the negative $2.1 million and negative $177 million shown in the FY11 GF column (lines 41 and 42) indicate the Governor's proposed withdrawals of $177 million from the Alaska Housing Capital Corporation account—a savings account the legislature created with a $300 million general fund deposit in FY07—and $2 million from the CBRF for management fees. The $179 million withdrawn from savings accounts also

appears on the lines where the money is spent ($150 million deposited in the AGIA Reimbursement Fund on line 29, $10 million for capital projects incorporated in line 28, and $19 million for agency operations incorporated in line 10).

A positive number indicates a net deposit to a fund. The Governor's proposals to deposit $14 million to the Public Education Fund and $400 million to a scholarship fund are shown on lines 39 and 40.[3] Transfers to (and from) accounts that are not considered savings accounts are shown on line 43.

As shown in the fiscal summary (line 36), the Governor's proposed budget spends $330 million less than the projected amount of revenue. Although transfers are not considered spending—because money is transferred *within* the treasury—they do require an appropriation and they "take money off the table." The Governor proposes both deposits to and withdrawals from savings accounts. The net deposit of $275 million (line 37) reduces the projected FY11 surplus to $55 million (line 45). Without the proposed withdrawals from savings (lines 41 and 42), the Governor's budget would show a deficit of $124 million.

Further Analysis

Although the fiscal summary provides a concise statement (and comparison) of projected revenue, appropriations and the size of the anticipated surplus or deficit, it has the limitation of being Alaska's budget-on-a-page. This *Overview* contains more detailed discussions of the proposed FY11 budget:

- Agency summaries (operating budget on pages 17 & 18 and capital budget beginning on page 55) provide a quick comparison of the Governor's proposed budget with FY10 spending.
- Greater detail is available in the discussions of the operating budget (and subtopics) and the agency write-ups beginning on page 73.

Subcommittee members will want to review the detailed agency books available in the Finance Committee rooms.

[3] Section 21(t) of the Governor's operating budget bill appropriates $1.131 billion from the general fund to the Public Education Fund (PEF) in FY11 for FY12 K-12 education costs. This amount is $14 million more than required to fund K-12 education in FY11, so the fiscal summary shows a $14 million deposit to savings.

State of Alaska Fiscal Summary – FY10 and FY11
(in millions)

		FY10 Authorized Budget				FY11 Governor's Proposed Budget				Change in GF	
		Total General Funds	Other State Funds	Federal Receipts	All Funds	Total General Funds	Other State Funds	Federal Receipts	All Funds	$	%
1	**REVENUE** (Excludes Permanent Fund Earnings) (1)	5,573.2	500.8	3,091.3	9,165.3	6,008.0	501.3	2,780.6	9,289.9	434.8	7.8%
2	Unrestricted General Fund Revenue (Fall 2009) (2)	4,777.9	-	-	4,777.9	5,236.6	-	-	5,236.6		
3	Carryforward (3)	22.1	1.3	146.4	169.8	-	-	-	-		
4	Other Revenue Reclassified as General Fund Revenue (4)	773.2		-	773.2	771.4	-	-	771.4		
5	Federal and Other Funds	-	499.5	2,944.9	3,444.4	-	501.3	2,780.6	3,281.9		
6	**APPROPRIATIONS**										
7	**TOTAL OPERATING APPROPRIATIONS**	4,849.7	351.2	1,939.2	7,140.0	5,129.1	352.3	1,912.6	7,394.0	279.4	5.8%
8	**Agency Operations**	4,144.4	295.3	1,915.5	6,355.3	4,327.0	299.9	1,885.6	6,512.5	182.6	4.4%
9	Current Fiscal Year Appropriations (includes bills)	4,094.4	295.3	1,915.5	6,305.3	4,277.0	299.9	1,885.6	6,462.5	182.6	4.5%
10	Agency Operations (Non-Formula)	2,438.7	292.4	991.2	3,722.2	2,528.4	290.1	941.3	3,759.8	89.7	3.7%
11	K-12 Education	1,073.7	-	20.8	1,094.5	1,129.7	-	20.8	1,150.5	56.0	5.2%
12	Other Formula Programs	582.1	2.8	890.5	1,475.3	616.9	2.8	923.5	1,543.2	34.8	6.0%
13	RPLs (No FY2011 RPLs are Included)	-	0.2	13.1	13.2	-	-	-	-		
14	Fiscal Notes	-	-	-	-	2.0	7.0	-	9.0		
15	*Duplicated Authorization (non-additive) (5)*	-	*625.2*	-	*625.2*	-	*621.1*	-	*621.1*		
16	Supplemental Appropriations	50.0	0.0	0.0	50.0	50.0	0.0	0.0	50.0		
17	**Statewide Operations**	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
18	Current Fiscal Year Appropriations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
19	Debt Service	167.7	55.8	14.7	238.2	197.0	52.4	18.0	267.4	29.4	17.5%
20	Fund Capitalization	7.5	-	9.0	16.5	7.5	-	9.0	16.5	-	0.0%
21	Direct Appropriations to Retirement	284.7	-	-	284.7	357.6	-	-	357.6	72.9	25.6%
22	Local Government Support	60.0	-	-	60.0	60.0	-	-	60.0	-	0.0%
23	Oil & Gas Investment Tax Credits	180.0	-	-	180.0	180.0	-	-	180.0	-	0.0%
24	Resource Rebate	5.4	-	-	5.4	-	-	-	-	(5.4)	-100.0%
25	*Duplicated Authorization (non-additive) (5)*	-	*137.1*	-	*137.1*	-	*8.5*	-	*8.5*		
26	**TOTAL CAPITAL APPROPRIATIONS**	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
27	Current Fiscal Year Appropriations	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
28	Project Appropriations & RPLs (Revised Programs)	263.2	40.0	1,138.4	1,441.6	398.5	54.7	838.2	1,291.4	135.3	51.4%
29	Fund Capitalization	16.8	-	-	16.8	150.1	-	1.1	151.1	133.2	792.1%
30	*Projects Funded with General Obligation Bonds (non-add)*	-	-	-	-	-	-	-	-		
31	*Projects Funded with Other Debt Proceeds (non-additive)*	-	*24.0*	-	*24.0*	-	*181.1*	-	*181.1*		
32	*Capital Vetoes (non-additive)*	-	-	-	-	-	-	-	-		
33	*Duplicated Authorization (non-additive) (5)*	-	*46.8*	-	*46.8*	-	*201.8*	-	*201.8*		
34	*Money on the Street (includes all fund sources) (6)*	*280.0*	*86.8*	*1,138.4*	*1,505.2*	*548.5*	*256.5*	*839.3*	*1,644.3*		
35	**Pre-Transfers Authorization** (unduplicated)	5,129.7	391.2	3,077.6	8,598.5	5,677.6	407.0	2,751.9	8,836.5	548.0	10.7%
36	*Pre-Transfers Surplus (Draw From CBRF)*	*443.5*	*6%*	*of Revenue*		*330.4*	*5%*	*of Revenue*			
37	**Transfers**	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	28.8	312.5	1,282.1	-127.3%
38	Current Fiscal Year Appropriations	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	28.8	312.5	1,282.1	-127.3%
39	Designated Savings (Public Education Fund)	(1,057.4)	-	-	(1,057.4)	14.0	-	-	14.0		
40	Designated Savings (Performance Scholarship Fund)	-	-	-	-	400.0	-	-	400.0		
41	Undesignated Savings (Constitutional Budget Reserve Fund)	(1.7)	-	-	(1.7)	(2.1)	-	-	(2.1)		
42	Undesignated Savings (Alaska Housing Capital Corporation)	-	-	-	-	(177.0)	-	-	(177.0)		
43	Other Transfers	52.0	10.0	13.7	75.7	40.1	8.7	28.8	77.5		
44	**Post-Transfers Authorization** (unduplicated)	4,122.6	401.2	3,091.3	7,615.1	5,952.6	415.7	2,780.6	9,148.9	1,830.0	44.4%
45	*Post-Transfers Surplus (Draw From CBRF)*	*1,450.6*	*26%*	*of Revenue*		*55.3*	*1%*	*of Revenue*			
46	Permanent Fund Appropriations	590.0	99.6	0.1	689.6	1,523.0	85.6	-	1,608.6		
47	Permanent Fund Dividends	590.0	-	-	590.0	637.0	-	-	637.0		
48	Deposits to Principal	-	-	0.1	0.1	886.0	-	-	886.0		
49	Other Uses of Earnings	-	99.6	-	99.6	-	85.6	-	85.6		
50	**Total Authorization** (unduplicated)	4,712.6	500.8	3,091.3	8,304.7	7,475.6	501.3	2,780.6	10,757.5	2,763.0	58.6%
51	**FISCAL YEAR SUMMARY** (Excludes PermF)	4,122.6	401.2	3,091.3	10,678.6	5,952.6	415.7	2,780.6	14,890.5	1,830.0	44.4%
52	Agency Operations	4,144.4	295.3	1,915.5	6,355.3	4,327.0	299.9	1,885.6	6,512.5	182.6	4.4%
53	Statewide Operations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
54	**Total Operating**	4,849.7	351.2	1,939.2	7,140.0	5,129.1	352.3	1,912.6	7,394.0	279.4	5.8%
55	**Capital**	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
56	**Total Authorization**	5,129.7	391.2	3,077.6	8,598.5	5,677.6	407.0	2,751.9	8,836.5	548.0	10.7%
57	*Transfers*	*(1,007.0)*	*10.0*	*13.7*	*(983.4)*	*275.0*	*8.7*	*28.8*	*312.5*		
58	**Federal Stimulus Funding (ARRA of 2009)**			297.1				176.1			

Notes:

January 15, 2010

(1) Permanent Fund earnings are excluded from reported revenue because the entire balance of the earnings reserve account is available for appropriation. Permanent Fund earnings and balance information is reported on page 2 of the fiscal summary.

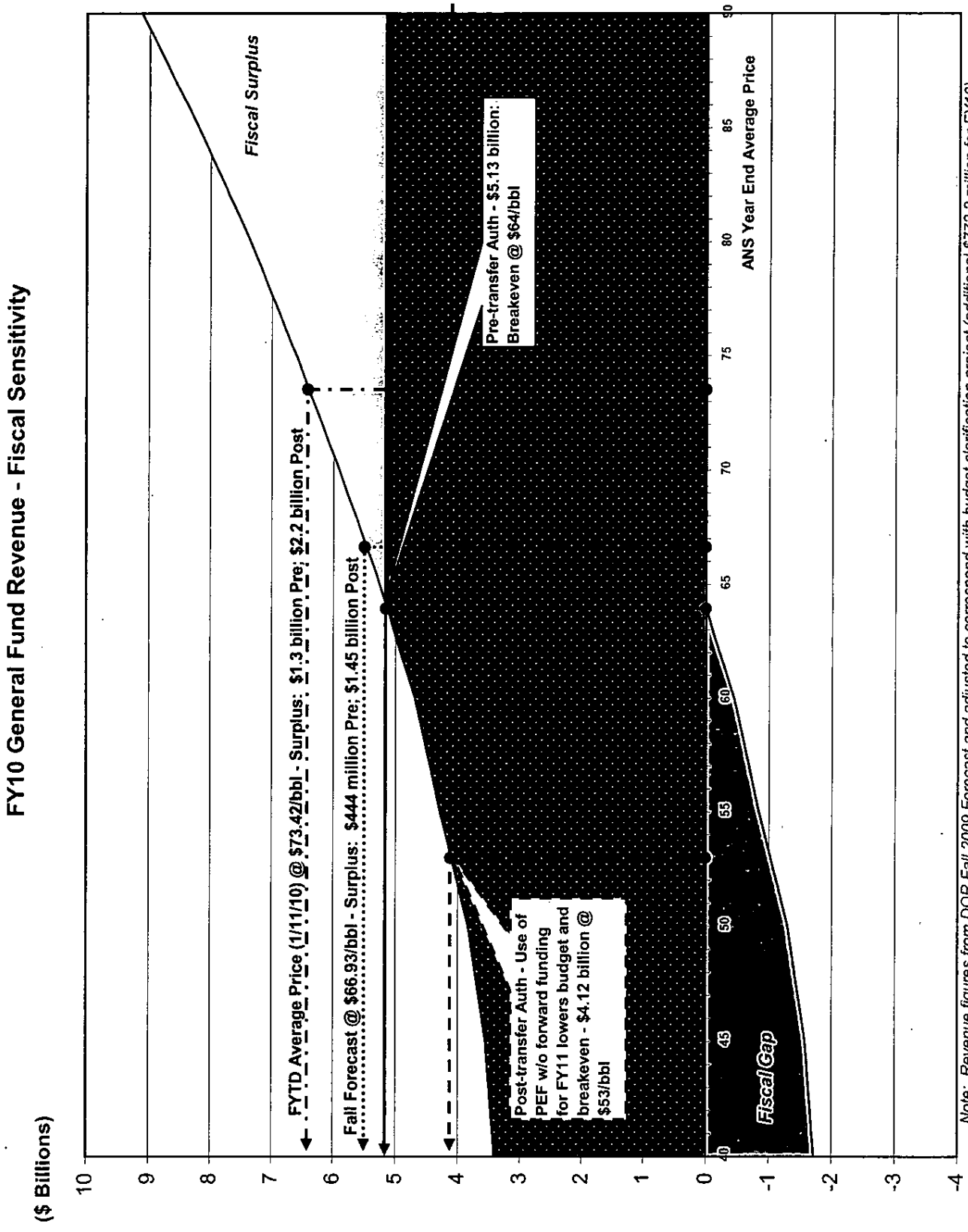
(2) The Fall 2009 oil forecast for FY10 is 0.668 mbd at $66.93 per barrel; the FY11 forecast is 0.631 mbd at $76.35/bbl. Source: Revenue Sources Book, Fall 2009.

(3) Carryforward is money that was appropriated in a prior year that is made available for spending in FY10 via multiyear appropriations or reappropriations. FY11 carryforward will be unknown until the close of FY10.

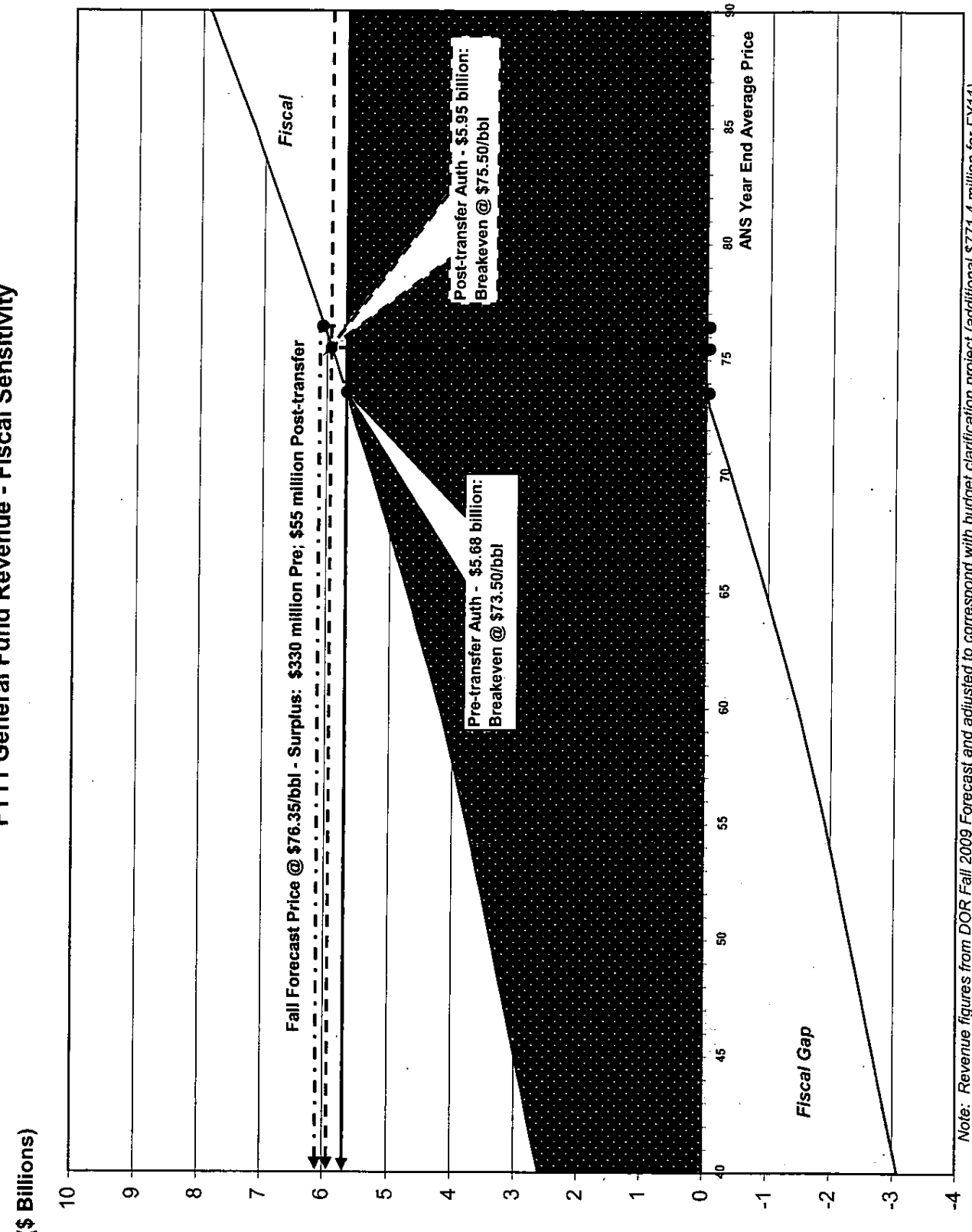
(4) In an effort to present the budget in a more meaningful and accurate way, many sources of funds were recategorized from "other" funds to general funds beginning in FY11. This summary presents both FY10 and FY11 budgets in the revised fund categories in order to make comparisons across years valid.

(5) Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided.

(6) From an accounting perspective, unduplicated authorization (line 26) is the best measure of capital spending. However, adding duplicated fund sources provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated fund sources.



Note: Revenue figures from DOR Fall 2009 Forecast and adjusted to correspond with budget clarification project (additional $773.2 million for FY10). Figures include sources not directly affected by oil prices. Lease expenditures estimated at $16/bbl ($4.5 billion total).



Note: Revenue figures from DOR Fall 2009 Forecast and adjusted to correspond with budget clarification project (additional $771.4 million for FY11). Figures include sources not directly affected by oil prices. Lease expenditures estimated at $19/bbl ($5 billion total).

State of Alaska Fiscal Summary (Page 2)

($ millions)

Constitutional Budget Reserve and Permanent Fund Account Balances

	Constitutional Budget Reserve Fund	Permanent Fund			
		Permanent Fund Total	Principal	Earnings Reserve	Unrealized Gains
FY10 Beginning Balance	7,114.4	29,916.0	30,944.0	420.0	(1,449.0)
Settlements	440.7	-	-	-	-
Net Earnings/Dedicated Revenues	968.2	2,840.0	602.0	749.0	1,489.0
Permanent Fund Inflation Proofing	-	-	-	-	-
Transfer to Capital Income Fund	-	-	-	-	-
Permanent Fund Dividend Payout	-	(590.0)	-	(590.0)	-
Transfer (to)/from General Fund	443.5	-	-	-	-
Loan to General Fund (prior year)	-	-	-	-	-
Loan to General Fund (current year)	-	-	-	-	-
Balance Adjustments	-	-	-	-	-
FY10 Projected Ending Balance	8,966.8	32,165.0	31,546.0	578.0	40.0
Net Additions to Account Balance	1,852.4	2,249.0	602.0	158.0	1,489.0
Due from the General Fund	401.6				
FY11 Projected Beginning Balance	8,966.8	32,165.0	31,546.0	578.0	40.0
Settlements	20.0	-	-	-	-
Net Earnings/Dedicated Revenues	578.5	3,275.0	673.0	1,469.0	1,133.0
Permanent Fund Inflation Proofing	-	-	886.0	(886.0)	-
Transfer to Capital Income Fund	-	(3.0)	-	(3.0)	-
Permanent Fund Dividend Payout	-	(637.0)	-	(637.0)	-
Transfer (to)/from General Fund	52.8	-	-	-	-
Loan to General Fund (prior year)	-	-	-	-	-
Loan to General Fund (current year)	-	-	-	-	-
Balance Adjustments	-	-	-	-	-
FY11 Projected Ending Balance	9,618.2	34,800.0	33,105.0	522.0	1,174.0
Net Additions to Account Balance	651.3	2,637.0	1,559.0	(56.0)	1,134.0
Due from the General Fund	348.8				

CBR information is from the Revenue Sources Book (Fall 2009)

Permanent Fund information is from APFC November 30, 2009 financial projections

The Legislative Finance Division has been working with the Finance Committee co-chairs and with OMB to implement significant budget presentation changes in the FY11 budget cycle. The following information reproduces the Legislative Finance Division's first progress report on the project. The report explains the budget presentation challenges being addressed and outlines the solutions being implemented to address these challenges. This report was provided to the Finance co-chairs and to OMB and, along with other progress reports, is posted on LFD's web site (http://www.legfin.state.ak.us/).

Budget Clarification Project

Progress Report 1

December 3, 2009

As part of a continuous process, Legislative Finance has been planning for and working on major improvements to the presentation of Alaska's budget for nearly a year. Because implementation of changes proposed for the FY11 budget is a complicated process, Legislative Finance intends to provide weekly progress reports to the Finance Co-Chairs and to OMB until roll-out is complete.

Background

The budget clarification project has three distinct parts, all of which are critical to presenting Alaska's budget in a simpler, clearer, more accurate and more meaningful way. The parts are:

1. Reappropriations,
2. Fund transfers and duplicated appropriations, and
3. Fund code recategorization.

Reappropriations

Unless problems arise, reappropriations will not be discussed in future progress reports. OMB does not intend to do anything contrary to the reappropriation guidelines dated October 2009. The guidelines can be summarized as follows:

1. Agencies will terminate capital projects administratively; there will be no reappropriations to new executive branch projects.[4] The legislature will then review all of the Governor's capital requests on equal footing. Money

[4] The Administration does not currently expect to terminate any capital projects or reappropriate any FY10 operating money to FY11. OMB says that 1) capital projects were scrubbed for potential reappropriation last year and 2) agencies have been told to request new operating money for FY11 rather than carry money forward from FY10.

associated with terminated projects will show as revenue in the year of project termination.

2. Legislative capital reappropriations will continue as in the past. Reappropriations can be included or excluded from election district reports, depending on the purpose of the report.
3. Operating carryforward reappropriations will appear in the operating bill so subcommittees can include them in their review of the FY11 operating budget.
4. Reappropriations affecting FY10 will appear in the supplemental bill.
5. All reappropriations will include estimates of amounts to be reappropriated and will be entered into the budget database.

Fiscal Summary Impact: None. Reappropriations are, and will remain, net zero transactions. This part of the project will improve information available to the public, but it does not affect the amount, fund classification, timing or agency assignment of any appropriation.

Fund Transfers and Duplicated Appropriations

Unless problems arise, fund transfers and duplicated appropriations will not be discussed in future progress reports. Legislative Finance and OMB have reached agreement on budget structure and classification of duplicated codes. OMB intends to use the new structure and codes in budget bills submitted for FY11. OMB also intends to simplify appropriation language in the bills to reflect the new structure. An explanation of changes follows:

Traditionally, capitalization (for example, appropriating general funds to the Railbelt Energy Fund) shows in the fund capitalization line of the fiscal summary. In order to avoid double counting, appropriations *from* a capitalized fund are classified as duplicated expenditures and are netted out of the fiscal summary. This treatment affects:

1. Classification—appropriations from a capitalized fund are always classified as "other funds" rather than matching the source of the original funding (because general and federal funds cannot be classified as duplicated). This may result in less scrutiny of appropriations from various funds.
2. Location—appropriations show on the fund capitalization line of the fiscal summary rather than in the agency that money is actually spent. For example, general funds moving through the Oil and Hazardous Waste Fund to the Department of Environmental Conservation do not appear in the fiscal summary as agency expenditures; they show as a fund capitalization. This treatment understates the amount of general funds used in agency operating budgets, which is the part of the budget that many people mean when they say "the budget."
3. Timing—appropriations to a fund are counted in the year the fund capitalization is made, while money in the fund may not be spent until years later.

Beginning with FY11, appropriations will be counted when money leaves the treasury rather than when it is transferred from one fund to another. Fund transfers will be recorded as transactions and included in reports, but will be excluded from the roll-up of totals. The new treatment of transfers and duplicated funds will:

1. Retain the original classification of funds, and show where and when money is actually spent as well as when it is deposited into a savings account or other fund.
2. Simplify and clarify budget bills by allowing direct appropriations for items like debt service.
3. Eliminate most duplicated fund codes.

Fiscal Summary Impact: The new approach provides a clearer, more accurate and more meaningful presentation of the budget. In the long-run, unduplicated appropriations will be no more, and no less, than under the current presentation.

However, there are some transitional issues in the short-run. Because money will be counted as it flows *out* of funds, while historically money was counted on its way *into* funds, historical data must be revised (to incorporate the new treatment of transfers and duplicated fund codes) in order to avoid double counting. That task may take significant effort. Fortunately, the budget process does not involve significant historical review, so efforts to "fix history" can be deferred until interim.[5]

For FY10, the new approach—counting money as it leaves the treasury—will give the appearance of about $33 million of additional general fund spending. This will occur because appropriations from the Railbelt Energy Fund and Capital Income Fund were formerly classified as duplicated "other" expenditures (because money was counted as it flowed into those funds in years past) and will now be counted as FY10 general fund expenditures. These expenditures will not increase the fiscal gap because the expenditures will be offset by transfers from capitalized funds to the general fund.

Fund Code Recategorization

The Governor's budget bills will *not* incorporate the new fund code categories. This does not indicate a lack of support for the proposed changes—OMB has been working jointly with Legislative Finance on this project for months—but rather a combination of technical and political issues. Those issues are:

1. OMB staff effort was focused on preparing FY11 budgets; resources available for fund recategorization were insufficient to ensure a smooth transition by December 15.
2. The power of appropriation is vested in the legislature. That power includes categorization of appropriations. OMB release of a budget in which fund

[5] Unfortunately, the effort to produce and analyze ten-year agency operating plans becomes complicated when historical, present and future appropriations are inconsistently presented. The complications need not delay consideration of the plans during the FY11 budget cycle, but it does mean that plans may require re-benchmarking in FY12.

sources were recategorized could be viewed as infringing on a legislative prerogative.

In summary, future progress reports will address the resolution of issues/problems associated with implementing the fund recategorization portion of the budget clarification project.

As with reappropriations and transfers/duplicated codes, the purpose of fund recategorization is to provide budget information in a more meaningful way. Of the three parts of the project, this portion is the most complex and has the largest impact on presentation of the budget.

Traditionally, appropriations have been tallied in three groups: general funds, federal funds and other funds. For years, some budget-watchers expressed concern about the proliferation of "other funds." The primary reason for concern seems to be the contradiction between statements and action—despite continued statements recognizing that "other funds" are truly state funds, the media and the legislature focus on general funds to the extent that appropriations of "other funds" are often referred to as "off-budget."

Of course, the "off-budget" label is a mischaracterization—other funds *are* included in the budget. But focusing on technicalities misses the salient points:

1. appropriations of other funds get less scrutiny than appropriations of general funds, despite the fact that many "other funds" are so indistinguishable from general funds that they have been referred to by names such as "spends like GF", "funny money" and "flexible funds" and
2. over use of "other funds" makes it more difficult to understand the budget and, perhaps more to the point, to make the best possible budget decisions.

As we worked with the Finance Committee Co-Chairs and OMB toward presenting the budget in a more meaningful way, it became obvious that traditional fund code categories—general, federal and other—were incapable of distinguishing degrees of discretion within the "other funds" category. The "other funds" category includes not only

- dedicated funds, trust funds, bonds and corporate receipts—that is, funds over which the legislature has limited discretion—but also
- numerous fund sources with an identified use—or, more accurately, a suggested use (given constitutional prohibition of dedicated revenue)—that does not limit the legislature's ability to appropriate the funds for another purpose.

Once degree of discretion was identified as the key to improving presentation of the budget, the obvious solution was to create a fourth fund category. Adding a new category for designated general funds (the existing general fund category is for *unrestricted* general funds) will signal the legislature that fund sources with designated, or suggested, uses are not outside the purview of the legislature.

Legislative Finance reviewed all fund codes, placing each in one of the four fund categories. Most, but not all, movement from one category to another was from "other" to

designated general funds. Work is not complete; there may be some reassignment of codes and there will be additional work required in budget subcommittees. Any changes will be discussed in future progress reports.

Fiscal Summary Impact: In simple terms, recategorization will move about $750 million from "other funds" to general funds.[6] Although recategorization provides an opportunity for people to make statements about budget growth, such statements would be a demonstration of ignorance.

One of the tasks associated with this project will be to educate people regarding the fact that recategorization—in fact, the entire budget clarification project—does not affect the level of spending, it just rolls up spending in a different way. The intent is that the new presentation results in better spending decisions and better understanding of the budget.

Open Issues

Resolved Issues

There are several topics under both the "open" and "resolved" headings. Discussion will be deferred to a second progress report.

[6] In addition, the Permanent Fund Earnings Reserve Account is classified as general funds. Dividends and inflation proofing will now show in one of the general fund categories. That change will have little apparent impact because Permanent Fund appropriations will continue to be shown in a separate portion of the fiscal summary.

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Operating Budget

The fiscal summary provides a "big picture" of the budget, including not only the operating budget, but also the capital budget, revenue, debt service, and transfers. This introduction to the operating budget focuses on how to put the Governor's operating request for individual agencies in perspective.[7]

Budget comparisons across fiscal years are always difficult—there are so many adjustments required to get an "apples-to-apples" comparison that a complete discussion would push the limits of the term "overview." With that caveat, the Governor's FY11 operating budget request could be considered, for the most part, a status quo budget. The $4.3 billion of general funds requested for agency operations is $228.3 million (or 5.6%) over the FY11 Adjusted base. These increases are primarily due to the following big ticket items (please see individual agency narratives for details):

- $56 million to pay for increases in the K-12 statutory formula;
- $36.2 million to address Medicaid growth;
- $42 million for increased fuel costs;
- $10 million in the Department of Law for in-state gas development and BP corrosion litigation;
- $10 million in the University to address increased costs;
- $7 million to pay for the Governor's Sexual Assault and Domestic Violence Prevention Initiative; and
- $6.5 million in the Governor's Office for In-State Natural Gas Pipeline Development.

The agency discussions in this overview serve as a starting point for subcommittee discussion, and subcommittee books provide more detailed information. Each subcommittee book compares the Governor's request to two scenarios: FY10 Management Plan and the FY11 Adjusted Base. The advantages and disadvantages of using each of the comparisons are discussed in the paragraphs that follow. The table below highlights items included throughout each stage of the budget.

	(GF Only)	Change	% Change
FY09 Conference Committee (GF Only)	**$4,079,986.9**		
FY09 Fiscal Notes	2,157.7		
CarryForward	12,989.7		
Special Appropriations	(11,174.2)		
Agency Transfers	-		
09 Contractual Salary Adjustments	(1,475.7)		
Misc Adjustments	12,845.4		
Vetoes	(912.7)		
FY10 Management Plan (GF only)	**$4,094,417.1**	$14,430.2	0.4%
One-time Items removed	(71,353.4)		
Transfers between Agencies (nets zero statewide)	-		
FY10 Contractual Salary and Health Increases	23,651.1		
Misc Adjustments	-		
FY11 Adjusted Base Budget (GF only)	**$4,046,714.8**	($47,702.3)	-1.2%
FY10 Governor's GF Increments/Decrements/Fund Changes	228,280.1		
FY10 Governor's Agency Request (GF only)	**$4,274,994.9**	$228,280.1	5.6%

[7] Although operating budget reports include "Statewide items" (such as Debt Service, Fund Capitalization, and Retirement funding), budgets for ongoing agency operations are what most people mean when they refer to "the operating budget." Because statewide items are discussed in other places in this *Overview*, these items have been excluded from the above discussion.

FY10 Management Plan to the Governor's request: $180.6 million. The Management Plan is the most accurate picture of the previous year's budget. It incorporates all appropriations that can be spent in FY10, including reappropriations and carryforward from multi-year appropriations, and reflects the latest estimates for open-ended language appropriations. Management Plan excludes supplemental appropriations (because they have not yet occurred) but any FY11 supplemental appropriations that may occur are also excluded, so there is no distortion from this source.

The Governor's FY11 budget, however, excludes reappropriations and carryforward from multi-year appropriations—they do not occur until year end—so comparing the FY10 Management Plan to the Governor's FY11 request tends to understate spending in FY11 relative to FY10. The amount carried forward to FY10 was about $13 million.

One-time items are a far larger source of distortion. For example, $9 million of fuel costs show in DOT&PF's Marine Vessel Operations management plan, but the FY11 budget shows the fuel trigger appropriation as a branch-wide appropriation, so the FY11 budget is $3.6 million (or 3 percent) below FY10 Management Plan. Distortion of this type is the reason for making comparisons from adjusted base. The base to Governor comparison more accurately shows a $1.5 million increase that is requested for more bandwidth for a new "Ship-to-Shore" system.

FY11 Adjusted Base to Governor's request: $228.3 million. The adjusted base attempts to reduce distortion in comparing agency budgets across fiscal years. It is the first FY11 budget scenario and can be described as the "cost of doing the same functions in FY11 as in FY10." The adjusted base is the starting point for subcommittee discussion of the Governor's request.

- It removes one-time appropriations, reappropriations, and carryforward of multi-year appropriations that were included in the FY10 Management Plan.
- It incorporates the FY11 nondiscretionary increases that the legislature may accept or reject on a statewide basis. If the legislature rejects these nondiscretionary increases, such as contractual salary increases, the costs of these increases will have to be absorbed by the agencies.

The FY11 Adjusted Base includes increases for the salary adjustments below:

- **Contractual Wage and Health Insurance Increases for Bargaining Units**—Negotiated agreements for covered employees for contractual salary increases (which vary by bargaining unit) and increased health insurance costs add $26.7 million statewide ($16.8 million UGF, $6.9 million DGF, $2.2 million Federal Receipts and $0.8 million in Other State Funds).

The **Governor's column** includes program increments and fund source changes that the legislature may wish to consider on an individual basis. Note that the concept of adjusted base is useful only for agency operating budgets. Savings deposits and statewide items—debt service, fund transfers, retirement contributions, etc.—are not budgeted on an incremental basis and are not reviewed by subcommittees.

The following summary tables make the comparisons discussed above. Note that Agency Summary reports include duplicated fund sources, while the fiscal summary removes these items from the operating portion of the budget. Also note that the adjusted base is set at the Governor's request for items other than agency operating budgets.

Please see the agency narratives for details on significant issues in each agency's budget.

In addition to summaries of agency budgets, the *Overview* contains discussions of the language sections, position changes and details of debt obligations.

Agency Summary - FY11 Operating Budget - Total Funds

Agency	09Actual	10CC	10Auth	10MgtPln	Adj Base	Gov	10MgtPln to Gov		Adj Base to Gov	
Administration	267,289.2	293,249.0	296,213.6	296,213.6	293,111.4	298,310.6	2,097.0	0.7%	5,199.2	1.8%
Commerce, Community & Econ Dev	176,531.4	187,688.0	194,806.3	194,806.3	193,285.7	200,799.4	5,993.1	3.1%	7,513.7	3.9%
Corrections	242,353.3	248,241.3	249,178.5	249,178.5	247,055.9	250,030.7	852.2	0.3%	2,974.8	1.2%
Education & Early Development	1,279,344.2	1,358,427.2	1,443,035.2	1,443,035.2	1,362,394.5	1,485,614.9	42,579.7	3.0%	123,220.4	9.0%
Environmental Conservation	68,234.0	73,982.9	74,008.8	74,008.8	73,994.4	75,546.7	1,537.9	2.1%	1,552.3	2.1%
Fish and Game	156,258.9	181,126.6	181,191.7	181,191.7	181,235.0	188,559.6	7,367.9	4.1%	7,324.6	4.0%
Office of the Governor	28,095.0	23,507.1	58,178.4	58,178.4	23,833.4	34,178.4	(24,000.0)	-41.3%	10,345.0	43.4%
Health & Social Services	1,898,277.5	2,065,528.9	2,074,780.3	2,074,780.3	2,052,305.5	2,147,318.5	72,538.2	3.5%	95,013.0	4.6%
Labor & Workforce Development	156,840.5	177,745.1	195,187.7	195,187.7	173,934.1	190,244.5	(4,943.2)	-2.5%	16,310.4	9.4%
Law	80,453.4	84,382.5	85,357.6	85,357.6	72,920.4	86,918.4	1,560.8	1.8%	13,998.0	19.2%
Military & Veterans Affairs	44,819.8	46,618.8	46,941.2	46,941.2	46,554.6	48,461.7	1,520.5	3.2%	1,907.1	4.1%
Natural Resources	139,621.2	140,805.0	145,249.6	145,249.6	133,098.2	146,609.1	1,359.5	0.9%	13,510.9	10.2%
Public Safety	147,027.5	171,594.8	180,253.2	180,253.2	174,113.4	185,276.3	5,023.1	2.8%	11,162.9	6.4%
Revenue	199,297.0	251,111.8	251,143.0	251,143.0	248,708.6	242,330.5	(8,812.5)	-3.5%	(6,378.1)	-2.6%
Transportation & Public Facilities	519,782.8	532,923.9	542,391.8	542,391.8	535,912.5	542,985.8	594.0	0.1%	7,073.3	1.3%
University of Alaska	762,916.1	823,208.9	824,858.9	824,858.9	830,039.1	847,858.5	22,999.6	2.8%	17,819.4	2.1%
Alaska Court System	87,251.5	90,368.2	90,368.2	90,368.2	92,145.0	98,552.7	8,184.5	9.1%	6,407.7	7.0%
Legislature	50,411.4	66,070.0	67,615.8	67,615.8	67,043.2	68,589.0	973.2	1.4%	1,545.8	2.3%
Branch-wide Unallocated Approp	-	23,000.0	16,000.0	16,000.0	-	42,000.0	26,000.0	162.5%	42,000.0	0
Agency Budgets Total	**6,304,804.7**	**6,839,580.0**	**7,016,759.8**	**7,016,759.8**	**6,801,684.9**	**7,180,185.3**	**163,425.5**	**2.3%**	**378,500.4**	**5.6%**
Statewide Items										
Debt Service	357,499.1	375,295.8	375,295.8	375,295.8	-	275,978.3	(99,317.5)	-26.5%	275,978.3	0
Fund Capitalization	23,069.2	16,500.0	16,500.0	16,500.0	-	16,500.0	-	0.0%	16,500.0	0.0%
Direct Appropriations to Retirement	449,622.5	284,687.5	284,687.5	284,687.5	-	357,564.7	72,877.2	25.6%	357,564.7	0.0%
Special Appropriations	1,124,181.5	-	245,418.5	245,418.5	-	240,000.0	(5,418.5)	-2.2%	240,000.0	0.0%
Statewide Items Total	**1,954,372.3**	**676,483.3**	**921,901.8**	**921,901.8**	**-**	**890,043.0**	**(31,858.8)**	**-3.5%**	**890,043.0**	**0.0%**
Statewide Total	**8,259,177.0**	**7,516,063.3**	**7,938,661.6**	**7,938,661.6**	**6,801,684.9**	**8,070,228.3**	**131,566.7**	**1.7%**	**1,268,543.4**	**18.7%**
Fund Summary										
Unrestricted General Funds (UGF)	5,008,810.9	3,840,119.7	4,100,491.3	4,100,491.3	3,365,140.6	4,363,513.3	263,022.0	6.4%	998,372.7	29.7%
Designated General Funds (DGF)	643,392.1	699,712.6	699,189.7	699,189.7	681,574.2	713,580.0	14,390.3	2.1%	32,005.8	4.7%
Other State Funds (Other)	1,061,629.5	1,213,285.4	1,212,873.6	1,212,873.6	1,006,114.5	1,080,531.8	(132,341.8)	-10.9%	74,417.3	7.4%
Federal Receipts (Fed)	1,545,344.5	1,762,945.6	1,926,107.0	1,926,107.0	1,748,855.6	1,912,603.2	(13,503.8)	-0.7%	163,747.6	9.4%
Fund Transfers (non-additive)	3,281,602.9	(421,769.7)	(428,288.1)	(428,288.1)	(1,057,407.7)	1,810,904.9	2,239,193.0	-522.8%	2,868,312.6	-271.3%

Agency Summary - FY11 Operating Budget - General Funds

Agency	09Actual	10 CC	10 Auth	10MgtPln	Adj Base	Gov	10MgtPln to Gov.		Adj Base to Gov	
Administration	93,036.7	96,038.4	97,516.0	97,516.0	95,993.5	97,405.6	(110.4)	-10.0%	1,412.1	1.5%
Commerce, Community & Econ Dev	97,356.0	97,592.4	103,203.1	103,203.1	103,308.6	103,745.8	542.7	50.0%	437.2	0.4%
Corrections	222,874.5	228,505.5	229,442.7	229,442.7	227,878.0	230,478.8	1,036.1	50.0%	2,600.8	1.1%
Education & Early Development	1,061,436.7	1,122,670.9	1,128,875.8	1,128,875.8	1,126,647.7	1,185,088.5	56,212.7	500.0%	58,440.8	5.2%
Environmental Conservation	41,074.3	42,154.3	42,184.9	42,184.9	42,160.5	43,061.5	876.6	210.0%	901.0	2.1%
Fish and Game	65,424.2	68,724.6	68,799.8	68,799.8	68,811.6	69,628.2	828.4	120.0%	816.6	1.2%
Office of the Governor	27,123.2	22,485.0	26,452.0	26,452.0	22,794.4	33,139.4	6,687.4	2530.0%	10,345.0	45.4%
Health & Social Services	909,561.1	915,500.9	900,099.2	900,099.2	896,577.0	951,026.0	50,926.8	570.0%	54,449.0	6.1%
Labor & Workforce Development	58,008.6	63,695.0	64,112.6	64,112.6	59,853.8	64,850.3	737.7	120.0%	4,996.5	8.3%
Law	56,540.9	57,010.9	57,977.6	57,977.6	47,654.1	61,373.1	3,395.5	590.0%	13,719.0	28.8%
Military & Veterans Affairs	12,057.1	11,297.5	11,687.7	11,687.7	11,297.6	11,631.9	(55.8)	-50.0%	334.3	3.0%
Natural Resources	95,430.7	92,267.7	95,978.4	95,978.4	86,778.9	93,874.0	(2,104.4)	-220.0%	7,095.1	8.2%
Public Safety	126,870.5	141,421.5	141,497.1	141,497.1	143,720.9	147,111.1	5,614.0	400.0%	3,390.2	2.4%
Revenue	33,298.4	35,984.4	35,277.5	35,277.5	35,708.0	38,225.7	2,948.2	840.0%	2,517.7	7.1%
Transportation & Public Facilities	295,199.8	291,654.2	302,133.2	302,133.2	295,111.2	299,876.4	(2,256.8)	-70.0%	4,765.2	1.6%
University of Alaska	576,412.5	617,042.4	618,692.4	618,692.4	625,752.4	638,913.8	20,221.4	330.0%	13,161.4	2.1%
Alaska Court System	84,892.1	87,211.3	87,211.3	87,211.3	89,963.4	95,315.8	8,104.5	930.0%	5,352.4	5.9%
Legislature	50,037.6	65,730.0	67,275.8	67,275.8	66,703.2	68,249.0	973.2	140.0%	1,545.8	2.3%
Branch-wide Unallocated Approp	-	23,000.0	16,000.0	16,000.0	-	42,000.0	26,000.0	0.0%	42,000.0	-
Agency Budgets Total	**3,906,634.9**	**4,079,986.9**	**4,094,417.1**	**4,094,417.1**	**4,046,714.8**	**4,274,994.9**	**180,577.8**	**440.0%**	**228,280.1**	**5.6%**
Statewide Items										
Debt Service	164,764.1	167,657.9	167,657.9	167,657.9	-	197,033.7	29,375.8	17.5%	197,033.7	0.0%
Fund Capitalization	7,000.0	7,500.0	7,500.0	7,500.0	-	7,500.0	-	0.0%	7,500.0	0.0%
Direct Appropriations to Retirement	449,622.5	284,687.5	284,687.5	284,687.5	-	357,564.7	72,877.2	25.6%	357,564.7	0.0%
Special Appropriations	1,124,181.5	-	245,418.5	245,418.5	-	240,000.0	(5,418.5)	-2.2%	240,000.0	0.0%
Statewide Items Total	**1,745,568.1**	**459,845.4**	**705,263.9**	**705,263.9**	**-**	**802,098.4**	**96,834.5**	**13.7%**	**802,098.4**	**-**
Statewide Total	**5,652,203.0**	**4,539,832.3**	**4,799,681.0**	**4,799,681.0**	**4,046,714.8**	**5,077,093.3**	**277,412.3**	**580.0%**	**1,030,378.5**	**25.5%**
Fund Transfers (non-additive)	3,254,644.2	(445,520.6)	(452,039.0)	(452,039.0)	(1,057,407.7)	1,773,472.9	2,225,511.9	-492.3%	2,830,880.6	-267.7%

Position Comparison

The Governor's FY11 operating budget request increases permanent full-time (PFT) positions by 34 from the FY10 Management Plan. Departments also added 50 PFTs during FY10 (to the number authorized by the legislature) so the total increase from the FY10 authorized level is 84. Overall, the Governor's FY11 statewide budget contains 24,585 total positions (full-time, part-time, and temporary).

AS 39.25 (State Personnel Act) establishes the system of personnel administration within the state and describes the Governor's authority to create and appoint positions within the executive branch. Positions (i.e. Position Control Numbers – PCNs) do not necessarily equate to the number of actual employees. More than one person can fill a single PCN, and many PCNs are vacant.

Permanent Full-time Positions Only

Agency	FY10 Authorized	FY10 Management Plan	FY11 Governor	Positions Added by Agencies in FY10	Additional Positions Requested in FY11	TOTAL Change from FY10 to FY11
Administration	1,068	1,070	1,069	2	(1)	1
Commerce, Community and Economic Development	525	529	528	4	(1)	3
Corrections	1,510	1,510	1,509	-	(1)	(1)
Education and Early Development	332	332	334	-	2	2
Environmental Conservation	532	532	538	-	6	6
Fish and Game	910	910	912	-	2	2
Office of the Governor	155	156	156	1	-	1
Health and Social Services	3,457	3,474	3,469	17	(5)	12
Labor and Workforce Development	834	836	847	2	11	13
Law	552	553	555	1	2	3
Military and Veterans Affairs	283	296	295	13	(1)	12
Natural Resources	779	779	780	-	1	1
Public Safety	863	863	870	-	7	7
Revenue	866	866	869	-	3	3
Transportation and Public Facilities	3,202	3,207	3,190	5	(17)	(12)
University of Alaska	4,694	4,694	4,694	-	-	-
Alaska Court System	732	737	763	5	26	31
Legislature	246	246	246	-	-	-
TOTAL - ALL Agencies	**21,540**	**21,590**	**21,624**	**50**	**34**	**84**

Language Sections of the Governor's FY2011 Operating Budget

Section Deleted; appeared in FY10 Operating Budget

LEGISLATIVE INTENT. (a) It is the intent of the legislature that the amounts appropriated by this Act are the full amounts that will be appropriated for those purposes for the fiscal year ending June 30, 2011.

Legislative Fiscal Analyst Comment: *In recent years the legislature has taken steps to reduce the need for routine supplemental appropriations. The intent of this section was to emphasize that supplemental operating appropriations are designed to be limited to needs that are truly unanticipated.*

(b) It is the intent of the legislature that money appropriated from the general fund be expended conservatively. If an appropriation includes the unexpended and unobligated balance of program receipts collected in a prior fiscal year, it is the intent of the legislature that the program receipts be expended, as allowed, before the expenditure of other money appropriated from the general fund. It is the intent of the legislature that the office of management and budget and the Department of Administration assist the legislature in carrying out this intent.

Legislative Fiscal Analyst Comment: *The legislature may wish to discuss the impact of this section, in terms of both general fund savings and accounting headaches. The legislature may wish to consider revising the language to allow a limited amount of carryforward of program receipts in those programs in which carryforward acts as a cushion against fluctuations in receipts.*

Section Deleted; appeared in FY10 Operating Budget

COSTS OF JOB RECLASSIFICATIONS. The money appropriated in this Act includes the amount necessary to pay the costs of personal services due to reclassification of job classes during the fiscal year ending June 30, 2011.

Legislative Fiscal Analyst Comment: *This section was added by the legislature several years ago in response to agency requests for supplemental appropriations to cover the costs of reclassification of selected job classes that the legislature was not informed of in advance. The section clarifies that the cost of reclassifying positions is to be absorbed in an agency's existing budget.*

Section Deleted; appeared in FY09 Operating Budget

PERSONAL SERVICES TRANSFERS. It is the intent of the legislature that agencies restrict transfers to and from the personal services line. It is the intent of the legislature that the office of management and budget submit a report to the legislature on January 15, 2011, that describes and justifies all transfers to and from the personal services line by executive branch agencies during the first half of the fiscal year ending June 30, 2011. It is the intent of the legislature that the office of management and budget submit a report to the legislature on August 1, 2011, that describes and justifies all transfers to and from the personal services line by executive branch agencies during the second half of the fiscal year ending June 30, 2011.

* **Sec. 4. ALASKA AEROSPACE CORPORATION.** Federal receipts and other corporate receipts of the Alaska Aerospace Corporation received during the fiscal year ending June 30, 2011, that are in excess of the amount appropriated in sec. 1 of this Act are appropriated to the Alaska Aerospace Corporation for operations during the fiscal year ending June 30, 2011.

Legislative Fiscal Analyst Comment: *This section is intended to maximize the Alaska Aerospace Corporation's (AAC) ability to attract launch activity by eliminating all questions regarding the corporation's ability to accept and spend receipts in a timely manner.*

Funding: The estimated impact of this section is zero. Historically, the appropriations to the corporation in section 1 have been sufficient to avoid application of this section.

*** Sec. 5. ALASKA HOUSING FINANCE CORPORATION.** (a) The board of directors of the Alaska Housing Finance Corporation anticipates that $42,549,257 of the adjusted net income from the second preceding fiscal year will be available in fiscal year 2011 for payment of debt service, appropriation in this Act, appropriation for capital projects, and transfer to the Alaska debt retirement fund (AS 37.15.011(a)).

Subsection a specifies the amount of corporate receipts that will be made available to the state as an FY11 dividend payment but does not appropriate the dividend.

Legislative Fiscal Analyst Comment: *The statutory dividend is the lesser of $103 million or 75% of the corporation's net income in the most recently completed fiscal year (AS 56.089(c)).*

(b) A portion of the amount set out in (a) of this section for the fiscal year ending June 30, 2011, will be retained by the Alaska Housing Finance Corporation for the following purposes in the following estimated amounts:

(1) $1,000,000 for debt service on University of Alaska, Anchorage, dormitory construction, authorized under ch. 26, SLA 1996;

(2) $2,592,558 for debt service on the bonds authorized under ch. 1, SSSLA 2002;

(3) $2,548,195 for debt service on the bonds authorized under sec. 4, ch. 120, SLA 2004.

Subsection b makes no appropriation; it informs the legislature that Alaska Housing Finance Corporation (AHFC) will retain $6,140,800 of the dividend to pay debt service on various AFHC-financed capital projects authorized by past legislatures. This leaves a net dividend of $36,408,500 ($26.1 million less than in FY10) for the legislature to spend as it wishes.

Legislative Fiscal Analyst Comment: *AHFC retains the amount required to make debt service payments on state-requested corporate debt in order to avoid higher interest rates that bonds with debt service subject to appropriation might command.*

(c) After deductions for the items set out in (b) of this section, $36,408,504 of the remainder of the amount set out in (a) of this section is available for appropriation for capital projects.

Subsection c informs the legislature that, after the amounts retained in subsection b, the remaining amount of the AHFC Dividend is available for other purposes.

Legislative Fiscal Analyst Comment: *Although corporate dividends are traditionally reserved for use in the capital budget, there is no requirement that this must occur—the legislature can appropriate corporate dividends for any purpose.*

Legislative Fiscal Analyst Recommendation: *Section c should state that the $36.4 million is available for "other purposes" rather than limiting*

permissible appropriations to capital projects. Limiting use of the dividend to capital projects conflicts with section d, which mentions other uses for dividends.

(d) After deductions for the items set out in (b) of this section and deductions for appropriations for operating and capital purposes are made, any remaining balance of the amount set out in (a) of this section for the fiscal year ending June 30, 2011, is appropriated to the Alaska debt retirement fund (AS 37.15.011(a)).

Subsection d appropriates the "unused" portion of the dividend to the Alaska Debt Retirement Fund (ADRF).

Legislative Fiscal Analyst Comment: *Appropriating any unused portion of the dividend to the ADRF was common in recent years. Because the Governor's bill incorporates a legislative request to fund debt service directly, the reference to the ADRF is unnecessary.*

Legislative Fiscal Analyst Recommendation: *Appropriate the "unused" balance of dividends to the Alaska Capital Income Fund (AS 37.05.565). This will ensure that all dividends are appropriated while furthering the tradition of making corporate dividends available for capital projects.*

(e) All unrestricted mortgage loan interest payments, mortgage loan commitment fees, and other unrestricted receipts received by or accrued to the Alaska Housing Finance Corporation during fiscal year 2011 and all income earned on assets of the corporation during that period are appropriated to the Alaska Housing Finance Corporation to hold as corporate receipts for the purposes described in AS 18.55 and AS 18.56. The corporation shall allocate its corporate receipts between the Alaska housing finance revolving fund (AS 18.56.082) and senior housing revolving fund (AS 18.56.710(a)) in accordance with procedures adopted by the board of directors.

Subsection e appropriates certain FY11 receipts of AHFC to the corporation and permits the corporation to allocate those receipts to the AHFC revolving loan fund and the senior housing revolving fund.

Funding: The corporate receipts used for purposes other than operating costs do not appear in the bill summary or in Legislative Finance reports. Corporate operating costs are appropriated in section 1.

(f) The sum of $800,000,000 is appropriated from the corporate receipts appropriated to the Alaska Housing Finance Corporation and allocated between the Alaska housing finance revolving fund (AS 18.56.082) and senior housing revolving fund (AS 18.56.710(a)) under (e) of this section to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2011, for housing loan programs not subsidized by the corporation.

(g) The sum of $30,000,000 is appropriated from the portion of the corporate receipts appropriated to the Alaska Housing Finance Corporation and allocated between the Alaska housing finance revolving fund (AS 18.56.082) and senior housing revolving fund (AS 18.56.710(a)) under (e) of this section that is derived from arbitrage earnings to the Alaska Housing Finance Corporation for the fiscal year ending June 30, 2011, for housing loan programs and projects subsidized by the corporation.

Subsections f and g appropriate bond proceeds and arbitrage earnings to the various housing programs.

Legislative Fiscal Analyst Comment: *The entire AHFC section was removed from the FY10 operating bill based upon a comment/recommendation that Legislative Finance found the section redundant. Legislative Finance later determined that parts of the section were informative, even if unnecessary, and asked OMB to restore them in FY11.*

Legislative Fiscal Analyst Recommendation: *Because AHFC has statutory authority to issue bonds and transfer arbitrage earnings to their loan programs, subsections (f) and (g) are neither informative nor necessary and can be removed.*

(h) The sum of $36,000,000 is appropriated from federal receipts to the Alaska Housing Finance Corporation for housing assistance payments under the Section 8 program for the fiscal year ending June 30, 2011.

Subsection h appropriates federal receipts received by the corporation for Section 8 housing assistance payments.

Legislative Fiscal Analyst Recommendation: *These "pass through" amounts have been excluded from Legislative Finance reports on the operating bill. That treatment may be incorrect, and the legislature may wish to discuss recording the appropriation in budget reports.*

*** Sec. 6. ALASKA PERMANENT FUND CORPORATION.** (a) The amount authorized under AS 37.13.145(b) for transfer by the Alaska Permanent Fund Corporation on June 30, 2011, is appropriated from the earnings reserve account (AS 37.13.145(a)) to the dividend fund (AS 43.23.045(a)) for the payment of permanent fund dividends, and for administrative and associated costs for the fiscal year ending June 30, 2011.

Subsection a appropriates funds from the earnings reserve account to the dividend fund for payment of dividends and administrative and associated costs. Earnings in FY11 (as calculated on the last day of the fiscal year) will be used to pay PFDs in October of 2011 and to pay administrative and associated costs throughout FY11.

Funding: The projected amount of dividend transfer for FY11 is $637 million including administrative and associated costs. Administrative and associated costs for FY11 are reflected in section 1 of the budget. They include the cost of operating the PFD Division, hold-harmless provisions that affect people served by the Department of Health & Social Services and "cost recovery" programs in various departments.

(b) After money is transferred to the dividend fund under (a) of this section, the amount calculated under AS 37.13.145(c) to offset the effect of inflation on the principal of the Alaska permanent fund during fiscal year 2011 is appropriated from the earnings reserve account (AS 37.13.145(a)) to the principal of the Alaska permanent fund.

Subsection b is an "inflation proofing" provision, which transfers money from the Earnings Reserve Account to principal.

Funding: The projected amount of inflation proofing for FY11 is $886 million.

(c) The amount required to be deposited under AS 37.13.010(a)(1) and (2) during fiscal year 2011 is appropriated to the principal of the Alaska permanent fund in satisfaction of that requirement.

Subsection c appropriates 25% of mineral lease rentals, royalties, royalty sales, etc. to the principal of the Permanent Fund as required by constitution or statute.

Funding: These deposits to the Permanent Fund do not appear in the bill summary or in Legislative Finance reports because the deposits are constitutionally dedicated rather than appropriated. The Permanent Fund projects that dedicated deposits will be $673 million during FY11.

*** Sec. 7. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY.** (a) The sum of $23,423,000 has been declared available by the Alaska Industrial Development and Export Authority board of directors for appropriation as the fiscal year 2011 dividend from the unrestricted balance in the Alaska Industrial Development and Export Authority revolving fund (AS 44.88.060).

Subsection a informs the legislature that the anticipated annual Alaska Industrial Development and Export Authority (AIDEA) corporate dividend to the state will be $23.4 million (the FY10 dividend was $22.72 million). By statute (AS 44.88.088) the dividend made available should not be less than 25 percent and not more than 50 percent of the base year statutory net income. This year's dividend is near the maximum available by law.

(b) After deductions for appropriations made for operating and capital purposes are made, any remaining balance of the amount set out in (a) of this section for the fiscal year ending June 30, 2011, is appropriated to the Alaska debt retirement fund (AS 37.15.011(a)).

Subsection b appropriates the "unused" portion of the dividend to the Alaska Debt Retirement Fund.

Legislative Fiscal Analyst Comment: *Appropriating any unused portion of the dividend to the ADRF was common in recent years. Because the Governor's bill incorporates a legislative request to fund debt service directly, the reference to the ADRF is unnecessary.*

Legislative Fiscal Analyst Recommendation: *Appropriate the "unused" balance of dividends to the Alaska Capital Income Fund (AS 37.05.565). This will ensure that all dividends are appropriated while furthering the tradition of making corporate dividends available for capital projects.*

*** Sec. 8. DEPARTMENT OF ADMINISTRATION.** The amount necessary to fund the uses of the state insurance catastrophe reserve account described in AS 37.05.289(a) is appropriated from that account to the Department of Administration for those uses during the fiscal year ending June 30, 2011.

Section 8 references the statute that allows up to $5 million to be swept from lapsing general fund appropriations for the catastrophe reserve account. It appropriates funds from the catastrophe reserve account to the Department of Administration to obtain insurance, establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program.

Legislative Fiscal Analyst Comment: *This section re-emphasizes the state's authority to expend funds from the state insurance catastrophe reserve account described in AS 37.05.289(a). The language may not be necessary, but it does no harm.*

The catastrophe reserve account sweeps lapsing general fund appropriations annually to maintain a balance not to exceed $5 million. If these funds were not available, two

opportunities would remain for meeting catastrophic situations: 1) supplemental appropriations by the legislature; and 2) judgment legislation. Delays that could occur with legislative remedies would cause difficulty in situations that require immediate action.

Funding: This provision has no FY11 fiscal impact; it allows money appropriated elsewhere to be transferred and spent but does not increase total appropriations.

* **Sec. 9. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT.** (a) The unexpended and unobligated balance of federal money apportioned to the state as national forest income that the Department of Commerce, Community, and Economic Development determines would lapse into the unrestricted portion of the general fund June 30, 2011, under AS 41.15.180(j) is appropriated as follows:

1. up to $170,000 is appropriated to the Department of Transportation and Public Facilities, commissioner's office, for road maintenance in the unorganized borough, for the fiscal year ending June 30, 2011;
2. the balance remaining after the appropriation made by (1) of this subsection is appropriated to home rule cities, first class cities, second class cities, a municipality organized under federal law, or regional educational attendance areas entitled to payment from the national forest income for the fiscal year ending June 30, 2011, to be allocated among the recipients of national forest income according to their pro rata share of the total amount distributed under AS 41.15.180(c) and (d) for the fiscal year ending June 30, 2011.

Subsection 1 appropriates $170,000 of National Forest Receipts to DOT&PF for road maintenance in the unorganized borough.

Subsection 2 appropriates any remaining balance to be paid as grants to local governments in the unorganized borough.

Legislative Fiscal Analyst Comment: *National Forest receipts consist of national forest income received by DCCED for the portion of national forests located within the unorganized borough. By law, 75 percent of the income is allocated to public schools and 25 percent for maintenance of public roads in the unorganized borough.*

AS 41.15.180(j) states that the amount in the national forest receipts fund remaining at the end of the fiscal year lapses into the general fund and shall be used for school and road maintenance in the affected areas of the unorganized borough for which direct distribution has not been made. The amount appropriated in subsection 1 ($170.0) has not changed for several years.

Subsection 2 appears to change the intended purpose of lapsing receipts. Under AS 41.15.180(j) lapsing money must be spent in areas that do not receive money under AS 41.15.180(c) and (d). Subsection 2 takes money that would otherwise be spent in unorganized areas and appropriates it to local governments.

(b) An amount equal to the salmon enhancement tax collected under AS 43.76.010 - 43.76.028 in calendar year 2009 and deposited in the general fund under AS 43.76.025(c) is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in fiscal year 2011 to qualified regional associations operating within a region designated under AS 16.10.375.

Funding: These "pass through" amounts are excluded from Legislative Finance reports on the operating bill.

(c) An amount equal to the seafood development tax collected under AS 43.76.350 - 43.76.399 in calendar year 2009 and deposited in the general fund under AS 43.76.380(d) is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in fiscal year 2011 to qualified regional seafood development associations.

Funding: These "pass through" amounts are excluded from Legislative Finance reports on the operating bill.

(d) The sum of $23,673,600 is appropriated from the power cost equalization endowment fund (AS 42.45.070) to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, power cost equalization allocation, for the fiscal year ending June 30, 2011.

Subsection d appropriates seven percent of the Power Cost Equalization Endowment to Alaska Energy Authority (AEA) for the Power Cost Equalization (PCE) program. As in the past, this is the maximum withdrawal that can occur under the statutory formula (AS 42.45.070-085). The amount is an increase of $2,780,900 over FY10.

(e) If the amount appropriated in (d) of this section is not sufficient to pay power cost equalization program costs without proration, the amount necessary to pay power cost equalization program costs without proration, estimated to be $12,626,400 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, power cost equalization allocation, for the fiscal year ending June 30, 2011.

Subsection e is an open-ended general fund appropriation to AEA for the PCE program. Combined with the appropriation in subsection d, this appropriation will provide the amount required to fund the statutory formula for the PCE program.

Funding: The estimated impact of this section is $12,626,400—which is $4,140,900 less than the estimated UGF appropriation in FY10. The UGF reduction is due to two factors:

- the amount available from the PCE Endowment increased by $2.78 million; and
- AEA revised its expenditure projections downward by $1.34 million due to projected reductions in cost of fuel, number of eligible grantees, and power consumption.

(f) If the amount necessary to make national forest receipts payments under AS 41.15.180 exceeds the amount appropriated in sec. 1 of this Act, the amount necessary to make national forest receipt payments is appropriated from federal receipts received for that purpose to the Department of Commerce, Community, and Economic Development, revenue sharing, national forest receipts allocation, for the fiscal year ending June 30, 2011.

Subsection f is intended to ensure that all federal funding received for the National Forest Receipts program is expeditiously disbursed to communities.

Legislative Fiscal Analyst Recommendation: *To improve clarity, the legislature may want to place this subsection under subsection 9(a), where other National Forest Receipts appropriations occur.*

Funding: The estimated impact of this section is zero. The $17.1 million appropriated in section 1 for this program should be sufficient.

(g) If the amount necessary to make payment in lieu of taxes payments under 3 AAC 152 exceeds the amount appropriated in sec. 1 of this Act, the amount necessary to make payment in lieu of taxes payments is appropriated from federal receipts received for that purpose to the Department of Commerce, Community, and Economic Development, revenue sharing, payment in lieu of taxes allocation, for the fiscal year ending June 30, 2011.

Subsection g is intended to ensure that PILT payments are expeditiously disbursed to communities. Payments in Lieu of Taxes (PILT) are federal payments to local governments that help offset losses in property taxes due to nontaxable federal lands within their boundaries.

Funding: The estimated impact of this section is zero. The $10.1 million appropriated in section 1 for this program should be sufficient.

*** Sec. 10. DEPARTMENT OF HEALTH AND SOCIAL SERVICES.** The sum of $1,200,000 is appropriated from the general fund to the Department of Health and Social Services, office of children's services, for the purpose of paying judgments and settlements against the state for the fiscal year ending June 30, 2011.

Section 10 appropriates funding for the FY11 settlement costs of a lawsuit filed by four Alaska Native tribes. The Curyung, Ekwok, Kwinhagak, and Chevak tribes alleged that the state violated the federal Indian Child Welfare Act (ICWA) when it (1) failed to notify the tribe when it took custody of a young tribal member; and (2) failed to meet placement preferences under ICWA; and (3) failed to provide proper and timely notice of placement changes for children (who are tribal members) that were taken from their parents due to abuse or neglect.

Legislative Fiscal Analyst Comment: *A settlement has been reached between the tribal organizations and the state. The settlement mandates that the state pay $1.2 million in FY10-FY12. An FY09 supplemental appropriation of $1.3 million GF to the Department of Law paid the FY10 settlement amount. The legislature can also expect a request of $1.2 million GF from the Department of Health and Social Services in the FY12 budget for the final settlement amount. Procedural changes within OCS, relating to the handling of tribal children, were among other agreed upon issues.*

*** Sec. 11. DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT.** (a) If the amount necessary to pay benefit payments from the fishermen's fund (AS 23.35.060) exceeds the amounts appropriated in sec. 1 of this Act, the additional amount necessary to pay those benefit payments is appropriated from that fund to the Department of Labor and Workforce Development, fishermen's fund allocation, for the fiscal year ending June 30, 2011.

This section allows benefit payments to exceed the amount appropriated in section 1, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero.

(b) If the amount necessary to pay benefit payments from the second injury fund (AS 23.30.040(a)) exceeds the amount appropriated in sec. 1 of this Act, the additional amount necessary to make those benefit payments is appropriated from the second injury fund to the Department of Labor and Workforce Development, second injury fund allocation, for the fiscal year ending June 30, 2011.

This section allows benefit payments to exceed the amount appropriated in section 1, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero.

(c) If the amount necessary to pay benefit payments from the workers' compensation benefits guaranty fund (AS 23.30.082) exceeds the amount appropriated in sec. 1 of this Act, the additional amount necessary to pay those benefit payments is appropriated from that fund to the Department of Labor and Workforce Development, workers' compensation benefits guaranty fund allocation, for the fiscal year ending June 30, 2011.

This section allows benefit payments to exceed the amount appropriated in section 1, ensuring that expenditure authorization will be sufficient to pay benefits required by law.

Funding: The estimated impact of this section is zero.

(d) If the amount of designated program receipts received under AS 43.20.014(a)(3) and deposited in the vocational education account (AS 37.10.200) during the fiscal year ending June 30, 2011, exceeds the amount appropriated in sec. 1 of this Act for purposes described in AS 37.10.200, the additional designated program receipts are appropriated to the Department of Labor and Workforce Development, Alaska Vocational Technical Center, Alaska Vocational Technical Center allocation, for the fiscal year ending June 30, 2011.

Legislative Fiscal Analyst Comment: AS 43.20.014(a)(3) reads:

> **Income tax education credit.** (a) A taxpayer is allowed a credit against the tax due under this chapter for cash contributions accepted ... (3) by a state-operated vocational technical education and training school.

There are six problems with the Governor's language:

- *The contributions are not program receipts as the Department of Revenue defines them;*
- *contributions under AS 43.20.014 do not go into the vocational education account; they go directly to a school;*
- *the recipient of the contributions (AVTEC) is not named;*
- *receipts should not be limited to the purposes of the vocational education account, which appears to be unrelated to these tax credits;*
- *the tax credits apply to several types of taxes; and*
- *the money could lapse if its use is limited to FY11.*

Legislative Fiscal Analyst Recommendation: *Subsection d should be modified to resolve these problems.*

If the amount of contributions received by the Alaska Vocational Technical Center under AS 43.20.014(a)(3), AS 21.89.070, AS 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, and AS 43.77.045 during the fiscal year ending June 30, 2011, exceeds the amount appropriated in sec. 1 of this Act, the additional contributions are appropriated to the Department of Labor and Workforce Development, Alaska Vocational Technical Center, Alaska Vocational Technical Center allocation. (Add non-lapse provision to section 31.)

*** Sec. 12. DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS.** Five percent of the market value of the average ending balances in the Alaska veterans' memorial endowment fund (AS 37.14.700) for the fiscal years ending June 30, 2008, June 30, 2009, and June 30, 2010, is appropriated from the Alaska veterans' memorial endowment fund to the Department of

Military and Veterans' Affairs for the purposes specified in AS 37.14.730(b) for the fiscal year ending June 30, 2011.

Funding: Endowment payout is expected to be about $12,800. Proceeds may be used for maintenance, repair and construction of monuments to the military.

*** Sec. 13. DEPARTMENT OF NATURAL RESOURCES.** (a) Federal receipts received for fire suppression during the fiscal year ending June 30, 2011, are appropriated to the Department of Natural Resources for fire suppression activities for the fiscal year ending June 30, 2011.

Subsection a appropriates an open-ended amount of federal receipts received for fire suppression to the Department of Natural Resources.

Funding: A $2 million federal receipts estimate for fire suppression has been used for several years.

NEW SUBSECTION:

(b) The sum of $1,000,000 is appropriated from federal receipts to the Department of Natural Resources, RS 2477/Navigability Assertions and Litigation Support allocation, for the United States Department of the Interior, Bureau of Land Management navigable water identification project, for the fiscal years ending June 30, 2011, and June 30, 2012.

Subsection b will provide two-year authorization for receipt of federal grant funds (no match is required) to produce navigability reports of watersheds and waterbodies in Alaska for the Department of the Interior, Bureau of Land Management (BLM). According to the Department, the reports will provide information essential to public land managers, and can also be used to support state applications for federal Recordable Disclaimer's of Interest (RDIs), which recognize state ownership of lands beneath waters that were navigable at the time of statehood. The funds will pay for research services provided by the State Historical Preservation Office and the Alaska Department of Fish and Game, through reimbursable services agreements with the Division of Mining, Land and Water.

Legislative Fiscal Analyst Comment: *Although the Department does not currently anticipate requesting UGF to replace federal funding, future decisions regarding funding continued research to support the RDIs will be necessary if the federal funds do not continue.*

Funding: According to the Department, up to $1 million may be available for two years (ending 6/30/12).

*** Sec. 14. DEPARTMENT OF PUBLIC SAFETY.** (a) The sum of $1,393,200 is appropriated from the general fund to the Department of Public Safety, division of Alaska state troopers, narcotics task force, for drug and alcohol enforcement efforts during the fiscal year ending June 30, 2011.

Subsection a appropriates $1.4 million in general funds for drug and alcohol enforcement efforts.

(b) If the amount of federal receipts received by the Department of Public Safety from the justice assistance grant program during the fiscal year ending June 30, 2011, for drug and alcohol enforcement efforts exceeds $1,289,100, the appropriation in (a) of this section is reduced by the amount by which the federal receipts exceed $1,289,100.

Subsection b is contingency language that requires a dollar-for-dollar reduction of the previous subsection's general fund appropriation if DPS receives over $1.3 million in federal grants for drug and alcohol enforcement efforts.

Legislative Fiscal Analyst Comment: *The FY10 operating budget included similar language. DPS received $1,476,855 of federal funds in FY10 for this purpose resulting in a reduction of $187,775 of general funds in the FY10 budget.*

Funding: Because the amount of federal funds for FY11 is unknown, Legislative Finance is estimating the cost of the section to be the full $1.4 million in general funds.

(c) The sum of $1,270,000 is appropriated from the general fund to the Department of Public Safety, division of Alaska state troopers, special projects, for rural alcohol interdiction efforts for the fiscal year ending June 30, 2011.

Subsection c appropriates $1.3 million in general funds for rural alcohol interdiction efforts.

(d) If federal receipts are received by the Department of Public Safety for the rural alcohol interdiction program during the fiscal year ending June 30, 2011, the appropriation in (c) of this section is reduced by the amount of the federal receipts.

Subsection d is contingency language that requires a dollar-for-dollar reduction of the previous subsection's general funds.

Legislative Fiscal Analyst Comment: *The FY10 operating budget included similar language. DPS received $200,000 of federal funds for this purpose resulting in an equal reduction of general funds.*

Funding: Because the amount of federal funds for FY11 is unknown, Legislative Finance is estimating the cost of the section to be the full $1.3 million in general funds.

*** Sec. 15. DEPARTMENT OF REVENUE.** (a) The minimum amount of program receipts received for the fiscal year ending June 30, 2011, by the child support services agency that is required to secure the federal funding appropriated from those program receipts for the child support enforcement program in sec. 1 of this Act is appropriated to the Department of Revenue, child support services agency, for the fiscal year ending June 30, 2011.

Subsection a permits an unspecified amount of program receipts collected by the Child Support Services Division (CSSD) to be spent to capture the federal receipts appropriated in section 1.

Legislative Fiscal Analyst Comment: *This section may be no longer relevant. In prior years, it was utilized as a mechanism to ensure required match for federal receipts. The last few years, however, have seen a decline in Temporary Assistance for Needy Families (TANF) cases, which has resulted in a significant decline in receipts to the agency. The receipts were backfilled in FY10 with American Recovery and Reinvestment Act of 2009 (ARRA) stimulus dollars and general funds. When the ARRA funding expires, general funds will likely be needed as replacement.*

Funding: The estimated impact of this section is zero.

(b) Program receipts collected as cost recovery for paternity testing administered by the child support services agency, as required under AS 25.27.040 and 25.27.165, and as collected under AS 25.20.050(f), are appropriated to the Department of Revenue, child support services agency, for the fiscal year ending June 30, 2011.

Subsection b appropriates (to CSSD) receipts collected to recover the costs of paternity testing.

Funding: The Department estimates that paternity testing will generate $46,000 in program receipts.

*** Sec. 16. OFFICE OF THE GOVERNOR.** (a) If the 2011 fiscal year-to-date average price of Alaska North Slope crude oil exceeds $35 a barrel on August 1, 2010, the amount of money corresponding to the 2011 fiscal year-to-date average price, rounded to the nearest dollar, as set out in the table in (c) of this section is appropriated from the general fund to the office of the governor for distribution to state agencies to offset increased fuel and utility costs.

(b) If the 2011 fiscal year-to-date average price of Alaska North Slope crude oil exceeds $35 a barrel on December 1, 2010, the amount of money corresponding to the 2011 fiscal year-to-date average price, rounded to the nearest dollar, as set out in the table in (c) of this section is appropriated from the general fund to the office of the governor for distribution to state agencies to offset increased fuel and utility costs.

(c) The following table shall be used in determining the amount of the appropriations in (a) and (b) of this section:

2011 FISCAL YEAR-TO-DATE AVERAGE PRICE OF ALASKA NORTH SLOPE CRUDE OIL	AMOUNT
$90 or more	$27,500,000
89	27,000,000
88	26,500,000
87	26,000,000
86	25,500,000
85	25,000,000
84	24,500,000
83	24,000,000
82	23,500,000
81	23,000,000
80	22,500,000
79	22,000,000
78	21,500,000
77	21,000,000
76	20,500,000
75	20,000,000
74	19,500,000
73	19,000,000

72	18,500,000
71	18,000,000
70	17,500,000
69	17,000,000
68	16,500,000
67	16,000,000
66	15,500,000
65	15,000,000
64	14,500,000
63	14,000,000
62	13,500,000
61	13,000,000
60	12,500,000
59	12,000,000
58	11,500,000
57	11,000,000
56	10,500,000
55	10,000,000
54	9,500,000
53	9,000,000
52	8,500,000
51	8,000,000
50	7,500,000
49	7,000,000
48	6,500,000
47	6,000,000
46	5,500,000
45	5,000,000
44	4,500,000
43	4,000,000
42	3,500,000
41	3,000,000
40	2,500,000
39	2,000,000
38	1,500,000

37	1,000,000
36	500,000
35	0

(d) It is the intent of the legislature that a payment under (a) or (b) of this section be used to offset the effects of higher fuel and utility costs for the fiscal year ending June 30, 2011.

(e) The governor shall allocate amounts appropriated in (a) and (b) of this section as follows:

(1) to the Department of Transportation and Public Facilities, 65 percent of the total plus or minus 10 percent;

(2) to the University of Alaska, eight percent of the total plus or minus three percent;

(3) to the Department of Health and Social Services and the Department of Corrections, not more than five percent each of the total amount appropriated;

(4) to any other state agency, not more than four percent of the total amount appropriated;

(5) the aggregate amount allocated may not exceed 100 percent of the appropriation.

Subsections a and b appropriate up to $55 million, depending on the year-to-date average price of crude oil: up to $27.5 million on August 1, 2010 and $27.5 million on December 1, 2010. This funding is to be distributed to agencies to offset increased fuel and utility costs.

Subsection c indicates, based on the price of oil, how much funding is appropriated in subsection a.

Subsection d states legislative intent that the funding is to offset fuel and utility cost increases.

Subsection e provides guidelines for allocating the money among agencies.

Funding: OMB included a $42 million appropriation for fuel in its budget transmittal, which corresponds to the forecast oil price of $77/bbl.

Legislative Fiscal Analyst Comment: *Similar trigger mechanisms in recent operating bills appear to have functioned as designed—providing funding for fuel without permitting high fuel costs to become part of the base budget—and the legislature may wish to continue the concept.*

Legislative Fiscal Analyst Recommendation: *Although the trigger concept has worked as designed, it may be time to recognize that the chart is outdated. The legislature may want to cut the table off at $60/bbl, add $25 million to base budgets of Departments, and reduce the trigger amounts accordingly.*

NEW SUBSECTION:

(f) The sum of $6,500,000 is appropriated from receipts of the Alaska Housing Capital Corporation created under AS 18.56.086 to the office of the governor for the development of an in-state natural gas pipeline.

Subsection f appropriates funds to continue work related to the development of an in-state natural gas pipeline. The increment addresses several projects:

- $2.25 million for completion of the pipeline right-of-way permitting effort;
- $500.0 for completion of the cost-of-service cost estimate for the stand alone pipeline project;
- $3.5 million to gather detailed engineering data which will become the basis for the future detailed engineering design of the project; and
- $250.0 for preparation for the sale of the in-state pipeline asset to a future pipeline company.

Legislative Fiscal Analyst Comment: *Arguably, these requests might be more appropriately placed in the Department of Natural Resources. However, moving them from the Governor's Office is unlikely to change what is done or the cost of doing it.*

The money appropriated in subsection f is from the Alaska Housing Capital Corporation, which is a subsidiary of the Alaska Housing Finance Corporation created in FY07 solely to hold a $300 million deposit of general funds. To those who believe the money was set aside to pay for development of a gasline, the fund source will appear logical. Others may object to the fund source on the grounds that the money was set aside specifically to fund future capital projects, with no mention of gasline development. The operating appropriations in subsection (f) violate the stated purpose of the original appropriation, which is limited to capital projects. Regardless of where the money appears in the budget, the total of $177 million the Governor proposes to spend from this fund must be classified as withdrawals from savings. Without this use of savings, the Governor's FY11 budget would produce a deficit of about $125 million.

Legislative Fiscal Analyst Recommendation: *Subsection (f) might be better placed in section 19, with other appropriations for gasline development.*

* **Sec. 17. UNIVERSITY OF ALASKA.** The amount of the fees collected under AS 28.10.421(d) during the fiscal year ending June 30, 2010, for the issuance of special request university plates, less the cost of issuing the license plates, is appropriated from the general fund to the University of Alaska for support of alumni programs at the campuses of the university for the fiscal year ending June 30, 2011.

Funding: The University expects to receive about $2,000 under this section.

* **Sec. 18. BOND CLAIMS.** The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well, is appropriated to the agency secured by the bond for the fiscal year ending June 30, 2011, for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond.

This section is standard language that appropriates claims against bonds for land reclamation to the agencies that will direct the reclamation.

Funding: The Department of Natural Resources estimates the impact of this section to be $50,000: $25,000 for reclamation of land use permits & leases on state lands in the Claims, Permits and Leases allocation; and $25,000 for reclamation bonds associated with timber sales on state lands in the Forest Management & Development allocation.

*** Sec. 19. GAS PIPELINE DEVELOPMENT.** The following amounts are appropriated to the named department and components from receipts of the Alaska Housing Capital Corporation created under AS 18.56.086 in the amounts stated for work associated with development of a natural gas pipeline for the fiscal year ending June 30, 2011:

DEPARTMENT AND COMPONENT	APPROPRIATION AMOUNT
(1) Administration	
Alaska Oil and Gas Conservation Commission	1,150,900
(2) Law	
Oil, gas, and mining	2,500,000
(3) Natural Resources	
Gas pipeline implementation	4,217,500
(4) Revenue	
Tax Division	1,100,000
Natural gas commercialization	1,550,000

Legislative Fiscal Analyst Comment: *In FY09, the legislature consolidated oil and gas development funding requests in the Office of the Governor, with direction to distribute the one-time funding of $7.3 million GF to the Departments of Labor and Workforce Development, Natural Resources, Law, and Revenue as needed for work associated with the Natural Gas Pipeline. Consolidation was intended to increase flexibility while easing the process of tracking statewide gasline appropriations. Although the Governor's Office distributed money at the beginning of the fiscal year (rather than on an as-needed basis as the legislature intended), the wisdom of a consolidated appropriation was demonstrated when the Department of Law transferred $550.0 to the Department of Revenue.*

Legislative Fiscal Analyst Recommendation: *Consolidate gasline appropriations (including those in section 16(f)). Make a single appropriation to the Office of the Governor, with direction to distribute the money to the Departments/allocations and for the purposes listed. Include the estimated allocations to various Departments as information.*

*** Sec. 20. FEDERAL AND OTHER PROGRAM RECEIPTS.** (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), information services fund program receipts as described in AS 44.21.045(b), Exxon Valdez oil spill trust receipts described in AS 37.05.146(b)(4), receipts of the Alaska Housing Finance Corporation, receipts of the Alaska marine highway system fund described in AS 19.65.060(a), receipts of the University of Alaska as described in AS 37.05.146(b)(2), and receipts of the Alaska Fire Standards Council described in AS 37.05.146(b)(5) that are received during the fiscal year ending June 30, 2011, and that exceed the amounts appropriated by this Act, are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

(b) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) that are received during the fiscal year ending June 30, 2011, exceed the amounts

appropriated by this Act, the appropriations from state funds for the affected program shall be reduced by the excess if the reductions are consistent with applicable federal statutes.

(c) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) that are received during the fiscal year ending June 30, 2011, fall short of the amounts appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

Subsection a provides open-ended appropriations of the types of receipts listed. Although the appropriations are conditioned on review by the Legislative Budget and Audit Committee, the Governor can increase authorization for listed fund sources without the approval of the Committee.

Subsection b is standard language that permits state authorization to be reduced if unanticipated money is received for projects funded by general funds. There is no formal process for tracking potential reductions.

Subsection c is standard language that automatically limits authorization of federal and other receipts to the amount actually received.

Funding: Although requests for approval to spend additional receipts will almost certainly be received, there is no way to determine where the increases will be, how much they will be, or what fund sources would be appropriate. Legislative Finance reports place no dollar value on appropriations made in this section.

*** Sec. 21. FUND TRANSFERS. (a)** The federal funds received by the state under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 not appropriated for grants under AS 37.05.530(d) are appropriated as follows:

(1) to the principal of the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska) and the public school trust fund (AS 37.14.110(a)), according to AS 37.05.530(g)(1) and (2); and

(2) to the principal of the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska), the public school trust fund (AS 37.14.110(a)), and the power cost equalization and rural electric capitalization fund (AS 42.45.100(a)), according to AS 37.05.530(g)(3).

Subsection a appropriates the lapsing balance of NPR-A grants (per AS 37.05.530(g)). No lapsing balance is anticipated.

Funding: The estimated fiscal impact of this section is zero.

(b) The following amounts of revenue collected during the fiscal year ending June 30, 2011, are appropriated to the fish and game fund (AS 16.05.100):

(1) receipts from the sale of crewmember fishing licenses (AS 16.05.480(a)) that are not deposited into the fishermen's fund under AS 23.35.060;

(2) range fees collected at shooting ranges operated by the Department of Fish and Game (AS 16.05.050(a)(15));

(3) fees collected at boating and angling access sites described in AS 16.05.050(a)(6) and managed by the Department of Natural Resources, division of parks and outdoor recreation, under a cooperative agreement;

(4) receipts from the sale of waterfowl conservation stamp limited edition prints (AS 16.05.826(a));

(5) fees collected for sanctuary access permits (AS 16.05.050(a)(15)).

Subsection b appropriates revenue generated by the named licenses and fees into the Fish and Game Fund. Appropriations from this revenue source use the Fish and Game Nondedicated Receipts fund code (1194) to differentiate these appropriations (which are essentially GF/PR appropriations) from the dedicated portion of the Fish and Game Fund.

Legislative Fiscal Analyst Comment: *Beginning in FY11, use of the listed receipts by the Department will appear as designated general fund (DGF) expenditures. Depositing these receipts into the F&G Fund in past budgets occurred because the receipts then appeared as "other funds" when they were spent. Now that this funding will be counted as DGF expenditures, it may be time to appropriate the funding directly to allocations that use the funding.*

Legislative Fiscal Analyst Recommendation: *Consider deleting subsection (b) and appropriating the receipts directly (as GF/Program Receipts) to the allocations that use the funding.*

Funding: The estimated fiscal impact of this subsection is $2.3 million.

(c) The following amounts are appropriated to the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010(a)) from the sources indicated:

(1) the balance of the oil and hazardous substance release prevention mitigation account (AS 46.08.020(b)) in the general fund on July 1, 2010, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2010, estimated to be $8,300,000 from the surcharge levied under AS 43.55.300.

Subsection c is standard language appropriating (to the Oil and Hazardous Substance Release Prevention Account) the balance of the Release Prevention Mitigation Account and the FY10 collections from the 4 cent per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006 changed the per barrel surcharge from $0.03 to $0.04.

(d) The following amounts are appropriated to the oil and hazardous substance release response account (AS 46.08.010(a)(2)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010) from the following sources:

(1) the balance of the oil and hazardous substance release response mitigation account (AS 46.08.025(b)) in the general fund on July 1, 2010, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2010, from the surcharge levied under AS 43.55.201.

Subsection d is standard language appropriating (to the Oil and Hazardous Substance Release Response Account) the balance of the Release Response Mitigation Account and the FY10 collections from the $0.01 cent per barrel surcharge on oil produced in the state. Amendments effective April 1, 2006 changed the per barrel surcharge from $0.02 to $0.01.

Legislative Fiscal Analyst Comment: *Based on the current balance and annual collections of $2.3 million from the one cent surcharge, the surcharge may be in effect for a few more years.*

Funding: Based on a five-year average, the projected balance of the response mitigation account that will be transferred under this section is approximately $600,000. The surcharge collected under paragraph (2) became effective when the balance of the Response Account dropped below $50 million. The drop in the balance is due to a Department of Law request for $8.8 million to investigate two oil spills which occurred in 2006 from transit pipelines operated by BP in Prudhoe Bay oil field.

(e) The portions of the fees listed in this subsection that are collected during the fiscal year ending June 30, 2011, are appropriated to the Alaska children's trust (AS 37.14.200(a)):

(1) fees collected under AS 18.50.225, less the cost of supplies, for the issuance of birth certificates;

(2) fees collected under AS 18.50.272, less the cost of supplies, for the issuance of heirloom marriage certificates;

(3) fees collected under AS 28.10.421(d) for the issuance of special request Alaska children's trust license plates, less the cost of issuing the license plates.

Subsection e appropriates (to the Alaska Children's Trust) net receipts collected during FY10 from sales of heirloom birth certificates, heirloom marriage certificates and Trust license plates.

The Alaska Children's Trust was created by Chapter 19, SLA 88. The legislature appropriated $6 million from the investment loss trust fund to the principal of the trust in Chapter 123, SLA 96. The trust was established to provide a continuing source of revenue for grants to community-based programs for the prevention of child abuse and neglect.

Funding: OMB projects $35.0 net proceeds from the sale of certificates/plates.

(f) The loan origination fees collected by the Alaska Commission on Postsecondary Education for the fiscal year ending June 30, 2011, are appropriated to the origination fee account (AS 14.43.120(u)) within the education loan fund (AS 14.42.210(a)) of the Alaska Student Loan Corporation for the purposes specified in AS 14.43.120(u).

Subsection f appropriates origination fees charged on student loans to the origination fee account within the student loan fund. The fees are intended to offset loan losses due to death, disability, bankruptcy and default.

Funding: The amount of the loan origination fee is capped by regulation at 5% and set annually by the corporation. For FY11, the Alaska Commission on Postsecondary Education has indicated that the maximum fee of 5% will be set. It is currently set at 5% and will remain so until further action is taken by the Board. Because the appropriation earmarks money within a fund, there is no impact on state expenditures.

(g) The amount of federal receipts received for disaster relief during the fiscal year ending June 30, 2011, is appropriated to the disaster relief fund (AS 26.23.300(a)).

Subsection g is standard language appropriating federal receipts for disaster relief to the Disaster Relief Fund. The Governor needs no specific appropriations to spend money in the Disaster Relief Fund; money can be spent upon declaration of a disaster.

Funding: A $9 million estimate for federal disaster relief receipts has been used for several years.

(h) The sum of $7,500,000 is appropriated from the general fund to the disaster relief fund (AS 26.23.300(a)).

Subsection h capitalizes the Disaster Relief Fund with $7.5 million of general funds (an amount equal to the FY10 capitalization).

(i) The balance of the mine reclamation trust fund income account (AS 37.14.800(a)) on June 30, 2010, and money deposited in that account during the fiscal year ending June 30, 2011, is appropriated to the mine reclamation trust fund operating account (AS 37.14.800(a)) for the fiscal year ending June 30, 2011. The amount necessary for the purposes specified in AS 37.14.820 for the fiscal year ending June 30, 2011, is appropriated from the mine reclamation trust fund operating account (AS 37.14.800(a)) to the Department of Natural Resources.

Subsection i authorizes an internal transfer of funds from the income account to the operating account, where it is available to DNR to spend without further appropriation.

Funding: The agency estimates the amount needed for mine reclamation expenditures is about $50,000 and is spent in the Claims, Permits and Leases allocation for reclamation of land use permits and leases on state lands.

(j) The sum of $15,660,000 is appropriated to the Alaska clean water fund (AS 46.03.032(a)) for the Alaska clean water loan program from the following sources:

Alaska clean water fund revenue bond receipts	$2,700,000
Federal receipts	12,960,000

(k) The sum of $13,092,200 is appropriated to the Alaska drinking water fund (AS 46.03.036(a)) for the Alaska drinking water loan program from the following sources:

Alaska drinking water fund revenue bond receipts	$2,963,000
Federal receipts	10,129,200

Subsections j and k provide money to develop sewer and water systems in Alaska communities through revolving loan programs. The state typically issues short-term bonds that are repaid with earnings from the loan programs, and uses the bond proceeds to match federal money.

(l) The amount of municipal bond bank receipts determined under AS 44.85.270(h) to be available for transfer by the Alaska Municipal Bond Bank Authority for the fiscal year ending June 30, 2010, is appropriated to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

Subsection l appropriates earnings of the Bond Bank to its earnings reserve fund.

Funding: Earnings for FY09 were $819,843. Expectations for FY10 and FY11 have declined due to the low short-term interest rate environment, in which the assets are invested.

(m) An amount equal to the bulk fuel revolving loan fund fees established under AS 42.45.250(j) and collected under AS 42.45.250(k) from July 1, 2009, through June 30, 2010, estimated to be $45,000, are appropriated from the general fund to the bulk fuel revolving loan fund (AS 42.45.250(a)).

Subsection q appropriates to the bulk fuel revolving loan fund an amount of general funds equal to the loan fund fees collected in FY10.

(n) The sum of $7,000,000 is appropriated from the Alaska sport fishing enterprise account (AS 16.05.130(e)) in the fish and game fund (AS 16.05.100) to the Alaska fish and game revenue bond redemption fund (AS 37.15.770).

Subsection n transfers the amount collected under the surcharge on sport fish licenses (created by SB 147 (Ch 94, SLA 2005)) from the sport fish enterprise account, where the revenue is deposited, to the bond redemption fund. The transfer is for payment of debt service on bonds authorized for hatchery construction. As both funds are subfunds of the Fish and Game Fund, this section has no fiscal impact; it is an attempt to preempt legal issues associated with the fisheries revenue bonds.

(o) An amount equal to the federal receipts deposited in the Alaska sport fishing enterprise account (AS 16.05.130(e)), not to exceed $1,644,800, as reimbursement for the federally allowable portion of the principal balance payment on the sport fishing revenue bonds series 2006 is appropriated from the Alaska sport fishing enterprise account (AS 16.05.130(e)) to the fish and game fund (AS 16.05.100).

Subsection o clarifies that the Department chooses to use $1.6 million of current federal funding as reimbursement. They may use federal operating receipts as reimbursement for a portion of debt service payments on the "Sportfish Bonds" issued in 2006 (see Section 23(u)).

Legislative Fiscal Analyst Comment: *The Department's action increases flexibility in the use of existing federal receipts by placing federal money in the sport fishing enterprise account. Once there, the money can be used for sport fishing facilities intended to directly benefit license purchasers.*

Funding: The section simply transfers funds between accounts within the Fish and Game Fund; there is no direct fiscal impact.

(p) The amount received under AS 18.67.162 as program receipts, including donations and recoveries of or reimbursement for awards made from the fund, during the fiscal year ending June 30, 2011, is appropriated to the crime victim compensation fund (AS 18.67.162).

Subsection p capitalizes the Crime Victim Compensation Fund with "money from donations, recoveries of or reimbursements for awards made from the fund, income from the fund, and other program receipts."

Legislative Fiscal Analyst Comment: *Chapter 112, SLA 2008 (HB 414) added language to the effect that money appropriated to the fund "may include donations, recoveries of or reimbursements for awards made by the fund, income from the fund, and other program receipts."*

(q) If the balance of the oil and gas tax credit fund (AS 43.55.028) is insufficient to purchase transferable tax credit certificates issued under AS 43.55.023 and production tax credit certificates issued under AS 43.55.025 that are presented for purchase, the amount by which the tax credit certificates presented for purchase exceeds the balance of the fund is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55.028).

Subsection q is an open-ended appropriation of general funds to the oil and gas tax credit fund. The section ensures that the fund balance is sufficient to purchase claims for tax credits as provided for in statute.

Legislative Fiscal Analyst Comment: *The history of this fund indicates that OMB's $180 million estimated deposit under this section may be overstated. Through a series of requests, adjustments and supplemental appropriations, the fund was capitalized with $250 million in FY08 and $400 million in FY09. The Governor requested a $300 million*

deposit for FY10, and then reduced the request by $100 million. At the request of the legislature, the Department of Revenue provided a history of claims for credits. The data prompted the legislature to transfer $450 million from the fund to the general fund, which was expected to leave a balance sufficient to pay claims in FY10 (based on claim history). To ensure a sufficient fund balance, the legislature added open-ended language similar to section q. The Governor vetoed $35 million of the transfer, and then estimated that $180 million would be transferred under the open-ended appropriation.

Funding: The projected value of this appropriation is $180 million—the same amount the Department of Revenue estimated for a similar provision in the FY10 budget.

(r) An amount equal to 20 percent of the revenue collected under AS 43.55.011(g), not to exceed $60,000,000, is appropriated from the general fund to the community revenue sharing fund (AS 29.60.850(a)).

Subsection r appropriates 20% of receipts from the progressive portion of the oil and gas production tax, to a limit of $60 million, for revenue sharing.

Legislative Fiscal Analyst Comment: *The revenue sharing fund was established with an FY08 supplemental appropriation of $180 million. Each year since then, $60 million (1/3 of the prior year balance, per AS 29.60.850) has been distributed to communities. Each year, the amount distributed was replaced by $60 million of revenue from the progressive portion of the oil and gas production tax. The FY11 distribution to communities will be $60 million (1/3 of the balance).*

As long as oil prices are high enough to generate more than $60 million from the progressive production tax, the cycle of $60 million annual deposits/distribution will continue. At prices less than about $60/barrel, the progressive tax generates no revenue and annual distributions will decline.

Funding: The full $60 million potential amount of the appropriation is included in all Legislative Finance and OMB reports.

NEW SUBSECTION

(s) If the Alaska Municipal Bond Bank Authority must draw on the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)), 2005 general bond resolution reserve, because of a default by a borrower, an amount equal to the amount drawn from the reserve is appropriated from the general fund to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

Subsection s provides a state moral obligation pledge should the need arise. The intent of this section is to increase the credit rating of the Bond Bank and lower the cost of borrowing money.

Funding: The fiscal impact of this section is estimated to be zero. The Bond Bank has been entirely self sufficient throughout its 35 year history.

(t) The sum of $1,130,982,400 is appropriated from the general fund to the public education fund (AS 14.17.300).

Subsection t appropriates $1.13 billion to the Public Education Fund (PEF).

Legislative Fiscal Analyst Comment: *Under the concept of forward funding, the amount appropriated in a given year is the amount projected to be needed in the following year. FY10 budget bills contained appropriations of $1.1 billion from the Constitutional Budget Reserve Fund (CBRF) to cover education costs in FY11, but the supermajority*

votes required to transfer funds from the CBRF failed. The supermajority vote failure does not affect K-12 funding in FY10 (because the PEF contained sufficient money to fund the formula in FY10), but it left the PEF without the $1.1 billion expected to be required for K-12 education in FY11. A return to forward funding would require an appropriation of FY11 costs in addition to the FY12 costs that are included in the Governor's operating bill. The Governor has indicated that he intends to request the $1.1 billion for FY11 in a supplemental bill.

*** Sec. 22. RETAINED FEES AND BANKCARD SERVICE FEES.** (a) The amount retained to compensate the collector or trustee of fees, licenses, taxes, or other money belonging to the state during the fiscal year ending June 30, 2011, is appropriated for that purpose to the agency authorized by law to generate the revenue. In this subsection, "collector or trustee" includes vendors retained by the state on a contingency fee basis.

Subsection a allows the state to compensate vendors that collect fees on behalf of the state. The provision originally addressed Fish and Game fishing, hunting and trapping license sales in which the vendor retained a portion of the sale. It also applies to several programs in the Department of Administration, Department of Natural Resources and Trial Courts.

Funding: These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money.

(b) The amount retained to compensate the provider of bankcard or credit card services to the state during the fiscal year ending June 30, 2011, is appropriated for that purpose to each agency of the executive, legislative, and judicial branches that accepts payment by bankcard or credit card for licenses, permits, goods, and services provided by that agency on behalf of the state, from the funds and accounts in which the payments received by the state are deposited.

Subsection b allows credit card service providers to retain fees charged for using a credit card.

Funding: These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money.

(c) The amount retained to compensate the provider of bankcard or credit card services to the state during the fiscal year ending June 30, 2011, is appropriated for that purpose to the Department of Law for accepting payment of restitution in accordance with AS 12.55.051 by bankcard or credit card, from the funds and accounts in which the restitution payments received by the Department of Law are deposited.

Subsection c allows credit card service providers to retain fees charged for using a credit card for *payment of restitution*.

Funding: These fees do not appear in the bill summary or in Legislative Finance reports on the grounds that the state has no effective control over the money.

*** Sec. 23. RETIREMENT SYSTEM FUNDING.** (a) The sum of $190,850,258 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the teachers' retirement system as an additional state contribution under AS 14.25.085 for the fiscal year ending June 30, 2011.

(b) The sum of $165,841,171 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the public employees' retirement system as an additional state contribution under AS 39.35.280 for the fiscal year ending June 30, 2011.

Legislative Fiscal Analyst Comment: *During recent years, Alaska's retirement systems accrued a multi-billion dollar unfunded liability due to a combination of investment losses, escalating health care costs, modification of actuarial assumptions and capped contribution rates. Beginning in FY08, the state began making direct contributions to retirement systems in order to stabilize employer contribution rates while repaying that unfunded liability. FY11 actuarial rates for both TRS and PERS are little changed from FY10. The appropriations in subsections (a) and (b) are the amounts the state's actuaries determined to be required.*

(c) The sum of $84,175 is appropriated from the general fund to the Department of Military and Veterans' Affairs for deposit in the defined benefit plan account in the Alaska National Guard and Alaska Naval Militia retirement system for the purpose of funding the Alaska National Guard and Alaska Naval Militia retirement system under AS 26.05.226 for the fiscal year ending June 30, 2011.

Legislative Fiscal Analyst Comment: *A $10 million FY08 supplemental appropriation to the retirement fund was intended to payoff the unfunded liability of the system. According to the December 2009 valuation, the system has an estimated unfunded liability of $85,063.*

(d) The sum of $788,937 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the judicial retirement system for the purpose of funding the judicial retirement system under AS 22.25.046 for the fiscal year ending June 30, 2011.

Legislative Fiscal Analyst Comment: *A $49 million FY08 supplemental appropriation to the retirement fund was designed to payoff the unfunded liability of the system. According to the December 2009 valuation, large investment losses in FY09 reduced the market value of system assets by about $28 million, which resulted in a re-opening of the unfunded liability gap. Unfunded liability is now estimated to be $30.5 million. The appropriation in subsection (d) responds to the unfunded liability by increasing annual contributions.*

Legislative Fiscal Analyst Recommendation: *The legislature may wish to consider an appropriation of $30.5 million to pay off the entire unfunded liability. Given a contribution rate of 26%, plus a past service rate bringing the total employer contribution rate to 43% of annual judicial salaries, the legislature may wish to review the structure of the retirement system.*

* **Sec. 24. SALARY AND BENEFIT ADJUSTMENTS.** (a) The operating budget appropriations made in sec. 1 of this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the terms for the fiscal year ending June 30, 2011, of the following ongoing collective bargaining agreements:

(1) Alaska Vocational Technical Center Teachers' Association - National Education Association, representing the employees of the Alaska Vocational Technical Center;

(2) Public Safety Employees Association, representing the regularly commissioned public safety officers unit;

(3) Inlandboatmen's Union of the Pacific, for the unlicensed marine unit;

(4) International Organization of Masters, Mates, and Pilots, for the masters, mates, and pilots unit;

(5) Marine Engineers' Beneficial Association.

(b) The operating budget appropriations made to the University of Alaska in this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2011, for university employees who are not members of a collective bargaining unit and for implementing the monetary terms of the collective bargaining agreements including the terms of the agreement providing for the health benefit plan for university employees represented by the following entities:

(1) Alaska Higher Education Crafts and Trades Employees;

(2) University of Alaska Federation of Teachers;

(3) United Academics;

(4) United Academics-Adjuncts.

(c) If a collective bargaining agreement listed in (b) of this section is not ratified by the membership of the respective collecting bargaining unit, the appropriations made by this Act that are applicable to that collective bargaining unit's agreement are reduced proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are reduced accordingly.

Section 24 appropriates no money; it specifies that various contractual salary adjustments are funded with money appropriated in section 1.

* **Sec. 25. SHARED TAXES AND FEES.** (a) The amount necessary to refund to local governments their share of taxes and fees collected in the listed fiscal years under the following programs is appropriated to the Department of Revenue from the general fund for payment to local governments in fiscal year 2011:

REVENUE SOURCE	FISCAL YEAR COLLECTED
Fisheries business tax (AS 43.75)	2010
Fishery resource landing tax (AS 43.77)	2010
Aviation fuel tax (AS 43.40.010)	2011
Electric and telephone cooperative tax (AS 10.25.570)	2011
Liquor license fee (AS 04.11)	2011

Subsection a ensures that the Department of Revenue has the authorization to disburse taxes and fees collected for local governments to those entities.

Legislative Fiscal Analyst Comment: *The section does not reference compensating municipalities for lost aviation fuel tax receipts during a state-wide suspension of the motor fuel tax. The Governor recently submitted legislation to suspend the motor fuel tax.*

Legislative Fiscal Analyst Recommendation: *If the motor fuel tax is suspended, the legislature may wish to consider inserting a reference to shared aviation fuel tax receipts in order to compensate municipalities for lost tax revenue.*

Funding: These "pass through" taxes are excluded from Legislative Finance reports on the operating bill.

NEW SUBSECTION:

(b) The amount necessary to pay the first five ports of call their share of the tax collected under AS 43.52.220 in calendar year 2010 according to AS 43.52.230(b) is appropriated from the commercial vessel passenger tax account (AS 43.52.230(a)) to the Department of Revenue for payment to the port of call during the fiscal year ending June 30, 2011.

Subsection b appropriates $5 of the $50 Commercial Passenger Vessel "Head" Tax to the first five ports of call.

Funding: Revenue to the ports totaled $9.9 million for FY09. Expected revenue for FY10 and FY11 is $9 and $8.5 million, respectively. These "pass through" taxes are excluded from Legislative Finance reports on the operating bill.

(c) It is the intent of the legislature that the payments to local governments set out in (a) and (b) of this section may be assigned by a local government to another state agency.

Subsection c is intended to allow a municipality to assign a payment under subsection (a) to a state agency. For example, the City of Homer might receive Fisheries Business tax payments under subsection (a), but owe the Department of Administration contributions for PERS. Homer could assign the payment to DOA, thus avoiding cash flow from the state to the city and back to the state.

*** Sec. 26. STATE DEBT AND OTHER OBLIGATIONS.** (a) The amount required to pay interest on any revenue anticipation notes issued by the commissioner of revenue under AS 43.08 during the fiscal year ending June 30, 2011, is appropriated from the general fund to the Department of Revenue for payment of the interest on those notes.

Subsection a appropriates general funds to pay interest on any revenue anticipation notes that may be issued during the year.

Legislative Fiscal Analyst Comment: *No notes are expected to be issued.*

(b) The amount required to be paid by the state for principal and interest on all issued and outstanding state-guaranteed bonds is appropriated from the general fund to the Alaska Housing Finance Corporation for payment of principal and interest on those bonds for the fiscal year ending June 30, 2011.

Subsection b appropriates general funds to pay principal and interest on state-guaranteed bonds (veterans mortgage bonds) if the revenue stream from the mortgage loans is insufficient to make those payments. The only purpose of the state general obligation pledge is to gain tax-exempt status for the bonds. Because the bonds are general obligations of the state, they must be authorized by law, ratified by the voters, and approved by the State Bond Committee.

Funding: The revenue stream from mortgage loans is expected to be sufficient to cover bond payments, so the expected fiscal impact of this subsection is zero. However, a potential general fund obligation exists.

(c) The sum of $7,066,800 is appropriated to the state bond committee from the investment earnings on the bond proceeds deposited in the capital project funds for the series 2003A general obligation bonds for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A, for the fiscal year ending June 30, 2011.

(d) The sum of $42,300 is appropriated to the state bond committee from State of Alaska general obligation bonds, series 2003A bond issue premium, interest earnings, and accrued interest held in the debt service fund of the series 2003A bonds for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A, for the fiscal year ending June 30, 2011.

(e) The amount necessary for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A for the fiscal year ending June 30, 2011, after the payments in (c) and (d) of this section, estimated to be $23,090,800, is appropriated to the state bond committee from the general fund for that purpose.

Subsections c, d and e appropriate $30.2 million to pay debt service on series 2003A general obligation bonds. The bonds were authorized by the voters in 2002 for construction of schools and university facilities.

(f) The sum of $374,800 is appropriated to the state bond committee from the investment earnings on the bond proceeds deposited in the capital project fund for state guaranteed transportation revenue anticipation bonds, series 2003B, for payment of debt service, accrued interest, and trustee fees on outstanding state-guaranteed transportation revenue anticipation bonds, series 2003B, for the fiscal year ending June 30, 2011.

(g) The amount necessary for payment of debt service, accrued interest, and trustee fees on outstanding state-guaranteed transportation revenue anticipation bonds, series 2003B, for the fiscal year ending June 30, 2011, after the payment in (f) of this section, estimated to be $12,353,300, is appropriated to the state bond committee from federal receipts for that purpose.

Subsections f and g appropriate $12.7 million to pay debt service on series 2003B general obligation bonds. The bonds were authorized by the voters in 2002 for road and harbor construction.

Legislative Fiscal Analyst Comment: *Although these bonds were issued with a general obligation pledge by the state, they are more appropriately referred to as GARVEE bonds. The majority of the debt service is paid using eligible federal-aid highway formula funding coupled with a state matching component.*

(h) The sum of $1,902,400 is appropriated to the state bond committee from the investment earnings on the bond proceeds deposited in the capital project funds for the series 2009A general obligation bonds for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A, for the fiscal year ending June 30, 2011.

(i) The sum of $2,278,900 is appropriated to the state bond committee from State of Alaska general obligation bonds, series 2009A bond issue premium, interest earnings, and accrued interest held in the debt service fund of the series 2009A bonds for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A, for the fiscal year ending June 30, 2011.

(j) The amount necessary for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A for the fiscal year ending June 30, 2011, after the payments made in (h) and (i) of this section, estimated to be $6,650,800, is appropriated to the state bond committee from the general fund for that purpose.

Subsections h, i and j appropriate $10.8 million to pay debt service on series 2009A general obligation bonds. The bonds were authorized by the voters in 2008 for road construction.

(k) The sum of $1,039,000 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011(a)) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2010A, for the fiscal year ending June 30, 2011.

(l) The sum of $34,000 is appropriated to the state bond committee from investment loss trust fund (AS 37.14.300(a)) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2010A, for the fiscal year ending June 30, 2011.

(m) The amount necessary for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2010A for the fiscal year ending June 30, 2011, after the payments made in (k) and (l) of this section, estimated to be $3,927,000, is appropriated to the state bond committee from the general fund for that purpose.

Subsections k, l and m appropriate $5.0 million to pay debt service on series 2010A general obligation bonds. The bonds were authorized by the voters in 2008 for road construction.

(n) The sum of $50,047,900 is appropriated to the state bond committee for payment of debt service and trustee fees on outstanding international airports revenue bonds for the fiscal year ending June 30, 2011, from the following sources in the amounts stated:

SOURCE	AMOUNT
International Airports Revenue Fund (AS 37.15.430(a))	$46,847,900
Passenger facility charge	3,200,000

Subsection n appropriates funding for payment of debt service and fees on outstanding international airport revenue bonds.

(o) The sum of $2,710,000 is appropriated from interest earnings of the Alaska clean water fund (AS 46.03.032(a)) to the Alaska clean water fund revenue bond redemption fund (AS 37.15.565(a)) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 during the fiscal year ending June 30, 2011.

(p) The sum of $2,973,200 is appropriated from interest earnings of the Alaska drinking water fund (AS 46.03.036(a)) to the Alaska drinking water fund revenue bond redemption fund (AS 37.15.565(a)) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 during the fiscal year ending June 30, 2011.

Subsections o and p appropriate the interest earnings of the clean water and drinking water funds to their respective bond redemption funds. Both funds are capitalized annually with federal receipts for drinking and clean water bond receipts (see sections 21(j) and (k)). The federal receipts require a state match. Federal rules permit interest earnings of the loan funds to be used to pay debt service as well as making loans. This section takes advantage of the ability to use the funds to pay debt service. Issuing short-term bonds (secured by the assets of the loan fund) allows the "restricted" earnings of the funds to be used to pay off the bonds. Essentially, the earnings of the funds are used as match.

(q) The amount necessary for payment of lease payments and trustee fees relating to certificates of participation issued for real property for the fiscal year ending June 30, 2011,

estimated to be $12,326,200, is appropriated to the state bond committee from the general fund for that purpose.

Subsection q appropriates money to make payments on:

- the Virology Lab - $2.2 million;
- the Alaska Psychiatric Institute - $1.6 million;
- the Seafood/Food Safety Lab - $1.3 million;
- the Series 2005 Refunding - $2.8 million;
- the new Public Safety Crime Lab - $1.6 million; and
- the new UAF Life Sciences Classroom and Lab Facility - $2.7 million

Legislative Fiscal Analyst Comment: *The crime lab and UAF Life Sciences building are proposed in the Governor's capital budget. Separate legislation is required for authorization of the COPs and should be expected.*

Legislative Fiscal Analyst Recommendation: *This section should be amended if COPs for the crime lab and life sciences building are not approved.*

(r) The sum of $3,467,100 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2011, for payment of obligations to the Alaska Housing Finance Corporation for the Robert B. Atwood Building in Anchorage.

Subsection r appropriates $3.5 million for obligations associated with the Atwood Building. AHFC purchased the Robert B. Atwood Building for approximately $39 million in cash and then issued revenue bonds secured by the building itself and lease payments from the state. The state will own the building at the end of the lease.

(s) The sum of $22,924,500 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2011, for payment of obligations and fees for the following facilities:

FACILITY	ALLOCATION
(1) Anchorage Jail	$5,108,000
(2) Goose Creek Correctional Center	17,816,500

Subsection s appropriates funds to pay lease costs for the Anchorage Jail and the Goose Creek Correctional Center. Anchorage issued municipal bonds to pay for the construction of the Anchorage Jail, which the state leases. The Mat-Su Borough issued bonds for the Goose Creek Correctional Center.

Legislative Fiscal Analyst Comment: *In common language, the contracts with the Municipality of Anchorage and the Mat-Su Borough are leases, but terms of the contracts are such that Governmental Accounting Standards Board's (GASB) rule #34 classifies them as capital leases. This means that a default on lease payments could affect the state's credit rating. Because of the potential impact on credit rating, the obligations are categorized as debt.*

Chapter 160, SLA 2004 (SB 65) authorized lease-purchase agreements for the Spring Creek Correctional Center (SCCC) expansion, the Yukon-Kuskokwim Correctional Center (YKCC) expansion, and the Goose Creek Correctional Center construction. The

25-year lease of the Goose Creek Correctional Center is capped in statute at $11,600 per bed, and annual debt service is limited to $17.8 million. Because the Department of Corrections reports the SCCC and the YKCC projects are on hold, appropriations for those facilities are not required.

(t) The sum of $3,303,500 is appropriated from the general fund to the Department of Administration for payment of obligations to the Alaska Housing Finance Corporation for the Linny Pacillo Parking Garage in Anchorage, for the fiscal year ending June 30, 2011.

Subsection t appropriates $3.3 million for obligations associated with the Linny Pacillo parking garage. The obligation is a lease purchase similar to the obligation for the Robert B. Atwood Building.

(u) The sum of $106,258,500 is appropriated to the Department of Education and Early Development for state aid for costs of school construction under AS 14.11.100 from the following sources:

General fund	$85,058,500
School Fund (AS 43.50.140)	21,200,000

Subsection u appropriates funds for municipal school debt reimbursement. AS 14.11.100 authorizes the state to reimburse municipalities for selected bonds issued for school construction (from 60-90% of principal and interest depending on the authorization). The amount of this appropriation is the projected need for full reimbursement.

(v) The sum of $5,707,302 is appropriated from the general fund to the following agencies for the fiscal year ending June 30, 2011, for payment of debt service on outstanding debt authorized by AS 14.40.257, AS 29.60.700, and AS 42.45.065, respectively, for the following projects:

AGENCY AND PROJECT	APPROPRIATION AMOUNT
(1) University of Alaska	$1,409,822
Anchorage Community and Technical College Center	
Juneau Readiness Center/UAS Joint Facility	
(2) Department of Transportation and Public Facilities	
(A) Nome (port facility addition and renovation)	127,000
(B) Matanuska-Susitna Borough (deep water port and road upgrade)	752,450
(C) Aleutians East Borough/False Pass (small boat harbor)	101,840
(D) Lake and Peninsula Borough/Chignik (dock project)	119,844
(E) City of Fairbanks (fire headquarters station replacement)	869,765

(F) City of Valdez (harbor renovations)	222,868
(G) Aleutians East Borough/Akutan (small boat harbor)	465,868
(H) Fairbanks North Star Borough (Eielson AFB Schools, major maintenance and upgrades)	342,990
(3) Alaska Energy Authority	
(A) Kodiak Electric Association (Nyman combined cycle cogeneration plant)	943,676
(B) Copper Valley Electric Association (cogeneration projects)	351,179

Subsection v appropriates $5.7 million to various state agencies for reimbursement to municipalities and public entities for debt service on projects authorized in Ch. 115, SLA 2002 (HB 528). This level of reimbursement is about $200,000 higher than that enacted for FY10. The level of reimbursement is subject to appropriation.

(w) The sum of $7,500,000 is appropriated from the Alaska fish and game revenue bond redemption fund (AS 37.15.770) to the state bond committee for payment of debt service, accrued interest, and trustee fees on outstanding sport fish hatchery revenue bonds. It is the intent of the legislature that the sum of $2,200,000 of the appropriation made by this subsection be used for early redemption of the bonds.

Subsection w appropriates the majority of the surcharge levied on sport fish licenses authorized under Ch 94, SLA 2005—and transferred to the bond redemption fund in Section 21(n) of this bill—for payment of debt service on bonds issued for sport fish hatchery development. The appropriation exceeds the debt service due on the bonds allowing the bonds to be paid off ahead of schedule.

NEW SECTION

*** Sec. 27. GOVERNOR'S PERFORMANCE SCHOLARSHIP FUND; CONTINGENCY.** (a) The sum of $400,000,000 is appropriated from the general fund to the governor's performance scholarship fund for the fiscal year ending June 30, 2011.

(b) The appropriation made by (a) of this section is contingent on passage by the Twenty-Sixth Alaska State Legislature and enactment into law of a bill establishing the Governor's performance scholarship fund.

Section 27 appropriates $400 million of general funds for the Governor's Performance Scholarship program. Preliminary information released indicates that this funding will be invested and the Fund's interest and earnings will pay for the scholarships.

Legislative Fiscal Analyst Recommendation: *Because this funding is directly linked to legislation the Governor intends to propose, this funding should be requested in a fiscal note.*

*** Sec. 28. BUDGET RESERVE FUND.** If the unrestricted state revenue available for appropriation in fiscal year 2011 is insufficient to cover general fund appropriations made for

fiscal year 2011, the amount necessary to balance revenue and general fund appropriations is appropriated to the general fund from the budget reserve fund (AS 37.05.540(a)).

Section 28 allows the state to cover any shortfall in unrestricted revenues with transfers from the Statutory Budget Reserve Fund (SBR) to the general fund. In FY08, the legislature appropriated $1 billion of general funds to the SBR (Sec. 21(c), Ch. 11, SLA 2008). Unless money is appropriated from the fund during FY10, the entire amount deposited in the SBR will remain available in FY11. Unlike the Constitutional Budget Reserve Fund (CBRF), the SBR can be accessed with a simple majority vote.

* **Sec. 29. CONSTITUTIONAL BUDGET RESERVE FUND.** (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2010 that are made from subfunds and accounts other than the operating general fund (state accounting system fund number 11100) by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund are appropriated from the budget reserve fund to the subfunds and accounts from which those funds were transferred.

Subsection a is "sweep reversal language." As long as there is an outstanding liability to the CBRF, the Constitution requires that year-end general fund balances be used to repay past withdrawals from the CBRF. This provision reverses that required sweep; all money in general fund subaccounts are returned to the accounts (on July 1) from which they were swept (on June 30).

Legislative Fiscal Analyst Comment: *There is a strong possibility that the general fund liability to the CBRF will be eliminated during FY10. If the CBRF is fully repaid, no sweep will occur at the end of FY10 and subsection (a) will not apply.*

Legislative Fiscal Analyst Recommendation: *The language in subsection (a) does no harm and should be retained, especially if the CBRF is not fully repaid during FY10.*

(b) Unrestricted interest earned on investment of the general fund balances for the fiscal year ending June 30, 2011, is appropriated to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska). The appropriation made by this subsection is intended to compensate the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for any lost earnings caused by use of the fund's balance to permit expenditure of operating and capital appropriations in the fiscal year ending June 30, 2011, in anticipation of receiving unrestricted general fund revenue. The amount appropriated by this subsection may not exceed an amount equal to the earnings lost by the budget reserve fund as the result of the use of money from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to permit expenditure of operating and capital appropriations in the fiscal year ending June 30, 2011, in anticipation of receiving unrestricted general fund revenue.

Subsection b appropriates general fund earnings to the CBRF as compensation for earnings lost by the CBRF as a result of draws to meet the Treasury's cash flow requirements.

(c) The sum of $2,060,000 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Department of Revenue, treasury division, for operating costs related to management of the budget reserve fund for the fiscal year ending June 30, 2011.

Subsection c appropriates $2.1 million from the CBRF to the Department of Revenue, Treasury Division, for investment management fees for FY11.

Legislative Fiscal Analyst Comment: *There is a possibility that the general fund liability to the CBRF will be eliminated during FY10. Appropriating management fees from the CBRF requires a supermajority vote and creates a general fund liability to the CBRF. That liability, in turn, would activate an FY11 year-end sweep of general funds into the CBRF, which would require a supermajority vote to reverse in FY12.*

Legislative Fiscal Analyst Recommendation: *Appropriate general funds to pay management fees attributable to the CBRF.*

(d) The appropriations made by (a) and (c) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska.

Subsection d stipulates that appropriations made from the CBRF must be approved by at least three-quarters of the members of each house of the legislature.

Legislative Fiscal Analyst Comment: *If general funds are appropriated for management fees, the reference to subsection (c) will not be relevant.*

*** Sec. 30. LAPSE EXTENSION OF APPROPRIATIONS.** (a) The appropriation made in sec. 19(a) of ch. 30, SLA 2007, lapses June 30, 2011.

Subsection a extends the lapse date for an FY07 supplemental appropriation from June 30, 2010 to June 30, 2011. The Department of Public Safety (DPS) received an appropriation for $5 million in federal receipts for domestic violence and sexual assault prevention programs in the areas of prosecution, law enforcement, judicial services, and victim services. The funding came from a Stop Grant provided through a U.S. Department of Justice, Violence Against Women Act (VAWA).

Legislative Fiscal Analyst Recommendation: *The Department is also requesting a one-time increment for $697.4 in section 1 for this purpose. The section 1 increment is unnecessary if the lapse date is extended, so the increment request should be removed from the DPS budget. The lapse extension is the better option; it ensures that the entire amount of remaining funding will be available in FY11 and does not duplicate authorization.*

(b) The appropriations made in secs. 1 and 14 of ch. 17, SLA 2009, lapse June 30, 2011.

Most appropriations associated with the American Recovery and Reinvestment Act of 2009 (ARRA) were appropriated in Chapter 17, SLA 2009. This section extends the lapse date from June 30, 2010 to June 30, 2011 for operating appropriations in section 1 and for $20.7 million appropriated for distribution to communities eligible to receive revenue sharing funds (section 14).

Legislative Fiscal Analyst Comment: *Section 1 of the Governor's FY11 operating budget request includes $81.6 million of ARRA funding that is expected to be unexpended at the end of FY10.*

Legislative Fiscal Analyst Recommendation: *The section 1 increments for ARRA funding in FY11 are unnecessary if the lapse date is extended, so the increment requests should be removed from Department budgets. The lapse*

extension is the better option, it ensures that the entire amount of remaining funding will be available in FY11 and results in more accurate accounting of ARRA funds.

* **Sec. 31. NONLAPSE OF APPROPRIATIONS.** The appropriations made by secs. 6, 21, and 23 of this Act are for the capitalization of funds and do not lapse.

* **Sec. 32. RETROACTIVITY**. Those portions of the appropriations made in sec. 1 of this Act that appropriate either the unexpended and unobligated balance of specific fiscal year 2010 program receipts or the unexpended and unobligated balance on June 30, 2010, of a specified account are retroactive to June 30, 2010, solely for the purpose of carrying forward a prior fiscal year balance.

Section 32 ensures that unexpended receipts and balances carry forward into FY11 before they lapse.

* **Sec. 33.** Sections 30 and 32 of this Act take effect June 30, 2010.

* **Sec. 34.** Except as provided in sec. 33 of this Act, this Act takes effect July 1, 2010.

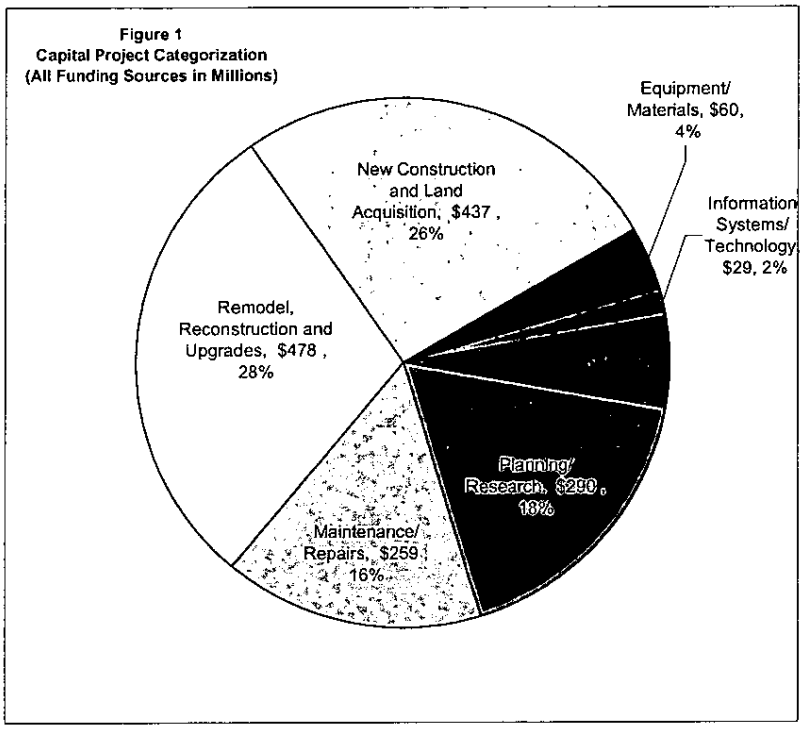
Debt Summary Table

(thousands)

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11 Gov	FY10 to FY11	Comments
Alaska Debt Retirement Fund (ADRF)												
Capitalization												
General Funds	33,678.4	8,000.0	2,702.4	-	45,784.1	41,491.9	102,298.0	107,043.3	105,680.2	-	(105,680.2)	
Federal Receipts	-	-	3,894.5	8,606.4	8,043.1	9,295.1	11,788.0	13,055.2	12,007.7	-	(12,007.7)	
Investment Loss Trust Funds	-	100.0	2,500.0	104.0	77.8	12.7	376.5	171.9	26.0	-	(26.0)	As requested by Legislative Finance, the FY11 Governor budget does not capitalize the ADRF. Payments for debt service are appropriated directly, instead of through the ADRF.
Municipal Bond Bank Receipts (Earnings)	-	-	775.0	775.0	250.0	250.0	-	458.7	-	-	-	
AHFC Dividend	6,000.0	18,700.0	8,861.1	27,568.0	18,854.6	17,441.7	-	-	-	-	-	
AIDEA Dividend	-	-	-	13,837.4	8,812.0	16,649.5	-	-	-	-	-	
ASLC Dividend	-	783.1	-	-	3,100.0	-	-	-	-	-	-	
ASLC Bonds	-	-	-	24,815.0	22,000.0	-	-	-	-	-	-	
Statutory Designated Program Receipts	723.0	-	-	-	-	-	-	-	-	-	-	
State Land Fund	-	-	2,500.0	-	-	-	-	-	-	-	-	
Chugach Intertie Earnings (Misc. Earnings)	-	-	30,469.0	-	-	-	-	-	-	-	-	
International Trade and Business Endowment	-	-	4,382.0	-	-	-	-	-	-	-	-	
Lease Payment Accounts Residual (Misc. Earnings)	-	-	-	109.8	-	-	-	-	-	-	-	
AATP Bond Proceeds (Misc. Earnings)	-	-	-	438.6	-	-	-	-	-	-	-	
GO Bond Interest - Series 2003A (Misc. Earnings)	-	-	-	2,473.1	3,720.3	6,829.8	5,173.0	-	2,837.4	-	(2,837.4)	
GO Bond Interest - Series 2003B (Misc. Earnings)	-	-	-	-	1,196.9	2,367.0	1,434.7	-	877.4	-	(877.4)	
Total	**40,401.4**	**27,583.1**	**56,084.0**	**78,727.3**	**111,838.8**	**94,337.7**	**121,070.2**	**120,729.1**	**121,428.7**	**-**	**(121,428.7)**	
DEBT SERVICE/ REIMBURSEMENT												
ADRF Debt Payments												
GO Bonds - Schools/Roads (Series 2003A)	-	-	-	19,706.2	31,772.1	31,470.9	31,148.6	30,803.3	30,248.0	-	(30,248.0)	
GO Bonds - GARVEES (Series 2003B)	-	-	4,194.5	9,045.0	9,241.0	11,662.0	13,222.7	13,062.5	12,885.1	-	(12,885.1)	
GO Bonds -Transportation(Series 2009A)	-	-	-	-	-	-	-	-	5,589.0	-	(5,589.0)	
GO Bonds -Transportation(Series 2010A)	-	-	-	-	-	-	-	-	-	1,039.0	1,039.0	
Certificates of Participation (COPs)	15,979.4	17,642.1	15,751.4	17,290.7	13,782.1	13,147.6	11,170.1	8,081.3	8,036.3	-	(8,036.3)	
School Debt Reimbursement	27,971.4	27,372.1	37,424.1	51,670.1	59,463.5	66,935.0	70,497.0	73,621.2	77,045.3	-	(77,045.3)	
Administrative Systems Replacement	-	-	-	-	400.0	-	2,302.0	-	-	-	-	
AMHS Vessel Overhaul	-	-	-	-	764.0	-	-	-	-	-	-	
Subtotal	43,950.8	45,014.2	57,370.0	97,712.0	115,422.7	123,215.5	128,340.4	125,548.3	133,803.7	1,039.0	(132,764.7)	
Direct Debt Payments												
GO Bonds - Schools/Roads (Series 2003A)	-	-	15,192.6	12,609.3	96.8	44.5	11.4	13.6	221.5	30,199.9	29,978.4	GO Bond Premium, Interest & GF
GO Bonds - GARVEES (Series 2003B)	-	-	-	5,045.6	4,543.3	1,860.1	56.3	6.9	1.3	12,728.1	12,726.8	Interest & Federal Rcpts
GO Bonds -Transportation(Series 2009A)	-	-	-	-	-	-	-	-	-	10,832.1	10,832.1	GO Bond Premium, Interest & GF
GO Bonds -Transportation(Series 2010A)	-	-	-	-	-	-	-	-	-	3,961.0	3,961.0	ILTF & GF
Certificates of Participation (COPs)	-	-	-	-	-	-	-	-	-	12,326.2	12,326.2	GF
School Fund - School Debt Reimbursement	29,049.1	29,006.3	28,600.0	30,200.0	27,000.0	27,000.0	24,500.0	23,400.0	23,000.0	106,258.5	83,258.5	GF & School Fund
International Airport Revenue Bonds	16,750.0	17,444.0	28,907.3	31,557.9	33,125.9	45,426.3	49,085.7	50,027.4	50,028.7	50,047.9	19.2	IARF and PFC's
Clean Water Fund Bonds	1,680.0	1,680.0	1,640.0	1,630.0	1,630.0	1,539.3	831.8	2,050.0	1,005.0	2,710.0	1,705.0	ACWF Receipts
Drinking Water Fund Bonds	850.0	1,060.5	1,040.0	1,030.0	1,105.0	1,075.3	1,109.8	1,115.0	1,670.0	2,973.2	1,303.2	ADWF Receipts
Sport Fish Hatchery Revenue Bonds	-	-	-	-	-	8,219.0	7,000.0	7,500.0	8,900.0	7,500.0	(1,400.0)	Sport Fish License Surcharge
Capital Project Reimbursement (HB 528)	-	-	2,818.7	2,736.0	3,634.1	10,209.9	10,459.0	8,036.2	5,548.9	5,707.3	158.4	GF
Atwood Building	3,549.4	3,549.4	3,549.4	3,549.4	3,549.4	3,467.1	3,467.1	3,467.1	3,467.1	3,467.1	-	GF
Linny Pacillo Parking Garage	-	-	-	-	-	-	3,443.0	3,303.5	3,303.5	3,303.5	-	GF
Anchorage Jail (Capital Lease)	3,555.7	5,262.8	5,284.5	5,274.1	5,275.1	5,091.8	5,102.0	5,091.2	5,103.9	5,108.0	4.1	GF
Spring Creek Correctional Center	-	-	-	-	-	-	-	1,755.6	-	-	-	
Yukon-Kuskokwim Correctional Center	-	-	-	-	-	-	-	951.8	-	-	-	
Goose Creek Correctional Center	-	-	-	-	-	-	-	-	17,813.4	17,816.5	3.1	GF
AHFC State Capital Project Bonds	45,000.0	51,000.0	56,001.7	53,892.5	59,895.4	31,935.0	6,138.6	6,139.6	6,139.9	6,140.8	0.9	Diverted AHFC Dividends
NTSC Tobacco Settlement Bonds (off budget)	19,900.0	20,000.0	17,100.0	16,900.0	18,000.0	16,400.0	27,600.0	29,800.0	27,700.0	26,700.0	(1,000.0)	Diverted Tobacco Settlement Revenue (to NTSC)
Subtotal	120,334.2	129,003.0	160,114.2	164,424.8	155,855.0	152,268.3	138,804.7	142,657.9	153,903.2	307,780.1	153,876.9	
TOTAL Debt Service/Reimbursement	**164,285.0**	**174,017.2**	**217,484.2**	**262,136.8**	**271,277.6**	**275,483.8**	**267,145.1**	**268,206.2**	**287,706.9**	**308,819.1**	**21,112.2**	
Debt Payments by Type												
GO Bonds	-	-	19,387.1	46,406.1	45,653.2	45,037.5	44,439.0	43,866.3	48,944.9	58,760.1	9,815.2	
Lease - Purchase Financing	23,084.5	26,454.3	24,565.3	26,114.2	22,606.6	21,706.5	23,182.2	22,630.5	37,724.2	42,021.3	4,297.1	COP's, Atwood Building/ Garage, Anchorage Jail/ Correctional Centers
Revenue Bonds	16,750.0	17,444.0	28,907.3	31,557.9	33,125.9	53,645.3	56,085.7	57,527.4	58,928.7	57,547.9	(1,380.8)	International Airport, Sport Fish
Debt Reimbursement	57,020.5	56,378.4	68,842.8	84,606.1	90,861.6	104,144.9	105,456.0	105,057.4	105,594.2	111,965.8	6,371.6	School Debt, Municipal Capital Debt
Corporate Debt for State Capital Projects	64,900.0	71,000.0	73,101.7	70,792.5	75,895.4	48,335.0	33,738.6	35,939.6	33,839.9	32,840.8	(999.1)	AHFC, NTSC
Short Term Financing	2,530.0	2,740.5	2,680.0	2,660.0	3,135.0	2,614.6	4,243.6	3,165.0	2,675.0	5,683.2	3,008.2	Clean and Drinking Water

Capital Budget

The Governor has proposed capital projects of $1.644 billion for FY11. The budget includes $548.5 million in general funds, $256.5 million of other state funds and $839.3 million in federal funds. Compared to the budget for FY10[8], it is $268.5 million greater in general funds, $169.7 million greater in other state funds, and down $299.2 million in federal funds for a $139 million net increase. The pie chart below provides a categorical breakdown of the proposed capital spending plan.[9]



Construction

Construction projects—both new and remodel—comprise 54% of the Governor's proposed capital budget. New construction involves adding infrastructure to the state's capital stock, and includes both new roads and new square footage. Reconstruction involves modifying or changing existing roads or space.

The Surface Transportation Program and the Airport Improvement Program within DOT&PF (along with associated state match) make up the majority ($478 million) of the construction budget. Other significant construction programs include the Village Safe Water Program and the Municipal Water Sewer Matching Grants Program in the Department of Environmental Conservation. These programs account for $60.9 million of the Governor's request. Large, stand-alone *state funded* construction projects include:

- $108.6 million – UAF Life Sciences Classroom and Lab Facility;

[8] The FY10 Budget figures includes RPL's through the 12/16/2009 meeting.
[9] Please see page 61 of this section for the project categorization methodology.

- $75.8 million – Public Safety Crime Lab Replacement;
- $21.3 million – Service High School Renovation;
- $10 million – Port of Anchorage Expansion;
- $9.9 million – Johnson Youth Center Renovation and Remodel;
- $9.7 million – AHFC San Roberto Redevelopment;
- $8 million – Roads to Resources: Foothills West (75 mile road Dalton Hwy to Umiat); and
- $6 million – Interior Alaska Veteran's Cemetery Design and Construction.

Maintenance/Repairs

This category includes deferred, scheduled and preventative maintenance or repair projects for agency facilities, state parks, harbors, highways, bridges, rural airports, aircraft and vessels. The category accounts for 16% of the total capital budget.

In January of 2007, Legislative Finance compiled a list that showed a deferred maintenance back-log of $954 million. Three years later, the back-log totals approximately $1.8 billion (an 89% increase). The Governor has announced a plan to reduce the back-log by spending $100 million each year for the next five years. The Governor's bill contains a separate section for the $100 million in FY11. The current back-log, as reported by each agency[10], is as follows:

Deferred Maintenance by Agency (millions)	
Administration	**80.8**
Corrections	**103.0**
Court System	**14.9**
Education & Early Development	**15.0**
Environmental Conservation	**0.5**
Fish and Game	**2.3**
Health & Social Services	**19.5**
Labor & Workforce Development	**58.2**
Military & Veterans Affairs	**32.4**
Natural Resources	**67.6**
Public Safety	**2.7**
Transportation & Public Facilities	**427.1**
Airports	54.1
Harbors	19.1
Facilities	24.7
Highways	305.9
AMHS Vessels/Terminals	23.3
University of Alaska	**967.3**
Total	**$1,791.3**

[10] Deferred maintenance estimates are provided by individual agencies to the Office of Management and Budget. Estimates are preliminary and may have a significant margin of error.

Planning/Research

Another 18% of the budget falls into the planning and research category. In addition to projects, the Governor proposed a $150 million deposit to the Alaska Gasline Inducement Act (AGIA) Reimbursement Fund. Under AGIA, the state will provide matching contributions in the form of reimbursements to the licensee (TransCanada) in an amount not to exceed $500 million of the qualified expenditures incurred in development of a natural gas pipeline. This particular funding will reimburse TransCanada for planning expenses through FY11.

Other significant planning appropriations include the federal highway and airport pre-construction appropriations. At $50 million and $18 million, respectively, these highway and airport projects fund the preliminary design, engineering, environmental analysis, right-of-way and utility work for the federal Airport Improvement Program and Surface Transportation Program.

Information Systems/Technology

Information technology projects make up 2% of the budget. Spread throughout state agencies, projects include network upgrades/replacements, security projects, document imaging projects, database development and various communication projects. Also included are several Intelligent Transportation Systems (ITS) projects within DOT&PF. These projects utilize special funding from the Federal Highway Administration for improving transportation safety and efficiency. Examples include variable speed limit signs, traffic monitoring and incident detection systems, and weather and pavement sensors.

Two large projects—the DOR Tax Management System and the DOA Payroll and Accounting System Replacement—are conspicuously absent. Last session $23.4 million and $76.5 million, respectively, was requested for these two projects. See individual agency analysis for further information.

Equipment/Materials

This category, totaling 4% of the request ($60 million), contains recurring projects for State Equipment Fleet replacement ($15 million), materials stockpiling (Dalton Highway - $5 million), various rural and international airport snow removal and safety equipment ($15 million), and other agency equipment and materials.

Other

The "other" category, at 6% of the budget, is comprised of projects that do not fit well in any of the other project categories. The category includes projects that provide economic assistance, training, safety grants/programs, and similar miscellaneous items. This category has often contained appropriations that may be more appropriately placed in an agency operating budget. The legislature has taken steps during the last few years to place operating items in the operating budgets. This budget appears much improved in this regard.

Notable projects in the Other category include:

- $9.5 million – State Homeland Security Grants;
- $10 million – AHFC Homeless Assistance Program; and
- $12.2 million – DOT&PF Statewide Safety Program.

Funding

Unrestricted General Funds (UGF) - $497.1 million

Unrestricted General Funds are up $255.3 million over the FY10 capital budget. Primary drivers of the increase are $150 million to the AGIA Reimbursement Fund and $100 million for statewide deferred maintenance.

The Governor proposes withdrawing money from the Alaska Housing Capital Corporation savings account. The legislature placed $300 million of general funds in this sub-corporation of AHFC in FY07 with the intent that the money be used for future capital projects. The Governor utilizes $160 of the $356 million available.[11]

General Fund Match totals $62.2 million, up $21.5 million from the FY10 budget.. For FY10, the legislature reduced the two large match appropriations in DOT&PF (Federal Aid Highway and Aviation Match) by over 20% (a total of $15.4 million). The impact of this reduction is not yet known, but the intent was to reduce excess authority in a pot of money over which the agency has considerable discretion.

The Governor's budget includes the top eight projects from the school Major Maintenance Priority List for a total of $24.8 million. The Service High School Renovation project ($21.3 million) consumes the majority of this funding. The full list contains 123 projects for a total state cost of $274.7 million. The legislature typically adds to the Governor's request for school funding.

The Governor's budget does not address the 35 projects (with a total state cost of $411.6 million) on the School Construction Priority List. These are large projects—the state share of the top five projects is $200 million.

Atypical of a Governor's request, this budget includes some Grants to Municipalities and Grants to Named Recipients. These items are usually added by the legislature. The largest of these grants include:

- $10 million: Port of Anchorage Expansion;
- $4 million: Newtok Traditional Council – Evacuation Shelter and Access Road;
- $3 million: Covenant House Alaska – Facility Construction; and
- $1.5 million: Alaska Community Foundation – Jesse Lee Home Restoration.

Designated General Funds (DGF) - $51.4 million

Appropriations of Designated General Funds are $13.3 million greater in FY11; primarily the result of University Receipts, which were not in the FY10 capital budget. The Governor's general fund budget may be understated by $25 million. The Governor proposes transferring $25 million from the general fund into the Renewable Energy Grant Fund for renewable energy grants, but does not appropriate money from the fund for grants. The Governor's intentions for renewable energy projects are unclear.

Other State Funds - $256.5 million

[11] The Governor proposes spending an additional $17 million from the fund for operating purposes.

Proposed appropriations of Other State Funds are $169.7 million greater for FY11. This is almost entirely driven by the use of Certificates of Participation (COPs) for the UAF Life Sciences Classroom/Lab Facility ($88 million) and the new Public Safety Crime Lab ($76 million).

As a form of debt, COPs have caused controversy in the past. Legislative approval is now required before they can be issued to fund capital projects.

Federal Funds

Federal receipt authority is down $299.2 million. Much of this can be attributed to the economic stimulus funding included in the FY10 budget, but absent in the FY11 budget. Stimulus RPL's have been prevalent in FY10. The current breakdown of capital project stimulus by agency is as follows:

Capital Budget Total Stimulus by Agency (thousands)

Agency	Capital Bill SB 75	Non-DOT Stimulus Bill HB199	FY09 Capital RPLS	FY10 Capital RPLS	Total Stimulus Funding
Commerce, Community & Econ Dev	-	4,642.5	-	-	4,642.5
Environmental Conservation	-	70,637.0	-	-	70,637.0
Office of the Governor	-	1,000.0	-	-	1,000.0
Health & Social Services	23,947.5	-	-	-	23,947.5
Labor & Workforce Development	-	3,000.0	-	-	3,000.0
Natural Resources	-	1,500.0	4,030.0	5,211.0	10,741.0
Revenue	-	96,264.9	-	658.0	96,922.9
Transportation & Public Facilities	264,026.2	-	-	-	264,026.2
University of Alaska	-	117,000.0	32,929.9	25,896.0	175,825.9
Total	**287,973.7**	**294,044.4**	**36,959.9**	**31,765.0**	**650,743.0**

Note - Although there were significant RPLs for DOT&PF capital projects, the net result is zero additions of stimulus funding. Additional projects have been added due to a favorable bidding environment and some project delays, but no additional funding has been received.

Other reductions in Federal Receipt Authority appear in the DOT&PF Airport Improvement Program and the DEC Village Safe Water Program.

The Airport Improvement program is down $80.6 million. Revenue to the state is not expected to decline, but excess legislative authority in prior years has reduced the need for authorization in FY11.

The Village Safe Water Program has been reduced $13.6 million (26%) to $38.5 million (for a program total of $48.5 million, with associated state match). Rural water and sewer funding is continuing to decline while the state-wide sanitation need continues to grow. A recent DEC publication estimates the current need at over $700 million, with FY11 funding from the USDA, state and other sources totaling approximately $78 million.

Other Issues

Ding! Ding! Round 2!?

The possibility of a second round of federal economic stimulus has DOT&PF in rigorous preparation mode. A stimulus bill passed the House of Representatives and is expected before the Senate the week of January 18.

As currently constructed, funding to Alaska will be on a similar level to last year—in the range of $250 million. The project eligibility criteria are identical: "shovel ready" including all federal planning requirements. However, the timing deadlines are more expedited. The previous authorization required that 50% of the funding be *obligated* within 90 days. The new authorization requires 50% of funding be placed *under contract* within 90 days. The remaining 50% must be under contract within one year.

Congressional intent is to get money on the street quickly. Projects are not getting underway—and jobs are not being created—as fast as they would have liked. Congress is hoping that added pressure to get the projects under contract, or lose the funding to other states, will improve results.

Identifying eligible projects was a significant problem in the first round of stimulus funding. DOT&PF and the legislature had to work hard to fully utilize funding, especially because a very favorable bidding environment effectively made money available late in the process and because of federal restrictions regarding population and economic conditions.

In preparation for round 2, DOT&PF is working on a STIP amendment listing state highway projects that could meet the "50% within 90 days" deadline. These projects are being fast-tracked through all federal requirements in the hope of using as much funding as possible. Additionally, DOT&PF has mailed a letter to all communities and tribal governments requesting lists of potential 2nd round projects. The idea is to first tackle projects over which the state has the most control, and then work toward community additions in another STIP amendment that addresses the "remaining 50% in one year" deadline.

The new STIP amendment is posted and open for public comment through February 1st.

Legislative authority for these projects is a DOT&PF concern. Utilizing the FY10 Legislative Budget and Audit (RPL) process does not appear to be an option—the language of the capital appropriation bill specifically identified the 2009 American Recovery and Reinvestment Act as a fund source. The new stimulus money will be from a different congressional act, potentially eliminating that avenue as a fast-track method of project approval. The best available option may be fast-tracking a stand-alone appropriation bill.

Federal Highway Trust Fund

In the summer of 2008, the Congressional Budget Office projected a Federal Highway Trust Fund shortfall of $3.3 billion for Federal Fiscal Year 2009 (FFY09). This shortfall was addressed by Congress, albeit temporarily, by an $8 billion infusion from the general treasury in September 2008. Current projections have the Trust Fund entering another critical stage before the end of FFY09, with $15 billion needed to ensure solvency through FFY10. These infusions fix immediate shortfalls in funding, but do not address the structural problem with regard to the Trust Fund. Congress will need to address the funding mechanism of the fund on a long-term basis in the transportation authorization bill to follow SAFETEA-LU.

Alaska is considered a "donee" state in regard to the Highway Trust Fund. We receive far beyond our share of revenue from the fund than we put into the fund. In the future, as the fund revenue stream is restructured, the impacts to Alaska may be severe.

What else is Missing?

Significant FY10 Governor priorities not included by the legislature in the FY10 budget and missing from the FY11 request include:

- $76.5 million - DOA Payroll and Accounting System (previously mentioned);
- $26.3 million - Dalton Highway: MP 9-11;

- $15.3 million - UAF Energy Technology Building; and
- $6 million ($12 million initially) - AVTEC Heavy Equipment and Diesel Shop.

Project Categorization Methodology

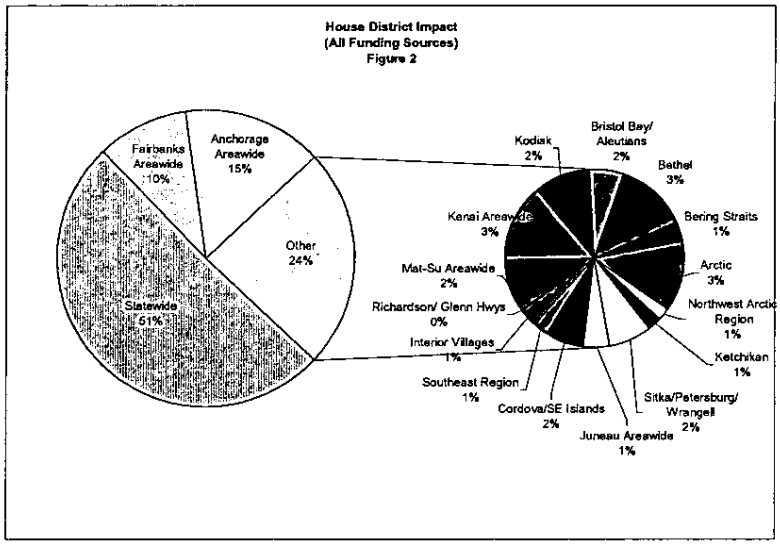
The pie chart beginning of this section and the spreadsheets accompanying each agency narrative categorize the capital budget by project groups. The groupings are a mutually exclusive set. This allows Legislative Finance to prepare a Project Group Summary report that reflects the entire capital budget without duplication. As with any task of categorization, subjectivity exists.

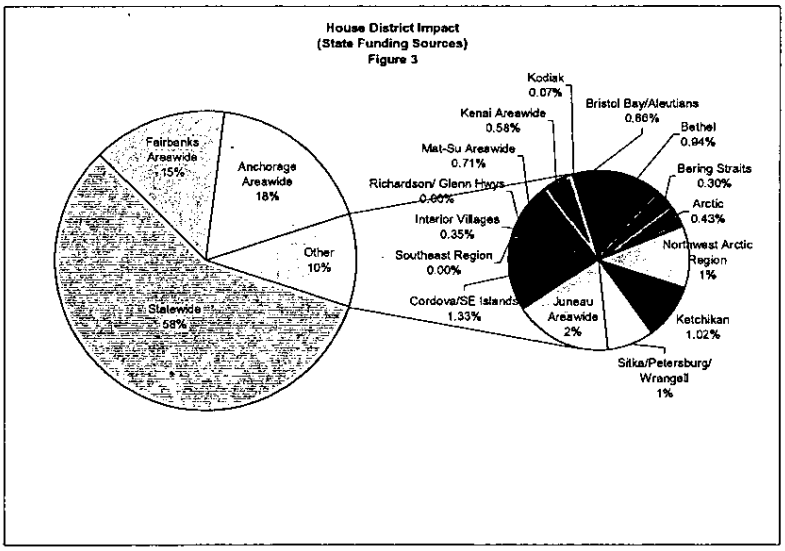
The rules used to define the projects in each group are provided in the table below.

Project Group	Description
Planning and Research	Projects involving planning, design, engineering, research, or studies
Maintenance and Repairs	Projects involving the repair of deteriorated conditions, restoration to previous condition, and preventative maintenance
Remodel, Reconstruction and Upgrades	Projects modifying or rebuilding existing space; includes complete replacement and upgrades
New Construction and Land Acquisition	Projects involving the addition of new space; including extensions and expansions
Information Systems and Technology	Projects related to information technology regardless of whether they are in a planning phase or construction (programming) phase - segregated due to their unique nature
Other	Projects that do not fit elsewhere

Distribution by House District

The pie charts below (Figures 2 & 3) detail the proportional breakdown of the Governor's capital request by house district on an "impact" basis.[12] Figure 2 contains all funding sources, while Figure 3 is state funds only. As can be seen, the majority of projects are assigned to the "Statewide" House District. Projects falling under this assignment are generally broad appropriations that span multiple regions of the state. The types of projects included are large deferred maintenance projects, information technology projects, and federal grant programs. The Capital Budget Summary table on page 63 breaks out the funding sources by fund group (General funds (UGF & DGF), Other State, and Federal funds) for each house district. Project detail reports by House District (along with project back-up) can be found on the Legislative Finance website.





[12] Legislative Finance assigns two house districts to each project: 1) by the house districts impacted by a project, and 2) by the geographic location of a project.

Capital Budget Summary

(thousands)	Agency Comparison - All Funds (Includes MH)			FY11 Governor by House District				
Agency	FY10 Budget (1)	FY11 Governor (12/15/2009)	Change FY10-FY11	House District	HD #	General Funds	Other State Funds	Federal Funds
Administration	5,475.0	25,275.0	19,800.0	Ketchikan	1	2,225.5	6,000.0	1,221.5
Commerce, Community & Econ Dev	133,332.6	96,083.8	(37,248.8)	Sitka/Petersburg/Wrangell	2	2,105.2	4,500.0	24,254.5
Corrections	7,000.0	6,950.0	(50.0)	Juneau Areawide	3-4	9,880.0	4,500.0	3,800.0
Education and Early Development	44,147.1	26,470.7	(17,676.4)	Cordova/SE Islands	5	3,797.8	6,910.0	17,345.3
Environmental Conservation	95,606.0	75,339.4	(20,266.6)	Southeast Region	1-5	-	-	11,075.0
Fish and Game	28,283.0	31,305.0	3,022.0	Interior Villages	6	2,818.4	-	10,105.1
Office of the Governor	459.7	1,255.3	795.6	Fairbanks Areawide	7-11	27,606.2	89,315.0	47,510.7
Health and Social Services	41,578.3	18,950.0	(22,628.3)	Richardson/ Glenn Hwys	12	15.9	-	317.7
Labor and Workforce Development	3,692.2	6,051.7	2,359.5	Mat-Su Areawide	13-16	5,687.5	-	32,000.0
Law	-	150.0	150.0	Anchorage Areawide	17-32	44,013.2	99,321.8	106,523.8
Military and Veterans Affairs	29,550.0	34,542.0	4,992.0	Kenai Areawide	33-35	4,669.6	-	50,604.6
Natural Resources	76,714.4	29,848.0	(46,866.4)	Kodiak	36	584.2	-	40,402.5
Public Safety	4,442.8	81,886.0	77,443.2	Bristol Bay/Aleutians	37	5,284.1	-	18,782.3
Revenue	60,935.2	70,733.1	9,797.9	Bethel	38	7,589.1	-	43,017.1
Transportation & Public Facilities	891,294.7	823,312.5	(67,982.2)	Bering Straits	39	2,405.5	-	12,510.7
University of Alaska	58,773.0	162,500.0	103,727.0	Arctic	40	3,481.5	-	45,892.4
Alaska Court System	7,140.0	2,500.0	(4,640.0)	Northwest Arctic Region	39-40	9,000.0	-	-
Fund Capitalization (2)	16,820.0	151,131.5	134,311.5	Statewide	1-40	417,353.3	45,965.0	373,892.1
Total Capital - "Money on the Street" (3)	**1,505,244.0**	**1,644,284.0**	**139,040.0**	**Total**		**548,517.0**	**256,511.8**	**839,255.3**
Unrestricted General Funds	241,837.9	497,120.4	255,282.5	Unrestricted General Funds		497,120.4	-	-
Designated General Funds	38,138.7	51,396.5	13,257.8	Designated General Funds		51,396.5	-	-
Other State Funds	86,833.9	256,511.8	169,677.9	Other State Funds		-	256,511.8	-
Federal Funds	1,138,433.6	839,255.3	(299,178.3)	Federal Funds		-	-	839,255.3
Fund Transfers - Non-Additive (4)	25,000.0	35,000.0	10,000.0					

Notes:

1) The FY10 Budget figure includes RPL's through the 12/16/2009 meeting.
2) Fund Capitalization refers to funding appropriated to a program not requiring further appropriation for expenditure (e.g.- Harbor Facility Grant Fund, AGIA Reimbursement Fund).
3) "Money on the Street" is the total amount of funding for capital projects, net of fund transfers. Duplicated fund sources are not removed. Doing so would underestimate the actual amount of funding going toward capital projects. This is the opposite of operating budget duplicate funds, whereby the duplicate fund sources would double the actual money paying for services.
4) Fund Transfers are appropriations that move money from one "fund" to another "fund," not actually placing any new capital projects "on the street."

Language Sections of the Governor's FY2011 Capital Budget

*** Sec. 7. FEDERAL AND OTHER PROGRAM RECEIPTS.** (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), information services fund program receipts as defined in AS 44.21.045(b), receipts of the University of Alaska as described in AS 37.05.146(b)(2), receipts of commercial fisheries test fishing operations under AS 37.05.146(c)(21), corporate receipts of the Alaska Housing Finance Corporation, corporate receipts of the Alaska Aerospace Corporation, Exxon Valdez oil spill trust receipts as defined in AS 37.05.146(b)(4), and receipts of the Alaska Fire Standards Council under AS 37.05.146(b)(5), that exceed the amounts appropriated by this Act are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

Subsection a lists types of unanticipated additional receipts that are appropriated subject to review by the Legislative Budget and Audit (LB&A) Committee. This standard language permits requests for additional capital authorization to be submitted to the LB&A committee for approval. Similar language in the operating budget applies only to operating authorization. The operating language excludes test fisheries receipts and corporate receipts of the Alaska Aerospace Development Corporation.

(b) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) exceed the estimates appropriated by this Act, the appropriations from state funds for the affected program may be reduced by the excess if the reductions are consistent with applicable federal statutes.

Subsection b permits state authorization to be reduced if unanticipated money is received for projects funded by state funds. There is no formal process for tracking potential reductions.

(c) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) fall short of the estimates appropriated by this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

Subsection c automatically limits authorization of federal and other receipts to the amount actually received. The language applies to all appropriations in the Act, not merely to appropriations subject to LB&A review.

*** Sec. 8. FUND TRANSFERS.** (a) The income earned during fiscal year 2011 on revenue from the sources set out in AS 37.13.145(d) is appropriated to the Alaska capital income fund (AS 37.05.565).

Subsection a appropriates the FY11 earnings associated with the State vs. Amerada Hess settlement (held within the Permanent Fund) to the Alaska Capital Income Fund. This fund was established in FY05 and is customarily appropriated for capital projects.

Legislative Fiscal Analyst Comment: *Capitalization of the fund is preferable to direct appropriations from the Permanent Fund Earnings Reserve Account. Because the precise amount of earnings is unknown, the amount available for appropriation is unknown. Putting the money in a non-lapsing fund ensures that all available earnings are appropriated while reducing the danger of appropriating more money than is available.*

Funding: The Amerada Hess settlement portion of the Permanent Fund is "fenced off" from the rest of the Permanent Fund principal. The earnings on this $425 million portion have historically been projected at $28 million per year based on the expected rate of return on Permanent Fund investments. Actual earnings (in millions) from FY05-09 are: FY05 - $27, FY06 - $37, FY07 - $42, FY08 - $33, and FY09 - $0. Current projections for FY10 and FY11 are $0 and $3 million

respectively. The low earnings projections for FY10 and FY11 are the result of the way the Permanent Fund accounts for investment losses experienced in FY09. These figures will increase if the legislature disagrees with the accounting choices made by the Permanent Fund. For details, see a discussion paper on this topic posted to the Legislative Finance website.

(b) The following amounts are appropriated to the election fund required by the federal Help America Vote Act:

(1) interest earned on amounts in the election fund required by the federal Help America Vote Act;

(2) the sum of $1,075,000 from federal receipts;

(3) the sum of $56,500 from the general fund.

Subsection b capitalizes the Election Fund with federal Help America Vote Act (HAVA) funds, the earnings of the Election Fund, and general funds for state match.

(c) The sum of $25,000,000 is appropriated from the general fund to the renewable energy grant fund (AS 42.45.045(a)).

Subsection c transfers general funds to the renewable energy grant fund for energy grant appropriations.

Funding: To date, $125 million has been appropriated to and from the fund for projects.

(d) The sum of $150,000,000 is appropriated from receipts of the Alaska Housing Capital Corporation created under AS 18.56.086 to the Alaska Gasline Inducement Act reimbursement fund (AS 43.90.400(a)) for the natural gas pipeline project construction inducement under AS 43.90.110(a)(1).

Subsection d capitalizes the AGIA Reimbursement Fund with $150 million from the savings account created within the Alaska Housing Finance Corporation. Under AGIA the state will provide matching contributions in the form of reimbursements (not to exceed $500 million) to the licensee (TransCanada) of qualified expenditures incurred in development of a natural gas pipeline. No appropriation is required to disburse money from the fund.

Legislative Fiscal Analyst Comment: *The appropriation may be $20 million more than is necessary for FY11. However, given the uncertainty of project expenditures, a little surplus in the fund may be prudent. On the other hand, a shortfall could be filled with a supplemental appropriation.*

Funding: $45 million has been appropriated to the fund with no reimbursements paid to date. Expected reimbursements through FY11 amount to approximately $175 million (as outlined in the 10/31/2009 pipeline project report http://gov.state.ak.us/agia). Placing $150 million in the fund will provide a balance of $195 million, before reimbursements.

(e) The sum of $7,000,000 is appropriated from the dividend paid to the state by the Alaska Industrial Development and Export Authority under AS 44.88.088 for the fiscal year 2011 to the power project fund (AS 42.45.010).

Subsection e transfers $7 million to the power project fund for additional power project loans. Demand for loans has increased significantly in association with $125 million of Renewable Energy Grants made available by the state. Many of the grants require

matching funds that the grantees do not have on hand. The power project fund can provide an avenue to borrow funding for this purpose.

Funding: As of 12/31/2009, the fund had an available loan balance of $4.1 million. Current loan applications total $9.5 million. $7 million would provide the fund more than sufficient capital if all the loan applications were to be processed.

*** Sec. 9. INSURANCE CLAIMS.** The amounts to be received in settlement of insurance claims for losses and the amounts to be received as recovery for losses are appropriated from the general fund to the

(1) state insurance catastrophe reserve account (AS 37.05.289(a)); or

(2) appropriate state agency to mitigate the loss.

Section 9 allows an agency to receive insurance claim settlement payments directly from a third party. Without this provision, settlements would remain in the general fund and would not be available to offset an agency's loss without a specific appropriation.

*** Sec. 10. NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM.** The amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530(a)) under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 by August 31, 2010, estimated to be $14,882,800, is appropriated from that fund to the Department of Commerce, Community, and Economic Development for capital project grants under the National Petroleum Reserve - Alaska impact grant program.

Section 10 appropriates the entire amount received (estimated at $14.9 million for FY11) from the revenue shared by the federal government from sales, rentals, bonuses, and royalties on leases issued within the NPR-A to the NPR-A Impact Grant Program. Grants are awarded to municipalities impacted by oil and gas development in the NPR-A. AS 37.05.530(g) states that receipts not appropriated as grants are to be distributed as follows: 25% to Permanent Fund Principal, ½% to the Public School Trust Fund, and any remaining amount to the Power Cost Equalization and Rural Electric Capitalization Fund.

Legislative Fiscal Analyst Comment: *Recent capital bills contained a list of grantees and the projects to be funded. Providing this information allows it to be entered into the budget system so that it is available for future queries regarding grants.*

Legislative Fiscal Analyst Recommendation: *Grantees and a short description of projects should appear in the bill.*

Legislative Fiscal Analyst Recommendation: *Remaining balances should be appropriated to a fund other than the Power Cost Equalization and Rural Electric Capitalization Fund, which is no longer used because the Power Cost Equalization program is funded with an open-ended appropriation of general funds.*

*** Sec. 11. DEPARTMENT OF REVENUE; CONTINGENCY.** (a) The amount necessary for issuance costs relating to certificates of participation issued for real property for the University of Alaska, Fairbanks campus, Life Sciences Classroom and Laboratory facility, estimated to be $900,000, is appropriated to the state bond committee from the proceeds of the issuance of a certificate of participation for that purpose, for the fiscal year ending June 30, 2011.

(b) The appropriation made by (a) of this section is contingent on passage by the Twenty-Sixth Alaska State Legislature and enactment into law of a bill authorizing the issuance of a certificate of participation for real property for the University of Alaska, Fairbanks campus, Life Sciences Classroom and Laboratory facility.

Legislative Fiscal Analyst Recommendation: *The legislature may wish to move this section to the operating budget so it is grouped with other appropriations associated with certificates of participation.*

* **Sec. 12. LAPSE.** (a) The appropriations made by secs. 8 and 9(1) of this Act are for the capitalization of funds and do not lapse.

(b) The appropriations made by secs. 10 and 11 of this Act are for capital projects and lapse under AS 37.25.020.

Under AS 37.25.020, a capital appropriation is for the life of the project. In addition, an Attorney General's Opinion states that exclusion of a capital appropriation from a capital lapse provision (such as subsection (b)) does not prevent the appropriation from lapsing under AS 37.25.020 as long as the appropriation is "clearly a capital improvement."

Legislative Fiscal Analyst Comment: *The belief that capital appropriations have a five-year lapse is a common misunderstanding. Capital projects are initially booked in the state accounting system for five years, but are administratively extended if the funding is still needed.*

The statutes governing Grants to Municipalities, AS 37.05.315, include a provision that if substantial and ongoing work has not begun within five years of the appropriation, the funding shall lapse.

Legislative Fiscal Analyst Recommendation: *The legislature may wish to consider adding a similar provision to AS 37.25.020 in order to prevent capital projects from remaining on the books for extended periods with little to no activity.*

(c) A grant awarded in sec. 1 of this Act to a named recipient under AS 37.05.316 is for a capital project, unless specifically identified in this Act as an operating grant, and lapses under AS 37.25.020 unless otherwise stated or designated for a fiscal year.

Legislative Fiscal Analyst Comment: *This subsection is included to clarify that all grants under AS 37.05.316 are to be considered capital projects and are to lapse like other capital projects. There has been confusion in the past when some grants were booked as operating grants with a one-year lapse. This language clarifies legislative intent.*

* Sec. 13. This Act takes effect July 1, 2010.

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Comprehensive Integrated Mental Health Program

The Alaska Mental Health Trust Authority (Authority) administers the Mental Health Trust established in perpetuity. The Authority has a fiduciary responsibility to enhance and protect the Trust and to provide leadership in advocacy, planning, implementation, and funding of a comprehensive integrated mental health program (CIMHP) to improve the lives and circumstances of its beneficiaries. **The Trust's beneficiaries include:**

- People with mental illness;
- People with developmental disabilities;
- People with chronic alcoholism; and
- People with Alzheimer's disease and related dementia.

The Trust

The Mental Health Lands Trust Settlement reconstituted the Trust established by the Alaska Mental Health Enabling Act of 1956 with trust land totaling approximately 930,000 acres. **The settlement required the state to:**

- provide a cash payment of $200 million into a newly created mental health trust fund;
- establish a Trust Authority;
- return the principal of the trust fund to the Authority; and
- perpetually use the income of the trust to pay for trust administration costs and ensure improvements and continuation of the integrated, comprehensive mental health program.

Chapter 6, SLA 1994 appropriated $200 million to the mental health trust fund from the following sources:

Mental health trust income account	$33,000.0
DNR mental health trust income in the general fund	$11,700.0
Proceeds from sale of DNR land sale contract portfolio	$25,000.0
Budget reserve fund	$130,300.0

This appropriation was finalized after the superior court of the State of Alaska made its final determination that the state had satisfied its obligation to reconstitute the Mental Health Trust.

Management of the Trust: The Permanent Fund Corporation and the Alaska Department of Revenue Treasury Division manages the trust principal, the Mental Health Trust Lands Office (Dept. of Natural Resources) manages the land and non-cash assets, and the Mental Health Trust Authority (Dept. of Revenue) and its Board make recommendations for program funding.

Mental Health Funding: The Trust Authority sources of income for annual spending include:

- a percentage (currently 4.25%) of the total cash asset value of the Trust Fund Corpus (Principal);
- lapsed funds from the prior year;
- income from the Trust's account in the treasury; and

- income from rents, fees, purchase contract interest, and 15% of timber sales from the Trust Land Management.

The Mental Health Budget Process

Separate Appropriation Bill: AS 37.14.001 establishes the responsibilities and authority for management of the Mental Health Trust. The statute requires the Governor to submit a separate appropriation bill limited to appropriations for the state's integrated comprehensive mental health program. If appropriations in the bill submitted by the Governor or the bill approved by the legislature differ from those proposed by the Authority, the bills must be accompanied by a report explaining the reasons for the differences from the Trust's recommendations.

Mental Health Trust Authority Authorized Receipts: The Mental Health Trust generates revenue from the investment earnings on the $200 million trust, land sale/lease proceeds, and land use royalties. Mental Health Trust income, identified in the appropriation bill as MHTAAR or Mental Health Trust Authority Authorized Receipts, provides approximately $10 million per year for CIMHP funded programs and mental health trust administrative costs.

A unique provision of the settlement grants the Authority the power to spend mental health trust income without legislative approval. This provision does not, however, remove the legislature from spending decisions. The Trust's spending plans typically allocate substantial money to state agencies, which cannot spend the money without legislative authorization.

This approach to budgeting requires extensive cooperation between the Authority and the agencies that receive MHTAAR. The Authority considers requests from relevant agencies and beneficiary boards, and then submits a list of approved projects and funding proposals to the Governor. Although the budget is developed cooperatively, the Governor's request may make changes in MHTAAR funding without the approval of the Authority. Similarly, the legislature typically works with the Authority on any revisions to the Authority's plan.

Zero-Based Budgeting: The Trust continues zero-based budgeting of MHTAAR in FY11, meaning that all MHTAAR in state agencies was removed from the FY11 adjusted base budget. This approach emphasizes that MHTAAR funding is not based on prior year appropriations, but is an independent decision made by the Authority each year. The approach has the advantage (from the Authority's perspective) of specifying the purpose of all MHTAAR that appears in the budget. Under incremental budgeting, the purpose of continuing funding was not stated in budget transactions.

Other Funds Appropriated in the Mental Health Budget: Other state funds and federal funding are typically included in the CIMHP. These might include general funds, AHFC Dividend funds, and Alcohol and Other Drug Abuse Treatment & Prevention Funds. The Authority does not exercise as much control over this portion of the Mental Health budget. Although the Authority is typically consulted about expenditure of non-MHTAAR for mental health purposes, the Authority cannot dictate where other funds may or may not be used. Allocation of state and federal funding for mental health purposes is similar to the process that applies to the regular operating and capital budgets; state agency operating requests show changes to appropriations made the previous fiscal year. Capital requests are typically independent of prior year appropriations.

The FY11 Mental Health Budget

The Trustees approved the following five focus areas for the FY11 budget cycle:

- Bring The Kids Home;
- Affordable, Appropriate Housing for Trust Beneficiaries;

- Disability Justice for Trust Beneficiaries;
- Trust Beneficiary Projects Initiative; and
- Workforce Development

OPERATING

Mental Health Trust recommendations typically address only *increments* to the budget. The Trust's recommendations do not address FY10 GF/MH funding that remains in the base for FY11. The net requested increase in operating funding from FY10 to FY11 is approximately $8.8 million.

Statewide Total Appropriations for Mental Health Programs						
	FY07	FY08	FY09	FY10	FY11 Trust Request	FY11 Gov
State Funds	127,712.4	131,568.6	159,818.2	171,200.9	15,340.0	180,595.1
MHTAAR	11,446.4	12,308.7	13,714.2	12,636.5	12,091.2	12,087.5
Subtotal Operating	**139,158.8**	**143,877.3**	**173,532.4**	**183,837.4**	**27,431.2**	**192,682.6**
Change from previous year		4,718.5	29,655.1	10,305.0		8,845.2
State Funds	12,200.0	13,600.0	7,550.0	4,984.2	12,975.0	11,150.0
MHTAAR	2,650.0	2,500.0	3,500.0	1,650.0	2,050.0	2,050.0
Subtotal Capital	**14,850.0**	**16,100.0**	**11,050.0**	**6,634.2**	**15,025.0**	**13,200.0**
Change from previous year		1,250.0	-5,050.0	-4,415.8		6,565.8
Grand Total	**$154,008.8**	**$159,977.3**	**$184,582.4**	**$190,471.6**		**$205,882.6**

The Trust recommendations included additional state operating funds of $15.3 million in FY11. Budget requests approved by the Trust but not included in the Governor's FY11 budget request include:

- Department of Health and Social Services (DHSS): $2.3 million in Senior and Disabilities Services for:
  - traumatic brain injury services coordination;
  - emergency intervention services;
  - tele-care/smart home technology projects;
  - Alzheimer's disease and related dementia grants; and
  - establishment of a crisis response stabilization program and grant funding for clients that are developmentally disabled.
- DHSS: $1.3 million in Rural Services and Suicide Prevention for implementation of childhood and adolescent prevention grants and funding to supplement the Alaska Native Tribal Health Consortium's efforts in Crisis Intervention Stress Management training and Applied Suicide Intervention Skills training in Barrow and Dillingham.

- DHSS: $1.2 million in rate increases for Behavioral Rehabilitation crisis stabilization services providers.

The FY11 Trust-recommended appropriation of Trust Receipts (MHTAAR) totals $12.1 million. The Trust recommendations include $3.7 more for FY11 health insurance increases than are included in the Governor's FY11 budget.

CAPITAL

The Governor's FY11 capital budget request of $15.1 million for Mental Health programs is $175.0 more than the Trust's recommendations of $15.0 million. The Trust's recommendations include $2.1 million MHTAAR, $6.0 million GF/MH, and $7.0 million AHFC Dividends.

The $175.0 difference between the Trust recommendations and the Governor's budget request is the result of several actions:

- Trust projects that were not submitted to the legislature by the Governor:
  - $1.2 million in funding to aid in the construction of the new Bethel Sobering Center, grants for assistive technology projects, and essential equipment purchases for Trust beneficiaries.
- Trust project that received partial funding in the Governor's budget:
  - The Governor's budget includes $500.0 (of the $2.5 million recommended) for deferred maintenance of non-profit service providers and beneficiaries' facilities.
- Trust project to which the Governor added funding:
  - The Governor added $3.4 million to support temporary emergency housing service providers.

Some of the significant projects contained in both the Trust's recommendations and the Governor's Mental Health budget are listed below (funding levels shown are from the Governor's budget):

- MH AHFC Beneficiary and Special Needs Housing (ED 99) $1.8 million
- MH Home Modification and Upgrades to Retain Housing (ED 99) $1.1 million
- MH Coordinated Transportation and Vehicles (ED 99) $1.1 million
- MH Housing, Pre-Development, Anchorage Assets Building $500.0

Agency Narratives and Funding Summaries

Department of Administration

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$96,038.4**			
FY10 Fiscal Notes	-			
CarryForward	1,700.9			
Special Appropriations	-			
Agency Transfers	(9.7)			
10 Contractual Salary Adjustments	(13.6)			
Misc Adjustments	-			
Vetoes	(200.0)			
FY10 Management Plan (GF only)	**$97,516.0**	$1,477.6	1.5%	
One-time Items removed	(1,943.1)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	420.6			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$95,993.5**	($1,522.5)	-1.6%	
FY11 Governor's GF Increments/Decrements/Fund Changes	1,412.1			
FY11 Governor's Request (GF only)	**$97,405.6**	$1,412.1	1.5%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			$1,412.1	
Office of Administrative Hearings	419.1	431.4	12.3	5
Office of the Commissioner	345.0	352.7	7.7	5
Administrative Services	58.0	59.9	1.9	5
Personnel	1,045.4	1,046.4	1.0	5
Lease Administration	58.1	59.3	1.2	5
Elected Public Officers Retirement System Benefits	1,898.1	2,498.1	600.0	2
Enterprise Technology Services	1,237.2	1,241.4	4.2	5
Alaska Oil and Gas Conservation Commission	5,550.6	6,701.5	1,150.9	1
Office of Public Advocacy	20,310.0	20,313.8	3.8	5
Violent Crimes Compensation Board	1,587.6	1,885.5	297.9	3
Motor Vehicles	15,259.3	14,590.5	(668.8)	4

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	194,334.3	197,471.4	3,137.1	
Federal Funds (all allocations)	2,783.6	3,433.6	650.0	
Total Non-General Funds (all allocations)	**$197,117.9**	**$200,905.0**	**$3,787.1**	
Position Changes (From FY10 Management Plan to Gov)	**1,124**	**1,119**	**(5)**	
PFT	1,070	1,069	(1)	
PPT	20	18	(2)	
Temp	34	32	(2)	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	1,300.0	-	1,300.0	
Maintenance and Repairs	7,250.0	-	7,250.0	
Remodel, Reconstruction and Upgrades	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	16,725.0	-	16,725.0	
Other	-	-	-	
TOTAL CAPITAL	**$25,275.0**	**$0.0**	**$25,275.0**	

Department of Administration

The mission of the Department of Administration (DOA) is to provide consistent and efficient support services to state agencies so that they may better serve Alaskans. DOA establishes policies and coordinates services among departments and provides statewide leadership and policy direction in the following areas:

- finance and accounting;
- payroll;
- information technology;
- human resources;
- labor relations;
- procurement, including final administrative decisions on statewide procurement appeals;
- facility leasing and management;
- risk management; and
- employee and retiree benefits programs for state and local governments.

Direct public services are provided through the Division of Motor Vehicles which collects revenues from vehicle titling and registration and driver licensing; by legal and advocacy services through the Public Defender Agency and the Office of Public Advocacy; and through the Office of Administrative Hearings which provides for adjudication services in a broad range of administrative appeals and alternative dispute resolution processes. The Department also oversees administrative functions of four independent boards and commissions (the Alaska Public Broadcasting Commission, the Alaska Public Offices Commission, the Alaska Oil and Gas Conservation Commission, and the Violent Crimes Compensation Board).

SIGNIFICANT ISSUES

The FY11 Department of Administration general fund operating budget submitted by the Governor is $1,412.1 above the FY11 Adjusted Base [$1,783.0 Unrestricted General Funds (UGF)/a reduction of $370.9 Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

1. Alaska Oil and Gas Conservation Commission (AOGCC): $1,150.9 Alaska Housing Capital Corporation (AHCC) (UGF). The AOGCC is tasked with independent evaluation of depletion plans for reservoirs prior to the start of major gas sales from the North Slope of Alaska. The Commission is required to rule upon offtake rates, timing, and depletion plans for the fields being developed before gas sales are approved. Although the AOGCC has completed a portion of the significant reservoir evaluation studies that are necessary to accomplish these tasks, an increment of $1,150,900 is requested in the Governor's budget to complete the work.

Legislative Fiscal Analyst Comment: The AOGCC typically uses regulatory fees to pay for Commission activities. However, the depletion studies are required in advance of gas

sales, so general funds have been used to pay for the studies since FY06. This request is part of the Governor's $10.5 million appropriation to a variety of agencies for gas pipeline development.

2. **Elected Public Officers Retirement System (EPORS) Benefits: $600.0 UGF.** EPORS currently has 39 members (24 retirees and 15 surviving dependents) who receive benefits. Costs have increased due to mandatory benefit increases based upon the salaries of the positions from which members retired and the projected rise in the cost of health insurance (also a member benefit).

3. **Violent Crimes Compensation Board (VCCB): $297.9 PFD Criminal Receipts (DGF).** The Violent Crimes Compensation Board was established to help mitigate financial losses that are the direct result of violent crimes that occur against Alaskans and visitors to Alaska. In addition, the Board helps to foster victim advocacy services and promotes victim recovery. Assistance is generally in the form of payment for services, reimbursement of certain losses, and financial help to ensure the safety of Alaskan victims. Due to statewide outreach programs, the number of applicants has increased over the years, a trend that is expected to continue.

4. **Motor Vehicles: (-$668.8 Receipt Supported Services) (DGF).** The Department anticipates a reduction of $668,800 in the Anchorage Bensen Office lease that is scheduled for renewal in FY11. Terms of the initial lease included the cost of the customization (build out) of the space to meet Division of Motor Vehicles' needs. Those terms provided that, in the case of a renewal, a lesser amount would be charged.

5. **Salary Fund Source Changes: $32.1 UGF.** The Governor's budget proposes using general funds to replace a portion of other funding sources that could be used to pay for contractual health insurance increases for noncovered employees. Although the overall amount is small, seven different allocations are affected for a total of $32,100 UGF (the switch occurs from Interagency Receipts ($27,900) and the Information Services Fund ($4,200)). As an alternative to these fund source changes, DOA could either 1) charge agencies for services and let any necessary fund source changes occur in the agencies or 2) absorb these personal services costs within the individual allocation vacancy factors.

ORGANIZATIONAL CHANGES

In FY11, the following structural changes are reflected in the Governor's Department of Administration budget:

- The State Travel Office allocation within Centralized Administrative Services is re-named E-Travel. This program has been established as the managed travel program serving the State of Alaska Executive Branch, including employees, members of boards and commissions, inmates, witnesses, and other individuals that travel on official state business; and
- The Enterprise Technology Services appropriation, which had consisted of a single allocation, has split into three allocations for management and tracking purposes:
  - State of Alaska Telecommunications System;
  - Alaska Land Mobile Radio; and

- Enterprise Technology Services.

CAPITAL REQUEST

The Governor's FY11 Department of Administration capital budget totals $25.3 million. Included in the general fund category is $7.9 million UGF and $8.5 million Receipt Supported Services (RSS) (Designated GF), divided into the following projects:

- $600,000 UGF – Alaska Public Offices Commission (APOC) Electronic Filing System to complete the APOC Web Based Electronic Filing System;
- $8,500,000 RSS (DGF) – Alaska License and Vehicle Information System to replace the Division of Motor Vehicles information network. The system is thirty-plus years old and is becoming increasingly difficult to support and maintain;
- $50,000 UGF – Alaska Rural Communications Service (ARCS) Digital Conversion Planning to meet FCC mandated standards for all low power television services and expand public service to residents in bush Alaska; and
- $7,250,000 UGF – Statewide Deferred Maintenance Projects managed by the Department of Administration for Public Building Fund and non-Public Building Fund facilities as well as projects for the State of Alaska Telecommunication System infrastructure.

The capital request presented by the Governor also includes $8.9 million in non-GF projects. The most significant of those non-GF projects is $3.7 million (Information Services Fund) for Enterprise Technology Services infrastructure upgrades and support. This project contributes to the Division's core service of providing business management and information technology support to all state agencies and to citizens accessing state services.

Legislative Fiscal Analyst Comment: *A large project—replacement of the state's payroll and accounting software—is significant in its absence. In FY10, the Department requested (but did not receive) $76 million to work toward replacing legacy administrative systems, primarily the statewide accounting system (AKSAS) and payroll system (AKPAY). The continued operation of these systems is threatened by their age and the antiquated software languages in which they are written. The legislature previously appropriated $41 million for this massive project, which is projected to take at least six more years to complete and to require many more millions of dollars.*

Legislative Fiscal Analyst Comment: *As in previous years, direct appropriations for costs associated with public employees' retirement systems are segregated from the Department's budget in order to avoid overstating the Department of Administration's budget. A total of $357.6 million in direct appropriations for retirement include:*

*(a) **$190,850.3 GF for the teachers' retirement system** defined benefit plan account;*

*(b) **$165,841.2 GF for the public employees' retirement system** defined benefit plan account;*

*(c) **$84.2 GF for the Department of Military and Veterans' Affairs AK National Guard and Alaska Naval Militia** defined benefit plan account; and*

*(d) **$788.9 GF for the judicial retirement system** defined benefit plan account.*

Department of Commerce, Community, and Economic Development

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$97,592.4**			
FY10 Fiscal Notes	98.0			
CarryForward	-			
Special Appropriations	5,500.0			
Agency Transfers	12.7			
10 Contractual Salary Adjustments	-			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$103,203.1**	$5,610.7	5.7%	
One-time Items removed	(91.0)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	196.5			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$103,308.6**	$105.5	0.1%	
FY11 Governor's GF Increments/Decrements/Fund Changes	437.2			
FY11 Governor's Request (GF only)	**$103,745.8**	$437.2	0.4%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$437.2**	
Community and Regional Affairs	6,171.5	6,612.4	440.9	3
Office of Economic Development	1,890.9	1,950.8	59.9	
AEA Power Cost Equalization	37,660.0	36,300.0	(1,360.0)	2
Alaska Seafood Marketing Institute	12,212.2	13,212.2	1,000.0	1
Banking and Securities	3,110.3	3,264.3	154.0	4
Community Development Quota Program	57.6	-	(57.6)	
Insurance Operations	6,491.3	6,691.3	200.0	5

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	25,866.6	31,001.0	5,134.4	
Federal Funds (all allocations)	64,110.5	66,052.6	1,942.1	6
Total Non-General Funds (all allocations)	**$89,977.1**	**$97,053.6**	**$7,076.5**	
Position Changes (From FY10 Management Plan to Gov)	**541**	**545**	**4**	
PFT	526	528	2	
PPT	2	2	-	
Temp	13	15	2	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	1,100.0	-	1,100.0	
Maintenance and Repairs	250.0	-	250.0	
Remodel, Reconstruction and Upgrades	26,160.0	16,000.0	42,160.0	
New Construction and Land Acquisition	24,250.0	14,822.8	39,072.8	
Equipment and Materials	-	-	-	
Information Systems and Technology	935.0	-	935.0	
Other	5,941.0	6,625.0	12,566.0	
TOTAL CAPITAL	**$58,636.0**	**$37,447.8**	**$96,083.8**	

Department of Commerce, Community, and Economic Development

The Department of Commerce, Community, and Economic Development (DCCED) provides a wide range of development services to private businesses, aids in protecting the public by regulating certain industries, and provides services to communities. The Department:

- provides general assistance and access to capital markets for businesses;
- coordinates numerous state grant and loan programs;
- manages programs aimed at key economic sectors such as electric power generation, tourism, aerospace, mining, and fishing;
- participates in the marketing of Alaskan products and visitor attractions;
- regulates banking, securities and corporations, insurance, occupations and public utilities;
- provides services to local governments and unincorporated communities in the form of grants and direct technical assistance; and
- administers programs offering assistance in the areas of government and financial management, utilities, planning, and energy management.

SIGNIFICANT ISSUES

The FY11 Department of Commerce, Community, and Economic Development general fund operating budget submitted by the Governor is $437.2 above the FY11 Adjusted Base [$2,640.1 *reduction* of Unrestricted General Funds (UGF)/$3,077.3 increase of Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

1. **Alaska Seafood Marketing Institute (ASMI) Campaign: $1 million UGF.** ASMI's $1 million UGF increment request increases ASMI's total GF budget to $3.7 million (an increase of 37.5% over FY10). Of the $3.7 million total, ASMI plans to spend $2.2 million to access the Federal Market Access Program's (MAP) formula funding (a 2:1 match) that must be spent on International marketing. Another $1.5 million will be used in the domestic market for core program activities and promotions. More specifically, ASMI argues that the funding is needed for the following:

   - **To mount a major sustainability campaign in Europe** to combat the perception that Alaska Seafood is not sustainable unless it has a Marine Stewardship Council (MSC) endorsement;
   - **To maintain its purchasing power.** The weaker U.S. dollar has reduced ASMI's purchasing power abroad;
   - **To access more federal funds for International marketing.** Because the ability to raise matching funds counts for 40% of the Federal Market Access Program's funding formula, Alaska has been less successful than other states at accessing the full amount that could be available to it;

- **To offset the anticipated loss of revenue from industry funds.** ASMI expects a drop of $1-2 million in industry funds (based on ex-vessel prices) in FY10 and FY11. They plan to replace lost industry funds with UGF and use the funds in the domestic market; and
- **To take advantage of currently existing opportunities to capture more of the domestic market** due to reduced Chilean imports resulting from farm disease.

2. **Power Cost Equalization (PCE): $1.36 million UGF decrement.** Although language in the operating budget bill appropriates general funds in the amount necessary to pay for the PCE program, the Department revised its expenditure projections downward due to the lower cost of fuel, fewer eligible grantees, and lower consumption projections.

   In addition, the amount available from the PCE Endowment for FY11 is calculated to be $23,834.4 (less $160.8 for the Department of Revenue management fees), which is an increase of $2,780.9 over the amount budgeted in FY10. Funds from the Endowment replace UGF.

3. **Community and Regional Affairs: $440.9 million UGF.**

   - **Local Government Assistance: $343.9 GF.** This request funds three positions to provide technical assistance to at-risk communities with populations between 25 and 2500. Currently, three staff cover 386 communities. According to the Department, of these 386 communities, 40% (or 153) are not meeting federally required management sustainability indicators. Non-compliance renders the communities ineligible for state financial assistance and places state and federal infrastructure investment at risk.
   - **Assistance with Alaska Native Claims Settlement Act (ANCSA) 14(c) actions: $97.0 GF.** This funding will support a position to provide communities with land management, site control verification, planning assistance services and management of ANCSA 14(c) actions.

     When ANCSA was passed in 1971, 95 unincorporated communities had a land conveyance obligation to the State under section 14(c)(3). Over 50 communities still have not completed the conveyance of land to the village corporation to be held in trust for a future municipality.

     Site control and land status verifications are needed to ensure clear title on village corporation land. Lack of this verification can result in legal issues and can hold up capital grants disbursement. Other departments and entities depend upon the Department's verification actions to allow for the disbursement of capital grants and to avoid legal complications resulting from unresolved land status issues.

4. **Banking and Securities: $164.0 DGF.** An increment of $164.0 is requested to pay travel costs to conduct eight safety and soundness examinations and approximately 68 compliance examinations on a 12-18 month cycle. In addition, this funding will pay travel costs of recently hired examiners to receive specialized training in areas such as: Capital Adequacy, Asset Quality, Management Ability, Earnings Adequacy, Liquidity Management, Sensitivity to Market Risk, Operations, Internal Controls and Audit, and a Compliance Review. *This is an increase of 84.3% in the travel line from FY10.*

5. **Insurance Operations: $200.0 DGF.** By statute, Insurance must notify up to 37,000 licensees whenever there is change in rules, regulations or policy that may impact

licensees. Print, mail and legal costs have increased by $300.0 in two years. This increment is requested to help offset these rising costs.

6. **Federal Program Funding for National Forest Receipts: $1.4 million Federal Receipts.** The Department anticipates receiving and distributing (to local governments) $17.1 million in National Forest Receipts. This is an increase of $1.4 million over FY10.

ORGANIZATIONAL CHANGES

There are no significant organizational changes.

CAPITAL REQUEST

DCCED's total capital budget is nearly $96.1 million—$37.4 million of which is federal money. The budget consists of a diverse mix of grants and capital projects, most of which are more clearly described as *passing through DCCED* rather than *going to DCCED*. The pass-through projects include rural power and transportation systems, community economic assistance, port expansion and cruise ship industry enhancements. Projects requested by DCCED include:

- $609,000 of RSS for a Banking and Securities Imaging project; and
- $326,000 of RSS to replace and consolidate many of Division of Community and Regional Affairs' (DCRA) computer applications.

Legislative Fiscal Analyst Comment: Because DCRA does not generate receipts that can be used to pay for various software applications, this funding source is invalid. If the project is approved, the funding source should be replaced with general funds.

Department of Corrections

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$228,505.5**			
FY10 Fiscal Notes	-			
CarryForward	500.0			
Special Appropriations	-			
Agency Transfers	600.0			
10 Contractual Salary Adjustments	(162.8)			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$229,442.7**	$937.2	0.4%	
One-time Items removed	(1,600.0)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	35.3			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$227,878.0**	($1,564.7)	-0.7%	
FY11 Governor's GF Increments/Decrements/Fund Changes	2,600.8			
FY11 Governor's Request (GF only)	**$230,478.8**	$2,600.8	1.1%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$2,600.8**	
Offender Habilitation Programs	1,142.2	1,292.2	150.0	1d
Wildwood Correctional Center	11,744.6	12,995.4	1,250.8	1a
Community Jails	6,115.4	6,415.4	300.0	1c
Community Residential Centers	19,377.9	20,277.9	900.0	1b
Inmate Health Care (fund source change)	-	-	0.0	2

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	16,174.5	16,548.5	374.0	
Federal Funds (all allocations)	3,003.4	3,003.4	0.0	
Total Non-General Funds (all allocations)	**$19,177.9**	**$19,551.9**	**$374.0**	
Position Changes (From FY10 Management Plan to Gov)	**1,511**	**1,511**	**0**	
PFT	1,510	1,509	1	
PPT	1	2	(1)	
Temp	-	-	0	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance and Repairs	6,500.0	-	6,500.0	
Remodel, Reconstruction and Upgrades	450.0	-	450.0	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	$6,950.0	$0.0	$6,950.0	

Department of Corrections

The mission of the Department of Corrections (DOC) is to provide secure confinement, reformative programs, and a process of supervised community reintegration to enhance the safety of Alaskan communities. The Department:

- provides secure confinement;
- provides reformative programs; and
- provides supervised re-entry.

SIGNIFICANT ISSUES

The FY11 Department of Corrections general fund operating budget as submitted by the Governor is $2,600.8 above the FY11 Adjusted Base [$3,452.3 Unrestricted General Funds (UGF)/a reduction of $851.5 Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

1. Although Alaska's **prison population** had a small and anomalous decline in 2008, the long-term upward trend in population continues to increase departmental costs. The population typically exceeds 100% of approved institutional emergency capacity. With increased law enforcement by local and state agencies, the Department has no expectation of a long-term decline in the offender population. The Department addresses the prison population issue with the following increments:

a) **Wildwood Correctional Center: $1,250.8 GF ($1,242.8 UGF, $8.0 RSS (DGF)).** In FY09, the Wildwood Correctional Center received an increment of $1.115 million to convert and operate two existing buildings that could house 80 offenders. However, due to delays from unforeseen construction problems (primarily asbestos abatement), the legislature reduced the operating funding request in FY10.

With construction now completed, this increment provides the full funding needed to cover FY11 operating costs.

b) **Community Residential Centers (CRC): $900.0 UGF.** This increment includes:

- **$500.0 UGF** to fully fund the addition of 43 regular beds for which the Department began contracting in FY09. This request, combined with the $719.2 UGF increase the Department received in FY10, will meet the full costs associated with these additional beds and reduce the Department's number of "hard bed" placements.
- **$400.0 UGF** for an annual 2% Consumer Price Index (CPI) rate increase included in the professional services contracts with five of the six department CRC providers.

c) **Community Jails: $300.0 UGF.** The City of Kodiak is in the process of opening a new facility to house the City's police department and jail. Due to the staggered completion dates of these two units, the Department is requesting one-time funding to keep the old facility operational until the new jail comes on line in early FY11.

d) **Offender Habilitation Programs: $150.0 UGF**. During FY08, the Department of Corrections began a construction apprenticeship program in conjunction with the Department of Labor at the Palmer Correctional Center (PCC). This request will allow the program to expand to other institutions, primarily the Pt. Mackenzie Work Farm and the Wildwood Correctional Center.

2. **Fund Change/Inmate Health Care: $859.5 UGF from PFD Criminal Funds (DGF).** Permanent Fund Dividend (PFD) Criminal Funds are available for appropriation due to the number of convicted felons and third time misdemeanants who are ineligible to receive a PFD. Because available funding depends on the amount of PFDs and the number of affected inmates, the amount of PFD Criminal funds is volatile. For FY11, the Department of Revenue calculated the amount available for appropriation to be $1.7 million less than in FY10.

   The requested fund change replaces the Department's portion of that reduction with UGF (as anticipated by the Legislative Finance Division) in order to maintain services.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

The Agency's $6.9 million UGF capital budget is comprised primarily of a $6.5 million proposal for deferred maintenance projects. The majority of the 117 state-owned buildings the Department is charged with maintaining are over 20 years old, and 20% are over 30 years old. This appropriation will fund the most urgent safety, environmental, utility infrastructure, security and projects in the Department.

The Department's other two capital projects include:

- Anchorage Correctional Complex Renovation and Remodeling: **$350.0 UGF**
- Community Jails Repairs, Renovations, and Equipment: **$100.0 UGF**

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Department of Education and Early Development

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$1,122,670.9**			
FY10 Fiscal Notes	1,314.3			
CarryForward	-			
Special Appropriations	-			
Agency Transfers	57.2			
10 Contractual Salary Adjustments	(12.0)			
Misc Adjustments	4,845.4			
Vetoes	-			
FY10 Management Plan (GF only)	**$1,128,875.8**	$6,204.9	0.6%	
One-time Items removed	(2,257.2)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	29.1			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$1,126,647.7**	($2,228.1)	-0.2%	
FY11 Governor's GF Increments/Decrements/Fund Changes	58,440.8			
FY11 Governor's Request (GF only)	**$1,185,088.5**	$58,440.8	5.2%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$58,440.8**	
Foundation Program	1,010,509.3	1,065,847.4	55,338.1	1, 2
Pupil Transportation	61,149.7	63,839.2	2,689.5	1
Special Schools	3,127.5	3,303.0	175.5	6
Alaska Challenge Youth Academy	6,429.1	5,826.8	(602.3)	8
Executive Administration	2,142.3	2,434.0	291.7	4
Student and School Achievement	8,965.6	9,003.9	38.3	7
Early Learning Coordination	7,599.7	7,799.7	200.0	5
WWAMI Medical Education	2,654.8	2,964.8	310.0	3

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	20,786.5	21,146.1	359.6	
Federal Funds (all allocations)	214,960.3	279,380.3	64,420.0	
Total Non-General Funds (all allocations)	**$235,746.8**	**$300,526.4**	**$64,779.6**	
Position Changes (From FY10 Management Plan to Gov)	**350**	**350**	**0**	
PFT	332	334	2	4
PPT	15	13	(2)	
Temp	3	3	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance and Repairs	1,934.2	-	1,934.2	
Remodel, Reconstruction and Upgrades	24,536.4	-	24,536.4	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	**$26,470.6**	**$0.0**	**$26,470.6**	

Department of Education and Early Development

The Department of Education and Early Development (DEED) is committed to ensuring quality standards-based instruction to improve academic achievement for all students. The Department is responsible for funding and regulating the state's K-12 schools as well as administering school debt reimbursement and grants for school construction/major maintenance. Core services include the following:

- provide and evaluate a Comprehensive Student and School Standards, Assessment and Accountability System for all students and schools in Alaska that is based on student, school, educator, and culturally responsive standards and state and federal requirements;
- provide and support standards-based professional development and mentoring for Alaska's educators to ensure high quality and student achievement;
- provide a statewide program to ensure all students have the foundational skills required for a successful transition to college and/or the workforce after high school;
- secure and award state, federal, and private educational funding to school districts and other educational organizations to result in higher student achievement; and
- provide high quality data to school districts and stakeholders through the use of the Alaska Statewide Longitudinal Data System.

The Department also houses Commissions and Boards (including the Professional Teaching Practices Commission, the Alaska State Council on the Arts and the Alaska Postsecondary Education Commission) and is responsible for Mt. Edgecumbe Boarding School, EED State Facilities Maintenance, and Alaska Library and Museums.

SIGNIFICANT ISSUES

The FY11 Department of Education and Early Development general fund operating budget submitted by the Governor is $58,440.8 above the FY11 Adjusted Base [$60,639.5 Unrestricted General Funds (UGF)/a reduction of $2,198.7 Designated General Funds (DGF)]. This General Funds (GF) change is due primarily to statutory adjustments to the Foundation Program, but also incorporates six increments and two decrements.

Significant issues are highlighted in the notes below and correspond to the numbers in the last column of the preceding spreadsheet.

1. K-12 Education Formula Funding. Because education funding changes are likely to come through legislation rather than subcommittee action, the discussion here is brief and general. The statutory formula requires $1,065,847.4 of UGF for the Foundation Program and $63,839.2 for Pupil Transportation. Total funding for K-12 Support programs is increasing by $58.2 million over FY10.

Two years ago, the legislature adopted a three-year education plan presented by an Education Task Force. The recommendations (adopted in HB 273 (Ch. 9, SLA 2008)):

- increased the Base Student Allocation (BSA) by $100/student/year for FY09, FY10, and FY11;

- increased the geographic differential paid to school districts with high operating costs; and
- increased the amount paid to school districts for approximately 2,000 intensive-needs students who experience health conditions and disabilities requiring daily monitoring and assistance with their school day activities.

FY11 is the final year of a three-year phase-in of significantly higher payments to school districts. In FY11, the Base Student Allocation is $5,680.

Section 21(t) of the Governor's operating budget bill appropriates $1.131 billion from the general fund to the Public Education Fund (PEF). That amount is the projected need for K-12 formula funding for the Foundation Program and Pupil Transportation for FY12, and is about $14.4 million more than the projected need for FY11.

Legislative Fiscal Analyst Comment: *Under the concept of forward funding, the amount appropriated in a given year is the amount projected to be needed in the following year. FY10 budget bills contained appropriations of $1.1 billion from the Constitutional Budget Reserve Fund (CBRF) to cover education costs in FY11, but the supermajority votes required to transfer funds from the CBRF failed. The supermajority vote failure does not affect K-12 funding in FY10 (because the PEF contained sufficient money to fund the formula in FY10), but it left the PEF without the $1.1 billion expected to be required for K-12 education in FY11. A return to forward funding would require an appropriation of FY11 costs in addition to the FY12 costs that are included in the Governor's operating bill. The Governor has indicated that he intends to request the $1.1 billion for FY11 in a supplemental bill.*

2. **Age-4 Pre-Kindergarten Program: $2,000.0 UGF.** This request is for the second year of program implementation for an Alaska pre-kindergarten program. According to the Department, this preschool program provides a voluntary, comprehensive, half-day for four-year olds and early five-year olds based on the standards set forth in the Alaska Early Learning Guidelines. Participating school districts are funded through a competitive grant process. It is anticipated that the preschools will serve 500 children statewide and that, eventually, this project will provide the framework and guidance for the creation of local programs in a variety of urban, rural, and remote sites.

Legislative Fiscal Analyst Comment: *In FY10, the legislature approved $2 million as one-time funding for an Age 4 Pre-K Pilot Program. For FY11, the Department requests that this amount be added to its base budget.*

3. **WWAMI Medical Education Contract Increase: $310.0 UGF.** This increment is required for implementation of the expanded program under Alaska's contract with the University of Washington School of Medicine (UWSM). In the spring of 2007, the Alaska WWAMI program expanded class size from 10 to 20 incoming students per year (Ch. 5, SLA07, AS 14.42.030(d)). The basis for the funding structure is determined by a partnership contract between the UWSM, the University of Alaska, and the State of Alaska. Students attend a year of training at the Anchorage campus of the University of Alaska before attending the UWSM in Seattle, Washington. The Postsecondary Education Commission acts as the state's fiscal agent and administers WWAMI participants' services agreements/loans. Funds are used for education and administrative costs for second, third and fourth year students, which average over $40,000 per student per year. In addition, the program provides support for clinical sites in Alaska. WWAMI program administration and community clinical unit costs run about

$300,000 per year. Since the inception of the program in 1971, approximately 400 students have been enrolled in this program, which to date has a 95% graduation rate.

4. **Executive Administration Specialists for Math, Science, and Reading: $291.7 UGF.** The Executive Administration allocation includes a request for additional funds ($291.7 UGF) aimed at improving school district support services. According to the Department, three permanent, full-time positions (Education Specialist II (Range 21)) will be added as content specialists for math, science, and reading. Each content specialist will work with school districts to help them align their curriculum to Alaska Grade Level Expectations in reading, math, and science. They will also serve as a resource for the State System of Support team and their Technical Assistance Coaches. These specialists will collect, report, and analyze student performance data, serve on advisory committees, search for potential grants, and review methodology for increasing student achievement.

5. **Early Learning Coordination: $200.0 UGF.** This one-time increment continues funding for a grant to Best Beginnings, a public-private partnership that works to mobilize people and resources to ensure that Alaska children begin school ready to succeed. These funds are intended to support early literacy and the Imagination Library in providing matching grants to local communities to purchase children's books.

6. **Special Schools – Additional Transportation Services School for the Deaf: $180.0 UGF.** Under agreements with the Department of Education and Early Development, the Anchorage School District has operated the Alaska School for the Deaf for many years. The program is operated in three different schools in the Anchorage area—Russian Jack Elementary, Hanshew Middle School, and East High School. Additional funding is needed in FY11 to provide transportation services from Mat-Su to the program schools.

7. **Student and School Achievement Technical and Vocational Education Program Funding (TVEP): $38.3 TVEP Receipts (DGF).** The increase in TVEP funding matches revenue projections for FY11. This increment request supports a grant to the Galena School District estimated at $416,200 for FY11. Funding is used to build up a prepared resident workforce through early career education. By integrating both vocational and traditional academic education, students are prepared for development of occupational skills in areas such as automotive, food services, child care, and cosmetology.

8. **Alaska Challenge Youth Academy (ACYA) – Formula Decrease: ($602.3) UGF.** The academy is operated by the Department of Military and Veterans Affairs (DMVA) and is funded through a Reimbursable Services Agreement with DEED in accordance with AS 14.30.740. The total FY11 general fund budget for the ACYA will be $5,826,800. This amount reflects a decrease in FY11 of $602,292 and is calculated using the student base allocation amount of $5,680. Given the fact that the Department of Military and Veterans Affairs federal grant is more than was initially anticipated, the department reduced its request for state aid.

Legislative Fiscal Analyst Comment: *The legislature may wish to revisit this formula program. The current statutory program support formula provides seven times the base student allocation for ACYA residential students plus a smaller non-resident amount. The legislature may wish to consider a direct appropriation to DMVA, as DEED has no*

legal responsibility for the ACYA and, therefore, should not act as a pass-through agency.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

In addition to school district major maintenance grants totaling $24.8 million, the Department of Education and Early Development's FY11 capital budget includes $1.7 million UGF for continued work on deferred maintenance and construction projects from the overall Mt. Edgecumbe High School capital project plan. Specific projects are determined by an annual review including verification that the school is performing maintenance and operation tasks in accordance with the requirements of AS 14.11.011.

Legislative Fiscal Analyst Comment: *The school debt reimbursement program is shown in a separate section of this overview that addresses debt obligations (see table on page 54).*

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Department of Environmental Conservation

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$42,154.3**			
FY10 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers	37.8			
10 Contractual Salary Adjustments	(7.2)			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$42,184.9**	$30.6	0.1%	
One-time Items removed	(37.8)			
Transfers between Agencies (nets zero statewide)	-			
FY10 Contractual Salary and Health Increases	13.4			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$42,160.5**	($24.4)	-0.1%	
FY11 Governor's GF Increments/Decrements/Fund Changes	901.0			
FY11 Governor's Request (GF only)	**$43,061.5**	$901.0	2.1%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$901.0**	
Commissioner's Office	427.3	427.8	0.5	
Laboratory Services	1,596.8	1,856.8	260.0	2
Drinking Water	1,863.7	2,163.7	300.0	1
Solid Waste Management	1,735.5	1,888.5	153.0	4
Air Quality	2,883.8	3,033.8	150.0	3
Facility Construction	1,101.4	1,138.9	37.5	5

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	10,262.4	10,260.7	(1.7)	
Federal Funds (all allocations)	21,571.5	22,224.5	653.0	1, 5
Total Non-General Funds (all allocations)	**$31,833.9**	**$32,485.2**	**$651.3**	
Position Changes (From FY10 Management Plan to Gov)	**541**	**547**	**6**	
PFT	532	538	6	1, 3
PPT	2	2	-	
Temp	7	7	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	573.9	10,671.8	11,245.7	
Maintenance and Repairs	3,200.0	-	3,200.0	
Remodel, Reconstruction and Upgrades	21,617.6	12,663.6	34,281.2	
New Construction and Land Acquisition	10,997.9	15,614.7	26,612.6	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	**$36,389.4**	**$38,950.1**	**$75,339.5**	

Department of Environmental Conservation

The Department of Environmental Conservation (DEC) is responsible for protecting human health and the environment. This agency provides the following core services:

- develop and enforce standards for protection of the environment;
- provide controls and enforcement for the prevention and abatement of pollution to the environment; and
- provide controls and enforcement to protect citizens from unsafe sanitary practices.

SIGNIFICANT ISSUES

The FY11 Department of Environmental Conservation general fund operating budget submitted by the Governor is $901.0 GF above the FY11 Adjusted Base [$748.0 Unrestricted General Funds (UGF)/$153.0 Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

1. **Environmental Protection Agency (EPA) Drinking Water Rule Implementation: $300.0 General Fund Match (UGF)/ $300.0 Federal Receipts.** The Alaska Drinking Water program is requesting funding for the adoption and implementation of three EPA rules (finalized in 2006) which the State must adopt by the end of 2010. If these rules are not adopted, the EPA will revoke approvals already given and withdraw primacy. Five new permanent full-time positions are needed to conduct the implementation, monitoring, reporting, and enforcement work associated with these rules as well as the 1,600 sanitary surveys that must be completed on a three-year cycle.

2. **Public Health Equipment Maintenance and Service Contract Shortfalls: $260.0 General Fund (UGF).** The Environmental Health Laboratory provides testing for a variety of environmental, animal, food, and water sources. Maintenance contracts for annual equipment calibration for federal certification and licensing have increased by $260.0. The Department indicates that laboratory services could cease if equipment were to break down without a maintenance contract in place.

3. **EPA and State Coordination of Outer Continental Shelf (OCS) Air Quality Permits: $150.0 General Fund (UGF).** Funds will allow the Department to add one new permanent full-time position to work with the Environmental Protection Agency in processing up to three unique and complex OCS air quality permits anticipated during FY11. OCS federal permitting requires continual coordination between the EPA, the Department and industry representatives. Approval of this increment will provide funds needed for state compliance.

4. **Toxicology Specialty Contracting: $153.0 Receipt Supported Services (DGF).** This increment funds professional services contracts with toxicologists to evaluate environmental fate and transport and drift prevention and to study issues raised by the EPA and the public during evaluations of pesticide spray proposals. The funding for this increment will come from registration fees assessed by

the Department on pesticide manufacturers outside of Alaska so their products can be sold in Alaska.

5. **Remote Maintenance Worker Program: $112.5 Federal Receipts/ $37.5 General Fund Match (UGF).** The Department is requesting general funds to match federal funds available to the Remote Maintenance Worker program. Grant funds will be distributed to seven regional health corporations that provide Remote Maintenance Workers (RMWs) to supply operations and maintenance support and emergency response services for public water and sewer systems. It has been demonstrated that the routine and regular on-site presence of the RMWs prevents catastrophic failures and helps sustain the water and wastewater infrastructure in rural Alaska.

ORGANIZATIONAL CHANGES

In FY11, the only structural change in the Department of Environmental Conservation is an allocation name change from Information and Administrative Services to Administrative Services within the Administration appropriation.

CAPITAL REQUEST

The agency's $75.3 million capital budget, of which $35.9 is GF, includes the following:

- $48.5 million for Village Safe Water and Wastewater Infrastructure Projects;
- $23.2 million for Municipal Water, Sewage, and Solid Waste Facilities Grants;
- $3 million for Statewide Contaminated Sites Cleanup;
- $450.0 for Environmental Monitoring and Assessment of Surface Waters (EMAP); and
- $200.0 for Environmental Health Lab Deferred Maintenance.

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Department of Fish and Game

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$68,724.6**			
FY10 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers	77.7			
10 Contractual Salary Adjustments	(2.5)			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$68,799.8**	$75.2	0.1%	
One-time Items removed	(77.7)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	89.5			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$68,811.6**	$11.8	0.0%	
FY11 Governor's GF Increments/Decrements/Fund Changes	816.6			
FY11 Governor's Request (GF only)	**$69,628.2**	$816.6	1.2%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$816.6**	
Commercial Fisheries	42,926.8	43,056.8	130.0	3
Wildlife Conservation	4,896.4	5,383.0	486.6	2
State Subsistence	2,000.1	2,200.1	200.0	

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	55,584.5	58,147.5	2,563.0	
Federal Funds (all allocations)	56,838.9	60,783.9	3,945.0	1
Total Non-General Funds (all allocations)	**$112,423.4**	**$118,931.4**	**$6,508.0**	
Position Changes (From FY10 Management Plan to Gov)	**1,737**	**1,737**	**0**	
PFT	912	912	-	
PPT	760	760	-	
Temp	65	65	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	1,930.0	15,825.0	17,755.0	
Maintenance and Repairs	700.0	-	700.0	
Remodel, Reconstruction and Upgrades	1,150.0	-	1,150.0	
New Construction and Land Acquisition	1,625.0	2,325.0	3,950.0	
Equipment and Materials	-	-	-	
Information Systems and Technology	250.0	-	250.0	
Other	-	7,500.0	7,500.0	
TOTAL CAPITAL	**$5,655.0**	**$25,650.0**	**$31,305.0**	

Department of Fish and Game

The Department of Fish and Game (ADF&G) is charged with protecting and improving the fish, game, and aquatic plant resources of the state, and managing their use and development in the best interests of the economy and the people of the state, consistent with the sustained yield principle.

Core Services:

- Provide opportunity to utilize fish and wildlife resources;
- Ensure sustainable and harvestable surplus of fish and wildlife resources;
- Provide information to all customers;
- Involve the public in management of fish and wildlife resources; and
- Protect the state's sovereignty to manage fish and wildlife resources.

Goals:

- Optimize habitats and economic benefits from fish and wildlife resources;
- Optimize public participation in fish and wildlife pursuits; and
- Increase public knowledge and confidence about management of fish and wildlife.

SIGNIFICANT ISSUES

The FY11 Department of Fish & Game general fund operating budget submitted by the Governor is $67,628.2. This is $816.6 above the FY11 Adjusted Base. The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Wildlife Conservation: $3.5 million Federal Funds. An increment of $3.5 million is requested to expand field research and wildlife population surveys and to replace funding from two FY07 and FY08 general fund capital appropriations that have been used to fund operating projects for the division. The capital appropriations totaled $3.6 million and will be 85% expended by the end of FY10. According to the Department, the increased effort by regional biologists over the past two years can be maintained in FY11 if this increment is approved.

__Legislative Fiscal Analyst Comment:__ Federal excise taxes on firearms and ammunition are distributed annually to states for propagation and management of wildlife. Because national sales of firearms and ammunition increased dramatically during the past twelve months, the Department has received anecdotal information regarding potential receipt of an additional $5 to $7 million from the federal Pittman-Robertson Wildlife Restoration Trust Fund during the next two years (FY11 and FY12). More conservative estimates of future apportionments from the Trust Fund published by the U.S. Fish & Wildlife Service in January 2009 are depicted in the table below.

Until FY06, Wildlife Conservation was funded primarily from federal funds and the Fish & Game Fund. Increased program emphasis on intensive management field work to address declining moose and caribou populations along with declining Fish & Game Fund revenue from non-resident licenses and tags resulted in requests for GF. Since

FY06, general funds have increased from $1.3 million (4% of the budget) to $6.2 million (15% of the budget).

Based on published revenue estimates, the increment requested by the Department may be unsustainable unless the sale of ammo and firearms stays at an elevated level. If sales return to historical levels, another funding source may be needed to maintain expanded services requested in the Governor's budget, or services may have to be curtailed.

Alaska's Pittman/Robertson Fund (PR) Fund Apportionment (1) & (2)	Authorized	Gov's Req	Projected (3)			
	SFY10	SFY11	SFY12	SFY13	SFY14	SFY15
Current Year Pittman Robertson Revenue	14,243.0	15,279.6	14,427.8	13,617.6	12,807.5	11,997.3
PR funding remaining from previous year	1,975.8	4,646.5	4,853.8	4,209.3	2,754.6	489.8
Total Available PR Revenue	16,218.8	19,926.1	19,281.6	17,826.9	15,562.1	12,487.1
Projected Expenditures	11,572.3	15,072.3	15,072.3	15,072.3	15,072.3	15,072.3
Revenue less Expenditures (4)	**4,646.5**	**4,853.8**	**4,209.3**	**2,754.6**	**489.8**	**(2,585.2)**

(1) ADF&G uses the prior year FFY apportionment for the following state fiscal year.
(2) Projected apportionments based on USFWS table for SFY11-13. Amount for apportionments times 4.2%. Example; 363,800 x 5% from FFY10, planned for ADF&G use in FY11.
(3) Projected expenditure authorization for FY11 based on Governor's FY11 Budget Request. SFY 12 & 13 projected at FY11 level.
(4) Numbers noted as "Revenue less Expenditures" continue to be available to ADF&G as each apportionment has two years to be obligated.

2. **Wildlife Conservation: $486.6 (UGF).** Wildlife conservation is requesting two UGF increments for the following items:

- **Intensive Predator Management: $250.0 UGF.** This increment will fund focused predator management for three game management units (GMU) identified by the Board of Game under the Intensive Management statute. Costs of recent field operations for predator control were between $100.0 and $125.0 for a two to three week effort. Three operations are planned for FY11, each necessitating helicopter support costs between $50.0 and $100.0.
- **Endangered Species Act Listings Coordination: $236.6 UGF.** This increment allows the state to become more involved in aspects of the federal Endangered Species Act (ESA) process. Once a decision is made to list a species, the ESA specifies that critical habitat must be designated. Making a designation requires balancing biologic needs associated with species recovery against economic issues. A recovery plan must be prepared that specifies recovery objectives and research needs.

3. **Commercial Fisheries, Westward Region Fisheries Mgmt.: $130.0 (UGF).** The Department is requesting replacement of federal receipts that are no longer available for the Yukon River Chinook stock ID project. The project applies genetic stock identification to Chinook salmon fishery harvests by collecting and analyzing fish from commercial, subsistence, and test fisheries throughout the mainstream Yukon River. Samples from lower river commercial and/or test fisheries will be analyzed in-season.

The primary application of this information is to determine the proportion of Canadian-origin Chinook salmon in fishery harvests in the U.S. waters of the Yukon River, which has ramifications for the management of fisheries both in the U.S. and Canada; there are treaty-defined goals for passage of Chinook salmon into Canada. Further, knowing the abundance of Canadian-origin Chinook salmon in-season can improve management decisions made during the fishing season. These data are also used to construct brood tables and make run size projections.

Other Item of Interest: Use of Loan Funds. The Department of Commerce, Community, and Economic Development remains concerned about the long-term health of the Commercial Fisheries Revolving Loan Fund (CFRLF), which the Department of Fish and Game has used as a funding source for several years. Because loan interest rates are linked to the prime rate, and prime rate has fallen to an all-time low, fund income is in decline. Continuing to withdraw money from the loan fund for purposes not related to lending will eventually limit the ability to make loans. Subcommittees may wish to replace $1.3 million of CFRLF receipts used by the Department of Fish and Game with unrestricted general funds. However, it should be noted that the CFRLF has received $3.1 million in direct payments from assignments of Exxon Valdez Oil Spill (EVOS) settlements and another $2.7 million is expected this fiscal year.

Legislative Fiscal Analyst Comment: Beginning in FY11, use of CFRLF receipts by the Department will appear as general fund expenditures. The receipts were added to past budgets precisely because they used to appear as "other funds." Perhaps now that CFRLF receipts will be counted as GF expenditures, a fund source change to unrestricted general funds will be easier to accomplish. If the CFRLF has a surplus balance now or in the future, the fund should simply transfer money to the general fund rather than have receipts appropriated for uses other than those specified by statute.

ORGANIZATIONAL CHANGES

The Division of Commercial Fisheries has been consolidated into a single appropriation called Commercial Fisheries. This means that SE Region, Central Region, Alaska Yukon Kuskokwim (AYK) Region, Westward Region, Headquarters and the Special Projects allocations will no longer be separately identified in the budget. According to the Department, this change will significantly streamline administrative functions.

CAPITAL REQUEST

The Department of Fish and Game requested twelve capital projects totaling about $31.3 million ($4.3 million UGF; $1.4 million Other Funds, and $25.7 million of Fed Rcpts). The major projects are highlighted below:

- **Pacific Coastal Salmon Recovery Fund: $15.0 million Fed Rcpts.** The Alaska portion of the Pacific Coastal Salmon Recovery Fund (PCSRF) federal appropriation is estimated to be $15.0 million. Funding comes to the state through a Memorandum of Understanding in which the U.S. Department of Commerce designates the Alaska Department of Fish and Game as the program manager. This program seeks to manage salmon populations for sustainability.
- **Statewide Employee Housing Infrastructure Needs/Upgrades: $850.0 UGF.** This funding is requested for specific housing projects to address the Department's most critical employee housing needs. Depending on the location and local conditions, the Department will either construct and purchase pre-fabricated housing units, or purchase and modify existing structures in various communities.
- **Sport Fish Recreational Boating Access: $775.0 F&G Funds, $2.325 million Fed Rcpts.** This annual request authorizes the Division of Sport Fish to continue to construct and upgrade boating and sport fish access facilities statewide from funds comprised of 75% federal assistance and 25% Fish and Game Fund state match.

Projects include boat launches, mooring floats, parking lots, restrooms, fish cleaning facilities, and other facilities for recreational boaters.

- **Facilities, Vessels, and Aircraft Maintenance, Repair and Upgrades: $700.0 UGF.** This request provides funding for repair, maintenance and renovation of Department facilities statewide and vessel and aircraft repair and maintenance. This is an annual ongoing request.
- **Statewide Storage/Shop Facilities Upgrades: $700.0 UGF.** This request provides funding to upgrade/replace many of the Department's old and deteriorating enclosed secure storage and similar facilities with new code compliant and low maintenance types of structures.
- **Endangered Species Act Listed Marine Mammals Research: $150.0 UGF/Match; $450.0 Fed Rcpts.** This project leverages federal grant opportunities to conduct research that will expand the state's knowledge base of the Endangered Species Act (ESA) listed marine mammals in Alaska to ensure appropriate implementation of the ESA with minimal burden on resource development activities.
- **Genetic Analysis: $750.0 UGF.** This project funds continued studies using genetic stock identification to identify the stock composition of Western Alaska chum and sockeye salmon fisheries. This is the second half of a request for $1.5 million submitted in FY10 and the Department contends that this funding is necessary to complete the project's objectives.
- **Kodiak Warehouse/Compound Upgrades: $450.0 UGF.** This request funds improvements to the design of the Department's Kodiak warehouse. It will allow upgraded siding, garage doors, windows and other improvements.

The remainder of ADF&G's request includes seven projects totaling $791.0 in the areas of software development, salmon assessment, and interagency cooperation resources.

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Office of the Governor

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$22,485.0**			
FY10 Fiscal Notes	-			
CarryForward	3,967.0			
Special Appropriations	-			
Agency Transfers	-			
10 Contractual Salary Adjustments	-			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$26,452.0**	$3,967.0	17.6%	
One-time Items removed	(3,967.0)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	309.4			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$22,794.4**	($3,657.6)	-13.8%	
FY11 Governor's GF Increments/Decrements/Fund Changes	10,345.0			
FY11 Governor's Request (GF only)	**$33,139.4**	$10,345.0	45.4%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$10,345.0**	
AK Resources Marketing and Development	-	6,500.0	6,500.0	1
Elections	3,285.0	7,130.0	3,845.0	2

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	849.1	849.1	-	
Federal Funds (all allocations)	189.9	189.9	-	
Total Non-General Funds (all allocations)	**$1,039.0**	**$1,039.0**	**$0.0**	
Position Changes (From FY10 Management Plan to Gov)	**179**	**208**	**29**	
PFT	156	156	-	
PPT	-	-	-	
Temp	23	52	29	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance and Repairs	-	-	-	
Remodel, Reconstruction and Upgrades	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	123.8	-	123.8	
Other	1,131.5	-	1,131.5	
TOTAL CAPITAL	$1,255.3	$0.0	$1,255.3	

Office of the Governor

The Governor's Office is responsible for the operation of the executive branch of Alaska State government, with fiscal and policy duties conferred by the Alaska Constitution and statutes. The Governor also oversees the Alaska State Commission for Human Rights, Redistricting Planning, the Office of Management and Budget, and the Division of Elections.

SIGNIFICANT ISSUES

The FY11 Office of the Governor general fund operating budget is $10,345.0 above the FY11 Adjusted Base (all in Unrestricted General Funds (UGF)). This change is due to three Division of Elections' increments and one language section for In-State Natural Gas Pipeline Development. Significant issues are highlighted in the notes below and correspond to the numbers in the last column of the preceding spreadsheet.

1. **Resource Marketing and Development In-State Natural Gas Pipeline Development: $6.5 million AHCC (UGF).** The Governor requested an increment to continue work related to the development of an in-state natural gas pipeline. The increment addresses several projects:

   - $2.25 million for completion of the pipeline right-of-way permitting effort;
   - $500.0 for completion of the cost-of-service cost estimate for the stand alone pipeline project;
   - $3.5 million to gather detailed engineering data which will become the basis for the future detailed engineering design of the project; and
   - $250.0 for preparation for the sale of the In-State pipeline asset to a future pipeline company.

   Legislative Fiscal Analyst Comment: *Arguably, these requests might be more appropriately placed in the Department of Natural Resources. However, moving them from the Governor's Office is unlikely to change what is done or the cost of doing it.*

2. **Elections: $3,845.0 (UGF).** The Governor requested the following three increments:

   - $3,693.8 to conduct the statewide primary and general elections (includes the addition of 29 temporary positions);
   - $77.2 for purchase of redistricting equipment to enable staff training prior to the FY12 redistricting plan implementation; and
   - $61.0 for increased annual costs of Regional Educational Attendance Area (REAA) and Coastal Resource Service Area (CRSA) elections (primarily due to increased postage rates and printing costs). A $13.0 increase for annual optical scan maintenance is included in the transaction.

   Legislative Fiscal Analyst Comment: *The requests associated with primary and general elections are about 7% higher than a similar request for FY09 elections. This amount is consistent with salary and other cost increases since FY09.*

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

The Governor's Office FY11 capital budget contains two projects related to the Division of Elections.

- $1,131,500 (Election Fund)–Elections Reform under the Federal Help America Vote Act (HAVA). The funds will be used to improve the administration of elections. Funding includes $56.5 of general fund match.
- $123,800 (GF)–Division of Elections Technology Refresh. This project funds replacement of personal computers and software updates. Project backup indicates the intent to schedule a similar project every four years, concurrent with each gubernatorial term of office.

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Department of Health and Social Services

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$915,500.9**			
FY10 Fiscal Notes	28.0			
CarryForward	40.0			
Special Appropriations	(15,855.0)			
Agency Transfers	600.0			
10 Contractual Salary Adjustments	(214.7)			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$900,099.2**	($15,401.7)	-1.7%	
One-time Items removed	(3,298.5)			
Transfers between Agencies (nets zero statewide)	(305.0)			
FY11 Contractual Salary and Health Increases	81.3			$0.0
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$896,577.0**	($3,522.2)	-0.4%	
FY11 Governor's GF Increments/Decrements/Fund Changes	54,449.0			
FY11 Governor's Request (GF only)	**$951,026.0**	$54,449.0	6.1%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$54,449.0**	
Behavioral Health Medicaid Services	51,040.9	56,474.1	5,433.2	1
Behavioral Health Grants	26,698.1	28,991.4	2,293.3	3
Services for Severely Emotionally Disturbed Youth	11,245.2	12,345.2	1,100.0	7
Front Line Social Workers	25,016.9	26,872.2	1,855.3	4
Family Preservation	5,798.8	7,148.8	1,350.0	6
Adult Preventative Dental Medicaid Services	(185.2)	2,873.2	2,688.0	1 & 2
Health Care Services/Medicaid Services	181,688.4	199,116.1	17,427.7	1
Senior Benefits Payment Program	19,623.5	20,473.5	850.0	9
Nursing	20,679.4	21,679.4	1,000.0	8
Senior and Disabilities Medicaid Services	131,803.9	144,987.6	13,183.7	1
Information Technology Services	6,426.2	7,901.2	1,475.0	5
All Other Increments	416,740.9	422,163.3	5,792.8	

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	86,237.9	86,498.1	260.2	
Federal Funds (all allocations)	1,073,022.4	1,109,794.4	36,772.0	1
Total Non-General Funds (all allocations)	**$1,159,260.3**	**$1,196,292.5**	**$37,032.2**	
Position Changes (From FY10 Management Plan to Gov)	**3,690**	**3,667**	**(23)**	
PFT	3,474	3,469	(5)	
PPT	93	93	0	
Temp	123	105	(18)	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance and Repairs	8,000.0	20.0	8,020.0	
Remodel, Reconstruction and Upgrades	10,930.0	-	10,930.0	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	$18,930.0	$20.0	$18,950.0	

Department of Health and Social Services

The Department of Health and Social Services (DHSS) promotes and protects the health and well-being of Alaskans through the following core services:

- provide the highest quality of life in a safe home environment for older Alaskans and veterans;
- manage an integrated and comprehensive behavioral health system based on sound policy, effective practices, and open partnerships;
- promote safe children and strong families;
- manage health care coverage for Alaskans in need;
- hold juvenile offenders accountable for their behavior, promote the safety and restoration of victims and communities, and assist offenders and their families in developing skills to prevent crime;
- provide self-sufficiency and basic living expenses to Alaskans in need;
- protect and promote the health of Alaskans;
- promote the independence of Alaskan seniors and persons with physical and developmental disabilities; and
- provide quality administrative services in support of the department's mission.

SIGNIFICANT ISSUES

The FY11 Department of Health and Social Services' general fund operating budget submitted by the Governor is $54,449.0 above the FY11 Adjusted Base [$53,776.5 Unrestricted General Funds (UGF)/$672.5 Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

The largest general fund increases in this year's budget are for:

- Medicaid growth—$36.2 million;
- Behavioral Health Grants for alcohol, substance abuse, and mental health treatment—$2.3 million; and
- Family Preservation for settlement of a lawsuit (Curyung and Ekwok tribes vs. State) and foster parent training—$1.4 million GF.

A few general fund increases are attributable to decreases in federal and interagency receipts (resulting in the need for general funds to replace lost funding in order to maintain service levels):

- Front Line Social Workers—the FY11 cost is $1.9 million in GF; and
- Information Technology—the FY11 cost is $975.0 in GF.

1. Medicaid Growth: $36.2 million UGF. Medicaid growth-related increases appear in the Behavioral Health (BH), Adult Preventative Dental Medicaid Services, Health Care Services (HCS), and Senior/Disabilities Medicaid appropriations. The Department states that Medicaid cost increases are based on historical trends in spending,

population, utilization, provider reimbursement rates, and federal financial participation. The Department's Medicaid growth funding requests are included in the following allocations:

Legislative Fiscal Analyst Comment: *Based on the FY11 increment for the Medicaid Program, the legislature should not be surprised to see a supplemental funding request for Medicaid growth in FY10!*

- **Behavioral Health/Medicaid, $5.4 million UGF:** This increment request is intended to maintain behavioral health services for those persons with serious behavioral health problems. The three types of services provided by BH/Medicaid are inpatient psychiatric hospitals, residential psychiatric treatment, and outpatient behavioral health services. Behavioral health services play a major role in the Bring-the-Kids-Home initiative.

  Approximately 12,000 clients (9% of all enrollees in Alaska's Medicaid program) receive Medicaid services for serious behavioral health issues.

- **Health Care Services/Adult Preventative Dental Medicaid, $256.4 UGF:** The funding request is for maintaining restorative and preventative dental services for Medicaid clients. The program provides most routine restorative dental services including exams, cleanings, tooth restoration or extraction, and upper or lower full dentures. Approximately 7,336 adult clients received preventative and restorative dental services in FY09 through this program.

- **Health Care Services/Medicaid, $17,330.2 UGF:** To maintain the current level of Medicaid core services, the Department is requesting funding to pay for a projected cost increase of 2.1% in FY11. HCS/Medicaid Services can be grouped into the following areas:

  - Direct Services are provided to the client and processed through the Medicaid Management Information System (MMIS). The diverse mix of services includes inpatient and outpatient hospital, physician, health and surgical clinic, prescription drugs, adult dental services, durable medical equipment, and prosthetic devices, among others;
  - Non-MMIS services payments for insurance premiums (Medicare), contracts for Medicaid operations, and supplemental payments to hospitals for uninsured and uncompensated care (Disproportionate Share Hospital Program or DSH); and
  - Medicaid Financing Services for activities to maximize federal funding.

  The Health Care Services' Medicaid allocation provided benefits for approximately 122,926 clients (6,374 more than FY08) at an annual cost of $4,665 per person in FY09 (latest data).

  In FY09 the percentage of Medicaid benefits went to the following groups in the following percentages: 44.0% to children, 24.8% to disabled adults, 21.4% to adults, 5.8% to disabled children, and 4.0% to the elderly.

  The State Children's Health Insurance Program (SCHIP), operated through Denali KidCare, is also included in the Health Care Services/Medicaid allocation. This program provides health insurance coverage to uninsured children whose families earn too much to qualify for Medicaid, but not enough to afford private coverage.

- **Senior and Disabilities Services/Medicaid, $13,183.7 UGF:** The budget request is to maintain the current level of institutional and home and community-based services for older Alaskans, children who are developmentally disabled, and adults with disabilities. Some clients receive care through one of the state's four Medicaid Waiver programs that allow clients to be served in non-institutional, home and community based settings rather than in institutions. Eligible clients receive services including nursing facility services, personal care services, home and community based waiver services.

  The Senior and Disability Services Medicaid allocation provided benefits for approximately 7,600 clients (200 more than in FY08) at an annual cost of $41,800 per person in FY09 ($2,600 more than FY08). In FY09, benefits went to the following categories: 54.4% to disabled adults, 41.0% to elderly adults, 4.0% to disabled children, and the remaining 0.6% of benefits were allocated between adults and children. Home and community based settings delay entry into an institution and typically save the state money.

Anticipated FMAP Fund Source Change Reversals—$35-75 million UGF—were NOT Included in the Governor's Budget Request. Federal reimbursement rates for Medicaid are set by the Centers for Medicare and Medicaid and are outside the control of state governments. A state's Federal Medical Assistance Percentage (FMAP) rate is based on the state's national rank of per capita personal income, with a minimum rate of 50%. The amount of federal funds each state receives for its Medicaid program depends on a complex array of reimbursement rates, some of which change each October 1st with the start of a new federal fiscal year.

The federal Stimulus Bill signed in February 2009 authorized a temporary increase in Federal Medical Assistance Percentage (FMAP) matching funds. Alaska's FMAP rate increased from 50.53% to 61.12% (including an unemployment rate bonus) for the period from October 1, 2008 through December 31, 2010. The rate change affected three-quarters of state FY09, all of FY10 and the first two quarters of state FY11. Unless an extension is approved, the general FMAP rate will drop to 50% for the second half of state FY11.

Legislative Fiscal Analyst Comment: The temporary increase in the FMAP rate will save the state about $25 million per calendar quarter. If the American Recovery and Reinvestment Act of 2009 (ARRA) is not extended beyond 12/31/10, a drop to 50% for the second half of FY11 would cost Alaska $50 million or more in general funds. The legislature should not be surprised to see an amendment of $50 million or more for FY11. Subcommittees may wish to discuss Medicaid expenditure projections with the Department.

2. Adult Preventative Dental Medicaid Services: $2.6 million UGF. This increment is a technical correction to the Governor's budget. A one-time funding request of $2.6 million GF was approved by the legislature in the FY10 budget. Because the Department did not remove the one-time funding from the base budget, the Governor did not submit an FY11 increment. Legislative Finance removed the funding from the base, and then added an increment of $2.6 million GF in order to match the Governor's FY11 request.

Legislative Fiscal Analyst Comment: The program was originally scheduled to sunset on June 30, 2009. Legislation was approved in last year's session extending the program

indefinitely. If approved, the $2.6 million FY11 GF increment will become part of the base budget.

3. **Behavioral Health Grants: $2.3 million UGF.** The funding is intended to treat alcohol, substance abuse and co-occurring disorders (i.e., clients with mental health and substance abuse issues). The specific budget requests are as follows:

- **Specialized Treatment Unit, $1.2 million UGF:** By statute (AS 47.37.180-205), clients can be involuntarily committed for detoxification and residential substance abuse treatment services. This funding request provides continuation funding for treatment options for chronic inebriates. One-time funding was provided for a FY10 pilot program for a Secured Treatment Unit at the Salvation Army Clitheroe Center in Anchorage. These clients are typically the most difficult to serve and use a disproportionate amount of costly resources (emergency room visits, Alaska Psychiatric Institute and state correctional institutions) as compared to other client groups or populations.

- **Detox and Treatment Capacity Alternatives to Protective Custody Holds, $518.3 UGF:** This funding will continue efforts to develop community detoxification capacity and treatment alternatives in Bethel, and avoids the high costs incurred by State correctional institutions for Title 47 substance abuse protective custody holds.

- **Substance Abuse Treatment for Pregnant Women, $500.0 UGF:** This funding is intended to expand statewide residential treatment capacity for pregnant women, alleviate travel to Anchorage and Fairbanks, encourage expansion of family-based treatment models where children can reside at the facility with the mother, and will allow for expanded intensive after care treatment.

- **Therapeutic Court – Palmer Mental Health Court, $75.0 UGF:** This funding is requested to maintain co-occurring disorder treatment services for participants at the Palmer Mental Health Court. Treatment will address underlying mental health and substance abuse issues that contributed to their contact with the criminal justice system.

4. **Front Line Social Workers: $1.9 million UGF.** To maintain service levels in FY11, the Department is requesting replacement of unrealizable federal funds and interagency receipts with general funds. The specific budget requests are to:

- **Replace Disproportionate Levels of Federal Authorization, $900.0 UGF:** This funding is requested to revise an FY06 Front Line Social Work Expansion and Title IV-E Foster Care increment. The Department indicates that federal receipts routinely fall short of the original, anticipated funding ratio. The impact was not immediately visible due to high position vacancy rates over the years.

- **Replace Unrealizable Medicaid School Based Claims, $955.3 UGF:** In August of 2008, the Centers for Medicare and Medicaid Services (CMS) conducted an audit of the Medicaid School Based Administrative (MSBA) claims. This audit resulted in the denial of CMS reimbursement claims because it was determined that the Department did not adequately follow the approved plan. Because the CMS will not be reimbursing the MSBA claims, a fund source change is requested to maintain services. The GF requested will remain in the base budget in future years.

Legislative Fiscal Analyst Comment: The legislature approved $2.1 million in GF to replace lost I/A receipts in last year's supplemental bill in several allocations for this

purpose. The subcommittee may wish to ask the Department about corrective action that will make the state eligible for federal reimbursement again.

5. **Information Technology (IT): $1.5 million UGF.** The Governor requested two fund source changes and increases for software maintenance and rising centralized IT services costs. The specific budget requests are highlighted below.

- **Replace Unrealizable Federal Receipts, $750.0 GF:** The Department is requesting funding to replace unrealizable federal receipts that were transferred to this allocation and indicates that without the funding, shortfalls will occur in the personal services line.

  Legislative Fiscal Analyst Comment: *The subcommittee may wish to discuss why uncollectible federal authorization was transferred to this allocation.*

- **Replace Unrealizable Interagency Receipts, $225.0 GF:** This request will replace (with UGF) unrealizable I/A receipts transferred from Health Care Services. The Department indicates that a cost allocation plan analysis found that Health Care Services was not charged correctly and continuation of the practice will result in audit findings.

  Legislative Fiscal Analyst Comment: *The subcommittee may wish to discuss why uncollectible inter-agency receipt authority was transferred to this allocation.*

- **Software Maintenance and Centralized IT Cost Increases, $500.0 GF:** This funding is requested for increased software maintenance and system costs for the Juvenile Offender Management Information System, the Public Assistance Eligibility Information System, and Microsoft Enterprise Licensing (server licenses and MS Office).

6. **Family Preservation: $1.35 million UGF.** The increment requests are for legal settlement costs associated with a lawsuit filed against the state, and to improve the recruitment and retention of foster parents. The specific budget requests are:

- **Judgments and Settlements, $1.2 million UGF.** The Department is seeking funding for the FY11 settlement costs of a lawsuit filed by four Alaska Native tribes. The Curyung, Ekwok, Kwinhagak, and Chevak tribes alleged that the state violated provisions of the federal Indian Child Welfare Act (ICWA) when it (1) failed to notify the tribe when it took custody of a young tribal member; and (2) failed to meet placement preferences under ICWA; and (3) failed to provide proper and timely notice of placement changes for children (who are tribal members) that were taken from their parents due to abuse or neglect.

  Legislative Fiscal Analyst Comment: *A settlement has been reached between the tribal organizations and the state. The settlement mandates that the state pay $1.2 million in FY10-FY12. An FY09 supplemental appropriation of $1.3 million GF to the Department of Law paid the FY10 settlement amount. The legislature can also expect a request of $1.2 million GF from the Department of Health and Social Services in the FY12 budget for the final settlement amount. Procedural changes within OCS, relating to the handling of tribal children, were among other agreed upon issues.*

- **Foster Parent and Parent Recruitment Training and Support, $150.0 GF.** This funding is requested to recruit and screen potential foster parents and to provide training and technical assistance to assist in the retention of foster parents.

7. **Services for Severely Emotionally Disturbed Youth: $1.1 million UGF.** This funding request would provide services, including assessments, psychotherapy, chemotherapy, case management, and rehabilitation to severely emotionally disturbed youth (SED), their families, and for youth who are at risk of becoming severely emotionally disturbed. Specific budget requests are highlighted below.

   - **Community Health Center Outpatient, Emergency Residential Services and Training, $500.0 UGF.** This request will provide funding to community health centers for innovative programs and training. The intent is to reduce the need to send youth experiencing serious emotional disturbances to more costly residential care facilities. Special populations, including children with co-occurring disabilities or extreme presentations will be targeted.

   - **Bring The Kids Home – Individualized Services, $300.0 UGF.** This funding is requested for the continued support and care of youth who experience serious emotional disturbances, but who are not qualified for Medicaid or who need services not eligible for Medicaid reimbursement. Program objectives include avoiding more costly residential treatment settings through effective interventions within the family/home.

   - **Expansion of School-Based Services Capacity, $200.0 UGF.** The Governor's request will provide funding for two initiatives. The first will track youths returning to school from residential psychiatric treatment centers and coordinate their transition to ensure educational success. The second will support evidence-based practice (Positive Behavioral Support) through pilot projects in the Ketchikan, Juneau, Sitka, and Dillingham school districts.

   - **Transitional Aged Youth, $100.0 UGF.** This funding is aimed at coordinating and sustaining community-based capacity for transitional aged youth into adulthood to ensure future productive work or educational activities. Targeted youth include those who are vulnerable to future needs for mental health, substance abuse, early pregnancy, or hospital based services, and those who have high potential for interaction with the criminal justice system.

8. **Nursing: $1.0 million UGF.** Funding is designed to maintain and stabilize the costs of public health nursing grantee services. Public health nurses deliver essential clinical and community-based services to prevent and protect against infectious and chronic diseases.

   - **Maintain and Stabilize Public Health Nursing Grantees, $1.0 million UGF.** This budget proposal would increase funding for four public health grant recipients (Municipality of Anchorage, Norton Sound Health Corporation, North Slope Borough, and the Maniilaq Association). The Department indicates that the three northern region grantees serve approximately 23,439 people living in 31 villages. The Municipality of Anchorage serves approximately 42% of the state population.

     The rising costs of salaries, travel, and overhead have adversely affected the number of nurses employed by the four public health grantees. The number of public health grantee nurses has decreased from 48 in 2003 to 29 in 2010, according to the Department.

9. **Senior Benefits Payment Program: $850.0 UGF.** The senior benefit payment program provides a cash benefit to seniors (based upon income levels up to a maximum of 175% of the federal poverty level).

This request for funding is based on a projected 4% caseload increase in FY11. The Department indicates that over 7,000 seniors have been successfully transitioned from the previous state SeniorCare program, which expired in June of 2007, to the new Senior Benefits program. In FY09, program caseloads reached a high of 9,886 seniors, with the increase attributable to outreach efforts that made seniors more aware of the program, according to the Department.

In the FY 10 Governor's request, the Department recommended a $500.0 reduction in Senior Benefits because enrollment and expenditures for the new program were lower than initially projected. The FY10 decrement was increased by an additional $221.9 during the 2009 legislative budget deliberations for a total of $721.9, with recognition that funding may need to be restored to meet future caseload needs. In FY11, the Department projects that program enrollment will reach 10,448. This projected estimate falls in line with the caseload estimate that was projected when the new program was established in June 2007.

Legislative Fiscal Analyst Comment: *The current senior benefit payment program is due to sunset on June 30, 2011. The subcommittee may wish to discuss what the future holds for Alaska's senior benefit payment program.*

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL BUDGET

DHSS has proposed a total capital budget of $19.0 million, which is comprised of $18.6 million UGF, $20.0 in federal receipts, and $300.0 in MHTAAR funding. All of the Department's capital budget requests involve deferred maintenance, renovations, repairs, and remodels of facilities. The diverse mix of projects include the Johnson Youth Center and grantee facilities, renovations of housing for persons with special needs, updating the Anchorage Assets building in preparation for transfer to the non-profit Assets, Statewide Pioneer Homes upgrades, and maintenance of 44 state-owned facilities including health centers, youth facilities, behavioral health facilities, and the Pioneer Homes.

Highlights of the Department's capital budget are described below:

- **Johnson Youth Center Renovation and Remodel — Safety and Security Needs, Phase 1 of 3, $9.9 million UGF.** The Department is re-submitting a capital budget request (that was not approved last year) to renovate and remodel the Juneau Youth facility. The Johnson Youth Center is located in Juneau and is the state's fourth oldest Center. According to a Department 2007 assessment study, threats to safety and security in this facility are a result of aging infrastructure, overcrowding, and a population with a high incidence of behavioral health issues. The original structure was designed to be a women's prison and is 30 years old and, according to the Department, needs safety and security issues addressed in order to expect positive results from the youth and staff. Examples of deficiencies include antiquated door locking systems, non-compliant cells,

unsafe utilization of existing space, and design flaws that prevent secure supervision of the residents.

- **Pioneer Homes Deferred Maintenance, Renovation, Repair and Equipment — $4.0 million GF.** This request addresses ongoing and deferred maintenance needs of the six state-owned and operated Pioneer Homes in Ketchikan, Sitka, Juneau, Anchorage, Palmer, and Fairbanks. The homes have a combined capacity of over 600 residents.

  A 2008 audit of Department-owned buildings identified $8.3 million in priority deferred maintenance needs. A priority listing has been created using ratings of urgency, fire life safety, security, building integrity, and mission efficiency. As the Department noted, once the deferred maintenance issues are resolved, ongoing annual investments would be needed to address the normal repairs and maintenance needs or the deferred maintenance backlog will continue to grow.

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Department of Labor and Workforce Development

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$63,695.0**			
FY10 Fiscal Notes	-			
CarryForward	410.0			
Special Appropriations	-			
Agency Transfers	40.5			
10 Contractual Salary Adjustments	(32.9)			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$64,112.6**	$417.6	0.7%	
One-time Items removed	(4,450.3)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	191.5			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$59,853.8**	($4,258.8)	-6.6%	
FY11Governor's GF Increments/Decrements/Fund Changes	4,996.5			
FY11 Governor's Request (GF only)	**$64,850.3**	$4,996.5	8.3%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$4,996.5**	
Labor Market Information	1,443.7	1,491.2	47.5	
Workers Compensation	5,079.7	5,165.2	85.5	
Employment and Training Services	2,191.5	1,243.2	(948.3)	1
Workforce Investment Board	301.7	386.7	85.0	
Business Services	11,026.9	12,701.8	1,674.9	2
Kotzebue Tech Operations Grant	1,450.2	1,536.3	86.1	
SW AK Voc Educ Ctr Ops Grant	478.4	507.1	28.7	
Yuut Learning Ctr Ops Grant	850.2	936.3	86.1	
NW Ak Career & Tech Center	683.4	712.1	28.7	
Delta Career Advancement Center	283.4	312.1	28.7	
New Frontier Vocations Tech	188.9	208.1	19.2	
Construction Academy Training	-	3,500.0	3,500.0	3
Independent Living Rehab	918.3	988.3	70.0	
Alaska Vocational Tech Center	9,236.6	9,441.0	204.4	

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	26,400.5	26,620.5	220.0	
Federal Funds (all allocations)	87,679.8	98,773.7	11,093.9	1
Total Non-General Funds (all allocations)	**$114,080.3**	**$125,394.2**	**$11,313.9**	
Position Changes (From FY10 Management Plan to Gov)	**983**	**986**	**3**	
PFT	846	847	1	
PPT	117	117	-	
Temp	20	22	2	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance and Repairs	1,000.0	-	1,000.0	
Remodel, Reconstruction and Upgrades	-	-	-	
New Construction and Land Acquisition	3,139.0	-	3,139.0	
Equipment and Materials	600.0	1,312.7	1,912.7	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	**$4,739.0**	**$1,312.7**	**$6,051.7**	

Department of Labor and Workforce Development

The Department of Labor and Workforce Development (DOLWD) is responsible for providing safe and legal working conditions and advancing employment opportunities. It has also been charged with developing a statewide training program for an Alaskan workforce capable of managing, constructing, operating, and maintaining a gasline. To accomplish these goals the Department provides the following core services:

- employment assistance;
- training and education;
- workforce and economic development;
- injured worker and unemployment compensation;
- statutory and regulatory assistance and enforcement; and
- assistance to people with disabilities to obtain and maintain employment.

SIGNIFICANT ISSUES

The FY11 Department of Labor and Workforce Development's general fund operating budget submitted by the Governor is $4,996.5 above the FY11 Adjusted Base [$3,339.2 Unrestricted General Funds (UGF)/$1,657.3 Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

1. **Workforce Development Employment and Training: Replace $948.3 of UGF with Federal Reed Act Funding.** Labor's budget request replaces $948.3 of UGF with Federal Reed Act funding. Labor is requesting that $717.5 of the "freed up" general funds be spent in other allocations *(see table below)* and requests a decrement of $230.8 in this allocation.

Budget Request Associated with Reed Act Funding Increment Employment and Training Services Allocation			
	UGF	Fed	Total Change
Federal Reed Act Increment		948.3	948.3
General Fund Decrement	-230.8		-230.8
UGF Transfers to Other Allocations			
Workforce Investment Board	-85.0		-85.0
Labor Market Information	-47.5		-47.5
Business Services	-585.0		-585.0
Total Transfers	-717.5		-717.5
Total Budget Request	-948.3	948.3	0.0

Legislative Fiscal Analyst Comment: *According to the Department, this fully expends available federal Reed Act funding, which will need to be replaced in FY12 in order to maintain services.*

2. Workforce Development Business Services: $585.0 UGF; $1,089.9 State Training and Employment Program (STEP) Funds (DGF).

The following two increments are requested in Business Services:

- **$585.0 of UGF is requested to support part of the Department's Gasline Training Program.** The increment is intended to provide:
  - training for at least 70 apprentices at Regional Training Centers and rural campuses for registered apprenticeships in gasline related occupations ($180.1);
  - funding for cooperative training agreements with business and industry for registered apprentices and on-the-job training for approximately 125 workers ($321.7); and
  - funding for Division of Business Partnership's staff assigned to assist in development of this project ($83.2).

Legislative Fiscal Analyst Comment: *In FY10, the legislature approved one-time funding for this item. This request would make funding for the gasline training program part of the base budget.*

- **The $1,089.9 of STEP Funds (DGF) requested for workforce training will fully obligate available STEP funds.** The funds will support grants for workforce training to advance the Department's overall goal of maximizing the number of Alaskans employed in skilled occupations. The Department projects that this increase will provide training opportunities to an additional 325 Alaskans.

Legislative Fiscal Analyst Comment: *Estimated annual STEP revenue is $6.5 million. If this increment is approved, expenditure authorization will be about $10 million, which will reduce the STEP fund balance to zero. STEP funds available in FY12 are expected to be about $3.5 million less than the amount requested in FY11. According to the Department, spending the balance of the fund will* ***not*** *create a need for replacement funding; training opportunities will be reduced.*

Legislative Fiscal Analyst Comment: *Based on projections received from the Department, it appears that several of Labor's funds are being expended at an unsustainable rate (i.e., annual expenditures exceed estimated revenue). The legislature may want to explore the ramifications of continuing this trend. For more details, please see the following table.*

Department of Labor and Workforce Development
Fund Balances

		FY10				FY11*			
Fund	FY09 Year End Balance	Revenue	Expenditures	FY10 Projected Year-End Balance	Change in Year-End Balance (10 to 09)	Revenue	Expenditures	FY11 Projected Year-End Balance	Change in Year-End Balance (11 to 10)
Second Injury Fund	5,646.2	3,500.0	3,977.9	5,168.3	(477.9)	3,500.0	3,977.9	4,690.4	(477.9)
Fishermen's Fund	11,709.9	1,000.0	1,618.6	11,091.3	(618.6)	1,000.0	1,618.6	10,472.7	(618.6)
Worker Safety & Compensation Account	12,645.8	7,600.0	8,643.1	11,602.7	(1,043.1)	7,600.0	8,643.1	10,559.6	(1,043.1)
Workers' Compensation Benefits Guaranty Fund	1,026.7	450.0	280.0	1,196.7	170.0	450.0	280.0	1,366.7	170.0
Training & Building Fund	207.4	800.0	800.0	207.4	0.0	800.0	800.0	207.4	0.0
State Training & Employment Program	5,961.7	6,500.0	8,935.9	3,525.8	(2,435.9)	6,500.0	10,025.8	0.0	(3,525.8)
Technical Vocational Education Program	1,593.4	9,750.0	9,943.3	1,400.1	(193.3)	9,750.0	10,900.1	250.0	(1,150.1)
Building Safety Account	226.8	2,185.4	1,942.7	469.5	242.7	2,185.4	1,942.7	712.2	242.7
Small Business Enterprise Fund	122.2	143.3	200.0	65.5	(56.7)	143.3	200.0	8.8	(56.7)
Randolph Sheppard Small Business Fund	222.2	74.0	125.0	171.2	(51.0)	74.0	125.0	120.2	(51.0)

*FY11 projections provided by the Department of Labor and Workforce Development.

3. **Construction Academy Training: $3,500.0 UGF.** The Alaska Construction Academy received funding in the capital budget in FY07 and FY08, and in FY09 and FY10 funding was moved to the operating budget and appropriated as one-time items. This request will provide on-going funding for this program in the Department's base budget. The Department states that an aging workforce and lack of available training opportunities for young Alaskans leave the construction, mining, transportation, and energy industries with a significant shortage of skilled workers. It contends that the shortage can be remedied in part through continuation of this program.

ORGANIZATIONAL CHANGES

There are no significant organizational changes requested.

CAPITAL REQUEST

The Department of Labor and Workforce Development's capital budget totals $6,051.7, of which $4,739.0 is UGF. These projects are:

- **Alternative Energy Training Facility Expansion: $1,139.0 UGF.** Expand the Industrial Electricity training facility to add wind turbine and hydro training programs.
- **Fairbanks Pipeline Training Center Utilities and Equipment Purchase: $2 million UGF.** This request will fund the extension of sewer and water utilities to the central facility site, a heat recovery and ventilation system for the welding shop and welding and pipeline related equipment: This will make the Center fully operational for year-round training.

- **Medium/Heavy Duty Truck and Culinary Equipment: $1 million Fed Receipts; $500.0 UGF.** This funding will be used to purchase heavy duty truck equipment for the Truck Technician program (Alaska Vocational Technical Center's (AVTEC) newest program) and culinary training equipment for the culinary program.
- **Culinary Video Teleconferencing Equipment: $312.7 Fed Receipts; $100.0 UGF.** Provides video teleconferencing equipment in the new Culinary Academy facility so that AVTEC can create a distance delivered training program for rural Alaska high school students to receive training and education in the culinary industry.
- **AVTEC Deferred Maintenance: $1 million UGF.** This request is to pay for deferred maintenance needs at 16 state-owned and one leased building in Seward.

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Department of Law

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$57,010.9**			
FY10 Fiscal Notes				
CarryForward	966.2			
Special Appropriations				
Agency Transfers	0.5			
10 Contractual Salary Adjustments				
Misc Adjustments				
Vetoes				
FY10 Management Plan (GF only)	**$57,977.6**	$966.7	1.7%	
One-time Items removed	(10,740.4)			
Transfers between Agencies (nets zero statewide)				
FY11 Contractual Salary and Health Increases	416.9			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$47,654.1**	($10,323.5)	-17.8%	
FY11 Governor's GF Increments/Decrements/Fund Changes	13,719.0			
FY11 Governor's Request (GF only)	**$61,373.1**	$13,719.0	28.8%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$13,719.0**	
Second Judicial District	1,355.0	1,535.1	180.1	3
Third Judicial District: Anchorage	6,777.5	7,113.1	335.6	3
Third Judicial District: Outside Anchorage	4,245.8	4,700.4	454.6	3
Fourth Judicial District	4,937.9	5,234.0	296.1	3
Criminal Justice Litigation	1,963.0	2,163.0	200.0	4
Criminal Appeals/Special Litigation	3,176.7	4,217.3	1,040.6	3
Child Protection	4,184.0	4,384.0	200.0	5
Natural Resources	2,025.4	3,025.4	1,000.0	6
BP Corrosion		4,000.0	4,000.0	2
Oil, Gas and Mining	3,611.2	9,611.2	6,000.0	1
Administrative Services	1,047.9	1,059.9	12.0	

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	23,670.9	23,949.9	279.0	
Federal Funds (all allocations)	3,902.4	1,595.4	(2,307.0)	3
Total Non-General Funds (all allocations)	**$27,573.3**	**$25,545.3**	**($2,028.0)**	
Position Changes (From FY10 Management Plan to Gov)	**560**	**561**	**1**	
PFT	553	555	2	4,5,6
PPT	7	6	(1)	
Temp	-	-	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance and Repairs	-	-	-	
Remodel, Reconstruction and Upgrades	150.0	-	150.0	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	$150.0	$0.0	$150.0	

Department of Law

The mission of the Alaska Department of Law is to prosecute crime and provide legal services to state government for the protection and benefit of Alaska's citizens. The Department represents the state in:

- protecting the safety and physical and financial well-being of Alaskans;
- fostering the conditions for economic opportunity and responsible development and use of our natural resources;
- protecting the fiscal integrity of the state; and
- promoting and defending good governance.

The Criminal Division protects the public by prosecuting all violations of state criminal law committed by adults and juveniles, and by placing them under appropriate controls. The Civil Division serves the interest of Alaska's citizens by providing legal counsel to the executive branch in all civil actions. The Administrative Services Division provides the core administrative services that are essential to the day-to-day operation and to managing the resources of the Department.

SIGNIFICANT ISSUES

The FY11 Department of Law general fund operating budget as submitted by the Governor is $13,719.0 above the FY11 Adjusted Base [$13,707.0 Unrestricted General Funds (UGF)/$12.0 Designated General Funds (DGF)]. Of the $13.7 million increase, $10.0 million is for continuing Oil and Gas issues. In FY10, $9.6 million was appropriated for these same issues. The FY11 Adjusted Base was also reduced $3.5 million due to a one-time appropriation in FY10 for BP Corrosion litigation (the same amount the Department received in FY09 for this purpose). The FY11 request for BP Corrosion is $4.0 million. Other UGF increments replacing funding available to the Department in FY10 include $2.3 million for expiring federal grants and $1.0 million for Endangered Species Act matters. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

1. **Oil, Gas and Mining: $6 million UGF.** The Department is requesting funds in order to continue its role in the Governor's top priority project (the construction of a gas pipeline and bringing natural gas to market). Additionally, the Department has a number of major oil and gas projects underway that will continue to require outside counsel and experts beyond the funding included in the Department's base budget.

   - **$3.5 Million UGF** added to the base budget for ongoing non-gas pipeline and oil matters including Pt. Thomson Litigation, proceedings before the Federal Energy Regulatory Commission, TransAlaska Pipeline Service (TAPS) tariff issues, and TAPS property tax matters.
   - **$2.5 Million AHCC Receipts (UGF)** one-time increment to assist the Department in the preparation of legislation and implementation of a comprehensive plan to commercialize North Slope gas.

   In FY10, the Department received a total of $6.1 million UGF one-time funding for Oil & Gas related matters, an amount approximating the amount received in FY09. Please see the following table:

Table 1. Oil & Gas Related Funding FY09-FY11

Department of Law Oil & Gas Related Funding Base and Non-Base FY09-FY11	FY09 Budget		FY10 Budget		FY11 Request	
	BASE	NON-BASE	BASE	NON-BASE	BASE	NON-BASE
Gas Pipeline and Other Oil & Gas Projects/Oil and Non-Gas Pipeline Matters Including Pt. Thomson Litigation, FERC on TAPS Tariffs		$3.0 million UGF		$5.1 million UGF	*FY10 non-base items are combined into a single request*	
TAPS Strategic Reconfiguration Oil and Gas Outside Counsel and Experts		*Transfer through Governor's Office*		$1.0 million UGF	$3.5 million UGF	
Oil and Gas Development - Preparation of Legislation and Implementation of a Comprehensive Plan to Commercialize North Slope Gas		$3.5 million UGF				$2.5 million AHCC

Legislative Fiscal Analyst Comment: *Subcommittees may wish to ask the following questions of the Department:*

- *How are one-time increments allocated between gasline and non-gasline work?*
- *When does the agency anticipate resolution of the litigation issues mentioned in this request (i.e. Pt. Thomson)?*

Legislative Fiscal Analyst Comment: *The subcommittee may wish to consider appropriating the $3.5 million UGF increment as one-time funding. This approach is consistent with the funding method used for the BP Corrosion litigation and promotes annual legislative review of what may be varying external costs.*

2. **BP Corrosion: $4 million UGF (one-time funding).** The Department is requesting $4.0 million of UGF ($500.0 more than the FY09 and FY10 appropriations of $3.5 million) to continue the pending litigation seeking penalties and lost revenues for the 2006 Prudhoe Bay pipeline spills and production shutdowns. The state filed its complaint in Superior Court on March 31, 2009, seeking recovery of lost revenues for 2006-08 due to curtailments of oil production stemming from BP Exploration's (Alaska, BPXA) negligent corrosion practices.

   According to the Department, FY11 is a critical year for the litigation. The jury trial is scheduled for September 2011, with the bulk of the discovery and post discovery pre-trial work occurring in FY11.

3. **Replace One-Time Earmarks for Sexual Assault/Domestic Violence Grants: $2,307.0 UGF from Federal Receipts.** Beginning in FY06, the Department received three multi-year federal grants, totaling $8,288.3, for sexual assault and domestic violence prevention programs, and for a rural prosecution unit. These grants will expire between June 30, 2010 and December 31, 2010. In FY09,

$2.3 million related to these grants was expended. Because these federal funds will not be available in FY11, the Department is requesting that unrestricted general funds be appropriated to replace lost federal one-time grants. The request is for the UGF to be built into their base in order to continue funding the 16 full-time and six part-time positions now associated with these grants.

Table 2. FY11 Sexual Assault and Domestic Violence Funding Request (Federal Receipts replaced with UGF)

	Alaska Domestic Violence & Sexual Assault Prosecution Program	Rural Prosecution Unit Grant	Alaska Statewide Sexual Assault Unit Grant
2nd Judicial District	$90.0	$90.1	
3rd Judicial District – Anchorage			$335.6
3rd Judicial District – Outside Anchorage			$454.6
4th Judicial District	$285.0		$11.1
Criminal Appeals/Special Litigation	$271.6	$769.0	
Subtotal FY11 Request	$646.6	$859.1	$801.3
			OVERALL TOTAL: $2,307.0

Legislative Fiscal Analyst Comment: The Department indicated it is hoping to replace some of these funds with federal funds (yet to be identified). The subcommittee may wish to inquire on the status of efforts to supplant these funds with new federal funds.

4. **Sexual Assault Coordinator: $200.0 UGF.** In early December of 2009, the Governor announced his initiative to "eliminate the epidemic of sexual assault and domestic violence within a decade." The Governor's comprehensive approach includes concentrated coordination between the Department of Public Safety and the Department of Law in an effort to pervasively prevent and stigmatize these types of crimes. This new position will coordinate state, federal, tribal and non-profit program efforts addressing domestic violence and sexual assault prevention.

5. **Kenai Child Protection Caseload Attorney: $200.0 UGF.** Currently, the Department's one Assistant Attorney General in Kenai carries a caseload of 170 children (federal guidelines suggest a caseload of no more than 100 per attorney). In addition, there are up to 40 children's cases in Homer, which would logically be serviced out of Kenai, but are now handled out of Anchorage as a stopgap measure. The Department requests this new position to alleviate the caseload burden in Kenai and Homer.

6. **Endangered Species Issues: $1 million UGF.** Over the next three years, the Department anticipates a significant increase in legal work involving issues under the

Endangered Species Act (ESA). The state is currently challenging the Polar Bear and Beluga Whale listings as threatened species. Because endangered species listings can have severe impacts on the economy of the area where they are found, the Agency addresses these issues with the following two increments:

- **$200.0 UGF** - Assistant Attorney General for Endangered Species Issues
- **$800.0 UGF** - Endangered Species Act Outside Counsel

Legislative Fiscal Analyst Comment: *The subcommittee may wish to consider the increments as one-time funding. This approach is consistent with the funding method used for the BP Corrosion litigation and promotes annual legislative review of what may be varying external costs.*

ORGANIZATIONAL CHANGES

The following FY11 changes in the Department's organizational structure occur in the Civil Division:

- Split the Human Services and Child Protection allocation into the following allocations:
  - Child Protection Allocation
  - Human Services Allocation
- Merge the Statehood Defense allocation with the Natural Resources allocation.
- Transfer BP Corrosion appropriation into its own allocation.

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Department of Military and Veterans Affairs

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$11,297.5**			
FY10 Fiscal Notes	83.5			
CarryForward	-			
Special Appropriations	-			
Agency Transfers	327.3			
10 Contractual Salary Adjustments	(20.6)			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$11,687.7**	$390.2	3.5%	
One-time Items removed	(410.8)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	20.7			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$11,297.6**	($390.1)	-3.3%	
FY11 Governor's GF Increments/Decrements/Fund Changes	334.3			
FY11 Governor's Request (GF only)	**$11,631.9**	$334.3	3.0%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$334.3**	
Army Guard Facilities Maintenance	2,185.5	2,274.4	88.9	2
Air Guard Facilities Maintenance	1,378.0	1,618.0	240.0	1
Veterans' Services	983.0	988.0	5.0	
Retirement Benefits	880.8	881.2	0.4	

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	13,020.1	13,352.9	332.8	3
Federal Funds (all allocations)	22,236.9	23,476.9	1,240.0	4
Total Non-General Funds (all allocations)	**$35,257.0**	**$36,829.8**	**$1,572.8**	
Position Changes (From FY10 Management Plan to Gov)	**299**	**298**	**(1)**	
PFT	296	295	(1)	
PPT	2	2	-	
Temp	1	1	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance and Repairs	5,250.0	13,642.0	18,892.0	
Remodel, Reconstruction and Upgrades	-	-	-	
New Construction and Land Acquisition	1,050.0	5,000.0	6,050.0	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	9,600.0	9,600.0	
TOTAL CAPITAL	**$6,300.0**	**$28,242.0**	**$34,542.0**	

Department of Military and Veterans Affairs

The mission of the Department of Military and Veterans Affairs (DMVA) is to provide military forces to accomplish military missions in the state and around the world; provide homeland security and defense; emergency response; veterans' services; and youth military style training and education. The Department accomplishes this mission by providing core services for the following:

- Alaska National Guard Joint Forces Headquarters;
- National Guard Support;
- Homeland Security and Emergency Services Management & Coordination;
- Alaska Statewide Emergency Communications (IT);
- Veterans' Services;
- Alaska Military Youth Academy;
- Administrative Services Support; and
- Special Operations.

SIGNIFICANT ISSUES

The FY11 Department of Military and Veterans Affairs general fund operating budget as submitted by the Governor is $334.3 above the FY11 Adjusted Base (all Unrestricted General Funds (UGF)). Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

1. Air Guard Facilities Maintenance: $240.0 GF Match (UGF). This increment would align the Department's budget with the Alaska Air National Guard's (AANG) Financial Plan. The Air and Army Guard both receive federal money for operations from the National Guard Bureau (NGB), which is the federal pass-through agency in the Department of Defense (DoD) that provides continuity and cohesiveness between the active duty military and all 54 state and territory national guards.

The Alaska Air National Guard federal employees complete an operations plan and a budget, called the financial plan (FINPLAN), for NGB consideration in March of each year. The FINPLAN, which is derived from formula-based calculations as well as estimates, goes to NGB for review and approval. NGB then allocates money to states before the beginning of the federal fiscal year. The federal allocation is typically about 90% of what was submitted in the FINPLAN. There is then a second round of allocations in mid-federal fiscal year (FFY). The Alaska Air National Guard submits requests to NGB for additional funding, and NGB distributes available federal funding to states based on numerous factors.

Historically, the State of Alaska has budgeted to the original allocation. As a result, the state match for any additional federal funding received was not specifically in the budget. The partnership between the state and the federal government hinges upon a budget match agreement, which averages 25% state funding to 75% federal funding. During the past two years, the gap between available and required GF matching funds in the Air Guard component has become increasingly apparent. The current available match is

about 19% of total authority. This increment would bring the ratio to about 23%—close to where the ratio was in FY06—and would be sufficient to match about $720.0 in federal receipts.

According to the Department, the timing of this request is critical. In accordance with the federal Base Realignment and Closure Commission law passed in 2005, the NGB is making a push to move assets from states that have multiple wings—Alaska has two wings—to states that are without. This push leaves Alaska vulnerable to losing a wing, and the risk increases if Alaska does not appropriate sufficient matching funds. Loss of a wing would mean about 500 full-time Alaska Air National Guard jobs lost, about 500 additional drill status guard member jobs lost, and millions of dollars in federal contracts lost each year. In addition, loss of a wing would reduce AANG's ability to support the active duty military as well as the ability to respond to natural disasters and search and rescue situations.

2. **Bethel Armory Lease Costs: $88.9 UGF.** In cooperation with the Federal Government, the Department is constructing a new armory ($5.2 million State funds and $15.3 million Federal funds) adjacent to the existing but aging hangar facility. Although lease costs will be periodically re-evaluated based on fair market value, the current annual land lease costs are $0.34/sq. foot @ 261,360 square feet.

3. **Alaska Military Youth Academy (AMYA) Formula: -$602.3 I/A Receipts.** By statute, the Academy is funded through a Reimbursable Services Agreement with the Department of Education and Early Development (DEED) in accordance with AS 14.30.740 (The statutory base student allocation funding is $5,680 per student in FY10). Based on the attendance at the Academy on October 1, 2009, the amount of state aid needed will decline in FY11. The total FY11 general fund budget for the AMYA will be $5,826,800 (a decrease of $602,292).

Legislative Fiscal Analyst Comment: The legislature may wish to revisit this formula program. The current statutory program support formula provides seven times the base student allocation for AMYA residential students plus a smaller non-resident amount. The legislature may wish to consider a direct appropriation to DMVA, as DEED has no legal responsibility for the AMYA and, therefore, should not act as a pass-through agency.

4. **Emergency Management Performance Grant: $1.2 Million Federal Receipts.** The Emergency Management Performance Grant Program (EMPG) is a vital part of the Division of Homeland Security and Emergency Management's preparedness mission and directly supports the state's emergency management community. The Department requests an additional $1.2 million in federal authority to meet the anticipated FFY10 need.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

The agency's capital budget of $34.5 million includes $28.2 million Federal Receipts and $6.3 million Unrestricted General Funds. The larger projects include:

- **State Homeland Security Grant Program: $9.5 million Federal Receipts.** The 100% federally funded State Homeland Security grant program is annually awarded by the U.S. Department of Homeland Security. Programs include homeland security planning, equipment, training, and exercises to support local first responders, private sector critical infrastructure and state preparedness. This funding has been requested to assist in life-safety citizen preparedness.
- **Armory Facilities Deferred Maintenance: $8.4 million ($6.3 million Federal Receipts/$2.1 million GF Match).** The Department's Facility Management Office mission is to provide, maintain and operate safe, secure, high quality facilities and training areas for the Alaska National Guard on a cost effective basis which meet or exceed mission requirements, environmental compliance standards and energy efficiencies. The armories located at Jewel Lake, Fort Richardson, Sitka and Kenai top the list on the Department's deferred maintenance priority schedule.
- **Army Guard Facilities Project: $9.2 million ($7.3 million Federal Receipts/$1.9 million GF Match).** With 237 Alaska Army National Guard buildings at 96 various locations with an average age of approximately 30 years, deferred maintenance, renewal and replacement are a high priority. Alaska National Guard preventative maintenance is performed on a schedule, yet building components have a limited life requiring eventual renewal and replacement. The funding schedule for this requested project is:

Funding ($ millions)	FY11	FY12	FY13	FY14	FY15	*TOTAL*
Federal Receipts	$7.3	$8.9	$5.0	$5.0	$5.0	$31.2
GF Match	$1.9	$2.7	$1.0	$1.0	$1.0	$6.7
TOTAL	**$9.2**	**$11.6**	**$6.0**	**$6.0**	**$6.0**	**$37.9**

- **Interior Alaska Veterans Cemetery Design and Planning: $6.0 million ($5 million Federal Receipts/$250.0 GF, $750.0 GF Match).** The purpose of this project is to design and construct a dedicated state Veterans' cemetery in or near Fairbanks on donated land. The Department hopes to leverage future federal funds to offset operating costs, which are projected at $250.0 GF annually.
- **Military Youth Academy Deferred Maintenance: $1.0 million GF.** The Alaska Military Youth Academy (AMYA) operates at Camp Carroll on Fort Richardson. The campus currently has 23 buildings totaling 61,805 sq ft. with an average building age of 35+ years. Inadequacies include basic life-safety issues, outdated and inefficient heating/ventilation systems, restrooms, showers, and laundry facilities. This request will fund the modification of the Academy's ChalleNGe facilities to improve safety and living conditions (in compliance with ADA regulations), as well as improve technical training and educational training platforms.

Department of Natural Resources

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$92,267.7**			
FY10 Fiscal Notes	-			
CarryForward	3,685.9			
Special Appropriations	-			
Agency Transfers	70.9			
10 Contractual Salary Adjustments	(46.1)			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$95,978.4**	$3,710.7	4.0%	
One-time Items removed	(9,297.0)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	97.5			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$86,778.9**	($9,199.5)	-9.6%	
FY11 Governor's GF Increments/Decrements/Fund Changes	7,095.1			
FY11 Governor's Request (GF only)	**$93,874.0**	$7,095.1	8.2%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$7,095.1**	
Gas Pipeline Implementation	685.3	4,902.8	4,217.5	1a
Oil & Gas Development	8,171.3	9,514.4	1,343.1	1b
Claims, Permits, & Leases	7,408.9	7,778.9	370.0	1c
Geological Development	4,298.5	4,598.5	300.0	2
Information Resource Management	2,534.2	2,784.2	250.0	3
All Other Increments	63,680.7	64,295.2	614.5	

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	30,261.1	33,391.9	3,130.8	
Federal Funds (all allocations)	16,058.2	19,343.2	3,285.0	
Total Non-General Funds (all allocations)	**$46,319.3**	**$52,735.1**	**$6,415.8**	
Position Changes (From FY10 Management Plan to Gov)	**1,107**	**1,109**	**2**	
PFT	779	780	1	
PPT	247	247	0	
Temp	81	82	1	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	6,655.0	2,360.0	9,015.0	
Maintenance and Repairs	4,160.0	5,575.0	9,735.0	
Remodel, Reconstruction and Upgrades	190.0	-	190.0	
New Construction and Land Acquisition	3,850.0	2,600.0	6,450.0	
Equipment and Materials	1,750.0	-	1,750.0	
Information Systems and Technology	908.0	-	908.0	
Other	800.0	1,000.0	1,800.0	
TOTAL CAPITAL	**$18,313.0**	**$11,535.0**	**$29,848.0**	

Department of Natural Resources

The Department of Natural Resources (DNR) develops, conserves, and maximizes the use of Alaska's natural resources on state-owned land consistent with public interest by providing the following core services:

- provide opportunities to utilize state land and water resources;
- acquire and provide hydrologic, geologic, geographic, historical site, and other land record and natural resource information;
- acquire land;
- make land available for sale to the public, and transfer land to municipalities;
- preserve and enhance the value of state land and water resources and Alaska's coastal areas;
- mitigate potential disasters and hazards; and
- comply with federal regulations and programs related to natural resources.

SIGNIFICANT ISSUES

The FY11 Department of Natural Resources' general fund operating budget submitted by the Governor is $7,095.1 above the FY11 Adjusted Base [$6,552.1 Unrestricted General Funds (UGF)/$543.0 Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

1. Resource Development Initiatives and Projects – $5.8 million AHCC Receipts (UGF). The Department is requesting funding to keep pace with Alaska's natural resource development. The largest project is the planning, development, and construction of the Alaska Natural Gas Pipeline. The agency indicates that oil, gas, and mining resource development activity within the state has increased the Department's oversight responsibilities and workload. Additional details on these items follow.

a) **Gas Pipeline Implementation Office, One-Time Funding of $4.2 million AHCC Receipts (UGF).** The Governor is requesting one-time funding for costs associated with implementing and fulfilling the responsibilities of the Alaska Gas Inducement Act (AGIA), and to ensure that the state and the licensee (TransCanada Alaska) comply with the terms of the AGIA agreement. The proposal includes the following three increments:

- **$1.4 million UGF to hire additional professional and support staff**. Pipeline engineering staff will evaluate the technical design, cost estimates, and construction schedule of the proposed 1,715 mile pipeline (750 miles within Alaska) to facilitate the complex permitting process. Habitat Biologist staff will analyze the impact of the project on Fish and Wildlife and coordinate those efforts with Alaska's Fish and Game and the US Fish and Wildlife agencies.
- **$2.3 million UGF to retain specialized consultants and experts**. Consultants will assist in pipeline engineering, practices, and analysis. Advice will be

obtained on tariffs, cost overruns, royalty valuation methodologies, enforcement remedies, and off-ramp options for the state and licensee.

- **$477.5 UGF for local, national and federal outreach efforts**. Local outreach efforts will keep local communities informed of current gasline activities that impact the areas along the gasline route.

  Funding for the federal and national outreach efforts will be used to raise awareness and educate the public and Congress on the national importance and impact of an Alaska gas pipeline.

b) **Oil & Gas Development, $1.3 million UGF**. This request is comprised of $1.1 million for on-going oil and gas development workload increases and $200.0 for outside legal counsel and consultants to assist with arbitration of oil and gas royalty issues.

- The Department contends that the **$1.1 million UGF funds existing staff** that are critical to the division's ability to work on oil and gas exploration and development issues. Without these staff, timely completion of tasks may be jeopardized.

Legislative Finance Analyst Comment: One-time funding has been added on an annual basis (since FY05) to the Department's budget to address the increased oil and gas workload. The temporary funding was intended to reflect the temporary nature of the gasline workload. This request adds funding to the base budget.

- **$200.0 UGF is requested to fund reopener arbitrations** as the state proceeds with renegotiations and arbitration of royalty issues. These "reopeners" offer the state and its lessees the opportunity to resolve disputes over royalty value, keep royalty settlement agreements up-to-date, and avoid costly and time-consuming litigations.

Legislative Finance Analyst Comment: One-time funding has been added on an annual basis (since FY09) to the Department's budget to address the cost of outside legal counsel and experts. This request will add $200.0 GF to the base budget. Subcommittees may wish to discuss how much of the Department's requests are for temporary workload and how much are continuing workload. This request is not related to gasline work.

c) **Claims, Permits & Leases, $250.0 UGF**. The Division is seeking base funding to increase their capacity (2 PFT staff and funding) to address an anticipated increase in this year's permit requests and a backlog of permit requests from previous years. Upcoming projects include: one new large mine scheduled to begin permitting in FY10, two other large mine projects in earlier stages of review, natural gas pipeline projects, potential railroad extensions, and several alternative energy projects.

2. **Geological Development – Alaska Volcano Observatory, $300.0 UGF.** GF is requested to partially replace lost federal earmarks from the Federal Aviation Administration (FAA). Funding is for the maintenance and upgrading of equipment. The Department indicates that this will allow the Alaska Volcano Observatory (AVO) to continue monitoring and mitigating the effects of the most critical volcanoes in the Cook Inlet area.

Historically, an annual federal earmark from the FAA in the amount of $5 million supplemented the monitoring and alert capabilities of the AVO. However, that federal earmark is no longer available.

The AVO is a federally funded cooperative program carried out by the US Geological Survey (USGS), University of Fairbanks, and DNR's Geological Development Office. The observatory prevents aircraft equipment failures and saves lives through alerting and monitoring the volcanic activity in the Aleutian and Cook Inlet areas. The general funds would remain in the base budget in future years.

Legislative Fiscal Analyst Comment: *American Recovery and Reinvestment Act of 2009 (ARRA) capital funding of $1.5 million was approved by the Legislative Budget &Audit Committee on December 16, 2009 to assist in continuing the current levels of operation. This temporary funding is available from December 1, 2009 through September 15, 2011. The subcommittee may wish to pursue federal funding on the basis that the monitoring and alerting cover national and international air corridors.*

3. **Information Resource Management – Statewide Parcel Database, $250.0 Receipt Supported Services (DGF).** This budget proposal would continue the creation of a statewide parcel database. A previous capital project provided the funding for the foundation of a database. The goal is to have a single source of detailed ownership, interest, and boundary information for all state lands and provide quick and easy access of land ownership for land managers, developers, first responders, and the public. The funding, along with $50.0 in federal receipts from the US Bureau of Land Management, would remain in the base budget in future years.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL BUDGET

DNR has requested a total capital budget of $29.8 million ($16.8 million GF, $11.5 million Federal, and $1.5 million Other Funds). The budget consists of a diverse mix of projects from deferred maintenance for State Parks and the Plant Material Center in Palmer to snowmobile trail development and in-state natural gas assessments, among others. A few highlights from the Department's capital budget are described below:

- **Deferred Maintenance, $4.0 million UGF.** This proposal is for deferred maintenance, equipment replacement, and emergency repairs at State Parks, the Plant Material Center in Palmer, and the Mt. McKinley Meat Plant. State Parks is requesting $3.5 million to address the most pressing problems in the park system, and to improve safety and accessibility for park visitors. $330.0 is for paving and drainage improvements to eliminate annual flooding and replace outdated farm machinery at the Plant Material Center. $190.0 will address equipment upgrades to increase efficiency, address safety concerns and reduce operating costs at the Mt. McKinley Meat Plant.

- **Land Sales – New Subdivision Development, $3.6 million Land Sales Receipts (DGF).** The funding request would authorize DNR to propose, design, and develop new subdivisions. Capital expenditures include road building and access improvements, surveys, appraisals, wetlands delineations, topographical and archaeological surveys, field inspections, and rights-of-way brushing. Alaska's Constitution and AS 38.04 and AS 38.05 require the state to make some of this land available for settlement purposes. DNR intends to offer new parcels of land for sale in FY14, FY15, and FY16.

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Department of Public Safety

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$141,421.5**			
FY10 Fiscal Notes	7.9			
CarryForward	-			
Special Appropriations	(187.8)			
Agency Transfers	273.9			
10 Contractual Salary Adjustments	(18.4)			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$141,497.1**	$75.6	0.1%	
One-time Items removed	(86.1)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	2,309.9			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$143,720.9**	$2,223.8	1.6%	
FY11 Governor's GF Increments/Decrements/Fund Changes	3,390.2			
FY11 Governor's Request (GF only)	**$147,111.1**	$3,390.2	2.4%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			$3,390.2	
Special Projects	1,454.1	2,110.6	656.5	3
AST Director's Office	350.8	365.4	14.6	
Narcotics Task Force	2,296.0	2,321.2	25.2	
AST Detachments	50,807.3	51,406.6	710.4	1a
VPSO Contracts	9,136.6	10,621.9	1,485.3	2a, 2b
Domestic Violence/Sexual Assault	8,268.1	8,650.0	381.9	1b, 4
Training Academy	1,667.6	1,678.8	11.2	
Laboratory Services	4,476.7	4,581.8	105.1	1d, 1e

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	18,787.4	20,111.0	1,323.6	3
Federal Funds (all allocations)	11,605.1	18,054.2	6,449.1	1c
Total Non-General Funds (all allocations)	**$30,392.5**	**$38,165.2**	**$7,772.7**	
Position Changes (From FY10 Management Plan to Gov)	**893**	**899**	**6**	
PFT	863	870	7	
PPT	16	16	-	
Temp	14	13	(1)	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	100.0		100.0	
Maintenance and Repairs	2,200.0		2,200.0	
Remodel, Reconstruction and Upgrades	-		-	
New Construction and Land Acquisition	75,750.0		75,750.0	
Equipment and Materials	1,086.0		1,086.0	
Information Systems and Technology	1,250.0		1,250.0	
Other	-	1,500.0	1,500.0	
TOTAL CAPITAL	**$80,386.0**	**$1,500.0**	**$81,886.0**	

Department of Public Safety

The mission of the Department of Public Safety (DPS) is to ensure public safety and enforce fish and wildlife laws. The Department's core services include the following items:

- perform criminal and traffic law enforcement and investigations;
- manage and perform search and rescue operations for lost and missing persons;
- provide wildlife law enforcement and investigations;
- provide support to rural law enforcement entities;
- provide security to the Alaska Court System, transport inmates to and from court and between correctional institutions, and perform extradition of wanted persons to and from the state;
- provide criminal laboratory and forensic services, administer the statewide breath alcohol program, maintain Alaska's DNA identification system, and provide expert testimony in court proceedings;
- maintain accurate and complete Alaska criminal records and information for use by law enforcement agencies in Alaska and elsewhere;
- manage building and fire codes (development, adoption, interpretation, and review), conduct building plan reviews of commercial buildings and 4-plex and larger housing units, conduct fire and life safety inspections of priority facilities; and
- enforce alcoholic beverage laws.

SIGNIFICANT ISSUES

The FY11 Department of Public Safety general fund operating budget as submitted by the Governor is $3,390.2 above the FY11 Adjusted Base [$4,043.7 Unrestricted General Funds (UGF)/a reduction of $653.5 Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

1. **Sexual Assault and Domestic Violence Prevention: $1.9 million ($1.2 million UGF, $700.0 Federal Receipts).** In early December of 2009, the Governor announced his initiative to "eliminate the epidemic of sexual assault and domestic violence within a decade." The Governor's comprehensive approach includes concentrated coordination between the Department of Public Safety and the Department of Law in an effort to pervasively prevent and stigmatize these types of crimes. Major DPS increments for this initiative are highlighted below.

   a. **Domestic Violence and Sexual Assault Related Investigations, Training, and Exams: $725.0 UGF:**

   Alaska State Troopers (AST) Appropriation/AST Detachment Allocation

   - **$500.0 UGF** for three new Anchorage-based State Trooper/Investigator positions, whose primary focus will be follow-up investigations specific to sexual assault and sexual abuse of minors. Follow-up activities include locating and

interviewing witnesses, investigating "prior bad acts" committed by the offender, determining if there are any additional victims, and following up on other actions recommended by the prosecutor.

- **$75.0 UGF** to provide training for Village Public Safety Officers, Village Tribal Police Officers, and other first responders such as Behavioral Health Aides and Village Health Aides. By increasing understanding and recognition of these crimes, the Department hopes to improve first responder skills specific to this discipline.
- **$150.0 UGF** to assist local governments with paying for the costs of forensic sexual assault exams in emergency circumstances. According to the Department, without financial support, these necessary exams would not take place and vital evidence would be lost. Assistance will include the collection of evidence, documentation of injuries, and transportation to exam locations for victims in communities without access to services.

Council on Domestic Violence and Sexual Assault (CDVSA) Appropriation/CDVSA Allocation

b. **Increased Support for Domestic Violence Shelters: $381.9 UGF.** This increment represents a nearly 4% increase in funding that will go directly to shelters to offset rising utility, fuel, food, insurance, building maintenance, and personal service costs. Additionally, costs have risen as crisis centers have experienced an increase in demand for services. The Department states that this funding is needed to maintain current levels of service.

c. **Council on Domestic Violence and Sexual Assault: $697.4 Federal Receipts (one-time funding).** Beginning in FY08, the Department received a $5 million, three-year federal grant for domestic violence and sexual assault prevention programs. The Department estimates that $697.4 will be unspent by June 30, 2010. The Department is requesting an extension of both the federal grant and state appropriation lapse dates to make these funds available in FY11 for prosecution, law enforcement, and judicial services. The grant is expected to be fully expended in FY11.

Statewide Support Appropriation/Laboratory Services Allocation

d. **DNA Forensic Scientist Position: $92.8 UGF.** This increment replaces pass-through federal funds from CDVSA (that are expiring in FY10) for a position dedicated to the analysis of sexual assault cases where a suspect has not been identified. The position processes about 60 cases per year statewide. According to the Department, the position will be eliminated if replacement funds are not forthcoming.

e. **Pediatric Sexual Assault Evidence Collection Kits: $12.3 UGF.** The Department is requesting additional funds to develop and distribute pediatric evidence collection kits. Currently, adult and adolescent kits are adapted for use in pediatric exams.

2. **Village Public Safety Officers (VPSO): $1.5 Million UGF.** The Department has dramatically increased its rural law enforcement recruiting efforts during the past few years. Increased funding is requested as follows:

a. **$1.2 Million UGF.** This increment adds grant funding for fifteen new VPSOs and is consistent with the VPSO Senate Task Force's recommendation to add 15 new officers each year for a total of five years. This third year request brings the total of

new VPSOs to 45. At present, 69 of the 71 authorized VPSO positions are filled and the Governor has indicated a desire to add 15 positions every year for the next ten years; and

b. **VPSO Cost of Living Increase: $223.8 UGF.** This request provides partial funding for a three percent cost of living adjustment as well as annual merit increases for existing VPSOs. The cost of living adjustment is designed to match the Public Safety Employee Association's (PSEA) pay schedule.

3. **Fund Change/AST Special Projects: $656.5 UGF from CIP Receipts.** A federal grant for the Illegal Drug and Alcohol Use program expired on September 30, 2009. The seven positions associated with this funding are located in Anchorage and Soldotna and primarily focus their efforts on:

- the detection and investigation of clandestine methamphetamine laboratories;
- the transportation, importation, distribution and sale of all illegal drugs;
- the sale of alcohol in local option communities throughout the State of Alaska; and
- follow up investigations on cold case homicides.

Legislative Fiscal Analyst Comment: The Department received capital funding for the (Statewide) Illegal Drug and Alcohol Use Program for three straight years beginning in FY03 ($2 million Federal Receipts each year). Based on the backup provided, the positions associated with this program were considered "long-term non-permanent" and the funding was deemed to be one-time without a state match requirement. The grant expired in the first quarter of FY10. The Department has requested an extension of the grant, but has received no indication from the U.S. Department of Justice as to whether the extension will be approved. If not, the Department anticipates requesting a supplemental appropriation for FY10.

4. **Fund Change/CDVSA: $651.4 UGF from PFD Criminal Funds (DGF).** Permanent Fund Dividend (PFD) Criminal Funds are available for appropriation due to the number of convicted felons and third time misdemeanants who are ineligible to receive a PFD. Because available funding depends on the amount of PFDs and the number of affected inmates, the amount of PFD Criminal funds is volatile. For FY11, the Department of Revenue calculated the amount available for appropriation to be $1.7 million less than in FY10.

The requested fund change replaces the Department's portion of that reduction with UGF in order to maintain services.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

The Governor's total capital budget is $81.9 million ($4.7 million UGF/$75.7 million Other/$1.5 million Federal) for the Department of Public Safety. Some of the larger projects are:

- Crime Lab Replacement: **$75.7 million Certificates of Participation**

- Marine Fisheries Patrol Improvements: **$1.5 million Federal Receipts**
- Statewide Facilities Maintenance, Repairs, and Improvements: **$1.35 million UGF**
- Alaska Public Safety Information Network (APSIN) Redesign: **$1.0 million UGF**
- Aircraft and Vessel Repair and Maintenance: **$850.0 UGF**
- Alaska State Trooper Law Enforcement Equipment Replacement: **$500.0 UGF**
- Alaska Wildlife Trooper Law Enforcement Equipment Replacement: **$500.0 UGF**

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Department of Revenue

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$35,984.4**			
FY10 Fiscal Notes	626.0			
CarryForward	-			
Special Appropriations	(631.4)			
Agency Transfers	11.2			
10 Contractual Salary Adjustments	-			
Misc Adjustments	-			
Vetoes	(712.7)			
FY10 Management Plan (GF only)	**$35,277.5**	($706.9)	-2.0%	
One-time Items removed	393.1			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	37.4			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$35,708.0**	$430.5	1.2%	
FY11 Governor's GF Increments/Decrements/Fund Changes	2,517.7			
FY11 Governor's Request (GF only)	**$38,225.7**	$2,517.7	7.1%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$2,517.7**	
Natural Gas Commercialization	-	1,550.0	1,550.0	1(a,d)
Tax Division	13,680.8	14,780.8	1,100.0	1(b,c)
Treasury Division	4,112.6	4,499.6	387.0	2
Permanent Fund Dividend Division	7,418.0	7,518.0	100.0	
Long Term Care Ombudsman	111.9	207.9	96.0	
Commissioner's Office	195.6	197.6	2.0	
Administrative Services	243.3	244.1	0.8	
Child Support Services	7,719.6	7,001.5	(718.1)	3

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	173,164.8	163,040.7	(10,124.1)	4, 5, 6, 7
Federal Funds (all allocations)	40,553.9	41,064.1	510.2	3
Total Non-General Funds (all allocations)	**$40,553.9**	**$41,064.1**	**$510.2**	
Position Changes (From FY10 Management Plan to Gov)	**925**	**927**	**2**	
PFT	866	869	3	
PPT	41	41	0	
Temp	18	17	(1)	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	1,000.0	262.0	1,262.0	
Maintenance and Repairs	5,700.0	-	5,700.0	
Remodel, Reconstruction and Upgrades	10,708.5	6,200.0	16,908.5	
New Construction and Land Acquisition	20,250.0	4,000.0	24,250.0	
Equipment and Materials	-	-	-	
Information Systems and Technology	1,429.5	133.1	1,562.6	
Other	11,550.0	9,500.0	21,050.0	
TOTAL CAPITAL	**$50,638.0**	**$20,095.1**	**$70,733.1**	

Department of Revenue

The Department of Revenue's responsibilities include:

- administration and enforcement of Alaska's tax laws;
- management of the treasury;
- administration of the Permanent Fund Dividend Program;
- collection and distribution of child support; and
- administrative support to the following independent boards and corporations:
  - Alaska Permanent Fund Corporation;
  - Alaska Housing Finance Corporation;
  - Alaska Municipal Bond Bank Authority;
  - Alaska Natural Gas Development Authority;
  - Alaska Retirement Management Board; and
  - the Alaska Mental Health Trust Authority.

SIGNIFICANT ISSUES

The FY11 Department of Revenue (DOR) general fund operating budget submitted by the Governor is $2,517.7 above the FY11 Adjusted Base [$3,535.8 Unrestricted General Funds (UGF) and a reduction of $1,018.1 Designated General Funds (DGF)].

The following notes correspond to the numbers in the last column of the preceding spreadsheet:

1. Gas Pipeline Development: $2.65 million UGF. The Governor's bill includes a language section totaling just over $10.5 million for gas pipeline development. Itemized in this section is $2.65 million to the Department of Revenue for the following:

a. $1.5 million – Continued contractual assistance in the analysis and implementation of a natural gas pipeline. The Department received $1.221 million in FY09 for contract assistance. The Department requested $771.0 for FY10. The funding was ultimately denied by the legislature. Just before the FY09 books closed, $550.0 was transferred through the Governor's Office to DOR in order allow DOR to extend a contract into FY10.

Legislative Fiscal Analyst Comment: *It is difficult to determine gas pipeline funding needs statewide, let alone for individual agencies. Centralizing gasline funding in the Governor's Office provides centralized control and flexibility as circumstances change. Although the Governor's Office distributed money at the beginning of the fiscal year (rather than on an as-needed basis, as the legislature intended), the redistribution of funding among agencies demonstrates that centralizing funding may be a good option.*

b. $800.0 - Four exempt oil and gas Commercial Analyst positions in the Tax Division; starting salary of $144,000 ($200,000 with benefits). These exempt positions are intended to attract employees with industry experience and expertise to

strengthen the state's position on oil and gas issues. This is similar to the approach used for the Audit Master positions created by Alaska Gasline Inducement Act (AGIA).

Legislative Fiscal Analyst Comment: *Due to its less competitive pay package, the Department has had difficulty attracting talent from the oil and gas industry. The Chief Economist position in the Tax Division has remained unfilled for the last two years. Even with more competitive salaries, the Audit Master positions have been difficult to fill. One of the four positions is still unfilled. Recruitment difficulty was anticipated by prior legislatures and increment requests were reduced. If these positions are determined to be warranted, subcommittees may want to consider funding this request in a similar manner—using a phased approach recognizing that all positions are unlikely to be filled on the first day of the fiscal year.*

c. **$300.0 AGIA Information Reporting System**. This new system (to be built in-house with contractual assistance) will be used initially to track and report on AGIA reimbursements. As the project progresses, the system would be used to hold the pipeline builder accountable for project timelines, costs, and other details required under AGIA.

Legislative Fiscal Analyst Comment: *This request may be better placed in the capital budget. The Department has several information technology capital requests to which this could be added.*

d. **$50.0 AGIA Fund Audit.** AS 43.90.400(c) requires that regulations address periodic audits of the AGIA Reimbursement Fund. The new regulations [15 AAC 90.020(c)] establish that audits be performed not less than annually. The Department is requesting $50.0 for a contractor to conduct this audit.

Legislative Fiscal Analyst Comment: *As with much of AGIA, this function is the responsibility of the Commissioners of both Revenue and Natural Resources. The audit function, however, does correspond with the duties of DOR. Subcommittees may want to determine if this requirement could be performed in-house with currently available resources. If not, an annual one-time increment may be necessary for the limited years in which reimbursements are expected to occur.*

2. Constitutional Budget Reserve (CBR) Fund Management Fees: $387.0 (UGF). As the general fund liability to the CBR has been repaid (see following table), assets under management (and associated management fees) have increased. This increment request will fund the full $2.06 million cost of managing the CBR.

Legislative Fiscal Analyst Comment: *The general fund surpluses of recent years have provided the legislature with funding to pay down the liability to the CBR. For the first time since its inception, the CBR was fully repaid—at least momentarily—at the end of FY09 when a portion of the statutory budget reserve (SBR) fund was swept into the CBR. However, a liability was again created when the FY10 reverse sweep restored $401.6 million to the SBR.*

Legislative Finance Recommendation: *The legislature may wish to consider paying the investment management fees from the general fund. The state's CBR liability may soon be fully repaid. Paying management fees from the general fund would eliminate the need for a supermajority vote to pay management fees.*

GF Liability to the CBR	FY07	FY08	FY09	FY10
Prior Year End Liability	5,091,129,825	4,781,779,253	150,093,111	-
GF Reverse Sweep	156,696,777	416,165,110	1,466,159,407	401,617,000
Year Beginning Liability	**5,247,826,602**	**5,197,944,363**	**1,616,252,518**	**401,617,000**
Special Appropriations to Fund	(50,000,000)	(3,000,000,000)	(1,000,000,000)	-
CBR management fees	117,761	466,868	1,239,870	-
GF Sweep	(416,165,110)	(2,048,318,120)	(617,492,388)	-
Year End Liability	**4,781,779,253**	**150,093,111**	-	?
GF Surplus	-	**582,158,713**	**215,875,388**	

3. **Child Support Services Division (CSSD) Fund Source Change: $400.0 UGF/ -$1,118.1 DGF (Net -$718.1 GF).** The Governor's FY10 original budget request included a $1.9 million fund source change from Receipt Supported Services (RSS) to GF/Match for two reasons: declining Temporary Assistance for Needy Families (TANF) cases resulted in insufficient funding to match federal receipts, and the federal government is no longer allowing the use of Federal Incentive Payments as state match. However, the ARRA bill provided temporary funding for CSSD and temporarily allowed the Federal Incentive Payments to be used as state match. The end result was that CSSD received $1.331 million of Stimulus funds, along with $400.0 of GF Match in HB 199 (Ch. 17, SLA09).

   When the ARRA funding expires on September 30, 2010, this funding will no longer be available and the Federal Incentive Payments cannot be used as state match.

   Legislative Fiscal Analyst Comment: *The Stimulus dollars are set to lapse September 30, 2010. The Governor's budget does not adjust for the loss of ability to use federal incentive payments as match. Legislative Finance Division (LFD) removed the federal funding from the base budget and added it back as part of the Governor's FY11 request. An adjustment may need to be made in subcommittee and an amendment should be expected.*

4. **Mental Health Trust Zero-based Budgeting: $2,758.3 MH Trust Receipts.** The Alaska Mental Health Trust Authority continues to use zero-based budgeting for all of their programs. The goal of the Trust is to be able to identify how Trust funding is being allocated on a year-by-year basis.

   Legislative Fiscal Analyst Comment: *This concept may work well for Trust program funding; however, the benefits appear limited for the Trust's administrative budget. The FY11 request is $108.3 larger than FY10, but the reason for the increase is not entirely clear.*

   Legislative Fiscal Analyst Recommendation: *Return to incremental budgeting for Trust administrative components (including the Trust Land Office in Department of Natural Resources).*

5. **Permanent Fund Corporation (APFC) Investment Systems and Technology: $518.0 APFC Receipts.** Contractual fees for existing investment information and analytic systems are increasing by $117.0. New contract services of $321.0 are requested for expanded and additional risk management analysis systems. Also, $80.0 is requested for a network security audit, firewall security upgrades and fixed income trade system enhancements.

Legislative Fiscal Analyst Comment: *The costs for the network audit and firewall security upgrades appear to be one time in nature. It may be prudent to change the Increment to an Increment-OTI transaction.*

6. **Permanent Fund Corporation Vacancy Factor Adjustment: $318.2 APFC Receipts.** The corporation is requesting a reduction to their personal services vacancy factor from 5.7% to 0.86%. The Office of Management and Budget's (OMB) vacancy factor guidelines for a staff of 37 are between 3% and 6%. OMB does make the lower limit optional, however. APFC currently has 33 of its 35 full-time positions filled and will be recruiting to fill the others in the near future. One position was unsuccessfully filled in the fall of 2009.

Legislative Fiscal Analyst Comment: *It is unclear whether a vacancy factor reduction of this magnitude is warranted. Turnover for FY09 was 9.3% while the average for FY06-09 is 12.6%. While turnover does not precisely equate to vacancy, it does imply that vacancies are likely to occur. Subcommittees may wish to review personal services expenditure plans before approving this increment.*

7. **APFC Investment Management Fees: $-14.24 million APFC Receipts.** The market collapse in the latter half of 2008 and beginning of 2009 eliminated substantial wealth from the Permanent Fund. Ending FY08, right before the crash, the Permanent Fund's total market value stood at $36.5 billion. At the bottom of the crash in February of 2009, the fund value was $26.7 billion, rebounding to finish the fiscal year at $29.9 billion. Although there was substantial loss recovery, and more is projected for FY10, the amount budgeted for management fees in FY10 is in excess of what is likely to be needed in FY11.

Legislative Fiscal Analyst Comment: *The FY08 peak market value required a $6 million supplemental appropriation for management fees. That same session, $18.6 million was added to the FY09 budget in anticipation of continued market growth. The FY10 budget was then reduced $10 million because of the crash. The proposed reduction for FY11 seems warranted, but perhaps is too large. A $6.5 million decrement would put them more in line with the ratio of fees to market value of FY08. Unless management fees have declined, subcommittees may want to reduce the decrement. See table below.*

Permanent Fund (millions)

FY	Yr end Market Value	Management Fee Budget	Change in Budget	Action	Ratio Mgmt Fees/ Market Value
2008 Base		73.8			
2008	36,534.0	79.8	6.0	Supplemental	0.218%
2009	29,916.0	92.4	18.6	Increment	0.309%
2010	32,165.0	82.4	(10.0)	Decrement	0.256%
2011	34,800.0	68.2	(14.2)	Decrement	0.196%
Target ?	34,800.0	75.9	(6.5)	Decrement	0.218%

ORGANIZATIONAL CHANGES

A new component titled Natural Gas Commercialization has been created within the agency. The funding is separated from other gas-line funding proposed for the Tax Division.

CAPITAL REQUEST

The Alaska Housing Finance Corporation (AHFC) capital budget makes up the majority of DOR's annual request (97% of the budget for FY11). AHFC has over $68 million budgeted for their housing programs, including $19.7 million of federal receipts and $30 million of the $42.5 million AHFC dividend to the state. A few of the larger projects are:

- the Supplemental Housing Development Program: $8 million AHFC Dividend;
- the Senior Citizen's Housing Development Program: $4.5 million AHFC Dividend;
- the Homeless Assistance Program: $10 million ($3.35 million AHFC Dividend, $3 million Alaska Industrial Development and Export Authority (AIDEA) Dividend, $500.0 GF, $1.15 Mental Health Trust Authority Receipts (MHTAAR) and $2 million Federal);
- the San Roberto Redevelopment: $9.7 million ($2.2 million AHFC Dividend, $7.5 million AHFC Bonds); and
- the Teacher, Health, Public Safety Professionals, and Village Public Safety Officer (VPSO) Housing Loan Program: $6 million AHFC Dividend.

The remainder of DOR's request is comprised of various small information technology projects totaling approximately $1.5 million. Most notable, however, is a $300.0 UGF request to create a plan for a Tax Revenue Management System, currently estimated to cost $35 million (with annual license and maintenance fees of $2 million).

Legislative Fiscal Analyst Comment: *Last session DOR requested $23.4 million to be combined with $3.9 million received in FY09 for a new Tax Revenue Management System. The funding was ultimately denied. During the interim, the Enterprise Investment Board (the information technology oversight board within the Department of Administration) directed DOR to compile a comprehensive plan outlining in detail the functions of the new system. This $300.0 would be utilized for this plan.*

The $3.9 million received in FY09 was broken down into three appropriations - $830.0 for a Corporate/ Motor Fuel Tax System; $460.0 for a Mining Tax System; and $2.62 million for an Oil and Gas Production Tax System. None of this funding has been expended to date. Repealing these appropriations in anticipation of an integrated tax system appropriation for FY12 may be prudent.

Department of Transportation and Public Facilities

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$291,654.2**			
FY10 Fiscal Notes	-			
CarryForward	173.9			
Special Appropriations	-			
Agency Transfers	11,250.0			
10 Contractual Salary Adjustments	(944.9)			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$302,133.2**	$10,479.0	3.6%	
One-time Items removed	(11,423.9)			1
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	4,401.9			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$295,111.2**	($7,022.0)	-2.3%	
FY11 Governor's GF Increments/Decrements/Fund Changes	4,765.2			
FY11 Governor's Request (GF only)	**$299,876.4**	$4,765.2	1.6%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$4,765.2**	
Central Region Highways and Aviation	43,746.8	45,636.8	1,890.0	2
Marine Vessel Operations	115,199.8	116,199.8	1,000.0	3
Marine Shore Operations	6,800.9	7,300.9	500.0	4
Northern Region Highways and Aviation	59,267.4	59,637.4	370.0	5
Statewide Design and Engineering Services	1,164.5	1,439.5	275.0	6
Northern Region Facilities	9,352.1	9,594.1	242.0	
Statewide Aviation	2,092.5	2,312.5	220.0	
Measurement Standards and Commercial Vehicle Enforcement	4,506.7	4,608.8	102.1	
Central Design and Engineering Services	864.5	924.6	60.1	
Traffic Signal Management	1,633.8	1,682.2	48.4	
Equal Employment and Civil Rights	306.2	350.7	44.5	
Transportation Management and Security	939.7	969.7	30.0	
Program Development	556.9	540.0	(16.9)	

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	236,587.9	239,187.1	2,599.2	7
Federal Funds (all allocations)	4,213.4	3,922.3	(291.1)	
Total Non-General Funds (all allocations)	**$4,213.4**	**$3,922.3**	**($291.1)**	
Position Changes (From FY10 Management Plan to Gov)	**3,866**	**3,847**	**(19)**	
PFT	3,207	3,190	(17.0)	
PPT	439	437	(2.0)	
Temp	220	220	0.0	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	2,750.0	93,754.0	96,504.0	
Maintenance and Repairs	35,400.0	117,810.0	153,210.0	
Remodel, Reconstruction and Upgrades	15,150.0	332,000.0	347,150.0	
New Construction and Land Acquisition	69,137.2	74,008.8	143,146.0	
Equipment and Materials	24,862.0	30,575.0	55,437.0	
Information Systems and Technology	2,185.5	4,750.0	6,935.5	
Other	400.0	20,530.0	20,930.0	
TOTAL CAPITAL	**$149,884.7**	**$673,427.8**	**$823,312.5**	

Department of Transportation and Public Facilities

The Department of Transportation and Public Facilities (DOT&PF) is responsible for planning, research, design, construction, operation, maintenance, and protection of all state transportation systems and many public facilities. This includes approximately 260 state-owned airports and seaplane bases, 5,600 miles of state roads, 700 buildings ranging from maintenance shops to state office complexes, and 25 ports and harbors. In addition, the Department owns and operates the Alaska Marine Highway System (AMHS). The Department also owns and operates the State Equipment Fleet, which provides full maintenance support and replacement activities for all departments and state agencies, including 7,967 light and heavy duty vehicles and attachments.

SIGNIFICANT ISSUES

The FY11 Department of Transportation and Public Facilities (DOT&PF) general fund operating budget submitted by the Governor is $4,765.2 above the FY11 Adjusted Base [$2,788.0 Unrestricted General Funds (UGF)/$1,977.2 Designated General Funds (DGF)].

Legislative Fiscal Analyst Comment: Last session, the legislature expanded the DOT&PF highway, rural airport and facility maintenance and operations budget by $12.7 million UGF. The intent was to mitigate accumulating inflationary pressures ($2.7 million) and expand service levels ($10 million). The legislature may want to ascertain how this funding has been utilized to improve services in FY10 and what the Department's expectations are for FY11 before adding expenditure authorization.

Significant issues are highlighted in the notes below and correspond to the numbers in the last column of the preceding spreadsheet.

1. Fuel/Utility "Trigger" Appropriation (DOT&PF Maximum $41.25 million UGF). The last three budget cycles have seen unprecedented commodity price volatility. FY08 was a year of high energy prices. World-wide economic conditions during FY09 relieved energy cost pressure statewide, and FY10 began with Alaska North Slope (ANS) crude trading near $70/barrel (nearly 180% greater than the December 2008 low of $25.81/bbl). As of this writing, ANS Crude is trading near $80/bbl and trending higher.

The oil price "trigger" appropriation created by the legislature has performed as intended in this environment. By making fuel appropriations one-time items, and backing them out of base budgets each year, the legislature has avoided building a budget base that may contain unnecessary funding.

As in FY10, disbursements of "fuel trigger" funding would occur at the beginning of August and December. Disbursements would be based on the average price per barrel of ANS Crude to date on the first day of the aforementioned months. For example, prices averaging $76 (the Department of Revenue's Fall Forecast price for FY11) on August 1st would result in disbursement of **$20.5 million, of which DOT&PF would receive 65% plus or minus 10%** (as decided by the Governor's Office). As is expected, DOT&PF has utilized the majority of past disbursements to purchase fuel for the Alaska Marine Highway System.

DOT&PF received $33 million under the "trigger" appropriation in FY09 (their maximum allocation of the $44 million triggered). Due to the crash in the price of oil, and subsequent reduction in the price of fuel, $9.2 million (of the $33 million DOT&PF

received) was available for reprogramming during the FY09 supplemental process. The funding was appropriated to the Alaska Marine Highway Fund for future needs. In FY10, the Department received $11.25 million in August, and $13.5 million in December 2009.

Legislative Fiscal Analyst Comment: *Given the current price of oil, none of the FY10 distribution is expected to be available at year end. The agency could require a supplemental appropriation for FY10 if the price trend continues.*

At some point, it may be advisable to accept that the world energy market has changed permanently. The current Department of Revenue oil price forecast has prices trending upward for the next decade ranging from $80 to over $100/bbl. It may be prudent to adjust agency base budgets, reducing the amount to be distributed via the trigger.

2. **Environmental Protection Agency (EPA) Water Quality Permit Compliance: $1.87 million UGF.** The EPA National Pollutant Discharge Elimination System Program (NPDES) requires the Department to obtain a permit for municipal storm water conveyance systems. The NPDES requires compliance to a strict set of standards regarding maintaining water quality. The recently renewed permit, effective February 1, 2010, mandates additional drain inventory and cleaning and increased street sweeping (from once a year to three times). Funding for two new positions is requested to manage and oversee compliance for the program.

   The Department's capital request includes $1 million UGF for creation of a geographic information system that maps the entire storm drainage system in the Anchorage region. Another $1.041 million UGF is included in the capital budget in response to an NPDES mandate to map all sand storage sites within the Municipality of Anchorage.

   Legislative Fiscal Analyst Comment: *The full impact of the more stringent permit requirements on DOT&PF is not yet known. Subcommittees may wish to ask the agency for a complete multi-year impact analysis on both their operating and capital budgets. Also, given the February 1 effective date, the FY10 budget may need adjustment in order to comply with permit requirements.*

3. **AMHS Satellite Communications Contract: $1 million UGF.** The Alaska Marine Highway System has recently closed a Request for Proposal (RFP) to supply the fleet with satellite communications. A vendor is expected to be selected in mid January of 2010. The funding being utilized for the hardware and installation will be supplied from the Federal Highway Administration through various AMHS and Intelligent Transportation System (ITS) capital appropriations. The agency is requesting an increment to purchase the operating bandwidth for the communication system to commence operations.

   Legislative Fiscal Analyst Comment: *This increment request is an engineering estimate, as a vendor has not yet been awarded a contract. Refinements to the request can occur in subcommittee.*

4. **AMHS Bellingham Terminal Lease Increase: $500.0 DGF.** The lease for the Bellingham Terminal has recently been renegotiated. The building lease will increase $483.4 along with operating and maintenance increases of an additional $148.0. Contracted terminal services (ticketing, reservations, etc.), however, decreased $134.0 for a net increase of approximately $500.0.

5. **Northern Region ADA Compliance, Positions, and Building Costs: $547.0 UGF.** The Federal Highway Administration has notified the agency that they are potentially in violation of the Americans with Disabilities Act (ADA) with regard to sidewalk and bike path maintenance in the Northern Region. Additional funding ($305.0) is requested in the Highways and Aviation allocation to create a Sidewalk/Wheel Chair Ramp Repair Program. The funding will be utilized to replace frost heaved sections of bike path and repair or install necessary wheel chair ramps. Included in the Facilities allocation is an increment for two maintenance specialist positions and the operating costs for two new buildings that came online in 2009 ($242.0).

Legislative Fiscal Analyst Comment: As noted above, considerable funding was added to the three regional Highways, Aviation and Facilities allocations last session for inflationary costs and service expansion. Northern Region Highways and Aviation received $5.4 million and Northern Region Facilities received $826.6. Subcommittees may wish to review how this funding is being utilized before increasing expenditure authority.

6. **Harbor Program Administration: $275.0 UGF.** The budget for administration of the Harbor Program is being moved from the capital budget to the operating budget. An annual general fund appropriation has been included in the capital budget for some time. Prior year amounts are: FY10 – $200.0, FY09 - $400.0, FY08 - $200.0, FY07 - $600.0, FY06 - $100.0.

Legislative Fiscal Analyst Comment: DOT&PF has requested this ongoing program be moved in order to conform with recent legislative policy regarding clearer differentiation between capital and operating budget items. This action would not only clarify the capital and operating budgets, but provide DOT&PF with a consistent annual budget.

7. **State Equipment Fleet (SEF) Commodities, Fuel, and Services: $2.7 million (Other).** Additional expenditure authority is requested from the Highway Equipment Working Capital Fund (HEWCF[12]) in order to match budgetary authority with anticipated costs. As the cost of maintaining and replacing the fleet's assets increases, so do the rates the State Equipment Fleet must charge to agencies that rent the equipment. Pressures driving the budget increase include the cost of motor fuel (purchased through the SEF credit card system), the cost of travel to perform remote maintenance, shipping costs and inflationary effects on other commodities.

ORGANIZATIONAL CHANGES

There are no significant changes.

[12] The HEWCF is an internal service fund of the state (like the Information Services Fund or Public Building Fund) used to aggregate operating and replacement costs of the State's equipment fleet. Revenue of the fund is derived from the leasing of state equipment to state agencies.

CAPITAL REQUEST

The DOT&PF capital budget comprises the majority of the statewide capital budget each year. Typical programs include the Surface Transportation Program (receipts from the Federal Highway Administration) and the Airport Improvement Program (receipts from the Federal Aviation Administration). Both programs require state match components that are usually budgeted separately to allow for agency flexibility. The budget also typically has appropriations from the general fund for facility, harbor, airport, highway and Alaska Marine Highway vessel/terminal deferred maintenance, and for the stockpiling of materials for construction. The Governor's proposal contains elements of all of the above. See the capital budget section on page 55 for further details.

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University of Alaska

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$617,042.4**			
FY10 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers	1,650.0			
10 Contractual Salary Adjustments	-			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$618,692.4**	$1,650.0	0.3%	
One-time Items removed	(4,518.4)			
Transfers between Agencies (nets zero statewide)	305.0			
FY11 Contractual Salary and Health Increases	11,273.4			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$625,752.4**	$7,060.0	1.1%	
FY11 Governor's GF Increments/Decrements/Fund Changes	13,161.4			
FY11 Governor's Request (GF only)	**$638,913.8**	$13,161.4	2.1%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$13,161.4**	
Budget Reductions/Additions - Systemwide	2.0	432.5	430.5	5
Statewide Services	29,353.6	29,593.0	239.4	1,2
Office of Information Technology	16,923.1	17,681.9	758.8	1
Systemwide Education and Outreach	7,589.0	7,591.0	2.0	1
Anchorage Campus	204,532.1	207,162.7	2,630.6	1,2,3
Kenai Peninsula College	10,714.3	10,828.5	114.2	1,2
Kodiak College	3,684.1	3,721.4	37.3	1,2
Matanuska-Susitna College	8,765.9	8,862.3	96.4	1,2
Prince William Sound Community College	6,120.3	6,176.6	56.3	1,2
Small Business Development Center	887.2	891.2	4.0	1
Fairbanks Campus	192,486.2	197,447.7	4,961.5	1,2,3
Fairbanks Organized Research	56,474.2	58,213.1	1,738.9	1,4
Bristol Bay Campus	2,005.6	2,033.4	27.8	1,2
Chukchi Campus	1,245.5	1,265.7	20.2	1,2
College of Rural and Community Development	11,101.6	11,102.2	0.6	1
Interior-Aleutians Campus	2,607.3	2,648.7	41.4	1,2
Kuskokwim Campus	4,534.1	4,630.2	96.1	1,2
Northwest Campus	2,054.3	2,078.1	23.8	1,2
Tanana Valley Campus	11,792.2	11,808.6	16.4	1
Cooperative Extension Service	5,220.3	6,525.5	1,305.2	1,4
Juneau Campus	37,296.4	37,770.0	473.6	1,2,5
Ketchikan Campus	4,463.7	4,517.4	53.7	1,2
Sitka Campus	5,899.4	5,932.1	32.7	1,2

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	73,280.0	76,146.0	2,866.0	
Federal Funds (all allocations)	131,006.7	132,798.7	1,792.0	
Total Non-General Funds (all allocations)	**$204,286.7**	**$208,944.7**	**$4,658.0**	
Position Changes (From FY10 Management Plan to Gov)	**5,216**	**5,216**	**0**	
PFT	4,994	4,994	-	
PPT	222	222	-	
Temp	-	-	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	1,400.0	-	1,400.0	
Maintenance and Repairs	37,500.0	-	37,500.0	
Remodel, Reconstruction and Upgrades	-	-	-	
New Construction and Land Acquisition	108,600.0	-	108,600.0	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	15,000.0	-	15,000.0	
TOTAL CAPITAL	**$162,500.0**	**$0.0**	**$162,500.0**	

University of Alaska

The major goals of the University are to inspire learning, and to advance and disseminate knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples by fostering and promoting the following:

- a high quality postsecondary educational system;
- appropriate vocational education development and training;
- advancement and extension of knowledge, learning, and culture; and
- the University as the state's primary research facility with focus on the application of new knowledge and emerging technologies to meet the needs of the state.

SIGNIFICANT ISSUES

The FY11 University of Alaska (UA) general fund operating budget submitted by the Governor is $13,161.4 above the FY11 Adjusted Base [$5,294.7 Unrestricted General Funds (UGF)/ $7,866.7 Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

1. Non-Personal Services Fixed Cost Increases: $8.75 million ($2,168.4 UGF/ $4,520.0 DGF/ $1,172.8 Other/ $892.0 Federal Receipts). This increment is intended to cover:

a. facilities maintenance and repair costs (calculated at a minimum 1.5% of current building value to keep pace with ever increasing building maintenance needs) and other increases in non-discretionary costs (estimated at 1.5% of contractual services and commodities); and

b. statewide network infrastructure/connectivity funding which is necessary to fully utilize the high-speed network connectivity currently provided by the GCI broadband capacity gift circuit between the University of Alaska and the national research/educational network Internet2. This request also provides expansion of the available bandwidth to UA Community Campuses and rural locations, improving the availability and speed of telecommunications services.

2. Utility Cost Increases: $2.6 million ($1,484.3 UGF/ $1,100.0 DGF). This increment covers the projected FY11 utility and fuel oil cost increases, estimated at ten percent over FY10.

__Legislative Fiscal Analyst Comment:__ As in FY10, the Governor included a contingent appropriation in the operating budget to offset increased fuel and utility costs of agencies. The University contends that the fuel trigger provides insufficient funding because it does not cover the total cost of fuel/utility increases since FY07. The University indicates that a supplemental request for fuel/utility costs may be submitted for FY10.

3. New Facility Operating and Maintenance Costs: $692.0 (all UGF). Additional funding in this area would cover:

a. the Integrated Science Building (ISB) ($429.0 UGF) at the University of Alaska Anchorage campus. The request adds to the $2,094.3 ($1,025.0 UGF/$1,069.3 DGF) received as base funding for ISB operating and maintenance costs in FY10; and

b. the State Virology Lab ($263.0 UGF) at the University of Alaska Fairbanks (UAF) campus. This increment will provide UAF's portion of annual base funding for maintenance and operations of the new lab that is owned and primarily occupied by the State of Alaska Department of Health and Social Services. In FY10, one-time funding of $150.0 UGF (which was to cover approximately 57% of UAF's portion of the cost) was approved. The one-time appropriation was removed from the FY11 Adjusted Base.

4. **Energy Priority Program: $3.6 million ($950.0 UGF/ $1,768.4 DGF/ $900.0 Federal Receipts).** Fairbanks Organized Research and the Cooperative Extension Service each request increments of approximately $1.8 million to work with the Alaska Center for Energy and Power (ACEP) and other University researchers to bring applicable energy research information to communities throughout the state. A liaison will work with communities, inform ACEP of energy-related problems and local resources, and transmit information from ACEP to communities. The increment will also allow for the development of energy-related extension materials for use statewide. The same amounts of one-time funding were appropriated for these purposes in FY10; this request would make the funding part of the University's base budget.

5. **Technical Vocational Education Program (TVEP) Receipts distribution: $478.3 (all DGF).** According to Chapter 47, SLA 2008 (HB 2), 50% of TVEP funding is allocated to the University. Available TVEP funding is projected to be $5.2 million for FY11 (approximately a 10% increase over FY10). (The estimated statewide total net available TVEP funding for FY11 is $10.9 million, an increase of $956.8 over FY10.) University funding is statutorily allocated to Statewide Programs—45% ($430.5 increment in FY11) and the University of Alaska Southeast—5% ($47.8 increment in FY11). TVEP funding has been instrumental in the University's ability to meet Alaska's workforce training and educational needs and continues to be the key source of funds for that purpose.

Legislative Fiscal Analyst Comment: *In FY09, the University transferred TVEP funds from the University of Alaska Southeast through a Reimbursable Services Agreement (RSA), and indicated they were likely to do so in FY10. Legislative Finance believes the transfers violate rules regarding transfers across appropriation lines and are counter to legislative intent.*

Legislative Fiscal Analyst Recommendation: *If the University of Alaska Southeast appropriation cannot use the TVEP allocation, the money should lapse or the law should be modified.*

The Governor's University of Alaska FY11 budget adds no new positions. The total count is 4,916 (4,694 PFT and 222 PPT) positions.

Legislative Fiscal Analyst Comment: *The Governor's budget is less than the Board of Regents request by $17.9 million (all GF). In past years, narratives discussed differences between the Regent's request and the Governor's request. In response to legislative direction that the Governor's request will serve as the starting point of budget deliberations, the Regent's request is not discussed here.*

ORGANIZATIONAL CHANGES

The single appropriation structure under which the University had been organized for many years was replaced by the legislature with a multiple appropriation structure in FY09. The legislature determined that seven appropriations would allow more oversight and control from a legislative perspective. The Governor's FY11 budget has maintained the same structure that is in place for FY10.

CAPITAL REQUEST

There are two general fund projects in the University's FY11 capital budget:

- $37.5 million GF to maintain existing facilities (renewal and renovation annual requirement); and
- $1.4 million GF for a feasibility study for community campuses. This evaluation would use the academic and campus master plans to identify academic and support infrastructure facilities needed and then test the ability of current campus facilities to meet those needs. These campuses are located throughout Alaska from Ketchikan to Kotzebue.

The largest item in the University's capital request—$108.6 million for the UAF Life Sciences Classroom and Lab Facility—is funded with a combination of Certificates of Participation and University Receipts. The facility–which has been a University priority project for several years—would provide classrooms, research lab space and offices for life sciences programs.

Alaska Court System

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$87,211.3**			
FY10 Fiscal Notes	-			
CarryForward	-			
Special Appropriations	-			
Agency Transfers	-			
10 Contractual Salary Adjustments	-			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$87,211.3**	$0.0	0.0%	
One-time Items removed	(1.5)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	2,753.6			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$89,963.4**	$2,752.1	3.2%	
FY11 Governor's GF Increments/Decrements/Fund Changes	5,352.4			
FY11 Governor's Request (GF only)	**$95,315.8**	$5,352.4	5.9%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$5,352.4**	
Apellate Courts	6,469.0	6,642.3	173.3	1,2
Trial Courts	71,490.3	76,108.0	4,617.7	1,2,3,4
Administration and Support	9,522.2	10,048.6	526.4	1
Commission on Judicial Conduct	366.9	376.9	10.0	1
Judicial Council	1,073.0	1,098.0	25.0	

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	506.0	1,561.3	1,055.3	5
Federal Funds (all allocations)	1,675.6	1,675.6	0.0	
Total Non-General Funds (all allocations)	**$2,181.6**	**$3,236.9**	**$1,055.3**	
Position Changes (From FY10 Management Plan to Gov)	**806**	**832**	**26**	
PFT	737	763	26	1
PPT	47	47	0	
Temp	22	22	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance and Repairs	2,500.0	-	2,500.0	
Remodel, Reconstruction and Upgrades	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	$2,500.0	$0.0	$2,500.0	

Alaska Court System

The Alaska Court System constitutes the Judicial Branch of the state's government. Alaska has a unified, centrally administered, and completely state-funded judicial system. The mission of the Alaska Court System is to provide, expeditiously and with integrity, an accessible and impartial forum for the just resolution of all cases that come before it, and to decide such cases in accordance with the law.

There are four levels of courts in the Alaska Court System, each with different powers, duties and responsibilities. The four levels of courts are the Supreme Court, the Court of Appeals, the Superior Court, and the District Court. The Supreme Court and the Superior Court were established in the Alaska Constitution. The District Court was established by state statute in 1959. The Court of Appeals was established by state statute in 1980. Jurisdiction and other areas of the judicial responsibility for each level of court are set out in Title 22 of the Alaska Statutes.

The Alaska Court System's budget is presented in three appropriation requests - the Alaska Court System, the Commission on Judicial Conduct, and the Judicial Council.

SIGNIFICANT ISSUES

The FY11 Alaska Court System's general fund operating budget is $5,352.4 Unrestricted General Funds (UGF) above the FY11 Adjusted Base. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

1. **Improve Public Service: $4.25 million UGF.** The Court System has been experiencing difficulty in recruiting and retaining qualified staff to manage the Agency's increased caseloads throughout the state. To address this problem, the Agency has requested twenty-six additional full-time positions in the FY11 budget. Increments to address caseloads include:

   - **$2,007.0 UGF:** Add clerical and administrative support positions in communities with the largest need;

     Legislative Fiscal Analyst Comment: *In FY10, the legislature approved 50% ($1 Million UGF) of the Court's $2.1 Million UGF request to increase court positions statewide.*

   - **$1,483.2 UGF:** Apply changes to the geographical differential as recommended by a recent salary study commissioned by the Department of Administration and to progress towards parity of the court system's salary structure with that of the General Government and Supervisory Bargaining Unions. The differential currently paid to court employees (AS 39.27.02) has not been changed in over 25 years;

     Legislative Fiscal Analyst Comment: *The geographic differential recommendations have not been adopted and do not yet apply to other state employees.*

   - **$174.7 UGF:** Increase hourly pay for Pro Tem Judges and Justices from $30/hour to $75/hour. Courts contends that this rate is comparable to the hourly rate of court appointed attorneys. Pro tem appointments are made to cover judicial vacancies;

     Legislative Fiscal Analyst Comment: *In FY10, the Court System requested a smaller increment for this purpose ($147.4 UGF), which the legislature denied. This FY11*

request reflects an increase in the Judicial Retirement System (JRS) contribution rate.

- **$574.3 UGF:** Eliminate vacancy factors that currently exacerbate the number of backlogged caseloads by forcing delays in filling judgeships; and

  Legislative Fiscal Analyst Comment: *In FY10, the legislature approved 39% ($250.0 UGF) of the Court's $639.4 UGF request to eliminate vacancy factors.*

- **$10.0 UGF:** Reduce personal services underfunding in the office of Judicial Conduct.

  Legislative Fiscal Analyst Comment: *In FY10, the legislature fully funded the Court System's $3.6 UGF request for personal services underfunding in the office of Judicial Conduct.*

2. **Operating Expenses: $803.2 UGF.** Operating costs are increasing for the Court System in the areas of lease costs, building maintenance, utilities, service contracts, equipment, and travel. Increments for these purposes include:

   - **$278.8 UGF:** This increment would cover annual building maintenance costs if the Courts were to assume ownership of the Nome court facility from the Federal Government. This increment will not be needed if funding for a new State Office Building in Nome is approved. In 2009, the legislature appropriated $1.9 million UGF to the Department of Transportation and Public Facilities (DOT&PF) for land purchase and project design. The Governor did not include the Court's request (submitted through DOT&PF on behalf of the Court System and other agencies for $33 million UGF) to construct a new facility in the FY11 capital budget. If the Governor does not submit a budget amendment for facility construction, the Court System will seek additional funding to address numerous building maintenance issues surrounding the existing Nome court facility;

   - **$250.0 UGF:** Update operating systems and replace outdated equipment with a planned, cycled approach;

     Legislative Fiscal Analyst Comment: *The Court System requested a similar increment in FY10; half ($125.0 UGF) was approved.*

   - **$99.2 UGF:** Increase lease space in both Galena and Chevak. Any trial requiring a jury in the Chevak area must presently be conducted in Bethel due to inadequate space in the current building. Additionally, the Agency requests an increment for new space in Galena indicating that its trial facility is too small and becoming increasingly difficult to maintain;

   - **$98.0 UGF:** Increase for instate/long distance phone expenses. In past years the Court System used prepaid phone cards extensively to save on toll costs for instate/long-distance services. Because the current carrier will no longer provide these services at rates formerly offered, the Court System will use a combination of local carriers and a teleconferencing service provided through Intercall, Inc.;

   - **$67.8 UGF:** Replacement of aging workstations and furniture; and

     Legislative Fiscal Analyst Comment: *In FY10, the legislature approved 42% ($50.0 UGF) of the Court's $117.8 UGF request for replacement of aging equipment and furniture.*

- **$9.4 UGF:** Additional travel expenses for the Juneau-based Chief Justice to participate in interagency meetings, court functions, and official events, many of which occur in Anchorage.

3. **Transcript Costs for Criminal Proceedings: $125.0 UGF.** The demand for transcripts has increased in step with an increase in criminal caseloads. Coupled with this increased demand, fewer contractors are willing to accept work from the court because the payment rates are below market standards. The Court System is currently paying a per page rate of $2.65 - $3.05, while federal courts are paying a per page rate of $3.65 - $4.85.

Legislative Fiscal Analyst Comment: The Court System's request for a similar increment in FY10 was denied.

4. **Custody Mediation Program: $125.0 UGF.** Over a recent 18-month period, mediation referrals increased sharply resulting in a 250 percent increase in costs—an amount not sustainable by the federal grant that funds this program. The Court System seeks funding to augment federal funds and to expand this program. According to Courts, this program is successful and assists parents in developing workable custody agreements while supporting domestic violence prevention.

5. **Mental Health Programs: $955.3 MHTAAR and $845.6 GF/MH.** FY11 will be the third year of zero-based budgeting for Mental Health Trust Authority Authorized Receipts (MHTAAR) funding – meaning that all MHTAAR funding in state agencies is removed from the adjusted base and reconsidered by the Mental Health Trust Authority each fiscal year.

   For FY11, The Mental Health Trust Authority is recommending $955.3 ($20.0 less than FY10 Authorized) in MHTAAR funding for the MH Trust Disability Justice Initiative. The majority of the funding is for:

   - preventative treatment for youth intended to avoid future expensive treatment services associated with the adult correctional and judicial systems; and
   - developing court-ordered treatment plans that address client's treatment needs and are monitored by the court, thus reducing risk of future contacts with the criminal justice system.

   The majority of the $845.6 GF/MH funding will support Disability Justice Initiative programs to ensure continued access to treatment services for existing and new therapeutic courts participants.

ORGANIZATIONAL CHANGES

There are no significant changes requested.

CAPITAL REQUEST

As a separate branch of state government, the Alaska Court System has the constitutional authority to submit its operating budget request directly to the legislature. As a courtesy, the Court System sends its operating budget to the Governor for forwarding to the legislature. This allows the operating budgets for all three branches to be introduced in the same budget bill.

The Alaska Court System also has the constitutional authority to submit its capital budget request directly to the legislature, and it does so each year. This budget is submitted in the form of budget documents rather than in the form of legislation. Because the Court System does not have the power to introduce bills, governors have traditionally included some or all of the Court System's capital budget request in the Governor's capital budget bill.

For FY11, the Court System is presenting a capital request of $41.1 million UGF to the legislature. The Governor included $2.5 million UGF (all for deferred maintenance projects) in his capital budget bill. The list of all the Court System's capital projects is listed below:

Priority	Project	Amount *(in thousands)*
1)	Anchorage Campus Project Renovation	$18,148.1
2)	Nome Courthouse Deferred Maintenance, Code Upgrades, and Remodel	$3,830.9
3)	Court Information Technology Enhancements	$1,943.8
4)	Law Library Integrated Services Software	$150.0
5)	Court Security Projects	$978.8
6)	Building Equipment & Systems Replacement (to Extend Life of Facilities)	$1,000.1
7)	Statewide Remodel Projects	$1,690.0
8)	Replace Worn Furnishings and Repair Specialized Finishes in Public Use Spaces	$650.0
9)	Deferred Maintenance Projects	$11,826.7
10)	Statewide Building Code and Energy Upgrade for Court Buildings	$745.0
11)	Vehicles and Forklift Replacement	$95.0
	TOTAL	**$41,058.4**

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Alaska Legislature

All Dollars in Thousands

	(GF Only)	Change	% Change	See Note:
FY10 Conference Committee (GF Only)	**$65,730.0**			
FY10 Fiscal Notes	-			
CarryForward	1,545.8			
Special Appropriations	-			
Agency Transfers	-			
10 Contractual Salary Adjustments	-			
Misc Adjustments	-			
Vetoes	-			
FY10 Management Plan (GF only)	**$67,275.8**	$1,545.8	2.4%	
One-time Items removed	(1,545.8)			
Transfers between Agencies (nets zero statewide)	-			
FY11 Contractual Salary and Health Increases	973.2			
Misc Adjustments	-			
FY11 Adjusted Base Budget (GF only)	**$66,703.2**	($572.6)	-0.9%	
FY11 Governor's GF Increments/Decrements/Fund Changes	1,545.8			
FY11 Governor's Request (GF only)	**$68,249.0**	$1,545.8	2.3%	

FY11 Governor's Increments, Decrements and Fund Changes	FY11 Adjusted Base Budget (GF Only)	FY11 Governor's Request (GF only)	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Allocation			**$1,545.8**	
Council and Subcommittees	1,296.9	2,842.7	1,545.8	2
Office of Victims Rights (fund source change)	-	-	0.0	1

Non-General Fund Agency Summary	FY11 Adjusted Base Budget	FY11 Governor's Request	Change from FY11 Adj Base to FY11 Governor's Request	See Note:
Other State Funds (all allocations)	0.0	0.0	0.0	
Federal Funds (all allocations)	340.0	340.0	0.0	
Total Non-General Funds (all allocations)	**$340.0**	**$340.0**	**$0.0**	
Position Changes (From FY10 Management Plan to Gov)	**526**	**526**	**0**	
PFT	246	246	-	
PPT	280	280	-	
Temp	-	-	-	

Governor's Capital Request	State Funds (GF + Other)	Federal Funds	Total	See Note:
Planning and Research	-	-	-	
Maintenance and Repairs	-	-	-	
Remodel, Reconstruction and Upgrades	-	-	-	
New Construction and Land Acquisition	-	-	-	
Equipment and Materials	-	-	-	
Information Systems and Technology	-	-	-	
Other	-	-	-	
TOTAL CAPITAL	$0.0	$0.0	$0.0	

Alaska Legislature

The Alaska State Legislature sets policy through the adoption of laws and has the power of appropriation as provided in the Alaska Constitution and in state statute. The legislature includes the following appropriations and allocations:

- Legislative Budget and Audit Committee
  - Legislative Audit
  - Legislative Finance
  - Committee Expenses
  - Legislature State Facilities Rent
- Legislative Council
  - Legislative Salaries and Allowances
  - Administrative Services
  - Session Expenses
  - Council and Subcommittees
  - Legal and Research Services
  - Select Committee on Ethics
  - Office of Victims Rights
  - Office of the Ombudsman
- Legislative Operating Budget

SIGNIFICANT ISSUES

The budget submitted to the Governor is traditionally a preliminary draft that has not been formally reviewed by legislative leadership. The FY11 submittal is essentially identical to the FY10 budget, with the exception of salary adjustments and a fund change (see #1 below). The notes below correspond to the numbers in the last column on the preceding spreadsheet.

1. A fund change replaces $60.5 of Permanent Fund Dividend (PFD) Criminal funds with unrestricted general funds.

Legislative Fiscal Analyst Comment: The amount of PFD Criminal funds available varies with the amount of the Permanent Fund dividend and the number of felons incarcerated. Because recent investment losses reduced PFDs, there is a corresponding decrease in available PFD Criminal funds. The result is that Unrestricted General Funds (UGF) is requested to replace PFD Criminal funds.

2. Because the Governor traditionally does not alter the budget submitted by the legislature, two one-time appropriations from FY10 remain in the FY11 budget—$45.8 UGF for the Legislative Outdoor Heritage Council and $1.5 million UGF for an Endangered Species Act/Effects of Climate Change.

Legislative Fiscal Analyst Comment: *In keeping with a legislative decision to minimize carryforward, the legislature may wish to delete these FY10 one-items from the FY11 budget.*

There are no capital projects or organizational changes requested.

State of Alaska Fiscal Summary – FY10 and FY11
(in millions)

		FY10 Authorized Budget				FY11 Governor's Proposed Budget				Change in GF	
		Total General Funds	Other State Funds	Federal Receipts	All Funds	Total General Funds	Other State Funds	Federal Receipts	All Funds	$	%
1	**REVENUE** (Excludes Permanent Fund Earnings) (1)	5,573.2	500.8	3,091.3	9,165.3	6,008.0	501.3	2,780.6	9,289.9	434.8	7.8%
2	Unrestricted General Fund Revenue (Fall 2009) (2)	4,777.9	-	-	4,777.9	5,236.6	-	-	5,236.6		
3	Carryforward (3)	22.1	1.3	146.4	169.8	-	-	-	-		
4	Other Revenue Reclassified as General Fund Revenue (4)	773.2		-	773.2	771.4	-	-	771.4		
5	Federal and Other Funds	-	499.5	2,944.9	3,444.4	-	501.3	2,780.6	3,281.9		
6	**APPROPRIATIONS**										
7	**TOTAL OPERATING APPROPRIATIONS**	4,849.7	351.2	1,939.2	7,140.0	5,129.1	352.3	1,912.6	7,394.0	279.4	5.8%
8	**Agency Operations**	4,144.4	295.3	1,915.5	6,355.3	4,327.0	299.9	1,885.6	6,512.5	182.6	4.4%
9	Current Fiscal Year Appropriations (includes bills)	4,094.4	295.3	1,915.5	6,305.3	4,277.0	299.9	1,885.6	6,462.5	182.6	4.5%
10	Agency Operations (Non-Formula)	2,438.7	292.4	991.2	3,722.2	2,528.4	290.1	941.3	3,759.8	89.7	3.7%
11	K-12 Education	1,073.7	-	20.8	1,094.5	1,129.7	-	20.8	1,150.5	56.0	5.2%
12	Other Formula Programs	582.1	2.8	890.5	1,475.3	616.9	2.8	923.5	1,543.2	34.8	6.0%
13	RPLs (No FY2011 RPLs are included)	-	0.2	13.1	13.2	-	-	-	-		
14	Fiscal Notes	-	-	-	-	2.0	7.0	-	9.0		
15	*Duplicated Authorization (non-additive) (5)*	-	*625.2*	-	*625.2*	-	*621.1*	-	*621.1*		
16	Supplemental Appropriations	50.0	0.0	0.0	50.0	50.0	0.0	0.0	50.0		
17	**Statewide Operations**	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
18	Current Fiscal Year Appropriations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
19	Debt Service	167.7	55.8	14.7	238.2	197.0	52.4	18.0	267.4	29.4	17.5%
20	Fund Capitalization	7.5	-	9.0	16.5	7.5	-	9.0	16.5	-	0.0%
21	Direct Appropriations to Retirement	284.7	-	-	284.7	357.6	-	-	357.6	72.9	25.6%
22	Local Government Support	60.0	-	-	60.0	60.0	-	-	60.0	-	0.0%
23	Oil & Gas Investment Tax Credits	180.0	-	-	180.0	180.0	-	-	180.0	-	0.0%
24	Resource Rebate	5.4	-	-	5.4	-	-	-	-	(5.4)	-100.0%
25	*Duplicated Authorization (non-additive) (5)*	-	*137.1*	-	*137.1*	-	*8.5*	-	*8.5*		
26	**TOTAL CAPITAL APPROPRIATIONS**	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
27	Current Fiscal Year Appropriations	280.0	40.0	1,138.4	1,458.4	548.5	54.7	839.3	1,442.5	268.5	95.9%
28	Project Appropriations & RPLs (Revised Programs)	263.2	40.0	1,138.4	1,441.6	398.5	54.7	838.2	1,291.4	135.3	51.4%
29	Fund Capitalization	16.8	-	-	16.8	150.1	-	1.1	151.1	133.2	792.1%
30	*Projects Funded with General Obligation Bonds (non-add)*	-	-	-	-	-	-	-	-		
31	*Projects Funded with Other Debt Proceeds (non-additive)*	-	*24.0*	-	*24.0*	-	*181.1*	-	*181.1*		
32	*Capital Vetoes (non-additive)*	-	-	-	-	-	-	-	-		
33	*Duplicated Authorization (non-additive) (5)*	-	*46.8*	-	*46.8*	-	*201.8*	-	*201.8*		
34	*Money on the Street (includes all fund sources) (6)*	*280.0*	*86.8*	*1,138.4*	*1,505.2*	*548.5*	*256.5*	*839.3*	*1,644.3*		
35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
37	**Transfers**	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	28.8	312.5	1,282.1	-127.3%
38	Current Fiscal Year Appropriations	(1,007.0)	10.0	13.7	(983.4)	275.0	8.7	28.8	312.5	1,282.1	-127.3%
39	Designated Savings (Public Education Fund)	(1,057.4)	-	-	(1,057.4)	14.0	-	-	14.0		
40	Designated Savings (Performance Scholarship Fund)	-	-	-	-	400.0	-	-	400.0		
41	Undesignated Savings (Constitutional Budget Reserve Fund)	(1.7)	-	-	(1.7)	(2.1)	-	-	(2.1)		
42	Undesignated Savings (Alaska Housing Capital Corporation)	-	-	-	-	(177.0)	-	-	(177.0)		
43	Other Transfers	52.0	10.0	13.7	75.7	40.1	8.7	28.8	77.5		
44	**Post-Transfers Authorization** (unduplicated)	4,122.6	401.2	3,091.3	7,615.1	5,952.6	415.7	2,780.6	9,148.9	1,830.0	44.4%
45	***Post-Transfers Surplus (Draw From CBRF)***	***1,450.6***	***26%***	***of Revenue***		***55.3***	***1%***	***of Revenue***			
46	Permanent Fund Appropriations	590.0	99.6	0.1	689.6	1,523.0	85.6	-	1,608.6		
47	Permanent Fund Dividends	590.0	-	-	590.0	637.0	-	-	637.0		
48	Deposits to Principal	-	-	0.1	0.1	886.0	-	-	886.0		
49	Other Uses of Earnings	-	99.6	-	99.6	-	85.6	-	85.6		
50	**Total Authorization** (unduplicated)	4,712.6	500.8	3,091.3	8,304.7	7,475.6	501.3	2,780.6	10,757.5	2,763.0	58.6%
51	**FISCAL YEAR SUMMARY** (Excludes PermF)	4,122.6	401.2	3,091.3	10,678.6	5,952.6	415.7	2,780.6	14,890.5	1,830.0	44.4%
52	Agency Operations	4,144.4	295.3	1,915.5	6,355.3	4,327.0	299.9	1,885.6	6,512.5	182.6	4.4%
53	Statewide Operations	705.3	55.8	23.7	784.8	802.1	52.4	27.0	881.5	96.8	13.7%
54	**Total Operating**	**4,849.7**	**351.2**	**1,939.2**	**7,140.0**	**5,129.1**	**352.3**	**1,912.6**	**7,394.0**	**279.4**	**5.8%**
55	**Capital**	**280.0**	**40.0**	**1,138.4**	**1,458.4**	**548.5**	**54.7**	**839.3**	**1,442.5**	**268.5**	**95.9%**
56	**Total Authorization**	**5,129.7**	**391.2**	**3,077.6**	**8,598.5**	**5,677.6**	**407.0**	**2,751.9**	**8,836.5**	**548.0**	**10.7%**
57	***Transfers***	***(1,007.0)***	***10.0***	***13.7***	***(983.4)***	***275.0***	***8.7***	***28.8***	***312.5***		
58	**Federal Stimulus Funding (ARRA of 2009)**			**297.1**				**176.1**			

January 15, 2010

Notes:

(1) Permanent Fund earnings are excluded from reported revenue because the entire balance of the earnings reserve account is available for appropriation. Permanent Fund earnings and balance information is reported on page 2 of the fiscal summary.

(2) The Fall 2009 oil forecast for FY10 is 0.668 mbd at $66.93 per barrel; the FY11 forecast is 0.631 mbd at $76.35/bbl. Source: Revenue Sources Book, Fall 2009.

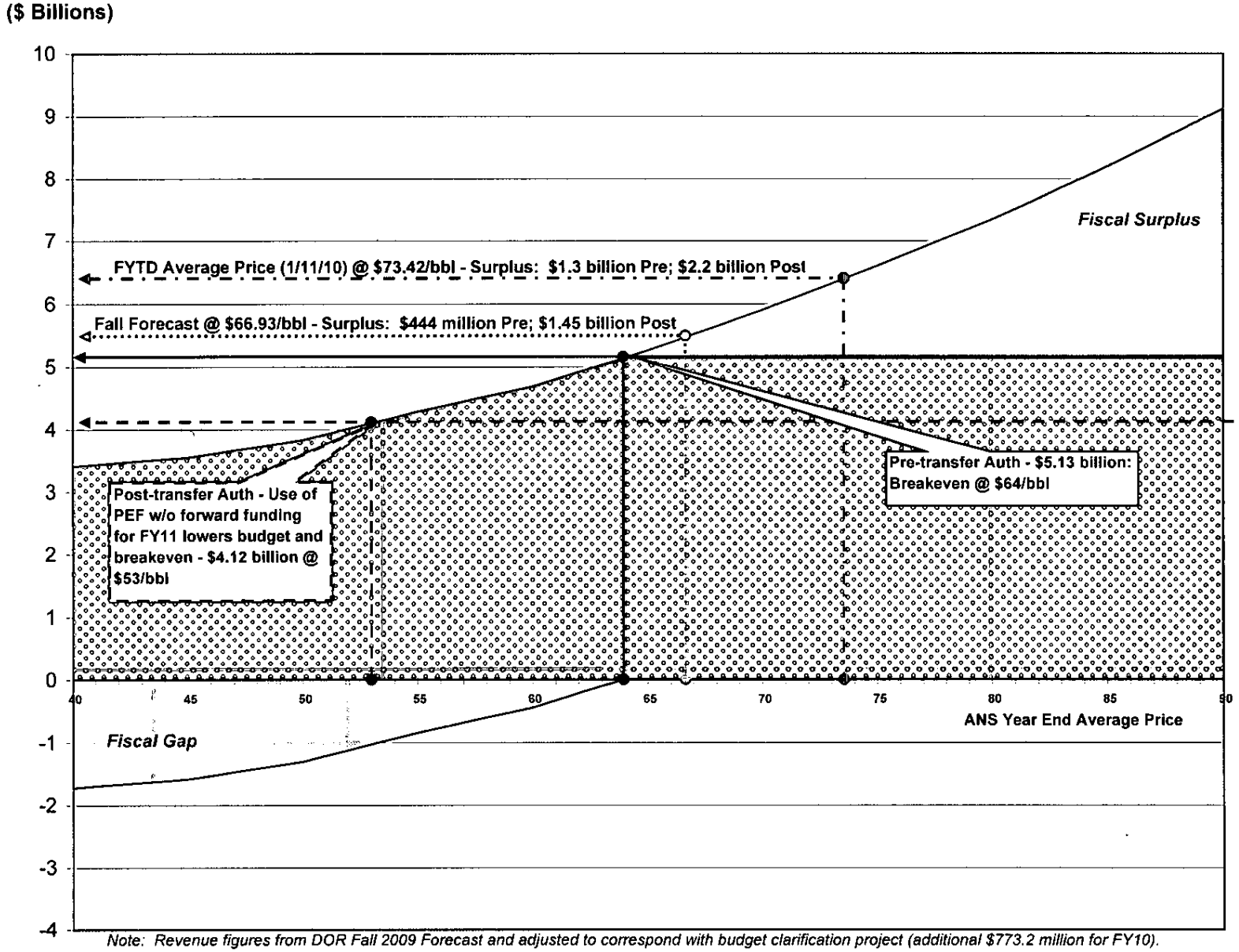
(3) Carryforward is money that was appropriated in a prior year that is made available for spending in FY10 via multiyear appropriations or reappropriations. FY11 carryforward will be unknown until the close of FY10.

(4) In an effort to present the budget in a more meaningful and accurate way, many sources of funds were recategorized from "other" funds to general funds beginning in FY11. This summary presents both FY10 and FY11 budgets in the revised fund categories in order to make comparisons across years valid.

(5) Duplicated authorizations are in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided.

(6) From an accounting perspective, unduplicated authorization (line 26) is the best measure of capital spending. However, adding duplicated fund sources provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated fund sources.

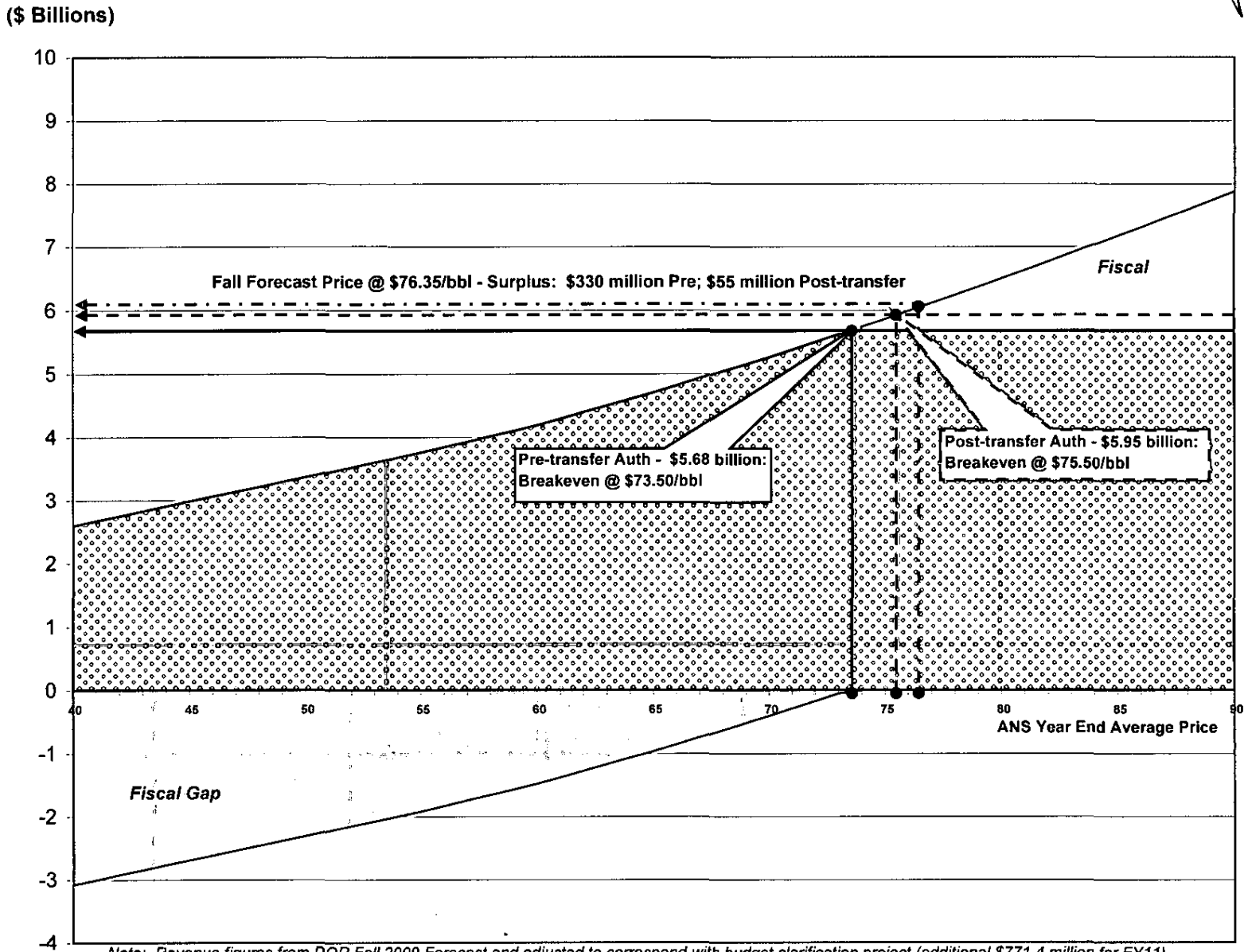
FY10 General Fund Revenue - Fiscal Sensitivity



Note: Revenue figures from DOR Fall 2009 Forecast and adjusted to correspond with budget clarification project (additional $773.2 million for FY10). Figures include sources not directly affected by oil prices. Lease expenditures estimated at $16/bbl ($4.5 billion total).

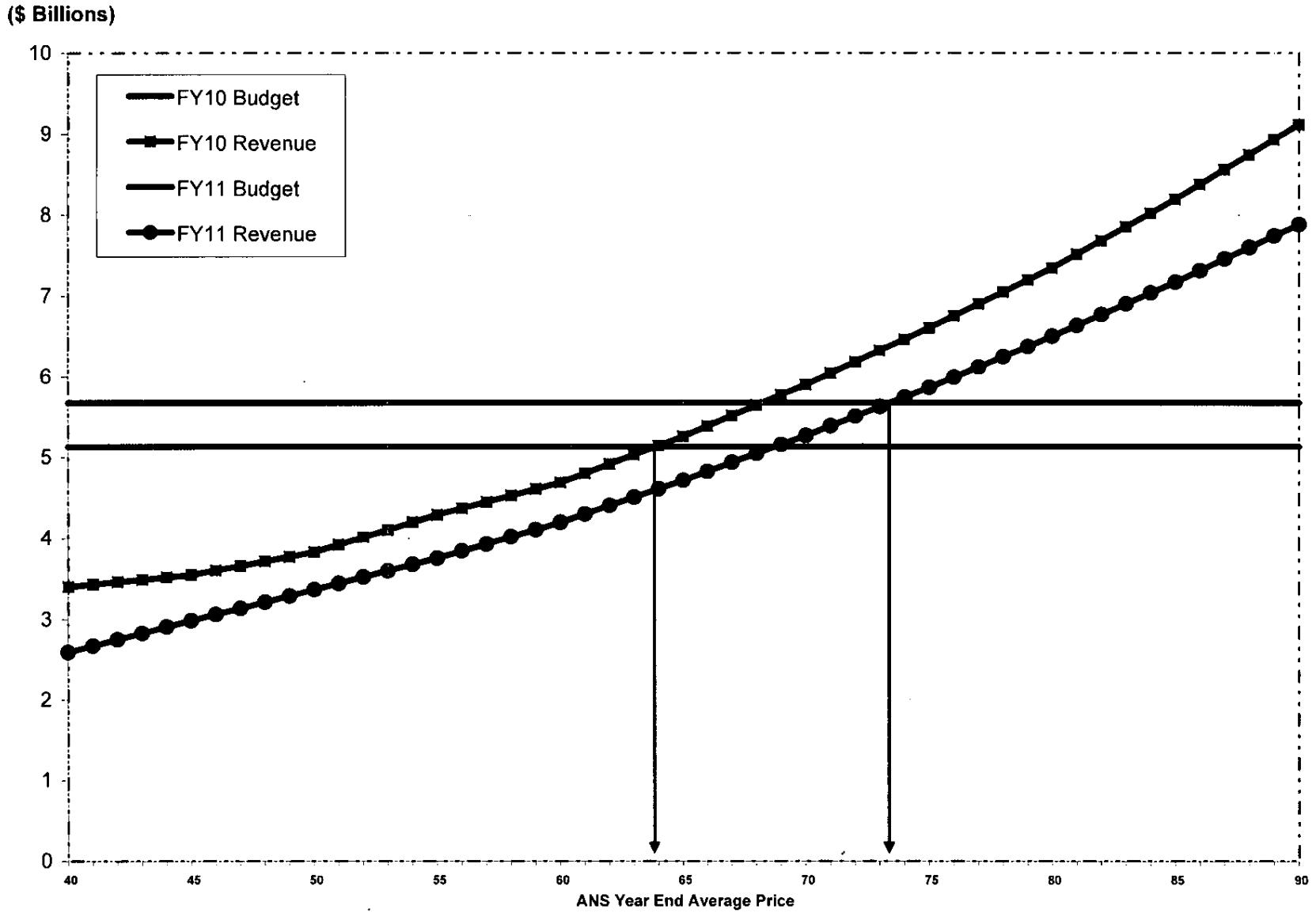
P 7

FY2011 General Fund Revenue - Fiscal Sensitivity



Note: Revenue figures from DOR Fall 2009 Forecast and adjusted to correspond with budget clarification project (additional $771.4 million for FY11). Figures include sources not directly affected by oil prices. Revenue lease expenditures estimated at $19/bbl ($5 billion total).

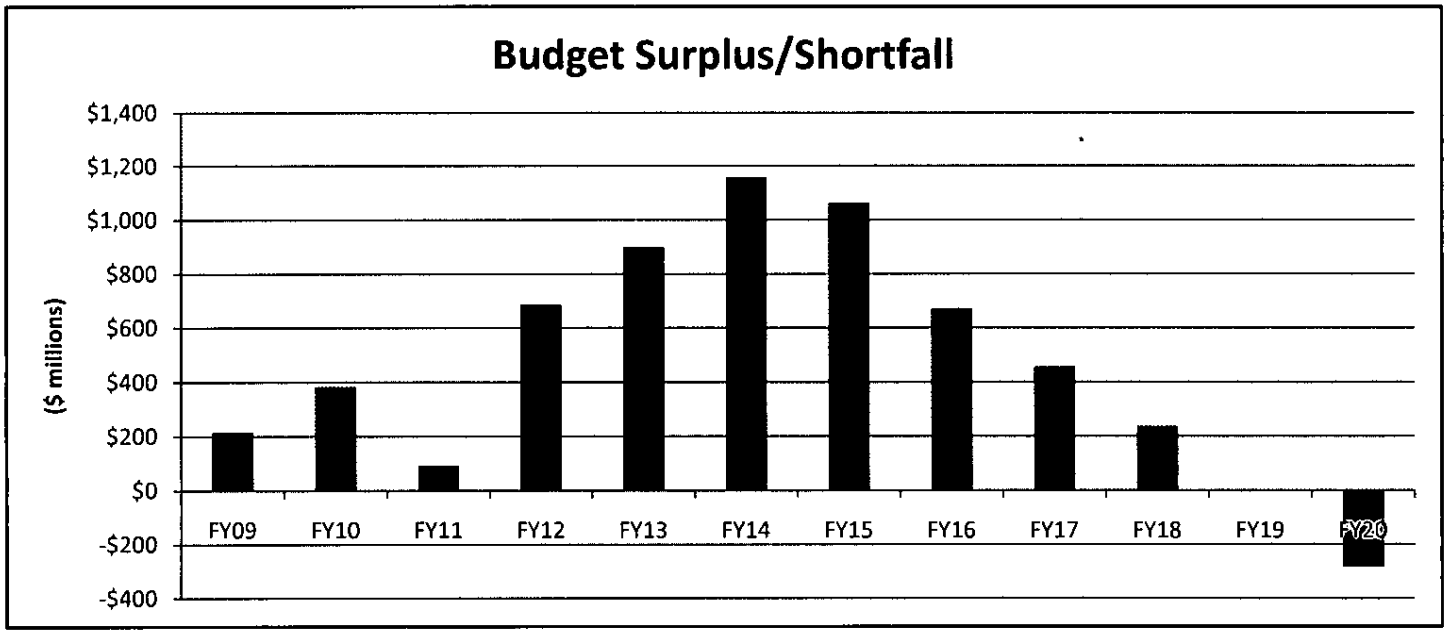
FY10/11 General Fund - Fiscal Sensitivity Overlay



Note: Revenue figures from DOR Fall 2009 Forecast and adjusted to correspond with budget clarification project. Figures include sources not directly affected by oil prices. Budget Authorization corresponds with "Pre-transfer" authorization on Fiscal Summary.

10-Year Revenue and Spending

Assumes Fall 2009 Revenue and 3% budget escalation from FY11



Revenue vs. Spending ($Millions)	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
General Fund Unrestricted Revenue	6,874.9	4,800.0	5,236.6	5,573.3	5,931.6	6,340.2	6,399.8	6,170.7	6,120.1	6,069.5	6,002.7	5,904.9
General Fund Expenses	6,659.0	4,415.2	4,742.6	4,884.9	5,031.4	5,182.4	5,337.8	5,498.0	5,662.9	5,832.8	6,007.8	6,188.0
Budget Surplus/Shortfall	215.9	384.8	94.0	688.4	900.2	1,157.8	1,062.0	672.7	457.2	236.7	(5.1)	(283.1)
Reserve Balances												
CBRF Total	7,114.4	9,070.0	9,750.0	11,082.0	12,704.0	14,674.0	16,649.0	18,330.0	19,884.0	21,301.0	22,561.0	23,903.0
Statutory Budget Reserve Balance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	995.0	712.0
Total Reserve Balances	8,114.4	10,070.0	10,750.0	12,082.0	13,704.0	15,674.0	17,649.0	19,330.0	20,884.0	22,301.0	23,556.0	24,615.0

Source: OMB

- FY09 represents actuals rather than forecast.
- FY10 surplus/shortfall calculation adds $22.1 in reappropriations and carry over to total available revenue.
- FY11 surplus calculation subtracts $400 from surplus for Governor's Performance Scholarship Fund and $13.1 deposit to Public Education Fund for FY12. CBR balance assumes that all available surplus is deposited to CBR main fund.

Appropriations projections do not represent a commitment by the Administration to propose spending at a particular level in FY11 or any future year. The 10 year forecast shows that unanticipated shortfalls during the period could be filled primarily through the use of reserve funds. However, other options could be used in whole, or in part. The plan will be revisited as conditions warrant.

5

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Friday, January 22, 2010

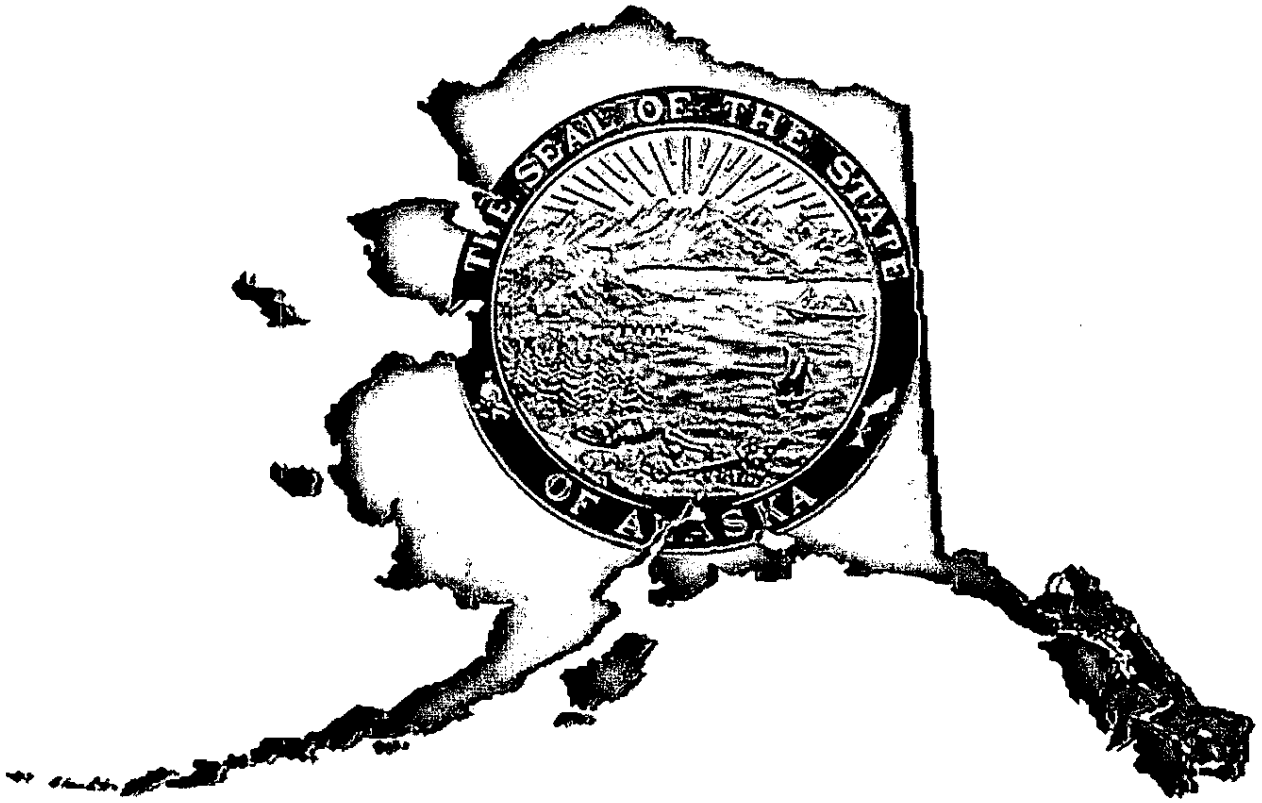
Office of Management and Budget
Karen Rehfeld, Director
John Boucher, Senior Economist

Legislative Finance Division
David Teal, Director

FY11 Governor's Budget Overview
Comparative Fiscal Summary

FY2011 Budget Overview

House Finance Committee



Office of Management and Budget

January 22, 2010

Budget Guidance

The mission

The FY2011 budget supports Governor Parnell's number one mission:

"Position Alaska's economy for growth and Alaska's families for opportunity."

Budget Guidelines

How do we get there?

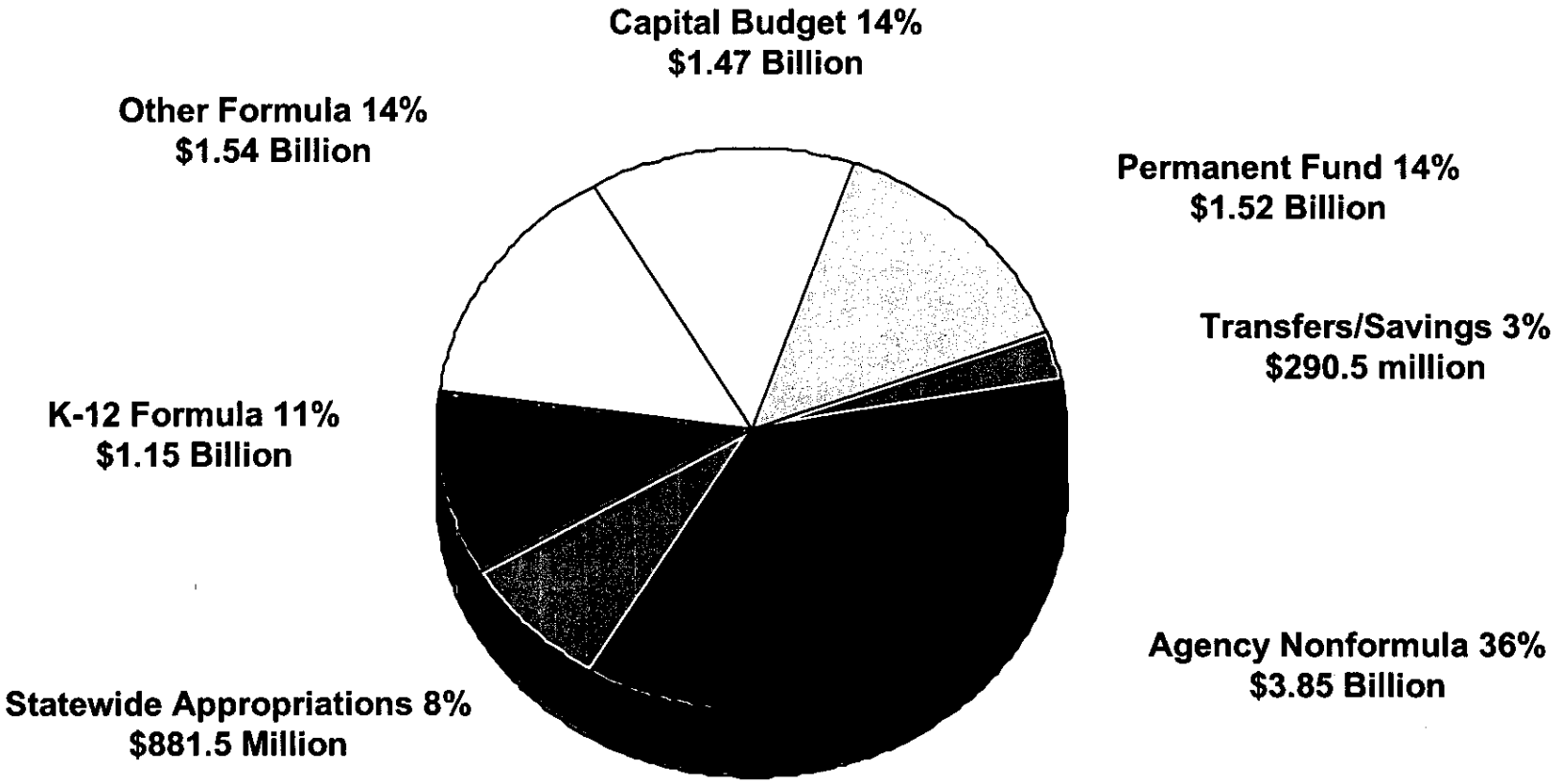
- Focus on the priorities mandated by Alaska's constitution- Education, Public Safety, Transportation and Resource Development
- Maintain budget discipline by limiting agency growth
- Focus on results for Alaskans
- Take a long-term view

FY2011 Budget Summary

FY2011 Fiscal Summary	Recast General Funds	Recast Other Funds	Recast Federal Funds	Total
Oil Price $76.35				
Unrestricted GF	$5,236.6			$5,236.6
Other Revenue moved to GF	$759.6			$759.6
Corporate Dividends	$59.5			$59.5
Federal and Other State Funds		$501.3	$2,780.6	$3,281.9
Total Revenue	**$6,055.7**	**$501.3**	**$2,780.6**	**$9,337.6**
Expenditures				
Agency Operations	$4,327.0	$385.5	$1,885.6	$6,598.1
Statewide	$802.1	$52.4	$27.0	$881.5
Total Operating	**$5,129.1**	**$437.9**	**$1,912.6**	**$7,479.6**
Capital	$580.5	$54.7	$839.3	$1,474.5
Transfers/Savings	$253.0	$8.7	$28.8	$290.5
Total FY2011 Authorization excludes Permanent Fund	**$5,962.6**	**$501.3**	**$2,780.7**	**$9,244.6**
Balance	**$93.1**			**$93.1**
Permanent Fund	$1,523.0			$1,523.0
Total FY2011 Authorization with Permanent Fund	**$7,485.6**	**$501.3**	**$2,780.7**	**$10,767.6**

FY2011 Expenditures by Category

Proposed Spending Plan



Total Funds = $10,767.5 million

FY2011 Budget Priorities

Highlights of the FY2011 spending/savings proposal

- Education
  - Fully funds K-12 education funding formula- $56 million increase
  - Deposit $400 million into savings to fund the Governor's Performance Scholarship
  - Forward fund FY2011 and FY2012 K-12 - $1.1 billion each fiscal year
- Public Safety
  - $75 million for statewide Crime Lab
  - $7 million for 10-year DVSA plan, including 15 new VPSOs
- Resource and Economic Development
  - $177 million for natural gas development
  - Deferred maintenance- $100 million first installment of a 5-year plan
  - University of Alaska Life Sciences Building $109.5 million
  - Transportation infrastructure
- Energy
  - Traditional efforts; AEA energy projects, power projects
  - Renewable Energy Fund $25 million
  - Assistance (PCE & LIHEAP) $53 million
  - Conservation efforts

Revenue Forecast Revised Upward

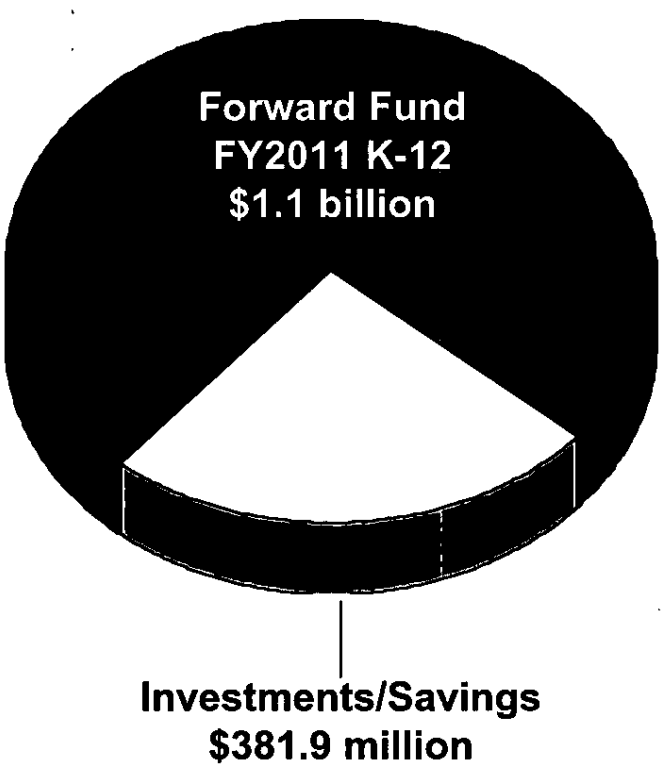
Revised Revenue Forecast Creates Opportunity

	Forecast version		
FY2010	Spring 2009	Fall 2009	Difference
ANS West Coast Oil Price (Per Barrel)	$58.29	$66.93	$8.64
Production (mmbbl./day)	0.655	0.659	.004
FY2010 GF Unrestricted Revenue ($millions)	$3,210.7	$4,777.0	$1,566.3
FY2011			
ANS West Coast Oil Price (Per Barrel)	$67.67	$76.35	$8.68
Production (mmbbl./day)	0.634	0.623	-0.011
FY2011 GF Unrestricted Revenue ($millions)	$3,876.0	$5,236.6	$1,360.6

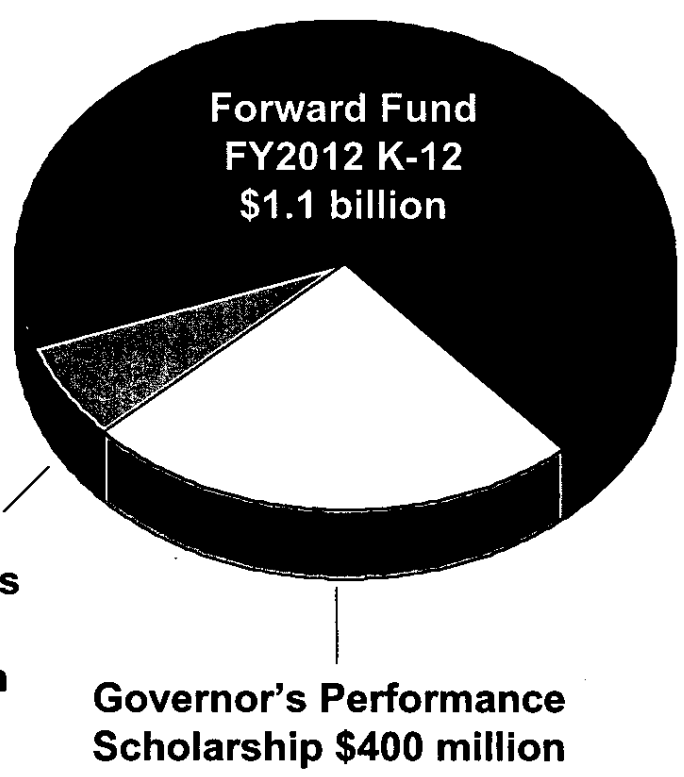
Save/Invest the Projected Surplus

Proposal forward funds K-12 education and saves for Alaska's future

FY2010 Surplus



FY2011 Surplus



FY2011 Results-Based Budgeting

Utilizing the state's performance framework to measure results for Alaskans

- Agency Missions
  - Consistent with statutory authority
- Core Services
  - Activities to accomplish the mission
  - End Results – planned goals and achievements
  - Strategies and Targets – planned actions and targets to measure success
  - Status and Analysis of Results – How are we doing and what does the data show?
- System Changes
  - Align agency and state priorities
  - Identify department priority programs and key performance indicators
  - Distribution of current budget capacity (FY2010) by priorities
  - Key performance indicators to reflect progress toward desired results
  - Link proposed budget changes with desired results System Changes
- Legislative Review
  - Part of the annual review and approval of the budget
  - Process outlined in AS 37.07.014
  - Promote results-based government and method to measure results for each agency

Long-Range Fiscal Plan

Resource Development, Spending Discipline, and Saving for the Future

- Combination of resource development, spending discipline, and use of reserves
  - Current long-range forecast results in a sustained budget through FY2020
  - Reserve accounts continue to grow

- Guiding Principles
  - Responsibly develop Alaska's natural resources – oil, gas, and other natural resources such as mineral, mining, fishing, tourism
  - Restrain spending – focus on essential services, results for Alaskans, promote economic growth and fiscal stability
  - Save for the future – build reserves, forward fund when appropriate, preserve and grow the permanent fund

- Assumptions
  - 3% annual growth rate in beginning in FY2012
  - Inflation at 2.75%
  - Population Growth at 1% annually
  - Requires state service delivery to become more efficient over the 10-year period

- Major Challenges
  - Formula program increases – Education and Medicaid
  - Infrastructure development
  - Unfunded Liability of Retirement Systems

FY2011 Fund Code Project

Transition to new fund categories will take time and patience

- **FY2011 Revenues and Expenditures**
  - Aligned with Legislative Finance on the numbers

- **FY2010 Expenditures**
  - Three Areas of Differences
  - Governor includes $2 million additional estimate for fuel trigger
  - Governor includes $15.9 million for DOTPF economic stimulus RPL's
  - Governor includes deposit/transfer of $1.116 billion to the Public Education Fund

- **Fund Transfer Differences**
  - Renewable Energy Fund $25 million
  - Power Project Fund $7 million
  - Agency Operations – Law, Natural Resources, Revenue – PFD funds

For More Information on the Budget

How can I get more details about the Governor's FY2011 budget?

http://www.omb.alaska.gov

Karen J. Rehfeld, Director

Office of Management and Budget

907-465-4660

Karen.Rehfeld@alaska.gov

1/25/10 OVERVIEWS: DEPT. OF ENVIRON-MENTAL CONSERVATION DEPT. OF FISH & GAME

<target><bill></bill><subject>1-25-10 OVERVIEWS DEPARTMENT OF ENVIRONMENTAL CONSERVATION, DEPARTMENT OF FISH & GAME</subject><comm>HFIN26</comm></target>

Department of Environmental Conservation
Operating Budget Presentation to House Finance Committee – Jan. 25, 2010

MISSION

Protect human health and the environment.

CORE SERVICES

- Develop and enforce standards for protection of the environment.
- Provide controls and enforcement for the prevention and abatement of pollution to the environment.
- Provide controls and enforcement to protect citizens from unsafe sanitary practices.

Total Operating Budget Distribution

PRIORITY PROGRAMS	GF	FED	OTHER	TOTAL	PFT	PPT	NP	% Total GF
FY 2010 Current Capacity (Mgmt Plan)	18,994.3	21,497.6	33,516.9	74,008.8	532	2	7	25.7%
FY 2011 Governor's Transactions	720.6	659.5	157.8	1,537.9	6	0	0	
Total FY 2011 Governor's Budget	**19,714.9**	**22,157.1**	**33,674.7**	**75,546.7**	**538**	**2**	**7**	26.1%

FY 2011 SIGNIFICANT CHANGES IN OPERATING CAPACITY

- Department-wide Health Insurance Increase: $10.9 GF, $7.0 Fed, $5.5 Other

- Building Maintenance & Operations (BMO):
  - Reduce uncollectible RSS authority: ($0.7) RSS

    Significant Changes in Results Expected: None.

- Environmental Health
  - Adoption and implementation of EPA drinking water rules. $300.0 GFM, $300.0 Fed, +5 PFT

    Significant Changes in Results Expected: Human health will be better protected with the adoption of three EPA rules required to be adopted by States in 2010 to continue primacy. These rules affect Disinfectants, Enhanced Surface Water Treatment and Ground Water. The increment will improve our ability to make sure the population served by public water system is in compliant with health-based standards. Additional staffing will help us with the adoption, implementation, monitoring, reporting and enforcement required by these rules, ensuring that drinking water is safe.

- Deletion of one vacant Office Assistant position, PCN 18-7352: (-1) PFT
  Significant Changes in Results Expected: None.

- Fund essential public health equipment maintenance and service contract shortfalls in the State Environmental Health Lab: $260.0 GF.
  Significant Changes in Results Expected: The Lab was able to perform 116,223 tests on Shellfish PSP, Food & Water, Fish, Environment, Dairy Products and Animal Samples in FY09. Without an increment to cover increased maintenance and service contracts necessary after warranties on equipment have expired, the lab will lose testing certifications and be unable to perform many types of tests, having a negative impact on human health and the environment.

- Additional contractual authority for toxicology support in the area of solid waste: $153.0 RSS.
  Significant Changes in Results Expected: Toxicology, fate and transport and drift prevention specialist contracts will help the program more thoroughly evaluate all of the issues raised by the public when evaluating pesticide spray proposals. In FY09, a total of 76 pesticide-related violations were identified, 3% of which were repeat violators. Specialist support will help us more thoroughly review requests and concerns and better protect human health.

- Air Quality
  - Outer Continental Shelf (OCS) federal permitting support. $150.0 GF, +1 PFT
    Significant Changes in Results Expected: This increment would benefit Alaskans and the environment by ensuring that the program has the necessary resources to implement new greenhouse gas regulations and assist in meeting emission reduction goals which help protect human health and the environment. It would benefit industry by providing access to training and technical assisting in tracking and reporting emissions and through the development of consistent, efficient carbon control programs that provide economic and environmental stability. (This investment would allow the state to further its objectives to address climate change and efficiently move forward the construction of a natural gas pipeline.) MH

- Water Quality
  - Federal resources for the Public Water Systems Operator Certification Training program: $240.0 Fed, +1 PFT.
    Significant Changes in Results Expected: In FY09, 31.3% of regulated water supply systems were out of compliance with operator certification requirements. Many communities are unable to afford training for their local operators, negatively impacting them and the compliance rate of their water

and sewer facility. Training will improve compliance rates and better protect human health.

- Federal resources for the Remote Maintenance Worker program: $37.5 GFM, $112.5 Fed

  Significant Changes in Results Expected: This In FY09, 68.7% of regulated systems were in compliance with water supply system operator certification requirements, an increase of 10% since FY 2006. In order to provide Operations and Maintenance support and emergency response services to public water and sewer systems, grant funds are distributed to seven regional health corporations who, in turn, provide Remote Maintenance Workers (RMW) who provide these services. This program is heavily reliant on travel, which has seen dramatic cost increases over the past two years. It has been demonstrated that the routine and regular on-site presence of the RMWs prevents catastrophic failures and helps sustain the water and wastewater infrastructure in rural Alaska. The assistance provided by RMWs increases the exam success rate among rural operators, which in turn, improves compliance with the operator certification requirements, which in turn increases our protection of human health.

↑ = Improving
→ = Maintaining
↓ = Worsening

DEPARTMENT RESULTS – CURRENT CAPACITY

Protecting Human Health

↓ In FY 2009, over 1.2 million pounds of dairy, seafood and retail foods were detained, more than a million pound increase from FY 2008.

- ↓ In FY 2009, 30% of permitted retail food establishments were inspected.
- ↓ In FY 2009, 34% of food establishments and 13% of seafood processors that were inspected and permitted were issued a Notice of Violation (NOV).
- ↑ 116,233 tests were performed by the Environmental Health Laboratory in FY 2009, an increase from the prior year with a significant increase to the number of environmental tests conducted.
- ↑ Approximately 79% of inspected permitted retail food establishments were found during inspection to have staff meeting food safety training and certification requirements.

→ The number of days the air is unhealthy for sensitive groups remains less than two weeks a year.

↑ During FFY 2008, 94% of the population served by public water systems was served by those in compliance with health-based standards.

- ↑ The operator certification program has seen a 12% increase in three years for the number of regulated systems that comply with water supply system operator certification requirements.

↑ The Village Safe Water Program has seen an annual average increase of 2.5% for serviceable rural Alaska homes served by safe and sustainable sanitation facilities over the past nine years, over 90% being served by the end of FY 2009.

- ↓ Due to the increasing cost of addressing rural sanitation health related deficiencies (such as homes without running water and flush toilets, untreated drinking water, or leaking water and sewer mains) and an ongoing decline of federal funding available to address these deficiencies, there has been a continuous decrease in health related deficiencies met each year.
- ↑ The operator certification program has seen a 12% increase in three years for the number of regulated systems that comply with water supply system operator certification requirements.

Protecting the Environment

→ 63% of the State's polluted land and waterbodies have been restored for public use as of the end of FY 2009, a 4.4% increase from FY 2007.

- ↑ Over 99% of new oil and hazardous substance spills in FY 2009 were cleaned up or are in monitoring status.
- ↑ In FY 2009, 50% of polluted waterbodies had active stewardship, protection and restoration activities, an 11% increase from the previous year.

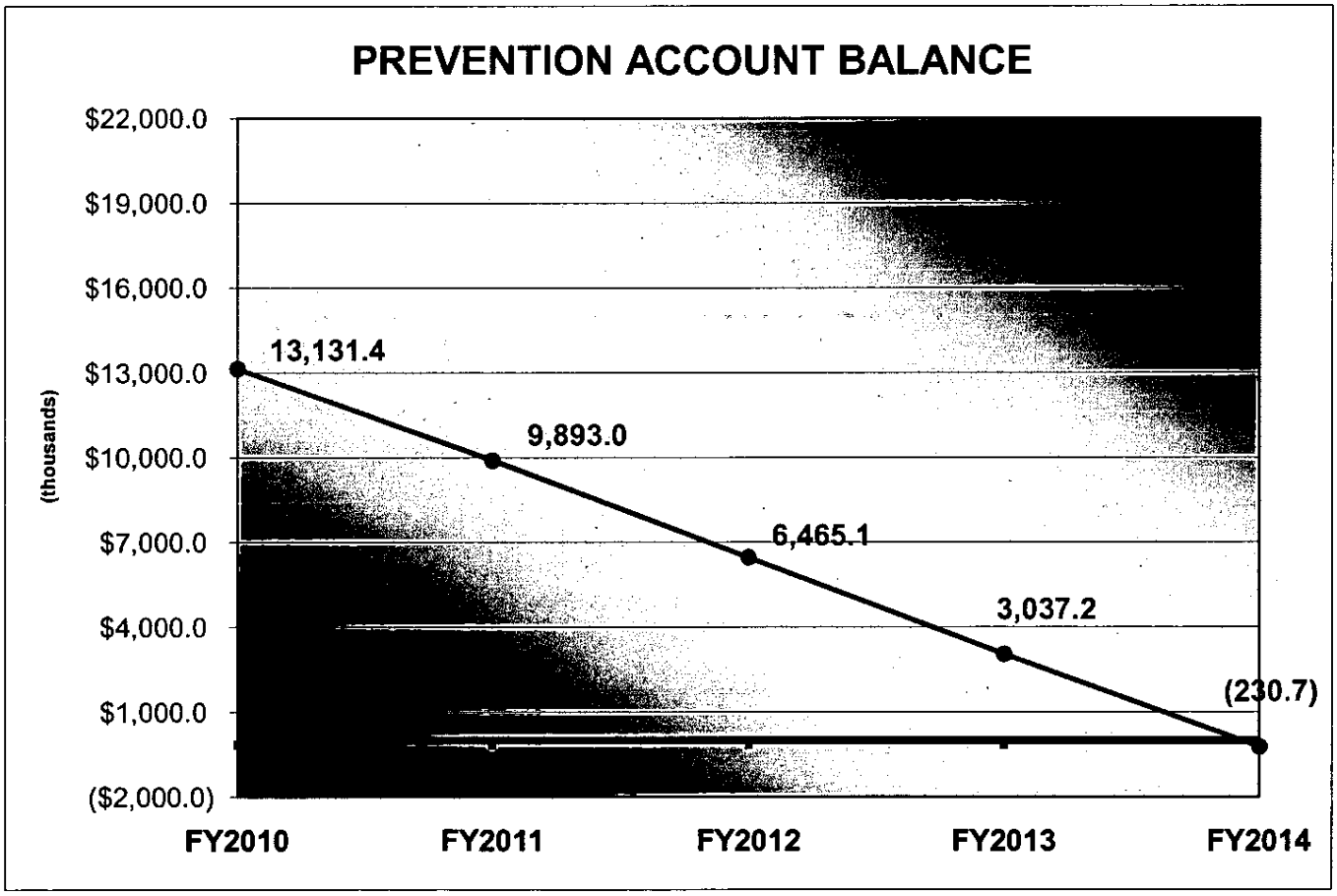
↓ While 100% of Class I and Class II municipal solid waste facilities within Alaska have the required authorization from the State to operate, only 27% of Class III facilities have been authorized, showing a significant area of need.

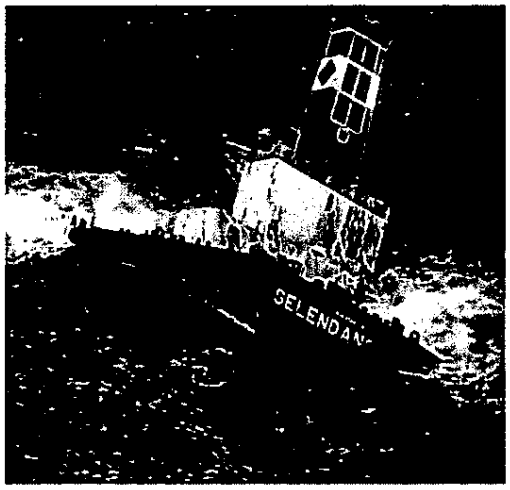
↑ Less than 4% of the total volume of oil spilled in FY 2009 was from regulated facilities and vessels with approved contingency plans.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
RESPONSE FUND

PREVENTION ACCOUNT - BALANCE PROJECTION
01.15.10 UPDATE - Current 4¢ Surcharge

FY2009 FUND BALANCE	**20,891.9**				
	FY2010	**FY2011**	**FY2012**	**FY2013**	**FY2014**
REVENUE to PREVENTION ACCOUNT	**12,084.4**	**12,859.5**	**10,670.0**	**10,670.0**	**10,830.0**
4¢ Surcharge (Fall *2009 Revenue Sources Update*)	8,922.5	8,400.0	7,920.0	7,920.0	8,080.0
Cost Recovery/Fines/Penalties	1,911.9	3,209.5	1,500.0	1,500.0	1,500.0
Interest	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0
GOVERNOR'S BUDGETED OPERATING EXPENDITURES	**14,094.9**	**14,097.9**	**14,097.9**	**14,097.9**	**14,097.9**
Environmental Conservation (annual salary increases not included in FY12-14)	14,094.9	14,097.9	14,097.9	14,097.9	14,097.9
CAPITAL EXPENDITURES	**5,750.0**	**2,000.0**	**0.0**	**0.0**	**0.0**
ESTIMATED PREVENTION ACCOUNT BALANCE	**13,131.4**	**9,893.0**	**6,465.1**	**3,037.2**	**(230.7)**
EXPENDITURES IN EXCESS OF REVENUE	**(7,760.5)**	**(3,238.4)**	**(3,427.9)**	**(3,427.9)**	**(3,267.9)**





WHAT THE 4¢ SURCHARGE PAYS FOR

OIL AND HAZARDOUS SUBSTANCE, SPILL PREVENTION AND RESPONSE

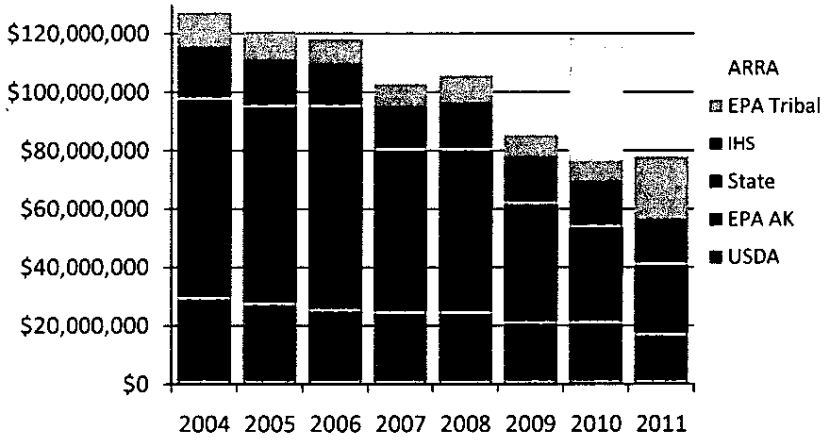
- Standards and regulation to protect the environment from releases or oil or hazardous substances.
- Establishment and maintenance of a spill response capability.
- Investigation, evaluation, containment, and/or cleanup of a release or threatened release of oil or hazardous substances.
- Restoration of the environment.
- Review of oil discharge prevention and contingency plans.
- Training, response exercises, inspections, and tests.
- Verification of proof of financial responsibility.
- Recovery of state costs.

IS IT ENOUGH?

- Revenues continue to decrease as production decreases.
- Despite the change in surcharge amounts, expenditures continue to exceed projected revenues.
- Without additional revenues, the fund will be depleted in FY2014, which assumes no additional capital appropriations for clean-up costs.

Rural Alaska Water and Sewer
The Cost of Addressing Needs is Escalating While Funding Declines

Funding for Rural Alaskia Sanitation Projects SFY 2004 - 2011



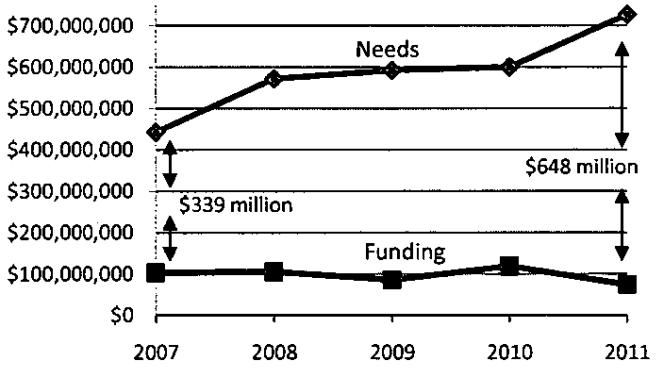
Funding from all sources (national tribal allocations, Alaska specific appropriations, and required State match) for rural Alaska sanitation projects has declined by over $49 million, or 39% between State Fiscal Years 2004-2011. Alaska specific appropriations and required State match (shaded purple in the graph below) have plummeted by $57 million or 58%.

Although the American Recovery and Reinvestment Act (ARRA) provided a one-time boost to rural sanitation projects in SFY 2010, the Federal 2010 (SFY 2011) budget represents the lowest funding levels for rural Alaska water and sewer projects in over 10 years – a $41 million decrease from last year's appropriations.

SFY	USDA-AK	EPA AK	State	IHS	EPA Tribal	ARRA	Total
2004	$30,000,000	$43,000,000	$24,333,331	$18,210,163	$11,598,171		$127,141,665
2005	$28,000,000	$43,000,000	$23,666,664	$16,617,560	$9,466,700		$120,750,924
2006	$26,000,000	$45,000,000	$23,666,664	$15,280,000	$8,207,000		$118,153,664
2007	$25,000,000	$35,000,000	$19,999,998	$15,411,000	$7,436,100		$102,847,098
2008	$25,000,000	$35,000,000	$19,999,998	$16,543,204	$9,055,500		$105,598,702
2009	$21,515,000	$24,610,000	$15,374,998	$16,726,000	$7,020,900		$85,246,898
2010	$21,667,000	$18,500,000	$13,388,999	$16,036,000	$6,888,052	$42,257,600	$118,737,651
2011	$17,500,000	$13,000,000	$10,166,666	$16,000,000	$21,195,000		$77,861,666

Recent appropriations for the EPA and USDA Alaska specific programs are highlighted in yellow above.

Critical Needs* -vs- Available Funding



While funding has decreased significantly, the cost of addressing critical rural Alaska sanitation needs (such as homes without running water and flush toilets or inadequately treated drinking water) has increased dramatically. This increase is due to a number of factors including inflation, population changes, aging facilities, and more stringent regulations.

The disparity between available funding and the cost of addressing rural Alaska sanitation needs is approximately $648 million – a 91% increase over SFY 2007. If current funding and cost trends do not change, this gap will continue to widen.

DEC Water, Wastewater and Solid Waste Grant Programs

- Facility Programs of DEC's Division of Water work with communities to develop and maintain sustainable water, sewer, and solid waste services in full regulatory compliance.

- There are two types of grant programs managed by DEC for sanitation projects. The Village Safe Water program offers 100% grant funding for smaller, rural communities and the Municipal Matching Grants program offers 60%-85% grant funding for larger communities.

Village Safe Water (VSW) Program

- VSW Funding comes from a combination of federal grants and state appropriations. The two primary federal funding sources (which have provided approximately $40.0 million in FY2010) are the U.S. Department of Agriculture and the Environmental Protection Agency. The funding trend from these sources has been declining in the past four years. Funding through these agencies requires a 25% State match. In addition, the Denali Commission and the Indian Health Service have provided a recent average of $10 million a year in 100% federal grants for projects through VSW.

- Communities apply each year for proposed sanitation project funding. Applications are scored, based heavily on the proposed project's ability to address critical public health needs, as well as the communities' demonstrated capacity to operate and maintain the facilities. Capital funding is requested for the highest ranking projects.

- Per a federal funding requirement established in 2004, the VSW CIP priority list is divided into two types of projects – those that can be completed in a single year and those that will take multiple years to complete.

- Projects that are estimated to take one year to complete receive full funding in a single fiscal year.

- The Multi-Year Priority List contains large, high scoring projects; however projects on the list are not prioritized. This allows the flexibility that is required in scheduling funding for multi-year projects. An unanticipated delay in one project will not hold up funding for a different project that is ready to go.

Updated January 2010

Funding for the construction phases of Multi-Year Priority List projects is granted based upon completion of design packages and chronological approval, available funding, and sufficient drawdown of existing project funds. In other words, this is a "first ready, first funded" list and new funds are not made available to a project until prior project grant funds for the project are exhausted. There are several projects on the Multi-Year list that are ready to proceed but have had to be postponed due to insufficient federal and state funds.

- In some cases, funding is transferred by VSW through the Indian Health Service to the Alaska Native Tribal Health Consortium, who in turn assists communities in design and construct of sanitation projects.

Municipal Matching Grants Program

- The Alaska Municipal Matching Grants program provides partial funding from General Fund appropriations and engineering support for drinking water, sewer, solid waste and non-point source pollution projects, such as water quality enhancement and waterbody restoration and recovery.

- These state grants primarily assist the larger communities and boroughs in the State.

- Each year, communities submit sanitation grant questionnaires which are scored weighing primarily the extent to which proposed projects address critical public health and environmental needs. Grants are awarded to the highest ranking projects as funding allows.

- Two years ago the Legislature amended the Municipal Matching Grants enabling statute to change the State/Local funding ratio of eligible project costs. The State share of project costs for grants awarded under the program are now:

    - 85 percent of eligible costs for a municipality with a population of 1,000 persons or less.

    - 70 percent of eligible costs for a municipality with a population of 1,001 to 10,000 persons.

    - 60 percent of eligible costs for a municipality with a population of greater than 10,000 persons.

    - The communities can borrow low interest (1.5%) loans from the Alaska Clean Water and Alaska Drinking Water funds managed by the Department to cover their portion of the match.

RURAL ALASKA SANITATION:
Status of Efforts – January 2010

Long Term Progress

As recently as 30 years ago, fewer than 25% of rural Alaska households had running water and flush toilets. In 1996 when the State first began its statewide rural sanitation survey, 55% of rural homes had piped or covered haul service. Today, approximately 75% of rural homes have indoor plumbing. (This estimate omits regional hubs such as Kotzebue and Bethel, as these larger communities tend to skew the analysis.) The progress made in improving rural sanitation conditions is significant, with an average of 1.5% of rural homes receiving first time service per year.

Recent Progress

Because of high levels of federal funding since 2000, work on several community systems was initiated and is now nearing completion. Prior to hooking up homes for the first time, significant design and construction work must take place on core facilities such as water source development, water treatment and storage, and sewage treatment and disposal. The following first-time running water and sewer systems have been under construction for several years, and are currently scheduled to have a total of approximately 1,400 homes connected between 2009 and 2011:

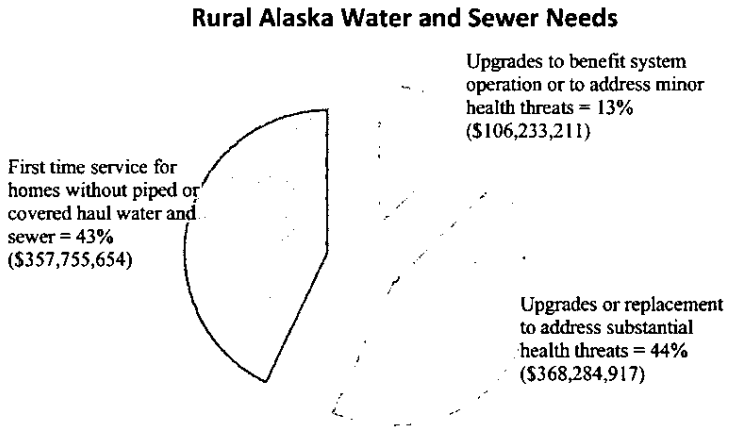
- Akiachak
- Akiak
- Buckland
- Chuathbaluk
- Fort Yukon
- Goodnews Bay
- Hooper Bay
- Hughes
- Kasigluk
- Kongiganak
- Nunam Iqua
- Quinhagak

State and federal funding invested to date in providing these sixteen villages with running and water and sewer is well over $100 million. Recent decreases in funding levels have slowed progress. Without significant future investments, completion of these and other projects will be deferred.

Remaining Needs

While considerable progress has been made, much remains to be done. One in four rural households still lack running water and a flush toilet and must utilize pit privies or honey buckets and self haul water.

Although the percentage of rural households with piped or covered haul service is the measure by which progress has long been assessed, as the adjacent pie chart shows, it only takes into account part of the picture. An equal amount of assistance is needed to upgrade or replace systems that are posing a substantial health threat. Note: The first time service category and the upgrades to address substantial health risks category are often combined and referred to as "critical needs". Upgrades to benefit system operation or to address minor health threats are not considered critical and are mostly dismissed as secondary.



Motion

I move that Finance Committee Co-chair Mike Hawker, be authorized to enter into a contract extending Janet Clarke's professional services contract for one year in an amount not to exceed $25,000.

Department of Environmental Conservation Ten Year Expenditure Plan

The mission of the Department of Environmental Conservation is to protect human health and the environment.

The department develops and enforces standards for protection of the environment, provides controls and enforcement for the prevention and abatement of pollution to the environment and provides controls and enforcement to protect citizens from unsafe sanitary practices.

The department includes five divisions: Air Quality, Environmental Health, Water Quality, Spill Prevention and Response, and Administrative Services.

The following document discusses the assumptions used for the individual divisions and programs within the department to provide estimates of budget growth over the next ten years. Projecting budget growth ten years into the future is very challenging. It is important to acknowledge that many forces and influences beyond the control of the planners working on this ten year projection will come into play long before the ten year period has run its course. As a result, the assumptions and numbers that make up the plan will continue to be revised and refined as needs change and new information becomes available.

BASELINE ASSUMPTIONS

- Non-formula programs were not adjusted for inflation.
- Known significant increases in lease costs will be funded in FY12.
- Adoption of additional federal rules for public water systems from amendments to the Safe Drinking Water Act will occur and be funded in FY13 ($500.0 GF and $500.0 Fed).
- Mining is projected to increase 10% annually due to increasing metal prices and applications for mining permits will continue to increase. This is reflected as a 10% increase each year in I/A authority through FY20.
- Deferred maintenance for the State Lab will be funded in FY12 and FY13.
- The Federal appropriations for rural sanitation CIP projects will continue to decline until zeroing out in FY14. This decrease in funding is shown in the Baseline scenario under the Capital section. General Funds are included in the New Initiatives section to offset this decline in funding and maintain the Water Facilities program at its current funding level.
- Assumes continuation funding for contaminated sites cleanup, oil and hazardous substance first responder equipment and the Municipal Matching Grants Program.
- American Recovery and Reinvestment Act (ARRA) funding is included in the FY10 Baseline Capital budget and is not expected to continue in future years.

BASELINE RESULTS

Total Costs

- Because of the ARRA capital funding received in FY10, it is more accurate to track total cost (operating + capital) increases and decreases from FY11 to FY20. The total Baseline costs decrease by 31%, largely due to the significant decline in Federal funding. However, when the total baseline appropriation is combined with Capital New Initiatives, total funding increases by 18% over these 9 years. This is referenced on the attached "Environmental Conservation – All Funds" chart.

Operating Costs

Formula Programs – *DEC has none*

Non-formula Programs – *includes all RDUs and Components*

- Non-formula program costs increase by 5% over 10 years.

Capital Costs

- Capital Appropriations in the Baseline Budget shows a decline 66% from FY11 to FY20 due to the significant decline in Federal funding to the Water program.

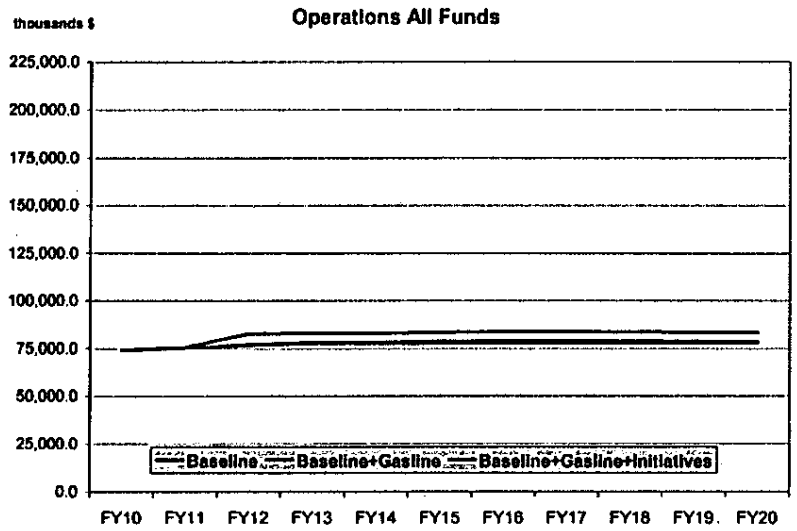
GASLINE ASSUMPTIONS

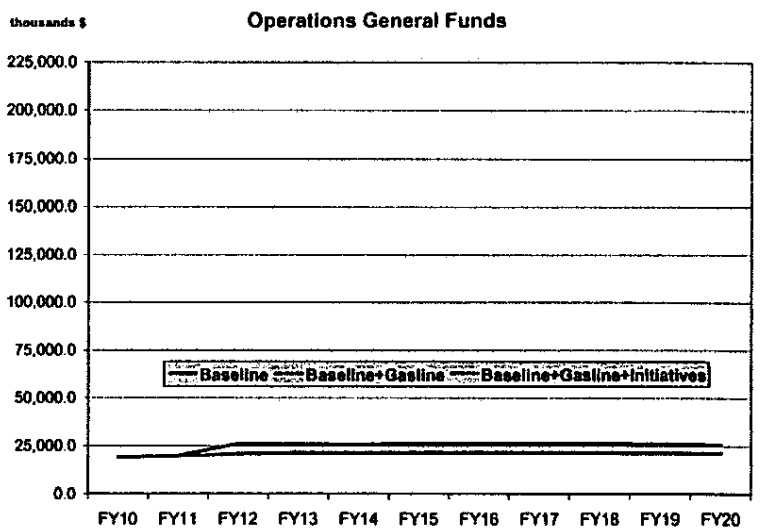
- Assumes AGIA startup in FY17. This includes AGIA only, and does not include affiliated projects (Bullet line or Alaska Natural Gas Development Authority).
- Assumes the following activities will be needed from DEC:
    - Air permits, monitoring and pre-construction review efforts. Food Safety & Sanitation, Drinking Water and Solid Waste permitting activity for pipeline camps during construction phase from FY15 to FY18. Construction of water and wastewater systems in temporary construction camps would take place in FY15.

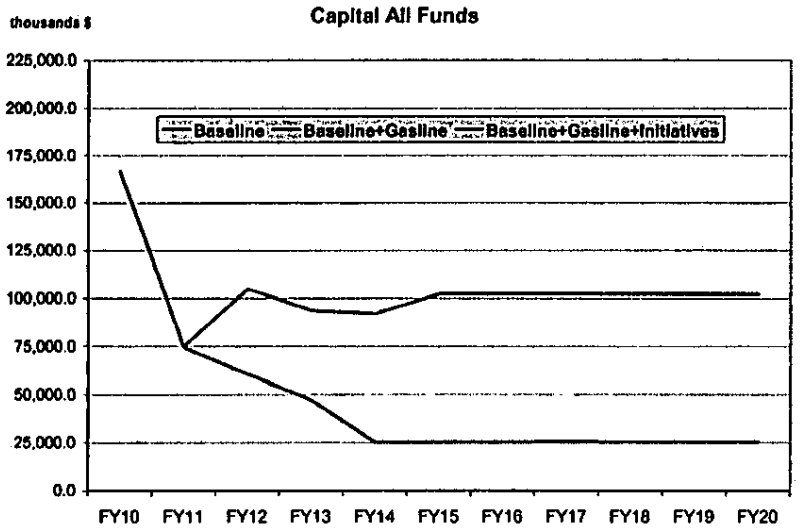
NEW INITIATIVES ASSUMPTIONS

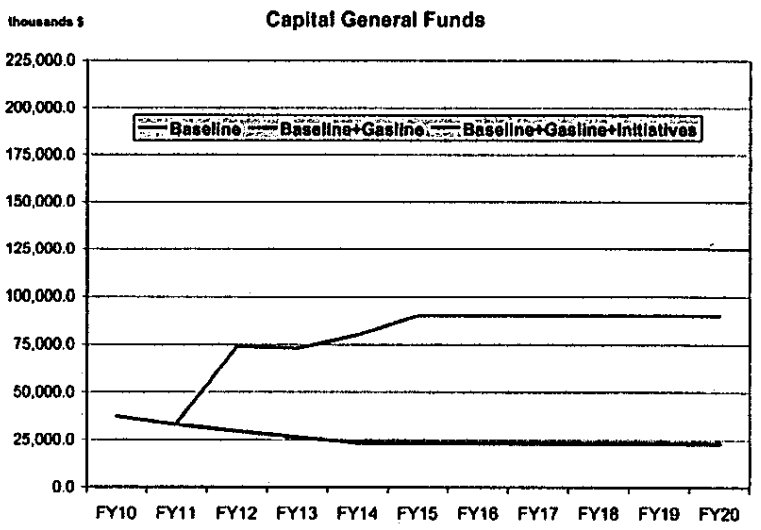
- State statute providing $3,400.0 to support food safety inspections throughout the state will be approved in FY12.
- Increased funding needed for increased monitoring of air quality with additional federal regulation implementation and adoption related to climate change and other environmental monitoring efforts.
- Assumes the State Lab will receive funding in FY12 for a Lab Operations Plan.
- Federal appropriations for rural sanitation CIP projects will decline and will be completely expended and unavailable by FY14, as noted in the Baseline section.
- Assumes contaminated site cleanup of the Aniak Middle School/White Alice Communication System will be funded in FY12.

Environmental Conservation









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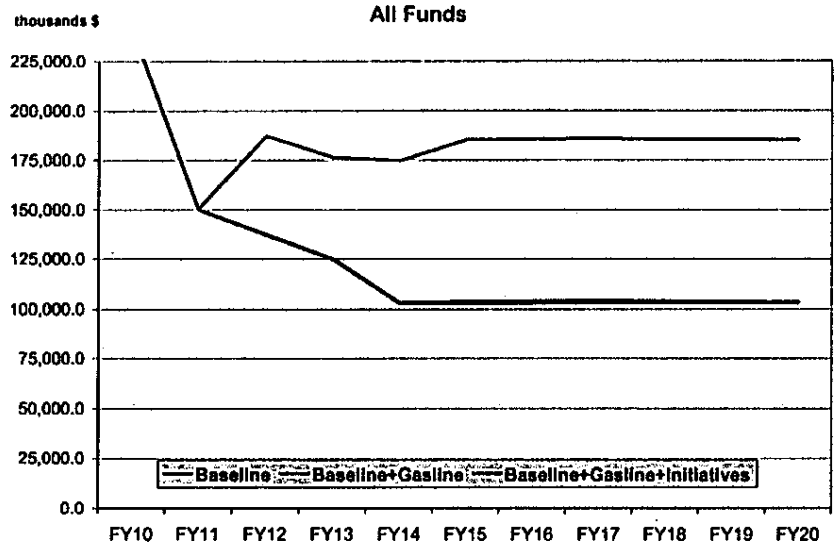
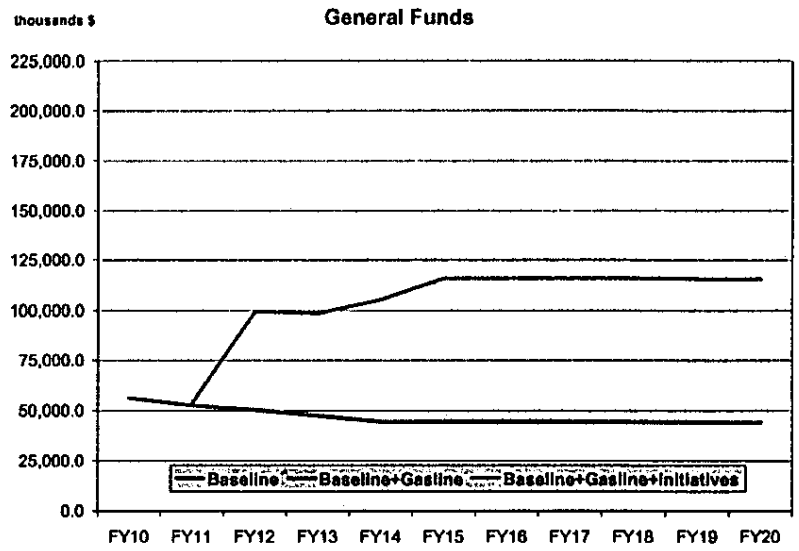
Environmental Conservation





Environmental Conservation

Baseline Budget Growth 1/

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	240,388.9	149,758.0	137,243.7	124,786.3	102,893.2	102,879.8	103,001.6	103,199.1	103,067.9	103,143.6	103,226.9
General Fund	38,306.2	38,777.0	39,916.0	39,916.0	39,781.0	39,716.0	39,781.0	39,716.0	39,716.0	39,716.0	39,716.0
General Fund Match	18,056.2	13,852.2	10,457.2	7,657.2	4,852.2	4,852.2	4,852.2	4,852.2	4,852.2	4,852.2	4,852.2
Federal Funds	144,259.6	61,107.1	50,657.1	41,157.1	22,657.1	22,657.1	22,657.1	22,657.1	22,657.1	22,657.1	22,657.1
Other State Funds	39,766.9	36,021.7	36,213.4	36,056.0	35,602.9	35,654.5	35,711.3	35,973.8	35,842.6	35,918.3	36,001.6
Operations	74,145.9	75,418.6	76,721.3	77,763.9	77,875.8	77,862.4	77,984.2	77,981.7	78,050.5	78,126.2	78,209.5
General Fund	15,116.8	15,387.6	16,526.6	16,526.6	16,591.6	16,526.6	16,591.6	16,526.6	16,526.6	16,526.6	16,526.6
General Fund Match	4,014.6	4,352.2	4,352.2	4,852.2	4,852.2	4,852.2	4,852.2	4,852.2	4,852.2	4,852.2	4,852.2
Federal Funds	21,497.6	22,157.1	22,157.1	22,657.1	22,657.1	22,657.1	22,657.1	22,657.1	22,657.1	22,657.1	22,657.1
Other State Funds	33,516.9	33,521.7	33,685.4	33,728.0	33,774.9	33,826.5	33,883.3	33,945.8	34,014.6	34,090.3	34,173.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	74,145.9	75,418.6	76,721.3	77,763.9	77,875.8	77,862.4	77,984.2	77,981.7	78,050.5	78,126.2	78,209.5
General Fund	15,116.8	15,387.6	16,526.6	16,526.6	16,591.6	16,526.6	16,591.6	16,526.6	16,526.6	16,526.6	16,526.6
General Fund Match	4,014.6	4,352.2	4,352.2	4,852.2	4,852.2	4,852.2	4,852.2	4,852.2	4,852.2	4,852.2	4,852.2
Federal Funds	21,497.6	22,157.1	22,157.1	22,657.1	22,657.1	22,657.1	22,657.1	22,657.1	22,657.1	22,657.1	22,657.1
Other State Funds	33,516.9	33,521.7	33,685.4	33,728.0	33,774.9	33,826.5	33,883.3	33,945.8	34,014.6	34,090.3	34,173.6
Capital	166,243.0	74,339.4	60,522.4	47,022.4	25,017.4	25,017.4	25,017.4	25,217.4	25,017.4	25,017.4	25,017.4
General Fund	23,189.4	23,389.4	23,389.4	23,389.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4
General Fund Match	14,041.6	9,500.0	6,105.0	2,805.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	122,762.0	38,950.0	28,500.0	18,500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	6,250.0	2,500.0	2,528.0	2,328.0	1,828.0	1,828.0	1,828.0	2,028.0	1,828.0	1,828.0	1,828.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.
See detailed assumptions

Environmental Conservation

Gasline Related Budget Growth

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	0.0	0.0	155.0	160.0	135.0	695.0	805.0	895.0	675.0	430.0	170.0
General Fund	0.0	0.0	155.0	105.0	5.0	501.0	501.0	501.0	501.0	265.0	5.0
General Fund Match	0.0	0.0	0.0	0.0	6.0	6.0	6.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	14.0	14.0	14.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	55.0	110.0	174.0	284.0	394.0	174.0	165.0	165.0
Operations	0.0	0.0	155.0	160.0	135.0	695.0	805.0	895.0	675.0	430.0	170.0
General Fund	0.0	0.0	155.0	105.0	5.0	501.0	501.0	501.0	501.0	265.0	5.0
General Fund Match	0.0	0.0	0.0	0.0	6.0	6.0	6.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	14.0	14.0	14.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	55.0	110.0	174.0	284.0	394.0	174.0	165.0	165.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	155.0	160.0	135.0	695.0	805.0	895.0	675.0	430.0	170.0
General Fund	0.0	0.0	155.0	105.0	5.0	501.0	501.0	501.0	501.0	265.0	5.0
General Fund Match	0.0	0.0	0.0	0.0	6.0	6.0	6.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	14.0	14.0	14.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	55.0	110.0	174.0	284.0	394.0	174.0	165.0	165.0
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

See detailed assumptions

DRAFT December 31, 2009

Environmental Conservation

Initiatives (Except Gasline)

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	460.0	1,303.0	50,060.0	51,565.0	71,890.0	81,890.0	81,890.0	81,890.0	81,890.0	81,915.0	81,890.0
General Fund	460.0	1,150.0	48,657.0	50,457.0	60,457.0	70,457.0	70,457.0	70,457.0	70,457.0	70,457.0	70,457.0
General Fund Match	0.0	0.0	375.0	286.5	234.0	234.0	234.0	234.0	234.0	241.5	234.0
Federal Funds	0.0	0.0	875.0	668.5	10,546.0	10,546.0	10,546.0	10,546.0	10,546.0	10,563.5	10,546.0
Other State Funds	0.0	153.0	153.0	153.0	653.0	653.0	653.0	653.0	653.0	653.0	653.0
Operations	460.0	303.0	5,838.0	5,043.0	4,868.0	4,868.0	4,868.0	4,868.0	4,868.0	4,893.0	4,868.0
General Fund	460.0	150.0	4,435.0	3,935.0	3,935.0	3,935.0	3,935.0	3,935.0	3,935.0	3,935.0	3,935.0
General Fund Match	0.0	0.0	375.0	286.5	234.0	234.0	234.0	234.0	234.0	241.5	234.0
Federal Funds	0.0	0.0	875.0	668.5	546.0	546.0	546.0	546.0	546.0	563.5	546.0
Other State Funds	0.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	460.0	303.0	5,838.0	5,043.0	4,868.0	4,868.0	4,868.0	4,868.0	4,868.0	4,893.0	4,868.0
General Fund	460.0	150.0	4,435.0	3,935.0	3,935.0	3,935.0	3,935.0	3,935.0	3,935.0	3,935.0	3,935.0
General Fund Match	0.0	0.0	375.0	286.5	234.0	234.0	234.0	234.0	234.0	241.5	234.0
Federal Funds	0.0	0.0	875.0	668.5	546.0	546.0	546.0	546.0	546.0	563.5	546.0
Other State Funds	0.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0	153.0
Capital	0.0	1,000.0	44,222.0	46,522.0	67,022.0	77,022.0	77,022.0	77,022.0	77,022.0	77,022.0	77,022.0
General Fund	0.0	1,000.0	44,222.0	46,522.0	56,522.0	66,522.0	66,522.0	66,522.0	66,522.0	66,522.0	66,522.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
Other State Funds	0.0	0.0	0.0	0.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0

See detailed assumptions

Environmental Conservation

Baseline plus Gasline plus Initiatives

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	240,848.9	151,061.0	187,458.7	176,511.3	174,918.2	185,464.8	185,696.6	185,984.1	185,632.9	185,468.6	185,286.9
General Fund	38,766.2	39,927.0	88,728.0	90,478.0	100,243.0	110,674.0	110,739.0	110,674.0	110,674.0	110,438.0	110,178.0
General Fund Match	18,056.2	13,852.2	10,832.2	7,943.7	5,092.2	5,092.2	5,092.2	5,086.2	5,086.2	5,093.7	5,086.2
Federal Funds	144,259.6	61,107.1	51,532.1	41,825.6	33,217.1	33,217.1	33,217.1	33,203.1	33,203.1	33,220.6	33,203.1
Other State Funds	39,766.9	36,174.7	36,366.4	36,264.0	36,365.9	36,481.5	36,648.3	37,020.8	36,669.6	36,736.3	36,819.6
Operations	74,605.9	75,721.6	82,714.3	82,966.9	82,878.8	83,425.4	83,657.2	83,744.7	83,593.5	83,449.2	83,247.5
General Fund	15,576.8	15,537.6	21,116.6	20,566.6	20,531.6	20,962.6	21,027.6	20,962.6	20,962.6	20,726.6	20,466.6
General Fund Match	4,014.6	4,352.2	4,727.2	5,138.7	5,092.2	5,092.2	5,092.2	5,086.2	5,086.2	5,093.7	5,086.2
Federal Funds	21,497.6	22,157.1	23,032.1	23,325.6	23,217.1	23,217.1	23,217.1	23,203.1	23,203.1	23,220.6	23,203.1
Other State Funds	33,516.9	33,674.7	33,838.4	33,936.0	34,037.9	34,153.5	34,320.3	34,492.8	34,341.6	34,408.3	34,491.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	74,605.9	75,721.6	82,714.3	82,966.9	82,878.8	83,425.4	83,657.2	83,744.7	83,593.5	83,449.2	83,247.5
General Fund	15,576.8	15,537.6	21,116.6	20,566.6	20,531.6	20,962.6	21,027.6	20,962.6	20,962.6	20,726.6	20,466.6
General Fund Match	4,014.6	4,352.2	4,727.2	5,138.7	5,092.2	5,092.2	5,092.2	5,086.2	5,086.2	5,093.7	5,086.2
Federal Funds	21,497.6	22,157.1	23,032.1	23,325.6	23,217.1	23,217.1	23,217.1	23,203.1	23,203.1	23,220.6	23,203.1
Other State Funds	33,516.9	33,674.7	33,838.4	33,936.0	34,037.9	34,153.5	34,320.3	34,492.8	34,341.6	34,408.3	34,491.6
Capital	166,243.0	75,339.4	104,744.4	93,544.4	92,039.4	102,039.4	102,039.4	102,239.4	102,039.4	102,039.4	102,039.4
General Fund	23,189.4	24,389.4	67,611.4	69,911.4	79,711.4	89,711.4	89,711.4	89,711.4	89,711.4	89,711.4	89,711.4
General Fund Match	14,041.6	9,500.0	6,105.0	2,805.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	122,762.0	38,950.0	28,500.0	18,500.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
Other State Funds	6,250.0	2,500.0	2,528.0	2,328.0	2,328.0	2,328.0	2,328.0	2,528.0	2,328.0	2,328.0	2,328.0

DRAFT December 31, 2009

Environmental Conservation

Baseline plus Initiatives

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	240,848.9	151,061.0	187,303.7	176,351.3	174,783.2	184,769.8	184,891.6	185,089.1	184,957.9	185,058.6	185,116.9
General Fund	38,766.2	39,927.0	88,573.0	90,373.0	100,238.0	110,173.0	110,238.0	110,173.0	110,173.0	110,173.0	110,173.0
General Fund Match	18,056.2	13,852.2	10,832.2	7,943.7	5,086.2	5,086.2	5,086.2	5,086.2	5,086.2	5,093.7	5,086.2
Federal Funds	144,259.6	61,107.1	51,532.1	41,825.6	33,203.1	33,203.1	33,203.1	33,203.1	33,203.1	33,220.6	33,203.1
Other State Funds	39,766.9	36,174.7	36,366.4	36,209.0	36,255.9	36,307.5	36,364.3	36,626.8	36,495.6	36,571.3	36,654.6
Operations	74,605.9	75,721.6	82,559.3	82,806.9	82,743.8	82,730.4	82,852.2	82,849.7	82,918.5	83,019.2	83,077.5
General Fund	15,576.8	15,537.6	20,961.6	20,461.6	20,526.6	20,461.6	20,526.6	20,461.6	20,461.6	20,461.6	20,461.6
General Fund Match	4,014.6	4,352.2	4,727.2	5,138.7	5,086.2	5,086.2	5,086.2	5,086.2	5,086.2	5,093.7	5,086.2
Federal Funds	21,497.6	22,157.1	23,032.1	23,325.6	23,203.1	23,203.1	23,203.1	23,203.1	23,203.1	23,220.6	23,203.1
Other State Funds	33,516.9	33,674.7	33,838.4	33,881.0	33,927.9	33,979.5	34,036.3	34,098.8	34,167.6	34,243.3	34,326.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	74,605.9	75,721.6	82,559.3	82,806.9	82,743.8	82,730.4	82,852.2	82,849.7	82,918.5	83,019.2	83,077.5
General Fund	15,576.8	15,537.6	20,961.6	20,461.6	20,526.6	20,461.6	20,526.6	20,461.6	20,461.6	20,461.6	20,461.6
General Fund Match	4,014.6	4,352.2	4,727.2	5,138.7	5,086.2	5,086.2	5,086.2	5,086.2	5,086.2	5,093.7	5,086.2
Federal Funds	21,497.6	22,157.1	23,032.1	23,325.6	23,203.1	23,203.1	23,203.1	23,203.1	23,203.1	23,220.6	23,203.1
Other State Funds	33,516.9	33,674.7	33,838.4	33,881.0	33,927.9	33,979.5	34,036.3	34,098.8	34,167.6	34,243.3	34,326.6
Capital	166,243.0	75,339.4	104,744.4	93,544.4	92,039.4	102,039.4	102,039.4	102,239.4	102,039.4	102,039.4	102,039.4
General Fund	23,189.4	24,389.4	67,611.4	69,911.4	79,711.4	89,711.4	89,711.4	89,711.4	89,711.4	89,711.4	89,711.4
General Fund Match	14,041.6	9,500.0	6,105.0	2,805.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	122,762.0	38,950.0	28,500.0	18,500.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
Other State Funds	6,250.0	2,500.0	2,528.0	2,328.0	2,328.0	2,328.0	2,328.0	2,528.0	2,328.0	2,328.0	2,328.0

DRAFT December 31, 2009

Environmental Conservation

Baseline plus Gasline

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	240,388.9	149,758.0	137,398.7	124,946.3	103,028.2	103,574.8	103,806.6	104,094.1	103,742.9	103,573.6	103,396.9
General Fund	38,306.2	38,777.0	40,071.0	40,021.0	39,786.0	40,217.0	40,282.0	40,217.0	40,217.0	39,981.0	39,721.0
General Fund Match	18,056.2	13,852.2	10,457.2	7,657.2	4,858.2	4,858.2	4,858.2	4,852.2	4,852.2	4,852.2	4,852.2
Federal Funds	144,259.6	81,107.1	50,657.1	41,157.1	22,671.1	22,671.1	22,671.1	22,657.1	22,657.1	22,657.1	22,657.1
Other State Funds	39,766.9	36,021.7	36,213.4	36,111.0	35,712.9	35,828.5	35,995.3	36,367.8	36,016.6	36,083.3	36,166.6
Operations	74,145.9	75,418.6	76,876.3	77,923.9	78,010.8	78,557.4	78,789.2	78,876.7	78,725.5	78,556.2	78,379.5
General Fund	15,116.8	15,387.6	16,681.6	16,631.6	16,596.6	17,027.6	17,092.6	17,027.6	17,027.6	16,791.6	16,531.6
General Fund Match	4,014.6	4,352.2	4,352.2	4,852.2	4,858.2	4,858.2	4,858.2	4,852.2	4,852.2	4,852.2	4,852.2
Federal Funds	21,497.6	22,157.1	22,157.1	22,657.1	22,671.1	22,671.1	22,671.1	22,657.1	22,657.1	22,657.1	22,657.1
Other State Funds	33,516.9	33,521.7	33,685.4	33,783.0	33,884.9	34,000.5	34,167.3	34,339.8	34,188.6	34,255.3	34,338.6
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	74,145.9	75,418.6	76,876.3	77,923.9	78,010.8	78,557.4	78,789.2	78,876.7	78,725.5	78,556.2	78,379.5
General Fund	15,116.8	15,387.6	16,681.6	16,631.6	16,596.6	17,027.6	17,092.6	17,027.6	17,027.6	16,791.6	16,531.6
General Fund Match	4,014.6	4,352.2	4,352.2	4,852.2	4,858.2	4,858.2	4,858.2	4,852.2	4,852.2	4,852.2	4,852.2
Federal Funds	21,497.6	22,157.1	22,157.1	22,657.1	22,671.1	22,671.1	22,671.1	22,657.1	22,657.1	22,657.1	22,657.1
Other State Funds	33,516.9	33,521.7	33,685.4	33,783.0	33,884.9	34,000.5	34,167.3	34,339.8	34,188.6	34,255.3	34,338.6
Capital	166,243.0	74,339.4	60,522.4	47,022.4	25,017.4	25,017.4	25,017.4	25,217.4	25,017.4	25,017.4	25,017.4
General Fund	23,189.4	23,389.4	23,389.4	23,389.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4
General Fund Match	14,041.6	9,500.0	6,105.0	2,805.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	122,762.0	38,950.0	28,500.0	18,500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	6,250.0	2,500.0	2,528.0	2,328.0	1,828.0	1,828.0	1,828.0	2,028.0	1,828.0	1,828.0	1,828.0

Environmental Conservation- Baseline

OPERATING

Note. Each column represents only the difference from the previous year total and is assumed continued in base unless otherwise backed out in future years.

				Year										
Division	Component	Description	Data	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Department-wide		FY2011 Health Insurance Cost Increase for Non-Covered Employees	GF	-	10.8	-	-	-	-	-	-	-	-	-
			GFM	-	0.1	-	-	-	-	-	-	-	-	-
			Fed	-	7.0	-	-	-	-	-	-	-	-	-
			Other	-	5.5	-	-	-	-	-	-	-	-	-
DAS	SSS	Increased lease costs for the Anchorage office building.	GF	-	-	586.0	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
BMO	BMO	Second increment for Fuel/Utility cost distribution from the Office of the Governor.	GF	137.1	-	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
		One-time operating request for building equipment life cycle replacement (hot water tank, freezers, refrigeration compressors, three sterilizers, etc.).	GF	-	-	-	-	65.0	(65.0)	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
		One-time Operating request for building equipment life cycle replacement (industrial dishwashers, boilers – the building has three, steam generator, reverse osmosis water systems/purifiers).	GF	-	-	-	-	-	-	65.0	(65.0)	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
		Reduce uncollectable authority.	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	(0.7)	-	-	-	-	-	-	-	-	-
EH	DW	Manage adoption, implementation, monitoring, reporting and enforcement required by EPA rules the State must adopt to maintain drinking water primacy in the current and foreseeable future.	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	300.0	-	500.0	-	-	-	-	-	-	-
			Fed	-	300.0	-	500.0	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
	LS	Expected continued growth and additional services to be provided as Alaska industries such as small cheese processors increase. Operating increase includes 3 PCNs.	GF	-	-	375.0	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	125.0	-	-	-	-	-	-	-	-
		Increased maintenance and service contracts necessary after warranties on equipment have expired. The Lab will lose testing certifications and be unable to perform many types of tests without this increment.	GF	-	260.0	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
		Funding for permanent Microbiologist and Programmer positions to maintain the volume of tests performed in the lab.	GF	-	-	178.0	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
Water	FC	Maintain the Remote Maintenance Worker Program. This program is heavily reliant on travel, which has increased dramatically over the last two years and is expected to remain at its current pricing levels.	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	37.5	-	-	-	-	-	-	-	-	-
			Fed	-	112.5	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
		Assist communities with Operator Certification and Training for their regulated water supply systems.	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	240.0	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
	WQ	Mining is projected to increase 10% annually due to the increase in metal prices and we are seeing an increase in mining permit applications. This is reflected as a 10% increase each year in I/A authority through FY20.	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	38.7	42.6	46.9	51.6	56.8	62.5	68.8	75.7	83.3
Total GF Increments				137.1	270.8	1,139.0	-	65.0	(65.0)	65.0	(65.0)	-	-	-
Total GFM Increments				-	337.6	-	500.0	-	-	-	-	-	-	-
Total Fed Increments				-	659.5	-	500.0	-	-	-	-	-	-	-
Total Other Increments				-	4.8	163.7	42.6	46.9	51.6	56.8	62.5	68.8	75.7	83.3
Total All Fund Sources				137.1	1,272.7	1,302.7	1,042.6	111.9	(13.4)	121.8	(2.5)	68.8	75.7	83.3

Environmental Conservation- Baseline

CAPITAL

Note: Each column represents the annual Capital request.

				Year										
Division	Component	Description	Data	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
BMO	BMO	Environmental Health Laboratory Deferred Maintenance.	GF	-	200.0	200.0	200.0	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
SPAR	CS	Contaminated sites cleanup.	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	5,000.0	2,000.0	1,478.0	1,478.0	1,478.0	1,478.0	1,478.0	1,478.0	1,478.0	1,478.0	1,478.0
	IPP	Best Available Technology conference held every five years.	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	200.0	-	-	-	-	200.0	-	-	-
	PERP	Essential Oil and Hazardous Substance first responder equipment and preparedness needs for prevention and emergency responses within Alaska. This is part of a request totalling $3,500.0 and spanning FY12-20.	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	750.0	-	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0
Water	WQ	Federal funds for Water Quality Environmental Monitoring and Assessment Program (EMAP).	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	450.0	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
	FC	Municipal Matching Grants Program.	GF	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4	23,189.4
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
		Village Safe Water programs. Decreases in funding are offset by increases shown in the New Initiatives section.	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	14,041.6	9,500.0	6,105.0	2,805.0	-	-	-	-	-	-	-
			Fed	52,125.0	38,500.0	28,500.0	18,500.0	-	-	-	-	-	-	-
			Other	500.0	500.0	500.0	500.0	-	-	-	-	-	-	-
Department		American Recovery and Reinvestment Act of 2009.	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	70,637.0	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
Total GF Increments				**23,189.4**	**23,389.4**	**23,389.4**	**23,389.4**	**23,189.4**	**23,189.4**	**23,189.4**	**23,189.4**	**23,189.4**	**23,189.4**	**23,189.4**
Total GFM Increments				**14,041.6**	**9,500.0**	**6,105.0**	**2,805.0**	-	-	-	-	-	-	-
Total Fed Increments				**122,762.0**	**38,950.0**	**28,500.0**	**18,500.0**	-	-	-	-	-	-	-
Total Other Increments				**6,250.0**	**2,500.0**	**2,528.0**	**2,328.0**	**1,828.0**	**1,828.0**	**1,828.0**	**2,028.0**	**1,828.0**	**1,828.0**	**1,828.0**
Total All Fund Sources				**166,243.0**	**74,339.4**	**60,522.4**	**47,022.4**	**25,017.4**	**25,017.4**	**25,017.4**	**25,217.4**	**25,017.4**	**25,017.4**	**25,017.4**

Environmental Conservation- Gasline

GASLINE

Note: Each column represents only the difference from the previous year total and is assumed continued in base unless otherwise backed out in future years.

				Year										
Division	**Component**	**Description**	**Data**	**FY10**	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**
EH	DW	Increased permitting activity for pipeline camps during construction phase (2015-2018).	GF	-	-	-	-	-	100.0	-	-	-	(100.0)	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
	FSS		GF	-	-	-	-	-	50.0	-	-	-	(50.0)	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	50.0	-	-	-	(50.0)	-
	SW		GF	-	-	-	-	-	86.0	-	-	-	(86.0)	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	14.0	-	-	-	(14.0)	-
AQ	AQ	Air Non-Point Mobile Source program conformity review for Fairbanks North Star Borough (70/30 Federal/Match split).	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	6.0	-	-	(6.0)	-	-	-
			Fed	-	-	-	-	14.0	-	-	(14.0)	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
		Clean Air Protection Funds for permitting and compliance activities after startup of the pipeline. We expect permit revenue during the operational phase.	GF	-	-	-	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	110.0	-	55.0	-
		Air Permits and Air Monitoring Environmental Impact Statements, Alaska Coastal Management Program and pre-construction review efforts.	GF	-	-	150.0	(50.0)	(100.0)	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	55.0	55.0	-	110.0	-	(220.0)	-	-
	DO	Assuming some director involvement in gas line legislation and permitting from FY11 through FY20.	GF	-	-	5.0	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
Water	WQ	Issue permits, conduct inspections and other activities associated with the gasline.	GF	-	-	-	-	-	260.0	-	-	-	-	(260.0)
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
Total GF Increments				-	-	155.0	(50.0)	(100.0)	496.0	-	-	-	(236.0)	(260.0)
Total GFM Increments				-	-	-	-	6.0	-	-	(6.0)	-	-	-
Total Fed Increments				-	-	-	-	14.0	-	-	(14.0)	-	-	-
Total Other Increments				-	-	-	55.0	55.0	64.0	110.0	110.0	(220.0)	(9.0)	-
Total All Fund Sources				-	-	155.0	5.0	(25.0)	560.0	110.0	90.0	(220.0)	(245.0)	(260.0)

Environmental Conservation Initiatives

OPERATING

Note: Each column represents only the difference from the previous year total and is assumed continued in base unless otherwise backed out in future years

				Year									
Division	Component	Description	Data	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
EH	FSS	Increase quantity and quality of food inspections. This is an expansion of current services and is not a new initiative	GF			3,400.0								
			GFM											
			Fed											
			Other											
	LS	Study of pathogens in raw milk to determine if existing laws denying the sale of raw milk are justified for public health reasons.	GF			500.0	(500.0)							
			GFM											
			Fed											
			Other											
		Supplemental request for increased maintenance and service contracts necessary after warranties on equipment have expired. The Lab will lose testing certifications and be unable to perform many types of tests without this increment.	GF	260.0	(260.0)									
			GFM											
			Fed											
			Other											
	SW	Specialized pesticide support to manage toxicology, fate and transport and drift prevention contracts and help the program more thoroughly evaluate all the issues raised by the public when evaluating pesticide spray proposals. This is an expansion of curr	GF											
			GFM											
			Fed											
			Other		153.0									
AQ	AQ	Climate change air permit regulation development and reporting.	GF											
			GFM			241.5		(52.5)						
			Fed			563.5		(122.5)						
			Other											
		Fugitive Dust Compliance	GF											
			GFM			3.0								
			Fed			7.0								
			Other											
		Lead monitoring operations.	GF											
			GFM				42.0						(42.0)	42.0
			Fed				98.0						(98.0)	98.0
			Other											
		Operations and capital equipment for lead monitoring	GF											
			GFM			49.5	(49.5)						49.5	(49.5)
			Fed			115.5	(115.5)						115.5	(115.5)
			Other											
		Supplemental request for Alaska Subcabinet on Climate Change	GF	200.0	(200.0)									
			GFM											
			Fed											
			Other											
		PM 2.5 Statewide Improvement Plan	GF											
			GFM			81.0	(81.0)							
			Fed			189.0	(189.0)							
			Other											
		Rural issues - Air Non-Point Source.	GF			90.0								
			GFM											
			Fed											
			Other											
		On-shore Outer Continental Shelf Permitting. Upcoming statutory and policy directives as a result of updates to the Clean Air Act.	GF		150.0									
			GFM											
			Fed											
			Other											
		Assess impacts and develop control and incentive programs related to non-transportation sources of fine particulate matter in Fairbanks	GF			295.0								
			GFM											
			Fed											
			Other											
Total GF				460.0	(310.0)	4,285.0	(500.0)							
Total GFM						376.0	(88.5)	(52.5)					7.5	(7.5)
Total Fed						875.0	(206.5)	(122.5)					17.5	(17.5)
Total Other					153.0									
Total All Fund Sources				460.0	(157.0)	5,535.0	(795.0)	(175.0)					25.0	(25.0)

DRAFT December 31, 2009

Environmental Conservation Initiatives

CAPITAL
Note: Each column represents the annual Capital request.

				Year										
Division	**Component**	**Description**	**Data**	**FY10**	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**
EH	LS	Create a Lab Operations Plan	GF	-	-	200.0	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
	SW	Recycling and Waste Stream Management summit	GF	-	-	500.0	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
SPAR	CS	Contaminated Sites cleanup at Aniak Middle School/White Alice Communication System (alternate funding source is still being explored).	GF	-	-	7,000.0	-	-	-	-	-	-	-	-
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
		State-owned contaminated sites cleanup	GF	-	1,000.0	1,522.0	1,522.0	1,522.0	1,522.0	1,522.0	1,522.0	1,522.0	1,522.0	1,522.0
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	-	-	-	-	-	-	-
			Other	-	-	-	-	-	-	-	-	-	-	-
Water	FC	Maintain the Village Safe Water program. General funds are needed due to Federal funding reductions reflected in the baseline budget.	GF	-	-	35,000.0	45,000.0	55,000.0	65,000.0	65,000.0	65,000.0	65,000.0	65,000.0	65,000.0
			GFM	-	-	-	-	-	-	-	-	-	-	-
			Fed	-	-	-	-	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
			Other	-	-	-	-	500.0	500.0	500.0	500.0	500.0	500.0	500.0
Total GF Increments				-	1,000.0	44,222.0	46,522.0	56,522.0	66,522.0	66,522.0	66,522.0	66,522.0	66,522.0	66,522.0
Total GFM Increments				-	-	-	-	-	-	-	-	-	-	-
Total Fed Increments				-	-	-	-	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
Total Other Increments				-	-	-	-	500.0	500.0	500.0	500.0	500.0	500.0	500.0
Total All Fund Sources				-	1,000.0	44,222.0	46,522.0	67,022.0	77,022.0	77,022.0	77,022.0	77,022.0	77,022.0	77,022.0

ALASKA DEPARTMENT OF FISH AND GAME
FY11 GOVERNOR'S OPERATING BUDGET REQUEST OVERVIEW

MISSION

To protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their use and development in the best interest of the economy and the well-being of the people of the state, consistent with the sustained yield principle.

CORE SERVICES

1. *Harvest Management*: provide opportunity to utilize fish and wildlife resources
2. *Stock Assessment*: ensure sustainability and harvestable surplus of fish and wildlife resources
3. *Customer Service*: provide information to all customers
4. *Public Involvement*: involve the public in management of fish and wildlife resources
5. *State Sovereignty*: protect the state's sovereignty to manage fish and wildlife resources
6. *Habitat Protection*: protect important fish and wildlife habitat during permit and project review

Ambitions within core services:

1. *Harvest management*: provide opportunities to utilize fish and wildlife resources
   - Expand existing and develop new programs to increase harvest opportunities (e.g., abundance-based management initiatives)
   - Protect and improve access to fishing and hunting opportunities and resources
   - Optimize participation in hunting and fishing activities
   - Improve harvest monitoring and assessment

2. *Stock assessment*: ensure sustainability and harvestable surplus of fish and wildlife resources
   - Improve existing fish and wildlife stock assessment capabilities
   - Expand stock assessments
   - Invest in new technologies (investing in new technologies applies to several of the core services.)
   - Anticipate changing conditions (e.g., climate change, invasive species)

3. *Customer service*: provide accurate and meaningful information to all customers
   - Enhance public communications materials and delivery (e.g., web capacity, multimedia, technical and lay reports)
   - Increase publication in peer-reviewed scientific literature
   - Improve management and scientific reporting
   - Improve licensing and permitting services (including unique identifier for each user)
   - Better coordinate and improve education and viewing programs throughout department and better integrate CF and Subsistence into education programs.

4. *Public involvement*: involve the public in management of fish and wildlife resources
   - Improve BOF/BOG and other regulatory processes (e.g., Federal Subsistence Board, North Pacific Fishery Management Council)
   - Effectively involve (optimize) public in specific decision making processes (legislative, EVOS, task forces and advisory groups)
   - Evaluate further and enhanced opportunities for public involvement

5. *State sovereignty*: protect the state's sovereignty to manage fish and wildlife resources
   - Reassess strategies for state/federal agreements and initiatives
   - Evaluate and improve effectiveness in interacting with other government agencies and forums (e.g., ESA, Magnuson-Stevens Act, NPFMC, Pacific Salmon Treaty, Migratory Bird Treaty Act, ANILCA, FSB)
   - Strengthen state's role in dual management for subsistence
   - Strengthen state's interests in partnerships with other governmental agencies.

6. *Habitat protection*: protect important fish and wildlife habitat during permit and project review
   - Strengthen department involvement in resource development and land use project reviews
   - Improve technical capabilities (e.g., geographical information systems, GIS) to inform environmental reviews of development projects
   - Maintain, restore and improve habitats in the face of other resource development and land use

Workforce development: support professional staff to deliver other core services – Although not a core service this area is critical to the department
   - Re-establish ADF&G as premier employer among nation's fish and wildlife agencies (e.g., compensation, benefits, training, workload management, motivation, initiative, recognition)
   - Improve and increase employee training opportunities
   - Enhance and improve administrative support
   - Stabilize and increase funding for divisional programs and employee development

CURRENT CAPACITY

PRIORITY	PROGRAMS	GF	FED	OTH	TOTAL	PFT	PPT	NP	% GF
1	Harvest Management	19,880.6	24,338.9	26,475.5	70,694.9	358	324	20	34.7%
2	Stock Assessment	22,640.8	22,747.2	22,077.2	67,465.2	322	316	23	39.5%
3	Customer Service	4,860.0	5,766.9	7,692.9	18,319.9	97	68	13	8.5%
4	Public Involvement	5,145.5	3,499.2	8,414.6	17,059.3	75	44	5	9.0%
5	State Sovereignty	572.3	478.9	570.9	1,622.1	9	9	0	1.0%
6	Habitat Protection	4,216.1	5.1	1,809.0	6,030.3	49	7	0	7.4%
	FY2010 AUTHORIZED	**57,315.4**	**56,836.2**	**67,040.1**	**181,191.7**	**910**	**767**	**62**	100%

GOVERNOR'S TRANSACTIONS – IMPACT ON PRIORITY PROGRAMS

PRIORITY	PROGRAMS	GF	FED	OTH	TOTAL	PFT	PPT	NP	% GF
1	Harvest Management	363.0	886.2	290.0	1539.2	-1	-3	2	47.7%
2	Stock Assessment	225.7	2695.3	796.0	3717.0	1	-2	-2	29.7%
3	Customer Service	119.0	318.2	207.3	644.5	1	0	-1	15.6%
4	Public Involvement	45.2	16.0	222.2	283.4	0	0	0	5.9%
5	State Sovereignty	3.4	16.0	204.6	224.0	0	0	0	0.4%
6	Habitat Protection	4.2	16.0	939.6	959.8	1	-1	0	0.6%
	Proposed Changes	**760.5**	**3947.7**	**2659.7**	**7367.9**	**2**	**-6**	**-1**	100%

FY11 GOVERNOR'S BUDGET

PRIORITY	PROGRAMS	GF	FED	OTH	TOTAL	PFT	PPT	NP	% GF
1	Harvest Management	20,242.7	25,227.6	27,114.3	72,584.6	361	321	22	34.9%
2	Stock Assessment	22,873.0	25,440.8	22,687.2	71,001.0	323	308	23	39.4%
3	Customer Service	4,977.7	6,084.1	7,831.7	18,893.5	94	77	13	8.6%
4	Public Involvement	5,189.3	3,514.3	8,566.0	17,269.6	74	41	7	8.9%
5	State Sovereignty	575.6	495.8	771.0	1,842.4	10	8	0	1.0%
6	Habitat Protection	4,217.6	21.3	2,729.6	6,968.5	51	5	0	7.3%
	FY2011 Governor	**58,075.9**	**60,783.9**	**69,699.8**	**188,559.6**	**913**	**760**	**65**	100%

ALASKA DEPARTMENT OF FISH & GAME RESULTS
CURRENT CAPACITY

- ⬆ Target exceeded.
- ➡ Target met.
- ⬇ Target not met.

Priority Programs - Key Performance Indicators

Harvest Management

- ⬆ Over $1.9 billion value of commercial harvests and mariculture production of fish, shellfish, and aquatic plants - continuing a solid six year upward trend.
- ➡ The estimated total sportfishing trip-related expenditures for 2007, from the "Economic Significance of Sportfishing in Alaska" study, was $567.2 million. This estimate provides baseline information. A trend will be established when the survey is repeated in five years.
- ➡ In 2008, 486,000 anglers purchased fishing licenses, which is 8% over the target of 450,000. Licensed and unlicensed (less than 16 years of age, permanent ID holders) anglers spent an estimated 2,311,000 days fishing, which is 8% under the target of 2,500,000.
- ⬆ In the most recent year available (2008), 144,897 hunting and trapping licenses were sold, a 7% increase from 2007, above the three-year running average (138,716).
- ➡ Amounts necessary for subsistence were met in 60% of the subsistence fisheries, 10% below the 70% target for 2007.

Stock Assessment

- ➡ The annual percentage of salmon reproductive goals achieved in monitored systems is within 10% of the goal.
- ➡ Based on preliminary results of the 2008 Statewide Harvest Survey, sport fish harvest/catch thresholds were met for six resident species categories, four anadromous salmon categories, and four bottomfish/shellfish categories in 2008, just short of the 16 of 21 thresholds met target.
- ⬇ During FY09, the Division of Wildlife Conservation completed 78% of planned wildlife surveys (174 of 223) in which weather or aircraft availability was not a factor, which is below the target of 90%.

Customer Service

- ↑ There were 29,723 participants in angling-skills-oriented programs in FY 2009 which far exceeds the target of 5,000 participants.
- ↑ The Division of Wildlife Conservation's total number of presentations, including wildlife-related forums, lectures, brochures, newspaper articles, radio/TV programs, web pages, and other publications given or produced increased from 342 in FY08 to 450 in FY09.
- ↑ In FY09, the Division of Subsistence completed and released 25 new technical research reports and updates related to harvest information, considerably higher than the annual average of 8.25 between 1997-2008, and the 2004-2008 average of 14.8.
- ↓ There were eight Division of Sport Fish communication plans implemented in FY09, missing the target to implement 15.

Public Involvement

- ↑ In FY09, 67% of Boards of Fisheries and Game meeting participant survey respondents reported expectations were met or exceeded for overall experience with the board process, 57% for materials available prior to board meetings, and 86% for materials available during meetings, exceeding the target.
- → 100% compliance for posting all materials for Boards of Fisheries and Game meetings since this target was initiated in 2007.

State Sovereignty

- → In FY09, ADF&G participated in multiple steps involving ten federal land management plans, two state land plans, one municipal plan, one state refuge plan, nine federal access management plans, two treaty meetings, and three federal policies involving state authorities.
- → In FY09, ADF&G participated in five steps involving national legislation.
- → In FY09, ADF&G supported Department of Law in addressing two existing, two new, and several potential lawsuits.
- → In FY09, ADF&G participated in steps associated with five Endangered Species Act decisions, five ANILCA training sessions, one Migratory Bird regulations, and 15 federal subsistence decisions.

Habitat Protection

- → In FY09, 99.7% of all developers were in compliance with issued Fish Habitat and Special Area permits, just short of the performance target.

IMPACT OF GOVERNOR'S TRANSACTIONS ON RESULTS

Harvest Management: provide opportunity to utilize fish and wildlife resources

- Division of Wildlife Conservation General Funds for Intensive Management Field Operations will maintain the ability to respond and address prime predator management field work within identified Game Management Units, resulting in an incremental increase of ungulates for harvest.

Stock Assessment: ensure sustainability and harvestable surplus of fish and wildlife resources

- Division of Commercial Fisheries:
    - General funds for the Arctic/Yukon/Kuskokwim (AYK) region will fund genetic analysis of Yukon River Chinook salmon, improving the inseason estimates of Canadian origin Chinook, providing possibly increased opportunities for the harvest of Yukon River Chinook salmon by Alaskan subsistence and commercial fishermen. The stock assessment is also important for meeting the obligations of an international treaty.

- Division of Wildlife Conservation:
    - Federal Receipts for Wildlife Population & Habitat Assessment will maintain the ability to evaluate the harvest of wildlife. Field work capacity performed by staff supported by capital (one-time) appropriations during the period, FY08-10;
    - General Funds for endangered species coordination allows the state to become more involved in additional aspects of the federal Endangered Species Act (ESA) process to insure its proper implementation;

Customer Service: provide information to all customers

- Division of Subsistence's Index Community Approach to Estimate and Monitor Subsistence Harvests of Fish and Wildlife in Alaska will enable a more current and thus more accurate understanding of fish & wildlife uses throughout the state, because it would support long-term community rotation surveys in representative communities. This program will provide and improve the accuracy of annual estimates of statewide subsistence harvests and trends, improving the boards of fisheries and game ability to better evaluate the opportunity provided by subsistence regulations to meet the amounts reasonably necessary for subsistence. Restrictions on other harvest opportunities, such as commercial and sport fishing and general hunting, could be avoided.

All Core Service Areas (Commissioner's Office and Administrative Services):

- Non-general funds provide funding for the new assistant commissioner, facilities maintenance, and indirect funds for department projects.

1/26/10 OVERVIEW: ENDANGERED SPECIES ACT

<target><bill></bill><subject>1-26-10 OVERVIEW ENDANGERED SPECIES ACT</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Tuesday, January 26, 2010

Overview on Endangered Species Act

Presenters:
Dan Sullivan, Attorney General, Department of Law
Craig Tillery, Deputy Attorney General, Department of Law
Brad Meyen, Staff Attorney, Department of Law

Doug Vincent-Lang, Special Projects Coordinator, Department of Fish and Game

Taqulik Hepa, Director, Department of Wildlife Management, North Slope Borough
George Vakalis, Manager, Municipality of Anchorage

Representative Holmes
Andy Mack? Assistant, Special Assistant
- gov external affairs

From Rep. Fairclough

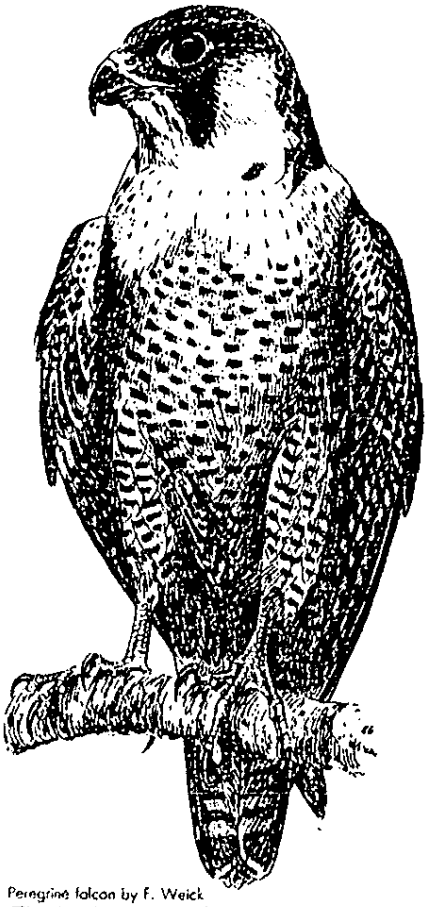
ENDANGERED SPECIES!

CAN WE AFFORD THEM?

In recent months numerous articles have been published that praise the Endangered Species Act. This is no coincidence, but rather a careful orchestration aimed at the current proceedings in Congress on the reauthorization of this law. Most of these articles address only one side of this extremely complex matter, leaving the average reader with a wrong impression based on partial information. And that, of course, is how public opinion is manipulated. A short synopsis of the history of this federal law is in order to understand the points raised here.

HISTORY OF THE ENDANGERED SPECIES ACT

Prior to 1966, when the original Endangered Species Act (ESA) was signed into law by President Johnson, only a few laws affected species on the federal level, such as the Lacey Act of 1900 and the Migratory Bird Treaty Act of 1918. Most such laws affected the states' rights to wildlife management. During the 1960s, when many consequential federal environmental laws came into existence, the principles of protecting specific species were implemented. The original Endangered Species Act of 1966 was the first major action to preserve endangered species on a national level. Several congressional actions followed: The Endangered Species Conservation Act of 1969 added to the species list and broadened federal involvement in wildlife protection. The main impact was not domestic, but international. The Endangered Species Act of 1973 was the most consequential of all. Coupled with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which made the United States a signatory partner of this international agreement in 1973, it provides comprehensive protection to all endangered and threatened plants and animals.



Peregrine falcon by F. Weick

The Alaska construction industry pays $25 million yearly for the peregrine falcon program.

Subsequently there were amendments which had more specific consequences:

- ☐ The amendments of 1978 added consideration of critical habitat to the Act.
- ☐ The amendments of 1979 directed the federal government to ensure that its actions are not likely to jeopardize the existence of any species.
- ☐ The amendments of 1982 eliminated all economic considerations from the species listing process.
- ☐ The amendments of 1988 created a mechanism to monitor species which were candidates for listing.

The listing was updated in 1991, adding still more species and habitats to the list of protected areas. In addition to these legislative actions, a multitude of court cases mandated directives and regulations. The most consequential and noteworthy was the *Hill* decision by the U.S. Supreme Court in 1978, which shut down the Tellico Dam project in Tennessee because of the endangered snail darter fish. Basically it states that cost and economic consequences are of no concern when the welfare of endangered species is at risk. The court made it clear that conservation is not to be sacrificed for any other cause, and viewed the value of endangered species as "incalculable."

There are many examples of extreme costs associated with the effects of the ESA after the snail darter case. The question of ecology vs. economy was most highly publicized in the case of the spotted owl in the Pacific Northwest. This issue, which came to light in 1988, is one that virtually all Americans have heard of by now.

There is no question that the ESA and its amendments have had great political implications and have cost American tax-

1830

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payers, businesses, and individuals billions of dollars in implementation and enforcement. These costs are rarely discussed in the media, so let me tell you a bit about what it costs to Alaska.

ENDANGERED SPECIES IN ALASKA

Compared with other areas, Alaska has only a few species listed as "endangered" or "threatened," and thus few species have cost the state money for ESA compliance. Some of these species live in remote areas with little human contact, like the short-tailed albatross, which breeds on a remote island off Japan and visits Alaskan waters in the North Pacific; and the Aleutian Canada goose (which is not a separate species, but rather a geographic form of the abundant Canada goose), which breeds on some of the remote Aleutian islands. Another species, the Eskimo curlew, was last seen in Alaska more than 100 years ago and is nearly extinct, with only a few remaining in Canada.

Recently the spectacled eider has been added. It has distribution along the western and northern coasts. The effects of its listing are not yet clear. The only plant protected, the shield fern, is limited to a few spots in the Aleutians.

The bald eagle is protected both by the ESA and the Bald Eagle Protection Act of 1940, amended in 1959. Since 1962, it also has been protected by the Migratory Bird Act. Three separate American laws, plus CITES, protect this species. It is our national emblem and most Americans are very supportive of its special status. There is no doubt that protection of this species has had an economic impact. Because its distribution is limited, however, only a few activities in a few isolated areas have been affected, primarily logging and mining.

The best-known case is the peregrine falcon, which lives throughout Alaska and is represented by three subspecies: *Falco Peregrinus Pealei* in the Aleutians, *Falco Peregrinus Tundrius* in the tundra areas of western and northern Alaska, and *Falco Peregrinus Anatum* in the interior and rest of Alaska. The peregrine falcon and its various forms have a worldwide distribution. This species showed an alarming decline in the late 1950s and 1960s. It was ultimately discovered that the widespread use of pesticides, especially DDT, poisoned the prey birds and in turn affected the falcons' ability to reproduce. The decline was steep and dramatic. In the late '60s and early '70s, the use of these chemicals was banned in most industrial nations. The results were positive and breeding populations recovered quite well, in many cases to original levels. Many authors give credit for this recovery to the effects of the ESA. Most bird-of-prey specialists, however, cite the control of pesticides as the reason.

Author Henry Springer is executive director of the AGC of Alaska.

SPECIES PROTECTION IS MISSING WHERE IT'S MOST NEEDED: THE THIRD WORLD

Peregrines are migratory birds. Some Alaskan peregrines winter in South America. A food supply uncontaminated by pesticides is just as important in the winter as it is during the summer breeding season. To compound the problem, many of the Alaskan prey birds also winter in tropical countries and may be exposed to poisoning. Significantly, some seed-eating prey birds may absorb quantities of pesticides and store them, in concentrated form, in their fat deposits. As a result, peregrines could be ingesting the poison in a concentrated dosage. This points to one of the great dilemmas in the whole question of protecting endangered species.

The greatest needs for protection and action are not in North America, but in most of the Third World. The number of species increases significantly toward the temperate and tropical areas. Another factor that complicates effective measures: most species in northern and southern climates have a wide distribution, while species in the tropics have very limited distribution and often occupy tiny niches. This makes them extremely vulnerable to any change in their habitat. It is, however, exactly these areas that are economically poor. The precious local resources are used and misused at an alarming rate. Effective protection cannot be enacted without a global approach. This takes money. Much is spent in the United States and abroad—but not where it is needed the most.

ALASKA CONSTRUCTION INDUSTRY PAYS $25 MILLION YEARLY FOR THE PEREGRINE FALCON PROGRAM

Even discounting the actual federal and state money spent to enforce the ESA, the costs associated with the peregrine falcon are staggering. Exact figures are difficult to compile because cost accounting is not done for individual species. A few examples, however, will illustrate the implications:

In the taiga (scattered tree growth) areas of Alaska—about three-fifths of the state—peregrines nest primarily on rock outcrops found along the river systems. They also use riparian (river bank) areas for their social activities and hunting. Riparian habitats produce the highest percentage of biomass for prey animals, nearly all of them birds. Alaska's Department of Highways lost most of its sources of gravel and other material because the environmental impact statements showed a conflict with provisions of the ESA. The average yearly construction expenditure for heavy construction for both public and private works is in excess of $600 million. About 40 percent is used in areas influenced by the presence of peregrine falcons. Considering that the increased cost of procuring material from alternate and upland sources amounts to about 5 percent of the contract work, the cost to the construction industry to comply with the provisions of the ESA for this species alone amounts to about $12 million per year.

In addition, preconstruction costs associated with public hearings, research and the preparation of environmental im-

(continued)

1831

ENDANGERED SPECIES *(continued from page 17)*

pact statements have risen steadily and can be estimated at 1 to 3 percent of total project costs, depending on the type and size of the project. The total preconstruction cost per year in Alaska is in excess of $100 million, adding another $2 million to the associated cost. The various operating budgets contain funding for research, management and enforcement of such agencies as the U.S. Fish and Wildlife Service, Bureau of Land Management, Alaska Department of Fish and Game and the University of Alaska. These will add another half-million dollars.

During the construction of the Alyeska pipeline, expenditure of more than $10 million could be directly attributed to the problems associated with peregrine falcons, including realignment of roads and of the pipeline, plan changes, restriction of activities in some areas and prohibition to operate within certain time frames in others, especially during the critical summer months.

These restrictions continue, because the law demands it.

Government officials and bureaucrats are often blamed for these restrictions. That is not fair! Granted, in some cases they make one-sided decisions, but it is clear that Congress did not provide any mechanism by which to consider cost factors. Congress made it clear that it is not the species alone that is to be protected, but any factor contributing to its welfare as well. This includes numerous human influences and habitat alterations.

But back to the Alaska peregrines. Disregarding the demands of the ESA and disregarding cost as a factor, what would have happened to this species without the ESA? Of course it is speculative, but there is no doubt about the following facts:

1. The peregrine population declined because of the use of pesticides and in some populations because of mercury. It recovered when use of these chemicals was prohibited.

2. There are many remote areas in Alaska with suitable habitat that is little influenced by human activity. About two-thirds to three-quarters of Alaska's breeding population is included.

3. Many other species compete with peregrines for suitable nesting sites. These include gyrfalcons, rough-legged hawks, golden eagles and ravens. The peregrine, as a migratory bird, arrives late, and very often the best sites are already occupied by these species. The non-migratory birds arrive earlier, are larger and more aggressive, and usually prevail. In some areas, especially around rural settlements, ravens have increased dramatically, and they definitely affect the breeding efforts of peregrines. Peregrines are pushed to secondary, less favorable sites and I believe this has a more negative impact on the breeding success than most human activities.

I believe the peregrine population in Alaska would be at about the present level even without the ESA. Granted, some birds along the traveled river and road systems would be affected, but they are affected now to the same degree.

THE $35,000 BIRDS

We as humans have an obligation to address conservation in a prudent manner, and I believe that we have to use financial resources to do this. However, I also feel that the expenditures related to the ESA in Alaska are excessive and that the money could be put to better use. None of Alaska's species is in serious trouble and all are afforded sufficient protection under other state and federal laws. Of the 500 to 600 pairs of peregrines in Alaska, perhaps 200 may be directly affected to some degree by human activity. That results in a cost of about $35,000 per bird per year. During the Middle Ages, when the peregrine falcon was a favored hunting bird of nobility, good birds were worth their weight in gold. In today's market that would amount to $15,000 per bird. The price has gone up! Oil companies and other large corporations do not worry much about the cost as a factor, because they recover all expenses through tariffs and sales of their products. Most people do not realize the effects and the resulting cost to everyone. But the bottom line is that *everyone* pays.

CRITICAL POINTS FOR REAUTHORIZATION OF THE ENDANGERED SPECIES ACT

The Endangered Species Act is up for re-authorization before Congress. The stakes are high. The political differences between the executive and legislative branches of the federal government, and the composition of Congress make the outcome uncertain. However, changes are probable. It is to be hoped that a reasonable balance can be achieved and cooler heads prevail. I believe that the following factors should be addressed:

1. Economic factors must play a role in the listing and decision-making process.

2. The scientific problem of legally defining what constitutes a "species" must be clearly addressed. This is one of the major flaws in the ESA's present form. The inclusion of "bio-diversity" since the Rio Summit makes it even more pressing. There have been about 1 million species identified, of which about 75 percent are insects. Very little is known about most of them. Congress needs to set some limits on how far down the list we can reasonably go.

3. Congress must consider the problem of "local" distribution within the United States versus total distribution beyond our boundaries. Some species are rare in the United States, but common elsewhere. It does not make sense to spend a disproportionate amount of money when it is urgently needed for more critical cases.

4. Congress must address the question of compensation for reduced value of private property and the social effects and consequences.

5. Our role in global affairs needs to be clearly defined. Some of our present forms of "eco-imperialism" are uncalled for and in many cases work against serious conservation efforts by other countries. Examples include efforts to save elephants, argali sheep and many other African and Asian species.

BACK TO THE ORIGINAL QUESTION: ENDANGERED SPECIES—CAN WE AFFORD THEM?

This is a decision we must make, first as individuals and then as a nation. But you cannot make a rational decision until you have all the facts before you. It is unfortunate that various groups on both sides of the issue polarize it according to their own philosophies. One-sided articles appear in the press. This article may seem one-sided, but it covers factors rarely mentioned.

The Endangered Species Act has many merits, but in its present form it is not affordable—not by us and certainly not by the nations who need it most: those of the Third World. We *must* think globally when it comes to preservation efforts, ecology and affordability.

Congress needs to hear from all of us. It's up to you.

*—**By Henry Springer**, executive director, AGC of Alaska. Reprinted from* The Alaska Contractor, *Fall 1995.*

National Marine Fisheries Service

4 D Rules and Comments from members of the CRWC.

- Federal Register 12/30/99 4 D Rules

- 4DRules Comments

Some one liners of the 4 D Rules

The 4D rules are an ESA mechanism for protecting threatened as opposed to endangered species. They propose a means by which states,tribes, government entities, developers,private citizens & others can obtain assurances that activities they authorize or conduct are permissible under the Act. There are 3 proposed rules and only the one covering steelhead concerns us.

The Steelhead 4 D rule would apply the "Take" prohibitions to all of our actions. 13 entities on the west coast that have what is described as a "Limit" will not be subject to the take prohibitions. As of September 1998 there were 243 incidental take permits & 200 Habitat Conservation Plans (HPC's) in various stages of development. MPWMD, Cal-Am and certain other CV stakeholders are already negotiating their own section 10 take permits and/or HPC's If this matter is of concern to those above surely it follows that we should be also concerned!

For threatened species there are nine "Take" prohibitions. Take is defined as harass, harm,pursue, hunt,shoot,wound ,kill, trap, capture, or collect or attempt any such conduct: What leads to "Take". Destroying or altering the habitat of listed salmonids. Removing large woody debris I.e.. moving fallen trees . riparian canopy, dredging, discharge fill material (dumping), draining, ditching, road construction, bridges, culverts and so on & so on. Violating fed or state clean water act discharge permits, applying pesticides. Diverting water through an unscreened or inadequately screened diversions when juvenile salmonids are present. Physically disturbing or blocking the streambed where spawners or redds are present. Blocking fish passages thru fills, dams or impassable culverts. You get the picture!!

If you will recall we talked about the "hammer" that was bringing us together. This is it! The 4 D rules committee having read through these Federal Register 28+ pages of rules concluded:

There is little that one can challenge NMFS on as it relates to the above but there is plenty of opportunity to educate all stakeholders and particularly riparian property owners of the need to

be aware of the prohibitions. CDFG has a considerable amount of control over the state of play with their Fishery Management Evaluation Plan (FMEP).

Public opinion at the hearing on Feb. 2 was that NMFS & US Wildlife were not doing enough to protect the threatened species. Few spoke about the financial burden on property owners & users. NMFS appears prepared to negotiate HCP's and Section 10 take authorities which will permit some take but within the overall umbrella of a watershed group and its peer pressure on those who might become involved in a prohibition. These section 10 permits do not authorize " kill" but permit restoration work, fish rescues & other work within strict controls & limits.

In my opinion the CRWC needs to consider whatever comments may dissuade NMFS from taking a hands off posture as a result of public outcry that not enough is being done to protect the threatened species.

1. Recognize the need to make the permit application process easier. They say it may take 3 + years to get a HPC in place.

2. To recognize in a speedy manner any grassroots efforts to police ourselves.

3. Recognize that not one size fits all. Acknowledged the validity of the Regulatory Flexibility Act, arrange for a Initial Regulatory Flexibility Analysis that would provide financial relief in implementing the provisions of the ESA 4D rules if there is undue hardship.

4. NMFS says as there is no need for record keeping there is no need for regulatory relief.

5. Anyone who is undertaking work instream would in my opinion be wise to record all events & action (photograph records). Any temporary stream diversion would require rescue of juveniles to a safe location while work is in process. This applies I would think to Redlegged frogs.

6. Although MPWMD may be in a position to advise owners on streambank restoration and any other in stream work grant money is available to help. It can be obtained more easily through a properly structured watershed council that has a HPC in place.

7. Not only comments to NMFS from the council but from individuals too.

8. There is the technical aspect of control of events to be commented on also. Carmel river & tributaries can & will dry up through drought years. This also occurs when overpumping and diversions occur. There is nothing in the 4D rules that takes natural occurrences into consideration, such as escarpments falling into the river and causing diversions changes in water courses, flood etc. The rules talk about what constitutes a take. No clarity on the cause. How does one establish the status quo without mapping & photography of the sites. These are the primary concerns I have. Kallie, seems to imply that we are dealing with a benevolent caretaker. All I can say is that if I was a property owner I would be concerned at the open endedness of these rules and would seek clarification of my concerns to be incorporated in the final rules.

9. I do not accept the notion that we should be unconcerned because of governments inability or failure to enforce the laws. We have come together because of our appreciation of the Carmel Watershed and our desire to preserve or restore the river & habitat. We must believe

that it is our intention to do all we can to achieve this. Obtaining clarity of the ground rules by commenting on some or all of the above is just plain good business sense.

10. There are real differences of opinion on the meaning of "restore & restoration". Bearing in mind that NMFS & USWL think in terms of restore it might have made more sense to ask them for their definition. The Webster Encyclopedic Unabridged Dictionary of the English Language (I hasten to add a US publication), among other definitions shows "to bring back to a state of health, soundness or vigor".

Clive R. Sanders
Chair 4D Rules Committee

February 8 2000

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Last updated April 3 2000 by Clive Sanders.

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SUMMARY OF ESA STATUS REGARDING ARCTIC SPECIES

ENDANGERED SPECIES:

- **Eskimo Curlew** – Listed March 11, 1967. Medium-sized shorebird. Last sighting off the coast of Texas in 1962.
- **Bowhead Whale** – Listed June 2, 1970. NOAA found in favor of designating critical habitat for the Bering Sea Stock of Bowhead Whales on May 22, 2001. No critical habitat has yet been designated.

THREATENED SPECIES:

- **Spectacled Eider** – Listed May 10, 1993. Large sea ducks that spend most of their life at sea. Critical habitat was issued on Feb. 06, 2001 and includes approximately 39,000 square miles.
- **Steller's Eiders** – Listed June 11, 1997. Small, marine duck. Although difficult to determine, USFWS has stated that population has been in relative decline. 2,839 square miles of land has been listed as critical habitat as of February 2, 2001.
    - Both are also protected under the MBTA. USFWS issued regulations designed to limit the harvest of both species in 2009, which include some restrictions on times of hunting.
- **Polar Bear** – Listed May 15, 2008. USFWS issued 4(d) special rule allowing for subsistence take, oil & gas activities, deterrence, and self defense. Multiple lawsuits have been brought and are pending in the D.C. Federal District Court. 200,000 square miles have been proposed for critical habitat designation and a final rule is expected by June 30, 2010. USFWS will develop guidelines for deterrence by March 31, 2010. The Borough previously filed comments on Dec. 28, 2009 protesting lack of consultation.
    - In its prior comments, the Borough indicated that it opposed listing of the polar bear due to insufficient data indicating the stock was actually declining (some reports point to the contrary). At the time of the comments, the Borough believed adequate protection measures were already in place and that listing would be premature based on existing data.

SPECIES UNDER CONSIDERATION:

- **Ice Seals** (including Bearded, Ringed, and Spotted) – Petition to list filed by Center for Biological Diversity on May 28, 2008. NMFS concluded, after conducting a status review, that listing of the species may be warranted. A proposed rule should have been issued by May 2009 but was never issued. The Center for Biological Diversity issued a notice of intent to sue. All three species are currently managed under the MMPA allowing for subsistence take, deterrence, and self defense.
    - For Bearded and Ringed Seals, NMFS will determine if listing is warranted by Nov. 1, 2010.
    - Spotted Seals in the Yellow Sea have been proposed to be listed by NMFS as a DPS.
- **Ribbon Seal** – Center for Biological Diversity filed a petition to list the species on Dec. 27, 2007. Determination that listing was not warranted issued on Dec. 30, 2008. Lawsuit has been brought challenging this decision. Currently managed under MMPA allowing subsistence take, deterrence, and self defense.
- **Pacific Walrus** – On Feb. 7, 2008, the Center for Biological Diversity filed a petition to list the walrus under the ESA. USFWS announced on Sept. 10, 2009 that listing may be warranted and is currently conducting a status review. A decision should be announced by Sept. 10, 2010.

submitted by: North Slope Borough

Currently managed under the MMPA allowing subsistence take, deterrence, and self defense. Some non-lethal, incidental take is permitted for oil and gas activities.

- **Kittlitz's Murrelet** – Small bird found in the waters off the shore of Alaska. Listed as a candidate species on May 4, 2004 under the ESA. Because it is a candidate species, ESA's protections do not currently apply. AK Dept. of Fish and Game declined to list it as a state endangered or threatened species on April 7, 2009. These birds are not currently included as a species subject to subsistence harvest under the MBTA.
- **Yellow-Billed Loon** – Center for Biological Diversity filed a petition on March 30, 2004 to list the yellow-billed loon as threatened or endangered. On March 25, 2009, the USFWS concluded that listing the yellow-billed loon under the ESA is warranted but precluded by other higher priority listing actions and therefore, USFWS classified them as a candidate species under the ESA. Currently protected under the MBTA and no subsistence harvest is permitted. But, up to 20 loons per year taken inadvertently is acceptable.
- **Caribou** – International Fund for Animal Welfare filed a petition with USFWS on Sept. 15, 2009 to list two subspecies under the ESA. The two subspecies are only found in Canada, so USFWS will consider whether to list them as a foreign species. USFWS is required to determine whether listing may be warranted 90 days after receipt of the petition.

1-26-10

Testimony to the House Finance Committee
Taqulik Hepa, Director
Department of Wildlife Management
North Slope Borough
January 26, 2010

Thank you, Mr. Chairman and members of the Committee. I appreciate this opportunity to speak to you today on behalf of the North Slope Borough and Mayor Edward Itta. I would like to share our views on the listing of the polar bear and other species under the terms of the Endangered Species Act and its effects on our local government, our communities and our subsistence hunting practices.

The borough has been involved in the management of polar bears on a daily basis since 1988, when Alaskan and Canadian subsistence users established the Inuvialuit-Inupiat Polar Bear Management Agreement. Since then, Native hunters have managed the aboriginal harvest of polar bears along the Arctic coast based on annual quotas recommended by polar bear scientists and the traditional knowledge of experienced Inuit hunters.

This co-management program has emphasized protection of denning bears, females and cubs, and it relies on continuous harvest monitoring. As a result, the polar bear take has remained below established quota levels on average for the past 20 years. The North Slope Borough has embraced this conservation effort and continues to do so, because we care about the polar bear as a resident Arctic species and we consider it essential to the cultural and nutritional wellbeing of our people.

But hunting is not the primary interaction we have with polar bears. As the human population increases on the North Slope and polar bears spend more time onshore because of receding sea ice, the borough has found it necessary to establish a polar bear deterrence program for the protection of both bears and people. With authorization from the U.S. Fish & Wildlife Service, our Department of Wildlife Management operates polar bear patrols to prevent human/bear encounters in the coastal communities of Kaktovik, Nuiqsut, Barrow, Wainwright, Point Lay and Point Hope. These patrols require staff, vehicles and deterrence equipment, and the borough has always been expected to cover the costs, despite the federal responsibility for polar bear protection.

(contracts 1991)

So my first point is that if the federal government is concerned about polar bears, they should talk to us. North Slope people have a subsistence interest in the conservation of polar bears; we have centuries of traditional knowledge about the habits and health of the polar bear population; and the North Slope Borough has done more in recent decades to protect the species than any other governmental entity. We know how to manage the interaction of polar bears and people to limit harm to the bears while protecting the safety of a growing North Slope population. And I guess we're wondering why that doesn't seem to count for anything when it comes to setting policy on polar bears.

The North Slope Borough is very troubled about the expanding application of the Endangered Species Act as a way to protect polar bears and other listed species. The blunt force approach of the ESA is likely to have severe implications on our residents and communities – in terms of our continuing efforts to manage wildlife, our subsistence hunting practices (including such basic activities as coastal travel by snow machine or boat), and even routine infrastructure development.

Our concern is not only based on the sweeping nature of the ESA, but also on our recent experience with the U.S. Fish & Wildlife Service. In late 2008 in an effort to conserve Stellars Eiders, the North Slope Borough hammered out a MOA with the Service setting local conservation measures in place. Our hope was that the Service would focus on the biological needs of the species, outreach, and educational efforts. Unfortunately, the result was a season of intensive law enforcement activity. This is this punitive approach to wildlife management that first comes to mind as we consider the possibilities for an ESA management plan.

We don't know what specific restrictions the Feds will come up with. But having designated 200,000 square miles of critical habitat that includes our hunting grounds and travel routes and surrounds some of our communities, any restrictions are likely to compromise our freedom of movement through the area or our ability to improve our communities. For example, it is not hard to imagine that prohibited activities could include construction of the new runway that the village

of Kaktovik so desperately needs. If a polar bear den is identified near the community, the village may not be able to move their runway to higher ground in order to avoid being routinely swamped by storm surges, as it has been in recent years. That's just one example of a very justifiable public need that stands a good chance of getting derailed in the wake of this listing and the enormous critical habitat designation.

If polar bears were going to be hugely benefited by these restrictions on our daily lives, we could at least understand it. But the federal action on polar bears is based on rapid disappearance of the sea ice the bears depend on as a feeding platform. Unfortunately, there is nothing we can do on the North Slope to counteract that problem. Restricting our activity in a 200,000-square-mile area will not help the polar bear at all. It will only make life more difficult for people, local governments and commercial concerns.

If the federal government really wants to protect the polar bear, it needs to address the issues of ocean warming and climate change. Nothing will be accomplished by restricting the ability of our communities to go about normal daily life. We are clearly not the cause of any serious threat to these species, and yet we could face civil and criminal liability under the ESA for any harm to a single polar bear, even though we are not having any effect on climate change or sea ice. This is not right.

In 2007, the North Slope Borough filed comments opposed to the listing of the Polar Bear under the ESA. We did so because – although we are

very concerned about sea ice retreat – we didn't think there was enough data on polar bears to justify a listing, and we don't think the ESA is the right tool to deal with climate change issues.

As we noted in our 2007 comments, we have observed the effects of the warming Arctic for many years. Sea ice is forming later in the fall, it is not as thick as it used to be, and it thaws earlier in the spring. Violent storms are now more frequent and more intense and they're happening both earlier and later in the year. So we are experiencing the effects of climate change. But as we wrote in our comments to Secretary Kempthorne, "the causes of a changing northern climate lie outside our region, and we firmly believe that any action to counter the warming trend must focus on those causes at their sources."

Unfortunately, it looks like the polar bear listing is going to be the wave of the future. For the first time in history, there is now the likelihood of a large number of other North Slope species being listed. The federal government has already listed at least 5 species on or near the North Slope and is considering at least 7 more. Based on our long experience with bowhead whales, cooperative management agreements for polar bears, and work with bird species such as spectacled and Steller's eiders, we believe most species can be managed best under the Marine Mammal Protection Act, the Migratory Bird Treaty Act, and – for the polar bear – our international conservation agreements. There are also state and federal wildlife laws and other international treaties that can be used as additional tools. We don't need ESA listings to create the best

possible conservation programs along the Arctic coast. And as I said before, no management plan in the Arctic is going to get at the source of receding sea ice, which is the specific problem.

We are also concerned that management under the ESA is driven by litigation, and ESA litigation is targeted at the federal government, ignoring any local consequences. Any person can bring litigation under the "citizen suit" provisions of the ESA, and local communities are little more than collateral damage in these actions. Our ability to participate in traditional activities gets thrown under the bus in the wake of broad federal actions resulting from this kind of litigation. It is not only unfair, it's completely unreasonable.

We are exploring ways to limit the risks to our communities. The Polar Bear Special Rule under section 4d of the ESA gives the federal government an opportunity to shield us from some liability. This special rule protects against liability for incidental takes authorized by the Marine Mammal Protection Act, and for self-defense and deterrence. We are worried, though, that litigations - to which we are not a party - in federal court could strike down the 4d Rule and the protection it provides.

Finally, I want to reiterate that in considering actions under the ESA, the Federal Government hasn't recognized the value of local and traditional knowledge. We know species such as polar bear and arctic seals better than anyone. We pay close attention to these animals and interact with

them almost daily. They are part of our culture, our food supply, and our way of life. We have worked with federal agencies on many Arctic species, and we've had notable successes, including the Alaska Eskimo Whaling Commission managing the endangered bowhead whale and the Alaska Nanuuq Commission managing polar bears.

Even so, our knowledge is often ignored in federal planning, and it was not fully considered in formal consultation before the polar bear listing. Mayor Itta testified at hearings, wrote letters, and spoke to Administration officials. Yet it's fair to say that the final analysis did not consider the experience and knowledge of the people most familiar with the species. So we don't believe there has been an adequate weighing of local and traditional knowledge in the early ESA decisions.

The North Slope Borough is glad to know that you are reviewing new and potential listings under the ESA, and we are grateful for the chance to speak on our behalf. There's no question in our minds that the ESA tackles complex problems with a giant hammer aimed in the wrong direction. It creates tremendous uncertainty for people in our isolated communities, and it may well lead to legal liability even though we are causing no harm to the species. There has to be a better way, and we are eager to work with you toward a more sensible solution.

***

ANDY MACK

1/27/10 OVERVIEWS: DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT; DEPARTMENT OF LABOR & WORK-FORCE DEVELOPMENT

<target><bill></bill><subject>1-27-10 OVERVIEWS DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT; DEPARTMENT OF LABOR & WORK-FORCE DEVELOPMENT</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Wednesday, January 27, 2010

HB 300 Approp: Operating Budget/Loans/Funds
HB 302 Approp: Mental Health Budget

FY11 Governor's Budget Overviews:

Department of Education and Early Development

Presenters:
Larry LeDoux, Commissioner
Eddy Jeans, Director, School Finance & Facilities
Anna Kim, Director, Administrative Services

Available for questions:
Marcy Herman, Special Assistant to the Commissioner

Department of Labor and Workforce Development

Presenter:
Clark Bishop, Commissioner

ALJ - moved to adopt -

BUILDING ALASKA'S FUTURE

ALASKA EDUCATION PLAN

ONE STUDENT AT A TIME

Message from the Commissioner

Thank you for taking an interest in the Alaska Education Plan for our K–12 public schools. The plan—created by Alaskans from all walks of life—supports the role of families, communities and local cultures in the schools.

The Alaska Education Plan values knowledge and skills, but student success is measured by more than grades and test scores. The plan's goals and graduation outcomes are well-founded in community values. Those values include providing students the opportunity to explore their interests and develop their dreams.

Please consider the plan an invitation to work together to achieve Alaska's vision for our children's education. I hope you will help make this plan a reality in your family, schools, and community. I also hope you will choose to play a role in the continuing review and revision of the plan so that it meets the changing needs of our students.

The Alaska Education Plan embodies one vision for all students. You will not see separate goals for different types of students. The plan's goals apply equally to all students, whatever their cultural background, whether they are rural or urban, special education or regular education, or interested in college or the work place after high school.

In this way, the plan offers a coherent approach in which all of us work toward common goals. This approach allows for the most cost-effective and efficient uses of our resources. Most importantly, we are equally accountable for each student.

We have called the Alaska Education Plan a roadmap. The journey will take time and hard work. Many people and entities must go on the trip, including state agencies of education, labor and social services; universities; advocates and practitioners of early education; businesses; lawmakers; regional and village corporations and nonprofits; and, of course, educators and families.

Our task is made lighter by knowing how valuable our children are to Alaska and the nation.

One final note: Before this plan was created, we surveyed thousands of Alaskans about their hopes and expectations for public education. Now that we are circulating the plan, we are still interested in your comments and participation.

Please comment or inform us of your willingness to participate by contacting Information Officer Eric Fry at eric.fry@alaska.gov, or Alaska Department of Education & Early Development, attn: Eric Fry, 801 West 10th St., Suite 200, P.O. Box 110500, Juneau AK 99811-0500.

Sincerely,

Larry LeDoux
Alaska Commissioner of Education

INTRODUCTION

Welcome to the Alaska Education Plan.

Created by Alaskans from many walks of life, it is the state's blueprint for public education. The plan provides the basis for accountability to the public.

The plan answers these fundamental questions: What is Alaska's vision for our schools and students? What are our goals? What attributes and skills do we want high school graduates to possess? What actions will allow us to meet these goals and make this vision a reality?

In short, the vision and goals in the Alaska Education Plan are our destination. The actions are the roadmap. Knowing where we want to go, we can determine if our expenditures of money and effort are efficiently and effectively getting us there.

The public, having a clear vision for our schools and students, can measure performance against these goals. The plan, which will periodically be reviewed and revised, encourages Alaskans to participate in the goal-setting process and own the results.

The Alaska Statewide Education Summit, held in November 2008 in Anchorage, initiated the effort to develop the Alaska Education Plan. Nearly 450 participants discussed education topics ranging from preschool to postsecondary, technology to finances, community partnerships to culture.

Two principles guided the summit's structure: focused conversations among those who gather in a common cause will produce a shared vision, and collective wisdom is generated when groups gather in discussion.

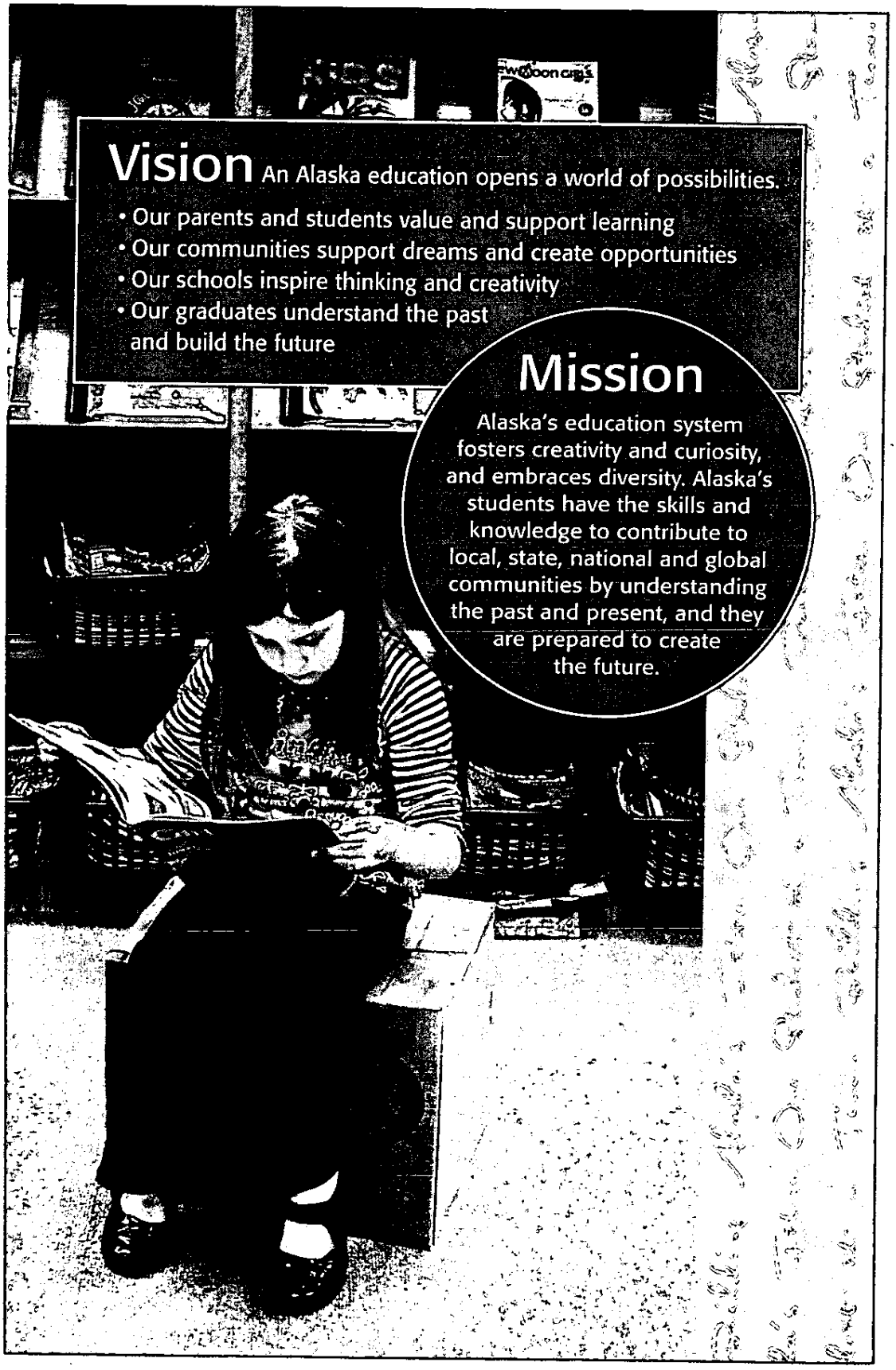
Participants met in eight groups, each group discussing a separate topic in education. Each group identified challenges, opportunities, goals and actions for its topic. A ninth group crafted vision and mission statements and graduation outcomes—a list of the

desired skills and attributes that Alaska high school graduates should possess as a result of their public education.

The Alaska Education Plan organizes the results from all eight groups at the summit into three topics, in order to provide greater focus. They are World-Class Schools; Community, Culture, and Family; and Student Health and Safety. Other topics discussed at the summit—such as finance, technology, early education, and partnerships—have been integrated throughout the three remaining topics.

Each topic in the plan includes a rationale for action, a goal, and broadly stated actions for each goal. Groups of Alaskans will continue to meet in 2009 to develop a detailed, prioritized action plan for each goal. The State Board of Education & Early Development approved the plan on March 19, 2009.

The Alaska Education Plan, related background documents, and its ongoing progress are featured on the web site of the Alaska Department of Education & Early Development at eed.state.ak.us/.


Vision An Alaska education opens a world of possibilities.
• Our parents and students value and support learning
• Our communities support dreams and create opportunities
• Our schools inspire thinking and creativity
• Our graduates understand the past and build the future
Mission
Alaska's education system fosters creativity and curiosity, and embraces diversity. Alaska's students have the skills and knowledge to contribute to local, state, national and global communities by understanding the past and present, and they are prepared to create the future.

World-Class Students Graduation Outcomes

Possess a broad knowledge base

- Know and be able to discuss the critical bodies of knowledge in art, science, literature/language arts, history, geography, and health in addition to being skilled in reading, writing, and mathematics
- Apply content knowledge in meaningful and practical ways
- Use prior knowledge to acquire new knowledge, develop new skills, and expand understanding
- Understand issues from a variety of cultural perspectives
- Demonstrate proficiency in a second language

Communicate effectively

- Express ideas clearly, both verbally and in writing
- Communicate through listening and discussion with others
- Read, understand, and respond to written information
- Understand and respond to verbal information

Use technology skills

- Use a broad range of technologies to pursue interests, investigate and solve problems, and communicate and share ideas
- Be personally accountable for the ethical use of technology
- Use the Internet to explore questions; collect, critically evaluate, and select information sources; synthesize conclusions; and communicate the results

Think logically and critically

- Solve problems using questioning, reasoning, and analysis
- Acquire and manage information to understand and solve problems
- Understand and apply decision-making processes in a variety of settings
- Be able to select, analyze, and use information for specific purposes
- Explore, consider, and evaluate divergent viewpoints and ideas

Be healthy

- Apply the knowledge, habits, and attitudes that promote physical and mental health
- Participate in collaborative and responsible relationships
- Make informed and safe choices
- Set and achieve personal goals
- Connect with family and culture values

Recognize, value and use creativity

- Appreciate artistic expression
- Demonstrate creative thinking
- Show self-expression
- Honor traditional art forms

Be a responsible and ethical citizen and community member

- Understand and participate in the democratic process
- Demonstrate respect for people and cultures
- Demonstrate respect for the environment and evaluate the use of resources
- Take responsibility for personal actions and understand the impact those actions have on others
- Demonstrate an ability to approach problems from a global perspective
- Be an effective and responsible decision-maker who contributes to and volunteers in the community
- Adapt to a diverse and changing world

Be an enthusiastic learner

- Make a commitment to create quality work and strive for excellence
- Use a variety of learning strategies, personal skills, and time management skills to enhance learning
- Reflect on and evaluate learning for self-improvement
- Understand the relevance of learning a broad range of skills

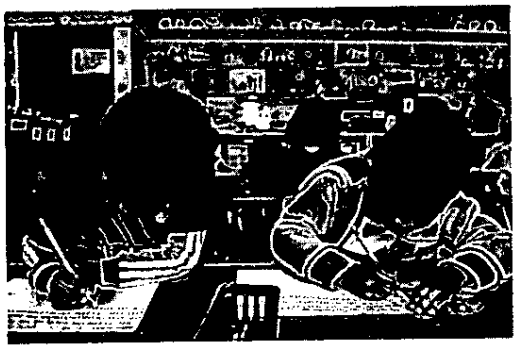
World-Class Schools

RATIONALE FOR ACTION

World-class schools are the ultimate goal for Alaska's public education system. All the other goals feed into this. These schools will nurture the students described in this plan's graduation objectives as world-class students.

There are many success stories in Alaska's schools, ranging from caring teachers helping struggling students, to the graduates who fill our work places, to creative programs by school districts to teach students independent living skills and the skills for jobs or postsecondary (after high school) education.

And yet there are many gaps in the education of Alaska's children. There are great differences in the academic preparation of children entering kindergarten. As they grow older, roughly a quarter of students are less than proficient in one or more of the fundamental skills of reading, writing and math. Several categories of students are less likely to do well in school—ethnic minorities, students with disabilities, students from low-income families, and students who are learning English.



At least a third of Alaska students will leave school without a diploma. About 40 percent of recent Alaska high school graduates who attend the University of Alaska need remedial courses. Some Alaska high school graduates have completed their public education yet do not have a direction in life and are not prepared for a career, while well-paying, interesting jobs go unfilled. Additionally, some gifted and talented students are not challenged sufficiently by their school work.

World-class schools will have the support of families and communities. World-class schools will honor local cultures and integrate them into instruction.

World-class schools will have strong academic standards and high expectations for all students, yet these schools will support the varied needs and interests of each student, in academics, the arts and extracurricu-

lar activities. World-class schools will have the flexibility to provide alternative pathways to student success. They will offer career and technical courses, preparation and guidance.

World-class schools will attract, prepare and retain quality teachers and administrators. World-class schools will have appropriate facilities and technology. They will build partnerships with entities outside of the schools.

GOAL **All students will graduate prepared for careers or postsecondary training and education.**

ACTIONS

1. Ensure that families, if they desire, can access in their community affordable, high-quality early care and learning programs for children from birth to age 5.
2. Define an education system, aligned from preschool to postsecondary, that ensures all students are prepared to transition to the next level of education, career, or life path of their choice.
3. Review the state's academic standards to determine alignment with world-class 21st century skills and Alaska's graduation outcomes.
4. Establish partnerships that enhance readiness for postsecondary education, career preparation, and life.
5. Develop a staff development infrastructure that is collaborative, need-based, research-proven, and provides opportunities for continuous growth for new and experienced teachers.
6. Ensure that public and private postsecondary institutions, business and industry, tribal organizations, and state agencies work collaboratively to develop and maintain a coherent educational plan designed to achieve Alaska's high education expectations.
7. Collaborate with Alaska's postsecondary institutions to ensure that education-related degree programs and staff development programs reflect research, best practices, Alaska's diverse cultures, and alignment to academic standards, and are sufficient in scale and scope to meet the public school work force needs.

8. Empower students by providing a learning environment that personalizes their education and engages them as active partners in their own learning through technology.
9. Ensure that teachers have the training to effectively use technology to support instruction.
10. Establish and maintain a statewide public telecommunications network that provides the opportunity for instruction, communication and distance education.
11. Ensure that the state foundation funding program is comprehensible to the public, sufficient to meet world-class performance expectations, responsive to the changing needs of Alaska's work force, and predictable enough to facilitate effective planning.
12. Provide consistent funding for school construction and major maintenance projects.
13. Engage with the community and local organizations to identify local work force skills needed for economic development.
14. Attract and retain quality teachers and administrators; provide quality professional development.
15. Teach work ethic and employability skills.

Community, Culture and Family

RATIONALE FOR ACTION

Family engagement has emerged as a central focus in Alaska education. Viewing parents as the first and best teachers of their children goes beyond their role in early education. Engagement means involving families in every aspect of educational planning, implementation, and evaluation throughout their children's education.

Engagement means more than inviting parents to attend school functions or parent conferences or to join the PTA. Parent involvement must be more than asking parents to approve decisions about the school or their children that have already been made. Schools that make adjustments for parents with busy schedules, different backgrounds, and varying comfort levels with schools will enjoy more parental involvement. Relevant parent engagement is recognizing that the school serves the interests of parents.

When parents join with other community members and the school to determine behavioral expectations or learning goals for their children, they become partners in their children's education. Student achievement data can demonstrate how well a student is progressing toward the state's grade-level expectations, but only parent and student feedback can reveal how positive the learning climate is and how well the school is serving the community's valued interests.

Schools that support and celebrate school choice and family engagement must be committed to sharing information about program options, assessment data, and other information that is critical to evaluating what is best for children. Choice without knowledge has no meaning.

GOAL **Schools will form strong partnerships with families and communities, and will respect and embrace local cultures.**

ACTIONS

1. Develop and implement strategies that encourage Alaskans to value and support education and lifelong learning.
2. Formulate a shared vision of community-based education that respects culture, school governance, and community ownership.
3. Implement a system of data collection and reporting of prekindergarten-postsecondary programming so parents, communities, and policy makers can make informed decisions.
4. Increase diversity in the teaching profession.
5. Apply Alaska's Standards for Culturally Responsive Schools.
6. Provide new and experienced educators with sufficient training and ongoing support to integrate and instruct within the context of a community's indigenous cultures.
7. Ensure that schools' instruction, organization, and operational procedures reflect and respond to student, family, and community values and needs.
8. Support opportunities for school choice, education alternatives, and distance-delivery options that are high quality, standards-based, and flexible to meet the individual needs of a child or family.
9. Provide support and resources for parents who choose to home school their children.
10. Create a sustainable infrastructure committed to developing and maintaining partnerships that enhance student success.
11. Develop and implement strategies to improve student attendance.

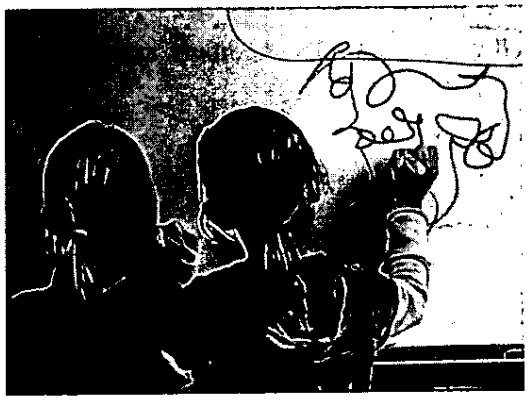
Student Health and Safety

RATIONALE FOR ACTION

Creating healthy, safe schools requires healthy families and communities. Children who have a strong connection to family values, customs, and beliefs develop the confidence to reach for a star and the talent to grab one.

If children cannot rely on positive connections at home, they will settle for any substitute that satisfies this longing, including gang affiliation, harmful relationships, violence, and drug and alcohol abuse.

Schools must be proactive, focusing on the prevention of unsafe and unhealthy practices. Several ingredients are necessary to create a safe and healthy school environment. Schools will form partnerships with community entities to achieve these goals.



Schools must take rigorous action to ensure that schools are free from violence, drugs, disruptive behavior, and harassment. Schools must provide support and intervention services for parents and students, a broad range of activities, rigorous academic and vocational programs, and learning alternatives that meet the interests and learning needs of every child and family.

School staff must receive training and support to enforce school expectations. Students, parents, educators, and community members must teach and model a consistent set of values as the basis for every activity, program, lesson or expectation.

Schools should be models of healthy nutrition and physical activity, teaching students good habits. Approximately one in 10 Alaska children is obese. At least half of Alaska's children do not meet recommended levels of physical activity.

GOAL **Students will have access to safe schools, where they develop healthy and safe practices for life.**

ACTIONS

1. Develop a comprehensive health and safety plan that uses the expertise of parents, communities, tribal organizations, social and civic organizations, state agencies, and school districts.
2. Implement health and wellness programs that improve students' sense of well-being and address substance abuse, suicide, sex education, bullying, Internet safety, mental and physical health, and personal safety.
3. Implement nutrition and physical education programs to ensure that students develop patterns of lifelong healthy behaviors.
4. Ensure that students, staff and community members are provided safe and secure schools.

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eed.state.ak.us
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PHONE 907-465-2800 • FAX 907-465-4156

HB 280
Cook Inlet Recovery Act
Overview

Prepared by Representative Mike Hawker's Office

Gas Storage

- Incentives include:
  - Land lease and fee exemption for 10 years
  - NEW income tax credit
    - Credit is based on volume, certified by AOGCC: $1.50/ 1,000 cubic feet of working storage capacity
    - Maximum credit is $30 million per facility
    - Transferable and can be sold back to the state
  - Expedited/Priority processing of applications by DNR, when reasonably possible
- Incentives apply to gas storage facility that meets minimum capacity and delivery requirements, certified by AOGCC:
  - Minimum Working Storage Capacity: 500 million cf
  - Minimum Daily Delivery Capacity: 10 million cf
- Incentives are available for gas storage facilities that commence operations between December 31, 2010 and January 1, 2016
- All financial benefits and the names of those receiving the benefits are public information
- All financial benefits must be passed on to utilities, which then pass on to consumers
- All financial benefits stop when a project ceases operation
- CIRA also clarifies RCA's role in regulating gas storage facilities

Gas Exploration in Cook Inlet

- Changes to existing credits:
  - Allows 100% of credits earned by explorers in the Cook Inlet to be used elsewhere in the state; current statute requires these credits to be applied only to taxes paid on Cook Inlet production
  - Allows the full amount of the credit to be used in the year issued; current statute allows only half of the credit to be used in one year
  - Provides a 40% credit for exploration within Cook Inlet: current statute contains a variable (30% or 40%) credit based on the proximity of the exploration to an existing well
  - Allows credits to be transferred and used immediately

HB 280
Cook Inlet Recovery Act
Overview

Prepared by Representative Mike Hawker's Office

Definitions

Gas storage facility: A depleted or nearly depleted reservoir, aboveground tank, pipeline or other structure used to store natural gas produced offsite and delivered to the storage facility to hold until needed. The owner of the gas — a utility, for example — would inject gas into the facility and would pay the facility operator for storage service.

Working gas storage capacity: The maximum amount of natural gas the storage facility could safely hold for its storage customers.

Cushion gas (also known as pad gas): The volume of gas that must be maintained in the storage facility to provide adequate pressure for operations. The storage operator, not the storage customers, would own the cushion gas.

Native gas: In the case of a nearly depleted reservoir, native gas is the natural gas that exists in the reservoir at the time it is developed for use as a storage facility. Native gas is used as cushion gas to maintain pressurization. If all of the non-native working gas that was injected for storage is withdrawn and native gas is eventually produced, state tax and royalty would be assessed.

Non-native working gas: Natural gas that is produced from another reservoir and delivered to the storage facility and held until needed. For example, a utility could purchase gas from a Cook Inlet producer and have it delivered to the storage facility for safekeeping until the utility needs the gas to meet customer demand. At that point, the utility would instruct the gas storage operator to deliver the quantity of gas required. The utility, not the storage operator, would own the gas in storage. State tax and royalty would be assessed on the non-native working gas when it is first produced and sold to the utility; no additional taxes or royalties would be due when it is withdrawn from storage for delivery to the utility.

Department of Labor and Workforce Development Ten Year Expenditure Projection

The mission of the Department of Labor and Workforce Development is to provide safe and legal working conditions and to advance opportunities for employment.

The department has three priority programs, they are:

Protect Workers

Statutory and Regulatory Assistance and Enforcement to protect Alaska's workers. This includes the department's wage and child labor law enforcement, workplace safety compliance and enforcement, mechanical device inspection, and overseeing State of Alaska Americans with Disabilities Act compliance.

Workforce Development

Workforce Development to support Alaska hire and economic development. This includes the department's employment services, adult basic education, business partnerships, career and technical education and training, and vocational rehabilitation services.

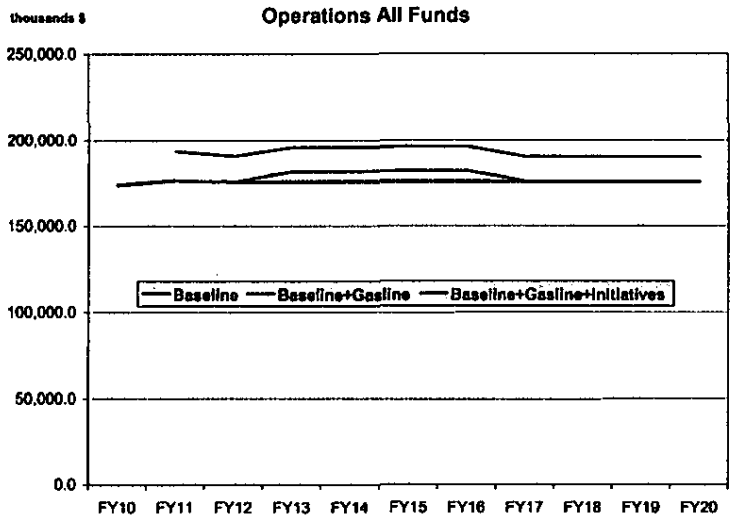
Income Replacement

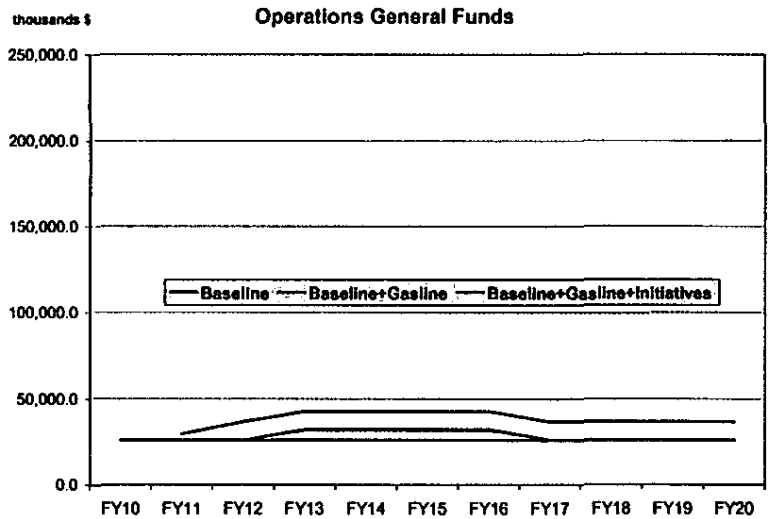
Income replacement for injured, unemployed and permanently disabled workers. This includes the department's Workers' Compensation, Unemployment Insurance and Disability Determination programs.

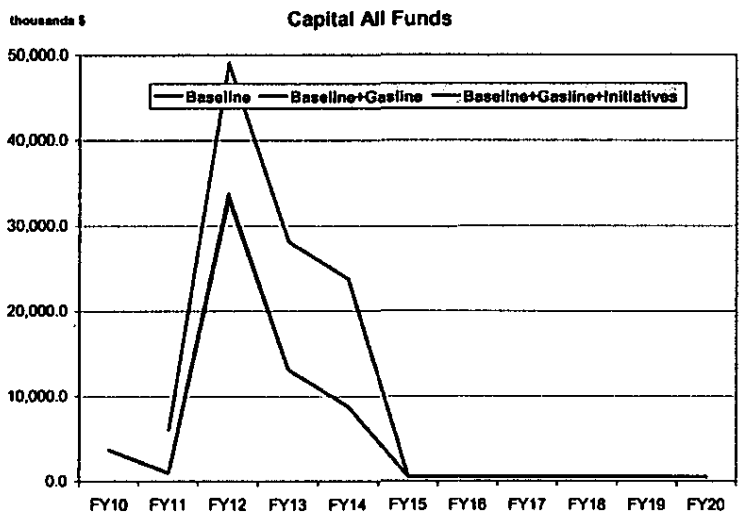
The following document provides an estimate of budget change over the next ten years. Projecting budgets ten years into the future, particularly for the very different and distinct programs and funding sources of the Department of Labor and Workforce Development, is very challenging. Just the uncertainty involved in projecting federal grant revenues, which directly support over half of the department's budget, makes it difficult to look a year or two into the future, let alone ten. As a result, the assumptions and numbers that make up the plan will continue to change as new information becomes available.

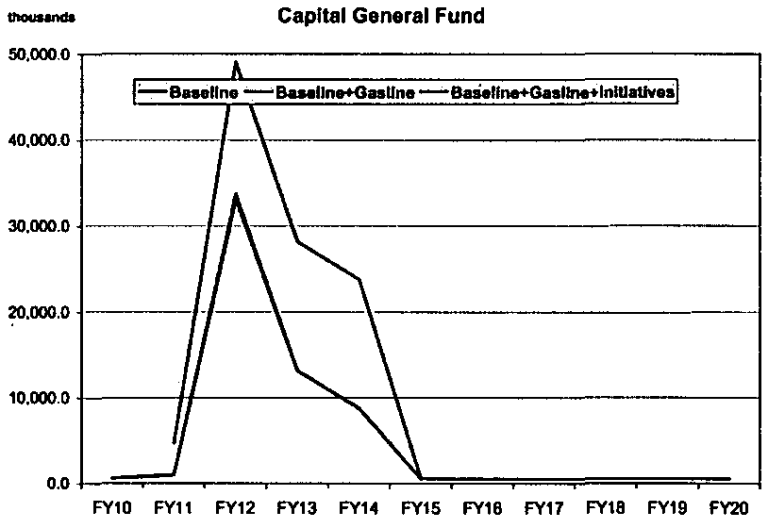
Following the ten year projection is a detailed listing of the various assumptions which were used to estimate future funding levels.

Labor & Workforce Development

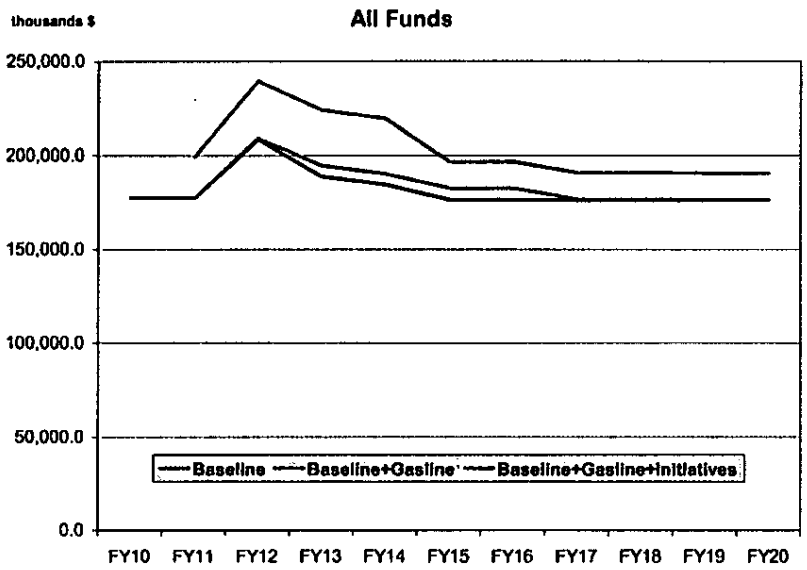


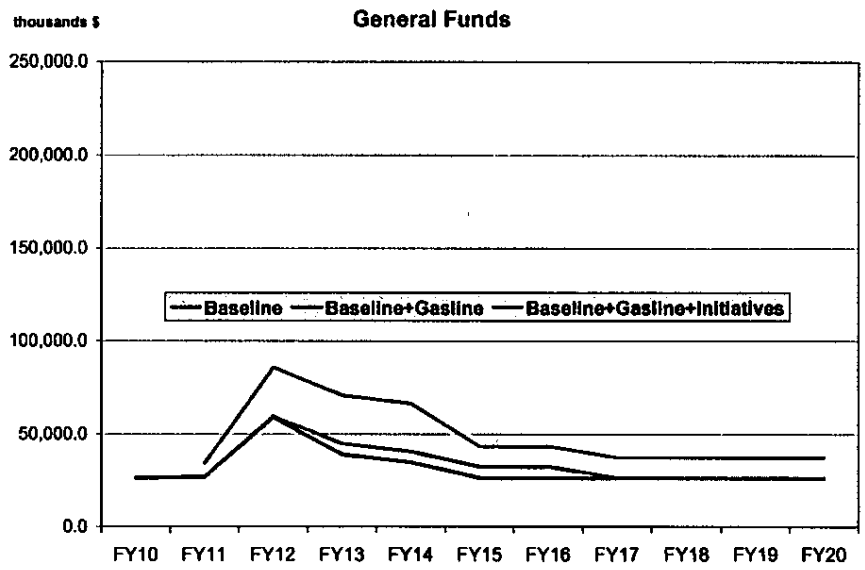






Labor & Workforce Development





Labor & Workforce Development

Baseline Budget Growth 1/

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	177,266.8	177,178.3	208,808.4	188,748.4	184,348.4	176,148.4	176,148.4	176,148.4	176,148.4	176,148.4	176,148.4
General Fund	19,790.3	20,204.6	52,424.6	32,364.6	27,964.6	19,764.6	19,764.6	19,764.6	19,764.6	19,764.6	19,764.6
General Fund Match	6,667.1	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	87,471.5	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1
Other State Funds	63,337.9	61,878.4	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5
Operations	173,574.6	176,178.3	175,588.4	175,588.4	175,588.4	175,588.4	175,588.4	175,588.4	175,588.4	175,588.4	175,588.4
General Fund	19,190.3	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6
General Fund Match	6,667.1	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	87,471.5	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1
Other State Funds	60,245.7	61,878.4	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	173,574.6	176,178.3	175,588.4	175,588.4	175,588.4	175,588.4	175,588.4	175,588.4	175,588.4	175,588.4	175,588.4
General Fund	19,190.3	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6
General Fund Match	6,667.1	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	87,471.5	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1
Other State Funds	60,245.7	61,878.4	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5
Capital	3,692.2	1,000.0	33,220.0	13,160.0	8,760.0	560.0	560.0	560.0	560.0	560.0	560.0
General Fund	600.0	1,000.0	33,220.0	13,160.0	8,760.0	560.0	560.0	560.0	560.0	560.0	560.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	3,092.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.
See attached assumptions

Labor & Workforce Development

Gasline Related Budget Growth

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	100.0	0.0	500.0	6,000.0	6,000.0	6,300.0	6,300.0	300.0	300.0	0.0	0.0
General Fund	100.0	0.0	500.0	6,000.0	6,000.0	6,000.0	6,000.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	300.0	300.0	300.0	300.0	0.0	0.0
Operations	100.0	0.0	0.0	6,000.0	6,000.0	6,300.0	6,300.0	300.0	300.0	0.0	0.0
General Fund	100.0	0.0	0.0	6,000.0	6,000.0	6,000.0	6,000.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	300.0	300.0	300.0	300.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	100.0	0.0	0.0	6,000.0	6,000.0	6,300.0	6,300.0	300.0	300.0	0.0	0.0
General Fund	100.0	0.0	0.0	6,000.0	6,000.0	6,000.0	6,000.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	300.0	300.0	300.0	300.0	0.0	0.0
Capital	0.0	0.0	500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

See attached assumptions

Labor & Workforce Development

Initiatives (Except Gasline)

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	21,548.4	22,309.1	30,370.6	29,330.6	29,330.6	14,330.6	14,330.6	14,330.6	14,330.6	14,330.6	14,330.6
General Fund	4,315.0	6,709.0	26,235.0	25,895.0	25,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0
General Fund Match	0.0	600.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	17,233.4	14,708.3	3,941.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8
Other State Funds	0.0	291.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8
Operations	21,548.4	17,257.4	15,030.6	14,330.6	14,330.6	14,330.6	14,330.6	14,330.6	14,330.6	14,330.6	14,330.6
General Fund	4,315.0	3,570.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	17,233.4	13,395.6	3,941.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8
Other State Funds	0.0	291.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	21,548.4	17,257.4	15,030.6	14,330.6	14,330.6	14,330.6	14,330.6	14,330.6	14,330.6	14,330.6	14,330.6
General Fund	4,315.0	3,570.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	17,233.4	13,395.6	3,941.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8
Other State Funds	0.0	291.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8
Capital	0.0	5,051.7	15,340.0	15,000.0	15,000.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	3,139.0	15,340.0	15,000.0	15,000.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	600.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	1,312.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

See attached assumptions

Labor & Workforce Development

Baseline plus Gasline plus New Initiatives

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	198,915.2	199,487.4	239,679.0	224,079.0	219,679.0	196,779.0	196,779.0	190,779.0	190,779.0	190,479.0	190,479.0
General Fund	24,205.3	26,913.6	79,159.6	64,259.6	59,859.6	36,659.6	36,659.6	30,659.6	30,659.6	30,659.6	30,659.6
General Fund Match	6,667.1	7,267.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	104,704.9	103,136.4	92,369.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9
Other State Funds	63,337.9	62,170.2	61,482.3	61,482.3	61,482.3	61,782.3	61,782.3	61,782.3	61,782.3	61,482.3	61,482.3
Operations	195,223.0	193,435.7	190,619.0	195,919.0	195,919.0	196,219.0	196,219.0	190,219.0	190,219.0	189,919.0	189,919.0
General Fund	23,605.3	22,774.6	30,099.6	36,099.6	36,099.6	36,099.6	36,099.6	30,099.6	30,099.6	30,099.6	30,099.6
General Fund Match	6,667.1	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	104,704.9	101,823.7	92,369.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9
Other State Funds	60,245.7	62,170.2	61,482.3	61,482.3	61,482.3	61,782.3	61,782.3	61,782.3	61,782.3	61,482.3	61,482.3
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	195,223.0	193,435.7	190,619.0	195,919.0	195,919.0	196,219.0	196,219.0	190,219.0	190,219.0	189,919.0	189,919.0
General Fund	23,605.3	22,774.6	30,099.6	36,099.6	36,099.6	36,099.6	36,099.6	30,099.6	30,099.6	30,099.6	30,099.6
General Fund Match	6,667.1	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	104,704.9	101,823.7	92,369.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9
Other State Funds	60,245.7	62,170.2	61,482.3	61,482.3	61,482.3	61,782.3	61,782.3	61,782.3	61,782.3	61,482.3	61,482.3
Capital	3,692.2	6,051.7	49,060.0	28,160.0	23,760.0	560.0	560.0	560.0	560.0	560.0	560.0
General Fund	600.0	4,139.0	49,060.0	28,160.0	23,760.0	560.0	560.0	560.0	560.0	560.0	560.0
General Fund Match	0.0	600.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	1,312.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	3,092.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Labor & Workforce Development

Baseline plus New Initiatives

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	198,815.2	199,487.4	239,179.0	218,079.0	213,679.0	190,479.0	190,479.0	190,479.0	190,479.0	190,479.0	190,479.0
General Fund	24,105.3	26,913.6	78,659.6	58,259.6	53,859.6	30,659.6	30,659.6	30,659.6	30,659.6	30,659.6	30,659.6
General Fund Match	6,667.1	7,267.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	104,704.9	103,136.4	92,369.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9
Other State Funds	63,337.9	62,170.2	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3
Operations	195,123.0	193,435.7	190,619.0	189,919.0	189,919.0	189,919.0	189,919.0	189,919.0	189,919.0	189,919.0	189,919.0
General Fund	23,505.3	22,774.6	30,099.6	30,099.6	30,099.6	30,099.6	30,099.6	30,099.6	30,099.6	30,099.6	30,099.6
General Fund Match	6,667.1	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	104,704.9	101,823.7	92,369.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9
Other State Funds	60,245.7	62,170.2	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	195,123.0	193,435.7	190,619.0	189,919.0	189,919.0	189,919.0	189,919.0	189,919.0	189,919.0	189,919.0	189,919.0
General Fund	23,505.3	22,774.6	30,099.6	30,099.6	30,099.6	30,099.6	30,099.6	30,099.6	30,099.6	30,099.6	30,099.6
General Fund Match	6,667.1	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	104,704.9	101,823.7	92,369.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9	91,669.9
Other State Funds	60,245.7	62,170.2	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3	61,482.3
Capital	3,692.2	6,051.7	48,560.0	28,160.0	23,760.0	560.0	560.0	560.0	560.0	560.0	560.0
General Fund	600.0	4,139.0	48,560.0	28,160.0	23,760.0	560.0	560.0	560.0	560.0	560.0	560.0
General Fund Match	0.0	600.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	1,312.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	3,092.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Labor & Workforce Development

Baseline plus Gasline

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	177,366.8	177,178.3	209,308.4	194,748.4	190,348.4	182,448.4	182,448.4	176,448.4	176,448.4	176,148.4	176,148.4
General Fund	19,890.3	20,204.6	52,924.6	38,364.6	33,964.6	25,764.6	25,764.6	19,764.6	19,764.6	19,764.6	19,764.6
General Fund Match	6,667.1	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	87,471.5	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1
Other State Funds	63,337.9	61,878.4	61,288.5	61,288.5	61,288.5	61,588.5	61,588.5	61,588.5	61,588.5	61,288.5	61,288.5
Operations	173,674.6	176,178.3	175,588.4	181,588.4	181,588.4	181,888.4	181,888.4	175,888.4	175,888.4	175,588.4	175,588.4
General Fund	19,290.3	19,204.6	19,204.6	25,204.6	25,204.6	25,204.6	25,204.6	19,204.6	19,204.6	19,204.6	19,204.6
General Fund Match	6,667.1	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	87,471.5	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1
Other State Funds	60,245.7	61,878.4	61,288.5	61,288.5	61,288.5	61,588.5	61,588.5	61,588.5	61,588.5	61,288.5	61,288.5
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	173,674.6	176,178.3	175,588.4	181,588.4	181,588.4	181,888.4	181,888.4	175,888.4	175,888.4	175,588.4	175,588.4
General Fund	19,290.3	19,204.6	19,204.6	25,204.6	25,204.6	25,204.6	25,204.6	19,204.6	19,204.6	19,204.6	19,204.6
General Fund Match	6,667.1	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal Funds	87,471.5	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1
Other State Funds	60,245.7	61,878.4	61,288.5	61,288.5	61,288.5	61,588.5	61,588.5	61,588.5	61,588.5	61,288.5	61,288.5
Capital	3,692.2	1,000.0	33,720.0	13,160.0	8,760.0	560.0	560.0	560.0	560.0	560.0	560.0
General Fund	600.0	1,000.0	33,720.0	13,160.0	8,760.0	560.0	560.0	560.0	560.0	560.0	560.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	3,092.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Labor and Workforce Development

Description		FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Operating Budget Current Services Baseline												
Baseline Beginning Balance												
C None	GF	19,190.3	19,190.3	19,190.3	19,190.3	19,190.3	19,190.3	19,190.3	19,190.3	19,190.3	19,190.3	19,190.3
	GF Match	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1	6,667.1
	Federal	87,471.5	87,471.5	87,471.5	87,471.5	87,471.5	87,471.5	87,471.5	87,471.5	87,471.5	87,471.5	87,471.5
	Other	60,245.7	60,245.7	60,245.7	60,245.7	60,245.7	60,245.7	60,245.7	60,245.7	60,245.7	60,245.7	60,245.7
	Total	173,574.6	173,574.6	173,574.6	173,574.6	173,574.6	173,574.6	173,574.6	173,574.6	173,574.6	173,574.6	173,574.6
Baseline Changes												
C Fuel supplemental allocation is 70.6 in FY2010 base, nothing additional in out years	GF	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6
	Federal											
	Other											
	Total	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6
C Add federal Reed Act and other federal funding to offset General Funds deleted and General Funds transferred to other programs	GF		-	-	-	-	-	-	-	-	-	-
	Federal		948.3	948.3	948.3	948.3	948.3	948.3	948.3	948.3	948.3	948.3
	Other											
	Total	-	948.3	948.3	948.3	948.3	948.3	948.3	948.3	948.3	948.3	948.3
C Delete unneeded Interagency Receipt authorization	GF		-	-	-	-	-	-	-	-	-	-
	Federal											
	Other		(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)
	Total	-	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)
C Add Worker Safety Account funding to support Workers' Compensation staff	GF		-	-	-	-	-	-	-	-	-	-
	Federal											
	Other		85.5	85.5	85.5	85.5	85.5	85.5	85.5	85.5	85.5	85.5
	Total	-	85.5	85.5	85.5	85.5	85.5	85.5	85.5	85.5	85.5	85.5
C Delete General Funds to be offset with federal funds	GF		(230.8)	(230.8)	(230.8)	(230.8)	(230.8)	(230.8)	(230.8)	(230.8)	(230.8)	(230.8)
	Federal											
	Other											
	Total		(230.8)	(230.8)	(230.8)	(230.8)	(230.8)	(230.8)	(230.8)	(230.8)	(230.8)	(230.8)
C Technical Vocational Education Program funding increase based on revenue projections: money is allocated to the University of Alaska, AVTEC and various regional training centers per legislation.	GF											
	Federal											
	Other		440.1	440.1	440.1	440.1	440.1	440.1	440.1	440.1	440.1	440.1
	Total		440.1	440.1	440.1	440.1	440.1	440.1	440.1	440.1	440.1	440.1
C State Training and Employment Program funding increase based on cash flow projections. Assume fund balance is spent down in FY 11, but that additional authority will be needed in out years.	GF											
	Federal											
	Other		1,089.9	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0
	Total		1,089.9	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0

Labor and Workforce Development

C FY11 Health Insurance Increase for Non Covered Employees	GF	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9
	GF Match	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
	Federal	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
	Other	29.2	29.2	29.2	29.2	29.2	29.2	29.2	29.2	29.2	29.2
	Total	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5
C FY11 Barg Unit Increase and Health Insurance for AVTEC Teachers Association	GF	148.6	148.6	148.6	148.6	148.6	148.6	148.6	148.6	148.6	148.6
	GF Match										
	Federal										
	Other	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
	Total	166.6	166.6	166.6	166.6	166.6	166.6	166.6	166.6	166.6	166.6

Baseline Operating Changes	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
General Funds		14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3
GF Match		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Federal		956.6	956.6	956.6	956.6	956.6	956.6	956.6	956.6	956.6	956.6
Other Funds		1,632.7	1,042.8	1,042.8	1,042.8	1,042.8	1,042.8	1,042.8	1,042.8	1,042.8	1,042.8
Subtotal Changes	-	**2,603.7**	**2,013.8**	**2,013.8**	**2,013.8**	**2,013.8**	**2,013.8**	**2,013.8**	**2,013.8**	**2,013.8**	**2,013.8**

C = Current Service Levels

Operating Summary Continuation Level	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
General Funds	19,190.3	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6	19,204.6
GF Match	6,667.1	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2	6,667.2
Federal	87,471.5	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1	88,428.1
Other Funds	60,245.7	61,878.4	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5	61,288.5
Total	**173,574.6**	**176,178.3**	**175,588.4**	**175,588.4**	**175,588.4**	**175,588.4**	**175,588.4**	**175,588.4**	**175,588.4**	**175,588.4**	**175,588.4**

Labor and Workforce Development

	Operating Summary Gasline		FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
G	Commissioner's Office Gasline Training Plan implementation.	GF	100.0	-	-	-	-	-	-	-	-	-	-
		Federal											
		Other											
		Total	100.0	-	-	-	-	-	-	-	-	-	-
G	Labor Standards and Safety pipeline safety inspectors during gasline construction phase.	GF		-	-	-	-	-	-	-	-	-	-
		Federal											
		Other						300.0	300.0	300.0	300.0		
		Total	-	-	-	-	-	300.0	300.0	300.0	300.0	-	-
G	Operating investments to support training for the 113 gasline occupations	GF		-	-	6,000.0	6,000.0	6,000.0	6,000.0	-	-	-	-
		Federal											
		Other											
		Total	-	-	-	6,000.0	6,000.0	6,000.0	6,000.0	-	-	-	-

Operating Summary Gasline	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
General Funds	100.0	-	-	6,000.0	6,000.0	6,000.0	6,000.0	-	-	-	-
Federal	-	-	-	-	-	-	-	-	-	-	-
Other Funds	-	-	-	-	-	300.0	300.0	300.0	300.0	-	-
Total	**100.0**	-	-	**6,000.0**	**6,000.0**	**6,300.0**	**6,300.0**	**300.0**	**300.0**	-	-

Labor and Workforce Development

	Operating Summary New Initiatives		FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
C	Alaska Workforce Investment Board Education Specialist. Treated as one-time in FY 10; funded via intra-agency transfer in FY 11.	GF	85.0										
		Federal											
		Other											
		Total	85.0	-	-	-	-	-	-	-	-	-	-
C	Labor Market Information Regional Economic Database and Training Program Online Catalog. Treated as a one-time item in FY 10; funded via intra-agency transfer in FY 11 (47.5 GF)	GF	145.0										
		Federal											
		Other											
		Total	145.0	-	-	-	-	-	-	-	-	-	-
C	Alaska Construction Academies treated as one-time item in FY 10, but continuing FY 11 and beyond, with planned expansion in FY 12 to more rural communities.	GF	3,500.0	3,500.0	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0
		Federal											
		Other											
		Total	3,500.0	3,500.0	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0	4,200.0
C	Division of Business Partnerships Apprenticeship Initiative treated as a one-time item in FY 10; funded via intra-agency transfer in FY 11.	GF	585.0										
		Federal											
		Other											
		Total	585.0	-	-	-	-	-	-	-	-	-	-
C	American Recovery and Reinvestment Act funding for Employment Security, Business Partnerships, Vocational Rehabilitation. Total funding expected to be exhausted in FY 12.	GF											
		Federal	17,033.4	6,153.8	500.0								
		Other											
		Total	17,033.4	6,153.8	500.0	-	-	-	-	-	-	-	-
N	American Recovery and Reinvestment Act funding new FY 10 and FY 11 awards. To date $800.0 has been awarded for Green Jobs Analysis for FY 10 and FY 11; further competitive grants are possible.	GF											
		Federal	200.0	4,000.0	200.0								
		Other											
		Total	200.0	4,000.0	200.0	-	-	-	-	-	-	-	-
N	DVR ILR Blind services expansion	GF		70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0
		Federal											
		Other											
		Total	-	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0
N	AVTEC Grants Administrator	GF											
		Federal		41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8
		Other		41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8
		Total	-	83.6	83.6	83.6	83.6	83.6	83.6	83.6	83.6	83.6	83.6

Labor and Workforce Development

N	Unemployment Claims Activity Increase and Data Access Auditing	GF										
		Federal		2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0
		Other										
		Total	-	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0
N	Data Processing Unemployment Insurance database programming	GF										
		Federal		750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0
		Other										
		Total	-	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0
N	Adult Basic Education Expansion with federal Workforce Investment Act Funding in FY11 continued with General Funds starting in FY12	GF			250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0
		Federal			-	-	-	-	-	-	-	-	-
		Other		250.0									
		Total	-	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0
N	Career and Technical Education Grant Program for Secondary Schools as envisioned in Gasline Training Strategic Plan	GF			5,300.0	5,300.0	5,300.0	5,300.0	5,300.0	5,300.0	5,300.0	5,300.0	5,300.0
		Federal			-	-	-	-	-	-	-	-	-
		Other											
		Total	-	-	5,300.0	5,300.0	5,300.0	5,300.0	5,300.0	5,300.0	5,300.0	5,300.0	5,300.0
N	AVTEC Heavy Duty Truck Mechanic Program Expansion to Anchorage	GF			625.0	625.0	625.0	625.0	625.0	625.0	625.0	625.0	625.0
		Federal			-	-	-	-	-	-	-	-	-
		Other			75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
		Total	-	-	700.0	700.0	700.0	700.0	700.0	700.0	700.0	700.0	700.0
N	AVTEC Apprenticeship related instruction program for plumbers and electricians	GF			255.0	255.0	255.0	255.0	255.0	255.0	255.0	255.0	255.0
		Federal			-	-	-	-	-	-	-	-	-
		Other			55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0
		Total	-	-	310.0	310.0	310.0	310.0	310.0	310.0	310.0	310.0	310.0
N	AVTEC Surgical Technician Training Program	GF			195.0	195.0	195.0	195.0	195.0	195.0	195.0	195.0	195.0
		Federal			-	-	-	-	-	-	-	-	-
		Other			22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
		Total	-	-	217.0	217.0	217.0	217.0	217.0	217.0	217.0	217.0	217.0

Operating Summary New Initiatives	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
General Funds	4,315.0	3,570.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0	10,895.0
Federal	17,233.4	13,395.6	3,941.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8	3,241.8
Other Funds	-	291.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8	193.8
Total	**21,548.4**	**17,257.4**	**15,030.6**	**14,330.6**	**14,330.6**	**14,330.6**	**14,330.6**	**14,330.6**	**14,330.6**	**14,330.6**	**14,330.6**

Labor and Workforce Development

Capital numbers are portrayed as the total request for each year, not cumulative or incremental.

Capital Budget (baseline)		FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
WC Info System Upgrade/Rewrite	GF											
	Federal											
	Other	3,092.2										
	Total	3,092.2	-	-	-	-	-	-	-	-	-	-
AVTEC Deferred Maintenance (General)	GF	600.0	1,000.0	1,220.0	560.0	560.0	560.0	560.0	560.0	560.0	560.0	560.0
	Federal											
	Other											
	Total	600.0	1,000.0	1,220.0	560.0	560.0	560.0	560.0	560.0	560.0	560.0	560.0
AVTEC Dormitory Replacement	GF			20,000.0								
	Federal											
	Other											
	Total	-	-	20,000.0	-	-	-	-	-	-	-	-
AVTEC Heavy Equipment/Diesel/Pipe Welding Training Facility	GF		-	12,000.0								
	Federal											
	Other											
	Total	-	-	12,000.0	-	-	-	-	-	-	-	-
AVTEC Automotive Building Replacement	GF				7,000.0							
	Federal											
	Other											
	Total	-	-	-	7,000.0	-	-	-	-	-	-	-
AVTEC First Lake Facility Renovation	GF				5,600.0							
	Federal											
	Other											
	Total	-	-	-	5,600.0	-	-	-	-	-	-	-
AVTEC Student Service Center Renovations	GF					1,200.0						
	Federal											
	Other											
	Total	-	-	-	-	1,200.0	-	-	-	-	-	-

Labor and Workforce Development

AVTEC Building Technology/Facilities Maintenance Building Replacement	GF					7,000.0						
	Federal											
	Other											
	Total	-	-	-	-	7,000.0	-	-	-	-	-	-

Capital Summary Baseline	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
General Funds	600.0	1,000.0	33,220.0	13,160.0	8,760.0	560.0	560.0	560.0	560.0	560.0	560.0
Federal	-	-	-	-	-	-	-	-	-	-	-
Other Funds	3,092.2	-	-	-	-	-	-	-	-	-	-
Total	**3,692.2**	**1,000.0**	**33,220.0**	**13,160.0**	**8,760.0**	**560.0**	**560.0**	**560.0**	**560.0**	**560.0**	**560.0**

Labor and Workforce Development

Capital Budget (Gasline)

Gasline Employment Reporting System	GF			500.0	-	-	-	-	-	-	-	-
	Federal											
	Other											
	Total	-	-	500.0	-	-	-	-	-	-	-	-
Total		-	-	500.0	-	-	-	-	-	-	-	-

Capital Summary	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
General Funds	-	-	500.0	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-	-	-	-
Other Funds	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	500.0	-	-	-	-	-	-	-	-

Labor and Workforce Development

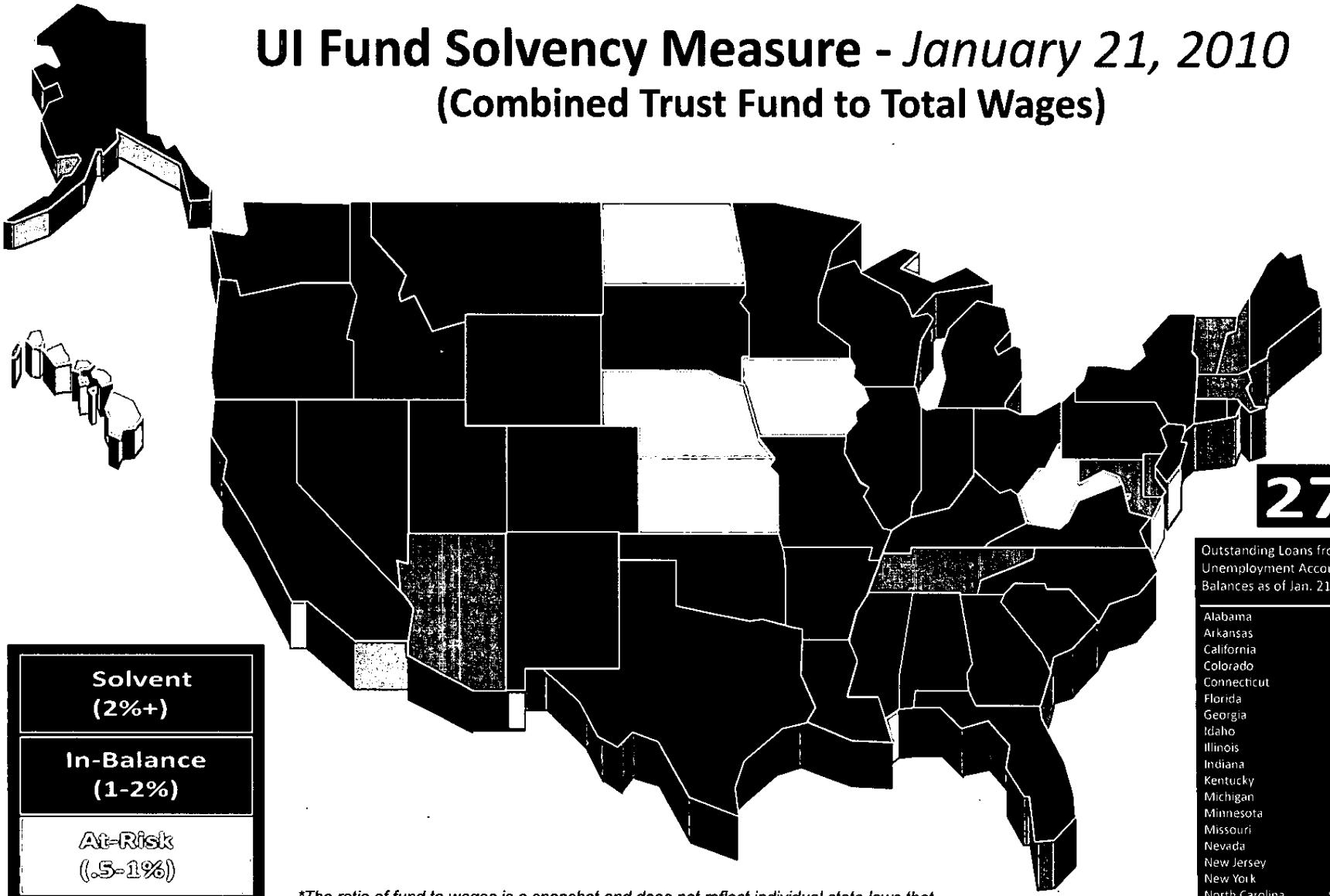
Capital Budget (Initiatives)

AVTEC Alternative Energy Training Facility Expansion to accommodate wind and hydroelectric training	GF		1,139.0										
	Federal												
	Other												
	Total		1,139.0	-	-	-	-						
AVTEC Medium/Heavy Duty Truck & Culinary Equipment	GF Match		500.0										
	Federal		1,000.0										
	Other												
	Total	-	1,500.0	-	-	-	-	-					
AVTEC Culinary Videoconferencing Equipment	GF Match		100.0										
	Federal		312.7										
	Other												
	Total	-	412.7	-	-	-	-	-	-	-	-	-	
AVTEC Computer Upgrades included in department's 2009 IT plan but not funded in the FY 11 capital budget.	GF			340.0									
	Federal												
	Other												
	Total	-	-	340.0	-	-	-	-	-	-	-	-	-
Fairbanks Pipeline Training Center Utilities and Equipment	GF		2,000.0										
	Federal												
	Other												
	Total	-	2,000.0	-	-	-	-	-	-	-	-	-	-
Capital investments to support training for the 113 gasline occupations	GF			5,000.0	5,000.0	5,000.0							
	Federal												
	Other												
	Total	-	-	5,000.0	5,000.0	5,000.0	-	-	-	-	-	-	
Regional Training Center Renovations/Expansions. DOLWD is soliciting capital needs from rural regional training centers. This is a holding-place pending further review.	GF			10,000.0	10,000.0	10,000.0							
	Federal												
	Other												
	Total	-	-	10,000.0	10,000.0	10,000.0	-	-	-	-	-	-	

Capital Summary Initiatives	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
General Funds	-	3,139.0	15,340.0	15,000.0	15,000.0	-	-	-	-	-	-
General Fund Match	-	600.0	-	-	-	-	-	-	-	-	-
Federal	-	1,312.7	-	-	-	-	-	-	-	-	-
Other Funds	-	-	-	-	-	-	-	-	-	-	-
Total	-	5,051.7	15,340.0	15,000.0	15,000.0	-	-	-	-	-	-

UI Fund Solvency Measure - *January 21, 2010*

(Combined Trust Fund to Total Wages)



27

Solvent (2%+)	
In-Balance (1-2%)	
At-Risk (.5-1%)	
Imminent Risk (.5%)	
Borrowing	

Outstanding Loans from the Federal Unemployment Account.
Balances as of Jan. 21, 2010 are:

Alabama	$175,231,403.4
Arkansas	$253,484,708.5
California	$6,700,256,343.4
Colorado	$9,466,584.1
Connecticut	$239,895,065.9
Florida	$1,137,000,000.0
Georgia	$139,000,000.0
Idaho	$130,638,625.2
Illinois	$1,407,739,009.9
Indiana	$1,572,564,697.4
Kentucky	$623,137,951.2
Michigan	$3,333,882,333.3
Minnesota	$375,632,140.0
Missouri	$527,780,078.3
Nevada	$183,065,311.5
New Jersey	$1,134,957,333.3
New York	$2,417,631,993.5
North Carolina	$1,719,832,029.3
Ohio	$1,857,337,799.0
Pennsylvania	$2,130,454,479.2
Rhode Island	$146,534,383.0
South Carolina	$736,197,781.0
South Dakota	$11,743,900.6
Texas	$1,528,764,140.9
Virgin Islands	$9,894,845.0
Virginia	$172,723,000.0
Wisconsin	$1,026,179,822.0
Total	$29,701,025,759.9

**The ratio of fund to wages is a snapshot and does not reflect individual state laws that may have provisions that automatically trigger higher taxes or that may be indexed to wages and other pertinent metrics.*

Archived in research/UI/solvency project.
Actual Balances provided by the US Department of Labor - Fall 2009.
Graphics and algorithm provided by the Idaho Department of Labor- Communications and Research - January, 2010.

This document can be downloaded at http://lmi.idaho.gov/Unemployment/UnemploymentInsuranceReports/tabid/754/Default.aspx

Initiatives of the
Alaska Department of Education & Early Development

The following initiatives are designed to meet the three main goals of the Alaska Education Plan: All students will graduate prepared for careers or postsecondary training and education. Schools will form strong partnerships with families and communities, and will respect and embrace local cultures. Students will have access to safe schools, where they develop healthy and safe practices for life.

State System of Support: EED's State System of Support helps struggling districts build their capacity to improve student achievement. The system brings training, written and online materials, and technical assistance in assessment, curriculum, instruction, leadership, school environment, and professional development.

Alaska Virtual School: A group of K-20 Alaska educators are designing an Alaska virtual school program. Students anywhere in Alaska will have access via technology to high-quality courses taught by Alaska highly qualified, effective teachers. A virtual school could help small schools meet the curricular needs of the Governor's Performance Scholarship and provide rural students with advanced and other specialized courses. Ideally, all students in Alaska will be able to individualize their education with flexible scheduling and access to additional virtual courses and learning opportunities.

Teacher quality: Educators from school districts, the university and EED are developing regulations to improve teacher quality in Alaska, to include: a stronger link between the needs of districts and teacher preparation programs; improving standards for teachers and methods of evaluating teachers; more paths to certification; tying certificate renewals to student achievement; improving our mentoring program for new teachers.

Early learning coordination: The new Alaska Early Childhood Advisory Council will coordinate state systems to provide efficient, effective and accessible services for young children so that all of our children are ready to begin school. The council will foster collaboration between public and private entities. It will tie together family supports for children's physical health, mental health and education.

Health and safety: EED expects to complete a health and safety action plan by June 2010. It adheres to an evidenced-based, nationally endorsed coordinated model for school environment, health education, physical education, school meals and child nutrition, health services, counseling, psychological and mental health services, staff wellness, and parent and community partnerships. The educator-created Alaska Physical Education Standards are already in draft form.

Alternative Schools Healthy School Initiative: EED launched the five-year initiative in fall 2008. The goal is to reduce student risk behaviors associated with disease, premature death, social challenges, and poor academic outcomes. Targeting alternative schools is an efficient way to help Alaska's most at-risk students.

Standards review: EED and Alaska educators will meet in February to review the national K-12 standards in reading and math (referred to as the common core standards) being promoted by the U.S. Department of Education. We will compare the national standards with our own grade-level expectations and performance standards to determine the degree of alignment. EED will use the information to consider whether the national standards would prepare students for college and careers.

Graduation: EED hosts a graduation working group of educators, policy makers, community advocates, cultural leaders, industry leaders and parents. They are developing strategies to keep students in school and to eliminate barriers to graduation. They have identified practices in schools that may discourage students from graduating. They will recommend how schools can identify students who are at risk of leaving school.

Partnerships: Alyse Galvin, EED's first partnership liaison, is working to connect community organizations, families, educators and students. She will soon start up the Families in Education 101 web site. Among the new partnerships is a group of four school districts, businesses, nonprofit organizations, parents, educators and agencies to serve the emotional and social needs of middle school students. Ms. Galvin is developing tools for schools to learn how to be welcoming to families and community members.

Career and technical education: Helen Mehrkens, EED's first career and technical administrator in 20 years, is working with DOL&WD to build an action plan to revitalize career and technical education, open the shops in Alaska's high schools, and integrate CTE into the regular high schools. EED and DOL&WD are working with the Alaska Workforce Investment Board to coordinate the development of career education and to support the Alaska Gasline Inducement Act training program.

Alaska Career Ready: Next school year, we will implement Alaska Career Ready, in which students in grades 6 and 8 take assessments in three skills that employers say are important: reading for information, locating information in visual formats, and applied math. Students in grade 11 will be assessed in those subjects and be able to earn a nationally recognized certificate. Students will have online access to free courses in the assessed subjects and to career information.

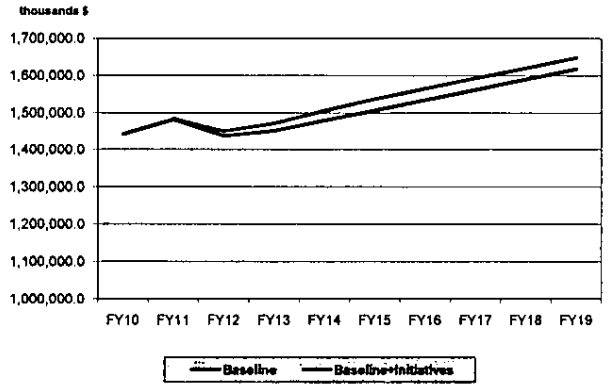
Rural education: Phyllis Carlson, the state's first Director of Rural Education, is focusing on assisting EED's interventions in long-struggling districts and schools; creating EED's first Native Leadership Council; and further implementing the state's cultural standards, which were adopted years ago but never acted upon.

Web site redesign: We will rebuild the EED web site so that it readily and engagingly serves the needs of parents, educators and all of EED's customers.

Race to the Top: We are weighing whether to apply for Round Two of the federal grants known as Race to the Top. The application, due June 1, requires a comprehensive plan for education reform created in partnership with participating school districts. Whether we win a grant or not, the plan will guide our reform efforts.

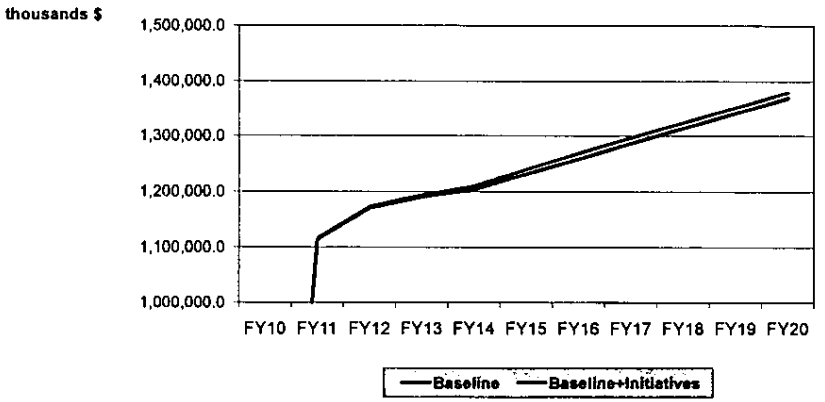
Education

Operations All Funds



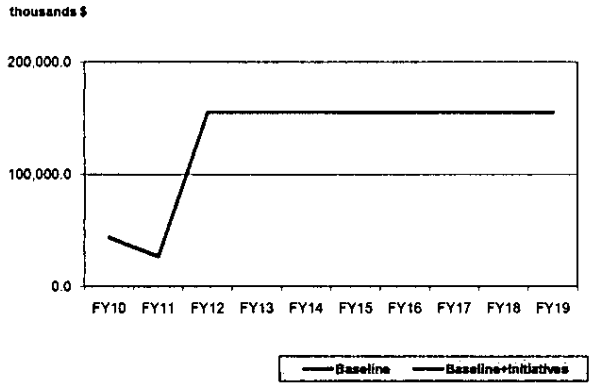
no gasline

Operations General Funds



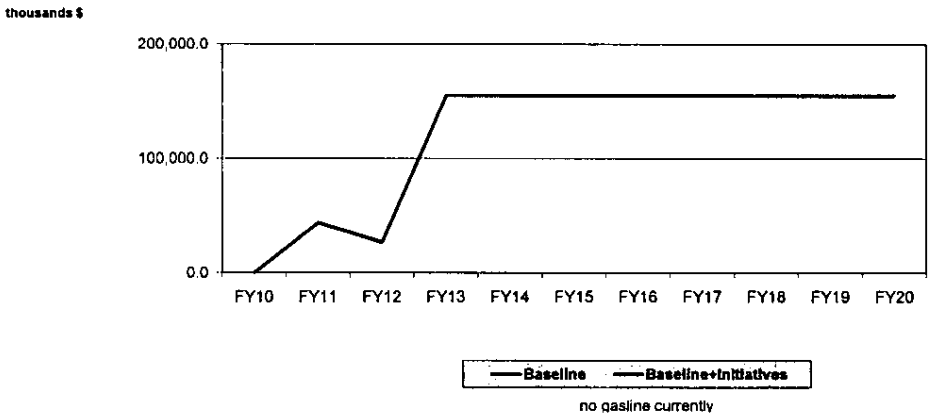
no gasline currently

Capital All Funds



no gasline

Capital General Funds



no gasline currently

Department of Education & Early Development
10 Year Fiscal Plan Assumptions: FY2011 – FY2020

BASELINE BUDGET GROWTH (SCENARIO) 1

- Foundation Program Projections: Foundation Program projections reflect the following increases per Fiscal Note 2 (HB273) adjusted for updated student counts- FY11 $57,712.3, FY12 $12,901.0, FY13 $12,075.0. Additionally, the projections include the Charter and Alternative School funding increase approved in FY10. A long-range projection for the Foundation Program is difficult to determine as any increases/decreases are based on legislative appropriation. The trend over the last 3 years includes an increase of $100 to the Base Student Allocation (BSA); however, this is due to the fiscal note detailed above. The department has projected a $100 increase to the BSA FY14 through FY2020 based on this trend. This equates to an approximate increase of $25.0 million annually.

  As a primary assumption for this formula program it must be noted the division of School Finance has been tracking a steady decline in student population which is in contrast to the Department of Labor and Workforce Development Alaska Population Projections document. It is also assumed that legislation would be required to increase the Base Student Allocation (BSA) to hold harmless the districts with severely declining student populations FY14 through FY20. Since many factors impact the state aid calculation, such as enrollment and required local effort, the trends would indicate a need to project declining entitlement payments. Using a historical perspective, state aid can remain relatively flat over multiple years during times of decreasing state revenue. On the optimistic side, the program should be sufficiently funded primarily due to the fact a tremendous amount of work has been accomplished through the efforts of the Education Funding Task Force and the implementation of their recommendations with the support of the Governor and the legislature to build an equitable formula.

  Also included is a removal of a FY10 one-time-item that was appropriated for the department's Age 4 Pre-K Program as part of Education Reform. This project is further addressed in the New Initiatives (Except Gasline) section.

- Foundation Program - Public School Trust Funds from tobacco taxes fluctuates annually and will reduce or increase the amount of general fund required to fully fund the Foundation program. The published annual report from the Department of Revenue (available online) shows a slight decrease from FY09 to FY10. The FY11 projection also is estimated to be a decrease from FY10. Funding will remain flat in this projection since no long term trends are available.

- Pupil Transportation reflects an increase of $2,689.5 in FY11 based on the Anchorage CPI increases estimated at 2.90% (DLWD). The projection for Pupil Transportation from FY12 through FY20 reflects an average annual increase of 2.75% based on the annual inflation assumption as reported by the Alaska Permanent Fund.

Department of Education & Early Development
10 Year Fiscal Plan Assumptions: FY2011 – FY2020

- Boarding Home Grants and Youth in Detention reflect no increments in a fiscally conservative environment (Special Education Service Agency has minor fluctuations in population. Annual projections are based on the student count and the FY11 number reflects a decrease of -$4.5 from FY10.).

- Special Schools will require a FY10 supplemental increase of $180.0 GF to adjust for the additional public transportation services for the Anchorage School for the Deaf. This amount will be in the FY11 base budget.

- Alaska Challenge Youth Academy includes a decrement of -$602.3 GF in FY11 based on their student count. A long-range projection for ACYA is difficult to determine as any increases/decreases are based on legislative appropriation. The trend over the last 3 years includes an increase of $100 to the Base Student Allocation (BSA); however, this is due to the fiscal note detailed above under the Foundation Program. The department has projected a $100 increase to the BSA FY12 through FY2020 based on this trend. This equates to an approximate increase of $150.0 annually.

  Formula generated increases were rejected by the Alaska State Legislature in FY08 as excessive. Legislation would be required to remove the link to formula funding and create a GF base budget in DMVA for annual appropriations.

- Executive Administration includes a FY11 increment of $291.7 GF justified as follows: During the FY09 legislative session, the legislature passed SB285 (Ch.70) adding AS 14.07.032 and amending AS 14.07.020(a) and AS 14.07.03, which provides the Department of Education & Early Development with the clear, legal authority to improve instructional practices in school districts. The funding in this increment will be directed toward district/school improvement in the areas of math, science, and reading content specialists. The department fully anticipates a critical need for additional contracted staff to address the increasing need to provide professional and technical assistance to school districts. Flat funding is projected from FY12 through FY20 in the base budget. General funds are critical and required to implement and support this state mandate.

- Administrative Services includes an increase of $93.0 in I/A authorization to support a new position within the component. The position will provide a full-time PCN devoted to department procurement which will provide department-wide efficiencies and allow other critical resources to be reallocated.

- School Finance and Facilities contains an increment of 3% GF for school bus inspections contract which will be solicited competitively for a new contract to begin in FY11. This amount ($8.0) is included in the base budget beginning in FY12 as a fixed cost.

Department of Education & Early Development
10 Year Fiscal Plan Assumptions: FY2011 – FY2020

- Student & School Achievement, Assessments section projects a fixed cost annual increase of $350.0 GF for the Alaska Comprehensive Statewide Student Assessment contract. The Standards Based Assessments and the High School Graduation Qualifying Examination are trending with a 3.5% to 4.0% annual increase just to maintain the current level of services. This amount has been included in the baseline budget growth projections beginning in FY12 through FY16. In FY17 a new contractual period will begin. A conservative estimated increase of $475.0 GF has been added to the base budget in FY17-FY20. It is very likely that the actual contractual costs will exceed the estimate; however, the department has no documentation to support future increases. The conservative estimate is based on the department receiving the same level of services and without any major enhancements to the state assessment system.

  Adjustments based on the Mental Health Trust recommendations for Autism Resources and Rural Secondary Transitions, and for the Technical Vocational Educational Program funding (TVEP) are also included in the base. The TVEP funding distribution to Galena for FY11 projects an increase of $38.3.

  The Work Ready/College Ready program has only been implemented in a handful of school districts. Continued support for these state services is projected for full implementation through FY20. Full implementation is estimated to cost $351.6 in GF. This projection is included in the FY12 base budget.

- Early Learning Coordination will reflect the removal of a FY10 one-time-item (OTI) of $200.0 GF, and a matching GF OTI increment in FY11 for a grant to Best Beginnings.

- Alaska State Council on the Arts includes an increment of $70.0 in federal authority to receive and expend additional National Endowment of the Arts grant funding.

- Mt. Edgecumbe High School projects a fixed cost annual increase of $175.0 GF for contractual services in FY12. The Dormitory Management Services, Food Management Services and Janitorial Services will all be competitively solicited for contracts beginning in FY11. Until the bids are received, the department does not yet have any documentation to support a FY11 increment request; however, the FY12 fixed cost increment is based on a conservative estimate of a 6% increase over the next 5 years.

  A full-time Music teacher is included in the FY11 MEHS budget and projected through FY20 resulting in an increase of $54.6 in I/A authorization.

A FY10 one-time-item will be removed for the 2009 August fuel/utility costs: $57.2 GF. In FY10 and prior years there has been legislation that allows the Office of the Governor to provide a distribution to state agencies to off-set fuel/utility costs, with the amount distributed depending on the cost of oil per barrel. The department anticipates another such distribution in FY10 in a similar amount, or more, than the August 2009 distribution and had included $57.2 in the FY10 budget, but not the succeeding years (FY11-FY20) as the department has no indication that such legislation will be passed in future years.

- State Facilities Rent includes an additional $70.0 GF in the FY12 base budget to provide funding for an increase in the Alaska State Council on the Arts lease. The agency has competitively solicited new workspace and the increase is based on the successful bid cost allocations received by the Division of General Services. The increase in not included in the FY11 Governor's budget as the bid costs had not yet been calculated at the time of the department's budget submission; however, the department will be requesting the leasing facility increase in the FY11 Governor's amended budget.

- New developments regarding federal grants are currently being pursued by the Division of Libraries, Archives and Museums. The divisions are close to exceeding their federal receipt authority. It has been the practice of the department to seek approval for an increase in federal receipts through the LB&A process; however, the time may come when it may prove to be more efficient to increase the division's federal receipt authority during the budget cycle to establish an appropriate federal receipt base to accommodate future additional grants. This situation has not been projected for this exercise, though should developments mandate such actions, projections for additional federal receipt authority will be included in future releases of this document.

- Alaska Commission on Post Secondary Education – Western Interstate Commission for Higher Education (WICHE) program assumes contractual increases based on current trends at 4% annually in the base beginning in FY12 through FY20.

- Washington, Wyoming, Alaska, Montana and Idaho (WWAMI) Program – University of Washington School of Medicine. Fiscal note for additional students provides an increase of $310.0 GF for FY11 and the program projects an annual increase of 3.4% through FY20 based on the number of students participating. FY11 is the final year of the fiscal note for the program expansion costs. The FY11 $310.0 includes both the fiscal note and 3.4% increases.

Capital

- Mt. Edgecumbe High School - $1,700 GF Deferred Maintenance is included in the FY11 Governor's capital budget request for projects on the priority list developed from the six-year CIP master plan. $5,000.0 has been included annually through FY20

in efforts to complete a majority of the projects in the current six-year CIP master plan. The CIP master plan is scheduled for an update in FY14.

- School Construction/Major Maintenance - Assumes Debt Reimbursement does not sunset and is re-authorized. FY12 through FY20 consists of SC/MM at $150,000.0 annually in the base numbers. The FY11 Governor's capital budget contains $24,770.7 for major maintenance projects on the November 5th release of the state Capital Improvement Projects status list.

NEW INITIATIVES (Except Gasline)

Describe department assumptions for new initiatives (except gasline) appropriations estimates below;

- Foundation Program includes $2,000.0 for the Age 4 Pre-K Program as part of Education Reform that began in FY10 with a $2,000.0 annual increase through FY15 and flat funding projected from FY16 out to FY20 set at $10,000.0 annually. The annual increases will serve an additional 350 children per year under the pilot program and would reach a service level of 1,750 children in FY15 according to this scenario.

- Governor's Performance Scholarship program (GPS): $400,000.0 (5%) from the Constitutional Budget Reserve Fund will be used to produce earnings that will fund the scholarships. The scholarships will be merit-based. To qualify, students will have to take four years of math, language arts and science, in addition to three years of social studies. Also, the higher the GPA of a student, the higher the scholarship award will be. Students must have a 2.5 GPA in order to be eligible for scholarship funds. The GPS program will address the need for Alaska to have highly qualified, highly educated workers and will promote economic growth and opportunity for Alaska families. This funding is introduced in the FY11 budget to create an endowment that is estimated to generate approximately $20,000.0 annually through FY20.

Department of Education & Early Development ARRA Funding Information			
January 2010			
	(in thousands)		
HB 199 Ch 17 SLA09:	**Amount**		**Comments**
Teaching&Learning Support:			Approx. 74% of funding has been received by qualifying school districts
Student&School Achievement	77,838.0	Section 1 Page 2 Line 24-26	
Child Nutrition	289.5	Section 1 Page 2 Line 27	
Commissions&Boards:			
AK State Council on the Arts	300.0	Section 1 Page 2 Line 28-30	
State Fiscal Stabilization Funding	93,043.2		Section 14(b) Page 19 lines 7-10 Received by the Governor's Office for EED $62,338.9 received and approx. $50,203.7 sent to qualifying school districts
LBA Approvals:			
September 28, 2009	706.6		CIP USDOE Impact Aid for Construction Discretionary Grants Program
August 17, 2009	22.0		Archives/AK State Historical Record Advisory Board
August 17, 2009	29.2		AK State Council on the Arts/National Endowment of the Arts Partnership Program
Total:	**172,228.5**		

FY2011 Operating & Capital Budget

December 15, 2009 – Agency Budget

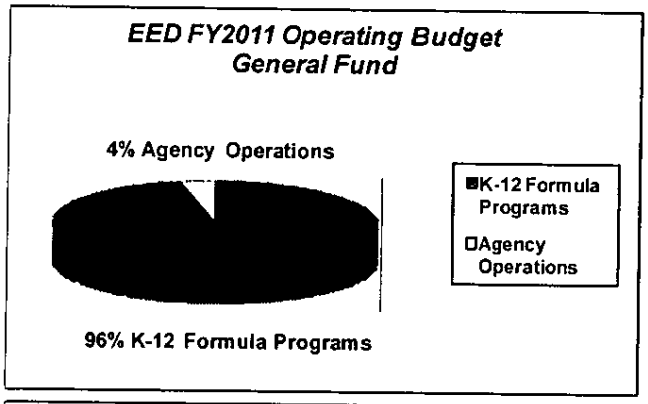
Department of Education & Early Development
*FY2011 Operating Budget - Governor's December 15**

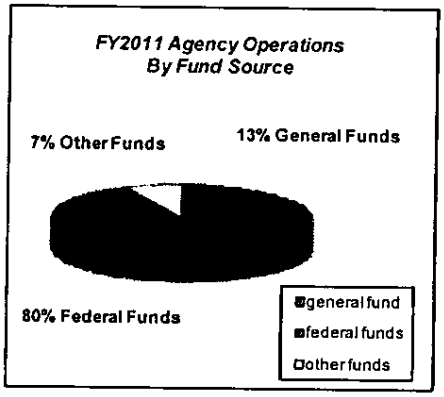
**includes school debt reimbursement, foundation program, pupil transportation & ARRA*

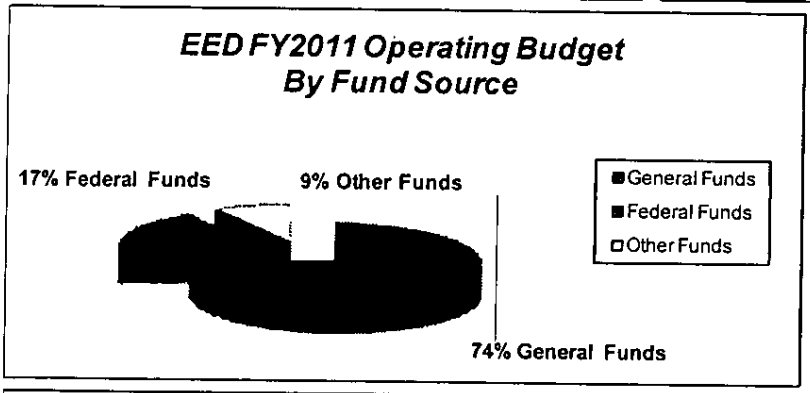
	General Funds	Federal Funds	Other Funds	Total
K-12 Formula Programs	1,130,907.2	20,791.0	116,958.5	**1,268,656.7**
Agency Operations	41,975.6	258,589.3	22,651.8	**323,216.7**
Total	**1,172,882.8**	**279,380.3**	**139,610.3**	**1,591,873.4**

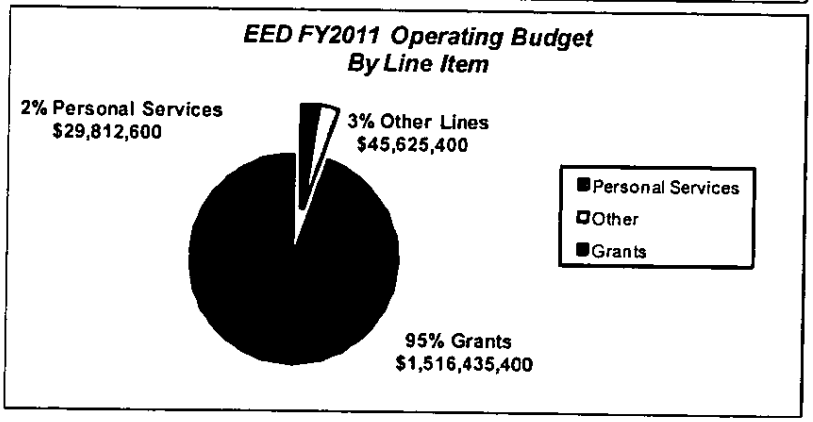
Position Count:

Full-time	334
Part-time	13
Non-perm	3









Department of Education & Early Development
FY2011 Governor's December 15 Budget

	General Funds	Federal Funds	Other Funds	Total
K-12 Formula Programs:				
Foundation Program	1,055,147,400	20,791,000	10,700,000	1,086,638,400
Boarding Home Grants	1,690,800	0	0	1,690,800
Youth in Detention	1,100,000	0	0	1,100,000
Special Schools	3,303,000	0	0	3,303,000
Pupil Transportation	63,839,200	0	0	63,839,200
Alaska Challenge Youth Academy	5,826,800	0	0	5,826,800
School Performance Incentive Program	0	0	0	0
School Debt Reimbursement	0	0	106,258,500	106,258,500
Subtotal K- 12 Formula Programs	**1,130,907,200**	**20,791,000**	**116,958,500**	**1,268,656,700**

	Positions PFT	PPT	NP	General Funds	Federal Funds	Other Funds	Total
Agency Operations:							
Executive Administration	12			2,434,000	0	22,400	2,456,400
Administrative Services	9			615,800	145,000	625,000	1,385,800
Information Services	6			230,800	0	428,100	658,900
School Finance & Facilities	13			1,584,800	0	718,800	2,303,600
Student and School Achievement	69			8,587,700	219,926,200	1,358,500	229,872,400
Statewide Mentoring Program	0			3,900,000	0	600,000	4,500,000
Teacher Certification	5			8,500	0	693,400	701,900
Child Nutrition	9			86,600	35,544,100	0	35,630,700
Early Learning Coordination	3			7,799,700	256,700	0	8,056,400
Professional Teaching Practices Commission	2			277,100	0	0	277,100
Alaska State Council on the Arts	5			695,600	771,800	210,000	1,677,400
Mt. Edgecumbe Boarding School	35	9		3,852,100	0	3,572,100	7,424,200
State Facilities Maintenance	8			0	0	1,084,800	1,084,800
State Facilities Rent	0			2,045,800	0	26,000	2,071,800
Library Operations	35			4,442,200	1,045,500	358,300	5,846,000
Archives	10	0		983,500	40,000	93,500	1,117,000
Museum Operations	14	4		1,466,600	60,000	355,100	1,881,700
ACPE - Program Admin & Operations	99		3	0	800,000	12,505,800	13,305,800
WWAMI Medical Education	0			2,964,800	0	0	2,964,800
Subtotal Agency Operations	**334**	**13**	**3**	**41,975,600**	**258,589,300**	**22,651,800**	**323,216,700**
Total	**334**	**13**	**3**	**1,172,882,800**	**279,380,300**	**139,610,300**	**1,591,873,400**

Department of Education & Early Development
Operating Budget Comparison - General Funds
FY2010 Management Plan to FY2011 Governor's December 15 Budget

	FY2010 Mgmt. Plan	FY2011 Governor's	Mgmt. Plan to Governor's	% Change
K-12 Formula Programs:				
Foundation Program	999,572.3	1,055,147.4	55,575.1	5.6%
Boarding Home Grants	1,690.8	1,690.8	0.0	0.0%
Youth in Detention	1,100.0	1,100.0	0.0	0.0%
Special Schools	3,127.5	3,303.0	175.5	5.6%
Pupil Transportation	61,149.7	63,839.2	2,689.5	4.4%
Alaska Challenge Youth Academy	6,429.1	5,826.8	-602.3	-9.4%
School Debt Reimbursement	0.0	0.0	0.0	0.0%
Subtotal Formula Programs	**1,073,069.4**	**1,130,907.2**	**57,837.8**	5.4%

	FY2010 Mgmt. Plan	FY2011 Governor's	Mgmt. Plan to Governor's	% Change
Agency Operations:				
Executive Administration	2,131.9	2,434.0	302.1	14.2%
Administrative Services	614.0	615.8	1.8	0.3%
Information Services	230.8	230.8	0.0	0.0%
School Finance & Facilities	1,582.7	1,584.8	2.1	0.1%
Student and School Achievement	8,583.4	8,587.7	4.3	0.1%
Statewide Mentoring Program	3,900.0	3,900.0	0.0	0.0%
Teacher Certification	8.5	8.5	0.0	0.0%
Child Nutrition	86.6	86.6	0.0	0.0%
Early Learning Coordination	7,799.7	7,799.7	0.0	0.0%
Professional Teaching Practices Commission	275.0	277.1	2.1	0.8%
Alaska State Council on the Arts	695.3	695.6	0.3	0.0%
Mt. Edgecumbe Boarding School	3,903.2	3,852.1	-51.1	-1.3%
State Facilities Maintenance	0.0	0.0	0.0	0.0%
State Facilities Rent	2,045.8	2,045.8	0.0	0.0%
Library Operations	4,440.2	4,442.2	2.0	0.0%
Archives	983.5	983.5	0.0	0.0%
Museum Operations	1,466.6	1,466.6	0.0	0.0%
ACPE - Program Admin & Operations	0.0	0.0	0.0	0.0%
WWAMI Medical Education	2,654.8	2,964.8	310.0	11.7%
Subtotal Agency Operations	**41,402.0**	**41,975.6**	**573.6**	1.4%
Total Education	**1,114,471.4**	**1,172,882.8**	**58,411.4**	5.2%

Department of Education & Early Development
Operating Budget Comparison - Total Funds
FY2010 Management Plan to FY2011 Governor's December 15 Budget

	FY2010 Mgmt. Plan	FY2011 Governor's	Mgmt. Plan to Governor's	% Change
K-12 Formula Programs:				
Foundation Program	1,033,300.3	1,027,996.5	-5,303.8	-0.5%
Boarding Home Grants	1,690.8	1,690.8	0.0	0.0%
Youth in Detention	1,100.0	1,100.0	0.0	0.0%
Special Schools	3,127.5	3,127.5	0.0	0.0%
Pupil Transportation	61,149.7	60,293.8	-855.9	-1.4%
Alaska Challenge Youth Academy	6,429.1	6,429.1	0.0	0.0%
School Debt Reimbursement	100,045.2	106,258.5	6,213.3	6.2%
Subtotal Formula Programs	**1,206,842.6**	**1,206,896.2**	**53.6**	**0.00%**

	FY2010 Mgmt. Plan	FY2011 Governor's	Mgmt. Plan to Governor's	% Change
Agency Operations:				
Executive Administration	2,154.3	2,154.3	0.0	0.0%
Administrative Services	1,291.0	1,291.0	0.0	0.0%
Information Services	658.9	658.9	0.0	0.0%
School Finance & Facilities	2,301.5	2,451.5	150.0	6.5%
Student & School Achievement	243,253.2	165,517.8	-77,735.4	-32.0%
Statewide Mentoring Program	4,500.0	4,500.0	0.0	0.0%
Teacher Certification	701.9	701.9	0.0	0.0%
Child Nutrition	35,970.4	35,580.7	-389.7	-1.1%
Early Learning Coordination	8,056.4	8,056.4	0.0	0.0%
Professional Teaching Practices Commission	275.0	275.0	0.0	0.0%
Alaska State Council on the Arts	1,895.3	1,605.3	-290.0	-15.3%
Mt. Edgecumbe Boarding School	7,420.7	7,363.5	-57.2	-0.8%
State Facilities Maintenance	1,084.8	1,084.8	0.0	0.0%
State Facilities Rent	2,071.8	2,071.8	0.0	0.0%
Library Operations	5,844.0	5,844.0	0.0	0.0%
Archives	1,117.0	1,117.0	0.0	0.0%
Museum Operations	1,881.7	1,881.7	0.0	0.0%
ACPE - Program Admin & Operations	13,105.1	13,105.1	0.0	0.0%
WWAMI Medical Education	2,654.8	2,654.8	0.0	0.0%
Subtotal Agency Operations	**336,237.8**	**257,915.5**	**-78,322.3**	-23.3%
Total Education	**1,543,080.4**	**1,464,811.7**	**-78,268.7**	-5.1%
Positions:				
Full-time	332.0	334.0	2.0	
Part-time	15.0	13.0	-2.0	
Non-Perm	3.0	3.0	0.0	
Total	350.0	350.0	0.0	

Department of Education & Early Development

Operating Budget **- Changes from FY2010 Management Plan to FY2011 Governor's December 15 Budget**

					FY2010 Management Plan			
		332	*15*	*3*	*1,114,471.4*	*293,373.6*	*135,235.4*	*1,543,080.4*
Component	**Description**	**PFT**	**PPT**	**NP**	**General Funds**	**Federal Funds**	**Other Funds**	**Total**
Personal Services	FY11 Health Insurance adjustments for non-covered employees				29.1	1.8	200.7	231.6
Foundation Program	Public School Trust Fund reduction from Revenue (total - $10,700)						-2,237.0	-2,237.0
Foundation Program	Remove FY10 Foundation Program_PEF tracking				-997,572.3			-997,572.3
Foundation Program	FY11 Foundation Program need (BSA $5,680)				1,053,147.4			1,053,147.4
Foundation Program	Remove Age-4 Pre-K Pilot Program - OTI				-2,000.0			-2,000.0
Foundation Program	Age-4 Pre-K Program				2,000.0			2,000.0
Pupil Transportation	Remove FY10 Pupil Transportation_PEF tracking				-61,149.7			-61,149.7
Pupil Transportation	FY11 Pupil Transportation entitlement				63,839.2			63,839.2
School Debt Reimbursement	Remove FY10 School Fund amount						-23,000.0	-23,000.0
School Debt Reimbursement	FY11 School Fund projection						21,200.0	21,200.0
School Debt Reimbursement	FY11 Debt Reimbursement increment						8,013.3	8,013.3
Special Schools	FY11 School for the Deaf - Pupil Transportation				180.0			180.0
Special Schools	FY11 SESA decrement				-4.5			-4.5
Alaska Challenge Youth Academy	FY11 decrement based on BSA @ $5,680				-602.3			-602.3
Executive Administration	FY11 Math, Reading, Science content specialists	3			291.7			291.7
Administrative Services	FY11 I/A Receipt authority increase to support procurement officer position						93.0	93.0
Student & School Achievement	ARRA - remove carryforward Title I-A					-40,000.0		-40,000.0
Student & School Achievement	ARRA - Title I-A / OTI					34,100.0		34,100.0
Student & School Achievement	ARRA - remove carryforward Title II-D					-3,210.0		-3,210.0
Student & School Achievement	ARRA - Title II-D / OTI					3,000.0		3,000.0
Student & School Achievement	ARRA - remove carryforward McKinney-Vento					-225.4		-225.4
Student & School Achievement	ARRA - McKinney-Vento / OTI					200.0		200.0
Student & School Achievement	ARRA - remove carryforward IDEA Part B					-34,300.0		-34,300.0
Student & School Achievement	ARRA - IDEA Part B / OTI					27,000.0		27,000.0
Student & School Achievement	MH Trust Recommendations - Reverse FY10 OTI Autism Resource Center						-200.0	-200.0
Student & School Achievement	MH Trust Recommendations - FY11 Autism Research Center / OTI						212.0	212.0
Student & School Achievement	FY11 Alaska Technical & Vocational Education Program Funding increase (TVEP)						38.3	38.3
Child Nutrition Programs	ARRA - remove carryforward Temporary Emergency Food Assistance grants					-103.5		-103.5
Child Nutrition Programs	ARRA - remove carryforward National School Lunch Program grants					-286.2		-286.2
Child Nutrition Programs	ARRA - National School Lunch Program grants / OTI					50.0		50.0
Early Learning Programs	FY10 - remove Best Beginnings OTI grant				-200.0			-200.0
Early Learning Programs	FY11 - Best Beginnings grant / OTI				200.0			200.0
Alaska State Council on the Arts	FY11 increase for federal NEA grants					70.0		70.0
Alaska State Council on the Arts	ARRA - remove carryforward NEA grants					-290.0		-290.0
Mt. Edgecumbe Boarding School	FY11 add 1 PCN - FT music instructor	1					54.6	54.6
Mt. Edgecumbe Boarding School	FY10 - remove Fuel/Utility funding distribution				-57.2			-57.2
Mt. Edgecumbe Boarding School	FY11 - delete 2 PCNs (Nurse II, License Practical Nurse)		-2					
ACPE - Program Admin & Ops	FY11 - delete 2 PCNs (Documents Processor, Loan Specialist)	-2						0.0
ACPE - WWAMI	FY11 Increment for WWAMI program expansion				310.0			310.0
	Total Proposed Operating Changes				**58,411.4**	**-13,993.3**	**4,374.9**	**48,793.0**
	Total FY2011 Operating	*334*	*13*	*3*	*1,172,882.8*	*279,380.3*	*139,610.3*	*1,591,873.4*

Alaska Department of Education & Early Development
Public School Funding Program
FY2010 Authorized vs FY2011 Projected
Updated 12/29/09

	FY2010 Authorized	FY2011 *Projected*	Difference
Regular ADM	118,054.70	119,500.50	1,445.80
Correspondence ADM	10,302.42	10,364.00	61.58
Total ADM	128,357.12	129,864.50	1,507.38
Adjusted ADM	230,504.72	237,587.66	7,082.94
Basic Need *	$1,286,216.3	$1,349,497.9	$63,281.6
Required Local Effort	(229,470.4)	(233,272.0)	(3,801.6)
Deductible Impact Aid	(59,427.3)	(61,654.4)	(2,227.1)
Supplemental Funding Floor	276.8	238.2	(38.6)
Quality Schools Grant	3,688.1	3,801.4	113.3
Military Flow Through and Other	26,027.3	26,027.3	0.0
Total	$1,027,310.8	$1,084,638.4	$57,327.6
11/20/09 Foundation Adjustment	$3,989.5		($3,989.5)
Total	$1,031,300.3	$1,084,638.4	$53,338.1
Funding Sources			
1004 General fund	997,572.3	1,053,147.4	55,575.1
1043 P/L 81-874	20,791.0	20,791.0	-
1066 Public School	12,937.0	10,700.0	(2,237.0)
Total	$1,031,300.3	$1,084,638.4	$53,338.1

FY10
* Hold Harmless Provision
* 62.5% ISER
* 11x Intensive
* Base Student Allocation at $5,580

FY11
* Hold Harmless Provision
* 75% ISER
* 13x Intensive
* Base Student Allocation at $5,680

Alaska Department of Education & Early Development
FY2011 Projected State Program Allocation-Request- Based on FY2011 Formula adjustments in Foundation and Pupil Tran.
Projected allocations are subject to adjustment based on individual program requirements.

PREPARED 12/10/09	FY11 Projected ADM	Total Foundation @ $5,680	Boarding Home	Residential Boarding Program	Youth in Detention	Special Schools	AK Challenge Youth Academy	Pupil Transportation	Debt Retirement	PROJECTED FY2011 TOTALS
ALASKA GATEWAY	378	6,222,594						571,554		6,794,148
ALEUTIAN REGION	34	1,390,332						0		1,390,332
ALEUTIANS EAST	252	5,420,335						71,820	512,060	6,004,215
ANCHORAGE	49,395	312,911,475			371,974	1,281,400		20,073,204	46,285,452	380,923,505
ANNETTE ISLANDS	279	2,291,619						18,414		2,310,033
BERING STRAIT	1,655	27,177,440						79,440		27,256,880
BRISTOL BAY	155	1,616,774						364,870		1,981,644
CHATHAM	150	2,940,639						11,232		2,951,871
CHUGACH	256	2,294,240						0		2,294,240
COPPER RIVER	495	7,188,907						675,956		7,864,863
CORDOVA	350	3,775,766						104,650	948,704	4,829,120
CRAIG	665	5,032,552						90,090		5,122,642
DELTA/GREELY	1,022	10,142,063						1,250,262		11,392,325
DENALI	436	4,016,024						434,004		4,450,028
DILLINGHAM	487	5,131,407	34,310					531,981	824,284	6,521,982
FAIRBANKS	14,679	113,756,778			111,593			10,292,500	9,074,519	133,235,390
GALENA	3,671	18,992,980		962,800				70,189		20,025,969
HAINES	284	3,017,028						172,627	912,019	4,101,674
HOONAH	110	1,638,297						33,330	69,896	1,741,523
HYDABURG	55	994,852						0		994,852
IDITAROD	303	4,852,108	21,300					38,773		4,912,181
JUNEAU	5,001	37,486,225			86,708			2,782,060	13,304,889	53,659,882
KAKE	82	1,375,655						16,952		1,392,607
KASHUNAMIUT	311	3,421,956						1,555		3,423,511
KENAI	9,075	66,458,796	26,960		222,591			5,532,590	1,583,496	73,824,433
KETCHIKAN	2,150	17,219,924			66,277			1,551,900	2,486,295	21,324,396
KLAWOCK	123	1,598,994						27,798		1,626,792
KODIAK	2,556	23,396,751						1,506,294	3,354,126	28,257,171
KUSPUK	310	6,112,530	7,540					206,150		6,326,220
LAKE AND PENINSULA	333	9,179,134						128,871	1,101,390	10,409,395
LOWER KUSKOKWIM	4,006	56,272,492		95,000	95,320			853,278		57,316,090
LOWER YUKON	1,948	27,882,874						1,948		27,884,822
MAT-SU	16,765	130,297,544	4,920		62,096			11,966,482	14,296,710	156,627,752
NENANA	980	6,473,289		447,100				114,000		7,034,389
NOME	690	8,286,811			83,441			268,884	233,007	8,872,143
NORTH SLOPE	1,597	13,710,900						1,539,508	1,522,088	16,772,496
NORTHWEST ARCTIC	1,830	30,411,231	17,120					42,090	4,374,823	34,845,264
PELICAN	12	428,079						876		428,955
PETERSBURG	501	5,576,326						140,781	499,001	6,216,108
PRIBILOF	94	1,441,769						0		1,441,769
SAINT MARY'S	160	3,138,090						12,160		3,150,250
SITKA	1,320	11,228,372						558,975	2,284,651	14,071,998
SKAGWAY	79	614,447						2,923		617,370
SOUTHEAST	146	4,299,554						157,136		4,456,690
SOUTHWEST	644	9,780,986	68,630					391,582		10,241,198
TANANA	42	1,035,244						20,412		1,055,656
UNALASKA	415	3,652,794						273,485	837,556	4,763,835
VALDEZ	654	4,173,259						442,758	823,281	5,439,298
WRANGELL	358	3,608,309						186,648	211,495	4,006,452
YAKUTAT	103	1,377,596						75,705		1,453,301
YUKON FLATS	270	6,971,958						68,761		7,040,719
YUKON/KOYUKUK	1,351	11,267,995	5,120					80,864		11,353,979
YUPIIT	450	6,557,735						900		6,558,635
Mt. EDGECUMBE	400	3,069,302						0		3,069,302
OTHER \1		26,027,300				2,021,632	5,826,816		718,800	34,594,548
Sub Totals	129,865	1,084,638,431	185,900	1,504,900	1,100,000	3,303,032	5,826,816	63,839,222	106,258,542	1,266,656,843
TOTALS	129,865	\6 $1,084,638,431	$185,900	$1,504,900	$1,100,000	\2 $3,303,032	\3 $5,826,816	\5 $63,839,222	\4 $106,258,542	$1,266,656,843

\1 OTHER INCLUDES OTHER ADJUSTMENTS.
\2 OTHER INCLUDES ALLOCATION TO SPECIAL EDUCATION SERVICE AGENCY (SESA).
\3 OTHER INCLUDES ESTIMATED ALASKA CHALLENGE YOUTH ACADEMY. Updated with FY2011 BSA.
\4 OTHER INCLUDES ESTIMATED DEBT REIMBURSEMENT PROGRAM OVERHEAD.
\5 Updated with FY2011 CPI increase.
\6 Foundation updated with formula changes: ISER, BSA, Intensive.

SCHOOL CONSTRUCTION DEBT RETIREMENT AS 14.11.100 - FY2011 ESTIMATED STATE AID

Updated 10/15/09

SCHOOL DIST.	90% BOND SALES 7/1/77 TO 1/1/82 2YR LAG	80% ESTIMATED CASH PAYMENTS 2YR LAG	80% BOND SALES 7/1/83 TO 3/31/90 CURRENT PAY	70% BOND SALES 4/1/90 TO PRESENT CURRENT PAY	60% BOND SALES 6/30/99 TO PRESENT CURRENT PAY	90% BOND SALES 6/30/99 TO 10/31/2006 CURRENT PAY	60%-70% & 90% ESTIMATED NEW [redacted] CURRENT PAY	SCHOOL DIST.	ESTIMATED TOTAL DEBT RETIREMENT BY DISTRICT FOR FY2011
ALEUTIANS EAST				136,854	$375,205			ALEUTIANS EAST	512,060
ANCHORAGE			1,505,089	31,456,694	11,972,594		1,351,075	ANCHORAGE	46,285,452
CORDOVA				615,544	293,960		39,200	CORDOVA	948,704
DILLINGHAM				824,284				DILLINGHAM	824,284
FAIRBANKS		962		9,073,557				FAIRBANKS	9,074,519
HAINES				912,019				HAINES	912,019
HOONAH				69,896				HOONAH	69,896
JUNEAU				11,578,481	583,165		1,143,243	JUNEAU	13,304,889
KENAI				1,583,496				KENAI	1,583,496
KETCHIKAN				2,059,723			426,572	KETCHIKAN	2,486,295
KODIAK				1,201,132	931,328		1,221,667	KODIAK	3,354,126
LAKE & PEN				201,390		900,000		LAKE & PEN	1,101,390
MAT-SU				9,251,761	3,028,949		2,016,000	MAT-SU	14,296,710
NOME				143,295	89,712			NOME	233,007
NORTH SLOPE				402,442	1,119,646			NORTH SLOPE	1,522,088
NORTHWEST ARCTIC				3,659,293	279,945	435,585		NORTHWEST ARCTIC	4,374,823
PETERSBURG				184,192	314,809			PETERSBURG	499,001
SITKA				1,765,387	519,264			SITKA	2,284,651
UNALASKA	146,363			691,193				UNALASKA	837,556
VALDEZ				67,221	31,932		724,128	VALDEZ	823,281
WRANGELL				211,495				WRANGELL	211,495
TOTALS	146,363	962	1,505,089	76,089,347	$19,540,509	$1,335,585	6,921,885		105,539,741

THESE ENTITLEMENTS ARE SUBJECT TO ADJUSTMENTS BASED ON ACTUAL BOND PAYMENTS.

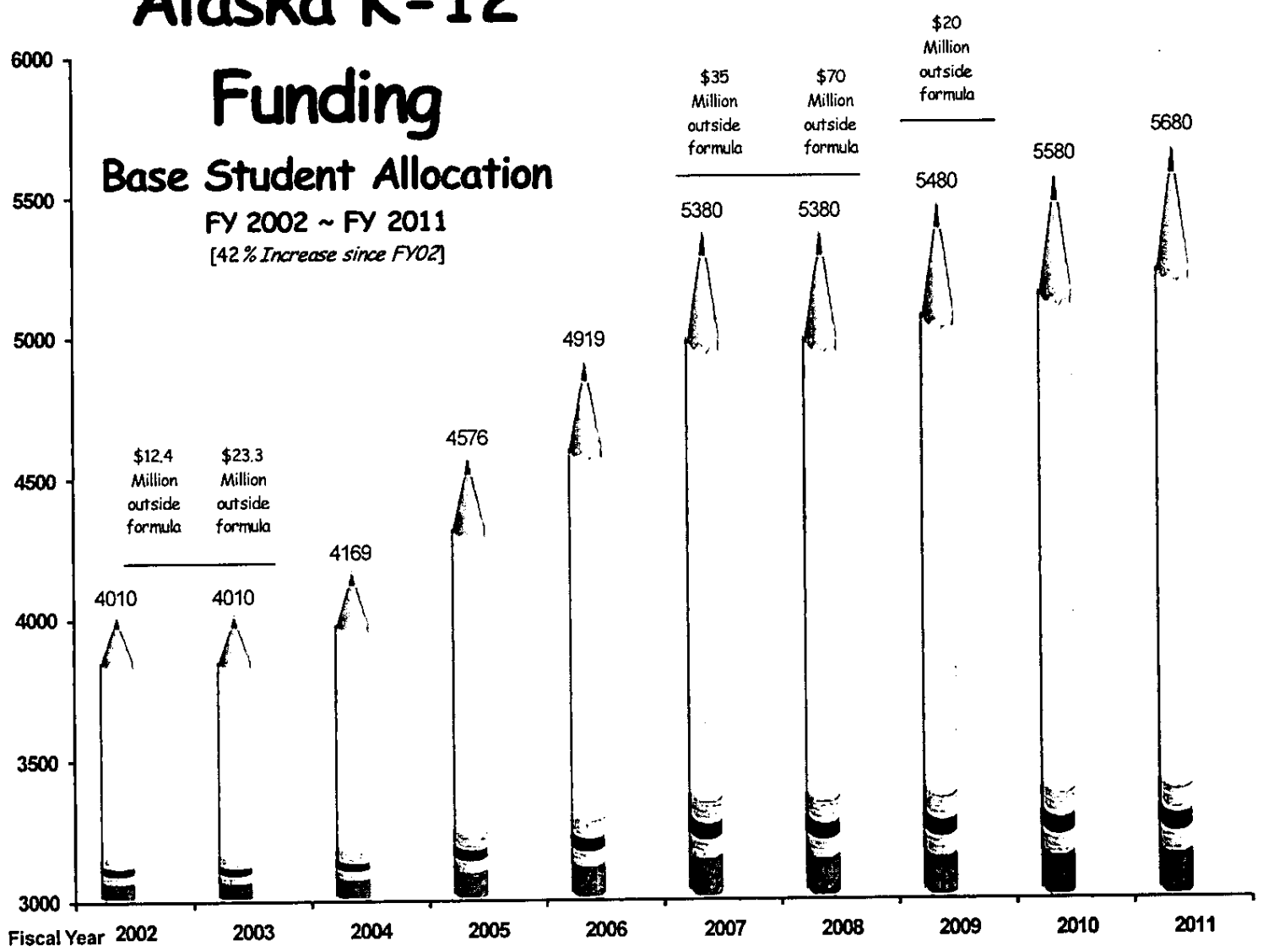
BOND ENTITLEMENT	$98,616,894
CASH ENTITLEMENT	962
SUB TOTAL	**98,617,856**
ESTIMATED DEBT	6,921,885
EST. STATE AID-FY2011	105,539,741
EED OVERHEAD	718,800
TOTAL FY2011 STATE AID	106,258,541

FY2010 Division of Teaching & Learning Support Component / Program Funding

Component / Program	Federal	Federal NCLB	Federal ARRA	General Fund	GF / Mental Health	GF/ Match	Inter Agency Receipts	MHTAAR	Statutory Designated	TVEP	Receipt Supported Services	Donated Commodities	Total	Positions by Program PFT	PPT
Student and School Achievement															
ESEA Title 1 Grants to LEAs		39,500.0	34,100.0										73,600.0	8	
ESEA Title 1B - Even Start		1,200.0											1,200.0	1	
ESEA Title 1 Reading First State Grants		936.0											936.0	1	
Title I-Part C Migrant Education		7,100.0											7,100.0	5	
Title I-Part D Neglected & Delinquent		268.0											268.0		
Title I-Part 1003(g) School & District Improvement		1,578.0											1,578.0		
Special Education	34,000.0	27,000.0											61,000.0	7	
Special Education - Preschool	1,300.0												1,300.0	1	
Improving Teacher Quality		14,000.0											14,000.0	2	
Math and Science Partnerships		900.0											900.0	1	
Title II D Technology		700.0	3,000.0										3,700.0	2	
Title IV 21st Century Community Learning		5,140.0											5,140.0	2	
Title VI School Imp.- Innov.Ed Program Strat.		0.0											0.0	0	
Small Rural School Achievement		170.0											170.0		
State Assessments		3,700.0		6,827.8									10,527.8	16	
Title IV-Safe & Drug Free Schools		1,100.0											1,100.0	1	
Language Acquisition		950.0											950.0	1	
Education for Homeless Children & Youth		180.0	200.0										380.0	1	
Vocational Education Career & Tech	4,600.0					173.8							4,773.8	5	
Charter/Correspondance Schools	1,000.0			131.2									1,131.2	1	
Alaska Community Preschool	300.0												300.0	1	
Counseling (suicide prevention & at risk)					39.8								39.8	1	
Alaska Longitudinal Data System (Unity Project)				610.7									610.7	3	
Spec. Ed. State Improvement Grant Support	550.0				150.0	50.0							750.0	2	
School Health									230.8				230.8	1	
Autism Resource Center					150.0			212.0					362.0		
Senate Youth									1.0				1.0		
Director's Office				354.4									354.4	4	
Galena TVEP Grant										416.2			416.2		
Alaska Mineral & Energy Resources Education Fund-Operating				100.0									100.0		
Alaska Transition to Teaching (AKT2)		650.0											650.0	2	
Unallocated/Carryforward	14,600.0	21,204.2					307.5		191.0				36,302.7		
Total	56,350.0	126,276.2	37,300.0	8,024.1	339.8	223.8	307.5	212.0	422.8	416.2	0.0	0.0	229,872.4	69.0	0.0

Division of Teaching & Learning Support (*continued*)

Component / Program	Federal	Federal NCLB	Federal ARRA	General Fund	GF / Mental Health	GF/ Match	Inter Agency Receipts	MHTAAR	Statutory Designated	TVEP	Receipt Supported Services	Donated Commodities	Total	Positions by Program PFT	PPT
Statewide Mentoring Program															
Statewide Mentoring Program				3,900.0			600.0						4,500.0		
Total	0.0	0.0		3,900.0	0.0	0.0	600.0	0.0	0.0	0.0	0.0	0.0	4,500.0	0	0
Teacher Certification															
Teacher Certification				8.5			16.4				677.0		701.9	5	
Total	0.0	0.0		8.5	0.0	0.0	16.4	0.0	0.0	0.0	677.0	0.0	701.9	5	0
Child Nutrition															
Child Nutrition	34,151.3		50.0	27.2		59.4						352.8	34,640.7	9	
Total	34,151.3		50.0	27.2	0.0	59.4	0.0	0.0	0.0	0.0	0.0	352.8	34,640.7	9	0
Early Learning Coordination															
Early Learning Coordination	256.7			7,799.7									8,056.4	3	
Total	256.7	0.0		7,799.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8,056.4	3	0
RDU Totals															
Student & School Achievement	56,350.0	126,276.2	37,300.0	8,024.1	339.8	223.8	307.5	212.0	422.8	416.2		0.0	229,872.4	69	0
Statewide Mentoring Program	0.0	0.0		3,900.0	0.0	0.0	600.0	0.0	0.0	0.0		0.0	4,500.0	0	0
Child Nutrition	34,151.3	0.0	50.0	27.2	0.0	59.4	0.0	0.0	0.0	0.0		352.8	34,640.7	9	0
Early Learning Coordination	256.7	0.0		7,799.7	0.0	0.0	0.0	0.0	0.0	0.0		0.0	7,799.7	3	0
Teacher Certification	0.0	0.0		8.5	0.0	0.0	16.4	0.0	0.0	0.0	677.0	0.0	701.9	5	0
Total	90,758.0	126,276.2	37,350.0	19,759.5	339.8	283.2	923.9	212.0	422.8	416.2	677.0	352.8	277,514.7	86	0


Alaska K-12
Funding
Base Student Allocation
FY 2002 ~ FY 2011
[42% Increase since FY02]
$12.4 Million outside formula
$23.3 Million outside formula
$35 Million outside formula
$70 Million outside formula
$20 Million outside formula
4010
4010
4169
4576
4919
5380
5380
5480
5580
5680
6000
5500
5000
4500
4000
3500
3000
Fiscal Year 2002
2003
2004
2005
2006
2007
2008
2009
2010
2011

Deferred Maintenance	General Funds	Other Funds	Total
Mt. Edgecumbe High School Deferred Maintenance	1,700,000	-	1,700,000

FY11 Major Maintenance Grants

Nome Beltz Junior/Senior High School Fire Alarm System Replacement	84,337	-	84,337
Nome Beltz Junior/Senior High School Emergency Generator Automatic Switching Replacement	29,807	-	29,807
Metlakatla High School Renovation Alternates	1,202,914	-	1,202,914
Whittier K-12 School Sprinkler Installation and Interior Renovations	1,762,541	-	1,762,541
Yup'ik Vocational Education Building Water Service and Boiler Replacement	123,701	-	123,701
Yup'ik Vocational Education Building Roof Replacement	80,729	-	80,729
Service High School Renovation	21,306,131	-	21,306,131
Mosquito Lake Elementary Mechanical Upgrades	180,491	-	180,491
Total MM:	**24,770,651**	-	**24,770,651**

Total DM:	**1,700,000**	-	**1,700,000.0**
Total MM:	**24,770,651**	-	**24,770,651.0**
Total All:	**26,470,651**	-	**26,470,651.0**

Initiatives of the
Alaska Department of Education & Early Development

The following initiatives are designed to meet the three main goals of the Alaska Education Plan: All students will graduate prepared for careers or postsecondary training and education. Schools will form strong partnerships with families and communities, and will respect and embrace local cultures. Students will have access to safe schools, where they develop healthy and safe practices for life.

State System of Support: EED's State System of Support helps struggling districts build their capacity to improve student achievement. The system brings training, written and online materials, and technical assistance in assessment, curriculum, instruction, leadership, school environment, and professional development.

Alaska Virtual School: A group of K-20 Alaska educators are designing an Alaska virtual school program. Students anywhere in Alaska will have access via technology to high-quality courses taught by Alaska highly qualified, effective teachers. A virtual school could help small schools meet the curricular needs of the Governor's Performance Scholarship and provide rural students with advanced and other specialized courses. Ideally, all students in Alaska will be able to individualize their education with flexible scheduling and access to additional virtual courses and learning opportunities.

Teacher quality: Educators from school districts, the university and EED are developing regulations to improve teacher quality in Alaska, to include: a stronger link between the needs of districts and teacher preparation programs; improving standards for teachers and methods of evaluating teachers; more paths to certification; tying certificate renewals to student achievement; improving our mentoring program for new teachers.

Early learning coordination: The new Alaska Early Childhood Advisory Council will coordinate state systems to provide efficient, effective and accessible services for young children so that all of our children are ready to begin school. The council will foster collaboration between public and private entities. It will tie together family supports for children's physical health, mental health and education.

Health and safety: EED expects to complete a health and safety action plan by June 2010. It adheres to an evidenced-based, nationally endorsed coordinated model for school environment, health education, physical education, school meals and child nutrition, health services, counseling, psychological and mental health services, staff wellness, and parent and community partnerships. The educator-created Alaska Physical Education Standards are already in draft form.

Alternative Schools Healthy School Initiative: EED launched the five-year initiative in fall 2008. The goal is to reduce student risk behaviors associated with disease, premature death, social challenges, and poor academic outcomes. Targeting alternative schools is an efficient way to help Alaska's most at-risk students.

Standards review: EED and Alaska educators will meet in February to review the national K-12 standards in reading and math (referred to as the common core standards) being promoted by the U.S. Department of Education. We will compare the national standards with our own grade-level expectations and performance standards to determine the degree of alignment. EED will use the information to consider whether the national standards would prepare students for college and careers.

Graduation: EED hosts a graduation working group of educators, policy makers, community advocates, cultural leaders, industry leaders and parents. They are developing strategies to keep students in school and to eliminate barriers to graduation. They have identified practices in schools that may discourage students from graduating. They will recommend how schools can identify students who are at risk of leaving school.

Partnerships: Alyse Galvin, EED's first partnership liaison, is working to connect community organizations, families, educators and students. She will soon start up the Families in Education 101 web site. Among the new partnerships is a group of four school districts, businesses, nonprofit organizations, parents, educators and agencies to serve the emotional and social needs of middle school students. Ms. Galvin is developing tools for schools to learn how to be welcoming to families and community members.

Career and technical education: Helen Mehrkens, EED's first career and technical administrator in 20 years, is working with DOL&WD to build an action plan to revitalize career and technical education, open the shops in Alaska's high schools, and integrate CTE into the regular high schools. EED and DOL&WD are working with the Alaska Workforce Investment Board to coordinate the development of career education and to support the Alaska Gasline Inducement Act training program.

Alaska Career Ready: Next school year, we will implement Alaska Career Ready, in which students in grades 6 and 8 take assessments in three skills that employers say are important: reading for information, locating information in visual formats, and applied math. Students in grade 11 will be assessed in those subjects and be able to earn a nationally recognized certificate. Students will have online access to free courses in the assessed subjects and to career information.

Rural education: Phyllis Carlson, the state's first Director of Rural Education, is focusing on assisting EED's interventions in long-struggling districts and schools; creating EED's first Native Leadership Council; and further implementing the state's cultural standards, which were adopted years ago but never acted upon.

Web site redesign: We will rebuild the EED web site so that it readily and engagingly serves the needs of parents, educators and all of EED's customers.

Race to the Top: We are weighing whether to apply for Round Two of the federal grants known as Race to the Top. The application, due June 1, requires a comprehensive plan for education reform created in partnership with participating school districts. Whether we win a grant or not, the plan will guide our reform efforts.

1/28/10 OVERVIEW: UNIVER-SITY OF ALASKA

<target><bill></bill><subject>1-28-10 OVERVIEW UNIVERSITY OF ALASKA</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
9:00 AM

Thursday, January 28, 2010

FY11 Governor's Budget Overview
University of Alaska

Presenters:
Mary K. Hughes, Regent
Mark Hamilton, President
Wendy Redman, Executive Vice President
Michelle Rizk, Associate Vice President

UNIVERSITY
of ALASKA

Many Traditions One Alaska

Governor's Proposed

Fiscal Year 2011
Operating & Capital
Budget Request

Prepared by Statewide Planning & Budget
(907) 450-8191

Actual Expenditures and Revenues FY99, FY07-FY09 and Budgets FY09-FY11 by Fund Source (in thousands)

	FY99	FY07	FY08	FY09	% Change FY99-FY09 Actuals	FY09 Budget	FY10 Budget	FY11 Budget Request
Expenditures								
Personal Services	222,284.8	413,079.0	431,093.0	454,875.0	104.6%	474,119.6	482,731.5	494,905.1
Other	176,899.2	289,571.3	283,976.7	306,627.8	73.3%	363,995.1	344,107.4	352,953.4
Total Expenditures	**399,184.0**	**702,650.3**	**715,069.7**	**761,502.8**	**90.8%**	**838,114.7**	**826,838.9**	**847,858.5**
Revenues								
State Appropriations								
GF	163,354.8	274,671.9	284,458.2	302,526.0	85.2%	302,526.0	317,324.9	328,544.6
GF One-Time [1]		2,640.0	4,957.9	5,074.4	N/A	234.4	1,100.0	
GF Match	2,777.3	4,777.3	4,777.3	4,777.3	72.0%	4,777.3	4,777.3	4,777.3
GF MHTRUST	200.8	200.8	200.8	295.8	47.3%	295.8	300.8	605.8
Technical Vocational Education		2,882.0	3,134.3	4,723.6	N/A	4,723.6	4,723.6	5,201.9
Science/Technology Funds	2,630.0				-100.0%			
Business License Revenue [2]				550.0	N/A	550.0		
State Appropriations Subtotal	**168,962.9**	**285,172.0**	**297,528.5**	**317,947.1**	**88.2%**	**313,107.1**	**328,226.6**	**339,129.6**
Receipt Authority								
Student Tuition/Fees [3]	48,685.0	84,461.5	92,050.0	98,117.2	*See Note 3	103,277.9	109,257.6	116,138.0
Indirect Cost Recovery	14,646.7	30,937.4	30,731.6	30,086.0	105.4%	37,142.3	35,438.7	35,766.6
Other University Receipts	85,703.4	123,144.0	114,174.6	128,847.1	50.3%	150,215.4	144,117.5	147,877.6
University Receipts Subtotal	**149,035.1**	**238,542.9**	**236,956.2**	**257,050.3**	**72.5%**	**290,635.6**	**288,813.8**	**299,782.2**
Federal Receipts	49,522.9	119,090.4	115,635.3	116,355.4	135.0%	156,076.9	131,558.5	132,798.7
State Inter Agency Receipts		11,355.6	11,926.7	13,092.9	N/A	18,670.0	14,170.0	15,301.1
MHTAAR		825.0	1,085.0	1,407.6	N/A	1,622.5	1,617.0	1,693.2
CIP Receipts	1,633.3	3,466.1	5,286.0	4,614.0	182.5%	4,881.6	7,300.0	7,630.7
UA Intra Agency Receipts	29,388.4	44,192.3	46,650.5	51,033.7	73.7%	53,121.0	51,521.0	51,521.0
Receipt Authority Subtotal	**229,579.7**	**417,472.3**	**417,539.7**	**443,553.9**	**93.2%**	**525,007.6**	**494,980.3**	**508,726.9**
Revenues Subtotal	**398,542.6**	**702,644.3**	**715,068.2**	**761,501.0**	**91.1%**	**838,114.7**	**823,206.9**	**847,856.5**
Other Appropriations [4]	641.4	6.0	1.5	1.8		4,842.0	3,632.0	2.0
Total Revenues	**399,184.0**	**702,650.3**	**715,069.7**	**761,502.8**	**90.8%**	**842,956.7**	**826,838.9**	**847,858.5**

1. One-time Items Include: FY07 $2,640.0 for Utility Increases; FY08 $2,640.0 & $2,317.9 Utility Increases; FY09 $4,840.0 (Actual) for Utility Increases, $234.4 for Workforce Development Stipend (ACCFT); and FY10 $150.0 for UAF Virology Facility Operating Costs, $500.0 for Fairbanks Organized Research Alaska Center for Energy and Power Leadership, $450.0 for Cooperative Extension Service - Energy Outreach.

2. The $550.0 funded with Business License Revenue in FY09 was moved to General Funds in FY10.

3. Commencing in FY03, in accordance with GASB 34, the university is required to report student tuition and fee revenue and auxiliary receipts net of allowances and discounts, with corresponding offsets in scholarships. Without the adjustment for this accounting change, student tuition and fees at UA would be: FY07 $91,466.1; FY08 $99,916.0; FY09 $107,369.7 an increment of 120.5 percent above FY99. For more details please visit the Statewide Planning and Budget website at: http://www.alaska.edu/swbir/budget/publications/TuitionDescription/tuitionallowance.pdf

4. Other Appropriations Include: FY99 $594.9 for Y2K assessment and remediation, and $46.5 reappropriation for library books; FY07 $2.0 License Plate Revenue, and $4.0 for ETS Chargebacks; FY08 $1.5 License Plate Revenue; FY09 $1.8 (Actual) and $2.0 (Budget) License Plate Revenue, and $4,840.0 (Budget) One-Time Funding for Utility Increases; FY10 $2.0 (Budget) License Plate Revenue, and $1,650.0 & $1,980.0 (Budget) One-Time Funding for Utility Increases; and FY11 $2.0 (Budget) License Plate Revenue.

Table of Contents

Governor's Proposed FY11 Operating Budget (TAB) 1
Governor's Proposed Budget-Adjusted Base Requirement Detail (TAB) 2
Operating Budget Adjusted Base Requirements 3
Operating Budget Priority Program Enhancement and Growth 4
Operating Budget Adjustments 5

Governor's Proposed FY11 Capital Budget (TAB) 6
Priority Renewal and Renovation (R&R) Projects by MAU 7
Capital Budget Project Descriptions 10

Performance Measures (TAB) 17

References (TAB)
Revenue & NCHEMS Descriptions 40

Operating
FY10 Board of Regents' Request to FY10 Authorized Budget 45
FY10 State Appropriation Distribution by MAU 47
FY10 Operating Budget Program Funding Summary 48
Budget Authority and Actual Revenue by Source FY09-FY11 51
FY99, FY06-FY09 Actual Expenditures by NCHEMS 52
FY06-FY09 Actual Expenditures by MAU/Campus 53
FY08-FY11 Budget by MAU/Campus 54
FY11 Budget Increment by MAU/Campus 55
Student Credit Hours by Academic Organization 56
Headcount by Academic Organization and MAU 57
Tuition Rate History 2004-2012 58

Capital
Major Renewal and Renovation Background Information 59
Renewal and Renovation Distribution Methodology 60
Capital Budget Request v. State Appropriation 61
Capital Budget Request v. State Appropriation (chart) 62
State Appropriations for Capital Projects Summarized by Category 63
Avg. Capital Request by Category vs. Avg. Appropriation (chart) 64

Space Lease Notice to Legislators 65

Governor's Proposed FY11 Operating Budget
University of Alaska
(in thousands)

The Governor's Proposed FY11 Operating Budget for the University of Alaska totals $847.9 million, an increase of 3.7 percent from FY10. Of the $847.9 million budget, $339.1 million is state funding and $508.7 million is authority for university generated revenue. The state appropriation increase is $12.0 million, a 3.7 percent increase from $327.1 million in FY10.

The Governor's Proposed FY11 Operating Budget for the University of Alaska includes $10.3 million to support UA's compensation increases and other adjusted base requirements and aligns with the UA Board of Regents' most pressing priorities. The FY10 one-time funded programs for Alaska Center for Energy and Power and Energy Outreach through Cooperative Extension Service are also included in the Governor's Proposed Budget. UA's budget includes 3.1 percent dedicated to maintaining the responsive programs and services already established.

	Gov's Proposed Budget		
	State Approp. *	**Receipt Authority**	**Total**
FY10 Operating Budget	**328,226.6**	**494,980.3**	**823,206.9**
FY10 Adjustments			
Virology operating costs-one time item	(150.0)	-	(150.0)
Alaska Center for Energy and Power-one time item	(500.0)	(1,318.4)	(1,818.4)
Cooperative Extension Service - Energy Outreach-one time item	(450.0)	(1,350.0)	(1,800.0)
Mental Health Trust and MHTAAR	-	(1,617.0)	(1,617.0)
Subtotal - FY10 Adjustments	(1,100.0)	(4,285.4)	(5,385.4)
FY10 Operating Budget after Adjustments	**327,126.6**	**490,694.9**	**817,821.5**
Adjusted Base Requirements			
Compensation Increases	5,925.0	5,985.6	11,910.6
Non-Personnel Services Fixed Cost Increases	2,168.4	6,584.8	8,753.2
Utility Cost Increases	1,484.3	1,100.0	2,584.3
New Facility Operating and Maintenance Costs	692.0	-	692.0
Subtotal - Adjusted Base Requirements	**10,269.7**	**13,670.4**	**23,940.1**
	3.1%	*2.8%*	*2.9%*
Priority Program Enhancement and Growth			
Energy	950.0	2,668.4	3,618.4
Subtotal - Priority Programs	**950.0**	**2,668.4**	**3,618.4**
	0.3%	*0.5%*	*0.4%*
FY11 Adjustments			
FY11 Additional TVEP Funding	478.3	-	478.3
Mental Health Trust and MHTAAR	-	1,693.2	1,693.2
Department of Health and Social Services Transfer	305.0	-	305.0
Subtotal - FY11 Adjustments	**783.3**	**1,693.2**	**2,476.5**
	0.2%	*0.3%*	*0.3%*
Total FY11 Increment Request	**12,003.0**	**18,032.0**	**30,035.0**
Total FY11 Operating Budget	**339,129.6**	**508,726.9**	**847,856.5**
% Change FY10 Operating Budget after Adjustments to FY11 Request	*3.7%*	*3.7%*	*3.7%*

* State Appropriations include: General Fund, General Fund Match, General Fund Mental Health, Technical Vocational Education Program, and Business License Revenue.

1913

Governor's Proposed Budget-University of Alaska
FY11 Operating Budget Adjusted Base Requirements Detail
(in thousands)

Compensation by Employee Group	State Approp.	Receipt Authority	Total
University of Alaska Federation of Teachers (UAFT) [1]			
AK. Higher Ed. Crafts and Trades Employees (AHECTE)	1,518.1	182.3	1,700.4
United Academics Faculty (UNAC)	2,348.7	2,733.1	5,081.8
UA Staff, Adjuncts and Student	5,202.4	3,070.2	8,272.6
Apply FY10 Staff Benefit Reserves	(3,144.2)	-	(3,144.2)
Subtotal - Compensation	**5,925.0**	**5,985.6**	**11,910.6**
Additional Operating Cost Increases			
Non-Personnel Services Fixed Cost Increases	2,168.4	6,584.8	8,753.2
Facilities Maintenance and Repair Requirement	*1,516.4*	*1,516.3*	*3,032.7*
SW Network Infrastructure/Connectivity	*652.0*	-	*652.0*
Other Fixed Cost Increases	-	*5,068.5*	*5,068.5*
Utility Cost Increases	1,484.3	1,100.0	2,584.3
New Facility Operating and Maintenance Costs	692.0	-	692.0
Integrated Sciences Building (ISB) (UAA)	*429.0*	-	*429.0*
State Virology Lab (UAF portion) [2]	*263.0*	-	*263.0*
Subtotal - Additional Operating Cost Increases	**4,344.7**	**7,684.8**	**12,029.5**
Total Adjusted Base Requirements	**10,269.7**	**13,670.4**	**23,940.1**

(1) Contract ends 06/30/10, negotiations to begin late October 2009

(2) $150.0 one-time funding in FY10

University of Alaska
FY11 Operating Budget Request Items

Adjusted Base Requirements
(GF: $10,269.7, NGF: $13,670.4, Total: $23,940.1)
The Governor's Proposed FY11 Operating Budget for the University of Alaska includes $10.3 million of UA's requested $11.7 million in state appropriations to support UA's adjusted base increment requirements. The adjusted base requirements include employee compensation increases and non-personnel related increases.

Compensation Increases
(GF: $5,925.0, NGF: $5,985.6, Total: $11,910.6)

- Compensation Increases
  The requested amount covers the negotiated contract agreements and benefits costs for AHECTE, UNAC faculty, UNAD, and the policy mandated salary increase and benefit costs for UA employees not represented by a union. The request applies the savings from a reduction in staff benefit rates from FY09 to FY10. Funding to increase student wages, which have not been increased since 2003, is also being requested.

  The UAFT collective bargaining agreement expires on 6/30/10 with contract negotiations beginning in late October 2009. In the absence of a ratified contract containing a salary increase for unit members for FY11, no increase is being requested for the UAFT bargaining unit at this time. Once the labor contract is finalized, the University will submit a supplemental or amended request for the funding as needed.

  Employer contributions for health are expected to remain the same as FY10. FY11 retirement rates are also expected to be the same as FY10; for PERS, 22.00%; TRS, 12.56%; and ORP1, 12.56%.

Non-Personnel Services Fixed Cost Increases
(GF: $2,168.4, NGF: $6,584.8, Total: $8,753.2)

- Facilities Maintenance and Repair Requirement
  UA's annual maintenance and repair is calculated at a minimum 1.5 percent of current building value. Each MAU is asked to annually increase its operating budget dedicated to facilities maintenance, often referred to as M&R, in order to keep pace with its ever increasing building maintenance needs.

- SW Network Infrastructure/Connectivity
  This funding is necessary to fully utilize the high-speed network connectivity currently provided by the GCI broadband capacity gift circuit between the University of Alaska and the national research/educational network Internet2. This connectivity provides researchers greater network resources to collaborate with colleges both inside and outside of Alaska and serves as an incentive to bring new research into the state.

  This request also provides expansion of the available bandwidth to UA Community Campuses and rural locations, enabling contemporary technologies and increased service delivery of both existing and future network based applications, VoIP, and other converged applications. Specifically, this will improve the availability and speed of implementation for telecommunications services.

- Other Fixed Cost Increases
  The requested University generated funds will be used toward non-discretionary cost increases estimated at 1.5%, in contractual services and commodities.

Utility Cost Increases
(GF: $1,484.3, NGF: $1,100.0, Total: $2,584.3)

- Utility Cost Increases
  This request covers the projected FY11 utility and fuel oil cost increases, estimated at a 10 percent increase over FY10. FY07-FY10 increases will be offset through a utility fuel trigger mechanism and if necessary, a request for supplemental funding will be submitted.

New Facility Operating and Maintenance Costs
(GF: $692.0, NGF: $0.0, Total: $692.0)

- Integrated Sciences Building (ISB) (UAA)
  The FY11 request provides funding for the maintenance and operating costs for the new facility. This request was partially funded in FY10.

- State Virology Lab (UAF Portion)
  This request covers the maintenance requirement and anticipated new facility operating costs. This request received partial one-time funding in FY10.

Priority Program Enhancement and Growth-Energy
(GF: $950.0, NGF: $2,668.4, Total: $3,618.4)
Energy funding will address solutions to the state's most pressing energy issues, including outreach through the Alaska Cooperative Extension Service and will provide a sustainable funding source for the Alaska Center for Energy and Power (ACEP) to continue critical energy research and testing and development of economic opportunities for the State, its residents, and its industries.

- UAF Alaska Center for Energy and Power Leadership
  (GF: $500.0, NGF: $1,318.4, Total: $1,818.4)
  Alaska's world class energy resources, including oil, gas, and coal are the source of much of the state's wealth. Alaska has unique challenges and opportunities associated with developing its energy resources, and the university seeks to fulfill the need for basic and applied energy research at a critical time in Alaska's history. Alaska's rural communities have reached a crisis level in the escalating cost of energy. Along the Railbelt, traditional fossil fuel-based resources used for power generation, such as Cook Inlet natural gas, are in decline. Yet the state consumes 40 percent more fuel per capita than any other state, and more than three times the national per-capita average. New energy research and testing is needed over the short and long term to lower the cost of energy throughout Alaska and develop economic opportunities for the State, its residents, and its industries. This increment is to sustain and build upon the initial investment of the Institute of Northern Engineering in the Alaska Center for Energy and Power (ACEP). Funding for the ACEP Director is needed for the sustainability of the energy program, and to set the course for future energy research both at ACEP and across the university system. Funds are also requested to support faculty leaders in critical areas such as geothermal technologies and exploration, renewable power (e.g., wind, solar, bio, and hydrokinetic), and alternative fuels. Support staff positions will manage grants and contracts and supervise the acquisition,

maintenance, and operation of energy research equipment. This request received one-time funding in FY10.

- UAF Cooperative Extension Service - Energy Outreach
  (GF: $450.0, NGF: $1,350.0, Total: $1,800.0)
  Cooperative Extension will work with the Alaska Center for Energy and Power (ACEP) and other University researchers to bring applicable energy research information to communities throughout the State. Alaska's rural communities have reached a crisis level in the escalating cost of energy. Along the Railbelt, traditional fossil fuel based resources used for power generation, such as Cook Inlet natural gas, are in decline. Yet the state consumes 40 percent more fuel per capita than any other state, and more than three times the national per-capita average. New energy research and testing, to be conducted through the Alaska Center for Energy and Power, is needed for the short and long term to lower the cost of energy throughout Alaska and develop economic opportunities for the State, its residents, and its industries. The university and collaborating organizations also conduct research on renewable energy sources and on building construction and renovation techniques that conserve energy. The Cooperative Extension Service is the University unit that disseminates research information in an understandable and usable form to Alaskans in both urban and rural settings. This request received one-time funding in FY10.

FY11 Adjustments
(GF: $783.3, NGF: $1,693.2, Total: $2,476.5)
These adjustments include requests outside of the University of Alaska's normal budgeting process or transfers from other state agencies.

- Technical Vocational Education Program
  (TVEP: $478.3, NGF: $0.0, Total: $478.3)
  This is the anticipated increase in UA's Technical Vocational Education Program (TVEP) funding in FY11. This funding, commonly referred to as workforce development, is focused on priority workforce development areas established by the Alaska Workforce Investment Board (AWIB).

- Mental Health Trust and MHTAAR
  (GFMHT: $0.0, NGF: $1,693.2, Total: $1,693.2)
  Funding will be directed toward further enhancement of the Behavioral Health Initiatives Partnership (BHIP) between the University of Alaska, the State of Alaska Department of Health and Social Services and the Alaska Mental Health Trust Authority.

- Department of Health and Social Services Transfer
  (GFMHT: $305.0, NGF: $0.0, Total: $305.0)
  In FY2008, the Division of Behavioral Health received $105.0 GFMHT for the Bring the Kids Home (BTKH) Residential Aide Training program and $200.0 GFMHT for the BTKH Training Academy. This change transfers the GFMHT funding for these programs from the Division of Behavioral Health to the University of Alaska, who presents the academy.

Governor's Proposed FY11 Capital Budget
University of Alaska
(in thousands)

The Governor's Proposed FY11 Capital Budget includes $162.5 million to address the UA Board of Regents' priorities: Annual Requirement for Maintenance and Reducing Deferred Maintenance, UAF Life Sciences Classroom and Lab Facility, Community Campus Feasibility Study, and University Receipt Authority.

The Annual Requirement for Maintenance and Reducing Deferred Maintenance of $37.5 million from state funds represents approximately 2 percent of UA's facilities adjusted value. Major renewal projects covered in this request include the Science Building Renewal in Anchorage, critical restroom renovations in the Skarland Hall and critical electrical utility repairs in Fairbanks, as well as campus entry and road improvements to Auke Lake Way in Juneau. UA is responsible for approximately 37.5% of the total gross square footage of state facilities.

UAF Life Sciences Classroom and Lab Facility will provide critical instructional classrooms and research lab space for life science programs, one of the most popular programs for degree-seeking students. UAF's biology program is one of the most productive arctic research programs in the circumpolar north. Facilities for UAF's life science programs, however, are insufficient and outdated. Labs in the Bunnell building from the 1960's and Irving building do not meet current needs. This project includes approximately 97,700 square feet, approximately 40,000 square feet of academic and classroom space and 57,700 square feet of research space. Once completed, space in Bunnell and Irving would become available for renovation and reassignment to other programs. Funding will complete design, construction and build-out of the facility and the necessary utilities.

A Community Campus Feasibility Study will enable the university to evaluate each community campus, using the academic and campus master plans to identify academic priorities and support infrastructure needs, then test the ability of the current campus facilities to meet those needs. Any gap between need and existing facilities will be identified, then as appropriate, projects will be developed for inclusion in the University's Capital Improvement Plan.

	State Approp.	Receipt Auth.	Total
Annual Requirement for Maintenance & Reducing Deferred Maintenance	37,500.0		37,500.0
UAF Life Sciences Classroom & Lab Facility	87,975.0	20,625.0	108,600.0
Community Campus Feasibility Study	1,400.0		1,400.0
University Receipt Authority		15,000.0	15,000.0
Total FY11 Capital Budget	**126,875.0**	**35,625.0**	**162,500.0**

University of Alaska
FY11 Priority R&R Projects by MAU
(in thousands)

Project Name	Campus	State Approp.	Cumulative Total
UA Anchorage Campus			
Science Building Renewal	Anchorage	10,200.0	10,200.0
Beatrice McDonald Building Renewal	Anchorage	10,300.0	20,500.0
Engineering Building Renewal	Anchorage	3,500.0	24,000.0
Consortium Library Upgrades	Anchorage	1,650.0	25,650.0
Fine Arts Mechanical System Renewal	Anchorage	7,500.0	33,150.0
MAC Housing Renewal	Anchorage	12,000.0	45,150.0
Campus Roof Replacement	Anchorage	5,000.0	50,150.0
Campus HVAC Upgrades	Anchorage	1,000.0	51,150.0
EM1 and EM2 Piping Replacement	Anchorage	1,500.0	52,650.0
Campus Roads, Curbs and Sidewalks	Anchorage	6,400.0	59,050.0
Mechanical/Electrical Systems Renewal	Anchorage	1,500.0	60,550.0
Cuddy Phase II	Anchorage	11,000.0	71,550.0
Social Sciences Building Phase IV	Anchorage	8,000.0	79,550.0
Classroom & Lecture Hall Lighting Upgrades	Anchorage	2,500.0	82,050.0
Building Automation System Renewal	Anchorage	1,000.0	83,050.0
Bookstore/Student Union Renewal ($1M UAR)	Anchorage	11,500.0	94,550.0
Bookstore Air Conditioning	Anchorage	1,000.0	95,550.0
Wendy Williamson Auditorium Renewal - Phase II	Anchorage	1,000.0	96,550.0
Campus Wayfinding - Phase II	Anchorage	750.0	97,300.0
ENRI Building Renewal (707 A St.)	Anchorage	8,750.0	106,050.0
Emergency Generator Upgrades / Replacements	Anchorage	5,000.0	111,050.0
Fire Alarm Panel Upgrade	Anchorage	500.0	111,550.0
Electrical Feeder/Panel Upgrade	Anchorage	280.0	111,830.0
Elevator Code Upgrades	Anchorage	750.0	112,580.0
Additional Identified Deferred Renewal Need		112,352.0	224,932.0
UAA Community Campuses			
Community Campus Fire Systems Upgrade	Multiple	1,000.0	1,000.0
KPC Kenai River Campus Water Connection to City Water System	Soldotna	600.0	1,600.0
PWSCC Wellness Center/Student Life Renewal	PWSCC	3,600.0	5,200.0
Mat-Su HVAC, Boiler and Exhaust Fan Replacement	Mat-Su	2,440.0	7,640.0
Kodiak College Campus Renewal	Kodiak	3,880.0	11,520.0
KPC Kachemak Bay Campus Renewal	Kenai	600.0	12,120.0
KPC Kenai River Campus Boiler/HVAC Renewal	Kenai	1,000.0	13,120.0
Community Campus Code and ADA Projects	Multiple	1,000.0	14,120.0
Mat-Su Student Services Remodel	Mat-Su	580.0	14,700.0
PWSCC Parking and Security Upgrades	PWSCC	1,665.0	16,365.0
Mat-Su Science Lab Renewal Phase II	Mat-Su	570.0	16,935.0
Mat-Su Card Key Access	Mat-Su	555.0	17,490.0
PWSCC Campus Renewal	PWSCC	3,900.0	21,390.0
KPC Kenai River Campus Academic Center/Classroom Renewal	Kenai	1,500.0	22,890.0
PWSCC Housing Renewal ($1.9M UAR)	PWSCC	1,500.0	24,390.0
Mat-Su Bridge Enclosure	Mat-Su	600.0	24,990.0
Kodiak Entrance Road Realignment and Exterior Lighting	Kodiak	5,550.0	30,540.0
PWSCC Doors and Locks Upgrade	PWSCC	555.0	31,095.0

University of Alaska
FY11 Priority R&R Projects by MAU
(in thousands)

Project Name	Campus	State Approp.	Cumulative Total
Mat-Su Parking/Road/Circulation Renewal	Mat-Su	1,500.0	32,595.0
Mat-Su Restroom Upgrades	Mat-Su	500.0	33,095.0
KPC Kachemak Bay Campus Paint Roof	Kenai	170.0	33,265.0
KPC Kenai River Campus Roof Repair-Replacement	Kenai	300.0	33,565.0
Additional Identified Deferred Renewal Need		18,975.0	52,540.0
UA Fairbanks Campus			
Skarland Hall Critical Restroom Renovation	Fairbanks	3,902.3	3,902.3
Critical Electrical Distribution (High Voltage)	Fairbanks	10,000.0	13,902.3
Atkinson Heating Plant Critical Utilities Revitalization	Fairbanks	20,500.0	34,402.3
Fairbanks Campus Main Waste Line Repairs	Fairbanks	3,250.0	37,652.3
TVCC Space Revitalization Phase 4	Tanana Valley	5,000.0	42,652.3
Atkinson Heating Plant Boiler and Turbine Replacement	Fairbanks	5,000.0	47,652.3
Elvey Electrical Renewal	Fairbanks	2,250.0	49,902.3
Arctic Health Research Building Deferred Renewal - Phase 3 of 4 for Initiative Programs	Fairbanks	16,000.0	65,902.3
Energy Conservation	Fairbanks	22,250.0	88,152.3
University Park Building Demolition	Fairbanks	400.0	88,552.3
Classroom Renovation	Fairbanks	1,000.0	89,552.3
Salisbury Theater Renovation	Fairbanks	2,650.0	92,202.3
Honors House Sustainable Retrofit ($1.5M UAR)	Fairbanks		92,202.3
Elvey Building Renewal	Fairbanks	2,000.0	94,202.3
Upper Dormitory Emergency Egress Code Corrections	Fairbanks	1,750.0	95,952.3
Eielson/Signers' Code Corrections	Fairbanks	7,700.0	103,652.3
Campus Wide Housing Sprinklers	Fairbanks	1,200.0	104,852.3
Fairbanks Main Campus Wide Roof Replacement	Fairbanks	2,725.0	107,577.3
Lola Tilly Food Refrigeration Emergency Power	Fairbanks	350.0	107,927.3
ADA Compliance Ongoing Campus Wide	Fairbanks	2,200.0	110,127.3
Kodiak FITC Renewal	Kodiak	1,500.0	111,627.3
Palmer Farm Seed Building Seismic/Code Upgrade	Mat-Su	2,200.0	113,827.3
Colony House Renovation	Fairbanks	200.0	114,027.3
Barnette Parking Garage Deferred Maintenance	Tanana Valley	2,000.0	116,027.3
Additional Identified Deferred Renewal Need		634,745.4	750,772.7
UAF Community Campuses			
Kuskokwim Campus Facility Critical Deferred and Voc-Tech Renewal - Phase 2 of 4	Kuskokwim	3,000.0	3,000.0
Community Campus Energy Conservation	Multiple	1,750.0	4,750.0
Additional Identified Deferred Renewal Need		12,122.0	18,872.0

University of Alaska
FY11 Priority R&R Projects by MAU
(in thousands)

Project Name	Campus	State Approp.	Cumulative Total
UAS Juneau Campus			
Auke Lake Way Campus Entry Improvements & Road Realignment	Juneau	4,160.0	4,160.0
Hendrickson Remodel and Renovation	Juneau	3,100.0	7,260.0
Whitehead Computer Room Upgrade	Juneau	310.0	7,570.0
Technology Education Center Diesel Lab Renovation	Juneau	490.0	8,060.0
Juneau Campus Fire Alarm Replacement	Juneau	510.0	8,570.0
Additional Identified Deferred Renewal Need		1,057.2	9,627.2
UAS Community Campuses			
Sitka Hangar Code Corrections	Sitka	3,540.0	3,540.0
Additional Identified Deferred Renewal Need		101.4	3,641.4
Statewide			
Butrovich Building Repairs	Statewide	599.4	599.4
OIT Butrovich Computer Facility Backup Power	Fairbanks	2,000.0	2,599.4
Additional Identified Deferred Renewal Need		2,060.0	4,659.4

1921

Maintaining Existing Facilities

UA's FY11 Annual Requirement for Maintenance and Reducing Deferred Maintenance of $37.5 million from state funds represents approximately 2 percent of UA's facilities adjusted value. An investment of $37.5 million each year for the next 5 years will enable UA to begin reducing the deferred maintenance and renewal backlog. The highest priority projects are listed below by MAU.

UAA Main Campus - Renewal and Renovation (R&R)

- **UAA Physical Science Building Renewal**
  FY11 (GF: $10,200.0, Total: $10,200.0)
  The renewal for this building includes HVAC and lighting replacement, building automation controls upgrade, fire notification system replacement, HAZMAT removal, plumbing and fixtures replacement, roof repairs, and building envelope upgrades to improve energy efficiency. The work also includes lab and classroom work to support the redefined function. Consultants reviewed the building and the backfill program plan and developed a renovation plan for the building. Funding received in FY10 was used to fund the design a portion of this project.

- **UAA Beatrice McDonald Building Renewal**
  FY11 (GF: $10,300.0, Total: $10,300.0)
  These labs will need refitting to meet program requirements. Work scope includes HAZMAT abatement, building structure upgrades, roofing repairs, architectural finishes and furnishings, mechanical system upgrade and replacements, boiler replacements, building automation upgrades, and fire alarm system replacement. Electrical service upgrades, lighting upgrades, power distribution, and specialty work will be required for the new labs. Consultants have reviewed the building and the backfill program plan and have developed a renovation plan for the building.

- **UAA Engineering Building Renewal**
  FY11 (GF: $3,500.0, Total: $3,500.0)
  This project includes HVAC system repairs; building automation upgrades, elevator code, safety and energy upgrades; conversion to energy efficient lighting; electrical service upgrades to the building; select plumbing and fixture replacements; fire panel and field device replacements; select replacement of wall and floor coverings. These renovations will provide renewed infrastructure and space for office, classrooms, and instructional labs for the portions of the Engineering Building vacated by science programs.

UAA Community Campuses - Renewal and Renovation (R&R)

- **UAA Community Campus Fire Systems Upgrade**
  FY11 (GF: $1,000.0, Total: $1,000.0)
  This project replaces components of existing fire detection and alarm systems with more modern, functional equipment. This upgrade will also allow a review of occupancy levels and classification of the buildings. The new systems allow sensitivity adjustments of individual devices from the control panel, reducing the incidences of nuisance alarms and will reduce maintenance time locating a single malfunctioning sensor. These upgrades are needed at the following campuses: Kenai Peninsula, Prince William Sound, and Kodiak.

- **UAA KPC Kenai River Campus Water Connection to City of Soldotna Water System**
  FY11 (GF: $600.0, Total: $600.0)
  This project will allow for completion of the on-property water utility connections between the City of Soldotna water utility and college buildings. Connecting to the water line, modifications to interior plumbing, and abandonment of the existing water system and water well will be accomplished with these funds.

- **UAA PWSCC Wellness Center/Student Life Renewal**
  FY11 (GF: $3,600.0, Total: $3,600.0)
  This project will allow for upgrades to the electrical and mechanical systems, repair of water damaged interior finishes, abatement of asbestos materials and mold, and reconfiguration of the space to make it more efficient.

UAF Main Campus - Renewal and Renovation (R&R)

- **Skarland Hall Critical Restroom Renovation**
  FY11 (GF: $3,902.3, Total: $3,902.3)
  The preliminary scope of the project is to gut the shower rooms on all three residence floors of Skarland Hall. The project may also involve demolition of the toilet area of the restrooms, depending on the extent of damage and the final configuration of the build-back to accommodate ADA and current codes. Once the damaged infrastructure is identified and removed, the restrooms will be reconstructed. During construction, the dorm will be completely shut down to student use.

- **UAF Critical Electrical Distribution (High Voltage)**
  FY11 (GF: $10,000.0, Total: $10,000.0)
  FY12-FY16 (GF: $21,000.0, Total: $21,000.0)
  The existing electrical distribution system at UAF is nearly 50 years old. With the completion of several new facilities, the antiquated equipment could be stretched beyond its capabilities and begin to fail. To ensure campus power is not shutdown, major upgrades must be made to replace the ancient switchboard and cabling to bring the campus distribution back into code compliance.

- **UAF Atkinson Heating Plant Critical Utilities Revitalization**
  FY11 (GF: $20,500.0, Total: $20,500.0)
  FY12-FY16 (GF: $18,000.0, Total: $18,000.0)
  The UAF heating plant is a co-generation facility that provides electrical power, domestic and firefighting water, and steam for heating buildings. The plant is over 40 years old and many components have exceeded their useful life. This project will address revitalization of the highest priority deficiencies of utilities on the UAF main campus. The heating plant renewal items will include the steam, electrical and water systems. The items were identified in the 2006 Utility Development Plan as needing "immediate action". Avoiding a major utility failure is the primary objective of this project.

- **UAF Fairbanks Campus Main Waste Line Repairs**
  FY11 (GF: $3,250.0, Total: $3,250.0)
  FY12-FY16 (GF: $4,000.0, Total: $4,000.0)
  Much of the sanitary and storm sewer main piping on campus is original woodstave or clay piping dating back nearly 60 years. These mains, though not at full capacity, have far exceeded their useable life. Campus growth and an ever-changing regulatory environment require the modification and upgrade of the waste water handling infrastructure. Based on the June 1, 2005 U.S. Environmental Protection Agency MS-4 permit regarding storm water discharge, UAF will be required to install storm water collection infrastructure for buildings and streets by 2010. This requirement also includes modifications to the sanitary waste lines to ensure complete separation of the two systems. The project will replace several thousand feet of waste line main piping with new modern materials with a life that exceeds 60 years. Funding received in FY10 ($1,000.0) was used to partially fund this project.

- **UAF TVCC Space Revitalization Phase 4**
  FY11 (GF: $5,000.0, Total: $5,000.0)
  FY12-FY16 (GF: $14,300.0, Total: $14,300.0)
  The UAF Tanana Valley Campus Center is in critical need of continuing major upgrades to ensure the reliable and efficient delivery of TVC programs focused on key Alaskan industries. The facility was designed and constructed in 1962-63. Since taking ownership in 2003, the University has completed two State-funded projects and two additional projects funded by the Denali Commission in 2009. The state funded the exterior envelope, which is Phase 3, and was completed in 2009. FY11 funding will complete the fourth floor revitalization for Allied Health programs and upgrade antiquated elevator lift systems and cars. The UAF Tanana Valley Campus facility is in need of continuing major revitalization of interior spaces, exterior grounds, and parking. These needs are reflected in the continued phasing for construction in subsequent years.

- **UAF Atkinson Heating Plant Boiler and Turbine Replacement**
  FY11 (GF: $5,000.0, Total: $5,000.0)
  FY12-FY16 (GF: $140,000.0, Total: $140,000.0)
  The 2006 Utilities Development Plan identified the preferred option for providing current and future energy (electric and building heat) as replacing and expanding the current coal fired combined heat and power (CHP) plant. New efficient coal boilers represent the lowest life cycle cost as well as the lowest carbon footprint of the options explored. The existing steam turbine has reached the end of its useful life and needs to be replaced prior to experiencing failure, funding received in FY10 was put toward this project.

- **UAF Elvey Electrical Renewal**
  FY11 (GF: $2,250.0, Total: $2,250.0)
  Constructed in 1970, the Elvey Building is home to the UAF Geophysical Institute. The institute is a major center for many state emergency preparedness programs, such as the Alaska Volcano Observatory and the Alaska Earthquake Information Center. These two programs track and disseminate information pertinent to the health and welfare of every Alaskan. Other organizations located in the Elvey Building include NASA, the U.S. Department of Defense, U.S. Geological Survey, and portions of the International Arctic Research Center. Since constructed, the facility and its key infrastructure components have passed their 30 year life expectancy and major renewal of the facility must occur. The main electrical switch for the building no longer functions. The single transformer supplying the building is past the end of its life. The transformer is located inside the building and should it fail, building operations will cease until repairs can be made.

- **UAF Arctic Health Research Building (AHRB) Deferred Renewal - Phase 3 of Multiple Phases**
  FY11 (GF: $16,000.0, Total: $16,000.0)
  FY12-FY16 (GF: $42,650.0, Total: $42,650.0)
  Built over 40 years ago, AHRB has an ever increasing list of deferred renewal projects that are now affecting critical research and teaching in the building. Major renewal and renovation work must occur now to keep the building available for occupancy and full use. Phase 1, funded in FY07, completed a revitalization of the eastern wing of the building in January 2008. Phase 2 work renovated portions of the building that were vacated in 2009 by the State of Alaska Public Health Lab and the recently vacated animal holding quarters. Phase 3 will renovate the south wing and some additional virology space to include offices, labs, and mechanical spaces. Renewal of the entire building is key to teaching the next generation of resource managers and agricultural scientists. Fisheries teaching and research performed in the south wing of the building is specifically connected to Alaskan coastal and Bering Sea regions and provides managers and fishermen significant information about the health and population of many harvested species. Other labs in this wing provide teaching space for large animal species such as reindeer and caribou.

UAF Community Campuses - Renewal and Renovation (R&R)

- **UAF Kuskokwim Campus Facility Critical Deferred and Voc-Tech Renewal – Phase 2 of 4**
  FY11 (GF: $3,000.0, Total: $3,000.0)
  FY12-FY16 (GF: $12,900.0, Total: $12,900.0)
  In 2004, UAF completed a Facilities Audit of the Kuskokwim Campus facilities. The audit found most of the facilities at Bethel required extensive revitalization and code work to allow current and future academic programs to maintain and grow. In FY08, funding received allowed for some major renovations and code upgrades for the vocational lab facility including necessary roof repairs, structural upgrades, heating system improvements and exterior rehabilitation. This funding also provided build-out within the existing structure of a classroom and lab to accommodate allied health and nursing programs. Work for phase 2 of this project will include additional major renovations and code upgrades to over 50,000 square feet of space. The FY11 project will fund renovations in the main campus and out year funding will address remaining projects for facilities.

UAS Main Campus - Renewal and Renovation (R&R)

- **UAS Auke Lake Way Campus Entry Improvements & Road Realignment**
  FY11 (GF: $4,160.0, Total: $4,160.0)
  This project will widen Auke Lake Way at Mendenhall Loop Road intersection, construct new sidewalks, landscape surrounding areas, realign pedestrian paths, improve bus stop area, improve lighting, and install new campus signage. Landscape elements will use indigenous materials. This intersection will change from a 3-way to a 4-way intersection with the construction of the new access road to the new Juneau Recreation Facility. This project will transform a portion of Auke Lake Drive from a through street to a pedestrian circulation area connecting the primary academic core facilities to each other, to the main campus parking lots, and to the campus network of pedestrian trails. This central campus circulation spine will be accessible to emergency, service, and delivery vehicles. The work will reconstruct pedestrian circulation, site lighting, and landscaping and provide more easily accessible paths from the main parking areas to the core campus buildings. The work involves creating new pedestrian paths, installing new site lighting, signage, landscaping, planting, and drainage modifications. This project was a prominent recommendation of the 2002 UAS campus master plan.

UAS Community Campus - Renewal and Renovation (R&R)

- **UAS Sitka Hangar Code Corrections**
  FY11 (GF: $3,540.0, Total: $3,540.0)
  The project will construct fire separation walls to provide areas for construction technology. Additional mechanical ventilation and fire suppression systems will be installed in the renovated areas. Electrical distribution will be expanded to provide proper service to each program area.

Statewide - Renewal and Renovation (R&R)

- **Statewide Butrovich Building Repairs**
  FY11 ($599.4, Total: $599.4)
  FY12-FY16 (GF: $3,000.0, Total: $3,000.0)
  The Butrovich building is in need of many repairs. Several projects include repairing the retaining wall, refurbishing the front canopy, and roof replacement. The Butrovich building is also in need of implementing lighting controls and lighting improvements for both interior and exterior lights to conserve energy. However, the unusual design of the buildings makes a lighting control solution challenging. A viable solution would be a LED retrofit of some or all of the applicable lighting systems. Lighting control systems have evolved since the building was constructed. In the open office areas, the current control system is such that large areas are lit if the area is minimally occupied. Modern control systems allow more discreet control, increasing energy savings and enhancing users environment.

- **Statewide OIT Butrovich Computer Facility Backup Power**
  FY11 (GF: $2,000.0, Total: $2,000.0)
  This project will provide self-contained backup power for the UA Butrovich Computer Facility. This system will provide a total 1,250 kW of uninterruptible power to the computers, communications systems, and computer facility equipment in the event of a utility power loss. Backup power will ensure the continued operation of the computer facility and allow for extended operation without a catastrophic loss of hardware, software or data.

New Construction

- **UAF Life Sciences Classroom and Lab Facility**
  FY11 (GF: $87,975.0, NGF: $20,625.0, Total: $108,600.0)
  UAF's Life Sciences Classroom and Lab Facility will provide critical instructional classrooms and research lab space for life science programs, one of the most popular programs for degree-seeking students. UAF's biology program is one of the most productive arctic university research programs in the circumpolar north. The programs include research in infectious diseases, virology, microbiology, toxicology, cellular mechanisms of disease, food safety, and physiology; and academic programs such as biological sciences, biology, botany, wildlife biology, wildlife management, zoology, biological chemistry, and molecular biology. Facilities for life science programs are cramped and outdated. Facilities in the Bunnell and Irving buildings do not meet current needs. Alaska is located in a unique setting that magnifies the benefits of integrating teaching with research. The particular location of UAF allows for life science programs that are unlike those of any other campus in the United States. The climate, animals, and indigenous peoples provide key elements of a worldwide effort to discover new solutions to new and old problems. Life sciences faculty train biologists for several state and federal agencies, which undertake studies necessary for oil, gas, and mineral development. UAF Life Sciences researchers also conduct on-going studies on the changing wildlife, forests, tundra and waters as the climate changes. Constructing the

Life Sciences facility strengthens UAF's solid research reputation. This project includes approximately 40,000 square feet of academic and classroom space and 57,700 square feet of research space. Once completed, space in other buildings will become available for renovation and reassignment. Funding will complete design, construction and build-out of the facility and the necessary utilities.

- **Community Campus Feasibility Study**
  FY11 (GF: $1,400.0, Total: $1,400.0)
  This funding will enable the university to evaluate each community campus, using the academic and campus master plans to identify academic and support infrastructure facilities needed, then testing the ability of current campus facilities to meet those needs. Any gap between need and existing facilities will be identified, then as appropriate, projects will be developed for inclusion in the University's Capital Improvement Plan. UA's community campuses have submitted several requests for new construction, expansion and remodel projects. Given the high cost of construction, maintenance and utilities, and the changing demographics at many of these campuses a more thorough analysis of the facility needs is warranted. UA's community campuses are located throughout Alaska from Ketchikan to Kotzebue.

- **University Receipt Authority**
  FY11 (NGF: $15,000.0, Total: $15,000.0)
  This request is an estimation of potential University receipt authority needed for FY11-FY16 projects at the main and community campuses. Prior university receipt authority has been used for projects such as the UAF Critical Electrical Distribution (FY09: $98.5), UAF Patty Center Ice Locker Rooms (FY05: $775.0), UAF Elvey Cooling System (FY05: $816.3) and UAS Gitkov Space Remodel (FY05: $904.1).

University *of* Alaska

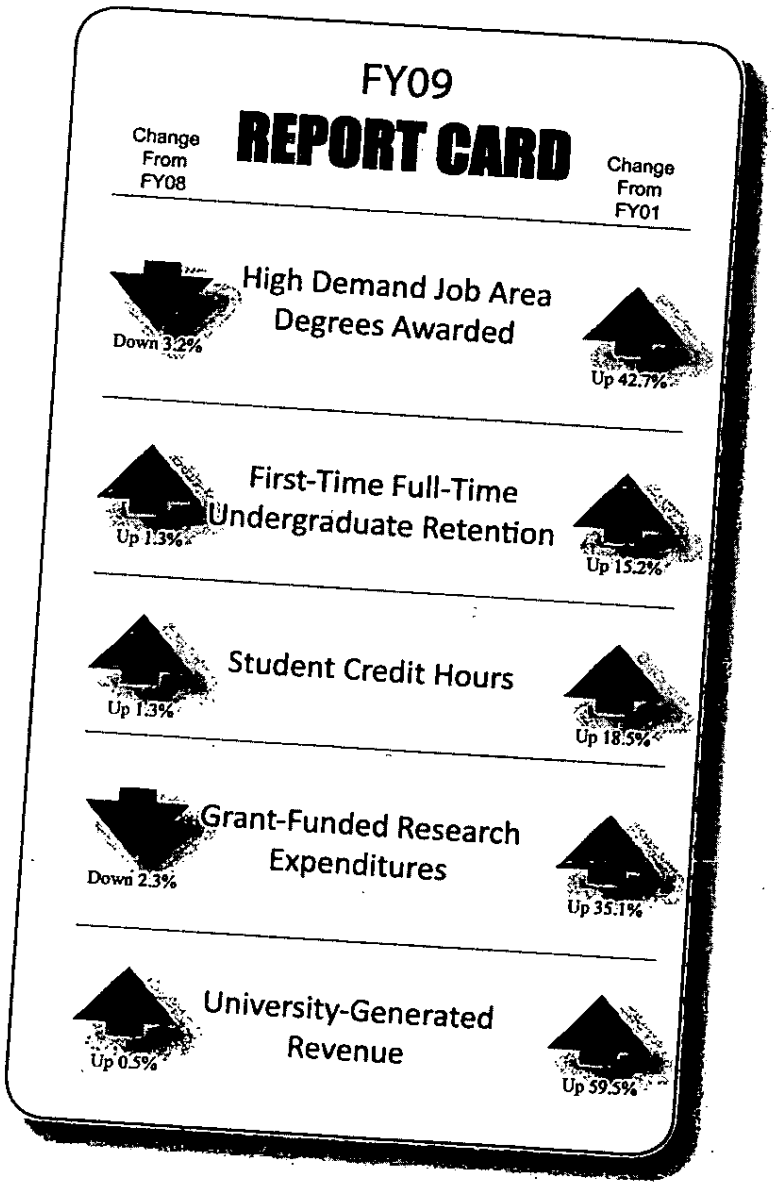
The University of Alaska's performance evaluation system[1] is a mechanism to recognize progress toward meeting key Board of Regents' strategic goals, as well as resource alignment. This system has been incrementally integrated into UA's budget process since inception in FY04 and is a driving factor in the operating and capital request recommendations.

The report card to the right shows short- and long-term performance changes for UA's common system-wide measures. These measures are necessary, but not sufficient, to describe the breadth and depth of UA activity.

From FY01 to FY08, UA has made significant strides across the board in improving performance on all measures. From FY08 to FY09 UA had increases in First-Time Full-Time Undergraduate Retention, Student Credit Hours, and University-Generated Revenue, while having decreased performance levels in High Demand Job Area Degrees Awarded and Grant-Funded Research Expenditures.

Overall, the University's long-term progress is the result of several funding mechanisms including: program funds from the State in FY01, FY02, FY07, FY09, and FY10; annual investment of significant one-time funds; and annual internal reallocations in support of Board of Regents' priorities.

The performance and accountability system in place at the University of Alaska has its roots in Senate Bill 281, a performance measures reporting bill entitled *Missions and Measures*, passed in 2000. This effort transitioned to the State of Alaska's *Performance*[2] program in use today. *Performance* is the tool the state uses to set goals, measure progress, and be accountable to Alaskans for getting results that matter.



1 For more details on UA's performance and accountability efforts, see: www.alaska.edu/swbir/performance/

2 For details on the State's performance and accountability requirements, see: gov.state.ak.us/omb/results/

UNIVERSITY of ALASKA
Many Traditions One Alaska

UA Performance Results

The performance evaluation system at the University of Alaska has its roots in Senate Bill 281, a performance measures reporting bill entitled Missions and Measures, passed in 2000. Senate Bill 281 required the University of Alaska to annually measure and report on its success. This mirrored a national rise in performance reporting; today only two states have no performance reporting programs.[1] Across the country, more than 80 percent of state budget offices and 70 percent of all city/county departments are using performance measures.[2] Today, the State of Alaska requires that all agencies participate in a performance evaluation process.

UA's performance evaluation and accountability system is a mechanism to recognize resource alignment with key strategic goals and is a major influence in the budget process.[3] This system has been incrementally integrated into UA's budget process since inception in FY04 and is a driving factor in the operating and capital request recommendations. Seven performance measures are currently tied to performance funding, including: the number of awards in programs responding to state high demand occupations, student retention, student credit hour enrollment, grant-funded research expenditures, university generated revenue, strategic enrollment management planning and academic program outcomes assessment. Each MAU also began reporting on the new performance measure of non-credit instructional activity in their FY09 performance reports.

As part of the annual budget request cycle, each MAU submits an in-depth assessment of recent performance, in light of mission, strategies, and established expectations.[4] In addition, each MAU proposes and/or updates targets and goals for the upcoming five year period. Throughout the year MAUs monitor the impact of implemented strategies and operating condition changes on performance and adjust strategies as needed to meet, or understand differences from, targets.[4]

In FY10, each MAU will determine the distribution of its FY10 performance funding pool in support of performance-related strategies. One percent of general funds is the expected funding pool size, although annual circumstances will dictate the amount chosen by the MAU for internal reallocation. These performance funds are allocated to appropriate strategic investments and reported as part of the overall performance and accountability process.

An overview of performance goals, based on full funding of the Board of Regents' FY11 budget request, through FY15 is provided in the following table (Table 1). Note that targets have been reset based on actual FY10 funding, FY11 increment requests, and recent analysis of UA's internal and external environment. Performance highlights as well as an analysis of funding impacts and future considerations in regards to each measure are also provided.

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[1] Burke, J. C., & Minassians, H. P., 2002.
[2] J. Melkers, K.G. Willoughby, B. James, & J. Fountain, 2002.
[3] See http://www.alaska.edu/bor/2009Plan/030918plan.doc for the complete UA Board of Regents' Strategic Plan 2009.
[4] See the Current Performance Reports at http://www.alaska.edu/swbir/performance/assessment/ for more details on each of the seven performance measures currently in use.

1930

Table 1. University of Alaska Performance Results, Targets and Goals, FY06 - FY15

Note: The FY11 - FY15 targets and goals are based on the assumption of full funding for the Board of Regents' FY11 operating and capital budget requests.

High Demand Job Graduates	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Targets	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA	1,358	1,558	1,548	1,568	1,646	1,632	1,714	1,800	1,890	1,985	2,084	4.9%
UAF	727	741	731	652	760	775	790	885	915	945	945	6.6%
UAS	198	205	259	236	265	272	284	295	308	315	290	3.7%
Health	*677*	*732*	*772*	*710*	*790*	*750*	*830*	*915*	*961*	*1,002*	*1,025*	6.4%
Baccalaureate Engineering	*85*	*72*	*81*	*94*	*110*	*110*	*125*	*150*	*175*	*200*	*200*	13.6%
High Demand Job Graduates	**2,283**	**2,504**	**2,538**	**2,456**	**2,671**	**2,679**	**2,788**	**2,980**	**3,113**	**3,245**	**3,319**	**5.2%**
Percent Change from Prior Year	**9.2%**	**9.7%**	**1.4%**	**-3.2%**	**5.2%**	**9.1%**	**4.1%**	**6.9%**	**4.5%**	**4.2%**	**2.3%**	

Note: To provide valid comparison trends, historical information has been adjusted to reflect the programs currently classified as High Demand, most recently updated August 2009.

First-Time, Full-Time Undergraduate Retention	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY10 Actuals	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA	64.4%	67.6%	66.7%	68.7%	70.2%	68%	68%	68%	68%	68%	68%	-0.2%
UAF	63.4%	65.7%	63.9%	66.0%	66.7%	67%	68%	69%	70%	71%	71%	1.2%
UAS	66.0%	57.5%	51.8%	53.7%	57.5%	55%	57%	59%	61%	63%	63%	2.7%
Baccalaureate	*69.7%*	73.0%	*71.6%*	*73.6%*	*76.1%*	*74%*	*76%*	*77%*	*78%*	*78%*	*78%*	0.9%
Baccalaureate Scholars	*79.2%*	79.6%	*83.0%*	*85.2%*	*83.6%*	*87%*	*87%*	*87%*	*88%*	*88%*	*88%*	0.5%
Retention	**64.0%**	**66.1%**	**64.6%**	**67.2%**	**68.1%**	**68.0%**	**68.5%**	**69.0%**	**69.5%**	**70.0%**	**70.0%**	**0.7%**
Percent Change from Prior Year	**-1.7%**	**3.3%**	**-2.3%**	**4.0%**	**1.3%**	**1.2%**	**0.7%**	**0.7%**	**0.7%**	**0.7%**	**0.0%**	

Student Credit Hours Attempted (Thousands)	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Targets	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA	336	339	340	344	344	347	349	352	354	358	359	0.7%
UAF	169	171	172	174	175	178	179	181	183	185	186	1.2%
UAS	52	49	47	49	48	49	51	52	54	56	56	2.4%
SCH Attempted	**558**	**559**	**559**	**566**	**567**	**574**	**579**	**585**	**591**	**598**	**601**	**1.0%**
Percent Change from Prior Year	**0.3%**	**0.2%**	**0.0%**	**1.3%**	**1.4%**	**1.3%**	**0.8%**	**1.1%**	**1.0%**	**1.2%**	**0.5%**	

Note: Figures include year-long courses.

Table 1. University of Alaska Performance Results, Targets and Goals, FY06 - FY15 Continued

Note: The FY11 - FY15 targets and goals are based on the assumption of full funding for the Board of Regents' FY11 operating and capital budget requests.

Non-Credit Instruction	FY09 Actuals	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA*	6,537							
UAF	2,732	3,000	3,300	3,500	3,500	3,500	3,500	4.3%
UAS	1,604	1,765	1,800	1,840	1,880	1,920	1,960	3.4%
Non-Credit Instructional Activity	**10,873**	**11,365**	**11,700**	**11,940**	**11,980**	**12,020**	**12,060**	**1.8%**
Percent Change from Prior Year		**4.5%**	**2.9%**	**2.1%**	**0.3%**	**0.3%**	**0.3%**	

Note: FY09 is the first year MAUs have reported non-credit instructional units (10 contact hours = 1 unit). *UAA considers Non-Credit Instruction to be indicator of instructional activity and not a performance measure, therefore MAU level targets and goals are not set for this activity.

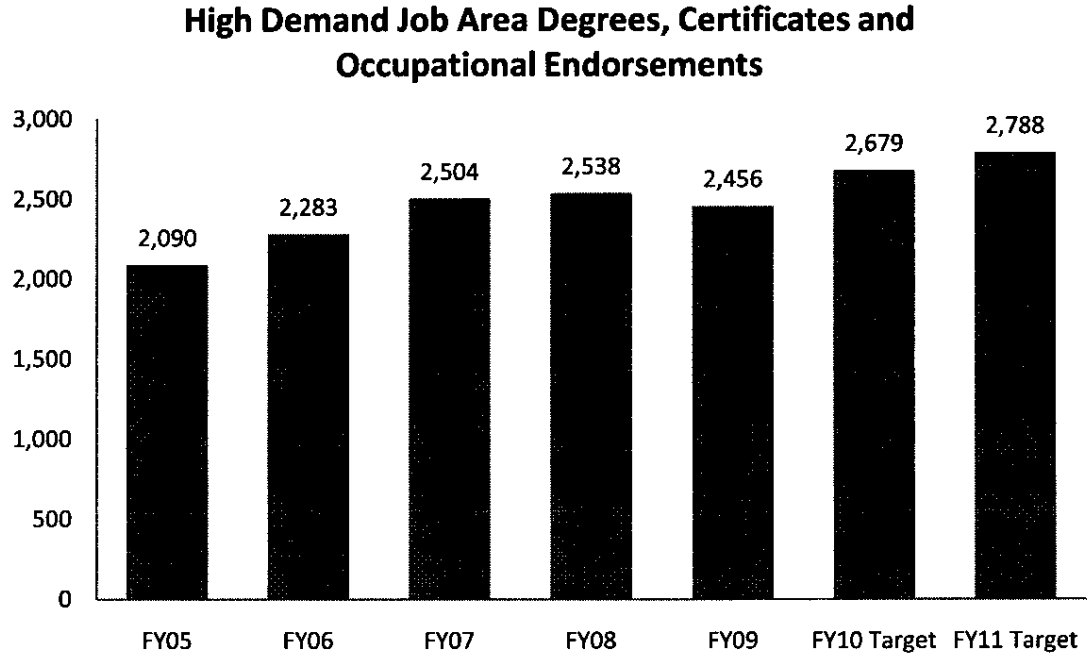
Research Expenditures (Million $)	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Targets	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA	13.7	10.3	8.8	8.1	8.8	7.8	7.9	8.0	8.1	8.2	8.2	0.2%
UAF	113.9	112.6	108.0	106.5	108.6	109.0	112.0	115.0	119.0	125.0	131.0	3.5%
UAS	0.8	1.2	2.1	1.5	1.0	1.5	1.5	1.6	1.6	1.6	1.6	1.0%
Research Expenditures	**128.4**	**124.0**	**118.9**	**116.2**	**118.4**	**118.3**	**121.4**	**124.6**	**128.7**	**134.8**	**140.8**	**3.3%**
Percent Change from Prior Year	**4.7%**	**-3.4%**	**-4.2%**	**-2.3%**	**-0.4%**	**1.8%**	**2.7%**	**2.6%**	**3.3%**	**4.0%**	**4.0%**	

University Generated Revenue (Million $)	FY06 Actuals	FY07 Actuals	FY08 Actuals	FY09 Actuals	FY09 Target	FY10 Target	FY11 Target	FY12 Goals	FY13 Goals	FY14 Goals	FY15 Goals	Average Annual % Change, FY10 - FY15
UAA	118	122	127	132	135	139	145	150	155	161	167	4.0%
UAF	204	210	211	212	216	220	227	235	245	256	266	3.9%
UAS	20	19	20	19	20	21	22	23	24	25	26	5.5%
SW	22	28	21	18	22	23	24	26	27	28	28	8.0%
University Generated Revenue	**364**	**379**	**379**	**381**	**394**	**403**	**418**	**433**	**451**	**470**	**487**	**4.2%**
Percent Change from Prior Year	**7.9%**	**4.2%**	**0.1%**	**0.5%**	**3.8%**	**5.8%**	**3.5%**	**3.7%**	**4.1%**	**4.3%**	**3.7%**	

High Demand Job Area Degrees, Certificates and Occupational Endorsements

Target: A target of 2,788 degrees and certificates awarded in high demand job area programs in FY11.

Status: The University of Alaska awarded 366 (18 percent) more degrees in high demand job area (HDJA) programs in FY09 than FY05 for a total of 2,456 HDJA awards. Although short of the FY09 target of 2,671 awards, the current number of enrolled majors supports future targets.



Analysis of results and challenges:
UA experienced a 3 percent decrease (82 awards) in HDJA program awards from FY08 to FY09. However, performance increases of 9 percent are anticipated in FY10 and up to 4 percent in FY11 as current headcount figures in HDJA programs support future growth. UA has experienced ongoing growth in enrollment of HDJA program majors, up 530 (5 percent) from FY08 to FY09 and preliminary FY10 figures showing an increase of nearly 300 majors (3 percent) over FY09 levels.

The target for FY11 awards is based on investments that have already been made in HDJA programs as well as the number of majors currently enrolled. Maintenance of, and increases beyond this level of HDJA degrees awarded, will require continued and consistent state investment in these program areas.

It is important to note that the HDJA program listing was last updated August 2009, to reflect the most recent State of Alaska Department of Labor and Workforce Development occupational forecast[1]. Past performance has been normalized for these programs, which added 2 awards in FY07 and 13 awards in FY08. HDJA programs include: nursing, allied health, behavioral health, engineering, welding, computer networking, construction management and technology, information technology, business, accounting, logistics, and many others aligned with the Department of Labor and Workforce Development workforce projections.

[1] Department of Labor and Workforce Development, *Alaska Occupational Forecast to 2016*, http://labor.alaska.gov/research/iodata/occproj.htm. Published January 2009.

1933

The projections of future employment growth in specific Alaskan industries bode well for graduates of UA's HDJA programs. Industries with the highest projected growth include health care, social assistance, utilities, professional, scientific and technical services, and mining[2]. Of the 15 fastest growing occupations in the state, two-thirds are directly related to providing health care services.

Historically at UA, more students choose to enroll in HDJA programs over programs in other areas of study. The BOR has supported this by focusing resources on HDJA programs in order to best align UA degree programs offered with state priorities. However, there are higher costs associated with most HDJA programs due to: a need for competitive wages to recruit faculty; smaller class sizes because of strict accreditation limits and lab constraints; and needs for costly equipment.

Educating majors in HDJA programs is a responsibility that all UA campuses contribute to. Overall, more than half of all students who receive a HDJA degree or certificate utilize coursework from more than one campus.

MAU Performance Highlights

UAA awarded 1,568 HDJA degrees, certificates and endorsements in FY09, an increase of 1.3 percent from FY08, although below the target of 1,646 awards. Strategies in support of future growth in HDJA awards at UAA focus on increasing awards in the areas of health as well as engineering and related programs.

UAF conferred 652 degrees, certificates and endorsements in HDJA programs in FY09, decreasing 11 percent from FY08 performance, and falling below the FY09 target of 760 awards. UAF projects a rebound on this measure in FY10 and FY11 as major enrollment in HDJA programs remains strong. UAF strategies in support of performance on this measure are focused on increasing major enrollment in HDJA programs.

UAS granted 236 degrees, certificates and endorsements in HDJA programs in FY09, roughly a 9 percent decrease from FY08 and landing below the target level of 265 awards. Future HDJA award growth strategies at UAS include: developing more HDJA programs; increasing access to HDJA program courses through alternative delivery formats; continued program initiatives that increase recruitment, retention and targeted major enrollment in HDJA programs.

Funding Impact

There is a delay between investments made in a program and degree production. This delay is due to a lag between enrollment growth and degree production, because it typically takes a minimum of one to four years to complete most programs.

Without continued, consistent state operating and capital investment to support new and expanded HDJA programs, degree production in these areas will plateau as capacity for existing programs is reached. In fact, without investment in preparatory programs for basic math and science skills, giving students the academic foundation to be successful in HDJA programs, the number of annual graduates may eventually decline as the number of Alaska high school graduates decreases over the next decade[3].

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[2] *Alaska's 10-Year Occupational Forecast*, Alaska Economic Trends, January 2009, http://labor.alaska.gov/research/trends/jan09occ.pdf

[3] *Knocking at the College Door: Projections of High School Graduates by State and Race/Ethnicity, 1992 – 2022*, WICHE, March 2008, http://www.wiche.edu/info/publications/knocking_complete_book.pdf

HDJA program investments attract students to expanded program offerings and increase retention, improving performance. Another key to attracting and retaining students is UA's status as a research university. To continue to attract and retain these students it is important for UA to maintain relevant research in areas aligned with high demand fields. Capital investments to meet increasing capacity and equipment demands provide students with quality learning experiences and improve recruitment and retention to graduation.

Past State-Funded Program Increments

UA received program increments in FY07 totaling $4.2 million in general funds for Preparing Alaskans for Jobs and for Continuing Programs in State Needs. Also dedicated in support of these increments was $3.7 million in student tuition and fees and other revenue sources. The Preparing Alaskans for Jobs program increment supported expansion of engineering programs such as the Alaska Native Science and Engineering Program (ANSEP), programs in construction and mining technology, and vocational education. The Continuing Programs in State Needs increment supported teacher and early childhood education programs, distance delivery of high demand job area programs, nursing, behavioral health, and allied health programs. Also funded in FY07 was the Integrated Science building (ISB), which opened in Fall 2009, providing accommodation for some growth at the Anchorage campus.

In FY09, the state invested $5.5 million of general funds in the Preparing Alaskans for Jobs. Also dedicated in support of this program increment was $2.6 million in student tuition and fees and other non-state revenue sources. The Preparing Alaskans for Jobs program increment supported the high demand program areas of health, engineering, and fisheries. In FY09, the state also funded the $46 million UAA Health Sciences building, which will provide space for students pursuing degrees in nursing and health sciences fields, as well as program faculty and staff. The unfunded FY09 request increment in the area of student success ($1.6 million) would have supported planned growth in HDJA awards by improving retention and degree completion.

In FY10, the state invested $922,000 of general funds for a range of health related programs, including the Psychology Clinic Services at the Fairbanks and Anchorage campuses, a faculty position in Medical Assisting for the Tanana Valley Campus, program expansion for Anchorage campus and health outreach. Also dedicated in support of these increments was $150,000 in student tuition and fees and other university generated revenue sources.

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and helping to meet some of the equipment and lab needs necessary to meet industry standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to this long term funding source. UA also received $1.9 million in priority programs funding to include Health academic programs ($922.0).

Internal Reallocations

In only four years since FY00, (FY01, FY02, FY07 and FY09) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases, and allow for state funded program growth. However, the Board of Regents' (BOR) recognized the need for priority program growth and through maximizing external revenue, internal efficiencies, and reallocations have distributed funding towards priority programs every year.

In FY10, the funding UA received from state appropriations was $6.4 million less than UA's compensation and fixed cost increment request. UA also received $1.9 million in priority programs funding to include Health academic programs ($922.0).

FY11 Operating Request

To simply maintain existing performance levels, the fixed costs items in the BOR approved FY11 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

The BOR approved FY11 operating budget includes program increment requests totaling $5.2 million in general funds and dedication of an additional $2.8 million in non-state revenue sources supporting key High Demand Job Area (HDJA) programs including Teacher Education, Health/Biomedical, Workforce Programs, and Engineering. The Board of Regents' FY11 operating budget also includes program increments of $1.3 million in general funds and $1.9 million in non-state revenue to support Climate and Energy programs.

The BOR approved program increment requests that would most directly impact retention and graduation rates for HDJA programs are: Science, Technology, Engineering and Math (STEM) preparatory support for students, including $1.4 million in general fund and an additional $552,000 dedicated from tuition and other university revenue sources; and Student Success Initiatives, including $2.1 million in general fund and dedication of an additional $407,000 in university generated revenue.

FY11 Capital Request

To sustain performance, it is necessary to assure funding for the Board of Regents' top capital budget priority, Annual Requirement for Maintenance & Reducing Deferred Maintenance.

Projects included in the BOR approved FY11 capital request that would satisfy increasing capacity demands include: the UAF Life Sciences Classroom & Lab Facility; and Planning and Design for constructing UA Engineering facilities. Further Reduction of Deferred Maintenance and Renewal Backlog are also priorities for FY11.

Looking to the Future

Future growth in HDJA awards will be reliant on: consistent state investment in HDJA programs; a continued commitment to capital renewal and renovation; and capital investments in facilities to support HDJA program enrollment growth. To remain competitive and retain students it is important to keep UA infrastructure competitive.

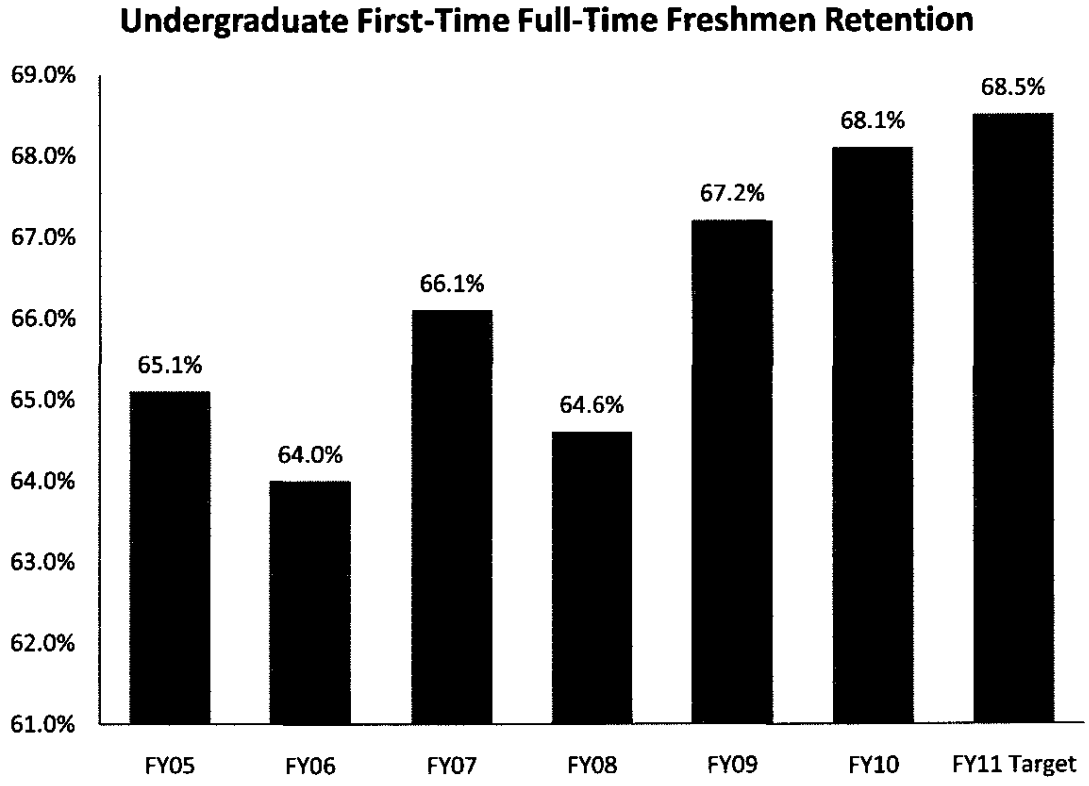
An additional consideration is the need for roughly half of incoming Alaskan first-time freshmen to successfully complete preparatory coursework in math and/or English in addition to the standard course requirements of each academic program. This, coupled with the projected decline in the number of Alaskan high school graduates, may result in the university being challenged to maintain current performance levels over the next decade.

Another key to attracting and retaining students is UA's status as a research university. Operating investments in research help UA remain competitive in generating Federal Receipts and other non-state research revenue. Even with operating budget investments, the University of Alaska is struggling with space constraints.

Undergraduate Retention

Target: A target 68.5 percent retention rate for first-time full-time students in undergraduate degree and certificate programs in FY11.

Status: The University of Alaska undergraduate retention rate reached an all time high at 68.1 percent in FY10 increasing by 1.3 percentage points from the FY09 performance level and exceeding the FY09 target of 68.0 percent.



Analysis of results and challenges:
FY10 performance supports the fact that undergraduate retention rates fluctuate from year to year, but overall retention rates are trending upwards. The target for FY11 is based on investments that have already been made to improve retention and full funding of the Governor's proposed FY11 operating and capital requests. Future year growth will require continued consistent state investment in student success efforts and high demand job program areas.

Retention rate is defined as the percentage of full-time, first-time degree-seeking undergraduate students in a given fall semester that return to any UA campus the following fall.

MAU Performance Highlights

UAA had an undergraduate first-time full-time first year retention rate of 70.2 percent in FY10 representing the highest retention rate UAA has ever had and exceeding the target of 68.0 percent set for FY10.

UAF had a retention rate of 66.7 percent in FY10, which was an increase from the FY09 performance level of 66.5 percent, but was below the target set for FY10 of 67.0 percent.

UAS had a retention rate of 57.5 percent in FY10. This was a 7 percent (4 percentage point) increase from the FY09 performance level of 53.7 percent, and was well above the target set for FY10 of 55.0 percent.

Funding Impact

Investments that most directly impact undergraduate retention rates are in the areas of Science, Engineering, Math and Technology (STEM) preparatory support, and Student Success Initiatives. Also key to attracting and retaining students is the quality of the programs being offered. In addition, UA's status as a research university helps attract and retain high caliber students. To continue to attract and retain these students it is important for UA to maintain relevant research

Past State-Funded Program Increments

In FY07, UA received an increment for Continuing Programs in State Needs totaling $2.2 million in general funds and $1.4 million in student tuition and fees and other non-state revenue sources. Within this increment was a portion for meeting student demand ($295,000 GF; and $280,000 NGF). Also within this increment was funding for high demand programs and distance education support for high demand programs.

In FY09, the state invested $5.5 million of general funds for the Preparing Alaskans for Jobs increment. Also dedicated in support of this program increment was $2.6 million in student tuition and fees and other non-state revenue sources. The Preparing Alaskans for Jobs program increment supported the high demand program areas of health, engineering, and fisheries. It is important to note that there were some program specific student success initiatives funded within the engineering and health increments.

In FY09, the state also funded the $46 million UAA Health Sciences building, which provides space for students pursuing degrees in nursing and health sciences fields, as well as program faculty and staff. This added space should improve the student experience in these areas and positively impact performance on undergraduate retention rates.

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and in helping to meet some of the equipment and lab needs necessary to meet industry standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to this long term funding source.

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funded program growth. However, the Board of Regents' (BOR) recognized the need for priority program growth and through maximizing external revenue, internal efficiencies, and reallocations have distributed funding towards priority programs every year.

In FY10, the funding UA received from state appropriations was $6.4 million less than UA's compensation and fixed cost increment request. UA also received $1.9 million in priority programs funding to include Health academic programs ($922.0).

FY11 Operating Request

To simply maintain existing performance levels, the fixed costs items in the BOR approved FY11 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

The BOR approved program increment requests that would most directly impact retention rates are: Science, Technology, Engineering and Math (STEM) preparatory support for students, including $1.4 million in general fund and an additional $552,000 dedicated from tuition and other university revenue sources; and Student Success Initiatives, including $2.1 million in general fund and dedication of an additional $407,000 in university generated revenue.

FY11 Capital Request

To sustain performance, it is necessary to assure funding for the Board of Regents' top capital budget priority, Annual Requirement for Maintenance & Reducing Deferred Maintenance.

Projects included in the BOR approved FY11 capital request that would satisfy increasing capacity demands include: the UAF Life Sciences Classroom & Lab Facility; and Planning and Design for constructing UA Engineering facilities. Further Reduction of Deferred Maintenance and Renewal Backlog are also priorities for FY11.

Looking to the Future

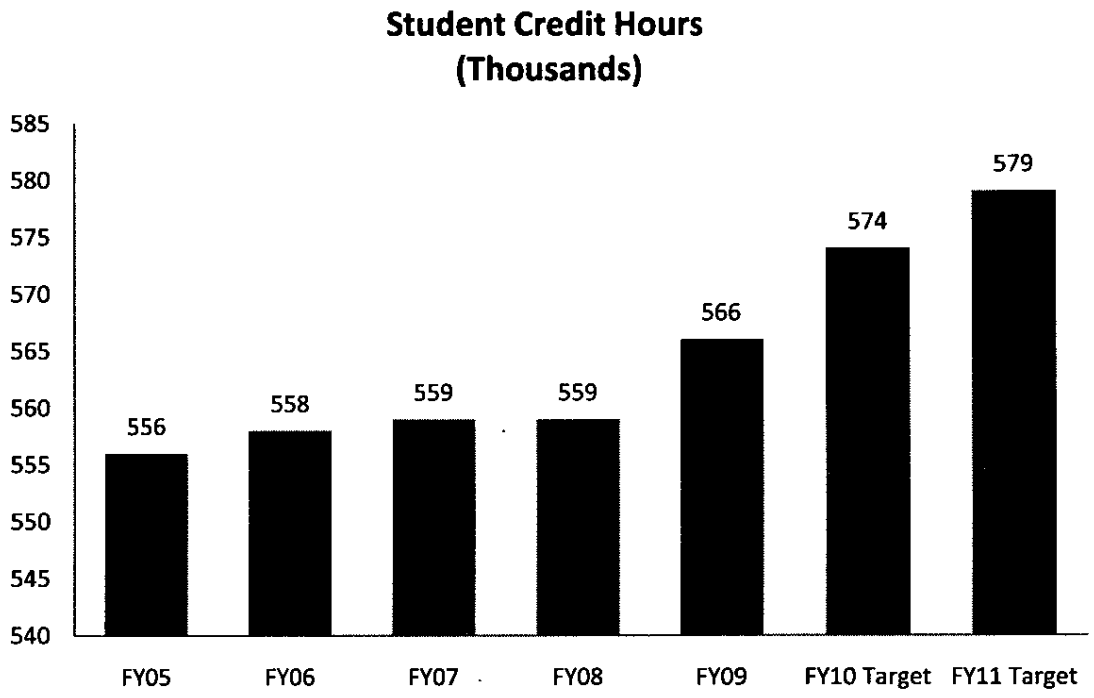
Operating increments in student achievement will help students succeed with increased investment in proven strategies such as learning communities and freshman seminars. Also STEM investments would help increase the preparation of incoming students; and the successful completion of educational goals.

Across the nation and here in Alaska the issue of college and career readiness has become a focal point for higher education. The job landscape has changed such that individuals must be able to succeed at some form of post-secondary education in order to succeed and advance economically. UA will continue to work collaboratively with K-12, employers and others to address these issues in the short- and long-term.

Student Credit Hours

Target: A target of a 579,000 Student Credit Hours (SCH) attempted in FY11.

Status: FY09 student credit hours (SCH) delivered by the University of Alaska was an all time high of 566,000 SCH; however, this performance was below the FY09 target of 567,000 SCH.



Analysis of results and challenges:
UA delivered an all time high of 566,000 SCH in FY09, with each MAU showing increased performance, although landing below the system level target performance of 567,000 SCH for FY09. The FY11 target for this metric is based on full funding of the Governor's proposed FY11 operating and capital requests. For growth, investments in Science, Technology, Engineering and Math (STEM) related programs, Student Success Initiatives, and high demand program areas will be necessary to mitigate the projected declines in high school graduation rates.

MAU Performance Highlights
UAA delivered 344,000 SCH in FY09, which was a 1 percent increase from FY 08 and met the target performance level set for FY09 of 344,000.

UAF increased SCH delivered in FY09 from FY08 by 1 percent, for a total in FY09 of 174,000 SCH delivered, although below the target set for FY09 of 175,000.

UAS had a 3 percent increase in FY09 compared to FY08, for a total in FY09 of 49,000 SCH delivered, and exceeded the target set for FY09 of 48,000.

Funding Impact

Program increments improve SCH by attracting students to expanded program offerings and increasing retention. Increased retention improves SCH because new students are in addition to retained students rather than in place of non-retained students. Program requests that most directly impact retention are in the STEM programs category and the Student Success Initiatives category.

Past State-Funded Program Increments

UA received program increments in FY07 totaling $4.2 million in general funds for Preparing Alaskans for Jobs and for Continuing Programs in State Needs. Also dedicated in support of these increments was $3.7 million in student tuition and fees and other revenue sources. The Preparing Alaskans for Jobs program increment supported expansion of engineering programs such as the Alaska Native Science and Engineering Program (ANSEP), programs in construction and mining technology, and vocational education. The Continuing Programs in State Needs increment supported teacher and early childhood education programs, distance delivery of high demand job area programs, nursing, behavioral health, and allied health programs.

In FY09, the state invested $5.5 million of general funds in the Preparing Alaskans for Jobs. Associated with this program increment was another $2.6 million in student tuition and fees and other non-state revenue sources. The Preparing Alaskans for Jobs program increment supported the high demand program areas: health; engineering; and fisheries. The total state funding for this increment was $300,000 short of the original BOR request for this increment. This funding will positively impact SCH production, by improving recruitment.

In FY09, the state also funded the $46 million UAA Health Sciences building, which will provide space for students pursuing degrees in nursing and health sciences fields, as well as program faculty and staff.

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and in helping to meet some of the equipment and lab needs necessary to meet industry standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to this long term funding source.

Internal Reallocations

In only four years since FY00, (FY01, FY02, FY07 and FY09) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases, and allow for state funded program growth. However, the Board of Regents' (BOR) recognized the need for priority program growth and through maximizing external revenue, internal efficiencies, and reallocations have distributed funding towards priority programs every year.

In FY10, the funding UA received from state appropriations was $6.4 million less than UA's compensation and fixed cost increment request. UA also received $1.9 million in priority programs funding to include Health academic programs ($922.0).

FY11 Operating Request

To simply maintain existing performance levels, the fixed costs items in the BOR approved FY11 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

The BOR approved FY11 operating budget includes program increment requests totaling $5.2 million in general funds and dedication of an additional $2.8 million in non-state revenue sources supporting key High Demand Job Area (HDJA) programs including Teacher Education, Health/Biomedical, Workforce Programs, and Engineering. The Board of Regents' FY11 operating budget also includes program increments of $1.3 million in general funds and $1.9 million in non-state revenue to support Climate and Energy programs.

The BOR approved program increment requests that would most directly impact retention and graduation rates for HDJA programs are: Science, Technology, Engineering and Math (STEM) preparatory support for students, including $1.4 million in general fund and an additional $552,000 dedicated from tuition and other university revenue sources; and Student Success Initiatives, including $2.1 million in general fund and dedication of an additional $407,000 in university generated revenue. These programs are not included in the Governor's FY11 operating budget, but will be reevaluated as part of UA's FY12 operating budget request.

FY11 Capital Request

To sustain performance, it is necessary to assure funding for the Board of Regents' top capital budget priority, Annual Requirement for Maintenance & Reducing Deferred Maintenance.

Projects included in the BOR approved FY11 capital request that would satisfy increasing capacity demands include: the UAF Life Sciences Classroom & Lab Facility; and Planning and Design for constructing UA Engineering facilities. Further Reduction of Deferred Maintenance and Renewal Backlog are also priorities for FY11.

Looking to the Future

Left unmitigated the predicted declines in high school graduation rates could cause declines in future SCH production. Proposed FY11 increments for the STEM category would help increase the preparation of incoming students; and the successful completion of educational goals. It would also support improvement in the "college going rate" of Alaska high school graduates. Alaska has one of the lowest college going rates in the nation for recent high school graduates. Improvements in these areas would increase overall student enrollment.

Across the nation and here in Alaska the issue of college and career readiness has become a focal point for higher education. The job landscape has changed such that individuals must be able to succeed at some form of post-secondary education in order to succeed and advance economically. UA will continue to work collaboratively with K-12, employers and others to address these issues in the short- and long-term.

Another key to achieving increased recruitment and retention is the quality of the programs being offered. HDJA program increments in the areas of Teacher Education, Health, Workforce programs and Engineering help attract and retain students in new and expanded program offerings. Capital projects to meet increasing capacity demands and provide students with quality learning are: UAF Life Sciences Classroom & Lab Facility; and Planning & Design for Construction of UA Engineering facilities.

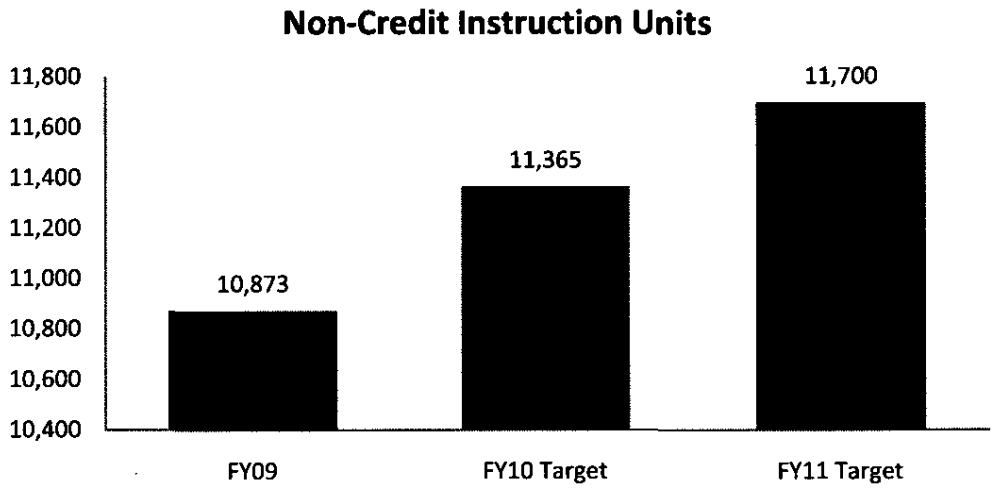
UA's status as a research university helps attract and retain high caliber students. Operating investments in research help UA become more competitive in generating Federal Receipts and other non-state research revenue. Even with operating budget investments, the University of Alaska is struggling with space constraints. Future growth in research is not possible without additional space.

The University, as the primary provider of community college and university higher education mission for the state, serves both traditional and non-traditional aged students. Student credit hour increases are just one indicator that the University of Alaska is providing critical workforce training and educational opportunities that meet the needs of the citizens of Alaska. An increase in credit hours contributes to the university's overall revenue base, which in turn helps fund programs, salary, fixed cost increases, and base investments necessary to reach the enrollment target. Efforts to increase the number of credit hours enrolled positively influences headcounts of full time, part time, non-credit, and vocational education students.

Non-Credit Instruction

Target: A target of 11,700 Non-Credit Instructional Productivity Units (NCUs) attempted in FY11.

Status: This metric is newly devised and the FY09 performance level of 10,873 units is a base year to determine future targets and growth.



Analysis of results and challenges:
The university adopted this performance measure in 2007, with FY09 being the first year for which baseline MAU performance would be reported, and each MAU has indicated additional data refinements are in progress during FY10. A system wide performance measure for this area was added to recognize and facilitate strategic management of non-credit instructional activity, particularly at the community campuses.

The underlying definition for this performance measure is that one NCU is equivalent to delivery of 10 non-credit student contact hours.

MAU Performance Highlights
UAA produced over 60 percent (6,537 units) of the NCU offered by UA in FY09. Of this NCU production at UAA in FY09, Prince William Sound Community College contributed over 52 percent (3,405 units), Kenai Peninsula College added 20 percent (1,308 units) and Matanuska-Susitna College produced 10 percent (665 units). UAA considers Non-Credit Instruction to be indicator of instructional activity and not a performance measure and therefore does not set targets and goals for this activity.

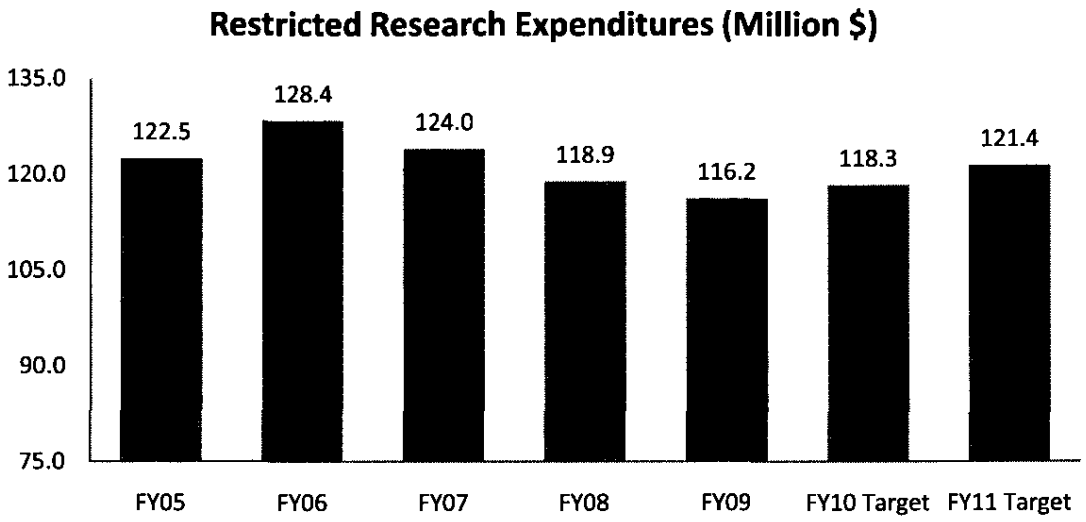
UAF produced 2,732 NCU in FY09, which was roughly 25 percent of the UA System total NCU offered. Almost 35 percent of UAF's NCU production (951 units), and the Kuskokwim campus, which offered nearly all of UAF's NCU production in FY09 (904 units).

UAS produced almost 15 percent of the NCU offered by the UA System in FY09 (1,604 units). The two major sources at UAS of NCU productivity were the Sitka campus producing almost 60 percent (952 units) and the Ketchikan campus producing the other 40 percent (652 units).

Restricted Research Expenditures

Target: A target of $121.4 million in grant funded expenditures in FY11.

Status: University restricted research expenditures totaled $116 million in FY09, landing $2.7 million (2 percent) down from FY08 performance levels. The target for FY09 was to maintain FY08 performance levels.



Analysis of results and challenges:
In FY09, restricted research expenditures decreased by 2 percent (2.7 million) from the FY08 performance level. The FY09 target for restricted research expenditures was to remain flat or minimal increase from the FY08 performance level. A number of factors, most notably facility constraints, contributed to a drop in performance during FY09 and, left unmitigated, will diminish expected future growth on this performance measure. The target for FY11 is based on full funding of the Governor's proposed FY11 operating and capital requests.

Past growth in research that UAF experienced came on the heels of major investments in research space made by UAF and funded by revenue bonds. That research space is filled to capacity and the older facilities are in need of upgrades to remain competitive. Future growth in research and indirect cost recovery is not possible without additional space. Expected gains in climate change and energy related research revenue will be offset from declines in other areas that will have space and general funding reallocated from them.

These factors, coupled with the more competitive federal funding environment for research, make state investment a requirement for further progress on this performance measure. Research at the University of Alaska is responsible for 2,400 jobs in Alaska, a $92 million payroll, and $125 million in purchased goods each year[4].

[4] Goldsmith, S., March 2007 ISER publication, *University of Alaska Research: An Economic Enterprise*, http://www.alaska.edu/swbir/ir/sponsored-research/UAResearch2007.pdf

1945

MAU Performance Highlights

UAA generated $8.1 million in FY09, which was near 8 percent ($660,000) decrease from the FY08 performance level, and below the anticipated target for FY09 of $8.8 million.

UAF generated $106.5 million in FY09, which was a $1.5 million (1 percent) decrease from the FY08 performance level and below the target for FY09 by $2.1 million.

UAS generated $1.5 million in FY09, equivalent to a 28 percent decrease ($570,000) from the FY08 performance, but this performance level exceeded the projected target for FY09 by $500,000.

Funding Impact

Operating investments in research help UA become more competitive in generating Federal Receipts and other non-state research revenue. Even with operating budget investments, the University of Alaska is struggling with space constraints. Future growth in research is not possible without additional space.

Past State-Funded Program Increments

In FY07, UA received a legislative appropriation in state funding of $1 million toward the requested $4 million Competitive University Research Investment increment. This provided direct support for UA's joint psychology PhD and bio-medical research development, and Geographic Information Network of Alaska (GINA).

In FY07, additional, temporary funding from sources such as BP/ConocoPhillips was used toward research activities related to the International Polar Year (IPY). One such IPY related research investment made was hiring 13 post-doctoral researchers in key Alaska related research areas; and the Scenarios Network for Alaska Planning (SNAP) to develop global warming scenarios. This IPY research investment has produced a significant amount of research funding, but gains in this area have been more than offset by losses in other areas.

In FY10, one-time funding of $950,000 was allocated to support Alaska Cooperative Extension and the Alaska Center for Energy and Power (ACEP).

Internal Reallocations

In only four years since FY00, (FY01, FY02, FY07 and FY09) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases, and allow for state funded program growth. However, the Board of Regents' (BOR) recognized the need for priority program growth and through maximizing external revenue, internal efficiencies, and reallocations have distributed funding towards priority programs every year.

In FY10, the funding UA received from state appropriations was $6.4 million less than UA's compensation and fixed cost increment request.

Over the last decade, UA has received incremental state funding for research in FY07 and FY10, and the funding received was a fraction of the amount requested. All research investments beyond this came through internal reallocation or non-state revenue sources.

FY11 Operating Request

To simply maintain existing performance levels, the fixed costs items in the BOR approved FY11 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

The BOR approved program increment requests that would most directly impact grant-funded research expenditures are: Science, Technology, Engineering and Math (STEM) preparatory support for students, including $1.4 million in general fund and an additional $552,000 dedicated from tuition and other university revenue sources; and Student Success Initiatives, including $2.1 million in general fund and dedication of an additional $407,000 in university generated revenue.

The Board of Regents' FY11 operating budget had also included program increments of $1.3 million in general funds and $1.9 million in non-state revenue to support Climate and Energy programs.

FY11 Capital Request

To sustain performance, it is necessary to assure funding for the Board of Regents' top capital budget priority, Annual Requirement for Maintenance & Reducing Deferred Maintenance.

Projects included in the BOR approved FY11 capital request that would satisfy increasing capacity demands include: the UAF Life Sciences Classroom & Lab Facility; and Planning and Design for constructing UA Engineering facilities. Further Reduction of Deferred Maintenance and Renewal Backlog are also priorities for FY11.

Looking to the Future

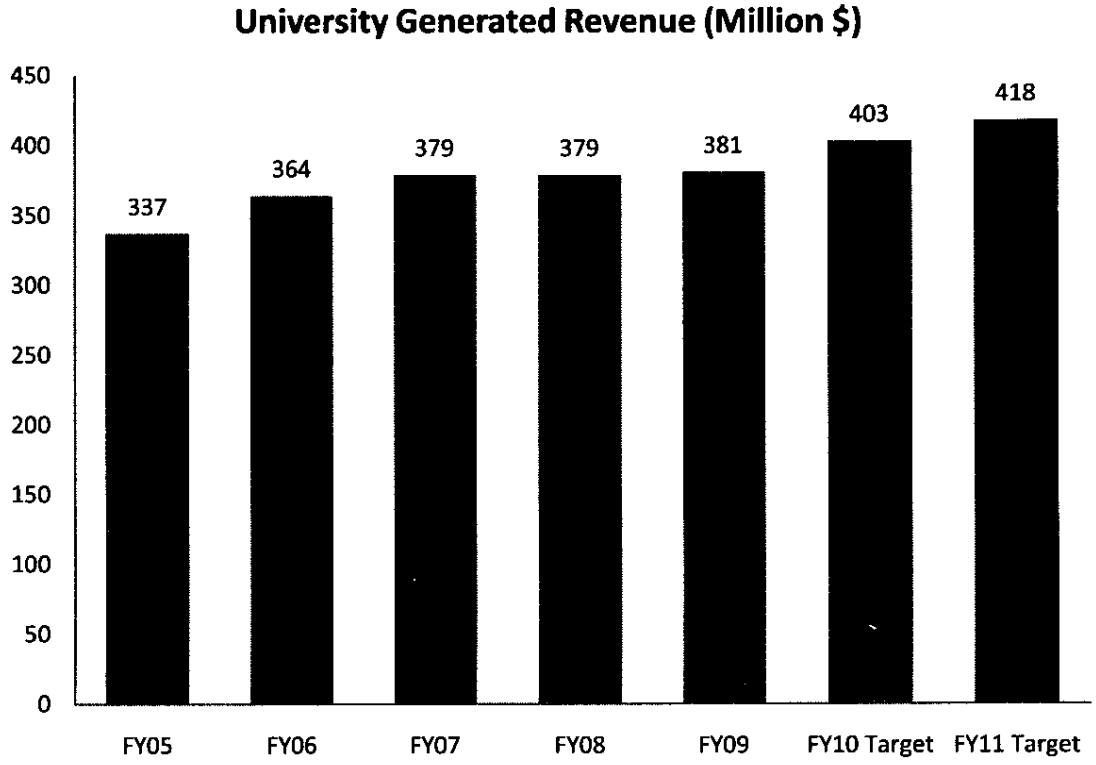
Operating investments in research help UA remain competitive in generating Federal Receipts and other non-state research revenue. Even with operating budget investments, the University of Alaska is struggling with space constraints. Future growth in research is not possible without additional space requested for UAF Life Sciences Classroom & Lab Facility and engineering facility planning.

Research at the University of Alaska is a critical component in the delivery of programs and services that are of value now and to the future of Alaska. UA success in achieving its goals and objectives depends upon consistent external and internal research funding. In addressing these funding realities, UA aggressively seeks new opportunities with federal, state and private agencies to ensure continuing capability of research programs in areas aligning UA, MAU, and campus research priorities.

University Generated Revenue

Target: A target of $418 million in university and federal receipts in FY11.

Status: FY09 University of Alaska revenue generated from non-state funds was $381 million, representing a slight increase from the FY08 level of $379 million; this performance was below the established target set for FY09.



Analysis of results and challenges:
University generated revenue (UGR) reached $381 million in FY09, an increase of $2 million (0.5 percent) over the FY08 performance level of $379 million. This fell short of the FY09 target increase of $15 million (3.8 percent) from the observed FY08 level.

The primary factor impacting FY09 performance on this measure was investment losses caused by the global economic crisis. Due to the adverse investment conditions in FY09, investment losses totaled $8 million, of which $3.9 million was absorbed at the Statewide MAU and the remaining $4.1 million by the three academic MAUs. During the FY09, adjustments were made to conservatively invest the portfolio to maintain liquidity and reduce risks. This revised strategy has lowered the risks, however will also result in decreases to the ultimate revenue yield.

The FY10 and FY11 forecasted targets of 5.8 percent and 3.5 percent increases respectively, are the minimum needed in order to meet anticipated fixed cost increases while maintaining current performance levels. Future growth in university generated revenue is expected to be moderate due to modest increases in tuition revenue mitigated by the current financial market crisis, a more competitive federal funding environment, as well as challenges with other major external, temporary funding sources.

MAU Performance Highlights

UAA generated $132 million in university generated revenue in FY09, which was a 4 percent, or $5 million increase from FY08, although below the FY09 target of $135 million. Strategies for future growth at UAA in university generated revenue include: increasing total and international student enrollment, which generates more student tuition and fees, including revenue from the non-resident tuition surcharge.

UAF generated $212 million in university generated revenue in FY09, which was a $1 million increase for FY08, but below the FY09 target of $216 million. UAF is anticipating some growth in research revenues in FY10 and FY11, growth in student tuition and fees and philanthropic giving in those future years, and minimal annual increases in University Receipts to forecast FY10 and FY11 targets for university generated revenue.

UAS generated $19 million in university generated revenue in FY09, which was a $1 million decrease from FY08 and was also below the FY09 target of $20 million. FY10 and FY11 future growth and targets are based on increased enrollment figures and subsequent increases in tuition and fees and increased revenues in housing.

Funding Impact

University generated revenue comes from a variety of sources the largest being Federal Receipts, Student Tuition and Fees and other University Receipts, respectively. Therefore, investments that impact UA's ability to generate revenue from each of these sources significantly impact this measure.

Operating increments that improve recruitment and retention improve student tuition and fee generation. Operating investments in research help UA become more competitive in generating Federal Receipts and also improve recruitment and retention by helping UA maintain its status as a research university.

Past State-Funded Program Increments

UA received program increments in FY07 totaling $4.2 million in general funds for Preparing Alaskans for Jobs and for Continuing Programs in State Needs. Also dedicated in support of these increments was $3.7 million in student tuition and fees and other revenue sources. The Preparing Alaskans for Jobs program increment supported expansion of engineering programs such as the Alaska Native Science and Engineering Program (ANSEP), programs in construction and mining technology, and vocational education. The Continuing Programs in State Needs increment supported teacher and early childhood education programs, distance delivery of high demand job area programs, nursing, behavioral health, and allied health programs.

In FY07, UA received a legislative appropriation in state funding of $1 million toward the requested $4 million Competitive University Research Investment increment. This provided direct support for UA's joint psychology PhD and bio-medical research development, and Geographic Information Network of Alaska (GINA).

In FY09, the state invested $5.5 million of general funds in the Preparing Alaskans for Jobs. Associated with this program increment was another $2.6 million in student tuition and fees and other non-state revenue sources. The Preparing Alaskans for Jobs program increment supported the high demand program areas of health, engineering, and fisheries.

In FY09, the state also funded the $46 million UAA Health Sciences building, which provides space for students pursuing degrees in nursing and health sciences fields, as well as program faculty and staff.

UA also receives annual Technical Vocational Education Program (TVEP) funding, which is temporary funding specific to workforce development programs. This funding source has been particularly valuable for program start-up funding, bridge funding and in helping to meet some of the equipment and lab needs necessary to meet industry standards. Since 2001 key areas supported include nursing and allied health, construction and mining training, process technology, information and network technology, and early childhood education. UA has consistently used TVEP funding to start and maintain programs to meet immediate needs, then, after evaluation, if employer and student demand is projected to maintain for several years, general funds are requested and the program is transitioned to this long term funding source.

Internal Reallocations

In only four years since FY00, (FY01, FY02, FY07 and FY09) have legislative appropriations of state funding covered the level necessary to fund salary, benefit and fixed cost increases, and allow for state funded program growth. However, the Board of Regents' (BOR) recognized the need for priority program growth and through maximizing external revenue, internal efficiencies, and reallocations have distributed funding towards priority programs every year.

In FY07, temporary funding from sources such as BP/ConocoPhillips was used toward research activities related to the International Polar Year (IPY). One such IPY related research investment made was hiring 13 post-doctoral researchers in key Alaska related research areas; and the Scenarios Network for Alaska Planning (SNAP) to develop global warming scenarios. This IPY research investment has produced a significant amount of research funding, but gains in this area have been more than offset by losses in other areas.

In FY10, the funding UA received from state appropriations was $6.4 million less than UA's compensation and fixed cost increment request.

FY11 Operating Request

To simply maintain existing performance levels, the fixed costs items in the BOR approved FY11 operating request are required, including: Compensation Increases; and Non-Discretionary Fixed Cost Increases.

The BOR approved FY11 operating budget includes program increment requests totaling $5.2 million in general funds and dedication of an additional $2.8 million in non-state revenue sources supporting key High Demand Job Area (HDJA) programs including Teacher Education, Health/Biomedical, Workforce Programs, and Engineering.

The BOR approved program increment requests that would most directly impact retention and therefore university generated revenue are: Science, Technology, Engineering and Math (STEM) preparatory support for students, including $1.4 million in general fund and an additional $552,000 dedicated from tuition and other university revenue sources; and Student Success Initiatives, including $2.1 million in general fund and dedication of an additional $407,000 in university generated revenue.

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Looking to the Future

Left unmitigated the predicted declines in high school graduation rates could cause declines in future SCH production. Proposed FY11 increments for the STEM category would help increase the preparation of incoming students; and the successful completion of educational goals. It would also support improvement in the "college going rate" of Alaska high school graduates. Alaska has one of the lowest college going rates in the nation for recent high school graduates. Improvements in these areas would increase overall student enrollment.

Across the nation and here in Alaska the issue of college and career readiness has become a focal point for higher education. The job landscape has changed such that individuals must be able to succeed at some form of post-secondary education in order to succeed and advance economically. UA will continue to work collaboratively with K-12, employers and others to address these issues in the short- and long-term.

Another key to achieving increased recruitment and retention, resulting in increased tuition and fees revenue, is the quality of the programs being offered. HDJA program increments in the areas of Teacher Education, Health, Workforce programs and Engineering help attract and retain students in new and expanded program offerings. Capital projects to meet increasing capacity demands and provide students with quality learning are: UAF Life Sciences Classroom & Lab Facility; and Planning & Design for Construction of UA Engineering facilities.

UA's status as a research university helps attract and retain high caliber students. Operating investments in research help UA become more competitive in generating Federal Receipts and other non-state research revenue. Even with operating budget investments, the University of Alaska is struggling with space constraints. Future growth in research is not possible without additional space.

The University, as the primary provider of community college and university higher education mission for the state, serves both traditional and non-traditional aged students. Student credit hour increases are just one indicator that the University of Alaska is providing critical workforce training and educational opportunities that meet the needs of the citizens of Alaska. An increase in credit hours contributes to the university's overall revenue base, which in turn helps fund programs, salary, fixed cost increases, and base investments necessary to reach the enrollment target. Efforts to increase the number of credit hours enrolled positively influences headcounts of full time, part time, non-credit, and vocational education students.

University-generated revenue includes the following revenue categories: University Receipts, Interest Income, Auxiliary Receipts, Gross Tuition/Fees, and Indirect Cost Recovery, Federal Receipts, CIP Receipts, and State Inter-Agency Receipts. University generated revenue does not include UA Intra-Agency Receipts, which are duplicated.

References

Revenue Descriptions

State appropriated funds:

General Fund (1004): Monies received from the general operating fund of the state used to finance the general operations of the university.

General Fund Match (1003): Monies received from the general operating fund of the state specifically authorized for funding matching requirements of restricted funds and are reserved for these purposes exclusively.

GF/Mental Health (1037): GF/Mental Health revenues help fund the Masters of Social Work program at UAA as well as other programs approved by the Mental Health Trust. These programs provide specialized curriculum for working with the beneficiary groups of the Mental Health Trust Authority and Alaska Native populations, providing an in-state avenue for social workers in Alaska to earn a Master's Degree. These degrees are required for licensing for many federal and state positions, including clinical social workers. Licensed clinical social workers are the primary providers of mental health services in much of Alaska, particularly communities served by and dependent upon community mental health centers.

Science & Technology (1025): Alaska Science & Technology funds were first appropriated directly to the university in FY93 as a replacement for general funds for agricultural, forestry and other land resource programs. They were the primary source of unrestricted revenue for these programs and provided match for federal and other restricted grants. This fund source was changed to Alaska Science and Technology Endowment Funding (1176) in FY03 and eliminated in FY04.

Statutory Designated Program Receipts (1108): Statutory Designated Program Receipts include UA Alumni License Plate Funds.

Technical and Vocational Education (1151): Since 2001 Senate Bill 137 (established in 2000 by SB289), has provided Technical Vocational Education Program (TVEP) funding to be used for workforce development (WFD) programs at UA.

Business License and Corporate Filing Fees and Taxes (1175): Used in FY09 as the funding source for UAA's Small Business Development Center (previously funded through the capital budget). This fund source was changed to General Fund (1004) in FY10.

University Receipts:

Interest Income (1010): Interest Income includes revenue generated from short-term investments of grant receipts and auxiliary enterprise receipts.

Auxiliary Receipts (1015): Auxiliary Receipts include all revenues associated with self-support activities such as the bookstore, food service and housing operations.

Student Tuition/Fees (1038): Student Tuition/Fees includes revenues generated from tuition charged to students for instructional programs as well as fees charged in support of specific activities such as material, lab, activity and health center fees.

Revenue Descriptions (continued)

Indirect Cost Recovery (1039): Indirect Cost Recovery (ICR) revenues are generated from federal and other restricted grants, and are used to help offset administrative and support costs that cannot be efficiently tracked directly to grant programs. ICR rates vary according to rates audited and approved by the university's cognizant federal oversight agency.

University Receipts (1048): University Receipts include restricted revenues received from corporate sources, private donations, and local governments, as well as revenues received from publication sales, non-credit self-support programs, recreational facility use fees, and other miscellaneous sources. As of FY03, University Receipts does not include current State Intra-Agency Receipts (1007), those funds are now reported as State Intra-Agency Receipts (1007), while funds previously reported using code 1007 are now under a new code (1174) as UA Intra-Agency Receipts.

Other Funds:

Federal Receipts (1002): Federal Receipts include all revenues received from the federal government. These include restricted federal grants from such agencies as the National Science Foundation, U.S. Small Business Administration, U.S. Dept. of Defense and other federal agencies, as well as federal funding for student financial aid and work-study programs.

Federal Receipts-ARRA (1212): Federal Receipts received from federal agencies related to the American Recovery and Reinvestment Act of 2009 (ARRA). These include restricted federal grants from such agencies as the National Science Foundation, Department of Health and Human Services National Institutes of Health, and other federal agencies, as well as additional federal funding for student financial aid and work-study programs. Except for Pell Grants and Federal Work Study Grants, which are part of the Operating Budget, authority for ARRA receipts are contained in the Capital Budget.

State Inter-Agency Receipts (1007): State Inter-Agency Receipts includes contractual obligations between state agencies. University account code 9330 only, which prior to FY03 was included in state code 1048. Prior to FY03 state code 1007 was UA Intra-Agency Receipts. UA account codes that went to state code 1007 prior to FY03 now are captured in state code 1174. In FY10, ARRA funds became available from the Federal Government and may be passed through to the University of Alaska on an RSA. These funds would be identified by University account code 9332, but will roll up to State Inter-Agency Receipts on all state reports.

MHTAAR (1092): Mental Health Trust Authority Authorized Receipts

CIP Receipts (1061): Capital improvement project (CIP) receipts are generated by chargeback to capital improvement projects to support CIP personal service administrative costs.

UA Intra-Agency Receipts (1174): Previously this fund source was UA Intra-Agency Receipts (1007). UA Intra-Agency Receipts include all internal charges for services provided by central service departments to other university departments. This includes services such as physical plant work orders, printing, and computer repairs, and certain administrative functions such as risk management and labor relations.

Revenue Descriptions (continued)

Fund Types:

Unrestricted Funds: Unrestricted funds are those current funds which are available for use within the current operating period, i.e., fiscal year, for which there is no apparent use restriction.

Auxiliary Funds: Auxiliary funds are unrestricted current funds of enterprises which furnish services directly or indirectly to students, faculty or staff and which charge fees directly relating to, but not necessarily equal to, the costs of the services. Bookstores and housing systems are examples of enterprises which generally meet the accounting criteria for classification as auxiliary enterprises.

Designated Funds: Designated funds are unrestricted current funds which have internal restrictions but which do not meet the accounting guidelines for restricted funds. Funds for UA Scholars is an example of designated funds.

Restricted Funds: Restricted funds are current funds received by the university but their use is limited to specific projects or purposes by grantors, donors or other external sources.

NCHEMS Descriptions

The University of Alaska classifies all expenditures into standardized categories that are nationally recognized and are generally utilized by most institutions of higher education. These categories, which were first developed by the National Center for Higher Education Management Systems (NCHEMS), are described below:

Instruction and Student Related:

Academic Support: The academic support category includes expenditures related to academic administration and governance to the institution's academic programs; academic program advising; course and curriculum planning, research, development and evaluation, including faculty development; and academic computing, including regional academic mainframes and the student micro-computer labs.

Instruction: The instruction service category includes expenditures for all activities, which are part of the system's instruction programs. Instructional services include all credit and non-credit courses for academic and vocational instruction.

Intercollegiate Athletics: Intercollegiate athletic sports are organized in association with the NCAA or NAIA. The intercollegiate athletics category includes expenditures for the necessary support staff associated with the athletic programs.

Library Services: The library services category includes expenditures for services, which directly support the collection, cataloging, storage and distribution of published materials -- periodical, subscription and book holdings, microfiche and other reference technology aids and inter-library bibliographic access through networks such as Online Computer Library Center (OCLC) and Alaska Library Network.

1955

NCHEMS Descriptions (continued)

Scholarships: The scholarships category includes scholarships and fellowships in the form of grants to students, as well as trainee stipends, prizes, and student awards.

Student Services: The student services category includes expenditures related to admissions, the registrar and those activities whose primary purpose is to contribute to the students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instruction program. Student services include social recreational, and cultural activities; counseling services which include personal, career guidance and placement, and vocational testing; student health medical services; financial aid management and student employment; student admissions, registration and student records administration; and student recruitment marketing and counseling.

Infrastructure:

Institutional Support: The institutional support category includes expenditures related to executive services including the office of the President, chancellors' offices, and other institutional support functions including business offices, accounting, budget development, EEO/AA, educational properties management, facilities planning and construction, finance, human resources, information services, institutional research, internal audit, investment properties management, legal counsel, payroll, procurement, records, risk and hazardous materials management, systems maintenance, university relations and support for the assemblies and the Board of Regents.

Debt Service: The debt service category includes expenditures for the repayment of debt obligations.

Physical Plant: The physical plant category includes expenditures related to plant administrative services; building maintenance services including routine and preventative repair and maintenance of buildings and structures; remodeling and renovation projects; custodial services including janitorial and elevator operations; landscaping and grounds maintenance services; utilities services including electricity, heating fuel, garbage and sewage disposal; and specialized safety and code compliance management services including campus security and hazardous materials management. Also included are expenditures for fire protection, property insurance and similar items.

Other:

Public Service: The public service category includes expenditures for activities whose primary purpose is to make available to the public the various unique resources and capabilities of the university in response to a specific community need or problem. The major public service units are the Cooperative Extension Service, KUAC Radio and TV, small business development programs and other community service programs produced in cooperation with community organizations and local governments.

Research: The research category includes expenditures for activities directly related to scientific and academic research. The majority of the research is funded by non-general funds.

NCHEMS Descriptions (continued)

Auxiliary Services: The auxiliary services category includes expenditures for conveniences and services needed by students to maintain an on-campus, resident student body. These services include resident student housing, food service dining halls, retail stores' operations such as the bookstore and vending machines, and specialized services such as child care.

Unallocated Authority: The unallocated authority category is not part of the standardized NCHEMS categories used by other institutions of higher education. It is a special category created by the University of Alaska to hold additional budget authority separate from other NCHEMS until such a time as it is needed.

1957

University of Alaska
FY10 Operating Budget Request Summary
Compared to Final Legislation HB81, HB83
(in thousands)

	UA BOR Request			Final Legislation			State Approp. vs.
	State Approp.	**Receipt Authority**	**Total**	**State Approp.**	**Receipt Authority**	**Total**	BOR Req.
General Fund/General Fund Match	308,087.7		308,087.7	308,087.7		308,087.7	
Technical Vocational Ed. Program Acct.	4,723.6		4,723.6	4,723.6		4,723.6	
General Fund Mental Health Trust	295.8		295.8	295.8		295.8	
Receipt Authority		525,007.6	525,007.6		525,007.6	525,007.6	
FY09 Operating Budget	**313,107.1**	**525,007.6**	**838,114.7**	**313,107.1**	**525,007.6**	**838,114.7**	
Adjusted Base Requirements							
Fixed Cost Increases [1]	14,667.3	14,790.8	29,458.1	9,523.4	14,090.8	23,614.2	(5,143.9)
New Facility Operating & Maint. Costs	2,790.5	344.3	3,134.8	1,525.0	1,069.3	2,594.3	(1,265.5)
Integrated Science Building (ISB)	*2,177.5*	*344.3*	*2,521.8*	*1,025.0*	*1,069.3*	*2,094.3*	*(1,152.5)*
Virology Operating Costs [2]	*263.0*		*263.0*	*150.0*		*150.0*	*(113.0)*
Bragaw Building Lease Expense	*350.0*		*350.0*	*350.0*		*350.0*	
Subtotal-Adjusted Base Requirements	**17,457.8**	**15,135.1**	**32,592.9**	**11,048.4**	**15,160.1**	**26,208.5**	**(6,409.4)**
Priority Program Enhancement and Growth							
K-12 Outreach	2,628.1	846.6	3,474.7				(2,628.1)
Bridging Progrs,Tech Prep,Career Awareness	1,490.0	305.0	1,795.0				(1,490.0)
Outreach,Testing,Placement & Teacher Prep.	1,138.1	541.6	1,679.7				(1,138.1)
Energy, Engineering, Climate	3,823.4	7,120.0	10,943.4	950.0	2,668.4	3,618.4	(2,873.4)
Energy and Cooperative Ext. Service [2]	*1,438.4*	*3,968.1*	*5,406.5*	*950.0*	*2,668.4*	*3,618.4*	*(488.4)*
Engineering	*1,560.0*	*651.9*	*2,211.9*				*(1,560.0)*
Climate	*825.0*	*2,500.0*	*3,325.0*				*(825.0)*
Health Programs	3,073.2	3,213.5	6,286.7	922.0	149.7	1,071.7	(2,151.2)
BioMed Capacity	*1,229.3*	*2,914.0*	*4,143.3*				*(1,229.3)*
Academic Programs	*1,843.9*	*299.5*	*2,143.4*	*922.0*	*149.7*	*1,071.7*	*(921.9)*
Workforce and Campus Programs	2,341.8	619.9	2,961.7				(2,341.8)
Workforce Programs	*1,216.5*	*290.4*	*1,506.9*				*(1,216.5)*
Advanced Indigenous Studies	*335.3*	*215.0*	*550.3*				*(335.3)*
Student Achievement	*790.0*	*114.5*	*904.5*				*(790.0)*
Subtotal - Priority Programs	**11,866.5**	**11,800.0**	**23,666.5**	**1,872.0**	**2,818.1**	**4,690.1**	**(9,994.5)**
Total FY10 Increment Request	**29,324.3**	**26,935.1**	**56,259.4**	**12,920.4**	**17,978.2**	**30,898.6**	**(16,403.9)**
Total FY10 Operating Budget Request	**342,431.4**	**551,942.7**	**894,374.1**	**326,027.5**	**542,985.8**	**869,013.3**	**(16,403.9)**
% Change FY09 Budget to FY10 Request	*9.4%*	*5.1%*	*6.7%*	*4.1%*	*3.4%*	*3.7%*	
Adjustments							
Reverse FY09 one-time item for Stipends				(234.4)		(234.4)	(234.4)
Nat'l Guard Tuition Waiver trf from Dept. of Military & Vet. Affairs & FY10 Increment	500.0		500.0	328.5		328.5	(171.5)
Mental Health Trust and MHTAAR Funding	257.5	323.0	580.5	(95.0)	(5.5)	(100.5)	(352.5)
Graduate Medical Education Family Practice Residency Program	2,200.0		2,200.0	2,200.0		2,200.0	
Excess Rcpt Auth. Decrement - True-Up Accts		(48,000.0)	(48,000.0)		(48,000.0)	(48,000.0)	
Subtotal - Adjustments	**2,957.5**	**(47,677.0)**	**(44,719.5)**	**2,199.1**	**(48,005.5)**	**(45,806.4)**	**(758.4)**
Total FY10 Operating Budget Request with Adjustments	**345,388.9**	**504,265.7**	**849,654.6**	**328,226.6**	**494,980.3**	**823,206.9**	**(17,162.3)**

1. UA requested $1.7M for utility cost increases of which a portion will be funded through the trigger mechanism.

2. One-time funding

University of Alaska
FY10 Operating Budget Comparisons
Board of Regents', Governor's Amended, Conference Committee, w/Governor's Vetoes
State Appropriation (in thousands)

	UA BOR Request	Gov's Proposed Budget Amended	Conf. Committee HB81 & HB83	Governor's Vetoes	Total State Appr. Operating
FY09 Operating Budget (GF/GFMHT/TVEP)	**313,107.1**	**313,107.1**	**313,107.1**		**313,107.1**
Adjusted Base Requirements					
Fixed Cost Increases [1]	14,667.3	9,923.4	9,523.4		9,523.4
New Facility Operating and Maintenance Costs	2,790.5	1,525.0	1,525.0		1,525.0
Integrated Science Building (ISB)	*2,177.5*	*1,025.0*	*1,025.0*		*1,025.0*
Virology Operating Costs [2]	*263.0*	*150.0*	*150.0*		*150.0*
Bragaw Building Lease Expense	*350.0*	*350.0*	*350.0*		*350.0*
Subtotal - Adjusted Base Requirements	**17,457.8**	**11,448.4**	**11,048.4**		**11,048.4**
Priority Program Enhancement and Growth					
K-12 Outreach	2,628.1	800.0			
Bridging Programs, Tech Prep, Career Awareness	*1,490.0*	*800.0*			
Outreach, Testing, Placement & Teacher Prep.	*1,138.1*				
Energy, Engineering, Climate	3,823.4	1,000.0	950.0		950.0
Energy and Cooperative Extension Service [2]	*1,438.4*	*1,000.0*	*950.0*		*950.0*
Engineering	*1,560.0*				
Climate	*825.0*				
Health Programs	3,073.2	1,843.9	922.0		922.0
BioMed Capacity	*1,229.3*				
Academic Programs	*1,843.9*	*1,843.9*	*922.0*		*922.0*
Workforce and Campus Programs	2,341.8				
Workforce Programs	*1,216.5*				
Advanced Indigenous Studies	*335.3*				
Student Achievement	*790.0*				
Subtotal - Priority Programs	**11,866.5**	**3,643.9**	**1,872.0**		**1,872.0**
Total FY10 Increment Request	**29,324.3**	**15,092.3**	**12,920.4**		**12,920.4**
Total FY10 Operating Budget Request	**342,431.4**	**328,199.4**	**326,027.5**		**326,027.5**
% Change FY09 Budget to FY10 Request	*9.4%*	*4.8%*	*4.1%*	*N/A*	*4.1%*
Adjustments					
Reverse FY09 one-time item for Stipends		(234.4)	(234.4)		(234.4)
Nat'l Guard Tuition Waiver trf from Dept. of Military & Vet. Affairs & FY10 Increment	500.0	328.5	328.5		328.5
Mental Health Trust and MHTAAR Funding	257.5	(95.0)	(95.0)		(95.0)
Graduate Medical Education Family Practice Residency Program	2,200.0	2,200.0	2,200.0		2,200.0
Subtotal - Adjustments	2,957.5	2,199.1	2,199.1		2,199.1
Total FY10 Operating Budget Request with Adjustments	**345,388.9**	**330,398.5**	**328,226.6**		**328,226.6**

1. UA requested $1.7M for utility cost increases of which a portion will be funded through the trigger mechanism.

2. One-time funding

University of Alaska
FY10 Proposed Operating Budget Distribution Summary
State Appropriations (in thousands)

	UA	SPS	UAA	UAF	UAF-CC	UAS
FY09 Operating Budget	**313,107.1**	**26,196.8**	**114,338.1**	**123,568.0**	**22,592.9**	**26,411.3**
Adjusted Base Requirements						
Fixed Cost Increases	9,523.4	567.3	3,593.9	3,434.0	1,062.6	865.6
New Facility Operating and	1,525.0	350.0	1,025.0	150.0		
Integrated Science Building (ISB)	*1,025.0*		*1,025.0*			
Virology Operating Costs	*150.0*			*150.0*		
Bragaw Building Lease Expense	*350.0*	*350.0*				
Subtotal-Adj'd Base Requirements	**11,048.4**	**917.3**	**4,618.9**	**3,584.0**	**1,062.6**	**865.6**
Priority Program Enhancement and Growth						
K-12 Outreach						
Bridging Programs, Tech Prep, Career Awareness						
Outreach, Testing, Placement & Teacher Prep.						
Energy, Engineering, Climate	950.0			500.0	450.0	
Energy and Coop. Ext. Service [1]	*950.0*			*500.0*	*450.0*	
Engineering						
Climate						
Health Programs	922.0		690.3	87.4	88.0	56.3
BioMed Capacity						
Academic Programs [2]	*922.0*		*690.3*	*87.4*	*88.0*	*56.3*
Workforce and Campus Programs						
Workforce Programs						
Advanced Indigenous Studies						
Student Achievement						
Subtotal - Priority Programs	**1,872.0**		**690.3**	**587.4**	**538.0**	**56.3**
Total FY10 Increment Request	**12,920.4**	**917.3**	**5,309.2**	**4,171.4**	**1,600.6**	**921.9**
Total FY10 Operating Budget Request	**326,027.5**	**27,114.1**	**119,647.3**	**127,739.4**	**24,193.5**	**27,333.2**
% Change FY09 Budget to FY10 Request	4.1%	3.5%	4.6%	3.4%	7.1%	3.5%
Adjustments						
Rev. FY09 one-time item - Stipends	(234.4)		(142.4)		(62.4)	(29.6)
Nat'l Guard Tuition Waiver trf from Dept. of Military & Vet. Affairs	328.5		328.5			
Mental Health Trust and MHTAAR Funding	(95.0)		(95.0)			
Graduate Medical Ed. Family Practice Residency Program	2,200.0		2,200.0			
Transfers [3]		922.6	(922.6)	(725.0)	725.0	
Subtotal - Adjustments	**2,199.1**	**922.6**	**1,368.5**	**(725.0)**	**662.6**	**(29.6)**
Total FY10 Operating Budget Request w/Adj.	**328,226.6**	**28,036.7**	**121,015.8**	**127,014.4**	**24,856.1**	**27,303.6**

1. One-time funding

2. Health program funding of $56.2 will be transferred via RSA from the Anchorage Campus to the Juneau Campus.

3. Transfers: Base funding from Anchorage Campus to Small Business Development Center ($257.2); Mining and Petroleum Training Services program from Kenai Peninsula College to Statewide Ed./Outreach ($922.6); M&R base funding from Fairbanks Campus to UAF Community Campuses ($725.0)

University of Alaska
FY10 Budget Requests by Program Category

Campus	Title	UA BOR Request GF	UA BOR Request NGF	UA BOR Request Total	Proposed Distribution GF/RSA	Proposed Distribution NGF	Proposed Distribution Total
K-12 Outreach							
Bridging Programs, Tech Prep and Career Awareness							
ANC	Engineering Bridging Activities/Summer Camps	150.0	40.0	190.0			
FBK	Alaska Summer Research Academy (ASRA) Engineering Components	75.0	100.0	175.0			
IAC	Interior Aleutians Campus (IAC) Early College High School Initiative	95.7	5.0	100.7			
FBK	Individual Technology Based Math and Summer Bridge Programs	150.0	40.0	190.0			
JUN	Summer Bridge, Early College Advising and Programs	175.0	25.0	200.0			
ANC	Alaska Native Science and Engineering Program	300.0	20.0	320.0			
SEO	Institutionalize Program Support for Tech Prep	300.0	40.0	340.0			
SEO	UA Career Pathway Development, Outreach, & Planning	150.0	20.0	170.0			
JUN	Outreach and Retention Specialist	94.3	15.0	109.3			
	Bridging Programs, Tech Prep and Career Awareness	1,490.0	305.0	1,795.0			
Outreach, Testing, Placement and Teacher Preparation							
ANC	Efficient Progress Toward Degree/Goal Completion-Early Assessment, Placement, and Educational Advising	299.0	40.0	339.0			
ANC	Efficient Progress Toward Degree/Goal Completion-CTC Student Success Coordinators	40.0	5.0	45.0			
KOD	Efficient Progress Toward Degree/Goal Completion-KOC Student Success Coordinator	40.0	5.0	45.0			
KPC	Efficient Progress Toward Degree/Goal Completion-KPC Student Success Coordinator	80.0	5.0	85.0			
ANC	Health Student Success Coordinator - UAA	52.0	5.0	57.0			
SW	Systemwide Marketing/Outreach	400.0	400.0	800.0			
FBK	UAF Special Education Teacher Preparation	142.1	27.2	169.3			
FBK	School of Education Program Access Through Distributed Teaching and Learning	85.0	54.4	139.4			
	Outreach, Testing, Placement and Teacher Preparation	1,138.1	541.6	1,679.7			
	K-12 Outreach Total	2,628.1	846.6	3,474.7			
Energy, Engineering, Climate							
Energy and Cooperative Extension Service							
FOR	Alaska Center for Energy and Power (ACEP) *	500.0	1,318.4	1,818.4	500.0	1,318.4	1,818.4
CES	Cooperative Extension Service and Energy Outreach *	450.0	1,350.0	1,800.0	450.0	1,350.0	1,800.0
ANC	Critical Faculty-Energy Economist	88.4	99.7	188.1			
FOR	Critical Faculty Leaders on Geothermal Technologies and Exploration, Renewable Power, and Alternative Fuels	400.0	1,200.0	1,600.0			
	Energy and Cooperative Extension Service	1,438.4	3,968.1	5,406.5	950.0	2,668.4	3,618.4
Engineering							
ANC	Bachelor of Science in Engineering (BSE) Faculty	450.0	60.0	510.0			
FBK	Engineering Science Core Instructor Support	100.0	46.8	146.8			
FBK	Mechanical Engineering Faculty in Alternative Energy	120.0	100.0	220.0			
FBK	EE/CpE Faculty to Support Computer Engineering	120.0	100.0	220.0			
FBK	Engineering Student Success Lab	75.0	150.0	225.0			

* One-time funding received for these programs.

University of Alaska
FY10 Budget Requests by Program Category

Campus	Title	UA BOR Request GF	NGF	Total	Proposed Distribution GF/RSA	NGF	Total
FBK	Petroleum Engineering Faculty to Support Increased Enrollments and Chemical Engineering	120.0	100.0	220.0			
ANC	Community & Technical College Architectural and Engineering Tech (AET) Faculty	70.0	20.0	90.0			
FBK	Graduate Student Assistantships to Support Growth in Engineering	100.0	20.0	120.0			
FBK	Physics and Mathematics Support for Engineering	105.0	35.1	140.1			
ANC	Engineering, Science and Project Management Faculty	300.0	20.0	320.0			
	Engineering	1,560.0	651.9	2,211.9			
Climate							
FOR	Climate Adaptation: Information on Climate Change to Inform Planning and Preparation	150.0	450.0	600.0			
FOR	Climate Change Impacts on Transportation	250.0	700.0	950.0			
FOR	Ecological Modeling: Responses of Biological Systems to Climate Change	200.0	650.0	850.0			
FOR	High Resolution Localized Forecasts for Managers and Policymakers	225.0	700.0	925.0			
	Climate	825.0	2,500.0	3,325.0			
	Energy, Engineering, Climate Total	3,823.4	7,120.0	10,943.4	950.0	2,668.4	3,618.4
Health Programs							
BioMed Capacity							
FOR	Joint UAF/Public Health Laboratory Position in Virology	75.3	305.8	381.1			
FOR	Faculty Position in Virology and Infectious Disease	100.4	351.6	452.0			
ANC	Integrated Science Building Animal Research Facility Manager	70.0	10.0	80.0			
ANC	Integrated Science Building Veterinarian	60.0	5.0	65.0			
FBK	Faculty Position in Immunology	100.4	359.4	459.8			
FOR	Veterinary Services Animal Health Technician	95.2	325.0	420.2			
FOR	Veterinary Services Laboratory Technician	95.2	325.0	420.2			
ANC	Stress Physiology Faculty Position	100.0	25.0	125.0			
FOR	Post-Doctoral Support for Biomedical and Behavioral Health Research	200.0	800.0	1,000.0			
ANC	Clinical/Translational Science Faculty	150.0	20.0	170.0			
JUN	IDeA Network of Biomedical Research Excellence (INBRE) Faculty Support	36.8	50.0	86.8			
JUN	Competitive Research Match Funds	50.0	50.0	100.0			
FOR	Graduate Student Assistantships to Enhance Biomedical Programs and Research	96.0	287.2	383.2			
	BioMed Capacity	1,229.3	2,914.0	4,143.3			
Academic Programs							
JUN	Career and Health Coordinator *	80.0	15.0	95.0	80.0	7.5	87.5
ANC	Clinical Rotations/Health Pipeline	300.0	20.0	320.0	200.0	17.5	217.5
ANC	Distance Social Work Program	151.5	20.0	171.5	50.0	17.5	67.5
ANC	Human Services Practicum Coordination	108.0	5.0	113.0	94.0	5.0	99.0
ANC	Pharmacy Careers Faculty/Liaison	160.0		160.0			
ANC	Physical Therapy Careers Faculty/Liaison	104.8	15.0	119.8			
ANC	Physician Assistant Program Expansion	249.3	30.0	279.3	249.3	30.0	279.3
ANC	Radiologic Technology Program, Fairbanks	48.0	20.0	68.0			
JUN	Biological Sciences Laboratory Technician *	32.5	6.5	39.0	32.5	3.2	35.7

University of Alaska
FY10 Budget Requests by Program Category

Campus	Title	UA BOR Request GF	NGF	Total	Proposed Distribution GF/RSA	NGF	Total
FBK	Psychology Clinic Services	174.8	50.0	224.8	87.4	25.0	112.4
ANC	Psychology Clinic Services	41.3	20.0	61.3	40.8	20.0	60.8
CRCD	Rural Human Services (RHS) Faculty	81.7	16.0	97.7	40.8	8.0	48.8
TVC	Tanana Valley Campus Assistant Professor, Medical Assisting	94.3	32.0	126.3	47.2	16.0	63.2
ANC	Dietetics and Nutrition Program Expansion	78.5	20.0	98.5			
ANC	Dental Programs Expanded Functions	47.2	10.0	57.2			
ANC	Ultrasound Faculty	92.0	20.0	112.0			
	Academic Programs	1,843.9	299.5	2,143.4	922.0	149.7	1,071.7
	Health Programs Total	3,073.2	3,213.5	6,286.7	922.0	149.7	1,071.7
Workforce and Campus Programs							
Workforce Programs							
JUN	Marine Transportation	127.0	51.0	178.0			
KPC	Kenai Peninsula Campus (KPC) Process Technology	375.0	65.0	440.0			
KOD	Vocational Associate of Applied Science, Technology (AAST) Program (Kodiak)	90.0	10.0	100.0			
TVC	Tanana Valley Campus (TVC) Law Enforcement Academy Base Funding	98.6	64.3	162.9			
NWC	Northwest Campus (NWC) Bering Strait Workforce Enhancement for Business	111.9	20.1	132.0			
IAC	Interior Aleutians Campus (IAC) Tribal Management Faculty	90.0	20.0	110.0			
ANC	Center for Economic Development	125.0	20.0	145.0			
IAC	Interior Aleutians Campus (IAC) Alaska Roads Scholar Program	99.0	20.0	119.0			
IAC	Interior Aleutians Campus (IAC) Construction Trades Technology	100.0	20.0	120.0			
	Workforce Programs	1,216.5	290.4	1,506.9			
Advanced Indigenous Studies							
FBK	Graduate Student Success with a Focus on the Indigenous Studies Ph.D. Program	117.6	140.0	257.6			
FBK	Indigenous Studies Ph.D./Alaska Native Knowledge Network	217.7	75.0	292.7			
	Advanced Indigenous Studies	335.3	215.0	550.3			
Student Achievement							
ANC	Learning Communities Promoting Student Success-Honors College	150.0	30.0	180.0			
ANC	Learning Communities Promoting Student Success-Supplemental Instruction	200.0	30.0	230.0			
FBK	Honors Program and Undergraduate Research	200.0	24.5	224.5			
JUN	Freshmen Seminars, Short Courses, Early Alert and Guide Programs	100.0	20.0	120.0			
ANC	University Relations/Alumni	140.0	10.0	150.0			
	Student Achievement	790.0	114.5	904.5			
	Workforce and Campus Programs	2,341.8	619.9	2,961.7			
	FY10 Priority Program Enhancement and Growth	11,866.5	11,800.0	23,666.5	1,872.0	2,818.1	4,690.1

* Health program funding of $56.2 will be transferred via RSA from the Anchorage Campus to the Juneau Campus.

University of Alaska Revenue Summary based on the Governor's Proposed FY11 Operating Budget
Budgeted Authority and Actual Revenue by Source FY09-FY11

	Budgeted Values						Actual Values				
	FY10 Authorized	FY10 Adjustments	FY10 Authorized less Adjustments	FY11 Preliminary Proposal	% Change FY10-FY11	Net Change	FY09 Actuals	FY10 Projection	FY10 Adjustments	FY10 Projection less Adjustments	FY11 Projection
State Appropriations											
General Fund	317,324.9		317,324.9	328,544.6		11,219.7	302,526.0	317,474.9		317,474.9	328,544.6
General Fund-One-Time [1]	1,100.0	(1,100.0)					5,074.4	1,100.0	(1,100.0)		
General Fund Match	4,777.3		4,777.3	4,777.3			4,777.3	4,777.3		4,777.3	4,777.3
Technical Vocational Ed.	4,723.6		4,723.6	5,201.9		478.3	4,723.6	4,723.6		4,723.6	5,201.9
Mental Health Trust	300.8		300.8	605.8		305.0	295.8	300.8		300.8	605.8
Business License Fees [2]							550.0				
State Appr. Subtotal	**328,226.6**	**(1,100.0)**	**327,126.6**	**339,129.6**	**3.7%**	**12,003.0**	**317,947.1**	**328,376.6**	**(1,100.0)**	**327,276.6**	**339,129.6**
Receipt Authority											
Interest Income	4,585.4		4,585.4	4,585.4			-8,354.6	400.0		400.0	400.0
Auxiliary Receipts	45,980.2		45,980.2	47,670.6	3.7%	1,690.4	40,634.3	42,259.7		42,259.7	43,950.1
Student Tuition/Fees (net)	109,257.6		109,257.6	116,138.0	6.3%	6,880.4	98,117.2	107,928.9		107,928.9	114,809.3
Indirect Cost Recovery [3]	35,438.7	(200.0)	35,238.7	35,766.6	1.5%	527.9	30,086.0	32,786.9	(200.0)	32,586.9	33,114.8
University Receipts	93,551.9	(1,568.4)	91,983.5	95,621.6	4.0%	3,638.1	96,567.4	72,182.9	(1,568.4)	70,614.5	74,252.6
University Rcpts. Subtotal	**288,813.8**	**(1,768.4)**	**287,045.4**	**299,782.2**	**4.4%**	**12,736.8**	**257,050.3**	**255,558.4**	**(1,768.4)**	**253,790.0**	**266,526.8**
Federal Receipts [3]	131,558.5	(900.0)	130,658.5	132,798.7	1.6%	2,140.2	116,355.4	117,519.0	(900.0)	116,619.0	118,759.2
State Inter Agency Receipts	14,170.0		14,170.0	15,301.1	8.0%	1,131.1	13,092.9	14,140.3		14,140.3	15,271.4
MHTAAR	1,617.0	(1,617.0)		1,693.2	N/A	1,693.2	1,407.6	1,617.0	(1,617.0)		1,693.2
CIP Receipts [3]	7,300.0		7,300.0	7,630.7	4.5%	330.7	4,614.0	6,614.0		6,614.0	6,944.7
UA Intra Agency Receipts	51,521.0		51,521.0	51,521.0			51,033.7	52,054.4		52,054.4	52,054.4
Rcpt. Authority Subtotal	**494,980.3**	**(4,285.4)**	**490,694.9**	**508,726.9**	**3.7%**	**18,032.0**	**443,553.9**	**447,503.1**	**(4,285.4)**	**443,217.7**	**461,249.7**
Revenue Total	**823,206.9**	**(5,385.4)**	**817,821.5**	**847,856.5**	**3.7%**	**30,035.0**	**761,501.0**	**775,879.7**	**(5,385.4)**	**770,494.3**	**800,379.3**
Other Appr. [4]	*3,632.0*		*3,632.0*	*2.0*			*1.8*	*2.0*		*2.0*	*2.0*
Total w/ Other Appr.	*826,838.9*	*(5,385.4)*	*821,453.5*	*847,858.5*			*761,502.8*	*775,881.7*	*(5,385.4)*	*770,496.3*	*800,381.3*

1. One-time Items Include: FY09 $4,840.0 for Utility Increases, $234.4 for Workforce Development Stipend (ACCFT); and FY10 $150.0 for UAF Virology Facility Operating Costs, $500.0 for Fairbanks Organized Research Alaska Center for Energy and Power Leadership, $450.0 for Cooperative Extension Service - Energy Outreach.

2. The $550.0 funded with Business License Revenue in FY09 was moved to General Funds in FY10.

3. ICR and CIP include the impact for stimulus funding for grants, but Federal Receipts do not as these will be realized through the capital budget.

4. Other Appropriations Include: FY09 $1.8 License Plate Revenue, FY10 $2.0 License Plate Revenue, and $1,650.0 & $1,980.0 (Budget) One-Time Funding for Utility Increases; and FY11 $2.0 License Plate Revenue.

University of Alaska
FY99, FY06-FY09 Actual Expenditures by NCHEMS (in thousands)

	FY99	FY06	FY07	FY08	FY09	% Change FY99-FY09
Instruction and Student Related						
Academic Support	12,562.0	32,908.1	37,234.7	39,349.6	42,246.9	236.3%
Instruction	103,164.4	165,097.2	183,150.3	186,143.5	203,341.4	97.1%
Intercollegiate Athletics	5,757.2	8,961.9	10,087.2	10,810.4	11,926.7	107.2%
Library Services	12,637.2	15,121.2	16,046.1	16,301.4	17,255.7	36.5%
Scholarships [1]	11,245.5	15,361.4	15,663.1	16,162.0	18,708.2	66.4%
Student Services	16,892.5	30,198.8	32,711.9	35,414.5	38,214.8	126.2%
Instruction and Student Related	162,258.8	267,648.6	294,893.3	304,181.4	331,693.7	104.4%
Infrastructure						
Institutional Support	65,629.4	90,244.0	109,029.9	109,908.5	119,093.7	81.5%
Debt Service	3,645.6	3,426.9	5,133.5	4,168.1	4,386.5	20.3%
Physical Plant	43,798.1	65,092.1	74,561.8	80,281.7	87,939.1	100.8%
Infrastructure	113,073.1	158,763.0	188,725.2	194,358.3	211,419.3	87.0%
Public Service	17,776.6	31,203.4	34,303.5	36,758.1	37,791.2	112.6%
Research	76,147.7	138,212.0	142,408.1	135,893.4	140,126.4	84.0%
Auxiliary Services	29,286.4	40,740.6	42,314.2	43,876.2	40,470.4	38.2%
Unallocated Authority				0.8		N/A
Total	398,542.6	636,567.6	702,644.3	715,068.2	761,501.0	91.1%
Other Appropriations [2]	641.4	72.9	6.0	1.5	1.8	
Total	399,184.0	636,640.5	702,650.3	715,069.7	761,502.8	

1. Commencing in FY03, in accordance with GASB 34, the university is required to report student tuition and fee revenue and auxiliary receipts net of allowances and discounts, with a corresponding offset in scholarships.

2. Other Appropriations Include: FY99 $594.9 Supplemental Appropriation for Y2K Assessment and remediation, and $46.5 Reappropriation for Library Books; FY06 $2.5 License Plate Revenue, and FFA State Director for $75.0 ($4.6 lapsed); FY07 $2.0 License Plate Revenue, and $4.0 for ETS Chargebacks; FY08 $1.5 License Plate Revenue; FY09 $1.8 License Plate Revenue.

FY06-FY09 Actual Expenditures by MAU/Campus (in thousands)

MAU/Campus	FY06 Actual State Approp.	FY06 Actual Receipt Authority	FY06 Actual Total Funds	FY07 Actual State Approp.	FY07 Actual Receipt Authority	FY07 Actual Total Funds	FY08 Actual State Approp.	FY08 Actual Receipt Authority	FY08 Actual Total Funds	FY09 Actual State Approp.	FY09 Actual Receipt Authority	FY09 Actual Total Funds	% Change FY08-FY09 State Approp.	% Change FY08-FY09 Receipt Authority	% Change FY08-FY09 Total Funds
Systemwide Components Summary															
Reductions & Additions															
Total SW BRA															
Statewide Programs & Services															
Statewide Services	11,409.9	22,524.1	33,934.0	13,093.1	29,466.1	42,559.2	13,895.0	26,072.6	39,967.6	14,139.3	19,097.5	33,236.8	1.8%	-26.8%	-16.8%
Office of Info. Tech. (OIT)	7,848.9	4,509.0	12,357.9	9,029.6	4,502.5	13,532.1	9,986.9	7,570.4	17,557.3	10,364.1	6,496.1	16,860.2	3.8%	-14.2%	-4.0%
Systemwide Ed/Outreach										1,808.6	6,559.2	8,367.8	N/A	N/A	N/A
Total SPS	19,258.8	27,033.1	46,291.9	22,122.7	33,968.6	56,091.3	23,881.9	33,643.0	57,524.9	26,312.0	32,152.8	58,464.8	10.2%	-4.4%	1.6%
University of Alaska Anchorage															
Anchorage Campus	76,369.2	107,090.2	183,459.4	85,622.7	113,691.4	199,314.1	90,152.0	116,683.0	206,835.0	97,026.2	127,890.1	224,916.3	7.6%	9.6%	8.7%
Small Business Dev Ctr										550.0		550.0	N/A	N/A	N/A
Kenai Pen. Col.	5,574.0	4,331.2	9,905.2	6,601.1	4,818.6	11,419.7	7,062.6	4,930.1	11,992.7	7,394.5	5,787.7	13,182.2	4.7%	17.4%	9.9%
Kodiak College	2,299.3	872.5	3,171.8	2,573.1	880.9	3,454.0	2,656.4	958.3	3,614.7	2,718.3	886.2	3,604.5	2.3%	-7.5%	-0.3%
Mat-Su College	3,597.1	2,729.0	6,326.1	3,816.2	3,216.4	7,032.6	4,077.6	3,083.6	7,161.2	4,307.6	3,480.7	7,788.3	5.6%	12.9%	8.8%
Prince Wm Snd CC	2,353.5	2,255.2	4,608.7	2,849.7	2,414.9	5,264.6	2,978.7	2,483.6	5,462.3	3,118.4	2,883.8	6,002.2	4.7%	16.1%	9.9%
Total UAA	90,193.1	117,278.1	207,471.2	101,462.8	125,022.2	226,485.0	106,927.3	128,138.6	235,065.9	115,115.0	140,928.5	256,043.5	7.7%	10.0%	8.9%
University of Alaska Fairbanks															
Fairbanks Campus	83,284.9	96,791.2	180,076.1	96,484.8	104,194.6	200,679.4	100,537.1	106,442.9	206,980.0	106,055.2	113,145.5	219,200.7	5.5%	6.3%	5.9%
Fairbanks Org. Res.	17,112.3	103,691.6	120,803.9	19,921.4	109,602.7	129,524.1	19,701.4	105,148.9	124,850.3	20,772.1	110,310.9	131,083.0	5.4%	4.9%	5.0%
Cooperative Ext. Service	3,396.0	3,716.9	7,112.9	3,598.7	3,983.7	7,582.4	3,679.8	3,472.3	7,152.1	3,778.5	3,640.1	7,418.6	2.7%	4.8%	3.7%
Bristol Bay Campus	945.0	1,869.6	2,814.6	1,063.0	1,956.3	3,019.3	1,100.1	1,925.5	3,025.6	1,302.5	2,277.1	3,579.6	18.4%	18.3%	18.3%
Chukchi Campus	717.9	799.1	1,517.0	742.3	962.2	1,704.5	856.8	918.0	1,774.8	882.8	1,422.9	2,305.7	3.0%	55.0%	29.9%
Interior-Aleut. Campus	1,292.1	1,992.6	3,284.7	1,419.8	2,336.1	3,755.9	1,620.0	2,538.1	4,158.1	1,826.2	3,006.6	4,832.8	12.7%	18.5%	16.2%
Kuskokwim Campus	2,476.5	2,903.5	5,380.0	2,778.7	3,251.9	6,030.6	2,846.6	2,780.3	5,626.9	3,111.3	3,017.6	6,128.9	9.3%	8.5%	8.9%
Northwest Campus	1,432.8	583.2	2,016.0	1,536.6	840.3	2,376.9	1,586.3	1,667.3	3,253.6	1,696.8	1,203.2	2,900.0	7.0%	-27.8%	-10.9%
Col. of Rural & Com. Dev.	4,378.1	5,650.9	10,029.0	4,565.3	6,330.7	10,896.0	4,339.0	6,902.6	11,241.6	4,894.3	7,046.2	11,940.5	12.8%	2.1%	6.2%
Tanana Valley Campus	4,155.2	4,284.8	8,440.0	4,891.1	5,688.0	10,579.1	5,147.5	5,483.5	10,631.0	5,405.6	5,805.9	11,211.5	5.0%	5.9%	5.5%
Total UAF	119,190.8	222,283.4	341,474.2	137,001.7	239,146.5	376,148.2	141,414.6	237,279.4	378,694.0	149,725.3	250,876.0	400,601.3	5.9%	5.7%	5.8%
University of Alaska Southeast															
Juneau Campus	17,326.5	14,308.6	31,635.1	19,438.3	14,928.8	34,367.1	20,029.7	13,727.2	33,756.9	21,097.7	14,657.7	35,755.4	5.3%	6.8%	5.9%
Ketchikan Campus	2,225.4	1,787.5	4,012.9	2,508.8	1,418.0	3,926.8	2,601.3	1,290.7	3,892.0	2,767.0	1,574.9	4,341.9	6.4%	22.0%	11.6%
Sitka Campus	2,349.8	3,332.5	5,682.3	2,637.7	2,988.2	5,625.9	2,673.7	3,460.8	6,134.5	2,930.1	3,364.0	6,294.1	9.6%	-2.8%	2.6%
Total UAS	21,901.7	19,428.6	41,330.3	24,584.8	19,335.0	43,919.8	25,304.7	18,478.7	43,783.4	26,794.8	19,596.6	46,391.4	5.9%	6.0%	6.0%
Total University	250,544.4	386,023.2	636,567.6	285,172.0	417,472.3	702,644.3	297,528.5	417,539.7	715,068.2	317,947.1	443,553.9	761,501.0	6.9%	6.2%	6.5%
Other Approp. [1]	72.9		72.9	6.0		6.0	1.5		1.5	1.8		1.8			

1. Other Appropriations Include: FY06 $2.5 License Plate Revenue, and FFA State Director for $75.0 ($4.6 lapsed); FY07 $2.0 License Plate Revenue, and $4.0 for ETS Chargebacks; FY08 $1.5 License Plate Revenue; and FY09 $1.8 License Plate Revenue.

FY08-FY10 Authorized Budget and FY11 Budget Request by MAU/Campus (in thousands)

MAU/Campus	FY08 BOR Authorized State Approp.	FY08 BOR Authorized Receipt Authority	FY08 BOR Authorized Total Funds	FY09 BOR Authorized State Approp.	FY09 BOR Authorized Receipt Authority	FY09 BOR Authorized Total Funds	FY10 BOR Authorized State Approp.	FY10 BOR Authorized Receipt Authority	FY10 BOR Authorized Total Funds	FY11 Governor's Proposed Budget State Approp.	FY11 Governor's Proposed Budget Receipt Authority	FY11 Governor's Proposed Budget Total Funds
Systemwide Components Summary												
Reductions & Additions		5,236.8	5,236.8							430.5		430.5
Total SW BRA		5,236.8	5,236.8							430.5		430.5
Statewide Programs & Services												
Statewide Services	15,162.4	30,869.9	46,032.3	13,959.9	24,754.6	38,714.5	14,669.8	21,176.1	35,845.9	15,229.4	21,696.8	36,926.2
Office of Info. Tech. (OIT)	9,840.4	9,084.9	18,925.3	10,288.3	9,612.5	19,900.8	10,476.6	8,642.1	19,118.7	11,231.0	8,891.8	20,122.8
Systemwide Ed/Outreach				1,948.6	7,095.7	9,044.3	2,890.3	8,012.6	10,902.9	2,926.6	8,139.3	11,065.9
Total SPS	25,002.8	39,954.8	64,957.6	26,196.8	41,462.8	67,659.6	28,036.7	37,830.8	65,867.5	29,387.0	38,727.9	68,114.9
University of Alaska Anchorage												
Anchorage Campus	89,212.0	137,884.2	227,096.2	96,498.1	144,475.3	240,973.4	103,206.6	139,762.3	242,968.9	106,003.2	143,691.3	249,694.5
Small Business Dev Ctr				550.0		550.0	807.2	80.0	887.2	807.2	84.0	891.2
Kenai Pen. Col.	6,810.3	5,726.3	12,536.6	7,249.0	5,811.0	13,060.0	6,555.9	5,191.5	11,747.4	6,539.0	5,260.0	11,799.0
Kodiak College	2,507.8	1,581.6	4,089.4	2,670.6	1,603.2	4,273.8	2,753.0	1,556.5	4,309.5	2,754.0	1,575.0	4,329.0
Mat-Su College	3,988.5	4,572.5	8,561.0	4,341.7	4,619.6	8,961.3	4,527.1	4,642.5	9,169.6	4,551.4	4,701.2	9,252.6
Prince Wm Snd CC	2,831.4	3,994.2	6,825.6	3,028.7	4,137.3	7,166.0	3,166.0	3,902.1	7,068.1	3,191.8	3,945.0	7,136.8
Total UAA	105,350.0	153,758.8	259,108.8	114,338.1	160,646.4	274,984.5	121,015.8	155,134.9	276,150.7	123,846.6	159,256.5	283,103.1
University of Alaska Fairbanks												
Fairbanks Campus	97,659.9	122,870.5	220,530.4	103,562.3	132,822.9	236,385.2	105,426.5	126,572.0	231,998.5	109,868.8	131,754.6	241,623.4
Fairbanks Org. Res.	18,947.1	127,884.5	146,831.6	20,005.7	130,348.4	150,354.1	21,587.9	116,869.8	138,457.7	22,496.5	119,391.6	141,888.1
Cooperative Ext. Service	3,655.6	4,877.1	8,532.7	3,778.5	5,347.9	9,126.4	4,349.9	5,911.1	10,261.0	4,479.4	6,007.4	10,486.8
Bristol Bay Campus	1,050.0	2,281.5	3,331.5	1,243.4	2,318.3	3,561.7	1,349.4	2,255.8	3,605.2	1,371.6	2,281.6	3,653.2
Chukchi Campus	808.3	1,127.5	1,935.8	910.5	1,106.2	2,016.7	948.7	1,109.4	2,058.1	946.0	1,124.6	2,070.6
Interior-Aleut. Campus	1,518.4	2,877.6	4,396.0	1,638.3	3,402.6	5,040.9	1,714.5	3,395.8	5,110.3	1,748.8	3,431.6	5,180.4
Kuskokwim Campus	2,781.5	3,398.4	6,179.9	2,920.4	3,672.3	6,592.7	2,893.4	3,304.0	6,197.4	2,923.9	3,353.1	6,277.0
Northwest Campus	1,525.3	1,009.4	2,534.7	1,666.4	1,022.2	2,688.6	1,783.7	1,131.0	2,914.7	1,790.3	1,144.8	2,935.1
Col. of Rural & Com. Dev.	4,428.7	7,800.9	12,229.6	4,678.2	8,447.3	13,125.5	5,518.2	7,871.1	13,389.3	5,592.5	7,938.5	13,531.0
Tanana Valley Campus	4,925.1	6,024.3	10,949.4	5,757.2	6,380.8	12,138.0	6,298.3	6,412.9	12,711.2	6,255.0	6,462.4	12,717.4
Total UAF	137,299.9	280,151.7	417,451.6	146,160.9	294,868.9	441,029.8	151,870.5	274,832.9	426,703.4	157,472.8	282,890.2	440,363.0
University of Alaska Southeast												
Juneau Campus	19,709.4	19,912.4	39,621.8	20,854.4	20,715.8	41,570.2	21,519.9	20,603.2	42,123.1	22,193.6	21,191.4	43,385.0
Ketchikan Campus	2,542.0	2,259.2	4,801.2	2,659.8	2,287.8	4,947.6	2,753.4	2,222.6	4,976.0	2,774.8	2,257.3	5,032.1
Sitka Campus	2,666.5	4,946.2	7,612.7	2,897.1	5,025.9	7,923.0	3,030.3	4,355.9	7,386.2	3,024.3	4,403.6	7,427.9
Total UAS	24,917.9	27,117.8	52,035.7	26,411.3	28,029.5	54,440.8	27,303.6	27,181.7	54,485.3	27,992.7	27,852.3	55,845.0
Total University	292,570.6	506,219.9	798,790.5	313,107.1	525,007.6	838,114.7	328,226.6	494,980.3	823,206.9	339,129.6	508,726.9	847,856.5
Other Approp. [1]	4,958.9		4,958.9	4,842.0		4,842.0	3,632.0		3,632.0	2.0		2.0

1. Other Appropriations Include: FY08 $1.0 License Plate Revenue, and $2,640.0 & $2,317.9 One-Time Funding for Utility Increases; FY09 $2.0 License Plate Revenue and anticipated $4,840.0 One-Time Funding for Utility Increases; FY10 $2.0 License Plate Revenue, and $1,650.0 and $1,980.0 One-Time Funding for Utility Increases..

FY11 Adjusted Base Increments and Academic Programs by University of Alaska MAU/Campus

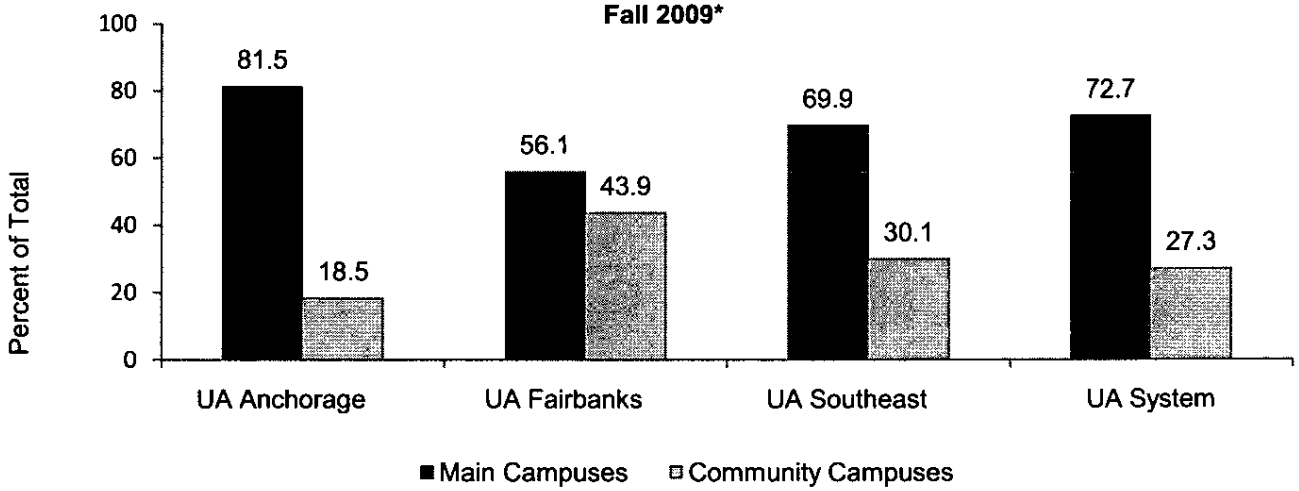
	FY10 BOR Authorized			FY11 Adjusted Base Increments									FY11 Academic Programs			FY11 Increment Request		
				Compensation			Fixed Costs			FY11 Adjustments								
	State Appr.*	Rcpts. Auth.	Total Funds	State Appr.*	Rcpts. Auth.	Total Funds	State Appr.*	Rcpts. Auth.	Total Funds	State Appr.*	Rcpts. Auth.	Total Funds	State Appr.*	Rcpts. Auth.	Total Funds	State Appr.*	Rcpts. Auth.	Total Funds
Systemwide Components Summary																		
Reductions & Additions	0.0	0.0	0.0			0.0	0.0	0.0	0.0	430.5	0.0	430.5		0.0	0.0	430.5	0.0	430.5
Increments Requested			0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0
Total SW BRA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	430.5	0.0	430.5	0.0	0.0	0.0	430.5	0.0	430.5
Statewide Programs & Services																		
Statewide Services	14,669.8	21,176.1	35,845.9	249.6	233.0	482.6	5.0	249.0	254.0	305.0	412.7	717.7			0.0	559.6	894.7	1,454.3
Office of Info.Tech.	10,476.6	8,642.1	19,118.7	102.4	106.4	208.8	652.0	143.3	795.3	0.0	0.0	0.0			0.0	754.4	249.7	1,004.1
Systemwide Ed/Outreach	2,890.3	8,012.6	10,902.9	36.3	28.6	64.9	0.0	98.1	98.1	0.0	0.0	0.0			0.0	36.3	126.7	163.0
Total SPS	28,036.7	37,830.8	65,867.5	388.3	368.0	756.3	657.0	490.4	1,147.4	305.0	412.7	717.7	0.0	0.0	0.0	1,350.3	1,271.1	2,621.4
University of Alaska Anchorage																		
Anchorage Campus	103,206.6	139,762.3	242,968.9	1,613.9	1,752.8	3,366.7	1,182.7	2,201.2	3,383.9	0.0	1,193.0	1,193.0			0.0	2,796.6	5,147.0	7,943.6
Small Business Dev Ctr	807.2	80.0	887.2	0.0	0.0	0.0	0.0	4.0	4.0	0.0	0.0	0.0				0.0	4.0	4.0
Kenai Pen. Col.	6,555.9	5,191.5	11,747.4	(96.4)	21.6	(74.8)	79.5	46.9	126.4	0.0	0.0	0.0			0.0	(16.9)	68.5	51.6
Kodiak College	2,753.0	1,556.5	4,309.5	(25.4)	3.1	(22.3)	26.4	15.4	41.8	0.0	0.0	0.0			0.0	1.0	18.5	19.5
Mat-Su College	4,527.1	4,642.5	9,169.6	(38.1)	20.2	(17.9)	62.4	38.5	100.9	0.0	0.0	0.0			0.0	24.3	58.7	83.0
Prince Wm Snd CC	3,166.0	3,902.1	7,068.1	(12.2)	16.9	4.7	38.0	26.0	64.0	0.0	0.0	0.0			0.0	25.8	42.9	68.7
Total UAA	121,015.8	155,134.9	276,150.7	1,441.8	1,814.6	3,256.4	1,389.0	2,332.0	3,721.0	0.0	1,193.0	1,193.0	0.0	0.0	0.0	2,830.8	5,339.6	8,170.4
University of Alaska Fairbanks																		
Fairbanks Campus	105,426.5	126,572.0	231,998.5	2,632.9	1,763.8	4,396.7	1,959.4	3,356.3	5,315.7	0.0	87.5	87.5			0.0	4,592.3	5,207.6	9,799.9
Fairbanks Org. Res.	21,587.9	116,869.8	138,457.7	908.6	1,582.9	2,491.5	0.0	938.9	938.9	0.0	0.0	0.0	500.0	1,318.4	1,818.4	1,408.6	3,840.2	5,248.8
Cooperative Extension	4,349.9	5,911.1	10,261.0	129.5	91.1	220.6	0.0	5.2	5.2	0.0	0.0	0.0	450.0	1,350.0	1,800.0	579.5	1,446.3	2,025.8
Bristol Bay Campus	1,349.4	2,255.8	3,605.2	8.1	8.1	16.2	14.1	17.7	31.8	0.0	0.0	0.0			0.0	22.2	25.8	48.0
Chukchi Campus	948.7	1,109.4	2,058.1	(11.9)	1.2	(10.7)	9.2	14.0	23.2	0.0	0.0	0.0			0.0	(2.7)	15.2	12.5
Interior-Aleut. Campus	1,714.5	3,395.8	5,110.3	18.2	10.5	28.7	16.1	25.3	41.4	0.0	0.0	0.0			0.0	34.3	35.8	70.1
Kuskokwim Campus	2,893.4	3,304.0	6,197.4	(26.4)	6.3	(20.1)	56.9	42.8	99.7	0.0	0.0	0.0			0.0	30.5	49.1	79.6
Northwest Campus	1,783.7	1,131.0	2,914.7	(7.9)	3.0	(4.9)	14.5	10.8	25.3	0.0	0.0	0.0			0.0	6.6	13.8	20.4
Rural & Com. Dev.	5,518.2	7,871.1	13,389.3	74.3	51.8	126.1	0.0	15.6	15.6	0.0	0.0	0.0			0.0	74.3	67.4	141.7
Tanana Valley Campus	6,298.3	6,412.9	12,711.2	(50.8)	31.4	(19.4)	7.5	18.1	25.6	0.0	0.0	0.0			0.0	(43.3)	49.5	6.2
Total UAF	151,870.5	274,832.9	426,703.4	3,674.6	3,550.1	7,224.7	2,077.7	4,444.7	6,522.4	0.0	87.5	87.5	950.0	2,668.4	3,618.4	6,702.3	10,750.7	17,453.0
University of Alaska Southeast																		
Juneau Campus	21,519.9	20,603.2	42,123.1	452.3	231.6	683.9	173.6	356.6	530.2	47.8	0.0	47.8			0.0	673.7	588.2	1,261.9
Ketchikan Campus	2,753.4	2,222.6	4,976.0	(8.9)	4.0	(4.9)	30.3	30.7	61.0	0.0	0.0	0.0			0.0	21.4	34.7	56.1
Sitka Campus	3,030.3	4,355.9	7,386.2	(23.1)	17.3	(5.8)	17.1	30.4	47.5	0.0	0.0	0.0			0.0	(6.0)	47.7	41.7
Total UAS	27,303.6	27,181.7	54,485.3	420.3	252.9	673.2	221.0	417.7	638.7	47.8	0.0	47.8	0.0	0.0	0.0	689.1	670.6	1,359.7
Total University	328,226.6	494,980.3	823,206.9	5,925.0	5,985.6	11,910.6	4,344.7	7,684.8	12,029.5	783.3	1,693.2	2,476.5	950.0	2,668.4	3,618.4	12,003.0	18,032.0	30,035.0

*State Appropriations include: General Fund, General Fund Match, General Fund Mental Health, and Technical Vocational Education Program

Student Credit Hours by Academic Organization
Fall 2004-2009

	Fall Semester						% Change	% Change
	2004	2005	2006	2007	2008	2009*	2004-2009	2008-2009
Anchorage	124,891	127,296	129,627	129,803	131,305	135,275	8.3	3.1
Kenai	8,958	9,277	9,883	9,567	10,137	12,270	37.0	22.3
Kodiak	2,406	2,215	2,220	2,345	2,387	2,027	-15.8	-15.4
Mat-Su	10,099	10,579	10,323	10,461	10,699	12,275	21.5	15.1
PWSCC	4,388	3,912	4,454	3,808	3,696	4,187	-4.6	12.9
Fairbanks	48,986	49,489	46,772	45,998	44,781	46,757	-4.6	4.3
CRCD								
Bristol Bay	1,182	1,020	1,413	1,918	1,709	2,287	93.5	30.1
Chukchi	986	764	929	980	1,489	1,318	33.7	-17.4
Interior-Aleutians	1,842	1,586	2,004	1,907	1,810	2,772	50.5	50.4
Kuskokwim	1,889	1,661	1,653	1,424	1,820	1,963	3.9	10.0
Northwest	1,186	688	711	1,056	1,194	904	-23.8	-27.5
Rural College	8,571	9,059	8,793	8,997	9,814	10,942	27.7	12.5
Tanana Valley	16,115	14,822	15,822	15,315	15,864	16,394	1.7	3.5
Juneau	17,485	16,775	17,094	15,042	15,234	16,571	-5.2	8.9
Ketchikan	33,313	3,072	2,455	2,264	2,626	2,658	-92.0	1.4
Sitka	4,273	3,584	3,501	3,993	3,756	4,469	4.6	17.9
UA Anchorage	150,741	153,279	156,507	155,984	158,224	166,033	10.1	5.0
UA Fairbanks	80,755	79,088	78,096	77,593	78,481	83,336	3.2	6.3
UA Southeast	25,071	23,431	23,050	21,299	21,616	23,690	-5.5	9.7
UA System	256,567	255,798	257,652	254,875	258,321	273,059	6.4	5.8

Percent of Student Credit Hours by AO Type
Fall 2009*



Note: * 2009 student credit hours are preliminary. Student credit hours do not include audited credit hours. Urban campuses include Anchorage, Fairbanks, and Juneau campuses.

Source: Data supplied by MAUs via UA Information Systems: Banner SI Closing Extract 2004-2008 and Early Semester Report 2009. Compiled by Statewide Planning and Institutional Research.

1969

Headcount by Academic Organization and MAU
Fall 2004-2009

	Fall Semester						% Change	% Change
	2004	2005	2006	2007	2008	2009*	2004-2009	2008-2009
Anchorage	14,221	14,926	14,983	15,250	15,359	15,655	10.1	1.9
Kenai	1,598	1,638	1,666	1,580	1,699	1,983	24.1	16.7
Kodiak	625	561	560	540	559	513	-17.9	-8.2
Mat-Su	1,478	1,572	1,577	1,535	1,636	1,783	20.6	9.0
PWSCC	1,514	1,378	1,593	1,224	1,143	1,286	-15.1	12.5
Fairbanks	5,544	5,630	5,427	5,336	5,213	5,523	-0.4	5.9
CRCD								
Bristol Bay	444	418	529	676	656	767	72.7	16.9
Chukchi	266	179	210	206	393	388	45.9	-1.3
Interior-Aleutians	564	473	463	441	485	631	11.9	30.1
Kuskokwim	439	368	387	301	310	335	-23.7	8.1
Northwest	456	261	360	520	490	463	1.5	-5.5
Rural College	2,136	2,238	2,173	2,149	2,315	2,584	21.0	11.6
Tanana Valley	3,501	3,318	3,363	3,194	3,296	3,371	-3.7	2.3
Juneau	2,878	2,740	2,969	2,599	2,623	2,813	-2.3	7.2
Ketchikan	710	590	537	480	525	550	-22.5	4.8
Sitka	934	772	758	834	861	943	1.0	9.5
UA Anchorage	19,111	19,687	19,921	19,675	19,728	20,362	6.5	3.2
UA Fairbanks	9,994	9,601	9,681	9,687	9,828	10,419	4.3	6.0
UA Southeast	4,276	3,821	3,978	3,566	3,598	3,836	-10.3	6.6
UA System	32,711	32,491	32,836	32,166	32,328	33,681	3.0	4.2

Note: * 2009 student headcount is preliminary. Reporting level headcount is unduplicated. Academic Organization (AO) headcount totals add up to more than MAU totals and MAU headcounts add up to more than the system total. This occurs because it is common for students to be concurrently enrolled at multiple AOs and/or multiple MAUs in the same semester. Therefore, some students would be double counted if headcounts were summed across AOs and MAUs. Headcount includes students who audit credit courses.

Source: Data supplied by MAUs via UA Information Systems: Banner SI Closing Extracts 2004-2008 and Early Semester Report 2009. Compiled by Statewide Planning and Institutional Research.

Tuition Rate History 2004-2012

Year (Fall-Spring Semesters)	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Tuition Rate Increase	10%	10%	10%	7%	5%	5%	4% 100-200 Levels/ 7% for all others	5% 100-200 Levels/ 10% for all others
Lower Division								
PWSCC	85	94	103	110	116	122	127	133
Kodiak	86	95	105	112	118	124	129	135
All Others	99	109	120	128	134	141	147	154
Upper Division	112	123	135	144	151	159	170	187
Graduate	222	244	268	287	301	316	338	372
Non-Resident Surcharge	231	254	279	299	314	330	353	388

1971

University of Alaska
Major Renewal and Renovation
Background Information

The University of Alaska has 6.7 million square feet of facilities in over 400 buildings throughout the state. This inventory has an asset value of $1.8 billion with an even larger replacement value of over $2.5 billion. Every year UA spends up to $28 million from its operating budget for preventive and routine maintenance on those facilities and support infrastructure. This kind of maintenance, known as Maintenance and Repair (M&R), is routine maintenance work required to preserve the functionality of a building. This is an operating budget requirement and a high priority for UA. M&R includes work required to preserve the functionality of a building, road, or utility system; such as regular painting, carpet repair, roof repairs, pavement crack sealing, routine changing of air filters, repair of leaking pipes, etc.

Annual expenditures for M&R are calculated at a minimum of 1.5 percent of current building value. The annual operating budget expenditures made to keep buildings functional are often referred to as M&O (maintenance and operations). This term is not synonymous with M&R which does not include operational service and utility costs. The Board of Regents and President have ensured that UA stays current with M&R expenditures, in part by separating operations and utility budget categories from maintenance. As costs for utilities and operations services, such as janitorial and snow removal rise, this separation ensures the increase is not funded at the expense of maintenance.

Another category of maintenance that is not funded through the operating budget is Renewal and Renovation (R&R). Funding applied to UA's R&R is only available when the legislature specifically appropriates money for it in the capital budget. R&R is best described as regularly scheduled major maintenance that extends the useful life of a facility. R&R is usually associated with such things as roof replacement, major replacement of flooring materials, replacement of major mechanical and electrical equipment including boilers and fire alarm panels and bringing fire and sprinkler systems up to code, etc.

When funding for R&R is received, the amount distributed to each campus is established by a formula based on the age and size of the facility. As buildings age, a higher expenditure is required to keep the occupied space fully functional. More than half of UA's buildings are over 30 years of age and many of their utility systems and roads also need significant annual investment.

When R&R is not funded, a backlog of projects is created. The existing backlog, i.e., the "deferred" R&R, is known as Deferred Maintenance and Renewal. Consistent annual funding is necessary to properly fund R&R and the legislature funds an average of about $16 million, the backlog has grown dramatically. UA now has an accumulated backlog or deferred maintenance need of more than $800 million.

It isn't realistic to presume that the deferred maintenance will be fully funded in any one year, but the lack of adequate R&R funding has created a deferred maintenance problem that must be systematically reduced.

Moreover, it is important for the state to create a mechanism to regularly fund R&R in order to avoid inappropriately large backlogs in the future.

University of Alaska
Renewal and Renovation Request
FY11 Proposed Distribution Methodology based on Age, Size, and Value of Facilities

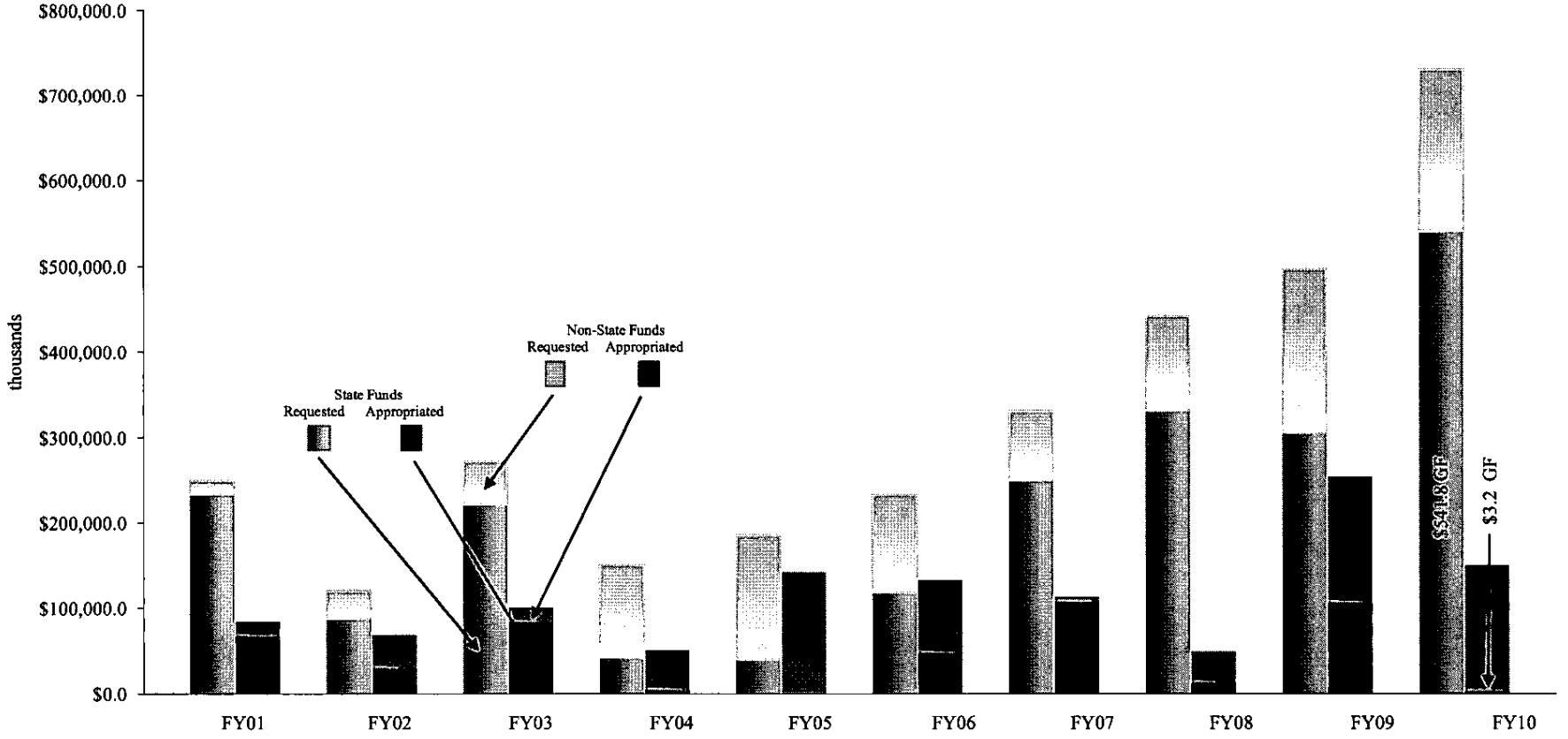
	Location	# of Bldgs	Average Age (years)	Weighted Avg. Age (years)	Gross Area (sq. feet)	Adjusted Value (thousands)	Index*	Dist %	DM/R&R Annual Model @ $37.5M
Anchorage Campus		53	25.7	26.1	1,937,078	478,998	12.5	22.2%	8,315.7
UAA Community Campus		28	27.1	28.2	317,328	98,385	2.8	4.9%	1,847.5
Kenai Peninsula College	*Soldotna*	*10*	*28.7*	*31.0*	*95,373*	*28,162*	*.9*		
Kachemak Bay	*Homer*	*2*	*46.5*	*35.0*	*18,360*	*6,552*	*.2*		
Kodiak College	*Kodiak*	*5*	*32.8*	*33.5*	*44,981*	*14,339*	*.5*		
Matanuska-Susitna College	*Palmer*	*6*	*24.3*	*25.3*	*103,169*	*34,795*	*.9*		
Prince Wm. Sound CC	*Valdez*	*5*	*14.0*	*22.1*	*55,445*	*14,537*	*.3*		
	UAA Total	81	26.2	26.4	2,254,406	577,383	15.3	27.1%	10,163.2
Fairbanks Campus & TVC		242	33.9	36.3	3,353,082	949,339	34.5	61.3%	22,980.3
UAF CRCD		27	27.8	27.5	117,326	47,432	1.3	2.3%	868.7
Bristol Bay Campus	*Dillingham*	*1*	*28.0*	*28.0*	*10,523*	*6,608*	*.2*		
Chukchi Campus	*Kotzebue*	*1*	*33.0*	*33.0*	*8,948*	*4,998*	*.2*		
Interior-Aleutians Campus	*Multiple*	*4*	*26.8*	*30.1*	*25,415*	*10,194*	*.3*		
Kuskokwim Campus	*Bethel*	*7*	*25.3*	*24.0*	*51,680*	*20,730*	*.5*		
Northwest Campus	*Nome*	*14*	*28.9*	*30.8*	*20,760*	*4,902*	*.2*		
	UAF Total	269	33.2	36.0	3,470,408	996,771	35.8	63.6%	23,849.0
Southeast Campus	*Juneau*	34	26.1	21.9	438,948	114,780	2.5	4.5%	1,675.0
UAS Community Campus		5	40.0	53.5	115,908	29,394	1.6	2.8%	1,047.4
Ketchikan Campus	*Ketchikan*	*4*	*33.3*	*34.3*	*47,850*	*17,597*	*.6*		
Sitka Campus	*Sitka*	*1*	*67.0*	*67.0*	*68,058*	*11,797*	*.8*		
	UAS Total	39	27.8	28.5	554,856	144,174	4.1	7.3%	2,722.4
Statewide	*Various*	10	37.5	23.0	158,676	49,915	1.1	2.0%	765.4
	SW Total	10	37.5	23.0	158,676	49,915	1.1	2.0%	765.4
	UA Total	399	31.4	31.7	6,438,346	1,768,243	56.3	100.0%	37,500.0

* Index is calculated by taking the adjusted value times the weighted average age
Building Inventory from 2008 UA Facilities Inventory

University of Alaska
Capital Budget Request vs. State Appropriation
FY01 - FY10
(thousands)

	Renewal and Renovation / Code, ADA	Additions/ Expansions	New Facilities	Equipment	SBDC, Other	Total
Request						
FY01	128,515.1	24,522.6	72,414.3	7,500.0	900.0	233,852.0
FY02	26,372.1	18,342.7	37,261.2	5,272.3	450.0	87,698.3
FY03	36,917.1	14,000.0	162,685.0	7,658.1	565.0	221,825.2
FY04	14,007.0	3,400.0	19,515.5	4,141.5	1,405.0	42,469.0
FY05	10,055.0		26,550.0	3,111.3	550.0	40,266.3
FY06	40,753.5	2,600.0	70,536.0	4,403.4	550.0	118,842.9
FY07	87,520.0	9,650.0	135,983.0	16,721.9	550.0	250,424.9
FY08	131,016.0	6,395.0	186,500.0	7,874.7	550.0	332,335.7
FY09	114,000.0	2,000.0	163,870.0	26,000.0	550.0	306,420.0
FY10	204,130.0		194,495.0	90,000.0	53,150.0	541,775.0
Total	**793,285.8**	**80,910.3**	**1,069,810.0**	**172,683.2**	**59,220.0**	**2,175,909.3**
10 yr. Avg.	**79,328.6**	**8,091.0**	**106,981.0**	**17,268.3**	**5,922.0**	**217,590.9**
Appropriation						
FY01	22,288.0	5,000.0	39,500.0	400.0	450.0	67,638.0
FY02	14,136.9	1,425.0	11,429.0	2,224.6	450.0	29,665.5
FY03	9,490.0	5,094.0	66,620.0	1,650.0	750.0	83,604.0
FY04	3,641.5				450.0	4,091.5
FY05					450.0	450.0
FY06	8,100.0	1,950.0	35,700.0	1,750.0	550.0	48,050.0
FY07	48,725.0		58,500.0		715.0	107,940.0
FY08	8,475.0		3,750.0		640.0	12,865.0
FY09	45,822.6		61,300.0		125.0	107,247.6
FY10	3,200.0					3,200.0
Total	**163,879.0**	**13,469.0**	**276,799.0**	**6,024.6**	**4,580.0**	**464,751.6**
10 yr. Avg.	**16,387.9**	**1,346.9**	**27,679.9**	**602.5**	**458.0**	**46,475.2**

University of Alaska
Capital Request and Appropriation Summary
FY01-FY10

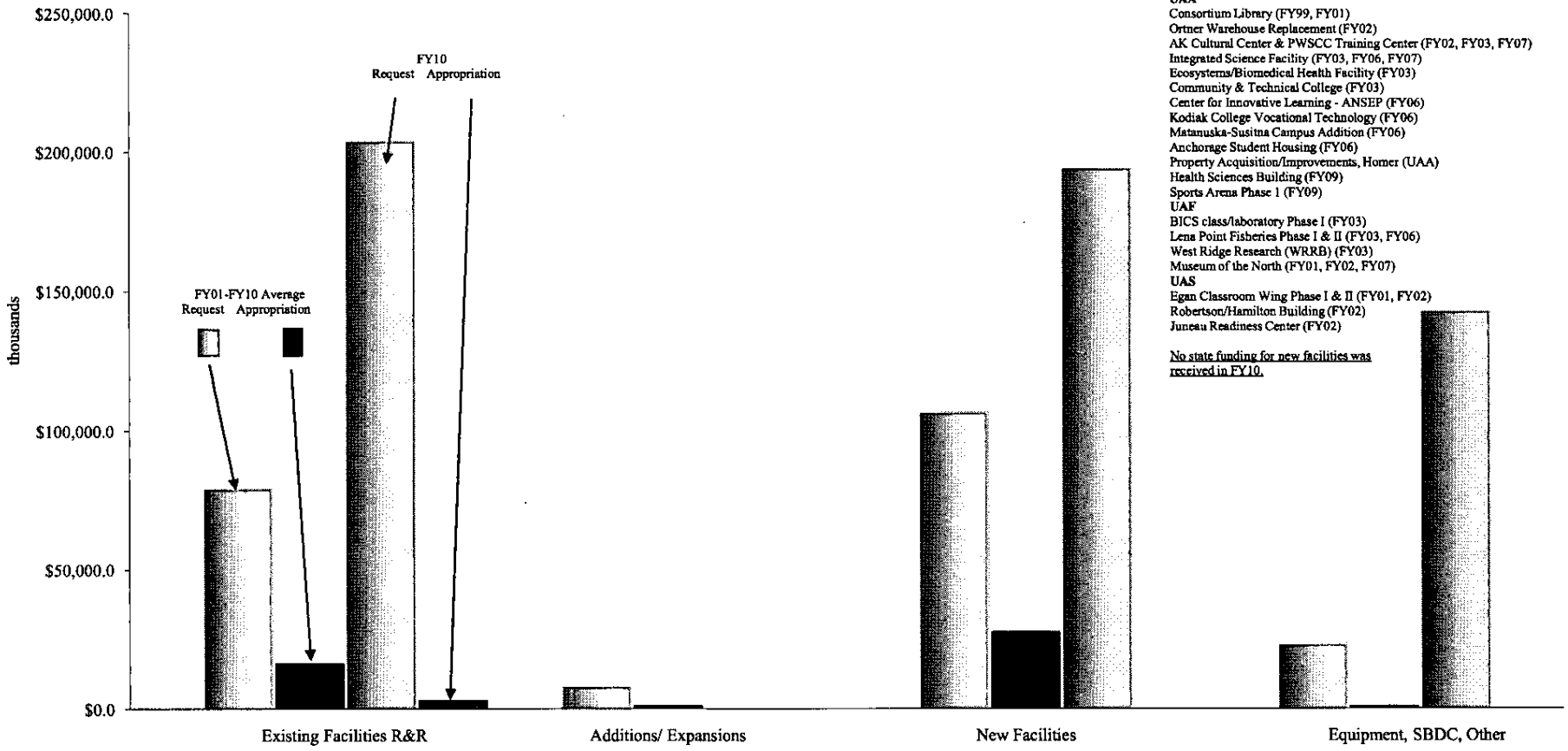


* State funds include: AHFC Bonds, General Obligation Bonds, Tobacco Settlement Bonds and Alaska Capital Income Funds

University of Alaska
State Appropriation Summary by Category
FY01-FY10
(thousands)

	Location	Renewal and Renovation / Code, ADA		Additions/ Expansions		New Facilities		Equipment	SBDC, Other		Total	
Anchorage Campus	Anchorage	40,990.8	25.0%			199,650.0	72.1%	640.0	4,200.0	45.6%	245,480.9	52.8%
Kenai Peninsula College	Soldotna	4,736.9		850.0		3,000.0		27.5	50.0		8,664.4	
Kenai Peninsula College - Kachemak Bay	Homer	90.0		3,750.0		2,500.0			165.0		6,505.0	
Kodiak College	Kodiak	1,635.8	6.6%		34.2%	350.0	4.2%			2.8%	1,985.8	5.9%
Matanuska-Susitna College	Palmer	2,336.8				1,004.0		55.3			3,396.1	
Prince William Sound Community College	Valdez	2,075.1				4,700.0					6,775.1	
	UAA	51,865.5	31.6%	4,600.0	34.2%	211,204.0	76.3%	722.8	4,415.0	48.4%	272,807.3	58.7%
Fairbanks Campus	Fairbanks	65,691.9				33,000.0		1,020.1	75.0		99,787.0	
Fairbanks Campus	Juneau					19,000.0					19,000.0	
Fairbanks Campus	Palmer		40.1%				18.8%			10.3%		25.6%
Fairbanks Campus	Seward											
Tanana Valley Campus	Fairbanks	13,000.0	7.9%	5,000.0							18,000.0	3.9%
Fairbanks Campus (CES)	Kenai								90.0		90.0	
Bristol Bay Campus	Dillingham			3,329.0							3,329.0	
Chukchi Campus	Kotzebue	580.0									580.0	
Interior-Aleutians Campus	Fairbanks	240.0	5.4%		24.7%					0.8%	240.0	2.6%
Interior-Aleutians Campus	Fort Yukon											
Interior-Aleutians Campus	Tok											
Kuskokwim Campus	Bethel	4,324.5									4,324.5	
Northwest Campus	Nome	3,690.0									3,690.0	
	UAF	87,526.4	53.4%	8,329.0	61.8%	52,000.0	18.8%	1,020.1	165.0	11.2%	149,040.5	32.1%
Juneau Campus	Juneau	17,094.4	10.4%			13,595.0	4.9%	341.1		3.2%	31,030.5	6.7%
Ketchikan Campus	Ketchikan	6,316.4	4.2%		4.0%						6,316.4	1.6%
Sitka Campus	Sitka	507.2		540.0							1,047.2	
	UAS	23,918.0	14.6%	540.0	4.0%	13,595.0	4.9%	341.1		3.2%	38,394.1	8.3%
Statewide		566.6	0.3%					3,940.6		37.2%	4,507.2	1.0%
Systemwide		2.5									2.5	
	SW	569.1	0.3%					3,940.6		37.2%	4,509.7	1.0%
	Grand Total	163,879.0	100%	13,469.0	100%	276,799.0	100%	6,024.6	4,580.0	100%	464,751.6	100%
		35.3%		2.9%		59.6%		2.3%				

University of Alaska
Average Capital Request by Category Compared to Average Appropriation
State Funds
FY10 compared to the 10 year average



Major Expansions and New Facilities
FY01-FY10

UAA
Consortium Library (FY99, FY01)
Ortner Warehouse Replacement (FY02)
AK Cultural Center & PWSCC Training Center (FY02, FY03, FY07)
Integrated Science Facility (FY03, FY06, FY07)
Ecosystems/Biomedical Health Facility (FY03)
Community & Technical College (FY03)
Center for Innovative Learning - ANSEP (FY06)
Kodiak College Vocational Technology (FY06)
Matanuska-Susitna Campus Addition (FY06)
Anchorage Student Housing (FY06)
Property Acquisition/Improvements, Homer (UAA)
Health Sciences Building (FY09)
Sports Arena Phase 1 (FY09)

UAF
BICS class/laboratory Phase I (FY03)
Lena Point Fisheries Phase I & II (FY03, FY06)
West Ridge Research (WRRB) (FY03)
Museum of the North (FY01, FY02, FY07)

UAS
Egan Classroom Wing Phase I & II (FY01, FY02)
Robertson/Hamilton Building (FY02)
Juneau Readiness Center (FY02)

No state funding for new facilities was received in FY10.

SPACE LEASE NOTICE TO LEGISLATORS

In accordance with Alaska Statute 36.30.080 (c), notice is hereby given to the Alaska State Legislature that the University of Alaska either intends to enter into, or has previously entered into, the space leases listed below with annual rents to be paid by the University of Alaska that will exceed $500,000 and/or total lease payments that will exceed $2,500,000 for the full term of the lease, including any renewal options that are defined in the lease. The Current Annual Lease Payment listed below reflects the current lease rate. An estimate of the total lease payments has been included under Estimated Total Lease Payments w/ Renewals. The Estimated Total Lease Payments, including all renewals, is based on an estimate rather than a known fixed rate. The actual lease rates over the life of the leases are based on either 1) the fair market value at the time of any renewals, or 2) the current lease rate, plus a Consumer Price Index cost of living increase.

	Location	City	Current Sq Ft	Current Annual Lease Payment	Current Expiration Date	Expiration Date with all Renewals	Estimated Total Lease Payments w/ Renewals
1.	1815 Bragaw	Anchorage	25,346	$499,992	12/31/2012	12/30/2017	$5,001,290
2.	2175 University Ave. S.	Fairbanks	12,151	$240,621	06/01/2012	05/31/2017	$2,694,116
3.	590 University Ave.	Fairbanks	8,718	$163,193	02/28/2011	02/28/2011	$3,378,593
4.	514 2nd Avenue	Fairbanks	21,561	$129,981	06/30/2011	06/30/2026	$4,522,184

1. **1815 Bragaw, Anchorage.** This lease was executed on July 10, 2007, in compliance with A.S. 36.30.080 (c), for a term of five years. Effective January 1, 2008, the lease was modified to include an additional five-year option to renew, resulting in total lease payments that exceed $2,500,000 for the full term of the lease.

2. **2175 University Avenue S., Fairbanks.** Two separate leases for this property were entered into at different times (June 1, 2007 and October 1, 2007), by separate branches of the University, the result being that the total lease payment amounts stipulated in A.S. 36.30.080 (c) were unintentionally exceeded. The University has a right of first refusal to lease any space that may become available in this building. It may lease additional space in this building, if needed, and if funds are available within the department's budget.

3. **590 University Avenue, Fairbanks.** This lease was initially entered into by the University on September 1, 1994, for a term of five years, with two one-year options to renew. The original lease did not exceed the dollar amounts under AS. 36.30.080. However, the lease has been modified a total of nine times over the last fourteen years to adjust the space square footage and to extend the term of the lease in accordance with A.S. 36.30.083, the result being that the total lease payment amounts stipulated in A.S. 36.30.080 (c) have been exceeded. The University may lease additional space in this building, if needed, and if funds are available within the department's budget.

4. **514 2nd Avenue, Fairbanks.** This lease was initially entered into by the University on July 1, 1991, for a term of twenty years, with three five-year options to renew at 75% of fair market value, resulting in total lease payments that exceed $2,500,000 for the full term of the lease.

The intended effect of appropriating funds adequate to pay the above leases is to approve the University's actions in entering into or renewing the leases under Alaska Statute 36.30.080 (c) (1).

The University of Alaska is an EEO/AA employer and educational institution.

This publication was prepared by the University of Alaska Statewide Planning & Budget Office and was printed in Fairbanks, Alaska at a cost of $5.27 per copy.

1979

Distributed by Rep. Fairclough

University of Alaska's FY11 Operating Budget
Compared to Governor's Proposed Operating Budget
(in thousands)

	UA BOR Request			Gov's Proposed Budget		
	State Approp.	Receipt Authority	Total	State Approp.	Receipt Authority	Total
FY10 Operating Budget	**328,226.6**	**494,980.3**	**823,206.9**	**328,226.6**	**494,980.3**	**823,206.9**
FY10 Adjustments-one time items						
Virology Operating Costs	(150.0)	-	(150.0)	(150.0)	-	(150.0)
Alaska Center for Energy and Power	(500.0)	(1,318.4)	(1,818.4)	(500.0)	(1,318.4)	(1,818.4)
Coop. Ext. Service - Energy Outreach	(450.0)	(1,350.0)	(1,800.0)	(450.0)	(1,350.0)	(1,800.0)
Mental Health Trust and MHTAAR	-	(1,617.0)	(1,617.0)	-	(1,617.0)	(1,617.0)
Subtotal - FY10 Adjustments	(1,100.0)	(4,285.4)	(5,385.4)	(1,100.0)	(4,285.4)	(5,385.4)
FY10 Operating Budget after Adjustments	**327,126.6**	**490,694.9**	**817,821.5**	**327,126.6**	**490,694.9**	**817,821.5**
Adjusted Base Requirements						
Compensation Increases	5,925.0	5,985.6	11,910.6	5,925.0	5,985.6	11,910.6
Non-Personnel Services Fixed Cost	3,307.8	6,719.8	10,027.6	2,168.4	6,584.8	8,753.2
Compliance Mandates	265.0	-	265.0	-	-	-
Utility Cost Increases	1,484.3	1,100.0	2,584.3	1,484.3	1,100.0	2,584.3
New Facility Operating and Maintenance	692.0	-	692.0	692.0	-	692.0
Subtotal - Adj'd Base Requirements	**11,674.1**	**13,805.4**	**25,479.5**	**10,269.7**	**13,670.4**	**23,940.1**
	3.6%	*2.8%*	*3.1%*	*3.1%*	*2.8%*	*2.9%*
Priority Program Enhancement and Growth						
Energy	1,063.2	2,693.4	3,756.6	950.0	2,668.4	3,618.4
Science,Tech.,Engineering&Math(STEM)	1,415.1	552.3	1,967.4	-	-	-
Climate	1,189.0	1,827.0	3,016.0	-	-	-
High Demand Jobs	5,232.9	2,842.7	8,075.6	-	-	-
Student Success Initiatives	2,137.4	407.2	2,544.6	-	-	-
Subtotal - Priority Programs	**11,037.6**	**8,322.6**	**19,360.2**	**950.0**	**2,668.4**	**3,618.4**
	3.4%	*1.7%*	*2.4%*			
FY11 Adjustments						
FY11 Additional TVEP Funding	478.3	-	478.3	478.3	-	478.3
Mental Health Trust and MHTAAR	584.1	1,693.2	2,277.3	-	1,693.2	1,693.2
Dept. of Health & Social Services Trf.	305.0	-	305.0	305.0	-	305.0
Subtotal - FY11 Adjustments	**1,367.4**	**1,693.2**	**3,060.6**	**783.3**	**1,693.2**	**2,476.5**
	0.4%	*0.3%*	*0.4%*			
Total FY11 Increment Request	**24,079.1**	**23,821.2**	**47,900.3**	**12,003.0**	**18,032.0**	**30,035.0**
Total FY11 Operating Budget	**351,205.7**	**514,516.1**	**865,721.8**	**339,129.6**	**508,726.9**	**847,856.5**
% Change FY10 Operating Budget after Adjustments to FY11 Request	*7.4%*	*4.9%*	*5.9%*	*3.7%*	*3.7%*	*3.7%*
Utility Costs-Replace One-time funding w/ Base funds FY07-FY09	4,780.7	-	4,780.7	-	-	-
Total FY11 Oper. Budget w/ utilities	**355,986.4**	**514,516.1**	**870,502.5**	**339,129.6**	**508,726.9**	**847,856.5**

University of Alaska
FY11 Operating Budget Adjusted Base Detail
UA compared to Governor's Proposed Budget
(in thousands)

	UA BOR Request			Gov's Proposed Budget		
Compensation by Employee Group	**State Approp.**	**Receipt Authority**	**Total**	**State Approp.**	**Receipt Authority**	**Total**
Univ. of AK Federation of Teachers (UAFT) [1]						
AK. Higher Ed. Crafts and Trades Employees (AHECTE)	1,518.1	182.3	1,700.4	1,518.1	182.3	1,700.4
United Academics Faculty (UNAC)	2,348.7	2,733.1	5,081.8	2,348.7	2,733.1	5,081.8
UA Staff, Adjuncts and Student	5,202.4	3,070.2	8,272.6	5,202.4	3,070.2	8,272.6
Apply FY10 Staff Benefit Reserves	(3,144.2)		(3,144.2)	(3,144.2)		(3,144.2)
Subtotal - Compensation	**5,925.0**	**5,985.6**	**11,910.6**	**5,925.0**	**5,985.6**	**11,910.6**
Additional Operating Cost Increases						
Non-Personnel Services Fixed Cost Increases	**3,307.8**	**6,719.8**	**10,027.6**	**2,168.4**	**6,584.8**	**8,753.2**
Facilities Maintenance & Repair Requirement	*1,516.4*	*1,516.3*	*3,032.7*	*1,516.4*	*1,516.3*	*3,032.7*
SW Network Infrastructure/Connectivity	*652.0*		*652.0*	*652.0*		*652.0*
UAF Athletics Travel	*260.0*	*135.0*	*395.0*			
Leased Space	*879.4*		*879.4*			
UAA Diplomacy, Engineering, and Univ. Lake buildings	*600.0*		*600.0*			
UAF CES/CRCD Lease Space	*279.4*		*279.4*			
Other Fixed Cost Increases		*5,068.5*	*5,068.5*		*5,068.5*	*5,068.5*
Compliance Mandates	**265.0**		**265.0**			
Network Security	*265.0*		*265.0*			
Utility Cost Increases	**1,484.3**	**1,100.0**	**2,584.3**	**1,484.3**	**1,100.0**	**2,584.3**
New Facility Operating & Maintenance Costs	**692.0**		**692.0**	**692.0**		**692.0**
Integrated Sciences Building (ISB) (UAA)	*429.0*		*429.0*	*429.0*		*429.0*
State Virology Lab (UAF portion) [2]	*263.0*		*263.0*	*263.0*		*263.0*
Subtotal - Add'l Operating Cost Increases	**5,749.1**	**7,819.8**	**13,568.9**	**4,344.7**	**7,684.8**	**12,029.5**
Total Adjusted Base Requirements	**11,674.1**	**13,805.4**	**25,479.5**	**10,269.7**	**13,670.4**	**23,940.1**

(1) The UAFT collective bargaining agreement expires on 6/30/10 with contract negotiations beginning in late October 2009.

(2) $150.0 one-time funding in FY10

26th Alaska State Legislature
House Finance Budget Subcommittee
University
FY 11 Operating Budget

Chairman:

Rep. Anna Fairclough
Capitol Room 421
465-3777

Members:

Rep. Mike Hawker
Capitol Room 505
465-4949

Rep. Bill Stoltze
Capitol Room 515
465-4958

Rep. Bill Thomas
Capitol Room 501
465-3732

Rep. Reggie Joule
Capitol Room 410
465-4833

Rep. Mike Kelly
Capitol Room 513
465-4967

Rep. Alan Austerman
Capitol Room 502
465-2487

Rep. Les Gara
Capitol Room 500
465-2647

Rep. Woody Salmon
Capitol Room 114
465-4527

Rep. Neil Foster
Capitol Room 434
465-3789

Rep. Mike Doogan
Capitol Room 112
465-4998

Location: House Finance 519
Time: 9:00 – 10:30 am Tuesdays

Agenda

Date: January 28, 2010

To: University Budget Subcommittee Members

From: Representative Anna Fairclough, Chair
House Finance Budget Subcommittee
University

Re: University Budget Subcommittee

Thursday, January 28, 2010 9:00 – 10:30 a.m. **Room 519**

University Budget Subcommittee

Board of Regents Vision

Description of the process for developing the University Budget

Description of how the University systems work together

Please discuss a single appropriation versus multiple appropriations

Overview of the Governor's Budget

Additional requests of the committee

Updated 1/28/2010 8:49:23 AM

1/28/10 CRIMINAL JUSTICE PRESENTATION

<target><bill></bill><subject>1-28-10 CRIMINAL JUSTICE PRESENTATION</subject><comm>HFIN26</comm></target>

Strategic Plan to End the Epidemic of Sexual Assault and Domestic Violence

PURPOSE

Within a decade, end the epidemic of sexual assault and domestic violence and make Alaska the national leader in fighting these scourges

STRATEGIC OBJECTIVES

1. Break the cycle of abuse using a comprehensive public education and prevention campaign to promote a culture of respect that does not tolerate violence against women and children.

2. Deter, segregate, and treat sex offenders so they pose no risk of harm to women and children.

3. Establish a law enforcement presence in every community that desires one to improve public safety.

4. Increase victim service so more have a safe place to go and the services they need to heal.

5. Coordinate and streamline efforts among all stakeholders to more effectively combat violence against women and children.

GUIDING PRINCIPLES

- A culture of responsibility – the answers and resources cannot come from government alone
- Community ownership over solutions
- Partnership between NGOs and state, local, federal, and tribal organizations
- Culturally tailored programs
- Youth leadership in developing and executing programs
- Support only programs with proven effectiveness
- Use metrics to measure success

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1984

SUPPORTING GOALS

- Heighten public awareness of the problem
- Make violence against women and children culturally unacceptable
- Evaluate, develop, and implement prevention programs and continue to support programs with proven effectiveness
- Enact legislation that will enhance public safety
- Increase the proportion of incidents reported and suspects arrested, prosecuted, and punished
- Lower recidivism levels
- Make law enforcement more responsive through training
- Ensure shelter beds or safe houses are available to every woman and child in need
- Link victims to medical care, legal services, and opportunities to establish independence from abusive relationships

CRIME STATISTICS

- The Alaska per capita rape rate is the worst in the nation -- two and half times the national average. *Source: Alaska Network on Domestic Violence and Sexual Assault, 2006 Annual Report: Working in Alaska Communities for Safety, Justice, Advocacy and Education (2006).*
- Rape is a greater percentage of all violent crimes reported in Alaska than it is nationally, at 12% of all violent crime in Alaska compared to 6% of violent crime in the United States. *Source: Alaska Senate Judiciary Committee's Report and Recommendations: Reducing Sexual Assault in Alaska (2009).*
- The Alaska per capita child sexual assault rate is also the worst in the nation -- almost six times the national average. *Source: Alaska Network on Domestic Violence and Sexual Assault, 2006 Annual Report: Working in Alaska Communities for Safety, Justice, Advocacy and Education (2006).*
- Outside of Anchorage, 55% of sexual assault victims are under the age of 15; 30% are between 13 and 15 years old and 25% of victims are between 6 and 12 years old. *Source: Studies by Alaska State Troopers and Anchorage Police Department, compiled by UAA Justice Center (2009).*

€ MaisyGrace 07

- Alaska has the highest rate per capita of men murdering women. *Source: Alaska Network on Domestic Violence and Sexual Assault, 2006 Annual Report: Working in Alaska Communities for Safety, Justice, Advocacy and Education (2006).*

- In nearly one-quarter of sexual assault cases the victim was incapacitated due to alcohol or drug use. *Source: Alaska Sexual Assault Nurse Examiner Study, Reprinted in Andre Rosay, Sexual Assault in Alaska: Slide Show Presentation to Alaska State Legislature Senate Judiciary Committee (August 2009), available at http://justice.uaa.alaska.edu/vaw/2009-08.jc-vaw-sexualassault.pdf.*

- Two-thirds of domestic violence victims reported that alcohol had been a factor. *Source: U.S. Department of Justice, Bureau of Justice Statistics, Crime Characteristics: Summary Findings (2009), available at http://www.ojp.usdoj.gov/bjs/cvict_c.htm.*

- Boys who witness domestic violence are twice as likely to abuse their own partners and children when they become adults. *Source: Strauss, Gelles, and Smith, Physical Violence in American Families: Risk Factors and Adaptations to Violence in 8,145 Families (1990).*

- Villages with law enforcement presence have a 40% lower rate of serious injury caused by an assault compared to villages without local law enforcement. *Source: Wood and Gruenwald, Local Alcohol Prohibition, Police Presence and Serious Injury in Isolated Alaska Native Villages (2006).*

IMPLEMENTATION

I. BREAK THE CYCLE OF ABUSE USING A COMPREHENSIVE EDUCATION AND PREVENTION CAMPAIGN TO PROMOTE A CULTURE OF RESPECT THAT DOES NOT TOLERATE VIOLENCE AGAINST WOMEN AND CHILDREN

A. Statewide Education Efforts

Rationale: All members of society must consider violence against women and children unacceptable, and all must believe it is something that can be stopped. Schools, media, and high-profile public engagements can be used to transmit the message that sexual assault and domestic violence are intolerable in our society and that every individual and group must identify its role in combating these problems.

1. Develop, coordinate, and broadcast public service announcements. For example, the Governor, DPS, LAW, and CDVSA have coordinated with the Alaska Network on Domestic Violence and Sexual Assault to launch the "Real Alaskan Men Choose Respect Campaign."

2. Cabinet members engage in public outreach to raise awareness and change attitudes about sexual assault and domestic violence. For example, the Governor held a major press event to highlight the epidemic. The Attorney General has discussed the epidemic in speeches and has been interviewed by reporters and talk show hosts. Commissioner Masters frequently speaks throughout the state about the Governor's initiative and the epidemic.

3. Develop partnerships with Native organizations to work together on prevention solutions. An excellent example is CDVSA's Tribal and State forums, which seek to devise programs and strategies to break the cycle of violence.

B. Locally-Targeted Education Efforts

Rationale: There is a growing realization that to reduce violence against women and children we need to prevent violence before it occurs rather than intervening after lives are shattered. To do this we must develop a prevention strategy seeking to bring about change in individuals, relationships, communities, and society. Cultural change is most effective from the ground up and requires a coordinated effort among local communities, nonprofits, and government.

1. Work with tribal, non-profit and religious organizations to raise awareness of the problem, especially among youth, and stigmatize violence against women and children. Under the legislature's guidance, CDVSA is in the process of developing and implementing a plan to "promote education and programs to prevent future incidents of domestic violence and sexual assault." And, as discussed in more detail below, the Governor's budget requests the creation of a DV/SA coordinator. Part of the coordinator's portfolio will be to take a leading role in these outreach efforts.

2. Cultivate youth leaders through schools and community groups and incorporate youth leaders in developing primary prevention strategies. For example, CDVSA partners with the Alaska Network on Domestic Violence and Sexual Assault on developing prevention programs for schools and youth.

II. DETER, SEGREGATE, AND TREAT OFFENDERS SO THEY POSE NO RISK OF HARM TO WOMEN AND CHILDREN

A. Enact Legislative Changes To Protect Alaskans

Rationale: Alaska needs tough laws in the nation to send a message that violence against women and children will not be tolerated and to ensure that offenders no longer pose a risk to others, either because they are behind bars or because they have been rehabilitated. Although the Alaska legislature has already enacted stringent laws, more can be done to punish offenders and protect victims.

1. Toughen penalties for crimes of sexual assault by making it an aggravating factor if the defendant sexually assaulted the victim while knowing the person was vulnerable due to use of alcohol or drugs. More specifically, the Governor has sponsored SB 222 and HB 298 to make it an aggravating factor if the defendant was convicted of any crime and the defendant knew that the victim was vulnerable due to use of alcohol or drugs.

2. Expand laws to protect children from online sexual predators. The Governor has sponsored SB 222 and HB 298, which prohibit suspended imposition of sentences for people convicted of human trafficking, possession or distribution of child pornography, and distribution of indecent materials to minors; these bills make it against the law not just to possess child pornography but also to access it on a computer with the intention of viewing it; and they empower courts to prohibit sex offenders, in cases involving children, from using a computer or communicating with children under 16 years old.

3. Enhance protection and processing of DNA and other forensic evidence to ensure the actual perpetrator is held accountable. To help accomplish this goal, the Governor has sponsored HB 317 and SB 241 would adopt standards for evidence retention and post-conviction DNA testing. The Senate Judiciary Committee Report found that proper examination of DNR evidence is critical to sexual assault prosecutions and that the backlog in getting the evidence processed is causing significant delays in prosecuting cases.

4. Close loopholes that allow convicted sex offenders from other states to escape registering in Alaska (if they are registered as sex offenders in other states, they must register here, even if the sex crime they were convicted of does not have an exact equivalent in Alaska). SB 222 and HB 298 accomplish this goal.

5. Modify the bail statutes to protect the victims of the crime and the general public. The Governor will soon introduce a Bail Bill that seeks to accomplish this goal. Under this bill, a person charged with serious crimes, like a sexual assault felony or a defendant charged with domestic violence who has been convicted of domestic violence within the five preceding years, would have burden of proof to establish that his or her release would not be dangerous to the victim or the public, and would assure the person's appearance in certain cases. Currently, the State has the burden to make this showing.

B. Improve Prosecution

Rationale: Bringing offenders to justice deters future violent acts and sends a strong message that violence against women and children is unacceptable. While most prosecutions result in guilty pleas or convictions, increasing the rates at which incidents are reported and referred for prosecution will help us hold more offenders accountable. Creating a law enforcement presence in every community will also deter violence, increase reporting rates, and improve evidence collection necessary for more and more successful prosecutions.

1. The Governor's budget requests $75 million for a new crime lab to help us process the evidence needed to win convictions in sexual assault cases and $92.8K for a forensic scientist at the crime lab

2. Department of Law has issued specific SA/DV prosecution policies and guidelines for sexual assault and domestic violence cases

3. Prosecutors are being trained in tough plea negotiations and the Governor's budget seeks an additional $75K for additional training.

4. The Department of Law has hired a cybercrimes prosecutor to prosecute child pornography.

5. DPS has reorganized its Computer and Financial Crimes Unit so that investigators can focus solely on computer crimes against children.

6. The Governor's budget requests $2.3 million in General Funds to make permanent 17 prosecutor and victim-witness paralegal positions at the Department of Law, which were previously funded on an interim basis through federal grants.

7. The Governor's budget requests $656,000 in General Funds to make permanent DPS's cold case unit, which had been funded by federal grant money.

8. To ensure forensic evidence is gathered the Governor's budget requests $12.3K for 350 pediatric sexual assault kits and $150K for SART exams. The Senate Judiciary Committee report found that when victims receive a medical forensic exam, it more than doubled the likelihood that the case was accepted for prosecution.

C. Reduce Recidivism Rates

Rationale: The majority of batterers return to their families, and the cycle of violence continues unbroken. It is in the state's interest to reduce recidivism. Otherwise, victims will continue to be harmed and offenders will continue to be arrested and imprisoned at the state's expense. Programs to reduce recidivism will help heal families and save the state money in the long run.

1. DOC is working collaboratively with DPS's VPSO program to provide effective supervision for probationers and parolees in rural communities.

2. The Criminal Justice Working Group is reviewing ways to improve DOC's prisoner re-entry programs, including after-care programs for substance abuse treatment, halfway house beds, mental health clinicians in correctional facilities, re-entry case workers, and coordination among stakeholders.

3. The Criminal Justice Working Group is reviewing reforms to the probation system to reduce recidivism rates by imposing swift punishments for probation violations. According to the Senate Judiciary Committee Report, nationally 45% of prisoners serving time for rape or sexual assault committed their crime while on probation or parole.

III. Establish a Law Enforcement Presence in Every Community that Desires One

A. Add 150 More VPSO Positions Over the Next Ten Years

Establishing a law enforcement presence in every village that desires one will prevent offenses from happening and facilitate investigation and prosecution for the offenses that do occur. UAA Justice Center studies show that in villages where a VPSO was available, rates of serious assault declined 40% and a case was over three times more likely to be prosecuted. But increasing the number of VPSO positions alone will not suffice. Local communities must collaborate by identifying qualified candidates, providing VPSO facilities, and supporting VPSOs' efforts.

1. The Governor's budget requests adding 15 VPSOs per year (at cost of $1.26 million annually) for 10 years so that every community of a certain size that desires a VPSO shall have one if the community puts forward a qualified individual. The Governor's budget also requests a merit increases (at a cost of $129.9K) for VPSOs and an increase in the VPSO COLA (at a cost of $93.9K). The Senate Judiciary Committee Report also recommends that the State hire more VPSOs because the Committee found that it will likely increase prosecution and conviction and because law enforcement presence has been shown to lower the rates of serious assault.

2. To secure housing for VPSOs, the Governor's budget requests $1 million for VPSO housing grants and loans in AHFC programs.

B. Hire Additional Investigators for Sexual Assault Investigations

Rationale: Maintaining VPSOs in rural communities will increase safety and ensure incidents of violence are investigated promptly. However, in many cases additional resources will be required to investigate, collect evidence, and prepare cases for referral to prosecutors. By hiring troopers specifically trained to investigate sexual assault and domestic violence incidents, we will maximize the number of incidents that result in convictions, ultimately deterring future offenders.

1. The Governor's budget requests three additional Trooper DV/SA investigators at a cost of $500K.

2. Use AARA (JAG stimulus) to hire 8 DV/SA investigators. Three of the investigators will be hired by municipal governments to work AST multijurisdictional task forces.

IV. Ensure Victims Have a Safe Place to Go and the Services They Need to Heal

A. Increase Availability of Civil Legal Services for Victims

Rationale: A study conducted by economists found that increased provision of legal services for victims of domestic violence contributes to the decline of domestic violence rates. Civil legal services offer victims help with practical matters – like protective orders, custody disputes, and child support – that give victims options and increase their safety over the long term.

1. The Governor's budget requests an additional CINA attorney (at a cost of $200K) to remove children from violent homes.

2. Strengthen domestic violence pro bono representation by increasing number and skill of volunteer attorneys and expand number of victim advocates. To accomplish this goal, LAW has held over a dozen meetings with legal service providers, victim advocates, and the court system to find ways to increase legal representation for victims. LAW will continue to work closely with all stakeholders to make sure victims seeking protective orders are represented.

3. Obtain commitments from leading Alaska law firms to devote a certain number of hours every month to pro bono legal work on behalf of victims of domestic violence and sexual assault. The Attorney General has begun an outreach effort to the legal community to meet this goal.

B. Increase Shelter Capacity to Meet Needs of Battered Women

Rationale: The ability to leave a dangerous situation and have a safe place to stay will reduce the number of violent incidents. Further, counseling services provided by shelters inform victims of their rights and options to escape abusive relationships. Increasing facilities and training staff will enhance shelters' ability to provide these crucial functions.

1. Provide an additional $381,000 to increase the capacity of shelters – increasing the number of beds, training, and services available to victims, so that they can escape abusive situations.

V. Coordinate and Streamline Efforts Among Stakeholders

A. Create a Domestic Violence and Sexual Assault Coordinator To Establish Partnership Among Agencies and Federal, Tribal, and Non-Profit Stakeholders on Efforts To Combat DV/SA

Rationale: Efforts to address the problems of domestic violence and sexual assault exist, but more can be done to coordinate between government agencies, tribes, NGOs, and other stakeholders to improve and streamline these efforts. A coordinator would be the necessary link between these stakeholders, would identify and cultivate new resources, and would keep sustained focus on the issue.

1. The Governor's budget requests $200K to create a new coordinator position that will oversee this comprehensive plan to end the epidemic of DV/SA. More specifically, the coordinator will establish partnership and form work groups with NGOs, tribal entities, and federal agencies to maximize effectiveness and minimize duplication in efforts to combat domestic violence and sexual assault.

2. The coordinator will consult with stakeholders to develop and implement additional programs to carry out the Governor's initiative.

3. The coordinator will improve the state's existing programs and efforts as they relate to domestic violence and sexual assault, including prosecution, corrections, provision of services to victims, and education.

4. The coordinator will work with CDVSA, DPS, and the UAA Justice Center (or other research organizations) in establishing studies and research necessary for baseline data to measure success and fully understand the extent of victimization in Alaska. This action is consistent with the Senate Judiciary Committee's recommendation set out in its recent Report and Recommendations.

Addendum: Budget

The budget pieces of the plan at this point in time include all the efforts that were in the base budget for FY 10, i.e., funding for DPS, LAW, CDVSA, sex offender treatment in DOC and in DHSS for juveniles, etc. **PLUS** new increments of:

- $200k Child Protection Attorney in Kenai
- $2.2 million Prosecutors and staff who work primarily on sexual assault and domestic violence cases. Making these positions permanent and funding them with state dollars. We cannot afford to lose these resources.
- $200k SA / DV Coordinator
- $656.5k Cold case unit – Critical unit to solving homicides, many of which involve domestic violence and sexual assault. We cannot afford to lose these resources.
- $150k Sexual assault exam costs
- $75k SA / DV Prevention training
- $500k 3 SA / DV investigators at DPS
- $381.9k Shelters
- $651.4k Replace reduced PFD felon funds for CDVSA
- $12.3k 350 pediatric sexual assault kits
- $92.8k Forensic scientist at the crime lab
- $129.9k Merit increases for VPSO positions
- $93.9k VPSO COLA
- $1.261.5 15 new VPSO's
- $75 million Crime Lab
- $1.0 million VPSO housing loans and grants
- $86k New and improved crime lab equipment

Addendum: Recent Actions Taken To End the DV/SA Epidemic

- CDVSA has devised a strategic plan to develop prevention programs
- The Network, in collaboration with the State, has launched a PSA campaign
- To devise metrics that will measure the initiatives outcomes, cabinet members have met with the United Way and the Mental Health Trust; LAW is working on forming a committee to monitor the initiatives impact on DV and SA rates
- DPS has received ARRA funding for five investigators in ABI and three municipal investigators for multi-jurisdictional task force and is in the process of hiring
- LAW has hired a new cybercrime prosecutor
- DPS has reorganized its Computer and Financial Crimes Unit so that investigators can focus solely on computer crimes against children
- The Criminal Justice Working Group is reviewing ways to reduce recidivism through improved prisoner re-entry services and by imposing swift and consistent penalties for probation violations
- The Attorney General has discussed the DV/SA epidemic at speeches, has conducted several radio interviews, and has been interviewed by editorial boards and reporters
- CDVSA has acquired $290K in the FY10 budget for research and studies; the Governor's requested budget seeks $290K for CDVSA's operating budget to continue funding for research and studies
- The Attorney General and Commissioner Masters have met with DOJ officials to raise awareness and secure funding for programs

Addendum: Proposed Legislation

I. Changes In Crimes and Sentences Involving Sexual Assault and Domestic Violence

- This bill would make 5 important changes to our current laws:

1. Prohibit suspended imposition of sentences for people convicted of human trafficking, possession or distribution of child pornography, and distribution of indecent materials to minors.

2. Make it against the law not just to possess child pornography but also to access it on a computer with the intention of viewing it.

3. Courts could prohibit sex offenders, in cases involving children, from using a computer or communicating with children under 16 years old.

4. Sentences for sex offenses could be increased through new "aggravating factors," including the defendant's knowledge that the victim had consumed drugs or alcohol, or a previous dating relationship with the victim.

5. Anyone required to register as a sex offender in another state would have to register in Alaska.

II. A Revision of Bail Laws

- A comprehensive review of our bail statutes has not occurred since the 1960s; reorganization and updating of this law is overdue.

- Although the substantive provisions are generally similar to current law, there are some differences.

- Under this bill, a person charged with serious crimes, like a sexual assault felony or a defendant charged with domestic violence who has been convicted of domestic violence within the five preceding years, would have burden of proof to establish that his or her release would not be dangerous to the victim or the public, and would assure the person's appearance in certain cases.

- Currently, the State has the burden to make this showing

- The bill also provides that once convicted of sex-related felonies, perpetrators could not be released pending sentencing or an appeal.

III. Specific Procedures for Post-Conviction DNA Testing

- This bill is prompted by the State's victory in the *Osborne* case.
- The bill adopts new requirements for preservation of evidence and biological material in certain cases by all law enforcement agencies in the state.
- It also adopts a procedure for a person convicted of a felony against a person to apply for post-conviction DNA testing.
- More specifically, the bill requires municipal police departments, courts and state agencies to retain DNA evidence for post-conviction testing and cold case prosecution.

IV. The Alaska Scientific Crime Detection Laboratory in Anchorage

- The state would issue $75 million in certificates of participation for the lab in order to effectively conduct examinations of evidence and expedite the processing of a large backlog of evidence in criminal cases. Using certificates of participation spreads the cost out over time so that both this generation of Alaskans and the next will help pay for this important facility and reap its benefits.
- Over 50% of submitted cases to the Crime Lab are DV/SA related
- The new lab will DPS to bring in cutting edge technologies and DNA techniques

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Thursday, January 28, 2010

Criminal Justice Presentation by Commissioners

Presenters:
Dan Sullivan, Attorney General, Department of Law
Joseph Masters, Commissioner, Department of Public Safety
Joe Schmidt, Commissioner, Department of Corrections

Available for questions:
Rick Svobodny, Deputy Attorney General, Criminal Division, Department of Law
Annie Carpeneti, Assistant Attorney General, Department of Law
Sam Edwards, Deputy Commissioner, Department of Corrections

Available for questions via Teleconference:
Dwayne Peeples, Deputy Commissioner, Department of Corrections

Director Conrad –

Sandra Saraniego –

1/29/10 OVERVIEWS: DEPARTMENT OF NATURAL RESOURCES, DEPARTMENT OF REVENUE

<target><bill></bill><subject>1-29-10 OVERVIEWS DEPARTMENT OF NATURAL RESOURCES, DEPARTMENT OF REVENUE</subject><comm>HFIN26</comm></target>

1/29/10 1:37 pm

Alaska State Legislature
HOUSE FINANCE COMMITTEE

Agenda
1:30 PM

Stolty
Gara
Salmon
Gruenberg

Friday, January 29, 2010

FY11 Governor's Budget Overviews:

Department of Natural Resources

Presenters:
Tom Irwin, Commissioner
Leta Simons, Director, Division of Support Services

Department of Revenue

Presenters:
Pat Galvin, Commissioner
Ginger Blaisdell, Director, Division of Administrative Services

Available for questions:
Jerry Burnett, Deputy Commissioner

1-29-10

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES & DEPARTMENT OF REVENUE

ALASKA GASLINE INDUCEMENT ACT

January 29, 2010

To: All Members of the Alaska State Legislature

Included with this letter is a report from the Department of Revenue (DOR) and Department of Natural Resources (DNR), submitted in accordance with reporting requirements under the Alaska Gasline Inducement Act ("AGIA").

AS 43.90.400(d) of AGIA requires the DOR and DNR Commissioners to submit a report to the legislature within the first 10 days of each regular session on the status of reimbursements from the AGIA reimbursement fund. This report must include a list of all disbursements made from the AGIA fund during the preceding fiscal year, a written justification for each disbursement and the projected amount of money that will be required for future disbursements during each of the next three fiscal years.

While this report is focused on information specific to AGIA fund disbursements, additional information related to the AGIA-licensed project is provided in administration's Alaska Pipeline Project Reports. These reports, along with other helpful resources are available on the AGIA website, at http://www.state.ak.us/agia.

We hope you find this information useful. If we can be of further assistance, please do not hesitate to contact us directly.

Sincerely,

Pat Galvin, Commissioner
Department of Revenue

Tom Irwin, Commissioner
Department of Natural Resources

Attachment: AGIA Fund Disbursement Report, January 29, 2010

AGIA Fund Disbursement Report
Department of Revenue and Department of Natural Resources
January 29, 2010

This report was produced by the Department of Revenue (DOR) and Department of Natural Resources (DNR) pursuant to reporting requirements under the Alaska Gasline Inducement Act ("AGIA" or "the Act").

AS 43.90.400(d) of AGIA requires the Department of Revenue (DOR) and Department of Natural Resources (DNR) Commissioners to submit a report to the legislature within the first 10 days of each regular session on the status of reimbursements from the AGIA reimbursement fund. This report must include a list of all disbursements made from the AGIA fund during the preceding fiscal year, a written justification for each disbursement and the projected amount of money that will be required for future disbursements during each of the next three fiscal years.

The information included in this report is focused on reimbursements issued from the AGIA Fund through December 2009, to the state's AGIA Licensee, TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd (referred to here as "TC Alaska"). For purposes of confidentiality, disbursements are summarized at the cost category level.

Reimbursement Process

Under the terms of the AGIA license, the state's licensee, TC Alaska, is entitled to receive certain benefits from the state in exchange for upholding specific commitments related to the project schedule, tariff and future expansions. These benefits include, among other things, matching reimbursement for up to $500 million of qualified project expenditures.

Qualified expenditures include those which are determined to be directly and reasonably related to advancing the project, with the exception of overhead, lobbying and litigation costs, civil or criminal penalties or fines, or any expenditures for assets or work product acquired or developed by the licensee before the license was issued.[1]

In order to ensure compliance with these and other regulatory requirements, expenditure information must be submitted by the Licensee for review by the state.

Due to the anticipated high volume and complexity of the licensee's submissions, the Department of Revenue undertook development of an electronic information management system, beginning in early 2009, which would allow individual expenditures to be tracked, monitored and reviewed throughout the various stages of the reimbursement process. The project was separated into two phases, with the first focusing on the design of the reimbursement process and workflow. The second phase focused on detailed technical design and construction of the electronic system, known as the AGIA Information Reimbursement System (AIRS).

[1] "Qualified Expenditures" are defined in AS 43.90.110(c) and 15 AAC 90.030

The first of these phases was largely completed in July 2009, with the assistance of a department contractor, PangoMedia, Inc. The resulting process includes a thorough and multi-stage review by staff within the department, and by state contractors working more directly with the Alaska Pipeline Project team.

Expenditure information is submitted by the licensee on a monthly basis, while formal Requests for Reimbursement are filed quarterly. This frequent exchange of information allows the department to review expenditures in a more consistent and timely manner, rather than trying to process a large volume of information at the end of each quarter.

Concurrent with this process design effort, the department has worked closely with TC Alaska to design technical reporting standards which enable submissions to be accepted electronically into state systems. While these standards will meet the needs of the future AIRS system, they have also allowed the department to implement a temporary information receiving method using DOR's existing Online Taxpayer Information System (OTIS). This temporary system was finalized and tested in November 2009, with TC Alaska successfully submitting its initial reimbursement request on November 21.

AGIA Fund Disbursements

TC Alaska's first Request for Reimbursement was filed in late November 2009 for work conducted during the first quarter (1Q) of 2009. The request was for work totaling $2,463,999, with the state's share amounting $1,231,000. After reviewing the request, the department issued an initial payment on December 21, 2009 for $1,095,786, with $272,427 of the total expenditures being set aside pending additional clarification and review.

Additional detail regarding TC Alaska's project expenditures and reimbursements to date is provided in Financial Accounting Reports section of this report. (See Pages 5-13)

Requested Reimbursement

Definition of the reimbursement process was completed in July 2009 with technical submission requirements completed in September 2009. The implementation of the submission requirements by TC Alaska took more time than anticipated and has slowed the reimbursement process to date. However, with many of these issues now being resolved, processing of future reimbursement requests is expected to occur much more quickly. While TC Alaska has only received reimbursement for $1.1 million of qualified expenditures to date, reimbursement for work occurring throughout the remainder of the 2009 calendar year is expected to be substantially higher.

Earlier this month, TC Alaska submitted expenditure information for work conducted and paid during 2Q 2009. The department anticipates receiving a reimbursement request for this work by January 31, 2010. Review of the submission is expected to be complete within the subsequent 30 days, and payment issued on or before February 28, 2010.

The department expects to receive the 3Q 2009 and 4Q 2009 monthly submissions, as well as the related reimbursement requests, shortly after processing 2Q, with review and payment by the end of March and April 2010 respectively.

Estimated Project Spending

The figures in **Table 1** are based on TC Alaska's 1Q 2010 Budget Report, provided to the department in mid-January. They show the projected amount of money required for reimbursement during each fiscal year until the Licensee is scheduled to obtain a FERC Certificate. The Governor's proposed budget for FY2011 will be amended to request an amount sufficient to meet this projected reimbursement schedule. It is important to note that the rate of spending could vary as the project moves forward. For example, if the Alaska Pipeline Project and shippers execute precedent agreements for sufficient volumes to Alberta or Valdez post the upcoming Open Season, the project may decide to substantially accelerate or increase the rate of spending based on the degree to which project uncertainties and conditions precedent can be resolved.

Table 1[2]

Estimated Project Spending Through FERC Certification (Thousands $)								
Fiscal Year	**Pre-License**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**TOTAL**
Total Annual	$2,527	$17,812	$126,498	$139,517	$137,128	$137,128	$137,128	
TC Alaska/EM	$2,527	$11,431	$68,833	$18,573	$13,713	$13,713	$68,950	
State of Alaska	$0	$6,381	$57,666	$120,944	$123,415	$123,415	$68,178	
Total Cumulative	$2,527	$20,339	$146,837	$286,354	$423,482	$560,610	$697,738	**$697,738**
TC Alaska/EM	$2,527	$13,958	$82,791	$101,363	$115,076	$128,789	$197,738	**$197,738**
State of Alaska	$0	$6,381	$64,047	$184,991	$308,406	$431,821	$500,000	**$500,000**

[2] Numbers are based on TC Alaska's Q1 2010 Budget Report. The report was prepared in Canadian Dollars and converted to US dollars @ 1.15 FX rate (based on Dollar @ December 2008); comparative spending after, 2010 reflects a change in the state's matching contribution from 50/50 to 90/10 following the Open Season in July 31.

Annual Audit

The AGIA statute also requires periodic audit of the Licensee. The department has contracted with Martindale Consultants Inc. to conduct the first annual audit. Initial meetings with the audit firm took place in November 2009 and coordination with TC Alaska is forthcoming. The audit will most likely begin after the first quarter of 2010. Specifically, the audit will review expenditures made by TC Alaska for which the licensee received payments of state matching funds to ensure that the expenditures were eligible under AGIA and applicable regulations. The audit will cover the 2009 calendar year plus the relevant portion of December 2008.

The contractor will prepare an audit plan, assign deadlines for each audit step subject to department approval, review TC Alaska's accounting records and reimbursement requests for compliance with AGIA's reimbursement provisions, conduct appropriate audit test, and complete an audit report including findings and claims. The contractor will also be required to assist the department in resolving audit claims. We anticipate all phases of the audit will consume roughly 320 hours which includes roughly 160 field hours at the Licensee's place of business in Calgary Canada. As part of the audit, the contractor will also be required to meet with personnel at the Department of Revenue's offices and at the Licensee's office in Calgary.

Financial Accounting Reports

Table 2: 1Q 2009 AGIA Reimbursement Request Summary
Table 3a: 1Q 2009 Monthly Costs by Account Category – All Regions
Table 3b: 1Q 2009 Monthly Costs by Account Category – Alaska Region
Table 3c: 1Q 2009 Monthly Costs by Account Category – Southern Yukon Region
Table 3d: 1Q 2009 Monthly Costs by Account Category – British Columbia Region
Table 4a: 1Q 2009 Monthly Costs by Cost Breakdown Structure – All Regions
Table 4b: 1Q 2009 Monthly Costs by Cost Breakdown Structure – Alaska Region
Table 4c: 1Q 2009 Monthly Costs by Cost Breakdown Structure – Southern Yukon Region
Table 4d: 1Q 2009 Monthly Costs by Cost Breakdown Structure – British Columbia Region

Table 2
1Q 2009 AGIA Reimbursement Request Summary

Month	Year	Region	Total Claimed Gross Expenditures	Total Gross Exceptions	Approved Gross Qualified Expenditures	Reimbursed Qualified Expenditures @50%
Jan	2009	AK	$202,935.44	($44,298.71)	$158,636.73	$79,318.37
Jan	2009	BC	$47,034.17	($14,288.17)	$32,746.00	$16,373.00
Jan	2009	YK	$48,963.73	($12,839.28)	$36,124.45	$18,062.23
Feb	2009	AK	$585,560.93	($112,612.78)	$472,948.15	$236,474.08
Feb	2009	BC	$148,612.97	($2,270.18)	$146,342.79	$73,171.40
Feb	2009	YK	$187,631.24	($350.20)	$187,281.04	$93,640.52
March	2009	AK	$1,020,739.25	($37,407.44)	$983,331.81	$491,665.91
March	2009	BC	$95,951.93	($31,288.73)	$64,663.20	$32,331.60
March	2009	YK	$126,569.80	($17,071.20)	$109,498.60	$54,749.30
Total			**$2,463,999.46**	**($272,426.69)**	**$2,191,572.77**	**$1,095,786.39**

Table 3a

1Q 2009 Monthly Costs by Account Category - All Regions

Expenditure Account Category	January	February	March	Total Claimed Gross Expenditures	Total Gross Exceptions	Approved Gross Qualified Expenditures	Reimbursed Qualified Expenditures @ 50%
Bonds	-	2,905	-	2,905	-	2,905	1,453
Consulting Contracting External	91,175	671,153	801,662	1,563,990	(133,698)	1,430,292	715,146
Consulting Contracting Internal	10,512	18,382	50,979	79,873	(77,060)	2,814	1,407
Corporate Memberships	-	-	461	461	(461)	-	-
Ground Transportation	387	348	918	1,653	-	1,653	826
Integrated Network & Lease Circuits	130	129	-	259	(259)	-	-
Land - Aboriginal	-	-	39,607	39,607	(18,413)	21,194	10,597
Land Rights	-	-	24,041	24,041	-	24,041	12,020
Legal	-	29,216	73,126	102,343	-	102,343	51,171
License & Permits	10,000	-	-	10,000	-	10,000	5,000
Office Costs	4,867	-	-	4,867	-	4,867	2,434
Other Communication Expense	-	-	2,706	2,706	-	2,706	1,353
Premise Rent/ Lease	5,468	5,468	5,468	16,403	-	16,403	8,202
Salaries & Benefits	176,223	193,982	243,992	614,197	(41,841)	572,355	286,178
Stationery & Office Supplies	103	-	237	341	(341)	-	-
Utilities	68	221	64	353	(353)	-	-
Total	**298,933**	**921,805**	**1,243,261**	**2,463,999**	**(272,427)**	**2,191,573**	**1,095,786**

Table 3b

1Q 2009 Monthly Costs by Account Category - Alaska Region

Expenditure Account Category	January	February	March	Total Claimed Gross Expenditures	Total Gross Exceptions	Approved Gross Qualified Expenditures	Reimbursed Qualified Expenditures @ 50%
Bonds	-	2,905	-	2,905	-	2,905	1,453
Consulting Contracting External	50,142	401,375	745,921	1,197,438	(116,741)	1,080,697	540,348
Consulting Contracting Internal	5,710	13,338	29,082	48,131	(48,090)	40	20
Corporate Memberships	-	-	-	-	-	-	-
Ground Transportation	-	-	-	-	-	-	-
Integrated Network & Lease Circuits	-	-	-	-	-	-	-
Land - Aboriginal	-	-	-	-	-	-	-
Land Rights	-	-	-	-	-	-	-
Legal	-	28,892	73,126	102,019	-	102,019	51,009
License & Permits	10,000	-	-	10,000	-	10,000	5,000
Office Costs	4,867	-	-	4,867	-	4,867	2,434
Other Communication Expense	-	-	2,706	2,706	-	2,706	1,353
Premise Rent/ Lease	5,468	5,468	5,468	16,403	-	16,403	8,202
Salaries & Benefits	126,749	133,582	164,436	424,767	(29,488)	395,280	197,640
Stationery & Office Supplies	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Total	**202,935**	**585,561**	**1,020,739**	**1,809,236**	**(194,319)**	**1,614,917**	**807,458**

Table 3c

1Q 2009 Monthly Costs by Account Category - Southern Yukon Region

Expenditure Account Category	January	February	March	Total Claimed Gross Expenditures	Total Gross Exceptions	Approved Gross Qualified Expenditures	Reimbursed Qualified Expenditures @ 50%
Bonds	-	-	-	-	-	-	-
Consulting Contracting External	20,967	143,506	29,494	193,967	(14,194)	179,772	89,886
Consulting Contracting Internal	2,868	2,774	11,784	17,425	(14,652)	2,774	1,387
Corporate Memberships	-	-	461	461	(461)	-	-
Ground Transportation	387	348	918	1,653	-	1,653	826
Integrated Network & Lease Circuits	130	129	-	259	(259)	-	-
Land - Aboriginal	-	-	21,194	21,194	-	21,194	10,597
Land Rights	-	-	24,041	24,041	-	24,041	12,020
Legal	-	324	-	324	-	324	162
License & Permits	-	-	-	-	-	-	-
Office Costs	-	-	-	-	-	-	-
Other Communication Expense	-	-	-	-	-	-	-
Premise Rent/ Lease	-	-	-	-	-	-	-
Salaries & Benefits	24,440	40,330	38,377	103,146	-	103,146	51,573
Stationery & Office Supplies	103	-	237	341	(341)	-	-
Utilities	68	221	64	353	(353)	-	-
Total	**48,964**	**187,631**	**126,570**	**363,165**	**(30,261)**	**332,904**	**166,452**

Table 3d

1Q 2009 Monthly Costs by Account Category - British Columbia Region

Expenditure Account Category	January	February	March	Total Claimed Gross Expenditures	Total Gross Exceptions	Approved Gross Qualified Expenditures	Reimbursed Qualified Expenditures @ 50%
Bonds	-	-	-	-	-	-	-
Consulting Contracting External	20,066	126,272	26,248	172,586	(2,763)	169,823	84,991
Consulting Contracting Internal	1,935	2,270	10,113	14,318	(14,318)	-	-
Corporate Memberships	-	-	-	-	-	-	-
Ground Transportation	-	-	-	-	-	-	-
Integrated Network & Lease Circuits	-	-	-	-	-	-	-
Land - Aboriginal	-	-	18,413	18,413	(18,413)	-	-
Land Rights	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-
License & Permits	-	-	-	-	-	-	-
Office Costs	-	-	-	-	-	-	-
Other Communication Expense	-	-	-	-	-	-	-
Premise Rent/ Lease	-	-	-	-	-	-	-
Salaries & Benefits	25,034	20,070	41,179	86,283	(12,354)	73,929	36,965
Stationery & Office Supplies	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Total	**47,034**	**148,613**	**95,952**	**291,599**	**(47,847)**	**243,752**	**121,876**

Table 4a

1Q 2009 Monthly Costs by Cost Breakdown Structure - All Regions

Expenditure Cost Category	January	February	March	Total Claimed Gross Expenditures	Total Gross Exceptions	Approved Gross Qualified Expenditures	Reimbursed Qualified Expenditures @ 50%
Aboriginal Affairs	19,776	33,590	33,508	86,874	(15,613)	71,261	35,631
Commercial	11,630	9,870	1,235	22,736	-	22,736	11,368
Compression Design	-	23,743	-	23,743	-	23,743	11,871
Contract Admin	46	-	-	46	(11)	34	17
Design	-	-	9,071	9,071	(4,069)	5,002	2,501
Engineering	1,487	830	3,866	6,182	-	6,182	3,091
Estimating Services	-	-	36,530	36,530	(8,325)	28,205	14,103
External Design Pipeline	-	121,584	(2,582)	119,002	-	119,002	59,501
External Environment	34,280	69,656	94,000	197,936	(34,280)	163,656	81,828
External Legal	11,522	47,936	132,415	191,873	(18,413)	173,460	86,730
External Legal / Regulatory	-	-	22,791	22,791	-	22,791	11,396
External Pipeline Design	4,139	109,108	10,083	123,330	-	123,330	61,665
Geotechnical Testing	-	18,006	142,912	160,918	-	160,918	80,459
GTP Coordination	19,105	5,320	8,213	32,638	-	32,638	16,319
Legal Agreements	-	49	-	49	-	49	25
Market & Competitive Analysis	3,009	3,083	-	6,092	-	6,092	3,046
Mechanical	-	10,822	-	10,822	-	10,822	5,411
Office Costs	302	5,468	8,174	13,944	(302)	13,642	6,821
Office Lease Costs	10,335	350	762	11,447	(1,112)	10,335	5,167
Pipeline Design	-	153,660	299,548	453,208	-	453,208	226,604
Project Consulting	-	2,643	-	2,643	-	2,643	1,321
Project Coordination	153,145	146,959	193,431	493,536	(60,296)	433,240	216,620
Project Services	1,003	-	8,337	9,340	(8,334)	1,006	503
System Design	4,240	32,789	35,631	72,660	(39,210)	33,450	16,725
Technical Support	382	-	-	382	-	382	191
Technology	6,208	4,922	14,306	25,435	-	25,435	12,718
TechnologyCoordination	2,687	-	-	2,687	-	2,687	1,343
TechnologyDevelopment	15,637	43,296	50,578	109,512	(4,339)	105,172	52,586
Terrain Mapping	-	78,121	140,450	218,572	(78,121)	140,450	70,225
Total	**298,933**	**921,805**	**1,243,261**	**2,463,999**	**(272,427)**	**2,191,573**	**1,095,786**

Table 4b
1Q 2009 Monthly Costs by Cost Breakdown Structure - Alaska Region

Expenditure Cost Category	January	February	March	Total Claimed Gross Expenditures	Total Gross Exceptions	Approved Gross Qualified Expenditures	Reimbursed Qualified Expenditures @ 50%
Aboriginal Affairs	-	-	-	-	-	-	-
Commercial	6,521	6,045	618	13,184	-	13,184	6,592
Compression Design	-	23,743	-	23,743	-	23,743	11,871
Contract Admin	46	-	-	46	(11)	34	17
Design	-	-	-	-	-	-	-
Engineering	1,487	830	3,866	6,182	-	6,182	3,091
Estimating Services	-	-	36,339	36,339	(8,325)	28,014	14,007
External Design Pipeline	-	-	-	-	-	-	-
External Environment	34,280	69,016	94,000	197,296	(34,280)	163,016	81,508
External Legal	11,522	47,330	91,559	150,411	-	150,411	75,206
External Legal / Regulatory	-	-	-	-	-	-	-
External Pipeline Design	-	-	-	-	-	-	-
Geotechnical Testing	-	18,006	142,912	160,918	-	160,918	80,459
GTP Coordination	19,105	5,320	8,213	32,638	-	32,638	16,319
Legal Agreements	-	49	-	49	-	49	25
Market & Competitive Analysis	-	-	-	-	-	-	-
Mechanical	-	-	-	-	-	-	-
Office Costs	-	5,468	8,174	13,642	-	13,642	6,821
Office Lease Costs	10,335	-	-	10,335	-	10,335	5,167
Pipeline Design	-	153,660	299,548	453,208	-	453,208	226,604
Project Consulting	-	-	-	-	-	-	-
Project Coordination	111,015	103,653	115,014	329,682	(29,466)	300,216	150,108
Project Services	491	-	8,337	8,828	(7,822)	1,006	503
System Design	3,288	31,024	21,130	55,443	(31,953)	23,489	11,745
Technical Support	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-
TechnologyCoordination	506	-	-	506	-	506	253
TechnologyDevelopment	4,339	43,296	50,578	98,214	(4,339)	93,875	46,937
Terrain Mapping	-	78,121	140,450	218,572	(78,121)	140,450	70,225
Total	**202,935**	**585,561**	**1,020,739**	**1,809,236**	**(194,319)**	**1,614,917**	**807,458**

Table 4c

1Q 2009 Monthly Costs by Cost Breakdown Structure - Southern Yukon Region

Expenditure Cost Category	January	February	March	Total Claimed Gross Expenditures	Total Gross Exceptions	Approved Gross Qualified Expenditures	Reimbursed Qualified Expenditures @ 50%
Aboriginal Affairs	10,057	17,003	17,398	44,457	(12,850)	31,607	15,803
Commercial	-	-	308	308	-	308	154
Compression Design	-	-	-	-	-	-	-
Contract Admin	-	-	-	-	-	-	-
Design	-	-	9,071	9,071	(4,069)	5,002	2,501
Engineering	-	-	-	-	-	-	-
Estimating Services	-	-	-	-	-	-	-
External Design Pipeline	-	121,584	(2,582)	119,002	-	119,002	59,501
External Environment	-	344	-	344	-	344	172
External Legal	-	324	22,443	22,767	-	22,767	11,384
External Legal / Regulatory	-	-	22,791	22,791	-	22,791	11,396
External Pipeline Design	-	2,710	7,817	10,527	-	10,527	5,264
Geotechnical Testing	-	-	-	-	-	-	-
GTP Coordination	-	-	-	-	-	-	-
Legal Agreements	-	-	-	-	-	-	-
Market & Competitive Analysis	3,009	3,083	-	6,092	-	6,092	3,046
Mechanical	-	10,822	-	10,822	-	10,822	5,411
Office Costs	302	-	-	302	(302)	-	-
Office Lease Costs	-	350	762	1,112	(1,112)	-	-
Pipeline Design	-	-	-	-	-	-	-
Project Consulting	-	2,643	-	2,643	-	2,643	1,321
Project Coordination	22,428	26,556	39,485	88,469	(10,481)	77,989	38,994
Project Services	-	-	-	-	-	-	-
System Design	-	-	2,641	2,641	(1,446)	1,195	598
Technical Support	382	-	-	382	-	382	191
Technology	-	2,213	6,434	8,648	-	8,648	4,324
TechnologyCoordination	1,487	-	-	1,487	-	1,487	744
TechnologyDevelopment	11,298	-	-	11,298	-	11,298	5,649
Terrain Mapping	-	-	-	-	-	-	-
Total	**48,964**	**187,631**	**126,570**	**363,165**	**(30,261)**	**332,904**	**166,452**

Table 4d

1Q 2009 Monthly Costs by Cost Breakdown Structure - British Columbia Region

Expenditure Cost Category	January	February	March	Total Claimed Gross Expenditures	Total Gross Exceptions	Approved Gross Qualified Expenditures	Reimbursed Qualified Expenditures @ 50%
Aboriginal Affairs	9,719	16,588	16,110	42,417	(2,763)	39,654	19,827
Commercial	5,110	3,825	309	9,244	-	9,244	4,622
Compression Design	-	-	-	-	-	-	-
Contract Admin	-	-	-	-	-	-	-
Design	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-
Estimating Services	-	-	191	191	-	191	96
External Design Pipeline	-	-	-	-	-	-	-
External Environment	-	296	-	296	-	296	148
External Legal	-	282	18,413	18,694	(18,413)	282	141
External Legal / Regulatory	-	-	-	-	-	-	-
External Pipeline Design	4,139	106,398	2,266	112,803	-	112,803	56,402
Geotechnical Testing	-	-	-	-	-	-	-
GTP Coordination	-	-	-	-	-	-	-
Legal Agreements	-	-	-	-	-	-	-
Market & Competitive Analysis	-	-	-	-	-	-	-
Mechanical	-	-	-	-	-	-	-
Office Costs	-	-	-	-	-	-	-
Office Lease Costs	-	-	-	-	-	-	-
Pipeline Design	-	-	-	-	-	-	-
Project Consulting	-	-	-	-	-	-	-
Project Coordination	19,702	16,751	38,932	75,385	(20,349)	55,036	27,518
Project Services	512	-	-	512	(512)	-	-
System Design	952	1,765	11,860	14,576	(5,811)	8,765	4,383
Technical Support	-	-	-	-	-	-	-
Technology	6,208	2,708	7,871	16,788	-	16,788	8,394
TechnologyCoordination	693	-	-	693	-	693	346
TechnologyDevelopment	-	-	-	-	-	-	-
Terrain Mapping	-	-	-	-	-	-	-
Total	**47,034**	**148,613**	**95,952**	**291,599**	**(47,847)**	**243,752**	**121,876**

2015

1-29-10

FY11 Budget Overview

Presentation to the House Finance Committee
January 29, 2010
Alaska Department of Revenue

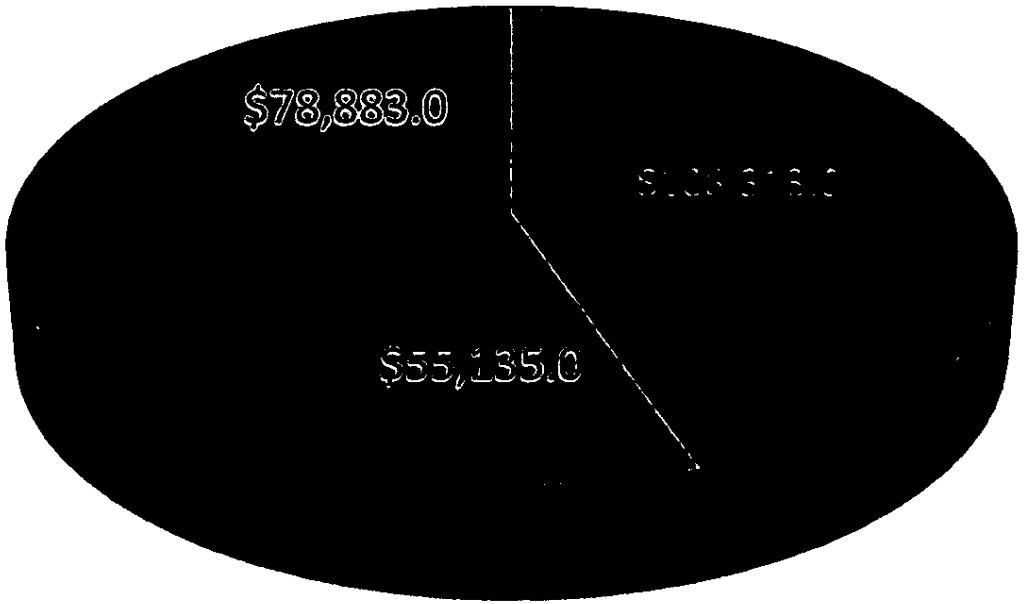
2016

Oil and Gas Requests

- AGIA Information Reporting System (Tax Division)
  - $300,000
- Petroleum Commercial Analyst Positions for Gasline and Production Tax Analysis (Tax Division)
  - $800,000
- Audit of AGIA Reimbursement Fund (Nat Gas Com)
  - $50,000
- Fiscal Systems Analysis to Support Negotiations of Gasline Fiscal Terms (Nat Gas Com)
  - $1,500,000

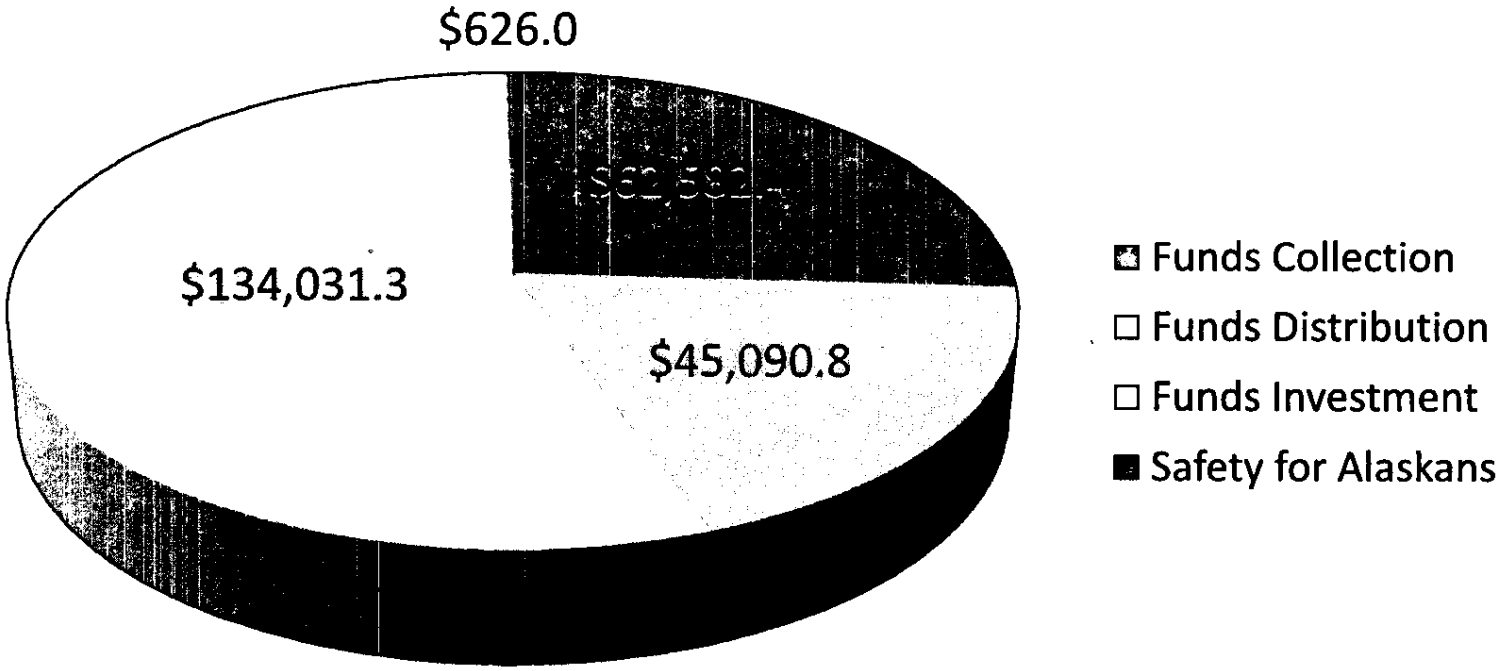
Core and Corporations

"who we are"



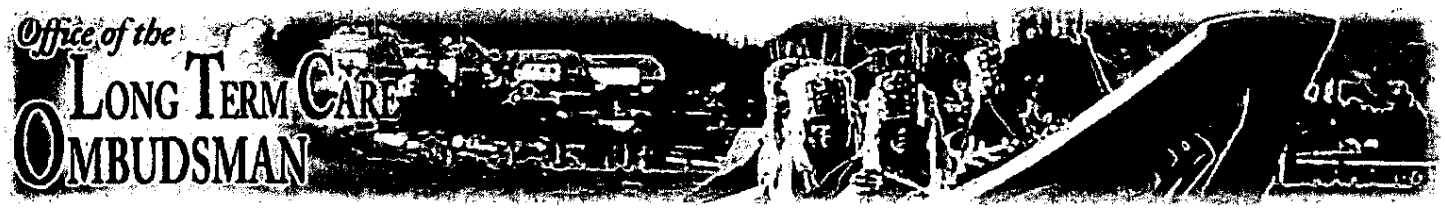
Priority Programs

"what we do"



Long Term Care Ombudsman

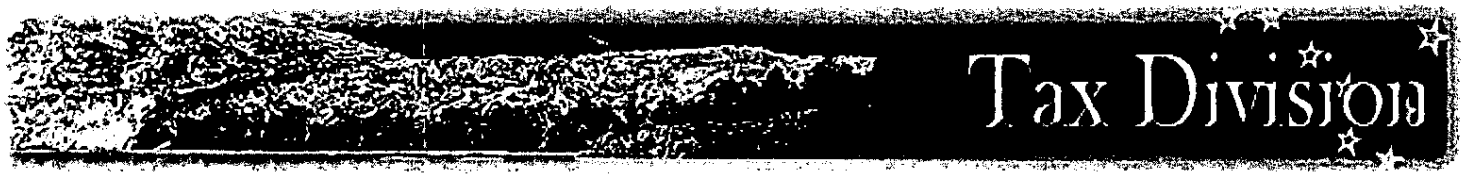
- Population aged 65+ in Alaska has grown 34% between July 1, 2001 and July 1, 2008. They predict tripling the size of this age group over the next 25 years.
- During FY09, the overall number of complaints were 337 compared to 162 in FY08. (108% increase)
- Currently 15 nursing homes with 708 beds and more than 250 assisted living homes with 2,013 beds that are serviced by the LTCO investigators.
  - $91,500 GF request



Tax Division

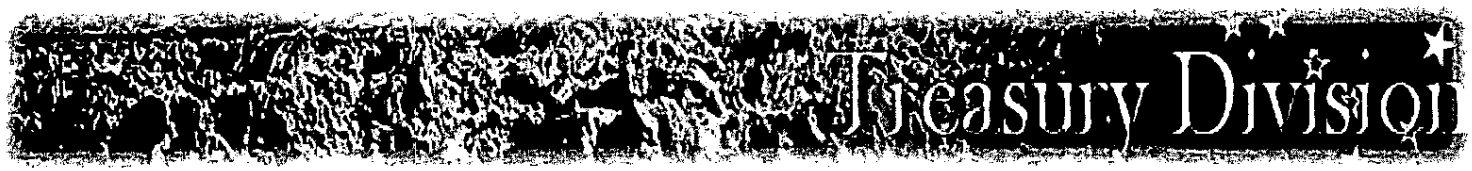
- Along with oil and gas production tax, the division is responsible for the administration of 21 other tax types and the regulation of charitable gaming.

- Fall 2009 Revenue Source Book
- Annual Tax Report as of June 30, 2009



Treasury Division

- Investment of the retirement accounts and the State's treasury including the General Fund, sub-accounts of the GF, CBR, and SBR.
  - $387,000 increment for management fees of the CBR
- ARM Board
- Unclaimed Property



Permanent Fund Dividend Division

- Significant change in operations to be able to expedite service to Alaskans with call center routing and redistributing staff efforts with the public need.
- Significant change in distribution practices by reducing printing and postage costs due to increased online filing.
- IT application development
  - $100,000 increment for Dot.Net training

Child Support Services Division

- Alaska CSSD is the honored recipient of the "PAC-10 Challenge Preventing Arrears Cup for 2009."
  - The Division was selected for the award based on having the most effective arrears management in Region X.
- Fund source change to balance the agency's budget with the ARRA funding changes that occurred during the past year.
  - Additional adjustments will be forthcoming in the FY10 supplemental and FY11 amended budget request

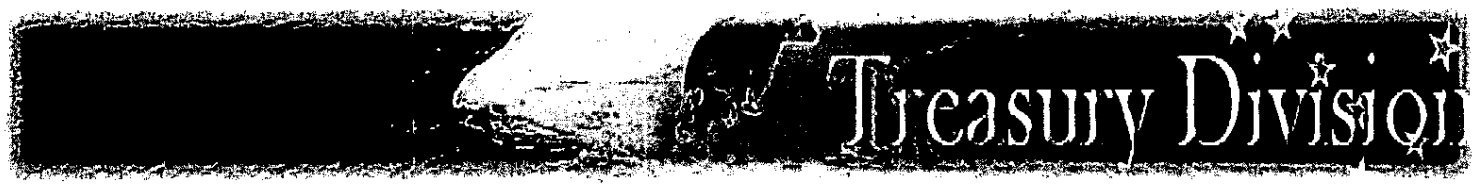
Commissioner's Office

- Oversight of Administrative Services, ANGDA and Natural Gas Commercialization
  - No budget changes to Commissioner's Office and Administrative Services
  - Anticipate IT support related increment in the FY10 supplemental and FY11 amended request
- AGIA Project Report- October 31, 2010
- ACES Status Report- January 14, 2010

2025

AK Municipal Bond Bank Authority

- Legislation introduced regarding bonding and debt issuances
  - HB 299 / SB 226 Certificates of Participation for the crime lab and the University life sciences building
- Reviewing legislation for:
  - Recovery Zone Bond Authorization
  - AMBBA Authorization adjustments



10

2026

Alaska Housing Finance Corporation

- Slight increases in their operating budget to account for ARRA funding and fixed costs increases
- Presenting to the budget subcommittee on Monday, Feb 1
- Legislation Introduced:
  - HB291 / SB217 Revenue Bonds for Veterans
  - HB296 / SB223 Energy Efficiency Bonds and Loan Program with AIDEA

Alaska Housing
FINANCE CORPORATION

10
11

2027

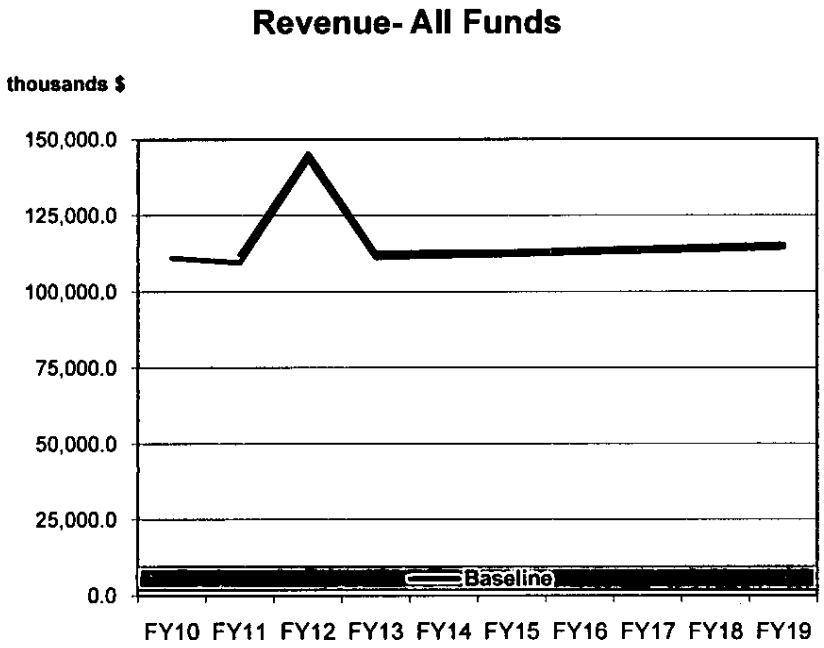
Alaska Permanent Fund Corporation

- Variety of increments including
  - Board meeting travel
  - Contractual increases
  - State support chargeback increases
  - Investment analysis system increases
  - Network security
  - Funding to lower the vacancy factor
- Presenting to the budget subcommittee on Monday, Feb 15

11, 12

2028

10 Year Plan



- The overall budget growth is determined by:
  - The growth of fund balances assuming an increase of 7% per year
  - Fixed cost increases to select operating costs of approximately 11% per year
  - One time increase of System Management fees increases once the integrated Tax MIS is developed
  - We do not anticipate the need for other program growth unless new/changed legislation impacts the department's current capacity

2029

1-29-10

Alaska Department of Natural Resources

House Finance Committee Overview
January 29, 2010

Presented by Commissioner Tom Irwin

2030

Who We Are and What We Do

Department Mission:

Develop, conserve and maximize the use of Alaska's natural resources consistent with the public interest

---

DNR manages the state's land. Its primary core service is to provide opportunities for responsible and best use of state land and water resources

Divisions
Oil & Gas
Mining, Land & Water
Forestry
Geological & Geophysical Surveys
Agriculture
Parks & Outdoor Recreation
Coastal & Ocean Management
Support Services

Offices
State Pipeline Coordinator (JPO)
Project Mgmt. & Permitting
Mental Health Trust Land
AGIA Coordinator
Public Services
Commissioner

Boards and Commissions
Natural Resource Development Board (Soil & Water Districts)

Citizen's Advisory Commission on Federal Areas (CACFA)

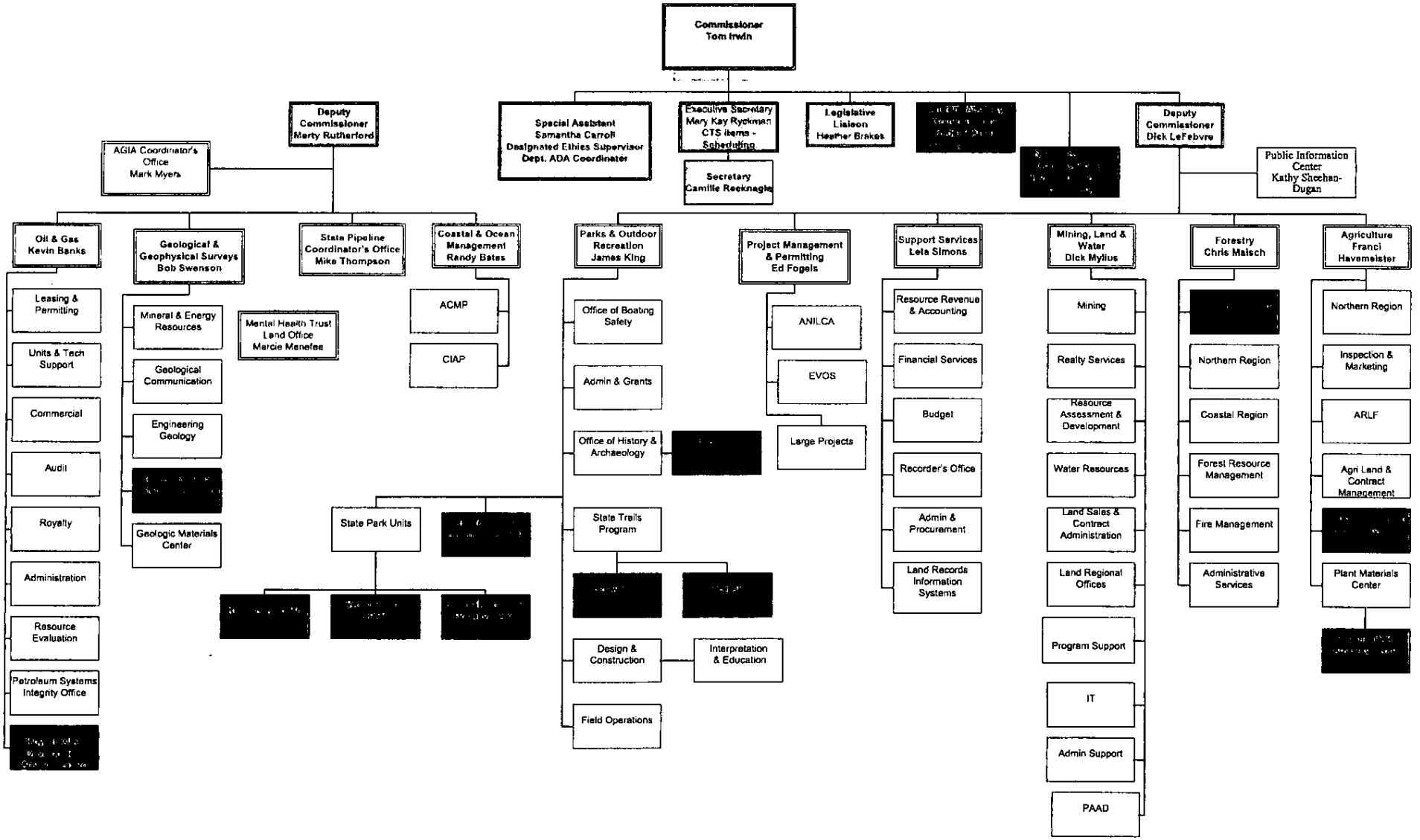
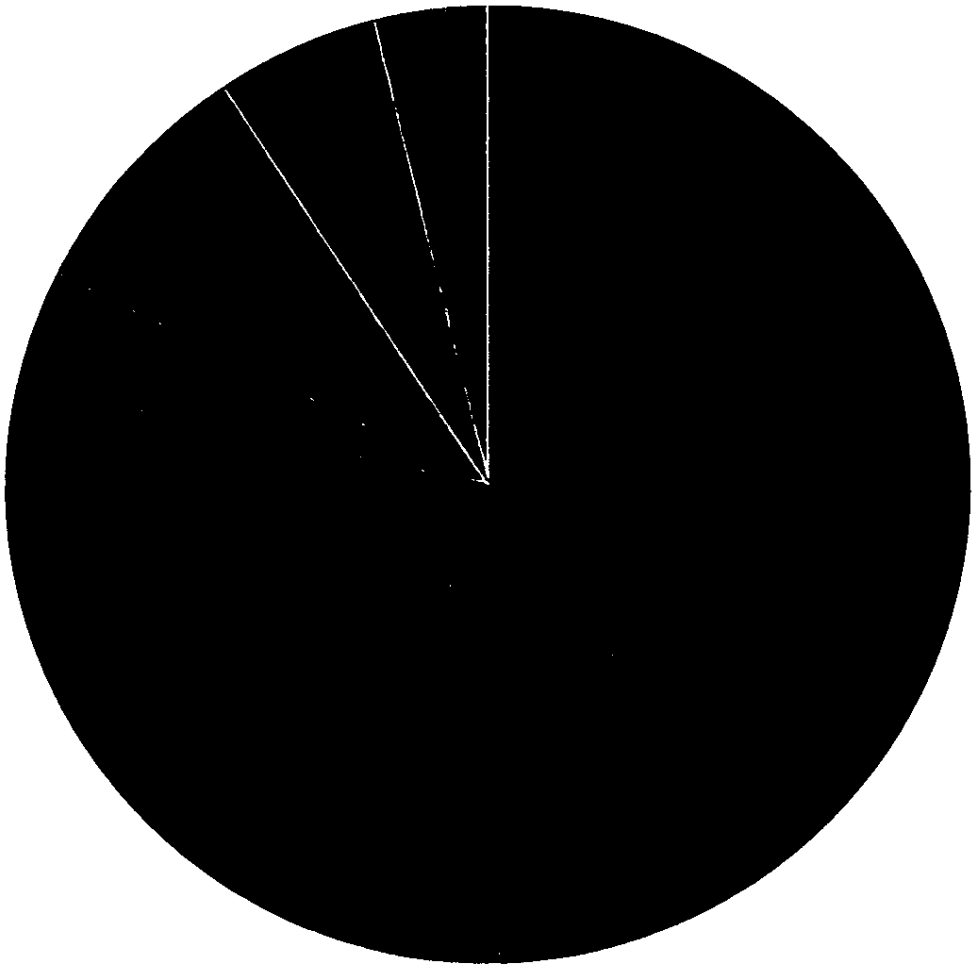

Commissioner
Tom Irwin
Special Assistant
Samantha Carroll
Designated Ethics Supervisor
Dept. ADA Coordinator
Executive Secretary
Mary Kay Ryckman
CTS items - Scheduling
Secretary
Camille Recknagle
Legislative Liaison
Heather Brakes
Deputy Commissioner
Marty Rutherford
AGIA Coordinator's Office
Mark Myers
Deputy Commissioner
Dick LeFebvre
Public Information Center
Kathy Sheehan-Dugan
Oil & Gas
Kevin Banks
Leasing & Permitting
Units & Tech Support
Commercial
Audit
Royalty
Administration
Resource Evaluation
Petroleum Systems Integrity Office
Geological & Geophysical Surveys
Bob Swenson
Mineral & Energy Resources
Geological Communication
Engineering Geology
Geologic Materials Center
Mental Health Trust Land Office
Marcie Menefee
State Pipeline Coordinator's Office
Mike Thompson
Coastal & Ocean Management
Randy Bates
ACMP
CIAP
Parks & Outdoor Recreation
James King
Office of Boating Safety
Admin & Grants
Office of History & Archaeology
State Park Units
State Trails Program
Design & Construction
Interpretation & Education
Field Operations
Project Management & Permitting
Ed Fogels
ANILCA
EVOS
Large Projects
Support Services
Leta Simons
Resource Revenue & Accounting
Financial Services
Budget
Recorder's Office
Admin & Procurement
Land Records Information Systems
Mining, Land & Water
Dick Mylius
Mining
Realty Services
Resource Assessment & Development
Water Resources
Land Sales & Contract Administration
Land Regional Offices
Program Support
IT
Admin Support
PAAD
Forestry
Chris Maisch
Northern Region
Coastal Region
Forest Resource Management
Fire Management
Administrative Services
Agriculture
Franci Havemeister
Northern Region
Inspection & Marketing
ARLF
Agri Land & Contract Management
Plant Materials Center

Chart 1

DNR FY10 Operating Budget By Priority Program



(in thousands)

- Natural Resource Development - $58,295.7 (40.1%)
- Natural Resource Information - $13,797.7 (9.5%)
- State Land Transfers & Access - $9,303.3 (6.4%)
- Wildland Fire Management - $32,522.8 (22.4%)
- Conservation & Protection - $5,644.2 (3.9%)
- State Parks Management - $12,209.0 (8.4%)
- Agricultural Industry Support - $7,897.2 (5.4%)
- Public Information & Recorder - $5,586.9 (3.8%)

Total FY10 Operating Budget - $145,256.8

Current Status

FY10 Budget

Adjusted Base $133 million

Management Plan $145 million

Difference: One-time items, multi-year operating appropriations and Mental Health Trust Land Office budget (zero-based)

Funding sources:

53% general fund

11% federal

36% other (CIP, interagency receipts, receipt-support services, SDPR, land disposal income fund, and others)

Positions

1,101 Permanent and Non-Permanent Budgeted Positions

Average vacancy 11.5% (130 positions)

RECENT HIGHLIGHTS

- Managed state land that generated more than 70% of the state's general fund revenue – about $5.7 billion in FY09
- First drilling activity at the Pt. Thomson field on the North Slope since 1983
- ExxonMobil joined TransCanada to progress the Alaska Pipeline Project (AGIA)
- Advanced large development projects throughout Alaska
- Acquired 8.3 million acres of new state land over the last four years
- Limited 93% of fires in Critical and Full state managed areas to 10 acres or less in the ninth largest fire season on record (518 fires on over 2.9 million acres)
- Secured and winterized abandoned oil and gas production facilities on state lease land, preserving the value of the facilities for eventual buyer
- Awarded contracts to replace 36 dilapidated outhouse facilities in state park facilities
- Competed for and received $10.7 million in ARRA funds (federal stimulus)

FY11 PRIORITIES INCLUDE:

Alaska Pipeline Project (AGIA)

Improved service delivery

Navigability reports to assert state ownership and management rights

Maintain facilities and equipment

Continually improve use of technology resources

DNR'S 10-YEAR PLAN

Gasline – DNR Costs

DNR's budget for the Alaska Pipeline Project (AGIA) will peak in FY11 and FY12, as project approaches construction phase

DNR Core Services – General Fund increases, FY11-FY20

✓Promote increasing development of state oil and gas resources

✓Increase staffing and technology resources to provide reasonable levels of service to industry, the public and other agencies

✓ Address $150 million in deferred maintenance, facility replacement, and equipment replacement and upgrades

Chart 2

DNR Long-Range Plan forAlaska Pipeline Project
AGIA Coordinator's Office, Consultants, Outreach, Capital Projects

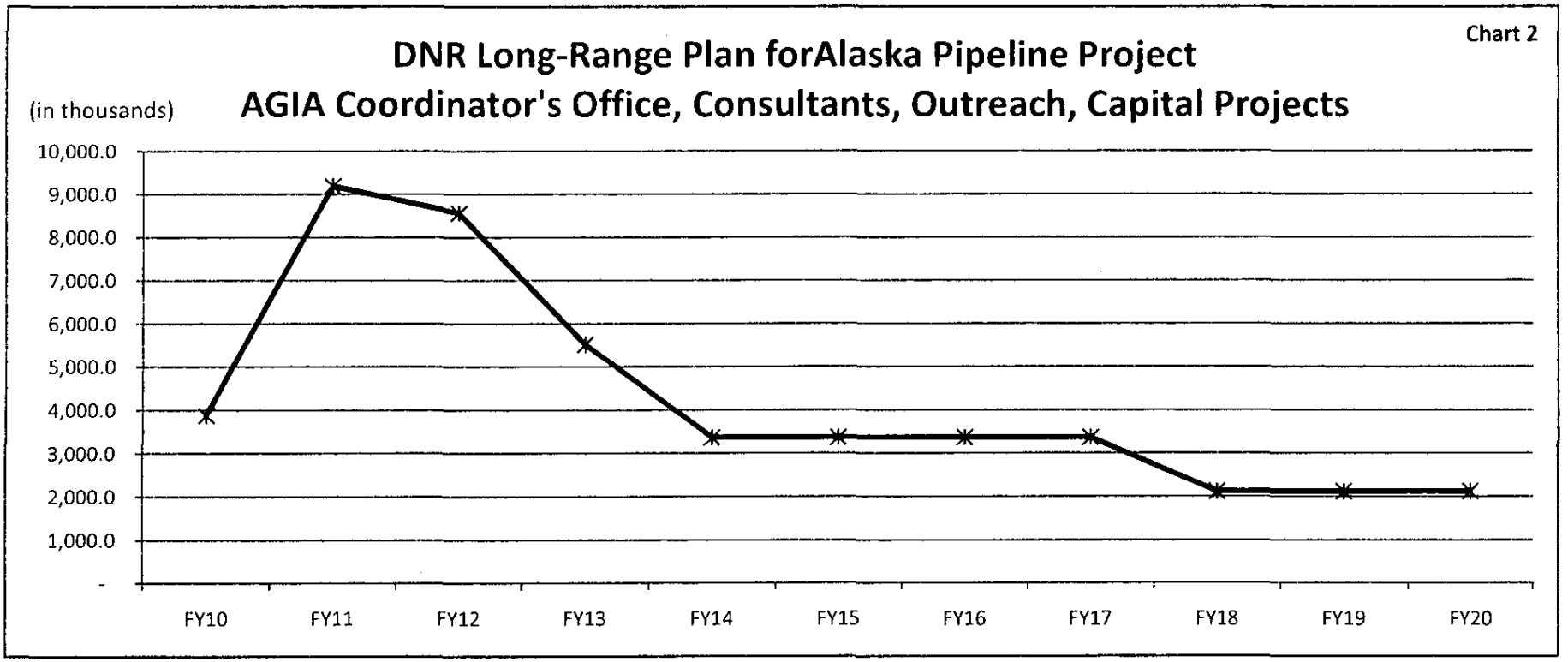


Chart 3

DNR Long-Range Plan
General Fund Operating Budget FY11-FY20
(excluding gasline)

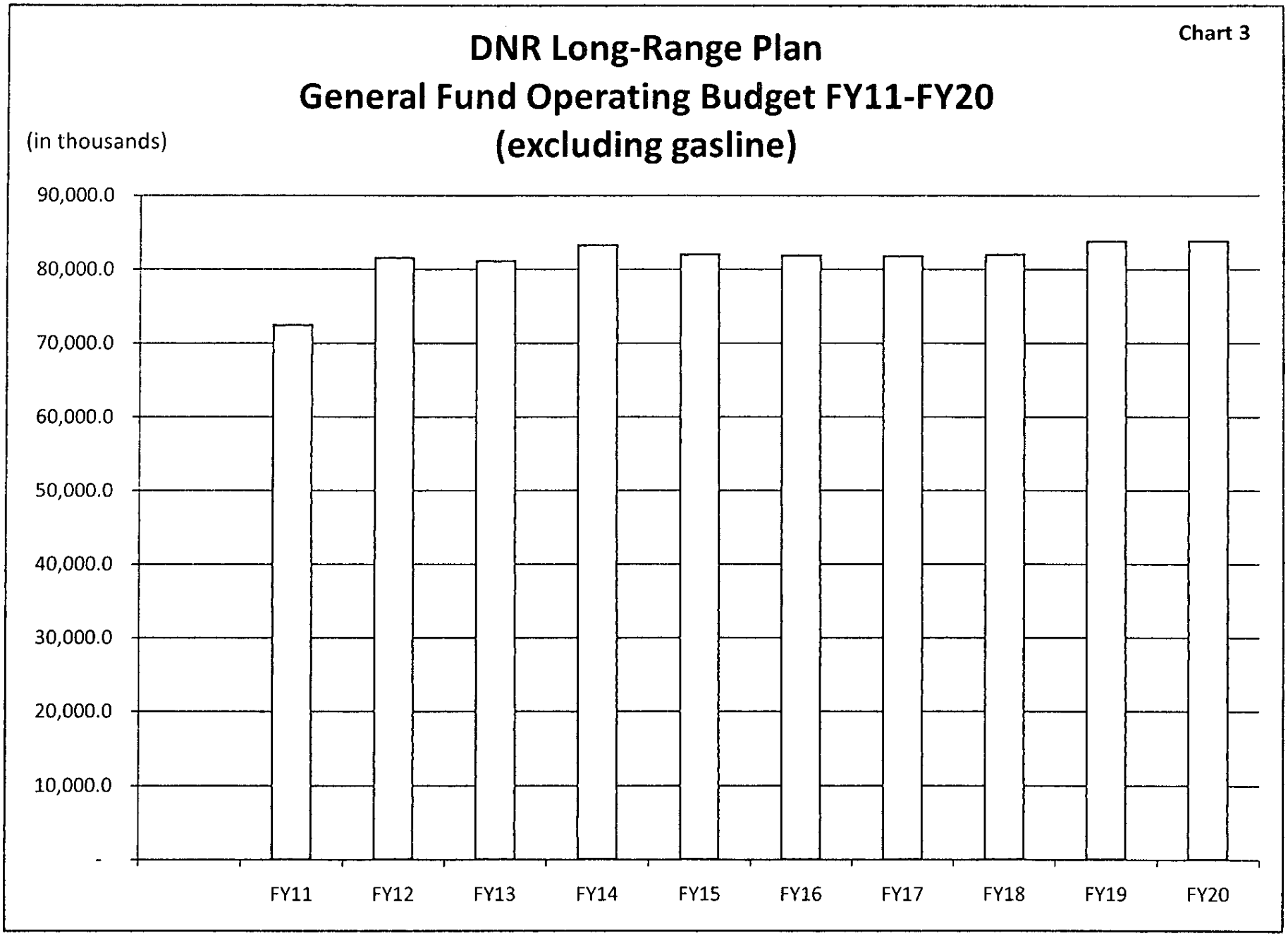
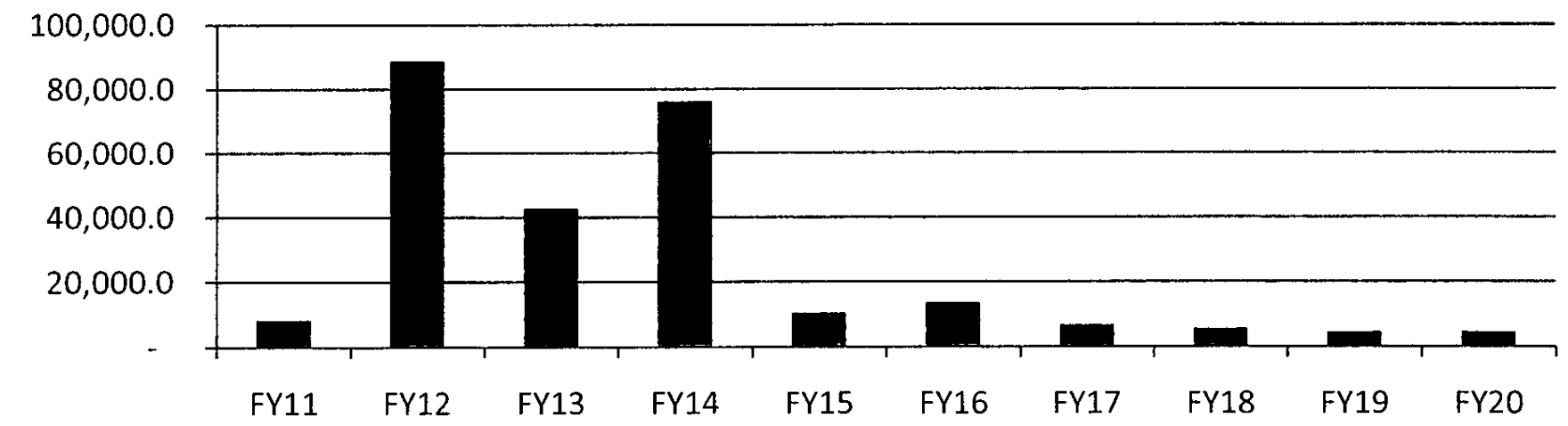


Chart 4

DNR Long-Range Plan
General Fund Capital Projects FY11-FY20
(excludes gasline)



*** Sec. 19. GAS PIPELINE DEVELOPMENT.** The following amounts are appropriated to the named department and components from receipts of the Alaska Housing Capital Corporation created under AS 18.56.086 in the amounts stated for work associated with development of a natural gas pipeline for the fiscal year ending June 30, 2011:

DEPARTMENT AND COMPONENT	APPROPRIATION AMOUNT
(1) Administration	
Alaska Oil and Gas Conservation Commission	1,150,900
(2) Law	
Oil, gas, and mining	2,500,000
(3) Natural Resources	
Gas pipeline implementation	4,217,500
(4) Revenue	
Tax Division	1,100,000
Natural gas commercialization	1,550,000

Legislative Fiscal Analyst Comment: *In FY09, the legislature consolidated oil and gas development funding requests in the Office of the Governor, with direction to distribute the one-time funding of $7.3 million GF to the Departments of Labor and Workforce Development, Natural Resources, Law, and Revenue as needed for work associated with the Natural Gas Pipeline. Consolidation was intended to increase flexibility while easing the process of tracking statewide gasline appropriations. Although the Governor's Office distributed money at the beginning of the fiscal year (rather than on an as-needed basis as the legislature intended), the wisdom of a consolidated appropriation was demonstrated when the Department of Law transferred $550.0 to the Department of Revenue.*

Legislative Fiscal Analyst Recommendation: *Consolidate gasline appropriations (including those in section 16(f)). Make a single appropriation to the Office of the Governor, with direction to distribute the money to the Departments/allocations and for the purposes listed. Include the estimated allocations to various Departments as information.*

*** Sec. 20. FEDERAL AND OTHER PROGRAM RECEIPTS.** (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), information services fund program receipts as described in AS 44.21.045(b), Exxon Valdez oil spill trust receipts described in AS 37.05.146(b)(4), receipts of the Alaska Housing Finance Corporation, receipts of the Alaska marine highway system fund described in AS 19.65.060(a), receipts of the University of Alaska as described in AS 37.05.146(b)(2), and receipts of the Alaska Fire Standards Council described in AS 37.05.146(b)(5) that are received during the fiscal year ending June 30, 2011, and that exceed the amounts appropriated by this Act, are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

(b) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) that are received during the fiscal year ending June 30, 2011, exceed the amounts

Dist Bg. Co-Chair Hawker

2/1/10 OVERVIEW: DEPARTMENT OF HEALTH & SOCIAL SERVICES

<target><bill></bill><subject>2-1-10 OVERVIEW DEPARTMENT OF HEALTH & SOCIAL
SERVICES</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Monday, February 1, 2010

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 302 APPROP: MENTAL HEALTH BUDGET

FY11 Governor's Budget Overviews:

Department of Health and Social Services

Presenters:
William Hogan, Commissioner
Alison Elgee, Assistant Commissioner
→Betsy Jensvold, Budget Manager, Finance & Management Services (NOT IN MACS F$)

Contract for Budget Support Services

Department of Health and Social Services

Introduction to the Department

The Department of Health and Social Services (DHSS) was originally established in 1919 as the Alaska Territorial Health Department. With the formal proclamation of statehood on January 3, 1959, the department's responsibilities were expanded to include the protection and promotion of public health and welfare. These core duties are reflected in the mission of the department – to promote and protect the health and well-being of Alaskans – and are outlined in Article 7, Sections 4 and 5 of the Constitution of the State of Alaska.

Mission

To promote and protect the health and well-being of all for a strong Alaska.

Core Services

- Provide elderly pioneers and veterans quality assisted living in a safe home environment.
- Provide an integrated behavioral health system.
- Promote safer children, stronger families.
- Manage health care coverage for Alaskans in need.
- Address juvenile crime by promoting accountability, public safety and skill development.
- Provide self-sufficiency and basic living expenses to Alaskans in need.
- Protect and promote the health of Alaskans.
- Promote independence of Alaska Seniors and people with physical and developmental disabilities.
- Provide quality administrative services in support of the department's mission.

Core Values

The Department of Health and Social Services has five adopted core values as guiding principles in the delivery of services:

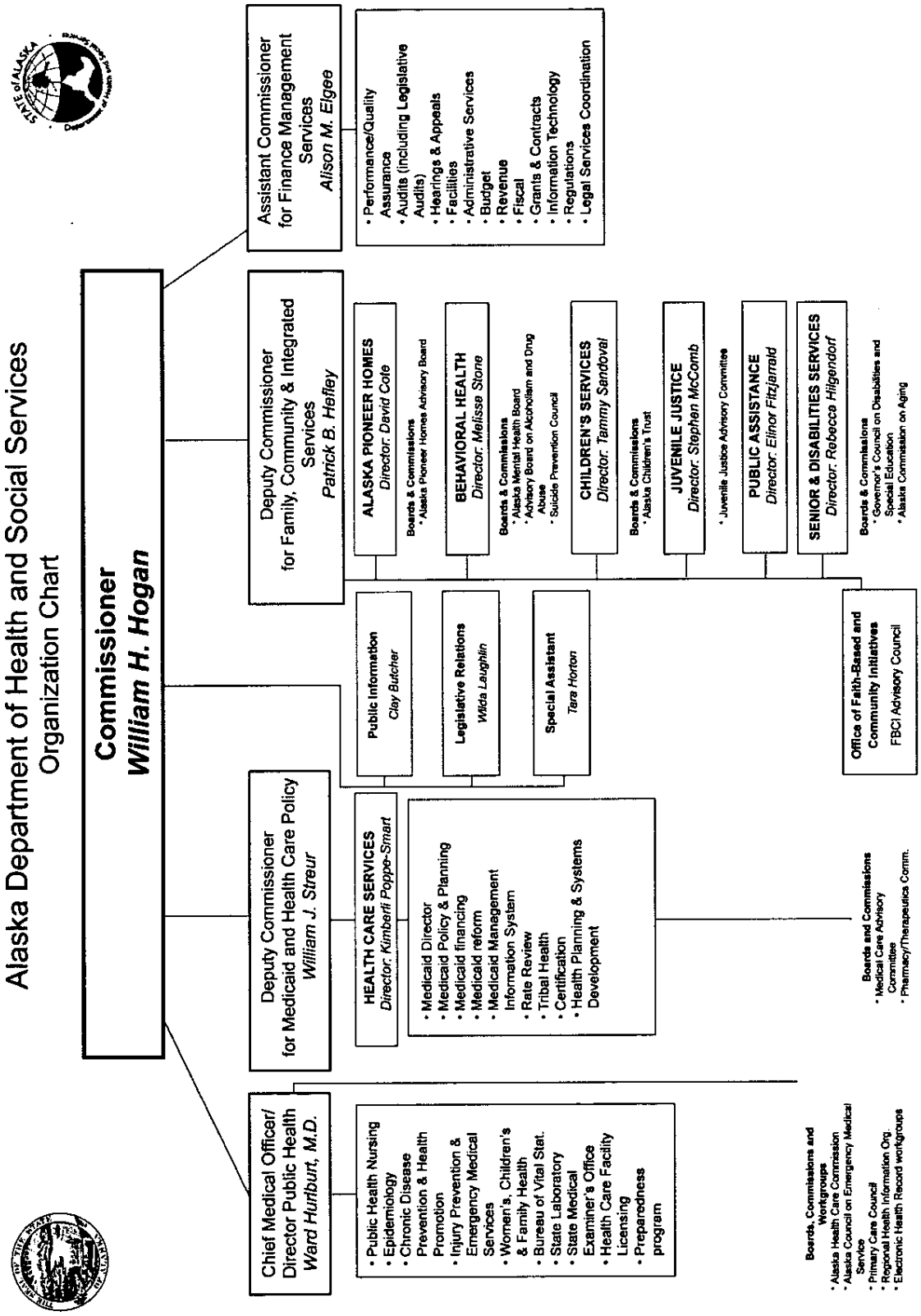
- Collaboration
- Accountability
- Respect
- Empowerment
- Safety

Department Priorities

Vulnerable Populations:	Increase the percentage of at risk individuals who are able to live safely in their homes in Alaska.
Substance Abuse:	Decrease the negative impacts of alcohol and substance abuse in Alaska.
Long-Term Care:	Increase the percentage of adults 65 and older living independently in Alaska.
Health and Wellness:	Improve the health status of Alaskans.
Health Care Reform:	Improve access to quality health care in Alaska.

Executive Management Organization

There have been minimal organization changes during FY10 and/or proposed for FY11.



Alaska Department of Health and Social Services

2010 PRIORITIES

The overriding theme for future direction for the Alaska Department of Health and Social Services is ***helping individuals and families create safe, healthy and productive communities.***

Substance Abuse

Substance abuse affects every family and community in Alaska. It is a contributing factor in suicides, crime, unemployment, domestic violence, child abuse, school dropouts, juvenile delinquency, etc. We need to prevent, intervene early, treat and help people recover from substance abuse through public/ private partnerships and long-term strategies.

Major strategies include:

- **Prevention:** Implement Prevention of Underage Drinking Initiative; target substance abuse and suicide prevention programs to those communities most in need.
- **Early Intervention:** Integrate primary care with behavioral health (mental health and substance abuse); screen all youth in the juvenile justice system for substance abuse.
- **Treatment:** Develop and implement family-based treatment services (based on the California SHIELDS for FAMILIES project); submit substance abuse Medicaid Waiver targeting adults; implement involuntary treatment and secure detoxification services.
- **Recovery:** Support array of recovery services using performance-based standards and funding. Continue to integrate mental health and substance abuse services into a behavioral health system.

Health and Wellness

Many Alaskans lead less happy and less productive lives, and many die prematurely each year, because of disability and death caused by tobacco, alcohol abuse, injuries, obesity, diabetes, cancer, heart disease, and sexually transmitted diseases. The economic impact of chronic disease alone in Alaska is staggering: an estimated $600 million is spent annually on direct medical services and $1.9 billion in lost productivity. Most of this is attributable to personal choice involving diet, physical activity and tobacco use — and is preventable. We can do a better job of screening, diagnosing and treating these conditions.

Major strategies include:

- **Prevention:** Implement evidence-based, population-based health promotion efforts. Increase primary prevention approaches, including those targeting increased self responsibility, improved policies and environmental supports that encourages healthy choices. Educate about and improve methods for screening, diagnosis, and early treatment of conditions and behaviors most detrimental to the physical and mental health of Alaskans. Implement Early Childhood Comprehensive System recommendations (including a focus on early childhood mental health).
- **Access:** Grow the health care workforce and expand the number of Alaskans with health insurance.
- **Trauma system:** Develop a statewide trauma system.
- **Emergency Response Planning and Preparedness:** Work with communities to prevent health emergencies and prepare for pandemics and natural disasters.
- **Environmental Health Impacts:** Assess, guide and mitigate environmental impacts on health in Alaska. Develop expertise in performing health impact assessments.

Health Care Reform

Alaska's health care system continues to be fragmented and uncoordinated and doesn't produce the kinds of outcomes we expect. By strategically focusing on care management, reforming Medicaid, creating a Health Care Commission and growing our health care workforce, we can transform our health care system.

Major strategies include:

- **Care Management**: Improve care coordination; implement disease management program for chronic diseases and explore use of primary care case management strategy for most disabled populations; complete planning for the Bring the Kids Home Initiative.
- **Medicaid Reform:** Develop legislative and systemic recommendations for reforming Medicaid aimed at improving Medicaid sustainability.
- **Health Care Commission:** Establish commission in statute and implement recommendations found in the Commission's report to the Governor and Legislature on January 15, 2010.
- **Health Care Workforce:** Partner with the federal government and other states to increase training capacity and expand training programs for health care professions.

Continued ...

2045

Alaska Department of Health and Social Services

2010 PRIORITIES

Long-Term Care

Seniors represent the fastest growing population in Alaska and it is our responsibility to determine what kinds of services we want for our aging parents (and grandparents) in order to keep them at home in their own communities. We need to develop a long-term care plan, improve services to those with Alzheimer's Disease and related disorders, and promote the expansion of aging and disability resource centers.

Major strategies include:

- **Long-Term Care Plan:** Develop an immediate and sustainable long-term care plan. DHSS has contracted with HCBS Strategies to develop this plan, which includes:
  - support for family caregivers;
  - improved service arrays and definitions of future roles of residential settings, e.g., the Pioneer Homes and nursing homes;
  - development of the workforce to meet long-term care needs; and
  - interdisciplinary departmental planning to provide quality assurance, provider training, audit and compliance coordination.
- **Long-Term Care and Services for Alaska Natives:** Work with the Alaska Native Tribal Health Consortium to identify and implement long-term care services.
- **Alzheimer Disease and Related Disorders Waiver:** Submit Waiver.
- **Aging and Disability Resource Centers:** Promote expansion of these centers.

Vulnerable Alaskans

We need to ensure that both kids and communities are safe, that developmentally disabled kids and adults have access to quality services and supports, and that individuals and families get the kind of financial and vocational supports they need to be contributing members of society. By focusing on family-centered services and through the use of performance-based standards and funding, we can better meet the needs of our most vulnerable citizens and their families.

Major strategies include:

- **Families First Initiative:** Expand this project, which is designed to help families leave the public assistance rolls and find employment.
- **Performance-Based Standards:** Implement use of performance-based standards and funding for grantees.
- **Licensing, Certification and Training Standards:** Ensure providers comply with these standards.
- **Social Service Workforce:** Recruit and retain a qualified social services workforce using evidence-based practices to design and implement a department-wide approach.

Alaska Department of Health and Social Services

STRATEGIC PLAN • EFFECTIVE FY10

Vision: *All individuals and families are healthy, safe & productive.*

Mission: *To promote and protect the health & well-being of all for a strong Alaska.*

Substance Abuse

GOAL Decrease the negative impacts of alcohol and drug use in Alaska.

OUTCOMES

1. Reduce incidence of Fetal Alcohol Spectrum Disorder (FASD).
2. Reduce substance abuse related accidents.
3. Reduce substance abuse related violence and crime.
4. Reduce substance abuse related suicides.

Health & Wellness

GOAL Improve the health status of Alaskans.

OUTCOMES

1. Reduce tobacco use in Alaska.
2. Reduce the rate of obesity in Alaska.
3. Improve the oral health of Alaskans.
4. Reduce unintended injuries in Alaska.
5. Expand preventative health interventions.

Health Care Reform

GOAL Improve access to quality health care in Alaska.

OUTCOMES

1. Expand Alaska's health care workforce.
2. Improve coordination and integration of behavioral health and primary care services.
3. Expand health care financing options.

Long Term Care

GOAL Increase the percentage of adults 65 and older living independently in Alaska.

OUTCOMES

1. Increase public awareness of long term care services.
2. Increase access to long term care services.
3. Expand "in home" support services and programs.

Vulnerable Populations

GOAL Increase the percentage of at-risk individuals who are able to live safely in their home in Alaska.

OUTCOMES

1. Reduce the percentage of children and adults removed from their homes as a result of abuse or neglect.
2. Reduce the percentage of youth who are incarcerated in juvenile detention facilities.
3. Reduce the number of youth with Severe Emotional Disturbance (SED) in in-state and out-of-state Residential Psychiatric Treatment Centers (RPTC).
4. Increase the number of individuals and families reaching self-sufficiency through employment.
5. Improve the provision of safety-net program services.

Values

- COLLABORATION
  we recognize collaboration is essential when seeking innovative cost effective services
- ACCOUNTABILITY
  we commit to programmatic and fiscal accountability
- RESPECT
  we respect and uphold the choice, dignity and confidentiality of all people
- EMPOWERMENT
  we believe in empowering citizens to make healthy choices
- SAFETY
  we promote the health and safety of all Alaskans

UPDATED December 2009

Department of Health and Social Services (DHSS) Ten Year Expenditure Projection

The mission of the Department of Health and Social Services is to promote and protect the health and well-being of all for a strong Alaska.

The department's priorities are:

- **Vulnerable Populations:** Increase the percentage of at risk individuals who are able to live safely in their homes in Alaska.
- **Substance Abuse:** Decrease the negative impacts of alcohol and substance abuse in Alaska.
- **Long-Term Care:** Increase the percentage of adults 65 and older living independently in Alaska.
- **Health and Wellness:** Improve the health status of Alaskans.
- **Health Care Reform:** Improve access to quality health care in Alaska.

Core services include:

- Provide elderly pioneers and veterans quality assisted living in a safe home environment.
- Provide an integrated behavioral health system.
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- Manage health care coverage for Alaskans in need.
- Address juvenile crime by promoting accountability, public safety and skill development.
- Provide self-sufficiency and basic living expenses to Alaskans in need.
- Protect and promote the health of Alaskans.
- Promote independence of Alaska Seniors and people with physical and developmental disabilities.
- Provide quality administrative services in support of the department's mission.

The following document provides an estimate of budget change over the next ten years. Projecting budgets ten years into the future is challenging due to factors such as:

- 67% of department expenditures are for formula based programs for which demand rises and falls based on uncontrollable external factors.
- 53% of department revenues are derived from federal sources.
- Medicaid (56% of DHSS budget) may be significantly impacted by the U.S. national health care initiative and by changes in federal funding from the federal economic stimulus bill (ARRA).

As a result, the assumptions and numbers that make up the plan will continue to change as new information becomes available.

Following the ten year projection is a detailed listing of the various assumptions which were used to estimate future funding levels.

UNKNOWNS

- Impact of the U.S. national health care initiative
- Federal funds – e.g. duration of U.S. economic stimulus funding vs. return to long-term trends such as erosion in funding, cost shifting, unfunded mandates
- Tighter federal and state budgets
- Increasing scrutiny and accountability, especially for Medicaid
- Broad economic problems – e.g. financial markets, energy costs, mortgage defaults, medical inflation
- Environmental problems – e.g. climatic/demographic changes, aging infrastructure, infectious disease outbreak
- Paradigm shifts in program operations – e.g. fewer medical professionals, IT efficiencies, cross- dept working groups

ASSUMPTIONS

Baseline

OMB –

- Non-formula program costs reflect FY10 level of service
- When adjusting for inflation, use 2.75% or a broadly recognized source appropriate for that type of expense
- When adjusted for population, use AKDOL&WD's mid-case population scenario

DHSS –

- Medicaid service costs were estimated using the MESA forecasting model - adjusted for the American Reconstruction & Recovery Act
- Medicaid School Based Claims are reduced in FY12 to reflect projected collection levels
- Catastrophic and Chronic Illness costs are adjusted based on medical inflation projections from CMS
- Alaska Temporary Assistance costs are adjusted for inflation and growth in the population 20-34 years of age
- Adult Public Assistance costs are adjusted for inflation and growth in the population 65+ years of age
- All other formula and non-formula programs are inflation adjusted based on OMB's rate of 2.75%/year

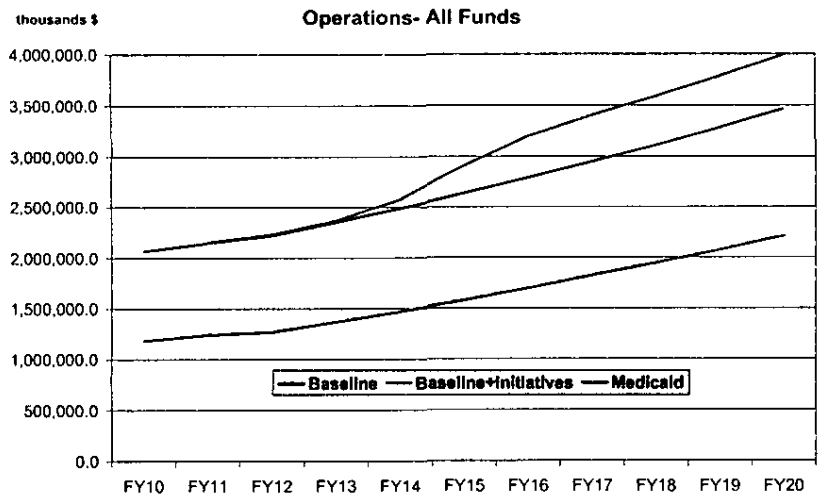
Gasline Scenario

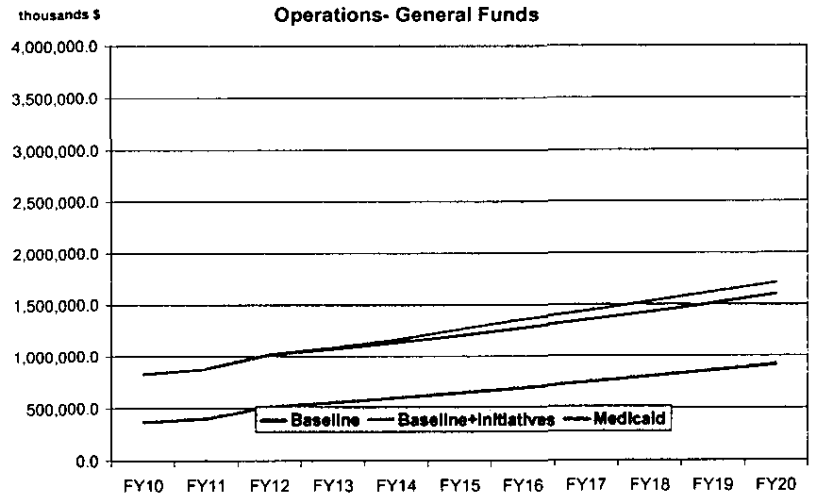
- No gas line alternative was prepared due to the difficulty in quantifying social impacts
- TAPS experience leads DHSS to expect an INCREASED need for department services due to higher alcohol and drug abuse, as well as in-migration of job seekers from other states impacting public assistance rolls

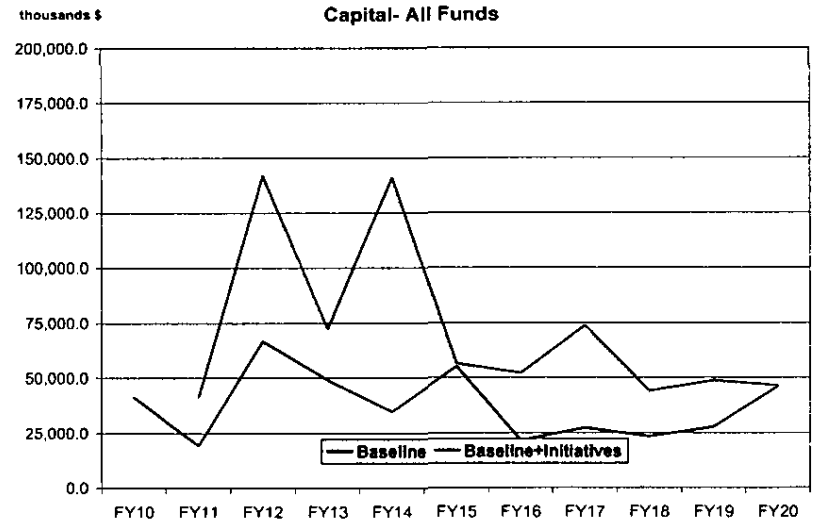
New Initiative Scenario

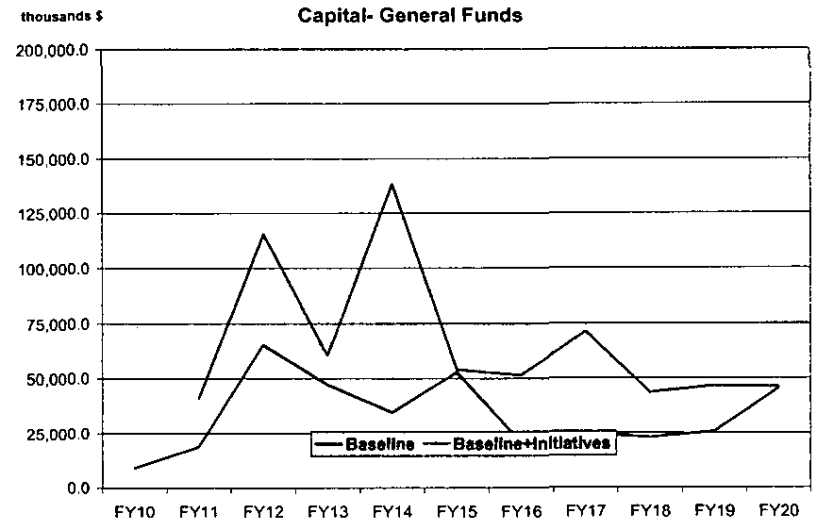
- Medicaid costs increase due to U.S. national health care initiatives, but are partially offset by cost savings resulting from implementation of a new health information exchange
- Capital & operating costs have been included for the following projects 1) AK Pioneer Homes - 100 Level 3 beds & 20 psychiatric beds; 2) Alaska Recovery Center; 3) Bethel Youth Facility expansion; 4) Health Information Technology

Health & Social Services

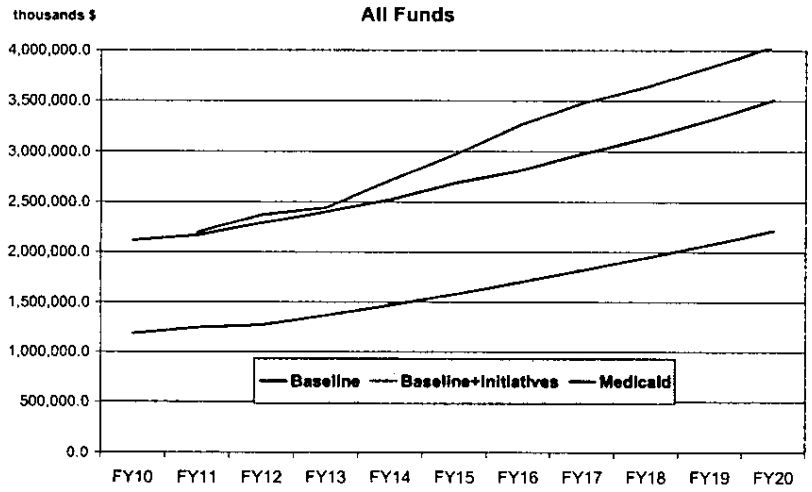


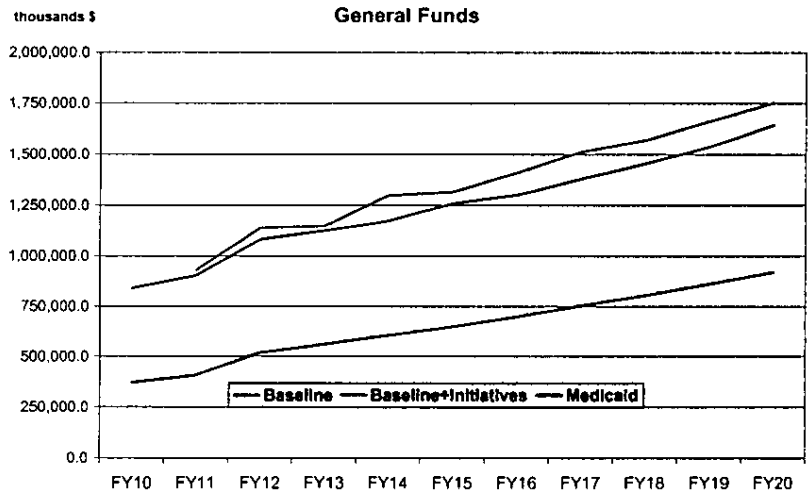






Health & Social Services





Health & Social Services

Baseline Budget Growth 1/

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	2,116,358.6	2,168,342.1	2,291,246.6	2,403,375.8	2,525,359.2	2,688,867.7	2,809,740.8	2,977,970.1	3,137,142.5	3,312,866.0	3,510,348.6
General Fund	473,942.9	505,886.0	466,322.0	464,666.7	469,118.3	505,163.3	493,107.8	517,335.2	536,473.2	561,310.3	603,737.8
General Fund Match	367,815.5	396,957.9	616,319.2	660,493.7	707,078.9	756,200.7	809,310.6	865,405.6	921,462.1	980,400.8	1,042,376.2
Federal Funds	1,111,065.6	1,109,814.4	1,047,187.6	1,110,612.9	1,178,540.5	1,250,575.1	1,326,891.7	1,407,997.2	1,488,319.8	1,573,153.8	1,662,256.8
Other State Funds	163,534.6	155,683.8	161,417.9	167,602.5	170,621.5	176,928.6	180,430.7	187,232.1	190,887.4	198,001.1	201,977.8
Operations	2,074,780.3	2,148,892.1	2,224,281.1	2,354,091.6	2,490,418.6	2,633,677.4	2,788,065.1	2,950,485.2	3,113,783.5	3,284,964.2	3,464,431.4
General Fund	467,192.2	487,106.0	401,712.9	418,241.1	435,374.7	453,134.5	472,828.7	493,256.0	514,449.2	536,435.1	559,241.3
General Fund Match	365,320.8	396,857.9	615,468.5	659,621.7	706,181.4	755,281.4	808,362.6	864,427.1	920,451.4	979,356.0	1,041,295.2
Federal Funds	1,081,482.7	1,109,794.4	1,045,681.7	1,110,276.3	1,178,241.1	1,249,832.9	1,326,443.2	1,407,219.9	1,487,995.5	1,572,822.0	1,661,917.1
Other State Funds	160,784.6	155,133.8	161,417.9	165,952.5	170,621.5	175,428.6	180,430.7	185,582.1	190,887.4	196,351.1	201,977.8
Formula Programs	1,419,751.2	1,481,137.2	1,532,730.0	1,643,522.9	1,760,309.2	1,883,490.0	2,017,247.6	2,158,470.2	2,299,988.1	2,448,789.4	2,605,261.8
General Fund	191,913.5	199,499.4	111,085.7	119,621.7	128,543.2	137,865.2	148,889.5	160,408.4	172,448.3	185,029.2	198,171.7
General Fund Match	320,227.2	347,242.0	567,860.7	610,704.6	655,919.1	703,636.9	755,297.9	809,903.1	864,428.0	921,791.9	982,148.2
Federal Funds	865,806.4	896,303.1	817,980.1	876,312.9	937,843.7	1,002,824.5	1,072,642.1	1,146,439.4	1,220,043.4	1,297,501.3	1,379,025.0
Other State Funds	41,804.1	38,092.7	35,803.5	36,883.7	38,003.3	39,163.4	40,418.2	41,719.3	43,068.3	44,467.0	45,916.9
Formula Detail											
Behavioral Health Medicaid Svc	142,712.3	152,565.1	153,686.1	165,451.9	177,879.0	191,006.4	205,211.8	220,240.5	235,221.0	250,995.9	267,608.9
General Fund	42,625.3	48,058.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	6,915.6	6,915.6	68,506.5	73,835.5	79,463.9	85,408.9	91,874.3	98,713.8	105,536.1	112,718.6	120,280.9
Federal Funds	90,771.4	95,373.5	85,118.6	91,555.4	98,354.1	105,536.5	113,276.5	121,465.7	129,623.9	138,216.3	147,267.0
Other State Funds	2,400.0	2,217.5	61.0	61.0	61.0	61.0	61.0	61.0	61.0	61.0	61.0
Children's Medicaid Services	16,145.7	13,562.4	15,241.6	16,408.4	17,640.9	18,942.8	20,351.6	21,842.0	23,327.7	24,892.1	26,539.7
General Fund	5,496.3	3,753.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	1,688.9	1,642.7	7,840.0	8,447.1	9,088.4	9,765.7	10,501.5	11,279.8	12,056.1	12,873.3	13,733.9
Federal Funds	8,960.5	8,165.9	7,401.6	7,961.3	8,552.5	9,177.1	9,850.1	10,562.2	11,271.6	12,018.8	12,805.8
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Prev Dental Medicaid Svc	7,288.4	8,192.8	7,620.8	8,204.2	8,820.4	9,471.4	10,175.8	10,921.0	11,663.9	12,446.1	13,269.9
General Fund	0.0	200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	2,416.8	2,673.2	3,179.8	3,427.4	3,688.9	3,965.1	4,265.7	4,583.7	4,900.9	5,234.8	5,586.4
Federal Funds	4,871.6	5,319.6	4,441.0	4,776.8	5,131.5	5,506.3	5,910.1	6,337.3	6,763.0	7,211.3	7,683.5
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medicaid Services	656,918.1	681,493.6	715,084.8	769,829.8	827,631.8	888,732.1	954,828.5	1,024,755.3	1,094,458.0	1,167,857.0	1,245,155.5
General Fund	35,413.9	35,413.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	148,633.8	162,854.7	270,509.2	292,174.8	315,057.5	339,226.4	365,545.9	393,387.4	421,164.0	450,405.5	481,191.2
Federal Funds	461,798.7	476,055.8	437,435.6	470,515.0	505,434.3	542,365.7	582,142.6	624,227.9	666,154.0	710,311.5	756,824.3
Other State Funds	11,071.7	7,169.2	7,140.0	7,140.0	7,140.0	7,140.0	7,140.0	7,140.0	7,140.0	7,140.0	7,140.0

Health & Social Services

Baseline Budget Growth 1/

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Senior/Disabilities Medicaid	355,881.3	384,242.1	378,500.6	407,476.6	438,082.1	470,412.3	505,397.7	542,410.4	579,304.6	618,155.2	659,069.9
General Fund	13,251.9	15,285.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	116,518.2	129,701.9	170,761.1	184,176.9	198,347.4	213,314.9	229,589.6	246,805.9	263,978.5	282,057.9	301,093.4
Federal Funds	222,359.0	235,502.3	205,765.0	221,325.2	237,760.2	255,122.9	273,833.6	293,630.0	313,351.6	334,122.8	356,002.0
Other State Funds	3,752.2	3,752.2	1,974.5	1,974.5	1,974.5	1,974.5	1,974.5	1,974.5	1,974.5	1,974.5	1,974.5
Medicaid School Based Claims	6,243.8	6,243.8	2,639.4	2,712.0	2,786.6	2,863.2	2,941.9	3,022.8	3,106.0	3,191.4	3,279.1
General Fund	0.0	700.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	6,243.8	5,543.8	2,639.4	2,712.0	2,786.6	2,863.2	2,941.9	3,022.8	3,106.0	3,191.4	3,279.1
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Base Rate	17,246.0	17,246.0	18,207.6	18,708.3	19,222.8	19,751.4	20,294.5	20,852.6	21,426.1	22,015.3	22,620.7
General Fund	7,287.6	7,287.6	7,693.9	7,905.5	8,122.9	8,346.3	8,575.8	8,811.7	9,054.0	9,303.0	9,558.8
General Fund Match	3,659.2	3,659.2	3,863.2	3,969.5	4,078.6	4,190.8	4,306.0	4,424.4	4,546.1	4,671.1	4,799.6
Federal Funds	3,756.5	3,756.5	3,965.9	4,075.0	4,187.1	4,302.2	4,420.5	4,542.1	4,667.0	4,795.3	4,927.2
Other State Funds	2,542.7	2,542.7	2,684.5	2,758.3	2,834.1	2,912.1	2,992.2	3,074.5	3,159.0	3,245.9	3,335.1
Foster Care Augmented Rate	2,276.1	1,676.1	2,403.0	2,469.1	2,537.0	2,606.8	2,678.4	2,752.1	2,827.8	2,905.5	2,985.4
General Fund	500.0	500.0	527.9	542.4	557.3	572.6	588.4	604.6	621.2	638.3	655.8
General Fund Match	1,237.6	637.6	1,306.6	1,342.5	1,379.5	1,417.4	1,456.4	1,496.4	1,537.6	1,579.9	1,623.3
Federal Funds	538.5	538.5	568.5	584.2	600.2	616.7	633.7	651.1	669.0	687.4	706.3
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Special Need	6,263.7	6,263.7	6,612.9	6,794.8	6,981.7	7,173.6	7,370.9	7,573.6	7,781.9	7,995.9	8,215.8
General Fund	2,209.4	2,209.4	2,332.6	2,396.7	2,462.6	2,530.4	2,600.0	2,671.5	2,744.9	2,820.4	2,898.0
General Fund Match	1,531.5	1,531.5	1,616.9	1,661.4	1,707.0	1,754.0	1,802.2	1,851.8	1,902.7	1,955.0	2,008.8
Federal Funds	1,027.7	1,027.7	1,085.0	1,114.8	1,145.5	1,177.0	1,209.4	1,242.6	1,276.8	1,311.9	1,348.0
Other State Funds	1,495.1	1,495.1	1,578.5	1,621.9	1,666.5	1,712.3	1,759.4	1,807.8	1,857.5	1,908.6	1,961.0
Sub Adoptions & Guardianship	23,401.6	23,401.6	24,706.4	25,385.8	26,083.9	26,801.2	27,538.3	28,295.6	29,073.7	29,873.2	30,694.7
General Fund	8,315.2	8,315.2	8,778.8	9,020.2	9,268.3	9,523.2	9,785.1	10,054.2	10,330.6	10,614.7	10,906.6
General Fund Match	2,354.4	2,354.4	2,485.7	2,554.0	2,624.3	2,696.4	2,770.6	2,846.8	2,925.1	3,005.5	3,088.2
Federal Funds	12,732.0	12,732.0	13,441.9	13,811.5	14,191.4	14,581.6	14,982.6	15,394.6	15,818.0	16,253.0	16,699.9
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Catastrophic & Chronic Illness	1,471.0	1,471.0	1,570.9	1,630.0	1,691.3	1,754.8	1,820.8	1,881.6	1,944.5	2,009.4	2,076.6
General Fund	1,471.0	1,471.0	1,570.9	1,630.0	1,691.3	1,754.8	1,820.8	1,881.6	1,944.5	2,009.4	2,076.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Health & Social Services

Baseline Budget Growth 1/

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
ATAP	26,631.8	25,159.5	29,013.7	30,272.4	31,578.4	32,933.3	34,059.4	35,222.5	36,423.8	37,664.6	38,946.1
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	16,445.9	14,973.6	17,916.8	18,694.1	19,500.5	20,337.2	21,032.6	21,750.9	22,492.8	23,259.0	24,050.3
Federal Funds	8,175.9	8,175.9	8,907.1	9,293.5	9,694.5	10,110.4	10,456.1	10,813.2	11,182.0	11,562.9	11,956.3
Other State Funds	2,010.0	2,010.0	2,189.8	2,284.8	2,383.3	2,485.6	2,570.6	2,658.4	2,749.0	2,842.7	2,939.4
Adult Public Asistance	56,370.0	56,381.4	67,970.7	74,185.0	80,689.8	87,496.2	95,638.9	104,163.3	113,084.2	122,417.0	132,177.6
General Fund	51,277.0	51,288.4	61,829.6	67,482.5	73,399.5	79,590.9	86,998.0	94,752.2	102,867.1	111,356.7	120,235.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,030.0	1,030.0	1,242.0	1,355.5	1,474.4	1,598.7	1,747.5	1,903.3	2,066.3	2,236.8	2,415.2
Other State Funds	4,063.0	4,063.0	4,899.1	5,347.1	5,815.9	6,306.5	6,893.4	7,507.8	8,150.8	8,823.5	9,527.0
Child Care Benefits	52,765.1	52,305.9	55,707.1	57,239.0	58,813.1	60,430.5	62,092.3	63,799.8	65,554.3	67,357.1	69,209.4
General Fund	2,887.0	2,887.0	3,048.0	3,131.8	3,217.9	3,306.4	3,397.3	3,490.8	3,586.8	3,685.4	3,786.7
General Fund Match	6,337.3	6,337.3	6,690.6	6,874.6	7,063.7	7,257.9	7,457.5	7,662.6	7,873.3	8,089.9	8,312.3
Federal Funds	43,540.8	43,081.6	45,968.5	47,232.6	48,531.5	49,866.1	51,237.4	52,646.5	54,094.2	55,581.8	57,110.3
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Relief Assistance	1,555.4	1,655.4	1,642.1	1,687.3	1,733.7	1,781.4	1,830.3	1,880.7	1,932.4	1,985.5	2,040.1
General Fund	1,555.4	1,655.4	1,642.1	1,687.3	1,733.7	1,781.4	1,830.3	1,880.7	1,932.4	1,985.5	2,040.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tribal Assistance	13,372.7	14,845.0	14,118.3	14,506.6	14,905.5	15,315.4	15,736.6	16,169.3	16,614.0	17,070.9	17,540.3
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	12,488.0	13,960.3	13,184.3	13,546.9	13,919.4	14,302.2	14,695.5	15,099.6	15,514.8	15,941.5	16,379.9
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	884.7	884.7	934.0	959.7	986.1	1,013.2	1,041.1	1,069.7	1,099.1	1,129.4	1,160.4
Senior Benefits Payment Prgm	19,623.5	20,473.5	23,661.9	25,825.3	28,089.7	30,459.1	33,293.8	36,261.3	39,366.8	42,615.8	46,013.6
General Fund	19,623.5	20,473.5	23,661.9	25,825.3	28,089.7	30,459.1	33,293.8	36,261.3	39,366.8	42,615.8	46,013.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFD Hold Harmless	13,584.7	13,958.3	14,342.1	14,736.5	15,141.8	15,558.2	15,986.0	16,425.7	16,877.4	17,341.5	17,818.4
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	13,584.7	13,958.3	14,342.1	14,736.5	15,141.8	15,558.2	15,986.0	16,425.7	16,877.4	17,341.5	17,818.4

Health & Social Services

Baseline Budget Growth 1/

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Non-formula Programs	655,029.1	667,754.9	691,551.1	710,568.7	730,109.4	750,187.4	770,817.5	792,015.0	813,795.4	836,174.8	859,169.6
General Fund	275,278.7	287,606.6	290,627.2	298,619.5	306,831.5	315,269.4	323,939.3	332,847.6	342,000.9	351,405.9	361,069.6
General Fund Match	45,093.6	49,615.9	47,607.9	48,917.1	50,262.3	51,644.5	53,064.7	54,524.0	56,023.4	57,564.1	59,147.1
Federal Funds	215,676.3	213,491.3	227,701.6	233,963.4	240,397.4	247,008.3	253,801.0	260,780.6	267,952.0	275,320.7	282,892.0
Other State Funds	118,980.5	117,041.1	125,614.4	129,068.8	132,618.2	136,265.2	140,012.5	143,862.8	147,819.1	151,884.1	156,060.9
Capital	41,578.3	19,450.0	66,965.5	49,284.2	34,940.6	55,190.3	21,675.7	27,484.9	23,359.0	27,901.8	45,917.2
General Fund	6,750.7	18,780.0	64,609.0	46,425.6	33,743.6	52,028.8	20,279.1	24,079.2	22,024.0	24,875.1	44,496.6
General Fund Match	2,494.7	100.0	850.6	872.0	897.6	919.3	948.1	978.5	1,010.7	1,044.8	1,081.0
Federal Funds	29,582.9	20.0	1,505.9	336.6	299.5	742.2	448.5	777.2	324.3	331.8	339.7
Other State Funds	2,750.0	550.0	0.0	1,650.0	0.0	1,500.0	0.0	1,650.0	0.0	1,650.0	0.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.
See detailed assumptions

Health & Social Services

Initiatives (Except Gasline)

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	102,150.8	26,020.3	81,282.3	35,192.1	190,378.7	277,403.7	444,563.0	496,743.9	496,068.8	522,040.9	528,829.6
General Fund	42,243.3	25,748.1	28,516.3	11,621.2	109,850.6	15,010.3	46,586.8	63,086.5	37,687.3	38,201.9	18,662.6
General Fund Match	1,109.3	27.2	26,751.5	11,463.7	13,420.6	39,911.2	61,236.1	67,173.4	74,622.5	82,306.9	88,324.9
Federal Funds	56,598.2	245.1	26,014.6	6,433.8	61,347.5	214,626.5	328,734.0	358,321.2	375,361.9	392,894.3	412,956.9
Other State Funds	2,200.0	0.0	0.0	5,673.3	5,759.9	7,855.6	8,006.1	8,162.8	8,397.1	8,637.8	8,885.1
Operations	51,099.8	4,072.3	6,394.0	12,231.3	84,414.6	276,264.1	414,293.1	450,545.0	475,629.7	501,233.0	528,323.6
General Fund	32,294.7	3,800.0	3,904.5	8,273.7	8,501.2	14,134.3	16,455.8	16,908.4	17,373.4	17,851.1	18,342.0
General Fund Match	28.0	27.2	1,244.7	1,657.1	11,113.3	39,779.4	61,166.6	67,163.1	74,560.0	82,078.3	88,232.2
Federal Funds	18,777.1	245.1	1,244.7	-3,372.7	59,040.2	214,494.7	328,664.5	358,310.8	375,299.3	392,665.8	412,864.2
Other State Funds	0.0	0.0	0.0	5,673.3	5,759.9	7,855.6	8,006.1	8,162.8	8,397.1	8,637.8	8,885.1
Formula Programs	36,094.6	0.0	0.0	-7,698.3	63,936.9	246,616.9	381,897.9	417,258.8	441,428.2	466,091.0	492,215.1
General Fund	22,869.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	-2,921.7	6,408.6	33,761.2	54,983.0	60,809.3	68,031.5	75,370.3	81,339.7
Federal Funds	13,224.9	0.0	0.0	-4,705.2	57,671.1	213,069.9	327,200.5	356,806.5	373,753.7	391,077.6	411,232.4
Other State Funds	0.0	0.0	0.0	-71.4	-142.8	-214.2	-285.6	-357.0	-357.0	-357.0	-357.0
Formula Detail											
Behavioral Health Medicaid Svc	4,955.0	0.0	0.0	0.0	9,900.2	33,613.3	51,671.2	57,625.1	61,026.6	64,511.5	68,200.2
General Fund	4,324.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	1,970.0	6,780.4	10,664.3	12,227.0	13,400.4	14,600.1	15,658.6
Federal Funds	630.9	0.0	0.0	0.0	7,930.2	26,832.9	41,006.9	45,398.1	47,626.2	49,911.4	52,541.6
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Children's Medicaid Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Prev Dental Medicaid Svc	0.0	0.0	0.0	0.0	483.0	1,639.6	2,520.5	2,811.0	2,976.9	3,146.9	3,326.8
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	76.3	263.6	417.6	482.9	534.5	587.3	632.4
Federal Funds	0.0	0.0	0.0	0.0	406.7	1,376.0	2,102.9	2,328.1	2,442.4	2,559.6	2,694.4
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medicaid Services	22,414.9	0.0	0.0	-7,698.3	53,553.7	211,364.0	327,706.2	356,822.7	377,424.7	398,432.6	420,688.1
General Fund	13,045.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	-2,921.7	4,362.3	26,717.2	43,901.1	48,099.4	54,096.6	60,182.9	65,048.7
Federal Funds	9,369.8	0.0	0.0	-4,705.2	49,334.2	184,861.0	284,090.7	309,080.3	323,685.1	338,606.6	355,996.4
Other State Funds	0.0	0.0	0.0	-71.4	-142.8	-214.2	-285.6	-357.0	-357.0	-357.0	-357.0

Health & Social Services

Initiatives (Except Gasline)

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Senior/Disabilities Medicaid	8,724.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	5,500.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	3,224.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medicaid School Based Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Base Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Augmented Rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Special Need	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub Adoptions & Guardianship	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Catastrophic & Chronic Illness	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ATAP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Public Asistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Child Care Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Relief Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tribal Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Senior Benefits Payment Prgm	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFD Hold Harmless	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	15,005.2	4,072.3	6,394.0	19,929.6	20,477.7	29,647.1	32,395.3	33,286.1	34,201.5	35,142.0	36,108.4
General Fund	9,425.0	3,800.0	3,904.5	8,273.7	8,501.2	14,134.3	16,455.8	16,908.4	17,373.4	17,851.1	18,342.0
General Fund Match	28.0	27.2	1,244.7	4,578.8	4,704.8	6,018.2	6,183.7	6,353.7	6,528.5	6,708.0	6,892.5
Federal Funds	5,552.2	245.1	1,244.7	1,332.4	1,369.0	1,424.8	1,464.0	1,504.3	1,545.6	1,588.1	1,631.8
Other State Funds	0.0	0.0	0.0	5,744.7	5,902.7	8,069.8	8,291.7	8,519.8	8,754.1	8,994.8	9,242.1
Capital	51,051.0	21,948.1	74,888.3	22,960.7	105,964.1	1,139.6	30,269.9	46,198.9	20,439.1	20,807.9	506.0
General Fund	9,948.6	21,948.1	24,611.8	3,347.6	101,349.4	876.0	30,130.9	46,178.1	20,313.9	20,350.8	320.6
General Fund Match	1,081.3	0.0	25,506.7	9,806.6	2,307.3	131.8	69.5	10.4	62.6	228.6	92.7
Federal Funds	37,821.2	0.0	24,769.8	9,806.6	2,307.3	131.8	69.5	10.4	62.6	228.6	92.7
Other State Funds	2,200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Health & Social Services

Baseline plus Initiatives

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	2,218,509.4	2,194,362.4	2,372,528.9	2,438,567.8	2,715,737.9	2,966,271.3	3,254,303.8	3,474,714.0	3,633,211.3	3,834,906.9	4,039,178.2
General Fund	516,186.2	531,634.1	494,838.3	476,287.9	578,968.9	520,173.6	539,694.6	580,421.7	574,160.5	599,512.2	622,400.5
General Fund Match	368,924.8	396,985.1	643,070.6	671,957.3	720,499.6	796,111.9	870,546.7	932,579.1	996,084.7	1,062,707.7	1,130,701.1
Federal Funds	1,167,663.8	1,110,059.5	1,073,202.1	1,117,046.7	1,239,888.0	1,465,201.6	1,655,625.7	1,766,318.3	1,863,681.7	1,966,048.1	2,075,213.7
Other State Funds	165,734.6	155,683.8	161,417.9	173,275.9	176,381.4	184,784.2	188,436.8	195,394.9	199,284.4	206,638.8	210,862.9
Operations	2,125,880.1	2,152,964.4	2,230,675.1	2,366,323.0	2,574,833.2	2,909,941.5	3,202,358.3	3,401,030.1	3,589,413.2	3,786,197.2	3,992,754.9
General Fund	499,486.9	490,906.0	405,617.4	426,514.8	443,875.9	467,268.8	489,284.6	510,164.4	531,822.6	554,286.2	577,583.3
General Fund Match	365,348.8	396,885.1	616,713.3	661,278.8	717,294.7	795,060.8	869,529.2	931,590.2	995,011.4	1,061,434.3	1,129,527.4
Federal Funds	1,100,259.8	1,110,039.5	1,046,926.5	1,106,903.5	1,237,281.2	1,464,327.6	1,655,107.7	1,765,530.7	1,863,294.8	1,965,487.8	2,074,781.3
Other State Funds	160,784.6	155,133.8	161,417.9	171,625.9	176,381.4	183,284.2	188,436.8	193,744.9	199,284.4	204,988.8	210,862.9
Formula Programs	1,455,845.8	1,481,137.2	1,532,730.0	1,635,824.6	1,824,246.1	2,130,107.0	2,399,145.5	2,575,729.0	2,741,416.3	2,914,880.4	3,097,476.9
General Fund	214,783.2	199,499.4	111,085.7	119,621.7	128,543.2	137,865.2	148,889.5	160,408.4	172,448.3	185,029.2	198,171.7
General Fund Match	320,227.2	347,242.0	567,860.7	607,782.9	662,327.7	737,398.2	810,280.8	870,712.5	932,459.5	997,162.3	1,063,487.9
Federal Funds	879,031.3	896,303.1	817,980.1	871,607.7	995,514.8	1,215,894.5	1,399,842.6	1,503,245.9	1,593,797.1	1,688,578.9	1,790,257.4
Other State Funds	41,804.1	38,092.7	35,803.5	36,812.3	37,860.5	38,949.2	40,132.6	41,362.3	42,711.3	44,110.0	45,559.9
Formula Detail											
Behavioral Health Medicaid Svc	147,667.3	152,565.1	153,686.1	165,451.9	187,779.2	224,619.7	256,883.0	277,865.6	296,247.6	315,507.4	335,809.1
General Fund	46,949.4	48,058.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	6,915.6	6,915.6	68,506.5	73,835.5	81,433.9	92,189.3	102,538.6	110,940.8	118,936.5	127,318.7	135,939.5
Federal Funds	91,402.3	95,373.5	85,118.6	91,555.4	106,284.3	132,369.4	154,283.4	166,863.8	177,250.1	188,127.7	199,808.6
Other State Funds	2,400.0	2,217.5	61.0	61.0	61.0	61.0	61.0	61.0	61.0	61.0	61.0
Children's Medicaid Services	16,145.7	13,562.4	15,241.6	16,408.4	17,640.9	18,942.8	20,351.6	21,842.0	23,327.7	24,892.1	26,539.7
General Fund	5,496.3	3,753.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	1,688.9	1,642.7	7,840.0	8,447.1	9,088.4	9,765.7	10,501.5	11,279.8	12,056.1	12,873.3	13,733.9
Federal Funds	8,960.5	8,165.9	7,401.6	7,961.3	8,552.5	9,177.1	9,850.1	10,562.2	11,271.6	12,018.8	12,805.8
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult Prev Dental Medicaid Svc	7,288.4	8,192.8	7,620.8	8,204.2	9,303.4	11,111.0	12,696.3	13,732.0	14,640.8	15,593.0	16,596.7
General Fund	0.0	200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	2,416.8	2,673.2	3,179.8	3,427.4	3,765.2	4,228.7	4,683.3	5,066.6	5,435.4	5,822.1	6,218.8
Federal Funds	4,871.6	5,319.6	4,441.0	4,776.8	5,538.2	6,882.3	8,013.0	8,665.4	9,205.4	9,770.9	10,377.9
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medicaid Services	679,333.0	681,493.6	715,084.8	762,131.5	881,185.5	1,100,096.1	1,282,534.7	1,381,578.0	1,471,882.7	1,566,289.6	1,665,843.6
General Fund	48,459.0	35,413.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	148,633.8	162,854.7	270,509.2	289,253.1	319,419.8	365,943.6	409,447.0	441,486.8	475,260.6	510,588.4	546,239.9
Federal Funds	471,168.5	476,055.8	437,435.6	465,809.9	554,768.5	727,226.7	866,233.3	933,308.2	989,839.1	1,048,918.1	1,112,820.7
Other State Funds	11,071.7	7,169.2	7,140.0	7,068.6	6,997.2	6,925.8	6,854.4	6,783.0	6,783.0	6,783.0	6,783.0

Health & Social Services

Baseline plus Initiatives

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Senior/Disabilities Medicaid	364,606.0	384,242.1	378,500.6	407,476.6	438,082.1	470,412.3	505,397.7	542,410.4	579,304.6	618,155.2	659,069.9
General Fund	18,752.4	15,285.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	116,518.2	129,701.9	170,761.1	184,176.9	198,347.4	213,314.9	229,589.6	246,805.9	263,978.5	282,057.9	301,093.4
Federal Funds	225,583.2	235,502.3	205,765.0	221,325.2	237,760.2	255,122.9	273,833.6	293,630.0	313,351.6	334,122.8	356,002.0
Other State Funds	3,752.2	3,752.2	1,974.5	1,974.5	1,974.5	1,974.5	1,974.5	1,974.5	1,974.5	1,974.5	1,974.5
Medicaid School Based Claims	6,243.8	6,243.8	2,639.4	2,712.0	2,786.6	2,863.2	2,941.9	3,022.8	3,106.0	3,191.4	3,279.1
General Fund	0.0	700.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	6,243.8	5,543.8	2,639.4	2,712.0	2,786.6	2,863.2	2,941.9	3,022.8	3,106.0	3,191.4	3,279.1
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Base Rate	17,246.0	17,246.0	18,207.6	18,708.3	19,222.8	19,751.4	20,294.5	20,852.6	21,426.1	22,015.3	22,620.7
General Fund	7,287.6	7,287.6	7,693.9	7,905.5	8,122.9	8,346.3	8,575.8	8,811.7	9,054.0	9,303.0	9,558.8
General Fund Match	3,659.2	3,659.2	3,863.2	3,969.5	4,078.6	4,190.8	4,306.0	4,424.4	4,546.1	4,671.1	4,799.6
Federal Funds	3,756.5	3,756.5	3,965.9	4,075.0	4,187.1	4,302.2	4,420.5	4,542.1	4,667.0	4,795.3	4,927.2
Other State Funds	2,542.7	2,542.7	2,684.5	2,758.3	2,834.1	2,912.1	2,992.2	3,074.5	3,159.0	3,245.9	3,335.1
Foster Care Augmented Rate	2,276.1	1,676.1	2,403.0	2,469.1	2,537.0	2,606.8	2,678.4	2,752.1	2,827.8	2,905.5	2,985.4
General Fund	500.0	500.0	527.9	542.4	557.3	572.6	588.4	604.6	621.2	638.3	655.8
General Fund Match	1,237.6	637.6	1,306.6	1,342.5	1,379.5	1,417.4	1,456.4	1,496.4	1,537.6	1,579.9	1,623.3
Federal Funds	538.5	538.5	568.5	584.2	600.2	616.7	633.7	651.1	669.0	687.4	706.3
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foster Care Special Need	6,263.7	6,263.7	6,612.9	6,794.8	6,981.7	7,173.6	7,370.9	7,573.6	7,781.9	7,995.9	8,215.8
General Fund	2,209.4	2,209.4	2,332.6	2,396.7	2,462.6	2,530.4	2,600.0	2,671.5	2,744.9	2,820.4	2,898.0
General Fund Match	1,531.5	1,531.5	1,616.9	1,661.4	1,707.0	1,754.0	1,802.2	1,851.8	1,902.7	1,955.0	2,008.8
Federal Funds	1,027.7	1,027.7	1,085.0	1,114.8	1,145.5	1,177.0	1,209.4	1,242.6	1,276.8	1,311.9	1,348.0
Other State Funds	1,495.1	1,495.1	1,578.5	1,621.9	1,666.5	1,712.3	1,759.4	1,807.8	1,857.5	1,908.6	1,961.0
Sub Adoptions & Guardianship	23,401.6	23,401.6	24,706.4	25,385.8	26,083.9	26,801.2	27,538.3	28,295.6	29,073.7	29,873.2	30,694.7
General Fund	8,315.2	8,315.2	8,778.8	9,020.2	9,268.3	9,523.2	9,785.1	10,054.2	10,330.6	10,614.7	10,906.6
General Fund Match	2,354.4	2,354.4	2,485.7	2,554.0	2,624.3	2,696.4	2,770.6	2,846.8	2,925.1	3,005.5	3,088.2
Federal Funds	12,732.0	12,732.0	13,441.9	13,811.5	14,191.4	14,581.6	14,982.6	15,394.6	15,818.0	16,253.0	16,699.9
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Catastrophic & Chronic Illness	1,471.0	1,471.0	1,570.9	1,630.0	1,691.3	1,754.8	1,820.8	1,881.6	1,944.5	2,009.4	2,076.6
General Fund	1,471.0	1,471.0	1,570.9	1,630.0	1,691.3	1,754.8	1,820.8	1,881.6	1,944.5	2,009.4	2,076.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Health & Social Services

Baseline plus Initiatives

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
ATAP	26,631.8	25,159.5	29,013.7	30,272.4	31,578.4	32,933.3	34,059.4	35,222.5	36,423.8	37,664.6	38,946.1
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	16,445.9	14,973.6	17,916.8	18,694.1	19,500.5	20,337.2	21,032.6	21,750.9	22,492.8	23,259.0	24,050.3
Federal Funds	8,175.9	8,175.9	8,907.1	9,293.5	9,694.5	10,110.4	10,456.1	10,813.2	11,182.0	11,562.9	11,956.3
Other State Funds	2,010.0	2,010.0	2,189.8	2,284.8	2,383.3	2,485.6	2,570.6	2,658.4	2,749.0	2,842.7	2,939.4
Adult Public Asistance	56,370.0	56,381.4	67,970.7	74,185.0	80,689.8	87,496.2	95,638.9	104,163.3	113,084.2	122,417.0	132,177.6
General Fund	51,277.0	51,288.4	61,829.6	67,482.5	73,399.5	79,590.9	86,998.0	94,752.2	102,867.1	111,356.7	120,235.4
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,030.0	1,030.0	1,242.0	1,355.5	1,474.4	1,598.7	1,747.5	1,903.3	2,066.3	2,236.8	2,415.2
Other State Funds	4,063.0	4,063.0	4,899.1	5,347.1	5,815.9	6,306.5	6,893.4	7,507.8	8,150.8	8,823.5	9,527.0
Child Care Benefits	52,765.1	52,305.9	55,707.1	57,239.0	58,813.1	60,430.5	62,092.3	63,799.8	65,554.3	67,357.1	69,209.4
General Fund	2,887.0	2,887.0	3,048.0	3,131.8	3,217.9	3,306.4	3,397.3	3,490.8	3,586.8	3,685.4	3,786.7
General Fund Match	6,337.3	6,337.3	6,690.6	6,874.6	7,063.7	7,257.9	7,457.5	7,662.6	7,873.3	8,089.9	8,312.3
Federal Funds	43,540.8	43,081.6	45,968.5	47,232.6	48,531.5	49,866.1	51,237.4	52,646.5	54,094.2	55,581.8	57,110.3
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Relief Assistance	1,555.4	1,655.4	1,642.1	1,687.3	1,733.7	1,781.4	1,830.3	1,880.7	1,932.4	1,985.5	2,040.1
General Fund	1,555.4	1,655.4	1,642.1	1,687.3	1,733.7	1,781.4	1,830.3	1,880.7	1,932.4	1,985.5	2,040.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tribal Assistance	13,372.7	14,845.0	14,118.3	14,506.6	14,905.5	15,315.4	15,736.6	16,169.3	16,614.0	17,070.9	17,540.3
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	12,488.0	13,960.3	13,184.3	13,546.9	13,919.4	14,302.2	14,695.5	15,099.6	15,514.8	15,941.5	16,379.9
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	884.7	884.7	934.0	959.7	986.1	1,013.2	1,041.1	1,069.7	1,099.1	1,129.4	1,160.4
Senior Benefits Payment Prgm	19,623.5	20,473.5	23,661.9	25,825.3	28,089.7	30,459.1	33,293.8	36,261.3	39,366.8	42,615.8	46,013.6
General Fund	19,623.5	20,473.5	23,661.9	25,825.3	28,089.7	30,459.1	33,293.8	36,261.3	39,366.8	42,615.8	46,013.6
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFD Hold Harmless	13,584.7	13,958.3	14,342.1	14,736.5	15,141.8	15,558.2	15,986.0	16,425.7	16,877.4	17,341.5	17,818.4
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	13,584.7	13,958.3	14,342.1	14,736.5	15,141.8	15,558.2	15,986.0	16,425.7	16,877.4	17,341.5	17,818.4

Health & Social Services

Baseline plus Initiatives

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Non-formula Programs	670,034.3	671,827.2	697,945.0	730,498.4	750,587.1	779,834.5	803,212.8	825,301.1	847,996.9	871,316.8	895,278.0
General Fund	284,703.7	291,406.6	294,531.7	306,893.1	315,332.7	329,403.7	340,395.1	349,756.0	359,374.3	369,257.1	379,411.6
General Fund Match	45,121.6	49,643.1	48,852.6	53,495.9	54,967.0	57,662.7	59,248.4	60,877.7	62,551.9	64,272.0	66,039.5
Federal Funds	221,228.5	213,736.4	228,946.3	235,295.8	241,766.4	248,433.1	255,265.0	262,284.8	269,497.7	276,908.9	284,523.8
Other State Funds	118,980.5	117,041.1	125,614.4	134,813.5	138,520.9	144,335.0	148,304.2	152,382.6	156,573.1	160,878.9	165,303.0
Capital	92,629.3	41,398.1	141,853.9	72,244.9	140,904.7	56,329.9	51,945.6	73,683.8	43,798.1	48,709.7	46,423.2
General Fund	16,699.3	40,728.1	89,220.8	49,773.2	135,093.0	52,904.8	50,410.0	70,257.3	42,337.9	45,225.9	44,817.2
General Fund Match	3,576.0	100.0	26,357.4	10,678.6	3,204.9	1,051.1	1,017.5	988.9	1,073.3	1,273.4	1,173.7
Federal Funds	67,404.1	20.0	26,275.7	10,143.2	2,606.8	874.0	518.0	787.6	386.9	560.3	432.4
Other State Funds	4,950.0	550.0	0.0	1,650.0	0.0	1,500.0	0.0	1,650.0	0.0	1,650.0	0.0

Department of Health and Social Services

Executive Summary

Introduction to the Department

The Department of Health and Social Services (DHSS) was originally established in 1919 as the Alaska Territorial Health Department. With the formal proclamation of statehood on January 3, 1959, the department's responsibilities were expanded to include the protection and promotion of public health and welfare. These core duties are reflected in the mission of the department – to promote and protect the health and well-being of Alaskans – and are outlined in Article 7, Sections 4 and 5 of the Constitution of the State of Alaska.

Mission

To promote and protect the health and well-being of all for a strong Alaska.

Core Services

- Provide elderly pioneers and veterans quality assisted living in a safe home environment.
- Provide an integrated behavioral health system.
- Promote safer children, stronger families.
- Manage health care coverage for Alaskans in need.
- Address juvenile crime by promoting accountability, public safety and skill development.
- Provide self-sufficiency and basic living expenses to Alaskans in need.
- Protect and promote the health of Alaskans.
- Promote independence of Alaska Seniors and people with physical and developmental disabilities.
- Provide quality administrative services in support of the department's mission.

Core Values

The Department of Health and Social Services has five adopted core values as guiding principles in the delivery of services:

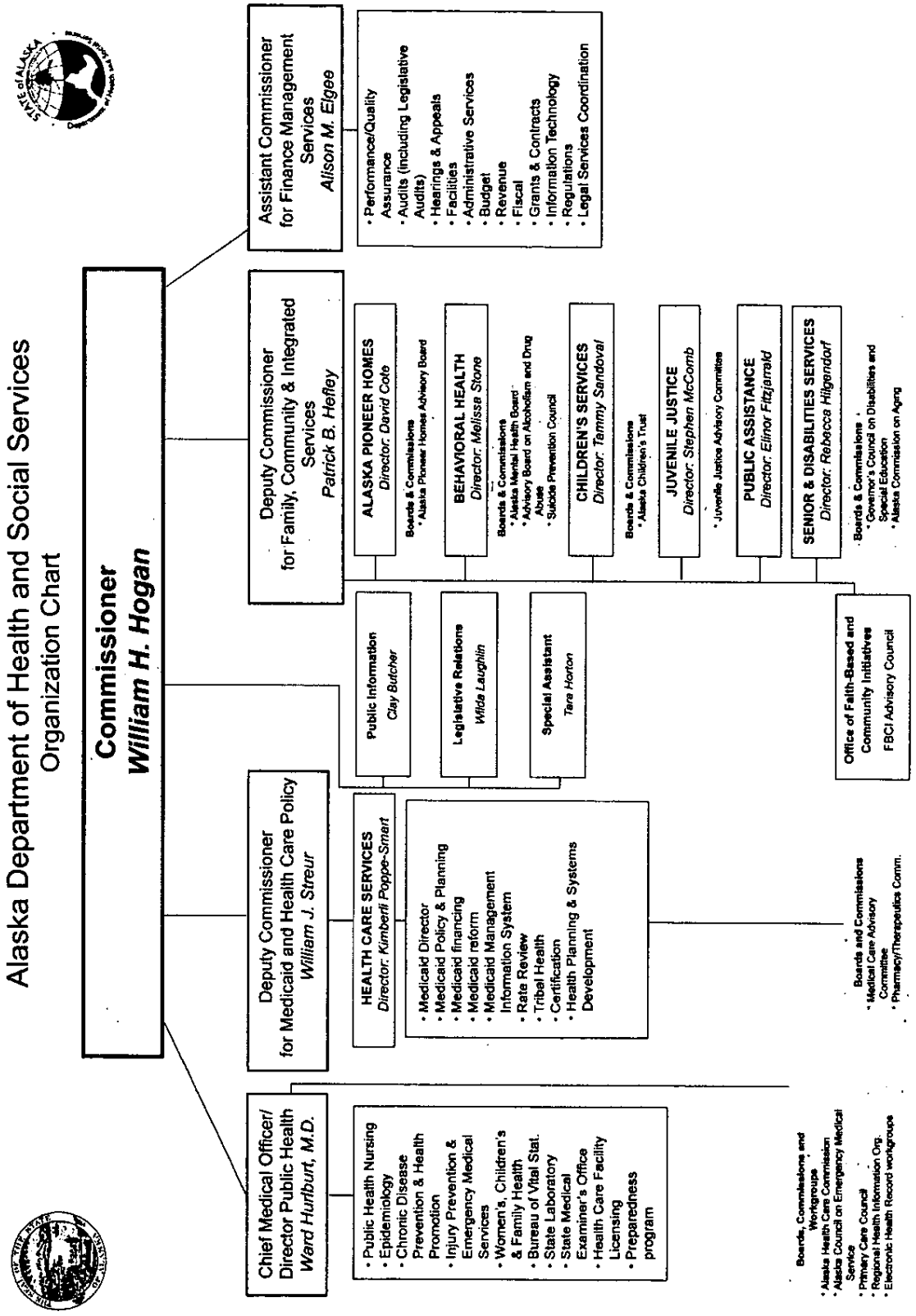
- Collaboration
- Accountability
- Respect
- Empowerment
- Safety

Department Priorities

Vulnerable Populations:	Increase the percentage of at risk individuals who are able to live safely in their homes in Alaska.
Substance Abuse:	Decrease the negative impacts of alcohol and substance abuse in Alaska.
Long-Term Care:	Increase the percentage of adults 65 and older living independently in Alaska.
Health and Wellness:	Improve the health status of Alaskans.
Health Care Reform:	Improve access to quality health care in Alaska.

Executive Management Organization

There have been minimal organization changes during FY10 and/or proposed for FY11.



Major Accomplishments in 2009

VULNERABLE POPULATIONS

- The Office of Children's Services (OCS) continued work toward a statewide Family-to-Family (F2F) program. F2F has been very successful in Anchorage in working toward change in the child welfare system through support and resources provided to families, building community partnership, and team decision making that includes not just foster parents and caseworkers but families and community members. The Anne E. Casey Foundation reports that in Alaska, 70% of the children who receive team decision making services are able to stay in their own homes or in a relative's home rather than a foster home. Over the course of the next few years, OCS plans to expand F2F services statewide with expansion to Fairbanks already started.
- A significant accomplishment in Juvenile Justice (DJJ) in 2009 was the development and implementation of a new version of JOMIS, the juvenile offender management information system.
- Rapid development and implementation of the new Alaska Heating Assistance Program (AKHAP) that serves households with incomes between 150% and 225% of the federal poverty guidelines for Alaska.
- The Bring the Kids Home initiative continues to be successful in reducing the number of distinct out-of-state residential psychiatric treatment center (RPTC) recipients served and increasing the number of distinct RPTC recipients who received services in state. Preliminary data indicates that from FY08 to FY09, there was a decrease of about 33.5% in the number of distinct out-of-state RPTC recipients served and an increase of about 2.4% in the number of distinct RPTC recipients who received services in state. Access to in-state non-residential services at lower levels of care has increased significantly.
- During FY09, the Division of Senior and Disabilities Services provided home and community-based services to 7,923 individuals and their families. By providing these services in the community setting, the division was able to delay the entry of these individuals into institutions, thereby reducing costs to the state.
- Worked with AMHTA to plan and implement strategies for the five focus areas (Bring the Kids Home, Housing, Justice, Trust Beneficiary Projects, and Workforce Development).

SUBSTANCE ABUSE

- In 2008, Behavior Health introduced the use of performance based funding. Performance measures hold providers in the state behavioral health system accountable. Further, it is an objective process to determine funding levels for grantees that will reflect an assessment of program and agency performance, utilization, client and community outcomes. Performance was a consideration in grant awards for FY10.

LONG-TERM CARE

- Served 577 Alaska Seniors and Veterans in the Pioneers Homes.
- In FY09 Senior and Disabilities Services (SDS) provided services to approximately 7,600 Medicaid beneficiaries at an average annual cost per person that approached $41,800. Almost 55% of the benefit payments were for disabled adults, about 41% for the elderly, and 4% were disabled children.
- Also, SDS served more than 17,193 seniors (age 60+) through Senior and Disabilities Services programs including direct service grants (17,472), general relief (577), Personal Care Attendant Services (3,552) and Medicaid programs (4,371).

HEALTH AND WELLNESS

- In FY09, the Adult Preventative Dentistry Program was reactivated and 7,336 individual recipients over the age of 21 received services.

HEALTH CARE REFORM

- Work continues with tribal health organizations to improve tribal opportunities to maximize Medicaid revenue, reimbursed at 100% by the federal government.

Key Department Challenges

The Department of Health and Social Services continues to make progress on the following overall strategies:

- Work toward more integration of services;
- Maximize resources for effective service delivery;
- Promote rural infrastructure development and standardization of regional structure;
- Promote accountability at all levels of the organization; and
- Use technology in strategic ways to accomplish the department's goals.

Some of the challenges facing priority programs are listed below. Some challenges facing the department affect more than one priority program.

VULNERABLE POPULATIONS

- Development of in-state residential and community-based treatment options for children and youth with an emphasis on minimizing the number and duration of out-of-state placements through the Bring the Kids Home project. Challenges include revision of the system of care while continuing to provide services.
- Improvements to child abuse prevention and protection efforts, particularly with Alaska Native partner agencies.
- Continued challenge in providing needed level of staffing to meet rapidly changing number of Alaskans needing assistance or asking about assistance programs, due to the economic environment.
- Continued fine-tuning of statutory and regulatory requirements relating to employment of persons with criminal histories.
- Identification and resolution of issues relating to the recruitment and retention of qualified employees to allow the department to fulfill its ongoing mission in a time of national and state workforce shortages.

SUBSTANCE ABUSE

- Working toward the appropriate capacity levels, especially for secure detoxification.
- Continued fine-tuning of statutory and regulatory requirements relating to employment of persons with criminal histories.
- Identification and resolution of issues relating to the recruitment and retention of qualified employees to allow the department to fulfill its ongoing mission in a time of national and state workforce shortages.

LONG-TERM CARE

- Hiring and training staff to complete initial and annual Medicaid Waiver and Personal Care Attendants (PCA) assessments and service plans in order to avoid another backlog, remain in compliance with federal requirements, and complete goals identified in the Corrective Action Plan.
- Continued fine-tuning of statutory and regulatory requirements relating to employment of persons with criminal histories.
- Identification and resolution of issues relating to the recruitment and retention of qualified employees to allow the department to fulfill its ongoing mission in a time of national and state workforce shortages.

HEALTH AND WELLNESS

- Preparation and planning with federal, state, and community partners for a potential influenza pandemic.
- Promotion of services that focus on enhancing health and well-being and preventing illness through development of a comprehensive state policy that includes reduction of alcohol and substance abuse.

HEALTH CARE REFORM

Our efforts in this area will depend largely on the results of health care legislation at the national level. However, the department will face the following challenges regardless of those results:

- Development and implementation of a department-wide Quality Management Program incorporating the elements of Program Integrity (fraud detection and audit, with particular emphasis on the Payment Error Rate Measurement project), Quality Assurance (internal controls), and Quality Enhancement (corrective action).
- Identification and implementation of potential solutions to the lack of access to affordable quality health care for Alaskans.
- Identification and implementation of appropriate increases to reimbursement rates for health and social service providers based on results and verifiable costs of service provision.

Medicaid challenges include:

- Development of the Medicaid Management Information System to more effectively use new technology to manage health care in Alaska.
- Development of new comprehensive Medicaid regulations which clarify coverage and payment rules for the program and provide for greater accountability for both the department and health care providers.
- Accurately projecting Medicaid expenses in an environment of rapidly increasing costs and economic uncertainty.

Position Information

The department has over 3,600 positions budgeted under the following three types of work:

Direct Field Workers

113	Public Health Nurses
290	Social Workers & Children's Service Specialists
313	Eligibility Determination Staff
289	Youth Detention/Treatment Workers
90	Juvenile Probation Officers
256	API Staff
652	Pioneer Homes Staff
2,003	**TOTAL**

Program Support Services

115	Behavioral Health Programs
150	Senior and Disability Programs
413	Public Health Programs
210	Children's Services
123	Juvenile Programs
10	Facilities Management
372	Benefit Payments/Systems
1,393	**TOTAL**

Administrative/Management Support

130	Information Technology
141	All Other Centralized Admin/Mgmt
271	**TOTAL**

3,667 FY11 GRAND TOTAL

The DHSS FY11 Governor's Request includes 3,667 positions. The details of their budgeted status and geographical location are as follows in the chart below. Select types of employees (i.e. public health nurses, social workers) may be budgeted in one location but provide continual itinerant services to numerous surrounding smaller rural communities.

FY11 Position Summary by Location

Location	Total Full Time	Total Part Time	Total Non Perm	Total Position Counts
Anchorage	1,730	26	43	**1,799**
Aniak	2	0	0	**2**
Barrow	9	0	0	**9**
Bethel	95	0	3	**98**
Cordova	2	0	0	**2**
Craig	6	0	0	**6**
Delta Junction	6	1	0	**7**
Dillingham	10	1	0	**11**
Eagle River	1	0	0	**1**
Fairbanks	360	6	9	**375**
Fort Yukon	0	1	0	**1**
Galena	2	1	0	**3**
Glennallen	3	0	0	**3**
Haines	2	0	0	**2**
Homer	15	1	0	**16**
Juneau	577	25	27	**629**
Kenai	86	1	2	**89**
Ketchikan	116	12	10	**138**
King Salmon	2	0	0	**2**
Kodiak	14	2	0	**16**
Kotzebue	10	0	0	**10**
Mat-Su Area-wide	2	0	0	**2**
McGrath	3	0	0	**3**
Nome	39	0	2	**41**
Palmer	121	15	6	**142**
Petersburg	4	0	0	**4**
Saint Mary's	6	0	0	**6**
Seward	3	0	0	**3**
Sitka	101	0	3	**104**
Tok	2	0	0	**2**
Unalaska	1	0	0	**1**
Valdez	4	1	0	**5**
Wasilla	133	0	0	**133**
Wrangell	2	0	0	**2**
Totals	**3,469**	**93**	**105**	**3,667**

Explanation of FY11 Operating Budget Requests

The Department of Health and Social Services faced tremendous challenges in the last few years to provide a balance between reducing the reliance on state general funds and providing services to vulnerable populations.

Proposed Budget for FY11 Compared to FY10

	FY10 Management Plan	FY11 Governor's Request
General Fund	**$ 832.5 million**	**$ 882.8 million**
Federal Funds	**1,081.5 million**	**1,109.8 million**
Other Funds	**160.8 million**	**154.8 million**
Total	**$ 2,074.8 million**	**$ 2,147.3 million**
Increased Federal Revenue		**28.3 million**
Increased General Fund		**50.3 million**

The proposed budget for FY11 increases general funds by $50,250.9. Significant changes in GF are due to: Medicaid program growth of approximately $36,400.0, increased resources addressing the department's priorities of Vulnerable Alaskans $7,100.0, Substance Abuse $2,800.0, Long-Term Care $800.0, Health & Wellness $1,900.0, and Health Care Reform $500.0.

To assist in understanding the DHSS budget, we have highlighted budget items addressing the five department initiatives. A complete list of budget items for each division is found in its section of the overview.

Vulnerable Alaskans

The state needs to ensure that both children and communities are safe, that developmentally disabled children and adults have access to quality services and supports, and that individuals and families get the kind of financial and vocational supports they need to be contributing members of society. By focusing on family-centered services and through the use of performance-based standards and funding, Alaska can better meet the needs of the most vulnerable citizens and their families.

The following table compares FY10 Management Plan program capacity for Vulnerable Alaskans to that requested for FY11:

	FY10 Management Plan	FY11 Governor's Request	FY11 Governor less FY10 Management Plan
General Fund	$ 403,710.5	$ 416,980.6	$ 13,270.1
Federal Funds	313,875.8	312,573.6	(1,302.2)
Other Funds	73,779.3	74,942.3	1,163.0
Total	**$ 791,365.6**	**$ 804,496.5**	**$ 13,130.9**

Budget requests include:

- Phase 1 of State Medical Examiner's Office reforms - $300.0 GF
- Restoring funding to meet Senior Benefits enrollment and payment projections - $850.0 GF
- Increasing Adult Public Assistance funding due to anticipated enrollment growth - $150.0 GF
- Psychiatric Residency Training at API - $300.0 GF
- Designated Evaluation and Treatment program expansion - $300.0 MHTAAR
- Bring the Kids Home expansion including individualized services, foster parent and parent recruitment training and support, transitional aged youth, expansion of school-based services capacity via grants, and community behavioral health centers outpatient and emergency residential services and training- $1,250.0 GF/MH
- Decreasing unrealizable federal funds (Children's Services Management, Delinquency Prevention) – ($1,250.0) federal
- Replacing unrealizable federal funds with general funds (Front Line Social Workers, Medicaid School Based Admin Claims) - $1,600.0 GF, (1,600.0) federal
- Replacing unrealizable interagency receipts for Medicaid School Based Claims (Children's Services Management, Front Line Social Workers) - $1,120.3 GF, ($1,120.3) Interagency Receipts

Substance Abuse

Substance abuse affects every family and community in Alaska. It is a contributing factor in suicides, crime, unemployment, domestic violence, child abuse, school dropouts, juvenile delinquency, etc. The state needs to prevent, intervene early, and treat and help people recover from substance abuse through public/private partnerships and long-term strategies.

The following table compares FY10 Management Plan program capacity for Substance Abuse to that requested for FY11:

	FY10 Management Plan	FY11 Governor's Request	FY11 Governor less FY10 Management Plan
General Fund	$ 19,909.3	$ 22,732.6	$ 2,823.3
Federal Funds	9,955.3	9,731.8	(223.5)
Other Funds	20,298.1	19,903.2	(394.9)
Total	**$ 50,162.7**	**$ 52,367.6**	**$ 2,204.9**

Budget requests include:

- Specialized Treatment Unit at Clitheroe - $1,200.0 GF
- Detox and treatment capacity as alternatives to protective custody holds - $518.3
- Increased access to Fetal Alcohol Spectrum Disorders (FASD) treatment services in rural Alaska - $228.6 GF/MH
- Increased substance abuse treatment services for pregnant women - $500.0 GF/MH

- Disability justice focus group recommendations including pre-development for sleep off alternatives in targeted communities, Alcohol Safety Action Program (ASAP) therapeutic case management and monitoring treatment, and maintaining treatment capacity for therapeutic court participants with co-occurring disorders - $75.0 GF/MH, 238.0 MHTAAR

Long-Term Care

Seniors represent the fastest growing population in Alaska and it is Alaska's responsibility to determine what kinds of services are wanted for aging parents (and grandparents) to keep them at home in their own communities. The state needs to develop a comprehensive long-term care plan, improve services to those with Alzheimer's disease and related disorders, and promote the expansion of aging and disability resource centers.

The following table compares FY10 Management Plan program capacity for Long-Term Care to that requested for FY11:

	FY10 Management Plan	FY11 Governor's Request	FY11 Governor less FY10 Management Plan
General Fund	$ 170,785.2	$ 184,768.3	$ 13,983.1
Federal Funds	230,990.7	244,587.2	13,596.5
Other Funds	31,526.7	31,439.0	(87.7)
Total	**$ 433,302.6**	**$ 460,794.5**	**$ 27,491.9**

Budget requests include:

- Increased funds for home and community based waiver compliance (split between Long-Term Care and Vulnerable Alaskans) - $500.0 GF Match, $500.0 federal
- Increased capacity for Health Facilities Survey (split between Long-Term Care and Health and Wellness) - $75.0 GF Match, $112.5 federal
- Funds to maintain, improve and design new financial and payment rate systems (split between Long-Term Care and Health and Wellness) - $187.5 GF Match, $187.5 federal
- Funds for traumatic brain injury service coordination (split between Long-Term Care and Vulnerable Alaskans) - $200.0 GF/MH, $150.0 MHTAAR

Health and Wellness

Many Alaskans lead less happy and less productive lives, and many die prematurely each year, because of disability and death caused by tobacco, alcohol abuse, injuries, obesity, diabetes, cancer, heart disease, and sexually transmitted diseases. The economic impact of chronic disease alone in Alaska is staggering: an estimated $600 million is spent annually on direct medical services and $1.9 billion in lost productivity. Most of this is attributable to personal choice involving diet, physical activity and tobacco use - and is preventable. The state and service providers can do a better job of screening, diagnosing and treating these conditions.

The following table compares FY10 Management Plan program capacity for Health and Wellness to that requested for FY11:

	FY10 Management Plan	FY11 Governor's Request	FY11 Governor less FY10 Management Plan
General Fund	$ 234,115.2	$ 253,794.9	$ 19,679.7
Federal Funds	522,589.4	540,313.0	17,723.6
Other Funds	34,523.1	27,823.5	(6,699.6)
Total	**$ 791,227.7**	**$ 821,931.4**	**$ 30,703.7**

Budget requests include:

- Maintaining local control of essential public health services by stabilizing funding to public health nursing grantees - $1,000.0 GF
- Increased receipts for the electronic health record system and the Medicaid management information system projects - $1,257.7 CIP Receipts
- Funds to stabilize the Health Facilities Survey budget (split between Long-Term Care and Health and Wellness) - $260.0 GF

Health Care Reform

Alaska's health care system continues to be fragmented and uncoordinated and doesn't produce expected outcomes. By strategically focusing on care management, reforming Medicaid, creating a Health Care Commission and growing the health care workforce, Alaska's health care system can be transformed.

The following table compares FY10 Management Plan program capacity for Health Care Reform to that requested for FY11:

	FY10 Management Plan	FY11 Governor's Request	FY11 Governor less FY10 Management Plan
General Fund	$ 3,392.8	$ 3,887.5	$ 494.7
Federal Funds	4,071.5	2,588.8	(1,482.7)
Other Funds	657.4	652.2	(5.2)
Total	**$ 8,121.7**	**$ 7,128.5**	**$ (993.2)**

Budget related requests include:

- Continuation funding for the comprehensive integrated mental health plan and the loan repayment program - $317.0 MHTAAR
- Decreased federal receipt authority from expired federal grants - ($1,000.0) federal
- Replacing unrealizable federal receipts for core services - $475.1 GF, ($475.1) federal

Expenditure Category Comparisons

For purposes of historical comparisons we have broken out expenditures into five categories of funding:

Formula Programs
This category includes all programs with specific eligibility standards which guarantee a specific level of benefits for any qualified recipient.

Grants
This category includes the components with major grants to other organizations or major contracts for service delivery, such as Residential Child Care, Energy Assistance Program, Community Health Grants, and various treatment programs.

Program Services
This category includes both administration and delivery of direct services, such as public health nursing and social services, and the program management of entitlements and grants.

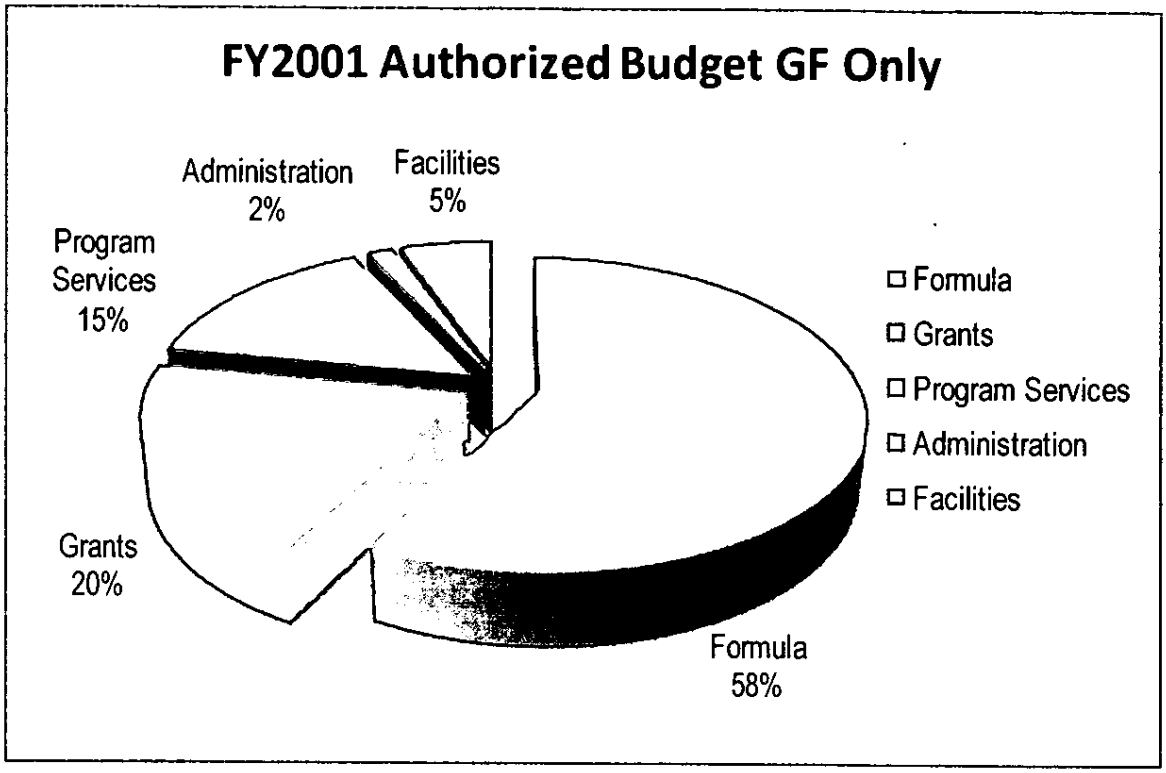
Administration
This category includes departmental administrative oversight and support programs, including the Commissioner's Office, and Administrative Services.

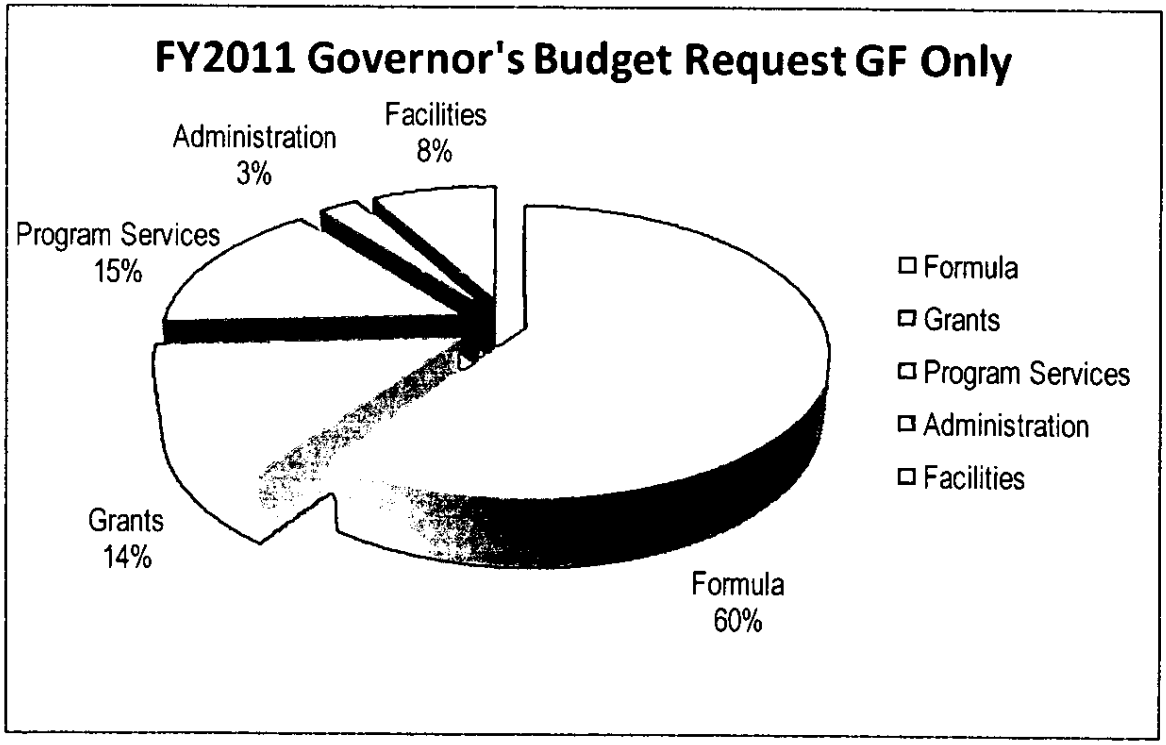
Facilities
The department manages and operates 24-hour facilities and institutions. These include youth correctional facilities, the Alaska Psychiatric Institute, and Pioneer Homes.

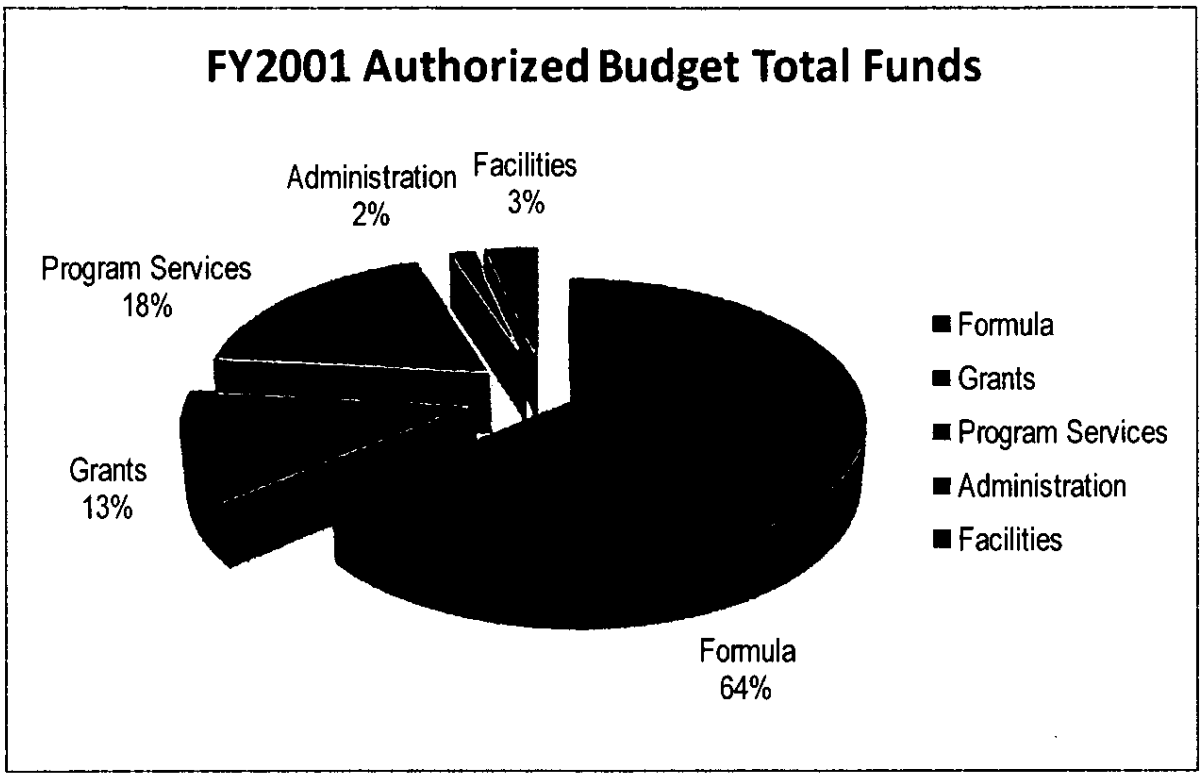
Budget Charts and Graphs

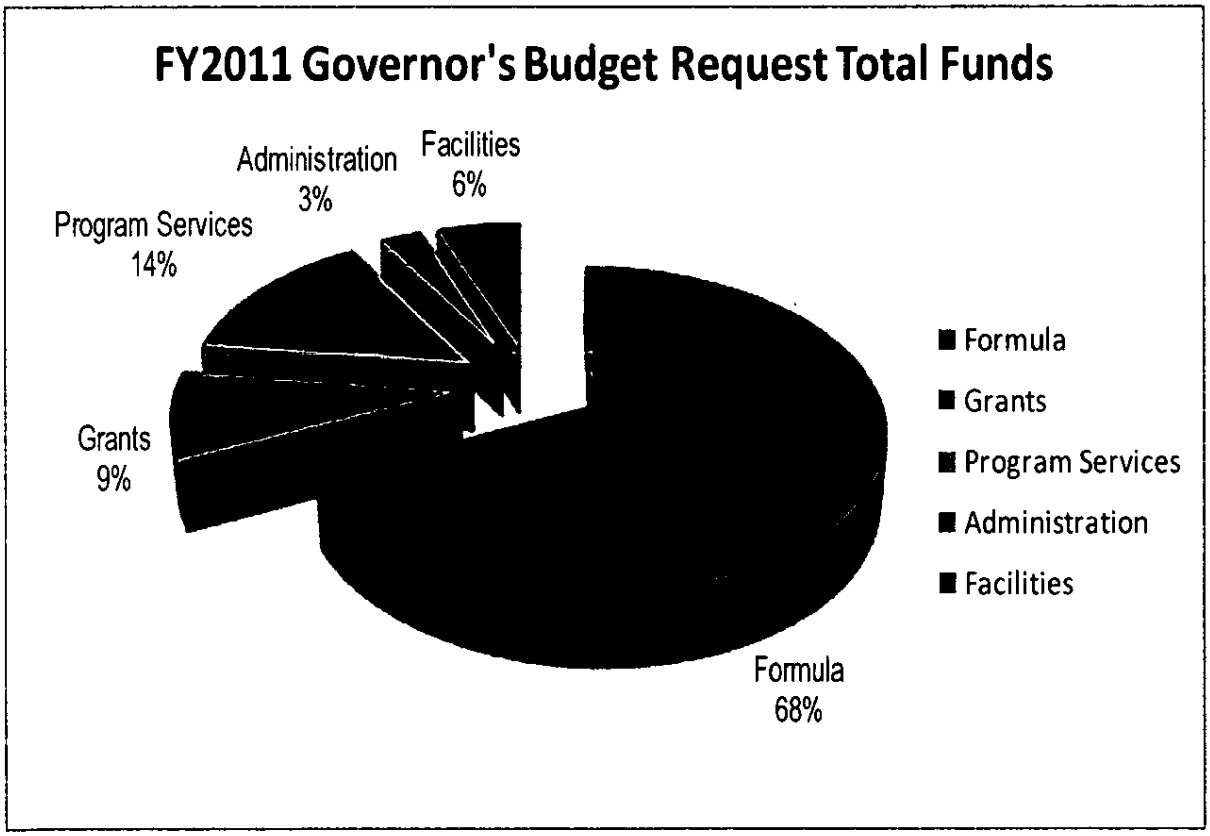
The table below shows the comparison of total funds for FY01 and FY11.

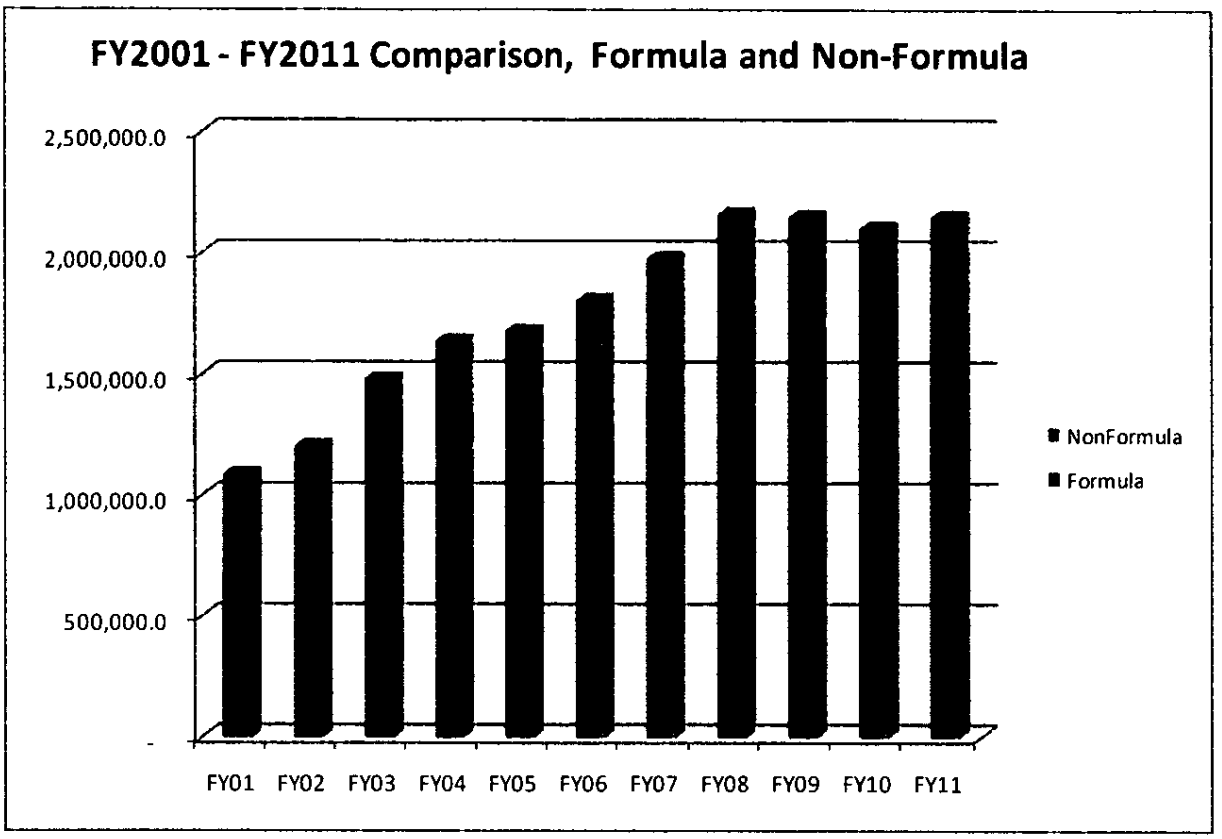
	FY2001 Authorized		FY2011 Governor's		
Category	Total Funds	% of Total	Total Funds	% of Total	2001 to 2010 Change
Formula	696,052.3	63.9%	1,460,290.1	68.0%	109.8%
Grants	139,102.6	12.8%	194,288.3	9.0%	39.7%
Program Services	197,972.2	18.2%	312,732.7	14.6%	58.0%
Administration	17,875.6	1.6%	59,948.2	2.8%	235.4%
Facilities	37,491.4	3.4%	120,059.2	5.6%	220.2%
Total	**1,088,494.1**		**2,147,318.5**		**97.3%**


FY2001 Authorized Budget GF Only
Administration 2%
Facilities 5%
Program Services 15%
Grants 20%
Formula 58%
Formula
Grants
Program Services
Administration
Facilities


FY2011 Governor's Budget Request GF Only
Administration 3%
Facilities 8%
Program Services 15%
Grants 14%
Formula 60%
Formula
Grants
Program Services
Administration
Facilities


FY2001 Authorized Budget Total Funds
Administration 2%
Facilities 3%
Program Services 18%
Grants 13%
Formula 64%
Formula
Grants
Program Services
Administration
Facilities


FY2011 Governor's Budget Request Total Funds
Administration 3%
Facilities 6%
Program Services 14%
Grants 9%
Formula 68%
Formula
Grants
Program Services
Administration
Facilities



Medicaid is the largest formula program in the department, totaling about 84% of the total formula program category in the proposed FY11 budget.

Formula programs in the Department of Health and Social Services are:

- Behavioral Health Medicaid Services;
- Children's Medicaid Services;
- Foster Care Base Rate;
- Foster Care Augmented Rate;
- Foster Care Special Need;
- Subsidized Adoptions & Guardianship;
- Adult Preventative Dental Medicaid Services;
- HCS Medicaid Services;
- Catastrophic and Chronic Illness Assistance;
- Alaska Temporary Assistance Program;
- Adult Public Assistance;
- Child Care Benefits;
- General Relief Assistance;
- Tribal Assistance Program;
- Senior Benefits Payment Program;
- Permanent Fund Dividend Hold Harmless; and
- Senior and Disabilities Medicaid Services.

Medicaid

Introduction

This section provides a department-wide review of the Medicaid program. Additional detailed descriptions of programs and budget changes, as well as more in-depth statistical analyses, are found in later chapters of the Budget Overview covering the four divisions that oversee direct service delivery: Behavioral Health, Children's Services, Health Care Services (including Adult Preventative Dental Medicaid), and Senior and Disabilities Services.

Program Overview

Medicaid is an entitlement program created in 1965 by the federal government, but administered by the state, to provide payment for medical services for low-income citizens. People qualify for Medicaid by meeting federal income and asset standards and by fitting into specified eligibility categories. It covers aged, blind, or disabled persons and single parent families. In addition, Medicaid expanded coverage in 1998 through the Children's Health Insurance Program (CHIP) to children and pregnant women whose income is too high to qualify for regular Medicaid, but too low to afford private health insurance. CHIP enrollment is administered through the Denali KidCare office.

Four main divisions manage benefits: Health Care Services, Behavioral Health Services, Senior and Disabilities Services, and Office of Children's Services. Medicaid administrative activities support the service delivery of every division within the Department of Health and Social Services, as well as six other departments within the state government (Departments of Administration, Corrections, Education and Early Development, Law, Labor and Workforce Development, and the Court System).

Medicaid Benefit Programs by Results Delivery Unit

Behavioral Health	Mental health, substance abuse, residential psychiatric treatment centers, and inpatient psychiatric facilities
Children's Services	Behavioral rehabilitation
Health Care Services	Hospitals, physician services, pharmacy, transportation, dental, vision, physical/occupational/speech therapy, chiropractic, medical equipment, home health, hospice, laboratory, X-ray, state-only Medicaid, premium assistance, third-party recoveries, supplemental hospital payments, Medicaid administrative management, and routine restorative dental services including exams, cleanings, tooth restoration or extraction, and upper or lower full dentures
Senior and Disabilities Services	Nursing homes, personal care, and four home and community based waiver programs

2078

Funding Overview

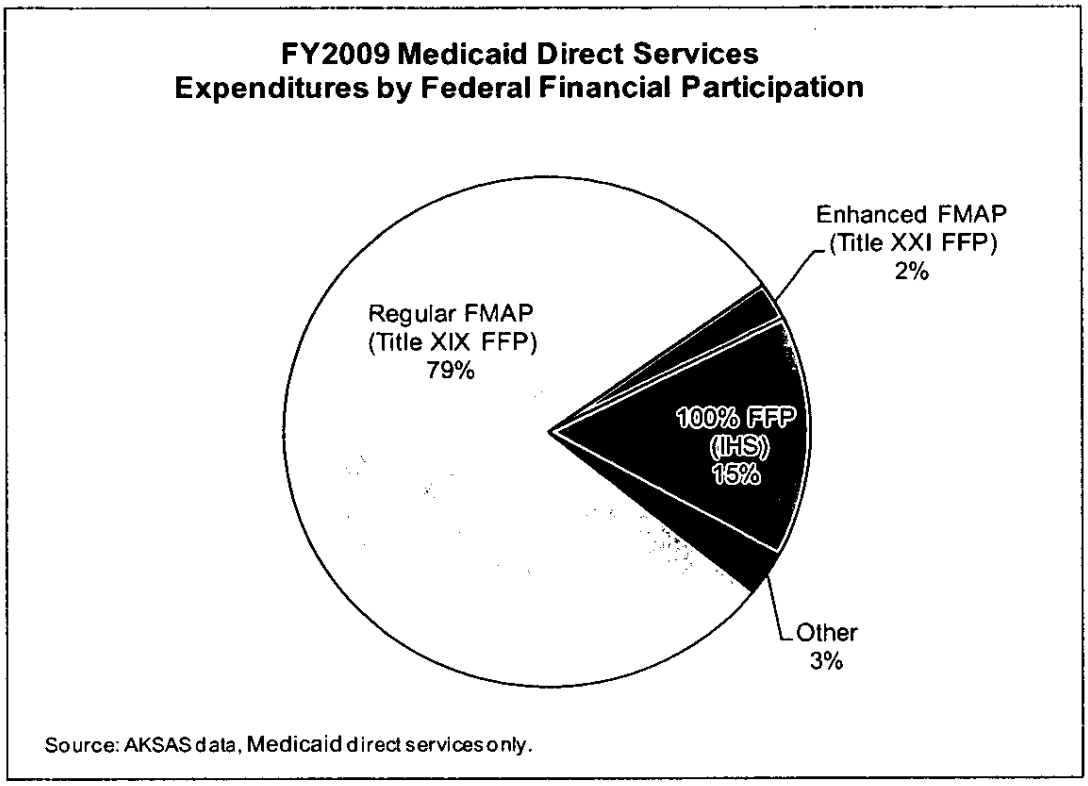
As a joint federal-state program, the federal and state governments share the cost of Medicaid. Federal financial participation rates are set at the federal level, and are largely outside of state control. The State's portion of Medicaid Service costs differs according to the recipient's Medicaid eligibility group, category of Medicaid service, provider of Medicaid-related service, and Native/non-Native status. For most Medicaid eligibility groups and services, the portion of state Medicaid benefits paid by the federal government is called the Federal Medical Assistance Percentage, or FMAP.

The FMAP is based on a three-year average of per capita personal income, ranked among states. While each state has its own FMAP, it can be no lower than 50%. Although the majority of benefits are reimbursed at the regular FMAP rate, certain subgroups have higher reimbursement rates (e.g., qualified Indian Health Services claims are reimbursed 100%). Where possible, the state contains costs by taking advantage of higher reimbursement rates.

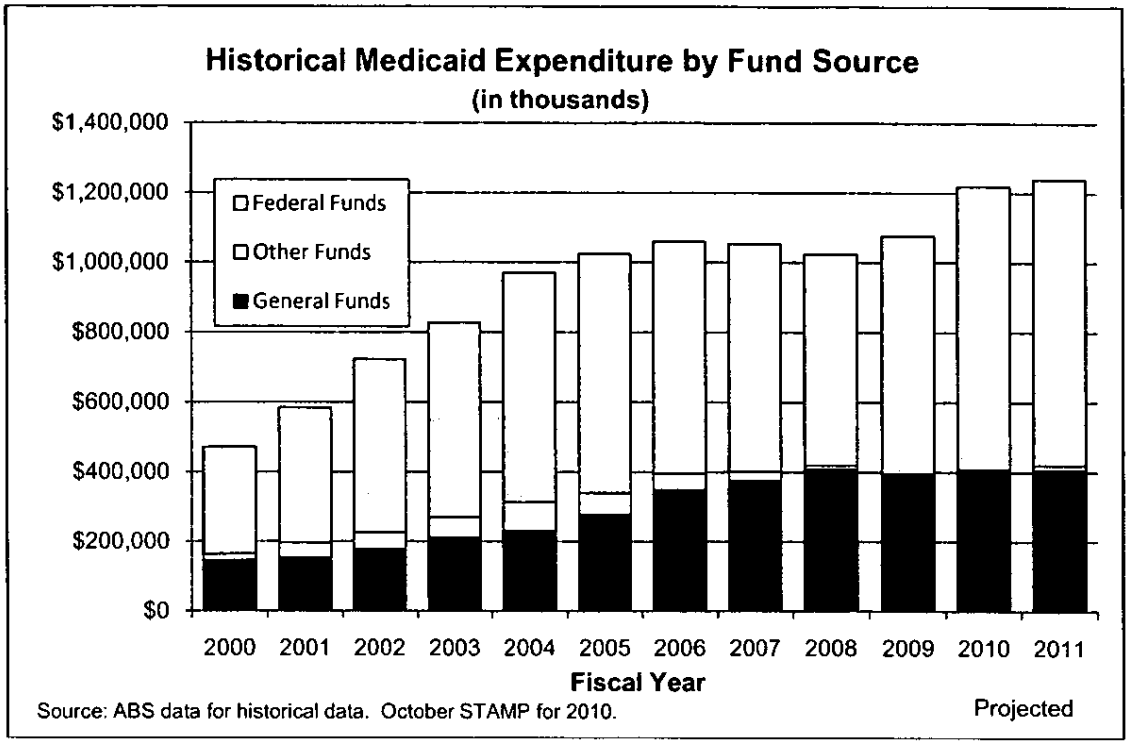
Federal Medical Assistance Percentages for Claim Payments

	Federal Fiscal Year Statutory Rate		State Fiscal Year Average Rate	
Year	Regular FMAP	Enhanced FMAP	Regular FMAP	Enhanced FMAP
Before 1998	50.00	n/a	50.00	n/a
1998	59.80	71.86	57.35	71.86
1999	59.80	71.86	59.80	71.86
2000	59.80	71.86	59.80	71.86
2001	60.13	72.09	60.05	72.03
2002	57.38	70.17	58.07	70.65
2003 Q1-Q2	58.27	70.79	58.79	71.15
2003 Q3-Q4	61.22	72.85		
2004 Q1-Q3	61.34	72.94	61.31	72.92
2004 Q4	58.39	70.87		
2005	57.58	70.31	57.78	70.45
2006	57.58	70.31	57.58	70.31
2007	57.58	70.31	57.58	70.31
2008	52.48	66.74	53.76	67.63
2009 Q1-Q2	58.68	65.37	57.74	65.71
2009 Q3-Q4	61.12	65.37		
2010 Q1-Q4	61.12	66.00	61.12	65.84
2011 Q1	61.12	65.00	55.56	65.25
2011 Q2-Q4	50.00	65.00		

Source: Medicaid Budget Group and Centers for Medicare and Medicaid Services.
The FMAP prior to 1998 w as 50%. The enhanced FMAP started in 1998.



The department has successfully minimized the need for additional state general funds while still meeting its mission. Although costs have grown yearly federal dollars have covered the majority of the increases. The department accomplished this by taking full advantage of enhanced match rates and federal refinancing programs. Due to additional FMAP support provided through ARRA funding, state matching funds required in 2009 for the entire Medicaid program dropped to 36%, from 40% in FY08. State funding is projected to be about 33% of the total program costs in both 2010 and 2011.



One of the refinancing measures the Department has implemented is to increase the proportion of Medicaid services eligible for Indian Health Service 100% federal reimbursement. For every dollar shifted to the tribal system from regular FMAP in FFY09, the State saved 40 cents in state matching funds. The department continues to work with tribal health corporations to maximize the benefits of this refinancing program.

Cost containment is an important method of holding down increases in Medicaid expenditures. Strategies to control costs have been successful as demonstrated by the slowing rate of growth in Alaska's Medicaid costs. Growth has been controlled through 2009—mitigating increases in population and payment rates. This trend is not expected to continue in 2010 and 2011 due to enrollment and utilization increases driven by the current general economic climate, as well as provider service rate increases.

Medicaid Expenditures by Fund Source
(in thousands)

Fiscal Year	General Funds	Federal Funds	Other Funds	Total Funds
1991	$80,094	$91,990	$1,796	$173,880
1992	$93,582	$105,740	$934	$200,256
1993	$103,447	$119,602	$708	$223,757
1994	$123,553	$142,729	$1,401	$267,684
1995	$127,125	$149,589	$1,792	$278,506
1996	$138,013	$167,280	$3,105	$308,398
1997	$141,517	$183,355	$6,568	$331,440
1998	$125,542	$231,330	$5,476	$362,347
1999	$131,523	$261,316	$2,851	$395,690
2000	$145,515	$307,508	$17,686	$470,709
2001	$152,791	$387,432	$43,671	$583,894
2002	$177,701	$497,428	$46,926	$722,054
2003	$211,077	$558,581	$58,460	$828,117
2004	$230,119	$658,741	$82,631	$971,491
2005	$276,089	$685,474	$63,355	$1,024,918
2006	$348,648	$664,722	$46,507	$1,059,877
2007	$374,492	$651,908	$26,976	$1,053,376
2008	$408,250	$604,348	$11,189	$1,023,788
2009	$389,089	$682,271	$6,123	$1,077,483
2010 *	$405,964	$811,587	$9,462	$1,227,012
2011 **	$408,700	$820,417	$12,939	$1,242,056

Source: Medicaid Budget Group using Alaska Budget System data and STAMP forecast. FY09 and earlier are actual expenditures.
*Projection as of October 2009. **Governor's Budget.

Annual Statistical Summary of Medicaid Services Provided in FY09

The statistics summarized in this section are for the entire Medicaid program. There are additional detailed Medicaid statistics in the division sections for Health Care Services, Behavioral Health Services, and Senior and Disabilities Services.

In FY09, one in five Alaskans was enrolled in the state's Medicaid program. After slowing for several years, the annual change in enrollment (enrollment growth) increased by 2% in FY09. The number of persons receiving Medicaid benefits (beneficiaries) also increased in FY09, by over five percent.

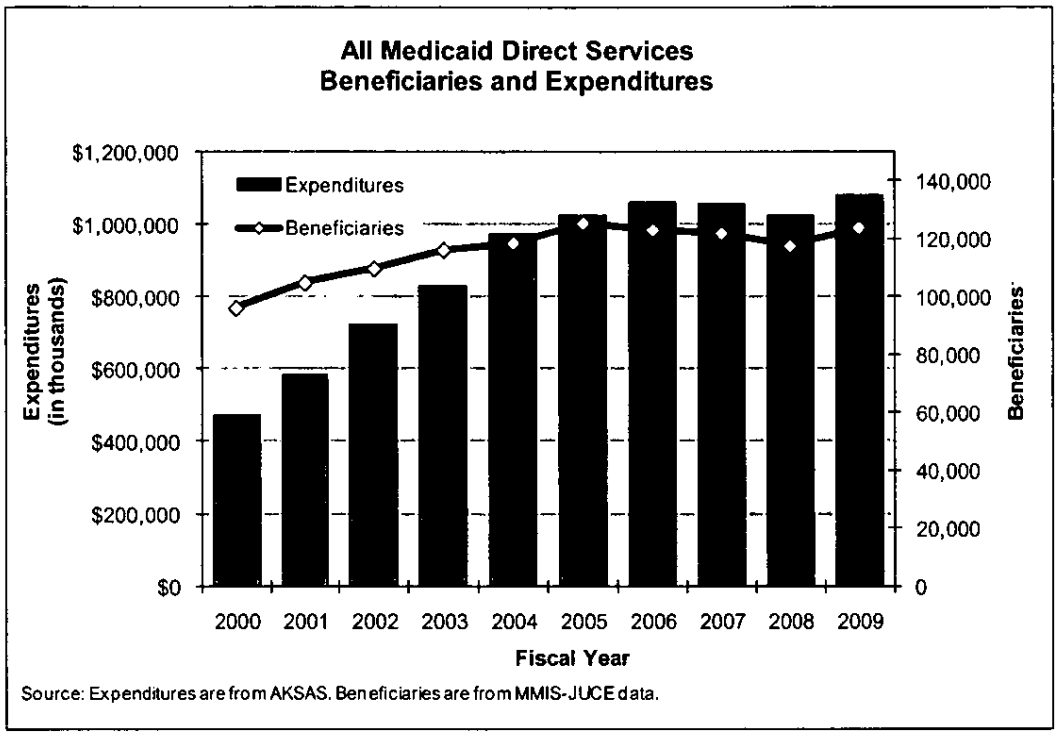
The majority, but not all, of enrollees receive benefits in a fiscal year. The ratio of enrollees to beneficiaries is called the participation rate. The participation rate has increased steadily from 87% in FY00 to 97% in FY09. The participation rate for FY09 is up by 3% from the 94% participation rate in FY08.

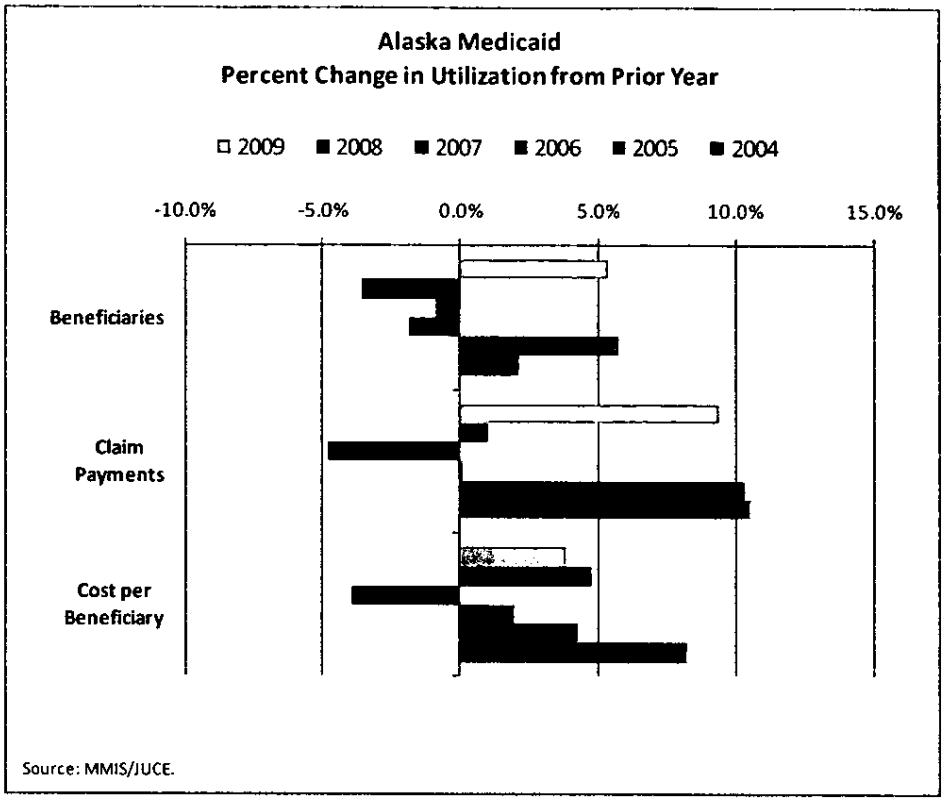
Participation in Medicaid

Fiscal Year	Alaska Population	Medicaid Enrollment	Medicaid Beneficiaries	Percent of Population Enrolled in Medicaid	Percent of Enrollees Receiving Benefits
2000	627,533	110,219	96,033	18%	87%
2001	632,091	116,226	104,730	18%	90%
2002	640,522	121,582	109,571	19%	90%
2003	647,773	126,632	116,008	20%	92%
2004	657,314	129,528	118,466	20%	91%
2005	664,060	131,136	125,318	20%	96%
2006	670,958	131,996	122,978	20%	93%
2007	676,987	128,295	121,864	19%	95%
2008	679,720	125,138	117,472	18%	94%
2009 *	691,354	127,944	123,791	19%	97%

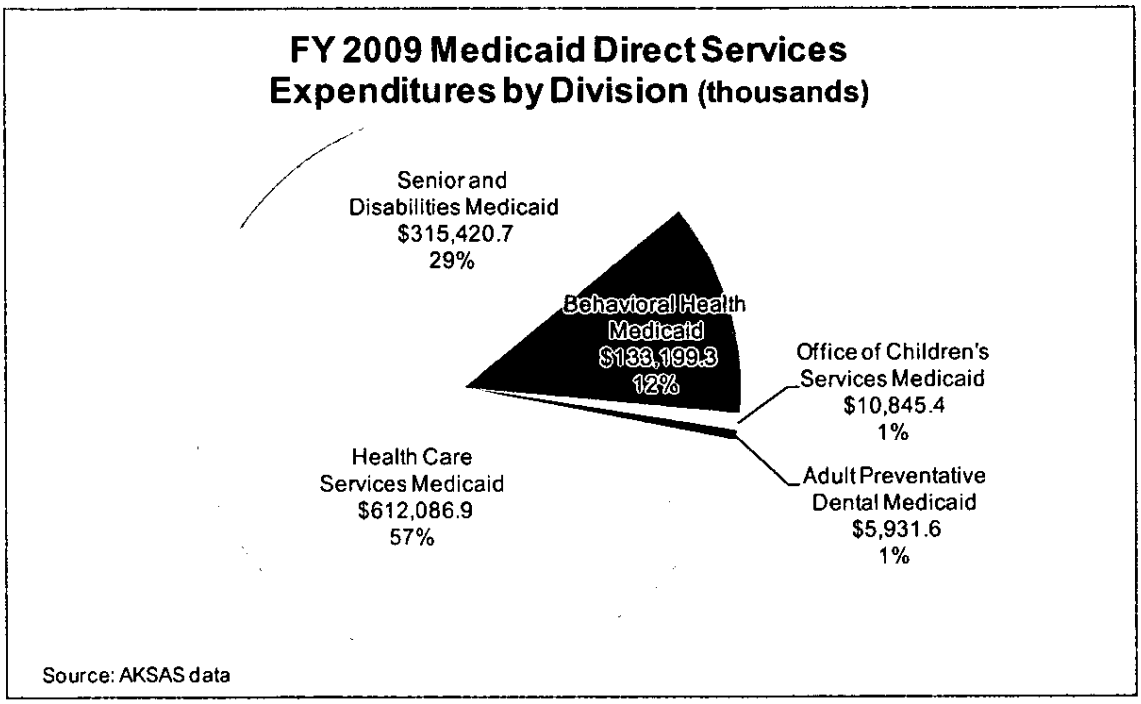
Source: Medicaid Budget Group (MMIS/JUCE) and AK Dept. of Labor and Workforce Development.
*Population is projected.
Enrollment and beneficiaries are unduplicated counts of individuals in each fiscal year.

The total cost of Medicaid direct and indirect services grew by 5% between FY08 and FY09. Costs for direct services (claims paid in FY09) increased by about 9% and the cost of direct services per beneficiary increased by almost 4%. The increase in expenditures from FY08 to FY09 was largely the result of increased enrollment due to the general economic climate and rate increases for some Medicaid services.





The majority of Medicaid expenditures are paid through the Medicaid Services component in the Division of Health Care Services, which funded 57% of the total costs for Medicaid direct services in FY09. The Senior and Disabilities Medicaid Services component provided long-term and home-based care services that accounted for 29% of total Medicaid direct services costs. The remaining 14% of expenditures were paid through the Behavioral Health Medicaid Services budget component (12%), Children's Medicaid Services budget component (1%) and Adult Preventive Dental Medicaid budget component (1%) in the Division of Behavioral Health, Office of Children's Services, and Division of Health Care Services, respectively.


FY 2009 Medicaid Direct Services Expenditures by Division (thousands)
Senior and Disabilities Medicaid $315,420.7 29%
Behavioral Health Medicaid $138,199.3 12%
Office of Children's Services Medicaid $10,845.4 1%
Adult Preventative Dental Medicaid $5,931.6 1%
Health Care Services Medicaid $612,086.9 57%
Source: AKSAS data

Medicaid Direct Services Expenditures by Division, FY09
(in thousands)

Total Medicaid Direct Services	$1,077,483.2
Health Care Services Medicaid	$ 612,086.9
Hospital Services	$ 239,407.3
Physician Services	$ 129,412.7
Pharmacy Services	$ 72,136.2
Dental Services	$ 33,673.7
Transportation	$ 50,445.7
Other Medicaid Direct Services	$ 45,561.9
Non-MMIS Services	$ 40,335.9
Medicaid Financing	$ 557.7
Medicaid (State-only)	$ 555.8
Adult Preventative Dental Medicaid	$ 5,931.6
Adult Preventative Dental	$ 5,931.6
Senior & Disabilities Medicaid	$ 315,420.7
Personal Care Services	$ 76,847.2
Nursing Homes	$ 80,515.6
Adults with Disabilities Waiver	$ 24,756.7
Children with Complex Medical Conditions	$ 9,909.1
Mental Retardation / Developmental Disabilities	$ 84,862.8
Older Alaskans Waiver	$ 38,280.3
Other Services	$ 249.1
Behavioral Health Medicaid	$ 133,199.3
Residential Psychiatric Treatment Centers	$ 44,263.4
Inpatient Psychiatric Hospitals	$ 16,897.2
General Mental Health Services	$ 72,038.8
Office of Children's Services Medicaid	$ 10,845.4
Behavioral Rehabilitation Services	$ 8,088.8
Behavioral Rehabilitation Services - BTKH	$ 2,756.6

Source: Medicaid Budget Group using AKSAS and ABS data.

Many beneficiaries receive services which are budgeted in more than one component since individuals, once enrolled, can receive any services for which they are eligible. For example, a beneficiary receiving mental health counseling paid from Behavioral Health Medicaid Services' budget can also get a flu shot paid from Health Care Services' Medicaid budget.

99% of all persons with paid claims for Medicaid services during FY09 received some benefits funded through Health Care Services Medicaid,
10% received benefits through Behavioral Health Medicaid Services,
6% received benefits provided by Senior and Disabilities Medicaid Services,
1% received benefits provided by Office of Children's Services Medicaid, and
1% received benefits provided by Adult Preventative Dental Medicaid.

FY 2009 DEPARTMENT LEVEL SUMMARY	MEDICAID CLAIMS AND ENROLLMENT							
	RECIPIENTS		PAYMENTS		COST per RECIPIENT per YEAR	ENROLLMENT		COST per ENROLLEE per YEAR
	Percent of Category	Annual Count	Percent of Category	Annual Total		Percent of Category	Annual Count	
Medicaid, Department Annual Totals		**123,791**		**$1,032,427,408**	**$8,340**		**127,944**	**$8,069**
Gender								
Female	56.8%	70,312	56.8%	$586,064,938	$8,335	54.9%	70,218	$8,346
Male	43.2%	53,520	43.2%	$446,362,470	$8,340	45.1%	57,777	$7,726
Unknown	0.0%	1	0.0%	$0	$0	0.0%		
Race								
Alaska Native	37.5%	46,770	37.3%	$385,325,840	$8,239	36.9%	47,671	$8,083
American Indian	1.6%	1,953	1.5%	$15,003,114	$7,682	1.6%	2,025	$7,409
Asian	6.0%	7,521	5.3%	$54,308,904	$7,221	6.9%	8,868	$6,124
Pacific Islander	3.1%	3,893	2.2%	$22,489,057	$5,777	3.2%	4,158	$5,409
Black	5.7%	7,065	4.4%	$45,637,560	$6,460	5.6%	7,178	$6,358
Hispanic	3.7%	4,600	2.3%	$23,911,655	$5,198	3.6%	4,709	$5,078
White	39.6%	49,447	44.1%	$455,384,278	$9,210	39.3%	50,812	$8,962
Unknown	2.8%	3,471	2.9%	$30,366,999	$8,749	2.9%	3,716	$8,172
Native	39.0%	48,800	38.8%	$400,432,447	$8,206	38.7%	49,667	$8,062
Non-Native	61.0%	76,460	61.3%	$633,390,430	$8,284	61.3%	78,661	$8,052
Age								
under 1	9.9%	13,535	8.8%	$90,946,051	$6,719	8.4%	11,526	$7,891
1 through 12	35.8%	48,871	15.1%	$155,930,592	$3,191	38.7%	53,021	$2,941
13 through 18	16.2%	22,166	15.3%	$157,753,758	$7,117	17.1%	23,428	$6,734
19 through 20	3.4%	4,587	2.5%	$25,670,113	$5,596	2.9%	4,033	$6,365
21 through 30	10.7%	14,617	11.6%	$119,362,590	$8,166	9.7%	13,288	$8,983
31 through 54	13.7%	18,763	21.4%	$221,011,251	$11,779	13.2%	18,109	$12,204
55 through 64	3.8%	5,233	8.7%	$89,436,641	$17,091	3.6%	5,000	$17,887
65 through 84	5.4%	7,364	12.1%	$125,223,393	$17,005	5.4%	7,444	$16,822
85 or older	1.0%	1,359	4.6%	$47,093,019	$34,653	0.9%	1,294	$36,393
Benefit Group								
Children	61.4%	77,627	34.7%	$357,946,514	$4,611	63.8%	82,516	$4,338
Adults	18.8%	23,812	12.3%	$127,202,503	$5,342	17.0%	21,959	$5,793
Disabled Children	1.9%	2,399	5.5%	$57,146,913	$23,821	1.7%	2,215	$25,800
Disabled Adults	12.0%	15,214	32.6%	$336,494,020	$22,117	11.8%	15,255	$22,058
Elderly	5.9%	7,416	14.9%	$153,637,458	$20,717	5.8%	7,467	$20,576

Payment amounts are net of all claims paid during the fiscal year. Because amounts do not reflect payments for Medicaid services made outside of the Medicaid Management Information System (MMIS) such as lump sum payments, recoveries, or accounting adjustments, dollar amounts may not tie exactly to amounts in the state accounting system.

Enrollment: Number of persons eligibile for Medicaid and enrolled for at least 1 month during state fiscal year 2009. Counts are unduplicated on the Medicaid recipient identifier at the department and group level (gender, race, age,and benefit group categories). Some duplications may occur between subgroup counts. For example, an infant with a September birthdate would count in the under 1 age subgroup based on enrollment activity between July and September but would also be counted in the 1 through 12 age subgroup based on enrollment activity between October and June.

Recipients: Number of persons having Medicaid claims paid or adjusted during state fiscal year 2009 (service may have been incurred in a prior year). Grouping is based on status on the date when benefit (service) was provided. Counts are unduplicated on the Medicaid recipient identifier at the department and group level (gender, race, age, and benefit group categories). Some duplications may occur between subgroup counts. For example, if a 12 year old child with a September birthdate obtained vision services in August, they would be included in the 1 through 12 age group fiscal year count if that claim was processed for payment anytime before June 30, 2009. If they obtained dental services again in December 2008, they would also be included in the 13 through 18 age subgroup count if the claim was paid anytime before June 30, 2009.

Participation: The cost per recipient (the cost per peson actually accessing care) and the cost per enrollee differ due to the percentage of persons eligible and enrolled during the year that also accessed benefits (participation). Participation is typically over 90%. Because claims data is summarized here based on the claims processing cycle rather than on the claim date of service, the recipient count includes some persons that were enrolled and

Explanation of FY11 Medicaid Operating Budget Requests

For FY11, the department request for Medicaid services includes a $34.7 million increase in General Funds, a $32.8 million increase in Federal funds, and a $3.9 million decrease in Other Funds. Enhanced federal participation authorized through the ARRA legislation is projected to continue at current levels through FY11.

		FY10 Mgmt Plan	FY11 Proposed	10 to 11 Change
Total All Medicaid Services	General Funds	$371,805.2	$406,500.0	$34,694.8
	Federal Funds	$787,605.5	$820,417.1	$32,811.6
	Other Funds	$17,041.4	$13,138.9	-$3,902.5
	Total	**$1,176,452.1**	**$1,240,056.0**	**$63,603.9**
Behavioral Health Medicaid Services	General Funds	$49,540.9	$54,974.1	$5,433.2
	Federal Funds	$90,771.4	$95,373.5	$4,602.1
	Other Funds	$2,217.5	$2,217.5	$0.0
	Total	$142,529.8	$152,565.1	$10,035.3
Children's Medicaid Services	General Funds	$7,139.0	$5,396.5	-$1,742.5
	Federal Funds	$8,914.3	$8,165.9	-$748.4
	Other Funds	$0.0	$0.0	$0.0
	Total	$16,053.3	$13,562.4	-$2,490.9
Adult Preventative Dental Medicaid Services	General Funds	$2,416.8	$2,873.2	$456.4
	Federal Funds	$4,871.6	$5,319.6	$448.0
	Other Funds	$0.0	$0.0	$0.0
	Total	$7,288.4	$8,192.8	$904.4
Health Care Medicaid Services	General Funds	$182,938.4	$198,268.6	$15,330.2
	Federal Funds	$460,689.2	$476,055.8	$15,366.6
	Other Funds	$11,071.7	$7,169.2	-$3,902.5
	Total	$654,699.3	$681,493.6	$26,794.3
Senior and Disabilities Medicaid Services	General Funds	$129,770.1	$144,987.6	$15,217.5
	Federal Funds	$222,359.0	$235,502.3	$13,143.3
	Other Funds	$3,752.2	$3,752.2	$0.0
	Total	$355,881.3	$384,242.1	$28,360.8

Source: Medicaid Budget Group Using Alaska Budget System data.

	General Funds	Federal Funds	Other Funds	Total
Total All Change Records for Medicaid Services	**$34,694.8**	**$32,811.6**	**($3,902.5)**	**$63,603.9**

Transfers to Other Components and Reduction of Excess Authority (OCS, HCS)

($3,742.5) ($2,748.4) ($4,000.0) ($10,490.9)

The department can adjust its authorization this year to reflect the current state of the Medicaid program and the services provided. This includes a decrease in interagency receipts authority related to the discontinued ProShare program, the transfer of GF and Federal funds to Public Health Nursing for Medicaid administrative claiming, the removal of excess federal authority from OCS, and the transfer of non-Medicaid eligible costs to Residential Child Care.

Medicaid Growth (DBH, HCS, SDS)

$36,203.5 $35,407.5 $0.0 $71,611.0

One in five Alaskans is enrolled in Medicaid in any given year. In an average week, 25,500 Alaskans receive some level of medical care that costs the Medicaid program $17-25 million in benefit payments made to 2,100 health care providers. The Medicaid budget is based on the projections of the number of eligible Alaskans who will access Medicaid funded services, the estimates of the quantity of services that may be used, and the anticipated changes in the costs of those services.

Enhance Medicaid Dental Prevention Benefits (HCS)

$200.0 $0.0 $0.0 $200.0

This increment will support the department's continuing efforts to provide dental care for non-Medicaid covered services. These services include: dentures, crowns, cleanings, routine dental exams, and other preventive services. Outreach to the dental provider community, as well as an increase in dental reimbursement rates in both FY09 and FY10, has resulted in increased participation by dental providers. In addition, both overall costs and the total number of individuals served have increased. The number of beneficiaries utilizing dental services saw an increase during FY09 of 9.3%, and the annual average cost per beneficiary rose by 17.5%.

Improve Medicaid Tobacco Cessation Services (HCS)

$0.0 $152.5 $97.5 $250.0

This increment will be used to modify the Medicaid tobacco cessation service coverage so that Medicaid-covered services are more effectively coordinated with the efforts of the Tobacco Quit Line, the American Lung Association, and tribal efforts. This funding will also be used to assist public education and to partner with other advocacy groups to deter young kids from starting to smoke or chew tobacco products. While quantifiable and standardized measures are still in the discussion phase and have to be agreed upon, they could include reduced Medicaid payments addressing secondary conditions associated with smoking as well as the reduced effects of maternal smoking on newborns.

Transfer General Fund from Alaska Pioneer Homes for Medicaid Match Payment (SDS)

$2,033.8 $0.0 $0.0 $2,033.8

The division currently receives GF match related to Residential Assisted Living Medicaid Waiver receipts as inter-agency receipts through reimbursable service agreements with the Alaska Pioneers Home division. Transferring the GF match to the Senior and Disabilities Medicaid Services component will increase efficiency and reduce paperwork by placing the general fund in the budget of the division responsible for making the match payment.

Priority Programs - Key Performance Indicators

(Additional performance information is available on the web at http://omb.alaska.gov/results.)

Vulnerable Populations

- ⬇ Preliminary data for 2008 indicates an Alaska suicide death rate of 24.6 suicides for all ages per 100,000 population. This rate is more than double the stated target of 10.6.
- ⬇ The target to decrease the rate of substantiated allegations of child maltreatment in Alaska was not met in FY09, as there was a 1.6% increase in the rate of maltreatment per 1,000 children from FY08 to FY09.

Substance Abuse

Substance abuse affects every family and community in Alaska. Through public/private partnerships and departmental strategies DHSS will help to prevent, intervene, treat and assist recovery from substance abuse among Alaskans. Key indicators are being developed.

Long-Term Care

- ⬆ In FY09, the medication error rate decreased to .13% comparing favorably with the target medication error rate of less than one percent.
- ➡ In FY09, the rate of Pioneer Homes resident falls resulting in a major injury (sentinel event injury rate) was 2.7%, exceeding the 2% target rate, but in line with past performance on this measure.

Health and Wellness

- ➡ In 2007, 70% of two year olds were fully immunized, which was below the 80% target rate, but slightly above the 67% in FY06. Alaska ranked 45th in the country for fully immunized two year olds.
- ➡ In 2007, 90% of persons with tuberculosis (TB) completed adequate treatment; this was in line with prior year performance. This was below the target rate of 95% primarily due to some difficult cases.
- ⬇ The 2007 death rate caused by unintentional injuries was 57.3 per 100,000 population, above the 50/100,000 target and representing a nearly 10% increase from the 2006 rate. The rate dropped by 12% from 2002 to 2006.
- ➡ The adult obesity rate was 27.9% in 2008, below the 28.2% in 2007. However, this was higher than the 26.6% national average and did not meet the 18% target rate.
- ➡ The post-neonatal death rate for 2008 was 3.0 per 1,000 live births, above the target of 2.3 per 1,000 live births, but below the rate of 3.3 per 1,000 in 2007.
- ⬆ There has been a 51% decline in youth smoking over 12 years, bringing the 2007 prevalence rate of 18% within 1 percentage point of the 17% target.

Health Care Reform

- ⬆ From FY08 to FY09 the Division of Health Care Services realized an increase in GF recovery of 14%, exceeding the 2% target increase.
- ⬆ Indian Health Services (IHS) Medicaid participation increased by 9% in expenditures from FY08 to FY09. This exceeded the 5% target increase.

Bring the Kids Home (BTKH)

What is Bring the Kids Home (BTKH)? From 1998-2004, out-of-state placements of children with severe emotional disturbances in residential psychiatric treatment centers (RPTC) grew by nearly 800% with no expectation that this trend would change without intervention. The Alaska Mental Health Trust Authority and DHSS organized a stakeholder group to plan, fund, implement and monitor the BTKH initiative. The goal was to develop an in-state system to serve children as close to home as possible and with the family guiding care. Significant progress has been made and FY10 was selected as the target date to end the BTKH initiative, assuming sufficient resources and adequate progress.

How much Progress Has Been Made? Use of out-of-state RPTCs has decreased greatly: admissions are down by 85.4% from 752 to 110 from the high year, FY04. Total yearly recipients are down by 57.6% from 749 to 318.

Use of in-state RPTC has increased: in-state recipients represented only 22.4% of the total RPTC population during FY04 (216 youth) but were 54.3% for FY09 (378 youth). There has been a steady decline in recidivism to RPTC: the recidivism rate dropped from 20% in FY04 to 4% in FY09.

Medicaid expenditures for out-of-state RPTC decreased by 51.3% between FY06 and FY09 ($40 M to $19.48 M). In-state RPTC Medicaid expenditures increased by 739% from FY98 to FY09 ($2.82 M - $20.87M).

What is Working? General funds, MHTAAR and Medicaid have been invested into in-state care. RPTC beds increased from 123 to 186 and lower level beds (residential treatment and therapeutic group/foster homes) went from 530 to 776. These new beds serve youth diverted from out-of-state.

Community behavioral health start-up grants have expanded non-residential services. Examples include sub-acute crisis stabilization, school supports, best practices for children with co-occurring disorders, and expanding mental health Medicaid access to new communities and new providers.

In addition, resource facilitation mechanisms have been established: State staff identify in-state resources and negotiate system gaps while contractors provide gate keeping, peer navigation and coordination. These services help to divert and step children down from residential and RPTC care.

An Individualized Service Agreement (ISA) flexible funding pool was established to pay for services to stabilize a child in the community which are not available through Medicaid, insurance, grants, etc. As ISA use has expanded, RPTC placements have dramatically decreased.

What are the Remaining Priorities? The state needs a system that can serve children with behavioral health problems and their families in communities across Alaska. In order to achieve this, we are *expanding successful strategies* statewide, *addressing funding gaps* and *shifting funding* to programs that reach children and families earlier and prevent severe disturbances.

Expanding Successful Strategies:
BTKH community behavioral health grants are developing in-state capacity to serve children with intensive needs and their families. During FY09 BTKH grantees accepted 41 children from out-of-state RPTC, diverted 129 from out-of-state RPTC and accepted 219 from more restrictive in-state care. However, some communities/regions have not applied for or received BTKH grants yet and have limited behavioral health capacity (Nome, Barrow, Valdez, Petersburg, Wrangell, Aleutians, Pribilofs, etc). Also, some BTKH projects are in a pilot phase and need to be expanded (family therapy, wraparound, etc).

During FY10, DHSS developed training modules and technical assistance targeting behavioral health services to increase revenues and reverse the trend of low billing and reimbursement: between FFY07 and FFY08 tribal Medicaid payments for mental health and substance abuse services decreased by 10.27%. Expansion of tribal behavioral health services will allow increased access to culturally competent care while capturing 100% federal match for services through tribal health organizations. The FY11 budget contains increments for this effort.

Another priority is to improve DHSS capacity to provide technical assistance and training. FY10 MHTAAR funds supported DBH to provide training to providers to expand family therapy services and to improve outcomes. The FY11 budget maintains the MHTAAR funding level for this effort.

Addressing funding gaps:
While ISAs are an effective strategy to divert youth from residential care, 27 eligible providers are not yet using ISA. Also, youth with a primary substance use disorder do not yet have access to ISA. For FY09 less than 1% of ISA recipients were subsequently admitted to an RPTC (5 out of 506). Additional funding is included in the FY11 budget to expand ISA use.

Youth with behavioral disorders transitioning to adulthood encounter service gaps and show poor outcomes: involvement with justice systems, mental health and substance abuse problems, unplanned pregnancy and homelessness. Covenant House Alaska reports that, of 627 youth who completed a FY09 intake assessment, 80% were mental health beneficiaries (501 youth). Within their Crisis Center, 34% of the youth reported a history of residential mental health treatment (65 youth). The FY11 budget contains increments for this effort.

Peer navigation services are limited in Anchorage, Mat-Su, Fairbanks, Juneau and Kotzebue, and are very sparse elsewhere. Peer navigation provides support, parenting classes, and resource facilitation. For FY08 and FY09, over 90% of the youth served who were at risk of out-of-home placement were able to remain in their own communities. Peer navigation can only be partially funded via Medicaid. The FY11 budget maintains the MHTAAR funding level for this effort.

Shifting funding to intervene earlier:
Alaskan stakeholders have identified service gaps for young children with behavioral health problems and their families: few clinicians are qualified to work with young children and early learning settings often expel children with behavioral challenges. The "Adverse Childhood Experiences Study" (which can be found at www.cdc.gov/NCCDPHP/ACE/index.htm) found that children exposed to traumatic experiences were more likely to engage in substance abuse, promiscuity, and suicide attempts and to experience mental illness, heart disease, cancer, and stroke.

Three BTKH projects are aimed at reducing traumatic experiences and intervening earlier. One project provides mental health consultation for young children in early care settings. A second provides a mental health clinician to work with professionals serving young children. Each will reduce the number and impact of traumatic events that impact children's development. A new FY11 project will provide foster parent and parent training and intensive family preservation. Intervening earlier can reduce the need to take children into custody and thus reduce trauma and costs. All three of these projects need FY11 funding to expand beyond the pilot phase and impact families statewide.

BTKH graphs are included in the chapter for the Division of Behavioral Health.

Families First

Families First is a service delivery strategy to increase collaborative services for families who are accessing services from multiple Health and Social Services providers. Families First facilitators are located in Kenai, Sitka, Anchorage, Wasilla, Nome and Fairbanks. These staff are responsible for coordination of efforts within their regions. DHSS offices of Public Assistance, Children's Services, Behavioral Health and Juvenile Justice are partners in Families First and share an abundance of families concurrently accessing many or all of our services. By working as a team, these partners give families a better opportunity to achieve their goal of becoming self-sufficient.

DHSS developed the Families First service delivery strategy to provide collaborative, community-based services, supports, and resources to families to help them become self-sufficient. Employment is the focus of this family-centered approach, and it relies on the creative and efficient use of family, community, and multi-agency resources. In addition to promoting the best possible outcomes for families, these services create opportunities for service providers to work together and work efficiently by making the best use of private and public resources. Many families who will benefit from this approach have complexities in their lives that make it difficult for them to compete in a labor market driven work search.

This approach focuses on solutions to help families be successful. Families frequently find themselves being "shuffled" among and between multiple government, private and non-profit community agencies. Families often report that they have difficulties meeting the expectations of multiple agencies from whom they receive services. This puts families in a difficult situation, because when they can't meet the expectations of an agency, they could very well lose their assistance.

Addressing this problem shines the light on a key aspect of Families First: teams made up of staff from multiple agencies gather in a collaborative meeting with the family to get a holistic view of their needs. The team approach includes learning about the family's daily lives to learn their needs, complexities, strengths and skills. The family is involved in all conversations and decision making. An important facet of this approach is that families engage in this process more strongly when their voice is heard and respected. Gathering this initial information is an important part of creating a family profile, which helps lay the ground work for delivering services and is the beginning of a plan for self-sufficiency.

National studies show that implementing wrap-around services has increased positive outcomes for families. By developing collaborative interdisciplinary service teams to help families identify critical issues and to create plans or strategies to mitigate challenges, families are able to make incremental advances towards self-sufficiency and improved family stability.

The Office of Children's Services' Family-to-Family program exemplifies this course of action as a core program component as the family and natural supports along with agency staff are involved in placement decisions for their children. The use of a coordinated team approach will establish reasonable performance expectations for families.

The primary purpose of Families First is to help families become self-sufficient. DHSS Families First uses "customized employment," a proven employment model for people with significant

disabilities. Customized employment is a blend of services designed to increase employment options for individuals with significant barriers to employment. The process discovers the strengths, skills, needs and interests of the job seeker. The team works with the job seeker to identify potential work sites. The team's Job Developer works with the management at the identified work site to determine if there are unmet needs to which the job seeker can contribute for a mutually beneficial outcome. The parties work together to negotiate a new job description. The goal of this "customization" is a meaningful employment relationship where both parties get their needs met. The model has been successfully implemented in Alaska by the Department of Labor and Workforce Development as part of a national initiative to promote employment for people with disabilities.

Alaska is moving forward to expand the Families First approach, and is hosting Families First trainings across the state for government, non-profit and community partners starting January 2010.

FY11 Capital Project Requests

Capital		FY11 Capital Funding Request (In thousands)			
DHSS Initiatives/ Divisions	***Project Titles***	***GF***	***Fed***	***Other***	***Total***
Vulnerable Alaskans					
Juvenile Justice	Johnson Youth Center Renovation and Remodel to Meet Safety and Security Needs -Phase I	9,880.0			9,880.0
Pioneer Homes	Pioneer Home Deferred Maintenance, Renovation, Repair and Equipment	4,000.0			4,000.0
Department Support Services	Non-Pioneer Home Deferred Maintenance, Renovation, Repairs and Equipment	3,000.0	20.0		3,020.0
	*Mental Health Deferred Maintenance and Accessibility Improvements	500.0			500.0
	*Mental Health Home Modifications and Upgrades to Retain Housing	500.0		550.0	1,050.0
	*Mental Health Housing – Pre-development, Anchorage Assets Building	500.0			500.0
Capital Budget Totals		**18,380.0**	**20.0**	**550.0**	***18,950.0***

These projects are included in the mental health bill.

* Susan Klein from the University Community Council wants you to support this bill.

2/2/10 OVERVIEWS: DEPARTMENT OF LAW, ALASKA COURT SYSTEM

<target><bill></bill><subject>2-2-10 OVERVIEWS DEPARTMENT OF LAW, ALASKA COURT SYSTEM)</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Tuesday, February 2, 2010

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 302 APPROP: MENTAL HEALTH BUDGET

FY11 Governor's Budget Overviews:

Department of Law

Presenters:
Daniel S. Sullivan, Attorney General
Richard Svobodny, Deputy Attorney General, Criminal Division
Craig Tillery, Deputy Attorney General, Civil Division

Alaska Court System

Presenter:
Chris Christensen, Deputy Administrative Director

Available via teleconference:
Rhonda McLeod, Chief Financial Officer
Questions Only

STATE OF ALASKA

Sean Parnell, GOVERNOR

DEPARTMENT OF LAW

ADMINISTRATIVE SERVICES DIVISION

P.O. BOX 110300
ASSEMBLY BLDG., SUITE 205
JUNEAU, ALASKA 99811-0300
PHONE: (907)465-3673
FAX: (907)465-5419

I. DEPARTMENT OVERVIEW

- DOL employees 283 lawyers and 278 support staff
- Total budget: FY11 - $86.9 million; FY10 - 85.4 million
- GF budget: FY11 - $57.3 million; FY10 - $56.3 million
- DOL offices: Anchorage, Barrow, Bethel, Dillingham, Fairbanks, Juneau, Kenai, Ketchikan, Kodiak, Kotzebue, Nome, Palmer, and Sitka.

II. DEPARTMENT'S CORE SERVICES

A. Protecting the Safety and Physical and Financial Well Being of Alaskans

B. Fostering the Conditions for Economic Opportunity and Responsible Development and Use of Our Natural Resources

C. Protecting the Fiscal Integrity of the State

D. Promoting and Defending Good Governance

III. BUDGET ALLOCATION OF DEPARTMENT'S CORE SERVICES

	GF	FED	OTH	TOTAL	% GF
Protecting Alaskans	36,666.2	1,496.1	10,603.4	48,765.7	64.0%
Fostering Economic Opportunity and Resource Development	3,868.3	33.1	3,274.6	7,176.0	6.7%
Protecting Fiscal Integrity	12,907.5	33.1	9,843.7	22,784.3	22.5%
Promoting Good Governance	3,887.6	33.1	4,271.7	8,192.4	6.8%
FY2011 GOV. BUDGET	**57,329.6**	**1,595.4**	**27,993.4**	**86,918.4**	**100.0%**

IV. RETURN ON INVESTMENT

- Department's ROI based on entire budget: 6 to 1.
- Department's ROI based on general fund: 10 to 1.
- Civil Division sections that generate revenue ROI: 35 to 1.

V. LITIGATION UPDATE

- Mercer
- Cruise Ship
- Carlson
- BP Corrosion

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I. DEPARTMENT OF LAW'S MISSION

The mission of the Alaska Department of Law is to protect Alaska's citizens and provide ethical, effective legal services to state government for the benefit of Alaskans.

II. DEPARTMENT OVERVIEW

- DOL employs 283 lawyers and 278 support staff
- Total budget: FY11 - $86.9 million; FY10 - 85.4 million
- GF budget: FY11 - $57.3 million; FY10 - $56.3 million
- DOL offices: Anchorage, Barrow, Bethel, Dillingham, Fairbanks, Juneau, Kenai, Ketchikan, Kodiak, Kotzebue, Nome, Palmer, and Sitka.

III. DEPARTMENT'S CORE SERVICES

A. Protecting the Safety and Physical and Financial Well Being of Alaskans
B. Fostering the Conditions for Economic Opportunity and Responsible Development and Use of Our Natural Resources
C. Protecting the Fiscal Integrity of the State
D. Promoting and Defending Good Governance

IV. BUDGET ALLOCATION OF DEPARTMENT'S CORE SERVICES

Operating Budget

TOTAL OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	$56,275.3	$3,881.3	$25,201.0	$85,357.6	553	7	0
FY2011 GOVERNOR'S TRANSACTIONS	$1,054.3	($2,285.9)	$2,792.4	$1,560.8	2	-1	0
TOTAL FY2011 GOVERNOR'S BUDGET	**$57,329.6**	**$1,595.4**	**$27,993.4**	**$86,918.4**	**555**	**6**	**0**

V. SELECTED OVERVIEW OF DEPARTMENT'S CORE SERVICES PERFORMANCE

A. Protecting the Safety and Physical and Financial Well Being of Alaskans

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The Department protects Alaskans' safety and their physical and financial well being by prosecuting criminals, protecting children, and enforcing consumer protection laws; providing legal services to state agencies protecting public health; and prosecuting occupational license cases and state environmental laws.

Protecting Alaskans' Priority Program Budget

TOTAL OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	$33,762.5	$3,782.0	$10,358.1	$47,902.6	374	6	0
FY2011 GOVERNOR'S TRANSACTIONS	$2,903.8	($2,285.9)	$245.3	$863.2	3	-1	0
TOTAL FY2011 GOVERNOR'S BUDGET	**$36,666.3**	**$1,496.1**	**$10,603.4**	**$48,765.8**	**376**	**5**	**0**

Results of Current Capacity

- ↑ 43% of crimes of sexual abuse of children were resolved with a felony conviction, as compared to 41% the previous year.
- ↑ In FY 2009, the amount ($2.7 million) in total restitution collections increased over 35% compared to the amount collected in FY 2008.
- ↑ The number of consumer protection investigations and prosecutions increased 41% in FY 2009 over the prior fiscal year, resulting in civil penalties, attorney's fees and costs in the amount of $2.3 million.
- → 11% of violent felony crimes accepted for prosecution were resolved with a conviction that was not reduced to a lower level felony, remaining unchanged from the previous year.
- ↑ The number of paralegal assistants who have been provided yearly training in general victim-related issues grew to 33 in FY 2009, an increase of 3 over the prior year and continuing a positive trend.

Detailed Results of Current Capacity

1. Criminal Prosecutions

   - *Total number of prosecutions and convictions* (year to date):

     Felony cases accepted for prosecution: 5,365

     Felony cases resulting in felony offense convictions: 1,866

     Felony cases resulting in misdemeanor offense convictions: 1,709

Misdemeanor cases accepted for prosecution:	20,992
Misdemeanor convictions:	14,709

- *Appeals.* DOL represented the state in 468 criminal appeals.

2. Child Protection and Child Support

- *Child Protection.* The value of the services provided by the Department in protecting Alaska's children cannot be measured in dollars, but rather quantified only through numbers of children placed into better home situations. The Department participated in 2,526 matters where the welfare of a child was at issue. The Alaska Supreme Court issued decisions in 19 appeals involving termination of parental rights. The court affirmed trial courts' decisions terminating parental rights in all 19 cases. In support of this work the Department expended $5,236,121.

- *Child Support.* The child support unit in the Department is vital to the successful collection of child support in Alaska and helps Alaskan families. Overall, the child support unit handled over 1,600 child support cases.

3. Consumer Protection

- *Consumer Protection.* As a result of our participation in multistate consumer protection efforts or from consumer protection matters initiated locally, we received civil penalties, attorney's fees and costs in the amount of $2.3 million at a cost of approximately $1 million.

- *RAPA.* The Department's work in regulatory affairs benefits the state's citizens by ensuring that matters involving regulated utilities before the Regulatory Commission of Alaska, such as rate changes or changes in service, take the public interest into account. The approximate value to ratepayers of quantifiable instances of advocacy by the Public Advocate is $ 4.026 million. To achieve this result the Department spent about $1.5 million.

4. Environmental Protection

- *Environmental Penalties.* The Department collected $2.28 million in penalties related to violations of state environmental laws. We also obtained cleanup agreements with polluters with an estimated value of

$4.88 million. To obtain these benefits for the state, the Department expended $1.7 million.

- *Note*: the monetary value, which is significantly lower than past years, is an anomaly. The Department was forced to divert resources away from the environmental section to address the large number of public records requests. The state generally receives between $5 - $10 million in fines and clean-up agreements.

5. Strengthen Social Safety Net

- *Serving the Vulnerable.* The Department spends considerable time ensuring that the state's social safety net remains secure. For example, the Department handled over 100 guardianships and approximately 250 mental commitments statewide. The Department also advised agencies in approximately 260 cases related to assisted living homes, foster homes, and residential childcare facilities.

6. Regulation of Business

- *Licensing cases.* The Department provides legal services to various state agencies that directly protect public health, safety, and the environment by prosecuting licensing and discipline cases for many of the occupational license professions.

FY2011 Change in Capacity

1. Fund Source Change for Sexual Assault Grants

- In the next twelve months, the three federal grants that employ approximately 17 prosecutors and staff are expiring. Twelve of these positions are exclusively devoted to prosecuting sexual assault or domestic violence while the remainder prosecute primarily sexual assault and domestic violence crimes. Substituting a new funding source will allow the department to continue to fund additional attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases.

2. Coordinator to Address Sexual Assault

- The Governor's Sexual Assault and Domestic Violence 10 Year Plan requests the creation of a coordinator position to oversee and implement this initiative. The coordinator's exclusive charge will be

finding ways to end the state's sexual assault and domestic violence epidemic. To achieve this goal, the coordinator will focus on prevention, education, law enforcement, public safety, victim services and offender treatment.

3. Kenai Child Protection Attorney

- The one AAG now located in Kenai currently carries a caseload of 170 children. In addition there are up to 40 children's cases in Homer that should logically be handled from Kenai, but are now handled out of Anchorage as a stopgap measure.

B. Fostering the Conditions for Economic Opportunity and Responsible Development and Use of Our Natural Resources

The Department fosters the conditions for economic opportunity and responsible development of the State's natural resources by defending agency actions that are designed to facilitate economic development and by intervening in lawsuits where natural resource activities are threatened.

Economic Opportunity Priority Program Budget

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	$3,807.1	$33.1	$3,398.0	$7,238.2	43	0	0
FY2011 GOVERNOR'S TRANSACTIONS	$61.2	0	($123.3)	($62.1)	0	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**$3,868.3**	**$33.1**	**$3,274.7**	**$7,176.1**	**43**	**0**	**0**

Results of Current Capacity

- ⬆ The Department successfully defended the permits for the operation of the Kensington Mine before the U.S. Supreme Court, preserving hundreds of jobs.
- ⬆ The State participated in 100% of cases involving mineral development and exploration permitting decisions in 2009, compared to participation only on the Kensington Mine and Cook Inlet coal prospect cases in the previous year.

Detailed Results of Current Capacity

1. Creating Economic Opportunities Through the Law

- *AGIA*. The Department is a key player on the gasline team.
- *OCS*. The Department is fully engaged in all aspects of the state's OCS strategy – legislation, public advocacy, and engagement with the federal government.
- *Point Thomson*. DNR's decision to default the Point Thomson's unit has forced Exxon to commit to a $1.2 billion development plan. Prior to the litigation, Exxon refused to commit to any development. The state also collected $21 million in penalties and forced Exxon to relinquish 8 leases
- *ESA*. The Department has challenged the listing of the Polar Bear as a threatened species, and is reviewing the Beluga listing. The Department anticipates a large influx in ESA cases since many species may be listed in the near future. Endangered species listings can have severe impacts on the economy of the area where they are found.
- *DOT*. Transportation and infrastructure is a key to economic development in Alaska. The Department's work on transportation issues serves as everyday invisible grease on the wheels of Alaska's infrastructure. Alaska's airports, highways, ferries, and public buildings make commerce and safe movement of Alaskans possible.

2. Supporting Alaskan Businesses and Economic Development

- *Kensington*. The Department's intervention and appeal work played a key role in defeating legal challenges to federal permits for the Kensington Mine project.
- *OCS Exploration.* In *Native Village of Point Hope et. al v. MMS et. al.,* environmental groups sought to enjoin Shell and BP's OCS seismic surveys. The State intervened and played a key role in defeating plaintiffs' request for injunctive relief.
- *Commercial Fishing*. In the *Village of Kasaan v. Alaska Board of Fisheries* case, we successfully defended against a TRO that would have shut down commercial Dungeness crab fishing in the Ketchikan area, resulting in lost commercial fishing opportunity worth at least $100,000 to $200,000.

- *Timber Sales.* We are participating in negotiations to settle an appeal of the Logjam timber sale in the Tongass brought by environmentalists. If successful at resolving the matter favorable, we will have helped save 55 jobs at Viking Lumber.

FY2011 Change in Capacity

1. Endangered Species Act

- The Department anticipates legal work involving issues under ESA to significantly increase over the next three years. The most cost-effective way to respond to this need is to obtain an additional Assistant Attorney General. We have challenged the listing of the Polar Bear as a threatened species and are reviewing the Beluga listing. We also anticipate a large influx in ESA cases since many species may be listed in the near future. Endangered species listing can have severe impacts on the economy of the area where they are found.

- Additional resources are necessary so the Department can increase the State's involvement in federal notice-and-comment rulemaking, which enables the state to potentially influence listing petitions, the designation of critical habitat, and creation of habitat conservation plans, and recovery plans.

C. Protecting the Fiscal Integrity of the State

The Department protects the fiscal integrity of the State by ensuring payments of taxes and royalties, recovering monies owed to the state, protecting the State's investments and defending against monetary claims filed against the state.

Fiscal Protection Priority Program Budget

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	$14,835.4	$33.1	$7,221.6	$22,090.1	90	1	0
FY2011 GOVERNOR'S TRANSACTIONS	($1,927.8)	0	$2,622.1	$694.3	-1	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**$12,907.6**	**$33.1**	**$9,843.7**	**$22,784.4**	**89**	**1**	**0**

Results of Current Capacity

- The State prevailed at the Federal Energy Regulatory Commission hearing on the TAPS tariff. The case is presently on appeal before the U.S. Court of Appeals for the D.C. Circuit.
- Settlements and awards from cases related to oil and gas taxes and royalties generated $530.0 million for the State.

1. Ensuring Payment of Taxes and Royalties

   - *Oil & Gas.* The Department handles a variety of cases relating to the obligations of oil and gas entities in the state to pay taxes and royalties. Settlements or awards from these cases generated for the state more than $530 million. To obtain these monies the state expended only $11 million (including the cost of both in-house and outside counsel).

2. Recovery of Monies Owed to the State

   - *BP Corrosion.* The department assisted DEC in the investigation of the 2006 BP pipeline spills and shutdowns due to corrosion. The department filed a lawsuit against BPXA in March 2009 seeking recovery of penalties and lost tax and royalty revenue potentially in excess of $1 billion.

   - *Collections.* The state benefits from the Department's collections unit and gets a hefty return on its investment. The unit collected over $14 million. Of that amount, about $11-$12 million resulted from garnishment of the debtor's PFD — funds that most likely would not have been recovered but for the effort of the collections unit. The collections unit does all of this with only eight employees at a cost to the state of $687,716.

   - *Medicaid.* The Department also has a significant role in ensuring that limited monies available for Medicaid programs are properly spent. The Department recovered over $1 million for Medicaid subrogation and estate and trust recovery claims. This work is handled by one attorney at a cost to the state of $176,749

3. Protecting State Investments and Accounts

   - *Mercer.* The Department investigated and worked with outside counsel to file and litigate a large actuarial malpractice case seeking recovery

of $2.8 billion in damages to the state pension system for an actuary's negligence and fraud.

- *Permanent Fund.* The Department provides critical legal oversight and advice to the Permanent Fund Corporation.

4. Defending Monetary Claims Against the State

- *Tort Defense.* Because the Division of Risk Management is self-insured, the Department vigorously defends the state in tort actions. The cost to the state for all of the work of the section handling these types of cases is only $3.1 million.

D. Promoting and Defending Good Governance

The department promotes and defends good governance in areas including Indian law, ethics law, elections law, public records requests and legislation.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	$3,870.3	$33.1	$4,223.3	$8,126.7	46	0	0
FY2011 GOVERNOR'S TRANSACTIONS	$17.3	0	$48.4	$65.7	0	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**$3,887.6**	**$33.1**	**$4,271.7**	**$8,192.4**	**46**	**0**	**0**

Results of Current Capacity

- ⬆ The ethics attorney conducted ten ethics trainings in FY 2009 compared to none in FY 2008, and six in FY 2007.
- ⬆ None of the ballot initiatives certified by the Lieutenant Governor on recommendation of the Department of Law were challenged in FY 2009. In FY 2008, the State faced three challenges to ballot initiatives certified on recommendation of the Department, and defeated each challenge.

Detailed Results of Current Capacity

1. Ethics

- The Attorney General has responsibility to provide advice to the ethics supervisors for the Office of the Governor, the 14 principal state agencies, the University of Alaska, the 11 public corporations and the

more than 75 statutory boards and commissions. In FY09, the Opinions, Appeals and Ethics Section of the Department of Law issued 17 written advisory opinions and addressed several hundred oral and email requests for advice from the ethics supervisors, current and former state officers, as well as citizens of Alaska and the media. To foster a better understanding of the executive branch code of ethics, the state ethics attorney conducted 10 training sessions for the Office of the Governor and some state agencies and boards. The Attorney General also investigates ethics complaints, not involving the governor, lieutenant governor or attorney general.

2. Indian Law and Rural Issues

- Indian law attorneys provided substantive legal advice to almost all sections in the criminal and civil divisions of the Department of Law throughout the reporting period. State agencies, with assistance of Indian law attorneys, are litigating the issue of tribal initiating jurisdiction in child protection cases before the Alaska Supreme Court and the 9th Circuit Court of Appeals, and they are monitoring cases involving similar issues in the Fairbanks Superior Court. Indian law attorneys are negotiating with tribal entities on memoranda of understanding where litigation can hopefully be avoided, in the areas of child protection, transportation, and child support enforcement. Indian law attorneys are advising the Alaska Governor's office on the state's interest in federal legislation impacting tribal jurisdiction. Indian law attorneys are assisting the criminal division in providing advice about the appropriate role of state agencies in enforcement of tribal domestic violence protective orders. Law attorneys are providing staff support to the Attorney General in his role as chair of the Rural Action Subcabinet and in his role as co-chair of the Alaska Rural Justice and Law Enforcement Commission.

3. Elections and Initiatives

- Initiative petitions timely submitted in a general election year require legal advice and oversight by the AGO for the Division of Elections as to the certification process, including anticipated litigation. In a general election year, there is a heightened need for legal advice to the Division of Elections re: issues related to candidate qualification,

voter registration, question and absentee ballots, election monitoring, election contests and related litigation.

4. Legislation

- The department works with all the other departments of the executive branch on legislation and issues pending before the Alaska Legislature. Each bill that is introduced is assigned to an attorney who is responsible for handling any hearing, performing any research, and drafting any amendments necessary. The department also prepares legislation requested by the Governor, including both operating and capital budget bills.

5. Public Records

- The Department assists state agencies in responding to complex records requests made under the Alaska Public Records Act. The Department works with the agencies to ensure the following: the requests are clear; responsive records are preserved; adequate searches are undertaken; all responsive records are reviewed for privileged and confidential information; records containing information protected from disclosure are logged; the state is reimbursed for the costs of searching for and copying the requested records; and the deadlines for responding to the records requests are met.

  In FY 2009, the Department billed thousands of hours—totaling hundreds of thousands of dollars in personnel costs—to work on matters relating to the Public Records Act. The vast majority of these hours were spent reviewing requested records for privileged and confidential information. The state cannot recover the personnel costs of conducting such reviews from the persons who made the requests without an amendment to the Public Records Act.

VI. RESULTS FOR ALASKANS AND RATES OF RETURN ON INVESTMENT

A. Many Departmental Services Cannot Be Monetized

- The value provided to the state of the foregoing services delivered by the Department cannot be monetized: for example, prosecuting sex offenders;

terminating an abusive father's parental rights; defending state sovereignty from federal intrusion; defending the state for tort claims; or negotiating contracts for the Department of Transportation and Public Facilities.

B. Monetized Services Demonstrate Significant Benefits to Alaskans

- In those areas where we can monetize achievements, the Department provides a significant return on investment.

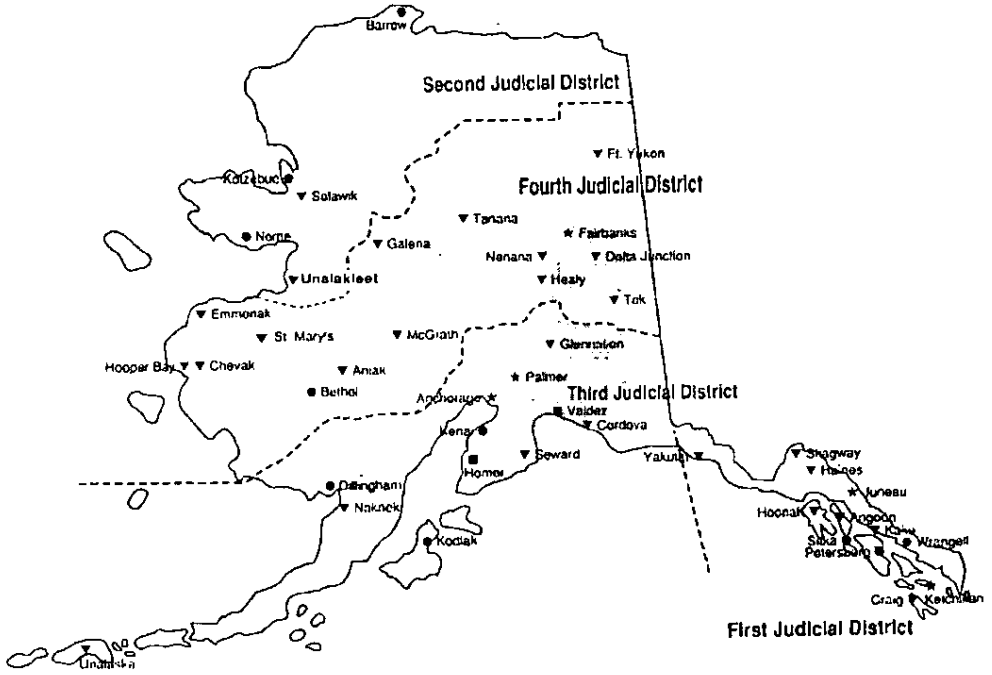
  Department's ROI based on entire budget: 6 to 1.

  Department's ROI based on the portion of its budget funded by general fund monies: 10 to 1.

  Department's ROI based on Civil Division Sections which generate revenue: 35 to 1.

★ Superior and District Courts
● Superior Court Locations
■ District Court Locations
▼ Magistrate Locations

ALASKA COURT LOCATIONS



Alaska Court System
FY 2010 Authorized Budget Overview - All Budget Units
(General Funds)

Budget Category				Funding Amount	Percentage of Budget
Personal Services				$66,946,200	78.0%
Classification	*Positions*		*Costs*		
(Permanent positions)	#	%	%		
Clerical *(ranges 6 - 14)*	463	60.1%	43.2%		
Law clerk *(ranges 13 - 15)*	62	8.0%	5.5%		
Semi-professional *(ranges 15 - 20)*	72	9.3%	9.6%		
Manager *(ranges 21 and above)*	49	6.4%	9.4%		
Magistrate	48	6.2%	8.8%		
Judge *(active / pro tem)*	77	10.0%	23.5%		
Totals Including True-up Adjustment	771	100.0%	100.0%		
Travel				1,377,000	1.6%
In-state travel (62%), Juror & non-employee in-state travel (26%), Out-of-state travel (7%), and moving costs (5%)					
Contractual				14,420,200	16.8%
Jury, witness & professional fees (21%), telephone, postage & network (16%), building rental,maint & utilities (34%), equipment rental & maintenance (2%), safety (6%), RSAs (18%), and other (3%)					
Supplies				2,780,900	3.3%
Office and library supplies, subscriptions and low cost replacement office and courtroom equipment					
Capital Outlay				262,700	0.3%
Minor remodeling, painting and carpeting, and equipment					
Total FY 2010 Budget (general funds)				$ 85,787,000	100.0%

Alaska Court System
FY09 Court Revenues Deposited to the General Fund

Fines and Forfeitures	$5,678.9
Case Filing Fees	2,542.1
Clerical and Miscellaneous Fees (Transcripts, Notaries, Copies)	352.9
Cost Recoveries	299.4
Interest Income	100.3
Total FY09 General Fund Revenue	$8,973.5

Alaska Court System
FY09 Revenues Collected for Other State Agencies

Alaska Police Standards Council (Facility Surcharges)	629.9
Health and Social Services (Vital Statistics)	67.6
Department of Corrections (Facility Surcharges)	6.9
Total FY09 Revenues Collected for Other State Agencies	$704.4

Department of Law[1]
FY09 Collections of Costs and Fees Imposed by Courts

Cost of Appointed Counsel	$1,658.0
Cost of Incarceration	1613.8
Correctional Facility Surcharge	480.3
Court Fines and Bonds	6,433.2
Traffic and Minor Offense Fines	1219.9
Court Costs and Collection Costs	258.2
Civil	28.8
Criminal Restitution	1,944.7
Juvenile Restitution	789.3
Total Dept. of Law FY09 Collections of Costs, Fines and Restitution	$ 14,426.2

[1]This data was provided by Stacy Steinberg, Section Chief, Collections and Support for the Department of Law.

ALASKA COURT SYSTEM
FUNDS RECEPTED ON BEHALF OF CITIES, TOWNS, AND BOROUGHS
FY09

City	Amount
City of Anakutuvuk Pass	600.00
City of Atqasuk	300.00
City of Barrow	1,501.76
City of Bethel	2,355.00
City of Cordova	687.00
City of Craig	1,916.34
City of Dillingham[1]	-4,038.00
City of Emmonak	4,799.00
City of Fairbanks	36,361.00
City of Fort Yukon	130.00
City of Haines[1]	-2,380.00
City of Homer	30,845.00
City of Hoonah	1,564.32
City of Houston	26,860.00
City of Juneau	113,909.96
City of Kaktovik	90.00
City of Kenai	3,242.00
City of Kodiak	14,432.00
City of Kotzebue	1,765.00
City of Larsen Bay	220.00
City of Marshall	100.00
City of Nome	1,560.00
City of North Pole	97,220.00
City of Palmer	56,682.00
City of Petersburg	1,375.00
City of Point Hope	1,450.00
City of Saint Mary's	130.00
City of Seldovia	235.00
City of Seward	18,170.00
City of Skagway	600.27
City of Soldotna	42,059.00
City of Stebbins	130.00
City of Unalakleet	885.00
City of Unalaska	800.00
City of Valdez	20,695.00
City of Wainwright	300.00
City of Wasilla	90,381.50
City of Wrangell	160.00
City of Yakutat	1,851.00
Matanuska-Susitna Borough Fines	13,816.00
Municipality of Anchorage	1,304,910.20
Fairbanks North Star Borough	931.00
Kodiak Island Borough	700.00
Total Funds Collected	1,890,301.35

[1] Funds receipted to the City of Dillingham and City of Haines were corrections processed in the current year for prior year activity.

Alaska Court System
FY2011 Operating Budget Request

FY2010 Final Budget *(724 PFTs, 61 PPTs & 23 NPPs)*	**$88,943,900**
Less: Mental Health Trust Authority Funding	**(975,300)**
Add: JRS Increase from 26.2% to 36.2%	**1,197,400**
Add: Health Benefit Cost Increase ($178/month/full-time employee)	**1,539,100**
FY2011 Adjusted Base Budget *(729 PFTs, 46 PPTs & 17 NPPs)*	**$90,705,100**
Operating Increments - General Fund	**5,317,400**
Operating Increments - Interagency Receipts	**100,000**
Operating Increments - Mental Health Trust Authorized Receipts	**955,300**
Total FY2011 Court System Operating Budget Increments	**6,372,700**
FY2011 Budget Request *(755 PFTs, 46 PPTs & 17 NPPs)*	**$97,077,800**

(The total change from FY2010 Final Budget to the FY2011 Budget Request is $8,133,300, which represents a 9.1% increase over the FY2010 Final Budget. Funding requested for the No Dark Courtrooms and the Geographic Differential for Non-Judicial Employees totals $2,848,900 or 44.7% of the requested FY2011 Operating Increments.)

Increments Summary *(organized by budget request unit)*

Appellate Courts

Court of Appeals Staff Attorney - from PPT to PFT **$20,900**

The court of appeals' caseload is becoming more complex and is requiring more assistance from central staff attorneys, who are experienced attorneys and permanent employees. Several years ago, by eliminating an administrative assistant position, the court of appeals was able to hire a part-time central staff attorney to help self-represented defendants, assist with law clerk training, and supervise the review of incoming briefs for compliance with the appellate rules. The appellate courts are seeking the additional funding needed to increase this part-time position to full-time.

Workstations, Office Equipment, and Replacement Furniture **$67,800**

The appellate courts have 56 permanent, full-time employees. Prior to FY10, the appellate courts received an annual operating appropriation of $9,200 for equipment and furniture, an average of $167 per position. In FY10, the court system requested an additional $117,800 per year for replacement computers, printers, workstations and office furniture. The legislature approved an additional $50,000 per year. This request is for the balance of the funding needed to insure the appellate courts have an on-going source of funding to replace outdated equipment and worn-out furnishings.

Travel for Juneau-Based Chief Justice **$9,400**

The geographic distribution of the supreme court results in additional travel expenses, particularly when one of these justices serves as chief justice. With this position comes the responsibility to participate in interagency meetings, court functions, and official events, many of which occur in Anchorage.

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Alaska Court System
FY2011 Operating Budget Request

Administration

New positions **$526,400**

Human Resources Generalist, 12A, permanent, full-time ***$69,900***

As a result of increased caseloads and new court initiatives, the legislature has approved additional staffing for the trial courts. An increase in the number of positions directly affects staff workload in the areas of payroll and leave processing, recruitment, classification, evaluation tracking, and direct assistance to employees. The human resources department finds it increasingly difficult to meet recurring payroll deadlines and provide responsive customer service. When this department has a vacancy or an employee is on leave for more than a day or two, the department is forced to reassign staff, delay important quality control steps, and reduce staff availability to provide core services and assistance to court personnel.

Senior Accounting Clerk, 12A, permanent, full-time ***$69,900***

Fiscal operations requires an additional accounting position to handle the increased demands for management of accounting records associated with grants, reimbursable services agreements, contracts and general audit requirements. The fiscal operations department is minimally staffed within the accounting area. Efforts to improve efficiencies or save money in other areas of court system operations have resulted in increased administrative work for the accounting staff. Examples of the increased work include efforts by the travel clerk to ensure travelers are securing good fares for their travel as well as assisting travelers with finding inexpensive accommodations. Additionally, as the court receives federal pass-through funding from executive branch agencies, increased work is generated because reporting requirements for sub-recipients are extensive. Finally, the court system requires additional resources to assist with audit functions within the trial court accounting operations.

Records Technician, 10A, permanent, full-time ***$64,400***

Fiscal operations requires an additional records technician for the department to maintain continuous case file document scanning and to respond timely to the public's requests for records that are only available on microfilm, which is cumbersome to access. This position will assist with the court system's imaging project, which is an effort to scan and digitize court records for improved access by court staff, other governmental entities such as the Child Support Services Division, and the public at large. With additional staffing, the records management division will be able to expedite the scanning and digitizing of court documents for more efficient and timely access.

Alaska Court System
FY2011 Operating Budget Request
Administration (continued)

New positions (continued)

Contracts & Leasing Manager, 20A, permanent, full-time ***$108,700***

The court system operates 44 court facilities, most of which are leased from private landlords or other government entities. The court system has never had a permanent, full-time contracts and leasing manager, relying instead on a series of temporary, project-funded employees to perform this work. A contracts and leasing manager would work with court staff to identify space needs and technical requirements for new leases and service contracts and negotiate and manage leases and contracts for building services, such as janitorial, snow removal, and landscaping. In addition to monitoring contract compliance and fielding occupant concerns, this position will also manage small construction projects related to tenant improvements and maintenance work.

Integrated Justice Tech Support Manager, 22A, permanent, full-time ***$119,000***

Timely access to accurate information is critical to the effective operation of criminal justice agencies. The court system works with twenty other agencies through the Multi-Agency Justice Integration Consortium (MAJIC) to ensure that information sharing standards and best practices endorsed by that group are followed. An Integrated Justice Technical Support Manager is needed to implement and manage programming for information exchanges between different criminal justice data systems and databases; assist MAJIC agencies with technical design and development issues related to integrated justice projects; evaluate and make recommendations involving proposals and data exchange technologies and tools; provide quality control for MAJIC-endorsed data exchange projects; train MAJIC agency staff and contractors in relevant technologies; and assist in strategic planning for integrated justice. This position also assists with the initiatives of the Criminal Justice Working Group.

Security Analyst, 18A, permanent, full-time ***$94,500***

The court system requires a security analyst to organize and manage security projects and processes at court facilities throughout the state. The security needs of the court system are great and require a single point of contact to insure issues are being addressed systematically. This position will coordinate and oversee the installation of security systems, including access control, video surveillance, emergency communications, and badging systems. This position will coordinate with the Bureau of Judicial Services within the Department of Public Safety, local court management, and vendors and contractors to implement security controls and systems. This position will work with contractors to address statewide physical security policies and procedures as they relate to construction projects. This position will be responsible for security management and public relations, building security, information technology security, and emergency preparedness and planning.

Alaska Court System
FY2011 Operating Budget Request

Trial Courts

New positions **$1,459,700**

No Dark Courtrooms ***$1,365,700***

In the Alaska Court System's FY 2009 and FY 2010 budget requests, funding was sought for a new court initiative to improve courtroom operations around the state. The 2008 legislature appropriated funds for approximately one-fourth of the funding request and the 2009 legislature appropriated funding for another portion of the project, with the understanding that the court would seek further funding during the 2010 legislative session.

Past appropriations have supported projects in Palmer, Anchorage and Fairbanks resulting in courtroom efficiency through streamlining proceedings. In these locations, a second in-court clerk is now present during high volume proceedings so that case paperwork can be distributed to parties while in the courtroom, and data essential to public safety concerns can be immediately recorded in the court's electronic systems for dissemination throughout the justice system. Judgments, bail conditions, and court orders are available to defendants and attorneys without delay, promoting compliance and eliminating the need for subsequent paper processing and mailing. These improvements are not only a benefit to the court, but also to other justice agencies and ultimately the Department of Public Safety.

The court system was also able to add new court clerk positions in Kenai, Bethel, and Nome to address serious courtroom understaffing. The new positions help to ensure that no court proceedings are postponed or canceled due to the unavailability of court support staff, and reduce some of the pressure associated with inadequate staffing. The court system also added general clerical positions in Juneau, Naknek, Kotzebue, and Anchorage and was able to increase the hours of a position in Bethel.

For FY11, the court system is requesting the remaining positions needed to complete this initiative. The funding for the eighteen remaining positions will be used to hire additional range 10 clerical positions, range 12 courtroom personnel, and range 14 supervisory positions. The new courtroom positions will ensure that an adequate number of in-courts are available for court proceedings and also improve the court system's ability to train in-court staff. Given the complexity of the job, it currently takes approximately one year for an in-court clerk to be fully trained. The additional range 10 clerical positions will allow understaffed courts to keep up with data entry and distribution of orders and other documents.

Alaska Court System
FY2011 Operating Budget Request

Trial Courts (continued)

New positions (continued)

First District

Deputy Clerk II, Craig, 10A, permanent, full-time ***$28,000***

The Craig court is currently staffed with a magistrate III, a clerk of court, a full-time clerk and a part-time clerk. This request is to make the part-time clerk full-time to assist with the management of felonies and other superior court case filings now that the Craig court is a superior court filing site. The superior court judge based in Sitka regularly travels to Craig. The additional clerk hours will be used to support the additional work created by the superior court case activity.

Magistrate Trainer, Anchorage, 23A, permanent, part-time ***$66,000***

The third district has 20 magistrates and masters. Six deputy magistrates are regularly assigned weekend duty. The recent addition of an active, dedicated statewide magistrate trainer has been very beneficial, however, more magistrate training resources are justified for a district the size of the third. Because the majority of the district's magistrates and masters are law-trained judicial officers who rarely perform clerical duties, this training is not an appropriate responsibility for the district's Rural Court Training Assistant.

Facility operations, maintenance and leasehold improvements **$378,000**

Second District

Nome Court Facility ***$278,800***

The Nome court facility is owned by the federal government, which has advised the court system of its intent to remove this property from its inventory. Although current tenants are eligible to take over ownership of the property, so far the court system is the only entity that has expressed any interest. The building has been offered to the court system at no cost; however, the building is over 50 years old and has significant structural and system deficiencies. Ideally, the Nome court will be included in the plan to construct a Nome State Office Building. However, if that project does not materialize, then the best long term option for the court would be to take over ownership of the federal building it currently occupies.

There are several other tenants in addition to the court system. However, even when fully leased, the building operates at a loss due to high service and utility costs. At the end of the two years, depending on market conditions, it may be possible to increase the rental rate for other tenants. However, at least until then, additional funding is needed because the cost of utilities and maintenance, janitorial, parking lot sweeping, snowplowing, and elevator service contracts exceed the amount currently budgeted to be paid to the federal government in rent.

Again, this increment is needed only if a Nome State Office Building does not materialize and the court has to take over ownership of the Nome federal building.

Facility operations, maintenance and leasehold improvements (cont.)

Fourth District

Galena and Chevak Leased Space Increases ***$99,200***

Galena and Chevak could function as district court trial sites with increased space, thus better supporting the court's faimess and access goals. Trials in the busy Chevak area are presently conducted in Bethel due to inadequate space at this facility. The Galena court facility is small and the building is very old and becoming increasingly difficult to maintain, so the court seeks newer and larger space. Space for each court would be increased to 1200SF, at a cost of $4/SF in Chevak and $5/SF in Galena.

Court-wide Budget Requests

Elimination of Vacancy Savings Requirement for Judicial Positions — $574,300

Based on its size, the court system falls within OMB staffing guidelines for managing its personal services budget within a 4% - 7% vacancy factor. The court system has been managing with a 6% - 7% vacancy factor by holding vacated positions open for a 30-day period. To prevent further case backlogs, the court system has asked retiring judges to give sufficient notice to permit selection and appointment of their replacements before leaving their positions. To attain 0% vacancy of judicial positions, the court system needs to increase personal services budgets of the appellate and trial courts. Towards this effort, the court system received $250,000 in FY09 and FY10.

Geographic Differential for Non-Judicial Employees — $1,483,200

The Department of Administration has received a consultant's recommendation for changes to the geographic differential applied to salaries throughout the state. The differential currently paid to court employees is established by Alaska Statute 39.27.02 and was last changed over 25 years ago.

Differentials currently paid in several rural court locations under the statute are less than the differentials paid to employees under either the SU or GGU contracts. The court system's increment reflects the cost of adopting the recommended geographic differentials for locations favorably impacted by the change. Employees working in locations negatively impacted by the changed geographic differentials would remain on the existing pay schedules. As these employees are replaced, newly hired staff would be placed on the new schedules with the reduced geographic differential.

Transcripts Costs for Criminal Proceedings — $125,000

The court system prepares transcripts of criminal proceedings when the defense is provided at public expense. With the increased criminal caseloads, the demand for transcripts has dramatically increased. Coupled with this increased demand, fewer contractors are willing to accept work from the court because the payment rates are far below market standards. The court system is currently paying a per page rate of $2.65 - $3.05. The federal courts are paying a per page rate of $3.65 - $4.85.

Alaska Court System
FY2011 Operating Budget Request

Court-wide Budget Requests (continued)

Telephone and Teleconferencing Services — $98,000

In past years the court system used prepaid phone cards extensively to save on toll costs for long-distance phone calls. These cards were particularly useful for instate calls as local carriers charged from $0.115 to $0.18 per minute. With a prepaid phone card, the court system was paying $0.0283 or less than three cents per minute for calls made with a Sprint prepaid calling card. Effective October 2008, Sprint sold its interest in prepaid calling cards to a carrier that was unable to provide the instate calling services at the rates formerly offered by Sprint and did not have the facilities to insure that calls made to remote locations would be of sufficient quality to conduct court business. The court system pursued other prepaid calling card vendors, but none could provide a reliable service at less cost than amounts charged by the local carriers, two of which have agreed to charge $0.10 per minute for instate calls. The court system is requesting $42,000 to pay for these increased telephony costs.

The court system regularly conducts hearings telephonically. By court rule, parties convenienced by holding a hearing telephonically must pay the cost of the hearing. The court pays the telephone cost if the judge is able to avoid traveling to the hearing (cost savings measure). For other situations, the defendant, public defender, plaintiff or prosecution would be responsible for the cost of the call. Frequently the payer is another state agency. In the past, the in-court clerk would collect calling cards from the payers and place the calls. This was time-consuming and caused delays in court proceedings. To address the efficiency issue in high-volume proceedings with multiple parties in attendance, the court piloted a project wherein the court system used a teleconferencing service to coordinate the calls. Using the service resolved many issues and placed the burden of calling into the hearing on the parties rather than on the in-court clerk who frequently had to track down parties who may be at home, on their cell phone, at their office, etc. The vendor is extremely reliable and charges $0.059 per minute for each caller. The court system is requesting $56,000 in additional funding to expand the pilot project to include all telephonic proceedings and to pay the long-distance charges for telephonic proceedings that would generally be borne by another state agency.

Pro Tem Pay Increase — $174,700

Retired judicial officers are essential resources for the court. They are used for court coverage during judicial vacancies, to perform settlement conferences and cover proceedings when sitting judges are unavailable, and for special projects. In single judge locations, pro tem coverage is especially critical as no other judicial resource is available. Since 1997, pro tem judges have been paid a daily rate based on a $30 hourly rate. The court system requests the daily rate pay basis be increased to $75 per hour, which is comparable to the hourly rate for court-appointed attorneys and attorneys appointed by the Office of Public Advocacy (OPA).

Alaska Court System
FY2011 Operating Budget Request

Court-wide Budget Requests (continued)

Life-Cycle Replacement of Computer Systems **$250,000**

Automation of its case management system requires the court to regularly update its operating systems to be compatible with software versions and licensing requirements. Rapid advancements in computer technology require the court system to continually evaluate and improve its base of technological equipment. In the past, the court has received sporadic grant and capital funding to replace equipment and operating systems. To ensure a planned, life-cycle approach to replacement of these systems, a sustained source of funding must be incorporated into the court's base operating budget. Experts recommend replacement cycles of three years for PCs and four years for printers. The court plans to keep its equipment in place for an additional year beyond the recommended guidelines, but requires a sustained funding source to facilitate this cycled approach.

Language Interpreter Center **$25,000**

The Alaska Court System is involved in a multi-agency collaboration to establish the Language Interpreter Center (LIC). The LIC has three goals: train interpreters on skills and ethics; train professionals on the roles and responsibilities of working with interpreters; and provide a referral service for government agencies, nonprofits, and businesses in need of qualified interpreters.

The court system is required to provide language interpreters for certain criminal proceedings. A recent interpretation of federal law suggests that parties, victims, and witnesses with limited English proficiency may be entitled to court-paid interpreter services for any type of court case. Prior to the development of the LIC, training and certification of interpreters was not available anywhere in Alaska. To support the on-going efforts of the LIC and to ensure that a pool of certified language interpreters is available to the court system, contractual funding is needed to pay for interpreter services and training.

Increase Funding for Family Law Self-Help Center (FLSHC) **$100,000**

The FLSHC assists pro se litigants (litigants without lawyers) throughout the state. Assistance is provided primarily over the phone and via the internet through the court's website for cases such as divorce, dissolution, child support and other family-related law. This operation is currently supported by federal funds that available to the Child Support Services Division, which has budgeted an additional $100,000 for pass-through to the court system. This will be accomplished through an interagency agreement.

Alaska Court System
FY2011 Operating Budget Request

Court-wide Budget Requests (continued)

Custody Mediation Program **$125,000**

Mediation offers parents an opportunity to create co-parenting plans for their children in a non-adversarial, confidential, informal setting with a trained and experienced neutral mediator. This request is an outgrowth of the success of the mediation services provided through the court system's Child Custody and Visitation Mediation Program (CCVMP) for over 10 years. Over a recent 18-month period, referrals to mediation increased sharply, resulting in a 250 percent increase in costs, an amount not sustainable by the federal grant that funds this program. The legislative intent of this recurring $100,000 federal grant is to promote access of non-custodial parents to their children, and recent interpretation of allowable services under the grant suggests grant-funded mediation should be reserved for post-decree modifications of custody orders. While an important point for mediation, it does not offer the preventive impact of early intervention.

The court system seeks to leverage grant funds to provide an important continuum of mediation services to parents and maximize court resources. The focus of state funding will be to assist parents in conflict over physical and legal custody issues regarding their children and the initial court filing, prior to a decree. Mediation early in domestic relations cases helps parents resolve their conflicts, establish cooperative co-parenting, and reduce the negative impacts of on-going custody disputes on their children.

Mediation is not appropriate in every case and this project will develop referral protocols, including screening for domestic violence for the more than 3,000 annual filings, about 54 percent of which are pre-decree, involving custody disputes in domestic relations cases. The pool of private contract mediators will be expanded and given specialized training. The program will evaluate its outcomes, including the impact of early mediation on later litigation and expects to find that successful mediation of the initial co-parenting plan results in a significant decrease in later contested motions for modifications.

Mental Health Trust Authority Project Funds (MHTAAR) **$955,300**

The therapeutic courts are requesting Mental Health Trust Authority funds for the following projects: Treatment Funding for Therapeutic Court Participants $500,000; Fairbanks Juvenile Therapeutic Court $245,900; Mental Health Court Expansion - Targeted Communities $204,400; and Access to Timely Neuropsychiatric Evaluations $5,000.

Total Operating Budget Increments **$6,372,700**

Alaska Court System Ten Year Expenditure Projection

The Alaska Court System is the primary entity in the Judicial Branch of state government. Its main purpose is to handle criminal and civil cases. The court system does not initiate this caseload; its work is generated entirely by the individuals, organizations, businesses, governmental agencies, and other entities that file cases.

Because the court system's workload is created entirely by others, it is difficult to predict how this workload might change in the future, other than to note that increases in population have historically meant more cases. The workload is also greatly impacted by the laws that are enacted by the legislature each session. The court system cannot predict future statutory changes that will impact the caseload.

FY11 Funding Levels – Amounts included for FY11 reflect the court system's FY11 operating and capital budget request.

FY11 Strategic Initiatives – In FY10, the court system requested and received partial funding for the second phase of a significant court initiative called "No Dark Courtrooms". This initiative improves courtroom operations around the state. In its FY11 operating budget, the court system is requesting the balance of the funding required ($1,365,700) to completely implement this project. This initiative has a far-reaching impact on the justice agencies serving the state. Improvements made under the first two phases of the project have included expedited dissemination of data such as criminal judgments, bail, and conditions of release that are essential to public safety, as well as the distribution of documents such as copies of orders and notices of next hearing dates while the parties are in the courtroom.

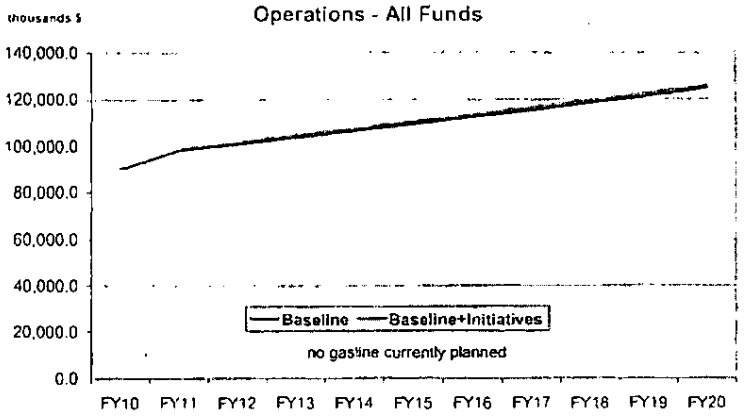
Another initiative included in the FY11 planning document is the addition of one superior court judge and related staff in FY11 with a second added in FY13. Long-term trends in the court system's caseload support adding the superior court judges in Anchorage. Additional superior court judges can only be added through legislation so the judge required in FY11 does not appear in the court system's FY11 operating budget request.

FY12 – FY19 – Lacking information about future changes in the law and other factors that may increase the number of case filings (such as the state of the economy or the number of municipal law enforcement officers), the funding requirements for FY12 – FY19 assume no significantly changed workload. For future years, the court system has applied the 2.75% inflation factor suggested by OMB for projecting operating funding required for the future periods. Capital funding required for FY12 – FY13 is based on capital projects currently identified in the court system's capital budget request. The annual capital project funding requirement for FY14 – FY20 is projected to be $6 million.

Impact of Gasline Project on Court Operations – The court system is unable to determine the increased costs that will result from the development of the gasline with the information it has available. During the 1970s, the criminal and civil caseload of the court system was impacted by the construction of the Trans Alaska Pipeline System (TAPS). This increased workload was the inevitable result of oil field

construction projects that employed over 30,000 persons. The surge in workers resulted in significantly higher caseloads and court costs in Interior Alaska, with lesser impacts in other parts of the state. While the scope of the gasline project will not be as great as the TAPS project, we do not have enough information to project increased costs at this time. More accurate cost information will be available as this project progresses.

Courts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Baseline
Baseline+Initiatives
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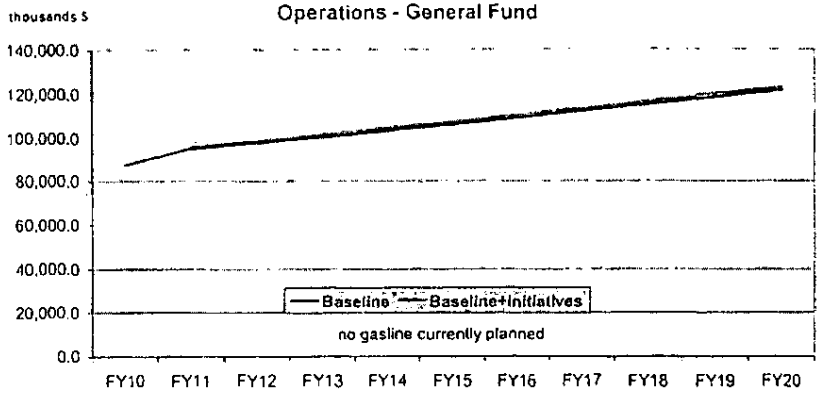
FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20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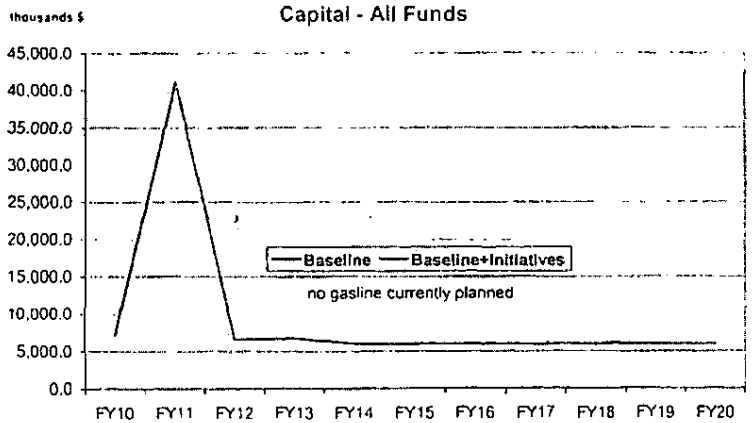
Baseline
Baseline+Initiatives
no gasline currently planned
FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20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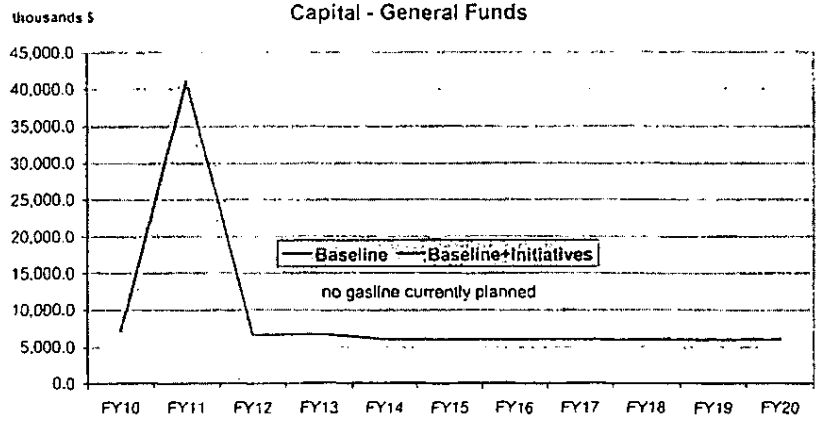
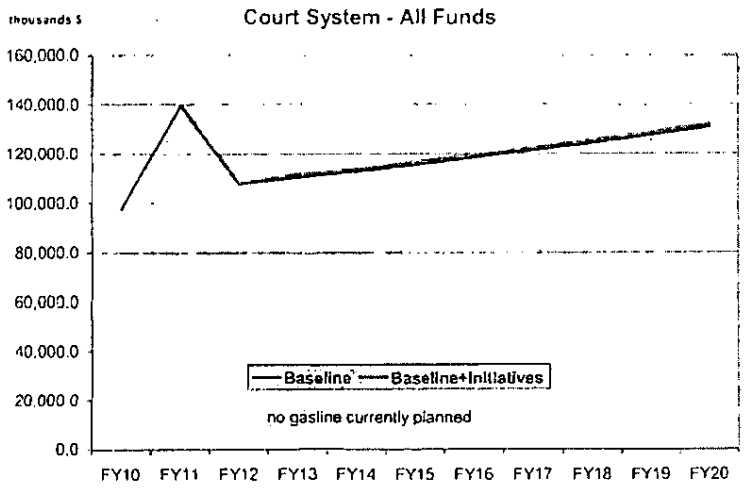
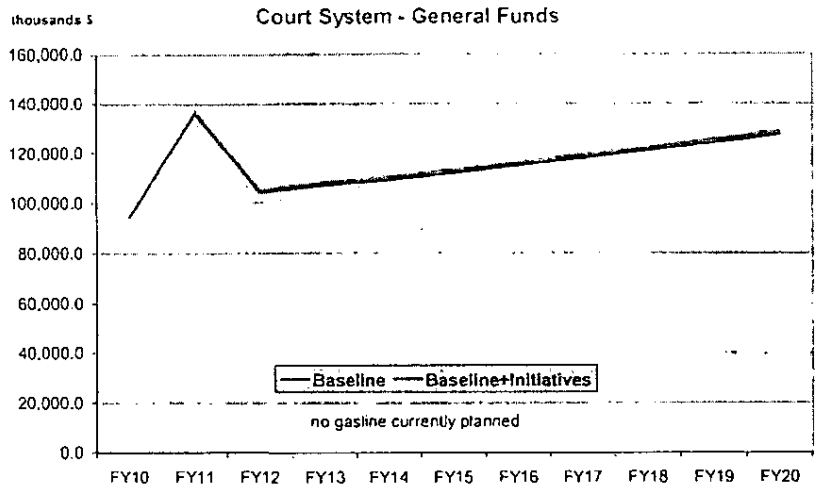
20,000.0
15,000.0
10,000.0
5,000.0
0.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20


thousands $
Capital - General Funds
45,000.0
40,000.0
35,000.0
30,000.0
25,000.0
20,000.0
15,000.0
10,000.0
5,000.0
0.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20

Courts


thousands $
Court System - All Funds
160,000.0
140,000.0
120,000.0
100,000.0
80,000.0
60,000.0
40,000.0
20,000.0
0.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20


thousands $
Court System - General Funds
160,000.0
140,000.0
120,000.0
100,000.0
80,000.0
60,000.0
40,000.0
20,000.0
0.0
Baseline
Baseline+Initiatives
no gasline currently planned
FY10 FY11 FY12 FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20

Court System

Baseline Budget Growth 1/

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	97,508.2	139,611.1	107,753.7	110,574.9	112,634.5	115,477.9	118,399.5	121,401.5	124,486.0	127,655.4	130,911.9
General Fund	94,351.3	136,374.2	104,516.8	107,338.0	109,397.6	112,241.0	115,162.6	118,164.6	121,249.1	124,418.5	127,675.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,481.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3
Operations	90,368.2	98,552.7	101,173.9	103,867.2	106,634.5	109,477.9	112,399.5	115,401.5	118,486.0	121,655.4	124,911.9
General Fund	87,211.3	95,315.8	97,937.0	100,630.3	103,397.6	106,241.0	109,162.6	112,164.6	115,249.1	118,418.5	121,675.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,481.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	90,368.2	98,552.7	101,173.9	103,867.2	106,634.5	109,477.9	112,399.5	115,401.5	118,486.0	121,655.4	124,911.9
General Fund	87,211.3	95,315.8	97,937.0	100,630.3	103,397.6	106,241.0	109,162.6	112,164.6	115,249.1	118,418.5	121,675.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,481.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3
Capital	7,140.0	41,058.4	6,579.8	6,707.7	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
General Fund	7,140.0	41,058.4	6,579.8	6,707.7	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.
See detailed assumptions.

Court System

Initiatives (Except Gasline)

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	0.0	498.8	512.5	1,025.4	1,053.6	1,082.6	1,112.4	1,142.9	1,174.4	1,206.7	1,239.9
General Fund	0.0	498.8	512.5	1,025.4	1,053.6	1,082.6	1,112.4	1,142.9	1,174.4	1,206.7	1,239.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	498.8	512.5	1,025.4	1,053.6	1,082.6	1,112.4	1,142.9	1,174.4	1,206.7	1,239.9
General Fund	0.0	498.8	512.5	1,025.4	1,053.6	1,082.6	1,112.4	1,142.9	1,174.4	1,206.7	1,239.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	498.8	512.5	1,025.4	1,053.6	1,082.6	1,112.4	1,142.9	1,174.4	1,206.7	1,239.9
General Fund	0.0	498.8	512.5	1,025.4	1,053.6	1,082.6	1,112.4	1,142.9	1,174.4	1,206.7	1,239.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

See detailed assumptions.

Court System

Baseline plus Initiatives

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	97,508.2	140,109.9	108,266.2	111,600.3	113,688.1	116,560.5	119,511.9	122,544.5	125,660.4	128,862.1	132,151.8
General Fund	94,351.3	136,873.0	105,029.3	108,363.4	110,451.2	113,323.6	116,275.0	119,307.6	122,423.5	125,625.2	128,914.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,481.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3
Operations	90,368.2	99,051.5	101,686.4	104,892.6	107,688.1	110,560.5	113,511.9	116,544.5	119,660.4	122,862.1	126,151.8
General Fund	87,211.3	95,814.6	98,449.5	101,655.7	104,451.2	107,323.6	110,275.0	113,307.6	116,423.5	119,625.2	122,914.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,481.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	90,368.2	99,051.5	101,686.4	104,892.6	107,688.1	110,560.5	113,511.9	116,544.5	119,660.4	122,862.1	126,151.8
General Fund	87,211.3	95,814.6	98,449.5	101,655.7	104,451.2	107,323.6	110,275.0	113,307.6	116,423.5	119,625.2	122,914.9
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6	1,675.6
Other State Funds	1,481.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3	1,561.3
Capital	7,140.0	41,058.4	6,579.8	6,707.7	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
General Fund	7,140.0	41,058.4	6,579.8	6,707.7	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. We have a relatively small budget (adjusted base this year is about $91 million); about 1% of the total state budget. Smaller than many departments.

HOW WE PREPARE OUR BUDGET – similar to the multi-step process the Exec goes through: local court→ACA→Admin→supreme court. However, we don't prepare a political budget. Basically it is what we can absorb in a fiscal year that would let us operate at peak efficiency. We don't expect it to be fully funded, and we work closely with the chairman and Leg Finance to decide what is most needed, taking into account the money that is actually available.

Like the legislature, we are not covered by the Executive Budget Act. The governor does not have the authority under the constitution to prepare our budget for submission to the legislature. His authority is limited to vetoes on the way out of the legislature. We had a problem last year, same problem as with Hickel 1, Hammond, Hickel 2, Murkowski. Tried to reduce our budget on the way in. This year they just passed it through.

2. CHALLENGES We have several big challenges:

A. We told you last year that we had just received word that ASEA and APEA were going to try to unionize us. IBEW in the mid-90's (didn't get pay raise), expensive, decrease of managerial prerogative at a time of declining revenue. They are continuing these efforts and have had a number of informational meetings around the state. The very low geographic differential paid to many court employees compared to the union rate is the major selling point. I'll get back to that in a moment.

B. Escalating costs. One way we address these with a 30 day hiring freeze. We rarely have a supplemental; we typically do a good job of living within limits you set. That being said, we have a small one this year which actually is a request that you let us keep $35,000 that we got in a legal settlement that we turned over to the general fund. Phone cards: by using phone cards, we've been saving over $40,000 year. That has ended.``

C. Criminal caseload increases (more arrests even though the crime rate is down).

D. We don't control our own workload. We have to take every case that comes through the door. Most have to be handled within certain timeframes.

3. INITIATIVES two big ones that were in the FY09 and FY10 budgets and were partially funded in both.

A. No Dark Courtrooms. Put more clerks in courtrooms. In FY 09, funded 8 positions, and in FY10 funded 6 plus 2 upgrades.

Busy in courtroom (reporter, stenographer, bailiff) more complex than past, not enough to have court in some locations, not enough to do stuff on the bench.

(FY09 projects in Anch, Fairbanks, Palmer, and fixed understaffing in Nome, Kenai, Bethel; in FY10 Anch, Juneau, Seward, Naknek, Kotzebue, Bethel.

B. reduce judicial underfunding

We run about a 6 - 7% underfunding in personnel services. We really should be about 3%. We make it work with clerical staff with hiring freeze. More problematic with judges. Making effort to fill judgeships immediately. Our goal is 0% underfunding for judicial positions; 250,000 last year and 250,000 year before. 575,000 to get to 0%.

C. New superior court judge in Anchorage for civil cases. Anchorage is one of the busiest courts in the state; statistically could justify 3 new judges in superior court, 1 in district court. $440,000 court system cost plus other agencies.

D. Nome building

The Nome court is in the federal building, which is being surplused. No place else to go in Nome. We have right of first refusal, and have said we will take it if the legislature funds it (279,000 operating increase, FY11 3.8 million capital, FY12 4.8 million). If it is given to someone else, we would have 2 years to find new space. DOT has designed a Nome State Office Building which is not in the capital budget.

E. geographic differential

$1.4 million to implement McDowell Study w/grandfathering. We are currently covered by statute but can change geo dif through budget process.

2/3/10 OVERVIEWS: DEPARTMENT OF ADMINISTRATION; DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT

<target><bill></bill><subject>2-3-10 OVERVIEWS DEPARTMENT OF ADMINISTRATION; DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT</subject><comm>HFIN26</comm></target>

2.3.10

integral

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Wednesday, February 3, 2010

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 302 APPROP: MENTAL HEALTH BUDGET

FY11 Governor's Budget Overviews:

Department of Administration

Presenters:
Annette Kreitzer, Commissioner
Eric Swanson, Director, Division of Administrative Services

Department of Commerce, Community and Economic Development

Presenters:
"nott" Emil Notti, Commissioner: Department Overview
Jo Ellen Hanrahan, Director, Division of Administrative Services: Operating Budget Overview
"thay" "Curtis Thayer, Deputy Commissioner: Economic Development Overview

Kevin Brooks, Deputy Commissioner, Department of Administration

2/3/10

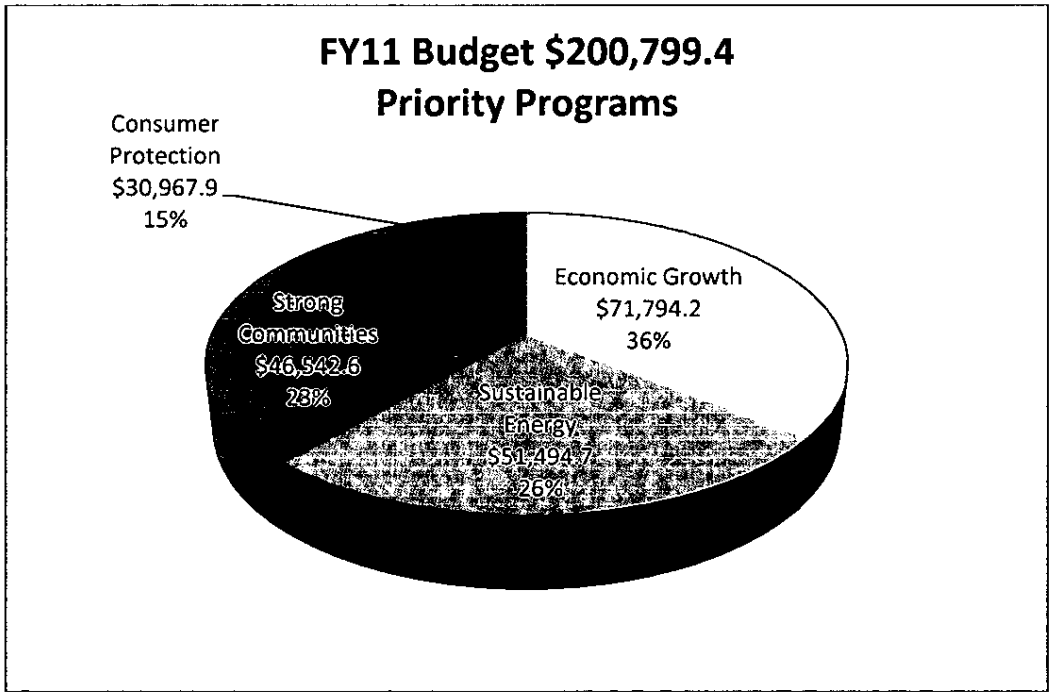
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
Department Overview
February 2010

- **The FY11 Governor's Operating Budget is $200.8 million, a 3% increase over FY10.**
  16% GF 33% Federal 51% Other

- The mission of the Department of Commerce, Community, and Economic Development is to promote a healthy economy, strong communities, and protect consumers in Alaska.

- The department works to achieve this mission through the efforts of nine core agencies and five corporate agencies that provide a wide range of services, including:
  - Access to capital markets for businesses
  - State grants and loans
  - Programs aimed at key economic sectors such as electric power generation, tourism, mining, fishing, and aerospace
  - Marketing of Alaska products and visitor attractions
  - Regulation of banking, securities and corporations, insurance, occupations and public utilities
  - Assistance to local governments and unincorporated communities in the form of grants, technical assistance, financial and utility management, planning and energy management

- We currently have 529 full time positions in eleven locations.



PRIORITIES

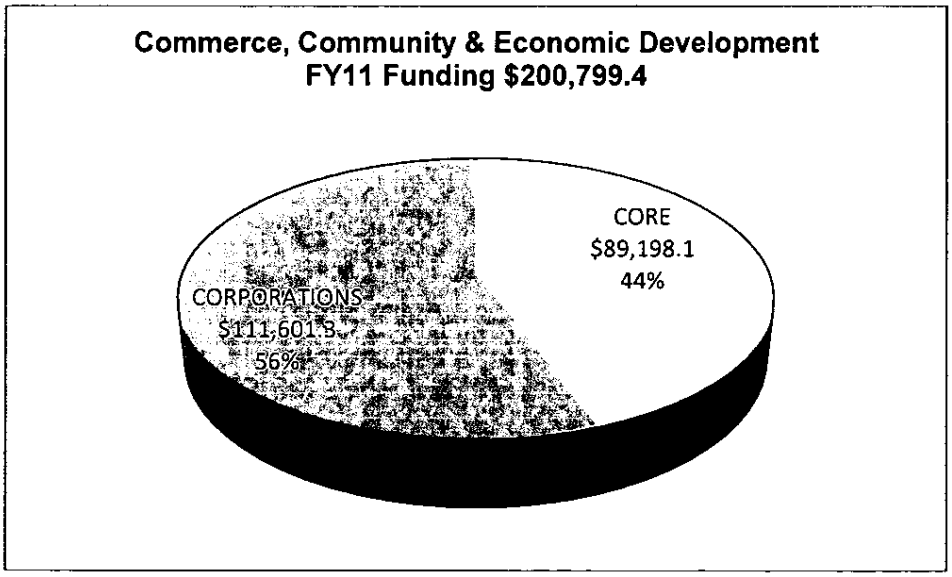
- The department is committed to the priority of economic growth to provide full employment of Alaskans. Successful development will require that a foundation of sustainable energy for Alaskans and businesses be in place. Significant department resources are dedicated to both of these priorities, including 62% of the total budget and:
  - **85% of the GF budget is for economic growth & energy ($28 million)**

- At the same time that we pursue energy solutions and economic growth, we need to strengthen our communities so they will be able to benefit from and take advantage of the future opportunities. We need to protect our communities and the state/federal investment in rural infrastructure. About 23% of the total budget is committed to this priority, this includes $30 million in pass thru dollars and:
  - **14% of the GF budget is for strong communities ($4.6 million)**

- Another area of primary concern to the department is a stable business climate and consumer protection through the regulation and enforcement of insurance, banking, corporations, business and professional licenses, and utilities. This priority is funded primarily by fees and it accounts for about 15% of the total budget.

CHALLENGES

- Briefly touched on above is the diversity of agencies and functions that fall under the department's purview. The corporate agencies, although aligned with the department's mission, operate more independently than core state agencies. In this department, the corporate agencies account for 56% of the total budget and close to 40% of the positions.
  - **87% of the requested FY11 budget change is Corporations related**



- With the global economic downturn, many of the challenges identified in prior years continue to pose difficulties in the department's effort to achieve its' mission, including:
    - Sustainability of communities due to increased operating costs, staff turnover, and potential for reduced federal funding
    - Lack of infrastructure and the high cost of doing business in rural Alaska
    - Ability to attract and evaluate diverse economic development projects
    - High energy cost that impacts tourism, local communities and economic development efforts

ACCOMPLISHMENTS

- Re-established the Alaska Film Office

- Helped nine new tourism businesses get started through the Tourism Mentorship program

- Administered over 1,400 grants with a value in excess of $766 million

- Community & Regional Affairs presented 39 trainings throughout the state on bookkeeping, land planning, utility management, and tax assessment.

- As one of two lead states, Alaska demonstrated that state regulation of insurance is the ideal model by which the industry should be regulated. Alaska's actions resulted in a substantial settlement that brought reform to a nationwide company, and increased protection to policy holders.

- Insurance also entered into a settlement that put an end to a company's practice of selling benefit policies that failed to contain the benefits mandated by Alaska law, requiring restitution to 145 consumers

- AEA completed five bulk fuel system upgrades and six rural power system upgrades and implemented the Renewable Energy Fund legislation. As of January 2010, 75% of renewable energy projects were under way with $69 million in grants issued and $19 million in grant payments made.

- AIDEA :
    - Completed installation of a second ship lift and grounding grid for the Ketchikan Shipyard. This helps to expand the shipyard's capacity to build and repair marine craft on a year round basis
    - Completed the first phase of upgrades to the Skagway Ore Terminal
    - Completed the Strategic Management Plan

- Aerospace executed the first year of a new contract with the Missile Defense Agency, with two rocket launches scheduled in FY10.

- ASMI – Alaska seafood has become one of the top three food brands on the menus of the top 500 U.S. restaurant chains.

SERVICE DELIVERY FOCUS FOR FY 11

- The next year will be one of increased scrutiny and focus on the economic development function within the department core agencies and in the coordination with corporate agencies. Curtis Thayer, the department's new Deputy Commissioner, is charged with overseeing this initiative and is available to provide more information on that effort.

- There is a growing need for assistance in our most at risk communities, and we are developing strategies to respond to this situation. In FY 11, the Division of Community & Regional Affairs plans to:
    - Increase the effort to strengthen a community's capacity to provide essential services through local government assistance
    - Administer $ 24 million in federal Coastal Impact Assessment funds
    - Provide communities with increased assistance on ANCSA 14 (c) (3) land management, site control and land status verifications that are needed to ensure clear title on village corporation land.

- On the regulatory front, we need to ensure that adequate resources are applied to performing the basic core services that protect consumers and assure financial solvency of entities – particularly in a period of economic downturn. Our budget request includes small increments to continue these services for both the Banking and Insurance divisions.

- ASMI requests $1 million for a major sustainability campaign in Europe and to maintain its purchasing power abroad. In addition, ASMI plans to take advantage of an existing opportunity to capture more of the domestic market due to reduced Chilean imports resulting from farm diseases.

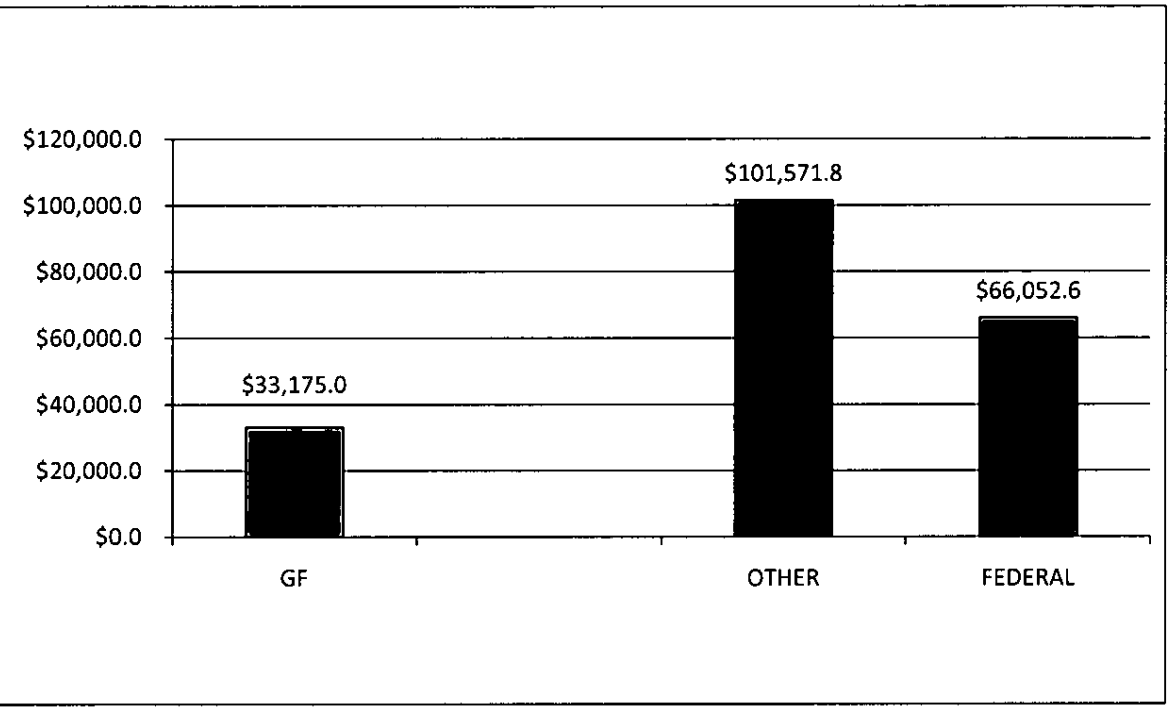
CONCLUSION

In conclusion, the state and the department have many challenges to address on the path to economic growth and sustainable communities. We look forward to a continued discussion on how to keep the forward momentum, and on the role of the department's core and corporate agencies in this statewide effort. The department's FY11 budget request reflects a commitment to continue the services of our priority programs for economic development, energy, strong communities, and consumer protection.

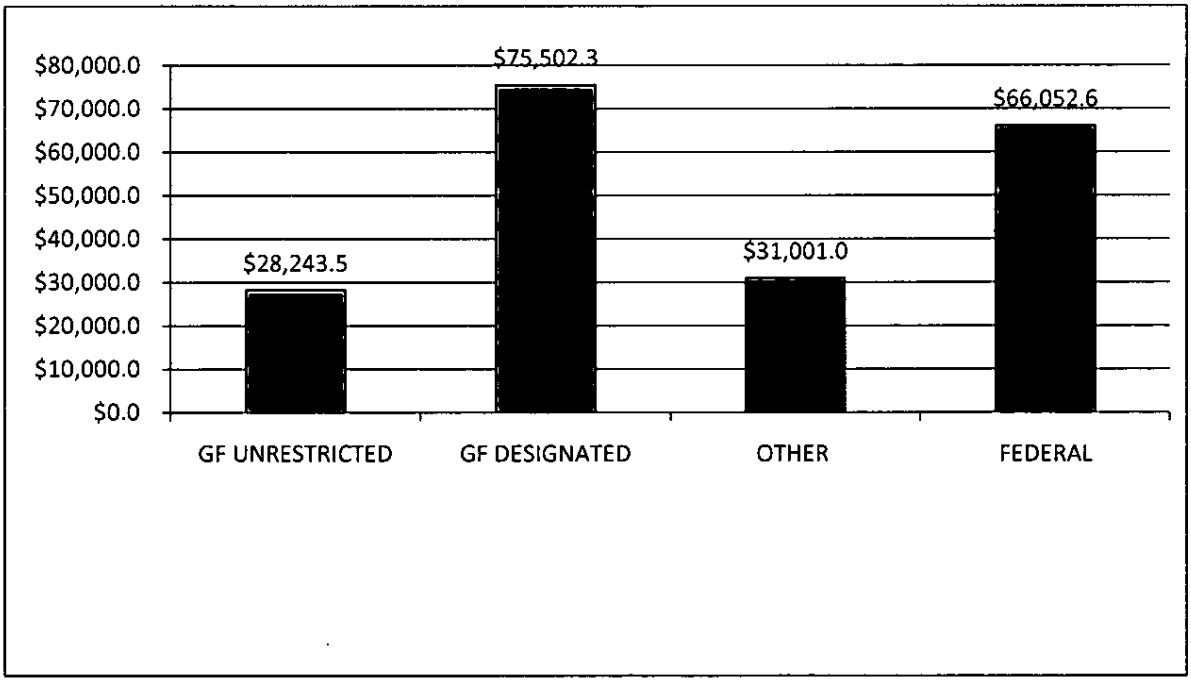
Thank you for your time today, and I'll now ask our Administrative Director to present the Operating Budget Overview.

DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT
FUND CLASSIFICATION IMPACT
FY11 FUNDING - $200,799.4

GOV



LEG



Department of Commerce, Community, and Economic Development

TOTAL OPERATING BUDGET	GF	FED	OTHER	TOTAL	PFT	PPT	NP
FY10 CURRENT CAPACITY	35,712.5	65,925.0	93,168.8	194,806.3	529	2	13
FY11 GOVERNOR'S TRANSACTIONS	(2,537.5)	127.6	8,403.0	5,993.1	(1)	0	2
TOTAL FY11 GOVERNOR'S BUDGET	**33,175.0**	**66,052.6**	**101,571.8**	**200,799.4**	**528**	**2**	**15**

Corporate Agencies	*-8.5%*	*0.4%*	*8.5%*	*2.7%*
Core Agencies	*1.4%*	*-0.2%*	*0.5%*	*0.4%*
Percent Change Total	***-7.1%***	***0.2%***	***9.0%***	***3.1%***

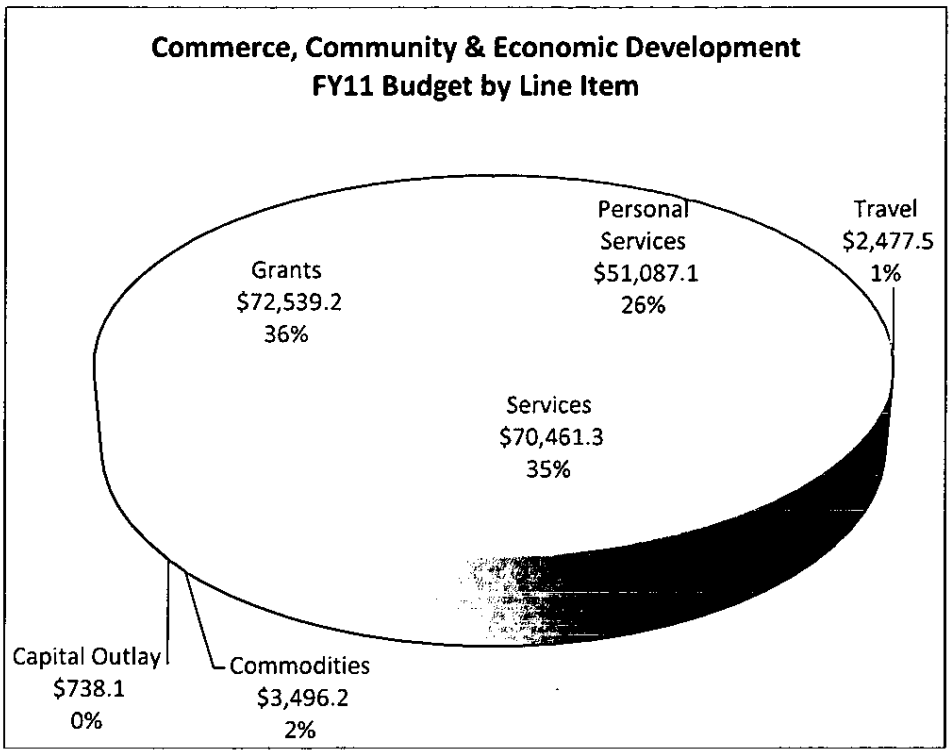
Of the $5,993.1 million increment request for FY11, $2,526.2 is duplicated interagency receipts and:

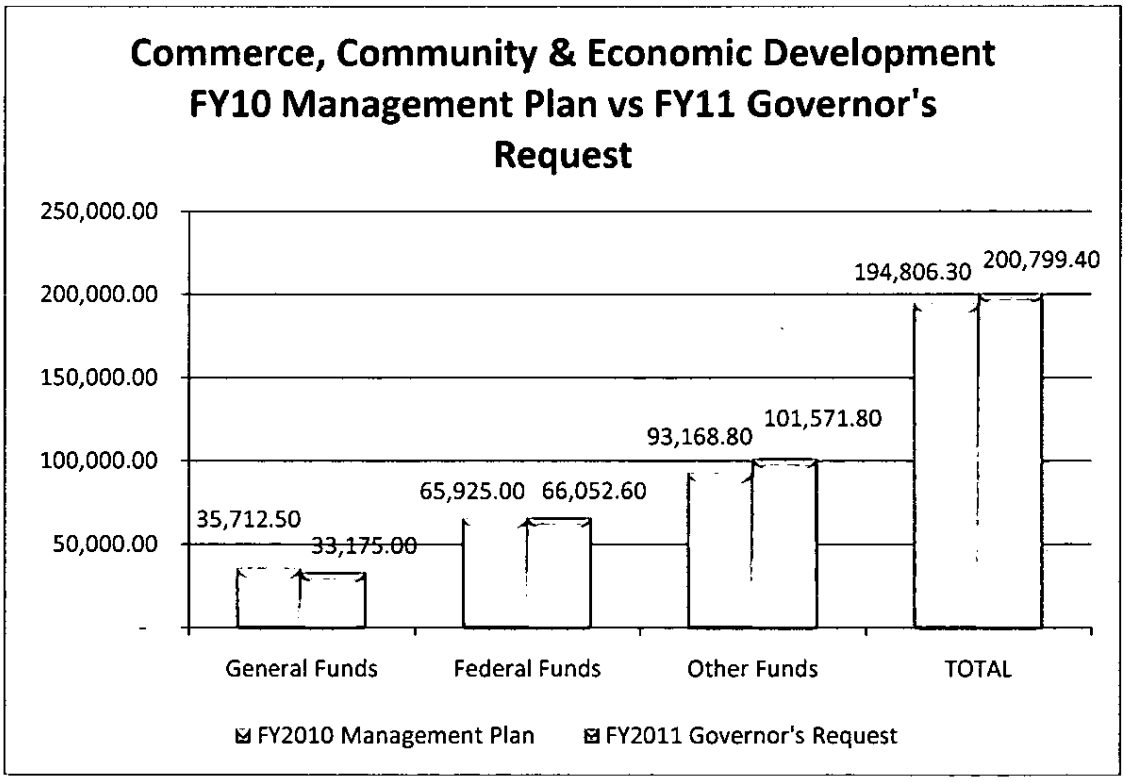
- 66% is for maintaining current services or technical fixes
- 28% is for new or expanded services (ASMI, CIAP)
- 6% is for increased workloads

The impact on priority programs from the FY11 transaction changes include:

- $4,939.9 relates to economic growth and energy
- $ 813.0 to protect rural communities and the state investment in infrastructure
- $ 239.0 for consumer protection

FY11 Component Changes	GF	FED	OTH	TOTAL	PFT	PPT	NP
Alaska Aerospace Corp		84.1	23.3	**107.4**	(1)		
AEA Power Cost Equalization	(4,140.9)	0.0	2,780.9	**(1,360.0)**			
AEA Rural Energy	93.3	0.0	2,314.1	**2,407.4**			
AIDEA	0.0	0.0	2,636.8	**2,636.8**			
Alaska Seafood Marketing	1,000.0	0.0	39.3	**1,039.3**			
Regulatory Commission of Alaska	0.0	192.1	168.4	**360.5**	(1)		2
Commissioner's Office	1.5	0.0	11.3	**12.8**			
Administrative Services	0.9	0.0	1.1	**2.0**			
Banking & Securities	0.0	(250.0)	127.9	**(122.1)**			
Corporations, Business & Professional Licensing	0.0	0.0	(50.9)	**(50.9)**			
Community Development Quota	0.0	0.0	(57.6)	**(57.6)**			
Community & Regional Affairs	445.0	0.0	122.0	**567.0**	3		
Insurance	0.0	0.0	208.0	**208.0**			
Investments	0.0	0.0	2.0	**2.0**	(1)		
National Forest Receipts	0.0	1,400.0	0.0	**1,400.0**			
Office of Economic Development	62.0	0.0	76.4	**138.4**	(1)		
Serve Alaska	0.7	(1,298.6)	0.0	**(1,297.9)**			
Department Total Change	**(2,537.5)**	**127.6**	**8,403.0**	**5,993.1**	**(1)**	**0**	**2**

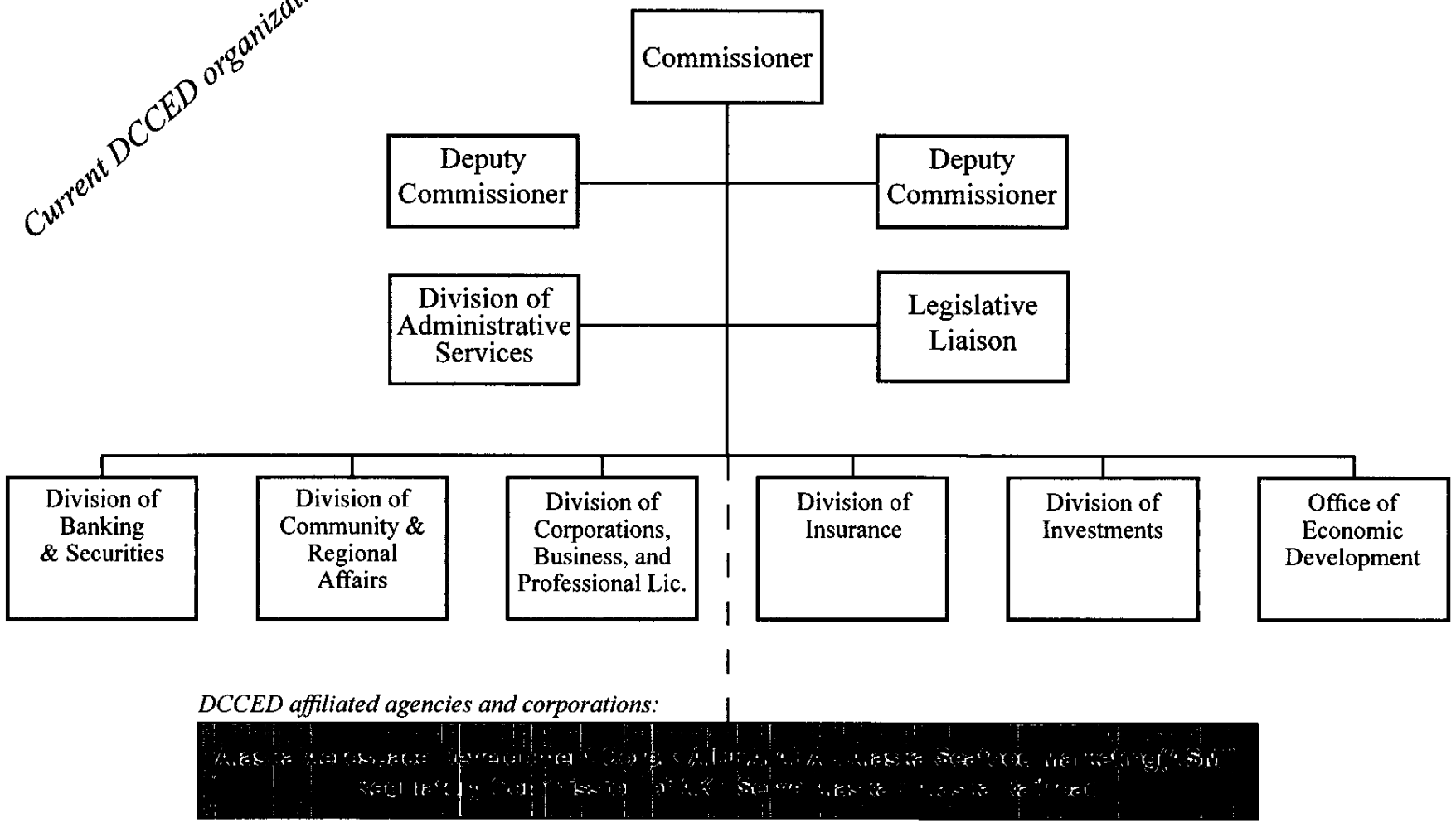

Commerce, Community & Economic Development
FY11 Budget by Line Item
Grants
$72,539.2
36%
Personal
Services
$51,087.1
26%
Travel
$2,477.5
1%
Services
$70,461.3
35%
Capital Outlay
$738.1
0%
Commodities
$3,496.2
2%


Commerce, Community & Economic Development
FY10 Management Plan vs FY11 Governor's Request
250,000.00
200,000.00
150,000.00
100,000.00
50,000.00
-
35,712.50
33,175.00
65,925.00
66,052.60
93,168.80
101,571.80
194,806.30
200,799.40
General Funds
Federal Funds
Other Funds
TOTAL
FY2010 Management Plan
FY2011 Governor's Request

Department of COMMERCE, COMMUNITY, and ECONOMIC DEVELOPMENT

"Promoting a healthy economy and strong communities"

Current DCCED organization



DCCED affiliated agencies and corporations:

[redacted]

2/3/10

Remarks by Curtis Thayer, Deputy Commissioner, DCCED
February 2010

Good morning & thank you for this opportunity. Today, I want to share how Governor Parnell and the Department of CCED are working to change the direction of state government and positioning Alaska for economic growth.

Governor Parnell believes the role of state government is to create an environment that is conducive for private sector investment and sustainability. He understands the state plays a critical role in developing Alaska's economic foundations. Our focus, as mentioned by Commissier Notti, will be:

- Enhancing transportation systems
- Improving workforce development and training at all levels
- Developing Alaska's energy and other resources
- Removing barriers that inhibit opportunity and growth.

To assist in this important effort, the Governor has added several new advisors tasked with resource and economic development. Gene Therriault is focused exclusively on development of Alaska's energy resources. Susan Bell joined the Governor's Office in October, bringing a private-sector perspective and experience in economic and community development.

And I was hired as Deputy Commissioner of DCCED. Building on my own private-sector experience, I am responsible for the economic

development aspects of the department and for increasing coordination with other economic development organizations inside and outside of state government. I directly supervise:

- Office of Economic Development.
- Division of Investments and the many small business loan programs they administer.
- Divisions concerning banking, licensing, and insurance.

Facilitating economic development requires aggressive outreach and a steady commitment to forging meaningful, productive public-private partnerships. The Office of Economic Development will foster economic development by administering programs and providing data and services that encourage private-sector investment in Alaska.

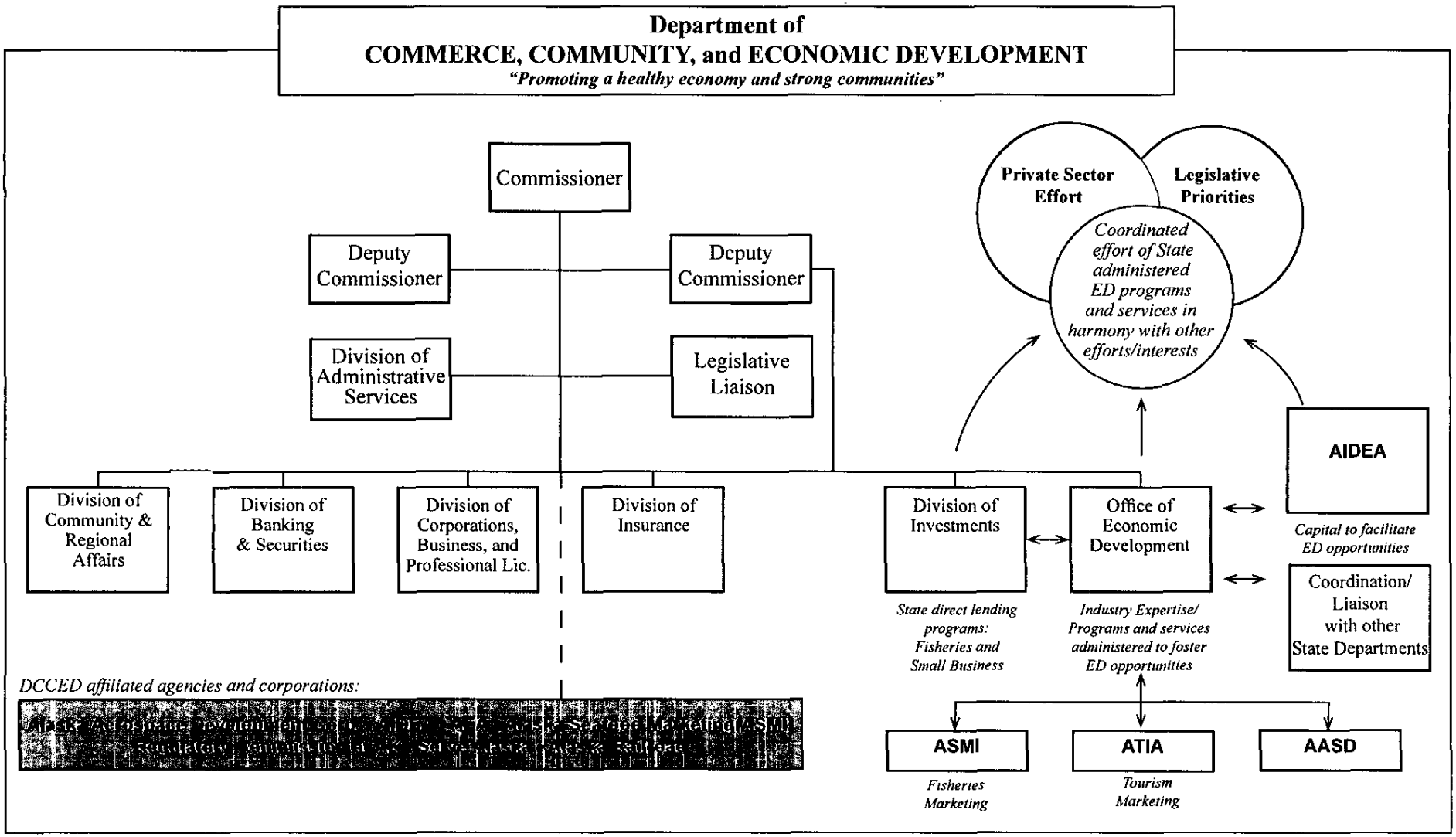
This is about growing our economy. By aggressively reasserting the state's role in creating a business-friendly climate conducive to responsible, sustainable development, we can raise real income and improve the quality of life for all Alaskans. Economic development is neither a destination, nor a checklist of activities. It is an ongoing process requiring constant adjustment and quick responses in an environment that is never static. DCCED's mission statement highlights two key objectives – building a healthy economy and strong communities. However, the resources dedicated in pursuit of the first half of the mission consist of 16 employees with a budget of $3,271,200, of which $338,000 is from the General Fund.

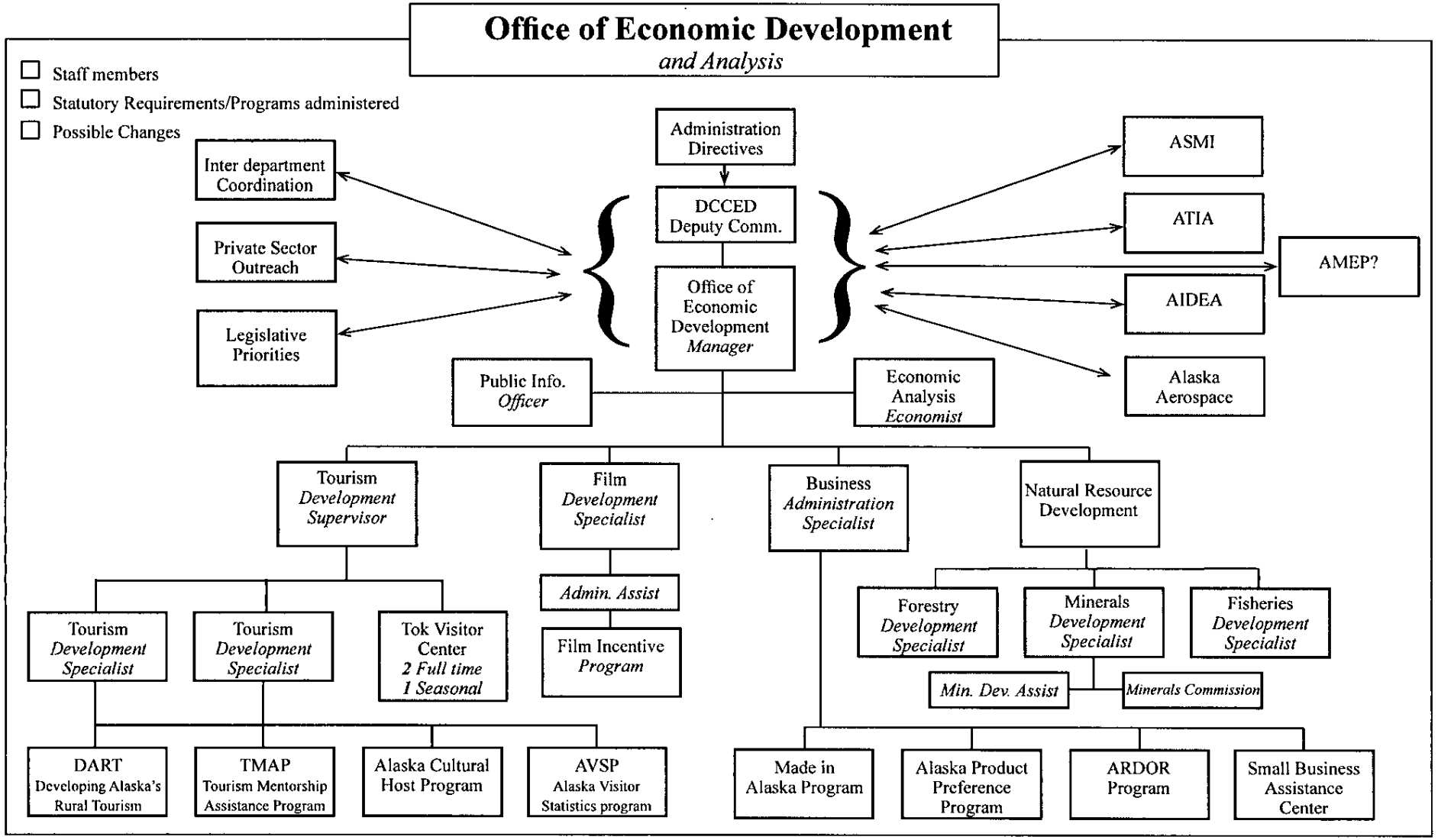
The Office of Economic Development will work with each industry sector to create short-term action plans that will be tied to DCCED and Administration objectives. It is imperative that OED develops these business plans in order to make decisions about priorities, allocating and managing limited funding and human resources, and measuring results

from year to year. A business plan will help communicate a realistic role for OED to the public and set practical expectations about what government can do to facilitate economic development and create the conditions for meaningful growth.

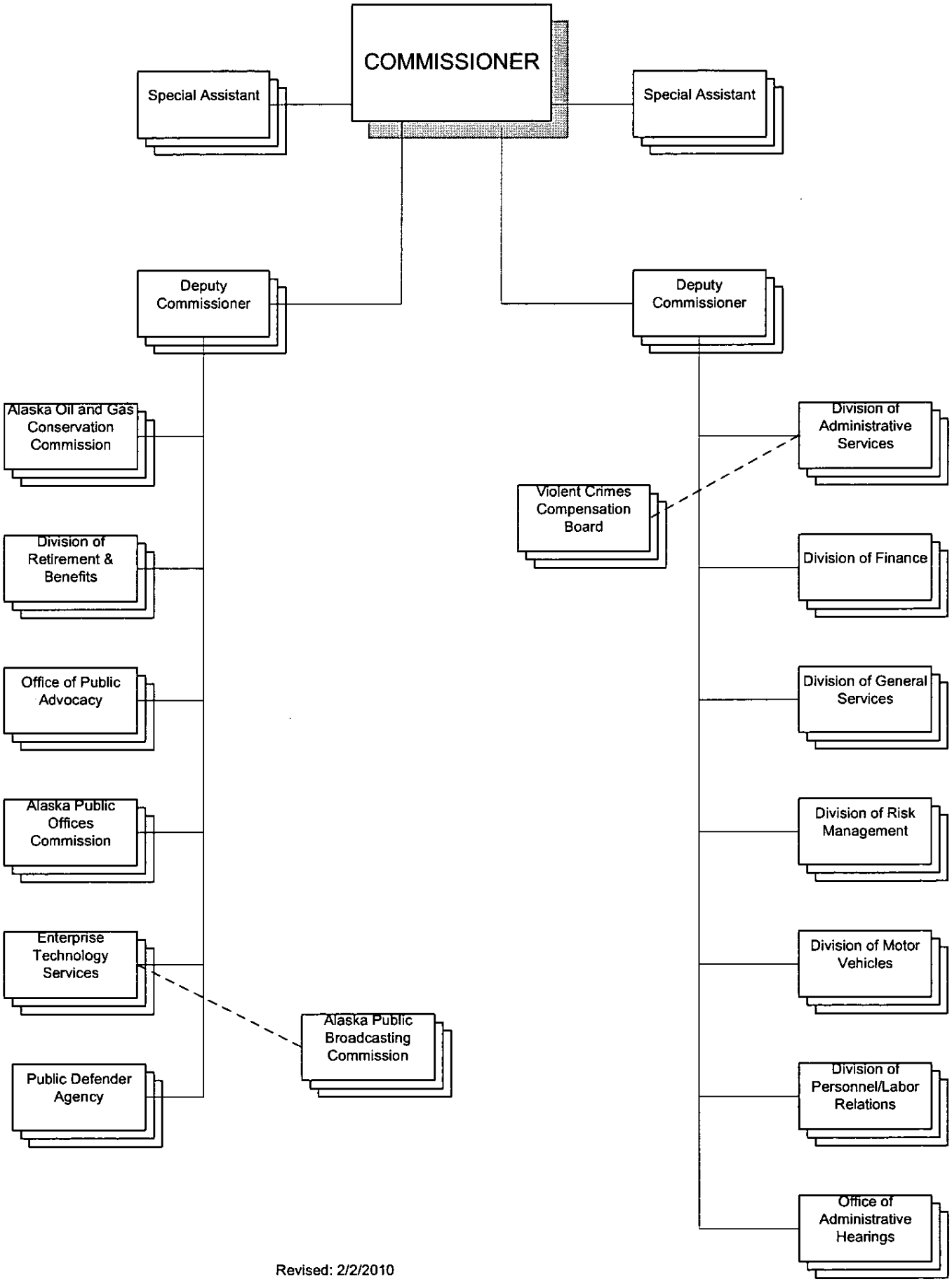
At present, there is insufficient coordination among key organizations. As a result, unnecessary competition for resources ensues, often along with duplication of services and/or underutilization of staff skills. The Office of Economic Development should enable the state to act as a facilitator and clearinghouse for information and economic development services. Even if we could just coordinate the resources within state government, we could claim a measure of success where previous Administrations have tried, but fallen short. I want to send a strong message of the Administration's intent to work closely with the Legislature and private sector toward common goals.

While I am in here today and during the session, I hope to hear from you about ideas, concerns, and suggestions for how the Governor and DCCED can help you achieve our goals.


Department of
COMMERCE, COMMUNITY, and ECONOMIC DEVELOPMENT
"Promoting a healthy economy and strong communities"
Commissioner
Deputy Commissioner
Deputy Commissioner
Division of Administrative Services
Legislative Liaison
Division of Community & Regional Affairs
Division of Banking & Securities
Division of Corporations, Business, and Professional Lic.
Division of Insurance
Division of Investments
Office of Economic Development
State direct lending programs: Fisheries and Small Business
Industry Expertise/ Programs and services administered to foster ED opportunities
Private Sector Effort
Legislative Priorities
Coordinated effort of State administered ED programs and services in harmony with other efforts/interests
AIDEA
Capital to facilitate ED opportunities
Coordination/ Liaison with other State Departments
DCCED affiliated agencies and corporations:
ASMI
Fisheries Marketing
ATIA
Tourism Marketing
AASD


Office of Economic Development
and Analysis
Staff members
Statutory Requirements/Programs administered
Possible Changes
Inter department Coordination
Private Sector Outreach
Legislative Priorities
Administration Directives
DCCED Deputy Comm.
Office of Economic Development Manager
ASMI
ATIA
AMEP?
AIDEA
Alaska Aerospace
Public Info. Officer
Economic Analysis Economist
Tourism Development Supervisor
Film Development Specialist
Business Administration Specialist
Natural Resource Development
Tourism Development Specialist
Tourism Development Specialist
Tok Visitor Center 2 Full time 1 Seasonal
Admin. Assist
Film Incentive Program
Forestry Development Specialist
Minerals Development Specialist
Fisheries Development Specialist
Min. Dev. Assist
Minerals Commission
DART Developing Alaska's Rural Tourism
TMAP Tourism Mentorship Assistance Program
Alaska Cultural Host Program
AVSP Alaska Visitor Statistics program
Made in Alaska Program
Alaska Product Preference Program
ARDOR Program
Small Business Assistance Center

DEPARTMENT OF ADMINISTRATION



Revised: 2/2/2010

Department of Administration – House Finance Committee Overview
Wednesday, February 3, 2010

Budget Report and Program Update

Office of Administrative Hearings – No Substantive Budget Items
Program Update

The Office of Administrative Hearings (OAH) has increased the use of alternative dispute resolution (ADR), especially mediation, to resolve cases of all types. A mediated resolution is a quicker, more cost-effective resolution and, importantly, gives the parties a greater sense of self-determination in the outcome. OAH has also made good progress on the project to make electronically available a database of decisions from administrative adjudications. More than one thousand decisions have been posted to OAH's webpage in a keyword searchable form, together with links to other agencies' webposted decisions or decision indexes.

Division of Finance – No Substantive Budget Items
Program Update

Electronic Payments – Electronic payments legislation (AS 37.25.050) became effective January 1, 2006. Since this law passed, the Division of Finance has focused a variety of efforts on increasing the number of electronic payments, in alignment with the primary strategy in the department's FY 11 IT plan: Increase number of EDI (electronic data interchange vendors), which allows for automating processes, and facilitates the alignment of information technology with business objectives. During FY 2009, 702 vendors were newly enabled to accept electronic payments; between July 1 and December 31, 2009, an additional 2,110 were added, many of whom are foster parents.

Payroll - Acquired personnel with highly specialized expertise to support our aging payroll system. In addition, accomplished three major initiatives:

1) May 2009 - Rekeyed the entry screens for timesheets and leave slips to eliminate the need for Social Security Numbers, fixing a long-standing vulnerability for this confidential information. This effort was part of the department's overall effort to improve security over personal information following passage of the Personal Information Protection Act (HB 65) last year.
2) July 2009 – Created Employee Documents Online, a secure website for employees to access personal and other information specific to themselves. Employee pay stubs were posted to this website beginning in July, and we discontinued printing paper advices in August. This saves the State over $130,000 in paper stock and postage; and these savings are shared by all State agencies through reductions in mailroom costs chargeback.
3) July 2009 – Initiated the ASSET (Alaska Statewide System for Employee Time) project to implement a web-based time and attendance system to capture labor hours and leave for payroll processing. This system will replace paper timesheets and leave slips with automation that allows employees to enter their own information, enables electronic signatures, and consistently enforces our business

rules with edits. The system will interface directly with the existing statewide systems, as well as those that eventually replace them.

E-Travel – Newly created budget component. All funding transferred from State Travel Office.
During 2009 the department made substantial improvements to the State's managed travel program. A competitive procurement resulted in a new travel management contract with USTravel, which features an online booking tool implemented in November. Under the new E-Travel program, travelers and their travel planners can research options in live inventory and create itineraries based on their selections. The first month of operation had an astounding adoption rate for the tool, with 50% of bookings purchased without travel agent assistance, for which the State pays a lower fee. Some of the features of the new E-Travel Online tool include: accessed with the State's enterprise password, unused ticket tracking, templates for reoccurring trips, copy function for booking the same itinerary for multiple travelers, edits and custom text for the State's preferred vendor contracts (like Alaska Airlines and Budget Car Rental), and a dashboard with "how to" information and links to State travel policy and procedures.

The budget does include an increment request of $600.0 I/A to bring the budget into alignment with prior years and the projected level of expenditure for FY2011.

Division of Personnel and Labor Relations (DOP/LR) – No Substantive Budget Items
Accomplishments:

- Implemented pay increments for GGU, SU and CEA January, 2009
- Geographic Differential Survey completed April, 2009
- Human Resources Structure Review completed September, 2009
- Salary Survey completed December, 2009
- Successful negotiations with IBU, MMP, MEBA

Division of General Services
Budget Changes:
The Leases budget has an Interagency Receipt increment of $3,117.9. This amount is the difference between FY2010 I/A authorization and the projected total of lease costs for FY2011.

The Facilities budget has a Public Building Fund increment of $2,000.0. This is the amount projected to be necessary to add to FY2010 authorization to operate and maintain the eleven facilities in the PBF group. They are the Robert B. Atwood building, the Fairbanks Regional Office Building, the Juneau State Office Building, the Dimond Court House, the Linny Pacillo Parking Garage, the Palmer State Office Building, the Alaska

Office Building, the Douglas Island Building, the Court Plaza, the Juneau Public Safety Building, and the Juneau Community Building.

The Central Mail budget has an Interagency Receipt increment of 300.0 to bring the CMS budget into alignment with prior year expenditures and to provide some ability to absorb postage rate increases.

Division of General Services Program Updates:

LEASING/FACILITIES

Substantial construction at the Palmer State Office Building is well underway, remains on schedule, and will result in collocated state agencies serving Mat-Su citizens that will ultimately reduce agency occupancy costs.

Numerous energy efficient improvements to state-owned buildings have been finished or are currently underway, such as new energy efficient boilers in the Atwood, Dimond Courthouse and the Juneau Community Building, all of which will appreciably reduce energy consumption and result in cost savings for the public building fund.

PURCHASING

During FY09, DGS purchasing saved an estimated $34 million through the administration of over 150 contractual agreements. Many of the contracts are available to political subdivisions. For the period, state agencies saved an estimated $26.1 million while political subdivisions saved $8 million.

DGS Purchasing offered 34 separate procurement training courses to over 650 state employees.

Five DGS purchasing staff members received certification from the National Institute of Governmental Purchasing as Certified Professional Public Buyers (CPPB). DGS was awarded the Universal Public Purchasing Certification Council Agency Certification Award. This award is presented to agencies as formal recognition of the agencies commitment to the value of certification in the public sector. Qualification for the award requires that a majority of an agencies staff be certified at the CPPB level.

PROPERTY

DGS successfully re-negotiated an agreement between the Federal General Services Administration and the Small Business Administration. This resulted in Alaskan 8 (a) companies, also known as disadvantaged companies, to acquire federal surplus property at a fraction of the cost of new equipment.

CENTRAL MAIL

Efficiencies gained through replacement of aging equipment will ultimately result in cost/labor savings due to increased speed in processing outgoing mail and eventual automation of return receipt processes.

Division of Retirement & Benefits
Budget Changes:
The Elected Public Officers Retirement System (EPORS) budget has a GF increment request of $600.0. This figure is based on projections of EPORS costs in FY2011.

The Group Health component has a $3.0 million decrement to bring the budget into alignment with projected spending for FY2011.

Division of Retirement and Benefits (DRB) Program Updates:
- Transitioned to a new 3rd Party Administrator for Health Insurance.
- Conducted three comprehensive benefits fairs around the state.
- Designed and implemented myRnB, a single-sign-on solution for authentication of DRB application-users that requires a myAlaska user-created username and password.
- Migrated Employer Access, the information portal for DRB employers, to utilize the myRnB login. This eliminated the use of SSN as username and brought this application into compliance with the Alaska Personal Information Protection Act (HB 65).
- Migrated Member Services, the information portal for DRB members, to utilize the myRnB login. This eliminated the use of a social security number as username and brought this application into compliance with HB 65.

Enterprise Technology Services (ETS)
Budget Reorganization:
The FY2011 budget separates the State of Alaska Telecommunications System (SATS) and the Alaska Land Mobile Radio (ALMR) from the (ETS) budget component, and puts the two programs into individual budget components. This was done in order to be enable to look at and discuss the budgets of SATS and ALMR in some more detail and clarity than was possible when the three were combined. No increases, other than a small salary and health insurance adjustment for ETS, are requested for these components.

ETS Program Updates:
Over the last year, ETS has made significant improvements in the following areas:

- Deployed technical upgrades that resulted in doubling or tripling of Wide Area Network (WAN) bandwidth in multiple areas (Juneau, Anchorage, Fairbanks, Ketchikan, Sitka, the Kenai, the Mat-su, Bethel and Westward, among them);
- Completed technical deployment of a land-based microwave connection from Bethel out to Emmonak, Aniak, and St. Mary's, bringing these areas into the State of Alaska (SOA) WAN;
- Performed two (2) Initial Program Loads (IPLs) on the SOA Mainframe with just four (4) hours' downtime for the entire year, two (2) hours of which were unplanned downtimes;
- Moved mainframe customers from a non-secure to a secure TN3270 server as well as from a non-secure to a secure FTP server successfully;

- Deployed an IBM Bladecenter in the Juneau Data Center (JDC) with a fully redundant Storage Area Network (SAN) that supports more efficient management and retrieval of email;
- Completed power, cooling, and cabling upgrades for the JDC as well as relocated the Network Operations Center (NOC) in the ETS Juneau office.

Alaska Public Broadcasting Commission
Budget Changes:
The Public Broadcasting Radio component has a decrement of 250.0 GF for FY2011. This reflects the removal of a one-time increment added in FY2010.

AIRRES Grant
No Budget Changes.

Division of Risk Management - No Substantive Budget Items
Program Update
A formal RFP for broker services resulted in fee reduction and increased insurance protections – i.e. marine liability increased from $50 to $500 million for state fleet – including pollution.

Upgraded risk management information system (RMIS) to initiate optical character scanning (OCS) of all medical billing statements to capture individual procedure coding (CPT etc) to better able future analysis of medical cost trends in workers' compensation claims.

Starting March 1, 2010 RM will be required to report certain qualifying claims to the Federal Center for Medicare/Medicaid Services (CMS) offices. CMS regulations apply to self-insurance plans as well as insurance companies. CMS requires their interests be protected prior to any settlement of the medical portion of a claim for qualified individuals. Penalties for noncompliance are $1,000 per claim, per day. RM is working with the software database vendor in order to be able to meet the deadline.

Alaska Oil & Gas Conservation Commission (AOGCC)
Budget Changes:
$1,150.9, which is the amount equal to the projected unexpended balance of prior year funding for gas line evaluation work, is requested for FY2011 to enable the AOGCC to complete their gas line work.

AOGCC Program Update:
The AOGCC covered a very wide range of issues in 2009, the 50th anniversary of its existence. The history of the agency, including a discussion of its many accomplishments through the years, can be found in the recent publication "AOGCC, 50 Years of Service to Alaska", available on request from the AOGCC.

Within the past year some of the more important AOGCC projects included:

- Assisted in progressing Point Thomson Unit development by approving two permits to drill, providing field inspection oversight for those two presently drilling wells, and continuing to work on a major reservoir study of the field.
- Assisted the DNR in approving permit to drill and conducting field inspections for the Naknek Electric Association geothermal well helping to develop a potential new renewable energy source for Alaska.
- Adopted and began enforcing new regulations for suspended wells, clarifying and tightening requirements for long-term shut-in and suspended wells, which should help protect the State from increasing expensive orphan well liability.
- Worked with operators and DNR to ensure that multiphase metering systems would maintain sufficient accuracy for custody transfer allowing Alaskans to receive their fair share of oil and gas revenues.
- Successfully managed the Class II Underground Injection Program for the EPA which protects Alaska's underground sources of drinking water. EPA audit of our performance was extremely complimentary.
- Filled two engineering vacancies, thus improving our efficiency and effectiveness at reviewing permits to drill, sundry workover permits, and various orders. This will enable profitable projects to be started sooner.
- Hired a summer engineering intern from UAF, giving an Alaska college student (and a possible future oil and gas engineer Alaska) exposure to Alaska's oil and gas regulations and a valuable summer experience for his resume. With an aging work force young petroleum engineers are rare and needed in the State.
- Continued to provide significant support for DNR's effort to establish a modern new Alaska Geologic Materials Center. The new center will allow better access to resource scientists in their search for new economic hydrocarbon and mineral deposits.
- Provided technical support to Governor's Task Force on Climate Change and identified options for minimizing emissions of methane and other greenhouse gasses associated with oil and gas production in Alaska.
- Supported DEC and PSIO in conducting an Alaska oil and gas infrastructure risk assessment and regulatory gap analysis thus helping to reduce risk to the environment from oil spills.
- Continued to expand the AOGCC's computerized well and production data base which will enable faster and more efficient access by oil and gas operators interested in investing in Alaska.

Office of Public Advocacy (OPA) – No Substantive Budget Items

OPA Program Updates:
Court Appointed Special Advocate Program
OPA's Court Appointed Special Advocate program recruits, trains, and supervises community volunteers to serve as Guardians ad Litem for abused and neglected children in the state's protective custody. The work of this volunteer core supports and supplements the work of OPA's professional GALs and allows OPA to make more efficient use of its child advocacy resources.

Last year OPA added a part-time CASA coordinator in the Mat-Su Valley to expand the CASA program to help offset the work of the professional GALs due to the growing CINA caseload. As a result, the Mat-Su Valley CASA Program underwent a dramatic expansion throughout FY 09 and the first half of FY 10. Since the beginning of FY 09 the program increased its number of trained volunteer guardians ad litem by 114% and increased the number of children being served by volunteer GALs by 104%. The program now has 30 active volunteers serving 53 abused and neglected children.

OPA Public Guardian Services
In FY 2009, OPA experienced a 13.6% increase in the number of public guardian clients. To slow the growth of OPA's public guardian caseload, the agency has developed a new Family Guardian Program.

For years, the agency has provided a monthly class to teach community members how to file guardianship petitions on behalf of their loved ones. In FY2010 OPA began providing a new set of training programs aimed at teaching friends and family how to become successful guardians or conservators for their incapacitated loved ones. The classes include sections on the court process, applying for benefits, finding housing, and the guardian's authority over the ward. By providing this training, we hope to enable many more private citizens to serve as guardians and conservators so that fewer people will have to turn to the state to provide this service. Accordingly, we hope to slow the growth of the OPA public guardian caseload and to assist families and friends with maintaining greater involvement in the care of their loved ones.

OPA Office of Elder Fraud and Assistance
During FY 2009, OPA's Office of Elder Fraud and Assistance recovered (through settlement or court order) $462,253.30 in assets for Alaskan elders who were the victims of fraud or financial exploitation.

So far during FY2010, Elder Fraud has recovered $1,558,795.10 in assets for defrauded elders.

Public Defender Agency (PD) – No Substantive Budget Items
PD Program Updates:
Paralegal Program: The Agency implemented its paralegal program in Anchorage, Palmer, Kenai, Juneau, and Bethel. Paralegals manage discovery and perform conflict analysis. This program has allowed the Agency to complete certain required tasks using lower cost paralegals, rather than high cost attorneys. This program has also increased the Agency's ability to absorb case loads by increasing available time for Attorneys to prepare and resolve cases.

Resource Management: Case Management System. The Agency has completed the implementation of a case management system. The Agency has generated reports for FY2009 and completed an audit of each office. These reports have generated a more detailed picture of case workload and case management.

Regional Restructuring: The Agency has grouped its smaller offices into regional units. This has allowed the Agency to increase the oversight and management of smaller offices by placing multiple offices under one supervisor. This also allows the Agency to allocate or reallocate resource more efficiently by viewing the region as a single entity for caseload and staffing level evaluations.

Resource Reallocation: The Agency has used the detailed data from the new case management system in conjunction with the increased capacity and oversight from the regional management structure to reallocate resources. Two positions were moved in FY10 to Fairbanks—one from Barrow and one from Anchorage—to accommodate the caseload increases in the Fairbanks office. This will assist the Agency in absorbing caseload increases.

Violent Crimes Compensation Board
Budget Changes:
Additional federal receipt authorization in the amount of $150.0 is requested to enable the Violent Crimes Compensation Board to use anticipated increased federal grant funds to pay claim awards. Also requested is an increment of $297.9 of PFD criminal funds to pay awards for claims received during FY2011.

Program Update:
The Violent Crimes Compensation Board dealt with an increased number of claims in FY09 and paid out a record $1.7million in awards to innocent victims of crime.

This year the Board has instigated a number of efficiency measures: first, it purchased laptop computers for the three Board members. This has drastically reduced the time and cost involved in preparing for Board meetings, as instead of photocopying, and subsequently shredding, claim files, documentation is now scanned and delivered to Board members securely via thumb drives. Board members are pleased with this new system which is working effectively.

Second, instead of two staff members routinely travelling to Anchorage for Board meetings, only the Administrator attends, thus reducing travel expenses. In the Fall of 2009, the Board approved and produced a new informational poster that has been distributed throughout the state to hospitals, physicians, law enforcement and victim service agencies. This will help make VCCB program services known to crime victims.

Finally, the VCCB recently purchased a license for on-line conferencing software which will enable staff to deliver interactive training seminars via the web to victim advocates and service providers. This should prove a much cheaper alternative to travelling around the state to deliver training, and is more effective than teleconference calls.

Alaska Public Offices Commission – No Substantive Budget Items
Program Update and Recent Accomplishments:
- The Lobbyist Module of the Insight computer filing project is deployed.
- Over 1,600 financial disclosure statements received annually in March.

- Over 2,500 filings from lobbyists and employers of lobbyists are received annually.
- Eight in-person Ethics and Compliance training sessions were completed for lobbyists and employers of lobbyists.
- Over 3,500 campaign disclosure filings from 340 candidates and 140 groups for multiple elections and reporting deadlines were received.
- Increased effort in public outreach and education.

Division of Motor Vehicles
Budget Changes:
Federal authorization in the amount of $500.0 is requested to receive and expend funds made available by The Federal Motor Carrier Safety Administration (FMCSA) to improve DMV's Commercial Driver's License (CDL) program. These improvements will address the issues of compliance from the April 2008 FMCSA audit, and recommendations from the American Association of Vehicle Administrators, CDL Best Practices manual, and changes outlined in the Federal Register Vol. 71, No. 84.

Bensen Lease Cost Reduction - $668.8 Reduction
The initial lease terms included the cost of the customization (build-out) of the space to meet DMV's needs. Those terms provide that in the case of a renewal, a lesser amount will be charged. The DMV currently anticipates renewing the lease in FY2011.

DMV Program Update:
- DMV wait times improved from 66.3% of customers being served in less than 20 minutes in FY2008 to 71.3% in FY2009.
- To detect and prevent fraudulent activities, DMV implemented a secure web-based application for examiners to schedule and record results of commercial driver license road skills tests.
- DMV designed and implemented a system called STAR (Skills Test, Appointment and Reporting) that allows individuals to schedule over the internet a road test at any DMV office or third party tester. Currently, customers must come into a DMV location to schedule and pay for the test. With the new system, a customer can schedule a test at any location up to 60 days prior to the test, reschedule if necessary, make payment, and receive a reminder email notification. This program is undergoing final testing, and is scheduled to be rolled out no later than mid-February.
- In coordination with Alaska and Federal DOTs, DMV implemented the Performance and Registration Information Systems Management program. The goal of the program is to use state commercial vehicle registration sanctions as an incentive to improve motor carrier safety.
- The year registration tabs are now being color coded to make it easier for law enforcement to determine whether vehicle registration is current. We are currently issuing red tabs for registrations expiring in 2012.
- DMV implemented a program to extend vehicle registration periods for military personnel returning from deployment in Iraq and Afghanistan.

- The obsolete digital driver license printers were replaced with a newer version that includes a security feature that prevents their use in the event of theft.
- The Soldotna office moved next door to a space that is better suited to serving customers.

PRIORITY PROGRAM OVERVIEW
Department of Administration
FY2011 OPERATING BUDGET

DEPARTMENT MISSION: The mission of the Department of Administration is to provide consistent and efficient support services to state agencies so that they may better serve Alaskans.

DEPARTMENT CORE SERVICES:
The Department of Administration provides business management and information technology support for state agencies; collection of motor vehicles revenues from vehicle titling and registration and driver licensing; and provides legal and advocacy services through the Public Defender Agency and the Office of Public Advocacy.

TOTAL OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	75,048.1	4,420.8	216,744.7	296,213.6	1,070	20	34
FY2011 GOVERNOR'S TRANSACTIONS	-936.1	-987.2	4020.3	2097.0	-1	-2	-2
TOTAL FY2011 GOVERNOR'S BUDGET	**74,112**	**3,433.6**	**220,765**	**298,310.6**	**1,069**	**18**	**32**

PRIORITY PROGRAMS

Enterprise Support Services - Includes resources for all of the core government support services provided to state agencies by the Department of Administration. These services include procurement, information technology, accounting, human resources, labor relations, retirement and benefit management, and facilities management.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	25,230.2	3,574.2	191,610.8	220,415.2	582	7	16
FY2011 GOVERNOR'S TRANSACTIONS	450.8	-1,487.8	3,235.7	2,198.7	-3	0	-1
TOTAL FY2011 GOVERNOR'S BUDGET	**25,681.0**	**2,086.4**	**194,846.5**	**222,613.9**	**579**	**7**	**15**

Results of Current Capacity

⬆ The amount of total Electronic Data Interchange (EDI) payments has increased steadily from $2.5 billion in FY2006 to $4.5 billion in FY2009.

⬆ The number of Electronic Data Interchange (EDI) vendors has increased steadily from 548 in FY2004 to 3802 in FY2009. Between July and October 2009, 1,985 additional vendors have been made EDI-capable, many of whom are foster parents.

➡ Payroll transactions have been processed without penalty pay since FY2004.

➡ The percent up-time for the state's mainframe computer system has remained constant at 99.8% over the past three years.

Accomplishments

E-Travel

The Department of Administration has established E-Travel as the managed travel program serving the State of Alaska Executive Branch, including employees, members of boards and commissions, inmates, witnesses, and other individuals that travel on official State business. E-Travel is comprised of:

1. Travel policies contained in AAM 60
2. E-Travel Online, which is the online booking tool RESX configured for State of Alaska travel policies
3. Travel management contractor, which is currently USTravel
4. Other contracts with vendors in the travel industry including airlines, hotels, and rental car agencies

5. E-Travel Management Team (ETMT), which includes the State Travel Manager and Assistant, as well as others from the Division of Finance that support this program
6. Travel coordinators, travel administrators, and travel planners within each department
7. Employees and others traveling on official State business

The department also maintained contracts with Alaska Airlines, Northwest Airlines, and rural air carriers within Alaska, which generate most of the calculated travel related savings. In addition, the department obtained a new contract with Delta Airlines with favorable fares as well.

Human Resources
Enhancements were made to Workplace Alaska, the enterprise-wide on-line recruitment system. The enhancements were focused on increasing the size of applicant pools and simplifying the application process. These are part of significant efforts to improve the recruiting process for both job applicants and hiring managers.

The department completed the Geographic Differential Study and salary survey. These are important steps in determining the validity of salary adjustments based on physical location, and compared to other entities.

Significant Changes in Results Expected :

The Commissioner's Office of the Department of Administration continues to drive improvements in the way the State manages its human resources and information technology as well as just recently revamping entirely the management of State travel. The department is working to improve efficiency in all areas of state government, thereby constraining the growth of government, and will continue to work to that end.

Legal, Advocacy, and Regulatory Services - Includes resources for criminal defense, motor vehicle and driver licensing and registration, oil and gas conservation regulation, and public official and lobbyist disclosure.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	30,597.9	155.5	22,277.0	53,030.4	391	11	13
FY2011 GOVERNOR'S TRANSACTIONS	-1,235.4	500.0	484.4	-251.0	2	-2	-1
TOTAL FY2011 GOVERNOR'S BUDGET	**29,362.5**	**655.5**	**22,761.4**	**52,779.4**	**393**	**9**	**12**

Results of Current Capacity

⬆ The percentage of customers who were served at the Division of Motor Vehicles in less than 20 minutes has steadily increased from approximately 59% in FY2007 to approximately 71% in FY2009.

⬆ To ensure Alaska's underground fresh water is protected the Alaska Oil and Gas Conservation Commission (AOGCC) continues to increase the percentage of mechanical integrity tests performed on existing Class II wells that it witnesses. The percentage of tests witnessed increased from 75% of all tests in FY2007 to 89% of all tests in FY2009. By witnessing the tests the AOGCC can ensure the tests are done correctly and that any problems that may arise are resolved.

➡ To ensure the safe, efficient recovery of Alaska's oil and gas resources and prevent the waste of those resources the Alaska Oil and Gas Conservation Commission (AOGCC) has continued to witness over 40% of oil rig safety valve systems tests. By witnessing the tests the AOGCC can ensure the tests are done correctly and that any problems that may arise are resolved.

Accomplishments

The department's No. 2 Priority Program is **Legal and Regulatory Services**. The following accomplishments were of particular significance:

Division of Motor Vehicles (DMV)
The DMV implemented a program to extend vehicle registration periods for military personnel returning from deployment in Iraq and Afghanistan. The DMV also implemented an Ignition Interlock Device program based on statutory changes, which is designed to reduce the incidence of driving under the influence.

Public Defender Agency (PD)
The PD implemented a new case management system that will enable the department to generate performance measure results and to provide more reliable and detailed information for supporting efficiency and cost-saving strategies. The Agency is auditing the system and expects to generate performance measure results based upon FY2010 data.

Office of Public Advocacy (OPA)
The Office of Public Advocacy opened the Office of Elder Fraud and Assistance in late 2006 to recover resources for elderly Alaskans who have been the victims of fraud or financial exploitation. Since opening its doors, the section has received judgments or settlements on behalf of elderly Alaskans in excess of $2 million. Currently, the section is taking action on behalf of Alaskan Elders to recover approximately $6.8 million. The section's staff continues to provide outreach and training to professionals and lay people concerned with protecting elders from financial abuse.

Alaska Oil and Gas Conservation Commission (AOGCC)
Continued converting AOGCC's public well history files and oil and gas information into digital form and maximizing the amount of public information available through the Internet. This has streamlined our internal handling of data and is reshaping our permitting processes.

Family Support - Includes resources for child in need of aid and pubic guardian services as well as crime victim compensation.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	14,500.8	691.1	2,459.6	17,651.5	95	2	5
FY2011 GOVERNOR'S TRANSACTIONS	98.3	.6	300.1	399.0	0	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**14,599.1**	**691.7**	**2,759.7**	**18,050.5**	**95**	**2**	**5**

Results of Current Capacity

⬆ The percentage of children in child in need of aid cases that met with a guardian ad litem within five working days has increased from 51% in FY2007 to 72% in FY2009.

⬇ The percentage of Office of Public Advocacy (OPA) Public Guardian clients not receiving financial benefits to which they are entitled increased in FY2009 as compared to FY2008 by approximately 5%. The increase is attributable to increased caseloads and staff shortages in some areas of the state. OPA is adding one staff position in FY2010 to improve this level of performance.

Accomplishments

The Office of Public Advocacy developed and began the roll out of our expanded Family Guardian Program that provides training to the public regarding how to provide guardianship services to an incapacitated adult. This program includes sessions on the court process, applying for benefits, finding housing, and the guardian's authority over a ward.

The Alaska CASA program received federal grants for expansion in the Mat-Su Valley. As a result of these expansion grants, the CASA program was able to double the number of Mat-Su Valley volunteers in a single year and more than double the number of children being served by volunteers in the Mat-Su Valley.

Public Information and Education - Includes resources for public broadcasting in Alaska. Performance indicators for this program have not yet been developed.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	4,719.2	0.0	397.3	5,116.5	2	0	0
FY2011 GOVERNOR'S TRANSACTIONS	-249.8	0.0	0.1	-249.7	0	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**4,469.4**	**0**	**397.4**	**4,866.8**	**2**	**0**	**0**

There are no key indicators for this program.

Administrative Order No. 237
Executive Working Group
Status Report of Recommendations

The Executive Working Group on Recruitment and Retention sent out a list of action items in the November 2007 report to the Governor. These items and their current status are listed below.

Action Items - Near Term

Action Item	Status	Details
Labor Contracts: PSEA, AVTECTA, IBU, MM&P and MEBA, ASEA-GGU, APEA-SU, APEA-CEA	**Completed**	Salary adjustments resulting from HB 417 and labor negotiations have had a cumulative impact of $150 million over three years (FY08-$56.4 million, FY09-$50.6 million, FY10-$46.0 million).
ASEA-GGU, APEA-SU, APEA-CEA	**In Progress**	Contracts expire 6/30/2010
LTC, TEAME, ACOA	**In Progress**	Contracts expired 6/30/2009
Longevity Step Repeal and replacement with fair alternative	**Completed**	HB 417 repealed longevity steps and implemented pay increments for non-covered employees. PSEA negotiated similar provisions and Letters of Agreement were signed with GGU, CEA and SU effective January 1, 2009. Cost to implement estimated at $2.3 million in FY09 and $1.5 million in FY10.
Flexibility for Deputy Commissioner Pay	**Completed**	HB 417 provides for appointment within range 28.
Deputy Director Pay Increase	**Completed**	Division Operations Manager, range 24 Deputy Director, range 25 (partially exempt only)
Training/Certification/ Education Survey Status	**No Action**	Will be put into New Work Plan
HR Integration Study	**Completed**	Recommendations are under consideration.
Streamline Intern Process	**Completed**	Levels were consolidated and flex staffing was implemented. Intern openings are now advertised through Workplace Alaska. This allows all interested parties to view/post internships in one central location.
Market-Based Pay	**Discontinued**	To provide a more holistic approach a salary survey was completed December 2009.
Healthy Living Habits	**In Progress**	HealthTracks, wellness program for AlaskaCare employee health plan, was implemented January 1, 2009. Sponsored a State Employee health fair, Friday, March 17, 2009. Conducted "Take the Stairs" campaign during fall 2009. HIP subcommittee is discussing and considering "Be the Biggest Loser" and "Know Your Numbers" campaign for 2010.

Administrative Order No. 237
Executive Working Group
Status Report of Recommendations

Action Items - Within Two Years		
Action Item	**Status**	**Details**
Geographic Differential Study	**Completed**	The Study was completed April, 2009. The budget impact will be presented to the Legislature.
Tuition Reimbursement & Student Loan Forgiveness	**In Progress**	Many departments currently reimburse employees for tuition for job-related classes. Departments will be advised of available options. Review of Student Loan Forgiveness will be put into New Work Plan.
Knowledge Transfer Plans	**In Progress**	DOPLR has a presentation available to assist agencies in the development of these plans.
Flexible Work Schedules (Alternate Workweeks)	**In Progress**	The number of agreements Statewide has increased from 1,508 in 2007 to 1,955 in 2010. Effort is continuing to inform departments of available options.
Revamp Classification Process and Review of Resources	**In Progress**	Classification studies are being limited to those in class series which have experienced significant change in duties. A parallel process to address salaries will be explored in conjunction with comprehensive salary survey.
Classification System Review	**In Progress**	When appropriate, job classifications are being consolidated and single position job classifications are being eliminated.

Action Items-Within Three Years		
Action Item	**Status**	**Details**
Salary Survey	**Completed**	Survey was completed December 2009.
Workplace Alaska Portal Replacement	**In Progress**	Development of system requirements underway.
Legislation for 40 hour Workweek	**No Action**	Consideration will be given to implement for select groups of employees.

Ongoing Efforts		
Action Item	**Status**	**Details**
Less Restrictive Minimum Qualifications	**In Progress**	121 job class specifications involving over 3,586 State jobs have been reviewed and updated to ensure MQs reflect current job requirements.
Broader Use of Flexibly Classed Positions	**Completed**	The use of flexibly classed positions has been broadened for use within any series so long as the work exists at the requested levels.
Administrative Clerk Study	**Completed**	This comprehensive study of 1,150 clerical positions was completed on June 30, 2009.
Revamp Employee Evaluation Process	**Completed**	The evaluation process was streamlined to ensure that employees are evaluated in a meaningful and timely manner.

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News and Views: Economic Conditions and Pensions

House Finance Committee

February 3, 2010

Prepared by Dept. of Administration, Feb. 2010

Alaska oil income called stable after a year of ups and downs

(Galvin) predicted $4.8 billion in unrestricted revenue, the money pool that generates most of the legislative and public debate. That's $1 billion less, however, than was generated in the last fiscal year and less than half of the record $10 billion in the previous year.

Oil dominates revenue sources, but production on Alaska's North Slope is still declining. Production fell more than 3 percent last fiscal year, and **another decline of nearly 5 percent** is expected in the current fiscal year, according to the forecast. Daily oil production is expected to average 659,000 barrels, compared with a record of more than 2 million barrels a day in 1988. Daily production is expected to dip to 623,000 barrels in 2011

SOURCE - Anchorage Daily News, 12/11/09

Alaska's 8.8% unemployment rate is highest since 1992

Alaska's unemployment rate hit 8.8 percent last month, its highest level since September 1992. The rate was 6.8 percent in December 2008.

Source: Anchorage Daily news 1/22/10

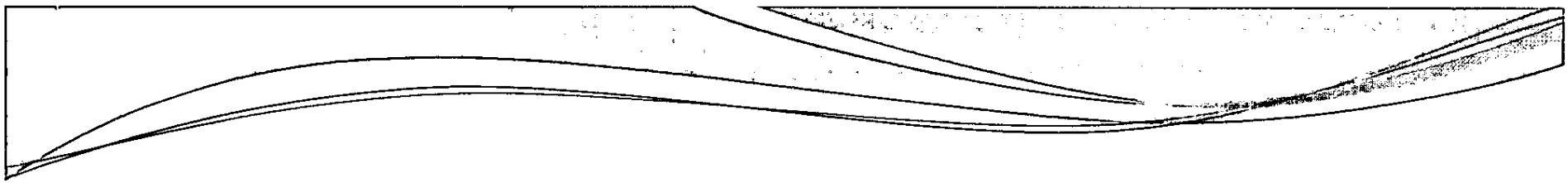
The deals Wednesday drew concessions from union workers, who will see their salaries cut by 5 percent and forgo wage increases for another two years, according to Alyeska and the Alaska Petroleum Joint Crafts Council, a collection of five unions.

Fairbanks Daily News Miner, 1/14/10

Granholm: Let's retire 46,000 public employees

In a stroke that could dramatically restructure the workforce of state government and public schools, Gov. Jennifer Granholm today said she'll prod into retirement 39,000 teachers and 7,000 state employees with at least 30 years of service, and ***double*** *the cost public employees pay* for health care coverage as part of her final year plan to reshape and downsize the cost of state government.

Source: Detroit Free Press 1/29/10



Alaska catching up with the rest of the country on recession

The job market is so tight that the state now posts a caution on its Division of Employment Security web site suggesting people not move to Alaska unless they already have work lined up.

Source: CNN.com 10/16/09

Mayor unveils grim 2010 budget forecast

SULLIVAN: Assembly told shortfall appears to be around $20 million.

Source: Anchorage Daily News 8/28/09

Mayor expects city layoffs next year

BUDGET: He says city revenues likely to fall short by $20 million.

Source: Anchorage Daily News 9/22/09

Prepared by Dept. of Administration, Feb. 2010

Pension News and Views

Prepared by Dept. of Administration, Feb. 2010

Pension tension on the rise

"We're going to face increasing stresses in the pension world over the next three to five years," said Leo Kolivakis, a pension industry consultant who writes the Pension Pulse blog. "People are hoping and praying the stock market will bail them out, but they're going to be disappointed."

Source: CNNMoney.com 11/30/09

Hidden Pension Fiasco May Foment Another $1 Trillion Bailout - Bloomberg.com 3/3/09

The new 'retirement' plan: Just keep working

- MSNBC.com 7/29/09

The battle to curb public pensions

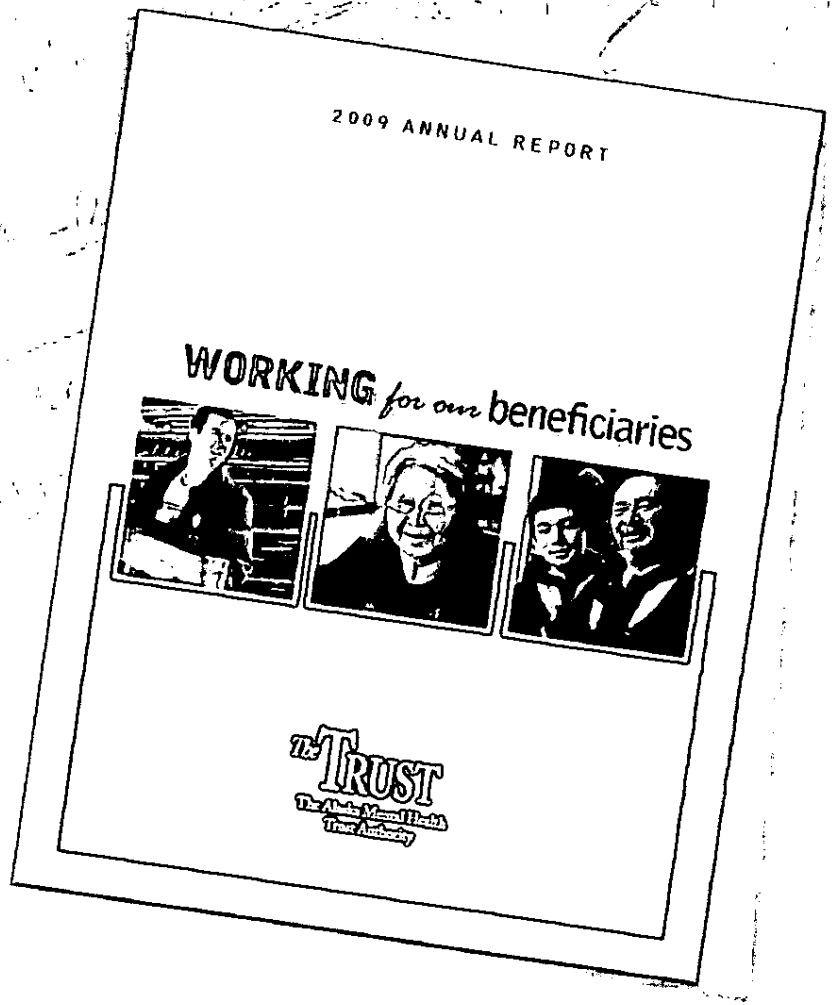
When it comes to governments staggering under the weight of public employee benefits, cautionary tales abound. *One of every three dollars* spent by the Los Angeles County school system funds teacher pensions. Philadelphia just issued a staggering $4.5 billion bond to cover unfunded pension liabilities for 33,000 employees. The City of Vallejo, Calif., recently declared bankruptcy, its finances collapsing under the weight of police and fire contracts.

Source – Boston.com 5/21/08

2/4/10 OVERVIEW: ALASKA MENTAL HEALTH TRUST AUTHORITY

<target><bill></bill><subject>2-4-10 OVERVIEW ALASKA MENTAL HEALTH TRUST AUTHORITY</subject><comm>HFIN26</comm></target>

House Finance Committee FY 2011 Budget



Alaska Mental Health Trust Authority

February 4, 2010

The TRUST
The Alaska Mental Health Trust Authority

Trust Beneficiaries

- People with mental illness
- People with developmental disabilities
- People with chronic alcoholism
- People with Alzheimer's disease and other dementia

The TRUST
The Alaska Mental Health Trust Authority

Trust Advisors

- Alaska Mental Health Board
- Advisory Board on Alcoholism & Drug Abuse
- Governor's Council on Disabilities & Special Education
- Alaska Commission on Aging
- Commissioners of Health and Social Services, Natural Resources, Revenue, and Corrections
- Alaska Brain Injury Network
- Statewide Suicide Prevention Council

Trust Funding FY2011

Distributable Income	
Trust Fund Payout 4.25%	$17,739,095
Prior Year Lapse	$ 3,931,279
Land Office Income	$ 1,800,000
Interest	$ 1,400,000
Total Projected	$24,870,374

The Trust
The Alaska Mental Health Trust Authority

Joint FY2011 Legislative Priorities

- Increase adult dental Medicaid reimbursement cap
- Establish regular and periodic schedule of rate reviews for home and community-based services
- Support 10-year plan to reduce homelessness
- Fund community-coordinated transportation systems

Advisory Board on Alcoholism and Drug Abuse

abada amhb

Alaska Mental Health Board

Governor's Council on Disabilities and Special Education

Alaskan Seniors Living Longer Growing Stronger

from the Alaska Commission on Aging

Priorities shared by The Trust and its beneficiary advisory boards: Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse, Governor's Council on Disabilities and Special Education, and Alaska Commission on Aging

The Trust
The Alaska Mental Health Trust Authority

Formula for Success

- **Identify a problem or community need**
- **Collaborate with governmental agencies, advisory groups, non profits, service providers, philanthropic organizations and private sector**
- **Develop strategic, sharply focused solutions**
- **Make lasting system improvements for Trust beneficiaries**

Committed Partners + Strategic Thinking = Results for Trust Beneficiaries

The TRUST
The Alaska Mental Health Trust Authority

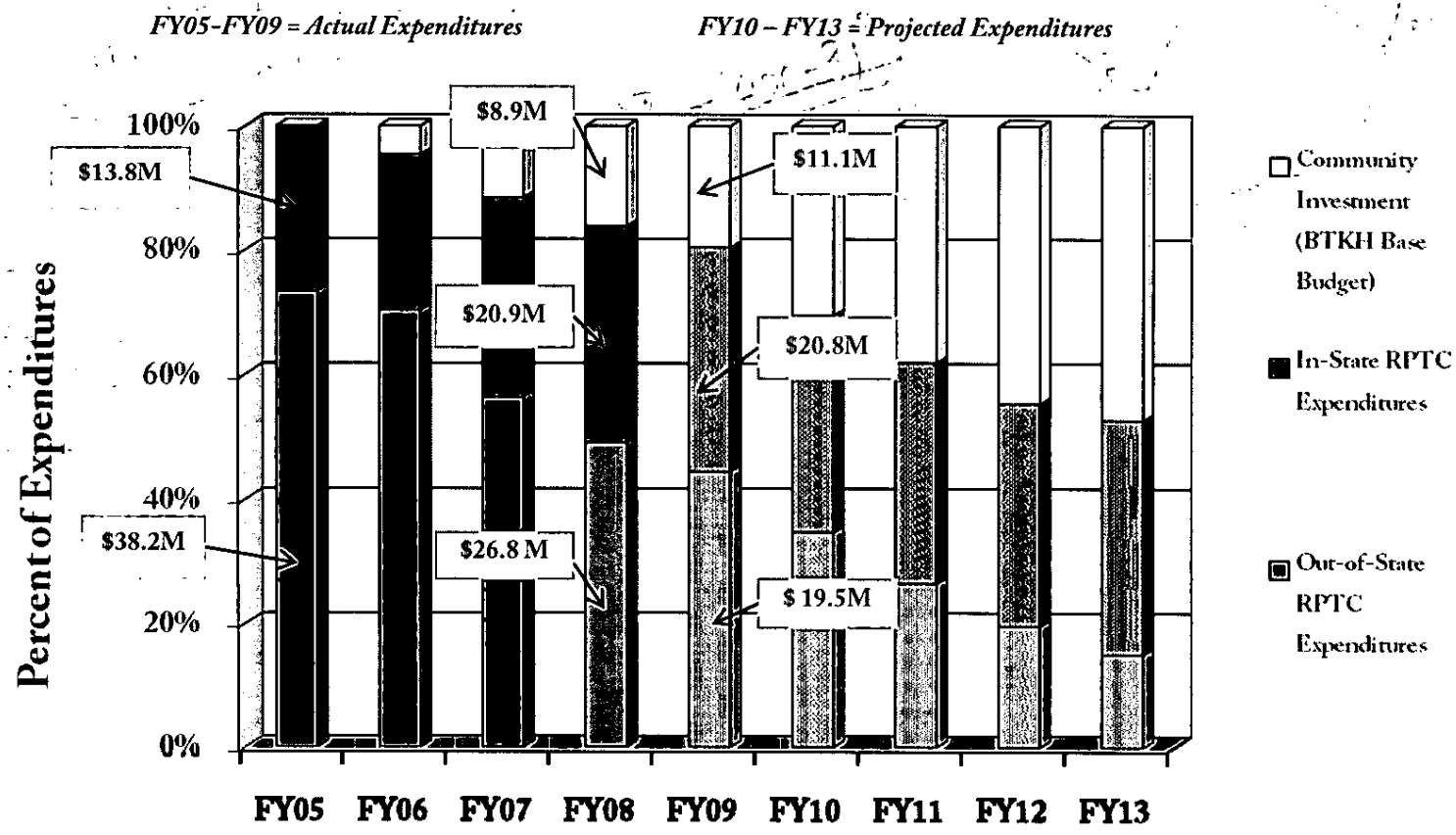
Five Program Focus Areas

- **Bring the Kids Home**
  - reforming Alaska's mental health care for children and adolescents so they are diagnosed earlier and are treated as close to home as possible
- **Disability Justice**
  - reducing the involvement and recidivism of Trust beneficiaries in the criminal justice system
- **Workforce Development**
  - creating an available and competent workforce for Trust beneficiaries and service providers
- **Affordable, Appropriate Housing**
  - increasing a continuum of housing options for Trust beneficiaries
- **Beneficiary Projects Initiative**
  - supporting grassroots, peer-to-peer programs for Trust beneficiaries

Bring the Kids Home

- **Problem or community need**
  - FY06: 743 Alaskan children with severe emotional disturbances received service in out-of-state residential psychiatric treatment centers
    - separated from families, communities
    - length of stay varies from several months to multiple years
  - FY06: $40 million for out-of-state Medicaid care
- **Committed partners**
  - DHSS, Denali Commission, Trust partner boards, Alaska Native health providers, other service providers, parents, advocacy groups, AHFC
- **Strategic thinking**
  - Each child treated at appropriate level of care as close to home as possible
    - Build appropriate treatment facilities in Alaska
    - Increase capacity/core competence for outpatient services
    - Provide family supports
    - Involve parents and youth in the solutions

Projected BTKH Reinvestment



$52,115.3* $56,895.5* $65,192.8* $56,648.6* $51,400.0* **** Total per year cost in thousands of dollars***

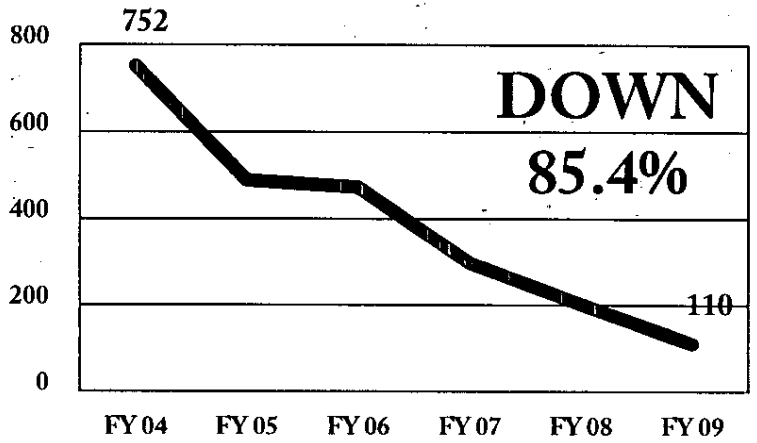
Data for FY05-09 are from Division of Behavioral Health based on paid claims for Medicaid data. Expenditure data for FY08 & FY09 are from Finance Management Services and includes all claims incurred and paid in FY08 and claims incurred in FY09 and paid in the first quarter of FY10.

The TRUST
The Alaska Mental Health Trust Authority

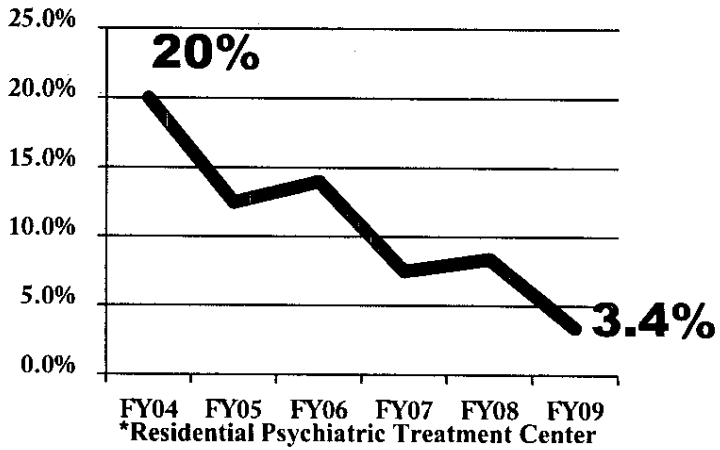
Results for Beneficiaries

Returning youth home & ensuring quality

Out of State Admits



RPTC* Recidivism Rate



- **HOME-BASED services continue to increase during FY09**
  - 500+ youth (300+ in FY08) received INDIVIDUALIZED SERVICES
  - 900+ youth (500+ in FY08) received services via new COMMUNITY behavioral health capacity

The Trust
The Alaska Mental Health Trust Authority

Ahead in FY2011

	MHTAAR	GF/MH	Gov GF/MH
Transition into BTKH base budget			
• Individualized services		$ 600.0	$ 300.0
• Behavioral health technical assistance	$ 100.0	$ 100.0	$ 0.0
Build capacity within BTKH base funding			
• Community BH capacity development	$ 450.0	$ 700.0	$ 500.0
• Crisis bed stabilization	$ 150.0	$ 400.0	$ 0.0
• Tribal/rural system development	$ 200.0	$ 200.0	$ 200.0
• Transitional-aged youth	$ 100.0	$ 100.0	$ 100.0
• BRS rate increase		$ 1,227.5	$ 0.0
• Early childhood mental health	$ 175.0	$ 175.0	$ 0.0
• School based services & toolkit	$ 250.0	$ 200.0	$ 200.0
• Foster parent/parent services	$ 275.0	$ 275.0	$ 150.0
• Strong family voice	$ 50 .0	$ 0.0	$ 0.0
• Peer navigation	$ 175.0	$ 275.0	$ 0.0
• Child psychiatrist	$ 50.0	$ 50.0	$ 0.0

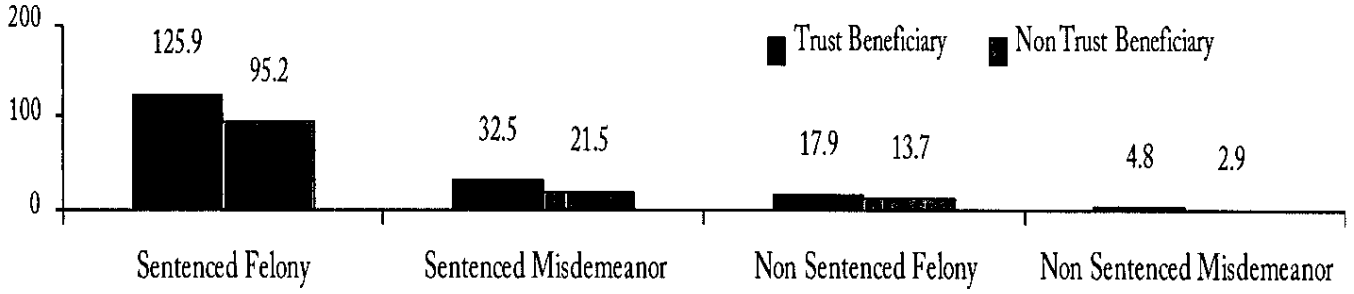
Funding in thousands of dollars

The Trust
The Alaska Mental Health Trust Authority

Disability Justice

- **Problem/Community Need**
  - **42% of those incarcerated in DOC are Trust beneficiaries**
    - **incarcerated beneficiaries**
      - **have more difficulty adjusting to incarceration**
      - **are more likely to be victimized by other prisoners**
      - **spend a disproportionate amount of time in custody**
    - **hundreds of beneficiaries are incarcerated for "safety" because services not available**

Comparison of Days Spent in Correctional Facilities



The TRUST
The Alaska Mental Health Trust Authority

Strategic Thinking

- **Partnerships with local governments, Alaska Native tribal entities, the Alaska Court System, the Departments of Administration, Corrections, Health and Social Services, Law and Public Safety, and community behavioral health treatment providers are focused on effective strategies to:**
  1. **prevent and reduce inappropriate or avoidable arrest, prosecution, incarceration, and criminal recidivism Trust beneficiaries;**
  2. **increase criminal justice system's ability to accommodate, support, protect, and provide treatment for victims and offenders who are Trust beneficiaries;**
  3. **reduce the use of jails and prisons for providing protective custody of Trust beneficiaries under Title 47 of Alaska's Statutes; and,**
  4. **improve community reintegration planning from the Department of Corrections back into Alaskan communities.**

Outcome Driven Results

- **Therapeutic Courts**
  - Combined institutional savings generated by *Anchorage Mental Health Court* almost two and one-half times program annual operational costs ($293,000)
  - Diverting participants into *Anchorage and Palmer Mental Health Courts* poses less risk to public safety than traditional adjudication
  - *Anchorage and Palmer Mental Health Court* participants less likely to engage in new criminal conduct after exiting program than equivalent group of people experiencing mental illness and also involved in criminal justice system.
- **Adult Guardianship Mediation project**
  - Participants reached agreement on some or all of the issues in 87% of cases mediated
  - As many as 90 contested hearings over pilot period were avoided, reducing number of superior court cases and associated costs required to determine guardianship appointments.

Ahead in FY2011

	MHTAAR	Authority Grant
Training for Criminal Justice Personnel		
• Anchorage & Fairbanks police CIT training		$ 65.0
• Deliver training for defense attorneys	$ 12.5	
Sustain & Expand Therapeutic Models & Practices		
• Fairbanks Juvenile Mental Health Court	$245.9	$ 5.0
• Mental Health Court expansion in targeted community	$204.4	$ 6.0
• Access to timely neuropsych evaluations	$ 5.0	
• Flex funds for therapeutic court participants		$ 62.5
• ASAP therapeutic court case mgmt & monitoring -Barrow	$135.0	
• Treatment funding for Therapeutic Court participants	$500.0	
Transitional Planning for Beneficiaries Involved with Criminal Justice System		
• APIC Discharge Planning Model	$210.0	
• Increased mental health clinician capacity for juveniles	$189.2	
• Social Services Specialist position-Bethel (PDA)	$138.8	
Develop Alternatives to Incarcerations for Beneficiaries who Require Protective Custody (Nome)		
• Pre-Develop alternatives to incarcerations for Title 47 Substance Abuse Protective Custody Holds	$100.0	

Funding in thousands of dollars

The Trust
The Alaska Mental Health Trust Authority

Ahead in FY2011

	MHTAAR	GF/MH	Gov. GF/MH
Sustain & Expand Therapeutic Models & Practices			
• Co-occurring treatment for therapeutic court participants (Palmer)		$ 75.0	$ 75.0
• Flexible forensic treatment team		$ 750.0	$ 250.0
Transitional Planning for Beneficiaries Involved with Criminal Justice System			
• Increased mental health clinician capacity	$ 164.0	$ 164.0	$ 0.0
• Increased capacity for IDP+ program		$ 99.4	$ 0.0
Develop Alternatives to Incarcerations for Beneficiaries who Require Protective Custody (Bethel)			
• Develop alternatives to incarcerations for Title 47 Substance Abuse Protective Custody Holds (operating)		$ 818.3	$ 518.3
• construction of Sobering Center (capital)		$ 475.0	$ 0.0
FY2011 Budget Increment Totals	$1,904.8	$2,381.7	$ 843.3

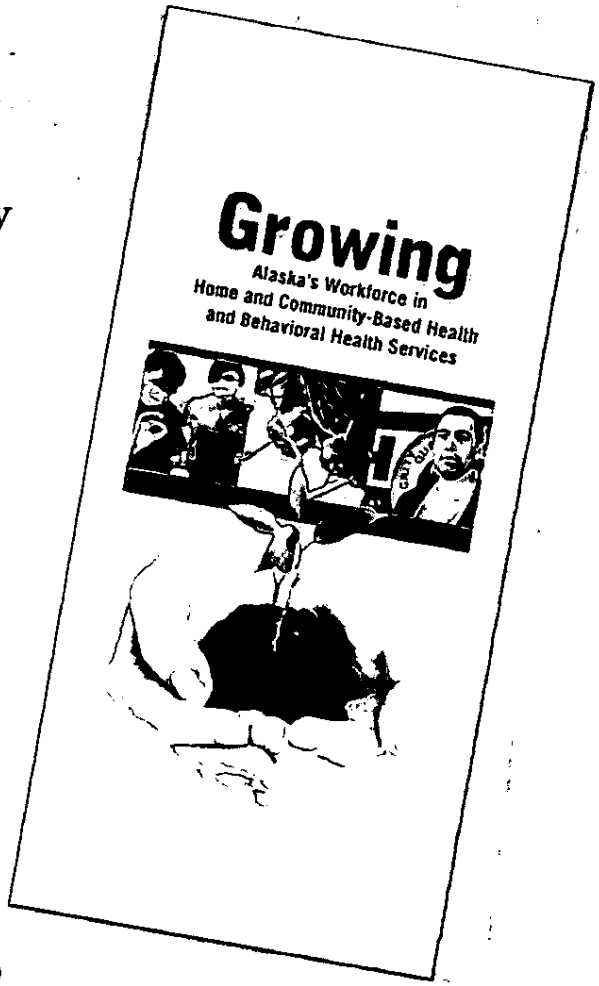
Funding in thousands of dollars

Workforce Development

- **Problem or community need**
  - shortage of health care workers in Alaska at a near-crisis level
  - health services industry fastest growing sector of Alaska's economy, more than 7% of workforce
  - burgeoning demand for increased health services for the state's steadily growing and aging population, some are Trust beneficiaries
  - need to increase pool of qualified employees in Alaska who serve Trust beneficiaries and keep adequately trained
- **Committed partnerships**
  - more than 20 partners -- service providers, Dept. of Health and Social Services, Dept. Labor and Workforce Development, Alaska Workforce Investment Board, non-profit and faith-based organizations, University of Alaska system
- **Strategic thinking**
  - key focus areas
    - Recruitment and retention
    - Wages and benefits
    - Training and education

Results for Beneficiaries

- 1,060 professionals/providers across Alaska received training on behavioral health related topics through Trust Training Cooperative
- 575 participants trained through Gerontology Training Series & Geriatric Education and Training Mini Grants by Trust Training Cooperative on issues regarding Alzheimer's disease and related dementia
- 2,096 students in 117 Alaska communities received behavioral health training through University of Alaska, a 35% increase in enrollment in beneficiary related degree programs
- 550 professionals across Alaska received training through Training and Technical Assistance for Providers program, increasing number of professionals trained to respond to disability related abuse cases



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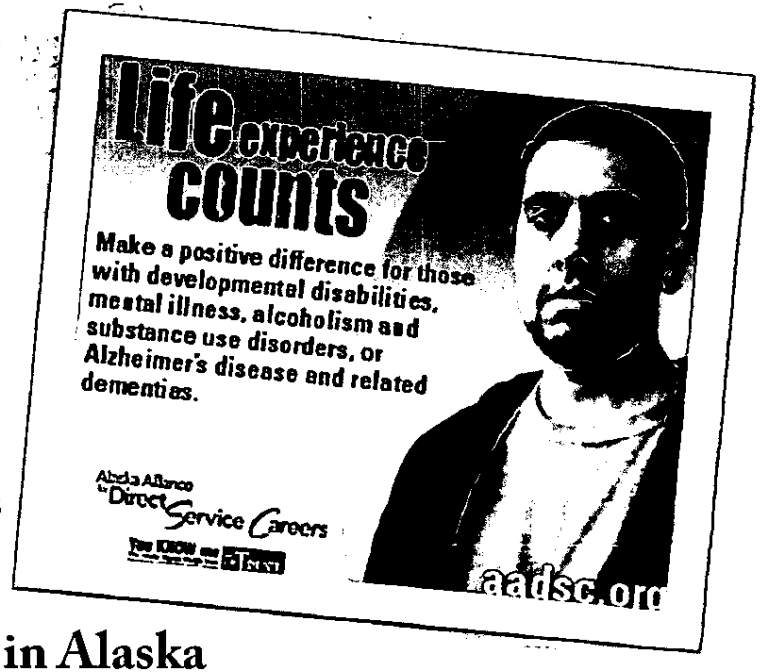
Ahead in FY2011

- Beginning a psychiatric residency program in Alaska -- #1 health residency priority of DHSS and The Trust
- Expanding student loan repayment and other incentives strategies for health professionals
- Implementing a clinicial PhD psychologist internship program in Alaska
- Supporting increments for University of Alaska health programs to continue progress in workforce development



The Trust
The Alaska Mental Health Trust Authority

Ahead in FY2011

	MHTAAR	Authority Grant
Recruitment		
• Develop "grow your own" strategy for youth		$131.0
• Media campaign		$100.0
Retention of Qualified Employees		
• Loan Repayment	$200.0	
• Vacancy Study	$ 25.0	
• Marketing, Recruitment & Conferences (Alaska Alliance for Direct Service	$175.0	
Training & Education		
• Trust Training Cooperative	$559.0	
• Increase Provider Capacity to Better Serve Cognitively Impaired Offenders	$ 80.0	
• Specialized Skills & Service Training on Serving Cognitively Impaired Offenders	$ 55.0	
• Training & Technical Assistance for Providers	$210.0	
• Alaska Core Competencies (Credentialing & Quality Standards)		$150.0
• Autism Capacity Building	$ 75.0	
• Behavioral Health Alliance	$ 25.0	
• Ph.D. Clinical Internship Accreditation	$ 87.7	
• DBH/UAA/UAF Ph.D. Student partnership	$ 50.0	

Funding in thousands of dollars

2203

Ahead in FY2011

	MHTAAR	GF/MH	Gov. GF/MH
Training & Education			
• Original Behavioral Health Initiative Partnership	$300.0	$ 200.0	$ 0.0
• Children's Mental Health (Interdisciplinary Education) combined with certification	$ 64.0	$ 100.0	$ 0.0
• Brain Injury Training for Providers		$ 100.0	$ 0.0
• Competency Experts Training		$ 42.6	$ 0.0
• API Psychiatry Residency Training		$ 325.0	$ 300.0
• Alaska Core Competencies - Curriculum		$ 165.0	$ 0.0
• AK-PIC (Ph.D. Internship Consortium)		$ 100.0	$ 100.0
• Tele-behavioral Health	$ 87.5	$ 87.5	$ 0.0
Recruitment			
• Develop "grow your own" strategy for youth	$ 10.0	$ 64.0	$ 0.0
Retention of Qualified Employees			
• OCS Marketing for Retention & Recruitment for CPS		$ 100.0	$ 0.0
• Wages & Benefits		$ 100.0	$ 0.0
FY11 Budget Increment Totals	$2,539.2	$1,384.1	$ 400.0

Funding in thousands of dollars

The TRUST
The Alaska Mental Health Trust Authority

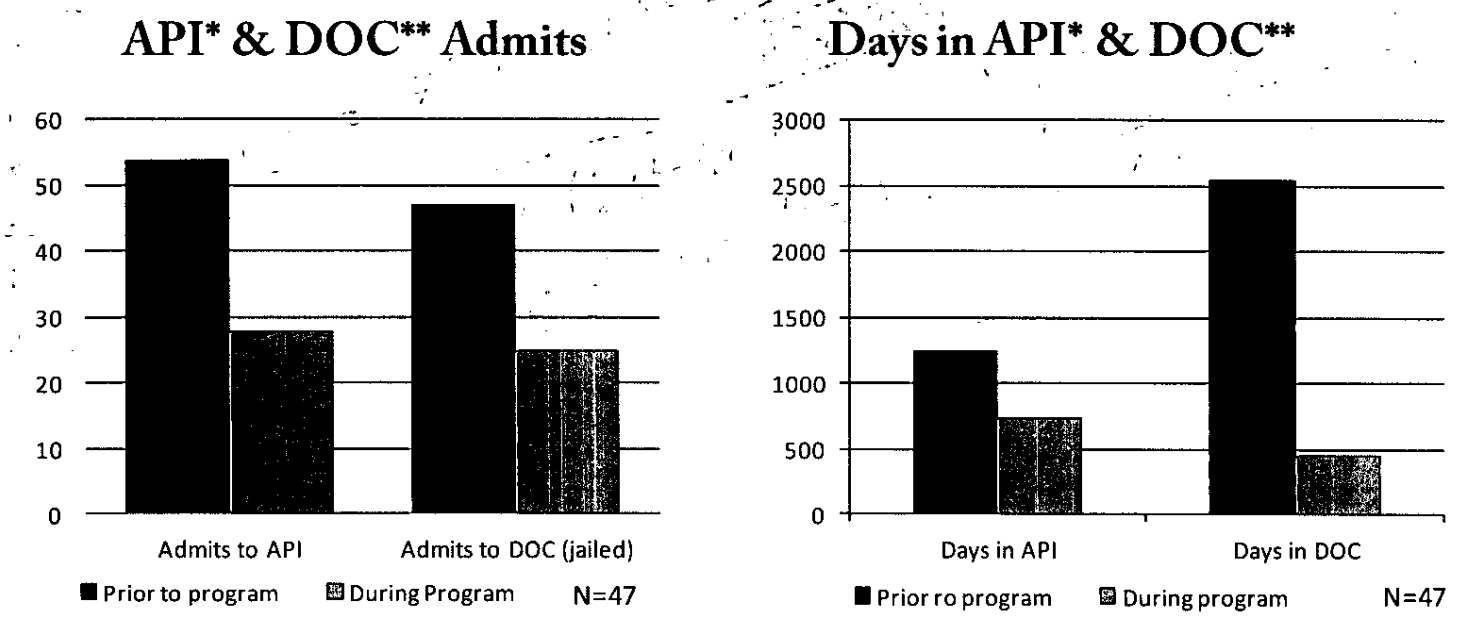
Affordable, Appropriate Housing

- **Problem and community need**
  - 4,623 Alaskans homeless in HUD point-in-time survey January 2009 [1]
    - 1,507 people in families with children (494 households)
    - 697 persons met the definition of "chronic homeless"
    - 161 beds in the housing inventory target "chronic homeless"
    - Department of Corrections reports approx 8,000 people discharged each year with no identified housing arrangement [2]
- **Committed partners**
    - Alaska Council on the Homeless: Alaska Housing Finance Corporation, DHSS, DOC, DOL, Public Safety, Veterans
    - Housing development organizations and social service agencies
- **Strategic thinking**
    - Adapting programs for sustainability - replicating housing trust strategies in Alaska (Special Needs Housing and HAP)
    - Replicating *housing first* in numerous settings

1. http://www.ahfc.state.ak.us/iceimages/grants/hmls2009w_ak_all.pdf
2. Department of Corrections and HUD point-in-time survey report (2007); AHFC and DOC estimates.

Results for Beneficiaries

Bridge Home program outcomes



*API = Alaska Psychiatric Institute **DOC = Department of Corrections

- Outcomes one year prior to participation and one year during participation
- Rates of incarceration continued to drop for post program participants

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Ahead in FY 2011

- **Policy - Governor's Council on the Homeless**
  - interagency collaboration
  - 10-year homeless plan and budget recommendations
- **Budget - $10 million in Governor's capital budget to begin implementing 10-year plan**
  - The Trust, AHFC, GF/MH and other sources
  - Units requested through Special Needs Housing grant program increased 52% in response to new program configuration
- **Housing First implementation projects**
  - Trust/DHSS Bridge Home pilot project expansion to serve most challenging of individuals cycling through API and DOC.
  - Replication of *housing first* to serve beneficiaries who are homeless with alcohol addiction
    - Replicating programs that have successfully housed this population: Seattle's Downtown Emergency Services Center: 1811 Eastlake (JAMA outcome study 2009)
    - Engagement happens over time while maintaining housing rather than requiring program criteria in advance of housing
    - Resulted in cost reductions in Seattle of $4 million (56% in Medicaid reductions, sobering center down 87%, homeless shelter use down 92%) in a12 mo period
    - Drinking down 30% due to engagement and assistance with goal setting/compliance while stable in housing

2207

Ahead in FY2011

	MHTAAR	GF/MH	AHFC	Other*	Gov's Budget
Homeless Assistance Programs					
• Base Homeless Assistance Program	$1,150.0	$ 500.0	$3,350.0	$5,000.0	$10,000.0
• Special Needs Housing Grant Program			$1,750.0		$ 1,750.0
Resources assisting beneficiaries leaving institutions					
• DOC Discharge Incentive grants	$ 350.0				
• Bridge Home pilot program	$ 750.0				
• Assisted Living training	$ 100.0	$ 100.0			$ 0.0
Technical assistance and business planning resources					
• Office of Integrated Housing	$ 200.0				
• Rural Long Term Care Development (SDS)	$ 140.0				
• Aging and Disability Resource Centers	$ 125.0	$ 200.0			$ 0.0
FY2011 Budget Increment Totals	$2,815.0	$ 500.0	$6,750.0	$5,000.0	$11,750.0

Support service programs: important resources to assist beneficiaries in maintaining stability

- Housing modifications program (DHSS)
- Behavioral Health grants and Individualized Services Agreement funding (Behavioral Health)
- Personal Care Assistance and in home support services (SDS)

*Other = AIDEA and HUD funds

Funding in thousands of dollars

The Trust
The Alaska Mental Health Trust Authority

Trust Beneficiary Projects Initiative

- **Community need:**
  - consumers active in defining and delivering recovery support
  - beneficiaries/families want consumer-driven services yet need expertise and training
  - peer services, benefit of lower cost, prevention
- **Partners:**
  - 27 beneficiary grantees since 2006
  - Alaska Peer Support Consortium
  - Division of Behavioral Health, Rasmuson Foundation, Division of Vocational Rehabilitation, UAA-Center for Human Development
  - Partner Boards - Advisory Board on Alcohol and Drug Abuse, Alaska Mental Health Board, Governors Council on Disabilities and Special Education
- **Strategic thinking:**
  - Funding/technical assistance to support safety, effectiveness and sustainability
  - Mini grants to improve beneficiaries' quality of life
    - $742,272 in FY09 to 647 individuals
  - Small projects grants for small, beneficiary-directed projects
    - $250,000 annually

2209

FY2009 Beneficiary Mini Grants

Beneficiary Group	Number of Beneficiaries	Amount Awarded
Developmental Disabilities	202	$157,079
Mental Illness	200	$298,695
Alzheimer's Disease & Related Dementia	174	$194,486
Chronic Alcoholism	71	$ 92,012
Total	647	$742,272

Maximum grant = $2,500 per person per year

The TRUST
The Alaska Mental Health Trust Authority

Results for Beneficiaries

- Promotes recovery, stability and wellness
- Provides sense of empowerment
- Reinforces consumer choice in managing recovery
- Wide range of beneficiary-led programs serving Trust beneficiaries through:
  - peer-support services
  - recovery community support programs
  - clubhouses
  - drop-in centers
  - community outreach and engagement
  - illness self-management
  - alternatives to residential treatment
  - supported employment
  - training and education
- State-wide presence

2211

Ahead in FY2011

	Authority Grant	GF/MH	Other*	Gov. GF/MH
Grant Funds for Projects				
• BPI Program Grants	$1,500.0			
• Peer Operated Support Services		$200.0		$ 0.0
• Mental Health Block Grant			$200.0	$ 0.0
• DSDS Peer Operated Services	$ 50.0	$100.0		$ 0.0
Technical Assistance (TA)				
• TA for beneficiary groups & agencies	$ 265.0			
• Partners in Policymaking	$ 200.0			
Program Management				
• Initiative Administrative	$ 100.0			
• Beneficiary & family leadership conference	$ 130.0			
• Evaluation	$ 50.0			
Consumer choice & expanded services				
• Mini grants for beneficiaries – mental illness	$ 388.9			
• Mini grants for beneficiaries – ADRD	$ 260.3			
• Mini grants for beneficiaries - DD	$ 227.5			
• Mini grants – chronic alcoholism	$ 320.7			
• Small Project Grants	$ 250.0			
• Micro-Enterprise Capital	$ 100.0			
FY2011 Budget Increment Totals	$3,842.4	$300.0	$200.0	$ 0.0

*Other = DHSS Illness Self Management and Recovery Block Grant

Funding in thousands of dollars

The TRUST
The Alaska Mental Health Trust Authority

Thank You

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The TRUST
The Alaska Mental Health Trust Authority

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
9:00 AM

9:10:03

Thursday, February 4, 2010

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 302 APPROP: MENTAL HEALTH BUDGET

Alaska Mental Health Trust Authority

Jeff Jessee, Chief Executive Officer
Dr. William Doolittle, Chairman, Board of Trustees
Laraine Derr, Vice Chair, Board of Trustees

2009 ANNUAL REPORT

WORKING *for our* beneficiaries

PROMOTING self-sufficiency

TRAINING tomorrow's workforce

ADVOCATING for services

The TRUST

The Alaska Mental Health Trust Authority

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Trust Advisors

Advisory Board on Alcoholism and Drug Abuse
Alaska Mental Health Board
Governor's Council on Disabilities and Special Education
Alaska Commission on Aging
Commissioner of Corrections
Commissioner of Health and Social Services
Commissioner of Natural Resources
Commissioner of Revenue

Beneficiaries of The Trust

People with mental illness
People with developmental disabilities
People with chronic alcoholism
People with Alzheimer's disease and related dementia

REVIEWING 2009 results

TRUSTEES RESPOND TO ECONOMY

The economic downturn that hammered the U.S. in 2009 also had a profound impact on the assets of the Alaska Mental Health Trust Authority, dealing the Trust Fund the worst investment year since the corporation was established in 1995. Yet, despite the loss of more than $90 million, The Trust weathered the economic storm better than many other philanthropic organizations, some of which were forced to sharply curtail their grantmaking during the year.

The Board of Trustees responded quickly to the financial shortfall by decreasing proposed spending by $2.45 million and reallocating $2.1 million from unspent grant funds in prior years to make up a budget deficit of approximately $4.6 million. The total budget during FY2009 was approximately $24 million to support programs for Trust beneficiaries, who include people with mental illness, chronic alcoholism, developmental disabilities and Alzheimer's disease and related dementia.

We attribute our ability to successfully weather the economic storms of 2009 to the flexibility of our asset management philosophy and practices, which are focused on protecting The Trust's cash and non-cash assets while maximizing spending to improve the lives of Trust beneficiaries. The Trustees have adopted an asset management policy statement (AMPS) that helps Trustees effectively supervise, monitor and evaluate the investment and management of The Trust's cash and non-cash assets for future growth. The AMPS allows the board to respond rapidly to financial changes when necessary, but keeps the focus on long-term solvency through the use of an income reserve account, which allows for disbursements during market downturns.

As a result of our prudent asset management system, despite the huge market losses in FY2009, at the close of the year we were able to fund a payout for FY2010, confirming the validity of our financial model. And, because the market has shown improvement in FY2010, we are expecting the FY2011 payout to be similar to FY2010 funding. Details of our financial performance are included later in this report.

HOW TRUST FUNDS ARE SPENT

Equally, if not more important, is how the Trustees spend available income on behalf of the beneficiaries. The Trust occupies a unique place in Alaska state government. While we are a state corporation, we operate much like a private foundation, using our resources to fund projects and activities that promote system change and improvement in Alaska's mental health continuum of care. We do this through capacity building, demonstration projects, funding partnerships, technical assistance, and other activities that will improve the lives and circumstances of Trust beneficiaries.

A majority of The Trust's annual budget provides ongoing support for the state's mental health program and funds projects in five focus areas that address issues with significant impact on Trust beneficiaries. These focus areas include reforming the Alaska mental health system of care for children; increasing the availability of a continuum of housing options for Trust beneficiaries to reduce homelessness; reducing the involvement and recidivism of Trust beneficiaries in the criminal justice system; supporting grassroots, consumer-driven programs; and creating an available and competent workforce for Trust beneficiary service providers. Each focus area is described in detail later in this report along with the successes we have achieved by working with our many partners throughout the state.

OUR PARTNERS

In many instances, we directly engage beneficiaries and family members for guidance and feedback in the work we do. We also depend on input regarding funding and policy recommendations from the advisory boards that serve as a link between The Trust and individual beneficiaries, their families, caregivers and legal guardians. These boards are the Advisory Board on Alcoholism and Drug Abuse, Alaska Mental Health Board, Governor's Council on Disabilities and Special Education, and Alaska Commission on Aging. In addition, we rely on participation and collaboration from a number of other state agencies, advisory groups, tribal entities, service providers, community partners and stakeholders to help reform and improve the systems that serve Trust beneficiaries.

The Trustees and Trust staff are committed to working with Governor Parnell, the Legislature and all our partners on behalf of Trust beneficiaries to make the systemic changes needed for long-term improvements in Alaska's mental health program.

Jeffrey L. Jessee
Chief Executive Officer

William Doolittle, M.D.
Chair, Board of Trustees

GROWING our workforce

Alaska is experiencing a workforce crisis in the sectors that serve people with mental illness, developmental disabilities, chronic alcoholism, and Alzheimer's disease and related dementia. The main issues impacting this segment of the workforce are wages and benefits, recruitment and retention, and training and education. Challenges are found in paraprofessional and professional fields and across the multitude of settings in which they work, such as individual homes, hospitals, community-based residential group homes, public schools, nursing homes and the community at large in rural and urban settings.

In 2004, in response to this crisis, The Trust, the University of Alaska System and the Alaska Department of Health and Social Services formed the Behavioral Health Initiative Project (BHIP) to address workforce issues affecting services to Trust beneficiaries. Then, in FY 2007, The Trust expanded the partnership by creating the Trust Workforce Development Focus Area. Its goal is to ensure service providers across the state have access to a capable, culturally competent workforce to serve Trust beneficiaries, their families and communities. Other partners who joined the focus area include The Trust's beneficiary advisory boards, Alaska Department of Labor and Workforce Development, Alaska Native Tribal Health Consortium, Alaska Behavioral Health Association, Alaska Association on Developmental Disabilities and AgeNet.

TRAINING OPPORTUNITIES

During FY2009, approximately 2,100 individuals from entry-level personnel to paraprofessionals and professionals from 112 Alaska communities participated in academic, non-academic and outreach educational programs to develop or enhance their skills to work in jobs that serve Trust beneficiaries.

MARKETING CAMPAIGN

Marketing efforts in FY2009 focused on getting youth, Alaskan Natives, military veterans, and "empty nesters" to work part time or full time in the health and social services field. The campaign consisted of three print ads and two television spots that ran in media outlets across the state with the slogan "Life Experience Counts." The campaign featured the personal stories of an empty nester, an Alaska Native elder and five military veterans who used their various experiences as building blocks for jobs that serve people with mental illness, developmental disabilities, alcoholism, or Alzheimer's disease and related dementia.

STUDENT LOAN REPAYMENT

With funding from The Trust, Alaska is recruiting workers into jobs in behavioral health, primary care and dental services, all of which have been identified in a statewide job vacancy study as having high vacancy rates. In exchange for working in Alaska for two years, professionals who graduated from an accredited college or university with a master's degree or higher are eligible for loan repayment. A total of $1.2 million is available for loans, including $400,000 from The Trust, and a $600,000 grant from the federal Health Resources and Services Administration. The loans will be administered by the Department of Health and Social Services, which is scheduled to begin awarding loans in mid FY2010. See http://hss.state.ak.us/dhCS/healthplanning/primarycare/loans/aslrp.htm for details.

A 2009 study shows many jobs for clinicians and therapists go unfilled in Alaska, especially in rural areas.

Students participating in classes provided by the University of Alaska Anchorage School of Social Work.

2009 Vacancy Rates by Occupational Group and Labor Region

Sample = 764

Occupational Group	Anchorage/Mat-Su	Gulf Coast	Interior	North	Southeast	Southwest
Physicians	8.3%	14.0%	11.1%	68.2%	6.3%	24.8%
Other Clinicians/Therapists	7.5%	20.5%	7.7%	39.3%	16.7%	32.8%
Behavioral Health	8.2%	6.2%	12.7%	14.5%	12.2%	18.6%
Allied Health	3.5%	8.7%	5.0%	20.7%	9.2%	7.8%
Community/Wellness	8.2%	9.1%	23.5%	7.0%	9.3%	7.9%

The 2009 Alaska Health Workforce Vacancy Study was conducted by the Alaska Center for Rural Health - Alaska's AHEC and the Institute for Social and Economic Research. It was funded by the Alaska Mental Health Trust Authority, Alaskan's for Access to Health Care, University of Alaska Fairbanks, Tanana Valley campus Telemedicine Program, and University of Alaska Anchorage Community and Technical College and the School of Nursing.

BUILDING housing opportunities

The Affordable Appropriate Housing Focus Area is working to reduce the rates of homelessness and displacement of Trust beneficiaries. The Trust and its more than 150 partners, including state agencies, non-profit service organizations and housing advocates, have adopted the theme "Opportunity Begins with a Home." During 2009, The Trust and its partners concentrated on simplifying, streamlining and coordinating the state's housing and social support programs and increasing the assistance available for housing providers serving individuals with a disability, chronic addiction or mental illness.

Retooling these programs allows for adequate supportive services and rental subsidies so Trust beneficiaries and other vulnerable Alaskans can afford housing that provides a safe, healthy environment. With implementation of these strategies in the core housing programs at Alaska Housing Finance Corporation (AHFC) and in the Department of Health and Social Services, Alaska is poised to make a real impact on the growing number of homeless families and adults with disabling conditions.

HOMELESS ASSISTANCE INCREASED

The Trust, AHFC, the Alaska Council on the Homeless, housing providers and advocates gained legislative support in 2009 for an additional $2.5 million to retool AHFC's ongoing Homeless Assistance Program to better serve the state's most challenging populations. The Trust committed $1 million to the program. With state and federal funding, the overall funds available for homeless assistance in FY2009 totaled more than $8 million and assisted more than 13,000 Alaskans.

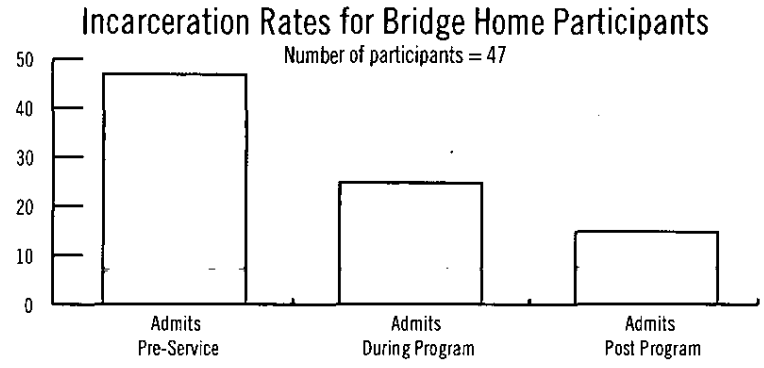
SPECIAL NEEDS HOUSING IMPROVED

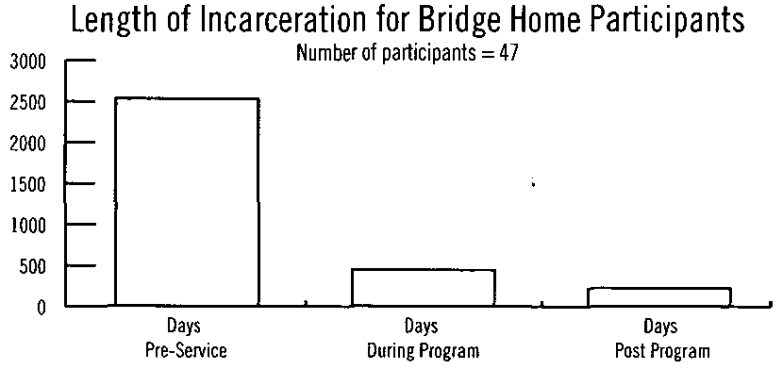
The Special Needs Housing Grant program administered by AHFC assisted approximately 250 Trust beneficiaries with intensive needs in FY2009. During the year, the program offered the following components necessary for project sustainability:

- **A three-year renewal** cycle to allow housing providers more planning time and the ability to create infrastructure for future supported housing projects.
- **Financial assistance** in the construction or remodeling of 53 units.
- **Operations assistance** to 50 units to help with recurring expenses (rent, utilities and building operation), bringing the rent for each unit to an affordable level while maintaining the safety of the residents.
- **Social services assistance** for 230 units to ensure there are social services available to assist residents with financial issues, social-skill building, problem solving and crisis management, thereby preventing evictions and promoting stability and safety for residents.

BRIDGE HOME CONTINUED SUCCESSES

One of The Trust's main projects in the housing focus area is the Bridge Home program, which is aimed at stabilizing Trust beneficiaries who have been cycling through the Department of Corrections, Alaska Psychiatric Institute, emergency facilities and other higher cost services by creating a safe, affordable housing environment with support services.
In an FY2009 analysis of 47 program participants, admissions and lengths of stay to Alaska Psychiatric Institute and the Department of Corrections were reduced (see charts below for details).





SEEKING justice for beneficiaries

Trust beneficiaries have an increased risk of involvement with the criminal justice system both as defendants and as victims because of their disabilities. Each year hundreds of beneficiaries are incarcerated, though they have committed no crime, because adequate service alternatives are not available to provide for their safety and treatment. Many more are arrested, prosecuted and incarcerated for minor offenses that result from their mental disabilities rather than criminal intent. The Disability Justice Focus Area is working to reduce the involvement and recidivism of Trust beneficiaries in the criminal justice system while increasing the system's ability to effectively accommodate victims and offenders who are Trust beneficiaries.

FAIRBANKS JUVENILE TREATMENT COURT

Alaska's first juvenile therapeutic court accepted its first participant in September 2008, and by the close of FY2009 there were 11 participants and one program graduate. The Fairbanks Juvenile Treatment Court (FJTC) is a voluntary therapeutic court, targeting juvenile offenders whose mental illness likely contributed to the commission of their offense. The core belief of the FJTC team is youth who are challenged with mental illness and substance abuse issues that receive appropriate diagnosis and treatment early in their juvenile justice experience have a far greater chance of avoiding further criminal activities. The Trust-funded FJTC is a collaborative partnership between the Alaska Court System, the Department of Law, the Public Defender Agency, Department of Health and Social Services, and tribal and private human services agencies. Long-term goals for the program are to reduce inappropriate incarceration of juvenile Trust beneficiaries and promote their well-being; relieve the burden on the Division of Juvenile Justice presented by juveniles who are Trust beneficiaries; and reduce repeated criminal activity among juvenile Trust beneficiary offenders.

Members of the Fairbanks Juvenile Treatment Court team.

A new detox treatment center opened in 2009 on Trust land in Fairbanks.

OFFENDER RE-ENTRY PILOT

FY2009 marked the second year the Department of Corrections (DOC) operated a re-entry pilot project focused on Trust beneficiaries. The project is being piloted in Anchorage, Fairbanks, Juneau and the Mat-Su Valley. It is patterned after the evidence-based practice Assess, Plan, Identify, and Coordinate (APIC). The goals of the project are to ensure continuity of care for Trust beneficiaries transitioning from the correctional system to the community, maintaining public safety, and reducing recidivism. The partnerships established between DOC and local treatment providers as a result of this project have proven to be the key to successful transition of beneficiaries back into their communities.

Although the project has yet to be formally evaluated, preliminary FY2009 data indicates 100 percent of the participants were connected to a community treatment provider upon release from a DOC institution and 88 percent had an intake assessment within ten days of release; 67 percent of the participants were released to supervised or supported housing; and, of the 56 participants who completed APIC by March 2009, 68 percent had not been re-incarcerated as of November 2009.

ADULT GUARDIANSHIP/MEDIATION

Beginning in FY2006, The Trust partnered with the Alaska Court System in a 4-year pilot project to provide mediation in adult guardianship and conservatorship cases. The goal of the Adult Guardianship Mediation Program was to use mediation to preserve the autonomy and dignity of these adults, while assisting and enabling family to resolve problems, which if left unresolved could result in the affected adult's loss of independence and rights, institutionalization, or financial exploitation, neglect or abuse.

Program participants reached agreement on some or all of the issues in 87 percent of the cases mediated and 91 percent were satisfied with the agreements. As a result of mediation, the court system avoided as many as 90 contested hearings over the pilot period, reducing the number of superior court cases and associated costs required to determine guardianship appointments. The success of this program led the legislature in 2009 to appropriate funding in the FY2010 budget to continue the program, transitioning it from Trust funding to the State's general fund/mental health budget.

ENGAGING beneficiaries

In FY2009, The Trust authorized $3.8 million for the Beneficiary Projects Initiative Focus Area, which supports and funds grassroots, beneficiary-driven, peer-to-peer programs. It also includes a grants program that improves the lives of Trust beneficiaries with support for individual services, one-time projects and adult dental care. Since its inception in 2005, this focus area has supported development and stabilization of more than 20 consumer-operated programs that allow beneficiaries to actively engage in their recovery and long-term wellbeing.

PEER SUPPORT TRAINING

Peer-to-peer support is a common element across most consumer-run organizations. Often those involved are entry-level workers who require training and education to successfully fulfill this job. To assist providers in training this workforce, The Trust funded a consumer focused education conference in May 2009, which drew more than 275 attendees.

TECHNICAL ASSISTANCE

In 2009, The Trust funded 12 consumer organizations that provided a broad range of peer support, services and training to Trust beneficiaries. To ensure these programs provide safe, stable and effective services, The Trust funds a technical assistance program that offers guidance and training related to organizational development, non-profit management and consumer-operated programs. During FY2009, 12 grantees and five new and developing consumer organizations from across the state received a range of assistance. With technical assistance support, 66 percent of the grantees diversified their funding, receiving additional support through competitive state grants, federal funding and donor contributions.

MINI GRANTS

The Trust annually funds three mini-grant programs, which award up to $2,500 to individual beneficiaries for treatment, equipment or services that directly improve their quality of life and increase independent functioning. In 2009, The Trust awarded $742,272 in mini grants to 647 Trust beneficiaries.

Individuals experiencing mental illness, chronic alcoholism and traumatic brain injury received 42 percent of the grants. People with Alzheimer's disease and related dementia received 27 percent of the grants, which were administered by the Alzheimer's Disease Resource Agency of Alaska. Individuals with developmental disabilities received 31 percent of the funds, which were administered by the Department of Health and Social Services Division of Senior and Disability Services.

SMALL PROJECTS

In FY2009, The Trust awarded 32 small project grants totaling $238,451 to various organizations serving Trust beneficiaries. These grants provide organizations with up to $10,000 to create innovative new programs, substantially improve or supplement existing activities, or significantly increase the quality of ongoing projects.

ADULT DENTAL

In FY2009, The Trust completed a 3-year commitment of $4.2 million in matching funds for the Adult Dental Medicaid Program, which provided preventive and restorative dental services for adult Medicaid recipients. The program was reauthorized as a permanent program by the 2009 legislature and the total cost of the program was transitioned from Trust funding to the Department of Health and Social Services general fund/mental health budget for FY2010.

Juneau's Polaris House became the first organization in Alaska to receive clubhouse certification.

Participants in the Alaska Women's Recovery Project.

FY2009 Mini-Grants by Beneficiary Type

Beneficiary Group	Amount Awarded	Number of Beneficiaries
Alzheimer's Disease and Related Dementia	$194,486	174
Developmental Disabilities	$157,079	202
Mental Illness	$298,695	200
Chronic Alcoholism	$ 92,012	71
Total	**$742,272**	**647**

CARING for Alaska's youth

Bring the Kids Home began in 2005 as an initiative to return children with severe emotional disturbances from out-of-state residential facilities to treatment in Alaska and to keep additional children from moving into out-of-state care. The Bring the Kids Home Focus Area is reforming Alaska's mental health care system for children and adolescents. Current priorities include increasing community-based services, providing early detection and intervention, and coordinating with families and schools to promote healthy learning environments.

Funded by The Trust and the Department of Health and Social Services, this initiative is a good example of how The Trust uses its resources to affect systemic change on behalf of Trust beneficiaries. In addition to improving children's recovery at the lowest level of appropriate care, the State expects to benefit from this initiative by gaining better control of the future cost for children's mental health care.

OUT-OF-STATE PLACEMENTS REDUCED

The number of children admitted into out-of-state psychiatric treatment facilities dropped 46 percent, from 202 in FY2008 to 110 in FY2009. That is an overall 78 percent decline from the 489 kids who were admitted into out-of-state residential programs when the initiative began in 2005.

IN-STATE RESIDENTIAL INCREASED

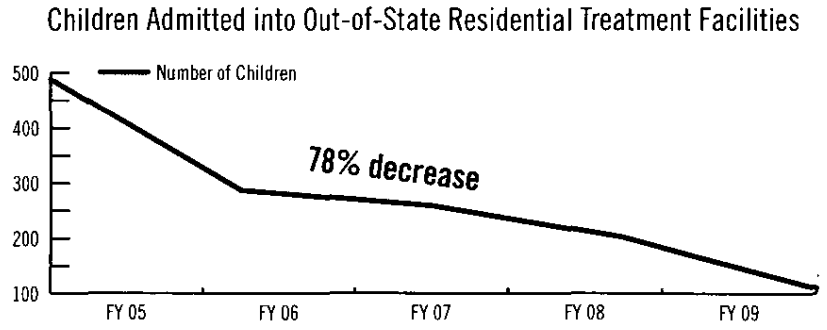
In order for children in out-of-state treatment facilities to come home, there must be treatment available in Alaska. The number of residential beds in Alaska increased from 899 beds in FY2008 to 962 beds in FY2009, an increase of 7 percent. That is an overall increase of 32 percent over the 653 beds in 2005. The emphasis of this effort is increasing capacity at lower, less costly levels of care than psychiatric treatment facilities.

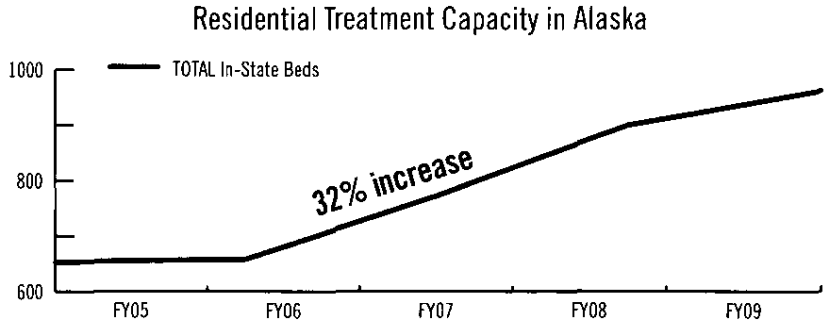
IN-STATE SERVICES INCREASED

An important aspect of the initiative has been to increase home and community-based services so that youth can receive services in or near their home communities. Use of home and community-based services increased 82 percent from 519 youth in FY2008 to 944 youth in FY2009. In addition, 129 of the youth who received services in FY2009 were diverted from out-of-state residential care. Treating youth at or near their home communities allows for earlier interventions and more family involvement. Often it results in more success with troubled youth in a less costly manner, replacing expensive residential treatment.

Family Centered Services of Alaska completed a new therapeutic family home in Fairbanks called "Spirit Court."

A new five-bed group home opened in Dillingham.





MANAGING Trust non-cash assets

The Trust Land Office (TLO) is a 14-person unit in the Department of Natural Resources that manages approximately one million acres of land and other non-cash assets throughout Alaska on behalf of the beneficiaries of the Alaska Mental Health Trust. Gross revenue in FY2009 totaled about $5.6 million, of which about $2.8 million was Spendable Income and about $2.8 million was Principal.

Revenue-generating uses of Trust land include land leasing and sales; commercial timber sales; mineral exploration and production; coal, oil and gas exploration and development; sand, gravel and rock sales; and other general land uses. Rents, fees and 15 percent of timber revenue from Trust land uses are considered "Spendable Income' and are available to The Trust for use in the following fiscal year. Land Sale revenue, hydrocarbon and mineral royalties, and 85 percent of timber revenue are considered "Principal" and are deposited in The Trust corpus, which is held and managed by the Alaska Permanent Fund Corporation.

HIGHLIGHTS OF 2009

- Received a royalty of $832,676 from Fairbanks Gold Mining Inc. for 2009 production from its mine on Trust land north of Fairbanks.
- Initiated due diligence on proposed construction of a 144,000-square-foot office building in Juneau on Trust property known as The Subport. If the project goes forward, the Department of Administration has proposed relocating state employees from five agencies into the new building.
- Developed the first "in-house" Internet-based land sale Web site to showcase The Trust's 2009 annual land sale. In the first week $500,000 of real estate was sold.
- Granted the Municipality of Anchorage two public-use easements in the University-Medical District as part of the 40th Avenue Extension Project and Transit and Pedestrian Improvements and received $652,000 in land use fees.
- Focused on the cleanup of Trust lands in southeast, northern and southcentral Alaska, resolving trespass issues, and conducted remedial reclamation and removed abandoned vehicles and trash.
- The Trust has leased essentially all of its Livengood mineral interest to International Tower Hill Mines, Ltd. (ITHM) and anticipates receiving royalty income from future operation of a mine. ITHM has actively explored for gold at Livengood since 2003 and the project has progressed to one of the larger exploration projects in Alaska.
- Representatives from The Trust, Alaska Department of Administration and U.S. Bureau of Land Management signed the Mental Health Land Entitlement closeout agreement in May 2009. The agreement identifies specific land that will satisfy the Land Entitlement Act as provided by Congress in 1956 to the Territory of Alaska.

FUTURE FOCUS

The TLO will continue developing long-term plans for its natural resource portfolio and will work with local communities and individuals to increase public awareness of Trust lands and our mission. Key projects will include:

- Ongoing due diligence and funding request to facilitate construction of a proposed office building in Juneau;
- Seeking new business opportunities in timber product manufacturing;
- Continuing pursuit of new mining, coal, and oil and gas projects on Trust lands;
- Exploring commercial and residential real estate development projects in Ketchikan, Eagle River, Anchorage and other communities.

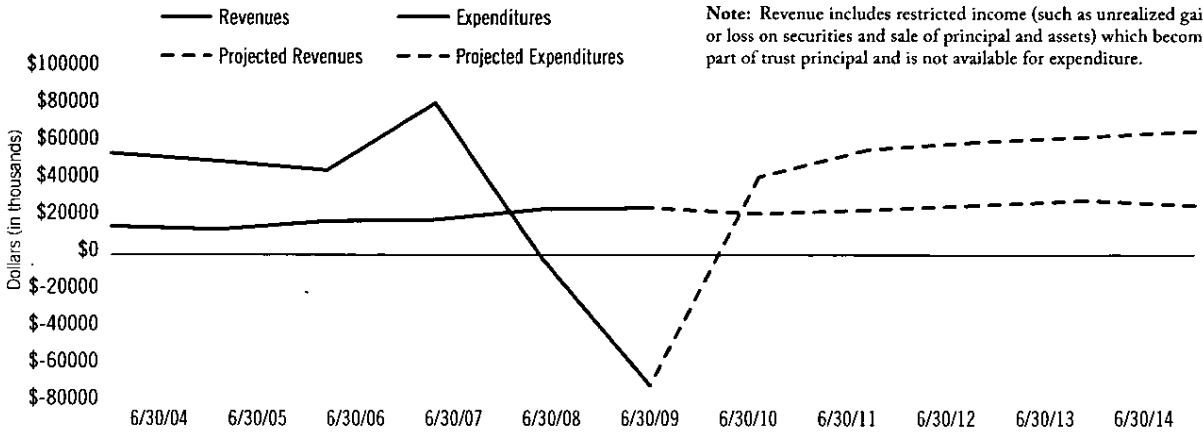
Steve Peavey of Meyers Chuck provides TLO Resource Manager Don Koenigs water transport to Trust land on Meyers Island.

Accompanied by several Trustees, Jeff Jessee, CEO for The Trust, signs documents to make final land selection and close out the 1956 Land Entitlement Act.

Growth rings on harvested trees on Trust land near Tolstoi Bay, show rapid growth due to the premium site conditions on Price of Wales Island in Southeast Alaska.

WEATHERING the economic storm

Revenues and Expenditures



The slowdown in the economy in FY2008 turned into a full-blown recession in FY2009, resulting in the largest annual decline in net assets in The Trust's history. The loss from Alaska Permanent Fund Corp. (APFC) investments was $73,443,000 for FY2009 compared to a loss of $14,683,000 for FY2008.

The Budget Reserve is set at 400 percent of the annual payout to allow for disbursements during market declines. The Budget Reserve investment is split between the Alaska Permanent Fund and the Treasury Division of the Alaska Department of Revenue. The Treasury Division Budget Reserve investments were also impacted by the economic downturns. The loss on this portion of the Budget Reserve was $4,733,371 in FY2009, compared to a loss of $1,914,206 in FY2008.

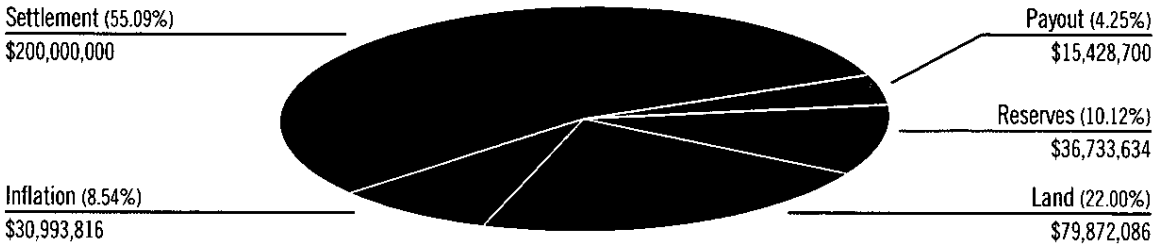
The Trust's payout rate, which is used to calculate the disbursement (or payout) for the annual Trust budget, remained at 4.25 percent. This rate is applied to the balance in the Trust Fund (Principal and Budget Reserve) at the end of a fiscal year to calculate the payout for the subsequent year. Despite huge market losses in FY2009, we are able to fund a payout for FY2010, confirming the validity of our financial model. We are expecting FY2011 funding to be less than FY2009 but similar to FY2010 funding.

Beginning with FY2011, the payout will be calculated on a four-year-average balance, which will smooth out volatility in the payout amount from year to year. The amount available to fund our budget will be proportionately decreased, but will be impacted less by any one year's income.

The following financial performance from FY2009 is available for funding in FY2010:

- Disbursement (payout) rate of 4.25 percent, for a payout of $15,428,700;
- Resource management revenue allocated as income was $2,164,028;
- Interest on the Income Account at Treasury Division was $1,183,429;
- Lapsed funds from prior fiscal years were $4,049,000;
- Reallocation of prior year Authority Grants was $2,100,500;
- Total funding available for FY2010 is $24,925,657. This is a 11 percent decrease from FY2009.

Trust Cash Assets at End of FY2009



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BUDGETING for FY2011

Each year the Board of Trustees makes recommendations to the governor and the Legislature regarding expenditure of Trust funds and other state dollars to help pay for Alaska's Comprehensive Integrated Mental Health Program. These recommendations comprise the Mental Health Budget Bill. During the 2010 legislative session, The Trust will seek approval of our FY2011 operating and capital budgets.

Most of The Trust's annual operating and capital funds are spent on programs recommended by The Trust's five focus area workgroups and on programs initiated by The Trust's advisors through an annual request process. Additionally, about $1 million of The Trust's operating budget is available annually for grants to non-profit groups, providers, tribal entities, governmental agencies and other organizations that directly serve Trust beneficiaries.

Following are some highlights of the projects and programs planned for the next fiscal year in each focus area.

WORKFORCE DEVELOPMENT

- Partnering with several state agencies and boards to create a five-year state plan for health workforce;
- Implementing the state's first doctoral-level psychology internship program;
- Working with the state and other partners to support an expanded loan repayment and incentives program;
- Pursuing funding for Alaska's first psychiatric residency program to address a statewide workforce crisis in this discipline.

DISABILITY JUSTICE

- Partnering with the Bethel community and several state agencies to develop and implement a community public safety and treatment response for individuals requiring protective custody because of intoxication or incapacitation due to drugs or alcohol;
- Expanding therapeutic courts to additional Alaska communities;
- Partnering again with the Anchorage and Fairbanks police departments to continue providing training to law enforcement across the state on disorders experienced by Trust beneficiaries and appropriate intervention techniques.

APPROPRIATE AFFORDABLE HOUSING

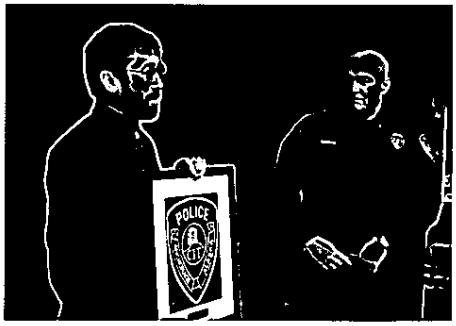
- Partnering again with the Alaska Council on the Homeless and Alaska Housing Finance Corporation to gather baseline data regarding homelessness and housing and implement the first strategies in the Statewide 10 Year Plan to Reduce Homelessness;
- Seeking $4 million in state funding to continue support for improved housing programs.

BRING THE KIDS HOME

- Expanding the capacity to work with youth and families at home to avoid residential treatment;
- Focusing on youth who are transitioning from children's services to the adult service system in a way that accommodates their special needs;
- Enhancing school-based services to support mental wellness and support youth working on recovery while remaining in school.

BENEFICIARY PROJECTS INITIATIVE

- Articulating the role and place of consumer organizations within Alaska's continuum of care for Trust beneficiaries with input from key stakeholders, Trust advisory groups and partner agencies;
- Facilitating the 2011 Alaska Behavioral Health Consumer Recovery Conference for Trust beneficiaries, family members and peer providers.



Jeff Jessee and former Anchorage Chief of Police Rob Huen at a Crisis Intervention Team (CIT) training.

The Trust supported a new 30-bed domestic violence crisis shelter that opened in Bethel in December 2009.

The Trust and its partners are collaborating on a recruitment program to attract workers into the behavioral health field, which experiences high vacancy rates across the state.

FINDING a home changes lives

Early in FY2010, The Trust and its housing partners, including a special task force named by Anchorage Mayor Dan Sullivan, began seeking solutions to reduce homelessness. The goal is to find solutions that could be put into place relatively quickly and that would make a significant difference, especially among chronically homeless, alcohol-dependent individuals. The approach The Trust and its partners want to emulate is described as "housing first" or "low barrier" housing and has been successfully implemented in two Washington state projects. This simple, intuitive approach involves first stabilizing someone in housing, then coordinating the person's social service needs and treatment.

In South King County, Washington, a "housing first" program at Sound Mental Health reported a 68 percent housing retention rate among its residents in a 1-year period, with 90 percent of the individuals connecting to behavioral health services such as substance abuse treatment, mental health counseling and personal skill development. During this period, residents experienced a 67 percent increase in income and 76 percent reduction in jail bookings.

In Seattle, Washington, the city's "housing first" program reported more than a 50 percent reduction in the community's cost of care for chronically homeless individuals after the first six months. The residents also reduced their alcohol consumption over time in this study, even though there was no requirement that residents limit their drinking to reside in the housing units.

Several organizations in Alaska already operate housing programs using the "housing first" model, including Rural Alaska Community Action Program, Inc. (RurAL CAP), a private, statewide, nonprofit organization that assists low-income Alaskans. The Trust, RurAL CAP and Alaska Housing Finance Corporation teamed up in mid-FY2010 to produce a public information media campaign aimed at educating the public about the need for supportive housing programs and the "housing first" concept. The campaign appeared on six TV stations around the state, including the statewide satellite system ARCS, and in nine rural and urban newspapers. The ads feature a case manager from RurAL CAP and a program graduate who since completing the program has found a stable home and steady job, and has remained sober for nine years.

SUPPORTING safe housing

The TRUST

The Alaska Mental Health Trust Authority

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INFORMATION

To learn more about The Trust, its focus areas and funding opportunities, visit www.mhtrust.org or call 907-269-7960.

The TRUST

The Alaska Mental Health Trust Authority

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July 2009

AN OVERVIEW OF The Trust

The TRUST

The Alaska Mental Health Trust Authority

A Catalyst For Change And Improvement

The Trust is a perpetual endowment that uses its resources to ensure Alaska has a comprehensive integrated mental health program to serve Trust beneficiaries.

TRUST FUNDING

The Trustees adopt operating and capital budgets in two-year cycles, but by state statute must submit annual recommendations to the governor and legislature regarding expenditures of Trust income and other state funds to support the state's Comprehensive Integrated Mental Health Program. These expenditures comprise the Mental Health Budget Bill and must be approved by the legislature.

Trustees also set aside a portion of The Trust's annual budget for authority grants, which are grants administered directly by The Trust. Authority grants are available for partnerships, small projects and mini-grant programs for behavioral health conditions, developmental disabilities and Alzheimer's disease and related dementia. These grants are awarded at the discretion of the Board of Trustees or Trust staff and are available to non-profit organizations, service providers, tribal entities, governmental agencies and other groups that serve Trust beneficiaries. Individuals, by regulation, are not eligible to receive grants from The Trust.

For more information, see Grant Opportunities at www.mhtrust.org or call the Grant Administrator at 907-269-7999.

TRUST FOCUS AREAS

The Trust, with input from its many stakeholders, selects several programmatic areas on which to focus planning, development and funding that will have broad and long-term impacts on the systems that serve beneficiaries. Workgroups with representatives from beneficiary-related advisory boards, state agencies and service providers develop strategic plans and funding proposals in each focus area for approval by the Board of Trustees at its annual budget meeting in September. The approved proposals, along with other Trust funding priorities, form the basis for recommendations for funding as part of the state's Comprehensive Integrated Mental Health Program.

Currently The Trust is focusing on five program areas that address issues with significant impact on beneficiaries:

1. Bring the Kids Home – reforming Alaska's mental health care for children and adolescents so they are diagnosed earlier and are treated closer to home;
2. Affordable Appropriate Housing – increasing a continuum of housing options for Trust beneficiaries;
3. Disability Justice – reducing the involvement and recidivism of beneficiaries in the criminal justice system;
4. Beneficiary Projects Initiative – supporting grassroots, peer-to-peer programs for Trust beneficiaries;
5. Workforce Development – creating an available and competent workforce for beneficiary service providers.

The Trust is working with stakeholders around the state to reform Alaska's mental health system of care for children and adolescents.

The Trust is a key player in Alaska's efforts to develop and retain a capable, competent workforce for providers who serve Trust beneficiaries.

THE TRUST

The Alaska Mental Health Trust Authority is a state corporation that administers the Mental Health Trust. The Trust is a perpetual endowment that operates much like a private foundation, using its resources to ensure that Alaska has a comprehensive integrated mental health program for Trust beneficiaries. The mission of The Trust is to act as a catalyst for change and improvement in the systems that serve Trust beneficiaries.

BENEFICIARY GROUPS

Trust beneficiaries include the following individuals:

- people with mental illness,
- people with developmental disabilities,
- people with chronic alcoholism and
- people with Alzheimer's disease and related dementia.

ADVISORS

Trustees and Trust staff work closely with four advocacy boards that represent Trust beneficiaries:

- Advisory Board on Alcoholism and Drug Abuse,
- Alaska Mental Health Board,
- Governor's Council on Disabilities and Special Education and
- Alaska Commission on Aging.

The Alaska commissioners of Health and Social Services, Natural Resources, Revenue and Corrections are also advisors to The Trust, providing input about issues within their departments that relate to Trust beneficiaries.

COMPREHENSIVE INTEGRATED MENTAL HEALTH PROGRAM

The Trust acts as a catalyst for change and improvement in the systems that serve the beneficiaries. Trustees and Trust staff provide leadership in advocacy, planning, implementing and funding of the state's Comprehensive Integrated

Mental Health Program. The Trust and the Alaska Department of Health and Social Services jointly convene other state agencies, beneficiary advisory groups and key stakeholders to develop and revise a Comprehensive Integrated Mental Health Plan for delivering services to Trust beneficiaries. The plan is a tool that focuses the funds and programs of the state, The Trust and its partners. It is reviewed and updated in five-year increments to ensure the plan is addressing the needs of Trust beneficiaries.

The plan looks at the current status of Trust beneficiaries and seeks to make long-term changes in four areas: health, safety, quality of life and economic security. The plan also examines current service delivery systems and any service gaps that may exist. Finally, the plan is useful in indicating avenues for future program efforts.

HISTORY

Prior to statehood, there were limited services available in the Territory of Alaska for individuals who experienced mental illness or developmental disabilities. Instead, these individuals were sent by the federal government to live in an institution in Oregon. During Alaska's transition to a state, Congress passed the Alaska Mental Health Enabling Act of 1956 to help bring these individuals home. The act transferred the responsibility for providing mental health services from the federal government to the Territory of Alaska and, ultimately, the State of Alaska by creating the Alaska Mental Health Trust. To fund The Trust, the state selected one million prime acres of land that would be managed to generate income to pay for a comprehensive integrated mental health program.

Though the Alaska Legislature held a fiduciary responsibility to manage the land on behalf of Alaskans with mental disabilities, it did not do so. Instead, by 1982, only about 35 percent of the land remained in state ownership when Vern Weiss filed a lawsuit on behalf of his son, who required mental health services that were not available in Alaska. Other beneficiary groups joined Weiss v. State of Alaska in a class action suit. The case was ruled on in 1984 by the State Supreme Court, which ordered that the original trust be restored. Ten years later, in 1994, a final settlement reconstructed The Trust with 500,000 acres of original Trust land, 500,000 acres of replacement land and $200 million.

GOVERNANCE

The 1994 Trust settlement established a seven-member, independent Board of Trustees to manage the Trust fund. Trustees are appointed by the governor and confirmed by the Legislature for five-year, staggered terms. Trustees are officers of the corporation and have a fiduciary responsibility to enhance and protect The Trust's financial assets.

TRUST ASSETS

The Trust employs the expertise of several organizations to manage its cash and non-cash assets. The Alaska Permanent Fund Corporation and the Alaska Department of Revenue Treasury Division manage The Trust's cash assets. The Trust contracts with the Trust Land Office within the Alaska Department of Natural Resources to manage its land and other non-cash assets, such as buildings, timber, minerals, and coal, oil and gas developments.

The Trust contracts with the Trust Land Office to manage its cash and non-cash assets, such as buildings, timber, minerals, and coal, oil and gas developments.

Alaska continues to Bring The Kids Home

It's true:

- Most of the children ARE home (or at least, back in Alaska)
- We have most of the residential resources that we need
- Successful strategies are in place
- We hope to "end" BTKH by FY2013

We invite Legislators, Legislative Staff, and the Public to two events to find out more and get an update!

What still needs to be done?

- **What:** Buffet lunch, courtesy of the Alaska Mental Health Trust Authority
- **Where**: Cathedral of the Nativity of the Blessed Virgin Mary, 416 Fifth St., Juneau
- **When**: Tuesday, Feb. 16, lunch served 11:45; presentations 12–1 p.m.

Meet youth, parents, providers, state staff and other Bring The Kids Home stakeholders

- **What:** Social: snacks, courtesy of the Alaska Mental Health Trust Authority
- **Where:** Pizzeria Roma, 2 Marine Way, #104 (in Merchants Wharf Mall)
- **When:** Tuesday, Feb. 16, 5–7 p.m.

For more information about Bring The Kids Home, the next quarterly meeting is Feb. 16–17 at the Cathedral of the Nativity of the Blessed Virgin Mary, 416 Fifth St., Juneau. There will be a discussion of BTKH outcomes, projects, plans and budget increments. To review a draft of the agenda, please go to: http://www.mhtrust.org/calendar/index.cfm?fa=ShowEvent&Classid=75&event_id=615. For background documents and reports, go to: *http://www.hss.state.ak.us/commissioner/btkh/reports.htm*.

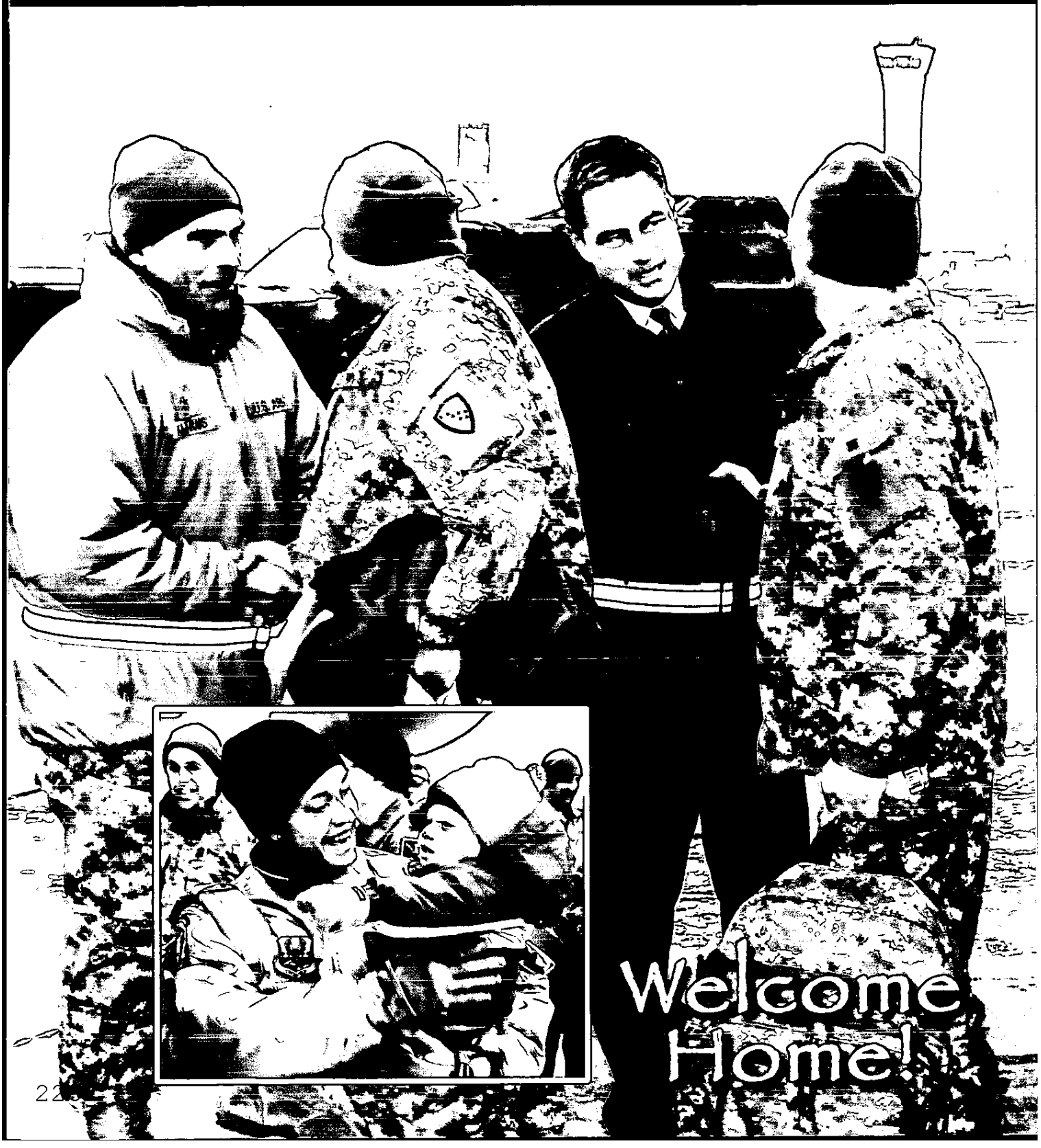
The TRUST
The Alaska Mental Health Trust Authority

2/4/10 OVERVIEW: DEPARTMENT OF MILITARY & VETERANS AFFAIRS

<target><bill></bill><subject>2-4-10 OVERVIEW DEPARTMENT OF MILITARY & VETERANS AFFAIRS</subject><comm>HFIN26</comm></target>

WARRIORS

Quarterly Magazine for the Alaska Department of Military & Veterans Affairs WINTER 2009/2010



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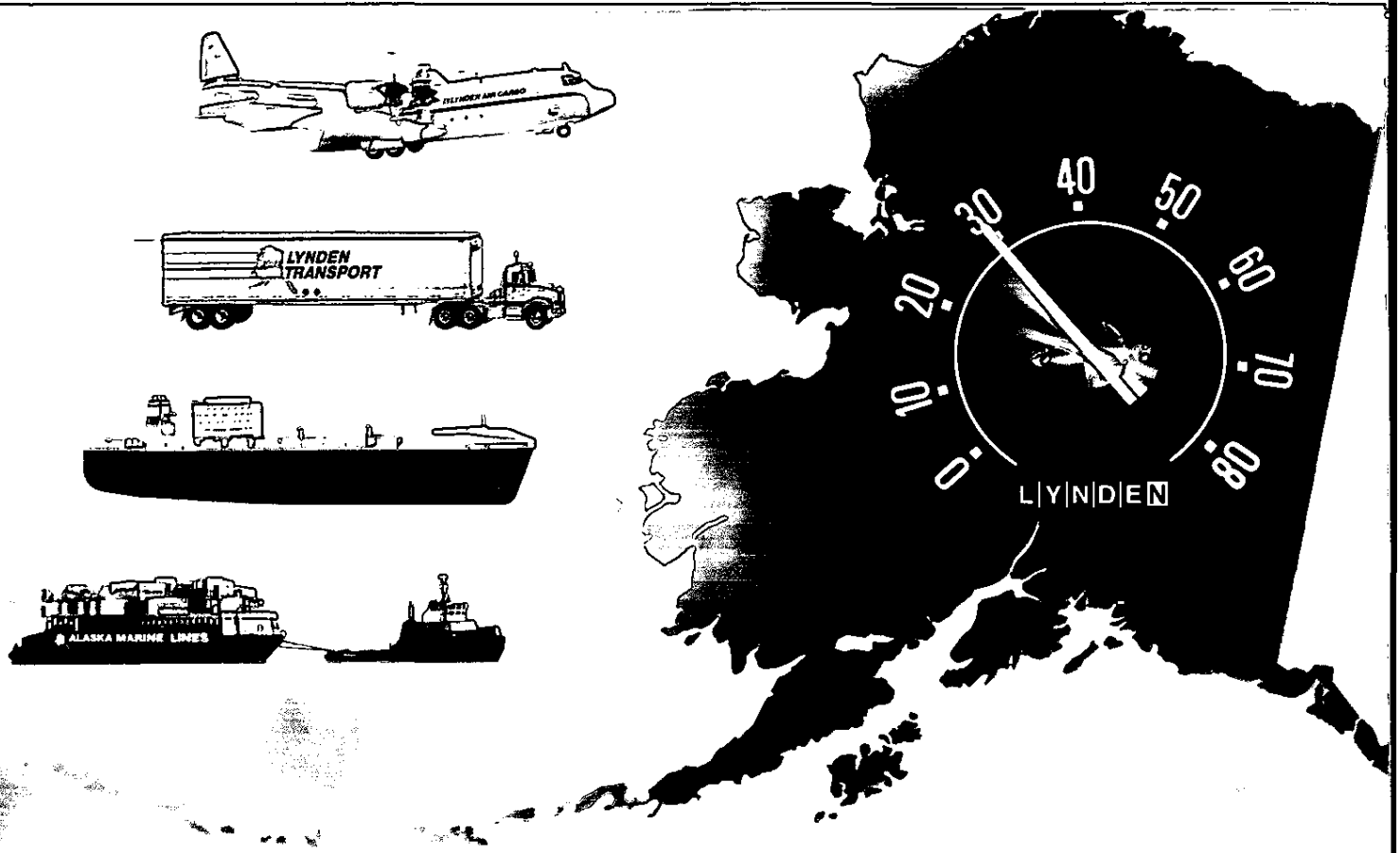

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Winter 2009/2010

WARRIORS

Quarterly Magazine for the Alaska Department of Military & Veterans Affairs

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Features:

Deployed Guardsman Honored as 'Top Forty Under 40' 13
1/207th Aviation Returns from Kosovo 14
F Company Returns from Iraq 15
New Sergeant Major a Trailblazer 17

Departments:

For the People 2
The Adjutant General 3
Dispatches from the Front 5
Where in the World 6
Chaplain's Corner 9
Joint Forces 10
Veterans 18
Homeland Security 20
Missile Defense 23
Education 25
ESGR 26
Family Support 28
Who We Are 29
Awards & Decorations 30
Promotions 30
Retirements 31
Start of the Trail 32
Training Schedule 32

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Welcome Home.
Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard, left, and Governor Sean Parnell shake hands with Alaska Army National Guard Soldiers from the 1/207th Aviation, Alaska Army National Guard, upon their return to Alaska in November. The Guard members served a one-year deployment to Kosovo on a peacekeeping mission.
Photo: Courtesy of the Office of Governor Sean Parnell

Inset: Captain Becky Altenburg, a C-130 navigator with the 144th Airlift Squadron, smiles at her 13-month-old son, Torin, after returning home in December from a deployment to Afghanistan with 32 fellow Alaska Air National Guardsmen. The Airmen provided airlift, via C-130, ferrying people, equipment and supplies throughout the region in support of Operation Enduring Freedom.
Photo: Major Guy Hayes, DMVA Public Affairs

Discovery Channel Highlights Guard.
A production crew from New York films an Alaska Air National Guard HH-60 Pave Hawk helicopter as it departs from Kulis Air National Guard Base in December. The footage will be used for "Life or Death in Alaska," a television show to be aired spring 2010 on the Discovery Channel that chronicles seven of Alaska's most heroic rescues, and the survivors and rescuers who lived them. The show will feature the rescue of a 22-year-old sheep hunter from the Wrangell Mountains by the Alaska Air National Guard in August 2006. Photo: Kalei Brooks, DMVA Public Affairs

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HOW TO REACH US

Letters: *Letters to the editor* must be signed and include the writer's full name and mailing address. Letters should be brief and are subject to editing. **Submissions:** Print and visual submissions of general interest to our diverse civilian employees, Alaska National Guard military members, veterans and families are invited and encouraged. Please send articles and photos with name, phone number, e-mail, complete mailing address and comments to:

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For the People

Governor Sean Parnell
Commander in Chief

Warm Welcome Home to Alaska. Governor Sean Parnell shakes hands with Alaska Army National Guard Specialist Christopher Wainwright, 1/207th Aviation, as the Soldiers returned to Alaska at Elmendorf Air Force Base in November. Parnell thanked the Guard members for their service during their one-year deployment to Kosovo.
Photo: Courtesy of the Office of Governor Sean Parnell

The holiday season is the perfect time to reflect on what we have to be thankful for and to bestow our gratitude on the many people we call upon to keep us safe at home and abroad. The Alaska Department of Military & Veterans Affairs is essential to our safety and security.

It was an honor to welcome home members of the Alaska Army National Guard in November. I am proud of their accomplishments in maintaining a stable environment in Kosovo during their one-year deployment. This was the second deployment of Alaskans to Kosovo, where our National Guard members provided the security and training necessary for the region to achieve safety, freedom and stability. It was a great moment, shaking the hands of those fine Soldiers as they set foot back in Alaska, and one I will not forget.

We also welcomed home another group of aviators from the Alaska Army National Guard's 1/207th Aviation, just in time for them to ring in the new year with their friends and family. These Soldiers spent nine months in Iraq transporting high-priority equipment and personnel. Their training and professionalism led to a highly successful mission, and their efforts will help Iraqis in their efforts to create a year filled with renewed hope and peace.

As we endure winter weather in Alaska, I am grateful for our state emergency management personnel who constantly monitor conditions across the state. Our EMS personnel are prepared to assist our fellow Alaskans in the event of a winter storm disaster. With our new state-of-the-art mobile emergency operation center, we have interoperable communication capabilities during disasters, supplying a more streamlined response. These technological tools allow us to act quickly and effectively in critical situations, even in the most remote of Alaska communities.

I, like all Alaskans, am thankful for the commitment and sacrificial service of our Guard members and civilian employees, who keep our state and nation safe. As we gather with family and friends this new year, let us give our heartfelt appreciation to those serving our country and to their families. Through the very good work of the Alaska Department of Military & Veterans Affairs, and because of the selflessness of our men and women in uniform, I know 2010 will be a positive, safer year for all Alaskans. Sandy and I extend warm wishes for the new year to each of you.

Sean Parnell
Governor

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The Adjutant General

Brigadier General Thomas H. Katkus
Adjutant General, Alaska National Guard
& Commissioner, Alaska Department of Military & Veterans Affairs

Exceptional Service to Alaska

The Department of Military & Veterans Affairs continues to provide Alaskans with exceptional service, and the start of the new year is an excellent opportunity to reflect on our significant accomplishments while cherishing time with our families.

Strong families are a key component to a successful organization, and for the Department of Military & Veterans Affairs, we work hard to assist all of our families, especially when our Soldiers and Airmen are deployed in support of overseas contingency operations.

Efforts by the Alaska National Guard Family Programs office, working with the Alaska Friends of the Guard and Reserve, led to two donations totaling $15,000. These significant contributions made by TriWest and Best Buy aid in supporting our Guard families here in Alaska that need it most. Family Programs also held several family activities at the National Guard Armory on Fort Richardson, adding to the holiday season of giving back to our Guard families.

The Alaska Army National Guard triumphantly returned home to Alaska from both Kosovo and Iraq in November and December after exceptional deployments.

The Soldiers of the 1st Battalion, 207th Aviation Regiment spent a year away from their families supporting a peacekeeping and peace enforcement mission to ensure stability in Kosovo. Our Guardsmen performed exceptionally well and were recognized for their efforts by U.S., NATO and coalition leaders. I was very happy to welcome them home, alongside Gov. Sean Parnell, when they returned to Alaska in time to spend Thanksgiving with their families. And how can we thank the Air Guard enough for their "just in time" delivery of F Company on New Year's Eve?

The Alaska Air National Guard operation tempo has been extremely busy here at home and in support to coalition forces in Afghanistan. From September through January, the 176th Wing deployed more than 200 Guardsmen in stages, rotating in and out of the theater of operations while providing C-130 airlift, ferrying people, equipment and supplies throughout the region.

The Division of Homeland Security & Emergency Management recognizes the challenges we face here in Alaska and works hard to provide a secure, safe Alaska every day. This fall, utilizing a one-time grant, emergency management personnel contracted a mobile emergency operation vehicle. This capability is vital to restoring communication with the State Emergency Coordination Center and first responders during disasters. With colder months ahead, this mobile operation center will be tested with community partners and could help save lives.

The Alaska Military Youth Academy began another class this fall, enrolling 192 cadets and continues to excel as number one in the nation in contacting and recruiting high school dropouts. Its success in teaching the youth of Alaska life-coping skills and service to their community, and by providing an opportunity for them to complete their high school education, has resulted in nearly 2,800 graduates throughout the last 15 years.

All of these accomplishments are due to the great service and sacrifice of our department members. As we start 2010, I want to thank all of our Alaska National Guardsmen, their families and civilian employees. Please do not forget the loved ones serving far from home and away from their families. I thank you for what you do and the great sacrifices you make. ■

Service and Smiles. Brigadier General Thomas H. Katkus, right, adjutant general of the Alaska National Guard, shakes hands with Roger Nassuk Sr., a resident of Koyuk, during Operation Santa Claus in November. Nassuk retired from the Alaska Army National as a sergeant first class after 32 years of service. For more on Operation Santa Claus, turn to page 10. Photo: Private First Class Michelle Nash, 134th Public Affairs Detachment

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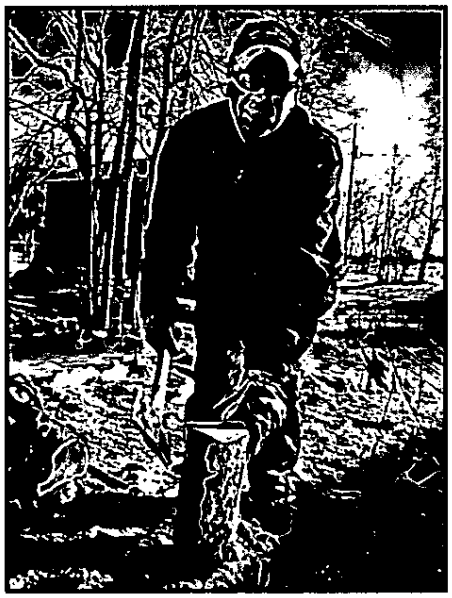

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Dispatches from the Front...

Wounded Warrior Honored

By Captain Amy B. Slinker, 134th Public Affairs Detachment

FAIRBANKS, Alaska ... A former Alaska Army National Guardsman was honored and welcomed home in Fairbanks in November by family, friends and comrades at a luncheon held at Pike's Waterfront Lodge.

Specialist Jeremy Pierce, a recipient of the Bronze Star with valor and Purple Heart, was recognized along with past and present members of the Alaska National Guard at a brunch provided by Jay Ramras, owner of Pike's.

More than 250 people attended the program, including Fairbanks community members, Fairbanks-based Soldiers and Guardsmen who traveled from Anchorage, Barrow and the Kenai Peninsula. Many of the Soldiers were members of the 1/297th Cavalry who served with Pierce during his first deployment to Iraq with the Alaska Army National Guard.

"It's a great honor to be standing in front of these guys," Pierce said. "When you are clapping for me, know there are many people here who put their lives on the line."

The homecoming was Pierce's first trip back to Alaska after sustaining combat injuries while deployed to Iraq in August 2009 with the Oregon National Guard. He lost part of his left leg and part of a finger on his left hand. Pierce's hard work from physical therapy at Walter Reed Army Medical Center in Washington, D.C., was apparent, as he was able to proudly walk around the room greeting guests.

Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard, presented Pierce with a solid silver coin for outstanding service to the United States and the state of Alaska. Imprinted on one side of the coin is the Alaska state seal, with the Alaska National Guard Joint Forces Headquarters seal on the other side.

Honoring Heroism. Sergeant Henry Monk, left, and Specialist Jeremy Pierce reunite during a November luncheon at Pike's Waterfront Lodge in Fairbanks. Monk and Pierce previously served together in the Alaska Army National Guard. Pierce was honored at the luncheon for his service and sacrifice as a National Guardsman. While deployed to Iraq with the Oregon National Guard, Pierce was wounded in combat and lost part of his left leg. Monk, a Fairbanks resident, is currently serving in the 1/297th Cavalry, Alaska Army National Guard. Photo: Specialist Jill King, 134th Public Affairs Detachment

"We not only honor Jeremy, but we honor all of the men and women who are serving every day," said Alaska State Representative Nancy Dahlstrom, co-chair of the Armed Services Committee and leader of the luncheon program. "This is just a small token of the appreciation that we have for you and what you do." ■

Military Appreciation at the Rink. Lieutenant General Dana Atkins, left, commander of Alaskan Command, presents Brigadier General J. Randy Banez, assistant adjutant general – Alaska Army National Guard and Space and Missile Defense, with an Alaska Aces jersey in December during intermission of an Alaska Aces Military Appreciation game at the Sullivan Arena in Anchorage. More than 5,400 fans filled the stands to cheer on their team and show their support for all branches of the military. Photo: Mary M. Ball, U.S. Army Alaska Public Affairs

Where in the World

Soldier Excels in Singing Competition

By Sergeant Karina Turner
DMVA Public Affairs

CAMP DENALI, Alaska ... One Alaska Army National Guard Soldier from Eagle River got the opportunity of a lifetime while deployed this fall on a peace-keeping mission to Kosovo.

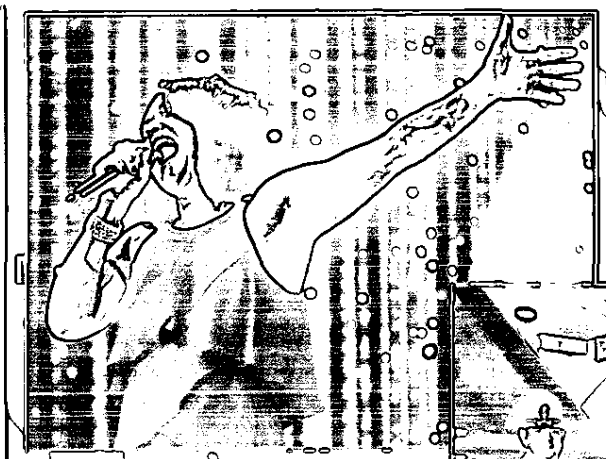
In hopes of keeping busy during the yearlong deployment, First Lieutenant Sarah Payeur, Headquarters Company Joint Operations Center liaison, 1/207th Aviation, Alaska Army National Guard, entered Operation Rising Star while deployed to Camp Bondsteel, Kosovo.

"Originally the Morale Welfare and Recreation director asked me to be a judge for Operation Rising Star, which is a singing competition similar to American Idol," Payeur said. "I told her I was really interested in competing though; I have a degree in theater, so for me, it was really just getting back in touch with my roots a little bit. It was something to take my mind off of being deployed and being away from my family."

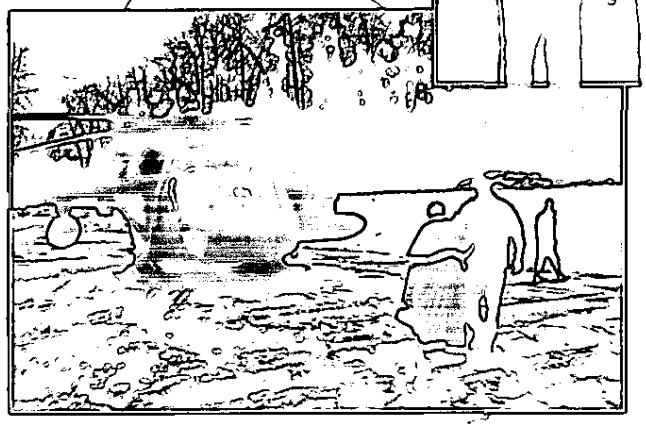
"I was very happy to hear that First Lieutenant Payeur was selected to represent 1/207th Aviation in Camp Bondsteel during Operation Rising Star," said Lieutenant Colonel Jeffery Roach, 1/207th Aviation commander. "She put in a tremendous amount of work in preparing for the competition, and her participation was a real morale booster for the aviation battalion."

After juggling five weeks of competition and her unit's mission of providing aviation support with UH-60 Black Hawk helicopters to U.S. and coalition forces, Payeur proved to be unstoppable. She beat out all five of her Camp Bondsteel competitors and won the opportunity to compete worldwide in Washington, D.C.

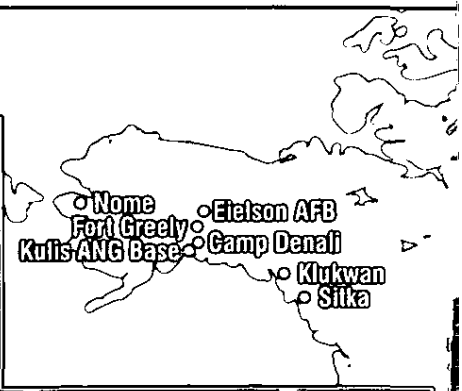
"I didn't think I would win; I really just wanted to reconnect with something that I loved," Payeur said.

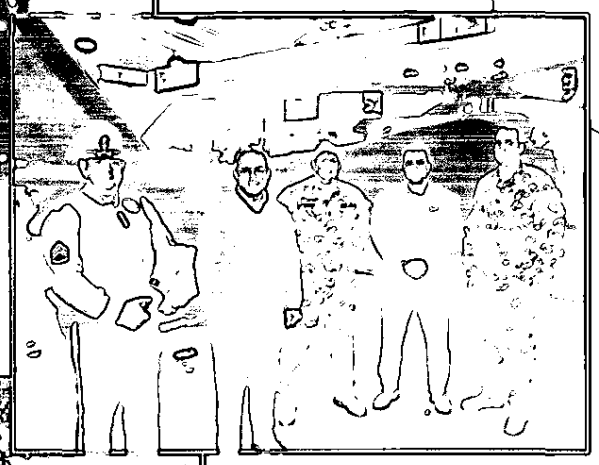


Rising Star. First Lieutenant Sarah Payeur, Joint Operations Center liaison for the Alaska Army National Guard's 1/207th Aviation while deployed to Camp Bondsteel, Kosovo, sings "Life is a Cabaret" during Round 1 of the 2009 Operation Rising Star finals competition in November. Photo Tim Hipps, Family and Morale Welfare and Recreation Command Public Affairs



Black Hawk with Bells. After Operation Santa Claus festivities in Kiukwan, Sergeant Don Chapman, 1/207th Aviation, escorts Mrs. Claus back to her "sleigh," an Alaska Army National Guard UH-60 Black Hawk helicopter from Juneau. Photo Jolene Troupe, Family Programs





Black Hawk Pit Stop. At the Alaska Army National Guard hangar in Nome, Governor Sean Parnell takes a moment to meet with a crew from 1/207th Aviation while he was in town in November. From left to right: Alaska State Trooper Sergeant Andrew Merrell, Governor Sean Parnell, Chief Warrant Officer Dave Stettenbenz, Chief Warrant Officer Two Matt Felter and Sergeant Nick Mikos. Photo Courtesy Office of Governor Sean Parnell

"We are all very proud of First Lieutenant Payeur's accomplishment," said Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard. "Through her perseverance, she has brought great credit to her unit and the Alaska Army National Guard, and she is someone that can be an inspiration to us all in pursuing our goals, whatever they may be."

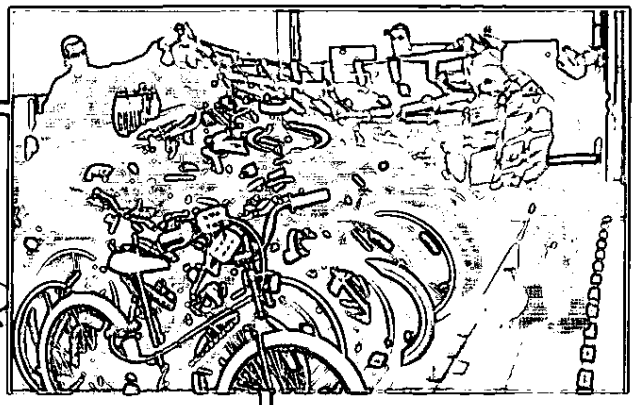
Payeur had a solid fan base of family and friends back home, as well as of Soldiers from 1/207th Aviation.

"Every Saturday, for five weeks in a row, they came out to support me," Payeur said of her comrades. "The aviation unit was really encouraging; they support everyone in what they want to do, whether it's a softball tournament or basketball game, there is usually a big turn out and show of support. Hopefully, it gave them a break from what they were doing and helped their morale."

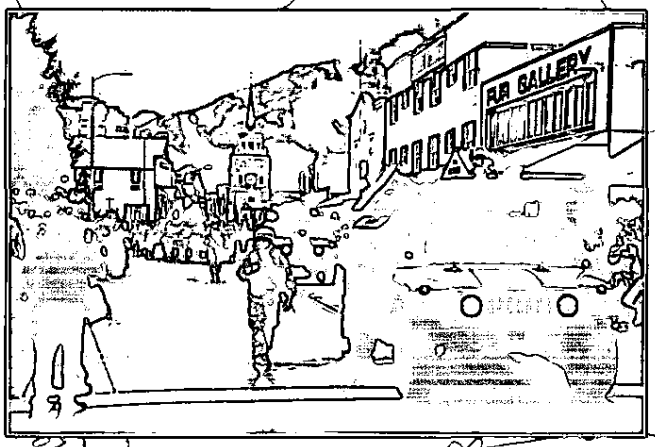
After winning the Camp Bondsteel competition, Payeur was one of 12 selected to compete worldwide in the Washington, D.C., finals, where she competed against other military members and dependents.

"I didn't make it past the first round in the D.C. competition, but I got a lot of good feedback from the judges, and it was the chance of a lifetime that I'm happy to have experienced," Payeur said. "I'm really

Universal Medicine. Alaska Air National Guard Senior Airman Amanda Crowson, aerospace medical technician, 168th Refueling Wing, takes care of a patient while deployed to Southwest Asia. She is part of the 386th Expeditionary Medical Group and provides emergency medical services, sick call assessments and immunizations. "I love being able to get our personnel back on their feet and back to work to keep the mission going," said Crowson on her first deployment experience. Photo Courtesy of U.S. Air Force



Bikes to Bagram. Left to right: Alaska Air Guardsmen Staff Sergeant Woody Miller, Senior Airman John Darnall, Senior Airman Ryan Pierce and Technical Sergeant Summer Rehak, all from the 176th Logistics Readiness Squadron, pull a top net over a pallet of refurbished bicycles in December. The bikes were airlifted by the Alaska Air National Guard's 144th Airlift Squadron to Afghanistan to be given to disadvantaged children. Photo: Technical Sergeant Shannon Olesco, 176th Wing Public Affairs



Alaska Day. Members of the Alaska Army National Guard march through downtown Sitka during the Alaska Day celebration in October. More than 150 Soldiers took part in the four-day event, which commemorates Alaska's purchase from the Russians. The Soldiers were welcomed by the community and took part in many of the events offered during the celebration.
Photo: Sergeant Jack W. Carlson II, 49th Missile Defense Battalion

Homecoming Hugs. Major Mike Cummings hugs his son, Gavin, after returning home from a deployment to Afghanistan with the Alaska Air National Guard. Cummings, a C-130 pilot with the 144th Airlift Squadron, was one of 33 Guardsmen who returned in December from a tour in support of Operation Enduring Freedom.
Photo: Major Guy Hayes, DMVA Public Affairs

appreciative to have had the entire aviation unit behind me. When you are deployed, your unit becomes like your second family; you depend on each other for everything."

Payeur's unit returned to Alaska from Kosovo in November after successfully supporting more than 1,100 missions while deployed. Although her run for the Operation Rising Star title ended early, she hasn't given up on her love of music.

"I would probably compete again if there was another opportunity, but the caveat to that is I wouldn't want it to create a hardship for my kids," Payeur said. "So for now, I'm just going to start writing music again." □

Air Guard Brings Bikes to Afghanistan

By DMVA Public Affairs

KULIS AIR NATIONAL GUARD BASE, Alaska ... More than 20 disadvantaged children in Afghanistan have received new bikes this winter thanks to a group of Anchorage volunteers and an assist from the Alaska Air National Guard.

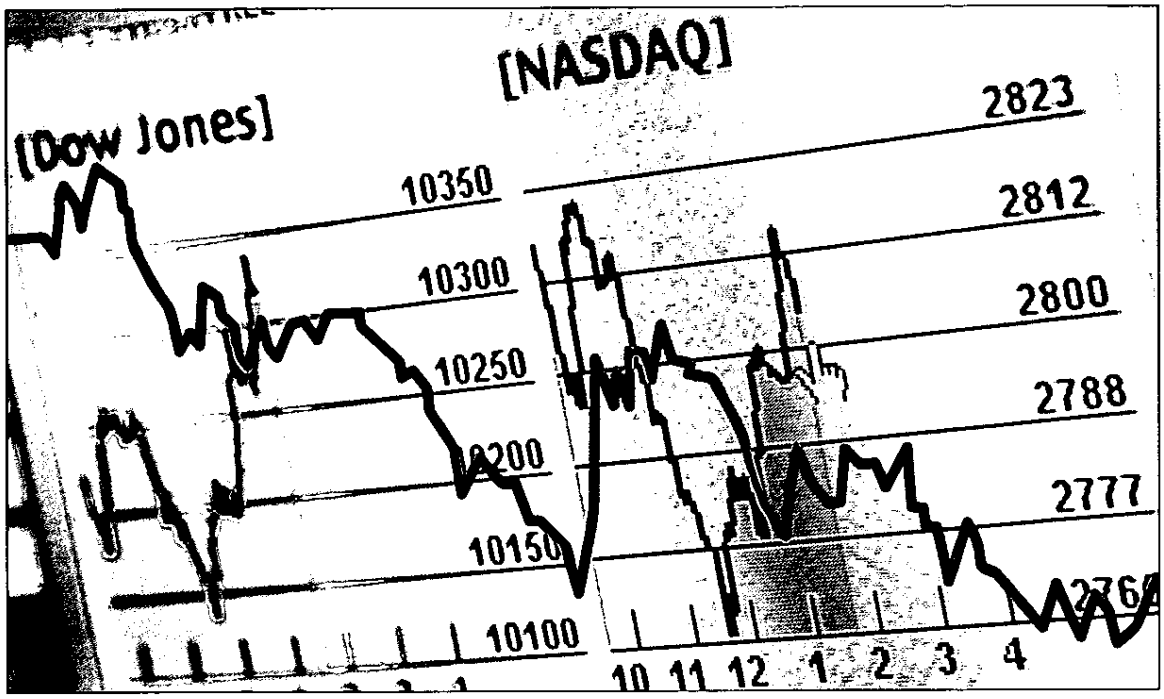
The bicycles, together with parts and tools, were donated by the Anchorage Community YMCA, The Bicycle Shop, Paramount Cycles, Chain Reactions and REI, Inc. They were then refurbished by Off the Chain, a nonprofit, all-volunteer bicycle collective in Anchorage. Their services are aimed at providing mobility to those whose only transportation options are bikes and who cannot afford maintenance elsewhere.

A group of Off the Chain volunteers came up with the idea of giving bicycles to underprivileged Afghan children. The big obstacle was getting them there. Organizers approached Lieutenant Colonel David Glick, a pilot with the Alaska Air National Guard's 144th Airlift Squadron because the squadron routinely flies personnel, equipment and supplies into the remote, war-torn country as part of a rotating deployment the unit fulfills.

Chris Himes, a long-term Off the Chain volunteer, said "I can't imagine any other way it could have happened. It's a perfect confluence of interests and abilities – the Air Guard being on the way anyway and being able to distribute the bikes, which we would never be able to do."

In December, a group of Air Guard members arrived at Off the Chain with a flatbed truck to pick up the bikes. Three days later, Guard members at Kulis Air National Guard Base, deploying to Afghanistan in support of Operation Enduring Freedom, loaded them onto a C-130 tactical airlift plane for the three-day flight. Once in Afghanistan, the bikes were handed over to a local U.S. military unit at Bagram Airfield for distribution to Afghan children.

"With our Guardsmen rotating in and out of Afghanistan throughout the holiday season, it was the perfect opportunity to support a worthy cause and provide a little cheer for Afghan youth," said Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard. □



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Chaplain's Ministry Includes the Fallen and Those Who Honor Them

By Ed Drohan, Air Force Mortuary Affairs Public Affairs

DOVER AIR FORCE BASE, Delaware ... For an Alaska Air National Guard chaplain, a deployment to the Air Force Mortuary Affairs Operations Center hit close to home.

Chaplain (Lieutenant Colonel) Lance Jennings' son served with the Air National Guard in Kirkuk, Iraq, in 2002. When your ministry revolves around serving those who have given their lives for their country, their families, and the men and women who provide the full measure of dignity, honor and respect for the fallen, you can't help but think about family members who have been in harm's way.

Jennings provided spiritual and moral support at the Dover Air Force Base, Del., center from September to January when he returned to his home unit – the 168th Air Refueling Wing. He had never been to Dover Air Force Base before, so he volunteered for the deployment.

The chaplain said he's done a tour of duty at Landstuhl Regional Medical Center in Germany, ministering to wounded warriors, and his work at the Air Force Mortuary Affairs Operations Center gave him a chance to see and appreciate not only the fallen heroes, but the professionalism of those who provide dignity, honor and respect for them, as well as care, service and support for their families.

As part of his duties, the chaplain and the rest of his "padre cadre" worked with families of the fallen who came to Dover to observe the dignified transfer of their loved ones. In his civilian ministry, he's provided comfort to families of accident victims, and while similar, the work here was different.

"We see death, but here, because of the violence of war, it is more intense," said Chaplain (Major) Richard Bach, a Maine Air National Guard chaplain who worked with Jennings.

The support and comfort the chaplains provide isn't limited to the fallen and their families though. They also provide a "ministry of presence" for the men and women called upon to prepare those fallen for the trip to their final destination.

Many of the young men and women who deploy here from around the country are exposed to stresses most people will never see, the chaplains said. Whether it's assisting with autopsies, cleaning personal effects so they can be returned to families, or dressing the fallen in the proper uniform for a funeral, exposure to the horrors of war can take its toll on individuals.

"These people are doing things for our heroes that they can't necessarily talk to their families about," Jennings said. "They see and do things that people can't understand unless they've been here."

Chaplains work closely with mental health specialists to help ease those stresses. They try to be very visible and establish relationships with workers throughout the center, they said.

"You have to develop trust before they'll talk," Jennings agreed.

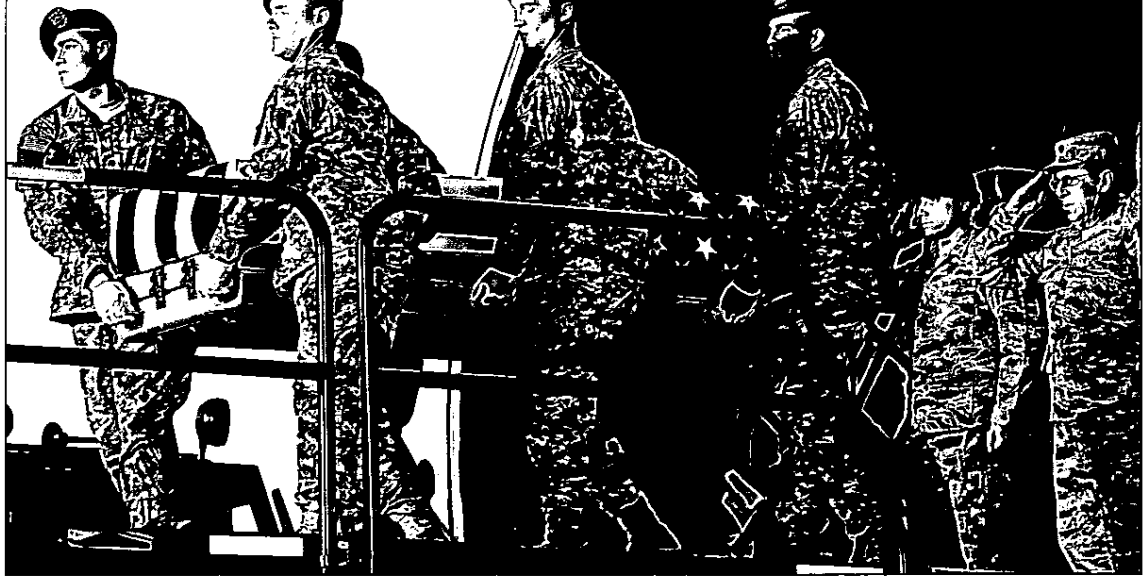
One thing that impressed Jennings is the level of professionalism and devotion he saw in people who work at the center.

"There's camaraderie, especially in the back (where the fallen are prepared for transport)," Jennings said. "They move around together and there's a lot of humor in the morning, but when the preparation starts, things get quiet, and they focus on the task at hand."

The chaplains also helped with the center's Resiliency Program, which is designed to help people deal with the stresses they encounter in the workplace. They set up trips to off-base sites, including a trip to Arlington National Cemetery and a kayaking trip – trips that not only tied together the work they did here but also provided relief from stress.

Jennings said he took part of the center home with him – he left Dover with memories, both painful and positive.

"We all have scars on our body, like when I fell on a bike and got gravel under my skin. Every once in a while you'll touch that scar and remember that life experience," Jennings said. "The analogy with those scars is that I remember the pain, the sadness, the grieving parents and spouses. But I also remember the pleasantries as well ... the personalities who have touched me in positive ways. They helped heal those scars." ■

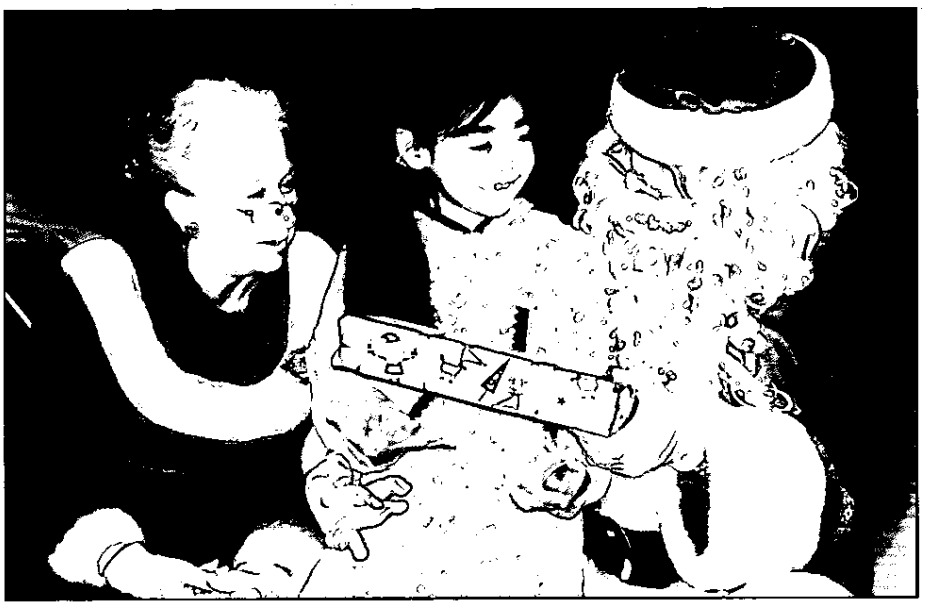


Saluting the Fallen. Chaplain (Lieutenant Colonel) Lance Jennings, far right, salutes as an Army carry team moves a fallen Soldier during a dignified transfer event at Dover Air Force Base, Del. The chaplain was called upon to pray for the fallen warrior before the case was carried from the aircraft to an awaiting vehicle. Jennings deployed to the Air Force Mortuary Affairs Operations Center at Dover for about five months.
Photo: Jason Minto, U.S. Air Force

Joint Forces

Ready to Serve

Santa and Mrs. Claus Land in Koyuk



Holiday Happiness. Santa and Mrs. Claus pass a present to an excited Koyuk girl during Operation Santa Claus. Operation Santa Claus also visited St. George, Nondalton, Gambell, Klukwan, Pedro Bay and Kasigluk.
Photo: Private First Class Michelle Nash, 134th Public Affairs Detachment

By Private First Class Michelle Nash, 134th Public Affairs Detachment

CAMP DENALI, Alaska ... Dashing through the sky, in an Alaska Air National Guard C-130 Hercules aircraft, Santa, Mrs. Claus and a team of elves landed in Koyuk in early November.

This year marks the 53rd annual Operation Santa Claus, an Alaska National Guard program that brings the holiday spirit to remote Alaska villages with toys, books, fresh fruit, entertainment, ice cream sundaes and a chance to get a picture with Santa and Mrs. Claus.

"This has put everyone in a good spirit for Christmas," said Grace Morris, a resident of Koyuk. "This is great for the kids, the adults and the whole community."

Approximately 300 residents of Koyuk gathered in the Koyuk Malemute School gym to commence the 2009 holiday season and to participate in the festivities.

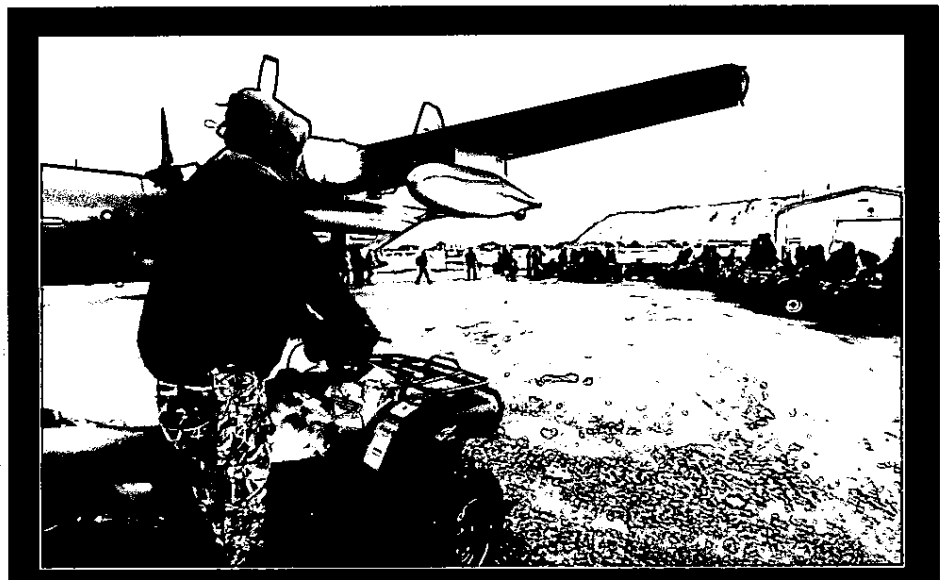
"This was a great event that brought the whole community together," said Kim Hanisch, principal of the Koyuk Malemute School. "We have community events, but I've never seen such a great turnout for such a positive reason."

Operation Santa Claus not only brings a community together, but it also provides a unique and unforgettable experience.

"We assume that everyone has access to something as simple as ice cream," said Rich Owens, owner of Tastee Freez, who donated ice cream sundaes and provided one for every resident in the village. "But for some people this is the first time they've ever tasted ice cream or had the presentation of building an ice cream sundae."

Besides Koyuk, Operation Santa Claus visited St. George, Nondalton, Gambell, Klukwan, Pedro Bay and Kasigluk. ■

Ice Cream Crowds. Rich Owens, center in blue, owner of Tastee Freez, and a team of elves serve ice cream sundaes to the residents of Koyuk during Operation Santa Claus. Residents chose between chocolate or vanilla ice cream and toppings of caramel or chocolate syrup, whipped cream, sprinkles, strawberries, nuts and a cherry.
Photo: Private First Class Michelle Nash, 134th Public Affairs Detachment



Ready for Santa and Company. Gambell resident Gerry Koonooka Sr. waits with the rest of the Operation Santa Claus reception committee for the offloading of an Alaska Air National Guard HC-130 aircraft in December. The Alaska Air and Army National Guard were in Gambell with a group of civilian volunteers as part of Operation Santa Claus 2009. Photo: First Lieutenant John Callahan, 176th Wing Public Affairs

Christmas Cheer in St. George

Santa's Sleigh. Santa and Mrs. Claus disembark at the St. George airstrip on their way to greet the kids of the remote Bering Sea village. A close partnership between the Alaska Air National Guard's 249th Airlift Squadron and the U.S. Air Force's 517th Airlift Squadron made possible the first use of a C-17 Globemaster III in the 53-year history of Operation Santa Claus. Photo: First Lieutenant John Callahan, 176th Wing Public Affairs

By Senior Airman Nancy Goldberger, 176th Wing Public Affairs

ST. GEORGE, Alaska ... Instead of the sounds of jingle bells and hooves, the children of this remote Bering Sea island heard for the first time the powerful engines of an Air Force C-17 cargo jet ushering in their beloved Santa Claus in November.

Santa and Mrs. Claus were in St. George as part of Operation Santa Claus 2009. Now in its 53rd year, Operation Santa Claus is an outreach program for the Alaska National Guard and its community supporters.

The St. George visit marked the first time a C-17 had been used in conjunction with Operation Santa Claus. The new capability was made possible by the close working relationship the Alaska Air National Guard's 249th Airlift Squadron has developed with the Air Force's 517th Airlift Squadron. The 249th formed about two years ago and was formally activated in September. It is in a "classic association" with the 517th; that is, it supplies flight crews and maintenance personnel who work side-by-side with their active-duty counterparts.

Nearly the entire village of St. George turned out to meet the Alaska Guard members and local Anchorage volunteers who brought with them a holiday meal, lively music and a planeload of gifts.

"This is great," said Carol Randall, the school principal. "Because we're not on the road system, they don't get to see stuff like this. The whole town was excited about this – they couldn't wait for this to happen."

"This trip was very special. Using the C-17 with both an active duty Air Force and Alaska Air National Guard crew demonstrated a great relationship between our two organizations, and I think it's a mark of the future of the association between the Air Force and the Air National Guard," remarked Lieutenant Governor Craig Campbell, who traveled to St. George with Operation Santa Claus.

Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard, described the mission as a great training opportunity.

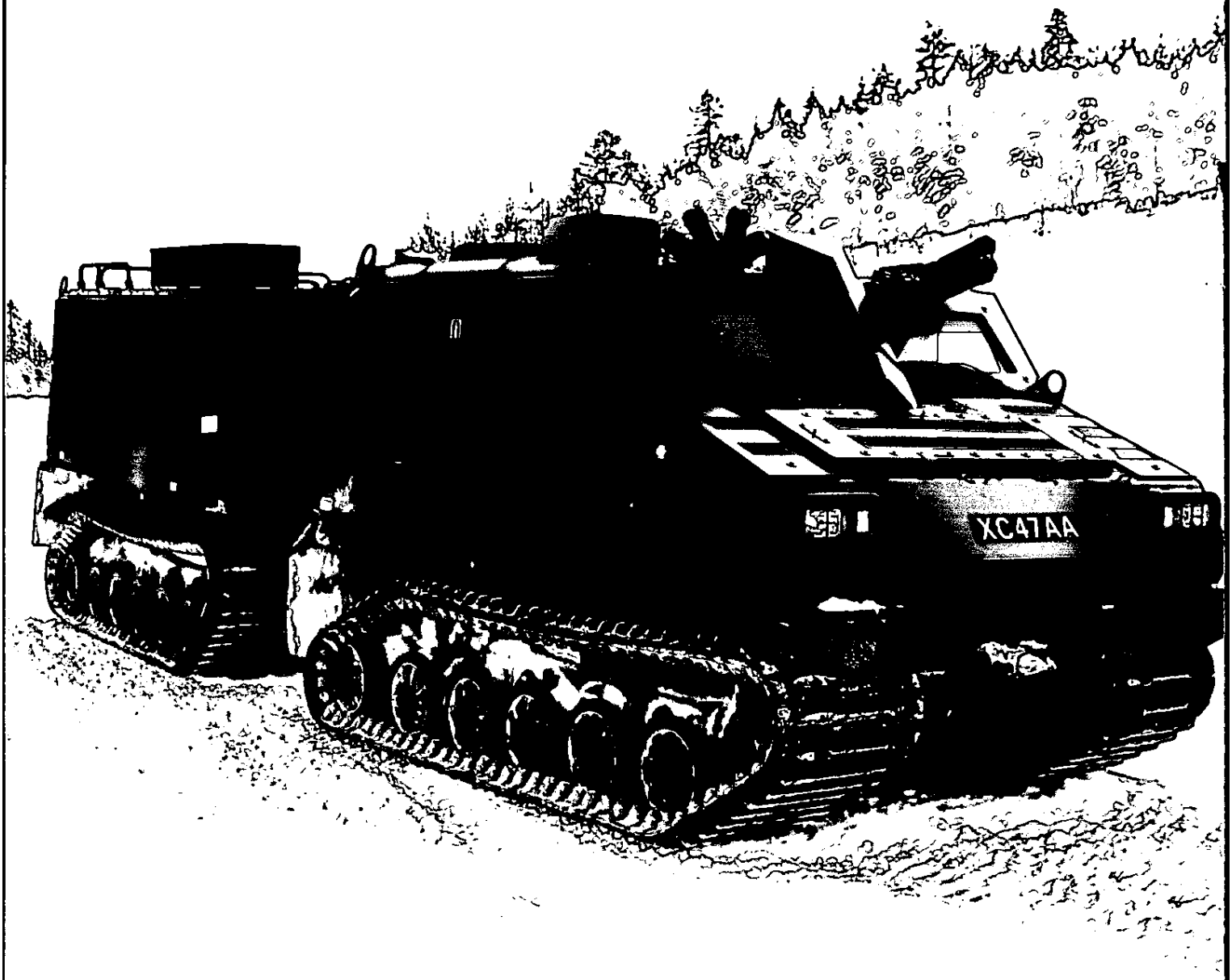
The mission allows Alaska's joint military forces to "take our tremendous military assets and apply them in such a positive manner to our communities, especially during the holiday season," he said.

"We get to bring a little bit of happiness with us," added Mrs. Claus. ■

Holiday Music Maker. Staff Sergeant Jeff Dahlseng, a trombonist with the Northern Light Brass section of the U.S. Air Force Band of the Pacific, performs for St. George residents as part of Operation Santa Claus 2009. Photo: First Lieutenant John Callahan, 176th Wing Public Affairs

Unloading Santa's Supplies. Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard, stacks presents and water in a pickup truck for transport to the St. George School during the Operation Santa Claus visit there in November. Photo: First Lieutenant John Callahan, 176th Wing Public Affairs

SUSV ON STEROIDS



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Deployed Guardsman Honored as 'Top Forty Under 40'

By Kalei Brooks, DMVA Public Affairs

CAMP DENALI, Alaska ... An Alaska Army National Guard member currently deployed to Afghanistan has been named a national and state top 40 under 40 honoree.

Major Wayne Don, originally from Mekoryuk on Nunivak Island, was recognized by the National Center for American Indian Enterprise Development in its inaugural "Native American 40 Under 40," which honors 40 young native professionals across the country who have made significant contributions to their tribes and communities.

Don was also named as one of "Alaska's Top Forty Under 40," a selection by the Anchorage Chamber of Commerce and the Alaska Journal of Commerce that recognizes the state's leading young professionals who demonstrated professional excellence and a commitment to their community. Don is a member of the Alaska Army National Guard and serves as the chairman of his village corporation, NIMA Corporation.

"There are some very accomplished people on the list, so it's very humbling and exciting to be included with such a distinguished group of people," said Don, who is currently serving a six-month deployment providing base security in Afghanistan.

Don is part of a two-member team from the Alaska Army National Guard embedded with the Mongolian Expeditionary Force in support of Operation Enduring Freedom. The two Alaska Army National Guardsmen are working as tactical advisers, consultants on base security operations and mentors – serving to offer insight into the U.S. command structure and operational tempo.

Deployed. **Major Wayne Don, Alaska Army National Guard, is currently deployed to Camp Eggers, Afghanistan, embedded with the Mongolian Expeditionary Force.** Photo: Master Sergeant Scott Hardesty, Task Force Avenger

Training with Mongolians. **Alaska Army National Guard Major Wayne Don, left, and Mongolian Armed Forces Major Javkhlanbayar Dondogdorj discuss a traffic control point training scenario as the Mongolian Expeditionary Force executes it during Khaan Quest at Five Hills Training Area, Mongolia. Don deployed with Dondogdorj and the Mongolian Expeditionary Force as an embedded U.S. liaison in September 2009.** Photo: Captain Amy B. Slinker, 134th Public Affairs Detachment

"Major Don is a testament to the strength of character and professionalism that is the Alaska National Guard," said Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard. "We are proud of his accomplishments and contributions not only to the Alaska National Guard and his community but to the nation as well."

Don, who joined the Alaska Army National Guard in 2005, said the best childhood lesson he learned was in kindergarten.

"My kindergarten teacher would have us march whenever we got too rowdy to re-establish order in the classroom," Don said. "I found out after she passed away that she was a former Marine drill sergeant. While in college I enrolled in ROTC and served 11 years on active duty and continue to serve in the Alaska Army National Guard. I think the lesson of good order and discipline started with learning to march and had an impact on my initial career choice."

The state "Top Forty Under 40" award was handed out at a luncheon in Anchorage in January. His children accepted the award on his behalf. ■

Back in Alaska, Back to Snow. Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard, returns a salute to Sergeant Vinny Salzburn, 1/207th Aviation, Alaska Army National Guard, after the last flight of Guardsmen returned home from Kosovo in November. The Guard members returned from a yearlong deployment where they supported a peacekeeping and peace enforcement mission.
Photo: Major Guy Hayes, DMVA Public Affairs

1/207th Aviation Returns from Kosovo

By Kalei Brooks, DMVA Public Affairs

CAMP DENALI, Alaska ... After flying nearly 2,900 hours in Kosovo while supporting more than 1,100 missions, the Soldiers of 1st Battalion, 207th Aviation Regiment, Alaska Army National Guard, returned home to Alaska in November.

The Soldiers deployed for one year, spending time furthering their training at Camp Atterbury, Ind., and Hohenfels, Germany, before landing in Kosovo in February 2009 where they supported a peacekeeping and peace enforcement mission. While in Kosovo, the Guardsmen provided aviation support to U.S. and coalition forces with UH-60 Black Hawk helicopters.

"The 1/207th Aviation Regiment was highly praised by U.S., NATO and coalition partner leaders for their professionalism in providing air movement, reconnaissance, surveillance, aero-medical evacuation and helicopter fire-fighting capabilities throughout Kosovo," said Lieutenant Colonel Jeff Roach, 1/207th Aviation commander. "Having the 1/207th Aviation Regiment present in Kosovo allowed NATO and coalition partners to provide a safe and secure environment for the people of Kosovo and ensured freedom of movement for all."

According to Roach, the most significant event during the deployment was providing air transportation throughout Kosovo to Vice President of the United States Joe Biden and then-Governor Sarah Palin on separate occasions. The unit also maintained day and night quick-reaction forces and was the first in the U.S. Army to transport the French-made VBL armored vehicle with a Black Hawk helicopter.

"Our Alaska Army National Guard members transported more than 8,000 passengers and successfully completed an important security mission to help maintain a peaceful environment in a region that has seen conflicts with its new, emerging government and social structure," said Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard. "We are proud of our Soldiers for providing critical aviation support to the NATO commander of Kosovo Forces to ensure stability in the region."

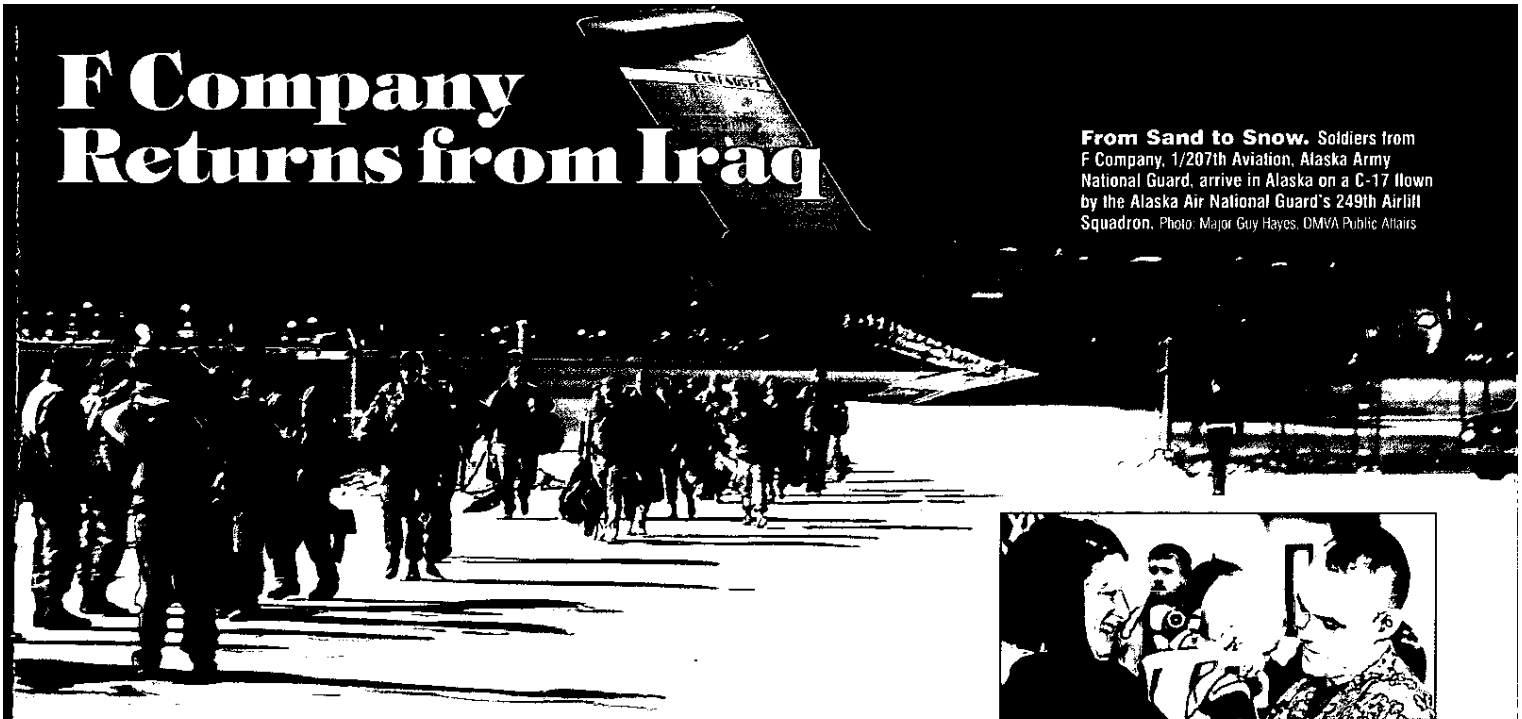
The unit, headquartered at Bryant Army Guard Airfield on Fort Richardson, brought eight Alaska Army National Guard UH-60 Black Hawk helicopters on the deployment. Guard members on the mission hailed from Anchorage, Eagle River, Wasilla, Palmer, Soldotna, Fairbanks, Nome, Bethel and Juneau.

1st Battalion, 207th Aviation, is the most deployed unit in the Alaska National Guard having previously deployed elements to Kosovo in 2004, as well as fulfilling missions in Iraq, Guatemala, Haiti and Honduras. ■

Supportive Sons. Russell Seymoure, 13, and younger brother, Randall, 8, show their patriotic spirit at the Alaska National Guard Armory while waiting for their father, Alaska Army National Guard Sergeant Shane Seymoure, to return from a yearlong deployment to Kosovo.
Photo: Sergeant Karima Turner, DMVA Public Affairs

Reunited. Staff Sergeant Jeremy Hanson is reunited with his children, Makenna, 18 months, and Talyn, 3, along with his wife, Kathleen, during a welcome home event for 1/207th Aviation, Alaska Army National Guard, at the Alaska National Guard Armory in November.
Photo: Sergeant Karima Turner, DMVA Public Affairs

F Company Returns from Iraq



From Sand to Snow. Soldiers from F Company, 1/207th Aviation, Alaska Army National Guard, arrive in Alaska on a C-17 flown by the Alaska Air National Guard's 249th Airlift Squadron. Photo: Major Guy Hayes, DMVA Public Affairs

By Kalei Brooks, DMVA Public Affairs

CAMP DENLI, Alaska ... After a nine-month deployment to Iraq providing aviation support, 30 Soldiers from the Alaska Army National Guard returned home to Alaska in late December, just in time to ring in the new year with family and friends.

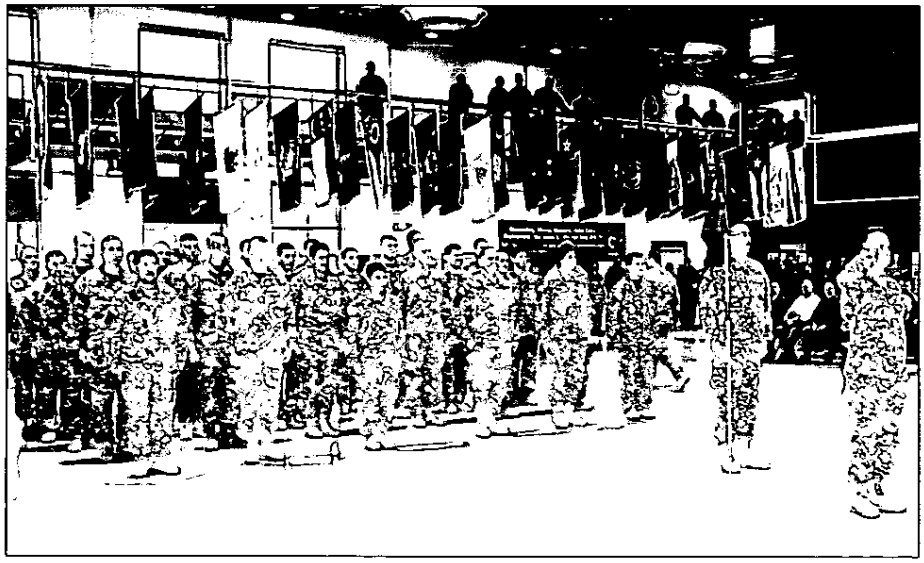
Guard members from F Company, 1/207th Aviation, had been deployed since April 2009, transporting cargo, equipment and personnel across Iraq and Kuwait using the C-23 fixed-wing aircraft, which the company also flies here in Alaska. The Sherpa aircraft are able to take small loads and go to some locations where the larger aircraft of Air Force transports don't go.

"This was the third deployment to Iraq for this aviation company, and once again, the Guard members excelled in their mission," said Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard. "We are proud to welcome home these accomplished Soldiers and grateful for their continued service to our nation and great state."

The Alaska Army National Guardsmen arrived in Alaska on a C-17 flown by the Alaska Air National Guard's 249th Airlift Squadron. This was a true testament to the joint effort and collaboration of the Alaska Air and Army National Guard. This also marked the first time an Alaska Air National Guard C-17 crew and aircraft picked up deployed Alaska Army National Guardsmen from Iraq to bring them home.

The deployed Soldiers call Anchorage, Eagle River, the Mat-Su Valley, Juneau and Fairbanks home. ■

Sweet Meeting. Sergeant Levi Roy and his wife, Amber, smile at their daughter, who Roy met in person for the first time after returning from a nine-month deployment to Iraq with the Alaska Army National Guard.
Photo: Major Guy Hayes, DMVA Public Affairs



Back on the Home Front. After a nine-month deployment to Iraq, 30 Soldiers from F Company, 1/207th Aviation, stand at attention during the unit's uncasing ceremony at the Alaska National Guard Armory in January. During deployments, unit guidons are cased, which represents the unit's absence on the home front; the guidons are then uncased when the unit returns home, signifying their return from the battlefield. Photo: Sergeant Karima Turner, DMVA Public Affairs

Mission Complete. Lieutenant Governor Craig E. Campbell, left, and Colonel Tim DeHaas, chief of staff of the Alaska Army National Guard, shake hands with Alaska Army National Guardsmen returning in December from a nine-month deployment to Iraq.
Photo: Major Guy Hayes, DMVA Public Affairs

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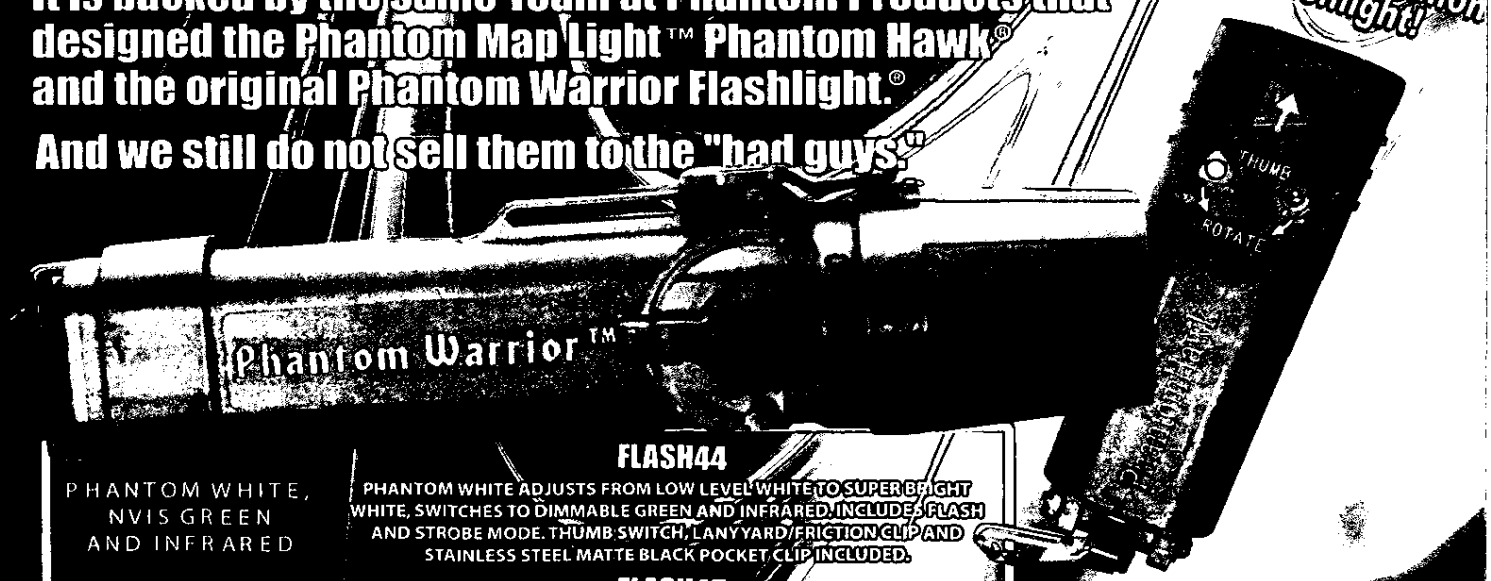

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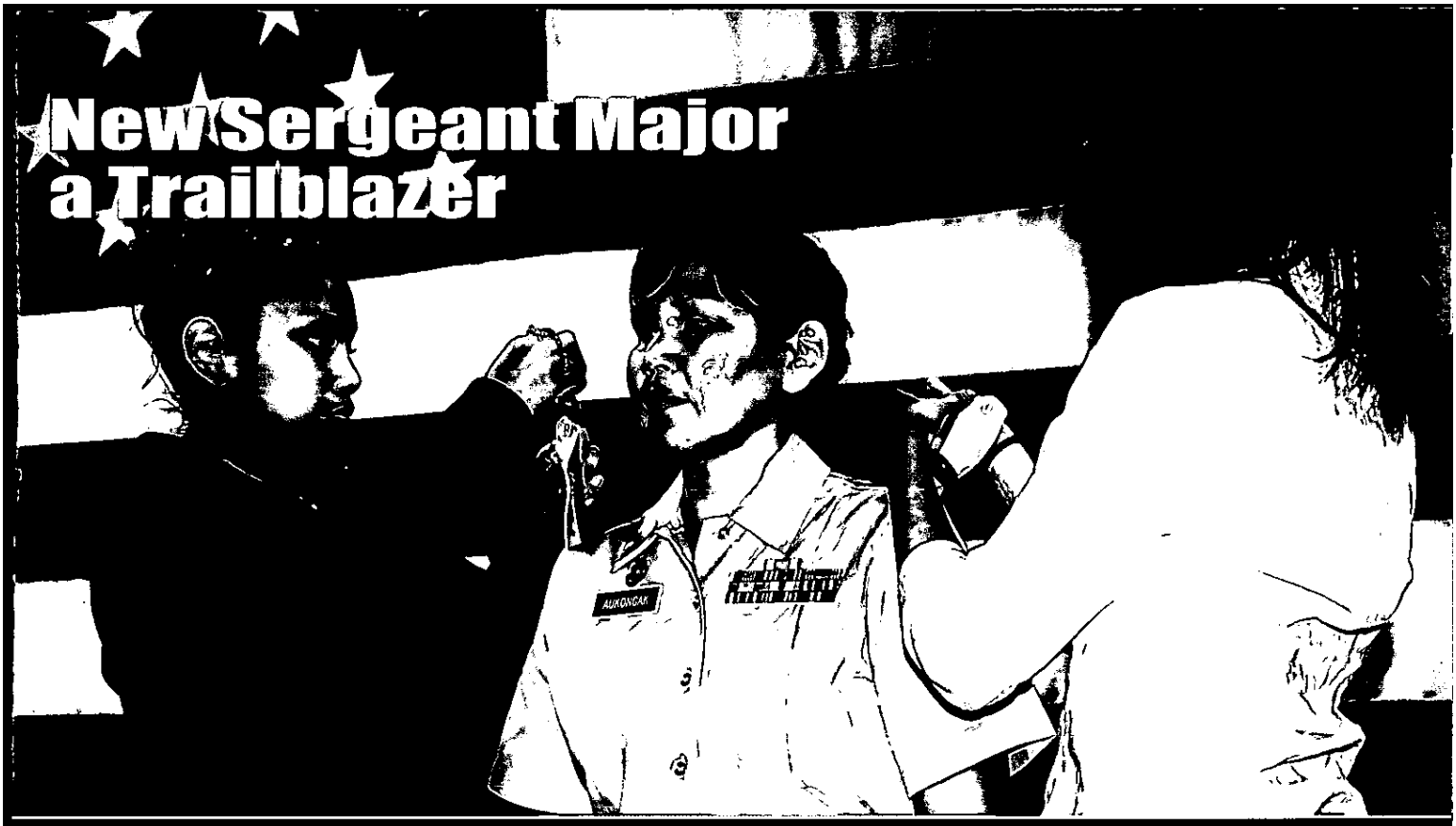


Leading the Way. Sergeant Major Lillian Aukongak's daughters, Sasha and Holly, change her shoulder boards to the rank of sergeant major during her promotion ceremony held at the Alaska National Guard Armory in October. Aukongak, an Inupiaq Alaska Native, is the first female Alaska Native to be federally recognized as a sergeant major in the Alaska Army National Guard. Photo: Major Guy Hayes, DMVA Public Affairs

By Sergeant Karima Turner, DMVA Public Affairs

CAMP DENALI, Alaska ... Military life is difficult; it's challenging and sometimes, it's just downright hard. Soldiers make sacrifices every day to serve in the military and have the privilege of wearing the uniform.

For one Soldier of the Alaska Army National Guard, those sacrifices and challenges have paid off. Lillian Aukongak, an Inupiaq Alaska Native, is the first female Alaska Native to be federally recognized as a sergeant major in the Alaska Army National Guard. She was pinned during a promotion ceremony held at the Alaska National Guard Armory in October.

"Right now I'm still kind of in disbelief," Aukongak said. "It's kind of hard for me to grasp that I'd be the first female Alaska Native in the Alaska Army National Guard to be federally recognized as a sergeant major. To me it's a privilege and a very humbling experience."

Challenges, however, are nothing new to Aukongak. She faced challenges at a young age. At six years old, she was orphaned and entered into the foster care system, where she and her seven sisters and two brothers were split up and sent to separate homes.

"Everyone has challenges and not everyone goes through what I went through," said Aukongak, who calls Golovin and White Mountain home, but was born in Nome. "But that didn't stop me from pursuing my goals and following my dreams. I've always had very positive sisters who kind of mothered me; because I lost my parents at such a young age, I really looked up to them and admired them from a distance."

When Aukongak was 18 years old, she decided that she needed to make a change in her life. She made a decision that would begin her journey to success and enlisted in the Alaska Army National Guard in Nome on Oct. 14, 1986.

Starting out as a radio operator for 1/297th Infantry (Scout) Battalion, Aukongak held several different jobs and moved up the ranks quickly. She joined the Active Guard Reserve program in 1991, but the idea of earning a college degree was at the front of her mind. Aukongak began taking college courses while working full time and received her bachelor's degree in human services in 2007.

Aukongak believes education played a key role in her success and encourages Soldiers to take advantage of all the educational opportunities the Alaska Army National Guard has to offer.

"Attend your military education schools to progress in your career field," Aukongak said. "I encourage Soldiers to take advantage of what's offered to them and to do their best."

Twenty-three years into her career, the new sergeant major challenges Soldiers to take control of their careers and see how far they can make it. Aukongak is aware that because of her ethnicity and accomplishments, she is a role model for more than one reason, but insists that everyone can be a mentor and inspirational example.

"I believe that when you wear the uniform, regardless of your rank or background, you are a role model," Aukongak said. "You have Soldiers who admire you from a distance, whether you acknowledge it or not. The higher grade you make, the more you put yourself in a position to be a mentor and role model; I call it being admired from a distance.

"I personally have a lot of people whom I've admired from a distance," Aukongak added. "Command Sergeant Major Pamela Harrington and Sergeants Major Jane Dennis and Kerry Averett are just a few people I've admired from a distance."

"I think Sergeant Major Aukongak's accomplishment is a great triumph and success story," said State Command Sergeant Major Gordon Choate, Alaska Army National Guard. "She is a leader who our Soldiers can look up to, and she epitomizes the truth that Soldiers who live the Army values can achieve the highest ranks through leadership and hard work." ■

Women Veterans Recognized for Military Service

Longest Service. Lieutenant Colonel Judy Mathewson, right, Alaska Air National Guard, gives a token of appreciation in November to Chief Master Sergeant Cindy Gollwitzer, 168th Communications Flight, recognizing her as the female veteran with the longest service in the 168th Air Refueling Wing.
Photo: Master Sergeant Brian Schlumbohm, 168th Air Refueling Wing Public Affairs

By Lieutenant Colonel Judy Mathewson, Alaska Air National Guard

CAMP DENALI, Alaska ... During Veterans Week, Nov. 7-11, 2009, as we celebrated 233 years of independence and freedom in America, the Alaska National Guard and U.S. Department of Veterans Affairs combined forces to remember those who fought and have fallen to protect our freedoms – our women in the military.

Since Congress enacted the Women's Armed Services Integration Act in 1948, the number of women joining the ranks of the military has been on the rise. In 1950, women constituted just 2 percent of the military. Today, women make up about 15 percent of the military's active duty population and 15.5 percent in reserve capacities, according to the U.S. Department of Defense.

Women are the fastest growing population of veterans, with some 200,000 women who have been deployed to Iraq and Afghanistan.

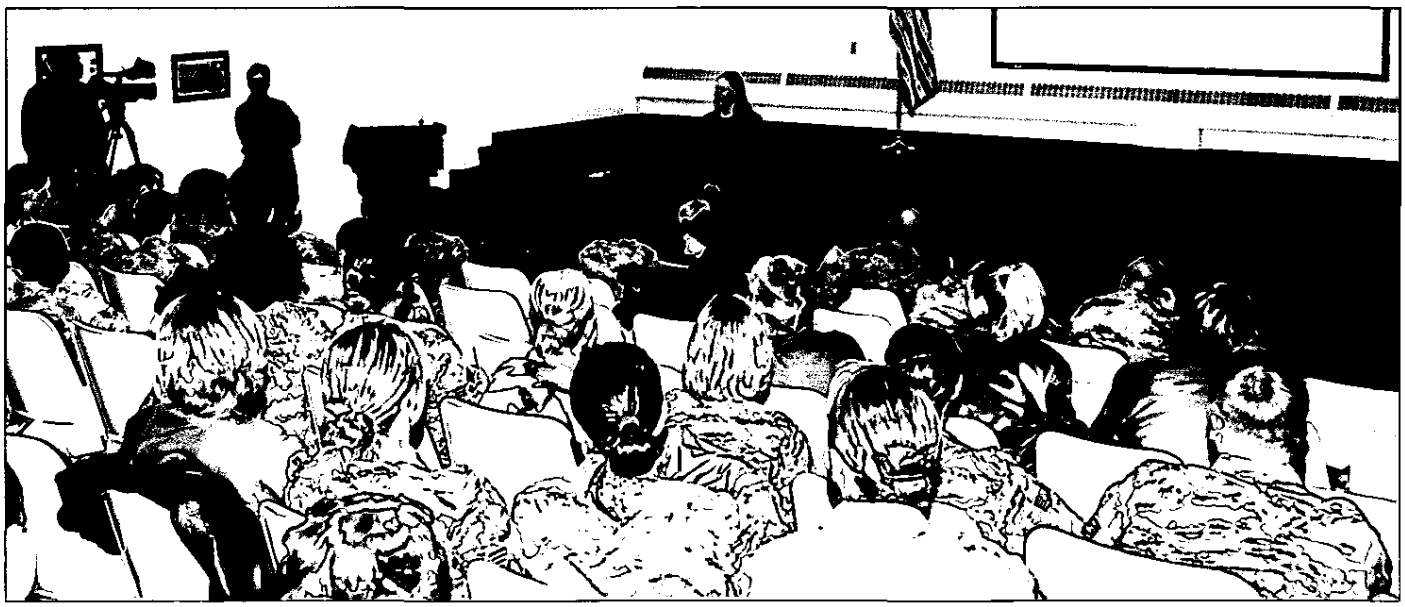
In recognition of all the women in Alaska who have served in the military, six Celebrating Alaska Women Veterans ceremonies were held in November, sponsored by the Alaska National Guard and the State Women Veterans Committee. These presentations were held throughout the state to educate women about their benefits and women-in-combat issues.

"It's important we pay special tribute to the more than 8,200 of the almost 1.83 million U.S. women veterans who call Alaska home today," said Brigadier General Deborah McManus, Alaska Women Veterans coordinator for the Department of Military & Veterans Affairs and assistant adjutant general – Alaska Air National Guard. "Today, the women of Alaska continue to serve in every branch of the armed forces, including more than 750 in the Alaska National Guard, with unwavering pride, exemplary dignity and many outstanding accomplishments. It's important we recognize the unique mental and physical health care needs of women, particularly those who have served in Iraq and Afghanistan."

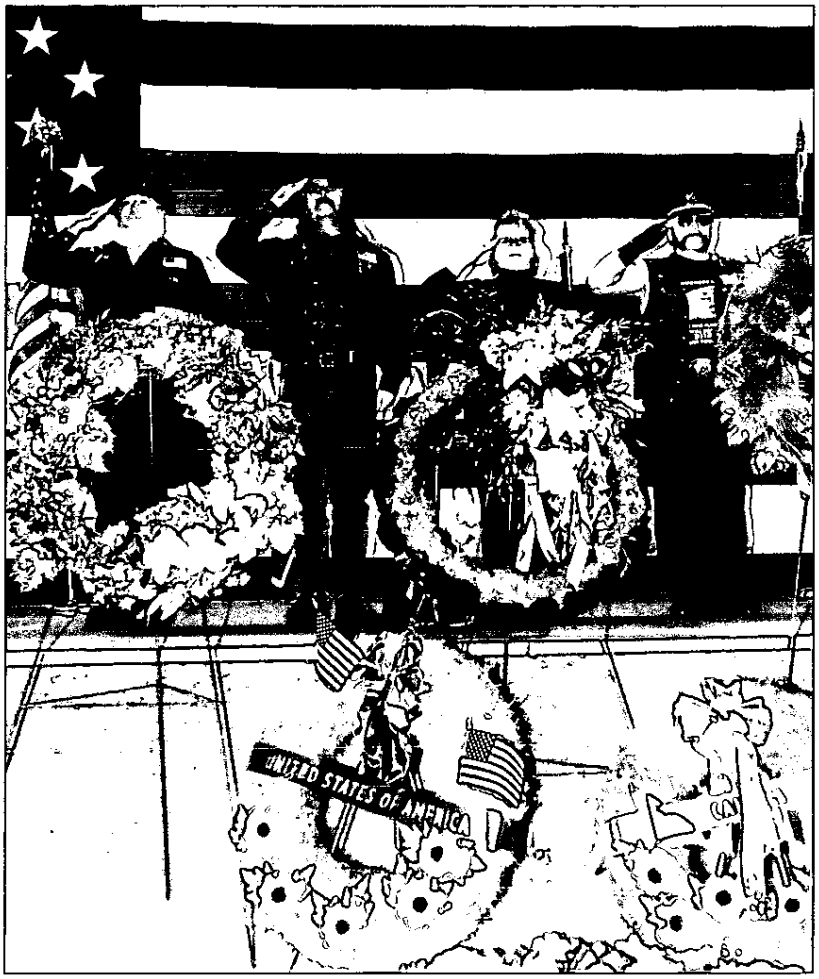
With continuing conflicts in both of those countries and 68 other locations, more stories need to be told from a woman's perspective. Each presentation in Alaska featured the documentary, "Lioness," which tells the story of four female Soldiers attached to all-male combat units in the Army and the Marines.

Shannon Morgan, the featured female Soldier, is now medically retired. Along with McManus, she spoke to Alaskans about available services and encouraged women veterans to apply for the benefits they have rightfully earned.

The Women Veterans Health Program – Veterans Clinic in Anchorage, Bassett Memorial Hospital in Fort Wainwright and the Vet Centers throughout the state – offer women veterans information, support and other health-related services. ■



Encouraging Women Veterans. Shannon Morgan speaks to a crowd at the Women's Veterans event held in November at the Alaska Air National Guard's 168th Air Refueling Wing operations group theater at Eielson Air Force Base. Morgan is a combat veteran who was attached to all-male combat units in the Army and Marines as part of the Lioness program. She came to Alaska to share her story and encourage women veterans to apply for the many benefits that are available to them. Photo: Staff Sergeant Daniel Heselton, 168th Air Refueling Wing Public Affairs



Saluting The Fallen. Members of the Viet Nam Vets Motorcycle Club family salute during the fallen warriors ceremony held during the Veterans and Remembrance Day ceremony at the Alaska National Guard armory on Fort Richardson. Photo: Major Guy Hayes, DMVA Public Affairs

Advocate for Veterans. Governor Sean Parnell congratulates Lieutenant Colonel Marc Hoffmeister, U.S. Army Alaska, during the state's Veterans and Remembrance Day ceremony in November, for earning the 2009 Governors Veteran Advocacy Award. Hoffmeister, who was injured by a roadside bomb in Iraq in 2007, also gave the keynote address stressing the importance of veteran support networks.
Photo: Major Guy Hayes, DMVA Public Affairs

Season of Accomplishments

By Verdie Bowen, State Veterans Office

CAMP DENALI, Alaska ... This is a wonderful time to be a veteran in Alaska. The U.S. Department of Veterans Affairs is providing more health care to Alaskan veterans; the Alaska National Guard co-hosted six Celebrating Alaska Women Veterans events; the Department of Military & Veterans Affairs drew a large crowd for the Veterans and Remembrance Day event; and the state won a huge victory for Alaska Territorial Guard veterans.

To better serve veterans living in the southern Kenai Peninsula, the VA has established the Homer outreach clinic. This clinic will be open on Mondays, and appointments can be made through the Kenai VA Outpatient Clinic.

The Celebrating Alaska Women Veterans events were a great success. Events were held statewide, spreading awareness of benefits and entitlements that women veterans have earned and are eligible for. The goal was to spread awareness of the unique circumstances female veterans face and to encourage female veterans to apply for their benefits.

Many of Alaska's elected officials attended the Department of Military & Veterans Affairs Veterans and Remembrance Day event this year. The keynote speaker, Lieutenant Colonel Marc Hoffmeister, U.S. Army Alaska, spoke about the importance of veteran support networks in Alaska and throughout the Department of Defense.

Governor Sean Parnell presented Hoffmeister with the Governors Advocacy Award for his efforts to provide service dogs to house-bound veterans and for his work organizing fishing trips in Alaska for wounded warriors returning home.

The 2010 National Defense Bill finally closed the last legal loophole regarding benefits for the Alaska Territorial Guard. This bill clarified the definition of time served in the ATG and will allow for additional retirement payments for qualified ATG members. The Department of Military & Veterans Affairs is processing four new National Guard retirements and 19 new survivors' benefits packages under the bill. ■

Communications Vehicle
for Disasters in the Last Frontier

By Jeremy Zidek, DHS&EM Public Affairs

CAMP DENALI, Alaska ... When disaster strikes in Alaska, the Division of Homeland Security & Emergency Management is tasked with coordination of critical services to protect the lives and property of Alaskans. In a state with a wide range of natural disasters and the ever present possibility of man-made emergencies, providing critical services can be a significant challenge.

Utilizing a special one-time grant, DHS&EM contracted for a mobile emergency operation vehicle capable of being dispatched to a disaster-impacted area for the purpose of establishing or restoring community communication with the State Emergency Operation Center. In September 2009, DHS&EM took delivery of the state's Mobile Emergency Operation Center.

MEOC is a 45-foot, state-of-the-art communication platform equipped with a radio dispatch center, disaster response work stations and a suite of information management technologies. MEOC's radio dispatch center will allow incompatible radio systems to communicate with one another.

"Alaska has a diverse range of radio systems used by our emergency responders, which is a big problem because those systems can't talk to one another," said Karl Edwards, DHS&EM emergency management specialist. "MEOC is capable of bridging the radio connectivity gap and will allow emergency responders seamless communication."

A satellite-enabled Internet connection gives MEOC Voice over Internet Protocol phone service, Internet connectivity, video conferencing and video streaming abilities. A wireless router and hard-line capabilities expand MEOC's Internet connectivity beyond the walls of the vehicle to any nearby facility being used by responders. Interior and exterior video monitors, a 24-inch plotter, and a printing station make sharing information gathered through MEOC's communication system fast and easy.

"MEOC is not sitting and gathering dust while we wait for the next disaster to strike," said Bryan Fisher, DHS&EM chief of operations. "We will train our community partners to use the vehicle, make it available to other state agencies needing on-scene and self-contained communication capabilities, and MEOC will play a role in emergency response exercises. DHS&EM worked with the Alaska State Troopers to deploy MEOC to Hatcher Pass in December for a mountain rescue group's search and rescue exercise."

Communications on the Go. **The self-sufficient Mobile Emergency Operation Center is loaded with communications equipment and can be rapidly deployed to any disaster-stricken community along Alaska's road system.** Photo: Jeremy Zidek, DHS&EM

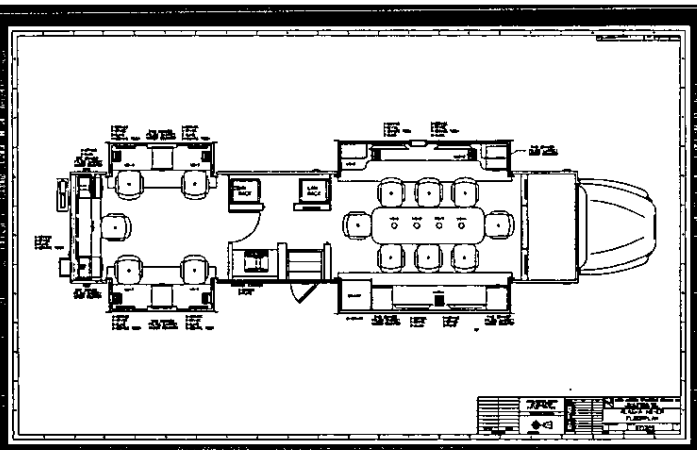
Radio Dispatch. DHS&EM personnel Sarah Puerner, left, and Karl Edwards test the Mobile Emergency Operation Center's ability to receive and transmit signals from 11 different types of radios. The MEOC dispatch center allows any of those radio frequencies to easily communicate with one another. Photo: Courtesy of DHS&EM

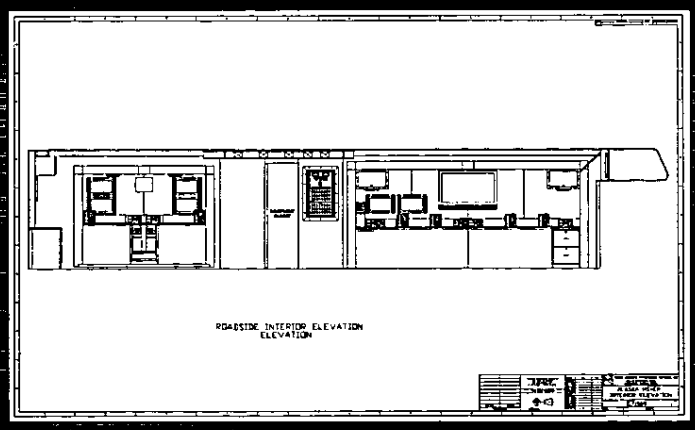
"The ability to have multiple response organizations on location with full communication capabilities is a great asset to the entire state," said Alaska State Trooper Captain Barry Wilson. "The Troopers look forward to including MEOC in exercises and events as part of our mission."

MEOC can travel anywhere on the Alaska road system that a large motor home can go, and once on scene, the vehicle can be fully operational in 20 minutes. MEOC allows DHS&EM staff to work longer periods on location without drawing on community resources. Critical goods and services will be swifter and better coordinated thanks to MEOC's communication capabilities.

MEOC can be a Disaster Assistance Center by coordinating evacuations or assisting in locating temporary housing for Alaskans who are displaced by a disaster. DHS&EM's mission is to assist community leaders in dealing with the unexpected effects of a disaster, and MEOC will be a tremendous asset in providing an immediate communication capability.

If a future disaster strikes one of Alaska's road accessible communities, MEOC will be there augmenting local emergency response resources, providing reliable interoperable communication capabilities and supplying a host of information management technologies. ■





Fully Equipped. Among the equipment packed into the Mobile Emergency Operation Center are five radio dispatch consoles, five portable radio handsets, two 12.5-kilowatt generators, 16 Voice over Internet Protocol phones, 10 disaster response work stations with computers, a 34-foot pneumatic mast with a remote controlled video camera and one coffee pot. Photo: North American Catastrophe Services

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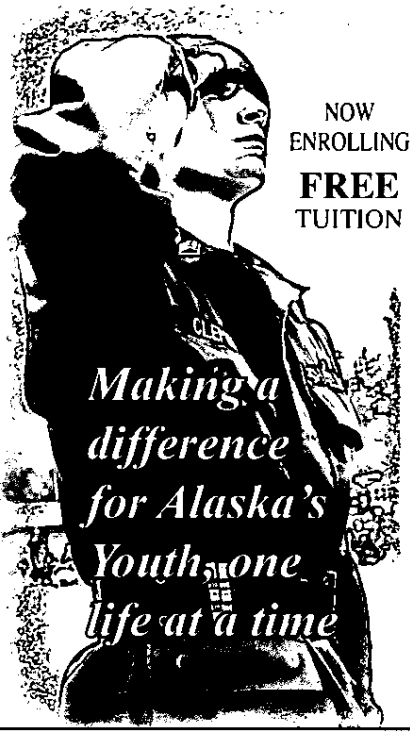

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LIFE COPING SKILLS
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HEALTH AND HYGIENE
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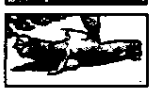

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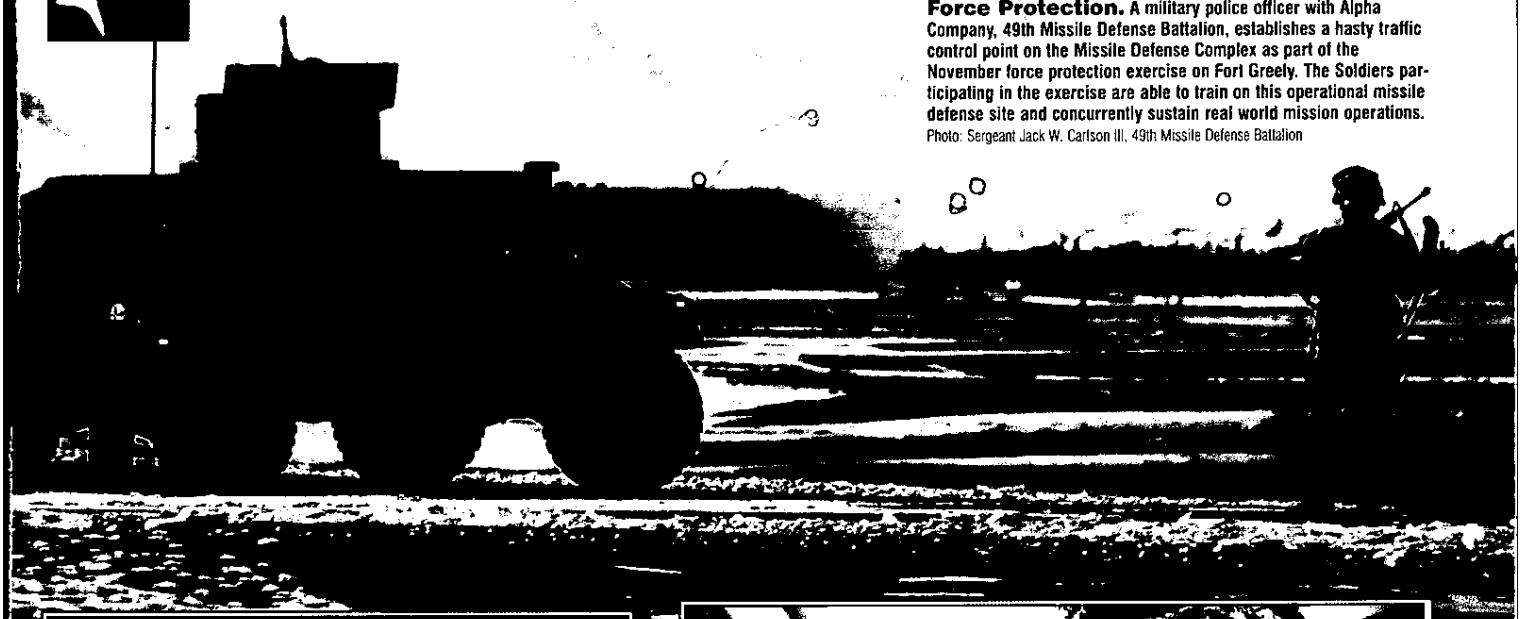

Force Protection. A military police officer with Alpha Company, 49th Missile Defense Battalion, establishes a hasty traffic control point on the Missile Defense Complex as part of the November force protection exercise on Fort Greely. The Soldiers participating in the exercise are able to train on this operational missile defense site and concurrently sustain real world mission operations.
Photo: Sergeant Jack W. Carlson III, 49th Missile Defense Battalion

Giving Thanks to Soldiers. Command Sergeant Major Bradford Quigley, 49th Missile Defense sergeant major, carves one of the hams being served to the Soldiers of the battalion on Thanksgiving. More than 200 Alaska Army National Guard Soldiers man and secure the missile defense system on Fort Greely 365 days a year. Ensuring that Soldiers are well taken care of is one of the top priorities of command sergeants major.
Photo: Sergeant Jack W. Carlson III, 49th Missile Defense Battalion

Security Search. Specialist Julio Velez, military police officer, provides cover for the search of a simulated "hostile person" on the Missile Defense Complex at Fort Greely during a November force protection exercise. Members of the 49th Missile Defense Battalion, Alaska Army National Guard, participated in the four-day exercise developing teamwork, unit cohesion and mission readiness. Photo: Sergeant Jack W. Carlson III, 49th Missile Defense Battalion

Thanksgiving Turkey. First Sergeant Richard DeBilzan, right, 49th Missile Defense Battalion, helps serve a traditional Thanksgiving meal to the on-duty Soldiers of the 49th Missile Defense Battalion during the holiday. The tradition at the remote missile defense complex located on Fort Greely is that command elements will serve meals to their Soldiers during the holidays to give thanks to them for their sacrifices and hard work throughout the year.
Photo: Sergeant Jack W. Carlson III, 49th Missile Defense Battalion

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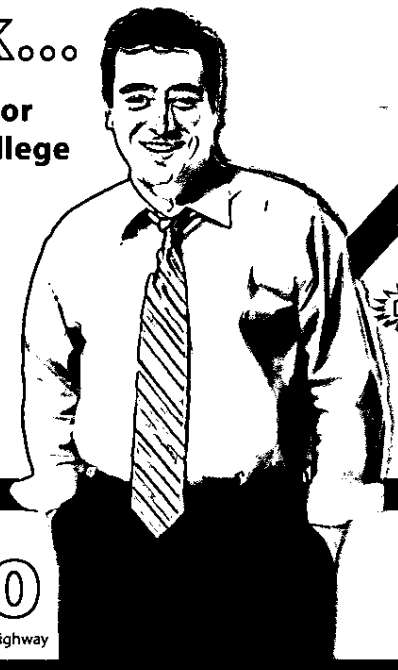

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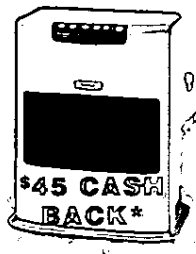
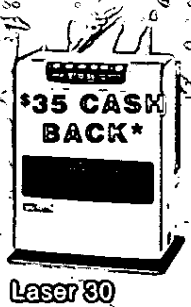


Oil Miser 22



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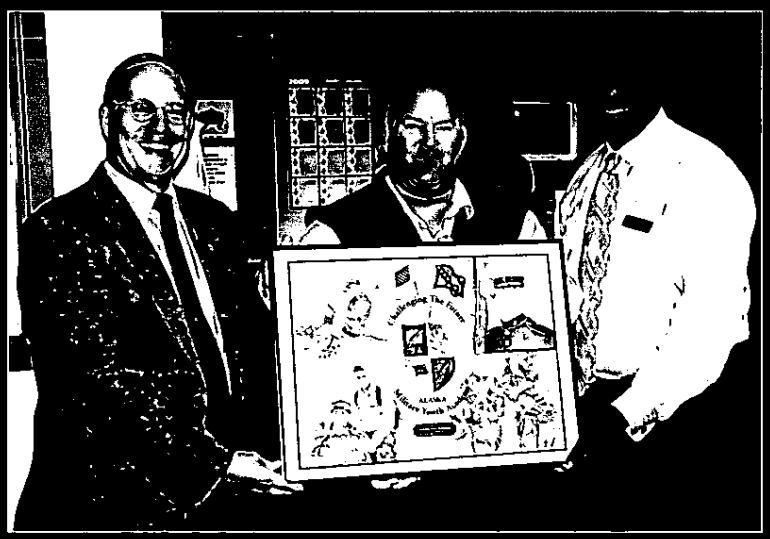
Education

Tower. Cadets from the Alaska Military Youth Academy rappel from the 44-foot tower on Camp Carroll, Fort Richardson, in October. Cadets learned how to tie their own Swiss seat, rappel the wall and belay for fellow cadets.
Photo: Specialist Jill King, 134th Public Affairs Detachment

Rappel. Cadet Jayce Hageman, from the Alaska Military Youth Academy, rappels down the practice tower during a confidence training exercise held at Camp Carroll, Fort Richardson, in October. The goal of the training was to instill cadets with confidence and team building skills to succeed in future events. Photo: Specialist Jill King, 134th Public Affairs Detachment



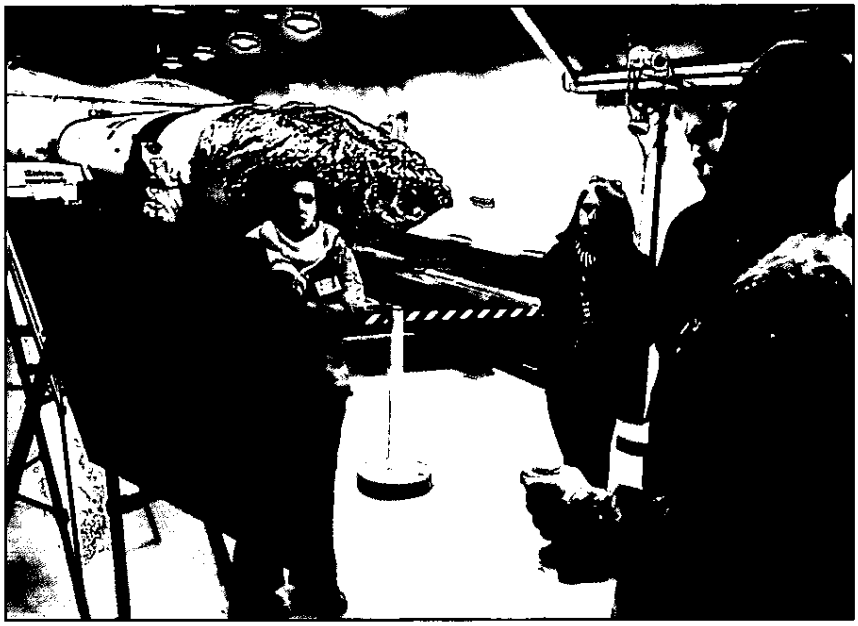
Thanks for Educating Our Youth. Officer D. Scott Lofthouse, center, criminal intelligence officer with the Anchorage Police Department, receives an Alaska Military Youth Academy print in September from Director Craig Christensen, left, and Deputy Director Dr. James Jones for supporting the Alaska Military Youth Academy. Lofthouse educated staff members on gangs in Anchorage and also made presentations to cadets. Photo: Major Guy Hayes, DMVA Public Affairs

Supportive Employers Tour Fort Greely

By Jamie Abordonado, ESGR

FORT GREELY, Alaska ... Cold weather conditions didn't stop two supportive employers of National Guard and Reserve members from touring the Missile Defense complex at Fort Greely in late November.

J. J. Harrier, communications director for the Anchorage Chamber of Commerce, and Elizabeth Stamm, marketing director for Denali Alaskan Federal Credit Union, received a personal tour of the operations on Fort Greely to better understand one of the missions of the Alaska Army National Guard. These employers represent supportive businesses in the community, and providing them with an opportunity to experience what the Army National Guard mission is in an "active" capacity is why these tours are important.



Interceptor Storage Facility. During the ESGR visit to the Missile Defense Complex on Fort Greely, Jamie Abordonado, left, ESGR; Elizabeth Stamm, center, Denali Alaskan Federal Credit Union; and J. J. Harrier, Anchorage Chamber of Commerce, listen as Colonel George Bond, right, Missile Defense Agency – Alaska Region, briefs them on the role of the Interceptor Storage Facility. Photo: Sergeant Jack W. Carlson III, 49th Missile Defense Battalion

Welcome to Fort Greely. Members from the Employer Support of the Guard and Reserve tour pause with their hosts for a photo during the group's recent visit to the Missile Defense Complex on Fort Greely. The base houses the Ground-based Midcourse Defense system and is home to more than 200 Alaska Army National Guard Soldiers. From left: Captain Jesse Schexnayder, protocol officer, 49th Missile Defense Battalion; Colonel George Bond, assistant to the director, Missile Defense Agency – Alaska Region; Elizabeth Stamm, marketing director, Denali Alaskan Federal Credit Union; Jamie Abordonado, executive director, ESGR; J. J. Harrier, communications director, Anchorage Chamber of Commerce; and Lieutenant Colonel Eric Maxon, public affairs officer, Alaska Army National Guard. Photo: Sergeant Jack W. Carlson III, 49th Missile Defense Battalion

Windy Weather. Jamie Abordonado, ESGR executive director, holds on to the safety handle leading down into the silo interface vault on the Missile Defense Complex at Fort Greely. The ESGR group visited Fort Greely on an uncommonly windy day, with gusts reaching 70 mph.
Photo: Sergeant Jack W. Carlson III, 49th Missile Defense Battalion

Supportive Employers. Sixteen branch managers of Denali Alaskan Federal Credit Union in December signed a Statement of Support signifying their commitment to supporting their Guard and Reserve employees. They joined the 775 Alaskan employers who have already signed a Statement of Support with their local Employer Support of the Guard and Reserve committee. By signing with the Alaska ESGR committee, Denali Alaskan Federal Credit Union will publicly display their support of Alaska's National Guard and Reserve components. Photo: Jamie Ahordonado, ESGR

"My trip to Fort Greely gave me more reasons to be proud as an Alaskan and to have a father in the Guard," said Stamm of her experience on the tour. "It's truly amazing what the men and women of Fort Greely do for our country. I was blown away by the capabilities of this small military base. Colonel George Bond [assistant to the director of the Missile Defense Agency – Alaska Region] and his staff were welcoming and very knowledgeable."

All who attended described the wealth of information gained about the mission, the supportive elements, and the amount of protection provided at Fort Greely as extremely impressive. ■

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Helping Guard Families in Need

By Sergeant Karima Turner, DMVA Public Affairs

CAMP DENALI, Alaska ... The Alaska National Guard Family Programs shared in the spirit of giving this season to help Guard families receive toy donations from various organizations, businesses and individuals who wanted to give back to Citizen-Soldiers and Airmen and their families during the holidays.

In 2009, more than 400 toys were donated to the Alaska National Guard Family Programs intended for Guard families. The toys went toward making the holiday season a little brighter for Alaska National Guard families who might not have otherwise had the resources.

Gianna Varrati-Simmons, Alaska Army National Guard, 297th Battlefield Surveillance Brigade and Family Readiness Support assistant, worked tirelessly to get the word out to Guard commanders that families didn't have to go without presents during the holidays.

"Commanders see our Soldiers and Airmen on drill weekends, and word of mouth lets them know if there's a family in need," Varrati-Simmons said. "I really pushed the commanders to let me know if there was a family that needed a little extra help during Christmas, and through those efforts we identified nearly 25 families to assist."

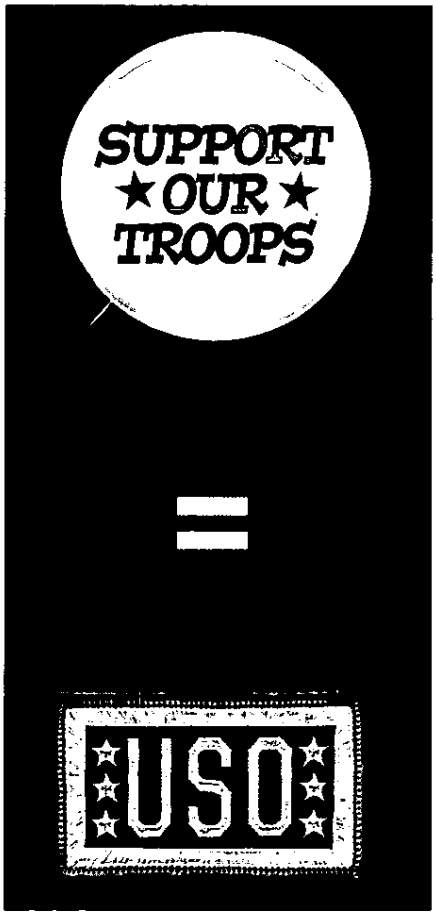
Varrati-Simmons said many of the Guard families were modest and didn't want anyone to know they needed assistance, so Family Programs really worked to reach out to them.

"At some point in our lives we have all needed a little help," said Kera Spaulding, Alaska Army National Guard, 38th Troop Command and Family Readiness Support assistant. "We have resources and donations to help service members and their families. These programs are in place because for a long time, people needed help, and we didn't have the resources; but now we do."

Varrati-Simmons said the main focus was to make sure families in need were able to provide a nice holiday for their children, but the effort to help families runs year round.

Often times, people don't realize it's OK to ask for help. It can be an issue of pride, but as the Guard stresses, it's one big Guard family and everyone is in it together.

"There are a lot of people who want to help out," Varrati-Simmons said. "We've all been there; we've all struggled at one point, and we want to make sure families know that we are here to help them because they are part of our Alaska National Guard family." ■



Donation Dollars. Colonel Cathy Jorgensen, left, commander of the Alaska Army National Guard's 38th Troop Command; Jan Myers, center, director of the Alaska National Guard's Family Programs; and Chief Master Sergeant Dennis Hogan, state command chief of the Alaska Air National Guard, proudly accept a $5,000 donation from Best Buy to the Alaska Friends of the Guard and Reserve. Best Buy presented the check during the store's grand opening of its newest location in Anchorage in June 2009. Photo: Courtesy Jan Myers, Family Programs

Who We Are...

What is your favorite winter activity?

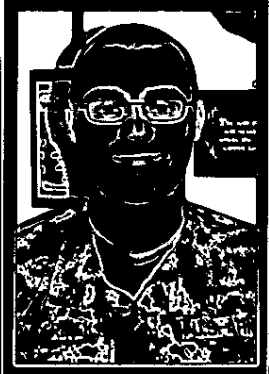
Staff Sergeant Christopher Williams
213th Space Warning Squadron

"Snowmobiling – because it is fun and a great workout."

Mary Sorensen
Family Programs

"I like playing in the snow with my son."

Second Lieutenant Raymond Lowdermilk
Joint Forces Headquarters



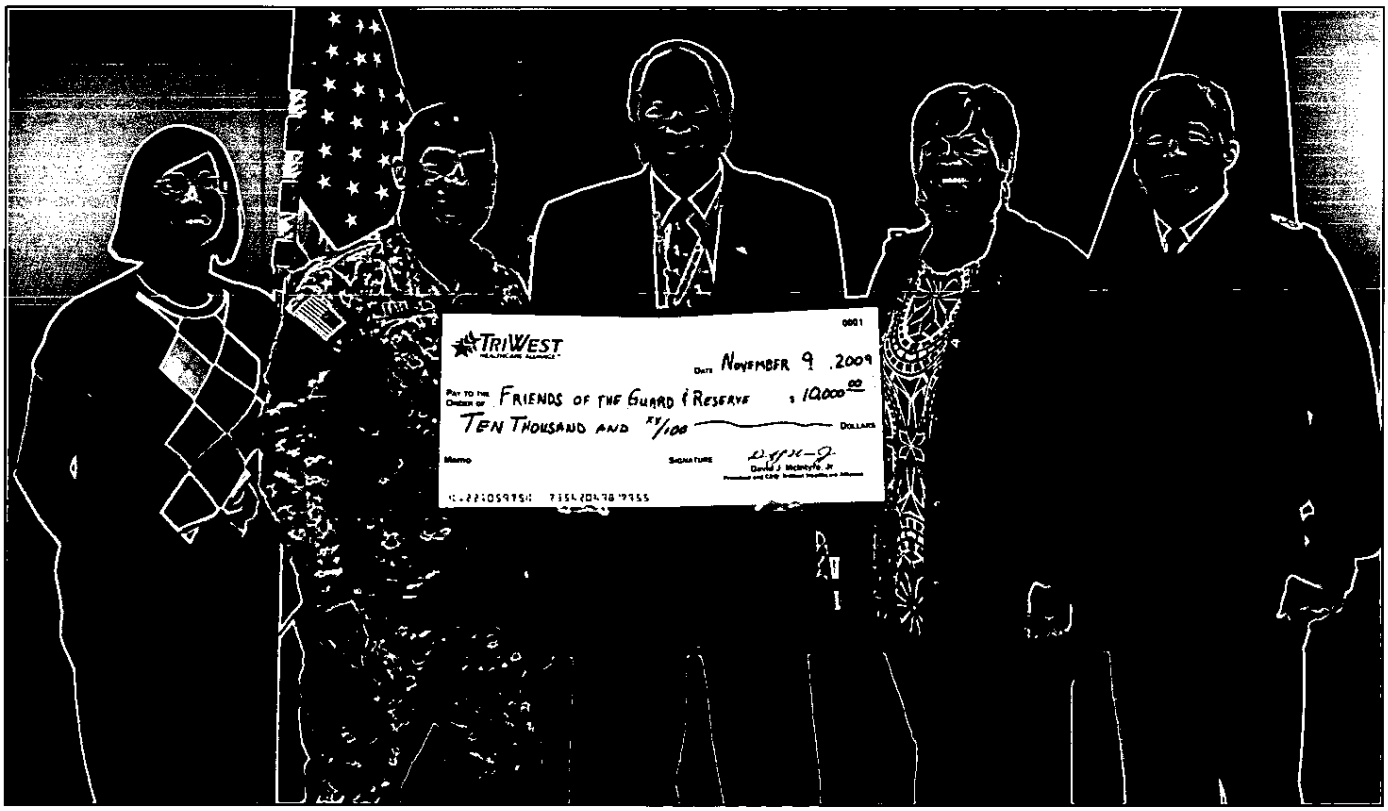
"I really enjoy riding snowmachines. I haven't had much of a chance since I've been out of state for seminary school, so I plan on making up for lost time."

Staff Sergeant Jennifer Barto
213th Space Warning Squadron

"My favorite winter activity is snowmobiling. It's another great way to enjoy Alaska!"

Staff Sergeant Edwin Brunner
Family Programs

"My favorite winter activity is hiking and just being outside."



Giving to the Guard. Left to right: Jamie Abordonado, executive director of the Employer Support of the Guard and Reserve; Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard; Larry Sutterer, TriWest; Jan Myers, director of the Alaska National Guard's Family Programs; and Chief Master Sergeant Dennis Hogan, state command chief of the Alaska Air National Guard, smile during a November check presentation by TriWest. TriWest's $10,000 contribution, its fourth annual contribution, is part of the company's holiday "Giving to the Guard" campaign that provides support to National Guard units throughout its 21-state west region. Photo: Major Guy Hayes, DMVA Public Affairs

Awards • Decorations • Promotions

Meritorious Service Medal

Lt Col Jessica L. Stealey-Kelsch . . 168th ARW
MSgt Ronald W. Lovell . . . . . 168th ARW
MSgt Timothy J. Bogowith . . . . . 213th SWS
Capt Shad Schoppert . . . . . 176th CES
TSgt George Foley . . . . . 176th MXS
MSgt Paula Parrish . . . . . 176th MSG
MSgt George Tolly . . . . . 212th RQS

Air Force Commendation Medal

SSgt Brandilyn D. Hubbartt . . . . . 168th MOF
TSgt Gloria Rucker . . . . . 212th RQS

Air Force Achievement Medal

SSgt Donna Judkins . . . . . 176th FSF

Military Outstanding Volunteer Service Medal

MSgt Paula Parrish . . . . . 176th MSG

176th Wing 3rd Quarter Awards

Senior NCO
MSgt Heather Pineiro . . . . . 176th ACS

NCO
SSgt Zachary Darnell . . . . . 176th ACS

Airman
A1C Robert Williams . . . . . 176th ACS

PROMOTIONS

Lieutenant Colonel
Rebecca Young . . . . . Med Det
Brent B. Buss . . . . . 176th OG
Gregg A. Origer . . . . . 144th AS
Jean M. Liebig . . . . . 176th CF
James E. Harris Jr . . . . . 249th AS
Robert H. Price III . . . . . 144th AS
Richard D. Watson . . . . . 176th OG

Major
Carrie J. Howard . . . . . 176th ACS
Russel L. Edwards . . . . . 210th RSQ

Captain
David Cunningham . . . . . 49th MDB
Brian Bussell . . . . . 297th BFSB
David Kang . . . . . 297th BFSB

Warrior Leader Course Graduation. Alaska Army National Guard Major James Palembas, 207th Brigade Support Company, congratulates his son and fellow Guardsman, Specialist Daryl R. Palembas, 297th Long Range Surveillance Company, after his graduation from the Warrior Leader Course in December. Specialist Palembas was the Distinguished Honor Graduate and Leadership Award winner from the class of 32 soldiers.
Photo: Major Guy Hayes, DMVA Public Affairs

Joshua P. Roberts . . . . . 210th RSQ
Jeremiah L. Brewer . . . . . 144th AS
Jeremy L. Stephens . . . . . 144th AS
Rebecca L. Altenburg . . . . . 144th AS

First Lieutenant
Andreas Bohman . . . . . 297th BFSB
Georg Brendel Jr . . . . . 297th BFSB
Benjamin L. Gray . . . . . 176th STF
Jefferson H. Wood . . . . . 144th AS
Donald G. Coffman . . . . . 176th STF
Aaron H. Larsen . . . . . 176th STF
Elizabeth A. Williams . . . . . 176th MDG
Clarence M. Stevens III . . . . . 176th ACS
Brian C. Nosich . . . . . 176th OSF
Gary M. Weir . . . . . 144th AS

Second Lieutenant
Daniel P. Kozak . . . . . 144th AS
Michelle Sabala . . . . . 176th SFS

Chief Warrant Officer Three
Brian Stephenson . . . . . 207th AVN

Chief Warrant Officer Two
Nicholas Wise . . . . . 207th AVN
Matthew Felter . . . . . 207th AVN

Chief Master Sergeant
Gerald J. McAleavey . . . . . 176th LRS
Kristine M. Joyce . . . . . 176th FSF
John C. Youngblood Jr . . . . . 176th MXS

Senior Master Sergeant
Shannon L. Amos . . . . . 176th FSF
Jonathan R. Davis . . . . . 212th RSQ
Geraldine C. Kile . . . . . 176th MDG
Joseph J. Dibenedetto . . . . . 176th ACS
Lance R. Jordan . . . . . 176th OSF

PROMOTIONS (continued)

Adam C. Blaum .....176th FSF
James G. Williams .....176th MXS
David B. Rodkey .....176th MXS

Master Sergeant (Air)
Travis W. Oaks .....168th MXS
Michelle N. Balagtas .....JFHQ-AK (Air)
Roger D. Sparks .....212th RSQ
Sean P. Mitchell .....210th RSQ
Michael D. Pulanco .....176th SFS
T.L. Stanbro .....249th AS
Earl J. Singleton .....JFHQ-AK (Air)
William H. Taylor Jr .....176th WG
George H. Lockwood .....144th AS

Technical Sergeant
Joy L. Dolton .....168th MOF
Terry J. Ahslen .....168th MXS
Generoso M. Manahan .....168th AMXS
Justin W. Young .....176th MXS
Joseph G. Cooper Sr .....176th ACS
Denise D. Cooney .....176th ACS
Jennifer A. Meier .....176th MOF
Shynowah L. Lee .....176th MDG
Robert J. Baldwin .....176th CES
George J. Smith .....176th AMXS
Ronald A. Ratzlaff .....176th CF
Brandy M.L. Boatwright .....176th ACS
Tyronne N. Chisholm .....176th SFS
Daniel J. Thornburg .....176th MXS
Benjamin J. Ahrens .....176th MXS
George K. Lewis III .....144th AS
Heidi M. Gould .....211th RSQ
Anjanette G.S. McCain .....211th RSQ

Staff Sergeant (Air)
Walker J. Haken .....168th AMXS
Gregory M. Wood .....168th MXS
Aaron I.B. Coman .....168th AMXS
Audrey Lei B. Palacios .....168th LRS
Alex R. Rivera Paz .....168th LRS
Alisa M. Rivera .....168th LRS
Cristal L. Webb .....168th LRS
Peter C. Bernheim .....168th MXG
Joshua A. Stevenson .....249th AS
Travis A. Smith .....176th MXS
Aaron J. Hug .....176th MXS
Cassandra L. Aglietti .....176th ACS
Jherenmichel B. Svoboda .....210th RQS
Troy A.L. Simpson .....176th FSF
Matthew A. Teigen .....212th RSQ
Derek V. Frazier .....176th MXS
Michael P. Zwiselsberger .....176th MXS
Scott A. Toms .....176th AMXS
Amanda G. Jordan .....176th MSG
Brittany D. Shea .....249th AS
Linda J. Kubacki .....176th MXS
Dominic P. Sampson .....176th ACS
Cody J. Grella .....176th CES
Adam M. Woolley .....176th LRS
Stanley J. Montgomery .....176th MXS
Brian T. Garverick .....176th ACS

RETIREMENTS

Lt Col Jessica L. Stealy-Kelsch .168th ARW
Lt Col Benjamin K. Baker .....168th ARW
MSgt Karen M. Malone .....168th MSG
MSgt Warren A. Daniels .....168th MXS
SMSgt Andy S. Jefferson .....168th MSG
MSgt Jan F. Dover .....168th MXS
SSgt Blain S. Abbott .....168th AMXS
TSgt Jennifer L. Hartwig .....168th MXG
TSgt Charles M. Mathis .....168th MDG
TSgt Robert L. Summers Jr ...213th SWS
SFC Frank Phillips .....207th AVN
SGM Jane Dennis .....JFHQ-AK (Army)
COL Richard Williams ....JFHQ-AK (Army)
CPT Richard Doering .....297th CAV
SSG Thomas Cholok .....297th INF
SFC Thomas Henry .....297th INF
CPT Steven Craddick .....Med Det
SFC David Powell .....R&R
SSG Michael Wallin .....JFHQ-AK (Army)
Lt Col Bruce Doughtery .....176th MDG
MSgt George Tolley .....212th RQS
CMSgt Karen Johnson .....176th MFS
LtCol William Willinbrink .....144th AS
SMSgt Jeffrey Jones .....176th SFS
CMSgt Robert Price .....176th LRS
MSgt Thomas Armstrong .....176th MXS
SMSgt David Smith .....176th MXS
SSgt Anthony April .....176th SFS
MSgt Paul Bobby .....JFHQ-AK (Air)
MSgt Nance Pitts .....176th ACS

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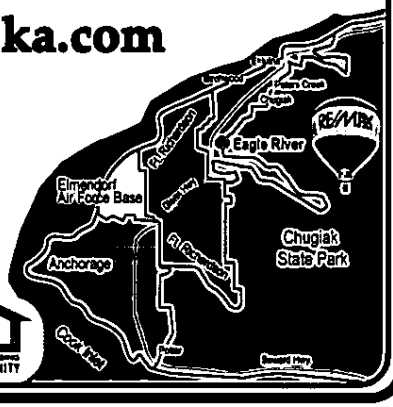


Start of the Trail

176th Wing
Heather Jones
John Buso
Cody Inman
Heather Paxson
Jason Buck
Shana Harris
Christopher Morhain
Asdrubal Peguero
Roy Eason
Christopher Geisler
Matthew Crossman
Brandon Pollock
John McNutt
Joshua McKinley
Richard Alexander
Charles Bowser
Marc Pacudan
Theodore Sierocinski
Benjamin Schnell
Jacob Keenhold
Tia Boglin
Stephanie Sampson
Darrel Swan
Miles Wong
Tyson Bowen
Mark Lockwood
Kassi Stavenjord
Robert Bowler
David Akin
Donald Haretuku
Tyler Wehrli
Jennifer Johnston
Joshua Frye
Roy Bouchet
Kristy Dawbarn

168th Air Refueling Wing
Karla Workman
Lacie Marsden
Benjamin Hager
Maria Perkins
Byron Rager
Joshua Poe
John Phoenix
Christopher Kobernuss
Duane Middleton
Tiffany Seale
Monica Eusebio
Victor Weber
Hannah Moore
Shawn McCarthy
Scott Kvittem

207th Brigade Support Company
Sophie Tommy

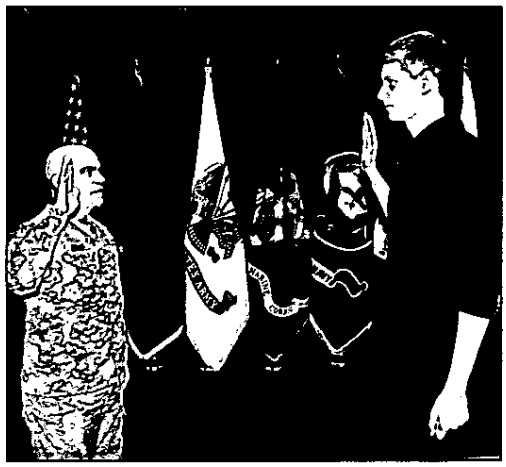
490th Military Police Company
Douglas George
Nicholas Ray
Michael Shipton

297th Military Police Company
William Collier
Ashley Douglas

HHD 761st Military Police
Miranda James-McGraw

297th Reconnaissance & Surveillance
Caleb Lovelace
Kyle Papineau
John Cleveland
Corey Dahlman
Patrick Howell

297th Signal Company
Polofeu Sappa
Dillon Baker



Joining the Guard Family. Brigadier General Thomas H. Katkus, left, adjutant general of the Alaska National Guard, administers the Oath of Enlistment to Coleman Wenke in December. Wenke enlisted in the Alaska Army National Guard as a private and follows a family tradition of service; Wenke is the son of Alaska Air National Guard members Colonel Scott Wenke, 168th Air Refueling Wing commander, and Colonel Wendy Wenke, vice chief of joint staff. Photo: Major Guy Hayes, DMVA Public Affairs

207th Aviation
Julie Ellis
James Delpozzo
Cassandra Pillans

297th Battlefield Surveillance Brigade
Esther Maka
Laura Hildreth
Garrett Mentzer
James Howell
Crystal Cederquist
Bo Boyscout

297th Cavalry
Zachary Parker
Ryan Adams
Gilbert Morales
John Golden Jr
Dylan Baggett
Travis Selner
Joshua Adams

Warriors Training Schedule

Here are the inactive training dates for most Alaska Army *and* Air National Guard units. All dates are subject to change.

Alaska National Guard	**Feb**	**March**	**April**
Joint Forces Headquarters – Alaska (Air)	**20-21**	**20-21**	**10-11**
Joint Forces Headquarters – Alaska (Army)	**19-21**	**27-28**	**23-25**
Alaska Army National Guard			
297th Battlefield Surveillance Brigade	**19-21**	**26-28**	**April 17-May 1 (AT)**
38th Troop Command	**19-21**	**19-21**	**23-25**
Alaska Air National Guard			
168th Air Refueling Wing	**20-21**	**20-21**	**10-11**
176th Wing	**20-21**	**20-21**	**10-11**
Alaska State Defense Force			
Headquarters	**13-14**	**13-14**	**10-11**

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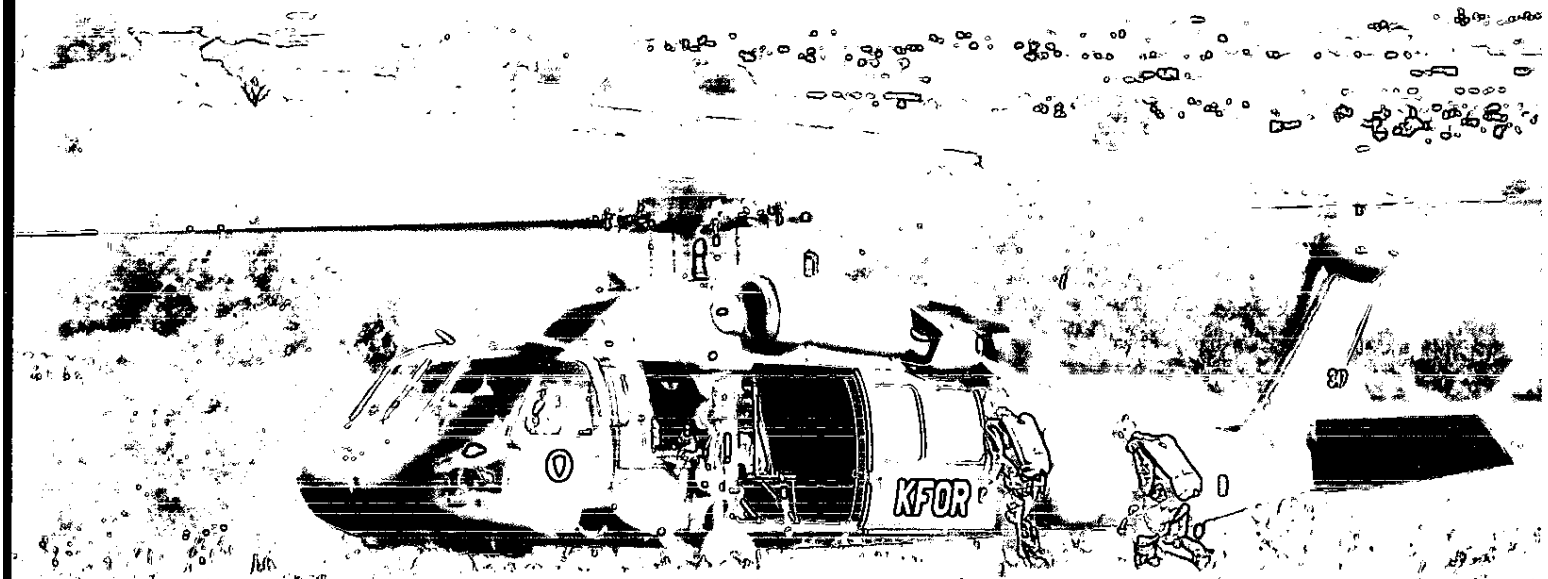
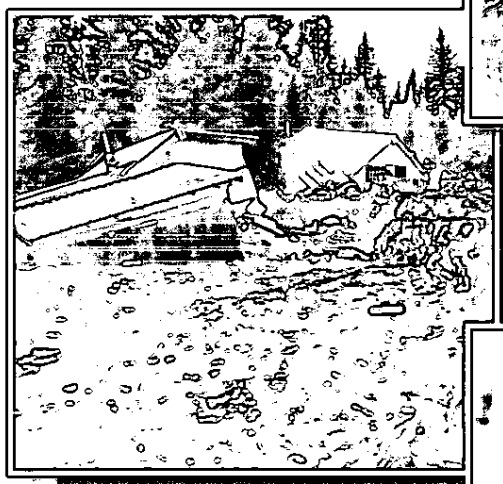
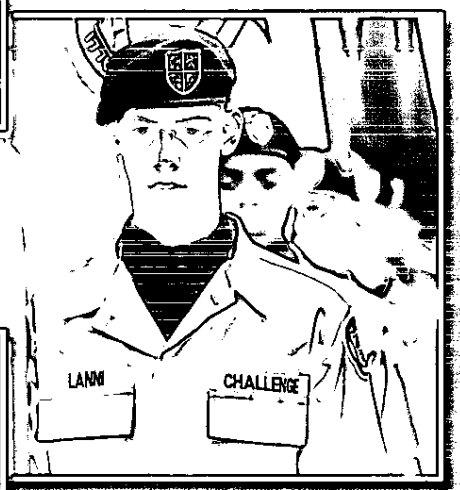
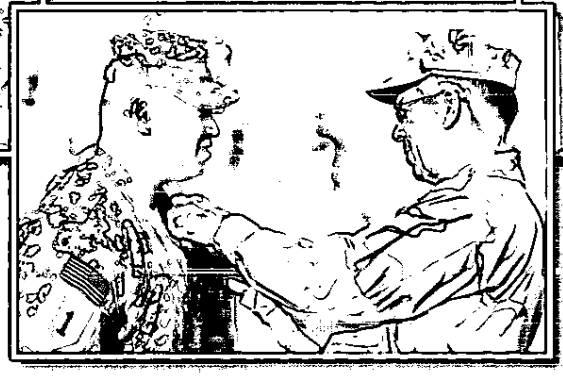


ANNUAL REPORT



2009





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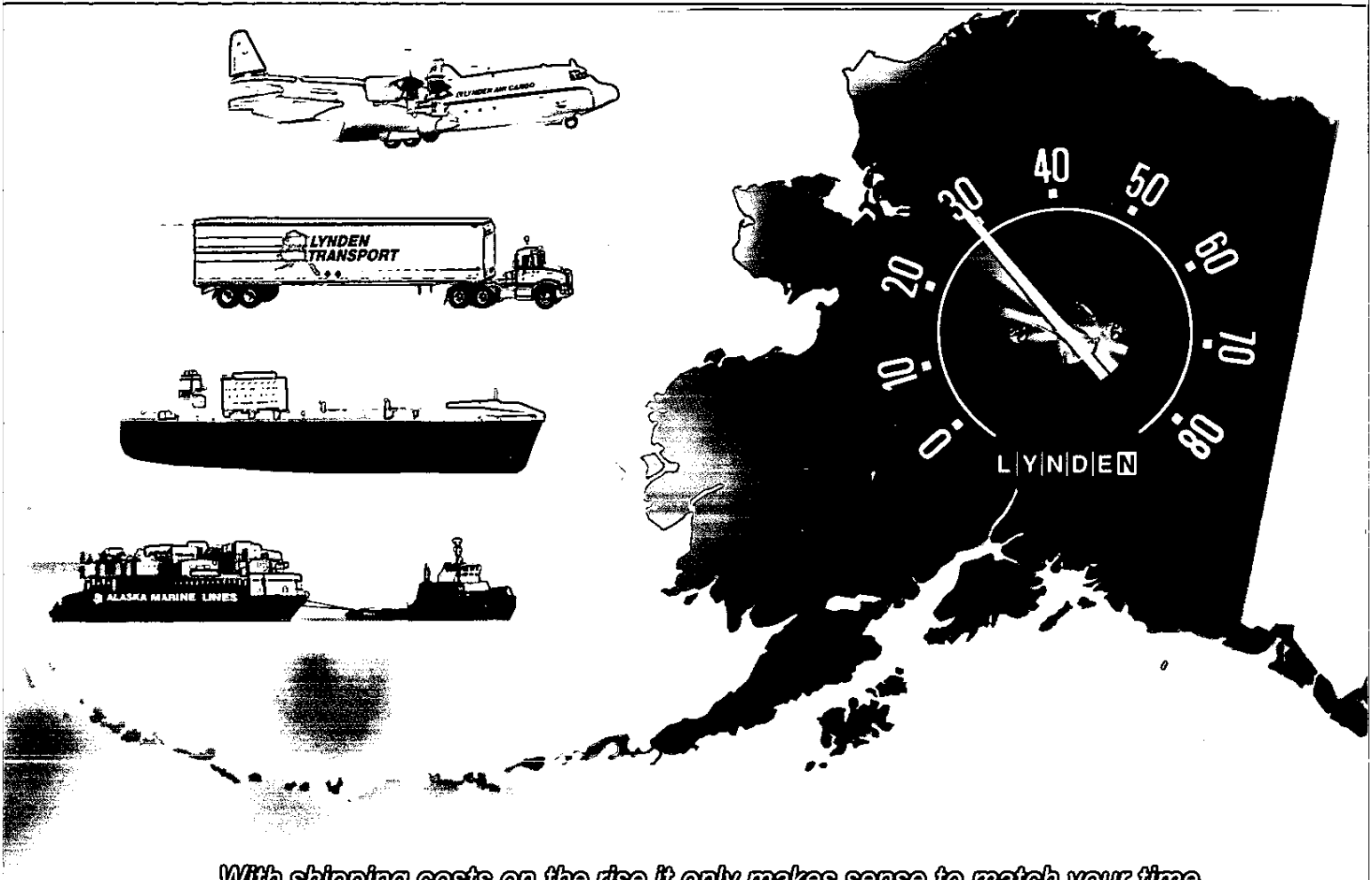

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Adjutant General, Alaska National Guard
& Commissioner of the DMVA

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Managing Editor/DMVA Public Affairs

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DMVA 2009 ANNUAL REPORT

Main photo: Sergeant First Class Seth Gordon and Sergeant Zach Carbaugh, of 1/207th Aviation, Alaska Army National Guard, board a UH-60 with firefighting backpacks to stop a blaze downrange on Camp Bondsteel, Kosovo. Photo: Sergeant Ann Hayden, 1/207th Aviation

Inset photos (clockwise from top): Staff Sergeant Paul Deguzman, 176th Maintenance Squadron, Alaska Air National Guard, stands before a C-130 Hercules on the flight line at Kulis Air National Guard Base. Photo: Master Sergeant Rob Trubia, Air National Guard Creative Team

Cadet Logan Douglas Lanni prepares to march with fellow Alaska Military Youth Academy cadets during the Chugiak-Eagle River Bear Paw Parade.
Photo: Courtesy of Alaska Military Youth Academy

U.S. Navy Admiral Mike Mullen, right, chairman of the Joint Chiefs of Staff, pins the Combat Action Badge on Master Sergeant Fenumial Ilallo, of the Alaska Army National Guard, at Forward Operating Base Walton in Kandahar, Afghanistan, in April. Ilallo earned the Combat Action Badge along with fellow Alaska Army National Guard Sergeant First Class Jody Barnes during a cordon and search operation in which they and an Afghan National Army company came under small-arms fire from Anti-Coalition Forces. Photo: Petty Officer First Class Chad J. McNeeley, U.S. Navy

Many homes along Eagle's river front were damaged, ripped from their foundations and/or completely destroyed by the relentless surge of water and ice during the spring 2009 flood season. Photo: Courtesy Department of Public Safety

Reports:

For the People 2
The Adjutant General 3
DMVA ... By the Numbers 4
DMVA Organizational Chart 5
Veterans 6
Alaska Army National Guard 8
Alaska Air National Guard 12
Homeland Security 16
Alaska Military Youth Academy . .20
Starbase Alaska 22

Successful Program, Successful Cadets. Alaska Military Youth Academy cadets from 1st Platoon, class 2009-2, take part in the Drill and Ceremony competition. This class produced 136 graduates during the 15th year anniversary of the program. Photo: Courtesy Alaska Military Youth Academy

HOW TO REACH US:

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Ready to Serve

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For the People

Governor Sean Parnell
Commander in Chief

Making a Difference at Home and Abroad

This has been another extraordinary year for the Department of Military & Veterans Affairs. Alaska's Soldiers and Airmen, whether deployed overseas or currently at home, have performed remarkably in defending our nation and serving Alaskans in need.

We restructured the Alaska Army and Air National Guard this year in an effort to modernize, expand and reorganize to equip our Soldiers for 21st century missions. These critical improvements sustain our Alaska Guard members with the facility and personnel infrastructure necessary to fulfill state and national requirements. I am extremely proud of the Alaska National Guard's accomplishments in 2009.

Alaska's military is a vital asset to our state, and they are making a difference around the world. Our Guard members have proved their skills on the battlefield and have honed their abilities in the often harsh conditions of our great state. We are profoundly grateful for their assistance in rescue missions, their response to natural disasters, and their efforts in the fight for freedom and democracy. Missions are accomplished and excellence achieved! These feats bear witness to the abilities of the extraordinary men and women who serve in our National Guard.

This year, Alaska faced numerous catastrophes – experiencing extreme flooding along the Yukon and Kuskokwim rivers, in the city of Pelican and in Southeast Alaska. Because of the outstanding preparation of the Division of Homeland Security & Emergency Management, the initial response and recovery efforts for each community was timely and efficient. Emergency managers continue to prove their ability to work collaboratively and effectively to respond and accurately assess the needs of Alaskans. I join all Alaskans in expressing our gratitude for their work.

As 2009 draws to a close, I am extremely thankful for the service provided by Alaska's Soldiers, Airmen and civilian personnel who dedicate their lives to the protection of our homeland. Their dedication in building Alaska's economy, providing local and national defense and delivering humanitarian relief around the world is invaluable. It is an honor to serve as your commander in chief, and I thank each of you for your service to all Alaskans.

Checking on Progress. On the ground in Eagle, Governor Sean Parnell ensures that the community's needs are being met during the rebuilding and cleanup process. From left: Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard; John Madden, director of the Division of Homeland Security & Emergency Management; Governor Sean Parnell; and Andy Bassich, Eagle rebuilding and construction team leader. Photo: Jack Heesch, FEMA

The Adjutant General

Brigadier General Thomas H. Katkus
Adjutant General, Alaska National Guard
& Commissioner, Alaska Department of Military & Veterans Affairs

A Year of Change and Exceptional Success

2009 was an extraordinary year for the Department of Military & Veterans Affairs. Alaska had unprecedented natural disasters that included wildfires, volcanic eruptions, floods and coastal erosion. We continued to support a multitude of deployments for the Air and Army Guard to Iraq, Afghanistan, Kosovo and even Mongolia. We graduated the largest class in the history of the Alaska Military Youth Academy, investigated and recovered one of our Black Hawk helicopters damaged in a major non-injury accident in the mountains of Colorado, transformed and reorganized our entire Army maneuver element and awarded a $20-million contract for construction of a new armory in Bethel.

The Alaska Air National Guard's 176th Wing continued its movement plans to Elmendorf Air Force Base, while the 168th Air Refueling Wing provided extraordinary support to the active-duty Air Force as Guard members responded to the relentless Russian military activity along our western border.

All the while, the Alaska Army National Guard's 49th Missile Defense Battalion stood ready to defend our nation in response to North Korean activity, and the Alaska Army National Guard had its first Soldier cross the Iditarod finish line in Nome. As always, Guardsmen kept our families and loved ones at the forefront in all we accomplished.

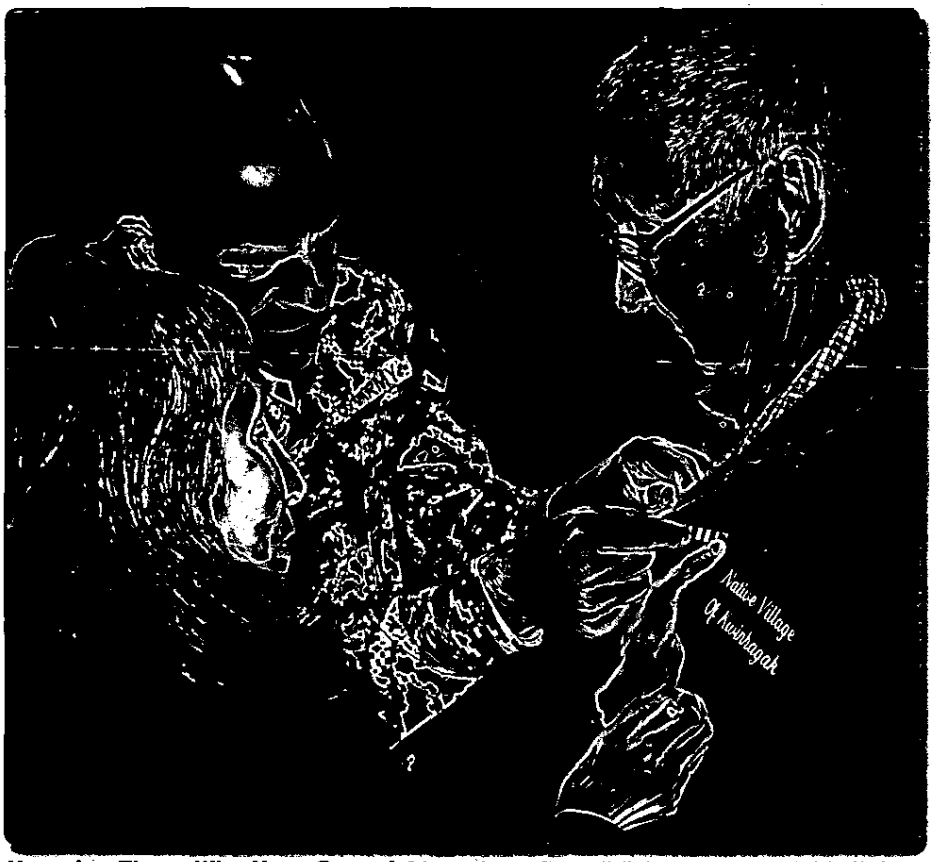
As if all this wasn't enough, we experienced a complete change in senior leadership with the resignation of Governor Sarah Palin in July. We conducted all this activity without pause or distraction to our focus. This truly is a tribute to the tremendous professionalism of every member of this organization.

You – the employee, the Soldier, the Airman, the veteran – stepped up to the challenge of completing the mission and did so in an outstanding manner. You confronted multiple tasks and took the time to address the needs of our Alaskan residents. You met their expectations in their time of need. You often risked your lives to save others and sacrificed much of your personal time for the safety and security of our great state. There is no greater sacrifice in life and no greater success.

In the Veterans Affairs lane, we fought a tough fight with the federal government and won for our Alaska Territorial Guard veterans. The governor took the lead and worked with our congressional delegation to make sure the Department of Defense recognized the retirement benefits the ATG earned through their active military service time. Through this legislative victory, 23 elders received their full military benefits and 19 spouses received their federal benefits from their husbands' full service in the U.S. military.

We continued the Operation Santa Claus mission, now in its 53rd year. The Alaska National Guard will sponsor the 2010 Iron Dog snow machine race as part of the National Guard Bureau's effort to raise awareness of our community participation. This provides our Soldiers the opportunity to hone their military skills and exercise their communications, logistics and transportation capabilities, along with their adaptation abilities in the isolated, frigid check points along the trail.

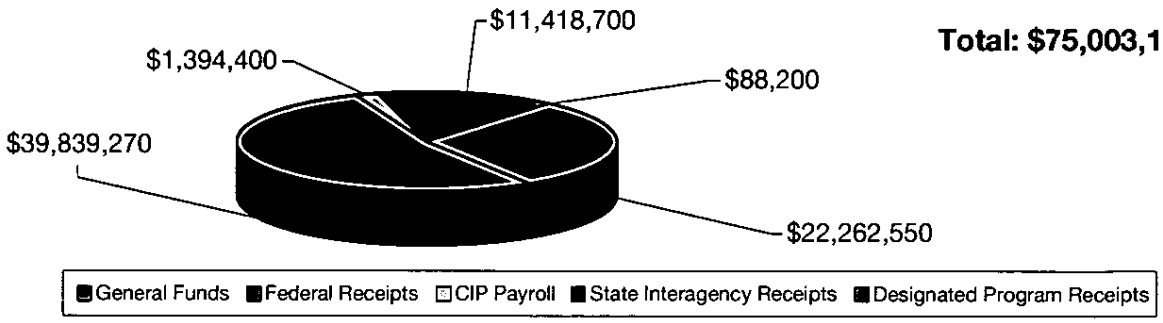
We will long remember 2009 as the culmination of the astonishing effort by an extraordinary group of great men and women that constitute Alaska's Department of Military & Veterans Affairs. I have never been more proud to be a member of such an exceptional organization as we continue to secure the state and defend the nation!



Honoring Those Who Have Served. Brigadier General Thomas H. Katkus, adjutant general of the Alaska National Guard, helps pin an Alaska Territorial Guard service pin on the jacket of Alaska Territorial Guard member Paul Beebe with the help of Beebe's wife, Pauline, during an ATG ceremony in Quinhagak. Sixty-seven Alaska Territorial Guard members from Quinhagak were honored during the ceremony. Photo: Jerry Walton, DMVA

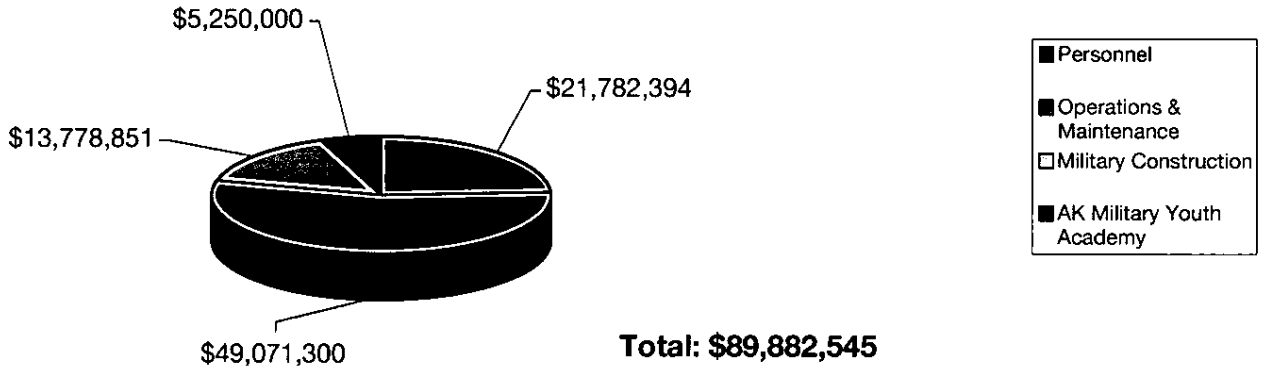
DMVA . . . By the Numbers

DMVA SFY2009 State Operating & Capital Actual Expenditures



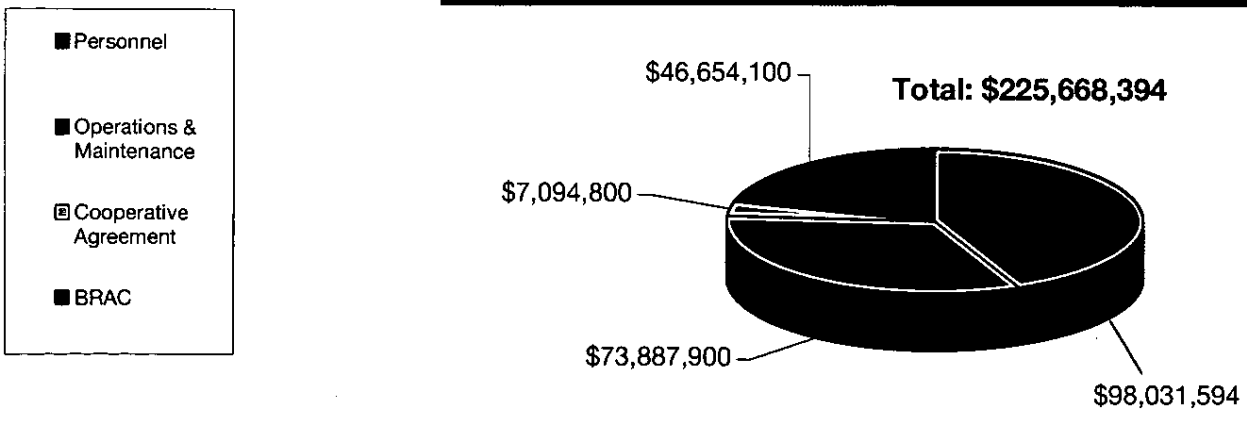
Total: $75,003,120

Army Guard Funding in Alaska – FFY09



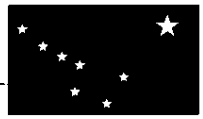
Total: $89,882,545

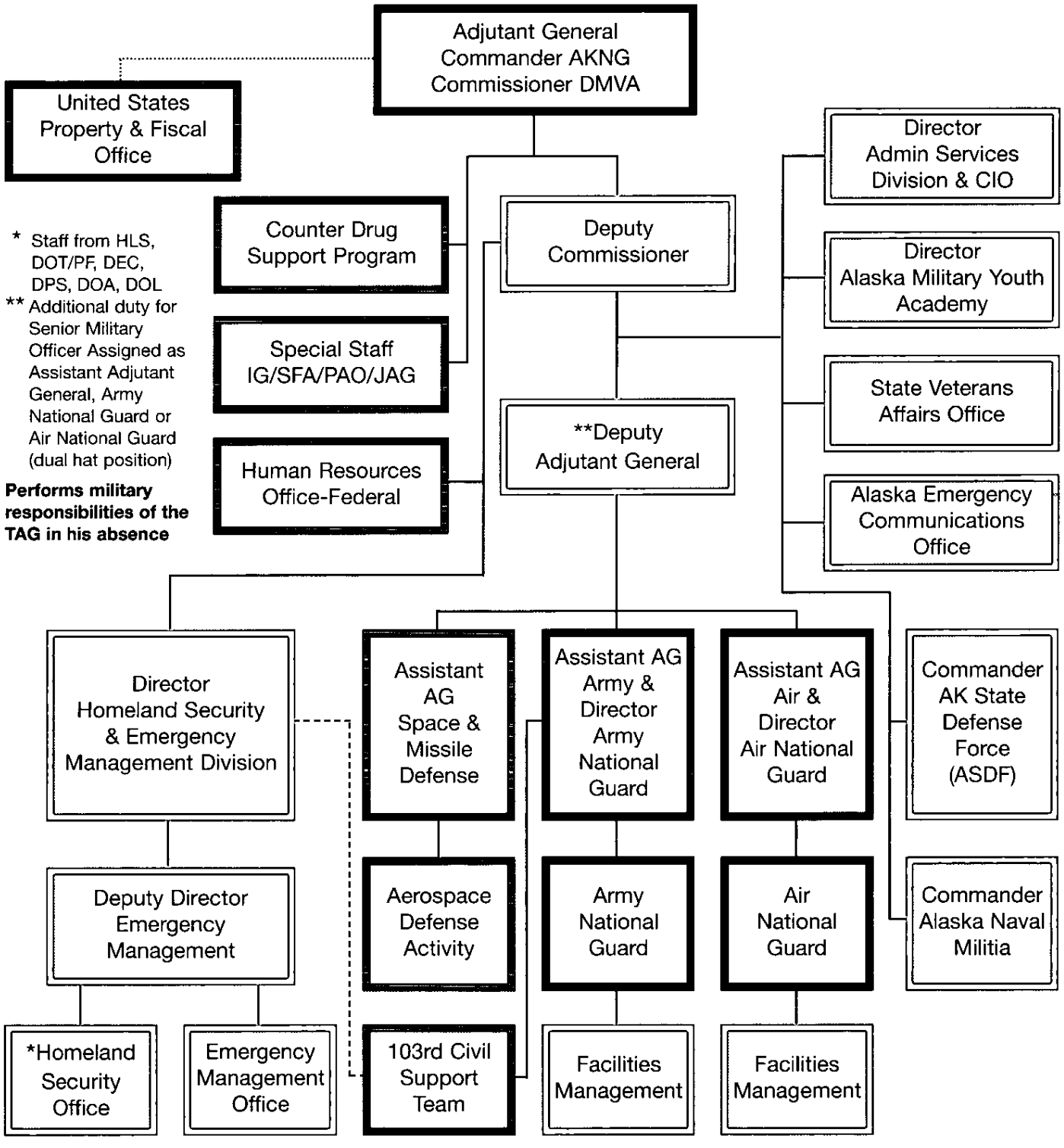
Air Guard Funding in Alaska – FFY09



Total: $225,668,394

Department of Military & Veterans Affairs





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Veterans

Serving Those Who Have Served

This was an exciting year for the Office of Veterans Affairs. Along with our new Governor Sean Parnell and Adjutant General Brigadier General Thomas H. Katkus, a new administrator was selected: Verdie Bowen. He was able to help the department meet and exceed all the 2009 goals while providing stellar support to the state's 77,000 veterans and their families.

Recognizing Service. General Gene Renuart, left, commander of the North American Aerospace Defense Command and U.S. Northern Command, congratulates Alaska Territorial Guard member Warren Matumeak in Barrow during an ATG recognition ceremony. Matumeak was given his official U.S. Army discharge certificate in recognition of his service in the ATG. Photo: Captain Uriah Orland, Alaskan Command Public Affairs

Alaska Territorial Guard

The Alaska Territorial Guard Recognition Program is alive and well, and the top priority of the Office of Veterans Affairs. In order to find all 6,600 ATG members and provide them with the recognition they deserve, it takes a community effort.

Not long after World War II was over, these veterans were soon forgotten. But in 2000, Congress passed a law reflecting the true status of our ATG veterans and granted them full military active service for their time. This helped 26 of our retired National Guard members with ATG service to receive additional retirement funds. But like all good intentions, someone looked at the law, thought this was incorrect and froze the payments of these additional retirement funds. Then-Governor Sarah Palin and the state stepped in to fund the removed amounts until this could be corrected by Congress. Our two senators took this to action and corrected the oversight in the 2010 Defense Appropriations Bill.

We currently have two researchers assigned to the ATG project who spend most of their days researching records for information on our 6,600 ATG members. They have performed an outstanding job. To date, more than 900 U.S. Army discharges have been presented to members or their families, and we have 23 ATG members who receive additional entitlements.

The Office of Veterans Affairs has supported several ATG awards presentation programs and has covered numerous locations from Anchorage to Barrow. The record this year for the most ATG members presented with their U.S. Army honorable discharges and who received the Alaska Territorial Guard Service Medal went to Barrow. The highlight of this presentation was the presenter: General Gene Renuart, commander of the North American Aerospace Defense Command and U.S. Northern Command. Since the ATG recognition program started, Renuart is the highest ranking officer to present certificates to our ATG veterans.

We continue to make this program a top priority and have worked closely with several tribal communities and councils to find the remaining members.

Veteran Service Officer Grant Management

This is another success story for the Office of Veterans Affairs. In order to receive the best service for our veterans, we have 12 veteran service officers located across the state. They provide free services to veterans, such as representation of veterans and their families while processing claims to the government for benefits earned while on active duty or in the Guard. They are well trained in these programs and certified through the U.S. Department of Veterans Affairs.

We received the best bang for our buck through this grant process, and this year alone, we were able to add a new agency: The Military Order of the Purple Heart. This brings our veterans service organizations to four certified agencies. The other VSOs are affiliated with the Veterans of Foreign Wars, American Legion and Disabled American Veterans.

These organizations were very successful this year in assisting our veterans. They returned more than $31 million in past payments, while filing more than 10,000 claims for new earned entitlements. The continued success of this program is also measured through state veterans receiving annual compensation and pension payments. This year, the U.S. Department of Veterans Affairs sent $142 million to veterans and their families and provided more than $109 million in medical coverage.

The Alaska State Approving Agency

This year has been a challenging year for our sole Alaska State Approving Agency Officer, Mercedes Angerman. With the introduction of the new Post-9/11 GI Bill, a slowdown in services and payments to our state veterans by the U.S. Department of Veterans Affairs is at an all-time high. To date she has traveled to Oklahoma, met with all the universities located in Alaska and helped our congressional delegation understand the best way to construct a plan to ensure that all veterans were able to attain their educational goals.

This new GI Bill is the largest change to the veteran educational process since the first GI Bill was introduced after World War II. With this in mind, we are looking forward to all Post-9/11 GI Bill-eligible Alaskan veterans to be able to use their benefits under this new program. We currently have more than 800 approved programs of study at more than 60 education and training facilities across Alaska. The overall program has increased more than 5 percent, and we are projecting an increase of 12 percent before the end of FY 2010. Throughout the past year, the U.S. Department of Veterans Affairs provided more than $8 million in education funds to Alaska education programs. We know more growth is projected, and this is wonderful for Alaska and our veterans who live here.

Other Significant Accomplishments

This year we added a new license plate to our veterans plate choices. We added the Gold Star Plate that allows the families of our fallen military members the opportunity to display their family's sacrifice.

The Military Order of the Purple Heart dedicated the new Purple Heart Trail in May. The highway trail runs from the Canadian border to Fairbanks and is marked with a distinctive Purple Heart Medal placard.

This year the Office of Veterans Affairs has introduced the Alaska Warrior Coin. This award is presented by the adjutant general to members of our armed forces who prove to be of warrior quality and are nominated by the Office of Veterans Affairs. We look forward to rewarding several deserving Alaskans this year.

Stand Down this year was outstanding. We were able to meet and speak to more than 700 underprivileged veterans located in Anchorage and Fairbanks. Our veterans were provided with medical and job placement assistance and were introduced to several social program entitlements. Also provided to the veterans were food and clothing.

We helped TriWest Healthcare Alliance, which administers the TRICARE program, understand Alaska's unique circumstances by facilitating a town hall meeting in the Mat-Su Borough. Changes were made to TRICARE allowing beneficiaries to keep their TRICARE prime status in the retiree insurance program regardless of drive time and distance.

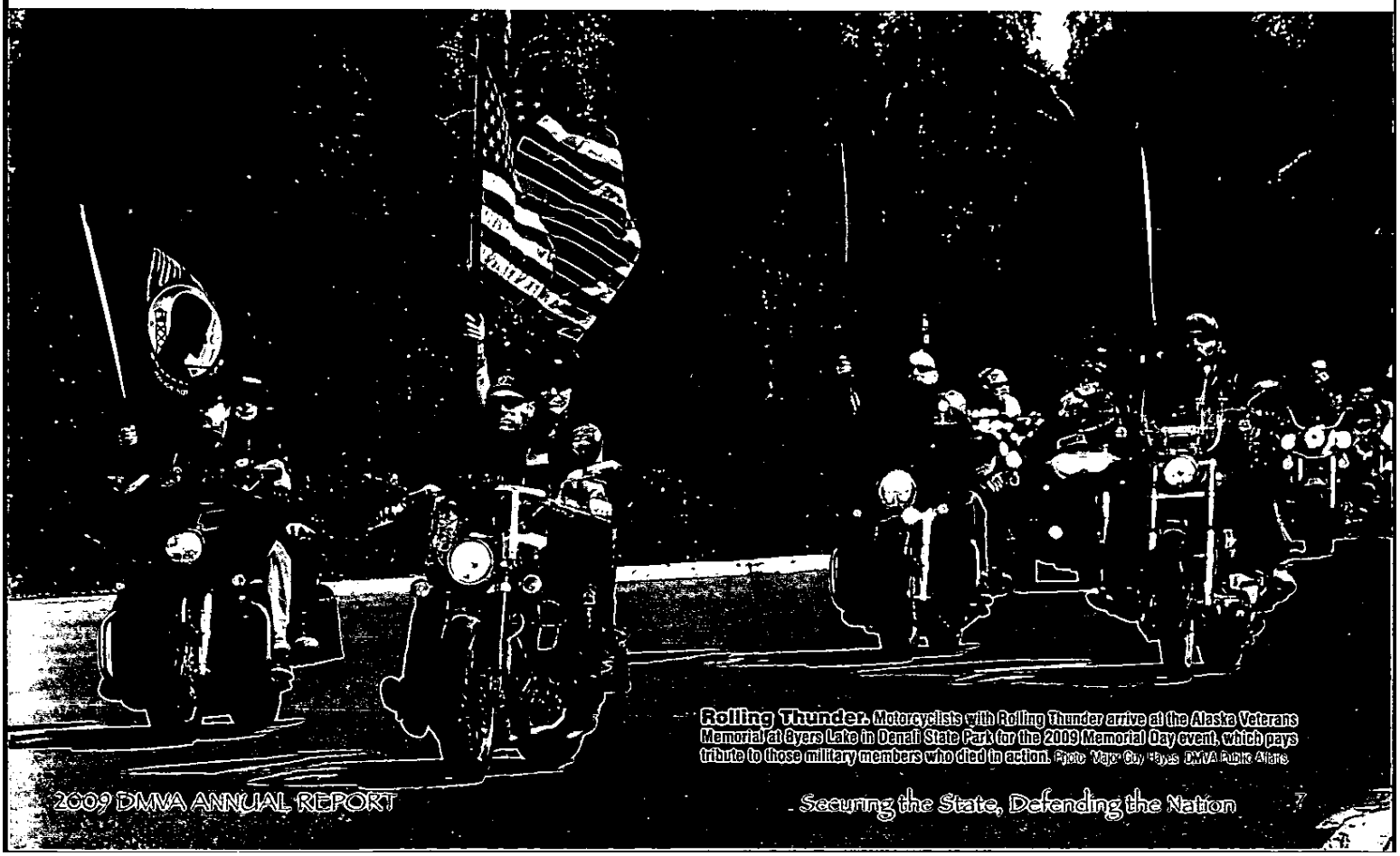
In July, the first statewide veterans summit was held. This was supported by the Alaska Veterans Advisory Council and the newly formed Veterans Caucus. The AVAC held a series of town hall meetings across Alaska, collecting information from veterans on issues they experience in the state. It was attended by more than 200 members of the community and several members of the state Legislature. This summit was so well received that it will become an annual event.

The Blue Star Banner program was a big hit this year, and we provided more than 1,000 Blue Star Banners to families who have members in the military. Key events at which we provided Blue Star Banners were the governor's picnics, veterans summit and the Mat-Su Potato Bowl.

This year, we assisted the U.S. Department of Veterans Affairs in supporting the Rural Health Pilot Project. This program offers medical and mental health services through a contract with the rural Native Health Care through purchased care. This program will continue in the following areas: Bethel Census Area, Dillingham Census Area, Northwest Arctic Borough, City of Cordova, Bristol Bay Borough, Nome Census Area and Wade Hampton Census Area.

Stand Down. U.S. Air Force Technical Sergeant Aisha Abell performs a dental examination on a veteran during Stand Down 2009. Stand Down is a veterans outreach program designed to give a helping hand to veterans in need. Photo: Courtesy of DMVA Public Affairs

Lastly, the Office of Veterans Affairs assisted a team under a charter by the Alaska Legislature to study programs offered to families of our deployed military members stationed here in Alaska. We traveled to Fairbanks, Kodiak and Anchorage to understand all the programs. The programs under study were the Yellow Ribbon program, Family Services and the OneSource program. A report will be presented to the state Legislature in January with a recommendation to continue this study with town hall meetings next year.



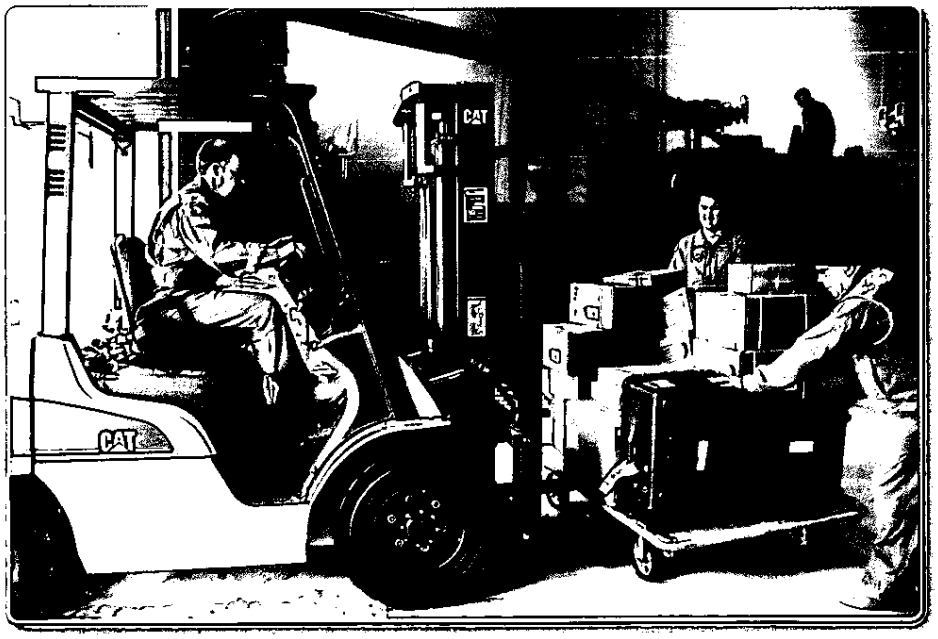
Rolling Thunder. Motorcyclists with Rolling Thunder arrive at the Alaska Veterans Memorial at Byers Lake in Denali State Park for the 2009 Memorial Day event, which pays tribute to those military members who died in action. Photo: Major Guy Byers, DMVA Public Affairs

Alaska Army National Guard

Operation Iraqi Freedom. Alaska Army National Guard members from F Company, 1/207th Aviation proudly display their unit guidon during a nine-month deployment to Balad, Iraq, in support of Operation Iraqi Freedom. They provided logistics support transporting high-priority equipment, supplies and personnel using C-23 Sherpas across Iraq and Kuwait. Photo: Courtesy of F Company, 1/207th Aviation

F Company, 1/207th Aviation

In April, F Company, 1/207th Aviation, mobilized and deployed to Iraq to provide fixed-wing air-movement support to the Multi-National Corps Iraq headquarters. The unit flew eight C-23 Sherpas throughout Iraq and Kuwait. This deployment marked the third time F Company had taken its flag into the combat theater to conduct the "last-tactical-mile" mission, the critical transportation of personnel and equipment on the battlefield. It was also the fourth deployment for several of the unit's Soldiers, who also deployed on earlier Black Hawk missions.



Operation Arctic Care. Pilots with the Alaska Army National Guard's 1/207th Aviation steady a load of supplies headed to one of 11 remote villages in the Yukon-Kuskokwim Delta as a part of Operation Arctic Care 2009. To ensure the success of Operation Arctic Care 2009, pilots, crew chiefs and mechanics put in long hours flying health care professionals and supplies to villages and provided routine maintenance and repairs to the five Black Hawks stationed in Bethel for the exercise. Photo: Courtesy DMVA Public Affairs

Overseas Visitor. Captain Michele Edwards, commander, A Company, 1/207th Aviation, Alaska Army National Guard, is happy to meet Vice President Joe Biden in May 2009 after his address to the troops at Camp Bondsteel, Kosovo. Edwards is from Bethel and deployed with the Alaska Army National Guard's Black Hawk unit. Photo: Courtesy of 1/207th Aviation

Embedded Transition Team

The Alaska Army National Guard sent 15 Soldiers on a year-long deployment to Afghanistan to mentor leaders from both the Afghan National Army and Afghan National Police. During this third deployment of an Alaska Embedded Transition Team, the team trained Afghan leaders on both military and governance skills that promoted both security and peace in the southern regions of Kandahar and Zabul. Furthermore, many humanitarian missions were executed with the assistance of the ETT and its Afghan counterpart that

promoted the government's presence. These Alaska Army National Guard Soldiers often risked their lives traveling in remote parts of Afghanistan to bring comfort and aid to Afghan nationals on the edge of survival.

1st Battalion, 207th Aviation Regiment

The 1st Battalion, 207th Aviation Regiment, left Alaska in November 2008 for a deployment to Kosovo as the aviation element of the Multi-National Task Force-East that worked to maintain peace in that region. This deployment, the first for the battalion headquarters, included 149 Aviation Soldiers who conducted a variety of missions in Kosovo to include air movement operations, aero-medical evacuation and reconnaissance flights. The unit was equipped with eight UH-60L Black Hawk helicopters and was augmented with three UH-60A Black Hawk MEDEVAC helicopters from the Maryland Army National Guard. Together, the Aviation organizations provided "topcover" for the maneuver units working in the fledgling country.

49th Missile Defense Battalion

The 49th Missile Defense Battalion, manned by more than 220 full-time Alaska Army National Guard Soldiers, remained ready, reliable and essential in 2009 in its mission to defend the United States and designated areas from the threat of a rogue nation's intercontinental ballistic missile attack. The Soldiers of the 49th operate the system and secure the Missile Defense Complex, located on Fort Greely, 24 hours a day, seven days a week.

Ballistic Missile Defense remains a topic of national and international interest. A number of media, senior U.S. government officials and military leaders visited the MDC in 2009. In June, Secretary of Defense Robert Gates met with Soldiers of the 49th and got a first-hand look at the Ground-Based Mid-Course Defense capability and facilities.

Alaska Army National Guard Soldiers from 41 states continue to make up a majority of the 49th Missile Defense Battalion. Troops and their families from as far away as Puerto Rico and Guam live and work at Fort Greely, where the U.S. Army garrison continues to enhance the quality of life at this far north military installation.

103rd Civil Support Team

This year, members of the 103rd Civil Support Team-Weapons of Mass Destruction provided assessment and advice to first responders and industry members in response to suspicious packages arriving at state government offices, potentially hazardous material releases and disaster relief in American Samoa. Information provided by the 103rd helped prevent costly delays in the function of Alaska's vital infrastructure and industry. Additionally, the team provided subject matter experts for liaison and work with the National Emergency Management Agency of Mongolia in training its first responders.

State Support

The Joint Director of Military Support/J3 Operations supported the Department of Military & Veterans Affairs, Division of Homeland Security & Emergency Management, in response to multiple emergencies this year. They responded to a request for Black Hawk helicopter water bucket drops to contain a dangerous wildfire at Shanta Creek on the Kenai Peninsula. During the Fairbanks-region wildfires, a security element of 100 percent traditional Guardsmen on state active duty orders was dispatched to conduct gate security and provide traffic control at the Division of Forestry's Incident Command Post. During Operation Flood Watch, potable drinking water was provided to the citizens of Eagle when massive ice-jams caused floods along the Yukon River. All the while, the effects of Mount Redoubt's occasional volcanic eruptions had to be monitored.

Missile Defense Up Close. Secretary of Defense Robert Gates peers out of a Silo Interface Vault to view an operational ground-based interceptor during a visit to the Missile Defense Complex on Fort Greely in June 2009. Gates saw the nation's operational arm of its strategic missile defense capability and the Soldiers of the 49th Missile Defense Battalion who are charged with defending the nation.
Photo: Sergeant Jack W. Carlson III, 49th Missile Defense Battalion

Counterdrug Support Program

Throughout FY09, the Counterdrug Support Program's Drug Demand Reduction program continued to provide high-quality drug, alcohol and tobacco awareness presentations and "Stay on Track" academic programs to more than 18,000 participants.

During the summer of 2009, DDR continued to provide experiential education with the use of their high-ropes course that served more than 350 participants, representing 10 community-based organizations. This no-cost summer camp offered a savings of more than $80,000.

Alaskans Finish Strong. Private First Class Justin Sekerak, 1/297th Cavalry Scouts, negotiates the obstacle course during the 2009 Northwest Regional Soldier of the Year competition held in May at Camp Murray and Fort Lewis, Wash. Sekerak and fellow Alaska Army National Guardsman Staff Sergeant Duane Ostrowski, 49th Missile Defense Battalion, who competed in the Noncommissioned Officer of the Year category, made a strong showing in the competition, finishing in second place.
Photo: Sergeant First Class Randall Wong, U.S. Army

In 2009, the DDR Rural Education Program continued to provide drug education programs to students in the village of Metlakatla, as well as all schools in Petersburg. The Mentor on the Trail was expanded with one DDR member escorting the Teacher on the Trail to several communities along the Iditarod Trail during the Iditarod sled-dog race.

During FY09, CDSP continued exceptional support to law enforcement in Alaska. They assisted with the training of more than 300 law enforcement officers with use of military ranges and several training classes. CDSP assisted law enforcement with more than 200 operations across the state resulting in the seizure of drugs, drug proceeds, vehicles and property valued in excess of $9 million.

297th Battlefield Surveillance Brigade

The 297th Battlefield Surveillance Brigade is preparing for mobilization in the summer of 2012. In 2009, these outstanding Soldiers worked both job-skill training and equipment fielding with active-duty Army units. The unit will be working with the 67th BFSB from Nebraska as it conducts its final pre-mobilization exercises, honing its troop-leading skills and equipment lay down procedures at Camp Guernsey, Wyo. The 297th BFSB will also be involved in a state training mission to support civilian authorities in Exercise Vigilant Guard 2010.

38th Troop Command (Provisional)

The 38th Troop Command provides command and control for 14 separate units spanning all areas of Alaska. Units encompass aviation, missile defense, contracting support, administration, training, military police, public affairs, airborne infantry, and chemical, biological, radiological, nuclear and explosive events response. They continue to provide a trained and ready force for the state and nation. In the past year, the unit deployed elements to Mongolia in support of Khaan Quest and aviation assets for Operations Iraqi Freedom and Enduring Freedom.

Alaska-Mongolia State Partnership Program

The Alaska-Mongolia State Partnership Program continues to grow and is recognized as a vital component in U.S. Pacific Command's policy in Northeast Asia. With a focus toward improving Mongolia's disaster-response ability, the State of Alaska and Alaska National Guard provided expert advice in the annual Gobi Wolf Exercise, a hazardous-material, first-responder exchange, medical exercise and health-care-systems model review. The Alaska Army National Guard broadened its international experience during Khaan Quest 2009 and a Soldier-family deployment seminar. Alaska continues to assist with Mongolia's efforts to bring stability to the world, by partnering with their army in Afghanistan. This deployment is the sixth iteration of Alaska Army National Guard Soldiers deploying with Mongolian forces.

Exercise Khaan Quest 2009

The 761st Military Police Battalion participated in Exercise Khaan Quest 2009, a multi-national, peace-supporting operations exercise, at the Five Hills Training Center, Mongolia.
It included several days of professional military education and culminated in a three-day exercise designed to train the Mongolian Armed Forces in U.S. military procedures. The Alaska Medical Detachment provided a team of doctors, nurses and medical support personnel who joined medical professionals from the Mongolian Armed Forces to provide care to more than 4,000 underserved medical and dental patients and conducted more than 5,000 animal examinations.

207th Regional Training Institute

The 207th Regional Training Institute instructed and graduated more than 300 active-duty, Army Reserve and National Guard students from various noncommissioned officer education system courses. Highlights from the past year include hosting visiting Mongolian officers and introducing them to U.S. military training, providing validation support for mobilization and deployment, as well as supporting the reorganization of the Alaska Army National Guard's brigades.

Alaska Army National Guard Aviation

Aviation operational tempo continued at a swift pace for the stay-behind forces as aviators conducted a variety of missions in Alaska. The helicopter crews participated in three innovative readiness training exercises: Arctic Care-Bethel, Chignik Road Survey and Newtok Village Relocation. They also conducted 27 rescue missions, had 26 saves and eight assists and responded to fires on the Kenai Peninsula.

Personnel

The Personnel Office supported the transformation of Alaska Army National Guard units, executing more than 1,900 Soldier moves and loading 11 new unit formations into personnel databases. They ensured that Alaska Guard Soldiers received their pay in their new positions without delay or issue. The promotion of Sergeant Major Lillian Aukongak as the G-1 sergeant major marked the first time that a female Alaska Native has reached the highest noncommissioned officer rank in the Alaska Army National Guard.

The Recruiting & Retention Command brought more than 320 new Soldiers into the Alaska Army National Guard. This success was supported by the new Wasilla recruiting office. Recruiting efforts were boosted by Staff Sergeant Harry Alexie's outstanding 2009 dog sled racing season which culminated in his completion of the Iditarod Trail Sled Dog Race.

Medically, more than 900 physicals and health assessments were conducted for Alaska Guard Soldiers. More than 200 Soldiers were screened for world-wide exercises and deployments.

Finally, $384,000 in state-issued educational benefits were disbursed to the Soldiers and Airmen of the Alaska National Guard. Process improvements now provide online tuition reimbursement application, thereby reducing request and payment times and making it easier for Guard members to continue their higher education.

Chaplain

The Alaska Army National Guard's chaplains had a productive year serving deployed Soldiers, as well as reaching out to service members and families here at home. Strong Bonds is an Army-wide chaplain-led program that focuses on relationship and life skills with the goal of enriching marriages and relationships by providing weekend retreats for couples, families and singles. This past year they increased their offerings having provided Strong Bonds activities for nearly 200 couples and approximately 40 families and 30 singles.

Facilities

A design and construction contract for a new Readiness Center in Bethel was awarded for approximately $20 million, with the intent to begin construction in spring 2010 in order to support the Alaska Army National Guard's airborne infantry, aviation and military police units assigned to the area. In addition, $3.2 million from the American Recovery and Reinvestment Act is being applied to nine energy-saving projects to help conserve natural resources.

Honor Pole. **Members of the Alaska Army National Guard raise the Honor Pole outside Alaska National Guard headquarters at Camp Denali. The Honor Pole was designed by George Bennett Sr. of Sitka and carved by his son James Bennett. The Honor Pole honors the Alaska National Guard's past and present military members for their service to the country and state.** Photo: Major Guy Hayes, DMVA Public Affairs

Other major accomplishments by the Construction and Facilities Office are $1.5 million water/sewer line to the Nome Army Aviation Operations Facility, numerous Bryant Army Airfield life-safety projects completed, and additions completed at both the Kodiak and Kenai Readiness Centers increasing indoor training space.

Our Environmental section received first place nationwide for its Environmental Restoration Program, closed 11 contaminated sites in rural Alaska, acquired Defense Environmental Restoration Program funding for an additional five sites in 2009 and secured a place-holder with Army Environmental Command for 20 remaining sites that are scheduled to be remediated for closure between 2010-2014.

Khaan Quest. **Alaska Army National Guard Master Sergeant Eric Schlemme, left, and Major Wayne Don, center, join Mongolian Armed Forces Senior Sergeant Battulga Baatar to observe the tactics and techniques used by the Mongolian Expeditionary Force at Five Hills Training Area near Ulaanbaatar, Mongolia, during Khaan Quest 2009. Schlemme and Don deployed in September as embedded U.S. liaisons with the Mongolian Expeditionary Force to Afghanistan.** Photo: Captain Amy Slinker, 134th Public Affairs Detachment

Alaska Air National Guard

Security Forces. Providing base security, Staff Sergeant Daniel Brion, 213th Space Warning Squadron, stands guard at Clear Air Force Station.
Photo: Master Sergeant Rob Trubia, Air National Guard Creative Team

Supporting Alaska on the Home Front

The mission of the Alaska Air National Guard is to recruit, train, equip and maintain America's finest Airmen. Tasked with this vital mission, we support worldwide contingency operations, State of Alaska emergency operations, and daily homeland security and defense missions. We also provide rescue forces on continual alert to protect life and property for the citizens of Alaska.

In 2009, Alaska Air National Guardsmen serving throughout Alaska met that mission by executing an extremely high operational tempo and deployment pace for yet another year.

Nearly 100 full-time Guardsmen assigned to the 213th Space Warning Squadron performed daily missile warning and space surveillance at Clear Air Force Station, ensuring the safety of our state and nation. The unit tracked more than 1.5 million space objects and maintained a watchful eye over numerous ballistic missile events around the world.

Located on Elmendorf Air Force Base, approximately 150 Alaska Air National Guardsmen assigned to the 176th Air Control Squadron performed a daily air sovereignty mission in support of the Alaskan Regional Air Operations Center. Created to defend against potential bomber attacks from now-former Cold War foes, the Air Control Squadron today keeps tabs not only on continued probing by the Russians, but it also identifies and directs response to incursions of other unknown aircraft into Alaska airspace. In 2009, the Air Control Squadron was credited with 20 Russian Bear intercepts and during a NORAD alert force evaluation, they were given the highest rating achievable: *"NORAD Mission Ready."*

The highest profile of all Alaska Air National Guard missions remains search-and-rescue. The 176th Wing's rescue components consist of three squadrons. The 210th Rescue Squadron flies six HH-60G Pave Hawk helicopters, highly modified search-and-rescue variants of the well-known Black Hawk. The 211th Rescue Squadron flies four HC-130s, a version of the C-130 "Hercules" specially equipped for aerial refueling and search-and-rescue missions. The 212th Rescue Squadron comprises the famed

Search and Rescue. Members of the 210th Rescue Squadron fly an HH-60 Pave Hawk helicopter near Spencer Glacier during a taping of the Discovery Channel show *Man vs. Wild*. The Alaska Air National Guard partnered with the show to highlight the Guard's search and rescue mission.
Photo: Kalei Brooks, DMVA Public Affairs

pararescuemen or "PJs" – elite rescuers trained in combat medicine, marksmanship, SCUBA diving and wilderness survival.

The search-and-rescue missions are coordinated through the 11th Rescue Coordination Center, a high-tech Air Guard facility located on Elmendorf Air Force Base. Together, the rescue package was credited with saving 34 lives from January to November 2009, with another 10 people assisted to safety.

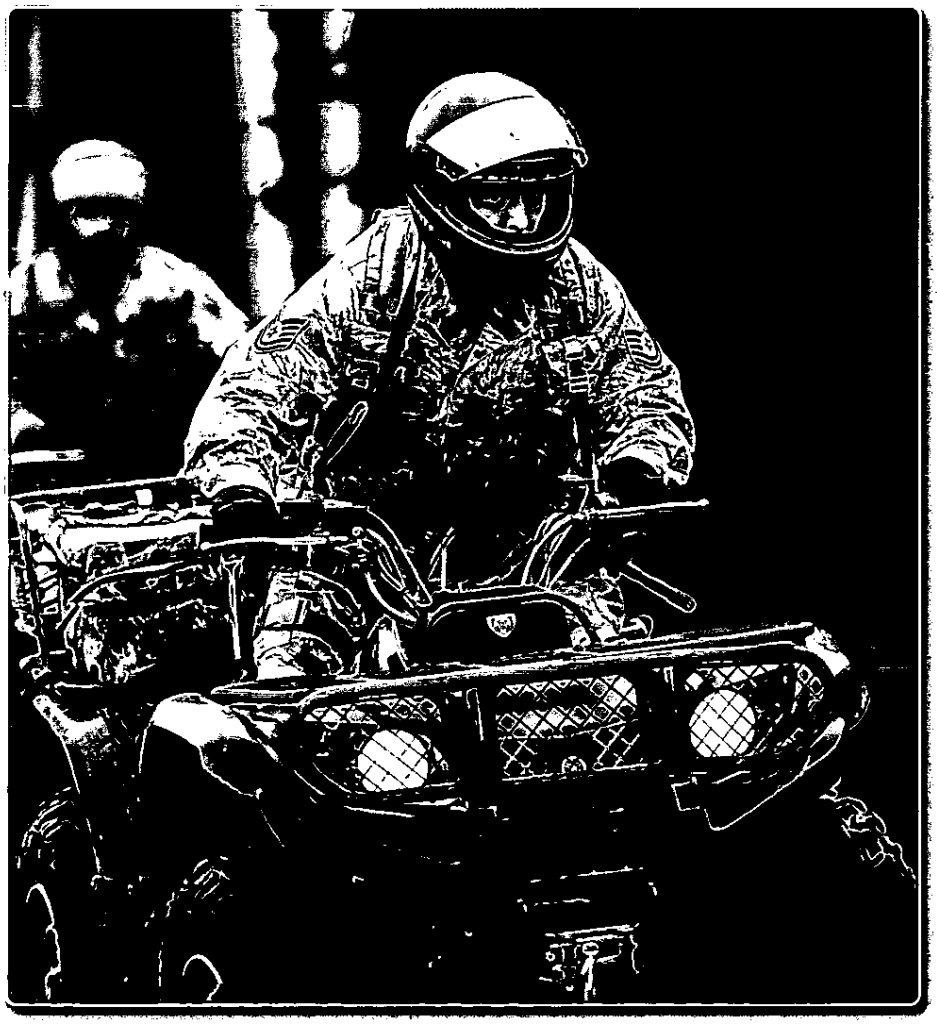
The Alaska Air National Guard also partnered with the Discovery Channel's number one show in the United States – *Man vs. Wild* with Bear Grylls. The show, which promotes survival and search-and-rescue, filmed the opening sequence of its Alaska episode near Spencer Glacier in June with the help of the 210th and 212th Rescue Squadrons.

National and worldwide coverage through shows like *Man vs. Wild* provides the Alaska Air National Guard exceptional coverage and bolsters recruiting efforts. In fact, recruiting efforts throughout the last 18 months have resulted in an overall end-strength growth from 80.2 percent to 91.5 percent. New recruiting campaigns have included the opening of an office in Wasilla, extensive emphasis on unit referrals and individual involvement, additional recruiters, and new partnerships with public and non-public entities to increase rural Alaska recruiting opportunities.

The implementation of the 2005 Base Realignment and Closure law, which dictated the Kulis Air National Guard Base closure and the relocation of the 176th Wing to Elmendorf Air Force Base no later than September 2011, is progressing smoothly. The Air Guard has received and obligated 100 percent of the $135.05 million in federal funding for the BRAC directed facilities projects and will be in the process of moving its units, equipment and aircraft across town to Elmendorf Air Force Base by January 2011. In addition, the Air National Guard's Jewel Lake Armory will be transferred back to the state by March 2010.

In the interior region of the state, the 168th Air Refueling Wing was once again at the tip of the spear in providing support to homeland defense. In 2009, Guardsmen at Eielson Air Force Base performed 49 NORAD Homeland Defense-Air Sovereignty missions and transferred 3.3 million pounds of fuel. They continue their close working relationship with the active duty – nearly all of their "customers" are active-duty aircraft, many of which are on operational missions, and the wing's eight KC-135 Stratotankers transfer more fuel than those of any other Air National Guard tanker wing.

Commando Warrior. Senior Airman Wyatt Derner, 176th Security Forces, takes a knee as members of his team check a house for potential "enemies" during Commando Warrior Urban Operations exercise 2009 at Andersen Air Force Base in Guam. Photo: Airman First Class Courtney Witt, U.S. Air Force



Four-Wheeler Focus. Technical Sergeant John Stolz, front, and Staff Sergeant Shane Potwin, both security forces members from the 213th Space Warning Squadron, patrol wooded areas at Clear Air Force Station on all-terrain vehicles. Photo: Master Sergeant Rob Trubia, Air National Guard Creative Team

Defending America and Strengthening Relations

Alaska Air National Guardsmen answered the call to defend not only Alaska but the United States in the Global War on Terrorism, while supporting humanitarian and good-will missions around the world.

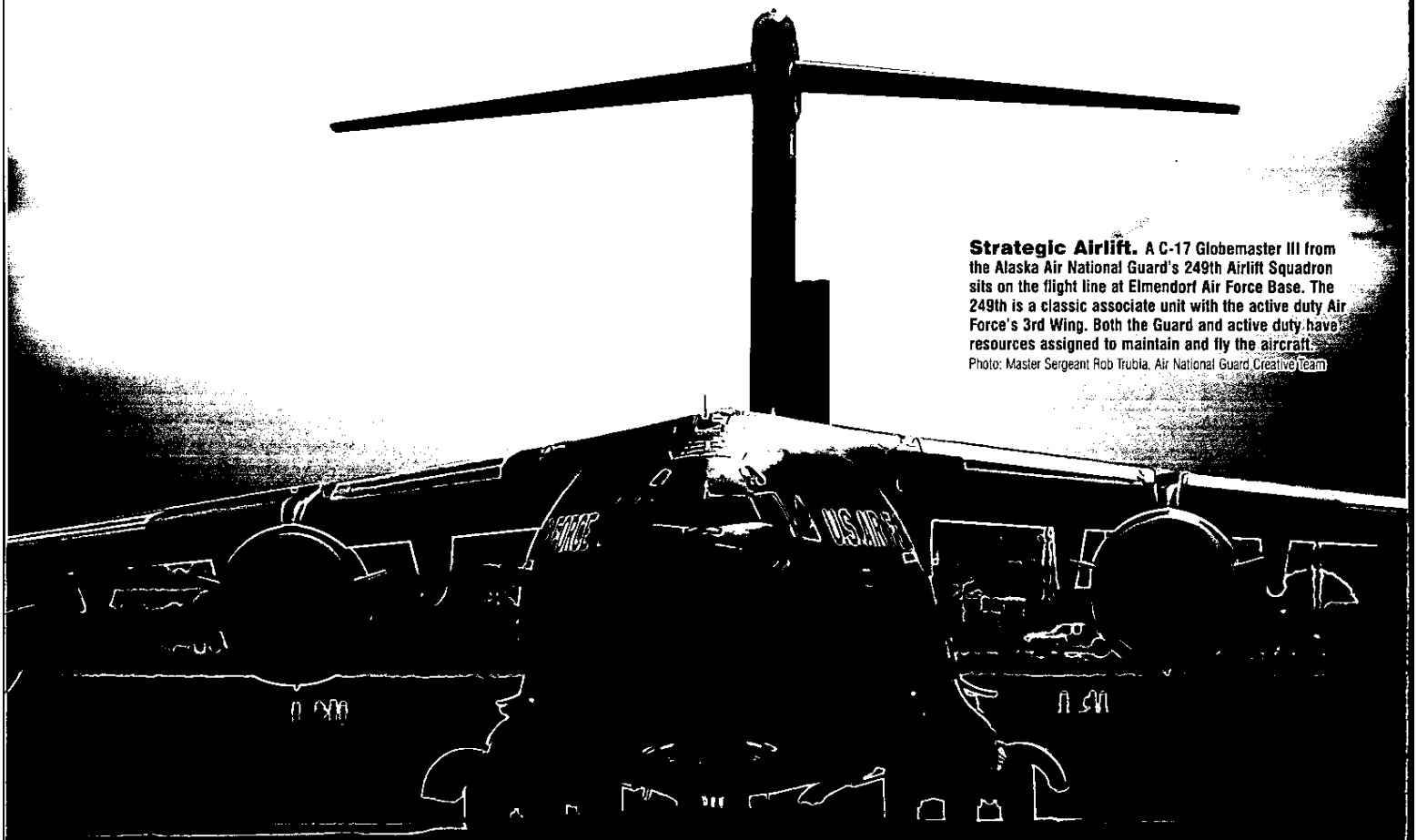
In 2009, approximately 180 members of the Alaska Air National Guard's 144th Airlift Squadron and 176th Maintenance Group deployed to Bagram Air Base, Afghanistan, in support of Operation Enduring Freedom. Aircrews flew air-land and air-drop missions in support of coalition ground forces across the entire nation of Afghanistan. The Airmen rotated through Bagram Air Base serving approximately 45- to 120-day tours.

Approximately 200 members of the 168th Air Refueling Wing and 176th Wing fulfilled the Air National Guard Air Expeditionary Force commitment to Middle Eastern countries to provide various support in KC-135 air refueling operations, aircraft maintenance, base security, medical care, personnel, and chaplain services to the coalition forces in support of Operation Enduring and Iraqi Freedom.

About 130 members of the Alaska Air National Guard's 176th Wing deployed to Ramstein Air Force Base, Germany, to support military operations throughout Europe. Aircrews flew passengers and cargo on missions in support of Operation Enduring Freedom, U.S. Air Forces in Europe, U.S. Southern Command and U.S. Africa Command.

Members from the 176th Wing took part in Khaan Quest, a multinational peacekeeping operations training exercise held in Ulaanbaatar, Mongolia, each year and driven by the National

Afghanistan Air Drop. Senior Master Sergeant Glen Tillman, center, and Senior Airman Nathan Grilliot perform a combat airdrop mission in Afghanistan with the 176th Wing's 144th Airlift Squadron while deployed in support of Operation Enduring Freedom.
Photo: Retired Colonel Tim Grams, 176th Wing



Strategic Airlift. A C-17 Globemaster III from the Alaska Air National Guard's 249th Airlift Squadron sits on the flight line at Elmendorf Air Force Base. The 249th is a classic associate unit with the active duty Air Force's 3rd Wing. Both the Guard and active duty have resources assigned to maintain and fly the aircraft.
Photo: Master Sergeant Rob Trubia, Air National Guard Creative Team

Guard Bureau's State Partnership Program, which pairs the Alaska Guard with Mongolian forces. The 176th Wing deployed medical providers, technicians, and equipment representing optometry, dental, orthopedics, veterinary medicine and nursing services as part of joint/multinational medical teams. The team provided medical care to several underserved villages in central Mongolia, and many residents saw a doctor for the first time in their lives.

Guardsmen from the 176th Wing and 168th Air Refueling Wing assisted multiple Indonesian communities during Operation Pacific Angel 2009. Pacific Angel, a humanitarian assistance mission sponsored by U.S. Pacific Command, is designed to support areas in need in the Pacific region. It is conducted in locations throughout the Pacific theater to support the U.S. military charter of capacity building in partner nations.

Alaska Air National Guardsmen provided air refueling, transportation, engineering and medical support to those in need, while building important civil-military relationships and regional awareness of the personnel involved.

Tanker Maintenance. Senior Airman Cody Smith, an aircraft mechanic, is one of the proud members of the 168th Maintenance Squadron from the 168th Air Refueling Wing, which specializes in KC-135 refueling tanker missions, based at Eielson Air Force Base. More than 600 members of the Alaska Air National Guard call the 168th Air Refueling Wing home. Photo: Master Sergeant Rob Trubia, Air National Guard Creative Team

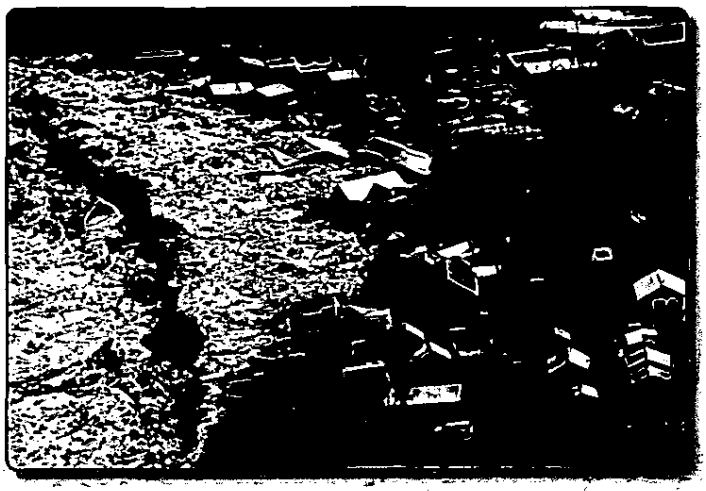
Training Mission. 144th Airlift Squadron members Captain Robert Stratton, right, pilot, and Staff Sergeant Darryl Wilson, flight engineer, fly an airdrop training mission in a C-130 Hercules. Photo: Master Sergeant Rob Trubia, Air National Guard Creative Team

Homeland Security & Emergency Management

River Watch

Each spring the Division of Homeland Security & Emergency Management partners with the National Weather Service River Forecast Center to conduct aerial observations of ice-jam, flood-prone river systems across Alaska. The River Watch teams consist of a DHS&EM emergency manager and a National Weather Service hydrologist. The River Watch teams are able to fly over the rivers, observe river conditions, compare the information to River Forecast Center data and then issue flood warnings to the communities or assist with flood response efforts.

The River Forecast Center had predicted an above-average flood potential for the 2009 spring breakup. In the weeks before spring breakup, DHS&EM emergency managers coordinated with other state and federal agencies to raise situational awareness and open lines of communication. The updated Spring Flood Guide was distributed to Alaska riverside communities, and vulnerable communities were contacted to see if they needed assistance.



Massive Flooding. During the 2009 spring flood season, many communities along the Yukon, Kuskokwim and other river systems were affected by ice-jam flooding. Eagle was the hardest hit when ice jumped the banks and crushed homes, businesses, vehicles and anything else within its reach. Photo: Courtesy of Department of Transportation & Public Facilities

Spring Flooding Response & Recovery

This spring, ice-jam flooding of historic levels affected communities along many Alaska rivers with communities on the Yukon and Kuskokwim most affected. Emergency response activities included providing housing for disaster victims; providing for emergency needs such as food, water, health care, and power needs identified by communities; and supporting local evacuation efforts.

After a complete damage assessment, the most significantly affected areas of the state were declared eligible for federal individual and public assistance. Individual assistance provides grants to individuals and households who sustained damages to their real property, personal property or transportation. Public assistance programs are available for local and tribal governments and certain nonprofit entities with damages to critical public infrastructure. DHS&EM worked as an advocate for individuals, household and local/tribal governments to ensure that federal assistance programs were fully utilized.

The flood recovery effort was complicated by the wide geographic distance between affected communities, the short summer season and FEMA staff not familiar with Alaska's unique operational challenges. More than 760 Alaska households and renters applied for and were granted more than $6.8 million in disaster-related individual assistance. More than 250 public assistance scope-of-work project worksheets were written with the majority obligated for funding. The State of Alaska activated Public Assistance and Individual Family Grant programs for affected areas not designated for assistance in the federal declaration allowing those communities to receive assistance from the state only.

Rebuilding Mission. Mennonite volunteers finish the final cabin in Eagle 106 days after the housing mission began. The Disaster Housing Task Force played a major role in organizing and supporting more than 500 volunteers who contributed to the rebuilding effort. Photo: Courtesy of Roy Williams

Disaster Housing Task Force

Shortly after the 2009 spring flood response effort was finished, DHS&EM held the first Alaska Disaster Housing Task Force meeting. The task force brought together state, federal, local, nonprofit and tribal organizations with a role in housing in Alaska. Each member organization identified programs that could be used by flood-affected communities. The DHTF provided communities with an interactive forum to articulate their needs to potential sources of assistance.

Skilled volunteer labor was one of the greatest needs identified by the communities. FEMA and Alaska Disaster Housing Task Force member Alaska Voluntary Organization Active in Disasters filled that need by calling upon voluntary organizations such as Samaritan's Purse, Mennonite Disaster Services and Christian Reform World Relief Committee to meet the communities' requests. The Alaska Disaster Housing Task Force supported the transportation, lodging and feeding of the volunteers working in remote communities.

In all, more than 500 volunteers donated more than 17,000 hours of labor with an approximate value of $2 million. The DHTF organized the procurement and delivery of cabin kits and building materials in Eagle, Stevens Village, Tanana and Akiak.

Preparedness

The Biannual Preparedness Conferences brought emergency managers and other responders together to train and discuss current threats. Evacuation workshops were held to help communities prepare for evacuations in their regions. DHS&EM and the National Weather Service certified Yakutat as Alaska's sixth Tsunami-Ready Community. Tsunami sirens were installed in Sand Point, Yakutat, Cordova, Sitka, Valdez, Whittier and the Kenai Peninsula Borough. On March 25, DHS&EM and other partners conducted a successful statewide test of the Tsunami Alert System.

Training

In 2009, Incident Command courses 100, 200, 300, 400, 700 and 800 were given by DHS&EM training staff or a community training partner. During the 2009 spring flooding response, several flooded communities that had just undergone incident command system training utilized that training during the response. This year DHS&EM sponsored the first Alaskan All-Hazards Type III Communications class and offered a Basic Public Information Officer course to statewide participants. DHS&EM also sponsored the first statewide Public Safety Explorer Youth Summit held in Fairbanks, where 40 students and mentors participated.

Planning

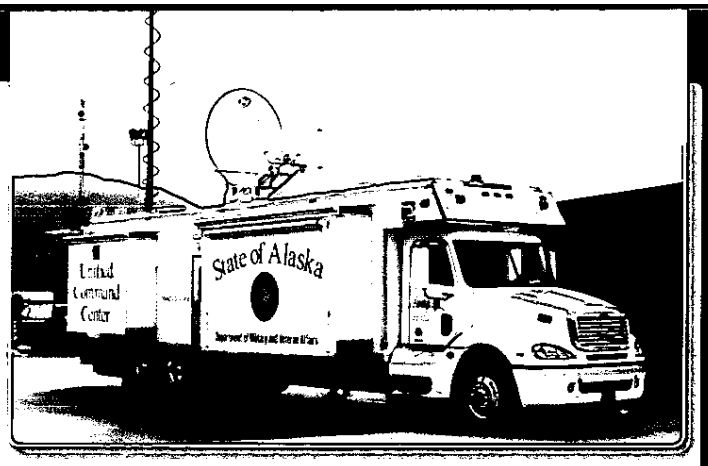
The DHS&EM Planning Section completed the Division's Continuity of Operations plan, which identifies techniques that the state and community emergency response partners can use to deliver critical goods and services during and after a disaster. In addition, DHS&EM updated the State Emergency Operations Plan and is in the process of updating the State Hazard Mitigation Plan.

Mount Redoubt

Beginning in March, Mount Redoubt, located on the west side of Cook Inlet, began a series of eruptions that lasted until early May. Ash fall was reported in Kodiak, Valdez, the Mat-Su Borough and other areas of southcentral Alaska. The State Emergency Coordination Center held daily meetings during the most active time period and other meetings as needed with the Alaska Volcano Observatory, National Weather Service, state agencies and local jurisdictions. The ash fall affected air, ground, and sea transportation options, which threatened the supply of goods and services across the state. DHS&EM coordinated with private sector organizations through the Alaska Partnership for Infrastructure Protection to ensure that critical services like food, water, power and transportation would not be interrupted. A public information campaign was launched to give people volcanic ash safety tips.

H1N1 Influenza Pandemic

In May, DHS&EM established a unified command with the Department of Health and Social Services to monitor the emerging H1N1 emergency and to distribute anti-viral medications and personal protection equipment. The flu fighting supplies were distributed to 39 hub locations as an influenza outbreak precautionary measure. In October, the first H1N1 vaccine doses became available, and DHS&EM supported DHSS distribution of the vaccine and related influenza prevention information.



Communications on Wheels. The Alaska Mobile Emergency Operation Center can be set up and ready for operation in a matter of minutes. The MEOC is equipped with a full range of communication technologies and can be deployed anywhere along Alaska's road system. Photo: Jeremy Zidek, DHS&EM Public Affairs

Mobile Emergency Operations Center

In September, DHS&EM took delivery of the Mobile Emergency Operations Center. The MEOC is a 45-foot motor coach equipped with Alaska Land Mobile Radio, disaster response work stations, satellite television, wireless internet, radio dispatch consoles, and satellite enabled phone and internet communication equipment. The MEOC brings robust phone, satellite and radio communication capabilities and can be deployed anywhere along Alaska's main road system. Phone and internet communication lines can be deployed from the vehicle to provide or supplement communication capabilities to any permanent or temporary emergency structure. The MEOC was purchased by the state with funding from the Buffer Zone Protection Grant.

Pelican

In a 48-hour period in August, the city of Pelican received approximately 10 inches of rainfall that destroyed a large section of flume that fed the community's water supply and hydroelectric plant. In response to a city of Pelican request for a disaster declaration, DHS&EM worked with the city, the Department of Environmental Conservation and other organizations to address the situation. Temporary repairs to the flume restored the water supply. DEC and the Alaska Energy Authority are working with a contractor in the city of Pelican to upgrade the water delivery infrastructure and provide a permanent solution to the water supply issue. In September, Governor Sean Parnell issued Administrative Order 251 authorizing up to $100,000 to be dispersed from the State Disaster Relief Fund to pay for the city of Pelican's emergency response cost.

Grants

In 2009, the Homeland Security Grant Program brought $7.3 million to the state under the State Homeland Security Program, Citizen Corps Program and Metropolitan Medical Response System. The HSGP enables the state and local communities to prepare for and mitigate against natural and man-made disasters. An Emergency Management Performance Grant fund of $2.7 million will go to enhance state and local emergency management capabilities for all hazards mitigation, preparedness, response and recovery. An additional $885,162 in grant program awards were received for Buffer Zone Protection Program, Earthquake Hazards Reduction State Program, Emergency Management Performance Grant and Interoperable Emergency Communications Grant. DHS&EM submits grants for federal funding on behalf of Alaska communities and ensures that grant requirements are met.

Alaska Military Youth Academy

The Alaska Military Youth Academy is part of the National Guard's Youth Challe*NG*e Program, which helps high school dropout, at-risk youth focus and get back on track with their lives, and produces program graduates with the values, skills, education and self-discipline necessary to succeed as adults. The Youth Challe*NG*e Program is a 17.5-month program that consists of a 22-week residential phase based on the traditional military training model followed by a year-long post-residential phase. The Alaska Military Youth Academy serves the needs of 16- to 18-year-old Alaskans and is located at Camp Carroll on Fort Richardson.

Serving Alaskans and Changing Lives

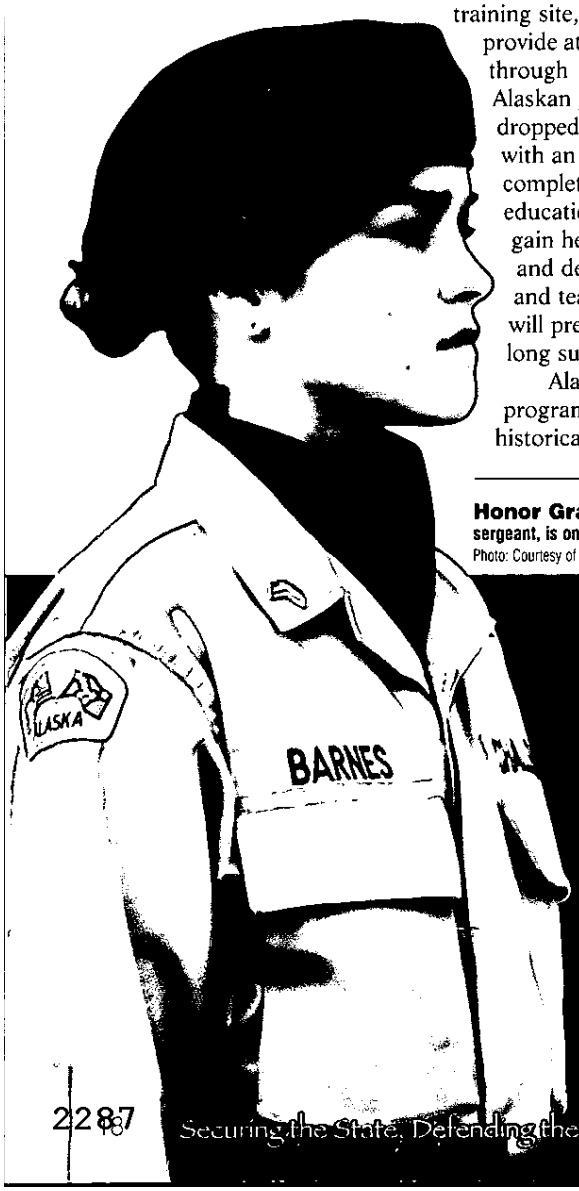
This year has been another progressive year of change, yielding outstanding results within the Alaska Military Youth Academy.

Cumulatively, the Academy exceeded 2,926 graduates who are demonstrating exceptional success in their lives and futures. Without exception, the Academy has a proven track record of success and demonstrates unlimited potential to serve Alaska and Alaska's high school at-risk youth in the future.

The Alaska Military Youth Academy's tuition-free Challe*NG*e program, located on Fort Richardson within the Camp Carroll training site, is designed to provide at-risk 16-year-old through 18-year-old Alaskan youth who have dropped out of high school with an opportunity to complete a high school education or earn a GED, gain healthy life skills, and develop leadership and teamwork skills that will prepare them for life-long success.

Alaska's Challe*NG*e program is based on historically tried and proven U.S. military training methods and structure. The structure and discipline allow cadets to focus on goals and to fully participate and perform during the mentally and physically demanding 22-week residential phase. The Academy is not a military "boot camp." The mission of the Challe*NG*e program is to intervene in and reclaim the lives of at-risk youth.

Job Skills. During an industrial arts woodshop training session, a cadet uses a table saw to start a construction project. Cadets receive hands-on training in many different areas as part of the Challe*NG*e Program before graduation.
Photo: Courtesy of Alaska Military Youth Academy



Honor Graduate. Alaska Military Youth Academy cadet Nichole Barnes, honor graduate for graduating class 2009-2 and corps first sergeant, is one of the Alaska Military Youth Academy's more than 2,926 graduates in its 15-year history.
Photo: Courtesy of Alaska Military Youth Academy

- The Academy ranks #1 in the nation per capita with regard to contacting and recruiting high school dropouts into the program.
- The Academy ranks in the top three academies nationally with regard to the number of cadets graduated above the published target graduation population.
- In January 2009, the Alaska Military Youth Academy received the national USO Challe*NG*e Award for the "Most Progressive Program" in the nation.
- Nationally, the Alaska Military Youth Academy is one of only five Challe*NG*e programs nationally accredited to issue high school diplomas.
- The Academy is producing 118 percent more than its target graduation population per year. The Academy ranks in the top three Challe*NG*e programs nationally in this area.
- In 2009, the Academy celebrated 15 successful years of producing graduates who are leading productive lives.
- Class 2009-01, which graduated 161 cadets in February 2009, was the largest graduating class in the Academy's 15-year history.

To graduate from the residential phase, cadets are required to pass eight core components, which include academic excellence, physical fitness, job skills, service to the community, health and hygiene, responsible citizenship, leadership/followership and life coping skills. The residential phase further prepares cadets to successfully continue in the program's year-long post-residential phase where students pursue their documented future plans.

To provide Alaskan youth and families easier access to Academy information and facilitate the application process, the school maintains two satellite offices – one in the Dimond Center in South Anchorage and another in the National Guard Armory in Fairbanks. Since the opening of the admissions office in Fairbanks, applications from interior and rural Alaska have increased and continue to remain high. The classes that were conducted in 2009 reflect some of the best applicant-to-candidate show rates ever experienced by the Academy.

During the spring and fall of 2009, the Academy achieved maximum use of the Academy's capabilities by seeking the maximum number of applicants per class and ensuring that all candidates capable of participating in each class were invited to attend. The last four classes represent the highest average number of applicants and graduates in the 15-year existence of the Academy. The Alaska Military Youth Academy is ranked #1 in the nation with regard to contacting and recruiting high school dropouts. In 2009, the Academy celebrated its 15th year and was awarded the national USO Challe*NG*e Award as the "Most Progressive Program" in the nation.

Graduation metrics for the spring class of 2009, Class 2009-01, show that the class graduated 161 cadets. This is the largest graduating class in the 15-year history of the Academy. The fall class, Class 2009-02, graduated 136 cadets. These graduation statistics demonstrate that the Academy is producing 118 percent more than its target graduation population. In this area, the Academy ranks in the top three programs among all Challe*NG*e programs.

As of Oct. 1, 2009, the Academy has graduated more than 2,926 Challe*NG*e cadets. The Academy is proud that 100 percent of the cadets graduating from the spring class of 2009-01 were placed for success after completion of the residential phase.

Confidence Builder. Cadet Breanne Tiedeman, Alaska Military Youth Academy class 2010-1, rappels during a confidence training exercise held at Camp Carroll, Fort Richardson. The goal of the training is to instill cadets with confidence and team-building skills to succeed in future events. Photo: Courtesy of Alaska Military Youth Academy

The Academy's main campus located at Camp Carroll provides living facilities, food services, academic classes, vocational training, counseling, medical services and administrative support 24 hours a day, seven days a week for Challe*NG*e cadets. The Alaska Military Youth Academy is accredited by the Northwest Association of Accredited Schools. The Academy is also an Alaska Department of Labor and Workforce Development GED testing site.

Community Participation. Cadets from the Alaska Military Youth Academy's class 2009-2 participate in the Chugiak-Eagle River Bear Paw Parade. This graduating class stood out in the area of community service and learned early on about giving back and self-sacrifice. Photo: Courtesy of Alaska Military Youth Academy

DoD STARBASE Alaska

Nurturing the Next Generation in Math and Science

Department of Defense STARBASE is a partnership between the military, local school systems and communities.

STARBASE is a premier educational program, sponsored by the Office of the Assistant Secretary of Defense for Reserve Affairs. At STARBASE, students participate in challenging "hands-on, mind-on" activities in aviation, science, technology, engineering, math and space exploration. They interact with military personnel to explore careers and make connections with the "real world." Students also learn teamwork, goal setting and the importance of staying off drugs.

STARBASE Alaska's goal is to motivate students to explore science, technology, engineering and math, or STEM, as they continue their education. The program serves students who are historically underrepresented in STEM.

STARBASE is a world leader in introducing the latest STEM curriculum to elementary students. The inquiry-based curriculum, developed on 13 core concepts, engages students in exciting experiments and technology activities. The program is rigorous, relevant and has a "wow" factor to achieve maximum learning.

STARBASE core curriculum concepts are Newton's Laws of Motion, four forces of flight, Bernoulli's Principle, model rocketry, properties of air, development and use of technology, properties and states of matter, flight simulation, space exploration, goal setting, teamwork and substance abuse avoidance.

Each year STARBASE Alaska has grown in size and scope of its original mission. During the 2009 school year and summer sessions, STARBASE Alaska at Fort Richardson reached more than 1,500 students in the Anchorage and Matanuska-Susitna areas. This diverse group of young people came from more than 20 different schools.

In the summer months, we were able to reach out to special groups such as the families of the Department of Military & Veterans Affairs and students from Education Talent Search – UAA. In addition, we offered Level II summer classes in the areas of aviation, technology and space exploration to students who attended STARBASE during the school year.

We also continued Teacher Kits to reach more classrooms and support the Matanuska-Susitna School District. STARBASE Alaska continues to expand its reach into the community through participation in local school science nights, Girl Scouts Technology Day and Department of Military & Veterans Affairs Annual Picnic.

By becoming "Partners in Education" with local school districts, STARBASE Alaska continues the mission of educating and developing responsible, productive, life-long learners and critical thinkers capable of assisting and leading America successfully in the 21st century. Together with the help of parents and teachers – 1,570 chaperone hours and 1,035 teacher hours in 2009 –, STARBASE Alaska is making a difference in the lives of its students.

2009 Highlights:

- Held three week-long summer camps with an emphasis on aviation, technology and space exploration
- Hosted an event for 26 Foreign Defense Attaches in October
- Held three off-site STARBASE classes for schools that couldn't raise the transportation funds to get to the STARBASE campus

Reaction Experiment. Sixth graders from Orion Elementary School experiment with mixing baking soda with cola, water, lemon juice and vinegar to determine which ingredients would be best to launch a rocket based on the reaction. Photo: Courtesy of STARBASE

Robot Demonstration. During STARBASE's Technology Summer Camp, Officer Jeff Morton, Anchorage Police Department, gives students a demonstration of the robots the department currently uses. Photo: Courtesy of STARBASE

Molecule Toss. Sixth graders from Orion Elementary School demonstrate the different states of matter: solid – little movement; liquid – more movement; gas – lots of movement, using balls to represent molecules. Photo: Courtesy of STARBASE

Ethnicity of Student Population

Multiracial	78
Hispanic	78
American or Alaska Native	154
African American	104
Asian/Pacific Islander	130
Caucasian	1,066
Other	21

Number of Students Registering: 1,651

Male	847
Female	784

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PHANTOM WHITE, RED AND INFRARED	**FLASH41** PHANTOM WHITE ADJUSTS FROM LOW LEVEL WHITE TO SUPER BRIGHT WHITE, SWITCHES TO DIMMABLE RED AND INFRARED. INCLUDES FLASH AND STROBE MODE. THUMB SWITCH, LANYARD/FRICTION CLIP AND STAINLESS STEEL STEEL MATTE BLACK POCKET CLIP INCLUDED.

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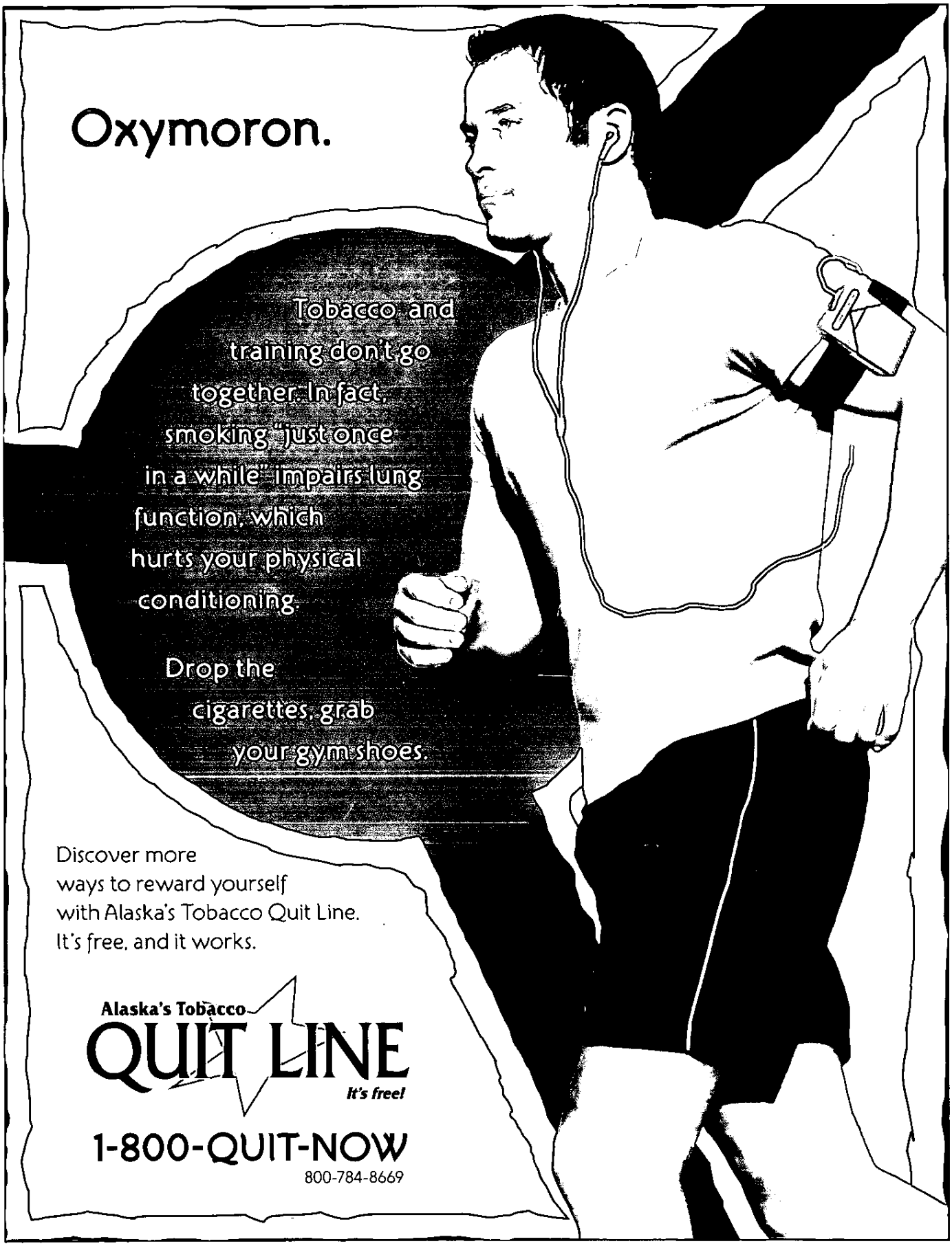
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Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda

Thursday, February 4, 2010

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 302 APPROP: MENTAL HEALTH BUDGET

FY11 Governor's Budget Overviews:

Continued from 9:00 AM meeting:

Alaska Mental Health Trust Authority

Jeff Jessee, Chief Executive Officer
Dr. William Doolittle, Chairman, Board of Trustees
Laraine Derr, Vice Chair, Board of Trustees

To The Call Of The Chair:

Department of Military and Veterans Affairs

Presenters:
Brig. Gen. Tom Katkus, Commissioner and Adjutant General
McHugh Pierre, Deputy Commissioner

Department of Transportation and Public Facilities

POSTPONED TO A LATER DATE

2/5/10 OVERVIEWS: DEPARTMENT OF PUBLIC SAFETY, DEPARTMENT OF CORRECTIONS

<target><bill></bill><subject>2-5-10 OVERVIEWS DEPARTMENT OF PUBLIC SAFETY, DEPARTMENT OF CORRECTIONS</subject><comm>HFIN26</comm></target>

Department of Public Safety

Department Overview

presented to

House Finance Committee

February 5, 2010

Department of Public Safety

"The mission of DPS is to ensure public safety and enforce fish and wildlife laws"

DIVISIONS

- Administrative Services
- Statewide Services
- Fire & Life Safety
- Alaska State Troopers (AST)
- Alaska Wildlife Troopers (AWT)

BOARDS & COUNCILS

- Alcoholic Beverage Control Board (ABC)
- Council on Domestic Violence and Sexual Assault (CDVSA)
- Alaska Police Standards Council (APSC)
- Alaska Fire Standards Council (AFSC)

Alaska State Troopers

"preserve public peace, protect life, property, and resources"

Detachments

Bureau of Alcohol and Drug Enforcement

Bureau of Investigations

Bureau of Judicial Services

Bureau of Highway Patrol

Village Public Safety Officer Program

DPS Training Academy

- 124,049 calls for service
- About 10% result in criminal cases
- 10 Homicides in 2009, 100% solved
- 78 open cold cases, 30 cases have been solved 11 have resulted in arrests for 1st degree murder, 14 are actively being worked
- Killers of Toni Lister (1982) and Bonnie Craig (1994) are going to trial.
- Killer of Scott Coville (1988) indicted and extradited last month.
- Marijuana grow operations and meth labs continue to decline, but Heroin, and meth importation cases are filling the void.
- Alcohol importation arrests decreased by over 26%. 218 arrests made
- 377 Sexual Assaults and 321 Sexual Abuse of Minor cases
- 64,731 Prisoner transports, 8,186 Arrest Warrants served or closed, 13,796 Writs served or closed
- 770 SARs, 317 Saves
- 63 highway fatalities,16 alcohol related
- 13 of 15 new federally funded PCN's vacant
- 11 Applicants just received hiring notices to begin the Academy 2/22/10

VPSO Program

"preserve public peace and protect life and property in rural villages"

VPSO Contracts

- Aleutian Pribilof Island Association
- Bristol Bay Native Association
- Chugachmiut
- Tlingit-Haida Central Council
- Kawerak
- Tanana Chiefs Council
- Association of Village Council Presidents
- Kodiak Area Native Association
- Manilaq
- Copper River Native Association

- As of January 1st ; 70 of 71 funded positions were filled.
- 13 VPSO's are currently at Academy
- VPSO Advisory Working Group
- Study; 40% reduction in the rate of serious injury from assault in communities with VPSO or VPO
- Prosecution for SA is 3.5 times higher in communities with VPSO or VPO
- Governors commitment to place VPSO's in communities. 15 Per Year
- Turnover rate is improving; FY07=29%, FY08=35%, FY09=14%
- VPSO recruitment video completed
- Rural Grants – equipment, supplies and training
- Trooper Support - Village visits 3659
- VPSO's investigated 3,937 incidents
- 200 DV and Assault arrests, 48 DUI arrests
- Probation and Parole
- 7 VPSO's attended DARE Sponsored Training

Alaska Wildlife Troopers

"enforce fish and game laws; preserve public peace; protect life, property, and resources"

Detachments

Wildlife Investigations Unit

Marine Enforcement

Aircraft Section

- 94,064 resource user contacts
- 5.2% violation to contact rate
- Boating Safety – 10,555 contacts

  Deaths; 2007=17 2008=14 2009=12
- 10 AWT Vacancies
- Cooperative USFWS, NMFS, JEA, Public Safety Techs
- Aircraft section participation in the Medallion Aviation Safety Program
- Lake Hood Hangar to be completed by June
- Challenge - Relative inexperience level and peak enforcement period coverage

Fire & Life Safety

"prevent the loss of life and property from fire and explosion"

Life Safety Inspections Bureau

Plan Review Bureau

Training & Education Bureau

Office of Rural Fire Protection

Joint Pipeline Office

- Fire Deaths: 24 in 2007, 19 in 2008, 22 in 2009.
- 1543 Inspections (68% increase over 2008) with compliance at 38%.
- 1249 Plan reviews (18% Increase over 2008)
- 11 deferred jurisdictions, audited every 2 years. Ketchikan will be added next month.
- Web based portal for plan review operational.
- Fire and Building Officials Forum - 2nd annual was held in April.
- Office of Oil & Gas Systems and Facilities

Statewide Services

"preserve public peace, protect life, property, and resources"

Criminal Records and Identification Bureau

Automated Fingerprint Identification System (AFIS)

Alaska Public Safety Information Network (APSIN)

Permits and Licensing

- -Security Guard Licensing
- -Civilian Process Server
- -Concealed Handgun Permits

Sex Offender Registration

Statewide Information Services

Network Support Group

- APSIN re-design in final development stage
- Records Management System
- Information Sharing through "Alaska Law Enforcement Information Sharing System" (ALEISS)
- Traffic and Criminal Software (TraCS)
- 1794 Registered Sex Offenders, 145 non-compliant
- 7674 Active Concealed Handgun Permits
- 80,597 Fingerprint cards – 33,291 are applicant cards.
- Fingerprint background backlog was 13,000 with 150 day turn time. This was eliminated and current turn time is 10 days.
- Challenge; Digital Network Storage and migration to new technologies

Office of the Commissioner

"provide support and policy direction to divisions and agencies within the department"

Office of Professional Standards

Alaska Police Standards Council

Alaska Fire Standards Council

Council on Domestic Violence and Sexual Assault

Alcoholic Beverage Control Board

Crime Detection Laboratory

- Office of Professional Standards (OPS) is fully operational.
- Software tool now in place for managing citizen complaints and internal investigations. Also tracks uses of force, pursuits, and employee commendations.
- Web link in place for public reporting of employee conduct directly to OPS.
- Training & Certification is offered to 6100 career firefighters and volunteers
- CDVSA funding to 24 Victim Service Programs across Alaska; 8000 victims served
- Funded 81 DV/SA Training sessions for Law Enforcement, Advocates, Prosecutors, First Responders, Court Personnel
- Focusing on strategic planning to boost DV/SA prevention activities at local and state levels

Crime Detection Laboratory

"provide forensic services to the Alaskan community"

SECTIONS

Breath Alcohol
Blood Alcohol
Biological Screening
DNA
Controlled Substances
Fire Debris (Arson)
Firearm/Toolmarks
Latent Prints
Shoe/Tire Impressions
Evidence

- 4064 cases submitted -70% turned in 30 days or less.
- Cases over 120 days old, reduced by 50%
- Case backlog currently 520
- 50% reduction in biological screening backlog
- Designed a new sexual assault evidence collection kit
- 40% of suspect submissions are exonerated by DNA results
- DNA-CODIS samples backlog of 9000 eliminated. 15000 samples worked in FY2009
- ASCLAD Lab Legacy accreditation renewed. ISO9000 requires ASCLAD Lab International by next January.
- Challenge - Lab space. Built in 1988 to accommodate 23; currently have 40

More On The LAB

Emerging/Immediate Trends

Property Crimes

y-STR

Low Copy DNA

Mitochondrial DNA

Cold Cases

Post Conviction

- Backlog of property crime cases waiting DNA analysis remains unchanged
- Submissions for property crime DNA is down 75%
- Implemented laboratory information management system (LIMS)
- Cross training DNA Database Analysts to work DNA Casework
- Lab is currently developing the needed science to perform y-STR, Mitochondrial DNA and Low Copy DNA
- Existing lab facility incapable of supporting Mitochondrial and Low Copy DNA

QUESTIONS ?

PRIORITY PROGRAM OVERVIEW
DEPARTMENT OF PUBLIC SAFETY
FY2011 OPERATING BUDGET

DEPARTMENT MISSION: The mission of the Department of Public Safety is to ensure public safety and enforce fish and wildlife laws.

DEPARTMENT CORE SERVICES:

- Perform criminal and traffic law enforcement and investigations.
- Manage and perform search and rescue operations for lost and missing persons.
- Provide wildlife law enforcement and investigations.
- Provide support to rural law enforcement entities.
- Provide security to the Alaska Court System, transport inmates to and from court and between correctional institutions, and perform extradition of wanted persons to and from the state.
- Provide criminal laboratory and forensic services, administer the statewide breath alcohol program, maintain Alaska's DNA identification system, and provide expert testimony in court proceedings.
- Maintain accurate and complete Alaska criminal records and information for use by law enforcement agencies in Alaska and elsewhere.
- Manage building and fire codes (development, adoption, interpretation, and review), conduct building plan reviews of commercial buildings and 4-plex and larger housing units, conduct fire and life safety inspections of priority facilities.
- Enforce alcoholic beverage laws.

TOTAL OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	129,270.4	20,124.7	30,858.1	180,253.2	863	16	14
FY2011 GOVERNOR'S TRANSACTIONS	6,247.5	-2,070.5	846.1	5,023.1	7		-1
TOTAL FY2011 GOVERNOR'S BUDGET	**135,517.9**	**18,054.2**	**31,704.2**	**180,755.3**	**870**	**16**	**13**

PRIORITY PROGRAMS

LAW ENFORCEMENT PATROL & INVESTIGATIONS — Response to crimes against persons and property, crime investigations, illegal drug and alcohol enforcement, service of criminal warrants and restraining orders, and assistance to and cooperation with local and national law enforcement entities.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	37,675.0	11,527.5	2,596.7	51,799.2	390	0	12
FY2011 GOVERNOR'S TRANSACTIONS	1,690.5	53.0	-528.1	1,215.4	1	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**39,365.5**	**11,580.5**	**2,068.6**	**53,014.6**	**391**	**0**	**12**

Results of Current Capacity

- ➡ 58% of property crimes referred in FY2009 were accepted for prosecution in this first year of reporting this measure, short of the target of 70%
- ➡ 67% of felony illicit drug cases referred in FY2009 were accepted for prosecution in this first year of reporting this measure, just shy of the targeted 70%
- ⬆ Homicide solve rate in Alaska State Trooper jurisdiction in FY2009 was 100%, a 15% increase over FY2008

Other Achievements or Information

- The Alaska State Troopers (AST) and Alaska Wildlife Troopers (AWT) accomplished the following:

    - Handled more than 124,049 offenses in AST jurisdiction.
    - Responded to more than 4,410 motor vehicle collisions.
    - Performed over 64,731 transports of prisoners.
    - Responded to 770 search and rescue efforts.
    - Investigated over 4,759 drug and alcohol importation related crimes.
    - Solved 100 percent of the homicides (10) that occurred within AST jurisdiction.
    - Served or closed over 8,186 warrants and 13,796 writs.
    - Added 3,000 missing person notices to the Missing Persons Clearinghouse used to assist law enforcement when unidentified human remains are found.
    - Performed 1,581 hours on boating safety enforcement, contacting nearly 9,161 boaters, and issuing 415 warnings and 169 citations.
    - Improved recruiting techniques and efforts resulted in 44 state trooper recruits reporting to the Public Safety Academy in Sitka in FY2009.

- AST and AWT detachments conducted many special patrol activities, including construction zone patrols for the Department of Transportation and Public Facilities; Knik River Public Use Area patrol for the Department of Natural Resources; Big Lake boat patrols with the U.S. Coast Guard; an extensive seatbelt enforcement program; increased patrols for the Talkeetna and Anderson Bluegrass Festivals, the Arctic Man snow machine races near Paxson, Seward's Mt. Marathon foot race, Girdwood's Forest Fair, and the Alaska State Fair; high school graduation parties in the major cities; traffic enforcement while fire fighters worked on the forest fires along the Alaska Highway.

FY2011 Changes in Capacity

- Continue cold case investigations and illegal drug and alcohol enforcement: 656.5 GF, (656.5) OTH

  This fund change from capital improvement project receipts (CIP) to general funds replaces a federal grant that expired September 30, 2009. The department has received this federal grant to reduce illegal drug and alcohol use in Alaska and fund cold case homicide investigations, a very successful program, for several years.

  The majority of domestic violence and sexual assault cases are related to alcohol and drug abuse. The use of alcohol and drugs also tends to escalate the severity of the assaults as well as the number of assaults. The interdiction of illegal substances decreases the number and severity of domestic violence and sexual assault cases and interrupts the profitability cycle of criminal importers.

  The majority of homicides, including cold cases, are domestic violence related, many of which have a sexual assault component. The resolution of these cases creates a preventative and deterrent effect on future offenders and allows family members to have emotional and financial closure.

RURAL LAW ENFORCEMENT — The Alaska State Troopers is the primary law enforcement agency in rural Alaska and also provides search and rescue services. The Department of Public Safety also contracts with non-profit organizations to provide department-trained Village Public Safety Officers in smaller villages.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	19,415.8	0.0	1,650.6	21,066.4	2	0	0
FY2011 GOVERNOR'S TRANSACTIONS	1,627.5	0.0	26.7	1,654.2	0	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**21,043.3**	**0.0**	**1,677.3**	**22,720.6**	**2**	**0**	**0**

Results of Current Capacity

➡ 32% of misdemeanor and felony alcohol crimes referred in FY2009 were accepted for prosecution in this first year of reporting this measure, short of the target of 70%

Other Achievements or Information

- Village Public Safety Officer (VPSO) program accomplishments during the year include:
  - Ten new VPSOs graduated from the VPSO academy held at the Public Safety Academy in Sitka.
  - VPSOs investigated 3,527 cases including 44 driving under the influence (DUI), 155 domestic violence assaults, and 201 other assaults.
  - Total VPSO caseload dropped 2.2 percent from FY2008, with DUIs showing a significant decrease over FY2008, but domestic violence assaults and other assaults caseload increased.
  - All participating regional non-profit organizations receiving VPSO grants have coordinated, initiated, and/or completed construction / renovation of public safety projects within their respective regions.

FY2011 Changes in Capacity

- Contract for 15 New Village Public Safety Officers: $1,261.5 GF
- Village Public Safety Officer cost of living adjustment and merit increases: $223.8

Part of a comprehensive effort to confront the epidemic of domestic violence and sexual assault in Alaska, the governor is proposing to add 15 new VPSO in FY2011, with an additional 15 new VPSO to be added per year for ten years, until every village that wants one can have one, and provide a salary schedule that will encourage recruitment and retention of VPSO.

DOMESTIC VIOLENCE & SEXUAL ASSAULT PROGRAMS — Alaska State Troopers work across Alaska to prevent and investigate DV/SA crimes, including crimes against children. The Council on Domestic Violence and Sexual Assault works to prevent domestic violence and sexual assault, and funds assistance for victims and their families.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	12,838.3	6,196.2	9,308.8	28,343.3	8	0	0
FY2011 GOVERNOR'S TRANSACTIONS	2,113.7	-2,135.6	-556.0	-577.9	3	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**14,952.0**	**4,060.6**	**8,752.8**	**27,765.4**	**11**	**0**	**0**

Results of Current Capacity

➡ 38% of sexual assault/sexual abuse cases referred in FY2009 were accepted for prosecution in this first year of reporting this measure, short of the target of 70%

Other Achievements or Information

- The Council on Domestic Violence and Sexual Assault (CDVSA) developed a ten-year strategic plan and implemented first year activities and funded fifteen special projects to enhance services in rural areas, provide services to battered immigrant women, and increase services for victims in Anchorage.

- CDVSA, in partnership with the public health division of the Department of Health and Social Services, received approval from the Centers for Disease Control for a five-year rape prevention education plan.

- CDVSA, in partnership with the Alaska Inter-Tribal Council, Alaska State Troopers, Alaska Department of Law, Alaska Court System, and the Alaska Network on Domestic Violence and Sexual Assault, finished a series of nine Tribal State Forums on Safety and Justice training sessions for individuals across the state who are essential to the coordinated community response to domestic violence and sexual assault. Individuals trained include state and local law enforcement, prosecutors and paralegals, health care providers, emergency medical personnel, tribal organization representatives, advocates, social services providers, disability advocates, and community members.

- The Alaska State Troopers worked with the Department of Law and the Crime Lab to develop a new sexual assault evidence collection kit including a revised forensic medical history form. These kits will be made available at no cost to all law enforcement agencies across the state.

FY2011 Changes in Capacity

- Increase investigations, training, and exam costs for domestic violence and sexual assault: $725.0 GF

  Three new state trooper investigators are added to primarily focus on providing vital follow-up investigative activities specific to sexual assault and sexual abuse of minor cases. The trooper/investigators will coordinate their investigative activities with the responding trooper/officer as well as the prosecutor assigned to the case. Follow-up investigative activities will include locating and interviewing witnesses, investigating "prior bad acts" committed by the offender, determining if there are any additional victims, and conducting numerous other investigative actions recommended by the prosecution. The department anticipates that these follow-up activities will provide a more thorough report, and thus support the overall goal to enhance prosecution and hold offenders accountable.

  The department will contract with a trainer to increase and enhance training to rural Alaska. Training will be provided on DV/SA related issues to Village Public Safety Officers, Village and Tribal Police Officers, and other first responders such as

behavioral health aides and village health aides. The goal is to increase understanding and recognition of these crimes and increase skills specific to the discipline in an effort to better enhance services to victims in rural Alaska as well as increase reporting. The contract trainer will work directly with the existing Program Coordinator II position and will assist with the coordination of statewide training, development of training curriculum, and provide technical assistance when needed.

Increased contractual services will assist local governments with paying the cost of forensic medical sexual assault exams. Funds will be used for emergency circumstances in cases in which, without the financial assistance, the necessary exam would not take place and vital evidence would be lost. Funds may be used to assist with transportation to and from a facility that conducts the initial exam as well as the follow-up exam. Collection of forensic evidence and documentation of injuries are two key components of a forensic exam and both of these increase successful prosecutorial outcomes (convictions). The funds will also allow certain victims access to services that may not be available in their communities.

- Replace permanent fund dividend appropriations in lieu of dividends to criminals with general funds: $651.4 GF, ($651.4) OTH

  The Council on Domestic Violence and Sexual Assault receives funding from Permanent Fund Dividend appropriations in lieu of dividends to convicted criminals who have forfeited their eligibility for a PFD. Because the amount available from these forfeited dividends will decrease in FY2011, it is necessary to replace these funds just to maintain existing levels of support to the state's victim service programs and funds to continue research and prevention efforts. Without these funds, some programs would likely need to significantly curtail services or might not receive enough assistance to stay in operation. The biggest impact would likely be to smaller programs in rural areas.

- Support Domestic Violence Shelters: $381.9 GF

  The state's domestic violence and sexual assault crisis centers are experiencing increased costs of operation as well as increased demand for services. These increased costs – utilities, fuel, food, insurance, building maintenance, personal services – require increased support to maintain current levels of service in providing safety and crisis intervention and management to Alaskans impacted or victimized by domestic violence and sexual assault. This additional funding will provide about a nearly 4 percent increase in funding that will go directly to shelter programs to help offset increased operating costs.

- Continue funding for DNA analyst for unknown suspect sexual assault cases: $92.8 GF

  A DNA forensic scientist position dedicated to the analysis of unknown sexual suspect sexual assault case submitted for the entire state has been funded with pass-through federal funding from CDVSA. This three-year grant is ending.

  The analyst performing this function processes about 60 cases per year; of which 22 percent (to date) have "hits" in the CODIS database (a suspect is identified). This position is critical to reducing the backlog of domestic violence/sexual assault cases.

If continuation funding for this position is not obtained, the position will be eliminated, the turnaround time to process sexual assault cases will increase, and the potential for sexual assault cases to be delayed in prosecution or dismissed will also increase.

STATEWIDE PUBLIC SAFETY PROGRAMS — Provides state, local, and federal criminal justice agencies with specialized support including information systems, training, certification standards, prisoner transport and court security, criminal records, scientific crime lab; fire safety, building inspections, and alcoholic beverage licensing.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	27,360.4	2,401.0	10,407.4	40,168.8	283	0	2
FY2011 GOVERNOR'S TRANSACTIONS	577.0	0.0	820.9	1,397.9	-1	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**27,937.4**	**2,401.0**	**11,228.3**	**41,566.7**	**282**	**0**	**2**

Results of Current Capacity

- ⬆ 23% of arrest fingerprint cards requested were obtained in FY2009, an increase of 7% over the previous year
- ⬇ Average number of working days from receipt to dissemination of criminal justice records information in FY2009 was 107, compared to 70.8 in FY2008
- ⬆ In FY2009, 11% of un-worked requests for laboratory service were over 120 days old, compared to 19% in FY2008
- ⬇ In FY2009, 70% of 4,064 requests for laboratory service had a turnaround time less than 30 days, an 8% decrease from FY2008
- ⬆ Rate of compliance with laws prohibiting the sale of alcoholic beverages to underage persons was 87% in FY2009, compared to 83% in FY2008.
- ➡ The number of new agencies provided access to the Alaska Criminal Justice Information System (AKCJIS) in FY2009 decreased by 0.3% from FY2008

Other Achievements or Information

- The Division of Fire and Life Safety:
  - Conducted 2,256 building inspections; of these 526 were petroleum-related facilities.
  - Received 1,249 building plan reviews and completed 861.
  - Completed 1,233 public Fire and Life Safety presentations to Alaskan groups.
  - Conducted 24 life safety code surveys of Medicare and Medicaid participant facilities throughout the state.
  - Investigated 31 significant fires, including all fatality fires.
  - Provided training to 2,449 emergency responders at various levels in urban and rural communities.
  - Issued 501 permits for fire system technicians and 94 permits for fireworks related activities.
  - Provided Rural Basic Firefighter Training for people from 57 rural communities.
- The Civil Air Patrol (CAP) participated in 68 ground searches, assisting in a total of 105 missions, flying 89 sorties and logging 183 flying hours. Eleven lives were rescued/saved through the CAP's timely actions and 13 people were assisted before life-threatening conditions developed.

- The Alcoholic Beverage Control Board (ABC) resolved all civil accusations and local government protests of licenses by imposing ABC Board sanctions; conducted 821 licensed premise inspections; and conducted compliance checks of 787 alcohol-licensed establishments throughout the state, an increase of 42 percent over last year.

- The Alaska Public Safety Information Network (APSIN) team:

  - Completed and deployed APSIN Redesign Build 4.
  - Deployed NetApp storage in support of the Alaska State Troopers' (AST) iCop mobile digital video project.
  - Deployed the JusticeTrax Laboratory Information Management System to the state Crime Lab.
  - Provided APSIN access to multiple local law enforcement CAD systems.
  - Supported the Division of Motor Vehicles by establishing replication of their mainframe data to their SQL Server.
  - Migrated all DPS mainframe (TN3270) connections to a secure connection.

- The Records and Identification Bureau audited 159 agencies on their entry and use of criminal justice information, wanted person, missing person, and property information entry into the Alaska Public Safety Information Network (APSIN) and National Crime Information Center (NCIC) files, and trained 330 APSIN and NCIC users on proper policy and procedures for APSIN and NCIC use and data entry. The bureau improved availability of sex offender information by making nearly 100 percent of all sex offender data available to the public on the department's web site. At the end of FY2009, only six offenders' records were pending posting to the website due to the need to research specifics regarding their sex offense convictions.

- The Scientific Crime Detection Laboratory (Crime Lab) entered 10,503 convicted offender/arrestee samples into the Combined DNA Index System (CODIS) network, resulting in 105 investigations aided. The Crime Lab also completed an annual accreditation audit, remaining compliant with American Society of Crime Laboratory Directors Laboratory Accreditation Board (*ASCLD/LAB*) requirements.

- The Office of Professional Standards was established in the Commissioner's Office. This office handles the department's internal affairs including, but not limited to, administrative investigations into employee misconduct, administrative reviews of use of deadly force, and management of statistical data from use of force, pursuits, and other actions taken by department employees in the course of law enforcement activities. The office will ensure prompt and thorough investigations and tracking of complaints and administrative (non-criminal) investigations.

FY2011 Changes in Capacity

- Development and purchase of pediatric sexual assault evidence collection kits: $12.3 GF

- Forensic medical exams performed on pediatric victims are extremely different from exams performed on adolescents or adults. However, the state of Alaska does not have a pediatric evidence collection kit or accompanying forms. Providers who

conduct the exams are currently using a kit that was designed for adolescents and adults. The development and physical maturation of a pediatric victim is distinctly different from adult victims. The kits currently being used do not address these differences (forms and instructions) and as a result are inadequate. The development and distribution of a pediatric kit will greatly enhance evidence collection, documentation, evaluation, and management of pediatric cases, providing an increased level of services to some of our most vulnerable victims-children.

RESOURCE PROTECTION — Alaska Wildlife Troopers perform air, land, and marine patrols, public educational contacts, and investigations to enforce sport and commercial fishing, trapping, hunting, subsistence, guiding, and boating safety laws.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	26,492.5	0.0	1,912.9	28,405.4	159	16	0
FY2011 GOVERNOR'S TRANSACTIONS	130.9	0.0	-190.5	-59.6	-1	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**26,623.4**	**0.0**	**1,722.4**	**28,345.8**	**158**	**16**	**0**

Results of Current Capacity

- ⬆ 18% decrease in recreational boating accidents with deaths, going from 17 fatalities in CY2007 to 14 fatalities in CY2008
- ⬆ 232% increase over the previous 2-year average in boating safety education hours in FY2009, up to 187 hours compared to 56.25
- ⬇ 9,161 contacts in FY2009 is a 14% decrease over the previous 2-year average of 10,589 boating safety contacts
- ⬆ The number of wildlife violations as a percentage of total contacts decreased by 1% in FY2009 compared to FY2008

Other Achievements or Information

- The Alaska Wildlife Troopers (AWT) provided targeted enforcement for the Bristol Bay commercial salmon fishery, the largest commercial salmon fishery in the world. A total of 1,278 registered commercial fishing boats and over 900 registered commercial set net sites operated in various fishing districts within Bristol Bay. The results of this enforcement program were:
- Commercial Fish – 94 percent compliance: 2,903 contacts, 157 citations, and 232 warnings.
- Sport Fish – 97percent compliance: 1,781 contacts, 52 citations, and 77 warnings.
- Boating Safety – 98 percent compliance: 1,296 contacts, 18 citations, and 101 warnings.

HIGHWAY SAFETY — The Alaska State Troopers and partnering police agencies provide highway patrol and targeted traffic enforcement including highway safety corridors, holiday traffic, construction zone, and collision investigations along the state highway system.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	5,488.4	0.0	4,981.7	10,470.1	21	0	0
FY2011 GOVERNOR'S TRANSACTIONS	107.9	12.1	1,273.1	1,393.1	5	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**5,596.3**	**12.1**	**6,254.8**	**11,863.2**	**26**	**0**	**0**

Results of Current Capacity

➡ There were 16 driving under the influence (DUI) fatalities in the Alaska State Trooper patrol area in CY2008 and six in CY2007. Data for this target of a 10% decline compared to the prior 3-year average first became available in CY2007; thus a comparison to the target is not possible till CY2010

Other Achievements or Information

- The Alaska State Troopers established the Alaska Bureau of Highway Patrol to provide focused enforcement on highway safety throughout the state, with teams based in Palmer, Soldotna, and Fairbanks. These teams are deployed throughout the state to provide targeted enforcement for special events or where seasonal traffic patterns indicate a need for additional enforcement. Funded through an agreement with the Alaska Highway Safety Office, the team also includes municipal officers assigned to work with the state troopers. With a goal of reducing the rate of motor vehicle related fatalities and major injuries, the teams focus on enforcing laws relating to impaired driving, speed and aggressive driving, and seatbelt use. The teams also conduct crash investigations.

FY2011 Changes in Capacity

- Enhance highway patrol efforts - Alaska Bureau of Highway Patrol: $1,206.8 OTH

  The department will add five new state troopers to the Alaska Bureau of Highway Patrol (ABHP) funded through a reimbursable services agreement with the Alaska Highway Safety Office using federal funds from the National Highway Traffic Safety Administration (NHTSA) for enforcement of driving under the influence, click it or ticket it, and speed/aggressive driver. The ABHP was developed as a five-year project with the intent of requesting federal funding through AHSO annually for the life of the project. This request is year three of the five-year project.

Format for summary and pounding for HFIN budget overview meetings

SUMMARY

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 300 was HEARD and HELD in Committee for further consideration. The following departments presented overviews:

Department of Administration
Department of Law

HB 302 APPROP: MENTAL HEALTH BUDGET

HB 302 was HEARD and HELD in Committee for further consideration.

#hb300
#hb302

HOUSE BILL NO. 300

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

HOUSE BILL NO. 302

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

(timestamp)

DEPARTMENT OF ADMINISTRATION

Etc. and so on.

DEPARTMENT OF LAW

And we're talking until we're done talking.

#
ADJOURNMENT

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Friday, February 5, 2010

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 302 APPROP: MENTAL HEALTH BUDGET

FY11 Governor's Budget Overviews:

Department of Public Safety

Presenters:
Joseph Masters, Commissioner
Dan Spencer, Administrative Services Director

Available via Teleconference Questions Only
Robert Gorder, Deputy Commissioner
Audie Holloway, Director, Alaska State Troopers
Gary Folger, Director, Alaska Wildlife Troopers
David Schade, Director, Division of Statewide Services
Shirley Gifford, Director, Alcoholic Beverage Control Board
Kelly Nicolello, Deputy Director, Fire and Life Safety
Major John Glick, Alaska State Troopers
Gordon Descutner, Executive Director, Alaska Fire Standards Council

Department of Corrections

Presenters:
Joe Schmidt, Commissioner
Dwayne Peeples, Deputy Commissioner
Leslie Houston, Director, Division of Administrative Services

Presenter via Teleconference:
Sam Edwards, Deputy Commissioner

Department of Public Safety

Prioritization of Agency Programs

(Statutory Reference AS 37.07.050(a)(13))

	Priority Programs	GF	FED	OTH	TOTAL	PFT	PPT	NP	% GF
1	Law Enforcement Patrol & Investigations	37,675.0	11,527.5	2,596.7	51,799.2	390	0	12	29.1%
2	Rural Law Enforcement	19,415.8	0.0	1,650.6	21,066.4	2	0	0	15.0%
3	Domestic Violence & Sexual Assault Programs	12,838.3	6,196.2	9,308.8	28,343.3	8	0	0	9.9%
4	Statewide Public Safety Programs	27,360.4	2,401.0	10,407.4	40,168.8	283	0	2	21.2%
5	Resource Protection	26,492.5	0.0	1,912.9	28,405.4	159	16	0	20.5%
6	Highway Safety	5,488.4	0.0	4,981.7	10,470.1	21	0	0	4.2%
	FY2010 MANAGEMENT PLAN	**129,270.4**	**20,124.7**	**30,858.1**	**180,253.2**	**863**	**16**	**14**	

Prioritization of Agency Programs

Department services are grouped into priority program areas according to broad categories of services provided by individual budget components. Many components provide services that fit into more than one program area and are allocated on a percentage basis according to approximate proportions of effort.

A brief description of the priority programs areas follows:

Law enforcement patrol and investigations includes basic police operations throughout the state. It does not include the cost of services shown in the rural law enforcement, domestic violence and sexual assault, or resource protection programs.

Rural law enforcement includes the Village Public Safety Officers program and rural-specific law enforcement operations and related indirect costs. It does not include fish and wildlife enforcement programs; these costs are shown in the resource protection program.

Statewide public safety programs includes all services not included in other priority program areas. This includes services provided in general support of all law enforcement agencies in the state. Some; but not all, of those services include the Alaska Public Safety Information Network (APSIN), the Alaska Scientific Crime Detection Laboratory, Fire and Life Safety (State Fire Marshal), the Alcoholic Beverage Control Board, funding for the Civil Air Patrol, and related costs.

Domestic Violence and sexual assault programs (DV/SA) includes the Council on Domestic Violence and Sexual Assault, police response and investigations and DV/SA-specific programs of the Alaska State Troopers.

Resource protection includes only most costs of the Alaska Wildlife Troopers and related indirect costs.

Highway safety includes only the Alaska Bureau of Highway Patrol and related indirect costs.

Priority Program descriptions (below) are provided on OMB's Performance website at http://omb.alaska.gov/results/dept_programs.php

Program	Description
Law Enforcement Patrol & Investigations	Response to crimes against persons and property, crime investigations, illegal drug and alcohol enforcement, service of criminal warrants and restraining orders, and assistance to and cooperation with local and national law enforcement entities.
Rural Law Enforcement	The Alaska State Troopers is the primary law enforcement agency in rural Alaska and also provides search and rescue services. The Department of Public Safety also contracts with non-profit organizations to provide department-trained Village Public Safety Officers in smaller villages.

Domestic Violence & Sexual Assault Programs	Alaska State Troopers work across Alaska to prevent and investigate DV/SA crimes, including crimes against children. The Council on Domestic Violence and Sexual Assault works to prevent domestic violence and sexual assault, and funds assistance for victims and their families.
Statewide Public Safety Programs	Provides state, local, and federal criminal justice agencies with specialized support including information systems, training, certification standards, prisoner transport and court security, criminal records, scientific crime lab; fire safety, building inspections, and alcoholic beverage licensing.
Resource Protection	Alaska Wildlife Troopers perform air, land, and marine patrols, public educational contacts, and investigations to enforce sport and commercial fishing, trapping, hunting, subsistence, guiding, and boating safety laws.
Highway Safety	The Alaska State Troopers and partnering police agencies provide highway patrol and targeted traffic enforcement including highway safety corridors, holiday traffic, construction zone, and collision investigations along the state highway system.

Priority Programs - Key Performance Indicators

(Additional performance information is available on the web at http://omb.alaska.gov/results.)

Law Enforcement Patrol & Investigations

- ➡ 58% of property crimes referred in FY2009 were accepted for prosecution in this first year of reporting this measure, short of the target of 70%
- ➡ 67% of felony illicit drug cases referred in FY2009 were accepted for prosecution in this first year of reporting this measure, just shy of the targeted 70%
- ⬆ Homicide solve rate in Alaska State Trooper jurisdiction in FY2009 was 100%, a 15% increase over FY2008

Rural Law Enforcement

- ➡ 32% of misdemeanor and felony alcohol crimes referred in FY2009 were accepted for prosecution in this first year of reporting this measure, short of the target of 70%

Domestic Violence & Sexual Assault Programs

- ➡ 38% of sexual assault/sexual abuse cases referred in FY2009 were accepted for prosecution in this first year of reporting this measure, short of the target of 70%

Statewide Public Safety Programs

- ⬆ 23% of arrest fingerprint cards requested were obtained in FY2009, an increase of 7% over the previous year
- ⬇ Average number of working days from receipt to dissemination of criminal justice records information in FY2009 was 107, compared to 70.8 in FY2008
- ⬆ In FY2009, 11% of un-worked requests for laboratory service were over 120 days old, compared to 19% in FY2008
- ⬇ In FY2009, 70% of 4,064 requests for laboratory service had a turnaround time less than 30 days, an 8% decrease from FY2008
- ⬆ Rate of compliance with laws prohibiting the sale of alcoholic beverages to underage persons was 87% in FY2009, compared to 83% in FY2008.
- ➡ The number of new agencies provided access to the Alaska Criminal Justice Information System (AKCJIS) in FY2009 decreased by 0.3% from FY2008

Resource Protection

- ↑ 18% decrease in recreational boating accidents with deaths, going from 17 fatalities in CY2007 to 14 fatalities in CY2008
- ↑ 232% increase over the previous 2-year average in boating safety education hours in FY2009, up to 187 hours compared to 56.25
- ↓ 9,161 contacts in FY2009 is a 14% decrease over the previous 2-year average of 10,589 boating safety contacts
- ↑ The number of wildlife violations as a percentage of total contacts decreased by 1% in FY2009 compared to FY2008

Highway Safety

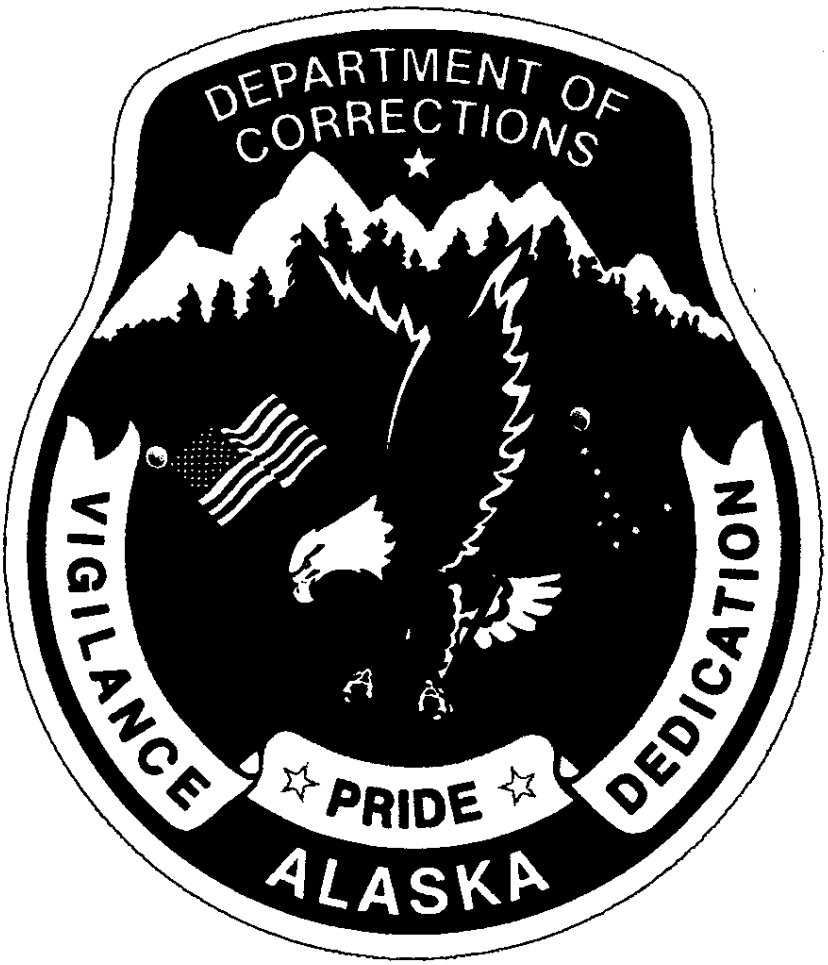
- → There were 16 driving under the influence (DUI) fatalities in the Alaska State Trooper patrol area in CY2008 and six in CY2007. Data for this target of a 10% decline compared to the prior 3-year average first became available in CY2007; thus a comparison to the target is not possible till CY2010

2319

Department of Public Safety
FY 2011 Governor's Request - Operating Budget Changes

COMPONENT	PROJECT TITLE	FED	GF	Other Funds	Positions PFT	Positions NP	Fund Source
Domestic Violence / Sexual Assault							
Detachments	Increased forensic sexual assault exam costs 150.0; contractual funding for DV/SA training for rural first responders 75.0; 3 trooper investigators - sexual assault / sexual abuse of minors 500.0		725.0		3		
CDVSA	Fully fund FY2010 requested budget		381.9				
CDVSA	Replace PFD Crim with GF		651.4	(651.4)			PFD Crim
Crime Lab	Purchase 350 new pediatric sexual assault kits.		12.3				
Crime Lab	Replace I/A Rcpts (fed $ pass-thru from CDVSA) for forensic scientist		92.8				
	DV / SA subtotal		**1,863.4**	**(651.4)**	**3**		
Village Public Safety Officer program							
VPSO Contracts	Add 15 VPSO		1,261.5				
VPSO Contracts	VPSO COLA (same as PSEA) and merit increases for existing 71 VPSO positions (partial funding)		223.8				
	VPSO subtotal		**1,485.3**				
AST Special Projects	Enhance **Alaska Bureau of Highway Patrol** - add troopers in Fairbanks, Palmer, Soldotna			1,206.8	5		CIP RCPTS from AHSO
AK Bureau of Alcohol & Drug Enforcement	**Illegal Drug & Alcohol Initiative (including cold case unit)** - replace expired federal grants funds for 5 trooper investigators & 2 support positions (Gov FY10 supplemental request for 369.5 GF)		656.5	(656.5)			CIP RCPTS from fed grant
Technical							
AST - Judicial Services	Delete 12-1490 Office Asst I, Fairbanks, for Enterprise-wide position count requirements				-1		
AWT - Marine	Delete 12-3812, Boat Officer II, Cordova, for Enterprise-wide position count requirements				-1		
Research & ID	LTNP to PFT: Criminal Justice Technician				1	-1	
	GRAND TOTAL	**0.0**	**4,005.2**	**(101.1)**	**7**	**(1)**	

DEPARTMENT OF CORRECTIONS



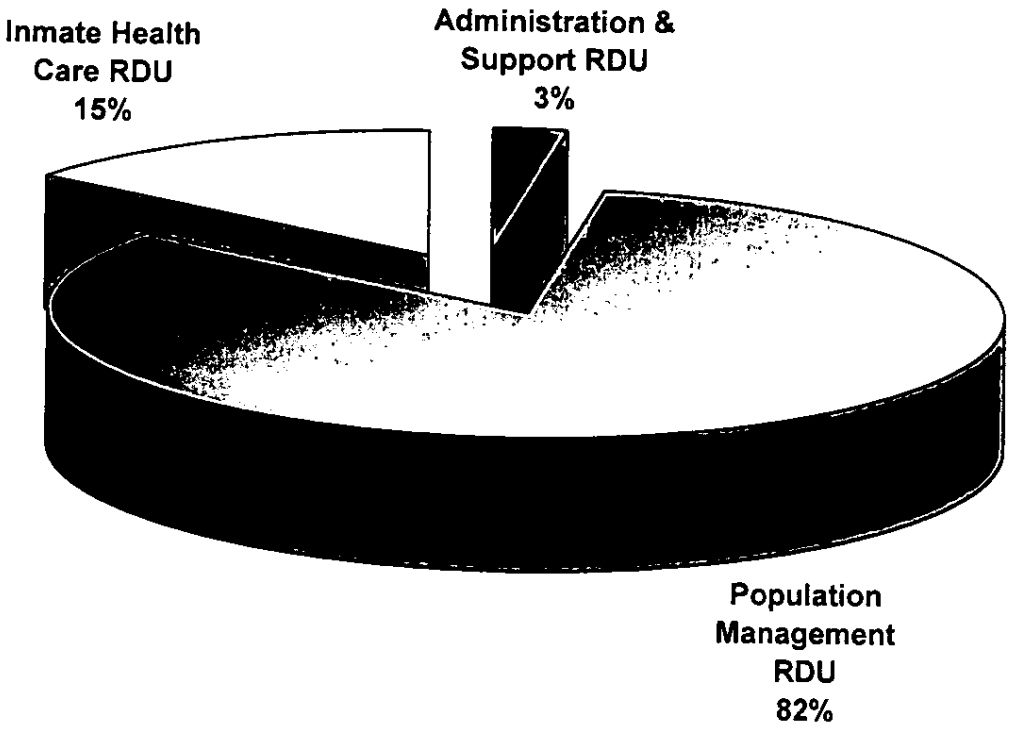
FY 2011 Finance Committee Overview

2320

DEPARTMENT OF CORRECTIONS HIGHLIGHTS

- 12 Correctional Institutions with 3,722 Beds (Maximum Capacity) including Pt. MacKenzie Farm
- Electronic Monitoring and Offender Supervision Programs
- Out of State Prison Contracts (900+ contract beds)
- 15 Municipal Jails (Contracted - 153 Beds) (Bristol Bay Boro, Cordova, Craig, Dillingham, Haines, Homer, Kodiak, Kotzebue, North Slope Boro, Petersburg, Seward, Sitka, Unalaska, Valdez, Wrangell)
- 13 Regional Adult Probation Offices; 102 Probation Officer I / II / III's
- 6 Community Residential Centers – 774 Beds

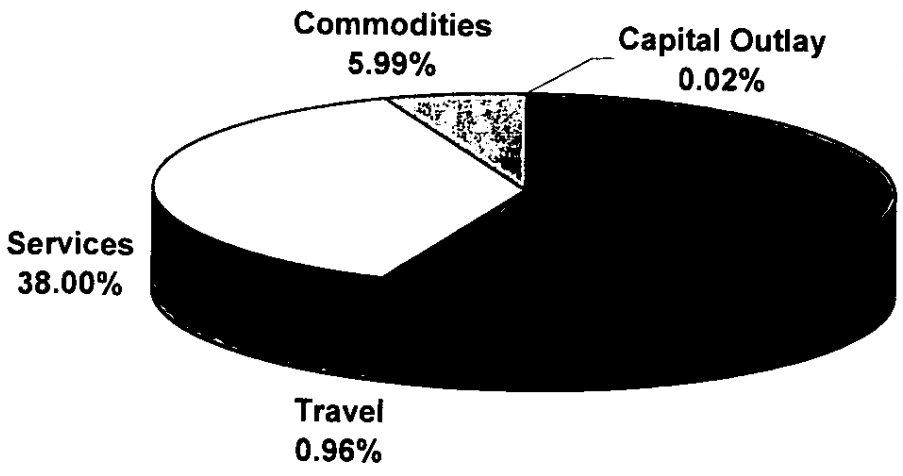
Department of Corrections
Fiscal Year 2011 Operating Budget Request
RDU Overview



Department of Corrections RDUs	
Administration & Support RDU	*$6,577.3*
Population Management RDU	*$206,528.7*
Inmate Health Care RDU	*$36,924.7*
Department of Corrections RDUs Total	***$250,030.7***

2322

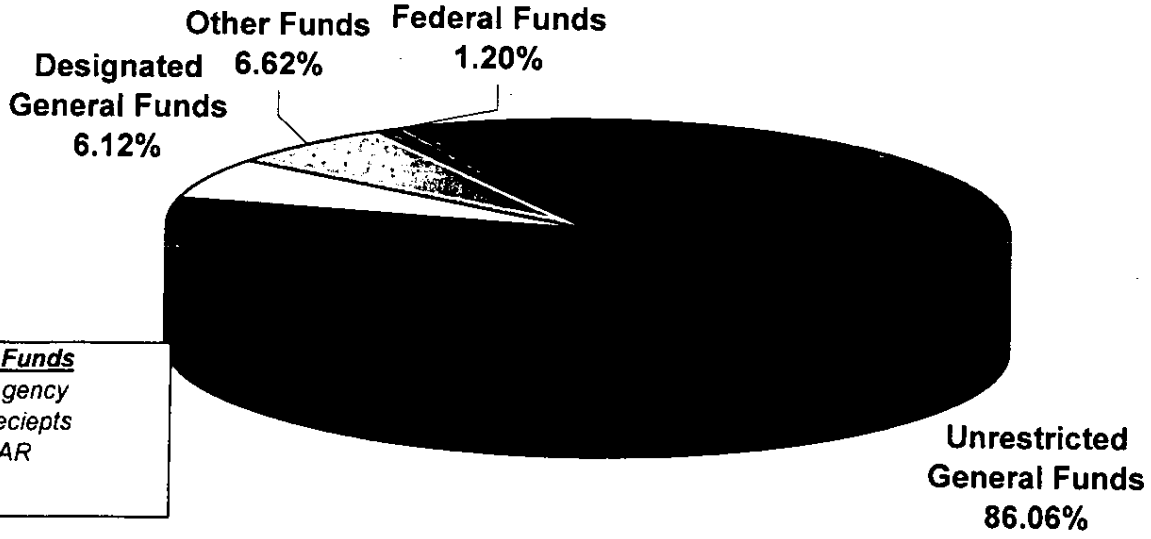
DEPARTMENT OF CORRECTIONS
FY2011 BUDGET REQUEST



Capital Outlay Exists:
Prison Employment Program

Personal Services	*$137,600.8*
Travel	*$2,392.6*
Services	*$95,008.7*
Commodities	*$14,979.3*
Capital Outlay	*$49.3*
TOTAL	***$250,030.7***

Actual Services Line Available:
$54,138.6
Agncy Chgbcks - $5,219.4
Facilities Maint - $12,280.5
Inmate Health - $16,954.8
Community Jails - $6,415.4



Other Funds
Inter-Agency
CIP Reciepts
MHTAAR
SDPR

Unrestricted General Funds
GF Match
GF
GF/MH

Federal Funds	*$3,003.4*
Unrestricted General Funds	*$215,176.4*
Designated General Funds	*$15,302.4*
Other Funds	*$16,548.5*
TOTAL	***$250,030.7***

Designated General Funds
GF Prgm
Reciept Services
PFD Criminal

2323

DEPARTMENT OF CORRECTIONS
FY 2011 Department Total

Administration & Support RDU	FUNDING	PCNs
Office of the Commissioner	1,283.9	8
Administrative Services	2,703.7	28
Information Technology	2,001.0	18
Research and Records	298.8	3
DOC State Facilities Rent	289.9	0
RDU TOTAL	**6,577.3**	**57**

Population Management RDU		
Correctional Academy	981.6	7
Fac-Capital Improvedment Unit	548.5	5
Prison System Expansion	501.0	3
Facility Maintenance	12,280.5	0
Classification and Furlough	1,161.6	8
Out-of-State Contractual	21,866.1	5
Offender Habilitation Programs	1,497.4	5
Institution Director's Office	997.2	6
Prison Employment Program	2,285.6	5
Inmate Transportation	2,139.6	9
Point of Arrest	628.7	0
Anchorage Correctional Complex	24,003.0	238
Anvil Mountain Correctional Center	5,109.7	39
Comb. Hiland Mountain Correctional Center	10,281.9	95
Fairbanks Correctional Center	9,365.1	89
Goose Creek Correctional Center	518.6	2
Ketchikan Correctional Center	3,756.5	35
Lemon Creek Correctional Center	7,914.8	73
Mat-Su Correctional Center	4,030.5	38
Palmer Correctional Center	11,922.0	110
Spring Creek Correctional Center	18,740.9	176
Wildwood Correctional Center	12,995.4	118
Yukon-Kuskokwim Correctional Center	5,528.2	40
Point MacKenzie Correctional Farm	3,656.3	28
Probation & Parole Director's Office	741.0	5
Statewide Probation and Parole	13,409.1	141
Electronic Monitoring	2,182.7	10
Community Jails	6,415.4	0
Community Residential Centers	20,277.9	0
Parole Board	791.9	5
RDU TOTAL	**206,528.7**	**1,295**

Inmate Health Care RDU		
Behavioral Health Care	12,387.4	55
Physical Health Care	24,537.3	104
RDU TOTAL	**36,924.7**	**159**

DEPARTMENT TOTAL	**250,030.7**	**1,511**

Department of Corrections
Departmental Overview of Changes

Result Delivery Unit	FY10 Mgt Plan	FY10 Fuel/Utility & OTI Items	FY11 Trin & Trout	FY11 Salary Adjustments (NonCovered / LTC)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Request	FY11 Governor's Budget
Administration & Support	$6,746.7	($183.9)	$0.0	$14.5	$0.0	$0.0	$0.0	$6,577.3
Population Management	$204,519.5	($600.0)	$0.0	$8.4	$0.0	$2,600.8	$0.0	$206,528.7
Inmate Health Care	$37,912.3	($1,374.0)	$0.0	$12.4	$0.0	$0.0	$374.0	$36,924.7
Department Total	**$249,178.5**	**($2,157.9)**	**$0.0**	**$35.3**	**$0.0**	**$2,600.8**	**$374.0**	**$250,030.7**

Fund Source	FY10 Mgt Plan	FY10 Fuel/Utility & OTI Items	FY11 Trin & Trout	FY11 Salary Adjustments (NonCovered / LTC)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Request	FY11 Governor's Budget
Federal Receipts	$3,187.3	($183.9)	$0.0	$0.0	$0.0	$0.0	$0.0	$3,003.4
General Fund Match	$128.4	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$128.4
General Fund	$205,364.5	($600.0)	$0.0	$31.3	$859.5	$2,592.8	$0.0	$208,248.1
General Fund/Program Receipt	$85.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$85.0
Inter-Agency Receipts	$12,938.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$12,938.9
General Fund/Mental Health	$7,795.9	($1,000.0)	$0.0	$4.0	$0.0	$0.0	$0.0	$6,799.9
CIP Receipts	$519.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$519.8
MHTAAR	$374.0	($374.0)	$0.0	$0.0	$0.0	$0.0	$374.0	$374.0
Statutory Designated Receipts	$2,715.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$2,715.8
Receipt Support Services	$5,172.4	$0.0	$0.0	$0.0	$0.0	$8.0	$0.0	$5,180.4
PFD Criminal	$10,896.5	$0.0	$0.0	$0.0	($859.5)	$0.0	$0.0	$10,037.0
Department Total	**$249,178.5**	**($2,157.9)**	**$0.0**	**$35.3**	**$0.0**	**$2,600.8**	**$374.0**	**$250,030.7**

FY 2011 Governor's Request Changes (Increases / Decreases):

FY2011 Wage and Health Insurance Increases for Non-Covered Employees $35.3.
Administration & Support RDU $14.5
Population Management RDU $ 8.4
Inmate Health Care RDU $12.1

Department of Corrections
Administration and Support RDU
Change Summary

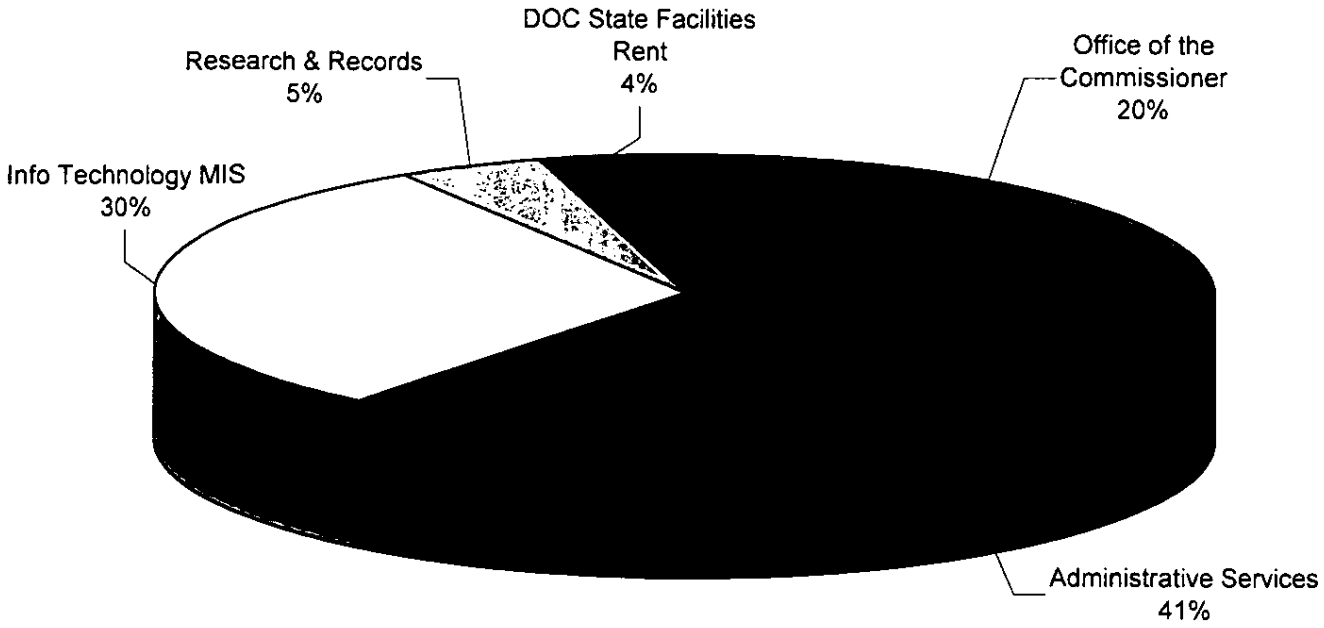
Component	FY10 Mgt Plan	FY10 OTI Adjustment	FY11 Trin & Trout	FY11 Salary Adjustments (NonCovered)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY11 Governor's Budget
Commissioner's Office	$1,271.5			$12.4				**$1,283.9**
Administrative Services	$2,701.6			$2.1				**$2,703.7**
Information Technology MIS	$2,184.9	($183.9)						**$2,001.0**
Research & Records	$298.8							**$298.8**
DOC State Facility Rent	$289.9							**$289.9**
RDU Total	**$6,746.7**	**($183.9)**	**$0.0**	**$14.5**	**$0.0**	**$0.0**	**$0.0**	**$6,577.3**

Fund Source	FY10 Mgt Plan	FY10 OTI Adjustment	FY11 Trin & Trout	FY11 Salary Adjustments (NonCovered)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY11 Governor's Budget
Federal Receipts	$295.3	($183.9)						$111.4
General Fund Match	$7.4							$7.4
General Fund	$6,444.0			$14.5				$6,458.5
General Fund/Program Receipt	$0.0							$0.0
Inter-Agency Receipts	$0.0							$0.0
General Fund/Mental Health	$0.0							$0.0
CIP Receipts	$0.0							$0.0
MHTAAR	$0.0							$0.0
Statutory Designated Receipts	$0.0							$0.0
Receipt Services	$0.0							$0.0
PFD Criminal	$0.0							$0.0
RDU Total	**$6,746.7**	**($183.9)**	**$0.0**	**$14.5**	**$0.0**	**$0.0**	**$0.0**	**$6,577.3**

FY 2011 Governor's Request Changes (Increases / Decreases):

Information Technology MIS:
Remove OTI Federal Authorization for Statewide Automated Victim Information and Notification Programs Grants ($183.9)
Delete one-time item received in FY2010 to enhance Alaska's existing statewide automated VINE system by adding photos which will allow for a more positive visual identification and verification of the offender.

Department of Corrections
Fiscal Year 2011 Operating Budget Request
Administration and Support RDU



Administration & Support RDU:

Office of the Commissioner	*$1,283.9*
Administrative Services	*$2,703.7*
Info Technology MIS	*$2,001.0*
Research & Records	*$298.8*
DOC State Facilities Rent	*$289.9*
Administration & Support RDU Total	***$6,577.3***

Department of Corrections
FY 2011 Governor's Request Changes (Increases / Decreases)
Population Management RDU

Offender Habilitation Programs:

Increase to fund construction apprenticeship program $150.0 GF

During FY2008 the Department of Corrections began an apprenticeship program in conjunction with the Department of Labor at the Palmer Correctional Center (PCC). The first success is the construction of three 20/bed housing units at PCC, these were constructed beginning in FY2008 and completed and occupied in FY2009. This request will allow the expansion of the program beyond PCC to other institutions.

Providing vocational education to inmates increases their likelihood of employment following release. Meaningful employment leads to financial stability. This can be a turning-point for the ex-offender. Becoming financially stable and becoming a functional member of the community lessens the likelihood of their re-offending and returning to prison.

Various Institutions:

Fuel/Utility Cost Increased Funding Distribution for 24-hour Facilities - One-time Item Reduction ($600.0) GF

Delete the FY10 one-time fuel/utility cost increase funding distribution from the Office of the Governor that was made pursuant to sec. 17(a) - (e), ch. 12, SLA 2009, pages 73 - 76.

Wildwood Correctional Center:

Restore funding bed expansion project at Wildwood Correctional Center $1,250.8

This request will restore funding associated with the operating costs of the Wildwood Correctional Center (WWCC) Building Conversion Housing Units. These additional beds will assist with the in-state offender population management and address the current needs of the WWCC facility. Funding was appropriated through the FY2009 budget process, but with the delay in the availability of the beds was eliminated in the FY2010 process.

The first 32 beds are available in FY2010 with the remaining beds becoming available in FY2011. This request will meet the operating needs associated with housing of these additional offenders. In addition, this request will support the remaining 10 positions necessary to provide safety and security associated with the additional population.

Community Jails:

Add OTI funding for Kodiak Jail continued operation $300.0 GF

The City of Kodiak is opening a new partially complete facility in late-FY2010. The new Community Jail has a delayed occupancy due to a shortfall of funds in the City's project. Additional funds will be needed while Kodiak operates two sites—the old Community Jail and the new police station. Running the old jail separate from the police station requires additional staff, utilities, and transporting offenders between the two sites.

Community Residential Center Facilities:

Increase Community Residential Centers by 43 contract beds $500.0 GF

This request will fully fund the addition of 43 regular beds which the department began contracting for in FY10. This request, combined with the $719.2 increase the department received in FY10, will meet the full costs associated with these additional beds and reduce the department's number of "hard bed" placements. These beds provide a viable alternative to institutional "hard" beds and allow an offender to be monitored within the community. This also gives the offender the opportunity to be employed, meet family and financial obligations, and is a source for reintegrating offenders back into society.

Increase Community Residential Centers contract costs $400.0 GF

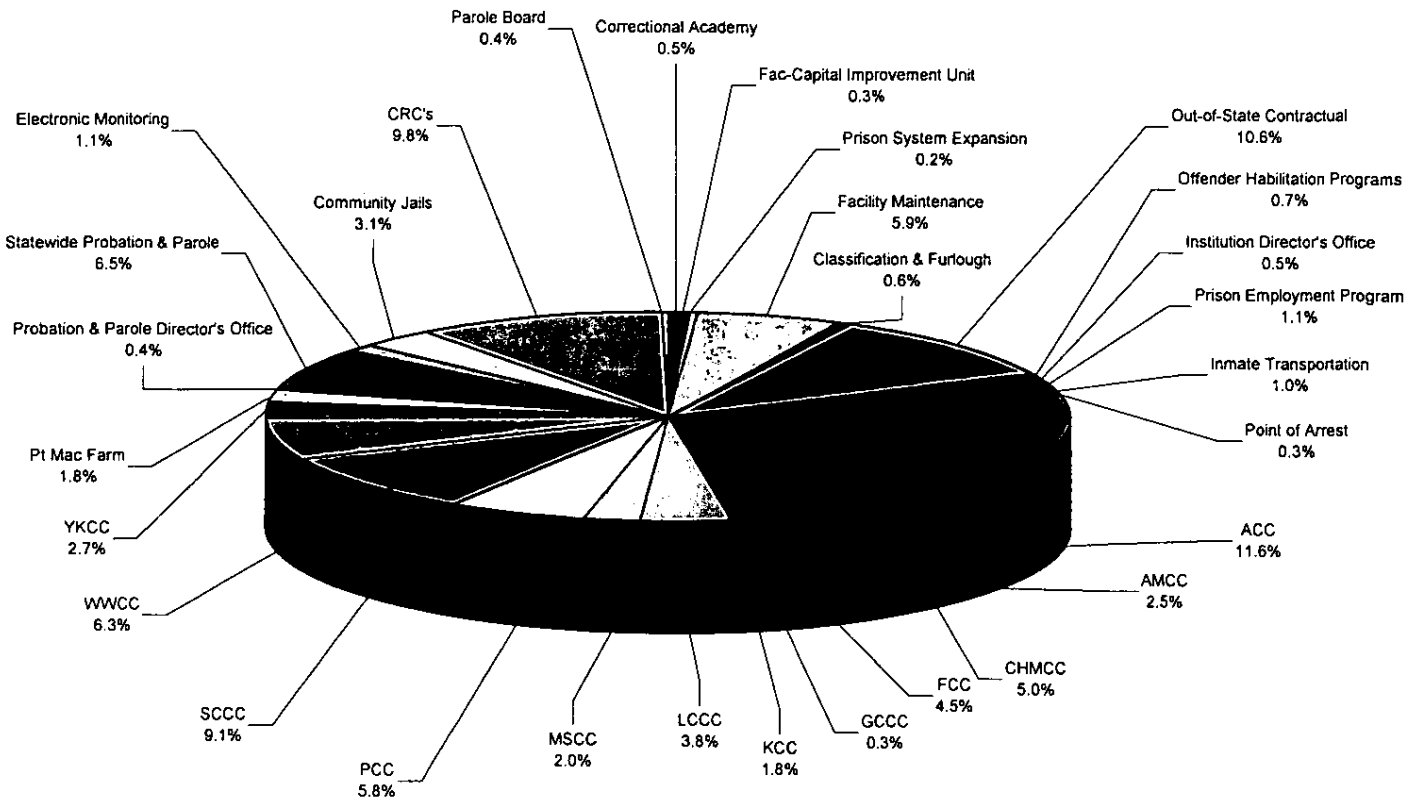
Additional funding is requested to fully pay contractors for housing offenders at Community Residential Centers (CRCs) for FY2011. Negotiated contracts allow for an annual CPI rate increase for each contract. The Department of Corrections (DOC) has professional services contracts with six CRC providers to help meet the security and residential needs of adult offenders in the State of Alaska.

Department of Corrections
Population Management RDU
Change Summary

Component	FY10 Mgt Plan	FY10 OTI Fuel/Utilities Adjustment	FY11 Trin & Trout	FY11 Salary Adjustments (NonCovered)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY11 Governor's Budget
Correctional Academy	$981.6							**$981.6**
Facility Capital Improvement	$548.5							**$548.5**
Prison System Expansion	$498.9			$2.1				**$501.0**
Facility Maintenance	$12,280.5							**$12,280.5**
Classification & Furlough	$1,161.6							**$1,161.6**
Out of State Contractual	$21,866.1							**$21,866.1**
Offender Habilitation Programs	$1,347.4					$150.0		**$1,497.4**
Institution Director's Office	$995.1			$2.1				**$997.2**
Prison Employment Program	$2,285.6							**$2,285.6**
Inmate Transportation	$2,139.6							**$2,139.6**
Point of Arrest	$628.7							**$628.7**
Anchorage Corr Complex	$24,232.8	($44.5)	($185.3)					**$24,003.0**
Anvil Mountain CC	$5,184.8	($49.1)	($26.0)					**$5,109.7**
Hiland Mountain CC	$10,281.9							**$10,281.9**
Fairbanks CC	$9,435.6	($48.9)	($21.6)					**$9,365.1**
Goose Creek CC	$518.6							**$518.6**
Ketchikan CC	$3,725.9	($6.8)	$37.4					**$3,756.5**
Lemon Creek CC	$8,097.2	($20.7)	($161.7)					**$7,914.8**
Mat-Su CC	$4,033.8	($14.8)	$11.5					**$4,030.5**
Palmer CC	$11,924.0	($118.2)	$116.2					**$11,922.0**
Spring Creek CC	$18,782.0	($104.8)	$63.7					**$18,740.9**
Wildwood CC	$11,718.8	($69.7)	$95.5			$1,250.8		**$12,995.4**
Yukon-Kuskokwim CC	$5,560.1	($88.8)	$56.9					**$5,528.2**
Pt. MacKenzie Corr Farm	$3,676.6	($33.7)	$13.4					**$3,656.3**
Probation & Parole Director	$738.9			$2.1				**$741.0**
Statewide Probation & Parole	$13,409.1							**$13,409.1**
Electronic Monitoring	$2,182.7							**$2,182.7**
Community Jails	$6,115.4					$300.0		**$6,415.4**
Community Residential Cntrs	$19,377.9					$900.0		**$20,277.9**
Parole Board	$789.8			$2.1				**$791.9**
RDU Total	**$204,519.5**	**($600.0)**	**$0.0**	**$8.4**	**$0.0**	**$2,600.8**	**$0.0**	**$206,528.7**

Fund Source	FY10 Mgt Plan	FY10 OTI Fuel/Utilities Adjustment	FY11 Trin & Trout	FY11 Salary Adjustments (NonCovered)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY11 Governor's Budget
Federal Receipts	$2,892.0							$2,892.0
General Fund Match	$121.0							$121.0
General Fund	$180,456.4	($600.0)		$8.4		$2,592.8		$182,457.6
General Fund/Program Receipt	$0.0							$0.0
Inter-Agency Receipts	$12,642.1							$12,642.1
General Fund/Mental Health	$0.0							$0.0
CIP Receipts	$519.8							$519.8
MHTAAR	$0.0							$0.0
Statutory Designated Receipts	$2,715.8							$2,715.8
Receipt Services	$5,172.4					$8.0		$5,180.4
PFD Criminal	$0.0							$0.0
RDU Total	**$204,519.5**	**($600.0)**	**$0.0**	**$8.4**	**$0.0**	**$2,600.8**	**$0.0**	**$206,528.7**

Department of Corrections
Fiscal Year 2011 Operating Budget Request
Population Management RDU



Population Management RDU:	
Correctional Academy	*$981.6*
Fac-Capital Improvement Unit	*$548.5*
Prison System Expansion	*$501.0*
Facility Maintenance	*$12,280.5*
Classification & Furlough	*$1,161.6*
Out-of-State Contractual	*$21,866.1*
Offender Habilitation Programs	*$1,497.4*
Institution Director's Office	*$997.2*
Prison Employment Program	*$2,285.6*
Inmate Transportation	*$2,139.6*
Point of Arrest	*$628.7*
ACC	*$24,003.0*
AMCC	*$5,109.7*
CHMCC	*$10,281.9*
FCC	*$9,365.1*
GCCC	*$518.6*
KCC	*$3,756.5*
LCCC	*$7,914.8*
MSCC	*$4,030.5*
PCC	*$11,922.0*
SCCC	*$18,740.9*
WWCC	*$12,995.4*
YKCC	*$5,528.2*
Pt Mac Farm	*$3,656.3*
Probation & Parole Director's Office	*$741.0*
Statewide Probation & Parole	*$13,409.1*
Electronic Monitoring	*$2,182.7*
Community Jails	*$6,415.4*
CRC's	*$20,277.9*
Parole Board	*$791.9*
Population Management RDU Total	***$206,528.7***

Department of Corrections
FY 2011 Governor's Request Changes (Increases / Decreases)
Inmate Health Care RDU

Behavioral Health Care:

Eliminate FY10 OTI Mental Health Trust Authorization ($374.0)
Delete all MHTAAR funding from base funding received through FY2010 MH Trust recommendation.

Mental Health Trust Disability Justice – APIC Model $210.0 MHTAAR
The MH Trust: Dis Justice - Implement Assess, Plan, Identify, Coordinate (APIC) model connects the Trust beneficiary offenders re-entering the community to appropriate community behavioral health services and when appropriate, prior to release applies and receives prior authorization for SSI/Medicaid benefits for the beneficiary offender. This project will be managed by the Mental Health Release Programs Coordinator, with some funding disseminated to behavioral health grantees through contract agreements.

This project maintains a critical component of the Disability Justice Focus Area plan by proactively engaging the community treatment provider with the soon-to-be-released offender, so a plan is developed and secured for the offender to transition into once released from Department of Corrections (DOC) custody, thus decreasing the risk of recidivism and the associated high costs of care within the correctional setting. DOC staff will be collecting data on how funding is being utilized to save correctional costs, number of beneficiaries served, and the number of beneficiaries qualified, pre-release, for SSI/Medicaid.

This project was funded in FY10 with $210.0 MHTAAR and $239.0 GF/MH. In FY11 the Trust will maintain the partnership with DOC and the momentum of effort in this project with a MHTAAR investment at $210.0.

MH Trust: Dis Justice - Corrections Mental Health Clinical Positions $164.0 MHTAAR
Beginning in FY08 the Trust in partnership with the Department of Corrections, focused on increasing mental health clinical capacity within their correctional facilities. As part of this partnership funding was secured in FY09 for a mental health clinician at the Wildwood Correctional Center in Kenai. Currently there no on-site mental health staff at the Yukon-Kuskokwim Correctional Center in Bethel. Thus, mental health screenings are done by medical staff and those identified as having mental health needs are seen via telemedicine clinic on a weekly basis. As part of the Department-wide expansion, an additional 68 beds will be added to accommodate the facilities' growth. Adding a Mental Health Clinician staff to better assist those with mental health disorders in Bethel and other identified facilities is a critical need.

Eliminate OTI Secure Detox for Involuntary Substance Abuse Commitment ($1,000.0) GF/MH
This transaction eliminates the one-time funding associated with the Secure Detox and Treatment for Involuntary Substance Abuse Commitment. This represents the one-time Reimbursable Services Agreement with the Department of Health and Social Services, Division of Behavioral Health pass-thru grant to the Clitheroe Center.

Physical Health Care:

Fund Change from PFD Criminal to General Funds $859.5
Permanent Fund Dividend (PFD) Criminal Funds are available for appropriation due to the number of convicted felons and third time misdemeanants who are ineligible to receive a PFD. A fund source change is being completed to replace a portion of the appropriated PFD authorization with General Fund authorization.

PRIORITY PROGRAM OVERVIEW
DEPARTMENT OF CORRECTIONS
FY2011 OPERATING BUDGET

DEPARTMENT MISSION:

We provide secure confinement, reformative programs, and a process of supervised community reintegration to enhance the safety of our communities.

DEPARTMENT CORE SERVICES:

- Provide secure confinement
- Provide supervised re-entry
- Provide reformative programs

TOTAL OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	213,373.8	3,187.3	32,617.4	249,178.5	1,510	1	0
FY2011 GOVERNOR'S TRANSACTIONS	1,887.6	(183.9)	(851.5)	852.2	(1)	1	0
TOTAL FY2011 GOVERNOR'S BUDGET	**215,261.4**	**3,003.4**	**31,765.9**	**250,030.7**	**1,509**	**2**	**0**

PRIORITY PROGRAMS

SECURE CONFINEMENT – Includes resources for: Correctional Academy, Capital Improvement Unit, Prison System Expansion, Classification & Furlough, Out of State Contractual, Institution Director's Office, Inmate Transportation, Point of Arrest, 12 Instate Correctional Centers, Community Jails, Physical Health Care.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	160,978.3	3,052.3	26,841.5	190,872.1	1,244	1	0
FY2011 GOVERNOR'S TRANSACTIONS	1,829.4	(183.9)	(851.5)	794.0	(1)	1	0
TOTAL FY2011 GOVERNOR'S BUDGET	**162,807.7**	**2,868.4**	**25,990.0**	**191,666.1**	**1243**	**2**	**0**

Results of Current Capacity

↑ The percent of filled Correctional Officer positions increased from 92.65% in October 2008 to 97.47% in October of 2009.

Other Achievements or Information

FY2011 Changes in Capacity

- Eliminate SAVIN Grant: (183.9) Fed
  Significant Changes in Results Expected : *None*
- Eliminate OTI for fuel/utility authorization: (600.0) GF
  Significant Changes in Results Expected : *None*
- Fund Change: (859.5) PFD; 859.5 GF
  Significant Changes in Results Expected : *None*
- Restore Wildwood Correctional Center bed expansion funding: 1,242.8 GF; 8.0 Other
  Significant Changes in Results Expected : *None*
- Establish OTI funding for Kodiak Community Jail operations: 300.0 GF
  Significant Changes in Results Expected : *None*
- Statewide Salary Adjustments Non-Covered employees: 27.1 GF
  Significant Changes in Results Expected : *None*
- Net position changes: (1) PFT; 1 PPT
  Significant Changes in Results Expected : *None*

PRIORITY PROGRAMS (continued)

SUPERVISED RELEASE - Includes resources for: Correctional Academy, Probation & Parole Director's Office, Statewide Probation & Parole, Electronic Monitoring, Community Residential Centers, Parole Board.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	36,390.3	0	2,749.3	39,139.6	183	0	0
FY2011 GOVERNOR'S TRANSACTIONS	904.2	0	0	904.2	0	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**37,294.5**	**0**	**2,749.3**	**40,043.8**	**183**	**0**	**0**

Results of Current Capacity

↑ Of the offenders released between FY2003 and FY2008, the percentage who committed new crimes within 365 days of their date of release from an institution or supervision increased from 33.0% to 34.3%. However, of the offenders released within the past two fiscal years, there was a slight decrease in these new crimes, from 35.66% to 34.3%.
→ The percent of new crimes against persons committed by offenders while under supervision in the community decreased from 2.66% to 2.12% from FY2003 to FY2009.

Other Achievements or Information

FY2011 Changes in Capacity

- Annual CPI contract bed rate increase for Community Residential Centers: 400.0 GF
  Significant Changes in Results Expected : *None*
- Increase of 43 beds within Anchorage Area Community Residential Center: 500.0 GF
  Significant Changes in Results Expected : *None*
- Statewide Salary Adjustments Non-Covered employees: 4.2 GF
  Significant Changes in Results Expected : *None*

PRIORITY PROGRAMS (continued)

REFORMATIVE PROGRAMS - Includes resources for: Offender Habilitation Programs, Prison Employment Programs, Behavioral Health Care.

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY (Management Plan)	16,005.2	135.0	3,026.6	19,166.8	83	0	0
FY2011 GOVERNOR'S TRANSACTIONS	(846.0)	0	0	(846.0)	0	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	**15,159.2**	**135.0**	**3,026.6**	**18,320.8**	**83**	**0**	**0**

Results of Current Capacity

↑ 239 offenders received a General Education Development diploma while incarcerated during FY2009, compared to only 131 offenders in FY2003.

↑ During FY2009, 61 unreported sexual contacts were identified after 16 offenders completed sex history polygraphs while being supervised under the Sex Offender Management program. Prior to participation in the Sex Offender Management program, only 21 known sexual contacts were recorded.

↑ In FY2009, 49 enrollees completed the Residential Substance Abuse Treatment program, compared to 35 enrollees in FY2008.

Other Achievements or Information

FY2011 Changes in Capacity

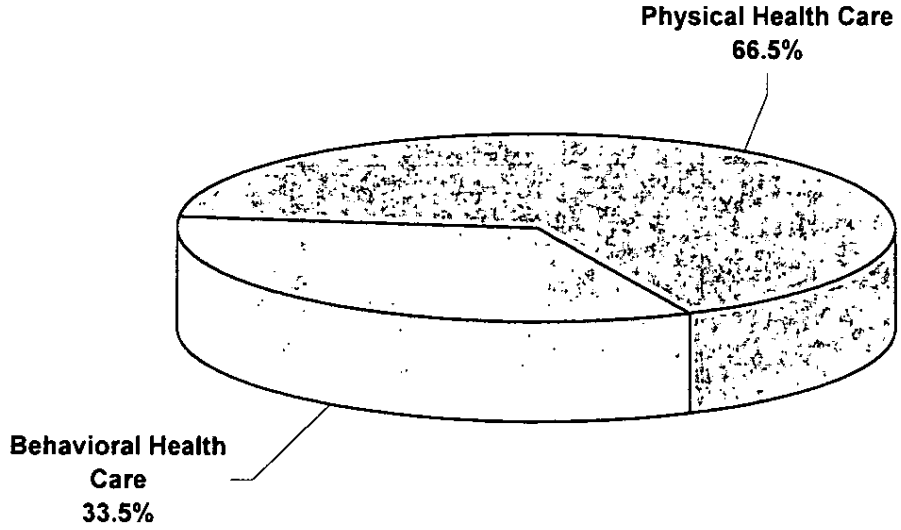
- Eliminate OTI for Secure Detox & Treatment: (1,000.0) GF
  Significant Changes in Results Expected : *None*
- Expand Construction apprenticeship programs: 150.0 GF
  Significant Changes in Results Expected : *None*
- Statewide Salary Adjustments Non-Covered employees: 4.0 GF
  Significant Changes in Results Expected : *None*

Department of Corrections
Inmate Health Care RDU
Change Summary

Component	FY10 Mgt Plan	FY10 OTI MHTAAR / GF/MH Adjustment	FY11 Trin & Trout	FY11 Salary Adjustments (NonCovered)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY11 Governor's Budget
Behavioral Health Care	$13,383.4	($1,374.0)		$4.0			$374.0	**$12,387.4**
Physical Health Care	$24,528.9			$8.4				**$24,537.3**
RDU Total	**$37,912.3**	**($1,374.0)**	**$0.0**	**$12.4**	**$0.0**	**$0.0**	**$374.0**	**$36,924.7**

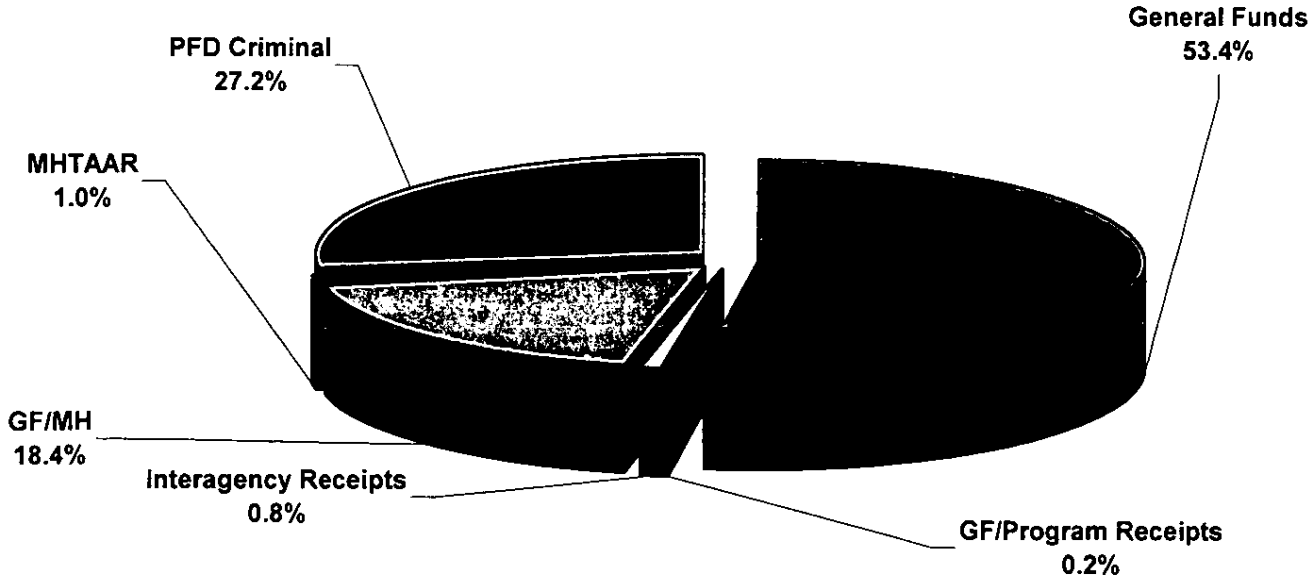
Fund Source	FY10 Mgt Plan	FY10 OTI MHTAAR Adjustment	FY11 Trin & Trout	FY11 Salary Adjustments (NonCovered)	Fund Source Changes	Inc Request	MHTAAR OTI Inc Requests	FY11 Governor's Budget
Federal Receipts	$0.0							$0.0
General Fund Match	$0.0							$0.0
General Fund	$18,464.1			$8.4	$859.5			$19,332.0
General Fund/Program Receipt	$85.0							$85.0
Inter-Agency Receipts	$296.8							$296.8
General Fund/Mental Health	$7,795.9	($1,000.0)		$4.0				$6,799.9
CIP Receipts	$0.0							$0.0
MHTAAR	$374.0	($374.0)					$374.0	$374.0
Statutory Designated Receipts	$0.0							$0.0
Receipt Services	$0.0							$0.0
PFD Criminal	$10,896.5				($859.5)			$10,037.0
RDU Total	**$37,912.3**	**($1,374.0)**	**$0.0**	**$12.4**	**$0.0**	**$0.0**	**$374.0**	**$36,924.7**

Department of Corrections
Fiscal Year 2011 Operating Budget Request
Inmate Health Care RDU



Inmate Health Care RDU:

Behavioral Health Care	*$12,387.4*
Physical Health Care	*$24,537.3*
Inmate Health Care RDU Total	***$36,924.7***



Inmate Health Care RDU Funding:

General Funds	*$19,332.0*
GF/Program Receipts	*$85.0*
Interagency Receipts	*$296.8*
GF/MH	*$6,799.9*
MHTAAR	*$374.0*
PFD Criminal	*$10,037.0*
Inmate Health Care RDU Total	***$36,924.7***

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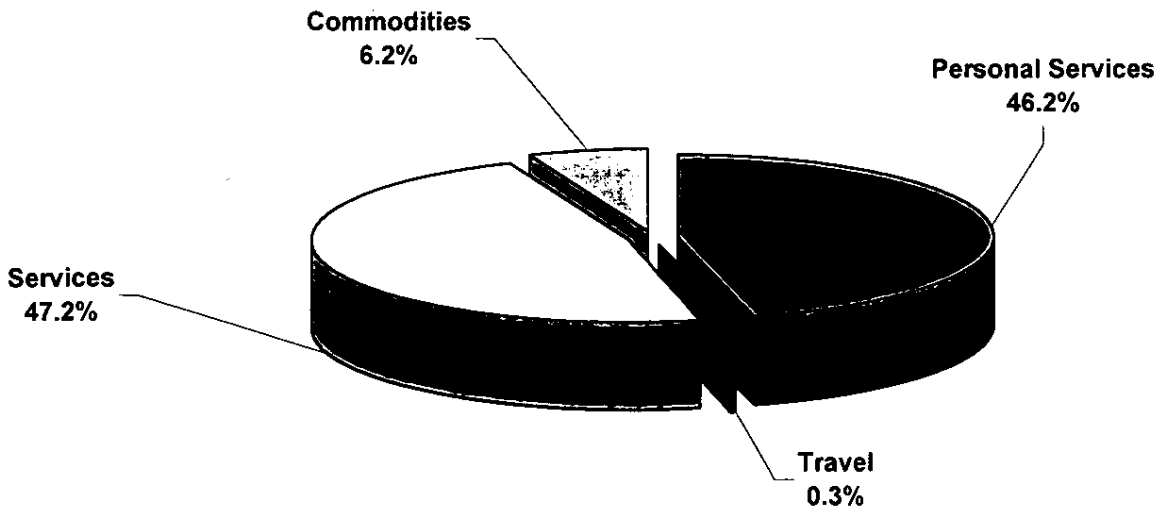
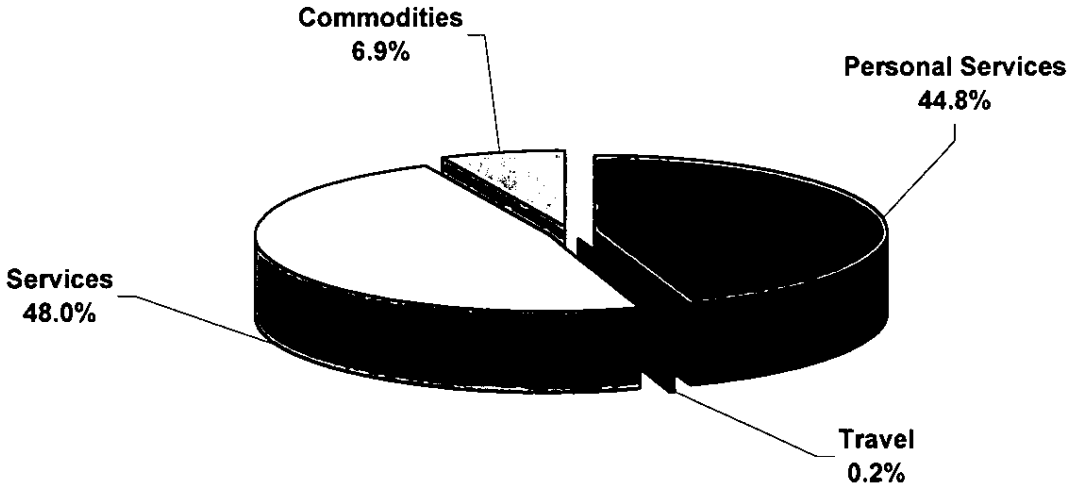
Department of Corrections
Fiscal Year 2011 Operating Budget Request
Inmate Health Care RDU



Behavioral Health Care:	
Personal Services	*$5,728.1*
Travel	*$35.0*
Services	*$5,852.3*
Commodities	*$772.0*
Behavioral Health Care Total	***$12,387.4***

Component Detail:
Mental Health - $7,233.2
Sex Offender Treatment - $2,636.5
Substance Abuse Treatment - $2,517.7



Physical Health Care:	
Personal Services	*$10,994.5*
Travel	*$60.3*
Services	*$11,788.5*
Commodities	*$1,694.0*
Physical Health Care Total	***$24,537.3***

Department of Corrections

Mission

We provide secure confinement, reformative programs, and a process of supervised community reintegration to enhance the safety of our communities.

Core Services

- Provide secure confinement.
- Provide supervised re-entry.
- Provide reformative programs.

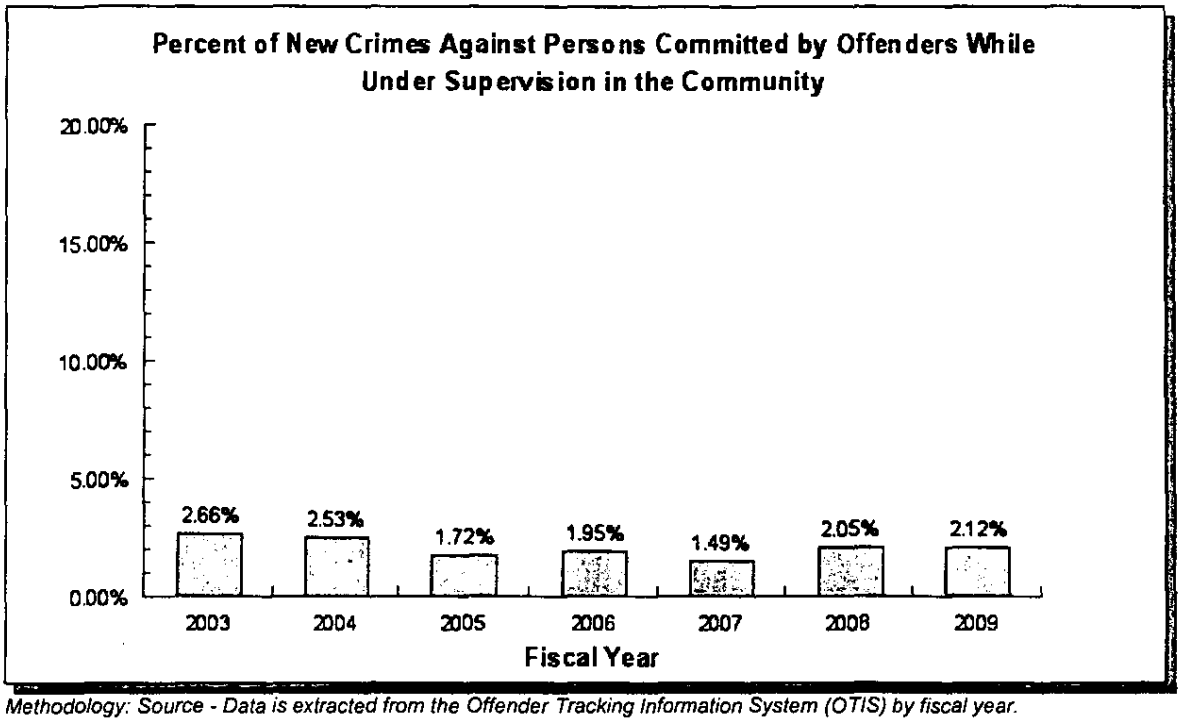
End Result	Strategies to Achieve End Result
A: Community safety is enhanced. Target #1: Reduce the percent of new crimes against persons committed by offenders while under supervision in the community. Status #1: The percent of new crimes against persons committed by offenders while under supervision in the community decreased from 2.66% to 2.12% from FY2003 to FY2009. Target #2: Reduce the percent of crimes committed by offenders within one year after release from institutions or supervision. Status #2: Of the offenders released between FY2003 and FY2008, the percentage who committed new crimes within 365 days of their date of release from an institution or supervision increased from 33.0% to 34.3%. However, of the offenders released within the past two fiscal years, there was a slight decrease in these new crimes, from 35.66% to 34.3%. Target #3: Reduce the number of new convictions for sexual crimes committed by supervised offenders under the Sex Offender Management program (supervision, treatment and polygraph examination). Status #3: During FY2009 there was one new conviction for sexual crimes by the 208 supervised offenders under the Sex Offender Management program.	**A1: Increase behavioral interventions and referrals to reformative programs.** Target #1: Increase the number of offenders who receive a General Education Development diploma while incarcerated. Status #1: 239 offenders received a General Education Development diploma while incarcerated during FY2009, compared to only 131 offenders in FY2003. Target #2: Increase the number of Residential Substance Abuse Treatment enrollees completing the Residential Substance Abuse Treatment program. Status #2: In FY2009, 49 enrollees completed the Residential Substance Abuse Treatment program, compared to 35 enrollees in FY2008. Target #3: Increase the number of offender case files with expanded information on supervised offenders under the Sex Offender Management program (supervision, treatment and polygraph examination) after one year. Status #3: During FY2009, 61 unreported sexual contacts were identified after 16 offenders completed sex history polygraphs while being supervised under the Sex Offender Management program. Prior to participation in the Sex Offender Management program, only 21 known sexual contacts were recorded.

Performance Detail

A: Result - Community safety is enhanced.

Target #1: Reduce the percent of new crimes against persons committed by offenders while under supervision in the community.

Status #1: The percent of new crimes against persons committed by offenders while under supervision in the community decreased from 2.66% to 2.12% from FY2003 to FY2009.



Methodology: Source - Data is extracted from the Offender Tracking Information System (OTIS) by fiscal year.

Percent of New Crimes Against Persons Committed by Offenders While Under Supervision in the Community

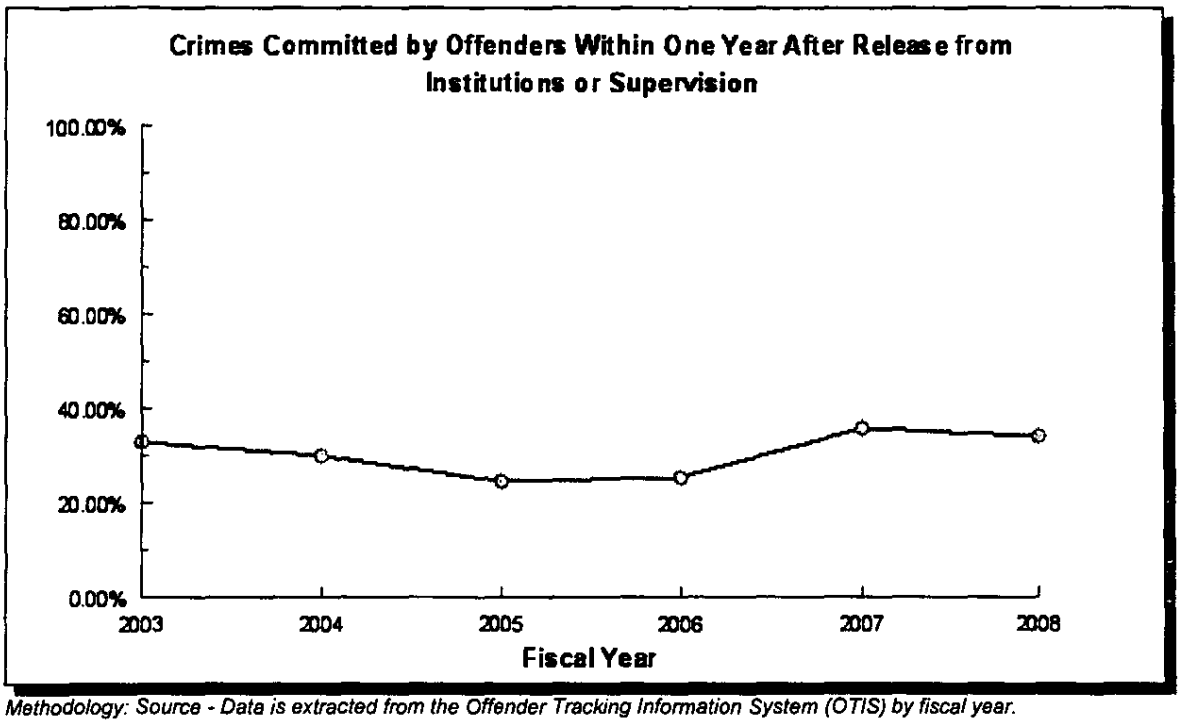
Fiscal Year	# Supervised	# of New Crimes	% of New Crimes	Change in %
FY 2009	8,478	180	2.12%	.08%
FY 2008	8,557	175	2.05%	.55%
FY 2007	8,052	120	1.49%	-.46%
FY 2006	7,996	156	1.95%	.23%
FY 2005	7,548	130	1.72%	-.81%
FY 2004	6,684	169	2.53%	-.13%
FY 2003	6,173	164	2.66%	

Analysis of results and challenges: From FY2008 to FY2009 the Department of Corrections saw an increase in the percent of new crimes against persons committed by offenders while under supervision in the community by 0.08%. Variables exist that may impact this number from year to year. The department does not determine the sentence length an offender is required to serve in an institutional facility or the length of time an offender is placed on probation/parole. Both of these impact how many offenders are under supervision in the community at any given time and impact the caseload of an adult probation officer.

The Department added a total of ten adult probation officers within the Statewide Probation and Parole component in FY2007 through FY2009. These positions were added after the passage of two pieces of legislation: SB 218 Sex Offender Polygraphing; and, SB 237 An Additional Six Superior Court Judges.

Target #2: Reduce the percent of crimes committed by offenders within one year after release from institutions or supervision.

Status #2: Of the offenders released between FY2003 and FY2008, the percentage who committed new crimes within 365 days of their date of release from an institution or supervision increased from 33.0% to 34.3%. However, of the offenders released within the past two fiscal years, there was a slight decrease in these new crimes, from 35.66% to 34.3%.



Methodology: Source - Data is extracted from the Offender Tracking Information System (OTIS) by fiscal year.

Crimes Committed by Offenders Within One Year After Release from Institutions or Supervision

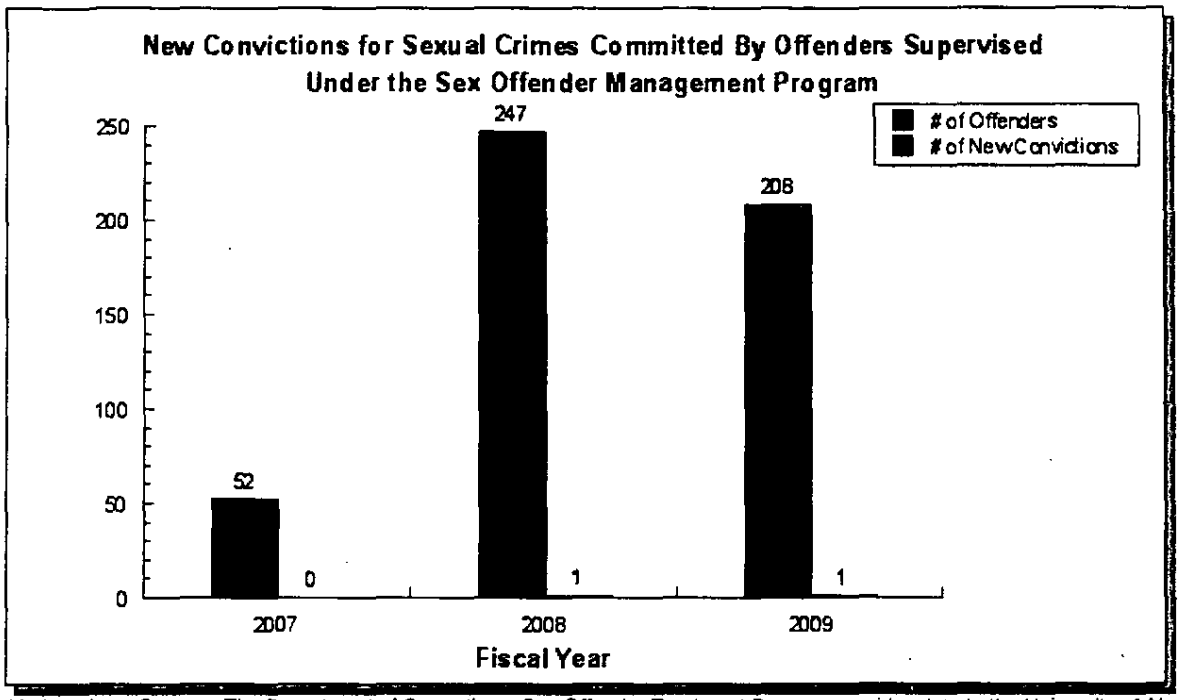
Fiscal Year	# Released	# of Crimes	% of Crimes	Change in %
FY 2008	48,724	16,713	34.30%	-1.36%
FY 2007	46,350	16,529	35.66%	10.36%
FY 2006	44,103	11,158	25.30%	.70%
FY 2005	43,975	10,818	24.60%	-5.29%
FY 2004	42,120	12,589	29.89%	-3.14%
FY 2003	38,455	12,702	33.03%	

Analysis of results and challenges: From FY2007 to FY2008 the Department of Corrections saw a decrease in the percent of crimes committed by offenders within one year after release from institutions or supervision by 1.36%. Variables exist that may impact this number from year to year. The department does not determine the sentence length an offender is required to serve in an institutional facility or the length of time an offender is placed on probation/parole. Both of these impact how many offenders are under supervision in the community at any given time and impact the caseload of an adult probation officer.

The Department added a total of ten adult probation officers within the Statewide Probation and Parole component in FY2007 through FY2009. These positions were added after the passage of two pieces of legislation: SB 218 Sex Offender Polygraphing; and, SB 237 An Additional Six Superior Court Judges.

Target #3: Reduce the number of new convictions for sexual crimes committed by supervised offenders under the Sex Offender Management program (supervision, treatment and polygraph examination).

Status #3: During FY2009 there was one new conviction for sexual crimes by the 208 supervised offenders under the Sex Offender Management program.



Methodology: Source - The Department of Corrections, Sex Offender Treatment Program provides data to the University of Alaska Anchorage, Behavioral Health Research and Services. Behavioral Health Research and Services completes an analysis and provides a report back to the Department of Corrections each fiscal year.

New Convictions for Sexual Crimes Committed By Offenders Supervised Under the Sex Offender Management Program

Fiscal Year	# of Offenders	# of New Convictions
FY 2009	208	1
FY 2008	247	1
FY 2007	52	0

Analysis of results and challenges: During FY2009 the Department of Corrections continued implementation of the Sex Offender Management program. From July 1, 2008 to June 30, 2009 a total of 208 convicted sex offenders on community supervision participated in a total of 546 polygraph exams. Of the 208 sex offenders on community supervision who participated in the program, one was convicted of a new sexual crime. There were three sex offenders who did have new convictions for violent non-sex crimes and seven sex offenders who had new convictions for other crimes, including theft and drug crimes. There were also 107 petitions to revoke probation filed against participants in the program. This includes 8 petitions involving an underlying sexual breach (near minors, viewing pornography, etc). The remaining 99 petitions to revoke probation were for substance abuse or general conditions violations of probation/parole. This data indicates that probation officers are intervening prior to the commission of new sexual offenses.

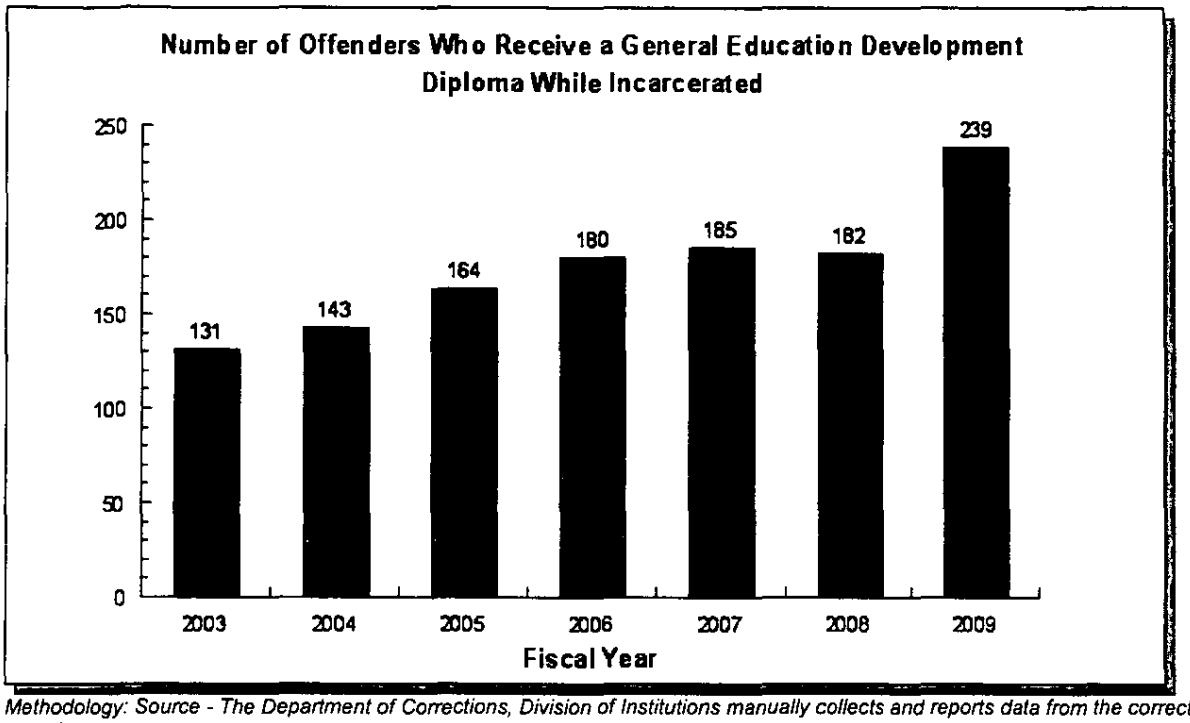
During FY2009, the use of polygraph examinations was expanded into Palmer. A major challenge for FY2010 will be extending the program into isolated, more rural areas of the state. Extension into Bethel continued in FY2009, however, it may take several years to fully implement all elements of sex offender programming in this area. Other challenges include maintaining sufficient professional services for the program, such as specialized polygraph examiners and community sex offender treatment providers, standardizing data collection, and providing adequate training. As it is for many community-based programs and services, Alaska's geography will continue to be a major

challenge in statewide program operations.

A1: Strategy - Increase behavioral interventions and referrals to reformative programs.

Target #1: Increase the number of offenders who receive a General Education Development diploma while incarcerated.

Status #1: 239 offenders received a General Education Development diploma while incarcerated during FY2009, compared to only 131 offenders in FY2003.



Methodology: Source - The Department of Corrections, Division of Institutions manually collects and reports data from the correctional facilities each fiscal year.

Number of Offenders Who Receive a General Education Development Diploma While Incarcerated

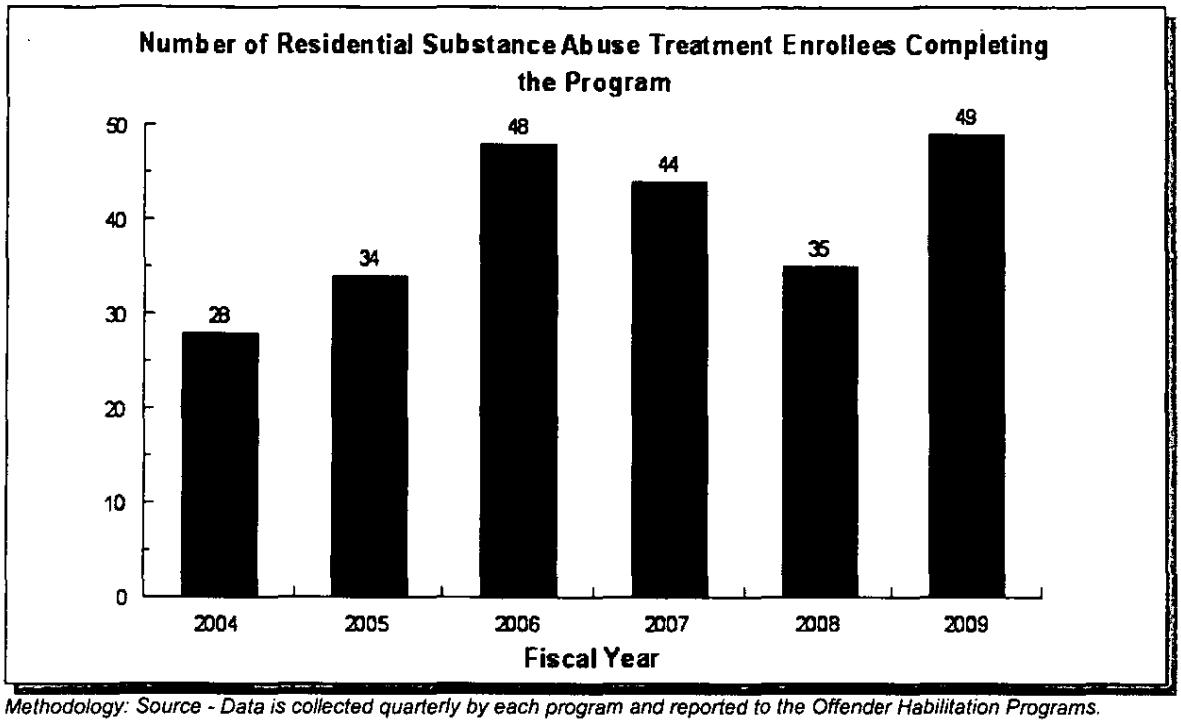
Fiscal Year	# of GEDs Earned
FY 2009	239
FY 2008	182
FY 2007	185
FY 2006	180
FY 2005	164
FY 2004	143
FY 2003	131

Analysis of results and challenges: The Department of Corrections has increased the number of offenders receiving their General Education Development (GED) diploma while incarcerated overall by 108 from FY2003 to FY2009. Each institution provides offenders with education coordinators and the necessary materials to complete the GED tests. While incarcerated offenders have the opportunity to obtain a GED diploma, there are many difficulties for this program to increase the number each year. In most cases offender participation in this program is voluntary and the level of education is self-reported by the offender. Also, the time an offender has to serve maybe insufficient to complete all five tests. In FY2007, the department identified one position to proctor all GED tests in the South-central Region. This change was required by the Department of Labor and Workforce Development and allows education coordinators more time to focus on delivery of education services and not on proctoring tests. It was anticipated that this change would increase the number of offenders who receive their GED diploma while incarcerated. Additionally, Education Coordinators where asked to place more attention on evidenced based practices and programs under their purview such as ABE and GED programs. With the added effort and attention, the department has increased the

number of GED's by 57.

Target #2: Increase the number of Residential Substance Abuse Treatment enrollees completing the Residential Substance Abuse Treatment program.

Status #2: In FY2009, 49 enrollees completed the Residential Substance Abuse Treatment program, compared to 35 enrollees in FY2008.



Methodology: Source - Data is collected quarterly by each program and reported to the Offender Habilitation Programs.

Number of Residential Substance Abuse Treatment Enrollees Completing the Program

Fiscal Year	# Completing
FY 2009	49
FY 2008	35
FY 2007	44
FY 2006	48
FY 2005	34
FY 2004	28

Analysis of results and challenges: In FY 2009, 49 enrollees completed the Residential Substance Abuse Treatment (RSAT) program. This is a increase of 14 enrollees completing the program from FY 2009. Data collection for the program is being done on a monthly basis rather than a quarterly basis, use of OBSCIS numbers and names allows the reported data to be specific to the offenders receiveing treatment.

The Wildwood Correctional Center (WWCC) Men's RSAT Program is a 42 bed Therapeutic Community that opened in October, 2000. This program has become a model cognitive Therapeutic Community in addressing criminal thinking and behaviors as an integral part of addiction treatment for offenders. During FY 2009, the Men's RSAT program had a total of 77 enrollees enter the program and 31 enrollees completed the program.

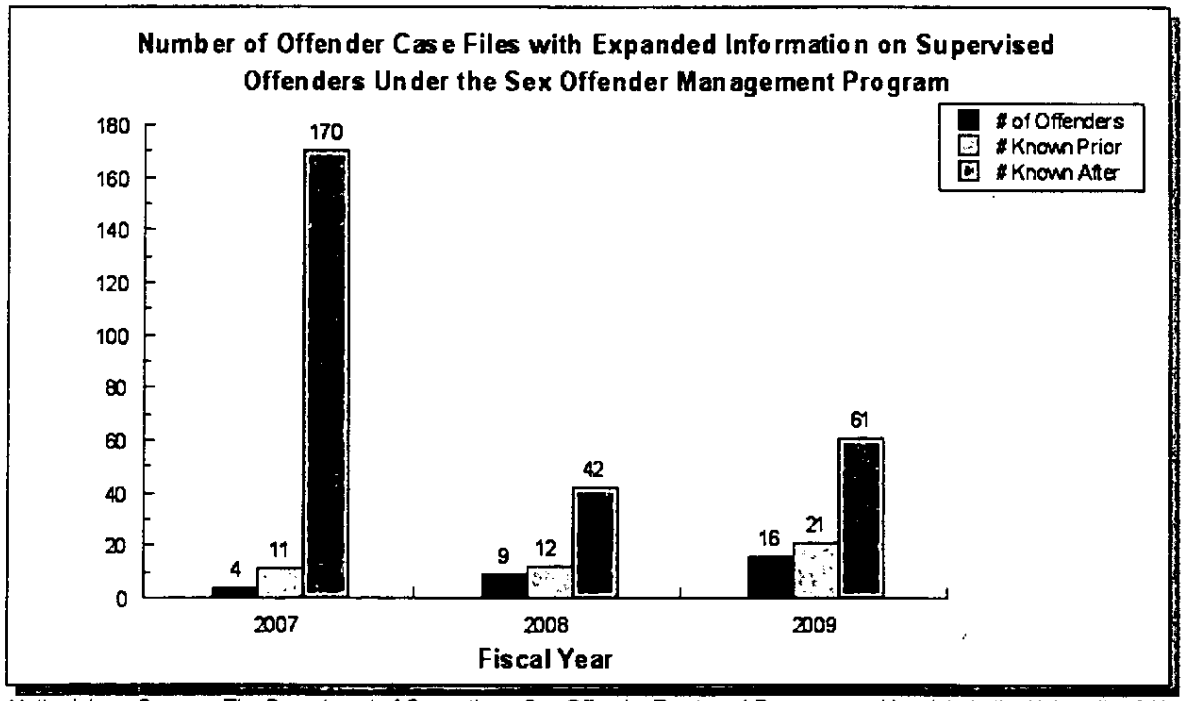
The Hiland Mountain Correctional Center (HMCC) Women's RSAT Program is a 32 bed Therapeutic Community that opened in November, 1998. Currently, the HMCC Women's RSAT Program is the only known women's treatment program in the country with a dedicated Social Worker on the treatment team who serves as the liaison with the Department of Health and Social Services, Office of Children's Services. During FY 2008, the Women's RSAT program had a total of 31 enrollees enter the program and 18 enrollees complete the program.

Funding was requested and received in the FY 2010 budget to meet the contractual obligations for both the men's and women's RSAT Programs. In addtion to the funding to maintain the RSAT programs, funding was received to add an aftercare component for the RSAT graduates. We are already seeing the advantage in this as more graduates are receiving not only aftercare services but case management services that begins when the offender is still incarcerated and thus provides the impetus to ensure aftercare follow-through. The RSAT aftercare services were funded by an amendment to the RSAT contracts, the total amount for these services was $82,500 per contract.

In addition to the aftercare component of treatment being added to the RSAT programs, the programs themselves have undergone significant changes. The programs as of 7/1/09 (FY 2010) have been both shortened in length and added to in content and participant accountability. The program was shortened to a six (6) month timeframe. In this timeframe the offender/participants have to complete a curriculum that is evidence based. There is a greater intensity of counselor to particpant interaction even though the program remains a therapeutic community model. All offenders attending the RSAT program are referred and have to attend the RSAT aftercare program if they are in the Anchorage community.

The Department of Corrections has a responsibility to provide a continuum of care to inmates who are in the department's custody, so that public safety will be enhanced upon their release to the community. This is being done.

Target #3: Increase the number of offender case files with expanded information on supervised offenders under the Sex Offender Management program (supervision, treatment and polygraph examination) after one year.
Status #3: During FY2009, 61 unreported sexual contacts were identified after 16 offenders completed sex history polygraphs while being supervised under the Sex Offender Management program. Prior to participation in the Sex Offender Management program, only 21 known sexual contacts were recorded.



Methodology: Source - The Department of Corrections, Sex Offender Treatment Program provides data to the University of Alaska Anchorage, Behavioral Health Research and Services. Behavioral Health Research and Services completes an analysis and provides a report back to the Department of Corrections each fiscal year.

Number of Offender Case Files with Expanded Information on Supervised Offenders Under the Sex Offender Management Program

Fiscal Year	# of Offenders	# Known Prior	# Known After
FY 2009	16 +77.78%	21 +75%	61 +45.24%
FY 2008	9 +125%	12 +9.09%	42 -75.29%
FY 2007	4	11	170

Analysis of results and challenges: During FY2009 the Department of Corrections continued in the third year of phased implementation of the Sex Offender Management program. From July 1, 2008 through June 30, 2009, a total of 208 convicted sex offenders on community supervision participated in a total of 546 polygraph exams. Sixteen of these offenders participated and completed (non-deceptive) Sex History Polygraphs, which yielded additional information about previously unreported victims. At the time of their conviction, these sixteen offenders were known to have twenty-one victims. After they passed their sex history polygraphs, there were a total of sixty-one unreported victims.

Challenges for the Sex Offender Management program continue to include maintaining sufficient professional services for the program, such as specialized polygraph examiners and community sex offender treatment providers and standardizing the collection of data. Providing adequate training for Department of Correction's staff, treatment providers and examiners is also a challenge. Alaska's geography will continue to be a major challenge in statewide program operation, as it is for many community-based programs and services.

Population Management Results Delivery Unit

Mission

Enhance the safety of our communities.

Core Services

- Provide secure confinement.
- Provide reformative programs.
- Provide supervised re-entry.
- Training
- Facility Infrastructure Maintenance

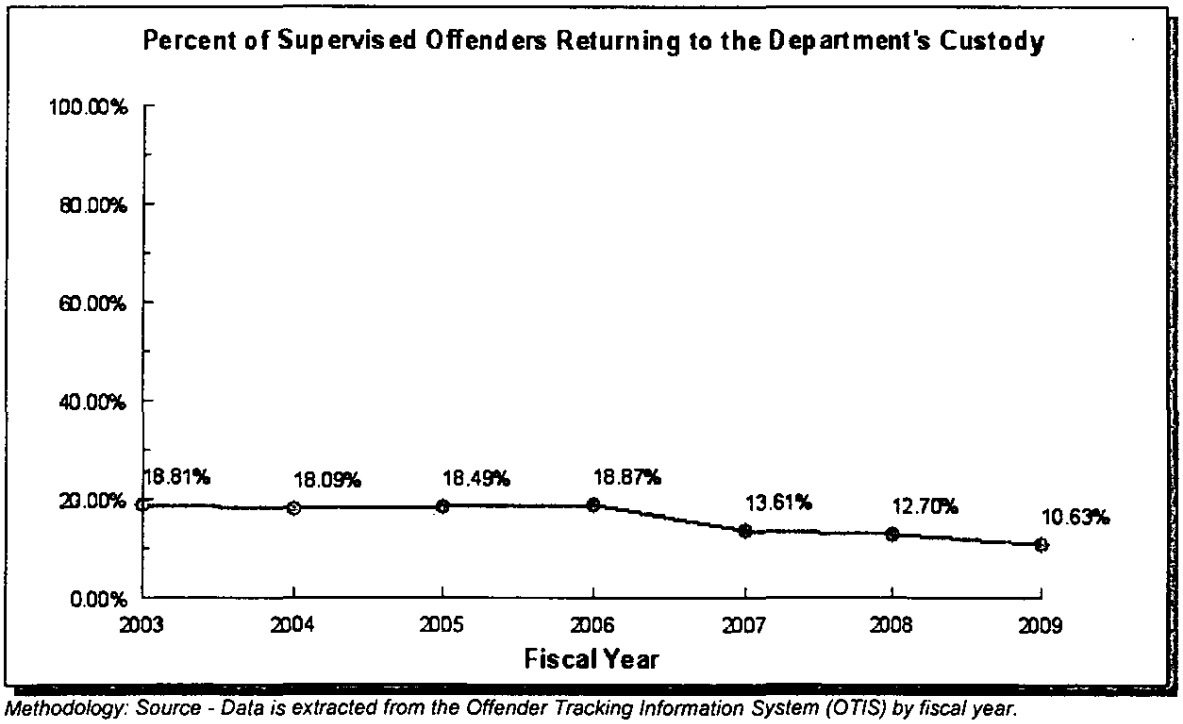
End Result	Strategies to Achieve End Result
A: The community is safe from offenders in the department's custody. Target #1: 100% of offenders on probation / parole are not committing new crimes. Status #1: During FY2009, 89.37% of offenders did not return to the Department's custody for violating their probation / parole by committing a new crime. Target #2: Obtain American Correctional Association accreditation by June 30, 2014. Status #2: Review and preparation to pursue accreditation with the American Correctional Association (ACA) began in FY2008, however; the formal process will not begin until FY2009. No new data available at this time.	**A1: Maintain fully trained and knowledgeable Correctional and Probation Officers department wide.** Target #1: Complete review, revision and update of all web-based Department public policy and procedures by June 30, 2010. Status #1: At the end of FY2008 a total of 10.21% of Department public policy and procedures were reviewed, revised and updated to the web. No new data available at this time. Target #2: Maintain 100% of Correctional Officer positions filled. Status #2: The percent of filled Correctional Officer positions increased from 92.65% in October 2008 to 97.47% in October of 2009. Target #3: Maintain 95% of Probation Officer positions filled. Status #3: The percent of filled Probation Officer positions increased from 91.6% in October 2008 to 92.5% in October of 2009.
End Result	**Strategies to Achieve End Result**
B: Successful re-entry of released prisoners. Target #1: Reduce the percent of new crimes against persons committed by offenders while under supervision in the community. Status #1: The percent of new crimes against persons committed by offenders while under supervision in the community decreased from 2.66% to 2.12% from FY2003 to FY2009. Target #2: Reduce the percent of crimes committed by offenders within one year after release from institutions or supervision.	**B1: Increase behavioral interventions and referrals to reformative programs.** Target #1: Increase the number of offenders who receive a General Education Development diploma while incarcerated. Status #1: 239 offenders received a General Education Development diploma while incarcerated during FY2009, compared to only 131 offenders in FY2003. Target #2: Increase the number of Residential Substance Abuse Treatment enrollees completing the Residential Substance Abuse Treatment program.

Status #2: Of the offenders released between FY2003 and FY2008, the percentage who committed new crimes within 365 days of their release from an institution of supervision increased from 33.0% to 34.3%. However, of the offenders released within the past two fiscal years, there was a slight decrease in these new crimes, from 35.66% to 34.3%. Target #3: Increase the percent of graduates of the Residential Substance Abuse Treatment (RSAT) program released on furlough, probation, or parole that follow aftercare recommendations when checked at the six month marker following release from incarceration. Status #3: During FY2009, 100% of graduates of the Residential Substance Abuse Treatment (RSAT) program released on furlough, probation or parole followed aftercare recommendations when checked at the six month marker following release from incarceration, compared to 82% in FY2008.	Status #2: In FY2009, 49 enrollees completed the Residential Substance Abuse Treatment program, compared to 35 enrollees in FY2008.

Performance Detail

A: Result - The community is safe from offenders in the department's custody.

Target #1: 100% of offenders on probation / parole are not committing new crimes.
Status #1: During FY2009, 89.37% of offenders did not return to the Department's custody for violating their probation / parole by committing a new crime.



Methodology: Source - Data is extracted from the Offender Tracking Information System (OTIS) by fiscal year.

Percent of Supervised Offenders Returning to the Department's Custody

Fiscal Year	# Supervised	# of New Crimes	% Returning	% Not Violating
FY 2009	8,478	901	10.63%	89.37%
FY 2008	8,557	1,087	12.70%	87.30%
FY 2007	8,052	1,096	13.61%	86.39%
FY 2006	7,996	1,509	18.87%	81.13%
FY 2005	7,548	1,396	18.49%	81.51%
FY 2004	6,684	1,209	18.09%	81.91%
FY 2003	6,173	1,161	18.81%	81.19%

Analysis of results and challenges: During FY2009, 10.63% of offenders on probation / parole returned to the Department's custody for violating their probation / parole conditions by committing a new crime. This is a decrease of 2.08% from FY2008. Variables exist that may impact this number from year to year. The Department does not determine the sentence length an offender is required to serve in an institutional facility or the length of time an offender is placed on probation/parole. Both of these impact how many offenders are under supervision in the community at any given time and impact the caseload of an adult probation officer.

The Department added a total of ten adult probation officers within the Statewide Probation and Parole component during FY2007 through FY2009, thereby lowering the caseload and allowing for increased supervision. These positions were added after the passage of two pieces of legislation: SB 218 Sex Offender Polygraphing; and, SB 237 An Additional Six Superior Court Judges.

Target #2: Obtain American Correctional Association accreditation by June 30, 2014.
Status #2: Review and preparation to pursue accreditation with the American Correctional Association (ACA) began in FY2008, however; the formal process will not begin until FY2009. No new data available at this time.

Analysis of results and challenges: During FY2008 the Department started reviewing and developing a strategic plan to pursue accreditation with the American Correctional Association (ACA) as a means of maintaining a safe environment for staff and offenders. Review and preparation work included reviewing Department public policies and procedures and completing audits at all correctional centers.

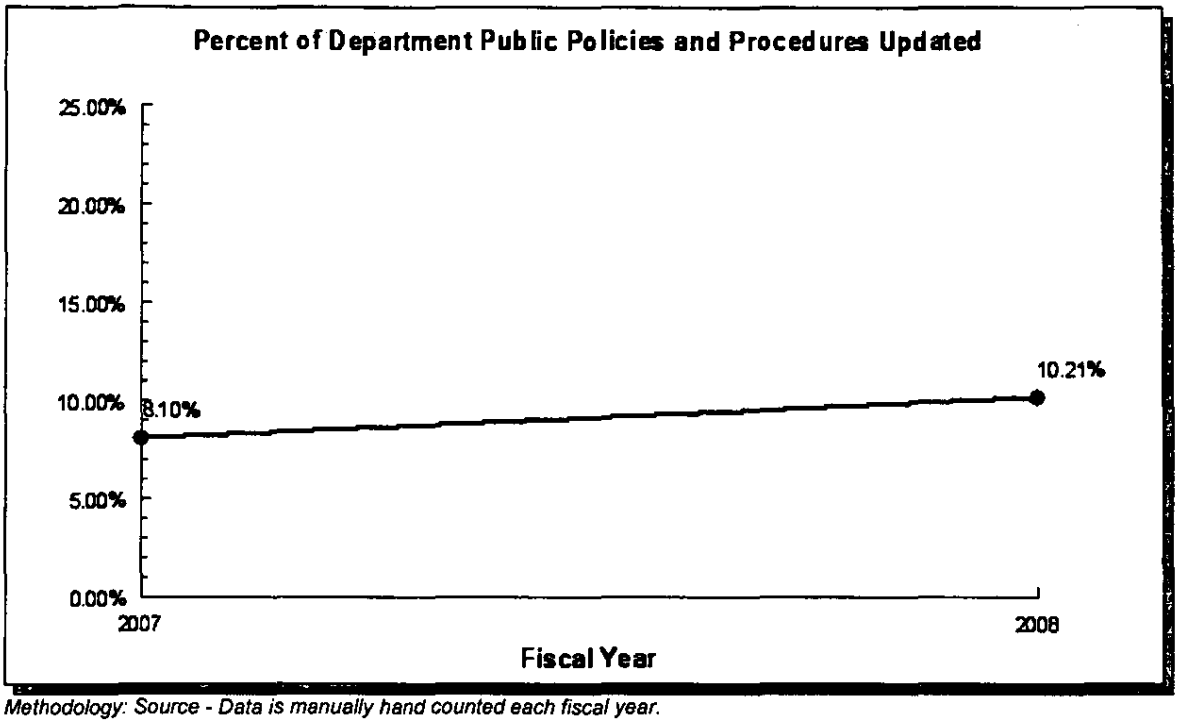
Policies and procedures are being updated with ACA accreditation in mind. 10.21% of the Department public policies and procedures have been reviewed, updated and posted to the web. The Director of Institution's completed audits on all correctional centers using a standardized ACA compliant audit tool. Shortcomings have and are being corrected essentially bringing the correctional centers into compliance with ACA standards.

ACA accreditation requires the Department to participate in a series of reviews, evaluations, audits and hearings. The Departmental review covers many different areas, including but not limited to, Departmental policy and procedures, institutional operations, provisions of basic services that may impact life, safety and health of inmates and staff training levels. The Department intends to begin the formal process of accreditation in FY2009.

A1: Strategy - Maintain fully trained and knowledgeable Correctional and Probation Officers department wide.

Target #1: Complete review, revision and update of all web-based Department public policy and procedures by June 30, 2010.

Status #1: At the end of FY2008 a total of 10.21% of Department public policy and procedures were reviewed, revised and updated to the web. No new data available at this time.



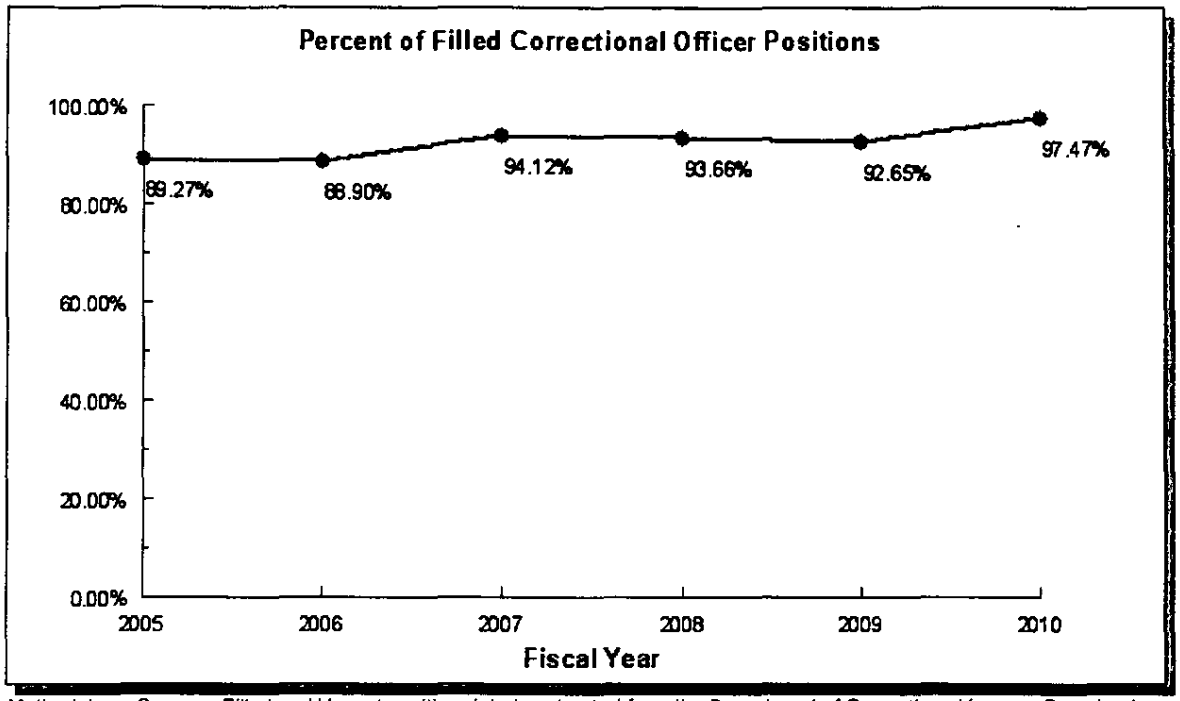
Methodology: Source - Data is manually hand counted each fiscal year.

Percent of Department Public Policies and Procedures Updated

Fiscal Year	Total #	Completed	In Progress	% Completed
FY 2008	284 0%	29 +26.09%	9 +12.5%	10.21%
FY 2007	284	23	8	8.10%

Analysis of results and challenges: As part of the Department pursuing accreditation with the American Correctional Association for national recognition, the Department is reviewing, revising and updating to the web, all Department public policy and procedures. Many of these policy and procedures have not been updated since the early 1980's and are not current to standards and terminology. Of the 284 Department of Corrections public policy and procedures 29 or 10.21% had been reviewed, revised and updated to the Department's website by the end of FY2008; and nine additional policy and procedures are in the process of being updated. One challenge to meeting this goal is the number of cross-cutting policy and procedures. This represents a time-consuming review process to capture each policy and procedure with similar or linked functions.

Target #2: Maintain 100% of Correctional Officer positions filled.
Status #2: The percent of filled Correctional Officer positions increased from 92.65% in October 2008 to 97.47% in October of 2009.



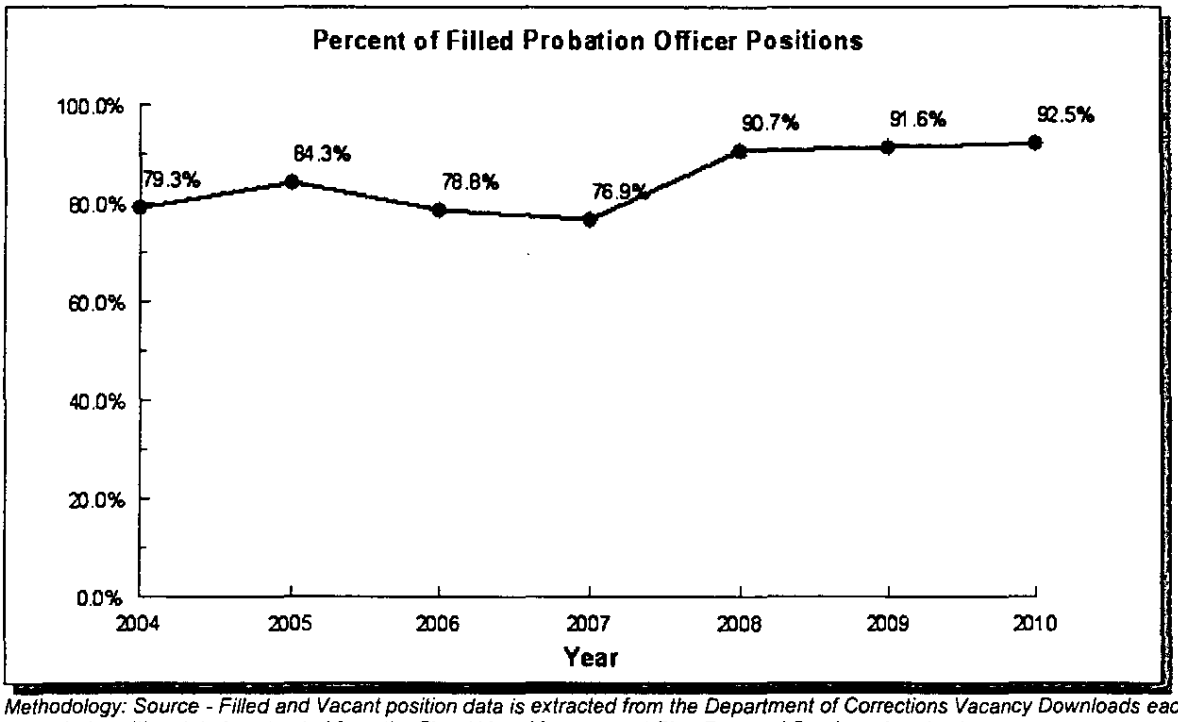
Methodology: Source - Filled and Vacant position data is extracted from the Department of Corrections Vacancy Downloads each October. Budgeted position data is extracted from the Fiscal Year Management Plan Personal Services downloads.

Percent of Filled Correctional Officer Positions

Fiscal Year	Total Budgeted	Total Filled	Total Vacant	Percent Filled
FY 2010	789	769	20	97.47%
FY 2009	789	731	58	92.65%
FY 2008	789	739	49	93.66%
FY 2007	799	752	41	94.12%
FY 2006	793	705	41	88.90%
FY 2005	783	699	84	89.27%

Analysis of results and challenges: The Department is continuing its efforts of increasing the percent of filled Correctional Officer positions. From October 2008 to October 2009 there was an increase in the percent of filled Correctional Officer positions of 4.82%. In FY2009 the Department received an increment to eliminate the vacancy factor within institutions. This increase changed the percentage of filled correctional officer positions to maintain from 95% to 100%. This measure accounts for only Correctional Officer I / II / III's located in all institutions and Inmate Transportation. The Department has had a difficult time hiring and retaining Correctional Officers. The Department of Corrections and the Special Recruitment Unit in the Department of Administration have instituted streamlined recruitment and hiring processes to shorten the amount of time from application to employment. There is an on-going recruitment campaign to increase the pool of available applicants.

Target #3: Maintain 95% of Probation Officer positions filled.
Status #3: The percent of filled Probation Officer positions increased from 91.6% in October 2008 to 92.5% in October of 2009.



Methodology: Source - Filled and Vacant position data is extracted from the Department of Corrections Vacancy Downloads each October. Budgeted position data is extracted from the Fiscal Year Management Plan Personal Services downloads.

Percent of Filled Probation Officer Positions

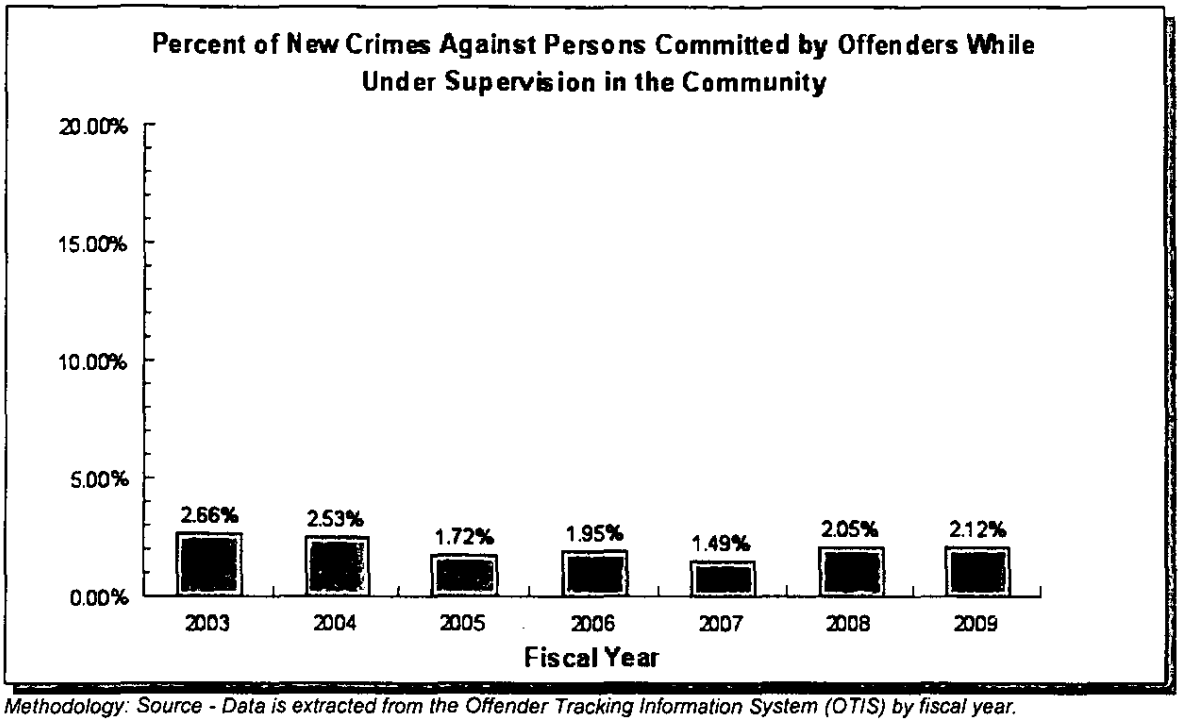
Year	Total Budgeted	Total Filled	Total Vacant	Percent
2010	107	99	8	92.5%
2009	107	98	9	91.6%
2008	107	97	10	90.7%
2007	104	80	24	76.9%
2006	99	78	21	78.8%
2005	89	75	14	84.3%
2004	92	73	19	79.3%

Analysis of results and challenges: The Department is continuing its efforts of increasing the percent of filled Probation Officer positions. From October 2008 to October 2009 there was an increase in the percent of filled Probation Officer positions of 0.9%. This measure accounts for all Probation Officer I / II / III / IV / V's within the Statewide Probation and Parole component and the Probation and Parole Director's Office component. In past years the Department had a difficult time in the recruitment and retention of Probation Officers. The Department of Corrections and the Special Recruitment Unit in the Department of Administration instituted streamlined recruitment and hiring processes to shorten the amount of time from application to employment. This on-going recruitment campaign increased the pool of available applicants and has allowed the Department to maintain filled positions.

B: Result - Successful re-entry of released prisoners:

Target #1: Reduce the percent of new crimes against persons committed by offenders while under supervision in the community.

Status #1: The percent of new crimes against persons committed by offenders while under supervision in the community decreased from 2.66% to 2.12% from FY2003 to FY2009.



Methodology: Source - Data is extracted from the Offender Tracking Information System (OTIS) by fiscal year.

Percent of New Crimes Against Persons Committed by Offenders While Under Supervision in the Community

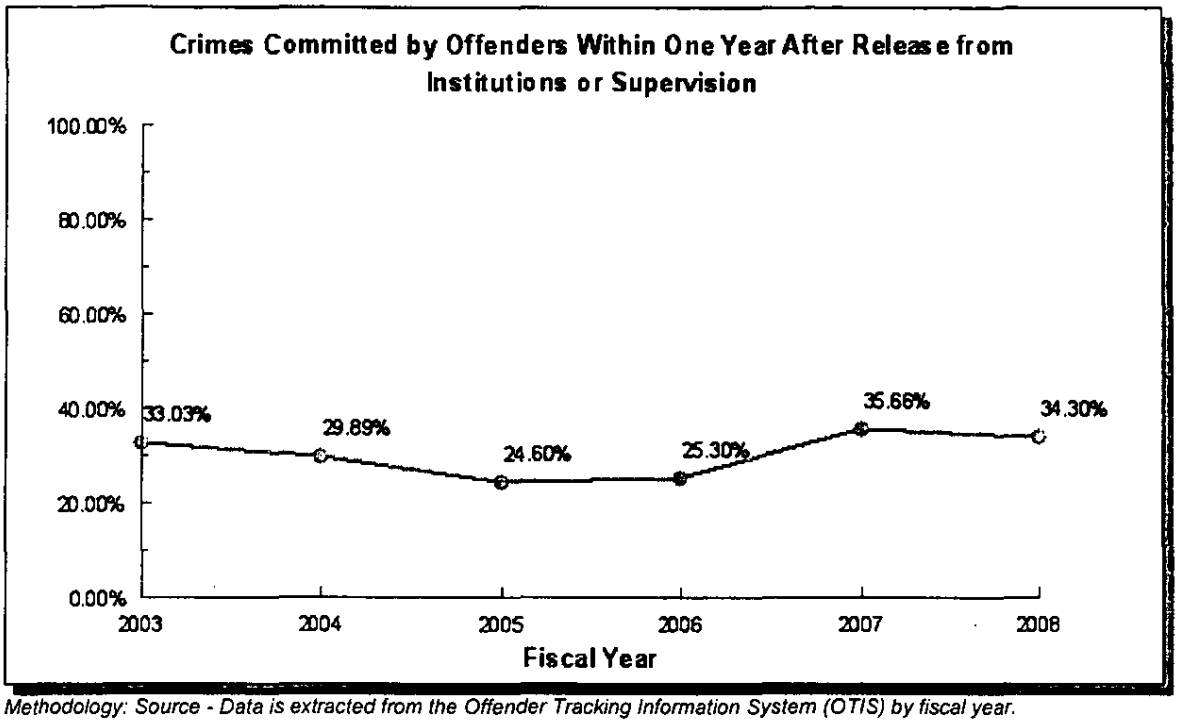
Fiscal Year	# Supervised	# of New Crimes	% of New Crimes	Change in %
FY 2009	8,478	180	2.12%	.08%
FY 2008	8,557	175	2.05%	.55%
FY 2007	8,052	120	1.49%	-.46%
FY 2006	7,996	156	1.95%	.23%
FY 2005	7,548	130	1.72%	-.81%
FY 2004	6,684	169	2.53%	-.13%
FY 2003	6,173	164	2.66%	

Analysis of results and challenges: From FY2008 to FY2009 the Department of Corrections saw an increase in the percent of new crimes against persons committed by offenders while under supervision in the community by 0.08%. Variables exist that may impact this number from year to year. The department does not determine the sentence length an offender is required to serve in an institutional facility or the length of time an offender is placed on probation/parole. Both of these impact how many offenders are under supervision in the community at any given time and impact the caseload of an adult probation officer.

The Department added a total of ten adult probation officers within the Statewide Probation and Parole component in FY2007 through FY2009. These positions were added after the passage of two pieces of legislation: SB 218 Sex Offender Polygraphing; and, SB 237 An Additional Six Superior Court Judges.

Target #2: Reduce the percent of crimes committed by offenders within one year after release from institutions or supervision.

Status #2: Of the offenders released between FY2003 and FY2008, the percentage who committed new crimes within 365 days of their release from an institution of supervision increased from 33.0% to 34.3%. However, of the offenders released within the past two fiscal years, there was a slight decrease in these new crimes, from 35.66% to 34.3%.



Methodology: Source - Data is extracted from the Offender Tracking Information System (OTIS) by fiscal year.

Crimes Committed by Offenders Within One Year After Release from Institutions or Supervision

Fiscal Year	# Released	# of Crimes	% of Crimes	Change in %
FY 2008	48,724	16,713	34.30%	-1.36%
FY 2007	46,350	16,529	35.66%	10.36%
FY 2006	44,103	11,158	25.30%	.70%
FY 2005	43,975	10,818	24.60%	-5.29%
FY 2004	42,120	12,589	29.89%	-3.14%
FY 2003	38,455	12,702	33.03%	

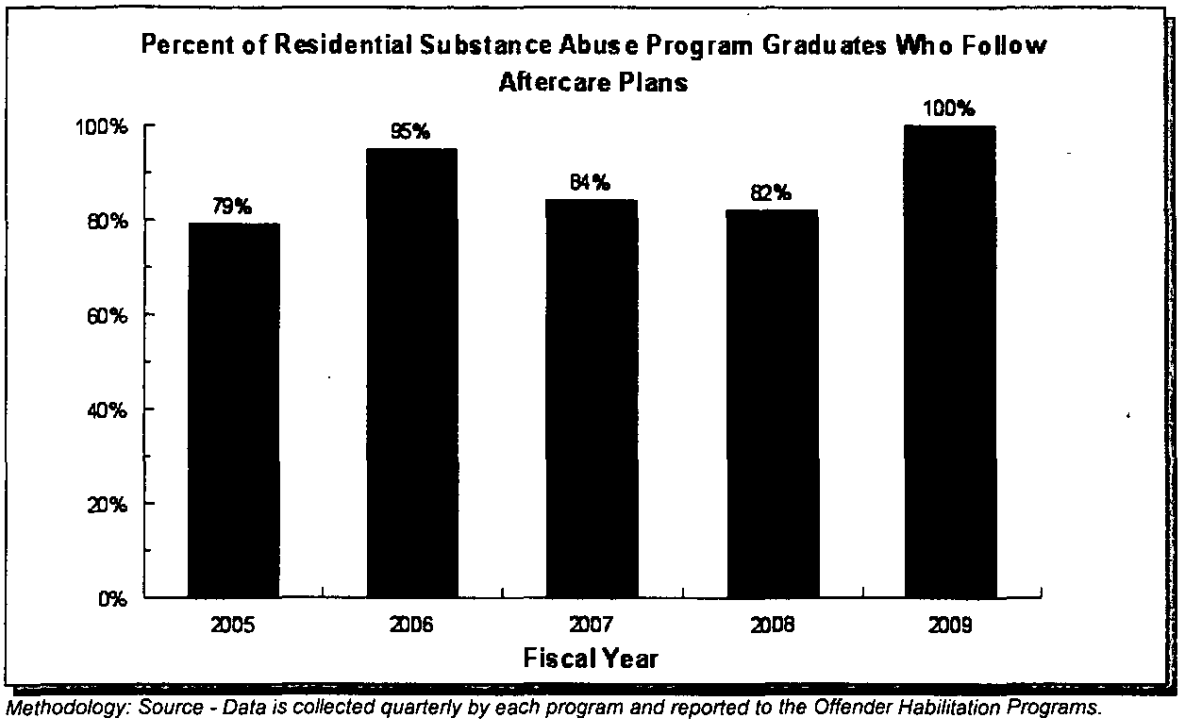
Analysis of results and challenges: From FY2007 to FY2008 the Department of Corrections saw a decrease in the percent of crimes committed by offenders within one year after release from institutions or supervision by 1.36%. Variables exist that may impact this number from year to year. The department does not determine the sentence length an offender is required to serve in an institutional facility or the length of time an offender is placed on probation/parole. Both of these impact how many offenders are under supervision in the community at any given time and impact the caseload of an adult probation officer.

The Department added a total of ten adult probation officers within the Statewide Probation and Parole component in FY2007 through FY2009. These positions were added after the passage of two pieces of legislation: SB 218 Sex Offender Polygraphing; and, SB 237 An Additional Six Superior Court Judges.

Target #3: Increase the percent of graduates of the Residential Substance Abuse Treatment (RSAT) program released on furlough, probation, or parole that follow aftercare recommendations when checked at the six month marker following release from incarceration.

Status #3: During FY2009, 100% of graduates of the Residential Substance Abuse Treatment (RSAT) program

released on furlough, probation or parole followed aftercare recommendations when checked at the six month marker following release from incarceration, compared to 82% in FY2008.



Methodology: Source - Data is collected quarterly by each program and reported to the Offender Habilitation Programs.

Percent of Residential Substance Abuse Program Graduates Who Follow Aftercare Plans

Fiscal Year	% Following Aftercare
FY 2009	100%
FY 2008	82%
FY 2007	84%
FY 2006	95%
FY 2005	79%

Analysis of results and challenges: For the past five years the Department of Corrections (DOC) had chosen the six month marker for the follow up data collection; this was based on national reporting that most offenders who relapse and re-offend after release from incarceration do so unusually within the first sixty days. Currently, all nationwide indicators are that keeping outcome data for a period of up to three years is preferred in order to document program success. The Department of Corrections agrees and has just implemented a new follow-up protocol. Along with this new follow-up protocol, a new data collection system has been implemented this past spring (April 2009). This data collection system follows the offender by DOC Offender Based State Correctional Information System (OBCSIS) number and name over the course of three years after release from the institution. While it is true that most offenders re-offend or relapse within the first two to six months following release, a period follow-up for three years paints a more accurate and complete picture of the success of a program. This follow-up does not depend on self report, it relies on the information that is input by DOC employees into the DOC data collection system (currently OTIS). In FY 2009, due to these changes in data collection referenced above, the number of offenders followed in the first three quarters of FY 2009 resulted in a reduction from previously reprted numbers in FY 2008. In the last quarter of the year the numbers of offenders followed increased as the programs became fully compliant and online with the new reporting system.

In FY 2009 there have been very significant changes made in these programs. The first changes were in data collection, discussed above. These changes will help DOC to understand more accurately both the success of program changes implemented while the offender is incarcerated and the outcomes after the offender is released from prison. In addition to the changes in data reporting, the RSAT programs have been both shortened and strengthened. The programs are now six months in duration, allowsing 84 men to attend treatment per year and 64

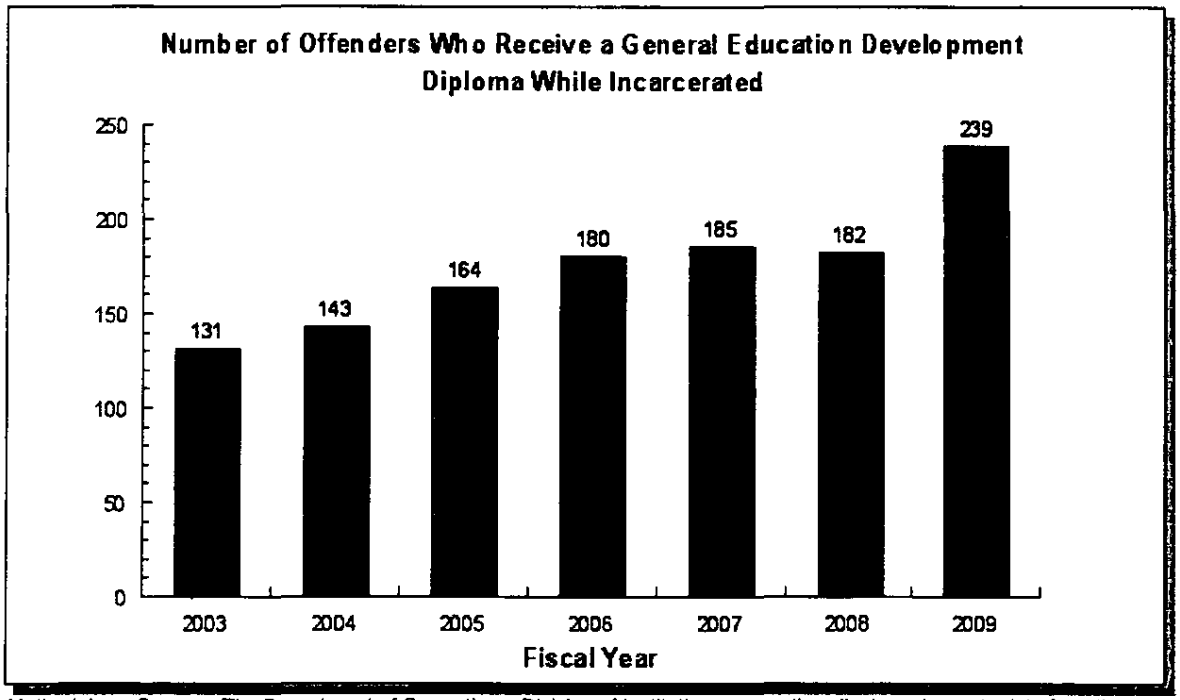
women to attend treatment per year, essentially making the RSAT programs available to over twice the number of offenders than previously. The RSAT programs now use a defined curriculum and have aftercare and case management built into each offender's treatment plan. This increases both attendance in aftercare and accountability in aftercare and post release. For both HMCC and WCC programs the aftercare attendance in the last six months has been at 100% largely as a result of the Transitions Continuing Care Program available to all RSAT graduates in the Anchorage area.

With the department's continued commitment to the RSAT programs and the implementation of the LSSAT programs (three month intensive out patient programs) as well as aftercare and intensive out patient now available to furloughees in the Anchorage community, DOC has followed through on its responsibility to provide a continuum of care to inmates who are in the department's custody, in order to enhance public safety and reduce recidivism.

B1: Strategy - Increase behavioral interventions and referrals to reformative programs.

Target #1: Increase the number of offenders who receive a General Education Development diploma while incarcerated.

Status #1: 239 offenders received a General Education Development diploma while incarcerated during FY2009, compared to only 131 offenders in FY2003.



Methodology: Source - The Department of Corrections, Division of Institutions manually collects and reports data from the correctional facilities each fiscal year.

Number of Offenders Who Receive a General Education Development Diploma While Incarcerated

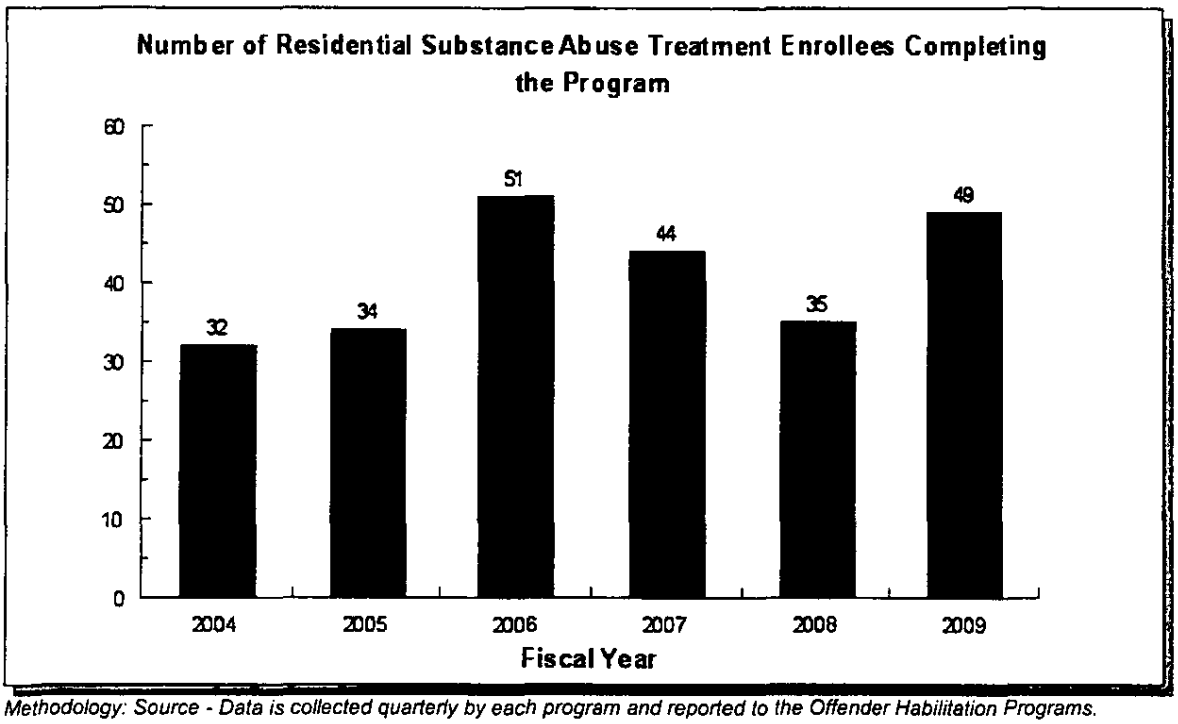
Fiscal Year	# of GEDs Earned
FY 2009	239
FY 2008	182
FY 2007	185
FY 2006	180
FY 2005	164
FY 2004	143
FY 2003	131

Analysis of results and challenges: The Department of Corrections has increased the number of offenders receiving their General Education Development (GED) diploma while incarcerated overall by 108 from FY2003 to

FY2009. Each institution provides offenders with education coordinators and the necessary materials to complete the GED tests. While incarcerated offenders have the opportunity to obtain a GED diploma, there are many difficulties for this program to increase the number each year. In most cases offender participation in this program is voluntary and the level of education is self-reported by the offender. Also, the time an offender has to serve maybe insufficient to complete all five tests. In FY2007, the department identified one position to proctor all GED tests in the South-central Region. This change was required by the Department of Labor and Workforce Development and allows education coordinators more time to focus on delivery of education services and not on proctoring tests. It was anticipated that this change would increase the number of offenders who receive their GED diploma while incarcerated. Additionally, Education Coordinators where asked to place more attention on evidenced based practices and programs under their purview such as ABE and GED programs. With the added effort and attention, the department has increased the number of GED's by 57 over FY2008.

Target #2: Increase the number of Residential Substance Abuse Treatment enrollees completing the Residential Substance Abuse Treatment program.

Status #2: In FY2009, 49 enrollees completed the Residential Substance Abuse Treatment program, compared to 35 enrollees in FY2008.



Methodology: Source - Data is collected quarterly by each program and reported to the Offender Habilitation Programs.

Number of Residential Substance Abuse Treatment Enrollees Completing the Program

Fiscal Year	# Completing
FY 2009	49
FY 2008	35
FY 2007	44
FY 2006	51
FY 2005	34
FY 2004	32

Analysis of results and challenges: In FY2009, 49 enrollees completed the Residential Substance Abuse Treatment (RSAT) program. This is a increase of 14 enrollees completing the program from FY2008. Data collection for the program is being done on a monthly basis rather than a quarterly basis, use of Offender Based State Correctional Information System (OBSCIS) numbers and names allows the reported data to be specific to the offenders receiveing treatment.

The Wildwood Correctional Center (WWCC) Men's RSAT Program is a 42 bed Therapeutic Community that opened in October 2000. This program has become a model cognitive Therapeutic Community in addressing criminal thinking and behaviors as an integral part of addiction treatment for offenders. During FY2009, the Men's RSAT program had a total of 77 enrollees enter the program and 31 enrollees completed the program.

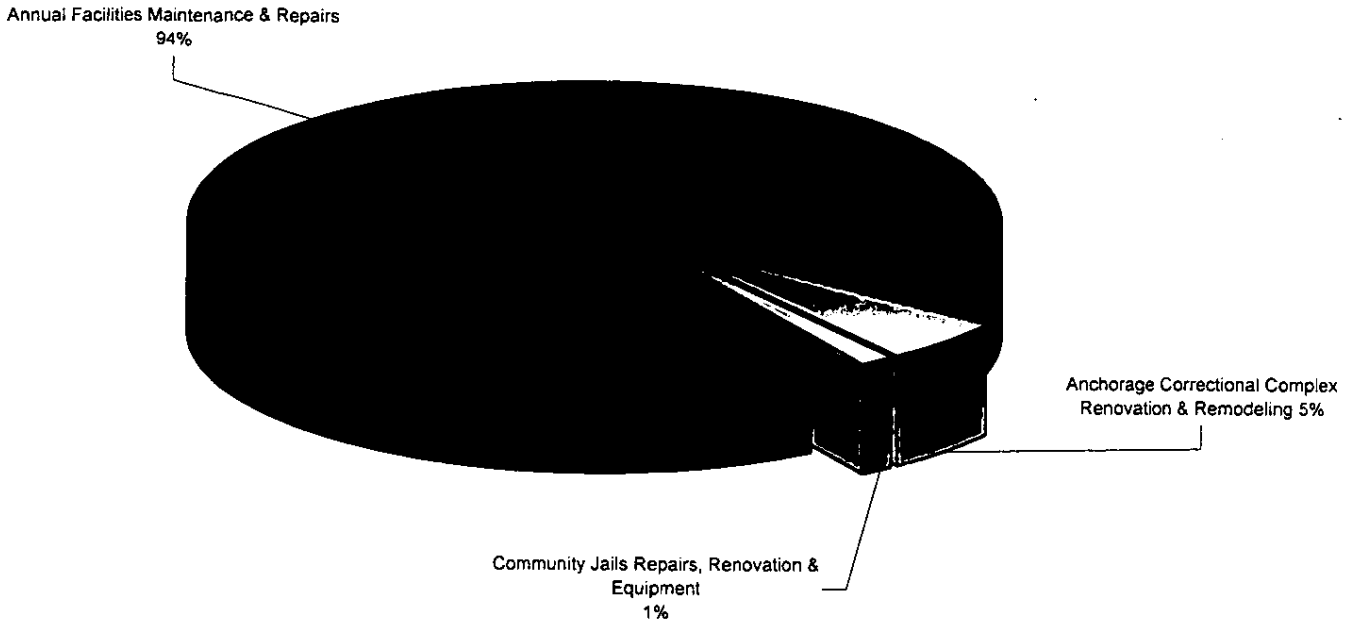
The Hiland Mountain Correctional Center (HMCC) Women's RSAT Program is a 32 bed Therapeutic Community that opened in November 1998. Currently, the HMCC Women's RSAT Program is the only known women's treatment program in the country with a dedicated Social Worker on the treatment team who serves as the liaison with the Department of Health and Social Services, Office of Children's Services. During FY2008, the Women's RSAT program had a total of 31 enrollees enter the program and 18 enrollees complete the program.

Funding was requested and received in the FY2010 budget to meet the contractual obligations for both the men's and women's RSAT Programs. In addtion to the funding to maintain the RSAT programs, funding was received to add an aftercare component for the RSAT graduates. We are already seeing the advantage in this as more graduates are receiving not only aftercare services but case management services that begins when the offender is still incarcerated and thus provides the impetus to ensure aftercare follow-through. The RSAT aftercare services were funded by an amendment to the RSAT contracts, the total amount for these services was $82,500 per contract.

In addition to the aftercare component of treatment being added to the RSAT programs, the programs themselves have undergone significant changes. The programs as of 7/1/09 (FY2010) have been both shortened in length and added to in content and participant accountability. The program was shortened to a six (6) month timeframe. In this timeframe the offender/participants have to complete a curriculum that is evidence based. There is a greater intensity of counselor to particpant interaction even though the program remains a therapeutic community model. All offenders attending the RSAT program are referred and have to attend the RSAT aftercare program if they are in the Anchorage community.

The Department of Corrections has a responsibility to provide a continuum of care to inmates who are in the department's custody, so that public safety will be enhanced upon their release to the community. This is being done.

Department of Corrections
Fiscal Year 2011 Capital Budget Request



Department of Corrections Capital Projects

Anchorage Correctional Complex Renovation & Remodeling	*$350.0*
Community Jails Repairs, Renovation & Equipment	*$100.0*
Annual Facilities Maintenance & Repairs	*$6,500.0*
Department of Corrections Total	***$6,950.0***

Anchorage Correctional Complex Renovation and Remodeling | **FY2011 Request:** $350,000 | **Reference No:** 45637

AP/AL: Appropriation
Project Type: Renovation and Remodeling
Category: Public Protection
Location: Anchorage Areawide
Contact: Leslie Houston
House District: Anchorage Areawide (HD 17-32)
Contact Phone: (907)465-3339
Estimated Project Dates: 07/01/2010 - 06/30/2015

Brief Summary and Statement of Need:
This project will provide funding for two remodeling and renovation projects located at the Anchorage Correctional Center. This project will provide new inter-module doors and upgrade an existing housing module to accommodate the increased population of mentally ill inmates. This project supports the department's mission to provide secure offender confinement by enabling continued safe, secure and efficient operation of this 24-hour facility, thus enhancing community safety.

Funding:	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	Total
Gen Fund	$350,000						$350,000
Total:	$350,000	$0	$0	$0	$0	$0	$350,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
No prior funding.

Project Description/Justification:
$100,000 - Design and Construction of Inter-module Security Doors
The first element of this project will provide new inter-module doors for the Anchorage Correctional Complex – West (ACC-West) modules C and D, E and F, and J and K. Evaluations completed by management have identified times when inmates in adjacent housing mod's at ACC West could be monitored by a single correctional officer instead of the two currently required, were there a means for the officer to have immediate access to adjacent modules via a passageway.

Phase 1 of this project will cut openings in structural walls separating three sets of modules (C and D, E and F, J and K) and install security doors in the openings to allow one officer to manage both mod's as one unit.

Phase 2 will connect these doors into the touch screen security system and reduce the current security staffing requirements.

$250,000 - Design and Renovation of a Housing Module for mentally ill inmates
This project will upgrade an existing housing module to accommodate the mentally ill inmates whose numbers have exceeded the capacity of the smaller "Mike" module acute unit. The modifications will

include new security glazing in cell doors, and ADA accommodations required by law. It will also provide a conceptual design for the replacement of the existing hand railing for suicide prevention and an upgrade to the security Closed Circuit TV (CCTV) System. This project will increase the capacity from the current 18 cells to 24 cells.

Community Jails Repairs, Renovations, and Equipment **FY2011 Request: $100,000**
Reference No: 41516

AP/AL: Appropriation
Project Type: Renovation and Remodeling
Category: Public Protection
Location: Statewide
Contact: Leslie Houston
House District: Statewide (HD 1-40)
Contact Phone: (907)465-3339
Estimated Project Dates: 07/01/2010 - 06/30/2015

Brief Summary and Statement of Need:
This project will provide funding for essential safety and security repairs, remodeling, renovations, and equipment at 15 local government contract jails. These jails require repairs and modifications to continue operations in support of the department's mission to provide secure offender confinement, thus enhancing community safety.

Funding:	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	Total
Gen Fund	$100,000						$100,000
Total:	$100,000	$0	$0	$0	$0	$0	$100,000

☐ State Match Required	☐ One-Time Project	☐ Phased - new	☐ Phased - underway	☑ On-Going
0% = Minimum State Match % Required		☐ Amendment	☐ Mental Health Bill	

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Ch 29 SLA 2008 Sec 13 Pg 135 Ln 15 $200,000 GF; Ch 82 SLA 2006 Sec 1 Pg 64 Ln 31-33 $100,000 GF; Ch 1 SSSLA 2002 Sec 84 Pg 136 Ln 25-31 and Pg 137 Ln 1-4 $82,363 GF; Ch 61 SLA 2001 Pg 10 Ln 17 $100,000 Fed; Ch 123 SLA 1996 $138,000 GF.

Project Description/Justification:
This project will provide funding to local community jail facilities for essential safety and security repairs, remodeling, renovations, and life and safety equipment at 15 local government contract jails. These jails require repairs and modifications to continue safe operations of each local facility.

15 local communities operate jails that handle up to 153 state prisoners per day. Facility renovation / repair and renewal / replacement is required to continue safe and secure offender incarceration. Likewise, equipment replacement and upgrades are required.

Items that need to be addressed annually are life and safety equipment, alarm system repairs, sprinkler and ventilation projects, water and sewer equipment, washer and dryer equipment replacement, storage equipment, portable radios, kitchen equipment, booking ID cameras, intercom systems, security equipment, heating and ventilation systems, and other facility equipment.

Funding received will be equitably allocated based on priority needs. Local Community Jails are as follows:

Location	# Beds	Annual Man Day Capacity	Maximum Days Held
Bristol Bay Borough	4	1,460	15
Cordova	6	2,190	7
Craig	7	2,555	15
Dillingham	8	2,920	20
Haines	6	2,190	14
Homer	7	2,555	10
Kodiak	16	5,840	10
Kotzebue	14	5,110	30
North Slope Borough	9	3,285	18
Petersburg	12	4,380	15
Seward	14	5,110	30
Sitka	15	5,475	10
Unalaska	10	3,650	30
Valdez	13	4,745	10
Wrangell	12	4,380	30
Total	**153**	**55,845**	

Deferred Maintenance Projects **FY2011 Request: $6,500,000**
Reference No: 49376

AP/AL: Appropriation **Project Type:** Deferred Maintenance
Category: Public Protection
Location: Statewide **Contact:** Leslie Houston
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-3339
Estimated Project Dates: 07/01/2010 - 06/30/2015

Brief Summary and Statement of Need:
This project will provide funding for essential renewal, replacement, renovation, remodeling and repair of electrical, mechanical, roofing, walls, fire and life safety, security, structural, food service, pavements and site drainage systems at all correctional facilities. This work is required to enable continued safe, secure and efficient operation of the 24-hour incarceration facilities.

Funding:	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	Total
Gen Fund	$6,500,000	$16,573,500	$10,409,200	$12,560,500	$18,661,000	$8,285,000	$72,989,200
Total:	$6,500,000	$16,573,500	$10,409,200	$12,560,500	$18,661,000	$8,285,000	$72,989,200

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☐ Phased - underway ☑ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Ch29 SLA 08 Sec 10 Pg 63-64 Ln 16-1 $8,678,000 GF; Ch82 SLA 06 Sec 1 Pg 65 Ln 3-5 $4,500,000 GF; Ch3 FSSLA 05 Sec 1 Pg 42 Ln 29 $2,000,000 AHFC; Ch159 SLA 04 Sec 1 Pg 18 Ln 23 $1,850,000 Ak Student Loan; Ch 82 SLA 03 Sec 1 Pg 16 Ln 23 $2,000,000 GF; Ch 1 SLA 02 Sec 1 Pg 27 Ln 27-29 $600,000 GF; Ch 1 SSSLA 02 Sec 1 Pg 27 Ln 21-23 $1,000,000; Ch 61 SLA 01 Pg 10 Ln 8 $600,000 GF, Ln 21-22 $400,000 GF; Ch 135 SLA 00 $600,000 AHFC; Ch 2 FSSLA 99 $800,000 GF; Ch139, SLA 98, CB 107, Sec 1 $800,000 AHFC.

Project Description/Justification:
The Department of Corrections is responsible for maintaining 117 state-owned buildings (over 1.3 million square feet and $529.1 million in replacement value). The majority of these buildings are over 20 years old, with 10% exceeding 30 years and 10% exceeding 40 years of age. This appropriation will fund the most urgent fire and life safety, environmental, utility infrastructure, security and operational requirements in the department.

This project is a statewide compilation of essential capital requirements at all institutions, primarily deferred maintenance requirements. A list of knowns is formulated in late October or early November each year. The list is a "snapshot" of the various needs at that time. The actual list of projects is fluid between the time that the list is prepared and the time the appropriation is authorized.

During this time period, other critical requirements are identified with several of the identified projects already accomplished. Funds are then allocated to the most urgent of the remaining requirements.

The projects that could not be funded become the basis of the next fiscal year capital appropriation request. Past experience shows that the vast majority of available funding will be allocated to deferred maintenance projects that were identified in the department's FY2011 capital request.

Electrical and emergency generator systems, monitoring systems, central control room security controls, and intercom systems at most of the institutions are in immediate need of renewal or replacement to enable continued security support. Boilers, Heating Ventilation and Air Conditioning Systems, fuel tanks and fuel distribution systems need a major repair effort to enable them to meet their function.

Roofs, exterior walls, interior walls, floors, and ceilings in most institutions need repairs to continue providing safety and security. These roofs and walls can no longer be maintained with normal in-house techniques. They need major repair or replacement so that they do not jeopardize the security systems and safe functioning of the facilities. Deferral will cause further damage to the building structures and will increase the ultimate repair costs. Funding to address the total roof repair needs will continue to be requested in future Department of Corrections capital requests.

The flat roof portions of these facilities require major repairs. These roofs do not drain well, which contributes to a severe leakage problem. The existing roofing systems do not meet current building code requirements. Repairing these roof systems in accordance with current building codes will provide weather protection for the next 20 years while minimizing maintenance costs for that same time period and will significantly reduce energy costs.

In the past, freezer systems at Fairbanks Correctional Center, domestic hot water heaters at the Combined Hiland Mountain and Palmer Correctional Centers and Halon Fire suppression system at Spring Creek Correctional Center generator plant all failed. This resulted in emergency projects that required diverting funds from other planned repairs.

Department of Corrections Ten Year Expenditure Projection

The mission of the Department of Corrections (DOC) is to provide secure confinement, reformative programs, and a process of supervised community reintegration to enhance the safety of our Alaska communities.

- Secure confinement increases will assist in meeting expanded bed capacity and to maintain existing medical services.
- Reformative Program increases will expand education, chaplaincy, mental health, substance abuse, and sex offender treatment programs.
- Supervised community reintegration increases will assist in maintaining existing contracted bed capacity and offender supervision while on probation/parole.

The Department of Corrections (DOC) is continuing a full review and long-range analysis of its population management for the future years. This includes examining the current use of all facilities.

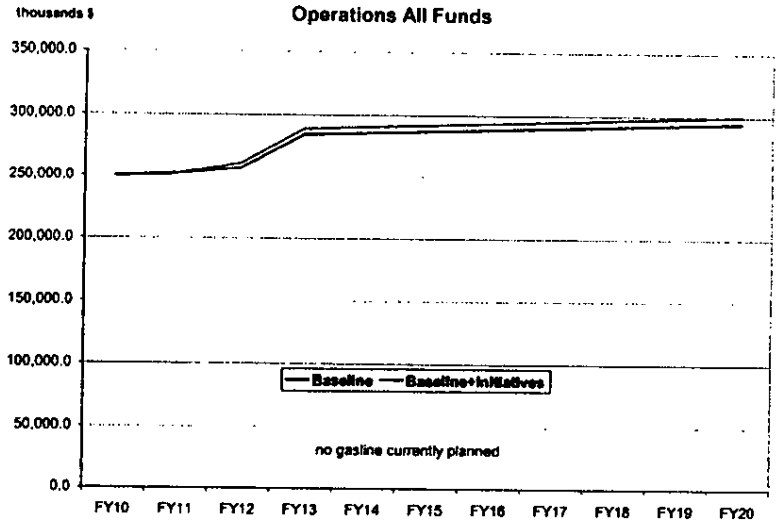
The department is appraising each institution for potential expansion, rehabilitation, or replacement. Many of the state facilities are aging and deteriorating. Funding for annual maintenance and repairs has not matched the pace of inflation and deterioration. This has placed the DOC in the position of responding and directing funds to the most urgent of repair needs associated with life, safety, and health.

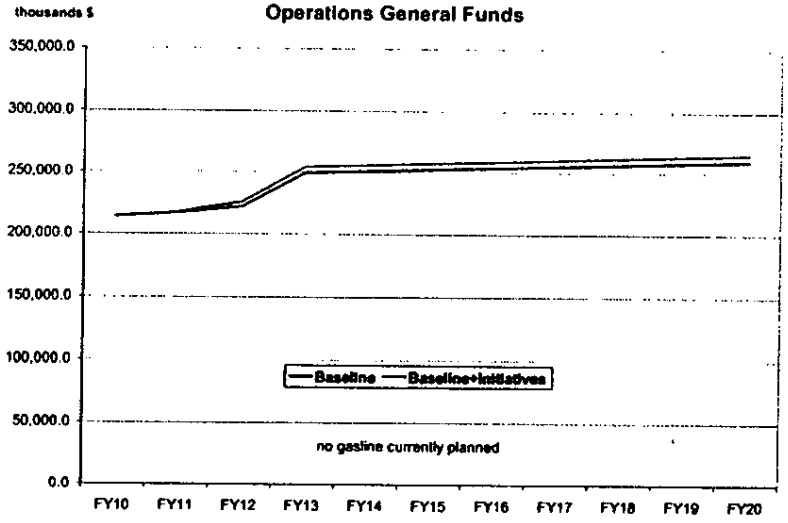
The state's inmate population has grown dramatically over the years with increases in mental illness, chronic disease, and health issues associated with geriatrics. This represents a significant challenge for the department. In developing our long range plan, the department will consider a means of providing cost effective services for this special needs population.

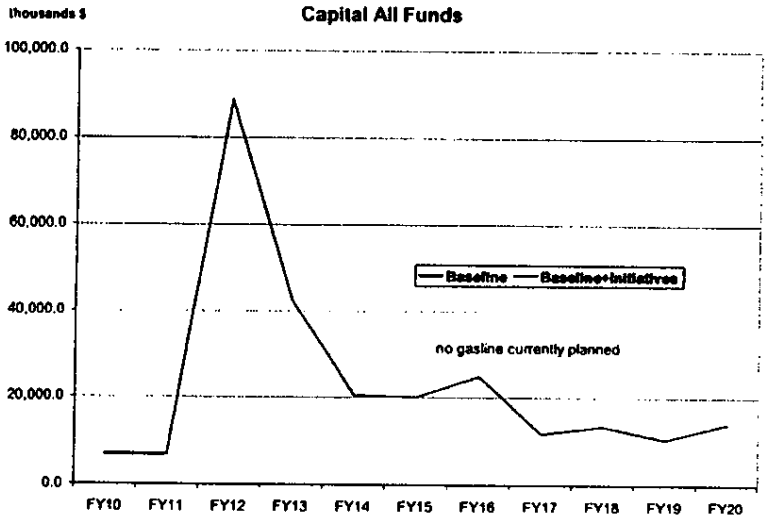
The department's long range plan is to continue to address population management, rehabilitation and mental health services, and offender supervision. This includes statewide:

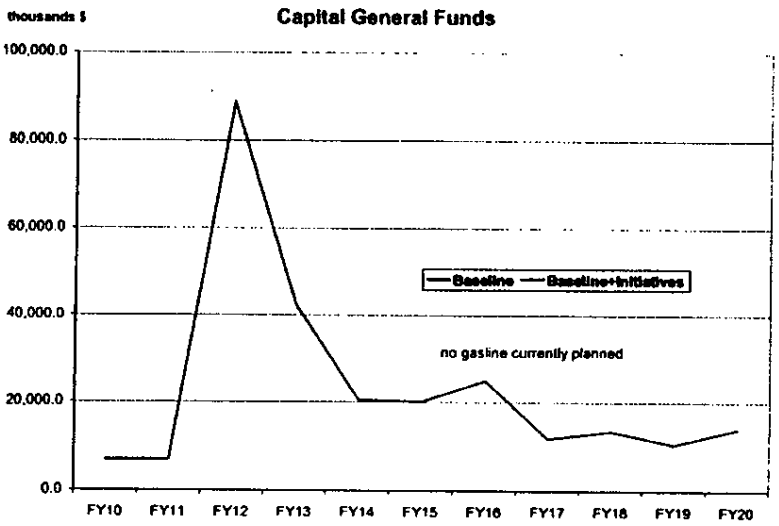
- Institutional bed capacity and community-based services
- State owned Facility Maintenance and Repairs
- Institutional-based offender habilitation programs
- Mental health services to meet the offender population diagnosed with mental health issues

Corrections

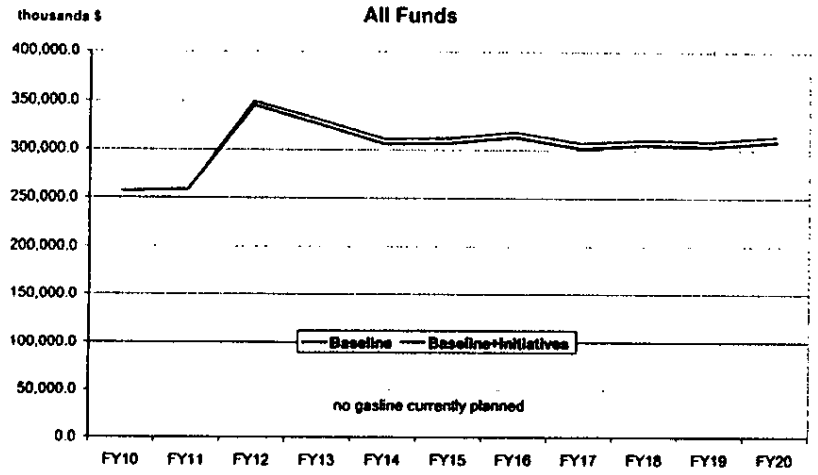


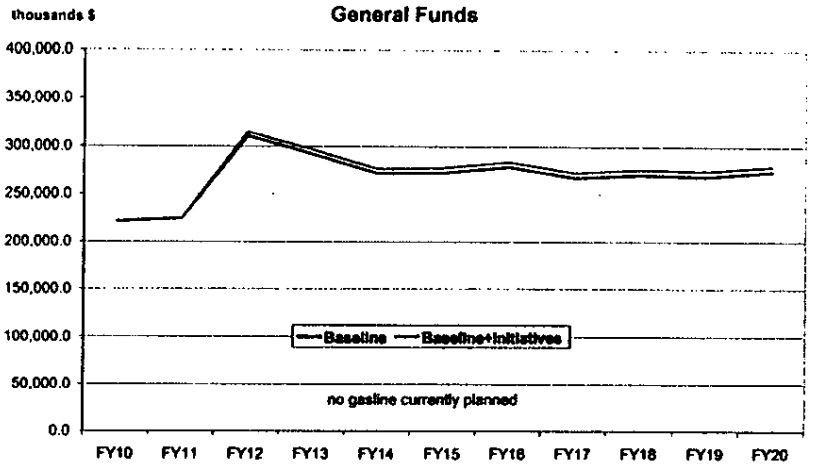






Corrections





Corrections

Baseline Budget Growth 1/

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	256,778.5	258,854.9	345,429.4	326,304.5	305,813.2	306,846.8	313,106.1	301,441.8	304,654.6	303,156.3	308,291.5
General Fund	220,845.4	223,957.2	310,531.7	291,406.8	270,915.5	271,949.1	278,208.4	266,544.1	269,756.9	268,258.6	273,393.8
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	3,187.3	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4
Other State Funds	32,617.4	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9
Operations	249,778.5	251,904.9	256,636.8	284,004.5	285,413.2	286,846.8	288,306.1	289,791.8	291,304.6	292,845.3	294,414.5
General Fund	213,845.4	217,007.2	221,739.1	249,106.8	250,515.5	251,949.1	253,408.4	254,894.1	256,406.9	257,947.6	259,516.8
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	3,187.3	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4
Other State Funds	32,617.4	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	249,778.5	251,904.9	256,636.8	284,004.5	285,413.2	286,846.8	288,306.1	289,791.8	291,304.6	292,845.3	294,414.5
General Fund	213,845.4	217,007.2	221,739.1	249,106.8	250,515.5	251,949.1	253,408.4	254,894.1	256,406.9	257,947.6	259,516.8
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	3,187.3	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4
Other State Funds	32,617.4	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9
Capital	7,000.0	6,950.0	88,792.6	42,300.0	20,400.0	20,000.0	24,800.0	11,650.0	13,350.0	10,311.0	13,877.0
General Fund	7,000.0	6,950.0	88,792.6	42,300.0	20,400.0	20,000.0	24,800.0	11,650.0	13,350.0	10,311.0	13,877.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1. Baseline wage and benefit increases are handled in the statewide spreadsheet.
See detailed assumptions.

Corrections

Gasline Related Budget Growth

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

No gasline expenditures planned at this time.

Corrections

OPERATING - ASSUMING FY2010 SERVICE LEVELS

FY2020 Summary

292,845.3	**FY2019 Total Anticipated Request**
500.0	CRC annual CPI contract bed rate increase
1,069.3	Physical Health Care - maintain existing medical services
294,414.5	**FY2020 Total Anticipated Request**

OPERATING - NEW INITIATIVES EXCEPT GASLINE

5,273.5	**FY2019 Total Anticipated Request**
89.6	Average 1 new Adult PO I to meet offender population (PS only - no operating costs)
5,363.1	**FY2020 Total Anticipated Request**

Corrections

Initiatives (Except Gasline)

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	0.0	150.0	3,710.6	4,677.8	4,863.1	4,940.4	5,020.0	5,102.0	5,186.5	5,273.5	5,363.1
General Fund	0.0	150.0	3,710.6	4,677.8	4,863.1	4,940.4	5,020.0	5,102.0	5,186.5	5,273.5	5,363.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operations	0.0	150.0	3,710.6	4,677.8	4,863.1	4,940.4	5,020.0	5,102.0	5,186.5	5,273.5	5,363.1
General Fund	0.0	150.0	3,710.6	4,677.8	4,863.1	4,940.4	5,020.0	5,102.0	5,186.5	5,273.5	5,363.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	0.0	150.0	3,710.6	4,677.8	4,863.1	4,940.4	5,020.0	5,102.0	5,186.5	5,273.5	5,363.1
General Fund	0.0	150.0	3,710.6	4,677.8	4,863.1	4,940.4	5,020.0	5,102.0	5,186.5	5,273.5	5,363.1
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

See detailed assumptions.

Corrections

Baseline plus Initiatives

(thousands $)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Total Appropriations	256,778.5	259,004.9	349,140.0	330,982.3	310,676.3	311,787.2	318,126.1	306,543.8	309,841.1	308,429.8	313,654.6
General Fund	220,845.4	224,107.2	314,242.3	296,084.6	275,778.6	276,889.5	283,228.4	271,646.1	274,943.4	273,532.1	278,756.9
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	3,187.3	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4
Other State Funds	32,617.4	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9
Operations	249,778.5	252,054.9	260,347.4	288,682.3	290,276.3	291,787.2	293,326.1	294,893.8	296,491.1	298,118.8	299,777.6
General Fund	213,845.4	217,157.2	225,449.7	253,784.6	255,378.6	256,889.5	258,428.4	259,996.1	261,593.4	263,221.1	264,879.9
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	3,187.3	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4
Other State Funds	32,617.4	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9
Formula Programs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-formula Programs	249,778.5	252,054.9	260,347.4	288,682.3	290,276.3	291,787.2	293,326.1	294,893.8	296,491.1	298,118.8	299,777.6
General Fund	213,845.4	217,157.2	225,449.7	253,784.6	255,378.6	256,889.5	258,428.4	259,996.1	261,593.4	263,221.1	264,879.9
General Fund Match	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4	128.4
Federal Funds	3,187.3	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4	3,003.4
Other State Funds	32,617.4	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9	31,765.9
Capital	7,000.0	6,950.0	88,792.6	42,300.0	20,400.0	20,000.0	24,800.0	11,650.0	13,350.0	10,311.0	13,877.0
General Fund	7,000.0	6,950.0	88,792.6	42,300.0	20,400.0	20,000.0	24,800.0	11,650.0	13,350.0	10,311.0	13,877.0
General Fund Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Corrections

OPERATING - ASSUMING FY2010 SERVICE LEVELS		OPERATING - NEW INITIATIVES EXCEPT GASLINE	
FY2010 Summary			
DOC Totals		**DOC Totals**	
248,241.3	FY2010 Conference Committee Authorization Total	0.0	FY2010 Conference Committee Authorization Total
(162.8)	FY2010 LTC Salary Adjustment	0.0	
600.0	FY2010 August Fuel Distribution (GF) $600.0	0.0	
600.0	FY2010 Estimated December Fuel Distribution (GF) $600.0	0.0	
500.0	FY2010 Secure Detox GFMH Reappropriation $500.0	0.0	
249,778.5	**FY2010 Total Authorization**	**0.0**	**FY2010 Total Authorization**
FY2011 Summary			
249,778.5	**FY2010 Total Authorization**	**0.0**	**FY2010 Total Authorization**
0.0	Maintain FY2010 Fuel Distribution (GF) $1,200.0	150.0	Construction apprenticeship programs w/Dept Labor
(183.9)	Eliminate the Federal auth for IT grant	(164.0)	Mental Health Trust Recommendations - OTI Eliminate FY2010 funding for Mental Health services MHTAAR
(1,000.0)	OTI Eliminate FY2010 funding for Secure Detox & Treatment	164.0	Mental Health Trust Recommendations - OTI FY2011 funding for Mental Health services
400.0	CRC annual CPI contract bed rate increase	(210.0)	Mental Health Trust Recommendations - OTI Eliminate FY10 funding for APIC services
500.0	CRC 43 bed increase within Anchorage Area (partial funding received in FY2010)	210.0	Mental Health Trust Recommendations - OTI FY2011 funding for APIC services
1,250.8	WWCC bed expansion funding (beds on-line FY2010)		
300.0	OTI - Kodiak multi jail facility operations		
251,045.4	**FY2011 Total Governor's Request**	**150.0**	**FY2011 Total Governor's Request**

Corrections

OPERATING - ASSUMING FY2010 SERVICE LEVELS		OPERATING - NEW INITIATIVES EXCEPT GASLINE	
FY2012 Summary			
251,045.4	**FY2011 Total Governor's Request**	**150.0**	**FY2011 Total Governor's Request**
(300.0)	Eliminate OTI - Kodiak multi jail facility operations	1,300.0	Acquire new CRC regular beds within Anchorage & Fairbanks
860.7	Physical Health Care - maintain existing medical services	90.8	20% Annual IT equipment replacement
188.0	Kodiak increased jail capacity (contractual obligations with new Jail)	100.0	National Prison Rape Elimination Act Implementation
2,000.0	Establish first 66 PFT positions for GCCC	585.6	Eliminate V&T Statewide Probation & Parole
242.7	SB218 Final portion of the last year of fiscal note	226.1	Eliminate V&T Physical Health
2,600.0	Increase institutional commodity shortfall (previously funded through PS vacant positions)	419.7	Eliminate V&T Behavioral Health / $395.7 GF/GFMH & $24.0 Other
Unknown	Point of Arrest increased transportation costs	500.0	Therapeutic Parole Program
Unknown	Add'l Staffing adjustments (Institutions)	75.0	Telemedicine / MHTAAR funding
Unknown	HB265 Impacts (Crime Omnibus)	99.4	Mental Health Trust Recommendations - Increase capacity for the Institutional Discharge Program (IDP+)
Unknown	HB307 Impacts (Domestic Violence / Assaults)	164.0	Mental Health Trust Recommendations - Corrections Mental Health Clinical Positions GFMH
256,636.8	**FY2012 Total Anticipated Request**	**3,710.6**	**FY2012 Total Anticipated Request**
FY2013 Summary			
256,636.8	**FY2012 Total Anticipated Request**	**3,710.6**	**FY2012 Total Anticipated Request**
600.0	CRC annual CPI contract bed rate increase	624.0	Out Patient Substance Abuse Pgm (FY10 funding $129 & FY11 $495)
884.4	Physical Health Care - maintain existing medical services	20.0	Education Program increase
46,946.7	Full yr GCCC 1536 beds - excludes OTI & FFE costs	85.3	Chaplaincy Program increase - additional Chaplain LCCC
Revenue	Construction/Debt for GCCC 1536 beds	165.0	Out Patient Substance Abuse Pgm
	*Note: DOC is planning a phasing-in of the GCCC funding covering FY11 & FY12	72.9	Average 1 new Adult PO I to meet offender population
(21,063.4)	OOS eliminate 900 contract beds	200.0	Sex Offender Treatment - Out-of-state treatment
	*Note: DOC is planning phasing out the OOS beds through FY12 & FY13	156.0	Education Program increase from FY09 & FY10 estimates
		255.9	Chaplaincy Program increase - FY09 2 Chaplains ACC & HMCC / SCCC & 1 Chaplain WWCC
		100.0	Prison Rape Elimination Act (complete implementation)
		90.3	Training Academy - CO III for Expansion training
		99.9	IDO - ACA Criminal Justice Planner
		229.0	Mental Health Program Increases w/o PFTs
284,004.5	**FY2013 Total Anticipated Request**	**4,677.8**	**FY2013 Total Anticipated Request**

Corrections

OPERATING - ASSUMING FY2010 SERVICE LEVELS

FY2014 Summary

284,004.5	**FY2013 Total Anticipated Request**
500.0	CRC annual CPI contract bed rate increase
908.7	Physical Health Care - maintain existing medical services
285,413.2	**FY2014 Total Anticipated Request**

FY2015 Summary

285,413.2	**FY2014 Total Anticipated Request**
500.0	CRC annual CPI contract bed rate increase
933.7	Physical Health Care - maintain existing medical services
286,846.8	**FY2015 Total Anticipated Request**

FY2016 Summary

286,846.8	**FY2015 Total Anticipated Request**
500.0	CRC annual CPI contract bed rate increase
959.3	Physical Health Care - maintain existing medical services
288,306.1	**FY2016 Total Anticipated Request**

FY2017 Summary

288,306.1	**FY2016 Total Anticipated Request**
500.0	CRC annual CPI contract bed rate increase
985.7	Physical Health Care - maintain existing medical services
289,791.8	**FY2017 Total Anticipated Request**

FY2018 Summary

289,791.8	**FY2017 Total Anticipated Request**
500.0	CRC annual CPI contract bed rate increase
1,012.8	Physical Health Care - maintain existing medical services
291,304.6	**FY2018 Total Anticipated Request**

FY2019 Summary

291,304.6	**FY2018 Total Anticipated Request**
500.0	CRC annual CPI contract bed rate increase
1,040.7	Physical Health Care - maintain existing medical services
292,845.3	**FY2019 Total Anticipated Request**

OPERATING - NEW INITIATIVES EXCEPT GASLINE

4,677.8	**FY2013 Total Anticipated Request**
25.0	Education Program increase
85.3	Chaplaincy Program increase - additional Chaplain FCC
75.1	Average 1 new Adult PO I to meet offender population (PS only - no operating costs)
4,863.1	**FY2014 Total Anticipated Request**
4,863.1	**FY2014 Total Anticipated Request**
77.3	Average 1 new Adult PO I to meet offender population (PS only - no operating costs)
4,940.4	**FY2015 Total Anticipated Request**
4,940.4	**FY2015 Total Anticipated Request**
79.6	Average 1 new Adult PO I to meet offender population (PS only - no operating costs)
5,020.1	**FY2016 Total Anticipated Request**
5,020.1	**FY2016 Total Anticipated Request**
82.0	Average 1 new Adult PO I to meet offender population (PS only - no operating costs)
5,102.1	**FY2017 Total Anticipated Request**
5,102.1	**FY2017 Total Anticipated Request**
84.5	Average 1 new Adult PO I to meet offender population (PS only - no operating costs)
5,186.5	**FY2018 Total Anticipated Request**
5,186.5	**FY2018 Total Anticipated Request**
87.0	Average 1 new Adult PO I to meet offender population (PS only - no operating costs)
5,273.5	**FY2019 Total Anticipated Request**

Corrections

OPERATING - ASSUMING FY2010 SERVICE LEVELS

FY2020 Summary

292,845.3	**FY2019 Total Anticipated Request**
500.0	CRC annual CPI contract bed rate increase
1,069.3	Physical Health Care - maintain existing medical services
294,414.5	**FY2020 Total Anticipated Request**

OPERATING - NEW INITIATIVES EXCEPT GASLINE

5,273.5	**FY2019 Total Anticipated Request**
89.6	Average 1 new Adult PO I to meet offender population (PS only - no operating costs)
5,363.1	**FY2020 Total Anticipated Request**

2/11/10 OVERVIEW: DEPARTMENT OF TRANSPORTA-TION & PUBLIC FACILITIES

<target><bill></bill><subject>2-11-10 OVERVIEW DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES</subject><comm>HFIN26</comm></target>

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Thursday, February 11, 2010

HB 300 APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 302 APPROP: MENTAL HEALTH BUDGET

FY11 Governor's Budget Overview:

Department of Transportation and Public Facilities

Presenters:
Leo von Scheben, Commissioner
Laura Baker, Director, Administrative Services
Frank Richards, Deputy Commissioner of Highways & Public Facilities

Available for questions:
Christine Klein, Deputy Commissioner of Aviation
Jim Beedle, Deputy Commissioner of Marine Operations

Bills Previously Heard or Scheduled.

2379

- 2·12·10 -

STATE OF ALASKA

DEPARTMENT
OF
TRANSPORTATION AND PUBLIC FACILITIES

FY2011 OPERATING BUDGET OVERVIEW

TO

HOUSE FINANCE COMMITTEE

February 4, 2010

Priority Program Overview

Department Mission: Provide for the safe movement of people and goods and the delivery of State services.

Department Core Services:

- The department is statutorily responsible for the planning, design, construction, maintenance, and operations of transportation facilities and buildings.
- Maintenance & Operations of State Transportation Systems: Highways, Airports, Alaska Marine Highway System, Public Facilities, Ports and Harbors and State Equipment Fleet.
- Measurement Standards/Commercial Vehicle Enforcement
- Transportation & Facilities Construction Program
- Program and Administrative Support

TOTAL OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY(Management Plan)	241,662.4	4,158.2	296,571.2	542,391.8	3,207	439	220
FY2011 GOVERNOR'S TRANSACTIONS	(5,480.0)	(235.9)	6,309.9	594.0	(17)	(2)	-
TOTAL FY2011 GOVERNOR'S BUDGET	236,182.4	3,922.3	302,881.1	542,985.8	3,190	437	220

Our Operating Budget Distribution crosses three priority program areas: Maintenance & Operations of State Transportation Systems, Measurement Standards/Commercial Vehicle Enforcement & Transportation & Facilities Construction Program.

Maintenance & Operations of State Transportation Systems *is important to the safety of public use of the state's transportation systems; supports economic development in terms of travel industry, general public, and commercial vehicle transportation, etc.*

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY(Management Plan)	233,143.1	4,158.2	168,532.6	405,833.9	2,160	218	129
FY2011 GOVERNOR'S TRANSACTIONS	(5,669.1)	(235.9)	7,105.2	1,200.2	-	(2)	-
TOTAL FY2011 GOVERNOR'S BUDGET	227,474.0	3,922.3	175,637.8	407,034.1	2,160	216	129

Results of Current Capacity

- ↑ In 2008 Alaska experienced 1.29 traffic fatalities per 100 million VMT, a decrease of 18.87% from 2007, and compared to the national 2008 average of 1.27.
- ↑ The work-related injury rate of department employees decreased from 4.7 in 2007 to 3.2 in 2008, a reduction of 31.9%.
- ↓ The Fairbanks International Airport's occupational injury and illness incidence rate increased from 12.1 in 2007 to 15.3 in 2008, which is above the national rate of 9.9.
- ↑ The rate of public injuries and incidents decreased from 1.7 in FY2007 to 1.2% in FY2008.
- → Customer satisfaction with the Marine Highway System has stayed strong at 96.5% for the 5th year in a row, with a high percentage of respondents giving an excellent rating.
- → Customer satisfaction in transportation services in 2008 compared to 2005 has remained constant at 80%.
- → Government sector customer satisfaction has remained high at 94% for state equipment fleet and increased from 83% to 84% for facilities between FY2008 and FY2009.
- ↑ Rural airport revenues collected in FY2009 exceeded the target of 5% and increased by 6.3% over the prior year.

Measurement Standards/Commercial Vehicle Enforcement *reduces the risk of accidents or road damage from unsafe commercial vehicles and/or loads.*

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY(Management Plan)	1,944.0	-	4,914.2	6,858.2	74	-	-
FY2011 GOVERNOR'S TRANSACTIONS	2.7	-	100.9	103.6	1	-	-
TOTAL FY2011 GOVERNOR'S BUDGET	1,946.7	-	5,015.1	6,961.8	75	-	-

Results of Current Capacity

- ➡ 99.2% of the commercial motor vehicles that were inspected in 2009 were weight compliant.
- ⬆ Fatalities resulting from accidents involving commercial motor vehicles decreased by 28.57% from 7 in 2007 to 5 in 2008, which is less than the 5 year average of 7.2 fatalities.

Transportation & Facilities Construction Program *provides the planning and management of construction projects across the department. This includes major repair and rehabilitation of all transportation modes, and state owned facilities, operated and maintained by the State of Alaska.*

OPERATING BUDGET DISTRIBUTION	GF	FED	OTH	TOTAL	PFT	PPT	NP
FY2010 CURRENT CAPACITY(Management Plan)	6,575.4	-	123,124.4	129,699.8	973	222	91
FY2011 GOVERNOR'S TRANSACTIONS	186.4	-	(896.2)	(709.8)	-18	0	0
TOTAL FY2011 GOVERNOR'S BUDGET	6,761.8	-	122,228.2	128,990.0	955	222	91

Results of Current Capacity

➡ The percentage difference between bid and final contractor payments increased to 12% in 2009. By using the last three fiscal years for source data, the department has established a three year average of about 10% that is still short of the 8% goal.

Accomplishments in 2009

AIAS - On-Schedule and Under Budget!

Ted Stevens International Airport A & B Concourses

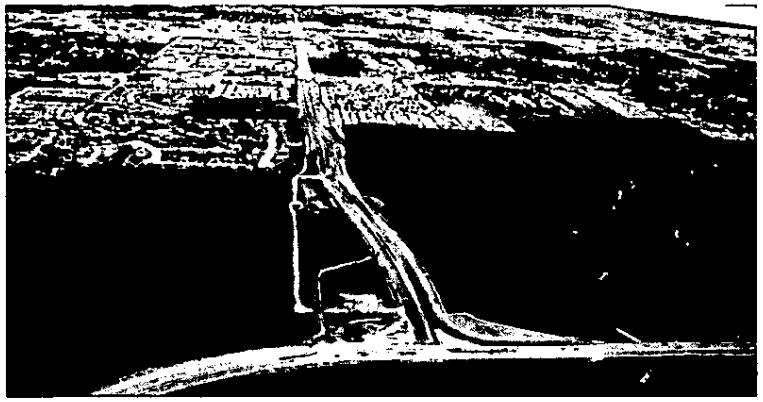
- Opened for Business on November 2, 2009
- Passenger/Baggage screening centralized
- A&B concourses 352,000 ft2 renovation

Fairbanks Passenger Terminal

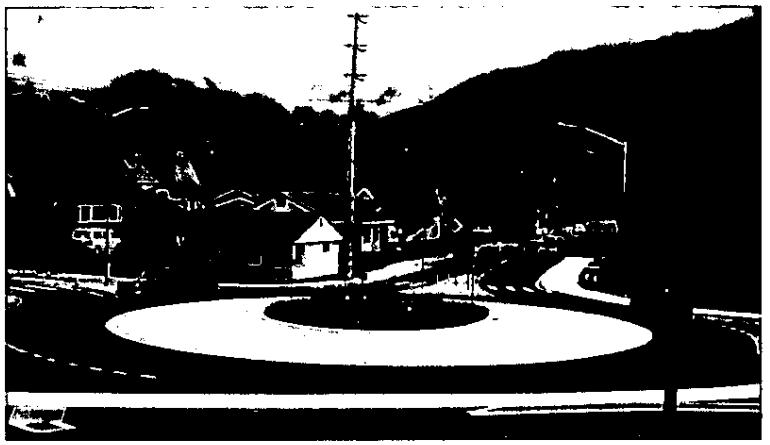
- Opened May 7, 2009
- Authorized $96.2M
- Cost $92.3M

Highways

Dowling Road Extension



Sitka Roundabout



North Pole Interchange

Alaska Marine Highway System

- 92% on Time Departures
- 96% customer satisfaction level
- Schedule
  - Winter '09 /Spring '10 released July 17th
  - Summer '10 schedule released October 1st
- Power Management /Fuel Savings
- Alaska Class Ferry – STIP Funding Approved

Taku Crew Receiving Coast Guard Award

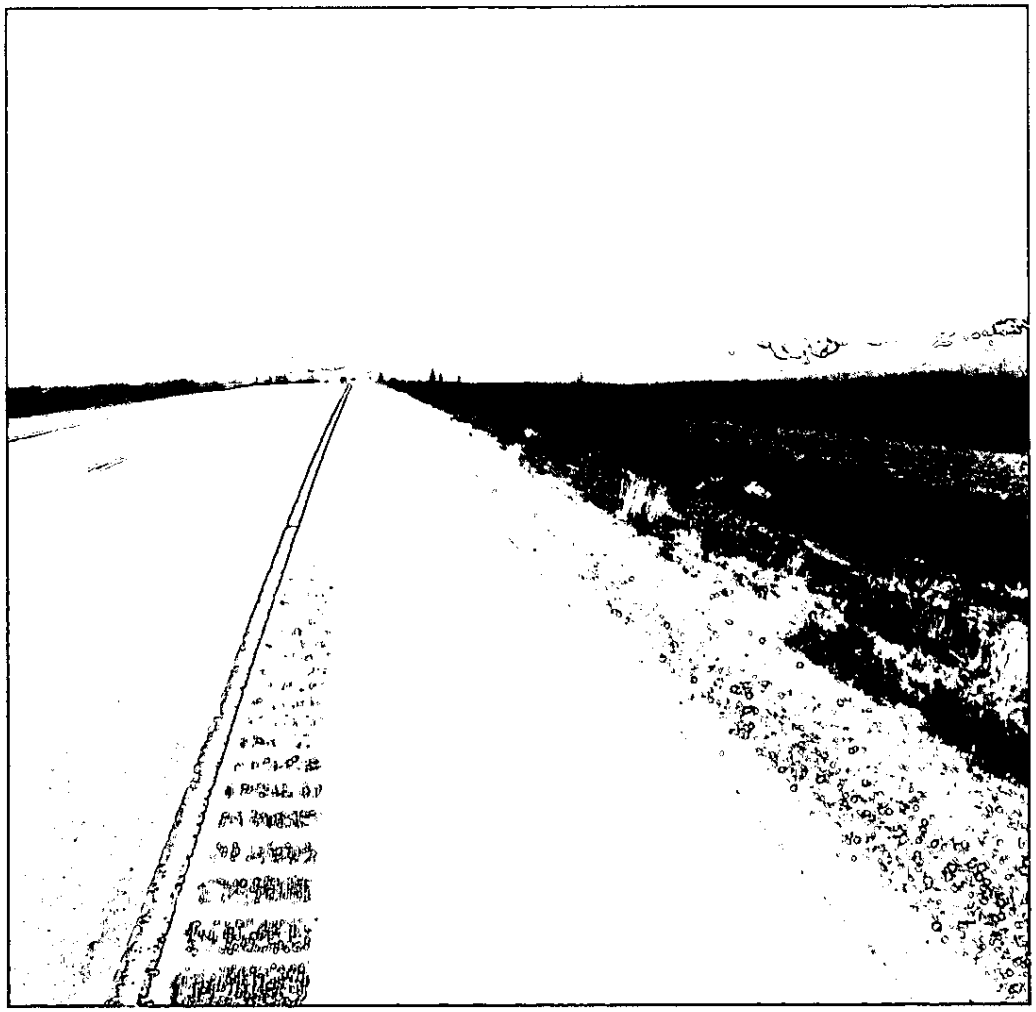
Highway Safety Corridors

- Education
  - Includes distracted and aggressive driving
  - http://www.youtube.com/user/asthwsads#p/u
  - http://www.youtube.com/watch?v=yjmAy2Q4BRY
- Enforcement
  - Bureau of Highway Patrols 2nd year
- Engineering
  - Knik Goose Bay & Vine Rd; Knik Goose Bay & Fairview Loop signals
  - Sterling Highway Rut repair

Rumble Strips

- Installed on the Richardson Highway – 2009

- Highway Safety Corridors – to be constructed in 2010



Safety Projects Elsewhere

Pedestrian Countdown Signals

- Reduce pedestrians crashes by 25%
- Started in Anchorage & Fairbanks in 2009
- 2010 complete Anchorage, Matsu and Kenai

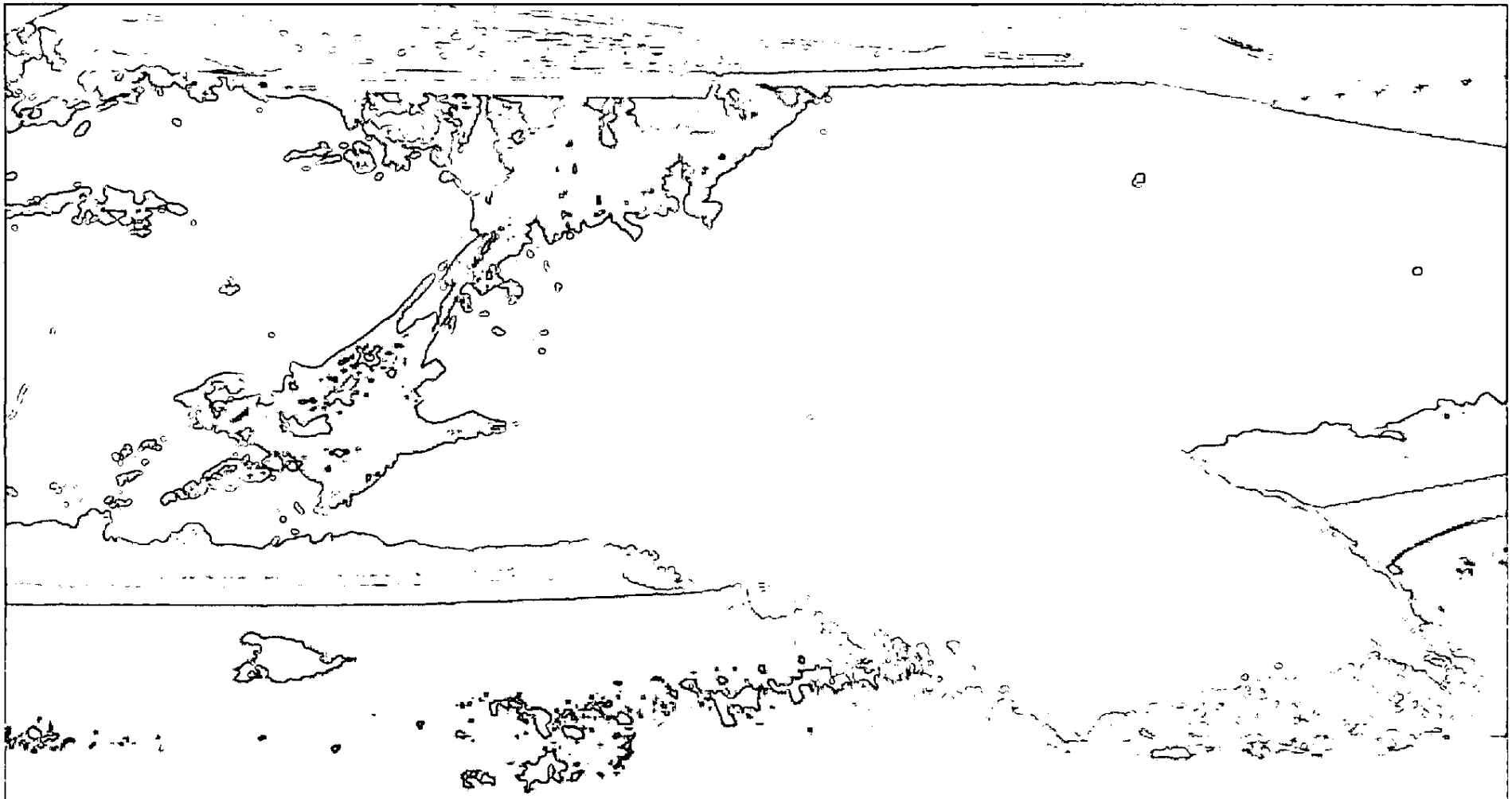
Emergency Response

- Flooding
- Portage Road to Whittier Tunnel
- Highway Erosion

Eagle

Tuluksak

2395



Portage Rock Slide

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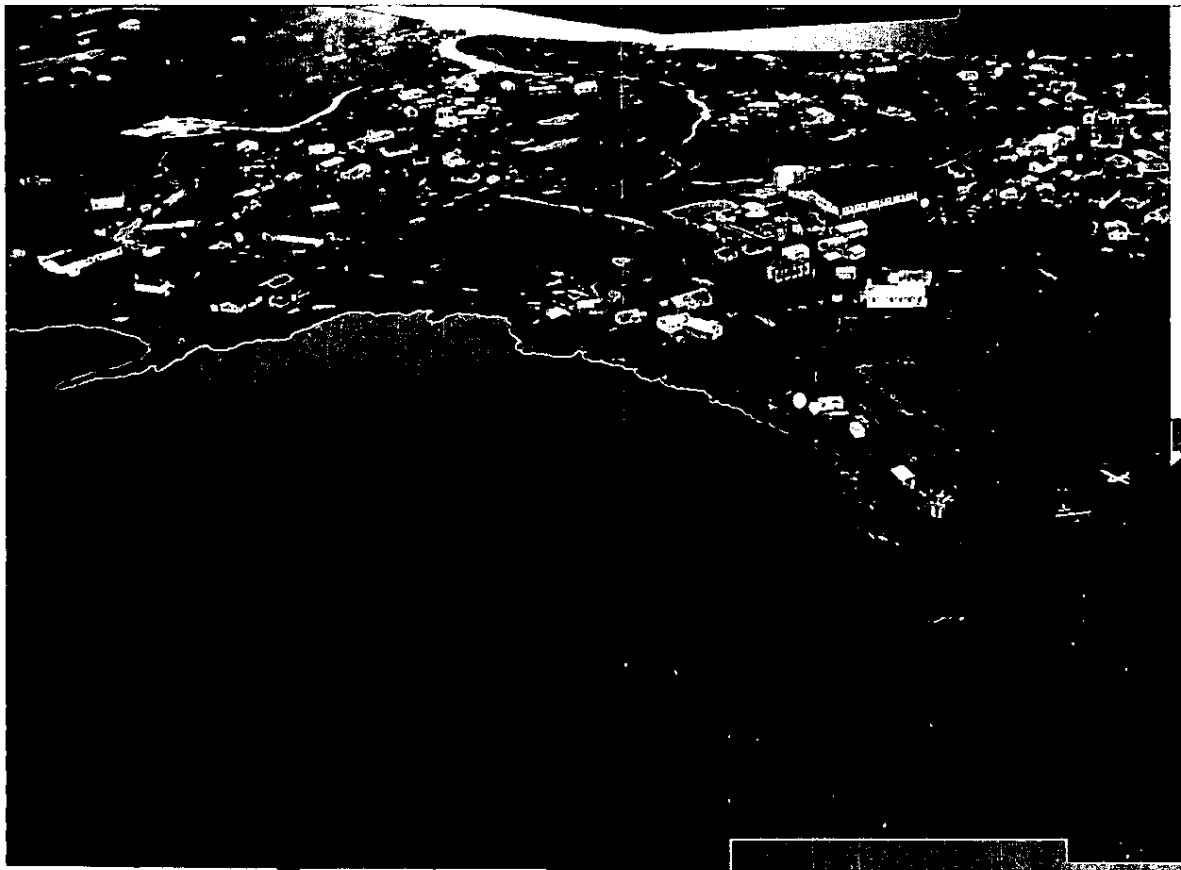
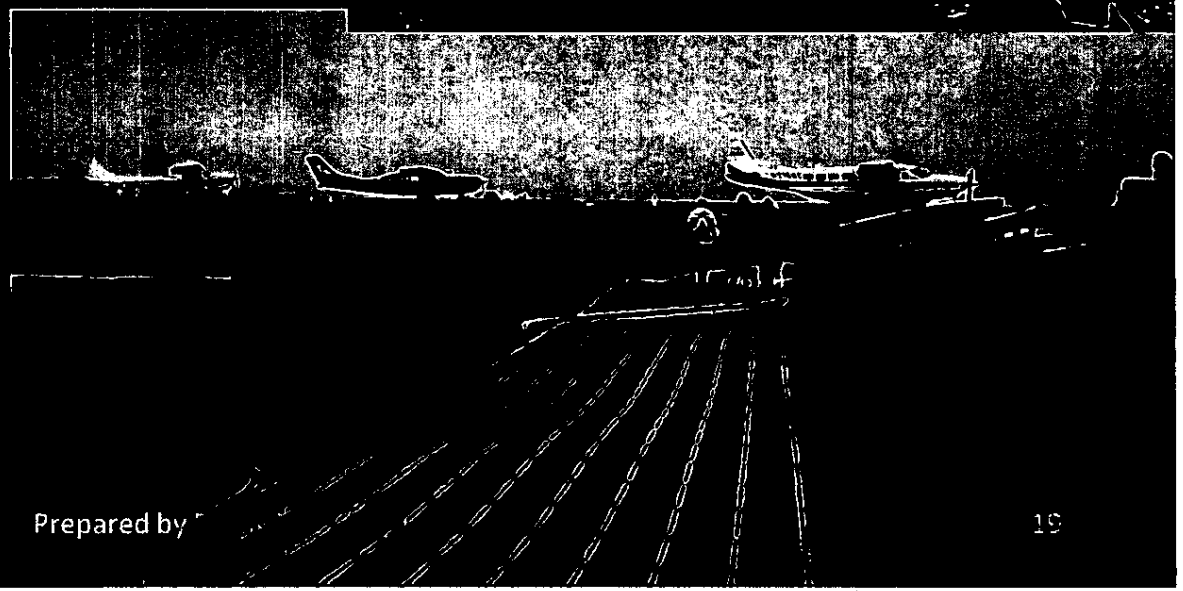
Prepared by DOT&PF 02/03/10

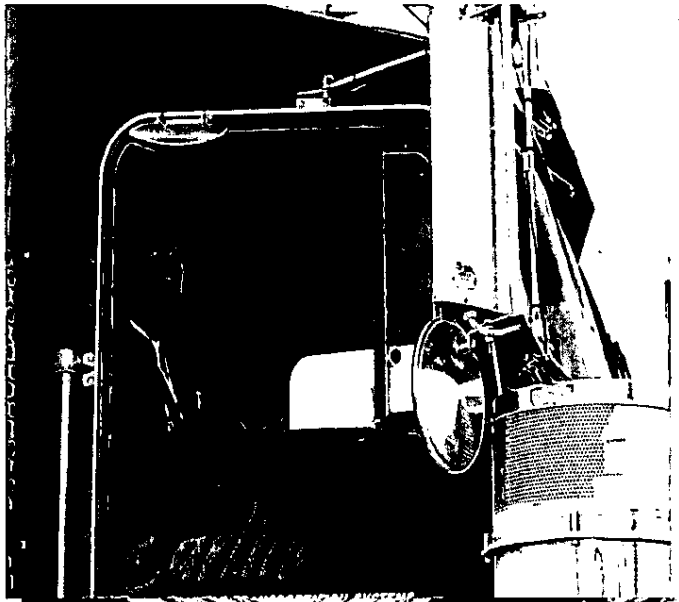
Worked with legislators

- Committee Meetings
- House Transportation Committee Education
- Dalton Highway Trip



Junk Car Removal
BRETTS

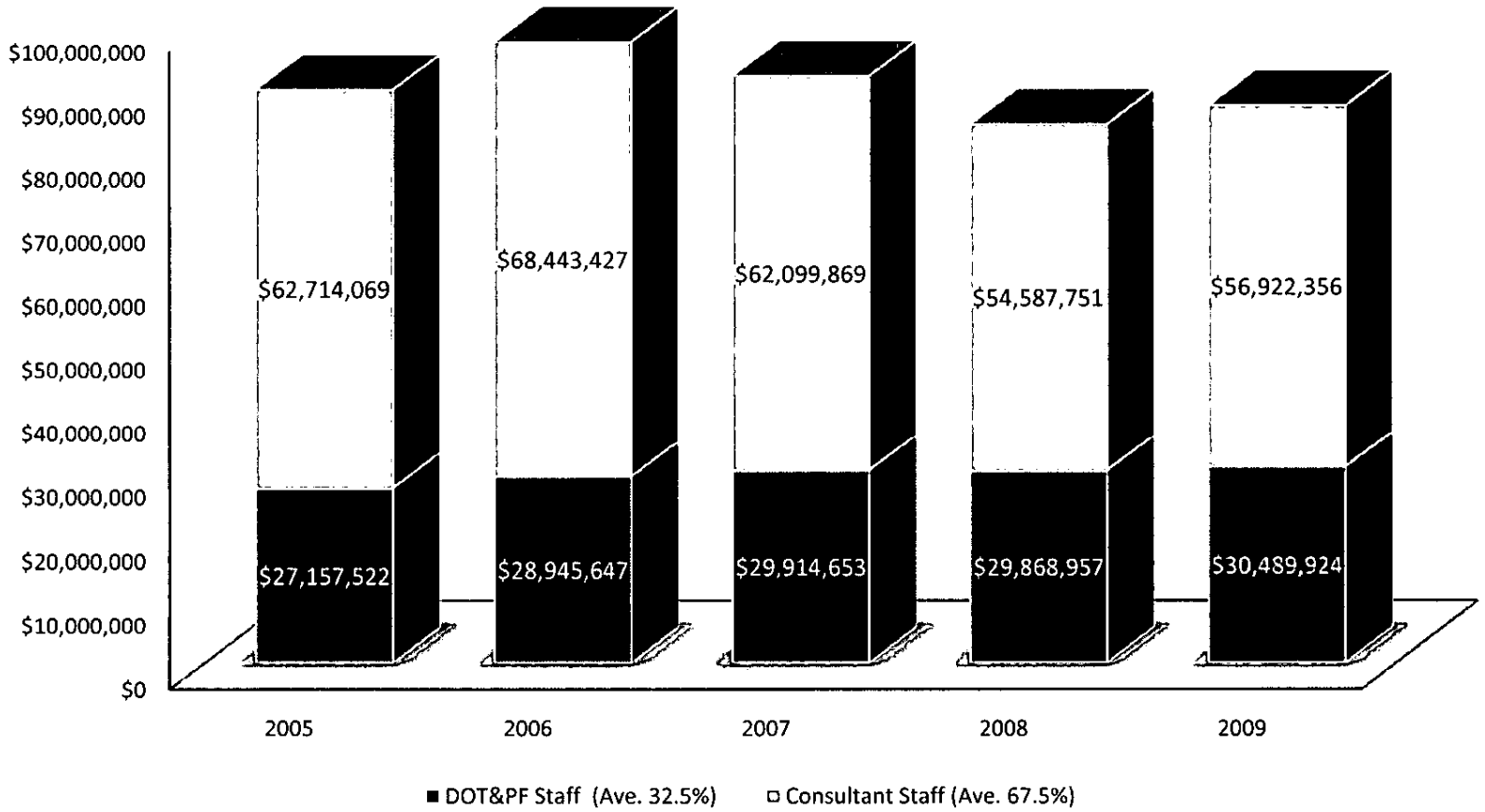




DOT&PF Successes

- Fatality rate dropped over 24% between 2006 – 2007
- ARRA and regular program
- Department safety
  - 3.2 injuries/illness per hundred employees
- Team Approach – DOT&PF and Consultants

Team Approach – DOT&PF and Consultants



DOT&PF Challenges

- Uncertainty and timing of adequate funding levels
- Replacing our aging workforce as large number of employees are approaching retirement age
- Cost of doing business continues to go up

FY10 Maintenance & Operations

- Maintain 15,221 lane miles, 256 airports
- M&O is half of DOT&PF's GF budget
- $1.5M Facilities FY10 increment:
  - $172.6 to avoid supplemental
  - $1,309.7 for increased service
- $11.2M Highways & Aviation FY10 increment:
  - $2,550.1 to avoid supplemental
  - $8,689.1 for increased service

FY10 Maintenance & Operations

- Central Region Highways & Aviation $4,264.4
  - $1,617.6 Avoid Supplementals
  - $2,646.8 Higher Level of Service
- Northern Region Highways & Aviation $5,412.1
  - $554.0 Avoid Supplementals
  - $4,858.1 Higher Level of Service
- Southeast Region Highways & Aviation $1,562.7
  - $378.5 Avoid Supplementals
  - $1,184.2 Higher Level of Service

FY10 M&O

- Additional staffing capacity: $1,737.8
  - Sidewalk snow removal in Anchorage Bowl
  - Homer Airport improved level of service
  - Reduction in response time to highway and aviation, and highway signal problems in Mat-Su and Peninsula Districts
  - Storm Water Pollution Prevention Plans for all certified airports in Central region
  - Additional equipment operators in Fairbanks, Birch Lake, South Fork Station on the Taylor Highway, Tok, Cantwell, and Tazlina
  - Increased equipment operator capacity for year-round work in Galena and Northway
  - Hire one full time equipment operator each in:
    - Juneau
    - Ketchikan
    - Petersburg

FY10 M&O Cont'd

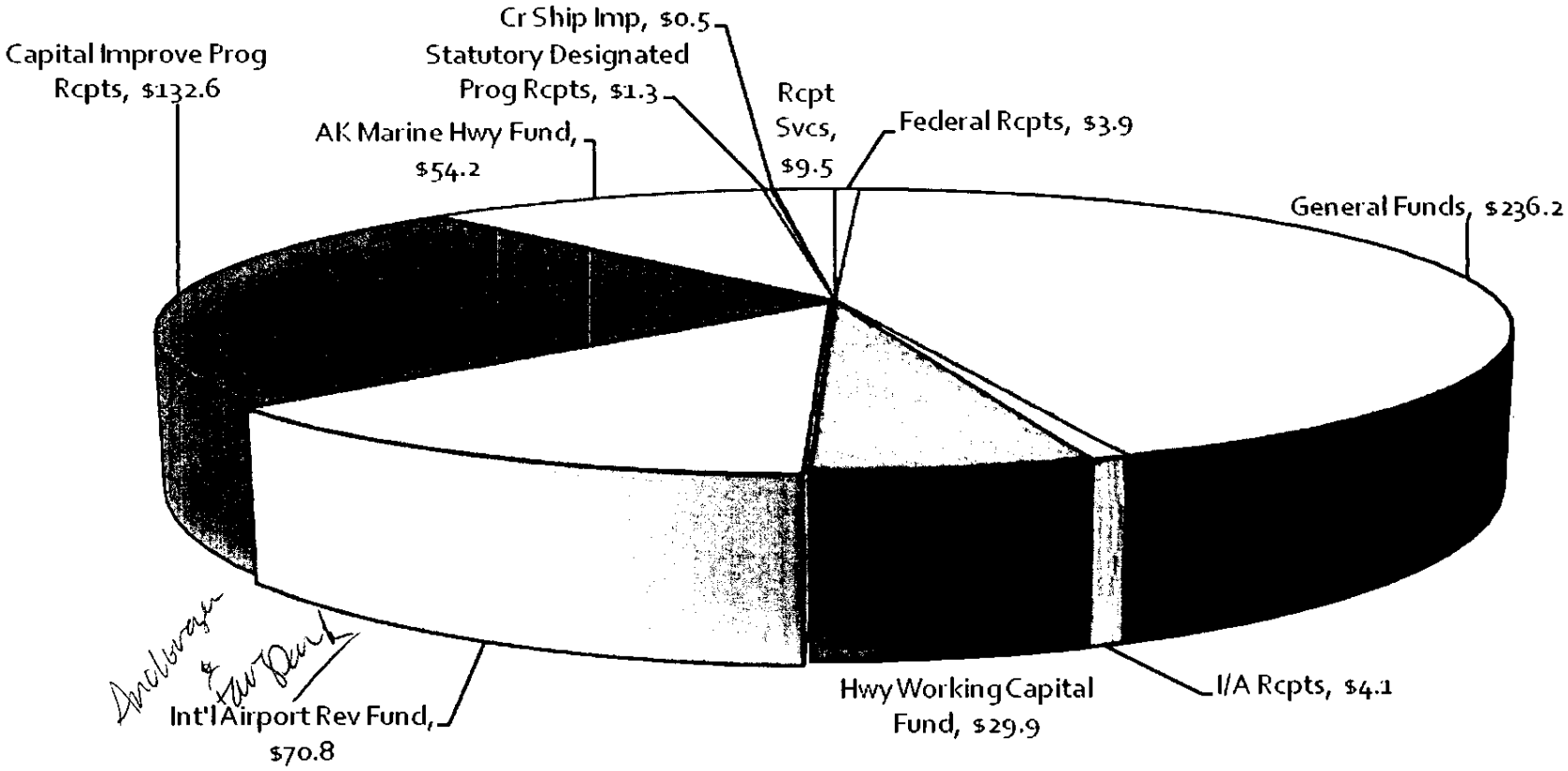
- Contractual & Equipment: $4,964.6
  - Maintenance and operation of newly purchased sidewalk snow removal tractors in Central region
  - SEF Rates for DOT&PF equipment and rental of specialized equipment in Central region
  - Increased efforts in area of street sweeping and continued air quality in Central region
  - Increase stockpile aggregate for use by state forces in Northern region
  - Equipment rental of specialized equipment for bike path sweeping, brush cutting, riprap placement, and pavement milling in Northern region
  - Guardrail repair and installation and brush cutting contracts along our highways and airports in Northern region
  - Meet equipment funding shortfall in Northern region
  - FAA mandated training for airport fire-fighting crews and wildlife control activities across the Southeast region
  - SEF rates for DOT&PF equipment and rental of specialized equipment in Southeast region
  - Increase reimbursement to Angoon, Gustavus, Hyder, and Kake for maintaining highways and airports
  - Skagway maintenance shop annual lease costs

FY10 M&O Cont'd

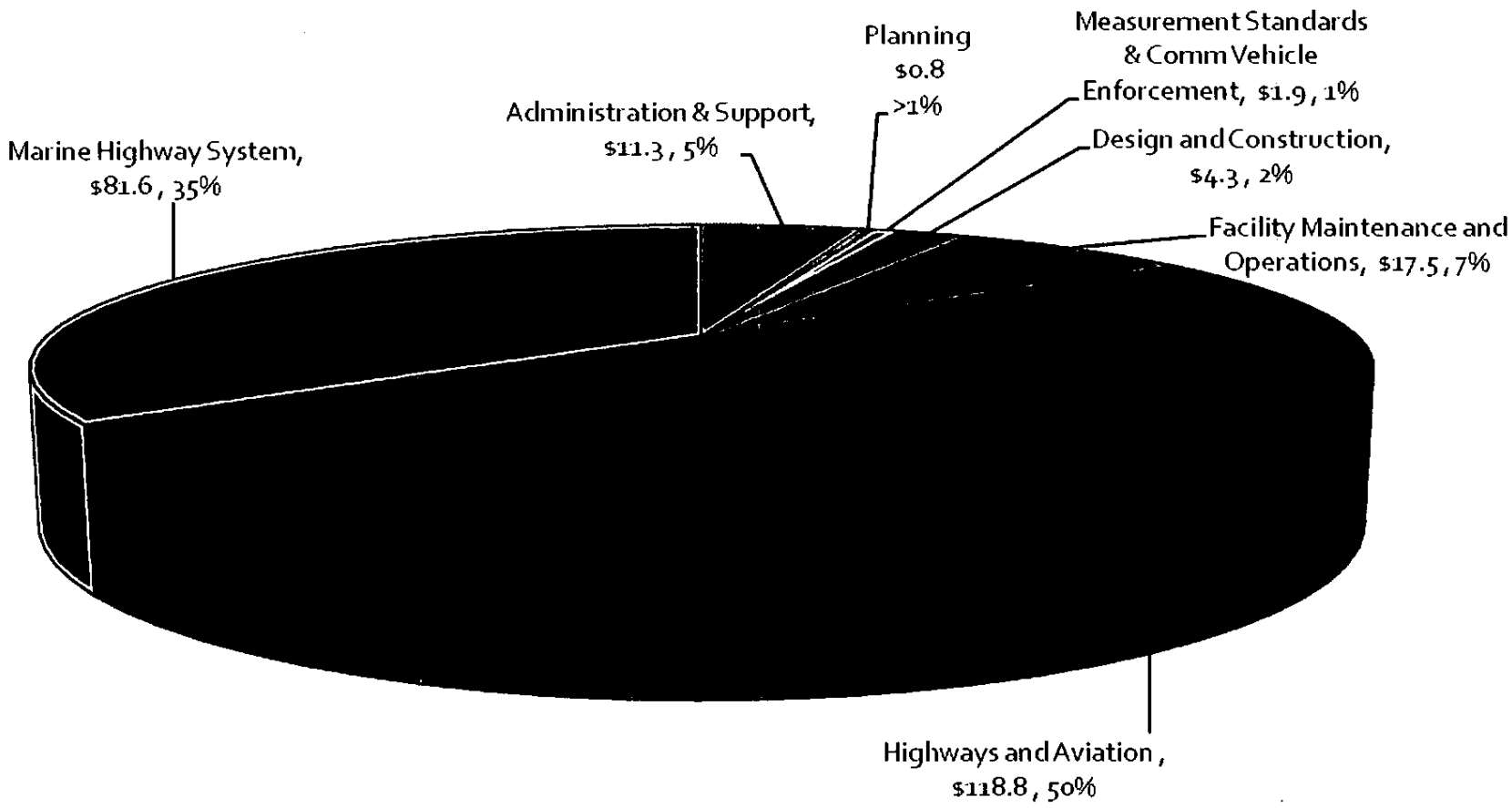
- Commodities: $4,536.8
  - Emphasis on bringing commodities up to FY09 levels, i.e. potassium acetate (+20%) and grader blades (+12%) in Central region
  - Additional de-icing chemicals for Bethel, Kodiak, and Homer
  - Additional sand in Kodiak
  - Airport Striping to comply with new enhanced taxiway marking requirements for Central region
  - New technology pothole patch for use at Kodiak, Cold Bay, Unalaska and Adak airports
  - Pavement repair to Hiland Road in Eagle River
  - Additional purchase of traffic paint, traffic signs, guardrail, grader blades, sand, salt and other maintenance supplies in Central region
  - Increased purchasing capacity for critical commodities such as guardrail, calcium chloride, grader blades, crack sealant material, sand and culverts in Northern region
  - Bring commodities up to FY09 levels, i.e. paint (+10%) and grader blades (+20%) in Southeast region.
  - Increased commodity purchases in Southeast region:
    - Guardrails to replace substandard guardrail region-wide
    - Paint for highway and airport striping and marking
    - Cover increased costs of sand for highway maintenance

FY2011 Operating Budget

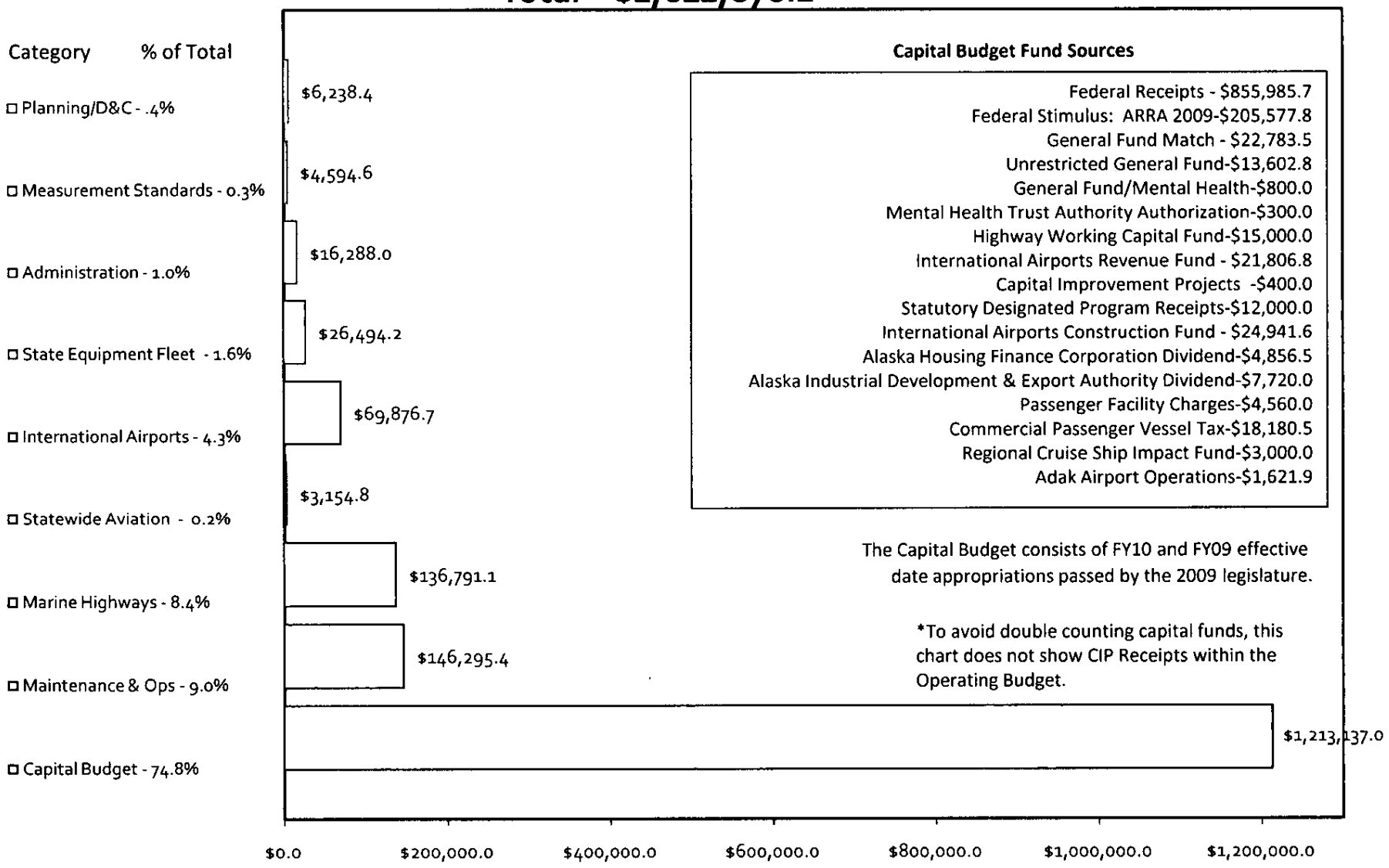
Department of Transportation and Public Facilities
FY2011 Operating Budget Request by Fund Source
(shown in millions)
Total Request $543 million



Department of Transportation and Public Facilities
FY2011 Allocation of General Funds
(shown in millions)
Total Request $236.2 million



Department of Transportation and Public Facilities
FY2010 Capital & Operating Budget - Total Funds Authorized*
Total = $1,622,870.2



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FY2011 Budget Request

	GF*	Federal	Other	Total	PFT	PPT	Nonperm
FY2010 Conference Committee	**231,158.8**	**4,163.3**	**297,601.8**	**532,923.9**	**3,203**	**436**	**199**
Reverse Funding for FY2010 LTC BU Agreement	(920.3)	(5.1)	(1,030.6)	(1,956.0)			
Add EPA Enforcement Action (SB 256 SLA 08)	173.9			173.9			
Fuel Trigger Supplemental - 1st Allocation	11,250.0			11,250.0			
FY2010 Authorized	**241,662.4**	**4,158.2**	**296,571.2**	**542,391.8**	**3,203**	**436**	**199**
FY2010 Management Plan	**241,662.4**	**4,158.2**	**296,571.2**	**542,391.8**	**3,207**	**439**	**220**
Reverse Fuel Trigger Supp - 1st Allocation	(11,250.0)			(11,250.0)			
Reverse EPA Enforcement Action (SB 256 SLA 08)	(173.9)			(173.9)			
PSEA BU Contract/Hlth Insurance Saladj			487.1	487.1			
Dept-wide Hlth Ins (non-covered emps)	24.4		65.8	90.2			
AMHS Bargaining Unit Increases (IBU, MEBA, MMP)	3,131.5		1,235.8	4,367.3			
Delete Vacant positions and funding		(235.9)	(1,420.6)	(1,656.5)	-24	-1	
Tech Adj to reflect revenues for Hwy Safety Fines	(16.9)			(16.9)			
RDU: Admin & Support	44.5		30.0	74.5			
RDU: Aviation			308.0	308.0			
RDU: Measure Standards & Comm Vehicle Enforcement			102.1	102.1	1	-1	
RDU: Design & Construction	275.0		60.1	335.1			
RDU: State Equipment Fleet			2,706.6	2,706.6			
RDU: SW Facility M & O	242.0		110.0	352.0	2		
RDU: Traffic Signal Management	48.4			48.4			
RDU: Highways & Aviation	2,195.0		1,125.0	3,320.0	4		
RDU: Marine Highways System			1,500.0	1,500.0			
FY2011 Governor's Request	**236,182.4**	**3,922.3**	**302,881.1**	**542,985.8**	**3,190**	**437**	**220**
Change from FY2010 Conference Committee	**5,023.6**	**(241.0)**	**5,279.3**	**10,061.9**	**(13)**	**1**	**21**
Change from FY2010 Management Plan	**(5,480.0)**	**(235.9)**	**6,309.9**	**594.0**	**(17)**	**(2)**	**-**

$2,804.9 GF*

** Pre-Leg Finance fund reclassification.*

FY2011 Budget Request

Administration & Support: EE/Civil Rights

- Position Time Status Part-time to Full-time for Increased Activities in the Disadvantaged Business Enterprise and On-the-Job Training Programs: $24.5 GF
- Real Time web-based software program maintenance agreement : $20.0 GF

+ BE

Administration & Support: Transportation Management & Security

- Federally mandated interactive airport employee training: $30.0 RSS

FY2011 Budget Request

Aviation: Statewide Aviation

- Bethel Airport Building Lease Revenue Increase: $88.0 I/A
- Legal Fees for Spring Trial – Willow/Unalaska Float Plane Facilities: $50.0 RSS
- Increased travel for inspections, property management and training: $20.0 RSS
- Increased Revenues from Appraisal Work for Non-Aviation use: $50.0 RSS
- E-Leasing Web Page and Program Updates: $100.0 RSS

FY2011 Budget Request

Measurement Standards and Commercial Vehicle Enforcement

- Computer Equipment Replacement Program – 16% per year: $35.0 RSS
- Add 1 PFT Administrative Assistant for Audit Recommendation Implementation: $67.1 RSS

FY2011 Budget Request

Design & Construction: Statewide Design & Engineering Services

- Transfer Harbor Program Development Administration funding from capital budget to operating (2009 legislative recommendation): $275.0 GF

Design & Construction: Central Design & Engineering Services

- Increased utility permit work and related revenues: $60.1 RSS

State Equipment Fleet

- Increased authority for operational costs for parts, commodities, services and fuel purchases: $2,706.6 Highway/Equipment Working Capital Fund (HEWCF)

FY2011 Budget Request

Statewide Facility Maintenance & Operations: Central Region Facilities

- Interagency-receipts for increased building maintenance costs: $10.0 I/A

Statewide Facility Maintenance & Operations: Northern Region Facilities

- Interagency-receipts for increased building maintenance costs: $100.0 I/A
- New Peger Truck Wash and Brining Facility Maintenance and Operations Costs $40.0 GF
- New Minto Snow Removal Equipment Building Maintenance and Operation Costs: $12.0 GF
- Add two new maintenance specialist positions: $190.0 GF

Traffic Signal Management:

- Increase in Municipality of Anchorage Traffic Signal Management Transfer of Responsibility Agreement (TORA): $48.4 GF

FY2011 Budget Request

Highways and Aviation: Central Highways and Aviation:

- Oversight positions (2) of street sweeping and permit compliance – Environmental Protection Agency (EPA): $188.0 GF
- Enforcement of Clean Water Act – Environmental Protection Agency (EPA) Street Sweeping and Permit compliance costs: $1,682.0 GF

<u>Highways and Arterials</u>

- 2 times by June 1
- 1 time between June 1 & August 1
- 1 time between September 1 & October 1

<u>Secondary Roads</u>

- 1 time by June 1
- 1 time between June 1 & August 1
- 1 time between September 1 & October 1

FY2011 Budget Request

Highways and Aviation: Central Highways and Aviation Continued:

- Budget for Ongoing Capital Improvement Project Work: $1,000.0 CIP
- Bridge Crew (Inspection and Repair) Training and Commodities 5% increase: $20.0 GF
- Inter-agency receipts for increased Whittier Tunnel Maintenance and Operations: $60.0 I/A

Highways and Aviation: Northern Highways and Aviation:

- Federal Highway Administration Americans with Disabilities Act (ADA) compliance requirements: $305.0 GF
- Increase receipt supported services receipts for collection of funds for damage to highway fixtures: $65.0 RSS

FY 2011 Budget Request

Marine Highway System: Marine Vessel Operations:

- Satellite Communications Contract – Ship to Shore Communications: $1,000.0 Marine Highway System Fund

Marine Highway System: Marine Shore Operations:

- Bellingham Terminal Facilities Lease Increase – Annualize: $500.0 Marine Hwy System Fund

- End -

2/16/10 CONFIR-MATIONS

<target><bill></bill><subject>2-16-10
CONFIRMATIONS</subject><comm>HFIN26</comm></target>

LARAINE L. DERR

9325 View Drive
Juneau, Alaska 99801

FAX (907) 790-1803
Home (907) 789-3634

Work Experience:

2007-Current — Owner-operator, Chez Alaska Cooking School
Full-time cooking school for education and entertainment. Employs five chefs. Provides demonstration classes for cruise ship tours from May through September. Hands-on classes the remainder of the year, contract with Johnson Youth Center for culinary arts curriculum, home schooled student weekly classes, CBJ bi-monthly Wellness classes.

August, 2005 - July, 2006 — Business Adminstrator – part-time – Alaska Youth Choir

October, 2004 - May, 2005 — Director, Governor's Boards and Commissions Office, State of Alaska
Responsible for recommendations to Governor for 120 Boards and Commissions with over 1100 members. Governor's staff liaison to Departments of Education, Revenue, the University of Alaska, and the Alaska Industrial Development Board.

February, 1997 - Oct., 2004 — President/CEO, Alaska State Hospital and Nursing Home Association
Responsible for 37-member association's daily activities, working in concert with the board of directors executive committee and members to jointly achieve the goals, mission and vision established and approved by the board and implemented by the executive committee with reliance upon the chairs of the standing committees. .

February, 1995 - Feb., 1997 — Administrative Head, School of Business & Public Administration, University of Alaska Southeast
Responsible for statewide Bachelor in Business Administration program and Certified Public Manager Program. Department of 18 faculty, 10 staff.

July 1, 1994 - Dec., 1994 — Commissioner of Revenue, Department of Revenue/State of Alaska
Administrator in charge of Department of 400 employees. Responsible for the following Divisions: Oil & Gas Audit, Income & Excise Taxes, Child Support Enforcement, Charitable Gaming, Treasury, Alcohol Beverage & Control Board, Municipal Bond Bank, Permanent Fund Dividend, Administrative Services and the Hearing Officers. Member of following Boards: Alaska Permanent Fund Corporation, Alaska Housing & Finance Corporation., Alaska Industrial & Energy Development Corporation, Alaska Student Loan Corporation., State Bond Committee, Municipal Bond Bank, Executive Committee of National MultiState Tax Commission and Federal Tax Commission.

April, 1993 - July, 1994
Deputy Commissioner, Department of Revenue, State of Alaska

Administrator in charge of Treasury for the State responsible for approximately $3 billion in investments, cash management of all funds that flow through the State of Alaska, and accounting for all assets held and invested for the State; administrative officer of the Alaska State Pension Investment Board, fiduciaries for Public Employees', Teachers', Military and Judicial Retirement Funds which have over $6 billion; responsible for Treasury budget of $22 million, debt management which arranges for all bond issues.

1987 - 1993 Director of Business Services, Juneau School District, Juneau

Administrator in charge of finance, budget, maintenance, data processing services, facilities, and pupil transportation. Responsible for $37 million budget; 5 program directors with 160 classified employees; on-going interactions with school board, city assembly, and legislature, facilities committees, budget task force committee, parent groups; financial advisor for negotiations with classified and certificated staffs; constructing new facilities, dealing with federal and state agencies

1981-1987 Statistical Supervisor, Planner, Project Director, State Department of Education, Juneau

Supervisor of unit that was responsible for state aid payments to all districts, federal PL874 aid to districts, federal liaison for interaction on National Common Core of Data; manager of state wide study on foundation funding

1983-Present Organized and instructed several classes in leadership, computer spreadsheets, data bases, and word processing, *University of Alaska Southeast and in-district*

1981 Legislative Administrative Assistant, Alaska State Legislature, Juneau

Dictated correspondence and conducted constituent office visits. Developed reports for and attended committee meetings

1975-1980 Chemist and Engineer, Alaska Lumber and Pulp, Sitka, AK

Two and one half years as utility chemist; two and one half years as appropriations engineer responsible for contracts management. Position involved working throughout mill to assure pulp was "on-grade", coordination with professionals through laborers.

1973-1975 Analytical Coordinator, Oregon State College, Corvallis, OR

Managed five laboratories participating in international research effort to model biological world

1967-1972 Technician, University of Alaska, Fairbanks, AK

Soils laboratory technician in laboratory doing research on arctic tundra, analysis of soils for pipeline installation, interior forest growth

1964-1967 Technician, Colorado State University, Ft. Collins, CO

Research in veterinarian medicine, 1 year; research in forestry, 1 year; microbiology, 1 year

Volunteer Experience:

Current:
Vice-Chair and Finance Chair, Alaska Mental Health Trust
Chair, University of Alaska College of Fellows
Member, Juneau Convention & Visitor Bureau
Member, Juneau Women's Network
Member, PEO
Chair, Advisory Board, Certified Public Manager Program, University Statewide
Member, University of Alaska Foundation Finance and Audit Committee
Current board member and Charter member, Southeast Alaska Food Bank, Food chair and cook, Thanksgiving in March fundraiser
Costume designer and seamstress, Juneau Douglas High School Theater
Board Member & Treasurer, The Whale Project

Past:
First Lady's Volunteer of Year, Statewide Award, 2006
Juneau, Citizen of the Year, 1996
Delegate, National White House Conference on Aging, 2005
Delegate, Nation White House Conference on Indian Education, 1990
Member, Alaska 2000 Committee, Appointed by Commissioner of Education
President, University of Alaska Southeast Alumni Association
President, Alaska School Business Officer's Association, Member, American School Business Officer's Association
Chairman of Board, Alaska Division, American Cancer Society, past local president, chairman of Western Area Leadership Conference, western United States
Member, Constituting Convention for formation of the Alaska Synod of the Evangelical Lutheran Church in America
Chairman, finance committee, council member, Resurrection Lutheran Church
Chairman, Sitka School Board
Chairman, Fourth District Republicans
Member, Past Chairman, Big Brothers/Big Sister
Member, Tongass Girl Scout Board

Education:

Doctorate of Laws Honorary Degree, University of Alaska, 2009
Master's in Business Administration, University of Alaska Southeast, 1984
Bachelor of Arts in Education, Chemistry, Wayne State College, Nebraska, 1964

Have made presentations at many workshops, training seminars and published in national journals.

LARAINE L. DERR

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Juneau, Alaska 99801

FAX (907) 790-1803
Home (907) 789-3634

Work Experience:

2007-Current — Owner-operator, Chez Alaska Cooking School
Full-time cooking school for education and entertainment. Employs five chefs. Provides demonstration classes for cruise ship tours from May through September. Hands-on classes the remainder of the year, contract with Johnson Youth Center for culinary arts curriculum, home schooled student weekly classes, CBJ bi-monthly Wellness classes.

August, 2005 - July, 2006 — Business Adminstrator – part-time – Alaska Youth Choir

October, 2004 - May, 2005 — Director, Governor's Boards and Commissions Office, State of Alaska
Responsible for recommendations to Governor for 120 Boards and Commissions with over 1100 members. Governor's staff liaison to Departments of Education, Revenue, the University of Alaska, and the Alaska Industrial Development Board.

February, 1997 - Oct., 2004 — President/CEO, Alaska State Hospital and Nursing Home Association
Responsible for 37-member association's daily activities, working in concert with the board of directors executive committee and members to jointly achieve the goals, mission and vision established and approved by the board and implemented by the executive committee with reliance upon the chairs of the standing committees. .

February, 1995 - Feb., 1997 — Administrative Head, School of Business & Public Administration, University of Alaska Southeast
Responsible for statewide Bachelor in Business Administration program and Certified Public Manager Program. Department of 18 faculty, 10 staff.

July 1, 1994 - Dec., 1994 — Commissioner of Revenue, Department of Revenue/State of Alaska
Administrator in charge of Department of 400 employees. Responsible for the following Divisions: Oil & Gas Audit, Income & Excise Taxes, Child Support Enforcement, Charitable Gaming, Treasury, Alcohol Beverage & Control Board, Municipal Bond Bank, Permanent Fund Dividend, Administrative Services and the Hearing Officers. Member of following Boards: Alaska Permanent Fund Corporation, Alaska Housing & Finance Corporation., Alaska Industrial & Energy Development Corporation, Alaska Student Loan Corporation., State Bond Committee, Municipal Bond Bank, Executive Committee of National MultiState Tax Commission and Federal Tax Commission.

April, 1993 - July, 1994
Deputy Commissioner, Department of Revenue, State of Alaska

Administrator in charge of Treasury for the State responsible for approximately $3 billion in investments, cash management of all funds that flow through the State of Alaska, and accounting for all assets held and invested for the State; administrative officer of the Alaska State Pension Investment Board, fiduciaries for Public Employees', Teachers', Military and Judicial Retirement Funds which have over $6 billion; responsible for Treasury budget of $22 million, debt management which arranges for all bond issues.

1987 - 1993 Director of Business Services, Juneau School District, Juneau

Administrator in charge of finance, budget, maintenance, data processing services, facilities, and pupil transportation. Responsible for $37 million budget; 5 program directors with 160 classified employees; on-going interactions with school board, city assembly, and legislature, facilities committees, budget task force committee, parent groups; financial advisor for negotiations with classified and certificated staffs; constructing new facilities, dealing with federal and state agencies

1981-1987 Statistical Supervisor, Planner, Project Director, State Department of Education, Juneau

Supervisor of unit that was responsible for state aid payments to all districts, federal PL874 aid to districts, federal liaison for interaction on National Common Core of Data; manager of state wide study on foundation funding

1983-Present Organized and instructed several classes in leadership, computer spreadsheets, data bases, and word processing, *University of Alaska Southeast and in-district*

1981 Legislative Administrative Assistant, Alaska State Legislature, Juneau

Dictated correspondence and conducted constituent office visits. Developed reports for and attended committee meetings

1975-1980 Chemist and Engineer, Alaska Lumber and Pulp, Sitka, AK

Two and one half years as utility chemist; two and one half years as appropriations engineer responsible for contracts management. Position involved working throughout mill to assure pulp was "on-grade", coordination with professionals through laborers.

1973-1975 Analytical Coordinator, Oregon State College, Corvallis, OR

Managed five laboratories participating in international research effort to model biological world

1967-1972 Technician, University of Alaska, Fairbanks, AK

Soils laboratory technician in laboratory doing research on arctic tundra, analysis of soils for pipeline installation, interior forest growth

1964-1967 Technician, Colorado State University, Ft. Collins, CO

Research in veterinarian medicine, 1 year; research in forestry, 1 year; microbiology, 1 year

Volunteer Experience:

Current:
Vice-Chair and Finance Chair, Alaska Mental Health Trust
Chair, University of Alaska College of Fellows
Member, Juneau Convention & Visitor Bureau
Member, Juneau Women's Network
Member, PEO
Chair, Advisory Board, Certified Public Manager Program, University Statewide
Member, University of Alaska Foundation Finance and Audit Committee
Current board member and Charter member, Southeast Alaska Food Bank, Food chair and cook, Thanksgiving in March fundraiser
Costume designer and seamstress, Juneau Douglas High School Theater
Board Member & Treasurer, The Whale Project

Past:
First Lady's Volunteer of Year, Statewide Award, 2006
Juneau, Citizen of the Year, 1996
Delegate, National White House Conference on Aging, 2005
Delegate, Nation White House Conference on Indian Education, 1990
Member, Alaska 2000 Committee, Appointed by Commissioner of Education
President, University of Alaska Southeast Alumni Association
President, Alaska School Business Officer's Association, Member, American School Business Officer's Association
Chairman of Board, Alaska Division, American Cancer Society, past local president, chairman of Western Area Leadership Conference, western United States
Member, Constituting Convention for formation of the Alaska Synod of the Evangelical Lutheran Church in America
Chairman, finance committee, council member, Resurrection Lutheran Church
Chairman, Sitka School Board
Chairman, Fourth District Republicans
Member, Past Chairman, Big Brothers/Big Sister
Member, Tongass Girl Scout Board

Education:

Doctorate of Laws Honorary Degree, University of Alaska, 2009
Master's in Business Administration, University of Alaska Southeast, 1984
Bachelor of Arts in Education, Chemistry, Wayne State College, Nebraska, 1964

Have made presentations at many workshops, training seminars and published in national journals.

Mary Jane Michael
2421 Wellington Court
Anchorage, Alaska 99517
maryjanemichaelak@gmail.com
Home (907) 258-2701 Cell (907)440-1707

PROFESSIONAL EXPERIENCE

Executive Director 2003 to 2009
Office of Economic and Community Development, Municipality of Anchorage
For the past six years served as an executive to the Mayor, responsible for promoting public and private economic development projects for the Municipality of Anchorage. Highlights have included the new Dena'ina Civic and Convention Center completed in September of 2008, the transfer of the Museum from a public to private non-profit entity, the Library Renewal Initiative, reorganization of the Parks and Recreation Department and the creation of the Parks and Library Foundations which raised more than $30 million combined. Supervised the completion of the Downtown Comprehensive Plan and helped spearhead the revitalization of one of our most underserved neighborhoods, Mountain View. Responsible for seven departments including the Planning Department, Heritage Land Bank and Real Estate Services, Libraries, Parks and Recreation, the Department of Neighborhoods, the Port of Anchorage, and the Anchorage Community Development Authority. Responsibilities also included formulating and approving budgets, departmental reorganizations, multimillion dollar grant writing, real estate, capital improvement project planning and local, state, and federal requests.

Executive Director and CEO 1999 to 2003
Anchorage Neighborhood Housing Services
Executive Director for Anchorage Neighborhood Housing Services (ANHS) a non-profit community development corporation dedicated to promoting affordable housing and neighborhood revitalization. ANHS is affiliated with the National Neighborhood Reinvestment Corporation and is certified as a Community Financial Institution. From 1998 to 2003 ANHS loaned $18 million and leveraged $34 million in first mortgages. Of the 545 loans made to low to moderate income families, 91 of those borrowers were persons with a disability. Additionally, ANHS owned and managed 1,150 units of affordable rental housing in twelve locations citywide. Total assets at the time were $62.2 million. Other responsibilities included overall management, legislative affairs, and grant writing.

Executive Director 1981 to 1999
The ARC of Anchorage
For 18 years served as the Executive Director for The Arc of Anchorage. The agency grew from a budget of $180,000 a year to $12 million serving more than 400 individuals. Programs included an array of services for children and adults with developmental and other disabilities including a day activity center, 24 hour residential care, case management, in-home family services, respite, and specialized services for persons with

dual diagnosis and emotional disturbances. Responsible for securing the funding, purchased, renovated and/or constructed more than 60 housing units, single and multifamily, to ensure safe, affordable housing. Worked with the Governor's Office and the legislature on many issues facing persons with disabilities throughout the State of Alaska. Other duties included assets management, program development, grant writing, public relations, fundraising, legislative affairs, and advocacy.

EDUCATION

1986 University of Northern Colorado, Greeley
Master of Arts in Rehabilitation Counseling with an emphasis in vocational evaluation

1976 California State University, Fresno
Bachelor of Science in Therapeutic Recreation

BOARDS

2009 to present	Alaska Mental Health Trust Authority
2000 to present	The Arc of Anchorage Foundation
2003 to 2006	Anchorage Community Development Authority
2004 to 2006	Civic Ventures Board of Director's
2004 to 2005	Anchorage Community Land Trust
2003 to 2005	Anchorage Convention and Visitors Bureau
2003 to 2005	Alaska Native Heritage Center
2002 to 2007	Special Olympics of Alaska

AWARDS AND HONORS

2009	Legislative Commendation for Service to the City of Anchorage and the State of Alaska
2005	Heart of the City Award "Visionary Award" Downtown Partnership
1996/2005	YWCA Outstanding Professional in Chosen Field Nomination
1999	International People First Conference Award
1998	Gold Key Award, Key Campaign
1998	People First Award for Support
1997	State of Alaska, Recognition of Harborview Hospital Closure
1991	Legislative Commendation for Services to the Developmentally Disabled
1990	Outstanding Service to the National Conference of Executive Directors/ The Arc of the United States
1986	Kappa Delta Pi Honor Society
1984	The Arc of Alaska Commendation
1984	The Arc of Anchorage Board Commendation

the TRUST
NOV 20 2009
RECEIVED

November 18, 2009

Mr. Jeff Jessee, Chief Executive Officer
Alaska Mental Health Trust Authority
3745 Community Park Loop, Suite 200
Anchorage, Alaska 99508

Dear Mr. Jessee,

I have interest in serving on the Board of Trustees for the Trust Authority. As a lifelong Alaskan, I can bring the following experience and strengths to the board:

*A decade of service as Trustee and Chairman of KPFST, a Permanent Fund Settlement Trust serving over 1,000 Alaskan beneficiaries with a balance sheet of $14,000,000.00

*Prior service as Chairman of the Board of The Salvation Army Alaska, one of Alaska's largest non-profits with 19 locations statewide and a 38 member advisory Board

*Extensive Board Service including ten years of service on the Sealaska Corporation Board, and three years serving as Finance Chairman

*25 years of Real Estate Expertise including completion of over $150 million in Commercial Investment grade transactions in Alaska and in several lower 48 states on behalf of corporate investors

*As CEO of a privately held corporation, full charge responsibility for managing over $20 million in corporate assets and management of over 31,000 acres of fee simple land

*Finally, I have an in depth knowledge of both rural and urban Alaska and important issues facing AMHTA beneficiaries

If these are the kinds of skills and abilities that you seek on the board of Trustees, I would be very interested in serving.

Thank you for your consideration.

Sincerely,

Carlton R. Smith
3000 Goodwin Road
Juneau, Alaska 99801

CARLTON SMITH

3000 Goodwin Road, Juneau, AK 99801 ▪ (907) 463.4800 wk ▪ carltonsmith@gci.net

Corporate leader and investment professional with 20+ year success record of crafting financial turnarounds and growth by instituting corporate governance true to core mission, creating financial discipline within subsidiaries, and structuring top asset portfolio performance to fuel cash flow / long-term growth.

Extensive corporate board experience. Stanford graduate. Skilled steward for real estate, portfolio management, land, and ANCSA settlement trusts for corporate/high-net-worth investor portfolios up to *$225+M.* Own positive relations with government and Alaskan community. Deep understanding and respect for native culture and goals.

Value Offered

- **Strategic Leadership & Opportunities Analysis** – Evaluated the competition, establishing lead banking facilities for Kootznoowoo Real Estate LLC entities. Forged organizational and financial strategies that cut portfolio admin costs and radically increased ROI on their $10M business revenue and a $12M real estate portfolio.
- **Financial Management & Turnarounds** – Restructured Kootznoowoo Inc., restoring profits in less than 2 years. Led loan workout with Wells Fargo Bank, forestalling foreclosure.
- **Boards & Due Diligence** – Director, corporate officer, and board advisor for multiple ANCSA corporations. Named to national Dept. of Commerce panel to evaluate new Native American Entrepreneurship and Trade office. Assistant Corp. Secretary to Sealaska and subsidiaries; driver of all outreach to 15,000 shareholders.
- **Corporate Real Estate** – Assess, broker opportunities, and acquire properties for *~ $50M* portfolios. Oversee property management agreements for portfolio holdings with external property managers in multiple markets.
- **Trusts & Investment Policy** – Facilitated Kootznoowoo executives, staff, and auditing team in setting audit standards, corporate governance, investment guidelines, and portfolio performance standards. Managed stock, real estate, and business investments in Permanent Fund and Elder's Settlement Trusts. Managing member of 3 LLC real estate entities: Chatham Properties, Mitchell Bay Properties, and Admiralty Bay Properties, LLC.
- **Land Management** – Deep knowledge of land stewardship. At Kootznoowoo, oversaw 31,000 acres of ANCSA land, handling environmental, security, timber harvests, marketing, and co-management with US Forest Service.

Professional Experience

THE CARLTON SMITH COMPANY, www.thecarltonsmith.com, Juneau, AK — 1989 - 1998 and 2001 - Present

President / Chief Investment Adviser

Represent corporations, both in-state and nationwide, native and private, in various types of real estate transactions including: sales, commercial leasing, valuations, acquisitions, exchanges, and property management. Coordinate acquisitions for corporate clients with balance sheet equity in excess of *$50M.* Key clients include:

Village Corporations

- **Shee Atika** – Advisor for creation of a real estate policy. Conducted board training. Facilitated *$28M* portfolio of investment-quality lower-48 income properties with returns that outpaced policy guidelines.
- **Shee Atika Fund Endowment** – Identified and secured $7m of property in 2005 within policy guidelines.
- **Goldbelt Inc.** – Profitably sold 2 subdivisions, an office building, and a distressed sand and gravel tract.
- **Kootznoowoo, Inc.** – Established holding company structure and LLCs to own and manage acquisitions. Acquired and managed *$12M* portfolio comprised of NNN and multi-tenanted properties.
- **MTNT Limited** – (5-village corp. consortium). Negotiated favorable purchase of a 75-unit downtown Anchorage apartment building. Developed corporate real estate policy for acquisitions and management/ resale of corporate land owned by 975 shareholders.

Regional Corporations

- **NANA Development Corp.**- Facilitated purchase from Puget Sound Bank of a 41K SF Class A office building in Anchorage as NANA corporate headquarters. Conducted buy/sell analysis of 88 multi-family units and a 17-acres industrial parcel in Kotzebue, AK.
- **CHUGACH** - Provided foreclosure consulting for re-marketing the sale of 2 Anchorage headquarters buildings. Negotiated both sales.

Professional experience (continued)

THE CARLTON SMITH COMPANY – continued

Regional Corporations – continued

- **AHTNA Corporation** - Provide investment analysis and leasing services.
- **Central Council of Tlingit Haida Indian Tribes of Alaska** - Designated leasing broker, CCTHITTA.

Private Corporations

Alaska USA Federal Credit Union; The Salvation Army, Alaska Division; The Church of Jesus Christ of Latterday Saints (National); Federal Express; First Bank of Ketchikan; The Grand Camp of the Alaska Native Brotherhood

MAMMOTH EQUITIES LLC, Mission Viejo, CA 2001 -2004

Vice President, Capital Markets
Raised investment capital from high-net-worth individuals, Native American tribes, and ANCSA corporations. Maintained investor relations for investors nationwide including investment reporting and asset performance.

- **Investor Relations & Capital Growth**: Served a national equities firm with $225M under management. Groomed relationships with new and existing investors, including corporate and high-net-worth individuals. Supervised a $16M portfolio, including asset allocations, distribution policies, and reporting to stakeholders.

KOOTZNOOWOO INCORPORATED 1998 – 2001
TAQUAN AIR SERVICES 1998 – 2001

Chief Executive Officer

Took on challenge of leading and crafting the comprehensive turnaround of an overextended ANCSA native organization and a cash-poor airline subsidiary. Analyzed existing assets, opportunities, organizational strengths and weaknesses, human capital investment and a diverse investment portfolio. Developed and executed a two-prong strategy that instituted cuts and *near-term profits/sufficient cash flow restoration in just 20 months* and overhauled operational/investment practices, creating *ample long-term income* for sustained growth and solvency.

Led leadership team, 22 staff, and 2 field offices. Worked closely with Finance Officer, finance staff, and external auditors to strengthen audit standards, corporate governance, analysis of new investment opportunities, and establishment/monitoring of portfolio performance standards. Used trusts/legal vehicles to avoid foreclosures.

- **Strategic Leadership & Organizational Development**
  - **Redesigned the corporate staffing structure** to better establish direct reporting relationships and accountability for specific corporate functions with new individual position descriptions company-wide.
  - **Brought portfolio management oversight in-house, cutting costs 50% and upping returns.** Promoted the Vice President of Finance to Senior Vice President of Finance to provide direct oversight for Portfolio consultants, money managers, and Real Estate financing and refinancing activities.
  - **Bred accountability: Implemented quarterly/semiannual /annual personnel evaluations.**
  - **Formalized quality service delivery, leading creation of procedures, policies, and manuals.** Structured and led development of personnel manual and office procedures manual for corporate and subsidiary employees, including the addition of updated policies on company security, use of computers, and corporate ethics. Developed job categories/supporting job descriptions for all positions.
- **Financial Management:**
  - **Executed the creation of Kootznoowoo, Inc.'s commercial real estate portfolio**, achieving profitability for the parent corporation in 20 months. Formulated short- and long-term strategies for acquisition, management, and disposition of a real estate portfolio valued at $12 million.
  - **Maintained exceptional returns for a *$10M* portfolio** and slashed overhead costs. Stringently introduced a prudent asset reallocation/balanced investment strategy, replacing former high-risk practices. Established formal investment policy to support Board's strategic vision and mission.
  - **Successfully restructured debt** with Wells Fargo Bank and all major creditors, avoiding foreclosure.

Professional experience (continued)

SMITH STEVENS INSURANCE – Anchorage, AK 1995 - 1999

Chairman of the Board

- Led development and profitable operations for Alaska's first MWBE financial services firm. Correctly identified need for a local provider of investment, employee benefit, and HR administrative services that understood the Alaskan community. Served business needs for payroll deduction, life insurance, and employee benefit plans. Acted as local underwriter for major insurers, i.e., Premera Blue Cross, TransAmerica, NY Life, and Principal Financial Group. Primary clients: Alaskan Native Tribes, Village and Regional Corporations and subsidiaries.

Other employment: SEALASKA– Juneau, AK 1980 - 1984 and 1996 - 1998

Assistant Corporate Secretary/Manager, Investor Relations (1980-1984)/ **Boardmember** (1989-1998)

As sole administrative liaison to 18-member Board and 8 standing committees: Researched and provided strategy and planning recommendations, strategic communications, logistics, documentation compilation support, and overall coordination of governance/investment issues. Developed and implemented outreach, annual meetings, communication plans/proxies, and compliance to satisfy the needs of 15,000 shareholders.

As a boardmember charged with portfolio due diligence and policy development: Led creation of first-ever investment policy for a $135M balanced portfolio. Instilled financial discipline, overseeing outside financial consultants and money managers in the development of asset allocation guidelines.

Education & Licenses

B.A., Economics/Political Science - Pre-Law. Stanford University, Palo Alto, CA
Commercial Real Estate Brokers License, State of Alaska #10266
Personal Lines Insurance Brokerage License, State of Alaska

Board and Trustee Positions

CHAIRMAN:

Kootznoowoo Elders Settlement Trust	2001 – 2007
Southeast ANCSA Presidents Association	1998 – 2001
Alaska Brick Company	1990 – 1998
Sealaska Corporation, Chairman, Finance Comm.	1992 – 1995
Chatham Seafoods Company	1992 – 1998
Fairbanks Sand & Gravel	1992 – 1998
Sealaska Timber Corporation, Vice Chairman	1997 – 1998
Salvation Army, Alaska, State Board Chairman & Director	1993 – 1996
Alaska State Chamber of Commerce, Executive Committee	1998

DIRECTOR:

SE Regional Council, Boy Scouts of America	1999 – 2002
Sealaska Corporation	1988 – 1998
National Native News	1996 – 1998
Alaska Native Cultural Center Capital Committee	1997 – 1998
Swecker Salmon Farms	1990 – 1991
Big Brothers/ Big Sisters of Southeast and Statewide Merger Board	2007 - 2008

TRUSTEE:

Kootznoowoo Permanent Fund Settlement Trust	2004 – 2009
SEARHC Foundation	2002 – 2008
SE Tribal College	2001 – 2003
Sealaska Heritage Institute	1981 - 1991

OTHER

Admiralty Island Alliance	Founding Officer, Vice President & Secretary	1999 - 2001
Alaska State Chamber of Commerce	Executive Committee	1998
Pew Charitable Trust	National Civic Entrepreneur	1998
Sealaska Heritage Foundation 501©(3),	Founding Officer, Vice President & Secretary	1981 – 1991

2/25/10 GOVERNOR'S FY11 OIL & GAS REQUESTS

<target><bill></bill><subject>2-25-10 GOVERNOR'S FY11 OIL & GAS REQUESTS</subject><comm>HFIN26</comm></target>

Alaska Natural Gas Development Authority – FY10

Beginning in July 2003, several appropriations have been authorized by the Alaska Legislature under the Alaska Natural Gas Development Authority Act (ANGDA) to bring natural gas to market through gas market evaluation. The funding used by ANGDA in FY10 was appropriated in FY08 (AR 16227, Ch 29 SLA 2008) in the amount of $4 million. A total of $983,300 was expended and another $2,215,800 was encumbered.

These funds have been used to contract the services of independent contractors. ANGDA contractors have performed environmental, engineering, economic and financial studies to produce data required to support the B2F pipeline's EIS process, a potential North Slope propane facility, a potential value-added industry and the representation of the Alaska's utility companies in the upcoming Open Season. To follow is a brief list of active contracts in FY10.

Glennallen Cultural Resources and Site Delineation
Propane Supply Coordinator
Gas Supply Coordinator
Aerial Wetlands Photography
Contaminated Sites Data for B2F
Kenai Industrial Representative
360 Video Editing – B2F route
Propane Extraction Facility Estimate #1
Propane Extraction Facility Estimate #2
B2F Corridor Mapping
Propane Economics Study - Retail
GIS Mapping
BLM Cost Recovery for participation in EIS
Enterprise Coordinator
Wild & Scenic Rivers Alignment
North Slope Prudhoe Bay Unit Advisor
EIS Contractor
Pipeline Project Manager
Permitting Coordinator
Pipeline Alignment and Engineering Coordinator
Report to the People III

ANGDA is requesting that $312,100 be appropriated in FY11 to support the ANGDA office and staff. The remaining appropriation funding (currently $318,000) will be used throughout FY11 for Open Season preparation and additional work related to an in-state gas line.

Prepared by the Department of Revenue's, Alaska Natural Gas Development Authority, February 23, 2010.

D. SEAMOUNT 2/24/10

AOGCC Gas Studies FY2010 Progress and Future Work

At the beginning of FY2010 the AOGCC had $1.5 million of the multi year operating appropriation (AR 3559-10) available. The entire amount of a capital appropriation, (AR 7699-12) $1.5 million is unexpended and remains available.

The multi year operating appropriation originated in SLA 2005, Chapter 3, Sec. 20 (a), where $1.2 million was appropriated. SLA 2007, Chapter 30, Sec. 13 (c) increased the amount to $2.2 million. Sec. 61 (d) of this same chapter extended the lapse date to June 30, 2008. SLA 2008, Chapter 29, Sec. 34 (a) extended the lapse date to June 30, 2009. SLA 2009, Chapter 14, Sec. 4 extended the lapse date to June 30, 2010.

The FY2010 expenditures are as follows:

Gaffney, Cline & Associates

9/11/2009	$54,230.00
10/6/2009	$3,795.00
10/9/2010	$44,785.00
12/14/2010	$16,790.00
1/13/2010	$2,385.00
TOTAL	$121,985.00

During FY2010 the Commission and its contractor Gaffney, Cline & Associates, expects to complete the data gathering and initial analysis of the existing reservoir data for the Thomson Sand in the Point Thomson Unit (PTU) as well as an independent reservoir simulation model based on the existing data. This will include geologic and reservoir simulation models based on data gathered from the existing exploration wells in the unit but will likely not include any new data from the wells being drilled as part of the ongoing PTU Initial Production System (IPS) since the drilling and testing of those wells will not likely be completed prior to FY2011. During FY2010 the Commission also expects to start gathering new information on the Prudhoe Bay Unit (PBU) based on a revised reservoir model created by the PBU owners. This is valuable because it will enable the Commission to understand this complex reservoir better, to anticipate additional information necessary to make appropriate determinations on pool rules and gas offtake, to respond timely on such rulings, and to advise legislators and others on important considerations in major gas sales planning.

Currently, $228,363.64 is encumbered. The funding will be used to continue work with the contractor Gaffney, Cline & Associates as described above.

For FY2011 we are requesting that $1,150,900 be appropriated. This is the amount of the previous GF gas pipeline funding appropriation that is estimated to be unexpended and unobligated at June 30, 2010. During FY2011 the Commission expects to complete work on the PTU reservoir study including

incorporating geologic and well testing information from the initial 2 wells, the producer/injector pair, being drilled as part of the IPS. The Commission also expects to continue to gather data from the new PBU reservoir models and may employ a contractor to help us analyze the new data and incorporate it into our existing studies.

Beyond FY2011 the Commission expects to incorporate production data from the IPS, which isn't expected to come online until 2014, into our analysis of the PTU and to gather and analyze updated information on PBU, such as data on new wells and pre-gas sales depletion planning, as it becomes available. If other productive reservoirs in the PTU are discovered the Commission will also evaluate and incorporate information from them in our analyses. Also, any other oil reservoir expected to contribute gas to major gas sales (such as Kuparuk, Lisburne, or even an as-yet-undiscovered reservoir) will need a similar analysis to that done for Prudhoe Bay and Pt Thomson.

Additionally, at some point in FY2011 and/or future years the Commission will likely hold hearings on gas offtake allowables for the PBU and PTU and pool rules for the PTU that would require the Commission to call upon the contractor for the PBU major gas study that was completed in 2007 and the contractor for the ongoing PTU reservoir study to provide testimony as expert witnesses.

The Commission has considered the pros and cons of relinquishing existing funds and feels strongly that it is important to have the funds available when needed so that the Commission does not create delays in the forward progress of major gas sales by having to reacquire the funds necessary to complete future tasks, which are certain to be required.

Prepared by the Department of Administration, Alaska Oil and Gas Conservation Commission, February 24, 2010

Alaska Department of Labor and Workforce Development
Gasline Funding History

The Alaska Gasline Inducement Act required the Commissioner of Labor and Workforce Development (DOLWD) to develop a job training program for Alaskans in gas pipeline project management, construction, operations, maintenance and other gas pipeline related positions (AS 43.90.470).

In FY 08, the department was appropriated $850.0 GF for the development of the program and the commissioner convened a steering committee to develop what became the Alaska Gasline Training Strategic Plan. The plan, first published in January 2008 identified four broad strategies to address system-wide improvements to Alaska's job training system and infrastructure focusing on preparing Alaskans for today's jobs that would give Alaskans an advantage in competing for gasline construction, maintenance and operation jobs as they became available. The steering committee emphasized that with or without the gasline Alaska has a skills gap that needs to be addressed through comprehensive system improvement. The lapse date for these funds was extended to year end FY09.

In FY 09, the department received a $600.0 GF capital appropriation to make improvements to the on-line labor exchange system, and the Alaska Works Partnership was granted $3 million GF toward construction of the Fairbanks Pipeline Training Center. In addition $860.0 GF was transferred to the department from an appropriation to Governor's Office to be used for Oil and Gas Development. These funds were provided to the department to continue the strategic planning effort, to implement targeted job training activities, to develop an on-line training provider data base and improve presentation of labor market data at the regional and local levels. Each of these items was called for in the Gasline Training Strategic Plan.

In FY 10, the department was authorized $410.0 GF carry-forward funding from the FY08 and FY09 appropriations and $550.0 GF in new authorization by the legislature to continue the strategic planning effort, to implement targeted job training activities, and to continue development of the on-line training provider data base and improve presentation of labor market data at the regional and local levels. The department also realigned other existing internal funding ($250.0 GF) to support Alaska Workforce Investment Board gasline activities.

In FY 11, due to a recognition that this planning, workforce development and training is necessary even without a gasline, the department instead of requesting continued gasline funding has reallocated funds within the existing budget to continue the strategic planning effort, to implement targeted job training activities, and improve the on-line training provider data base and presentation of labor market data at the regional and local levels. The realignment is included in the budget request which is currently before the House Finance Subcommittee for Labor and Workforce Development.

To date (FY 09 and FY 10 to date) the department has sponsored training for over 250 Alaskans in gasline related occupations with the funding identified above.

Department of Law
Gas Line Funding History

The Department of Law is requesting $2,500.0 for work related to the state natural gas pipeline and to bringing North Slope gas to market.

The Department of Law's Oil, Gas and Mining section continues to play a major role in the State's top priority project related to the development of a natural gas pipeline and bringing natural gas to market. A number of contracts with outside counsel and experts are underway and will continue as needed. Funding will assist the department in analyzing and responding to federal regulatory decision-making and other regulatory efforts to commercialize North Slope gas, and representing the Departments of Natural Resources and Revenue in addressing legal issues related to implementation of the AGIA license and the Alaska Pipeline Project (APP).

The Department of Law has contracts with law firms with extensive oil and gas experience. The primary contract is with Greenberg Traurig (GT), a Washington, D.C. based firm with gas pipeline experience and considerable expertise representing clients before the Federal Energy Regulatory Commission (FERC). The firm has assisted the state with analysis of federal regulatory issues including FERC rate making practices, federal open season requirements, use of precedent agreements for firm transportation capacity, analysis of Natural Gas Act requirements, analysis of the AGIA licensee's project plan, analysis of LNG export issues, analysis of royalty inducements for proposed regulations, and the successful request for a waiver of FERC capacity provisions to reduce risks to potential shippers related to the state's ability to switch between taking its royalty gas in-kind to in-value. The department has also contracted with Bennett Jones, a law firm that has assisted the department with Canadian regulatory issues relevant to the pipeline project. The legal work that the firms perform is highly specialized and critical to the pipeline project's success.

In FY 2009 $3.5 million was transferred from the Governor's office to the Department of Law. At the end of 2009, $1,697.2 was encumbered for an existing contract with Greenberg Trauig and expected to fund the Department's needs in FY10. As of February 22nd, $835,179 remains encumbered under that contract and we anticipate expending most if not all of these funds prior to the end of the FY10. Additionally, at the request of the Governor's Office, we identified $550.0 that would be available and returned the funds to the Office of the Governor.

The requested funds will be used to continue to assist the department in the upcoming open season, including review of the APP open season filing, continued monitoring of the FERC pre-filing process and analysis of FERC issues, resulting transportation agreements, FERC filings relating to a certificate of public convenience and necessity, filing and evaluations relating to Canadian regulatory issues and other FERC and regulatory issues.

Department of Revenue

Status of FY 2010 Gas Line Appropriations

Ch27 SLA 09, (HB 177) North Slope Gas to Market (OP)

Original Approp	$1,221,000.00
Adjustment from OMB pre FY10	$550,000.00
Spent pre FY10	$ 539,000.00
Balance Going Into FY10	$1,232,000.00
Spent during FY10	$878,300.00
Encumbered during FY10	$353,700.00

Gaffney Cline & Assoc = $188,700.00
- Remaining Balance on current contract obligation.

Goldman Sachs = $165,000.00
- Awaiting final billing to close out the contract.

Lapse	0
Balance	0

Ch6 SLA 07 (SB82) Commercialization North Slope Gas (CAP)

Original Approp	$3,000,000.00
Spent pre FY10	$2,442,600.00
Balance going into FY10	$557,400.00
Spent during FY10	0
Encumbered during FY10	0
Lapse	0
Balance	$557,500.00

Description:

These funds are intended to be used for the following purposes:
- Contractor services to finalize the department's AGIA regulations ($50.0).

- Remaining Funds are held for anticipated consultant/contractor services necessary for fiscal system analysis associated with gas commercialization discussions during and after the upcoming open seasons. The timing of such discussions is uncertain and depends on factors outside the state's control. The state needs to be able to ramp up quickly if the situation develops, where such discussions are timely and necessary.

REVISED

Department of Natural Resources
House Finance Gasline Hearing
February 25, 2010

	Multi-Year Approp (SPCO, LPP, DOG, CO)	One-Time Items (ACO)	Base Budget (ACO)	CIP (DGGS, DOG)	Total
Available at 7/1/2009	3,815,345	3,200,000	681,700	4,785,160	12,482,205
Expended as of 2/22/2010 (does not include encumbrances)	234,678	1,335,400	481,800	926,922	2,978,800
Unexpended balance at 2/22/2010	3,580,667	1,864,600	199,900	3,858,238	9,503,405
Less: Encumbrances	599,567	1,592,100	35,100	77,600	2,304,367
Unobligated balance at 2/22/2010	2,981,100	272,500	164,800	3,780,638	7,199,038

<u>What has DNR done with the money spent in FY10?</u>

Multi-Year Operating Appropriations for Right-of-Way permitting, $3,488,788 available, AR 37998 & AR 37934 (from FY05) – State Pipeline Coordinator's Office and Large Project Permitting

- $22,200 has been utilized by the Joint Pipeline Office for 25% of a position that is providing planning and coordination support related to AGIA right-of-way work
- $481,100 has been RSA'd to UAF for hydrologic analysis in support of the Bullen Point Rd. project
- $10,178 for personal services and related costs for a portion of a large project coordinator position

Multi-Year Operating Appropriations for Increased Workload, $320,857 available, AR 37936, AR 37995, AR 37996 (from FY05 and FY06) – Division of Oil & Gas and Commissioner's Office

- $95,000 has been used to pay part of the personal services costs of a project manager in the Commissioner's Office for AGIA Outreach.
- Due to multiple projects including gasline, the following projects for the Division of Oil & Gas were contracted out:
    - $82,567 to KL& Gates for Unit Regulations (encumbered)
    - $78,390 to Arcadis for Best Interest Findings ($42.4 paid and $35.9 encumbered)
    - $64,900 to AK IT Group and Vorian Technology for Royalty Accounting software development

Multi-Year Operating Appropriation for Gas Pipeline Analysis, $5,700 available, AR 40757

- This balance is available to lapse

One-time FY10 Operating Budget Item, $3.2 million for AGIA Implementation (Consultants), AR 37093 – AGIA Coordinator's Office

Actual expenditures of $1,335,400 thus far in FY10, with an additional $1,592,100 encumbered

- Black & Veatch, two contracts ($560,321 expended and $676,806 encumbered)

- Economic risk & modeling – Identifying and developing a range of potential commercial instruments by which the state may reduce risks faced by potential shippers
- Royalty inducement regulation assistance - Assembling models relating to possible LNG shipments of N. Slope gas and valuation of substances such as CO2 and non-methane components of the gas stream

- Blaskovich Services, Inc. - Oil and gas energy planning model
  Gathering large volumes of relevant data and meeting with state policy makers to determine framework needed for an Alaska Oil and Gas Energy Planning model ($115,026 expended and $161,254 encumbered)
- Bonnie Robson - AGIA royalty regulations drafting assistance
  The contractor has incorporated policy decisions, based on information and analyses provided by other contractors, into an initial draft of the royalty regulations required under AS 43.90.310. ($153,581 expended and $296,419 encumbered)
- Energy Capital Advisors/Energy Project Consultants - Commercial advisor
  Monitor and review licensee's commercial and overall project plan, and provide assistance to state policy makers regarding various commercial measures the state may take to increase the likelihood of project success ($5,000 expended and $266,092 encumbered)
- PINGO Int'l. - Project plan monitoring of the AGIA licensee's pipeline project
  Review of pipeline design, construction and mitigation issues, review of cost and schedule estimates and licensee reimbursement requests. ($501,471 expended and $191,529 encumbered)

FY10 Base budget for AGIA Coordinator's Office - $681,700, AR 37093
Current expenditures are $360,725 in personal services, $64,576 in travel, $49,724 for services, and $6,775 for commodities: Total of $481,800 which is $70% of FY10 budget. An additional amount of $35,100 has been encumbered.

Capital Improvement Projects - $4,785,160 available for two projects

- Gasline Corridor Hazards Evaluations, $785,160 available from FY08 and FY09 CIP's, AR 40774 & AR 40841 – Division of Geological and Geophysical Surveys
  - $190,189 has been used to pay contractors including Coastal Helicopters, Inc., Michael Smith, University of Alaska Fairbanks, Carver Geologic, and Alaska Aerofuel, and another $77,600 is encumbered
  - $79,333 has been used for in-house expense in the Division of Geological and Geophysical Surveys for personal services, travel, services and commodities for the project manager
- Reservoir Modeling Studies, North Slope, $4.0 million available from FY09 CIP, AR 40852 – Division of Oil & Gas
  - $657,400 was used to pay contractor PetroTel for completion of a study in the NorthStar unit.

What value was received?

1) Ensured licensee and state compliance and fulfillment of contractual obligations under AGIA

2) Ensured that the largest private project in North American history is moving forward on an accelerated schedule as required by the AGIA license and statute

3) Increased coordination between state and federal agencies as well as state and Canadian regulatory agencies

4) Increased information flow to the public

5) Completed initial field work to identify potential geologic hazards along the proposed corridor route

6) Established contracts for reservoir modeling to determine optimal use of N. Slope gas

- Black & Veatch - $364,325 for economic risk & modeling
  Identified and developed a range of potential commercial instruments by which the state may reduce risks faced by potential shippers
- Black & Veatch - $428,556 for royalty inducement regulation assistance
  Assembled models relating to possible LNG shipments of N. Slope gas and valuation of substances such as CO2 and non-methane components of the gas stream
- Energey Capital Advisors/Energy Project Consultants - $197,876 for Commercial Advisor
  Monitor and review licensee's commercial and overall project plan, and provide assistance to state policy makers regarding various commercial measurs the state may take to increase the likelihood of project success
- Blaskovich Services, Inc. - $138,746 for oil and gas energy planning model
  Gathering large volumes of relevant data and meeting with state policy makers to determine framework needed for an Alaska Oil and Gas Energy Planning model
- Bonnie Robson - $153,581 for AGIA royalty regulations drafting assistance
  The contractor has incorporated policy decisions, based on information and analyses provided by other contractors, into an initial draft of the royalty regulations required under AS 43.90.310.

FY10 Base budget for AGIA Coordinator's Office - $681,700, AR 37093
Current expenditures are $360,725 in personal services, $64,576 in travel, $49,724 for services, and $6,775 for commodities: Total of $481,800 which is $72% of FY10 budget. An additional amount of $35,100 has been encumbered.

Capital Improvement Projects - $4,785,160 for two projects
Gasline Corridor Hazards Evaluations, $785,160 available from FY08 and FY09 CIP's, AR 40774 & AR 40841 – Division of Geological and Geophysical Surveys

- $267,827 has been used to pay contractors including Coastal Helicopters, Inc., Michael Smith, University of Alaska Fairbanks, Carver Geologic, and Alaska Aerofuel
- $79,333 has been used for in-house expense in the Division of Geological and Geophysical Surveys for personal services, travel, services and commodities for the project manager

Reservoir Modeling Studies, North Slope, $4.0 million available from FY09 CIP, AR 40852 – Division of Oil & Gas

- $657,400 was used to pay contractor PetroTel for completion of a study in the NorthStar unit.

What value was received?

1) Ensured licensee and state compliance and fulfillment of contractual obligations under AGIA

2) Ensured that the largest private project in North American history is moving forward on an accelerated schedule as required by the AGIA license and statute

3) Increased coordination between state and federal agencies as well as state and Canadian regulatory agencies

4) Increased information flow to the public

5) Completed field work to identify potential geologic hazards along the proposed corridor route

6) Established contracts for reservoir modeling to determine optimal use of N. Slope gas

Department of Natural Resources
House Finance Gasline Hearing
February 24, 2010

	Multi-Year Appropr (SPCO, CO, DOG)	One-Time Items (ACO)	Base Budget (ACO)	CIP (DGGS, DOG)	Total
Available at 7/1/2009	3,241,500	3,200,000	681,700	4,785,160	11,907,960
Expended as of 2/22/2010 (does not include encumbrances)	260,400	1,876,256	481,800	1,004,522	3,633,210
Unexpended balance at 2/22/2010	2,981,100	1,323,744	199,900	3,780,638	8,274,750
Less: Encumbrances		1,051,244	35,100		1,086,344
Unobligated balance at 2/22/2010	2,981,100	272,500	164,800	3,780,638	7,188,406

What has DNR done with the money spent in FY10?

Multi-Year Operating Appropriations for Right-of-Way permitting, $2,996,700 available, AR 37998 & AR 37934 (from FY05) – State Pipeline Coordinator's Office

- $22,200 has been utilized by the Joint Pipeline Office for 25% of a position that is providing planning and coordination support related to AGIA right-of-way work.

Multi-Year Operating Appropriations for Increased Workload, $239,100 available, AR 37905, AR 37936, AR 37995, AR 37996 (from FY05 and FY06) – Division of Oil & Gas, Commissioner's Office

- $95,000 has been used to pay part of the personal services costs of a project manager in the Commissioner's Office for AGIA Outreach.

- Due to multiple projects including gasline, the following projects for the Division of Oil and Gas were contracted out:
  - $64,910 has been used to pay a contract programmer for improvements to the royalty accounting system,
  - $78,290 has been used to pay for a contractor to perform two Best Interest Findings

Multi-Year Operating Appropriation for Gas Pipeline Analysis, $5,700 available, AR 40757

- No spending thus far in FY10 on this appropriation

One-time FY10 Operating Budget Item, $3.2 million for AGIA Implementation (Consultants), AR 37093 – AGIA Coordinator's Office

Actual expenditures of $1,876,256 thus far in FY10, with an additional $1,051,244 encumbered

- PINGO Int'l. - $593,171 for project plan monitoring of the AGIA licensee's pipeline project
  Review of pipeline design, construction and mitigation issues, review of cost and schedule estimates and licensee reimbursement requests

2/24/10

House Finance Committee **Teleconference Number 1-877-763-5073**
Governor's FY2011 Oil & Gas Requests
February 24, 2010

I. In-State Gas Pipeline

Department	Juneau	Teleconference
Governor's Office	Bob Swenson, Instate Gas Pipeline Coordinator	

II. Alaska Gasline Inducement Act

Department	Juneau	Teleconference
Administration – Alaska Oil & Gas Conservation Commission	Dan Seamount, Chair ✓	
Administration – Alaska Oil & Gas Conservation Commission		Cathy Foerster, Commissioner ✓
Administration	Eric Swanson, Administrative Services Director ✓	
Labor	David Stone, Deputy Commissioner ✓	
Labor	Guy Bell, Assistant Commissioner ✓	
Labor	Mike Helms, Budget Manager	
Law	Craig Tillery, Deputy Attorney General	
Law	Lisa Weissler, Assistant Attorney General, Oil & Gas	
Law	Dave Blaisdell, Administrative Services Director	
Natural Resources	Marty Rutherford, Deputy Commissioner	
Natural Resources	Mark Myers, AGIA Project Coordinator	
Natural Resources	Leta Simons, Support Services Division Director	Rod Combellick, Acting Director, Geological & Geophysical Surveys
Revenue	Pat Galvin, Commissioner	
Revenue	Marcia Davis, Deputy Commissioner	
Revenue		Dona Keppers, Audit Master
Revenue	Ginger Blaisdell, Administrative Services Director	

III. Alaska Natural Gas Development Authority

Department	Juneau	Teleconference
Alaska Natural Gas Development Authority		Harold Heinze, Chief Executive Officer

Revised O&G Participants 02.24.2010
Office of Management & Budget

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Wednesday, February 24, 2010

HB 300 - APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 302 - APPROP: MENTAL HEALTH BUDGET

Briefing on Governor's FY11 Oil and Gas Requests:

Alaska Oil and Gas Conservation Commission
Dan Seamount, Chair

Alaska In-State Gas Pipeline Project
Bob Swenson, Instate Gas Pipeline Coordinator

Department of Labor and Workforce Development
David Stone, Deputy Commissioner

Department of Law
Craig Tillery, Deputy Attorney General

Department of Natural Resources — ALASKA GASLINE INDUCEMENT ACT
Mark Meyers, AGIA Project Coordinator — NOT IN SYSTEM

Department of Revenue
Pat Galvin, Commissioner

ANGDA — ALASKA NATURAL GAS PIPELINE AUTHORITY
Harold Heinze, Chief Executive Officer

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Thursday, February 25, 2010

HB 300 - APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 302 - APPROP: MENTAL HEALTH BUDGET
(Continued from Wednesday, February 24, 2010)

Briefing on Governor's FY11 Oil and Gas Requests:

Alaska Oil and Gas Conservation Commission
Dan Seamount, Chair

Alaska In-State Gas Pipeline Project
Bob Swenson, Instate Gas Pipeline Coordinator

Department of Labor and Workforce Development
David Stone, Deputy Commissioner

Department of Law
Craig Tillery, Deputy Attorney General

Department of Natural Resources
Mark Meyers, AGIA Project Coordinator

Department of Revenue
Pat Galvin, Commissioner

ANGDA
Harold Heinze, Chief Executive Officer

2/24/10

Governor's FY2011 Gasline Appropriation Requests

	A	B	C	D	E	F
1	**Department**	**Section**	**Appropriation / Allocation**	**Description**	**AK Housing Capital Corporation**	**Total Funds**
2	**OPERATING - HB 300 / SB 229**					0.0
3	Governor	16 (f)	AK Resources Marketing and Development	Ongoing development of an in-state natural gas pipeline	6,500.0	6,500.0
4	Administration	19	Alaska Oil and Gas Conservation Commission	AOGCC Gasline Funding continued evaluation of depletion plans for reservoirs.	1,150.9	1,150.9
5	Law	19	Oil, Gas, and Mining	Gas Pipeline Outside Counsel and Experts	2,500.0	2,500.0
6	Natural Resources	19	Gas Pipeline Implementation	Gas pipeline implementation	4,217.5	4,217.5
7	Revenue	19	Tax Division	AGIA Reporting System and Fiscal Systems Analysis to Support Negotiations of Gasline Fiscal Terms	1,100.0	1,100.0
8	Revenue	19	Natural Gas Commercialization	Fiscal Systems Analysis to Support Negotiations of Gasline Fiscal Terms and Audit of AGIA Reimbursement Fund	1,550.0	1,550.0
9				**Subtotal Operating**	**17,018.4**	**17,018.4**
10	**CAPITAL - HB 301 / SB 230**					
11	Commerce	1	Named Recipient Grants	Municipality of Anchorage: Port of Anchorage Expansion	10,000.0	10,000.0
12	Revenue	8(d)	Alaska Gasline Inducement Act Reimbursement Fund	Reimbursement of allowable expenditures under the natural gas pipeline project construction inducement under AS 43.90.110(a)(1) original request 150.0M, reduced by 10.0M in Governor Amended submission	140,000.0	140,000.0
13				**Subtotal Capital**	**150,000.0**	**150,000.0**
14				**FY2011 Gasline Appropriation Requests Total**	**167,018.4**	**167,018.4**

2/24/10

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
2	**CAPITAL**										
3	Ch 29 SLA 2008 AR 7699	FY2008-FY2012	Administration	Reservoir depletion studies prior to major gas sales	1,500.0	0.0	1,500.0	0.0	0.0	0.0	1,500.0
4			**Administration Total**		1,500.0	0.0	1,500.0	0.0	0.0	0.0	1,500.0
5	Ch 29 SLA 2008 AR 27767	FY2008-FY2012	Labor	AK Labor Exchange System Enhancement and Gas Pipeline Skills Inventory	600.0		600.0	448.4	151.6	0.0	0.0
6	Ch 29 SLA 2008 AR 27768	FY2008-FY2012	Labor	Alaska Works Partnership - Fairbanks Pipeline Training Center	6,000.0		6,000.0	860.4	2,139.6	0.0	3,000.0
7			**Labor Total**		6,600.0	0.0	6,600.0	1,308.8	2,291.2	0.0	3,000.0
8	Ch 6 SLA 2007 AR 14935	FY2007-FY2011	Law	Work related to the state gas pipeline and to bringing North Slope natural gas to market, and to other oil and gas projects. Original appropriation $21,500.0 Gasline portion only $7,203.4	7,203.4		7,203.4	7,203.4		0.0	0.0
9			**Law Total**		7,203.4	0.0	7,203.4	7,203.4	0.0	0.0	0.0
10	Ch 82 SLA 2006 AR 40713	FY2007-FY2011	Natural Resources	Gas Pipeline Corridor Geologic Hazards and Resources	350.0		350.0	350.0	0.0	0.0	0.0
11	Ch 6 SLA 2007 AR 40757	FY2007-FY2012	Natural Resources	Gas pipeline analysis	6,550.0		6,550.0	6,544.3	0.0	0.0	5.7
12	Ch 30 SLA 2007 AR 40774	FY2008-FY2012	Natural Resources	Gas Pipeline Corridor Geologic Hazards and Resources	600.0		600.0	555.9	21.0	0.0	23.1

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
13	Ch 29 SLA 2008 AR 40841	FY2008-FY2012	Natural Resources	Gas Pipeline Corridor Geologic Hazards and Resources	600.0		600.0	128.5	56.6	0.0	414.9
14	Ch 29 SLA 2008 AR 40852	FY2008-FY2012	Natural Resources	Reservoir Studies to Evaluate Oil and gas resources in the North Slope	4,000.0		4,000.0	657.4	0.0	0.0	3,342.6
15			**Natural Resources Total**		12,100.0	0.0	12,100.0	8,236.1	77.6	0.0	3,786.3
16	Ch 6 SLA 2007 AR 16194	FY2007-FY2012	Revenue	Commercialization of North Slope gas	3,000.0		3,000.0	2,442.6	0.0	0.0	557.4
17	Ch 30 SLA 2007 AR 16200	FY2007-FY2012	Revenue	ANGDA Alaska Gas Market System Evaluation	5,000.0		5,000.0	4,548.2	451.8	0.0	0.0
18	Ch 29 SLA 2008 AR 16227	FY2008-FY2012	Revenue	ANGDA Engineering and Economic Study on In State Gas Use	4,000.0		4,000.0	1,439.8	2,243.2	0.0	317.0
19			**Revenue Total**		12,000.0	0.0	12,000.0	8,430.6	2,695.0	0.0	874.4
20	Ch 3 FSSLA 2005 AR 58864	FY2005-FY2009	Transportation	Fairbanks - Richardson Highway, Northbound Chena Overflow Bypass/Bridge for Gas Pipeline	2,500.0	(1,648.4)	851.6	851.6	0.0	0.0	(0.0)
21	Ch 29 SLA 2008 AR 57498	FY2008-FY2010	Transportation	Richardson Highway, Shaw Creek Bridge	1,648.4		1,648.4	0.0	1,648.4	0.0	0.0
22	Ch 3 FSSLA 2005 AR 60054	FY2005-FY2010	Transportation	Richardson Highway, Shaw Creek Bridge	2,500.0	0.0	2,500.0	485.7	1,835.3	0.0	179.0
23	Ch 82 SLA 2006 AR 59978	FY2007-FY2011	Transportation	Gas Pipeline	1,700.0		1,700.0	64.1	1,635.9	0.0	0.0
24	Ch 29 SLA 2008 AR 62145	FY2009-FY2012	Transportation	Richardson Highway, Shaw Creek Bridge	4,000.0		4,000.0	0.0	4,000.0	0.0	0.0
25			**Transportation Total**		12,348.4	(1,648.4)	10,700.0	1,401.4	9,119.6	0.0	179.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
26			Total Capital		51,751.8	(1,648.4)	50,103.4	26,580.3	14,183.4	0.0	9,339.7
27	**Operating**										
28	Ch 3 FSSLA 2005 and Ch 30 SLA 2007 AR 3559	FY2005 - FY2010	Administration	Alaska Oil and Gas Conservation Commission reservoir studies and depletion plan evaluations related to the state gas pipeline.	2,200.0	0.0	2,200.0	821.1	228.4	0.0	1,150.5
29			**Administration Total**		2,200.0	0.0	2,200.0	821.1	228.4	0.0	1,150.5
30	Ch 3 FSSLA 2005 AR 1692	FY2005-FY2006	Governor	Work related to the state gas pipeline and to bringing North Slope natural gas to market, and other oil and gas projects	500.0	0.0	500.0	500.0	0.0	0.0	0.0
31	Ch 13 SLA 2006 AR 1697	FY2006-FY2007	Governor	State gas pipeline and to bringing North Slope natural gas to market and other oil and gas projects.	1,000.0	0.0	1,000.0	842.3	0.0	157.7	0.0
32	Ch 30 SLA 2007 AR 1700	FY2007-FY2008	Governor	State gas pipeline development and marketing of North Slope natural gas, Alaska energy issues, and Endangered Species Act issues Reappropriation from Commerce. Not solely for gas pipeline purposes.	506.1	0.0	506.1	257.4	0.0	248.7	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
33	Ch 28 SLA 2007 AR 1531	FY2008	Governor	Fiscal Note for HB 177 Natural Gas Pipeline Project	132.0	0.0	132.0	132.0	0.0	0.0	0.0
34	Ch 27 SLA 2008	FY2009	Governor	Branch-wide Oil & Gas Development The $7,290.8 was transferred to Labor $860.0, Law $2,950.0, Natural Resources $1,709.8, and Revenue $1,771.0 as shown on this spreadsheet as ATRINs.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35	Ch 28 SLA 2008 AR 1531	FY2009	Governor	Fiscal Note for HB 177 Natural Gas Pipeline Project	332.2	0.0	332.2	332.2	0.0	0.0	0.0
36	CH 14 SLA 2009 AR 1720	FY2010	Governor	development of an in-state natural gas pipeline.	4,322.0	0.0	4,322.0	1,828.3	2,493.7	0.0	0.0
37	CH 14 SLA 2009 AR 1721	FY2010	Governor	development of an in-state natural gas pipeline.	3,967.0	0.0	3,967.0	0.0	3,967.0	0.0	0.0
38			**Governor Total**		10,759.3	0.0	10,759.3	3,892.2	6,460.7	406.4	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
39	Ch 28 SLA 2007 AR 28103	FY2008-FY2009	Labor	AGIA fiscal note for training plan development, infrastructure and implementation and expansion of training programs. Lapse date was extended to 6/30/2009 via Sec 34(e); Ch 29 SLA 2008. Reappropriated to department Ch 14 SLA 2009 section 9(a-c)	850.0	(325.0)	525.0	511.1	0.0	13.9	(0.0)
40	Ch 27 SLA 2008 AR28183	FY2009	Labor	ATRIN: Oil & Gas Development Transfer from Governor's Office	145.0		145.0	104.7	0.0	40.3	0.0
41	Ch 27 SLA 2008 AR 28603	FY2009	Labor	ATRIN: Oil & Gas Development Transfer from Governor's Office Reappropriated to department Ch 14 SLA 2009 section 9(d)	130.0	(85.0)	45.0	18.2	0.0	26.8	0.0
42	Ch 27 SLA 2008 AR 28613	FY2009	Labor	ATRIN: Oil & Gas Development Transfer from Governor's Office	585.0		585.0	451.8	0.0	133.2	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
43	CH 12 SLA 2009 AR 28603	FY2010	Labor	AWIB Education Specialist, Career and Technical Education (CTE) Oversight: ncludes $85.0 reapporpriated to department	130.0		130.0	88.9	9.1		32.0
44	Ch 14 SLA 2009 AR 28613	FY2010	Labor	Commissioner's Office, Gasline Training Plan implementation $100.0 Reappropriated to department	100.0		100.0	33.7	0.0		66.3
45	Ch 12 SLA 2009 AR 28603	FY2010	Labor	AK Workforce Investment Board (AWIB), Training Program Administrator, Administrative Assistant, and implementation activities	250.0		250.0	88.9	9.1		152.0
46	CH 12 SLA 2009 AR 28183	FY2010	Labor	Labor Market Information, Clearinghouse/Reginal Data Gathering $145.0 Reappropriated to department	145.0		145.0	35.4	4.0		105.6
47	Ch 12 SLA 2009	FY2010	Labor	Business Partnershps, Pipeline Worker Training Grant	2,500.0		2,500.0	618.8	1,544.7		336.5

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
48	CH 12 SLA 2009 AR 28613	FY2010	Labor	Business Services, preapprenticeship and apprenticeship development $80.0 Reappropriated to department	585.0		585.0	34.5	80.0		470.5
49			**Labor Total**		5,420.0	(410.0)	5,010.0	1,986.0	1,646.9	214.2	1,162.9
50	Ch 3 FSSLA 2005 AR 14918	FY2005-FY2006	Law	Oil, Gas and Mining, for work related to the state gas pipeline and to bringing North Slope natural gas to market, and other oil and gas projects	9,000.0		9,000.0	9,000.0			0.0
51	Ch 13 SLA 2006 AR 14927	FY2006	Law	Civil Division is for work related to the state gas pipeline and to bringing North Slope natural gas to market and other oil and gas projects	3,900.0		3,900.0	3,900.0	0.0	0.0	0.0
52	Ch 82 SLA 2006 AR 14171	FY2006	Law	Work related to the Gas Pipeline and other oil and gas projects.	1,200.0		1,200.0	1,200.0	0.0	0.0	0.0
53	Ch 33 SLA 2006 AR 13800	FY2007	Law	Oil, Gas, and Mining, for work related to the state gas pipeline, to bringing North Slope natural gas to market, and to other oil and gas projects,	1,500.0		1,500.0	1,483.7	0.0	16.3	(0.0)

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
54	Ch 11 SLA 2008 AR 14180	FY2008	Law	Oil, Gas and Mining: Gas Pipeline	1,250.0		1,250.0	1,250.0	0.0	0.0	0.0
55	Ch 27 SLA 2008 AR 14180	FY2009	Law	ATRIN: Oil & Gas Development Transfer from Governor's Office	2,950.0		2,950.0	2,111.7	836.2	2.1	0.0
56			**Law Total**		19,800.0	0.0	19,800.0	18,945.4	836.2	18.4	0.0
57	Ch 159 SLA 2004 AR 37991	FY2004-FY2009	Natural Resources	Risk analysis related to the state gas pipeline and to bringing North Slope natural gas to market	1,580.0		1,580.0	1,580.0	0.0	0.0	0.0
58	Ch 159 SLA 2004 AR 37992	FY2004-FY2009	Natural Resources	Permitting and application processing related to the state gas pipeline right-of-way work. Reappropriated to department Ch 14 SLA 2009 Sec. 12	3,900.0	(2,962.3)	937.7	937.7	0.0	0.0	(0.0)
59	Ch 3 FSSLA 2005 AR 37931	FY2005-FY2009	Natural Resources	Risk analysis and royalty issues	2,500.0		2,500.0	2,428.5	0.0	71.5	0.0
60	Ch 3 FSSLA 2005 AR 37932	FY2005-FY2009	Natural Resources	Gas pipeline corridor geologic hazards and resource evaluation	2,000.0		2,000.0	2,000.0	0.0	0.0	0.0
61	Ch 3 FSSLA 2005 AR 37934	FY2005-FY2010	Natural Resources	Bullen Pt. Road right-of-way permitting	800.0		800.0	284.5	481.1	0.0	34.4
62	Ch 3 FSSLA 2005 AR 37935	FY2005-FY2010	Natural Resources	Division of oil and gas increased workload	675.0		675.0	675.0	0.0	0.0	0.0
63	Ch 3 FSSLA 2005 AR 37936	FY2005-FY2010	Natural Resources	Commissioner's office increased workload	50.0		50.0	50.0	0.0	0.0	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
64	Ch 6 SLA 2005 AR 37994	FY2005-FY2010	Natural Resources	Bullen Pt.Road right-of-way permitting	2,400.0		2,400.0	2,400.0	0.0	0.0	0.0
65	Ch 6 SLA 2005 AR 37996	FY2005-FY2010	Natural Resources	Division of oil and gas increased workload	2,025.0		2,025.0	1,905.6	118.5	0.0	0.9
66	Ch 6 SLA 2005 AR 37996	FY2005-FY2010	Natural Resources	Commissioner's office increased workload	150.0		150.0	150.0	0.0	0.0	0.0
67	Ch 1 4SSSLA 2008 AR 37940	FY2009	Natural Resources	Gas Pipeline Implementation Reappropriated to Governor Office Ch 14 SLA 2009 Sec 19(b)	5,500.0	(3,967.0)	1,533.0	1,533.0	0.0	0.0	0.0
68	CH 27 SLA 2008 AR 37403	FY2009	Natural Resources	ATRIN: Oil & Gas Workload Funding transferred from Governor's Office (cc 10400137 and 10400138)	1,709.8		1,709.8	1,613.8	13.9	82.1	0.0
69	CH 14 SLA 2008 AR 37998	FY 2010-FY2011	Natural Resources	permitting and application processing related to the state gas pipeline right-of-way work related to bringing North Slope natural gas to market (Reappropriated to department Ch 14 SLA 2009 Sec. 12)	2,962.3		2,962.3	22.2	0.0	0.0	2,940.1
70	CH 12 SLA 2009 AR 37093	FY2010	Natural Resources	Gas Pipeline Office Budget	681.7		681.7	481.8	35.1	0.0	164.8

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
71	CH 12 SLA 2009 AR 37093	FY2010	Natural Resources	Gas Pipeline Implenetation	3,200.0		3,200.0	1,335.4	1,592.1	0.0	272.5
72			**Natural Resources Total**		30,133.8	(6,929.3)	23,204.5	17,397.5	2,240.7	153.6	3,412.7
73	Ch 83 SLA 2003 AR 15596	FY2004	Revenue	Stranded Gas Act - A fiscal note authorized $871.5. In addition, $750.0 of SDPR was authorized via RPL 04-4-1026 on Oct. 29, 2003. Revenue's base operating budget included some Stranded Gas Act funding until removed in FY08 budget.	1,621.5		1,621.5	913.8	0.0	707.7	0.0
74	Ch 83 SLA 2003 15606	FY2004	Revenue	ANGDA operating appropriation (original appropriation was for $150.0 GF, final authorized was for $350.0 due to a $200.0 federal RPL)	350.0		350.0	347.6		2.4	(0.0)
75	Ch 14 SLA 2004 AR 15960	FY2004-FY2005	Revenue	North Slope Natural Gas	1,650.0		1,650.0	1,641.4		8.6	(0.0)
76	Ch 159 SLA 2004 AR 15965	FY2004-FY2009	Revenue	Related to bringing North Slope natural gas to market.	5,100.0		5,100.0	4,319.5	0.0	780.5	0.0
77	Ch 158 SLA 2004 AR 15500	FY2005	Revenue	ANGDA operating appropriation	256.6		256.6	256.3		0.3	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
78	Ch 3 FSSLA 2005 and CH 82 SLA 2006 AR 15909	FY2005-FY2008	Revenue	Commissioner's Office, for work related to the state gas pipeline and to bringing North Slope natural gas to market.	7,100.0		7,100.0	7,100.0	0.0		0.0
79	CH 3 FSSLA 2005 AR 15910	FY2005-FY2008	Revenue	ANGDA for work related to the state gas pipeline and to bringing North Slope natural gas to market.	2,170.0		2,170.0	2,159.6	0.0	10.4	0.0
80	Ch 4 FSSLA 2005 AR 15500	FY2006	Revenue	ANGDA operating appropriation	278.3		278.3	278.2		0.1	0.0
81	Ch 33 SLA 2006 AR 15500	FY2007	Revenue	ANGDA operating appropriation	299.6		299.6	299.6		0.0	0.0
82	Ch 28 SLA 2007 AR 15500	FY2008	Revenue	ANGDA operating appropriation	302.7		302.7	302.6		0.1	(0.0)
83	Ch 27 SLA 2008 AR 15500	FY2009	Revenue	ANGDA operating appropriation	305.3		305.3	305.3		0.0	0.0
84	Ch 27 SLA 2008 AR 15340	FY2009	Revenue	ATRIN: Oil & Gas Workload Funding transferred from Governor's Office	1,771.0		1,771.0	922.3	848.7	0.0	0.0
85	CH 12 SLA 2009 AR 15500	FY2010	Revenue	ANGDA operating appropriation	312.1		312.1	227.9			84.2
86			**Revenue Total**		21,517.1	0.0	21,517.1	19,074.1	848.7	1,510.1	84.2
87			**Total Operating**		89,830.2	(7,339.3)	82,490.9	62,116.3	12,261.6	2,302.7	5,810.3
88											
89	**TOTALS BY DEPARTMENT**										
90			Administration		3,700.0	0.0	3,700.0	821.1	228.4	0.0	2,650.5
91			Governor		10,759.3	0.0	10,759.3	3,892.2	6,460.7	406.4	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
92			Labor		12,020.0	(410.0)	11,610.0	3,294.8	3,938.1	214.2	4,162.9
93			Law		27,003.4	0.0	27,003.4	26,148.8	836.2	18.4	0.0
94			Natural Resouces		42,233.8	(6,929.3)	35,304.5	25,633.6	2,318.3	153.6	7,199.0
95			Revenue		33,517.1	0.0	33,517.1	27,504.7	3,543.7	1,510.1	958.6
96			Transportation		12,348.4	(1,648.4)	10,700.0	1,401.4	9,119.6	0.0	179.0
97				**TOTALS**	**141,582.0**	**(8,987.7)**	**132,594.3**	**88,696.6**	**26,445.0**	**2,302.7**	**15,150.0**
98											
99	**Removed from previous historical summary. Oil and gas appropriations that are not gasline related have been removed.**										
100	Ch 1 SLA 2003		Commerce	Grant to Arctic Power to aid in the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska.	1,100.0		1,100.0	1,100.0	-	-	0.0
101	Ch 82 SLA 2003		Commerce	Grant to Arctic Power to aid in the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska. Balance repealed and reappropriated to Gov Office.	500.0		500.0	446.0	-	-	54.0
102	Ch 82 SLA 2003		Commerce	Grant to Arctic Power to aid in the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska. Balance repealed and reappropriated to Gov Office.	300.0		300.0	70.3	-	-	229.7
103	Ch 3 SLA 2005		Commerce	Pipeline Training Equipment	1,500.0		1,500.0	1,500.0	-	-	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
104	Ch 23 SLA 2005		Commerce	Grant to Arctic Power to aid in the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska. Authorization included $50.0 to Native Village of Kaktovik (lapsed) and $50.0 to City of Kaktovik.	1,300.0		1,300.0	1,250.0	-	50.0	0.0
105	Ch 82 SLA 2006		Commerce	Pipeline Training Facility (named recipient grant to AK Works Partnership)	3,000.0		3,000.0	3,000.0	-	-	0.0
106	Ch 13 SLA 2006		Commerce	Grant to Arctic Power to aid in the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska. Balance repealed per sec. 47(c), ch. 30, SLA 2007 - reappropriated $120.	750.0	(120.0)	630.0	123.8	-	-	506.2
107	Ch 30 SLA 2007		Commerce	Pipeline Training Facility (named recipient grant)	2,700.0		2,700.0	2,660.4	39.6	-	(0.0)
108	Ch 29 SLA 2008		Commerce	Grant to Arctic Power to aid in the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska.	120.0		120.0	120.0	-	-	0.0
109	Ch 1 SLA 2003		Governor	Direct support of national efforts to open the coastal plain of the Arctic National Wildlife Refuge for oil and gas exploration and development	100.0		100.0	100.0			0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
110	Ch 159 SLA 2004		Governor	and gas development, states's rights advocacy, and national and international marketing and development of Alaska resources and products. (This was a reappropriation from the Department of Commerce, Community, and Economic Development of the balances of sec. 40(a) and (c), ch. 82, SLA 2003.) Balance of $19.5 is expected to lapse at the end of FY2009.	283.7		283.7	203.3	-	80.4	0.0
111	Ch 159 SLA 2004		Governor	National and international marketing and development of Alaska's resources and products. There will be more expenditures during the remainder of FY2009, but it is expected that approximately $78.0 may lapse.	950.0		950.0	846.8		103.2	0.0
112	Ch 3 FSSLA 2005			Direct support of national efforts to open the coastal plain of the Arctic National Wildlife Refuge for oil and gas exploration and development and other oil and gas and natural resource deveopment projects	125.0			125.0		-	
113	Ch 6 SLA 2005			Direct support of national efforts to open the coastal plain of the Arctic National Wildlife Refuge for oil and gas exploration and development	375.0			231.3		143.7	

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
1	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
114	CH 27 SLA 2009		Natural Resources	Royalty reopener - outside legal counsel and outside experts for reopener of state's arbitrations	500.0		500.0	362.4	0.0	137.6	0.0
115	CH 27 SLA 2009		Natural Resources	Funding for outside contract auditors to reduce or eliminate current backlog of royalty and net profit share audits	200.0		200.0	0.0	0.0	200.0	0.0
116	Ch 3 FSSLA 2005		Transportation	Richardson Highway, Shaw Creek Bridge	4,148.3		4,148.3	485.7	2,014.3	0.0	1,648.3
117	Ch 82 SLA 2006		Transportation	Alaska Highway: Milepost 1303.3 Bridge Replacement - Tanana River	4,250.0		4,250.0	4,250.0	0.0	0.0	0.0
118	Ch 30 SLA 2007		Transportation	Alaska Highway: Milepost 1303.3 Bridge Replacement - Tanana River	20,850.0		20,850.0	11,718.5	9,131.5	0.0	0.0
119	Ch 29 SLA 2008		Transportation	Dalton Highway: Milepost 274 to 289 Reconstruction	11,900.0		11,900.0	1,495.3	10,404.7	0.0	0.0
120	Ch 29 SLA 2008		Transportation	Dalton Highway: Milepost 274 to 289 Reconstruction	11,250.0		11,250.0	0.0	11,250.0	0.0	0.0
121			TOTAL REMOVED		66,202.0	(120.0)	66,082.0	30,088.8	32,840.1	714.9	2,438.2

2/24/10

ALASKA IN-STATE GAS PIPELINE PROJECT

Budget Summary

Bob Swenson, Project Manager

February 18, 2010

Table of Contents

Alaska In-State Gas Pipeline - Proposed Project Map **3**

Organization Chart **4**

Project Task Outline **5**

Budget Overview **6**

Supplemental Bill language **7**

FY10 Budget Narrative *7*

FY10 Project Task Details: Alaska In-State Gas Pipeline **8**

ASRC, Inc. - Progress Report *8*

Michael Baker, Inc. - Progress Report - Alaska In-State Gas Pipeline *9*

ENTRIX, Inc. Progress Report - Alaska In-State Gas Pipeline *12*

Alaska State Department of Natural Resources *12*

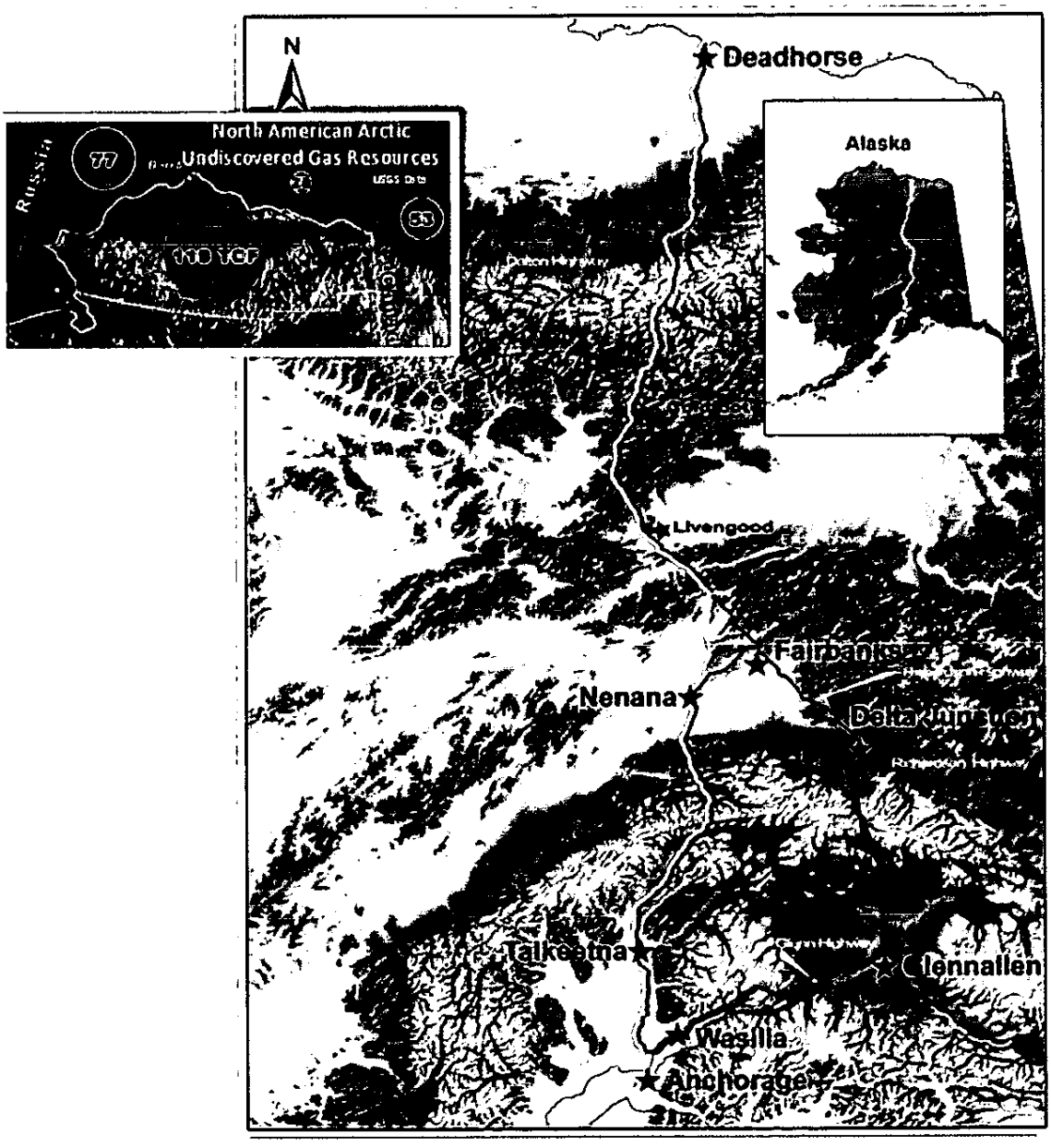
US Bureau of Land Management *12*

In-State Stand Alone Pipeline - FY11 Budget Narrative **13**

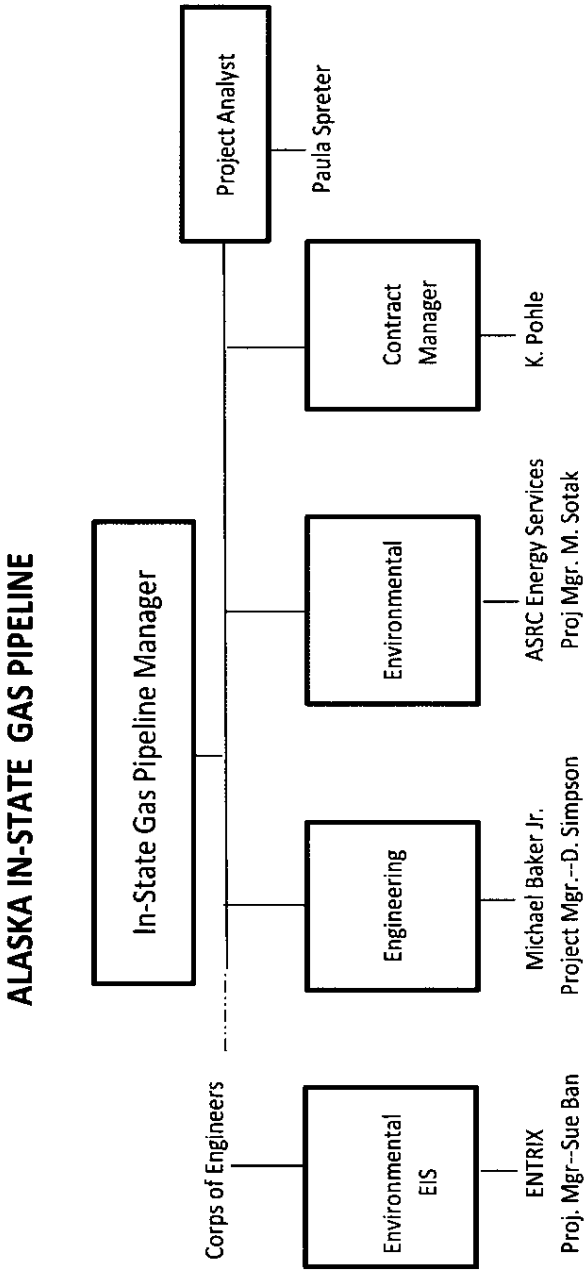
2464

Alaska In-State Gas Pipeline - Proposed Project Map

Map showing all primary routes and alternate routes for small diameter in-state natural gas pipeline options. Alternate route analysis for the stand alone project is complete. Routes include; Stand Alone Parks (yellow), Stand alone Richardson (blue), Spur Line Parks (Purple), Spur Line Richardson (red). Inset map shows mean estimates of undiscovered conventional natural gas resources for the North American Arctic region (Data from USGS, MMS, and GSC assessments).



Organization Chart



2466

Project Task Outline

Contract Task Number	Contractor	NTP Start Date	2/16/2010 Status
	BAKER ENGINEERING		
1	Proj Mgt/Proj Controls	6/9/2009	ongoing
2	Project Library / Data Mgt	6/9/2009	ongoing
3	Outreach	6/9/2009	ongoing
4	Alternatives Analysis	6/9/2009	complete
5	Supply/Demand Analysis	6/17/2009	partial completion-still open with money.
6	Project Description (Eng)	8/5/2009	Initial Permit Description complete. Eng.ongiong.
7	Cost of Delivery	10/20/2009	Currently the major engineering focus.
8	ROA Application	10/20/2009	Applications have been turned in.
9	Construction Planning		No NTP at this time.
10	EIS Suport		No NTP at this time
	ASRC Environmnetal		
01-001	Project Management	7/1/2009	on going
01-002	Project Management (continued)	2/16/2010	just starting
02-001	Cultural Resources	7/1/2009	scoping complete, field work next
02-002	2010 Field Program Prep. Cultural Res	2/16/2010	just starting
03-001	Wetlands Surveys/Analysis	7/10/2009	Parks initial complete
03-002	Analysis of Pre-mapped Wetland Data	7/10/2009	Parks complete
03-003	Premapping Richardson HWY Corridor	8/19/2009	Field wk complete, reports coming in.
03-004	Minto Flats Alignment	9/15/2009	Wetlands deliniation along new alignment.
03-005	Glen to Fairbanks Premapping	11/16/2009	on going
03-006	Richardson Hwy wetlands premapping		
03-007	2010 Field Program Prep, Wetlands Delination	2/16/2010	permitting fieldwork preparation.
04-001	Literature Search/Project Library	7/1/2009	on going
05-001	State & Federal ROW permitting	10/15/2009	ongoing
06-001	GSI Support for Enviro & Permitting	10/15/2009	on going
07-001	2010 Field Program Prep--Lake studies	2/16/2010	just starting

Budget Overview

Total funds for FY2010		**$8,289,043**
Total Expenditures through January 15, 2010		$2,214,968
Balance as of January 15, 2010		**$6,074,075**
Proposed Expenditures	***January 16, 2010 through June 30, 2010***	**$6,074,75**
Personal Services		**$ 160,950**
Travel		**$ 18,000**
Commodities		**$ 11,629**
Services *(items listed below):*		**$5,883,496**
• *Existing contracts (Baker, ASRC, ENTRIX)*	*$5,524,000*	
• *Department of Natural Resources -*	*$ 200,000*	
• *US Bureau of Land Management – EIS Services*	*$ 150,000*	
• *Facilities*	*$ 9,496*	
Balance Remaining June 30, 2010		**$ 0**

	Payroll & Expenditures 1/15/2010	Contract Commitments (Encumbrances)	Estimated Budget Jan-10	Estimated Budget Feb-10	Estimated Budget Mar-10	Estimated Budget Apr-10	Estimated Budget May-10	Estimated Budget Jun-10
Personal Services	170,252		26,825	26,825	26,825	26,825	26,825	26,825
Travel	17,832		3,000	3,000	3,000	3,000	3,000	3,000
Services	2,024,396	3,904,496	330,000.0	330,000.0	330,000.0	330,000.0	330,000.0	329,000.0
Commodities	2,488		2,000	2,000	2,000	2,000	2,000	1,629
Total Expended	2,214,968	3,904,496	361,825	361,825	361,825	361,825	361,825	360,454

Supplemental Bill language

Sec. 16. AMENDMENT OF LAPSE OF CERTAIN FISCAL YEAR 2010
31 APPROPRIATIONS. Section 22(e), ch. 14, SLA 2009, is amended to read:
1 (e) The appropriations made by sec. 19 of this Act lapse June 30, 2010 [February
28, 2 2010].

FY10 Budget Narrative

The following appropriations to the Office of the Governor totaling $8,289,042 for the development of an in-state natural gas pipeline will lapse on February 28, 2010:

a. Sum of $4,322,000 appropriated from the Alaska capital income fund (AS 37.05.565)

b. The unexpended and unobligated balance of $3,967,042 of an appropriation made in Sec. 8, Ch. 1, 4SSLA 2008 (Department of Natural Resources, gas pipeline implementation)

Approval of this supplemental request will extend authorization for expenditure of the appropriations through June 30, 2010 so that work related to the development of an in-state natural gas pipeline can continue.

The funds will be used to pay personal services costs for the project director and project analyst, as well as travel, lease, and office expenses including office relocation. The majority of the funds will continue to be used to pay contractors for:

- Cost of Transportation analysis for the 16 pipeline configurations under investigation by the Baker engineering group
  - These data will be used to perform the model analyses for cost of service determination provide cost distributions for economic feasibility analyses
- Support of Permitting and Right of Way activity
  - Including field investigations on wetlands, culture, stream crossing and lakes.
  - Geotechnical evaluation of seismic hazards, landslides and permafrost mitigation along pipeline routes under investigation
- Continued refinement of project description and pipeline construction cost estimates as new engineering data is acquired
- Commercial feasibility and supply-demand opportunity identification
- Commercial Group meetings and information transfer to prospective developers
- Economic, environmental, and engineering reviews and reports in preparation for development of a sales package to be marketed to pipeline companies
- Continued Development of a GIS database and data library
- Facilitation of information data exchange and public meetings

All efforts are being made to coordinate with other state agencies to minimize overlap in the various permitting and ROW activities by State Agencies along the various pipeline routes.

FY10 Project Task Details: Alaska In-State Gas Pipeline

ASRC, Inc. - Progress Report

Total all tasks -Estimated Expenditures January 1 through June 30, 2010 $ 1,300,000

ASRC Energy Services' (AES) Project Management (PM) team will:

- continue to work with Michael Baker, Jr., Inc. to ensure that environmental factors are considered and incorporated into engineering pipeline designs and programs as they are developed,
- participate in weekly project team meetings,
- support to the Third-Party Environmental Consultant preparing the EIS,
- continue coordination of the permitting process, and
- manage environmental programs.
- coordinate the work study plan for preparation for the 2010 field work, ensure that safety training is complete, and qualified field staff are deployed to the field,

The AES PM team will work with technical and field staff to initiate field planning for the following 2010 season field programs:

- wetlands
- cultural resources
- stream, and
- lake studies .

The AES wetland team will continue to work on the 2008-2009 Wetlands Field Report and complete the wetlands pre-mapping work for the alternative Richardson Highway Stand Alone Route. The wetland team will prepare complete report and joint effort with Michael Baker Jr. on Minto Flats.

Michael Baker, Inc. - Progress Report - Alaska In-State Gas Pipeline

Total Estimated Expenditures **January 1, 2010 through June 30, 2010** **$3,504,000**

TASK 1 PROJECT MANAGEMENT:

Progress to Date:

- Ongoing internal project coordination/planning meetings to manage team activities
- Ongoing public relations
- Accounting activities, preparing invoices
- Preparing sub consulting scopes, schedules and budgets
- Requesting Notice to Proceeds
- Reviewing sub invoices
- Reviewing project expenditures, budget.
- Reporting activities

Forecast Task Activity:

Future activity will consist of continuing the same activities accomplished this far.

TASK 2 DATA MANAGEMENT/LIBRARY:

Progress to Date:

- Data gathering from federal, state and borough databases, ongoing and previous studies
- Geo database creation, compilation and assimilation of developed and acquired data
- Meta data research and compilation
- Data analysis
- Coordinating activities to support engineering, route analysis and environmental analysis. Map making to display requested information, support Alternatives Analysis and Project Description
- Developed SharePoint web based collaboration library site
- Ongoing SharePoint document population
- Quality control activities

Forecast Task Activity:

Future activity will consist of ongoing data collection and analysis to support the environmental analysis, engineering, cost estimating. At the end of the project, the geodatabase will be sufficiently developed to provide a basis for future design engineering activity if required.

TASK 3 OUTREACH:

Progress to Date:

- Established Commercial Working Group
- Conducted 2-day facilitated project planning with Commercial Working Group
- Conducted Legislative multi-day Field Reviews, Prudhoe Bay to Fairbanks (3)
- Conducted Legislative Briefing, presented Project Overview
- Conducted Legislative Briefing, presented Alternatives Analysis
- Conducted Legislative Briefing, presented initial Project Description
- Conducted Commercial Working Group meeting, presented initial Project Description
- Various Agency meetings
- Distributed Project Description to Legislative Contacts
- NEPA Public Scoping meeting support (Anchorage)
- NEPA Agency Scoping Meeting support

Forecast Task Activity:

Outreach activities will continue to support the permitting process and Legislative reporting requirements. Activities may also include a continuing dialogue with the commercial working group and coordinating work with ANGDA.

TASK 4 ALTERNATIVE ANALYSIS:

Progress to Date:

The Alternative Analysis was completed and presented to the Legislature. It compared the two standalone routes (Parks Highway and the Richardson Highway) using parametric cost analysis and concluded that the Parks Highway was approximately $500 million less expensive than the Richardson Highway Route. The two Spur line routes were also compared. Baker Progress Report 3

TASK 5 SUPPLY/DEMAND ANALYSIS:

Progress to Date:

An analysis of potential customers along the pipeline routes was completed to support the Alternatives Analysis document.

Forecast Task Activity:

Supply /Demand work will focus on potential markets including in-state demand for propane, GTL, CO2, butane and ethane.

TASK 6 PROJECT DESCRIPTION:

Progress to Date:

- An Initial Project Description derived from the results of the Alternative Analysis was compiled, presented to the Legislature and attached to the ROW Applications to provide a basis for the NEPA documentation.

- The final Project Description will be completed concurrent with the end of this project. It will include the GIS, Library, Mapping and Cost of Service products as its elements. The work on this task is focused on the construction cost. Progress on this task is described as follows:
- Design Basis is approximately 90 percent complete
- Alignment Sheet map templates have been created and are awaiting final background photography and mapping.
- Construction cost estimating has been divided into two areas: Facilities and Pipeline
- There are 16 separate facility scenarios being evaluated
- Facility cost estimating is approximately 20 percent complete
- Pipeline cost estimating is approximately 20 percent complete

Forecast Task Activity:

Construction Cost Estimates will be completed for use in calculating cost of service. Additional hard data such as geotechnical bore hole logs, soil temperature data and property ownership information will be gathered, analyzed and added to the Project Description as part of the GIS. Baker Progress Report 4

TASK 7 COST OF SERVICE:

Progress to Date: Minimal

Forecast Task Activity:

An economic model considering relevant factors such as system phasing, flow ramp up, the construction cost of facilities and pipeline, operating, maintenance construction administration and financing costs will be developed to predict the Cost of Service for the pipeline.

TASK 8 ROW APPLICATION:

Progress to Date: *Initial application*

Forecast Task Activity:

Responding to requests for further analysis or information from the BLM and DNR ROW permitting agencies

TASK 9 CONSTRUCTION PLANNING: *Not Currently Authorized*

TASK 10 EIS SUPPORT: *Not Currently Authorized*

ENTRIX, Inc. Progress Report - Alaska In-State Gas Pipeline

Total Estimated Expenditures **January 1, 2010 through June 30, 2010** **$720,000**

Progress to date –

- Project kickoff meeting with USACE, cooperating agencies and ADNR
- Reviewed Alternatives Report, Project Description, ROW applications and other project information
- Established FTP sites for agencies, ADNR and project team
- Developed NEPA overview for scoping meeting presentations
- Planned and executed scoping meetings and activities concerning the EIS process – Glennallen, Delta Junction, Nenana, Fairbanks, Denali Park, Anchorage, Wasilla, and Barrow. This included all materials, etc.
- Established the EIS website and protocol for accepting on-line and email comments.
- Developed Stakeholder Database

Alaska State Department of Natural Resources

Total Estimated Expenditures **January 1, 2010 through June 30, 2010** **$200,000**

- Develop deterministic pricing scenarios for In-State gas markets
- Evaluate various in-state natural gas demand scenarios using options defined by Baker through put options
- Build and evaluate the Tarriff and fiscal models to determine economic scenarios for various stand alone line configurations
- Review and perform gap analysis on costing and pipeline schedule for route and configuration analysis

US Bureau of Land Management

Total Estimated Expenditures **January 1, 2010 through June 30, 2010** **$ 150,000**

- Applicant Fee and cost recovery for Right of Way determination and the Environmental Impact Statement for the In-State Gas Line Project.

In-State Stand Alone Pipeline - FY11 Budget Narrative

1. Completion of environmental and permitting for USACE and State and Federal right-of-way approvals.

Total Estimated Expenditures **$ 2,000,000**

- Project Management - AES will continue to support the State of Alaska's project team and be involved with State of Alaska and the U.S. Army Corps of Engineers (USACE) in supporting the third-party EIS consultant with the NEPA review.
- Permitting - AES continue with the development and coordination with the USACE, BLM and State Pipeline Coordinator on the three major permits filed in 2009 and will begin working on ten other key permits for submission in late 2010 so that processing and the negotiations for permit approvals and mitigation measures may be completed in time for sale of the In-State pipeline asset to a future pipeline company.
- Stakeholder Engagement - Prepare and implement a stakeholder engagement program to support project development. Includes stakeholder contact database, and issues information. Engagement with the local boroughs, their communities and residents, tribal governments, the USACE, USFWS, BLM, State of Alaska, Native Corporations are critical.
- Wetlands - Conduct wetlands field program in the northern and southern sections of the proposed In-State Pipeline Project corridor to complete verification of wetlands pre-mapped to prepare for submission of the Preliminary Jurisdictional Determination to the USACE for their approval of the Section 404 Jurisdictional Determination; complete vegetation and habitat analysis. Provide assistance to the EIS contractor as required.
- Stream Crossings - compile the fish and wildlife resource data necessary for permit applications and assessing potential project impacts under the NEPA process. All data collection needs will be adjusted as necessary in accordance with the outcome of the draft EIS and provide information for engineering design and routing.
- Cultural - Phase one cultural resource studies will examine a potential corridor sufficiently large so that a right-of-way can be refined to the best possible alignment to avoid or minimize impacts to cultural resources.
- Lake Studies – Lake studies and surveys will be conducted primarily on the North Slope to assess the potential for water availability for use during winter construction.
- Wildlife and Bird Surveys – As needed to support the EIS process, wildlife and bird (raptor) studies will be conducted during the 2010 field season.
- Air and Noise Analysis – Evaluate compressor station locations for air emission issues and determine the need for air monitoring and weather stations to develop information for ADEC permitting.

- Pre-mapping - Prepare the wetlands pre-mapping information for route changes or alignments that have not been assessed such as the Gubik route, the Denali reroute, some of Minto Flats rerouted alignment, and so forth.

2. Engineering data acquisition for detailed engineering design of the project.

Total Estimated Expenditures: **$3,500,000**

- Gather detailed geotechnical data on major river crossings. The preferred river crossing method is assumed to be HDD (Horizontal Directional Drill). The assessment of the applicability of crossing rivers with HDD requires site specific geotechnical information. Additional field information on river approaches and total crossing length needs to be collected to verify use of HDD. This activity includes mapping and the drilling of geotechnical site investigation boreholes.

- Gather engineering field data. Pinch points such as Atigun Pass, Yukon River, and Denali Park require additional field verification of soils, available construction space and detailed routing to avoid conflicts with other facilities and to develop and verify conceptual design. Engineering field data is required to investigate and verify route geotechnical conditions and includes information on seasonal ground temperatures, geohazards and foundation conditions at project facilities (Gas Conditioning, Compressor Stations and NGL separation and storage). This information will be used to verify locations and develop conceptual designs to be included in final project documentation. This activity includes field mapping and the drilling of geotechnical site investigation boreholes with installation and monitoring of ground temperatures. Results will be analyzed and will be reported in a engineering report.

- Refine pipeline routing. The current pipeline routing is within a 2000 foot wide corridor. The actual centerline of the corridor has not been vetted and verified as the optimum route. Final route identification will be optimized for pipeline constructability, avoidance of environmentally sensitive areas, minimized TAPS, Highway and Railroad crossings, facilities location and optimized river crossings locations. These route adjustments will be made, if possible, within the 2000 foot wide corridor currently identified. Results of the engineering evaluation will be used to update the project GIS (Geographical Information System) and will be reported in a engineering report.

3. Refinement of Cost of Service estimates and Tariff modeling

Total Estimated Expenditures: **$750,000**

- Peer review engineering cost assessment of railbelt natural gas alternatives, and commercial assessment of options . There are a number of different project alternatives that have been proposed to alleviate the need for augmented for railbelt energy supply. They include two bullet line alternatives, two spur line alternatives, provision of propane from Prudhoe Bay to Fairbanks and other interior communities, LNG manufacturing on the North Slope to provide gas supply to Fairbanks and possibly other railbelt communities, and facilities to import LNG. Most of the analyses developed do not compare alternatives using similar assumptions for

input costs (e.g. steel prices, labor rates). Just as importantly, they do not make similar or consistent commercial assumptions. Peer review will assure that assumptions made by the various project proposals are consistent.

- Analyze the cost of Capital for in-state gas supply options, and Cost of Service Modeling. The commercial viability of all in-state gasline options depends on the cost of transportation. Because the contemplated scope of these projects would entail expenditures of several billion dollars, the transportation cost will be determined by the cost of capital – both the relative mix of debt and equity, and the cost of each. Assessment, for planning purposes, of the cost of capital for these small diameter pipelines is problematic and will be reviewed

- The cost-of-capital inputs need to be developed through scenario analysis. With the requested funds we will hire a financial advisor to help develop several realistic financing scenarios. Potential risks to the state's credit-rating, were the state to be called upon to take a major position in the project, will also be assessed. Some of the funds will be used for pipeline commercial expertise to develop realistic transportation contract scenarios and tariff modeling.

4. Prepare complete project documentation of In-State pipeline asset for consideration by private pipeline developer

Total Estimated Expenditures: **Budget Estimate; $250,000**

- Coordinate project team to include all, cost and design data, environmental, stakeholder, and permitting information for a 'data room' for prospective purchasers to review and evaluate. Be available to participate in presentations to the prospective purchasers and respond to technical questions that may be raised with regard to specific issues.

2/26/10 REVIEW OF MEDICAID EXPENDI-TURES & PROJEC-TIONS

<target><bill></bill><subject>2-26-10 REVIEW OF MEDICAID EXPENDITURES &
PROJECTIONS</subject><comm>HFIN26</comm></target>

ANALYSIS

ALASKA MEDICAID TRENDS FY2010 & FY2011

Prepared for the House Finance Committee

February 2010

By: Janet Clarke Consulting

EXECUTIVE SUMMARY

PURPOSE

In January 2010 the House Finance committee requested consulting assistance to review Medicaid expenditures and projections (which are expected to spike by 17% in FY2010) to better understand the cause of the increase and impacts on budgets.

Three questions were asked

1) What caused the large increase in Expenditures from FY2009 to FY2010 and why did it happen?
2) What is an appropriate level to budget for Medicaid spending in FY2010?
3) What is an appropriate level to budget for Medicaid spending in FY2011?

METHODOLOGY

Several different sources of data including Medicaid spending, enrollment, recipients, Food Stamp caseloads, Alaska Population trends, and the Consumer Price indices were used in the analysis. Interviews with State officials supplemented the data.

ANALYSIS

Medicaid spending is based on three main components: PRICE, RECIPIENTS, AND UTILIZATION.

Each of these components has been analyzed for their impact on Medicaid spending. Expenditure trends were developed and spending over time was analyzed. Reviews were completed of the current budget supplemental budget request and FY2010 and FY2011 forecasts by the Department of Health and Social Services were analyzed.

CONCLUSIONS

- Over 11,000 more Children are now enrolled in the Medicaid program than they were one year ago, causing the substantial spike in the budget.
- Recipients (those who use services) grew at a slower pace than enrollees.
- The cause of the increase is primarily tied to Economic conditions (Unemployment rate at 8.8%) and Alaska's population increase.
- Other factors such as price and utilization also contributed to the increase.
- The most recent monthly trends in Medicaid spending show a slowing of expenditures.

RECOMMENDED LEVELS OF SPENDING

Recommended FY2010 Supplemental:	$36.8 Million GF
	$37.7 Million Fed
	$74.1 Million TOTAL
Recommended FY2011 Medicaid Budget:	$ 441.6 Million GF
	$ 1,318.2 Million TOTAL

PURPOSE

Medicaid is an entitlement program created in 1965 by the federal government, but administered by the state to provide payment for medical services for low-income citizens. As a joint federal-state program, the federal and state governments share the cost of Medicaid. Federal financial participation rates are set at the federal level and are largely outside of state control.

The Co-Chairman of the House Finance committee requested assistance to review spending in the Medicaid program because spending appears to have "spiked" in FY2010 (see chart one below). For the last five years Medicaid Expenditures have been relatively flat and the large increase that the Department of Health and Social Services requested for FY2010 was unexpected.

While State General Funds are relatively flat from FY2009 to FY2010, much of that is due to ARRA-Economic Stimulus funds that increased the federal share to 61.12 under the FMAP (Federal Medicaid Authorized Percentage) for FY09, FY10 and FY11 and have saved the State of Alaska approximately $100 million per year. Once the ARRA funds are terminated the State of Alaska FMAP will return to 50% thus requiring an increase in State General Funds.

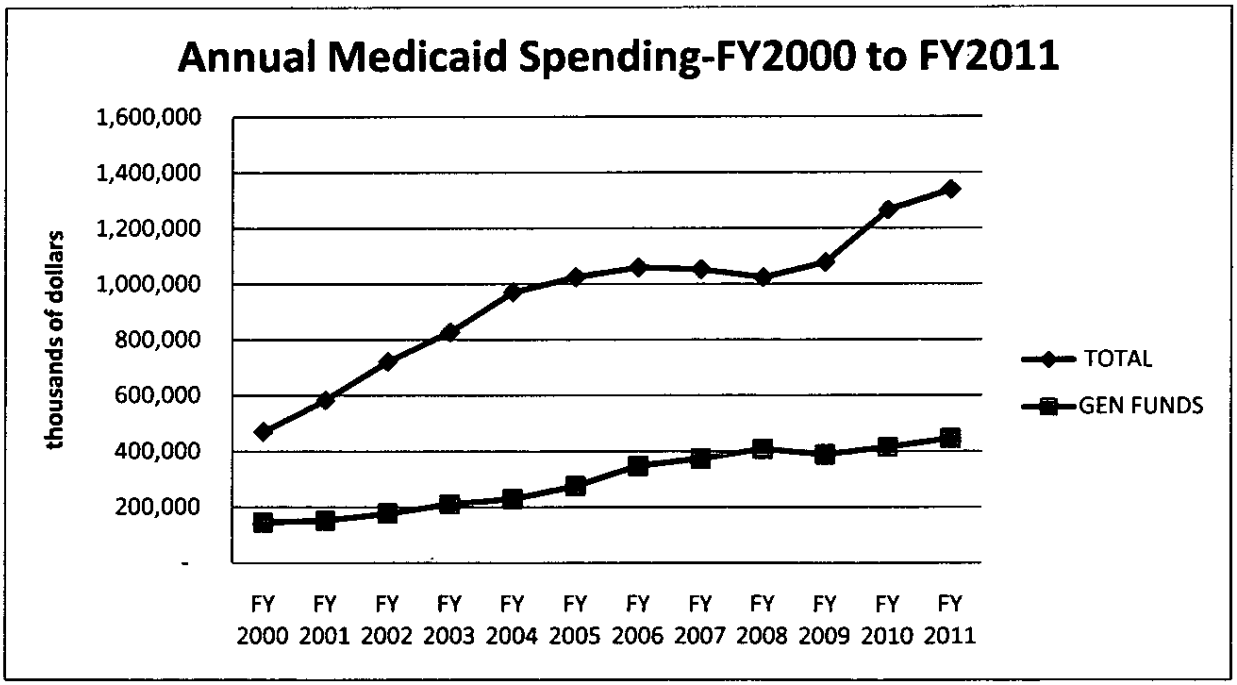


Chart 1

The Department of Health and Social Services has a Medicaid supplemental request of $88.4 Million ($43.6 Million GF) which brings the FY 2010 budget up to $1.256 Billion. The FY2009 Medicaid Final Spending is $1.0775 Billion making this an increase of 16.6% in one year (see table 1 below)

MEDICAID SPENDING	TOTAL FUNDS	Percent Increase/-Decrease
FY2000	$ 470.7 Million	
FY2001	$ 583.9 Million	24.1%
FY2002	$ 722.1 Million	23.7%
FY2003	$ 828.1 Million	14.7%
FY2004	$ 971.5 Million	17.3%
FY2005	$ 1,024.9 Million	5.5%
FY2006	$ 1,059.9 Million	3.4%
FY2007	$ 1,053.4 Million	-.6%
FY2008	$ 1,023.8 Million	-2.8%
FY2009	$ 1,077.5 Million	5.2%
FY2010*	**$ 1,264.8 Million**	**17.4%**
FY2011**	**$ 1,338.6 Million**	**5.8%**

*Includes Proposed Supplemental
** Includes Proposed Budget Amendments

Table 1

Please note from FY2000 to FY2004 the Medicaid program grew due to four primary cost drivers: start-up of Denali KidCare, the Personal Care Attendant program, Pharmacy costs, and Residential Psychiatric Treatment Center (RPTC) admissions, but DHSS took action to control those costs in subsequent years.

Based on the recent up-turn in projected costs the House Finance Committee asked three questions:

1) What factors contributed to the projected large increase in Medicaid expenditures from FY2009 to FY2010 and what are the causes?
2) What is an appropriate level to budget for Medicaid spending in FY2010?
3) What is an appropriate level to budget for Medicaid spending in FY2011?

METHODOLOGY

Department of Health and Social Services was extremely cooperative and provided significant amount of data for this review. The following are the data provided:

Medicaid Checkwrite reports from September 2008 through January 2010. Checkwrite reports are weekly reports generated from the Medicaid Management Information System (MMIS), that show expenditures (or checks written) for Medicaid for that week and project forward.

High Forecast is a monthly report prepared by DHSS that uses a statistical model to generate a forecast. The High Forecast assumes the highest level of expenditures.

Low Forecast is a monthly report prepared by DHSS that use a combination of a statistical model, AKSAK data and straight line spending trend to generate a forecast. The Low Forecast is more moderate than the High Forecast, but is not considered a "low" forecast.

Medicaid Enrollment Data, both yearly unduplicated counts (back to the year 2000) and monthly enrollment counts by benefit group (back to July 2008) were provided.

Recipient Data: DHSS provided recipient data by benefit group (Adults, Children, Disabled, and Elderly) by month back to July 2008. Also provided was a break-out of Children by Title XIX (regular Medicaid) and Title XXI (Child Health Insurance Program-CHIP or Denali KidCare).

Public Assistance Data: DHSS provided enrollment information on food stamp caseload back to January 2009.

Department of Labor and Workforce Development Data: Population data and Consumer Price Index were used in the analysis.

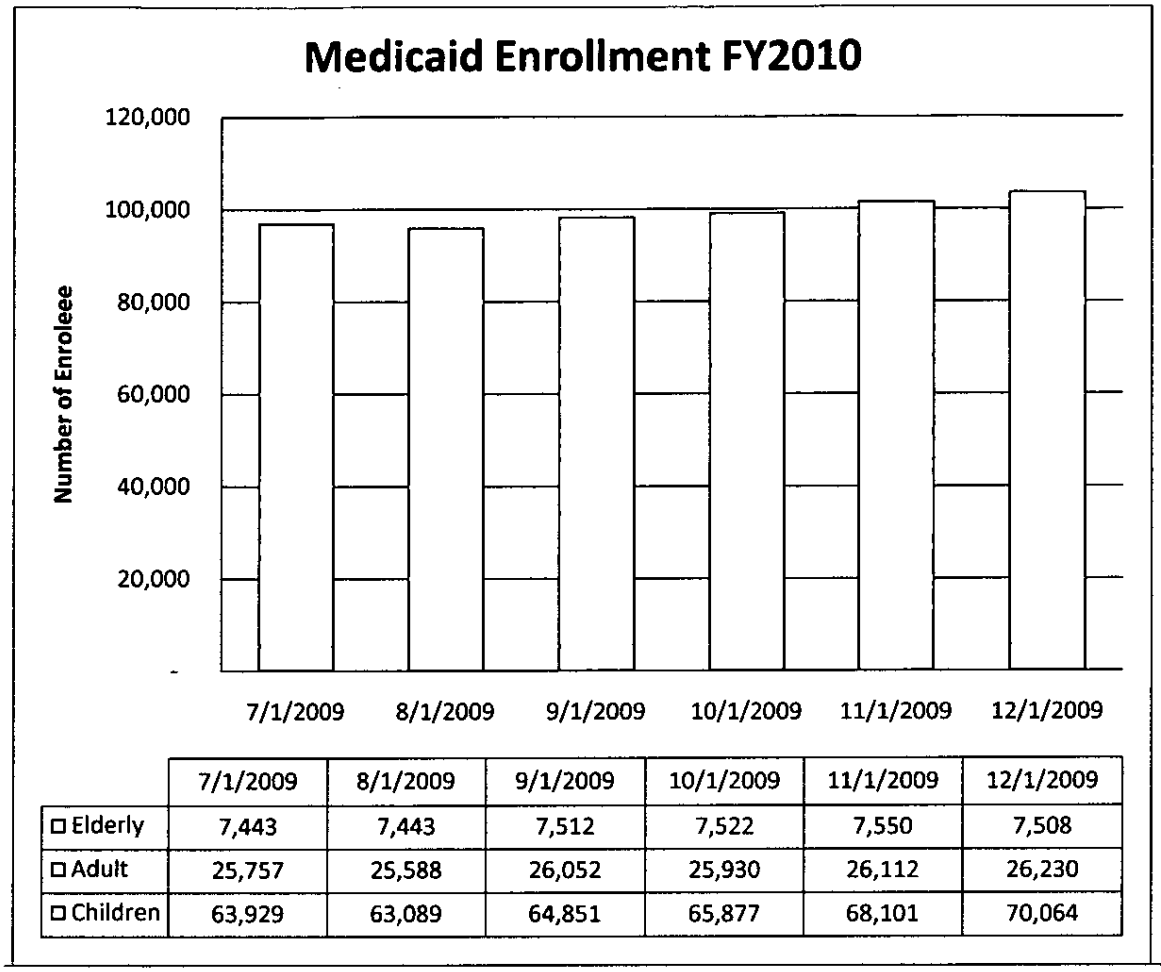
Bureau of Vital Statistics Data: Births and Birth rate data were also reviewed and used in the analysis.

Participants in interviews: Bill Streur, Deputy Commissioner DHSS,
Kimberli Poppe-Smart, Director HCS
Alison Elgee, Assistant Commissioner DHSS, Betsy Jensvold, DHSS Budget Chief
Rebecca Wells, Medicaid Budget Group
Dustin Scown, Medicaid Budget Group
Stacey Kraly, Assistant Attorney General
Ellie Fitzjarrald, Division of Public Assistance
Carolyn Spalding, Division of Public Assistance

ANALYSIS

To answer the three questions, which factors caused the increase in FY2010, and what will spending be for FY 2010 and FY 2011, the analysis looked at the components of growth in the program. There are three key components to growth in the Medicaid program: **Price, Recipients/Enrollment, and Utilization.**

PRICE: Several aspects of price are reviewed to get a handle on how price impacted Medicaid spending over the past year and how it will in the future.



	7/1/2009	8/1/2009	9/1/2009	10/1/2009	11/1/2009	12/1/2009
Elderly	7,443	7,443	7,512	7,522	7,550	7,508
Adult	25,757	25,588	26,052	25,930	26,112	26,230
Children	63,929	63,089	64,851	65,877	68,101	70,064

Chart 2-Data from HCS

Elderly & Adults Enrollment: A couple of key points concerning this chart are that both the Elderly and Adult group are growing relatively slowly in FY2010. The Elderly group is growing at a rate of less than 1% and Adults less than 2%.

So, it is clear that most of the growth in Medicaid for FY2010 is in the Children group which has grown almost 9.6% between July 2009 and December 2009.

Disabled Children Enrollment:
To further investigate which category of the Child population is growing rapidly the department provided a break out Disabled Children; interestingly enrollment for Disabled Children grew at a 5.1% growth rate, much slower than the 9.8% enrollment growth rate for all other Children. Disabled children have more expensive costs than other children in Medicaid so it is important to break them out.

	Medicaid Growth Rate	Disabled Children
FY2007	8.18%	
FY2008	5.81%	
FY2009	4.78%	
FY2010*	5.10%	*preliminary data

The first is Consumer Price Index (CPI). The U.S. Department of Labor; Bureau of Labor Statistics calculates several Consumer Price Indexes related to Medicaid in Alaska. Three that are particularly related are the percent change in CPI-U for the U.S., CPI-Urban for the Municipality of Anchorage (the only CPI index in Alaska) and the U.S. CPI-Medical.

U.S. CPI-U	% change 2008 to 2009: **-.4%**
U.S. CPI-Medical	% change 2008 to 2009: **3.2%**
Anchorage CPI-U	% change 2008 to 2009: **1.2%**
Anchorage CPI-Medical	% change (1st half 2009): **3.0%**
CMS Long Range Medical CPI	: **3.3%**

In the most recent past medical costs have risen faster than other sectors, so it is not surprising to see that trend continue in 2009. The best indicator of medical price increases for our purposes is the Anchorage CPI-Medical % change first half of 2009: 3.0%. For long-range purposes (FY11) CMS Long Range 3.3% appears best.

The second aspect of price not related to a general medical increases are specific price or rate increases in the services provided in Medicaid. In the current fiscal year 2010 those rate increases are limited to two specific areas: first, a $2.0 Million increase in dental rates (approximately 6%) and a 15% increase in Physician rates which is expected to cost $17.0 Million. It is interesting to note that the department requested a FY2010 budget increase for the dental increase, but did not for the Physician rate increase. In the Medicaid program Physicians rates are adjusted annually and are tied to a formula called RBRVS. In 2009 Federal CMS adjusted factors in RBRVS thus causing an unexpected increase.

In FY2011 there are no obvious requests in the DHSS budget for special rate increases for services provided in the Medicaid program.

ENROLLMENT/RECIPIENTS:

Medicaid population is a critical component of calculating final spending. Recipients in the Medicaid program are those individuals that actually receive services; enrollment is a count of the people who have "signed up" for Medicaid. This analysis reviews both indicators.

The chart below (chart 2) displays Monthly Medicaid enrollment growth for three primary groups: Elderly, Adult and Children. Monthly enrollment numbers may be duplicative and are different from the annual unduplicated count numbers. This particular chart displays enrollment from July 2009 to December 2009. Since July 2009 monthly enrollments have grown from 97,129 to 104,020 in December 2009 an overall growth of 7%.

The growth rate for Disabled Children is consistent from FY2008 forward and the FY2010 rate is right in line with historic trends. So the recent spike in Medicaid Children population is not caused by a spike in the number of Disabled Children.

Children Regular Medicaid (Title XIX) and Denali KidCare (Title XXI) Enrollment: There is another way to break out Children in the Medicaid program, by Title XIX (Regular Poverty level Medicaid) or Title XXI (State Health Insurance Program or in Alaska Denali KidCare).

Regular Poverty level Medicaid Children- are eligible due to the lower incomes of their family up to 150% of the Federal Poverty Level (FPL). Denali KidCare has a higher income level, from 150% to 175% of the FPL.

The next chart below (chart 3) displays the monthly growth in enrollment since July 2008 through January 2010 of both Regular Medicaid and Denali KidCare children. As the chart below shows the number of children in Medicaid dipped in the fall of 2008 and stayed low during the winter of 2009, until March 2009 when numbers started to grow again.

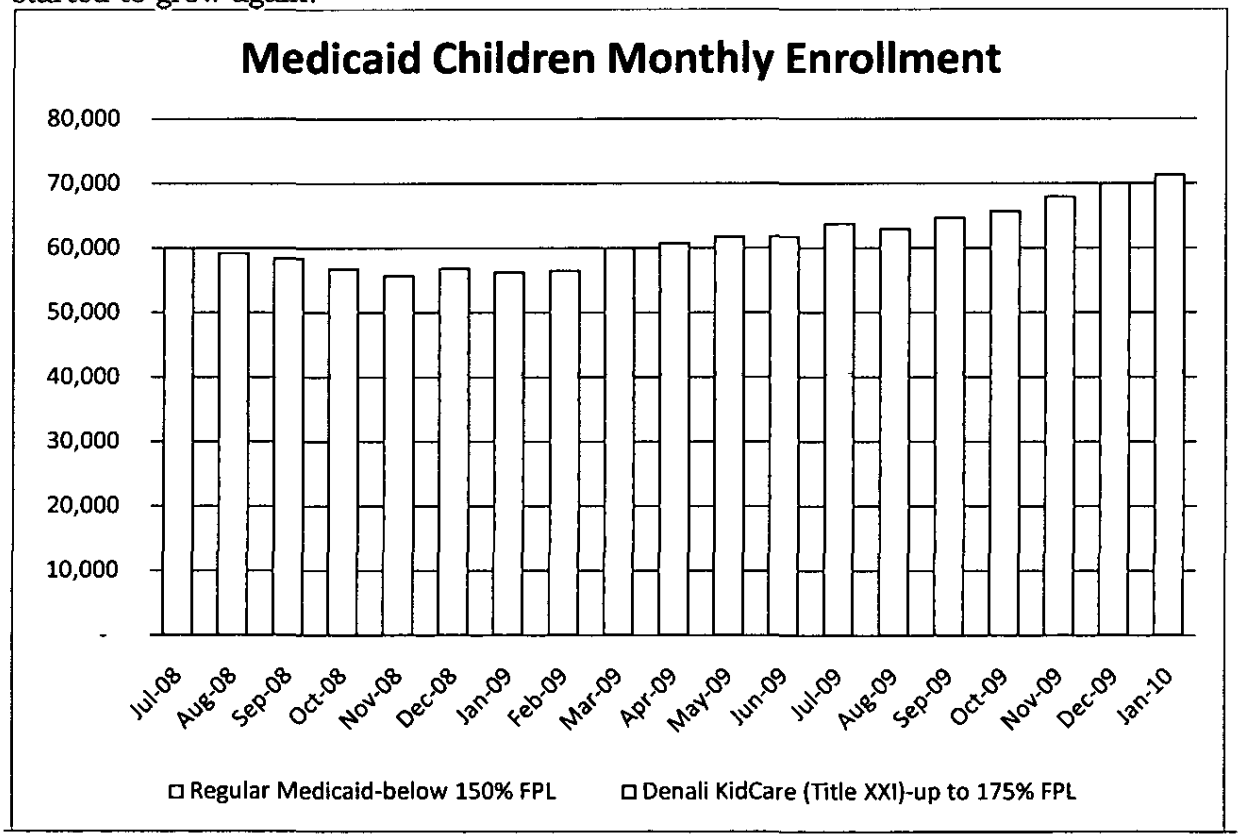


Chart 3-Data from Medicaid Budget group

Comparing January 2010 to July 2008 over 11,000 more Children per month are now enrolled in the Medicaid program. In absolute numbers the largest increase is 9,000 additional Children enrolled in Regular Medicaid.

The fastest growing group on a percentage basis of Medicaid enrollees is in the Denali KidCare Title XXI group which grew from a low point in November 2008 of 7,288 to a high of 9,653 in January of 2010 an increase of 23.4% or 2,365 more children.

An interesting aspect of this chart is that enrollment for BOTH regular Medicaid (Title XIX) Children and Denali KidCare (Title XXI) children are growing at double digit rates for FY 2010. If you compare monthly enrollment data you see the following:

	July 2009 to Jan 2010 Growth Rate	July 2008 to Jan 2010 Growth Rate
Regular Medicaid Children- Title XIX	10.8%	18.1%
Denali KidCare Children - Title XXI	11.8%	23.4%

It is important to note that in SLA 2007 the legislature passed SB27 which reset the Federal Poverty Level (FPL)standard for Denali KidCare to 175%. Prior to that action the Income level was frozen at the 2003 175% FPL which in 2008 equated to 154% of the FPL. DHSS had predicted that half of the 2,533 children who left DKC would return by the end of FY08, however of the 2,365 new DKC children now enrolled in Medicaid 1,800 enrolled after FY2009 during the first half of FY2010.

Medicaid Recipients: While Enrollment is one measure of growth in the number of individuals on Medicaid, Recipient data is a more precise measure because it measures the number of recipients actually using Medicaid services.

The following chart (chart 4) displays the number of Medicaid recipients per month per eligibility group (Children, Adults, Disabled Children, Disabled Adults, and Elderly) from July 2008 to January 2010. While it is true that the number of recipients fell from July 2008 then grew from the low months (October 2008-January 2009) to the highest month of September 2009, generally the pace of growth is much slower and steadier than the monthly enrollment data shows.

Chart 4 shows that other than the Children population group Medicaid recipients have been very flat with no to little growth over the last 18 months.

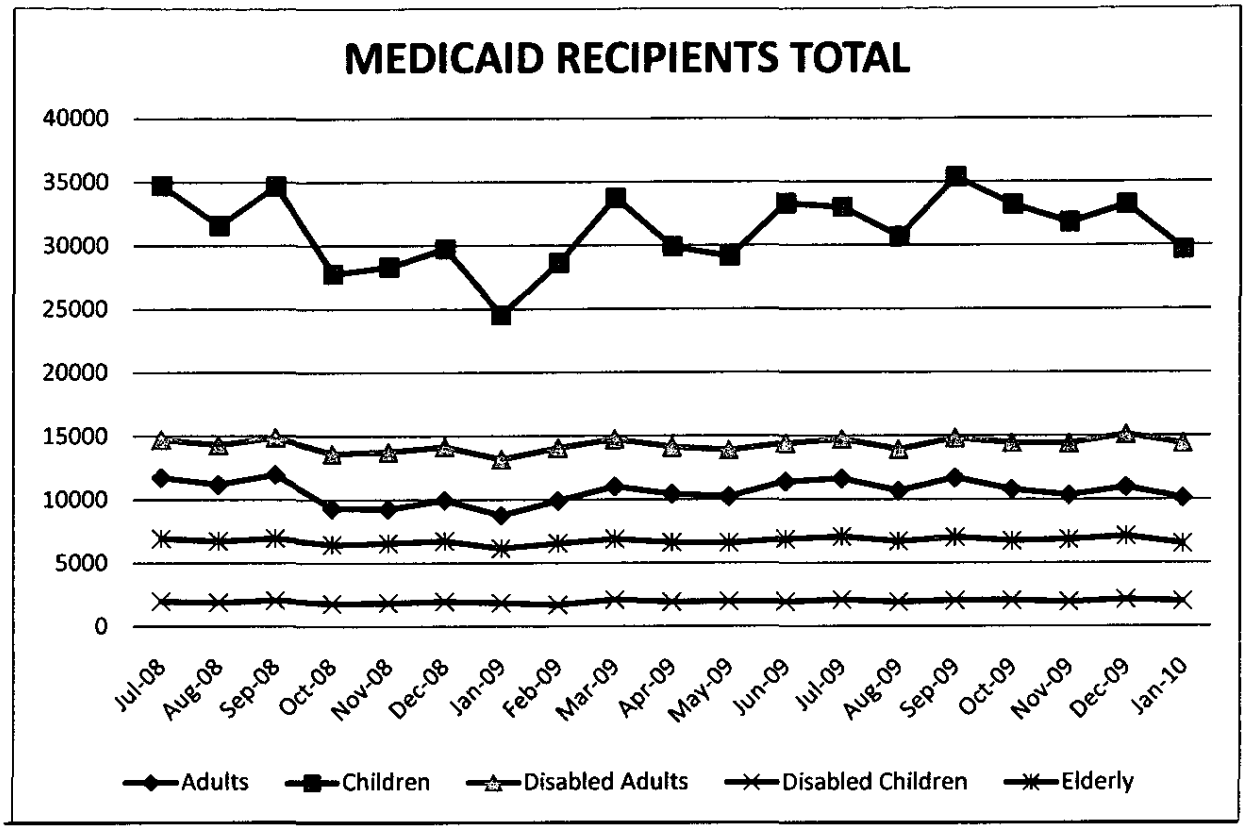


Chart 4-data Medicaid Budget Group

Since recipient data is a bit more volatile month to month the following table 2 compares average monthly recipients in FY2009 to average monthly recipients in FY 2010.

	Adults	Children	Disabled Adults	Disabled Children	Elderly	ALL
Average Monthly Recipients FY09	10433	30515	14163	1929	6673	63713
Average Monthly Recipients FY10 (thru 7 months-Jan. 2010)	10889	32422	14565	2027	6861	66763
Percent Increase Average Monthly Recipients FY10 to FY09	4.4%	6.2%	2.8%	5.1%	2.8%	4.8%

Table 2

Comparing the monthly averages between fiscal years in Table 2 (above)

demonstrates that recipient growth is not double digit for each population group but varies from a low of 2.2% for the Elderly and Disabled Adults to a high of 6.2% for Children.

Table 3 (below) compares growth rates between Monthly Enrollment and Monthly Recipient. All Medicaid Enrollment shows a growth rate of 7.1% while Recipient growth is 4.8%, 50% less. Both Enrollment and Recipient data verify that Children are the fastest growing group. Interestingly the growth rate comparison is the same for Disabled Children.

Compare Growth	Adults	Children	Disabled Adults	Disabled Children	Elderly	ALL
Enrollment Growth	1.6%	9.8%	3.8%	5.1%	0.6%	7.1%
Recipient Growth	4.4%	6.2%	2.8%	5.1%	2.8%	4.8%

Table 3

Recipient Trends: As you can see from the chart below, one use of Recipient data is to demonstrate trends.

Using the Children category Chart 5 shows a trend line if you track monthly recipient data back to July 2008. While Recipient data for Children is somewhat volatile and changes significantly from month to month, this trend line shows the number of Recipients coalescing around 32,000 recipients per month as of January 2010 if we look at the trend over the last 18 months.

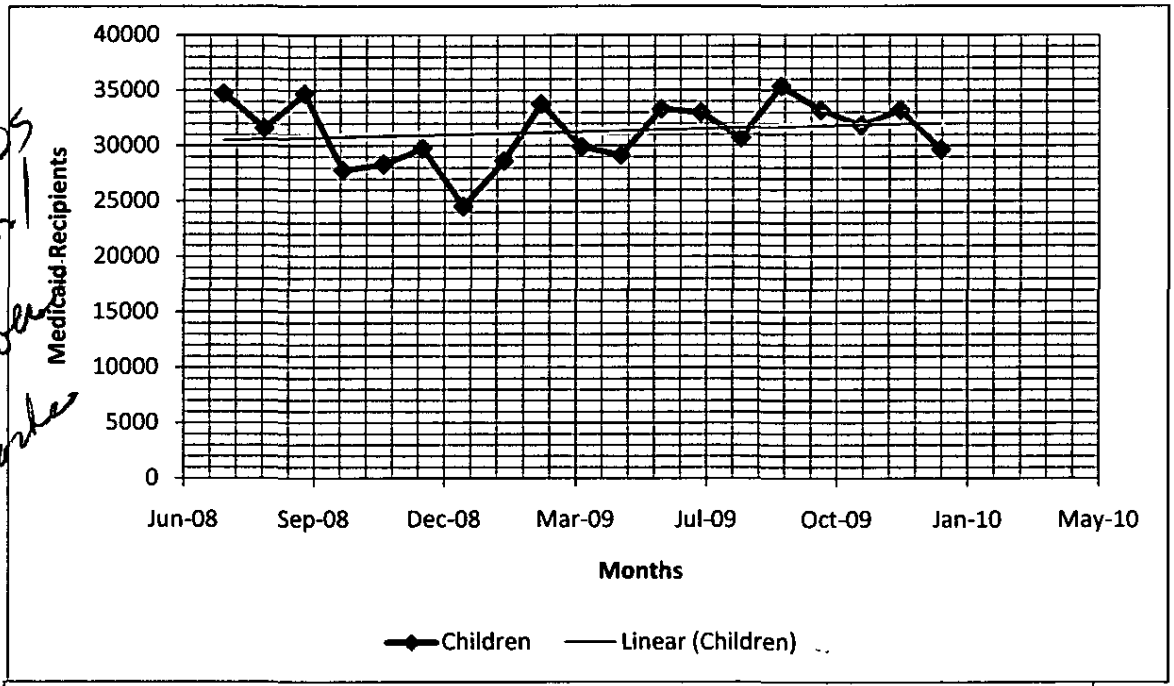


Chart 5-Data from Medicaid Budget Group

DOGAN'S QUESTION! ANSWER MS. Clarke

Chart 5A (below) displays the recipient data from one year ago. As you can see when the Legislature was preparing the FY2010 budget the recipient data was trending down. The change in circumstances was sudden.

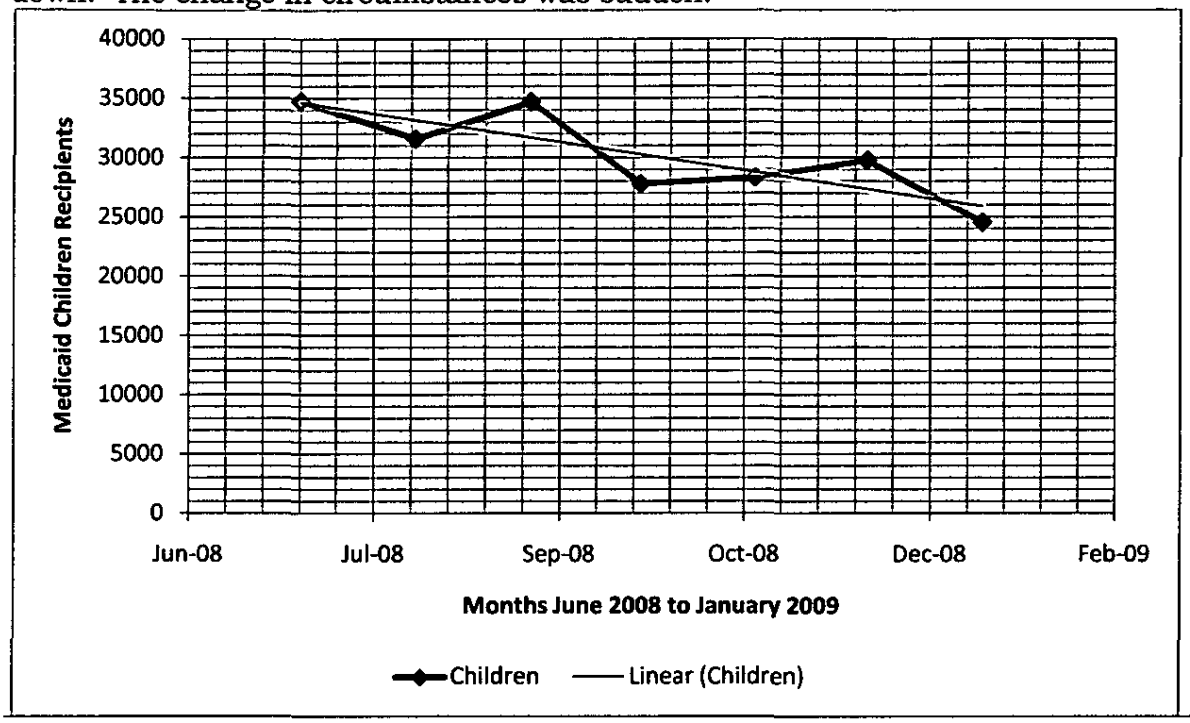


Chart 5A

Food Stamp Cases: One other indicator that has a similar pattern to Medicaid and has been a leading indicator for Medicaid since Welfare Reform is the Food Stamp program. Chart 6 shows Food Stamp growth since January 2009.

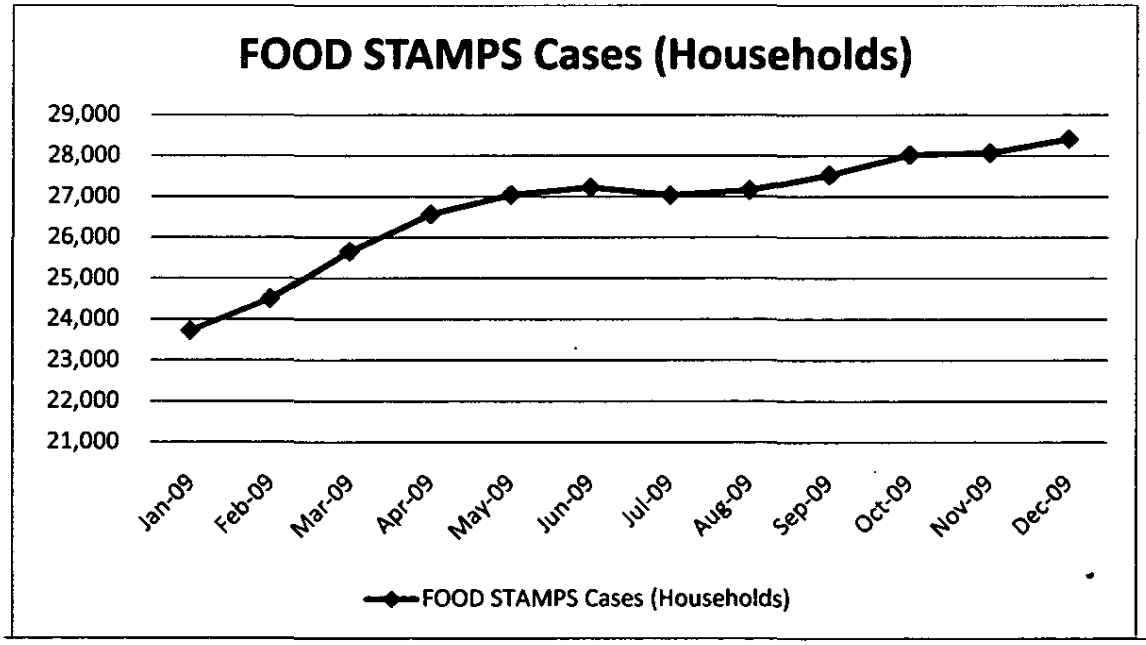


Chart 6-Data from Public Assistance

Similar to Medicaid Enrollment, the Food Stamp program also experienced significant growth in the last half of 2009 (January 2009 to June 2009) where caseloads were up 14.8% in that six month period.

In FY10 since July 2009 Food Stamp caseloads have increased at a more modest 4.4%.

Since the Food Stamp program is a leading indicator for Medicaid it is important to note that caseloads are currently growing at a more modest rate, because Medicaid is likely to follow that trend.

UTILIZATION:

The final component of Medicaid growth is utilization and is much more difficult to measure. One way is to measure the number of Enrollees that utilize services. In FY2009 DHSS measured that 97% of Enrollees participated in services up by 3% from FY2008.

Another way to measure utilization is to isolate it and price by displaying cost per Enrollee. Chart 7 below displays "Cost per Enrollee" for Medicaid from FY2006 to the three FY2010 Forecasts provided by DHSS.

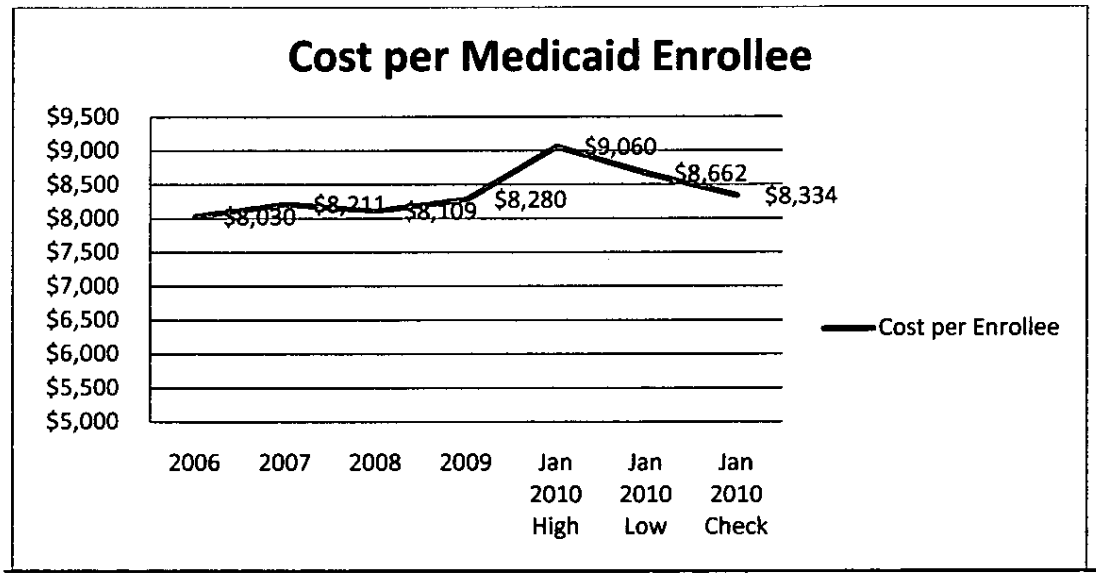


Chart 7

DHSS develops a Monthly High and Low Medicaid Forecast and weekly Checkwrite projection. The current FY10 Supplemental Medicaid budget is similar to the High Forecast.

Chart 7 shows that from FY2006 to FY2009 Cost per Medicaid Enrollee were relatively stable (from $8030 to $8280 per enrollee) within 3 percentage points of each other. In the most recent FY2010 Supplemental Budget request (January 2010 High Forecast)

cost per enrollee would sky-rocket up to $9,000 an increase of 9%. As you can see in Chart 7 the Checkwrite projection is more in-line with the four years of cost per enrollee.

So, one question is it reasonable to think that costs and utilization of services will increase by a total of 9% in one year when for the four years prior the increase has only been a cumulative total of 3%? If not then perhaps the FY10 Medicaid Supplemental Budget is too high.

CONCLUSIONS

Answer to Question One: What factors contributed to the large increase in projected Medicaid Expenditures in FY2010 and what caused it to happen?

Factors contributing to the increase:

- Price: 3.0% Medical CPI;
- Price: $17 Million unexpected rate increases for Physicians;
- Recipient/Enrollment: Over 11,000 more Children are enrolled in the Medicaid program now than in July 2008. The single largest increase on a percentage basis is in the Denali KidCare program where 2,365 more children are now enrolled.
- Focusing on just enrollment and not considering recipient data could skew any analysis. While enrollment data shows double digit growth for Children enrolled in Medicaid (10.8% for the first half of FY2010 and Denali KidCare Children at 11.8%), Recipient data shows a slower growth rate for FY2010: 6.2%.
- Recipient/Enrollment: Populations other than Children (Adults and Elderly) are growing much slower (1%to 2%) and are more consistent month to month. Overall enrollment increased by 7% in the first half of FY2010, recipients grew at 4.8%.
- Recipient/Enrollment: The Food Stamp program is a leading indicator and while cases grew at 15% for calendar year 2009, caseload growth has slowed to 4.4% for FY2010.
- Utilization: Could contribute as much as 3% to the cost of Medicaid.
- General: During FY2010 there are 53 weeks where Medicaid checks will be written, in FY2009 there were 52 and in FY2011 there are 52.

Explanations of the **Causes** of the increase:

After reviewing the data and interviews with DHSS officials and others there are several contributing factors to in the increases in Medicaid for FY2010:

- The primary cause is the current downturn in the Economy, the increase in the Unemployment rate is the best demonstration of that downturn. Chart 8 below provided by the Division of Public Assistance demonstrates that the increase in

the Unemployment Rate (**aqua line**) tracks both Food Stamp and Medicaid programs.

Chart 8 is interesting because it demonstrates that Medicaid enrollment and Food Stamp caseload (**red line**) show a similar growth pattern. Growth in Food Stamp cases occurs slightly ahead of the growth in Medicaid enrollment.

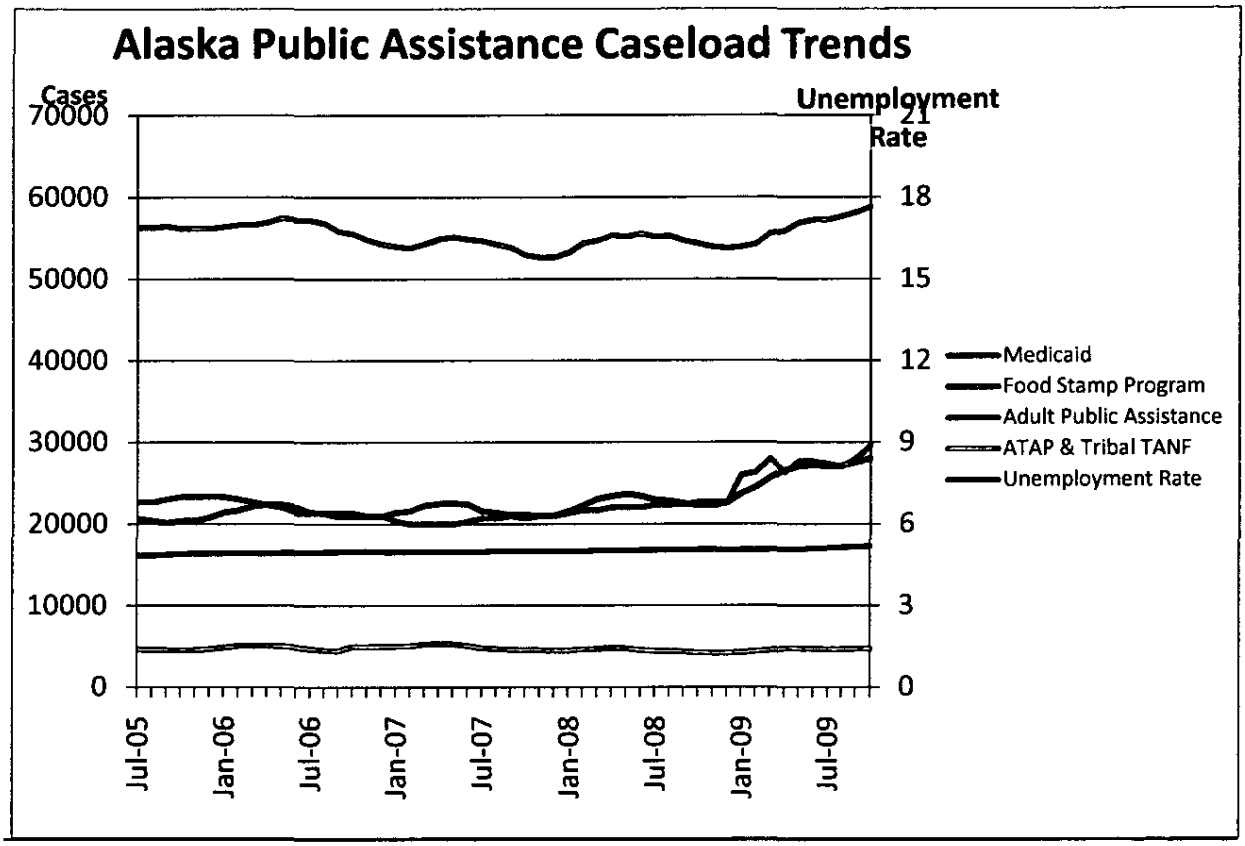


Chart 8-Data by Division of Public Assistance

- From 2006 to 2008 upwards of 8,000 individuals dropped Medicaid coverage. Department officials state that the good economy in Alaska contributed to families having higher income, thus not qualifying for the program. The Medicaid program had limited increases during these three years.

- Over 2,500 who lost coverage were children on the Denali KidCare program because they lost participation due to the statute that froze income levels at the income standard in August 2003 (in 2007 the actual federal poverty level calculated to 154%). SB27 passed in SLA2007 which returned the Denali KidCare federal poverty level to 175%, the department expected about 50% or roughly 1300 Denali KidCare children to return to the program in FY08. However few children returned to the program in FY08, now over 2,300 (almost double the estimate) have shown up in the latter half of FY09 and first half of FY10.

- One additional contributing factor to the increase in the number of Children in FY10 is that the department changed from certifying children for 6 months eligibility to continuous eligibility (eligibility for 12 months). Where Children use to drop off the enrollment rolls every six months, now they do not. However, since this policy was adopted in April 2009 it is too earlier to see how much this policy change impacted enrollment and spending.

- A special impact to the price paid for services is the FY2010 Unbudgeted 15% rate increase for Physicians. This added approximately $17 million to the budget.

- Alaskan Population increases in 2009 are also a significant contributing factor to the increase in the Medicaid population. According to the Department of Labor Alaska's growth as a whole is primarily through natural increase and the population change of 10,337 between July 1, 2008 and June 30, 2009 is the largest population change since 1992.

In 2008 there were 11,437 births in Alaska, the highest since 1992. Previous studies show that the Medicaid program covers between 40% and 50% of the births in Alaska, so an increase in the number of births is significant for the Medicaid program.

- There have also been several legal challenges to Personal Care Attendant program which changed some of the reforms developed in 2006 to manage the growth in that program. The State has lost in Court or settled three different cases which have restored access and services that were restricted by the 2006 legislative intent. While generally Senior and Disability services are not the cause of the large increases in FY2010, these legal changes mean that costs will not come down and will remain relatively high (9%) in that program.

- It is also likely that in the summer and fall of 2009 utilization was impacted by two health issues that attracted a lot of media attention. The H1N1 flu issue and the attempt at the federal level for health care reform. Attention to both of these issues in the past has increased participation in the Medicaid program.

Answer to Question Two: What is an appropriate level to budget for Medicaid spending in FY 2010?

DHSS has requested an additional $88.4 million in Supplemental funding for the Medicaid program, which would bring FY 2010 total spending to $1.256 Billion. This request is similar to their monthly High forecast completed in January 2010.

DHSS completes three different forecasts each month. The High forecast, the Low forecast and a projection in the weekly Checkwrite report. Chart 8 below tracks these forecasts by date submitted. The forecasts converge at the end of the fiscal year in June when they accurately display final spending for Medicaid.

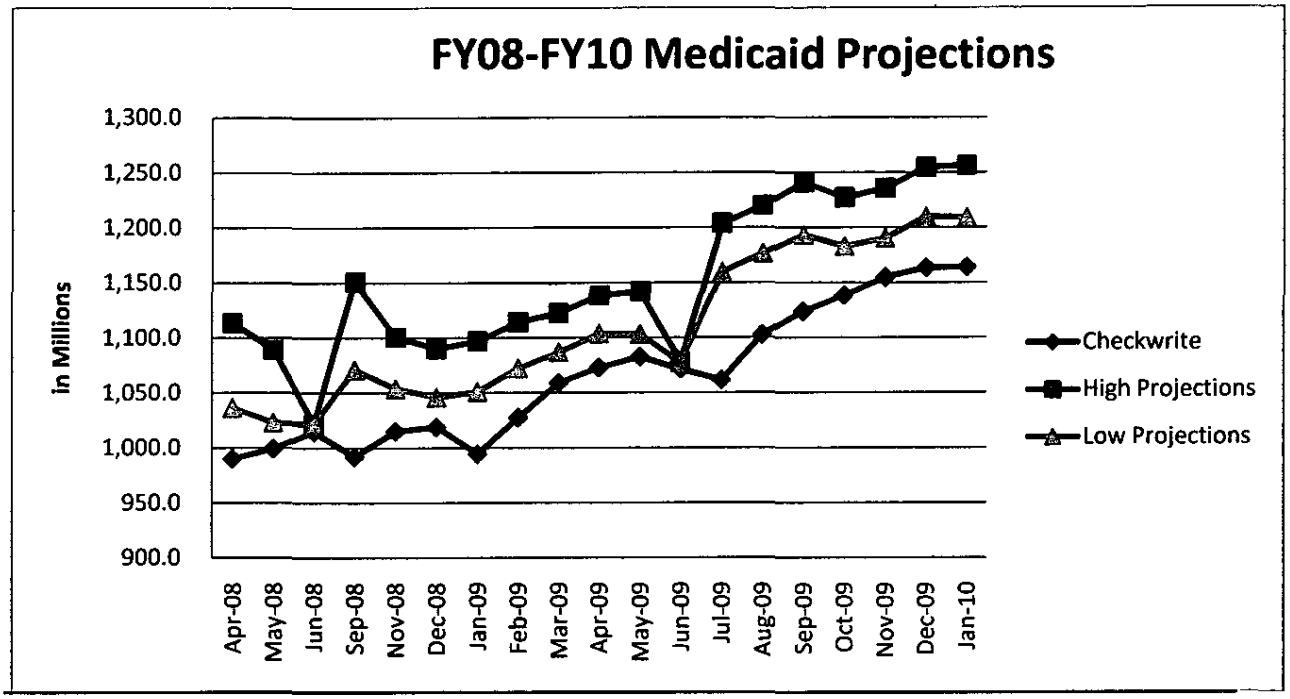


Chart 8

Looking at the last three years, of the three forecasts the Low Forecast is the most accurate. The High Forecast is always higher and the Checkwrite report is always lower than the actual final spending.

The current FY2010 Medicaid Supplemental Request from DHSS is shown in Table 4:

MEDICAID SUPPLEMENTAL	Supp GF	Supp Fed	Supp Total
Behavioral Health Medicaid	4,166.8	4,378.3	8,545.1
Health Care Services Medicaid	33,296.6	37,319.9	70,616.5
Senior & Disability Serv Medicaid	6,152.4	3,056.8	9,209.2
TOTAL	43,615.8	44,755.0	88,370.8

Table 4

An FY 2010 Supplemental Request based on the current Medicaid Low Forecast is shown in Table 5. If a supplemental were approved based on this forecast it would be approximately half of the current request.

MEDICAID LOW FORECAST	Low Gen Fund	Low Federal	Low Total
Behavioral Health Medicaid	1,925.2	975.0	2,900.2
Health Care Services Medicaid	24,690.0	20,047.7	44,737.7
Senior & Disability Serv Medicaid	1,946.0	(1,928.5)	17.5
TOTAL	28,561.2	19,094.2	47,655.4

Table 5

An FY 2010 Supplemental Request based on the current Medicaid Checkwrite projection is shown in Table 6 below. If a supplemental were approved based on this forecast General Funds would be required at about one third of the original request.

MEDICAID Checkwrite PROJECTION	Checkwrite Gen Fund	Checkwrite Fed	Checkwrite Total
Behavioral Health Medicaid	909.3	(1,485.9)	(576.6)
Health Care Services Medicaid	14,487.1	(10,862.1)	3,625.0
Senior & Disability Serv Medicaid	84.9	(6,786.9)	(6,702.0)
	15,481.3	(19,134.9)	(3,653.6)

Table 6

An accurate method for determining the Supplemental Budget for Medicaid is to look at historical spending, trend it forward and then factor Price, Recipients and Utilization into the final calculation.

Chart 9 below tracks historical Medicaid spending from October 2008 to January 2010 with a linear line to track trends in spending.

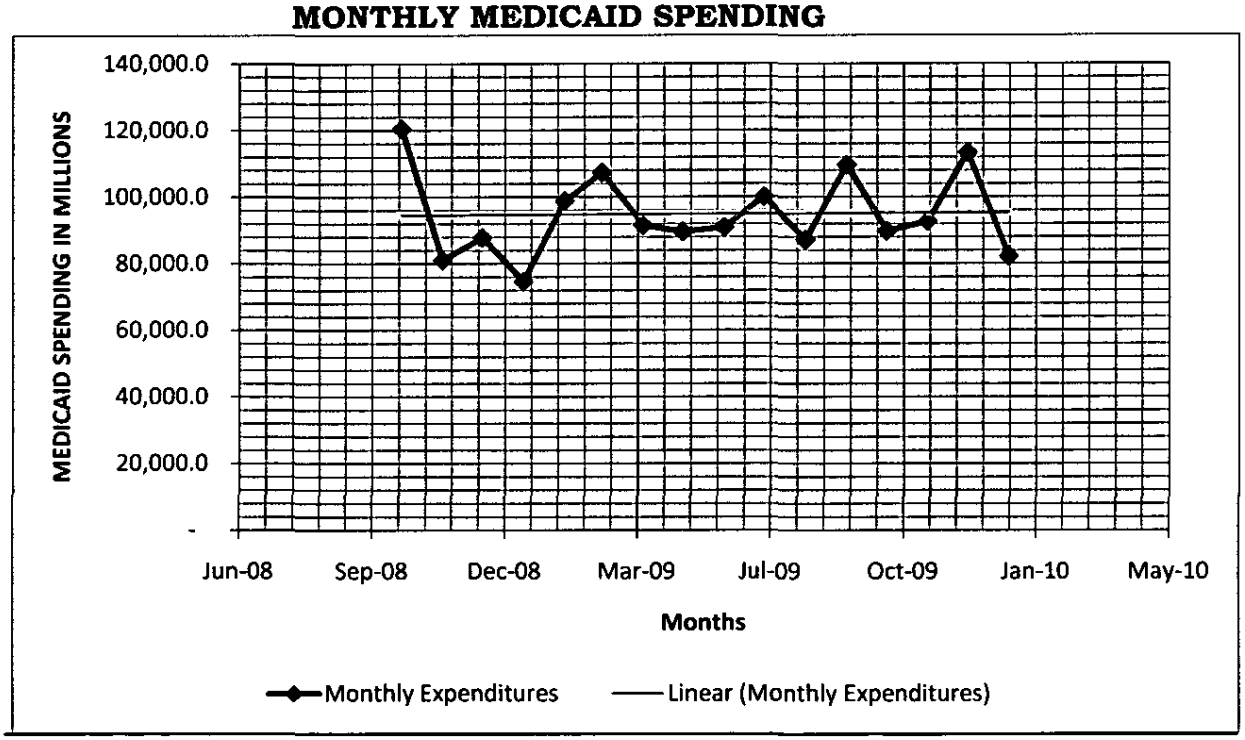


Chart 9

The trend in Chart 9 demonstrates a very slight growth curve in Medicaid spending, the linear trend tracks spending still at less than $100 Million per month. Monthly spikes in the chart are primarily due to 5 week months versus 4 week months. What Chart 9 does not take into account is that in most years the Medicaid program makes

some lump sum payments in the last half of the fiscal year, these payments would not show up yet in FY2010 spending.

So, in FY2010 the conditions are:

1) The Low Forecast is the most accurate of the forecasts;
2) While Medicaid Enrollments are high for the first half of the fiscal year, recipient data is lower and growing slower;
3) Alaska's Unemployment rate is at 8.8%, the economy is still in a downturn;
4) Food Stamp caseload growth skyrocketed in the first half of calendar year 2009 and slowed in the last half of calendar year 2009;
5) Current monthly spending has spikes but is on a steady growth pattern.
6) Medical CPI is at 3.0%.
7) Alaska's population is currently growing and the Birth Rate is the highest in 15 years.

FY 2010 Supplemental Alternative:

One reasonable option for the Legislature is to base the DHSS Medicaid Supplemental on the Low Forecast with an additional two percent as a cushion to deal with any unexpected Medicaid payments. As you can see in Table 7 below under this scenario the current Medicaid Supplemental Request would be reduced by $7.2 Million General Fund and $7.1 Million Federal (federal funds have been adjusted in this scenario).

MEDICAID LOW+2% FORECAST	Low+2% Gen Fund	Low + 2% Fed	Low +2% Total
Behavioral Health Medicaid	2,954.5	3,102.2	6,056.7
Health Care Services Medicaid	28,842.6	32,303.7	61,146.3
Senior & Disability Serv Medicaid	4,580.3	2,290.2	6,870.5
	36,377.4	37,696.1	74,073.5

Table 7

Answer to Question Three: What is an appropriate level to budget for Medicaid spending in FY 2011?

In FY 2011 the conditions are likely to be:

1) Many Economists are predicting that the Economy will be slightly better during the next fiscal year;
2) Costs for Medical Services are expected to rise similar to current 3.3%;
3) DHSS has not requested additional resources for automatic rate increases in FY 2011;
4) Alaska's population will continue to grow and the Birth Rate will remain high;
5) There are few policy or legal changes that could impact the FY 2011 budget.

While there are a lot of similarities in the Medicaid program between the different Medicaid allocations, there are also differences. For example, if you look at the recipient data for Behavioral Health Medicaid it is not growing at the same rate those recipients for Health Care Services Medicaid. To calculate an appropriate level of funding for FY2011, it is more accurate to take those differences into account.

Table 8 below displays the assumptions for growth for each individual Medicaid allocation.

FY2011 EXPECTED GROWTH FACTORS			
Medicaid Component	Population Growth %	Price Increase Percentage	Utilization Increase
Behavioral Health Medicaid	4.0%	3.3%	1.0%
Health Care Services Medicaid	6.0%	3.3%	2.0%
Senior & Disability Serv Medicaid	6.0%	3.3%	2.0%
Adult Preventive Dental	3.0%	3.3%	1.0%

Table 8

If the FY 2011 Medicaid Budget is based on the assumptions outlined in Table 8 then the final spending level is shown below in Table 9. If the Updated Medicaid Budget is adopted at this level the overall spending increase between FY2010 (assuming the Low Forecast is accurate and reflects final FY2010 Actuals) and FY2011 is 9%.

FY 2011 CONSULTANT MEDICAID BUDGET		
Medicaid Component	General Fund	Total
Behavioral Health Medicaid	56,612.7	156,840.1
Children's Services Medicaid	5,396.5	13,562.4
Health Care Services Medicaid	228,806.5	752,084.5
Senior & Disability Serv Medicaid	147,887.7	387,500.5
Adult Preventive Dental	2,873.2	8,192.8
TOTAL	441,576.6	1,318,180.3

Table 9

Required Budget Amendments at this level of spending are outlined below in Table 10.

Consultant Budget Amendment				
Medicaid Component	Gen Fund	Federal	Other	TOTAL
Behavioral Health Medicaid	1,638.6	3,253.9	(617.5)	4,275.0
Children's Services Medicaid	0.0	0.0		0.0
Health Care Services Medicaid	30,537.9	38,332.7	1,720.3	70,590.9
Senior & Disability Serv Medicaid	2,900.1	358.3		3,258.4
Adult Preventive Dental	0.0	0.0		0.0
	35,076.6	41,944.9	113.1	78,124.3

Table 10

DHSS Proposed Budget Amendments are outlined below. The primary difference between the two proposals is that DHSS projects that Behavioral Health Medicaid and Senior & Disability Services Medicaid will grow at a higher rate, particularly in FY10.

DHSS GOV Budget Amendment				
Medicaid Component	Gen Fund	Federal	Other	Total
Behavioral Health Medicaid	3,870.9	6,622.3		10,493.2
Children's Services Medicaid				-
Health Care Services Medicaid	30,387.1	35,091.2	3,475.0	65,478.3
Senior & Disability Serv Medicaid	6,133.4	12,658.6		18,792.0
Adult Preventive Dental	-	285.6		285.6
	40,391.4	54,657.7	3,475.0	95,049.1

Table 11

Overall Medicaid increment growth in FY2011 based on the DHSS request is $76.6 Million GF and $166.6 Million Total funds above FY2010 Management Plan. The consultant proposal is $72.5 Million GF and $149.0 Million Total Funds above FY2010 Management Plan. The primarily difference is that the Consultant proposal is based on a projection that spending will be less in FY 2010, particularly for Behavioral Health Medicaid and Senior and Disability Services Medicaid.

Another way to look at the difference in projections as shown in Chart 10 and Table12 is that DHSS is projecting steeper growth in FY2010 spending, while the consultant is not. The two projections are $20 million apart for FY2011.

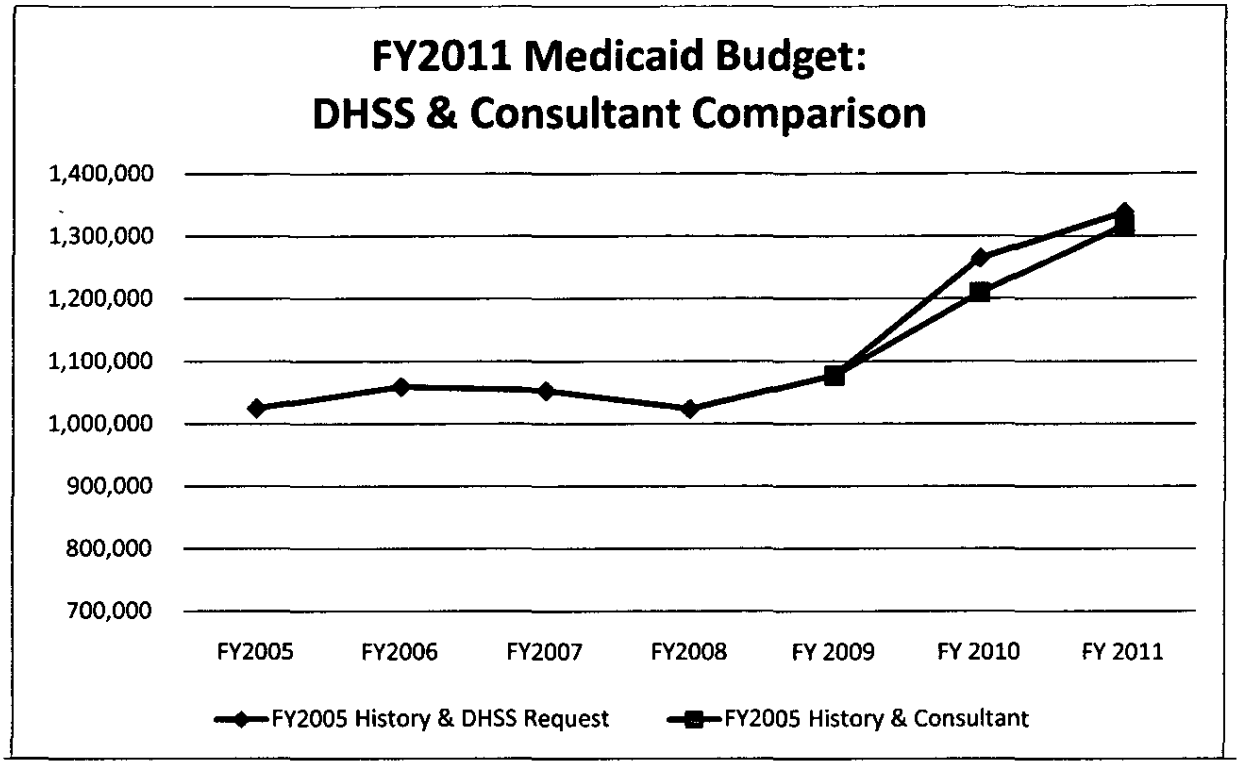


Chart 10

Table 12 shows that DHSS expects spending to increase by 17% in FY2010 and then fall to 6%; the consultant proposal is based on 12% growth in FY2010 and 9% growth in FY2011.

MEDICAID EXPENDITURES	FY2005 History & DHSS Request	FY2005 History & Consultant	Rate of Growth DHSS Request	Rate of Growth Consultant
FY2005	1,024,918			
FY2006	1,059,877			
FY2007	1,053,376			
FY2008	1,023,788			
FY 2009	1,077,483	1,077,483		
FY 2010	1,264,802	1,209,293	**17%**	**12%**
FY 2011	1,338,580	1,318,180	**6%**	**9%**

Table 12

2501

ANALYSIS
ALASKA MEDICAID TRENDS
FY2010 & FY2011

Prepared for the House Finance Committee
February 2010

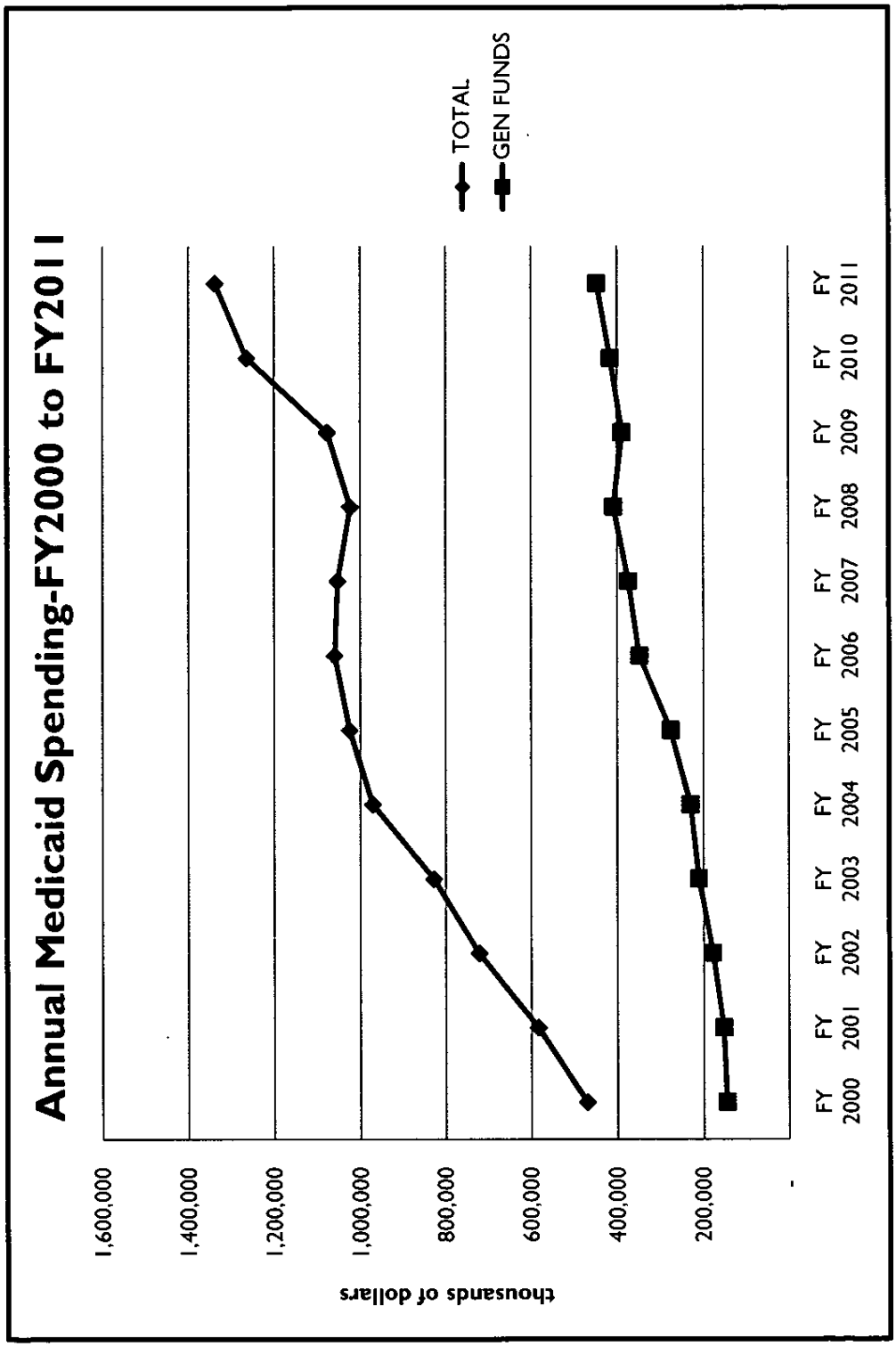
Janet Clarke Consulting

PURPOSE OF REVIEW

- Purpose of this analysis is to review the Medicaid program, determine what is contributing to the skyrocketing FY2010 Budget and assist the Finance committee in determining an appropriate level of spending for FY2010 and FY20100.
- DHSS has submitted an FY2010 Supplemental that totals $88.4 Million ($43.6 Million GF).
- DHSS has submitted an FY2011 Budget Amendment of $95 Million($40.3 Million GF) in addition to original increment of $71.6 Million ($36.2 Million GF); Incremental increase now requested in FY2011 is $166.6 Million ($76.6 Million GF).

WHAT IS MEDICAID?

- Medicaid is an entitlement program created in 1965 by the federal government, but administered by the state to provide payment for medical services for low-income citizens. As a joint federal-state program, the federal and state governments share the cost of Medicaid.
- The federal matching rate for Medicaid, commonly known as FMAP (Federal Medicaid Authorized Percentage) is based on a national formula. Alaska's FMAP would have fallen to 50% in FY2011, but the Economic Stimulus bill (ARRA) increased the federal rate to 61.12%.


Annual Medicaid Spending-FY2000 to FY2011
TOTAL
GEN FUNDS
thousands of dollars
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
FY 2000
FY 2001
FY 2002
FY 2003
FY 2004
FY 2005
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011

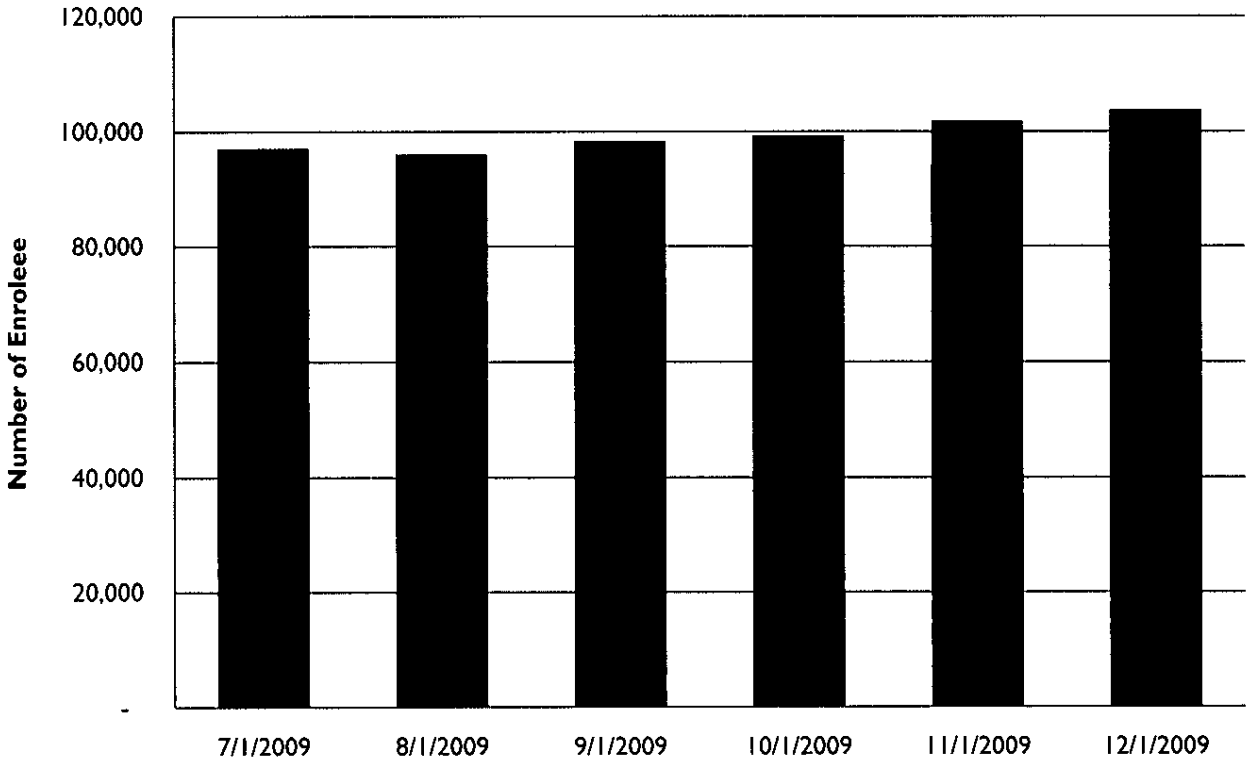
MEDICAID SPENDING	TOTAL FUNDS	Percent Increase/-Decrease
FY2000	$ 470.7 Million	
FY2001	$ 583.9 Million	24.1%
FY2002	$ 722.1 Million	23.7%
FY2003	$ 828.1 Million	14.7%
FY2004	$ 971.5 Million	17.3%
FY2005	$ 1,024.9 Million	5.5%
FY2006	$ 1,059.9 Million	3.4%
FY2007	$ 1,053.4 Million	-.6%
FY2008	$ 1,023.8 Million	-2.8%
FY2009	$ 1,077.5 Million	5.2%
FY2010*	**$ 1,264.8 Million**	**17.4%**
FY2011**	**$ 1,338.6 Million**	**5.8%**

*Includes Proposed Supplemental
** Includes Proposed Budget Amendments

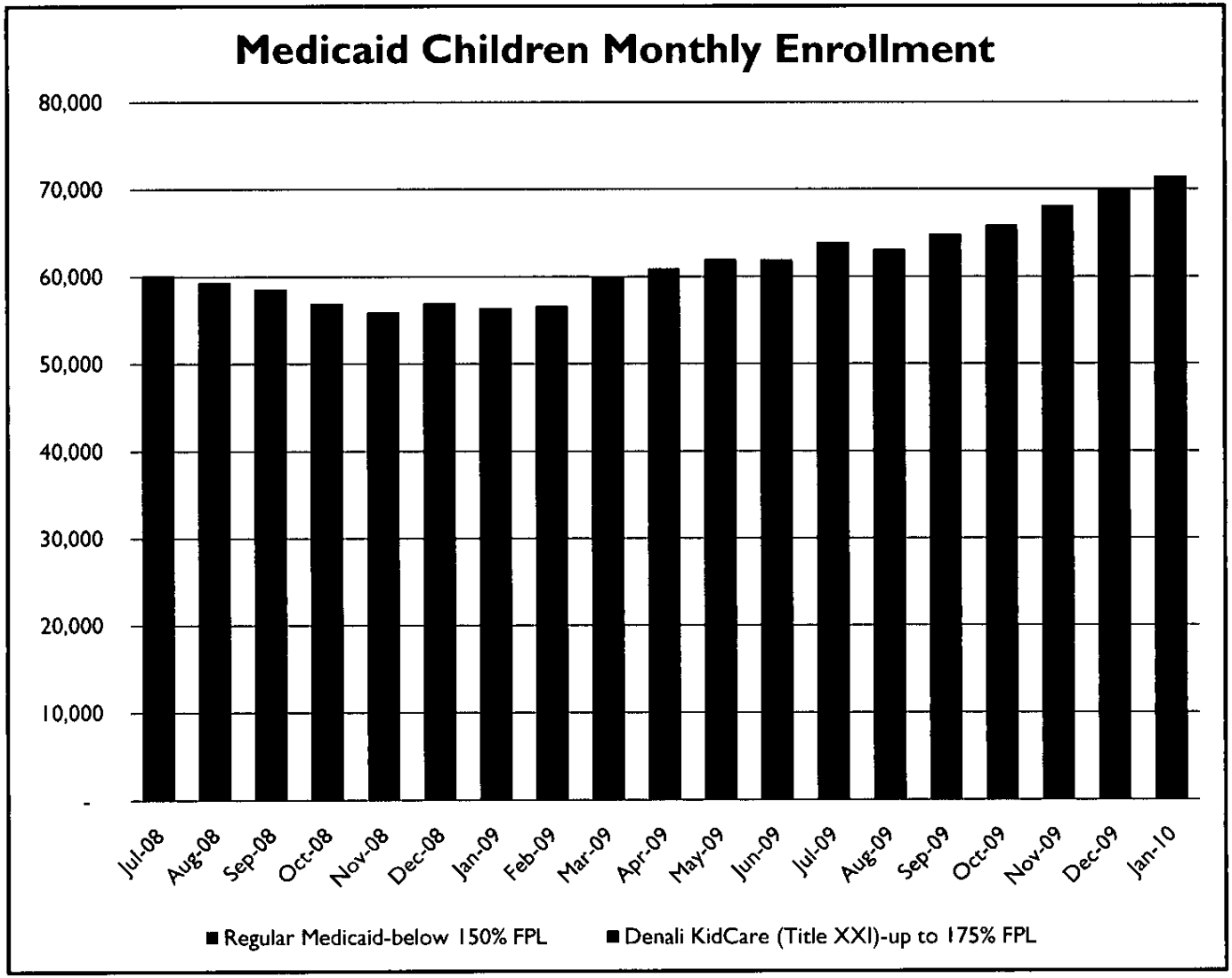
FACTORS IN MEDICAID GROWTH

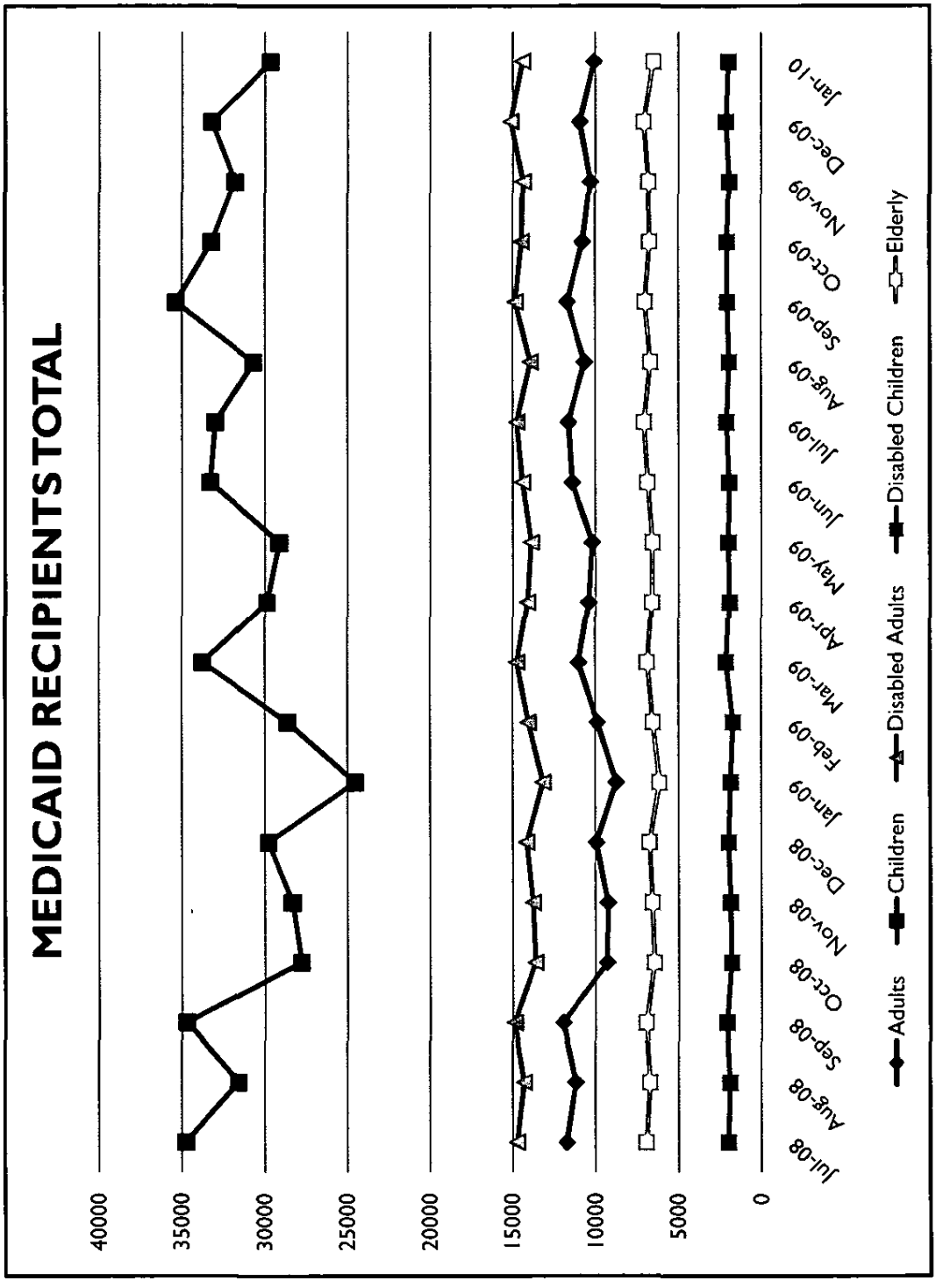
- There are three key components to growth in the Medicaid program: **Price, Population (as measured by Enrollment & Recipients), and Utilization.**
- **Price** changes are measured by looking at the change to Consumer Price Index (CPI). The change in the Anchorage CPI-U for 2009 is 1.2%; in the Anchorage CPI-Medical is 3.0%; and Federal Center for Medicare & Medicaid Services (CMS) long-range change in CPI-Medical is 3.3%.
- Usually Physician rate increases are within the normal CPI increase, however in March 2009 they increased by 15%. The FY2010 budget did not contain an increment to pay for this approximate $17 million increase.

Medicaid Enrollment FY2010

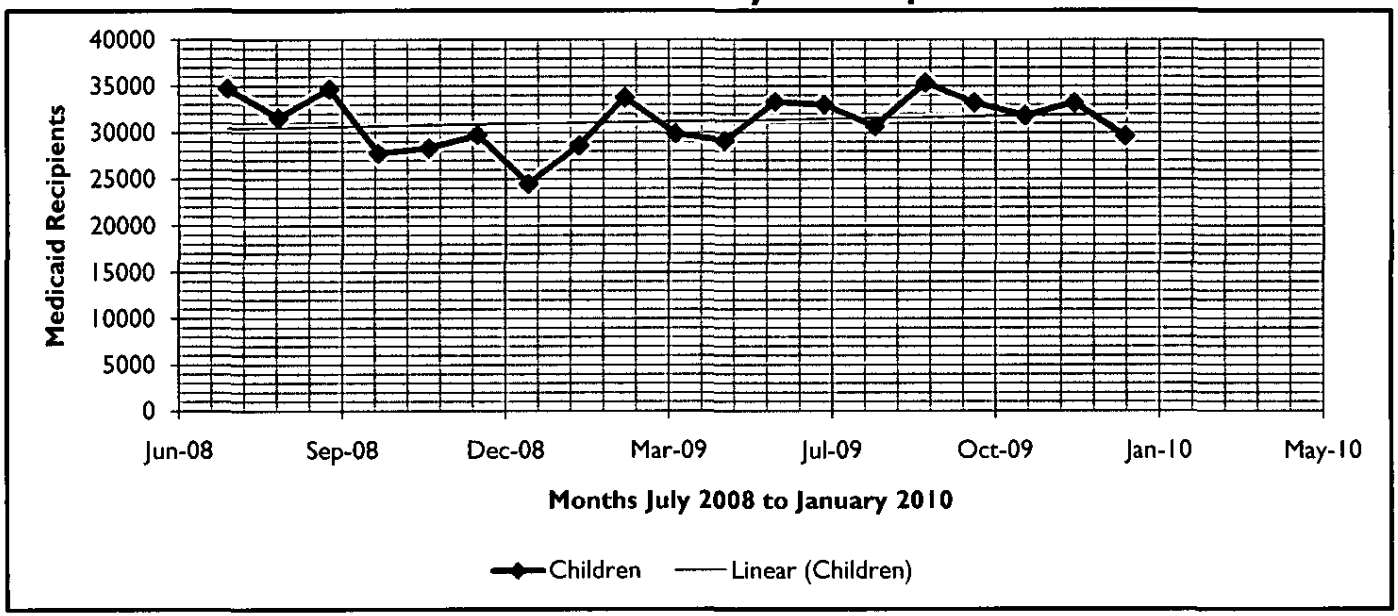


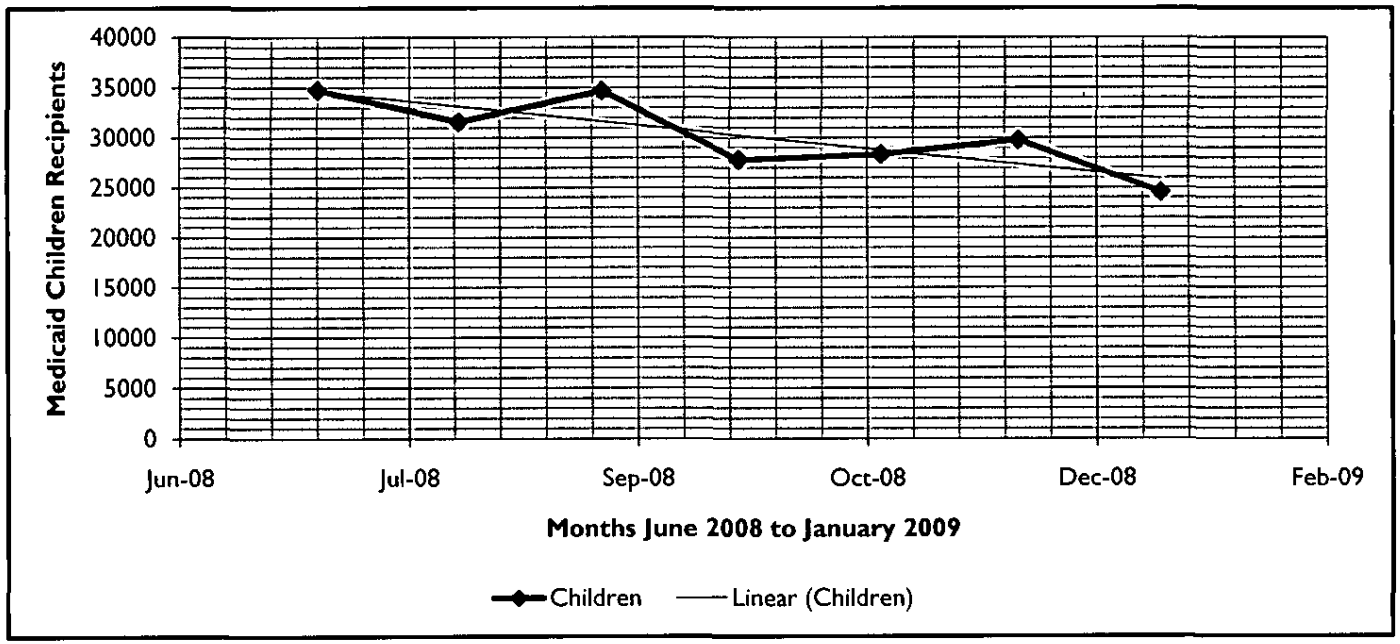
	7/1/2009	8/1/2009	9/1/2009	10/1/2009	11/1/2009	12/1/2009
■ Elderly	7,443	7,443	7,512	7,522	7,550	7,508
■ Adult	25,757	25,588	26,052	25,930	26,112	26,230
■ Children	63,929	63,089	64,851	65,877	68,101	70,064


Medicaid Children Monthly Enrollment
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
Jul-08
Aug-08
Sep-08
Oct-08
Nov-08
Dec-08
Jan-09
Feb-09
Mar-09
Apr-09
May-09
Jun-09
Jul-09
Aug-09
Sep-09
Oct-09
Nov-09
Dec-09
Jan-10
Regular Medicaid-below 150% FPL
Denali KidCare (Title XXI)-up to 175% FPL

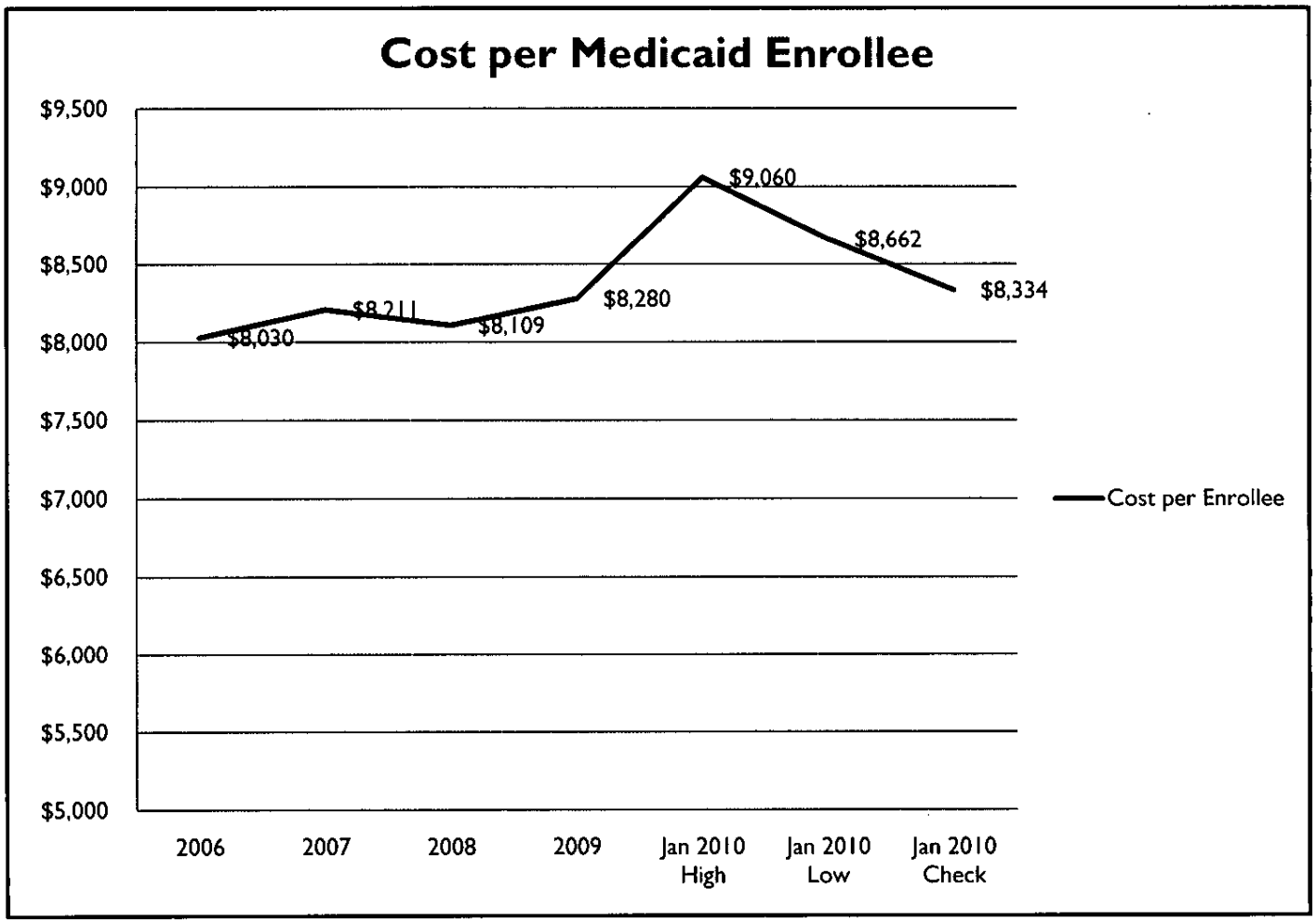

MEDICAID RECIPIENTS TOTAL
40000
35000
30000
25000
20000
15000
10000
5000
0
Jul-08
Aug-08
Sep-08
Oct-08
Nov-08
Dec-08
Jan-09
Feb-09
Mar-09
Apr-09
May-09
Jun-09
Jul-09
Aug-09
Sep-09
Oct-09
Nov-09
Dec-09
Jan-10
Adults
Children
Disabled Adults
Disabled Children
Elderly

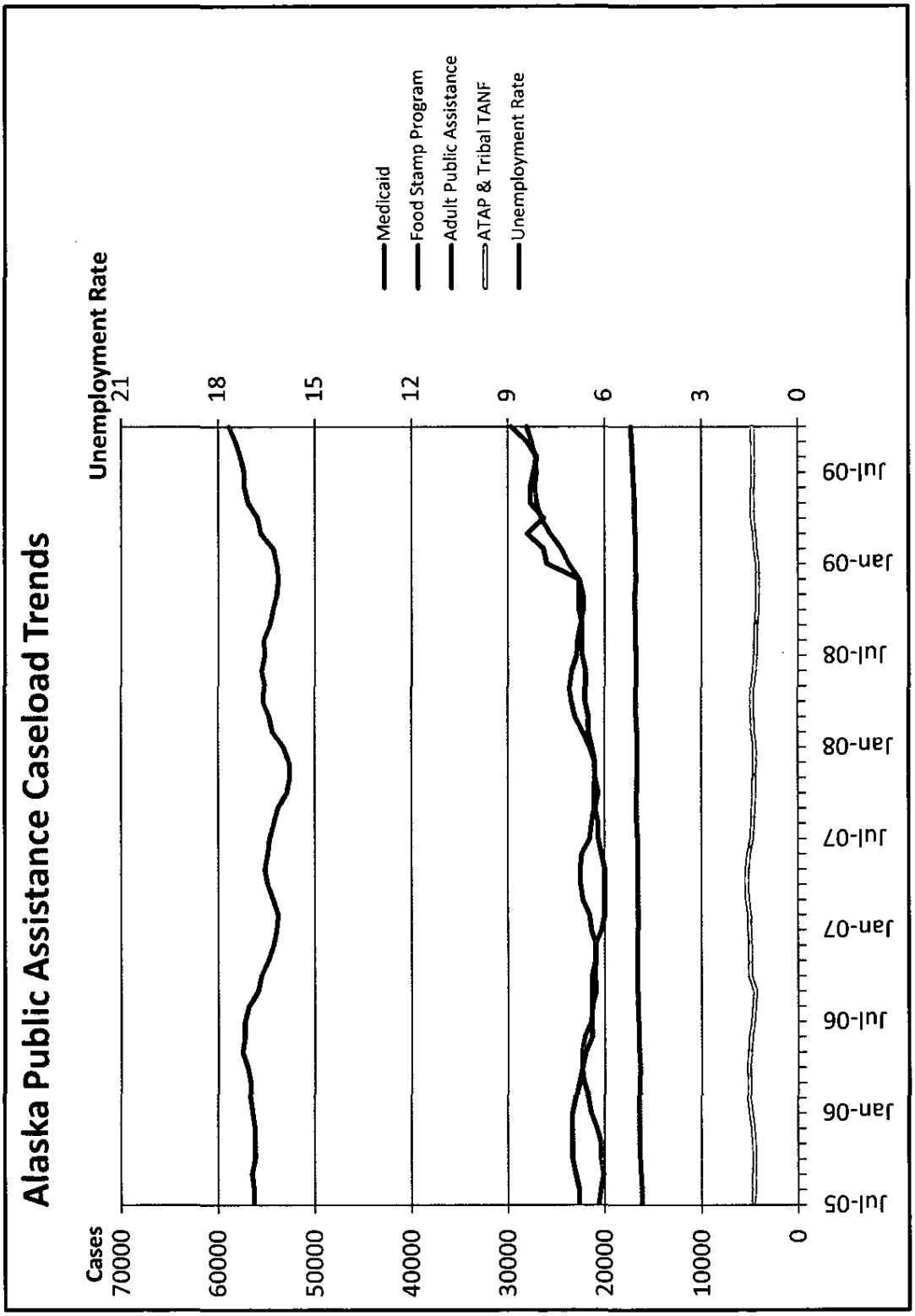
Medicaid Children Monthly Recipients

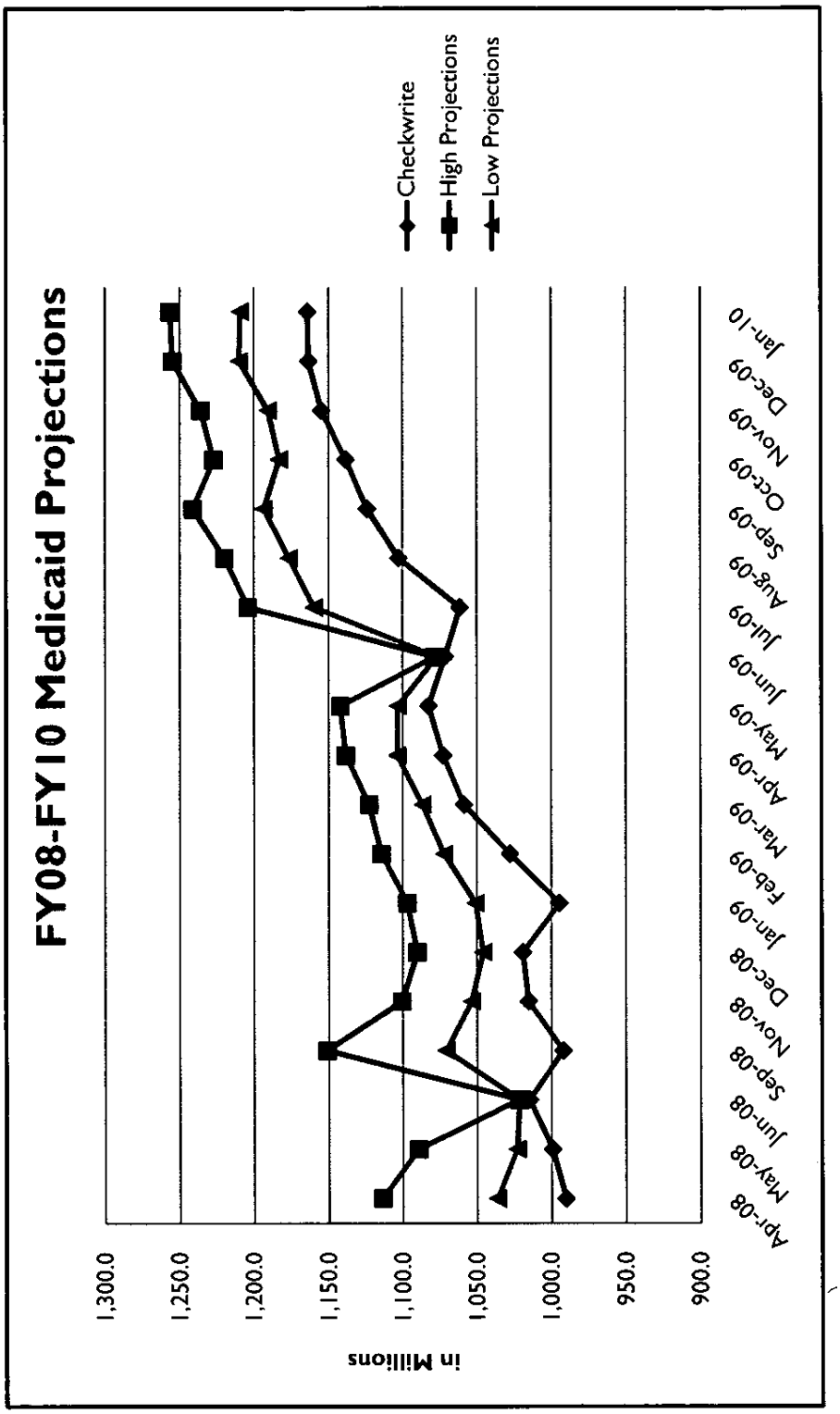




5

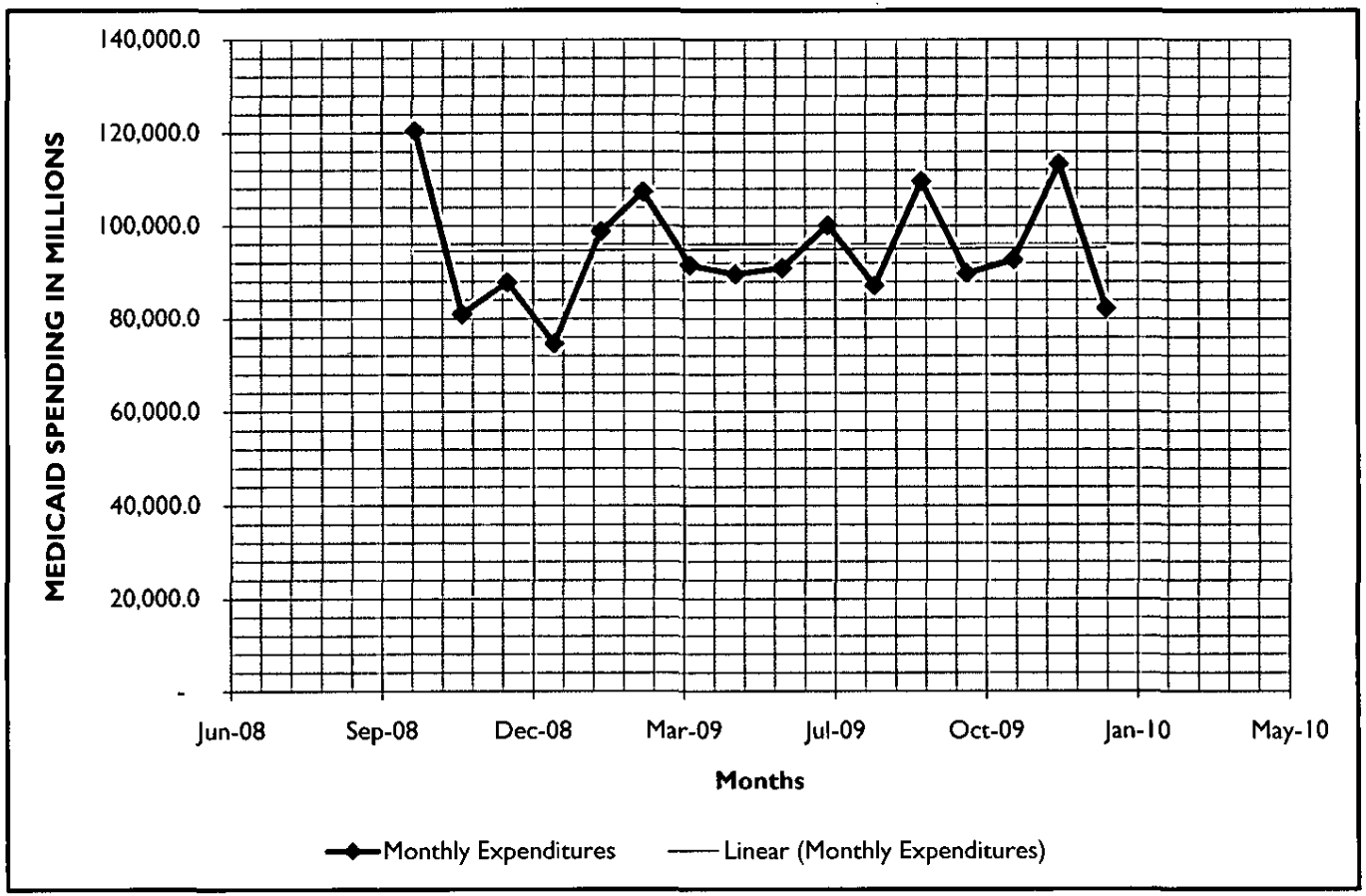

Cost per Medicaid Enrollee
$9,500
$9,000
$8,500
$8,000
$7,500
$7,000
$6,500
$6,000
$5,500
$5,000
$8,030
$8,211
$8,109
$8,280
$9,060
$8,662
$8,334
2006
2007
2008
2009
Jan 2010 High
Jan 2010 Low
Jan 2010 Check
Cost per Enrollee


Alaska Public Assistance Caseload Trends
Cases
Unemployment Rate
70000
60000
50000
40000
30000
20000
10000
0
21
18
15
12
9
6
3
0
Jul-05
Jan-06
Jul-06
Jan-07
Jul-07
Jan-08
Jul-08
Jan-09
Jul-09
Medicaid
Food Stamp Program
Adult Public Assistance
ATAP & Tribal TANF
Unemployment Rate


FY08-FY10 Medicaid Projections
Checkwrite
High Projections
Low Projections
in Millions
1,300.0
1,250.0
1,200.0
1,150.0
1,100.0
1,050.0
1,000.0
950.0
900.0
Apr-08
May-08
Jun-08
Sep-08
Nov-08
Dec-08
Jan-09
Feb-09
Mar-09
Apr-09
May-09
Jun-09
Jul-09
Aug-09
Sep-09
Oct-09
Nov-09
Dec-09
Jan-10

12

FY2010 Monthly Medicaid Spending



2515

FY2010 Medicaid Supplemental Alternatives

DHSS MEDICAID Supplemental Request	Supp GF	Supp Fed	Supp Total
Behavioral Health Medicaid	4,166.8	4,378.3	8,545.1
Health Care Services Medicaid	33,296.6	37,319.9	70,616.5
Senior & Disability Serv Medicaid	6,152.4	3,056.8	9,209.2
TOTAL	43,615.8	44,755.0	88,370.8

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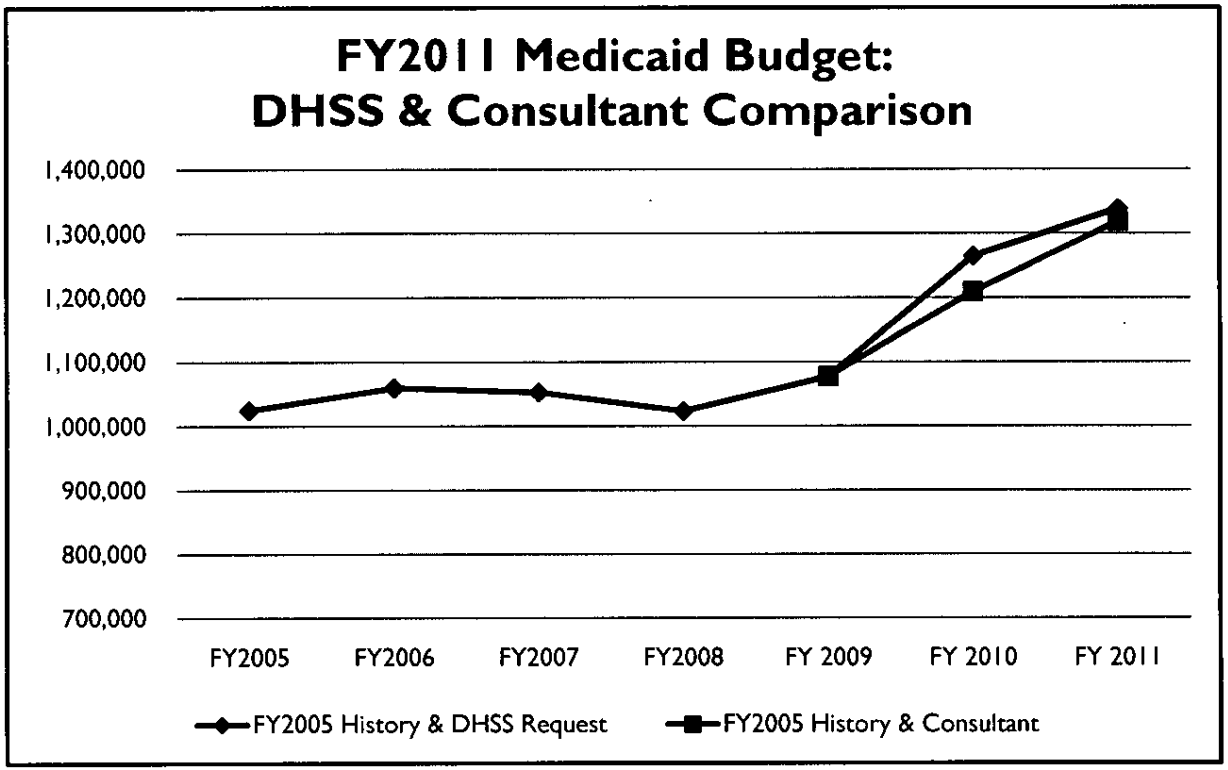
Senior & Disability Serv Medicaid	4,580.3	2,290.2	6,870.5
	36,377.4	37,696.1	74,073.5

FY2011 Medicaid Budget Amendments

DHSS GOV Budget Amendment				
Medicaid Component	Gen Fund	Federal	Other	Total
Behavioral Health Medicaid	3,870.9	6,622.3		10,493.2
Children's Services Medicaid				-
Health Care Services Medicaid	30,387.1	35,091.2	3,475.0	65,478.3
Senior & Disability Serv Medicaid	6,133.4	12,658.6		18,792.0
Adult Preventive Dental	-	285.6		285.6
	40,391.4	54,657.7	3,475.0	95,049.1

Consultant Budget Amendment				
Medicaid Component	Gen Fund	Federal	Other	TOTAL
Behavioral Health Medicaid	1,638.6	3,253.9	(617.5)	4,275.0
Children's Services Medicaid	0.0	0.0		0.0
Health Care Services Medicaid	30,537.9	38,332.7	1,720.3	70,590.9
Senior & Disability Serv Medicaid	2,900.1	358.3		3,258.4
Adult Preventive Dental	0.0	0.0		0.0
	35,076.6	41,944.9	113.1	78,124.3



MEDICAID EXPENDITURES YEAR	FY2005 To FY2011 DHSS	FY2009 to FY2011 Consultant	Rate of Growth DHSS	Rate of Growth Consultant
FY2005	1,024.9			
FY2006	1,059.9			
FY2007	1,053.4			
FY2008	1,023.8			
FY2009	1,077.5	1,077.5		
FY2010	1,264.8	1,209.3	**17%**	**12%**
FY2011	1,338.6	1,318.2	**6%**	**9%**

4/2/10 PRESENTATION: LARRY PERSILY

<target><bill></bill><subject>4-2-10 PRESENTATION LARRY PERSILY</subject><comm>HFIN26</comm></target>

ALASKA NATURAL GAS
TRANSPORTATION PROJECTS
OFFICE OF THE FEDERAL COORDINATOR

No shortage of possibilities or problems for Alaska gas

Larry Persily, Federal Coordinator
Alaska Natural Gas Transportation Projects

April 2, 2010

Everyone has an opinion

- Former Sen. Ted Stevens
- Former Govs. Frank Murkowski and Bill Sheffield
- Soon-to-be-former University President Mark Hamilton
  - Says gas will never exceed $6/mcf in 2010 dollars in his lifetime
- All of the gubernatorial candidates
- Me too
- The only thing for certain: **We're probably all wrong**

White House opinion

- Interested, engaged, involved
- Elevate focus on the project (but no office move)
- Alaska gas line is part of a national energy plan
- Gas = lower emissions, jobs, domestic energy supply
- White House willing to work with state, project sponsors
- No specific proposals — that's on my work list

Public frustration

- So many expectations since 1968
- So many political promises
- So close — or sort of close — so many times
- Pipe vs. LNG, then pipe, then LNG, then pipe, then LNG, then pipe, now either or, or maybe both
- Meanwhile, Southcentral saw loss of industry and felt the reality of market prices for gas — and they're worried

Don't give up, not yet

- Pipeline to North America would tap into the largest and natural gas market in the world
  - North America = 75 to 80 bcf/d
  - Almost three times China, India, Japan, South Korea, Taiwan
- Billions of dollars in public revenues for the state
- Gas for in-state use; possibly propane too
- Help encourage exploration and extend life of TAPS
- Open seasons (two) will tell us a lot

Problems with Lower 48 pipeline

- Construction risk; high tariff; market risk
- Have to deliver all 4 bcf/d at once; new supply could weaken the market, pulling down prices short term
- No stopping the flow, even in a down market
- Producers need long-term sales but utilities are nervous because public utility commissions second guess them
- There are less risky projects for investors
- It's all about minimizing, controlling and sharing risk

What would help Lower 48 line

- Economic recovery and demand build
  - U.S. gas consumption fell last year, especially industrial users
- Fuel switching from coal to gas-fired generation
  - Growth in electrical power is the key
  - CERA: Power demand 19 bcf/d 2009 to 35 bcf/d in 2030
  - Little growth expected in industrial, residential demand
- Promoting natural gas as transportation fuel
- Federal restrictions on CO2 emissions

The dreaded shale

- Yes, shale gas production 10% of U.S. supply last year
- Growing across U.S. and Canada, especially Alberta, B.C.
- Close to markets; easy to raise and lower production
- Drilling rig efficiency is up, and up and up
- States are hungry for revenues and jobs
- Shale gas will hold down price spikes; no more $14 gas
- Like Flubber, it's a perfect product — but is it?

The darker shades of shale

- Fracking becoming about as popular as an oil spill
- Water quality concerns
- EPA review; possible federal legislation
- More questions as it grows bigger, closer to urban areas
- One big environmental disaster could change the game
- Shale needs tens of billions of dollars of new pipelines
- Steep production decline curve; deeper wells cost more

LNG is an option

- But we're not alone looking west to East Asia
- Papua New Guinea, Australia (including coal-seam,) Indonesia, Sakhalin, Malaysia and Brunei
- West African nations, Qatar, Oman, Yemen
- All either operating or building LNG plants
- Almost 10% Japan's 2008 spot supply came from Atlantic
- Floating LNG; Shell's multibillion-dollar order with Samsung will access smaller fields in Pacific Basin

LNG competition is strong

- New projects totaling 9 bcf/d online in 2009-2010
- An additional 7 bcf/d scheduled by 2015
- Once online they don't cut back; need to recover costs
- Mitsubishi forecasts potential Asia Pacific LNG supply could exceed demand by almost 20% in 2015
- Uncertain after that, but no shortage of Pacific options at tide water; no need for 800 miles of Arctic pipe

Other supply options for Asia

- We're not the only country with shale gas
- Shell signed a 30-year deal to help China unlock tight gas
- China and India are looking for more domestic gas
- China has pipeline gas options: Russia, Turkmenistan
- India looking for pipeline gas, too
- Tokyo Gas just signed a 20-year deal with BG Group for Australian gas to supply 11% of its needs

LNG pricing in Asia

- The market is shifting away from near 100% reliance on long-term sales contracts tied to oil prices
- Spot market and short-term sales now comprise almost 20% of the volume in the Asia Pacific market
- Buyers like bargain spot prices in a down market: China paid $4.30 for Russian LNG in June 2009 and $3.48 for an Indonesia delivery that same month

Market size is important

- Global gas trade in 2007
- 73% of worldwide gas production was consumed within the producing country
- 19% of gas production was delivered to foreign customers by cross-border pipeline
- 8% of gas was delivered by LNG tanker
- The bigger the market, the more new gas it can absorb

Don't forget the valuable liquids

- North Slope gas has a high-value liquids stream
- Don't just think about the methane price
- Liquids can piggyback on methane for transportation
- Example: Qatar can sell methane at low price while banking profit from liquids for its petrochemical industry
- Alberta hungry for liquids to feed existing plants
- Alaska can keep propane for local use

It's not easy, but it's possible

- Open seasons for TransCanada/Exxon and Denali an opportunity to gauge market demand for Alaska gas
- Shippers asked to commit $100 billion in binding, contractual commitments lasting 20 years or more
- At some point state, producers, pipeline owner and even the federal government will need to sit down and talk
- Pipeline to North America is possible if right things happen and if all parties are **willing to contribute**

Office of the Federal Coordinator
Alaska Natural Gas Transportation Projects

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1717 H St. NW, Suite 801
Washington, D.C. 20006
(202) 478-9750

Anchorage
188 W. Northern Lights Blvd., Suite 600
Anchorage, AK 99503
(907) 271-5209

http://www.arcticgas.gov
info@arcticgas.gov

HB

3

<target><bill>HB 3</bill><subject>HB
3</subject><comm>HFIN26</comm></target>

Alaska State Legislature

Chairman
State Affairs Committee

Member
Judiciary Committee
Labor & Commerce Committee
Health & Social Services Committee
Military & Veterans Affairs Committee

Finance Subcommittees
Labor and Workforce Development
Military and Veterans' Affairs
Public Safety

A Communication From
REPRESENTATIVE BOB LYNN
District 31 Anchorage

E-Mail: Representative_Bob_Lynn@legis.state.ak.us
"Bob Lynn's Alaska Blog" www.RepLynnBlog.com

Session:
Alaska State Capitol, #104
Juneau, AK 99801-1182

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Sponsor Statement
HB 3

HB 3 requires an applicant for an Alaska driver's license to have a legal presence in the State of Alaska and that an applicants driving privileges ends when that applicants legal presence ends. HB 3 also has document requirements that will insure that Alaska license or identification card holders are who they say they are. We require our citizens to provide the documentation for a license or ID; we must also require the same of others.

If you're a current Alaska Driver license or ID holder and have not allowed your card to expire past 90 days, you will not have to show proof of who you are. However, if you are obtaining your first Alaska driver's license or if yours has been taken away (i.e. revoked by DUI) then you must go back to step one and start the process all over again with all the appropriate documents.

It makes sense to require a legal presence in order to get an Alaska driver's license. Why should someone have the right to drive a car down the street when they don't have the legal presence to walk down the street?

The Alaska Division of Motor Vehicles has the statutory mandate to determine if an applicant has the necessary documents to receive a license – and this bill simply adds verification that the applicant has a legal presence in the places where the driver's license is issued and that a person's driving privileges ends when that person's legal presence ends.

The State of Alaska has the right and responsibility to decide who does and who does not qualify for an Alaska driver's license. I also believe it is the right thing to do and I respectfully request passage of HB 3.

Contact: Dirk Moffatt, (907) 465-4931

Revised: February 3, 2009

Alaska State Legislature

Chairman
State Affairs Committee

Member
Judiciary Committee
Labor & Commerce Committee
Health & Social Services Committee
Military & Veterans Affairs Committee

Finance Subcommittees
Labor and Workforce Development
Military and Veterans' Affairs
Public Safety

A Communication From
REPRESENTATIVE BOB LYNN
District 31 Anchorage

E-Mail: Representative_Bob_Lynn@legis.state.ak.us
"Bob Lynn's Alaska Blog" www.RepLynnBlog.com

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Changes to from HB-3 (FIN) Version 26-LS0008\A to Committee Substitute (FIN) Version 26-LS0008\P

HB-3 An Act relating to issuance of identification cards and to issuance of driver's licenses

Released: March April 2, 2009
New Text Underlined ***[Deleted Text Bracketed]***

1. Title Change to HB 3 Version P

Page 1, Line 2 of Version P the following language was added:

Example:

"An Act relating to issuance of identification cards and to issuance of driver's licenses; **relating to regulations concerning identification cards and driver's licenses;** and providing for an effective date."

Explanation: Will be given by Jerry Luckhaupt.

The title was changed because of the new Anti-Real ID Language that was added to Committee Substitute Version P by the Bills Drafter Jerry Luckhaupt 465-6661.

2. Change from [(i)] to (l) in Version P

Example:

Page 1, Line 9: it is for identification purposes only. Except as provided in (g) and **[(i)]** **(l)**
Page 2, Line 1: Except as provided in **[(i)]** **(l)** of this section, an identification card issued to a person

Explanation: Will be given by Jerry Luckhaupt.

2538

3. Change of expiration date for ID Cards issued to persons 60 years or older

Page 2, Line 1 of Version A the word **[eighth]** is deleted and replaced with **10th** on Page 2, Line 2 of Version P.

Example:

Except as provided in [(i)] (l) of this section, an identification card issued to a person who is 60 years of age or older expires on the person's birthday in the **[eighth]** **10th** year following issuance of the card.

Explanation: Will be given by Dirk Moffatt

4. Anti-Real ID Language related to identification cards

Page 2, Line 27-29 of Version P the following language was added

Example:

(m) The commissioner of administration may not adopt a regulation related to identification card solely to bring the state into compliance with the requirements of the federal REAL ID Act of 2005 (P.L. 109-13, Division B).

5. Anti-Real ID Language related to driver's licenses

Page 2-3, Lines 30-31 and 1-2 of Version P the following language was added

Example:

***Sec. 4.** AS 28.05.011 is amended by adding a new subsection to read:
(c) The commissioner of administration may not adopt a regulation related to driver's licenses solely to bring the state into compliance with the requirements of the federal REAL ID Act of 2005 (P.L. 109-13, Division B).

6. Anti-Real ID Disclaimer Language

Page 5, Line 15-17 of Version P the following language was added

Example: **NO COOPERATION WITH FEDERAL REAL ID ACT. This Act may not be construed as support for, or cooperation with, the Federal REAL ID Act of 2005 (P.L. 109-13, Division B).**

Explanation: Will be given by Dirk Moffatt

State of Alaska Division of Motor Vehicles Standard Operating Procedures	SOP No.: D-20	Page No.: 1
	Effective: July 1, 2006	
Subject:	Supersedes: D-20	Dated: 6/1/00
IDENTIFICATION AND PROOF OF DATE OF BIRTH	Form No.: 478	
Statute: AS 28.15.061	Regulation: 2 AAC 90.420(b)	

Alterations | Foreign | Lost AK | Lost OOS | Primary ID | Secondary ID

IDENTIFICATION AND PROOF OF DATE OF BIRTH

Every person who makes an **original** application for a driver's license, permit or ID card must furnish documentary proof of their legal name, date of birth, social security number and residence address as outlined below. An applicant for a permit or driver license must also furnish proof that they have passed the required tests.

CERTIFICATION BY CORRECTIONS, PROBATION OR ALASKA CHILDREN'S SERVICES IS NOT ACCEPTABLE.

ITEMS REQUIRED FOR AN ORIGINAL ALVIN RECORD (ID, IP, D, OR CDL)

- Legal Name & Date of Birth
- Secondary item as verification of the primary document
- Social Security Number
- Their current residence address

Please see the following for further information on each of these items.

Return to Top

LEGAL NAME & DATE OF BIRTH (PRIMARY DOCUMENTS)[2 AAC 90.420 (b)]

The following documents are acceptable for proving legal name and date of birth. If the applicant's legal name is different than what is printed on their birth certificate, they will need to bring in the document(s) that provide proof of thename change.

- An original or certified copy of a U.S. birth certificate (FromVital Statistics)
- U.S. Passport or Canadian Passport (Must be current)
- An Alaska learner's permit, driver license or State Identification card.
- U.S. Military Identification for active duty, retiree or reservist.
- Certificate of Citizenship
- Certificate of Naturalization
- Certificate of Birth Abroad
- Passport issued from another country, with appropriateimmigration documents.

Return to Top

NAME CHANGE (D-23)

When the name on the identity document does not match the applicant's current name, the following are acceptable to prove the applicant's legal name.

- U.S. Passport
- Amended birth certificate
- Certified Adoption papers
- Certified Marriage certificate
- Certified Court order
- Certified Divorce decree
- Certificate of Dissolution, Divorce or Annulment
- Certificate of Naturalization
- Certificate of Name Change

Return to Top

SOCIAL SECURITY NUMBER (D-17)

The name on file with the Social Security Administration (SSA)**must** match the identity document(s). **One** of the following is required:

- Original Social Security Card (A Metal card is not acceptable.)
- Letter from the Social Security Administration verifying the applicant's name and number.
- Letter from the SSA verifying that the applicant has never been assigned a social security number.
- If an applicant is not eligible for employment due to theirimmigration status, they do not need this document.

Return to Top

RESIDENCE ADDRESS

An applicant must present documentation that contains both the applicant's name and address of principle residence. This cannot be a post office box ormail cache facility. This may consist of:

- Utility bill
- Alaska voter registration card
- Alaska title and/or registration (Issued at least 30 days prior to application)
- Paycheck Stub
- Medical Assistance card
- Public Assistance card
- Cancelled check or bank statement
- Mortgage or rental document
- Parental consent (On the back of Form 478)

Return to Top / Index

SECONDARY IDENTIFICATION DOCUMENTS

Secondary identification documents are meant to give customers another set of documents to use to prove identity. Secondary documents are to be used to obtain a duplicate or to renew an Alaska driver's license, permit, or identification card. For information on requirements to obtain an original driver's license, permit or identification card, see Primary Identification Documents.

1. All primary documents
2. Bureau of Indian Affairs card or an Indian Treaty Card. (Some tribal cards are more reliable than the BIA card. DMV's can make their own determination.)
3. State issued Driver license or ID card that has **NOT** been expired over a year.
4. Court order that does not contain the applicant's date of birth.
5. Photographic employer identification card.
6. Foreign birth certificate.*
7. Foreign passport.*
8. Health insurance card [Blue Cross/Shield, Kaiser, Aetna, or a Health Maintenance Organization (HMO)].
9. Internal Revenue Service (IRS) or state tax form. A W-2 form is not acceptable.
10. Marriage license or certificate.
11. Individual's medical records from a doctor or a hospital.
12. Military dependent identification.
13. Military discharge or separation papers. (DD214)
14. Parent or guardian affidavit for minors, only. The parent or guardian must appear in person and prove their identity and submit a certified or notarized affidavit regarding the child's identity.
15. Gun permit.
16. Pilot's license.
17. Certified school record or transcript.
18. Photographic school identification card.
19. Vehicle title. A vehicle registration is not acceptable.
20. Welfare card.
21. Prison release document.

*See the following page for further information on foreign documents.

Return to Top / Index

LOST *ALASKA* DRIVER LICENSE/PERMIT/I.D. CARD REQUIREMENTS:

- Two items from either the primary or secondary identification document list. The information in ALVIN may be used in place of one of the items provided the person can verify address, date of birth, place of birth, Social Security number and the physical description matches.

- In extreme cases, you may use the digital photo on file or request a photo of the applicant from the Department of Public Safety, OL Photos. Examples of extreme cases are when an applicant is the victim of a house fire or when **all** identification documents have been lost or stolen. In these cases, check to see if a digital photo is

on file or request the photo by e-mail or by calling OLPHOTOS. Appendix D) Please include the full name of the applicant and their license or identification number, as well as the SSN and DOB, if available.

NOTE: Rent receipts, credit cards, and similar type documents are not to be used as proof of identity for issuance of an ***original*** driver license or ID card but can be used as proof of residence address. They may be used for issuance of a duplicate OL or ID as a **last resort** and in conjunction with the ALVIN record.

Return to Top / Index

LOST *OUT-OF-STATE* LICENSE/PERMIT REQUIREMENTS:

- Furnish **documentary proof of his/her identity and date of birth** the same as for an original license.
- Obtain verification of their license status from the state the applicant is currently licensed in.
- A PDPS check is required to verify eligibility.

ALTERATIONS

Any document that contains an alteration that changes the name, date of birth, or other pertinent information will not be accepted.

FOREIGN DOCUMENTS

Any primary or secondary document that is in a language other than English must be translated into English and must be accompanied by a Certificate of Accuracy of Translation by the person translating the document(s). DMV will accept the self-certification of anyone who certifies they have the competency to translate.

Cross Reference:

App. D	DMV Addresses
D-073	Class D - Basic Driver License

HISTORY:

7/1/06 - Regulation change from 13 AAC 08.330(b) to 2 AAC 90.420 (b).

NEXT SOP

Return to Top / Go to Index - Accounting, Boat, DL, CDL, Registration & Title

Duane Bannock
PO Box 2044
1908 E Aliak Street
Kenai, AK 99611
907 398 2316

April 1, 2009

Re: HB 3

Dear Representative Stoltz,

I have followed, with great interest, House Bill 3 filed by Representative Bob Lynn. As you may know, during my time as your Division of Motor Vehicles (DMV) director, I testified several times in support of bills with similar content.

There has been much good discussion of the policy merits of this bill, including the basic premise that illegal aliens should not be allowed the privilege of an Alaska Driver's License or Identification Card (DL/ID).

There has also been much discussion of the legislature's expressed concern with Alaska's compliance with the federal Real ID Act.

There have also been detractors of this bill, referring to it as the "back door to Real ID compliance." As a person who has spent a great deal of time and attention to the Real ID Act I can assure you that there is language within HB 3 that I refer to as "Anti-Real ID provisions" or a "poison pill" to compliance with the Act.

Please see the new language found in *Sec. 5 AS 28.15.031 (b) (8) (A):

> "...**a person who is seeking a renewal of, duplicate of, or change of legal name on a license is presumed to meet the requirements of this subparagraph if the license has not been expired for more than 90 days..."**

By this "presumed" clause, the statute is in direct conflict with the provision in the Act that all DL/ID holders re-apply at DMV prior to any new DL/ID issuance. The application process mandated by the Act would require the proof of legal presence for all Alaskans, even those that have been in the DMV systems for decades! Clearly, HB 3 allows that those persons currently in the DMV systems today would not be required to make such new application; I refer to those persons as "grandfathered" as they are not subject to the new requirements of HB 3.

In overly simple language, HB 3 will prohibit a person who is not lawfully in Alaska, to receive an Alaska DL/ID. It will also amend the law to give flexibility to the expiration date of any DL/ID given to a person who is lawfully in the US on a limited basis. For example: a student attending college in Alaska, but a resident of another country, who is legally authorized stay in the United States four (4) years would have their Alaska DL/ID expiration date adjusted to coincide with the lawful length of stay. Under current statutes all DL/ID expiration dates are fixed to five (5) years.

Thank you for your consideration of this important bill. I respectfully ask that you pass this bill from committee and I urge its passage into law.

Sincerely

Duane Bannock

Cc: Alaska House of Representatives Finance Committee Members
Representative Bob Lynn

Alaska State Legislature

Chairman
State Affairs Committee

Member
Judiciary Committee
Labor & Commerce Committee
Health & Social Services Committee
Military & Veterans Affairs Committee

Finance Subcommittees
Labor and Workforce Development
Military and Veterans' Affairs
Public Safety

A Communication From
REPRESENTATIVE BOB LYNN
District 31 Anchorage

E-Mail: Representative_Bob_Lynn@legis.state.ak.us
"Bob Lynn's Alaska Blog" www.RepLynnBlog.com

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Memorandum

February 11, 2009

To: Representative Bill Stoltze, Co-Chairman
Representative Mike Hawker, Co-Chairman
House Finance Committee

From: Representative Bob Lynn

RE: Witness list and Teleconference and off-net site requests for HB 3

Name: Kevin Brooks, Division Director of **Commissioner-ADMINSTRATION**
Phone: (907)465-5671
Email: kevin.brooks@alaska.gov

Name: Whitney Brewster, Division Director of **DMV-ADMINSTRATION**
Phone: (907)269-5559
Email: whitney.brewster@alaska.gov

Name: **Kerry Hennings,** Driver Licensing Manager of **DMV-DRIVER SERVICES**
1300 W Benson Blvd, Ste 100 Anchorage, AK 99507 **Off-Net Requested**
Phone: (907)269-3770
Email: kerry.hennings@alaska.gov

Name: Jessica Vaughan of the **Center for Immigration Studies**
1522 K Street, NW, Suite 820 Washington, DC 20005-1202 **Off-Net Requested**
Phone: 508-346-3380
Email: JessicaVaughan@Verizon.net

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 4, 2009

SUBJECT: Sectional Summary - HB 3 (Work Order No. 26-LS0008\A)

TO: Representative Bob Lynn

FROM: Gerald P. Luckhaupt
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, please note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill - the bill itself is the best statement of its contents.

Section 1. Amends AS 18.65.310(a) by providing a five year expiration date for most identification cards issued by the state.

Section 2. Amends AS 18.65.310(g) by providing an eight year expiration date for free identification cards issued to those 60 years of age or older.

Section 3. Amends AS 18.65.310 by adding new subsections that restrict the issuance of identification cards to persons who are not citizens, nationals, legal permanent residents, or conditional resident aliens of the United States; allow the Department of Administration to issue identification cards to certain other persons who are legally present in the United States after presentation of evidence and provides that identification cards issued to these persons expire when their authorized stay in the United States expires, or in certain cases one year.

Section 4. Amends AS 28.15.031(b) by restricting the issuance of driver's licenses to persons who are not citizens, nationals, legal permanent residents, or conditional resident aliens of the United States; allows the Department of Administration to issue driver's licenses to certain other persons who are legally present in the United States after presentation of evidence..

Section 5. Provides a conforming change to the change made in Section 6.

Section 6. Provides that driver's license cards issued under Section 4 to persons who are legally present in the United States expire when their authorized stay in the United States expires, or in certain cases one year.

Section 7. Provides an effective date.

GPL:plm
09-066.plm

ALASKA JUSTICE FORUM

A Publication of the Justice Center

Fall 2006 Index | PDF UNIVERSITY of ALASKA ANCHORAGE Vol. 23, No. 3

A Look at Immigration Numbers

Antonia Moras

Sidebar stories: Research Sites for Immigration Questions

Moras, Antonia. (Fall 2006). "A Look at Immigration Numbers." *Alaska Justice Forum* 23(3): 3-4. This article provides an overview of the most reliable figures on immigration—both authorized and unauthorized—for the United States as a whole and for Alaska in particular.

See also:
> Noncitizens & Immigration

What follows is an overview of the most reliable figures on immigration—both authorized and unauthorized—for the country as a whole and Alaska, in particular.

Authorized Immigrants

Authorized immigrants are those who, in common parlance, have "green cards." They have been admitted to the United States with permission to stay indefinitely through one of a number of different program routes. (In addition to admittance as immigrants, non-citizens can stay in the U.S. legally for varying periods with differing status—as tourist, diplomat, or student, among other possibilities.) In the data assembled by the Office of Immigration Statistics, which is now in the Department of Homeland Security, they are defined as *legal permanent residents* or LPRs. The Office of Immigration Statistics is the source for the fullest and most detailed data on authorized immigration. The office publishes an annual compendium that shows the number of immigrants and various demographic data, including countries of origin, countries of birth, and state of residence, and type or category of admission. The yearbook also provides data on non-immigrant admissions—refugees and asylees—as well as data on naturalization —the process of becoming U.S. citizens for those not born here.

According to the *2005 Yearbook of Immigration Statistics*, 1,122,373 individuals received legal documentation to remain in the U.S. as LPRs, including 1,525 in Alaska. Also, in 2005, 604,280 foreign-born residents became U.S. citizens, including 951 Alaskans. (The total 2005 U.S. population was 296 million. The Alaska 2005 population was 642,000.)

In addition to the yearbook, the Office of Immigration Statistics also publishes a range of analyses of immigration data—for example, discerning the flow of immigration over varying periods to the different states. A September 2005 paper by John Simanski, "Mapping Trends In U.S. Legal Immigration: 1980 to 2003," reveals that although the flow of immigrants to the state has risen over the two-decade period as it has in the country as a whole, Alaska is very far down in ranking as the state of residence for authorized immigrants—receiving a total of 25,968 individuals as LPRs across the 23 years. These state-of-residence figures are based only on the individual's declaration at the time documentation was granted and do not reflect ensuing changes in residence.

The U.S. Census, taken every ten years, provides a slightly different perspective on the foreign-born population—both legal permanent residents and naturalized citizens. The census assembles figures at much more detailed geographic levels and, unlike the Office of Immigration Statistics figures, provides a snapshot of the characteristics of the population of a specific place at a specific time. The 2000 U.S. Census listed 37,170 Alaskans as foreign-born. Of this number, 20,011 were naturalized citizens; 17,159 were not

EXHIBIT E

citizens. According to the American Community Survey, which is now the Department of Census means of estimating during non-census years, 34,368 Alaskans were foreign-born in 2005 (5 % of the total state population), of whom 20,178 were naturalized citizens.

Alaska differs from the nation as a whole with regard to the country of origin of its foreign-born residents. In 1995, for the country as a whole, Mexico was the country of birth for the highest number of immigrants, with 161,445 authorized immigrants, and immigrants from India formed the second most populous group—84,681 individuals. In Alaska in 2005, the countries of birth for the two most populous groups of immigrants were the Philippines (435) and Russia (115). Mexico ranked third (96).

Unauthorized Immigrants

For obvious reasons, there are no precise numbers on unauthorized immigrants—"illegal aliens"—those individuals who stay in the U.S. without currently valid legal documentation. All figures given for state and national totals of unauthorized immigrants are estimates, as are economic figures and other calculations derived from them. The degree of precision to the estimates varies.

Again, the best source is the Office of Immigration Statistics, which in August 2006 released its most recent figures on the unauthorized immigrant population—"Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2005." According to this report, an estimated 10.5 million unauthorized immigrants lived in the country in January 2005. This is the figure most commonly used in general media discussions of the unauthorized immigrant population. The estimate for January 2000 was 8.5 million. A comparison of the two figures reveals a growth of 24 percent over the five years. The publication also provides estimates for the five states with the highest numbers of unauthorized immigrants, but not for Alaska. The numbers for 2005 have been derived using an elaborate statistical model which is not valid for population numbers as low as Alaska's. An earlier study, published by the same office but based on a different methodology, estimated that in 2003, 5,000 unauthorized immigrants were living in Alaska.

Bureau of Immigration and Customs Enforcement (ICE) Figures

Another figure that might throw some light on the unauthorized immigrant population is the number of individuals placed in removal (deportation) proceedings by the Bureau of Immigration and Customs Enforcement (ICE, also in the Department of Homeland Security). For the most part, these individuals were in the country without valid legal documentation. The numbers reflect only those who have come to the attention of ICE. The Alaska ICE office did not respond to repeated Forum requests for these numbers. The latest available figure for the state is from FY 2002, when 71 individuals were deported; and 12 agreed to voluntary departure directly from Alaska.

Other Numbers

Since a commonly stated concern regarding immigration is that immigrants draw heavily on public funds—for education, health care and public assistance—the Forum attempted to gather some other relevant figures for Alaska.

Few government or social service agencies in the state compile data on the immigration status of recipients of their services. Neither the Department of Education nor the Anchorage School District track the immigration status of students; Providence Hospital does not ask patients about their immigration status; and the Public Defender Agency does not maintain data on the citizenship or immigration status of clients.

The Department of Corrections compiles some numbers on the immigration status of inmates, in cooperation with the federal government under the State Criminal Alien Assistance Program (SCAAP). The department submits numbers on those inmates who are not legal residents and have been convicted of a felony or two misdemeanors. According to U.S. Bureau of Justice Assistance data, in 2005 the Alaska Department of Corrections held 22 inmates who were undocumented aliens, for a total 788 inmate days, and 65 whose citizenship and immigration status could not be determined for a total 2,605 days. These inmate days represent less than one-third of one percent of total DOC inmate days in 2005.

The Division of Public Assistance has numbers on the citizenship status of its recipients—all of whom

are legal residents. In June 2006, 4,109 non-citizens were receiving public welfare benefits—3.4 percent of the total statewide number of public assistance recipients—120,550.

Finally—in 2006, 44,307 foreign-born Alaska residents, including 13,552 individuals who were not citizens but were legal residents, received permanent fund dividends—in a total pool of 602,350 eligible applicants.

*Antonia Moras is the editor of the **Alaska Justice Forum**.*

Research Sites for Immigration Questions

The vast number of internet sites dealing with immigration questions vary widely in quality and reliability. Two nonpartisan organizations whose sites regularly present the results of solid research studies are:

The Urban Institute at www.urban.org: The Urban Institute has studied immigration issues for over twenty-five years, particularly looking at the impact of immigration on the economy and the labor market and at the status and well-being of immigrant children.

The Pew Hispanic Center at www.pewhispanic.org: The Pew Hispanic Center, which is part of the Pew Charitable Trusts, focuses on the U.S. Hispanic-Latino population—both citizens and non-citizens.

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Last updated 17-Dec-2007 by ayjust@uaa.alaska.edu

Submitted by: Assembly Member BAUER
Reviewed by: Assembly Counsel
For reading: February 12, 2008

ANCHORAGE, ALASKA
AR NO. 2008–20

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY IN SUPPORT OF SENATE BILL 215 AND HB 3, INTRODUCED BY THE 25TH LEGISLATURE OF THE STATE OF ALASKA, TO AMEND ALASKA STATUTE 18.65 RELATING TO PROOF OF LEGAL RESIDENCY BY APPLICANTS REQUESTING ISSUANCE OF A STATE OF ALASKA IDENTIFCATION CARD OR STATE OF ALASKA DRIVER'S LICENSE.

WHEREAS, the State of Alaska Division of Motor Vehicles presently issues official State of Alaska identification cards and State of Alaska driver licenses without proof of legal status to reside in the United States; and

WHEREAS, in the 25th Legislature of the State of Alaska, legislation has been introduced in both the Alaska State Senate, SB 215, and the Alaska House of Representatives, HB 3, to amend Alaska Statute 18.65 and require proof of legal residency status from applicants requesting issuance of a State of Alaska identification card or an Alaska driver's license; and

WHEREAS, Alaska continues to experience population growth from migration; and

WHEREAS, in almost every year of population growth state-wide in Alaska, Anchorage has seen the largest increase in migration; and

WHEREAS, from 2001-2003, the states with the most migration to Alaska were Washington 10.4%, California 9.0%, Texas 7.3%, and Oregon 4.7%; and

WHEREAS, three of these states (Washington, California, and Oregon) are among the nine states, including Alaska, that in the past have not required proof of legal status to reside in the United States; the Oregon legislature having just recently decided to make proof of legal residency status a requirement for issuance; and

WHEREAS, from 2003-2006, the trend of migration to Alaska has been from international countries; and

WHEREAS, results received January 28, 2008, from Immigration Customs Enforcement (ICE) in response to a Freedom of Information Request, show that in Anchorage, beginning in 2004 through January 2008, law enforcement actions involving illegal immigrants included 74 criminal arrests, 102 alien administrative arrests, 10 worksite enforcement-criminal actions, 26 worksite enforcement-administrative actions, and 5 human

smuggling-criminal arrests; and

WHEREAS, requiring proof of legal status to reside in the United States in the issuance of official identification and driver's licenses by the State of Alaska is a step that will benefit Anchorage, as the state's largest population center;

NOW THEREFORE BE IT RESOVED:

The Anchorage Assembly supports SB 215, HB 3, and all efforts by the 25th Legislature of the State of Alaska to ensure that proof of legal status to reside in the United States is required in the issuance of official identification and driver's licenses by the State of Alaska.

PASSED AND APPROVED by the Anchorage Assembly this _____day of _____, 2008.

_____
Chair

ATTEST:

_____
Municipal Clerk

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Next week, DMV won't have to look away

Posted: March 27, 2007

Patrick McIlheran

Come Sunday, some Wisconsin bureaucrats will feel relief. This is a good sign.

The bureaucrats, who work for the state Motor Vehicles Division, are relieved they won't be helping to break the law. Until now, they've been unwillingly doing that, providing driver's licenses, a basis for a legally documented American life, to people here illegally. State law says the agency can't deny a license to someone for being an illegal immigrant, say officials. That ends Sunday.

Wisconsin is one of 10 states that doesn't require proof of lawful presence, as it's known. This has meant that illegal immigrants came here to get a license they couldn't get in Illinois, Minnesota or elsewhere. That's fraud. Gary Guenther, who oversees the DMV's field services, says the agency took steps to cut down on it, investigating addresses and changing procedures. But Sunday's change, ending our status as the Island of Easy Licenses, will do much more, he says.

Then you've got people who genuinely do live in Wisconsin but are illegal immigrants. That the agency had to give them licenses anyhow, helping them stay, grated on some people, including some DMV employees.

Ex-employee Lee Steines said it bothered him enough that he quit his customer service job at the agency a year ago. The question, he said, was,

"Am I going to do this, or am I going to face myself in the mirror in the morning?"

He and other agents said they knew they were licensing illegal immigrants. Often, it was when they'd ask the customer for a Social Security number, something the state long has done. There's a form for applicants without one, mainly to handle religious objections. But Steines says he had applicants tell him they didn't have a number because they were in the U.S. illegally. Other agency employees have related similar stories. There wasn't anything they could do.

"It just wasn't right," Steines says. "And people knew in their hearts it wasn't right."

Steines doesn't fault the agency, limited by law and its state mandate. As Guenther puts it, "We have to operate in a way that supports the laws." His staff is good at spotting fake documents, he says, and it can decipher foreign-language birth certificates. But until Sunday, the agency doesn't have the authority to say no to someone in the U.S. illegally.

That's what changes: Along with proof of one's birth date, name, identity and Wisconsin home, the state will require proof an applicant's here legally.

Guenther is careful to note the change has pluses and minuses. It all serves a good purpose, he says. "You have to protect the integrity of the product" - the license.

This is not to say that most illegal immigrants are getting a Wisconsin license to cause trouble. They're doing it to drive to work. They broke U.S. law in coming here not because they wanted to be criminals but because they were looking for a better life.

But the better life is reflected in a pay stub with a Social Security number on it that isn't theirs. Steines says applicants would tell agents that. The pay stub that proved their Wisconsin residency bore a number that would come up invalid if checked. Whatever the intentions, illegal immigration involves fraud.

Protesters marched last weekend in Madison against the new rules, saying they'll "marginalize" people. Being here illegally already did that. If anything,

the explosion in illegal immigration threatens the welcome we extend to *legal* immigrants.

In lieu of persuading Americans to change our immigration laws, the advocates of illegal immigrants demand we ignore the distinction between legal and illegal immigration. They demand we accept that illegal immigrants will drive no matter what, so we might as well give them IDs.

That's not right. More immigration would be good for America if it's handled properly. Accepting people who sneak in or who overstay visas while millions around the world wait a decade or more to get in the legal way doesn't seem to be a good way of handling it.

Telling state employees that they must, by law, ignore the fact a license applicant is here unlawfully isn't right, either. It shows contempt for law and for those who take it seriously. That this comes to an end on Sunday is good.

Patrick McIlheran is a Journal Sentinel editorial columnist. His e-mail address is pmcilheran@journalsentinel.com

Archive

- Pity act wears on neighbors (4/29/2007)
- A victory in seeing the clasping fingers (4/27/2007)
- Defense is rational, teachable (4/25/2007)
- Getting cleaner every day (4/22/2007)
- Danger in leaving loaded ideas lying around (4/20/2007)
- If lake pact dries up Waukesha, many may say, 'Oh, wells' (4/18/2007)
- Better odds of a birthday (4/15/2007)
- Biskupic suffers for being in line of fire (4/13/2007)
- Beloved but not sacrosanct (4/8/2007)
- 'No' means 'try again,' and that's reasonable (4/6/2007)
- Tide starts to turn, one tip at a time (4/4/2007)
- If anyone's afraid, let it be thugs (4/1/2007)
- Next week, DMV won't have to look away (3/28/2007)
- Clifford's 'gut check' is spookier (3/25/2007)
- State-set orthodoxies make schools a cultural battlefield (3/21/2007)
- Defeat is interrupted by reality (3/18/2007)
- $1.74 billion: It could be worse, but not much (3/16/2007)
- Gun ban's demise is good news in both theory, practice (3/14/2007)
- No more money for 'that snake' (3/11/2007)
- Transit's a nice choice - as long as you have a choice (3/9/2007)

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THE AMERICAN RESISTANCE

Drivers Licenses for illegal aliens

Issues

The open borders lobby routinely lobbies state legislatures to issue drivers licenses to illegal aliens as one of the keys to erasing the distinction between legal citizens and illegal aliens.

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Race Industry
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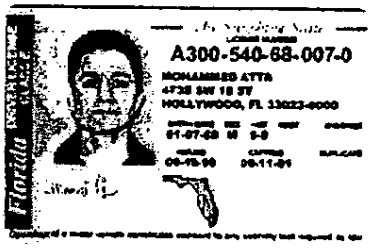
In the U.S., the drivers license is our de facto universal identification card. Yet many states do not thoroughly verify applicants' identities. Many states do not require a valid Social Security number to get a license and many will issue a state ID number for those without a Social Security number.

This makes it very easy for illegal aliens to obtain drivers licenses. These licenses become "breeder documents" which allow the recipient to obtain additional documents, based upon the false premise that he is a U.S. citizen. For example, all of the 9/11 hijackers had driver's licenses or state-issued non-driver's identification cards, which they then could use when opening bank accounts, renting housing, and boarding planes.



Eleven states issue drivers licenses to illegal aliens, including Alaska, Connecticut, Idaho, Louisiana, Montana, Nevada, New Mexico, North Carolina, Ohio, Rhode Island, Tennessee, Utah, Washington and West Virginia. In 2003, California's Governor Davis signed into law a bill that would give illegals drivers licenses. It is widely believed that this was the final act that contributed to his 2003 recall. Immediately after this law was signed, hundreds of thousands of signatures were collected that would have placed the question on the March 2004 general election ballot. Incoming Governor Schwarzenegger annulled the law, purportedly so that the electorate would not have a chance to vote on the issue.

One of the arguments in favor of issuing drivers licenses to illegal aliens is that it will make our roads safer. This is not likely, as someone who has broken U.S. law to come here will most likely continue to break our laws - including traffic laws - and to drive without insurance and to obtain "breeder" licenses under false names.

For more information, see:

- Driver's License Security by the Federation for American Immigration Reform.
- Should illegal aliens get driver's licenses?, by Phyllis Schlafly, May 13, 2003.
- Immigrant Access to Drivers' Licenses - a handbook from a coalition of anti-American organizations to promote driver's licenses for illegal aliens.
- MALDEF 'Profoundly Disappointed' With Governor Schwarzenegger's Veto Of Driver's License Bill, September 22, 2004.

Institute rates Alaska DMV as one of most lax in U.S. -
LICENSES: State disputes claim that it deserves an "F" in verifying applicants' identities.

Anchorage Daily News (AK)
April 22, 2004
Author: RICHARD RICHTMYER
Anchorage Daily News
Staff
Estimated printed pages: 4

Alaska's Division of Motor Vehicles is among the nation's most lax when it comes to verifying the identities of driver's license applicants, according to a new study.

"The findings, frankly, are stunning," said Amitai Etzioni, director of the Institute for Communitarian Policy Studies at George Washington University, which examined the safeguards in place at motor vehicle offices in all 50 states.

The Institute, which promotes a balance between individual rights and social responsibility, looked into the subject because driver's licenses are widely used as the definitive ID, and the Sept. 11, 2001, terrorists got theirs through other lax states, namely Florida and Virginia, Etzioni said.

Those states have since shored up their systems, making states that haven't done so attractive destinations for future terrorists looking to acquire false identification from a valid source, Etzioni said.

"We know that the terrorists always discover where the weakest links are," he said.

Officials at the DMV and the state's Division of Homeland Security called the study's conclusions unfair, arguing that it did not take into account all of the identity-verification measures in place, only a select few that aren't.

The Institute established four steps it said states should take, at a minimum, to ensure effective screening for fraudulent applications and assigned a grade based on how many they used.

The steps were verifying Social Security numbers using an online database system; requiring proof that the applicant is legally in the United States and a resident in the state; linking license expiration dates to visa expiration dates for foreigners; and using biometric information, such as fingerprints or retinal scans, to verify identity.

Alaska is one of only four states that got an "F" for not taking any of those steps, Etzioni said. Wisconsin, Michigan and Oregon also flunked the Institute's test.

DMV director Du- ane Bannock acknowledged that Alaska's system isn't perfect, but he argued that Alaska doesn't deserve a failing grade and the Institute's study only looked at part of the system.

Although Social Security cards are allowed as one form of acceptable identification, they are not required, and Bannock said it's easy to get a fake number that would check out on a database.

Applicants for an Alaska driver's license are required to present two pieces of identification, a "primary," that proves date of birth, and a "secondary" to prove identity. An applicant furnishing two primary forms of identification is not required to show a secondary form, Bannock said.

Acceptable primary identification documents include an original or certified birth certificate, a court order, another state's driver's license, a copy of a driver's record from another state, and a military ID card, Bannock said.

Social Security cards are on a list of about two dozen acceptable forms of secondary identification, which also includes health insurance cards, photographic employee identification cards and even income tax returns, Bannock said.

Workers who process driver's license applications across the state receive regular training in how to spot fake birth certificates, Social Security cards and other identifying documents, Bannock said.

Alaska's DMV has no immediate plans to put in place a Social Security number verification system, nor is it likely that applicants will be fingerprinted or retinal scanned any time soon, Bannock said.

However, he said the idea of making driver's licenses for foreigners expire when their travel or work visas expire is a good one, and he called the Institute's criticism on that point fair.

"I would expect that's going to be changed here very soon," he said.

Meanwhile, state lawmakers next week are expected to resume debate on a bill that would require proof of citizenship or legal residency as a condition for getting an Alaska driver's license, which has been a hot-button in statehouses across the nation recently.

Alaska's bill, sponsored by Rep. Bob Lynn, R-Anchorage, has languished in Juneau since January 2003. Lynn said he hopes to get it passed out of the State Affairs Committee and onto the House floor before the Legislature adjourns the session in three weeks.

"I don't want Osama bin Laden or any of his friends to be able to get Alaska driver's licenses, and the way it is now, that in fact could happen," Lynn said.

An aide to State Affairs Committee Chairman Bruce Weyhrauch said he has put it on the hearings calendar for next week.

Tom Burgess, deputy director of the state's Division of Homeland Security and Emergency Management, said the institute's grading system was flawed, and that the state doesn't deserve an "F."

"Things like this do cause us concern, and we'd like to see something done in all these different areas," Burgess said.

"But I don't know that there's a bunch of holes in the system, and I haven't seen any indications that we have a problem," Burgess said. "People have to look at more criteria before they start assigning grades to states. A more thorough analysis is appropriate here."

Daily News reporter Richard Richtmyer can be reached at rrichtmyer@adn.com or 257-4344.

RANKING

GRAPHIC: A look at the criteria on which state DMVs were graded along with a list of the best and worst state DMVs.

Back Page

LICENSE TO HIDE: To read the report on drivers license screening in all 50 states, and how each state ranks, just follow the links.

www.adn.com/links
Caption:
Illustrated by Ron Engstrom

ILLUSTRATION SHOWS

Alaska's DMV fails test

A study shows Alaska often fails to verify the identities of driver license applicants.

Criteria

States were graded on how well they complied with four basic criteria:

1 Electronic verification of Social Security number

2 Requiring proof of legal residency in the nation and state

3 Linking license expiration dates to visa expiration dates for foreigners

4 Using biometric information such as fingerprints to verify identities

States that failed all criteria:

Alaska

Michigan

Oregon

Wisconsin

States that met all criteria:

Colorado

Kentucky

West Virginia
Caption:

Photo 1: ADNLinks_042204.jpg

Photo 2: 22DMV chart_042204.jpg

Edition. Final
Section. Main

by: *Phyllis Schlafly*

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Should Illegal Aliens Get Driver's Licenses?

email column

May 14, 2003

The hottest controversy in state legislatures today regards allowing illegal aliens to obtain driver's licenses. Americans were shocked to discover that most of the 19 hijackers on 9/11 carried driver's licenses from Virginia, Florida or New Jersey.

A driver's license is the pass to board a plane as well as the license to drive car. It confers a sort of quasi-citizenship and, as described by one illegal alien in Texas, "The driver's license ends up becoming our pass to be in this country."

Since 9/11, 21 states have enacted new legislation to make it harder to get driver's licenses, and legislation has been introduced in another 22 states. Even in Idaho, State Senator Cecil Ingram told a public hearing, "This has turned out to be a bigger problem than I thought."

The states embarrassed by the 9/11 hijackers have gotten the message. Virginia passed a bill to stop issuing driver's licenses to illegal aliens, and Florida and New Jersey passed legislation to coordinate driver's licenses with immigration visas.

New Jersey, where driver's licenses have been made of paper and do not require a photo, has long been the target of document fraud and counterfeiters. The state is now converting to state-of-the-art digitized driver's licenses with a dozen covert and overt security features, including a mandatory photo, bar code, hologram, and digital signature.

Peter Gadiel, whose 23-year-old son James died in the World Trade Center attack, has traveled from Connecticut to Virginia, Maryland, North Carolina and Tennessee to support beefed-up identification laws. Twenty states do not require applicants to prove they are legally in the United States.

Tennessee, another state known to be casual about issuing driver's licenses to illegal aliens, is considering a measure that would require driver's license applicants to present a document showing they are legally in this country. A Tennessee legislative committee also heard testimony about the need to tighten driver's license rules from April Gallop, a survivor of the 9/11 attack on the Pentagon.

Minnesota is trying to address the controversy through rulemaking by the Department of Public Safety. The proposed rule would require visitors to present documents to prove they are in the country legally, and the license would expire when their visas expire.

Georgia would seem an unlikely state for immigration controversies, but an estimated 435,000 Hispanics live in Georgia, a 300 percent increase over 1990, according to the U.S. Census. A lively big group showed up at a hearing in Gainesville from the town of Hall, where at least 19 percent of the

population is Hispanic and 85 percent of those are not citizens.

Georgia has been wrangling over a bill that would allow driver's licenses to be obtained by illegal aliens who come only from the "Free Trade Area of the Americas," i.e., from Canada, Latin America, and some Caribbean islands.

Among those who spoke against the proposed legislation was retired Col. A.R. "Mac" MacCahan (whose Army unit lost 206 of 212 men fighting in the Korean War). He asked, "What part of illegal don't you understand?" Others ask, why reward people who have committed at least three felonies: illegal entry into the U.S., purchasing fraudulent documents to get a job, and misrepresenting the legality of those documents at the workplace?

Kentucky was once one of the easiest states for illegal aliens to get a driver's license. That changed after a 1998 incident in which the Immigration and Naturalization Service arrested a vanload of illegals from Russia who had traveled from New York to Louisville to get driver's licenses.

After that, Kentucky reinstituted a policy of requiring that noncitizens applying for licenses take a written test. County Circuit Clerk Tony Miller said, "We try to be helpful. We offer that test in 21 languages," but Miller didn't explain how it promotes safety to license drivers who can't read the road signs.

Arizona and Mississippi have killed bills to make it easier for illegal aliens to get a driver's license. California Governor Gray Davis has twice vetoed a bill to allow illegal aliens to obtain driver's licenses, but the legislature is still debating this issue.

INS public affairs officer Garrison Courtney identified one of the biggest problems: "If they were illegal when they came here, it's very difficult to determine who they really are because they've created illegal IDs for themselves." The Seattle Times reported that one U.S. Department of Justice raid discovered piles of cash totaling $95,262 plus $10,000 worth of computer equipment and specialty papers that had been used to print 800 fake driver's licenses, green cards, work permits, Mexican birth certificates, and Social Security cards.

Many are concerned about the danger from issuing licenses to terrorists who might use trucks loaded with gasoline or other hazardous materials in the same way that hijackers used commercial airliners on 9/11. The U.S. Transportation Department reported last year that we lack sufficient safeguards, particularly from the many states that do not require applicants to prove they are legally in the country.

Phyllis Schlafly is the author of "Feminist Fantasies" (Spence Pub. Co., 2003)

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washingtonpost.com

No Driver's Licenses for Calif. Illegal Immigrants

By Kimberly Edds
Special to The Washington Post
Friday, September 24, 2004; Page A04

LOS ANGELES, Sept. 23 -- Gov. Arnold Schwarzenegger (R) late Wednesday vetoed a bill that would have given as many as 2 million illegal immigrants California driver's licenses, saying the measure failed to provide sufficient security provisions at a time of heightened terrorism fears.

"This bill does not adequately address the security concerns that my Department of Homeland Security and I have, and I cannot support it," Schwarzenegger said in a brief veto message.

Ten states allow illegal immigrants to apply for licenses, and the issue has long been important to Latino lawmakers here. They accused Schwarzenegger of backing out of a deal to work together to reach a mutually acceptable bill.

"He chose to veto the best driver's license bill proposal in the nation -- one that strengthens national security and public safety while holding immigrants to the highest level of responsibility in the nation," said state Sen. Gil Cedillo (D-Los Angeles), who sponsored the bill and three previous versions. Supporters say that illegal immigrants contribute to the state's economy and that the bill would have improved road safety by forcing them to take driving tests and get insurance.

But opponents argued the measure would reward people who are in the country illegally and could make it easier for terrorists to assimilate. Polls show a majority of California voters are against allowing undocumented immigrants licenses.

"Illegal immigrants are in direct violation of our federal immigration laws. These laws require them to be deported, not accommodated," Republican state Sen. Tom McClintock said.

In an effort to emphasize the added safety measures, the bill had been

renamed the Immigrant and Security Act. Illegal immigrants would have to pay for extensive background checks and be fingerprinted. The cost would have been $141, compared with $24 for a standard license.

The legislature approved a similar proposal last year which then-Gov. Gray Davis (D) signed into law. Davis had long opposed the measure but changed his stance amid his tough, and eventually unsuccessful, effort to stave off being recalled.

Schwarzenegger opposed the measure. After his election last year, legislators repealed the law.

Some lawmakers said they voted for the repeal only after being told Schwarzenegger was committed to a new proposal with increased security measures. But negotiations on the proposal stalled when Schwarzenegger insisted there be an identifying mark on the license to distinguish the holder as a noncitizen -- a requirement rejected by Latino lawmakers as discriminatory.

Schwarzenegger pledged to veto the measure when legislators approved it Aug. 27 without the mark provision.

More than 20 states, including Virginia, prohibit illegal immigrants from getting licenses.

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MICHIGAN

Michigan to stop issuing licenses to illegal immigrants

LANSING — Michigan will no longer let illegal immigrants get driver's licenses, a practice just seven other states continue to allow. Michigan Secretary of State Terri Lynn Land, who oversees the motor vehicle department, announced the new policy Monday and said it takes effect today. Hawaii, Maine, Maryland, New Mexico, Oregon, Utah and Washington do not require drivers to prove legal status to obtain a license. Michigan borders Canada and contains some of the nation's busiest boundary crossings.

1/22/08

EXHIBIT D

Adopted 4/03/09

26-LS0008\P
Luckhaupt
3/30/09

CS FOR HOUSE BILL NO. 3( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES LYNN, HAWKER, CHENAULT, STOLTZE, RAMRAS, AND JOHNSON

A BILL

FOR AN ACT ENTITLED

"An Act relating to issuance of identification cards and to issuance of driver's licenses; relating to regulations concerning identification cards and driver's licenses; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 18.65.310(a) is amended to read:

(a) Upon payment of a $15 fee, the department shall issue a card identical to the motor vehicle operator's license provided for in AS 28.15.111, except that the card shall be of a different color and shall state in bold type letters across the face of it that it is for identification purposes only. **Except as provided in (g) and (*l*) of this section, an identification card expires on the person's birthday in the fifth year following issuance of the card.**

*** Sec. 2.** AS 18.65.310(g) is amended to read:

(g) If the person applying for the identification card provided for in (a) of this section is 60 years of age or older, charge may not be made for issuance of the card.

Except as provided in (*l*) of this section, an identification card issued to a person who is 60 years of age or older expires on the person's birthday in the 10th year following issuance of the card.

*** Sec. 3.** AS 18.65.310 is amended by adding new subsections to read:

(k) The department may not issue an identification card under (a) of this section to a person who has not presented to the department valid documentary evidence that the person is a citizen of the United States, a national of the United States, a legal permanent resident of the United States, or a conditional resident alien of the United States.

(*l*) Notwithstanding (k) of this section, the department may issue an identification card to a person who presents in person valid documentary evidence of (1) a valid, unexpired nonimmigrant visa or nonimmigrant visa status for entry into the United States, (2) a pending or approved application for asylum in the United States, (3) entry into the United States in refugee status, (4) a pending or approved application for temporary protected status in the United States, (5) approved deferred action status, or (6) a pending application for adjustment of status to legal permanent residence status or conditional resident status. The identification card authorized under this subsection is valid only during the period of the time of the person's authorized stay in the United States and must clearly indicate that expiration date. If the period of authorized stay is indefinite, the expiration date for the identification card is one year from the date of issue. The identification card authorized under this subsection may be renewed only on presentation of valid documentary evidence that the status by which the person qualified for the temporary identification card has been extended by the proper United States government authority. The department may by regulation specify what is valid documentary evidence under this subsection except that the department may not specify that a matricula consular card is valid documentary evidence.

(m) The commissioner of administration may not adopt a regulation related to identification cards solely to bring the state into compliance with the requirements of the federal REAL ID Act of 2005 (P.L. 109-13, Division B).

*** Sec. 4.** AS 28.05.011 is amended by adding a new subsection to read:

(c) The commissioner of administration may not adopt a regulation related to

driver's licenses solely to bring the state into compliance with the requirements of the federal REAL ID Act of 2005 (P.L. 109-13, Division B).

*** Sec. 5.** AS 28.15.031(b) is amended to read:

(b) The department may not issue an original or duplicate driver's license to, nor renew or reinstate the driver's license of, a person

(1) whose license is suspended, revoked, canceled, or withdrawn**, or who is disqualified from obtaining a license,** in this or any other jurisdiction except as otherwise provided in this chapter;

(2) who fails to appear in court for the adjudication of a certain vehicle, driver, or traffic offense when the person's appearance is required by statute, regulation, or court rule;

(3) who is an habitual user of alcohol or another drug to such a degree that the person is incapable of safely driving a motor vehicle;

(4) when the department, based upon medical evidence, has determined that, because of the person's physical or mental disability, the person is not able to drive a motor vehicle safely;

(5) who is unable to understand official traffic control devices as displayed in this state or who does not have a fair knowledge of traffic laws and regulations, as demonstrated by an examination;

(6) who has knowingly made a false statement in the person's application for a license or has committed fraud in connection with the person's application for, or in obtaining or attempting to obtain, a license, or who has not applied under oath on the form provided for the purpose of obtaining or attempting to obtain a license or permit; [OR]

(7) who is required under AS 28.20 to furnish proof of financial responsibility and who has not done so**; or**

(8) who has not presented to the department

(A) valid documentary evidence that the person is a citizen of the United States, a national of the United States, a legal permanent resident of the United States, or a conditional resident alien of the United States; a person who is seeking a renewal of, duplicate of, or change of

legal name on a license is presumed to meet the requirements of this subparagraph if the license has not been expired for more than 90 days or been cancelled, suspended, or revoked and the person has not been disqualified from obtaining a license; if the department has been notified by a local, state, or federal government agency that the person seeking a renewal of, duplicate of, or change of legal name on a license is not a citizen of the United States or is not legally in the United States, then the presumption available in this subparagraph does not apply; the department may by regulation specify what is valid documentary evidence under this subparagraph except that the department may not specify that a matricula consular card is valid documentary evidence; or

(B) in person, valid documentary evidence of (i) a valid, unexpired nonimmigrant visa or nonimmigrant visa status for entry into the United States, (ii) a pending or approved application for asylum in the United States, (iii) entry into the United States in refugee status, (iv) a pending or approved application for temporary protected status in the United States, (v) approved deferred action status, or (vi) a pending application for adjustment of status to legal permanent residence status or conditional resident status; a license issued under this subparagraph may be renewed only on presentation of valid documentary evidence that the status by which the person qualified for the license has been extended by the proper United States government authority; a change of name for a license issued under this subparagraph may be made only on presentation of valid documentary evidence that the person's name has been changed with regard to the status by which the person qualified for the license; a duplicate license for a license issued under this subparagraph may be issued only on presentation of valid documentary evidence that the person's status by which the person qualified for the license remains valid and in effect; the department may by regulation specify what is valid documentary evidence under this subsection, except that the department may not specify that a matricula consular card is valid documentary

evidence.

*** Sec. 6.** AS 28.15.101(a) is amended to read:

(a) Except as otherwise provided in this chapter **and in (d) of this section**, a driver's license expires on the licensee's birthday in the fifth year following issuance of the license. A license may be renewed within one year of its expiration upon proper application, payment of the required fee, and except when a license is renewed under (c) of this section, successful completion of a test of the licensee's eyesight.

*** Sec. 7.** AS 28.15.101 is amended by adding a new subsection to read:

(d) A driver's license issued under AS 28.15.031(b)(8)(B) is valid only during the period of the time the person is authorized to stay in the United States and must clearly indicate the expiration date. If the period of authorized stay is indefinite, the expiration date of the license is one year from the date of issue.

*** Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to read:

NO COOPERATION WITH FEDERAL REAL ID ACT. This Act may not be construed as support for, or cooperation with, the Federal REAL ID Act of 2005 (P.L. 109-13, Division B).

*** Sec. 9.** This Act takes effect January 1, 2010.

2/17/09 AMENDMENTS NOT TAKEN UP

26-LS0008\A.1
Luckhaupt
2/9/09

AMENDMENT 1

OFFERED IN THE HOUSE
TO: HB 3

By Rep. Stoltze
by request

Page 1, line 1, following "**licenses**":

Insert "**relating to regulations concerning identification cards and driver's licenses;**"

Page 2, following line 25:

Insert a new bill section to read:

"*** Sec. 4.** AS 28.05.011 is amended by adding a new subsection to read:

(c) The commissioner of administration may not adopt a regulation solely for the purpose of implementing or aiding in the implementation of the requirements of the federal REAL ID Act of 2005 (P.L. 109-13, Division B)."

Renumber the following bill sections accordingly.

2/17/09

26-LS0008\A.2
Luckhaupt
2/17/09

AMENDMENT 2

OFFERED IN THE HOUSE BY REPRESENTATIVE GARA

TO: HB 3

Page 1, line 1, following "**licenses;**":

Insert "**relating to regulations concerning identification cards and driver's licenses;**"

Page 2, following line 25:

Insert a new bill section to read:

"*** Sec. 4.** AS 28.05.011 is amended by adding a new subsection to read:

(c) The commissioner of administration may not

(1) adopt a regulation that imposes any burdens of proof or requirements for the production of documents or other information that are contained in or imposed by the federal REAL ID Act of 2005 (P.L. 109-13, Division B) on persons who are legally in this country beyond the requirements contained in AS 18.65.310(k) and (*l*) and AS 28.15.031(b)(8); or

(2) participate in any national identification or information sharing programs that may be required by the federal REAL ID Act of 2005 (P.L. 109-13, Division B)."

Renumber the following bill sections accordingly.

2/17/09

AMENDMENT # 3

OFFERED IN THE HOUSE **BY REP. GARA**
HB 3

Page 2, lines1 and 2
Delete all material.
Insert "**who is 60 years of age or older does not expire.**"

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 6, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/2/09

The FINANCE Committee considered: **HOUSE BILL NO. 3**

"An Act relating to issuance of identification cards and to issuance of driver's licenses; and providing for an effective date."
HB 3 REQUIREMENTS FOR DRIVER'S LICENSE/I.D.

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 3 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [X] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

***PREVIOUS* FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
ADM	1	✓		

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
R Foster	Foster	X			
Henry T Crawford Jr	CRAWFORD				X
	Joule			X	
	Salmon			X	
	KELLY	X			
	Gara			X	
Chair:	Howard	★			
Chair:	Stoltze	X			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 3
(H) Publish Date: 2/6/09

Identifier (file name): HB03-DOA-DMV-02-04-09
Title "An Act relating to issuance of ID cards and driver's licenses"
Sponsor Rep. Lynn
Requester (H) STA

Dept. Affected: Administration
RDU Division of Motor Vehicles
Component Motor Vehicles
Component Number 2348

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual	15.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**15.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1156 Receipt Supported Services	15.0						
TOTAL	**15.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation will add the requirement of 'legal presence' in the U.S. to obtain a driver's license or ID card. Also, international customers who are lawfully in the U.S. for a limited times will now have an expiration date on the DL/ID that coincides with the date of stay.

The requested FY10 costs are to make major changes in DMV's computer system, ALVIN, to accept the new expiration dates and other verification fields.

Prepared by: Whitney Brewster
Division Motor Vehicles
Approved by: Kevin Brooks, Deputy Commissioner
Department of Adminstration

Phone 907-269-5574
Date/Time 2/4/09 9:30 AM
Date 2/4/2009

(Revised 9/10/2008 OMB)

2575

HB

7

<target><bill>HB 7</bill><subject>HB
7</subject><comm>HFIN26</comm></target>

Alaska State Legislature

State Capitol, Room 208
Juneau, Alaska 99801-1182
Phone: 907-465-3779
Fax: 907-465-2833
Toll Free: 800-469-3779

145 Main St. Loop
Second Floor
Kenai, Alaska 99611
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REPRESENTATIVE MIKE CHENAULT
SPEAKER OF THE HOUSE

SPONSOR STATEMENT

COMMITTEE SUBSTITUTE for HOUSE BILL 7 (TRA): ***"An Act naming the bridge over the Kasilof River on the Sterling Highway the Robert E. Bush, Jr., Memorial Bridge."***

House Bill 7 was introduced at the request of the uncle of Robert Bush. Robert Bush passed away on July 12, 2007. He served with the United States Army and served his country in Operation Desert Storm. Upon his discharge he returned home and was diagnosed with Type 1 diabetes. This disease eventually claimed his life.

His children drive over the Kasilof River daily and naming the bridge in Robert's honor would remind his family and the public of his contribution to his community and his country.

Representative_Mike_Chenault@legis.state.ak.us

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 24, 2010 **FURTHER REFERRALS:**

Date of Committee Action: 3/31/10

The FINANCE Committee considered: **HOUSE BILL NO. 7**

"An Act naming the bridge over the Kasilof River on the Sterling Highway the Robert E. Bush, Jr., Veterans' Memorial Bridge."

HB 7-ROBERT E. BUSH VETERANS' MEMORIAL BRIDGE

Recommends it be replaced with [ ] HCS *or* [✓] CS *for* HB 7 (TRA)
For Senate Bills with new title: [ ] Technical Title / [ ] New Title: HCR_____ **[ ] Same Title [✓] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
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DFG
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LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS FISCAL NOTES

List by Dept(s):	FN#	Fiscal	Indet.	Zero
DOT	1	✓		

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Austerman	X			
	Gara	✓			
	Doogan	✓			
	Joule	✓			
	Foster	✓			
	KELLY	✓			
	Salmon	X			
	FAIRCLOUGH	✓			
Chair:	Stoltze	*			
Chair:	Hawker	*			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 7(TRA)
(H) Publish Date: 2/24/10

Identifier (file name): HB7-DOT-CRF-2-22-10
Dept. Affected: DOT&PF
Title: Robert E Bush, Jr. Veterans Memorial Bridge
RDU: Statewide Facilities M&O
Component: Central Region Facilities
Sponsor: Rep. Chenault
Requester: H TRA
Component Number: 566

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	3.7						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**3.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	3.7						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**3.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Costs are for installation of signs in advance of the bridge, on new posts and foundations, in each direction of travel.

Prepared by: Mary Siroky, Legislative Liaison
Phone 465-4772
Division: Department of Transportation and Public Facilities
Date/Time 2/22/2010 11:59AM
Approved by: Frank Richards, Deputy Commissioner
Date 2/22/2010
Department of Transportation and Public Facilities

(Revised 11/6/2009 OMB)

Petition to have the Kasilof Bridge Dedicated to the name: Robert Bush Jr. Veterans Memorial Bridge

We miss you !!

Love you! Pray for you!

Robert Bush Jr. was born here in Kasilof in 1965 and lived his entirety here. Robert completed high school at SOHI and worked several professions, he enlisted in the United States Army and served his country in Iraq in Operation Desert Storm And finished his tour there. He returned home only to be diagnosed with type 1Diabetes which eventually claimed his kidneys and then his life on 7/12/07. Robert left behind two sons and two daughters. This would come as a great honor to his children and parents. It is pretty much up to our community whether this goes through. Thanks for your support.

David A. Bush	Box 573 Kasilof, AK 99610
Matanuska L. Bush	(Robert Bush Jr. Daughter)
Ann Bush	Box 573 Kasilof AK 99610
Jauna Lakindt	Box 424 Kasilof
TERRY DAWSON	P.O. Box 1035 KASILOF AK
Margaret Beckham	4401 K-13 Beachrd #1 Kenai
Ernest Fates	PO Box 9477 Kasilof AK
M. SHAEFFER	PO BOX 742 KASILOF AK
STACI MORGAN	PO BOX 795 KASILOF AK
Jeff Hughes	Po Box 795 KASILOF AK
Kelly James	Bx 1001 Kasilof
Dave Wavel	Bx 1001 Kasilof
	Box 965 KASILOF
	Box 926 Kasilof
Katrina Hatten	Bx 590 Kasilof, AK
Linda Ramburg	PO Bx 490 Kasilof
Jerry Hatten J	PO B 28335 Kasilof
Chris Humphrey	PO Bx 590 Kasilof, AK
BRANDI BROCK	PO Box 556 CLAM GULCH, AK

TURN PAGE FOR FREE SPACE

Deanelle Steves	440 K-Beach Rd Kenai
Daniel Bailey	440 K-Beach Rd Kenai
Roan Icreep	P.O. Box 68 Clamlulch, AK
Kathy Hartman	Box 803 Kasilof AK.
Robert Carver	Box 281 Kasilof
Ken Graham	Po Box 28 Kasilof AK 99610
Stephen Graham	PoBox 279 " "
Jack Alexander Dombrosca	PoBox 303 " Kasilof
[illegible]	PO BOX 146 Kasilof
Tuffy Omen	POBox [illegible] N.K.Lk.
[illegible]	P.O. Box 59 Kasilof
TERESA R. [illegible]	P.O Box 59 Kasilof
Nichole Freeman	K-beach rd #G3
JAMES F. BUSH	BX 663 KASILOF AK. 9961
LYSA M. Bush	" "
FRANK F. J. BUSH	46446 STANINA LI Kenai AK.
DALE L. HAGQUIST	" " "
FRANK BUSH JR	" " "
Nicole Mellies	P.O. box 1367 Kenai AK 99611
Lori Duncan	PO Box 1246 Kasilof AK 99610
Tammy Fancher	P.O. Box 45 Kasilof
Debbie Lampton	P.O. Box 1093 Kasilof, AK 99610
mike lampton	P.O. Box 886 Kasilof AK 99610
Brittney Mackey	P.O. Box 355 Kasilof, AK 99610
JT Hawkins	P.O. Box 355 Kasilof AK 99610
Vicky Nilson	Po Box 1034 Kasilof AK 99610
Diane Norman	PO 631 99610
Jessica Franklin	PO BX 984 Kasilof AK 99610
Chaz Franklin	Po Box 984 Kasilof AK 99610
Ellen Holliday	P.O. Box 873716 Wasilla AK 99687
[illegible]	PO Box 306 Kasilof 99610
DARLENE COYLE	Box 193 KASILOF 99610
Marie Chythlook	PO Box 3160 Kasilof, AK 99610
PETER BAERRESEN	PO 138 KASILOF 99610
Susan Moore	23146 Cohoe Loop Rd Kasilof 99610
David Walsh	Box 317 Kasilof AK 99610
TONY H. REA	BOX 481 KASILOF 99610
Patti & Mike Murray	Box 531 Kasilof
Colin Murray	P.O. Box 531 Kasilof

TURN PAGE

Stacy Correia	PO Box 227	Kasilof	AK	99610
Joe Mamalono	P.O. Box 1009	Kasilof	AK	99610
Joyce Winch	Williwaw Ave	Kasilof	AK	99610
Jim Nevals	POB 415	Kenai	AK	99610
Sarah Lasek	PO Box 1110	"	"	
Michael Mckoon	PO BOX 303	Kasilof	AK	99610
Keith Dunham	PO Box 1246	Kasilof	AK	99610
Joseph Thomas	PO Box 169	Kasilof	AK	99610
Jesse Burton	PO Box 2194	Kenai	AK	99611
William Laughing-Bear	P.O. Box 1085	Kasilof	AK	99610
Dino Leite	Po Box 1211	Kasilof	AK	99610
Carissa Jonson	P.O. Box 983	Kasilof	AK	99610
Robert [illegible]	PO Box 983	Kasilof	AK	99610
Jennifer Lockesley	23266 Cohoe Kenai Pen	Kasilof	AK	99610
Sharon Hatfield	Mile 3.5 N. Echoe Loop	Kasilof		99610
Patricia DE Mann	Mile 5½ K Beach Rd	Kasilof		99610
TINA SWERTEN	PO BOX 306	Kasilof		99610
Darwin Mortenson	22477 Kasilvar Rd	Kasilof		

Petition to have the Kasilof Bridge Dedicated to the name: Robert Bush Jr. Veterans Memorial Bridge

Robert Bush Jr. was born here in Kasilof in 1965 and lived his entirety here. Robert completed high school at SOHI and worked several professions, he enlisted in the United States Army and served his country in Iraq in Operation Desert Storm And finished his tour there. He returned home only to be diagnosed with type 1Diabetes which eventually claimed his kidneys and then his life on 7/12/07. Robert left behind two sons and two daughters. This would come as a great honor to his children and parents. It is pretty much up to our community whether this goes through. Thanks for your support.

1 David A. + Anna M. Bush Box 573 Kasilof, AK 99610
Donna M + Larry S. Kitchen Box 155 Kasilof, AK 99610
Donna G Brown Box 573 Kasilof, AK. 99610
Jexalen Kitchen Box 155, Kasilof, AK 99610
Kenny Kitchen Box 155 Kasilof, AK 99610
GERIF, Gary Tinn Box 983 Kasilof AK 99610
Franklin E Bush Box 441 Kasilof - 24241 sterling Hwy.
Matty Bush Box 164 Kasilof 99610
Rianna Bell P.O box 1165 Kasilof, AK 99610
Mike Bell PoBox 1165 Kasilof, AK 99610
Brianna Bell P.O. Box 1165 Kasilof, AK. 99610
[illegible] Burger Burger St Kasilof AK
Patti Blankenship Burger st. Kasilof AK 99610
Mickey Kluff 50195 Aase Ave Kenai AK 99611
Kyla Moore PO Box 2884 Kenai AK 99611
Jesse Puletasi 50600 claire Dr #D Kenai AK 99611
Chad Hurley 445 W Redoubt 445 Apt# 206
Naomi Pettey 590 Dolchok Lane Kenai AK 99611
[illegible] 4915 Miracle Ave. Soldotna AK 99669

Karen Waters	35600 Claire Dr #10 Kenai, AK 99611
Karen & Rhys Burger	50178 Bush Gardens Ave Kasilof
Brandon Bush	50178 Bush Gardens Ave Kasilof
Max E Fjelstad	13753 Mydrive Ninilchik
Robert J Kroosted	842 Kasilof
Jo Morgan	Box 4 Kasilof AK
Jeff Erskine	Kasilof AK. 99610 po Box 472
Stephen Vavich	P.O Box 39103 Ninilchik, Ak 639
Nathan Smith	P.O. Box 2540 Kenai 99611.
Sue Todd	POB 160 Kasilof 99610
Janel Owens	48395 Lakeside Ave. Soldotna
Jamie Tanzero	PO Box 1055 Soldotna AK
JOE WARCHOLA	BOX 777 KASILOF AK. 99610
Beverly Reitz	190 W Parkview #20, Soldotna 99669 262-0607
Daryl Hemphill	90 N Park Hill Soldotna
Alvin M. Fletcher	" 18 "
Jim Dean Knox	190 Park Ave Soldotna AK 99669
Tammy DeLeste	Box 87 Kasilof 99610
Mike + Michelle Burke	44435 Sterling Hwy Soldotna 99669
[illegible]	39935 Sterling Hwy Ninilchik, AK 99639
Eric Haddock	PO Box 774 Kasilof, AK 99610
Mike & Vicky Wiley	Box 83 Clam Gulch, AK 99568
Don Worley	Kasilof AK 99610
Melinda Kay	PO Box 29 Kasilof AK 99610
Clayton Williamson	P.O. Box 422 Kasilof AK 99610
Norm Plank	Box 39840 Ninilchik AK 99639
Vince Gilbey	POB 39713 Ninilchik AK 99639
Frank Tells	POB 775 Soldotna AK 99669
Charles & Deborah	Hancock 47454 Shoreview Cir Nikiski
Christy L Lowe	49760 Luscombe Dr. Soldotna 99669
Bryan S. Lowe	49760 Leisure Lake Dr. Soldotna 99669
Sheila Bassett	Box 392 Kasilof, AK. 99610
Sharon S. Perrill	Box 811 Soldotna, AK 99669
CHARLES S. PERRILL	POB 564 SOLDOTNA, AK 99669
Betsy M Hester	POB 1111, Kasilof, AK 99610
Annette M Iri	P.O Box 926 Kasilof, AK 99610

Ellen B. Tri	P.O. Box 226 Kasilof, AK. 99610
Joe Singleton	PO Box 722 KASILOF, AK 99610
Tim Bostedt	Box 1027 Soldotna, AK 99669
Mary Mack	PO 172 Kasilof AK 99610
Norma Gordon	PO Box 385 Kasilof 99610
Pat Gordon	PO Box 85 Kasilof 99610
Preston Watson	POBox 3015 Soldotna, AK. 99669
Dwight Tipton	35001 Mackey Lk Rd Soldotna 99669
Rita A Hawk	36115 Poppy Dr Soldotna 99669
Daniel R. Quigley	170 Shady Ln, Apt #7 Soldotna, AK
Beverly Johnson	35765 Echo Lake RD Soldotna, AK
Ann McCallum	POBox 3264 Soldotna, AK 99669
Jim Fassler	PO 36815 Cottonwood Acres Dr Soldotna AK 99669
Charles Hedgpeth	43610 Spruce Tree Pl Soldotna AK
Wanda Jean	Box 157 Kasilof, AK 99610
DAVE Allmon	47850 Murwood Soldotna AK 99669
Ed Thayer	37790 Harbin Ave Sterling AK 99672
Lisa DeTSON	31210 Echo Lake Rd SOLDOTNA AK 99669
John Hollis	30090 Sleepy Hollow Rd Soldotna AK 99669
Jim McWhorter	44660 Tote Rd Soldotna AK 9969
Dallas W. Burford	PO Box 1206 Kasilof, AK. 99610
Sam Hrynkow	24470 Webb Ranch Kasilof AK
Ed Greenbaugh	Box 1074 Kasilof AK 99610
Ron Wesselhoeft	35300 K-B Drive Soldotna 99669
Jim Hawkins	21095 Earl Crt. Kasilof 99610
Ken Lasser	PO Box 1836 Soldotna AK 99669
Peggy J. Sedivy	30093 Ali St. Soldotna, AK. 99669
[illegible]	30093 Ali St Soldotna, AK 99669
Bruce Allcorn	30093 Ali St Soldotna, AK 99669
Donald D. Bush	Box 447 Kasilof AK. 99610
Monique Essig	304 Chapel #3 Soldotna AK 99669

[illegible]	37700 Arctic Term Soldotna
[illegible]	37700 Arctic Term Soldotna
[illegible]	37623 MACKEY LK RD. Soldotna
[illegible]	37623 mackey LK Rd Soldotna
Eileen Edler	261 N Christy Creek Soldotna
Cathy Call	137 Soldotna Soldotna
J. A. Beer	P.O. Box 3623 Soldotna
Doug Cartwright	37915 RAINBOW DR Soldotna
Margaret Hodges	P.O Box 787 Kasilof AK
Mike Hodges	PO Box 787 KASILOF, AK.
Dawn Kingsley	POB 137 Kasilof AK
Russell Kingsley	POB 137 Kasilof AK
Don McKinley	P.O.B 2231 Kenai
James Reb	P.O.B. 293 Kasilof, ak
[illegible] Foster	POBox 1395 Soldotna AK
Jennifer + Dana Bush	156 Sierra Heights St. Soldotna, AK 99
Dalton Bush	156 Sierra Heights St Soldotna, AK 99
Dana [illegible]	156 Sierra Heights Soldotna AK 996
Jamie [illegible]	Po box 188 Kasilof Alaska 99610
Daniel Graham	BOX 307 Kasilof AK 99610
[illegible] Bush	Box 307 Kasilof AK 99610
Elaine Bush	Box 307 Kasilof, AK 99610
Roy Bush	Box 447 Kasilof, AK. 99610
Tom Adams	PO Box 1361 Sterling AK 99672
Jody [illegible]	P.O. BOX 1274 Soldotna, AK 99669
Celia K. Cole	POBOX 2384 Kenai AK

43880 Supreme Ct Kenai, AK
P.O. Box 3193 Kenai, AK

Mike Platt 44850 Big Eddy Rd Soldotna AK 99669

Cynthia R Cook 33805 Goodrich Soldotna AK 99669

Kyle Retherford 33805 Goodrich Soldotna AK 99669

Zack Begich Po Box 229 Kasilof AK 99610

Aaron Murray 105 N Kobuk Soldotna 99669

Obituary

Lifelong Kasilof resident Robert E. Bush Jr. died Thursday, July 12, 2007, at Providence Alaska Medical Center in Anchorage. He was 41.

Services will be held at 7 p.m. Thursday, July 19, at Immanuel Baptist Church, Mile 15 Kalifornsky Beach Road. Burial will take place at 1 p.m. Friday, July 20, in the family cemetery in Kasilof.

Born Oct. 30, 1965, Mr. Bush graduated from Soldotna High School in 1984. He went on to serve in the U.S. Army, including one tour during Desert Storm.

Mr. Bush loved baseball, football, darts, ice racing and camping with his family and friends. "We will all love him and will miss him very much," his family said.

He is survived by his children, Blade J. Bush, Lacy N. Bush, John F. Bush and Matanya L. Bush; daughter-in-law, Sarah Bush; grandson, Blade J. Bush Jr.; parents, Robert E. Bush Sr., Wilda (Buttons) Bush; sister, Karen Burger and her family; grandfather, Frank Bush; and many uncles, aunts and cousins in Alaska and Washington.

Donations may be made to the Kidney or Diabetes Foundation of Alaska.

Arrangements were made by Evergreen Memorial Chapel in Anchorage.

submitted by the office of Speaker Chenault

HB

10

<target><bill>HB 10</bill><subject>HB
10</subject><comm>HFIN26</comm></target>

Member

Standing Committees:
Judiciary
State Affairs
Transportation

Finance Subcommittees:
Administration
Courts
Law

Alaska State Legislature
House of Representatives

Representative Max F. Gruenberg, Jr.
House District 20
Anchorage (Mountain View, Russian Jack, East Anchorage)
House Minority Assistant Floor Leader

Interim:
716 W 4th Avenue, Rm 350
Anchorage, Alaska 99501-2133
Phone: (907) 269-0123
Fax: (907) 269-0124

Session:
Alaska State Capitol, Rm 110
Juneau, Alaska 99801-1182
Phone: (907) 465-4940
Toll Free: (866) 465-4940
Fax: (907) 465-3766

Email:
Rep.Max.Gruenberg@legis.state.ak.us

EXPLANATION OF CHANGES

Changes between HB10 and CSHB10(CRA):

- CSHB10(CRA) eliminates Section 3 of HB10; Section 3 had increased the optional municipal property tax exemption for residential property from $20,000 up to $40,000.

Member

Standing Committees:
Judiciary
State Affairs
Transportation

Finance Subcommittees:
Administration
Courts

Alaska State Legislature

House of Representatives

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Rep.Max.Gruenberg@legis.state.ak.us

SPONSOR STATEMENT
CSHB10(CRA) – MUNICIPAL TAXES: COSTS/EXEMPTIONS

"An Act authorizing a borough to charge a city for costs of collecting certain taxes; relating to a mandatory exemption from municipal property taxes for residences of certain widows or widowers, and to optional exemptions from municipal property taxes for property of certain fraternal organizations, for certain college property, and for certain residential property; and providing for an effective date."

This bill makes several changes to the mandatory and optional municipal property tax exemptions allowed under Alaska law. The bill is similar to CSHB 67 (FIN)am that passed the House on 5/2/2007.

- The bill permits a borough to charge a city a fee for the cost of collecting a tax that is not also levied by the majority of cities in the borough or levied by the borough on an areawide basis. This is a new section to the previous versions of the bill.
- The bill encourages law enforcement officers to purchase homes and live in high crime areas by allowing a municipality to pass an ordinance giving an exemption up to $150,000 of assessed valuation for a permanent residence owned and occupied by a law enforcement officer in a high crime area.
- The bill allows widows and widowers of disabled veterans to retain their municipal property tax exemption. Under current law, these widows and widowers are ineligible for the tax exemption until they reach age 60.
- The bill provides for an option exemption at the discretion of a municipality to exempt property owned by a private university from municipal property taxes. If the property is being used for non-exempt purposes, the leasehold interest(s) will be subject to taxation. The Senate Community and Regional Affairs Committee amended CSHB 67 (FIN)am by changing this exemption from mandatory to optional.
- The bill provides for an optional municipal tax exemption for fraternal organizations if the property is used predominately for charitable or fraternal purposes. In order to be eligible for the tax exemption, the municipality by ordinance and the voters in the municipality must approve a tax exemption for fraternal property.

Please contact Allison Laffen at 465-2840 with any questions.

Member

Standing Committees:
Judiciary
State Affairs
Transportation

Finance Subcommittees:
Administration
Courts

Alaska State Legislature
House of Representatives

Representative Max F. Gruenberg, Jr.
House District 20
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Rep.Max.Gruenberg@legis.state.ak.us

SECTIONAL ANALYSIS
CSHB10(CRA) – MUNICIPAL TAXES: COSTS/EXEMPTIONS

"An Act authorizing a borough to charge a city for costs of collecting certain taxes; relating to a mandatory exemption from municipal property taxes for residences of certain widows or widowers, and to optional exemptions from municipal property taxes for property of certain fraternal organizations, for certain college property, and for certain residential property; and providing for an effective date."

Sec. 1. Permits a borough to charge a city a fee for costs of collecting a tax that is not also levied by the majority of cities in the borough or levied by the borough on an areawide basis.

Sec. 2. Eliminates the requirement that a widow or widower of a disabled veteran who had qualified for an exemption for taxes on the residence be at least 60 years old in order to also qualify for the exemption. Under **Sec. 6**, this bill section, but not the rest of the bill, takes effect January 1, 2010.

Sec. 3. Permits a municipality to classify and exempt from taxation property of certain nonprofit four-year colleges or universities. A private leasehold, contract or other interest in the property remains taxable to the extent of the interest. The Senate Community and Regional Affairs Committee amended CSHB 67 (FIN)am in the 25th Legislature by changing the exemption from mandatory to optional.

Sec. 4. Permits a municipality by ordinance ratified by the voters to exclude or exempt from taxation property of certain fraternal societies if the property is used for a listed purpose.

Sec. 5. Allows a municipality to provide for a tax exemption not to exceed $150,000 of the assessed value of a residence of a law enforcement officer that is within an eligible area designated by the municipality. A municipality that provides the exemption may not request state funds to cover any loss of revenue caused by the exemption. Sets out requirements for an eligible area.

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 27, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/16/09

The FINANCE Committee considered: **HOUSE BILL NO. 10**

"An Act authorizing a borough to charge a city for costs of collecting certain taxes; relating to a mandatory exemption from municipal property taxes for residences of certain widows or widowers, and to optional exemptions from municipal property taxes for property of certain fraternal organizations, for certain college property, and for certain residential property; and providing for an effective date."

HB 10 MUNICIPAL TAXES: COSTS/EXEMPTIONS

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 10 (F/N)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR [X] Same Title [ ] New Title

[ ] attach amendments
[ ] add new referral to _____ Committee
[ ] Letter of Intent_____ Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES *Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS FISCAL NOTES

List by Dept(s):	FN#	Fiscal	Indet.	Zero
CED	1			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Gara	✓			
Harry T. Crawford Jr	CRAWFORD				Q
	AUSTERMAN			X	
	KELLY			X	
Anna Fairclough	FAIRCLOUGH				✓
Chair:	Hawker			☆	
Chair:	Stoltze	✓			

2593

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 10(CRA)
(H) Publish Date: 2/27/09

Identifier (file name): HB10-CED-CRA-2-20-09
Dept. Affected: DCCED
Title: Municipal Taxes Costs/Exemptions
RDU: Commissioners Office
Component: Community & Regional Affairs
Sponsor: Representative Gruenberg and Represenative Chenault
Requester: House Community and Regional Affairs Committee
Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE	(Thousands of Dollars)						
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill would make primary changes to exisiting statues dealing with property tax exemptions for law enforcement officers living in high crime area, widow or widowers of disabled veterans, certain non-profit colleges and universities and a raise in the property tax exemption amount. The Department of Commerce, Community and Economic Development does not anticipate a fiscal impact due to passage of this legislation.

Prepared by: Tyson Fick
Phone 907-465-2503
Division: Commerce, Community, and Economic Development
Date/Time 02/20/09 10:00am
Approved by: Emil R. Notti, Commissioner
Date 2/23/2009
Commerce, Community, and Economic Development

(Revised 9/10/2008 OMB)

exclusively for student housing for the University of Alaska; property may be exempted from taxation under this subparagraph for no longer than 30 years unless the exemption is specifically extended by ordinance adopted within the six months before the expiration of that period;

(E) property of a private, nonprofit four-year college or university that is accredited by a regional or national accrediting agency recognized by the Council for Higher Education Accreditation or the United States Department of Education, or both, that is not subject to the mandatory exemption described in AS 29.45.030(a)(3); however, notwithstanding this exemption, the provisions of AS 29.45.030(a)(1)(A) apply to this property;

Amend. 1

(2) classify as to type and exempt or partially exempt some or all types of personal property from ad valorem taxes.

* **Sec. 4.** AS 29.45.050 is amended by adding a new subsection to read:

(t) A municipality may, by ordinance ratified by the voters, exclude or exempt or partially exempt from taxation the property of a fraternal society, order, or association that is exempt from federal taxes under 26 U.S.C. 501(c)(8) or (10) (Internal Revenue Code) if the property is used predominantly for one or more of the following purposes:

(1) religious;

(2) charitable;

(3) scientific;

(4) literary;

(5) educational; or

(6) fraternal.

* **Sec. 5.** AS 29.45 is amended by adding a new section to read:

Sec. 29.45.053. Exemption for certain residences of law enforcement officers. (a) A municipality may, by ordinance, provide for the designation of areas within its boundaries that are eligible for tax exemptions on parcels of residential property. The amount of the tax exemption provided in the ordinance may not exceed $150,000 of the assessed value of a parcel. The exemption may be granted for a parcel

adopted 3/14/09

26-LS0063\P.2
Cook
3/13/09

AMENDMENT 1

OFFERED IN THE HOUSE
TO: CSHB 10(CRA)

BY REPRESENTATIVE STOLTZE
BY REQUEST

Page 3, lines 10 - 11:

Delete all material.

Insert "**a private leasehold, contract, or other interest in the property is taxable to the extent of the private interest;**"

Public Safety Employees Association, Inc.
"Representing Alaska's Finest"

Public Safety Employees Association – Position Paper in Support HB 10 – Optional Exemption from Municipal Property Taxes

PSEA supports Section 6 of HB 10 that gives municipalities by ordinance an option to offer a property tax exemption as one means to attract law enforcement officers to reside in areas of a community where there is a higher occurrence of crime than is found in the municipality as a whole.

The municipality must by ordinance adopt the tax exemption and define law enforcement officer. If the municipality adopts an ordinance, it exempts from taxation an amount not to exceed $150,000 of assessed value of real property for an officer who owns and occupies a primary permanent residence in a designated area.

HB 10 gives communities a tool for use in attracting law enforcement officers to bring their families to live in areas of a community where crime is more prevalent.

The bill offers a property tax incentive for an officer and his or her family to consider living in a designated area where there is a higher incident of crime. Providing an incentive in the form of tax relief may help attract families of peace officers to neighborhoods where crime is an issue. If the quid pro quo is a neighborhood that is safer, the incentive will have been worth the investment.

2/26/09

4300 Boniface Parkway, Suite 116, Anchorage, Alaska 99504
Phone (907) 337-1979 FAX (907) 337-1753 E-Mail psea@psea.net

NFIB
The Voice of Small Business®

Alaska

February 20, 2009

Honorable Max Gruenberg
Alaska House of Representative
State Capitol Building
Juneau, AK 99801-1182

RE: House Bill 10, Section 3

Dear Representative Gruenberg:

On behalf of the National Federation of Independent Business/Alaska, I wish to express our opposition to Section 3 of House Bill 10. Over 60% of the NFIB/AK membership voted to oppose increases in the residential property tax exemption in the 2009 NFIB Alaska State Ballot The National Federation of Independent Business is the largest small-business advocacy group in the Alaska.

The proposed increase to the residential property tax exemption in Section 3 is one more step toward a "split roll" tax that will shift property taxation onto businesses. As small business owners, we believe that all users of municipal services should share property taxes equally. As fewer individuals are directly impacted by property taxes, tax increases are more likely. For small businesses that will increase operating costs and, particularly in the current economic situation, may reduce the ability of small businesses to increase employment and help our economy grow.

While we appreciate your concern about the impact of local property taxes on residential property, we believe that reducing expenditures is a more appropriate means of reducing those costs, rather than shifting them to others.

Sincerely yours,

Dennis L. DeWitt
Alaska Legislative Advocate

National Federation of Independent Business — ALASKA
P.O. Box 34761 • Juneau, AK 99803 • 907-723-6667 • denny.dewitt@nfib.org

Allison Laffen

From: Van Sant, Steve (CED) [steve.vansant@alaska.gov]
Sent: Monday, February 23, 2009 10:07 AM
To: Allison Laffen
Subject: RE: HB 10 Municipal Property Tax Exemptions

Allison,

I have discussed this with the AG's office in the past, as well as other municipal attorneys and the conclusion is that once a widow/widower remarries , they are no longer considered a widow/widower and consequently, are no longer eligible for the program. This is consistent with the policy that we currently use in the program for seniors.

I hope this helps, but if you have any more questions, please feel free to contact me.

Steve

Steve Van Sant
State Assessor
(907) 269-4605

From: Allison Laffen [mailto:Allison_Laffen@legis.state.ak.us]
Sent: Sun 2/22/2009 12:02 PM
To: Van Sant, Steve (CED)
Subject: HB 10 Municipal Property Tax Exemptions

Mr. VanSant:

We have had a question arise on HB 10 and Rep. Gruenberg thought you may be able to assist us in finding the answer. I've attached a copy of the bill for your review. Section 2 of the bill amends AS 29.45.030(e) by eliminating the requirement that a widow or widower of a disabled veteran who had qualified for an exemption for taxes on the residence be at least 60 years old in order to also qualify for the exemption. The question posed to us: Is a widow or widower who has qualified or would qualify under this section who subsequently gets remarried still considered a widow/er for purposes of the exemption?

HB 10 is scheduled to be heard in House Community & Regional Affairs on Thursday, February 26 at 8:00am. Would you or someone from your staff be available via teleconference to answer questions that may arise during that time?

Thank you for your time.

Allison Laffen
Legislative Aide
Rep. Max Gruenberg - D20
(907) 465-2840

Mark R. Hamilton, President
Phone: (907) 450-8000
Fax: (907) 450-8012
EMAIL: sypres@alaska.edu

UNIVERSITY of ALASKA
Many Traditions One Alaska

202 Butrovich Building
910 Yukon Drive
P.O. Box 755000
Fairbanks, AK 99775-5000

January 12, 2009

Dear Legislators:

I join the Anchorage Assembly and the leadership of Alaska Pacific University in urging that APU enjoy tax exemption on the use of its historic, contiguous acreage in Anchorage. It is in the best interests of the State of Alaska that we maintain the viability of a private University in our state. APU is complimentary to the State University system; and we work together well in providing non-duplicative programs. The "endowment properties" are sufficient to maintain APU in its current and envisioned size and role if they can be assured that those properties will not suffer from property tax.

With the loss of Sheldon Jackson, the importance of APU is magnified. I believe this small consideration will return to the State of Alaska many times over in the careers and contributions of APU's graduates.

Respectfully,

Mark R. Hamilton
President

cc: President Douglas M. North, APU

Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • Telephone: (907) 343-4431 • Fax: (907) 343-4499 http://www.muni.org

Mayor Mark Begich

Office of the Mayor

December 31, 2008

To the Members of the Alaska State Legislature:

On December 16, 2008 the Anchorage Assembly passed a Resolution that urges the State Legislature to enact legislation that would level the playing field between the University of Alaska Anchorage and Alaska Pacific University's contiguous campus when it comes to property taxation. The phrase "contiguous campus" is an important limitation upon APU's equalization, and one that APU agrees with. It precludes APU from buying additional property and then competing with the private sector for development dollars.

The Anchorage Assembly was impressed by the contribution at APU has made and continues to make to Anchorage—as an economic engine ($200,000,000 spent locally since 1995), as an important part of the city's educational landscape, and as an institution offering manifold public services at little or no cost to the people of Anchorage.

Alaska Pacific University was not assessed any property taxes for its first 47 years until a new ruling by the Municipal Assessor in 2005. APU has contested this ruling for the past three years. In the past, I have not opposed this equalization of property taxation between our two Alaska universities, but the Municipal Attorney has clearly shown me that only the State Legislature, not the Mayor's Office nor the Anchorage Assembly, can effect this change.

As APU enters its 50th year of life—it was founded in 1959, the year of statehood, I too urge you to pass this legislation. As Mark Hamilton, President of the University of Alaska, himself said, "It is simply the right thing to do."

Alaska Pacific University has served Anchorage and its public for decades without Alaska taxpayer support. I urge you also to do the right thing and equalize the property taxation between Alaska Pacific University's contiguous campus here in Anchorage, and the University of Alaska.

Sincerely,

Mark Begich
Mayor

Community, Security, Prosperity

2601

Submitted by: ASSEMBLY MEMBER COFFEY
Prepared by: Assembly Counsel
For reading: December 16, 2008

ANCHORAGE, ALASKA
AR NO. 2008–329

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY RELATING TO THE PROPERTY TAX STATUS OF ALASKA PACIFIC UNIVERSITY CAMPUS PROPERTY USED TO GENERATE INCOME TO SUPPORT ALASKA PACIFIC UNIVERSITY'S EDUCATIONAL PROGRAMS.

WHEREAS, Alaska Pacific University, a private education institution serving an important public purpose, is a non-profit corporation which exists to encourage, promote, and extend instruction, research and education; and

WHEREAS, Alaska Pacific University and the United States Department of the Interior agreed that use of the Alaska Pacific University campus property for "educational and public purposes" allows development of revenue producing facilities on the campus; and

WHEREAS, Alaska Pacific University reports that none of its educational programs are profitable, revenue from tuition and fees covers only a portion of the cost of operating the University, and funds generated by income producing campus property is an essential component of the university's budget; and

WHEREAS, beginning with tax year 2006, the Municipality of Anchorage has assessed property tax on that portion of Alaska Pacific University campus property under lease to for-profit enterprise; and

WHEREAS, Alaska Pacific University provides an early honors program in cooperation with the Anchorage School District allowing Anchorage students to finish their high school education and obtain college level instruction and credit, which program lessens the burden on the government of providing public education for students enrolled in the program; and

WHEREAS, use of campus property (whether for classrooms, research facilities, administrative offices, recreation facilities, faculty, student and administrative housing, public broadcasting or leases to other parties which facilitate creation of educational opportunities or programs or which have a significant relation to an existing education program offered by Alaska Pacific University) provides a significant public benefit, improves public welfare and lessens the burden on the government of providing public education; and

WHEREAS, Alaska Pacific University is a tax-exempt educational institution under the Internal Revenue Code; and

WHEREAS, both Alaska Pacific University and the University of Alaska Anchorage are significant institutions in the Municipality that enhance the educational and cultural fabric of this community; and

WHEREAS, the real property owned by the University of Alaska Anchorage and leased to for-profit entities to generate income for the University of Alaska, is not subject to municipal property tax under state law; and

WHEREAS, Alaska Pacific University, as a private accredited post secondary institution, seeks an exemption in state law from municipal taxation on parity with the University of Alaska Anchorage, for all campus property, including all income-producing property under lease to for-profit enterprise;

NOW, THEREFORE, the Anchorage Assembly recognizes and resolves:

1. Private accredited post secondary institutions make important social and economic contributions to the community.

2. Alaska Pacific University receives no direct funding from the Municipality of Anchorage.

3. Absent a change in state law, certain income-producing property of Alaska Pacific University under lease to for-profit enterprise is not exempt from municipal property tax.

4. The Alaska Legislature is encouraged to enact legislation authorizing a municipal property tax exemption to Alaska Pacific University for all of its contiguous Anchorage Campus, so that Alaska Pacific University campus property would be taxed no more than University of Alaska Anchorage property.

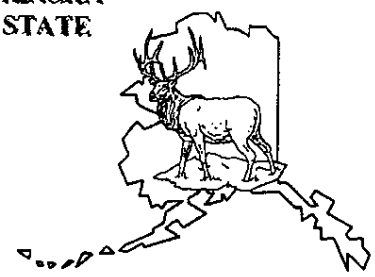
PASSED AND APPROVED by the Anchorage Assembly this _____day of _____, 2008.

_____
Chair

ATTEST:

_____
Municipal Clerk

ALASKA STATE



ELKS ASSOCIATION

2008 ~ 2009 ALASKA STATE ASSOCIATION OFFICERS

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P.O. Box 771653
Eagle River, AK 99577
(907) 688-TINY (8469)

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DAVID CHARLESWORTH, Secretary
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Kenai, AK 99611

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Trustee Chairperson
433 Glacier Ave.
Fairbanks, AK 99701

MARK DAUM, Trustee
P.O. Box 672
Sitka, AK 99835-0672

JANET JOHNSON, Trustee
859 Panamaroff Dr.
Kodiak, AK 99615

To: Alaska House of Representatives, Community and Regional Affairs Committee — 2/25/09
Co-Chairs Rep. Bob Herron and Rep. Cathy Munoz

From: Richard "Tiny" Fagg, President
Alaska State Elks Association

Re: Alaska House of Representatives House Bill 10

Hons. Herron and Munoz,

I am writing to you on behalf of the seventeen Lodges of the Benevolent and Protective Order of Elks in Alaska and the over 7000 members of those Lodges to ask for your support of and to speak on behalf of Alaska House of Representatives House Bill 10. The seventeen Elks Lodges in Alaska serve a vital role in their communities as do many of the other non-profit fraternal organizations. There is only one entity that awards more scholarships for the youth of our country and that is the Federal Government. We hold athletic contests and provide camping experiences as well as essay contests and coloring contests for the younger children all aimed at serving the youth and families of our communities. The Elks provide programs for the children of our town and cities that are all designed to help them to grow into valuable American Citizens. The Elks other main focus is our brave veterans and the distinguished men and women currently serving in our Armed Forces. Between the thousands of man hours given by the volunteers who work at the many Veterans Centers across Alaska each year and the social events we hold at the Lodges specifically for these wonderful men and women the total amount of time and funds contributed is remarkable. Our State Association and the Lodges of Alaska have just this last year launched the Alaska Wounded Veterans Project which is intended to help the soldiers returning from our current conflicts experience a small amount of normalcy by offering them different outdoor recreational activities that only Lodges in Alaska can offer.

All of these activities take place because of our Lodges but in today's economic climate it has become harder and harder to support all of these activities as well as raise the funds for the operating expenses of their facilities. With the passage of House Bill 10 the towns, cities and boroughs that are the homes to Elks Lodges and other fraternal organizations would be given the ability to make these fraternal organizations exempt from the paying of property taxes, which in some areas can be a substantial savings. I hope that you can see the benefit you will be affording our communities by supporting this bill and I thank you for your help with this worthy endeavor. If you have any questions or if I can be of any assistance please feel free to contact me at any time.

Sincerely,

Richard "Tiny" Fagg

Alaska State Elks Association President

Lake Otis Medical Plaza

Lake Otis Professional Center, LLC

4100 Lake Otis Parkway, Suite 204 • Anchorage, Alaska 99508
OFFICE: (907)550-6262 • FAX: (907) 278-5338

February 12, 2009

Representative Bob Herron
Room 415, State Capitol
Juneau AK 99801-1182

Re: pending legislation

Dear Representative Herron,

I'm writing to request that you oppose House Resolutions 10, 16, 21, and 38. Each of these bills, while offering nominal property tax reductions to certain homeowners, would result in a 20% increase in taxes on commercial properties, just as the value of commercial property has declined by 4% in today's economy.

Please do what you can to defeat these measures. Thank you.

Sincerely,

David McGuire, M.D.
Owner
Lake Otis Professional Ctr.
4100 Lake Otis Pkwy, Suite 204
Anchorage, Alaska 99508

Testimony for CS HB 10

My name is Marty McGee and I am the Assessor for the Municipality of Anchorage, located at 632 W. 6th Avenue Suite 320, Anchorage, AK. As the Municipal Assessor it is my duty to interpret and comply with Alaska property tax statutes.

I have previously supplied comments regarding Section 3 of CSHB 10. I understand there will be an amendment offered that will clear up confusion that was raised in regards to any private, third party interest (leasehold interest) that may be present on property owned by a private nonprofit university.

Typically, assessors do not assess a separate a leasehold interest on private property. The entire property is assessed to the property owner, so this legislation is a change from the current assessment of this type of arrangement. This legislation puts all nonprofit university property, state and privately owned, on the same level of taxation in regards to any private, non-educational use of property by other taxable entities, by assessing and taxing the lessee, not the property owner for the non-exempt use.

I have reviewed the proposed amendment and believe that it will clear up the confusion of how to treat those third party interests. It now reads very similar to the exemption in AS 29.45.030 that attaches to the University of Alaska property where there may be third party interest.

I would support the adoption of this amendment.

Marty McGee
Assessor for the Municipality of Anchorage

Testimony for CS HB 10

My name is Steve Van Sant and I am the State Assessor for the State of Alaska, located at 550 W. 7th St., Suite 1770, Anchorage, AK. As State Assessor, part of my responsibilities are to assist municipalities which includes helping to interpret federal property tax laws, primarily ANCSA, and Alaska property tax statutes. Being involved in the committee hearings of these bills as they are discussed and working with the sponsors of the legislation certainly helps me in assisting assessors around the state in interpreting these laws.

CSHB 10 contains several sections dealing with various property tax exemptions. Sections 1, 2, 4 and 5 are fairly straight forward and I will not address those sections, however, I feel that Section 3 may need some technical clarification for those who will administer the property tax laws of this state, the assessors.

This section amends AS 29.45.050(b)(1) by adding a new subsection (E). This subsection is intended to allow a municipality to exempt any private, nonprofit, four year college that is accredited. This part of the amendment is straightforward and easily understood. The amendment goes on to state that even though it is not a mandated exemption, any private interest should be subject to AS 29.45.030(a)(1)(A). This refers to any leasehold interest of other private parties that may exist. For example, currently the Alaska Pacific University (APU) is a four year, nonprofit, accredited university that would qualify for an exemption under this legislation should it be passed by the legislature and enacted by the Anchorage assembly. At the current time, the Alaska Spine Institute (ASI) leases property from APU and the Anchorage Assessor has determined that the property used by the A.S.I. is taxable and has sent APU, the property owner, a bill for the taxes.

Under CSHB 10, APU, or any four year private, nonprofit, university, would no longer be held liable for taxes of property it might lease out for non-educational purposes. The assessor would be required to assess each lessee for its leasehold interests, and tax bills would be sent to the lessees, not the university. If the lessee failed to pay the property tax due, a municipality could not foreclose on the property, but would be required to take personal action against the lessee as described under AS 29.45.320.

Typically, assessors do not assess a separate leasehold interest on private property. The entire property is assessed to the property owner, so this legislation is a change from the current assessment of this type of arrangement. This legislation puts all nonprofit university property, state and privately owned, on the same level of taxation in regards to any private, non-educational use of property by other taxable entities, by assessing and taxing the lessee, not the property owner for the non-exempt use.

Steve Van Sant
State Assessor

Testimony for CS HB 10 - House Finance Committee Hearing March 16, 2008

My name is Steve Van Sant and I am the State Assessor for the State of Alaska, located at 550 W. 7th St., Suite 1770, Anchorage, AK. As State Assessor, part of my responsibilities are to assist municipalities which includes helping to interpret federal property tax laws, primarily ANCSA, and Alaska property tax statutes. Being involved in the committee hearings of these bills as they are discussed and working with the sponsors of the legislation certainly helps me in assisting assessors around the state in interpreting these laws.

I have previously supplied comments regarding Section 3 of CSHB 10. I understand there will be an amendment offered that will clear up confusion that was raised in regards to any private, third party interest (leasehold interest) that may be present on property owned by a private nonprofit university.

I have reviewed the proposed amendment and believe that it will clear up the confusion of how to treat those third party interests. It now reads very similar to the exemption in AS 29.45.030 that attaches to the University of Alaska property where there may be third party interest.

I would support the adoption of this amendment.

Steve Van Sant
State Assessor

HB

20

<target><bill>HB 20</bill><subject>HB
20</subject><comm>HFIN26</comm></target>

Sponsor Statement

CSHB20 (FSH): Fisheries Loans for Energy Efficiency

SPONSOR'S INTENT
CSHB20 (FSH)

CSHB20 (FSH) provides technical fixes to the Commercial Fishing Loan Act in order to make low-interest loans for energy efficiency upgrades available to a larger number of Alaska's commercial fishers.

Volatility in fuel costs continues to have a worrisome impact on our commercial fishing fleets, cutting into profits and threatening productivity.

In recent years, great advances have been made in diesel and outboard engine technologies. Fuel efficiency and performance have vastly improved.

There have also been substantial developments in alternatives to traditional diesel and gasoline generator sets, and modifications to vessel hulls—such as bulbous noses and fin stabilizers—can also significantly boost energy efficiency.

Commercial fishers across the state are eager to take advantage of these and other new technologies that significantly lower operating costs.

Passage of CSHB20 (FSH) will provide many Alaskan fishers the opportunity to make these improvements sooner. At the same time, it will foster innovation and stimulate the entrepreneurial spirit in one of Alaska's most important industries.

Prepared by the Office of Rep. Edgmon

Sectional Analysis

CSHB20 (FSH): Fisheries Loans for Energy Efficiency

Section 1 amends subsection A, paragraph (ii) of the Commercial Fishing Loan Act to allow loans to upgrade existing vessels and gear for the purpose of improving energy efficiency. Under current statute, subsection A loans are only available for improving the quality of Alaska seafood products.

Section 2 of the bill amends paragraph (i) of subsection B of the Act in two ways:

First, it eliminates the current prohibition for a borrower with a loan out under Section A from also becoming a borrower under Section B, but only if the purpose of the additional Section B loan is for an energy efficiency upgrade.

Second, it raises the total allowable balance outstanding on loans to an individual from both subsection A and subsection B from $300,000 to $400,000.

Section 3 makes the legislation retroactive to September 1st, 2008.

Section 4 sets an immediate effective date for the bill.

Prepared by the Office of Rep. Edgmon

Explanation of Changes Between Original Version and CS HB20 (FSH)

The original version of HB20 amended only subsection A in the Commercial Fisheries Loan Act, in order to allow borrowers who meet the existing eligibility criteria under subsection A for energy efficiency upgrades.

In order to further increase the level of loan coverage and eligibility, the Committee Substitute maintains the amendment to subsection A, and also amends subsection B, paragraph (i), to eliminate language prohibiting borrowers who have received loans under subsection A from applying for loans under subsection B.

However, this prohibition is eliminated only if the purpose of the additional loan under subsection B is for energy efficiency improvements.

Taking into account the increasing prices for engines and other equipment, the CS also raises the total allowable outstanding balance on loans to an individual fisher under both subsections A and B from $300,000 to $400,000.

Another change in the CS makes the legislation retroactive to September 1, 2008. This is because of concern over whether existing retroactivity regulations under the Loan Act would apply to energy upgrades made by applicants before the language was in statute.

Finally, an immediate effective date was added in the CS.

Prepared by the Office of Rep. Edgmon

Alaska State Legislature
REPRESENTATIVE BRYCE EDGMON
House District 37

Adak
Akutan
Aleknagik
Atka
Chignik
Chignik Lagoon
Chignik Lake
Clark's Point
Cold Bay
Dillingham
Egegik
Ekwok
False Pass
Ivanof Bay
King Cove
King Salmon
Koliganek
Manokotak
Naknek
Nelson Lagoon
New Stuyahok
Nikolski
Perryville
Pilot Point
Portage Creek
Port Heiden
St. George
St. Paul
Sand Point
South Naknek
Togiak
Twin Hills
Ugashik
Unalaska

Commercial Fishing Loan Fund Summary

Loan Program Goal and Objectives

To provide long-term, low interest loans to promote the development of predominantly resident fisheries, and continued maintenance of commercial fishing vessels and gear for the purpose of improving the quality of Alaska seafood products.

Provides Loans For:

- Section A—up to $300,000 for the purchase of Entry Permits or for existing Vessel or Gear upgrades for improving seafood quality.
- Section B—up to $100,000 for the purchase of Entry Permits, Vessel and Gear Upgrades, Vessel and Gear purchases, and Vessel Construction—with differing eligibility criteria, the most significant being that the applicant must not be able to obtain financing from a bank.
- Section C—the purchase of Quota Shares—with eligibility requirements similar to Section B applicants.
- Section D—to satisfy past due federal Tax Obligations.
- Section E—for the purchase of Quota Shares by a Community Quota Entity (CQE).
- Section F—for existing Tender Vessel and Gear upgrades

General Requirements

- Alaska resident for the past 2 years.
- Child support payments must not be past due.

Definition of Resident

- Living in Alaska with the intent to remain indefinitely
- Primary and permanent home in Alaska
- Present in Alaska except for brief intervals (generally less than 90 days) except for military service, education or good cause.

State Capitol Building
Room 424, Juneau, AK 99801 · Phone: (907) 465-4451 · Toll Free: 1-800-898-4451 · FAX: (907) 465-3445
Email: Rep_Bryce_Edgmon@legis.state.ak.us

Program Requirements

- Purchases - Loans are available for limited entry permits, quota shares, vessels, or gear purchased less than 12 months prior to the date your application is received.
- Refinancing - Vessels or gear loans made by other lenders more than one year prior to receipt of your application are eligible for financing.
- Collateral - The item being financed (limited entry permit, vessel, etc.) will be the collateral for the loan and, and generally, a priority lien must be obtained.

Terms and Conditions

- Interest rate is 2% above the prime rate, not to exceed 10.5%.
- Interest rate for Product Quality Improvement loans is 2% **below** the prime rate, not to exceed 10.5%
- Interest rate will be fixed at the time of loan approval.
- Maximum loan term is 15 years.
- Borrower is responsible to pay all direct costs incurred in processing an application including surveys, inspections, appraisals, title insurance, etc.

Prepared by the Office of Representative Edgmon with excerpts from the Division of Investments.

PCSRF Background

March 2009

The negotiations surrounding the Pacific Salmon Treaty and litigation by Pacific Northwest interests regarding Alaska's activities on shared salmon resources contributed to considerable tension and controversy in the 1980s and 90s. In recognition of the need to find a more cooperative way to work on coast-wide salmon issues, the Governors of Washington, Oregon, and Alaska met in Sitka in 1997. One of the outcomes of that meeting was agreement to work to secure a significant endowment to assist in coast-wide efforts to provide more salmon resources and salmon harvest opportunities in the area covered by the Pacific Salmon Treaty Region.

While the endowment model did not come to fruition, negotiation of the 1999 Pacific Salmon Treaty Agreement and continuing Endangered Species Act (ESA)-related issues in the Pacific Northwest and California led to the creation of the federal Pacific Coastal Salmon Recovery Fund (PCSRF) in the federal fiscal year (FFY) 1999 Commerce Department budget. The eligible recipients under this fund were the states of California, Oregon, Washington and Alaska, and a number of Columbia River Tribes. Idaho was added in the last three appropriations.

The Department of Fish and Game has been designated as the lead agency for administration of the PCSRF program in Alaska. Projects in a number of categories have been funded through the congressional appropriations received thus far. The broad funding categories are Salmon Research and Monitoring, Habitat Stewardship and Restoration, Increasing Economic Opportunities for Southeast Alaska Salmon Fishermen, and Cooperative Salmon Habitat and Stock Projects.

Alaska's program differs considerably from those of the other states and the tribes. We do not have any ESA-listed species in Alaska, and generally have favorable habitat conditions for salmon. Our program is based primarily on needs for assessments of salmon stocks and salmon habitat, stewardship of those resources, and the importance of maintaining the economy in Southeast that is dependent upon our wild salmon. The PCSRF authorizing language speaks to implementation of the 1999 salmon treaty; and mitigation of impacts on our salmon industry in Southeast is part of that implementation. We stress that part of salmon sustainability is having a healthy salmon industry and salmon-dependent communities.

ADF&G's Memorandum of Understanding with National Marine Fisheries Service (NMFS) required advisory panel processes to make recommendations in response to calls for proposals to ADF&G's Commissioner for funding that came to the State that was not earmarked by Congress. (All unearmarked funding was utilized only in Southeast Alaska.) In the early years of the program, fisheries economic development projects were recommended by a Stakeholders Advisory Panel and in the later years, by the Fish Cabinet. Throughout the life of the program, the multi-agency Science Panel has provided recommendations on the scientific projects.

Additional program information, including funded project lists, can be found on ADF&G's Alaska Sustainable Salmon Fund (AKSSF) web site at:
http://www.adfg.state.ak.us/special/sssf/sssf.php.

AKSSF Current Process & Future Prospects

March 2009

Current

In the FFY 08 budget, Congress did not earmark PCSRF, not even to the Pacific Salmon Treaty (PST) states and Pacific Northwest treaty tribes for whom the appropriations were initially intended. The States and tribes were required to submit applications for funding through a "merit-based awards process." A new requirement of this appropriation was a mandatory 33% non-federal match on the federal funds received.

Alaska initially applied for the $18 million. We were notified by National Marine Fisheries Service (NMFS) that this application was rejected and were instructed to re-apply for $14.5 million, and were again advised that Alaska would not be funded for "increasing economic opportunities." Our application was approved, and contingent upon utilization of competitive proposal processes for allocation of funds, we received the following:

- $4.120 million to the PST region (Southeast Alaska) for projects related to treaty implementation and salmon sustainability,
- 1.030 million for salmon sustainability outreach and education;
- $1.605 million to ensure long-term program viability and monitoring; and
- $7.744 million for salmon sustainability projects outside the PST region north of Cape Suckling.

Because of the lengthy and comprehensive process utilized in developing the gap analysis framework, the *Sustainable Salmon Strategy for Southeast Alaska – 2002* and the successful Southeast Science Panel process used to identify priority information needs/issues and project funding recommendations, ADF&G developed a similar process west of Cape Suckling. A multi-agency Expert Panel was tasked with working with regional experts to undertake gap analyses than were possible in the time frame provided last year in order to identify priority information needs/issues. This work guided development of focused FY 2010 AKSSF calls for proposals for the Southcentral, Arctic-Kuskokwim-Yukon, and Westward regions of the state for *Habitat*, *Wild Stocks*, and *Salmon Management Systems* goals. As a result of this work, three regional calls for proposals were issued in September 2008, resulting in the submission of 31 responsive proposals. The Expert Panel further refined scoring criteria to assist ADF&G with selection of high quality priority projects, utilizing independent expert scoring teams of five members for each of the calls for proposals. Proposals have been scored, scoring recommendations have been reviewed and approved by Commissioner Lloyd, and 20 projects are in the process of being established.

The process previously utilized in Southeast Alaska was again undertaken, with a call for proposals going out in September 2008. Twenty responsive proposals were received, with funding recommendations made by the Science Panel and accepted by Commissioner Lloyd for 17 of them. Also funded were 16 PST implementation projects deemed by the Commissioner as necessary for meeting State obligations under the PST.

An additional statewide call for habitat proposals was undertaken in September 2008 to utilize previously unused FFY 07 funds. This call resulted in 30 responsive proposals and 16 funded habitat projects now in the process of establishment.

The calls for proposals referenced above can be viewed on the AKSSF website at: http://www.adfg.state.ak.us/special/sssf/sssf.php.

Future

Congress approved $67 million for PCSRF in FFY 09, again with the 33% non-federal match requirement. The PST states and Pacific Northwest treaty tribes again had to submit competitive grant applications to NMFS by February 17, 2009.

There have been significant efforts the past three years to restrict the use of PCSRF to restoration and protection of endangered salmon species. The Conference Committee Report language for the FFY 09 fiscal year contains $80 million for PCSRF, but contains the very restrictive language that, if included in the final legislation, could seriously impact Alaska's access to receive PCSRF since it has no endangered salmon species. We are working with Congressional staff on the inclusion of language that would enable Alaska's continued access to the funds.

While it appears from the Federal Register Notice that we can again apply to utilize PCSRF for the broad programmatic areas of "salmon habitat restoration, salmon stock enhancement, sustainable salmon fisheries, and salmon research," NMFS does, however, emphasize in its *Announcement of Federal Funding Opportunity* that its priorities for uses of PCSRF are:

1. Recover, conservation and maintenance
   a. Recovery and conservation of salmon and steelhead that are listed as threatened or endangered, or identified by a state as at-risk to be listed.
   b. Maintenance of salmon and steelhead populations necessary for exercise of tribal treaty fishing rights or native subsistence fishing.
2. Habitat protection and restoration for salmon and steelhead.

ADF&G has applied under the broad interpretation of the application for PCSRF, and as required by the grant, to utilize the competitive proposal processes used for last year's calls for proposals. Our application for FFY 09 funding was in the amount of $16 million. Funding levels will not be finalized until after passage of final Congressional appropriations.

FFY 08 [illegible] of Suckling
Funded Projects

Title	PI	Agency	Proposed funding amount (including ADF&G 3%)	Region
Genetic Analysis of Chinook Bycatch	Jeffrey Guyon	NMFS ABL	$62,418	AYK
Kuskokwim River Sockeye Salmon	Kevin Schaberg	ADF&G CF	$368,363	AYK
		subtotal	**$430,781**	
Bristol Bay Fishery Selection	Neala Kendall	UW SAFS	$98,319	SC
Bristol Bay Sockeye Productivity	Greg Ruggerone	Natural Resource Consultants	$156,294	SC
High Resolution SNPs for Sockeye	Jim Seeb	UW	$322,929	SC
Improve Salmon Forecast Accuracy	Greg Ruggerone	Natural Resource Consultants	$41,867	SC
Kenai Smolt Abundance - Phase 3	Mark Willette	ADF&G CF	$726,878	SC
Kvichak Smolt Study	Tim Baker	ADF&G CF	$230,115	SC
Nushagak Chinook Genetics Baseline	Tim Baker	ADF&G CF	$115,112	SC
Remote Video Escapement Monitoring	Ted Otis	ADF&G CF	$80,346	SC
Salmon Habitat Restoration from RCG	Jennifer McCard	KWF	$56,587	SC
Salmon Habitat Stream Temperature	Jeffrey Davis	ARRI	$92,978	SC
SC Hydrologic and Adjudication Support	Tom Cappiello	ADF&G SF	$15,038	SC
Susitna River Coho & Chum Abundance	Rick Merizon	ADF&G SF	$1,597,036	SC
Susitna Sockeye Salmon Escapement	Paul Blanche	CIAA	$933,949	SC
Susitna Sockeye Salmon Production	Mark Willette	ADF&G CF	$1,557,169	SC
Yentna Fish Wheel Selectivity	Mark Willette	ADF&G CF	$964,344	SC
Yentna Sonar Error Estimation	Suzanne Maxwell	ADF&G CF	$637,196	SC
		subtotal	**$7,626,157**	
Genetics of Westward Chum Salmon	Lisa Seeb	UW SAFS	$308,282	W
		subtotal	**$308,282**	
		TOTAL	**$8,365,220**	

Southeast Region
AKSSF 2009 Non-Treaty projects list

Project Proposal	PI	Agency	Total Cost	Project Years (State Fys)
ACWA Grants RSA to DEC	Cappiello	ADFG SF	$50,000	FY10
Auke Creek Salmonids Monitoring	Joyce	NOAA Auke Bay Lab, TSMRI	$84,200	FY10-FY11
Chickamin Coho sampling	Johnson	ADFG SF	$60,459	FY10
Chilkat Salmon Assessment - Fish Wheels	Bachman	ADFG CF	$262,000	FY10-FY11
Chuck Creek coho CWT and expansion	McCurdy	ADFG SF	$79,826	FY10
Disappearance Creek Chum Weir	Piston	ADFG CF	$209,633	FY10-FY11
Effects of enhancement on wild coho, Part 2	Gray	NOAA Auke Bay Lab	$41,320	FY10-FY11
Effects of hatchery strays on wild Chinook	Thrower	NOAA Auke Bay Lab, TSMRI	$99,956	FY10-FY12
Evaluation of Age-0 smolt strategy	Rabung	Armstrong-Keta	$140,840	FY10-FY12
Genetic changes assoc w in-basin supplementation of sockeye salmon, Phase 2	Smoker/Gharrett	UAF	$124,288	FY10
Hydrologic & Adjudication Support	Johnson	ADFG SF	$15,038	FY10
Instream Flow Quantification & Protection	Johnson	ADFG SF	$187,460	FY10
McDonald Lake Sockeye	Gilk	ADFG Gene Lab	$128,524	FY10
Nakwasina River coho escapement	Tydingco	ADFG SF	$40,000	FY10
Salmon Habitats of the Taku River	Nichols	ADFG SF	$294,712	FY10-FY11
SEAK Subsistence Sockeye	Conitz	ADFG CF	$73,500	FY10
Stress Effects & Mass Marking in Salmon	Oxman	ADFG CF	$87,865	FY10-FY11
Documenting Anadromous Waters SE	Ott	ADFG Habitat	$1,498,814	FY10-12
Haines Salmon Distribution Assessment	Shields	Takshanuk Watershed Council	$29,546	FY10-12
SECM Sampling & pink salmon forecasting	Orsi	NOAA Auke Bay Lab, TSMRI	$54,000	FY10
			$3,561,981	

Alaska Sustainable Salmon Fund
Southeast Region -- Year 8 Year 9

Pacific Salmon Treaty Projects

AKSSF - PST Projects						
Agency	**Project Proposal**	**PI**	**Total Cost (incl. ADF*G 3%)**	**Project Years**	**AKSSF Year of Funding**	**Applied for NF**
AKSSF Year 8 Projects						
NOAA Auke Bay Lab	ABL N. Boundary Sockeye District 101/4 - FY10	Guyon	$201,500	FY10-11	Year 8	
ADFG SF	Chickamin River Chinook - FY10	Johnson	$95,378	FY10	Year 8	*
ADFG SF	Chilkat Chinook CWT - FY10	Chapell	$99,518	FY10	Year 8	*
ADFG SF	Chinook ASL - FY10	Weller	$72,921	FY10	Year 8	
ADFG CF	CTC Biometrician II - FY10	Carlile	$53,123	FY10	Year 8	
ADFG CF	SEAK Chinook GSI Sampling-Archiving - FY10	Reynolds	$50,400	FY10-11	Year 8	*
ADFG CF	Mark Tag & Age Lab Support - FY 10	Josephson	$75,000	FY10	Year 8	
ADFG CF	NBTB Sockeye Scale Sampling & Analysis - FY10	Oliver	$360,357	FY10	Year 8	
ADFG CF	Salmon Aerial Surveys - FY10	Heinl	$107,628	FY10	Year 8	
ADFG CF	Sockeye matched sampling - FY10	Reynolds	$178,723	FY10	Year 8	*
ADFG SF	Taku River Smolt & Escapement - FY10	Jones	$65,790	FY10	Year 8	*
TOTAL Year 8			**$1,360,338**			
AKSSF Year 9 Projects						
ADFG SF	Chilkat River Smolt CWT - FY10	Chapell	$104,917	FY10	Year 9	
ADFG SF	Chinook ASL - FY11	Weller	$73,983	FY11	Year 9	
ADFG CF	Mark Tag & Age Lab Support - FY11	Josephson	$78,000	FY11	Year 9	
ADFG CF	FY11	Oliver	$372,653	FY11	Year 9	
ADFG CF	Salmon Aerial Surveys - FY11	Heinl	$108,356	FY11	Year 9	
TOTAL Year 9			**$737,909**			

FFY 08 Statewide Habitat
Funded Projects

Title	PI	Agency	Funded amount (inlcuding ADF&G 3%)	Region
Anadromous Cataloging in Western AK	Joe Buckwalter	ADF&G SF	$95,560	AYK
Fairbanks Restoration Cost Share	Dean Hughes	ADF&G SF	$172,857	AYK
Fairbanks Restoration Workshop	Dean Hughes	ADF&G SF	$12,748	AYK
		subtotal	**$281,165**	
Fish Passage Restoration - Coal Creek	Cecil Rich	ADF&G SF	$190,850	SC
Homer Restoration Workshop & Access	Dean Hughes	ADF&G SF	$30,521	SC
Matanuska River Spawning Distribution	Jeffry Anderson	USFWS	$240,355	SC
Mat-Su Basin Anadromous Waters Catalog	Theresa Tanner	USFWS	$75,522	SC
Mat-Su Instream Flow Protection	Tom Cappiello	ADF&G SF	$72,998	SC
Southcentral Cost Share Program	Dean Hughes	ADF&G SF	$270,818	SC
Substantiation of the AWC in Southcentral AK	J. Johnson	ADF&G SF	$27,017	SC
Wasilla Creek Flow Protection	Jason Mouw	ADF&G SF	$26,574	SC
		subtotal	**$934,655**	
Instream Flow Protection	Shawn Johnson	ADF&G SF	$187,460	SE
Instream Flow Protection FY 11	Shawn Johnson	ADF&G SF	$195,391	SE
Instream Flow Protection FY 12	Shawn Johnson	ADF&G SF	$152,259	SE
Klawock Causeway Fish Passage	Ann Wyatt	KWC	$194,293	SE
Southeast Restoration Cost Share	Dean Hughes	ADF&G SF	$100,809	SE
Southeast Restoration Workshop	Dean Hughes	ADF&G SF	$12,748	SE
		subtotal	**$842,960**	
Westward Region Limnology	Heather Finkle	ADF&G CF	$284,424	W
		subtotal	**$284,424**	
		TOTAL	**$2,343,204**	

FISH & GAME DEFERRED MAINTENANCE FY-2010 (In thousands)			
Geographic Location	**Facility**	**Structure/Project Description**	**Est $1000s**
Anchorage	Office	Lab Renovations & Regional Office upgrades	25.0
Bethel	Office	Purchase Double Wall Fuel Tank	5.0
Bethel	Duplex	Upgrade/replace electrical panel/electric baseboard	20.0
Bethel	Duplex	Repair/upgrade kitchen cabinets	15.0
Bethel	Duplex	Demo/replace oil boiler w/fuel efficient heating (toyo, etc)	15.0
Bethel	Storage Bldg	Repair/replacements	25.0
Chignik	Bunkhouse	Wall Repair; Bulkhead Repair	17.0
Chignik	Compound	Seal Exterior Sidings-All Bldgs (reside with hardyplank)	45.0
Chignik	Dive Shop	Replace lower framing with treated lumber	10.0
Cold Bay	Compound	Install drainage system to site	21.0
Cold Bay	Compound	Replace Exterior Doors/Frames/storm doors	20.0
Cold Bay	Compound	Reseal and Paint Exterior	20.0
Cold Bay	Housing	Replace flooring/housing units	20.0
Cold Bay	Office	Upgrade/Retrofit Metal Fasteners	12.0
Cold Bay	Office	Replace Underground Fuel Tank (UST)	40.0
Cold Bay	Office	Replace/repair bathrooms/tub surrounds/fans	20.0
Cordova	Boat shed	Upgrade/Expand	75.0
Cordova	Dock	General upgrades/repairs	35.0
Cordova	Compound	Upgrade oil tank to secondary containment tank	5.0
Cordova	Storage Bldg	Install Flammable Storage Locker	10.0
Delta Junct	Cold Storage Bldg	Construct secure animal hide/carcass building	50.0
Delta Junct	Cold Storage Bldg	Reconfigure/expand secure containers	40.0
Delta Junct	Compound	Repair frost jacking to fence and structures	10.0
Delta Junct	Garage	Expand storage onto existing pad	30.0
Delta Junct	Garage and Storage	Repaint/recoat interior and exterior finishes	15.0
Dillingham	Bunkhouse	Repair//Upgrade (Heating/interior walls/ flooring/bathrooms)	50.0
Dillingham	Compound	Install security fencing	30.0
Dillingham	Office	Purchase Double Wall Fuel Tank	15.0
Dillingham	Office	Repair Structural Foundation on Main Bldg	40.0
Dillingham	Office	Retrofit/upgrade to energy efficient lighting	6.0

FISH & GAME DEFERRED MAINTENANCE FY-2010 (In thousands)			
Geographic Location	**Facility**	**Structure/Project Description**	**Est $1000s**
Dillingham	Warehouse and Bunkhouse	Paint/Recoat exterior surfaces	30.0
Dillingham	Warehouse	Install additional roof insulation	6.0
Dillingham	Warehouse	Repair Flashing in Eaves/siding repairs	75.0
Douglas	Office	Misc Regional office repairs/upgrades/improvements	25.0
Dutch Hbr	Bunkhouse	Install Flammable Storage Locker	15.0
Dutch Hbr	Bunkhouse	Upgrade external storage shed	6.0
Emmonak	Compound	Upgrade secure storage	25.0
Fairbanks	Office	Upgrade undersized building generator	60.0
Fairbanks	Office	Install cooling/air exchange to server room	25.0
Fairbanks	Office	Misc compound repairs/upgrades	25.0
Fairbanks	Office	Replace/upgrade office floor coverings (remaining half)	75.0
Fairbanks	Office	Upgrade and install building cooling system	250.0
Galena	Office and warehouse	Rehab/convert structure & warehouse	75.0
Glennallen	Compound	Improve site drainage	15.0
Glennallen	Office	Level and reshim entrance way	5.0
Glennallen	Office	Paint/recoat exterior finishes	12.0
Glennallen	Office	Reinsulate attic	10.0
Glennallen	Office	Reside/insulate and energy retrofit main exterior	75.0
Glennallen	Office	Upgrade Interior Finishes	10.0
Glennallen	Office	Upgrade Structural Foundation	50.0
Glennallen	Office and Garage	Replace Underground Fuel Tank (UST)	20.0
Glennallen	Storage Bldg	Demolish building	200.0
Glennallen	Storage Bldg	Hazardous assessment/remediation plan	50.0
Haines	Compound	Install security fencing	20.0
Homer	Office	Ventilation for Server Room in KBNERR	10.0
Homer	Storage/Covered Boat Storage	Upgrade	20.0
Juneau	Office	Reconfigure/upgrade Interior Floor Plan	20.0
Kenai	Fieldcamp	Sonar site/field lab upgrades	28.0
Kenai	Warehouse	Expansion needed	30.0
King Salmon	Compound	Misc repairs/upgrades	25.0

FISH & GAME DEFERRED MAINTENANCE FY-2010 (In thousands)			
Geographic Location	**Facility**	**Structure/Project Description**	**Est $1000s**
King Salmon	Office	Repair/upgrade interior lighting	10.0
King Salmon	Office	Replace Aging Heating System Controls	35.0
King Salmon	Warehouse shop	Repair/Replace hoist	10.0
Kodiak	Hanger	Install Potable Water Source	25.0
Kodiak	Hanger	Replace Door/Floor repair in existing structure	20.0
Kodiak	Warehouse	Assess two Devils Creek warehouses for hazardous contaminants	50.0
Kodiak	Compound	Misc repairs/upgrades	25.0
Kodiak	Warehouse	Demolish two Devils Creek warehouses	200.0
Nome	Bunkhouse	Install New Carpet/Vinyl.	15.0
Nome	Bunkhouse	New insta-hot water heater	5.0
Nome	Bunkhouse	Upgrade flooring on ground floor storage area	15.0
Nome	Bunkhouse	New energy efficient oil heater	8.0
Palmer	Compound	Install waste oil storage tank	2.5
Palmer	Office	Purchase Double Wall Fuel Tank	5.0
Palmer	Office	Replace upgrade above ground tank/double wall	6.0
Palmer	Shop	Flammable storage structure	10.0
Palmer	Shop	Install concrete apron around shop structure	7.5
Palmer	Shop	Recoat/paint exterior surfaces	5.0
Palmer	Shop	Replace/upgrade shop heating system	5.0
Palmer	Storage Bldg	Purchase Flammable Storage structure	10.0
Petersburg	Dock/storage facility	Misc Upgrade/repairs	10.0
Port Moeller	Housing	Build cabin addition	75.0
Port Moeller	Office	Misc repairs/upgrades	20.0
Port Moeller	Office and Bunkhouse	Replace Support Piles	30.0
Sand Point	Warehouse	Siding/roofing replacement	300.0
Sand Point	Warehouse	Replace oil tank w/secondary containment upgraded tank	15.0
Sand Point	Bunkhouse	Misc Upgrades/expansion/repairs	20.0
Sand Point	Housing	Misc repairs/upgrades pilots house	20.0
Sand Point	Housing	Replace oil tank w/secondary containment upgraded tank	10.0
Sand Point	Housing	Misc repairs/upgrades to duplex	10.0

FISH & GAME DEFERRED MAINTENANCE FY-2010 (In thousands)			
Geographic Location	**Facility**	**Structure/Project Description**	**Est $1000s**
Sand Point	Office	Replace oil tank w/secondary containment upgraded tank	10.0
Sand Point	Office	Replace Carpeting and Vinyl Floor Coverings	10.0
Sand Point	Storage Bldg	Purchase Flammable Storage structure	16.0
Sand Point	Warehouse	Replace electrical panel/upgrade wiring	50.0
Statewide	Office	Exterior sign replacements	25.0
Statewide	Various	Spill Pollution/Control & Countermeasure (SPCC) Plans	90.0
Statewide	Various	Emergency replacements/system failures/repairs	75.0
Statewide	Various	Oil Spill Response Equipment	20.0
Togiak	Compound	Misc Compound upgrades	20.0
Tok	Compound	Install security fencing	30.0
Tok	Office	Purchase Double Wall Fuel Tank	7.0
Tok	Storage Bldg	Purchase Flammable Storage structure	15.0
Unalakleet	Bunkhouse	Replace entryway & common vinly flooring	15.0
Unalakleet	Office	Purchase Double Wall Fuel Tank	8.0
Unalakleet	Office	Replace Communications Antenna	5.0
Unalakleet	Storage Bldg	Purchase/install Flammable Storage structure	20.0
Yakutat	Office	Upgrade Well to Code Compliant Source	10.0
Yakutat	Bunkhouse	Replace Above Ground fuel Tanks	10.0
Yakutat	Storage Bldg	Upgrade Structural Integrity	5.0
Total Project Backlog			**3,453.0**

Alaska Department of Natural Resources
FY08 Snowmachine Vehicle Registrations and Trail Expenditures
By Region

Note: Projects vary from year to year.

	No. of Registrations	% of Total
Anchorage, Glennallen & Mat-Su	28,507	52%
Kenai Peninsula	5,304	10%
Fairbanks & North Slope	13,816	25%
Prince William Sound	693	1%
Western Alaska	1,229	2%
Southeast Alaska	1,012	2%
Other Alaska & Outside	4,688	8%
Total	55,249	

	Trail Expenditures	% of Total
Anchorage, Glennallen & Mat-Su	$ 139,860	61%
Kenai Peninsula	$ 23,389	10%
Fairbanks & North Slope	$ 14,499	6%
Prince William Sound	$ -	0%
Western Alaska	$ 5,000	2%
Southeast Alaska	$ 10,799	5%
Other Alaska	$ 7,490	3%
Statewide Programs & Admin	$ 29,394	13%
Total	$ 230,431	

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Packet of Information Created For:

Senate Finance Sub-Committee
Tuesday February 24, 4 – 6 PM

Alaska Coastal Management Program

Program Goals and Objectives

The Alaska Coastal Management Program (ACMP) oversees the responsible development of coastal uses and resources, federal activities within the coastal zone, and activities on the Outer Continental Shelf.

ACMP Structure and Organization

The ACMP is a voluntary State program, authorized by the Coastal Zone Management Act of 1972, as amended. The Division of Coastal and Ocean Management (DCOM), within the Department of Natural Resources, is the lead agency for the ACMP. Several State departments and agencies participate in the implementation of the ACMP. In addition, several coastal municipalities and service areas (collectively known as coastal districts) voluntarily participate in the implementation of the ACMP. This structure and organization of State agencies and coastal districts provides for a networked implementation scheme designed to comprehensively manage coastal uses and resources.

The primary tool used to implement the ACMP is the consistency review process at 11 AAC 110. Through this process, proposed resource development activities are reviewed for consistency and compliance with the State's coastal management program which includes State laws, State standards, and district enforceable policies.

Value of ACMP

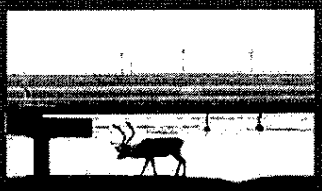
Having a federally-approved coastal management program allows the State the opportunity to:

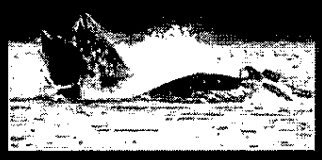
- Balance the need for economic investment and development in coastal areas with the need to protect and manage the uses and resources of coastal areas
- Act as the State's liaison to federal agencies (1) conducting/permitting activities within the State's coastal area and the Outer Continental Shelf; (2) involving federal laws/initiatives that effect development of the coastal zone, waters, uses or resources of the State
- Act as the department's lead on issues affecting or addressing the coastal waters affecting the State
- Apply State ACMP enforceable policies to federal agency activities
- Provide project applicants with a single point of contact for the State's review of resource development permit applications
- Incorporate coastal district input and knowledge for reasoned decisions

Key FY 2008 and FY 2009 Priorities and Needs

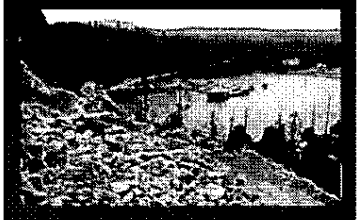
- Educate and train participants on implementation of ACMP
- Re-evaluate the ACMP Statutes (AS 46.39 and 40) and Regulations (11 AAC 110, 112, 114), so to strengthen the ACMP as a State program
- Implement the approved Coastal Impact Assistance Program (CIAP) and act as the liaison between the federal government and the State of Alaska

A Program of the Division of Coastal and Ocean Management





"The Alaska Coastal Management Program provides stewardship for Alaska's rich and diverse coastal resources to ensure a healthy and vibrant Alaskan coast that efficiently sustains long-term economic and environmental productivity."



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Alaska Coastal Management Program

Key 2008 Calendar Year Accomplishments

- In June 2008, DNR/DCOM initiated a series of workshops to review the current ACMP statutes (AS 46.39 and 46.40) and regulations (11 AAC 110, 112, and 114). The purpose of the re-evaluation is to strengthen the ACMP as a State program, that will benefit applicants and the public in the coordinating project reviews and that will enhance coastal district participation regarding activities occurring in the coastal area and on the outer continental shelf.

- DNR is currently revising the list of expedited consistency reviews using the ABC List. This revision was initiated to meet the legislative intent of identifying and broadening categories of activities subject to the expedited consistency review process. AS 46.40.096(m) SB 102 (2005) requires that DNR establish in regulation the state resource agency permits and federal permits that would trigger a consistency review. The ABC List categorizes development activities in the Coastal Zone according to expected levels of impact on uses and resources in the Zone. The last time the ABC List was substantively amended was in 1995. The current revision initiative will clarify the review process for certain resource development projects that are "de minimis" in nature or that are routine and can be made consistent with standard alternative measures. By updating the ABC List and developing new expedited consistency reviews for routine activities, DNR expects to reduce the workload for State agencies and coastal districts.

- In September 2008, the federal Minerals Management Service approved the State of Alaska Coastal Impact Assistance Program (CIAP) plan, making Alaska eligible to receive approximately $9.7 million in federal funds under the CIAP initiative. Due to an increase in OCS revenue off the coast of Alaska, the state's portion of CIAP funds will increase by more than $53 million in the next two fiscal years. DCOM is currently working on amending the CIAP plan to reflect Alaska's new allocation. A portion of the funds will go to 8 municipalities that are within 200 nautical miles of OCS development, and a portion will be offered to State agencies and the public through a competitive grant process.

- During the 2008 calendar year, nine more coastal district plans went into effect, bring the total of approved coastal district management plans to 25.

- During the 2008 calendar year, DCOM performed 262 coordinated or expedited consistency reviews, issued 415 No Additional Reviews and 29 Single Agency Reviews for resource development projects within the coastal zone.

ACMP Originally Approved:
1979

Coastal Population in 1979:
330,960

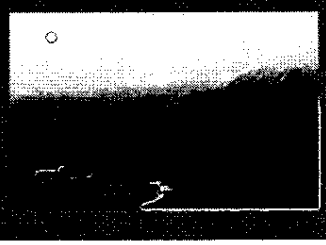
Coastal Population in 2004:
538,332

Miles of Coastline:
44,500

CZMA Funds:
$2,503,000

State and Other Matching Funds:
$1,967,000

Total:
$4,470,000



ACMP State Contact

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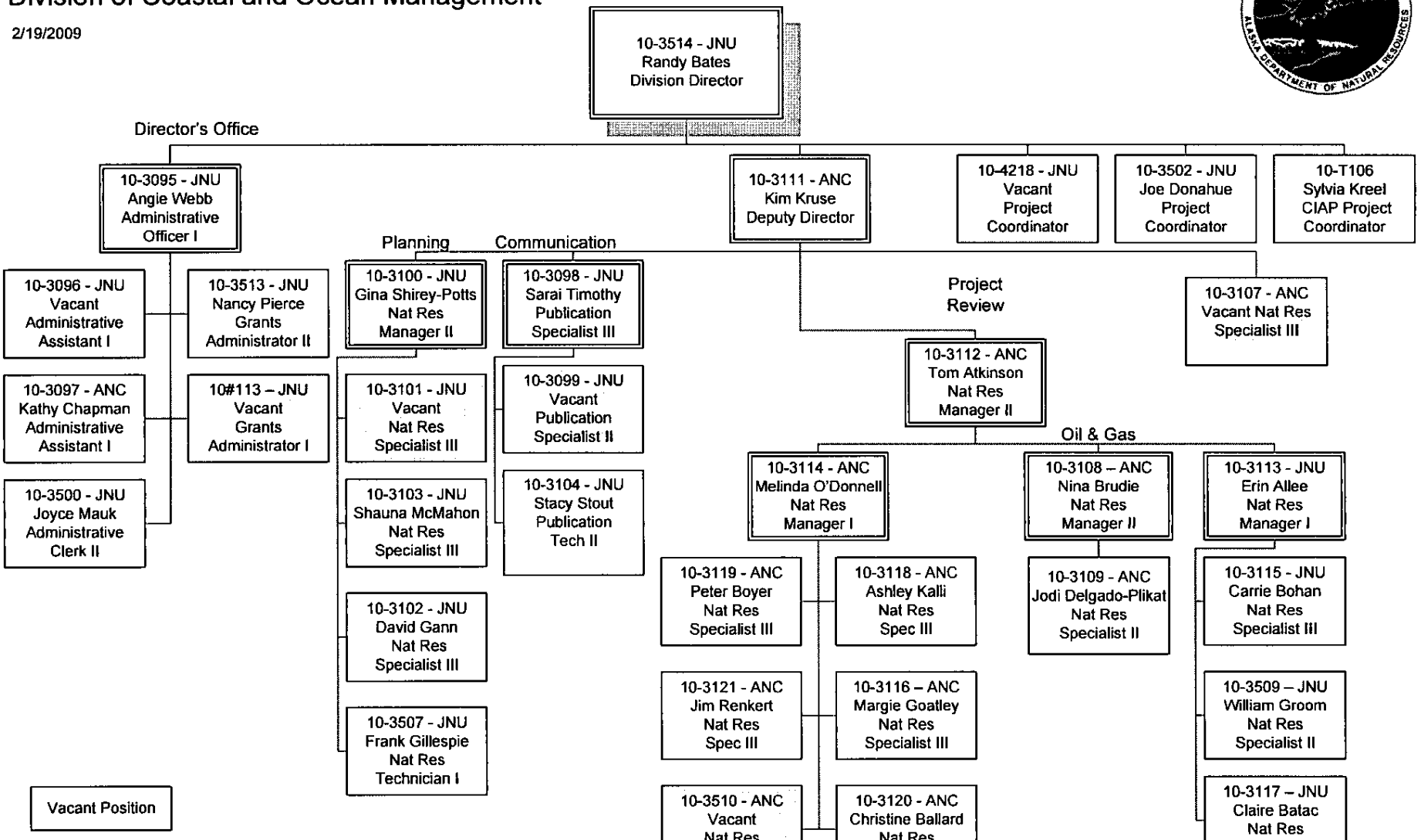
State of Alaska
Department of Natural Resources
Division of Coastal and Ocean Management

2/19/2009



Division of Coastal & Ocean Management
CZMA fund summary
Federal Fiscal Year 2007
State Fiscal Year 2008

Section 306- Program Implementation	Federal Funds	State Funds (match)	Total	Notes
Requires 1:1 Match		Match met by agencies/grantees		
DCOM Admin/Implementation of program	$769,500.00	$1,214,500.00	$1,983,999.00	DCOM overmatches federal funds to make up for not requiring 1:1 match for coastal districts (see below)
Coastal District Plan Development and Implementation: Pass-Through to DCCED to award to Coastal Districts.	$710,000.00	$265,000.00	$975,000.00	DCOM meets the additional match requirements of $445,000.00. Match requirements for districts is; boroughs 1:50 and CRSA's 1:20.
State Agency Implementation	$487,500.00	$487,500.00	$975,000.00	State agencies meet required 1:1 match
Total 306 Funds	**$1,967,000.00**	**$1,967,000.00**	**$3,933,999.00**	

Section 309 - Result in Program Change	Federal	State Funds (match)	Total	Notes
No Match Required				
DCOM Publications/Communications	$103,248.00	$0.00	$103,248.00	Outreach & Education
Competitive Grants	$272,000.00	$0.00	$272,000.00	Coastal districts and state agencies compete for funds to make a program change or implement a change to the ACMP.
Information Tech	$97,759.00	$0.00	$97,759.00	Business Information System for DNR
Coastal Nonpoint Source Pollution	$62,993.00	$0.00	$62,993.00	Sub-Awarded out to District(s)
Total 309 Funds	**$536,000.00**	**$0.00**	**$536,000.00**	

Total DCOM: $3,445,500.00

RSA FUNDING DISTRIBUTION - FFY07/SFY08

AGENCY	DESCRIPTION	FUNDING by DCOM	MATCH by STATE AGENCY	TOTAL
	SEC 306 - STATE AGENCY IMPLEMENTATION			
DNR/FORESTY	Development & Implementation	$ 7,500.00	$ 7,500.00	$ 15,000.00
DNR/DGGS	Development & Implementation	$ 7,500.00	$ 7,500.00	$ 15,000.00
DNR/ML&W	Development & Implementation	$ 50,000.00	$ 50,000.00	$ 100,000.00
DNR/OHMP	Development & Implementation	$ 15,000.00	$ 15,000.00	$ 30,000.00
DEC	Development & Implementation	$ 30,000.00	$ 30,000.00	$ 60,000.00
LAW	Development & Implementation	$ 100,000.00	$ 100,000.00	$ 200,000.00
F&G SPORT FISH	Development & Implementation	$ 30,000.00	$ 30,000.00	$ 60,000.00
				$ -
				$ -
DNR/DGGS	Monitoring & Compliance	$ 7,500.00	$ 7,500.00	$ 15,000.00
DNR/ML&W	Monitoring & Compliance	$ 25,000.00	$ 25,000.00	$ 50,000.00
DNR/OHMP	Monitoring & Compliance	$ 60,000.00	$ 60,000.00	$ 120,000.00
DEC	Monitoring & Compliance	$ 20,000.00	$ 20,000.00	$ 40,000.00
F&G SPORT FISH	Monitoring & Compliance	$ 5,000.00	$ 5,000.00	$ 10,000.00
				$ -
DCCED	306 Dev & Imp Admin	$ 130,000.00	$ 130,000.00	$ 260,000.00
	Total State Agency Implementation 306	**$ 487,500.00**	$ 487,500.00	$ 975,000.00
	SEC 306 - COASTAL DISTRICT PLAN D&I (GRANTS)			
DCCED	306 Dev & Imp District Grants	$ 710,000.00		
	Total Agency DISTRICT GRANTS 306	**$ 710,000.00**		
	TOTAL	**$ 1,197,500.00**		

DCCED sub-awards $710,000.00 out to coastal districts. Coast districts match a portion of the sub-award (Boroughs 1:50 match / CRSA1:20 match) DCOM meets the additional match requirement.

TABLE 1: FY 08 Section 306 Grant Awards Summary

COASTAL DISTRICTS	FY07 SECTION 306 REQUIRED TASKS AWARDS	FY08 DISTRICT GRANT REQUESTS	FY08 SECTION 306 REQUIRED TASKS AWARDS
Aleutians East Borough	$ 17,000.00	$ 17,000.00	$ 17,000.00
Aleutians West CRSA	$ 73,000.00	$ 115,277.44	$ 73,000.00
Anchorage	$ 38,500.00	$ 39,000.00	$ 38,500.00
Bering Straits CRSA (DCCED)	$ 73,000.00	$ 76,500.00	$ 65,000.00
Bethel	$ 6,000.00	$ 6,000.00	$ 6,000.00
Bristol Bay Borough	$ 13,000.00	$ 20,900.00	$ 13,000.00
Bristol Bay CRSA	$ 73,000.00	$ 75,500.00	$ 73,000.00
Cenaliulriit CRSA	$ 73,000.00	$ 75,500.00	$ 73,000.00
Cordova	$ 6,000.00	$ 6,000.00	$ 6,000.00
Craig	$ 6,000.00	$ 6,900.00	$ 6,000.00
Haines	$ 13,000.00	$ 12,910.00	$ 13,000.00
Hoonah	$ 6,000.00	$ 6,000.00	$ 6,000.00
Juneau	$ 38,250.00	$ 38,250.00	$ 38,500.00
Kenai Peninsula Borough	$ 38,500.00	$ 52,326.00	$ 38,500.00
Ketchikan	$ 24,000.00	$ 25,720.00	$ 24,000.00
Kodiak Island Borough	$ 24,000.00	$ 25,000.00	$ 24,000.00
Lake & Peninsula Borough	$ 17,000.00	$ 17,800.00	$ 17,000.00
Matanuska-Susitna Borough	$ 38,250.00	$ 38,250.00	$ 38,500.00
Nome	$ 6,000.00	$ 6,000.00	$ 6,000.00
North Slope Borough	$ 36,000.00	$ 36,000.00	$ 38,500.00
Northwest Arctic Borough	$ 17,000.00	$ 17,300.00	$ 17,000.00
Pelican	$ 6,000.00	$ 9,000.00	$ 6,000.00
Sitka	$ 24,000.00	$ 24,900.00	$ 24,000.00
Skagway	$ 6,000.00	$ 6,000.00	$ 6,000.00
Thorne Bay	$ 6,000.00	$ 6,000.00	$ 6,000.00
Valdez	$ 6,000.00	$ 6,000.00	$ 6,000.00
Whittier	$ 6,000.00	$ 6,000.00	$ 6,000.00
Yakutat	$ 13,000.00	$ 13,000.00	$ 13,000.00
TOTAL	**$ 703,500.00**	**$ 785,033.44**	**$ 698,500.00**
TOTAL FUNDS AVAILABLE	**$ 710,000.00**		**$ 710,000.00**
Unencumbered Funds (Audits/Travel)	**$ 6,500.00**		**$ 11,500.00**

COASTAL IMPACT ASSISTANCE PROGRAM

Section 384 of the Energy Policy Act of 2005 established the Coastal Impact Assistance Program (CIAP). The Act authorizes the U.S. Department of Interior, Minerals Management Service to distributed $250 million annually for the years 2007 through 2010 to Outer Continental Shelf (OCS) oil and gas producing states and coastal political subdivisions (CPSs) to mitigate the impacts of OCS oil and gas activities.

Per a formula prescribed by the Act, Alaska's eight eligible CPSs will receive a combined total of 35 percent of Alaska's allocation. The remaining 65 percent is allocated directly to the state.

In 2007 and 2008 Alaska was allocated 1 % of the national CIAP funds. Due to the recent Chukchi Lease Sale, MMS has projected that Alaska's allocation will increase to be between 12% and 17 % of the national CIAP allocation in 2009 and 2010. MMS will announce final allocation in April 2009.

The tables below show the annual and total projected CIAP allocations to the state and the CPSs for both the high and low estimates.

Allocation Directly to State (65% of total to state)

	Total	2007	2008	2009	2010
Low end (12% of total federal funds for 2009 and 2010)	40,982,500.00	1,576,250.00	1,576,250.00	18,915,000.00	18,915,000.00
High end (17% of total federal funds for 2009 and 2010)	56,745,000.00	1,576,250.00	1,576,250.00	26,796,250.00	26,796,250.00

Allocation Directly to CPSs - Low end (35 % of total to state)

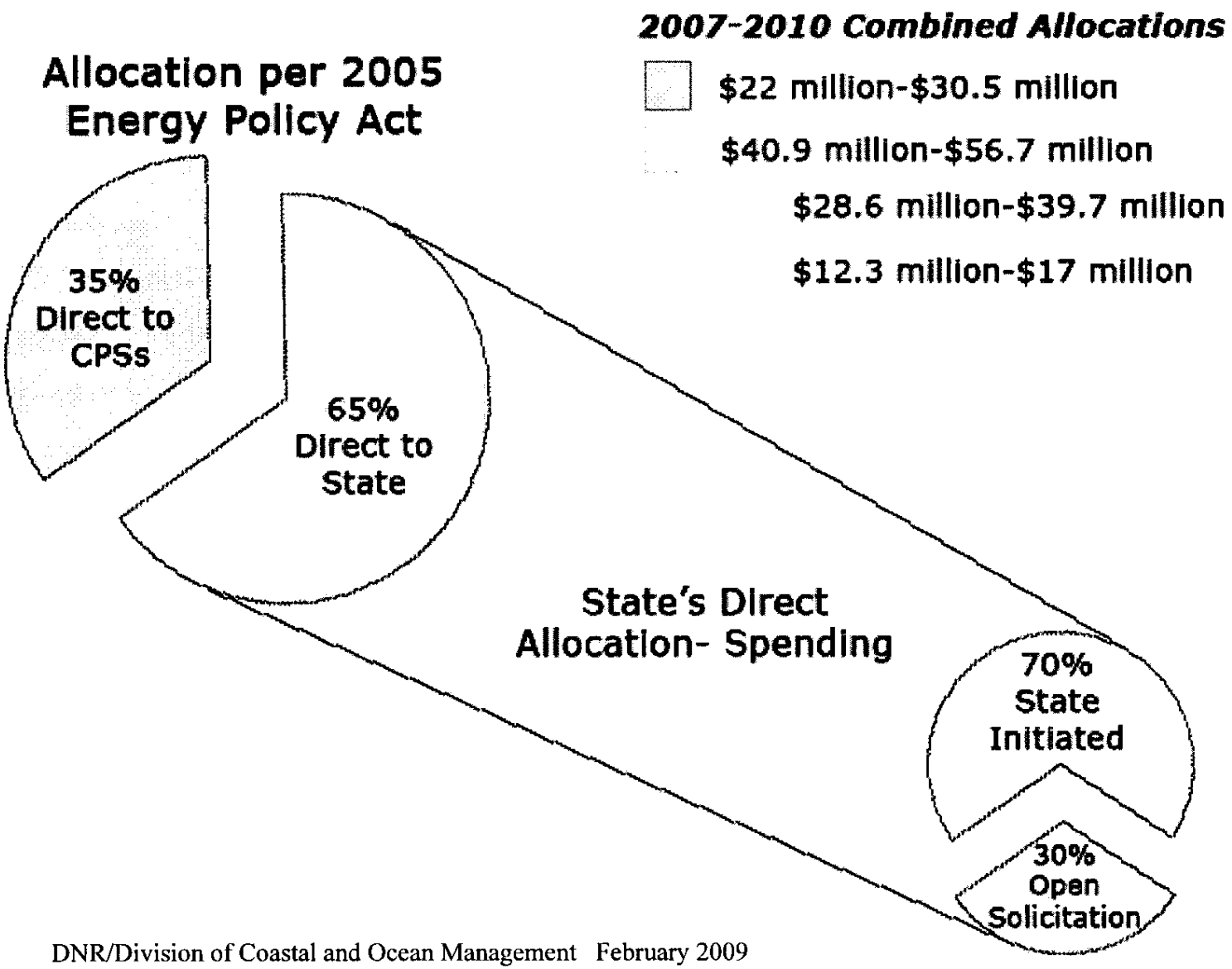
	Total	2007	2008	2009	2010
Municipality of Anchorage	3,581,586.76	137,767.88	137,767.88	1,653,025.50	1,653,025.50
Bristol Bay Borough	17,627.72	665.86	665.86	8,148.00	8,148.00
Kenai Peninsula Borough	1,544,770.72	59,435.36	59,435.36	712,950.00	712,950.00
Kodiak Island Borough	1,902,235.04	73,170.52	73,170.52	877,947.00	877,947.00
Lake & Peninsula Borough	898,096.08	34,518.54	34,518.54	414,529.50	414,529.50
Matanuska-Susitna Borough	816,488.30	31,399.15	31,399.15	376,845.00	376,845.00
North Slope Borough	7,187,406.52	276,448.76	276,448.76	3,317,254.50	3,317,254.50
Northwest Arctic Borough	6,119,288.86	235,343.93	235,343.93	2,824,300.50	2,824,300.50
Total	22,067,500.00	**848,750.00**	**848,750.00**	**10,185,000.00**	**10,185,000.00**

Allocation Directly to CPSs - High end (35 % of total to state)

	Total	2007	2008	2009	2010
Municipality of Anchorage	4,959,108.00	137,767.88	137,767.88	2,341,786.12	2,341,786.12
Bristol Bay Borough	24,417.72	665.86	665.86	11,543.00	11,543.00
Kenai Peninsula Borough	2,138,895.72	59,435.36	59,435.36	1,010,012.50	1,010,012.50
Kodiak Island Borough	2,633,857.54	73,170.52	73,170.52	1,243,758.25	1,243,758.25
Lake & Peninsula Borough	1,243,537.32	34,518.54	34,518.54	587,250.12	587,250.12
Matanuska-Susitna Borough	1,130,525.80	31,399.15	31,399.15	533,863.75	533,863.75
North Slope Borough	9,951,785.28	276,448.76	276,448.76	4,699,443.88	4,699,443.88
Northwest Arctic Borough	8,472,872.62	235,343.93	235,343.93	4,001,092.38	4,001,092.38
Total	30,555,000.00	**848,750.00**	**848,750.00**	**14,428,750.00**	**14,428,750.00**

DNR/Division of Coastal and Ocean Management
July 2008

Alaska CIAP Allocation



DNR/Division of Coastal and Ocean Management February 2009

Coastal Impact Assistance Program
(CIAP)

Schedule

(Subject to change - last updated 1/22/09)

Project Solicitation: State-Initiated Projects

- December 3, 2008: Initiate solicitation of state projects
- February 2, 2009: Close solicitation of state projects – start to review and rank state initiated projects

Open Solicitation: Public initiated projects

The Alaska Department of Commerce, Community, and Economic Development (Commerce) is currently developing regulations to establish the open solicitation grant procedures for the 30% of available funds affecting the public. The Schedule below regarding the open solicitation of projects from the public is dependant on the progress of the regulations.

- January 26, 2009: Commerce initiates 30-day public comment period on regulations establishing the grant procedures affecting the public.
- March 2, 2009: Initiate open solicitation of projects from the public
- April 24, 2009: Regulations in effect
- April 25, 2009: Close solicitation of projects from the public – start to review and rank non-state initiated projects

Plan Amendment Schedule

- April 15, 2009: MMS determines final allocation for FY 2009 and FY 2010
- May 31, 2009: Finalize project recommendation to Ocean Policy Cabinet
- June 30, 2009: Initiate 30-day public review of draft Amended CIAP Plan
- June 30, 2009: Submit draft Amended CIAP Plan to MMS for review and comment
- October 11, 2009: Submit final Amended CIAP Plan to MMS
- October 31, 2009: MMS deems Amended CIAP Plan complete and initiates 90 day review
- January 29, 2010: MMS approves Alaska's Amended CIAP Plan

Coastal Impact Assistance Program

The Energy Policy Act of 2005 (Public Law 109-58) was signed into law by President Bush on August 8, 2005. Section 384 of the Act establishes the Coastal Impact Assistance Program (CIAP), which authorizes funds to be distributed to Outer Continental Shelf (OCS) oil and gas producing states to mitigate the impacts of OCS oil and gas activities.

Under the CIAP, the Secretary of the Interior is authorized to distribute to producing states and coastal political subdivisions (CPS's) $250 million for each of the Federal fiscal years (FY) 2007 through 2010. This money will be shared among Alabama, Alaska, California, Louisiana, Mississippi, and Texas and will be allocated to each producing state based upon allocation formulas prescribed by the Act. Further, the CIAP allocates money to the eligible CPS's of the states identified above.

Pursuant to the Act, a producing state or CPS shall use all amounts received under this section for one or more of the following five authorized uses:

Authorized Uses:

1. Projects and activities for the conservation, protection, or restoration of coastal areas, including wetland.
2. Mitigation of damage to fish, wildlife, or natural resources.
3. Planning assistance and the administrative costs of complying with CIAP.
4. Implementation of a federally-approved marine, coastal or comprehensive conservation management plan.
5. Mitigation of the impact of OCS activities through funding of onshore infrastructure projects and public service needs.

Coastal Impact Assistance Program (CIAP) Themes for Open Solicitation – applicable to all projects considered under the open solicitation (30%)

Approximately 70% of the CIAP allocation will be used for state initiated projects. Approximately 30% of the allocation will fund projects identified through an open solicitation process and will include both state and non-state initiated projects. In order to ensure that non-state initiated projects still focus on state priorities while addressing community needs, the Ocean Policy Cabinet and Department of Natural Resources/Division of Coastal and Ocean Management identified five themes. All non-state initiated projects must address one of these themes. In addition, those state projects that did not make the state-initiated (70%) project cut are automatically bumped into the open solicitation (30%) process and must also meet one of the five themes to be considered.

Themes

1. Waste Management and Clean Up
    a. Marine debris clean-up projects (e.g., projects to collect, transport and dispose of marine debris from shorelines, etc).
    b. Clean harbor projects to improve water quality at harbors (e.g., sewage pump-out stations and waste oil collection facilities, etc.).
    c. Waste management projects (e.g., projects to collect, consolidate, transport, and dispose of household hazardous waste present in remote communities, etc.).

2. Data Collection, Data Analysis, Planning, and Mapping
    a. Community-based assessment and monitoring of environmental and habitat variables in order to evaluate and/or mitigate impacts of development (e.g., water quantity and quality monitoring; collection of traditional knowledge regarding changes in natural ecosystems; data collection and/or analysis; habitat mapping for baseline information, long-term monitoring, and/or detection of change in order to evaluate impacts of development, etc.).
    b. Collection and/or analysis of baseline data on fish or wildlife and/or their habitat that is needed to evaluate or develop mitigation strategies for potential impacts from oil and gas, mining, and other development activities.
    c. Projects that would analyze or prepare for the impacts of climate change or natural hazards on communities.

3. Habitat Restoration and Rehabilitation Projects
   (e.g., stream bank restoration projects, prescribed burning to restore moose habitat, replacement of culverts that impede fish passage, wetland restoration projects, etc.).

4. Mitigation Projects
   Projects to mitigate impacts from development activities and/or climate change.

5. Community Environmental Education Projects, Not to Exceed $35,000
   Projects to educate the public about environmental issues/topics (e.g., educational materials, signage, targeted conferences, etc.). Projects proposed under this category will be evaluated separately from the other project categories. Up to $1,500,000 will be allocated to this category.

Tier 1 Projects for Fiscal Years 2007 - 2010 Proposed by
STATE OF ALASKA

Coastal Impact Assistance Program Allocations

Spending Estimates

	Project Title	Estimated Spending by Fiscal Year Allocation ($)				
		TOTAL	FY 07	FY 08	FY 09	FY 10
Authorized Use 1: Projects and activities for the conservation, protection, or restoration of coastal areas, including wetland						
1	Stikine River Mining Activity Risk Assessment	**58,000**	0	58,000	0	0
2	Shore Zone Mapping	**800,000**	175,000	20,000	200,000	405,000
3	Fish Monitoring Program	**1,600,000**	0	700,000	600,000	300,000
4	Current Measurements in Potential Oil Exploration and/or Development Areas of the Landfast Ice Zone of the Alaskan Beaufort Sea	**67,000**	0	67,000	0	0
5	Matanuska-Susitna Trail Rehabilitation and Wetland Restoration	**140,000**	0	50,000	45,000	45,000
	Subtotal ($)	**2,665,000**	**175,000**	**895,000**	**845,000**	**750,000**
Authorized Use 2: Mitigation of damage to fish, wildlife, or natural resources						
6	Mertarvik Waterfront Management and All Hazards Plan	**150,000**	0	75,000	75,000	0
7	Newtok Environmental Site Inventory and Assessment	**100,000**	0	50,000	50,000	0
	Subtotal ($)	**250,000**	**0**	**125,000**	**125,000**	**0**
Authorized Use 3: Planning assistance and the administrative costs of complying with CIAP						
8	Division of Coastal and Ocean Management - Administrative Costs	**372,014**	1,250	122,914	117,800	130,050
	Subtotal ($)	**372,014**	**1,250**	**122,914**	**117,800**	**130,050**
Authorized Use 4: Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan						
9	Coastal Processes Seminars	**40,486**	0	30,136	10,350	0
10	Geohazards Evaluation and Geologic Mapping for Coastal Communities	**1,123,500**	0	209,200	358,100	556,200
11	Survey	**1,400,000**	1,400,000	0	0	0
12	Monitoring Steller Sea Lions at Remote Sites in the Bering Sea	**124,000**	0	44,000	40,000	40,000
13	Hydro-acoustic Monitoring of Ambient Noise and Marine Mammals in the Chukchi Sea	**330,000**	0	150,000	80,000	100,000
	Subtotal ($)	**3,017,986**	**1,400,000**	**433,336**	**488,450**	**696,200**
Authorized Use 5: Mitigation of the impact of OCS activities through funding of onshore infrastructure projects and public service needs						
	Subtotal ($)	**0**	**0**	**0**	**0**	**0**
	TOTAL	**6,305,000**	**1,576,250**	**1,576,250**	**1,576,250**	**1,576,250**

TOTAL ALLOCATION FOR STATE OF ALASKA ($)	**6,305,000**	**1,576,250**	**1,576,250**	**1,576,250**	**1,576,250**

Tier 1 Projects for Fiscal Years 2007 - 2010 Proposed by
COASTAL POLITICAL SUBDIVISIONS

Coastal Impact Assistance Program Allocations

Spending Estimates

	Project Title	Spending Estimate ($) TOTAL	FY 07	FY 08	FY 09	FY 10
	MUNICIPALITY OF ANCHORAGE					
1	Anchorage Creeks CIAP Restoration Project	**551,072**	137,768	137,768	137,768	137,768
	Subtotal	**551,072**	**137,768**	**137,768**	**137,768**	**137,768**
	KENAI PENINSULA BOROUGH					
1	Crooked Creek Bank Restoration and Habitat Protection	**15,000**	15,000	0	0	0
2	Kasilof Personal use Fisheries Habitat Protection	**8,000**	8,000	0	0	0
3	Crooked Creek State Recreational Area River Bank Restoration	**189,240**	30,000	53,080	53,080	53,080
4	CIAP Planning and Administration	**25,500**	6,375	6,375	6,375	6,375
	Subtotal	**237,740**	**59,375**	**59,455**	**59,455**	**59,455**
	KODIAK ISLAND BOROUGH					
1	Metal Debris Clean Up and Removal	**160,000**	40,000	40,000	40,000	40,000
2	Trail Hardening or Relocation to Enhance and Improve Coastal Water Quality and Stream Habitat	**94,000**	23,500	23,500	23,500	23,500
3	Public Education on the Value of Conserving Wetlands and Other Coastal Habitats	**9,671**	9,671	0	0	0
4	Mapping of Coastal and Marine Resources	**29,012**	0	9,671	9,671	9,671
	Subtotal	**292,682**	**73,171**	**73,171**	**73,171**	**73,171**
	LAKE AND PENINSULA BOROUGH					
1	Lake and Peninsula Borough Beach Erosion Tracking Program and Community Profile Map Additions and Updates	**105,273**	0	36,237	34,518	34,518
2	Lake and Peninsula Borough Mapping Update for the Protection of Critical Coastal Resources and Identification of Land Status	**10,000**	10,000	0	0	0
3	Lake and Peninsula Borough Coastal Management Plan Amendment – Community Outreach Component	**22,800**	22,800	0	0	0
	Subtotal	**138,073**	**32,800**	**36,237**	**34,518**	**34,518**
	MATANUSKA-SUSITNA BOROUGH					
1	*"Protect the Edge: Where the Water Meets the Land"* a full-color 40-60 Page Publication *A* bout Protecting Riparian Habitat and Wetlands	**20,000**	20,000	0	0	0
2	Ortho-rectified Imagery of the Matanuska-Susitna Coastal Zone	**105,596**	11,399	31,399	31,399	31,399
	Subtotal	**125,596**	**31,399**	**31,399**	**31,399**	**31,399**

Tier 1 Projects for Fiscal Years 2007 - 2010 Proposed by
COASTAL POLITICAL SUBDIVISIONS

Coastal Impact Assistance Program Allocations

	Project Title	Spending Estimate ($) TOTAL	FY 07	FY 08	FY 09	FY 10
	NORTH SLOPE BOROUGH					
1	Restoration and Rehabilitation of Coastal Areas Through the Installation of Hardened Trail	**90,000**	90,000	0	0	0
2	Assessment of the Biotic and Abiotic Factors Influencing the Ikpikpuk River Delta, which is Needed for Predicting Changes and Developing Plans to Conserve and Protect the Delta	**275,000**		65,000	105,000	105,000
3	Assessment of the Health and Biology of Arctic Marine Mammals for the Development and Evaluation of Mitigation Measures to Reduce Impacts from a Changing Arctic Environment	**560,792**	146,448	171,448	121,448	121,448
4	Assessment of the Vulnerability of Archaeological and Cultural Sites to Coastal Erosion and the Development of Plans to Protect the Sites	**100,000**	0	0	50,000	50,000
5	Implementation and Enhancement of Permitting Activities of the North Slope Borough	**80,000**	40,000	40,000	0	0
	Subtotal	**1,105,792**	**276,448**	**276,448**	**276,448**	**276,448**
	NORTHWEST ARCTIC BOROUGH					
1	Protecting Coastal Areas through Region-wide Waste Management Improvement	**181,000**	0	44,500	77,500	59,000
2	Protecting Coastal Areas through Planning and Guidance for Sustainable Tourism	**136,000**	0	40,000	55,000	41,000
3	Improving Management Capacity to Protect Coastal Areas	**200,000**	0	80,000	60,000	60,000
4	Protection of Coastal Areas from Marine Debris	**125,000**	0	50,000	45,000	30,000
5	Administrative Costs	**178,376**	17,000	55,000	60,000	46,376
6	Improving Subsistence Information to Implement Federal Plans	**75,000**	0	25,000	50,000	0
7	Improving Public Involvement for Implementation of Federally Approved Plans	**46,000**	0	20,000	26,000	0
	Subtotal	**941,376**	**17,000**	**314,500**	**373,500**	**236,376**
	TOTAL ALL CPS'S COMBINED	**3,392,331**	**627,960**	**928,977**	**986,258**	**849,134**

Note: Bristol Bay Borough did not submit any projects.

Alaska Coastal Political Subdivisions	Annual Allocation
Municipality of Anchorage	$137,767.88
Bristol Bay Borough	$665.86
Kenai Peninsula Borough	$59,435.36
Kodiak Island Borough	$73,170.52
Lake and Peninsula Borough	$34,518.54
Matanuska-Susitna Borough	$31,399.15
North Slope borough	$276,448.76
Northwest Arctic Borough	$235,343.93
TOTAL	**$848,750.00**

Donnie
possible testifiers
Tues p.m.

Christine Marie

From: Louanne Christian
Sent: Tuesday, March 17, 2009 8:40 AM
To: Miles Baker
Cc: Christine Marie
Subject: FW: Capital budget in SFC

For FG this afternoon. Lou

From: Lawson, Thomas W (DFG) [mailto:tom.lawson@alaska.gov]
Sent: Tuesday, March 17, 2009 8:39 AM
To: Louanne Christian
Subject: RE: Capital budget in SFC

Yes, I'll be introducing the projects. If there are questions I may defer to the following cast of characters:

John Hilsinger, Director, Division of Commercial Fisheries (will either be at the Anchorage LIO or call into the toll free #)
Kerry Howard, Director, Division of Habitat (will be at the meeting)
Charles Swanton, Director, Division of Sport Fish (will be at the meeting)
Frank Homan, Chair, Commercial Fisheries Entry Commission (will be at the meeting)
Doug Larsen, Director, Division of Wildlife Conservation (will call into the toll free #)—Not confirmed...there may be a substitute...will let you know as soon as I know.

Tom Lawson, Director
Division of Administrative Services
Department of Fish and Game
(907) 465-5999 fax: (907) 465-6078

From: Louanne Christian [mailto:Louanne_Christian@legis.state.ak.us]
Sent: Monday, March 16, 2009 6:20 PM
To: Lawson, Thomas W (DFG)
Subject: Capital budget in SFC

Will you be presenting DFG's capital projects in SFC tomorrow (today) at 1:30? Will there be others joining you?
Thanks Louanne

Christine Marie

From: Louanne Christian
Sent: Tuesday, March 17, 2009 11:09 AM
To: Miles Baker; Christine Marie
Subject: FW: SFC 2:30

For this afternoon. Lou

From: Simons, Leta L (DNR) [mailto:leta.simons@alaska.gov]
Sent: Tuesday, March 17, 2009 11:06 AM
To: Louanne Christian
Subject: RE: SFC 2:30

Louanne, we'll have these people online for DNR at the 2:30 p.m. Senate Finance hearing today:

Chris Maisch or Dean Brown, Division of Forestry
Wyn Menefee, Division of Mining, Land & Water
James King, Division of Parks & Outdoor Recreation
Meg Kremer and Diane Hunt, Division of Oil & Gas
Rod Combellick, Division of Geological and Geophysical Surveys
Leann McGinnis, Mental Health Trust Land Office

Thanks.

Leta Simons
465-3379

From: Louanne Christian [mailto:Louanne_Christian@legis.state.ak.us]
Sent: Tuesday, March 17, 2009 8:44 AM
To: Simons, Leta L (DNR)
Subject: SFC 2:30

Sorry, today is at 2:30 pm. Lou

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2			Administration	Appropriation	Amend: Statewide Systems Replacement This amendment changes the fund source from $50,000.0 AHCC Receipts and increases the funding to $76,500.0 Master Lease Line of Credit (MLOC) to fund three years of the project.			26,500.0	Master Lease Line of Credit	26,500.0
3			Administration	Appropriation	Amend: Network Communications and Connectivity Upgrades Original request was for $2,800.0, however, $1,300.0 was to be funded from Information Services Fund balance.			(1,500.0)	Info Srvcs Fund	(1,500.0)
4			Administration	Appropriation	Delete: Lease Management System Project is deleted due to the state's current economic situation.	(500.0)				(500.0)
5			Administration	Appropriation	Delete: Non-PBF Facilities Maintenance The project may be deleted due to the state's current economic situation, but will be needed after FY2010.	(250.0)				(250.0)
6			Commerce	Appropriation	Delete: Alaska Marine Exchange - Vessel Tracking System Operating Costs This project is deleted due to the state's current economic situation.	(650.0)			Cruise Ship Gambling Tax	(650.0)
7			Commerce	Appropriation	Amend: NPR-A Impact Grant Program Language amendment to finalize amount of funding (federal) and distribute to allocations for specific grants as the final project list is complete. Original estimated funding was $22,500.0. Current estimate has been reduced to $16,035.1, but only $15,967.8 is allocated for grants. The balance of $67.3 is appropriated to the Permanent Fund and the Public School Trust Fund in the operating budget.		(6,532.2)			(6,532.2)
8			Commerce	Appropriation	Amend: At the request of the Haines Borough, two projects Haines: Portage Cove Boat Harbor Parking Lot and Haines: Portage Cove Harbor Restrooms are combined and renamed to Haines Borough: Port Chilkoot Waterfront Improvements. No change to the total funding of $1,900.0.					0.0
9			Corrections	Appropriation	Amend: Goose Creek Correctional Center Utiltity and Energy Costs for New Construction With the sale of the bonds and the signing of the construction contract, this can be reduced from $20 million to the expected need of $6 million in FY10. Additional funding will be needed in FY11.			(14,000.0)	AK Housing Capital Corp Rcpts	(14,000.0)
10			Education	Appropriation	Amend: Mt. Edgecumbe High School Deferred Maintenance Due to the state's current economic situation, reduce the requested funding from $2,000.0 by $1,000.0, for a new project total of $1,000.0 GF.	(1,000.0)				(1,000.0)
11			Education	**School District Major Maintenance Grants - Appropriation**	**Amend: School District Major Maintenance Grants** The FY10 capital budget contains $40,514,065 for the first 20 projects based on the November 5, 2008 list. After reconsideration, the December 16, 2008 list added three projects as high priorities. This amendment adds funds to accommodate these changes without removing funding already proposed for the original projects. This amendment adds $1,929,416 for a new total of $42,443,481 for the first 23 major maintenance projects on the December 16, 2008 list. Note: There are more pages of backup submitted than just the three additions as the backup specifies a project's ranking and several of those rankings changed on the December 16, 2008 list.					0.0
12			Education	School District Major Maintenance Grants - Allocation	New: Evergreen Elementary School Playground Safety Upgrades After reconsideration, this project became priority #6 for $770,698 on the December 16, 2008 list.			770.7	Major Maintenance Grant Fund	770.7
13			Education	School District Major Maintenance Grants - Allocation	New: Houghtaling Elementary Outdoor Physical Education Shelter Replacement After reconsideration, this project became priority #12 for $276,110 on the December 16, 2008 list.			276.1	Major Maintenance Grant Fund	276.1
14			Education	School District Major Maintenance Grants - Allocation	New: Saint Marys Garage and Warm Storage Renovation After reconsideration, this project that had been priority #24 moved up to priority #6 for $882,608 on the December 16, 2008 list.			882.6	Major Maintenance Grant Fund	882.6
15			Fish and Game	Appropriation	Amend: Statewide Annual Deferred Maintenance, Repair, Upgrades, and Equipment Reduce the project due to the State's current economic situation. Revised project total is $850.0.	(250.0)				(250.0)
16			Fish and Game	Appropriation	Amend: Data and Infrastructure Backup Reduce the project due to the State's current economic situation. Juneau has been removed from the scope of the project. The department anticipates absorbing this reduction and does not plan to request the deleted funds in the future. Revised project total is $175.0.	(100.0)				(100.0)

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
17			Fish and Game	Appropriation	Amend: Application Development Software Reduce the project due to the State's current economic situation. The scope of the project has been modified to not include the redesign of the department's web site. The deleted portion of the project may be requested again in the future. The revised project total is $225.0.	(125.0)				(125.0)
18			Fish and Game	Appropriation	Delete: Wildlife Conservation Response Team A scaled down project has been included in the FY2010 Governor's Amended operating budget.	(750.0)				(750.0)
19			Fish and Game	Appropriation	Amend: Wood Bison Stocking and Release Reduce the project due to the State's current economic situation. Funding to complete this project will be requested in the future. The revised project total is $150.0.	(100.0)				(100.0)
20			Fish and Game	Appropriation	Delete: Hazardous Site Cleanups Project is eliminated due to the State's current economic situation.	(750.0)				(750.0)
21			Fish and Game	Appropriation	Amend: Assessment of Pacific Salmon Resources in AYK, Northern Region Reduce the project due the State's current economic situation. Funding to complete this project may be requested in the future. The revised project total is $125.0.	(125.0)				(125.0)
22			Fish and Game	Appropriation	Amend: Collection and Genetic Analysis of Chum and Sockeye Salmon Tissues in Western Alaska Redue the project due to the State's current economic situation. The amended title and scope of this project does not include sockeye salmon. The sockeye salmon portion of the original project may be requested again in the future. The revised project total is $750.0.	(750.0)				(750.0)
23			Governor	**Information Technology - Appropriation**	**Amend: Information Technology Imaging and Document Management appropriation by deleting the three allocations listed below**					0.0
24			Governor	Information Technology - Allocation	Delete: Banking and Securities Management System Due to timing issues, this project is being requested in the FY2009 supplemental bill.			(890.0)	Rcpt Svcs	(890.0)
25			Governor	Information Technology - Allocation	Delete: DCCED - Community and Regional Affairs Imaging Project is deleted due to the state's current economic situation.	(690.0)				(690.0)
26			Governor	Information Technology - Allocation	Delete: DNR - Document Management System Phase 2 of 2 Project is deleted due to the state's current economic situation.	(1,200.0)				(1,200.0)
27			Health & Social Services	Appropriation	New: Medicaid Management Information System Completion. The Centers for Medicare and Medicaid Service (CMS) won't pay for some costs with MMIS project since they had paid for comparable work in the MMIS project that failed. These funds will correct the funding and provide for six months of technical assistance before CMS certifies the project. These funds should complete the project. The cite for the prior appropriation is sec. 4, ch. 30, SLA 2007, page 95, lines 18-20 for Medicaid Management Information System Completion.	5,965.5	434.4			6,399.9
28			Health & Social Services	Appropriation	New: HIPAA Updated Electronic Transaction Standards. This work must be done to comply with federal standards for electronic health interactions with the provider community.	450.0	4,050.0			4,500.0
29			Labor	Appropriation	Amend: AVTEC Deferred Maintenance and Training Facility Expansion Due to the state's current economic situation, general funds are replaced with AHCC Receipts.	(1,000.0)		1,000.0	AK Housing Capital Corp Rcpts	0.0
30			Labor	Appropriation	Delete: AVTEC 3rd Ave Doritory Replacement Due to the state's current economic situation, this project is postponed.			(20,000.0)	AK Housing Capital Corp Rcpts	(20,000.0)
31			Labor	Appropriation	Amend: AVTEC New Heavy Equipment Shop and Diesel Shop with Pipe Welding Program Relocation Due to the state's current economic situation, reduce the originally requested $12m by half.			(6,000.0)	AK Housing Capital Corp Rcpts	(6,000.0)
32			Labor	Appropriation	Amend: Alaska Works Partnership, Fairbanks Pipeline Training Center Equipment Due to the state's current economic situation, reduce the project from $2,310.5 to $1,310.5.			(1,000.0)	AK Housing Capital Corp Rcpts	(1,000.0)
33			Military & Veterans Affairs	Appropriation	Delete: Interior Alaska Veterans Cemetery Design and Planning Delay start of new initiative based on the state's current economic situation.	(250.0)				(250.0)
34			Military & Veterans Affairs	Appropriation	New: Compliance Cleanup Site Restoration Unexpected increase in federal funding for cleanup of soil and groundwater contamination issues at numerous Alaska Army National Guard facilities throughout the state. Compliance cleanup liability is estimated to be $33.9 million.		17,000.0			17,000.0

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
35			Natural Resources	**State Parks Deferred Maintenance and Emergency Repairs - Appropriation**	**Delete: State Parks Deferred Maintenance and Emergency Repairs appropriation and the four allocations listed below.**					0.0
36			Natural Resources	State Parks Deferred Maintenance and Emergency Repairs - Allocation	Delete: State Parks Deferred Maintenance and Equipment This project is now requested in the FY2009 supplemental bill.	(4,530.0)			Cruise Ship Gambling Tax	(4,530.0)
37			Natural Resources	State Parks Deferred Maintenance and Emergency Repairs - Allocation	Delete: State Park Sanitation and Safety Projects This project is now requested in the FY2009 supplemental bill.	(500.0)			Cruise Ship Gambling Tax	(500.0)
38			Natural Resources	State Parks Deferred Maintenance and Emergency Repairs - Allocation	Delete: State Park Emergency Repairs This project is now requested in the FY2009 supplemental bill.	(400.0)			Cruise Ship Gambling Tax	(400.0)
39			Natural Resources	State Parks Deferred Maintenance and Emergency Repairs - Allocation	Delete: Sultana Drive Reconstruction This project is now requested in the FY2009 supplemental bill.	(570.0)			Cruise Ship Gambling Tax	(570.0)
40			Natural Resources	Appropriation	Delete: Architecture and Engineering for a New Geologial Materials Center in Eagle River - Phase 2 of 2 This project is deleted due to the state's current economic situation.	(1,700.0)				(1,700.0)
41			Natural Resources	**Alaska Plant Material Center Operations and Facility Maintenance and Improvements - Appropriation**	**Delete: Alaska Plant Material Center Operations and Facility Maintenance and Improvements appropriation and two allocations listed below.**					0.0
42			Natural Resources	Alaska Plant Material Center Operations and Facility Maintenance and Improvements - Allocation	Delete: Plant Materials Center Paving and Drainage Improvements This project is deleted due to state's current economic situation.	(230.0)				(230.0)
43			Natural Resources	Alaska Plant Material Center Operations and Facility Maintenance and Improvements - Allocation	Delete: Plant Materials Center Deferred Equipment Replacement Phase 2 of 3 This project is deleted due to the state's current economic situation.	(100.0)				(100.0)
44			Natural Resources	Appropriation	Delete: DNR Information Technology Infrastructure Upgrades Phase 2 of 2 This project is deleted due to the state's current economic situation.	(215.0)				(215.0)
45			Natural Resources	Appropriation	Amend: Chikoot River Bear Viewing Areea Phase new initiative due to the state's current economic situation; reduced from $225.0 to $95.0.	(130.0)				(130.0)
46			Natural Resources	Appropriation	Amend: Reservoir Studies to Evaluate Oil and Gas Resources on the North Slope Phase 2 of 2 Phase project due to the state's current economic situation; reduced from $6,000.0 to $4,000.0.			(2,000.0)	AK Housing Capital Corp Rcpts	(2,000.0)
47			Revenue	Appropriation	Amend: Tax Revenue Management System This is the department's number one priority and due to the current economic situation, this amendment switches the funding source to master lease line of credit. There is related debt service of $690.0 requested in the operating amendments.	(2,900.0)		3,200.0	AK Housing Capital Corp Rcpts (20,529.2) Master Lease Line of Credit 23,729.2	300.0
48			Revenue	Appropriation	Amend: Upgrade NetApp System Due to the current economic situation, this amendment switches the funding source for the project from general funds to the Alaska Capital Income Fund. This project is the department's number two priority and provides the ability for disaster recovery and backup of critical databases for PFD, Tax and Treasury.	(418.6)		418.6	AK Capital Income Fund	0.0
49			Revenue	Appropriation	Delete: SQL Database Evaluation The deletion of this important project is possible because it can be accomodated by expanding the scope of an existing project that has sufficient funding. The scope change is requested in the FY09 supplemental.	(175.0)				(175.0)

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
50			Revenue	Appropriation	Amend: Alaska Gas Spur Line Increase funding for the ANGDA project by an additional $3.0 million for a new total of $8.0 million.			3,000.0	AK Housing Capital Corp Rcpts	3,000.0
51			Transportation	Appropriation	Amend: Airport Deferred Maintenance This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $150,000 General Funds for a new FY10 project total of $850,000. To repair the backlog of maintenance items that cannot be done through the operating budget. Typical items are pavement repairs, lighting repairs, fencing repairs, and bird and animal controls.	(150.0)				(150.0)
52			Transportation	Appropriation	Amend: Alaska Aviation Safety Program This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $100,000 General Funds for a new FY10 project total of $400,000. The Alaska Aviation Safety Project (AASP) is a multi-faceted, multi-year research project funded primarily by the National Aeronautics and Space Administration (NASA). AASP's mission is to reduce aircraft related fatalities in Alaska.	(100.0)				(100.0)
53			Transportation	Appropriation	Amend: Alaska Marine Highway System - Vessel and Facility Deferred Maintenance This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $400,000 General Funds for a new FY10 project total of $2,341,900. To repair the backlog of vessel maintenance items that cannot be done through the operating and overhaul budget. New safety related systems have been installed and costs in general have increased. Typical items that need attention are replacement of fire, bilge and sprinkling pump systems on our seven oldest vessels.	(400.0)				(400.0)
54			Transportation	Appropriation	Amend: Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $800,000 General Funds for a new FY10 project total of $9,000,000. Annual maintenance and overhaul on vessels and at terminals, particularly component or system failures which will impact service in the short term. Annual overhaul of vessels is necessary to pass United States Coast Guard (USGS) inspections and obtain a Certificate of Inspection necessary to operate.	(800.0)				(800.0)
55			Transportation	Appropriation	Amend: Americans with Disabilities Act Compliance Projects This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $105,000 General Funds for a new FY10 project total of $595,000. This project continues the removal of physical barriers to persons with disabilities within state-owned facilities as required by Title II of the Americans with Disabilities Act, Public Law 101-336. Funding covers the cost of design, project administration, and construction.	(105.0)				(105.0)
56			Transportation	Appropriation	Amend: Facilities Deferred Maintenance and Critical Repairs This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $450,000 General Funds for a new FY10 project total of $2,550,000. This project will address the most critical deferred maintenance needs at Department of Transportation and Public Facilities (DOT&PF) maintained facilities.	(450.0)				(450.0)

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
57			Transportation	Appropriation	Delete: Fairbanks: Nelson Road Resurfacing This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This project will be requested as part of the Governor's Federal Highway program budget request. Resurface and pave from the intersection with Laurence Road to the intersection of Plack Road. The proposed project would reclaim the existing asphalt surface, re-establish proper drainage, re-establish proper elevations and crown on the road surface and pave with a new 2" asphalt material. Work will also include paving shoulders and signage upgrade.	(2,000.0)				(2,000.0)
58			Transportation	Appropriation	Delete: Fairbanks: Phillips Field Road Rehabilitation This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This project will be requested as part of the Governor's Federal Highway program budget request. Rehabilitate Phillips Field Road between Illinois Street and Peger Road. Work will include resurfacing and paving, shoulder widening where possible for pedestrians and bicycles without acquiring right of way, drainage improvements and appropriate signage.	(3,000.0)				(3,000.0)
59			Transportation	Appropriation	Amend: Harbor Deferred Maintenance This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $120,000 General Funds for a new FY10 project total of $680,000. This project will address backlogged deferred maintenance for state-owned harbors.	(120.0)				(120.0)
60			Transportation	Appropriation	Amend: Highway Deferred Maintenance This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $500,000 General Funds for a new FY10 project total of $2,750,000. The current backlog of deferred maintenance is over $380 million. The program will address some of the needs that cannot be funded through operating budget maintenance funds. Typical items are surface and embankment repairs, drainage culverts and ditch repairs, guardrail repairs, marking and sign repairs, and brushing.	(500.0)				(500.0)
61			Transportation	Appropriation	Amend: Highway Maintenance Vehicle Replacement and Safety Equipment This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $100,000 General Funds for a new FY10 project total of $900,000. The needs for additional funds are from: 1) need to replace highway maintenance units: and 2) units that are too costly to continue to operate (life to date maintenance costs are multiples of the original purchase costs).	(100.0)				(100.0)
62			Transportation	Appropriation	Amend: Infrastructure and Erosion Control Design and Environmental Permitting This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $400,000 General Funds for a new FY10 project total of $100,000. The Immediate Action Work Group met last winter to identify the most immediate needs of the communities at risk from coastal erosion and flooding. Although these projects are not as far advanced as they could be, the risks of significant damage in these communities warrants proceeding with these projects as quickly as possible.	(400.0)				(400.0)
63			Transportation	Appropriation	Amend: Koyukuk Evacuation Road This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $400,000 General Funds for a new FY10 project total of $400,000. Funding for a reconnaissance study, preliminary engineering and environmental work, and final design for an evacuation road for the city of Koyukuk.	(400.0)				(400.0)

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
64			Transportation	Appropriation	Amend: Measurement Standards and Commercial Vehicle Enforcement Equipment Replacement This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $100,000 General Funds for a new FY10 project total of $123,000. This request will provide funding for needed equipment such as a crane gantry system, scale testing unit, trailer mounted dispenser testing unit, wheel load weigher calibrator, etc. for the Measurement Standard and Commercial Vehicle Enforcement (MSCVE) division.	(100.0)				(100.0)
65			Transportation	Appropriation	New: Quinhagak: Old Airport Site Remediation This is a new FY10 Capital request. This request will fund environmental remediation at the previous site of the Quinhagak Airport. Upon completion of the remediation and receipt of a Letter of No Further Action from the Department of Environmental Conservation, the Department of Transportation and Public Facilities will release any interest in the airport property created by a leasehold from Qanirtuuq, Inc., free and clear of environmental liability.	250.0				250.0
66			Transportation	Appropriation	Amend: Rapid Reaction to Highway Safety Features This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $100,000 General Funds for a new FY10 project total of $200,000. Funding is needed to quickly address safety issues that cannot or should not be delayed. This would enable the regions to respond quickly and directly to relatively low-cost, but important, safety issues as they become aware of them and would not involve the time lag that typically accompanies a project through the federal process.	(100.0)				(100.0)
67			Transportation	Appropriation	Amend: Resource Development Roads This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $400,000 General Funds for a new FY10 project total of $2,600,000. Funding for the Resource Development Roads Program to provide access to resource development or economic development opportunities.	(400.0)				(400.0)
68			Transportation	Appropriation	Delete: Safe Roadsides with Integrated Vegetation Management This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. A statewide Integrated Vegetation Management (IVM) plan is being drafted to identify the best combination of management techniques to cost effectively address brush control and noxious weed infestations. An inventory of our roadsides is needed to support a permit application for weed control.	(500.0)				(500.0)
69			Transportation	Appropriation	Delete: Southeast: Sidewalk Snow Removal Equipment This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. The department will utilize the requested funding to purchase a trackless tractor with snowplow, blower, and sand spreader for sidewalk maintenance in Sitka. Without this specialized piece of equipment (normal highway equipment cannot be used on sidewalks), the department cannot meet Federal Highway Administration (FHWA) requirements regarding sidewalk maintenance of facilities built with federal funds.	(175.0)				(175.0)
70			Transportation	Appropriation	Amend: Statewide Anti-icing Program This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $300,000 General Funds for a new FY10 project total of $200,000. Funding to continue the expanded use of anti-icing chemicals statewide. This funding would be used to purchase storage and application equipment.	(300.0)				(300.0)

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
71			Transportation	Appropriation	Amend: Statewide Rural Airport Safety Improvements This amendment to the FY10 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY10 Governor's Budget by $500,000 General Funds for a new FY10 project total of $2,500,000. This project will address the backlog of safety improvement projects at rural airports throughout the state.	(500.0)				(500.0)
72			Transportation	Appropriation	New: Western Alaska Access Reconnaissance Study This is a new FY10 Capital Request. The reconnaissance study will utilize the results of an ongoing planning study to begin refinement and detailed analysis of a transportation corridor to the Seward Peninsula. The reconnaissance study will consist of in-depth field studies, advanced route mapping, public involvement and preliminary engineering.			3,000.0	AK Housing Capital Corp Rcpts	3,000.0
73			**Transportation**	**Airport Improvement Program - Appropriation**	**Airport Improvement Program**					0.0
74			Transportation	Airport Improvement Program - Allocation	New: Birchwood: Airport Master Plan This is a new FY10 Capital Request. Complete the Birchwood Airport Environmental Assessment and prepare Finding of No Significant Impact (FONSI) to allow for property acquisition to commence and provide acquisition assistance. In order that the airport be protected from incompatible land uses occurring around it, it is necessary to acquire land identified in the airport master plan for future development. In order to begin this acquisition, the EA must be finalized, and a Finding of No Significant Impact (FONSI) prepared.		175.0			175.0
75			Transportation	Airport Improvement Program - Allocation	Amend: Chefornak: Airport Relocation This amendment increases the FY10 Governor's Budget by $2,600,000 Federal Funds for a new FY10 project total of $16,000,000. Complete construction of a new airport. Reshape embankments and place surfacing material on the runway, taxiway, apron and access road. Includes airport lighting, an equipment storage building, and miscellaneous associated airport appurtenances. Land acquisition and embankment construction were accomplished under Stage 1 of this project.		2,600.0			2,600.0
76			Transportation	Airport Improvement Program - Allocation	New: Chignik: Airport Master Plan Wind Study This is a new FY10 Capital Request. Conduct a wind study as part of the airport master plan. Due to mechanical wind tower difficulties the wind tower is currently not working. FAA requires two years of wind data for a new airport location. The funding will allow the wind anemometer to be fixed and an additional year of wind data collected to fulfill this requirement.		100.0			100.0
77			Transportation	Airport Improvement Program - Allocation	Delete: Fort Yukon: Airport Improvements This project was requested as an FY09 supplemental. Resurface and include a dust palliative on the apron, taxiway and runway at the Fort Yukon Airport. Correct drainage problems, clear overgrown vegetation, and complete other improvements as funding allows.		(3,500.0)			(3,500.0)
78			Transportation	Airport Improvement Program - Allocation	Delete: Fort Yukon: Snow Removal Equipment Building This project was requested as an FY09 supplemental. Construct a new snow removal equipment building at Fort Yukon Airport to include a building pad with surfacing and drainage improvements.		(1,500.0)			(1,500.0)

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
79			Transportation	Airport Improvement Program - Allocation	New: Gustavus: Airport Runway Safety Area This is a new FY10 Capital Request. The Gustavus Airport Runway Safety Area (RSA) does not meet Federal Aviation Administration (FAA) standards for the size of the area surrounding a runway that protects aircraft that land short, over-run, or veer off the paved runway surface. This project consists of the design and construction of an expanded RSA that will meet standards and improve safety for all aircraft operating at Gustavus.		10,000.0			10,000.0
80			Transportation	Airport Improvement Program - Allocation	New: Kipnuk: Airport Reconstruction This is a new FY10 Capital Request. Project will provide surfacing for new realigned runway and connecting taxiway. Also includes runway lighting and snow removal equipment building.		2,000.0			2,000.0
81			Transportation	Airport Improvement Program - Allocation	New: Newtok: Airport Master Plan This is a new FY10 Capital request. Conduct Stage IV of the Newtok Airport Master Plan to include additional geotechnical sampling, environmental data gap analysis as part of an environmental overview, planning level environmental scoping, engineering analysis of airport relocation sites at Mertarvik (Newtok relocation area), and Airport Layout Plan.		375.0			375.0
82			Transportation	Airport Improvement Program - Allocation	Amend: Northern Region: Snow Removal Equipment Building Upgrades This amendment to the FY10 Governor's Budget adds $895,000 Federal Funds for a new FY10 total of $1,100,000. Upgrade existing Snow Removal Equipment Buildings (SREBs) by installing concrete floors and miscellaneous building repairs at the following airports: Kobuk, Kotlik, and Brevig Mission.		895.0			895.0
83			Transportation	Airport Improvement Program - Allocation	New: Statewide: Various Airports - Surveys for Lateral Precision Vertical Guidance Systems This is a new FY10 Capital Request. This project consists of surveying various state airports for development of Lateral Precision Vertical (LPV) approach procedures including Kotlik, Anvik, Hooper Bay, Dillingham, Mekoryuk, Toksook Bay, Eek, and/or other state airports as funding and project scheduling allow.		1,500.0			1,500.0
84			**Transportation**	**Surface Transportation Program - Appropriation**	**Surface Transportation Program**					0.0
85			Transportation	Surface Transportation Program - Allocation	Amend: Alaska Marine Highway: Ferry Vessel Refurbishment This amendment changes the title from "Alaska Marine Highway: Mainline Ferry Refurbishment" and brief description. Provide ferry refurbishment, meet regulatory requirements, and refurbish components on ferries as identified in the annual Alaska Marine Highway System (AMHS) Fleet Condition Survey Report.					0.0
86			Transportation	Surface Transportation Program - Allocation	Delete: Kotzebue: Shore Avenue Rehabilitation and Erosion Protection This project was requested as an FY09 supplemental. Reconstruct Shore Avenue from Lake Street, through the primary commercial area of Kotzebue, approximately 4,400 feet to the end of the road at Crowley Dock. Shore Avenue will be paved, new sidewalks, a pathway, parallel parking, an open space on the seaward side, and an erosion protection revetment on the seaside.		(14,200.0)			(14,200.0)
87			University	Appropriation	Amend: Maintaining Existing Facilities Renewal and Renovation Annual Requirement This amendment to the FY2010 Governor's Budget is being requested due to the State's current economic situation. This amendment reduces the FY2010 Governor's Budget by $2,000,000 General Funds for a new FY2010 project total of $8,000,000.	(2,000.0)				(2,000.0)
88			University	Appropriation	New: UA Energy Projects Alternative Energy and Energy Efficiency Projects: This request is an estimation of potential federal receipt authority needed for FY10 energy projects at the main and community campuses. Examples of projects include rural power projects, Alaskan coal, and a biomass energy program.		5,000.0			5,000.0

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
89			University	Appropriation	New: UA Climate Projects Climate Adaptation and Mitigation: This request is an estimation of potential federal receipt authority needed for FY10 climate projects at the main and community campuses. Examples of projects include natural hazards monitoring, improving weather predictions, Alaska statewide digital mapping initiative, and permafrost dynamics.		10,000.0			10,000.0
90			Fund Capitalization	Information Services Fund	Amend: Information Services Fund Reduce capitalization of the ISF for the Network Communications and Connectivity Upgrades project, as the project is reduced from $2,800.0 to $1,300.0. The remaining $1,300.0 comes from the existing balance of the ISF.	(1,500.0)				(1,500.0)
91			Fund Capitalization	Renewable Energy Grant Fund	Amend: Renewable Energy Grant Fund Due to the state's current economic situation, reduce the capitalization of the fund from $50.0 million to $25.0 million.	(25,000.0)				(25,000.0)
92			Fund Capitalization	Major Maintenance Grant Fund	After reconsideration, the December 16, 2008 Major Maintenance Grant Fund list includes two projects that were not included in the November 5 list but are now priorities #9 - Evergreen Elementary School Playground Safety Upgrades $770,698 and #12 - Houghtaling Elementary Outdoor Physical Education Seller Replacement $276,110. The December 16 list also reflects the previous #24 Saint Marys Garage and Warm Storage Renovation $882,608 moving up to priority #6. To accomodate these changes without removing funding already proposed in the Governor's budget for the two projects that now moved to priority #22 and #23, an additional $1,929,416 is needed. The December 15 budget contains $40,514,065 for the first 20 MM projects, while the Governor's Amended budget would now contain $42,443,481 for the first 23 MM projects.			1,929.4	AK Housing Capital Corp Rcpts	1,929.4
93			Fund Capitalization	Alaska Gasline Inducement Reimbursement Fund	Amend: Alaska Gasline Inducement Act Reimbursement Fund Reduce the capitalization to the fund from $20.0 million to $15.0 million. This would provide for total capitalization of $45.0 million in line with the projection that the costs to get to Open Season by the end of FY10 will not exceed $90.0 million.			(5,000.0)	AK Housing Capital Corp Rcpts	(5,000.0)
94					**FY2010 Capital Budget Amendments Total**	(52,793.1)	28,397.2	(9,412.6)		(33,808.5)
95										
96	**Amendments after February 18:**									
97	24-Feb-09	DOT A	Transportation	**Airport Improvement Program - Appropriation**	**Airport Improvement Program**					
98	24-Feb-09	DOT B	Transportation	Airport Improvement Program - Allocation	Delete: Akiachak: Airport Relocation **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $8.5 million of Federal Economic Stimulus. In addition the Economic Stimulus appropriation bill includes changing the fund source from Federal Receipts to Federal Economic Stimulus of $8.5 million from prior year capital appropriation(s), for a total of $20.0 million.		(6,000.0)			(6,000.0)
99	24-Feb-09	DOT C	Transportation	Airport Improvement Program - Allocation	Delete: Allakaket: Airport Improvements **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $3.6 million of Federal Economic Stimulus. In addition the Economic Stimulus appropriation bill includes changing the fund source from Federal Receipts to Federal Economic Stimulus of $6,570.0 from prior year capital appropriation(s), for a total of $10,170.0.		(260.0)			(260.0)
100	24-Feb-09	DOT D	Transportation	Airport Improvement Program - Allocation	Delete: Kodiak: Chemical Storage Building **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $1.2 million of Federal Economic Stimulus. In addition the Economic Stimulus appropriation bill includes changing the fund source from Federal Receipts to Federal Economic Stimulus of $1.7 million from prior year capital appropriation(s), for a total of $2.9 million.		(1,000.0)			(1,000.0)

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
101	24-Feb-09	DOT E	Transportation	Airport Improvement Program - Allocation	Delete: Kotzebue: Apron Expansion **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $5.3 million of Federal Economic Stimulus. In addition the Economic Stimulus appropriation bill includes changing the fund source from Federal Receipts to Federal Economic Stimulus of $4.2 million from prior year capital appropriation(s), for a total of $9.5 million.		(5,090.0)			(5,090.0)
102	24-Feb-09	DOT F	Transportation	Airport Improvement Program - Allocation	Amend: Statewide: Various Airports Minor Surface Improvements **Economic Stimulus:** Redistribution of Federal Receipts due to project funding changes related to the Economic Stimulus package. Increased Federal Receipts from $5.0 million to a new total of $9.0 million.		4,000.0			4,000.0
103	24-Feb-09	DOT G	Transportation	**Surface Transportation Program - Appropriation**	**Surface Transportation Program**					0.0
104	24-Feb-09	DOT H	Transportation	Surface Transportation Program - Allocation	Delete: Denali Highway: Milepost 7 Wayside **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $330.0 of Federal Economic Stimulus. In addition the Economic Stimulus appropriation bill includes changing the fund source from Federal Receipts to Federal Economic Stimulus of $170.0 from prior year capital appropriation(s), for a total of $500.0.		(2,930.0)			(2,930.0)
105	24-Feb-09	DOT I	Transportation	Surface Transportation Program - Allocation	Delete: Haines Highway: Front Street to Union Street **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $2.5 million of Federal Economic Stimulus.		(2,930.0)			(2,930.0)
106	24-Feb-09	DOT J	Transportation	Surface Transportation Program - Allocation	Delete: Juneau: Glacier Highway - Amalga to Eagle Beach Widening **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $1.7 million of Federal Economic Stimulus. In addition the Economic Stimulus appropriation bill includes changing the fund source from Federal Receipts to Federal Economic Stimulus of $10.5 million from prior year capital appropriation(s), for a total of $12.2 million.		(1,700.0)			(1,700.0)
107	24-Feb-09	DOT K	Transportation	Surface Transportation Program - Allocation	Delete: Ketchikan: North Tongass Highway - Totem Bight to Whipple Creek **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $13.8 million of Federal Economic Stimulus.		(12,702.0)			(12,702.0)
108	24-Feb-09	DOT L	Transportation	Surface Transportation Program - Allocation	Delete: Kipnuk: Boardwalk Improvements **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $10.0 million of Federal Economic Stimulus.		(10,000.0)			(10,000.0)
109	24-Feb-09	DOT M	Transportation	Surface Transportation Program - Allocation	Delete: Seward Meridian Parkway: Road Improvements - Parks Highway to Palmer-Wasilla Highway **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $11.0 million of Federal Economic Stimulus and $2.1 million Federal Receipts, for a total of $13.1 million.		(13,000.0)			(13,000.0)
110	24-Feb-09	DOT N	Transportation	Surface Transportation Program - Allocation	Delete: Sterling Highway: Scales Replacement **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $2.2 million of Federal Economic Stimulus.		(2,000.0)			(2,000.0)
111	24-Feb-09	DOT O	Transportation	Surface Transportation Program - Allocation	New: Dalton Highway: Milepost 197 to 209 **Economic Stimulus:** Redistribution of Federal Receipts due to project funding changes related to the Economic Stimulus package.		22,900.0			22,900.0
112	24-Feb-09	DOT P	Transportation	Surface Transportation Program - Allocation	New: Sitka: Japonski Island Streets and Utilities **Economic Stimulus:** Redistribution of Federal Receipts due to project funding changes related to the Economic Stimulus package.		2,000.0			2,000.0
113					**February 24 Capital Budget Amendments Subtotal**	**0.0**	**(15,910.0)**	**0.0**		**(15,910.0)**
114										
115	12-Mar-09	F&G A	Fish and Game	Appropriation	Delete: Assessment of Pacific Salmon Resources in AYK, Northern Region Transfer from the capital budget to operating.	(125.0)				(125.0)
116	12-Mar-09	DNR A	Natural Resources	Appropriation	Delete: Remote Recreational Cabin Sites Surveys and Appraisals Transfer from the capital budget to operating.			(927.0)	Land Disposal Income Fund	(927.0)

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
117	12-Mar-09	DNR B	Natural Resources	Appropriation	Delete: Private and Public Forest Assessent Transfer from the capital budget to operating.	(250.0)				(250.0)
118	12-Mar-09	DNR C	Natural Resources	**Mental Health Trust Land Development and Facilities Maintenance - Appropriation**	**Mental Health Trust Land Development and Facilities Maintenance**					0.0
119	12-Mar-09	DNR D	Natural Resources	Mental Health Trust Land Development and Facilities Maintenance - Allocation	Delete: Mental Health Trust Land Development Transfer from the capital budget to operating.			(680.0)	MHTAAR	(680.0)
120	12-Mar-09	DNR E	Natural Resources	Mental Health Trust Facilities Maintenance - Appropriation	Amend: Mental Health Trust Facilities Maintenance Since the other allocation was transferred to the operating budget, this project now becomes an appropriation instead of an allocation.					0.0
121	12-Mar-09	DNR F	Natural Resources	Appropriation	Delete: Chilkoot River Bear Viewing Area Transfer from the capital budget to operating. The $55.6 cost for one year was transferred.	(95.0)				(95.0)
122	12-Mar-09	DOT Q	Transportation	Appropriation	Delete: Highway Condition Inventory Transfer from the capital budget to operating. Funding provides on-going support of the Maintenance Management System (MMS). Both the MMS and the Highway Condition Inventory were once federally funded in the capital budget but are no longer considered eligible for federal funds.	(180.0)				(180.0)
123	12-Mar-09	DOT R	Transportation	**Statewide Federal Programs - Appropriation**	**Statewide Federal Programs**					0.0
124	12-Mar-09	DOT S	Transportation	Statewide Federal Programs - Allocation	Delete: Advanced Project Definition for Denali Commission Transfer from the capital budget to operating. Funding provides on-going support (project evaluations, design and engineering, etc.) to the Denali Commission.	(175.0)				(175.0)
125	12-Mar-09	DOT T	Transportation	**Airport Improvement Program - Appropriation**	**Airport Improvement Program**					0.0
126	12-Mar-09	DOT U	Transportation	Airport Improvement Program - Allocation	New: Dillingham: Airport Apron and Taxiway Resurfacing This is a new FY10 Capital request. Reconstruct the Dillingham Airport terminal apron, along with taxiways A and B. The airport terminal apron and taxiways A and B have deteriorated significantly due to the high use. The Dillingham airport is one of the state's busiest airports, with all aircraft using the terminal apron and either Taxiway A or B.		10,200.0			10,200.0
127	12-Mar-09	DOT V	Transportation	Airport Improvement Program - Allocation	New: Kotzebue: Airport Certification Compliance Improvements This is a new FY10 Capital request. This project will construct supplemental wind cones for Kotzebue Runway 8/26 and access restriction gates to the North and South of Runway 8/26. The project also includes minor road realignment, signing, enhanced taxiway markings and other improvements needed to address FAA regulatory compliance issues at Kotzebue Airport.		1,800.0			1,800.0
128	12-Mar-09	DOT W	Transportation	**Surface Transportation Program - Appropriation**	**Surface Transportation Program**					0.0
129	12-Mar-09	DOT X	Transportation	Surface Transportation Program - Allocation	New: Fairbanks: Nelson Road Resurfacing This is a new FY10 Capital request for federal authority. Resurface and pave from the intersection with Laurence Road to the intersection of Plack Road. The proposed project would reclaim the existing asphalt surface, re-establish proper drainage, re-establish proper elevations and crown on the road surface and pave with a new 2" asphalt material. Work will also include paving shoulders and signage upgrade.		2,000.0			2,000.0
130	12-Mar-09	DOT Y	Transportation	Surface Transportation Program - Allocation	New: Fairbanks: Phillips Field Road Rehabilitation This is a new FY10 Capital request for federal authority. Rehabilitate Phillips Field Road between Illinois Street and Peger Road. Work will include resurfacing and paving, shoulder widening where possible for pedestrians and bicycles without acquiring right of way, drainage improvements and appropriate signage.		1,200.0			1,200.0
131	12-Mar-09	UA A	University	Appropriation	Delete: UAF Alaska Region Research Vessel Additional Receipt Authority This project will be requested as part of the Governor's Economic Stimulus bill.		(100,000.0)			(100,000.0)

Governor's FY2010 Capital Budget Amendments

	A	B	C	D	E	F	G	H	I	J
1	Date	No.	Department	Appropriation / Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
132	12-Mar-09	UA B	University	Appropriation	Delete: Graduate Medical Education/Family Practice Residency Program Transfer from the capital budget to operating. Funding will be passed thru to Providence Alaska Medical Center for the Alaska Family Medicine Residency Program.	(2,200.0)				(2,200.0)
133					March 12 Capital Budget Amendments Subtotal	(3,025.0)	(84,800.0)	(1,607.0)		(89,432.0)
134										
135					FY2010 Capital Budget Amendments Revised Total	(55,818.1)	(72,312.8)	(11,019.6)		(139,150.5)

withdrawn 3/25/09

26-LS0124\P.1
Kane
3/23/09

AMENDMENT 1

OFFERED IN THE HOUSE BY REPRESENTATIVE STOLTZE

TO: CSHB 20(FSH)

Page 2, line 1, following "permits;":

Delete "or"

Insert "[OR]"

Page 2, line 4, following "**efficiency;**":

Insert "**or**

(iii) for new construction related to a vessel for the purpose of improving energy efficiency in a loan amount not greater than $100,000;"

2656.

adopted 3/30/09

26-LS0124\P.2
Kane
3/24/09

AMENDMENT 2

OFFERED IN THE HOUSE

TO: CSHB 20(FSH)

BY REPRESENTATIVE STOLTZE

BY REQUEST

Page 4, line 31, through page 5, line 2:

Delete all material.

Renumber the following bill sections accordingly.

2657

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 4, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/30/09

The FINANCE Committee considered: **HOUSE BILL NO. 20**

"An Act relating to commercial fishing loans for energy efficiency upgrades."

HB 20 FISHERIES LOANS FOR ENERGY EFFICIENCY

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 20 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [X] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero
CED	1	✓		

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
Bill Thomas	Thomas	✓			
R Foster	Foster	☺			
Harry J. Crawford Jr.	CRAWFORD	✓			
	Joule	X			
	Gara	X			
Ellen Austerman	AUSTERMAN	X			
Anna Fairclough	FAIRCLOUGH	✓			
Hood A Salmon	Salmon			✓	
Chair: Bill Stoltze	STOLTZE			✓	
Chair:					

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 20(FSH)
(H) Publish Date: 2/4/09

Identifier (file name):HB20-CED-Investments-02-02-09
Dept. Affected: Comm, Comm, and Econ Dev
Title: An Act relating to commercial fishing loans for energy efficiency upgrades
RDU: 122
Component: Investments
Sponsor: Representative Edgmon
Requester: House Special Committee on Fisheries
Component Number: 383

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	74.0		74.0	74.0	74.0	74.0	74.0
Travel	2.5		2.5	2.5	2.5	2.5	2.5
Contractual	3.8		3.8	3.8	3.8	3.8	3.8
Supplies	1.0		0.5	0.5	0.5	0.5	0.5
Equipment	9.0		0.1	0.1	0.1	0.1	0.1
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**90.3**	**0.0**	**80.9**	**80.9**	**80.9**	**80.9**	**80.9**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1036 Commercial Fisheries RLF	90.3	0.0	80.9	80.9	80.9	80.9	80.9
TOTAL	**90.3**	**0.0**	**80.9**	**80.9**	**80.9**	**80.9**	**80.9**

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time	1.0	0.0	1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*
This legislation amends Section A (AS 16.10.310(a)(1)(A)) of the Commercial Fishing Revolving Loan Fund (CFRLF) program to provide low interest loans to qualified Alaskan harvesters who wish to upgrade their existing vessels and gear to improve energy efficiency.

The Department of Commerce, Community, & Economic Development (DCCED) anticipates that this will increase loan demand by approximately $4.2 million in FY10, $2.1 million in FY11 and $1.6 million in years FY12 through FY15.
(Continued)

Prepared by: Patty LaPierre
Phone 465-2510
Division: Division of Investments, Dept of Commerce, Community, & Econ. Dev.
Date/Time 02/02/09 1:45pm
Approved by: Emil Notti, Commissioner
Date 2/2/2009
Department of Commerce, Community and Economic Development

(Revised 9/10/2008 OMB)

2659

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. CSHB 20(FSH)

ANALYSIS CONTINUATION

The CFRLF has sufficient cash reserves to handle the increased loan demand. DCCED is requesting one additional Loan Officer position to process loan requests generated as a result of this legislation. This position will be funded out of the CFRLF.

There may be a very small but indeterminate change in revenues as a result of this legislation. Currently, cash in the CFRLF is managed by the Department of Revenue and is invested in short term instruments that are yielding minimal returns in this interest rate environment. These earnings are retained by the General Fund. Interest earnings generated by loans made as a result of this legislation would be slightly higher in this interest rate environment and those earnings would be retained by the CFRLF.

Sea Grant
Alaska
Marine Advisory Program

Preliminary Report

Fall 2008 Alaska Commercial Fishermen and Tender Fuel Survey

By –
The Marine Advisory Program's
Allison "Sunny" Rice, Agent, Petersburg
Torie Baker, Agent, Cordova
Glenn Haight, Fisheries Business Specialist, Juneau

November 2008

Fishbiz
ALASKA FISHERIES BUSINESS ASSISTANCE

2661

Table of Contents

Table of Contents 2
Introduction 3
Background 3
Summary Findings 4
Survey Parameters 5
Survey Respondent Information 6
- Make up of Survey Responders 6
- Current fuel usage 6

Changing Behaviors 6
- Fishing Practices 6
- Fuel Saving Techniques 7
- Investment Into Fuel Saving Devices 8

Income Impacts 9
- Current Cost of Fuel 9
- Increase in Fuel as a Production Cost 9
- Impacts to Crew Income 10
- Help from Processors 11

Fisheries Management Impacts 11
Further Technical Assistance 12
Appendix I – Survey Tool 14

The fuel survey and subsequent reports was led by Sunny Rice with contributions by Paula Cullenberg, Torie Baker, and Glenn Haight of the Alaska Sea Grant Marine Advisory Program; Carol Kaynor, Doug Schneider and Dave Partee of the Alaska Sea Grant Program; Greg Fisk with SeaFisk Consulting; and Mark Vinsel of United Fishermen of Alaska. The survey was a product of the Alaska Sea Grant Marine Advisory Program's fuel and energy committee, under the Alaska Fisheries Business Assistance Program (FishBiz).

2662

Introduction

In fall 2008, the Alaska Sea Grant Marine Advisory Program (MAP), in partnership with the United Fishermen of Alaska, conducted a web-based survey of Alaska's commercial fishermen and tender operators. The survey asked respondents how increased fuel prices impacted their fishing businesses, what steps they took in response, and what further technical assistance would help them adapt to increasing costs. Following a strong response of 126 completed surveys, representing a broad cross-section of gear types and fishing locations in the state, MAP identified several technical issues that require further research and support.

Background

The Alaska seafood industry is the state's largest private sector employer and its main economic engine along Alaska's vast coastline. In the spring of 2008, the Alaska seafood industry braced for the highest fuel prices ever. Diesel-dependent seafood processors and commercial fishermen, sometimes operating in highly remote areas of the state, faced per gallon prices in excess of $5 to $6. Some areas reported prices in excess of $7 per /gallon. In some cases, this increase represented a doubling of fuel costs.

The resulting huge production costs likely offset many of the gains the sector had made on improved seafood prices, and any future increases in fuel costs will continue to cast a pall over the fishing sector. This prospect, combined with growing consumer trends favoring food sources that use less fossil fuel to produce, serve as compelling reasons to reduce and/or eliminate fossil fuel use.

As first responders to the Alaska commercial fishing industry, MAP developed a detailed survey for the fleet to gather baseline information and determine initial impacts. This information serves to identify areas for further research, outline long-term alternative energy needs and prompt policy makers to address this crucial issue for coastal Alaska's main economic engine.

2663

Summary Findings

This section summarizes significant survey findings listed throughout the report.

Changing Behaviors

- On average, fishermen attempted to lower their fuel costs through several changes in their fishing practices.
- The most common method of reducing fuel usage was less prospecting for fish.
- Other common methods include staying closer to home or staying out on the grounds longer.
- These top techniques for reducing fuel during fishing appear to indicate less overall effort.
- The most common fuel saving techniques in the fishing operations were throttling back and maintaining engine and fuel systems.
- The next most common fuel saving techniques were more careful planning of routes and timing, keeping the vessel bottom clean and propeller tuned, and monitoring vessel trim.
- Respondents indicating they owned a Bristol Bay gillnet permit were the least likely to change their operation to reduce fuel consumption.

Impact on Income

- Forty-three percent of the survey respondents projected fuel expenses between 10-20% of their total gross income. Expanding that range to 10 - 30% of total gross income expands the percentage of respondents to 70%.
- Almost 90% of the survey respondents indicated their fuel cost as a percentage of income increased "somewhat more" or "more than doubled" over the past five years.
- Eighty percent of the respondents with crew reported higher fuel costs negatively impacted income to crew members.
- Twenty-four percent of survey respondents received some form of fuel assistance from their processor.

Fisheries Management Impacts

- A majority of the respondents (64%) believe fisheries management decisions may affect their fuel costs. Conversely, only 40% believe fisheries managers should consider the impacts on fuel usage when managing fisheries.

Survey Limitations

- Underreporting of conditions for fishermen in the AYK region requires additional review. These regions sustain high fuel costs, and with gas powered engines, employ some of the more inefficient engines in the fishery.

Survey Parameters

The fuel survey ran on Survey Monkey©, an online survey tool, from late September until mid October.

Results of this survey are unscientific. Respondents were self-selected members of the Alaska commercial fishing industry, referred to the survey website by radio or newspaper stories, fishing-related listserves, or by direct referral from MAP faculty or others. As the survey was conducted using a web-based survey-hosting site, respondents were limited to those with internet access. Neither names nor computer IP addresses were collected with responses and no attempt was made to verify that respondents had identified themselves accurately.

Respondents were asked 17 questions on topics ranging from energy saving techniques to fisheries management impacts and possible research areas. Appendix I provides the survey tool.

While we were pleased with the response rate (126 total responses) and the information provided, there are over 10,000 permit holders in the Alaska state fisheries alone. Furthermore, the number of respondents per gear type in some cases was very small.

Despite these limitations, we feel these results provide a relevant snapshot of the impacts of, and fishermen's responses to, increased fuel prices.

2665

Survey Respondent Information

Make up of Survey Responders

126 Alaska commercial seafood harvesters and tender operators responded to the survey. Table 1 provides the gear type and, in some cases, the region of each responder.

124 survey respondents indicated participating in 199 separate fisheries. This indicates several fished in more than one fishery. Two skipped the question. Almost 50% of the responders were gillnetters.

Several areas in this report provide gear- specific results where notable differences occurred between gear types.

Table 1

Answer Options	Response Count	Response %
Gillnetting - Bristol Bay	12	9.7%
Gillnetting – Arctic, Yukon, Kuskokwim (AYK)	2	1.6%
Gillnetting – other locations	46	37.1%
Setnetting	9	7.3%
Trolling	15	12.1%
Seining	24	19.4%
Longlining	37	29.8%
Trawling	14	11.3%
Diving	3	2.4%
Jigging	7	5.6%
Pot fishing	19	15.3%
Tendering	7	5.6%
Other	4	3.2%
Comments	11	
Total Responses	199	
Total Respondents	124	
Skipped questions	2	

Current fuel usage

A large majority, 78%, of the respondents had diesel engines. This result may overestimate the percentage of diesel vessels in the fleet because of the low number of AYK responses (only 2 out of 126). Small boat fishermen in the Arctic, Yukon, Kuskokwim (AYK) region tend to employ gas powered engines.

Changing Behaviors

Fishing Practices

The high cost of fuel dramatically changed the fishing activity of the survey responders. While survey results revealed 15 individuals (12% of total respondents) that did not change the way they fished because of the increasing cost of fuel, the vast majority of the respondents did change the way they fished.

2666

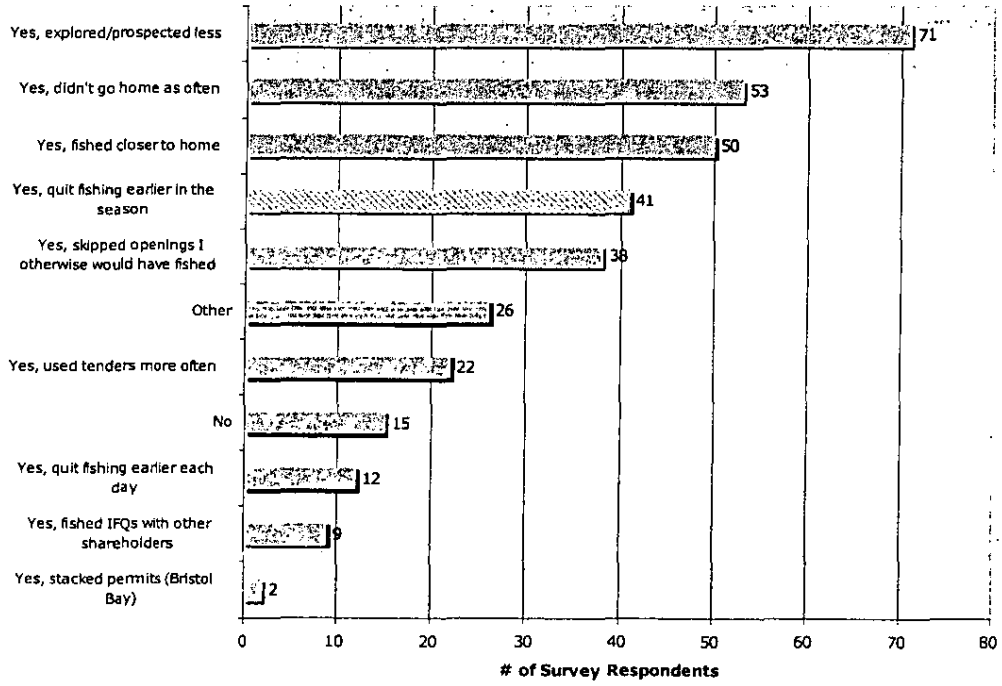
An examination of respondents indicating no change in fishing activity by gear type reveals over half were Bristol Bay gillnetters.

After removing these respondents, there were a total of 324 responses on types of changes made. This equates to an average of three changes per respondent. This indicates fishermen changed fishing practices in several ways to mitigate the high cost of fuel.

The most common response was that fishermen prospected less. This may have caused lower harvests as fishermen targeted areas known for large harvests, missing altogether areas that produced less fish historically.

Other top answers included, not going home as often and, conversely, fishing closer to home. The other top answer was fishermen quit earlier in the season.

Chart 1 - Changes in fishing behavior due to fuel prices



Most responses would seem to indicate less total harvesting activity. Chart 1 provides a summary of changes in fishing practices.

Fuel Saving Techniques

The survey sought information on what fuel saving techniques fishermen employed in the operation and maintenance of their vessels. Over 70% of

respondents indicated that they "paid lots of attention" to maintaining their engine and fuel systems, and throttling back. Over 60% paid attention to planning their routes and timing.

General maintenance of the vessel proved very important with fishermen. This included carefully cleaning their boat, maintaining the propeller, and monitoring vessel trim.

Table 2 summarizes all responses to Question 9, *"How much attention do you pay to the following techniques for decreasing fuel consumption?"*

Table 2

Answer Options	Lots of attention	Some attention	Very little attention	Response Count
Throttling back	90	23	5	118
Maintaining engine and fuel systems	89	23	4	116
Planning your route and timing	78	25	11	114
Keeping bottom clean	61	39	10	110
Keeping propeller tuned	58	36	15	109
Monitoring vessel trim	54	31	25	110
Maintaining fuel consumption records	46	33	27	106
Adjusting autopilot to improve tracking	43	23	26	92
Reducing vessel weight	33	44	37	114
Cutting back on diesel genset use	28	20	29	77
Other	14	2	6	22
Comments				19
			Total answered	119
			Total skipped	7

Investment Into Fuel Saving Devices

The survey attempted to learn what kinds of investments fishermen were considering making into fuel saving equipment. Adding a new engine drew the most positive response, while adding a flow meter was a close second. Items like bulbous bows, aerofoil-shaped rudders and kort nozzles were not as highly considered.

Table 3 summarizes all responses to Question 10, *"What new DEVICES have you used or considered using to decrease your fuel consumption?"* Not counting the "Other" category, the answers are sorted by those that drew the most favorable responses (measured as the "Added this year", "Added prior year", or "Considering adding").

Table 3

Answer Options	Added this year	Added prior to this year	Considering adding	Not interested	Response Count	Positive Response Count
New engine	12	21	42	19	94	75
Flow meter	3	17	44	22	86	64
Bulbous bow	2	5	22	44	73	29
Aerofoil-shaped rudder	0	8	17	44	69	25
Kort nozzle	0	5	15	48	68	20
Other	9	1	6	8	24	16
Comments					25	
				Total answered	109	
				Total skipped	17	

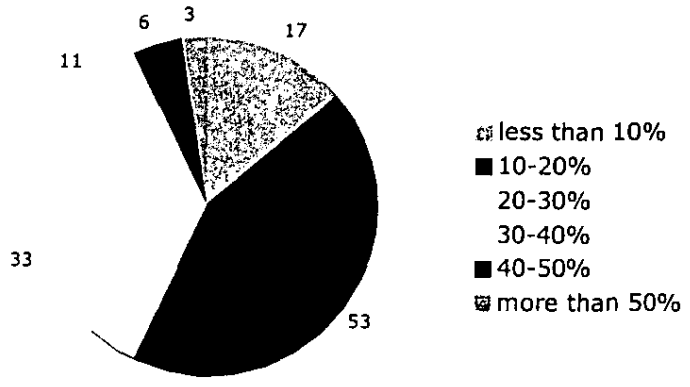
Income Impacts

Current Cost of Fuel

Survey respondents were asked what percentage of their income was spent on fuel. Forty-three percent of fishermen surveyed said they spent between 10 to 20% of their gross fishing income on fuel. Seventy percent (n=86) fell in the 10 to 30% range.

Chart 2 highlights the survey results for Question 4, *"Over the past year, what percentage of your gross fishing income has been spent on fuel?"*

Chart 2. Percent Gross Fishing Income Spent on Fuel

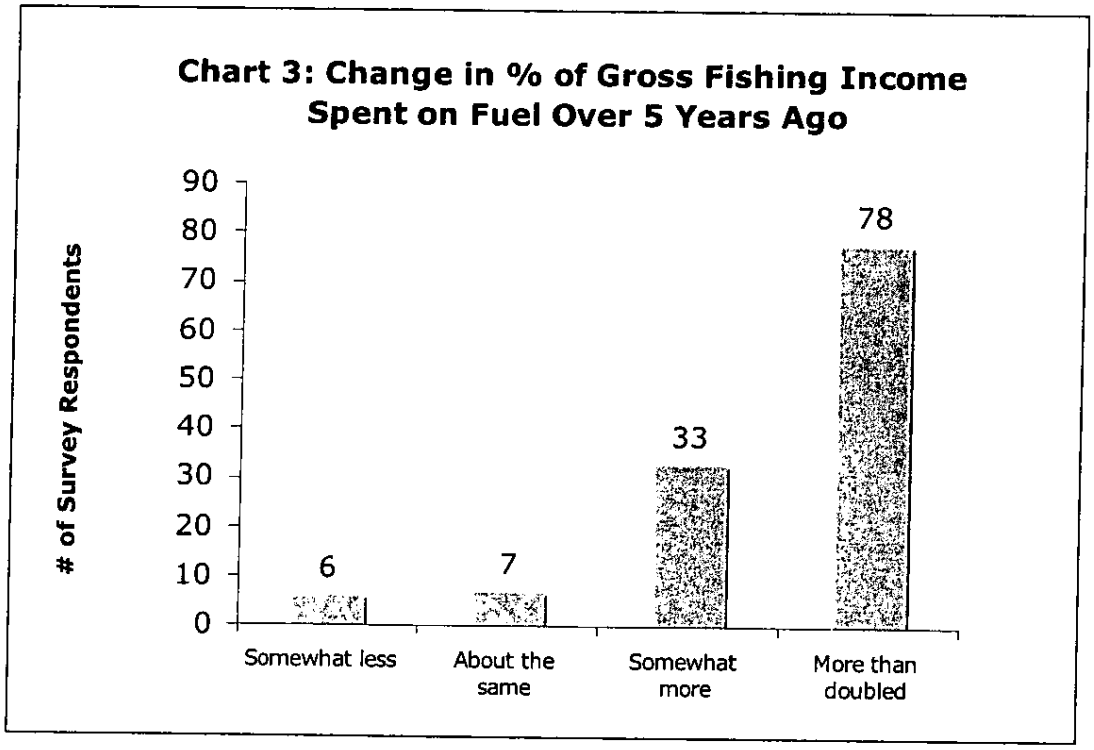


Increase in Fuel as a Production Cost

Respondents were then asked how much the cost of fuel increased as a percentage of income over the last five years. Sixty-three percent offered it more

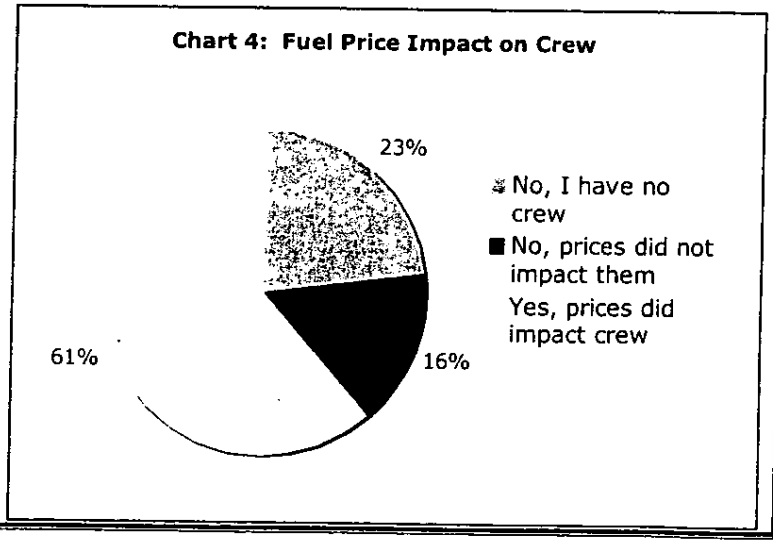
than doubled over that time. Very few indicated no real change at all. In total, 89.5% of the survey respondents indicated their fuel cost as a percentage of income increased at least "somewhat more". This is a disturbing trend considering that increased market prices in most salmon fisheries should have increased their income over that period of time.

In reviewing gear specific responses to this question, it appears this doubling of fuel costs occurred consistently across all fisheries. Chart 3.



Impacts to Crew Income

Permit holders were not the only ones impacted. A majority (61%) of respondents



said their crew also felt the pinch of high fuel prices. A large portion, 23%, offered they had no crew. Of the remaining respondents, 80% indicated the price of fuel impacted how much income the crew made.

When asked how crew were impacted, most said that crew shares were reduced because the cost of fuel was taken off the top before shares were calculated. In many cases, this was the first year permit holders considered fuel costs in the crew share calculation. Others indicated that they fished short-handed or didn't hire crew at all. Others said they quit fishing or laid crew off sooner.

Help from Processors

Finally, survey respondents were asked to detail whether they received fuel cost assistance from their processor. Comments provided under this question indicate that processors assisted primarily through selling fuel to them at a bulk fuel price or providing fuel bonuses. Twenty eight percent of fishermen said that their processors provided assistance with their fuel costs. Table 4 summarizes the answers.

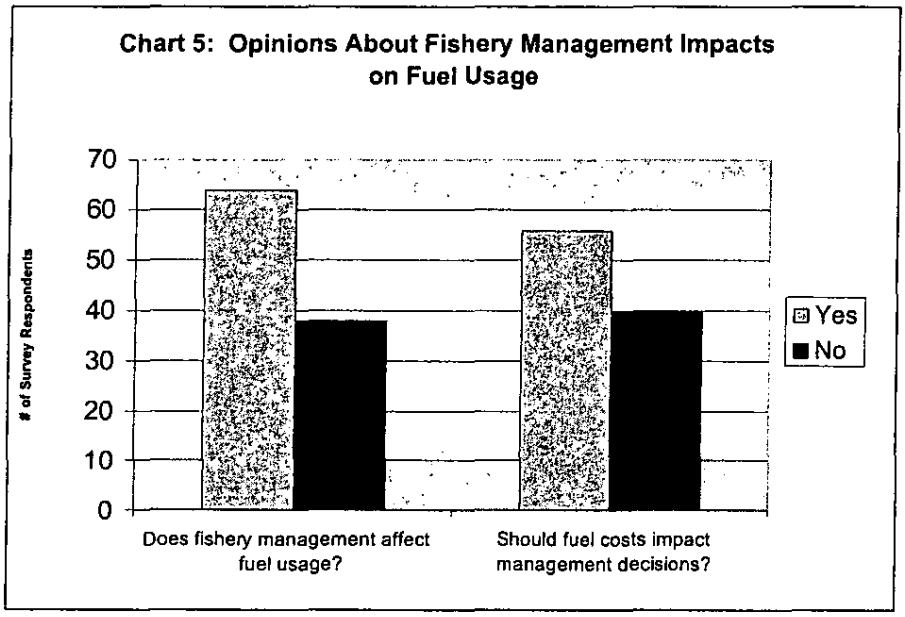
Table 4

Answer Options	Response Count	Response Percent
Yes	34	27.6%
No	89	72.4%
Comments	29	
Total answered	123	
Total skipped	3	

Fisheries Management Impacts

Finally, respondents were asked about fisheries management's impact on fuel consumption. While 64 respondents said that management did affect fuel consumption rates in their fisheries, only 40 felt that "fuel costs are a valid concern and should be integrated into the fishery management process," with 56 indicating that "management should be strictly biological."

When these responses are examined by gear group, however, only one gear group indicated a contrary opinion. 53% of trollers responding felt that fuel costs should be integrated into fishery management decisions, while 33% felt that management should be strictly biological.



Further Technical Assistance

As a final question, the survey asked respondents to identify how else the Marine Advisory Program could help adapt to rising fuel prices and if they had any particular questions or comments. The survey received a number of responses which may or may not fall within the purview of the Marine Advisory Program. In any event, they are informative for the general discussion.

Selected comments, including those of great frequency, are provided here.

- Clear technical advice from engine and fuel industry.
- Funding options for new engine or engine rebuilds.
- Promote energy independence for country and Alaska.
- Alternative assistance from processors.
- Develop harvesting privileges for dive fishery.
- Subsidies for food suppliers.
- Improved technology for alternative fuels and energy.
- Pre-season lectures/workshops on energy use.
- More coordination with the Alaska Department of Fish & Game.
- Research into green technologies adapted for the fishing industry.
- Fuel consumption comparisons between engines.
- Investment cost recoupment calculator for engine overhauls.

- Low interest loan/tax relief for engine upgrades. *(Author's Note: Please check with the Alaska Division of Investments for their new program for energy efficiency improvements.)*
- Constant and current information for industry.
- Literature/project review to determine successful programs in other areas of the world.
- Lower other government costs like taxes and permit fees.
- Seek cooperation from Alaska fuel refineries to sell to Alaska producers, like truckers, farmers, fishermen, at a point a slight profit margin.
- Continue focus on other profit points like improving ex-vessel value of fish.
- Seek removal of fuel tax on fishing boats during the season. *(Author's Note: commercial fishing activity is exempt from paying federal fuel excise tax. Most fuel suppliers have fishermen fill out appropriate paperwork and handle the exemption. If you fuel at the regular gas station or aren't getting the exemption, keep track of your fuel costs and write it off on your income tax.)*
- More information on pyrometers - specs, efficiencies, etc.
- Workshops for outboard and boat engine maintenance.
- Weekly price reports on different port fuel charges.

And finally....

- "Give me the winning Power Ball #'s so I can keep fishing until the money is gone." *(Author's Note: It is good to see a sense of humor even as we deal with our most trying issues. Thanks to all who assisted with the survey. It does make a difference.)*

Appendix I – Survey Tool

The following is the survey tool used to develop the information for this report.

Q1. Did the price of fuel cause you to change how you fished this year (check all that apply)?

Answer Options
_____ Yes, stacked permits (Bristol Bay)
_____ Yes, fished IFQs with other shareholders
_____ Yes, quit fishing earlier each day
_____ No
_____ Yes, used tenders more often
_____ Other
_____ Yes, skipped openings I otherwise would have fished
_____ Yes, quit fishing earlier in the season
_____ Yes, fished closer to home
_____ Yes, didn't go home as often
_____ Yes, explored/prospected less
Comments

Q2. Which types of commercial fishing operations do you run (check all that apply)?

Answer Options
_____ Gillnetting - Bristol Bay
_____ Gillnetting - AYK
_____ Gillnetting - other locations
_____ Setnetting
_____ Trolling
_____ Seining
_____ Longlining
_____ Trawling
_____ Diving
_____ Jigging
_____ Pot fishing
_____ Tendering
_____ Other
Comments

Q3. Which type of engine do you run on your primary fishing vessel?

Answer Options
_____ Gas
_____ Diesel

Q4. Over the past year, what percentage of your gross fishing income has been spent on fuel?

Answer Options
____ less than 10%
____ 10-20%
____ 20-30%
____ 30-40%
____ 40-50%
____ more than 50%

Q5. How does this percentage compare to 5 years ago?

Answer Options
____ Somewhat less
____ About the same
____ Somewhat more
____ More than doubled
____ Comments

Q6. Did your buyer or processor assist you with your fuel costs?

Answer Options
____ Yes
____ No
____ Comments

Q7. Did increased fuel prices impact your crew?

Answer Options
____ No, I have no crew
____ No, prices did not impact them
____ Yes, prices did impact crew
____ Comments

Q8. How else have fuel prices impacted your fishing business this year?

Q9. How much attention do you pay to the following techniques for decreasing fuel consumption?

Answer Options
____ Throttling back
____ Reducing vessel weight
____ Cutting back on diesel genset use
____ Keeping bottom clean
____ Keeping propeller tuned
____ Maintaining engine and fuel systems
____ Adjusting autopilot to improve tracking
____ Monitoring vessel trim
____ Planning your route and timing
____ Maintaining fuel consumption records
____ Other
____ Comments

Q10. What new DEVICES have you used or considered using to decrease your fuel consumption?

Answer Options
____ New engine
____ Flow meter
____ Bulbous bow
____ Aerofoil-shaped rudder
____ Kort nozzle
____ Other
____ Comments

Q11. If you have repowered or are planning to repower your vessel for greater fuel efficiency, what are your estimated costs?

Q12. Can you share any specific websites, periodicals or other sources that you use for information on fuel efficiency?

Q13. Do you feel that management decisions affect fuel consumption rates in your fishery (fisheries)?

Answer Options
____ Yes
____ No
____ Comments

Q14. Should managers (Board of Fish, ADF&G, NPFMC, IPHC) take fuel cost issues into account when making management decisions?

Answer Options

Yes, fuel costs are a valid concern and should be integrated into the fishery
_____ management process
_____ No, management should be strictly biological
_____ Don't know
_____ Other
_____ Comments

Q15. What kinds of management changes do you think could be made in your fisheries to reduce fuel consumption?

Q16. In addition to our fuel efficiency webpage, which you will be redirected to when you finish this survey, how else can the Marine Advisory Program help you adapt to rising fuel prices?

Q17. Comments or questions for the Alaska Sea Grant Marine Advisory Program or United Fishermen of Alaska?

Alaska Conservation Alliance

Uniting for Alaska's Future

February 2, 2009

House Special Committee on Fisheries, Finance
State House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Representatives Edgmon, Buch and Austerman,

On behalf of the 40 conservation groups and the 38,000 Alaskans that are represented by the Alaska Conservation Alliance, I am pleased to acknowledge our strong support for HB20 to establish Energy Efficiency loans for commercial fishermen. Alaska's fisheries and fishermen play a vital role in the state's long-term sustainable economy. Alaska's main, non-hydrocarbon export is its seafood. Three billion pounds of fish are harvested from Bristol Bay waters each year and Alaska's Salmon fishery alone added nearly a half billion dollars to the state's economy last year.

With the volatility of fuel prices and with industry predictions of a return to $110 barrel of oil in the near future, Alaska's fishermen need to find ways to conserve, recycle and limit the energy used in their operations. Recently Japan dedicated $700 million to improve the efficiency of their fishing fleet. To compete, both in seafood price and in technological innovation, Alaska needs the kind of dedication and funding provided by this bill. Loans to maximize engine and hull efficiencies reduce the amount of high-priced diesel used during the season and result in a higher standard of living for our fishermen, less expensive and more competitive seafood products and less climate-damaging emissions. By giving the loans fishermen need to increase the efficiency of their operation this bill is decreasing the use of unpredictably priced foreign fuel, reducing toxic and greenhouse gas emissions, assuring the competitiveness of Alaska's fishing industry and improving the lives of Alaska's fishermen.

Energy efficiency in all its forms is a high priority for Alaska's conservation community. I strongly encourage the Alaska Legislature to pass HB 20. Thank you for your time and consideration.

Sincerely,

Kate Troll

Kate Troll
Executive Director

CC: House Special Committee on Fisheries and House Finance Committee Members

PO Box 1006600, Anchorage, Alaska 99501 • Ph. 907.258.6171 • Fax 907.258.6177 • www.akvoice.org
419 6th Street, Ste. 321, Juneau, Alaska 99801 • Ph. 907.463.3366 • Fax 907.463.2554

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Founded 1975
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Jason W. Brune
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Congressman Don Young
Governor Sarah Palin

February 3, 2009

Representative Bryce Edgmon, Chairman
House Fisheries Committee
Alaska State Legislature
State Capitol, Room 416
Juneau, AK 99801

RE: HB20-Fisheries Loans for Energy Efficiency

Dear Representative Edgmon:

On behalf of the Resource Development Council for Alaska, Inc., (RDC), I am writing in support of HB20-Fisheries Loans for Energy Efficiency.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

Throughout the last several years, Alaskans have been struggling with high energy costs. Fuel costs and usage have escalated as fisherman are required to go further out for catch due to impacts from endangered species listings, critical habitat designations, marine protected areas, and fish movement. Opportunities to improve energy efficiency through state loans are important not only for the pocket books of the fisherman who harvest over half of this nation's total catch, but also for the environment—increased efficiency will likely lead to lower costs and ultimately decreased carbon emissions.

We encourage the committee to vote in favor of this bill. Thank you for your consideration.

Sincerely,

Jason W. Brune
Executive Director

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone: 907/276-0700 Fax: 907/276-3887 Email: Resources@akrdc.org Website: www.akrdc.org

PSPA

PACIFIC SEAFOOD PROCESSORS ASSOCIATION
Est. 1914

February 1, 2009

Rep. Bryce Edgmon, Chairman
House Fisheries Committee
Alaska Legislature
State Capitol
Juneau, AK 99801

RE: Support for HB 20 – Commercial Fishing Loans for Energy Efficiency Upgrades

Dear Chairman Edgmon:

Pacific Seafood Processors Association (PSPA) is a trade association of seafood processing companies with operations in many locations throughout coastal Alaska, including Ketchikan, Sitka, Kodiak, Unalaska/Dutch Harbor, Valdez, Dillingham, Naknek, Pederson Point, Togiak, Port Moller, and King Cove.

PSPA's member companies themselves, the communities in which they operate, and the fishermen to whom our member companies provide markets, are all struggling with high energy costs. The profitability and economic viability of Alaska's processors and harvesters alike, depend on the ability to increase energy efficiency and contain energy costs.

In expanding the provisions of the state's commercial fishing loan program to allow fishermen to obtain loans to increase the energy efficiency of their vessels, HB 20 does not *directly* affect or benefit seafood processors. However, a healthy, viable, energy efficient harvesting sector is important to the overall success of the entire industry. Thus, HB 20, in helping Alaska's fishing fleet move toward energy efficiency, will benefit fishermen, seafood processors and other fisheries-dependent businesses, Alaska communities, and the overall economy and revenues of the state.

PSPA appreciates your sponsorship of HB20 and your prompt scheduling of the bill for a hearing in the House Fisheries Committee.

We encourage legislators to support the bill and move it quickly through the legislative process.

Sincerely,

Mary McDowell

Mary McDowell,
Vice President

222 Seward Street, Suite 200
Juneau, AK 99801
Phone (907) 586-6366
Fax (907) 586-4618
www.pspafish.net

Southeast Alaska Fishermen's Alliance
9369 North Douglas Highway
Juneau, AK 99801
Phone 907-586-6652
Fax 907-523-1168 Website: http://www.seafa.org E-mail: seafa@gci.net

February 2, 2009

Representative Bryce Edgmon, Chairman
House Special Committee on Fisheries
State Capitol, Mail Stop 3100
Juneau AK 99801
Fax 907-465-3445

RE: Support for HB 20 for Energy Improvement Loans

Southeast Alaska Fishermen's Alliance (SEAFA) is a multi-gear group representing our members involved in the salmon, crab, shrimp and longline fisheries of Southeast Alaska. We support HB 20 which would allow borrowers under the A program access to the engine retrofit loans as was accomplished by regulation for the B program.

Converting the Alaskan commercial fishing industry to more efficient fuel engines will reduce the carbon footprint, reduce costs and be better for the environment overall. Access to low cost loans will help the fleet convert to these more efficient engines.

We appreciate the Division of Investments making the B loans available last summer since it only took regulation changes and support the legislature making the necessary statute changes to allow borrowers under the A program the same consideration to access low cost loans for engine retrofits.

We would like the fisheries committee to consider amending this legislation to also allow quota shares to be refinanced. With the cuts in quota catch limits some fishermen are now facing incredibly difficult times making their payments and with the current economic crisis are having some difficulties being able to refinance their current loans that are attached to their homes and vessels. We would be willing to discuss this issue with you if you are interested in the problem.

Sincerely,

Kathy Hansen
Executive Director.

UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110
Juneau, Alaska 99801-1172
(907) 586-2820
(907) 463-2545 Fax
E-Mail: ufa@ufa-fish.org
www.ufa-fish.org

February 2, 2009

Representative Bryce Edgmon, Chairman
House Special Committee on Fisheries
State Capitol, Mail Stop 3100
Juneau AK 99801
Fax 907-465-3445

RE: Support for HB 20 for Energy Improvement Loans

UFA appreciates the Division of Investments prompt initiation of a program for commercial fishing vessel engine retrofit loans in Fall of 2008 to address the impact of high fuel prices on Alaska's fishing communities. We recognize that establishing these loans in the Section B program was the way to get this done as soon as possible. However, Alaska statutes prohibit any current borrowers under Section A programs access to these loans. UFA supports statutory changes to allow fishermen who currently have Section A loans to obtain loans to improve their energy efficiency. UFA also supports broadening the program to include financing for other energy improvements.

HB 20 accomplishes both of these objectives. We ask you and committee members for your support to provide long term financing for improvements to reduce the energy usage in commercial fishing.

United Fishermen of Alaska is the largest statewide commercial fishing trade association, representing 37 commercial fishing organizations participating in fisheries throughout the state and its offshore waters.

Sincerely,

Mark Vinsel
Executive Director

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Independent Tendermen's Association • Alaska Longline Fishermen's Association
Alaska Scallop Association • Alaska Trollers Association • Alaska Whitefish Trawlers Association • Armstrong Keta • At-sea Processors Association
Bristol Bay Reserve • Bristol Bay Regional Seafood Development Association • Cape Barnabas Inc. • Concerned Area "M" Fishermen
Cook Inlet Aquaculture Association • Cordova District Fishermen United • Crab Group of Independent Harvesters • Douglas Island Pink and Chum
Fishing Vessel Owners Association • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owner Association • Seafood Producers Cooperative • Sitka Herring Association
Southeast Alaska Fisherman's Alliance • Southeast Alaska Regional Dive Fisheries Association • Southeast Alaska Seiners Association
Southern Southeast Regional Aquaculture Association • United Catcher Boats • United Cook Inlet Drift Association • United Salmon Association
United Southeast Alaska Gillnetters • Valdez Fisheries Development Association • Western Gulf of Alaska Fishermen

Fritz Johnson
P.O. Box Box 1129
Dillingham, AK 99576
842-2674
osprey@nushtel.net

Representative Bryce Edgmon
State Capitol, Room 424
Juneau, AK 99801-1182

2 February 2009

RE: HB 20

Dear Rep. Edgmon,

I'd like to thank you and the other sponsors of HB 20 for this important legislation. This bill couldn't be more timely to assist Alaska's fishermen and fishing communities. Broadening the eligibility for low interest state loans for fishermen and women to repower their vessels with more efficient engines is the right thing to do for the environment and the right thing to do for Alaska's fishermen. Many have deferred the maintenance and improvements needed to remain competitive precisely because fish prices have been low and fuel prices high. While HB 20 effects a modest change in the Division of Investments requirements, it can make a big difference to Alaska harvesters working hard to keep their operations in the black.

I appreciate your work on this bill and urge adoption of this legislation.

Thank you, sincerely,

Fritz Johnson
F/V Jazz
Dilllingham

Timothy Clark

From: Rep. Bryce Edgmon
Sent: Friday, January 30, 2009 6:04 PM
To: Timothy Clark
Subject: FW: HB 20 Modification

-----Original Message-----
From: misslori@alaska.com [mailto:misslori@alaska.com]
Sent: Friday, January 30, 2009 6:03 PM
To: Rep. Bryce Edgmon
Subject: HB 20 Modification

Dear Mr. Edgmon. I would like to thank you for sponsoring HB 20. I would also like you to back the provision that it be available under section A so that not only those who are denied a commercial loan will have access to this program. If a fisherman is eligible for a commercial loan I don't think that should preclude his access to this funding. Thank you.
Bill Harrington
F/V Miss Lori
Kodiak, AK

From: Rick Tennyson [mailto:rick@choggiung.com]
Sent: Monday, February 02, 2009 11:53 AM
To: Timothy Clark
Subject:

Dear Mr. Clark:
I would like to encourage you to support HB 20, improving fish quality and marine engine efficiency improvement loan program. I currently fish in Bristol Bay for a company, Leader Creek Fisheries, which only accepts chilled fish. As a Leader Creek fisher, I not only chill my fish, but I utilizes good handling practices such as floating, bleeding, flush deck boat to reduce handling so that we can maintain quality. LC fishers are paid a base price after the season and a profit share after the product has been sold. This profit share the past few years has resulted in the fishers with about 20-35 percent more per pound then fishers that do not try to maintain the pristine quality of the fish. I support the engine efficiency component to the program. Fishing the shoulder seasons has become unprofitable due to high fuel costs, and these shoulders season can make the difference between a profitable and non-profitable season. I would appreciate your support for HB 20. Rick Tennyson

City of Sand Point

February 11, 2009

Glen Gardner Jr.
Mayor, City of Sand Point
P.O Box 249
Sand Point, Alaska 99661
907-383-2696
sptcity@arctic.net

Representative Bryce Edgmon
Alaska State Legislature
120 4th Street, State Capitol, Room 3
Juneau, Alaska 99801-1182

Representative Bryce Edgmon:

I'm writing this letter in support of HB20. It was exciting to hear that the legislature is going to take up a bill that would provide technical fixes to the Commercial Fishing Loan Act (AS 16.10.310-370) making loans for engine energy efficiency upgrades available to many other potential applicants.

As a life –long fisherman, I've been dealing with all the changing facets of the fishing industry. One of the biggest factors affecting the Alaskan fisherman is the ever changing fuel prices. This greatly impacts the bottom line of everyone involved.

With the recent technological advances in the diesel engine industry, it is possible for the Alaskan Fisherman to reduce their carbon footprint on the environment. Fuel efficiency has been improved, and emissions levels have been greatly reduced.

I'm presently going through the process of getting one of these loans, and I can't tell you how difficult the process is! If it was possible to apply for this loan under subsection A of the statutes it would make the process so much easier. I think passing this bill would open this program up for many other Alaskan Fishermen. Let's help Alaska's largest employer!

Sincerely,

Glen Gardner Jr.
Mayor, City of Sand Point

City Office:
P O. Box 249
Sand Point, Alaska 99661
(907) 383-2696
(907) 383-2698 FAX

Administrator:
3380 C Street, Suite 205
Anchorage, Alaska 99503
(907) 274-7561
(907) 274-3540 FAX
daypar72@gci.net

SWAMC Southwest Alaska Municipal Conference
3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 f: 907.562.0438 www.swamc.org

Alaska Peninsula
Aleutian Chain
Bristol Bay
Kodiak Island
Pribilof Islands

February 13, 2009

Representative Bryce Edgmon, Chairman
House Special Committee on Fisheries
State Capitol, Room 416
Juneau, AK 99801-1182

Re: House Bill 20

Dear Representative Edgmon,

The Southwest Alaska Municipal Conference (SWAMC) lends its support to House Bill 20. This bill comes at an opportune time to address the energy cost concerns of the state's commercial fisheries. Last year saw many boats opt to stay in port because the cost of fuel was so high it made it unprofitable to leave port and fish.

SWAMC supports efforts by the Special House Committee on Fisheries to increase the opportunity for fishermen to access loans for vessel upgrades. HB 20 allows fishermen who currently hold Section A loans to be eligible for Section B loans to improve their vessel's energy efficiency and increases the amount of loans they are eligible to borrow. This bill will help upgrade the state's fishing fleet with 21st Century technology and equipment and set it on a solid foundation for the future.

SWAMC is the regional economic development organization (ARDOR) for Southwest Alaska and serves the Aleutian/Pribilofs, Bristol Bay, and Kodiak. SWAMC's regional membership advances the collective interests of Southwest Alaska people, businesses, and communities. SWAMC promotes economic opportunities to improve quality of life and pursues long-term responsible development.

Sincerely,

Michael Catsi
Executive Director

Switgard Duesterloh, Ph. D.
POB 4373
Kodiak, AK 99615

To House Finance Committee Representative
Alan Austerman

Dear Mr. Austerman,

I would respectfully ask you to support House Bill 20, which provides low interest loans for technical improvements on boat engines.

I am not a fisherman myself, but have lived and worked in Alaska for 12 years. I am a marine scientist and have spent part of my professional life studying the effects of dissolved oil on marine organisms. Lately, I spend most of my time educating others and myself about global climate change and ocean acidification. These topics are related in that both, oil pollution and air pollution pose great stress on marine organisms and their populations. Improved technology in boat engines is an easy to reach step to mitigate pollution and reduce adverse impacts on Alaska's marine ecosystems. HB 20 is a "low hanging fruit", an easy step into the right direction. Please support HB 20 for the future of our State's fishing industry and the health of the environment.

Respectfully,

Switgard Duesterloh

From: Timothy Clark
Sent: Friday, March 06, 2009 2:51 PM
To: Timothy Clark
Subject: HB20 Support

-----Original Message-----
From: Greg Streveler [mailto:grigori@gustavus.ak.us]
Sent: Friday, March 06, 2009 12:23 PM
To: Rep. Alan Austerman
Subject: HB 20

Dear Representative Austerman:

I support HB 20, which would amend the Commercial Fishing Loan Act to allow loans for energy efficiency upgrades to commercial fishing operations. Fuel costs have become a huge consideration in commercial fishing. At the same time we are trying to reduce greenhouse gas emissions from using fossil fuels. Fuel efficience is probably the best single investment for the state to support through its loan fund. I know you have long been a supporter of the fishing industry. I hope you support scheduling HB 20 for a hearing soon.

Thank you,
Judy Brakel
Box 94
Gustavus, AK 99826

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

3/17 marilyn

Wednesday, March 25, 2009 3/25 Donnie • 3/31 NJ

HB 35 – NOTICE & CONSENT FOR MINOR'S ABORTION
Presentation by Sponsor
Rep John Coghill

HB 20-FISHERIES LOANS FOR ENERGY EFFICIENCY
Amendment 1 – Stoltze
Amendment 2 – Stolze

~~**Rep Bryce Edgemon**~~

* Rep Nancy Dahlstrom

No objection - Alt O

Withdrew Object - Alt W

Weimiger Winegar

Winegar

HB

26

<target><bill>HB 26</bill><subject>HB
26</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: March 5, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/11/09

The FINANCE Committee considered: **HOUSE BILL NO. 26**

"An Act repealing the repeal of preventative and restorative adult dental services reimbursement under Medicaid; providing for an effective date by repealing the effective date of sec. 3, ch. 52, SLA 2006; and providing for an effective date."

HB 26 MEDICAID FOR ADULT DENTAL SERVICES

Recommends it be replaced with [ ] HCS *or* [ ] CS *for* _____ (_____)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ [ ] Same Title [ ] New Title

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero
DHS	1	✓		

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
Wm "Bill" Thomas	Thomas	✓			
	Gara	✓			
Harry Y Crawford Jr R FOSTER	CRAWFORD	✓			
	Foster	X			
	Salmon	X			
	KELLY			X	
	Joule	X			
	AUSTERMAN	X			
Anna Fairclough	FAIRCLOUGH	✓			
Chair:	Hawker	#			
Chair:	STOLTZE	*			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 26
(H) Publish Date: 3/5/09

Identifier (file name): HB026-DHSS-APDMS-02-23-09
Dept. Affected: Health & Social Services
Title: Medicaid for Adult Dental Services
RDU: Health Care Services
Component: Adult Preventative Dental Medicaid
Sponsor: Hawker
Requester: House HSS
Component Number: 2839

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	0.0	7,288.4	7,535.9	7,783.6	8,031.1	8,278.6	8,526.1
Miscellaneous							
TOTAL OPERATING	**0.0**	**7,288.4**	**7,535.9**	**7,783.6**	**8,031.1**	**8,278.6**	**8,526.1**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	4,758.7	4,714.4	4,592.3	4,738.3	4,884.4	5,030.4
1003 GF Match	0.0	2,529.7	2,821.5	3,191.3	3,292.8	3,394.2	3,495.7
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**7,288.4**	**7,535.9**	**7,783.6**	**8,031.1**	**8,278.6**	**8,526.1**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This

Prepared by: William J. Streur, Deputy Commissioner
Phone 279-7827
Division: Health Care Services
Date/Time 2/20/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 2/23/2009
DHSS Finance & Management Services

3-11-09

AARP Alaska
3601 C Street
Suite 1420
Anchorage, AK 99503

T 1-866-227-7447
F 907-341-2270
TTY 1-877-434-7598
www.aarp.org/ak

February 25, 2009

The Honorable Wes Keller, Co-Chair
House Health and Social Services Committee
Alaska Capitol, Room 13
Juneau, AK 99801-1182

The Honorable Bob Herron, Co-Chair
House Health and Social Services Committee
Alaska Capitol, Room 415
Juneau, AK 99801-1182

RE: HB 26 (Hawker)—Support

Dear Co-Chairs Keller and Herron:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the House Health and Social Services Committee to support HB 26, authored by Representative Mike Hawker and co-sponsored by Representatives Munoz, Gara and Kerttula.

Previously, under Alaska's Medicaid program, the only dental coverage offered adult beneficiaries was for emergency care. HB 105 offered funding, albeit annually capped at $1,150, which began to address preventive and restorative care. Now, for example, an older Alaskan on Medicaid who resides in a long term care facility and needs dentures can secure them under the program. Older persons who have dental problems, missing teeth, or are in need of dentures often have accompanying nutrition problems. These nutrition problems can exacerbate other health issues and create an overall deterioration in health status. We believe dental care is essential to quality health care. Funding for dental care should be considered sensible prevention with the long term possibility of saving Medicaid funds that would not be need to be spent on more serious health care problems resulting from poor oral health status.

Understandably, the Legislature wanted to evaluate the initial results of the program and scheduled it to sunset in June, 2009. As Representative Hawker indicates in his sponsor's statement, the program has moved adult Alaska Medicaid beneficiaries from "deferred maintenance" to "preventive maintenance." Representative Hawker's HB 26 would eliminate the sunset provision.

Of the 7,600 adults who have benefited, about 1,800 are older Alaskans, including 900 who received dentures. The average cost for care provided to a senior Alaskan in the program was $855.

The only concern we have about the program is the annual cap of $1,150. Although the average cost of a senior Alaskan was $855, we understand that the fee for an upper or lower set of dentures is now between $1,700 and $1,800. We also understand that some adult Medicaid beneficiaries have more significant oral health problems that may go considerably beyond the cap.

One of the goals of the program was to provide care that might take a Medicaid beneficiary from being among the unemployed because of missing teeth (and unable to pass an employment interview) to enabling them to secure employment and eventually getting off the Medicaid program. Some of these adults will need more oral care than can be provided under the cap.

We suggest exploring the possibility of raising the cap to enable more beneficiaries to get the total dental care they need.

AARP urges an "AYE" vote on HB 26.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Representative John Coghill
Representative Bob Lynn
Representative Paul Seaton
Representative Sharon Cissna
Representative Lindsey Holmes
Representative Mike Hawker

Representative Mike Hawker
Alaska State Legislature

Session:
State Capitol
Juneau, AK 99801
907 465-4949 direct
800 478-4950 toll free
907 465-4979 fax

Interim:
716 W 4th Avenue
Anchorage, AK 99501
907 269-0244 office
907 269-0248 fax

House District 32:
Eagle River
Anchorage
Rainbow
Indian
Bird
Girdwood
Portage
Whittier
Sunrise
Hope

House Bill 26
Sponsor Statement

"An Act repealing the repeal of preventative and restorative adult dental services reimbursement under Medicaid; providing for an effective date by repealing the effective date of sec. 3, ch. 52, SLA 2006; and providing for an effective date."

House Bill 26 would extend the current Medicaid Adult Dental program, which is scheduled to sunset this year. In 2006, the legislature passed House Bill 105, which restructured our approach to adult dental services allowed under Medicaid to provide a more complete level of services.

Prior to 2006, adults on Medicaid could only receive emergency care to relieve pain and fight infection. The passage of HB 105 authorized exams, cleaning, tooth restoration or extraction and dentures. In short, Alaska moved from a "Deferred Maintenance" to a "Preventative Maintenance" approach for adult dental care.

In order to have a chance to assess the viability of the program, the legislature added a sunset to the program of June 30, 2009. House Bill 26 would remove the sunset, allowing the program to become permanent.

Staff Contact: Juli Lucky 465-4949 1/26/2009

Rep.Mike.Hawker@legis.state.ak.us • http://www.akrepublicans.org/hawker/

HB 26
Sectional Analysis
Prepared by Representative Mike Hawker's Office

Section 1: Repeals Section 3 and 5 of ch. 52, SLA 2006 (HB 105). Section 3 reinserted the statute as it existed before passage of HB 105; Section 5 repealed the new section added by HB 105.

Section 2: Repeals Section 7 of ch. 52, SLA 2006 (HB 105), which provided an effective date for Section 3.

Section 3: Immediate effective date.

2697

HB 26
Adult Dental Program Facts

Prepared by Representative Mike Hawker's Office
Information Provided by DH&SS

1. How many recipients have taken advantage of the program?

   The unduplicated count of adult Medicaid recipients receiving these services since implementation of the services on April 1, 2007 – September 30, 2008 is approximately 9,300 adults. 283 dental providers participated in the program during this time period.

2. How much has been expended so far?

   The expenditure information on preventative and restorative dental services for adult Medicaid recipients (in thousands of dollars) is:
   Fiscal Year 2007 (4th Quarter): $418.5
   Fiscal Year 2008: $4,640.5

   Providers have up to 12 months to submit Medicaid claims and the listed expenditures are based on the date the claims are paid.

3. What services were the funds spent on?

   The expenditures for categories of dental services for the period of April 1, 2007 – September 30, 2008 are:

   - Fillings (1 and 2 surface amalgam and resin restorations): 9,313 procedures - $1,015.196
   - Root canal therapy on permanent teeth: 1,027 procedures (including 289 on front teeth) - $435,412. *These are situations that would have often resulted in extracting teeth under the previous Medicaid Adult Dental program, which was limited to emergent care.*
   - Dentures (includes full & partial dentures): 2,343 procedures - $2,227,288. *Please note that the Medicaid program restricts denture coverage to every five years for adults, however procedures to adjust the fit of the dentures would be covered. The denture procedures and expenditures listed do not include repairs and/or adjustments to dentures.*

     Since providers have up to 12 months to submit Medicaid claims, these figures are based on claims that were processed by the 2nd week of November 2008 and could change based on future claims.

LAWS OF ALASKA

2006

Source
SCS CSHB 105(FIN)

Chapter No.
_____

AN ACT

Relating to coverage for adult dental services under Medicaid; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1

AN ACT

Relating to coverage for adult dental services under Medicaid; and providing for an effective date.

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

PURPOSE; INTENT. (a) The purpose of this Act is to increase adult dental care services for an eligible recipient of Medicaid under AS 47.07 to ensure that services critical to a recipient are implemented first, while controlling the overall growth of the costs of the increase in services.

(b) It is the intent of the legislature that the Department of Health and Social Services implement the increase in adult dental care services authorized by this Act through the adoption of regulations consistent with the department's obligation to contain the costs of the increased services in order to provide the services within appropriation limits. It is further the intent of the legislature that the Department of Health and Social Services implement

mechanisms to contain costs, which may include establishing a maximum amount of benefits for each eligible recipient in a fiscal year for the services and specifying the scope of the services.

*** Sec. 2.** AS 47.07 is amended by adding a new section to read:

Sec. 47.07.067. Payment for adult dental services. (a) Subject to appropriation, the department shall pay for minimum treatment and for preventative and restorative adult dental services provided under AS 47.07.030(b) and under regulations adopted by the commissioner in conformity with applicable federal requirements and this chapter. Regulations adopted under this section must include the following:

(1) a maximum amount of benefits for preventative and restorative adult dental services of $1,150 for each eligible recipient in a fiscal year; and

(2) specification of the scope of coverage for preventative and restorative adult dental services.

(b) On or before June 30 of each year, the department shall review appropriations available for the purposes of this section for the following fiscal year, and estimate the scope of services to be used and the number of eligible recipients anticipated to be served during the following fiscal year. Notwithstanding the maximum amount of benefits specified in (a)(1) of this section, the department shall reduce, by regulation, the specified maximum amount of benefits for the following fiscal year if the department's estimates under this subsection would exceed appropriations available for that fiscal year.

(c) Notwithstanding any contrary provision of AS 44.62, the department may adopt emergency regulations to implement (b) of this section.

(d) As used in this section, "minimum treatment" means the application or prescription of a medication or material deemed necessary by a licensed dentist for the immediate relief of pain or to reduce the spread of infection.

*** Sec. 3.** AS 47.07.900 is amended by adding a new paragraph to read:

(20) "adult dental services" means minimum treatment for the immediate relief of pain and acute infection provided by a licensed dentist.

*** Sec. 4.** AS 47.07.900(1) is repealed.

*** Sec. 5.** AS 47.07.067, as added in sec. 2 of this Act, is repealed June 30, 2009.

*** Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Department of Health and Social Services may proceed to adopt regulations necessary to implement the changes made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the statutory changes.

*** Sec. 7.** Section 3 of this Act takes effect July 1, 2009.

*** Sec. 8.** Section 6 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 9.** Except as provided in secs. 7 and 8 of this Act, this Act takes effect July 1, 2006.

Advisory Board on Alcoholism and Drug Abuse

Alaska Mental Health Board

Governor's Council on Disabilities and Special Education

Alaskan Seniors Living Longer Growing Stronger
from the Alaska Commission on Aging

The TRUST
The Alaska Mental Health Trust Authority

Reauthorize preventative and restorative dental services for adult Medicaid recipients

The Governor's Council on Disabilities and Special Education, Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse, and Alaska Commission on Aging, in collaboration with the Alaska Mental Health Trust Authority, jointly support the reauthorization of preventive and restorative dental services for adult Medicaid recipients. Medicaid coverage for these services will sunset June 30, 2009 without legislative reauthorization. The provisions for this reauthorization are in HB 26.

- The Department of Health and Social Services reports that approximately 7,600 adult Medicaid recipients received these dental services in FY08 with 252 participating dental providers.
- The American Dental Association recommends adult preventive and restorative dental services be included in all state Medicaid programs, and as former U.S. Surgeon General C. Everett Koop stated, "You're not healthy without good oral health."[i]
- Trust beneficiaries continue to list dental services as a priority unmet health needs.
- Dental pain, missing and decayed teeth and infection can affect employment and job advancement, contribute to missed work, dietary choices for seniors, and complicate management of other chronic diseases.[ii]
- Individuals on public assistance who receive rehabilitative dental treatment (including fillings, extractions, and dentures) were ". . . twice as likely to receive favorable or neutral employment outcomes as they were to receive unfavorable outcomes."[iii]
- Dental infections due to periodontal disease have been associated with adverse pregnancy outcomes (e.g., pre-term births)[iv], management problems for individuals with diabetes, risks for pneumonia in nursing homes, and other chronic diseases including cardiovascular disease.[v]
- The bacteria involved with the dental decay process are typically passed parent to child. Part of the efforts to reduce dental decay in young children relates to reducing the level of dental infection in the caregiver.[vi] Additionally, parents with dental coverage are more likely to access dental services for their children.
- The coverage of preventive and restorative dental care for adult Medicaid recipients along with necessary behavioral changes, over the long term, offer the potential for

reduced utilization of emergent dental services (e.g., accessing the hospital emergency room for management of a dental infection).

Supporters: AARP-Alaska, Alaska Public Health Association, Alaska Dental Society All-Alaska Pediatric Partnership, ANTHC and Alaska Primary Care Association.

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[i] Oral Health America, http://www.oralhealthamerica.org/whoweare.html, noting quote from C. Everett Koop, former U.S. Surgeon General.

[ii] Association of State and Territorial Health Officials (ASTHO), "The oral health and chronic disease connection", available at: http://www.astho.org/templates/display_pub.php?pub_id=327, May 2002.

[iii] "Dental Treatment Highly Effective in Helping Welfare Recipients Gain Employment", University of California – San Francisco School of Dentistry", press release, March 10, 2004.

[iv] Lieff S, Hared H, McKaig R, et al., "Periodontitis and Preterm Low Birth Weight in Pregnant Women", *Journal of Dental Research*, 2000; 79(supplemental):608.

[v] U.S. Department of Health and Human Services (USDHHS), *Oral Health in America: A Report of the U.S. Surgeon General*, USDHSS, National Institute of Dental and Craniofacial Research, National Institutes of Medicine, 2000.

[vi] Berkowitz, RJ, "Causes, treatment and prevention of early childhood caries: a microbiologic perspective", *Journal of the Canadian Dental Association*, 69(5):304-307b, 2003.

Adult Dental

New Adult Dental Services

On March 29, 2007, Alaska's Medicaid for adults began covering $1,150 worth of preventive dental care, such as exams and cleanings, each year for Alaskans 21 and older who receive Medicaid services.

New services also include fillings, root canals and dentures.

In the past, adult dental Medicaid only treated emergency pain relief and acute infection.

For a full list of new services in the state regulations passed last year authorizing the changes, click here.

The limited amount of preventive and restorative coverage, as well as limited access to dentists who accept Medicaid patients, means patients will need to

- plan carefully with their dentists what to do first, and when it can be scheduled;
- keep their appointments.

Missed appointments are a primary complaint among dentists. The state recently clarified that when dentists charge patients for missed appointments, that policy includes Medicaid patients. Medicaid will not cover the cost of missed appointments.

For help finding a dentist who takes new Medicaid patients, call the recipient helpline: 1-800-780-9972.

Funding

The state investment of $1.3 million in general funds is being matched with federal funds and $1.425 million a year from the Mental Health Trust Authority, for a total annual cost of $10.2 million, an eight-fold return on state general fund dollars.

The coverage expansion was added because infections in the mouth are no different than infections in other parts of the body. Dental infections cause pain, lost time at work and missing teeth can affect employability. Waiting for dental emergencies often results in more expensive dental care and limits the dentist's ability to address dental problems that will result in future dental emergencies.

Recommended Reading:

- press release
- fact sheet (PDF)
- letter to dentists explaining new regulations (PDF)
- state regulations authorizing the new services (PDF)

Questions:

- Recipient helpline: 1 (800) 780-9972

Alaska Commission on Aging
KEY POINTS TO KNOW ABOUT:

Continuation of the Medicaid Adult Dental Program

February 2009

Issue:

The Alaska Commission on Aging was a strong proponent of the original 2006 legislation which added preventive and restorative dental care to the palette of services available to adult Medicaid recipients. At the time, we realized that many low-income seniors were living with a variety of painful, destructive dental problems because they could not afford to pay for routine dental exams or dentures.

Prior to implementation of this program in 2006, dental services for Medicaid recipients were limited to expensive emergency care for relief of pain and acute infection only – often leading to extraction of permanent teeth. Waiting for dental emergencies resulted in more expensive dental care and limited the dentist's ability to address problems that would result in future dental emergencies.

While much of the focus on tooth decay concentrates on children, adults remain at high risk for dental decay, especially elderly and other adults on certain medications or undergoing cancer treatments that decrease saliva output. Studies have also shown the link between oral health and chronic diseases such as diabetes and cardiovascular disease. For seniors, the inability to properly chew food due to poor dentition leads to chronic malnutrition and its many consequences for health. Furthermore, those with ill-fitting dentures, missing teeth, no dentures, and other disfiguring dental problems may avoid the social engagement that is so essential to maintaining mental and physical health for seniors.

Program statistics for the period April 1, 2007 through September 30, 2008 indicate the following:

- Approximately 1,800 seniors were served by this program, comprising 19.4 percent of all those served.
- Approximately 900 seniors received dentures under the program, 38.6 percent of the total persons who received dentures.
- Expenses for seniors totaled 24.6 percent of program expenses.
- The average cost for care provided to a senior on the program was $855.

Recommendation:

Re-authorize the Medicaid Adult Dental Program. Continue this beneficial program, which supports the health of low-income seniors and others.

Alaska Primary Care Association

"...uncompromising in the pursuit of access to primary care for all Alaskans."

The Honorable Representative Hawker
Alaska State House of Representative
State Capitol, Room 505
Juneau, Alaska 99801-1182

Re: Support for Medicaid for Adult Dental Services – HB 26

February 25, 2008

Dear Representative Hawker,

The Alaska Primary Care Association (APCA) represents 26 health care organizations and 141 non-profit Community Health Centers (CHCs), as well as other safety net providers throughout Alaska. In 2008, our sites provided primary healthcare to over 80,000 Alaskans from across the state.

The APCA supports repealing the repeal of preventative and restorative adult dental services reimbursement under Medicaid. The APCA knows that access to preventative dental services improve health outcomes and reduce overall health care costs. Oral health is critical for overall health and adults in the Medicaid program receiving access to dental services reduces the likeliness that they will develop more expensive and acute dental problems.

We appreciate your hard work and service to Alaskans and support your efforts to expand access to health care for all Alaskans.

Respectfully,

Regan Mattingly
State Affairs Coordinator

Shelley S. Hughes
Government Affairs Director

Alaska Primary Care Association
903 W Northern Lights Blvd, Suite 200
Anchorage, AK 99503

ph. 907-929-2722
fx. 907-929-2734
www.alaskapca.org

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

Wednesday, March 11, 2009

HB 116 – IDITAROD REGISTRATION PLATES
Rep. Mark Neuman/ Jim Ellis, Staff, Rep. Neuman

Questions Via Teleconference:
Whitney Brewster, Director, Division of Motor Vehicles, Administration

HB 26 – MEDICAID FOR ADULT DENTAL SERVICES
Rep. Hawker/Juli Lucky, Staff, Rep. Hawker

Brad Whistler, Division of Public Health, DHSS
Jon Sherwood, Director, Office of Program Review, DHSS

Jeff Jessee, Chief Executive Officer, Alaska Mental Health Trust Authority
Marie Darlin, AARP
Severvine Basham, Alaska Primary Care Association

See Teleconference List

HB

29

<target><bill>HB 29</bill><subject>HB
29</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE

REPRESENTATIVE KURT OLSON

- Chair, Labor and Commerce
- Member: Rules, Resources, Military and Veterans Affairs

Session: January - April
State Capitol
Juneau, AK 99801-1182
Phone: 907-465-2693
Fax: 907-465-3835

Interim: May - December
145 Main Street Loop, Ste 221
Kenai, AK 99611
Phone: 907-283-2690
Fax: 907-283-2763

Official Business

Sponsor Statement
HB 29 - Increasing the Minimum Wage

Alaska's minimum wage has not been increased since 2002, when it rose to $7.15 an hour. Since that time, the cost of living in the state has risen dramatically. Alaska is among the most expensive states in which to live; with a minimum wage that has remained stagnant, working Alaskans are feeling the pinch.

A minimum wage employee earns under $15,000 a year. This is an inadequate income for a full time worker—especially in a state where the cost of living is so high. Hardworking Alaskans should be able to afford basic necessities and to provide for their families. House Bill 29 addresses this fact.

House Bill 29 sets Alaska's minimum wage at $7.15 an hour or 50 cents above the federal minimum, whichever is higher. The bill reflects the increases in cost of living since 2003 and brings Alaska closer in line with our west coast counterparts Washington, Oregon, and California.

With the federal minimum set to increase in July 2009, I urge the legislature address Alaska's minimum wage as soon as possible. Alaska's minimum wage has not fallen below the federal level since 1959. Now is not the time to buck the trend.

I respectfully ask for your favorable consideration of this bill. If you have any questions or concerns, please do not hesitate to contact me or my staff.

Email: Representative_Kurt_Olson@legis.state.ak.us

ALASKA STATE LEGISLATURE

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Official Business

Sectional Summary
HB 29 - Increasing the Minimum Wage

The following is a sectional summary of HB 29 and is not an authoritative representation of the bill. For an authoritative interpretation, please refer to the bill itself.

Section 1: repeals AS 23.10.065 which establishes a minimum wage.

Section is reenacted to raise the minimum wage to $7.15 per hour *or* 50 cents above the federal minimum wage, whichever is higher.

Section 2: provides for an effective date.

Email: Representative_Kurt_Olson@legis.state.ak.us

26-LS0177\R.3
Wayne
4/6/09

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 29(L&C)

Page 1, lines 7 - 9:

Delete "the higher of $7.15 an hour or, for work performed on or after the effective date of an actual increase of the federal minimum wage to a rate higher than $7.15 an hour,"

Insert "$7.25 an hour until December 31, 2009, and thereafter not less than"

Page 1, line 14:

Delete "January 1, 2010"

Insert "July 24, 2009"

2712

26-LS0177\R.4
Wayne
4/6/09

AMENDMENT 2

OFFERED IN THE HOUSE BY REPRESENTATIVE GARA

TO: CSHB 29(L&C)

Page 1, line 1, following "**wage**":

Insert "**and creating an annual adjustment to the minimum hourly wage based on the rate of inflation**"

Page 1, lines 4 - 13:

Delete all material and insert:

"(a) Except as provided under (b) of this section and as otherwise provided for in law, for work performed on or after January 1, **2010** [2003], an employer shall pay to each employee wages at a rate of not less than **the wage established in this subsection** [$7.15 AN HOUR] for hours worked in a pay period, whether the work is measured by time, piece, commission, or otherwise. An employer may not apply tips or gratuities bestowed upon employees as a credit toward payment of the minimum hourly wage required by this section. Tip credit as defined by the Fair Labor Standards Act of 1938 as amended does not apply to the minimum wage established by this section. **The minimum hourly wage under this subsection is $7.85 an hour for work performed on or after January 1, 2010; however, for work performed in years after December 31, 2010, the minimum hourly wage under this subsection is the greater of**

(1) $1 more an hour than the federal minimum wage; or

(2) $8.60 an hour for work performed on or after January 1, 2011, and $9.45 an hour for work performed on or after January 1, 2012; thereafter, the department shall, by regulation, not later than September 30 of each calendar year, adjust the minimum hourly wage established in this paragraph for inflation

effective for the following calendar year; the adjusted minimum hourly wage shall be the most recent wage under this paragraph adjusted for 100 percent of the rate of inflation based on the Consumer Price Index for all urban consumers for the Anchorage metropolitan area, compiled by the Bureau of Labor Statistics, United States Department of Labor; the department shall round the adjusted minimum hourly wage up to the nearest one cent; the adjusted minimum hourly wage shall apply to work performed beginning on January 1 through December 31 of the year for which it is effective, and the first adjustment takes effect January 1, 2013."

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 29(L&C)
(H) Publish Date: 3/12/09

Identifier (file name): HB029-DOLWD-WH-02-11-09
Title: Alaska Minimum Wage
Sponsor: Representative Olson
Requester: House Labor and Commerce

Dept. Affected: Labor and Workforce Development
RDU: Labor Standard & Safety
Component: Wage and Hour
Component Number: 345

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1157 Worker Safety Account							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: None

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

There is no anticipated financial impact to the department as a result of this legislation.

Prepared by: Grey Mitchell, Director — Phone 465-4855
Division: Labor Standard & Safety — Date/Time 2/11/09 4:19 PM
Approved by: Click Bishop, Commissioner — Date 2/11/09
Agency: Department of Labor and Workforce Development

(Revised 9/2008 OMB)

ALASKA STATE LEGISLATURE

REPRESENTATIVE KURT OLSON

- Chair, Labor and Commerce
- Member: Rules, Resources, Military and Veterans Affairs

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Official Business

Summary of Changes
Proposed Amendment to CSHB 29 (L&C) – Increasing the Minimum Wage

HB 29: sets the Alaska minimum wage at $7.15 per hour or 50 cents higher than the federal minimum wage, whichever is higher. Effective July 1, 2009.

CSHB 29 (L&C): the wage structure remains, but the effective date is pushed back to January 1, 2010.

Proposed Amendment to CSHB 29 (L&C): spreads the increase over two phases: an increase of the current Alaska minimum wage ($7.15) to match the federal rate ($7.25) is effective July 24, 2009. A further increase of 50 cents per hour is effective January 1, 2010.

Email: Representative_Kurt_Olson@legis.state.ak.us

ALASKA STATE LEGISLATURE

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Official Business

Summary of Committee Changes
HB 29 - Increasing the Minimum Wage

Page 1

Section 2: Delete effective date July 1, 2009
Add effective date January 1, 2009

Email: Representative_Kurt_Olson@legis.state.ak.us

MEMORANDUM

TO: House Labor and Commerce Committee Members

FROM: Jennifer Senette, staff to Representative Olson

DATE: March 5, 2009

RE: Occupations Tied to the Minimum Wage Formulation

During the February 23rd House Labor and Commerce meeting, Representative Coghill asked a question that I indicated I would follow up on. Representative Coghill inquired about jobs in the state with wages tied to the minimum wage formulation. In short, there are three job categories that are tied to the minimum wage formulation by statute.

As indicated at the hearing, public school bus drivers must be paid at least two times the minimum wage. A second category of workers include those employed in an executive, administrative, or professional capacity. Employees of this type must be paid at least two times the minimum wage for the first 40 hours of employment each week. Finally, prisoners who are productively employed may not receive more than 50% of the minimum wage.

Please find the attached memo from Legislative Research addressing the issue in further detail. If any of this information is unclear or if committee members have follow up questions, please do not hesitate to contact me.

Sincerely,

Jennifer Senette
Staff to Representative Olson
465-4530

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
ADVISORY BOARD ON ALCOHOLISM AND DRUG ABUSE
and ALASKA MENTAL HEALTH BOARD

SARAH PALIN, GOVERNOR

P.O. BOX 110608
431 N. Franklin Street, Suite 200
JUNEAU, ALASKA 99811-0608
PHONE: (907) 465-8920
FAX: (907) 465-4410
TOLL FREE: (888) 464-8920

February 19, 2009

Representative Kurt Olson
Alaska State Capitol
Juneau, Alaska 99801

Re: HB 29 Raising Alaska's Minimum Wage

Dear Representative Olson,

The Advisory Board on Alcoholism and Drug Abuse and Alaska Mental Health Board appreciate your recognition of the need for an increase to Alaska's minimum wage. While the proposed increase to minimum wage does not alleviate all the problems faced by Alaska's working poor, it would help low-wage workers better provide for their families. Many of these low-wage workers are people experiencing mental illness or in recovery from mental illness or addiction, so we support moving minimum wage closer to a meaningful wage.

Despite arguments that raising minimum wage endangers small businesses and the jobs they provide — or that minimum wage is only paid to entry-level positions from which workers quickly graduate to a higher wage — research by the Economic Policy Institute shows "no significant job loss associated with the 1996-1997 [federal] minimum wage increase." Instead, low-wage labor markets performed better after the minimum wage was increased.

Of low-wage workers, women and minority workers benefit most from an increase in minimum wage. Among low-income families with children, low-wage workers contribute over half of the family income — which means that raising the minimum wage will benefit the more than 19,000 Alaskan children living in poverty.

It is not just teenagers working for spending money who hold minimum wage jobs in Alaska. Parents, seniors trying to supplement their limited income, individuals experiencing disabilities, and students putting themselves through school are all represented in the low-wage labor market. Their work is a valuable part of our economy, and should be recognized as such. Thank you for your work, and please let us know if the Alaska Mental Health Board and Advisory Board on Alcoholism and Drug Abuse can assist in the effort to pass this important legislation.

Sincerely,

Debi Keith, Chair
AMHB

L S Walters

Lonnie Walters, Chair
ABADA

LEGISLATIVE RESEARCH SERVICES

Alaska State Legislature
Division of Legal and Research Services
State Capitol, Juneau, AK 99801

(907) 465-3991 phone
Fax: (907) 465-3908 fax
research@legis.state.ak.us

March 3, 2009

Memorandum

TO: Representative Kurt Olson
FROM: Roger Withington, Legislative Analyst
RE: Wage Rates Tied to the Minimum Wage Rate
LRS Report 09.185

You asked if there are any provisions in Alaska law that tie wages paid to individuals who work in a specific occupation to the minimum wage rate. Specifically you asked if there are provisions in Alaska law similar to AS 23.10.065(b), which requires public school bus drivers to be paid at a rate of not less than two times the minimum wage established under AS 23.10.065(a).

Using the on-line annotated 2008 Alaska Statutes we identified two laws that generally fit these criteria: AS 23.10.055 and AS 33.30.201. We provide the relevant section from each of these laws below.

AS 23.10.055 Exemptions; compensation of executives, administrators, and professionals.

> (b) Notwithstanding (c) of this section, an individual employed in a bona fide executive, administrative, or professional capacity shall be compensated on a salary or fee basis at a rate of not less than two times the state minimum wage for the first 40 hours of employment each week, exclusive of board or lodging that is furnished by the individual's employer.

AS 33.30.201 Compensation of prison inmates; deductions; disbursement; liens.

> (a) Each prisoner who is productively employed, as defined in AS 33.30.191(g)(1) or (3) - (5), may receive for that work compensation at a rate determined by the commissioner under this section if the money is available from legislative appropriations. Compensation established by the commissioner under this section may not exceed 50 percent of the minimum wage established in AS 23.10.065; however, if required to comply with a federal statute or regulation, a higher compensation may be established by the commissioner.

In addition, there are a number of laws that use the minimum wage, or a factor thereof, as a measure or a guideline of compensation. Some examples of these laws include AS 23.10.060, Payment of Overtime; AS 23.20.406, Extended Unemployment Compensation; AS 23.30.041 Rehabilitation and Reemployment of Injured Workers; and AS 23.30.220 Determination of Spendable Weekly Wage.

We have attached copies of both of the laws noted above to this memorandum. Please note that, although we are confident we have identified all of the laws of this nature, due to our search limitations and the disparate way in which laws are written, our search may not be exhaustive.

We hope you find this information useful. Please let us know if you have questions or need additional information.

The UNIVERSITY of VERMONT

Vermont Legislative Research Shop

The Effects of Increases in the Minimum Wage

The debate over increasing the minimum wage usually includes claims about the impact of this action on employment levels and wage levels. This report examines data and studies that compare minimum wage levels and employment levels by state. Table 1 lists the states with minimum wage rates above the federal level.

Table 1: States with Minimum Wage Rates above the Federal Level

State	1998	1999	2000	2001
Alaska	$5.65	$5.65	$5.65	$5.65
California	$5.75	$5.75	$5.75	$6.75
Connecticut	$5.65	$5.65	$6.15	$6.70
Delaware	$5.15	$5.65	$5.65	$6.15
Hawaii	$5.25	$5.25	$5.25	$5.25
Massachusetts	$5.25	$5.25	$5.25	$6.75
New Jersey	$5.95	$5.95	$5.95	$5.95
Oregon	$5.50	$6.50	$6.50	$6.50
Rhode Island	$5.15	$5.65	$6.15	$6.15
Vermont	$5.25	$5.75	$5.75	$6.25
Washington	$5.15	$5.70	$6.50	$6.72

Source: Bureau of Labor Statistics

The Princeton Study

In order to determine if higher minimum wage leads to a higher unemployment two economic professors at Princeton University (David Card and Alan Krueger) conducted a study on minimum wage hikes with a focus on the New Jersey minimum wage hike in 1990.

Card and Krueger compared unemployment and wages in New Jersey and Pennsylvania. In that comparison they focused on the fast food industry (the leading employers of low wage earners and an industry that enforces the minimum wage). The Comparison of New Jersey and Pennsylvania indicated, "employment actually expanded in New Jersey relative to Pennsylvania, where the minimum wage was constant" (Card and Krueger 1995, p. 66). In additional studies that they conducted using data from other states Card and Krueger actually found a positive correlation between a higher minimum wage and employment. Table 2 presents the findings of each of the studies they ran.

Table 2: Summary of estimated employee effect from Princeton Study

Analysis	Source of Wage Change	Nature of Comparison	Wages	Employment
1. New Jersey-Pennsylvania Fast Food Restaurants	New Jersey minimum wage rises to $5.05	Across states and within NJ between high and low wage restaurants	+.11	+.04
2. Texas fast-Food Restaurants	Federal minimum wage rises to $4.25 April	Between high and low wage restaurants	+.08	+.20
3. California Teenagers	California minimum wage rises to $4.25 July 1988	Between teenagers in California and comparison areas	+.10	+.12
4. Cross-States Teenagers, 1989-1992	Federal Minimum Wage rises from $3.35 to $4.25	Across states with higher and lower fractions earning $3.35- $4.24 in 1989	+.07	.00
5. Cross-States, Workers with Low Predicted Wages, 1989-1992	Federal minimum wage rises from $3.35 to $4.25	Across states with higher and lower fractions earning $3.35- $4.24 in 1989	+.07	+.02
6. Cross-States, Employees in Retail Trade, 1989-1992	Federal Minimum Wage rises from $3.35 to $4.25	Across states with higher and lower fractions earning $3.35- $4.24 in 1989	+.05	+.02
7. Cross-States, Employees in Restaurant Industry, 1989-1992	Federal Minimum Wage rises from $3.35 to $4.25	Across states with higher and lower fractions earning $3.35- $4.24 in 1989	+.07	+.03

Source: David Card and Alan Krueger, *Myth and Measurement*, Page 389, Chart 12.1

In addition to those findings, Card and Krueger found:

2722

- A large "spike" in wage distribution at the minimum wage level. This "spike" indicates a large percentage of the work force is minimum wage earners.
- A "ripple effect" that consists of wage increases of non-minimum wage earners from those employers who fix wages above the minimum wage.
- An absence of evidence that employers reduce benefits to compensate for the higher wage.
- A low utilization of teens in the work force.

Criticisms of the Princeton Study

Card and Krueger have received some criticism for their study from a number of conservative think tanks that published their commentaries in opinion-editorial fashion rather than in peer-reviewed journals. Critics claim that the Princeton Study looked specifically at minimum wage issues in the fast food industry, which leaves out a significant population of the minimum wage work force. They also claim that the Card and Krueger data is inconsistent with the actual payroll records of the Burger King franchises; Card and Kreuger chose to rely on the Bureau of Labor Statistics for their data. Richard Berman of the Employment Policies Institute also disagreed with the methodology of the Card and Kruger study. He argues that the analysis should have focused on the number of hours worked instead of the number of employees (Berman 1998). Despite the claims of these critics, there has been no peer-reviewed research to date that contradicts the findings of Card and Kreuger or supports the claim that an increase in the minimum wage increases unemployment.

The Case of Oregon

Oregon has had a higher minimum wage than the federal minimum wage since 1989. In November 1996, Oregon voters approved Ballot Measure #36, which increased the state minimum wage from $4.75 to $6.50 over a three-year period. In 1998 the state minimum wage was $6.00 and on Jan 1, 1999 the rate rose to $6.50.

Did Oregon's higher minimum wage increase unemployment? Table 3 compares the unemployment rate in Oregon and a number of other states. Included in the table are a number of other states with higher minimum wage laws and some of their neighboring states. While Oregon saw a higher unemployment rate than its neighbor, Washington, it saw a decrease in unemployment between 1997-98 as Washington saw a slight increase. To facilitate a comparison of unemployment rates between high minimum wage states with low minimum wage states we calculated the averages for each group of states. States

with higher minimum wages saw, on average, about the same unemployment rate as states with low minimum wage. Furthermore, high minimum wage states saw a greater decrease in the unemployment rate than low minimum wage states.

Table 3: Unemployment Rates and the Minimum Wage

States with Minimum Wage Above Federal

	Unemployment		Minimum Wage	
	Rate 1998	Change 97-98	1997	1998
Oregon	5.5	-0.04	$5.50	$6.00
New Jersey	4.4	-0.11	$5.95	$5.95

California	5.9	-0.02	$5.15	$5.75
Connecticut	3.1	-0.45	$5.18	$5.65
Alaska	5.5	-0.29	$5.65	$5.65
Massachusetts	3.1	-0.23	$5.25	$5.25
Vermont	2.9	-0.28	$5.25	$5.25
Average	4.3	-0.20	$5.42	$5.64

States with Minimum Wage at Federal Level

	Unemployment		Minimum Wage	
	Rate 1998	Change 97-98	1997	1998
Washington	4.7	0.06	$5.15	$5.15
Pennsylvania	4.4	-0.09	$5.15	$5.15
New Hampshire	2.9	0.00	$5.15	$5.15
New York	5.5	-0.11	$5.15	$5.15
Montana	5.5	0.02	$5.15	$5.15
Average	4.6	-0.02	$5.15	$5.15

Source: Bureau of Labor Statistics, "Local Area Unemployment Statistics,"

http://www.bls.gov/news.release/laus.t03.htm

Additional Information

Most studies have found that the entire net effect of an increase in minimum wage results in a slight decrease in employment. A 10 percent increase would most likely lead to only a 1 percent reduction in employment. The more pressing issue is the matter of a livable wage. Even the state with the highest minimum wage does not meet the criteria for a livable wage. Over 24 cities throughout the United States have enacted a livable wage requirement, in order that people are able to meet their basic needs, such as food, shelter, heat, and clothing. This requirement has resulted in a minor cost increase for employers and a 2.2 percent decrease in employment. For a single person to meet his/her essential needs while living in Vermont, the person would need to make at least $7.98 an hour, and for a family of four it would need to make at least $19.82 an hour.

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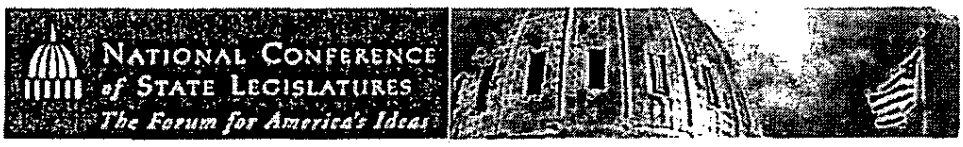
Compiled by Paul Cascio, Brian Crane, and Amen Teter on February 19, 1999, and updates by Julie Britt, Thomas Miller, and Robyn Schmidek on April 25, 2001.



State Minimum Wages

Updated December 17, 2008

State	Minimum Wage	Future Scheduled Increases
Alabama (F)	$6.55	$7.25 July 24, 2009
Alaska	$7.15	
Arizona	$6.90	*
Arkansas	$6.25	
California	$8.00	
Colorado	$7.02	*
Connecticut	$7.65	$8.00 Jan. 1, 2009; $8.25 Jan. 1, 2010
Delaware	$7.15	
District of Columbia	$7.55	$8.25 July 24, 2009
Florida	$6.79	*
Georgia (F)	$6.55	$7.25 July 24, 2009
Hawaii	$7.25	
Idaho (F)	$6.55	$7.25 July 24, 2009
Illinois	$7.75	$8.00 July 1, 2009; $8.25 July 1, 2010
Indiana (F)	$5.85	$6.55 July 24, 2008; $7.25 July 24, 2009
Iowa	$7.25	
Kansas	$6.55	$7.25 July 24, 2009
Kentucky (F)	$6.55	$7.25 July 24, 2009
Louisiana (F)	$6.55	$7.25 July 24, 2009
Maine	$7.25	$7.50 Oct. 1, 2009
Maryland	$6.55	$7.25 July 24, 2009
Massachusetts	$8.00	
Michigan	$7.40	
Minnesota	$6.15 (1)	
Mississippi (F)	$6.55	$7.25 July 24, 2009
Missouri	$6.65	*
Montana	$6.55	$7.25 July 24, 2009*
Nebraska	$6.55	$7.25 July 24, 2009
Nevada	$6.85 (2)/ $5.30 (3)	*
New Hampshire	$7.25	
New Jersey	$7.15	
New Mexico	$6.50	$7.50 Jan. 1, 2009
New York	$7.15	$7.25 July 24, 2009
North Carolina	$6.55	$7.25 July 24, 2009
North Dakota	$6.55	$7.25 July 24, 2009
Ohio	$7.00 (4)	
Oklahoma	$6.55	$7.25 July 24, 2009
Oregon	$7.95	*
Pennsylvania	$7.15	$7.25 July 24, 2009
Rhode Island	$7.40	
South Carolina (F)	$6.55	$7.25 July 24, 2009

South Dakota	$6.55	$7.25 July 24, 2009
Tennessee (F)	$6.55	$7.25 July 24, 2009
Texas	$6.55	$7.25 July 24, 2009
Utah (F)	$6.55	$7.25 July 24, 2009
Vermont	$7.68	*
Virginia (F)	$6.55	$7.25 July 24, 2009
Washington	$8.07	*
West Virginia	$7.25	
Wisconsin	$6.50	
Wyoming (F)	$6.55	$7.25 July 24, 2009

(F) - State does not have its own minimum wage laws, but adheres to federal minimum wage requirements.
* Future annual increases indexed to cost of living.
(1) Applies to employers with an annual sales volume of more than $625,000. The federal minimum wage applies to employers with annual sales of $625,000 or less.
(2) Without benefits. (3) With benefits.
(4) Applies to employers with an annual sales volume of $255,000 or more. The federal minimum wage applies to employers with annual sales less than $255,000.

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Washington Office: Tel: 202-624-5400 | Fax: 202-737-1069 | 444 North Capitol Street, N.W., Suite 515 | Washington, D.C. 20001

5	25,790
6	29,530
7	33,270
8	37,010
For families with more than 8 persons, add $3,740 for each additional person.	

2009 Poverty Guidelines for Alaska

Persons in family	Poverty guideline
1	$13,530
2	18,210
3	22,890
4	27,570
5	32,250
6	36,930
7	41,610
8	46,290
For families with more than 8 persons, add $4,680 for each additional person.	

2009 Poverty Guidelines for Hawaii

Persons in family	Poverty guideline
1	$12,460
2	16,760
3	21,060
4	25,360
5	29,660
6	33,960
7	38,260
8	42,560
For families with more than 8 persons, add $4,300 for each additional person.	

Go to Further Resources on Poverty Measurement, Poverty Lines, and Their History

Go to Frequently Asked Questions (FAQs).

Return to the main Poverty Guidelines, Research, and Measurement page.

Last Revised January 23, 2009

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Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania

By DAVID CARD AND ALAN B. KRUEGER*

On April 1, 1992, New Jersey's minimum wage rose from $4.25 to $5.05 per hour. To evaluate the impact of the law we surveyed 410 fast-food restaurants in New Jersey and eastern Pennsylvania before and after the rise. Comparisons of employment growth at stores in New Jersey and Pennsylvania (where the minimum wage was constant) provide simple estimates of the effect of the higher minimum wage. We also compare employment changes at stores in New Jersey that were initially paying high wages (above $5) to the changes at lower-wage stores. We find no indication that the rise in the minimum wage reduced employment. (*JEL* J30, J23)

How do employers in a low-wage labor market respond to an increase in the minimum wage? The prediction from conventional economic theory is unambiguous: a rise in the minimum wage leads perfectly competitive employers to cut employment (George J. Stigler, 1946). Although studies in the 1970's based on aggregate teenage employment rates usually confirmed this prediction,[1] earlier studies based on comparisons of employment at affected and unaffected establishments often did not (e.g., Richard A. Lester, 1960, 1964). Several recent studies that rely on a similar comparative methodology have failed to detect a negative employment effect of higher minimum wages. Analyses of the 1990–1991 increases in the federal minimum wage (Lawrence F. Katz and Krueger, 1992; Card, 1992a) and of an earlier increase in the minimum wage in California (Card, 1992b) find no adverse employment impact. A study of minimum-wage floors in Britain (Stephen Machin and Alan Manning, 1994) reaches a similar conclusion.

This paper presents new evidence on the effect of minimum wages on establishment-level employment outcomes. We analyze the experiences of 410 fast-food restaurants in New Jersey and Pennsylvania following the increase in New Jersey's minimum wage from $4.25 to $5.05 per hour. Comparisons of employment, wages, and prices at stores in New Jersey and Pennsylvania before and after the rise offer a simple method for evaluating the effects of the minimum wage. Comparisons within New Jersey between initially high-wage stores (those paying more than the new minimum rate prior to its effective date) and other stores provide an alternative estimate of the impact of the new law.

In addition to the simplicity of our empirical methodology, several other features of

*Department of Economics, Princeton University, Princeton, NJ 08544. We are grateful to the Institute for Research on Poverty, University of Wisconsin, for partial financial support. Thanks to Orley Ashenfelter, Charles Brown, Richard Lester, Gary Solon, two anonymous referees, and seminar participants at Princeton, Michigan State, Texas A&M, University of Michigan, University of Pennsylvania, University of Chicago, and the NBER for comments and suggestions. We also acknowledge the expert research assistance of Susan Belden, Chris Burris, Geraldine Harris, and Jonathan Orszag.

[1] See Charles Brown et al. (1982, 1983) for surveys of this literature. A recent update (Allison J. Wellington, 1991) concludes that the employment effects of the minimum wage are negative but small: a 10-percent increase in the minimum is estimated to lower teenage employment rates by 0.06 percentage points.

2729

Effects of the Minimum Wage on the Employment Status of Youths
An Update

Alison J. Wellington

ABSTRACT

The large decline in the relative value of the minimum wage during the 1980s makes that period a valuable one for identifying the impact of variation in the minimum wage on youth employment. This study produces the robust finding that, when the experience of the 1980s is included, a 10 percent increase in the minimum wage is estimated to reduce teen employment by less than 1 percent—the lower end of the range of previous estimates. Because this small employment effect is offset by a labor force withdrawal effect, the study finds no discernible effect on measured unemployment. The study also finds no apparent effect of the minimum wage on the employment of young adults aged 20–24.

Introduction

The federal minimum wage rate was last raised (to $3.35) in 1981. In recent years Congress has repeatedly considered bills that would increase the minimum wage rate and is likely to face more bills as long as the minimum wage is not increased. In the almost fifty years since the passage of the Fair Labor Standards Act, the minimum wage rate has

The author is an assistant professor in economics at Davidson College. *This research was partially funded by a NICHD Graduate Fellowship in Economic Demography. She would like to thank Charles Brown, Gary Solon, and two anonymous referees for their insightful comments and helpful suggestions. She takes responsibility for any remaining errors. The data used in this article can be obtained from the author between August 1991 and August 1994 at the following address: Department of Economics, Davidson College, Davidson, North Carolina 28036.*
[Submitted February 1989; accepted August 1989]

2730

Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania

By DAVID CARD AND ALAN B. KRUEGER*

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[1] See Charles Brown et al. (1982, 1983) for surveys of this literature. A recent update (Allison J. Wellington, 1991) concludes that the employment effects of the minimum wage are negative but small: a 10-percent increase in the minimum is estimated to lower teenage employment rates by 0.06 percentage points.

2731

adn.com
Anchorage Daily News

Higher minimum wage in Alaska has support

SMALL BUSINESS: Poll finds many favor a state differential.

Anchorage Daily News

(01/10/08 01:33:14)

A new poll of Alaska small businesses found about 45 percent favor pegging Alaska's minimum wage to 50 cents higher than the federal minimum, according to the National Federation of Independent Business.

"In any other state, this would have received a 99 percent 'No' response," said Denny DeWitt, the group's Alaska director.

"The reason the 'Yes' vote was so high here was not because employers want to increase costs on themselves, but because of Alaska's history of keeping its minimum wage ahead of the federal level," he said.

Alaska's minimum used to float at 50 cents above the federal rate but it has been flat at $7.15 an hour since 2003.

The federal minimum wage is $5.85, but it will rise to $6.55 this summer and then to $7.25 in July 2009.

Other poll findings:

- 56 percent said there should be a lower "training wage" if the minimum wage is raised.

- 69 percent said the state's unemployment benefit should not be raised to $370 a week from $248 and the maximum wage on which the amount of an unemployment benefit is based, lifted to $42,000 from $26,750.

- 78 percent said dependents should not be able to stay on family health-insurance plans until age 26.

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February 23, 2009

The Honorable Kurt Olson, Chair
House Labor and Commerce Committee
Alaska State Capitol, Room 24
Juneau, Alaska 99801-1182

RE: HB 29 (Olson)--Support

Dear Chair Olson:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the House Labor and Commerce Committee to support HB 29, authored by you..

Alaska's cost of living is one of the highest in the nation. Alaska has prided itself in having competitive wages compared to the rest of the nation but we no longer do so. Low-wage workers have been losing out relative to higher paid workers at a time when corporate executives receive ever more lavish compensation. With the significant increases of utilities, home heating oil, gas prices and goods overall, it is becoming increasingly difficult for working Alaskans to maintain their standard of living.

With a substantial increase of the aging population in Alaska and the current economic downturn and loss of investments, we are finding more older Alaskans are working at part time jobs for minimum wage. AARP is supportive of all policies that ensure an Alaskan worker's pay and other benefits are sufficient to cover essential living expenses.

AARP requests an "AYE" vote on HB 29.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Mark Neuman
Representative Mike Chenault
Representative John Coghill
Representative Bob Lynn
Representative Bob Buch
Representative Lindsey Holmes

March 11th, 2009

To Whom It May Concern,

In regards to HB 29 Alaska Minimum Wage now being assessed, I would like to go on record as being vehemently against.

Many employees, especially our young adults, have never been employed. We take these inexperienced people and teach them a trade. Most come to us with no skills, no desires, and no work ethics. We, as employers, must teach all this and keep our businesses running smoothly. This would include having another full time experienced employee on the payroll to work side by side with new hirees. We can't wait for business to be booming to train, therefore, we are forced to work at a loss. This process may go on for the full season but most employers hope for a 1-1 1/2 month period. Because these are most often entry level working jobs, turnover is high.

No one can learn all that is necessary in one summer so the teaching process continues into the second year, but by then, there is no guarantee they will be back so this process starts again and that first employee has improved their skill and now has the beginnings of something to offer their next employer. Experience is now marketable!

Postponing the date of enacting this bill is not a solution. This training and these jobs are greatly needed. I, as a business owner and employer, am not afraid to pay good wages, but cannot afford to pay that high of a wage. So, if you choose to do this, what can I do? #1-There will be no raises for any young part time people; #2-Less help hired; #3-Less hours of operation; #4-Close doors.

These options are very real. The increase costs of insurance and taxes will make operation next to impossible. It will put a stop to all business growth and improvements. Unlike the Federal Government, I can't increase prices and demand that the people pay. Business has been declining in rural Alaska for the last 5 years and there is no relief in sight. Along with the proposed increase in capital gains and other burdens put on small business this will crater us.

What we (small business) do is important and necessary. I have received notice that my training has allowed many to go out and compete in the professional world. That was training I paid for and am proud of. Please do not take that away from us.

Sincerely,

Sheila Hoffman
HC 60 Box 153
Copper Center, AK 99573

Alaska State Legislature

Please enter into the record my testimony to the HOUSE LABOR + COMMERCE committee name

Committee on HB 29 MINIMUM WAGE bill # / subject dated 2-23-09 public hearing date

I AM A MEMBER OF THE NFIB - MEMBER OF STATE CHAIR - SEC. for KENIA PENINSULA Chair - OWNER OF 4 LANDS BAR - SPEAKING for MYSELF.

RAISING THE MINIMUM WAGE WILL hurt a LOT OF THE SMALL BUSINESSES IT WILL MAKE US PAY MORE for work MANS Comp - STATE EMPLOYEE WAGES & Federal WAGES. I WON'T BE ABLE TO afford TO MEET PAYROLL SO THAT MEANS I'LL HAVE TO LAY off SOME PART TIME HELP MEANING THEY CAN DRAW UNEMPLOYMENT UNTIL THAT RUNS OUT & AFTER THAT MAYBE THEY CAN go ON WELFARE. I CAN WORK MYSELF & I WON'T HAVE to PAY MYSELF SO THAT WILL SAVE ME MONEY & NO TAX MONEY TO PAY IN OR WORKMAN Comp. AGRIUM CLOSING HAS MADE a BIG IMPACT ON This PENINSULA & IT WILL get WORSE. THE TOURIST TRADE HAS Dropped off BECAUSE OF GAS PRICES & Fish LIMITS & Combination of THINGS & I DON'T SEE THAT CHANGING MUCH EITHER.

You PEOPLE SAY YOU ARE for SMALL BUSINESSES But I feel this will put MOST OF US out of BUSINESS, WITH THE HIGH COST of FREIGHT - SHIPPING & HANDLING, ECT. I BELIEVE $1.60 INCREASE IS TO MUCH. I REALISE THE COST OF LIVING IS HIGH UP HERE IN ALASKA but I FEEL MAYBE .25 to .50 would be MORE APPROPIATE. BUT NOT THE $1.60 THAT SB1 IS GOING for.

Signed: CHRYSTAL SCHOENROCK Chrystal Schoenrock
Testifier

4-LANDS BAR & LIQUOR NIKISKI, AK 99635
Representing (optional)

BOX 8583
Address

907-776-5833 FAX 907-776-4097
Phone number

Estimated Alaska 2007 Employment[1] by Industry and Below Certain Wages

Number and percentage or workers making less than this wage:		
	Employment	Percent
Below $7.75	8,790	2.9%
Below $8.75	22,254	7.4%
Total Employment	301,918	

Industry	Total Employment	Below $7.75		Below $8.75	
		Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting	361	0	0.0%	4	1.0%
Mining	13,300	19	0.1%	59	0.4%
Utilities	1,832	8	0.4%	25	1.4%
Construction	17,555	70	0.4%	124	0.7%
Manufacturing	9,885	648	6.6%	1,467	14.8%
Wholesale Trade	6,519	83	1.3%	244	3.7%
Retail Trade	36,006	1,138	3.2%	4,285	11.9%
Transportation and Warehousing	21,623	166	0.8%	631	2.9%
Information	6,964	147	2.1%	304	4.4%
Finance and Insurance	8,969	54	0.6%	174	1.9%
Real Estate and Rental and Leasing	4,885	216	4.4%	564	11.5%
Professional, Scientific, and Technical	12,146	90	0.7%	245	2.0%
Management of Companies and Enterprises	1,203	3	0.3%	13	1.1%
Administrative and Support and Waste	11,026	220	2.0%	446	4.0%
Educational Services	31,737	1,168	3.7%	1,953	6.2%
Health Care and Social Assistance	36,245	372	1.0%	990	2.7%
Arts, Entertainment, and Recreation	4,066	355	8.7%	884	21.7%
Accommodation and Food Services	26,610	3,440	12.9%	8,309	31.2%
Other Services (except Public	9,425	358	3.8%	987	10.5%
Public Administration	41,561	235	0.6%	546	1.3%
TOTAL EMPLOYMENT:	**301,918**	**8,790**	**2.9%**	**22,254**	**7.4%**

1 Nonfarm wage and salary employment. Excludes self-employed workers, fishermen, domestic workers, unpaid family workers and nonprofit volunteers.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, and U.S. Department of Labor, Bureau of Labor Statistics, January 20, 2009.

These estimates are based on information collected in cooperation with the U S. Bureau of Labor Statistics (BLS), but have not been reviewed nor validated by BLS. The Research and Analysis Section is responsible for the creation of these estimates

Submitted by Rep Olson

PSPA

PACIFIC SEAFOOD PROCESSORS ASSOCIATION
Est. 1914

March 30, 2009

Rep. Mike Hawker, Co-chairman
Rep. Bill Stoltze, Co-chairman
House Finance Committee
Alaska Legislature
State Capitol
Juneau, AK 99801

RE: HB 29 Alaska Minimum Wage

Dear Co-chairmen Hawker and Stoltze,

Pacific Seafood Processors Association (PSPA) and its member companies with processing plants in many Alaska communities are very concerned about proposed legislation to significantly raise Alaska's minimum wage and want to make sure legislators are aware of the economic impacts that such an increase, coming at this time, could have. This action could negatively impact not only the seafood processing industry and its workforce, but also fishermen, other businesses, communities, and state revenues that depend on a healthy, viable seafood industry.

PSPA is a trade association of seafood processing companies with operations in many locations throughout coastal Alaska, including Ketchikan, Sitka, Kodiak, Unalaska/Dutch Harbor, Valdez, Dillingham, Naknek, Pederson Point, Togiak, Port Moller, and King Cove. Our member companies purchase, process, and market millions of pounds of Alaska seafood every year. They provide thousands of direct and indirect jobs in Alaska, markets to fishermen, and millions of dollars in tax revenues to Alaska communities and the State.

A huge portion of the operating costs of the seafood processing industry is the cost of labor. While the starting wage for many entry level positions is minimum wage, most employees move up from that wage quickly. However, as a practical matter, a mandated pay hike at the entry level requires pay scales above that to move up accordingly. Much of the seafood workforce works many hours of overtime at 'time-and-a-half' pay, bringing their average hourly pay to considerably higher than their base wage. Additionally, companies often cover the high cost of transportation for employees to and from remote locations, as well as provide them with room and board. Many also provide health benefits and 401-K plans. Thus, while many entry level workers are nominally "minimum wage workers," their total compensation package is far better than simple wage tables might indicate.

While the effects of the current worldwide economic recession have been slower in manifesting themselves in Alaska than in many other areas, the seafood industry is now seeing that freight train coming right at it. Please see the attached article from Seafood.com entitled, "Another Shoe to Drop: Credit Woes in the Seafood Industry." As the article explains, even seafood companies with good access

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to credit for their operations are finding that many of their customers – even major, long time customers of Alaska seafood – are having trouble getting credit. Additionally, insurance to protect against losses due to customers that default on their purchases is getting harder and harder to obtain. At the retail end, budget-conscious consumers are dining out less often and seeking lower-priced proteins than seafood for their meals in restaurants and at home. Seafood markets are tightening, profit margins are shrinking, and the ability of the seafood processing industry to absorb extra costs is evaporating. Given the economic climate, it is not realistic to think that extra costs can be passed along to the consumer.

The options and choices that would be available to seafood companies faced with a significant increase in labor costs under current circumstances are not good ones. They would have to consider actions such as spending less on supplies and services in local communities; postponing plant maintenance and upgrades; closing some plants that are already only marginally profitable; reducing or eliminating worker benefit packages; replacing some of their workforce with more mechanization; lowering prices paid to fishermen to obtain raw product; and reducing expenditures on the kinds of quality improvements and new product development that keeps Alaska seafood competitive in world markets. Seafood companies don't want to have to take *any* of those actions However, the current economic situation is an extraordinary one and an increase in labor costs right now would likely result in the need for some painful actions.

With the upcoming hike in the federal minimum wage, Alaska's seafood industry, like most other employers, will be absorbing a 10-cent hike in minimum wage this July, just as the industry enters the peak of the salmon season and the summer pollock season. With the large amount of overtime pay that workers earn in this industry, even the 10-cent hike will equate to millions of dollars in additional labor costs to the processing industry.

In the last few weeks economists have noted an increase in unemployment in Alaska and signs that Alaska will enter an economic recession this year. PSPA respectfully requests that the legislature carefully consider the potential short and long term ramifications of substantially increasing labor costs for Alaska businesses at this time of economic uncertainty. Our member companies very much appreciate and value their employees and want to be able to keep them well-employed. Under current economic conditions, they believe that that can best be achieved without another increase in minimum wage.

Please feel free to call on our association or member companies if you would like to discuss the concerns we have outlined.

Sincerely,

Mary McDowell

Mary McDowell
Vice President

enclosure
cc: Members of the House Finance Committee
Rep. Kurt Olson

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SEAFOOD NEWS.COM

Another Shoe to Drop: Credit woes in the Seafood Industry (editorial)

SEAFOOD.COM NEWS by John Sackton - March 18, 2009 - (editorial comment and analysis)

The first two days of the Boston Seafood Show were very upbeat - but I left the show at the end of the day yesterday feeling a little more somber.

The problem: The seafood industry is about the see much more fallout from the credit crunch.

On both coasts, and in Canada and Alaska, seafood producers are gearing up for a new season. That means they have to buy fish and shellfish, build up inventories, and then sell down those products over the course of the year.

In many fisheries, there are two or three players who - due their access to capital, strong balance sheets, or strong sales channels - are able to finance large amounts of product and take a position. Their activities stabilize prices and their financial resources set a foundation on which the rest of the industry operates - mostly as competitors - either forced to match their purchase prices, or able to bid product away (in smaller volumes) by paying higher prices or in some cases selling at lower prices, or sometimes doing both and just operating on much thinner margins.

My worry today, as I left the show, was how strongly these dominant buyers would show up this year, and if so, would they be financially strong enough. And if they show up, as I believe they will, what about the smaller companies operating on the thinner margins. Many will be at risk.

Here is the problem: over the past six months there has been a tremendous deleveraging of bank and insurance company exposure to credit risk. One of the major ways credit risk is handled in the seafood industry is through receivables insurance, and financial covenants from lenders like banks that limit the amount of exposure a seller has to particular customers.

Banks and insurers have been chopping these limits down as fast as they can - so that major national chains may not even qualify for credit insurance, or their receivables may not count towards maintaining the financial ratios that some companies are required to maintain.

Now word at the show is that some of the larger seafood companies may be being told by their banks that their credit lines are being marked down due to the lower amount of credit risk and receivable risk the lenders feel comfortable with.

All of a sudden a new fishing season is opening when most every company will want to be dealing on a cash basis: buy the product, turn it over for cash, buy more product. Few companies will take the risk to buy and hold - so it is an open question as to where price and market stability will come from. On an aggregate basis, there may be far less money available to finance the seafood buy than was available last year.

This is a recipe for more bankruptcies and consolidation in the industry. The company that can carry the cost of an item for 4 to 8 weeks will be stronger than the company that needs a cash turn in 7 days. In some cases, this is going to force companies out of business and lead to more consolidations.

The recent bankruptcy in Denmark of Hessleholt - a $120 million company with two processing plants and 160 employees - was clearly brought about by cutbacks in their customers' ability to get credit insurance. Their salmon plant, which produced 12,000 tons a year, was shut down less than two weeks before the entire company entered administration. This week, they elected to shut the entire company.

At the time, Managing director Claus Raabye said that the withdrawal of credit insurance from their customers was the primary reason. As the customers lost their credit insurance, the ability of Hesselholt to make sales got more and more restrictive, likely due to the fact that their own lenders required such coverage. Eventually the plant reached a tipping point where sales would not cover expenses.

In the UK, credit insurance coverage was pulled from Brakes - a broadline foodservice distributor who also owns a fresh fish distributor, M&J Seafoods. All of a sudden some companies could no longer sell to M&J except for cash.

In France, some fish is being left unsold on auctions due to the lack of buyers for the first time in many years, because buyers are pulling back their volumes to what they can sell for cash and a more limited pool of approved customers with credit insurance.

In the U.S., the potential fallout from this situation is very bleak. First, it will mean more bankruptcies and shut downs for seafood companies that are pushed over the brink when they cannot maintain the sales volumes needed to operate. They are squeezed when they can't get the credit to buy products, and they can't get the agreements to finance receivables. The result is a smaller and smaller pool of actual sales to cover operations.

Secondly, it will put severe pressure on prices. Some species, like lobster and cod, have already seen dramatic declines of up to 50% from their highs in the past year or two. Others are holding their price levels for now, but in some cases the new season production has not yet started - and that is when the pressure to turn product for cash will become stronger.

So the upbeat mood of the show - where many serious buyers want to buy seafood - has to be tempered with the reality that many won't have credit coverage to afford it, and companies who do sell will survive only by taking on more risk.

Some will undoubtedly not make it. They will experience a catastrophic loss from a customer bankruptcy that is not covered, or they will simply not be able to turn over enough sales to cover expenses. So I left the show with a knot in my stomach over the economic upheavals still to come.

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LEGISLATIVE RESEARCH REPORT

FEBRUARY 20, 2009

REPORT NUMBER 09.155

WAGES AND THE MINIMUM WAGE IN ALASKA AND OTHER STATES

PREPARED FOR REPRESENTATIVE PETE PETERSEN

BY ROGER WITHINGTON, LEGISLATIVE ANALYST

WAGES AND OCCUPATIONS IN ALASKA 2

Table 1: Estimated Employment in Alaska Below Certain Wages by Industry, 2007 3

Table 2: Average Hourly and Annual Wage by Occupation for Alaska, May 2007 4

Table 3: Average Hourly and Annual Wage by Occupation for Workers in Alaska Earning Less Than $11 Per Hour, May 2007 5

HISTORY OF THE MINIMUM WAGE 6

Table 4: The Minimum Wage in Alaska and the Federal Minimum Wage 7

INITIATIVE 01MNWG 7

INFLATION-PROOFING THE MINIMUM WAGE 8

Figure 1: The Inflation Rate and the Inflation-Adjusted Minimum Wage, 2004 through 2009 ... 10

ALASKA'S MINIMUM WAGE COMPARED TO OTHER STATES 10

Table 5: State Minimum Wage Rates, 2003 and 2009 11

You asked for information regarding the minimum wage. Specifically, you wished to know:

- How many employees in Alaska earn the minimum wage, and how many earn $10 per hour or less,
- A brief history of the minimum wage in Alaska,

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907 465-3908 (fax)

Alaska Legislature
Legislative Research Services
w3.legis.state.ak.us/laa/research/research.php

State Capitol
Juneau AK 99801

- Information regarding the minimum wage initiative proposed in 2001,
- What Alaska's minimum wage would be today if the minimum wage inflation-proofing provisions of HB 56 had not been repealed, and
- The current minimum wage rates in other states.

WAGES AND OCCUPATIONS IN ALASKA

According to Economist Brian Rae, the Alaska Department of Labor and Workforce Development (DOLWD) produces estimates of the number of workers making less than a certain dollar amount using statistical measures of wage estimates.[1] As a result, precise figures of the number of workers earning the minimum wage and $10 an hour or less are not available. Mr. Rae notes, however, in 2007 approximately 8,790 workers—or 2.9% of total employment in Alaska—earned less than $7.75 an hour. Mr. Rea also notes that 22,254 workers—or 7.4% of total employment in Alaska—earned less than $8.75 an hour. Table 1 provides the estimated number of workers in 2007 earning less than $7.75 and $8.75, in each of the major industry categories in Alaska.

[1] Brian N. Rae, Economist, Research and Analysis Section, Alaska Department of Labor and Workforce Development, 907- 465-5883.

Table 1: Estimated Employment in Alaska Below Certain Wages by Industry, 2007

Industry	Total Employment	Below $7.75		Below $8.75	
		Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting	361	0	0%	4	1.0%
Mining	13,300	19	0.1%	59	0.4%
Utilities	1,832	8	0.4%	25	1.4%
Construction	17,555	70	0.4%	124	0.7%
Manufacturing	9,885	648	6.6%	1,467	14.8%
Wholesale Trade	6,519	83	1.3%	244	3.7%
Retail Trade	36,006	1,138	3.2%	4,285	11.9%
Transportation and Warehousing	21,623	166	0.8%	631	2.9%
Information	6,964	147	2.1%	304	4.4%
Finance and Insurance	8,969	54	0.6%	174	1.9%
Real Estate and Rental and Leasing	4,885	216	4.4%	564	11.5%
Professional, Scientific, and Technical	12,146	90	0.7%	245	2.0%
Company and Enterprise Management	1,203	3	0.3%	13	1.1%
Administrative and Support and Waste	11,026	220	2.0%	446	4.0%
Educational Services	31,737	1,168	3.7%	1,953	6.2%
Health Care and Social Assistance	36,245	372	1.0%	990	2.7%
Arts, Entertainment, and Recreation	4,066	355	8.7%	884	21.7%
Accommodation and Food Service	26,610	3,440	12.9%	8,309	31.2%
Other Services (except public)	9,425	358	3.8%	987	10.5%
Public Administration	41,561	235	0.6%	546	1.3%
Total Employment	**301,918**	**8,790**	**2.9%**	**22,254**	**7.4%**

Notes: This table includes nonfarm wage and salary employment and excludes self-employed workers, fishermen, domestic workers, unpaid family workers, and nonprofit volunteers.

Sources: Brian Rae, Economist, Alaska Department of Labor and Workforce Development, Research and Analysis Section, and U.S. Department of Labor, Bureau of Labor Statistics. These estimates are as of January 20, 2009, and are based on information collected in cooperation with the U.S. Bureau of Labor Statistics (BLS); they have not been reviewed or validated by the BLS. The Research and Analysis Section is responsible for the creation of these estimates. Mr. Rae can be reached at 907-465-5883.

Table 2 provides the average hourly wage and average annual wage for all workers and all major occupational groups in Alaska for 2007. These data are based on information reported to the U. S. Bureau of Labor Statistics (BLS).

Table 2: Average Hourly and Annual Wage by Occupation for Alaska, May 2007			
Occupation	Employment	Hourly Mean Wage	Annual Mean Wage
Management	23,620	$36.02	$74,910
Business and Financial Operations	9,510	$29.36	$61,070
Computer and Mathematical	3,850	$30.91	$64,290
Architecture and Engineering	6,600	$34.85	$72,490
Life, Physical, and Social Science	6,290	$26.99	$56,140
Community and Social Services	5,530	$20.72	$43,100
Legal	1,800	$37.99	$79,020
Education, Training, and Library	21,380	$23.19	$48,230
Arts, Design, Entertainment, Sports, and Media	2,780	$21.04	$43,770
Healthcare Practitioner and Technical	13,350	$36.34	$75,580
Healthcare Support	6,090	$16.49	$34,290
Protective Service	8,590	$20.05	$41,710
Food Preparation and Serving Related	22,820	$11.45	$23,820
Building and Grounds Cleaning and Maintenance	10,180	$13.76	$28,610
Personal Care and Service	11,190	$13.41	$27,890
Sales and Related	25,460	$14.83	$30,840
Office and Administrative Support	49,310	$17.02	$35,410
Farming, Fishing, and Forestry	420	$18.10	$37,650
Construction and Extraction	21,990	$27.09	$56,350
Installation, Maintenance, and Repair	16,020	$24.86	$51,710
Production	12,380	$19.17	$39,870
Transportation and Material Moving	22,760	$21.92	$45,590
Total - All Occupations	**301,920**	**$22.00**	**$45,770**

Notes: Estimates for detailed occupations do not sum to the totals because the totals include occupations not shown separately. Estimates do not include self-employed workers. Annual wages have been calculated by multiplying the hourly mean wage by 2,080 hours; where an hourly mean wage is not published, the annual wage has been directly calculated from the reported survey data.

Sources: These data are from the U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment Statistics (OES) program, which provides employment and wage estimates for wage and salary workers in 22 major occupational groups and 801 detailed occupations. The OES produces data by occupation for the nation, states, metropolitan areas, metropolitan divisions, and nonmetropolitan areas, and by occupation and industry for the nation. Data are available on the OES homepage at *http://www.bls.gov/oes/*. Data extracted on February 12, 2009.

The BLS calculated the average annual wage by multiplying average hourly wages by a year-round, full-time estimate of 2,080 hours. As you can see, the lowest paid occupational groups were the food preparation and service group ($11.45 per hour), the personal care and service occupations ($13.41 per hour), and the building and grounds cleaning and maintenance group ($13.76 per hour).

In Table 3, we show the occupational breakdown for those workers who earned $11.00 per hour or less in 2007. As you can see from this table, the lowest paid workers were fast food cooks who earned about $8.59 per hour.

Table 3: Average Hourly and Annual Wage by Occupation for Workers in Alaska Earning Less Than $11 Per Hour, May 2007

Occupation	Employment	Hourly Mean Wage	Annual Mean Wage
Cooks, Fast Food	510	$8.59	$17,870
Ushers, Lobby Attendants, and Ticket Takers	200	$9.15	$19,040
Gaming Change Persons and Booth Cashiers	Not Released	$9.25	$19,230
Combined Food Preparation and Serving Workers, Including Fast Food	3,970	$9.33	$19,400
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	530	$9.38	$19,500
Motion Picture Projectionists	30	$9.40	$19,540
Amusement and Recreation Attendants	640	$9.53	$19,820
Waiters and Waitresses	4,200	$9.67	$20,120
Dishwashers	1,290	$9.69	$20,160
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	2,210	$9.90	$20,590
Education, Training, and Library Workers, All Other	Not Released	$10.04	$20,890
Hotel, Motel, and Resort Desk Clerks	980	$10.19	$21,200
Meat, Poultry, and Fish Cutters and Trimmers	3,210	$10.22	$21,270
Dining Room and Cafeteria Attendants and Bartender Helpers	570	$10.42	$21,670
Packaging and Filling Machine Operators and Tenders	520	$10.58	$22,010
Baggage Porters and Bellhops	230	$10.72	$22,290
Entertainment Attendants and Related Workers, All Other	90	$10.75	$22,360
Parking Lot Attendants	Not Released	$10.80	$22,460
Nonfarm Animal Caretakers	340	$10.95	$22,770

Notes: Estimates do not include self-employed workers.
Annual wages have been calculated by multiplying the hourly mean wage by 2,080 hours; where an hourly mean wage is not published, the annual wage has been directly calculated from the reported survey data.

Sources: These data are from the U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment Statistics (OES) program, which provides employment and wage estimates for wage and salary workers in 22 major occupational groups and 801 detailed occupations. The OES produces data by occupation for the nation, states, metropolitan areas, metropolitan divisions, and nonmetropolitan areas, and by occupation and industry for the nation. Data are available on the OES homepage at *http://www.bls.gov/oes/*. Data extracted on February 18, 2009.

HISTORY OF THE MINIMUM WAGE

As you may know, the federal Fair Labor Standards Act (FLSA), first passed by Congress in 1938, addresses many employment issues including overtime and the minimum wage. Congress set the first federal minimum wage at $0.25 per hour.[2] States could also set their own minimum wages, and in 1959, the first Alaska legislature established the Alaska minimum wage at $1.50 per hour—at that time, the federal minimum wage was $1.00 per hour.[3] As with the FLSA, Alaska law included several exemptions to coverage by the minimum wage requirement, including farmers, fishermen, domestic help, and public employees.[4]

In 1962, the Alaska legislature amended the minimum wage statute in Alaska to be at least $0.50 per hour greater than the federal minimum wage, which at that time was $1.25 per hour.[5] In 1974, the Alaska legislature again amended minimum wage statute to be "not less than 50 cents an hour greater than the prevailing Federal Minimum Wage Law or $2.60 an hour, whichever is greater."[6] In 1990, the legislature included a requirement that school bus drivers be paid a rate of not less than two times the minimum wage.[7] Table 4 shows the amount of the minimum wage in Alaska from 1959 to the present.

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[2] "Federal Minimum Wage Rates under the Fair Labor Standards Act," Wage and Hour Division, Employment Standards Administration, U. S. Department of Labor, *http://www.dol.gov/esa/minwage/chart.htm.*

[3] Section 5, Chapter 171, SLA 1959.

[4] Section 2, Chapter 171, SLA 1959. According to the U. S. Department of Labor, "The 1938 Act was applicable generally to employees engaged in interstate commerce or in the production of goods for interstate commerce. The 1961 Amendments extended coverage primarily to employees in large retail and service enterprises as well as to local transit, construction, and gasoline service station employees. The 1966 Amendments extended coverage to State and local government employees of hospitals, nursing homes, and schools, and to laundries, dry cleaners, and large hotels, motels, restaurants, and farms. Subsequent amendments extended coverage to the remaining Federal, State, and local government employees who were not protected in 1966, to certain workers in retail and service trades previously exempted, and to certain domestic workers in private household employment."

[5] Section 4, Chapter 2, SLA 1962.

[6] Section 1, Chapter 41, SLA 1974.

[7] Sections 3 & 4, Chapter 12, SLA 1990.

Table 4: The Minimum Wage in Alaska and the Federal Minimum Wage

Year	Alaska	Federal
1959-1962	$1.50	$1.00
1963-1967	$1.75	$1.25
1968-1974	$2.10	$1.60
1975-1978	$2.80	$2.30
1979	$3.40	$2.90
1980	$3.60	$3.10
1981-1990	$3.85	$3.35
1991	$4.30	$3.80
1992-1996	$4.75	$4.25
1997	$5.25	$4.75
1998-2002	$5.65	$5.15
2003-2006	$7.15	$5.15
2007	$7.15	$5.85
2008	$7.15	$6.55
2009	$7.15	$7.25

Notes: Minimum wages are per hour.
The federal minimum wage provisions for covered, non-exempt employees are contained in the Fair Labor Standards Act (FLSA). The Fair Minimum Wage Act of 2007 included phased increases to the federal minimum wage. For work performed on or after July 24, 2009, the federal minimum wage will be $7.25 per hour. *http://www.dol.gov/dol/topic/wages/minimumwage.htm.*
For 2009, we assume there will be no changes to the Alaska minimum wage rate.
The wages noted in this table may not have been in effect on January 1st of the year noted; however, the rate did take effect at some point during the year.
Source: U.S. Department of Labor, *http://www.dol.gov/esa/WHD/.*

As we note in Table 4, the Fair Minimum Wage Act of 2007 included phased increases to the federal minimum wage rate. Assuming there are no changes to the law, for work performed on or after July 24, 2009, the federal minimum wage will increase to $7.25 per hour.

INITIATIVE 01MNWG

In 2001, representatives of both private and public sector unions proposed a voter initiative to raise the minimum wage in Alaska to $7.15 per hour and to provide for annual inflation adjustments, based on 100 percent of the Anchorage Consumer Price Index (CPI).[8] In addition, the initiative required that in subsequent years, if the minimum wage, as adjusted for inflation, was less than one dollar over the federal minimum wage, the Alaska minimum wage would be set at one dollar over the federal

[8] "Petition ID: 01MNWG, Bill Increasing Alaska's Minimum Hourly Wage," Alaska Division of Elections. *http://ltgov.state.ak.us/elections/petitions/status.php#01mnwg.* We include a copy as Attachment A.

amount. Backers filed the petition with the Lieutenant Governor's Office on November 29, 2001, and the petition was certified on January 3, 2002, for placement on the 2002 general election ballot.[9]

During the legislative session in 2002, however, Alaska lawmakers passed CSHB 56(FIN), which was "substantially similar" to the petition, so the Lieutenant Governor declared the initiative void and it did not appear on the ballot. The backers of the petition did not challenge the Lieutenant Governor's decision.

The first version of HB 56, however, was substantially different than the petition. House Bill 56 introduced on January 12, 2001, called for a minimum wage of $6.40 an hour for 2002, and $6.90 for 2003. The bill ended the requirement that the minimum wage be 50 cents per hour greater than the federal minimum wage at the end of 2001, and did not include the inflation proofing required by the petition.[10]

A committee substitute was offered in the House Labor and Commerce Committee that was similar to the petition, except that the inflation adjustment would have been only 50 percent of the Anchorage CPI. The House Finance Committee then submitted its own version of the bill, which was essentially the same as the initiative, including a minimum wage of $7.15 per hour and the requirement for adjusting the minimum wage for inflation each year based on 100 percent of the Anchorage CPI. In addition, the Finance Committee version included the requirement that the minimum wage each year should be set at either the adjusted minimum wage or $1.00 over the federal minimum wage, whichever was greater. This version, CSHB 56(FIN), passed the House on March 1, 2002, by a vote of 33-6, with one excused.

CSHB 56(FIN) passed the Senate on reconsideration by a vote of 19-1 on May 16, 2002, after a failed attempt to amend the bill on the floor. The governor signed the bill into law on August 14, 2002.

The following year, the Rules Committee introduced HB 199 at the request of then-Governor Murkowski. This bill removed the inflation-proofing requirement for the minimum wage, with an effective date of September 30, 2003. The bill also deleted the statutory language stipulating that the Alaska minimum wage be at least $1.00 more than the federal minimum wage. The amount of the minimum wage remained at $7.15 per hour. The bill passed both chambers—in the House by a vote of 24-12, with two excused, and in the Senate by a vote of 12-8. The governor signed the bill on August 20, 2003.

INFLATION-PROOFING THE MINIMUM WAGE

As we noted above, an inflation-proofing provision was added to the Alaska minimum wage law through the enactment of HB 56 in 2002, which also raised the minimum wage from $5.65 (which was

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[9] "01MNWG," Petition Status Report, Alaska Division of Elections, *http://www.ltgov.state.ak.us/elections/petitions/status.php* We also include a copy of this document as Attachment A.

[10] As a point of interest, during 2001 several other bills were also introduced that addressed the minimum wage. For example, by request of the governor, the House Rules Committee introduced HB 75, which raised the minimum wage and provided for inflation-proofing. The same year, Senator Bettye Davis introduced SB 132 and SB 224. SB 132 raised the minimum wage to $6.90 per hour, and SB 224 raised the amount to $1.00 over the federal minimum wage. These bills were referred to the respective Labor and Commerce Committees, where they remained.

50 cents above the federal minimum wage) to $7.15 per hour.[11] The bill, which took effect on January 1, 2003, also instructed the Department of Labor and Workforce Development (DOLWD), by September 30 of each calendar year, to adjust Alaska's minimum wage for inflation.[12] The bill specified that the minimum wage shall be either the most recent minimum wage adjusted for 100 percent of the rate of inflation or $1 more than the federal minimum wage, whichever is greater. The precise language from HB 56 is as follows.

> The department shall, by regulation, not later than September 30 of each calendar year, adjust the minimum wage for inflation, effective for the following calendar year. The minimum wage shall be either the most recent wage adjusted for 100 percent of the rate of inflation based on the Consumer Price Index for all urban consumers for Anchorage, Alaska, prepared by the United States Bureau of Labor Statistics or $1 more than the federal minimum wage, whichever is greater. The department shall round the adjusted minimum wage up to the nearest one cent. The adjusted wage shall apply to work performed beginning on January 1 through December 31 of the year for which it is effective.

In 2003, however, House Bill 199 removed the annual minimum wage adjustment provisions implemented by HB 56. Because HB 199 passed prior to October 1, 2003, no adjustments have been made to the minimum wage because of HB 56.

As you may know, the annual rate of inflation for each calendar year is not available until January of the following year. Since the inflation-proofing provisions of HB 56 required the minimum wage be adjusted by October 1st of each year, we adjusted the minimum wage using the previous two semi-annual Anchorage Consumer Price Index (CPI) figures.[13] Based on our calculations, if the minimum wage had been adjusted for inflation each year since October 2003, the current minimum wage would be $8.46 per hour.

In Figure 1 we provide the inflation rate and the inflation adjusted minimum wage for each year since 2003.

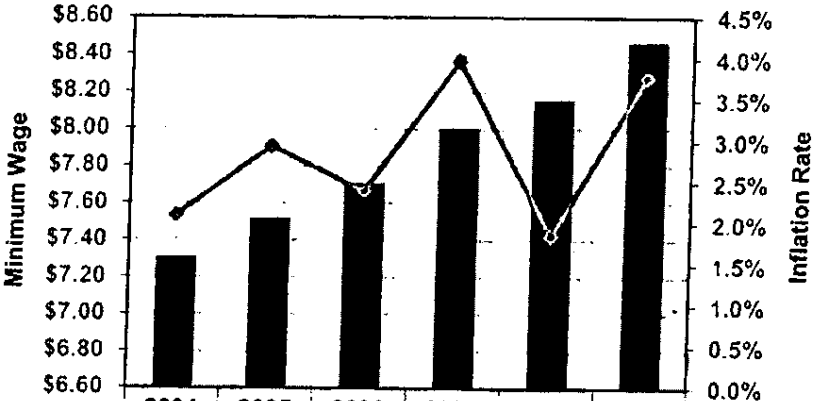
---

[11] Prior to the enactment of HB 56, Alaska Statute 23.10.065(a), "Minimum wages," stated, "Except as provided under (b) of this section, an employer shall pay to each employee wages at a rate of not less than 50 cents an hour greater than the prevailing Federal Minimum Wage Law for hours worked in a pay period, whether the work is measured by time, piece, commission, or otherwise. An employer may not apply tips or gratuities bestowed upon employees as a credit toward payment of the minimum hourly wage required by this section. Tip credit as defined by the Fair Labor Standards Act of 1938 as amended does not apply to the minimum wage established by this section."

[12] Based on our cursory review of state minimum wage information provided by the U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division, Arizona, Colorado, Florida, Missouri, Montana, Oregon, Vermont, and Washington currently have an inflation adjustment provision in their respective minimum wage laws.

[13] In Alaska, the U.S. Department of Labor, Bureau of Labor Statistics (BLS) only calculates the consumer price index for Anchorage.

Figure 1: The Inflation Rate and the Inflation-Adjusted Minimum Wage, 2004 through 2009



	2004	2005	2006	2007	2008	2009
Adjusted Minimum Wage	$7.30	$7.51	$7.70	$8.00	$8.15	$8.46
Inflation Rate	2.11%	2.94%	2.40%	3.97%	1.85%	3.78%

Notes: The 2003 minimum wage was $7.15. We used this figure to base all subsequent adjustments. HB 56 required the Department of Labor and Workforce Development (DOLWD) to calculate an inflation adjusted minimum wage by October 1st of each year. This adjusted minimum wage was to go into effect January 1st of the following calendar year. Because HB 199, which removed the inflation-adjustment provision, passed prior to October 1, 2003, the DOLWD did not calculate inflation-related minimum wage increases.

The Inflation rate is based on the Anchorage Consumer Price Index (CPI), which is the rate used to adjust the minimum wage. Since the annualized CPI rate for each year is not available until January of the following year, and because the minimum wage was to be adjusted by October 1st of each year, we used the CPI for the first half of one year and the second half of the previous year, divided by two to get an average, and then calculated the percentage difference from the year before. This is the rate we applied to the minimum wage in order to make the adjustment for inflation.

Sources: Consumer Price Index information is from the Alaska Department of Labor and Workforce Development, *http://almis.labor.state.ak.us/?PAGEID=67&SUBID=198*.

ALASKA'S MINIMUM WAGE COMPARED TO OTHER STATES

In Table 5 we compare state minimum wage rates in 2003 and 2009; we also include the federal Fair Labor Standards Act (FLSA) rate. As you can see from Table 5, Alaska had the highest minimum wage of any state in 2003: $7.15—$0.14 greater than the second ranked state of Washington, and $2.00 more than the federal minimum wage rate of $5.15. By the beginning of 2009, however, Alaska, with its wage rate still at $7.15, ranked 21st, $1.40 behind the highest ranked state, Washington, but still ahead of the federal rate of $6.55 by $0.60. As you will note, we include only the states that have a higher minimum wage rate than the federal rate in Table 5.

2751

Table 5: State Minimum Wage Rates, 2003 and 2009

2003			2009		
Rank	Jurisdiction	Minimum Wage	Rank	Jurisdiction	Minimum Wage
1	**Alaska**	**$7.15**	1	Washington	$8.55
2	Washington	$7.01	2	Oregon	$8.40
3	Connecticut	$6.90	3	Vermont [c]	$8.06
3	Oregon	$6.90	4	California	$8.00
5	California	$6.75	4	Connecticut	$8.00
5	Massachusetts	$6.75	4	Massachusetts	$8.00
7	Hawaii	$6.25	7	Illinois [a]	$7.75
7	Maine	$6.25	8	District of Columbia	$7.55
7	Vermont [c]	$6.25	9	New Mexico	$7.50
10	Delaware	$6.15	10	Michigan [c]	$7.40
10	District of Columbia	$6.15	10	Rhode Island	$7.40
10	Rhode Island	$6.15	12	Ohio [f]	$7.30
13	Federal (FLSA)	$5.15	13	Colorado	$7.28
			14	Arizona	$7.25
			14	Hawaii	$7.25
			14	Iowa	$7.25
			14	Maine	$7.25
			14	New Hampshire	$7.25
			14	West Virginia	$7.25
			20	Florida	$7.21
			21	**Alaska**	**$7.15**
			21	Delaware	$7.15
			21	New Jersey	$7.15
			21	New York	$7.15
			21	Pennsylvania	$7.15
			26	Missouri	$7.05
			27	Montana [e]	$6.90
			28	Nevada	$6.85
			29	Federal (FLSA)	$6.55

Notes: This table reflects requirements that were in effect as of January 1, 2009. The minimum wage in some state will increase later in 2009.
In 2003, the minimum wage in Arkansas[a], Colorado, Georgia[b], Idaho, Illinois[a], Indiana[c], Iowa, Kentucky, Maryland, Michigan[c], Minnesota[d], Missouri, Montana[e], Nebraska[a], Nevada, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oklahoma[g], Pennsylvania, South Dakota, Texas, Utah, Virginia, West Virginia, Wisconsin, and Wyoming was $5.15 per hour. The minimum wage in New Mexico and Ohio[f] was $4.25 per hour. The minimum wage in Kansas was $2.65 per hour. There was no state minimum wage law in Alabama, Arizona, Florida, Louisiana, Mississippi, South Carolina, and Tennessee.
In 2009, the minimum wage in Idaho, Indiana[c], Kentucky, Maryland, Nebraska[a], North Carolina, North Dakota, Oklahoma[g], South Dakota, Texas, Utah, and Virginia is $6.55 per hour. The minimum wage in Wisconsin is $6.50. The minimum wage in Arkansas[a] is $6.25. The minimum wage in Minnesota[d] is $6.15. The minimum wage in Georgia[b] and Wyoming is $5.15 per hour. The minimum wage in Kansas is $2.65 per hour. There is no state minimum wage law in Alabama, Louisiana, Mississippi, South Carolina, and Tennessee.
[a] Rates applicable to employers of four or more.
[b] Rates applicable to employers of six or more. In West Virginia, applicable to employers of six or more in one location.
[c] Rates applicable to employers of two or more.
[d] Minnesota sets a lower rate for enterprises with annual receipts of less than $500,000 ($4.90 in 2003 and $5.25 in 2008).
[e] Montana sets a lower rate for businesses with gross annual sales of $110,000 or less ($4.00 in 2003 and 2008).
[f] Ohio set a lower rate for employers with gross annual sales from $150,000 to $500,000 ($3.35 in 2003) and for employers with gross annual sales under $150,000 ($2.50 in 2003).
[g] Oklahoma sets a lower rate for employers of fewer than 10 full-time employees at any one location and for those with annual gross sales of less than $100,000 ($2.00 in 2003 and 2008).

Source: U.S. Department of Labor, Office of State Standards Programs, Wage and Hour Division, http://www.dol.gov/esa/whd/state/StateMinWageHis.htm

I hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

Attachment A

Petition ID: 01MNWG, Bill Increasing Alaska's Minimum Hourly Wage, Posted 10/24/01, Alaska Division of Elections, *http://www.ltgov.state.ak.us/elections/petitions/status.php*

Alaska Elections Petition Status

AG's File Number: 663-01-0147
Primary Sponsors: Jim Sampson, Mano Frey, and Bruce Ludwig

The petition application was received in the Lieutenant Governor's Office on February 15, 2001. A copy of the application and signatures was sent to the Department of Law and Division of Elections on February 16, 2001 for review and verification of signatures. The Division of Elections determined that there were a sufficient number of signatures on February 27, 2001. Legal review was received from the Department of Law on March 9, 2001. The application was certified on March 12, 2001. Petition booklets were distributed to the initiative committee on April 5, 2001. The initiative petition was filed on November 29, 2001. The Division of Elections verified the signatures of 30,475 qualified voters. The petition was determined to be properly filed and was certified on January 3, 2002 for placement on the 2002 general election ballot. On May 24, 2002, Lieutenant Governor Ulmer determined, in concurrence with the Attorney General's Office, that the Alaska Legislature passed a law, CS HB 56(FIN), which is substantially similar in nature to the initiative. Consequently, the initiative petition is void and will not appear on the ballot (AS 15.45.210).

Under Alaska Statute 15.45.240, within 30 days of the date on which notice of this determination of similarity was given, any person "aggrieved by a determination made by the Lieutenant Governor" may bring action in the superior court to have the determination reviewed. The deadline for action is June 24, 2002. The deadline has passed for challenge of the Lieutenant Governor's earlier actions on this initiative.

[illegible] for the CIMNWG proposed bill language as provided by the sponsors.

HB

35

<target><bill>HB 35</bill><subject>HB
35</subject><comm>HFIN26</comm></target>

ALASKA STATE HOUSE OF REPRESENTATIVES

Contact:
Interim Address:
3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4271

Session

(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 204

REPRESENTATIVE JOHN COGHILL

SPONSOR STATEMENT
HB 35 Parental Notification and Consent for a Pregnant Minor Aborting an Unborn Child

---

HB 35 requires parental consent unless the minor chooses a judicial bypass and enacts a notification process that the Court determined is the least restrictive means of achieving the State's compelling interest. It leaves intact the four exemptions from parental consent: *married minors, minors who have been legally emancipated, minors who have entered the armed services of the United States, and minors who have become employed and self-subsisting.*

On November 2, 2007 in *State of Alaska v. Planned Parenthood of Alaska*, the Alaska Supreme Court, in a 3 – 2 decision, has once again undermined a long history of social law, the intent of the Constitution, and the will of the people of Alaska.

The legislature passed the Parental Consent Act (PCA) in 1997. In July of that same year, Alaska Superior Court Judge Sen Tan ruled the law was unconstitutional because "the privacy clause of the Alaska Constitution protects minors as well as adults." The Superior Court did not address whether or not the PCA violated the privacy clause. The State appealed the decision and the Supreme Court ruled that the privacy clause extends to minors unless **there is a compelling state interest using the least restrictive means available**. The Supreme Court remanded the case back to Sen Tan to hold an evidentiary hearing to determine if PCA furthered a compelling state interest.

In January 2003 the Superior Court held a bench trial spanning almost three weeks to hear evidence regarding the constitutionality of the PCA. In October 2003, Judge Sen Tan ruled the PCA was **unconstitutional because it did not further a compelling state interest while using the least restrictive means available**. In January 2004 the Superior Court enjoined the State from enforcing the PCA declaring the PCA was unconstitutional under the equal protection and privacy clauses of the Alaska Constitution.

On November 2, 2007, the court agreed with the State that *"protecting minors from their own immaturity and aiding parents in fulfilling their parental responsibilities"* are *"compelling interests."* So the issue at hand for the court was whether the PCA was the least restrictive means of achieving the State's compelling interests.

HB 35 addresses the legal issues of parental consent in a practical manner based on the historical beliefs of our forefathers. The Parental Consent Act of 1997 was fully compliant with the U.S. Supreme Court precedent *Bellotti v. Baird,* (443 U.S. 622 1979). In essence, the Alaska Supreme Court in its November 2, 2007 decision struck down a decision of the U.S. Supreme Court. Justice Carpeneti eloquently wrote the dissenting decision stating the following:

> *"Because this court's rejection of the legislature's thoughtful balance is inconsistent with our own case law and unnecessarily dismissive of the legislature's role in expressing the will of the people, I respectfully dissent."*

The dissent opinion brought to light the lack of consideration or recognition in case law that *"children are not generally considered competent to consent to medical procedures."* It brought to light the four exemptions in the PCA, *"married minors, ... minors who have been legally emancipated, ...minors who have entered the armed services of the United States ,and ...who have become employed and self-subsisting."* For those pregnant minors who did not fall into the four exempt categories a judicial bypass provision was provided for appropriate circumstances. It was a process designed to be speedy and cost-free to the child. The PCA called for a five-day response of the court; HB 364 calls for a three-day response. Failure by the court to respond in time would be construed as an act constructive authorization. The judicial bypass requires a sworn statement from the pregnant minor and an adult family member or state agent such as an Office of Children's Services caseworker or law enforcement officer.

Carpeneti discussed the fact that the Court quickly recognized that there was a compelling State interest but failed *to "look closely at the nature of the state's and parents' interests"* leaving *"its constitutional 'balance' one-sided."* Carpeneti continues in his dissent to outline case law that creates a judicial history of *"treating minors differently from adults," "protecting twelve-year-olds from older teenagers and from their own immaturity in choosing to participate in harmful activity,"* prohibiting minors from making contract to *"smoke cigarettes or drink alcoholic beverages or consent to sexual intercourse. Without a parent's consent they may not become licensed drivers or get married or obtain general medical or dental treatment."*

> *"In sum, the Alaska Parental Consent Act appears to be the product of a concerted effort to make certain that those pregnant girls who are sufficiently mature to make the decision to obtain an abortion on their own are allowed to do so while those who are not sufficiently mature either obtain a parent's consent or, in the case of parental abuse, a judicial determination that the procedure is in their best interest."*

In his dissenting opinion, Carpeneti uses the litmus test for parental consent that is required for participation in school field trips to demonstrating the extent to which the State must go to terminate parental rights is his argument:

> *"In addition to society's interest in protecting children from their own immaturity, we have long held that parents have a fundamental right in raising of their children."*

Carpeneti's dissenting opinion determines that the State's compelling interest does outweigh the equal protection and privacy clauses because:

"In sum, the norm in American, and Alaskan, life and law is that the parents are a child's first and most important resource for assistance in decision-making. For that reason, the state's interest in protecting children from the consequences of their own immaturity, and in so doing protecting the health of its children, and its interest in supporting parents' right and duty to guide the upbringing of their children is particularly compelling."

I believe parental consent can still recognize the State's compelling interest in *"protecting minors from their own immaturity and aiding parents in fulfilling their parental responsibilities."* In addition to **parental consent**, HB 35 provides for a judicial bypass for sexual abuse cases using a ***lower standard than the 1997 PCA Act's clear and convincing*** provision, and a **provision prohibiting the parents from coercing a pregnant minor to have an abortion.**

HOUSE COMMITTEE REPO

(11)
Date Referred to Committee: March 16, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/27/09

The FINANCE Committee considered: **HOUSE BILL NO. 35**

"An Act relating to notice and consent for a minor's abortion; relating to penalties for performing an abortion; relating to a judicial bypass procedure for an abortion; relating to coercion of a minor to have an abortion; relating to reporting of abortions performed on minors; amending Rule 220, Alaska Rules of Appellate Procedure, and Rule 20, Alaska Probate Rules, relating to judicial bypass for an abortion; and providing for an effective date."

HB 35 NOTICE & CONSENT FOR MINOR'S ABORTION

Recommends it be replaced with [ ] HCS *or* [A] CS *for* HB 35 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
LAW	1			✓
HSS	2		✓	

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas			✓	
R. Foster	Foster	X			
					✓
	Salmon				✓
	CRAWFORD				✓
	Joule			✓	
	Austerman			X	
	FAIRCLOUGH				✓
	KELLY	X			
Chair:	Hawker			✱	
Chair:	STOLTZE	✱			

AMENDMENT 1 withdrawn 3/27/09

OFFERED IN THE HOUSE FINANCE COMMITTEE

By REP. GARA

TO: HB 35

1. Page 2, lines 3-4:

   Following "notice":

   Delete "and consent"

2. Page 3, lines 7-8:

   Following "performed":

   Delete "and the parent, legal guardian, or custodian has consented in writing to the performance or inducement of the abortion"

3. Page 3, lines 10-11:

   Following "notice":

   Delete "and consent"

4. Page 3, lines 13-14:

   Following "notice":

   Delete "and consent"

5. Page 5, line 5:

   Following "to":

   Delete "and the consent of"

6. Page 5, line 8:

   Following "to":

   Delete "or the consent of"

7. Page 5, line 17:

   Following "to":

   Delete "or the consent of"

8. Page 5, lines 20-21:

   Following "notice to":

   Delete "or the consent of"

9. Page 5, line 24:

   Following "the":

   Delete "consent of"

   Insert "notice to"

10. Page 6, line 7:

    Following "to":

    Delete "or the consent of"

11. Page 6, line 11:

    Following "such":

    Delete "consent"

    Insert "notice"

12. Page 6, line 27:

    Following "to":

    Delete "or the consent of"

13. Page 6, line 30-31:

Following "to"

Delete "or the consent of"

14. Page 8, lines 15-16:

Following "to":

Delete "and the consent of"

15. Page 8, line 25:

Following "to":

Delete "and the consent of"

16. Page 9, line 18:

Following "to":

Delete "and the consent of"

17. Page 9, lines 30-31:

Following "to":

Delete "or the consent of"

withdrawn 3/27/09

AMENDMENT 2

OFFERED IN THE HOUSE FINANCE COMMITTEE

By REP. GARA

TO: HB 35

1. Page 3, lines 20-28:

Delete all text.

AMENDMENT 3 NOT offered

OFFERED IN THE HOUSE FINANCE COMMITTEE

By REP. GARA

TO: HB 35

1. Page 3, lines 6-7:

Delete "not less than 48 hours before the abortion is performed"

2. Page 4, line 23:

Delete "48 hours"

AMENDMENT 4

Failed
5 yea
6 nay

OFFERED IN THE HOUSE FINANCE COMMITTEE

By REP. GARA

TO: HB 35

1. Page 7, line 25:

   Following "have":

   Insert "or refrain from having"

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 35
(H) Publish Date: 3/16/09

Identifier (file name): HB035-DHSS-MS-03-09-09
Title: Notice & Consent for Minor's Abortion
Sponsor: Coghill
Requester: House JUD

Dept. Affected: Health & Social Services
RDU: Health Care Services
Component: Medicaid Services
Component Number: 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	***	***	***	***	***	***	***
Miscellaneous							
TOTAL OPERATING	***	***	***	***	***	***	***
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match	***	***	***	***	***	***	***
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	***	***	***	***	***	***	***

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This fiscal note is indeterminate (***).

There is no way to determine which minors enrolled in Medicaid had consent from a parent or guardian for abortions because the department does not require a consent form to process claims.

Expenditures for abortions are made from general fund dollars. These claims are paid pursuant to an Alaska Supreme Court decision that requires state funding of medically necessary abortions for low-income women eligible for Medicaid. (continued on page 2)

Prepared by: William J. Streur, Deputy Commissioner
Division: Health Care Services
Phone: 269-7827
Date/Time: 3/9/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
DHSS Finance & Management Services
Date: 3/9/2009

FISCAL NOTE #2

STATE OF ALASKA

2009 LEGISLATIVE SESSION

BILL NO. HB 35

ANALYSIS CONTINUATION

The only abortion services eligible for federal financial participation are those that the department is required to cover under the federal Hyde amendment. To qualify under the Hyde amendment, the abortion must be the result of rape or incest, or the life of the mother must be endangered if the pregnancy were carried to term. Hyde amendment qualifying abortion claims are rare—in FY 2008, there were no Hyde amendment claims.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 35
(H) Publish Date: 3/16/09

Identifier (file name): HB035-LAW-CIV-3-6-09
Dept. Affected: LAW
Title: An Act relating to notice and consent for a minor's abortion.
RDU: CIVIL
Component: HUMAN SERVICES
Sponsor: REPRESENTATIVE(s) COGHILL, Neuman, et al.
Requester: Judiciary
Component Number: 2208

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*
See attached page...

Prepared by: Robert Meiners, Deputy Director
Phone 907-465-5427
Division: Administrative Services Division
Date/Time 3/9/09 10:20 PM
Approved by: Richard Svobodny, Acting Attorney General
Department of Law
Date 3/9/2009

(Revised 9/10/2008 OMB)

FISCAL NOTE #1

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. HB 35

ANALYSIS CONTINUATION

HB35 would amend existing state statutes regarding the requirement of parental notice and consent to be given if a person under age 17, who is unmarried, unemancipated, and pregnant, intends to obtain an abortion. The bill prohibits a person from performing an abortion unless the requisite parental notice and consent is provided or the person qualifies for an exception to those requirements. The bill also enacts new provisions of law regarding coercion of a minor who is pregnant and regarding certain reports that must be filed by physicians.

If this bill is enacted there would be a zero cost of implementation to the department. Should a legal challenge be mounted, especially of a constitutional nature, there would be costs in defending the provisions of this bill. Costs of defending legislation may arise with any legislature and often can not be anticipated; however, the department has previously defended the constitutionality of similar legislation. Those efforts approached $500,000 in addition to the payment of a court ordered award of $940,000 in costs and fees to the plaintiffs in the case.

HB 35 PARENTAL CONSENT FOR ABORTIONS

- This bill is in the Alaska Statutes dealing with abortions.

- This bill answers an Alaska Supreme Court decision in statute by modifying the standards, process, and parental part of a minor girl with regard to abortions.

THE STANDARD

- The Standards are a balance of parental rights and responsibilities, the minor's right of protection under the privacy clause, and the states compelling interest in protecting the family, the minor, and each right enjoyed by both.

- The way the Court viewed the standard was it needed to be the least restrictive of the minor's right to privacy.

- Therefore this bill outlines the flow of consent requirements:

    1. Minor must obtain consent of parents and 48 hour notice for fit and loving parents.

    2. If married - no parental consent required.

    3. If legally emancipated – no parental consent required.

    4. If entered in armed forces – no parental consent required.

    5. If self-subsisting and employed – no parental consent required.

    6. If petition court showing mature decision – no parental consent required.

    7. If court inactive – no parental consent required.

    8. If sexual or physical abuse upon signature and witness – no parental **or court** consent required.

9. **ADDITIONAL BYPASS OF JUDICIAL BYPASS:**

Victims of physical abuse, sexual abuse, or emotional abuse can go **directly to a doctor** for an abortion **with a signed and notarized statement from** the **minor** and one of the following:

(1) Adult sibling
(2) Law enforcement officer
(3) DHSS representative such as a case worker for OCS or JJ
(4) A grandparent
(5) A stepparent

THE PROCESS

NOTIFICATION OF PARENTS:

Parental notification must be given by the referring physician or the physician intending to perform the abortion:

1. First preference is notice in person or by phone.
   (a) There must be documentation of notice or attempted notice.
   (b) Verification of person's identity & relationship must be made by physician.
2. If notice cannot be made in person or by phone, written "constructive notice" by certified mail must be sent 48 hours before the abortion can be performed.

- Physicians judgment – defined
- Medical emergency – defined

BYPASS PROVISION

- A minor after determining pregnancy and desire for an abortion may bypass parental consent and notification by getting a court order, or by court inaction; **OR**

- If by written statement the minor shows physical or sexual abuse, she may bypass parents and the courts with at least one witness **OR** can demonstrate that it is otherwise not in the minor's best interest – ***LEAST RESTRICTIVE***

MANDATORY REPORTING OF ABUSE OR SEXUAL ASSAULT:

(1) A physician is required to report abuse under the child protection laws in AS 47.17.

(2) A physician is required to make a reasonable effort to preserve products of conception and evidence when pregnancy was result of criminal sexual assault.

COERCION OF A MINOR PROHIBITED:

A minor cannot be coerced to have an abortion.

If a parent who has a legal duty to do so, refuses to provide financial support for a minor who is pregnant so as to force the minor to have an abortion that is considered evidence for the minor child to obtain emancipation.

U.S. SUPREME COURT DECISION

In ***Bellotti v. Baird***, (1979), the Massachusetts parental consent law was found unconstitutional by the U.S. Supreme Court because:

1. It allowed judicial authorization for an abortion to be withheld from a minor who is mature and competent enough to make the decision independently. **HB 35 complies and allows exemption for this minor.**

2. It required parental notification in all cases (parents were required to be notified if their daughter initiated proceedings in

superior court) without allowing the minor to seek an independent judicial assessment of her competence to decide the abortion issue. **HB 35 allows for judicial by pass without notification of parents.**

LEGISLATIVE RESEARCH SERVICES

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March 26, 2009

Memorandum

TO: Representative Les Gara
FROM: Chuck Burnham, Legislative Analyst
RE: Mandatory Waiting Periods for Medical Procedures
LRS Report 09.226

You asked whether there exist any mandated waiting periods for medical procedures in current Alaska law similar to that proposed in HB 35 (2009).

Briefly, our research located no legally mandated waiting period that must observed before an individual may receive a medical procedure or treatment in Alaska, nor did we find any requirement that a parent or guardian be notified in a specified timeframe prior to a child receiving such a procedure or treatment.

As you know, Section 3 of HB 35 repeals and reenacts AS § 18.16.020 to prohibit a person from performing or inducing an abortion on an unmarried, unemancipated minor under age 17 unless consent is granted by a parent or legal guardian, is authorized by court order, or the minor takes specific steps to show that she is the victim of a pattern of abuse at the hands of one or both parents or a legal guardian. Under the bill, AS § 18.16.020(a)(1) provides the following stipulation, which must be met to satisfy the parental consent requirement for an abortion:

> . . . one of the minor's parents, the minor's legal guardian, or the minor's custodian has been given notice of the planned abortion not less than 48 hours before the abortion is performed and the parent, legal guardian, or custodian has consented in writing to the performance or inducement of the abortion.

It appears to be common in Alaska law for consent from a parent or guardian to be sought and/or obtained prior to providing medication or treatment, or performing a medical procedure on a minor.[1] However, the requirement in HB 35 that notice be given to a parent or guardian 48 hours in advance of a planned abortion appears to be unique in Alaska law.[2]

---

[1] See, for example, requirements in AS § 47.30.693, 7 AAC 10.1070, and 7 AAC 41.210.

[2] We searched the Lexis databases of Alaska Statutes and Alaska Administrative Code using multiple terms and phrases in our effort to identify current laws with provisions similar to the notice requirement of HB 35. Although we believe our research to be thorough, there may nonetheless be such provisions in Alaska law that were not located by our research due to variations in wording or construction.

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REPRESENTATIVE JOHN COGHILL

SECTIONAL

House Bill 35
Parental Notification and Consent for a Pregnant Minor's Abortion

Section 1: AS 18.16.010(a) Abortions
This section amends the requirement that notice, along with consent, be given prior to an abortion being performed on a minor, except if a court has authorized the minor to consent to the abortion without parental notice.

Section 2: AS 18.16.010(g) Abortions
This section adds language to provide a defense for a physician or surgeon that performs an abortion on a minor because in their clinical judgment the minor was in serious risk to her life or physical health. This section defines the terms "clinical judgment" and "defense" and adds the words "medical instability caused by a" which broadens the definition of the term "medical emergency".

Section 3: AS 18.16.020 Notice and consent required before minor's abortion.
This section is repealed and reenacted to include notification to parents, legal guardian, or custodian prior to an abortion and address the needs of a minor that is a victim of abuse. The section states that before an abortion can be performed on a minor at least one of the following applies: (1) one of the minor's parents, legal guardian or custodian has been given notice of the planned abortion not less than 48 hours prior to the abortion and has consented in writing to the procedure; (2) a court issues an order; (3) court inaction results in constructive authorization for the minor to consent to the abortion without notice and consent; or (4) the minor is a victim of abuse and the abuse is documented, signed and notarized by the minor and certain other individuals. Additionally physicians are required to report suspected abuse, and when informed that a pregnancy resulted from sexual assault retain and preserve all products of conception and evidence for use by law enforcement.

Section 4: AS 18.16.030(a) Judicial by-pass for minor seeking an abortion.
This section adds conforming language "notice to" when a pregnant minor is filing a complaint with the superior court for authorization to the procedure without "notice or" consent of a parent, guardian, or custodian.

Section 5: AS 18.16.030(b) Judicial by-pass for minor seeking an abortion
This section adds "notice to or" regarding the statement submitted to the superior court when a minor is trying to get judicial by-pass in order to have an abortion without "notice or" consent of a parent, guardian, or custodian.

Section 6: AS 18.16.030(c) Judicial by-pass for minor seeking an abortion
This section amends the number of days for the court to schedule a hearing from five to three business days. Conforming language "notice to or" has been added before consent because if a hearing is not held by the third business day it is considered a constructive order of the court authorizing the complainant to consent to an abortion without notice or consent.

Section 7: AS 18.16.030(j) Judicial by-pass for minor seeking an abortion
This section amends the number of days for the superior court to deliver a copy of an appeal to the supreme court from four days to three days after an appeal is filed. It also amends from four days to three days for the appellant to file a brief after the appeal is docketed. Conforming language "notice to or" has been added before consent because if the court fails to meet the timeframe set above the court's inaction is considered a constructive order authorizing the appellant to consent to an abortion without notice or consent.

Section 8: AS 18.16.030(n) Judicial by-pass for minor seeking an abortion
This section amends the information provided to a minor to include requesting the court to direct the school to provide the minor with an excused absence and directing the school not to notify the minor's parent, legal guardian, or custodian.

Section 9: AS 18.16: New Sections
AS 18.16.035 Coercion/emancipation
This section states that a person may not coerce a pregnant minor to have an abortion. Denial of financial support by a parent or guardian who has a legal duty of support for purposes of coercing a minor to have an abortion shall be sufficient evidence of emancipation status. "Coercion" means to restrain or dominate a minor by force, threat of force, or deprivation of food, support, or shelter.

AS 18.16.040 Reports
This section sets out the timeframe and information physicians are required to file reports with DHSS if they have performed an abortion on a minor. Reports filed under this section may not include any identifying information on the minor except her age.

Sections 10, 11, 13: Direct Court Rule Amendments
These sections deal with Scope, Petition, and Findings & Order and add in **notice to and the** consent **of a parent, guardian, or custodian** to conform to the intent of this bill requiring notice and consent for a minor to get an abortion.

Sections 12 and 15: Direct Court Rule Amendments – Constructive Order
These sections provide "constructive orders" to Rules 220(h) and Rule 20(f) changing the time lines for the courts for entering an order and holding a hearing from [FIVE] to **three** days.

Section 16: SEVERABILITY:
This section discusses what happens to the remainder of the bill if any provisions are found to be invalid or unenforceable.

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Bellotti v. Baird, 443 U.S. 622 (1979)

U.S. Supreme Court (July 1979)

Id. vLex: VLEX-19981639
http://www.vlex.com/vid/19981639

Text

U.S. Supreme Court BELLOTTI v. BAIRD, 443 U.S. 622 (1979) 443 U.S. 622

BELLOTTI, ATTORNEY GENERAL OF MASSACHUSETTS, ET AL. v. BAIRD ET AL. APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS No. 78-329. Argued February 27, 1979. Decided July 2, 1979.*

[Footnote *] Together with No. 78-330, Hunerwadel v. Baird et al., also on appeal from the same court.

A Massachusetts statute requires parental consent before an abortion can be performed on an unmarried woman under the age of 18. If one or both parents refuse such consent, however, the abortion may be obtained by order of a judge of the superior court "for good cause shown." In appellees' class action challenging the constitutionality of the statute, a three-judge District Court held it unconstitutional. Subsequently, this Court vacated the District Court's judgment, Bellotti v. Baird, 428 U.S. 132, holding that the District Court should have abstained and certified to the Massachusetts Supreme Judicial Court appropriate questions concerning the meaning of the statute. On remand, the District Court certified several questions to the Supreme Judicial Court. Among the questions certified was whether the statute permits any minors - mature or immature - to obtain judicial consent to an abortion without any parental consultation whatsoever. The Supreme Judicial Court answered that, in general, it does not; that consent must be obtained for every nonemergency abortion unless no parent is available; and that an available parent must be given notice of any judicial proceedings brought by a minor to obtain consent for an abortion. Another question certified was whether, if the superior court finds that the minor is capable of making, and has, in fact, made and adhered to, an informed and reasonable decision to have an abortion, the court may refuse its consent on a finding that a parent's, or its own, contrary decision is a better one. The Supreme Judicial Court answered in the affirmative. Following the Supreme Judicial Court's judgment, the District Court again declared the statute unconstitutional and enjoined its enforcement.

Held:

The judgment is affirmed. Pp. 633-651; 652-656.

450 F. Supp. 997, affirmed.

MR. JUSTICE POWELL, joined by MR. CHIEF JUSTICE BURGER, MR. JUSTICE STEWART, and MR. JUSTICE REHNQUIST, concluded that:

1. There are three reasons justifying the conclusion that the constitutional

Page 443 U.S. 622, 623

rights of children cannot be equated with those of adults: the peculiar vulnerability of children; their inability to make critical decisions in an informed, mature manner; and the importance of the guiding role of parents in the upbringing of their children. Pp. 633-639.

2. The abortion decision differs in important ways from other decisions facing minors, and the State is required to act with particular sensitivity when it legislates to foster parental involvement in this matter. Pp. 639-642.

3. If a State decides to require a pregnant minor to obtain one or both parents' consent to an abortion, it also must provide an alternative procedure whereby authorization for the abortion can be obtained. A pregnant minor is entitled in such a proceeding to show either that she is mature enough and well enough informed to make her abortion decision, in consultation with her physician, independently of her parents' wishes, or that even if she is not able to make this decision independently, the desired abortion would be in her best interests. Such a procedure must ensure that the provision requiring parental consent does not in fact amount to an impermissible "absolute, and possibly arbitrary, veto." Planned Parenthood of Central Missouri v. Danforth, 428 U.S. 52, 74. Pp. 642-644.

4. The Massachusetts statute, as authoritatively interpreted by the Supreme Judicial Court, unduly burdens the right to seek an abortion. The statute falls short of constitutional standards in two respects. First, it permits judicial authorization for an abortion to be withheld from a minor who is found by the superior court to be mature and fully competent to make this decision independently. Second, it requires parental consultation or notification in every instance, whether or not in the pregnant minor's best interests, without affording her an opportunity to receive an independent judicial determination that she is mature enough to consent or that an abortion would be in her best interests. Pp. 644-651.

MR. JUSTICE STEVENS, joined by MR. JUSTICE BRENNAN, MR. JUSTICE MARSHALL, and MR. JUSTICE BLACKMUN, concluded that the Massachusetts statute is unconstitutional because under the statute, as written and as construed by the Massachusetts Supreme Judicial Court, no minor, no matter how mature and capable of informed decisionmaking, may receive an abortion without the consent of either both parents or a superior court judge, thus making the minor's abortion decision subject in every instance to an absolute third-party veto. Planned Parenthood of Central Missouri v. Danforth, , controlling. Pp. 652-656.

POWELL, J., announced the judgment of the Court and delivered an opinion, in which BURGER, C. J., and STEWART and REHNQUIST, JJ., joined.

Page 443 U.S. 622, 624

REHNQUIST, J., filed a concurring opinion, post, p. 651. STEVENS, J., filed an opinion concurring in the judgment, in which BRENNAN, MARSHALL, and BLACKMUN, JJ., joined, post, p. 652. WHITE, J., filed a dissenting opinion, post, p. 656.

Garrick F. Cole, Assistant Attorney General of Massachusetts, argued the cause for appellants in No. 78-329. With him on the briefs were Francis X. Bellotti, Attorney General, pro se, and Michael B. Meyer and Thomas R. Kiley, Assistant Attorneys General. Brian A. Riley argued the cause for appellant in No. 78-330. With him on the brief was Thomas P. Russell.

Joseph J. Balliro argued the cause for appellees in both cases. With him on the brief was Joan C. Schmidt. John H. Henn also argued the cause for appellees in both cases. With him on the brief were Scott C. Moriearty, Sandra L. Lynch, Loyd M. Starrett, and John Reinstein.Fn

Fn

Page 443 U.S. 622, 624

Stuart D. Hubbell and Robert A. Destro filed a brief for the Catholic League for Religious and Civil Rights et al. as amici curiae urging reversal in No. 78-329. Eve W. Paul, Harriet F. Pilpel, and Sylvia A. Law filed a brief for the Planned Parenthood Federation of America, Inc., et al. as amici curiae urging affirmance in both cases. Briefs of amici curiae were filed by Victor G. Rosenblum, Dennis J. Horan, and John D. Gorby in both cases for Americans United for Life, Inc., et al.; and by George E. Reed and Patrick F. Geary in No. 78-329 for the United States Catholic Conference.

MR. JUSTICE POWELL announced the judgment of the Court and delivered an opinion, in which THE CHIEF JUSTICE, MR. JUSTICE STEWART, and MR. JUSTICE REHNQUIST joined.

These appeals present a challenge to the constitutionality of a state statute regulating the access of minors to abortions. They require us to continue the inquiry we began in Planned Parenthood of Central Missouri v. Danforth, 428 U.S. 52 (1976), and Bellotti v. Baird, 428 U.S. 132 (1976).

Page 443 U.S. 622, 625

I

A

On August 2, 1974, the Legislature of the Commonwealth of Massachusetts passed, over the Governor's veto, an Act pertaining to abortions performed within the State. 1974 Mass. Acts, ch. 706. According to its title, the statute was intended to regulate abortions "within present constitutional limits." Shortly before the Act was to go into effect, the class action from which these appeals arise was commenced in the District Court[Footnote 1] to enjoin, as unconstitutional, the provision of the Act now codified as Mass. Gen. Laws Ann., ch. 112, 12S (West Supp. 1979).[Footnote 2]

Section 12S provides in part:

"If the mother is less than eighteen years of age and has not married, the consent of both the mother and her parents [to an abortion to be performed on the mother] is required. If one or both of the mother's parents refuse such consent, consent may be obtained by order of a judge of the superior court for good cause shown, after such hearing as he deems necessary. Such a hearing will not require the appointment of a guardian for the mother. If

one of the parents has died or has deserted his or her family, consent by the remaining parent is sufficient. If both parents have died or have deserted their family, consent of the mother's guardian or other

Page 443 U.S. 622, 626

person having duties similar to a guardian, or any person who had assumed the care and custody of the mother is sufficient. The commissioner of public health shall prescribe a written form for such consent. Such form shall be signed by the proper person or persons and given to the physician performing the abortion who shall maintain it in his permanent files."

Physicians performing abortions in the absence of the consent required by 12S are subject to injunctions and criminal penalties. See Mass. Gen. Laws Ann., ch. 112, 12Q, 12T, and 12U (West Supp. 1979).

A three-judge District Court was convened to hear the case pursuant to 28 U.S.C. 2281 (1970 ed.), repealed by Pub. L. 94-381, 1, 90 Stat. 1119.[Footnote 3] Plaintiffs in the suit, appellees in both the cases before us now, were William Baird; Parents Aid Society, Inc. (Parents Aid), of which Baird is founder and director; Gerald Zupnick, M. D., who regularly performs abortions at the Parents Aid clinic; and an unmarried minor, identified by the pseudonym "Mary Moe," who, at the commencement of the suit, was pregnant, residing at home with her parents, and desirous of obtaining an abortion without informing them.[Footnote 4]

Mary Moe was permitted to represent the "class of unmarried minors in Massachusetts who have adequate capacity to give a valid and informed consent [to abortion], and who do not wish to involve their parents." Baird v. Bellotti, 393 F. Supp. 847, 850 (Mass. 1975) (Baird I). Initially there was some confusion whether the rights of minors who wish abortions without parental involvement but who lack "adequate capacity" to give such consent also could be adjudicated in

Page 443 U.S. 622, 627

the suit. The District Court ultimately determined that Dr. Zupnick was entitled to assert the rights of these minors. See Baird v. Bellotti, 450 F. Supp. 997, 1001, and n. 6 (Mass. 1978).[Footnote 5]

Planned Parenthood League of Massachusetts and Crittenton Hastings House & Clinic, both organizations that provide counselling to pregnant adolescents, and Phillip Stubblefield, M. D. (intervenors),[Footnote 6] appeared as amici curiae on behalf of the plaintiffs. The District Court "accepted [this group] in a status something more than amici because of reservations about the adequacy of plaintiffs' representation [of the plaintiff classes in the suit]." Id., at 999 n. 3.

Defendants in the suit, appellants here in No. 78-329, were the Attorney General of Massachusetts and the District Attorneys of all counties in the State. Jane Hunerwadel was permitted to intervene as a defendant and representative of the class of Massachusetts parents having unmarried minor daughters who then were, or might become, pregnant. She and the class she represents are appellants in No. 78-330.[Footnote 7]

Following three days of testimony, the District Court issued an opinion invalidating 12S. Baird I, supra. The court rejected appellees' argument that all minors capable of becoming pregnant also are capable of giving informed consent

Page 443 U.S. 622, 628

to an abortion, or that it always is in the best interests of a minor who desires an abortion to have one. See 393 F. Supp., at 854. But the court was convinced that "a substantial number of females under the age of 18 are capable of forming a valid consent," id., at 855, and "that a significant number of [these] are unwilling to tell their parents." Id., at 853.

In its analysis of the relevant constitutional principles, the court stated that "there can be no doubt but that a female's constitutional right to an abortion in the first trimester does not depend upon her calendar age." Id., at 855-856. The court found no justification for the parental consent limitation placed on that right by 12S, since it concluded that the statute was "cast not in terms of protecting the minor, . . . but in recognizing independent rights of parents." Id., at 856. The "independent" parental rights protected by 12S, as the court understood them, were wholly distinct from the best interests of the minor.[Footnote 8]

B

Appellants sought review in this Court, and we noted probable jurisdiction. Bellotti v. Baird, 423 U.S. 982 (1975). After briefing and oral argument, it became apparent that 12S was susceptible of a construction that "would avoid or substantially modify the federal constitutional challenge to the statute." Bellotti v. Baird, 428 U.S. 132, 148 (1976) (Bellotti I). We therefore vacated the judgment of the District Court, concluding that it should have abstained and certified to the Supreme Judicial Court of Massachusetts appropriate questions concerning the meaning of 12S, pursuant to existing

Page 443 U.S. 622, 629

procedure in that State. See Mass. Sup. Jud. Ct. Rule 3:21.

On remand, the District Court certified nine questions to the Supreme Judicial Court.[Footnote 9] These were answered in an

Page 443 U.S. 622, 630

opinion styled Baird v. Attorney General, 371 Mass. 741, 360 N. E. 2d 288 (1977) (Attorney General). Among the more important aspects of 12S, as authoritatively construed by the Supreme Judicial Court, are the following:

1. In deciding whether to grant consent to their daughter's abortion, parents are required by 12S to consider exclusively what will serve her best interests. See id., at 746-747, 360 N. E. 2d, at 292-293.

2. The provision in 12S that judicial consent for an abortion shall be granted, parental objections notwithstanding, "for good cause shown" means that such consent shall be granted if found to be in the minor's best interests. The judge "must disregard all parental objections, and other considerations, which are not based exclusively" on that standard. Id., at 748, 360 N. E. 2d, at 293.

3. Even if the judge in a 12S proceeding finds "that the minor is capable of making, and has made, an informed and reasonable decision to have an abortion," he is entitled to withhold consent "in circumstances where he determines that the best interests of the minor will not be served by an abortion." Ibid., 360 N. E. 2d, at 293.

4. As a general rule, a minor who desires an abortion may not obtain judicial consent without first seeking both parents' consent. Exceptions to the rule exist when a parent is not available or when the need for the abortion

constitutes "`an emergency requiring immediate action.'"[Footnote 10] Id., at 750, 360 N. E. 2d, at 294. Unless a parent is not available, he must be notified of any judicial proceedings brought under 12S. Id., at 755-756, 360 N. E. 2d, at 297.

Page 443 U.S. 622, 631

5. The resolution of 12S cases and any appeals that follow can be expected to be prompt. The name of the minor and her parents may be held in confidence. If need be, the Supreme Judicial Court and the superior courts can promulgate rules or issue orders to ensure that such proceedings are handled expeditiously. Id., at 756-758, 360 N. E. 2d, at 297-298.

6. Massachusetts Gen. Laws Ann., ch. 112, 12F (west Supp. 1979), which provides, inter alia, that certain classes of minors may consent to most kinds of medical care without parental approval, does not apply to abortions, except as to minors who are married, widowed, or divorced. See 371 Mass., at 758-762, 360 N. E. 2d, at 298-300. Nor does the State's common-law "mature minor rule" create an exception to 12S. Id., at 749-750, 360 N. E. 2d, at 294. See n. 27, infra.

C

Following the judgment of the Supreme Judicial Court, appellees returned to the District Court and obtained a stay of the enforcement of 12S until its constitutionality could be determined. Baird v. Bellotti, 428 F. Supp. 854 (Mass. 1977) (Baird II). After permitting discovery by both sides, holding a pretrial conference, and conducting further hearings, the District Court again declared 12S unconstitutional and enjoined its enforcement. Baird v. Bellotti, 450 F. Supp. 997 (Mass. 1978) (Baird III). The court identified three particular aspects of the statute which, in its view, rendered it unconstitutional.

First, as construed by the Supreme Judicial Court, 12S requires parental notice in virtually every case where the parent is available. The court believed that the evidence warranted a finding "that many, perhaps a large majority of 17-year olds are capable of informed consent, as are a not insubstantial number of 16-year olds, and some even younger." Id., at 1001. In addition, the court concluded that it would not be in

Page 443 U.S. 622, 632

the best interests of some "immature" minors - those incapable of giving informed consent - even to inform their parents of their intended abortions. Although the court declined to decide whether the burden of requiring a minor to take her parents to court was, per se, an impermissible burden on her right to seek an abortion, it concluded that Massachusetts could not constitutionally insist that parental permission be sought or notice given "in those cases where a court, if given free rein, would find that it was to the minor's best interests that one or both of her parents not be informed . . . ." Id., at 1002.

Second, the District Court held that 12S was defective in permitting a judge to veto the abortion decision of a minor found to be capable of giving informed consent. The court reasoned that upon a finding of maturity and informed consent, the State no longer was entitled to impose legal restrictions upon this decision. Id., at 1003. Given such a finding, the court could see "no reasonable basis" for distinguishing between a minor and an adult, and it therefore concluded that 12S was not only "an undue burden in the due process sense, [but] a discriminatory denial of equal protection [as well]." Id., at 1004.

Finally, the court decided that 12S suffered from what it termed "formal overbreadth," ibid., because the statute failed explicitly to inform parents that they must consider only the minor's best interests in deciding whether to grant consent. The court believed that, despite the Supreme Judicial Court's construction of 12S, parents naturally would infer from the statute that they were entitled to withhold consent for other, impermissible reasons. This was thought to create a "chilling effect" by enhancing the possibility that parental consent would be denied wrongfully and that the minor would have to proceed in court.

Having identified these flaws in 12S, the District Court considered whether it should engage in "judicial repair." Id., at 1005. It declined either to sever the statute or to give

Page 443 U.S. 622, 633

it a construction different from that set out by the Supreme Judicial Court, as that tribunal arguably had invited it to do. See Attorney General, 371 Mass., at 745-746, 360 N. E. 2d, at 292. The District Court therefore adhered to its previous position, declaring 12S unconstitutional and permanently enjoining its enforcement.[Footnote 11] Appellants sought review in this Court a second time, and we again noted probable jurisdiction. 439 U.S. 925 (1978).

II

A child, merely on account of his minority, is not beyond the protection of the Constitution. As the Court said in In re Gault, 387 U.S. 1, 13 (1967), "whatever may be their precise impact, neither the Fourteenth Amendment nor the Bill of Rights is for adults alone."[Footnote 12] This observation, of course, is but the beginning of the analysis. The Court long has recognized that the status of minors under the law is unique in many respects. As Mr. Justice Frankfurter aptly put it: "Children have a very special place in life which law should reflect. Legal theories and their phrasing in other cases readily lead to fallacious reasoning if uncritically transferred to determination

Page 443 U.S. 622, 634

of a State's duty towards children." May v. Anderson, 345 U.S. 528, 536 (1953) (concurring opinion). The unique role in our society of the family, the institution by which "we inculcate and pass down many of our most cherished values, moral and cultural," Moore v. East Cleveland, 431 U.S. 494, 503-504 (1977) (plurality opinion), requires that constitutional principles be applied with sensitivity and flexibility to the special needs of parents and children. We have recognized three reasons justifying the conclusion that the constitutional rights of children cannot be equated with those of adults: the peculiar vulnerability of children; their inability to make critical decisions in an informed, mature manner; and the importance of the parental role in child rearing.

A

The Court's concern for the vulnerability of children is demonstrated in its decisions dealing with minors' claims to constitutional protection against deprivations of liberty or property interests by the State. With respect to many of these claims, we have concluded that the child's right is virtually coextensive with that of an adult. For example, the Court has held that the Fourteenth Amendment's guarantee against the deprivation of liberty without due process of law is applicable to children in juvenile delinquency proceedings. In re Gault, supra. In particular, minors involved in such proceedings are entitled to adequate notice, the assistance of counsel, and the opportunity

to confront their accusers. They can be found guilty only upon proof beyond a reasonable doubt, and they may assert the privilege against compulsory self-incrimination. In re Winship, (1970); In re Gault, supra. See also Ingraham v. Wright, 430 U.S. 651, 674 (1977) (corporal punishment of schoolchildren implicates constitutionally protected liberty interest); cf. Breed v. Jones, (1975) (Double Jeopardy Clause prohibits prosecuting juvenile as an adult after an adjudicatory finding in juvenile court that he had violated a criminal statute).

Page 443 U.S. 622, 635

Similarly, in Goss v. Lopez, 419 U.S. 565 (1975), the Court held that children may not be deprived of certain property interests without due process.

These rulings have not been made on the uncritical assumption that the constitutional rights of children are indistinguishable from those of adults. Indeed, our acceptance of juvenile courts distinct from the adult criminal justice system assumes that juvenile offenders constitutionally may be treated differently from adults. In order to preserve this separate avenue for dealing with minors, the Court has said that hearings in juvenile delinquency cases need not necessarily "`conform with all of the requirements of a criminal trial or even of the usual administrative hearing.'" In re Gault, supra, at 30, quoting Kent v. United States, 383 U.S. 541, 562 (1966). Thus, juveniles are not constitutionally entitled to trial by jury in delinquency adjudications. McKeiver v. Pennsylvania, (1971). Viewed together, our cases show that although children generally are protected by the same constitutional guarantees against governmental deprivations as are adults, the State is entitled to adjust its legal system to account for children's vulnerability and their needs for "concern, . . . sympathy, and . . . paternal attention." Id., at 550 (plurality opinion).

B

Second, the Court has held that the States validly may limit the freedom of children to choose for themselves in the making of important, affirmative choices with potentially serious consequences. These rulings have been grounded in the recognition that, during the formative years of childhood and adolescence, minors often lack the experience, perspective, and judgment to recognize and avoid choices that could be detrimental to them.[Footnote 13]

Page 443 U.S. 622, 636

Ginsberg v. New York, 390 U.S. 629 (1968), illustrates well the Court's concern over the inability of children to make mature choices, as the First Amendment rights involved are clear examples of constitutionally protected freedoms of choice. At issue was a criminal conviction for selling sexually oriented magazines to a minor under the age of 17 in violation of a New York state law. It was conceded that the conviction could not have stood under the First Amendment if based upon a sale of the same material to an adult. Id., at 634. Notwithstanding the importance the Court always has attached to First Amendment rights, it concluded that "even where there is an invasion of protected freedoms `the power of the state to control the conduct of children reaches beyond the scope of its authority over adults . . .,'" id., at 638, quoting Prince v. Massachusetts, 321 U.S. 158, 170 (1944).[Footnote 14] The Court was convinced that the New York Legislature rationally could conclude that the sale to children of the magazines in question presented a danger against which they should be guarded. Ginsberg, supra, at 641. It therefore rejected

the

Page 443 U.S. 622, 637

argument that the New York law violated the constitutional rights of minors.[Footnote 15]

C

Third, the guiding role of parents in the upbringing of their children justifies limitations on the freedoms of minors. The State commonly protects its youth from adverse governmental action and from their own immaturity by requiring parental consent to or involvement in important decisions by minors.[Footnote 16] But an additional and more important justification for state deference to parental control over children is that "[t]he child is not the mere creature of the State; those who nurture him and direct his destiny have the right, coupled with the high duty, to recognize and prepare him for additional obligations." Pierce v. Society of Sisters, 268 U.S. 510, 535 (1925). "The duty to prepare the child for `additional obligations' . . .

Page 443 U.S. 622, 638

must be read to include the inculcation of moral standards, religious beliefs, and elements of good citizenship." Wisconsin v. Yoder, 406 U.S. 205, 233 (1972). This affirmative process of teaching, guiding, and inspiring by precept and example is essential to the growth of young people into mature, socially responsible citizens.

We have believed in this country that this process, in large part, is beyond the competence of impersonal political institutions. Indeed, affirmative sponsorship of particular ethical, religious, or political beliefs is something we expect the State not to attempt in a society constitutionally committed to the ideal of individual liberty and freedom of choice. Thus, "[i]t is cardinal with us that the custody, care and nurture of the child reside first in the parents, whose primary function and freedom include preparation for obligations the state can neither supply nor hinder." Prince v. Massachusetts, supra, at 166 (emphasis added).

Unquestionably, there are many competing theories about the most effective way for parents to fulfill their central role in assisting their children on the way to responsible adulthood. While we do not pretend any special wisdom on this subject, we cannot ignore that central to many of these theories, and deeply rooted in our Nation's history and tradition, is the belief that the parental role implies a substantial measure of authority over one's children. Indeed, "constitutional interpretation has consistently recognized that the parents' claim to authority in their own household to direct the rearing of their children is basic in the structure of our society." Ginsberg v. New York, supra, at 639.

Properly understood, then, the tradition of parental authority is not inconsistent with our tradition of individual liberty; rather, the former is one of the basic presuppositions of the latter. Legal restrictions on minors, especially those supportive of the parental role, may be important to the child's chances for the full growth and maturity that make eventual

Page 443 U.S. 622, 639

participation in a free society meaningful and rewarding.[Footnote 17] Under the Constitution, the State can "properly conclude that parents and others, teachers for example, who have [the] primary responsibility for children's well-being are entitled to the support of laws designed to aid discharge of that responsibility." Ginsberg v. New York, 390

2786

U.S., at 639.[Footnote 18]

III

With these principles in mind, we consider the specific constitutional questions presented by these appeals. In 12S, Massachusetts has attempted to reconcile the constitutional right of a woman, in consultation with her physician, to choose to terminate her pregnancy as established by Roe v. Wade, (1973), and Doe v. Bolton, 410 U.S. 179 (1973), with the special interest of the State in encouraging an unmarried pregnant minor to seek the advice of her parents in making the important decision whether or not to bear a child. As noted above, 12S was before us in Bellotti I, 428 U.S. 132 (1976), where we remanded the case for interpretation of its provisions by the Supreme Judicial Court of Massachusetts. We previously had held in Planned Parenthood of Central Missouri v. Danforth, 428 U.S. 52 (1976), that a State could not lawfully authorize an absolute parental veto over the decision of a minor to terminate her pregnancy. Id., at 74. In

Page 443 U.S. 622, 640

Bellotti I, supra, we recognized that 12S could be read as "fundamentally different from a statute that creates a `parental veto,'" 428 U.S., at 145, thus "avoid[ing] or substantially modify[ing] the federal constitutional challenge to the statute." Id., at 148. The question before us - in light of what we have said in the prior cases - is whether 12S, as authoritatively interpreted by the Supreme Judicial Court, provides for parental notice and consent in a manner that does not unduly burden the right to seek an abortion. See id., at 147.

Appellees and intervenors contend that even as interpreted by the Supreme Judicial Court of Massachusetts 12S does unduly burden this right. They suggest, for example, that the mere requirement of parental notice constitutes such a burden. As stated in Part II above, however, parental notice and consent are qualifications that typically may be imposed by the State on a minor's right to make important decisions. As immature minors often lack the ability to make fully informed choices that take account of both immediate and long-range consequences, a State reasonably may determine that parental consultation often is desirable and in the best interest of the minor.[Footnote 19] It may further determine, as a general proposition, that such consultation is particularly desirable with respect to the abortion decision - one that for some people raises profound moral and religious concerns.[Footnote 20] As MR. JUSTICE STEWART wrote in concurrence in Planned Parenthood of Central Missouri v. Danforth, supra, at 91:

"There can be little doubt that the State furthers a constitutionally permissible end by encouraging an unmarried

Page 443 U.S. 622, 641

pregnant minor to seek the help and advice of her parents in making the very important decision whether or not to bear a child. That is a grave decision, and a girl of tender years, under emotional stress, may be ill-equipped to make it without mature advice and emotional support. It seems unlikely that she will obtain adequate counsel and support from the attending physician at an abortion clinic, where abortions for pregnant minors frequently take place." (Footnote omitted.)[Footnote 21]

Page 443 U.S. 622, 642

But we are concerned here with a constitutional right to seek an abortion. The abortion decision differs in important ways from other decisions that may be made during

minority. The need to preserve the constitutional right and the unique nature of the abortion decision, especially when made by a minor, require a State to act with particular sensitivity when it legislates to foster parental involvement in this matter.

A

The pregnant minor's options are much different from those facing a minor in other situations, such as deciding whether to marry. A minor not permitted to marry before the age of majority is required simply to postpone her decision. She and her intended spouse may preserve the opportunity for later marriage should they continue to desire it. A pregnant adolescent, however, cannot preserve for long the possibility of aborting, which effectively expires in a matter of weeks from the onset of pregnancy.

Moreover, the potentially severe detriment facing a pregnant woman, see Roe v. Wade, 410 U.S., at 153, is not mitigated by her minority. Indeed, considering her probable education, employment skills, financial resources, and emotional maturity, unwanted motherhood may be exceptionally burdensome for a minor. In addition, the fact of having a child brings with it adult legal responsibility, for parenthood, like attainment of the age of majority, is one of the traditional criteria for the termination of the legal disabilities of minority. In sum, there are few situations in which denying a minor the right to make an important decision will have consequences so grave and indelible.

Yet, an abortion may not be the best choice for the minor. The circumstances in which this issue arises will vary widely. In a given case, alternatives to abortion, such as marriage to the father of the child, arranging for its adoption, or assuming the responsibilities of motherhood with the assured support of

Page 443 U.S. 622, 643

family, may be feasible and relevant to the minor's best interests. Nonetheless, the abortion decision is one that simply cannot be postponed, or it will be made by default with far-reaching consequences.

For these reasons, as we held in Planned Parenthood of Central Missouri v. Danforth, 428 U.S., at 74, "the State may not impose a blanket provision . . . requiring the consent of a parent or person in loco parentis as a condition for abortion of an unmarried minor during the first 12 weeks of her pregnancy." Although, as stated in Part II, supra, such deference to parents may be permissible with respect to other choices facing a minor, the unique nature and consequences of the abortion decision make it inappropriate "to give a third party an absolute, and possibly arbitrary, veto over the decision of the physician and his patient to terminate the patient's pregnancy, regardless of the reason for withholding the consent." 428 U.S., at 74. We therefore conclude that if the State decides to require a pregnant minor to obtain one or both parents' consent to an abortion, it also must provide an alternative procedure[Footnote 22] whereby authorization for the abortion can be obtained.

A pregnant minor is entitled in such a proceeding to show either: (1) that she is mature enough and well enough informed to make her abortion decision, in consultation with her physician, independently of her parents' wishes;[Footnote 23] or

Page 443 U.S. 622, 644

(2) that even if she is not able to make this decision independently, the desired abortion would be in her best interests. The proceeding

in which this showing is made must assure that a resolution of the issue, and any appeals that may follow, will be completed with anonymity and sufficient expedition to provide an effective opportunity for an abortion to be obtained. In sum, the procedure must ensure that the provision requiring parental consent does not in fact amount to the "absolute, and possibly arbitrary, veto" that was found impermissible in Danforth. Ibid.

B

It is against these requirements that 12S must be tested. We observe initially that as authoritatively construed by the highest court of the State, the statute satisfies some of the concerns that require special treatment of a minor's abortion decision. It provides that if parental consent is refused, authorization may be "obtained by order of a judge of the superior court for good cause shown, after such hearing as he deems necessary." A superior court judge presiding over a 12S proceeding "must disregard all parental objections, and other considerations, which are not based exclusively on what would serve the minor's best interests."[Footnote 24] Attorney General,

Page 443 U.S. 622, 645

371 Mass., at 748, 360 N. E. 2d, at 293. The Supreme Judicial Court also stated: "Prompt resolution of a [12S] proceeding may be expected. . . . The proceeding need not be brought in the minor's name and steps may be taken, by impoundment or otherwise, to preserve confidentiality as to the minor and her parents. . . . [W]e believe that an early hearing and decision on appeal from a judgment of a Superior Court judge may also be achieved." Id., at 757-758, 360 N. E. 2d, at 298. The court added that if these expectations were not met, either the superior court, in the exercise of its rulemaking power, or the Supreme Judicial Court would be willing to eliminate any undue burdens by rule or order. Ibid.[Footnote 25]

Despite these safeguards, which avoid much of what was objectionable in the statute successfully challenged in Danforth, 12S falls short of constitutional standards in certain respects. We now consider these.

Page 443 U.S. 622, 646

(1)

Among the questions certified to the Supreme Judicial Court was whether 12S permits any minors - mature or immature - to obtain judicial consent to an abortion without any parental consultation whatsoever. See n. 9, supra. The state court answered that, in general, it does not. "[T]he consent required by [12S must] be obtained for every nonemergency abortion where the mother is less than eighteen years of age and unmarried." Attorney General, supra, at 750, 360 N. E. 2d, at 294. The text of 12S itself states an exception to this rule, making consent unnecessary from any parent who has "died or has deserted his or her family."[Footnote 26] The Supreme Judicial Court construed the statute as containing an additional exception: Consent need not be obtained "where no parent (or statutory substitute) is available." 371 Mass., at 750, 360 N. E. 2d, at 294. The court also ruled that an available parent must be given notice of any judicial proceedings brought by a minor to obtain consent for an abortion.[Footnote 27] Id., at 755-756, 360 N. E. 2d, at 297.

Page 443 U.S. 622, 647

We think that, construed in this manner, 12S would impose an undue burden upon the exercise by minors of the right to seek an abortion. As the District Court recognized,

"there are parents who would obstruct, and perhaps altogether prevent, the minor's right to go to court." Baird III, 450 F. Supp., at 1001. There is no reason to believe that this would be so in the majority of cases where consent is withheld. But many parents hold strong views on the subject of abortion, and young pregnant minors, especially those living at home, are particularly vulnerable to their parents' efforts to obstruct both an abortion and their access to court. It would be unrealistic, therefore, to assume that the mere existence of a legal right to seek relief in superior court provides an effective avenue of relief for some of those who need it the most.

We conclude, therefore, that under state regulation such as that undertaken by Massachusetts, every minor must have the opportunity - if she so desires - to go directly to a court without first consulting or notifying her parents. If she satisfies the court that she is mature and well enough informed to make intelligently the abortion decision on her own, the court must authorize her to act without parental consultation or consent. If she fails to satisfy the court that she is competent to make this decision independently, she must be permitted to show that an abortion nevertheless would be in her

Page 443 U.S. 622, 648

best interests. If the court is persuaded that it is, the court must authorize the abortion. If, however, the court is not persuaded by the minor that she is mature or that the abortion would be in her best interests, it may decline to sanction the operation.

There is, however, an important state interest in encouraging a family rather than a judicial resolution of a minor's abortion decision. Also, as we have observed above, parents naturally take an interest in the welfare of their children - an interest that is particularly strong where a normal family relationship exists and where the child is living with one or both parents. These factors properly may be taken into account by a court called upon to determine whether an abortion in fact is in a minor's best interests. If, all things considered, the court determines that an abortion is in the minor's best interests, she is entitled to court authorization without any parental involvement. On the other hand, the court may deny the abortion request of an immature minor in the absence of parental consultation if it concludes that her best interests would be served thereby, or the court may in such a case defer decision until there is parental consultation in which the court may participate. But this is the full extent to which parental involvement may be required.[Footnote 28] For the reasons stated above, the constitutional right to seek an abortion may not be unduly burdened by state-imposed conditions upon initial access to court.

(2)

Section 12S requires that both parents consent to a minor's abortion. The District Court found it to be "custom" to perform other medical and surgical procedures on minors with the consent of only one parent, and it concluded that "nothing about abortions . . . requires the minor's interest to be treated

Page 443 U.S. 622, 649

differently." Baird I, 393 F. Supp., at 852. See Baird III, supra, at 1004 n. 9.

We are not persuaded that, as a general rule, the requirement of obtaining both parents' consent unconstitutionally burdens a minor's right to seek an abortion. The abortion decision has implications far broader than those associated with most other kinds of medical

treatment. At least when the parents are together and the pregnant minor is living at home, both the father and mother have an interest - one normally supportive - in helping to determine the course that is in the best interests of a daughter. Consent and involvement by parents in important decisions by minors long have been recognized as protective of their immaturity. In the case of the abortion decision, for reasons we have stated, the focus of the parents' inquiry should be the best interests of their daughter. As every pregnant minor is entitled in the first instance to go directly to the court for a judicial determination without prior parental notice, consultation, or consent, the general rule with respect to parental consent does not unduly burden the constitutional right. Moreover, where the pregnant minor goes to her parents and consent is denied, she still must have recourse to a prompt judicial determination of her maturity or best interests.[Footnote 29]

(3)

Another of the questions certified by the District Court to the Supreme Judicial Court was the following: "If the superior court finds that the minor is capable [of making], and has, in fact, made and adhered to, an informed and reasonable decision to have an abortion, may the court refuse its consent based on a finding that a parent's, or its own, contrary decision

Page 443 U.S. 622, 650

is a better one?" Attorney General, 371 Mass., at 747 n. 5, 360 N. E. 2d, at 293 n. 5. To this the state court answered:

"[W]e do not view the judge's role as limited to a determination that the minor is capable of making, and has made, an informed and reasonable decision to have an abortion. Certainly the judge must make a determination of those circumstances, but, if the statutory role of the judge to determine the best interests of the minor is to be carried out, he must make a finding on the basis of all relevant views presented to him. We suspect that the judge will give great weight to the minor's determination, if informed and reasonable, but in circumstances where he determines that the best interests of the minor will not be served by an abortion, the judge's determination should prevail, assuming that his conclusion is supported by the evidence and adequate findings of fact." Id., at 748, 360 N. E. 2d, at 293.

The Supreme Judicial Court's statement reflects the general rule that a State may require a minor to wait until the age of majority before being permitted to exercise legal rights independently. See n. 23, supra. But we are concerned here with the exercise of a constitutional right of unique character. See supra, at 642-643. As stated above, if the minor satisfies a court that she has attained sufficient maturity to make a fully informed decision, she then is entitled to make her abortion decision independently. We therefore agree with the District Court that 12S cannot constitutionally permit judicial disregard of the abortion decision of a minor who has been determined to be mature and fully competent to assess the implications of the choice she has made.[Footnote 30]

Page 443 U.S. 622, 651

IV

Although it satisfies constitutional standards in large part, 12S falls short of them in two respects: First, it permits judicial authorization for an abortion to be withheld from a minor who is found by the superior court to be mature and fully competent to make this decision independently. Second, it requires parental

consultation or notification in every instance, without affording the pregnant minor an opportunity to receive an independent judicial determination that she is mature enough to consent or that an abortion would be in her best interests.[Footnote 31] Accordingly, we affirm the judgment of the District Court insofar as it invalidates this statute and enjoins its enforcement.[Footnote 32]

Affirmed.

FootnotesFootnote 1 The court promptly issued a restraining order which remained in effect until its decision on the merits. Subsequent stays of enforcement were issued during the complex course of this litigation, with the result that Mass. Gen. Laws Ann., ch. 112, 12S (West Supp. 1979), never has been enforced by Massachusetts.

Footnote 2 As originally enacted, 12S was designated as 12P of chapter 112. In 1977, the provision was renumbered as 12S, and the numbering of subdivisions within the section was eliminated. No changes of substance were made. We shall refer to the section as 12S throughout this opinion.

Footnote 3 The proceedings before the court and the substance of its opinion are described in detail in Bellotti v. Baird, 428 U.S. 132, 136-143 (1976).

Footnote 4 Three other minors in similar circumstances were named in the complaint, but the complaint was dismissed as to them for want of proof of standing. That decision has not been challenged on appeal.

Footnote 5 Appellants argue that these "immature" minors never were before the District Court and that the court's remedy should have been tailored to grant relief only to the class of "mature" minors. It is apparent from the District Court's opinions, however, that it considered the constitutionality of 12S as applied to all pregnant minors who might be affected by it. We accept that the rights of this entire category of minors properly were subject to adjudication.

Footnote 6 In 1978, the District Court permitted postjudgment intervention by these parties, who now appear jointly before this Court as intervenor-appellees.

Footnote 7 As their positions are closely aligned, if not identical, appellants in Nos. 78-329 and 78-330 are hereinafter referred to collectively as appellants.

Footnote 8 One member of the three-judge court dissented, arguing that the decision of the majority to allow Mary Moe to proceed in the case without notice to her parents denied them their parental rights without due process of law, and that 12S was consistent with the decisions of this Court recognizing the propriety of parental control over the conduct of children. See 393 F. Supp., at 857-865.

Footnote 9 The nine questions certified by the District Court, with footnotes omitted, are as follows: "1. What standards, if any, does the statute establish for a parent to apply when considering whether or not to grant consent? "a) Is the parent to consider `exclusively . . . what will serve the child's best interest'? "b) If the parent is not limited to considering exclusively the minor's best interests, can the parent take into consideration the `long-term consequences to the family and her parents' marriage relationship'? "c) Other? "2. What standard or standards is the superior court to apply? "a) Is the superior court to disregard all parental objections that are not based exclusively on what would serve the minor's best interests? "b) If the superior court finds that the minor is capable, and has, in fact,

made and adhered to, an informed and reasonable decision to have an abortion, may the court refuse its consent based on a finding that a parent's, or its own, contrary decision is a better one? "c) Other? "3. Does the Massachusetts law permit a minor (a) `capable of giving informed consent,' or (b) `incapable of giving informed consent,' `to obtain [a court] order without parental consultation'? "4. If the court answers any of question 3 in the affirmative, may the superior court, for good cause shown, enter an order authorizing an abortion, (a), without prior notification to the parents, and (b), without subsequent notification? "5. Will the Supreme Judicial Court prescribe a set of procedures to implement c. 112, [12S] which will expedite the application, hearing and decision phases of the superior court proceeding provided thereunder? Appeal? "6. To what degree do the standards and procedures set forth in c. 112, 12F (Stat. 1975, c. 564), authorizing minors to give consent to medical and dental care in specified circumstances, parallel the grounds and procedures for showing good cause under c. 112, [12S]? "7. May a minor, upon a showing of indigency, have court-appointed counsel? "8. Is it a defense to his criminal prosecution if a physician performs an abortion solely with the minor's own, valid, consent, that he reasonably,

Page 443 U.S. 622, 630

and in good faith, though erroneously, believed that she was eighteen or more years old or had been married? "9. Will the Court make any other comments about the statute which, in its opinion, might assist us in determining whether it infringes the United States Constitution?"

Footnote 10 Section 12S itself dispenses with the need for the consent of any parent who "has died or has deserted his or her family."

Footnote 11 The dissenting judge agreed that the State could not permit a judge to override the decision of a minor found to be mature and capable of giving informed consent to an abortion. He disagreed with the remainder of the court's conclusions: the best-interests limitation on the withholding of parental consent in the Supreme Judicial Court's opinion, he argued, must be treated as if part of the statutory language itself; and he read the evidentiary record as proving that only rarely would a pregnant minor's interests be disserved by consulting with her parents about a desired abortion. He also noted the value to a judge in a 12S proceeding of having the parents before him as a source of evidence as to the minor's maturity and what course would serve her best interests. See Baird III, 450 F. Supp., at 1006-1020.

Footnote 12 Similarly, the Court said in Planned Parenthood of Central Missouri v. Danforth, 428 U.S. 52, 74 (1976): "Constitutional rights do not mature and come into being magically only when one attains the state-defined age of majority. Minors, as well as adults, are protected by the Constitution and possess constitutional rights."

Footnote 13 As MR. JUSTICE STEWART wrote of the exercise by minors of the First Amendment rights that "secur[e] . . . the liberty of each man to

Page 443 U.S. 622, 636

decide for himself what he will read and to what he will listen," Ginsberg v. New York, 390 U.S. 629, 649 (1968) (concurring in result): "[A]t least in some precisely delineated areas, a child - like someone in a captive audience - is not possessed of that full capacity for individual choice which is the presupposition of First Amendment guarantees. It is only upon such a premise, I should suppose, that a State

may deprive children of other rights - the right to marry, for example, or the right to vote - deprivations that would be constitutionally intolerable for adults." Id., at 649-650 (footnotes omitted).

Footnote 14 In Prince an adult had permitted a child in her custody to sell religious literature on a public street in violation of a state child-labor statute. The child had been permitted to engage in this activity upon her own sincere request. 321 U.S., at 162. In upholding the adult's conviction under the statute, we found that "the interests of society to protect the welfare of children" and to give them "opportunities for growth into free and independent well-developed men and citizens," id., at 165, permitted the State to enforce its statute, which "[c]oncededly . . . would be invalid," id., at 167, if made applicable to adults.

Footnote 15 Although the State has considerable latitude in enacting laws affecting minors on the basis of their lesser capacity for mature, affirmative choice, Tinker v. Des Moines School Dist., (1969), illustrates that it may not arbitrarily deprive them of their freedom of action altogether. The Court held in Tinker that a schoolchild's First Amendment freedom of expression entitled him, contrary to school policy, to attend school wearing a black armband as a silent protest against American involvement in the hostilities in Vietnam. The Court acknowledged that the State was permitted to prohibit conduct otherwise shielded by the Constitution that "for any reason - whether it stems from time, place, or type of behavior - materially disrupts classwork or involves substantial disorder or invasion of the rights of others." Id., at 513. It upheld the First Amendment right of the schoolchildren in that case, however, not only because it found no evidence in the record that their wearing of black armbands threatened any substantial interference with the proper objectives of the school district, but also because it appeared that the challenged policy was intended primarily to stifle any debate whatsoever - even nondisruptive discussions - on important political and moral issues. See id., at 510.

Footnote 16 See, e. g., Mass. Gen. Laws Ann., ch. 207 7, 24, 25, 33, 33A (West 1958 and Supp. 1979) (parental consent required for marriage of person under 18); Mass. Gen. Laws Ann., ch. 119, 55A (West Supp. 1979) (waiver of counsel by minor in juvenile delinquency proceedings must be made through parent or guardian).

Footnote 17 See Hafen, Children's Liberation and the New Egalitarianism: Some Reservations About Abandoning Children to Their "Rights," 1976 B. Y. U. L. Rev. 605.

Footnote 18 The Court's opinions discussed in the text above - Pierce, Yoder, Prince, and Ginsberg - all have contributed to a line of decisions suggesting the existence of a constitutional parental right against undue, adverse interference by the State. See also Smith v. Organization of Foster Families, 431 U.S. 816, 842-844 (1977); Carey v. Population Services International, 431 U.S. 678, 708 (1977) (opinion of POWELL, J.); Moore v. East Cleveland, (1977) (plurality opinion); Stanley v. Illinois, 405 U.S. 645, 651 (1972); Meyer v. Nebraska, 262 U.S. 390, 399 (1923). Cf. Parham v. J. R., (1979); id., at 621 (STEWART, J., concurring in result).

Footnote 19 In Planned Parenthood of Central Missouri v. Danforth, 428 U.S., at 75, "[w]e emphasize[d] that our holding . . . [did] not suggest that every minor, regardless of age or maturity, may give effective consent for termination of her pregnancy."

Footnote 20 The expert testimony at the

hearings in the District Court uniformly was to the effect that parental involvement in a minor's abortion decision, if compassionate and supportive, was highly desirable. The findings of the court reflect this consensus. See Baird I, 393 F. Supp., at 853.

Footnote 21 MR. JUSTICE STEWART'S concurring opinion in Danforth underscored the need for parental involvement in minors' abortion decisions by describing the procedures followed at the clinic operated by the Parents Aid Society and Dr. Gerald Zupnick: "The counseling . . . occurs entirely on the day the abortion is to be performed . . . . It lasts for two hours and takes place in groups that include both minors and adults who are strangers to one another . . . . The physician takes no part in this counseling process . . . . Counseling is typically limited to a description of abortion procedures, possible complications, and birth control techniques . . . . "The abortion itself takes five to seven minutes . . . . The physician has no prior contact with the minor, and on the days that abortions are being performed at the [clinic], the physician . . . may be performing abortions on many other adults and minors . . . . On busy days patients are scheduled in separate groups, consisting usually of five patients . . . . After the abortion [the physician] spends a brief period with the minor and others in the group in the recovery room . . . ." 428 U.S., at 91-92, n. 2, quoting Brief for Appellants in Bellotti I, O. T. 1975, No. 75-73, pp. 43-44. In Roe v. Wade, 410 U.S. 113 (1973), and Doe v. Bolton, 410 U.S. 179 (1973), we emphasized the importance of the role of the attending physician. Those cases involved adult women presumably capable of selecting and obtaining a competent physician. In this case, however, we are concerned only with minors who, according to the record, may range in age from children of 12 years to 17-year-old teenagers. Even the latter are less likely than adults to know or be able to recognize ethical, qualified physicians, or to have the means to engage such professionals. Many minors who bypass their parents probably will resort to an abortion clinic, without being able to distinguish the competent and ethical from those that are incompetent or unethical.

Footnote 22 As 12S provides for involvement of the state superior court in minors' abortion decisions, we discuss the alternative procedure described in the text in terms of judicial proceedings. We do not suggest, however, that a State choosing to require parental consent could not delegate the alternative procedure to a juvenile court or an administrative agency or officer. Indeed, much can be said for employing procedures and a forum less formal than those associated with a court of general jurisdiction.

Footnote 23 The nature of both the State's interest in fostering parental authority and the problem of determining "maturity" makes clear why the State generally may resort to objective, though inevitably arbitrary, criteria such as age limits, marital status, or membership in the Armed Forces for lifting some or all of the legal disabilities of minority. Not only is it difficult to

Page 443 U.S. 622, 644

define, let alone determine, maturity, but also the fact that a minor may be very much an adult in some respects does not mean that his or her need and opportunity for growth under parental guidance and discipline have ended. As discussed in the text, however, the peculiar nature of the abortion decision requires the opportunity for case-by-case evaluations of the maturity of pregnant minors.

Footnote 24 The Supreme Judicial Court held that 12S imposed this standard on the superior

court in large part because it construed the statute as containing the same restriction on parents. See supra, at 630. The court concluded that the judge should not be entitled "to exercise his authority on a standard broader than that to which a parent must adhere." Attorney General, 371 Mass., at 748, 360 N. E. 2d, at 293. Intervenors argue that, assuming state-supported parental involvement in the minor's abortion decision is permissible, the State may not endorse

Page 443 U.S. 622, 645

the withholding of parental consent for any reason not believed to be in the minor's best interests. They agree with the District Court that, even though 12S was construed by the highest state court to impose this restriction, the statute is flawed because the restriction is not apparent on its face. Intervenors thus concur in the District Court's assumption that the statute will encourage parents to withhold consent for impermissible reasons. See Baird III, 450 F. Supp., at 1004-1005; Baird II, 428 F. Supp. 854, 855-856 (Mass. 1977). There is no basis for this assertion. As a general rule, the interpretation of a state statute by the State's highest court "is as though written into the ordinance itself," Poulos v. New Hampshire, 345 U.S. 395, 402 (1953), and we are obliged to view the restriction on the parental-consent requirement "as if [12S] had been so amended by the [Massachusetts] legislature." Winters v. New York, 333 U.S. 507, 514 (1948).

Footnote 25 Intervenors take issue with the Supreme Judicial Court's assurances that judicial proceedings will provide the necessary confidentiality, lack of procedural burden, and speed of resolution. In the absence of any evidence as to the operation of judicial proceedings under 12S - and there is none, since appellees successfully sought to enjoin Massachusetts from putting it into effect - we must assume that the Supreme Judicial Court's judgment is correct.

Footnote 26 The statute also provides that "[i]f both parents have died or have deserted their family, consent of the mother's guardian or other person having duties similar to a guardian, or any person who had assumed the care and custody of the mother is sufficient."

Footnote 27 This reading of the statute requires parental consultation and consent more strictly than appellants themselves previously believed was necessary. In their first argument before this Court, and again before the Supreme Judicial Court, appellants argued that 12S was not intended to abrogate Massachusetts' common-law "mature minor" rule as it applies to abortions. See 428 U.S., at 144. They also suggested that, under some circumstances, 12S might permit even immature minors to obtain judicial approval for an abortion without any parental consultation. See 428 U.S., at 145; Attorney General, supra, at 751, 360 N. E. 2d, at 294. The Supreme Judicial Court sketched the outlines of the mature minor rule that would apply in the absence of 12S: "The mature minor rule calls for an analysis of the nature of the operation, its likely benefit, and the capacity of the particular minor to understand fully what the medical procedure involves. . . . Judicial intervention is not required. If

Page 443 U.S. 622, 647

judicial approval is obtained, however, the doctor is protected from a subsequent claim that the circumstances did not warrant his reliance on the mature minor rule, and, of course, the minor patient is afforded advance protection against a misapplication of the rule." Id., at 752, 360 N. E. 2d, at 295. "We conclude that, apart from statutory limitations which are

constitutional, where the best interests of a minor will be served by not notifying his or her parents of intended medical treatment and where the minor is capable of giving informed consent to that treatment, the mature minor rule applies in this Commonwealth." Id., at 754, 360 N. E. 2d, at 296. The Supreme Judicial Court held that the common-law mature minor rule was inapplicable to abortions because it had been legislatively superseded by 12S.

Footnote 28 Of course, if the minor consults with her parents voluntarily and they withhold consent, she is free to seek judicial authorization for the abortion immediately.

Footnote 29 There will be cases where the pregnant minor has received approval of the abortion decision by one parent. In that event, the parent can support the daughter's request for a prompt judicial determination, and the parent's support should be given great, if not dispositive, weight.

Footnote 30 Appellees and intervenors have argued that 12S violates the Equal Protection Clause of the Fourteenth Amendment. As we have concluded that the statute is constitutionally infirm for other reasons, there is no need to consider this question.

Footnote 31 Section 12S evidently applies to all nonemergency abortions performed on minors, without regard to the period in pregnancy during which the procedure occurs. As the court below recognized, most abortions are performed during the early stages of pregnancy, before the end of the first trimester. See Baird III, 450 F. Supp., at 1001; Baird I, 393 F. Supp., at 853. This coincides approximately with the pre-viability period during which a pregnant woman's right to decide, in consultation with her physician, to have an abortion is most immune to state intervention. See Roe v. Wade, 410 U.S., at 164-165. The propriety of parental involvement in a minor's abortion decision does not diminish as the pregnancy progresses and legitimate concerns for the pregnant minor's health increase. Furthermore, the opportunity for direct access to court which we have described is adequate to safeguard throughout pregnancy the constitutionally protected interests of a minor in the abortion decision. Thus, although a significant number of abortions within the scope of 12S might be performed during the later stages of pregnancy, we do not believe a different analysis of the statute is required for them.

Footnote 32 The opinion of MR. JUSTICE STEVENS, concurring in the judgment, joined by three Members of the Court, characterizes this opinion as "advisory"

Page 443 U.S. 622, 652

and the questions it addresses as "hypothetical." Apparently, this is criticism of our attempt to provide some guidance as to how a State constitutionally may provide for adult involvement - either by parents or a state official such as a judge - in the abortion decisions of minors. In view of the importance of the issue raised, and the protracted litigation to which these parties already have been subjected, we think it would be irresponsible simply to invalidate 12S without stating our views as to the controlling principles. The statute before us today is the same one that was here in Bellotti I. The issues it presents were not then deemed "hypothetical." In a unanimous opinion, we remanded the case with directions that appropriate questions be certified to the Supreme Judicial Court of Massachusetts "concerning the meaning of [12S] and the procedure it imposes." 428 U.S., at 151. We directed that this be done because, as stated in the opinion, we thought the construction of 12S urged by appellants would

"avoid or substantially modify the federal constitutional challenge to the statute." Id., at 148. The central feature of 12S was its provision that a state-court judge could make the ultimate decision, when necessary, as to the exercise by a minor of the right to an abortion. See id., at 145. We held that this "would be fundamentally different from a statute that creates a `parental veto' [of the kind rejected in Danforth.]" Ibid. (footnote omitted). Thus, all Members of the Court agreed that providing for decisionmaking authority in a judge was not the kind of veto power held invalid in Danforth. The basic issues that were before us in Bellotti I remain in the case, sharpened by the construction of 12S by the Supreme Judicial Court.

MR. JUSTICE REHNQUIST, concurring.

I join the opinion of MR. JUSTICE POWELL and the judgment of the Court. At such time as this Court is willing to

Page 443 U.S. 622, 652

reconsider its earlier decision in Planned Parenthood of Central Missouri v. Danforth, (1976), in which I joined the opinion of MR. JUSTICE WHITE, dissenting in part, I shall be more than willing to participate in that task. But unless and until that time comes, literally thousands of judges cannot be left with nothing more than the guidance offered by a truly fragmented holding of this Court.

MR. JUSTICE STEVENS, with whom MR. JUSTICE BRENNAN, MR. JUSTICE MARSHALL, and MR. JUSTICE BLACKMUN join, concurring in the judgment.

In Roe v. Wade, 410 U.S. 113, the Court held that a woman's right to decide whether to terminate a pregnancy is

Page 443 U.S. 622, 653

entitled to constitutional protection. In Planned Parenthood of Central Missouri v. Danforth, 428 U.S. 52, 72-75, the Court held that a pregnant minor's right to make the abortion decision may not be conditioned on the consent of one parent. I am persuaded that these decisions require affirmance of the District Court's holding that the Massachusetts statute is unconstitutional.

The Massachusetts statute is, on its face, simple and straightforward. It provides that every woman under 18 who has not married must secure the consent of both her parents before receiving an abortion. "If one or both of the mother's parents refuse such consent, consent may be obtained by order of a judge of the superior court for good cause shown." Mass. Gen. Laws Ann., ch. 112, 12S (West Supp. 1979).

Whatever confusion or uncertainty might have existed as to how this statute was to operate, see Bellotti v. Baird, , has been eliminated by the authoritative construction of its provisions by the Massachusetts Supreme Judicial Court. See Baird v. Attorney General, 371 Mass. 741, 360 N. E. 2d 288 (1977). The statute was construed to require that every minor who wishes an abortion must first seek the consent of both parents, unless a parent is not available or unless the need for the abortion constitutes "`an emergency requiring immediate action.'" Id., at 750, 360 N. E. 2d, at 294. Both parents, so long as they are available, must also receive notice of judicial proceedings brought under the statute by the minor. In those proceedings, the task of the judge is to determine whether the best interests of the minor will be served by an abortion. The decision is his to make, even if he finds "that the minor is capable of making, and has made, an informed and reasonable

decision to have an abortion." Id., at 748, 360 N. E. 2d, at 293. Thus, no minor in Massachusetts, no matter how mature and capable of informed decisionmaking, may receive an abortion without the consent

Page 443 U.S. 622, 654

of either both her parents or a superior court judge. In every instance, the minor's decision to secure an abortion is subject to an absolute third-party veto.1

In Planned Parenthood of Central Missouri v. Danforth, supra, this Court invalidated statutory provisions requiring the consent of the husband of a married woman and of one parent of a pregnant minor to an abortion. As to the spousal consent, the Court concluded that "we cannot hold that the State has the constitutional authority to give the spouse unilaterally the ability to prohibit the wife from terminating her pregnancy, when the State itself lacks that right." 428 U.S., at 70. And as to the parental consent, the Court held that "[j]ust as with the requirement of consent from the spouse, so here, the State does not have the constitutional authority to give a third party an absolute, and possibly arbitrary, veto over the decision of the physician and his patient to terminate the patient's pregnancy, regardless of the reason for withholding the consent." Id., at 74. These holdings, I think, equally apply to the Massachusetts statute. The differences between the two statutes are few. Unlike the Missouri statute, Massachusetts requires the consent of both of the woman's parents. It does, of course, provide an alternative in the form of a suit initiated by the woman in superior court. But in that proceeding, the judge is afforded an absolute veto over the minor's decisions, based on his judgment of her best interests. In Massachusetts, then, as in Missouri, the State has imposed an "absolute limitation on the minor's right to obtain an abortion." id., at 90 (STEWART, J., concurring), applicable to every pregnant minor in the State who has not married.

Page 443 U.S. 622, 655

The provision of an absolute veto to a judge - or, potentially, to an appointed administrator2 - is to me particularly troubling. The constitutional right to make the abortion decision affords protection to both of the privacy interests recognized in this Court's cases: "One is the individual interest in avoiding disclosure of personal matters, and another is the interest in independence in making certain kinds of important decisions." Whalen v. Roe, 429 U.S. 589, 599-600 (footnotes omitted). It is inherent in the right to make the abortion decision that the right may be exercised without public scrutiny and in defiance of the contrary opinion of the sovereign or other third parties. In Massachusetts, however, every minor who cannot secure the consent of both her parents - which under Danforth cannot be an absolute prerequisite to an abortion - is required to secure the consent of the sovereign. As a practical matter, I would suppose that the need to commence judicial proceedings in order to obtain a legal abortion would impose a burden at least as great as, and probably greater than, that imposed on the minor child by the need to obtain the consent of a parent.3 Moreover, once this burden is met, the only standard provided for the judge's decision is the best interest of the minor. That standard provides little real guidance to the judge, and his decision must necessarily reflect personal and societal values and mores whose enforcement upon the minor - particularly when contrary to her own informed and reasonable decision - is fundamentally at odds

Page 443 U.S. 622, 656

with privacy interests underlying the constitutional protection afforded to her decision.

In short, it seems to me that this litigation is governed by Danforth; to the extent this statute differs from that in Danforth, it is potentially even more restrictive of the constitutional right to decide whether or not to terminate a pregnancy. Because the statute has been once authoritatively construed by the Massachusetts Supreme Judicial Court, and because it is clear that the statute as written and construed is not constitutional, I agree with MR. JUSTICE POWELL that the District Court's judgment should be affirmed. Because his opinion goes further, however, and addresses the constitutionality of an abortion statute that Massachusetts has not enacted, I decline to join his opinion.4

[Footnote 1] By affording such a veto, the Massachusetts statute does far more than simply provide for notice to the parents. See post, at 657 (WHITE, J., dissenting). Neither Danforth nor this case determines the constitutionality of a statute which does no more than require notice to the parents, without affording them or any other third party an absolute veto.

[Footnote 2] See ante, at 643 n. 22.

[Footnote 3] A minor may secure the assistance of counsel in filing and prosecuting her suit, but that is not guaranteed. The Massachusetts Supreme Judicial Court in response to the question whether a minor, upon a showing of indigency, may have court-appointed counsel, "construe[d] the statutes of the Commonwealth to authorize the appointment of counsel or a guardian ad litem for an indigent minor at public expense, if necessary, if the judge, in his discretion, concludes that the best interests of the minor would be served by such an appointment." Baird v. Attorney General, 371 Mass. 741, 764, 360 N. E. 2d 288, 301 (1977) (emphasis added).

[Footnote 4] Until and unless Massachusetts or another State enacts a less restrictive statutory scheme, this Court has no occasion to render an advisory opinion on the constitutionality of such a scheme. A real statute - rather than a mere outline of a possible statute - and a real case or controversy may well present questions that appear quite different from the hypothetical questions MR. JUSTICE POWELL has elected to address. Indeed, there is a certain irony in his suggestion that a statute that is intended to vindicate "the special interest of the State in encouraging an unmarried pregnant minor to seek the advice of her parents in making the important decision whether or not to bear a child," see ante, at 639, need not require notice to the parents of the minor's intended decision. That irony makes me wonder whether any legislature concerned with parental consultation would, in the absence of today's advisory opinion, have enacted a statute comparable to the one my Brethren have discussed.

MR. JUSTICE WHITE, dissenting.

I was in dissent in Planned Parenthood of Central Missouri v. Danforth, 428 U.S. 52, 94-95 (1976), on the issue of the validity of requiring the consent of a parent when an unmarried woman under 18 years of age seeks an abortion. I continue to have the views I expressed there and also agree with much of what MR. JUSTICE STEVENS said in dissent in that

Page 443 U.S. 622, 657

case. Id., at 101-105. I would not, therefore, strike down this Massachusetts law.

But even if a parental consent requirement of the kind involved in Danforth must be deemed invalid, that does not condemn the Massachusetts law, which, when the parents object, authorizes a judge to permit an abortion if he concludes that an abortion is in the best interests of the child. Going beyond Danforth, the Court now holds it unconstitutional for a State to require that in all cases parents receive notice that their daughter seeks an abortion and, if they object to the abortion, an opportunity to participate in a hearing that will determine whether it is in the "best interests" of the child to undergo the surgery. Until now, I would have thought inconceivable a holding that the United States Constitution forbids even notice to parents when their minor child who seeks surgery objects to such notice and is able to convince a judge that the parents should be denied participation in the decision.

With all due respect, I dissent.

Page 443 U.S. 622, 658

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THE SUPREME COURT OF THE STATE OF ALASKA

STATE OF ALASKA,	)
	) Supreme Court Nos. S- 11365/11386
Appellant/	)
Cross-Appellee,	) Superior Court No.
	) 3AN-97-06014 CI
v.	)
	) O P I N I O N
PLANNED PARENTHOOD OF	)
ALASKA and JAN WHITEFIELD,	) No. 6184 November 2, 2007
M.D.,	)
	)
Appellees/	)
Cross-Appellants.	)
	)

Appeal from the Superior Court of the State of Alaska, Third Judicial District, Anchorage, Sen K. Tan, Judge.

Appearances: Kevin G. Clarkson, Brena, Bell & Clarkson, P.C., Anchorage, for Appellant and Cross-Appellee. Janet Crepps, Center for

Reproductive Rights, Simpsonville, South Carolina, and Suzanne Novak, Center for Reproductive Rights, New York, New York, for Appellees and Cross-Appellants, and Jeffrey M. Feldman, Feldman & Orlansky, Anchorage, for Appellees and Cross-Appellants, and Cooperating Attorney for the Alaska Civil Liberties Union. Paul Benjamin Linton, Northbrook, Illinois, and Robert Flint, Hartig, Rhodes, Hoge & Lekisch, Anchorage, for Amicus Curiae Alaska State Legislature. Kenneth C. Kirk, Kenneth Kirk & Associates, Anchorage, for Amicus Curiae Family Research Council. Wayne Anthony Ross, Ross & Miner, Anchorage, for Amicus Curiae Americans United for Life. Geoffrey G. Currall, Keene & Currall, Ketchikan, for Amicus Curiae Liberty Legal Institute. Sara Trent, Anchorage, Cooperating Attorney for the Alaska Civil Liberties Union, and Kent A. Yalowitz, Arnold & Porter LLP, New York, New York, for Amicus Curiae Alaska Chapter of the American Academy of Pediatrics. Erica A. Green and Deborah Kovsky-Apap, Wilmer Cutler Pickering Hale & Dorr LLP, Washington, D.C., and Christine Schleuss, Friedman Rubin & White, Anchorage, for Amici Curiae American College of Obstetricians and Gynecologists, Society of Adolescent Medicine, and Physicians for Reproductive Choice and Health. Janell Hafner, Reges & Boone, LLC, Juneau, and Stacey I. Young, Womens Law Project, Pittsburgh, Pennsylvania, for Amici Curiae National Association of Social Workers Alaska Chapter, Alaska Womens Lobby, Alaska Pro-Choice Coalition, National Center for Youth Law, Juvenile Law Center, and Janes Due Process. Debra J. Brandwein, Foster Pepper Rubini & Reeves LLC, Anchorage, for Amicus Curiae Northwest Womens Law Center.

Before: Bryner, Chief Justice, Matthews, Eastaugh, Fabe, and Carpeneti, Justices.

FABE, Justice.
CARPENETI, Justice, with whom Matthews, Justice, joins, dissenting.

I. INTRODUCTION

From time to time, we are called upon to decide constitutional cases that touch upon the most contentious moral, ethical, and political issues of our day. In deciding such cases, we are ever mindful of the unique role we play in our democratic system of government. We are not legislators, policy makers, or pundits charged with making law or assessing the wisdom of legislative enactments. We are not philosophers, ethicists, or theologians, and cannot aspire to answer fundamental moral questions or resolve societal debates.1 We are focused only on upholding the constitution and laws of the State of Alaska.

Today, we are once again called upon to decide a case that implicates the controversial issue of abortion; more specifically, we are called upon to decide whether the Parental Consent Act impermissibly infringes upon a minors fundamental right to privacy when deciding whether to terminate a pregnancy.

We decide today that the State has an undeniably compelling interest in protecting the health of minors and in fostering family involvement in a minors decisions regarding her pregnancy.

And contrary to the arguments of Planned Parenthood, we determine that the constitution permits a statutory scheme which ensures that parents are notified so that they can be engaged in their daughters important decisions in these matters. But we ultimately conclude that the Act does not strike the proper constitutional balance between the States compelling interests and a minors fundamental right to privacy.

This is the second time that this case has been before us, and we earlier held that the privacy clause of the Alaska Constitution extends to minors as well as adults and that the State may restrict a minors privacy right only when necessary to further a compelling state interest and only if no less restrictive means exist to advance that interest.2 The States asserted interest in protecting a minor from her own immaturity by encouraging parental involvement in her decision-making process is undoubtedly compelling. But by prohibiting a minor from obtaining an abortion without parental consent, the Act effectively shifts that minors fundamental right to choose if and when to have a child from the minor to her parents. There exists a less burdensome and widely used means of actively involving parents in their minor childrens abortion decisions: parental notification.3 The United States Supreme Court has recognized, in a different context, that notice statutes are not equivalent to consent statutes because they do not give anyone a veto power over a minors abortion decision.4 And many states currently employ this less restrictive approach. Because the State has failed to establish that the greater intrusiveness of a statutory scheme that requires parental consent, rather than parental notification, is necessary to achieve its compelling interests, the Parental Consent Act does not represent the least restrictive means of achieving the States interests and therefore cannot be sustained.

II. FACTS AND PROCEEDINGS

In 1997 the Alaska Legislature passed the Alaska Parental Consent Act (PCA).5 The PCA prohibits doctors from performing an abortion on an unmarried, unemancipated woman under 17 years of age without parental consent or judicial authorization.6 The Act subjects doctors who knowingly perform abortions on minors without the required consent or judicial authorization to criminal prosecution.7 The parental consent requirement can be met through written consent from a parent, guardian, or custodian of the minor.8 The Act also includes a judicial bypass procedure whereby a minor may file a complaint in superior court and obtain judicial authorization to terminate a pregnancy if she can establish by clear and convincing evidence either that she is sufficiently mature and well enough informed to decide intelligently whether to have an abortion or that being required to obtain parental consent would not be in her best interests.9 If the court fails to hold a hearing within five business days after the complaint is filed, the courts inaction is considered a constructive order authorizing the minor to consent to terminate the pregnancy.10

On July 25, 1997, Planned Parenthood, Drs. Jan Whitefield and Robert Klem, and ten unidentified Jane Does filed a complaint in superior court seeking declaratory and injunctive relief. The complaint alleged that the PCA violates state constitutional rights to privacy, equal protection, and due process. On January 7, 1998, the plaintiffs filed a motion for summary judgment. The superior court granted that motion, concluding that the PCA violates the equal protection clause of the Alaska Constitution. The superior court also concluded that the privacy clause of the Alaska Constitution protects minors as

well as adults. However, in light of its equal protection ruling, the superior court did not decide whether the PCA violates the Alaska Constitutions privacy clause.

The State appealed, and on November 16, 2001, we issued our decision in Planned Parenthood I.11 In that case, we concluded that the privacy clause of the Alaska Constitution extends to minors as well as adults and that the State may constrain a pregnant minors privacy right only when necessary to further a compelling state interest and only if no less restrictive means exist to advance that interest.12 We also reversed the grant of summary judgment and remanded the case for an evidentiary hearing to determine whether the PCA actually furthers compelling state interests using the least restrictive means available.13

On October 4, 2002, prior to the evidentiary hearing on remand, the plaintiffs again moved for summary judgment, this time arguing that the PCA violates the constitution by failing to exclude abortions performed in medical emergencies. On January 2, 2003, the superior court denied the motion for summary judgment.

From January 6 to January 24, 2003, the superior court held a bench trial to hear evidence regarding the constitutionality of the PCA. On October 13, 2003, the superior court issued a decision on remand holding that the PCA is unconstitutional because it fails to further compelling state interests using the least restrictive means available. On January 7, 2004, the superior court entered judgment declaring that the PCA was unconstitutional under the equal protection and privacy clauses of the Alaska Constitution and enjoining the State from enforcing the Act.

The State now appeals the superior courts judgment. The plaintiffs cross-appeal the superior courts denial of their motion seeking summary judgment based on the absence of a medical emergency exception.

III. STANDARD OF REVIEW

We review the superior courts factual determinations for clear error.14 We review constitutional questions de novo, adopting the most persuasive rule of law in light of precedent, reason, and policy.15 We uphold a statute against a facial constitutional challenge if despite any occasional problems it might create in its application to specific cases, [the statute] has a plainly legitimate sweep.16

IV. DISCUSSION

Under our case law, we begin our analysis in cases such as the one at hand by measuring the weight and depth of the individual right at stake so as to determine the proper level of scrutiny with which to review the challenged legislation.17 If this individual right proves to be fundamental, we must then review the challenged legislation strictly, allowing the law to survive only if the State can establish that it advances a compelling state interest using the least restrictive means available.18 In cases involving the right to privacy, the precise degree to which the challenged legislation must actually further a compelling state interest and represent the least restrictive alternative is determined, at least in part, by the relative weight of the competing rights and interests.19 As we have previously explained, the rights to privacy and liberty are neither absolute nor comprehensive . . . [and] their limits depend on a balance of interests.20

A. The Individual Right at Stake Is Fundamental.

The plaintiffs assert that the PCA burdens minors fundamental right to privacy under article I, section 22 of the Alaska Constitution.21 This section of the constitution maintains that [t]he right of the people to privacy is recognized and shall not be infringed. As we have previously explained, the primary

purpose of this section is to protect Alaskans personal privacy and dignity against unwarranted intrusions by the State.22 Because this right to privacy is explicit, its protections are necessarily more robust and broader in scope than those of the implied federal right to privacy.23

Included within the broad scope of the Alaska Constitutions privacy clause is the fundamental right to reproductive choice. As we have stated in the past, few things are more personal than a womans control of her body, including the choice of whether and when to have children, and that choice is therefore necessarily protected by the right to privacy.24 Of course, our original decision concerning the fundamental right to reproductive choice specifically addressed only the privacy interests of adult women, but because the uniquely personal physical, psychological, and economic implications of the abortion decision . . . are in no way peculiar to adult women,25 its reasoning was and continues to be as applicable to minors as it is to adults.26 Thus, in Planned Parenthood I, we explicitly extended the fundamental reproductive rights guaranteed by the privacy clause to minors.27

In the case at hand, the PCA requires minors to secure either the consent of their parent or judicial authorization before they may exercise their uniquely personal reproductive freedoms. This requirement no doubt places a burden on minors fundamental right to privacy. As such, the PCA must be subjected to strict scrutiny and can only survive review if it advances a compelling state interest using the least restrictive means of achieving that interest.28

B. The States Asserted Interests Are Compelling.

The State asserts that the PCA works, on the most generalized level, to advance two interrelated interests: protecting minors from their own immaturity and aiding parents in fulfilling their parental responsibilities.29 We agree with the State that these are compelling interests.

Although the Alaska Constitution extends the right to privacy in equal measure to both minors and adults, it is not blind to the unique vulnerabilities and needs that accompany minority. As we noted in Planned Parenthood I, state interests that are inapplicable to adults may sometimes be compelling with regard to minors.30 And this is certainly the case with regard to the States asserted interest in protecting minors from their own immaturity. Lacking in experience, perspective, and judgment, minors often do not possess the capacity to make informed, mature decisions, and are therefore susceptible to a host of pitfalls and dangers unknown in adult life.31 As we have recognized in the past, the State has a special, indeed compelling, interest in the health, safety, and welfare of its minor citizens and may properly take affirmative steps to safeguard minors from their own immaturity.32

Insofar as and to the same extent that the State has an interest in protecting minors, so too does it have an interest in aiding parents to fulfill their parental responsibilities. A minor child is not [a] mere creature of the state,33 and the affirmative process of teaching, guiding, and inspiring34 a minor child is, in large part, beyond the competence of impersonal political institutions.35 Parents, therefore, have an important guiding role to play in the upbringing of their children.36 Indeed, it is the right and duty, privilege and burden, of all parents to involve themselves in their childrens lives; to provide their children with emotional, physical, and material support; and to instill in their children moral standards, religious beliefs, and elements of good citizenship.37 We thus echo the United States Supreme Courts statement that, [u]nder the Constitution, the State can properly conclude that parents . . . who have [the] primary responsibility for childrens well-being

are entitled to the support of laws designed to aid [in the] discharge of that responsibility. 38

C. The PCA Is Not the Least Restrictive Means of Achieving the States Compelling Interests.

Having identified and weighed the rights and interests at stake, we now turn to the task of assessing whether the PCA advances the States compelling interests using the least restrictive means available.

We recognize that the legislature has made a serious effort to narrowly tailor the scope of the PCA by exempting seventeen-year-olds and other categories of pregnant minors from the Acts ban. It is true that the PCA is less restrictive than many other state statutes in terms of the scope of its coverage. But scope is only one of the important criteria that determine the extent to which a parental involvement law restricts minors privacy rights. The method by which the statute involves parents is also central to determining whether the Acts provisions constitute the least restrictive means of pursuing the States ends.

By prohibiting minors from terminating a pregnancy without the consent of their parents, the PCA bestows upon parents what has been described as a veto power over their minor childrens abortion decisions.39 This veto power does not merely restrict minors right to choose whether and when to have children, but effectively shifts a portion of that right from minors to parents. In practice, under the PCA, it is no longer the pregnant minor who ultimately chooses to exercise her right to terminate her pregnancy, but that minors parents. And it is this shifting of the locus of choice this relocation of a fundamental right from minors to parents that is constitutionally suspect. For a review of statutory schemes enacted around the nation reveals a widely used legislative alternative that does not shift a minors right to choose: parental notification.

Currently, fifteen states have parental notification statutes in place.40 Although the precise details of these statutes vary, they all prohibit minors from terminating a pregnancy until their parents have been notified and afforded an appropriate period of time to actively involve themselves in their minor childrens decision-making processes.41 Stated another way, these statutes seek to involve parents, not by giving them veto power, but by giving them notice and time to consult with and guide their daughters through this important decision. As such, although parental notification statutes undoubtedly burden the privacy rights of minors, they do not go so far as to shift a portion of those rights to parents.

Of course, as the dissent emphasizes, the PCA does include a judicial bypass procedure through which some minors may effectively regain the right to reproductive choice by obtaining judicial authorization to forgo parental consent.42 The State argues that judicial bypass is the means by which a girl can relieve herself of the burden of parental consent. (Emphasis in original.) But the State and its supporting amici fail to effectively rebut the trial courts express findings to the contrary. According to the superior courts findings, the PCAs bypass procedures build in delay that may prove detrimental to the physical health of the minor, particularly for minors in rural Alaska who already face logistical obstacles to obtaining an abortion. The trial court found that judicial bypass procedures will increase these problems, delay the abortion, and increase the probability that the minor may not be able to receive a safe and legal abortion. The State has not expressly challenged as clearly erroneous the superior courts findings on this point but dismisses these concerns, arguing that [r]ural

Alaskan girls will pursue bypass on the same trip to the same urban location where they must go to obtain their procedures. But not all minors possess the wherewithal to embark upon a formal legal adjudication during a time of crisis.

Moreover, the inclusion of this judicial bypass procedure does not reduce the restrictiveness of the PCA relative to a parental notification statute. Every state to enact a parental notification regime has opted to include either a judicial bypass procedure similar to the PCAs procedure or an even more permissive bypass procedure.43 As such, the PCAs inclusion of a judicial bypass procedure does not set the PCA apart from or reduce its intrusiveness relative to parental notification statutes.

Ultimately, because the PCA shifts the right to reproductive choice to minors parents, we must conclude that the PCA is, all else being held equal, more restrictive than a parental notification statute. The State has failed to establish that the greater intrusiveness of consent statutes is in any way necessary to advance its compelling interests. In fact, in its briefing before us, the State has not focused on the PCAs benefits as flowing directly from the parental veto power; instead, it has consistently suggested that the PCAs benefits flow from increased parental communication and involvement in the decision-making process. According to the State, the PCA protects minors from their own immaturity by increasing adult supervision; it protects the physical, emotional, and psychological health of minors, [p]articularly in the post-abortion context, [by increasing] parental participation . . . for the purposes of monitoring . . . risks; it ensures that minors give informed consent to the abortion procedure by making it more likely that they will receive counsel that a doctor cannot give, advice, adapted to her unique family situation, that covers the moral, social and religious aspects of the abortion decision; it protects minors from sexual abuse since once appr[]ised of a young girls pregnancy, parents . . . will ask who impregnated her and will report any sexual abuse; and it strengthens the parent-child relationship by increas[ing] parental involvement, parental consultation, and open and honest communication.

These expressed legislative goals increased parental communication, involvement, and protection are no less likely to accompany parental notification than the parental veto power. The dissent suggests that where a minor forgoes judicial bypass, parental consent guarantees a conversation. But it guarantees no more than a one-way conversation and allows parents to refuse to consent not only where their judgment is better informed and considered than that of their daughter, but also where it is colored by personal religious belief, whim, or even hostility to her best interests.44

Notification statutes protect minors by enhancing the potential for parental consultation concerning a [minors] decision.45 In fact, to the extent that parents who do not possess a veto power over their minor childrens abortion decision have a greater incentive to engage in a constructive and ongoing conversation with their minor children about the important medical, philosophical, and moral issues surrounding abortion, a notification requirement may actually better serve the States compelling interests.

In sum then, the PCA does not represent the least restrictive means of achieving the States asserted interests and therefore cannot be sustained. In reaching this decision, we go no further than the Alaska Constitution demands, and merely reaffirm that the State does not strike the proper constitutional balance between its own compelling interests and the fundamental rights of its citizens by adopting an unnecessarily restrictive

statute.

V. CONCLUSION

For the reasons detailed above, we AFFIRM the superior courts decision striking down the Parental Consent Act as a violation of the Alaska Constitutions right to privacy.

CARPENETI, Justice, with whom MATTHEWS, Justice, joins, dissenting.

In 1997, faced with competing interests of the highest constitutional level an underage pregnant girls constitutional right to privacy in deciding whether to terminate her pregnancy, her parents constitutional right (and duty) to protect her best interests, and the states compelling interests in protecting children against their own immaturity the Alaska Legislature carefully crafted the Alaska Parental Consent Act in an effort to recognize and protect all of these interests. That law is fully consistent with United States Supreme Court precedent, yet todays opinion strikes it down. Because this courts rejection of the legislatures thoughtful balance is inconsistent with our own case law and unnecessarily dismissive of the legislatures role in expressing the will of the people, I respectfully dissent.

I. The Constitutional Framework

Before looking at the Parental Consent Act in detail to determine how it balances the strong competing interests involved, it is helpful to consider the analytical framework used by courts in deciding constitutional challenges of the kind involved in this case. In a series of cases, we have established a three-step process. We have first looked to the nature and extent of the individual right that is claimed. If we determine that the right is fundamental, we then examine whether the states interest in burdening the individual right is compelling. If the states interest is compelling, we look to make certain that there is a sufficiently close fit between the goals of the legislation and the means adopted by the state to reach those goals.

The individual right claimed in this case is the fundamental right of an unmarried pregnant minor to privacy in her decision whether to terminate her pregnancy. The compelling interest claimed by the state is multi-faceted, including protecting minors from their own immaturity (by recognizing the parents right (and duty) to guide their childrens upbringing) and protecting the health of minors. If both the individual right is fundamental and the states interest is compelling, the court must decide whether the law is tailored closely enough to achieve its intended purpose.

II. The Alaska Parental Consent Act

The hallmark of the Alaska Parental Consent Act (PCA or the Act) is the remarkable length to which the legislature went in order to accommodate all of the various, and at times competing, interests that are involved when an unmarried teenage (or pre-teen) girl is faced with pregnancy.1 In recognition of the primary role that parents are normally expected to play in the upbringing of their children, and in recognition of the fact that children are generally not considered competent to consent to medical procedures, the Act requires the consent of a parent in order for the child to undergo an abortion.2 In recognition of the fact that divulging her pregnancy to her parents may in some instances be unnecessary or inappropriate because the minor is sufficiently mature and intelligent to decide the question on her own or because her parent or parents have engaged in physical, sexual, or emotional abuse against her (or because obtaining their consent is otherwise not in the childs best interests) the Act provides for a confidential and speedy judicial bypass procedure in which a judge decides whether the minor is competent to decide for herself.3

The legislature engrafted multiple exceptions to the scope of the Act in an effort to create a law that was

specifically targeted, to the greatest extent possible, at the population of underage pregnant girls who would be in greatest need of adult guidance in reaching the decision whether to terminate pregnancy. First, the legislature exempted from the scope of the Act all seventeen-year-old girls.4 The importance of this exemption can hardly be overstated. Studies consistently show that nearly half of all underage abortions are obtained by girls who have reached the age of seventeen.5 Moreover, only one state consent law exempts seventeen-year-olds from its scope,6 and only one state notification law does so.7 This exception also identifies the population of teenage girls most likely competent, by virtue of maturity and experience, to make the decision regarding abortion without adult assistance, and allows them to do so.

Second, the legislature exempted from the scope of the Act four additional classes of minors. Each exemption shows that the legislature was attempting to shape a law that would be applied only to those pregnant girls who would most be in need of adult help. Accordingly, the law does not apply to married minors,8 to minors who have been legally emancipated,9 to minors who have entered the armed services of the United States,10 and to minors who have become employed and self-subsisting.11

Third, in an apparent effort to make certain that the Act would not have coverage over any other underage pregnant girls who were capable of making the decision on their own, the legislature included a catch-all exception to the Act: any who had otherwise become independent from the care and control of [her] parent, guardian, or custodian.12

The legislature next created a judicial bypass procedure to cover those cases of underage pregnancy not covered by these exceptions. The judicial bypass procedure is designed to be confidential, speedy, cost-free to the child, and easy to use. The court system is directed to prepare forms for use by the child13 without charge14 and have them available at every court location in the state: superior court, district court, and magistrate.15 Counsel shall immediately be made available without charge to any minor who seeks judicial bypass16 and the forms shall contain this notification.17 There are no filing fees to be charged18 and no court costs assessed19 against the child.

The proceedings surrounding judicial bypass are strictly confidential: Courts are instructed to conduct all proceedings so as to preserve the anonymity of the child.20 Moreover, the Act specifically directs the court that it may not notify the parents, guardian, or custodian of the child that she is pregnant or seeks an abortion.21 All papers and records pertaining to the matter shall be kept confidential and are not public records under Alaska law.22

In deference to the need for speedy resolution of the consent question in cases where an abortion is sought, the Act provides for extremely short timelines. The court is directed to set the hearing at the earliest possible time and in any event not more than five business days after the complaint is filed.23 The court is directed to enter judgment immediately after the hearing is ended.24 If the hearing is not held by the fifth day after the case is filed, that failure will be considered to be a constructive authorization by the court for the child to consent to an abortion.25 Similarly short deadlines apply to an appeal.26

As to the substance of the inquiry that the judge must make, it is straightforward and simple: The court determines whether the child is sufficiently mature and informed to make the decision to have an abortion.27 (In those cases where the minor has alleged abuse by her parent or guardian, the court determines whether such abuse has occurred.28) If the child is sufficiently

mature to make the decision (or if abuse has occurred and an abortion is in the minors best interest), the court authorizes her to consent to an abortion; if she is not sufficiently mature to decide on her own or if there has not been abuse, the case is dismissed.29

In sum, the Alaska Parental Consent Act appears to be the product of a concerted effort to make certain that those pregnant girls who are sufficiently mature to make the decision to obtain an abortion on their own are allowed to do so while those who are not sufficiently mature either obtain a parents consent or, in the case of parental abuse, a judicial determination that the procedure is in their best interest.

III. Analysis

Application of the three-part test for constitutionality (set out above in the discussion of the constitutional framework) has tended in this case to focus on the third part of the test: whether the means chosen by the legislature are sufficiently narrowly tailored to the goals of the legislation. I agree that this inquiry is the most difficult in this case. But I also believe that failure to focus carefully on the nature of the interests involved can lead to a failure to assess correctly the success of the legislatures effort to tailor the legislation to meet its goals. For this reason, I turn now to each step of the test for constitutionality.

A. The Individual Right To Exercise Autonomy in the Control of Ones Body, and in the Choice to Bear a Child Is Fundamental.

The individual right involved in this case is the right to privacy. While that right is often associated with the maintenance of secrecy or confidentiality with regard to ones affairs (and that is present to some extent in this case), the gravamen of the individuals concerns in this case is the right to exercise autonomy in the control of ones body. In Valley Hospital Association v. Mat-Su Coalition for Choice,30 we relied on the need for a woman to have control of her body, and the choice whether or when to bear children,31 in determining that reproductive rights are fundamental, and that they are encompassed within the right to privacy.32

But it is important to remember that Valley Hospital concerned the rights of adult women. Todays opinion relies on the courts statement in its earlier decision in this case that minors and adults start from the same constitutional footing,33 but it does not meet the promise of that earlier opinion fully to take into account the fact that the persons to whom the statute in this case is directed are children. In holding that [c]onstitutional rights do not mature and come into being magically only when one attains the state-defined age of majority,34 the courts earlier opinion in this case hastened to add:

> Of course this does not mean that evidence of the peculiar vulnerability of children [and] their inability to make critical decisions in an informed, mature manner has no place in determining whether the parental consent or judicial authorization act is constitutional. To the contrary, we have long emphasized the states special interest in protecting the health and welfare of children.[35]

The opinion then explained how this peculiar vulnerability of children was to be taken into account in the constitutional

analysis: [A] statutes relationship to minors properly is employed in the constitutional calculus in determining whether an asserted state purpose or interest is compelling. 36 Indeed, in support of its conclusion that minors enjoy a constitutional right to privacy similar to that of adults, this court quoted Justice Marshalls dissent in H.L. v. Matheson37 that, rather than saying the minors privacy right is somehow less fundamental than an adults, the more sensible view is that state interests inapplicable to adults may justify burdening the minors right.38 But when the court looks to the states and parents interests in this case, it treats them in conclusory fashion. A fuller exposition is warranted.

B. The States Interests To Protect Children from Their Own Immaturity and To Protect Parents Rights and Duties To Raise Their Children Are Compelling.

Despite the promise of Planned Parenthood I to take into account the fact that children are involved during step two of the constitutional analysis the step that asks whether an asserted state purpose or interest is compelling the court today quickly passes over this step.

The courts cursory discussion of the nature of the states compelling interests at stake in this case is inconsistent with our case law on the right to privacy; moreover, it deprives the courts later means-to-ends analysis of any context. Let us consider each of these failings in turn.

In Sampson v. State,39 a privacy-based challenge to Alaska law precluding physician-assisted suicide, we set out the importance of carefully examining the nature of the competing interests involved. In upholding the ban on physician-assisted suicide, we said:

> This court has often emphasized the importance of personal autonomy under our constitution. Yet we have also recognized that the rights to privacy and liberty are neither absolute nor comprehensive that their limits depend on a balance of interests. The nature of the balance varies with the importance of the rights actually infringed.[40]

Because the nature of the balance varies with the importance of the rights involved and because in the context of the case before us now pregnant children who are considering abortion there are important rights on both sides of the equation, including the rights of parents to guide their children, it is particularly important that the court look closely at the nature of the states interests in the legislation.

The courts failure to look closely at the nature of the states and parents interests leaves its constitutional balance one-sided. Because the court has not fully and accurately set out the nature of societys compelling interest in the protection of children and of parents right and duty to raise their children, it is impossible to accurately gauge how close the law comes to meeting its objectives. As a detailed look at the states interest shows, it is multi-faceted and is served in many ways by Alaskas Parental Consent Law. It consists of at least two41 separate aspects.

First, society has longstanding and pervasive interests in protecting children from their own immaturity. The United States Supreme Court has repeatedly recognized societys interest in protecting children from their own immaturity. In Hodgson v. Minnesota,42 the Court held: The State has a strong and legitimate interest in the welfare of its young citizens, whose

immaturity, inexperience, and lack of judgment may sometimes impair their ability to exercise their rights wisely.43 The Court noted that [t]hat interest, which justifies state-imposed requirements that a minor obtain his or her parents consent before undergoing an operation, marrying, or entering military service, extends also to the minors decision to terminate her pregnancy.44 In Stanford v. Kentucky,45 Justice Brennan noted:

> [M]inors are treated differently from adults in our laws, which reflects the simple truth derived from communal experience that juveniles as a class have not the level of maturation and responsibility that we presume in adults and consider desirable for full participation in the rights and duties of modern life.
>
> . . . Adolescents are more vulnerable, more impulsive, and less self-disciplined than adults, and are without the same capacity to control their conduct and to think in long-range terms.[46]

State courts too have long recognized that children require protection from their own immaturity. Pennsylvania, for example, has noted that the states strong interest in protecting younger minors from the sexual aggressiveness of minors over sixteen is based on the immaturity and poor judgment of younger minors.47 Similarly, Florida upheld a law prohibiting consensual sexual contact between minors sixteen and older and those under thirteen because the state had a compelling interest in protecting twelve-year-olds from older teenagers and from their own immaturity in choosing to participate in harmful activity.48

As Justice Matthews set out in his dissent in our earlier consideration of this case, Planned Parenthood I:

> Childrens freedoms have long been constrained in ways that would not be permissible for adults. Constraints on children are imposed in order to protect them, and sometimes society as a whole, from the consequences of their immaturity. Thus children may not exercise the fundamental right to vote. They generally may not make contracts or smoke cigarettes or drink alcoholic beverages or consent to sexual intercourse. Without a parents consent they may not become licensed drivers or get married or obtain general medical or dental treatment. Alaskas parental consent/judicial bypass act is in the tradition of these constraints on childrens freedoms. . . . The act is designed to ensure that each child makes a decision that is best for her.[49]

The notion that parental consent laws further the state interest of protecting minors from their immaturity is neither novel nor surprising. As a matter of law society demands much of parents; it is expected that they will assist their children in making proper decisions until those children reach adulthood.

Parents of teenagers and younger children are familiar with the ubiquitous permission slips which must be signed before their children may go on a school field trip; and parental permission is routinely required before minors may join a sports team, before an under-seventeen minor may view an R-rated movie, and before a minor may even lift weights at the local gym.50 Parental involvement in the everyday decisions of their children enables parents to continue to help their children develop, even as the children grow older and more independent. The rights and obligations of parents to remain involved is intricately bound up with the rights of children to receive guidance and to be protected from their own immaturity. Courts have long recognized these interests: [T]he custody, care and nurture of the child reside first in the parents, whose primary function and freedom include preparation for obligations the state can neither supply nor hinder.51

For an immature pregnant minor, parental involvement is at least as important in the difficult decision concerning abortion as it is in the permission slip activities mentioned in the last paragraph. In Ohio v. Akron Center for Reproductive Health (Akron II),52 a case concerning a parental notification requirement, the United States Supreme Court held that the requirement furthered the states interest in helping minors to make more mature decisions.53 Some minors may hesitate to seek parental advice if not required to by law because they are young and afraid. In those cases where a pregnant minor has been abused or fears an improper parental response, the PCA carves out a judicial bypass procedure whereby the minor may avoid all parental notification. However, it is improper for this court to assume that harmful parental responses will be a likely or typical response for the minors compelled to seek parental consent under the PCA. As Justice Kennedy noted in Akron II, [i]t is both rational and fair for the State to conclude that, in most instances, the family will strive to give a lonely or even terrified minor advice that is both compassionate and mature.54 Indeed, to prohibit states from ensuring that in most cases young women receive guidance from a parent when making this decision would deny all dignity to the family.55 Similarly, Justice Stevens noted that it is reasonable for a state legislature to conclude that most parents will be primarily interested in the welfare of their children, making the imposition of a consent requirement an appropriate method of giving the parents an opportunity to foster that welfare by helping a pregnant distressed child to make and implement a correct decision.56 Because pregnant minors in Alaska will normally benefit from the involvement of a parent in one of the most critical decisions they can ever make, the PCA furthers the state interests of protecting minors from their immaturity and preserving the rights of parents to raise their children.

The PCA seeks to protect a second compelling interest in abortion cases involving children. In addition to societys interest in protecting children from their own immaturity, we have long held that parents have a fundamental right in the raising of their children. In S.O. v. W.S.,57 we noted that when the state seeks to terminate the parent-child relationship, the result may be the involuntary deprivation of the fundamental natural right of parents to nurture and direct the destiny of their children.58 S.O. relied on and quoted Turner v. Pannick,59 in which Justice Dimond, in commenting on this fundamental right of parents to nurture and direct the upbringing of their children, stated: This is a truth which one discovers by reason, and has the status of knowledge rather than mere opinion.60 He noted that [the family] forms the basic unit of our society and is one of the oldest institutions known to mankind.61

In sum, the norm in American, and Alaskan, life and law is that parents are a childs first and most important resource for assistance in decision-making. For that reason, the states interest in protecting children from the consequences of their own immaturity, and in so doing protecting the health of its children, and its interest in supporting parents right and duty to guide the upbringing of their children is particularly compelling.

C. The Fit Between the States Interests and the Means Adopted To Reach Them Are Sufficiently Close To Pass Constitutional Muster.

We now reach the third part of the constitutional analysis. In order to survive constitutional scrutiny, the PCA must be narrowly tailored in meeting the states interests. Because the childs privacy interests are fundamental, there must be no less restrictive alternative available to the state.62 As the following shows, the PCA is narrowly tailored to its goals. In addition, the alternatives discussed by the superior court and todays opinion are either more restrictive than the PCA or ineffective at meeting the states interests, or both.

1. The PCA is narrowly tailored.

Before embarking on this analysis, however, it is important to address the majoritys assertion that the PCA bestows upon parents what has been described as a veto power over their minor childrens abortion decisions.63 Indeed, the claim that the PCA gives parents a veto power runs throughout todays Opinion,64 and this supposed veto power may fairly be seen as the fundamental weakness of the PCA in the courts view. But the claim is false as it applies to minors who are sufficiently mature to make the decision, and it relies on quctation of the United States Supreme Court taken out of context. The claim is false because a pregnant minor faced with the abortion decision may decide to obtain an abortion without parental consent by using the judicial bypass procedure.65 The quotation is taken out of context because the case it comes from, Ohio v. Akron Center for Reproductive Health, restated the Supreme Courts clearly established precedent that, in order to prevent another person from having an absolute veto power over a minors decision to have an abortion, a State must provide some sort of bypass procedure if it elects to require parental consent.66 Thus, todays Opinions repeated assertions that the PCA gives parents a veto power over their childs abortion decision is simply not true as applied to children who are sufficiently mature to make the decision. And its implication that the United States Supreme Court would regard the PCA as giving parents a veto power is equally wrong: Because the PCA does provide a bypass procedure,

> the Act in the language of the Supreme Court prevent[s] the parent from holding veto power.

The Parental Consent Act is very narrowly drawn to achieve its compelling state interests. To begin, as noted above, the PCA excludes all seventeen-year-olds.67 We have seen that the exclusion of seventeen-year-olds is particularly noteworthy because almost half of minor abortions are performed on seventeen-year-old minors,68 and thus by excluding seventeen-year-olds the legislature almost halved the pool to which the PCA applies. We have also seen that this narrowing of the minors covered by the Act is not arbitrary, but instead is tailored to eliminate those least likely to need the legislation: the most mature of the pregnant minors.

The use of age as a proxy for maturity is fundamental to our legal system and social culture. As the Supreme Court recently noted in Roper v. Simmons,69 the difference in maturity levels between adults and children is evidenced by both common sense and science:

> [A]s any parent knows and as the scientific and sociological studies . . . tend to confirm, a lack of maturity and an underdeveloped sense of responsibility are found in youth more often than in adults and are more understandable among the young. These qualities often result in impetuous and ill-considered actions and decisions. . . . Even the normal 16-year-old customarily lacks the maturity of an adult. . . . [A]dolescents are overrepresented statistically in virtually every category of reckless behavior. In recognition of the comparative immaturity and irresponsibility of juveniles, almost every State prohibits those under 18 years of age from voting, serving on juries, or marrying without parental consent.[70]

Age distinctions are not made with an expectation that they perfectly track maturity.71 All minors under age eighteen are prohibited from voting not because it is unfathomable that a seventeen-year-old is capable of responsibly exercising the right to vote, nor is the prohibition based upon the assumption that all adults vote responsibly. Rather, the legal system accepts lack of perfection in meeting the states interests in order to create a feasible, more convenient, and less intrusive system of governance. As Justice Holmes noted in Louisville Gas & Electric Co. v. Coleman:

> When a legal distinction is determined, as no one doubts that it may be, between night and day, childhood and maturity, or any other extremes, a point has to be fixed or a line has to be drawn, or gradually picked out by successive decisions, to mark where the change takes place. Looked at by itself without regard to the necessity behind it the line or point seems arbitrary. It might as well or nearly as well be a little more to one side or the other. But when it is seen that a line or point there must be, and that there is no mathematical or logical way of fixing it precisely, the decision of the Legislature must be accepted unless we can say that it is very wide of any reasonable mark.[72]

The Alaska Court of Appeals similarly noted in Allam v. State73 that [s]tatutes [that set the age for possession of tobacco, possession of alcohol, age of consent for sexual intercourse, etc.,] and the social policy decisions that underlie them, are within the province of the legislature. There is no legal requirement that the same age of majority apply to all activities and circumstances.74 By exempting seventeen-year-olds from the PCA, the legislature appropriately tailored the legislation to affect the less mature population of pregnant minors.

Significantly, this narrowing of the PCA based on age also makes it less restrictive than every other parental consent

law but one[75] and less restrictive than all but one of the notification laws in effect in other states because all the rest apply to seventeen-year-olds,[76] as discussed in more detail below.

As noted, the legislature further tailored the PCA by excluding four additional categories of minors: legally emancipated minors,[77] married minors,[78] minors living independently,[79] and minors who are members of the armed services.[80] These are hallmarks of maturity in our society. By excluding identifiably mature minors age sixteen and under, the legislature went a long way towards assuring that the legislation would not be over-inclusive. Furthermore, in these respects the PCA is less restrictive than every other states notification laws that do not contain these exceptions.[81]

The final narrowing of the PCA is derived from the judicial bypass procedure. Although neither the superior court nor this courts majority analyze the bypass procedure under the least restrictive means test, the judicial bypass significantly narrows the effect of the law because it provides a way for mature minors who are not otherwise statutorily exempted to obtain an abortion without parental consent. As Justice Matthews recognized in Planned Parenthood I, the judicial bypass procedure satisfies all the criteria established by the United States Supreme Court in Bellotti v. Baird.[82] Indeed, the judicial bypass process was meticulously crafted with the minors need for confidentiality and an expedited decision incorporated into the system. The PCA errs on the side of granting the judicial bypass whenever delay is threatened: If the superior court fails to provide a hearing within five business days of a minor filing the petition, the delay operates as an automatic finding in the minors favor, resulting in a constructive waiver of the consent requirement. Similarly, if the minor loses in the superior court and the hearing on appeal is delayed more than five days after the docketing of the appeal, a constructive order must issue authorizing the minor to undergo the abortion.[83]

2. The PCA is the least restrictive means to achieve the states compelling interests.

The PCA not only furthers a compelling state interest in a manner narrowly tailored and in compliance with the federal constitution, but it is also the least restrictive means of doing so. The least restrictive means test is properly a difficult burden for the state to meet, as it protects fundamental rights against unnecessary state intrusion. However, it is not an impossible standard for the state to meet. A mere showing that the state might have taken less restrictive action, say, by enacting a notification statute instead, is not sufficient to defeat legislation absent a determination that the less restrictive action would effectively achieve the states compelling interests. Indeed, the least restrictive action that a state may take in every case is not to legislate at all.

In Treacy v. Municipality of Anchorage,[84] in upholding the constitutionality of an Anchorage curfew law imposed on minors under age eighteen, we found proposed less restrictive alternatives to be unavailing because they were not effective in meeting the municipalitys compelling interests.[85] Alternatives to the PCA which are less restrictive are therefore not bars to the constitutionality of the legislation unless such alternatives are effective in meeting the states compelling interests.

Todays opinion repeatedly proffers the alternative of parental notification rather than parental consent, (an approach followed by only fifteen state legislatures[86] in comparison to the twenty-six state legislatures[87] that have adopted consent statutes[88]).

But every one of these parental notification statutes that lacks exceptions for seventeen-year-olds and other mature

minors is more restrictive than Alaskas PCA.89 More importantly, such parental notification statutes fail to achieve the same goals as consent laws, as discussed below.

The majority enthusiastically adopts the notion that a notice statute is less restrictive than the PCA because it does not give parents a veto power. But as shown above, the PCA does not create a veto power because it includes a judicial bypass provision. Moreover, the United States Supreme Court has upheld a parental consent statute containing a judicial bypass procedure but fewer statutory exceptions than those included in Alaskas PCA.90 Indeed, as Justice Matthews noted in Planned Parenthood I, [c]urrently it appears that all members of the United States Supreme Court believe that a judicial authorization procedure that meets the conditions of the second Bellotti case as the PCA does is constitutional.91 In Akron II, which todays opinion cites to support its conclusion that notice statutes are less restrictive than consent statutes, the Court limited its distinction between consent and notification statutes to the central requirement that in order to prevent another person from having an absolute veto power over a minors decision to have an abortion, a State must provide some sort of bypass procedure if it elects to require parental consent.92 The PCA provides such a procedure: judicial bypass.

Indeed, notification laws may present the worst case scenario by posing all the risks of privacy infringements of a consent/bypass statute with fewer of its mitigating effects. What could be further from the productive and supportive conversation that a consent statute aims to produce than the cold reality of parents receiving (perhaps after the abortion) a note in the mail informing them of their daughters pregnancy and decision to abort? It is certainly reasonable for a legislature to conclude that consent statutes are more likely to foster actual conversations and parental involvement rather than the one-way, limited flow of information called for in notification statutes. Thus, the existence of notification statutes in a minority of states should not lead to invalidation of Alaskas consent statute unless it is clear that a notification statute would further the states compelling interests.

3. The legislature could reasonably conclude that parental notification statues are not effective in protecting a pregnant girl against her own immaturity or in protecting her parents right and duty to aid in her upbringing.

Despite todays Opinions rosy assertion that all [notification statutes] prohibit minors from terminating a pregnancy until their parents have been notified and afforded an appropriate period of time to actively involve themselves in their minor childrens decision-making processes,93 it is truly questionable whether many notification statutes accomplish anything in the way of meaningful parental notification. Many do not even require that a parent be notified.

Thus, Delaware, identified by the majority opinion as a notification state, allows notification of a licensed mental health professional to substitute for parental notification.94 Maryland, ostensibly another notification state, allows the physician performing the abortion to dispense with notification to the childs parent if in the physicians judgment the child is mature and capable of giving informed consent or if notification would not be in her best interests.95 West Virginia, another notification state, allows the physician performing the abortion to dispense with notification if another doctor finds the child mature enough to make the decision for herself or that notification would not be in her best interests.96 In all states the waiting period is so short that in many instances it will be largely meaningless.97 Can it really be said that a requirement

that written notification be sent to a childs parent, along with the presumption that notice is effective upon mailing and no waiting period (e.g., Maryland98) or a twenty-four hour waiting period (e.g., West Virginia with actual notice99) or even a forty-eight hour waiting period (e.g., West Virginia with constructive notice100), would in any way further the states interest in protecting the child against her immaturity and lack of judgment or protect the parents role in helping to raise their child? It often will be, in truth, little more than a note sent into the night.

The court asserts that the states compelling interests (it refers to them only as legislative goals) are no less likely to accompany parental notification than parental veto power. 101 Of course, as we have seen, there is no veto power in the PCA. But more importantly, only wishful thinking supports that conclusion. How can a statute that does not even require that parents be notified as in Delaware, which allows notification of a mental health professional enhance the potential for parental consultation? Or a statute that deems notice to be effective upon mailing and requires no waiting period or only a twenty-four hour waiting period? The court optimistically talks of giving [parents] notice and time to consult with and guide their daughters through this important decision,102 but this is not what notification statutes do. The longest waiting period in any current notification statute measured from the time of mailing of the notice is seventy-two hours.103 Most are substantially shorter.104 Under these circumstances, to conclude, as todays Opinion does, that a notification statute provides a better chance than a consent statute that parents will engage in a constructive and ongoing conversation with their minor children about the important medical, philosophical, and moral issues surrounding abortion105 is truly wishful thinking. At least under a consent statute, where the child opts not to seek judicial bypass, there must be a conversation. Under a notification statute, where the child opts not to seek judicial bypass, there is only a mailing. There is little reason to believe that notification statutes are effective in protecting minors from their own immaturity or effective in protecting parents rights (and duties) to help their children negotiate the difficult path to adulthood.

We should heed our admonition in Treacy: In analyzing the argument that a legislative solution is not the least restrictive one, courts must take care to require the challenger to demonstrate that the supposedly less restrictive alternative is actually effective in protecting the states (and parents) compelling interests. The court today fails to show that a notification statute will achieve the States compelling interests. This is because, as we have seen, notification laws are ineffective in so many ways in protecting children from their immaturity and in protecting parents rights and obligations to guide their childrens upbringing. And todays opinion declines even to say whether a parental notification approach would be constitutional.

IV. Conclusion

The Alaska Legislature carefully balanced the constitutional right of an underage pregnant girl to privacy and the states compelling interests in protecting children against their own immaturity and protecting parents constitutional right (and duty) to guide their children to maturity. Because the PCA is the least restrictive alternative which will effectively advance the states compelling interests while protecting the childs constitutional right, we should hold that the superior court erred in invalidating it. I respectfully dissent.

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1 State, Dept of Health & Soc. Servs. v. Planned

Parenthood of Alaska, 28 P.3d 904, 906 (Alaska 2001) (noting that we do not decide philosophical questions about abortion which we, as a court of law, cannot aspire to answer).

2 State v. Planned Parenthood of Alaska, 35 P.3d 30, 41 (Alaska 2001) (Planned Parenthood I).

3 Ohio v. Akron Ctr. for Reproductive Health, 497 U.S. 502, 511 (1990) (citing H.L. v. Matheson, 450 U.S. 398, 411 n.17 (1981)).

4 Id.

5 Ch.14, 1-10, SLA 1997.

6 AS 18.16.010(a)(3); AS 18.16.020.

7 AS 18.16.010(c). The Act provides the doctor with an affirmative defense to prosecution and civil liability where compliance with the Act was not possible because an immediate threat of serious risk to the life or physical health of the pregnant minor from the continuation of the pregnancy created a medical emergency necessitating the immediate performance or inducement of an abortion. AS 18.16.010(g). We note that the superior court interpreted this statutory language as broad enough to contain[] an appropriate medical emergency exception.

8 AS 18.16.020(1).

9 AS 18.16.030.

10 AS 18.16.030(c). Similar time limits apply to this courts consideration of a minors appeal from a denied petition. AS 18.16.030(j).

11 35 P.3d 30 (Alaska 2001).

12 Id. at 41.

13 Id. at 46.

14 Grimm v. Wagoner, 77 P.3d 423, 427 (Alaska 2003).

15 Treacy v. Municipality of Anchorage, 91 P.3d 252, 260 (Alaska 2004).

16 Id. at 260 n.14.

17 Ravin v. State, 537 P.2d 494, 497 (Alaska 1975).

18 Planned Parenthood I, 35 P.3d at 41.

19 Cf. Sampson v. State, 31 P.3d 88, 91 (Alaska 2001).

20 Id.

21 Because we conclude that the PCA violates the right to privacy under the Alaska Constitution, we need not address the plaintiffs arguments that the Act also violates the equal protection clause or that the superior court erred in interpreting the Act to include a medical emergency exception.

22 Luedtke v. Nabors Alaska Drilling Inc., 768 P.2d 1123, 1129 (Alaska 1989) (quoting Woods & Rhode, Inc. v. State, Dept of Labor, 565 P.2d 138, 148 (Alaska 1977)).

23 See Ravin, 537 P.2d at 514-15 (Boochever, J., concurring) (reasoning that [s]ince the citizens of Alaska . . . enacted an amendment to the Alaska Constitution expressly providing for a right to privacy not found in the United States Constitution, it can only be concluded that that right is broader in scope than that of the Federal Constitution).

24 Valley Hosp. Assn v. Mat-Su Coalition for Choice, 948 P.2d 963, 968 (Alaska 1997) (internal quotations omitted).

25 Planned Parenthood I, 35 P.3d at 40 (internal quotations omitted).

26 Id. (noting that [d]eciding whether to terminate a pregnancy is at least as difficult, and the consequences of such decisions are at least as profound, for minors as for adults).

27 Id.

28 The dissent appears to liken a minors decision of whether to terminate a pregnancy to decisions about attending school field trips, joining sports teams, viewing R-rated movies, and lifting weights at the gym. But this analogy overlooks the fundamental autonomy at stake in an adolescents control over her own body. And in other important ways, a minors decision to terminate a pregnancy is wholly unlike these decisions the immediacy of the need to address the situation, coupled with the lasting and profound consequences of the decision, make it utterly unlike the day-to-day decisions mentioned by the dissent.

29 More specifically, the State asserts that the PCA aims to (1) ensure that minors make an informed decision on whether to terminate a pregnancy; (2) protect minors from their own immaturity; (3) protect minors physical and psychological health; (4) protect minors from sexual abuse; and (5) strengthen the parent-child relationship.

30 35 P.3d at 41 (quoting Am. Acad. of Pediatrics v. Lungren, 940 P.2d 797, 819 (Cal. 1997)) (stating that a statutes relationship to minors properly is employed in the constitutional calculus in determining whether an asserted state purpose or interest is compelling).

31 Bellotti v. Baird, 443 U.S. 622, 635 (1979).

32 See, e.g., Planned Parenthood I, 35 P.3d at 40 (noting that we have long emphasized the States special interest in protecting the health and welfare of children).

33 Bellotti, 443 U.S. at 637 (quoting Pierce v. Socy of Sisters, 268 U.S. 510, 535 (1925)).

34 Id. at 638.

35 Id.

36 H.L. v. Matheson, 450 U.S. 398, 410 (1981).

37 Wisconsin v. Yoder, 406 U.S. 205, 233 (1972).

38 Bellotti, 443 U.S. at 639 (quoting Ginsberg v. New York, 390 U.S. 629, 639 (1968)).

39 Ohio v. Akron Ctr. for Reproductive Health, 497 U.S.

502, 511 (1990) (citing Matheson, 450 U.S. at 511 n.17).

40 Colo. Rev. Stat. Ann. 12-37.5-101 to 107; Del. Code Ann. tit. 24, 1780-1789(B); Fla. Stat. 390.01114; Ga. Code Ann. 15-11-110 to 114; Ill. Comp. Stat. 70/1-99; Iowa Code 135L.3; Kan. Stat. Ann. 65-6701 to 6709; Md. Code Ann., Health-Gen. 20-103; Minn. Stat. 144.343; Mont. Code Ann. 50-20-201 to 215; Neb. Rev. Stat. 71-6901 to 6908; Nev. Rev. Stat. 442.255; NJ Stat. Ann. 9:17A-1.1 to 1.12; S.D. Codified Laws 34-23A-7; W. Va. Code 16-2F-1 to 9.

41 See, e.g., Ga. Code Ann. 15-11-112(a) (prohibiting physicians from performing an abortion on a minor unless the physicians give either 24 hours actual notice, in person or by telephone, to a parent or guardian or twenty-four hours written notice, which is deemed delivered forty-eight hours after mailing); Iowa Code 135L.3(1) (prohibiting physicians from performing an abortion on a minor until at least forty-eight hours prior notification is provided to a parent of the pregnant minor).

42 AS 18.16.030(e)(f) provides that a minor may bypass the PCAs parental consent requirement if a court determines by clear and convincing evidence that she is sufficiently mature and well enough informed to decide whether to have an abortion or that parental consent would not be in her best interests.

43 See, e.g., Md. Code Ann., Health-Gen. 20-103(c)(1) (providing that a physician may perform an abortion without notice to a parent or guardian if, in the professional judgment of the physician[,] . . . [n]otification would not be in the best interest of the minor); W. Va. Code 16-2F-3(c) (providing that parental notification may be waived by a physician, other than the physician who is to perform the abortion, if such other physician finds that the minor is mature enough to make the abortion decision independently or that notification would not be in the minors best interest).

44 State v. Koome, 530 P.2d 260, 265 (Wash. 1975) (holding that parental consent statute violates state constitutional right to privacy); see also Am. Acad. of Pediatrics v. Lundgren, 940 P.2d 797, 816 (Cal. 1997) (holding that parental consent law intrude[s] upon a pregnant minors protected privacy interest under the California Constitution).

45 Matheson, 450 U.S. at 412; see also Planned Parenthood Assn of the Atlanta Area, Inc. v. Miller, 934 F.2d 1462, 1472-74 (11th Cir. 1991) (holding that Georgias notification statute furthered the states interest in protecting immature minors and promoting parental input).

1 In drafting the Alaska Parental Consent Act, the legislature appears to have tracked carefully the requirements for parental consent and parental notification laws set out by the United States Supreme Court in City of Akron v. Akron Ctr. for Reproductive Health, Inc., 462 U.S. 416 (1983); Bellotti v. Baird, 443 U.S. 622 (1979); H. L. v. Matheson, 450 U.S. 398 (1981); Planned Parenthood Assn. of Kansas City, Mo., Inc. v. Ashcroft, 462 U.S. 476 (1983); Planned Parenthood of Cent. Mo. v. Danforth, 428 U.S. 52 (1976), partially overruled on other grounds by Planned Parenthood of Se. Pa. v. Casey, 505 U.S. 833 (1992).

2 AS 18.16.020(1).

3 AS 18.16.020(2). In the event that the court fails to act, such failure will be considered to be judicial authorization for the abortion. AS 18.16.020(3).

4 AS 18.16.020.

5 Stanley K. Henshaw & Kathryn Kost, Parental Involvement in Minors Abortion Decisions, 24 Family Planning Perspectives, Sept/Oct. 1992 at Table 1. See also Letter from Susan K. Steeg, General Counsel, Texas Department of Health (May 26, 2004) (stating that of the 3654 minor women who obtained an abortion in Texas in 2002, 1694 or forty-six percent of them were age seventeen); Aida Torres, Jacqueline Darroch Forrest & Susan Eisman, Telling Parents: Clinic Policies and Adolescents Use of Family Planning and Abortion Services, 12 Family Planning Perspectives, Nov/Dec 1980, 284, 287 (forty-four percent of the 1170 unmarried minor abortion patients surveyed were seventeen years old).

6 S.C. Code Ann. 44-41-10(m) (2006).

7 Del. Code Ann. tit. 24 1782(6) (2007).

8 AS 18.16.020.

9 Id. and AS 18.16.090(2)(C).

10 AS 18.16.020, .090(2)(A).

11 AS 18.16.020, .090(2)(B).

12 AS 18.16.020, .090(2)(D).

13 AS 18.16.030(l).

14 Id.

15 AS 18.16.030(n).

16 AS 18.16.030(d). The only exception is that if the child already has counsel. Id.

17 AS 18.16.030(n)(3).

18 AS 18.16.030(n)(1).

19 AS 18.16.030(n)(2).

20 AS 18.16.030(k).

21 AS 18.16.030(h).

22 AS 18.16.030(k).

23 AS 18.16.030(c).

24 Id.

25 Id.

26 AS 18.16.030(j). See also Alaska R. App. P. 220.

27 AS 18.16.030(e).

28 AS 18.16.030(f).

29 AS 18.16.030(e), (f).

30 948 P.2d 963 (Alaska 1997).

31 Id. at 968.

32 Id. at 969.

33 Opinion at 7; State v. Planned Parenthood of Alaska, 35 P.3d 30, 41 (Alaska 2001) (Planned Parenthood I).

34 35 P.3d at 40 (quoting Planned Parenthood of Cent. Mo. v Danforth, 428 U.S. 52, 74 (1976)).

35 35 P.3d at 40 (footnote omitted).

36 Id. at 41 (quoting American Acad. of Pediatrics v. Lungren, 940 P.2d 797, 819 (Cal. 1997)).

37 450 U.S. 398 (1981).

38 Id. at 441 n.32.

39 31 P.3d 88 (Alaska 2001).

40 31 P.3d at 91 (footnotes omitted).

41 The superior court actually identified six compelling state interests in its opinion. They were as follows: (1) State has a compelling interest in protecting minors from their own immaturity. (2) State has a compelling interest in protecting the physical, emotional, and psychological health of minors. (3) State has a compelling interest in ensuring that doctors obtain informed consent from their minor patients contemplating pregnancy related decisions. (4) State has a compelling interest in protecting minors from sexual abuse . . . . (5) The court finds that the state does have many interests, some of them compelling, in fostering and protecting the family structure . . . . (6) This court finds that protecting rights to a civil action is a compelling state interest.

42 497 U.S. 417 (1990).

43 Id. at 444.

44 Id. at 444-45. See also Planned Parenthood Assn of Kansas City, Mo., Inc. v. Ashcroft, 462 U.S. 476, 490-91 (1983) (A States interest in protecting immature minors will sustain a requirement of a consent substitute, either parental or judicial.); Parham v. J. R., 442 U.S. 584, 603 (1979) (Most children, even in adolescence, simply are not able to make sound judgments concerning many decisions, including their need for medical care or treatment. Parents can and must make those judgments.); Planned Parenthood of Cent. Mo. v. Danforth, 428 U.S. 52, 102-04 (1976) (Stevens, J., concurring and dissenting) (minors may not make enforceable bargains, work, or travel where they please, attend exhibitions of constitutionally-protected adult motion pictures, marry, etc.); Gallegos v. Colorado, 370 U.S. 49, 54 (1962) (holding that fourteen-year-olds criminal confession made without advice of adult violated due process because of childs inherent lack of maturity).

45 492 U.S. 361 (1989), overruled by Roper v. Simmons, 543 U.S. 551 (2005).

46 Id. at 395 (Brennan, J., dissenting) (quoting Twentieth Century Fund Task Force on Sentencing Policy Toward Young Offenders, Confronting Youth Crime 7 (1978)).

47 Commonwealth v. Albert, 758 A.2d 1149, 1154 (Pa. 2000).

48 J.A.S. v. State, 705 So. 2d 1381, 1386 (Fla. 1998). See also In re E.G., 549 N.E.2d 322, 327 (Ill. 1989) (holding that court should distinguish mature minors from immature minors for purpose of determining right to refuse medical treatment because the State has a parens patriae power to protect those incompetent to protect themselves).

49 35 P.3d at 46-47.

50 Todays Opinion mistakenly asserts that the dissent appears to liken a minors decision of whether to terminate a pregnancy to decisions about attending school field trips, joining sports teams, viewing R-rated movies, and lifting weights at the gym and argues that the decision to terminate a pregnancy is wholly unlike these decisions. (Opinion 10, n.28) The Opinion misses the point entirely: Of course permission-slip decisions do not have the lasting and profound consequences (Opinion 10, n.28) of the abortion decision, and yet the law imposes the necessity of parental consent upon them. If society deems parental consent critical in such lesser matters, should not the parents play a similar role when the consequence to the child are so vastly greater? And in arguing that fundamental autonomy [is] at stake in an adolescents control over her own body, (Opinion 10, n.28) the Opinion ignores that parental consent is required for virtually every other medical procedure involving a child. See Hodgson v. Minnesota, 497 U.S. 417, 423 (1990) (recognizing the common-law requirement of parental consent for any medical procedure performed on minors.).

51 Prince v. Massachusetts, 321 U.S. 158, 166 (1944).

52 497 U.S. 502 (1990).

53 Id. at 519.

54 Id. at 520.

55 Id.

56 Planned Parenthood v. Danforth, 428 U.S. 52, 104 (1976) (Stevens, J., concurring).

57 643 P.2d 997 (Alaska 1982).

58 Id. at 1006.

59 540 P.2d 1051 (Alaska 1975).

60 Id. at 1055 (Dimond, J., concurring).

61 Id. at 1055-56.

62 Planned Parenthood I, 35 P.3d 30, 41 (Alaska 2001).

63 Opinion 12, quoting Ohio v. Akron Ctr. for Reproductive Health, 497 U.S. 502, 511 (1990).

64 See, e.g., Opinion at 4 (the Act effectively shifts that minors fundamental right to choose if and when to have a child from the minor to the parents); 4 (veto power); 12 (same); 13 (same); 15 (the PCA shifts the right to reproductive choice to minors parents); 16 (veto power).

65 See AS 18.16.030. The judge in a bypass case must decide whether the child is sufficiently mature and well enough informed to decide intelligently whether to have an abortion. If she is, the court issues an order authorizing her to consent to the procedure without the consent of a parent, guardian, or custodian. AS 18.16.030(e). (If she is not, the court dismisses the case. Id. Presumably, a child found to be insufficiently mature to make such a decision should not make it.)

66 497 U.S. at 510-11 (emphasis added). Moreover, although the reference in todays Opinion to the use of veto power in the United States Supreme Courts opinions in H.L. v. Matheson and Ohio v. Akron Center is technically accurate (in the sense that the term appears in both opinions), it is also misleading. Ohio v. Akron Center, when it referred to Matheson, simply established that notice statutes are not equivalent to consent statutes for the purpose of constitutional analysis. Neither Matheson nor Akron Center directly addressed what types of bypass procedures are capable of curing the constitutionally fatal veto power found in consent statutes without bypass procedures. Instead, both Matheson and Akron Center dealt solely with the constitutionality of parental notification statutes.

67 AS 18.16.020.

68 See supra note 5.

69 543 U.S. 551 (2005).

70 Id. at 569 (internal quotations and citations omitted).

71 Planned Parenthood of Cent. Mo. v. Danforth, 428 U.S. 52, 104-05 (1976) (Stevens, J., concurring and dissenting) (In all . . . situations [where state legislation seeks to protect minors from the consequences of decisions they are not prepared to make] chronological age has been the basis for imposition of a restraint on the minors freedom of choice even though it is perfectly obvious that such a yardstick is imprecise and perhaps even unjust in particular cases.).

72 277 U.S. 32, 41 (1928) (Holmes, J., dissenting).

73 830 P.2d 435 (Alaska App. 1992).

74 Id. at 438.

75 See S.C. Code Ann. 44-41-10(m) (also defining minors as under the age of seventeen).

76 Delaware appears to be the only exception among notification states. Del. Code Ann. tit. 24, 1782(6) (requiring notification for those under age sixteen). But cf. Kan. Stat. Ann. 65-6701(f) (2006); Md. Code Ann., Health-Gen. 20-103 (2005); Minn. Stat. 144.343 (2005); Mont. Code Ann. 50-

20-203(6) (2005); Neb. Rev. Stat. 71-6901(5) (2006); Nev. Rev. Stat. 442.255 (2005); S.D. Codified Laws 34-23A-7 (2006); Tex. Fam. Code Ann. 33.002 (2007); W. Va. Code 16-2F-2 (2007).

77 AS 18.16.020 (applying the statute only to minors known to be unmarried . . . and unemancipated). The majority opinion notes that a minor must prove by clear and convincing evidence that she is sufficiently mature in order to obtain a judicial bypass, while the standard of proof for legal emancipation is a preponderance of the evidence. Because any minor who has established legal emancipation is already exempted from the scope of the PCA, however, the PCA is not over-broad on this account. Furthermore, it is logical that a minor who cannot prove that she is globally ready to be free from parental supervision may nonetheless be mature on the specific issue of the decision to terminate her pregnancy. This discrepancy in what must be proven negates an easy comparison regarding the burden of proof that a minor must satisfy.

78 Id.

79 AS 18.16.090(2)(B). By its express terms the PCA provides a much broader interpretation of the term unemancipated than Alaskas formal emancipation statute, AS 09.55.590. The term is defined in AS 18.16.090(2):

> unemancipated means that a woman who is unmarried and under 17 years of age has not done any of the following:
> (A) entered the armed services of the United States;
> (B) become employed and self-subsisting;
> (C) been emancipated under AS 09.55.590; or
> (D) otherwise become independent from the care and control of the womans parent, guardian, or custodian.

80 AS 18.16.090(2)(A).

81 Md. Code Ann., Health-Gen. 20-103 (no exception for emancipated minors); Kan. Stat. Ann. 65-6705 (2006) (no exception for unemancipated minors living independently); Minn. Stat. 144.343 (same); Mont. Code Ann. 50-20-201 to 215 (same); Neb. Rev. Stat. 71-6901 to 6908 (same); S.D. Codified Laws 34-23A-7 (same); Tex. Fam. Code Ann. 33.001 to 011 (same); W. Va. Code 16-2F-1 to 9 (same).

82 35 P.3d at 51-52 (Matthews, C.J. , dissenting) (citing to Bellotti, 443 U.S. 622 (1979)) (noting that (1) proceedings must except minor from any parental consent requirements if minor can establish she is mature enough to make abortion decision, or that requiring consent is not in her best interests and (2) proceedings must be completed with anonymity and sufficient expedition).

83 AS 18.16.030(j).

84 91 P.3d 252 (Alaska 2004).

85 Id. at 267.

86 Colo. Rev. Stat. Ann. 12-37.5-101 to 107 (West 2007); Del. Code Ann. tit. 24, 1780 to 1789B; Fla. Stat. 390.01114 (West 2007); Ga. Code Ann. 15-11-110 to 118 (West 2007); 750 Ill. Comp. Stat.Ann. 70/1 to 99 (West 2007); Iowa Code Ann. 135L.3 (West 2007); Kan. Stat. Ann. 65-6701 to 6709; Md. Code

Ann., Health-Gen. 20-103; Minn. Stat. 144.343; Mont. Code Ann. 50-20-201 to 215; Neb. Rev. Stat. 71-6901 to 6908; Nev. Rev. Stat. 442.255; N.J. Stat. Ann. 9:17A-1.1 to 1.12 (West 2007); S.D. Codified Laws 34-23A-7; W. Va. Code 16-2F-1 to 9 (2006). Oklahoma, Texas, and Utah, not counted here, require both notification and consent. Okla. Stat. Ann. tit . 63, 1-740.2 (West 2006); Tex. Fam. Code Ann. 33.001 to .011; Tex. Occ. Code Ann. 164.052(a)(19); Utah Code Ann. 76-7-304, 76-7-304.5 (West 2006).

87 Ala. Code 26-21-1 to 8 (1992); Ariz. Rev. Stat. Ann. 36-2152 (2006); Ark. Code Ann. 20-16-801 to 810 (West 2006); Cal. Health & Safety Code 123450 (West 2007); Idaho Code Ann. 18-609A (West 2007); Ind. Code 16-34-2-4 (West 2006); Ky. Rev. Stat. Ann. 311.720, 311.732 (West 2006); La. Stat. Ann. 40:1299.35.5 (2006); Me. Rev. Stat. Ann. tit. 22, 1597-A (2006); Mass. Gen. Laws ch. 112, 12S (2004); Mich. Comp. Laws Ann. 722.901 to 722.909 (West 2006); Miss. Code Ann. 41-41-53 (West 2006); Mo. Ann. Stat. 188.028 (West 2006); N.C. Gen. Stat. Ann. 90-21.6 to 90.21.10 (West 2006); N.D. Cent. Code 14-02.1 to 03.1 (2005); Ohio Rev. Code Ann. 2919.121 (West 2006); Okla. Stat. Ann. tit. 63, 1-740.2 (West 2006); 18 Pa. Cons. Stat. Ann. 3206 (West 2006); R.I. Gen. Laws 23-4.7-6 (2006); S.C. Code Ann. 44-41-31 (2006); Tenn. Code Ann. 37-10-301 to 308 (2005); Tex. Fam. Code Ann. 33.001 to .011; Tex. Occ. Code Ann. 164.052(a)(19); Utah Code Ann. 76-7-304, 76-7-304.5; Va. Code Ann. 16.1-241(V) (West 2006); Wis. Stat. Ann. 48.375 (West 2005); Wyo. Stat. Ann. 35-6-118 (2006).

88 Three states, Oklahoma, Texas, and Utah, have adopted both consent and notification statutes.

89 See Treacy, 91 P.3d at 267.

90 See Planned Parenthood Assn of Kansas City, Mo., Inc. v. Ashcroft, 462 U.S. 476, 493-94 (1983).

91 35 P.3d at 51 (Matthews, J., dissenting). It should be noted that since those words were written, Chief Justice John Roberts and Justice Samuel Alito have replaced Chief Justice William Rehnquist and Justice Sandra Day OConnor.

92 497 U.S. 502, 510-11 (1990).

93 Opinion 13.

94 Del. Code. Ann. tit. 24 1783(a).

95 Md. Code. Ann., Health-Gen. 20-103(c)(1)(ii), (iii).

96 W. Va. Code 16-2F-3(c).

97 The waiting periods range between twenty-four hours (Delaware, West Virginia (twenty-four hours after actual notice), Georgia, Kansas, and Utah) and forty-eight hours (West Virginia (forty-eight hours after mailing notice), Iowa, Colorado, Illinois, Minnesota, Nebraska, South Dakota, Texas, Montana).

98 Md. Code. Ann., Health-Gen. 20-103.

99 W. Va. Code. 16-2F-3(a).

100 Id.

101 Opinion 16.

102 Id. at 13.

103 See Ga. Code Ann. 15-11-112(a) (written notice deemed delivered forty-eight hours after mailing; abortion may be performed twenty-fours hours after).

104 See, e.g., Del. Code Ann. tit. 24 1783; Ga. Code Ann. 112(a)(1)(B); Utah Code Ann. 76-7-304(3); W. Va. Code Ann. 16-25-3(a) (all requiring a waiting period of only twenty-four hours).

105 Opinion 16.

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IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
AT_____

In the Matter of

_____
(Type or Print Name of Petitioner)

Date of Birth_____

_____

CASE NO._____PR

PETITION TO BYPASS
PARENTAL CONSENT

Clerk's Instructions: This is a confidential matter requiring immediate appointment of counsel and a hearing within 48 hours. No filing fee is required and no court costs may be assessed.

I request that the court issue an order authorizing me to consent to an abortion without asking for the consent of my parent, guardian or custodian. I swear or affirm under penalty of perjury that the following information is true.

1. I am pregnant.

2. I am unmarried, under 17 years of age, and unemancipated.

3. I wish to have an abortion without the consent of a parent, guardian or custodian.

4. Parental consent should not be required because (check all that apply):

   ☐ a. I am sufficiently mature and well enough informed to decide intelligently whether to have an abortion without the consent of a parent, guardian, or custodian.

   ☐ b. One or both of my parents or my guardian or custodian has engaged in physical abuse, sexual abuse, or a pattern of emotional abuse against me.

   ☐ c. It is not in my best interest to require me to obtain the consent of a parent, guardian, or custodian.

5. I ☐ do not have an attorney. I understand the court must appoint one for me.
   ☐ am represented by the following attorney:
   Attorney's Name:_____ Telephone_____
   Attorney's Address:_____

AS 18.16.030
AS 09.63.020
Probate Rule 20

6. ☐ **I understand that I must contact the court to find out my hearing date and how to contact my attorney if I do not get this information at the time I file this petition. (The hearing will be held within 48 hours after the court receives the petition.)**

7. ☐ I request that I be allowed to participate in the hearing by telephone rather than attending the hearing in person. I understand that I must give the court a telephone number where I can be reached for the hearing and that the court will pay for the call.

_____ _____
Date Signature

_____
Daytime Telephone (optional)
(If possible, please give a telephone number where court personnel can reach you or leave a message for you.)

NOTARIZATION

Subscribed and sworn to or affirmed before me at _____, Alaska on _____.
(date)

(SEAL)

_____
Clerk of Court, Notary Public, or other person authorized to administer oaths.
My commission expires_____

CERTIFICATION

[Complete the following certificate if no notary or other official is available to administer an oath.]

I certify under penalty of perjury that

1. all of the information in this petition is true, and
2. a notary public or other official empowered to administer oaths is not available.

_____ _____ _____
Date Place (city) Signature

AS 18.16.030
AS 09.63.020
Probate Rule 20

Instructions For Requesting Judicial Permission To Bypass Parental Consent

If you are a woman under 17 years old and want to have an abortion in Alaska, you must first get the written consent of one of your parents or your guardian or custodian.[1] Apart from medical emergencies,[2] there are just three exceptions[3] to this Alaska law. You do not need parental consent if:

1. you are emancipated, or

2. you obtain a court order dispensing with parental consent for one of the reasons listed in the statute, or

3. you request the above court order but the court fails to hold the required hearing within five business days, thus "constructively authorizing" the abortion without parental consent.

Emancipation. You are "emancipated" for purposes of the abortion law[4] if any of the following are true: you are (1) married, (2) a member of the armed services of the United States, (3) employed and self-subsisting, (4) emancipated under Alaska Statute 09.55.590[5], or (5) independent from the care and control of your parents, guardian or custodian.

Court Order. The procedure for requesting this court order is described below. Your request will be kept confidential by the court. The court is not allowed to notify your parents or anyone else that you are pregnant or that you want to have an abortion. The court will provide the forms you need for your request and will appoint an attorney to represent you (at state expense) if you do not have an attorney. You will not be charged any fees or court costs.

How To Request A Court Order

To request a court order, do the following:

1. Fill out the attached form P-505, Petition To Bypass Parental Consent. Type or print clearly, using black ink.

   a. Leave the "AT" line at the top of the form blank. The court clerk will fill it in.

   b. On the next line, fill in your name as petitioner and your date of birth.

---

1 AS 18.16.010(a)(3)

2 See AS 18.16.010(g) for what constitutes a "medical emergency."

3 AS 18.16.020

4 AS 18.16.090(2)

5 AS 09.55.590 allows minors who are at least 16 years old to petition the superior court for emancipation. This can usually be done only with the consent of each living parent or guardian of the minor. The minor must be living separate and apart from the minor's parents or guardian, be capable of sustained self-support and be capable of managing his/her own financial affairs.

c. Leave the "CASE NO." line blank. The court clerk will fill it in.

d. In #4, check any of the boxes that apply to your situation.

e. In #5, check the first box if you do not have an attorney. The court will appoint one for you. Check the second box and fill in the information if you have hired your own attorney.

f. In #6, check the box (agreeing to call the court if you do not find out your hearing time and how to contact your attorney when you file your petition). (See #2 below.) Since the court may have no way of contacting you, you need to contact the court to get this information.

g. In #7, check the box if you want to participate in the court hearing by telephone instead of in person. The hearing will be held within 48 hours after you file your petition. You will not have to pay for the telephone call.

h. Your petition must be notarized, so you should wait to date and sign it until you get to the court clerk's office where a clerk can notarize it for you. If you do not plan to file your petition in person, see the discussion about notarization in paragraph 3 below.

i. If possible, please fill in a telephone number where court personnel can call you or leave a message for you. The court may need to contact you, for example, if the time of the hearing has to be changed. If you do not have a telephone number where the court can call you, you do not have to fill this in.

2. Bring your filled out petition to the clerk's office at your local court and tell the clerk you want to file it. The clerk will ask you to sign it under oath and will notarize it for you (at no charge). Please bring a photo ID (for example, your driver's license) with you because the clerk needs to see identification in order to notarize your petition. The clerk will ask you to wait a few minutes while the clerk schedules your court hearing and assigns an attorney to represent you. The clerk will give you a Notice form (P-510) with this information on it.

3. If there is no court in your community (or if you do not want to use the local court), you can mail or fax your petition to the nearest superior court. Addresses and fax numbers are listed on page 4. Before faxing or mailing the petition, you need to get it notarized locally by a notary public or postmaster. If there is no notary public or postmaster available, you must sign and date the petition and fill out the "Certification" section at the bottom.

   If you fax the petition, call the court to make sure they received it and to find out your hearing date and who your attorney will be.

   If you mail the petition, call the court and tell the clerk that you have mailed a petition. Ask the clerk how to find out the date and time of your hearing and how to contact your attorney.

4. Contact your attorney <u>immediately</u>. Because the hearing will be held so soon (within 48 hours), your attorney will need to talk to you as soon as possible.

5. Attend the court hearing. You can participate by telephone if you need to do so. To do this, you must give the court or your attorney a telephone number where the court can reach you at the time of the hearing.

   The hearing will be confidential (not open to the public).

6. At or immediately after the hearing, the court will issue an order granting or denying your request.

   If your request is denied, you can appeal this decision. Your court-appointed attorney will continue to represent you in the appeal. Form P-520, Notice of Appeal, should be used to file the appeal. This form is available at all court locations.

Constructive Authorization

If the superior court fails to hold a hearing on your request within five business days (not counting holidays and weekends) after you file your petition, the law[6] allows you to consent to the abortion without first obtaining the consent of one of your parents. If you need proof that no hearing was held, you can get a certificate from the court stating this. Your attorney can help you get the certificate.

6 AS 18.16.030(c)

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
AT_____

In the Matter of

_____
(Type or Print Name of Petitioner)

Date of Birth_____

_____

CASE NO:_____PR

NOTICE AND ASSIGNMENT
RE PETITION TO BYPASS
PARENTAL CONSENT

NOTICE OF HEARING

Assigned Judge:_____

Hearing Date & Time:_____
(within 48 hours after petition is filed)

APPOINTMENT OF ATTORNEY

☐ The Office of Public Advocacy is appointed to represent you.

Attorney's Name:_____

Attorney's Address:_____

Attorney's Phone:_____

You should contact the attorney as soon as possible.

_____ _____
Date Clerk

Clerk's Certificate

The above information was given to

☐ Petitioner ☐ in person ☐ by telephone ☐ _____

on _____ _____
(date) (time)

☐ Petitioner's attorney on_____ by ☐ fax ☐ personal delivery
(date)

Clerk:_____

P-510 (7/97)(st.3)
NOTICE AND ASSIGNMENT

Probate Rule 20
AS 18.16.130
AS 44.21.410(a)(4)

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
AT_____

In the Matter of

_____
(Petitioner's Name)

Date of Birth_____

CASE NO._____PR

ORDER ON REQUEST TO BYPASS PARENTAL CONSENT

FINDINGS

Hearing Held:_____ Present Were:_____

The court finds by clear and convincing evidence that

☐ the petitioner is sufficiently mature and well enough informed to decide intelligently whether to have an abortion.

☐ one or both of the petitioner's parents or the petitioner's guardian or custodian has engaged in physical abuse, sexual abuse or a pattern of emotional abuse of the petitioner.

☐ it is not in the best interest of the petitioner to require her to obtain the consent of her parents, guardian or custodian.

ORDER

It is therefore ordered

☐ Petitioner is authorized to consent to the performance or inducement of an abortion without the consent of a parent, guardian or custodian.

☐ The petition is denied because the court is unable to make any one of the findings required by AS 18.16.030(e)-(g). Petitioner has the right to appeal this decision to the supreme court. Notice of Appeal form P-520 is available at the court. The attorney appointed to represent the petitioner will continue to represent the petitioner during the appeal.

_____ _____
Date Superior Court Judge

_____
Type Judge's Name

I certify that on_____
a copy of this order was faxed or handed to petitioner's attorney/petitioner.

Clerk:_____

Recommended for approval.

_____
Master Date

P-515 (7/97)(st.3)
ORDER ON REQUEST TO BYPASS PARENTAL CONSENT

AS 18.16.030
Probate Rule 20

IN THE SUPREME COURT FOR THE STATE OF ALASKA
AT ANCHORAGE

In the Matter of

_____
(Name of Appellant)

_____

Supreme Court Case No._____
Superior Court Case No._____

NOTICE OF APPEAL
RE PETITION TO BYPASS
PARENTAL CONSENT

Instructions to trial court clerks: This notice of appeal may be filed in any district or superior court, or directly with the clerk of the appellate courts. If it is filed in a district or superior court, the clerk must immediately call the clerk of the appellate courts for instructions.

Instructions to supreme court clerks: This is a confidential matter requiring immediate action by the supreme court. No filing fee is required. See Appellate Rule 220 for the procedure that must be followed when one of these appeals is filed.

Appellant appeals from the order of the superior court denying her request for authorization to consent to an abortion without obtaining the consent of a parent, guardian or custodian. A copy of the superior court's order is attached.

☐ Appellant waives the right to oral argument.

_____
Date

_____
Signature of Appellant's Attorney

Attorney's Name:_____

Address:_____

Telephone:_____

Fax:_____

If filed by fax, appellant's attorney should call the court to confirm that the Notice of Appeal has been received. Supreme Court Fax: 264-0878. Supreme Court Phone: 264-0609.

P-520 (7/97)(ca)
NOTICE OF APPEAL

AS 18.16.030(j)
Appellate Rule 220

Citation/Title
PROB Rule 20, Judicial Bypass Procedure to Authorize Minor to Consent to an Abortion

Probate Rules, Rule 20

WEST'S ALASKA STATUTES ANNOTATED
ALASKA COURT RULES
PROBATE RULES
PART III. PROTECTIVE PROCEEDINGS

Current with amendments received through 8/22/2008

Rule 20. Judicial Bypass Procedure to Authorize Minor to Consent to an Abortion

(a) Petition. An action for an order authorizing a minor under age 17 to consent to an abortion without the consent of a parent, guardian, or custodian is commenced by filing a petition. The petition must be under oath and must include the information required by AS 18.16.030(b). The petitioner is not required to provide an address or telephone number. Blank petition forms will be available at all court locations and will be mailed or faxed to a petitioner upon request. No fee will be charged for this service or othe services provided to a petitioner.

(b) Filing. The petition may be filed in any district or superior court location in person, by mail, or by fax. No filing fee will be charged. If a petition is filed in a district court location, the clerk or magistrate shall immediately notify the clerk of the nearest superior court and fax the petition to that court, unless the local judicial officer has been appointed as a master to conduct these proceedings.

(c) Appointment of Counsel. If the petitioner is not represented by a private attorney, the clerk shall appoint the Office of Public Advocacy to represent the petitioner. The clerk shall immediately notify the Office of Public Advocacy of the appointment.

(d) Expedited Hearing. Upon receipt of the petition, the court shall schedule a hearing to be held within 48 hours, including weekends and holidays, after the petition is filed. At the hearing, the court shall follow the procedure specified in AS 18.16.030(e)-(g). Upon request, the petitioner will be allowed to participate telephonically at court system expense.

(e) Findings and Order. The court shall enter an order immediately after the hearing is concluded. The court shall grant the petition if the court finds by clear and convincing evidence that one of the statutory grounds for dispensing with parental consent exists. Otherwise, the court shall deny the petition. If the petition is denied, the court shall inform the petitioner of her right to an expedited appeal to the supreme court.

*1051 (f) Constructive Order. If the court fails to hold a hearing within five days after the petition is filed, the presiding judge of the judicial district, or another judge designated by the presiding judge, shall issue a certificate stating that (1) no hearing was held within five business days after the petition was filed; and (2) under AS 18.16.030(c), the failure to hold a hearing constitutes a constructive order of the court authorizing the minor to consent to an abortion without the consent of a parent, guardian, or custodian. A certificate should not be issued if the hearing was not held because it was postponed at the petitioner's request or because the petitioner failed to appear at the hearing.

(g) Confidentiality. Petitions filed under AS 18.16.030 and all hearings, proceedings, and records are confidential. Court personnel are prohibited from notifying a minor's parents, guardian, or custodian that a minor is pregnant or wants to have an abortion or from disclosing this information to any member of the public.

(h) Appeal. A petitioner may appeal an order denying or dismissing a petition to bypass parental consent by filing a notice of appeal in any district or superior court, or directly with the clerk of the appellate courts. If the notice of appeal is filed in a district or superior court, the clerk or magistrate shall immediately notify the clerk of the appellate courts that the notice of appeal has been filed.

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PROB Rule 20, Judicial Bypass Procedure to Authorize Minor to Consent to an Abortion

The procedure for appeals is governed by Appellate Rule 220. This rule supersedes the appeal procedure established by AS 18.16.030(j).

[Adopted effective July 31, 1997.]

REFERENCES

CROSS REFERENCES

AS 18.16.030

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Citation/Title
RAP Rule 220, Judicial Bypass Appeals

Rules of Appellate Procedure, Rule 220

WEST'S ALASKA STATUTES ANNOTATED
ALASKA COURT RULES
RULES OF APPELLATE PROCEDURE
PART II. PROCEDURE ON APPEALS AS OF RIGHT

Current with amendments received through 8/22/2008

Rule 220. Judicial Bypass Appeals

(a) Scope. This rule applies to an appeal from an order denying or dismissing a petition filed by a minor under age 17 to bypass parental consent to an abortion under AS 18.16.030. In such appeals, this rule supersedes the other appellate rules to the extent they may be inconsistent with this rule. It also supersedes the procedure for bypass appeals established by AS 18.16.030(j).

(b) Jurisdictional Limitation. This rule does not permit an appeal to be taken in any circumstances in which an appeal would not be permitted by Appellate Rule 202.

(c) Notice of Appeal.

(1) A minor may appeal an order denying or dismissing a petition to bypass parental consent by filing a notice of appeal in any district or superior court, or directly with the clerk of the appellate courts. The notice of appeal may be filed in person, by mail, or by fax, and must be accompanied by a copy of the order from which the appeal is taken. No filing fee will be charged. If the notice of appeal is filed in a district or superior court, the clerk or magistrate shall immediately notify the clerk of the appellate courts that the appeal has been filed.

(2) The notice of appeal must indicate that the appeal is being filed pursuant to this rule, but the court will apply this rule to cases within its scope whether they are so identified or not.

(3) Blank notice of appeal forms will be available at all court locations and will be mailed or faxed to a minor upon request. No fee will be charged for this service or other services provided to a minor in an appeal under this rule.

(d) Record on Appeal. The record on appeal consists of the superior court file, including all papers and exhibits filed in the superior court, and, unless otherwise ordered, a recording of the proceedings before the superior court. The clerk of the appellate courts shall request the record immediately upon receiving notice that the appeal has been filed. Upon receiving this request, the clerk of the trial court shall immediately transmit the record to the supreme court by overnight mail or in another manner that will cause it to arrive within 48 hours after the notice of appeal is filed.

*656 (e) Brief. A brief is not required. However, the minor may file a typewritten memorandum in support of the appeal.

(f) Oral Argument. Unless the minor waives the right to oral argument in the notice of appeal, oral argument will be held within 72 hours, including weekends and holidays, after the notice of appeal is filed. Upon request, the minor will be allowed to participate telephonically at court system expense.

(g) Disposition. The court shall enter an order stating its decision immediately after oral argument or, if oral argument has been waived, within three days after the date the notice of appeal is filed. The court may issue an opinion explaining the decision at any time following entry of the order.

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(h) Constructive Order. If the court fails to enter an order within five days after the date the clerk of the appellate courts receives the record on appeal, the clerk shall issue a certificate stating that (1) no order was entered within five days after the appeal was docketed; and (2) under AS 18.16.030(j), the failure to enter an order constitutes a constructive order of the court authorizing th minor to consent to an abortion without the consent of a parent, guardian, or custodian. For purposes of AS 18.16.030(j), an appeal i deemed to be docketed on the date the clerk of the appellate courts receives the record on appeal.

(i) Confidentiality. Documents and proceedings in an appeal under this rule are confidential. Court personnel are prohibited from notifying the minor's parents, guardian, or custodian that the minor is pregnant or wants to have an abortion, or from disclosing this information to any member of the public.

(j) Attorney. If the minor is not represented by an attorney, the clerk of the appellate courts shall appoint the Office of Public Advocacy to represent the minor in the appeal. If the Office of Public Advocacy was appointed to represent the minor in the trial court, the appointment continues through the appeal.

(k) Filing Defined. For purposes of this rule only, a document is deemed filed on the date it is received by the district court, the superior court, or the clerk of the appellate courts if the appeal is filed directly with the clerk.
*657

[Adopted effective July 31, 1997.]

HISTORICAL NOTES

NOTE

Under AS 18.16.030(j), the failure to enter a judgment in the appeal within five days after the appeal is docketed constitutes a constructive order of the court authorizing the appellant to consent to an abortion without the consent of a parent, guardian, or custodian.

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Boney Courthouse
303 K Street Room 239
Anchorage, AK 99501-2083
Phone: 264-0433
Fax: 264-0598

Barrow
Clerk of Court
Box 270
Barrow, AK 99723-0270
Phone: 852-4800
Fax: 852-4804

Bethel
Clerk of Court
Box 130
Bethel, AK 99559-0130
Phone: 543-3348
Fax: 543-4419

Dillingham
Clerk of Court
Box 909
Dillingham, AK 99574-0209
Phone: 842-5215
Fax: 842-5746

Fairbanks
Probate Office
604 Barnette Street Suite 116
Fairbanks, AK 99701-4569
Phone: 452-9256
Fax: 452-9216

Juneau
Clerk of Court
Box 114100
Juneau, AK 99811-4100
Phone: 463-4700
Fax: 463-3788

Kenai
Clerk of Court
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Kenai, AK 99611-7723
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Fax: 283-7702

Ketchikan
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Ketchikan, AK 99901-6399
Phone: 225-3195
Fax: 225-7849

Kodiak
Clerk of Court
204 Mission Road Room 10
Kodiak, AK 99615-7312
Phone: 486-1600
Fax: 486-1660

Kotzebue
Clerk of Court
Box 317
Kotzebue, AK 99752-0317
Phone: 442-3208
Fax: 442-3974

Nome
Clerk of Court
Box 1110
Nome, AK 99762-1110
Phone: 443-5216
Fax: 443-2192

Palmer
Clerk of Court
435 South Denali
Palmer, AK 99645-7759
Phone: 746-8109
Fax: 746-4151

Petersburg
Clerk of Court
Box 1009
Petersburg, AK 99833-1009
Phone: 772-3824
Fax: 772-3018

Sitka
Clerk of Court
304 Lake Street Room 203
Sitka, AK 99835-7759
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Fax: 747-6690

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from Dr. Jan Whitfield

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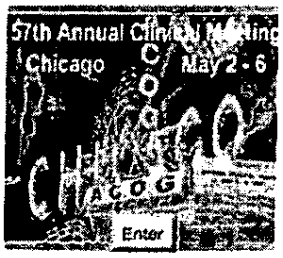

ACOG *Statement of Policy*

As issued by the ACOG Executive Board

ABORTION POLICY

The following statement is the American College of Obstetricians and Gynecologists' (ACOG) general policy related to abortion, with specific reference to the procedure referred to as "intact dilatation and extraction" (intact D & X).

1. The abortion debate in this country is marked by serious moral pluralism. Different positions in the debate represent different but important values. The diversity of beliefs should be respected.
2. ACOG recognizes that the issue of support of or opposition to abortion is a matter of profound moral conviction to its members. ACOG, therefore, respects the need and responsibility of its members to determine their individual positions based on personal values or beliefs.
3. Termination of pregnancy before viability is a medical matter between the patient and physician, subject to the physician's clinical judgment, the patient's informed consent and the availability of appropriate facilities.
4. The need for abortions, other than those indicated by serious fetal anomalies or conditions which threaten maternal welfare, represents failures in the social environment and the educational system.

   The most effective way to reduce the number of abortions is to prevent unwanted and unintended pregnancies. This can be accomplished by open and honest education, beginning in the home, religious institutions and the primary schools. This education should stress the biology of reproduction and the responsibilities involved by boys, girls, men and women in creating life and the desirability of delaying pregnancies until circumstances are appropriate and pregnancies are planned.

   In addition, everyone should be made aware of the dangers of sexually transmitted diseases and the means of protecting each other from their transmission. To accomplish these aims, support of the community and the school system is essential.

   The medical curriculum should be expanded to include a focus on the components of reproductive biology which pertain to conception control. Physicians should be encouraged to apply these principles in their own practices and to support them at the community level.

   Society also has a responsibility to support research leading to improved methods of contraception for men and women.

5. Informed consent is an expression of respect for the patient as a person; it particularly respects a patient's moral right to bodily integrity, to self-determination regarding sexuality and reproductive capacities, and to the support of the patient's freedom within

caring relationships.

A pregnant woman should be fully informed in a balanced manner about all options, including raising the child herself, placing the child for adoption, and abortion. The information conveyed should be appropriate to the duration of the pregnancy. The professional should make every effort to avoid introducing personal bias.

6. ACOG supports access to care for all individuals, irrespective of financial status, and supports the availability of all reproductive options. ACOG opposes unnecessary regulations that limit or delay access to care.
7. If abortion is to be performed, it should be performed safely and as early as possible.
8. ACOG opposes the harassment of abortion providers and patients.
9. ACOG strongly supports those activities which prevent unintended pregnancy.

The College continues to affirm the legal right of a woman to obtain an abortion prior to fetal viability. ACOG is opposed to abortion of the healthy fetus that has attained viability in a healthy woman. Viability is the capacity of the fetus to survive outside the mother's uterus. Whether or not this capacity exists is a medical determination, may vary with each pregnancy and is a matter for the judgment of the responsible attending physician.

Intact Dilatation and Extraction

The debate regarding legislation to prohibit a method of abortion, such as the legislation banning "partial birth abortion," and "brain sucking abortions," has prompted questions regarding these procedures. It is difficult to respond to these questions because the descriptions are vague and do not delineate a specific procedure recognized in the medical literature. Moreover, the definitions could be interpreted to include elements of many recognized abortion and operative obstetric techniques.

ACOG believes the intent of such legislative proposals is to prohibit a procedure referred to as "intact dilatation and extraction" (Intact D & X). This procedure has been described as containing all of the following four elements:

1. deliberate dilatation of the cervix, usually over a sequence of days;
2. instrumental conversion of the fetus to a footling breech;
3. breech extraction of the body excepting the head; **and**
4. partial evacuation of the intracranial contents of a living fetus to effect vaginal delivery of a dead but otherwise intact fetus.

Because these elements are part of established obstetric techniques, it must be emphasized that unless all four elements are present in sequence, the procedure is not an intact D & X. Abortion intends to terminate a pregnancy while preserving the life and health of the mother. When abortion is performed after 16 weeks, intact D & X is one method of terminating a pregnancy.

The physician, in consultation with the patient, must choose the most appropriate method based upon the patient's individual circumstances.

According to the Centers for Disease Control and Prevention (CDC), only 5.3% of abortions performed in the United States in 1993, the most recent data available, were performed after the 16th week of pregnancy. A preliminary figure published by the CDC for 1994 is 5.6%. The CDC does not collect data on the specific method of abortion, so it is unknown how many of these

were performed using intact D & X. Other data show that second trimester transvaginal instrumental abortion is a safe procedure.

Terminating a pregnancy is performed in some circumstances to save the life or preserve the health of the mother.

Intact D & X is one of the methods available in some of these situations. A select panel convened by ACOG could identify no circumstances under which this procedure, as defined above, would be the only option to save the life or preserve the health of the woman. An intact D & X, however, may be the best or most appropriate procedure in a particular circumstance to save the life or preserve the health of a woman, and only the doctor, in consultation with the patient, based upon the woman's particular circumstances can make this decision. The potential exists that legislation prohibiting specific medical practices, such as intact D & X, may outlaw techniques that are critical to the lives and health of American women. **The intervention of legislative bodies into medical decision making is inappropriate, ill advised, and dangerous.**

Approved by the Executive Board
General policy: January 1993
Reaffirmed and revised: July 1997
Intact D & X statement: January 1997
Combined and reaffirmed: September 2000
Reaffirmed: July 2004
Reaffirmed: July 2007

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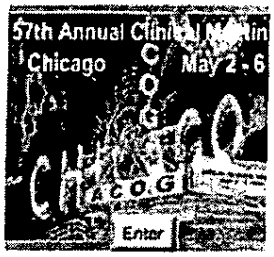

ACOG
Committee on Adolescent Health Care

This document reflects emerging clinical and scientific advances as of the date issued and is subject to change. The information should not be construed as dictating an exclusive course of treatment or procedure to be followed.

The College wishes to thank Richard Guido, MD, and Abigail English, JD, for their assistance in the development of this document.

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PO Box 96920
Washington, DC 20090-6920

12345/09876

Evaluation and management of abnormal cervical cytology and histology in the adolescent. ACOG Committee Opinion No. 330. American College of Obstetricians and Gynecologists.

Committee Opinion

[PDF format]

Number 330, April 2006

Evaluation and Management of Abnormal Cervical Cytology and Histology in the Adolescent

ABSTRACT: The management of abnormal cervical cytology in adolescents differs from that for the adult population in many cases. Certain characteristics of adolescents may warrant special management considerations. It is important to avoid aggressive management of benign lesions in adolescents because most cervical intraepithelial neoplasia grades 1 and 2 regress. Surgical excision or destruction of cervical tissue in a nulliparous adolescent may be detrimental to future fertility and cervical competency. Care should be given to minimize destruction of normal cervical tissue whenever possible. A compliant, health-conscious adolescent may be adequately served with observation in many situations.

Background

The past decade has seen a remarkable increase in the knowledge of the natural history of cervical dysplasia, the role of human papillomavirus (HPV) in cervical cancer, and the development of new technologies for cervical cancer screening, specifically HPV testing and liquid-based cytology. This new information prompted the American Cancer Society (ACS) to develop new guidelines pertaining to cervical cancer screening (1). Based on the natural history data and the rarity of cervical cancer in the population of women younger than 21 years, the ACS recommendations for initial Pap testing changed, and the new criteria have been endorsed by the American College of Obstetricians and Gynecologists (ACOG) (2). Adolescents should undergo their first Pap test approximately 3 years after the onset of vaginal intercourse or no later than age 21 years. The decision about the initiation of cervical cytology screening in an adolescent patient should be based on the clinician's assessment of risks,

Obstet Gynecol 2006;107:963–5

including 1) age of first sexual activity, 2) behaviors that may place the adolescent patient at greater risk for HPV infection, and 3) risk of noncompliance with follow-up visits. Obtaining a complete and accurate sexual history, therefore, is critical (3).

The new information also prompted ACOG to develop new guidelines on the management of abnormal cervical cytology and histology (4). Some of these guidelines are unique for adolescents. The objectives of this Committee Opinion are to 1) highlight when the management of abnormal cervical cytology in adolescents differs from that for the adult population and 2) identify characteristics of adolescents that may warrant special considerations. It is important to avoid aggressive management of benign lesions in adolescents because most cervical intraepithelial neoplasia (CIN) grades 1 and 2 regress. Surgical excision or destruction of cervical tissue in a nulliparous adolescent may be detrimental to future fertility and cervical competency. Care should be given to minimize destruction of normal cervical tissue whenever possible. A compliant, health-conscious adolescent may be adequately served with observation in many situations.

Natural History of Human Papillomavirus

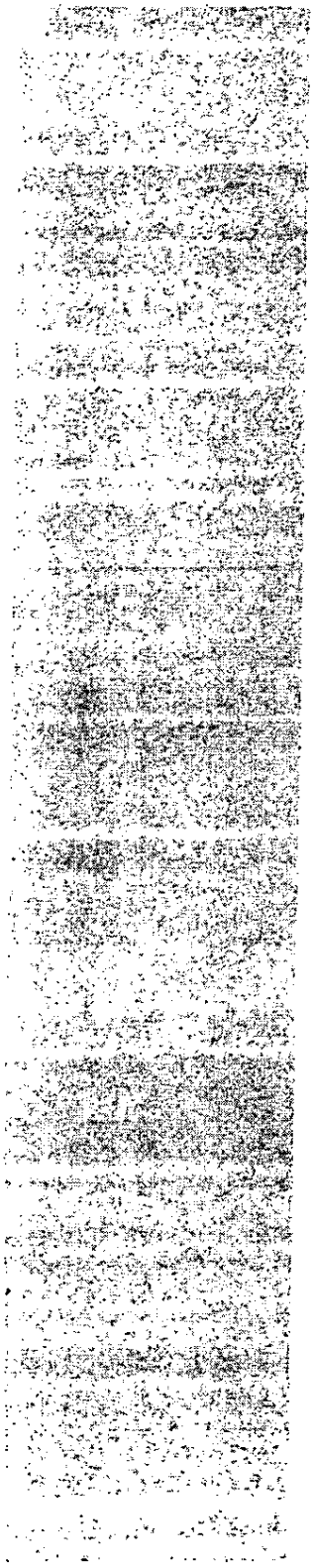
Most women infected with HPV are asymptomatic. The virus is detected by an abnormal Pap test result, HPV test result, or the presence of clinically evident genital warts, and most likely will resolve without treatment. In natural history studies of adolescents with newly acquired HPV infection, the average length of detectable HPV is 13 months. In most adolescent patients with an intact immune system, an HPV infection will resolve within 24 months (5). Further evidence that the HPV infection will resolve without treatment comes from the high rates of resolution of CIN 1 and CIN 2, 70% and 50% respectively (6–9).

Managing Abnormal Cervical Cytology in Adolescents

The new guidelines provided by ACOG address the therapy of cytologic and histologic abnormalities. These guidelines are based on best evidence when possible and expert opinion when limited data are available. For some but not all of the abnormalities, the guidelines have specific recommendations for care of the adolescent population that may differ from recommendations for adults and are summarized in Table 1. The following recommendations are unique to the adolescent population and address the clinical situations that can be managed by cytologic follow-up, HPV testing, colposcopy, or a combination of these approaches. A positive HPV test result refers to the presence of high-risk HPV DNA as determined by Hybrid Capture II. Testing for low-risk HPV types has no role in cervical cancer prevention.

Management Considerations

Atypical Squamous Cells of Undetermined Significance



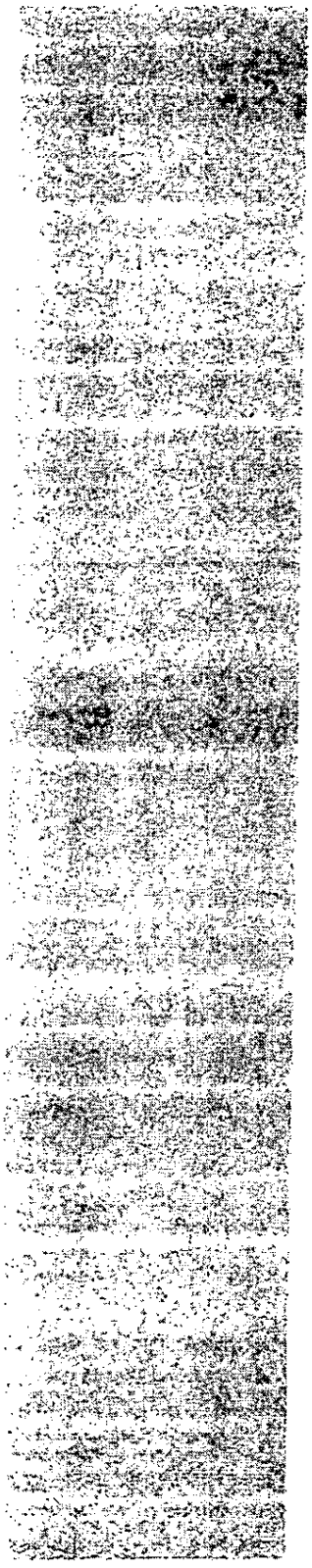
Atypical squamous cells of undetermined significance (ASC-US) is a cytologic abnormality that in many cases identifies a woman harboring HPV infection. In the adolescent population, the prevalence of HPV in ASC-US will be higher than its prevalence in the older population. The risk of invasive cancer in adolescents approaches zero, and the likelihood of HPV clearance is very high. The preferred method of triage for patients with ASC-US who have undergone liquid-based cytologic screening is testing for high-risk HPV and, for those with a positive test result, triage to colposcopy. The ACOG guidelines address the high rate of HPV clearance by allowing less expensive alternative care than immediate colposcopy for adolescents with ASC-US and a positive high-risk HPV test result. Adolescents with atypical squamous cells and high-risk HPV-positive results may be monitored with cytology twice at 6-month intervals or a single high-risk HPV test at 12 months. If repeat cytology test results are abnormal, or there is evidence of persistent HPV, colposcopy should be performed. These alternatives are equally sensitive for the detection of CIN 2, CIN 3, or cervical cancer; avoid the expense of colposcopy and biopsy; and allow for the clearance of CIN and HPV (10). Immediate colposcopy is an acceptable alternative for the management of the adolescent who tests positive for ASC-US and HPV. Adolescents with ASC-US who have an HPV test result negative for high-risk HPV DNA should have a Pap test in 12 months.

Low-Grade Squamous Intraepithelial Lesions or Atypical Squamous Cells: Cannot Exclude High-Grade Squamous Intraepithelial Lesions

The Atypical Squamous Cells of Undetermined Significance/Low-Grade Squamous Intraepithelial Lesions Triage Study (ALTS) has demonstrated that the patients with the cytologic report of low-grade squamous intraepithelial lesions (LSIL) and ASC-US behave in a very similar manner with regard to the clearance of HPV and the risk for developing CIN 2, CIN 3, or cervical cancer. Because of the similarity in natural history of these two reports, the ACOG recommendations for treatment of LSIL are identical to those for ASC-US-positive HPV. Adolescents with an LSIL test result can be monitored by repeat cytology at 6-month intervals or by a high-risk HPV test in 12 months. These individuals should undergo colposcopy for any cytologic abnormality or the persistence of HPV infection at 1 year. Immediate colposcopy is an acceptable alternative for adolescents with LSIL Fig.1).

No studies specifically address atypical squamous cells: cannot rule out high-grade squamous intraepithelial lesions (ASC-H) in adolescents. Because of a lack of specific evidence and the higher rate of CIN 2, CIN 3, and cervical cancer in individuals with ASC-H, the adolescent with ASC-H should undergo immediate colposcopic evaluation.

High-Grade Squamous Intraepithelial Lesions



High-grade squamous intraepithelial lesions (HSIL) are a significant cytologic abnormality that requires colposcopic evaluation because of a much higher rate of histologically confirmed CIN 2, CIN 3, or cervical cancer. Colposcopy with endocervical assessment is the recommended treatment for adult and adolescent women with HSIL. In the adult population, ACOG guidelines include a "see and treat" alternative for individuals with HSIL using a loop electrosurgical excision procedure (LEEP). Although this is an acceptable alternative in the adult, it should be avoided in the adolescent population. A significant number of adolescents with HSIL will have CIN 2 on biopsy. Because of the high rate of resolution of CIN 2 in adolescents and the low rate of cervical cancer, adolescents with biopsy-confirmed CIN 2 with adequate colposcopy and normal histology test results on endocervical assessment may be monitored without intervention. The specific method of follow-up should be individualized by the health care professional. A reasonable approach to the follow-up could be either cytology or colposcopy at 4–6-month intervals.

Postcolposcopy Diagnosis of CIN 1 or Less in an Adolescent With HSIL Cytology

Because interobserver variability is most pronounced in younger women (11), the risk of invasive cancer is extremely low, and the likelihood of spontaneous resolution of CIN 1 or CIN 2 is high, follow-up with colposcopy and cytology at 4–6 months may be undertaken (12), as long as the colposcopy is adequate and the endocervical assessment is negative. Excision is an acceptable alternative to colposcopic follow-up, but it is known to increase the risk of cervical stenosis and preterm labor.

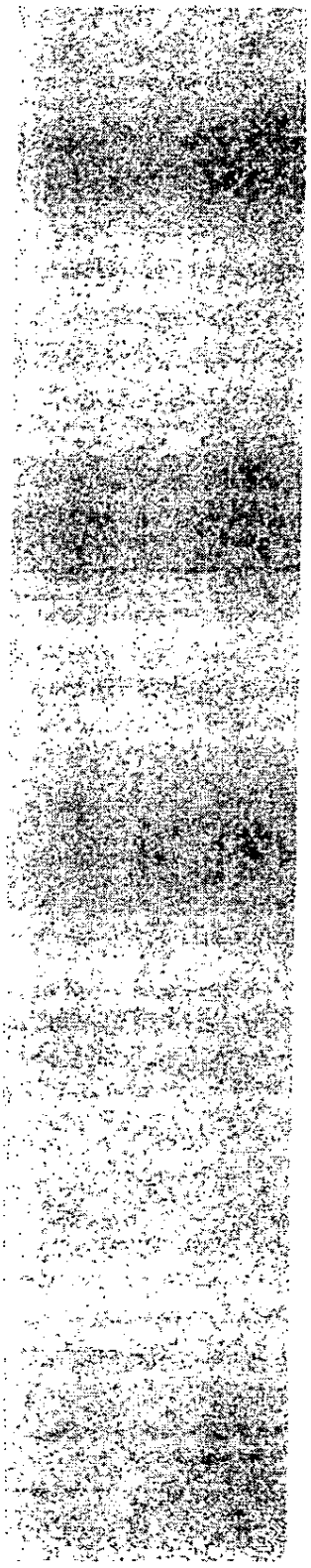
Atypical Glandular Cells

The Bethesda 2001 system for reporting cytologic abnormalities separates atypical glandular cells (AGC) into "not otherwise specified" (NOS) and "favor dysplasia." The cytology report further classifies the abnormalities based on the probable location of the cell of origin (endocervix, endometrium, or unknown). The prevalence of AGC cytology in the adolescent population is very low, and most of these abnormalities will arise from the squamous component of the cervix (13). Because of the rare nature of this diagnosis, a gynecologist with expertise in managing cervical dysplasia should manage cases of AGC cytology in the adolescent. The adolescent with AGC should undergo a colposcopy and endocervical sampling. Endometrial sampling would not be used in most adolescents unless they are morbidly obese, they have abnormal uterine bleeding or oligomenorrhea, or there is a suspicion of endometrial cancer.

Treatment of Dysplasia in Adolescents

Cervical Intraepithelial Neoplasia 1

Depending on the time from HPV exposure to evaluation, the



adolescent who is infected may have a normal cervix, a mildly abnormal cervix, or biopsy-confirmed CIN 1. Assuming that CIN 2 or greater has been ruled out by colposcopy, prospective studies of an adult population demonstrate that the risk of CIN 2 or greater developing over a 2-year period is 10% (10). In the adolescent population, the rate of resolution of CIN 1 is extremely high (greater than 85%). Therefore, management without therapy is the preferred recommendation for CIN 1 (14). This approach not only reduces the cost of delivering care to the adolescent but also avoids some of the potential risks of therapy, such as an increased rate of cervical stenosis, premature rupture of membranes, and preterm labor (15). The American College of Obstetricians and Gynecologists specifically states, "Observation provides the best balance between risk and benefit and should be encouraged" (4). Cervical intraepithelial neoplasia 1 in adolescents should be monitored using a protocol of either repeat cytologic testing at 6 and 12 months or of HPV DNA testing at 12 months. Colposcopy should then be performed for any abnormal cytology results or for positive high-risk HPV DNA results.

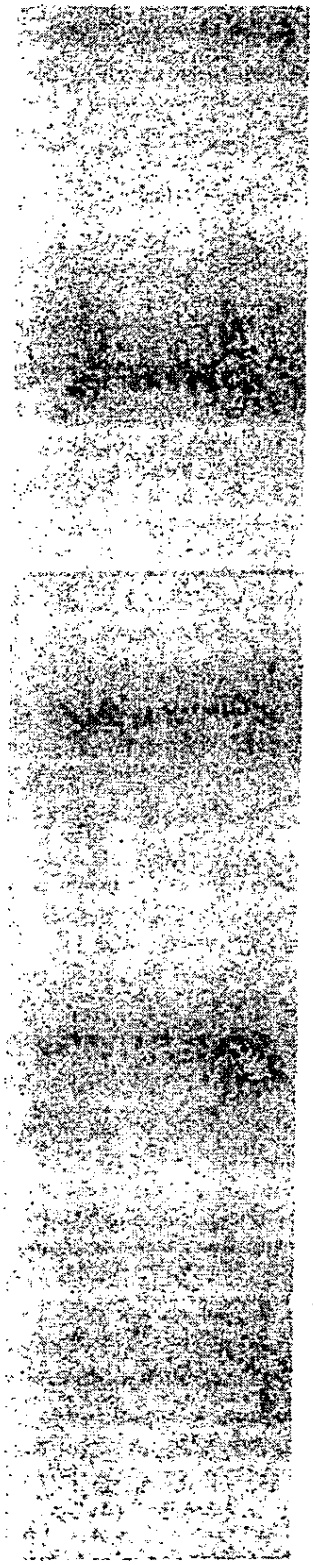
For those few individuals who require therapy for CIN 1, a variety of options are available. Randomized prospective clinical trials have demonstrated that cryotherapy, laser therapy, and LEEP are equally effective interventions for the treatment of CIN 1 (16). When therapy is required, the type of intervention is based on the geometry of the cervical lesion as well as the clinical recommendations of the clinician who is caring for the patient. Care should be taken to remove the least amount of cervical tissue that is necessary to eradicate the lesion.

Cervical Intraepithelial Neoplasia 2

Cervical intraepithelial neoplasia 2 is a significant abnormality that has classically required therapy. A variety of studies, including the ALTS trial, have demonstrated that this lesion may have a significant rate of resolution (up to 40%) in adults. This rate of resolution is suspected to be higher in adolescents. Based on these data and expert opinion, CIN 2 can be managed in adolescents with either observation or ablative or excision therapy. The adolescent patient who is monitored without therapy should be an individual deemed to be reliable regarding follow-up and have a good understanding of the nature of the abnormality and its risks. Follow-up can be individualized, with colposcopy or cytology every 4–6 months being a very conservative approach.

Cervical Intraepithelial Neoplasia 3

Cervical intraepithelial neoplasia 3 is a significant cervical abnormality. Despite the fact that cervical cancer is very rare in the adolescent population, the natural history of CIN 3 in this population has not been examined. Therapy is recommended for all women with CIN 3. Randomized prospective clinical trials have demonstrated that cryotherapy, laser therapy, and LEEP are equally effective interventions for the treatment of CIN 3. In one of



the largest follow-up studies of women having undergone outpatient ablative therapy of CIN, four cases of microinvasive cervical cancer and five cases of frankly invasive cancer were subsequently diagnosed among 3,783 women (17). Because of these considerations, some authors have recommended that excision be used for the management of biopsy-confirmed CIN 3, especially for large lesions that are at increased risk of having microinvasive or occult invasive carcinoma. The type of intervention is based on the geometry of the cervical lesion as well as the clinical recommendations of the health care provider.

Special Considerations for Colposcopy

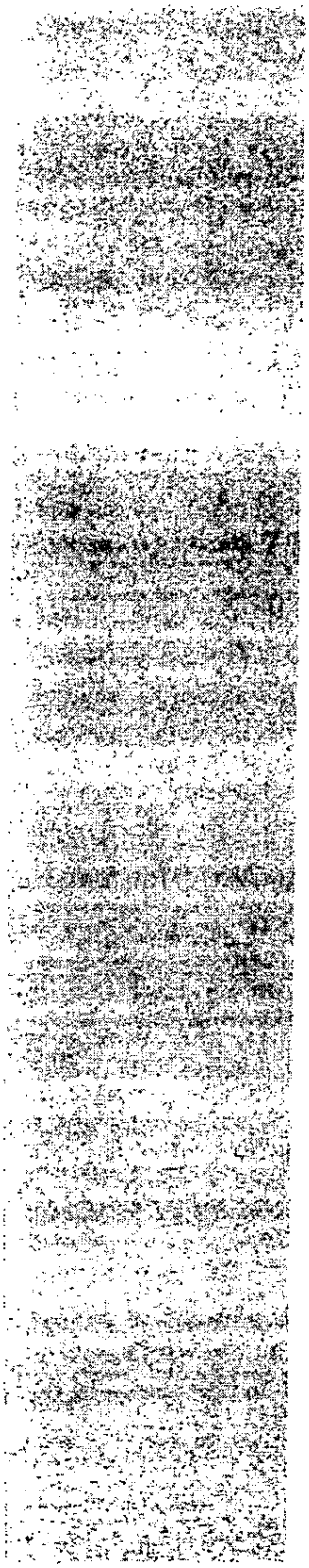
Consent

The minor undergoing a colposcopic examination represents a unique situation in that the abnormal Pap test result frequently is obtained during confidential screening for sexually transmitted diseases (STDs) or during counseling for contraception. Both interactions frequently occur without the knowledge of a parent or guardian.

Minors undergoing a colposcopic examination might find it helpful to have parental involvement for the procedure. However, colposcopic examinations are considered evaluation for STDs, and minors generally are allowed to consent for diagnosis of STDs (18). For that reason, parental consent, although preferred, should not be required. If parental consent is not obtained, consent for the examination should be obtained from the minor and indicated in the medical record.

The issues regarding parental consent for biopsy or therapy for cervical dysplasia are more complicated. The need for consent depends on whether the biopsy or therapy is considered part of STD evaluation and treatment and on the specifics of state law. Even if the minor legally can consent, the law may not ensure confidentiality. Some states allow minors to consent for STD care but give the health care provider discretion to disclose information to parents, particularly if it is necessary to protect the minor's health (18).

Biopsy and therapy for cervical dysplasia are more invasive than a colposcopic examination and carry a higher risk of complication. They also are likely to generate a bill, which can compromise confidentiality. These issues need to be considered when determining whether parental consent should be obtained, even if it is not legally required, before providing biopsy or therapy for a minor. Medical care providers throughout the United States provide such care without parental consent under the umbrella of the treatment of STDs. Any health care provider who delivers such care should be fully informed of their state laws and established local standards of care.



Screening for Sexually Transmitted Diseases

The adolescent population represents an at-risk population for cervical infection, specifically chlamydia and gonorrhea. Little evidence exists to support the routine screening of the cervix for chlamydia and gonorrhea before performing a colposcopy. Screening for STDs should be based on the ACOG guidelines for screening adolescents who are sexually active (19, 20).

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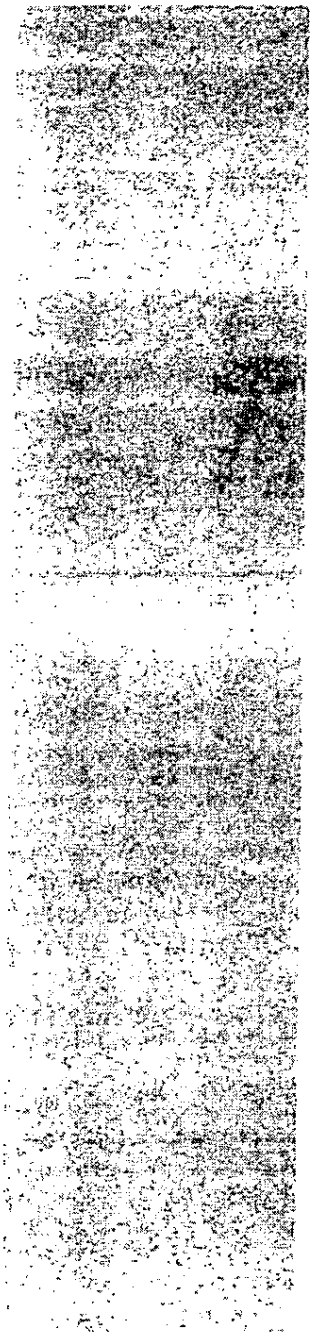

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ACOG *Statement of Policy*

As issued by the ACOG Executive Board

STATEMENT ON PROVIDING EFFECTIVE CONTRACEPTION TO MINORS

The never-married, never-pregnant, sexually involved female has not yet been reached with effective contraception. The laws of some states indirectly prohibit this service for minors and thereby prevent the gynecologist from serving them or place the physician in legal jeopardy if he does so.

The American College of Obstetricians and Gynecologists believes that:

1. The unmarried female of any age whose sexual behavior exposes her to possible conception should have access to the most effective methods of contraception.

2. In order to accomplish this, the individual physician, whether working alone, in a group or in a clinic, should be free to exercise his best judgment in prescribing contraception and therefore, the legal barriers which restrict his freedom should be removed.

3. These restricting legal barriers should be removed even in the case of an unemancipated minor who refuses to involve her parents. A pregnancy should not be the price she has to pay for contraception. On the other hand, in counseling the patient, all possible efforts should be made to involve her parents.

4. The contraceptive services should be offered whenever possible in a broad spectrum counseling context which would include mental health and venereal disease.

5. Every effort should be made to include male partners in such services and counseling.

Approved by the Executive Board
May 1971
Reaffirmed July 1987

To: Lindsay Holmes
From: Jackie Cason
Date: Friday, March 13, 2009

Dear Representative Holmes,

Though I gave oral public testimony on HB35 on Wed. 3/11/09, many legislators had already left the room. I am writing as well so that my story might inform the judiciary committee's decisions on this important legislation, and I hope you'll hear me out. The saddest part of my story is that it is an ordinary one. I am a survivor of child sexual abuse, and my story is the story of 1 in 5 young girls/women. I hope you will listen to it as a representative anecdote for many young women who experience similar abuse. (http://www.sciencefriday.com/pages/2005/May/hour1_051305.html. I will attach a recent article that suggests 20% of females are sexually abused.)

I grew up in a very ordinary family. My dad was the blue-collar breadwinner, and my mom remained at home all the way up passed my high school years. They were loving and attentive, interested in my life, not perfect, but I always knew they loved me. In spite of that, I was molested for 4-5 years, starting when I was 11 and had been menstruating for less than a year, so I was only recently passed from being a girl into a woman.

You might ask yourself, why didn't my parents or my family know? How do these things happen in ordinary families? Do all cases of abuse happen in families like the Pilgrims? My sister was working nights, doing piecework for Bell Helmets, putting fiberglass on motorcycle helmets. It was hard and dirty work. My parents were buying new property and developing it with five houses, still trying to run a business as usual. Everyone was occupied, and I was going to my sister's in the afternoon to help babysit her kids and get dinner started, before their dad came home from work. As a preteen, I was filling in the gap between the day shift and the swing shift as so many families do. You can imagine the rest, and it went on for years at different times. I was very shy, lacked some self-esteem, and felt physically incapable of sharing the secret.

How DO these things happen? You should realize that sexual predators are intelligent. They can spot weak and vulnerable victims for their purposes. They can gain access because they are trusted members of families. (He worked for my dad and was around frequently). Predators seek shy, less secure young people and then give them positive attention and flatter them frequently. These predators may groom their prey for months or years and will take advantage of a girl's natural self-consciousness about her emerging sexuality and will lead her to believe that her family would reject her if she told the secret. And victims sometimes believe and fear rejection. But mostly, it would be the feelings of shame that silence victims. This kind of story happens all the time, in unlikely places, to twenty-percent of the children, primarily females.

On the lucky side, at least I didn't get pregnant because the predator had already had a vasectomy. But pregnancy could happen to someone else in this all too ordinary scenario.

Had I gotten pregnant, could I have told my parents? I don't think so. You know, I've often played out alternative "what-if" scenarios, and I've asked what would have happened if I'd told. On the one hand, it might have saved my sister from many more years of domestic violence, which escalated after my dad died. I wonder if my dad would have killed him, literally. My dad was a hunter and had ready access to guns and the ability to use them decisively. Who wouldn't understand the passion that could drive a father to murder the man who was psychologically abusing one daughter and molesting a younger one? You might even want to acquit him of his revenge, but he wouldn't have been acquitted.

I couldn't tell my sister because her husband was the one molesting me. I couldn't tell my brothers because, I don't know, we just didn't talk about stuff like that. I might have gone to my middle sister who was 5 years older, but she was going through her own growing pains. Planned Parenthood or an organization like that might have been my only option.

Even now, I am uncomfortable talking or writing about this.

I come before you today healed, but not completely whole. The damage done to my spirit is permanent. But still, I am well enough to pursue happiness and a fulfilling life. I selected a mate who is generous and kind, I've been married 23 years, and I'm most proud of my three sons. Most importantly, I speak openly with them about human sexuality. They have attended the Our Whole Lives program, and we try to be sure the conversation stays open.

However, if I had borne a child from that horrific episode in my life, I would have been reminded of those many days and nights every time I looked that child in the eye. It would have harmed me further to force me to tell my parents, because I could not have brought myself to tell them. I would have waited, until I was past the first trimester. I would have delayed acting until it was too late. Though I'd like abortion to be rare, I think it should happen as early as possible in a situation like this. I might even have committed suicide. Though I can't be certain what I would have done, I can tell you that I discovered my cervix when I was 13. I didn't know what it was, and in my ignorance I imagined it to be a cancerous tumor that would certainly kill me by the time I was 18. The sad part is that I saw the justice in that. I thought that I deserved to die.

What would have changed my experience? Not HB35, because I never got pregnant. What might have enabled me to confide in my parents, who would have protected me from further assault? They might have reached me, and I might have reached out to them if they had begun a conversation about sexuality much earlier in life, a conversation free of shame and embarrassment. I would have known not only that what was happening was wrong but that I had recourse. I might have gone running into their arms, and they would never have considered rejecting me. I know that now. I didn't know that then. But I might also have seen my father spend his latter days in prison, at least a 50-50 chance I'm sure. My mom MIGHT have been able to stop him, but he could be violently tempered at times, and this would have been one of them.

If the state is going to compel a conversation in the event of a crisis pregnancy, then the state should go all the way and compel a lifelong conversation about healthy sexuality, age appropriate of course. Insist that parents accompany their minor children to human sexuality night at the community council or the local school. Force them to communicate, but don't lead them to believe that they can get away with near-silence on the topic and then rely on the state to force a conversation after it's too late. That might have saved me, and it might save young girls from being like me. It might empower them to embrace their sexuality as part of who they are, not feel shame, and allow them to grow comfortable talking about their bodies and the physiological changes that occur naturally through life. Who knows, they might even grow up to become healthy senior citizens who enjoy a sex life without shame. We're never too old to learn.

I know you are likely to vote against this legislation, but because you are my representative and on the judiciary committee, I wanted to write to your directly to ask you to emphasize my testimony, even though many had already left the room when I told my story.

Thank you for listening.

Jackie Cason

The Science of Child Sexual Abuse
Jennifer J Freyd; Frank W Putnam; Thomas D Lyon; Kathryn A Becker-Blease; et al
Science; Apr 22, 2005; 308, 5721; ProQuest Education Journals
pg. 501

POLICY FORUM

PSYCHOLOGY

The Science of Child Sexual Abuse

Jennifer J. Freyd,[1]* Frank W. Putnam,[2] Thomas D. Lyon,[3] Kathryn A. Becker-Blease,[4] Ross E. Cheit,[5] Nancy B. Siegel,[6] Kathy Pezdek[7]

Child sexual abuse (CSA) involving sexual contact between an adult (usually male) and a child has been reported by 20% of women and 5 to 10% of men worldwide (*1–3*). Surveys likely underestimate prevalence because of underreporting and memory failure (*4–6*). Although official reports have declined somewhat in the United States over the past decade (*7*), close to 90% of sexual abuse cases are never reported to the authorities (*8*).

CSA is associated with serious mental and physical health problems, substance abuse, victimization, and criminality in adulthood (*9–12*). Mental health problems include posttraumatic stress disorder, depression, and suicide (*13, 14*). CSA may interfere with attachment, emotional regulation, and major stress response systems (*15*). CSA has been used as a weapon of war and genocide and is associated with abduction and human trafficking (*2*).

Much of the research on CSA has been plagued by nonrepresentative sampling, deficient controls, and limited statistical power (*16*). Moreover, CSA is associated with other forms of victimization (*17*), which complicates causal analysis of its role in adult functioning. However, associations in larger scale community and well-patient samples have been confirmed after controlling for family dysfunction and other risk factors (*18, 19*), in longitudinal investigations that measure pre- and post-CSA functioning (*20*), and in twin studies that control for environmental and genetic factors (*12, 21*).

Most CSA is committed by family members and individuals close to the child (*1*), which increases the likelihood of delayed disclosure (*22*), unsupportive reactions by caregivers and lack of intervention (*8, 23*), and possible memory failure [(*24, 25*), compare (*26*)]. These factors all undermine the credibility of abuse reports, yet there is evidence that when adults recall abuse, memory veracity is not correlated with memory persistence (*27, 28*). Research on child witness reliability has focused on highly publicized allegations of abuse by preschool operators and has emphasized false allegations rather than false denials (*29, 30*). Cognitive and neurological mechanisms that may underlie the forgetting of abuse have been identified (*31–33*).

Scientific research on CSA is distributed across numerous disciplines, which results in fragmented knowledge that is often infused with unstated value judgments. Consequently, policy-makers have difficulty using available scientific knowledge, and gaps in the knowledge base are not well articulated. We recommend interdisciplinary research initiatives and a series of international consensus panels on scientific and clinical practice issues related to CSA. This can promote (i) increased inclusion of CSA education in the curriculum in medical and mental health fields; (ii) improved education of the public, the media, and professionals who work with alleged CSA victims; (iii) greater visibility and improved dissemination of CSA research; (iv) increased focus on CSA by researchers in a range of disciplines; and (v) improved cost-benefit analyses of intervention, including prevention efforts.

We call on researchers from social science, medical, and criminal justice fields to gather better information on the prevalence (*34*), causes, consequences, prevention, and treatment of CSA. A 1996 report from the Department of Justice (*35*) estimated rape and sexual abuse of children to cost $1.5 billion in medical expenses and $23 billion total annually to U.S. victims. Whereas $2 is spent on research for every $100 in cost for cancer, only $0.05 is spent for every $100 dollars in cost for child maltreatment (*36*). The National Child Traumatic Stress Network is a federally funded network of 54 sites providing community-based treatment to children and their families exposed to a wide range of trauma. The network should be expanded to address the enormous public health consequences of child trauma, and supported to develop new forms of treatment. Even creation of a new Institute of Child Abuse and Interpersonal Violence within the NIH would be justified on the basis of the emotional and economic cost of these problems.

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34. For example, the Bureau of Justice Statistics collects data on crimes against people aged 12 and older.
35. T. R. Miller, M. A. Cohen, B. Wiersema, *Victim Costs and Consequences: A New Look* (U.S. Department of Justice, Washington, DC, 1996).
36. F. W. Putnam, in *The Cost of Child Maltreatment: Who Pays?* K. Franey, R. Geffner, R. Falconer, Eds. (Family Violence and Sexual Assault Institute, San Diego, CA, 2001), pp. 185–198.

10.1126/science.1108066

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2858

Jane Pierson

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Friday, February 27, 2009 8:38 AM

To: Tim Barry; John Bitney; Shannon Devon; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; Tom Maher; John Manly; Rynnieva Moss; Jane Pierson; Chris Wyatt

Subject: Daily News: History of parental consent law in Alaska

History of parental consent law in Alaska

Published: February 27th, 2009 03:38 AM
Last Modified: February 27th, 2009 03:44 AM

1997: Passed by Legislature, became law over veto by then-Gov. Tony Knowles. Challenged immediately. Never went into effect. What it did: Required girls younger than 17 to get a parent's or judge's permission before obtaining an abortion.

1997: Appealed by ACLU, Planned Parenthood and local doctors.

1998: Superior Court Judge Sen Tan rules the law unconstitutional. The state appeals.

2001: Alaska Supreme Court orders Judge Tan to hear testimony and decide if the law furthers **"a compelling state interest" using the "least restrictive means"** available. This is a standard balancing test used to decide if something is important enough to the state that it should be allowed even if it might infringe on a citizen's rights.

2003: Superior Court trial held as ordered.

2003: Judge Tan rules the law does not meet the **compelling state interest-least restrictive** means test. He ruled it unconstitutional under the **equal protection and privacy clauses** of the Alaska Constitution.

2004: The state appealed Tan's ruling to the Alaska Supreme Court.

2005: Oral argument before the Supreme Court

2007: In a 3-2 vote, the Supreme Court rules the law unconstitutional on privacy grounds.

Changes in Alaska Supreme Court:

The votes to overturn the parental consent law in 2007 were cast by Justices Dana Fabe, Alex Bryner and Robert Eastaugh.

Justices Walter Carpeneti and Warren Matthews voted to uphold it.

The current make-up of the court: Fabe and Eastaugh remain on the bench.

Bryner has been replaced by Palin appointee Daniel Winfree.

Carpeneti remains on the bench. **Matthews will soon be replaced by an upcoming Palin appointment.**

Source: Anchorage Daily News. Associated Press, ACLU

2/27/2009

Alaska State Legislature

Please enter into the record my testimony to the House Judiciary committee name committee on HB 35 bill/subject . dated 3-9-09

Dear Legislators:

My name is Patricia Anker and I live in Anchorage - District 423.

Thank you for taking public testimony regarding HB 35.

I understand this bill will be heard in the House Judiciary Committee this coming Monday, Wednesday and Friday.

Please vote **YES** on this bill and support parental rights as they provide for, support, educate, and love their children. They - the parents - are, after all, responsible in every way for the well-being of their children - they certainly should have the information they need to guide their children in all areas.

Thank You,
Patricia K. Anker

Signed:

From: John and Patti Anker [ankzam@gci.net]
Sent: Sunday, March 08, 2009 12:35 AM
To: LIO Anchorage
Subject: HB35 Notice and Consent for Minor's Abortion

Address

Phone No.

9/86 Legislative Information Office

Charleston Daily Mail
DAILYMAIL.COM

41°

Friday March 13, 2009 3:05 pm » More weather Feels like 41°

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Statehouse News

Wednesday March 11, 2009

Bill would require minors to get parental consent to use tanning beds

by Michelle Saxton
Daily Mail Capitol Reporter

CHARLESTON, W.Va. – Teenagers wanting a bronze, sun-kissed look in a pinch may have to get written consent from their parents before heading to the tanning salon under a bill pending with West Virginia lawmakers.

Senate Bill 488 would require parents or legal guardians to sign a statement granting permission for children under 18 who want to use a tanning facility. In cases where a child was under 14, parents or guardians would have to accompany them.

"There is so much skin cancer, and we know that tanning beds contribute," said Sen. Ron Stollings, a physician. "It's an add-on over years."

Stollings, D-Boone, introduced the bill last week. It is pending in the Senate Judiciary Committee.

"From a business standpoint we don't want to close anybody down," said Stollings, whose district also includes Logan, Lincoln and part of Wayne counties. "We just want to make people aware of the risks.

"People are still going to go to the tanning bed, but at least we're trying to raise awareness that it's not a benign process," he said. "It's not like we don't know it's an issue or not - the studies are there. The more UV radiation you get, the more increased risk for skin cancer."

Signed consent forms would be valid for one calendar year and would state that "the parent or legal guardian has read and understood the warnings given by the tanning facility, and that they consent to the minor's use of the tanning device and agree that the minor will use protective eyewear," the bill says.

"It's a wonderful step in the right direction," said Erin Mulvey, communications director for the Skin Cancer Foundation in New York. The foundation ultimately hopes tanning salons will be illegal for minors, she said, and it is working to encourage young women and others to stop tanning through its Go With Your Own Glow public awareness campaign.

"The reason we feel so strongly is because of the direct link to skin cancer," Mulvey said. "We just want people to be healthy and take care of your skin.'

It is projected that more than 62,000 Americans were diagnosed in 2008 with melanoma, the deadliest form of skin cancer, according to American Cancer Society estimates. The estimated figure for new cases of melanoma in West Virginia last year is 440, according to the Skin Cancer Foundation.

Skin damage or burns can occur if you are careless, whether out in the sun or in a tanning bed, but salons provide a controlled environment where tanning time is monitored, some businesses say.

"At any age it's very bad for your skin to get a bad sunburn," said Krystle Smith, who co-owns Hot Spot Tanning in Charleston. "If parents are more involved, their children are more apt to be safe about it."

Hot Spot Tanning is among West Virginia salons that already require parental permission for minors.

Toni Richardson, who co-owns the salon with Smith, her daughter, has had parents sign for their children since starting the business in 1999.

"I think the bill is a great idea." Richardson said.

Richardson remembers one customer who had previously gone to a different tanning

Parental Rights on Tanning Beds

facility without her parents' knowledge, stayed too long under the tanning device and got burned.

"I think that if her parents were aware maybe the mother would have said, 'Don't stay so long,' " Richardson said. "I do have a couple of parents that do that."

"It's important that parents know everything their children are doing," she said. "There's a lot of controversy on tanning. I think that the parents need to make the decision whether to let their children tan or not."

Advertise

11 Comments on "Bill would require minors to get parental consent to use tanning beds"
Post a comment

Posted By: **morning sick...** (19 hours ago) ⚠Report Abuse

Hey teach...why don't you just make sure Johnny can read, write and add on an 8th grade level when they graduate High School like you've been doing and stop trying to save everyone from themselves by trampling on our civil liberties to push your socialist goodt two shoe utopian agenda.

Posted By: **unreal** (10:00am 03-12-2009) ⚠Report Abuse

I have had a member of my family pass with skin cancer and I still think this is the stupidest thing I have heard of...parents should know what their children do and do not need the government requiring it. I worried more about whether the young kids will have a job here in our state when they graduate than how many lay in the tanning beds. Heck what next make the parents sign a parental consent for the kids to go outside when the sun is shining?

Posted By: **WVTEACH** (8:46am 03-12-2009) ⚠Report Abuse

Morning Sick - I guess you do not think skin cancer in an issue? The risk of cancer increases immensely if you start tanning early. Girls are tanning as early as middle school now. Think of the damage that will be done before they graduate college. Whether you want to believe it or not this is a MAJOR PROBLEM. I'm sure if you had someone in your family die from skin cancer you would think differently about this bill. BTW - In West Virginia we have something called Content Standards and Objectives. That is what teachers use to guide their teachings.

Posted By: **morning sick...** (6:58am 03-12-2009) ⚠Report Abuse

WVTEACH....I am so glad I do not have children in the public schools because public education is "child abuse". I would not want you indoctrinating my child with your "common sense"

More Comments »

Adopted
3/27/09

AMENDMENT 5

OFFERED IN THE HOUSE FINANCE COMMITTEE

By REP. GARA

TO: HB 35

amended amendment Adopted

1. Page 2, lines 27:

   Following "death":

   Insert "or serious risk to the minor's physical health"

2. Page 2, lines 28-30:

   Delete all text.

HB

36

<target><bill>HB 36</bill><subject>HB
36</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE

REPRESENTATIVE KYLE JOHANSEN
MAJORITY LEADER

SPONSOR STATEMENT – HOUSE BILL 36

Alaska's lawmaking process is highly public and strives to be transparent. Shown by the passage of an omnibus ethics bill in 2006, Alaskan voters want to know who is contributing to candidate campaigns. Initiative-created law has the same authority and effect as law created by elected officials; therefore voters should be allowed to know who is making law through the initiative process. House Bill 36, also known as the Open and Transparent Initiative Act (OTIA), seeks to identify people and/or groups who financially contribute to initiative campaigns and requires all initiative groups to register with the Alaska Public Office's Commission. These guidelines are similar to those imposed upon elected officials. In addition, OTIA mandates that initiative sponsors hold public hearings in 30 house districts, limits signature-gathers to work one petition at a time, restricts the use of per-signature commission, and requires all of the language of a proposed ballot measure be published in the petition booklets so potential signers have the opportunity to read all of the language rather than a short summary.

Initiative committees in Alaska are not held to a high enough disclosure standard. There are loopholes in the current disclosure process that allow groups to hide contributors. There are signature-gathers without accountability. There is a lack of public hearings and input. There is financial information that is not disclosed until after the election. These shortcomings are not acceptable, and the Open and Transparent Initiative Act seeks to close these loopholes, repair the initiative process, and restore the faith of Alaskans in our election process.

Session: State Capitol, Juneau, AK 99801-1182 • (907) 465-3424 • Fax (907) 465-3793
Interim: 50 Front Street, Suite 203, Ketchikan, AK 99901 • (907) 247-4672 • Fax (907) 225-8546
Coffman Cove • Hollis • Ketchikan • Meyers Chuck • Saxman • Thorne Bay

ALASKA STATE LEGISLATURE

Add to Minutes

REPRESENTATIVE KYLE JOHANSEN
MAJORITY LEADER

SECTIONAL ANALYSIS – HOUSE BILL 36

Section 1. Requires an individual, person, non-group entity, or group that contributes a total of $500 or more to a group organized for the principal purpose of influencing a bill proposed for inclusion on the ballot as an initiative under AS 15.45.020, to report the individual's, person's, non-group entity's, or group's contribution or contributions on a form prescribed by the Alaska Public Offices Commission (APOC) not later than 30 days after the contribution is made.

Section 2. Provides that each person other than an individual shall register with APOC before making an expenditure in support of or in opposition to a proposed initiatives bill filed with the lieutenant governor under AS 15.45.020.

Section 3. Expands the meaning of "proposition" under AS 15.13.065(c) to include an initiative proposal application filed with the lieutenant governor under AS 15.45.020.

Section 4. Conforms subsection AS 15.13.110(e) to the enhanced initiative reporting requirements found in the bill's sec. 5.

Section 5. Establishes new reporting requirements for initiative committees, persons, groups, or non-group entities making certain contributions or expenditures in support of or in opposition to an initiative proposal application filed with the lieutenant governor under AS 15.45.020 or an initiative that has been approved for placement on the ballot.

Section 6. Expands the definition of "contribution" applicable to state election campaigns to include certain purchases, payments, promises, or obligations to pay, loans or loan guarantees, deposits or gifts of money, good, or services for which a charge is ordinarily made that is made for the purpose of supporting or opposing an initiatives proposal application filed with the lieutenant governor under AS 15.45.020.

Section 7. Expands the definition of "expenditure" applicable to state election campaigns to include certain purchases or transfers of money or anything of value, or promises or agreements to purchase or transfer money or anything value, incurred or made for the purpose of supporting or opposing an initiative proposal application filed with the lieutenant governor under AS 15.45.020.

Section 8. Prohibits an initiative that is substantially similar to an initiative that has appeared on the ballot in the previous two years that was not adopted by the electorate.

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(COPY ON FILE)

Section 9. Requires that each initiative petition contains a copy of the proposed initiative bill.

Section 10. Prohibits paying initiative petition circulators on a per signature basis. money per sig

Section 11. Prohibits initiative petition circulators from gathering signatures for more than one initiative at a time.

Section 12. Provides that the affidavit required to accompany an initiative petition must state in substance that the person circulating the petition did not gather signatures for more than one petition at a time.

Section 13. Requires that initiative sponsors (1) hold hearings in at least 30 house districts before a petition is filed with the lieutenant governor under AS 15.45.140 and (2) provide reasonable notice of each public hearing. Provides that an initiative petition will not be placed on the ballot if the sponsors fail to hold, or provide proper notice of, the public hearings.

Section 14. Requires initiative sponsors to include a sworn affidavit, and proof acceptable to the lieutenant governor, that the initiative sponsors held public hearings in 30 house districts and provided proper notice of the hearings.

Section 15. Requires the lieutenant governor to review the affidavit provided under the bill's sec 14, and any accompanying proof submitted, at the time the lieutenant governor reviews the initiative petition.

Section 16. Adds initiative sponsors' failure to hold public hearings in 30 house districts or sponsors' failure to provide reasonable notice of hearings, to the bases upon which the lieutenant governor may determine that an initiative petition is improperly filed.

Section 17. Requires an election pamphlet to be prepared and mailed to each household for any special election at which a ballot proposition is scheduled to appear on the ballot.

Section 18. Provides that an election pamphlet for a special election at which a ballot measure is scheduled to appear on the ballot shall contain (1) the full text of the proposition, (2) the ballot title and summary of the proposition, (3) a statement of the costs to the state of implementing the law proposed in an initiative, (4) a neutral summary of the proposition, (5) statements submitted that advocate voter approval or rejection of the proposition not to exceed 500 words, and (6) any additional information on voting procedures that the lieutenant governor considers necessary.

Section 19. Requires that a standing committee of the legislature review initiatives that the lieutenant governor has approved for placement on the ballot.

Section 20. Provides that the provisions of the Act apply to an initiative proposed by filing an application with the lieutenant governor under AS 15.45.020 on or after the effective date of the Act.

Read this

H Finance - HB 36 Chip Thoma Box 21884 JNU

HB 36 is a Campaign Disclosure bill - directed specifically at those who support and oppose Initiatives.

Yet a few weeks ago, the US Supreme Court issued a ruling on the Bigger Issue of **WHO** can Contribute to all political Campaigns and Issues, federal & state.

And the Answer is : All Bets Are Off. It is wide open and could be a Major Sea Change in Alaska politics very soon.

HB 36 has now become Piece-Meal legislation – a small piece of the Big Pie of campaign contributions in Alaska.

Alaska is An Oil State – that is our Strength,... and it also makes us Vulnerable to Mischief Created by Others.

There are Major Players at work here already – what if someone, or some company wants to Seriously Get Involved in oil taxes - $10-20 M worth – Can We Restrict that Entity?

As I said, Alaska is an Oil State - If Hugo Chavez and CITCO oil company want to influence state elections – or push initiatives, referendums, or recalls, can we restrict these foreign players or not?

That question is now Wide Open - That's why HB 36 is Piece-meal – and passage without full review could invite campaign mischief through unlimited financing.

Instead, there should be a Bipartisan Taskforce with an Interim Committee of House and Senate members to look at the big picture of campaign finance in Alaska & HB36.... Please hold HB 36 and review it with an Interim Committee.

ALASKA STATE LEGISLATURE

REPRESENTATIVE KYLE JOHANSEN
MAJORITY LEADER

SECTIONAL ANALYSIS – HOUSE BILL 36
Version S

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Section 3. Expands the meaning of "proposition" under AS 15.13.065(c) to include an initiative proposal application filed with the lieutenant governor under AS 15.45.020.

Section 4. Conforms subsection AS 15.13.110(e) to the enhanced initiative reporting requirements found in the bill's sec. 5.

Section 5. Establishes new reporting requirements for initiative committees, persons, groups, or non-group entities making certain contributions or expenditures in support of or in opposition to an initiative proposal application filed with the lieutenant governor under AS 15.45.020 or an initiative that has been approved for placement on the ballot.

Section 6. Expands the definition of "contribution" applicable to state election campaigns to include certain purchases, payments, promises, or obligations to pay, loans or loan guarantees, deposits or gifts of money, good, or services for which a charge is ordinarily made that is made for the purpose of supporting or opposing an initiatives proposal application filed with the lieutenant governor under AS 15.45.020.

Section 7. Expands the definition of "expenditure" applicable to state election campaigns to include certain purchases or transfers of money or anything of value, or promises or agreements to purchase or transfer money or anything value, incurred or made for the purpose of supporting or opposing an initiative proposal application filed with the lieutenant governor under AS 15.45.020.

Section 8. Echoes 15.45.040 in saying that if an initiative is not confine to a single subject, it will not be certified for the ballot.

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Section 9. Requires that each initiative petition contains a copy of the proposed initiative bill.

Section 10. Prohibits paying initiative petition circulators on a per signature basis.

Section 11. Requires that the Lieutenant Governor (1) hold at least 2 hearings in each judicial district of the State and (2) provide reasonable notice of each public hearing. Provides a time frame for the Lieutenant Governor to hold the public hearings, which is after a measure is to appear on the ballot and at least 30 days prior to the election.

Section 12. Requires an election pamphlet to be prepared and mailed to each household for any special election at which a ballot proposition is scheduled to appear on the ballot.

Section 13. Provides that an election pamphlet for a special election at which a ballot measure is scheduled to appear on the ballot shall contain (1) the full text of the proposition, (2) the ballot title and summary of the proposition, (3) a statement of the costs to the state of implementing the law proposed in an initiative, (4) a neutral summary of the proposition, (5) statements submitted that advocate voter approval or rejection of the proposition not to exceed 500 words, and (6) any additional information on voting procedures that the lieutenant governor considers necessary.

Section 14. Requires that a standing committee of the legislature review initiatives that the lieutenant governor has approved for placement on the ballot.

Section 15. Provides that the provisions of the Act apply to an initiative proposed by filing an application with the lieutenant governor under AS 15.45.020 on or after the effective date of the Act.

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: April 16, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/16/10

The FINANCE Committee considered: **SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 36**

"An Act relating to ballot initiative proposal applications and to ballot initiatives."

HB 36 INITIATIVES: CONTRIBUTIONS/ PROCEDURES

Recommends it be replaced with [ ] HCS *or* [X] CS *for* SSHB 36 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR _____ **[ ] Same Title [X] New Title**

[ ] attach amendments
[ ] add new referral to _____ Committee
[ ] Letter of Intent _____ Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	***FN#**	**Fiscal**	**Indet.**	**Zero**
ADM		✓		
GOV				✓
GOV				✓

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	**FN#**	**Fiscal**	**Indet.**	**Zero**

Signing with recommendations	**Printed Last Name**	**DP**	**DNP**	**NR**	**AM**
	Thomas	✓			
	Austerman	X			
	Gara				✓
	Doogan				✓
	Foster				✓
	KELLY	X			
Anna Fairclough	FAIRCLOUGH	✓			
Chair:	Stoltze	X			
Chair:	Hawker	*			

2871

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SSHB 36**
() Publish Date:

Identifier (file name): SSHB036-DOA-APOC-02-08-10
Title "An Act relating to ballot initiative applications and to ballot initiatives..."
Sponsor Reps. JOHANSEN, MILLETT, WILSON, Johnson
Requester (H) JUD

Dept. Affected: Administration
RDU AK Public Offices Commission
Component AK Public Offices Commission
Component Number 70

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	32.7						
Travel							
Contractual	25.0						
Supplies							
Equipment	2.5						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**60.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	60.2						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**60.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time	1.0						
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill would impact the Alaska Public Offices Commission (APOC) through changes to regulations, changes to the electronic filing program and increased workload for staff. Changes to regulations could be incorporated into a proposed contract to draft regulations at little or no increased cost. To the extent that the regulations expand reporting of contributions to groups supporting ballot initiative proposal applications, this would require changes to the existing reporting forms and to the proposed format of the electronic filing system (Insight). Contractual funds are included to analyze programming changes to the Insight program that would be included in the FY12 Capital budget. Requiring that groups sponsoring ballot initiative proposal applications file earlier than currently required would generate increased filings and customer assistance, increasing staff workload. This increment includes 1 PPT (range 13, Law Office Assistant II) with computer and furniture.

Prepared by: Holly Hill, Director — Phone (907) 334-1726
Division Alaska Public Office Commission — Date/Time 2/8/10 12:00 PM
Approved by: Rachael Petro, Deputy Commissioner — Date 2/8/2010
Department of Administration

(Revised 11/6/2009 OMB)

2872

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSSHB 36(JUD)**
() Publish Date:

Identifier (file name): HB036CSSS(JUD)-OOG-DOE-2-8-10
Dept. Affected: OOG
Title: An Act relating to ballot initiative proposal applications and to ballot initiatives
RDU: Elections
Component: Elections
Sponsor: Representatives Johansen, Millett, Wilson and Johnson
Requester: House Finance Committee
Component Number: 21

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual		0.0					
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		0.0					
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation will have no fiscal impact on the division of elections.

Prepared by: Gail Fenumiai, Director — Phone 465-4611
Division: Division of Elections — Date/Time 2/8/10, 9:07am
Approved by: Linda Perez, Director — Date 2/8/2010
Division of Administrative Services

(Revised 10/13/2009 OMB)

2873

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SSHB36
() Publish Date:

Identifier (file name): SSHB036-OOG-LtGOV-3-12-10
Dept. Affected: OOG
Title "An Act relating to ballot initiative proposal applications and to ballot initiatives."
RDU Executive Operations
Component Lt. Governor's Office
Sponsor Representatives Johansen, Millet, Wilson and Johnson
Requester House Finance
Component Number 11

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The bill requires the lieutenant governor or designee to convene two or more public hearings in each judicial district and to provide consistent and reasonable notice of the hearings. The Office of the Lieutenant Governor can perform these duties within existing budget levels.

Prepared by: Linda Perez, Director
Phone 465-3876
Division Administrative Services
Date/Time 3/12/2010 5:00:00PM
Approved by: John Cramer, Chief of Staff
Lt. Governor's Office
Date 3/12/2010

(Revised 9/10-2008 OMB)

BS move
MH object
MH withdraw obj set aside
BS withdraw amend.

26-LS0197\S.4
Bullard
3/11/10

AMENDMENT #1

By Stoltze
by Request Sponsor

OFFERED IN THE HOUSE

TO: CSSSHB 36(JUD)

Page 2, line 6:

Insert a new bill section to read:

"* **Sec. 3.** AS 15.13.050 is amended by adding a new subsection to read:

(c) If a group intends to make contributions or expenditures only in support of or opposition to a single initiative on the ballot, the title or common name of the initiative must be a part of the name of the group. If the group intends to make contributions or expenditures only in opposition to a single initiative on the ballot, the group's name must clearly state that it opposes that initiative by using a word such as "opposes," "opposing," "in opposition to," or "against" in the group's name."

Renumber the following bill sections accordingly.

BS move
MH Obj.
MH maintain obj; work on language
BS - APOC - work on language
AA - title change
withdrawn Adopted 3/16/10

26-LS0197\S.1
Bullard
1/25/10

AMENDMENT #2

By Stoltze by Request

OFFERED IN THE HOUSE

TO: CSSSHB 36(JUD)

Page 1, line 1, following "**initiatives**":

Insert "**and those who file or organize in order to file them**"

Page 4, following line 30:

Insert a new bill section to read:

"* **Sec. 8.** AS 15.13.400(8) is amended to read:

(8) "group" means

(A) every state and regional executive committee of a political party; [AND]

(B) any combination of two or more individuals acting jointly who organize for the principal purpose of influencing the outcome of one or more elections and who take action the major purpose of which is to influence the outcome of an election; a group that makes expenditures or receives contributions with the authorization or consent, express or implied, or under the control, direct or indirect, of a candidate shall be considered to be controlled by that candidate; a group whose major purpose is to further the nomination, election, or candidacy of only one individual, or intends to expend more than 50 percent of its money on a single candidate, shall be considered to be controlled by that candidate and its actions done with the candidate's knowledge and consent unless, within 10 days from the date the candidate learns of the existence of the group the candidate files with the commission, on a form provided by the commission, an affidavit that the group is operating without the candidate's control; a group organized for more than one year

preceding an election and endorsing candidates for more than one office or more than one political party is presumed not to be controlled by a candidate; however, a group that contributes more than 50 percent of its money to or on behalf of one candidate shall be considered to support only one candidate for purposes of AS 15.13.070, whether or not control of the group has been disclaimed by the candidate; **and**

(C) any combination of two or more individuals acting jointly who organize for the principal purpose of filing an initiative proposal application under AS 15.45.020 or who file an initiative proposal application under AS 15.45.020;" or who organize for the purpose

Renumber the following bill sections accordingly.

Withdrew 3/16/10

26-LS0197\S.9
Bullard
3/15/10

AMENDMENT #3 ?

OFFERED IN THE HOUSE
TO: CSSSHB 36(JUD)

By Stoltze by Request

Page 1, line 1:

Delete "**and to ballot initiatives**"

Insert "**, to ballot initiatives and referenda, to issues placed on the ballot to determine whether a constitutional convention shall be called, a debt shall be contracted, an advisory question shall be approved or rejected, or a municipality shall be incorporated, and to constitutional amendments submitted to the public for a vote**"

Admin wants

Page 2, line 9, following "15.13.060":

Insert "**15.13.074(b),**"

Page 7, line 13, following "APPLICABILITY":

Insert "(a)"

Page 7, following line 15:

Insert a new subsection to read:

"(b) This Act applies only to a ballot proposition, as that term is defined in AS 15.13.065(c), but excluding an initiative covered under (a) of this section, placed on the ballot after the first statewide election on or after the effective date of this Act."

MD move
BS object
withdraws until later

26-LS0197\S.8
Bullard
3/15/10

AMENDMENT #4

OFFERED IN THE HOUSE

By Doogan

TO: CSSSHB 36(JUD)

Page 1, line 1:

Delete "**and to ballot initiatives**"

Insert "**, to ballot initiatives, and to communications made in connection with initiative elections**"

Page 2, following line 19:

Insert new bill sections to read:

"*** Sec. 4.** AS 15.13.090(a) is amended to read:

(a) All communications shall be clearly identified by the words "paid for by" followed by the name and address of the **person** [CANDIDATE, GROUP, NONGROUP ENTITY, OR INDIVIDUAL] paying for the communication. In addition,

(1) candidates and groups may identify the name of their campaign chairperson**; and**

(2) a person paying for a communication relating to an initiative shall clearly

(A) if applicable, identify the person's principal officer and the officer's title;

(B) include a statement from the person, or principal officer of the person, approving the communication;

(C) provide the address of the person, if the person is an individual, group, nongroup entity, or other nonprofit organization, or the address of the person's principal place of business; and

(D) identify the five contributors contributing the largest amounts to the person, if any, during the 12-month period before the date of the communication, with the words "top five contributors." [.]

* **Sec. 5.** AS 15.13.090 is amended by adding a new subsection to read:

(c) In this section, "contributors" means the true source of the funds being contributed to the person paying for the communication."

Renumber the following bill sections accordingly.

MH: any contributer > 10% total.

gara move
BS obj.
Adopted 3/16/10

26-LS0197\S.11
Bullard
3/15/10

AMENDMENT #5

OFFERED IN THE HOUSE BY REPRESENTATIVE GARA

TO: CSSSHB 36(JUD)

Page 6, line 21:

Insert a new subsection to read:

"(c) Penalties for a violation of this section shall not include removal of an initiative from the ballot."

2881

Withdrawn 3/16/10

26-LS0197\S.13
Bullard
3/16/10

AMENDMENT #6

By Doogan

OFFERED IN THE HOUSE

TO: CSSSHB 36(JUD)

Page 1, line 1:

Delete "**and to ballot initiatives**"

Insert "**, to ballot initiatives, and to communications made in connection with elections**"

Page 2, following line 19:

Insert new bill sections to read:

"* **Sec. 4.** AS 15.13.090(a) is amended to read:

(a) All communications shall be clearly identified by the words "paid for by" followed by the name and address of the **person** [CANDIDATE, GROUP, NONGROUP ENTITY, OR INDIVIDUAL] paying for the communication. In addition,

(1) candidates and groups may identify the name of their campaign chairperson**; and**

(2) a person paying for a communication relating to an initiative shall clearly

(A) if applicable, identify the person's principal officer and the officer's title; and

(B) identify the three contributors that have contributed the largest amounts to the person in excess of $500, if any, with the words "top three contributors." [.]

* **Sec. 5.** AS 15.13.090 is amended by adding new subsections to read:

(c) The contributors described in (a)(2)(B) of this section shall be listed in

order of the amount of their contributions, except that those contributing the same amount shall be listed alphabetically. In no case shall a person be required to identify more than three contributors under (a)(2)(B) of this section.

(d) In this section, "contributors" means the true source of the funds being contributed to the person paying for the communication."

Renumber the following bill sections accordingly.

Page 7, line 13:

Delete "This Act applies"

Insert "Sections 1 - 3 and 6 - 16 of this Act apply"

Adopted 3/16/10

26-LS0197\S.12
Bullard
3/16/10

AMENDMENT #7

OFFERED IN THE HOUSE
TO: CSSSHB 36(JUD)

By Stoltze by Request

Page 2, following line 6:

Insert a new bill section to read:

"*** Sec. 3.** AS 15.13.050 is amended by adding a new subsection to read:

(c) If a group intends to make more than 50 percent of its contributions or expenditures in support of or opposition to a single initiative on the ballot, the title or common name of the initiative must be a part of the name of the group. If the group intends to make more than 50 percent of its contributions or expenditures in opposition to a single initiative on the ballot, the group's name must clearly state that the group opposes that initiative by using a word such as "opposes," "opposing," "in opposition to," or "against" in the group's name."

Renumber the following bill sections accordingly.

2884

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSSSHB 36(JUD)**
() Publish Date:

Identifier (file name): HB036CSSS(JUD)-OOG-DOE-2-8-10
Dept. Affected: OOG
Title: An Act relating to ballot initiative proposal applications and to ballot initiatives
RDU: Elections
Component: Elections
Sponsor: Representatives Johansen, Millett, Wilson and Johnson
Requester: House Finance Committee
Component Number: 21

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual		0.0					
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF		0.0					
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation will have no fiscal impact on the division of elections.

Prepared by: Gail Fenumiai, Director — Phone 465-4611
Division: Division of Elections — Date/Time 2/8/10, 9:07am
Approved by: Linda Perez, Director — Date 2/8/2010
Division of Administrative Services

(Revised 10/13/2009 OMB)

2885

Called for second final 3/17/10 4:30pm

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 17, 2010

SUBJECT: CSSSHB 36(FIN), relating to ballot initiative proposals (Work Order No. 26-LS0197\P)

TO: Representative Bill Stoltze
Co-Chair of the House Finance Committee
Attn: Christine Marie, House Finance Committee Secretary

FROM: Jack Chenoweth
Assistant Revisor

My understanding is that committee-approved House Finance Committee Substitutes are to be routed through the committee secretary's office.

The committee-adopted substitute for the above captioned bill is not without problems, one of which we have taken initiative to correct.

1. Use of "shall not" in the penalties limitation provision, proposed AS 15.45.195(c), to be added in bill section 13, is inconsistent with the Manual of Legislative Drafting. A prohibition should be expressed as "may not." nor shall not

2. The election pamphlet content amendment made to AS 15.58.020(b) by bill section 15 omits the words "or special" in the subsection's final reference. It's not clear whether the omission was intentional. The final line of AS 15.58.020(b) should have been conformed to the amendment made earlier in the subsection: "... scheduled to appear on the primary **or special** election ballot." OK

3. The bill title in the version reported by the committee was incomplete in that it only mentioned ballot initiatives when, in fact, the amendments made to the provisions of AS 15.58 by bill sections 14 and 15 refer to "ballot propositions," a term that includes referenda and, under AS 15.58.020(a)(6), referenced in bill section 15, a "ballot proposition submitted to the voters ... by the legislature." This is a constitutional deficiency in that the title is not fully descriptive. We have amended the title to cure the oversight. OK

JBC:ljw
10-192.ljw

Enclosure

ALASKA MUNICIPAL LEAGUE
Alaska Conference of Mayors

217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

March 16, 2010

House Finance Members
Juneau, Alaska

RE: HB 36

The Alaska Municipal League is in full support of the intent of HB 36. Recently, this need was made clear to us as members of the Gag Law Coalition, as we attempt to inform Alaskans as to the importance of voting down an initiative (the Anti-Corruption Initiative) that has been funded by a resident of New York. The group formed by this individual, the Clean Team, has been actively working on this initiative since 2007. However, no financial reporting was due from them until just recently; and that reporting covered a very small period of time.

The voting public had no access to who these people are; where they are from; what their intentions are; etc.

This political group formed by the New York resident, for the purpose of clamping down the ability of state and local government to operate in an open fashion, is known as the Clean Team. They do have a small number of Alaska members. They also operate an office in Anchorage and have used paid signature gatherers over the years.

We feel the funds needed to accomplish the above items should be reportable to APOC and to the Alaskan people.

Sincerely,

Kathie Wasserman

Kathie Wasserman
Executive Director

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
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Deliveries to: 129 6th St., Rm. 329

MEMORANDUM February 25, 2010

SUBJECT: Questions relating to CSSSHB 36(JUD)
(Work Order 26-LS0197\S)

TO: Representative Bill Stoltze
Co-Chair of the House Finance Committee
Attn: Ben Mulligan

FROM: Alpheus Bullard
Legislative Counsel

You have asked three questions relating to the above-described bill.

1. Would a ban on paying ballot initiative circulators per signature be upheld by an Alaska Court?

The pay-per-signature prohibition contained in CSSSHB 36(JUD)[1] would, as drafted, likely be upheld by a state court against a challenge under the First Amendment.

---

[1] Section 10 of CSSSHB 36(JUD) amends AS 15.45.110(c) to read:

> (c) A circulator may not receive payment or agree to receive payment [THAT IS GREATER THAN $1 A SIGNATURE], and a person or an organization may not pay or agree to pay an amount**, based on the number of registered voters who sign a petition. This subsection does not prohibit a person or an organization from employing a circulator and**
>
> **(1) paying an hourly wage or salary;**
> **(2) establishing express or implied minimum signature requirements for the circulator;**
> **(3) terminating the petition circulator's employment if the circulator fails to meet certain productivity requirements; or**
> **(4) paying discretionary bonuses based on the circulator's reliability, longevity, and productivity** [THAT IS GREATER THAN $1 A SIGNATURE, FOR THE COLLECTION OF SIGNATURES ON A PETITION].

The circulation of initiative petitions involves core political speech, and is, therefore, protected by the First Amendment. The United States Supreme Court held in Meyer v. Grant, 486 U.S. 414 (1988), that a complete prohibition against paying petition circulators limited core political speech and severely burdened sponsors' First Amendment rights by (1) limiting the number of voices who could convey the petition sponsors' message, (limiting the size of the audience the sponsors would reach), and (2) making it less likely that the initiative petition's sponsors would garner the number of signatures necessary to place the matter on the ballot (limiting the sponsors' ability to make the matter the focus of statewide discussion). Id. at 423 - 424. Similarly, a prohibition against paying election-related petition circulators on any other basis than time worked was also found to create a severe burden on political speech in Citizens for Tax Reform v. Deters, 518 F.3d 378 (U. S. App. 6th Cir. 2008).

If the pay-per-signature prohibition in this bill is challenged, an Alaska court will review the evidence presented to determine the weight of the burden placed on initiative sponsors by the prohibition, and whether the state's interests justify the prohibition.[2] The bill's proposed prohibition prohibits only the "per-signature" method of paying petition circulators. It does not prevent initiative sponsors from establishing express or implied minimum signature requirements for the circulator, terminating the petition circulator's employment if the circulator fails to meet certain productivity requirements, or paying discretionary bonuses based on the circulator's reliability, longevity, and productivity. Because the prohibition is narrowly drafted to prohibit only a specific form of payment, it is likely to be interpreted by a court as imposing a lesser burden on the political speech of petition sponsors than the prohibitions at issue in Meyer or Citizens for Tax Reform. Like an Oregon prohibition against paying initiative circulators by the signature upheld in

---

[2] In Timmons v. Twin Cities Area New Party, 520 U.S. 351 (1997), the Supreme Court established the relevant framework for a court to employ in resolving these competing interests:

> When deciding whether a state election law violates First and Fourteenth Amendment associational rights, we weigh the character and magnitude of the burden the State's rule imposes on those rights against the interests the State contends justify that burden, and consider the extent to which the State's concerns make the burden necessary. Regulations imposing severe burdens on plaintiffs' rights must be narrowly tailored and advance a compelling state interest. Lesser burdens, however, trigger less exacting review, and a State's important regulatory interests will usually be enough to justify reasonable, nondiscriminatory restrictions. No bright line separates permissible election-related regulation from unconstitutional infringements on First Amendment freedoms.

Id. at 358 - 359 (internal quotation marks and citations omitted).

Prete v. Bradbury, 438 F.3d 949 (9th Cir. 2006),[3] it simply "prohibits one method of payment." Id. at 962.

2. Can the legislature limit out-of-state contributions and expenditures for initiatives in the same manner as for candidates?

No. Imposing contribution limits for ballot initiatives, or prohibiting or limiting out-of-state contributions or expenditures made in support of or in opposition to ballot initiatives, would likely be interpreted by a court as an unconstitutional burden on the freedom of speech under the First Amendment to the Constitution of the United States, and article I, section 5 of the Constitution of the State of Alaska.

Campaign finance laws have been found permissible under the First Amendment because they address the problems of political corruption, and the United States Supreme Court has deemed this a sufficient reason to restrict speech. See Buckley v. Valeo, 424 U.S. 1 (1976) (upholding, in large part, the constitutionality of the Federal Election Campaign Act of 1971). However, campaign finance statutes that apply to initiatives and referenda in the same manner as candidate campaigns have been overturned, since an expenditure or a contribution made on behalf of an initiative campaign is not believed to pose the same potential for corruption as does a contribution to a candidate. "Speech relating to ballot initiatives (where quid pro quo corruption is not a significant danger) is entirely protected." State v. Alaska Civil Liberties Union, 478 P.2d 597, 606 - 607 (Alaska 1999). "[B]allot initiatives do not involve the risk of '*quid pro quo*' corruption present when money is paid to, or for, candidates." Buckley v. American Constitutional Law Foundation, 525 U.S. 182 (1999), citing Meyer v. Grant, 486 U.S. 414 (1988), citing First National Bank of Boston v. Bellotti, 435 U.S. 765, 786 (1978). Absent the threat of quid pro quo corruption, a court is unlikely to support any limitation on contributions and expenditures relating to an initiative no matter which state the contribution or expenditure is made from.[4]

---

[3] In this case, an Oregon court upheld an initiative pay-per-signature prohibition using the Timmons framework. The court examined the effect of the prohibition on (1) the pool of petition circulators, (2) the cost of gathering signatures, and (3) the invalidity rate of the signatures gathered. The court found that the prohibition did not severely burden initiative sponsors' speech because it (1) did not limit the pool of circulators, (2) restrict the size of the sponsors' potential audience, or (3) make it any less likely that the sponsors would be able to gather the necessary number of signatures to place their initiative on the ballot, and that this lesser burden was justified by the state's important regulatory interest in preventing fraud and its appearances in its electoral processes.

[4] A federal law, 2 U.S.C. 441(e), already prohibits a foreign national, directly or indirectly, from making a contribution or donation of money or other thing of value in connection with a federal, state, or local election.

3. Does CSSSHB 36(JUD)'s public hearing requirement create a constitutional issue?

The bill's public hearings requirement would present a constitutional problem if it burdened the First Amendment rights of an initiative proponent or an initiative opponent. However, nothing in the provision appears to either burden the speech of an initiative supporter or opponent.

The bill requires the lieutenant governor, or a designee of the lieutenant governor, to hold two or more public hearings concerning the initiative in each judicial district of the state.[5] Each hearing must include the written or oral testimony of one supporter of the initiative and one opponent of the initiative. No initiative proponent or opponent is required to appear. The hearings provide an opportunity for the public to hear testimony from a person supporting the initiative and a person opposing the initiative. Neither an initiative proponent nor opponent is required to participate. If an initiative proponent or opponent does desire to participate in a hearing held under the provision, the individual need not bear the costs and difficulties of attending the hearings, because the provision allows for testimony to be presented telephonically or in writing. No person's First Amendment right to speak on an initiative is burdened by the provision's hearing requirement.

If you have further questions, please do not hesitate to contact me.

TLAB:plm:ljw
10-073.plm

[5] There are four judicial districts in the state.

Ben Mulligan

From: Scavera, Paula D (DOL) [paula.scavera@alaska.gov]
Sent: Wednesday, February 10, 2010 10:46 AM
To: Ben Mulligan
Subject: FW: Request from H-FIN Committee

Answers to your questions.

1. Would those employing signature gatherers under an hourly wage fall under the basic labor rules of other employers? i.e. have to pay minimum wage, unemployment insurance, etc.

   Employment Security Division
   Answer: Yes, under the Employment Security Act, the circulators would be receiving remuneration for services performed, therefore the payments would fall under the definition of "wages" as provided in AS 23.20.530(a). In addition, under the proposed language, the circulators would most likely not meet the criteria for exclusion under AS 23.20.525(a)(8)(A),(B),(C) as independent contractors.
   The only exclusions available might be under the provisions of AS 23.20.526(a)(3) if the service performed during the quarter was outside the employer's trade or business, performed by an individual that was not regularly employed and the remuneration was under $50. An exclusion might also exist under AS 23.20.525(a)(4) if the employer is a non-profit organization that pays any individual less than $250 a quarter and has less than 4 employees during the current or preceding calendar year.

   Division of Labor Standards and Safety
   Answer: The method of payment, whether on a per signature rate or hourly rate basis, does not affect minimum wage status. The key issue from a minimum wage perspective is whether the individual is an employee or an independent contractor. Although the payment of an hourly wage tends to indicate an employer/employee relationship due to limitations on the alleged employee's ability to have a profit or loss based on their managerial skill, it is not sufficient to make a determination without considering other factors. These factors must be considered as a whole to determine whether an individual is indeed in business for themselves rather than simply working for and at the direction of an employer. The following criteria established by the Alaska Supreme Court in *Jeffcoat v. State, Department of Labor*, Sup Ct. Op. No. 3162 (File No. S-1444), 732 P.2d 1073 (1987):
   - The degree of the alleged employer's right to control the manner in which the work is to be performed;
   - The alleged employee's opportunity for profit or loss depending on their managerial skill;
   - The alleged employee's investment in equipment or materials required for their task, or their employment of helpers;
   - Whether the service rendered requires a special skill;
   - The degree of permanence of the working relationship; and
   - Whether the service rendered is an integral part of the alleged employer's business.

2. The way the bill is currently written, it gives signature gatherer employers the option of giving bonuses as well as hourly, I don't know if that makes a difference to labor. What employers responsibilities would these initiative groups now fall under in regards to labor laws?

   Employment Security Division
   Answer: Under the proposed language, these bonuses payments are based on service performed by the circulator and would also fall under the definition of wages.

   Division of Labor Standards and Safety

Answer: If the signature gatherers were employees and the employer had four employees or more, then a non-discretionary bonus payment would affect the hourly rate and require an additional overtime payment for any overtime hours worked during the time period over which the bonus was earned. (The full explanation of the impact of bonus payments on overtime pay is complex, so I have only given a limited explanation).

This is the answer to both questions from the Workers Compensation Division.
The entity employing the person could be an employer and the initiative circulator could be an employee under the broad definition contained in the Workers' Compensation Act (AS 23.30.395(19) and (20). Initiative circulators or similar persons are not specifically exempted under AS 23.30.230(a), .237 - .242. However, AS 23.30.230(b) provides that "the exclusion of certain persons under (a) of this section may not be construed to require inclusion of other persons as employees for purposes of compensation under this chapter." I would err on the side of inclusion and carry workers' compensation absent a specific exclusion by the legislature.

From: Ben Mulligan [mailto:Ben_Mulligan@legis.state.ak.us]
Sent: Tuesday, February 09, 2010 8:24 AM
To: Scavera, Paula D (DOL)
Subject: Request from H-FIN Committee

Ms. Scavera,

Yesterday in the House Finance Committee we were deliberating House Bill 36, relating to initiatives: contributions/procedures. In Section 10 of the bill they change the way a initiative circulator is paid from a pay per signature basis to an hourly wage with some options. The committee had some questions regarding this section and I thought Dept. of Labor would be a good start.

- Would those employing signature gatherers under an hourly wage fall under the basic labor rules of other employers? i.e. have to pay minimum wage, unemployment insurance, etc.
- The way the bill is currently written, it gives signature gatherer employers the option of giving bonuses as well as hourly, I don't know if that makes a difference to labor. What employers responsibilities would these initiative groups now fall under in regards to labor laws?

Here is the link to the current version of the bill: http://www.legis.state.ak.us/PDF/26/Bills/HB0036C.PDF .

Thank you for your assistance.

Ben Mulligan
Staff to Rep. Stoltze
House Finance Committee Aide

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1	1	Administration	Administrative Hearings	Tax appeal case cost increase - 27 open cases as of January 2010, driving a need to keep all Administrative Law Judge positions filled.	85.0				85.0
2	1	Administration	EPORS	Elected Public Officers' Retirement System - total of 38 members (retirees and survivors) - increased costs due to mandatory benefit increases based on the salaries of the position from which a member retired.	250.0				250.0
3	1	Administration	Office of Public Advocacy	Increased operating costs - During FY 2010, OPA has experienced a significant spike in case assignments throughout the state. In the first two quarters of this fiscal year, the agency has seen a 21% increase in case assignments over the same time period in FY 2009. The most notable areas of increase are as follows: criminal defense representation, 47%; child advocacy representation in Child in Need of Aid (CINA) cases, 20%; parental representation in CINA cases, 30%. This amounts to 869 more new cases than over the same time period last year. Due to unexpectedly high growth in the guardianship caseload of 13.6% in FY 2009, the agency added a public guardian position during this fiscal year. Also during FY 2010, to meet the needs of abused and neglected children in the Yukon-Kuskokwim Delta, the agency is issuing a contract for additional guardian ad litem services due to an 18.5% increase in CINA cases during FY 2009.	865.0				865.0
4	1	Administration	Office of Public Advocacy	Supplemental authorization is needed to accept and spend federal grant funds for the Court Appointed Special Advocate (CASA) program, awarded to the Office of Public Advocacy after the end of the last legislative session.		27.6			27.6
5	1	Administration	Public Defender Agency	Increased operating costs - The PD has experienced significant increases in caseloads throughout the state in all types of cases in the first and second quarters of FY2010 as compared to the same period in FY2009. All cases statewide are up approximately 10%, felonies are up 15%, and misdemeanors are up 11%. Anchorage felonies are up 16% and misdemeanors are up 8%. Northern Region cases are up 25%, felonies are up 37%, and misdemeanors are up 30%. Overall that means there are 1,000 more new cases assigned already this year than for the same period last year.	800.0				800.0
6	1	Administration	Motor Vehicles	Federally mandated programming improvements to the National Motor Vehicle Information System - funded via a Department of Justice grant.		100.0			100.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
7	1	Administration	Motor Vehicles	Purchase of current technology, digital driver's license printers to replace outdated and increasingly irreparable 2004-purchased printers.		191.8			191.8
8	1	Commerce, Community and Economic Development	Insurance Operations	Print, mail and legal costs have increased $300.0 in two years. The division is statutorily required to provide notification of changes in rules, regulations and policies to occupational licensees. The tremendous increase in licensees over the last several years has brought with it increased need for legal counsel. This increase will allow the Division of Insurance to provide basic core functions necessary to ensure a level of consumer protection.			77.1	Receipt Supported Services	77.1
9	1	Corrections	Institution Director's Office	Coverage of projected shortfalls in 24-hour facilities - fuel and utility costs, and commodities (inmate food, clothing, bedding, institutional cleaning supplies, etc.)	2,409.6				2,409.6
10	1	Corrections	Wildwood Correctional Center	Operating costs, Wildwood Correctional Center 32-bed prefabricated offender housing unit - opening February 2010 - covers partial-year costs for filling six existing vacant positions.	494.4				494.4
11	1	Corrections	Physical Health Care	The Department of Corrections is obligated to deliver essential medical care to incarcerated offenders. The department is requesting a supplemental of $4,650.1 for increased inmate health care costs that includes fees-for-service and Inmate Health Care staff cost overages due to overtime for 24-hour medical coverage. There has been a dramatic increase in catastrophic cases in FY2010, as well as increases in general medical costs.	4,650.1				4,650.1
12	1	Environmental Conservation	Laboratory Services	Coverage of lab maintenance and service contract shortfalls, in lieu of elimination of 4-5 filled positions - an action which would seriously compromise public health and result in the likely shutdown of the State Lab within a year.	260.0				260.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
13	1	Fish and Game	Wildlife Conservation Special Projects	Decrease excess EVOS authority and increase Statutory Designated Program Receipts (SDPR) authority by $150.0 to a) accept two grants from the National Fish and Wildlife Foundation (NFWF) during the spring of 2009 to support the following research projects: Dall Sheep ecology within northern Alaska, and Reduce conflicts between Grizzly bears and old development within northern Alaska; and b) work with the Matanuska-Susitna Borough to complete some restroom improvements at Reflections Lake in the Palmer Hay Flats. EVOS funding is being reduced as the Harlequin Duck research by the division was not funded by the EVOS Trustee Council for new work during FY10.			0.0	EVOS (150.0) SDPR 150.0	0.0
14	1	Governor	Elections	Offset increased operating costs - coverage of costs for two filed petitions, Dept. Law legal fees for the Nick case, printing and supply purchases specific to the on-election-year, additional election worker training costs, increased postage and printing costs, and annual maintenance of optical scan units.	477.0				477.0
15	1	Health and Social Services	Behavioral Health Medicaid Services	Medicaid growth - 17% enrollment expansion from October 2008 to December 2009 compounded by growth in utilization of Medicaid services by those enrolled - exceeding projections used to construct the original FY2010 Governor's Request.	4,166.8	4,378.3			8,545.1
16	1	Health and Social Services	Children's Services Management	Replace unrealizable interagency receipts for Medicaid School Based Claims, without which the division will be unable to meet program operating costs.	165.0				165.0
17	1	Health and Social Services	Front Line Social Workers	Replace unrealizable interagency receipts for Medicaid School Based Claims, without which the division will be unable to meet program operating costs.	955.3				955.3
18	1	Health and Social Services	Medicaid Services	Medicaid growth - 17% enrollment expansion from October 2008 to December 2009 compounded by growth in utilization of Medicaid services by those enrolled - exceeding projections used to construct the original FY2010 Governor's Request.	33,296.6	37,319.7			70,616.3
19	1	Health and Social Services	Health Facilities Survey	Funding to cover shortfall, operating costs - provision of mandated state and federal oversight of state health facilities' licenses - renewal, denial, suspension or revocation as needed - to promote safe and adequate treatment of individuals in state facilities.	396.1				396.1

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
20	1	Health and Social Services	Health Planning and Infrastructure	Funding to replace loss of federal revenues - to cover provision of health care data and policy analysis related to access to services, health insurance coverage, utilization of services, health workforce and industry analysis - and management of the statutorily required Comprehensive Integrated Mental Health Plan.	575.0				575.0
21	1	Health and Social Services	McLaughlin Youth Center	Funding to cover projected shortfall, mandated client medical services costs - supplemental to be redistributed among four Division of Juvenile Justice facilities.	136.0				136.0
22	1	Health and Social Services	McLaughlin Youth Center	Funding to cover projected personal services shortfall due to higher than anticipated premium pay costs.	130.6				130.6
23	1	Health and Social Services	Probation Services	Funding to cover projected personal services shortfall due to an actual vacancy factor lower than budgeted, and need to cover a loss of SDPR revenues funding one position only through 12/31/09.	300.0				300.0
24	1	Health and Social Services	Energy Assistance Program	Increased federal authority to accept an *increase* in federal Low Income Home Energy Assistance Program revenues, as announced by the National Energy Assistance Director's Association.		2,300.0			2,300.0
25	1	Health and Social Services	Women, Children, and Family Health	Replace unrealizable interagency receipts for Medicaid School Based Claims, without which the division will be unable to meet program operating costs.	347.8				347.8
26	1	Health and Social Services	State Medical Examiner	Unanticipated costs due to caseload increase - will cover one additional autopsy technician, one medical transcriptionist, and increased costs for body transport.	300.0				300.0
27	1	Health and Social Services	General Relief/Temporary Assisted Living	Additional funding to meet projected increase in both number of clients and service costs within the General Relief program - FY2010 actuals are 15% above those of FY2009 - applicant eligibility review and other cost containment measures in place.	3,800.0				3,800.0
28	1	Health and Social Services	Senior/Disabilities Medicaid Services	Medicaid growth - 17% enrollment expansion from October 2008 to December 2009 compounded by growth in utilization of Medicaid services by those enrolled - exceeding projections used to construct the original FY2010 Governor's Request.	6,152.4	3,056.8			9,209.2

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
29	1	Health and Social Services	Senior/Disabilities Services Administration	Costs associated with compliance with the Centers for Medicaid and Medicare Services' approved Corrective Action Plan - personal service costs for necessary nonpermanent positions, travel costs connected to conducting assessments under Medicaid Waivers, and modification of the management information system.	885.0	590.0			1,475.0
30	1	Health and Social Services	Medicaid School Based Administrative Claims	Replace unrealizable interagency receipts for unallowable costs under federally funded RSAs within the department, to stabilize funding for centralized Administrative Support Services.	700.0				700.0
31	1	Health and Social Services	Information Technology Services	Funding to replace uncollectible federal revenues and cover increased personal service costs for this centralized function - unfunded costs would otherwise either be passed to divisions, resulting in a displacement of core program services, or IT staffing and workload would have to be significantly cut.	1,050.0				1,050.0
32	1	Law	Deputy Attorney General's Office	Legal analysis and litigation on items not budgeted - Cruise ship study, Kaltag Supreme Court appeal, PERL bankruptcy, and others	964.2				964.2
33	1	Natural Resources	Gas Pipeline Implementation	The unanticipated agreement between TransCanada Corporation and ExxonMobil to work together to progress the Alaska Gasline Inducement Act (AGIA) Gas Pipeline Project has accelerated the pace of the project. There is currently not enough funding in the FY10 budget to fully fund the four positions in the office. With the faster pace of the project, due diligence contractual requirements have increased, meaning more travel. There may be increased need to represent the state's interest in Washington, D.C., as well as other locations. Competitive Benchmark Study - Competitive benchmarking will allow the state to better understand market and supply changes that have occurred since the AGIA finding that might affect the economic viability of the gasline. There is increased need for additional field work and other small contractual studies needed to ensure the state has the most up-to date and accurate data.	537.6				537.6
34	1	Natural Resources	Large Project Permitting	Completion of Environmental Impact Statements associated with proposed Outer Continental Shelf oil and gas leasing and exploration activities.	85.0				85.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
35	1	Natural Resources	Fire Suppression Activity	The funding included in the FY2010 budget of $6,712.5 for wildland fire suppression is a "placeholder" amount based on historical cost (SLA 2009, Ch 12, Sec 1, Pg. 34, Ln 7). The amount proved to be insufficient to address the heavy fire activity during the summer of 2009. On July 22, 2009, the Governor signed a Declaration of a Disaster Emergency to authorize the use of additional funds to continue fire suppression operations and activities. New declarations are issued every 30 days. The total of the those declarations for FY2010in excess of the FY2010 authorized budget is $35,371,400.	35,371.4				35,371.4
36	1	Public Safety	Special Projects	Authority for receipt of additional ARRA federal funding to augment personal services costs of a forensic examiner, provide training to investigators in combatting Internet crimes, and purchase computer forensic equipment.		97.0			97.0
37	1	Public Safety	Special Projects	Continue cold case investigations and illegal drug and alcohol enforcement.	369.5				369.5
38	1	Public Safety	Prisoner Transportation	Funding to cover projected shortfall in prisoner transportation costs - airline ticket and private charter costs, baggage fees, out-of-state extradition fees and state travel office fees - based on straight-line projection for the year from the past 6.5 months.	300.0				300.0
39	1	Revenue	Treasury Division	Establish partial-year funding and new state investment officer position, coinciding with a state investment strategy change to support an internal effort to begin active management of other public market investments. Approval of this request and related funding in the Alaska Retirement Management Board (ARMB) component will enable the department to reduce external investment manager fees in the ARMB Custody and Management Fee component.			50.0	I/A Receipts	50.0
40	1	Revenue	Alaska Retirement Management Board	Increases funding in the Alaska Retirement Management Board (ARMB) component to fund one new investment officer position requested by the Treasury Division. Approval of the new Investment Officer position and funding will enable the department to reduce external investment manager fees in the ARMB Custody and Management Fee component.			50.0	$8.8 Benefit Systems Receipts $28.3 PERS $12.5 TRS $0.3 JRS $0.1 NGRS	50.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
41	1	Revenue	Alaska Retirement Management Board Custody and Management Fees	Reduced authorization is requested to reflect a decline in management fees resulting from a reduction in actively managed large cap publicly traded stocks as well as a decrease in management fees resulting from manager terminations due to organizational and performance issues and renegotiated contracts at a lower rate. The request represents the potential savings to the State by establishing and funding a new in-house Investment Officer in the Treasury Division to make asset allocation decisions rather than contracting with external managers.			(850.0)	($584.6) PERS ($256.3) TRS ($7.1) JRS ($2.0) NGRS	(850.0)
42	1	Revenue	Permanent Fund Dividend Division	Postage and printing costs for an unanticipated and necessary additional public outreach about the change from hard copy PFD applications to the web version. During this transitional year, however, the division has encountered the need for additional public notification and outreach about the changes that had not initially been anticipated.			94.1	Permanent Fund Dividend	94.1
43	1	Revenue	Child Support Services Division	One-time fund source change from Receipt Supported Services to federal incentive receipt authority. The Child Support Services Division (CSSD) earned additional federal incentive receipts in FFY2008 for meeting or exceeding federal performance standards. The division received notification on December 17, 2009 that additional FFY08 incentive dollars had been earned.		217.7	(217.7)	Receipt Supported Services	0.0
44	1	Revenue	Administrative Services	The Department of Revenue's servers crashed on 9/20/2009, affecting the Permanent Fund Dividend Application Information System (DAIS), the Tax Division's systems, and State Treasury systems. The need to bring all systems back online was critical. As a result, the department entered into an emergency agreement with Microsoft to provide problem resolution services and assist in bringing the systems back online.	60.1				60.1

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
45	1	Revenue	Administrative Services	The Department of Revenue maintains significant server and database infrastructures that include the Permanent Fund Dividend Division, the Tax Division, and the State Treasury Division. These systems use Microsoft Windows Server, SQL production and test databases VMware, and two NetApp storage filers in Juneau and Anchorage. In order for the department to provide the appropriate level of reliability and operational support, these systems need best practices defined and implemented for security, change control, documentation, backups, disaster recovery and planning. This request is to fund the following two contracts: Disaster Recovery and Security Procedures Backup Support - $70.0 Windows Server, SQL Server, and Help Desk Support - $30.0	100.0				100.0
46	1	Transportation and Public Facilities	Central Region Support Services	Legal Costs Related to Nikishka Beach Road Case The Department of Transportation and Public Facilities (DOT&PF) contends that Offshore Systems Kenai (OSK) is illegally engaged in the obstruction, control and closure of public access to and through Nikishka Beach Road which is a public road owned and operated by DOT&PF. OSK has established a guard shack and gate to prevent access to the road and beach in response to U.S. Coast Guard requirements that they secure and protect OSK's facility from trespass, vandalism, theft, etc. The case began in late FY08 and a trial has taken place; however the Judge has still not issued a ruling on the trial. We have incurred $45.5 in legal costs through December 2009. If a "Notice of Appeal" is not filed, the estimated amount needed for the Department of Law to complete post trial work is approximately $15.0 for a total of $60.5 in FY10.	60.5				60.5

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
47	1	Transportation and Public Facilities	Program Development	Road Weather Information System (RWIS) Maintenance Costs State funding will provide the resources to conduct critical maintenance work on the Department's Road Weather Information System (RWIS) program. The funding is necessary to maintain the RWIS software, equipment and a network of forty-nine (49) environmental sensor stations (ESS) strategically located along the highway system. Each ESS provides weather sensor data (temperature, wind speed, wind direction, relative humidity, pavement and sub-surface temperatures) and camera images. RWIS maintenance activities are not eligible for federal dollars and without adequate funding there is a potential risk of the entire RWIS network becoming inoperable.	175.0				175.0
48	1	Transportation and Public Facilities	State Equipment Fleet	Increased Operational Costs for Parts, Commodities, Services, and Fuel Purchases Travel - Travel is required to support the repairs and preventative maintenance programs for vehicles and equipment at rural airports and highways. Due to the unprecedented increase in fuel costs, airfares throughout the state were increased, having a direct impact on maintaining existing services. Services - Costs continue stay at higher levels than currently reflected in the component's budget for the shipment of freight such as parts, commodities, vehicles and equipment, the mission of the program is seriously impacted. Additional costs for vendor repairs are also being passed along to the State by the contractors. Commodities - Fuel costs and necessary consumables paid by the State Equipment Fleet and billed to the corresponding executive branch agencies have increased substantially since FY07. An increase in budget authority is required based on the projected use of these services through historical data. Parts and other commodities used by the State have also increased in cost.			2,706.7	Highway Equipment Working Capital Fund	2,706.7
49	1	Transportation and Public Facilities	Northern Region Facilities	Galena Maintenance Facility Operating and Maintenance Costs The FY09 operating budget contained a $110.0 increment to maintain a maintenance building at Galena that was transferred to the Department from the U.S. Air Force. That funding level was based upon completion of some aggressive cost savings measures which would be accomplished as part of a capital project for energy improvements. The project is scheduled for completion in the summer of 2010. FY10 estimated expenditures are $209.9, leaving a projected shortfall of $99.9.	99.9				99.9

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
50	1	Transportation and Public Facilities	Central Region Highways and Aviation	Enforcement of Clean Water Act - Environmental Protection Agency (EPA) Street Sweeping and Permit Compliance Costs Additional funding is required to meet the minimum requirements of the Environmental Protection Agency (EPA) Municipal Separate Storm Sewer System (MS4) Permit. The MS4 permit will go into effect on February 1, 2010. The EPA's MS4 permit increases the street sweeping requirements that are above and beyond the current MS4 permit, monitoring various aspects of the permit and reporting to EPA with regards to the permit. The FY2011 Governor's budget request includes $1,682.0 for these new ongoing requirements.	606.0				606.0
51	1	Transportation and Public Facilities	Northern Region Highways and Aviation	Legal Costs for Material Site Lawsuits Due to ongoing lawsuits filed by one of the regional native corporations for alleged infringement on their land and rights of way, we have incurred excessive costs again this year for Department of Law attorneys. None of the three lawsuits filed have yet gone to court so the total cost is unknown. Additional funding for $150.0 is based on the amount expended to date for attorneys and expert witnesses.	150.0				150.0
52	1	Transportation and Public Facilities	Southeast Region Highways and Aviation	Transportation Security Agency Requirements - Door Lock System and Fingerprint Machine To continue to meet Transportation Security Agency requirements a new security access door lock system needs to be installed for the Sitka Airport Terminal. The control system for these doors is outdated and has become unreliable. A replacement system is estimated to cost $30.0. Transportation Security Administration regulations require the Department to fingerprint all badge holders at our certificated airports. The existing fingerprint machine is out of date and has become unreliable. A new machine is estimated to cost $14.9.	44.9				44.9

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
53	1	Transportation and Public Facilities	Whittier Access and Tunnel	Bid Protest Costs for Whittier Tunnel Operations Contract A bidder protested the award of a contract for operation of the Whittier Tunnel Toll Facility. This resulted in unplanned attorney and hearing officer costs which will continue until a settlement is reached. The Department of Law has billed $12.0 for attorney services through November 2009, and we estimate $8.0 of additional legal fees for the remainder of FY10. The Department of Administration has billed $11.7 for a hearing officer; we anticipate needing approximately $18.3 ($3.0 on average) for additional mediation services through June. It is unknown whether there will be additional expenses associated with this litigation such as potential settlement costs.	50.0				50.0
54	1	Transportation and Public Facilities	Whittier Access and Tunnel	Increased Operating Costs and Reduced Toll Revenue at the Whittier Tunnel Additional funding is necessary to fund the operation of the Whittier Tunnel Toll Facility for the remainder of FY10. Additional costs were incurred for cable repair, railroad crossing fees, increased State Equipment Fleet equipment replacement fees, CPI adjustments for the current contract, and additional roadway maintenance work leading up to the tunnel. In addition to increased costs, toll revenues have declined due to economic conditions, reduced cruise ship dockings, and gasoline prices.	385.0				385.0
55	1	Court System	Administration and Support	Appropriation of a settlement the State received on a claim for prepaid phone card long distance charges.	35.5				35.5
56	2			Sets out the funding by agency for the appropriations in Section 1.					
57	3	Commerce, Community and Economic Development	Capital	City of Kodiak: Public Safety Building Community Jail Completion The City of Kodiak requests a municipal grant for $2.1 million to finish the community jail portion of their new facility. The State contracts with the City of Kodiak for beds in their community jail. The $2.1 million amount is to finish out that portion of the new facility.	2,100.0				2,100.0
58	3	Corrections	Capital	Replacement of the failed fire alarm system located at the Combined Hiland Mountain Correctional Center, housing units I, II and III. Due to the system's age, repairs are no longer supported by the manufacturer. The department is meanwhile providing a 24/7 fire watch in lieu of the incalculable cost of relocating inmates to another site.	350.0				350.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
59	3	Corrections	Capital	Replacement of the Fairbanks Correctional Center frequently failing 1966 steam heating system, at the recommendation of a contracted engineer, with a hot water/glycol heating system that bears a lower cost of operation.	2,500.0				2,500.0
60	3	Health and Social Services	Capital	Medicaid Management Information System Completion.	6,208.0	8,782.3			14,990.3
61	3	Transportation and Public Facilities	Capital	Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation This amends an existing FY2010 project (sec. 1, Ch 15, SLA 2009, page 21, lines 17 - 20), increasing the FY2010 appropriation to $10,000,000. Annual maintenance and overhaul on vessels and at terminals, particularly component or system failures which will impact service in the short term. Annual overhaul of vessels is necessary to pass United States Coast Guard (USGS) inspections and obtain a Certificate of Inspection (COI) necessary to operate.	4,000.0				4,000.0
62	3	**Transportation and Public Facilities**	**Capital**	**Airport Improvement Program - Appropriation Level**		**5,257.5**	**15,000.0**		**20,257.5**
63	3	Transportation and Public Facilities	Capital	Debt Defeasance - International Airports This is a new project request for FY2010. Implement recommendations by the State's bond counsel to minimize the amount of revenue needed to be collected from airport customers and to meet debt service coverage ratios required under the bond resolution rate covenant. This request will allow the International Airport System to meet the technical requirements of the bond resolution rate covenant while also minimizing the amount of revenue needed from rates and fees. Both are required to meet all fiscal obligations and maintain fiscal integrity.	0.0	0.0	15,000.0	International Airport Revenue Fund	15,000.0
64	3	Transportation and Public Facilities	Capital	Gustavus: Airport Runway Safety Area This amends an existing FY2010 project (sec. 1, Ch 15, SLA 2009, page 25, lines 10 - 11), increasing the FY2010 allocation to $10,500,000. The Gustavus Airport Runway Safety Area (RSA) does not meet Federal Aviation Administration (FAA) standards for the size of the area surrounding a runway that protects aircraft that land short, over-run, or veer off the paved runway surface. This project consists of the design and construction of an expanded RSA that will meet standards and improve safety for all aircraft operating at Gustavus. The engineer's estimate has been revised and advertising of the project is expected in mid-May, which would allow for construction during summer 2010.		500.0			500.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
65	3	Transportation and Public Facilities	Capital	King Cove: Airport Fencing This is a new project request for FY2010. The airport was recently reconstructed including installation of a new lighting system. The King Cove area borders on Izembek National Wildlife Refuge and experiences frequent visitation by brown bears. The new vertical elements of the lighting system are being subjected to intense ursine scrutiny as possible additions to their culinary menu. Resultant equipment damage is becoming excessive and a fencing project is needed to protect the Federal Aviation Administration funded investments and reduce maintenance costs. The engineer's estimate has been revised and advertising of the project is expected in mid-March with contract award expected in mid-May.		1,400.0			1,400.0
66	3	Transportation and Public Facilities	Capital	Kodiak: Chemical Storage Building This is a new project request for FY2010. This project will provide a safe storage and mixing area for liquid de-icing materials and equipment. Without the building and storage tanks to mix the dry urea for liquid application, the use of sand for runway de-icing will continue. New Alaska Airlines jets have a less-forgiving engine for sand or foreign object debris ingestion which could lead to engine failure. The need to switch from sand to chemical de-icing at Kodiak is further underscored by Central Region Maintenance and Operations' inability to obtain sand that meets the minimum specifications identified by the Federal Aviation Administration (FAA). The de-icing material storage facility will provide a controlled environment, thereby minimizing the possibility of a spill or handling accident. The engineer's estimate has been revised and advertising of the project is expected in mid-February with contract award expected in mid-April.		1,300.0			1,300.0
67	3	Transportation and Public Facilities	Capital	Nulato: Airport Improvements This is a new project request for FY2010. Resurface the airport operational surfaces, rehabilitate the access road, apply dust palliative, replace lighting, construct a snow removal equipment building, and other improvements as funds allow. This project is expected to be advertised in early March.		827.5			827.5

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
68	3	Transportation and Public Facilities	Capital	Unalaska: Chemical Storage Building This is a new project request for FY2010. This facility is needed in order to use the new de-icing vehicle already in place. The chemical de-icing material is needed to reduce the use of sand at the airport because Maintenance and Operations cannot obtain sand that meets the minimum specifications identified in the new Federal Aviation Administration Circular. Unalaska has frequent periods of zero traction ratings which result in closure of the airport. This building is needed to house the new specialized de-icing truck in a controlled environment minimizing the possibility of a spill or handling accident. The engineer's estimate has been revised and advertising of the project is expected in mid-February with contract award expected in mid-April.		1,230.0			1,230.0
69	3	**Transportation and Public Facilities**	**Capital**	**Emergency Repairs - Appropriation level**	**7,356.1**				**7,356.1**
70	3	Transportation and Public Facilities	Capital	Central Region Hightower Emergency Maintenance and Repairs This is a new project request for FY2010. Inspections of hightower lighting structures in Central Region have identified work that needs to be performed on 17 of these structures in order for them to remain structurally sound. This work includes welding repairs and foundation bolt tightening. The repairs will require the use of specialized equipment, crane services, materials, labor, and contracted welding/engineering support.	365.5				365.5
71	3	Transportation and Public Facilities	Capital	Dyea Road Washout Emergency Repair This is a new project request for FY2010. On August 28, 2009 the ADOT/PF Maintenance Foreman at our Skagway Station alerted us of erosion problems occurring along our Dyea Road adjacent to Taiya River. There are reported to be about 30 residents living beyond the erosion area. The roadway in this area is very narrow with rock wall on the one side and the river on the other. The area has been repaired several time over the years. The erosion caused several areas of the roadway to become very narrow and a major safety issue to the traveling public. Temporary barricades and notices were installed. All work was completed in a timely fashion, just prior to winter weather setting in.	101.6				101.6

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
72	3	Transportation and Public Facilities	Capital	Glenn Highway MP 63.5 Erosion Emergency Repairs This is a new project request for FY2010. The Matanuska River eroded into the roadway embankment approximately 400 feet in length, resulting in a 9-foot vertical drop close to the edge of the highway pavement, within one foot at some locations. Immediate repairs taken to preserve the integrity of the embankment and save the highway included placement of super sacks at the toe of the embankment to protect it from further erosion. Permanent repairs will include removal of temporary shore protection, removal of existing guardrail, and installation of new embankment and riprap rock armor for approximately 530 linear feet and installation of new guardrail.	1,125.0				1,125.0
73	3	Transportation and Public Facilities	Capital	Glenn Highway Slides at MP 101 and 115 Emergency Repairs This is a new project request for FY2010. Emergency repairs performed as a result of slides on the Glenn Highway at MP 101 and 115. MP 101 - A beaver dam failure on the uphill side of the Glenn Highway caused a slide with a large amount of water, gravel and debris overtopping the highway at MP 101 on July 9, 2009. M&O forces responded and initiated immediate repairs by removing debris and gravel from the road surface as well as removing debris from plugged culverts to allow the material to subside naturally. MP 115 - A slide with a large amount of water, mud, and debris overtopped the Glenn Highway am MP 115 on July 16, 2009. M&O forces responded and initiated immediate repairs by removing mud and debris from the highway and reestablished drainage features of the highway ditches.	225.0				225.0
74	3	Transportation and Public Facilities	Capital	Haines Highway MP 19 Slide Emergency Repairs This is a new project request for FY2010. On August 29, 2009 heavy rains in the Haines area created a gravel, rock and mud slide on, over, and across the Haines Highway from the adjacent hillside. This slide followed a creek bed down to the highway and clogged the culverts and closed the highway to traffic for approximately 4 hrs. Work was completed by ADOT/PF maintenance crews with some equipment rented from local sources. Material was hauled off, highway was cleaned, ditches and culverts were cleaned and re-established, and the upland creek bed was cleared of debris.	80.0				80.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
75	3	Transportation and Public Facilities	Capital	Kodiak Flood Emergency Repairs This is a new project request for FY2010. A major storm caused flooding and mudslides on Rezanof Drive, Anton Larsen Bay Road, Chiniak Highway and at the Kodiak Airport totaling approximately 2.3 million dollars. Damage on Anton Larsen Bay Road included replacement of failed culverts, reconstruction of sections of washed out roadway, and repairs to a portion of Red Cloud Bridge that had collapsed into the water. Rezanof Drive required cleaning of ditches, culverts and guardrail repair or replacement, debris removal and slope contouring. Chiniak Highway required culvert replacement, pavement repairs and ditch and culvert cleaning. Funding is requested for costs associated with the October 2009 declared emergency for flood damage on Kodiak Island that are not eligible for reimbursement by the Federal Highway Administration (FHWA) or the Federal Emergency Management Administration (FEMA).	500.0				500.0
76	3	Transportation and Public Facilities	Capital	Petersville Road Emergency Repairs This is a new project request for FY2010. In May of 2005, a section of Petersville Road near MP 14.5 at Kroto Creek failed. This section of road climbs along the side of the hill and is formed on steep embankments. Due to spring thaw and water a portion of the road embankment slid down the hill. Repair of the embankment failure by Central Region Maintenance and Operations forces is beyond what is considered maintenance. This supplemental request is needed to close the project.	113.7				113.7
77	3	Transportation and Public Facilities	Capital	Salmon River Road Emergency Repairs This is a new project request for FY2010. August rains and melting glaciers created a heavy river flow that eroded the banks of the Salmon River paralleling our Salmon River Road. This heavy flow washed out over 250 feet of roadway at Mile 7. This area had not been provided bank stabilization. The washout closed the road which at the time was providing access to crews working at a gold mine further up the road. The washout and continued erosion was threatening three power poles along the road. A closely coordinated effort by the ADOT/PF construction section, ADOT/PF maintenance section, the U.S. Forest Service and local private parties completed the project in a timely fashion.	425.3				425.3

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
78	3	Transportation and Public Facilities	Capital	Seward Airport Emergency Repair and Upgrade This is a new project request for FY2010. The Seward Airport Taxiway was damaged by flooding from the Resurrection River in July 2009. Emergency repairs were completed in August of 2009. The Taxiway's location is a low point in the airfield and is inundated with water every time the Resurrection River overflows its bank. A short term solution is to install 19 new 42" culverts alongside the three existing 42" culverts. If funding is not provided for permanent repairs, the State will have to continue performing emergency repairs along the taxiway when the Resurrection River floods. This will cause the taxiway to be shut down and impairs the usage for the Seward Airport.	2,020.0				2,020.0
79	3	Transportation and Public Facilities	Capital	Whittier Access Emergency Repairs This is a new project request for FY2010. A rockslide covered the Whittier Access Road on April 11, 2009 with approximately 40,000 cubic yards of rock causing a temporary closure, and the need for alternative transportation to and from the City of Whittier. Repairs needed to reopen the road included removing the rock, reestablishing the grade, replacing the guardrail and pavement, and installing concrete barriers.	2,400.0				2,400.0
80	3	**Transportation and Public Facilities**	**Capital**	**Highways and Facilities - Appropriation Level**	**3,021.1**				**3,021.1**
81	3	Transportation and Public Facilities	Capital	Coffman Cove Maintenance Station This is a new project request for FY2010. Beginning in 2008, Southeast Region Highways and Aviation assumed maintenance responsibility for the 22 mile long Coffman Cove Highway. The closest established maintenance station is at Klawock, approximately 57 miles from Coffman Cove, and too far away to provide efficient maintenance service. The original request in FY2009 underestimated the consultant design fees and construction contract cost, and did not account for construction engineering and administrative costs.	900.0				900.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
82	3	Transportation and Public Facilities	Capital	Ester Weigh Station Scale Replacement This is a new project request for FY2010. The Ester Weigh Scale has currently been removed form service due to inaccuracies in its measurements. The steel scale deck support system and steel scale mechanisms have deteriorated beyond the point of reasonable repair. The scale platform is closed and means have been utilized to prevent traffic from driving over this scale assembly for safety reasons. This project was originally requested last year as a supplemental for $120,000 in federal receive/expend authority. There were/are no federal funds available for this project and it should have been originally requested as general fund authority. The federal authority will be administratively lapsed at the end of the current fiscal year. This new request reflects the updated estimate to replace the scales and get the weigh station opened.	550.0				550.0
83	3	Transportation and Public Facilities	Capital	Klawock Maintenance Station – Door Replacement This is a new project request for FY2010. The initial project entailed replacing one unsafe door. On investigation by an overhead door technician, it was discovered three other doors have aged and deteriorated to a point replacement is required for safety reasons (doors falling out of control due to worn parts, thereby endangering Departmental staff).	60.0				60.0
84	3	Transportation and Public Facilities	Capital	Measurement Standards and Commercial Vehicle Enforcement Equipment Replacement This amends an existing FY2010 project (sec. 1, Ch 15, SLA 2009, page 22, lines 8 - 11), increasing the FY2010 appropriation to $464,100. MSCVE plans to replace a high mileage 3/4-ton pickup truck with a 1-ton class dual rear wheel flatbed with a light duty crane. The 1-ton class test trucks originally built in 2003 have exceeded our expectations for increased device testing efficiency and employee safety and the light duty scale testing fleet will be replaced with this vehicle design over the next decade. Additional capital funds totaling $30,500 is being requested to accomplish this upgrade. In addition, MSCVE has recently purchased several vehicles with capital funds. These vehicles are replacing older vehicles that were not in the replacement program. A one-time supplemental to bring the replacement program current is being requested in the amount of $372,100.	402.6				402.6

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
85	3	Transportation and Public Facilities	Capital	Retroactive Asphalt Material Price Adjustment - Glenn/Bragaw Interchange This is a new project request for FY2010. Average rack price for asphalt cement in Alaska increased from $373/ton in January 2008, to a high of $710/ton in August that year. Although contractors typically plan for some increase in material costs throughout the life of a contract, they couldn't reasonably anticipate this level of inflation. In August 2008 the department committed to retroactively add an asphalt cement price adjustment, to share the unanticipated inflationary costs with the contractors. The state general funded Glenn / Bragaw project met the criteria for receiving this price adjustment; however the projects budget to complete construction does not have sufficient funding available to reimburse the contractor.	151.5				151.5
86	3	Transportation and Public Facilities	Capital	Skagway Land Purchase This is a new project request for FY2010. The Skagway Maintenance Station is situated on leased property. In 2008 the Department entered a new lease agreement for the Skagway maintenance station with an option to purchase the 2.23 acre property plus the adjoining 1.59 acre vacant property for a fair market value price of $513,412. The Department has secured $107,000 for the purchase of the property and is requesting an additional $407,000. The option to purchase expires on September 12, 2010. This is the last opportunity to fund the purchase at the negotiated price.	407.0				407.0
87	3	Transportation and Public Facilities	Capital	Southeast Region Headquarters – Elevator Installation This is a new project request for FY2010. Project includes design, building modifications and installation of a new elevator to bring the state-owned facility into compliance with the Americans with Disabilities Act. Southeast Region does not have sufficient available space to provide ADA accommodations for staff working on the 2nd floor to relocate their workspace to the 1st floor when temporary or permanent disabilities prohibit access to their normal workspace. This lack of space is compounded when relocation does take place due to separation of staff from coworkers. Additionally, public access to all sections on the 2nd floor is inhibited by the lack of adequate conveyance.	450.0				450.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
88	3	Transportation and Public Facilities	Capital	State Equipment Fleet Vehicle Lifts This is a new project request for FY2010. Replace the original vehicle lift in Haines, AK. The original lift does not have safety features to prevent damage to equipment and/or injury to staff tasked with using it. Funding will allow for the purchase and installation of equipment that has life-safety features that will support the Department in meeting safe workplace requirements.	100.0				100.0
89	3	Transportation and Public Facilities	Capital	**Regulatory Compliance - Appropriation Level**	**1,700.0**				**1,700.0**
90	3	Transportation and Public Facilities	Capital	Kenai Peninsula Watershed Improvements - Clean Water Act, Section 404, Settlement This is a new project request for FY2010. Project fulfills one of two conditions of a negotiated settlement, between the State of Alaska, Department of Transportation (DOT&PF) and the Environmental Protection Agency, for alleged violations of Section 404 of the Clean Water Act (CWA). The funding will be provided to a qualified, third party, non-profit established to preserve, for public benefit, land with significant natural, recreational, or cultural value on the Kenai Peninsula. The non-profit is to purchase and place conservation easements over properties that will preserve water quality and salmon habitat.	900.0				900.0
91	3	Transportation and Public Facilities	Capital	Revegetation of Anchor River and Deep Creek Highway Embankments - Clean Water Act, Section 404 Settlement This is a new project request for FY2010. Project fulfills one of two conditions of a negotiated settlement, between the State of Alaska, Department of Transportation (DOT&PF) and the Environmental Protection Agency, for alleged violations of Section 404 of the Clean Water Act (CWA). The funding will be utilized to plant and establish natural vegetation and monitor those planting at three sites along the Sterling Highway. The vegetation is to enhance and improve water quality and habitat.	800.0				800.0
92	4			Sets out the funding by agency for the appropriations in Section 3.					0.0
93	5	Findings		FY2010 savings from ARRA 2009 Medicaid provisions are applied to the GF supplementals appropriated in this Act.					0.0
94	6	Corrections	(multiple)	Funding to implement the interest arbitration decision dated March 19, 2009, establishing monetary terms of the collective bargaining agreement with the Alaska Correctional Officers Association, for the fiscal year ending June 30, 2010	3,302.3	32.7			3,335.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
95	7	Education and Early Development	Special Schools	Pupil transportation services from Mat-Su to the Alaska School for the Deaf, housed in the Russian Jack Elementary, Hanshew Middle School and East High School of the Anchorage area.	180.0				180.0
96	8	Health and Social Services	Probation Services	Miscellaneous claim to pay outstanding FY2004 medical bills for a minor in the custody of the Division of Juvenile Justice that received medical treatment from the Central Peninsula Hospital.	0.2				0.2
97	9	Labor and Workforce Development	Workforce Investment Board	Amend language - the unexpended/unobligated balance from Sec 1, Ch 27, SLA 2008, page 17, line 4 (Branch-wide Oil & Gas Development) is appropriated to Workforce Investment Board for continued work in FY2010.	85.0				85.0
98	10	Law	Deputy Attorney General's Office	Actual judgments and settlements finalized as of 1/11/2010.	28.9				28.9
99	11(a)	Natural Resources	Capital	Scope Change: Architecture and Engineering for a New Geologic Material Center [IN EAGLE RIVER] - Phase 1					0.0
100	11(b)	Natural Resources	Capital	Sale and Replacement of PC7 Aircraft for Wildland Firefighting. Language section to use the proceeds from the sale of aircraft, surplus aircraft parts, and engine escrows for the purchase of replacement aircraft.	2,000.0			General Fund Program Receipts	2,000.0
101	12(a)	Fund Transfer	Savings Public Education Fund	Fully capitalize the Public Education Fund for the projected FY2011 need for Foundation Formula $1,053,147.4 and Pupil Transportation $63,839.2.	1,116,986.6				1,116,986.6
102	12(b)	Fund Transfer	Small Business Economic Development RLF	Match for federal EDA funds transferred from the Kenai Peninsula Economic Development District - transfer $79.0 from Revolving Fund to Small Business Economic development Loan Fund - allows for receipt of $231.3 EDA federal grant funds.			79.0	AIDEA Receipts	79.0
103	12(c)	Fund Transfer	Disaster Relief Fund	Disaster relief funding - Kodiak Island flood, Pelican water system failure, Steward storm surge - plus fund replenishment in preparation for providing immediate assistance during spring floods and storms.	5,000.0				5,000.0
104	13	Ratifications (see below)							0.0
105	14	Retained Fees and Bankcard Services		Amends Section 22(b), ch. 12, SLA 2009 to include the Department of Law statutory authority for receipt of restitutions on juvenile cases.					0.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
106	15	Debt Service	International Airport Revenue Bonds	Alaska International Airport System Debt Defeasance Implement recommendations by the State's bond counsel to minimize the amount of revenue needed to be collected from airport customers and to meet debt service coverage ratios required under the bond resolution rate covenant. This request will allow the International Airport System to meet the technical requirements of the bond resolution rate covenant while also minimizing the amount of revenue needed from rates and fees.	0.0	0.0	0.0	($10,000.0) International Airport Revenue Fund $10,000.0 International Airport Construction Fund	0.0
107	16	Governor	AK Resources Marketing and Development	Extend lapse date from 2/28/2010 to 6/30/2010 for SLA 2009 Ch 14, Sec. 19 - $8,289.0 for the development of an in-state natural gas pipeline - so that development work may continue.	0.0	0.0	0.0		0.0
108	17(a)	Savings	Constitutional Budget Reserve	Full Repayment of the Constitutional Budget Reserve The amount necessary for full repayment of the amounts owed the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska), as of June 30, 2010, estimated to be $401,617,000, is appropriated from the general fund to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).	401,617.0				401,617.0
109	17(b)		Budget Reserve Fund	Adds language to access the budget reserve fund (AS 37.05.540) to balance the FY2010 budget, if necessary.					0.0
110	17(c)	Revenue	Treasury Division	Fund Source Change for Constitutional Budget Reserve Fund Investment Management Section 27(c), ch. 12, SLA 2009, is amended to read: (c) The sum of $1,673,000 is appropriated from the general fund [budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska] to the Department of Revenue, treasury division, for operating costs related to management of the budget reserve fund for the fiscal year ending June 30, 2010.	1,673.0		(1,673.0)	Constitutional Budget Reserve Fund	0.0
111	18	Lapse of Appropriations							0.0
112	19	Repealer		Section 43(c), ch. 15, SLA 2009 is repealed. That section reads: (c) The amount calculated to be available for appropriation under art. IX, sec. 17(b), Constitution of the State of Alaska, for fiscal year 2010 is appropriated under art. IX, sec. 17(b), Constitution of the State of Alaska, from the budget reserve fund to the general fund. The administration is proposing to repay in full the amount owed to the constitutional budget reserve fund in FY2010, and does not want to draw any amount from the fund. Current calculations indicate the above section is not necessary.					0.0

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
113	20	Effective date - Section 7 is immediate upon passage of this Act.							0.0
114	21	Effective date of the balance of the Act is April 18, 2010.							0.0
115									
116				**Total of Supplemental Requests**	1,661,150.5	62,351.4	15,316.2		1,738,818.1
117									
118	**RATIFICATIONS**			**AR and AR Name**					
119	13(a)	Natural Resources	Fire Suppression Activity	AR 37313-09 Fire General Fund	10,297,678.22				10,297,678.22
120	13(b)(1)	Commerce, Community and Economic Development	Alaska Energy Authority Owned Facilities	AR 29605-08 Alaska Energy Authority Owned Facilities	12.95				12.95
121	13(b)(2)	Education and Early Development	Student and School Achievement	AR 17722-07 Student and School Achievement	293.08				293.08
122	13(b)(3)	Health and Social Services	Unbudgeted RSA	AR 22708-03 DAS DMA Unbudgeted RSA for Staff Support	140.40				140.40
123	13(b)(4)	Health and Social Services	Unbudgeted RSA	AR 22730-09 Alaska Commission on Aging Unbudgeted RSA	11.00				11.00
124	13(b)(5)	Health and Social Services	Unbudgeted RSA	22736-03 DFYS DMA Unbudgeted RSA	0.34				0.34
125	13(b)(6)	Health and Social Services	Unbudgeted RSA	AR 22791-08 Alaska Rural EMS Optimization Project Unbudgeted RSA	259.54				259.54
126	13(b)(7)	Health and Social Services	Behavioral Health Administration	AR 23125-05 Behavioral Health Administration	5,482.79				5,482.79
127	13(b)(8)	Health and Social Services	Health Planning and Infrastructure	AR 23932-08 Health Planning and Infrastructure	633.78				633.78
128	13(b)(9)	Health and Social Services	Information Technology Services	AR 23934-06 Information Technology Services	4.92				4.92
129	13(b)(10)	Health and Social Services	Epidemiology	AR 23610-05 Epidemiology	295,356.97				295,356.97
130	13(b)(11)	Health and Social Services	Certification and Licensing	AR 23608-05 Certification and Licensing	31,701.51				31,701.51
131	13(b)(12)	Health and Social Services	Medicaid State Programs	AR 23315-04 Medicaid State Programs	1,380,444.00				1,380,444.00
132	13(b)(13)	Health and Social Services	Medicaid School Based Administrative Claims	AR 23928-05 Medicaid School Based Administrative Claims	221,290.00				221,290.00
133	13(b)(13)	Health and Social Services	Medicaid School Based Administrative Claims	AR 23928-06 Medicaid School Based Administrative Claims	2,283,323.00				2,283,323.00
134	13(b)(15)	Health and Social Services	Medicaid School Based Administrative Claims	AR 23928-07 Medicaid School Based Administrative Claims	3,060,691.00				3,060,691.00
135	13(b)(16)	Alaska Court System	RSA	AR 76560-08 Domestic Violence VAWA RSA	322.50				322.50
136	13(c)(1)	Corrections	Anchorage Correctional Complex	AR 50662-05 Anchorage Correctional Complex	409,334.19				409,334.19
137	13(c)(2)	Corrections	Probation And Parole Director's Office	AR 50760-07 Probation And Parole Director's Office	2,661.22				2,661.22

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
138	13(c)(3)	Education and Early Development	Program Administration	AR 18005-04 Program Administration	22,694.51				22,694.51
139	13(c)(4)	Labor and Workforce Development	Employment Services	AR 28500-02 Employment Services	39.41				39.41
140	13(c)(5)	Labor and Workforce Development	Labor Market Information	AR 28190-05 Labor Market Information	290.99				290.99
141	13(c)(6)	Labor and Workforce Development	Independent Living Rehabilitation	AR 28230-03 Independent Living Rehabilitation	649.53				649.53
142	13(c)(7)	Labor and Workforce Development	Unemployment Insurance	AR 28510-04 Unemployment Insurance	442.91				442.91
143	13(c)(8)	Labor and Workforce Development	Unemployment Insurance	AR 28510-05 Unemployment Insurance	14,592.60				14,592.60
144	13(c)(9)	Labor and Workforce Development	Unemployment Insurance	AR 28510-07 Unemployment Insurance	3,592.15				3,592.15
145	13(c)(10)	Labor and Workforce Development	Unemployment Insurance	AR 28510-08 Unemployment Insurance	150.00				150.00
146	13(c)(11)	Labor and Workforce Development	Capital	AR 27790-08 North Pacific Fisheries Disaster – Aid RSA	4,400.00				4,400.00
147	13(c)(12)	Revenue	Long Term Care Ombudsman Office	AR 15530-07 Long Term Care Ombudsman Office	7,004.19				7,004.19
148	13(c)(13)	Transportation and Public Facilities	Capital	61686-10 Federal Transit Administration Grants	2.18				2.18
149	13(c)(13)	Transportation and Public Facilities	Capital	AR 58096-10 Cooperative Reimbursable Projects	29.65				29.65
150	13(c)(15)	Transportation and Public Facilities	Capital	AR 58622-11 Cooperative Reimbursable Projects	0.37				0.37
151	13(c)(16)	Transportation and Public Facilities	Capital	AR 58662-11 Federal Transit Administration Grants	0.72				0.72
152	13(c)(17)	Transportation and Public Facilities	Capital	AR 59198-11 Alaska Marine Highway: Terminal – Alaska Marine Highway System Headquarters Building, Grounds, and Renovation	0.22				0.22
153	13(c)(18)	Transportation and Public Facilities	Capital	58640-10 Alaska Mobility Coalition	0.13				0.13
154	13(c)(19)	Transportation and Public Facilities	Capital	AR 60252-10 Cooperative Reimbursable Projects	0.88				0.88
155	13(c)(20)	Transportation and Public Facilities	Capital	AR 61219-12 Federal Transit Administration Grants	0.17				0.17
156	13(c)(21)	Transportation and Public Facilities	Capital	AR 61009-10 Federal Transit Administration Grants	14,254.03				14,254.03
157	13(c)(22)	Transportation and Public Facilities	Capital	AR 61812-10 Coffman Cove/Wrangell/Petersburg Ferry and Ferry Facilities	0.21				0.21
158	13(c)(23)	Transportation and Public Facilities	Capital	AR 63203-10 Surface Transportation Preconstruction	0.09				0.09
159	13(c)(24)	Transportation and Public Facilities	Capital	AR 61613-10 Federal Transit Administration Grants	2.02				2.02
160	13(c)(25)	Transportation and Public Facilities	Capital	AR 61961-10 Statewide: Various Airports Runway and Heliport Lighting	205.06				205.06

FY2010 SUPPLEMENTAL REQUESTS

	Sec. No.	Department	Component or Capital	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
161	13(c)(26)	Transportation and Public Facilities	Capital	AR 62139-10 Alaska Marine Highway: Prince William Sound Fast Vehicle Ferry	1.19				1.19
162	13(c)(27)	Transportation and Public Facilities	Capital	AR 62598-10 Kodiak: Selief Lane Reconstruction	1,062.98				1,062.98
163	13(c)(28)	Transportation and Public Facilities	Capital	AR 62656-10 Cooperative Reimbursable Projects	0.01				0.01

From Ketchikan Daily News; Sat/Sun March 14-15 2009.

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Initiatives deserve same vetting as bills

By KYLE JOHANSEN

POINT OF VIEW

House Bill 36, also known as the Open and Transparent Initiative Act, is an attempt to tackle an enormous problem we have here in Alaska: Our initiative process is used as a way for special interests to maneuver around the lawmaking body to enact laws without regard for the public as a whole. The right to petition government belongs to the citizens of Alaska. It is imperative that the process be protected from abuse. HB36 offers those safeguards. I am taking this opportunity to review the changes I believe need to happen to protect our initiative process.

Currently, initiative sponsors are not required to hold public hearings. However, the Legislature is required to hold public hearings on all bills that are voted on as a body. Most bills receive multiple committee referrals and spend hours being publically vetted. Though bills passed by the Legislature and initiatives passed by the people have the same effect, they are not held to the same public-hearing requirements. Mandating a proposed initiative go through a public hearing process is an essential element for developing sound public policy. HB36 requires that a standing committee review the proposed initiative. This allows the affected state agencies to come forward and express how the initiative will affect their operations. When a bill is in front of the Legislature, the affected state agencies come before the appropriate committee and explain the implementation of the policy. Initiatives that are passed by the people are law, and the agencies that have to administer those laws should be afforded the same ability.

Prohibiting initiatives that are substantially similar to a failed initiative says that the people have spoken. We have seen the same initiatives proposed year after year, with a lack of regard for the public's will. If an initiative fails, the public has spoken. However, people's attitudes, beliefs, and perceptions can change. That is why I think it is appropriate that failed initiatives be restricted from the ballot for one election cycle to save the state money, time, and resources.

Signature-gatherers are commonly paid on a per-signature basis. In Alaska, they are not supposed to receive more than $1 per signature. Twenty-four states have an initiative process, and many have banned the practice of paying per signature because of fraud. Petition circulators in other states have been caught using disingenuous practices to gather more signatures to receive a bigger paycheck. If petition circulators did not collect payment based on the number of signatures, they would be less inclined to commit fraud.

Petition circulators are allowed to solicit signatures for more than one initiative at a time. This means that someone can have multiple clipboards outside the grocery store, shuffling them around while trying to convince you to sign their petitions. It is easy to confuse which petition was explained to you and which petition you have agreed to sign. Petition circulators should be allowed to collect signatures for only one initiative at a time to reduce confusion, deceptive practices, and misleading information.

Unlike the current initiative process, HB36 will go through many public committee hearings where it will be vetted, debated and amended. This is a chance for the public to weigh in on the bill, for lawmakers to ask questions and clarify issues of concern, for changes to be proposed, and many other aspects to be publicly debated so the best public policy is put forward. As a reminder, this is not required of initiative legislation. What you see is what you get, and unfortunately, what you don't see is what you get as well.

I encourage you to read the legislation yourself. Please form your own opinion based on the facts of the bill itself, rather than regurgitate information given to you by parties with their own agenda. HB36 can be found at www.legis.state.ak.us/basis.

(Republican Kyle Johansen represents Ketchikan in the Alaska House.)

Fighting for Second Amendment rights

Government **Position: STATUTORY INITIATIVE PROCESS, ALASKA'S**

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STATEMENT OF POSITION

The League of Women Voters of Alaska supports the existing initiative process and makes the following recommendations:

- Initiatives should be voted on only at General Elections, not special or primary elections.
- Support change that requires simplicity and clarity of the wording of initiative questions with a "yes" vote to indicate in favor of the measure and a "no" vote to indicate opposition to the measure.
- Support disclosure on each initiative petition of the name(s) or group(s) that is paying the gatherer and how they are paid, such as by signature or by the hour.
- Support the requirement for not less than 500 qualified voters as sponsors to the prospective petition with the Lieutenant Governor's office.
- Support the requirement for a number of valid signatures not less than ten (10%) percent of the total number of the votes cast in the preceding general elections.
- Support a formula for at least 50 signatures in each of two-thirds of the legislative districts in order to reflect statewide interest in a measure.
- Support the requirement an attorney general advisory opinion as to the constitutionality of each proposed initiative after it has qualified for the ballot, such opinion to be published in the State Election Pamphlet.
- Support the existing limit on time for collecting signatures to one year.
- Support the requirement for a cost analysis to be on each initiative petition.
- Support the requirement that signature gatherers be qualified voters of Alaska.

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Adopted 2001 at Post-Convention Board Meeting: Reaffirmed each year since Convention

The League of Women Voters

A Voice For Citizens, A Force For Change

The League of Women Voters of Alaska is a non-partisan political organization that encourages informed and active citizen participation in government, works to increase understanding of major public policy issues, and influences public policy through education and advocacy. We write today to comment on SSHB 36, "An Act relating to ballot initiative proposal applications and to ballot initiatives." While there are provisions of the bill that would improve and strengthen the process in Alaska, others would effectively put the initiative process out of the reach of the average citizen.

Direct democracy through popular initiatives and referenda began a century ago as a grassroots, progressive reform aimed at circumventing corrupt legislatures, increasing civic involvement and wresting control of the state's political process away from well-heeled special interest groups. The initiative process places legislative power directly in the hands of the voters.

After exhaustive study, in 2001 the Alaska League adopted a position (attached) in support of the existing initiative process and made several recommendations for improvements. The League's official position supports "disclosure on each initiative petition of the names(s) or group(s) that is paying the gatherer and how they are paid, such as by signature or by the hour." For that reason, the League is in favor of the provision in SSHB 36 that requires individuals and groups to disclose their financial involvement in preparing and filing an initiative. Voters need to know all sources of support for a proposed ballot initiative in order to make an informed choice regarding support or opposition.

In addition, the League supports the provision in SSHB 36 that reforms the way in which initiative petition collectors are paid. The current practice of paying by the signature creates an incentive that contributes to fraud and erodes the people's trust and support of the initiative process.

The League cannot support three provisions in the bill that would create major barriers to citizen's participation of the initiative process. First, banning an unsuccessful ballot initiative for a two-year "election cycle" is overly restrictive and most likely unconstitutional. We do not believe the legislature has the right to dictate the behavior of citizens as they exercise their right to the law-making process. In addition, requiring a standing committee of the legislature to review the initiative language is intrusive and provides the opportunity for the legislature to kill an initiative with simple inaction. Finally, the provision that requires public hearings in 30 House districts would be a financial burden that only the most well resourced groups can successfully mount – this provision alone has the potential to kill access to the initiative process for the average Alaskan. We urge you to amend SSHB36 to remove these provisions.

Thank you for your consideration of our perspective. Please contact me at 452-4532 for further information pertaining to the Alaska League's positions.

Sincerely,

/s/ Marilyn Russell, President
League of Women Voters of Alaska

Initiative and Referendum in the 21st Century

Final Report and Recommendations of the NCSL I&R Task Force

NATIONAL CONFERENCE of STATE LEGISLATURES

The Forum for America's Ideas

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July 2002

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EXECUTIVE SUMMARY

On December 7, 2001, the National Conference of State Legislatures assembled a task force to review the growing use of initiatives and referendums around the country and to examine their effect on representative democracy at the state level.

The Initiative and Referendum Task Force found that opportunities for abuse of the process outweigh its advantages and does not recommend that states adopt the initiative process if they currently do not have one.

The task force also developed recommendations that would enable initiative states to make their processes more representative. For states that are intent upon adopting an initiative process, the task force offers a set of guidelines to enhance the process and to avoid many of the pitfalls currently experienced by the initiative states. The task force urges such states to consider giving preference to a process that encourages citizen participation without enacting specific constitutional or statutory language—specifically, the advisory initiative or the general policy initiative.

The 34 recommendations contained in this report acknowledge that the initiative process has outgrown the existing laws that govern it. After listening to expert testimony from a wide variety of witnesses and compiling data from all 50 states, the task force concluded that the initiative has evolved from its early days as a grassroots tool to enhance representative democracy into a tool that too often is exploited by special interests. The initiative lacks critical elements of the legislative process and can have both intended and unintended effects on the ability of the representative democratic process to comprehensively develop policies and priorities.

As a result, the task force suggests that initiative states reform drafting, certification, signature-gathering and financial disclosure statutes; adhere to single subject rules; and improve practices regarding voter education. It also recommends that initiatives be allowed only on general election ballots.

It is the task force's intent that the discussion and adoption of the reforms in this report lead to a more thoughtful lawmaking process, improve interaction between initiative proponents and legislatures, and ultimately produce better public policy and reinforce representative democracy.

2923

TASK FORCE RECOMMENDATIONS

The following 34 recommendations were adopted unanimously at the final meeting of the NCSL Initiative and Referendum Task Force in Denver, Colorado, on April 26-27, 2002.

The task force does not recommend that states that currently do not have an initiative process adopt one. The task force believes that representative democracy is more desirable than the initiative. The disadvantages of the initiative as a tool for policymaking are many, and the opportunities for abuse of the process outweigh its advantages. However, if a state is intent upon adopting an initiative process, the first four recommendations lay out the task force's view of an effectively structured process.

The remaining recommendations deal with specific elements of the initiative process and are intended as guidelines to improve existing procedures. The task force believes that the adoption of these recommendations will improve the initiative process to the benefit of both state government and voters and will result in improved public policy making via the initiative.

General Recommendations Regarding the Initiative Process

Recommendation 1.1: States that are considering adopting an initiative process should give preference to one that encourages citizen participation without enacting specific constitutional or statutory language. Specifically, states should consider:

A. First, adopting the advisory initiative; or
B. In the alternative, adopting the general policy initiative.

Recommendation 1.2: If states wish to adopt an initiative process and neither the advisory initiative nor the general policy initiative are adopted, they should adopt an indirect initiative process.

Recommendation 1.3: If states adopt a direct initiative process, they should adopt only a statutory initiative process, not a constitutional amendment initiative process.

Recommendation 1.4: If states adopt a constitutional amendment initiative process, they also should adopt a statutory initiative process.

Involving the Legislature in the Initiative Process

Recommendation 2.1: States that currently have a direct initiative process should consider adopting an indirect process as well, and provide incentives to encourage its use.

2924

Recommendation 2.2: After a specified percentage of signatures has been gathered for an initiative petition, the legislature should provide for public hearings on the initiative proposal.

Recommendation 2.3: When appropriate, the legislature should place an alternative legislative referral on the ballot with an initiative that appears on the ballot.

The Subject Matter of Initiatives

Recommendation 3.1: States should encourage the sponsors of initiatives to propose them as statutory initiatives when possible, rather than as constitutional amendments.

Recommendation 3.2: States should adopt the single subject rule to enhance clarity and transparency in the initiative process.

Recommendation 3.3: If an initiative measure is rejected by voters, states should prohibit an identical or substantially similar initiative measure from appearing on the ballot for a specified period of time.

The Drafting and Certification Phase

Recommendation 4.1: States should require a review of proposed initiative language by either the legislature or a state agency. The review should include non-binding suggestions for improving the initiative's technical format and content, and should be considered public information.

Recommendation 4.2: States should require the drafting and certification of a ballot title and summary for each initiative proposal. Ballot titles must identify the principal effect of the proposed initiative and must be unbiased, clear, accurate, and written so that a "yes" vote changes current law.

Recommendation 4.3: States should require the drafting of a fiscal impact statement for each initiative proposal. The statement should appear on the petition, in the voter information pamphlet, and on the ballot.

Recommendation 4.4: States should establish a review process and an opportunity for public challenge of technical matters, including adherence to single subject rules, and ballot title, summary and fiscal note sufficiency, to be made prior to the signature-gathering phase.

The Signature Gathering Phase

Recommendation 5.1: States should require that initiative proponents file a statement of organization as a ballot measure committee prior to collecting signatures. States should void any signature that is gathered before a statement of organization is filed.

Recommendation 5.2: States should provide for safeguards against fraud during the signature gathering process. Safeguards should include:

A. Prohibiting the giving or accepting of money or anything else of value to sign or not sign a petition.
B. Requiring a signed oath by circulators, stating that the circulator witnessed each signature on the petition and that to the best of the circulator's knowledge, the signatures are valid.
C. Requiring circulators to disclose whether they are paid or volunteer.

Recommendation 5.3: States should provide for an adequate but limited time period for gathering signatures. The deadline for submission should allow a reasonable time for verification of signatures before the ballot must be certified.

Recommendation 5.4: States should establish a limit on the length of time that verified signatures are valid.

Recommendation 5.5: States should require a higher number of signatures for constitutional amendments than is required for statutory initiatives.

Recommendation 5.6: To achieve geographical representation, states should require that signatures be gathered from more than one area of the state.

Recommendation 5.7: Each state should establish a uniform process for verifying that the required number of valid signatures has been gathered.

Voter Education

Recommendation 6.1: States should provide to the public a manual describing the initiative and referendum process.

Recommendation 6.2: States should encourage public education and discussion about measures on the ballot.

Recommendation 6.3: States should produce and distribute a voter information pamphlet containing information about each measure certified for the ballot.

Recommendation 6.4: In addition to a printed voter information pamphlet, states should consider alternative methods of providing information on ballot measures, such as the Internet, video and audio tapes, toll-free phone numbers, and publication in newspapers.

Financial Disclosure

Recommendation 7.1: States should require financial disclosure by any individual or organization that spends or collects money over a threshold amount for or against a ballot measure.

Recommendation 7.2: After a title has been certified for an initiative measure, states should require that proponents and opponents of the initiative measure file a statement of organization as a ballot measure committee prior to accepting contributions or making expenditures.

2926

Recommendation 7.3: States should make the disclosure requirements for initiative campaigns consistent with the disclosure requirements for candidate campaigns.

Recommendation 7.4: States should prohibit the use of public funds or resources to support or oppose an initiative measure. This should not preclude elected public officials from making statements advocating their position on an initiative measure.

Voting on Initiatives

Recommendation 8.1: States should allow initiatives only on general election ballots.

Recommendation 8.2: States should adopt a requirement that creates a higher vote threshold for passage of a constitutional amendment initiative than for passage of a statutory initiative.

Recommendation 8.3: States should require that any initiative measure that imposes a special vote requirement for the passage of future measures must itself be adopted by the same special vote requirement.

Recommendation 8.4: States should ensure that statutory initiative measures require the same vote threshold for passage that is required of the legislature to enact the same type of statute.

Recommendation 8.5: States should adopt a procedure for determining which initiative measure prevails when two or more initiative measures approved by voters are in conflict.

2927

INTRODUCTION

Initiative and referendum operated quietly in the background of state politics for much of the 20th century, but during the last decade, it has come back into vogue. More initiatives are circulated, more make it to the ballot, and more money is spent in the process than ever before. Consider the numbers: 183 statewide votes on initiatives in the 1970s, 253 in the 1980s, and 383 in the 1990s, more than double the total from the 1970s. California alone accounts for 130 of the total 819 measures during that 30-year period; Oregon can claim 107. Between them, these two states account for nearly 30 percent of all initiatives from 1970 to 1999. It is no wonder that people in California and Oregon are beginning to voice concerns about the initiative process.

Initiative advocates say the resurgence of the initiative is good for states—it means citizens are using it as a tool to implement new laws and reforms that the legislature is unable or unwilling to enact. Besides accomplishing policy change, supporters also say that initiatives increase citizen involvement with government—people are not only more aware of state policy issues, but they are also more likely to vote. For these reasons, movements have begun to establish an initiative process in some of the states that currently do not have such a process.

However, in some states where the initiative is heavily used, there is growing public frustration with initiatives, and some people are beginning to speak out against the process. Legislatures are struggling to find ways to prevent fraud in the signature-gathering process; disclose information about who pays for initiative campaigns; and add flexibility to the process to accommodate more debate, deliberation and compromise than presently exists. Equally concerning to many is the disadvantage that, unlike our legislatures' process of representative government, decisions made through the initiative process do not provide an opportunity to accommodate minority interests. Most importantly, initiatives ask voters to make simple yes-no decisions about complex issues without subjecting the issue to detailed expert analysis and without asking voters to balance competing needs with limited resources. In short, the initiative affects the ability of representative democracy to develop policies and priorities in a comprehensive and balanced manner.

The problems with the initiative process are not easy to solve for a number of reasons. The courts have made it difficult to regulate both petition circulators and initiative campaign finance, and almost any reform can be a difficult political issue because proponents of the initiative generally are hostile to legislative attempts to change the process.

2928

The initiative is a vital and popular part of democracy in half the states (refer to appendix A for a list of initiative states), but it is clear that the initiative has outgrown the existing state laws governing it. NCSL's Initiative and Referendum Task Force set out to first gather the facts and data necessary to paint an accurate picture of how the initiative process works in each state. It identified and focused on problems in the process, then considered ways that the process might be made more open and flexible. The task force feels strongly that the changes it recommends in the initiative process would equally benefit both voters and the legislative process, and that, in the end, a reformed initiative process might produce better public policy.

The task force met three times during a five-month period. Meetings were held on:

- December 7-8, 2001, in Washington, D.C.;
- February 8-9, 2002, in Washington, D.C.; and
- April 26-27, 2002, in Denver, Colorado.

The task force took great care to ensure that it heard testimony from experts and activists on a wide array of issues and from as many points of view as possible. Presenters included both supporters and critics of the initiative process, citizens who use the initiative process, and election administrators. The experts who testified before the task force were:

David Broder, *Washington Post*, Washington, D.C.;
Lois Court, Save our Constitution, Colorado;
Neal Erickson, Office of the Secretary of State, Nebraska;
Wayne Pacelle, Humane Society of the United States, Washington, D.C.;
John Perez, Speaker's Commission on the California Initiative Process, California;
Honorable Joe Pickens, State Representative, Florida;
Larry Sokol, Speaker's Commission on the California Initiative Process, California;
M. Dane Waters, Initiative and Referendum Institute, Washington, D.C.; and
Joseph F. Zimmerman, State University of New York-Albany, New York.

In addition to the experts who testified before the task force, the task force members themselves are experts on the initiative process. The perspectives and suggestions that each member brought to the table contributed to the extensive body of knowledge the task force developed about how the initiative works around the country. Finally, the task force also relied on a wide array of written materials on the initiative process. These include reports from earlier initiative reform commissions and task forces, and the many books and academic papers that are listed in appendix B and in the reference section of this report.

The task force adopted 30 recommendations for legislatures in the initiative states that are seeking guidance on how their initiative process might be improved. Four additional recommendations are meant for states that may be thinking about adopting an initiative process. Although the task force does not recommend that non-initiative states adopt such a procedure, these four recommendations are offered for those states that have, nonetheless, made the decision to go forward.

All the recommendations were based on a set of observations and conclusions about representative and direct democracy that were adopted by the task force at its first meeting. These principles reflect the task force members' belief that it is important to carefully balance the pure democratic impulse of the initiative with the deliberative, consensus-

building practices of representative democracy. It also is the belief of task force members that the adoption of this set of recommended reforms by initiative states will lead to a more thoughtful lawmaking process, improved interaction between initiative proponents and legislatures, and ultimately, better public policy.

2930

Observations and Conclusions About Representative and Direct Democracy

Adopted by the NCSL I&R Task Force on April 27, 2002

We offer in the following observations regarding representative and direct democracy.

1. Representative democracy is the foundation of America's system of government.

2. Representative democracy has provided a stable and flexible system of government that has served America well for more than 200 years.

3. Direct democracy, as envisioned in the initiative and referendum system, was first instituted as a check on representative democracy. It was meant to enhance representative government, not to supercede or abolish it.

4. As intended by its founders, the initiative and referendum process was meant to give citizens a tool to break what they perceived as the hold of special interests over some state legislatures.

5. In most of the 24 states where it exists, the initiative is a popular part of the lawmaking process.

6. The initiative brings to the fore issues that may not receive legislative attention or final action and engages citizens in a debate of important public policy issues.

Based on these observations, we draw the following conclusions about direct democracy.

1. The initiative has evolved from its early days as a grassroots tool to enhance representative government. Today, it is often a tool of special interests.

2. The initiative process, as it exists today, lacks some of the critical elements of the representative system of government, including debate, deliberation, flexibility, compromise and transparency.

2931

3. The initiative process does not involve all the checks and balances that representative government does.

4. The initiative can affect the ability of representative democracy to develop policies and priorities in a comprehensive and balanced manner.

5. As the initiative process and the way it is used have evolved over time, a review of the laws governing it is merited.

2932

NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

Banning Payment-per-Signature for Initiative Petition Circulators
Updated May 28, 2008

It is common for initiative sponsors to pay circulators on a per-signature basis to gather petition signatures. Payments typically range from $1 to $3 per signature, and occasionally are as high as $10 per signature. Critics argue that this encourages fraud—since a circulator who collects more signatures will earn more money, circulators who are paid per signature are more likely to commit acts of fraud such as forging signatures or misrepresenting the content of the petition in order to encourage people to sign.

Presently, six states (Montana, Nebraska, North Dakota, Oregon, South Dakota and Wyoming), have laws which ban initiative sponsors from paying petition circulators per signature. Instead, they may pay a flat fee or an hourly salary. These laws have been challenged in the courts with mixed results. North Dakota and Oregon's provisions have been upheld by the U.S. 9th and 8th Circuit Courts, respectively. However, similar provisions in Idaho, Maine, Mississippi, Ohio and Washington were held unconstitutional by federal district courts. The Ohio case was upheld by the U.S. 6th Circuit Court of Appeals in March 2008.

Montana (MCA §13-27-102(2)(b))
"A person gathering signatures for the initiative, the referendum, or to call a constitutional convention...may not be paid anything of value based upon the number of signatures gathered" (2007 Mont. Laws, Chap. 481)

Nebraska (NRS §32-630(3)(g))
No person shall pay a circulator based on the number of signatures collected.
(2008 Neb. Laws, L.B. 39)

North Dakota (N.D. Cent. Code §16.1-01-12(11))
"It is unlawful for a person to...[p]ay or offer to pay any person, or receive payment or agree to receive payment, on a basis related to the number of signatures obtained for circulating an initiative, referendum, or recall petition. This subsection does not prohibit the payment of salary and expenses for circulation of the petition on a basis not related to the number of signatures obtained, as long as the circulators file their intent to remunerate prior to submitting the petitions..."
Upheld in 2001 by the U.S. 8th Circuit Court of Appeals, Initiative & Referendum Institute v. Jaeger.

Oregon (Or. Const. Art. IV §1b)
"It shall be unlawful to pay or receive money or other thing of value based on the number of signatures obtained on an initiative or referendum petition. Nothing herein prohibits payment for signature gathering which is not based, either directly or indirectly, on the number of signatures

obtained. [Created through initiative petition filed Nov. 7, 2001, and adopted by the people Nov. 5, 2002]"
Upheld in February 2006 by the U.S. 9th Circuit Court of Appeaks, Prete v. Bradbury.

South Dakota (new section added to §12-13 during the 2007 legislative session, HB 1156)
No person may employ, reward, or compensate any person to circulate a petition for an initiated measure, referred law, or proposed amendment to the South Dakota Constitution based on the number of registered voters who signed the petition. Nothing in this section prohibits any person from employing a petition circulator based on one of the following practices:
(1) Paying an hourly wage or salary;
(2) Establishing either express or implied minimum signature requirements for the petition circulator;
(3) Terminating the petition circulator's employment, if the petition circulator fails to meet certain productivity requirements; and
(4) Paying discretionary bonuses based on reliability, longevity, and productivity.
Any violation of this section is a Class 2 misdemeanor.

Wyoming (Wyo. Stat. §22-24-125)
"A circulator of an initiative or a referendum petition or a person who causes the circulation of an initiative or a referendum petition may not receive payment for the collection of signatures if that payment is based upon the number of signatures collected. Nothing in this section prohibits a circulator of an initiative or a referendum petition or a person who causes the circulation of an initiative or a referendum petition from being paid a salary that is not based upon the number of signatures collected."

Dollar-Amount Limitations on Payment per Signature

In Alaska, circulators may not be paid more than $1 per signature (AS §15.45.110(c)).

Source: National Conference of State Legislatures
May 2008
For more information, contact Jennie Drage Bowser at 303-856-1356.

Held Unconstitutional:

Idaho
Held unconstitutional in 2001 by a U.S. District Court. Idaho Coalition United for Bears v. Cenarrusa.

Maine (Me. Rev. Stat. tit. 21-A §904-A (REPEALED))
Held unconstitutional in 1999 by the U.S. District Court of Maine. On Our Terms '97 PAC v. Secretary of State of State of Maine.

Mississippi (Miss. Code Ann. §23-17-57(3))
Held unconstitutional in 1997. Term Limits Leadership Council v. Clark, 984 F.Supp. 470 (S.D. Miss. 1997)

Ohio (Ohio Code §3599.111)
Made it a felony to pay petitioners in any manner except upon their time worked.
Declared unconstitutional on December 1, 2006 by a U.S. District Court Judge. Citizens for Tax Reform v. Deters, 1:05-cv-212 (Cincinnati). Upheld by the 6th Circuit Court of Appeals in March 2008.

Washington (REPEALED)
Held unconstitutional in 1994 by a federal district court, LIMIT v. Maleng.

Source: National Conference of State Legislatures
May 2008
For more information, contact Jennie Drage Bowser at 303-856-1356.

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April 5, 2009

Representative Jay Ramras, Chair
House Judiciary Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801

Chair Ramras and Members of the House Judiciary Committee,

The Alaska State Chamber of Commerce strongly supports sponsor substitute for House Bill 36. As one of our top five legislative priorities, ballot initiative reform legislation is of great interest to our membership. In order for a more fair initiative process to occur, the Chamber advocates for streamlined financial disclosure requirements and additional opportunities for public involvement within the initiative process. SSHB 36 appears to accomplish both of these tasks, which reflect our written policy encompassing this state chamber legislative priority.

For many, the initiative process has become a way of setting un-vetted state policy with little public input or for that matter, little transparency in whom is funding the initiative. For the business of Alaska and the general business of the state, we believe SSHB 36 makes a good attempt at making the initiative process more open with regards to financial disclosures while opening the initiative process up for general input.

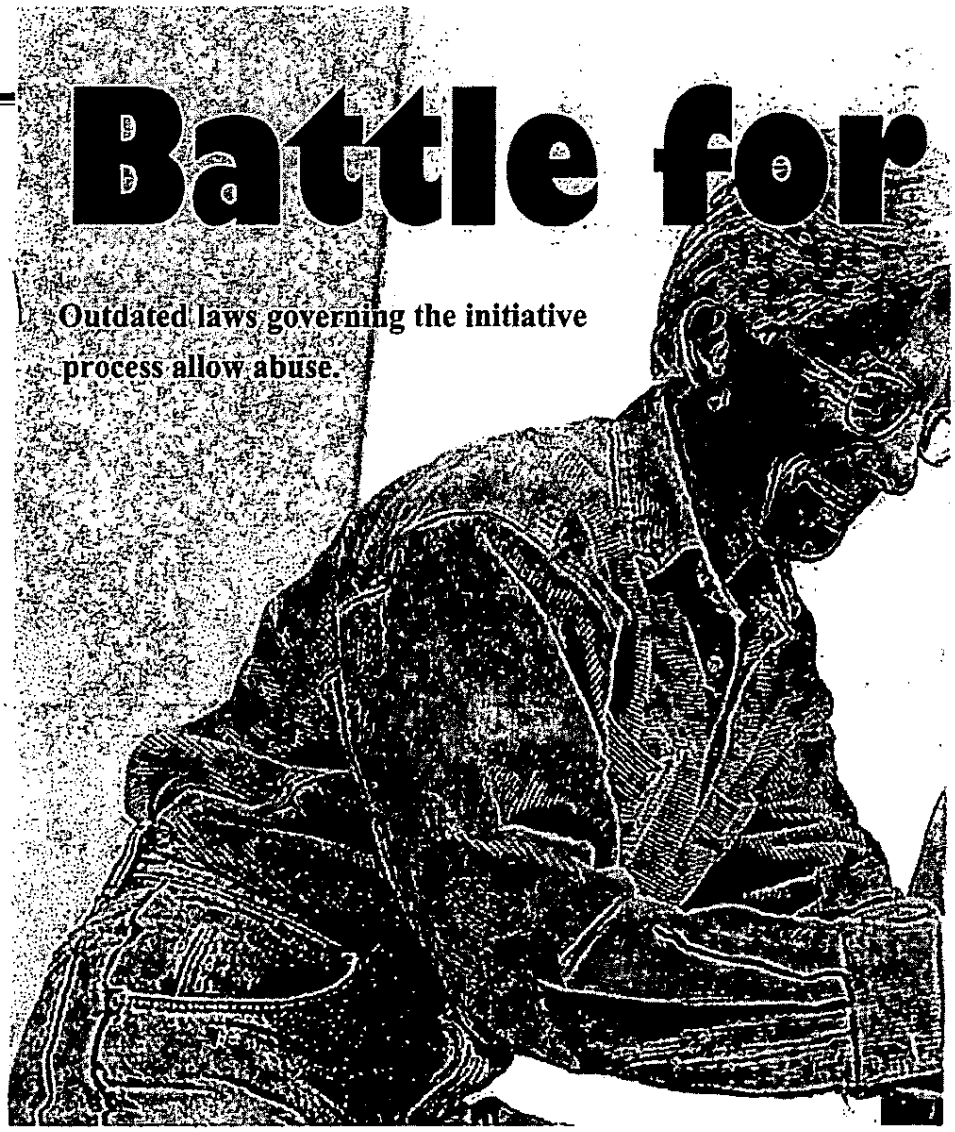
We are hopeful this legislation will receive due diligence by your committee and be moved quickly through the legislative process. Please find our attached legislative priority encompassing most of the material found in SSHB 36.

Best Regards,

Wayne A. Stevens
President/CEO

Battle for

Outdated laws governing the initiative process allow abuse.



BY JENNIE DRAGE BOWSER

One of the little-noticed stories of the 2008 election was the escalating tug-of-war between legislatures and activists over the rules governing the citizen initiative process.

The struggle has ramped up dramatically since the 2006 election. Legislatures in the 24 states that allow initiatives have shown a keen interest in improving the process ever since the use of the citizen petition to place issues on the ballot skyrocketed in the 1990s. And recent legislative activity has been higher than ever before.

States have passed about double the number of bills addressing the initiative process in the 2007-2008 biennium (a total of 47 so far, with legislatures still in session in a handful of states) compared to the previous two biennia (22 in 2005-2006 and 32 in 2003-2004).

Why the heightened interest?

The process has changed tremendously in the past two decades. The initiative "industry"—individuals and firms that make a living from the initiative process by researching and drafting proposals, gathering signatures or campaigning for or against initiatives—has exploded. The average number of initiatives on ballots nationwide has doubled from 31 a year in the 1970s to 62 a year in the 2000s. And laws governing the process haven't kept pace.

Some state laws, for example, do not specify which official has the authority to investigate and prosecute abuses, while others lack the capacity to verify that circulators meet the legal qualifications.

Colorado Representative Andy Kerr was one of the co-sponsors of an unsuccessful referendum on the 2008 ballot that would have made qualifying constitutional initiatives harder, but statutory initiatives easier.

REPRESENTATIVE ANDY KERR COLORADO

Jennie Drage Bowser is NCSL's expert on ballot measures.

He sees flaws in the initiative process, particularly in a state that had more measures on the ballot in 2008 than any other state.

"Citizens have a lot of power to change and propose laws and constitutional amendments," he says. "But the way the process is set up in Colorado, our constitution can be changed frequently without these amendments being fully vetted first."

HARD SELL

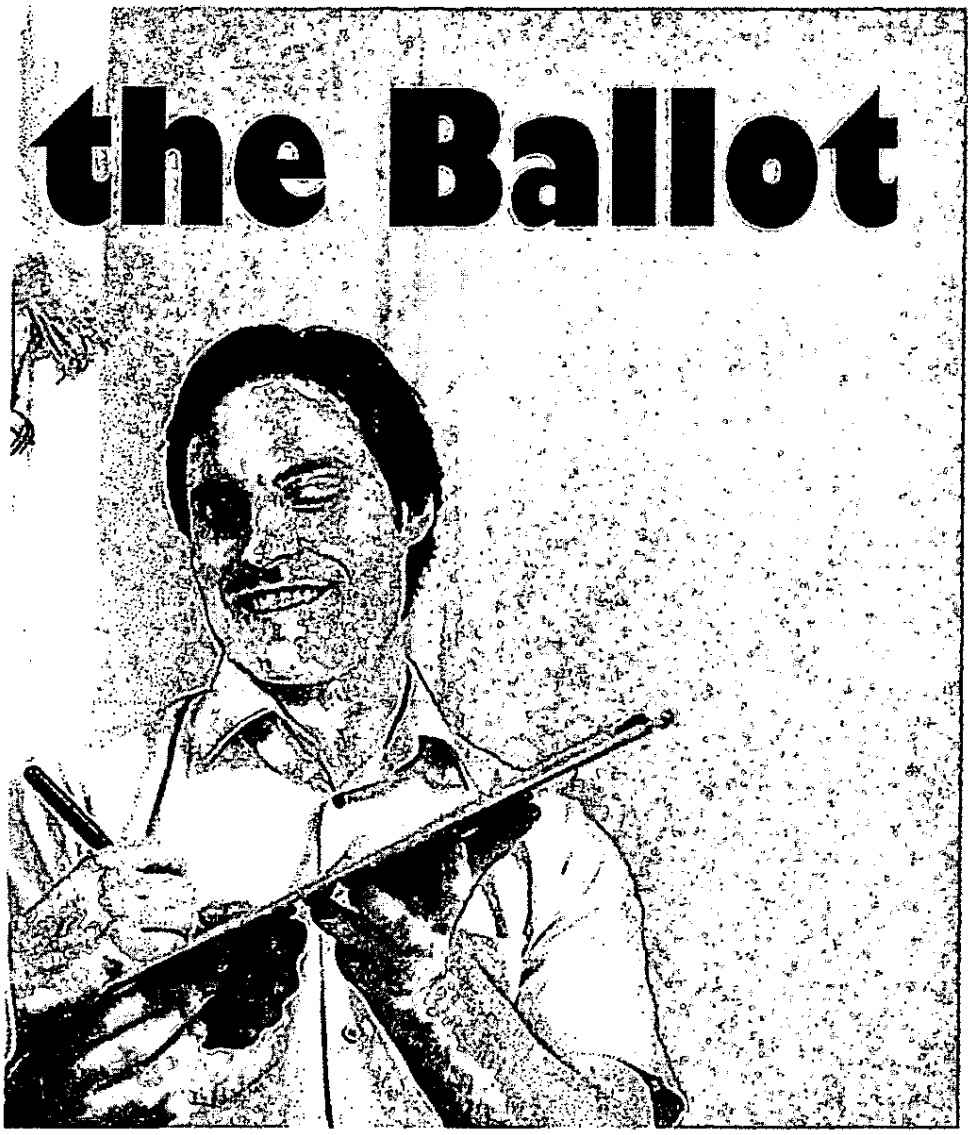
It is difficult, however, for legislatures to limit the number of initiatives qualifying for ballots, and whether or not they should is a controversial question. Increasing the number of signatures required, tinkering with time limits and restricting the subject matter involves amending state constitutions. And that requires voter approval.

It isn't always easy to convince voters that changing the process is a good idea, as Kerr learned in November.

Making the process more difficult rarely slows down well-funded petition efforts that can afford to hire and pay an army of circulators. It's the grassroots efforts, which depend on volunteers, that suffer from higher signature thresholds and shorter petition timeframes.

Details of the process in state law are what legislatures can, and with increasing frequency do, change without voter approval. States have clarified rules for petition formats, restructured timelines to allow for the added administrative burdens of processing a high volume of petitions, and spelled out more clearly the procedures for evaluating and counting signatures. Voter education is an area ripe for reform, too, particularly as technological advances make it easier to use multimedia and multi-lingual approaches to explain measures on the ballot.

2937



SIGNATURE-GATHERING FRAUD

Along with the explosion in the number of initiatives is the issue of fraud. The courts removed at least half a dozen measures from the ballot in 2006 for deceit in gathering signatures. In a Montana case, a court wrote that the "signature-gathering process was permeated ... by a pattern of deceit, fraud and procedural noncompliance."

Specific instances of fraud in Montana, Nevada and Oklahoma included circulators who opened the phone book and forged the signatures of listings onto their petitions. Others inserted carbon paper and a second petition beneath the one they asked voters to sign, thus obtaining a signature on another petition without the signer's knowledge. One circulator told voters they needed to sign in three different places if they supported the issue. In reality, they were unwittingly signing three separate petitions. And accusations of circulators who misrepresent or conceal the content of their petition are common.

Kristina Wilfore is executive director of the Ballot Initiative Strategy Center, which serves as a clearinghouse for progressive ballot measures. She says policing the process is tough.

"Part of the problem is that the state officials in charge of watching over the process aren't equipped, funded or modernized enough to catch the few bad apples that are responsible for the vast majority of what eventually gets on the ballot," she says.

Wilfore says that it was only a few years ago that she began to hear about extreme abuses in the process by a handful of signature-gathering companies.

Signature-gathering is now dominated by a few professional firms that hire people who make a living moving from state to state. In more than one initiative state, they are not required to register. That means they cannot be identified or prosecuted for fraud because signatures can't be traced to particular circulator. Wilfore calls the signature-gathering process "one of the most neglected areas" of the initiative process when it comes to state laws and regulations.

Efforts to curb abuse include new laws to ban paying signature gatherers on a per-signature basis, and instead require an hourly wage. Six states now prohibit payment-per-signature, with three of those laws adopted in the 2007-2008 legislative session. Other new laws require circulators to offer people a chance to read the proposal in full before signing, set age and residency requirements for circulators, and apply criminal penalties for forgeries and fraud in knowingly submitting a petition with invalid signatures.

ACTIVISTS STRIKE BACK

Initiative supporters are rarely happy when the legislature enacts changes that add to the cost or complexity of the initiative process. In some states, they have fought back by trying to get measures on the ballot that would make the initiative process easier.

But voters don't necessarily support them. In 2006, Colorado voters rejected Amendment 38, an initiative that would have significantly reduced regulation of the initiative process. And petitions easing regulation of the initiative process were circulated but failed to qualify this year in Arizona, Massachusetts, Oregon and Washington.

Legislatures started calling for reform of the initiative process in the early 2000s. It's not just state legislatures that are calling for reform these days, however. Cities and academic groups and even pro-initiative groups have joined the call for change.

Given the number of initiatives on statewide ballots over the past two decades, it's clear the initiative is not going away. It will continue to be a vibrant process in most of the states that allow it. But it's up to legislatures to ensure the process promotes ethical behavior among those involved, and that the rules surrounding it allow for as much transparency and deliberation as possible without restraining a process whose popularity is not likely to decline. It's not an easy task, and is certain to be one that legislatures grapple with well into the next decade.

2938

Jane Pierson

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Thursday, March 26, 2009 5:52 AM

To: Kevin Adams; Tim Barry; John Bitney; Shannon Devon; Peter Fellman; Linda Hay; Paul Labolle; Karen Lidster; Tom Maher; John Manly; Rynnieva Moss; Jane Pierson; Chris Wyatt

Subject: Kyle Johansen/News-Miner: Alaska's initiatives need review (HB36)

Alaska's initiatives need review

Kyle Johansen

Published Wednesday, March 25, 2009

The Open and Transparent Initiative Act is an attempt to tackle an enormous problem we have in Alaska: Our initiative process is used as a way for special interests to maneuver around the lawmaking body to enact laws without regard for the public as a whole.

The right to petition government belongs to the citizens of Alaska. It is imperative that the process be protected from abuse. HB 36 offers those safeguards. I am taking this opportunity to review the changes I believe need to happen to protect our initiative process.

Initiative sponsors are not required to host public hearings. However, the Legislature is required to host public hearings on all bills that are voted on as a body. Most bills receive multiple committee referrals and spend hours being publicly vetted. Though bills passed by the Legislature and initiatives passed by the people have the same effect, they are not held to the same public hearing requirements. Mandating a proposed initiative go through a public hearing process is an essential element for developing sound public policy.

HB 36 requires that a standing committee review the proposed initiative. This allows the affected state agencies to come forward and express how the initiative will effect their operations. When a bill is in front of the Legislature, the affected state agencies come before the appropriate committee and explain the implementation of the policy. Initiatives that are passed by the people are law, and the agencies that have to administer those laws should be afforded the same ability.

Prohibiting initiatives that are substantially similar to a failed initiative says the people have spoken. We have seen the same initiatives proposed year after year with a lack of regard for the public's will. If an initiative fails, the public has spoken. However, people's attitudes, beliefs and perceptions can change. That is why I think it is appropriate that failed initiatives be restricted from the ballot for one election cycle to save the state money, time and resources.

Signature-gatherers are commonly paid on a per-signature basis. In Alaska, they are not supposed to receive more than $1 per signature. Twenty-four states have an initiative process, and many have banned the practice of paying per signature because of fraud.

Petition circulators in other states have been caught using disingenuous practices to gather more signatures to receive a bigger paycheck. If petition circulators did not collect payment based on the amount of signatures, they would be less inclined to commit fraud.

Petition circulators are allowed to solicit signatures for more than one initiative at a time. This means that someone can have multiple clipboards outside the grocery store, shuffling them around while trying to convince you to sign their petitions. It is easy to confuse which petition was explained to you and which petition you have agreed to sign.

Petition circulators should be allowed to collect signatures for only one initiative at a time to reduce confusion,

deceptive practices and misleading information.

Unlike the current initiative process, HB 36 will go through many public committee hearings where it will be vetted, debated and amended. This is a chance for the public to weigh in on the bill, for lawmakers to ask questions and clarify issues of concern, for changes to be proposed and many other aspects to be publicly debated so the best public policy is put forward. As a reminder, this is not required of initiative legislation. What you see is what you get, and unfortunately, what you don't see is what you get as well.

I encourage you to read the legislation yourself.

Please form your own opinions based on the facts of the bill itself, rather than regurgitate information given to you by parties with their own agenda. HB 36 can be found at www.legis.state.ak.us/basis.

Rep. Kyle Johansen, R-Ketchikan, is a lifelong Alaskan who serves as majority leader of the Alaska House of Representatives.

HB

44

<target><bill>HB 44</bill><subject>HB
44</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 18, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/11/09

The FINANCE Committee considered: **HOUSE BILL NO. 44**

"An Act relating to investments applicable to energy; authorizing the Alaska Permanent Fund Corporation to make in-state energy project investments; and authorizing certain public corporations to issue bonds for energy projects."

HB 44 ENERGY BONDS/INVESTMENTS

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 44 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	***FN#**	**Fiscal**	**Indet.**	**Zero**
Rev				✓
Rev				✓

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	**FN#**	**Fiscal**	**Indet.**	**Zero**
Rev	1			✓

Signing with recommendations	**Printed Last Name**	**DP**	**DNP**	**NR**	**AM**
	Thomas			✓	
	Gara	✓			
	CRAWFORD	✓			
	Austerman	X			
	FAIRCLOUGH			✓	
	Salmon			✓	
	Joule			X	
Chair:	Hawker			✓	
Chair:	STOLTZE			X	

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 44(ENE)
(H) Publish Date: 2/18/09

Identifier (file name): HB44-REV-APFC-02-13-09
Dept. Affected: Revenue
Title: ENERGY BONDS/INVESTMENTS
RDU: AK Permanent Fund Corporation
Component: AK Permanent Fund Corporation
Sponsor: Representative Chenault
Requester: House Energy Committee
Component Number: 109

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1105 APFC Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*
This bill authorizes (but does not require) the APFC to invest in in-state energy projects. It would not affect the operations of the APFC.

Prepared by: Michael J. Burns
Phone 907-796-1520
Division: Alaska Permanent Fund Corporation
Date/Time 2/13/09 12:00 AM
Approved by:
Date

(Revised 9/10/2008 OMB)

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version:
() Publish Date:

Identifier (file name): HB44-DOR-AHFC-03-10-09
Dept. Affected: Revenue
Title: Energy Bonds/Investments
RDU: Alaska Housing Finance Corp.
Component:
Sponsor: Representative Chenault
Requester:
Component Number: 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

House Bill 44 would allow the Alaska Housing Finance Corporation the authorization to bond for up to $100 million for energy efficiency and conservation programs. The Corporation does not anticipate needing to utilize this option in FY10.

If the Corporation were to sell bonds at some point in the future, the estimate of costs would be $750,000 in closing costs on the bonds and annual debt service with 30 year amortization and a 6.5 percent interest rate of $7.7 million.

Prepared by: Bryan Butcher, Director, Governmental Relations/Public Affairs
Phone 330-8445
Division: Alaska Housing Finance Corporation
Date/Time 3/10/09 12:00 AM
Approved by:
Date

(Revised 9/10/2008 OMB)

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version:
() Publish Date:

Identifier (file name): HB44-DOR-GAO-03-11-09
Dept. Affected: Revenue
Title: Energy Bonds/Investments
RDU: ANGDA
Component: Gas Authority Operations
Sponsor: Representative Chenault
Requester:
Component Number: 2708

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Costs associated with this bond authorization will be covered by project revenues. At this time it is not possible to estimate interest rates or debt service costs. Bonds may be tax exempt or taxable depending on the project.

Prepared by: Ginger Blaisdell, Director
Phone 465-2312
Division: Administrative Services Division
Date/Time 3/11/09 12:53pm
Approved by:
Date

(Revised 9/10/2008 OMB)

2945

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REPRESENTATIVE MIKE CHENAULT
SPEAKER OF THE HOUSE

SPONSOR STATEMENT
COMMITTEE SUBSTITUTE for HOUSE BILL 44 (ENE)

"An Act relating to investments applicable to energy; authorizing the Alaska Permanent Fund Corporation to make in-state energy project investments; and authorizing certain public corporations to issue bonds for energy projects."

House Bill 44 preauthorizes the Alaska Housing Finance Corporation and the Alaska Natural Gas Development Authority to issue bonds for energy related programs and projects. The bill also gives Legislative approval for the Permanent Fund Corporation to invest up to $1 billion for in-state energy projects.

This bill was introduced as an effort to address the state's energy needs; especially for weatherization and energy efficiency programs and to provide an impetus for an in-state gasline.

Although the Legislature has authorized a number of these projects either through the Alaska Housing Finance Corporation and has made appropriations to the Alaska Natural Gas Development Authority, I believe it is now time to progress these needs to a higher level. In particular, the state's gas needs will not wait until a TransCanada or Denali project is completed around 2020. The Fairbanks, Mat-Su and Cook Inlet areas will all require gas or affordable energy within the next five years. Processing of the liquids from our natural gas supply will also help our rural areas by relieving them from the high cost of diesel. I would prefer that a private entity build a spur line or bullet line. This legislation may provide the impetus for any private corporation to work with ANGDA in constructing a in-state gasline.

The authorization for the Permanent Fund to invest in any of the in-state energy projects is suggestive at the most. The corporation already has the authority under AS 37.13.120 to invest in income producing projects as long as the prudent-investor rule is applied.

Representative_Mike_Chenault@legis.state.ak.us

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REPRESENTATIVE MIKE CHENAULT
SPEAKER OF THE HOUSE

SECTIONAL ANALYSIS
COMMITTEE SUBSTITUTE for HOUSE BILL 44 (ENE)

"An Act relating to investments applicable in energy; authorizing the Alaska Permanent Fund Corporation to make in-state energy project investments; and authorizing certain public corporations to issue bonds for energy projects."

Section 1: Amends AS 18.56.08(c), Compliance with Executive Budget Act; corporation finances; dividend. Adds section 3 of the committee substitute to the subsection that lists previous issuance of bonds. Bond repayments are deducted from dividends that are provided to the state.

Section 2: Adds a new subsection to AS 37.13.120, Investment responsibilities. States that the Permanent Fund Corporation board may invest up to $1 billion in in-state energy projects.

Section 3: New section to uncodified law. Gives pre-authorization to the Alaska Housing Finance Corporation to issue up to $100 million in bonds for energy efficiency and conservation programs for home owners.

Section 4: New section to uncodified law. Gives pre-authorization to the Alaska Natural Gas Development Authority to issue up to $250 million in bonds in order to acquire a gas supply, develop the Cook Inlet and Fairbanks markets, and plan, permit and design gas transmission systems to mitigate gas shortfalls and ensure energy sufficiency for Alaskans.

Representative_Mike_Chenault@legis.state.ak.us

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
8:30 AM

Thursday, March 12, 2009

HB 44 – ENERGY BONDS/INVESTMENTS
2 New Fiscal Notes: Rev(AHFC), Rev(ANGDA)
Tom Wright, Staff, Rep. Chenault

Teleconference
Harold C. Heinze, Chief Executive Officer, Alaska Natural Gas Authority (ANGDA)

Questions:
Jerry Burnett, Deputy Commissioner, Division of Treasury, of Revenue
Questions Via Teleconference
Brian Bryan Butcher, Legislative Liaison, Alaska Housing Finance Corporation
~~Scott Heyworth, Alaska Natural Gas Development Authority~~

Laura Achee, C.D, PFD.

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MEMORANDUM April 2, 2009

SUBJECT: Improper delegation in amendment to CSHB 44(ENE)
(Work Order No. 26-LS0231\E.3)

TO: Representative Mike Chenault
Speaker of the House
Attn: Tom Wright

FROM: Brian J. Kane BJK
Legislative Counsel

I have drafted an amendment to CSHB 44(ENE) as you requested, but there is one point I must call to your attention.

The amendment requires that, for bonds to be issued by the Alaska Natural Gas Development Authority, the Legislative Budget and Audit Committee must give written approval. The statutory section regarding bond authorization for the Authority - AS 41.41.320(a) - states that the "authority may not issue bonds in an amount that exceeds the amount of bonds authorized to be issued by the legislature." Hence, the power to authorize the bonds rests with the legislature, and it is likely that anything that overrides this power of the legislature is an improper delegation.

This amendment allows a scenario where the legislature could authorize bonds by passing the Act, but then the committee could choose to withhold approval and the authorization would not occur. Under this scenario, the power to authorize the bonds is essentially being defeated by a smaller number of legislators.

AS 41.41.320(a) requires the authorization to come from the legislature, so allowing the committee to veto that authorization is likely an improper delegation of the legislature's power.

BJK:ljw
09-208.ljw

Enclosure

ANGDA Supports HB 44

- Advances broadly and simultaneously several aspects of in-state gas issues
- Strongly demonstrates Legislative support for multiple proposed solutions to in-state gas and energy problems
- Delegates specific project funding decision to fiduciary responsible boards of public corporations
- Board decisions are made in full public view after due diligence
- Funding decision based on commercial and market elements, not politics
- Advances Alaska energy infra-structure construction during a low oil price period by using limited general fund cash (separately appropriated) to develop bonding packages for much larger leveraged project investment requirements
- Extends the State's very strong credit position to consumers through lower utility financing costs

HB 44 Provides A Flexible Framework To Repeat Past Successes In Financing Energy Projects

- State Bonding Of Bradley Lake Hydro Electric Project

- Anchorage Municipal Light & Power's Purchase Of A One-Third Interest In The Beluga Gas Field

Alaska Natural Gas Development Authority

Statutory Bonding Provisions

AS 41.41.200 Powers of the Authority

In the furtherance of its corporate purposes, in addition to its other powers, the authority may . . . . . .

(7) **issue bonds** and otherwise incur indebtedness in accordance with AS 41.41.300 – 41.41.410 in order to pay the cost of a project;

AS 41.41.320 Limitations of issuance of bonds

(a) The authority may not issue bonds in an amount that exceeds the amount of bonds **authorized** to be issued **by the legislature**.

AS 41.41.010 Establishment of the Authority

. . . . the **purpose** of which is to provide one or more of the following services and functions in order to bring natural gas from the North Slope to market, including

(1) the acquisition and conditioning of North Slope natural gas;
(2) the design and construction of the pipeline system;
(3) the operation and maintenance of the pipeline system;
(4) the design, construction, operation, of other facilities necessary for delivering the gas to market and to Southcentral Alaska; and
(5) the acquisition of natural gas market share sufficient to ensure the long-term feasibility of the pipeline system project.

Potential General Benefits From ANGDA Bonding

- Provide financing from the public side of a public private partnership -- **lower tariff** passed through to the consumer
- Bridge the project financing between the pre-construction / construction phase and the later stabilized operating phase -- **risk reduction** and lower financing costs
- Convert the longer-term pledge of monthly utility(s) consumer payments to a bond cash-equivalent for an up-front commitment or purchase -- long-term **stable discounted price** to consumer

Specific ANGDA Bonding Opportunities in 2009 & 2010

- Debt portion of any in-state gas pipeline project in support of a private sector pipeline company partner
- Utility shipping commitments during an "open season" developed through the "gas supply co-op"
- Purchase of gas supply "in-ground" on North Slope, Copper River Valley, Interior, or Cook Inlet

Other Current "In-State" Gas Bonding Opportunities

- Portions of ANGDA's proposed North Slope wholesale propane facility and propane transporters could use AIDEA financing (ie, in-state manufacture and purchase of ISO-container propane tanks)
- Fairbanks Natural Gas proposed LNG facility at Prudhoe Bay and associated trucking & delivery elements could use AIDEA financing
- Pipe and logistical systems (including pipe handling, preparation, and storage) for Alaska pipelines could be financed with Alaska Railroad bonds
- The Alaska Permanent Fund could be one of several subscribers purchasing bonds or debt for any of the Alaska energy projects

Sec. 18.56.089. Compliance with Executive Budget Act; corporation finances; dividend.

(a) The provisions of AS 37.07 (Executive Budget Act)

(1) apply to

(A) the operating budget of the corporation;

(B) amounts payable from corporate earnings or assets of the corporation for grants or grant programs authorized by this chapter;

(C) interest rate subsidies and building subsidies as determined by the corporation;

(D) the amount and source or sources of the total annual appropriation for the corporation's loan programs for which a subsidy is not provided, but the provisions of AS 37.07 are not otherwise applicable to that appropriation;

(E) the amount and source or sources of the total annual appropriation for the corporation's multi-family housing loans and the corporation's housing programs and housing projects if a subsidy is provided from the corporation's arbitrage earnings for the loans, programs, or projects, but the provisions of AS 37.07 are not otherwise applicable to that appropriation; and

(F) except as otherwise specifically provided in (2) of this subsection, the activities of the corporation under AS 18.55 and the activities of the corporation under this chapter;

(2) do not apply to activities of the corporation under AS 18.55 and this chapter that

(A) relate to the corporation's borrowing of money as provided in this chapter to make or purchase mortgage loans, including the issuing of its obligations or evidence of that borrowing and the repayment of the debt obligation;

(B) relate to the corporation's ability to refinance existing mortgage loans in order to achieve a lower interest rate; or

(C) are directly attributable to the servicing of mortgage loans, including real estate acquired by the corporation as a result of foreclosure.

(b) To further ensure effective budgetary decision making by the legislature, the corporation shall

(1) annually review the corporation's assets, including the assets of the Alaska housing finance revolving fund under AS 18.56.082, to determine whether assets of the corporation exceed an amount required to fulfill the purposes of the corporation as defined in AS 18.55 and this chapter; in making its review, the board shall determine whether, and to what extent, assets in excess of the amount required to fulfill the purposes of the corporation during the next fiscal year are available without

(A) breaching any agreement entered into by the corporation;

(B) materially impairing the operations or financial integrity of the corporation; or

(C) materially affecting the ability of the corporation to

(i) stabilize the market price of and demand for residential housing; and

(ii) ensure an adequate long-term supply of residential housing for persons of lower and moderate income;

(2) specifically identify in the corporation's assets the amounts that the corporation believes are necessary to meet the requirements of (1)(C) of this subsection; and

(3) present to the legislature by January 10 of each year a complete accounting of all assets of the corporation, including assets of the Alaska housing finance revolving fund under AS 18.56.082, and a report of the review and determination made under (1) and (2) of this subsection; the accounting shall be audited by an independent outside auditor and must include a full description of all mortgage loan interest and principal repayments and program receipts, including

(A) mortgage loan commitment fees received by or accrued to the corporation during the preceding fiscal year; and

(B) all income earned on assets of the corporation during that period, including earnings on assets of the state assisted mortgage fund.

(c) The corporation shall make a dividend available to the state each fiscal year. The corporation shall pay the dividend for a current fiscal year to the state before the end of that fiscal year. The legislature may appropriate the dividend for capital projects. The corporation shall notify the commissioner of revenue of the amount of each dividend under this subsection for inclusion in the state operating budget and shall also notify the commissioner when each dividend is available for payment to the state. The amount of the dividend for a current fiscal year is calculated as follows:

(1) the lesser of $103,000,000 or 75 percent of the adjusted change in net assets of the corporation for the base fiscal year;

(2) minus the amount of money from the corporation used during that current fiscal year for bond repayment and other costs related to the bonds issued under

(A) ch. 26, SLA 1996, up to a maximum of $1,000,000;

(B) sec. 10(b), ch. 130, SLA 2000;

(C) sec. 1, ch. 1, SSSLA 2002;

(D) sec. 4, ch. 120, SLA 2004; and

(3) minus any appropriation of unrestricted unencumbered money of the corporation during the current fiscal year, other than an appropriation for the corporation's operating budget.

(d) In (c) of this section,

(1) "adjusted change in net assets" means the change in net assets from the base fiscal year, adjusted for capital expenditures incurred during the base fiscal year;

(2) "base fiscal year" means the fiscal year ending two years before the end of the current fiscal year in which the dividend is made available to the state;

(3) "dividend" means a payment made to the state under (c) of this section.

History -

(Sec. 20 ch 106 SLA 1980; am Sec. 3 ch 102 SLA 1983; am Sec. 1 ch 12 SLA 1991; am Sec. 89 - 91 ch 4 FSSLA 1992; am Sec. 1 ch 88 SLA 1995; am Sec. 1 ch 76 SLA 2003; am Sec. 2 ch 120 SLA 2004; am Sec. 2, 3, 5 ch 7 SLA 2006)

Revisors Notes -

In (d) of this section, paragraph (1) was enacted as paragraph (4) and renumbered in 2006 to maintain the alphabetical order of the terms defined; at that time, former paragraph (3) was deleted and paragraphs (d)(1) and (2) were renumbered as (d)(2) and (3), respectively.

Cross References -

For transitional provisions that apply to the calculation of the dividend payment for fiscal years 2004 - 2008 inclusive, see Sec. 2, ch. 76, SLA 2003, in the 2003

Temporary and Special Acts, as amended by Sec. 3, ch. 120, SLA 2004, in the 2004 Temporary and Special Acts, and by Sec. 4, ch. 7, SLA 2006 in the 2006 Temporary and Special Acts.

For statement of legislative intent applicable to the 2004 amendment of (c) of this section, see Sec. 1, ch. 120, SLA 2004, in the 2004 Temporary and Special Acts.

Amendment Notes -

The 2003 amendment, effective July 1, 2003, added subsections (c) and (d).

The 2004 amendment, effective June 30, 2004, added paragraph (c)(2)(D).

The 2006 amendment, effective July 1, 2006, substituted "adjusted change in net assets" for "net income" in paragraph (1) of subsection (c), and, in subsection (d), deleted former paragraph (3), which defined "net income" and added paragraph (4) [now (1)].

History Reports -

For governor's transmittal letter for ch. 120, SLA 2004 (SB 279), amending (c) of this section and providing for issuance of Alaska Housing Finance Corporation revenue bonds to finance water and sewer projects, see 2004 Senate Journal 1995 - 1996.

For governor's transmittal letter for ch. 7, SLA 2006 (SB 236), relating to the Alaska Housing Finance Corporation and the determination of its dividend, see 2006 Senate Journal 1900 - 1901.

Sec. 37.13.120. Investment responsibilities.

(a) The board shall adopt regulations specifically designating the types of income-producing investments eligible for investment of fund assets. When adopting regulations authorized by this section or managing and investing fund assets, the prudent-investor rule shall be applied by the corporation. The prudent-investor rule as applied to investment activity of the fund means that the corporation shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the fund over time while maximizing the expected total return from both income and the appreciation of capital.

(b) The corporation may not borrow money or guarantee from principal of the fund the obligations of others, except as provided in this subsection. With respect to investments of the fund, the corporation may, either directly or through an entity in which the investment is made, borrow money if the borrowing is nonrecourse to the corporation and the fund.

(c) The board shall maintain a reasonable diversification among investments unless, under the circumstances, it is clearly prudent not to do so. The board shall invest the assets of the fund in in-state investments to the extent that in-state investments are available and if the in-state investments

(1) have a risk level and expected return comparable to alternate investment opportunities; and

(2) are eligible for investment of fund assets under (a) of this section.

(d) The corporation may enter into and enforce all contracts necessary, convenient, or desirable for managing the fund's assets and corporate operations, including contracts for future delivery to implement asset allocation strategies or to hedge an existing equivalent ownership position in an investment.

(e) Before adoption of a regulation under (a) of this section, the regulation, in electronic format, shall be provided to the Legislative Budget and Audit Committee for review and comment. The board shall submit investment reports to the committee at least quarterly.

History -

(Sec. 5 ch 18 SLA 1980; am Sec. 5 - 7 ch 81 SLA 1982; am Sec. 1 ch 83 SLA 1986; am Sec. 1 - 6 ch 4 SLA 1989; am Sec. 8 - 17 ch 134 SLA 1992; am Sec. 1 ch 56 SLA 1994; am Sec. 1 - 4 ch 104 SLA 1996; am Sec. 1 - 7 ch 60 SLA 1999; am Sec. 1, 2 ch 74 SLA 2004; am Sec. 1 ch 46 SLA 2005)

Amendment Notes -

The 2004 amendment, effective June 17, 2004, in subsection (e), deleted "real property" before "investments" and, in subsection (k), added the reference to "(h), and (j)" and substituted "10" for "five."

The 2005 amendment, effective January 1, 2006, rewrote this section.

History Reports -

For Senate letter of intent related to the 1989 amendments to this section by ch. 4, SLA 1989 (CSHB 69(SA)), see 1989 Senate Journal 621.

HB

50

<target><bill>HB 50</bill><subject>HB
50</subject><comm>HFIN26</comm></target>

Alaska State Legislature

Representative Peggy Wilson
House District 2

SPONSOR STATEMENT
HB 50

"An Act relating to limitations on overtime for registered nurses and licensed practical nurses in health care facilities and providing for an effective date."

Nurses are working excessive amounts of hours without adequate rest. This creates an unsafe work environment for patients and nurses. Mandatory overtime is one of the main reasons nurses leave nursing. Recent studies indicate that one in five nurses is considering leaving the profession. When polled on their reasons for leaving, mandatory overtime is always listed in the top ten. The purpose of HB 50 is to promote better patient and nurse safety and to create an environment that will keep nurses at the bedside.

HB 50 would prohibit mandatory overtime. Mandatory overtime hours are those hours above an agreed upon, predetermined, regularly scheduled shift, which the employer makes compulsory (as opposed to voluntary). The threat of reprisals includes but is not limited to discharge, discipline, demotion or assignment to unattractive tasks or work shifts or in some cases licensure removal, retaliatory reporting, and charges of "patient abandonment".

The bill does not ban overtime. The bill allows nurses to work up to 14 consecutive hours, but then requires a rest period of at least 10 hours.

HB 50 allows for a number of exceptions to these requirements, including school nurses on field trips, nurses working on medivac flights, and if needed, for an unforeseen emergency that could jeopardize patient safety such as natural disasters or disease outbreaks. Facilities may declare a "temporary nurse staffing emergency" of up to 30 days. A report shall be filed by the facility Administrator with the Department of Labor and Workforce Development that describes the efforts used to avoid the staffing emergency. Additionally all federal and native facilities have been exempted.

There are 15 other states that have adopted similar requirements, including Washington, Oregon and California. Most of these versions restrict nurses to only 12 consecutive hours, with a mandated rest period of 12 hours.

HB 50 addresses these problems in a reasonable and balanced manner, while making the work environment safer. It will also help to retain nurses instead of giving them reason to leave the state or retire early.

26-LS0274\N

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REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

Sectional Analysis

CS for House Bill No. 50 (HSS)

"An act relating to limitations on mandatory overtime for registered nurses and licensed practical nurses in health care facilities; and providing for an effective date."

Section 1. Describes legislative findings and intent for the Act. The purpose of this Act is to ensure public safety and assist with the retention of nurses at health care facilities by minimizing long working hours for nurses without adequate rest.

Section 2. This section addresses the major elements of the proposed legislation.

- Sec. 18.20.400(a) prohibits a health care facility from forcing a nurse to work beyond certain prescribed periods of time, or to accept an assignment of overtime if, in the judgment of the nurse, the overtime would jeopardize patient safety or employee safety.

- Sec. 18.20.400(b) requires nurses to receive not less than 10 consecutive hours of rest after working a predetermined and regularly scheduled shift.

- Sec. 18.20.400(c) lists 8 exceptions to the requirements of (a) & (b), including for school nurses, medical evacuation flights, completion of medical procedures or surgeries, unforeseen emergencies that could jeopardize patient safety including unforeseen weather conditions, certain on-call situations, or the first 2 hours of overtime to allow facilities to bring in a replacement nurse. Voluntary overtime is permitted so long as it does not exceed more than 14 consecutive hours.

- Sec. 18.20.410 provides a mechanism for declaring a "temporary nurse staffing emergency" for rural communities. Under this provision, facilities may declare a "temporary nurse staffing emergency" of up to 30 days after making all reasonable efforts to avoid this circumstance. Rural communities are defined in the definitions section as a village or city with a population of less than 10,000 that is in the unorganized borough or an organized borough with a population of less than 25,000. There is no limit on the number of such emergencies that can be declared.

Adopted 3/23/10

26-LS0274\U
Chenoweth/Wayne
3/22/10

CS FOR HOUSE BILL NO. 50(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES PEGGY WILSON, GARA, TUCK, PETERSEN, LYNN, SEATON, GATTO, CISSNA, MUÑOZ, AND GARDNER, Ramras, Richard Foster, Kerttula, Gruenberg, Crawford, Stoltze, Tammie Wilson

A BILL

FOR AN ACT ENTITLED

"An Act relating to limitations on mandatory overtime for registered nurses and licensed practical nurses in health care facilities; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE FINDINGS AND INTENT. The legislature finds that

(1) it is essential that registered nurses and licensed practical nurses providing direct patient care be available to meet the needs of patients;

(2) quality patient care is jeopardized by registered nurses and licensed practical nurses who work unnecessarily long hours in health care facilities;

(3) registered nurses and licensed practical nurses are leaving their profession because of workplace stresses, long work hours, and depreciation of their essential role in the delivery of quality and direct patient care;

(4) it is necessary to safeguard the efficiency, health, and general well-being

New Text Underlined [DELETED TEXT BRACKETED]

L 2960

of registered nurses and licensed practical nurses, and the health and general well-being of the persons receiving care from registered nurses and licensed practical nurses in health care facilities;

(5) it is necessary that registered nurses and licensed practical nurses be made aware of their rights, duties, and remedies concerning hours worked and patient safety; and

(6) health care facilities should provide adequate and safe nurse staffing without the need for or use of mandatory overtime.

*** Sec. 2.** AS 18.20 is amended by adding new sections to read:

Article 5. Overtime Limitations for Nurses.

Sec. 18.20.400. Limitations on nursing overtime. (a) Except as provided in (c) of this section, a nurse in a health care facility may not be required or coerced, directly or indirectly,

(1) to work beyond a predetermined and regularly scheduled shift that is agreed to by the nurse and the health care facility; or

(2) to accept an assignment of overtime if, in the judgment of the nurse, the overtime would jeopardize patient or employee safety.

(b) Except as provided by (c) of this section, after working a predetermined and regularly scheduled shift that is agreed to by the nurse and the health care facility as authorized by (a)(1) of this section, a nurse in a health care facility shall be allowed not less than 10 consecutive hours of off-duty time immediately following the end of that work.

(c) Subsection (a) of this section does not apply to

(1) a nurse who is employed by a health care facility providing services for a school, school district, or other educational institution, when the nurse is on duty for more than 14 consecutive hours during an occasional special event, such as a field trip, that is sponsored by the employer;

(2) a nurse voluntarily working overtime on an aircraft in use for medical transport, so long as the shift worked is allowable under regulations adopted by the Board of Nursing based on accreditation standards adopted by the Commission on Accreditation of Medical Transport Systems;

(3) a nurse on duty in overtime status

(A) who is participating in the performance of a medical procedure or surgery that has begun but has not been completed;

(B) because of an unforeseen emergency situation that could jeopardize patient safety; in this subparagraph, "unforeseen emergency situation" means an unusual, unpredictable, or unforeseen situation caused by an act of terrorism, disease outbreak, natural disaster, major disaster as defined in 42 U.S.C. 5122, or disaster emergency under AS 26.23.020 or 26.23.140, but does not include a situation in which a health care facility has reasonable knowledge of increased patient volume or inadequate staffing because of some other cause, if that cause is foreseeable;

(C) because the health care facility has a scheduling problem caused by unforeseen weather conditions that prevent a second nurse from arriving at the facility to relieve the nurse on duty; in this subparagraph, "unforeseen weather conditions" means unusual, unpredictable, or unforeseen weather so extreme as to impair travel to the health care facility, but does not include a situation in which the health care facility has knowledge of the weather conditions far enough in advance to act so that a scheduling problem under this subparagraph can reasonably be avoided; or

(D) at a health care facility located in a rural community that declares a temporary nurse staffing emergency under AS 18.20.410;

(4) a nurse fulfilling on-call time that is agreed on by the nurse and a health care facility before it is scheduled unless fulfilling the on-call time would, in the nurse's judgment, create an unacceptable risk to the physical safety of the nurse, a patient, or an employee of the facility;

(5) a nurse voluntarily working overtime so long as the work is consistent with professional standards and safe patient care and does not exceed 14 consecutive hours;

(6) a nurse voluntarily working beyond 80 hours in a 14-day period so long as the nurse does not work more than 14 consecutive hours without a 10-hour break and the work is consistent with professional standards and safe patient care;

(7) a nurse who

(A) is employed

(i) at a psychiatric treatment hospital that treats only children or at a residential psychiatric treatment center, as defined under AS 18.07.111, that treats only children; in this sub-subparagraph, "children" means persons under 19 years of age who are receiving psychiatric treatment from a hospital or center or who are residing in a center and who were under 18 years of age on the date that the treatment or period of residence commenced;

(ii) at a residential psychiatric treatment center as defined under AS 47.32.900; or

(iii) at a secure residential psychiatric treatment center as defined under AS 47.12.990;

(B) voluntarily agrees to work a 16-hour shift for the period between 5:00 p.m. on a Friday and 8:00 a.m. on the Monday that immediately follows and receives pay and benefits for that work that are equal to or greater than the pay and benefits the nurse would receive for working 20 regular hours in the same position; and

(C) during the period described in (B) of this paragraph does not work a 16-hour shift consecutive with another shift of eight hours or more without an intervening break of at least eight hours;

(8) the first two hours on overtime status when the health care facility is obtaining another nurse to work in place of the nurse in overtime status, so long as the nurse in overtime status is not on duty for more than 14 consecutive hours.

Sec. 18.20.410. Temporary nurse staffing emergency. (a) If, after making a substantial and reasonable effort to increase the number of available nurses on staff and failing in that effort, a health care facility in a rural community determines it is not able to meet the overtime limitations in AS 18.20.400 without putting the safety of its patients at risk of serious harm, the health care facility may declare a temporary nurse staffing emergency. A declaration of a temporary nurse staffing emergency under this section

(1) must be made in a writing, signed by the administrator of the health

care facility or the administrator's designee, that describes the facility's reasonable effort to avoid the temporary nurse staffing emergency; and

(2) may not exceed 30 days.

(b) Immediately after declaring a temporary nurse staffing emergency under (a) of this section, a health care facility shall file with the division of labor standards and safety, Department of Labor and Workforce Development, a report that includes a copy of the signed writing required under (a) of this section. A report under this subsection is a public document.

(c) In addition to the requirements of (a) and (b) of this section, a health care facility shall notify the legislature immediately by delivery of a written report to the Alaska Legislative Council each time the facility declares a temporary nurse staffing emergency under AS 18.20.400(c) that exceeds two occurrences in a six-month period that begins on January 1 or July 1 of the year in which the declaration occurs, or three occurrences in the one-year period that begins on January 1 of that year. A report under this subsection must include a copy of each report that is required of the health care facility under (b) of this section for the one-year period that begins on January 1 of the year the excessive declaration under this subsection occurs.

Sec. 18.20.420. Health care facility complaint process for overtime work by nurses. A health care facility shall provide for an anonymous process by which a patient or a nurse may make a complaint about staffing levels and patient safety that relate to overtime work by nurses and to limitations on overtime work by nurses under AS 18.20.400.

Sec. 18.20.430. Enforcement, offenses, and penalties. (a) The commissioner shall administer AS 18.20.400 - 18.20.499 and adopt regulations for implementing and enforcing AS 18.20.400 - 18.20.499.

(b) A complaint alleging a violation of AS 18.20.400 - 18.20.499 must be filed with the commissioner within 30 days after the date of the alleged violation. The commissioner shall provide a copy of the complaint to the health care facility named in the filing within three business days after receiving the complaint.

(c) If the commissioner finds that a health care facility has knowingly violated an overtime provision of AS 18.20.400 - 18.20.499, the following civil penalties shall

apply:

(1) for a first violation of AS 18.20.400 - 18.20.499, the commissioner shall reprimand the health care facility;

(2) for a second violation of AS 18.20.400 - 18.20.499 within 12 months, the commissioner shall reprimand the health care facility and assess a penalty of $500;

(3) for a third violation of AS 18.20.400 - 18.20.499 within 12 months, the commissioner shall reprimand the health care facility and assess a penalty of not less than $2,500 but not more than $5,000;

(4) for each violation of AS 18.20.400 - 18.20.499 after a third violation of AS 18.20.400 - 18.20.499 within 12 months, the commissioner shall reprimand the health care facility and assess a penalty of not less than $5,000 but not more than $25,000.

(d) As an employer, a health care facility violates an overtime provision of AS 18.20.400 - 18.20.499 "knowingly" when the facility is either aware that its conduct is of a nature prohibited by the overtime provision or aware that the circumstances described in the overtime prohibition exist; however, when knowledge of the existence of a particular fact is required to establish that the violation was knowing, that knowledge exists when the facility is aware of a substantial probability of its existence, unless the facility reasonably believes it does not exist.

Sec. 18.20.440. Prohibition of retaliation. A health care facility may not discharge, discipline, threaten, discriminate against, penalize, or file a report with the Board of Nursing against a nurse for exercising rights under AS 18.20.400 - 18.20.499 or for the good faith reporting of an alleged violation of AS 18.20.400 - 18.20.499.

Sec. 18.20.450. Report requirements. (a) A health care facility shall file with the division of labor standards and safety, Department of Labor and Workforce Development, a semiannual report on a form provided by the department. The report for the six-month period ending June 30 must be filed before the following August 1, and the report for the six-month period ending December 31 must be filed before the following February 1. The report must include, for each nurse employed by the health care facility or under contract with the health care facility, the number of overtime

hours worked and the number of hours the nurse was on call. A health care facility that does not employ a nurse who worked overtime hours or who was on call during the reporting period is not required to describe hours worked as overtime and on-call hours for individual nurses but may instead complete the report by stating on the form that there are no reportable hours.

(b) A primary care outpatient facility is not subject to the reporting requirements of (a) of this section.

Sec. 18.20.460. Provisions not applicable to nurses employed in federal or tribal facilities. The provisions of AS 18.20.400 - 18.20.499 do not apply to a nurse employed in a health care facility that is operated by

(1) the federal government; or

(2) a tribal organization as defined in 25 U.S.C. 450b.

Sec. 18.20.470. Notice to employees. A health care facility shall post and maintain, in places readily accessible to individuals in the service of the health care facility, printed statements that describe employee rights and employer obligations under AS 18.20.400 - 18.20.499 and regulations adopted under AS 18.20.430. The commissioner shall supply the printed statements to a health care facility without cost to the facility.

Sec. 18.20.499. Definitions. In AS 18.20.400 - 18.20.499,

(1) "commissioner" means the commissioner of labor and workforce development;

(2) "health care facility" means a private, municipal, or state hospital; independent diagnostic testing facility; primary care outpatient facility; skilled nursing facility; kidney disease treatment center, including freestanding hemodialysis units; intermediate care facility; ambulatory surgical facility; Alaska Pioneers' Home or Alaska Veterans' Home administered by the Department of Health and Social Services under AS 47.55; correctional facility owned or administered by the state; private, municipal, or state facility employing one or more public health nurses; long-term care facility; psychiatric hospital; residential psychiatric treatment center, as defined in AS 18.07.111 or AS 47.32.900; secure residential psychiatric treatment center under AS 47.12.990; juvenile detention facility; juvenile detention home, juvenile work

camp, or treatment facility as defined in AS 47.12.990;

(3) "nurse" means an individual licensed to practice registered nursing or practical nursing under AS 08.68 who provides nursing services through direct patient care or clinical services and includes a nurse manager when delivering in-hospital patient care;

(4) "on-call" means a status in which a nurse must be ready to report to the health care facility and may be called to work by the health care facility;

(5) "overtime" means the hours worked in excess of a predetermined and regularly scheduled shift that is agreed to by a nurse and a health care facility;

(6) "rural community" means a village or city that has a population of less than 10,000, as determined by the Department of Labor and Workforce Development, and is in

(A) the unorganized borough; or

(B) an organized borough that has a population of less than 25,000, as determined by the Department of Labor and Workforce Development.

*** Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. A health care facility that is required to file reports under AS 18.20.450, enacted in sec. 2 of this Act, shall file its first report before February 1, 2011, for the period July 1, 2010, through December 31, 2010.

*** Sec. 4.** AS 18.20.450, enacted in sec. 2 of this Act, and sec. 3 of this Act take effect July 1, 2010.

*** Sec. 5.** Except as provided in sec. 4 of this Act, this Act takes effect January 1, 2011.

ASHNHA 2007 and 2008 NURSE OVERTIME SURVEY RESULTS - (March 13, 2009)

Facility ✔ = Critical Access Hospital	Nurses in Union?	Shortage Better, Worse,Same	Length of Shift (Hrs)	Nurse Vacancy Rates as %		Mandatory OT Usage- Total Hrs		On-call Policy		Temp Nursing Hours Needed to Fill Vacancy		# of OT grievances filed 2008
				2007	2008	2007	2008	Require	# times /month	2007	2008	
Alaska Regional Hospital	Yes	Same	12	19%	15%	0	0	OR only	3x	44,349	30,542	0
Alaska Native Medical Center	No	Data Not Available at This Time										
Alaska Pioneer Homes (All Six Facilities)	Yes	Same	7.5,10,15	n/a	n/a	0	0	n/a	n/a	0	0	0
Alaska Psychiatric Institute	Yes	Same	8.10,12	19%	14%	468.5	285.5	No	n/a	n/a	n/a	0
Bartlett Regional Hospital	Yes	Worse	12	14%	5%	108	104	OR only	56hr/mo	19625	18518	0
Central Peninsula General Hospital	Yes	Same	8,12	10%	2%	37	36	Surgery	7x	1230	0	0
Cordova Community Medical Center ✔	No	Same	12	10%	11%	0	0	Certain Units	3x	2673	2452	0
Denali Center Nursing Home	No	Better	8.10,12	6%	5%	0	0	No	n/a	1860	1760	0
Fairbanks Memorial Hospital	No	Same	8.10,12	10%	10%	0	0	Certain Units	Varies by Unit	n/a	47000	0
Heritage Place Nursing Home	No	Same	8.10,12	10%	10%	0	0	No	n/a	0	0	0
Kanakanak General Hospital ✔	No	Same	8,12	14%	14%	0	0	Yes	1 to 2x	n/a	4160	0
Ketchikan General Hospital ✔	Yes	Better	8,9,10,12	7%	8%	0	0	Certain Units	1 to 10x	11,700	15,000	0
Maniilaq Health Center ✔	No	Data Not Available at This Time										
Mt. Edgecumbe SEARHC Hospital	No	Better	8,9,10,12	25%	12%	0	100+	Certain Units	1 to 10x	27,960	15,421	0
North Star Behavioral Health System	No	Same	8,16	10%	10%	0	0	No	n/a	0	0	0
Norton Sound Regional Hospital ✔	No	Data Not Available at This Time										
Petersburg Medical Center ✔	No	Same	12	13%	12%	0	0	Yes	8	3000	2650	0
Providence Alaska Medical Center	Yes	Worse	8,10,12	8%	12%	0	0	Certain Units	n/a	102,438	85,103	0
Providence Extended Care Center	No	Worse	8,10,12	9%	13%	0	0	No	n/a	188	0	0
Providence Kodiak Island Medical Center ✔	Yes	Worse	8,10,12	8%	16%	0	0	Certain Units	n/a	2192	0	0
Providence Seward Medical & Care Center ✔	No	Worse	8,10,12	11%	4%	0	0	No	n/a	2318	905	0
Providence Valdez Medical Center ✔	No	Worse	8,10,12	36%	22%	0	0	No	n/a	2193	4853	0
Sitka Community Hospital ✔	No	Better	8,12	21%	6%	0	0	No	n/a	5100	2748	0
South Peninsula Hospital ✔	Yes	Same	8,10,12	3%	8%	0	0	Certain Units	4-13x	840	4920	0
Wildflower Court Nursing Home	No	Same	8,10,12	0%	0%	0	0	Yes	1	0	1000	0
Wrangell Medical Center ✔	No	Worse	8,12	0%	10%	0	0	Yes	4hr - 14X	0	500	0
Yukon Kuskokwim Regional Hospital	No	Same	10,12	n/a	n/a	0	0	Certain Units	n/a	n/a	12,600	0
TOTAL	9Y 18N	12S8W4B		11.0%	9.0%	613.5	425.5			227,666	250,132	0

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: April 15, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/23/10

The FINANCE Committee considered: **HOUSE BILL NO. 50**

"An Act relating to limitations on mandatory overtime for registered nurses and licensed practical nurses in health care facilities; and providing for an effective date."

HB 50 LIMIT OVERTIME FOR REGISTERED NURSES

Recommends it be replaced with | | HCS *or* |X| CS *for* HB50 (FIN)
For Senate Bills with new title: | | Technical Title | | New Title: HCR_____ **|X| Same Title | | New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
DHS				✓
DHS				✓
DHS				✓
HFC/LWF			✓	

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Gara	✓			
	Thomas				✓
	Dragan	✓			
	Joule			✓	
	KELLY		✓		
	AUSTERMAN			X	
	FOSTER	✓			
Anna Fairclough		✓			
Chair:	Stoltze	✓			
Chair:	Hawker			*	

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSHB050(HSS)**
() Publish Date:

Identifier (file name): HB050CS(HSS)-DHSS-N-03-19-10
Dept. Affected: Health & Social Services

Title: Limit Overtime for Registered Nurses
RDU: Public Health
Component: Nursing

Sponsor: Wilson

Requester: House Finance
Component Number: 288

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill sets limitations for nurses working overtime hours beyond the scope of their regular duties. While the language in the bill makes it applicable to public health nurses, it would have a very limited effect on the Division of Public Health Section of Public Health Nursing. Most Public Health Nurses, as salaried employees, are not overtime eligible.

The mandated semi-annual report to the Department of Labor and Workforce Development would typically require no effort because public health nurses rarely work "in excess of a predetermined and regularly scheduled shift that is agreed upon by the nurse and a health care facility." Normal itinerant schedules, even though they often involve more than a 7.5-hour day, are always predetermined and agreed upon. In addition, the bill exempts reporting requirements for unforeseen emergencies requiring extra work. There is no projected fiscal impact on the Section of Public Health Nursing.

Prepared by: Ward B. Hurlburt, MD, MPH, Chief Medical Officer/Director
Phone 269-8126
Division: Public Health
Date/Time 12/28/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 3/19/2010
DHSS Finance & Management Services

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSHB050(HSS)
() Publish Date:

Identifier (file name): HB050CS(HSS)-DHSS-PH-03-19-10
Dept. Affected: Health & Social Services

Title: Limit Overtime for Registered Nurses
RDU: Alaska Pioneer Homes
Component: Pioneer Homes

Sponsor: Wilson

Requester: House Finance
Component Number: 2671

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

HB 50 establishes limitations on overtime for Registered Nurses (RNs) in health care facilities, provides penalties for violations, and requires reporting of any overtime, with the overtime designated as voluntary or mandatory by the RN. The intent of HB 50 is to eliminate mandatory overtime for RNs unless the overtime is due to a grave and unforeseen event. Under the bill, use of mandatory overtime in excess of the bill's limitations will result in a report to the Department of Labor.

The division has determined that passage of this bill will have a zero fiscal impact. Situations requiring overtime are adequately addressed by utilizing on-call RNs and requesting voluntary overtime.

Prepared by: Dave Cote, Director
Division: Alaska Pioneer Homes
Phone: 465-5737
Date/Time: 12/31/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
DHSS Finance & Management Services
Date: 3/19/2010

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSHB050(HSS)
() Publish Date:

Identifier (file name):HB050CS(HSS)-DHSS-API-03-19-10
Dept. Affected: Health & Social Services

Title: Limit Overtime for Registered Nurses
RDU: Behavioral Health
Component: Alaska Psychiatric Institute

Sponsor: Wilson

Requester: House Finance
Component Number: 311

Expenditures/Revenu (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITU	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURE							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipt							
1037 GF/Mental Health							
Other Interagency Receipt							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

NEW

Estimate of any current year (FY2010) cc

POSITIONS

Full-time	**2.0**		2	2	2	2	2
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if neces*

HB050 establishes limitations on overtime for Registered Nurses (RNs) in health care facilities, provides penalties for violations, and requires reporting of any overtime, with the overtime designated as voluntary or mandatory by the RN. The intent of HB050 is to eliminate mandatory overtime for RNs unless the overtime is due to a grave and unforeseen event. Under the bill, use of mandatory overtime in excess of the bill's limitations will result in a report to the Department of Labor.

The division has determined that passage of this bill will have a zero fiscal impact. The option that API will pursue to replace its current policy requiring mandatory overtime is to add two registered psych nurses and develop, in

Prepared by: Melissa W Stone
Division: Behavioral Health
Phone: 269-3410
Date/Time: 12/28/09 5:00 PM

Approved by: Alison Elgee, Assistant Commissioner
DHSS Finance & Management Services
Date: 3/19/2010

(Revised 11/6/2009 OMB)

2972

STATE OF ALASKA

2010 LEGISLATIVE SESSION

BILL NO. CSHB050(HSS)

ANALYSIS CONTINUATION

conjunction with the Department of Administration, Division of Personnel and Labor Relations, a voluntary standby system of employment that would replicate a private sector "on call" system. Any additional costs associated with the positions and "on-call" system will be offset by the cost savings from reduced overtime payment.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSHB 50 (FIN)
() Publish Date:

Identifier (file name): HB050CS(FIN)-DOLWD-WH-03-23-10
Title: Limit Overtime for Registered Nurses
Sponsor: Representatives P. Wilson, Gara, Tuck, Petersen, Lynn, et. Al
Requester: House Finance Committee

Dept. Affecte: Labor and Workforce Development
RDU: Labor Standards and Safety
Component: Wage and Hour
Component Number: 345

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	*	*	*	*	*	*	*
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other-AHFC Receipts							
TOTAL	*	*	*	*	*	*	*

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by: Co-Chair Rep. Stoltze
House Finance Committee
Co-Chair Rep. Hawker
House Finance Committee

Phone 465-4958
Date/Time 3/23/2010 3:39PM
Date 3/23/2010

(Revised 9/10/2008 OMB)

Co-Chairmen and members of the House Finance Committee thank you for allowing me to testify today.

My name is Debbie Thompson; I am a professional Registered Nurse, and have been employed in the health care for 33 years. I have worked as a nurses aid while in High School and college in a small rural hospital where you did just about every job there is, in an Intensive Care Unit, a heart Cath lab, as a OR nurse and a clinical Educator for the OR.

I now serve as the Executive Director of the Alaska Nurses Association. In this capacity it is my job to give voice to the thousands of nurses in Alaska. I do not worry about patients will not having a voice; nurses are dedicated professionals and will put their patient's needs before their own. It is my job to speak up for nurses themselves. I am the voice of nurses who are too intimidated or afraid to speak up for themselves whether it is because of fear of intimidation or the ultimate loss of their job. I am their safe place to tell their story and I am the trusted person to carry their message.

It should come as no surprise nurses are leaving the nursing workforce in the State of Alaska and the nation at an alarming rate. The Alaska State Board of Nursing reports that that the average age of professional Registered Nurses (RN's) has climbed to 50 plus years old, with 84% of those nurses saying they will be retiring in the next 5 years. The next greatest numbers of RN's, 10.8%, have said they will be leaving the workforce due to working conditions and environments within the facilities where they are employed.

Over this past year I have personally spoke with nurses in Fairbanks, Anchorage, Bethel, Barrow, Ketchikan, Juneau, Kodiak, Soldotna, Sitka, Palmer and Wasilla, as well as several groups of nursing students from UAA and with some of the UAA faculty. In each of these conversation or visits the biggest concern and lengthiest topic is the working of extended shifts without adequate rest and the lack of concern for the nurses or the patients that they are caring for. This lack of concern or willingness to work to correct this problem is repeatedly given as the major problem to continue in their chosen career. While the students indicated they would not work at a facility where extended shifts were the rule and returning to work without adequate rest a practice rather than an infrequent occurrence; they also realize that they do not always have a choice will need to do so to get experience and build a foundation for to build their career. This should be everyone's **concern** - new nurses do not see Hospital nursing as a career but as a stepping stone to a better work environment.

Nursing is one of the only Professions that has long stretches of extended shifts or overtime and then stretches of overstaff census either with no pay or at the expense of vacation time to have a full paycheck. This uncertainty alone makes it stressful for a nurse to cope with. The professionals who deliver the care at the bedside are also the professionals who live day to day with the chance that they

will not be able to meet their financial responsibilities; this practice alone keeps nursing professionals unsure of their job, their financial security and well being of their families and themselves.

I have heard Hospitals testify that this bill should not be in the legislative arena but at the negotiation tables when nurses are working for a contract with the institution. I have been a part of three negotiations this past year. I have personally heard nurses be told that this was not a negotiable issue as it was going to be heard in Juneau at the legislative arena. The second question that begs to be asked is what about those nurses across the state who are unrepresented? Is the patient safety any less of a concern than for those patients than for the patients of represented nurses? What about the nurses themselves; do they not deserve to have safety measures in place for the protection of the patients they serve as well as their own protection?

The argument about this bill increasing the cost of health care isn't rational either. Health care costs have skyrocketed while the supply of nurses has dropped per patient capita. The patients going into hospitals are much sicker, have multiple co-morbidity factors and require a higher nursing skill set for their care. The money must be paying for other things. It has been shown in studies that to staff and retain professional Registered Nurses as a cost savings measure provides decreased mortality and morbidity for patients. This has been well documented in the literature not only from nursing authors, but also by the federally funded Institute of Medicine reports and in the Journal of American Medicine and by the Joint Commission of Accreditation of Healthcare Organizations.

ASHNHA has been collecting data on the overtime issue; this shows very little overtime in Alaska facilities; however the data does not track mandatory call and the extended shifts that these nurses work nor does it track any voluntary overtime which is a part of the extended work hours and overtime. ASHNHA does not attempt to show any in relation to any rest between shifts.

A strong, healthy, fully staffed Registered Nurse staff actually saves health care dollars in the long run. That should be of far greater importance to Alaska than short term profits for individual business entities. Especially since health care is becoming the fastest growing workforce not only in this State but nation wide. It is position of the Alaska Nurses Association that Acute Care Nurses all be afforded the same opportunity to have rest break every 4 hours, a 30 minute non-paid lunch break and the right to have adequate rest between shifts. Common sense will tell you that a healthy, rested, fed and safe work force of nurses is going to keep the nursing pool larger available to work, show less turnover and increase the end benefits to you and I as health care consumers affording each or us or someone we love a safer and shorter hospital stay. In the end I believe that this is what each of us is looking for.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSHB 50(HSS)**
() Publish Date:

Identifier (file name): HB050CS(HSS)-DOLWD-WH-03-22-10
Dept. Affected: Labor and Workforce Development
Title: Limit Overtime for Registered Nurses
RDU: Labor Standards and Safety
Component: Wage and Hour
Sponsor: Representatives P.Wilson, Gara, Tuck, Petersen, Lynn, et.al.
Requester: House Finance
Component Number: 345

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	71.8		71.8	71.8	71.8	71.8	71.8
Travel	3.0		3.0	3.0	3.0	3.0	3.0
Contractual	13.8		13.8	13.8	13.8	13.8	13.8
Supplies	3.8		0.5	0.5	1.8	0.5	0.5
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**92.4**	**0.0**	**89.1**	**89.1**	**90.4**	**89.1**	**89.1**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	92.4		89.1	89.1	90.4	89.1	89.1
1005 GF/Program Receipts							
1037 GF/Mental Health							
1172 Building Safety Account							
TOTAL	**92.4**	**0.0**	**89.1**	**89.1**	**90.4**	**89.1**	**89.1**

Estimate of any current year (FY2010) cost: None

POSITIONS

Full-time	**1.0**		1	1	1	1	1
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The bill requires the Department of Labor and Workforce Development to investigate and take enforcement action to resolve complaints of unlawful mandatory overtime use and alleged retaliation. Due to the significant number of registered nurses and licensed practical nurses currently licensed in Alaska (approximately 10,354 RN's and 1,052 LPN's), the department anticipates the workload will require at least one full-time Wage and Hour Investigator I position funded with General Funds. This position will investigate complaints of mandatory overtime and/or retaliation and pursue corrective action. Costs include $71.8 for salary and benefits, $3.0 for investigation travel, $13.8 for contractual (administrative support, data processing, phone and $5.0 for Department of Law advice and representation) and $3.8 for supplies and equipment ($2.0 is for furniture in first year only, $1.3 is computer equipment which will be replaced in FY 2014 and $.5 is for office supplies).

Prepared by: Grey Mitchell, Director — Phone 465-4855
Division: Labor Standards and Safety — Date/Time 3/22/10 3:37 PM
Approved by: Click Bishop, Commissioner — Date 3/22/10
Agency: Department of Labor and Workforce Development

(Revised 11/6/2009 OMB)

Withdrawn 3/23

26-LS0274\U.1
Wayne
3/23/10

AMENDMENT #1

By Thomas

OFFERED IN THE HOUSE

TO: CSHB 50(FIN), Draft Version "U"

Page 4, line 23, following "hours":

Insert ";

(9) a nurse who is covered by a collective bargaining agreement, so long as the work is subject to that agreement"

2978

House Finance Committee
Alaska State Legislature

To Whom it May Concern,

I would like to express my personal support for HB 50 which would limit the amount of hours that a nurse can work. HB 50's primary purpose is to reduce the length of the work day for Nurses and I wanted to urge you bring this bill forward to a floor vote. As I understand it, this bill has been knocking around for 6 years, in various forms and has yet to make it to the floor. Personally, I don't want a Pilot, a Doctor or a Nurse holding my life in their hands when they are on the 16th or 18th hour of work in the last 24, unless it is a national emergency. I know when I get to the end of a double shift as a manager, I am often not thinking very straight. The important consideration here is the safety of the patients who deserve staff who are alert and functioning.

My daughter-in-law is nearing completion of her nursing degree at UAA, which is an exceptional program and the legislature should be applauded for its continued support of the University system. She is concerned, as she should be, over the crushing work load that is sometimes more the norm than the exception. She supports a reasonable limit on the work schedule, given the gravity of the work that she is entrusted with.

As a profession, Nurses really do put the patient first. On Tuesday, in the teeth of the storm that closed the Seward Highway with an avalanche, I nearly had to take the keys out of the car of a neighbor who is a nurse. She was so determined to get to work, but that road was not safe. The other early morning encounter was with another valley nurse who was stuck trying to get to work. These are what we expect of these professionals.

I am a member of the THAC board of directors and expect to be presented with a resolution for HB 50 and expect to support it. I urge the committee to move this bill forward so that the entire legislature can vote on it before the end of the session.

Sincerely,

Larry Daniels
P.O. Box 867
154 Kitzbuhel
Girdwood, AK 99587

SUPPORT FOR HOUSE BILL 50

Honorable Representative Seaton:

I work at South Peninsula Hospital as a Registered Nurse. I have reviewed House Bill 50 limiting mandatory overtime for nurses, and I am strongly in favor of this bill. We cannot deliver excellent patient care when we are exhausted.

Please help us by supporting this Bill which will benefit our patients, our hospital and our community.

Thank you.

Best regards,

SIGNATURE

ADDRESS 4030 Kay Ct
Homer AK
99603

CC: House FINANCE Committee

Support for House Bill 50

"An act relating to limitations on mandatory overtime for registered nurses and licensed practical nurses in health care facilities; and providing for an effective date."

Honorable Representative Seaton:

I am a 60 year old nurse who works at South Peninsula Hospital in Homer. I have been a licensed registered nurse in Alaska since 1978. I am absolutely delighted to see a bill addressing mandatory overtime for nurses.

It appears to me that the acuity (level of "sickness") of our patients has increased from my early years in nursing. This means that our critical assessment and critical thinking skills must be at a high level at all times. Here at the Homer Hospital we work 12 hours shifts. That is about the maximum number of hours that I can work at my best, and I know I am not unique in this. And I vehemently refuse to treat a patient when I am not capable. It is not safe for the patients; it is unethical and unprofessional for me to assume I can still give the care my patients deserve.

There is no question that we will all rally in an emergency. I was working night shift through our "blizzard" March 11-14th. Each morning we were not sure how many staff members would be able to make it to the hospital. We were all prepared to work as long as we needed to. (Fortunately, our day nurses were true rural Alaskans and all managed to arrive on time!)

I encourage you, for the benefit of our hospital patients, to strongly support HB 50.

Thank you for your consideration of my support for this bill.

Best regards,

Rebecca A. Lundqvist

Rebecca Abbott Lundqvist, RN, CEN
PO Box 2675
Homer, Alaska 99603

CC: House Finance Committee

SUPPORT FOR HOUSE BILL 50

Honorable Representative Seaton:

I work at South Peninsula Hospital as a Registered Nurse. I have reviewed House Bill 50 limiting mandatory overtime for nurses, and I am strongly in favor of this bill. We cannot deliver excellent patient care when we are exhausted.

Please help us by supporting this Bill which will benefit our patients, our hospital and our community.

Thank you.

Best regards,

Lana K Seaman R.N
SIGNATURE

P.O. Box 2606 Homer, AK 99603
ADDRESS

CC: House Finance Committee

ALASKA STATE LEGISLATURE

Interim:
P.O. Box 109
Wrangell, AK 99929
Phone: (907) 874-3088
Fax: (907) 874-3055

Session:
State Capitol, Room 406
Juneau, AK 99801-1182
Phone: (907) 465-3824
1-800-686-3824
Fax: (907) 465-3175

REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

- Sec 18.20.420 requires a health care facility to provide an anonymous process for complaints by a patient or a nurse about staffing levels or patient safety related to overtime work by nurses.

- Sec. 18.20.430 lays out a process for formal complaints by individuals against a health care facility that violates the provision of this Act, a mechanism to adjudicate these complaints involving the Department of Labor and Workforce Development, and a graduated schedule of penalties if it is determined that a violation has occurred.

- Sec. 18.20.440 provides an explicit prohibition against retaliation by a health care facility against a nurse who attempts to exercise their rights under the Act, or for the good faith reporting of an alleged violation.

- Sec. 18.20.450 provides a process for the state to investigate and address a violation of the protection against retaliation provision in Sec. 18.20.440.

- Sec. 18.20.460 establishes a semiannual reporting requirement for a health care facility to provide certain data relating to overtime and on-call activity for nurses.

- Sec 18.20.470 exempts any health care facility that is operated by the federal government or a tribal organization from the requirements under this Act.

- Sec. 18.20.480 requires facilities to post signs that describe the statutes created by this bill. The content for the signs will be developed by the Department of Labor and must be displayed in a conspicuous work area in all facilities.

- Sec. 18.20.499 provides a number of definitions related to the Act.

Section 3. Sets the reporting period for this first report required under sec. 2 of this Act. The report for the last six months of 2009 will be due on February 1, 2010.

ALASKA STATE LEGISLATURE

Interim:
P.O. Box 109
Wrangell, AK 99929
Phone: (907) 874-3088
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Session:
State Capitol, Room 406
Juneau, AK 99801-1182
Phone: (907) 465-3824
1-800-686-3824
Fax: (907) 465-3175

REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

Section 4. Sets July 1, 2009 as the effective date for the provisions dealing with the reporting requirements under AS 18.20.460.

Section 5. Sets an effective date of January 1, 2010 for all other provisions of the Act.

Studies Relating to Effects of Excessive Overtime by Nurses

1. **Institute of Medicine (IOM) Report (2004), *Keeping Patients Safe: Transforming the Work Environment of Nurses*. Editor: Page.**

Strong evidence links prolonged work hours (more than 12 hours in a 24-hour span, or more than 60 hours in 70 days), rotating shifts and insufficient breaks to: slowed reaction time, lapses of attention to detail, errors of omission, compromised problem solving, reduced motivation, and decreased energy for successful completion of required tasks (p. 12). Prolonged periods of wakefulness can produce effects that are similar to the effects produced by alcohol intoxication – working in excess of 16 hours can produce performance decrements equivalent to a blood alcohol concentration of .05 percent (pg. 6).

A separate survey by IOM in 2003 found that 27% of full-time hospital and nursing home nurses reported working more than 13 consecutive hours one or more time per week. The IOM recommends that states prohibit nurses from working more than 12 hours in a 24 hour period or more than 60 hours per week.

2. **Health Affairs: The Policy Journal of the Health Sphere, Vol. 23, No. 4, *The Working Hours of Hospital Staff Nurses and Patient Safety*, (2004). Authors: Rogers, Hwang, Scott, Aikens & Dinges.**

Found the likelihood of making an error was three times higher when nurses worked shifts lasting 12.5 hours or more, and that nurses, indeed, worked longer than scheduled on a daily basis, and generally worked more than 40 hours a week (pgs. 202-212).

3. **Michigan Nurses Association, *The Costs of Mandatory Overtime for Nurses*, (2004). Author: Public Policy Associates, Incorporated.**

It is widely recognized that overtime work among nurses and patient safety are related, and this association is routinely described as one in which increased overtime (voluntary or mandatory) is associated with reduced patient safety (pg. 2). Determined that a ban on mandatory overtime could save 351 lives annually and $29 million in annual health care organization liability within Michigan (pgs 6-11).

4. **New England Journal of Medicine, Vol. 346, No. 22, *Nursing in the Crossfire*, (2002). Author: Steinbrook.**

Determined that nursing is a very stressful job with a very flat career path. Found RN's are discontented for many reasons including inadequate levels of staffing for both nurses and support staff and excessive workloads. Quotes a recent national survey of working nurses that 61% of

respondents said they had observed increases in overtime or double shifts during the past year, and 48% said the amount of overtime required had increased and more than 52% said it was either mandatory or "voluntary but feels like it is required" (pgs. 1757-1766).

5. **New England Journal of Medicine, Vol. 352, No. 2, (2005), *Extended Work Shifts and the Risk of Motor Vehicle Crashes Among Interns*. Authors: Barger, Cade, Ayas, Cronin, Rosner & Speizer.**

Research examining consecutive hours worked by medical interns and residents also found that after extended work shifts there was an increased risk for both patient errors while at work and motor vehicle crashes leaving work. Found that long, unpredictable hours suggest a link between poor working conditions and threats to patient safety (pgs. 125-134).

6. **American Journal of Nursing, Vol. 106, No. 4, (2006), *How Long and How Much Are Nurses Working?* Authors: Trinkoff, Geiger-Brown, Brady, Lipscomb & Muntaner.**

Recent research with 2,273 RNs documented that more than half of the hospital nurses in their study typically worked 12 hours or more per day and more than 50 hours per week. Further, nurses were likely to work many days consecutively, without sufficient rest between shifts and during scheduled time off (pgs. 60-71).

7. ***Wall of Silence – The Untold Story of the Medical Mistakes That Kill and Injure Millions of Americans*, LifeLine Press, (2003). Authors: Gibson and Singh.**

Notes October 2002 study by the Journal of the American Medical Association shows that the number of patients who die in the hospital increases when nurses are assigned to care for too many patients (pg. 100). Describes the growing trend of hospitals using forced overtime, noting that hospitals now "typically maintain enough nursing staff only to cover core functions, if even that much. When patient admissions spike, the core staff have to cope. Mandatory overtime has become a way of solving a much bigger problem than it was intended to solve, and it is driving away the very nurses that are needed" (pg. 107).

Hours of Service Limitations on Other Professions

This information is based on a review of available Internet resources. In most cases, source statutes have been researched. In some cases (e.g., truckers), litigation is pending and may result in a different hours structure.

Railroad Operations Personnel (Locomotive Engineers; Carmen; etc.)

- Federal law limits the Hours-of-Service operating trains to a maximum of 12 hours, with a requirement in most cases of 10 hours of off-duty time to follow.

U.S. Commercial Maritime Operations

- Federal law requires a minimum of 10 hours of rest in any 24-hour period.

International Seafarers' Hours of Work Convention, 1996

- 14 hours in any 24-hours period, with a minimum rest of not less than 10 hours of rest within any 24-period.

- 72 hours in any seven-day period, with minimum rest of not less than 77 hours in any seven-day period.

U.S. Commercial Pilots

- A maximum of 8 hours of flight duty time on domestic flights. It can be exceed up to an absolute maximum of 16 hours only for events beyond a carrier's control.

- A minimum of 8 hours of uninterrupted rest in the 24-hour period before finishing their flight duty.

U.S. Commercial Truckers

- Not more than 11 hours of driving during a 14-hour duty period, to be followed by a minimum of 10 hours of off-duty time.

- Other rules in flux on total allowable driving time and required amount of rest for a seven-day period.

Underground Miners in Alaska

- AS 23.10.410 establishes a limit of not more than 10 hours in a 24-hour period.

- Limited exceptions are allowed for emergencies. The commissioner of labor and workforce development may grant a variance of more than 10 hours, but not more than 12 hours if permitted under a collective bargaining agreement and it is determined to be in the best interest of resident workers.

Alaska Nurses Association

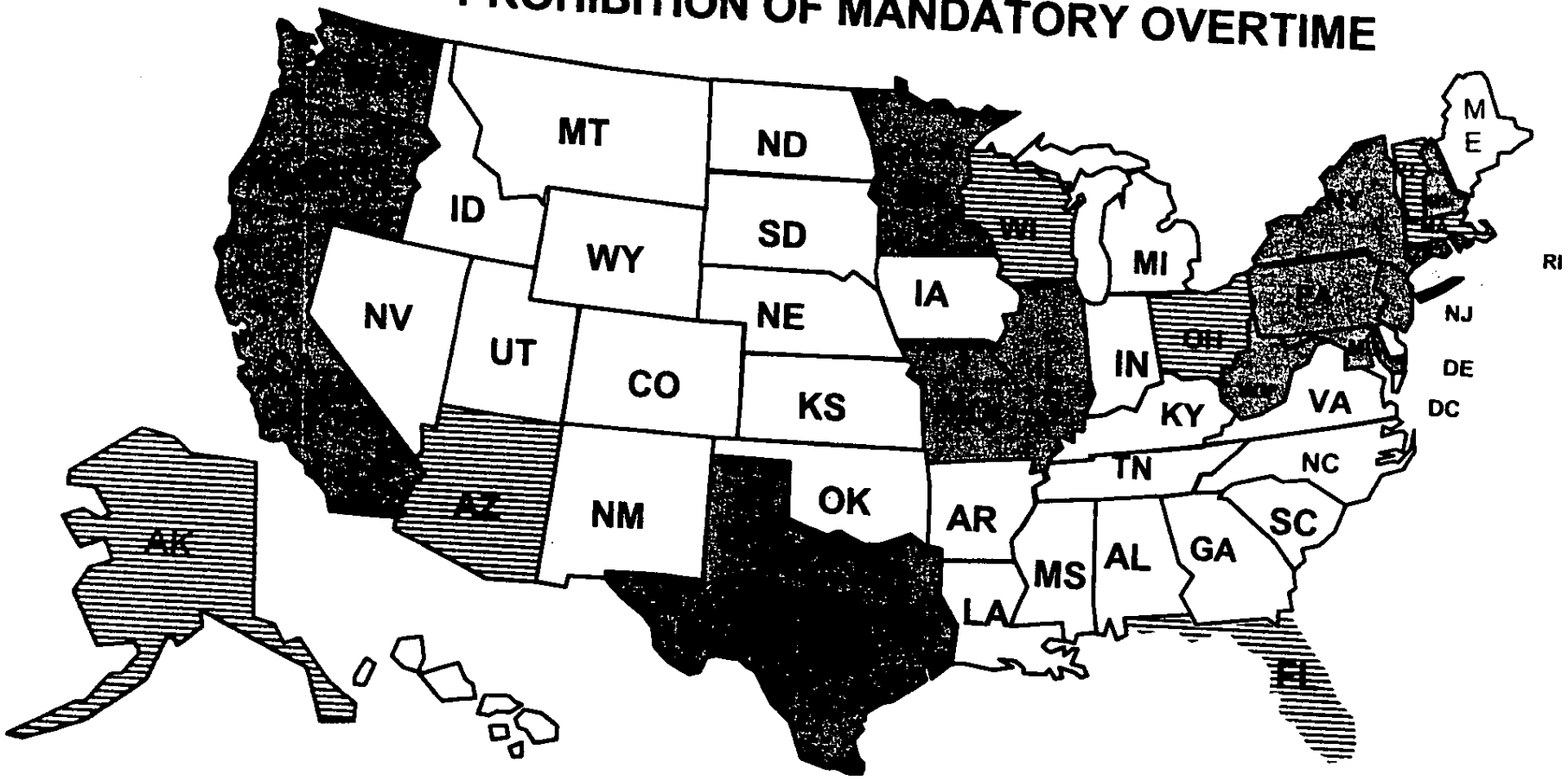
House Bill No. 50: "Safe Nursing & Patient Care Act"

Facility October 1st - March 31, 2008	Facility Visited	Nurses Interviewed	Staff Nurses Reporting mandatory Overtime	Mandatory On-Call Required	Number of Nurses Interviewed	Practice Issues if Abandoning Patients
Alaska Regional Hospital	Yes	Yes	100%	Yes	25	Yes
Alaska Psychiatric Institute	No	Yes	50%	Yes	10	Yes
Bartlett Regional Hospital	Yes	Yes	100%	Yes	30	Yes
Central Peninsula Hospital	Yes	Yes	75%	Yes	60	Yes
Fairbanks Memorial Hospital	Yes	Yes	100%	Yes	10	Yes
Heritage Place Nursing Home	Yes	Yes	100%	Yes	14	Yes
Providence Alaska Medical Center	Yes	Yes	100%	Yes	150	Yes
Providence Kodiak Island Medical Center						
Providence Seward Medical Center	Yes	Yes	100%	Yes	2	Yes
Providence Valdez Medical Center	Yes	Yes	100%	Yes	5	Yes
Sitka Community Hospital						
South Peninsula Hospital	Yes	Yes	50%	Yes	30	Yes
Wrangell Medical Center	No	Yes	100%	Yes	2	Yes

This data is based on face to face meetings conducted by Tom Renkes prior Executive Director of AaNA, and confirmed over the past months by current Executive Director Debbie Thompson.

The American Nurses Association's Nationwide State Legislative Agenda

PROHIBITION OF MANDATORY OVERTIME



Enacted legislation/adopted regulation to date 15 states; (12 states): CT, IL, MD, MN, NH, NJ, NY, OR, PA, RI, WA, and WV. (3 states) have provisions in regulations: CA, MO and TX

Introduced legislation in 2007-8; (18 states): AK, AZ, CA, DC, FL, IL, MA, MI, MN, MO, NE, NY, OH, PA, VT, WA, WI, WV

October 2008

AaNA Alaska Nurses Association

House Bill No. 50: "Safe Nursing & Patient Care Act"

What Does *HB 50* Do?

- **Protects patients and nurses in a health care facility by limiting forced overtime unless needed for an emergency.** A health care facility cannot force a nurse to work beyond certain prescribed periods of time, or to accept an assignment of overtime if, in the judgment of the nurse, the overtime would jeopardize patient safety or employee safety.

- **Nurses cannot work more than 14 consecutive hours without 10 hours of rest,** or be forced to work more than 80 hours in a 14-day period. **Nurses can volunteer to work additional shifts beyond this limit, so long as the nurse does not work more than 14 consecutive hours without 10 hours of rest.**

- **Exceptions are allowed for unforeseen emergencies,** school nurses, medivac flights, and certain on-call situations.

Why is *HB 50* Needed?

- **Purpose of bill is to promote patient safety and better working conditions for nurses.**

- **Nurses in Alaska are working an excessive amount of overtime without adequate rest.** Nurses often work well beyond 12 consecutive hours, or come back within 2-4 hours of completing a 12-hour shift. In other cases, nurses are working several 12-hour shifts over consecutive days.

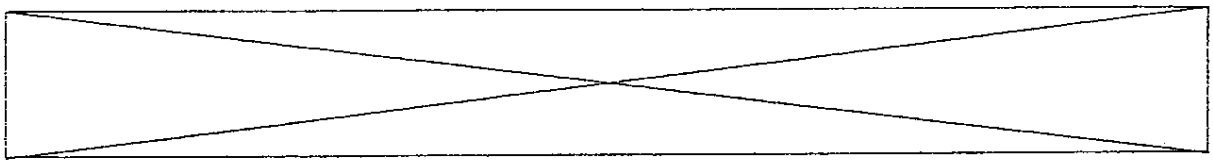
- In most cases, **this is forced or mandated through a practice called "mandatory call", which the hospitals freely admit is used.** In some cases, this is accomplished by pressure tactics designed to get nurses to "volunteer' for overtime hours. Suggestions of patient abandonment or assertions that nurses will be letting down co-workers are not uncommon.

- ***HB 50* will help with nurse recruitment and retention by prohibiting excessive amounts of overtime.** The nurse workforce is aging – a ban on excessive overtime will keep these nurses working longer.

- A recent phone survey by AaNA documents that not all of the new UA nursing school graduates are being hired. **The bill will not exacerbate the so-called shortage – there are additional graduates available to fill positions.**

- **Data suggests many hospitals are using overtime as a staffing tool.** Hospitals are not hiring all available graduates and maintain vacancy rates of between 7% to 25%. It appears that many hospitals are trying to avoid hiring Full-Time Equivalent (FTE) employees.

- 83% of the Alaska RN workforce is over 40 years of age and 53% is over the age of 50. **We need to conserve the workforce we have, and at the same time not scare away the 17% of the workforce that is under age 40.** People with young families are not going to stay in the profession if they are constantly being forced to work.



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THE WALL STREET JOURNAL.
WSJ.com

THE INFORMED PATIENT | MARCH 16, 2010

New Focus on Averting Errors: Hospital Culture

By LAURA LANDRO

Errors made by doctors, nurses and other medical caregivers cause 44,000 to 98,000 deaths a year. Hospital infections, many considered preventable, take another 100,000 lives. And mistakes involving medications injure 1.3 million patients annually in the U.S., according to the Food and Drug Administration.

Hospitals are taking what might seem like a surprising approach to confronting the problem: Not only are they trying to improve safety and reduce malpractice claims, they're also coming up with procedures for handling—and even consoling—staffers who make inadvertent mistakes.

The National Quality Forum, a government-advisory body that sets voluntary safety standards for hospitals, has developed a Care of the Caregiver standard, calling on hospitals to treat traumatized staffers involved in errors as patients requiring care, then involving them in the investigation of what went wrong if their behavior was not found to be reckless or intentional. Just Culture, a model developed by engineer David Marx, stresses finding a middle ground between a blame-free culture, which attributes all errors to system failure and says no individual is held accountable, and overly punitive culture, where individuals are blamed for all mistakes.

A new study published in the April edition of the Joint Commission Journal on Quality and Patient Safety, which examines one fatal medical mistake to analyze what went wrong, shows how assigning blame for errors can be a murky exercise.

Four years ago, nurse Julie Thao mistook a bag of epidural painkiller for penicillin and hooked it up to an IV line that pumped the painkiller—meant to be injected into the spine later—into the bloodstream of Jasmine Gant, a 16-year-old who was about to deliver a baby at St. Mary's Hospital in Madison, Wis. The teen's heart collapsed. Her baby was delivered successfully by emergency Caesarean section, but Ms. Gant didn't survive. Ms. Thao says she was fired from the hospital after the death, and she was later prosecuted by the state for criminal negligence. Ms. Thao's case has helped galvanize efforts to ensure that caregivers are treated fairly—without absolving them of responsibility for risky behavior.

The study, led by researchers at the non-profit Institute for Safe Medication Practices, concludes that while Ms. Thao consciously bypassed multiple safety procedures, there were also a host of system flaws that allowed and even encouraged her to do so, contributing to the fatal error.

Researchers found that Ms. Thao failed to put an identification bracelet on her patient or use the hospital's bar-coding system, designed to match the right medication to the right patient. But the bar-coding system had glitches, and nurses hadn't been adequately trained on it, so they often bypassed it.

Both medications—which looked alike—were brought into the patient's room before orders were given, a violation of policy. Fatigue increased Ms. Thao's likelihood of making a mistake, the study found. Ms Thao had worked two

consecutive eight-hour shifts the day before and then slept in the hospital before coming on duty again the next morning, but there were no rules at the hospital to prevent her from being overworked.

In editorials accompanying the study, patient-safety experts, including Charles Denham, co-chairman of a National Quality Forum safe-practices committee, and Harvard University health-policy professor Lucian Leape are harshly critical of the way Ms. Thao was fired by the hospital and then left to fend for herself with no income and no financial resources to defend herself in charges later brought by the state. "We all believe that Julie should be held accountable for her behavior, but she didn't receive support from her organization or treatment that was just," says Dr. Denham. "It is clear that other nurses might have made the same error due to the social conditions and technical systems in the hospital.

Officials at St. Mary's, which paid $1.9 million to settle a malpractice suit brought by Ms. Gant's family, say they treated Ms. Thao properly. The hospital's president, Frank Byrne declines to discuss the specifics of Ms. Thao's dismissal, but says the hospital was supportive; when it learned the state planned to bring criminal charges, Dr. Byrne says he did everything he could to stop it and appeared at court proceedings to lend moral support. He included his own commentary in the patient-safety journal, describing safety steps taken after Ms. Gant's death, including limiting work hours for nurses. "We never attempted to shirk acknowledgment of our system issues," he says.

In Ms. Thao's case, under a plea agreement, felony charges were amended to two misdemeanor counts. Afterward, her nursing license was suspended and she was barred for several years from working for any hospital that accepts federal funding from Medicare.

Safety advocates and nursing groups also question the use of criminal charges brought against nurses and doctors who make unintentional mistakes, saying they set a chilling precedent. "Criminal accusations against health care providers who work in a system set up to fail are extreme," says Sue Sheridan, co-founder of Consumers Advancing Patient Safety. "By the same token, there has to be some accountability when families have suffered a tragic loss."

Dr. Denham took Ms. Thao on as a patient-safety fellow in his own medical-research concern, TMIT, for two years. He now retains her to do contract patient-safety research. Ms. Thao, who was briefly hospitalized for depression after the event, says she considered taking her own life. She says her patient-safety work has helped her to cope with her despair over her errors.

"Every hospital in America is wrestling with how to hold practitioners accountable for key safety behaviors," says Mr. Marx, whose company, Outcome Engineering, consults with hospitals, states and nursing boards on the Just Culture Model and helped train 20,000 employees at St. Mary's after the Thao case. It's designed to "address risky behaviors before they lead to the death of a patient," he says, coaching those who make risky decisions, such as failing to wash hands before touching patients or skipping important checks in administering medications.

"We know just punishing human error does not improve safety," says St. Mary's Dr. Byrne. "But we have to separate unavoidable error from reckless behavior and unjustifiable risk."

Write to Laura Landro at laura.landro@wsj.com

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Helen Phillips

From: Ben Mulligan
Sent: Tuesday, March 23, 2010 8:33 AM
To: Helen Phillips
Subject: FW: HB 50 hearing today

FYI

From: Laughlin, Wilda J (HSS) [mailto:wilda.laughlin@alaska.gov]
Sent: Tuesday, March 23, 2010 8:33 AM
To: Ben Mulligan; Rep. Peggy Wilson
Cc: Adler, Ronald M (HSS); Cote, David D (HSS)
Subject: HB 50 hearing today

This is to let you know that Pioneer Home director Dave Cote and Alaska Psychiatric Institute executive director Ron Adler will be available to answer questions for the HSS department at today's House Finance hearing on HB 50. Dave will be in Juneau and Ron will be calling in from 269-7105. Please make sure teleconferencing knows to save Ron a line.

w.

Wilda J. Laughlin
Legislative Liaison, Dept. of Health and Social Services
Phone (907) 465-1613
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Position Statements

Assuring Patient Safety: The Employers' Role in Promoting Healthy Nursing Work Hours for Registered Nurses in All Roles and Settings

Effective Date:	December 8, 2006
Status:	New Position Statement
Originated by:	Congress on Nursing Practice and Economics
Adopted by:	ANA Board of Directors

Purpose: This position statement articulates the American Nurses Association's position with regard to patient[1] safety and encourages employers of registered nurses[2] to establish policies and procedures that promote healthy nursing work hours and patterns that do not extend beyond the limits of safety for both nurses and patients.

ANA Position: Given the well-documented relationship between nurse fatigue and an increased risk of nurse error with the potential for compromising patient care and safety, it is the position of the American Nurses Association that all employers of registered nurses should ensure sufficient system resources to provide the individual registered nurse in all roles and settings with:

1. a work schedule that provides for adequate rest and recuperation between scheduled work; and
2. sufficient compensation and appropriate staffing systems that foster a safe and healthful environment in which the registered nurse does not feel compelled to seek supplemental income through overtime, extra shifts, and other practices that contribute to worker fatigue.

It is intended that this position statement be used in conjunction with ANA's position statement on the responsibility of the individual registered nurse to make decisions consistent with her or his ethical obligation to decline work assignments when fatigue may compromise her or his ability to deliver safe patient care, *"Assuring Patient Safety: Registered Nurses' Responsibility in All Roles and Settings to Guard Against Fatigue" (in press).*

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[1] ANA, in its *Nursing's Social Policy Statement,* "recognized the importance of clearly identifying the recipients of professional nursing care, be they individuals, groups, families, communities, or populations." The *Social Policy Statement* notes that "[t]o date, professional nursing has not yet selected ... the term best depicting the healthy or ill recipients of professional nursing care." Therefore the term "patient" was selected to be used "throughout the text to provide consistency and brevity"... and readers are asked "to keep in mind that the breadth of nursing practice always includes the various recipients of care," be they the individual, the group, the family, the community, or the population. *Nursing's Social Policy Statement (2nd edition),* 2003, American Nurses Association, p. v & 22.

[2] While ANA's membership is limited to registered nurses, it is ANA's belief that employers of health care personnel have a similar obligation to these employees to establish policies and procedures regarding employee fatigue and patient safety.

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History/Previous Position Statements: In 2000, the American Nurses Association (ANA) House of Delegates adopted an action "Opposing the Use of Mandatory Overtime as a Staffing Solution" (CNPE-2). Embedded in this and other statements on related issues, ANA has consistently reiterated its position that registered nurses have a responsibility to reject any work assignment that puts patients or themselves in jeopardy (1995 ANA Position Statement, *"The Right to Accept or Reject an Assignment"*). Further, ANA's consistent position has been that such a principled rejection does not constitute "patient abandonment;" on the contrary, it is the only ethical option for the fatigued nurse.

Then, in 2004, the House of Delegates adopted a resolution entitled "Transforming the Work Environment for Nurses," based largely on the recommendations set out in the exhaustive Institute of Medicine (IOM) report of the same year, *Keeping Patients Safe: Transforming the Work Environment of Nurses.* The report described the central role of registered nurses in protecting patient safety and achieving better patient outcomes; and it discussed the frequent mismanagement of the nurse's work environment that often threatens these integral contributions. Among those issues highlighted in the report, the IOM focused on institutional support and structures for maintaining nurse staffing at levels sufficient to avoid patient safety issues cause by nurse fatigue.

The ANA 2005 House of Delegates overwhelmingly passed a resolution regarding the "Implications of Fatigue on Patient and Nurse Safety." That resolution built on the above described significant work that ANA has pursued for several years linking patient safety with a host of workplace environmental and staffing factors that affect the number of hours registered nurses work. It acknowledged the impact of nurse fatigue on patient safety, quality of care and nurse safety and urged individual nurses, nurse managers, nurse administrators, employers of nurses, trustees and other stakeholders to fulfill their legal and ethical obligations to assure that registered nurses' work hours and patterns do not extend beyond the limits of safety for both nurses and patients.

Supportive Material: The 2004 IOM report, *Keeping Patients Safe: Transforming the Work Environment of Nurses,* recognized that creating a healthy work environment for registered nurses that is most conducive to patient safety will require fundamental change within a health care organization.

Strong evidence links prolonged work hours (more than 12 hours in a 24-hour span, or more than 60 hours in 7 days), rotating shifts and insufficient breaks to:

- slowed reaction time,
- lapses of attention to detail,
- errors of omission,
- compromised problem solving,
- reduced motivation, and
- decreased energy for successful completion of required tasks (IOM, 2004, p.12).

Further, Rogers, Hwang, Scott, Aiken, and Dinges (2004) found that the likelihood of making an error was three times higher when nurses worked shifts lasting 12.5 hours or more, and that

nurses, indeed, worked longer than scheduled on a daily basis, and generally worked more than 40 hours a week. Research examining consecutive hours worked by medical interns and residents also found that after extended work shifts there was an increased risk for both patient errors while at work and motor vehicle crashes leaving work (Landrigan, et al., 2004; Barger, et al., 2005).

Recent research with 2,273 RNs by Trinkoff, Geiger-Brown, Brady, Lipscomb and Muntaner (2006) documented that more than half of the hospital nurses in their study typically worked 12 hours or more per day and more than 50 hours per week. Further, nurses were likely to work many days consecutively, without sufficient rest between shifts and during scheduled time off.

Excessive total hours worked puts nurses and patients at risk; in addition, *rotating* shifts can also threaten patient safety. Research by Circadian Technologies Incorporated has found that the number of accidents for all shift workers is 1.2 times greater than that for traditional workers and the resulting incremental cost to business is $8.5 billion (BNA, 2003).

Given this risk, the individual nurse's ethical responsibility to consider her or his level of fatigue when deciding whether to accept a patient assignment is addressed in the ANA's complementary position statement, "*Registered Nurses' Responsibility in All Roles and Settings to Guard Against Working When Fatigued.*" In the present statement, *"Assuring Patient Safety: The Employers' Role in Promoting Healthy Nursing Work Hours for Registered Nurses in All Roles and Settings,"* ANA urges employers of registered nurses to acknowledge their responsibility to assure a safe workforce, and to initiate fundamental change in their staffing and salary policies so as to create incentives for a rested and safe nursing workforce.

At the institutional or organizational level, the risk that fatigue poses to both nurse and patient safety mandates that nurse managers and administrators actively promote changes in the work environment of nurses. Provision Six of *the Code of Ethics for Nurses with Interpretive Statements* clarifies:

> *The nurse participates in establishing, maintaining, and improving health care environments and conditions of employment conducive to the provision of quality health care and consistent with the values of the profession through individual and collective action* (p. 20).

Interpretive Statement 6.3 further delineates the ethical responsibilities of nurse managers and administrators to take action to curtail extended work hours and insufficient rest time between shifts:

> *Acquiescing and accepting unsafe or inappropriate practices, even if the individual does not participate in the specific practice, is equivalent to condoning unsafe practice* (p. 21).

Nurse managers and administrators, bound by this ethical code of practice, may feel torn by conflicting professional obligations. Hospitals and other health care entities, not similarly bound, are clearly under pressure to reduce expenses; the managers of these institutions and organizations may not recognize the connections between their budget and nurse fatigue. Their

response to market pressures has often been an "adhocracy" of registered nurse understaffing, patched with excessive overtime, expensive agency nurses and rotating shifts that further deteriorates working conditions for already overworked nurses, thereby threatening patient safety.

Administrators need to be educated to the larger costs to their institutions of nurse fatigue as well as the costs of excessive overtime and agency nurses. The most obvious cause-and-effect may be seen in the reduction of adverse patient outcomes when an adequate, appropriate, and *rested* nursing staff is available. Study after study has concluded that nursing care, specifically, and appropriate staffing in general, is central to improved patient outcomes. This directly affects the institution's bottom line.

For example, ANA's 2000 study, *Nurse Staffing and Patient Outcomes in the Inpatient Hospital Setting*, describes five adverse outcomes measures that respond favorably to adequate nurse staffing: hospital length of stay, nosocomial pneumonia, postoperative infections, pressure ulcers, and nosocomial urinary tract infections. Each of these might cost a hospital or health facility money that it would otherwise not spend. Appropriate nurse staffing that permits time for thorough patient assessment and timely interventions ultimately improves outcomes, and has the potential for significantly reducing these types of expensive risks.

Risks to nurses in the health care environment, only amplified by the fatigue factor, can similarly affect the cost of doing business for employers of nurses. Health care jobs are already among the most hazardous occupations. In a 2004 survey, the U.S. Bureau of Labor Statistics noted that, of the fourteen private industry sectors with the highest reported number of cases of injury or illness, three were in the health care and social assistance sector. In fact, "hospitals and nursing and residential care facilities have *led* [italics added] the list of industries reporting [the highest number of] cases for the past two years" (p. 8). The rate of illnesses experienced by workers in the hospital industry was almost three times that of workers in private industry as a whole.

Knowing all of this, and supported by the extensive research linking human fatigue with error, institutions that persist in policies supporting a culture where overwork, understaffing and underpay are the norm may ultimately find themselves facing extensive accountability for their short-sightedness. The consequence of institutional intractability is even more stark as the evidence accumulates specifically linking nurse fatigue with errors in clinical judgment that have the potential to harm patients or nurses themselves.

Employers may begin to experience the legal implications of the mounting research on fatigue, as well. For example, a registered nurse successfully claimed workers' compensation for injuries from a motor vehicle accident that occurred when she fell asleep while driving home after working back-to-back double shifts, at the behest of her manager and against her own judgment. The court ruled in her favor because it deemed the hospital's systematic abuse of overtime as a foreseeable and avoidable cause of the accident (Deland v. Hutchings, 1994). As hospitals and other health care institutions increasingly look to *institutional systems* to assure patient safety, as opposed to a model that only looks at individual responsibility, it is possible

that courts will follow the trend in finding institutional liability for those lapses in *institutional* policy that foreseeably result in harm to patients or staff.

Institutions also accrue the secondary costs of nurse fatigue that must be paid in time, and that ultimately affect the *entire* health care system. Clearly, nurse fatigue and the factors contributing to it are not isolated from the larger issues of health care workforce and access to care. In its 2001 report, "Nursing Workforce: Emerging Nurse Shortages Due to Multiple Factors," the US General Accountability Office cites "inadequate staffing, heavy workloads, the increased use of overtime, a lack of sufficient support staff, and the adequacy of wages" as key factors in the emerging registered nurse shortage (p. 2). When all the related factors are considered, fairer wages for registered nurses may be, at a minimum, cost-neutral for hospitals and other entities.

The drive for "organizational efficiency," when its proponents fail to balance it with other values, continues to backfire in industry after industry. Increasingly, businesses must balance the cost of assuring a rested workforce against the regrettable cost of *not* having rested workers. The shift and duty times of airline pilots and truck drivers are regulated for precisely these reasons. In health care, teaching hospitals can be denied their accreditation for graduate medical education if they routinely ignore resident work hour limits. Although the application of this logic has been slow to reach the rest of the health care community, employers need to make the connection between nurse fatigue and safety of both the patient and the nurse.

The management of hospitals and other healthcare entities must be accountable for making the changes necessary to align their rewards systems with their espoused value of high quality patient care and safety. Nursing can support this mission by generating specific recommendations as to what institutions can do differently to address the factors that contribute to nurse fatigue.

Several nursing specialty organizations have addressed how their members might best balance work and rest to optimize safety, and how their employers might support their doing so. The Association of periOperative Registered Nurses (AORN), an organizational affiliate of the American Nurses Association (ANA), offers several strategies in its 2005 Position Statement on Safe Work/On-Call Practices, to promote patient and perioperative personal safety. Those strategies that directly target action by institutions and organizational systems include:

- Perioperative Registered Nurses should not be required to provide direct patient care for more than 12 consecutive hours in 24 hours and not more than 60 hours in a seven-day period.
- Off-duty periods should be scheduled to provide for an uninterrupted eight-hour sleep cycle.
- Arrangements should be made to relieve a perioperative registered nurse who has worked on-call and is scheduled to work the following shift to allow for adequate off-duty recuperation time.
- The type of facility and possible number of sustained work hours should be taken into consideration when making on-call shift assignments.

- The individual's ability to be able to meet the potential work demands should be considered when making on call assignments.
- Employers should support perioperative registered nurses to change cultural attitudes so that fatigue is recognized as an unacceptable risk to patient and worker safety rather than a sign of their dedication to their job.

AORN's full position statement and guidance statement on Safe On-Call Practices in Perioperative Practices can be found on the AORN web site at the following link: http://www.aorn.org/about/positions/default.htm.

The American Association of Critical Care Nurses has explored how "mental and physical fatigue can contribute to errors and 'near-misses' with medications and case-related procedures" in its position statement opposing mandatory overtime. Without the ability to resort to mandatory overtime, "hospitals and health care institutions will have to look at real remedies for understaffed facilities, such as: 1) hiring more RN's, and 2) utilizing strategies to recruit and retain more nurses" (http://www.aacn.org/AACN/pubpolcy.nsf/vwdoc/pmp, ¶ 7).

A 2006 study by Scott, Rogers, Hwang and Zhang targeted at this critical care nursing population generally affirms earlier studies, showing respondents "worked longer [hours] than scheduled and for extended periods," and that "longer work duration increased the risk of error and near error and decreased nurses' vigilance" (p. 1). It also supports the IOM's recommendations to minimize the use of 12-hour shifts and to limit nurses' working hours to 12 consecutive hours during any one 24-hour period. The authors were particularly persuaded by the potentially dire consequences of a fatigue-induced mistake in critical care, where "patients are not only exposed to more medications and treatments than are patients in general care areas but are also seriously ill, with little natural resilience or ability to defend themselves from the consequences of healthcare mishaps" (Scott, 2006, p. 1).

This evidence, highlighting the detrimental effects of nurse fatigue on patient and nurse safety, as well as on institutional and organizational accountability, leads ANA to recommend the following actions for registered nurses, employers, researchers and educators.

Recommendations: As a means of implementing this position statement, the ANA recommends the following eleven specific actions:

Practicing Registered Nurses:

1. Individual registered nurses should consistently exercise their ethical obligations as articulated in the ANA's position statement on *Registered Nurses' Responsibility in All Roles and Settings to Guard Against Working When Fatigued (ANA, in press).*

2. Nurse managers and administrators have a responsibility to examine and institute scheduling practices that promote safe work hours, adequate break time, and minimal rotation of shifts.

Employers/Health Care Agencies:

3. All employers should provide fair compensation that encourages the elimination of the need for such strategies as excessive overtime or rotating shifts. The ANA recommends a thorough examination of overtime pay expenditures and a reassignment of those dollars toward both the additional staff necessary to eliminate overtime and subsequent increases in registered nurses' base compensation. These steps should be cooperatively pursued and negotiated in an open and equitable process that includes both registered nurses and healthcare administrators.

4. Registered nurses' salaries must be adjusted to appropriately reflect their education, training, experience and the value they add within the health care entity for which they work. In particular, "wage compression," or the stagnation of salary growth relatively early in a nurse's career, should be eliminated and experience rewarded so that the health care system retains its nursing workforce. Salaries should be such that registered nurses do not feel compelled to seek supplemental income through rotating shifts, overtime and other voluntary practices that contribute to worker fatigue.

5. All employers of health professionals should provide ongoing education to employees concerning the impact of consecutive and total hours worked and employee fatigue on patient safety, quality of care, and the personal safety of employees.

6. Employers should institute policies, including whistleblower protections, permitting the free exchange of ideas and information about staffing and quality of care issues among their staff without fear of reprisal or retribution.

7. Employers should adopt as official policy, the position that registered nurses have the right to accept or reject a work assignment based on fatigue; that such rejection does not constitute patient abandonment; and that registered nurses should not suffer adverse consequences in retaliation for rejecting in good faith a work assignment based on fatigue.

8. Employers should have a system in place for evaluating instances of registered nurses rejecting assignments in order to evaluate causes and effectiveness of staffing patterns.

Education:

9. Schools of Nursing should add to their curricula information on the impact of hours worked, rotating shifts, and neglecting to take meal and rest breaks on patient safety and harm to self and peers. In addition, the ethical obligation of the individual registered nurse to monitor fatigue and to decline assignments that put patients at risk should be

stressed, relying on Provisions and Interpretive Statements from the *Code of Ethics for Nurses* (ANA, 2001).

10. Academic education and training programs for health care administrators should include curricula content regarding the impact of nurse and health care worker fatigue on patient and staff safety, and the importance of supporting a healthy workplace for registered nurses and other employees.

Research:

11. ANA should partner with specialty nursing organizations and other stakeholders to assure that the following subjects are included on the research agendas of various funding entities:
    - Determinants of registered nurse fatigue
    - Impact of nurse fatigue on the health and well-being of nurses
    - Impact of registered nurse fatigue on patient safety
    - Patient classification/acuity systems
    - Staffing patterns and nursing-sensitive patient outcomes
    - Salaried registered nurse-staffing models

12. Schools of Nursing, as well as Schools of Public Health, Occupational Health, Health Services Research and Economics, should develop graduate research foci around the areas of patient acuity, nurse staffing patterns, nurse fatigue and quality of care.

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Alaska Native
Tribal Health Consortium

Administration · 4000 Ambassador Drive · Anchorage, Alaska 99508 · Phone: (907) 729-1900 · Fax: (907) 729-1901 · www.anthc.org

POSITION PAPER

SB 12/HB 50 – "An Act relating to limitations on mandatory overtime for registered nurses and licensed practical nurses in health care facilities; and providing for an effective date."

CONTACT: Valerie Davidson, Senior Director
Legal and Intergovernmental Affairs
through Pat Jackson, State Liaison for Alaska Native Health
523-0363 – pajackson@anthc.org

DATE: March 9, 2009

POSITION: Oppose

The Alaska Native Tribal Health Consortium (ANTHC) is a tribally controlled, non-profit, statewide tribal health organization formed pursuant to federal law to provide a range of medical and community health services for more than 130,000 Alaska Natives. It is part of the Alaska Tribal Health System (ATHS), which is owned and managed by the 231 federally recognized tribes in Alaska and by their respective regional health organizations.

ANTHC and Southcentral Foundation jointly manage the Alaska Native Medical Center (ANMC), the tertiary hospital of the ATHS located in Anchorage. We employ 500 nurses. In January of this year ANMC was recognized for a second time as a Magnet Hospital, a highly prized award given by the American Nursing Association. Only five percent of all U.S. hospitals achieve Magnet Status, and even fewer are designated a second time. ANMC is the first and only Alaska hospital to receive Magnet Status. Magnet hospitals have demonstrated that they meet a set of criteria designed to measure the strength and quality of their nursing, including the ability of its nurses to contribute to patient outcomes, and where nurse job satisfaction, low turnover rates and appropriate grievance resolution are part of the standard.

We value our nurses, but we do not support SB 12 or HB 50, bills that seek to legislate work schedules and tie the hands of managers who are constantly juggling the demands of patient care against workforce availability and rising costs/chronic underfunding in the tribal health care system. We have three primary concerns about the bill as currently written:

1) *It would have a disproportionate and detrimental impact on patients in rural Alaska*
2) *It conflicts with Alaska's longstanding policy of supporting access to health care through allowing health care facilities an appropriate degree of flexibility in scheduling direct health care providers.*
3) *It creates the inaccurate impression that it applies to federal and tribal facilities and programs that comprise the Alaska Tribal Health System*

1) Disproportionate and Detrimental Impact on Patients in Rural Alaska

The bill provides no new resources and no new options. In rural Alaska recruiting and retaining qualified nurses is not merely a challenge, as it is for all of Alaska and much of the United States; it is a constant struggle. Vacancy rates, recruitment costs and staff turn-over continually plague these providers, especially tribal health providers.

This bill restricts the ability of hospital managers to work with their nursing staff to craft options in a health system that is already stretched to its limits in both staffing and financial resources. There is a real risk that the bill would lower nurse/patient ratios and decrease the quality of care patients receive by tying the hands of providers to balance patient needs with available workforce, including nurses. In rural Alaska, when nurses are not available, then patients must be diverted to another facility. Since there are no other options in rural Alaska, patients typically get diverted to the Alaska Native Medical Center. Because ANMC, as a statewide facility, serves all regions, then we experience a compounding effect at ANMC, a facility that is already too small to meet patient care needs. When ANMC is at capacity, we too are forced to divert patients to other facilities in Anchorage. This is an every day challenge, but is especially problematic during public health outbreaks. Diverting patients disrupts the continuity of care for our patients and imposes an additional financial burden on our already under-funded health system.

The bill also sets forth a reporting requirement to the State Department of Labor. Because tribal health facilities are not licensed by the state, as explained below, we believe we would not be subject to the reporting requirements. To the extent a tribal provider did comply, it would create a new, costly system of collecting data and preparing reports. ANMC employs nurses who are licensed by the state and nurses who are part of the Commissioned Corp under the federal Public Health Service, further complicating any perception of what would be required under a state law.

2) Conflict with Longstanding State Policy of Supporting Access to Health Care

The Alaska Legislature has recognized the necessity of promoting access to health care through appropriate limitations to wage and hour requirements since at least 1962 when it enacted the "hospital employee" exemption.[1] From 1962 to 1983, all employees of *non-profit hospitals* were exempt from that law. While the exemption was narrowed slightly in 1983 to cover only those employees who provide "medical services," the Legislature also expanded the exemption to the employees of *all hospitals*, not just those employed by non-profits.[2] This change addresses the "interest in keeping medical facilities open and providing more flexible schedules for employees whose extended hours of labor were needed to maintain the hospital in operation at all time" and more generally the need to "enhanc[e] access to health care" in Alaska.[3]

[1] AS 12.10.060 (1962); *Hutka v. Sisters of Providence*, 102 P.3d 947, 952 (Alaska 2004).
[2] *Hutka*, 102 P.3d at 952-53.
[3] *Hutka*, 102 P.3d at 953.

3) Applicability to Federal and Tribal Health Providers

Providing health care services to Alaska Natives and American Indians is a federal function that contributes to the fulfillment of the federal government's trust responsibility to Alaska Natives and their Tribes.[4] A federal facility performing a federal function is not subject to state regulation, even if the function is carried out by another entity, unless Congress clearly authorizes such regulation.[5] Congress has not authorized state regulation of federal health facilities serving Indian tribes and their members or of tribal facilities that fulfill this federal function pursuant to the Indian Self-Determination and Education Assistance Act.

Rather, Congress has taken pains to promote self-determination and self-governance by ensuring that Tribes and tribal organizations have sufficient flexibility to address the unique needs of Native Americans and the extraordinary challenges of providing quality, culturally appropriate health care with very limited resources, often in extremely remote locations. This is because one of the purposes of the ISDEAA is to provide

> a meaningful Indian self-determination policy which will permit the orderly transition from the Federal domination of programs for, and services to, Indians to effective and meaningful participation by the Indian people in the planning, conduct, and administration of those programs and services.[6]

For similar reasons, Congress has provided an explicit exemption for Tribes and tribal organizations from the operation of most federal employment law, including Title VII of the Civil Rights Act of 1964, the American with Disabilities Act, and the Davis-Bacon prevailing wage rate requirements.[7] Courts have also recognized tribal exemptions with respect to other federal laws, like the Age Discrimination in Employment Act (ADEA), that do not specifically address their applicability to Tribes and tribal organizations.[8] One federal appellate court ruled that other federal laws and interests must give way to ISDEAA's overriding objectives when it

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[4] *See, e.g.*, 25 USC § 1616*l*; S. Rep. No. 102-392 at 2 (1992), *as reprinted in* 1992 USCCAN 3943, 3944. *See, also,* note 2, *supra.*

[5] *Goodyear Atomic Corporation v. Miller*, 486 U.S. 174, 181 (1988).

[6] 25 USC § 450a(b).

[7] 42 USC § 2000e(b)(1); 42 USC § 12111(5)(B)(i); 25 USC § 450e(a). *See also, Pink v. Modoc Indian Health Project*, 157 F.3d 1185, 1188-89 (9th Cir. 1998) (non-profit corporation created by two tribes qualified as an "Indian tribe" under Title VII where corporation was formed to deliver health care services under an ISDEAA agreement, even though services were provided outside the boundaries of a reservation), *Setchell v. Little Six, Inc.*, No. C4-95-2208, 1996 WL 162560, at *2 (Minn.App. April 9, 1996), *cert. den.* 521 U.S. 1124 (1997).

[8] 29 USC§ 626(d). *E.g.*, *EEOC v. Karuk Tribe Housing Authority*, 260 F.3d 1071, 1081 (9th Cir. 2001) (ADEA inapplicable to tribal housing authority that "occupies a role quintessentially related to self-governance"); *Taylor v. Alabama Intertribal Council*, 261 F.3d 1032 (11th Cir. 2001) (employee's race discrimination claim concerned tribal self-governance and intramural Indian matters). *See also Penobscot Nation v. Fellencer*, 164 F.3d 706 (1st Cir. 1999) (employment of a non-Native in federally funded public health nurse position is an "internal tribal matter" and not subject to state regulation).

addressed the potential applicability of the National Labor Relations Act to the Yukon-Kuskokwim Health Corporation.[9]

Congress and the federal courts have thus essentially deemed the Fair Labor Standards Act (FLSA) to be sufficient protection for tribal employees.[10] Because of the unique nature of nursing care, however, some nurses are exempt from FLSA's wage and hour requirements while others are protected through special provisions that specifically accommodate the need for scheduling flexibility. The Act's implementing regulations were recently revised with the benefit of comprehensive comments from nursing associations, patient advocacy groups, and health care facilities and they continue to recognize the need and appropriateness of allowing for this degree of flexibility. Alaska's own wage and hour laws and regulations are quite similar to the federal scheme in this respect.

At the same time, the Indian Health Care Improvement Act (IHCIA) and the Indian Self-Determination and Education Assistance Act (ISDEAA) provide a comprehensive framework for regulating tribal health care. Their broad language, together with the exemption from most federal employment law, provide a clear indication that Congress did not intend to allow federal agencies to impose their own rules on Tribes and tribal organizations, much less subject them to potentially overlapping and less flexible requirements enacted by individual states. Otherwise state law would "obstruct[] the execution of the purpose of the federal [law]."[11] The Supremacy Clause and the federal preemption doctrine prohibit this, especially in areas like Indian health care that has been a federal responsibility for centuries.[12]

"The Alaska courts have noted that the provision of Indian health care services is an area that is "comprehensively and pervasively regulated by the federal government which is manifested in both the ISDEAA and the IHCIA."[13] Once the federal government has thus occupied the field, there is no allowance for state regulations, even if it is consistent with statutory purposes.[14]

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[9] *YKHC v. NLRB*, 234 F.3d 714, 718 (D.C. Cir. 2000) ("NLRA must make in order to accommodate federal Indian law, as reflected in [ISDEAA]").. The Board concluded that it was inappropriate to exercise jurisdiction over YKHC in light of its role in fulfilling federal government's trust responsibility to provide free health care to Alaska Natives. *See also* 29 USC § 151, *et seq.; YKHC and International Brotherhood of Teamsters, Local 959, AFL-CIO, CLC*, 341 NLRB No. 139, May 28, 2004 (declining to exert jurisdiction over off-reservation tribal health organization fulfilling federal trust responsibility to provide free health care to Alaska Natives, even though organization employs many non-Natives and provides health care services to a small number of non-Natives).

[10] 29 USC § 201, *et seq.*

[11] *The Alaska Dental Society, et. al. v. State of Alaska, et. al*, 3AN-0604797 CI, 12 (June 27, 2006), *quoting Catalina Yachts v. Pierce*, 105 P.3d 125, 128 (Alaska 2005).

[12] *Alaska Dental Society* at 15, *citing Wachovia Bank, N.A. v. Burke*, 414 F.3d 305, 313 (2d Cir. 2005) (no presumption against federal preemption in fields substantially occupied by federal authority for extended time); *United States v. Locke*, 529 US 89, 108 (2000) (no presumption against preemption is triggered when significant history of a federal presence,).

[13] *Alaska Dental Society* at 15, *citing Ketchikan Gateway Borough v. Ketchikan Indian Corporation*, 75 P.3d 1043, 1049 (Alaska 2003). *See also, id.* at 1048 (majority setting aside issues of whether tribal health clinic is "subject to comprehensive and pervasive federal oversight.")

[14] *E.g., National Audubon Society v. Davis*, 307 F.2d 835, 851 (9th Cir. 2002).

In addition to this existing federal law, CMS quality standards and Joint Commission standards impose high quality standards on federal and tribal facilities that participate in the Medicare and Medicaid programs. In Alaska, this includes all of the major IHS and tribal health facilities.

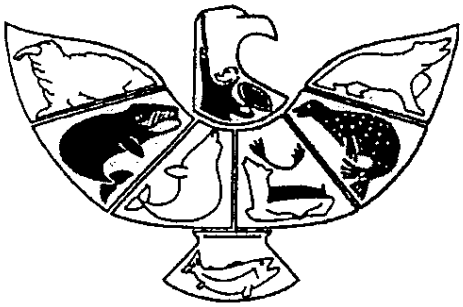
Together, these federal laws address the same concerns intended to be addressed by SB12/HB50. However, they do so in a way that allows facilities more flexibility. While they impose certain performance and quality standards, they do not dictate the means for accomplishing them by imposing rigid requirements that may or may not lead to the same level of performance or quality (or, in the case of rural Alaska, undermine the very goals that the bill sponsor is trying to promote).

Conclusion

We understand that the bill sponsors and supporters are trying to protect nurses from being overworked and patients from accidental errors that may occur as a result. However, we don't believe legislating hours is the right solution. ANTHC and our partner tribal health facilities work very hard to recruit and retain quality nurses. We place high value on the nurses who work for us, and are actively involved in programs like the University of Alaska's Rural Nursing Program. We have been innovative in crafting solutions where physician and nursing services have been non-existent—principal among them, the Community Health Aide Program.

We also value the partnerships we have with many of our non-tribal hospitals/health system partners. We understand the value of flexibility in workforce negotiations. Legislation, of course, takes discussion regarding choices off the table. We in the tribal health system have our own history of suffering unintended consequences from legislation that started with the best of intentions. Today, through our compact with the Indian Health Service, we engage each year in a very formal negotiation, where challenges for everyone involved are brought to the table and worked through to the point of consensus. We support the request of our partners that this legislation be held and to let the process of labor negotiations to proceed.

Thank you for your careful consideration of these issues. We would be happy to provide any further information upon request.



Alaska Native Health Board

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Phone: (907) 562-6006
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March 6, 2009

Representative Peggy Wilson
State Capital Building, Room 406
Juneau, Alaska 99801-1182

Dear Representative Wilson,

We write to express our deep reservations over HB 50, limiting mandatory nurse overtime.

The Alaska Native Health Board appreciates and values the services nurses provide to patients in Alaska, especially our Alaska Native patients, whom we consider to be our customer-owners.

It is the experience of Tribal health providers that nurses are highly dedicated, caring providers who will give their last ounce of skill to care for their patients. Tribal health providers expend a great deal of effort and expense to recruit and retain good nurses to provide care and cover all necessary shifts. Providing adequate and safe nurse staffing is an important part of Tribal health providers' overall responsibility to provide high-quality care to our patients. It is out of this responsibility to care for our patients that we express our concerns over HB 50, as follows:

HB 50 will hurt patient care, especially in rural Alaska

In healthcare, the guiding principle is "do no harm." However, with HB 50, in many remote Tribal health locations, all it would take to leave a shift uncovered would be for one or two nurses to decide, for any reason or no reason at all, that they don't want to work overtime.

The rural Tribal health provider would in many cases have no choice but to simply not cover the shift and put patients at risk, because rural Tribal health providers do not have the urban luxuries of (1) calling in other off-duty nurses, (2) getting temporary "agency" nurses to cover shifts on short notice or (3) re-directing patients to other nearby facilities.

In practice, HB 50 would make it impossible for Tribal health providers to make sure all shifts were covered, particularly in the remote rural parts of the State. Perhaps this is why almost no rural States have adopted legislation similar to HB 50.

HB 50 is an unfunded mandate that will unnecessarily drive up costs

Many Alaska Tribal health providers are having a tough time financially due to sky-high fuel and other costs commonly associated with running a facility in rural Alaska. They have had no choice in some cases but to lay off healthcare workers and reduce services.

Under HB 50, even in a situation where a Tribal health provider might be able to cover a shift when one or more nurses were to choose not to work overtime, the Tribal health provider would likely only be able to do so at GREAT COST, e.g., (1) over-hiring extra regular-shift nurses ahead of time (assuming a sufficient labor pool) and hoping one of the new hires is willing to pull non-scheduled shifts; (2) flying in temporary "agency" nurses from an urban area at the last minute (expensive), or (3) transferring / referring patients to an urban provider (adding an additional expensive travel cost to providers and to the Medicaid program).

Laws such as HB 50 are intended to solve urban problems not applicable in Alaska

Legislation such as HB 50 has been adopted in only 15 States, nearly all urban, out of concern that hospitals might be (1) under-hiring and then abusing mandatory overtime in order to control payroll/benefits costs, or (2) abusing mandatory overtime rules as a collective bargaining tactic.

There is no evidence that these conditions exist in Alaska. While there are well-documented chronic challenges in nurse staffing, particularly among Tribal health providers, these staffing challenges are no different than the staffing challenges we experience with all the healthcare professional categories. And while we cannot speak for others, we can say unequivocally that Alaska Tribal health providers are not purposely understaffing as an abusive labor practice. The reality is that to the degree we have nurse staffing challenges, it is because of the tight national nurse labor market, compounded by the never-ending challenge of figuring out how to get good nurses, doctors, technicians, administrators, etc. to live and work in remote locations in Alaska.

HB 50's proponents agree *that "there are few official overtime complaints by nurses..."*, and that there are *"low numbers of complaints and benign exit interviews...."*

We acknowledge that nursing is a tough profession. The work itself is challenging enough, in addition to the difficult shift scheduling that of necessity must put patients' needs first. But those challenges come with the territory in healthcare: Physicians, administrators, technicians, clerks, etc. also must adjust the scheduling of their work to meet the needs of the patients.

HB 50 is unnecessary: mandatory nurse overtime issues can be addressed by other means

Because of the well-documented nurse shortage in Alaska, there is a very tight labor market for nurses. Nurses have significant leverage in negotiating the terms and conditions of their employment. Hours and shifts to be worked, shift-swapping flexibility, on-call requirements and how to handle anticipated overtime are all commonly agreed to in employment agreements.

In reality, the tight labor market for nurses in Alaska, combined with well-established avenues and procedures for nurses to negotiate the terms and conditions of employment, give nurses more than sufficient leverage to address any concerns they might have with regard to mandatory overtime, or for that matter, any other terms or conditions of employment.

The result, acknowledged by HB 50's proponents, is that *"there are few official overtime complaints by nurses..."*, and *"low numbers of complaints and benign exit interviews...."*

Representative Wilson, we thank you for efforts on behalf of Alaska Tribal health providers. We appreciate this opportunity to express our concerns with HB 50, and we look forward to working with you in a cooperative manner on the many important healthcare issues pending this session.

Respectfully,

Evangelyn Dotomain
President/CEO

ASHNHA
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TESTIMONY ON HOUSE BILL 50

ASHNHA represents 27 private, federal, state, and tribal health care facilities located throughout Alaska. The testimony presented here has been approved by ASHNHA's general membership (see detailed member list at bottom of testimony).

ASHNHA's membership does not believe the limitations proposed in House Bill 50 are needed to assure continued delivery of excellent patient care throughout the State.

ASHNHA's members have a long-standing commitment to respect the individual importance of each nurse in our health care delivery mission, and to treat each nurse fairly in the work place. This obligation to our nursing staff must be balanced with providing the best possible care to each patient.

ASHNHA believes our members are responsibly negotiating work scheduling policies with their nursing staff through local work agreements that meet the unique needs in each community. Solutions in Anchorage to work scheduling challenges for Petersburg will be different than what will meet the needs of management and nursing staff in Anchorage. A standard statewide mandate on how work scheduling must be done as proposed in House Bill 50 is not a realistic approach to solving these work scheduling challenges around the state.

From the consumers' perspective there are tools for determining objectively how well Alaska hospitals and nursing homes are meeting their patient care goals while not overburdening the nursing staff. Two of these resources include:

1. ***Hospital Compare*** data collected by the U.S. Department of Health & Human Services. This data captures critical information on care provided as well as patient feedback on their experience in the hospital setting. Specifically with respect to the patient's satisfaction with their hospital experience, Alaska's hospitals compare quite favorably against national statistics in this area. Some examples from the U.S. DHSS data include:
   - How often did patients feel they received help quickly?
     a. U.S. average was 88% reporting 'always' or 'usually'
     b. Alaska average was 90% reporting 'always' or 'usually'

   - How often did nurses communicate well to the patients?
     a. U.S. average was 94% reporting 'always' or 'usually'
     b. Alaska average was 95% reporting 'always' or 'usually'

   - How did patients rate their hospital experience overall?
     a. U.S. average was 89% reporting 7 or higher on scale of 10
     b. Alaska average was 89% reporting 7 or higher on scale of 10

3011

2. **Numerous federal, state and private resources** are available that examine medical care delivery processes, policies, outcomes, patient complaints, and adequacy of staffing among others. None of these organizations have pointed to any patient care issues related to requiring nurses to work beyond agreed upon shifts.

In addition to these consumer resources, ***ASHNHA*** has tracked mandatory overtime usage for four years in Alaska through our own survey. The latest data is shown in the attached table. This survey has allowed ***ASHNHA*** to gain a better understanding of the frequency with which 'mandatory' overtime is used by our member facilities. **'Mandatory'** in this context is overtime that is not willingly worked by a nurse and does not include 'on-call' overtime hours.

While there certainly are times when a nurse is required to stay beyond their shift because of an unexpected staffing problem, this happens very seldom and management's policy is to find nursing staff quickly to fill these unanticipated staffing gaps. ***ASHNHA's*** latest nurse overtime survey comparing 2007 and 2008 mandatory overtime usage demonstrates our members continuing commitment to minimize use of mandatory overtime. In fact only 4 facilities reported mandatory overtime usage in 2008 and the majority of the overtime hours reported were by the state operated Alaska Psychiatric Institute.

How do Alaska facilities keep use of mandatory overtime to a minimum? Alaska facilities have developed strategies to avoid situations that would require the use of mandatory overtime. These strategies begin with a comprehensive analysis of patient activity, types of procedures and other information to determine the number of nursing staff required by time of year, time of day and area of hospital care. Management uses this information to insure adequate staff is available to meet patient care needs 24/7, 365 days a year.

Based on this analysis, management and nursing staff agree to on-call policies to meet the needs of patients during low demand periods for very specialized procedures. These on-call expectations are known by nursing staff when they choose these specialized areas to work in. In small, rural facilities there may be general on-call expectations in order to be sure nursing staff is available 24/7 given the low volume of patient admissions that these facilities experience and the greater difficulty these facilities have hiring experience nursing staff.

In addition, hospitals and nursing homes have pre-established arrangements with temporary nurse staffing agencies to bring in temporary nursing staff to fill unexpected gaps in staffing. As you will note on the attached table displaying temporary nursing hours purchased by Alaska facilities, nearly ¼ million hours of temporary nursing time was used by Alaska facilities to avoid imposing mandatory overtime on their nursing staff.

A key contributor to Alaska's facilities' need to use temporary staffing hours is the ongoing challenge in hiring adequate nursing staff for the many different care settings that a facility must provide. ***ASHNHA*** members have been very proactive to address this issue over the last five years including:

1. Financially contributing to the University of Alaska expansion of their nursing program from 100 nurses each year to over 200 nurses each year.
2. Creating clinical experiences for student nurses and recently graduated nurses to gain hands-on nursing experience required to complete their education, or to achieve the patient care experiences necessary to become employed in a hospital setting.
3. Providing distance learning opportunities so local residents can take nursing courses in their own community with minimal need to spend large amounts of time out of town to achieve their clinical experiences.
4. Purchasing tens of thousands of hours of temporary nursing hours to fill staffing gaps to minimize use of mandatory overtime.

Even with these initiatives approximately 1/3rd of the facilities reporting on this year's survey believe the nursing shortage situation has worsened. The good news is that with all the additional attention provided by the University of Alaska to graduate more nurses combined with Alaska facilities expanded programs to provide hands-on training experiences for them, 2/3rd of the facilities reported that the nursing shortage was at least the same if not better. This is a slight improvement over years past.

RECAP OF ASHNHA's CONCERNS with HB 50:

- ***ASHNHA's*** data shows Alaska's hospitals and nursing homes are not routinely relying on mandatory overtime to fill staffing gaps. On the contrary ***ASHNHA's*** data shows that use of mandatory overtime is a rare occurrence with all but 4 facilities reporting **ZERO** use of mandatory overtime in 2008 (see attached chart).

- ***ASHNHA's*** data continues to show that no employee grievances on inappropriate use of mandatory overtime were reported for 2007 or 2008 by facilities.

- ***ASHNHA*** believes that establishing work hours and scheduling are appropriately a local employer responsibility to negotiate with its employees. This is being done in every community in a responsible manner with equal concern to employee and patient concerns. Work force challenges vary significantly from one community to the next making a single approach to addressing this challenge unworkable. A number of facilities are either in negotiations with nursing staff or will begin those negotiations shortly. These negotiations should be given an opportunity to address any concerns from nursing staff.

- The ongoing monitoring systems operated by federal, state or independent private agencies that review patient care show Alaska health care quality is excellent. None of these organizations has identified use of mandatory overtime as a problem related to delivery of excellent patient care in Alaska.

- ASHNHA's members have worked diligently to reduce the nursing shortage problem in Alaska by contributing substantial funding over the last four years to help support an expanded nursing program at the University of Alaska. This program is now graduating 200 nurses annually compared to 100 nurses before the program's expansion.

- House Bill 50 would impose a new reporting burden for Alaska facilities. These reports would have to be filed semi-annually and must contain detailed work hour information for each staff nurse employed by the facility as well as each contract nurse.

Contact for more information: Rod Betit, President/CEO ASHNHA rbetit@ashnha.com

This Testimony is on Behalf of the Following Alaska Health Care Facilities

Alaska Regional Hospital, Alaska Native Medical Center, Bartlett Regional Hospital, Central Peninsula General Hospital, Cordova Community Medical Center, Denali Center Nursing Home, Fairbanks Memorial Hospital, Heritage Place Nursing Home, Kanakanak General Hospital, Ketchikan General Hospital, Maniilaq Health Center, Mt. Edgecumbe Hospital SEARHC, Norton Sound Regional Hospital, Petersburg Medical Center, Providence Alaska Medical Center, Providence Extended Care Center, Providence Kodiak Island Medical Center, Providence Seward Medical & Care Center, Providence Valdez Medical Center, Sitka Community Hospital, South Peninsula Hospital, St. Elias Specialty Hospital, Wrangell Medical Center, Yukon Kuskokwim Delta Regional Hospital, North Star Behavioral Health, Wildflower Court Nursing Home.

ASHNHA 2007 and 2008 NURSE OVERTIME SURVEY RESULTS -
(March 11, 2009)

Facility	Nurses in Union?	Shortage Better, Worse, Same	Length of Shift (Hrs)	Nurse Vacancy Rates as %		Mandatory OT Usage- Total Hrs		On-call Policy		Temp Nursing Hours Needed to Fill Vacancy		# of OT grievances filed 2008
				2007	2008	2007	2008	Require	# times /month	2007	2008	
Alaska Regional Hospital	Yes	Same	12	19%	15%	0	0	OR only	3x	44,349	30,542	0
Alaska Native Medical Center	No	Data Not Available at This Time										
Alaska Pioneer Homes (All Six Facilities)	Yes	Same	7.5,10,15	n/a	n/a	0	0	n/a	n/a	0	0	0
Alaska Psychiatric Institute	Yes	Same	8.10,12	19%	14%	468.5	285.5	No	n/a	n/a	n/a	0
Bartlett Regional Hospital	Yes	Worse	12	14%	5%	108	104	OR only	56hr/mo	19625	18518	0
Central Peninsula General Hospital	Yes	Same	8,12	10%	2%	37	36	Surgery	7x	1230	0	0
Cordova Community Medical Center ✔	No	Same	12	10%	11%	0	0	Certain Units	3x	2673	2452	0
Denali Center Nursing Home	No	Better	8.10,12	6%	5%	0	0	No	n/a	1860	1760	0
Fairbanks Memorial Hospital	No	Same	8.10,12	10%	10%	0	0	Certain Units	Varies by Unit	n/a	47000	0
Heritage Place Nursing Home	No	Same	8.10,12	10%	10%	0	0	No	n/a	0	0	0
Kanakanak General Hospital ✔	No	Data Not Available at This Time										
Ketchikan General Hospital ✔	Yes	Better	8,9,10,12	7%	8%	0	0	Certain Units	1 to 10x	11,700	15,000	0
Manilaq Health Center ✔	No	Data Not Available at This Time										
Mt. Edgecumbe SEARHC Hospital	No	Better	8,9,10,12	25%	12%	0	100+	Certain Units	1 to 10x	27,960	15,421	0
North Star Behavioral Health System	No	Same	8,16	10%	10%	0	0	No	n/a	0	0	0
Norton Sound Regional Hospital ✔	No	Data Not Available at This Time										
Petersburg Medical Center ✔	No	Same	12	13%	12%	0	0	Yes	8	3000	2650	0
Providence Alaska Medical Center	Yes	Worse	8,10,12	8%	12%	0	0	Certain Units	n/a	102,438	85,103	0
Providence Extended Care Center	No	Worse	8,10,12	9%	13%	0	0	No	n/a	188	0	0
Providence Kodiak Island Medical Center ✔	Yes	Worse	8,10,12	8%	16%	0	0	Certain Units	n/a	2192	0	0
Providence Seward Medical & Care Center ✔	No	Worse	8,10,12	11%	4%	0	0	No	n/a	2318	905	0
Providence Valdez Medical Center ✔	No	Worse	8,10,12	36%	22%	0	0	No	n/a	2193	4853	0
Sitka Community Hospital ✔	No	Better	8,12	21%	6%	0	0	No	n/a	5100	2748	0
South Peninsula Hospital ✔	Yes	Same	8,10,12	3%	8%	0	0	Certain Units	4-13x	840	4920	0
Wildflower Court Nursing Home	No	Same	8,10,12	0%	0%	0	0	Yes	1	0	1000	0
Wrangell Medical Center ✔	No	Worse	8,12	0%	10%	0	0	Yes	4hr - 14X	0	500	0
Yukon Kuskokwim Regional Hospital	No	Same	10,12	n/a	n/a	0	0	Certain Units	n/a	n/a	12,600	0
TOTAL	9Y 18N	12S7W4B		12.0%	9.0%	613.5	425.5			227,666	245,972	0

Testimony on House Bill 50
House Health and Social Services Committee
presented by Roger Lewerenz, RN at the Heart Center
Providence Alaska Medical Center
March 12, 2009

Good afternoon Mr. Chairman and Committee members. My name is Roger Lewerenz and I am a registered nurse and work as a clinical nurse education for the Heart Center at Providence which includes cardio vascular observation, cardio vascular intervention unit and the Cath Lab.

The cath lab is a highly specialized are where patients having heart attacks, strokes and other life-threatening problems receive care. The staff consists of RN's, cardio vascular technologists, and radiology technologists. All of these staff have extensive specialized training making them competent to work in the Cath Lab. We care for patients from neonatal infants, who are hours old, to those who are just over one hundred years old.

I cannot have just any RN come into the Lab to assist because of the specialized nature of the work. I would estimate it would take approximately one year to fully train an experienced critical care nurse before he or she could be deemed qualified to provide care in the Cath Lab.

We staff the Cath Lab, Monday to Friday from 7:30 a.m. to 4:00 p.m. to handle regularly scheduled procedures. From 4:00 p.m. until 7:30 a.m. the next morning and on weekends we utilize a call team. This call team consists of an RN, a radiology technologist, and cardio vascular technologist. Each individual takes one night a week and one weekend every five weeks.

It is not unusual for this team to be called in, in the middle of the night, to provide care for a patient experiencing a heart attack or other life threatening emergency.

Without the availability of this call team, many patients may not receive the timely care they require.

Recently the team was called in to care for a patient experiencing a heart attack. Because of the availability of this call team, the patient survived.

There are nights when the call team does not get called in. There are other nights when they are there for several hours.

The restrictions that would be imposed if this bill passes would negatively impact our ability to care for this patient population due to the unavailability of trained staff.

Thank your very much for the opportunity to testify today.

Testimony on House Bill 50
House Health and Social Services Committee
presented by Cindy Alkire, Assistant Chief Nurse Executive
Providence Alaska Medical Center
Marcy 12, 2009

Good afternoon Mr. Chairman and members of the Committee. My name is Cindy Alkire and I am here today to testify on behalf of Providence Health and Services Alaska. I am the Assistant Chief Nurse Executive at Providence Alaska Medical Center. I have been a nurse for over 26 years and have provided direct patient care during my nursing career. In my current role as a nurse executive I am responsible for managing and directing the activities of nurses employed within The Children's Hospital at Providence.

Providence opposes House Bill 50 for many reasons. First, most Alaskan hospitals have been successful in avoiding the use of mandatory scheduled overtime, recognizing that nurses need rest between their shifts. Providence does not use mandatory overtime.

Secondly, this bill does not appropriately address the "on call" issue currently present in our operating rooms, post anesthesia care unit, cath lab, and dialysis unit. "On call" is defined as being available within 30 minutes to come in to work and care for patients. This is only used to provide rapid response to care for patients in life-threatening situations.

I have read through the history of this legislation and the "on call" issue appears to be the most critical issue that is unresolved.

The issue of "on call" is not easily solved since hospitals must provide emergency services 24 hours per day. Nurses working in the OR, Cath lab (Acute stroke, acute MI, infant cardiac defects), and Dialysis must have specialized training and experience to work in those areas. It is such specialized training that it makes its impossible to have just any RN step in and help. This specialized training can take up to 2 years to complete. Even within the Operating room there are specialties such as "the heart team". While routine procedures in these areas are scheduled during normal operating hours healthcare institutions must have a mechanism to deal with emergencies outside of normal business hours, that is the reason an "on-call" system was developed. Why is this important?

Our interpretation of the bill uses "on call" to mean the same as "work" thus limiting staff in these critical areas to be on call in combination with time actually worked. For example, if a nurse is on call in any of these areas during the week he/she could easily exceeds the 80 hours in a 14 day period or more than 14 hours in one day mandate.

Furthermore nurses many times choose to take their call time on the days they are scheduled to work so that it does not interfere with their regularly scheduled day off – this legislation would impact the nurse's ability to manage their own schedule and their own time off.

While Providence has done much to limit the amount of "on-call" it is still necessary because these areas must staff available for emergencies that occur on evenings, nights, holidays, and weekends. If requiring an "on call" staff person to fulfill their on call obligation is considered mandatory overtime, this bill would adversely impact the ability of hospitals to provide emergency surgery, heart caths, and emergency dialysis.

The way this bill is written and the implications of the "on call" piece could result in unsafe conditions for patients because there would not be enough volunteers of staff with the experience needed to provide 24 hours 7 day a week access to emergency care. There is even the risk that Alaskan hospitals would have to close some of their beds causing patients to seek healthcare outside of Alaska.

I ask you to consider for a moment how such an unsafe patient situation could occur. In our Neonatal Intensive Care unit we care for the most vulnerable of babies. One of the complications that can occur as they are growing and developing is an infection in their intestines. This infection can lead to an intestinal rupture and it occurs quite suddenly. The only way to survive this complication is immediate surgical intervention. This legislation could prevent this surgery from happening. Put yourself in the place of the family of this baby when they are told their baby died because we did not have the staff to perform the needed surgery. This type of situation could occur with many different patients and families if our "on-call" system is compromised. Therefore, we must have the flexibility to effectively staff, manage, and deliver healthcare that our patients expect and demand of our health care system.

Quality and safe patient care is Providence's first priority. Hospitals and health systems have many safeguards in place to ensure that patients receive quality care, including detailed inspections by the federal government, the state Department of Public Health, and private accrediting agencies such as the Joint Commission. Quality, performance improvement, staffing, competencies, and patient satisfaction are monitored continuously. In order to maintain accreditation, hospitals are required to measure patient acuity and care requirements and provide adequate hours of nursing care to meet those requirements. In addition our hospital's ability to maintain the confidence of their communities in providing top quality care determines, in large measure, the success of their futures.

Finally, Providence believes the use of mandatory nurse overtime which according to the this bill could include "on-call" is a labor relations issue and needs to be handled at the negotiating table. Collective bargaining affords

management and nursing representatives to work out local issues with solutions that work for that community. Flexibility in developing solutions and adjusting those along the way is far preferable to a one-size solution prescribed in state law. Providence is scheduled to begin negotiations with the union representing our nurses, the Alaska Nurses Association, in mid-March and the use of mandatory nurse overtime will be a part of those negotiations. Providence respectively requests that the Alaska Legislation allow us the opportunity to address these critical issues during our upcoming negotiations.

Thank you for allowing me to the opportunity to appear before you today to present testimony on House Bill 50.

Testimony on House Bill 50
House Health and Social Services Committee
presented by Marilyn Edwards, Operating Room Clinical Manager
Providence Alaska Medical Center
Marcy 12, 2009

Mr. Chairman and members of the Committee – my name is Marilyn Edwards and I am the Operating Room Clinical Manager at Providence Alaska Medical Center. I have been a nurse for 31 years, 30 of those in the operating room – the last five years at Providence.

My immediate concerns revolve around safe quality patient outcomes and a safe work environment for my operating room staff.

It would be devastating to patient outcomes to enact a "one-size solution" prescribed in state law to resolve/control a mandatory nurse overtime concern that does not exist at the Providence Alaska Medical Center Operating Room.

We pride ourselves in the OR at Providence in being able to provide quality care to our patients needing surgical intervention while providing optimal work/life balance for our staff.

We have staff RN's scheduled to work from Sunday at 6:45 a.m. through Saturday at 7:00 p.m.

We are fully staffed with RN's. I have zero vacancies currently. To clarify optimum work/life balance: less than half of my RN's work full time. The full breakdown is as follows:

48 OR registered nurses total. This includes:

- 2 educators
- 1 RN traveler
- 6 Team leads
- 1 registered dialysis nurse

8 of the 48 nurses work 12 hour shifts
Four of these 12 hour shifts were added in the past year at the request of four of these 48 RN's
7 nurses work 10 hour shifts, and
33 nurses work 8 hour shifts

22 of the 48 RN's work a 1.0 full time equivalent position
9 RN's work a .09 full time equivalent
4 RN's work a .08 full time equivalent, and

2 RN's work a .06 full time equivalent

We have 10 "registry" RN's – a registry RN is only required to work 3 shifts per month, with minimal call.

A 1.0 full time employee working 6:45 a.m. to 3:15 p.m., has an average of one evening call, one night call, and two weekend shifts, either scheduled shifts or "call" per four week period.

A 12 hour RN, .09 FTE, usually has night or weekend "call." Much of this call is assigned around the individual RN's request because they may want the call scheduled when they are also scheduled to work to allow for consecutive days/nights of time off.

2 RN team leads volunteer to take second night call more often. One team lead averages 7 to 9 orthopedic call shifts per month. The one heart team leader averages 14 to 17 calls/shifts per month that she volunteers for.

During the interview process for a new position, all OR staff candidates are notified of the call requirements for the OR. The assigned call coverage is necessary to provide rapid (30 minutes from when notified) response for emergent patient care above what we are routinely staffed for based on volume trends of operation.

I have read and heard anecdotal stories of nurses being "tired" and unable to provide quality, safe care to our patients. One such story I saw in the February 2009 edition of the Alaska Nurses Association publication reports "an acuity system that was failing the nurses at a facility. There was sadness expressed regarding the load these nurses carried home with them." I'm unsure if the over-worked and under-staffed nurses that this articles mentions were in a Montana facility where the author's relative received care. I'm not sure because it does not mention the location of the facility.

Why I bring this up is that we provided for time off for the employee to be with their sick and dying relative out of state. During this period, OR RN's volunteered and covered the mentioned employee's shifts and call while we interviewed and contracted to bring a traveling RN in to fill the staffing gap so as not to overburden our nurses with more call for a longer duration.

If the fellow PAMC OR nurses had not been "allowed" to cover the call shifts due to already meeting their call and work requirements, as set out by this bill, we would not have been able to accept heart patients during this short time period. That would be devastating to these critically ill patients -- to have to turn them away – divert them from the care they desperately need.

26-LS0274\N.3
Wayne
3/19/10

AMENDMENT #1

By Stoltze by Request

OFFERED IN THE HOUSE

TO: CSHB 50(HSS)

Page 2, line 9:

Delete "**Article 4**"

Insert "**Article 5**"

Page 4, lines 4 - 7:

Delete all material and insert:

"(ii) at a residential psychiatric treatment center, as defined under AS 18.07.111, that treats only children;

(iii) at a residential psychiatric treatment center, as defined under AS 47.32.900; or

(iv) at a secure residential psychiatric treatment center, as defined under AS 47.12.990;"

Page 8, line 5:

Delete "AS 47.32.990"

Insert "AS 47.12.990"

Page 8, line 25:

Delete "2010"

Insert "2011"

Page 8, line 26:

Delete "2009, through December 31, 2009"

3022

Insert "2010, through December 31, 2010"

Page 8, line 28:

Delete "2009"

Insert "2010"

Page 8, line 29:

Delete "2010"

Insert "2011"

Patrick M. Nolan, D.O., F.A.C.E.
ENDOCRINOLOGY/ INTERNAL MEDICINE
A PROFESSIONAL CORPORATION
3300 PROVIDENCE DRIVE
SUITE 206
ANCHORAGE, ALASKA 99508
TELEPHONE (907) 561-6100

Comments on SB 12 & HB 50: "An act relating to limitations on mandatory overtime for registered nurses and licensed practical nurses in health care facilities." Patient Safety Act

To Whom It May Concern:

Thank you for listening to my comments. As a physician, specializing in endocrinology, I am distressed at the physical alterations that can occur in an aging nursing workforce while their hours and demands steadily rise. It is no secret that the population of America is aging. In Alaska the average age of a professional registered nurse is close to 49 years old.

According to John Howard, MD, former director of the National Institute for Occupational Safety and Health, "the average number of hours worked annually by workers in the United States has increased steadily over the past several decades and currently surpasses that of Japan and most of Western Europe." (2004) Dr. Howard continues noting, "the influence of overtime and extended work shifts on worker health and safety, as well as on worker errors, is gaining increased attention from the scientific community, labor representatives, and industry...the volume of legislative activity seen nationwide indicates a heightened level of societal concern and timeliness of the issue." Many states have passed safe patient legislation with its foundation based on research correlating much higher error rates with overtime. The Institute of Medicine identifies long hours for nurses as one of the critical problems in safety studies, and has been advocating for safeguards.

Nurses are critical thinking professionals employed to assess, treat, and evaluate patients, and need a non-mandated work environment to function well. Patients should not be subjected to those who are fatigued, stressed, and forced to work overtime. We all depend on the nurse to be alert and aware.

I encourage the Alaska Legislature to be judicious and rational in its thinking. Regardless of the workforce challenges for institutions, we have no alternative but to follow a strategy of safety for patients and communities. Please limit the overtime and extended hours worked by nurses in the State of Alaska.

I thank you for this opportunity,

Patrick M Nolan, DO, FACE
3300 Providence Drive, Suite 206
Anchorage, AK 99508

February 12, 2009

Re: HB50/SB12

Dear Honorable Legislators

I would like to see mandatory overtime/on call addressed. I was in the hospital from 0645 till 0045 last night then had to return at o645 today. I am on call again this pm 1900 to 0700 tomorrow.

I still have to come to work tomorrow and if I get called in tonight how mentally alert will I be?

Thanks,

JoAnne Zemlicka

To my Legislature regarding patient safety:

February 10, 2009

Ladies and Gentleman,

As a current Registered Nurse in Alaska of 31 years, I must say that patient safety is very important to me as a professional. I would not ever practice as a Nurse if patient safety was an issue for me. Making a Nurse work mandatory overtime puts not only the Nurse at risk of injury, it also puts her patients at risk as well. For 29 years I worked in an Intensive Care Unit full time 12 hour shifts leaving home at 6pm and getting home most mornings at 8:30am if my patients did not go bad on me in the last hour of work, otherwise it might be more like 10am.

Nurses work extremely hard with life and death situations and would not hesitate to help when needed. To make it mandatory for a Nurse to work overtime is not only wrong, it is dangerous.

I feel that Nursing is such a hard job, that it is truly a calling from God himself to accomplish this professional practice every single day.

Sincerely,

Helen Christine Wood, RN, B.S.N.
17535 Santa Maria Drive
Eagle River, Alaska 99577
907 301-2238

Senners * Po Box 102264, Anchorage, AK 99510
907-243-8044 * senfam@acsalaska.net

February 11, 2009

RE: HB 50/SB12

Dear Legislators:

I am writing this letter is support of HB 50/SB 12, acts relating to limitations on mandatory overtime for RNs and LPNs. Having been a nurse for over 25 years I can attest to how physically and mentally draining it is to work a shift as a nurse. A nurse caring for adults lifts over 1.2 tons in an 8 hour shift. The patients are feeling poorly and can become critically ill at any point, medications must be given in correct amounts to avoid toxic effects, families are anxious and often a little short, and there are many other healthcare providers with whom care must be coordinated. Because the consequences of errors can be so serious, this is not the type of work environment where nurse fatigue should be allowed to happen.

Over 30% of the nursing workforce is over the age of 50 years, and many of these nurses plan to retire in the next five years. In Alaska we have worked hard to train new nurses. We do not want to drive these nurses out of the Alaskan workforce because they are being forced to work excessive hours. Remember, Oregon , Washington and California have banned mandatory overtime for nurses making them a very attractive destination for Alaska nurses. Everyone I have talked to has been amazed that there would be any opposition to limiting the hours a nurse can work to 14.

Thank you for considering my views. Hopefully this will be the year that we work to create a work environment in which RNs and LPNs can provide quality patient care without concern of being worked to exhaustion.

Sincerely,

Patricia Senner MS, RN, ANP

February 16, 2009

Re: SB12/HB50

Dear Legislators,

I am currently a nurse educator, but have 25+ years of clinical nursing experience, as well as having recently been a consumer of health care for close family members. I am also a Certified Professional in Healthcare Quality (CPHQ), and in that role in a hospital reviewed medical records and worked to drill down adverse patient outcomes. It has been my personal experience as a bedside nurse in hospital and long term care positions that mandated overtime to cover staffing shortfalls, that the quality of care delivered was adversely impacted.

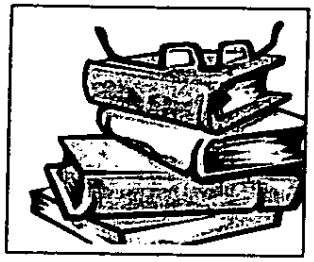
Exhausted people make poor drug calculations, poor assessments, and are less apt to walk around and check in on their patients frequently. It puts patient care in jeopardy and it also puts nurses at risk for bad practice and subsequent litigation. It is also a major reason why some nurses quit practicing in direct care positions -- and we need those nurses with high standards and clear boundaries taking care of us and our families through critical illnesses.

I ask you to support legislation that would ban mandatory overtime for nurses. Instead, support nursing education opportunities and we will continue to bring bright and motivated caregivers into the healthcare field.

Thank you for your consideration.

Anne Doerpinghaus, MS, RN, CPHQ
Assistant Professor, Allied Health
TVC, University of Alaska
ffaxd@uaf.edu

LAUREE MORTON
1802 Glacier Highway
Juneau, Alaska 99801
(936) 553-5241
lauree@gci.net



February 16, 2009

Dear Representative Wilson:

Thank you for introducing HB 50, Limit Overtime for Nurses. Nurses perform tasks that require accuracy, quick thinking and sound judgment; each of which is diminished after long consecutive hours of work in stressful environments. Both as a patient myself and as a caretaker for my father and then my mother as they had extended stays in hospital settings, I have seen overworked nurses make mistakes. Fortunately, for us, they were not life-threatening, but it is easy to imagine how they might have been.

Although some nurses may want to work overtime in these tough economic times and hospitals may believe the practice saves money, neither reason should take precedence over patient safety. Nurses need to be alert and ready to handle emergency situations as they arise. We should do everything we can to help ensure the dedicated people who choose to work in the nursing profession can do their jobs safely and well. HB 50 is a good first step.

Sincerely,

Lauree Morton

ALASKA WOMEN'S LOBBY

AWL Mission: To defend and advance the rights and needs of Women, Children and Families in Alaska

P.O. Box 20891
Juneau, Alaska 99802-0891
www.akwomenslobby.org

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Becca Madison

Lauree Morton

Jorden Nigro

Taber Rehbaum

Nancy Scheetz-Freymiller

Libby Silberling

Rose Wysocki

Letter of Support
HB 50, Limit Overtime for Nurses

The Alaska Women's Lobby, a statewide group working to defend and advance the rights and needs of women, children and families, supports HB 50. Limiting overtime for nurses is a patient safety issue. When you are in their care you want someone available to you that is well rested and nourished, can think quickly on their feet, and can interact with patients in a friendly professional manner. You do not want someone responsible for your care that has been working for ten or twelve or more hours straight without a break to be the one in charge of the decisions that can mean the difference between your living or dying. Regardless of how hospitals or nurses posit this bill, patient safety should be paramount to any other concern.

Several studies have found patient safety is at risk when nurses work more than 12 hours in a 24 hour period. The 2004 study, Working Hours of Hospital Staff Nurses and Patient Safety, found that nurses working more than 12.5 consecutive hours were three times more likely to make an error than nurses working shorter hours. Working overtime at the end of a shift also increased the risk of making an error. Possible errors, which also applied to nurses who worked unplanned overtime at the end of a scheduled shift, included giving patients incorrect medications or dosages, according to the study.

According to a 2007 study sponsored by the US Agency for Healthcare Research and Quality (AHRQ), components of working conditions, including a hospital's organizational climate, staffing, and overtime, were found to influence outcomes in the elderly patients in hospital intensive care units (ICUs). Other recent AHRQ-funded studies on nurses' working conditions and patient outcomes have found a significantly greater risk to patient safety when nurses worked beyond their regularly scheduled number of hours.

The Institute of Medicine in its 2003 report, Keeping Patients Safe: Transforming the Work Environment of Nurses recommended that nurses provide direct patient care for no more than 12 hours in any given 24-hour period and less than 60 hours in a 7-day period. AHRQ called for the report in recognition of the key role of nurses in patient safety.

Alaska should do everything possible to ensure patient safety. Limiting overtime for nurses is a solid first step. Support passage of HB 50 this session. Take seriously the charge to keep Alaskans safe as they try and get their health care needs met.

3030

2/11/09

Re: HB50/SB12

To the Honorable Senators and Representatives of the Alaska Legislature,

Please join with your counterparts in 12 other states that have passed legislation to prohibit mandatory overtime for nurses. Join our congressional delegation of Senator Murkowski and Congressman Young who co-sponsored the Safe Nursing and Patient Care Act of 2007 which prohibits mandatory overtime except in cases of states of emergency.

Most people would not choose to fly in a plane with a pilot forced to work beyond what they felt was their safety limit in competence for work hours. In fact, it is illegal. How then has it taken so long to pass this legislation that will contribute to patient safety? This is not a matter of employer rights in staffing. If a nurse tells the employer she or he has worked too many hours and is not safe to practice; why on earth would you not believe him/her? Would you risk your life or a loved one's on the nurse's word or their employers?

The rules for pilots solved this long ago. Similar restrictions in on-call and work hours are even now being addressed for medical residents due to safety reasons in an attempt to reduce medical errors. Alaska will not be the first state to address this problem with legislation but I certainly hope it will not be the last.

Although I no longer work in a hospital myself, I have been a patient in one and may be again. Speaking both as a nurse and a consumer, I urge you to support passage of HB 50 and SB 12.
Sincerely,

Lynn Hartz MSN, FNP-BC
3104 Brookside Drive
Anchorage, AK 99517
ph 907-248-4877
fax 907-222-1498

Re: HB50/SB12

2/11/09

Dear Legislators,

As a registered nurse (RN), I heartily support these two pieces of legislation. Patient safety will be jeopardized if health care facilities are given free reign to impose mandatory overtime.

Patient safety is Job 1 for nurses, to borrow a phrase from different industry. An RN who is required to work overtime beyond a twelve-hour day or even an eight-hour day is physically, mentally, and emotionally fatigued. Thus, her judgment is potentially compromised, her physical strength weakened, and her emotional capacity diminished.

In my institution, on my unit, I care for extremely sick individuals, with co-morbidities that include dementia, confusion, obesity (majority of patients), and often lower extremity amputation.

My unit is already suffering from budget issues that have resulted in less nurse's aide assistance. Hence I am responsible for safely assisting any combination of obese patients with altered mental status who are missing at least one leg to the toilet, with little or no staff assistance. At the end of a twelve-hour day, I am ready to go home. I have reached my daily limit of sharp, focused thought for decision-making, and accurate charting.

I may or may not have had a chance to take a quick break for a snack. Sometimes I am so busy caring for patients I forget to use the ladies room. Our institution's break and meal policy is catch as catch can. So, if mandatory overtime was added, I am not sure I would even get to eat dinner before my next "shift" started.

Mandatory overtime? That's too much to ask. It is not humane, IT IS NOT SAFE FOR THE PATIENT OR THE NURSE. An increase in back injuries in nurses, medication errors, and patient falls are examples of the consequences of mandatory overtime.

I care for renal patients who often have a minimum of a dozen or more scheduled medications in addition to "PRN" or as needed medications. These medications usually include insulin, blood pressure medications, and heparin or coumadin---all high risk medications. At the end of a twelve hour day, I can tell you that I become fatigued, and would be prone to making mistakes.

The health care industry is seriously compromising the public trust with mandatory overtime. The health care industry is exchanging the health and safety of their patients/clients for monetary gain.

Mandatory overtime results in nurses who themselves become patients due to fatigue, stress, and physical deterioration of their feet and legs.

The health care industry, in requiring mandatory overtime, falls in with a crowd that practices human exploitation.

Sincerely, Theresa E. Philbrick, RN

Gary C. Goins, MS,BSN, RN
3301 Eureka Street
Anchorage, AK 99503

February 10, 2009

To The Legislative Committee:

It is easy to see that the sacrifices a nurse makes to help the individuals in our communities is a significant one.

We do not take our responsibility lightly nor should we. Privileged to care for the injured and ill, for our neighbors and friends, sharing their moments of triumph and helping them cope with devastating losses.

I want to tell you that a nursing practice ratio makes a patient safer. In that bed that will be you, me, our child or our loved one. By focusing on each person we care for, we are able to see signs of problems early, catch them, alert the doctors and fix them. If we are exhausted from no breaks or seeing to many patients we can, like all good people, fail.

In practice for 20 years I have seen hundreds of these cases. I can tell you that patients in California are safer due to support to nurses for adequate breaks and established rules.

These laws most likely cost more but please believe me, if that was your child or your mom, you would sacrifice your life savings and more to secure their well being. I would too. No amount of tears can solve an error caused by lack of adequate and safe staffing. I have sat with people as those tears flow like mountain streams with family and clinicians devastated by the simple lack of prudence in health care planning.

I urge you, the noble men and women to adequately consider what effects are created by adequate staffing or the lack thereof.

Very truly yours:

Gary C. Goins MS, BSN, RN.

Staff Nurse
Adult Critical Care Unit Providence Alaska Medical Center
Emergency Department Alaska Regional Hospital
Recipient Congressional Certificate of Appreciation. United States Congress. 1987

February 11, 2009

RE: House Bill 50 Senate Bill 12

Dear Legislator,

My name is Debbie Thompson, I am a Registered Nurse certified in the Operating Room and Peri-Operative nursing and I am the Executive Director of the Alaska Nurses Association. In this role I act as a spokesperson for not only the public safety at large but just as importantly for the nurses of Alaska.

I would like to express my support in both House Bill 50 and Senate Bill 12. As a long time operating room nurse I can tell you that these bills address a serious public safety issue within the health care industry. Each citizen in the state of Alaska deserves to have a well rested nurse taking care of them. The government has stepped in made requirements for the airplane pilots, truck drivers and train conductors and engineers. Why would anyone put the lives of their loved ones or themselves at risk for potentially fatal medical errors.

Thank you for consideration to this matter.

Debbie Thompson, BSN, RN, CNOR

February 13, 2009

Re: Support for HB50/SB12

Dear State Legislators,

I am a registered nurse of over 14years now. I am in total favor of supporting HB50 and SB12. It is absolutely imperative that registered nurses and licensed practical nurses be able to provide safe patient care, this is why we became nurses, to care for patients. Patient care will without a doubt, be in jeopardy when nurses are forced against their better judgment to work excessive hours in health care facilities. Any overtime should be done out of personal choice and professional judgment. With mandatory overtime, we are placing the patients, whom have entrusted us to take care of them at one of the most vulnerable times in their life in danger.

Nurses are compassionate, caring individuals. It takes a special person to become a nurse, and then stay one for any length of time. Many nurses do not make it through the first year. That is not due to the fact that they suddenly do not care anymore. It is due to increased workload demands, workplace stresses, long working hours, and a complete lack of respect in general by administrative personnel who run hospitals.

Can you imagine what it is like to have to walk out of one patients room who is dying of cancer and may be at the end of their life and then be able to go on to the next patient with a smile on our face and deal with a whole new set of circumstances. We are not only caring for that patient we are caring for their family members as well. This routine gets played out several times just in one shift.

Nurses are burning out at a high rate and there is not going to be another nurse just around the corner to replace them. By the year 2020 there will be a nursing shortage of estimated 500,000 nurses. We cannot continue to look the other way. We must make a positive step, not only to make nursing a honored profession to the newcomer, but also retain the experienced knowledgeable nurses we have.

A nurse's bottom line is patient care and safety. Please help support HB50 & SB12, the very life it may save may be your own.

Thank you,

Janet Hilleary RN

February 21, 2009

Re: Support for HB 50 & SB 12

Dear Legislators,

I know how important this bill is for the future of nursing experience. I do 12 hour nights and I know there's no way in the world I'd want to be responsible for patients beyond my shift time. I'm sure our malpractice insurance won't cover that kind of stupidity!

Thanks.

Ginny Weisman
242-9254

Feb. 22, 2009

Re: HB50/SB12

Dear Honorable Legislators,

My name is Barbara Quaid and I have been a registered nurse since 1970. Currently I am employed as a recovery room nurse at a local Anchorage hospital. Because I work in an O.R. setting we must take call. Recently I worked for 21 hrs, and that wasn't the first time. If it is your call night and things run late, or emergency cases are added, we must stay.

It is definitely a safety issue. A nurse at hour 3 of her shift is not the same nurse at hour 16, etc. With hospitals running at full capacity, be it due to a shortage of floor RNs or available beds, we must at times manage patients all night and all day in the recovery room. More times than not these are ICU/CCU patients.

We definitely need legislature governing the amount of hours a nurse is allowed to work, because it is not being safely managed the way it runs now. I testified via teleconference this past summer regarding this issue, and would be most willing to testify again. I hope this will be of assistance in your endeavor to keep nursing at a safe level.

Sincerely,

Barbara M. Quaid, R.N. CPAN.

February 13, 2009

Re: HB50/SB12

Dear Honorable Legislators,

My name is Ginger Spohr and I am an Emergency Room nurse. This is my first time getting involved in the legislative process and I am doing so because HB 50 and SB 12 are important bills for both myself and my co-workers. I strongly want to encourage support for both of these bills.

Right now there is a great opportunity for those in the House and Senate to help us continue the hard work that we do every day and help insure that we do so in a safe way.

My husband recently retired after working 20 years on the slope. He went back to school and earned a degree in nursing. After his first week of work, he told me, "I've never worked so hard in my entire life." Nursing is hard work at any age but with more and more people retiring and entering the field as a "second" profession, we must insure a safe and welcoming environment for them.

In closing, I would also like to ask anyone considering blocking these bills to imagine being a patient of a nurse who has just been told he/she must stay and work late. Imagine your boss telling you that you had to miss a birthday party of child or friend and that it would cost you your job if you didn't stay and work.

Please help keep nursing a respected profession. Most of the nurses I know are proud of what they do, please help us continue take pride in the work we do and help to ensure we are rested and willing to work.

Please support HB 50 and SB 12.

Sincerely,

Ginger Spohr, RN.

February 19, 2009

Re: SB12/HB50

I am a registered nurse at providence hospital. I want to tell you how important it is for nurses to be well rested & alert when caring for sick people. We make critical decisions, often at a moment's notice, that affect the lives of our patients. The giving of medications also is a critical event, considering the risk of making a mistake. Patients depend on us to make the right decisions for them. They have to trust us to do the job safely. That is dangerously hard to do when you are over tired & needing sleep.

Most of us work twelve hour shifts. The thought that employers can insist that we continue to work beyond that is scary. Likewise, working more than 3 days in a row, I feel, puts us at risk to make mistakes. When human lives are at stake, this could be a critical mistake. Only the individual knows how they feel, how tired, how sleepy, etc. nurses need to have the option to say no to mandatory overtime, to agree to that only if they feel fresh enough.

I'm hoping that we can get HB50SB12 passed this session.

Thank you for your help.

Sincerely,

Connie Lynch RN

2/19/09

Re: HB50/SB12

Dear Legislators,

Please support HB50 and SB 12. I believe RN's will provide overtime when we can. For our 36 week, we do what we can, as the population gets sicker. Management is getting more illogical.

Scott Young, RN

258-1861

2/14/09

Re: HB50/SB12

Dear State Legislator,

I am against mandatory overtime in any form. When we are subjected to mandatory overtime it leads too more mistakes in medication administration because we are tired. At one of my jobs; I work a 12 hour shift at a local hospital and find that the longer I am required to stay to finish required paperwork or patient care the more I have problems focusing on the task at hand and thus the more potential for a mistake. At another job that I work 8 hours; if I am mandated to work an extra shift The more I feel unsafe as I work in a psychaitric facility where patient safety and staff safety are imperative. Being tired I have problems with determining when patient's are feeling unsafe or threatened and thus there is more potential for violent and threatening outcomes.

Again I am very against manditory overtime. I just hope with the nursing shortage coming it is not made worse by mandating overtime in unsafe jobs as it will lead to more nurses rethinking this line of career choice thus increasing the nursing shortage.

Thank you for allowing me to air my opinions,

Barbara Popken RN

February 14, 2009

Re: HB50/SB12

Dear Legislatures,

I am an active member of the AaNA organization. I send this message in support of HB 50 and SB 12. Upon review of the last years (2008) activity around these two Bills, I stand behind all of the nurses in support of the passing of these two Bills.

As a nurse, I am in support of protecting the nursing professional at the bedside (and elsewhere as it applies) in being able to conduct a full day's work without the intimidation of mandatory overtime on their shoulders.

Thank you for all the work you do.

Sincerely,

Shirley LaForge, RN, MSN

2/11/09

Re: HB50 and SB12

Dear Honorable Senators and Representatives,

I am not in favor of mandatory overtime for nurses. Any overtime should be the nurse's choice. In addition I am not in favor of a nurse working more than 14 hours in a row. That allows for a 12 hour shift and any follow-up charting, etc. I know too many nurses who cannot recall how they even got home after working too long. Also, though 15 minute breaks are great, what concerns me is someone who doesn't even have time for lunch.

Thank you,

Mary Ann Wilson, RNC

2/12/09

Re: HB50/SB12

Dear Honorable Senators and Representatives,

I support the passage of HB 50 and SB 12. Please work on my behalf as well as my colleagues and patients to see that these bills are passed. Mandatory overtime for nurses has the potential for creating a more severe shortage of nurses in areas already in desperate need of licensed staff. Mandatory overtime and inflexible scheduling has the potential for deterring students from selecting nursing as a career option.

Please seek options that enhance the appeal of nursing as a career option, increase the nurse's ability to provide safe and effective care at the bedside, and decrease the attrition of nursing staff related to excessive work hours and work load. Please vote yes on HB50/SB12.

Thank you,

Janice McGraw, MS, RN, CNRN

February 10, 2009

Re: HB50/SB12

Dear Legislators,

As a Registered Nurse in the State of Alaska, I find it critically important that we have a say in our work scheduling and who dictates our professional practice. As a Registered Nurse, I make it my prime responsibility to be the advocate of patients. Because of this and the importance of our profession, I am supportive of House Bill 50 and Senate Bill 12.

Sincerely,

Joshua Meals, RN, BSN.

2/11/09

Re: HB5/SB 12

To the Honorable Senators and Representatives:

This is a letter of support for HB 50 and SB 12. As a working nurse in the Operating Room at Providence Hospital, I feel it is important for me to share my support for legislation that ends the practice of mandatory overtime for nurses in Alaska. Such practices are unfair to nurses, and unfair to the patients who deserve top-notch care from nurses who are properly rested and satisfied in their work environment. Currently, I am obligated to be available for over 24 hours of mandatory overtime each month.

Sincerely,

Paul Bryner

2/11/09

Re: HB50/SB12

Dear Honorable Legislators,

I am asking for your support on House Bill 50 & Senate Bill 12. I have been a registered nurse for 16 years and have been personally affected by both mandatory overtime and insufficient rest between shifts. We have tried to address these safety concerns with our employer; however, there is no incentive for hospital administrations to change current practice. It becomes financial, and the bottom line is it is cheaper to work a nurse extended hours than it is to provide safe working conditions. I have worked in other states with this type of legislature and it does have a positive impact. Therefore, I ask for your support from a state level. If the employer won't self regulate, then someone needs to for the sake of quality patient care and safe working conditions for the nurses. .

Thanks you for your time.

Wendy Conradi, RN, CNOR

2/11/09

Subject: Support for HB 50 and SB12

I urge house and senate members to support HB 50 and SB 12 to protect the rights of our patients and the welfare of our nurses.

Patricia Peacock, RN, BSN, CURN, CHPN.

RE: HB50/SB12

2/11/09

Dear Legislator,

As an RN of 30+ years, I am writing to support HB 50 and SB 12. I recently returned to bedside nursing after working outside of the hospital for the past 14 years. I find it astounding that the legislature wants to continue to require mandatory overtime for nurses.

After working 3, 12 hr. shifts in one week, I find I need a day to recovery and then have 3 days "off" to enjoy things other than my job, which allow me to have the energy to return to the bedside for 3 more days the next week. While I have worked overtime in the past year, it was done by choice. If overtime is to be required, it will decrease morale in nursing staff, thereby compromising patient care. Perhaps a meat packing plant or other assembly line type job sees the benefits of mandatory overtime. When one is caring for the human spirit and body, it is definitely not in the best interests of the patient to be cared for by a nurse who is working mandatory overtime.

Thank you for your work on our behalf.

Sincerely Yours,
Jeanne Kemp RN, BSN

February 10, 2009

Dear Honorable Senators and Representatives:

I have been a Registered Nurse for the past 30 years. Twenty-nine of those have been spent in the Intensive Care Unit in various hospitals across the US. I have been contributing to the care of Alaskans for the past 15 years. I have shared in some very intense and uncertain times for many families. I know that nurses do not let patients or their families know when staffing is short, or when we are exhausted or hungry. We really try to make people feel secure when they are in our care.

The Institute of Medicine (IOM) report has identified how long hours and fatigue contributes to errors in healthcare. These errors can cost lives, or increase length of stay in the hospital which in turn adds to the already ballooning cost of healthcare.

I urge you to support HB 50 & SB 12. When patient are at their most vulnerable, is not the time they or their families should be concerned at the number of hours the nurse caring for them has worked. Long hours, fewer resources and higher patient acuity drive nurses from staying at the bedside in today's hospitals. Nurses will only last so long, when they go home after 12.5 hours concerned about what they might have missed because they are so exhausted and hungry. The University of Alaska is doing a great job educating tomorrow's nurses. I encourage you to do what you can by passing this legislation that will help to keep the nurses of the future working in hospitals.

Thank you,
Donna Phillips, RN
Girdwood, AK

Date: 2/11/09

Re: HB50/SB12

Dear Legislators,

I have just been informed of the ASHNA's position regarding legislation to block any regulations regarding employer rights to address such issues as nurse and patient safety. It seems to me that this is not in the best interest of any of the parties that participate in direct patient care, much less the person who is being cared for. I seriously doubt that the public knows anything regarding this and would that be known, there would be an abundance of objections from both parties. The only persons who this would benefit would be the people managing the books of these employers and their board of directors. That is, unless it was their family or themselves who was receiving this care. This issue has been going on for too long and as one of those people who work long shifts for the sickest of these patients, it would be akin to whipping a horse who has plowed the fields too long in the day. It just can't be done without consequences. These consequences would have implications for public health and in the long run risk increasing hospital days for the patients who got marginal care from the employees forced to do this work. It is also comparable to asking for volunteers, then picking them anyway, should no one raise their hand. It is one thing for someone to use their judgement in working overtime, but another to cut costs and recruiting people to do this extra work, such as travelors who have no intention to stay in this area. The answer to the higher paid travelers would be make the lower paid employees do this work. It is also like bringing in employees from out of the country, give them lower wages, and make them do a job, whatever that job is. Thankfully, we have the union here to prevent such nonsence, but then the ASHNA position is just as ridiculous. The term "Magnet Hospital" has been tossed around as a buzz word for quite some time now, and it is laughable that forcing employees to do something that not only would affect their life outside of work, but to risk their license as well, would somehow make a difference in obtaining that status. It is words on paper and a status that looks good but really means nothing if employees are not happy. Please know that even though you may not have hundreds of comments regarding this, that it is due to not many people knowing the position of this board. I have been in critical care for close to 30 years and have seen my job get harder, despite the experience I have. This risks everything that health care has to offer, despite breakthroughs in disease prevention and treatment.

Sincerely Yours,

Debbie O'Brien, RN, CCRN
Anchorage, Alaska

HB

52

<target><bill>HB 52</bill><subject>HB
52</subject><comm>HFIN26</comm></target>

Representative Beth Kerttula
House Minority Leader

Sponsor Statement

House Bill 52

"An Act authorizing psychological counseling for jurors serving in criminal trials who are traumatized by graphic evidence or testimony."

The jury system is a fundamental component of the American legal system. Jurors are asked to carry out a civic duty, yet there is the possibility of experiencing excessive levels of stress and no support is offered to help jurors cope with normal reactions to abnormal events, at its worse resembling a milder version of Post Traumatic Stress Disorder. Categorized as secondary trauma, jurors become traumatized through the traumatic experience of victims.

House Bill 52 would allow judges to offer 10 hours of post-trial group counseling to a juror who serves in a criminal trial involving extraordinarily graphic, gruesome, or emotional evidence or testimony. This bill would not apply to every juror in every case. Counseling sessions are necessary in only a small percentage of trials but are nonetheless highly valuable when needed.

The public's impression of the administration of justice is largely based on jury service. Offering counseling to jurors will ensure that care it taken of citizens' welfare, while also enhancing positive public attitudes toward jury service. As the government compels citizens to report for jury duty, it should minimize the burden it places on jurors. With public trust and confidence as a fundamental goal of courts nationwide, judges, court administrators and court staff must be concerned with the juror experience and the effect of the experience upon those called to serve. Jurors are unprepared for some consequences and courts do not currently provide any assistance in finding help from mental health professionals. In order to protect the integrity of the legal system I think courts are obligated to help improve the jury experience, including addressing juror stress. Proper counseling helps people cope with their normal reactions to abnormal events and provides tools to adapt to those reactions. I greatly appreciate your support of House Bill 52.

Alaska State Legislature ✧ District 3 ✧ Juneau
State Capitol ✧ Juneau, Alaska 99801-1182 ✧ (907) 465-4766 ✧ Fax (907) 465-4748
Rep.Beth.Kerttula@legis.state.ak.us ✧ www.kerttula.net

HB 52 POST TRIAL JURY COUNSELING
Mindy Lobaugh - Testimony

March 26, 2010

Mr. Chairman & Members of the Committee, Thank you for this opportunity and all you do for the State of Alaska

This bill represents a bridge, a bridge that I and many other jurors did not have at the end of a very traumatic trial.

You arrive at the courthouse, given detailed instruction of what is expected of you as a juror and how the process of a trial works. What the court system does not do is transition the juror out of the trial.

It is not uncommon to have major criminal trials run for many days. I served as a juror on the Rachelle Waterman trial 4 years ago and it lasted approximately 10 days. For me I arrived open and ready to do my civic duty as a Juror. And for 10 days prosecutors went into excruciating detail to help the jurors relive the events of an unsuspecting Mother getting abducted from her home, tortured and finally murdered.

It was then our duty to determine if the defendant, her daughter was guilty of masterminding this tragedy against a woman who was a pillar of her community. By the end of the trial I left there as a victim feeling closed, mentally battered and very traumatized by the burden of knowledge I now carried.

I am here to tell you the media does not even come close to covering the depth of this trial. As a juror we had access to piles of emails detailing out various ways these men planned to kill the mother, physical evidence, photographs and of course the hours of testimony.

For quite some time during and following that trial eating for me was a near impossibility because of the constant nausea I felt.

To my friends and family I became a stranger....and each night I prayed myself to sleep.

One of my fellow jury mates was pregnant with her second child. She had shared her excitement and ultrasound pictures with us early on. By the end of the trial she lost her baby and had to be excused from the trial.

When this trial ended with a hung jury I turned to the presiding judge and ask if the courts offer some kind of counseling or process to help jurors deal with all this traumatizing information? The answer was NO.

For me it was like having a door slammed in my face. There would be no help in transitioning back to my life before this trial, no bridge. Rather I would have to move forward with this dark knowledge deeply entrenched in my mind and the minds of my fellow jurors.

It was at this point I felt the court system had failed me as a juror doing my civic duty.

Mr. Chairman, Members of the committee, Please help me to build this bridge by supporting HB52 Post Trial Jury Counseling. I may not have found closure with respects to this trial but maybe you can help build that bridge for future Jurors doing their civic duty by passing HB52.

Thank you so much for your time and I am open to any questions you may have.

Submitted by Rep. Kerttula's OFFICE

3055

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 52
(H) Publish Date: 3/1/10

Identifier (file name):
Title: Post-Trial Juror Counseling
Sponsor: Representative Kurttula
Requester:

Dept. Affected:
RDU: Alaska Court System
Component: Trial Courts
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**15.0**	**15.0**	**15.0**	**15.0**	**15.0**	**15.0**	**15.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	15.0	15.0	15.0	15.0	15.0	15.0	15.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**15.0**	**15.0**	**15.0**	**15.0**	**15.0**	**15.0**	**15.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

House Bill 52 would allow a trial judge to offer a juror up to 10 hours of counseling services following a trial that involved extraordinarily gruesome or emotional testimony or evidence. This option would be available in homicide, felony assault and sex offense cases. The court system would contract with local counselors or psychologists for the counseling services. Although difficult to estimate, this note assumes that approximately 10 jurors a year would take advantage of the 10 hours of counseling and that the court system will be able to procure that counseling at an average rate of $150 and hour.

Prepared by: Doug Wooliver, Administrative Attorney — Phone 907-453-4750
Division: Alaska Court System — Date/Time 2/22/10 @ 8:45 am
Approved by: Doug Wooliver for Christine Johnson, Administrative Director — Date 2/22/2010
Alaska Court System

(Revised 10/13/2009 OMB)

3056

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: March 1, 2010 **FURTHER REFERRALS:**

Date of Committee Action: 3/26/10

The FINANCE Committee considered: **HOUSE BILL NO. 52**

"An Act authorizing psychological counseling for jurors serving in criminal trials who are traumatized by graphic evidence or testimony."

HB 52 POST-TRIAL JUROR COUNSELING

Recommends it be replaced with [ ] HCS *or* [ ] CS *for* _____ (_____)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ [ ] Same Title [ ] New Title

[ ] attach amendments
[ ] add new referral to _____ Committee
[ ] Letter of Intent _____ Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS FISCAL NOTES				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
CRT	1	✓		

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Gara	✓			
	Doogan	✓			
	Togo	✓			
	KELLY			✓	
	AUSTERMAN	X			
	Salmon	X			
	FOSTER	X			
	FAIRCLOUGH	✓			
Chair:	Stoltze	X			
Chair:	Hawker	X			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 52
(H) Publish Date: 3/1/10

Identifier (file name):
Title: Post-Trial Juror Counseling
Sponsor: Representative Kurttula
Requester:

Dept. Affected:
RDU: Alaska Court System
Component: Trial Courts
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	15.0	15.0	15.0	15.0	15.0	15.0	15.0
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Equipment							
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Grants & Claims							
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TOTAL OPERATING	**15.0**	**15.0**	**15.0**	**15.0**	**15.0**	**15.0**	**15.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

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1003 GF Match							
1004 GF	15.0	15.0	15.0	15.0	15.0	15.0	15.0
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1037 GF/Mental Health							
Other Interagency Receipts							
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Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

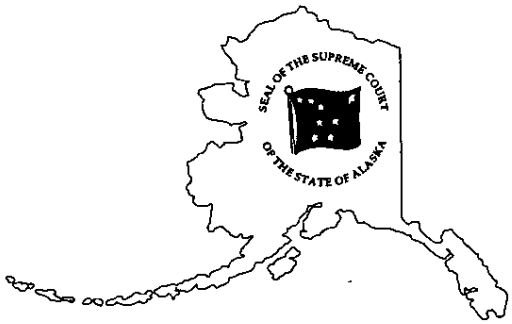
ANALYSIS: *(Attach a separate page if necessary)*

House Bill 52 would allow a trial judge to offer a juror up to 10 hours of counseling services following a trial that involved extraordinarily gruesome or emotional testimony or evidence. This option would be available in homicide, felony assault and sex offense cases. The court system would contract with local counselors or psychologists for the counseling services. Although difficult to estimate, this note assumes that approximately 10 jurors a year would take advantage of the 10 hours of counseling and that the court system will be able to procure that counseling at an average rate of $150 and hour.

Prepared by: Doug Wooliver, Administrative Attorney — Phone 907-453-4750
Division: Alaska Court System — Date/Time 2/22/10 @ 8:45 am
Approved by: Doug Wooliver for Christine Johnson, Administrative Director — Date 2/22/2010
Alaska Court System

(Revised 10/13/2009 OMB)

3058



ALASKA COURT SYSTEM
State of Alaska
Office of the Administrative Director

820 West 4th Avenue
Anchorage, Alaska 99501-2005
(907) 264-8265
FAX (907) 264-8291

Doug Wooliver
Administrative Attorney

March 25, 2010

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Stoltze:

I spoke with Ben this morning about a scheduling conflict that I have this Friday. I need to be in the House Finance Committee in case there are questions about the court system's fiscal note on HB 52, which is Representative Kurttula's bill on post-trial juror counseling. At the same time, I need to be in the House Judiciary Committee for testimony about and amendments to HB 324, which is the governor's rewrite of the bail statutes. (Chris Christensen, who might otherwise be able to fill in for me, also has a conflict as he must be in the Senate Finance Committee during the time you will be hearing HB 52.)

Although I plan to be available to come to the House Finance Committee should there be questions on the court's fiscal note, I thought there might be fewer questions if I better explained the analysis behind the note.

As you probably know, HB 52 allows a judge to offer a juror up to 10 hours of psychological counseling, without charge, in certain specified cases following "extraordinarily graphic, gruesome, or emotional evidence or testimony." In order to assess the fiscal impact of this bill, I needed to estimate how often judges would be likely to offer counseling and what kind of counseling they would be likely to offer.

As I do with almost all legislation that may impact the court system, I circulated HB 52 among our trial court judges for their estimates of impact. For this bill, I asked them how often they see cases that meet the criteria set out in the bill. All of those who responded said that they did not see them very often. None thought they saw as many as one a year. Also, most noted that in those cases where the trial was particularly difficult, there tended to be only one or two jurors who were really impacted.

Representative Stoltze
HB 52 Fiscal Note
March 25, 2010

However, almost all judges remembered a few trials where some of the jurors were very distraught and for whom the judges would have offered counseling had it been available.

Based on that information, and for purposes of this note, I estimated that 10 jurors a year would receive 10 hours of individual counseling at an average cost of $150 an hour. But individual counseling is not the only type of counseling available, and, in some cases, may not be the most appropriate. Another option is group counseling.

A common type of counseling for groups who share a traumatic experience is called Critical Incident Stress Debriefing. This is much cheaper than individual counseling and involves a relatively brief session with the entire group that occurs immediately following the traumatic event, in this case at the conclusion of deliberations. These sessions last an hour or two and cost between $300 and $500 an hour. This group counseling might or might not be followed up with individual counseling for those who need further support.

But whichever counseling option courts select for particular cases, our estimate is that we will spend roughly $15,000 a year on juror counseling. And although this is necessarily an estimate, I believe that it is a reasonable one based on judicial comments and the counseling options available.

I hope that this is helpful. Please let me know if you have any questions.

Sincerely,

Doug Wooliver
Administrative Attorney
Alaska Court System

Representative Beth Kerttula

House Minority Leader

DATE: February 26, 2010

TO: Representative Bill Stoltze
Co-Chair, House Finance Committee

FROM: Representative Beth Kerttula

RE: House Bill 52 POST-TRIAL JUROR COUNSELING

I respectfully request that the House Finance Committee schedule House Bill 52 Post- Trial Juror Counseling for a hearing. Potential witnesses include: Mindy Lobaugh (constituent who requested the bill) and mental health clinician Lina LePage.

Please find attached:

- House Bill 52
- Fiscal Note
- Sponsor statement
- Letters of Support
- Professional Journal Article

Thank you for your consideration. If you have any questions, please do not hesitate to call me or my aide, Hannah McCarty (x4767).

Alaska State Legislature ✧ District 3 ✧ Juneau
State Capitol ⋄ Juneau, Alaska 99801-1182 ⋄ (907) 465-4766 ⋄ Fax (907) 465-4748
E-mail: Rep.Beth.Kerttula@legis.state.ak.us ✧ www.kerttula.net

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

VIOLENT CRIMES COMPENSATION BOARD

SEAN PARNELL, GOVERNOR

P.O. BOX 110230
JUNEAU, ALASKA 99811-0230
PHONE: (907) 465-3040
TOLL FREE: 1-800-764-3040
FAX: (907) 465-2379

February 22, 2010

Representative Beth Kerttula
State Capitol
Juneau, AK 99801

Dear Representative Beth Kerttula:

Thank you for considering HB 52, "An Act authorizing psychological counseling for jurors serving in criminal trials who are traumatized by graphic evidence or testimony." We understand that certain criminal trials can generate serious levels of stress among jurors that can last weeks or months after the trial is over. Traditionally, jurors in a critical trial end their service without ascertaining whether or not the events of that trial have had any psychological impact. For years, there have been cases of post-trial jurors experiencing their own mental pain and difficulty focusing back on their daily lives. Symptoms of juror stress manifest themselves as a number of physical and psychological reactions, including increased anxiety and frustration, disrupted eating and sleeping routines, nausea, depression, and anger and hostility. In many instances, talking to jurors about their symptoms validates their feelings and helps them understand that what they are experiencing is normal and can in itself bring considerable stress relief.

After exposure to a highly graphic criminal case jurors can develop stress by having to relive the traumatic experiences of the victim. For some, it is difficult to suddenly step back into their own world without some form of closure. We believe this is a unique opportunity for courts to have a positive interaction with individuals from the communities they serve. A juror who is asked to fulfill their civic duty should be protected from the potentially negative health effects of the trial process.

In general, post-trial group counseling could reduce stress and offer information on mental health services for those who might need it, provide closure, promote confidence in the judicial system, and enhance satisfaction. We support HB 52 because it would offer traumatized jurors access to group counseling services to help counteract the negative effects which may result from jury service.

Sincerely,

Gerad Godfrey
Chairman

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Juror Stress: Symptoms, Syndromes, and Solutions

Laurence Miller
Independent Practice, Boca Raton, Florida

Abstract: As civic duties go, jury service can be among the most stressful experiences that a citizen can undergo. This article describes the common sources of juror stress, including jury summons, jury selection, understanding and coping with complex or disturbing evidence and testimony, jury deliberation, and the pressure to arrive at a just verdict. The article then goes on to delineate a number of intervention models for helping jurors manage stress reactions and prevent the development of more serious traumatic stress syndromes. Finally, some recommendations are offered for professionalizing jury service that would act in the interests of civil and criminal justice. [International Journal of Emergency Mental Health, 2008, 10(3), pp.203-218].

Key words: *forensic psychology, criminal justice, juror stress, jury system, legal stress, stress management*

Imagine you awaken one night with a mysterious pain. You make your way to the nearest emergency room and ask to see a doctor. You're told that, instead, you will be examined by 12 citizens who have been pulled off their jobs and ordered to the emergency room to decide your case. When you begin explaining your symptoms and medical history, someone in the back of the room stands up and objects that your past illnesses and treatments are irrelevant and that this medical decision panel must make their treatment decision based solely on their current examination findings. You're asked a series of yes-no questions and when you try to explain further, are told to only answer the question as it's been asked. After they've finished with you, the 12 citizens retire to a separate room to deliberate your case. When you try to protest that this is no way to practice medicine, they tell you to feel lucky to live in a country where you can receive a "fair" examination and have your diagnosis and treatment decided by 12 of your peers.

Sound ridiculous? Yet, these kinds of complex life-altering decisions are made every day in courts throughout the United States and many other countries by juries with no more knowledge of the law than the above hypothetical panel has of medicine. While the merit of this kind of justice system is a topic for another venue, this article will focus on what those 12 souls may go though in trying to do the best they can in negotiating the justice system. This article will delineate some of the major stresses and stress syndromes associated with jury service and offer some recommendations for helping jurors cope with the ordeals of their service and the pressures associated with certain kinds of trials.

Correspondence concerning this article to: Laurence Miller, PhD, Plaza Four, Suite 101, 399 W. Camino Gardens Blvd., Boca Raton, Florida 33432, 561-392-8881 docmilphd@aol.com

3063

Juror Stress: Scope of the Problem

A core feature of the American civil and criminal justice systems is the right of a defendant to a trial by jury. Serving as a juror is considered a civic duty and a citizen's failure to respond to this call may result in judicial sanctions and penalties. Other than the occasional traffic citation, jury service is one of the primary means by which the average, law-abiding citizen comes into contact with the American judicial system. Most jurors take their responsibilities seriously and carry out their jury service to the best of their abilities. But until recently, little consideration has been given to the psychological impact of jury service on the jurors themselves (Butler, 2007; Hafemeister, 1993).

Ironically, much of this attention has come from the observations of judges who have to deal with stressed-out juries on a regular basis and who are subject to their own judicial stresses and challenges (Miller et al., 2007; Zimmerman, 2006), which will be the subject of a future article in this series. On a practical level, heightened awareness of juror stress may result in a shrinking pool of citizens who are willing to report for jury service. As greater numbers of citizens manage to avoid jury service, juries become less and less representative of their communities, leading to a deterioration of public trust and confidence in jury verdicts, making still more people reluctant to serve, and so on, in a vicious cycle. In addition, extreme juror stress levels may compromise their ability to render a fair judgment or impel jurors to make premature decisions, resulting in the appeals of many more verdicts than necessary and, in some cases, the corruption of justice (Butler, 2007; Curridan, 1995; Hafemeister, 1993; Hafemeister & Ventis, 1992; Sturgess, 1990).

The Jury Process

The odyssey of jury service typically begins when a citizen receives a *jury summons*. The very term, "summons" can make the citizen feel like he or she is already guilty of something and conveys to the recipient that this service is not optional; indeed, failing to report for jury duty can result in the citizen being held in contempt of court, possibly fined and jailed, and ultimately being forced to appear. The summons either orders the citizen to report to the courthouse on a specific date or instructs them to call the courthouse over several days to see when their service is required. Some jurisdictions give citizens the option of postponing jury service for a limited period of time.

When arriving at the courthouse, prospective jurors are typically herded into a large auditorium where they are given a brief orientation, by video or live speaker, to the civil and criminal justice systems. They wait to be called for empanelment, which may be almost immediately or at any time throughout the day. In some jurisdictions, if a juror is not empaneled on that day, his or her service is done; in other jurisdictions, they must return day after day until selected for a jury or rejected during jury selection.

Jury selection involves the careful examination, or *voir dire*, of each prospective juror by the opposing attorneys in the case. Ostensibly, the goal is to select jurors who can make an impartial decision, free of personal biases that might taint their careful, objective weighing of the issues. In reality, voir dire often represents a way for attorneys from either side to "stack" the jury with individuals who most likely will be favorable to their case (Kressel & Kressel, 2002). Since a wide range of jury characteristics may affect their thinking about a given case, voir dire questions may range from opinions about points of law ("Do you believe the death penalty is ever an appropriate punishment?") to personal habits or preferences ("How many hours a week do you think is normal for someone to be looking at internet pornography?"). Typically, the initial weeding-out is accomplished by means of a written interrogatory, or questionnaire, and those prospective jurors who pass this first hurdle are then interviewed in vior dire. The law also allows a limited number of jurors to be rejected on a "peremptory" basis, which means the attorney doesn't have to give a reason, and which usually occurs to exclude a juror because of some personal feature such as ethnicity or social background. The acceptance/rejection ratio of jury selection explains the "cattle-call" nature of summoning vast numbers of potential jurors to the courthouse on any given day.

After a jury is empaneled, the case generally begins. Depending on the nature of the case, jurors spend anywhere from a few days to many weeks hearing complex and conflicting testimony from plaintiff and defendant (in a civil case), prosecutor and defendant (in a criminal case), fact witnesses (who have observed or have personal knowledge about something pertinent to the case), and expert witnesses (professionals with specialized training who can render opinions about technical issues of the case). Attorneys naturally try to present evidence that will be most favorable to their side of the case to "sway" the jury (Kressel & Kressel, 2002).

3064

Traditionally, jurors are not allowed to take notes or ask questions and are supposed to process all this material in their heads to prepare for deliberation. Perhaps responding to the realities of human cognition, some jurisdictions now permit limited questions by jurors during the trial in order to help clarify crucial points that they will deliberate on. In most trials, jurors get to go home at the end of each day but are not allowed to discuss the case with anyone. In some high-profile cases, juries may be *sequestered* – literally isolated in a hotel room between court appearances, and deprived of newspapers, TV, or any contact with the outside world that might taint their view of the case.

After testimony and each attorney's closing statements are completed, the jury retires to a separate room for their deliberation, which may take a couple of hours or many days. Since, in most cases, verdicts must be unanimous, this can be an extremely grueling process, as jurors may change their minds several times throughout the deliberations and their decision-making processes may be influenced by anything from new insights on the case to what will get them out of there the quickest. Prior to deliberation, the judge usually provides a set of jury instructions as to which aspects of the case they just heard can be considered and which parts they should disregard; admittedly this kind of cognitive compartmentalization can be extremely difficult to accomplish ("Do not assign any weight to the bereaved mother's spontaneous crying and unsolicited comment about how she misses her murdered daughter.")

At any point in the trial prior to the actual reading of the verdict, the two sides of the case can arrive at an agreement that obviates the need for a jury. A number of juries have been in the position of sweating over a weeks-long trial, spending several more hectic days in heated deliberations, only to be told at the last moment that the case has been settled and "thank you for your service." It is hard to imagine a more frustrating set of circumstances than to have placed one's whole life on hold, to have had one's thoughts and emotions wrenched by days of testimony that ranged from the soporific to the horrific, to have deliberated earnestly and hard, only to be told, often at the brink of a unanimous decision, the judicial version of "never mind." Perhaps the only thing worse are cases where the judge "sets aside" the jury's verdict after it has been read because he or she decides that these 12 citizens could not possibly have reached this conclusion if they had properly considered all the pertinent facts and points of law in the case. In these circumstances, juries understandably feel like bad little schoolchildren who failed their class assignment. Even where the court accepts the jury's verdict, they know it's not over yet, because most serious verdicts are appealed.

Positive Aspects of Jury Service

Although this article will focus on the negative psychological effects of jury service, to be fair, a number of surveys and studies have found that most American and Canadian jurors view their service positively (Butler, 2007; Casey, 1998; Diamond, 1993). For many citizens, this is the most important thing they have done in terms of having a real impact on their communities. Individuals who may feel that they plod meaninglessly through life and receive scant acknowledgement for their efforts at their jobs or at home are suddenly thrust into a position of trust, treated like adults, and accorded great respect, with the weight of another human being's fate placed in their collective hands. Jurors often emerge with much enhanced respect for the legal system after seeing how seriously and carefully most cases are tried, with learned attorneys in expensive suits vying for their decision through meticulously researched and cogently presented arguments, all parties forced to follow strict rules of evidence under the watchful gaze of an enrobed judge sitting on high. This experience often inculcates in jurors a sense of empowerment and engagement with civic life; in fact, serving on a jury makes people more likely to vote. Many jurors surveyed say they would like to serve again (Butler, 2007; Casey, 1998).

However, some of the positive feelings reported on juror surveys may be the result of rationalization and cognitive dissonance: having been conscripted to legal servitude for days or weeks at a time, suffered loss of income and restrictions in their family time, many jurors may feel compelled to justify to themselves that this all must have been for some greater good in order not to feel like chumps (Butler, 2007). And, as will be discussed below, this positive perception of jury service is far from universal; indeed, from the results of other surveys and studies, one can only conclude that, for many jurors, their service amounts to a descent into hell.

Stresses of Jury Service

Even short of hell, many jurors experience stresses that range from mild to severe. While trials containing complex and/or grisly evidence may be understood to be inherently stressful, even more mundane cases can take a grueling toll.

3065

For all the lip service about their noble mission, courts can be surprisingly unaccommodating to jurors who are often relegated to the bottom of the courtroom pecking order. This may be due to a strong social identification factor: Judges and lawyers share a common level of education, training, and experience; indeed, many judges were once practicing lawyers and career shifts in the other direction are not uncommon either. Thus, they understand that they are in a different social and demographic league than most jurors who tend to come from a more working-class and nonprofessional population - i.e. the type of people who cannot easily get out of jury duty. In addition, the same judges and lawyers tend to interact with one another repeatedly in the same kinds of cases, whereas jurors are here for one case, and then gone. Thus, it is easy for the courtroom "regulars" to unconsciously treat the newcomers as transients who are there to do their jobs and then scram (Butler, 2007; Curridan, 1995).

A survey by the National Center for State Courts (Casey, 1998) asked a large sample of jurors or alternate jurors from a wide range of civil and criminal cases (e.g. robbery, drunk driving, malpractice, and personal injury) to rate the level of perceived stress they experienced from a list of stressors. The top ten sources of stress for jurors serving on non-death-penalty cases were: deciding on a verdict; jury deliberations and discussions; disruptions to daily routines; fear of making a mistake; violent crimes; the jury selection process; crimes against children; answering questions in front of other people; sentencing a criminal defendant; and dissension/differences among jurors. Looking at the top items on the list should remind us that, even in relatively routine cases, most jurors take their responsibilities very seriously and are acutely aware that they are making decisions that will greatly affect people's lives, what Bornstein and colleagues (2005) refer to as the "burden of justice." It is this very sense of responsibility that often makes their jobs so stressful (Hafemeister, 1993).

But how stressful? Most surveys have found that about 40% of jurors report stress levels hovering around the mild to moderate range, but that clinically significant anxiety or depressive disorders are rare (Antonio, 2006; Bornstein, Miller, Nemeth, Page, & Musil, 2005; Casey, 1998; Kaplan & Winget, 1992; Kelly, 1994; Casey, 1998; Shuman, Hamilton, & Daley, 1994). So, even though most jurors aren't actually being "driven crazy" by their ordeal, the stresses of jury service can have a sufficient effect on their daily lives to demand serious attention.

Sources of Juror Stress

Jurors experience stressors from a variety of sources associated with their service. A review of the relevant literature (Antonio, 2006; Bell & Feldman, 1992; Bishop, 1992; Bornstein & Nemeth, 1999; Bornstein et al., 2005; Butler, 2007; Casey, 1998; Diamond, 1993; Fishfader, Howells, Katz, & Terese, 1996; Goleman, 1991; Greene & Bornstein, 2000; Hafemeister, 1993; Haney, Sontag, & Costanzo, 1994; Kelley, 1994; McAree, 2004; Miller, Flores, & Dolezilek, 2007; Mott, Hans, & Simpson, 2000; Rauch, 1992) suggests that these can be divided into two main categories, those associated with the judicial process of jury selection and empanelment, and those associated with the content and conduct of the trial itself.

Court Procedures

Physical setting. The physical environment in various courthouses throughout the country ranges from reasonably comfortable to atrocious. Stress factors cited by jurors include poor temperature controls, limited access to food and bathroom facilities, cramped and overcrowded waiting areas ("cattle pens"), and the inconvenience of getting to and from the courthouse (lack of public transportation, poor parking, courthouse in bad neighborhood).

Payment. For all the high-minded talk of how jurors are a vital component in our system of justice, the daily compensation rate for jurors – typically far below minimum wage – can only be seen as diluting the supposed high regard that the court has for them. "I couldn't get someone to clean my toilets for this kind of money," is a typical complaint. A few jurors have commented that they tore up the check when it came or sent it back with a nasty note.

Life disruption. A near-universal complaint of jurors and prospective jurors is the disruption of work and family schedules necessitated by their service. Under the mantle of civic responsibility, jurors may lose days or weeks from work and have to delegate childcare and other household responsibilities. Although employers, as an expression of good citizenship, are supposed to give their employees days off with compensation to attend jury duty, in most cases the worker absorbs a pay loss. Adding insult to injury, when the term of jury service extends more than a few days, the worker may return to find that his or her job has been filled by someone else.

3066

For the self-employed, the situation can be even worse. Salespeople live by their commissions and most small businesses can't afford to close down for even a few days. Even in medium-sized companies, the worker may not have anybody to take his or her place if he or she is in court; clients and customers may quickly go elsewhere. Some jurors report that they have had their businesses ruined by a lengthy term of service.

And it's not just work. Time away from spouses and children strains family relationships; women jurors especially appear to feel the strain of isolation very acutely. Not being allowed to discuss the case when he or she comes home from court deprives the juror of a main source of tension reduction that most people have for unloading their daily stress, and further marginalizes the rest of the family who see their loved one in distress but are unable to do anything to help them (Feldman & Bell, 1991; Hafemeister, 1993; Slind-Flor, 1992).

As previously noted, in some high-profile cases, to avoid "contamination" of the jury by media, casual conversation, etc., jurors may be sequestered, which essentially amounts to enforced isolation during the trial. Because of state and local budgets, accommodations are rarely first-class. This heightened isolation from work, family, and friends may cause many jurors to feel that they are being treated like "criminals," "POW's," or "terrorists at Guantanomo Bay," as some jurors have put it. It is these conditions that most often lead some jurors to fear they are losing their minds (Antonio, 2006).

But, at least for American jurors, the ordeal is over when the trial ends, at which time they are free to talk, write books, or expound on TV about their role in a famous trial (although most jurors just want to go home and forget it). No such consideration is afforded their northern brethren, as the Canadian Criminal Code makes it an offense for their jurors to ever disclose information regarding jury proceedings. Canadian jurors cite this ban as one of the most difficult things to deal with (Butler, 2007; Hafemeister, 1993). On the other hand, this permanent gag order may free these jurors from the relentless media intrusion that often dogs American jurors in high-profile cases and which often seems designed to provoke a media-worthy lurid reaction from jurors.

For example, after the high-profile Rodney King beating trial, jurors were assailed by the press to the point that local police warned them not to remain in their homes because of all the publicity they were garnering. These jurors felt compelled to defend their decision to friends and family and felt that they were being condemned in the press for the rioting that took place after the verdict. One juror received a bomb threat at her workplace. Another juror bought a gun for protection, while still another slept with an axe. Many jurors compared their experience to having been raped; they suffered anxiety, hypervigilance, tearfulness, exhaustion, sleep and weight loss, and disruption of family relationships. A few of the jurors sought professional counseling, but most suffered in silence (Davis, 1993).

Jury selection process. For many jurors, especially those that value their privacy, filling out detailed questionnaires and answering sometimes very personal questions in front of a group of strangers can be extremely uncomfortable. Many jurors have reported feeling as if they were the ones on trial. For example, in financial fraud cases, lawyers may want to know what the juror's salary is or whether he or she has ever "thought about" cheating on their taxes. In sex-related cases, jurors may be queried about their sexual preferences or whether they have ever "thought about" cheating on their spouse. Simply refusing to answer could technically result in the juror being cited for contempt of court, but few judges would be willing to subject the juror to further duress. More commonly, embarrassed jurors will simply lie and tell the questioning attorney whatever they believe will make the lawyer move on. The result may be the empanelment of a jury containing several members who have been seated under false pretenses, thereby compromising the whole rationale of jury selection.

Perhaps for these kinds of reasons, while American lawyers can question potential jurors to screen out those they don't like during the voir dire process, in Canada this kind of jury selection process is considered prejudicial and all eligible jurors are assigned on a first-come-first-serve basis. The absence of a rigorous juror screening process has been found in surveys to increase stress on those Canadian jurors who are seated (Butler, 2007). It would be an interesting empirical question to see which system is associated with the greatest psychological morbidity and satisfaction with jury service.

Trial Factors

Death penalty cases. Understandably, the decision to find a defendant guilty of a crime warranting the death penalty is one that most American jurors take very seriously.

3067

reflecting the "burden of justice" (Bornstein et al., 2005) that jurors feel more intensely, the more serious the trial (e.g., capital murder vs. grand larceny). In some jurisdictions, the jury determines guilt or innocence in a capital crime and the judge imposes a sentence. In other courts, the jury may first decide on guilt and then deliberate a second time to determine the sentence, usually either death or life imprisonment. Findings from the Capital Jury Project (Antonio, 2006) and other studies have shown jurors who render a death penalty verdict to suffer from a variety of stress reactions, including *posttraumatic stress disorder* (PTSD) at higher rates than those who render a life sentence.

Some jurors describe nightmares that replicate how the victim was killed or that relate to details of the crime scene, many of the images coming from photographs viewed at trial. Some jurors report feeling physically sick during and after the trial. Jurors may express regret at their final punishment decision, often feeling that the wrong decision was reached. In some cases, jurors regret the death sentence; but in a few others they wish death had been meted out instead of life imprisonment. Many jurors who harbor second thoughts post-trial feel they were pressured or "brainwashed" by other jurors to go along with the majority decision: "I should have stuck to my guns, but everybody else was so sure of their side and we all just wanted to get out of there."

Fear of reprisal by the defendant or his cohorts is a common theme reported among jurors serving on capital trials. Many report that the defendant would sit in court and stare intimidatingly at individual jurors during the trial. Nightmares of such possible reprisals by the defendant are commonly reported, more frequently by women. Other jurors are simply afraid of running into either the victim's or defendant's family in or around the courthouse. Some fear wider censure by their own families, friends, and communities for making the "wrong" decision in socially sensitive cases. Most jurors who have served on capital cases are determined not to repeat the experience.

Interestingly, in the Capital Jury Project study (Antonio, 2006), a number of jurors specifically expressed the need for some kind of post-trial counseling and half thought it should be made available by courts themselves. Others took the initiative and sought counseling on their own after the trial had ended, either from a family member, clergyman, or mental health clinician (Antonio, 2006).

Grisly evidence. One of the distressing aspects of murder trials or those where there has been significant bodily injury is the frequent necessity for juries to view gruesome hospital or crime scene photos depicting death and or mutilation, as well as to hear sometimes horrifying testimony of how victims were assaulted, tortured, raped, and/or killed (Bishop, 1992, Boone, 2008). Remember that police officers, criminal attorneys, judges, and specially trained mental health counselors who work with the court system all have years of experience dealing with disturbing evidence, yet, even in these hard-boiled veterans, particularly heinous crimes (often those involving child victims) may evoke destabilizing emotional reactions that require intervention in the form of critical incident debriefing or other mental health contact (Miller, 1998c, 1999, 2006a, 2006b, 2007a, 2007b, 2008a, 2008b, 2008c).

How much greater must the reaction be to this kind of evidence by untrained, inexperienced jurors who are being assailed by grisly evidence throughout the trial. This is frequently compounded by the fact that prosecution and defense counsel each have their own agendas that they may play off the jury. For example, the prosecution may specifically try to shock the jury by literally throwing the exhibit (crime scene photo, bloody clothing, murder weapon) in front of the jury precisely to spur an emotional reaction that will hopefully lead to a conviction (another variation of this is to abruptly display an image of the disturbing exhibit on a huge projection screen in the ominously darkened courtroom). For its part, the defense team will initially try to exclude evidence they consider "inflammatory" or, alternatively, if it is presented, may try keep it exposed as long as possible or present it repeatedly in order to try to desensitize the jury to its presence. Sometimes this works and jurors get used to seeing the bloody knife and the photographic stab wounds lying on the evidence table day after day. But sometimes the tactic backfires and the jurors grow increasingly sensitized, rather than immunized, with each exposure.

Studies are near-unanimous in reporting high rates of anxiety, depression, and PTSD symptoms in jurors sitting on capital murder, aggravated kidnapping, aggravated sexual assault, aggravated assault, and child abuse cases (Antonio, 2006; Feldman & Bell, 1993; Hafemeister, 1993). Some of this may relate to the concept of *vicarious trauma*, in which those who work frequently and closely with victims of violence come to empathically absorb and internalize some of the psychic pain and begin to show PTSD symptoms themselves (Davis & Friedman, 1985; Figley, 1983; Fullerton, Carroll, Ursano, & Wright, 1992; Miller, 1998a, 1998b, 2008c; Moon,

3068

1999; Talbot, Dalton, & Dunn, 1995; White, Lawrence, Biggerstaff, & Grubb, 1985; Yassen, 1995). These kinds of reactions may have implications for adjudication of the case if jurors make extreme decisions based primarily on their emotions rather than on a rational analysis of the evidence, or if they become so numbed to the savagery of the crime through repetitive testimony or evidence presentation that they come to diminish the seriousness of the criminal act in their deliberations (Miller et al., 2007).

Complex Evidence. Another feature of murder trials or other violent felony trials is that they tend to be long and contain vast amounts of complex and ambiguous evidence. In most courts, jurors are forbidden to take notes or ask questions, although some jurisdictions are very recently beginning to allow limited forms of these activities. Thus, the juror is placed in the position of having to process complex technical information and conflicting eyewitness narratives presented by two different sides who are each trying to spin the evidence to the fullest extent that the court will allow, with the juror permitted to take no (or limited) notes and ask no (or limited) questions. Add to this the fact that much testimony is just plain boring or literally incomprehensible and there is evidence that jurors forget a great deal of what they hear in court (Rosehan, 1994). If this were a college course, what grade do you think the jurors would get? Yet, they are charged with the task of taking this information and using it to render what, in some cases, is literally a life or death decision about someone's fate.

Complicating the process is the fact that, in the case of a college course, the students are all more or less equivalent in background in terms of education, training, and native intelligence, and have probably all completed at least some prerequisite coursework for the present class. But jury members come from all walks of life and will have vastly differing levels of sophistication in handling complex testimony and in understanding the legal instructions they're given (Antonio, 2006; Bornstein et al., 2005; Butler, 2007; Miller et al., 2007; Steele & Thornburg, 1991). Because most professional people in their 30s to 50s, as well as most mothers with childcare responsibilities, can probably find some reason to get out of jury duty, most juries will contain a disproportionate number of very young, very old, less educated, and less family-grounded individuals. In deliberations, less comprehending jurors may feel intimidated by seemingly more savvy members who, for their part, may be frustrated with their slower compatriots' failure to grasp their arguments or see things their way.

Indeed, an entire industry of *jury persuasion*, often trafficking under the euphemism of *trial consulting*, has sprung up precisely to capitalize on juries' frequent cluelessness and to help attorneys use this to their own advantage (Kressel & Kressel, 2002; Posey & Wrightsman, 2005; Vinson & Davis, 1996). For example, we know from cognitive psychology and everyday experience that most people make decisions not by carefully weighing evidence and using inductive reasoning to arrive at a conclusion. Rather, they make an immediate judgment which is typically based on emotion and first impressions and lies within their pre-existing frame of reference and comfortable world-view. Then, they selectively scan the available data to cherry-pick information that will self-justifyingly support their original position. Hence, most jurors strive to reach verdicts which do not conflict strongly with the views they've held at the beginning of the trial; that is, they strive to reduce cognitive dissonance (Feigenson, 2000; Nisbett & Ross, 1980; Petty & Ciacioppo, 1986; Singer, 1998; Sunby, 1997).

Thus, lawyers know that it is good trial strategy to build your case around a small number of fundamental principles about which most jurors are surmised to feel strongly and that consequently act as screens or filters to interpret, distort, or reinforce information presented during the trial. Tactically, the more an attorney can frame his or her case in terms of the jurors' own personal experience, the greater the likelihood of winning the case (Kressel & Kressel, 2002; Murphy, Loveland, & Munsterman, 1992; Vinson & Davis, 1996). Finally, human beings form impressions about other human beings more strongly than they do about abstract data. When jurors can understand the content of the testimony, they usually factor this into their decisions. But when the complexity of the subject matter exceeds their comprehension, they rely on the perceived sincerity and persuasiveness of the witness (Cooper, Bennett, & Sukel, 1996).

Today's poor, benighted jurors may be forgiven their blunders if only because the complexity of the world as a whole has changed much in just a few centuries, while the human brain and human nature have not. No less an authority than retired Supreme Court justice Sandra Day O'Connor (2003) has lamented this modern state of affairs:

> The world is a very different place now than it was in 1220 or in 1789 or fifty years ago. We therefore

3069

should not be surprised to learn that aspects of the jury system that worked well in those times work less well today and need some repairs. What should surprise us is that so little of the necessary repair work has been done.

There are three aspects of the jury system that need particular attention. First, *the conditions of jury service*. When citizens are called for jury service, they often view it as a burden rather than a privilege. And for good reason: when they arrive at the courthouse they frequently are treated more like sheep than people, and the system can seem designed to disrupt their lives to a maximum degree. Second, *jury selection*. The process of selecting a jury out of the citizens called for jury service on a particular day has changed from a necessary safeguard against potentially biased jurors to a way for highly paid jury consultants to attempt to ensure a jury favorable to the side paying their fees. And third, *the conduct of the trial itself*. Too often, jurors are allowed to do nothing but to listen passively to the testimony without any idea what the legal issues are in the case, and without being permitted to take notes or participate in any way, finally to be read a virtually incomprehensible set of instructions and sent to the jury room to reach a verdict in a case they may not understand much better than they did before the trial began (O'Connor, 2003, pp. 217-218; cited in Posey & Wrightsman, 2005, pp. 218).

Jury deliberation. This is where it all comes together, where the jurors are supposed to put their heads together and come up with a decision that follows the law and respects the evidence in the case. They have already been instructed that there are specific things they are and are not allowed to include in their thinking about the case; they may or may not understand these rules. A number of surveys have shown that the interactions and dynamics of these 12 strangers, thrown together from diverse cultures and walks of life, with widely varying cognitive skills and personalities, can often be the biggest source of stress for jurors during the trial. While many jury deliberations proceed tolerably, and in some instances may even be enjoyably challenging, others are described by jurors as the worst experience they've ever had (Antonio, 2006; Butler, 2007).

The types of stresses during jury deliberation can be multiple and can range from little personal irritations from another juror's mannerisms or tone of voice, to a particularly obnoxious, ignorant, or intimidating juror who just ticks everybody else off and makes the process so much more unpleasant. Not to be overlooked is the physical setting, with poorly ventilated jury chambers resembling sweaty locker rooms after a few hours. The deliberation process itself can be contentious and the juror who evinces a minority opinion may find him- or herself reviled and alienated for "not letting us get on with this." Some jury deliberations have reportedly almost broken into fistfights, and breakdowns in decorum with inadvertent or intentional spewing of stereotypes and prejudices are not uncommon, as the mounting stress brings out the ugly side of the deliberators (Bornstein et al., 2005; Butler, 2007; Casey, 1998).

Juror Stress: Symptoms and Syndromes

Butler (2007) points out that if a research committee were to propose a study on the human stress response that incorporated the factors reviewed above, they would no doubt be fired from their university and banned from research for the rest of their lives. Another, perhaps more germane, way to look at it is that the kind of working environment that many jurors are subjected to during their service would be strictly illegal in all regulated American public and private organizations, and discovery of such conditions would subject the organization to civil penalties and criminal prosecution.

Juror stress symptoms can be conceptualized along three dimensions: (1) symptom type; (2) symptom severity; and (3) symptom time course.

Symptom Type

Juror stress symptoms tend to replicate those reported more generally in the stress and trauma literature (Antonio, 2006; Bell & Feldman, 1992; Bornstein et al., 2004; Butler, 2007; Casey, 1998; Costanzo & Costanzo, 1994; Davis, 1993; Feldman & Bell, 1993; Kaplan & Winget, 1992; Kelley, 1994; Shuman et al., 1994) and include the following:

Physical symptoms. Impaired sleep, headaches, heart palpitation, high blood pressure, cutaneous reactions (hives and rashes), ulcers, impaired sexual functioning, muscle tension, tremors, chest pain, faintness.

3070

Psychological symptoms. Intrusive recollections, nightmares, emotional numbing and detachment, anxiety, depression, increased alcohol consumption.

Symptom Severity

Juror stress appears to show the standard *dose-response ratio* seen with other stressors, that is, the greater the level of stress, the more severe the symptoms (Butler, 2007). For example, jurors serving on "traumatic" trials, including rape, murder, and aggravated kidnapping, were found to experience more severe symptoms than jurors on "non-traumatic" trials such as burglary or drug possession (Shuman et al., 1994). In particular, the jurors on traumatic trials were many times more likely to experience depression (Miller et al., 2007).

Symptom Time Course

In the Capital Jury Project (Antonio, 2006), jurors' stress reactions were found to occur in three main stages: during the trial; immediately after the sentence was announced; and in the days, weeks, or months after the trial ended.

During the trial. Interestingly, only a few of the jurors reported that the full impact of their jury experience was felt while the trial was occurring; most jurors seemed to go "on automatic" to function while the trial was in progress. The major source of stress at this time was determining the actual punishment decision. Other stressors included having to view disturbing crime scene evidence and the isolation of not being able to speak to their families about the case.

Immediately after the trial. In many cases, the stress response came as a "delayed reaction" right after the trial was over. Most of the jurors in this category reported crying at some point, either from the strain of their recent ordeal or out of sheer relief that it was over. Two female jurors in this sample were concerned about the effect the verdict would have on the victim's family.

Days, weeks, or months after the trial. Most of the jurors reported that serving in a capital murder trial affected them long after the trial ended. Some jurors experienced changes in their relationships and lifestyles. Many reported difficulty forgetting what they heard or saw during the trial, and a few reported classic symptoms of PTSD, including nightmares, intrusive recollection, and emotional numbing (Antonio, 2006).

Alleviating Juror Stress

Several authorities have proposed recommendations for making the juror system less stressful and more humane, based on their analyses of juror responses to surveys and general experience (Antonio, 2006; Bornstein et al., 2005; Casey, 1998; McAree, 2004; Miller et al., 2007; Nordgren & Thelen, 1999). I have divided these recommendations into procedural measures and clinical approaches.

Court Procedural Measures

These issues relate to changing the courtroom setting and the conditions of jury service (Antonio, 2006; Bornstein et al., 2005; Casey, 1998; McAree, 2004; Miller et al., 2007; Nordgren & Thelen, 1999) and include the following:

Improve jury notification and reporting for service. Provide sufficient time for prospective jurors to respond to jury summons. Many courts now provide the option of deferring jury service one or more times, as long as the summonee reports within a specified period of time (usually about 6 months). Giving jurors time to arrange their affairs provides a sense of control that may increase juror cooperation and motivation to participate. Provide basic information with regard to how to respond to the summons, where to report, directions, relevant phone numbers, etc. Provide safe transportation and security escort between the courthouse and transportation (parking lot, bus stop). Remember, anything the court can do that makes it easier, not harder, for jurors to report for jury duty will increase compliance rates. Consider adjusted compensation rates for self-employed jurors or jurors whose employers will not compensate the worker for his or her service time.

Explain the trial process. All too often, the initial orientation to the legal system consists of a short, prepackaged video played on a screen in a busy auditorium that may be all but incomprehensible to most of the stressed and harried audience in the pre-panel "cattle call" room. Felons' confessions may be thrown out if police cannot affirmatively demonstrate that the suspect made a knowing and informed waiver of his or her Miranda rights at the time of arrest. Similarly, considering that people's legal fates are at stake, shouldn't prospective jurors be required to demonstrate that they understand the relevant law and legal procedures? Judges should take the initiative to explain things to the jurors in a clear, understandable fashion and solicit their feedback with regard to their understanding.

3071

Also, give jurors a head's-up as to what to expect in general from the trial on which they are being selected to serve. Obviously, the nature of the trial, whether criminal (murder, robbery, rape, drug possession) or civil (personal injury lawsuit, contract dispute, family law case), should be explained. Many jurors state that they would have liked to have been forewarned that the trial could include gruesome photographs, foul language, pornographic material, and/or graphic descriptions of criminal acts. This may be contested by some judges and attorneys who are leery of discussing any type of evidence that has not yet been determined admissible. Additionally, many attorneys may actually be counting on the emotional shock value of certain evidence to sway jurors' opinions and don't want them desensitized by previous discussion; other attorneys may not want to "tip their hand" about sensitive forthcoming evidence. Courts should strive to work out some compromise solution that preserves the rules of evidence while assuring that jurors will be in a proper mental state to hear the case.

Facilitate the jury selection process. One aspect of the trial system that should be clearly explained is the necessity for attorneys to ask jurors probing questions during voir dire. This should include an explanation of the purpose of the voir dire examination, an explanation of the difference between peremptory challenges and challenges for cause, introductory information on the particular case, an estimate of how long the trial may last, and an indication of whether the jury will be sequestered and, if so, for how long and why.

Be sensitive to jurors' privacy concerns. Responses from jurors indicate that some judges and attorneys may view voir dire as a fishing expedition to gain as much information as possible about each juror rather than just enough information to determine if a juror can be fair and impartial. Questions about mental illness, substance abuse, extramarital affairs, job and salary history, or past run-ins with the law may be shrugged off by some potential jurors but shocking to others. Many jurors may be understandably concerned about who will get their personal information or will have access to court records. Any juror questionnaires should be collected at the end of the selection process and the procedures for assuring juror privacy should be explained.

Basic, commonsense recommendations include reducing waiting time, providing comfortable accommodations, and endeavoring to treat prospective jurors with the kind of respect the court pays lip service to when intoning the sacred civic duty to uphold our system of justice.

Maintain control of the courtroom and trial process. When people are under pressure in an unfamiliar environment, they want the grownups to be in charge. Jurors report that much of their stress occurs when they perceive the judge as losing control of the courtroom. Intimidating, bickering, or grandstanding attorneys should be reined in, and TV cameras should be removed if they interfere with the trial process. Loud or obtrusive witnesses or courtroom audience members should be quieted or ejected. Taking control doesn't mean being a tyrant; judges should always be civil with attorneys, jurors, and witnesses, but they should make it clear that they will tolerate no breaches of procedure or decorum in their courtroom. Control also means keeping the trial process humming along so things don't bog down; ironically, boredom is often as much a threat to juror concentration as overstimulation. Finally, in high-profile cases, jurors should be given some guidance on how to deal with the media.

Modulate the presentation of disturbing evidence and testimony. As noted above, viewing grisly evidence or listening to emotionally disturbing testimony is reported by many jurors as being among the most stressful aspects of their service. Although gruesome evidence is typically associated with criminal trials, civil trials involving claims of negligent injury or medical malpractice often contain their share of hideous material. I recall testifying in one civil case where the plaintiff's claim of developing PTSD after seeing a loved one killed in a traffic accident was bolstered by full-color accident scene photos detailing what the speeding vehicle had done to the victim's head and body. Again, the purpose of preparing juries for disturbing testimony is not necessarily to lessen the import of the criminal or civilly negligent act, or to bias their view of the evidence in any way, but simply to alert them that such potentially disturbing material is coming. Indeed, juries who are shocked and overwhelmed by blatantly violent or pornographic material may be less capable of rendering a fair decision.

Allow greater juror participation in the trial process. Under traditional trial procedures, jurors are expected to play a passive role, quietly listening and absorbing the presented evidence and testimony in preparation for their deliberations. Recalling the point made at the beginning of this article, in no other field – medicine, law enforcement, emergency services, business and industry, government, the military – are critical decisions made in the context of deliberate restriction of relevant information. While certain aspects of a legal trial are

unique, such as the importance of controlling bias, research on juror decision making increasingly shows that this passive role – no note-taking allowed, no questions asked by the jury – is unnatural and uncomfortable for most jurors, hindering their ability to remain objective, to concentrate on evidence and testimony, and to integrate new, unfamiliar material; just imagine trying to pass a high school or college course under these conditions. Conversely, studies show that juror comprehension and satisfaction are increased if jurors are allowed a more active role in trials (Cooper et al., 1996; Dann, 1993; Heuer & Penrod, 1994; Rosehan, 1994).

Accordingly, many courts are now permitting limited note-taking by jurors and the asking of limited questions. The latter usually takes the form of having the juror write the query on a piece of paper which is then passed to the judge for review. If he or she determines that it is an appropriate question, the judge will then read it to the witness (or sometimes have the bailiff or court reporter read it). In my experience, this has almost always occurred in the context of expert witness testimony, where the jury has a legitimate question concerning some technical matter that the expert has just expounded upon. Given that jury verdicts may well be determined by their understanding of such complex material, anything that will increase their understanding should well serve the purposes of a fair and just verdict.

Facilitate jury deliberations. Arguably, the jury deliberation process is the most critical aspect of juror activity in the trial because it is here that the fate of the stakeholders is decided. Most jurors rank the process of deciding on a verdict and the fear of making a mistake among the top sources of stress in their trials. One problem often cited is their lack of a clear understanding of the judge's jury instructions, and research has demonstrated generally low comprehension of juror instructions in general (Greene & Bornstein, 2000; Steele & Thornburg, 1991). Accordingly, it is crucial for judges to ascertain that their juries understand the relevant instructions.

After days of listening to complex, confusing, disturbing, and/or boring testimony, just throwing a group of strangers into a room and expecting them to arrive at a just decision may be more a reflection of naive optimism than reality. The conduct of jury deliberations can range from polite and civil to something resembling a dog fight. Most jurors report that they would have liked some guidelines for their deliberations. Especially in tense criminal trials or where jurors are having difficulty getting along, judges should be prepared to provide some guidelines for cooperative and collaborative deliberation, such as listening to one another's points without interruption, disagreeing respectfully, and not taking arguments about the case personally. Business people take hours of courses and training seminars on decision-making processes, conflict resolution strategies, and how to conduct productive meetings (Miller, 2008d) – shouldn't juries be given some guidance on this as well? If jury sequestration is a possibility in this trial, prepare jurors for this in advance, from the outset of jury selection.

Clinical Measures

The following recommendations entail more of an interface between judicial and mental health professionals in terms of providing specific interventions to help jurors cope with stress. There are some things that judges and court personnel can do; other approaches require the direct or consultative role of a qualified mental health professional (Antonio, 2006; Bienen, 1993; Bornstein et al., 2005; Casey, 1998; Dabs, 1992; McAree, 2004; Miller et al., 2007).

Pre-trial interventions. This is the proactive aspect of juror stress management. The purpose of pre-trial interventions is to prepare jurors ahead of time for the stress they may experience during the course of a trial. These measures include informal discussions or prepared educational modules about the potential effects of stress, how to recognize symptoms, and how to utilize a range of coping techniques. The techniques themselves are familiar from stress management applications in other fields, such as law enforcement and emergency services (Miller, 2008a, 2008b).

Juror stress debriefing. Sometimes it may not be clear how stressful a trial has been until it has ended, at which time appropriate follow-up mental health services may be required (Goleman, 1991). Although court-sponsored services for crime victims exist in all 50 states (Miller, 2008c) and psychological services for law enforcement have existed in most jurisdictions for decades (Miller, 2006b), prior to 1990 there were few institutionalized programs through the courts for providing any kind of mental health services for jurors (McAree, 2004). Following several highly-publicized trials containing horrific evidence, including the Jeffrey Dahmer serial cannibalism trial, the trial of the Oklahoma City bombers, and the Pam Basu trial, in which a mother was dragged and mutilated during a carjacking, courts have begun offering psychological services to jurors (Bell & Feldman, 1992;

3073

Feldman & Bell, 1991, 1993; Hafemeister, 1993; Hafemeister & Ventis, 1992), largely in the form of one or more clinical varieties of *critical incident stress debriefing* (CISD) approaches, part of the larger domain of *critical incident stress management* (CISM), familiar to most readers of this journal (Everly & Mitchell, 1997; Miller, 1998c, 1999; Mitchell & Everly, 2003).

Developed in the field of public safety and emergency services, the debriefing model has now been applied to a wide range of crises, including crime victimization, natural disasters, and victims of terrorism (Miller, 1998c, 2008c). As developed in the emergency services field, CISD debriefing is a peer-led, clinician-guided process, usually consisting of one or more mental health professionals and one or more peer debriefers, i.e. fellow police officers, firefighters, paramedics, or crisis clinicians who have been trained in the CISD process and who may have been through critical incidents and debriefings in their own careers. The purpose of the debriefing is to normalize and detoxify the immediate traumatic stress reactions being experienced by the subjects and to strengthen resistance to further psychological disability. This is done through a semiformal seven-stage process, including the introduction, fact, thought, reaction, symptom, education, and reaction phases, designed to ease the process of ventilating distress, but then reseal psychological stability and encourage natural healing, aided, if necessary, by follow-up referral to additional mental health services.

Recent applications have expanded the use of CISD techniques with civilian groups. Bell & Feldman (1992) and Feldman & Bell (1991, 1993) developed a post-trial debriefing model specifically for jurors and other court personnel that is essentially similar to the crisis debriefings utilized for victims of crimes, natural disasters, or similar traumas. In general, effective debriefing sessions reduce stress, offer information on mental health services for those who might need it, provide closure, promote confidence in the judicial system, and enhance satisfaction.

As with most interventions, controversy exists. Bornstein and colleagues (2005) conducted a study that measured jurors' stress before and after a post-trial debriefing and found that, while jurors overwhelmingly said that they found the debriefing intervention helpful, their measured stress levels and symptom indices were similar at pre- and post-debriefing. Juror stress levels were lower at one month post-trial regardless of whether they had received the debriefing service or not. This, in fact, is an intriguing finding that runs through the stress debriefing efficacy literature: participants frequently say it helps, but formal measurements of distress or symptoms remain unchanged (Arendt & Elklit, 2001).

As with stress debriefing in other contexts, a major part of the problem with using this intervention with jurors probably relates to the appropriateness of its application; mental health clinicians who advise the courts should guide court officials to use this technique only where it is legitimately needed (Casey, 1998). For example, for trials that involve relatively low levels of stress, jurors may need only general discharge instructions from the trial judge prior to being dismissed. In general, informal meetings with the trial judge can provide a sense of closure for the jurors. In more stressful trials, the judge may choose to hold a more lengthy discussion with the jurors or bring in a mental health professional to conduct a formal debriefing. This may be the case in particularly gruesome trials or those which attract a great deal of media attention. However, surveys indicate that some judges like to handle these sessions on their own, only rarely calling in a mental health professional (Bornstein et al., 2005; Casey, 1998; McAree, 2004). Other judges seem to recognize that this is out of their league and are only too happy to find a mental health professional who will take over – if there are any available who do this kind of work (Miller et al., 2007).

Some recommendations for optimizing the juror debriefing session (Bornstein et al., 2005; Miller et al., 2007) include:

- Consider the best time of day for the debriefing. The afternoon the trial ends may leave jurors feeling drained; all they want to do is go home. Set up a separate day for the session, perhaps giving jurors a few days to recoup.
- Make the jurors feel comfortable. Debriefing should be voluntary and there should be no stigma attached. Nothing that goes on in the session should be on the record – the trial is over; this is solely for the jurors' well-being.
- Unlike public safety professionals, jurors may not quite know how to proceed, so prime the conversational pump to get people talking, but maintain control over the discussion, so that it helps, not hurts. Encourage productive venting, not unhealthy spewing or accusing. Keep the focus on the positive.
- Positive focus includes normalizing juror stress. This should be conceptualized as a normal reaction by

3074

normal people to an abnormally challenging situation. Reassure the jurors that they did their best at a difficult job in making a crucial decision.

- Cover any lingering questions jurors may have. Address concerns about safety and fears of retribution. Help jurors deal with the media. Seek juror feedback as to how things could be improved in the future so that they feel part of the solution.

In cases where the judge suspects that jurors are experiencing significant stress or showing symptoms of a serious mental disorder, they can refer the juror to a qualified mental health professional for more individualized counseling -- again, courts should be proactive in identifying clinicians in the community who can serve as resources for these services.

Combined interventions. One criticism that has been leveled against debriefing-type interventions is that their standard, one-size-fits-all format lacks the flexibility to deal with diverse types of people and problems. While the CISM model continues to expand and adapt to new challenges, Nordgren & Thelen (1999) have developed a multifaceted intervention program they call *Graduated Jury Stress Management* (GJSM) which contains five intervention levels that are administered according to the stress level of the individual juror. Although GJSM is designed to be a post-trial intervention, some aspects of it (i.e. written instructions) could also be adapted as a pre-trial intervention:

- *Level 1: Basic Information.* Jurors who have not yet evinced any problems simply receive written educational materials about stress reactions and potential coping strategies.
- *Level 2: Stress Management Instruction.* This applies to jurors with mild stress levels. The judge individually gives these jurors basic stress management information along with the standard post-trial discharge instructions.
- *Level 3: "Flexible Defusing."* Jurors with moderate stress receive a 15-20 minute debriefing during which a mental health professional explains normal stress reactions, offers coping strategies, and assesses individual jurors to determine if further clinical services are necessary.
- *Level 4: "Jury Stress Debriefing."* This intervention is adapted from the CISD model commonly utilized with emergency workers and is applied to jurors who are showing significant levels of stress.
- *Level 5: Individual Psychotherapy.* This may range from a few sessions to ongoing treatment and is intended for jurors who are showing extreme stress reactions and/or clinical symptoms of a mental disorder. Not uncommonly, these may have been jurors who had difficulties in functioning prior to the trial and the trial stresses have exacerbated their preexisting or dormant psychopathology.

Clearly, Nordgren & Thelen's GJSM (1999) appears to formalize the stages of intervention that most clinicians would apply to the treatment of traumatic stress cases. But, as effective as these proactive and responsive clinical measures might be, and as best we may try to make procedural changes within the existing American jury system, perhaps real efforts to increase accuracy and efficiency and reduce stress within the jury system can only come when more fundamental changes are considered.

Conclusions and Recommendations

Based on a review of the literature and my own clinical and forensic experience, the following recommendations for improving the civil and criminal justice systems in the United States are offered.

Let judges judge. Just as we maintain strict training and credentialing criteria for authorizing people to call themselves doctors and attorneys and to practice medicine and law, we should do the same for those who practice jurisprudence; we should let the judges judge. Many countries already do this. In some court divisions, such as family court, judges, not juries, often decide cases. In many other cases, defendants have the option of waiving a jury trial and opting for a *bench trial*, which is having the judge hear the case and render a verdict.

Utilize professional jurors. Okay, even doctors have assistants to perform routine clinical tasks and lawyers use paralegals for similar purposes because there just aren't enough physicians and attorneys to go around. But these paraprofessional staff still receive some degree of training and certification to do what they do. So why not recruit reasonably intelligent and educated citizens on a voluntary basis, provide them with specialized training in the law, decision-making, and interpersonal skills, and credential them as *Certified Jurors* or some such appellation.

3075

There could even be board-certified subspecialties within the Certified Juror field, such as "certified medical juror," "certified mental health juror," "certified business-economics juror," "certified industrial-mechanics juror," and so on. The next step would be to compensate them for their service (just as medical assistants and paralegals get paid a fair wage) and utilize them as part of a rotating pool of professional jurors who can objectively decide cases with a basic prerequisite of knowledge and training both in the law and in the subject matter of the case.

Meanwhile, professionals within the legal system, and the mental health clinicians who advise them, must strive to make jury service as efficient, accurate, and comfortable as possible. Whether in the emergency room or the courtroom, people's lives are at stake, in one way or another. We must assure that those who are called to make the crucial decisions are afforded the proper conditions to do so in a manner that serves justice.

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3076

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3079

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Vicarious Traumatisation as a Consequence of Jury Service

NOELLE ROBERTSON, GRAHAM DAVIES and ALICE NETTLEINGHAM

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Abstract: Recent research on post-traumatic stress disorder (PTSD) has highlighted the adverse consequences of trauma, not just for victims, but also for those who interact with them: vicarious traumatisation. British citizens are required to sit on juries, where they may be exposed to gruesome exhibits and harrowing testimony: can such experiences also lead to vicarious traumatisation? Previous studies have demonstrated that some jurors do suffer both short- and longer-term trauma from jury service, both from hearing evidence and deliberation in the jury room. A first exploratory survey of British jurors confirms that a minority of jurors are so affected. The article calls for modifications to the current arbitrary allocation of jurors and for greater provision of information and guidance to minimise the negative consequences of an essential civic duty.

Keywords: juries; stress; vicarious traumatisation

To serve as a member of a jury is considered a civic duty, not only in Britain, but also in the United States and most Commonwealth countries (Vidmar 2000; Kaplan and Martin 2006). In England and Wales, following the Criminal Justice Act 2003, almost all citizens aged between the ages of 18 and 69 years are now eligible for jury service (the exceptions being those with serious mental health problems or significant criminal records). On average, some 390,000 citizens serve on juries each year, selected at random from those on the electoral role (Jury Central Summoning Bureau 2007). Once at court, all prospective jurors are shown a film briefly outlining their duties and allocation of jurors to particular trials is arbitrary. Some jurors will be selected to serve on cases involving crimes against the person and will be exposed to testimony from visibly distressed victims, which will frequently be graphic and shocking. They will be expected to handle exhibits and examine explicit and gruesome photographs. When they retire to the jury room, they will have to rehearse such evidence and weigh up its significance for the guilt of the accused before reaching a verdict. They may find themselves in a minority on the jury, trying to change the minds of others while resisting pressures to conform to the

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majority view. All these processes have the potential to lead to significant distress, both in the short and longer term, for the jurors concerned. Yet, despite its time-honoured tradition, little research has been conducted to date on the impact of jury service on jurors' mental health and well-being. This article reports a first exploratory study on the stresses experienced by jurors in England and Wales and raises the question as to whether current procedures could have serious long-term consequences for at least a minority of vulnerable citizens.

Research on the Impact of Stress and Trauma

In recent years, considerable research has been directed toward understanding the consequences of traumatic experience for an individual's mental health (Ozer *et al.* 2003). Experiences yielding traumatic consequences include events with a direct threat to the person involved, such as sexual or physical assaults, and responses to disasters, both natural (the Boxing-Day Tsunami) and man-made (road traffic accidents; the King's Cross Fire). Most information, however, has been derived from studies of veterans of active military service; indeed, it was as a direct result of such research on US survivors of the Vietnam conflict that the condition of post-traumatic stress disorder (PTSD) was formally recognised and defined in the psychiatric literature.

Symptoms shown by patients diagnosed with PTSD can include excessive arousal and irritability, behaviours to avoid reminders of traumatic material, emotional numbing, and impaired memory for the original events, which nonetheless intrude into consciousness as 'flash-backs', with all the vividness and intensity of the original experience (DSM-IV-TR 2004). A more recent development has been the recognition that traumatisation is not confined solely to the victims of overwhelming events: it can also affect those endeavouring to help them. Professionals such as the police, emergency services and medical personnel called to the scene, even the therapists who treat the victims and must empathise with the intensely distressing accounts offered by survivors, may all develop PTSD symptoms: so-called vicarious traumatisation (McCann and Pearlman 1990). The question arises as to whether jurors, too, can suffer such vicarious traumatisation through exposure to and empathy with victim accounts and gruesome evidence at trial. It can be argued that only in long and complex trials is their immersion likely to be prolonged, but the material with which they must grapple will often be shocking and vivid and may have relevance to their own experiences. Some support for this view comes from the limited previous studies which have explored juror stress.

Individual Juror Reactions: Jury Debriefing

Reports on the impact of stress on individual jurors have figured in many articles in the media (for example, Woolcock 2007; McAree 2004; Trafford and White 2003; Davies 2005) and at least one television programme. In *Juror* (BBC Television 1997), ordinary people involved in jury service in

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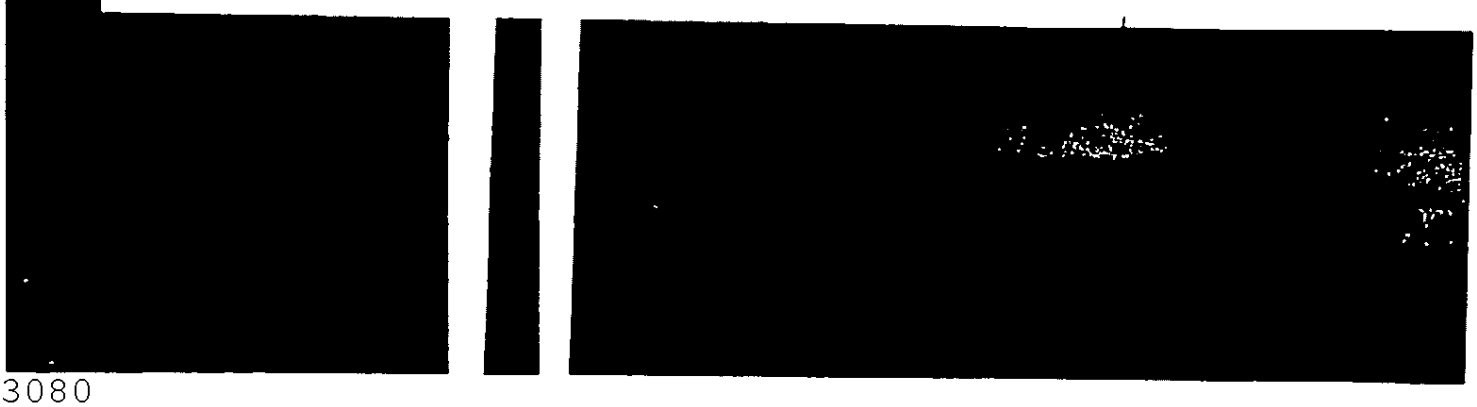

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high-profile trials reflected on its impact on their lives. 'Jenny' reported that she had turned up at the court 'a happy, confident level-headed person' but after ten days of the trial, she was 'too frightened to open her front door'. Another juror reported: 'we all felt terribly vulnerable and exposed: stuck in a nightmare we could not get out of'. Other jurors felt that their experiences and reactions were not understood: 'I don't think they appreciate what it costs an ordinary person to do their civic duty'. The prohibitions on speaking to others embodied in the Law of Contempt had been impressed upon them and this served to increase their isolation: 'We were given clear instructions not to talk to anyone. I wanted desperately to talk to anybody, but I couldn't, not even my husband'.

These anecdotal reports are supported by more systematic accounts collected by psychologists and psychiatrists who have been called in to discuss with jurors their experiences and feelings after trials in which stress has been an issue. Such 'juror debriefing' is modelled on the controversial 'critical incident stress debriefing' sometimes offered to emergency service personnel after major incidents. Such debriefing for jurors is widely employed in the US, but rarely in the UK, although the jury in the Rosemary West serial murder case were offered counselling at the end of the trial (Lloyd-Bostock and Thomas 1999).

Feldmann and Bell (1993) were recruited to debrief the jury following the sensational trial of serial killer, Jeffrey Dahmer. Among symptoms reported by all jurors were sleep disturbances, intrusive thoughts, restlessness and agitation. Jurors attributed these symptoms to the graphic evidence to which they had been exposed, their lack of knowledge of legal procedure, and the insensitive and patronising way in which they were treated by the officers of the court and expert witnesses. Jurors reported that their difficulties were not exclusive to the evidence and exhibits, but also extended to the decision-making process (see also Feldmann and Bell 1991; Bell and Feldmann 1992). Kaplan and Winget (1992) interviewed 40 jurors who had deliberated in four high-profile trials including two murder cases. No fewer than 27 jurors reported stress-related symptoms including depression, sexual problems, headaches, eating disorders and somatic complaints: gastro-intestinal distress being the most frequently cited (ten jurors). Some seven jurors became physically ill during the course of the proceedings and at least one fulfilled DSM-IV criteria for a diagnosis of PTSD.

Clearly, these were high-profile trials, frequently featuring crimes involving extreme violence, where there was sufficient official concern over their impact on individual jurors to warrant professional intervention. While the long-term benefits of juror debriefing remain a matter of controversy (for example, Figley 1995), these studies provide ample evidence that jurors in these trials suffered significant amounts of stress and on occasion, longer-term trauma. However, it can be argued that such cases provide a poor guide as to the likely experiences of the average juror in a typical trial. For a more representative picture, it is necessary to look at surveys conducted on jurors in a wider range of cases, involving both person-centred and property offences.

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3081

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ISSN 0265-5527, pp. 1–12

Systematic Surveys of Perceived Levels of Juror Stress

Most of the published survey studies have been conducted with American jurors. In a pioneering study, Shuman, Hamilton and Daley (1994) secured questionnaires from 152 individuals who had served on juries in the Dallas area. Respondents had served on what were defined as traumatic (for example, murder; kidnapping; aggravated sexual assault) and non-traumatic trials (for example, burglary; credit card fraud; drug possession). They provided self-ratings of stress as a consequence of jury service, in addition to background information relating to the trial and themselves, including any pre-existing medical conditions to control for levels of pre-trial stress. Participants who had sat on trials classified as traumatic reported nearly three times as many PTSD-related symptoms as those in non-traumatic trials and overall, women reported significantly more symptoms than did men, but the symptoms persisted longer amongst the men. Deliberation emerged as a particular source of stress for all jurors with the effects being more persistent than for other stressors, such as shocking visual material. A later study by Bornstein *et al.* (2005) underlined the significance of deliberation as a source of stress, both at trial and post-trial as well as examining the impact of professional post-trial debriefing. Whilst the interventions were well received by jurors at the time, they had no noticeable impact on the severity of symptoms at a one-month follow-up, consistent with other evidence noting only transitory effects of debriefing (Arendt and Elklit 2001).

In the most comprehensive study of stress in American jurors, conducted by the National Center for State Courts (NCSC) (1998), judicial opinion was surveyed as well as the views of 401 jurors involved in diverse cases across six jurisdictions. Jurors completed three questionnaires. The *Jury Duty Survey* was modelled on the *Impact of Events Scale* routinely used in PTSD research (Horowitz, Wilner and Alvarez 1979) and required jurors to give a yes/no response to a series of statements covering jury service (for example, 'I look back on my jury with fondness'). The *Jury Environment Scale* covered various aspects of jury duty, including interactions with judges, court officials and fellow jurors. The *Jury Duty Stress Scale* required jurors to rate some 50 potential sources of stress at trial (for example, receiving summons; grisly evidence; media coverage) on a five-point scale; judges, too, completed this scale. In addition, judges were asked to recall their most recent trial where juror stress was an issue, to describe how they detected it and what, if anything, they did to minimise the problem.

The NCSC found that jurors involved in all types of trial reported significant amounts of stress. The highest numbers of respondents reported stress in cases concerning offences against the person, with murder trials involving a decision on the death penalty producing the highest of all (86%). Reported stress increased with length of trial, reaching 92% for cases which lasted for over eleven days. A common response of those under stress was to speak to others regarding their experiences, a reaction also noted in a smaller-scale study of US jurors by Kelley (1994). In general, jurors attributed higher levels of stress to their fellow jurors

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The Howard Journal Vol 48 No 1. February 2009
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than they did to themselves. Again, jury discussions and reaching a verdict were rated the most distressing aspects of the trial, more so than harrowing aspects of the evidence.

This picture of widespread concern among jurors over their experiences may be contrasted with the perceptions of the judges, some 30% of whom could not recall a single trial in the preceding year where stress had been an issue. Over 90% of judges believed that fewer than 10% of jurors suffered as a consequence of jury service, but did acknowledge that it was their duty to minimise distress where it occurred. However, they failed to identify the widespread concern among jurors over the deliberative process and instead, singled out type of trial (child abuse; murder) as the principal cause.

It would be unwise to generalise these US findings to juries as a whole. American juries differ from those in the UK and Commonwealth countries on a wide variety of dimensions: for instance, means by which jurors are selected (the availability of peremptory challenge through the Voir Dire procedure); the rules on unanimity and their particular role in determining the death penalty in those states where capital punishment persists (Kaplan and Martin 2006). Once a trial is completed, American jurors in many states are not bound by the rules of confidentiality which constrain what questions can be asked by researchers regarding their experiences.

Two studies on juror stress which have been conducted in Canada and New Zealand underscore the differences as well as the similarities in juror concerns in different judiciaries. An unpublished dissertation by Chopra (2004) involved some 80 jurors who were solicited through newspaper advertisement in Vancouver and who completed the *Jury Duties Stress Scale* and an adapted version of the *Impact of Events Scale*. Patterns of stress in response to different aspects of the proceedings paralleled the NCSC study: deliberative processes generally received high ratings. Indeed, seven of the top ten concerns focused on aspects of group decision making. Levels of stress reported were generally much higher in the Canadian than in the US study and 11.3% of jurors reported a cluster of symptoms consistent with PTSD. Chopra attributes the higher reported stress levels to the lack of opportunity for Canadian jurors to discuss their experiences. However, the method of soliciting the sample may have attracted a disproportionate number of jurors who had negative experiences to disclose.

A government-sponsored study of New Zealand jurors (Young, Cameron and Tinsley 1999) included a number of questions designed to probe negative as well as positive aspects of jury service. While 82% of the sample had found the experience worthwhile, some 23% reported feeling tired and exhausted, which they attributed to the need to concentrate on the evidence during the day and loss of sleep at night. As in the US studies, some respondents reported symptoms of stress both during and after the trial: deliberation again figured as a difficulty, along with concern over intimidation from the accused and their associates, and links between their own personal experiences and aspects of the trial evidence. Counselling for jurors is available in New Zealand, but was rarely taken up.

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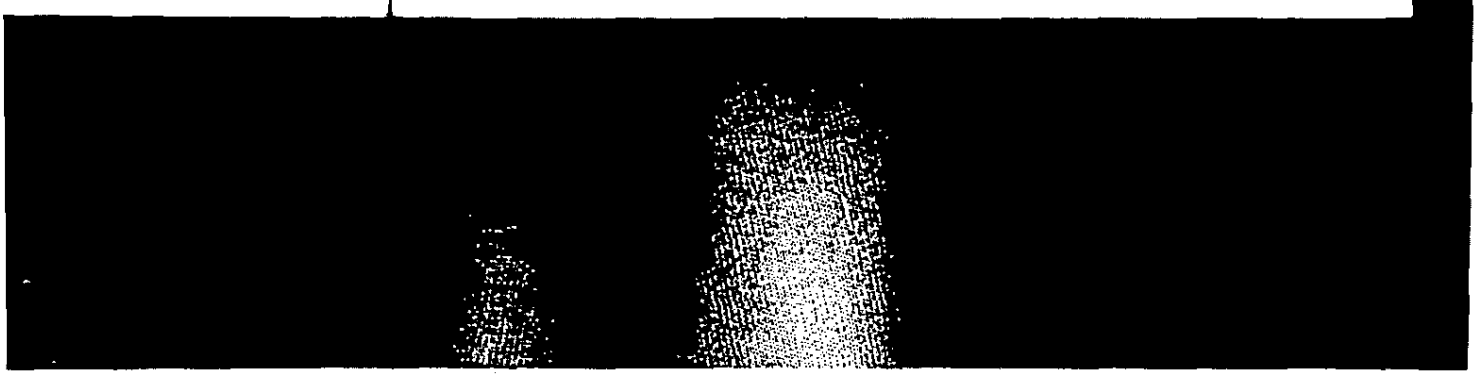

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The Howard Journal Vol 48 No 1. February 2009
ISSN 0265-5527, pp. 1–12

Surprisingly then, no robust study has been undertaken to examine stress experienced by jurors in England, perhaps because of the prohibitions on questioning jurors embodied in Section 8 of the Contempt of Court Act 1981. A major study of the English jury undertaken for the Home Office (Matthews, Hancock and Briggs 2004) was careful to avoid any questions which might be construed as violating the provisions of the Act, but did include a question on juror stress. Matthews, Hancock and Briggs reported that 20% of women and 16% of men had suffered significant stress, with concerns highest among jurors in their 20s and lowest in those aged over 60 years. As in the North American studies, decision-making processes emerged as the greatest source of concern. The authors acknowledged stress as a significant issue, recommending that concerned jurors should have routine access to counselling services.

The current exploratory study examined the levels of stress among jurors serving in the English legal system. It used a novel technique for recruiting a sample of jurors – a web-based questionnaire – but like earlier research it attempted to establish the extent of distress, trauma symptoms and perceived sources of strain reported, in this study, by a representative sample of English jurors. Using and tailoring a range of measures which have been developed and validated in earlier studies, it aimed to compare and contrast the experiences of English jurors with those from other jurisdictions with rather different rules and conventions regarding the selection, duties and conduct of jurors.

The Leicester Study

The web-based questionnaire was compiled with each respondent requested to complete it in its totality. It covered the following:

(i) *Personal information*, including age, gender, ethnicity, educational level and employment status.

(ii) *Information about the trial* for which they had served as a juror, including the length of trial, time since participating and the nature of the charges against the defendant.

(iii) A measure of *Trait Anxiety* derived from the *State-Trait Anxiety Inventory* (Spielberger, Gorsuch and Lushene 1970) consisting of a series of statements, such as: 'I am comfortable; tense; relaxed', for each of which participants were required to rate themselves, using a four-point Likert scale.

(iv) A *Prior Trauma* questionnaire which invited participants to volunteer any personal history of direct experience of a range of traumatic events (for example: sexual assault/abuse; a major fire).

(v) A *Trauma Symptoms Check List* (Briere and Runtz 1989) examining whether the juror had experienced any of a range of somatic symptoms (such as headaches, insomnia or weight loss) during and subsequent to the trial.

(vi) The *Jury Duty Stress Scale* (National Center for State Courts 1998) adapted for use in England. This asked jurors to rate 44 different facets of jury service (for example, disturbing grisly evidence; jury deliberation and

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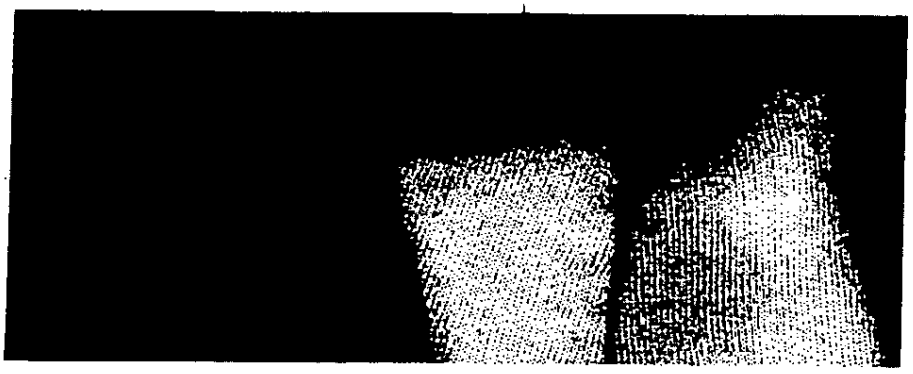

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discussion) on a five-point Likert scale from 'not at all stressful' to 'extremely stressful'.

(vii) A measure of post-traumatic stress disorder derived from the *Mini International Psychiatric Interview* (Sheehan *et al.* 1998). Respondents were requested to consider their jury service and to respond to 15 questions, including: 'Have you noticed that your feelings are numbed?' and 'Have you had trouble recalling some important part of what happened?' A score of nine positive responses or more predicts the presence of PTSD.

(viii) A *Jury Deliberation Questionnaire* for which jurors were invited to comment on aspects of the jury process including the impact of being part of a long-term group and the role of foreman, where appropriate.

A pilot study revealed that the on-line questionnaire took typically between 30 and 45 minutes to complete. The questionnaire was also scrutinised by two senior legal academics with a working knowledge of the Contempt of Court Act 1981, to ensure that none of the content infringed the terms of the Act. All questionnaires were submitted on an anonymous basis and care was taken not to elicit information which might have led to the identification of either the juror or the trial on which they sat. Responses for all the clinical measures were assessed for internal consistency using Cronbach's alpha: coefficients ranging from 0.77 to 0.93, indicating robust reliability.

In order to generate interest in completion of the on-line questionnaire, a press release was produced, raising the general issue of whether jury service could be a significant source of stress and emphasising the lack of such studies in the UK. This generated considerable publicity in both the local and national media in which the web-address of the questionnaire featured prominently. In the event, some 64 jurors based in England and Wales fully completed the questionnaire during the four-month period in which it was available on the web.

Characteristics of the On-line Sample

The respondents consisted of 26 males and 38 females, all resident in the UK and all with jury experience. They ranged in age from 18 to 67 years with a mean age of 36.09 years (SD = 12.45 years) and 89% described themselves as of white British nationality. A high proportion (61%) worked in some form of public service and only 10% were retired or unemployed; just over half (56%) were married or cohabiting.

The great majority of participants (95%) had served on criminal trials, while the remainder sat on civil matters, and their jury experience dated from one to 25 months previously. Some 55% had been involved in trials lasting three days or less, but 22% sat on cases which lasted six or more days. They reported that 59% of the trials involved crimes against the person, of which allegations of rape, theft and grievous bodily harm were the most frequent; the remainder sat on trials involving property crimes, including arson, vandalism and burglary. In all, 54% of trials ended with a guilty verdict.

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3085

The Howard Journal Vol 48 No 1. February 2009
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Reported Stress and Jury Service

On the adapted version of the *Impact of Events Scale*, participants scored an average of 14.94 (SD = 16.41) which fell below clinical significance for the sample as a whole. However, 23% (n = 15) showed scores indicative of moderate to severe stress and 13% (n = 8), all female, scored above the cut-off point for severe clinical stress. Some 13 respondents acted as foremen: this role was generally associated with elevated stress levels, with four respondents reporting this as 'quite a bit' or 'extremely' stressful.

Female jurors experienced higher levels of stress than males, t (62) = 2.53, $p < 0.01$, and females who sat on a case relevant to a past trauma in their own lives reported particularly elevated levels, t (62) = 2.37, $p < 0.02$. Trials involving crimes against the person produced higher levels of stress than property crime, t (62) = 2.56, $p < 0.01$. The effects of levels of trait anxiety, t (62) = 1.67, $p < 0.10$, and prior juror experience, t (62) = 1.70, $p < 0.10$, approached significance in predicting an elevation and lowering respectively of stress levels, but age, education and professional background were not significant predictors. There was also a trend for jurors involved in longer trials to report higher levels of stress, but the difference did not reach significance due to inter-participant variability, F (2,61) = 1.80, ns.

Responses from the *Trauma Symptoms Check List* indicated that jurors experienced a range of symptoms of distress during and after the trial, of which restless sleep (22% during; 8% after); sadness (17% during; 6% after); feeling isolated (14% during; 3% after); headaches (13% during; 3% after); waking at night (11% during; 5% after); flashbacks (11% during; 5% after) and feeling tense all the time (11% during; 5% after) were the most common.

As to the particular sources of stress, the findings from the *Jury Duty Stress Scale* indicated that among the ten most frequently reported sources of stress (see *Table 1*), those relating to jury decision making were the most prominent, though listening to disturbing evidence and being sequestered for the entire trial were also significant sources of concern. There were also significant gender differences on some items: female jurors were more likely than males to highlight being distressed by dissension or differences among jurors, t (58) = 2.25, $p < 0.03$; answering questions in front of other people t (61) = 2.78, $p < 0.01$, or disturbing or grisly evidence t (33) = 2.69, $p < 0.01$.

As regards longer-term effects associated with PTSD, responses to the *Mini International Psychiatric Interview* indicated that 23% (seven male and eight female) of jurors reported having experienced, witnessed or had to deal with traumatic events in the course of their trial and 5% (three persons) reported that they had responded with intense fear, helplessness or horror. Principal symptoms reported were difficulty with sleeping (17%, n = 11) and concentration (19%, n = 12) and overall, one juror out of the total sample fulfilled the criteria for current PTSD with a score of 9.

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Deciding on a verdict
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TABLE I
The Top Ten Most Reported Sources of Stress in the Leicester On-line Survey

Source of stress	M	SD	n
Deciding on a verdict	3.13	1.27	62
Fear of making a mistake	3.13	1.36	63
Reaching a majority not unanimous verdict	3.04	1.43	28
Jury discussion and deliberation	2.95	1.12	61
Being in a minority position in debate	2.87	1.40	39
Dissensions/differences among jurors	2.87	1.31	60
Sentencing a criminal defendant	2.67	1.41	45
Answering questions in front of other people	2.46	1.13	63
Disturbing/grisly evidence	2.46	1.34	35
Sequestration during the trial period	2.43	1.56	14

(*Notes:* M = mean; SD = standard deviation of the ratings. All ratings based on a five-point scale where 1 = 'not at all stressful' and 5 = 'extremely stressful'. Numbers (n) indicate the number of respondents mentioning a given source, based on a maximum possible total of 64.)

Conclusions

These results from this first exploratory survey from the UK confirm that jury service can be a significant source of anxiety and for a vulnerable minority, can engender moderate to severe clinical levels of stress and in the longer term, lead to symptoms associated with PTSD. Trials involving crimes against the person are more likely to induce a stressful reaction than those involving property crimes. Women as a group appear to be more vulnerable than men, especially when the trial touches upon a past traumatic event that has been personally experienced. As regard sources of stress, those most widely shared were linked to the deliberative and decision-making phases of the trial. Dealing with repellent and horrific evidence was also highlighted as a significant area of concern, particularly so for women, who also attached greater stress to dealing with dissension and answering questions in the jury room.

Inevitably, caution needs to be exercised in drawing sweeping conclusions from a relatively small and self-selected sample of respondents, but many of the findings echo those of earlier studies conducted in other judiciaries. Studies in North America also found a greater impact of crimes against the person as opposed to property crime (National Center for State Courts 1998; Shuman, Hamilton and Daley 1994) and pointed to the deliberative phase as the most common source of stress in most trials (Bornstein *et al.* 2005; Chopra 2004). As regards the levels of stress within the jury population, the levels reported in the Leicester study were somewhat lower than those reported in North American studies, though still substantial for a minority of participants. Caution is required in extrapolating the figures obtained in the Leicester study to British jurors as a whole, given the size and self-selected nature of the sample; nonetheless, they confirm that jury service is a potent source of stress and for a small minority of jurors, an overwhelming one.

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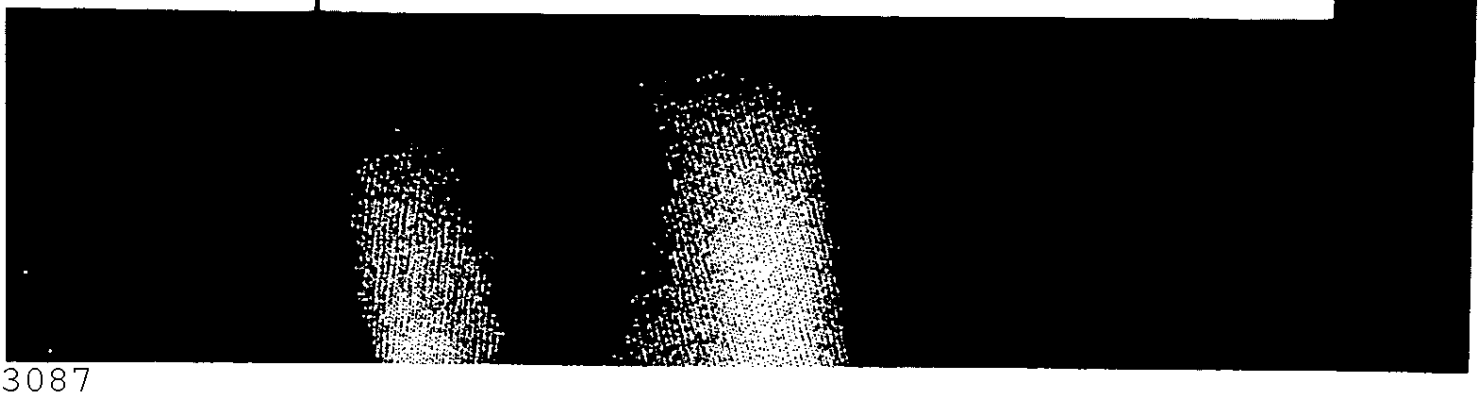

3087

There is nothing in the current findings to suggest that jurors drawn from the general population should not, in principle, continue to play a valuable and essential role in Crown Court trials. Some moderate level of stress is inherent in the legal process, whether as defendant, witness or juror. Much has been done in recent years to provide additional support for witnesses, through the Witness Support organisation and improved facilities (Criminal Justice System 2008). There is much that could be done to improve support for jurors: more extensive preparation and briefing and such simple courtesies as clear directions and an assured parking space, something which is routine in many American judiciaries (for example, Floyd County 2008), but not elsewhere. Currently, those jurors who are troubled by their experiences have little external support: the law, for good legal reasons, precludes jurors from discussing their thoughts and feelings with others, even their loved ones, both during and after a trial. As Chopra (1994) and others have emphasised, this can only increase the sense of isolation experienced by the juror outside the jury room: one of the ten most often cited stressors for the Leicester sample. Undue levels of distress among jurors can also impair the effectiveness of decision making and thus undermine the whole rationale of the citizen juror (Flin *et al.* 1997). The availability at Crown Court Centres of a supporter for jurors, similar to the supporters now available for vulnerable witnesses, could play a useful role in being able to discuss the experiences with troubled jurors under the privileges engendered by a shared and binding legal oath.

The current study has replicated earlier findings from other judiciaries in finding that for a small minority of citizens, jury service may be a significant danger to their mental health. In particular, this study has highlighted the greatly increased levels of stress experienced by women who sit on trials where the events are relevant to their personal history. Currently, persons are allocated by lot to juries; a simple questionnaire focusing on past experiences would be sufficient to eliminate vulnerable jurors from potentially traumatic trials, to the benefit of the criminal justice system and the mental health of the individuals concerned. Finally, the current results replicate others in pointing to discussions and deliberations in the jury room as the single greatest source of stress for most jurors. There may be ways in which that stress can be mitigated without interfering with the independence and confidentiality of such deliberations, through the wider use of guidelines or decision heuristics as occurs in some Australian courts (Goodman-Delahunty and Tait 2006). Sadly, it is not possible to even begin to answer this question as long as social scientists in the UK are legally precluded from either talking to jurors about their experiences or observing juries at work.

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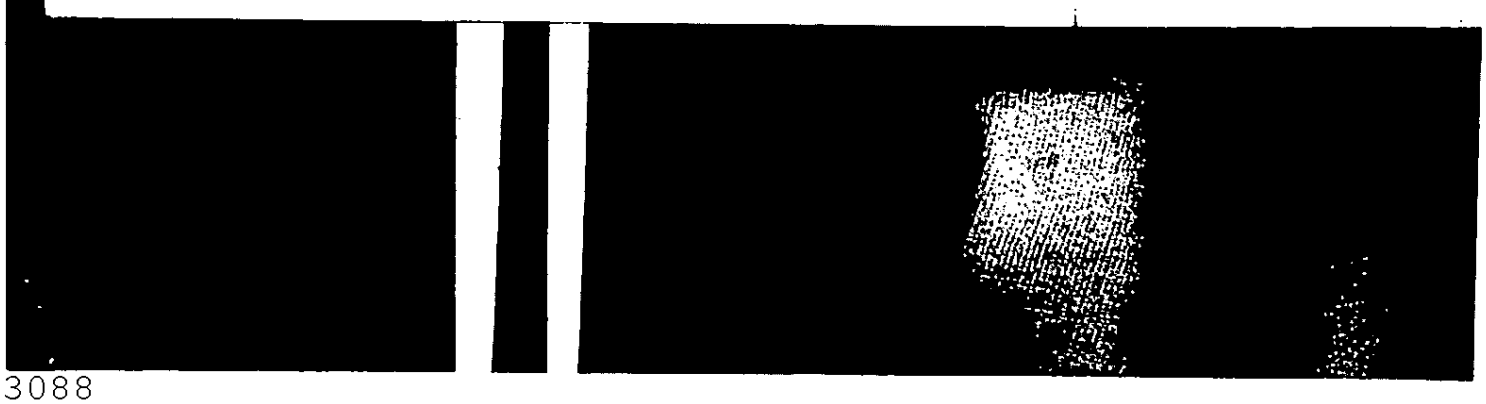

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3089

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Date accepted: June 2008

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ISSN 0265-5527, pp. 13–36

How Well c Work?: Equ Consistenc Fine Levels of E

JOHN W.
John Raine is Professo
Dunstan is Research Fell

Abstract: This article cons specifically in relation to the presented from research with (that is, equality of impact) i the relative seriousness of di between individual sentenc magistrates and district judg of structured fines sentenc developing a satisfactory me objectives of achieving equi findings was the prime imp accordingly the article conc design of guidelines on finc

Keywords: sentencing sentencing consistency; (

The subject of disparit discretion afforded to extensively covered in many years (see, for e 1989, 1995; Hood 199 *et al.* 2003; Wooldredg much of the research disparities in relation t (for example, custody, concern for sentencing

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3090

February 19, 2010

Representative Beth Kerttula
State Capital
Juneau, AK 99801

Dear Representative Kerttula:

I'm writing to extend my utmost support for your legislation – HB 52 - "An Act authorizing psychological counseling for jurors serving in criminal trials who are traumatized by graphic evidence or testimony."

As a juror on the 2003 Joshua Wade trial in Anchorage, I can attest to the need for counseling after a trial involving a heinous crime against an individual. Unlike prime time TV where crimes are committed, investigated and solved in 60 minutes, real life murder trials are gruesome, disturbing and in our case, debated in a court room over the course of nearly four months. Blood spatter patterns, rape, death by repeated blows to the head with a rock, torture, dehumanization – I would argue that these may be things judges, prosecutors, police officers, forensic specialists are trained and equipped to psychologically handle, but the average citizen called to jury duty is not.

At the conclusion of our trial, we were given specific instruction on how to process the evidence, on how to deliberate, on how to come to deliver a verdict according to the instruction presented by the court. We were not however, given any instruction on how we might move past the sound of the victim's mother wailing in the courtroom; of the pictures that we were shown day after day of a woman's raped and beaten body; of the testimony from expert witnesses stating that for blood to have traveled "x" feet from a body, it would have had to have been beaten with "y" severity.

Fortunately, I have a friend and colleague who does trauma counseling. At the conclusion of the Wade trial, this individual did one group counseling session (gratis) for all of us; she then saw me (again, gratis) for several other sessions so that I could further process, and move beyond the prior 4 months. Not all jurors will be as fortunate to have access to free services.

Thank you for your leadership in recognizing and addressing the needs of ordinary citizens who find themselves on an extraordinary jury. While it is our duty to serve, I believe that it is also the duty of the court to provide a means of support at the conclusion of a particularly heinous trial.

With thanks,

Anne M. Gore

Anne M. Gore • 9402 Main Tree Drive • Anchorage AK 99507

Robert H. Edwardson
3842 Killewich Drive
Juneau, AK 99801
March 1, 2009

The Honorable Beth Kerttula
House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Representative Kerttula:

Thank you for sponsoring *HB 52, "An Act authorizing psychological counseling for jurors serving in criminal trials who are traumatized by graphic evidence or testimony."* Throughout my years of as an emergency responder and law enforcement professional, I have witnessed responder trauma caused by reactions to critical incidents. It is appropriate that jurors, as an important component of the law enforcement and judicial systems, become entitled to the same assistance enjoyed by other members of our law enforcement team.

Proper counseling prepares people for their normal reactions to abnormal events. It also provides tools to adapt to those reactions. Loss of sleep, reliving events and disruption of normal routines are just some of the examples of normal reactions to critical incidents that people may not intuitively understand. They may attribute their seemingly abnormal reactions weakness in their own character, or by misattributing their changed behavior to concurrent, yet unrelated events in their lives. Their normal coping skills may be ill prepared to help them, and may actually cause them to turn use mal-adaptive coping mechanisms such as self-medication, or withdrawal from their emotional support networks when they most need them. I can attest that some responders suffer negative life-altering changes by ignoring proper counseling.

Ultimately, the public benefit of providing counseling is the facilitation of jurors' orderly return to daily life, prepared to appropriately respond to their experience. And although they may remain forever changed by vicarious trauma, they will have the skill to properly deal with their reactions. Thank you for your efforts, you have my support.

Sincerely,

Robert (Rob) Edwardson,
CWO2, USCG (Ret)
CISM Basic, Peer and Advanced
Lifelong Alaska Resident

February 24, 2010

Representative Beth Kerttula
State Capitol
Juneau, AK 99801

Dear Representative Kerttula:

I believe this is an important bill. As a social worker, I often work through very emotionally difficult situations and problems with clients. This can lead to professional grief, a topic social workers are familiar with and so often form support networks to help them process the challenges of the profession. There are times when I have been very shaken and traumatized by the work I do and I lean on the supports I have developed. However, jurors might not even be aware of the concept of professional grief and likely won't have the networks they need to process what they have been through. I think professional grief can be due to cumulative stress or one particularly stressful event. I think that not only should the counseling be offered, but that jurors participating in traumatic cases should also be advised that counseling should be considered, even if they don't think they will need it.

Professional grief can bring about responses that might not seem to be associated with the cause of the grief. In addition, professional grief often takes the form of hidden grief and is internalized and unexpressed. Individuals experiencing it might feel irritable, angry, anxious, helpless, or guilty without relating it to the experience. Jurors should be made aware of the possibility of professional grief and the importance of working through it.

Please let me know if you have any other questions. Thank you and good luck!

Jeannette Lacey Dunn, MSW

March 8, 2009

Alaska State Legislature
State Capitol
Juneau, AK 99801

RE: Support for House Bill 52

Members of the Legislature,

First, I would like to thank the legislature for considering House Bill 52, which will grant some form of counseling for Jurors in a criminal trial. My reason for requesting and supporting this legislation is because of my experiences as a juror on a murder trial. I know I am not the only one who feels this way. Details of the trial are still painful to recall, but if my remembering can help even one future juror begin healing far earlier than I did through this early counseling/intervention, then that may bring me another measure of peace; to know something good can come from something so completely gruesome.

I have lived in Alaska for over 15 years. It is a place of peace and great beauty. However three years ago I answered a jury summons and, suddenly, for two weeks, my mind was saturated with facts no person should have to carry around. It was like watching a horror movie for seven hours (or so) a day and not being allowed out of the theatre except to sleep and get ready for the next day's movie.

I learned in great detail how two men plotted to torture an innocent woman to death. A woman, who served her community, loved her family and had no idea what awaited her. I sat in the same room with the murderers and experienced and watched a level of emotion in that court room that was intense and overwhelming. It was slow torture for me. Every night I cried at home and felt so alone because I had taken an oath as a juror and could not share any details of the horrors I was hearing even with my closest friend and confidant, my husband. For two weeks I took it in. Each night was a challenge to sleep and each morning a test in determination to stay strong and walk into the court room.

What did I learn from my court experience? That there are many ways to break into a house; that breaking a person's neck is not as simple as they make it on television; that you can never be sure what another person's distorted view of you could be; that someone could be lying in wait for you to come home alone so as to abduct you and burn you alive.

I also learned you cannot imagine the challenges you will face as a juror on a criminal trial. That even though what you hear in court did not happen to you, knowing that it did happen to someone, seeing the parties involved and having them see you are more intense than you can expect. That getting over it and moving on is not as simple in practice as it is in theory for a juror.

When the trial was over I approached our Judge, for whom I have great respect as she was the only saving grace of this awful experience. I asked if there was any form of counseling or other resources available to help in transitioning out of this trial. She stated the court system does not provide for counseling or any other kind of support following a criminal trial.

I asked her with tears in my eyes, how am I supposed to get all this out of my head? I feel like I have lived this event and I don't know what to do with it. I wanted my peaceful life back; I want to be able to feel the peace I had before the trial. She apologized and said there was nothing she can offer.

I believe if there had been some form of counseling available to provide jurors tools for processing and releasing the intense and graphic details of a criminal trial, then healing could have started a lot earlier for me and the people I served with. I tried to repress the experience. It wasn't until over a year later when the anxiety and stress became too overwhelming that I finally turned to counseling and was diagnosed with post traumatic stress disorder. Today, I am pleased to report, I have found better tools to help me move on and the beauty of Alaska has returned to my life.

As jurors we live through the details of these violent and disturbing trials essentially in silence. Trying very hard to rationalize and process what we're seeing and hearing. This has an impact... an impact on people such as what I am still dealing with today. I believe passing this bill is a very important step in supporting the jurors of violent trials and helping them find a path back to peace. I urge you to support House Bill 52 and the constituents who have or will serve on jury duty.

Again, thank you for your time and consideration.
Very Sincerely,

Mindy Lobaugh
1013 Bonnie Doon Dr.
Juneau, Alaska 99801

Hannah McCarty

From: Lina LePage [mishi@alaska.net]
Sent: Thursday, February 25, 2010 7:33 PM
To: Hannah McCarty
Subject: [Fwd: Fw: HB 52]
Attachments: untitled-[1.2]; HB 52 Juror Counseling Bill.pdf; 10-02-04 Sponsor Statement HB 52.docx

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Hi Hannah,
I just now read this message from my friend Jeanette as I was out of town.
Hopefully it is not too late for input/feedback. I am a mental health clinician (MSW), and I also once participated in a murder trial as a juror three years ago.
I thought at the time that post-trial psychological counseling for jurors was a necessity, and I am very pleased to find out that Rep. Kerttula has introduced a bill to that effect.
I witnessed and experienced great distress from vicarious traumatization as a result of being exposed to graphic images and verbal renditions of the gruesome details involved in a very violent death. In addition, all of us jurors experienced a lot of pressure and stress from the many days of deliberation and from the civil responsibility of deciding of a man's fate. Many jurors were shaken and in tears when all of this was over, and I remember the strong feeling of disconnection I experienced when we were released from our duty after 3 weeks of intense involvement. I thought to myself, "we didn't sign up for this", and this was true, we were "chosen" participants. We were in some sort a "captive audience" trying to fulfill our civic responsibility, which involved being exposed to some disturbing evidences.
Vicarious traumatization can lead to Post Traumatic Stress Disorder,and as a result jurors can experience flashbacks,loss of sleep, nightmares or night terrors, and a heightened level of anxiety. Post-trial counseling would be a valuable means to preventing and reducing the trauma jurors of violent acts are subjected to, and it would only make sense for the Court system to prevent harm to citizens who are voluntarily exposing themselves to traumatic evidences out of civic duty.
I hope this bill passes,

Thanks,
Lina LePage

---------- Original Message ----------
Subject: Fw: HB 52
From: "Jeannette Lacey" <j.laceydunn@yahoo.com>
Date: Mon, February 22, 2010 9:40 pm

Hello Everyone,
Please see the attachments regarding a bill introduced by Rep. Kerttula related to providing counseling for jurors who participate in traumatic hearings. She is looking for input and feedback. There is a hearing this Friday. I know she would appreciate your thoughts. You can email Hannah, her aide, at Hannah.McCarty@legis.state.ak.us or you can call the office at 907-465-4767. Please forward on to others who might be able to give feedback. Thank you very much for your time!

Jeannette

HB

63

<target><bill>HB 63</bill><subject>HB
63</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 13, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 02/26/09

The FINANCE Committee considered: **HOUSE BILL NO. 63**

"An Act relating to the Council on Domestic Violence and Sexual Assault."

HB 63 COUNCIL DOMESTIC VIOLENCE: MEMBERS, STAFF

Recommends it be replaced with [ ] HCS *or* [✓] CS for HB 63 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero
DHS				✓

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero
COR	1			✓
DPS	2	✓		

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Gara	✓			
Harry Crawford Jr	CRAWFORD	✓			
	Joule	✓			
	Austerman	X			
	KELLY	X			
	FAIRCLOUGH	X			
	Salmon	X			
Chair:	Stoltze	✓			
Chair:					

3097

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version:
() Publish Date:

Identifier (file name): HB063-DHSS-BHA-02-23-09
Dept. Affected: Health & Social Services
Title: Council Domestic Violence: Members, Staff
RDU: Behavioral Health
Component: Behavioral Health Administration
Sponsor: Fairclough, Holmes, Coghill, Wilson
Requester: House FIN
Component Number: 2665

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The proposed changes to the Council on Domestic Violence and Sexual Assault will not have a fiscal impact on DHSS.

Prepared by: Melissa Stone
Phone: 269-3410
Division: Behavioral Health
Date/Time: 2/20/09 5:12PM

Approved by: Alison Elgee, Assistant Commissioner
Date: 2/23/2009
DHSS Finance & Management Services

(Revised 9/10/2008 OMB)

3098

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 63(STA)
(H) Publish Date: 2/13/09

Identifier (file name): HB63-DOC-OC-02-09-09
Dept. Affected: DOC
Title: An Act relating to the Council on Domestic Violence and Sexual
RDU: Administration & Support
Component: Office of the Commissioner
Sponsor: Fairclough, Holmes, Coghill, Wilson, Herron
Requester: Governor
Component Number: 694

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Passage of this legislation should not have a fiscal impact on the Department of Corrections.

Prepared by: Leslie Houston, Director
Phone 465-3339
Division: Administrative Services Division
Date/Time 02/09/2009 1630
Approved by: Dwayne Peeples, Deputy Commissioner
Date 2/9/2009
Office of the Commissioner

(Revised 9/10/2008 OMB)

3099

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 63(STA)
(H) Publish Date: 2/13/09

HB063-DPS-CDVSA-02-10-09
Dept. Affected: Public Safety

Title "An Act relating to the Council on Domestic Violence and Sexual Assault."
RDU CDVSA
Component CDVSA

Sponsor Representative Fairclough
Requester House State Affairs Committee
Component Number 521

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel	7.9		7.9	7.9	7.9	7.9	7.9
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**7.9**	**0.0**	**7.9**	**7.9**	**7.9**	**7.9**	**7.9**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	7.9		7.9	7.9	7.9	7.9	7.9
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**7.9**	**0.0**	**7.9**	**7.9**	**7.9**	**7.9**	**7.9**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill adds two members to the Council on Domestic Violence and Sexual Assault: a public member from rural Alaska and the commissioner of the Department of Corrections or his or her designee. The increased travel costs for the new members to attend four meetings per year is estimated at $7.9.

Prepared by: Chris Ashenbrenner, Executive Director
Phone (907) 465-5504
Division Council on Domestic Violence and Sexual Assault
Date/Time 2/10/09 9:01 AM
Approved by: Commissioner Joseph Masters
Date
Department of Public Safety

(Revised 9/10/2008 OMB)

3100

CDVSA LEGISLATIVE TASK FORCE

March 1, 2008

Council on Domestic Violence & Sexual Assault
Legislative Task Force

Report to the Legislature

"That which we allow, we encourage."

Bethel Peace Walk
Bethel, AK
October 5, 2007

CDVSA LEGISLATIVE TASK FORCE

Table of Contents

Members.....3

Letter to the Legislature.....4

Task Force Authority & Acronyms.....6

Methodology.....7

CDVSA and the Network.....9

Findings and Recommendations.....11

- Council's relationship and consultation with other state agencies.....11
- Statutory responsibilities and priorities of the Council.....13
- Appointment process for members of the Council.....15
- Location of the Council within the state administrative structure.....16
- Council's compliance with grant management requirements.....17
- Council's mission, and the focus of the Council's mission on prevention.....18
- Other issues.....21
- Batterer's Intervention Program.....23

Meeting Summaries.....25

- Bethel, Alaska: October 4th & 5th, 2007.....25
- Fairbanks, Alaska: December 13th & 14th, 2007.....27
- Anchorage, Alaska: January 8th & 9th, 2008.....29
- Juneau, Alaska: January 31st – February 2nd, 2008.....31

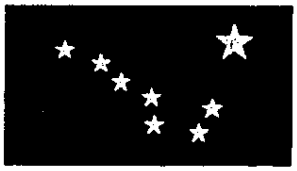
Closing Remarks.....33

Appendices.....34

- HB 215.....34
- Alaska State Statute 18.66.010.....40
- CDVSA Meeting Minutes 9-4-07.....42
- Letter from Legislative Budget & Audit Committee.....48-49

3102

CDVSA LEGISLATIVE TASK FORCE



CDVSA Legislative Task Force Members

Representative Anna Fairclough, Chair

Senator Con Bunde

Senator Kim Elton

Senator Donald Olson

Representative John Coghill

Representative Lindsey Holmes

Todd Brocious, Department of Education

Terri Campbell, Department of Education

John Glass, Department of Public Safety

Samuel Edwards, Department of Corrections

Stephen Wallace, Department of Law

William Hogan, Department of Health & Social Services

Leanndra Ross, Urban Public Member

Yvonne Sarren, Rural Public Member

Chris Ashenbrenner, CDVSA – Ex officio

Peggy Brown, ANDVSA – Ex Officio

Task Force Aides
Renée Limoge, Staff to Representative Anna Fairclough
Karen Lidster, Staff to Representative John Coghill

3103

CDVSA LEGISLATIVE TASK FORCE

March 1, 2008

Dear Members of the Legislature:

House Bill 215 established The Council on Domestic Violence & Sexual Assault (CDVSA) Legislative Task Force to examine recurring issues and questions that continue to arise during reauthorization of the CDVSA.

The recommendations contained in this report to the Legislature follow hours of public testimony in Bethel, Fairbanks, Anchorage and Juneau, site visits to victim service providers in these cities, and hours of discussion among Task Force members.

The CDVSA Legislative Task Force recommendations summarized in the attached report directly address the six issues the legislature tasked our body to address. In addition, our travels throughout Alaska made evident a number of recurring themes and issues related to the associated problems of domestic violence and sexual assault which cannot be effectively addressed within the confines of the six legislatively enumerated areas of inquiry. Because we conclude that these other issues merit mention in this report, we have included an additional section for your review.

First, throughout all the public hearings and comment we have revealed a very significant truth: ***that which we allow, we encourage.***

Second, domestic violence and sexual assault within Alaska occur with alarming frequency. The collateral costs to our State of this continuing problem are significant and quantifiable. Moreover, this epidemic presents a very real threat to the safety of Alaskans. Unfortunately, the problem does not readily lend itself to any single or easy solution. The causes are complex and flow from a myriad of factors including at a very foundational level how Alaskans view, tolerate, and permit interpersonal violence. One challenge exists in the diverse cultural make up of Alaskan society. Another challenge is presented by rural and urban populations and the difficulties presented in finding solutions that will work throughout the State. What may work in one area may not be a solution in another. Thus, it is apparent that a one-size fits all approach to the problem of domestic violence and sexual assault will not address the issue. Traditionally applied criminal justice solutions will not solve the problem. However, we conclude that raising individual public awareness and creating an environment of outspoken intolerance for acts of domestic violence and sexual assault is a necessary first step toward addressing

and ending this plague upon Alaska. For example, Alaskans need to recognize that shelter and victim service organizations are not anti-family or anti-man.

Instead, Alaskans need to recognize that shelters exist to deal with a very real problem by providing women, children, and men a safe place to escape violence. The societal shift, in and of itself, would represent a meaningful step toward a solution.

Third, although the Task Force was specifically formed to look at CDVSA, it is obvious that the number of State agencies tasked with addressing domestic violence and sexual assault far exceed the reach and responsibility of CDVSA. At present, CDVSA has an ambitious number of legislatively stated goals, generally designed to address four areas: prevention, intervention, crisis management, and accountability. CDVSA's current budget may not be enough to address each of these areas. Consequently, interests such as prevention and accountability of offenders go underfunded. Until prevention is brought to the forefront and adequate funding is made available, our State's response to domestic violence and sexual assault will remain reactive. Our report therefore includes recommendations designed to address solutions that may exist outside the purview of the CDVSA.

The Task Force agreed on one overarching recommendation from the outset: the Council needs to develop and implement a strategic plan. It is our hope that many of the recommendations found within this report will be considered when the Council embarks on that task. The Chair has sponsored legislation to extend the Council's sunset date in an effort to give CDVSA an opportunity to develop and implement a plan and have concrete results when they come before the Legislature for reauthorization in the future.

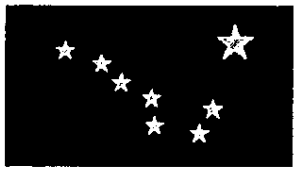
Other than HB 334 which is currently moving through the Legislature to extend the Council to 2014, our Task Force does not recommend bringing forth a legislative package in the current legislative session. However, we do believe that the recommendations contained in this report will result in changes to statute in future years.

The problems presented by domestic violence and sexual assault are complex. Solutions require change that must come from Alaska as a society. Individuals, families, and communities must all become involved until everyone is clear that domestic violence and sexual assault will not be tolerated. Our collective experience tells us that until such change is achieved, Alaska will have the shameful distinction of leading the nation in incidence of domestic violence and sexual assault.

Respectfully submitted,

Members of the CDVSA Legislative Task Force

CDVSA LEGISLATIVE TASK FORCE



Task Force Authority and Direction

The CDVSA Legislative Task Force was created by House Bill 215 to consider the following issues:

- the Council's relationship and consultation with other state agencies;
- the statutory responsibilities and priorities of the Council;
- the appointment process for members of the Council;
- the location of the Council within the state administrative structure;
- the Council's compliance with grant management requirements; and
- the Council's mission, and the focus of the Council's mission on prevention, intervention, crisis response, and perpetrator accountability.

These issues were identified based on findings in the 2001 and 2005 Legislative Audits of the Council, as well as anecdotal conversations in the Capitol in 2007 regarding challenges to the reauthorization of CDVSA.

Findings and recommendations on the above issues were to be submitted in a Report to the Legislature by March 1, 2008.

House Bill 215 is shown as Appendix 1.

The statutes governing CDVSA, AS 18.66.010, are shown as Appendix 2.

Acronyms

AS – Alaska State Statutes
ANDVSA – Alaska Network on DV/SA
AWARE - Aiding Women in Abuse & Rape Emergencies
AWAIC – Abused Women's Aid In Crisis
BIP – Batterer's Intervention Programs
CDC – Center for Disease Control
CDVSA – Council for DV/SA
DOC – Department of Corrections
DPS – Department of Public Safety
DV – Domestic Violence
DV/SA – Domestic Violence/Sexual Assault
DHSS – Department of Health & Social Services
LIO – Legislative Information Office
MOU – Memorandum of Understanding
Network - ANDVSA
OCS – Office of Children's Services
SA – Sexual Assault
SART – Sexual Assault Response Team
VAWA – Violence Against Women Act
VPSO – Village Public Safety Officer

CDVSA LEGISLATIVE TASK FORCE

Methodology

House Bill 215, creating the CDVSA Legislative Task Force was signed into law by Governor Palin on September 28, 2007. Shortly following, the Task Force met via teleconference to select a chair, determine the rural community that would be visited and set a timeline to accomplish our goals. Representative Anna Fairclough was selected by her colleagues to chair the Task Force and it was decided that Bethel would be our rural location. Fairbanks, Anchorage and Juneau were designated meeting locations per HB 215. The Task Force determined they would hold public hearings and conduct site visits in each of these communities.

Following her selection as chair, Representative Fairclough generated a letter requesting input from current Council members and attended the Council's September 4, 2007 meeting in order to discuss with the board the Task Force's formation, purpose and plans for meetings throughout the state, culminating in a Report to the Legislature. Representative Fairclough personally requested their input at the meeting.

Meeting minutes are shown as Appendix 3.

In Bethel, Fairbanks, Anchorage and Juneau, the Task Force made site visits to the local victim's service providers and others, scheduled public hearings and listened to several hours of public testimony.

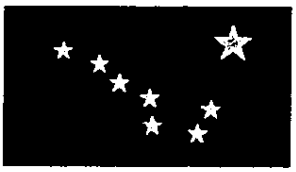
Prior to our arrival in each community, we invited law enforcement, the court system, medical providers, native organizations, school districts, community leaders and other service providers to participate in the public hearing process or provide written comments.

In each community the Task Force visited local shelters. Site visits were also made to visit Anchorage's Sexual Assault Response Team (SART) Center, and also the Child Advocacy Center, Stevie's Place in Fairbanks.

At each public hearing we presented who we were, who the Council was and what issues we were seeking answers to. Additionally, in each community, a series of questions were placed before the public to consider in their comments:

1. What would your community like this Task Force to know about DV/SA within your community?

2. What community resources do you have? Who do you work with in your community?



3. What will it take to prevent DV/SA in your community? What is the responsibility of the community? Responsibility of the state?

4. What can the legislature do? New laws, enforce existing laws?

5. What didn't we ask that you want to tell us about?

In addition to articulating our mandate with regard to the Council the Task Force encouraged testimony about possible solutions to Alaska's domestic violence and sexual assault problems.

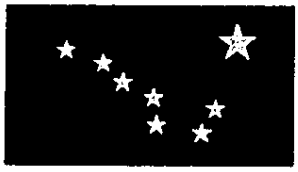
Additionally, the Task Force felt that it was important to have an opportunity to speak with the Legislative Auditor, Pat Davidson. A number of findings in Legislative Audits from 2001 and 2005 were recurring questions for members of the Legislature when reauthorization for CDVSA came before the body.

Finally, the Task Force had the opportunity to hear from Jayne Andreen, one of the longest serving Executive Directors of CDVSA. She engaged in useful dialog with the members, providing insight into some of the methodologies used by the Council, as well as answering questions about the Council's history. Ms. Andreen also reconfirmed item by item the recommendations that the Task Force has heard throughout Alaska.

As a group, the Task Force expressed their willingness to come back together to review any proposed strategic plan that the Council develops.

Through public testimony and lengthy internal discussions, the Task Force was able to develop findings and recommendations on each of the six points we were charged with addressing. Those findings and recommendations are contained in this report.

CDVSA LEGISLATIVE TASK FORCE



The Council on Domestic Violence & Sexual Assault

Mission: The mission of the Council on Domestic Violence and Sexual Assault is to reduce the causes and incidence and to alleviate the effects of domestic violence and sexual assault.

Purpose: The Council, which is an administrative, policy-making body, is composed of three public members appointed by the Governor after consultation with the [Alaska Network on Domestic Violence & Sexual Assault], and representatives from the Departments of Public Safety, Law, Education, and Health and Social Services. The purpose of the Council is to "provide for planning and coordination of services to victims of domestic violence and sexual assault and to perpetrators of domestic violence and sexual assault and to provide for crisis intervention and prevention programs" (AS 18.66.010).[1]

The Council's purpose, as defined in statute, reads: "There is established in the Department of Public Safety the Council on Domestic Violence and Sexual Assault. The purpose of the Council is to provide for planning and coordination of services to victims of domestic violence or sexual assault or to their families and to perpetrators of domestic violence and sexual assault and to provide for crisis intervention and prevention programs."[2]

The Council and the Network – What's the Difference?

The *Alaska Network on Domestic Violence and Sexual Assault* (Network) is a statewide nonprofit organization that is a coalition to end violence against women. Created in 1978 by concerned women to address domestic violence in Alaska, it is now comprised of 19 domestic violence/sexual assault programs from across Alaska.

The Network worked closely with the Alaska Legislature in 1981 to establish the *Council on Domestic Violence and Sexual Assault* (Council) in the Alaska Department of Public Safety. The Network provides technical assistance, legal advocacy support, connections to pro-bono attorneys, training and resource materials to member programs, attorneys, community organizations and other stakeholders. The Network also works with state and federal policy makers on legislative and other policy issues affecting victims of violence.

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[1] Council on Domestic Violence & Sexual Assault website. http://www.dps.state.ak.us/Cdvsa/, February 5, 2008.
[2] AK 2007 Statutes, 18.66.010. February 7, 2008.

CDVSA LEGISLATIVE TASK FORCE

The Council is a State agency that coordinates the Alaska government response to domestic violence and sexual assault by coordinating services, gathering and disseminating data, and securing funding for services through federal and state sources. The Council provides funding and oversees funds to 21 victim service programs, funds 8 batterer intervention programs and certifies all 15 batterer intervention programs in Alaska.

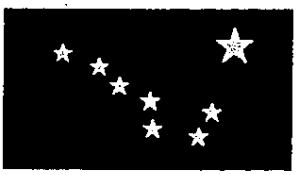
The seven-member Council includes representatives from the Departments of Law, Public Safety, Education & Early Development, and Health & Social Services. Additionally, three public members are appointed by the Governor to two-year terms who oversee activities of the Council. The Network is authorized by Alaska statute to recommend to the Governor applicants for the Council's public seats.

The Network and the Council have worked cooperatively together since 1981 to ensure a comprehensive response to the crimes of domestic violence and sexual assault.

Coordinated activities include:

- Co-sponsoring statewide training, conferences and media campaigns
- Providing resource materials
- Advancing legislation to promote victim safety and hold offenders of domestic violence and sexual assault accountable for their actions

CDVSA LEGISLATIVE TASK FORCE



The Council's relationship and consultation with other state agencies.

Findings:

- AS 18.66.050 (4) states that the Council shall "coordinate services provided by the Department of Law, the Department of Education and Early Development, the Department of Public Safety, the Department of Health and Social Services, and other state agencies and community groups dealing with domestic violence, sexual assault, and crisis intervention and prevention, and provide technical assistance as requested by those state agencies and community groups."

- Despite AS 18.66.050 the Council has no authority to mandate the actions of other departments.

- There is interaction and coordination of key state departments at the Council's quarterly meetings and through cooperative projects.

- The 2005 Legislative Audit found that the Council was not living up to its statutory responsibility to work with the Department of Education and Early Development to develop curricula on domestic violence and sexual assault for use in schools. Further, it was not consulting with Health and Social Services to develop standards and procedures for delivery of services in health care facilities.[3]

- AS 14.30.360(b) states that "The state board shall establish guidelines for a health and personal safety education program. Personal safety guidelines shall be developed in consultation with the Council on Domestic Violence and Sexual Assault. Upon request, the Department of Education and Early Development, the Department of Health and Social Services, and the Council on Domestic Violence and Sexual Assault shall provide technical assistance to school districts in the development of personal safety curricula. A school health education specialist position shall be established and funded in the department to coordinate the program statewide. Adequate funds to enable curriculum and resource development, adequate consultation to school districts, and a program of teacher training in health and personal safety education shall be provided."

[3] 2005 Legislative Audit, Legislative Budget & Audit Committee. http://www.legaudit.state.ak.us/pages/audits/2006/pdf/20039rpt.pdf, February 7, 2008.

- Currently there is not a health education specialist position in the Department of Education & Early Development, or program funding to support consultation to districts or teacher training in health and personal safety education.

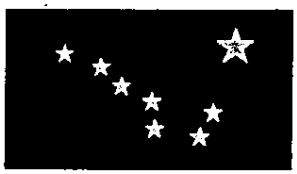
Recommendations:

- Memoranda of Understanding (MOU's) would better equip the Council to work with various state agencies.

- The Legislature should provide additional funds to support the school health education specialist position as required by AS 14.30.360 to assist districts in the coordination and development of curriculum to address domestic violence, sexual assault, and interpersonal violence.

- The Council and State agencies need to demonstrate greater coordination of services at the department and division level in order to strengthen service provision at the local level. We recommend this be discussed during the strategic planning process.

CDVSA LEGISLATIVE TASK FORCE

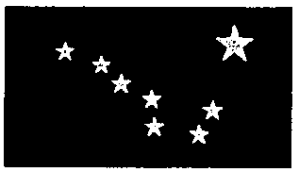


The statutory responsibilities and priorities of the Council.
– Structural issues within the Council.

Findings:

- When the Council was formed, the Department of Corrections (DOC) was housed in the Department of Health and Social Services (DHSS). Therefore a DHSS employee would have also represented the interests of DOC.
- Since that time, DOC has moved from DHSS into its own Department.
- The Department of Corrections plays a large role in dealing with the perpetrators of domestic violence and sexual assault, yet no corrections representative is currently present on the Council. Other major state departments, such as the Department of Law and the Department of Health and Social Services are represented.
- A disproportionate number of domestic and sexual assault victims are of Alaska Native descent.
- The rural community is not adequately represented on the Council.
- In the past, public seats on the Council have been held by employees of state departments. This gives the perception that the Council member could be beholden to the department rather than the best interests of the public and Council. It also skews the membership too heavily toward government employees.
- Currently the Council has 14 statutory mandates. The Task Force believes this is overly ambitious and very demanding. The Task Force is not making a recommendation to change the 14 mandates, but want to acknowledge the huge challenge that this presents to the Council.
- All Council staff are currently exempt positions. There is a perception that this causes challenges in the recruitment and retention of quality employees.

CDVSA LEGISLATIVE TASK FORCE



Recommendations:

- The Council should be expanded to include seats for the Department of Corrections and an additional public seat to be filled by a representative from Alaska's rural communities.

- Public seats on the Council should be representative of our Alaskan communities and not filled by employees of departments within the State of Alaska. This will ensure that the Council not appear to represent the state department interests only with few or no true public members.

- Staff of the Council should have non-exempt status to increase staff retention.

- The only member of the Council's staff that should be either exempt or partially exempt is the Executive Director.

CDVSA LEGISLATIVE TASK FORCE

The appointment process for members of the Council.

Findings:

- In 2001, the auditor reported that the Council allowed changes in reporting requirements for the grantees of the Network in violation of federal grant guidelines.
- The auditor concluded that the changes to the reporting requirements were allowed because of undue influence by the Network due to statutory language requiring the Governor to review recommendations for public members from the Alaska Network on Domestic Violence & Sexual Assault (ANDVSA).
- The Task Force recognizes and appreciates the diligence of the auditors, but found no basis for concluding the existence of a causal relationship between changes in reporting requirements identified by the auditor and any resulting changes in grant management practices.
- Moreover, the identified perceived problem has not recurred even though the Network has continued to submit names to the Governor for consideration.
- There is confusion about who the Council is, their role and how they are different from the Network.
- Currently, Council members serve two-year terms, only allowing them to serve through one grant cycle. This limits their ability to understand the issues and process that the Council goes through in its grant cycle.

Recommendations:

- Mandatory ethics training for all Council members to make clear their role on the Council.
- Change language in statute from "shall" to "may" in regards to the Governor consulting ANDVSA regarding the appointment of public members to the Council.
- Extend terms from two to three years.

CDVSA LEGISLATIVE TASK FORCE

The location of the Council within the state administrative structure.

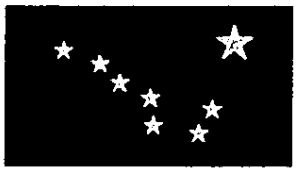
Findings:

- CDVSA is currently housed within the Department of Public Safety (DPS).
- Domestic violence and sexual assault are crimes.
- Crimes require evidence collection, interviews and investigations; investigations require interaction with the medical community, law enforcement and the court system in regard to domestic violence and sexual assault.
- Victims need to be acknowledged, validated and recognized as having experienced a criminal act and perpetrators need to know that they will be held accountable as criminals.
- It is appropriate for the Council staff to be in an agency that has the culture of law enforcement with the resources necessary to eradicating these offenses and hold criminals accountable for their actions.
- The relevant agencies, through their representatives on the Task Force, agree that the Council is appropriately housed in the Department of Public Safety.
- In extensive public hearings in four communities across the state it was never suggested that the Council be housed anywhere other than Public Safety.

Recommendations:

- The Council on Domestic Violence and Sexual Assault should remain in the Alaska Department of Public Safety.

CDVSA LEGISLATIVE TASK FORCE



The Council's compliance with grant management requirements.

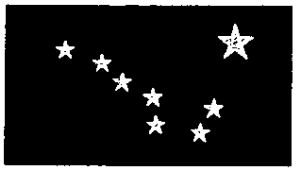
Findings:

- The grant application and management process is excessively time consuming, complex, outdated and onerous, especially for victim service providers.
- The current grant application and management process requires a duplication of effort for already overburdened staff among the state's victim service providers.
- Frequent staff turnover at CDVSA has created inconsistency in understanding and applying grant oversight.
- The Council has stewardship to ensure state monies are appropriately allocated through a fair and thoughtful grant process, that victims are served appropriately and that grantees are in compliance with state and federal grant conditions.
- Everyone could benefit from a more streamlined grant process with a view towards measurable outcomes.

Recommendations:

- The Council should consult with the State Department of Health and Social Services regarding their work with the Rasmuson Foundation in an effort to streamline the grant process and reduce the administrative burden for grantees and the state.
- Grant terms should allow a renewal period extension for an additional period if grant compliance is maintained and grant conditions have not changed.
- The Council should continue to work to establish clear guidelines, standards and parameters for grant applicants.

CDVSA LEGISLATIVE TASK FORCE



The Council's mission, and the focus of the Council's mission on prevention.

The Statutory mission of the Council is:

The purpose of the council is to provide for planning and coordination of services to victims of domestic violence or sexual assault or to their families and to perpetrators of domestic violence and sexual assault and to provide for crisis intervention and prevention programs. (AS 18.66.010)

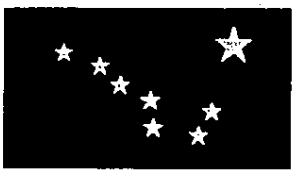
The mission of the Council is:

The mission of the Council on Domestic Violence and Sexual Assault is to reduce the causes and incidence and to alleviate the effects of domestic violence and sexual assault.

Findings:

- The mission statement does not reflect the Council's statutory mission.
- The council continues to be reactive; responding to victims with immediate needs versus the overarching issues of ending violence through prevention and intervention.
- There are four key areas the Council should be addressing: prevention, intervention, crisis response and perpetrator accountability. The Council should address investment in each of these areas weighted on results-based data.
- The funds currently allocated to the Council focus primarily on providing statewide victim services with relatively small amounts available for accountability (batterers programs) and prevention.
- The state does not have adequate data collection systems and ongoing research on the prevalence of domestic violence and sexual assault upon which to make policy decisions and measure program outcomes.

CDVSA LEGISLATIVE TASK FORCE



Findings Continued...

- Batterer's Intervention Programs (BIP) around the state have low referral and high dropout rates. In some cases, the perpetrators start the program in prison, and are released before finishing the program or their probation expires before program completion. Due to cost, distance from a program or lack of consequences for not following up, many perpetrators stop attending and fail to complete the BIP.

- Anger management is different from batterer's intervention.

- Insufficient information is currently being gathered to determine the effectiveness of batterer intervention programs which applies both to funded and unfunded (but certified) programs. Measurable outcomes are needed, especially in the areas of batterer's intervention programs. With Alaska facing a deficit in coming years, future funding should be tied to evidence based outcomes.

Recommendations:

- The Council needs to develop a strategic plan. The strategic plan needs to simplify the Council's mission and focus on the four key areas.

- The Legislature and the Governor should extend the Council until 2014 to allow the Council time to develop and implement their strategic plan. (HB 334 is already moving through the Legislature to accomplish this.)

- The Council's mission statement should be rewritten to create a more proactive approach to the issues of domestic violence and sexual assault. The purpose of the Council should be to reduce domestic violence and sexual assault, not just respond to it.

- The Task Force suggests peer training for members of the Court system to ensure that victims receive a fair hearing when child custody is at stake.

- The Council should re-examine their 14 mandates to determine if any should be rewritten in statute.

CDVSA LEGISLATIVE TASK FORCE

- The Council should collaborate with the national programs and organizations such as the Centers for Disease Control and Office of Violence Against Women, to solicit grants specifically geared toward prevention in an effort to focus some funding on preventing domestic violence and sexual assault.

CDVSA LEGISLATIVE TASK FORCE

Other issues of interest to the Task Force.
– Factors Outside the Purview of the Council

State Crime Lab

- Alaska is currently experiencing massive delays in analyzing evidence of crimes. This includes a significant backlog of DNA in sexual assault cases due to a high volume of reported incidents around the state.

- Sexual Assault Response Team (SART) forensic nurses around the state collect samples from victims that report an assault, and beginning in 2009, collection will be made available, even if those victims who choose not to press charges. Those samples will need to be stored in a safe and secure environment.

- State legislation requiring all convicted felons to submit DNA samples will increase the demand for storage. However, having that information stored will aid in future convictions if the felon reoffends.

- Collection and processing of DNA for entry into a national database can detect serial offenders.

Statewide Media Campaign

- Alaska has seen a number of public service campaigns, such as "Click it or Ticket" and "Drink. Drive. Go to jail," that have raised awareness statewide on specific issues.

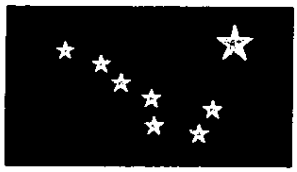
- The Council should consider developing a statewide media campaign that targets Alaska's various demographic groups and addresses the issues of domestic violence and sexual assault. Using models developed nationally, the messages should target specific groups by using spokespeople they can relate to.

Apparent Low Incidence of Law Enforcement Referral of Reports for Prosecution

- Anecdotally, in a number of public comments, we heard mention of the low incidents of referral of cases for prosecution statewide. While we have not collected statistical data to back this up, the public perception seems to be that there may exist a significant difference in the number of individuals that report being victims and the number of cases prosecuted. We recognize that there are a number of reasons why this might occur, but felt it should be mentioned in the report.

- Another aspect of this is the number of batterer's who fail to complete the Batterer's Intervention Program as a condition of their parole and have a warrant issued for them. While those warrants exist, law enforcement and prosecution don't have the resources to enforce them.

CDVSA LEGISLATIVE TASK FORCE



Batterer's Intervention Program

The Task Force received a letter dated July 18, 2007, from the Chair of the Legislative Budget and Audit Committee, Representative Ralph Samuels. The letter references the Batterer's Intervention Programs and reads, in part, "significant changes are needed for the organization and administration of the Batterer's Intervention Program (BIP) to allow for collection and analysis of program data."

July 18, 2007 letter from Representative Ralph Samuels is Appendix 4.

In response to this letter, and to the issue of BIP's in Alaska, the Task Force made the following recommendations.

Recommendations:

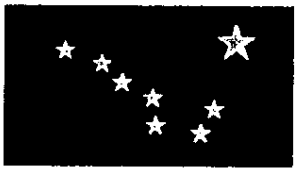
- Program funding should be contingent on the provider demonstrating the effectiveness of the program in preventing or reducing recidivism. If they cannot provide the documented effectiveness of the program, CDVSA should not provide funding nor should they certify these programs. Performance measures must be instituted and DOC's regulations will need to be changed to impose new reporting requirements. Defunding programs is not the only answer.

- State departments should establish a Memorandum of Understanding to develop an initiative to collect data. The goal would be to collect data regarding:

  - those ordered by the courts to participate in BIP;
  - those who attended and completed the BIP;
  - those who started but failed to complete the BIP;
  - and those who never participated

  A comparison should be done as to which groups have the greatest rate of recidivism and a clear definition of what constitutes recidivism (arrest for DV related incident, violation of an existing restraining order, or the filing of a new restraining order could serve as easy reference points).

CDVSA LEGISLATIVE TASK FORCE



Recommendations continued...

- CDVSA should also look at the sharp decline in the numbers of second and third offences when compared to the number who commit the first domestic violence offense. This would give greater insight into designing programs which have the greatest chance of making a positive impact. There is likely much benefit to implementing an assessment process to determine the need for a person to participate in a BIP and at what level. This assessment would function much like the one individuals are required to obtain regarding substance abuse.

- If we put into place a method of determining the level of need, we can likely come closer to identifying that core group of hardcore offenders and focus the limited resources on them rather than diluting the resources on the larger group.

CDVSA LEGISLATIVE TASK FORCE

Bethel, Alaska
October 4th & 5th, 2007

Task Force members met at the Long House Hotel in Bethel on October 4th and convened the first official meeting.

Members shared their knowledge and experience on the subjects of domestic violence and sexual assault, with many having spent time working in the field of victim services, law enforcement or court system.

Members discussed their feelings and opinions on the issue of domestic violence and sexual assault and determined what they hoped to get from each public hearing. In doing so, a list of community questions were developed to be asked at each public hearing.

Members then had an opportunity to tour the Tundra Women's Coalition, a shelter and center designed to deal with domestic violence and sexual assault in Bethel and resources for numerous villages along the Kuskokwim. Shelter Director Michelle DeWitt showed members the facility and discussed the challenges of running a rural shelter with 4000-6000 visits annually and astronomical heating costs. Currently, their building is undergoing renovations, including window replacement and winterization upgrades.

That evening, the Task Force held its first public hearing. There was a great turnout with citizens from all areas of the community from the Mayor, to a SART nurse, teachers, victims, law enforcement, tribal leaders, victim's service providers and community activists.

The issues raised at the Bethel meeting include:

- The need for educational outreach funding.
- DV/SA are learned behaviors that can be changed with outreach to youth.
- Importance of keeping families together – either in the home or with other family members.
- Importance of educating a community and helping the community move out of poverty.
- Importance of regulation and control of BIPs.
- The lack of BIPs in many rural areas.
- Overworked law enforcement in the region make tackling the problem more difficult.
- Game violations appear to be a higher priority to the troopers than domestic violence and sexual assault. (public comment)

- School systems misinterpret the signs of domestic abuse – viewing the child as lazy or disinterested rather than scared and hungry.
- The need for enhancement of the VPSO program.
- High levels of poverty translate to high rates of DV/SA and alcohol abuse.
- Language barriers and cultural differences have a huge impact.
- In smaller villages, victims may have to deal with seeing their perpetrator walking around free.
- Shelter is almost always full.
- There is no Yupik word for justice.
- Yupik culture teaches you to work together and live together.
- A successful program in rural Alaska will have to be developed in rural Alaska by rural Alaskans.
- Programs work on alcohol abuse, but then the individuals are sent back to an environment where drinking is still taking place.
- The license requirements for substance abuse treatment providers are difficult to meet in the bush.
- 50% of all cases reported to OCS involve violence. (public comment)
- There is a lack of hope in some communities.

The following day the Task Force came back together to debrief from the previous evening's public hearing. Members also had presentations from both Peggy Brown of the Network and Chris Ashenbrenner of the Council.

When the meeting concluded, many members participated in the Bethel Peace Walk, joining community members in a march to end violence.

CDVSA LEGISLATIVE TASK FORCE

Fairbanks, Alaska
December 13th & 14th, 2007

The Task Force met at the Fairbanks Legislative Information Office on December 13th and discussed what they wanted to accomplish in Fairbanks, and what had been accomplished in Bethel. There was a sense that nothing is changing in regards to violence in Alaska; we've been facing the same problems for last 25 years.

It was clear from the Bethel meeting that answers to the instances of domestic violence and sexual assault need to come from inside the community, they can't be eradicated by CDVSA alone. There needs to be an increased focus on education, which is considered prevention. There seemed to be consensus that the rural community had to react and treat domestic violence and sexual assault differently because of the interdependent cultural dynamics of rural Alaska, and the language and cultural barriers.

The Task Force received a tour of the Interior Alaska Center for Nonviolent Living from Brenda Stanfield, Executive Director. It is a modern facility with a huge institutional kitchen that is being used to help teach job skills for people that come to the shelter so they can gain economic independence. Stevie's Place, designed to address the needs of children who are victims of domestic violence and sexual assault is at the far end of the same building housed in the Resource Center for Parents and Children side of the building. These two agencies work very closely together.

Below is a brief recap of the public hearing testimony we heard in Fairbanks.

The public hearing heard an in-depth discussion regarding SART providers and the coming mandate for exams for every patient whether or not a police report is filed. This change will require more money for additional DNA processing and an increase of storage space for evidence collection.

The current system of dealing with perpetrators of violence is inadequate. There is no follow-up and no accountability for those who don't complete the program.

There was discussion about the need for data regarding domestic violence and sexual assault sentencing and the need to educate judges. In addition, cross-cultural training for law enforcement and judges to better equip them to work with victims.

Engaging and educating the public on the benefits of reducing violence in our state will be necessary to promote society's passive acceptance of violence.

This is the first community where we heard testimony about the challenges with the military and dealing with perpetrators who are members of the armed services.

It was suggested that the Council review other states strategic plans during the development of Alaska's. In addition the Council should include strategies for education and prevention.

Tribal entities expressed concern at the lack of communication with their organizations when Alaska native women are disproportionately represented in DV and SA statistics. They told the Task Force we needed to find alternatives for women being removed for safety reasons, from rural communities to communicate and navigate city life. In addition, they advocated for alternative BIP noting that rural communities do not have access to the same programs as urban areas and questioned the possibility of video teleconferencing or other ideas to keep families intact. (this concludes public hearing comments)

Friday, December 14th during our working lunch, the major topics of discussion were accountability of perpetrators, education and rural challenges. Different programs were discussed as well as possible rural solutions, such as a tribal court system or talking circles.

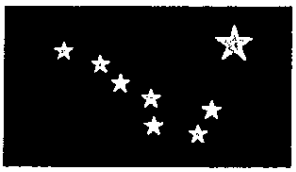
There is a limited amount of money to address the issue of DV and SA in Alaska. It was agreed by all that the Fairbanks shelter was a model organization for the coordination of services to victims of DV/SA. Data is lacking to know which programs are working and which are not. The need for the development of a strategic plan by CDVSA was emphasized. Also, the need for more education in the classroom continues to be an area of opportunity to prevent and intervene before violent behavior is passed from one generation to the next.

The topic of the location of CDVSA came up and through this discussion, the Task Force came to the conclusion that CDVSA should remain in DPS. The group discussed the audit findings and addressed the need for better coordination and education. Through this came a discussion of state mandated curriculum.

We looked at the makeup of the members as it relates to a cross-section of the state. It was confirmed that DOC should have a seat at the CDVSA table. There was also conversation about adding rural representation to the board.

The working lunch concluded with a discussion whether or not the Network should be able to submit names to the Governor for consideration when vacancies occur on the Council's Board of Directors. It was decided to table this issue until we met in Juneau and we spoke directly with the auditor about her findings and recommendations.

CDVSA LEGISLATIVE TASK FORCE



Anchorage, Alaska
January 8th & 9th, 2008

The Task Force met at the Legislative Information Office (LIO) in downtown Anchorage on January 8th and reviewed the proposed agenda for the two-day meeting.

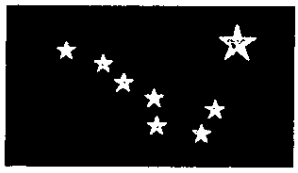
The committee then drove to the Anchorage Domestic Violence Shelter- Abused Women's Aid in Crisis (AWAIC) and toured their facility. AWAIC provided lunch for the Task Force during which time they gave a presentation on the issues surrounding domestic violence, CDVSA's funding of AWAIC, and statistics for their shelter program. Following this meeting the committee proceeded to the SART (Sexual Assault Response Team) site for a tour and discussion with the Municipality of Anchorages SART Manager.

The committee reconvened at the Anchorage LIO for a community public hearing and finished the day with a brief wrap-up.

Below is a brief recap of Anchorage's public hearing comments.

- Keep CDVSA in Public Safety.
- Develop a strategic plan and long and short term goals.
- Provide focus on outcome measures.
- When developing a strategic plan consider including: education and prevention, council membership, other state departments, military court system and rural Alaska.
- Recognize Child Abuse as part of CDVSA's mission.
- Streamline the grant writing/reporting process for CDVSA.
- Fund someone to collect data/ Alaska based research is important.
- There is value in education/provide additional funding for DV/SA education.
- Better accountability after sentencing and arrests.
- Increase rural representation on the board.
- Clear scoring and priorities for grant awards.
- Increase access to legal services to hold perpetrators accountable.
- DV being used in custody battles "parental alienation."
- Expert witnesses key components in prosecution.
- New Violence Against Women Act (VAWA) recommendations as of 2009; may report SA without law enforcement-SART exams cost $1,000 and up depending on location.
- Increased need for storage of DNA with new VAWA requirement.
- Consider forensic representation on CDVSA.

CDVSA LEGISLATIVE TASK FORCE



- Facility audits are necessary for repair, renovation and equipment assessment.
- Rural sites have less availability to raise funds.
- Superior/Supreme Court Judges/Prosecutor training.
- Provide training to OCS and CASA's for DV & SA.

The Task Force met again on January 9th at the Anchorage LIO and proposed meeting times and dates for the final Task Force meeting in Juneau. The committee agreed that the public hearing should be on the first day of our meeting, wanted a tour of Juneau's domestic violence shelter – Aiding Women in Abuse and Rape Emergencies (AWARE), and approved meeting with the state auditor who prepared the 2001 and 2005 CDVSA audits to discuss her findings and recommendations.

The committee recapped the public hearing from the night before and reconfirmed our intent to recommend a strategic planning process for the Council.

The second major theme was educating the court system on the issues surrounding DV/SA. A suggestion was made that a peer-to-peer group may work better at providing training inside the legal environment versus educators from individual DV/SA programs. It was pointed out that judges typically do not have a background in DV, SA and Child Abuse. There is a problem when Family Law in civil proceedings intersects with DV, SA and Child Abuse which is in Criminal Law.

Pay scales for those that work in shelters were discussed; it is believed that turnover is high because of low wages and marginal benefit packages. CDVSA turnover was discussed and it was suggested that their turnover may have to do with their status as exempt employees.

The discussion included the grant application and award process in CDVSA. It was stated that changes are currently underway at the Council, but it was clear from testimony at on site visits and during public hearings that the process was cumbersome, confusing and had unclear criteria when prioritizing the distribution of grant moneys. The Task Force discussed that this challenge should be part of the Council's strategic planning process. It was decided that the Task Force would recommend to the Legislature a time frame in which to have the strategic plan completed (no later than the end of 2008) but would not specifically dictate what the Council should address in the strategic plan (it is hoped they will review this document). To allow time to complete a strategic plan it was agreed that Rep. Fairclough and Sen. Elton would sponsor legislation to extend the reauthorization of CDVSA to 2014.

CDVSA LEGISLATIVE TASK FORCE

Juneau, Alaska
January 31st – February 2nd, 2008

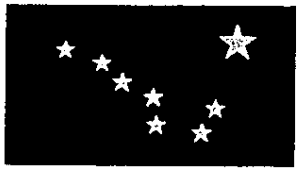
The Task Force met at the State Capitol on January 31st and held our Juneau public hearing in the State Affairs room, reviewed our meeting agenda and coordinated a start time to tour AWARE, Juneau's DV shelter and meeting with Pat Davidson, Auditor and Director of Legislative Budget and Audit.

Following the public hearing portion committee invited the Executive Director of AWARE, a current Council board member and a former Executive Director of the Council to a roundtable discussion about the past and current challenges of the Council.

A brief recap of the public hearing and roundtable discussion follows.

- The state needs to provide additional dollars for prevention either though grant solicitation or other sources.
- It is challenging to retain employees in exempt positions at CDVSA.
- It was suggested a media campaign like "Click it or Ticket" should be implemented.
- Develop rational criteria to award grantees funding.
- Develop contract standards for operation of shelters.
- Support education to promote "healthy communities."
- Replicate the Council at community levels to develop solutions; true community plans.
- Standardize Batterer's programs; we heard people may not be able to afford or access programs.
- Research and compare that we are investing in programs which have a measureable benefit to our state.
- Alcohol is a big issue.
- Churches should be accessed to provide support in local communities.
- There needs to be training for the court system on understanding DV & SA.
- Consider using the Youth Risk Behavior Survey as a measurement tool.

On February 1st the Task Force met with Pat Davidson, Director and Auditor for Legislative Budget and Audit who made findings and recommendations on CDVSA's reauthorization both in 2001 and 2005. The auditor concluded that the changes to the reporting requirements were allowed because of undue influence by the Network due to the statutory language requiring the Governor to review recommendations for public



members from the Alaska Network on Domestic Violence & Sexual Assault (ANDVSA). She noted that two of the members serving on the Council at that time were names submitted to the Governor by the Network.

The Task Force recognizes and appreciates the diligence of the auditors, but the Task Force found no basis for concluding the existence of a causal relationship between changes in reporting requirements identified by the auditor and any resulting changes in grant management practices. Moreover, the identified perceived problem has not recurred even though the Network has continued to submit names to the Governor for consideration.

There is confusion about who the Council is, their role and how they are different from the Network. Currently, Council members serve two-year terms, only allowing them to serve through one grant cycle. This limits their ability to understand the issues and process that the Council goes through in its grant cycle.

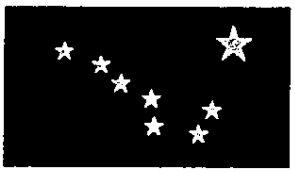
On Saturday, February 2nd the Task Force met with AWARE's Executive Director and participated in a presentation about the challenges and innovative ideas needed to address DV & SA in Juneau. We toured the shelter and then returned to the capitol to finalize our recommendations for our report to the Legislature on March 1st. In addition, we met with the longest serving Executive Director of the Council who currently works for the State in another department. She articulated and confirmed what the Task Force had heard across the state and agreed with many of the recommendations we had already discussed.

A brief recap of those topics:

- Science based assessments; outcome based programs.
- A representative of the Department of Corrections should be added to the Council; to remain balanced she recommended another public member seat.
- Orientation training for Council members.
- The Council should develop a strategic plan.
- Extend the term of members serving on the Council.
- Use a Public Health Model in addressing violence.
- Remove CDVSA staff from their exempt personnel status.

Chris Ashenbrenner, Executive Director of the Council presented an overview of CDVSA's statutory responsibilities. This had been done at our first meeting in Bethel but we thought it wise to refresh committee members prior to discussing this Task Force mandate of reviewing statutory responsibilities of the Council.

CDVSA LEGISLATIVE TASK FORCE



Closing Remarks

The members of the CDVSA Legislative Task Force would like to thank everyone who assisted in the production of this report through participation in public hearings and arranging tours of victim service providers throughout the state.

This report can be found on the Task Force's webpage at:

http://housemajority.org/coms/index.php?c=79

The recommendations found in this report will not only require changes in statute, but also a great deal of effort on the part of the CDVSA Executive Director and Council, various State Departments and the Legislature itself.

The goal of this Task Force was not to simply find areas that the state should spend more money on to combat the problems of domestic violence and sexual assault. Any number of programs could benefit from increased funding. However, at the same time, the reality of these recommendations is that they will require investment on a state level to change behaviors.

The CDVSA Legislative Task Force respectfully requests that the Legislature consider the findings and recommendations contained within this report and make every effort to assist the Council in implementing the changes contained therein.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 63(STA)
(H) Publish Date: 2/13/09

HB063-DPS-CDVSA-02-10-09
Dept. Affected: Public Safety

Title: "An Act relating to the Council on Domestic Violence and Sexual Assault."
RDU: CDVSA
Component: CDVSA

Sponsor: Representative Fairclough
Requester: House State Affairs Committee
Component Number: 521

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel	7.9		7.9	7.9	7.9	7.9	7.9
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**7.9**	**0.0**	**7.9**	**7.9**	**7.9**	**7.9**	**7.9**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	7.9		7.9	7.9	7.9	7.9	7.9
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**7.9**	**0.0**	**7.9**	**7.9**	**7.9**	**7.9**	**7.9**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill adds two members to the Council on Domestic Violence and Sexual Assault: a public member from rural Alaska and the commissioner of the Department of Corrections or his or her designee. The increased travel costs for the new members to attend four meetings per year is estimated at $7.9.

Prepared by: Chris Ashenbrenner, Executive Director — Phone (907) 465-5504
Division: Council on Domestic Violence and Sexual Assault — Date/Time 2/10/09 9:01 AM
Approved by: Commissioner Joseph Masters — Date
Department of Public Safety

(Revised 9/10/2008 OMB)

3134

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 63(STA)
(H) Publish Date: 2/13/09

Identifier (file name): HB63-DOC-OC-02-09-09
Dept. Affected: DOC
Title: An Act relating to the Council on Domestic Violence and Sexual
RDU: Administration & Support
Component: Office of the Commissioner
Sponsor: Fairclough, Holmes, Coghill, Wilson, Herron
Requester: Governor
Component Number: 694

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Passage of this legislation should not have a fiscal impact on the Department of Corrections.

Prepared by: Leslie Houston, Director — Phone 465-3339
Division: Administrative Services Division — Date/Time 02/09/2009 1630
Approved by: Dwayne Peeples, Deputy Commissioner — Date 2/9/2009
Office of the Commissioner

(Revised 9/10/2008 OMB)

3135

Alaska State Legislature

Representative Anna Fairclough – House District 17

CS for House Bill 63

"An Act relating to the Council on Domestic Violence and Sexual Assault."

Sectional Analysis

Section 1. Amends AS 18.66.020(1)

Changes the number of members on the council from three public members to four public members

Adds language that states that one of the public members must be from a rural area

Adds a new subsection adding in the commissioner of corrections or a designee of the commissioner of corrections as a member of the council

Amends AS 18.66.020(b)

Changes the term of office of a public member from two years to three years

Changes language from "shall" to "may" in regards to the Governor consulting the Alaska Network on Domestic Violence and Sexual Assault (ANDVSA) regarding the appointment of public members to the Council.

Section 1. Amends AS 18.66.020(c)

Adds language that deals with members appointed to the council that states they may not be an employee of the State of Alaska

Section 2. Amends AS 18.66.020(d)

Adds new subsection that defines the term "rural area"

Section 3. Amends AS 18.66.040

Changes the quorum requirement from four members to five members

Session: Alaska State Capitol • Juneau, AK 99801 • 907-465-3777 • Fax 907-465-2819
Interim: 10928 Eagle River Road, Suite 238 • Eagle River, AK 99577 • 907-694-8944 • Fax 907-694-8945
Representative_Anna_Fairclough@legis.state.ak.us

Section 4. Amends AS 18.66.050

Changes language making staff positions in the Council non-exempt, other than the Executive Director

Adds language for the Department of Corrections in regards to coordinating services

Section 5. Amends AS 39.25.110(38)

Changes the staff of the executive director from the exempt service to the classified service

Section 6. Amends Uncodified law of the State of Alaska

Adds new subsection that deals with the appointing of a new member to the council within 30 days after this Act takes effect

Extends the term of the public members from two years to three years

Session: Alaska State Capitol • Juneau, AK 99801 • 907-465-3777 • Fax 907-465-2819
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Representative_Anna_Fairclough@legis.state.ak.us

Adopted 2/26/09

26-LS0138\C.1
Bullard
2/26/09

AMENDMENT #1

By Rep. Fairclough

OFFERED IN THE HOUSE

TO: CSHB 63(STA)

Page 1, line 8, following "the":

Insert "**Alaska**"

Page 2, line 17:

Delete "5,500"

Insert "7,500"

Page 2, line 19:

Delete "1,500"

Insert "3,500"

3138

State of Alaska
Department of Public Safety
Council on Domestic Violence & Sexual Assault

Sarah Palin, Governor
Joseph A. Masters, Commissioner

February 8, 2009

Representative Anna Fairclough
Alaska State Capitol
Juneau, Alaska 99801

Subject: HB63 "An Act relating to the Council on Domestic Violence and Sexual Assault"

Dear Representative Fairclough:

The Council on Domestic Violence and Sexual Assault supports HB63, which proposes statutory changes based on the 2008 CDVSA Legislative Task Force recommendations. We have thoroughly reviewed these recommendations and agree that the proposed changes will strengthen the Council's ability to meet its statutory purpose: "to provide for planning and coordination of services to victims..." (AS16.66.101)

Adding the Commissioner of Corrections or his/her designee and including an additional seat for a rural designated public member will give the Council broader insights into policy decisions and funding recommendations. It will also further strengthen our board for public members to have three year terms. Many members have pointed out the limitations of two-year terms, saying they are leaving their service just as they have learned the work. Longer terms will allow members time to apply what they have learned in making decisions and setting direction. We also agree, in the interests of keeping balance, that public members should not be state employees.

Council members are supportive of the change making it optional for the Governor to consult the Alaska Network on Domestic Violence and Sexual Assault about public member appointments. However, in our discussions, we agreed that it is a good idea for the governor's office to ask for such recommendations, and we encourage making that connection in order to secure a pool of well qualified applicants.

The Council also agrees with the CDVSA Task Force that classifying the staff positions (other than the Executive Director) is an important tool for recruiting and retaining staff. It will also help to ensure continuity in the agency during periods of administration changes.

We appreciate the work you are doing to strengthen the state's response to the crimes of domestic violence, sexual assault, stalking and dating violence. Thank you.

Sincerely,

Ann House
Chair

Council on Domestic Violence & Sexual Assault
P.O. Box 111200 - Juneau, AK 99811 - Voice (907) 465-4356 - Fax (907) 465-3627

Juneau Office
130 Seward St #209
Juneau, Alaska 99801
Phone: (907) 586-3650
Fax: (907) 463-4493
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ANDVSA
Alaska Network on Domestic Violence & Sexual Assault

Sitka Office
PO Box 6631
Sitka, Alaska 99835
Phone: (907) 747-7545
Fax: (907)747-7547

January 19, 2009

Representative Anna Fairclough
State Capitol, Room 421
Juneau, AK 99801-1182

Dear Representative Fairclough:

On behalf of the nineteen member domestic violence and sexual assault programs throughout the state that comprise the Alaska Network on Domestic Violence and Sexual Assault (the Network), thank you for introducing HB 63. ANDVSA works closely with the Council on Domestic Violence and Sexual Assault (the Council) on numerous issues.

I had the honor of serving on the CDVSA Task Force that you helped create with HB 215 in 2007. The CDVSA Task Force reviewed the Council's relationship to other state agencies; their statutory responsibilities and priorities; the appointment process for public members; the location of the Council within the administrative structure; compliance with grant management requirements; and their mission and focus.

We fully support the recommended changes in HB 63. Expanding the Council to include representation from the Department of Corrections (DOC) ensures that DOC has a much needed seat at the table for domestic and sexual violence issues, particularly as they relate to batterer and perpetrator programs. The bill also ensures that public members are indeed public and not governed by any state influences. We also wish to extend our service to the Governor whenever she/he would like our consultation and recommendation for public members. We have consistently put forth qualified individuals who do not have a history of perpetration of domestic or sexual violence; qualified individuals regardless of political party affiliation that balance both Alaska's geography and its urban and rural counterparts. Our services remain there for the asking as the experts in the domestic and sexual violence field for over 30 years.

Thank you for your time and commitment to improving the Council and sponsoring this progressive bill.

Regards,

Peggy Brown
Executive Director

cc: Lisa Mariotti, Policy Research Associate

2009 HOUSE FINANCE
COMMITTEE ATTENDANCE

DATE: 2/26/09

Circle Meeting Chair: **Hawker** **Stoltze**

	MEMBER	PRESENT	ABSENT
RF	REP. FOSTER		
AA	REP. AUSTERMAN	✓	
MK	REP. KELLY	✓	
AF	REP. FAIRCLOUGH	✓	
MH	CO-CHAIR HAWKER		
BS	CO-CHAIR STOLTZE	✓	
BT	VICE-CHAIR THOMAS	✓	
LG	REP. GARA	✓	
HC	REP. CRAWFORD	✓	
WS	REP. SALMON	✓	
RJ	REP. JOULE	✓	

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HB

64

<target><bill>HB 64</bill><subject>HB
64</subject><comm>HFIN26</comm></target>

Alaska State Legislature

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Representative Carl Gatto

Chair, House Military and Veteran Affairs Committee
District 13 - Palmer

SPONSOR STATEMENT
HB 64

"An Act relating to credit memos, gift certificates, and gift cards, and to unclaimed property; and making a violation of certain gift card prohibitions an unlawful trade practice."

Retailers and banks offer electronic "gift cards" in response to growing consumer demand for easier and more convenient gift options. Similar to a credit or debit card, these electronic gift cards allow recipients the flexibility to use the card at multiple locations. Most banks and retailers that issue these types of credit devices allow gift givers to choose from amounts as low as $5 and as high as $1,000.

Unfortunately, some banks and retailers have used this new opportunity to enhance their bottom line. They are able to erode the purchasing power of gift cards by attaching a variety of fees and service charges, often failing to clearly explain these provisions to purchasers and recipients. Commonly, issuers will attach a "dormancy fee" of $2.50 or greater that is deducted monthly from the remaining balance as well as an "activation fee" of $5 or more in order to begin using the card. A $100 gift card would lose 35% of its value in one calendar year without a single use. Finally, some of the issuers include expiration dates less than Alaska's unclaimed property laws.

In the last 5 years a number of states have adopted measures to limit or restrict fees attached to these gift cards as well as establish standard expiration periods allowing consumers a reasonable period to use their gift cards. HB 64 is modeled closely after other state laws

HB 64 will protect Alaska's consumers from unnecessary fees and prevent erosion of purchasing power. I urge your support of HB 64.

Alaska State Legislature

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Representative Carl Gatto

Chair, House Military and Veteran Affairs Committee
District 13 - Palmer

SECTIONAL ANALYSIS
HB 64

"An Act relating to credit memos, gift certificates, and gift cards, and to unclaimed property; and making a violation of certain gift card prohibitions an unlawful trade practice."

Section 1 – Amends AS 34.45.240 to replace the original reference of "gift certificate" with "gift card" and provides conforming amendments to the original statutes structure based on this change.

Section 2 – Amends AS 34.45.760(8) to provide a definitional reference for the new definition of "gift card" as found in AS 45.45.940.

Section 3 – Amends AS 34.45.760(11) to add "gift cards" as "intangible property" and provides the statutory definitional reference for gift cards.

Section 4 – Creates a new subsection under AS 45.45 to properly define "gift cards" and the new definition covers previous references to "gift certificate". This new section also identifies exclusions to the applicability of the new gift card provisions.

Section 5 – Adds a reference to "gift cards" to unlawful acts and practices under AS 45.50.471.

January 22, 2009
26-LS0201\E

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 64
(H) Publish Date: 2/11/09

Identifier (file name): HB64-DOR-01-30-09
Title: Gift Cards
Sponsor: Representative Gatto
Requester: House - Labor and Commerce

Dept. Affected: Revenue 04
RDU: Taxation and Treasury
Component: Treasury Division
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

See attached.

Prepared by: Rachel Lewis
Division: Treasury
Approved by: Ginger Blaisdell
Dept. of Revenue

Phone (907) 465-5885
Date/Time 3/21/08 7:30 AM
Date March 23, 2008

(Revised 10/05/2008 OMB)

FISCAL NOTE # 2

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. HB 64

ANALYSIS CONTINUATION

Bill Language: This bill would redefine gift cards, using the new definition from AS 45.45.940. It would clarify that gift cards become unclaimed property after three years. It would remove expiration dates from gift cards. It would also add other conditions under which gift cards could be sold, and would make violating any of these conditions an unlawful trade practice.

Revenues: This bill will have no significant effect on revenue. Over the past 22 years, very little money from unclaimed gift cards has been turned over to the Department of Revenue's Unclaimed Property Unit, and a total of $50,000 of that money has been deposited in the general fund in that period. The Department anticipates that in the future, contributions to the general fund from this source will continue close to the long-term average of approximately $2,300 per year.

This bill may make businesses more aware of the need to turn over unclaimed gift cards to the Department. However, any increase in revenues to the general fund which might result is anticipated to be a small fraction of the current $2,300 yearly average, and hence negligible.

Fines and forfeitures from unlawful trade practice enforcement related to gift cards are unknown.

Expenditures: It is not anticipated that this bill will result in any additional expenditures for the Department of Revenue. The current volume of unclaimed gift cards reported to the Unclaimed Property Unit is quite small, and the Department does not anticipate appreciable change in their workload stemming from this bill.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 64
(H) Publish Date: 2/11/09

Identifier (file name): HB064-LAW-CIV-1-31-09
Dept. Affected: LAW
Title: An Act relating to gift certificates and gift cards.
RDU: CIVIL
Component: COMMERCIAL & FAIR BUSINESS
Sponsor: REPRESENTATIVE(s) GATTO, GARDNER, GRUENBERG
Requester: LABOR & COMMERCE
Component Number: 2717

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill adds a section to AS 45.45 that imposes restrictions and conditions on the sale of gift cards. A gift card must be redeemable for full face value in perpetuity, and the date of issuance must be identified on the face of the card. The bill also prohibits a seller from imposing dormancy, latency, administrative, service, and other fees that have the effect of reducing the value of the card. There are several exceptions in the bill, including exceptions for cards that are redeemable at more than one vendor. Violations of this law would become violations of the Consumer Protection Act, and enforceable by the attorney general. It is expected that enforcement activities related to this bill would be minimal, and absorbed within existing resources.

Prepared by: Robert Meiners, Deputy Director — Phone 907.465.5427
Division: Administrative Services Division — Date/Time 1/31/09 10:40 AM
Approved by: Talis Colberg, Attorney General — Date 1/31/2009
Department of Law

(Revised 9/10/2008 OMB)

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opened the program with a Kendall, "Brake Thru," and ing the performers' actions. National Endowment for the Arts.

Be wary when you give out gift cards

RISK: Companies that close down don't offer redemptions.

By JOHN EWOLDT
McClatchy-Tribune

Gift cards are a form of theft from consumers. You give them real money and they give you a piece of plastic that may, or may not, someday be redeemed for something of equal or lesser value. Most of the time it is lesser value. Why else impose maintenance fees, expiration dates, and non-use fees if not to pull a gotcha on the consumer when they try to redeem it?

Is spending money on a gift card like putting money down a rat hole? With many retailers and restaurants filing for bankruptcy or closing, it's enough to give pause. Don't avoid gift cards altogether,

Don't assume that if your bank goes under, the gift card is covered under the FDIC. It's not.

but as Ronald Reagan said, "Trust, but verify."

I wouldn't buy a Circuit City gift card unless I told the recipient to redeem it the week after Christmas. In fact, I'd tell any gift card recipient to spend it before Jan. 1, just to be on the safe side. If you're a risk taker, you could extend to Jan. 31. Many mall leases begin Feb. 1 or Aug. 1, said David Brennan of the Institute for Retail Excellence at the University of St. Thomas in St. Paul, Minn. But Dec. 31 might be the last day for some restaurants and small businesses that want to close the doors and their books before a new year.

Is your gift card protected if that happens? Ask any holders of Sharper Image gift cards. The answer is no. Retailers could, but don't, put gift card revenue into special accounts protected from bankruptcy, according to Consumer Reports Money Adviser.

Some bank cards that allow users to redeem a Visa or MasterCard debit card also are at risk, Consumer Reports said. Don't assume that if your bank goes under, the gift card is covered under the FDIC. It's not.

You see where this is going? Cash is king — at least for now.

"THRILLING ROLLER COASTER RIDE" Paul Fischer DARK HORIZONS
BEAR TOOTH 276-4200
High School Musical
CINEMARK

RECEIVED
JAN 2 9 2009

NFIB
The Voice of Small Business®

Alaska

January 29, 2009

The Honorable Carl Gatto
Alaska House of Representatives
State Capitol Building
Juneau, Alaska 99801-1182

RE: House Bill 64

Dear Representative Gatto,

Members of the National Federation of Independent Business/Alaska have reviewed House Bill 64 and request that you consider making some changes to the bill. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

On page 3, lines 20 through 23, the bill prohibits any fees for handling the card. We suggest that the bill allow a service fee when it is turned over to the state as abandoned property. This requires added accounting and should be recognized as a legitimate expense.

We appreciate our consideration of our concerns this year and accommodating several of the concerns we raised previously.

Sincerely yours,

Dennis DeWitt
State Director

Cc: House Labor & Commerce Committee

National Federation of Independent Business -- ALASKA
P.O. Box 34761 • Juneau, AK 99803 • 907-723-6667 • denny.dewitt@nfib.org

3149

Pick a Card, Any Card?

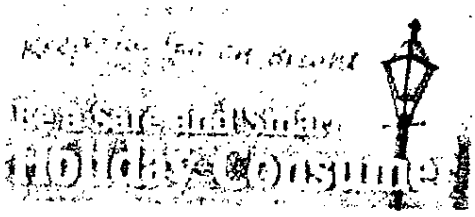
When It Comes to Gift Cards and Gift Certificates, Consumers Should Check Expiration Dates and Fees

Holiday shoppers spend billions on gift cards and gift certificates every year, and they're increasingly popular gifts. But many purchasers are concerned about whether these gifts can come with unwanted extras, like expiration dates and fees.

California law protects gift card givers and recipients from expiration dates and dormancy fees in many cases, but it's important for consumers to understand when the protections apply and when they don't.

"Sometimes it's difficult to pick out just the right gift for someone," said Charlene Zettel, Director of the California Department of Consumer Affairs. "With a gift card, you're letting the recipient choose what they want. It's an option that can ease the pressure of holiday shopping. But we want to make sure consumers know if any strings are attached."

In most cases California law treats a plastic gift card the same as a paper certificate. Consumer protections vary depending on the type of business that sold the card, and on the type of product or service for which the card is used.



TOP GIFT CARD TIPS

- **Check expiration dates and fees**
- **Save all receipts**
- **Use it before you lose it!**

Both state and federal law prohibits the sale of gift cards and certificates in a deceptive manner, so it's illegal for sellers to conceal conditions, restrictions or fees.

Protections Are Greater for Cards or Certificates Good at a Single Store or Its Affiliates

The type of card or certificate that comes with the best consumer protections under California law is the traditional gift certificate or card, sold by a single business and used for goods or services from that business or its affiliates. Expiration dates and service fees, including dormancy fees, are prohibited for this type of card, with limited exceptions.

A business doesn't have to redeem a gift card or certificate, or the balance left after a purchase, for cash. They can redeem it with another certificate or card for the remaining value.

Single-store cards can have a dormancy fee if: the value drops to $5 or below; the fee is $1 or less per month; the card has been inactive for 24 consecutive months; and the owner can pay to re-charge it with value to over $5. The dormancy fee must be fully disclosed in advance and printed on the card.

An exception -- to the rule of no expiration dates for cards good at a single business or its affiliates -- is a gift card or gift certificate for a food item. Cards or certificates for food items -- other than restaurant meals -- can have expiration dates, as long as that fact is printed in 10-point type on the front of the card or certificate.

California Department of Consumer Affairs | Office of Public Affairs
1625 North Market Boulevard, Suite N 323, Sacramento, CA 95834
(916) 574-8170 | www.consumer.ca.gov

Restaurant gift certificates good for meals cannot have expiration dates. Restaurants issuing gift certificates, either directly or through affiliates, must accept the certificate even if it's an older certificate with a posted expiration date, if that certificate was issued after January 1997.

Another exception is gift certificates distributed free as a premium or promotion, or sold below face value at a volume discount to employers or to nonprofit and charitable organizations for fundraising purposes. These can have expiration dates, but the date must be printed on the front of the card in 10-point type.

Mall or Other Multiple-Store Gift Certificates

California law doesn't protect consumers from service fees and expiration dates when it comes to gift certificates or cards good at multiple, unaffiliated businesses. So many popular gift certificates and cards can have these fees and restrictions, including cards sold by malls and banks.

If such a card or certificate has an expiration date, that fact has to be printed on the card or certificate. Fees must also be disclosed to purchasers.

Consumers should weigh the benefits of these cards against the costs. Cards from malls and banks allow shopping for gifts at many different stores. But the gift card recipient may see the value of the gift card reduced or eliminated by expiration dates or dormancy fees.

"'Use it or lose it' is still good advice, even if your gift card or certificate is protected from expiration dates and fees. Don't hang on to the card for too long. The store may go out of business, or you might lose the card, which in most cases is like losing cash."

-- Charlene Zettel

Gift Cards Sold by Banks

Bank gift cards can be used at multiple, unaffiliated businesses, so California laws prohibiting expiration dates and service fees, including dormancy fees, do not apply. However, California does require any expiration date to be printed on the card.

Bank gift cards usually tap into a leading credit card network, offering flexibility and convenience, including the option of replacement for a lost card. But they can also come with a variety of fees, such as purchase fees, monthly fees, inactivity fees, transaction fees, balance-inquiry fees and replacement fees for lost cards. Consumers should shop around for the best deal, advise recipients of all terms and conditions, record the card number and retain all receipts.

Federal banking regulators have recently ordered national banks to provide greater disclosures to consumers, putting the expiration date on the front of cards, disclosing the amount of any monthly maintenance or inactivity fees, and providing a phone number or Web address where consumers can get detailed information.

Some consumer protections described here may not apply to cards and certificates issued several years ago. If you have an old card or certificate, or simply want more details on the law, check the Department of Consumer Affairs legal guide "FAQs and Tips on Gift Certificates and Gift Cards." For more holiday consumer tips visit www.consumer.ca.gov.

California Department of Consumer Affairs | Office of Public Affairs
1625 North Market Boulevard, Suite N 323, Sacramento, CA 95834
(916) 574-8170 | www.consumer.ca.gov

LEGISLATIVE RESEARCH REPORT

MARCH 14, 2006

REPORT NUMBER 06.154

GIFT CERTIFICATE LEGISLATION ELIMINATING EXPIRATION DATES IN OTHER STATES

PREPARED FOR REPRESENTATIVE BERTA GARDNER

BY BECKY TAYLOR, LEGISLATIVE ANALYST

You asked whether other states have considered legislation limiting expiration dates on gift certificates. Specifically, you were interested in the laws from California, Louisiana, and Washington.

A number of states have passed legislation in recent years limiting expiration dates and the escheatment, or reversion to the state, of unclaimed gift certificates.[1] As you know, under current Alaska law, the value of gift certificates that are not used for more than three years are presumed to be abandoned property and typically must be turned over to the state (AS 34.45.240). According to a 2004 article from *SmartMoney.com*, at that time about thirty-nine states had some type of escheatment law requiring retailers to turn over the value of a gift certificate to the state if it was not redeemed within a certain timeframe, typically three to five years. Once the money is turned over to the state, customers can then file a claim to have the cash value returned.[2] This process has been criticized by both consumer and business groups for being cumbersome and unfair, and a number of states have passed laws that eliminate expiration dates and allow businesses to retain revenues from unused gift cards.

One reason businesses, particularly restaurants, are opposed to having unclaimed gift cards escheat to the state is that having consumers redeem their cards produces sales and potential repeat customers. One vice president of sales and marketing points out that when a gift card is redeemed, the average order is 31% higher than a business's typical order. According to the *Smartmoney.com* article, some merchants are so eager to have customers use their gift cards

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[1] "State Gift Card Consumer Protection Laws," Consumers Union, July 1, 2005, available at *www.consumersunion.org/pdf/gift-factsheet.pdf*. We include this document as Attachment A.

[2] "Looking a Gift Card in the Mouth," *SmartMoney.com*, available at *www.smartmoney.com/consumer/index.cfm?story=20040108*. We include this article as Attachment B.

907-465-3991
907-465-3908 (fax)

Alaska Legislature
Legislative Research Services
w3.legis.state.ak.us/Research/research_home.htm

State Capitol
Juneau, AK 99801

that they will call and remind customers that they still have value remaining on their cards.[3] The National Restaurant Association supports the elimination of expiration dates and escheatment of unclaimed gift cards for the following reasons:

- Restaurants rely on repeat customers and customer satisfaction. Therefore, most restaurant owners would not turn away a customer with an expired gift card or certificate; however, if the money has already been turned over to the state the business may not be reimbursed.
- States' laws vary on abandoned property, which can create challenges when doing business in multiple parts of the country.
- Although abandoned property laws were enacted to protect customers and businesses from losing their property, some states now rely on unclaimed property as a source of revenue.
- Many restaurants donate gift certificates to charitable causes, many of which are unused, but in some jurisdictions may still escheat to the state.[4]

Franchise businesses with multi-state or national gift card programs face particular challenges when trying to comply with the abandoned property laws in multiple states. One attorney pointed out that for companies trying to operate across state lines negotiating these different laws can present a "legal minefield."[5]

In addition to presenting challenges to businesses, the application of abandoned property laws to gift cards can also create challenges for state governments. Robert Casey, the State Treasurer for Pennsylvania, urged legislators to eliminate expiration dates on gift cards. He stated that it is difficult for the Treasury to return money to gift card owners because businesses often do not collect the names and addresses of gift card purchasers or recipients. When a merchant turns over unredeemed gift card funds, the Treasury may have no way of knowing who the owner is and cannot advertise the individual's name. In 2005, the Pennsylvania Treasury collected $650,000 in unused gift card funds, but was only able to return about $25,800 to card owners.[6] The Washington State Department of Revenue also expressed that it was difficult to return to consumers funds from unredeemed gift cards because of the small denominations and absence of clear records of ownership.[7]

---

[3] "Looking a Gift Card in the Mouth."

[4] "Background: Gift Cards/Certificates," and "Talking Points: Gift Cards/Certificates," National Restaurant Association, available at *http://www.restaurant.org/government/state/giftcards/index.cfm*. We include these documents as Attachment C.

[5] Yoon, Tacie H., "Electronic Gift Card Laws—The Risks Along with the Rewards," Wiley Rein & Fielding LLP, February 21, 2006, available at *http://www.wrf.com/publication.cfm?publication_id=12513*. We include this article as Attachment D.

[6] "Casey Calls for Elimination of Gift Card Expiration Dates, Inactivity Fees," *Treasury News*, The Pennsylvania Treasury Department, available at *http://www.patreasury.org/press/028-2006.htm*

[7] "Consumers Reap Benefits from New Gift Card Law Signed by Governor," *Washington State Department of Revenue News*, March 26, 2004, available at *http://dor.wa.gov/Docs/Pubs/News/2004/NR_Gift_Cards_Law.pdf*.

Some critics of laws eliminating escheatment of unused gift cards to the state argue that this policy allows businesses to keep money that should be used for the good of all people. According to Dr. Dan Horne, marketing professor and gift card expert, businesses should be allowed to keep a percentage of the funds from unredeemed gift cards to cover the costs of these programs, but the merchant should not be entitled to the entire balance.[8] In addition to the issue of expired cards, Dr. Horne points out that many consumers are frustrated by dormancy fees, or inactivity fees, that reduce the value of a gift card over time. In his opinion, legislation that eliminates expiration dates *and* dormancy fees would be a good compromise between consumer and retail interests.[9] According to an article in *The Seattle Times*, the National Retail Federation asserts that fees are a valid way for businesses to cover the costs of operating a gift card program and should not be banned.[10]

LEGISLATION IN OTHER STATES

The National Conference of State Legislatures has compiled a list of expiration date, fee, and escheat provisions for all 50 states, and a list of legislation that has been considered by state legislatures from 2000-2006.[11] In addition, we also include the following related documents for your convenience:

Arizona (Attachment F)

Chapter 315, State of Arizona 47th Legislature, First Regular Session 2005.

"Final Amended Fact Sheet for S.B. 1299," Senate Research, Arizona State Senate forty-seventh Legislature, First Regular Session, June 7, 2005.

California (Attachment G)

Deering's California Code § 1749.5, 1749.51, and 1520.5.

Louisiana (Attachment H)

Act No. 69, Louisiana Legislature Regular Session, 2004.

Washington (Attachment I)

Chapter 168, Laws of 2004, 58th Washington State Legislature, 2004 Regular Session.

"House Bill Report EHB 3036," Washington State Legislature.

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[8] Lewis, Peter, "New State Law Will Ban Gift-Card Expiration," *The Seattle Times*, June 28, 2004, available at *http://seattletimes.nwsource.com/html/localnews/2001966397_gift27m.html*.

[9] Personal communication from Dan Horne, Assistant Professor, Department of Marketing, Providence College. Dr. Horne can be reached at (401) 865-2722.

[10] Lewis, Peter.

[11] "Gift Cards and Gift Certificates Statutes and Recent Legislation," National Conference of State Legislatures, February 17, 2006, available at *http://www.ncsl.org/programs/banking/GiftCardsandCerts.htm*. We include this document as Attachment E.

"Gift Certificates and Gift Cards—Change for Businesses/Holders," Washington State Department of Revenue Special Notice, June 10, 2004.

Legal information (Attachment J)

The following three documents are available from the Incentive Gift Card Council at *http://www.usegiftcertificates.org/displaycommon.cfm?an=5.*

George B. Delta, Esq., "Legal Issues in Incentive Marketing: 2005 Update," July 25, 2005.

George B. Delta, Esq., "Gift Certificates and Laws of Escheat," September 15, 2003.

"State Escheat Laws as Applied to Gift Certificates," September 15, 2003.

I hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

HB

69

<target><bill>HB 69</bill><subject>HB
69</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: April 10, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/14/10

The FINANCE Committee considered: **HOUSE BILL NO. 69**

"An Act establishing in the Department of Education and Early Development a voluntary parent education home visiting program for pre-elementary aged children; and establishing a rating system for early childhood education."

HB 69 EARLY CHILDHOOD ED: RATING & HOME VISITS

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 69 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
EED		✓		

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Gara	✓			
	Dogan	✓			
	Joule			✓	
	KELLY			✓	
	AUSTERMAN	X			
	Foster	✓			
	Salmon	X			
	FAIRCLOUGH			✓	
Chair:	Stoltze	-		★	
Chair:	Hawker			★	

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CS HB 69(FIN)**
() Publish Date:

Identifier (file name): CSHB069(FIN)-EED-TLS-4-14-10
Title: An Act establishing in the Department of Education and Early Development a voluntary parent education home visiting program for ....
Sponsor: Representatives Tuck, Petersen, Kawasaki and Gara
Requester: House Finance Committee

Dept. Affected: Education & Early Development
RDU: Teaching & Learning Support
Component: Early Learning Coordination
Component Number: 2912

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	102.4	0.0	102.4	102.4			
Travel	20.0	0.0	20.0	20.0			
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	4,002.0		4,002.0	4,002.0			
Miscellaneous							
TOTAL OPERATING	**4,124.4**	**0.0**	**4,124.4**	**4,124.4**			
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	4,124.4	0.0	4,124.4	4,124.4	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**4,124.4**	**0.0**	**4,124.4**	**4,124.4**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time	**1.0**						
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The Alaska Parents as Teachers Act, provides for a competitive grant for pre-elementary students to receive teaching services through the student's respective parent/guardian and support by EED. Cost were determined as follows:

FY11-FY13: 65,000 children ÷ 1.34 average Pre-K per household = 48,507 families
48,507 families x 4.4% qualifying families = 2,134 families
2,134 families - 800 Federally funded families = 1,334 families
1,334 families x $3000 = **$4,002,000 Total Grant.**
In addition to the grant the department will need to hire one position to oversee and service this program.
Education Administrator I at $102,400 plus travel at $20,000 = **$122,400**
The program will sunset in FY2014.

Prepared by: Eddy Jeans, Director — Phone 465-8679
Division: School Finance — Date/Time 4/14/10 12:00 PM
Approved by: Larry LeDoux, Commissioner — Date 4/14/2010

(Revised 9/10/2008 OMB)

3158

Adopted 4/14/10

26-LS0281\W
Mischel
4/13/10

CS FOR HOUSE BILL NO. 69( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES TUCK, PETERSEN, KAWASAKI, AND GARA, Muñoz, Edgmon, Thomas, Buch, Gardner

A BILL

FOR AN ACT ENTITLED

"An Act establishing in the Department of Education and Early Development a voluntary parent and early childhood education program for pre-elementary aged children."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

SHORT TITLE. This Act may be known as the Alaska Parents as Teachers Act.

*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

PARENTS AS TEACHERS PROGRAM ESTABLISHED. (a) The Department of Education and Early Development shall devise and implement a statewide parents as teachers program for the benefit of children who are under five years of age. The program must provide a system of early childhood education that

(1) is evidence-based;

(2) involves parents;

(3) is consistent with available research and best practices for high quality early childhood education;

(4) incorporates guidelines adopted by the department for early learning that

(A) enhances school readiness;

(B) increases parent understanding of child development and developmental milestones;

(C) reduces the incidence of child abuse and neglect;

(D) increases identification of health problems and developmental delays through regular screenings;

(E) improves child health indicators, including immunization rates;

(F) increases parental involvement; and

(5) provides for effective and efficient coordination with or expansion of pre-elementary education programs operating in the state, to the extent permitted by law.

(b) The Department of Education and Early Development shall develop and enter into local partnerships to implement the program established under this section.

(c) The program established under this section terminates on July 1, 2013.

Representative Chris Tuck

Alaska State Legislature

District 29 - Representing Dimond Estates, Foxridge, Taku, Southwood Manor, Campbell, and Independence Park

HB 69 (EDC) – Alaska Parents as Teachers Act

Sponsor Statement

Parents are a child's first and most important teachers. HB 69, the Alaska Parents as Teachers Act, will empower parents with knowledge and resources to help their children develop into successful students with stronger scholastic achievements.

HB 69 allows the Department of Education and Early Childhood Development to offer the successful Parents as Teachers early childhood learning methodology as an education option for families with children ages 0-5. Parents who choose to participate are supported by local child development specialists.

Parents as Teachers is completely voluntary for families, and seeks to maximize public-private resources and federal funds to augment state support.

Parents as Teachers is the most cost-effective early education model available in Alaska. In-home education by parents is far less expensive than traditional educational efforts that require building construction and student transportation. Further, Parents as Teachers works for those parents who do not have the desire or family resources to enroll their children into school-based early education programs.

Funds invested in early education pay dividends in the long run. Research shows that children who receive early education earn more money as adults than their peers lacking early education. Children who receive early education also enter the job market in much larger numbers, obtain college education in higher numbers, remain off public assistance in greater numbers, and remain out of jail in much greater numbers.

Every parent has the same desire to see their children receive the foundations for successes. Yet, Alaska fails to offer such opportunities. An April 2009 Rutgers University study, "The State of Preschool 2008," confirmed Alaska still ranks last in the nation in providing early education help to families.

Alaska's children are our future workforce, and the key to our state's prosperity. Alaska's plumbers, doctors and teachers of tomorrow are the youth in our neighborhoods today. Helping parents boost the skills and natural ingenuity of their children will point the way to Alaska's growth.

Parents as Teachers enjoys statewide support and will help grow stronger Alaskan families, better students and safer communities. It is a proven successful solution for our children and our state's future.

Please contact my office if you have questions, or would like more background information.

Thank you for your support of HB69, the Alaska Parents as Teachers Act.

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Phone (907) 269-0240
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Rep.Chris.Tuck@legis.state.ak.us

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Fax (907) 269-0242

January-April
State Capitol Bldg. Rm 426
Juneau, AK 99801
Fax (907) 465-3810

Representative Chris Tuck

Alaska State Legislature

District 29 - Representing Dimond Estates, Foxridge, Taku Southwood Manor, Campbell, and Independence Park

Sectional for HB 69 (version W)
Alaska Parents as Teachers Act

Section 1. Provides a short title for the bill, "Alaska Parents as Teachers Act".

Section 2. Establishes a statewide voluntary Parents as Teachers early learning system.

Subsection (a) requires evidence-based education, parental involvement, and adherence to accepted best practices and early learning guidelines.

Subsection (b) directs the Department of Education and Early Development to develop local partnerships to implement Parents as Teachers.

Subsection (c) adds a 3-year sunset clause.

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Representative Chris Tuck

Alaska State Legislature

District 29 - Representing Dimond Estates, Foxridge, Taku Southwood Manor, Campbell, and Independence Park

Sectional for HB 69 (EDC) (26-LS0281\T)

Alaska Parents as Teachers Act

Section 1. Provides a short title for the bill, "Alaska Parents as Teachers Act".

Section 2. Sets out legislative findings including that a parent is a child's first and most influential teacher, empowering parents in education of their young children improves school readiness, and personalized family support yields multiple benefits to the family unit.

Section 3. Allows the Department of Education and Early Childhood Development to offer competitive grants for the successful Parents as Teachers early childhood learning methodology as an education option for families with children ages 0-5. Parents who choose to participate are supported by local child development specialists. Provides for implementation through local agencies, as defined, using an approved plan and state, private and federal funding.

Section 4. Ensures accountability by directing the Department of Education and Early Development to provide technical assistance and monitoring of Parents as Teachers grants established under Section 3.

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Representative Chris Tuck

Alaska State Legislature

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Description of Differences between HB 69 (26-LS0281\S) and HB 69(EDC) (26-LS0281\T)

Alaska Parents as Teachers Act

The House Education Committee substitute for House Bill 69 made the following changes:

Uses the phrase "participating family" in place of "participant" throughout.

Uses the phrase "trained parent educator" in place of "caseworker" throughout.

Page 1, line 3 – Deleted "and establishing a rating system for early childhood education."

Page 2, line 18 – Fixed a typo by replacing "indentified" with "identified".

Page 2, lines 15-20 – Amended to allow parents to opt into visits with the trained parent educator, and to allow parents to opt into more than one meeting per month. Deleted references to caseworkers, and to cost considerations for reducing visits. Line changes are:

> Deleted – "home visits to a participant's home or mutually agreed on location by a qualified caseworker employed by a local agency not less than once a month unless (A) the caseworker determines that more frequent visits are required to provide informational services; or (B) available funding is insufficient to provide monthly visits."
>
> Inserted – "an opportunity for a participating family to receive home visits to a participating family's home or a mutually agreed on location by a trained parent educator employed by the department or a local agency once a month unless the trained parent educator determines that more frequent visits are required to provide identified services, in which case, the family must be afforded the opportunity to receive more frequent home visits."

Page 3, line 29, following "shall" – insert new material to read:

"(1) apply for and maximize federal and private funding sources to support the program established under this section;
(2) identify and engage private partners to support the program;
(3) limit the number of participating families to 650 for the first two years of program implementation and thereafter increase the number of participating families based on demand; and"

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Page 4, lines 8 – Inserted "(2) 'Family' means one or more biological or adoptive parent and one of more the parent's pre-elementary aged children;

Page 4, line 10 – Inserted "(4) – 'Trained parent educator' means agency employee trained and certified in the program curriculum."

Page 6, line 18-21 – Deleted section 18, which would have established a rating system for comparing in-school early education options.

Representative Chris Tuck

Alaska State Legislature

District 29 - Representing Dimond Estates, Foxridge, Taku, Southwood Manor, Campbell, and Independence Park

MEMORANDUM

Date: April 13, 2009

To: Representative Bill Stoltze, Co-Chairman
Representative Mike Hawker, Co-Chairman
House Finance Committee

From: Representative Chris Tuck

RE: HB 69 Alaska Parents As Teachers Act – Fiscal Note

I would like to note for the record that there is a significant discrepancy between the HB 69 fiscal note the Department of Education and Early Development verbally offered to the House Education Committee on April 10, 2009 and the fiscal note presented after the hearing concluded which accompanied the committee report of the bill.

I welcome the opportunity to work with the Finance Committee to reduce the fiscal note as intended by myself as the bill's sponsor and the Education Committee.

The April 10, 2009 House Education Committee hearing record reflects that the Department said the fiscal note would be about $1.9 million. The Committee hearing record also reflects that Committee members noted that the fiscal note had been amended to that amount.

However, the fiscal note that came from the Department after the bill had passed out of committee is nearly 9 times that amount, and does not match the Department's commitment and the Committee's shared understanding.

While the Department has the authority to devise the fiscal note of its choosing, the Department did not take any opportunity afforded to correct the common understanding it promoted that the fiscal note would be roughly $1.9 million.

Copies of the Department's statements on the record will be submitted to the Finance Committee when transcripts are completed.

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3167

HB69 Empowers Parents As Teachers

Stronger Families

Better Students

Safer Communities

PARENTS AS TEACHERS ALASKA

2008 FACT SHEET

Parents as Teachers (PAT) is an evidence based international home visitation program dedicated to providing parent education services to families with children prenatal to five years of age through home visits and group meetings.

2008 HIGHLIGHTS

Services for Children and Families 2007-2008:

- 31 communities served
- 809 families served
- 963 children served
- 36 prenatal women served
- 95 homeless families were served
- 573 Alaska Native/American Indian children served
- 726 children received developmental screenings with 71 found to need further evaluation
- 239 families linked to other services

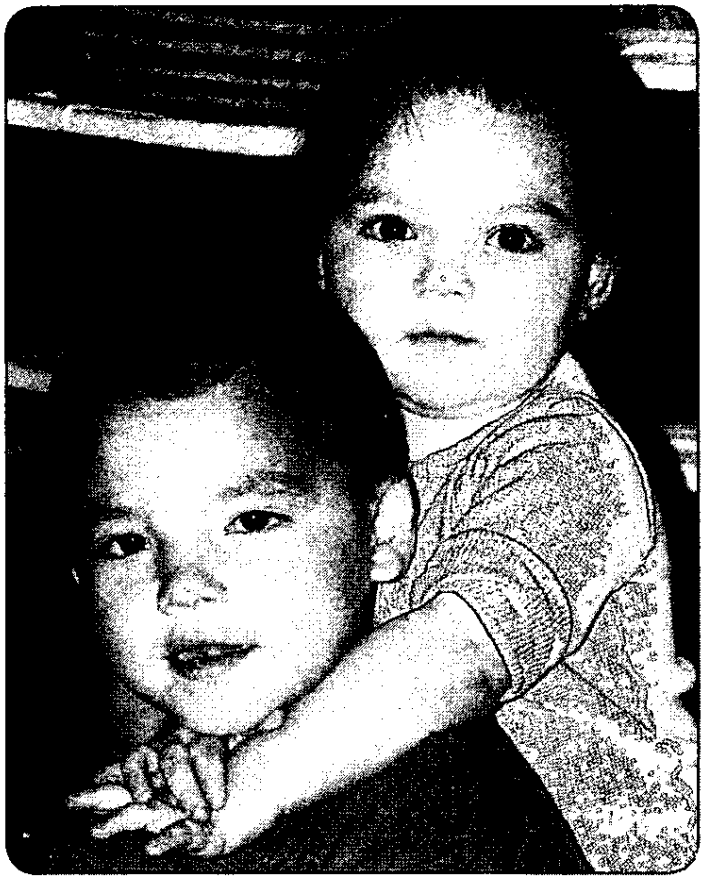
Percentages of Enrolled Children by Agency/ Organization:

- 19% school districts
- 79.5% non-profit organizations
- 1.5% military programs

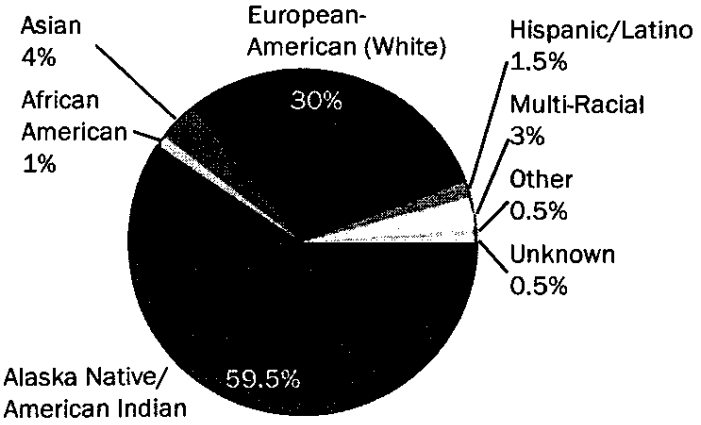
Professional Development:

- Trained and certified 32 Parent Educators and 7 supervisors in the Prenatal to 3 Years Curriculum
- Certified and trained 24 Parent Educators in the 3 Years to Kindergarten Curriculum
- 496 participants from 41 Communities attended PAT workshops/training institutes

Parents as Teachers State Office:
Melissa Pickle, c/o RurAL CAP
PO Box 200908
Anchorage, AK 99520-0908
Phone (907) 865-7345
mpickle@ruralcap.com

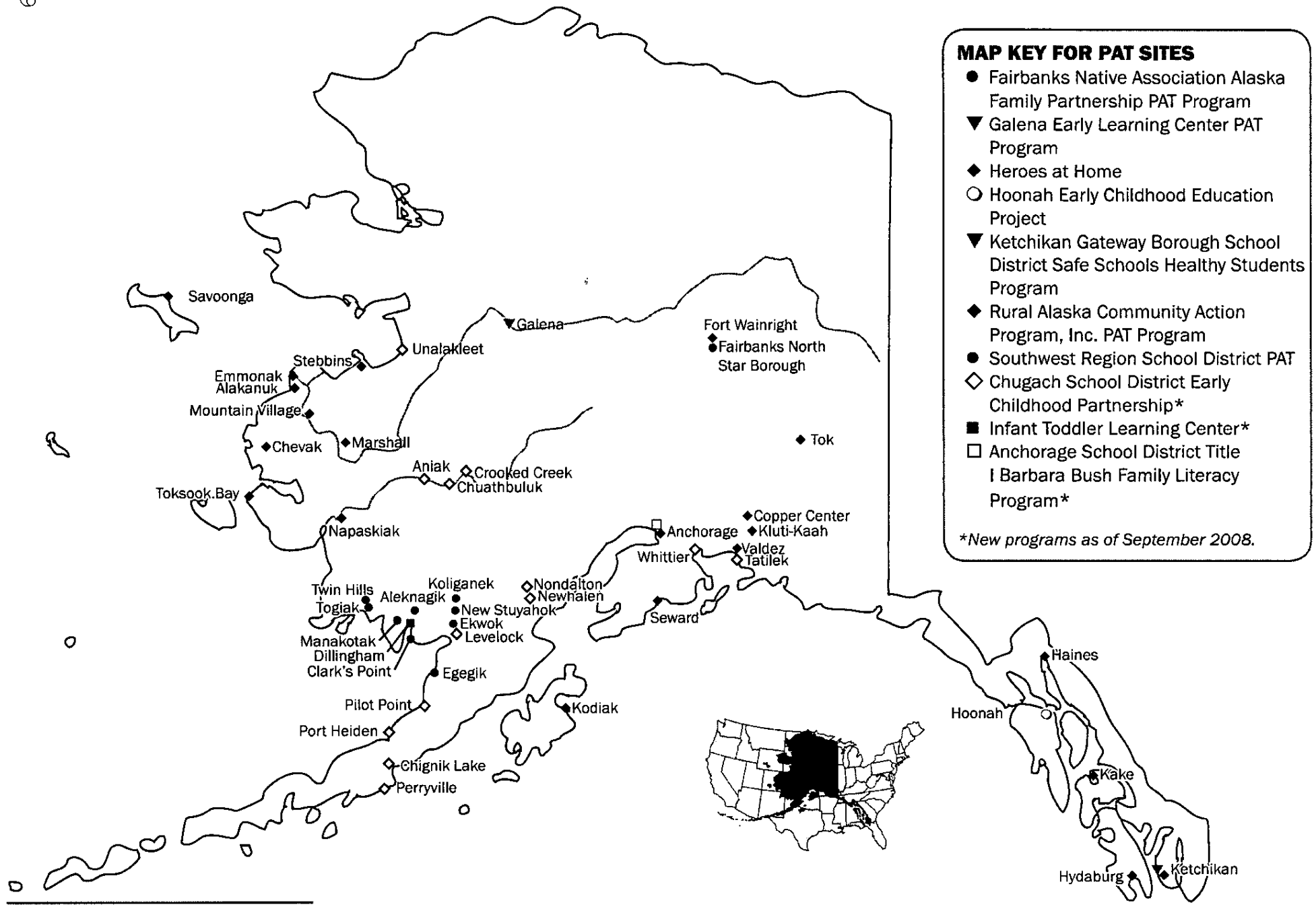


ETHNICITY OF CHILDREN SERVED



This information is provided by the PAT Alaska State Office. The PAT Alaska State Office is located within the Child Development Division of the Rural Alaska Community Action Program, Inc. and funded through the Alaska Parent Information and Resource Center. The role of the State Office is to plan and coordinate curriculum training institutes, conduct annual recertification, collate data for statewide reports and provide on-going communication and technical assistance for affiliated programs.

2008 PARENTS AS TEACHERS COMMUNITIES IN ALASKA



MAP KEY FOR PAT SITES

- ● Fairbanks Native Association Alaska Family Partnership PAT Program
- ▼ Galena Early Learning Center PAT Program
- ◆ Heroes at Home
- ○ Hoonah Early Childhood Education Project
- ▼ Ketchikan Gateway Borough School District Safe Schools Healthy Students Program
- ◆ Rural Alaska Community Action Program, Inc. PAT Program
- ● Southwest Region School District PAT
- ◇ Chugach School District Early Childhood Partnership*
- ■ Infant Toddler Learning Center*
- □ Anchorage School District Title I Barbara Bush Family Literacy Program*

**New programs as of September 2008.*

Parents as Teachers State Office: Melissa Pickle, PAT Alaska State Coordinator, mpickle@ruralcap.com,
c/o Rural Alaska Community Action Program, Inc.; PO Box 200908; Anchorage, AK 99520-0908; Phone (907) 865-7354

Parents as Teachers

Parents as Teachers: An Evidence-Based Home Visiting Program

A range of research studies conducted and supported through state governments, independent school districts, private foundations, universities and research organizations, demonstrate that Parents as Teachers makes a real difference in the lives of parents and their children.

Research Highlights

4 Independent Randomized Controlled Trials (RCT)
6 published reports; 5 of them peer-reviewed

Length of participation in PAT was a significant predictor of children's third grade achievement.

"...the PAT program improved parenting practices in ways that promote both school readiness and subsequent academic achievement." (p.116).

From: Zigler, E., Pfannenstiel, J.C., & Seitz, V. (2008). The Parents as Teachers program and school success: A replication and extension. *Journal of Primary Prevention*, 29, 103-120.

PAT parents were more involved in children's school activities and engaged their children more in home learning activities, especially literacy-related activities.

"...children of parents involved in a PAT program should enter school with 'stronger' readiness skills than their non-PAT peers."

From: Albritton, S., Klotz, J., & Roberson, T. (2004) The effects of participating in a Parents as Teachers program on parental involvement in the learning process at school and in the home. *E-Journal of Teaching and Learning in Diverse Settings, 1(2)*, 108-208. http://www.subr.edu/coeducation/ejournal/Albritton%20et%20al.Article.htm.

PAT parents read to their children more often and were more likely to enroll them in preschool, both of which increased school readiness.

"...the PAT program was highly effective in helping impoverished parents prepare their children to enter school."(p.81)

From: Pfannenstiel, J.C., Seitz, V., & Zigler, E. (2002). *Promoting school readiness: The role of the Parents as Teachers program. NHSA Dialog: A Research-to-Practice Journal for the Early Intervention Field, 6, 71-86.*

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More details about Parents as Teachers' evidence-based research outcomes from across the U.S.:

Parents as Teachers Helps All Children Enter School Ready to Learn

- 7,710 public school children from a stratified random sample of Missouri districts and schools were examined at kindergarten entry and at the end of third grade. Results showed that participation in Parents as Teachers, together with preschool, not only positively impacts children's school readiness and school achievement scores, but also narrows the achievement gap between children in poverty and those from non-poverty households. With at least 2 years of Parents as Teachers combined with a year of preschool, 82% of poor children were ready for school at kindergarten entry—a level identical to nonpoverty children with no Parents as Teachers or preschool.[i] A reanalysis using a subset of the above data strongly confirmed these findings.[ii]
- Parents as Teachers children showed better school readiness at the start of kindergarten, higher reading and math readiness at the end of kindergarten, higher kindergarten grades, and fewer remedial education placements in first grade.[iii]
- Children in high poverty schools who participated in Parents as Teachers were equivalent to those of children at low poverty schools with no preschool enrichment (Parents as Teachers or preschool). In addition, when children attending high poverty schools participated in both Parents as Teachers and preschool, their scores were

significantly higher than those of children in low poverty schools with no preschool enrichment (Parents as Teachers or preschool).[iv]

- 87% of Native American children served by Parents as Teachers through its Baby FACE program were ready for preschool by age 3.[v]

Parents as Teachers Supports Later School Achievement

- The aforementioned 2007 study of 7,710 Missouri public school children also showed that length of participation in PAT was a significant predictor of children's third grade achievement on the Missouri Assessment Program Communication Arts test. [vi]
- PAT children scored significantly higher on standardized measures of reading and math at the end of first grade than did comparison children. In addition, teachers rated PAT children's achievement progress higher than control group children's progress in all areas.[vii]
- PAT children continued to perform better than non-PAT children on standardized tests of reading and math achievement in second grade. Compared to non-PAT children, PAT children required half the rate of remedial and special education placements in third grade.[viii]

Parents as Teachers Prevents Child Abuse

- The U.S. Advisory Board on Child Abuse and Neglect states, "home visiting and center-based programs with a parental focus can help prevent child abuse and neglect."[ix] The Task Force on Community Preventive Services recommends early childhood home visitation as an effective method for preventing child abuse and neglect.[x]
- In a randomized trial, adolescent mothers who received case management and Parents as Teachers were significantly less likely to be subjected to child abuse investigations than control group mothers who received neither case management nor Parents as Teachers.[xi]
- In another randomized trial, adolescent mothers in an urban community who participated in Parents as Teachers scored lower on a child maltreatment precursor scale than mothers in the control group. These adolescent mothers showed greater improvement in knowledge of discipline, showed more positive involvement with children, and organized their home environment in a way more conducive to child development.[xii]
- Parents as Teachers families had fewer documented cases of abuse and neglect in comparison to the Missouri state average.[xiii]

Parents as Teachers Increases Parental Involvement

- Results of a multi-site randomized trial showed that for families with very low income, those who participated in Parents as Teachers were more likely to read aloud to their child and to tell stories, say nursery rhymes, and sing with their child.[xiv]
- A significantly higher proportion of Parents as Teachers parents initiated contacts with teachers and took an active role in their child's schooling. For example, 63% of parents of Parents as Teachers children versus 37% of parents of comparison children requested parent-teacher conferences.[xv]
- Parents as Teachers parents demonstrated high levels of school involvement, which they frequently initiated, and supported their children's learning in the home.[xvi]
- Parents as Teachers parents read more to their children, use more techniques to support book/print concepts, and have more children's books in the home.[xvii]

Parents as Teachers Improves Children's Health and Development Outcomes

- Annual health and developmental screenings is a core component of Parents as Teachers. Of the 200,000 plus children screened in the most recent program year, 13% were identified with possible health/developmental delays and were referred on for additional follow up services. 70% of those referred received follow-up services.[xviii]
- Children participating in Parents as Teachers were much more likely to be fully immunized for their given age, and were less likely to be treated for an injury in the previous year.[xix]
- At age 3, Parents as Teachers children performed significantly above national norms on a measure of school-related achievement, despite the fact that the sample was over-represented on all traditional characteristics of risk. More than one-half of the children with observed developmental delays overcame these delays by age 3.[xx]

[i] Pfannenstiel, J.C. & Zigler, E. (2007). Prekindergarten experiences, school readiness and early elementary achievement. Unpublished report prepared for Parents as Teachers National Center.
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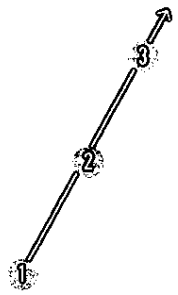
A Summarized Economic Impact Report on Early Education and Child Care Services in ALASKA

step up early ed & child care

Based on the McDowell Group Report *July 2006*

PREPARED FOR:
SYSTEM FOR EARLY EDUCATION DEVELOPMENT (SEED)
UNIVERSITY OF ALASKA SOUTHEAST



step up early ed & child care

STUDY FINDINGS ARE DETAILED ON THE FOLLOWING PAGES:

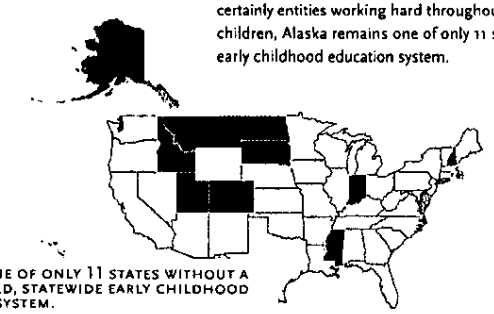
Demographics	Pg. 2
The Economic Impact on Alaska	Pg. 3
The Early Learning and Child Care Sector	Pg. 5
Impact on Alaska Families	Pg. 7
Alaskans Support Funding	Pg. 9

Why should you care about the availability of quality early education and child care in Alaska? Because stepping up early education for our children is critical for all of us.

LET US STEP YOU THROUGH THE FACTS.

1. Early childhood education and child care play a critical and measurable role in Alaska's economy
2. The availability of quality, affordable child care remains a challenge for many Alaska families
3. Alaskans across the state place a high priority on state funding for early education and child care

Until recently, there was no data specific to Alaska to demonstrate how the welfare of our youngest community members impacts the entire state – both in the short term and long term. But thanks to this study commissioned by the System for Early Education Development (SEED) and completed in July 2006 by McDowell Group, there is now local information to combine with the knowledge learned from national studies to provide an accurate baseline. What the statistics demonstrate is that Alaska lags behind much of the country in providing quality early education and child care to our residents. And while there are certainly entities working hard throughout Alaska to provide quality care for our children, Alaska remains one of only 11 states without a state-funded, statewide early childhood education system.



ALASKA IS ONE OF ONLY 11 STATES WITHOUT A STATE-FUNDED, STATEWIDE EARLY CHILDHOOD EDUCATION SYSTEM.

"I believe that high quality early childhood programs are critically important for the health and well-being of our community, and they are especially important for the health and well-being of our children. ... What can never be forgotten or taken lightly is that these programs provide a proven economic benefit to the organizations they serve. It is important that we recognize that. Research has shown that organizations who offer these services on-site for their employees retain these employees for an additional five years. The value of keeping these employees for this extended amount of time is immeasurable, and as a leader of an organization with more than 4,000 employees, I can tell you that recruiting talent is expensive, difficult and time consuming. Keeping our talent in the first place is without a doubt the best way to ensure we can sustain and live out our mission at Providence, and I'm grateful for the role our Center for Child Development plays in doing that each day."

AL PARRISH, CHIEF EXECUTIVE
PROVIDENCE HEALTH SYSTEM IN ALASKA

SCOPE OF THE ALASKA STUDY

The purpose of this study is to measure the economic impacts of the early education and child care sector on Alaska's economy. This study focuses on education and care of children under six years of age. Economic impacts are measured in terms of employment, spending on child care services, and the role that child care services play in making it possible for Alaska families to earn income.

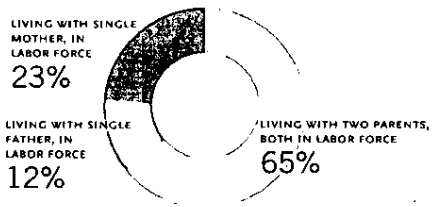
This study also examines research conducted elsewhere in the U.S. that measures the broader societal economic benefits stemming from quality child care services.

A key component of this project was a telephone survey of 725 randomly selected households. The primary purpose of the phone survey was to collect information on the types of child care services Alaska families use and how much money households spend on child care services. The survey also collected information on Alaskans' attitudes about the importance of state government funding for early education and child care services.

ALASKA WORKING PARENT DEMOGRAPHICS

To best understand the data, it is critical to first understand the scope of the population we are considering. In 2004, Alaska's population included 62,913 children under six years of age, according to the Alaska Department of Labor and Workforce Development (DOLWD). Of these children, approximately 63 percent (39,400 children) were living in households where all available parents were in the labor force, whether families were dual-income or single-parents. These children resided in 29,400 Alaska households, all of which were potentially in need of child care services.

Detailed look at the 39,400 children under the age of six, where all available parents are in the workforce



step 11

EARLY CHILDHOOD EDUCATION AND CHILD CARE PLAY A CRITICAL AND MEASURABLE ROLE IN ALASKA'S ECONOMY.

THE ECONOMIC IMPACT ON ALASKA

Mounting evidence shows that investment in quality early learning and child care is critical to building and maintaining a viable state economy. The economic impact of the early education and child care sector includes jobs for thousands of Alaskans, millions of dollars in spending by households and governments, and indirect contributions of Alaska's resident labor force and family income.

JOBS
DIRECT & INDIRECT:
7,400 in child care workforce

CONTRIBUTION TO THE WORKFORCE:
29,400 Alaskans can join the workforce because they have child care

WAGES
DIRECT & INDIRECT:
$124 million in child care workforce payroll

CONTRIBUTION OF HOUSEHOLD INCOME:
$850 million in annual wages paid to working families with child care

IMMEDIATE IMPACT OF QUALITY EARLY EDUCATION AND CHILD CARE

Child care providers make it possible for 29,400 Alaskans to enter the labor force one adult for each household with children under 10 years of age where all parents are in the labor force). The 29,400 Alaskans that are in the work force because child care services are available to them account for 9.5 percent of the Alaska resident workforce. If these working parents also account for 9.5 percent of all Alaska resident wages, their total annual wages would be just under $820 million. This represents an average of $28,800 per family in eighteen Alaska annual income ultimately made possible by child care services, is equal to approximately 40 percent of Alaska's mean family income in 2005.

Other data suggests a smaller household income impact related to adding a second wage earner to 2005 median family income for families with one wage earner was $48,700. Median family income for families with two wage earners was $77,133, a difference of $28,430. This analysis assumes that the typical parent who is in the labor force because child care services are available to him or her earns the same wages as the average Alaska worker. This may or may not be true given the demographics of families with young children. Nevertheless, it is clear that the availability of child care has major implications on income for Alaska residents in general, and on family household income in particular.

step 11 →

"Investment in early childhood development programs brings a real (that is, inflation-adjusted) public return of 12%, and a real total return, public and private, of 16%. We are unaware of any other economic development effort that has such a public return ...."

ART ROLNICK
SVP AND DIRECTOR OF RESEARCH
FEDERAL RESERVE BANK OF MINNEAPOLIS

LONG-TERM ECONOMIC IMPACTS OF QUALITY EARLY EDUCATION & CHILD CARE

A host of studies have been done to track the long-term economic impact of high quality early child care development on society. Though none of these studies focuses on Alaska, the implications for Alaska are relevant. The results of these studies have shown conclusively that although investment is required to provide quality early care to infants, toddlers and youths, the rate of return far exceeds that initial investment.

The largest benefit provided by quality early care was increased earnings capacity projected from higher educational attainment, along with higher taxes paid from better paying jobs. Other benefits are lower criminal justice system costs, reduced welfare costs, savings for crime victims, and savings on school remedial services budgets. The results of several studies are highlighted below.

LONG-TERM BENEFITS OF EARLY EDUCATION AND CHILD CARE

29% higher **high school graduation rates**

20% higher **college attendance**

70% lower **crime incidence**

20% lower **welfare dependence**

$143,000 **additional earned income per capita, resulting from better employment**

Studies also note that expenditures on education that are focused on K-12 may be misplaced given that brains develop rapidly in the early years (0-4), then develop at a much slower pace from age 4 through 18. The implication is that the earlier the investment on early education, the higher the return on investment will be.

step 1 → EARLY CHILDHOOD EDUCATION AND CHILD CARE PLAY A CRITICAL AND MEASURABLE ROLE IN ALASKA'S ECONOMY.

THE EARLY LEARNING AND CHILD CARE SECTOR

When understanding the economic impact of early education and child care, the actual workforce in this field is often overlooked. Yet it has been found that at least 6,500 Alaskans participate in the child care sector workforce.

The estimate of 6,500 participants is derived from a variety of sources (as described in the full McDowell Group report). It must be understood that this is a conservative estimate, however. It does not include an unknown number of at-home providers who care for four or fewer unrelated children, or any number of related children, and therefore are not required to be licensed.

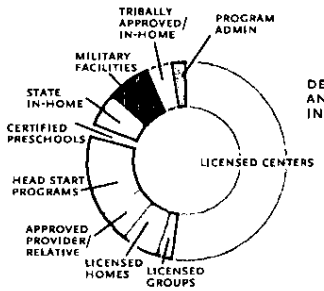
Yet, even without these added positions, the size of this workforce is comparable to other significant industries in Alaska. For example, the residential and non-residential building construction sector employed an average of 6,000 workers in Alaska in 2004, and Alaska's air transportation sector employed an average of 6,400 workers that same year.

SIZE OF COMPARABLE INDUSTRIES IN ALASKA

6,500 Workers in child care

6,400 Workers in air transportation sector

6,000 Workers in residential and nonresidential building construction



DETAILED LOOK AT THE CHILD CARE AND EARLY EDUCATION WORKFORCE IN ALASKA

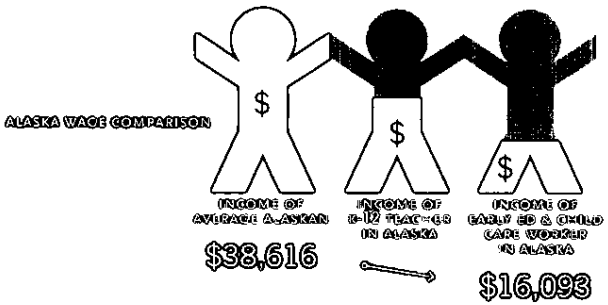
"As Executive Dean of the College of Rural and Community Development, I understand the importance of early childhood education. We have strong partnerships with the State of Alaska, tribal entities and Head Start organizations to train students who will serve as providers, educators and role models for their communities. It is impressive to see the impact early care and education has on Alaska's economy."

BERNICE JOSEPH,
EXECUTIVE DEAN
UNIVERSITY OF ALASKA FAIRBANKS
COLLEGE OF RURAL AND
COMMUNITY DEVELOPMENT

Not only is Alaska's early education and child care sector significant in size, it features a wide variety of service providers. It includes any program providing care for children from birth to age six. Examples of these programs include center-based child care, family child care, Head Start, Early Head Start, private and public preschools, Montessori programs, and pre-kindergarten services.

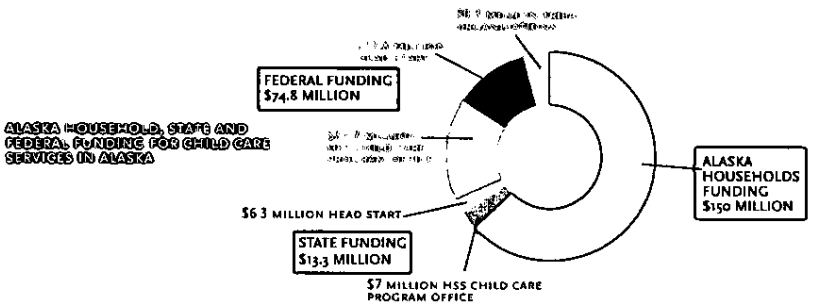
Despite the prominence of individuals employed in this workforce, there is a very low correlation in compensation. DOLWD payroll data indicated that the average monthly wage of an individual employed in this sector was $1,342. This is well below the average for all sectors of the Alaska economy: the average monthly wage in Alaska for this same time period was $3,218 – nearly three times that amount.

To put this in further context, it has been found that providers of early education and child care earn less than half of what the average elementary school teacher earns, even though the difference in age of those they teach may be less than one year.



CHILD CARE SERVICES REVENUE AND FUNDING

There are two sources of spending on early education and child care services – government funding and spending by parents on child care services. Based on the analysis of the McDowell Group report, Alaska households may be spending $150 million annually on child care services for children under six years of age. In comparison, government spending on child care totals $88 million in Alaska, with nearly $74 million of that contribution coming from federal funding. Together, approximately $240 million is spent in Alaska on child care services for young children.



step 2

THE AVAILABILITY OF QUALITY, AFFORDABLE CHILD CARE REMAINS A CHALLENGE FOR MANY ALASKA FAMILIES

"I emphasize strongly how important it is to give the children the best start ... to have the children have a good early learning experience."

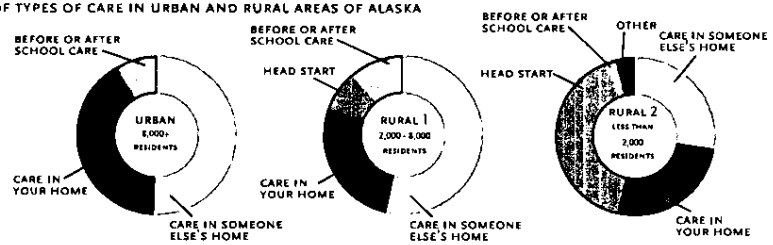
DR. WALTER SOBOLEFF
"FAMILY FEATHERS" VIDEO SERIES,
CENTRAL COUNCIL OF TLINGIT & HAIDA INDIAN TRIBES

IMPACT ON ALASKA FAMILIES

To better understand how the early education & child care sector directly impacts families, 725 Alaska households were asked about their use of child care services as a part of this study's telephone survey. The findings of this study are understood to be the first set of data on this topic directly applicable to Alaska.

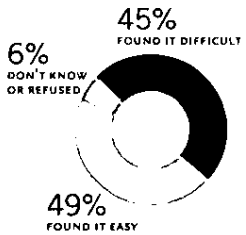
The survey sample included 323 households with children under six years of age. The sample included households from urban Alaska, defined as all communities with more than 8,000 residents. The sample also included surveys from households in communities with between 2,000 and 8,000 residents (labeled "Rural I"), as well as surveys from households in communities with fewer than 2,000 residents (labeled "Rural II"). In conducting statewide analysis of the survey results, data from these areas of the state were weighted to reflect their actual proportion of the state's population.

COMPARISON OF TYPES OF CARE IN URBAN AND RURAL AREAS OF ALASKA



Approximately 58 percent of children in the surveyed households received child care services of some type during the month of January 2006. Among those children receiving child care services, 49 percent were in a preschool or child care center. Just under one-third were being cared for in someone else's home, with over one-quarter receiving care in their own home. Eight percent were in a Head Start program. This total adds up to more than 100 percent, as some children received care in more than one setting.

FINDING ACCEPTABLE CHILD CARE



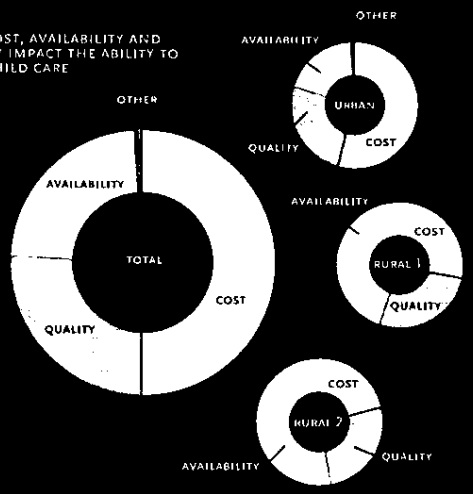
FINDING ACCEPTABLE CHILD CARE

This study also found that 45 percent of Alaska households with children under six in a child care situation found it difficult or very difficult to find acceptable child care. About the same percentage (49 percent) found it either easy or very easy to find acceptable child care.

Finding quality early education and child care programs proved to be an issue both in rural and urban areas of the state.

36% of households with children under the age of six reported that the quality, cost or availability of child care services had prevented someone in their household from seeking employment, or had in some way restricted the number of hours that they could work.

HOW COST, AVAILABILITY AND QUALITY IMPACT THE ABILITY TO FIND CHILD CARE



FACTORS AFFECTING ABILITY TO FIND ACCEPTABLE CHILD CARE

Among households in Alaska's smallest communities (the "Rural II" areas, or communities under 2,000 residents), 26 percent reported that the quality, cost or availability of child care services had prevented someone in their household from seeking employment, or had in some way restricted the number of hours that they could work. The difference between rural and urban in this regard is probably not due to better child care service in rural areas, but rather to the fact that rural areas have fewer employment opportunities available. Among those households where cost, quality or availability of child care services have been a constraint, cost was a major factor for 78 percent of households. Availability had a major impact on 56 percent of households, and quality on 48 percent.

COST MOST OFTEN CITED

When asked which factor had the greatest impact on their ability to find acceptable child care, cost was most often cited. Half (50 percent) indicated that cost had the greatest impact on their ability to find acceptable child care, while 26 percent cited quality, and 23 percent cited availability.

MONTHLY COST

$400-$900
DEPENDENT ON AGE OF CHILD AND LOCATION

MONTHLY COST OF FULL-TIME CHILD CARE

Cost is apparently more of an issue in urban Alaska, while availability is more of an issue in rural Alaska. Just over half of urban households indicated that cost had the greatest impact, compared to approximately one quarter of those in rural areas. Conversely, within rural areas, approximately half the households reported that availability had the greatest impact, compared to only 19 percent of urban areas.

COST IS A LARGE ISSUE

It is not a surprise that cost is a significant issue. The cost of full-time child care in Alaska ranges from $400 to $900 per month, depending on the age of the child and the location of the care. Given these figures, it was perhaps surprising to find that just one in seven Alaska households with children in child care services received some form of child care assistance.

Just 1 in 7 Alaska households with children under six in child care services received financial assistance for child care

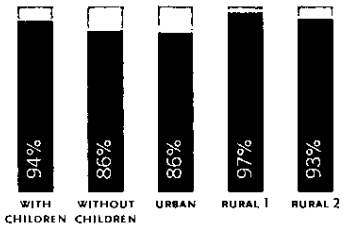
step 3 EARLY CHILDHOOD EDUCATION AND CHILD CARE PLAY A CRITICAL AND MEASURABLE ROLE IN ALASKA'S ECONOMY.

9 of 10 alaskans support funding

The telephone survey described earlier also asked all households a series of questions about state funding support for early learning and child care services in Alaska. Results showed overwhelming support for the funding of early education and child care.

Nearly nine out of 10 Alaska residents (87 percent) think it is important or very important for state government to provide financial support for early education and child care. Among residents with children under six years of age, 94 percent think state support is important or very important. Even among residents without young children, 86 percent think state financial support is important or very important. Further, urban and rural residents alike feel it is important to provide funding for early education and child care.

THOSE STATING IT IS "IMPORTANT" OR "VERY IMPORTANT" FOR STATE GOVERNMENT TO PROVIDE FINANCIAL SUPPORT.



audiences who expressed above average support for early education and child care

Alaskans were also asked if the state should give early learning and child care high, medium or low funding priority. Two-thirds (66%) feel it should have high priority. A variety of population subgroups were more likely to give it a high priority. They include:

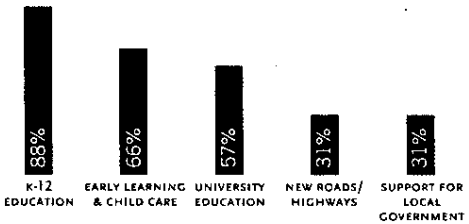
- 76% households with children under six
- 72% female residents
- 77% residents aged 35 to 44
- 76% low income residents <$25,000
- 73% high income residents >$100,000

"The data shows what I have also personally experienced – that the issue of quality early education and child care is one of the most important social issues facing us in Alaska today."

JIM CALVIN, MCDOWELL GROUP

alaskans place priority on funding early education and child care

Alaskans also give early learning a high priority for state funding, when compared to other state-funded programs. Among the categories of spending presented to survey respondents, only K-12 education was rated as a high priority more often.



THE RELATIVE IMPORTANCE OF EARLY EDUCATION AND CHILD CARE

To press this matter further, a third question regarding Alaskans' perception of the importance of funding for early learning and child care focused on relative importance. More than three-quarters of Alaska residents feel that early learning and child care are more important to fund than support for local government or construction of new roads and highways. Almost two-thirds (63 percent) feel that funding for early learning and child care is more important than funding for university education. Among the various programs, only K-12 education is viewed as more important than early learning and child care.

report conclusion - next steps

This series of questions regarding perceived importance of state funding for early education and child care services in Alaska indicate that Alaskans place a high priority on funding for education in Alaska, with a high interest in early education and child care.

end notes

This piece serves as a condensed summary of the July 2006 McDowell report titled "Economic Impact of Early Education and Child Care Services in Alaska." This complete study was commissioned and prepared for the System for Early Education Development (SEED), based at the University of Alaska Southeast. This publication is funded by a grant from the U.S. Department of Education, Fund for the Improvement of Education.

You may download a full copy of the report at http://seed.alaska.edu or request the full report from the SEED administrator at 907.796.6414.

We thank you for taking the time to review this report, which contains critical data regarding the future of Alaska's children and our economy.

The McDowell Group study team would like to acknowledge the invaluable assistance provided by the Project Steering Committee. The Committee included Mary Lorence *(Manager, Alaska Child Care Programs, Department of Health and Social Services)*, Joy Lyon *(Executive Director, Association for the Education of Young Children, Southeast Alaska)*, Mary Lou Madden *(Madden Associates)*, and Carol Prentice *(SEED Program Manager)*. In addition, SEED would like to recognize the contribution made by SEED Council members Candace Winkler and Cindy Harrington.

SEED also appreciates the collaboration with Alaska's *Ready to Read, Ready to Learn Task Force*, 28 Alaskan leaders dedicated to improving the literacy and learning skills of Alaska's pre-kindergarteners.

Alaska SEED
System for Early Education Development

UAS
UNIVERSITY OF ALASKA
SOUTHEAST

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CHAIR ELECT: CANDACE WINKLER Chief Executive Officer, Child Care Connection

SEED COUNCIL MEMBERS:

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MARGARET BAUER Director, Worklife Services, Center for Child Development, Providence Alaska Medical Center

MARCEY BISH Child Care Licensing Manager, Department of Health and Social Services

GARA BRIDWELL Executive Director, Play 'N Learn, Inc.

CYNTHIA CURRAN Administrator, Teacher Education and Certification, Department of Education and Early Development

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3180

RESEARCH SUMMARY — Institute of Social and Economic Research
University of Alaska Anchorage • January 2009
R.S. No. 71

The Cost of Crime: Could The State Reduce Future Crime and Save Money by Expanding Education and Treatment Programs?

By Stephanie Martin and Steve Colt

Alaska's prison population is among the fastest-growing in the U.S., with five times more inmates in 2007 than in 1981. Spending for the state justice system has nearly doubled since 1981—but the crime rate has dropped only about 30%.

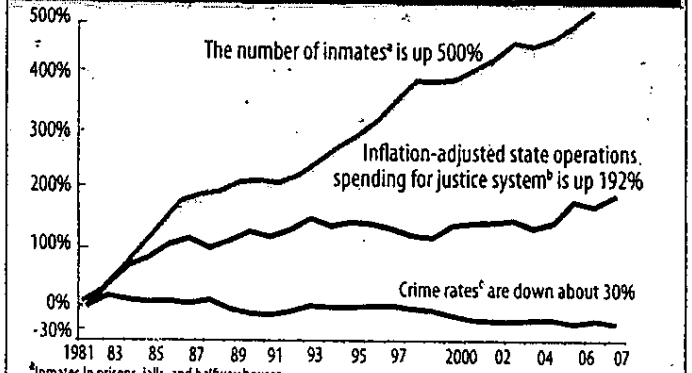
Here's the dilemma for the state, given the pattern shown in Figure 1: what can it do to hold down the number of inmates and stem the rising costs—while at the same time keeping the public safe and using tax dollars effectively?

Senator Hollis French asked ISER to project growth in the number of Alaska inmates and the associated costs—and then evaluate whether the state could reduce that growth by expanding intervention and prevention programs for people already in prison or at risk of ending up there. Alaska currently spends about $17 million a year for such programs, but they aren't available to many of those who might benefit from them.

There are a wide range of such programs. But it is programs for adults who are already in prison or jail that have the most potential to save money and reduce crime in the next 20 years. That's because they can reach the most people.

We know that without any intervention, about two-thirds of those who serve their sentences and are released commit new crimes. Stopping at least some of them from committing more crimes would not only help improve public safety but also reduce growth in both the number of inmates and in spending.

Figure 1. Percentage Changes in Alaska Crime Rate, Spending for Justice System, and Number of Inmates, 1981-2007

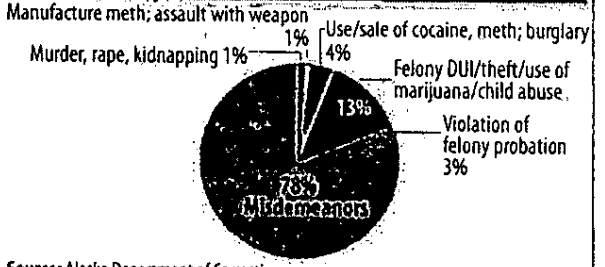


[a]Inmates in prisons, jails, and halfway houses
[b]Spending for Departments of Corrections, Public Safety, and Law; court system; Division of Juvenile Justice; Public Defender Agency; and Office of Public Advocacy. Does not include capital spending or payment on debt.
[c]Rates per 100,000 for murder, rape, robbery, aggravated assault, burglary, larceny, and motor vehicle theft.
Sources: U.S. Department of Justice; state budget documents; Alaska Department of Corrections

Also, most of those released committed misdemeanors (Figure 2). Those who commit the most serious crimes serve long sentences and make up a small share of those released in any given year.

To analyze which programs have the most potential to reduce crime *and* save the state money, we worked with the Alaska Criminal Justice Working Group and the Washington State Institute of Public Policy. That institute did a similar analysis for Washington state and provided us with data it collected from program evaluations nationwide (see back page). What did our study show?

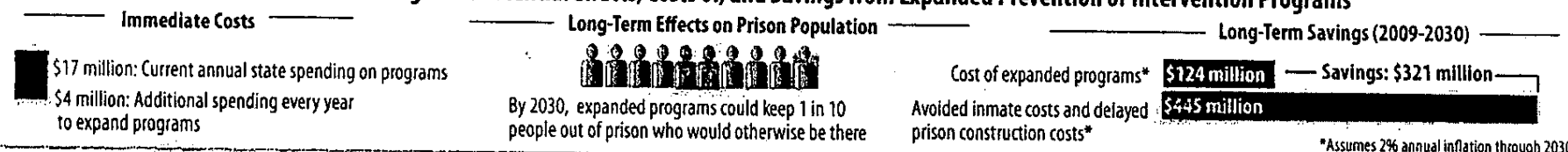
Figure 2. Who Gets out of Jail or Prison in Alaska?
(Total Releases, 2002-2007: 82,339)



Source: Alaska Department of Corrections

- *With no change in policies, the number of Alaska inmates is likely to double by 2030,* from 5,300 to 10,500.
- *If the state spent an additional $4 million a year to expand programs it already has, the prison population in 2030 might be 10% smaller* than projected—about 1,050 fewer inmates.
- *The state would spend about $124 million for expanded programs through 2030 but would avoid $445 million in costs—a savings of $321 million.* It would save money by incarcerating fewer people and by delaying prison construction costs. (Figures 3 and 8).
- *Education and substance-abuse treatment programs—in prison, after prison, and instead of prison—save the state two to five times* what they cost and reach the most people. Programs for teenagers are also very effective at reducing crime and saving money, but they reach fewer people.

Figure 3. Potential Effects, Costs of, and Savings from Expanded Prevention or Intervention Programs



Why Consider Expanding Programs?

In 1980, 2 in 1,000 Alaskans were behind bars; today that share is approaching 10 in 1,000. The sharp increase started in the 1980s, when the state government began collecting large oil revenues. The state used some of that money to expand police agencies, courts, and other parts of the criminal justice system statewide. Also in the 1980s, it made sentencing for the most serious felonies more uniform and stiffened sentences.

The crime rate in Alaska has declined since the 1980s. But the number of Alaskans in prisons, jails, and halfway houses has increased much faster, as have costs for the state justice system. Alaska's prisons are full, and the 1,500-bed prison scheduled to open in 2012 is projected to be full soon after it opens.

Locking people up is expensive, whether their crimes are major or less serious. Alaska spends on average $44,000 a year per inmate in prisons, jails, and halfway houses. Adjusted for inflation, that's actually less than in the 1980s—but it's still a lot (Figure 4).

Studies in other states have shown that some intervention and prevention programs can help cut both costs and crime, either by keeping people who have served their sentences from committing new crimes after they're released, or preventing some people from going to prison in the first place.

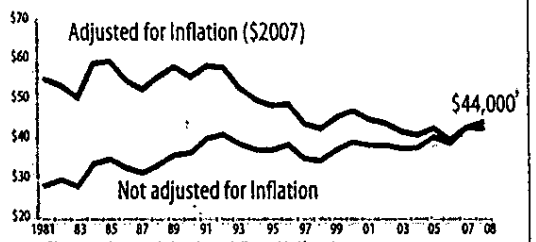
What Programs Did We Analyze?

The Alaska Criminal Justice Working Group gave us a list of programs to analyze. We looked for programs with the biggest potential payoff for the state—those that could reduce growth in both numbers of inmates and in spending for corrections, at a reasonable cost for the state.

Alaska already has a number of programs in place, and we found that expanding some of those would be most cost-effective. Table 1 lists the programs in our final analysis. As a guideline for what was a "reasonable" expansion, we used 10% to 20% of the eligible people not already served—except for very small programs that can't easily be expanded that much.

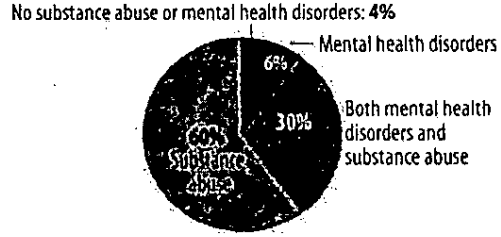
These programs would serve inmates, at-risk juveniles, and young children. They are all intended to reduce future crime in some way. Programs that treat substance-abuse or mental heath disorders have been shown to reduce recidivism—and as Figure 5 shows, almost all current inmates have those disorders.

Figure 4. Annual State Costs Per Inmate,* 1981-2008
(In Thousands of Dollars)



*Average cost of incarcerating people in prisons, jails, and halfway houses.
Source: Alaska Department of Corrections

Figure 5. How Many Alaska Inmates Have Substance Abuse or Mental Health Disorders?



Sources: Alaska Department of Corrections; Alaska Mental Health Trust

Table 1. Current Size and Potential Expansion of Intervention and Prevention Programs[a]

Programs	Currently serve	Reasonable expansion	Potentially eligible (2008)
Prison-based programs			
Education (adult basic; vocational)	More than 1,000	500	Almost all inmates (4,500)
Substance-Abuse (residential; intensive outpatient)	Close to 500	500	90% of inmates (approximately 4,000)
Sex-offender treatment[b]	0	50	10% of 500 eligible inmates
Transition from prison			
Transition for inmates with mental health disorders (Institutional Discharge Project)	70	100	36% of inmates (1,600)
Alternatives to incarceration	500	500	Approximately 5,000[c]
Mental health, drug, alcohol courts; electronic monitoring; residential substance-abuse treatment			
Juvenile offenders	Approximately 500	1,000	Approximately 3,000
Aggression replacement training; family therapy; residential treatment; institutional transition			
Prevention	3,025	450	Approximately 8,000[e]
Head Start for 3- and 4-year olds from low-income families[d]			

[a] Programs included in our final analysis are those for which we found evidence that expansion would have significant pay-offs for the state at a reasonable cost. We evaluated additional programs not included here, either because there wasn't sufficient evidence to assess their effectiveness or because they weren't feasible to implement in Alaska at this time.
[b] To effectively reduce crime, sex offender treatment programs need to be offered in both prison and the community. Treatment is currently available only in the community, so the number served in prison is currently zero—but there are proposals to add treatment in prison.
[c] People facing low-level charges and with substance-abuse problems.
[d] Head Start is a federal program, but the state supplements federal money and Governor Sarah Palin has proposed additional state funding.
[e] We assume all children from families with up to double the poverty-level income would be eligible.

We looked at but excluded other programs from our final analysis. The criminal justice working group decided that a few programs, while effective elsewhere, wouldn't be feasible to implement in Alaska at this time. For other programs, there wasn't enough available evidence to judge how effective they were in saving money or reducing crime, or the available evidence showed them to be largely ineffective.

How Do the Programs Compare?

As Figure 3 (front page) shows, expanding programs to serve more of the eligible people would save the state about $321 million and reduce the projected number of inmates 10% by 2030. Figures 6 and 7 show how the various programs contribute to costs, savings, and reductions in the number of Alaskans behind bars.

- *Education and substance-abuse treatment programs for inmates save two to four times what they cost*, reduce recidivism by about four percentage points, and can reach the most people.

- *Intervention programs for juveniles who have committed crimes are very effective* at saving money and reducing recidivism, but they serve a much smaller number of people.

- *Programs that set up transition services for inmates with mental-health disorders* coming out of prison are among the most effective—but they can't readily be expanded to serve the many people who could benefit from them.

- *Alternatives to prison for some people charged with lesser offenses save the state money right away, and almost all reduce recidivism*. The exception is electronic monitoring, which is inexpensive but hasn't been shown to reduce future crime.

- *Treatment programs for sex offenders do reduce crime*, but they are very expensive and so don't save the state money.

- *Programs that prevent future crime by helping very young at-risk children are the most effective*. But the effects of spending for those programs aren't apparent until many years later.

Figure 6. How Effective Are Various Programs at Saving Money and Reducing Crime?

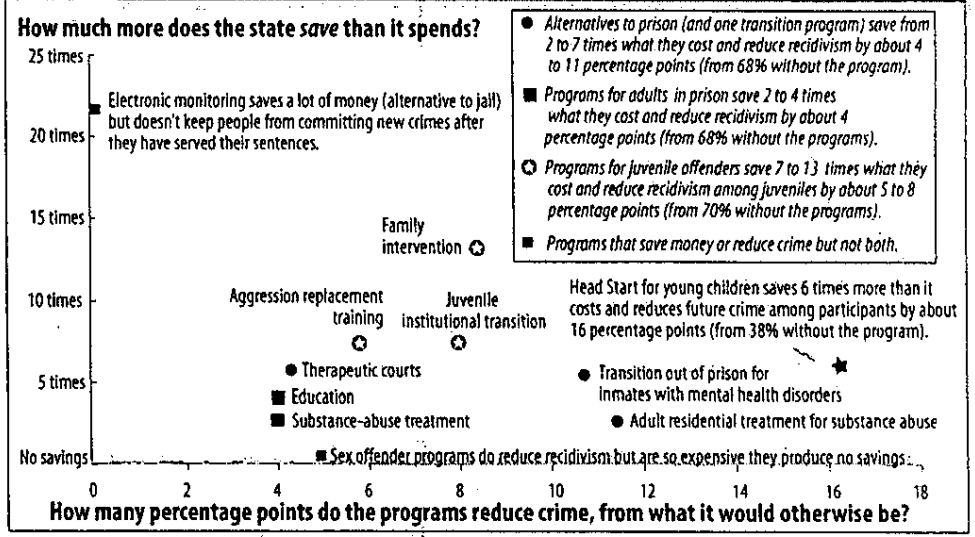
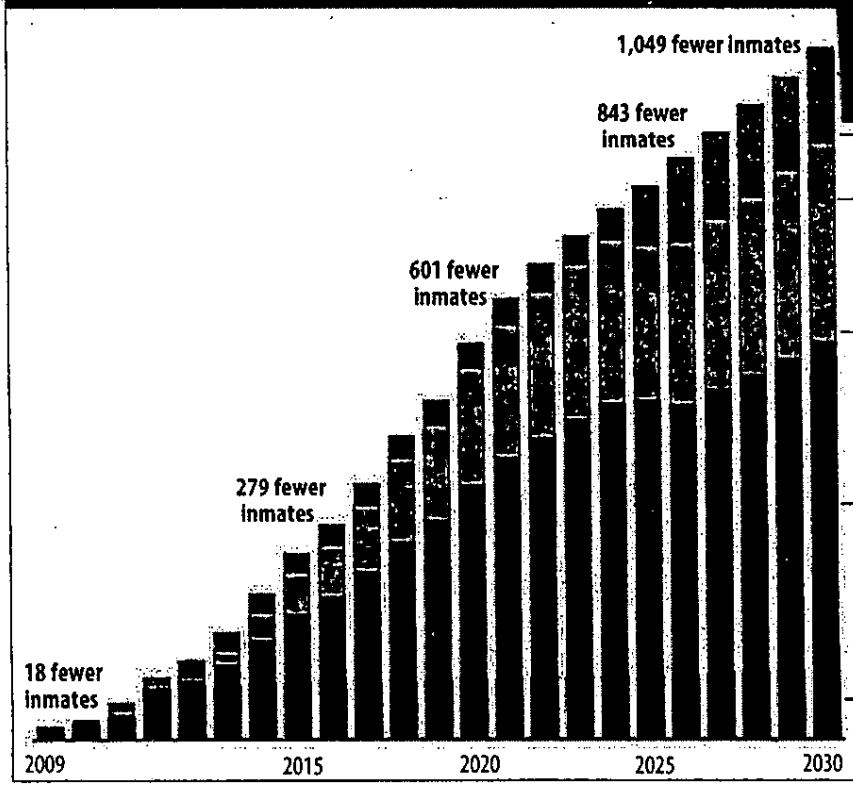


Figure 7. How Would Expanding Specific Programs Contribute to Reducing Growth in Numbers of Inmates?



Pre-school programs for at-risk children cost about $1,000 per child but save many times that much, by reducing future crime. The effects of the spending aren't apparent for years, until the children grow up.

Programs for juveniles offenders cost an average of about $2,500 per person, but save almost 10 times that much by keeping kids out of prison. They serve only a subset of the population of 12- to-17-year-olds.

Transition programs for people with mental health disorders are extremely effective, add about $2,000 per person to inmate costs, and save about four times that much. But the programs currently serve very few people and can't readily be expanded to serve large numbers.

Programs that treat inmates for substance abuse add about $2,000 a person to inmate costs, but over time save about twice as much. They are effective, but can't readily be expanded to reach all the people who need them.

Education and job training programs in prison add about $1,000 to inmate costs, but they reach the most people and save about four times more than they cost. Because they are offered in every facility, they can easily be expanded and can reach more people. (Reductions in the number of inmates as a result of the sex-offender treatment program are also included here, but are only one or two people a year.)

Programs that keep people out of prison save the state money right away, because they cost much less than the $44,000 per person the state spends to lock people up. They include therapeutic courts for substance abuse and mental health disorders, electronic monitoring, and residential substance-abuse treatment.

Conclusion

In conclusion, Figure 8 shows how Alaska's corrections system got where it is and where it's likely to go—if intervention and prevention program are kept at their current levels, and if the most effective programs are expanded to serve more of the eligible people.

We found that the state could both reduce the number of Alaskans in prison or jail and save considerable money over the next 20 years, by adding about $4 million a year to the $17 million it currently spends to keep people from returning to prison— or prevent them from ever going there at all.

Spending more for these programs even as oil prices and state revenues are falling may not seem like a good idea. But Alaska also needs to look to the future—and over time the benefits of strategically expanding those programs that reduce crime and keep more Alaskans out of prison far outweigh the costs.

Method of Analysis

Our job was to assess whether specific programs could reduce long-term state spending for corrections by reducing growth in the number of inmates. As a starting point, we needed evaluations of how effective various programs are at reducing future crime.

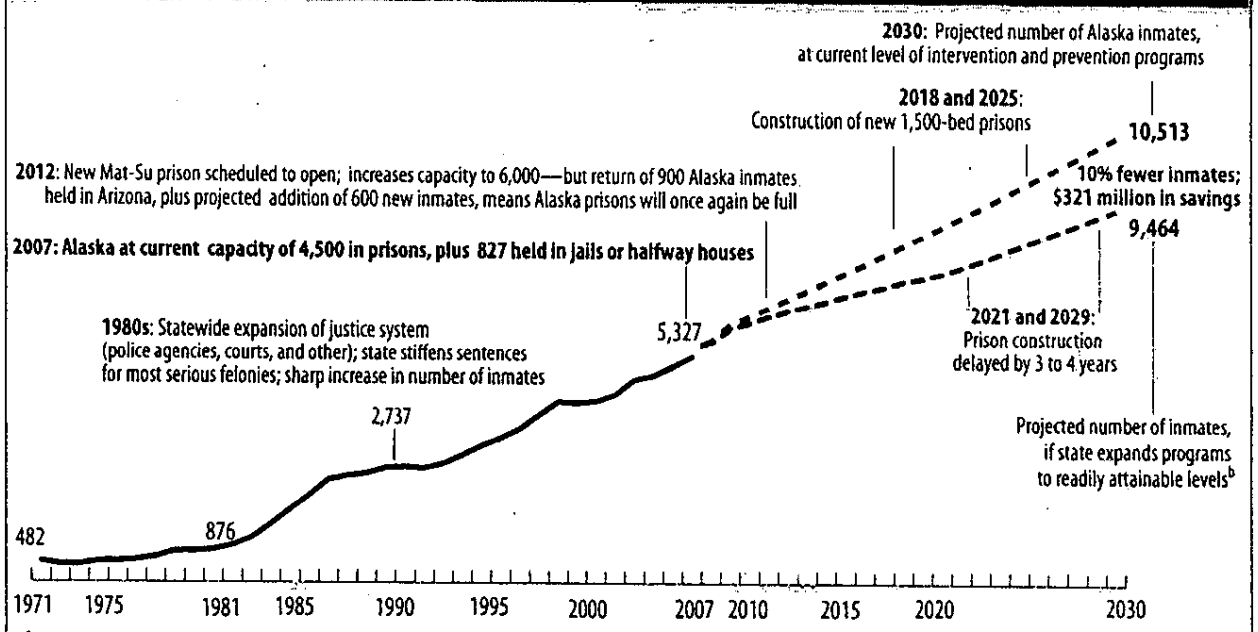
But except for some of the therapeutic court programs, most programs in Alaska have not been rigorously evaluated. Therefore, we used results of a Washington state assessment that systematically reviewed 571 program evaluations from around the country.

To be included, evaluations had to have carefully designed control groups, replicable results in multiple settings, and long-lasting effects. This method is evidence-based public policy, which merges research and practice. It is similar to clinical trials in medicine. Keep in mind that this is a new field, and only about 10% of programs in place nationwide have been evaluated at this standard.

With data from rigorous evaluations, the Washington State Institute of Public Policy created a model that estimated the effects of programs on recidivism—and then combined those results with a cost-benefit analysis to estimate the long-term effects on state spending and inmate populations.

We combined the institute's estimates of recidivism with Alaska data on program costs, eligible groups, and state population to estimate long-term effects on crime and state spending.

Figure 8. Average Number of Alaska Inmates,[a] 1971-2007, and Projected Number, 2008-2030



[a]Average daily number of people in prisons, jails, and halfway houses. [b]The number of people who could be readily added to program rolls varies considerably by program; see Table 1.

Sources: Alaska Department of Corrections; ISER projections of number of prisoners, based on Alaska Department of Labor projections of Alaska population 18-64 and assuming no change in current use of rehabilitation programs as well as expanded use; Washington State Institute of Public Policy

The authors thank the members of the Alaska Criminal Justice Working Group for their help in identifying programs to evaluate and for comments on drafts of this publication. The Alaska Legislature funded this group in 2007 and authorized the Alaska Judicial Council to act as its staff.

The group is chaired by a justice of the Alaska Supreme Court and Alaska's lieutenant governor. Other members include top policymakers from the departments of Corrections, Public Safety, Health and Social Services, and Law, as well as the Alaska Mental Health Trust Authority, the heads of the Alaska Public Defender Agency and the Office of Public Advocacy, the administrative and deputy directors for the Alaska Court System, the executive director of the Judicial Council, the U.S. attorney, and Anchorage's police chief.

This group meets monthly to talk about long-term justice issues, as well as to resolve any inter-branch issues that come up among the many agencies and organizations that deal with aspects of Alaska's justice system.

The authors also thank Elizabeth Drake and Steve Aos of the Washington State Institute of Public Policy for developing the methods and models we used and for helping us apply them to Alaska. For more information go to www.wsipp.wa.gov.

This research summary and many other publications on a wide range of topics are available on ISER's Web site:

www.iser.uaa.alaska.edu

Editor: Linda Leask Graphics: Clemencia Merrill

LEGISLATIVE RESEARCH REPORT

APRIL 7, 2009 REPORT NUMBER 09.219

EARLY EDUCATION PROGRAM COMPARISON

PREPARED FOR REPRESENTATIVE CHRIS TUCK

BY TIM SPENGLER, LEGISLATIVE ANALYST

You asked for a comparison between the Parents as Teachers early education program and any state-funded early education program in Alaska. Specifically, you wanted the report to include the following:

- Services provided by the programs;
- Annual costs per child or family;
- Number of children currently served;
- Ages of those children; and an
- Urban/rural disaggregation of children served.

Head Start is the only early education program currently receiving state funding.[1] The program serves children through five years of age from low income homes. Head Start services include education, health, dental, nutrition, mental health, special needs, and family services. The program's goals include increasing the child's social competence, such as the ability to deal with the everyday, present environment, and future responsibilities in life and school. Head Start also works with the families of these children to help educate and strengthen them by offering training and support to facilitate growth and change. Services are offered primarily in centers (classrooms) and sometimes in homes, where work with the family is emphasized. Typically children attend Head Start classrooms three and a half hours a day, four days a week, according to Dirk Shumaker, Vice President, Alaska Head Start Association.[2] In Alaska, there are 17 Head

[1] Head Start serves children aged three through five years while Early Head Start serves infants and toddlers until the age of three. For this report, we use "Head Start" to mean all children from birth through age five, served in the program. Information on Head Start comes from various sources including personal communication with Paul Sugar, Education Specialist, Department of Education and Early Childhood Development. Mr. Sugar can be reached at (907) 465-4862.

[2] Some Head Start programs offer full day classes that are six and a half hours per day. Dirk Shumaker can be reached at (907) 279-2021.

907-465-3991
907-465-3908 (fax)

Alaska Legislature
Legislative Research Services
w3.legis.state.ak.us/laa/research/research.php

State Capitol
Juneau, AK 99801

Start grantees providing services in approximately 100 communities. In fiscal year 2008, Head Start served around 3,500 students.[3]

Parents as Teachers (PAT) is an early childhood parent education and family support program that attempts to help parents give their children a positive start in life. The program, which is administered in Alaska by the Rural Alaska Community Action Program, Inc. (RurAL CAP), works with parents prenatally and until their children are six years of age.[4] Personalized home visits from a trained parent educator are the centerpiece of the PAT program. These visits can be weekly, bi-weekly, or monthly depending on the program's capabilities and the family's needs. During these visits, the parent educator helps parents understand what to expect in each developmental stage and offers practical suggestions on how to encourage learning, manage challenging behavior, and promote strong parent-child relationships. Parents as Teachers also facilitates group gatherings where a number of families learn together and share their successes and challenges. Additionally, PAT conducts developmental screenings to ensure that children are on-track and to detect possible delays. Referrals to other agencies are also offered with the family's consent.[5] There are Parents as Teachers programs in 48 Alaska communities, and during the 2007-2008 school year, PAT served 963 children.

There are minimum requirements for both Head Start teachers and Parents as Teachers parent educators. All Head Start teachers must have attained a Child Development Associate (CDA). Among the CDA requirements are 120 hours of early childhood training and workplace observations by a CDA advisor. In 2011, all Head Start teachers will be required to have associate degrees in early childhood education (or a related field) and by 2013 half must have bachelor degrees. To become a certified parent educator for PAT individuals must attend a five to seven day Born to Learn Institute.[6] Institute training includes child development education, parenting strategies, personal and group meeting facilitation, and screenings. Additionally, there are follow-up courses a parent educator must complete to retain his or her certification.

Both Head Start and Parents as Teachers have multiple grantees (primarily tribal entities, school districts, and non-profits organizations) that may administer their programs in slightly different ways depending upon available resources and community needs. Although both programs are geared at enriching the early education of children, they have different approaches—Head Start is classroom based and child focused, while PAT is home-visit based and parent focused—making it difficult to draw meaningful comparisons.[7] Notwithstanding these differences, we present in Table 1, the most recent figures available comparing the number of children served, and costs for both programs. While Head Start is significantly costlier, it is important to remember that it usually serves children four days a week—three and a half hours a day—in a classroom, whereas PAT usually involves parent educators conducting one to four home-visits per month.

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[3] According to the *Alaska Head Start Association, Fact Sheet, 2008-2009 Program Year*, (found through *http://www.akheadstart.org/*) Head Start enrollment in fiscal year 2009 is around 3,100.

[4] RurAL CAP is a private, statewide, nonprofit organization that attempts to improve the quality of life for low-income Alaskans (*http://www.ruralcap.com*).

[5] Information on Parents as Teachers comes from various sources including direct correspondence with Melissa Pickle, PAT Alaska State Coordinator, (907) 865-7345.

[6] PAT in Alaska has two trainers who live in the state and conduct the vast majority of the Born to Learn Institutes.

[7] For example, it would obviously be more costly to run a program that has the overhead associated with a center.

Table 1: Head Start and Parents as Teachers, Children Served and Costs

Table 1: Head Start and Parents as Teachers, Children Served and Costs

	Head Start	Parents as Teacher
Number of Children Served	3,557	963
Estimated Annual Cost	$8,000-12,000 (per child)	$3,000 (per family)

Notes: Head Start figures are for Fiscal Year 2008, while Parents as Teacher numbers are for program year 2007-2008 (both programs primarily operate for nine months during the school year). For a child in a Head Start urban setting, costs average around $8,000 while costs can go upward of $12,000 in the most remote rural areas. Parents as Teacher estimates are per family. During the 2007-2008 school year, PAT served 963 children from 809 families.
Sources: Paul Sugar, Education Specialist, Department of Education and Early Development, (907) 465-4862. Melissa Pickle, PAT Alaska State Coordinator, (907) 865-7345.

Melissa Pickle, Parents as Teachers, Alaska State Coordinator, notes that the cost of a PAT program varies from program to program. Costs depend on a variety of issues such as how often a parent educator visits a family, how frequently groups for parents are provided, where the program is located, and what services are offered. The PAT cost estimate of $3,000 per family is based on a parent educator visiting 40 families once a month (or 20 families twice a month), and one group meeting per month, throughout the school year.

Alaska Head Start programs are primarily funded by the federal Department of Health and Social Services, according to Paul Sugar, Education Specialist, Department of Education and Early Development. Mr. Sugar explains that this funding goes directly to the local nonprofit and tribal grantee organizations that administer the programs. The state provides additional funding to ensure grantees meet the federal funds matching requirement and to improve program quality and serve additional children and families, whenever possible.

In Table 2 we provide a disaggregation of the ages of children served by Head Start and Parents as Teachers in Alaska. This reflects fiscal year 2008 data for Head Start and the 2007-2008 school year numbers for Parents as Teachers.

Table 2: Ages of Children Served, Head Start and Parents as Teachers

Age	Prenatal	Under One	One	Two	Three	Four	Five	Total
Head Start	N/A	149	143	213	1,169	1,549	334	3,557
Parents as Teachers	31	122	212	230	208	108	52	963

Notes: Children served in Head Start programs in Alaska are for fiscal year 2008. Parents as Teachers numbers are for the 2007-2008 school year. Complete specific age information for one of PAT's sites (Ft. Wainwright) was unavailable. At least 11 children, ages birth to three, were served at this site during this time period. For this table, we divide these 11 among the under one, one year, and two year categories.
Sources: Paul Sugar, Education Specialist, Department of Education and Early Development, (907) 465-4862. Melissa Pickle, PAT Alaska State Coordinator, (907)865-7345.

According to Paul Sugar, approximately 40 percent of children currently in Head Start programs live in Anchorage, Fairbanks, Juneau, or the Mat-Su Valley. The remaining 60 percent of program participants reside in more rural areas of the state. Parents as Teachers, meanwhile, also serves the majority of its clients in rural areas with only around 28 percent of its families hailing from these four urban centers, according to Melissa Pickle.[8]

According to all the sources we reviewed, there are myriad benefits educationally and socially for children with access to early childhood education. For instance, we include, as Attachment A, a report by the RAND Corporation that finds that early childhood education yields multiple benefits for both children and society at large.[9] The benefits noted include academic achievement, delinquency and crime reduction, and labor market success. We also include, as Attachment B, fact sheets from Head Start and Parents as Teachers that highlight program successes.

We hope you find this information to be useful. Please let us know if you have questions or need additional information.

[8] The vast majority of the children served by PAT in urban communities come from Fairbanks where the Fairbanks Native Association runs the PAT program.

[9] The RAND Corporation is a non-profit research organization providing analysis and solutions for public and private sector issues. *(http://www.rand.org.)*

Attachment A

"Proven Benefits of Early Childhood Interventions," Rand Corporation, Research Brief, 2005

LABOR AND POPULATION

THE ARTS
CHILD POLICY
CIVIL JUSTICE
EDUCATION
ENERGY AND ENVIRONMENT
HEALTH AND HEALTH CARE
INTERNATIONAL AFFAIRS
NATIONAL SECURITY
POPULATION AND AGING
PUBLIC SAFETY
SCIENCE AND TECHNOLOGY
SUBSTANCE ABUSE
TERRORISM AND HOMELAND SECURITY
TRANSPORTATION AND INFRASTRUCTURE
WORKFORCE AND WORKPLACE

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RAND LABOR AND POPULATION

RESEARCH BRIEF

Proven Benefits of Early Childhood Interventions

RAND RESEARCH AREAS
THE ARTS
CHILD POLICY
CIVIL JUSTICE
EDUCATION
ENERGY AND ENVIRONMENT
HEALTH AND HEALTH CARE
INTERNATIONAL AFFAIRS
NATIONAL SECURITY
POPULATION AND AGING
PUBLIC SAFETY
SCIENCE AND TECHNOLOGY
SUBSTANCE ABUSE
TERRORISM AND HOMELAND SECURITY
TRANSPORTATION AND INFRASTRUCTURE
WORKFORCE AND WORKPLACE

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There is increasing recognition that the first few years of a child's life are a particularly sensitive period in the process of development, laying a foundation in childhood and beyond for cognitive functioning; behavioral, social, and self-regulatory capacities; and physical health. Yet many children face various stressors during these years that can impair their healthy development. Early childhood intervention programs are designed to mitigate the factors that place children at risk of poor outcomes. Such programs provide supports for the parents, the children, or the family as a whole. These supports may be in the form of learning activities or other structured experiences that affect a child directly or that have indirect effects through training parents or otherwise enhancing the caregiving environment.

As part of a recent study, RAND researchers synthesized what is known from the scientifically sound research literature about the short- and long-term benefits from early intervention programs, the features that are associated with more-effective programs, and the economic gains that accrue from investing additional resources in early childhood. We summarize those findings here. A companion research brief focuses on the characteristics and number of children who may need help to overcome threats to healthy development, such as resource disparities in early childhood. It also addresses the consequences of those threats for educational outcomes and beyond.

Key findings:

- Early childhood intervention programs have been shown to yield benefits in academic achievement, behavior, educational progression and attainment, delinquency and crime, and labor market success, among other domains.
- Interventions with better-trained caregivers and smaller child-to-staff ratios appear to offer more favorable results.
- Well-designed early childhood interventions have been found to generate a return to society ranging from $1.80 to $17.07 for each dollar spent on the program.

A Range of Benefits

The study focused on programs that provide child development services from the prenatal period until kindergarten entry and that had scientifically sound evaluations. A literature review identified twenty such programs, nineteen of which demonstrated favorable effects on child outcomes. Fifteen of the effective programs were judged to have a "strong" evidence base because they measured outcomes at the time of kindergarten entry or beyond. The remaining four were not judged to have a strong evidence base because, as of the last follow-up, the participants had not yet reached kindergarten age. Many or all of the children in those programs were as young as age 2 or 3, so there is less information as to the lasting effects of the program on outcomes of interest. The evidence base for these programs was designated "promising."

Although these programs represent varied approaches to early intervention, they fall into one of three broad approaches (see the accompanying table). Programs in the first group concentrate primarily on providing parent education and other family supports through home visiting or services provided in other settings (e.g., medical provider offices, classrooms in child-care centers). A second approach focuses on providing early childhood education, typically in a center-based setting, for one or two years prior to school entry. A third strategy combines the two approaches, with early childhood education services provided in centers

supplemented by parental education delivered in the same setting or through home visits.

These nineteen early intervention programs demonstrated significant and often sizable benefits in at least one of the following domains: cognition and academic achievement, behavioral and emotional competencies, educational progression and attainment, child maltreatment, health, delinquency and crime, social welfare program use, and labor market success. In some cases, the improved outcomes in these domains were demonstrated soon after the program ended; in other cases, the favorable impacts were observed through adolescence and in the transition to adulthood. In the case of the Perry Preschool Program, lasting benefits in multiple domains have been measured thirty-five years after the intervention ended.

Even though findings suggest that early benefits in terms of cognition or school achievement may eventually fade, the evidence indicates that there can be longer-lasting and substantial gains in outcomes such as special education placement and grade retention, high school graduation rates, labor market outcomes, social welfare program use, and crime. A few studies indicate that the parents of participating children can also benefit from early intervention programs, particularly when they are specifically targeted by the intervention.

Effective Early Childhood Intervention Programs Included in Study

Home Visiting or Parent Education
DARE to be You
Developmentally Supportive Care: Newborn Individualized Developmental Care and Assessment Program*
HIPPY (Home Instruction Program for Preschool Youngsters) USA
Incredible Years
Nurse-Family Partnership Program
Parents as Teachers*
Project CARE (Carolina Approach to Responsive Education)—without early childhood education
Reach Out and Read*
Home Visiting or Parent Education Combined with Early Childhood Education
Carolina Abecedarian Project
Chicago Child-Parent Centers
Early Head Start*
Early Training Project
Head Start
High/Scope Perry Preschool Project
Houston Parent-Child Development Center
Infant Health and Development Program
Project CARE—with early childhood education
Syracuse Family Development Research Program
Early Childhood Education Only
Oklahoma Pre-K

NOTES: All listed programs are judged to have a strong evidence base, except those marked with an asterisk. For the latter, a substantial number of children were as young as age 2 or 3 at the time of the most recent follow-up, so their evidence base is judged to be promising.

Features of Effective Programs

Policymakers and providers considering early childhood intervention programs may choose to adopt one of the proven program models shown in the table, several of which already operate on a large scale or are being replicated on a larger scale. Beyond these proven models, the literature offers some guidance about those features that are associated with better outcomes for children. Based on experimental and quasi-experimental evaluations of program design features, as well as comparisons of effects across model programs, three features appear to be associated with more effective interventions:

- Programs with better-trained caregivers appear to be more effective. In the context of center-based programs, this may take the form of a lead teacher with a college degree as opposed to no degree. In the context of home visiting programs, researchers have found stronger impacts when services are provided by nurse home visitors as opposed to a paraprofessional or lay professional home visitor.
- In the context of center-based programs, there is evidence to suggest that programs are more successful when they have smaller child-to-staff ratios.
- There is some evidence that more intensive programs are associated with better outcomes, but not enough to indicate the optimal number of program hours or how they might vary with child risk characteristics.

Ideally, we would like to know more about intervention features that generate better outcomes for children so that policymakers and practitioners can achieve optimal program designs for the children and families they serve. Thus, continued evaluation of model programs and effective program features is essential.

Economic Returns from Effective Early Intervention Programs

It is noteworthy that the features associated with more successful programs tend to be costly. This suggests that more money may need to be spent to obtain greater benefits—at least up to a point. It is therefore reasonable to ask whether devoting resources to achieve benefits associated with successful but more costly programs is worth the investment.

Notably, many of the benefits from early childhood interventions listed above can be translated into dollar figures and compared with program costs. For example, if school outcomes improve, fewer resources may be spent on grade repetition or special education classes. If improvements in school performance lead to higher educational attainment and subsequent economic success in adulthood, the government may benefit from higher tax revenues and reduced outlays for social welfare programs and the criminal justice system. As a result of improved economic outcomes, participants themselves benefit from higher lifetime incomes, and other

members of society gain from reduced levels of delinquency and crime.

Researchers have conducted benefit-cost analyses, using accepted methodologies, for a subset of the programs we identified as having favorable effects. For those programs with benefits that could readily be expressed in dollar terms and those that served more-disadvantaged children and families, the estimates of benefits per child served, net of program costs, range from about $1,400 per child to nearly $240,000 per child. Viewed another way, the returns to society for each dollar invested extend from $1.80 to $17.07. Some of the largest estimates of net benefits were found for programs with the longest follow-up, because those studies measured the impact for outcomes that most readily translate into dollar benefits (e.g., employment benefits, crime reduction). Large economic returns were found for programs that required a large investment (over $40,000 per child), but returns were also positive for programs that cost considerably less (under $2,000 per child). Programs with per-child costs in between these two figures also generated positive net benefits. The economic returns were favorable for programs that focused on home visiting or parent education as well as for programs that combined those services with early childhood education.

Because not all benefits can be translated into dollar values, these benefit-cost estimates for effective programs are likely to be conservative. Moreover, such analyses do not incorporate some of the other potential benefits that were not measured in the studies. These might include improved labor market performance for the parents of participating children, as well as stronger national economic competitiveness as a result of improvements in educational attainment of the future workforce. It is important to note that these findings represent the potential effects of well-designed and well-implemented interventions. They do not necessarily imply that all such early childhood interventions, delivered for any given amount of time, would generate benefits that offset costs.

For decisionmakers considering investments in early childhood interventions, these findings indicate that a body of sound research exists that can guide resource allocation decisions. This evidence base sheds light on the types of programs that have been demonstrated to be effective, the features associated with effective programs, and the potential for returns to society that exceed the resources invested in program delivery. These proven results signal the future promise of investing early in the lives of disadvantaged children. ■

This research brief describes work for RAND Labor and Population documented in *Early Childhood Interventions: Proven Results, Future Promise* by Lynn A. Karoly, M. Rebecca Kilburn, and Jill S. Cannon, MG-341-PNC (available at www.rand.org/publications/MG/MG341), 2005, 200 pages, $24, ISBN: 0-8330-3836-2. MG-341 is also available from RAND Distribution Services (phone: 310-451-7002; toll free 877-584-8642; or email: order@rand.org). The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. RAND® is a registered trademark.

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3193

Federal Funding Streams Available to Support Alaska Parents as Teachers

- **Title 1 (Title 1, part A)**- As the largest federal program supporting elementary and secondary education, Title 1 targets resources to districts and schools with high poverty rates. Title 1 has a parental involvement component which requires local school districts receiving Title 1 funds to develop a plan of parental involvement.
    - *Schools receiving Title 1 funds may choose to use the funding to implement model parental involvement practices such as Parents as Teachers.*
- **Parental Assistance Information Centers (Title V, part D, Subpart 16)** - - This federal competitive grant program funds school-linked or school-based parental information and resource centers (PIRCs). These centers provide services that increase parental involvement in order to improve student academic achievement. Services include training, information, and support to parents, schools, and organizations that work with parents.
    - *At least 30 percent of the grant awards must be used to establish, expand or operate early childhood parent educator programs— specifying Parents as Teachers and the Home Instruction Program for Preschool Youngsters.*
- **Early Reading First (Title 1, part B, Subpart 2)** This program is a federally administered grant program. Grantees must use Early Reading First funds to provide preschool-age children with high quality oral language and literature-rich environments; provide staff professional development; provide scientifically based reading instructional materials; implement screening reading assessments or other appropriate measures; and integrate these materials, activities, tools and measures into the grantee's preschool program.
    - *Parents as Teachers home visiting model can be used to support a pre-school program's center-based early education by engaging parents as partners in creating a literacy-promoting environment for their children at home.*
- **21st Century Community Learning Centers (Title IV, part B)** — This program provides services during non-school hours to students and their families for academic enrichment. The services can be provided to parents of children that participate in the center or parents of pre-school age children that will be eligible for the center services.
    - *The funds can support programs that promote parental environment and family literacy, such as Parents as Teachers.*
- **Child Abuse Prevention and Treatment Act (Title II/Community Based Child Abuse Prevention)** – Assists states to create and operate statewide coordinated systems and specific programmatic services to "strengthen and support families to prevent child abuse and neglect."
    - *Personalized family support is specifically mentioned as a possible family resource and support service that can be supported with CBCAP funds.*
- **Promoting Safe and Stable Families (Title IV-B, Subpart 2, of the Social Security Act)** – This act was established with several following purposes including family preservation,

community-based family supports, time-limited family reunification and adoption promotion and support. It provides critical funding to support a range of prevention and intervention services for families and children. Within these parameters states have considerable flexibility in designing the services and programs funded.

- *States such as Michigan have included in their Child and Family Service Plan to include funding for family support systems, such as Parents as Teachers.*

- **Temporary Assistance for Needy Families (TANF)** – The TANF program objectives includes assisting families so that children may be cared for in their homes or in the homes of relatives.
  - *To achieve this goal, states may fund parent education and personalized visiting services to improve parenting skills and prevent child abuse and neglect.*

- **Title V Community Prevention Grants Program (Also known as the Incentive Grants for Local Delinquency Prevention Programs)** – These funds are used for local governments to support delinquency prevention and early intervention programs. The programs seek to reduce risk factors that contribute to delinquency and promote protective factors in schools, communities and families to increase front-end prevention strategies at the local level.
  - *Parents as Teachers families have been shown to have fewer documented cases of child abuse and neglect. The methodology incorporates the Strengthening Families protective factors into the training and curriculum.*

Investments in children are always investments in tomorrow.

Guide to Funding

For Parents as Teachers programs

3196

Parents as Teachers
national center

FUNDING FOR PARENTS AS TEACHERS PROGRAMS

Running a successful PAT program depends on securing stable and diverse funding that can grow and expand to reflect the needs of the families served. In fact, the need for PAT programs to seek diversified funding sources for program growth is so important that it has been included as one of the standards in the "Program Design and Funding" section of *A Closer Look*, the National Center's guidelines for program quality standards.

There are two main categories of funding that support PAT programs: public and private funds. Each of these sources of funds has benefits and drawbacks, thus necessitating that PAT programs develop a mixture of funding that provides for both stability and growth. Ideally, no single funding source should account for more than 15% of a program's revenue in any single year. Therefore, PAT programs should continuously allocate both personnel time and resources to securing a mix of funding.

Tips for developing sustainable funding:

- **Be proactive.** Learn about different funding sources, beginning right in your own community. Become active in local and state initiatives that are working to support families with young children. Build relationships with your elected officials at the federal, state and local levels and identify private funders supporting family and childhood initiatives. Cultivate these relationships long before you are in "desperate need" of funding.

- **Think ahead.** Develop a 3-5 year funding plan now for your program's future. Ask questions like: what is the "lifespan" of our current funding? What do we need to do to be eligible for other kinds of funding or grants? What are the resources in our community to help with fund raising? What kinds of activities are covered by certain types of funding and which ones are not?

- **Budget time and money for fund raising.** Even the most effective PAT program can't succeed without adequate financial support. Allot time and money to write grants, research potential funding sources, and communicate with donors. Make it everyone's "job" to be on the lookout for funding ideas and sources.

- **Diversify your funding.** Develop a mix of sources that includes government, foundation, corporate, event, individual, and agency funding. Don't put all your funding "eggs" in one or two baskets.

- **Leverage your funding.** Funds from one source can often times be used to help secure funds from another source. Private funds from individuals and corporations can be used to leverage agency and government funds. Funders like to support a "winner." The more diversified your funding sources, the more attractive your program is to a new funder.

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PUBLIC FUNDING

Public funding, i.e. funding supported by public tax dollars, is the primary revenue source for most Parents as Teachers programs. Public funding can come from federal, state or local government sources, such as state or federal grants or your local school district's budget. Because Parents as Teachers outcomes cut across many fields, public funding can come from a variety of sources that are targeted towards a variety of "primary" purposes.

The purpose of this *Parents as Teachers Guide to Funding* is to provide a general idea of places to look for funding for your PAT program and to provide an overview of some of the major funding streams that PAT programs currently use. This is not intended to provide detailed information on each funding stream, but to give you enough information to help you decide which streams are a potential fit for your program.

It is important to learn about each funding source and seek only those funds that are appropriate to your PAT program and local community. If you either receive or are seeking public funding, you need to be prepared to:

- **Educate yourself about the funding source.** This will help you be more effective in getting and maintaining public funding. Learn who the decision-makers are for the funding you are receiving. Is it members of Congress, state legislators, your county commissioner, or your local school board? Keep in mind that the funding amounts and guidelines for spending public money may be set at one level (e.g., in Congress or your state legislature), but the final decision on what specific programs are supported may be determined at another level (e.g., by your county or local school district). You will need to know what decisions are made at what level and by whom!

- **Get ready to advocate!** Public funding is subject to shifts in needs, the political environment and/or turnover in elected positions or government agency personnel. For example, early education may be the "hot" issue one year, but something else may become "hot" the next year and funding may be reduced or eliminated. War time expenses or natural disasters may also cause shifts in spending. However, the needs of children do not change. Part of the responsibility of receiving public funding is to continuously advocate and to educate the appropriate decision-makers about the importance of their investment in young children and in Parents as Teachers specifically.

Help us make this guide even more useful to our Parents as Teachers programs!

This guide is considered a work in progress. We need to incorporate the knowledge from those of you "in the field" who have accessed—or tried to access—these funding streams. If you have any advice, comments or corrections, please do not hesitate to contact Lynn Tiede, Public Policy Manager, at Lynn.Tiede@ParentsAsTeachers.org. We would appreciate your input!

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LOCAL FUNDING

Although short, this is the most important section of the guide! Why? It's simple. Community-based programs need community-based support. Believe it or not, decisions about how public funds are spent—even state or federal funds—are often made at the local level or are dependent on local collaborations.

Regardless of where you seek funding, you need to start in your own backyard. Be proactive—start building relationships at your community and county level. In many cases, it is a local or county official that can help you access or "drawn down" state or federal funds to support your program. If you doubt this, read on to the descriptions of the state and federal funding streams and you will see the number of programs that require that you "start local."

A few places to seek out local funding/collaborative opportunities are:

- County health department
- Local school district
- Local children and family agencies and nonprofits
- Local mental health associations
- United Way
- Faith-based organizations
- Community early childhood initiatives

STATE FUNDING

By state funding we mean funding that comes directly from state revenues. States will have their own unique initiatives, programs and funding streams. It is impossible to cover all the state funding streams that could fund PAT programs, but here are a few general categories of funding that are often used. You will need to investigate further to find out what is available in your state.

State Early Childhood/ Community-based Initiatives: Many states have their own early childhood and/or community based initiatives. These initiatives may have specific goals around school readiness, or may have broader goals around support for families and children. In many cases, these funds can support Parents as Teachers programs at the local level.

A few examples of state early childhood/community-based initiatives are:

- *Smart Start* in North Carolina, which is designed to help ensure that young children enter school healthy and ready to succeed. The funds are administered through Local Partnerships that determine services based on local needs.
- The *Iowa Community Empowerment Initiative*, which created local community empowerment areas where citizens lead efforts to improve the well being of families with young children. Each community empowerment area establishes a board that is responsible for designing and funding services to meet local needs.
- The *Children and Families Commission in California*, which was created by Proposition 10. "Prop 10" was approved by California voters to add a tobacco tax that was then dedicated to help communities create comprehensive and integrated systems to support early childhood and school readiness. The funds are allocated to County Commissions, which plan and make decisions regarding how the

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money should be spent to best meet local needs.

Resource: The National Governors Association Center for Best Practices provide links to websites of state early childhood initiatives: http://www.nga.org/center/divisions/1,1188,C_ISSUE_BRIEF^D_1891,00.html

State Children's Trust Funds: All 50 States, the District of Columbia and Puerto Rico have created Children's Trust Funds. These organizations serve as a catalyst for the development of community-based child abuse and neglect prevention programs in their states. They are also incubators for programs and services related to strengthening families to prevent child abuse and neglect. State trust and prevention funds receive revenue from a variety of sources such as surcharge fees on marriage licenses or other vital records, individual and corporate fundraising, and State and Federal resources.

Resource: The National Alliance of Children's Trust Funds http://www.msu.edu/user/millsda/index.html

State revenues devoted to support home visitation and/or a specific home visitation program: In some states, the legislature has devoted state funds to support early childhood home visitation programs broadly. Specific home visitation programs can also have funds designated for their use. For Parents as Teachers, this is the case in Kansas, Missouri and Oklahoma. In other states, funds have been allocated to other home visitation programs, such as Healthy Families America, Nurse Family Partnership, or HIPPY.

Funds designated for early childhood home visitation are very valuable resources. Consider working to establish one in your state. If an early childhood program other than PAT is already funded, explore collaborative opportunities.

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FEDERAL FUNDING

Federal funding for Parents as Teachers programs can come from a variety of sources, including the Department of Education, Department of Health and Human Services and the Department of Justice. This section covers some of the major federal funding streams that can support Parents as Teachers programs. The descriptions include the purpose of the funding, eligible recipients, approved activities and uses of funding, and how Parents as Teachers connects to the funding. Additional "things to consider" are listed to further help you decide whether this funding stream is a fit for your program and community.

Keep in mind that federal funding is, at times, indistinguishable from state funding. For some federal funding streams you would apply directly to the federal agency that administers the programs (e.g., Parental Information Resource Centers). However, in most cases federal funds are allocated to state agencies to administer and/or deliver a specific program. A few examples are Even Start, Title V Community Prevention, Medicaid and TANF. Read through this section to find out more about these funding streams and how they are administered at the federal, state or local level.

The information provided should be enough to get you started, but does not go into great detail. Why? Because, as noted above, federal funding streams often flow down with only broad guidelines and requirements. The specific decisions for how the money is spent is often decided at the state or local level, and can vary greatly from state to state or community to community.

You will need to do further "investigation" into a funding stream that you are interested in accessing. You may also need to convince decision-makers to include Parents as Teachers programs in their funding plans.

The rest of this section provides more information on the following federal funding sources:

- Title I, Part A—Education for the disadvantaged
- Parental Information Resource Center grants
- 21st Century Community Learning Center grants
- Even Start
- Early Intervention Program for Infants and Toddlers with Disabilities (IDEA Part C)
- Early Reading First
- Head Start/Early Head Start
- Promoting Safe and Stable Families
- Title V Community Prevention Grants

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TITLE I

Program Name: Title I, Part A—Education for the Disadvantaged—Grants to local education agencies

Authorizing legislation: Elementary and Secondary Education Act of 1965, as amended by No Child Left Behind Act of 2000.

Funding Agency: U.S. Department of Education (DOE)

Appropriations: FY04—$12.3 billion; FY03—$11.7 billion; FY02—$10.35 billion

Program Purpose: Title I funding helps to ensure that all children have the opportunity to obtain a high-quality education and reach proficiency on challenging state academic standards and assessments.

Funding recipients: Federal Title I funding flows through each level of our public education system. Below is the process (somewhat) simplified...

- Based on a federal formula, State Education Agencies (SEAs, or state departments of education) receive the Title I funding for their state. A limited amount of the funding is set-aside for state-level activities such as Title I administration and technical assistance.
- The rest of Title I funding is allocated to Local Education Agencies (LEAs, or local school districts) based on the number and percentage of low income children residing in the school district. LEAs utilize the funding for district-level activities such as professional development, transportation and supplemental educational services. As one of the required expenditures, 1% of the funds must support parental involvement. However, 95% of the 1% parental involvement set-aside must be passed on to schools for their parental involvement activities.
- The remaining funds are distributed to schools in the district with high concentrations of low-income children. Districts do have some discretion over what grade-level schools will receive the remaining funds. For example, a district can decide to use Title I funds for only elementary schools, middle schools, high schools, or even preschools. The exception, however, is that any school with more than 75% low-income children must receive their share of the Title I funds.
- Schools that receive Title I funds may use them in one of two ways: 1) If more than 40% of a school's population is comprised of low-income children, the school can operate a "school-wide" Title I program and the funds can be spent on activities for all children in the school. 2) If less than 40% of the school's population is comprised of low-income children, then the funds must be spent for services targeted only to those children that are Title I eligible.

Where to apply for funds: Your local school or school district

Activities supported by the funding: Title I funding is very flexible and schools can use it in a variety of ways, including, but not limited to:

- Hiring of instructional staff
- Professional development

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- Before- or after-school programs
- Preschool programs
- Parental involvement activities, and
- School-wide reform

PAT connection: At the local level, schools and/or the school district can decide to spend a portion of their Title I funds to support parent education/involvement programs like Parents as Teachers. If a school is operating a "school wide" Title I program, all families attending that school could be eligible for service.

Things to consider:

- Title I funding is very flexible, which means there is often a lot of competition around how to use the funds. Be sure to tie your efforts to get PAT funded to school readiness. See link below for resource on PAT and No Child Left Behind.
- Keep in mind that it is very important to gain support from your local educators. Decisions regarding Title I funding are made locally—by your local school board and schools. Work with them to include PAT in their Title I plans.
- You will want to learn more about how your district is spending its required 1% set aside for parental involvement. Keep in mind that while 1% may not sound like a lot, it can be significant and in many cases has fully supported Parents as Teachers programs. Also, the 1% set aside is a minimum amount—your school district can decide to use more of their Title I funding for parental involvement activities.
- School districts will have a subcommittee, or Parent Council, on which parents serve and which helps decide how the parental involvement funds are spent. This can be an important community-based link to involve parents in advocating for support of PAT programs.

Relevant links: For more information on Title I, go to:

- U.S. Department of Education program overview at: http://www.ed.gov/programs/titleiparta/index.html

For information on how Parents as Teachers supports the goals of No Child Left Behind, go to:

- Parents as Teachers National Center website, Public Policy/Advocacy section at: www.patnc.org

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PARENTAL INFORMATION RESOURCE CENTERS

Program: Parental Information Resource Centers (PIRCs)

Authorizing legislation: Elementary and Secondary Education Act of 1965, as amended by No Child Left Behind Act of 2000. Title V, Part D, Subpart 20.

Appropriations: FY04—$42 million; FY03—$42.2 million; FY02—$40 million

Funding agency: U.S. Department of Education (USDOE)

Program purpose: To implement effective parental involvement policies, programs and activities that lead to improvement in student academic achievement.

Funding recipients: Nonprofit organizations or a consortium of nonprofit organizations and a local education agency can apply as part of an open competitive grant process. The funding can be for up to 3 years and is administered directly from the USDOE to local grantees.

Where to apply for funds: Office of Innovation and Improvement, USDOE

Activities supported by the funding: The funding supports parental information and resource centers (PIRCs) in activities that assist parents in participating effectively in their children's education; that coordinate activities for parents with other federal, state and local services and programs that serve their children; and that provide support for state or local education personnel around parental involvement.

PAT connection: Parents as Teachers is specifically named as a "promising model" in the authorizing legislation for this program. By law, PIRCs are to spend 30 percent of their grant funds on an early childhood parent education program, like Parents as Teachers. Many PIRC grantees use a portion of their funding to support Parents as Teachers programs, training, and quality efforts.

Things to consider:

- This funding stream provides for more comprehensive services than just Parents as Teachers.
- At least half of the funds must be used to provide services in areas with children from low-income families.
- The need for advocacy around this funding stream is high. In recent years, the Administration has recommended to Congress that the funding for PIRCs be cut. However due to ongoing advocacy efforts, Congress has maintained the funding in the education appropriations bill.
- The opportunity to compete for this funding stream is no longer available on an annual basis. The "Requests for Proposals" for PIRC funding are now issued every 2-3 years.

Relevant links: For more information on PIRCs, go to:

- U.S. Department of Education program overview at: http://www.ed.gov/programs/pirc/index.html
- PIRC website at: http://www.pirc-info.net/index.asp

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21ST CENTURY COMMUNITY LEARNING CENTERS

Authorizing legislation: Elementary and Secondary Education Act of 1965, as amended by No Child Left Behind Act of 2000. Title IV, Part B

Appropriations: FY04—$999 million; FY03—$993.5 million; FY02—1 billion

Funding agency: U.S. Department of Education (USDOE)

Program purpose: To support creation of learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools.

Funding recipients: State departments of education (a.k.a. state education agencies, SEAs); which in turn manage statewide competitions and award grants to local organizations.

Where to apply for funds: State Education Agency

Activities supported by the funding: The grantee may use the funds to carry out a broad array of before- and after-school activities to advance school achievement. These activities can include remedial education, academic enrichment, tutoring services, activities for English language learners, recreational activities, character education and parental involvement/family literacy.

PAT connection: Parents as Teachers programs can be funded as a parental involvement program, as part of the larger grant.

Things to consider:

- This funding stream provides for more comprehensive services than just Parents as Teachers. If your organization wants to provide the entire range of services, you would apply directly for the grant. Otherwise, you will want to collaborate with local entities that are applying or reapplying for this funding and see if Parents as Teachers can help them accomplish their goals.
- In recent years, funding for this program has come under scrutiny at the federal level. However, so far there have been successful advocacy efforts and the funding has been maintained. Congressional advocacy is recommended to help maintain this important funding stream.

Related links: For more information on 21st Century Community Learning Centers, go to:

- U.S. Department of Education program overview at: http://www.ed.gov/programs/21stcclc/index.html
- List of contacts in each state with next application due date: http://www.ed.gov/programs/21stcclc/contacts.html

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EVEN START

Program: William F. Goodling Even Start Family Literacy Programs (Even Start)

Authorizing legislation: Elementary and Secondary Education Act of 1965, as amended by No Child Left Behind Act of 2000. Title I, part B, Subpart 3.

Appropriations: FY04—$246.9 million; FY03—$248.4 million; FY02—$250 million

Funding agency: U.S. Department of Education (USDOE)

Program purpose: To support local family literacy projects that target eligible families with children from birth through age seven.

Funding recipients: State education agencies (SEAs, or state departments of education) receive funding based on a formula. SEAs in turn manage statewide competitions and award grants to local education agencies (LEAs, or local school districts) and other local organizations, such as government agencies, Head Start programs, and other public and private community-based groups.

Where to apply for funding: State Education Agency

Activities supported by the funding: The funding supports integrated early childhood education, adult literacy, parenting education and interactive parent and child literacy activities.

PAT connection: Parents as Teachers incorporates nicely into the Even Start program, providing an effective model for the parent education and interactive literacy activities. Even Start programs are the second largest "partner" with PAT following local school districts.

Things to consider:

- This funding stream provides for comprehensive family literacy services, of which Parents as Teachers can be an integral part. If your organization wants to provide the entire range of services, you would apply directly for the grant. Otherwise, you will want to collaborate with local entities that are applying or reapplying for this funding and see if Parents as Teachers can help them accomplish their goals.
- This funding is targeted to low-income families. Priority is given to proposals that target areas with large numbers of low income families or to projects in empowerment zones or enterprise communities.
- Even Start funding does, at times, face challenges at the federal level. Congressional advocacy is recommended to help maintain this important funding stream.

Related links: For more information on Even Start, go to:

- U.S. Department of Education program overview at: http://www.ed.gov/programs/evenstartformula/index.html
- List of contacts in each state at: http://www.ed.gov/about/offices/list/oese/sasa/escontacts.html#state
- National Even Start Association at: http://www.evenstart.org/
- National Center for Family Literacy at: http://www.famlit.org/

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IDEA

Program: Early Intervention Program for Infants and Toddlers with Disabilities (IDEA, Part C)

Authorizing legislation: Individuals with Disabilities Education Act, Part C, as amended. (reauthorization of this legislation is pending in Congress, as of fall 2004)

Funding agency: U.S. Department of Education (USDOE)

Appropriations: FY04—$444.4 million; FY03—$434.2 million; FY02—$417 million

Program purpose: To assist states in maintaining and implementing statewide systems of coordinated, comprehensive, multidisciplinary, interagency programs of early intervention services for infants and toddlers with disabilities and their families.

Activities supported by the funding: Lead agencies coordinate early intervention activities and develop formal agreements that define responsibilities for services to be delivered. Funds may be used to provide direct services that are not otherwise available. Types of services to be coordinated and/delivered include evaluation and assessment; specific intervention therapies needed (e.g., speech, occupational, physical); and supports to the families. Each family must have access to service coordination.

Funding recipients: Based on a formula, funding is provided to the state agency identified as the lead agency for this program. The state agency often contracts out direct services to local entities.

Where to apply for funding: You will need to contact your state's designated lead agency to find out more about IDEA, Part C in your state. Go to this link for a listing of IDEA, Part C lead agencies: http://www.nectac.org/partc/ptclead.asp

PAT connection: Home visits are a service that may be offered by your state to eligible families. If approved by your lead state agency, Parents as Teachers services may be partially or fully reimbursable for eligible families.

Things to consider:

- This is a complex program; you will need to first find out more about the specific guidelines in your state.
- This funding stream is targeted towards families with children with disabilities, although states have the option of serving children who are at risk of developing disabilities.
- If Parents as Teachers services are not currently covered in your state, consider working in conjunction with your elected officials (local and state-level) to advocate for including it as a service option for eligible families.

Related links: For more information on IDEA, Part C, go to:

- U.S. Department of Education program overview at: http://web99.ed.gov/GTEP/Program2.nsf/vwNetHeadings?OpenView and click on "special education"
- National Early Childhood Technical Assistance Center at: http://www.nectac.org/partc/partc.asp

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EARLY READING FIRST PROGRAM

Authorizing legislation: Elementary and Secondary Education Act of 1965, as amended by No Child Left Behind Act of 2000. Title I, part B, Subpart 2.

Appropriations: FY04—$94.4 million; FY03—$74.5 million; FY02—$75 million

Funding agency: U.S. Department of Education (USDOE)

Program purpose: To support the development of early childhood centers of excellence that focus on all areas of development, especially on the early language, cognitive and pre-reading skills that prepare children for continued school success; and that serve primarily children from low-income families.

Funding recipients: Competitive grants, directly from USDOE to eligible local education agencies (LEAs, or local school districts), public or private organizations, or agencies located in a community served by an eligible LEA.

Where to apply for funding: Office of Elementary and Secondary Education, USDOE

Activities supported by the funding: Early Reading First grants can be used for professional development for teachers, research-based early language and reading development instruction and materials, screening assessments of children, providing preschool-age children with cognitive learning opportunities, and using research-based reading research to improve all aspects of the program, including instructional materials, parental engagement and teaching strategies.

PAT connection: Parents as Teachers can be utilized as a parental engagement strategy.

Things to consider:

- This funding stream provides for more comprehensive services, of which Parents as Teachers can be an integral part. If your organization wants to provide the entire range of services, you would apply directly for the grant. Otherwise, you will want to collaborate with local entities that are applying or reapplying for this funding and see if Parents as Teachers can help them accomplish their goals.
- This funding has remained stable at the federal level over the past several years.

Related links: For more information on Early Reading First, go to:

- U.S. Department of Education program overview at: http://www.ed.gov/programs/earlyreading/index.html
- NAEYC overview of the Early Reading First program at: http://www.naeyc.org/childrens_champions/federal/2002/erf_q&a.pdf

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HEAD START

Program: Head Start/Early Head Start

Authorizing legislation: Head Start Act, as amended in 1998 (reauthorization of this legislation is pending in Congress, as of fall 2004)

Appropriations: FY04—$6.8 billion; FY03—$6.7 billion; FY02—$6.5 billion

Funding agency: Administration for Children and Families (ACYF), U.S. Department of Health and Human Services (DHHS)

Program purpose: Head Start and Early Head Start are comprehensive child development programs that serve children from birth to age 5, pregnant women, and their families. They are child-focused programs and have the overall goal of increasing the school readiness of young children in low-income families.

Funding recipients: Grants are awarded directly to local public agencies, private organizations, Indian Tribes and school systems.

Where to apply for funding: Regional Administration for Children and Families offices

Activities supported by the funding: Head Start grantees and delegate agencies provide a range of individualized services in the areas of education and early childhood development; medical, dental, and mental health; nutrition; and parent involvement. All Head Start programs must adhere to Program Performance Standards, which specifically define the services that Head Start Programs are to provide to the children and families they serve.

PAT connection: Parents as Teachers incorporates nicely into Head Start or Early Head Start programs. Head Start/Early Head Start programs can choose to implement PAT as their home visiting service option.

Things to consider:

- This funding provides for a more comprehensive, broader scope of services. PAT can serve as the home visiting (or home-based) component of a Head Start or Early Head Start program. If your organization wants to provide the entire range of services, you would apply directly for the grant. Otherwise, you will want to collaborate with local entities that are applying or reapplying for this funding and see if Parents as Teachers can help them accomplish their goals.
- This program is targeted towards low-income families.
- There are very specific program standards for Head Start, however they are compatible with Parents as Teachers practices and standards.
- An active Head Start advocacy network helps ensure relatively stable funding at federal level.

Related links: For more information on Head Start, go to:

- Head Start Bureau website at: http://www2.acf.dhhs.gov/programs/hsb/index.htm
- National Head Start Association website at: http://www.nhsa.org/

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PROMOTING SAFE AND STABLE FAMILIES (PSSF)

Authorizing legislation: Social Security Act, Section 430, Title IV-B, Subpart 2, as amended

Appropriations: FY04—$405 million; FY03—$404.4 million

Funding agency: Administration for Children and Families (ACYF), U.S. Department of Health and Human Services (DHHS)

Program purpose: The goals of PSSF are to prevent the unnecessary separation of children from their families, improve the quality of care and services to children and their families, and ensure permanency for children by reuniting them with their parents, by adoptions or by another permanent living arrangement.

Funding recipients: This funding is allocated to states based on a formula. The funds are managed by the state child welfare agency, which develops a five-year child and family service plan. Some funds are passed on to community-based organizations to delivery PSSF services.

Where to apply for funds: State child welfare agency

Activities supported by the funding: PSSF activities include family support, family preservation, time-limited family reunification and adoption promotion. States must use a significant portion of their expenditures for each of these activities, unless the state can demonstrate that it is making other investments in these areas. Family preservation services typically are activities that help families alleviate crises that might lead to out-of-home placement. Family support services are focused on voluntary, preventative activities that help families nurture their children and avoid the onset of crises. These services are often provided at the local level by community-based organizations, and include activities such as respite care for parents and caregivers, early developmental screening, tutoring, center-based services and home visiting services. Some activities, such as parenting education and respite care, are considered both a family preservation and a family support service

PAT connection: States can use these funds for a wide array of family support services, including home visitation programs. Parents as Teachers can provide both parenting education and early developmental screening.

Things to consider:

- This funding is very flexible in its use, so there is usually a lot of competition for how the funds will be spent. You will need to find out if home visitation is part of your state's five-year plan and may need to advocate for its inclusion.
- The program is targeted to low-income families and there may be time-limits on services.
- This funding has been relatively stable at the federal level.

Related links: For more information on PSSF programs, go to:

- ACF's Children's Bureau program overview at: http://www.acf.hhs.gov/programs/cb/programs/fpfs.htm

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TITLE V

Program: Title V Community Prevention Grants

Authorizing legislation: Juvenile Justice and Delinquency Prevention (JJDP) Act of 1974, Subchapter V, as amended.

Appropriations (for distribution to states): FY04—$16.6 million; FY03—distribution to states was suspended; FY02—$26.7 million

Funding agency: Office of Juvenile Justice and Delinquency Programs (OJJDP), Department of Justice

Program purpose: To fund collaborative, community-based delinquency prevention programs.

Funding recipients: The funding is allocated by Congress to states based on a formula. A State Advisory Group, or SAG, is appointed by the Governor to oversee the program and broader juvenile justice issues. States then award Community Prevention Grants to qualified local government through a competitive grant process. At the community level, among other requirements, a local Prevention Policy Board must be convened and a 3-year comprehensive prevention plan must be developed. Programs can be funded for up to 3 years.

Where to apply for funds: Work with your local Prevention Policy Board; or contact your state Title V coordinator (Go to this website for listing: http://ojjdp.ncjrs.org/titlev/grant.html)

Activities supported by the funding: Local communities analyze their juvenile justice risks, assets, and resources, and identify the gaps and select prevention programs that address those gaps. There are many types of prevention programs/activities that can be supported, including community- and problem-oriented policing, after school/recreation, prevention curricula, behavior management, academic skills enhancement, truancy prevention, parent training, family therapy, peer mediation and counseling, mentoring, vocational/job training, and leadership and youth development.

PAT connection: Parents as Teachers is identified by the OJJDP as an "exemplary" model family program. Local governments can incorporate Parents as Teachers into their comprehensive prevention plan and fund local programs.

Things to consider:

- This is much more comprehensive funding, within which Parents as Teachers can play an important role
- Start locally. Find out if your community has a Prevention Policy Board or if one could/should be established.
- If a community plan has already been put together, begin discussions about the next phase of planning/funding, and how Parents as Teachers can support the community's ongoing prevention efforts.

Related links: For more information on this program, go to:

- OJJDP Title V program overview at: http://ojjdp.ncjrs.org/titlev/about.html
- To go directly into the searchable Model Programs Guide, go to: http://www.dsgonline.com/WebEffects/dhtml_slide_tree/pepg_int.htm

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GETTING STARTED: PRIVATE FUNDING

Even more so than government funding, private fund raising gives you the opportunity to spread the message about the work of your PAT program. Even if you don't receive the funding, you have a chance to broaden community awareness of PAT and expand the circle on interest in your work. Private fund raising is also a means to involve volunteers, friends, families, neighbors and relatives in the work of your PAT program.

Private funding can come from a wide variety of sources including private foundations, corporations, unions, religious groups, local agencies (e.g., United Way, Variety Club, etc.), service organizations (e.g., PTA's, Kiwanis, Junior League, sororities and fraternities, etc.), events and from individuals.

In the beginning, keep it simple. Hold picnics for PAT families and friends and include a bake sale. Ask local groups to underwrite group meetings by providing space and refreshments. Look for in-kind donations of office space, supplies, printing and equipment. Ask local organizations for volunteer assistance.

Service groups like the Junior League, United Way or Association of Fundraising Professionals often provide basic courses in how to do fund raising. Some corporations encourage their employees to volunteer with local organizations. Ask a local company for help with accounting or legal matters. Other resources to help you get started can be found at the website listed in this guide.

To start private fund raising, develop a checklist of requirements for doing fund raising in your community. These include such items as

- documentation of not-for-profit status
- state or local charitable registration requirements
- recruiting a board of directors
- reporting requirements.

It is important to follow all legal guidelines to be eligible for funding. Without the proper non-profit legal documentation, most foundations and corporations will not fund your program. Also, non-profit status insures that donations to your program are tax-deductible for the donor, an important consideration for most donors.

Online resources for starting a non-profit can be found at:

- The Management Assistance Program for Nonprofits. Particularly, see the article "Starting a Nonprofit Organization."
- The Internet Nonprofit Center.

Identifying potential funding sources

The single largest source of private funding in the US is individuals, far and away. In 2003 nearly 85% of all charitable dollars came from individuals, nearly $202 billion!

In other words, remember to ask your friends, neighbors, coworkers and the community to support your Parents as Teachers program.

There are dozens of ways to do this ranging from selling candy and food, to walk-a-thons and gala dinners. Start small, engage your community com-

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mittee, and involve volunteers in these efforts. To get more ideas, talk with others in your community about successful grassroots fund raising programs. An online idea resource is www.grassrootsfundraising.org.

When identifying companies and corporations that can be potential donors, don't overlook your neighborhood fast food chain, pharmacy chain, and discount store. Almost all national corporations have local giving programs to support community programs. The decision making is usually left to the manager of the local store. Visit the corporate website for more information or talk with the store manager.

When you are ready to write a proposal to a corporation or foundation for support, one of your best online research resources to identify prospective donors is The Foundation Center at www.fdncenter.org. To find a list of the top foundation and corporate funders in your community or state, search the section "Researching Philanthropy." Under "FC Stats" you can select from a range of lists about grantmakers.

Another valuable website for researching prospective funders is the Grantsmanship Center at www.tgci.org. This site also has valuable information covering a wide range of non-profit and funding issues. One such article is a list of the regional directories of corporate and foundation funders by state (www.tgci.com/magazine/01fall/statedirs.asp).

Another resource can be your local library and other non-profit organizations. Libraries often have volumes about local corporate funding programs and private foundations. In addition to libraries, the local United Way may have a list of funding sources and grantmakers in your area. Finally, don't forget the annual reports of other non-profits. Most organizations will list funders in their annual reports. This will give you a starting point to identify possible prospects.

Narrow your search of prospects by areas of interest, geographic giving area, and limitations on grants. Each foundation will have a brief description of the types of programs they fund, the kinds of grants they make, the range of the size of the grants, application guidelines, and geographic areas of giving. Read these descriptions carefully.

You can further narrow your search by reviewing the most recent IRS Form 990 filed by the funder. Once again, copies of the 990 can be found online at the Foundation Center website under "Finding Funders." You will need to know the name and location of the funder to access the free online information. Foundations and corporations with information online will often list their giving guidelines and 990 on their website, too.

Grant writing

For either public or private funds, it is likely that you will need to submit a grant proposal. The single most important part of writing a successful proposal is to follow the grantmakers guidelines carefully. Answer the questions directly and use firm statistics and data only.

Many free, online resources will take you step-by-step in developing a competitive proposal. One of the most comprehensive is at www.mcf.org. The Minnesota Coun-

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cil of Foundations provides a detailed guide on "Writing a Successful Grant Proposal."

Another comprehensive, free online resource is the Non-Profit Guides website at www.npguides.org. This site includes sample proposals.

More and more, programs are writing grants for technology funding. The Techsoup website offers numerous articles and guidelines on writing grants for technology. Visit www.techsoup.org to access their library of articles on writing technology grants.

Finally, ask for advice and help from an experienced grant-writer. Most will be happy to review your proposal and make helpful suggestions.

No matter how you begin your fundraising efforts, the important thing is to get started. When you are raising funds for your Parents as Teachers program you are spreading the word about the importance of early childhood development programs and services and building more understanding for the importance of your work in your community. Look at your fundraising efforts as a chance to "sing the praises" of your great program and good things will happen as your message grows.

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PREPARATION

You are likely to find preliminary grant writing steps to be the most time consuming, yet most vital aspect of the process. If done well, your preparatory work will simplify the writing stage.

Define your project

- Clarify the purpose of your project and write a mission statement.
- Define the scope of work to focus your funding search.
- Determine the broad project goals, then identify the specific objectives that define how you will focus the work to accomplish those goals.

Example:

- Goal: To improve production quality.
- Objective 1: Recruit advanced production talent.
- Objective 2: Train mid-level producers.
- Objective 3: Upgrade production equipment.

These goals and objectives suggest the proposal will request support for recruitment activity, production training, and equipment purchase. In contrast, a different proposal with the same goal might focus only on equipment upgrades.

- Decide who will benefit. Benefits may extend beyond the direct beneficiary to include the audience, other institutions, etc.

- Draft expected project outcomes in measurable terms.

- Draft a timeline that includes the planning phase, the period of searching for funds, proposal writing, and the intended project start date. Periodically update the timeline as you learn more about submission deadlines, award timetables, etc.

Identify the right funding sources

- Foundation centers, computerized databases, station development offices, publications, and public libraries are some of the resources available to assist your funding search.
- Do not limit your funding search to one source.
- Look for a match between your project and the grants you seek by looking for consistency between the purpose and goals of your project and the funder. In addition, pinpoint specific funding priorities and preferences.
- Make direct contact with funders to support projects like yours.
- Request proposal guidelines. Also request a list of projects previously funded. Perhaps an annual report is available.
- Inquire about the maximum amount available. Also, find out the average size and funding range of awards.
- Determine if funding levels of the grants you select are appropriate for your project. Note whether there is a funding floor or ceiling.
- Find out whether the funder has other grant sources for which your project is eligible.

Contact the funders

- Think of the funder as a resource.
- Identify a project officer who will address your questions.
- Some funders offer technical assistance, others do not. Ask for technical assistance, including a review of proposal drafts.

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- Inquire about how proposals are reviewed and how decisions are made.
- Inquire about budgetary requirements and preferences. Are matching funds required? Is in-kind acceptable as a portion of applicants' share? What may be counted as in-kind, and how might it be applied? Learn about payment processes, including cash flow.
- Remember, the contacts you make may prove invaluable, even if not for now.

Acquire proposal guidelines

Guidelines usually tell you about:

- submission deadlines
- eligibility
- proposal format: award levels forms, margins, spacing, evaluation process and restrictions on the number criteria of pages, etc.
- review timetable
- budgets
- funding goals and priorities
- award levels
- evaluation process and criteria
- whom to contact
- other submission requirements

Additionally:

- Read the guidelines carefully, then read them again.
- Ask the funder to clarify your questions.

Know the submission deadline

- Plan to submit your proposal on or preferably before the deadline.
- Be realistic about whether you have time to prepare a competitive proposal that meets the deadline.
- Know the funder's policies on late submissions, exceptions, and mail delays.
- Find out how the funder will notify you about the receipt and status of your proposal. Factor this information into your timeline.

Determine personnel needs

- Identify required personnel both by function and, if possible, by name. Contact project consultants, trainers, and other auxiliary personnel to seek availability, acquire permission to include them in the project, and negotiate compensation. Personnel compensation is important budget information.

Update your timeline

- This is a good point at which to update your timeline, now that you know about submission deadlines and review timetables. Factor into your schedule time to write multiple drafts, gather relevant and permissible materials, and prepare an impartial critique of your proposal for clarity, substance, and form.

WRITING THE PROPOSAL

Structure, attention to specifications, concise persuasive writing, and a reasonable budget are the critical elements of the writing stage.

There are many ways to organize proposals. Read the guidelines for specifications about required information and how it should be arranged.

Standard proposal components are: the narrative, budget, appendix of support material, and authorized signature. Sometimes proposal applications require abstracts or summaries,

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an explanation of budget items, and certifications.

Narratives

- *Statement of need*—purpose, goals, measurable objectives, and a compelling, logical reason why the proposal should be supported. Background provides perspective and is often a welcome component.

- *Approach*—method and process of accomplishing goals and objectives, description of intended scope of work with expected outcomes, outline of activities, description of personnel functions with names of key staff and consultants, if possible.

- *Method of evaluation*—some require very technical measurements of results. Inquire about expectations.

- *Project timeline*—paints a picture of project flow that includes start and end dates, schedule of activities, and projected outcomes. Should be detailed enough to include staff selection and start dates.

- *Credentials*—information about the applicant that certifies ability to successfully undertake the proposed effort. Typically includes institutional or individual track record and resumes.

Tips on writing the narrative

Narratives typically must satisfy the following questions:

- What do we want?
- What concern will be addressed and why?
- Who will benefit and how?
- What specific objectives can be accomplished and how?
- How will results be measured?
- How does this funding request relate to the funders purpose, objectives, and priorities?
- Who are we (organization, independent producer) and how do we qualify to meet this need?

The HOOK:

There are many ways to represent the same idea. However, the HOOK tailors the description of the idea to the interest of a particular funder. The HOOK aligns the project with the purpose, and goals of the funding source. This is a critical aspect of any proposal narrative because it determines how compelling reviewers will perceive your proposal to be.

Budget

Budgets are cost projections. They are also a window into how projects will be implemented and managed. Well-planned budgets reflect carefully thought out projects.

Funders use these factors to assess budgets:

- Can the job be accomplished with this budget?
- Are costs reasonable for the market—or too high or low?
- Is the budget consistent with proposed activities?
- Is there sufficient budget detail and explanation?

Many funders provide mandatory budget forms that must be submitted with the proposal.

Don't forget to list in-kind and matching revenue, where appropriate.

Be flexible about your budget in case the funder chooses to negotiate costs.

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Supporting materials

Supporting materials are often arranged in an appendix. These materials may endorse the project and the applicant, provide certifications, add information about project personnel and consultants, exhibit tables and charts, etc.

Policies about the inclusion of supporting materials differ widely among funders. Whether to allow them usually depends upon how materials contribute to a proposal's evaluation. Restrictions are often based on excess volume, the element of bias, and relevance.

Find out if supporting materials are desired or even allowed.

Be prepared to invest the time to collect resources, produce a tape, document capability, update a resume, collect letters, include reference reports or whatever is needed.

Authorized signatures

Authorized signatures are required. Proposals may be rejected for lack of an authorized signature. Be sure to allow the time to acquire a needed signature.

Specifications

Tailor proposal writing to specifications found in the guidelines. Include only the number of pages allowed. Observe the format. Is there a form to complete? Must the proposal be typed, double spaced, on 8½ x 11 inch pages? Are cover pages allowed or desired? Caution!—the beautifully bound proposal is not always appreciated or allowed. Be concise. Elaborations should add depth and scope, not page fillers. Be prepared to write one or more drafts.

Submission checklist

a. The proposal must be **NEAT, COMPLETE, and ON TIME,** with the requested number of copies and original authorized signatures.

b. Address the proposal as directed in the guidelines.

c. Be sure to include required documentation.

FOLLOW-UP

Contact the funding source about the status, evaluation, and outcome of your proposal. It is important to request feedback about a proposal's strengths and weaknesses, although this information is sometimes unavailable, especially with a large volume of submissions.

Reference information may also be useful if you choose to approach the same or different funder again with your idea.

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HELPFUL WEBSITES & PUBLICATIONS

The Grantsmanship Center
www.tgci.com
See previous articles online for specific topics.

The Foundation Center
www.fdncenter.org
Find foundations; research by topic area & geographic area. Subscribe to the email Philanthropic News Digest for RFP announcements.

GrantsAlert.Com
www.grantsalert.com
Subscribe to the email RFP alerts by category.

Fundsnet Services
www.fundsnetservices.com
Basic research for grant opportunities.

Charity News
www.charitychannel.com
Subscribe for email information on grants and RFP's. Also provide information on Canada and the UK voluntary sectors.

Chronicle of Philanthropy
www.philanthropy.com
Lists grants made and grant deadlines; basic research in the voluntary sector. Fee charged.

The NonProfit Times
www.nptimes.com
General news about fund raising. Good advice on writing solicitation letters.

Federal Grants
www.grants.gov
Electronically find and apply for competitive grant opportunities from all Federal agencies.

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Grantstation
www.grantstation.com
Information about upcoming private grant opportunities and funding trends.

Children & Youth Funding Report
www.cdpublications.com
Federal and private grant opportunities. Subscription fee required.

Technology
www.techsoup.org
Tips on writing grants, funding sources, and how to do online fundraising.

Report on Preschool Program
www.bpinews.com
Weekly newsletter on Federal programs. Subscription fee required.

The Grass Roots Fundraising Book by Joan Flanagan
Available at www.alibris.com

Fundraising for Early Childhood Programs by Matia Finn Stevenson
Available through NAEYC

Coping with Cutbacks by Emil Angelica & Vincent Hyman
Available through National Human Services Assembly

Contributions Newsletter. Full of real hands-on, how-to advice. $40 per year subscription.

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WHERE TO LOOK FOR $$$'S

State Children's Trust Fund

Local stores of National Chains
- Target
- Walgreen's
- Dollar General
- Hardee's
- McDonald's
- Wal-Mart
- Starbuck's
- Borders
- Barnes & Noble
- Waldenbooks

Service Clubs
- Kiwanis
- Rotary
- Chamber of Commerce
- American Association of University Women AAUW
- National Council of Jewish Women NCJW
- Junior League

Sororities/Fraternities
- Delta Gamma
- Etc.

Community Foundations
They often control many donor-directed funds.

Local branch of a bank
They usually have locally controlled funds for neighborhood giving.

Churches

Professional Sports Teams

TV/Radio Stations & Newspapers
As part of national chains, they have local giving programs; i.e. Gannett, Pulitzer, Clear Channel Communications, Belo, etc.

Assisted Living Facilities
Residents often support community groups

Utility Companies
- Electric companies
- Phone companies
- Waste management

They are public service companies that have funds to support local groups.

Corporate Employee Matching Gift Programs
Hundreds of companies will match contributions made by their employees.

Other non-profit organizations
- March of Dimes
- United Way
- Varity Club

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SAMPLE FUND DEVELOPMENT PLANNING CHART

Dates: July 1, 2005 – June 30, 2006

Goal: $50,000

Source	How	When	Who	Cost	Revenue
Individual Gifts	Letters to 150 people	September December March May	Staff Board	Paper Envelopes Postage Staff time Thank letters	$2,500 100 gifts @ $25 avg.
	Event—book sale	November	Local bookstore Volunteers	Announcement Snacks Volunteers	$1,500 300 books @ $5 ea.
Foundation grants	10 proposals	On-going	Staff	Staff time for research and writing and reporting	$25,000-$30,000 5 grants @ $5,000 avg.
Corporate gifts	10 requests	Ongoing	Staff	Staff time for research and writing and reporting	$10,000-$15,000 5 gifts @ $2,000 avg.
Organizations gifts	7 requests	Ongoing	Staff Board Volunteers	Staff time for research and writing	$4,500 3 gifts @ $1,500 avg.

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Funding Worksheet

WHERE DOES MY FUNDING COME FROM?

Source	**Directly** (grants you solicit) **Estimate amounts**	**Indirectly** (Regranted through state or local agencies) **Estimate amounts**
Public Funds		
TANF		
Title I		
Head Start		
Early Head Start		
Even Start		
PIRC		
Other Federal Funds (list source)		
Total Federal Funds		
Dept. of Education		
Dept. of Health		
Dept. of Family Services		
Other State Funds (list source)		
Total State Funds		
Local Health Agency		
Local School District		
Local University		
Local Social Service Agency		
Other Local Public Funds (list source)		
Total Local Funds		
Total All Public Funds		

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Funding Worksheet

Source	**Directly** (grants you solicit) **Estimate amounts**	**Indirectly** (Regranted through state or local agencies) **Estimate amounts**
Private Funds		
United Way		
Variety Club		
Faith-based Organizations		
Fees for services (day care, etc.)		
Foundations		
Individuals (not families served)		
Businesses/Clubs		
Families		
Events/sales		
Other (please list)		
Total all Private Funds		
Total All Public Funds		
Total all Private Funds		
Total All Funds		

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Sarah Palin, Governor
State of Alaska

GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION

P.O. Box 240249 • Anchorage, Alaska 99524-0249 • Phone: 907-269-8990 • Fax: 907-269-8995 • Toll Free 888-269-8990

February 5, 2009

The Honorable Chris Tuck
State Capitol, Room 426
Juneau, Alaska 9980-1182

Dear Representative Chris Tuck,

This letter is in support of House Bill 69, Alaska Parents as Teachers Act, establishing a voluntary parent education home visiting program for pre-elementary aged children and a rating system for early childhood education. The Governor's Council on Disabilities and Special Education (the Council) advocates for change that improves the lives of people with disabilities. One of the roles of the Council is to serve as Alaska's Interagency Coordinating Council for Infants and toddlers with Disabilities.

The Interagency Coordinating Council and parents as Teachers have two goals in common: (1) to ensure early detection of developmental delays and (2) increasing school readiness. The Council understands the importance of early detection of developmental delays and early intervention services for children. Many delays can be corrected before a child reaches school age, thus providing a cost saving for schools by decreasing the need for special education or remedial services. The Council also understands the importance of early detection and intervention for young children which leads to increased school readiness and later success in school.

The Early Intervention Committee of the Council recently completed an outreach trip to Haines to gather information on how early childhood intervention services are working for infants and toddlers with disabilities in rural communities. During our visit, we were impressed with the skills of Kim Phillips, Parents as Teachers staff in Haines. She was able to share with us her ability to help families identify the need for screenings if their child appears to have a delay. Then she assists them through the referral process, while continuing to provide support in the home environment during this stressful time. She works closely with the Infant Learning provider and the Headstart teachers to create a seamless early childhood system of services.

The Council supports the creation of a statewide Parents as Teachers program through House Bill 69 to provide families with early education including early detection of developmental delays and increased school readiness for young children.

If you have any questions, please feel free to contact me at (907) 269-8990.

Respectfully,

Stacey Messerschmidt, Chair
Governor's Council on Disabilities and Special Education

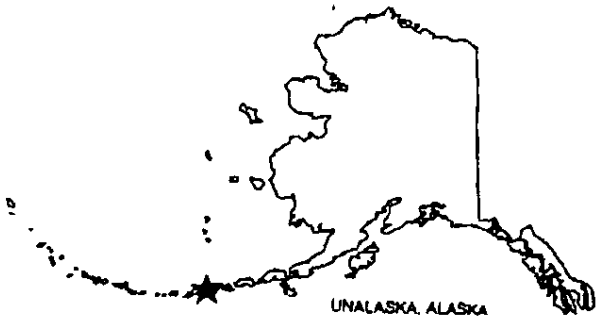
Cc:
The Honorable Les Gara
State Capitol, Room 500
Juneau, Alaska 99801-1182

The Honorable James Petersen
State Capitol, Room 422
Juneau, Alaska 99801-1182

The Honorable Scott Kawasaki
State Capitol, Room 428
Juneau, Alaska 99801-1182

CITY OF UNALASKA
P.O. BOX 610
UNALASKA, ALASKA 99685-0610
(907) 581-1260 FAX (907) 581-2187

April 7, 2009



Dear Alaska State Legislator:

I am writing to voice my strong support for Senate Bill 23 and House Bill 54: "Pension Benefits for Public Employees".

As a 21-year contributor to the Public Employees Retirement System, I have witnessed first hand the advantages of providing a strong retirement benefit to attract new employees. Having guaranteed pension and health care benefits has helped me to retain high quality employees for extended periods of time.

I have watched with great concern, since the new defined contribution system went into effect, a turnover of new staff in other Departments within our City and wondered what effect the defined contribution system would have on our Water and Wastewater Utility.

With the expected and near term retirement of some of our senior Water and Wastewater staff, I am greatly encouraged to see this important legislation introduced. I look forward to informing new and prospective employees of the positive impact that a long-term employment commitment to our Utility can have on their retirement.

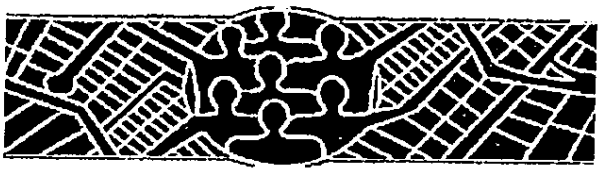
I encourage all legislators to support Senate Bill 23 and House Bill 54.

Thank you,

Clint Huling

Clint Huling
Water & Wastewater Supervisor
City of Unalaska
PO Box 610
Unalaska, AK 99685

Ph (907) 581-1260
Fax (907) 581-6210



Center for Community
700 Katlian Suite B
Sitka, Alaska 99835
Phone: 907-747-6960
Fax: 907-747-4868

Early Learning Program

February 10, 2009

Dear Representative Chris Tuck,

This letter is to support House Bill 69 which would establish a voluntary Parents as Teachers home visiting program for families with children prenatally up to kindergarten entry age.

The Early Learning Program (ELP) based in Sitka serves children and families with special needs between the ages of birth and three. Since the children we serve are also served by the PAT program in a rural village that we service, collaboration between the programs is essential. To this end, the PAT teacher in Kake, Alaska has been exceptional in this area. When the PAT program began, the PAT teacher contacted the ELP program to see how the programs could work together. Over the past two years, the ELP and PAT program have developed a partnership in the following areas:

- Screening vision and hearing for all 0-3 children
- Conducting joint home visits for children enrolled in both the ELP and PAT
- Including the PAT program in the development of Individual Family Service Plans (IFSP's)
- Providing support to PAT teacher in the implementation of IFSP goals during home visits
- Assisting families in locating necessary resources such as Medicaid, Denali Kid Care and referrals to specialists (e.g., Ears, Nose and Throat doctors)

- Assisting families and children with special needs transitioning from ELP and PAT to the school district at the age of three

Prior to the PAT program starting up in Kake, the ELP, as an "outside" agency was not very successful in making contact with families. However, with the assistance of the PAT teacher, we were able to introduce our services and gain access to the children in need. The PAT program was the much needed bridge between the ELP program and families.

Along with the collaborative efforts, the PAT program provides the necessary supports and services to those children not eligible for the ELP. Eligibility for the ELP requires a delay of 50% or more in one or more areas of development. The PAT program is able to support all the children, particularly those who may be "at-risk" for developmental delay. Through the home visits and screening provided by the PAT program, children who might otherwise fall through the cracks are provided with necessary services and supports. In addition, the support for pre-natal families provides the opportunity for every infant to begin life in a supportive environment. The socializations provided by the program are instrumental in providing children with the chance to interact with other children and parents with the opportunity to meet other parents. There are no other programs in this particular village that provide the opportunity for these children to learn play skills and develop the social and emotional skills such as self-regulation, turn taking and sharing that are necessary for successful lives.

The Early Learning Program full supports House Bill 69. Without it many families will not receive the necessary support to enhance their child's growth and development.

Please do not hesitate to contact me at gtrujillo@cfc.org if you need any further information.

Sincerely,

Gail A. Trujillo

Gail A. Trujillo, M.Sc.
Early Learning Program Coordinator

Child Care
CONNECTION

February 5, 2009

Dear Representative Chris Tuck:

On behalf of Child Care Connection, Inc's Board of Directors and staff, I am writing to support current legislation to establish a voluntary parent education home visiting program for pre-elementary aged children and the implementation of a quality rating system for early childhood education in Alaska.

Home based education and support programs such as Parents as Teachers help parents understand what to expect during each stage of their young child's development, how to support their child's growth and learning, and how to prepare their young children for success in school. Parent success in this critical role largely depends on their understanding of child development, best parenting practice, how to detect their child's developmental delays and health issues, and their access to resources and supports in their community. Implementing a voluntary home visiting program in Alaska will provide parents, with access to expert guidance and assistance to ensure their child's healthy development and learning.

Beyond this critical parent education program, families with parents in the workforce need access to high quality early learning programs for their children while they work and contribute to Alaska's economy. Currently, Alaskan parents do not have a comprehensive way to objectively assess the overall quality of early learning programs in our communities. A Quality Ratings Improvement System (QRIS) would support parents in their search for high quality early learning programs through a five star rating scale evaluating the following factors: staff qualification and professional development, environment, curriculum and learning, leadership and management, and family engagement. A QRIS in Alaska would empower parents to become informed consumers who are better able to identify and seek high quality early learning programs for their children. The system would also provide a roadmap for individual early learning programs to improve their quality of care, thereby increasing parent access to a larger supply of quality options. Finally, the system would allow for greater accountability for policy makers who govern public investments in Alaska's early care and education system, providing coordinated support to all types of early education programs in Alaska.

As the leading agency of Alaska's Child Care Resource and Referral (AK CCR&R) Network, Child Care Connection staff talk with parents every day who share their concerns and challenges. Many parents we work with would benefit greatly from the support of the proposed home visiting program. Its early detection and screening component will be invaluable to the later success and wellbeing of each child touched by this program. Last year, our network worked with over 6,000 families as they struggled to find early learning programs that meet the needs of their children. Many of these parents need to find care for their children so they can go to work, but sometimes have to compromise the quality of their child's care because there are not enough quality programs to choose from. Parents who do find the quality care they need often cannot afford the cost of enrolling their child. I encourage you to support the creation of these two vital programs that will support families and young children both within their home environment, and within early learning programs statewide. Please contact me with questions or for further discussion regarding this letter of support. Thank you for your leadership on behalf of Alaska's young children.

Sincerely,

Candace Winkler
Chief Executive Officer
(907) 563-1977
cwinkler@childcareconnection.org

Advancing the quality of early education and child development by empowering parents, educating child care professionals, and collaborating with our communities.

United Way of Anchorage

P.O. Box 141689, Anchorage, AK 99514-1689
Tel 907 563 1906 Fax 907 563 1959
Toll Free 1 800.278 3723 Toll Free Fax 1 877 563.1959
www.childcareconnection.org EIN 920113419

3230

Play N Learn
Community Head Start
1949 Gilliam Way Suite A
Fairbanks, AK 99701
(907) 452-4267 * Fax (907) 452-4203

Representative Les Gara
Rep Les Gara@legis.state.ak.us

January 23, 2009

Dear Representative Gara,

I am writing this letter in support of establishing voluntary Parents as Teachers home visiting programs. The philosophy of Parents as Teachers is parents are children's first and most important teachers; empowering families to begin a lifelong involvement in the learning of their child.

Our Head Start program uses the Parents as Teachers curriculum for home visiting and can see the benefits to children and families first hand. For one parent who was deployed, receiving mailings with updates and pictures of his child and the Parents as Teachers handouts about developmental milestones helped to keep him connected while away.

Families in Alaska can be isolated from others. Home Visitors offer child development knowledge, parent support and encouragement. The key to healthy development are care givers who provide safe, secure, nurturing environments for children, Parents as Teachers gives families the tools.

Sincerely,

Laura Frisone
Family Services Coordinator
Play N Learn Community Head Start

Alaska Infant Learning Program Association
Serving as an advocate for Infant Learning Program children, families and staff

700 Katlian St. Suite B Sitka, Alaska 99835
907-747-6960

February 10, 2009

Representative Chris Tuck
House of Representatives
State Capitol
Juneau, AK
99801-1182

Dear Representative Chris Tuck,

The Alaska Infant Learning Program Association is writing to support House Bill 69 which would establish a voluntary Parents as Teachers (PAT)home visiting program for families with children prenatal up to kindergarten entry age.

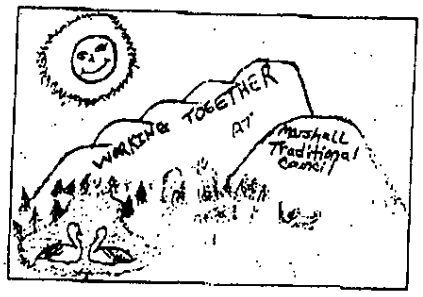
We know that the most important development of a young child occurs in the first few years of life, and our state priorities need to reflect this knowledge. Through the education and support of parents of young children, the Parents as Teachers program has proven effective in increasing children's school readiness, improving their later school success, and increasing their parents' involvement in school. If passed, this legislation would help Alaska's youngest start school ready to learn.

The PAT program provides the necessary supports and services to those children not eligible for Early Intervention/Infant Learning Programs (EI/ILP). In the State of Alaska, eligibility for EI/ILP requires a delay of 50% or more in one or more areas of a child's development. The PAT program is able to support the children who do not qualify, particularly those who may be "at-risk" for developmental delay. Through the home visits and screening provided by the PAT program, children who might otherwise fall through the cracks are provided with necessary services and supports. In addition, the support for pre-natal families provides the opportunity for every infant to begin life in a supportive environment. The socializations provided by the program are instrumental in providing children with the chance to interact with other children and parents with the opportunity to meet other parents. There are no other programs in Alaska besides PAT and EI/ILP that provide the opportunity for these children to learn play skills and develop the social and emotional skills such as self-regulation, turn taking and sharing that are necessary for successful lives.

Your ongoing support of Parents as Teachers is greatly appreciated!

Sincerely,

Gail A. Trujillo
Alaska Infant Learning Program Association



Native Village of Marshall
Marshall Traditional Council
P.O. Box 110
Marshall, AK 99585

Phone: (907) 679-6302 Fax: (907) 679-6187

February 9, 2009

I am a proud parent that has a child that is involved in the Parents as Teachers Program. And, so far, I am very pleased at the way the program is run. My child is advanced than other kids his age. He is 19 months and knows how to count to five and refers to his fingers when counting.

He likes to talk a lot and tries to imitate what we are saying. When we tell him what a name for certain items or things and he is able to catch on fast.

So, I would really recommend Parents as Teachers program and would happily tell all people that have kids to let their kids get involved in this program

EPA Coordinator
Jeremy Woods

Native Village of Marshall
Marshall Traditional Council
P.O. Box 110
Marshall, AK 99585

Phone: (907) 679-6302 Fax: (907) 679-6187

From: Carmen Pitka, Social Service worker

Subject: HB 69 Parents as Teachers legislation/Hearing

February 9, 2009

Hello, my son is in the PAT program he will turn 2 this coming June and he enjoys his learning and play time and I truly believe that it starts from us the parents. He is 19 months old and he can count to five with our help and gives us a high five when we reach the fifth finger and he knows where his eyes, nose and ears are. We got him to say the letter S first and then he was able to pronounce words better, I fully support the program and we have a very encouraging lady who works for our local headstart.

Carmen Pitka

Southwest Region School District
574 Kenny Wren Rd
Dillingham, AK 99576

January 22nd, 2009

Representative Les Gara
716 W 4th Ave #310
Anchorage, AK 99501

Southwest Region School District

P.O. Box 90
574 Kenny Wren Road
Dillingham, AK 99576

(907) 842-5287 • Phone
(907) 842-5428 • Fax

Dear Representative Gara,

As members of the Southwest Region School District team, we are writing to ask for your support of the legislation supporting the Parents as Teachers program. This bill would support funding for Parents as Teachers programs in the communities that our school district serves.

The district knows the importance of the development of young children's minds during the first few years of life and the priorities of the state need to support that development. The Parents as Teachers program has had a positive impact on the children in the communities of Southwest Region School District. The program has increased the school readiness component of the children's early education, which has a positive effect on improving school success in later years and increasing parents' involvement in their child's education. This legislation would help children start school ready to learn.

We urge you to support this legislation. The investment of educational resources into the early years of children's lives and parental involvement will benefit those parents and children for a lifetime.

Cordially,

Jack Foster, Superintendent

David Piazza, Director of Instruction & Information Services

Jon Clouse, Federal/State Programs Director

Aleknagik

Clark's Point

Ekwok

Koliganek

Manokotak

New Stuyahok

Togiak

Twin Hills

158 Berkeley Ct.
Fairbanks, AK 99709

February 6, 2009

The Honorable Chris Tuck
Alaska House of Representatives
Attn: Aurah Landau
VIA FACSIMILE: 907-465-3810

Dear Mr. Tuck,

I am writing to tell you that I support HB69. This bill will allow my family and others like us to benefit from the Parents As Teachers (PAT) program. I appreciate being a part of a program that has no income guidelines. I have seen firsthand with my second child the importance of additional screening for learning delays. I have also watched myself become a more confident parent who knows better how to handle difficult parenting issues with the tutelage given to me in my home visits with my parent educator. Please allow me to share my experiences and speak to you about the important concepts the program delivers, and the benefits of group meetings and screenings.

Even though our family income is considered too high to qualify for the only other parent education program in Fairbanks, that does not make me or my spouse a better parent by default. I may be able to provide more books and toys than another parent, but my income does very little to provide me the actual tools and knowledge I need to care for my children. Living away from family and friends, as many Alaskans do, makes the burden of raising a child even greater. PAT provides an array of opportunities to make that necessary "village" in which to raise a child.

Never having spent time around children, my initial instincts were simple: after safety and the bare necessities, I would offer books and educational toys and begin saving for college. How little I knew in those first few months! College may come, but if I don't learn the skills necessary to help my infant or preschooler how to succeed, no amount of savings can help. My role as parent is vastly more complicated and more demanding. The PAT program enabled me to find the right path. The program handout I was given when we began the PAT program after my second child turned three months sums up my parental role well:

- "As a designer, you provide interesting play materials and experiences that promote your child's natural curiosity and problem solving.
- As a consultant, you help your child learn about her world and how it works while encouraging her independence and ability to do things for herself.
- As an authority, you set boundaries for your child's behavior that are appropriate for her age and developmental level, and you help others know your child's unique characteristics and needs."

As my child develops I will have to modify the way I carry out these different roles, but with PAT, I can get advice and great ideas every month when my parent educator comes into our home. We conduct scientific experiments and explore math, language and music.

We also benefit from the group meetings that PAT hosts. These meetings help me form that "village" that I lack here in Fairbanks and provide our family with a network of other parents who have experiences to share with me and time to nurture me when I need it. And in a few instances, I know that my experiences with my children have helped another parent deal with difficult decisions. Several other mothers have asked me about degrees offered where I teach at the Tanana Valley Campus. I hope that they may someday seek to obtain degrees, knowing that they will see a friendly face there.

Some of the most critical needs that PAT meets are the developmental screenings. These screenings played a significant role in the detection of my son's speech delay before 18 months. A yearly meeting with a pediatrician can not compete with monthly visits from certified parent educators and frequent screenings. I believe that because the parent educator could conduct screenings in our home—where my child was comfortable to respond—we detected with certainty a speech delay. We caught it early enough that after consultation with our pediatrician and a referral to a speech therapy program, my son caught up on the developmental charts in a single year. My PAT educator even worked with the therapist to ensure that everything she taught me coincided with the steps we were taking in therapy.

I can only estimate that the early detection of my son's speech delay saved the state thousands of dollars in special education programs he would have taken part in when he later attended school. His delay would have been more severe without the early detection and more complicated to correct for having been allowed to fester for years. Surely the funding of this worthwhile parent education program should be a priority of our state as we look toward the future. Alaskan children deserve the best from infancy, and children should not fall through the cracks just because their parents' income is outside of the bounds of certain thresholds.

The sons of two of my friends are currently enrolled in the Fairbanks North Star Borough's special education preschool for speech delays. Neither is a part of Parents As Teachers. Both families would be considered high income. The have benefited from none of the support mechanisms or referral processes that my son benefited from to deal with his speech delay. While they are spending time helping their boys relearn the speech process, my three year old can and I spend our extra time conducting science experiments and exploring early reasoning skills. When my daughter started kindergarten this year, she, and more importantly I, was already familiar with making patterns for math readiness. When her teacher assigned this as homework, I had the skills and understanding from having learned about it through PAT to help her make more and more complex patterns to start her on the right path. I have seen firsthand the importance of designing, consulting and providing authority for my children. Please allow other parents like me to have the same opportunity by authorizing funding to Parents As Teachers.

Sincerely,

Candace S. Crews

Candace S. Crews
907-457-3135

From: Mary J. Kasayulie [mailto:mkasayulie@bbahc.org]
Sent: Wednesday, January 21, 2009 4:15 PM
To: David Theriault
Subject: Letter of Support

Hi, my name is Mary Jane Kasayulie. I am a former PAT teacher and a former mom of a child that was in PAT. I would fully support the PAT program. I am a firm believer in the PAT program. I have a daughter and my family benefited from the program. I have been working in Early Childhood Program for most of my career and I believe earlier the interventions the more a child can benefit from any schooling because it is the foundation of a childs learning skills.

I know work for the Infant Learning Program here in Dillingham and I know that it is making a difference in children's lives. I know that I t also helps parents understand the importance of what more their children can have. Being from a small community they don't have all the programs at their grasp and to bring out Parents As Teacher educators it would make it a lot better. Teach young as the baby in the mother womb. As early childhood educators I know we can make a difference in a child. One think I look at and let parent know if deal with the issues young and help make brighter children. As children get older they have issues with being embarrassed of being in a program but when they are young, they are just happy that someone wants to play with them.

Thank you,

Mary Jane Kasayulie
PO BOX 130
Dillingham Alaska, 99576
1-888-648-4325 or local 842-3398
FAX 1-907-842-2039

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BEST BEGINNINGS

Alaska's Early Childhood Investment

January 22, 2009

The Honorable Chris Tuck
House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

Via e-mail: Representative_Chris_Tuck@legis.state.ak.us

Dear Representative Tuck:

I am writing in support of a statewide voluntary home visiting program for young children and their families, such as the evidence-based Parents as Teachers Program. Promoting parents as a child's first and most important teachers is a foundational aspect of the work undertaken by Best Beginnings.

Parents as Teachers does just what its name implies: it helps parents become better and more effective teachers for their young children. When parents are involved in a child's informal or formal education, the child is more likely to be an enthusiastic and engaged learner. The K-12 school system knows the value of parent involvement in keeping students in school, improving test scores, and so on. It makes sense that if parents are engaged early on when their children are young, they will stay engaged.

A large and growing body of research provides increasing evidence of three related tenets: (1) brain growth and development occurs at an astonishing pace in very young children; (2) nurturing and brain stimulation during those years has a profound impact on how children fare in school; and (3) a child's readiness for school is a powerful determinant of how he or she will fare in life.

A voluntary Parents as Teachers program has been shown to help parents of children birth to 3 provide their children with the kinds of learning experiences so vital to brain development. Preschoolers can benefit, too. There are many small communities in Alaska with too few young children to make a center-based early learning program viable. Yet those children should have access to learning experiences just as their peers in larger villages, towns, and cities do.

3350 Commercial Drive, Suite 104A • Anchorage, Alaska 99501
t. 907.297.3300 • f. 907.297.3304 • BestBeginningsAlaska.org

Best Beginnings is a public-private partnership that mobilizes people and resources to ensure all Alaska children begin school ready to succeed.

This effort is also supported by the stated goals for the Alaska Governor's Summit on Early Learning, held in December 2007, which included the following:

- All children, especially those most in need, have access to early literacy and learning opportunities in their home or in out-of-home settings;
- These services are coordinated; and
- Parents, grandparents, and extended family are engaged in young children's learning with needed support, resources, and incentives.

Please let me know if we can provide any additional information.

Sincerely,

Abbe Hensley

Abbe Hensley
Executive Director

3350 Commercial Drive, Suite 104A • Anchorage, Alaska 99501
t. 907.297.3300 • f. 907.297.3304 • BestBeginningsAlaska.org

Best Beginnings is a public-private partnership that mobilizes people and resources to ensure all Alaska children begin school ready to succeed.

KODIAK INFANT LEARNING PROGRAM
KANA - 3449 REZANOF EAST
KODIAK, ALASKA 99615
(907) 486-4643
Fax (907) 486-3921
Email: Nancy.Wells@kanaweb.org

January 21, 2009

Representative Les Gara
Alaska State Legislature
Juneau, AK

Dear Representative Gara,

On behalf of all families with young children, thank you for your support for expansion of the Parents as Teachers (PAT) Program. As a nation we have spent millions of dollars doing research on how young children learn and develop. We have the information proving that learning in the early years is critical to developing the ability to become a life long learner. We have the information proving that in the first years of life a child learns through active engagement with a consistent, caring parent. In this age of technology and TV babysitting it is imperative that parents have the opportunity to learn how to engage their children in age-appropriate activities that foster optimal development.

The PAT program fills this critical need in our community. It provides families with crucial, scientifically based information presented in a way that is culturally appropriate. The bi-monthly home visits and weekly group socializations offer an opportunity for parents to understand the growth and development of their children. PAT helps to build the early foundation skills that both children and families need to ensure early learning, school readiness and success.

The PAT program has become an invaluable community partner for Infant Learning. PAT expands health and developmental screenings for children and helps identify children who may need additional support at an early age. PAT teachers are an important referral source for ILP. We offer our full support to this valuable program, both in our community and statewide and look forward to many years of continued collaboration.

Sincerely,

Nancy Wells

Nancy Wells
KANA Kodiak ILP Coordinator

Parents as Teachers Alaska State Office
Rural Alaska Community Action Program, Inc. • P.O. Box 200908, Anchorage, Alaska 99520
(907) 865-7345 • Fax: (907) 278-2309
www.ruralcap.com

January 13, 2009

Representative Les Gara
State Capitol, Room 500
Juneau, AK 99801-1182

To Representative Gara:

I am writing in regards to the proposed legislation to establish voluntary Parents as Teachers home visiting programs for families with children prenatally up to kindergarten entry age. As the Parents as Teachers Alaska State Coordinator I fully support the designation of state funds to support this important program and the services it provides to the children and families.

In 2007, the Alaska Governor's Summit on Early Learning recommended in the home services that would provide all parents with access to home-based education and support. Parents as Teachers is an established research based home visiting program that meets that recommendation. Research has shown that families that participate in Parents as Teachers programs engage in more language and literacy promoting behaviors with their children. Furthermore, children who were involved in Parents as Teachers score higher on kindergarten readiness tests and on standardized measures of reading, math and language in the elementary grades.

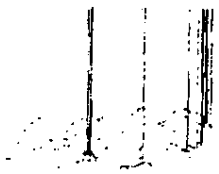
In addition to these positive outcomes for children and families, Parents as Teachers has also been shown to provide an excellent return on investment; meaning the program makes economic sense. By creating opportunities for Parents as Teachers in Alaska, not only will our state will be providing families with the opportunity to better prepare their children for entering into kindergarten and to lay a solid foundation for future learning, but also making a solid investment in our future. Thank you.

Sincerely,

Melissa Pickle

Melissa Pickle
Parents as Teachers Alaska State Coordinator

AKPIRC



Debi Baldwin
Child Development Division Director
RurAl CAP
731 E. 8th Ave.
Anchorage, AK 99501

Dear Debi,
This letter is in support of RurAL CAP's Parents As Teachers (PAT) program to provide home-based services for families with children aged birth the three years old.

There is a need in the community for such apparent education and support program for families.

RurAL CAP's PAT program will provide families with crucial, scientifically based information on how children grow and learn. The ideas, suggestions, and activities that well trained local staff provides will help parents. There is need for consistent services to parents like workshops on Parenting Skills, Health, Nutrition, and Prenatal and Newborn Care in our community.

The program provides regular home visits that build on families' strengths and support parents in enhancing their children's early development. The program also provides health and developmental screening of children, identifying children who may need additional support at and early age. The earlier health or developmental needs are identified, the better the chance that intervention will be successful.

Sincerely,
Augusta Askoak

Central Council
Tlingit and Haida
Indian Tribes of Alaska

CENTRAL COUNCIL
tlingit and haida indian tribes of alaska
ANDREW P. HOPE BUILDING
320 West Willoughby Avenue • Suite 300
Juneau, Alaska 99801-1726

February 12, 2009

Dear Honorable Legislators:

As the elected President of the Central Council of Tlingit and Haida Indian Tribes of Alaska (Central Council), I am writing to express my support for House Bill No. 69 (HB 69), an act "establishing in the Department of Education and Early Development a voluntary parent education home visiting program for pre-elementary aged children and establishing a rating system for early childhood education."

Alaska's children represent our future and with our poor graduation rates, it is important that we support any attempts to improve our children's success in education. HB 69 would give thousands of Alaskan parents a chance to provide their children with the benefits of early education. Studies have shown that children's intellectual development is especially important before age six and early childhood education has proven to have great outcomes as it has shown to increase graduation rates, college attendance, and job earning potential.

I hope that the Alaska State Legislature will consider the positive outcomes of early education and support our parents in the effort to insure a bright future for our children and Alaska.

Sincerely,

William E. Martin
President

TEL. 907-586-1432
www.ccthita.org
TOLL FREE 800-344-1432

February 6, 2009

To Whom It May Concern:

This letter is being written in support of House bill 69.

I am quite certain that the success my child is having right now in High School is due to early training through Hoonah's Parents As Teachers program. Furthermore, I know as an individual I am a better person/parent because of PAT. This is after raising 3 older children that I finally participated in our local PAT program with my youngest and at that time it was a pilot program and trial runs were being made. My daughter Liv and I participated from the time she was toddling (1994) to 3 years old. It was not only fun for her but also very helpful to me. I not only had a chance to visit with other mothers and exchange ideas on what's working as far a child rearing and discipline went but was also educated thru PAT on how to deal with and be a teacher in my own right to my child. I have encourage my older children who have now provided me with 6 wonderful grandchildren to take them to and participate in this fun educational program, not just for their child but for themselves also.

The Federal government supports schools thru "No Child Left Behind." Only stands to reason that State government should support a program like Parents As Teachers which has proven itself over and over it's success in not only our smallest resident's of Alaska but also in their parents who are the biggest teachers in their lives. This is a program that must be continued and supported by all.

Thank you for your time.

Respectfully,

Ladonna Dybdahl
P.O. Box 247
Hoonah, Alaska 99829

February 12, 2009

To Whom It May Concern:

The Parents As Teachers (PAT) program in Hoonah, Alaska, is an outstanding program with trained staff who genuinely care about children and their parents.

The PAT program continues to be instrumental in helping families in the Hoonah Community by using research-based curriculum which promotes most favorable child development and constructive parent child relationships for personal (home) visits, pre-natal classes for expectant parents at the PAT Center, and parent-child play groups also at the PAT Center. Another key service that PAT provides in Hoonah is developmental, vision and hearing screenings which can lead to early identification of developmental delays or health issues.

I personally have been very actively involved with Parents As Teachers from pregnancy to present day with my four year old. I can testify that my child and I have learned so much from the various facets of the PAT program. I can further testify that PAT has made a significant impact on my child's school readiness. I am confident that he will enter the Hoonah City School system with the knowledge and ability to learn expected of a kindergarten age child.

I strongly support PAT and the infinitely positive influence it has on families in this community.

Sincerely,

Marlene Duvall

Marlene Duvall
P.O. Box 313
Hoonah, AK 99829
(907) 945-3330 home

Feb. 19, 2009

Dear Representatives,

My name is Mónica Zarazua and I live in Hoonah. I am a parent and am actively involved in the Hoonah Parents as Teachers (PAT) program. I am writing this letter to ask that you support and vote yes on House Bill 69.

My son Jaden and I have been attending PAT since he was born and he is now 3 years old. I really enjoy all of the fun things that they offer my family.

PAT is a wonderful organization that offers many helpful things to me and my son. They do a Tots clinic which is a clinic that allows me to have my son checked by very skilled proffessionals at no cost to me which I greatly appreciate. They also have a family fun night every month where my son and I can have dinner and play games and also do arts and crafts with other families from the community who are also involed in the PAT.

PAT has helped me with many things. I have learned a lot from these caring and wonderful people. They work very hard to answer all of my questions so that I can be the best parent and teacher for my young son. My son Jaden also loves

coming to PAT for our home visits and for Family fun night. We are all like one big happy family.

I really hope you consider this and vote yes on House Bill 69.

Thank you

Sincerely,
Monica J. Zarazua
& Jaden L. Washington

Monica Zarazua
P.O. Box 534
Hoonah, AK 99829
(907) 957-6349

Dear Alaska State Representatives:

First, I would like to thank you - each one of you, for your time and efforts toward improving life for Alaskans, especially Alaskan youth.

I am writing to ask that you please VOTE YES ON HB69 Alaska's Parents As Teachers. I am a parent that participates and benefits from Hoonah Parents As Teachers.

PAT has helped me from the time I was pregnant with my son until present (my son is 4½ years old now) with being an effective parent and teacher to my son. PAT has trained staff and a wonderful resource library to draw from. Home visits are so helpful and Parent-Child Playgroups are well planned, educational and fun for kids. My son's favorite place to go during the week is to his playgroup on Fridays.

Thank you for supporting HB69 - Vote Yes.

Marlene Duval
PO Box 313, Hoonah, AK 99829
907-945-3737

Dear Representatives, Feb. 19. 2009

First and Foremost, thank you for your work with Alaskan children. I am writing you to ask for your support, and vote on house Bill 169 (Alaska Parent as teachers).

I am a parent actively involved in Hoonah's PAT program. This program has helped me become the parent I am today. I have learned patience, love, and how to help my children learn and grow.

P.A.T. offers several programs such as handling pregnancy, breastfeeding, and learning the developmental stages of your child. They offer a tots clinic to conduct an ages and stages screening at no cost to my family.

I have two daughters and one son. My daughter Zada is seven years old, My Second daughter Shayla is five. I have one son named Mitchel 3½ months. All of my children have participated in P.A.T All of my children enjoy family fun nights, which is also presented by the Hoonah PAT.

All Parent educators have worked hard to ~~be~~ answer my questions. It

really helps me be the confident parent I want to be!

Please concider a yes vote to house bill 69!

Melissa Thoalesen
Po box 513
Hoonah, Alaska 99829
1-907-209-8745

Dear representatives,
I'm a father of two. My name is Casey
I and my family are involved in P.A.T. in Hoonah
Alaska. We enjoy the program. I want you to
support House Bill 69. I am learning alot about my
own children and how do deal with the issues
you could have from being a father of two girls.
I and also learning more about baby's & mothers
then I ever thought possible ... I hope H.B. 69
passes...

Casey Burdle

P.O Box 1118
Hoonah, Alaska 99829

Dear Representative;

I am pleased with the program parents as teachers. The one in Hoonah, is helping. It helps the children that's in school and at home.

The classes they have is helpful, and family time is being together at meal time & play time.

I've worked with my boys and later their children and even my Great children. I am a great Grant parent.

Deborah a. Dalton
ph. 945-3360
post office Box 154
Hoonah, AK 99829

Feb 19, 09

Dear Representatives,

Thank you for your work for Alaska Children. It is programs such as PAT that help provide the educational programs a child needs to succeed in the (school) K-12 levels.

Please support House Bill 69 Alaska parents as Teachers. The program PAT has become wide spread and is fairly new, I know it is greatly important to have such programs to help children develope a stable education.

I am a parent in Hoonah PAT and the program has helped my son in many ways, Social interaction, Communication, and helped in preparing him for the school setting.

Thank You

Carrie Lindoff
BOX 221
Hoonah, Alaska
99829

Dear Representatives

Thank you for your work with Alaska's children. Please support House Bill 69 Alaska's Parents As Teachers Program

We are parents concerned over funding for the Parents As Teachers programs here in Alaska. We Strongly believe that through programs like these new parents like us could benifit.

This Program has helped us out with a prenatel program, lamaze, that helped out a lot during labor. Helped with our daughters learning & Social skills, provided reading material to check out. Family nights where we can Socialize with other families & make toys and games for our children.

Also taught classes to make regelia and how to weave something that we can pass on to our child. We think it's an excellent program

Christine & Warren Belford
P.O Box 335
Hoonah, Ak
99829

Feb 19 2009

Dear Representatives

Me gusta esté programa porqué se trata de ayudar a los niños y padres de familia. a como Tratar de educar o enseñar a sus hijos lo cual a mi persona creo que es un exdente programa para todo el pueblo que tanto lo necesitan y pienso que todos los niños estan felices de venir o que lo visiten a su hogar para brindales su gran ayuda

Vote yes on HB 69 Alaska parents as teachers. Gracias Atentamente

Feb 19 2009

Dear Representatives

I like this program because it helps children and parents of the family to teach their children. The program helps parents to educate and teach their children. For this I personally feel that it is a ~~excelent~~ program for the whole community. Please think of how happy it makes the children when they come to the program and when Parent Educators visit their homes. We need your help.

Vote Yes on HB 69 Alaska Parents As Teachers.

Andres Espinora Solano
Po box 453
Hoonah AK 99829

(Translated by Talina Sky Espinora)

Dear Representatives,

My name is Wilma G. Davis, As a former Parents As Teacher Educator, I would like to thank you all for your support for our Alaska children. My experience as Parent Educator gave me the advantage of having a very successful child care program in Juneau. I became a strong advocate of young children and their families.

The PAT program gave me all the knowledge and the information about early childhood education and the importance of age appropriate activities to enhance their development. Being

there for the parents make a big difference on how they worked with their children at home. Reassuring them that they are their children's best teacher is the greatest job of the Parent Educator.

Thank You Again . . .

Respectfully Yours,
Wilma G. Davis
P.O. Box 592
Hoonah AK. 99829

P.S.
Please support / vote yes on HB 69
Alaska Parents As Teacher.

From: Stacey Lane [mailto:lanes907@hotmail.com]
Sent: Wed 2/11/2009 9:43 AM
To: louie_flora@legis.state.ak.us
Subject: in support of HB69

I was hoping to give a verbal testimony, but I've got to get to work now. So please accept this e-mail as my testimony of support for this house bill.

A little background information:

My name is Anastasia Lane. I was raised in Seward, and am now raising my own family here as well. I have two children who have been involved in the local Head start program and parents as teachers programs. As many of you know, developmental disorders and learning disabilities are on the rise. My oldest child is on the Autism Spectrum, and it was from the wonderful educators in the Head start program that first to alerted me that my child was significantly behind her peers in her development. On the other hand, the year before she was enrolled in Head Start, the "educators" at a different daycare/preschool program repeatedly told me that my child was "just fine"... "and I was worrying over nothing". This was obviously detrimental to my daughters' future as I chose to believe them, because that's what I wanted to hear. Had I not been told by these so-called "educators" that she was "just fine" ; we would not have lost over a year of therapies that could have significantly helped her. I am truly grateful to the teachers at Head Start for seeing what other educators could not. I fully believe in a "checks and balance" system, because of my personal experiences. I believe that an agency or person who wants to be an early childhood educator should be held accountable for their success or failure as an educator as well as supports be in place for them.

When my second child was born, the Head start program had already been removed. I signed up for voluntary Parents as teacher program because I was very concerned about his development. I didn't know what "typical development" was as my experiences thus far had been significantly skewed. I truly welcomed our "home visits" and not for one moment did I feel it was an invasion of my privacy. I would save up my questions throughout the week to ask at our "home visits" and absorbed the information like a sponge. Those home visits were a ray of sunshine in an otherwise frightening time for my family. I believe the teachers and agencies who provide these services should be held accountable; whether it be an agency, an individual, or a parent. I am in support of establishing a rating system for early childhood education; and hope you will pass HB69 in support of many families in Alaska.

Sincerely,

Anastasia Lane
907-224-8626

-----Original Message-----
From: Jane Bailey [mailto:jbailey@chugachschools.com]
Sent: Thursday, January 22, 2009 9:03 AM
To: David Theriault
Cc: mpickle@ruralcap.com; bcrumley@chugachschools.com; dtreece@chugachschools.com
Subject:

I am writing in support of Alaska's Parents As Teachers.

Twenty-one employees from our Early Childhood Partnership districts (Chugach School District, Bering Strait School District, Kuspuk School District, and Lake and Peninsula School District) were able to participate in an excellent training provided by RurAL Cap called Parents As Teachers November 3-11, 2008. The PAT home intervention program and family group meetings are being implemented in 14/24 sites (58.33%) in the partnership districts. It will be implemented next year in the remaining sites. Our partnership currently serves 150 students ages 3 and 4.

We were only able to offer this service due to an ANE grant we received. We are currently in funding year 1 of 3.

The following are quotes by participants in the training:

Julie Egli, Unalakleet: "I believe with proper implementation, PAT may be the answer to our search for a quality research-based program to help our preschool children transition successfully into kindergarten."

Tonya Christensen, Port Heiden: "If we can get parents more involved, children will have more success in school."

Evelyn Chamberlain, Aniak: "PAT has lots of ideas on how to read to a child to issues such as toilet training biting, etc."

Valerie Engebretson, Nondalton: "There is so much we take for granted in our busy lives that we don't see all the great things we can share and learn with our children. PAT is a great experience for you to share with your child."

LeeAnn Galusha, Chenega Bay: "I love the resources that PAT provides."

Anna Gregorieff, Tatitlek: "Great material, great info!"

Unknown: "PAT empowers parents and gives our children the early interventions they need."

Waynna Fremin, Aniak: "The children in our communities deserve to be given this opportunity! Thanks for providing our district with this training."

Glenda Egli, King Salmon: "PAT provides a wealth of resources to support parents with their child's early learning and growth."

--
Jane Bailey
ANE Early Childhood Co-Coordinator
OIE Brighter Beginnings Coordinator
Chugach School District

From: Jan Thoemke [mailto:jlthoemke@atsi.tv]
Sent: Thursday, January 22, 2009 12:32 AM
To: David Theriault
Subject: Parents As Teachers Program

Dear Representative Gara,

I am writing this letter in support of establishing voluntary Parents As Teachers home visiting programs for children ages prenatally to age five in the state of Alaska.

I am the Director of Homer Children's Services/Birth 2 Three, an Early Intervention-Infant Learning Program in Homer, Alaska. I am also a Developmental Specialist for this agency. We currently provide early intervention services such as physical therapy, speech therapy, occupational therapy, special instruction and family service coordination to children in southern Kenai Peninsula that are experiencing developmental delays.

We also have a "Universal Access" program, which is operated under our "Parents As Teachers" program model. This program is offered to children and families prenatally to age three, regardless of delay. We team this program with our weekly playgroup activities, and have had huge success with identifying and meeting the needs of families in our community whose children may not meet the 50% developmental delay requirement that "Part C" early intervention dictates.

Our agency educator provides home visiting services utilizing "Parents as Teachers" curriculum as an added service to our weekly playgroup activity. This service is offered universally to families, with the only requirement being age (prenatal to age three for our agency).

The benefits of having this service available to families has been astonishing, to say the least. I can tell you with all certainty that this truly falls in the category of "proactive" care and support to families with young children. We are able to begin the journey with the family right from the start; ideally prenatally. This journey includes education in prenatal topics, breastfeeding, preparing for your newborn, fatherhood, postpartum depression, child development, parenting techniques, etc. The journey with our agency's home visitor/educator includes family support, community resource connection, a rich lending library of toys/equipment/books and other educational resources. We also join with other related agencies such as Public Health Nurses, to offer joint home visits to further support child and family needs.

The results of this effective service have been exciting. Our agency is able to establish a relationship early with a family, helping them to become more familiar with child development and early education needs. We are involved early in the child's life, and therefore if we have concerns about development, we can address the needs quickly and often with results that will bring the child to age appropriate development in a shorter span of time. We have been able to identify children and refer them to early intervention through this program.

Additionally, our program offers services of developmental screening through the Child Abuse Prevention and Treatment Act (CAPTA), which is an unfunded mandate. We have seen an increase in the number of referrals to our agency over the past year by 300%. The referrals are received from our local Office of Children's Services, and are children under the age of three that have experienced substantiated abuse or neglect. In other words, they are the children who are under age three, whose families are referred to OCS. Birth 2 Three provides developmental screening to these children and provides services as appropriately determined by the results of the screening.

Many of these children are not yet significantly delayed in development, but are living within a family that poses a high risk environment. It may just be a matter of time until a developmental delay exists with many of these children. The "Parents As Teachers" home visiting program is often a great fit for these families, whose child may not qualify for early intervention. Home visiting allows for relationship building

with the family, support and mentorship. The burden that this lifts from our OCS system has been established already and results have been positive.

As wonderful as this sounds, I would like to address the limitation that our agency is experiencing. This involves adequate funding of our "Parents As Teachers" home visiting program. We must locate other sources of funding, which for Homer Children's Services/Birth 2 Three, is sought after through United Way of Kenai Peninsula and the City of Homer. Although very much appreciated, this has not adequately funded the need of the "Parents As Teachers" program. We could be offering a great deal more to families; frequency of home visits, more resources, educational materials, activities, and increasing our enrollment of families. Additionally, our funds for this program are being threatened with the existing trends of the economy. Birth 2 Three may not be able to continue to offer this service to families in the future without support.

"Parents As Teachers" is a program that is modeled after best practices, is family-centered and family-strengthening. I believe that if we can get behind this initiative and bring this home visiting model to our state of Alaska, while funding it appropriately, we will see positive results. These results could be obtained within a fairly short time-span and with cost-effectiveness, quite possibly acting as the catalyst in moving our state toward reducing the incidence of child abuse and neglect.

Thank you for your consideration, passion and hard work on this initiative. If you have any questions, comments, or need further information, please don't hesitate to call me.

Respectfully,

Jan Thoemke, Director
Homer Children's Services/Birth 2 Three
3691 Ben Walters Lane, Suite #4
Homer, Alaska 99603
(907) 235-6044
(907) 235-2644 fax
jthoemke@acsalaska.net

From: Mary J. Kasayulie [mailto:mkasayulie@bbahc.org]
Sent: Wednesday, January 21, 2009 4:15 PM
To: David Theriault
Subject: Letter of Support

Hi, my name is Mary Jane Kasayulie. I am a former PAT teacher and a former mom of a child that was in PAT. I would fully support the PAT program. I am a firm believer in the PAT program. I have a daughter and my family benefited from the program. I have been working in Early Childhood Program for most of my career and I believe earlier the interventions the more a child can benefit from any schooling because it is the foundation of a childs learning skills.

I know work for the Infant Learning Program here in Dillingham and I know that it is making a difference in children's lives. I know that I t also helps parents understand the importance of what more their children can have. Being from a small community they don't have all the programs at their grasp and to bring out Parents As Teacher educators it would make it a lot better. Teach young as the baby in the mother womb. As early childhood educators I know we can make a difference in a child. One think I look at and let parent know if deal with the issues young and help make brighter children. As children get older they have issues with being embarrassed of being in a program but when they are young, they are just happy that someone wants to play with them.

Thank you,

Mary Jane Kasayulie
PO BOX 130
Dillingham Alaska, 99576
1-888-648-4325 or local 842-3398
FAX 1-907-842-2039

Confidentiality Notice: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information pursuant to state and federal laws. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient please contact the sender by reply e-mail and destroy all copies.

Dear Representatives

Thank you for your work for Alaska Children's Fund. I am a parent in the Hoonah Pat Center. The program has Helped me in many ways such as from the time I got pregnant with my childe they gave me all the information I need to learn what I was to expect an every month they give me stuff on what my child should Be doin

I am thankful to have this program here they teach me on how to deal with my kids when they are Bad this program makes my life easyer. Thank you again

Thank you
Amelia Lafferty
PO Box 425
Hoonah AK 99829
945-3126

Cathy Henderson
P O Box 505
Kake, AK 99830

February 5, 2009

Representative Chris Tuck
Fax (907) 465-3810
Attn: Aurah Laneau

Dear Rep. Tuck,

I am a Head Start Teacher Aide in Kake. Our program has received four three year old children in the past two to three years as early entries to our program which serves ages three to five year old children. The early entry children have entered our program as soon as they turn three vs. having to wait on the calendar school year before they can start. The reason for their early entry is because they have been identified as having some sort of developmental or physical delays. These children are identified through either the Early Infant Leaning Program or the Parents as Teachers Program. The early intervention they have received has allowed them to overcome delays that left unaddressed likely would be carried with them throughout their lives. While children are still young they can learn to correct behaviors and impediments. If not addressed early problems become habit.

I feel early identification of correctable concerns is the primary asset to having the Parents as Teacher Program (PAT). In addition, the program is a very much needed partnership with the parent. Most parents have no idea what is developmentally appropriate for their children. Developmentally appropriate means knowledge of: at what stage a child is ready to learn what, when it is best to introduce new things and how to do so in order for the child to best ingest it. To put it as simple as possible, the PAT program can help a parent see that the basics like talking to, interacting with and reading to your child from the beginning of life is instrumental to their learning ability.

Please, on behalf of Alaska's children; help provide this valuable tool to the communities that have no idea what they are missing.

Sincerely,

Cathy Henderson

Cathy Henderson

February 9, 2009

Dear Representative Tuck,

Hello, my name is Wanda Friday and I am the Teacher Director at the Head Start Center here in Kake. I am writing in support of the Parents As Teachers program (House Bill 69). I think it is a very valuable program – it not only benefits the infants/toddlers & their families, but parents and parents-to-be as well! I am the PAT home visitor's supervisor here in Kake and I am required to accompany her on 3 home visits & to observe three of her group socials. I have seen first hand what activities and information is provided to parents & children. The home visitor wears many, many hats! She provides activities for the parents to do with their child on the visit & for them to also continue doing throughout the week (until their next visit) which helps the child strengthen & develop specific skills. The home visitor also provides parents with information about their child's development. On every visit, each child receives a storybook that they get to keep, which promotes literacy! Last, but not least, the home visitor is an advocate for children & parents, whether it is helping families with an immediate need (such as emergency assistance for fuel or food) or helping them get a referral for medical services.

The PAT program is valuable to me because they help us find children for our program. Most importantly, the PAT program works with the Infant Learning Program to help identify children with special needs and they both work together to make sure children and their families receive all of the services they need. We have wonderful success stories here in Kake regarding children who have transitioned from Infant Learning & the Parents As Teachers program into our center. The sooner needs are identified, the sooner children can receive the services they need to help them succeed in school and in life. Thank you for your time and thank you for supporting this wonderful program!

Sincerely, Wanda R. Friday

Wanda R. Friday, TD

Kake City School District

P.O. Box 450
Kake, Alaska 99830
(907) 785-3741

February 7, 2009

Representative Chris Tuck
Capitol Building Room: 426
Juneau, AK 99801

Dear Representative Tuck:

I write this letter in support of House Bill 69: Parents as Teachers. It is well known that parents are their children's first teachers. Sadly, however, many parents lack the skills and/or knowledge to send their children to school ready to learn. The voluntary Parents as Teachers home visiting program for families with children prenatally up to kindergarten entry age highlighted in HB 69 appears ideally suited to fill this gap.

Please know that the Kake City School District fully supports HB 69 and urges its passage. The future of our community, state and nation requires our best efforts to secure rich educational opportunities for our children beginning at the earliest possible age, ideally in the family home.

We in Kake are thankful for the current Parents as Teachers and Head Start programs operating in our district and feel that an expansion of the Parents as Teachers program state wide would bring forth results far exceeding the funds required to implement the program. Please contact our district office if we can provide additional support.

Respectfully,

Ralph O. Crosslin

Ralph O. Crosslin
Superintendent

Kake City School District Is an Equal Opportunity Employer

-----Original Message-----
From: rose wassillie [mailto:togiakrose@yahoo.com]
Sent: Wednesday, March 11, 2009 10:56 AM
To: Rep. Les Gara
Subject: Parent As Teachers program

Thank you Rep. Gara for your support in this program. My child has been in the program since she was one years old she is now four years old. Her desire is to go to "big school". She enjoys the program so much. This has encouraged me as a parent to become involved in school activities. This is positive and very encouraging program for children and parents. Once again, Thank you for your support.

PAT Parent Rose Wassillie

1 Peter 5:7 "casting all your care upon Him, for He cares for you."

Aurah Landau

From: Audrey Jones [audreyjaz@yahoo.com]
Sent: Thursday, February 12, 2009 4:04 PM
To: Rep. Chris Tuck
Subject: Fw: home base schools

My name is Audrey Jones from Fairbanks, Alaska. I had my son in the home base program (Parents as Teachers) starting when he was 2 years old. I am a stay at home mom and it was eye opening for me to realize how much I could teach him at home.

The program helped me teach him colors, shapes, sorting and more importantly how to play and explore with him. I've played some but, I'm always trying to clean the house, run the errands, cook dinner, do the laundry and I never saw play with him as imortant. If it wasn't for this program, him and I would have driven each other nuts.

He is now four years old and in the headstart program, but we have made a connection with each other that I think we would have missed out on if it had not been for the home base program. A speech impediment was recognized early on and the home base teacher helped us find a speech therapist for my son.

Plus, I always looked forward to the home base visiting us just to have an adult to chat with during the week. She gave me helpful ideas, encouragement and sometimes a shoulder when none others were available.

The program also offered us socials to attend, once a month, to get together with other kids and their parents. They offered lunch or dinners and opportunities to play in groups. He has transitioned nicely into a headstart program through these socials and the structure and regularity that our home base teacher provided.

Thank you for funding these programs that reached out to a home bound mother that luckily was accepted as a recipient of their services.

A sunbeam to warm you,
A moonbeam to charm you,
A sheltering angel, so nothing can harm you.
~Irish Blessing

Representative Chris Tuck

State Capitol Building

4th Floor, Room 426

Juneau, AK 99801

Phone: (907) 465-2095

Dear Representative Chris Tuck,

I am writing to ask you to support continued funding for the RurAL CAP Parents as Teachers (PAT) Program. My daughter and I are participants in the Anchorage PAT Program and I want to share with you some of the ways the program has impacted our lives.

Our PAT Family Visitor provides home visits every other week. At each visit she shares information on brain development and how I can foster my daughter's growth and development. We always learn a new activity that is specific to my daughter and her milestones. Each visit also includes a book or literacy activity and often we get a book to keep and add to our own collection. We enjoy each visit and the fun activities our PAT Family Visitor shares with us.

The PAT Program holds group socializations at least twice every month. These provide opportunities for children and parents to get together, play, learn something new and have fun! We are looking forward to our next group social at the public library where we will learn about all of the activities they provide for children.

Our PAT Family Visitor has also been a huge support to me in the loss of one of my children. She has offered me resources and even more importantly an ear to listen when I'm having a rough day. Although I don't think I will ever completely heal from this loss; the PAT Program has provided me with some of the tools I need to be the best mother I can be for my daughter.

The PAT Program has taught me that I am my daughter's first and best teacher. My daughter was born 10 weeks premature and is flourishing; I am certain that our participation in the PAT Program has given her an advantage and has given me the tools and resources I need to better support her growth and development. The PAT Program has empowered me to be an advocate for my daughter.

I hope that you will share this with your colleagues and please encourage them to also support funding for the RurAL CAP PAT Program.

Sincerely,

Alicia Notti

RurAL CAP PAT Parent

Carolyn Robison

From: PAT Anchorage
Sent: Thursday, February 12, 2009 1:41 PM
To: Carolyn Robison
Subject: Parent Letter of support

Hi Carolyn. I don't know who to forward this to but I'm sure you do! I may be sending you one or two more. Thanks! -Rozel

---

From: Jeudy_Baby [mailto:jeudy_baby@asdk12.org]
Sent: Thu 2/12/2009 11:41 AM
To: PAT Anchorage
Subject: Parents As Teachers

Chris Tuck,

I am writing this letter to express how bless i am to be in the PAT program. I am a single mother of one and also young. I teach bilingual for elementary level kids but didn't know how to teach my 1 year. Rozel is a wonderful person to learn from she is very understanding flexible and down to earth. I am very happy that she is the type of person she is which reflex on the program. She always shared different resources with me and does researoh on various things that I might need. My daughter is learning three different languages and is also speaking all three of them. We love coming out to our PAT nights and learn new ways that I can help my daughter with and also she knows that she'll end up with a free book. I've learned how to use just regular stuff around the house to teach my daughter to learn how to be more independent and grow. I've learn so many ways that I can spend with her just doing little things that she can use later on in life i am so bless and eternally thankful that I could be in a program that teaches me how to be a better mother something I personally pray about everyday. I'm bless for the guidance. When Rozel left me a message wondering if i could write to you and sharing with you why I think that the PAT program deserve the states Grant I was very happy to write because the program changed my life and my daughters it's helping us learn from each other. I even use some of the wonderful learning tactics with my little kindergartens so it works. Again the PAT progam deserve the State grants and every other grants out there. Thank you Have a great day.

Baby Jeudy
Muldoon Elementary School
Bilingual
(907) 742-1406
Jeudy_baby@asdk12.org

Aurah Landau

From: NicShelt9@aol.com

Sent: Monday, February 16, 2009 7:07 PM

To: Rep. Paul Seaton; Rep. Chris Tuck; Rep. Bob Buch; Rep. Bryce Edgmon; Rep. Wes Keller; Rep. Cathy Munoz; Rep. Peggy Wilson

Subject: HB 69 Alaska Parents as Teachers

Representatives of the House Education Committee,

I needed to summarize for other public uses my last week's testimony regarding Parents as Teachers. I thought it may be of some use to you for your future deliberations on HB 69.

I have worked in the Parents as Teachers program for the past 14 years. I was fortunate enough to be the first parent educator hired when Hoonah implemented PAT in 1995, the first program in Alaska. The program has now expanded to 47 communities across Alaska.....because it works!

PAT is a win-win program: parents are empowered to take control of their children's learning from birth. Parent educators offer families personalized visits, which are conducted at the location of the parents' choosing. Usually it is in the home, but visits also occur at Head Start, child care centers/homes, McDonald's, or church basements. Visits occur where the families choose to visit. The advantage of the homes is that parent educators can coach the parent with the parent-child activity using the materials normally found in the child's environment. 70% of Hoonah's visits occur at homes; 30% occur at other places.

PAT is a "strengths model" which stresses that parents are the experts of their children, and that families will set their own goals for their children. Empowerment results when the parent educator is the resource who offers research-based strategies and options. It is the parents who choose which options are appropriate for their family and circumstances.

I became a National Trainer for the Parents as Teachers National Center in 1995. I periodically train new parent educators in Alaska and the lower 48, although Alaska is my priority. The training is intense, and parent educators must pass daily assessments, a role-play of a personal visit with a family, and be evaluated as competent to deliver the PAT services to families. Not every participant in the trainings is certified, and the standards are strict. Parent educators are not state employees or caseworkers, but are local residents hired by the local program who operates Parents as Teachers.

Parents as Teachers works with all family configurations: single parents, teen parents, grandparents raising grandchildren, foster and adoptive parents, and extended families rearing children. Each family's goals are different; each personal visit is different as a result.

Parents as Teachers works equally well with families who choose differing education avenues for their children: home schooling, public schools, or private schools. PAT is the first step in parents taking control of their children's learning at birth. Private schools aren't an option in Hoonah, but PAT has been popular with home-schooling parents here. One of our current PAT parent educators and one of our previous parent educators also homeschooled their children, a clear indication

that the partnership works very well.

School readiness is so vital to children. Independent research shows that children who participate in Parents as Teachers enter Kindergarten ready to learn, and they have great success throughout their elementary years. This is true regardless of which educational option families choose at age 5.

I urge you to vote yes on HB 69. The Parents as Teachers' vision is that "All children will learn, grow, and develop to their full potential." All Alaskan communities can achieve this as a reality through Parents as Teachers.

If I can provide any information about the Parents as Teachers program, the training component, or other aspects of PAT, please don't hesitate to contact me.

Thank you for your time and for your work on the Education Committee on behalf of Alaska's youngest citizens.

Nicki Shelton, National Trainer
Parents as Teachers
PO Box 101
Hoonah, AK 99829

(907) 945-3380

****
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Aurah Landau

From: David Theriault
Sent: Thursday, January 22, 2009 8:15 AM
To: Aurah Landau
Subject: One more letter of support

Dear Representative Gara,

I am writing this letter in support of establishing voluntary Parents As Teachers home visiting programs for children ages prenatally to age five in the state of Alaska.

I am the Director of Homer Children's Services/Birth 2 Three, an Early Intervention-Infant Learning Program in Homer, Alaska. I am also a Developmental Specialist for this agency. We currently provide early intervention services such as physical therapy, speech therapy, occupational therapy, special instruction and family service coordination to children in southern Kenai Peninsula that are experiencing developmental delays.

We also have a "Universal Access" program, which is operated under our "Parents As Teachers" program model. This program is offered to children and families prenatally to age three, regardless of delay. We team this program with our weekly playgroup activities, and have had huge success with identifying and meeting the needs of families in our community whose children may not meet the 50% developmental delay requirement that "Part C" early intervention dictates.

Our agency educator provides home visiting services utilizing "Parents as Teachers" curriculum as an added service to our weekly playgroup activity. This service is offered universally to families, with the only requirement being age (prenatal to age three for our agency).

The benefits of having this service available to families has been astonishing, to say the least. I can tell you with all certainty that this truly falls in the category of "proactive" care and support to families with young children. We are able to begin the journey with the family right from the start; ideally prenatally. This journey includes education in prenatal topics, breastfeeding, preparing for your newborn, fatherhood, postpartum depression, child development, parenting techniques, etc. The journey with our agency's home visitor/educator includes family support, community resource connection, a rich lending library of toys/equipment/books and other educational resources. We also join with other related agencies such as Public Health Nurses, to offer joint home visits to further support child and family needs.

The results of this effective service have been exciting. Our agency is able to establish a relationship early with a family, helping them to become more familiar with child development and early education needs. We are involved early in the child's life, and therefore if we have concerns about development, we can address the needs quickly and often with results that will bring the child to age appropriate development in a shorter span of time. We have been able to identify children and refer them to early intervention through this program.

Additionally, our program offers services of developmental screening through the Child Abuse Prevention and Treatment Act (CAPTA), which is an unfunded mandate. We have seen an increase in the number of referrals to our agency over the past year by 300%. The referrals are received from our local Office of Children's Services, and are children under the age of three that have experienced substantiated abuse or neglect. In other words, they are the children who are under age three, whose families are referred to OCS. Birth 2 Three provides developmental screening to these children and provides services as appropriately determined by the results of the screening.

Many of these children are not yet significantly delayed in development, but are living within a family that poses a high risk environment. It may just be a matter of time until a developmental delay exists with many of these children. The "Parents As Teachers" home visiting program is often a great fit for these families, whose child may not qualify for early intervention. Home visiting allows for relationship building with the family, support and mentorship. The burden that this lifts from our OCS system has been established already and results have been positive.

As wonderful as this sounds, I would like to address the limitation that our agency is experiencing. This involves adequate funding of our "Parents As Teachers" home visiting program. We must locate other sources of funding, which for Homer Children's Services/Birth 2 Three, is sought after through United Way of Kenai Peninsula and the City of Homer. Although very much appreciated, this has not adequately funded the need of the "Parents As Teachers" program. We could be offering a great deal more to families; frequency of home visits, more resources, educational materials, activities, and increasing our enrollment of families. Additionally, our funds for this program are being threatened with the existing trends of the economy. Birth 2 Three may not be able to continue to offer this service to families in the future without support.

"Parents As Teachers" is a program that is modeled after best practices, is family-centered and family-strengthening. I believe that if we can get behind this initiative and bring this home visiting model to our state of Alaska, while funding it appropriately, we will see positive results. These results could be obtained within a fairly short time-span and with cost-effectiveness, quite possibly acting as the catalyst in moving our state toward reducing the incidence of child abuse and neglect.

Thank you for your consideration, passion and hard work on this initiative. If you have any questions, comments, or need further information, please don't hesitate to call me.

Respectfully,

Jan Thoemke, Director
Homer Children's Services/Birth 2 Three
3691 Ben Walters Lane, Suite #4
Homer, Alaska 99603
(907) 235-6044
(907) 235-2644 fax
jthoemke@acsalaska.net

-----Original Message-----
From: Jane Bailey [mailto:jbailey@chugachschools.com]
Sent: Thursday, January 22, 2009 9:03 AM
To: David Theriault
Cc: mpickle@ruralcap.com; bcrumley@chugachschools.com; dtreece@chugachschools.com
Subject:

I am writing in support of Alaska's Parents As Teachers.

Twenty-one employees from our Early Childhood Partnership districts (Chugach School District, Bering Strait School District, Kuspuk School District, and Lake and Peninsula School District) were able to participate in an excellent training provided by RurAL Cap called Parents As Teachers November 3-11, 2008. The PAT home intervention program and family group meetings are being implemented in 14/24 sites (58.33%) in the partnership districts. It will be implemented next year in the remaining sites. Our partnership currently serves 150 students ages 3 and 4.

We were only able to offer this service due to an ANE grant we received. We are currently in funding year 1 of 3.

The following are quotes by participants in the training:

Julie Egli, Unalakleet: "I believe with proper implementation, PAT may be the answer to our search for a quality research-based program to help our preschool children transition successfully into kindergarten."

Tonya Christensen, Port Heiden: "If we can get parents more involved, children will have more success in school."

Evelyn Chamberlain, Aniak: "PAT has lots of ideas on how to read to a child to issues such as toilet training biting, etc."

Valerie Engebretson, Nondalton: "There is so much we take for granted in our busy lives that we don't see all the great things we can share and learn with our children. PAT is a great experience for you to share with your child."

LeeAnn Galusha, Chenega Bay: "I love the resources that PAT provides."

Anna Gregorieff, Tatitlek: "Great material, great info!"

Unknown: "PAT empowers parents and gives our children the early interventions they need."

Waynna Fremin, Aniak: "The children in our communities deserve to be given this opportunity! Thanks for providing our district with this training."

Glenda Egli, King Salmon: "PAT provides a wealth of resources to support parents with their child's early learning and growth."

--
Jane Bailey
ANE Early Childhood Co-Coordinator
OIE Brighter Beginnings Coordinator
Chugach School District

From: Jan Thoemke [mailto:jlthoemke@atsi.tv]
Sent: Thursday, January 22, 2009 12:32 AM
To: David Theriault
Subject: Parents As Teachers Program

Dear Representative Gara,

I am writing this letter in support of establishing voluntary Parents As Teachers home visiting programs for children ages prenatally to age five in the state of Alaska.

I am the Director of Homer Children's Services/Birth 2 Three, an Early Intervention-Infant Learning Program in Homer, Alaska. I am also a Developmental Specialist for this agency. We currently provide early intervention services such as physical therapy, speech therapy, occupational therapy, special instruction and family service coordination to children in southern Kenai Peninsula that are experiencing developmental delays.

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Thank you for your consideration, passion and hard work on this initiative. If you have any questions, comments, or need further information, please don't hesitate to call me.

Respectfully,

Jan Thoemke, Director
Homer Children's Services/Birth 2 Three
3691 Ben Walters Lane, Suite #4
Homer, Alaska 99603
(907) 235-6044
(907) 235-2644 fax
jthoemke@acsalaska.net

HB

70

<target><bill>HB 70</bill><subject>HB
70</subject><comm>HFIN26</comm></target>

Alaska State Legislature

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Representative Carl Gatto

Sponsor Statement
HB 70
Alaska Grown Agricultural Products

The Farm-to-School Act is similar to programs proposed in several other states. Its intent is to strengthen links between state agriculture and state food procurement in schools, expand local markets, improve nutrition, and even benefit the environment. It improves upon current law that requires schools receiving state moneys to purchase agricultural products harvested if the state if, and only if, they are priced no more than seven percent higher than similar products imported to Alaska.

A Farm-to-School Program is created to facilitate increased procurement of Alaska grown foods by schools. The program will, in order of priority:

- Identify and develop policies and procedure, including proposed uniform procurement procedures, to implement and evaluate the program;
- Assist food producers, distributors, and brokers to market Alaska grown food to schools by informing them of opportunities and requirements;
- Assist schools in connecting with local producers by informing them of sources, availability and benefits of Alaska grown foods;
- Identify and recommend ways to increase predictability of sales and adequacy of supply;
- Make available publications allowing students to see benefits of preparing and consuming locally-grown food;
- Support efforts to advance other farm-to-school extensions such as school gardens or farms, and farm visits; and
- Seek additional funds to leverage state expenditures;

The Division of Agriculture must, cooperating with the Department of Education & Early Development, collect data on program activities and report biennially to the Legislature their progress beginning January 2010.

HB 70 also gives schools the authorization to create a school garden or even a farm. In doing so they must also allow students representing student organizations the opportunity to be involved in the garden or farm operation. Schools may teach both organic and traditional farming methods.

This bill sunsets on July 1, 2013.

Alaska State Legislature

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Alaska State Capitol, Rm 108
Juneau, AK 99801-1182

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Representative Carl Gatto

Chair, House Military and Veteran Affairs Committee
District 13 - Palmer

Fact Sheet HB 70

"An Act establishing the Farm-to-School program in the Department of Natural Resources, and relating to school gardens and Farms."

What is the Farm-to-school Program?

- Fresh local foods served in schools
- In class nutrition education
- School gardens or farms
- Farm tours

Farm-to-School impacts:

- Increased fruit & vegetable consumption
- Improved knowledge, attitudes, and behavior concerning healthy eating

Sustainable food is:

- Grown organically/with natural methods…
- On a small or medium sized family farm…
- That treats its workers well…
- And then is sold for a fair price…
- Transported and bought relatively close to where it was grown…
- And eaten fresh and in season.

Impacts of current food system

- Chronic diseases, antibiotic resistance & food-borne illnesses
- Sprawl & farmland loss
- Water contamination
- Crop and biological diversity
- Pesticide exposure
- Air quality & energy use
- Economic justice

Farm-to-School can:

- Support sustainable farmers
- Teach kids to make lifelong healthy choices
- Reinvigorate school meal programs
- Support the local economy

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: April 3, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/9/10

The FINANCE Committee considered: **HOUSE BILL NO. 70**

"An Act establishing the farm-to-school program in the Department of Natural Resources, the Alaska grown fresh fruit and vegetable grant program in the Department of Education and Early Development, the farmers' market technology improvement pilot program in the Department of Environmental Conservation, and the farmers to food banks pilot program in the Department of Commerce, Community, and Economic Development."

HB 70 ALASKA GROWN AGRICULTURAL PRODUCTS

Recommends it be replaced with [ ] HCS *or* [✓] CS for HB 70 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [✓] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES** *Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero
EED				✓
DNR		✓		

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Gara	✓			
	DEGAN			✓	
	Austerman			X	
	FOSTER			X	
	KELLY			✓	
	Salmon			X	
	Foyle			✓	
Chair:	Stoltze	X			
Chair:	Hawker			X	

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSHB70(RES)**
() Publish Date: 4/9/2010

Identifier (file name): HB70CS(RES)-DNR-AG-04-09-10
Dept. Affected: Natural Resources
Title: Alaska Grown Agricultural Products
RDU: Resource Development
Component: Agriculture Development
Sponsor: Representative(s) Gatto, Ramras, Guttenberg, Gruenberg
Requester: House Resources
Component Number: 455

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services	126.1		126.1	126.1			
Travel	30.0		30.0	30.0			
Contractual	25.0		25.0	25.0			
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**181.1**	**0.0**	**181.1**	**181.1**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	181.1		181.1	181.1			
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**181.1**	**0.0**	**181.1**	**181.1**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	1		1	1			
Part-time	1		1	1			
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

A Farm-to School program – as outlined in Sec. 2 of HB 70 – would be created in the Division of Agriculture to increase procurement and use of Alaska grown foods in the public schools and make available existing curricula, programs and publications that educate students on the benefits of preparing and consuming foods grown locally. A Development Specialist, Range 18, $81.9, would implement Section 2, in conjunction with a seasonal Agriculture Inspector, Range 16, $44.2 to implement section 4. Travel expenses will be used to cover travel to ***selected*** districts to educate students on the benefit of growing and consuming healthy local produce. Contractual will cover the cost of curriculum coordinated with the Department of Education to educate youth on the benefit of growing and consuming healthy local produce. Section 5 of the bill repeals the Farm to School Program July 1, 2013.
*Alaska has 55 school districts with approximately 500 public schools.

Prepared by: Franci Havemeister
Phone 907-761-3867
Division: Division of Agriculture
Date/Time: April 9, 2010
Approved by: Tom Irwin, Commissioner
Date: April 9, 2010
Natural Resources

(Revised 11/6/2009 OMB)

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSHB70**
() Publish Date:

Identifier (file name): CSHB070-EED-TLS-3-24-09
Dept. Affected: Education & Early Develo
Title "An Act establishing the farm-to-school program in the Department of Natural Resources..."
RDU Teaching & Learning Support
Component Child Nutrition Services
Sponsor Rep. Gatto
Requester House Finance
Component Number 1955

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*
This CS of HB070 has no fiscal impact on DEED.

Prepared by: Eddy Jeans, Director
Phone 465-8679
Division School Finance
Date/Time 4/8/10 12:00 AM
Approved by: Larry LeDoux
Date 4/8/2010
Commissioner

(Revised 10/13/2009 OMB)

Adopted 4/9/10

26-LS0284\P
Bannister
4/8/10

CS FOR HOUSE BILL NO. 70(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES GATTO, Ramras, Guttenberg, Gruenberg

A BILL

FOR AN ACT ENTITLED

"An Act establishing the farm-to-school program in the Department of Natural Resources, and relating to school gardens, greenhouses, and farms."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 03.05.010(a) is amended to read:

(a) The commissioner of natural resources shall

(1) direct, administer, and supervise promotional and experimental work, extension services, and agricultural projects for the purpose of promoting and developing the agricultural industry within the state including such fields as horticulture, dairying, cattle raising, fur farming, grain production, vegetable production, and development of other agricultural products;

(2) procure and preserve all information pertaining to the development of the agricultural industry and disseminate that information to the public;

(3) assist prospective settlers and others desiring to engage in the agricultural industry in the state with information concerning areas suitable for

agriculture and other activities and programs essential to the development of the agricultural industry in the state;

(4) review the marketing, financing, and development of agricultural products inside the state including transportation, with special emphasis upon local production, and negotiate for the marketing of agricultural products of the state with federal and state agencies operating in the state;

(5) regulate and control the entry into the state and the transportation, sale, or use inside the state of plants, seeds, vegetables, shell eggs, fruits and berries, nursery stock, animal feeds, remedies and mineral supplements, fertilizers, and agricultural chemicals in order to prevent the spread of pests, diseases, or toxic substances injurious to the public interest, and to protect the agricultural industry against fraud, deception, and misrepresentation; in this connection, the commissioner may require registration, inspection, and testing, and establish procedures and fees; [AND]

(6) regulate the farming of elk in a manner similar to the manner in which the commissioner regulates domestic animals and livestock, to the extent that is appropriate;

(7) implement the farm-to-school program established in AS 03.20.100.

*** Sec. 2.** AS 03.20 is amended by adding a new section to read:

Article 2. Farm-to-school Program.

Sec. 03.20.100. Farm-to-school program established. (a) The farm-to-school program is established in the department to increase the procurement and use by public schools of food grown in the state.

(b) The department, in consultation with the Department of Health and Social Services, the Department of Education and Early Development, the Department of Administration, and the University of Alaska Cooperative Extension Service, shall, in order of priority,

(1) coordinate with school procurement officials, buying cooperatives, and other appropriate organizations to develop uniform procurement policies and procedures, as well as materials and practical recommendations, to facilitate the

procurement and use by public schools of food grown in the state; these policies, procedures, materials, and recommendations shall be made available to school districts to adopt at their discretion;

(2) assist food producers, distributors, and food brokers to market food grown in the state to public schools by informing school districts of food procurement opportunities, bid procedures, purchasing criteria, and other relevant requirements;

(3) assist public schools in connecting with local producers by informing the schools of the resources and availability of food grown in the state and the nutritional, environmental, and economic benefits of purchasing the food grown in the state;

(4) identify and recommend mechanisms that will increase the predictability of sales for producers and the adequacy of supply for purchasers;

(5) identify and make available to public schools existing curricula, programs, and publications that educate students on the nutritional, environmental, and economic benefits of preparing and consuming food grown in the state;

(6) support efforts to advance other farm-to-school activities, including school gardens, school farms, and farm visits;

(7) as resources allow, seek additional funding to leverage state expenditures for the program.

(c) Beginning January 25, 2011, the department, in cooperation with the Department of Education and Early Development, shall collect data on the activities conducted under this section and report the data biennially to the legislature. The data collected must include the number of schools and farms participating in the program established under (a) of this section and the increase, if any, in the procurement by the public schools of food grown in the state.

(d) This section does not modify AS 36.15.050 and 36.15.060 regarding preferences for Alaska agricultural and fisheries products.

(e) In this section,

(1) "food grown in the state" includes fruits and vegetables grown in the state and meat and dairy products produced in the state;

(2) "program" means the farm-to-school program described in this

section.

* **Sec. 3.** AS 14.07.020(a) is amended to read:

(a) The department shall

(1) exercise general supervision over the public schools of the state except the University of Alaska;

(2) study the conditions and needs of the public schools of the state, adopt or recommend plans, administer and evaluate grants to improve school performance awarded under AS 14.03.125, and adopt regulations for the improvement of the public schools;

(3) provide advisory and consultative services to all public school governing bodies and personnel;

(4) prescribe by regulation a minimum course of study for the public schools; the regulations must provide that, if a course in American Sign Language is given, the course shall be given credit as a course in a foreign language;

(5) establish, in coordination with the Department of Health and Social Services, a program for the continuing education of children who are held in detention facilities in the state during the period of detention;

(6) accredit those public schools that meet accreditation standards prescribed by regulation by the department; these regulations shall be adopted by the department and presented to the legislature during the first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;

(7) prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards that will assure healthful and safe conditions in the public and private schools of the state, including a requirement of physical examinations and immunizations in pre-elementary schools; the standards for private schools may not be more stringent than those for public schools;

(8) exercise general supervision over pre-elementary schools that receive direct state or federal funding;

(9) exercise general supervision over elementary and secondary

correspondence study programs offered by municipal school districts or regional educational attendance areas; the department may also offer and make available to any Alaskan through a centralized office a correspondence study program;

(10) accredit private schools that request accreditation and that meet accreditation standards prescribed by regulation by the department; nothing in this paragraph authorizes the department to require religious or other private schools to be licensed;

(11) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction or major maintenance project; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, and final contract documents;

(12) provide educational opportunities in the areas of vocational education and training, and basic education to individuals over 16 years of age who are no longer attending school;

(13) administer the grants awarded under AS 14.11;

(14) establish, in coordination with the Department of Public Safety, a school bus driver training course;

(15) require the reporting of information relating to school disciplinary and safety programs under AS 14.33.120 and of incidents of disruptive or violent behavior;

(16) establish by regulation criteria, based on low student performance, under which the department may intervene in a school district to improve instructional practices, as described in AS 14.07.030(14) or (15); the regulations must include

(A) a notice provision that alerts the district to the deficiencies and the instructional practice changes proposed by the department;

(B) an end date for departmental intervention, as described in AS 14.07.030(14)(A) and (B) and (15), after the district demonstrates three consecutive years of improvement consisting of not less than two percent increases in student proficiency on standards-based assessments in math,

reading, and writing as provided in AS 14.03.123(f)(2)(A); and

(C) a process for districts to petition the department for continuing or discontinuing the department's intervention;

(17) notify the legislative committees having jurisdiction over education before intervening in a school district under AS 14.07.030(14) or redirecting public school funding under AS 14.07.030(15)**;**

(18) assist the Department of Natural Resources in developing and implementing the farm-to-school program established under AS 03.20.100.

*** Sec. 4.** AS 14.30 is amended by adding a new section to article 7 to read:

Sec. 14.30.375. School gardens, greenhouses, and farms. (a) A school district may authorize or operate a school garden, greenhouse, or farm. The garden, greenhouse, or farm must be used for educational purposes and for growing fruits and vegetables for consumption by the students through the school district's meal and snack program.

(b) If a school district operates a school garden, greenhouse, or farm, the district shall give students representing student organizations, including vocational programs, the opportunity to be involved in the operation of the school garden, greenhouse, or farm.

(c) When a school garden, greenhouse, or farm is used for educating students about agricultural practices, students shall be afforded the opportunity to learn about both organic and conventional growing methods.

(d) If a school district operates a school garden, greenhouse, or farm, the excess fruit and vegetables may be sold.

*** Sec. 5.** AS 03.05.010(a)(7); AS 03.20.100; AS 14.07.020(a)(18); and AS 14.30.375 are repealed July 1, 2014.

Alaska State Legislature

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Representative Carl Gatto

Memorandum

Date: February 1, 2010

To: Representative Bill Stoltze, Co-Chairman
Representative Mike Hawker, Co-Chairman
House Finance Committee

From: Representative Carl Gatto, Chair
House Military and Veteran Affairs Committee

Re: Explanation of Changes between HB 70 Original and (CS) for HB 70, Version 26-LS0284\S, Bannister,3/25/09 out of the House Resources Committee

Section 4 of the original bill created an Alaskan Grown Fresh Fruit and Vegetable Program to provide students with free locally grown produce as snacks throughout the school day. Snacks would have been accompanied by education on nutrition, agricultural stewardship, and environmental issues. It was removed from the Committee Substitute due to fiscal concerns.

Section 7 of the original bill was also removed due to fiscal concerns. This section would have created a pilot program in small and rural communities through which the state facilitated the use of locally grown products in area food banks.

Section 6 of the original bill was designed to increase the use of food stamps and WIC cards at local farmers' markets. The section was removed at the request of the Department of Health and Social Services since the department was already developing a similar program.

The House Resources Committee passed Conceptual Amendment 1 stating:
Page 6, line 10, following "gardens":
Insert ", greenhouses"

Page 6, line 11, following "school garden":
Insert ", greenhouse"

Page 6, line 11, following "The garden":
Insert ", greenhouse"

Page 6, line 14, following "garden":
Insert ", greenhouse"

Page 6, line 17, following "garden":
Insert ", greenhouse"

Page 6, line 20":
Insert a new subsection to read:
"(d) When a school garden, greenhouse, or farm is used the excess fruits or vegetables may be sold, if the revenues are used to support the program."

Conceptual Amendment 1 inserts an explicit mention of greenhouses into several portions of the bill to guard against any confusion as to their eligibility for the program. Subsection (d) helps ease any financial strain on other school organizations by allowing school gardens to sell excess products to help fund the program.

Version S of (CS)HB70 deleted page 6, lines 23-24, to avoid constitutional problems concerning dedicated funds. The new language allows for excess produce to be sold without specifying the use of the funds. The House Resource Committee suggested that the House Finance Committee might be better suited to consider language that heeded the constitution but ensured that the funds from selling excess fruit remained under local control.

CASE STUDY

Healdsburg, CA

Movers and Shakers
Nancy May, the School Food Service Supervisor, is the main organizer behind this Farm to School project. She came to Healdsburg Junior High School at a time when the cafeteria was being renovated, and decided to change the emphasis from ordering a la carte items from windows to eating a healthy, appealing meal using a cafeteria line.

Project Description
Ms. May has instituted an eye-catching salad bar, using farm products wherever possible. This salad bar operates two days a week at one middle school and the high school. She has opened three old school kitchens – including one at an elementary school and is serving up virtually home-cooked lunches every day. The a la carte items such as burritos and tamales, are nutritious and freshly made, and have helped boost a la carte sales.

Other Components
School gardens have been organized at each school with the help of community donations. One garden fence, including the labor, was donated by a local gardening group. Materials for raised beds were donated by a local home and garden business. Ms. May aggressively markets the farm to school project, by actions such as serving school lunches at school board meetings. She has also hosted the state Superintendent of Schools to visit the school garden.

Students and parents also help with the menu planning and Ms. May holds occasional product tastings to help determine students' preferences.

Funding
Ms. May has received $30,000 from a Shaping Health as Partners in Education (SHAPE) grant that has been used to help develop nutrition education, teacher training, and to purchase equipment such as the salad bars and a portable cooking cart for classrooms. She received a second SHAPE grant for $50,000 that was used for developing the school garden, establishing links between the garden and farm to school project, and for supporting an agriculture curricula.

Labor
The bulk of the organizing work has been done by Ms. May. She has incorporated student workers in the cafeteria to help with food preparation and food serving. Students over 13 years old can work up to 6 hours per week.

Farmers/Crops
The district buys from three local farmers who were located by Nancy May at the local farmers' market and through word-of-mouth. The crops they provided on a seasonal

basis include: tomatoes, cucumbers, apples, pears, herbs, peppers, onions, and lettuces. Ms. May buys organic produce whenever possible.

Product Delivery
The farmers deliver directly to the district on Monday mornings for the salad bar that operates twice a week at both the junior high and high school.

Price
The farmers charge a fair price that is generally comparable to the wholesale price.

School Food Service Support
This program was organized by the school food service staff. However, staff is working to garner further administrative support to expand the existing program.

Kitchen Facilities
When Ms. May came to the district three years ago, she began reopening three old kitchens so that meals could be freshly prepared instead of reheating prepackaged frozen meals. Both the kitchens at the elementary schools have been renovated within the last three years. The high school kitchen is also being renovated. Despite these improvements, more space is needed for food preparation and storage.

Sustainability
While this program is sustainable, additional funding would help to expand and improve what currently exists. Funding would be used for storage and refrigeration facilities, additional serving tables and utensils, to pay for more labor-intensive meal preparation, and for hiring a garden/farm to school coordinator.

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CASE STUDY

Florida

Movers and Shakers

In 1995, a group of farmers formed the New North Florida Marketing Cooperative. The goal of the cooperative was to provide marketing services to the participating farmers, and provide training and education in marketing options such as farmers' markets, roadside stands, and selling to local school districts. The goal is to increase the amount of product being sold, thereby increasing the farmers' incomes.

Description

The New North Florida Cooperative began by selling farm fresh produce to 13 schools in Gadsden County, Florida. In six years, the marketing efforts have increased so that the Cooperative now sells to 15 school districts in Florida, Georgia and Alabama. Through these districts, they are serving 300,000 students!

The farmers focus on producing three to four main items, on a seasonal basis, and sell to schools year-round. The items are incorporated into menu planning, generally as a side dish or as a fresh fruit dessert. The Cooperative has developed a good reputation by providing high-quality produce, prompt deliveries, fair prices and for their courteous professionalism. They refer to this as "relationship marketing". The positive word-of-mouth has been very effective in opening the door to the program in other school districts.

Other Project Components

As part of its marketing and promotion, the Cooperative has developed posters showing the life cycle of a crop – from planting to harvesting. These posters are displayed in school cafeterias.

Funding

Approximately 90% of the funding for the Cooperative's marketing efforts come from the sales of their members and participants. These sales come from a variety of direct marketing alternatives, including farmers' markets, roadside stands, and through their sales to schools. When the initial farm to school program was ready to launch, the Cooperative did receive a $4,000 grant from the USDA Agriculture Marketing Service. They also received a $3,000 loan from the West Florida Resource Conservation and Development Council (WFRCDC). Most of the grant money received by the Cooperative has been used for infrastructure and equipment purchase, such as refrigerated trucks and cool and cold storage facilities.

Labor

Most of the labor for preparing the products, as well as growing, them comes from the Cooperative members and participants. During particularly busy times, day labor is also utilized. Since the farmers have the ability to wash, chop and bag the produce, there is no additional labor on the part of the school food service.

Farmers and Crops
The Cooperative provides marketing services and opportunities for over 100 members and participants in Florida, Georgia and Alabama. Their primary crops are collards, field peas, muscadine grapes and a few turnip greens.

Product Delivery
Deliveries are made 2 ½ to 3 days per week depending on school menus. While much of the produce is delivered by the Cooperative, they do work with other produce vendors as well. The produce that is delivered is packaged and has a label with a logo and a nutritional analysis. The Florida A & M University provided some technical assistance to develop the label.

A delivery trailer was purchased by the Cooperative, and a cooling system from a recreational camper was installed to keep the produce at a relatively low temperature while in transit. Styrofoam insulation was also installed to protect the produce from the outside heat. The logo is printed on the side of the trailer along with the name of the Cooperative and the phrase, "The Pinnacle of Quality".

Price
The Cooperative has developed a niche market as there is little competition in providing fresh, washed, chopped, bagged, and delivered greens. Consequently, the Cooperative is able to negotiate a price that is both fair to the school district and profitable for the growers.

School Food Service
The Cooperative members gained the respect of the school food purchasers by initially *donating a sample of their product – 3,000 pounds of greens.* The greens and fruits have been met with an enthusiastic reaction from children, which has been a big factor in administrative acceptance of the product. All members of the Cooperative go out of their way to be helpful and courteous when delivering the product, and they unload the boxes and stack them neatly in cold storage facilities. After each delivery, the cafeteria manager is notified that the order was delivered. The Cooperative demonstrates courtesy, provides convenience, and protects the high quality of its products by taking this extra step.

Kitchen Facilities
Since schools are not processing the product, facilities become more of an issue for the Cooperative members, who must have storage, refrigeration, and a covered area for washing, cutting, and bagging equipment. Originally, all of the washing was done in large steel tubs, and chopping was done by hand. There was no refrigeration system and therefore no storage capacity. As a result, harvesting and processing had to be done in one day – one very long day. To continue in business, the Cooperative purchased a packing/processing shed, a cutting/chopping machine, wash sinks, and a refrigeration and storage system. Funds for purchasing equipment came from grant funding and bank loans.

Sustainability
The New North Florida Cooperative has been sustainable since it began, as 90% of its funding comes from direct marketing sales. The few loans and grants they have received have helped it to build infrastructure with equipment purchases.

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CASE STUDY

Santa Monica-Malibu

Movers and Shakers

The initial impetus for this project came from Bob Gottlieb, a parent at one of the schools in the Santa Monica-Malibu Unified School District (SMMUSD). He approached Rodney Taylor, the School Food Service Director, about implementing a salad bar, and initially received a lukewarm reception. However, Mr. Taylor was open to trying a pilot project as long as Mr. Gottlieb was willing to do most of the organizational work. As a university professor, Mr. Gottlieb was able to incorporate students into the project, as well as write grant proposals to hire full-time staff.

Project Description

The Farm to School Project encompasses all of the 15 schools in the SMMUSD district, including elementary, junior high and high schools. Each school has a Farmers' Market Salad Bar which features produce that consists entirely of farm products that are purchased at local farmers' markets. The salad bar also contains protein, grain, and dairy products. Because of the year-round growing season, and year-round farmers' markets, the project is able to always include regionally grown produce. While the project began in one school, within a four year period the Farmers' Market Salad Bar was instituted on a district wide basis. The children have the daily choice of the salad bar or the hot meal.

Other Components

Each of the schools in the district also has a school garden that is maintained by teachers or parent volunteers. A child nutritionist was hired on a temporary basis to teach nutrition education, including a class on salad bar etiquette and an introduction of the items found at the salad bar. A cooking cart is also used for classroom demonstrations.

Another component of the project is field trips to both farms and the farmers' markets. Teachers sign up their classes for farm field trips and the Salad Bar Coordinator arranges tours of the farmers' markets. The latter includes a talk by the Market Manager about the different products at the market accompanied by hands-on experience with the products, and of course, an opportunity to sample them.

Funding

During the first year, funding was provided by the California Endowment to UCLA/Occidental College through a grant directed by Mr. Gottlieb. In the next year, the district took on the staffing of the project and obtained funding from a Department of Health Services Nutrition Network grant. However, only six schools in the district qualified for this grant, due to the requirement that a specific number of children be eligible for free or reduced meal pricing. At the other schools, the PTA donated $5,000 - for each school - to get the program up and going. The Santa Monica Farmers' Market also donates $10,000 per year to the Farm to School project. Funds from ala carte sales also help to support the Farmers' Market Salad Bar.

Labor
In the first year, labor was provided primarily by UCLA/Occidental College staff and parent volunteers. However, the school labor unions do not allow parent volunteer labor, and eventually, a part-time person was hired at each school to help with the salad bar preparation, serving and clean-up. There is also a Salad Bar Coordinator who oversees the entire program.

Farmers/Crops
There are two tremendously successful year-round farmers' markets within a mile of the SMMUSD central office. Twice a week, on Wednesdays and Saturdays, the Salad Bar Coordinator visits the markets to purchase the produce. Some of the products purchased seasonally include: strawberries, apples, melons, cherries, lettuce, carrots, celery, tomatoes, citrus, raisins, peppers, broccoli, cauliflower, potatoes, and peaches. Over the school year, about 20 farmers will provide crops for the salad bar, and the district will spend a total of approximately $100,000 on produce from the farmers' market.

Product Delivery
The SMMUSD has its own truck to transport the produce. The district purchased the truck prior to the implementation of the Farmers' Market Salad Bar. The produce is brought directly from the farmers' market to the central kitchen where one driver delivers produce to the Santa Monica schools and another driver transports the produce to the schools in Malibu. This is done twice weekly.

Price
As the farmers are already making the trip to the farmers' market, and do not have additional delivery costs to the schools, they are able to sell at wholesale instead of retail prices. In the beginning of the project, some farmers sold below wholesale because they believed in the idea of kids eating great produce. With the Farmers' Market Salad Bar now in all 15 schools, the prices are generally comparable to wholesale.

School Food Service Support
Initially, support from school food service folks was slow in coming. The real change occurred when the staff saw children choosing the salad bar for lunch, and eating what was on their plate! There is now overwhelming support for the project, and Rodney Taylor has on his business card, "Home of the Farmers' Market Salad Bar".

Kitchen Facilities
Each of the schools has their own facilities for food preparation. The actual salad bars were purchased before the farmers' market component was added.

Sustainability
After four years in operation, the Farmers' Market Salad Bar is able to operate without grant funding. However, some of the other project components, such as the nutrition education, can only be done if additional funding is obtained. The SMMUSD has found that costs spread out over 15 schools make it a much more viable program than when it operated in only 2 or 3 locations.

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CASE STUDY

Iowa

Movers and Shakers

The three major organizers of the Iowa Farm to School project are Merl Steines, Michael Nash, and Joan Lubke. Mr. Steines and Mr. Nash are farmers with the GROWN Locally cooperative. Ms. Lubke, is a Dietary Manager, Food Service Director at the Decorah Community School District in Northeast Iowa, and she and her husband are farmers who produce organic soybeans, corn, oats, and raise organic cattle.

Ms. Lubke, Mr. Steines and Mr. Nash have known each other for several years, but became better acquainted at a Farm to School forum in Ames, sponsored by the USDA and organized by the Practical Farmers of Iowa.

Project Description

Through the Iowa Farm to School Project, Ms. Lubke uses locally grown products for a salad bar and as a la carte items. She works with four schools, two elementary, one middle school and one high school, and the farm-fresh items are particularly popular with students in the middle school and high school.

Other Components

Horticulture classes are offered through the local Future Farmers of America (FFA), and information about agriculture, farming and nutrition are provided as well in classes focusing on the environment and culinary arts. GROWN Locally is also preparing printed materials and will organize farm tours in the spring.

Funding

The program has not received special funding to buy directly from the GROWN Locally cooperative. With additional funding, we would able to purchase a greater amount of local products.

Labor

The GROWN Locally cooperative provides much of the produce already washed to help reduce labor costs. However, some food preparation is needed to cut and chop the produce. The price of labor is the prohibiting factor in expanding this program. GROWN Locally is planning to purchase processing equipment to help reduce these costs for the school district.

Farmers/Crops

There are 11 members in the GROWN Locally cooperative, and they coordinate both the production of the crops as well as the distribution to schools and other institutions. One invoice is presented from the cooperative to the school, so that there is no need for the school to pay each individual farmer Individual farm payments are then distributed by GROWN Locally. The crops that have been the most popular with the students are apples, cucumbers, lettuces, carrots, broccoli and cauliflower.

Product Delivery
Deliveries are made to the school by the cooperative once per week. With the exception of the apples, this is the first year that GROWN Locally has sold to the school district. It is expected that the program will expand with additional products in the coming year.

Price
The members of the cooperative check wholesale prices for their products, and set their prices competitively with these standards. At this time, 20% of the money received from the sales goes back into running the cooperative.

Even with prices set to be competitive with major distributors, the cost is still somewhat high for the school district. These prices are to a degree offset by the use of commodity items. School food services acknowledges that price is an issue, but is willing to pay for a quality product in order to provide great tasting meals for the children.

School Food Service Support
As the school food service staff was instrumental in organizing farm sales to schools, they are very supportive of the project. The farmers in GROWN Locally have done some marketing around their direct sales, and it has generated good public relations for the school. There is also good support from school board members.

Kitchen Facilities
The kitchen facilities are up-to-date with an adequate amount of space for food preparation and storage. GROWN locally is planning to build a small processing center to provide their products in forms that are more accessible to school food service personnel and to extend the times when products are available.

Sustainability
Since this project has not require additional funding, it is sustainable. However, it is also limited in any possible expansion by labor costs. With additional funding for the labor required for food preparation, the farm to school project would be able to grow beyond its present operation.

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CASE STUDY

Kentucky

How it Started

Official introduction occurred in May 2000 through cooperative efforts of the USDA, the Kentucky Department of Ag., University of Kentucky Extension and the Kentucky Department of Education. Some school districts in Kentucky had noted the North Carolina model and had been purchasing produce through the DOD fresh program and from local cooperatives. In the first year the program was piloted in regions 4 and 8. Schools were encouraged to request product grown in Kentucky, if prices were comparable. The program went statewide this year. Farm-to-School in Kentucky now has a full time coordinator who handles communications with farmers and schools funded by the State Department of Agriculture.

Farm to School Project and Components

Clark County is Kentucky's model program for integrating Farm to School with nutrition and health education. There they are developing and piloting the Clover CAT (Cooking, Activity, and Time to be well) curriculum. This curriculum includes nutrition, time management, exercise and self-esteem. The curriculum is being piloted in the 5th, 7th, and 9th grades with introductory, intermediate and advanced levels. In some areas the YMCA offers a three-month scholarship to obese children who attend these classes. If the children work out at the YMCA 30 times in three months they are offered another three-month free membership. Intergenerational gardens are being piloted but not always in conjunction with the farm to school program.

Farm-to-school coordinator plans to develop additional components (ag education, nutrition education) in the future.

Funding

The farm to school program is incorporated into the jobs of nearly all those involved. The program is broadly supported by the State of Kentucky. No additional funding has been required.

Farmers/Crops

The Kentucky Department of Agriculture facilitates communication between farmers and schools. They promote products grown in Kentucky such as seedless watermelons, sweet potatoes, broccoli and seasonal decorative products. Local and Kentucky grown cannot always provide quantities needed by school districts. In these cases commodities and out-of-state foods are used. Farm cooperatives comprise the majority of farms involved in the program. Few independent farms participate. There is some question as to how beneficial this program is to new, small-scale, or non-traditional farms.

School food service commented that farmers have not approached schools independently. If they did, they might be well received. Additional product is needed for summer feeding program and school food service might be willing to purchase direct if farmers made the effort.

DOD provides purchasing expertise some contact with growers. DOD helps set prices, work with growers and seek out small-scale growers

Delivery
School Districts place their orders in May each year. Contracted produce distributors ship their produce to larger distribution sites 5 located in Kentucky, one in Ohio and one in Tennessee. Product is shipped from these sites to schools. Department of Ag. inspects and approves distributors prior to their involvement with farm-to-school

In districts served by a central kitchen food service directors at individual schools can order from their local distributor to supplement what is provided by the central kitchen. The central kitchen places a request once a month for bid. Bids are published and individual schools may order from that list. Schools are encouraged to choose lowest bid first, Kentucky grown second. Produce is delivered once a week.

Price
Farm-gate price is negotiated by Kentucky Dept. of Ag and DOD. A 5.6% surcharge is added to farm gate price and this price is offered to schools. Price for Kentucky grown has not been an issue with product purchased through State farm-to-school program but price for locally grown can be an issue when purchasing from local distributors. Commodities and low prices take precedence over locally grown.

School Food Service Support
School food service was supportive from the beginning. At the May 2000 conference they shared the barriers they had confronted and overcome as well as barriers that persist. For the last year and a half Jefferson County has prepared food in the central kitchen and delivered to schools in refrigerated trucks owned and operated by Food Service. Menus are developed for periods of 6-months. Seasonality impacts price but is not necessarily a consideration in menu development.

USDA rep provides regular training to food service in handling fresh product and some nutrition education.

Kitchen Facilities
Jefferson County has a model central kitchen which can process huge quantities of food with little additional staffing. Food for school lunches is prepared at this site and shipped to individual schools. Other schools have some processing capability but prefer pre-cut, prepackaged product. No additional labor has been necessary.

Sustainability
This project has a great deal of State support. Nearly all aspects of the program are incorporated into the jobs of those involved. Elementary and middle schools do not allow students to leave campus during school hours. Ala carte items, which are part of school menu, are sold during lunch but no competitive foods are sold on campus. Although high schools have soft drink contracts, the machines cannot be turned on until ½ hour after last lunch period. Under these conditions the program is sustainable.

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CASE STUDY

New Mexico

Movers and Shakers

The primary organizer behind the Farm to School project in Santa Fe is Lynn Walters. Lynn is a chef and previous restaurant owner as well as a concerned mother of two school-aged children. She is Program Coordinator of Cooking with Kids, a multicultural food education program. Lynn arranged a visit to the Santa Monica Farmers' Market Salad Bar for several school food service staff members and New Mexico Department of Agriculture Marketing Specialist Craig Mapel. The Director of Student Nutrition Services, Judi Jaquez, fondly calls Lynn "the thorn in her side" that moved her to support and develop a farm to school program in Santa Fe, New Mexico. Judi is a self-described "convert" who touts the flavor and quality of locally grown fresh fruits and vegetables.

Farm to School Project and Components

Three Santa Fe public schools are participating in this project, two elementary and one high school. One of the elementary schools has a salad bar every day. The meal at this site includes a meat entree three times a week and a vegetarian item twice a week. The other elementary school offers a side salad of mixed greens, sunflower sprouts, and other seasonal items with lunch. The high school has a separate salad bar; students have the choice of the salad bar or a hot lunch.

Nutrition education in the classroom has had a big impact on the salad bar line. The first session conducted by Farms to Schools Coordinator Betsy Cull discussed proper salad bar etiquette as well as what is required for a reimbursable meal. Betsy followed the hands-on model of the Santa Monica Farmers' Market Salad Bar Program and brought the salad bar into the classroom for a lesson about food groups and portion sizes. The students were then able to prepare a tray to eat, practicing what they just learned.

Student Comments

"I've never tasted this stuff before; it's good"
"I love fruits and vegetables."
"I didn't use to like this kind of lettuce much, but I'm starting to like it more now that I've tasted it"

Funding

Three grants have provided start-up funds for this project: a USDA Community Food Projects grant will be providing $30,750 over three years and the New Mexico Department of Agriculture (NMDA) is contributing $30,000 to this project this year. In addition, USDA's Federal State Marketing and Improvement Program awarded NMDA $27,000 to further develop the program into next year.

Labor

Collaboration got this program going. A group of folks, including Lynn Walters, Craig Mapel, and Judi Jaquez, worked with the support of members of the Student Nutrition Advisory Council, including Registered Dietician and former NET Coordinator Blanche Harrison, to organize this project. Betsy Cull was hired as the Farms to Schools Coordinator, a newly created school district position. School food service staff prepare the fruits and vegetables for the salad bars.

Farmers/Crops
Organizers worked with the NM Department of Agriculture and the state Farmers' Marketing Association to locate farmers. Approximately forty farmers sell to the school district, primarily through a farmers' coop, during the fall and spring months. Farmers see a tremendous potential to sell more crops if they can extend their season, and they are working to develop hothouse techniques to do just that. The crops that the children see seasonally include salad greens, sunflower sprouts, apples, pears, watermelons, tomatoes, corn, cucumbers, peppers, squash, potatoes, onions, carrots, broccoli, and radishes.

Product Delivery
The school district is working with the New Mexico Farmers' Market Association to coordinate deliveries through a cooperative distribution system. Deliveries are made either directly to the school sites or to the central warehouse.

Price
There are price barriers that are not easily overcome in New Mexico and are quite likely the greatest hurdle facing the pilot project. New Mexico procurement law requires most state agencies (including school districts) to go out to bid on virtually any item, including produce, that will be over $10,000. In addition, to insure that the public dollar is being wisely spent, the agency requesting the bid must accept the lowest bid submitted. No real weight is assigned to what in reality is a higher quality, fresher, locally grown product.

This problem is further complicated by the size of the average farm (particularly those in north central New Mexico), which tends to be around 10 to 15 acres. It is difficult to compete with larger, out of state producers, submitting bids on the same type of produce.

The pilot program with the three Santa Fe schools selected by the coordinators has been able to circumvent these problems to a great extent. The coordinators designed bid requests to specify the freshness of the product, i.e. picked and delivered within 2 days, and by using monies from grants to ensure that no state monies were involved in the project to purchase food.

School Food Service Support
School food service personnel have been overwhelmingly supportive, as has been the District Administration. They were brought into this program fairly early in its conception, and were active in helping to design the program.

Kitchen Facilities
The three schools participating in the program had the equipment and facilities necessary to prepare and store the product. The high school kitchen had just gone through a renovation and was well-equipped for a salad bar.

Sustainability
When this program started, all of the collaborators knew it would be difficult to sustain in its present form. The organizers have been working at a state and national level to pass legislation that would allow schools to give preference to local growers and to make it easier for area farmers to participate in the program. There is consensus among the collaborators that by working closely with District purchasing personnel to create very specific purchasing requests, that local farmers will have a greater opportunity to participate in the program.

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Farm to school program changes kids' views on food

By LISA RATHKE
Associated Press Writer

SHARON, Vt. (AP) – The third and fourth graders at Sharon Elementary know where the veggies in their soup come from because they've visited the farms.

They know the nutritional value of the carrots, onions, and cabbage because they've studied them in class, and they know how they're grown because they've nurtured them in raised beds out back.

The 105-student school is part of the National Farm to School Network, aimed at getting healthier meals into school cafeterias, teaching kids about agriculture and nutrition, and supporting local farmers.

About 40 states have farm-to-school programs, but Vermont is a leader in incorporating all three missions into its programs.

"Vermont has really taken it on in quite the most holistic way and not just in a couple of school districts but statewide," said Anupama Joshi, director of the Farm to School program, based at the Center for Food and Justice at Occidental College in Los Angeles.

Vermont may be a step ahead of other states because a nonprofit partnership called Vermont FEED had already been working to get local foods into schools.

The state also has backed the farm-to-school effort with funding to help schools buy equipment to chop or process the local food and buy meat from a local farmer.

What started as a handful of pilot programs has grown into 45 Vermont schools getting grants and about 60 with farm-to-school activities.

The funding is expected to dry up next year with budget cuts.

Sharon used its $13,500 grant to buy a potato chopper and a food processor. Food service director Lin-Ann Perry now uses the food processor machine to slice squash and tomatoes picked from the school's gardens and area farms in the summer and fall, later to be frozen. The school also bought a salad bar, which has been a huge hit.

When Perry used to prepare salads for the kids, there was a lot of waste. But when kids could choose what they wanted in their bowls or on their plates, more were eating fruits and vegetables, she said.

The number of students buying hot lunch has jumped by 50 percent since the school added the salad bar, Perry said. The salad bar is also used for tacos and stir-fries.

The students take part in lunch room taste tests to see what they like. Harvest soup, also known as cabbage soup, with and without beef, got rave reviews.

"This is great, guys," said sixth grader Daniel Lazar.

The third and fourth graders who chopped up vegetables for the soup also tried to sell other kids on the meal. They hung up posters in the cafeteria that advertised the nutritional value and cancer-fighting properties of the ingredients, which they learned about that morning.

"Super onions say no to cancer," one read.

See FARM/SCHOOL, page 11

REBATE, from page 8

at least 30 days prior to purchase in order to be eligible for the $500 rebate. The participating dealer will apply the discount towards the vehicle purchase price. The cash allowance will then be paid to the selling dealer by Dodge.

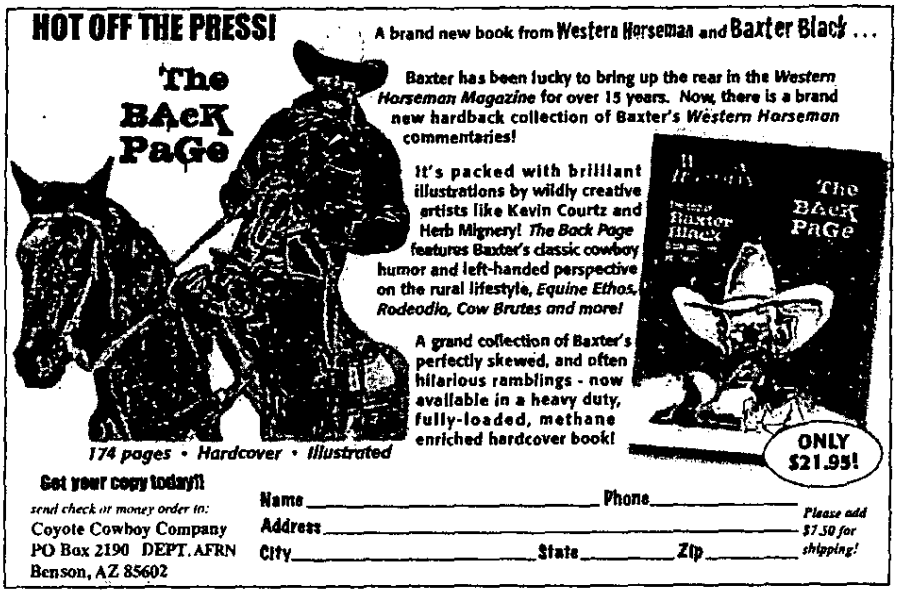
The 2010 models eligible for this membership benefit are: Journey, Grand Caravan, Ram Pickup 1500/2500/3500, Ram 3500/4500/5500 Chassis Cab, Dakota, Durango, Nitro, Charger, Avenger, and Caliber.

Please call the Alaska Farm Bureau Office if you have questions about the Dodge rebate, this change, or if your dealer has questions. The telephone number is (907) 895-4752. The discount applies to purchases made at participating dealers in Alaska as well as those in other states.

QUOTA, from page 8

cent of its 135-member quota; the Copper River Valley Chapter is at 60 percent of its quota of 10 members, and the Kenai Peninsula Chapter has met 50 percent of its 48-member quota.

The membership year ends on October 31 of each year. Chapters that have met quota will be recognized, and the president of that chapter will receive a Farm Bureau memento at the annual meeting each year. The next annual meeting will be held at the Alpine Lodge in Fairbanks on November 13, 2010.



FARM/SCHOOL, from page 9

The students are learning to eat healthier, and the focus on agriculture, local food, and nutrition is paying off in the classroom, said principal Barrett Williams.

Kids are interested, and teachers are given more diversity in the curriculum – they can work the food angle in science, reading, and health classes, he said.

But activities like the farm field trips are what Williams really likes.

Working with local farmers helps build community, he said, although that food may be more expensive than the commodity food that some schools use.

The grant helped to buy at least 200 pounds of ground beef from Back Beyond Farm in Chelsea, which cost about a dollar more per pound than hamburger from an area distributor, Perry said. But Vermont apples are cheaper than apples from other states, she said.

The school has raised money for the program by hosting a winter farmers market.

Farm to School Legislation: A State by State Listing

Eighteen states have passed legislation regarding farm to school programs. Below are summaries and links to the text of this legislation. This information should reflect legislation that has passed as of June 10, 2008.

California

To search for California state legislation text: http://www.assembly.ca.gov/acs/acsframeset2text.htm

SB 281 (2005 California Statute, Chapter #236)
Introduced in 2005, SB 281 established the California Fresh Start Program that provides an additional 10 cents per a meal for fruits and vegetables. SB 281 also encourages schools to buy California products when commercially available. As a part of nutrition education, sampling of produce is required, and may include purchase of local products for this purpose.

According to SB 281 the State Department of Education will have $400,000 to provide grants, on a competitive basis, to a county office of education or community college. Of this $400,000, no more than $100,000 can be used to cultivate an online professional development seminar for school-site staff on serving, safe-handling guidelines, marketing, and promoting nutritious fruits and vegetables. Also no more than $300,000 is to be used to conduct a comprehensive evaluation of educational materials and marketing of California Fresh Start Pilot Program.

Colorado

To search for Colorado state legislation text:
http://www.state.co.us/gov_dir/leg_dir/olls/session_laws_of_colorado.htm

SB 127 (2006 Colorado Session Laws, Chapter #242)
http://www.state.co.us/gov_dir/leg_dir/olls/sl2006a/sl_242.htm

SB 127 established the Fresh Fruits and Vegetables pilot program for the 2006-2007 and 2007-2008 school years, to provide students in participating public schools with free fruits and vegetables. Interested school districts must apply for the program through the Department of Education. Eligible schools are selected based on a variety of criteria, one of which is to ensure that a certain percentage of students enrolled in a particular school district are eligible for reduced or free lunch under the federal "National School Lunch Act." This bill also requires that participating schools use Colorado fruits and vegetables to the maximum extent possible.

$500,000 was appropriated. $350,000 was used to convert reduced price meals to free meals. $150,000 went to the Fresh Fruits and Vegetables Pilot Program.

HB 1307 (2005 Colorado Session Laws, Chapter #317)
http://www.leg.state.co.us/CLICS2005A/csl.nsf/fsbillcont3/7D29AAABBE3A21EA87256FA3007CC90B?Open&file=1307_enr.pdf

Under HB 1307 governmental bodies purchasing agricultural products are allowed to preference Colorado products over out of state products as long as the quality is equal, the Colorado producer is able to meet requested quantity, and price is either lower than the lowest out of state bid, or "reasonably exceeds" the lowest bid. "Reasonably exceeds" is defined as a bid that may exceed the lowest bid and can be paid for by the existing fiscal budget.

Connecticut

To search for Connecticut state legislation text: http://www.cga.ct.gov/

HB 5847 (2006 Connecticut Acts, P.A. 06-135)

http://www.cga.ct.gov/2006/ACT/PA/2006PA-00135-R00HB-05847-PA.htm
HB 5847 is "an act implementing the provisions of the budget concerning education" and therefore pertains to a variety education related programs including farm to school. The farm to school program is established within the Department of Agriculture, which will collaborate with the Department of Education to promote the sale of Connecticut-grown farm products to school districts, individual schools and educational institutions that are under the jurisdiction of the Department of Education.

The Department of Agriculture's (DOA) role is to encourage, solicit, and guide Connecticut farmers through the process to sell their products to school districts, individual schools and educational institutions, while also working with the Department of Education to support schools through the local procurement process. The DOA is also required to develop and maintain a database of farmers interested in farm to school, and to outreach to these farmers.

According to this bill the Department of Education (DOE) will promote events such as Connecticut Grown for Connecticut Kids week to bring school kids together with Connecticut agriculture inside and outside of the classroom. The DOE should "encourage and solicit school districts, individual schools and other educational institutions under its jurisdiction to purchase Connecticut-grown farm products, and provide outreach, guidance and training to districts, parent and teacher organizations, schools and school food service directors concerning the value of and procedure for purchasing and incorporating into their regular menus Connecticut-grown farm products."

PA 05-228 (2005 Substitute Senate Bill #410)
http://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Public+Act&bill_num=228&which_year=2005&SUBMIT1.x=7&SUBMIT1.y=12&SUBMIT1=Normal
Allocates $100,000 annually to encourage the sale of Connecticut-grown food to schools, restaurants, retailers, and other institutions and businesses in the state.

SB 589 (2004 Connecticut Acts, P.A. 04-222)
http://www.cga.ct.gov/2004/act/Pa/2004PA-00222-R00SB-00589-PA.htm
SB 589 is "an act concerning the preservation of the family farm and Long Island Sound" and therefore pertains to various agriculture-related programs including the Connecticut Farm Fresh Schools program. Administered by the Commissioner of Agriculture, Connecticut Farm Fresh Schools is to promote Connecticut schools that are serving Connecticut farm products. Schools, including public, non-public, and higher education institutions, in which 20% or more of the food served by the school consists of Connecticut grown/produced foods are eligible to be certified as a "Connecticut Farm Fresh School" and are able to use "Connecticut Farm Fresh School" in promotional materials and activities.

Delaware

To search for Delaware state legislation: http://legis.delaware.gov/

HR 74 (2004)
http://legis.delaware.gov/LIS/LIS142.NSF/vwLegislation/HR+74?Opendocument

House Resolution 74 urges Congress to pass the Farm to Cafeteria Projects Act (Child Nutrition Reauthorization), and any other legislation promoting farm to school partnerships. The goals of this bill are to assist schools in purchasing locally grown food, provide more healthy fresh food for school children, educate children and their families about foods grown in their communities, and to expand market opportunities for local farms.

Iowa

To search for Iowa state legislation: http://www.legis.state.ia.us/

SF 601 (2007)
http://coolice.legis.state.ia.us/Cool-ICE/default.asp?Category=billinfo&Service=Billbook&menu=false&ga=82&hbill=SF601

Iowa's farm to school program was originally part of SF 209 and SF 452, and is currently written into SF 601. This bill establishes a statewide Iowa farm to school program that is administered by the Department of Agriculture and Land Stewardship and a Farm to School Council. The purpose of this program is to improve child nutrition in schools and strengthen local and regional farm economies. This program encourages the relationships between Iowa farms and Iowa schools (elementary and secondary) to purchase locally and regionally produced or processed foods to provide Iowa's children with fresh minimally processed food for inclusion in school lunches.

SF 551 (2007)
http://coolice.legis.state.ia.us/Cool-ICE/default.asp?Category=billinfo&Service=Billbook&menu=false&hbill=SF551
$80,000 was appropriated for farm to school in FY08 and another $80,000 was appropriated for FY09. Money will go toward salaries, support, maintenance, and other miscellaneous needs.

Kentucky

To search for Kentucky state legislation: http://www.lrc.ky.gov/record_search.htm

HB 484 (2008 Kentucky Acts, Chap. # 37)
http://www.ncsl.org/programs/environ/healthyCommunity/healthyCommunity_search.cfm
This bill would extend the provisions of KRS 45A.645 to encourage governing boards of public post secondary institutions to purchase Kentucky-grown agricultural products if the vendor can meet quality and pricing requirements; and if the institutions purchase agricultural products. See HB 669 from 2006 for further details. (Last Update: 6/3/2008)

HB 626 (2008 Kentucky Laws, Chap. #154)
http://www.ncsl.org/programs/environ/healthyCommunity/healthyCommunity_search.cfm
This bill amends current law concerning the Kentucky Proud program. It creates a Kentucky Proud Advisory Council and creates a Kentucky Proud promotion fund, with a grant program using available funds. Before a state agency may purchase Kentucky-grown agricultural products, the vendor shall be required to participate in the Kentucky Proud program, if the vendor can meet quality and pricing requirements. See HB 669 from 2006 for further details.

KRS 45A.645 (2006)
http://www.lrc.ky.gov/KRS/045A00/645.PDF
This bill addresses the direct marketing of Kentucky-grown products to state agencies. Under KRS 45A.645 State agencies shall purchase Kentucky-grown agricultural products if quality and pricing requirements can be met. All vendors selling to state agencies must participate in the Kentucky-Grown Labeling Program. All Kentucky-grown products that are purchased by state agencies must also be reported to the legislature. Also non-U.S. grown agricultural products must be labeled with a country of origin label if they are purchased by a state agency.

HB 669 (2006 Kentucky Acts, Chapter 244)
http://www.lrc.ky.gov/record/06RS/HB669/bill.doc
This bill amends KRS 45A.645, requiring state agencies to purchase Kentucky-grown agriculture products if vendors can meet quality and pricing requirements. Also, prospective vendors may also apply for marketing assistance from the state, as long as the vendor is participating in the Kentucky grown labeling and logo program.

Maryland

To search Maryland state legislation text: http://mlis.state.md.us/#pryr

HB 883 (2006 Maryland Laws, Chapter 360)
http://mlis.state.md.us/2006rs/bills/hb/hb0883t.pdf
HB 883 requires the Board of Works to adopt regulations allowing a 5% price preference above the lowest bid for MD grown products. Schools and state facilities are to review procurement regulations and

use the 5% price preference for purchasing local products. This section does not apply if it is inconsistent with federal law.

SB 158 (2008 Maryland Laws, Chapter #371)
http://www.ncsl.org/programs/environ/healthyCommunity/healthyCommunity_search.cfm
This bill establishes the "Jane Lawton Farm to School Program" in the Department of Agriculture to promote the sale of farm products grown in the state to schools. This includes developing a database of farmers interested in selling their farm products to schools, creating a promotional event entitled "Maryland Homegrown School Lunch Week," and providing experiential learning for students, such as trips to local farms. The companion to this bill is HB 696.

Massachusetts

To search for Massachusetts state legislation text: http://www.mass.gov/legis/laws/seslaws.htm

HB 4429 (Chapter 123 of Acts of 2006)
http://www.mass.gov/legis/laws/seslaw06/sl060123.htm
Earlier versions of this bill include HB 4324, HB 4381, HB 4404. Language was originally made part of the Economic Stimulus Package 2006, and is now a law as Section 4 of Chapter 123 of Acts 2006. HB 4429 allows state agencies to pay up to 10% above the lowest bid to purchase in-state agriculture products as long as there is no conflict with other state or federal laws. State procurement officers may award contracts up to $25,000 without seeking other bids, as required by standard procurement procedures. A governmental body may establish a preference for purchasing local products by majority vote.

Montana

To search for original text o Montana state legislation text: http://leg.mt.gov/css/bills/default.asp

SB 328 (2007 Montana Laws, Chapter #146)
http://data.opi.mt.gov/bills/2007/billpdf/SB0328.pdf
SB 328 allows public agencies to preference Montana agricultural products when price "reasonably" exceeds the lowest price quoted for a similar out of state product. "Reasonably" exceeding the lowest price quoted means that the public agency can remain within its budget without supplemental or additional appropriation to pay for the potentially higher cost of local procurement. This provides an optional exemption from the Montana Procurement Act for public institutions.

New Mexico

To search for New Mexico state legislation text: http://legis.state.nm.us/lcs/BillFinder.asp

SM 54 (2008)
This resolution commits the Senate to having additional fresh fruits and vegetables served in school meals to every New Mexico student and to strengthening New Mexico's farming communities and increasing farmers' incomes by purchasing fruits and vegetables, when available, from New Mexico farmers.

The Senate requests that the school districts and their respective boards of education and superintendents place great emphasis on, and make a high priority as a matter of educational policy for, the purchase of locally grown foods in their school food programs for the benefit of their students.

The Senate should encourage the food service directors of New Mexico school districts to search out in their various locales, with the assistance of the New Mexico department of agriculture and farm to table, local farmers who want to supply locally grown foods for school food programs.

SB 90 and HB 264 (2007)
http://www.ncsl.org/programs/environ/healthyCommunity/healthyCommunity_search.cfm
This bill appropriates $85,000 from the general fund to provide New Mexico grown fresh fruits and vegetables when available to the Valley High School cluster in the Albuquerque public school district.

HJM 34 (2001)
http://legis.state.nm.us/lcs/_session.asp?chamber=H&type=JM&number=34&Submit=Search&year=01
This bill encourages the Department of Agriculture and the Department of Education to collaborate on increasing the use of New Mexico agricultural products in public school meals. One of the goals in New Mexico is to expand marketing and selling opportunities for the state's farmers and ranchers.

New York

To search for New York state legislation text:
http://public.leginfo.state.ny.us/frmload.cgi?MENU-09735958
Also available, National Conference of State Legislatures' report on the history of F2S in NY:
http://www.ncsl.org/programs/health/publichealth/foodaccess/f2sny.htm

2002 New York Laws, Article 2, Section 16, subdivision 5-b under Agriculture and Markets
http://public.leginfo.state.ny.us/menugetf.cgi?COMMONQUERY=LAWS (Click "AGM Agriculture and Markets", "Article 2", "16")
AND
2002 New York Laws Article 7, Section 305, subdivision 31 under Education
http://public.leginfo.state.ny.us/menugetf.cgi?COMMONQUERY=LAWS (Click "EDN Education", "Article 7", "305")

Under the jurisdiction of the Education Department with cooperation from the Commissioner of Education and Commissioner of Agriculture and Markets this law establishes a farm to school program to facilitate and promote the purchase of New York farm products by educational institutions in New York. The department will also work on making relevant information available to farmers, farm organizations, and institutions interested in establishing farm to school programs. The department shall also coordinate promotional events such as New York Harvest for New York Kids Week in early October each year.

S 6024 (2004 New York Laws, Chapter #269)
http://public.leginfo.state.ny.us/menugetf.cgi?COMMONQUERY=LAWS (Click "GMU General Municipal", "Article 5-A", "103")

Allows school districts to apply for permission to purchase directly from associations of more than 10 farmers when no other farmers or smaller associations are available. Raises the dollar cap on direct purchases $0.15 to $0.20 per meal per student.

Requires the NYS Education Department to develop regulations with input from the Department of Agriculture and Markets that should:
1. accommodate the provisions of the State Farm-to-School Law;
2. allow schools to pay farmers prices comparable to what they would otherwise pay for locally grown foods through their conventional channels as opposed to comparing to national wholesale prices;
3. allow school districts interested in purchasing local farm products to notify interested farmers statewide in accordance with provisions of the Farm-to-School Law by using publications, websites and other mechanisms;
4. ensure that schools provide a fair opportunity to all farmers interested in selling to them and that schools select the seller or sellers based on the usual traditional purchasing criteria (i.e. low price, quality, reliability, delivery, etc.) without having to divide up purchases proportionally among competing bidders;
5. provide guidelines for dept of education approval of purchases by schools from associations of 10 or more farmers;

Oklahoma

To search for Oklahoma state legislation text: http://www.lsb.state.ok.us/

HB 2655 (2006 Oklahoma Session Laws, Chapter #257)

http://webserver1.lsb.state.ok.us/2005-06bills/HB/HB2655_ENR.RTF
In HB 2655, the director of the Oklahoma Farm to School Program is established under the Department of Agriculture, Food and Forestry. The Director will establish public and non-profit partnerships to develop farm to school programs; provide state leadership to encourage school districts to buy from local farmers; and provide workshops and training for food service, farmers, processors, and others involved in farm to school work. Staff shall be made available from the departments of Health, Education and Human Services to assist in implementation of the program, seek grant funding and private donations for the program, and develop a web site to assist farmers in coordinating fresh food procurement.

$100,000 was permanently allocated to the Department of Agriculture for the program but not written in the specific language of the bill. The money has been appropriated in total for the past two years

HB 2833 (56 O.S. Supplemental 2007, Section 245)
This bill continues the "Oklahoma Food Security Act" until December of 2012. The Food Security Committee will continue to meet and work on issues such as supporting community food security initiatives and encouraging food production on the local level, supporting efforts to provide farmers' markets with the technology for accepting food stamps, encouraging the use of home and community gardens for food production, and supporting creative transportation methods for connecting at-risk populations with nutritious foods.

This year, HB 2833 included the schools as part of the overall goals of the Oklahoma Food Security Task Force: "Involve schools in identifying and improving students' access to sufficient and nutritious foods." The Governor signed HB 2833 on Friday, June 6th, 2008.

Oregon

HB 3601 (2008 Oregon Laws, Chapter #21)
http://www.ncsl.org/programs/environ/healthyCommunity/healthyCommunity_search.cfm
This bill requires the Department of Education to establish the Oregon Farm to School and School Garden Program. These programs help schools utilize Oregon food products and produce from school gardens, promote food and garden-based educational activities, and work with the state Department of Agriculture to develop farm to school related programs. For the purpose of paying the costs of the Department of Education of administering the Oregon Farm to School and School Garden Program, the department may accept contributions of moneys and assistance from any source, public or private.

On or before February 1, 2009, the Department of Education shall report, in the manner provided in ORS 192.245, to the Seventy-fifth Legislative Assembly on the activities related to the Oregon Farm to School and School Garden Program established under section 1 of this 2008 Act.

Pennsylvania

To search for Pennsylvania state legislation text: http://www.legis.state.pa.us/

SB 1209 (2006 Pennsylvania Laws, Act #184)
http://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=HTM&sessYr=2005&sessInd=0&billBody=S&billTyp=B&billNbr=1209&pn=2047
SB 1209 is known as the Healthy Farms and Healthy Schools bill. This law creates a statewide program modeled after the Kindergarten Initiative. Recognizing the benefits of integrated programs that combine nutrition education, parent involvement, and a connection to local agriculture for students and farmers in Pennsylvania, this program trains teachers and other educational staff on nutrition and agriculture education. Also, a list of Pennsylvania farmers who have agreed to supply foods to Pennsylvania schools was established, and grants have been awarded to schools for procurement of local produce and implementation of educational programs. Grant amounts are limited to 75% of the amount necessary to develop the program and are not to exceed $15,000 annually, per school. Applicants may use in-kind support to match the amount granted.

Money for the Healthy Farms and Healthy Schools is provided by the Governor's budget (http://www.state.pa.us/papower/cwp/view.asp?A=11&Q=471208). $500,000 has been appropriated for 2007 and 2008 with a similar budget for the same amount through 2012.

HR 821 (2004)
http://www.legis.state.pa.us/cfdocs/billinfo/billinfo.cfm?syear=2003&sind=0&body=H&type=R&BN=0821
Almost word for word the same as Delaware resolution [HR74], urging Congress to support the Farm to School Projects Act of 2003 and any other legislation that assists schools in purchasing local foods, provides more healthy and fresh food for school children, educates children and their families about foods grown in their communities, and expands market opportunities for local farms.

Tennessee

SB 3341 (2008 Tenn. Public Acts, Chapter # 963)
http://www.ncsl.org/programs/environ/healthyCommunity/healthyCommunity_search.cfm
This bill specifies that each local school board's plan for compliance with nutritional breakfast and lunch programs include specific provisions to encourage purchasing local agricultural products. This would include setting preferences for the use of agriculture products from each local school board's county or geographical region, as well as allowing flexible bidding processes to assist farmers to bid competitively on portions of a given nutrition plan, rather than an entire nutrition plan. The legislation requires each local school board to submit to the commissioner a plan for compliance with this part sixty (60) days prior to the beginning of the school year. For each subsequent school year, it requires each local school board to submit modifications to the plan sixty (60) days prior to the beginning of the school year.

Vermont

To search for Vermont state legislation text: http://www.leg.state.vt.us/docs/docs2.cfm

SJR 59 (2004)
http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2004/acts/ACTR386.HTM
This resolution urges Congress to enact the proposed "Farm to Cafeteria Projects Act."

HB 456 (Act 145 of 2006)
http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2006/acts/ACT145.HTM
HB 456 encourages farm to school initiatives through improvements to local infrastructure and education. The Commissioner of Education is to award small grants from the education fund to schools that use Vermont products in their school meals and provide nutrition education for students. It also establishes a mini-grant program, with maximum awards being $15,000, to assist with purchasing equipment, resources and materials that increase local purchasing and education regarding nutrition and agriculture. Grants may also be used for professional development for teachers to learn more about farm to school connections. The Department of Agriculture is to make one-time awards to local processors who are processing local produce for Vermont schools or institutions, while the food service personnel and Commissioner of Education are to provide training in local purchasing and processing for food service providers. This bill also requires that a report be submitted to appropriate legislative committees on how to increase local purchasing by state entities.

HB 522 (Act # 38 of 2007)
http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2008/acts/ACT038SUM.HTM
HB 522 sets goals for Vermont to support in-state agriculture. This includes Vermont's own "buy local" campaign that promotes the purchasing of locally produced foods and dairy products. This bill also establishes systems to connect local producers and processors with state purchasing entities to facilitate marketing local foods. Strategic and technical assistance will also be made available to local producers and processors to create or enlarge facilities necessary to expand sales to the state and other markets. [Although this is a broad direct marketing bill, it does encourage farm to school initiatives, as schools are considered "other markets."]

HB 91 (Act # 24 of 2007)

http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2008/bills/passed/H-091.HTM
HB 91 makes the mini-grant farm to school program created by Act #145 of 2006, also referred to as HB 456, permanent. Each grant awarded is not to exceed $15,000.

$110,000 was designated for this Act in the 2008 session. $85,000 will go to farm to school mini grants, and another $25,000 will go to training and technical assistance for schools to develop their farm to school programs.

Virginia

To search for Virginia state legislation text: http://leg1.state.va.us/

SB 797 (Chapter #352 of 2007 Virginia Laws)
http://leg1.state.va.us/cgi-bin/legp504.exe?071+ful+SB797ER
SB 797 authorizes the Commissioner of Agriculture and Consumer Services to create a website that promotes Virginia agricultural products to educational institutions. The website should include information such as farmers' contact information, amount and types of produce available.

The website is available at: http://www.vdacs.virginia.gov/vagrown-july/index.shtml.

SJ 347 (2007)
http://leg1.state.va.us/cgi-bin/legp504.exe?071+ful+SJ347ER
SJ 347 authorizes the Secretary of Agriculture and Forestry and the Secretary of Education to establish a Farm to School Task Force that will develop a plan for implementing a farm to school program in Virginia. The task force will study methods for providing information to the Virginia Department of Education, interested schools divisions and institutions of higher education regarding the availability of Virginia products. The task force has been formed.

Washington

To search for Washington state legislation text:
http://apps.leg.wa.gov/billinfo/search.aspx?term=farm%20to%20school

HB 2657 (2002 Washington Laws, Chapter #166)
According to HB 2657, the Department of General Administration, through the state purchasing director, shall encourage state agencies and local agencies doing business with the state to purchase Washington agricultural products when available. The Department of General Administration shall work with the Department of Agriculture to identify strategies to increase the purchase of Washington products. This was declared emergency legislation to improve the health of rural economies and the agricultural economy.
HB 2657 is still on the books; however, SB 6483 goes far beyond 2657.

SB 6483 (2008)
This is a comprehensive piece of legislation, requiring the following:
1. The State Department of Agriculture will facilitate the purchase of Washington grown food by schools, by linking school districts and local producers, as well as integrating curricula and programs that demonstrate the benefits of local food.
2. The creation of the Washington Grown Fresh Fruit and Vegetable Grant Program in the Office of the Superintendent of Public Instruction, to facilitate consumption of Washington grown-nutritious snacks to improve student health and expand the market for locally grown fresh produce.
3. Revision of food procurement and food contract procedures to facilitate the purchase of Washington grown food by state agencies and institutions to the maximum extent practicable. A school district may develop and implement policies and procedures to facilitate and maximize purchases of Washington grown food.
4. School districts may operate school gardens or farms as appropriate for the purpose of growing fruits and vegetables to be used for educational purposes.

5. The creation of the Washington State Farmers Market Technology Improvement Pilot Program to lend technological hardware to farmers markets to assist farmers markets and Washington farmers develop the capability to accept electronic payment cards, including electronic benefits transfers.
6. The creation of the Farmers to Food Banks Pilot Program. The Office of Financial Management shall work to develop measures for reporting on changes and trends in the purchasing of Washington-grown food by state agencies, institutions of higher education, and schools. The companion to this bill is HB 2798.

If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

$1.49 million in funding was appropriated to implement 6483. $600,000 will be used to provide grant funds to elementary schools with high numbers of low-income students to make available a locally-grown fruit and vegetable snack program.

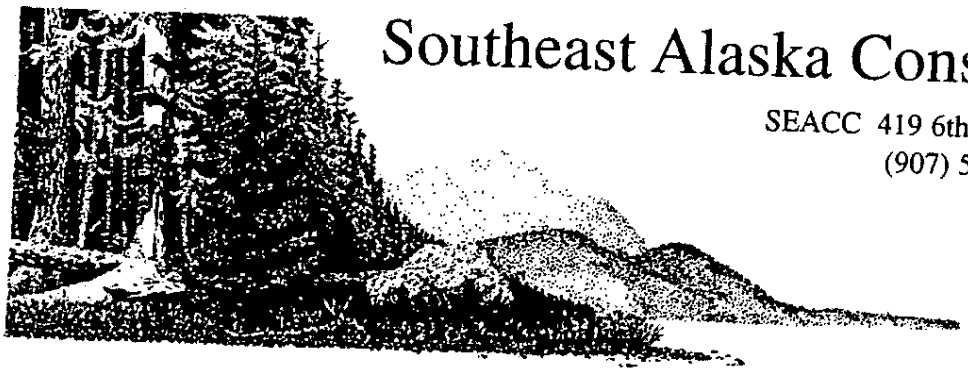
Many thanks to Doug Shinkle who has actively updated state farm to school legislation for the National Conference of State Legislators
http://www.ncsl.org/programs/environ/healthyCommunity/healthycommunity_bills.cfm

The Community Food Security Coalition extends grateful thanks to Kim Szeto and Greg Fogel, CFSC interns, for their tenacity in researching this information, and Ilana Blankman, for her editing expertise.

For more information, correction or additions, please contact:

Marion Kalb, Co-Director
National Farm to School Network
Community Food Security Coalition
3900 Paseo del Sol
Santa Fe, NM 87507
Phone 505-474-5782
Fax 505-473-3421
marion@foodsecurity.org
www.farmtoschool.org

Last updated: 7/2/08
Greg Fogel, CFSC



Southeast Alaska Conservation Council

SEACC 419 6th Street, Suite 200, Juneau, AK 99801
(907) 586-6942 phone • (907) 463-3312 fax
www.seacc.org • info@seacc.org

March 12, 2009

Representative Carl Gatto
State Capitol, Room 108
Juneau, AK 99801-1182

Dear Representative Gatto:

It is my pleasure to write a letter in support of House Bill 70, Alaska Grown Agricultural Products. This bill would truly improve the health and lives of school children in Alaska while at the same time providing positive benefits to the natural environment.

The craze for locally grown foods is increasing rapidly throughout the US, and for good reason. Through supplying local schools with Alaskan grown food, students will be eating vegetables and fruits at their prime. Fresh food from local farms is healthier because it doesn't spend days sitting on trucks, barges and planes losing nutrients. Eating locally in Alaska is especially important. Most of our imported food comes from thousands of miles away, resulting in wilted, nutrient deficient food and the burning of a tremendous amount of fossil fuels. Also, locally grown food is often subjected to fewer pesticides and preservatives, resulting in healthier, better tasting food.

If enacted, House Bill 70 would provide wonderful benefits for Alaskan communities and for the health of the environment. I am happy to express SEACC's support for this bill.

Sincerely,

Lindsey Ketchel
Executive Director

ALASKA SOCIETY OF AMERICAN FOREST DWELLERS, Point Baker ◆ CHICHAGOF CONSERVATION COUNCIL, Tenakee ◆ CUSTOMARY & TRADITIONAL GATHERING COUNCIL OF KAKE
FRIENDS OF BERNERS BAY, Juneau ◆ FRIENDS OF GLACIER BAY, Gustavus ◆ JUNEAU ALASKA YOUTH FOR ENVIROMENTAL ACTION ◆ JUNEAU AUDUBON SOCIETY
LOWER CHATHAM CONSERVATION SOCIETY, Port Alexander ◆ LYNN CANAL CONSERVATION, Haines ◆ NARROWS CONSERVATION COALITION, Petersburg
LISIANSKI INLET RESOURCE COUNCIL, Pelican ◆ PRINCE OF WALES CONSERVATION LEAGUE, Craig ◆ SITKA CONSERVATION SOCIETY
TAKU CONSERVATION SOCIETY, Juneau ◆ WRANGELL RESOURCE COUNCIL ◆ YAKUTAT RESOURCE CONSERVATION COUNCIL

The Honorable Representative Carl Gatto
State Capitol
Juneau, AK 99801

March 10, 2009

Dear Representative Carl Gatto.

My name is Amy Lee and I currently reside in Anchorage. I am writing to you regarding House Bill 70: Alaskan Grown Agricultural Products. I am so happy to hear that you are the sponsor for this bill. As a teacher, I believe it is important for students to learn about their own environment and this bill providing teaching gardens and small farms is exactly what students need to enhance their understanding of natural resources. In addition, the students will be nourished with local products and learn about self-sustainability at a smaller scale. There are so many benefits of this bill and I am in full support.

Thank you again and best of luck.

Sincerely,

Amy Lee
6506 Kara Sue Loop
Anchorage, AK 99504
amylees@gmail.com

The Honorable Carl Gatto
State Capitol
Juneau, AK 99801

March 17, 2009

Dear Representative Gatto,

We are youth members of Alaska Youth for Environmental Action. We are writing in support of the House Bill # 70, Alaska Grown Agricultural Products. We are supportive of the bill because we directly see the health, economic and environmental costs of unsustainable food systems.

Current food is, for the most part, cooked and packaged elsewhere and flown in from out of state. This creates an unsustainable food system. We feel little connection to the food and shipping uses fossil fuels. Local food would be less processed, would use less fossil fuel in shipping, and would improve Alaskan economy by keeping money in the state. Our experience with school foods as they are now motivates us to advocate for change.

As students we care about our health and the food served because it directly impacts our health and well being. As citizens of the earth we care about our environment. As Alaskans we care about our local economy.

We support House bill #70, Alaska Grown Agricultural Products. Thank you for introducing and promoting the Alaska Grown Agricultural Products bill. We appreciate your efforts to improve environmental, economic, and human health.

Sincerely,

Zoe Fuller

Nara McCray

Jonathan Teeters

Hannah Wilson

Claire Johnson

Jeffery Sheakley Jr

Members of Alaska Youth for Environmental Action

HB

73

<target><bill>HB 73</bill><subject>HB
73</subject><comm>HFIN26</comm></target>

Alaska State Legislature

Chairman
State Affairs Committee

Member
Judiciary Committee
Labor & Commerce Committee
Health & Social Services Committee
Military & Veterans Affairs Committee

Finance Subcommittees
Labor and Workforce Development
Military and Veterans' Affairs
Public Safety

A Communication From
REPRESENTATIVE BOB LYNN
District 31 Anchorage

E-Mail: Representative_Bob_Lynn@legis.state.ak.us
"Bob Lynn's Alaska Blog" www.RepLynnBlog.com

Session:
Alaska State Capitol, #104
Juneau, AK 99801-1182

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Phone: (907) 269-0205
Fax: (907) 269-0207

CS for HB 73 (26-LS0303\S)
Sponsor Statement

Special license plates for firefighters and emergency service providers are a way to say "thank you" to those who give of their time and risk their lives, to serve the people and communities of Alaska.

The purpose of these plates is two-fold. One is to recognize and thank firefighters and emergency service providers (EMS, Rescue), both volunteer and paid, active and former, who we know give much and ask so little.

The second is to encourage volunteerism.

By providing these license plates the hope is that residents of Alaska will recognize and acknowledge the importance of volunteerism, and possibly plant a seed in the hearts of some that will grow into action, resulting in more individuals volunteering not only in fire departments, but in their communities.

Contact: Nancy Manly 465-2794
Last revised 1/11/10

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: March 25, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/12/10

The FINANCE Committee considered: **HOUSE BILL NO. 73**

"An Act relating to honorary foreign consul license plates; and providing for an effective date."

HB 73 HONORARY CONSUL LICENSE PLATES

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 73 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[X] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
ADM				✓

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Cara	✓			
	DOOGAN	✓			
	Joule	—			
	Austerman	X			
	Salmon	✓			
	KELLY	X			
	Fairclough	X			
	Foster	X			
Chair:	Stoltze	X			
Chair:	Hawker	*			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSHB 73(FIN)**
() Publish Date:

Identifier (file name): HB073CS-DOA-DMV-02-01-10
Dept. Affected: Administration
Title "An Act relating to firefighter and emergency medical service license plates..."
RDU Division of Motor Vehicles
Component Motor Vehicles
Sponsor Rep. LYNN, Harris, Wilson
Requester H (FIN)
Component Number 2348

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1156 Receipt Supported Services							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill does not fiscally impact the Division of Motor Vehicles. Revenue derived from the sale of the fire fighter and emergency medical service provider plates is expected to be minimal. The agency therefore, submits a zero fiscal note.

Prepared by: Whitney H. Brewster, Director — Phone 907-269-5574
Division Motor Vehicles — Date/Time 02/01/2010 10:00AM
Approved by: Kevin Brooks, Deputy Commissioner — Date 2/1/2010
Department of Administration

(Revised 11/6/2009 OMB)

3326

Adopted 3/12/10

26-LS0303\P
Luckhaupt
2/4/10

CS FOR HOUSE BILL NO. 73( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES LYNN, Harris, Peggy Wilson

A BILL

FOR AN ACT ENTITLED

"An Act relating to special fire fighter and emergency medical service provider license plates; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 28.10.181 is amended by adding new subsections to read:

(z) Special request active fire fighter and emergency medical service provider plates, former fire fighter and emergency medical service provider plates, and plates commemorating fire fighters and emergency medical service providers. On application by the owner of a motor vehicle, the department may issue registration plates for active fire fighters and emergency medical service providers, registration plates for former fire fighters and emergency medical service providers, and registration plates commemorating fire fighters and emergency medical service providers. The commissioner shall determine the design and color of the plates. The department may disapprove the issuance of registration plates under this subsection when the requested plates are a duplication of an existing registration. To be eligible for

(1) an active fire fighter and emergency medical service provider plate, a person must present satisfactory proof that the person is an active member of

(A) a fire department in this state and the fire department is recognized as a fire department by the state fire marshal; or

(B) an out-of-hospital emergency medical service certified by the Department of Health and Social Services;

(2) a former fire fighter and emergency medical service provider plate a person must present satisfactory proof that the person was an active member of

(A) a fire department in this state for a minimum of 10 years; or

(B) an out-of-hospital emergency medical service certified by the Department of Health and Social Services for a minimum of 10 years.

*** Sec. 2.** AS 28.10.421(d) is amended by adding a new paragraph to read:

(18) special request plates

(A) for active fire fighter and emergency medical service provider $30;

(B) for former fire fighter and emergency medical service provider $50;

(C) commemorating fire fighters and emergency medical service providers $100

plus a fee of $35 and the fee required for that vehicle under (b), (c), (h), or (i) of this section; the fee required by (A) - (C) of this paragraph shall be collected only on the first issuance of and the replacement of the plates; the $35 fee required by this paragraph shall be collected biennially in the same manner as the fee required under (b), (c), (h), or (i) of this section; the commissioner of administration shall separately account for the fees received under this paragraph that the department deposits in the general fund; notwithstanding (g) of this section, the annual estimated balance in the account that is in excess of the cost of issuing special request plates may be appropriated by the legislature for the purposes provided in AS 14.43.085.

*** Sec. 3.** This Act takes effect July 1, 2010.

Alaska State Legislature

Chairman
State Affairs Committee

Member
Judiciary Committee
Labor & Commerce Committee
Health & Social Services Committee
Military & Veterans Affairs Committee

Finance Subcommittees
Labor and Workforce Development
Military and Veterans' Affairs
Public Safety

A Communication From
REPRESENTATIVE BOB LYNN
District 31 Anchorage

E-Mail: Representative_Bob_Lynn@legis.state.ak.us
"Bob Lynn's Alaska Blog" www.RepLynnBlog.com

Session:
Alaska State Capitol, #104
Juneau, AK 99801-1182

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How HB 73 Changed from Version A to Version S

In the House State Affairs Committee:

Firefighter and Emergency Service Providers License Plates were added to the bill at the request of Representative Harris. Later, all references to Honorary Consul License Plates were removed retaining just the Firefighter and Emergency Service Providers License Plates.

Blank CS Version P

Page 1 line 5 - per Legal Services: there was another subsection added last year to statute so the subsection number changes from "(y)" to "(z)".

Page 2 Line 30 changes the effective date from 2009 to 2010.

From: Nancy Manly <Nancy_Manly@legis.state.ak.us>
Subject: FW: Questions regarding CS for HB 73
To: "arkalaska@yahoo.com" <arkalaska@yahoo.com>
Date: Tuesday, March 24, 2009, 1:33 PM

Suzie: Can you get back with me on the answers to these questions? Thanks.

Nancy Manly, Chief of Staff and
House State Affairs Committee Aide *for*
Representative Bob Lynn
House District 31
907-465-2794 Fax: 907-465-4316

From: Brewster, Whitney H (DOA) [mailto:whitney.brewster@alaska.gov]
Sent: Monday, March 23, 2009 5:00 PM
To: Nancy Manly
Cc: Brooks, Kevin A (DOA)
Subject: Questions regarding CS for HB 73

Hi Nancy:

I know this is late in coming, but I have several questions regarding the draft CS for HB 73:

1. Are volunteer fire fighters and EMS providers covered under this bill?
2. What sort of proof would an active fire fighter or EMS provider show to the DMV to prove that they are active? Technically under this bill, an individual could be a firefighter or EMS provider for a month and get this license plate so long as they provide proof that they are active at the time of registration. Correct?
3. What sort of proof would a former fire fighter or EMS provider show to the DMV to prove that they were an active member for 10 years?
4. Is there a particular group that Rep. Lynn envisions the DMV working with in order to develop a plate design?
5. Anyone could get the commemorative fire fighter and EMS provider plate so long as they pay the initial $100 fee and the biennial fee of $35. Correct?

Thanks for any information you can provide me.

Sincerely,

Whitney

Whitney Brewster, Director

Division of Motor Vehicles

State of Alaska

(907) 269-5559

Nancy Manly

From: Suzie Hill Koklich [arkalaska@yahoo.com]
Sent: Tuesday, March 24, 2009 2:12 PM
To: Nancy Manly
Cc: Dave Miller
Subject: Re: FW: Questions regarding CS for HB 73

Sure Nancy -

1. Yes - both paid and volunteer are covered under this bill.

2. We would develop a form (approved by DMV) that fire chiefs would issue to members and former members, upon request that would verify that they were active or former members in good standing of a fire department or ems service. I imagine that the chiefs we have on board here in the state of Alaska have good enough judgement to not give someone the said form until they have been on board for more than a month as the training necessary to even perform either of these duties is quite extensive and they (the chiefs) may have their own "built-in" rules regarding when they consider "active member". In my department you have to attend so many meetings a year, so many trainings, calls, etc. to be considered an active member. If someone comes to a community from "outside" and were active in their departments and then joined a department here, they would still have to meet the departments definition of "active" before they would get the form from the chief.

3. The former member would get a form signed by his former chief/department, documenting his service - these records are pretty well kept due to the amount of training required to perform these duties.

4. We have a plate design that we have on standby - it was developed by the fire service statewide last year.

5. Yes - it is a community members way of supporting the fire service.

Let me know if you have more -

thanks again for all your work -

suzie

Suzie Hill Koklich
Alaska Director
National Volunteer Fire Council
P.O. Box 876
Valdez, Alaska 99686
(907) 835-4246 Email: arkalaska@yahoo.com

--- On **Tue, 3/24/09, Nancy Manly** <*Nancy_Manly@legis.state.ak.us*> wrote:

Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • http://www.muni.org
100 East Fourth Ave. • Anchorage, Alaska 99501 • Telephone: (907) 267-4936 • Fax: (907) 267-4977

Matt Claman,
Acting Mayor

Fire Department

March 23, 2009

Dear Alaska House Representatives:

On behalf myself and the Anchorage Fire Department, I would like to offer my support of House Bill 73 which provides for Firefighter and Emergency Service Provider License Plates.

Having such a license plate would allow for immediate recognition on the scene of an accident or any other emergency situation which would ultimately save valuable time getting through to the site.

Also, a large portion of Alaskan communities are served by volunteer firefighters and emergency medical technicians that routinely leave their family and jobs day or night to provide service to their local communities and assist their neighbors in their time of need. Having a specialized license plate would provide them recognition for the sacrifice they make – much like those recognizing our Veterans.

This is an excellent idea and I would like to thank you for considering this addition to House Bill 73.

Sincerely,

Michelle Weston, Acting for

Craig P. Goodrich
Fire Chief

Community, Security, Prosperity

ALASKA FIRE CHIEF'S ASSOCIATION
2358 Bradway Road, North Pole, Alaska 99705
Phone: (907) 488-3400 FAX: (907) 488-6118 EIN #92-0098649

March 23, 2009

Dear Alaska House Representatives:

The Alaska Fire Chief's Association fully endorses and supports the addition of Firefighter and Emergency Service Provider License Plates to House Bill 73.

The majority of Alaskan communities are served by volunteer firefighters and emergency medical technicians that routinely leave their family and jobs day and night to provide service to their local communities. These volunteers need recognition for the work they do and the service they provide in their neighbors times of need.

Establishing firefighter and emergency medical service provider license plates will give statewide recognition of the service and sacrifice these men and women make to their community and hopefully foster a spirit of volunteerism in Alaska.

Thank you for considering this addition to HB 73.

Cordially,

Michelle Weston
Government Relations
Alaska Fire Chief's Association

PO Box 22092, Juneau, Alaska 99802

March 20, 2009

Representative Bob Lynn
Representative John Harris

On behalf of the Alaska State Firefighters Association, I would like to voice our unified support via this letter to HB 73, "An Act relating to special firefighter and emergency medical service provider license plates; and providing for an effective date."

As we have stated before, not only is this bill to recognize and thank both volunteer and paid personnel statewide, we feel it would be an effective tool in the recruitment and retention of volunteers.

Nationwide, as in Alaska, departments struggle with the recruitment of volunteers. Firefighters and emergency medical responders are called upon to do more than "show up" at an event. For volunteers their jobs require extensive training, taking valuable time from their families and home life. This is time given freely, without compensation and many times, without thanks from those they serve. People have just come to expect them to "show up" – paid or volunteer when there is an incident – and they do.

Our Mission:

To serve our members through professionalism and leadership there by

enhancing the Fire/Rescue services of Alaska.

PO Box 22092, Juneau, Alaska 99802

Both paid and volunteer personnel in the fire service, give more than is required by their jobs, they more times than naught volunteer in their off time within their communities to support various causes – helping their communities raise monies and put on programs that improve and add to the quality of life in communities all across the state.

The Alaska State Firefighters Association has applied for and been awarded more than $600,000 dollars in SAFER (Staffing for Adequate Fire and Emergency Response) Grants through FEMA. With these monies our organization is working with departments statewide to promote volunteerism and fund training for personnel. The Alaska State Firefighters Association is made up of both paid and volunteer firefighters and emergency service personnel – striving to enhance the fire and rescue service of the State of Alaska.

This bill would be a small token of appreciation and hopefully a "seed" of encouragement towards volunteerism.

Sincerely,

Dave Miller
President

Our Mission:

To serve our members through professionalism and leadership there by

enhancing the Fire/Rescue services of Alaska.

Nancy Manly

From: david@vikingtrvl.net
Sent: Monday, March 23, 2009 3:32 PM
To: Nancy Manly
Subject: HB 73 - Special License Plates for firefighters and emergency service providers.

Hi

I support HB 73 that would provide special license plates for firefighters and ems providers.

As a volunteer chief with the PSG VFD, I rely on volunteers to help fill our ranks..
Anything we can offer our department is most appreciated, and somthing a little special.

Thanks
Dave Berg

David Berg
Viking Travel, Inc.
www.AlaskaFerry.com
907.772.3818 - Phone
907.772.3940 - Fax
101 N. Nordic, Box 787
Petersburg AK 99833

Nancy Manly

From: jason groves [wjgroves@hotmail.com]
Sent: Monday, March 23, 2009 3:33 PM
To: Nancy Manly
Subject: HB73

I support HB 73 that would provide special license plates for firefighters and ems providers, we support the military already and these people put just as much on the line everyday.
Thank
Jason Groves
Cordova

State of Alaska
Department of Public Safety
Division of
Fire and Life Safety

Sarah Palin, Governor
Joseph A. Masters, Commissioner

March 23, 2009

Representative Bob Lynn
Alaska State Capital, Room 104
Juneau, Alaska 99801-1182

Honorable, Representative Lynn,

The Alaska Division of Fire and Life Safety is pleased to support House Bill 73, "An Act relating to special fire fighter and emergency medical service provider license plates; and providing for an effective date".

The establishment of special license plates is an excellent way to recognize firefighters and EMT's for their efforts and sacrifices as they work to improve the safety of their communities. These emergency responders are a proud dedicated group of professionals who spend hundreds of hours training and preparing to respond to those in need. The majority of emergency responders in Alaska work for little or no pay and spend a large amount of time away from their families to provide this service. These commendable efforts are rarely recognized. HB 73 will provide a method for that daily recognition and also allow the firefighters and EMT's an opportunity to show their pride in belonging to the emergency services family.

My office whole heartedly supports this bill as an effective incentive to recognize the emergency responders within the community and encourage others to get involved.

Respectfully,

David L. Tyler
State Fire Marshal

Office of the State Fire Marshal
5700 E. Tudor Road – Anchorage, AK 99507 – Voice (907) 269-5491– Fax (907) 338-4375

Nancy Manly

From: Jose Diorec [jkdiorec@yahoo.com]
Sent: Monday, March 23, 2009 7:24 PM
To: Nancy Manly
Subject: HB 73

From 2005 to 2007 I lived in Washington State where I saw numerous vehicles with the Maltese Cross firefighter emblem on their license plates. I worked for a private ambulance service which works directly with the surrounding fire departments. After talking with these firefighters I discovered these vehicles with the "fire department" license plates were all members of the IAFF(International Association of Fire Fighters) union.
As we all know, emergency apparatus have warning lights to identify themselves and to alert the public. There are many different stores where anyone is able to purchase these warning lights and to use them for unlawful purposes. A second identifier, such as a license plate, would help to eliminate this type of misuse.
I began my fire service career as a volunteer firefighter/EMT in 1994 here in Alaska. As stated above, I worked for two years in Washington State as an EMT. I now work as a full-time firefighter/EMT here in southeast Alaska and intend to complete my years of service here in the state.
Whether you are a career firefighter or a volunteer firefighter we all have a duty and the commitment to represent and serve our communities.
I would be proud to display my commitment and service!
I support HB 73 that would provide special license plates for firefighters and ems providers.

Jose Diorec
Firefighter/EMT
Ketchikan Fire Department
Ketchikan, Alaska

Nancy Manly

From: Robert Dennard [robertd@cityofsitka.com]
Sent: Friday, March 20, 2009 10:08 AM
To: Nancy Manly
Cc: Suzie Hill Koklich
Subject: Firefighter commemorative Plates

I am in favor of the house bill supporting commemorative license plates for firefighters. I have been thru the board meetings with the Alaska State Firefighters for many years and have seen and heard a lot of talk from other firefighters who would also be in favor of this. Thank you for your time.
Robert Dennard
Sitka Fire Department
Fire Captain
Alaska State Firefighters

Nancy Manly

From: Brian Long [ffredrhino@hotmail.com]
Sent: Friday, March 20, 2009 10:38 AM
To: Nancy Manly
Subject: HB 73 support

I support HB 73 that would provide special license plates for firefighters and ems providers.
Thanks for your time and effort in seeking this simple yet great thing for us.
Brian Long

Nancy Manly

From: Gary [ggray1@arctic.net]
nt: Friday, March 20, 2009 10:46 AM
: Nancy Manly
Subject: HB 73

I am in support of HB 73.I feel that this is an important piece of legislation to support the emergency services of Alaska.

Sincerely

Gary A Gray
Firefighter/EMT
Unalaska, AK.

3343

Nancy Manly

From: Schwan, Martin K. [SchwanMK@ci.anchorage.ak.us]
Sent: Friday, March 20, 2009 10:47 AM
To: Nancy Manly
Subject: FW: HB 73 - Help Sending Emails -Needs to be done today - PLEASE
Attachments: HB 73 copy FF Plates.pdf

I support HB 73 that would provide special license plates for firefighters and EMS providers.

Martin Schwan, Acting Fire Marshal
Division of Fire Prevention
Anchorage Fire Department
4700 Elmore Road
Anchorage AK 99504

"Ability can take you to the top, but it takes character to keep you there."

Office: 267-4968
Fax: 249-7596
Email: schwanmk@muni.org

Helping You Everyday

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Nancy Manly

From: Gary Carlson [Gary.Carlson@north-slope.org]
Sent: Friday, March 20, 2009 10:49 AM
To: Nancy Manly
Subject: HB 73

I support HB 73 that would provide special license plates for firefighters and ems providers.

Thank you,

Gary Carlson Captain, Prevention Officer
North Slope Borough Fire Department
P.O. Box 069
Barrow, Ak 99723
phone 907.852.0234 ext 236
email gary.carlson@north-slope.org

Nancy Manly

From: Ronald Currit [rvcurrit@yahoo.com]
Sent: Friday, March 20, 2009 10:54 AM
To: Nancy Manly
Subject: HB 73

I support HB 73 that would provide special license plates for firefighters and ems providers.
Fire Chief
Ronald C Currit
Thorne Bay Volunteer fire dept

Nancy Manly

From: Rifley, Rick F (DOT) [rick.rifley@alaska.gov]
Sent: Friday, March 20, 2009 11:02 AM
To: Nancy Manly
Subject: Support HB 73

I support HB 73 and would like to see a license plate honoring firefighters and public safety employees. Thank you for supporting this bill.

Sergeant Rick Rifley
Airport Police & Fire Department
Fairbanks International Airport
(907) 474-2535 Office
(907) 474-2544 Fax
6450 Airport Way Ste 1
Fairbanks Ak 99709
rick.rifley@alaska.gov

Nancy Manly

From: Wes Perkins [njuswes@yahoo.com]
Sent: Friday, March 20, 2009 11:05 AM
To: Nancy Manly
Subject: HB 73 Special Plates

We are in support of HB 73, special lisence plates for EMS, Firefighters, in the State of Alaska. We have talked about this with Foster and Olson from our region before. Thanks Wes Perkins Safety Officer, Nome Volunteer Fire Dept. and EMT 1, Nome Volunteer Ambulance Dept. We support this bill.

Nancy Manly

From: Sean M. Huntley [seanh@searhc.org]
Sent: Friday, March 20, 2009 11:34 AM
To: Nancy Manly
Subject: HB 73

I support HB 73 that would provide special license plates for firefighters and ems providers. This would be a way for the Alaska State Firefighters' Association to provide help to the families of firefighters who have given the ultimate sacrifice to our state. It would also hopefully increase firefighter recruitment & retention by providing pride in the field.

Lt. Sean M. Huntley, Firefighter/EMT II
Capital City Fire/Rescue
President, Capital City Chapter of ASFA

Nancy Manly

From: arlen skaflestad [askaflestad@yahoo.com]
Sent: Friday, March 20, 2009 12:12 PM
To: Nancy Manly
Subject: License plates

I support HB 73 that would provide special license plates for firefighters and ems providers. It would give special recognition to a thankless job!!
Arlen Skaflestad
Captain
Hoonah VFD

Nancy Manly

From: CCFR.DC@gmail.com
Sent: Friday, March 20, 2009 1:18 PM
To: Nancy Manly
Subject: HB 73

I would like to express my support for HB 73 in developing a license plate for volunteer firefighters and EMS providers. Alaska relies heavly on these volunteers to provide emergency services. Recruitment is harder and harder. Retaining volunters is more and more dificult. This is one way to show our appriciation to them for the hundreds of hours they donate.

Rich Etheridge
Juneau, Alaska

Nancy Manly

From: Clime, Richard D (DOC) [richard.clime@alaska.gov]
Sent: Friday, March 20, 2009 2:19 PM
To: Nancy Manly
Subject: HB 73

Ms/Mrs. Manly,

I support HB 73 that would provide special license plates for firefighters and EMS providers. As being a 17 year active volunteer firefighter/Engineer/past-EMT here in Juneau for the Capital City Fire Rescue, I am support of the needs of a license plate representing the folks within the fire/EMS services, carreer/volunteer/combination, that represent our great state. Without the hard dedication and commitment it takes to do what they/we do, we'd be a hurting state of panic when the fire alarm/page goes out. Please consider this one vote/support of this house bill being presented next week to The House.

Mission Statement

"Readiness, Dedication, Service!"

My personal motto in the fire services:
"All firefighters are pyromaniacs, we just keep it in control"
"If it wasn't for fire, we'd be out of a job"

Rych Clime
Volunteer FF/Engineer – Capital City Fire Rescue, Juneau – Douglas Volunteer Fire District
President – Douglas Volunteer Firefighters Association Fireclub (past vice president, past secretary/treasurer)
Vice President – Capital City Chapter of the Alaska State Firefighters Association, Juneau Alaska (past president, past secretary/treasurer)
Delegate Member of the Board of Directors, Alaska State Firefighters Association (past secretary/treasurer)
Delegate Member of the National Benefits Summit of National State Firefighters Association (2007/2008)

State of Alaska, United States of America
HAPPY 50TH ANNIVERSARY ALASKA!!
1/3/1959 - 1/3/2009

Nancy Manly

From: Scott Novak [novak@gci.net]
Sent: Friday, March 20, 2009 2:21 PM
To: Nancy Manly
Subject: HB 73

Please support HB 73, license plates for volunteer firefighters.

Scott Novak
volunteer firefighter
Capital City Fire & Rescue
Juneau, Alaska

Nancy Manly

From: Dan Tucker [tucker@mtaonline.net]
Sent: Friday, March 20, 2009 2:35 PM
To: Nancy Manly
Subject: Support for HB 73

Rep. Manly,

Please hear this plea in support of HB 73 – Special License Plates for firefighters and emergency service providers. I strongly support this measure.

As a 35+ year veteran of the fire service, including a 29 year career with the Anchorage Fire Department and some Volunteer service, I recognize that we are the unheralded heroes of a safe everyday life. We are usually proclaimed heroes just after a major event but most often simply overlooked most of the rest of the time.

We recognize Armed Service Veterans, appropriately, with vanity plates acknowledging their contribution to world and national security and peace. It is not inappropriate to recognize firefighters and other emergency responders for their contribution toward the common man's tranquility knowing that they can dial 911 and be taken care of.

It is said that "Only two defining forces have ever offered to die for you, Jesus Christ and the American G.I. One died for your soul, the other for your freedom. Thank them both today." (quote variously attributed) I often add the following when using this quote: "Firefighters and Police are the present-day, local representatives of this ethic. They willingly stand between you and your greatest fears."

Thank you for your effort on this bill.

Sincerely,
Dan
--
Daniel J. Tucker
Battalion Chief (Retired) Battalion One 'C'
Anchorage, Alaska, Fire Department 1973-2002
c/o 4330 Wickersham Way
Wasilla, AK 99654-7638
907/863-1313 cell
907/376-2630

Nancy Manly

From: Scott Johnson [scott.a.johnson@gmail.com]
Sent: Friday, March 20, 2009 2:44 PM
To: Nancy Manly
Cc: Sen. Donny Olson; Rep. Richard Foster
Subject: HB 73
Attachments: HB 73 copy FF Plates.pdf

Dear Ms. Manly,

I live in Nome and volunteer with the Nome Ambulance Department as an EMT. I have also served as an EMT with Copper River EMS out of Glennallen. I understand Representative Lynn has sponsored legislation in conjunction with Speaker Harris known as House Bill 73, an act providing for special license plates for firefighter and EMS personnel. I support this bill/amendment that I understand will be read into consideration some time next week. I have attached a copy of this bill which I have reviewed.

As I'm sure you are aware, in many areas of our state firefighting and EMS service is done by skilled volunteers, not paid professionals. These volunteers typically volunteer many long hours not only in the performance of their duties, but also in training time. This is a huge commitment of the individuals as well as their families. This is of course in addition to the many paid professionals who dedicate their careers to serving the residents of our great and wonderful state.

I believe these special commemorative license plates are a simple yet significant and appropriate way to recognize these individuals and their contribution to our communities and society in general.

Your assistance in passage of this legislation to the Senate would be very much appreciated.

Respectfully,

Scott A. Johnson

--
Scott Johnson
scott.a.johnson@gmail.com
mobile: +1.907.240.2483

Nancy Manly

From: akvoyager@att.net
Sent: Friday, March 20, 2009 3:19 PM
To: Nancy Manly
Subject: Firefighter/EMS provider license plates

Ms. Manly,

I am wrtting you in support of HB 73 which provides for special license plate for firefighters and emergency services providers. I support this legislation for two basic reasons. First, I am a volunteer firefighter in my local community as well as an EMS responder. Secondly, and most importantly, if it were not for the acts of a group of EMS providers that came to my aid a year and a half ago I would not be here to send this email. I would have died of a major MI but with their assistance was able to pull through.

I have been to many incidents where similar fire/EMS has given their all and then some to protect property, save lives and provide a safe environment for us all to live in. They do this with very little, if any, recognition. I feel that a license plate would be a fitting was to recognize these dedicated individuals.

One last thing, in those communities utilizing volunteer fire/EMS personnel to protect their communities, having a special license plate would be a way for non-responders to recognize responding individuals when there was an emergency response in progress.

Thanks you for your time and I hope your support in recognizing these very important and dedicated individuals.

Richard Abbott
Juneau, Alaska

Nancy Manly

From: Paul Jennings [jennings_p@hotmail.com]
Sent: Friday, March 20, 2009 3:22 PM
To: Nancy Manly
Subject: HB 73

To whom it may concern,

I am the Vice President of the Petersburg Chapter of Alaska State Firefighters Association and a volunteer of that fire department. I have spoken with most of our department and some of the retired past members about this subject. So as the A representative of both active members and retired members of our department we support HB 73 that would provide special license plates for firefighters and ems providers.

Our department currently had about 60 members and about that many retired members that would fit the qualifications to get a license plate.

Thank you for taking the time to read this letter, Sincerely Paul Jennings and the Petersburg Volunteer Fire Department.

Express your personality in color! Preview and select themes for Hotmail®. See how.

Nancy Manly

From: jana harshey [janatorial@acsalaska.net]
Sent: Friday, March 20, 2009 3:27 PM
To: Nancy Manly
Subject: fire

I totally support the fire/ems plates. Thank-you Jana harshey sitka fire dept.
JANA HARSHEY

Nancy Manly

From: David Seng [dgseng@gmail.com]
Sent: Friday, March 20, 2009 3:41 PM
To: Nancy Manly
Subject: HB 73 Support

Hi Nancy,

I'm writing to voice my support for HB73 - the Special License Plates for firefighters and EMS providers. This would give recognition to the individuals that give so much of their hearts, souls and even lives to serve the public.

Dave Seng
Juneau, AK

Nancy Manly

From: Suzie Hill Koklich [arkalaska@yahoo.com]
Sent: Friday, March 20, 2009 5:35 PM
To: Nancy Manly
Subject: Re: FW: Firefighter/EMS provider license plates

Sorry I was out for a couple hours - what he is saying is not everyone responding has a blue light - no one in my community does any more - but if someone driving by sees a group of vanity plates w/firefighter or ems designation they will know there must be something going on - but these plates are NOT intended to give special privileges.

thanks - me

Suzie Hill Koklich
Alaska Director
National Volunteer Fire Council
P.O. Box 876
Valdez, Alaska 99686
(907) 835-4246 Email: arkalaska@yahoo.com

--- On **Fri, 3/20/09, Nancy Manly** <*Nancy_Manly@legis.state.ak.us*> wrote:

> From: Nancy Manly <Nancy_Manly@legis.state.ak.us>
> Subject: FW: Firefighter/EMS provider license plates
> To: "arkalaska@yahoo.com" <arkalaska@yahoo.com>
> Date: Friday, March 20, 2009, 3:27 PM
>
> Suzie: I was just reading Richard Abbot's letter. He mentions that having a special license plate would be a way for non-responders to recognize individuals when there is an emergency in progress. I hope that isn't the intent of getting these plates. These plates are vanity plates only. There will be no special privileges that will go with these plates. The way to recognize individuals when there is an emergency in progress will be the blue light on their car blinking to get out of the way. Am I misunderstanding? Please advise.
>
> Nancy Manly, Chief of Staff and
> House State Affairs Committee Aide *for*
> **Representative Bob Lynn**
> **House District 31**
> 907-465-2794 Fax: 907-465-4316
>
> ---
>
> **From:** akvoyager@att.net [mailto:akvoyager@att.net]

Sent: Friday, March 20, 2009 3:19 PM
To: Nancy Manly
Subject: Firefighter/EMS provider license plates

Ms. Manly,

I am wrtting you in support of HB 73 which provides for special license plate for firefighters and emergency services providers. I support this legislation for two basic reasons. First, I am a volunteer firefighter in my local community as well as an EMS responder. Secondly, and most importantly, if it were not for the acts of a group of EMS providers that came to my aid a year and a half ago I would not be here to send this email. I would have died of a major MI but with their assistance was able to pull through.

I have been to many incidents where similar fire/EMS has given their all and then some to protect property, save lives and provide a safe environment for us all to live in. They do this with very little, if any, recognition. I feel that a license plate would be a fitting was to recognize these dedicated individuals.

One last thing, in those communities utilizing volunteer fire/EMS personnel to protect their communities, having a special license plate would be a way for non-responders to recognize responding individuals when there was an emergency response in progress.

Thanks you for your time and I hope your support in recognizing these very important and dedicated individuals.

Richard Abbott
Juneau , Alaska

Nancy Manly

From: Steeves, Chris [Chris.Steeves@alyeska-pipeline.com]
Sent: Friday, March 20, 2009 7:14 PM
To: Nancy Manly
Subject: HB 73
Importance: High

Nancy-
I support HB 73 that would provide special license plates for firefighters and EMS providers.
Thank you for your support in this matter

Chris Steeves
Alyeska Fire and Rescue
Valdez Marine Terminal
Chris.Steeves@alyeska-pipeline.com
(907)250-6360

Nancy Manly

From: christinawuerker@uwalumni.com
Sent: Friday, March 20, 2009 8:24 PM
To: Nancy Manly
Subject: special license plates

I support HB 73 that would provide special license plates for firefighters and ems providers. This an absolutely amazing idea! So many states are already doing this.

3363

Nancy Manly

From: Ken Lawrenson [kmlawrenson@yahoo.com]
Sent: Friday, March 20, 2009 9:57 PM
To: Nancy Manly
Subject: Support for HB73

As a Juneau volunteer firefighter, I urge the support of HB73, which authorizes the issue of specialized license plates to active and retired firefighters and EMS responders, and those who support them. This is a great idea to rally enthusiasm and support for those of us who are on the front line for our communities. It also provides an incentive for the recruitment of new firefighters, and retention of those in our ranks.

Thank you,

Ken
K. M. Lawrenson
pls reply to kmlawrenson@yahoo.com
503-334-6606 cell

Nancy Manly

From: saparilla@att.net
Sent: Friday, March 20, 2009 10:27 PM
To: Nancy Manly
Subject: HB 73

I support HB 73 that would provide special license plates for firefighters and ems providers.

Thank you,
Keturah Sadler

Nancy Manly

From: Carpenter, Pete [Pete.Carpenter@alyeska-pipeline.com]
Sent: Saturday, March 21, 2009 2:39 AM
To: Nancy Manly
Subject: HB 73 license plates!!!

I would most definitely support HB 73 to provide firefighters and EMS personnel with personalized license plates for our vehicles. This sounds like an amazing benefit for all emergency personnel.
Thanks for the support!

-Pete Carpenter-

Nancy Manly

From: jack.smith@gci.net
nt: Saturday, March 21, 2009 7:54 AM
: Nancy Manly
Subject: HB 73

This letter encourages the legislature to pass HB73 to provide license plates that recognize emergency service personnel that deliver critical life saving care to Alaska residents and visitors. Many of these personnel are volunteers that provide care with little compensation or recognition. As the number of emergency services volunteers decline around the country it is important that efforts are taken to provide recognition to this vital service.

Consideration and passage of this resolution is appreciated.

Jack M. Smith, Fire Chief
North Slope Borough Fire Department
P.O. Box 69
Barrow, Alaska 99723

Nancy Manly

From: Sean Wisner [akwisner@gmail.com]
Sent: Saturday, March 21, 2009 9:49 AM
To: Nancy Manly
Subject: HB 73

To whom it may concern,
I support of HB 73 - Special License Plates for firefighters and emergency service providers.
Thank You for your consideration regarding these matters.

--
Sean D. Wisner, Captain
Alyeska Fire and Rescue
Valdez Marine Terminal

Nancy Manly

From: Kathleen Miller [kmillerrn.juneau@gmail.com]
Sent: Saturday, March 21, 2009 1:56 PM
To: Nancy Manly
Subject: HB 73

Greetings from Skagway where I am stranded (weather) in the middle of an EMT 2 class. I had hoped to get back to Juneau for the Firefighter 1 class Saturday but we had to turn back due to snow squalls. I think that this email may be late but I do so heartily support HB 73 providing special license plates for fire fighting and EMS providers. I am currently a Public Health Nurse, in training to be an effective fire/EMS volunteer. I do know that when the 'all call' sounds for a fire or motor vehicle accident that we need to have a consistent, efficient way for law enforcement or other providers to recognize our vehicles for effective scene access. Not everyone will have a 'blue light' in their vehicle...in addition to which I suspect that lights can be purchased by 'anyone'. A special plate would be more official as well as a recognized identifier.

Thank you for working on HB 73, Kathy Miller RN, MPH, EMT 1 and Lynn Canal Station volunteer for CCF/R-Juneau

Nancy Manly

From: stefanie bromagen [stefaniebromagen@yahoo.com]
Sent: Saturday, March 21, 2009 7:37 PM
To: Nancy Manly
Subject: HB73

I support the HB73 for the Firefighter /EMS Liscense Plates.

Stefanie Bromagen
Firefighter/EMS
Ketchikan Gateway Chapter ASFA President

Nancy Manly

From: Gregory Brown [stormcloudff@hotmail.com]
Sent: Saturday, March 21, 2009 8:30 PM
To: Nancy Manly
Subject: Support of bill 73

I support house bill 73 as a member of Gateway Chapter.
Greg

Windows Live™ SkyDrive: Get 25 GB of free online storage. Check it out.

Nancy Manly

From: skillingsg@gmail.com
Sent: Saturday, March 21, 2009 9:52 PM
To: Nancy Manly
Subject: HB 73

I am a Sr. Fire Medic for the Ketchikan Fire Department and a volunteer with the North Tongass Volunteer Fire Dept. I support HB 73 that would provide special license plates for firefighters and ems providers.

Thank you,
Gretchen Skillings
Ketchikan

Nancy Manly

From: ken Montero [monteroken@gmail.com]
Sent: Sunday, March 22, 2009 6:19 AM
To: Nancy Manly
Subject: please support this bill

please support this bill.

Nancy Manly

From: Glen Hofmann [glenh15@hotmail.com]
Sent: Sunday, March 22, 2009 5:23 PM
To: Nancy Manly
Subject: HB 73

Nancy,
My name is Glen, I am a Paramedic/Firefighter for the City of Ketchikan.
I support HB 73.
Thank you.

Glen A. Hofmann

Windows Live™ SkyDrive: Get 25 GB of free online storage. Check it out.

Nancy Manly

From: Hill, Gail J (DOT) [gail.hill@alaska.gov]
Sent: Monday, March 23, 2009 7:26 AM
To: Nancy Manly
Subject: FF Plates

Good Morning Nancy,

I would like to let you know that I support HB 73 that would provide special license plates for firefighters and EMS providers. I am a volunteer EMT with the City of Ketchikan.

Thank you for your efforts in putting this forward.

Gail J. Hill
Administrative Officer II
Alaska Marine Highway System
(907)228-6868
gail.hill@alaska.gov

Nancy Manly

From: Hoff, Bradley S MIL USA USARPAC [bradley.s.hoff@us.army.mil]
Sent: Monday, March 23, 2009 7:20 AM
To: Nancy Manly
Subject: Public Safety license plates (UNCLASSIFIED)
Signed By: There are problems with the signature. Click the signature button for details.

Classification: UNCLASSIFIED

Caveats: NONE

I support HB 73 that would provide special license plates for firefighters and EMS providers. This is a potential recruiting tool to get more people involved into the drastically under manned public services with much needed staffing.

I am honored to be a veteran as well to know that our state has special license plates to honor them but our public also needs to be aware of then thousands of men and women who devote their lives to public safety.

V/R

Bradley Hoff

Fire Inspector & Public Education Coordinator
Fire & Emergency Services
FT. Wainwright, Alaska 99703
(907) 353- 9141/Desk; 353-9166/office; Fax: (907) 353-9100 FWA Fire Prevention

SMOKE ALARMS...DON'T STAY HOME WITHOUT ONE!

"Everyone Goes Home"

Firefighter Life Safety Initiatives

Leiutenant, North Star VFD, North Pole Alaska

Classification: UNCLASSIFIED

Caveats: NONE

Nancy Manly

From: fmonrean@kpunet.net
nt: Monday, March 23, 2009 6:59 AM
: Nancy Manly
Subject: Firefighter/Ems License plates

nancy:
I just wanted to let you know that I support the license plates for volunteer firefighter/EMS responders. It is about the worst job in the world cutting some poor person out of a car and tring to get them out alive. The risks are extreme. A little show of recognition would be nice.
Fred

---

mail2web.com - Microsoft® Exchange solutions from a leading provider - http://link.mail2web.com/Business/Exchange

3377

Nancy Manly

From: Jeff Jones [jeffj533@hotmail.com]
Sent: Monday, March 23, 2009 1:08 AM
To: Nancy Manly
Subject: HB 73

To Whom It May Concern:
I support HB 73 that would provide special license plates to firefighters and EMS providers.
Thank you for your time.

Jeff Jones
Ketchikan Fire Department

Internet Explorer 8 – Now Available. Faster, safer, easier. Download FREE now!

Nancy Manly

From: Victoria Godkin [Victoria_Godkin@ci.juneau.ak.us]
Sent: Friday, March 20, 2009 4:56 PM
To: Nancy Manly
Attachments: Victoria Godkin.vcf

I support house bill HB 73

Victoria Godkin
Administrative Assistant III
Capital City Fire/Rescue
820 Glacier Avenue
Juneau, Alaska 99801
(907)586-0262 PHONE
(907)586-8323 FAX

Nancy Manly

From: Valerie Allen [pwsec1@ci.petersburg.ak.us]
Sent: Friday, March 20, 2009 4:42 PM
To: Nancy Manly
Subject: Special License Plates

Good afternoon,

I support HB 73 that would provide special license plates for firefighters and ems providers. I am a current EMS lieutenant with the Petersburg Volunteer Fire Department and think this is a great way for the State to show our volunteers that we appreciate what they do for their communities.

Thank you,

Valerie Allen
P.O. Box 1863
Petersburg, AK 99833

Nancy Manly

From: Sam Dalin [revsamd@yahoo.com]
Sent: Friday, March 20, 2009 4:30 PM
To: Nancy Manly
Subject: Firefighter/EMS

As Chaplain of Capital City Fire/Rescue and Juneau Police Department Chaplain I am in favor of these plates. Chaplain Sam Dalin

Nancy Manly

From: Clime, Richard D (DOC) [richard.clime@alaska.gov]
Sent: Monday, March 23, 2009 8:34 AM
To: Nancy Manly
Subject: FW: Firefighter Support

From: reifen@gci.net [mailto:reifen@gci.net]
Sent: Saturday, March 21, 2009 10:36 PM
To: Clime, Richard D (DOC)
Subject: Firefighter Support

Rych, can you send this along? I can't seem to get the email address for Ms. Manly to work. Thanks. - G

This note is written in support of HB 73. I have been a firefighter/EMS provider in Juneau since 1974, am the retired District Chief for the Lynn Canal/Auke Bay District and currently serve in the capacity of Captain, Special Rescue Teams for Capitol City Fire/Rescue. In the 35 years that I have been a volunteer in the fire service I have been blessed to serve with numerous dedicated individuals, received great training opportunities and to had the satisfaction of serving my community. The rewards of saving property, protecting the environment and in several instances actually saving lives has enriched my life in ways that words can scarcely describe. As I near the end of this important and defining part of my life I realize that HB 73 makes the transition a little easier; we don't retire our pagers and helmets without profound regret or an acceptance that we'll not miss the calls and opportunity to serve.

Thanks,

George Reifenstein Jr., Captain, Special Teams, CCF/R
4202 Auke Lane,
Juneau, AK 99801

Nancy Manly

From: Sven Pearson [svenpearson@gmail.com]
Sent: Monday, March 23, 2009 9:56 AM
To: Nancy Manly
Subject: HB 73

I totally support HB 73 that would provide special license plates for firefighters! Many states have a similar program honoring firefighters that risk their lives for others.

Sven Pearson
Juneau, Alaska

TO THE LEGISLATURE OF THE STATE OF ALASKA:

We, the undersigned electors of the State of Alaska, request that special license plates for firefighters and emergency medical service providers (HB 73) be issued by the Division of Motor Vehicles in the State of Alaska. And further, by our signatures below, indicate intent to purchase same when they are made available.

SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
	Shaun Oliveira	1801 Cottonwood Creek Dr Wasilla, AK 99654	Same	Yes
	Jeffrey Pritchett	3541 E. Tambert Dr. Wasilla, AK 99654	Same	yes
	Matt Eccles	6350 N. Talaga View Dr Wasilla AK 99654	Same	yes
	Jaime Rodriguez	2200 Palomino Ln Palmer, AK 99645	P.O. Box 4335 Palmer AK 99645	Yes
	Timothy J. Gonyea	401 S. Wasilla St #28 Wasilla, AK 99654	1830 E. Parks Hwy Ste #113 PMB 670 Wasilla, AK 99654	YES
	Mark A. Easter	6255 N. Nelton way Palmer, AK 99645	P.O. box 9678 Palmer, AK 99645	Yes
	Michael Warzewicz	7820 E Shorewood Wasilla AK. 99654	Same	YES
	Ashley Woolley	189 E. Nelson #190 Wasilla, AK. 99654	Same	Yes
	Casey Cook	5235 E. Iroquois Ct Wasilla AK 99654	Same	Yes
	Danny Clemons	619 W Nelson Ave Wasilla AK. 99654	Same	Yes
	Kenneth Hutchings	901 E. Snohomish Wasilla AK 99654	Same	YES
	H Joseph Sylvia	5851 Wilderline Ave Wasilla AK 99654	POB 876781 Wasilla AK 99687	yes
	Heather French	189 E. Nelson Ste. #190 Wasilla, AK 99654	Same	yes
	Jennifer Luce	2961 Jasper Drive Wasilla, AK 99654	P.O. Box 873298 Wasilla, AK 99687	Yes
	CHAD STAATS	2750 W Hyperwood Wasilla AK 99654	" "	no
	NATHAN DURBIN	6310 N. Talaga Dr. Wasilla AK 99654	Same	Yes
	Laurel Keel	20925 Birch Lk Dr Big Lake AK 99652	P.O. Box 5219 Big Lake AK 99652	YES
	Shannon Reynolds	1575 W Shirley Rd Wasilla AK 99654	SAME	YES
	Cassandra Connelly	8430 W Parks Hwy Wasilla AK 99654	P.O. Box 298473 Wasilla AK 99629	Yes

3385

TO THE LEGISLATURE OF THE STATE OF ALASKA:

We, the undersigned electors of the State of Alaska, request that special license plates for firefighters and emergency medical service providers (HB 73) be issued by the Division of Motor Vehicles in the State of Alaska. And further, by our signatures below, indicate intent to purchase same when they are made available.

SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
	Gary Simmons	711 W Island Lakes Dr	Wasilla, AK 99654	YES
	Nick Brocheit	5837 Sarvunek Dr Big Lake	PO Box 520521 Big Lake, AK 996	YES
	Jacob Jeny	740 North Wilhelm	PO Box 298717 Wasilla AK 99629	Yes
	James Rogers	4048 S. Parks Ln	P.O. box 520477 Big Lake AK 99652	Yes
	Jeremiah Moore	~~HC 38 Box~~	HC 38 Box 3379-B Wasilla AK 99654	yes
	Ryan Benedict	3230 Lakeview Dr.	PO Box 298156 Wasilla AK 99629	Yes
	Darren M. Stewart	9624 W. Hollywood Rd.	Same	Yes
	Joanne Jones	3231 Meadow Lakes Dr.	P.O. Box 298734 Wasilla AK 99629	YES
	Donald Cuthbert	25642 Berry Hill Rd.	Eagle River, AK 995??	Yes
	Steve Katkus	1681 N. Ashford Blvd, unit A	Wasilla, AK 99654	Yes
	Suzanne Gaines		PO Box 876342 Wasilla AK 9965?	yes
	Douglas D. Frey	765 McAdoo Way	Wasilla, AK 99654	Yes
	Doris Mobley	575 Jerome Dr Wasilla AK 99654	Same	No
	Kirk Gibbs	1250 W Glenn Kenai	Same	Yes
	Benny Gottle	3401-A Gottle Loop	Same	yes
	John Becker	253 Tiffany Dr	P.O. Box 875700 Wasilla 99654	yes
	Richard Boothby	790 N. Hickory	Palmer, AK 99654	yes
	Richard Harrop	355 N. Robin Cir	PO Box 876256 Wasilla AK 99657	yes
	Chris Oliver	1801 Cottonwood Creek Dr	Same	Yes

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
	ROBERT L. O'MARA	6291 W FULL CURL AVE	WASILLA AK 99654	yes
	Larry Fetchenhier	29825 Wasilla	AK 99655	Yes
	Kurtis Carnahan	690 Day Rd.	Wasilla AK 99687	yes
	Riley Breyer	701 N. Lucille St #C	701 N. Lucille St #C	yes
	David Kelly	7751 W. Parks Hwy	Box 298218 Wasilla, 99687	yes
	Thomas P. Murray	571 S. Gatty Cir. Wasilla	AK 99654	Yes
	Scott Marx	3513 N. Fortune Cir.	Wasilla AK 99654	Yes
	Philip Cook	2151 N. Merina CT	1850 E Parks Hwy Ste A115 PMB 660 Wasilla AK 99654	yes
	Pete Pevan	PO 430 Sutton	PO Box 871256 Wasilla AK	Yes
	JOSH STANDIFIRD	825 ARNOLD PALMER	PO BOX 871475 WASILLA AK	yes
	Jodie M Hettrick	860 Lanark Wasilla	AK 99654 - Same	Yes
	Tara Mellon	601 N. Anjanette Palmer OR Box #2	AK 99645	yes
	Shawn Bailey	1428 N. Willamar Way	Wasilla AK 99654	yes
	LISA JAEGER	6171 W. LOCKSLEY	PO BOX 870311 WASILLA AK 99687	Yes
	Scott Karnes	7955 Sour Settlers Bay Drive	PO Box 871888 Wasilla, AK 99687	yes
	JEFF SHAFFER		P.O. Box 879461 WASILLA, AK. 99687	Yes
	Robin C. Ace	16349 Aurora St	2000 N. 124th Ct. Ste #2 PMB 229 WASILLA AK 99654	Yes!
	Norman R Wagner	2850 S. Saindon St.	same Wasilla AK 99654	Y
	craig T Nohr-wisner	4801 W Clarion Ave.	same Wasilla AK 99654	yes

3387

SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	DATE 11/05/09
Loretta D. Roll	Loretta D. Roll	P.O. Box 143 / 510 Dutton Rd. Unalaska	P.O. Box 143 Unalaska	yes
Steve Tompkins	Steve Tompkins	PO Box 530 Unalaska, AK ↔	53 Hawley LN Unalaska, AK	11-12-09

ALASKA STATE FIREFIGHTERS ASSOCIATION

PETITION FOR FIREFIGHTER AND EMERGENCY MEDICAL SERVICE PROVIDERS LICENSE PLATES

TO THE LEGISLATURE OF THE STATE OF ALASKA

We, the undersigned electors of the State of Alaska, request that special license plates for firefighters and emergency medical service providers be issued by the Division of Motor Vehicles in the State of Alaska. And further, by our signatures below, indicate intent to purchase same.

Signature	Printed Name	Street Address	Mailing Address	Reg. AK Voter	Date
	Jeremy DeTemple	4764 HPR.	Sitka, AK, 99835	Yes	12/16/09
	DAVID SWARINGEN	1104 HPR	BOX 1666 Sitka	YES	12-16-09
	David E. Miller	809 Lincoln St.	Sitka AK 99835	Yes	12-16-09
	Steve McCann	3313 Falcon Ct	VLDZ. AK 99686 Box 2769	YES	1229-09
	Jennifer Stubblefield	PO Box 826 Cottonwood	VALDEZ AK 99686	Yes	12-29-09

3389

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

PETITION FOR FIREFIGHTER AND EMERGENCY MEDICAL SERVICE PROVIDERS LICENSE PLATES

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
	Lola L. Foss	8849 Gail Ave Juneau, AK 99801	same	Yes

3390

ALASKA STATE FIREFIGHTERS ASSOCIATION

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Signature	Printed Name	Street Address	Mailing Address	Reg. AK Voter	Date
Aubrey M. Raby	Aubrey M. Raby	6611 E. 11th Ave, ANC	Same	✓	9-26-09
Alecia Wood	Alecia Wood	4740 Denali Anch	—	✓	9/26/09
David S. Kelly	David S. Kelly	PO Box 298218 Wasilla, 99629	Same	✓	9/26/09
Amber Foath	Amber Foath	3320 Wells Cr	Anch. AK 99508	✓	9/26/09
Matthew Hunter	Matthew Hunter	102 Remington Way	— same —	Yes	12/16/2009

3391

ALASKA STATE FIREFIGHTERS ASSOCIATION

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Signature	Printed Name	Street Address	Mailing Address	Reg. AK Voter	Date
	Travis Miller	839 Lincoln st	Box 6551	✓	12-16-09
	Sara Hartney	309 Wachusett St	Same	✓	12/16/09
	Greg Raschick	204 Peterson Ave Sitka, AK 99835	P.O. Box 2893	yes	12/16/2009
	ELIZABETH DAHL	104 Jeniclo #11	P.O. Box 96	yes ✓	12/16/09
	BRADY FINK	330 Cascade St.	SAME	yes	12-16-09
	Tray Tydingco	219 Lance Drive	Same	yes	12/16/09
	M. Odessa Tydingco	219 Lance Dr	"	yes	12/16/09
	Danielle Snyder	304 Nicole Dr Sitka	"	✓	12/16/09
	Kathryn Jones	709 Sawmill creek	same	yes	12/16/09
	CHRISTI WERKER	709 SAWMILL CREEK	SAME	YES	12.16.09
	GALE KEHRES	103 VIKING WAY	SITKA	✓	12/16/09

ALASKA STATE FIREFIGHTERS ASSOCIATION

PETITION FOR FIREFIGHTER AND EMERGENCY MEDICAL SERVICE PROVIDERS LICENSE PLATES

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Signature	Printed Name	Street Address	Mailing Address	Reg. AK Voter	Date
	Ryan McCormick	12200 W. Skyline Dr	Eagle River Ak	Yes	9-26-09
	Dan Stevens	18927 Second St	Eagle River	Yes	9/24/09
JACK TIEFELMAN		749W 75TH AVE APT	ANCHORAGE, AK	YES	9/26/09
	Jeremy Manley	P.O 521735 Big Lake	Big Lake 99652	Yes	9/26/09
	Amber Wright	3667 Mink Rd	Big Lake 99652	Yes	9/26/09
	David Raby	651 E 11th Ave	Anch, AK 99501	Yes	9/26/09
	CHRISTOPHER MACKACK	42021 DONNA CIRCLE	PO Box 1004 99669	YES	9/26/09
	LANDON FORD	3320 WELLS ct	A/A 99508	YES	9/26/09
	Adam Eley	7041 E 104th Ave #d	Anch, AK 99507	Yes	9/26/09
	Kellan Ford	2211 Barbara drive	Anchorage AK 99504	Yes	9/26/09
	SUSAN DARNELL	7345 E Riley Alexander Cir	Palmer AK 99645	NO	9/26/09

ALASKA STATE FIREFIGHTERS ASSOCIATION

PETITION FOR FIREFIGHTER AND EMERGENCY MEDICAL SERVICE PROVIDERS LICENSE PLATES

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Signature	Printed Name	Street Address	Mailing Address	Reg. AK Voter	Date
	David A. Lawson	3414 Eagle Dr Valdez	PO Box 1763 Valdez	Yes	9-19-09
	Suzanne Koklich	10 Ettahanagata St Valdez	BOX 573 Valdez	Yes	9.19.09
	Ronda Robson	Box 229655 Anch 99522	Same	yes	9-23-09
	Tamara Holman	3382 Kendall Cp Anch AK 99507	Same	Yes	9-23-09
	Warren Turner	8140 Seaview St. Anch, AK 99502	Same	Yes	9-26-09
	Greg Matthews	11720 Business Blvd 1620 ER. AK 99577	Same	Yes	9/26/09
	Flor Luna	[redacted]	POB 1864 Unalaska	YES	9/26/09
	Gary Gray	18 Ptarmigan #6 Unalaska AK 99685	PO B 920712 D.H. AK 99692	Yes	9/26/09
	Brian D Rankin	113 Eagle Dr Unalaska AK 99685	POB 401 Unalaska 99685	YES	26SEP09
	Sarah Rankin	113 Eagle Dr. Unalaska AK 99685	P.O. Box 401 Unalaska AK 99685	yes	Sept. 26-09
	Salvador Alvarado	Inside Captains bay Rd Dutch Harbor AK 99692	PO Box 920608 Dutch Harbor AK 99692	Yes	Sept 26-09

ALASKA STATE FIREFIGHTERS ASSOCIATION

PETITION FOR FIREFIGHTER AND EMERGENCY MEDICAL SERVICE PROVIDERS LICENSE PLATES

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Signature	Printed Name	Street Address	Mailing Address	Reg. AK Voter	Date
	STEPHEN ROBERTSON	2120 BONBARD ANCH AK 99504	GAME	YES	9-26-09
	JACK D. ANDERSON	4158 Grove Ave Soldotna AK 99669	Box 4115 Soldotna, AK 99669	yes	9-24-09
	GARY R. STOOP	P.O. Box 1955 720 PACIFIC AV	PO Box 1955 VALDEZ, AK 99686	YES	9-26-09
	MIKE WADE	~~PO Box 581~~ 411 E PIONEER #101	PO Box 581 Valdez, AK 99686	Yes	9-26-09
	YOUNG SUENRAM	3510 Hooper Way Anch AK 99515	same	YES	9/26/09
	ANNA SUENRAM	3510 Hooper Way Anch AK 99515	Same	YES	9/26/09
	Brian Long	AS 921372 99692 Wich Henley AK	Same	Yes	9/26/09
	Robyn Whaley	4509 Rosedale St Anchorage 99501		Yes	9/26/09
	MARK S. HALL	2407 Romm Anch AK 05	Same	YES	9/26/09
	GALE K HALL	2407 Mountain Air Anch AK 99515	Same	YES	9/26/09
	Matthew Johnson	Nome, AK. 301 Force and Alt Drive	Same	Yes	9-26-09

ALASKA STATE FIREFIGHTERS ASSOCIATION

PETITION FOR FIREFIGHTER AND EMERGENCY MEDICAL SERVICE PROVIDERS LICENSE PLATES

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Signature	Printed Name	Street Address	Mailing Address	Reg. AK Voter	Date
	Daniel Carter	9943 Herkimer Dr	PO Box 298653 Wasilla AK 99629	Yes	9/26/09
	Billie Jo Gehring	PO Box 226 16662 2nd West	Unalaska/Douglas AK 99824	Yes	9/26/09
	Loren C. Rotroff	PO Box 56763	North Pole AK 99705	YES	9/26/09
	Warren A Cummings	Fbks AK 99714 5924 3292 Jefferson Dr	Same	Yes	9/24/09
	Ben Simonds	3292 Banner Lane Soldotna AK	Same	Yes	9/26/09
	Robert Pereira	8724 Alite Dr	" "	Yes	9/26/09
	Chris Grooms	4924 E 43rd Ct	PO Box 212463 Anchorage AK	AK-yes	9/26/09
	Dorothy Grooms	4924 E 43rd Ct	Box 212463 Anchorage AK	AK yes	9/26/09
	Jimmie F. Hart	PO Box [illegible]	PO Box [illegible] Wainwright	AK Yes	9/27/09
	Oscar Del Pino	PO Box 1604	Cordova AK 99574	AK Yes	9/27/09
	Craig Rivas	4261 E. Gremmo Cir	Wasilla, AK 99654 same	Yes	9/27/09

ALASKA STATE FIREFIGHTERS ASSOCIATION

PETITION FOR FIREFIGHTER AND EMERGENCY MEDICAL SERVICE PROVIDERS LICENSE PLATES

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Signature	Printed Name	Street Address	Mailing Address	Reg. AK Voter	Date
	Bridget Buchan	4401 Northwood	Same	✓	9-26-09
	Jen Collins	244 E 23rd	Same	✓	9/26/09
	Wade Collins	244 E 23rd	"	✓	9/26/09
	WADE STRAHAN	4206 Channing Cove	"	✓	9/26/09
	Jodie Hettrick	860 Lanark drive	4	✓	9/26/09
	Robert Dennard	209 Lake St Sitka AK	Same	✓	9-26-09
	Nick Carroll	201 Hanson St	Same	✓	9 26 09
	Stephanie Villarreal	370 W Pioneer Pkwy	Palmer 99645	✓	9-26-09
	William Villarreal	370 W Pioneer Pkwy	Palmer 99645	✓	9-26-09
	Brandon Stanley	PO Box 76	Kenai AK	✓	9-26-09
	Nate Nelson	54545 N Miller LP	Kenai, AK 99611	✓	9-26-09

ALASKA STATE FIREFIGHTERS ASSOCIATION

PETITION FOR FIREFIGHTER AND EMERGENCY MEDICAL SERVICE PROVIDERS LICENSE PLATES

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Signature	Printed Name	Street Address	Mailing Address	Reg. AK Voter	Date
	John DARNELL	734 S E Riley Alexander Cir Palmer AK	Same as Offices	Yes	9-26-09
Jake J. Crockett	Jake Crockett	6533 West Dimond Blvd	Same	NO	9/26/09
	Tim Gara	19437 Lanai Cir E.R. Lee	Same	Yes	9/26/09
Richard Harkness	RICHARD HARKNESS	PO BOX 231 SEDOUA 99663	SAME	YESS	09/26/09
D. Royce	SUSAN Royce	1919 CASCADE CIR Sitka, AK 99835	Same	yes	12/16/09
Cathy W	Cathy Watson	106 Ross	PO Box 1703	Y	12/16/09
Louise Olmstead	Louise Olmstead	211 PARK STREET	211 PARK STREET SITKA, AK 99835	yes	12/16/09
	CALVIN GRANT	610 AIRPORT RD RM #3 SETKA AK 99835	SAME	NO	12/16/09
Buzz Brown	BUZZ BROWN	2501 S.M.C. Rd	Same	yes	12-16-09
Penelope J Mead	PENELOPE MEAD	.5 mi. Glen's Dittl Rd	PO Box 34 Gustavus, AK 99826	YES	12/16/09
	SCOTT SEATON	111 Cedar Bend	Sitka Box 6225	YES	12/16/09

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
	Tia J. Horton	Anchorage AK 11730 #A Birch Trl Clk	same	Yes
	Robert M. Miller	8731 E Kiva Way Palmer Hc	Same	yes
	Kirstin Boyd	3211 Amber Bay Anch 99515	same	yes
	Gina Treesh-McClain	21516 Rock Partridge St. Chugiak AK 99567	PO Box 671795 Chugiak, AK 99567	Yes
	Cynthia J. Hill	8630 E 17th Ave	same	no
	Andrew Goad	14867 E Doc McKinley	Palmer, AK 99645	yes
	AL Tamagni	6940 Burlwood	Anchorage, AK 99507	yes
	Jeremy Jones	10601 Washington Cir Anchorage, AK 99515		yes
	LORI ZAUMSEIL	9015 DEWBERRY ST ANCHORAGE, AK 99502	SAME	YES

3399

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS Valdez	REGISTERED ALASKA VOTER
Brandy Smelcer	Brandy Smelcer	1216 Mineral	Creek Box 3207	yes
Rhonda Williams	RHONDA WILLIAMS	3218 FALCON	Box 3024 VALDEZ, AK 99686	yes
George R Keeney	George R Keeney	145 Chena St.	Po Box 3708 Valdez AK 99686	yes
Michael Weber	Michael Weber	5145 Wilderness Cir.	P.O. Box 2536 Valdez, AK 99686	Yes
K White	Ken White	404 W. Mendeltna	Po Box 3551 Valdez, AK 99686	Yes
Deborah J White	Deborah J White	404 W Mendeltna	POB 3551 Valdez AK 99686	Yes
	STEVEN I BROCKWAY	118 DAGINA ST	P.O. BOX 3090 VALDEZ AK 99686	YES
	SAM SANDERS	862 Cottonwood Dr.	POBOX 1962 Valdez AK 99686	Yes
	KYLE KIRKENDALL	862 Cottonwood Dr.	PO BOX 1202 Valdez AK, 99686	Yes

3400

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
	GARY A GRAY	~~PO BOX~~ 18 Ptarmigan #6	PO Box 920712 Dutch Harbor 99692	YES
	Brian A. Lang	144 Aerie Dr.	PO Box 921172 Dutch Harbor, AK 99612	Yes
	BRIAN D RANKIN	118 EAGLE DR.	PO BOX 401 UNALASKA, AK 99685	YES
	W.S. CEKANOF	68 ALEUTIAN AVE	BOX 54 UNALASKA, AK.	YES
	Carol Burnes	72 Loop Rd	P.O.Box 920887 Dutch Harbor Alaska	yes
	Trudie Rose	137 Loop Rd.	P.O. Box 1332 Unalaska AK	Yes
	Kevin Anderson	79 Choate Ln	PO Box 1044 Unalaska, AK 99685 99692	Yes
	Erin Enlow	85 Captains Lane	Box 920541; Dutch Harbor AK	Yes
	MANUEL Paredes	Bering St #6	P.O Box 75	Yes

3401

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
Marcia Swihart	Marcia Swihart	233 Steward Rd	PO Box 920333	Yes
Helen Hammond	HELEN HAMMOND	405 " "	" " OH	"
Dan Winters	Dan Winters	572 Steward Rd	P.O. Box 921583	yes
Clinton Huling	Clinton Huling	122 Steward Rd	PO Box 920403	yes
Nancy Peterson	Nancy Peterson	107 Loop Rd	box 392, 99685	yes
Lori Gregory	LORI GREGORY	350 Bayview St	Box 177 99685	yes
Jim Shaishnikoff	Jim Shaishnikoff	PO box 313	Unalaska, AK	yes
Steve Eagman	Steve Eagman	45 Makushin Dr. box 921474	box 921474 99692	Yes
Matthew Lightner	Matthew Lightner	38 Choat Lane	P.O. Box 626 Unak 99685	yes

3402

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
	Zachery Schasteen	186 Delta WY. Unalaska, AK	PO 921092 Dutch Harbor, AK	Yes
	GARY W SANDNESS	31 SOUTH 4TH UNALASKA AK	PO BOX 331 UNALASKA AK 99685	YES
	Maribeth Buechel	PO Box 933 Unalaska 99685	142 Overland Unalaska	Yes
	ec Maria Bautista	88 Salmon Way	Po Box 921089 DUTCH HARBOR, AK 99692	yes
	Todd A. Joosse	P.O. Box 226 / 184 Steward Rd.	Dutch Harbor, AK 99692 / Unalaska 99685	Yes
	Rosalyn Glorso	PO Box 921242 Dutch Harbor AK 99692-1242	149 Eagle Drive same	yes
	Martin Diaz	PO. Box 920551 Dutch Harbor AK 99692	452 Biorka Dr. Dutch Harbor AK 99692	Yes
	Kris-Ann O. Wilcox	84 Bayview Unalaska, AK 99685	PO Box 121 Unalaska, AK 99685	Yes
	Flor Luna	AC # 8 Dutton Rd, Unalaska 99685	PO Box 1064 Unalaska, AK 99685	YES

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
a Barbara Rankin	A BARBARA RANKIN	UNALASKA AK 99685 945 W. BROADWAY	PO BOX 148 UNALASKA AK 99685	yes since 1975
Randy White	RANDY White	Unalaska AK 99685 426 Bayview	PO Box 136 Unalaska AK 99685	yes
Denise Rankin	Denise Rankin	426 Bayview Ave Unalaska AK 99685	Box 135 Unalaska AK 99685	yes
BFInn	BFINA FRASER	64 Loop Rd #4 Unalaska. AK 99692	Box 920192 Dutch Harbor AK 99692	yes
Heather Venard	Heather Venard	257 Steward Unalaska, AK 99685	PO Box 920173 Dutch Harbor, AK 99692	yes
Rowena Gutanes	Rowena Gutanes	PO Box 920222 Dutch Harbor, AK 99692	PO Box 920222 Dutch Harbor, AK 99692	Yes
Lyndsee Wilson	Lyndsee Wilson	PO. Box 921484 DUTCH HARBOR AK	116 Dutton RD. Unalaska, AK	yes
Sarah Riffin	Sarah Riffin	[illegible]	PO Box 921497 Dutch Harbor, AK 99692	yes
Jeff P Hanley	Jeff P Hanley	107 Loop Rd Box 392 Unalaska 99685	SAME	yes

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
	Pipa Escalante	159 Chernofski Dr	PO Box 921249 Dutch Harbor AK 99692	yes
	Susan D. Honan	90 East Broadway	P.O. Box 29 Unalaska AK	yes
	John P. Cornwell	129 Eagle Drive	P.O. Box 283 Unalaska AK	yes
	Holly Holman	176 Lear Rd	PO Box 920945 Dutch Harbor AK	yes
	Sonia Streitmatter	1084 E. Broadway	POB 1052, Unalaska	yes
	Jessica Earnshaw	12 Eagle Drive	P.O Box 106 Unalaska	yes
	Kathryn Whitmore	19 Bogdanof Dr B2	P.O. Box 920112 Dutch	yes
	Lisa A. Sanford	Mile 2 Captains Bay Rd	P.O. Box 920341 Dutch Harbor, AK 99692	yes
	Catherine Hazen	660 Steward Rd	Unalaska, AK 99685	yes

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

PETITION FOR FIREFIGHTER AND EMERGENCY MEDICAL SERVICE PROVIDERS LICENSE PLATES

TO THE LEGISLATURE OF THE STATE OF ALASKA:

We, the undersigned electors of the State of Alaska, request that special license plates for firefighters and emergency medical service providers (HB 73) be issued by the Division of Motor Vehicles in the State of Alaska. And further, by our signatures below, indicate intent to purchase same when they are made available.

SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
	CHRISTY BERIKOFF	180 BIHON ROAD	PO BOX 87 UNALASKA AK 99685	YES
	MARY ALDEGUER	173 LOOP RD.	921533, 99692	YES
Amber Guitard	Amber Guitard	Delta Way 186 #84	POB 920101	YES
Lorna Days	Lorna Days	86 Trapper Dr.	PMB 920111	Yes
	GRACE MAGANTAY	114 LEAR RD.	PO BOX 592, UNALASKA	YES
	Jacob Whitaker	18 Ptarmigan Rd	Dutch Harbor PO Box 921584	yes
Elizabeth Masoni	ELIZABETH MASONI	12 Eagle Crest Court	PO BOX 665 Unalaska, AK 99685	YES
Kelly Stiles	Kelly Stiles	17 Driftwood Way A-3	PO BOX 921597 Dutch Harbor, AK 99692	YES
Frank Kelty	Frank Kelty	~~Box~~ 40 S 4th St	Box 162 Unalaska AK 99685	Yes

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
	Jessalyn Oropeza	P.O. Box [illegible], Unalaska	99685	Yes
	John Fulton	Box 920941	Dutch Harbor AK	YES
	Michael D. Whitmore	6 Driftwood Dr.	PO Box 920112 Dutch Harbor	Yes
	Steve Reid	211 Tarpon	PO Box 902243 Dutch	Yes
	Mark Chisum	East Point LP.	P.O.B 920232 Dutch	Yes
	Emil W BERIKOFF	486 Broadway	P.O. Box 1302 Unalaska 99685	YES
	Tomiwang Pasher	15 Charnoski RD	Box 921596 Dutch	Yes
	Thomas Webb	123 Stewart Rd	Box 381 Unalaska AK.	Yes
	NOLIE MAGPANTAY	114 COAR RD	BOX 872 UNALASKA	YES

3407

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
	Gerald Swihart	233 Steward RD	PO Box 920333 Dutch Harbor	YES
	Michael Tunuliaoff		PO Box 51	Yes
	Mike Daniels	169 Steward	PO Box 467 Unalaska	yes
	Jennifer Shorebird	23 Dora Circle	P.O. Box 282 - Unalaska	NO

3408

ALASKA STATE FIREFIGHTERS ASSOCIATION

SEPTEMBER 2009

PETITION FOR FIREFIGHTER AND EMERGENCY MEDICAL SERVICE PROVIDERS LICENSE PLATES

TO THE LEGISLATURE OF THE STATE OF ALASKA:

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
Andrea Clark	ANDREA CLARK	13651 Veen Dr. Anch	AK 99516 (Same)	YES
[signature]	Donald E. Tallman	12305 Crested Butte Dr.	Eagle River, AK.	YES
Doug Schrage	Doug Schrage	3101 Rosalind Lp.	Anch 99507	yes

TO THE LEGISLATURE OF THE STATE OF ALASKA:

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SIGNATURE	PRINTED NAME	STREET ADDRESS	MAILING ADDRESS	REGISTERED ALASKA VOTER
David J Angaiak	DAVID J. ANGAIAK	6561 W. COMMADORE LANE	WASILLA, ALASKA 99654	YES
James J Carnahan	JAMES J. CARNAHAN	690 Day Road	Wasilla Alaska 99687	YES
Jessica Young	Jess Young	3105 N Talbot Cir	Wasilla, AK 99654	Yes

HB

77

<target><bill>HB 77</bill><subject>HB
77</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: March 12, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/31/09

The FINANCE Committee considered: **HOUSE BILL NO. 77**

"An Act allowing certain public employees to take leave without pay to volunteer with the American Red Cross in a disaster."

HB 77 PUBLIC EMPLOYEE DISASTER LEAVE

Recommends it be replaced with [ ] HCS *or* [✓] CS for HB 77 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
ADM	1			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas			✓	
	Austerman	X			
Anna J. Fairclough	Fairclough	✓			
	Gara				✓
	Crawford				✓
	Kelly	X			
	Joule			✓	
	Salmon			✓	
Chair:	Hawker			✓	
Chair:	Stoltze	✓			

Alaska State Legislature

Session:
State Capitol, Room 412
Juneau, AK 99801-1182
Phone: (907) 465-3879
Fax: (907) 465-2069

Representative Charisse Millett

Chair, House Special Committee on Energy
District 30

SPONSOR STATEMENT

HB 77 - Red Cross Disaster Assistance Bill

Disasters can strike anywhere at any time. Alaska's unique geography, small population and distance from the Lower-48 can make it even more difficult for the Red Cross of Alaska to respond to an in-state disaster.

Forty seven other states permit state employees to take unpaid time off and volunteer for the Red Cross when a disaster occurs. Alaska is one of the three states that do not.

House Bill 77 addresses this problem by permitting our state employees to join the Red Cross and use their skills to help their fellow Alaskans when a flood, earthquake, wildfire or other type of disaster hits our state.

The legislation makes Alaska more self sufficient when a disaster happens and state government benefits by having workers with this important supplemental training. Red Cross Disaster training is also provided at no cost to the state and its employees.

HB 77 is wholeheartedly endorsed by the Red Cross of Alaska.

Alaska State Legislature

Session:
State Capitol, Room 412
Juneau, AK 99801-1182
Phone: (907) 465-3879
Fax: (907) 465-2069

Representative Charisse Millett
Chair, House Special Committee on Energy
District 30

FOR IMMEDIATE RELEASE **CONTACT:** Rep. Millett, 907-465-3879

MILLETT INTRO'S RED CROSS DISASTER ASSISTANCE BILL

HB 77 Would Allow State Employees to Assist Agency in Times of Need

Tuesday, January 20, 2009, Juneau, Alaska – Alaska's state employees will be able to serve on the front lines the next time a disaster strikes our state.

Representative Charisse Millett, R-Anchorage, is sponsoring House Bill (HB) 77, the Red Cross Disaster Assistance Bill. It allows state employees to take unpaid leave and serve as a disaster relief volunteer with the Red Cross of Alaska.

"Alaska is one of only three states in the nation that does not have this type of legislation in place," Millett said. "Our state employees can be an invaluable resource to the Red Cross and other Alaskans if a flood, earthquake, wildfire or other type of natural disaster strikes Alaska."

"This is an amazing partnership opportunity for state employees and the American Red Cross here in Alaska," Red Cross of Alaska Executive Director Michelle Houlihan said. "These volunteer opportunities will not only allow us to be more prepared but also allow us to be self-sustaining during times of large scale disaster. The free training that is provided to all American Red Cross volunteers will hopefully provide critical supplemental training to those state employees who join us in helping better prepare and respond to Alaska's need in times of disaster."

HB 77 has been referred to the House State Affairs and the House Finance Committees.

# # #

To find HB 77 on the web, log on to http://housemajority.org/millett/index.php?p=bills.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 77(STA)
(H) Publish Date: 3/12/09

Identifier (file name): **HB077-DOA-DOP-03-11-09**
Dept. Affected: Administration
Title: An Act allowing certain public employees to take leave without pay to volunteer..."
RDU: Central Administrative Services
Component: Personnel
Sponsor: Reps. MILLETT, Holmes, Dahlstrom
Requester: (H)STA
Component Number: 56

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*
This bill will have no fiscal impact on the Division of Personnel and Labor Relations.

Prepared by: Nicki Neal, Director
Phone 465-4429
Division: Personnel & Labor Relations
Date/Time 3-10-09 / 4:00pm
Approved by: Kevin Brooks
Deputy Commissioner
Date 3/11/2009

(Revised 9/10/2008 OMB)

3414

American Red Cross

Alaska Needs a Disaster Leave Bill

The American Red Cross is a unique private, nonprofit organization with a humanitarian mission to provide relief to victims of disasters and help people prevent, prepare for, and respond to emergencies. A state Disaster Leave Bill will go a long way toward helping the Red Cross fulfill its mission locally, as well as help Alaska to be better prepared.

For over 125 years the American Red Cross has provided help to victims of disasters. Disaster relief is the primary service that Red Cross provides in communities across the United States. Every year Red Cross disaster workers respond to over 70,000 disasters including hurricanes, floods, earthquakes, tornadoes, and single family and apartment fires, along with other natural and human-caused disasters. Everyday in Alaska and across our nation someone is in need of emergency services. When a disaster strikes, American Red Cross needs qualified and trained volunteers who can answer the call for immediate recovery support.

This bill would allow state employees a maximum of 15 days paid leave during a 12-month period, without loss of seniority, vacation time, sick leave or earned overtime accumulation. This bill does not restrict the areas in which a state worker may serve and allows Alaskans to lend support to our fellow Alaskans. This proposed bill will provide Alaska with instant access to locally trained disaster workers, thus increasing our state's ability to respond to disasters independently and to be self sustaining.

There are 47 states that currently have disaster leave policies. The first state to enact disaster leave was Ohio in 1983. Since then 46 other states plus the US Virgin Islands and Puerto Rico have instituted Disaster Leave to help provide trained volunteers that are so critical during disaster response. These are volunteers that would have been able to help in the Tanana Valley this past summer when floods impacted thousands of Alaskans. Red Cross was asked to open and staff three shelters that providing a warm, dry place to sleep as well as hundreds of hot meals to impacted families and first responders. In 1964 Governor Egan declared American Red Cross the lead disaster relief agency for the state. This was all possible from the support of volunteers from all over the state.

This fall Alaskans were called upon to help with supporting operations after Hurricanes Gustav and Ike. American Red Cross of Alaska deployed 23 volunteers to assist in shelters and provide client casework in Alabama, Mississippi, Louisiana and Texas helping hundreds of thousands of displaced Americans. Hurricane Katrina and the terrorist attacks on September 11 have been other national disasters where American Red Cross of Alaska has been asked to help support our fellow Americans.

American Red Cross

3 Important Reasons to Support an Alaskan Disaster Leave Bill

1. State employees already possess many skills needed during times of disaster. Some state employees have skills that can easily be transferred to disaster operations, such as, shelter management, mass feeding, damage assessment, and family services. While on assignment, state employees will gain experience and training that will benefit the state employee, their agencies, and the citizens they serve.

2. This Bill will strengthen our state disaster preparedness allowing us to be self sustaining until additional help arrives if ever needed. Locally trained volunteers would increase the state's ability to respond to disasters.

3. Disaster leave is not an additional expense for state government-state agencies have full authority to grant orderly requests for leave. The Bill states that employees must get approval from their supervisors, who can base decisions on competing demands. The training of state employees to become Red Cross certified disaster volunteers does not cost the state anything as all Red Cross training is provided at no cost.

Adopted 3/31/09

26-LS0250\P.1
Wayne
3/30/09

AMENDMENT 1

OFFERED IN THE HOUSE BY REPRESENTATIVE STOLTZE BY REQUEST

TO: CSHB 77(STA)

Page 2, lines 10 - 12:

Delete all material and insert:

"(d) Notwithstanding (g) of this section, each of the following is not eligible for leave without pay under this section:

(1) an employee of the Alaska Housing Finance Corporation or the Alaska Railroad Corporation;

(2) a civilian or enlisted member of the organized militia under AS 26.05.010."

3417

Amended Pg 2

Adopted

26-LS0250\P

CS FOR HOUSE BILL NO. 77(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 3/12/09
Referred: Finance

Sponsor(s): REPRESENTATIVES MILLETT, Holmes, Dahlstrom

A BILL

FOR AN ACT ENTITLED

"An Act allowing certain public employees to take leave without pay to volunteer with the American Red Cross in a disaster."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 23.30.244 is amended by adding a new subsection to read:

(d) A person who is injured during the course and within the scope of providing service as an American Red Cross volunteer while on leave without pay from state service under AS 39.20.285 is not an employee of the state for purposes of a claim under this chapter for compensation for that injury.

*** Sec. 2.** AS 39.20 is amended by adding a new section to read:

Sec. 39.20.285. Leave without pay for disaster relief. (a) Notwithstanding AS 39.20.310(1) - (3) and (6) - (8), an employee may take leave without pay not to exceed 15 regularly scheduled work days in a calendar year to volunteer with the American Red Cross while that organization is providing relief from a disaster located in the state.

(b) Leave without pay under this section is subject to approval by the supervisor of the employee who requests it; however, approval may not be unreasonably withheld.) delete Amendment # 2

(c) While on leave without pay under this section,

(1) an employee is not eligible to accrue state employee pay and benefits;

(2) the employee, for the limited purpose of ensuring that the employee's eligibility for employer-provided group health or group life insurance is unaffected by the leave, shall be considered to be in pay status.

(d) Notwithstanding (g) of this section, an employee of the Alaska Housing Finance Corporation or the Alaska Railroad Corporation is not eligible for leave without pay under this section.

(e) A claim by an employee for an injury the employee sustains while on leave without pay under this section is subject to the limitations of AS 23.30.244(d).

(f) The director of personnel in the Department of Administration shall adopt regulations to carry out the purposes of (a) - (d) of this section.

(g) In this section,

(1) "disaster" means an event or circumstance that has been formally designated a disaster at level II or higher by the American Red Cross;

(2) "employee" means an employee of a branch of state government, including the University of Alaska, whether the employee is a permanent, nonpermanent, or temporary employee.

* **Sec. 3.** AS 39.20.310 is amended to read:

Sec. 39.20.310. Exceptions. Except as provided in AS 39.20.275 **and 39.20.285**, AS 39.20.200 - 39.20.330 do not apply to

(1) members of the state legislature, the governor, the lieutenant governor, and justices and judges of the supreme and superior courts and of the court of appeals, but nothing in AS 39.20.200 - 39.20.330 may be construed to diminish the salaries fixed by law for these officers by reason of absence from duty on account of illness or otherwise;

(2) magistrates serving the state on less than a full-time basis;

(3) officers, members of the teaching staff, and employees of the University of Alaska;

(4) persons employed in a professional capacity to make a temporary and special inquiry, study, or examination as authorized by the governor, the legislature, or a legislative committee;

(5) members of boards, commissions, and authorities who are not otherwise employed by the state;

(6) temporary employees hired for periods of less than 12 consecutive months;

(7) persons employed by the division of marine transportation as masters and members of the crews operating the state ferry system who are covered by collective bargaining agreements as provided in AS 23.40.040, except as expressly provided by law;

(8) persons employed by the state who are covered by collective bargaining agreements as provided in AS 23.40.210, except as expressly provided by law.

Help at Home
ALASKANS TO ALASKA

American Red Cross of Alaska

January 8, 2009

Representative Charisse Millett
State Capitol, Room 412
Juneau, Alaska 99801

Dear Representative Millett

This letter of support is on behalf of American Red Cross of Alaska volunteers and staff who firmly believe that House Bill 77 will be of great benefit to all Alaskans. This bill will allow State employees to volunteer their time, without penalty to their personal leave or seniority, during times of large scale disaster. Any state employee interested in volunteering within the Red Cross Disaster Preparedness and Response network will receive free training and instruction in disaster relief services.

This partnership will help to increase the number of volunteers engaged, from throughout Alaska, who will be trained in sheltering, case management, mass care and mental health to name just a few areas. The more people who are trained and prepared to respond the better our state will be able to sustain ourselves when a situation like the 1964 earthquake arrives or the floods within the Interior this past summer. All the training that is provided through American Red Cross is free, to any volunteer, which will allow minimal to no fiscal impact on our state operating budget. House Bill 77 will also set an example for other employers throughout our state, leading the way and demonstrating the importance and value of allowing individuals to give back to their community and the importance in investing in our State's level of preparedness and ability to respond to our own immediate needs during a disaster.

I thank you for identifying and realizing the importance of HB 77. American Red Cross looks forward to working with the State and its employees as we continue to raise our level of readiness throughout Alaska.

Sincerely,

Michelle Houlihan
Chief Executive Officer

Oregon

401.485 Leaves of absence for disaster relief volunteers; requirements; maximum period; effect on status of employees. (1) State agencies and political subdivisions described in ORS 243.325 (2) to (6) may grant leaves of absence to any public employee who is a certified disaster services volunteer of the American Red Cross to participate in disaster relief services in the State of Oregon. Cumulative leave granted shall not exceed 15 work days in any 12-month period. Such leave granted shall not result in a loss of compensation, seniority, vacation time, sick leave or accrued overtime for which the employee is otherwise eligible. Compensation to an employee granted leave under this section shall be at the employee's regular rate of pay for those regular work hours during which the employee is absent from work.

(2) As used in this section, "disaster" means those disasters designated at level II and above by the American Red Cross. [1995 c.70 §1]

Note: 401.485 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 401 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

2000

Provided by American Red Cross of Alaska
Submitted by Rep. Charisse Millett

State Disaster Leave Laws

State	Time Allowed with Pay	Types of Disaster	Worker Comp Covered	Area of Coverage	Other Restrictions	ARC Mentioned
AL	15 days	IV and above	No	Not specified		Yes
AR	15 days	II and above	No	Contiguous	No more than 100 participants at a time	Yes
CA			Yes	Not specified	Administrative Policy	Yes
CO	5 days local/ 15 days national		No	Not specified		No
CT	14 days		No	Not specified		Yes
DE		III or above	No	Any Disaster		Yes
FL	15 days		No	Florida Only	Any state with approval of Governor & Cabinet	Yes
GA	15 days		No	Contiguous		Yes
HI	30 days	III and above	No	Not specified		Yes
ID	120 hours	III and above	No	Contiguous		Yes
IL	20 days	III and above	No	Not specified		Yes
IN	15 days	III and above	No	Indiana Only		Yes
IA	15 days		No	Iowa Only		Yes
KS	20 days		No	Contiguous		Yes
KY	30 days	III and above	No	Not Specified		Yes
LA	15 days	III and above	No	Louisiana Only		Yes
ME	15 days	Declared by Governor or President	No	All States		Yes
MD	15 days	II or above	No	Not specified	Includes temporary personnel	Yes
MA	15 days	Any Disaster	No	Any Disaster		Yes

MI	10 days		No	All States	Can take unpaid leave of absence based on employee classification	Yes
MN	15 days		No	Not specified		Yes
MS	20 days	II and above	No	Contiguous		Yes
MO	120 hours		No	Missouri Only	No more than 25 state employees at once	Yes
MT	15 days		No	Not specified		Yes
NE	15 days		No	Nebraska Only		Yes
NV	15 days	Assistance of Federal Govt. needed	No	Contiguous		Yes
NH	15 days	III and above	No	All States		Yes
NJ	10 days paid/ 10 more unpaid	III and above	No	All States		Yes
NY						Yes
NC	15 days	III and above	No	North Carolina Only		Yes
ND	5 days	II and above	No	All States		Yes
OH	30 days		No	Not specified		Yes
OK	15 days	III and above	No	Oklahoma Only	No more than 500 participants at one time	Yes
OR	15 days	II and above	No	Oregon Only		Yes
PA		Declared by the governor	No	Not specified		Yes
PR	30 days		Yes	Puerto Rico Only		Yes
RI	10 days	II and above	No	Rhode Island Only		Yes

SC	10 days		No	Not specified		Yes
SD	10 days	Declared Disaster	No	South Dakota Only		Yes
TN	15 days		No	Not specified		Yes
TX	10 days		No		No more than 350 participants	Yes
UT	15 days	III and above	No	All states		Yes
VA	80 hours	Declared by Governor or President	No	All states		No
VT	15 days	III and above/ declared by Governor/ in VT	No	All states		Yes
VI	20 days			Not specified		Yes
WA						No
WV	15 days		No	Not specified	Total cost to state agencies not to exceed $100,000	Yes
WI	30 days		No	All states (With permission)		Yes
WY	15 days	III and above/ Declared by Governor	No	Not specified		Yes

Alaska State Legislature

Session:
State Capitol, Room 412
Juneau, AK 99801-1182
Phone: (907) 465-3879
Fax: (907) 465-2069

Representative Charisse Millett

Chair, House Special Committee on Energy
District 30

FOR IMMEDIATE RELEASE **CONTACT:** Rep. Millett, 907-465-3879

MILLETT INTRO'S RED CROSS DISASTER ASSISTANCE BILL

HB 77 Would Allow State Employees to Assist Agency in Times of Need

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HB 77 has been referred to the House State Affairs and the House Finance Committees.

# # #

To find HB 77 on the web, log on to http://housemajority.org/millett/index.php?p=bills.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM March 16, 2009

SUBJECT: Exemption of the Alaska National Guard and the Alaska Railroad Corporation from disaster relief leave bill (CSHB 77(STA), Work Order No. 26-LS0250\P)

TO: Representative Charisse Millett
Attn: Jeff Turner

FROM: Dan Wayne
Legislative Counsel

I spoke with Jeff Turner of your staff about whether or not the above-referenced bill would affect employees of the Alaska Railroad Corporation or the Alaska National Guard, and he asked that I summarize in a memorandum the legal points we discussed.

1. Alaska Railroad Corporation. The bill specifically exempts from its provisions the Alaska Railroad Corporation. You should also note that under AS 42.40.710(a) employees of the Alaska Railroad are employees of the corporation and not the state, and provisions of AS 39 other than AS 39.52 (the Executive Branch Ethics Act) do not apply to them. This means the bill, if adopted in its current form, would not give employees of the Alaska Railroad Corporation an opportunity to take leave without pay for disaster relief.

2. The Alaska National Guard. The Alaska National Guard is part of the organized militia of the state, established under AS 26.05.010, and the governor is commander in chief. The Guard functions as part of a state agency in the executive branch, the Department of Military and Veteran's Affairs. The Guard consists of two classes of members: persons who have voluntarily enlisted and persons who are commissioned officers or warrant officers who have qualifications prescribed by federal law and have been appointed and either commissioned or warranted by the governor. AS 39.20.200 - 39.20.350, the statutes governing leave by officers and employees of the state, do not include a generally applicable definition of "employee," the term used in the bill to designate who may take leave without pay for disaster relief. However, in *State v. Bowen*, 953 P.2d 888 (Alaska 1998), the Alaska Supreme Court held that a person working in the active state service of the state organized militia (which is comprised of the Alaska National Guard, the Alaska Naval Militia, and the Alaska Defense Force) is a state employee (although for exceptional reasons that the court determines applied at the time, the person was not to be regarded as subject to the State Personnel Act (AS 39.25)).

Moreover, sec. 2 of the bill does include a definition of "employee" applicable only to the proposed disaster relief leave that could be interpreted as including members of the Alaska National Guard.

Mr. Turner has asked if this definition could be modified in such a way as to exclude members of the Alaska National Guard from employees who would be able to take leave without pay for disaster relief under sec. 2 of the bill. The answer is yes; as in the example I related to Mr. Turner, you could modify the definition to read:

> (2) "employee" means an employee of a branch of state government, including the University of Alaska, whether the employee is a permanent, non-permanent, or temporary employee, but does not include civilian or enlisted members of the organized militia under AS 26.05.010.[1]

The definition in this example would exclude members of the Alaska National Guard, the Alaska Naval Militia, and the Alaska Defense Force from the leave option created by the bill.

If I may be of further assistance, please advise.

DCW:plm
09-163.plm

[1] Before being added to a bill this language might need editing to ensure that it complies with the Manual on Legislative Drafting.

Alaska State Legislature

Session:
State Capitol, Room 412
Juneau, AK 99801-1182
Phone: (907) 465-3879
Fax: (907) 465-2069

Representative Charisse Millett

Co-Chair, House Special Committee on Energy
District 30

Date: March 18, 2009
Version: 26-LS0250\C

HB 77 – Red Cross State Employee Disaster Assistance Bill
Summary of Changes

The following two changes were submitted in the blank CS and adopted by the House State Affairs Committee.

Page Two, Line 11: Alaska Railroad Corporation employees will not be subject to the legislation.

Page Two, Line 21: Removes Alaska Railroad Corporation employees from the definition of employees subject to the legislation.

This change was made in the blank CS version submitted to the House Finance Committee on March 18.

Page Two, Line 14: Excludes members of the Alaska National Guard, the Alaska Naval Militia and the Alaska Defense Force.

###

2009 HOUSE FINANCE COMMITTEE

DATE: 3/31/09

Amendment: #2

MEMBER	Favor	Oppose
REP. JOULE	✓	
REP. KELLY	✓	
REP. SALMON		✓
REP. THOMAS	✓	
REP. AUSTERMAN	✓	
REP. CRAWFORD		✓
REP. FAIRCLOUGH	✓	
~~REP. FOSTER~~		
REP. GARA		✓
REP. STOLTZE	✓	
REP. HAWKER	✓	

7 yes 3 nay

HB

78

<target><bill>HB 78</bill><subject>HB
78</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE
HOUSE LABOR & COMMERCE COMMITTEE

REP. KURT OLSON
Chairman
State Capitol, Room 124
Juneau, AK 99801-1182
(907) 465-2693 FAX 465-3835

Rep Mark Neuman, V-Chair
Rep. John Coghill
Rep. Lindsey Holmes
Rep. Mike Chenault
Rep. Bob Lynn
Rep. Bob Buch

Sponsor Statement
House Bill 78

An act extending the termination date of the Board of Public Accountancy; and providing for an effective date.

HB 78 extends the termination date of the Board of Public Accountancy. Currently the board will sunset on June 30, 2009. HB 78 extends this date by four years, to June 30, 2013.

To quote the audit summary, "In our opinion, the termination date for the board should be extended. The board is serving the public interest by effectively licensing and regulating certified public accounts. Moreover, the board is serving the public interest by policing the profession and ensuring that only properly qualified individuals practice in Alaska as certified public accountants."

I encourage all the members to review the Legislative Audit report.

Although the Legislature could extend this board up to eight years, it is the recommendation of the auditor to extend four years. This decision was reached after board discussions concerning future services that may be out-sourced, possible changes in the board structure and new statutes and regulations that may be pursued in the near future.

I urge your support of this bill.

HOUSE COMMITTEE REPO

(11)
Date Referred to Committee: March 12, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/23/09

The FINANCE Committee considered: **HOUSE BILL NO. 78**

"An Act extending the termination date of the Board of Public Accountancy; and providing for an effective date."
HB 78 EXTEND BOARD OF PUBLIC ACCOUNTANCY

Recommends it be replaced with [ ] HCS *or* **[ ] CS** *for* _____ (_____)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev. for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
CED	1	✓		

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	THOMAS	✓			
	JOULE	✓			
R FOSTER	FOSTER	X			
	AUSTERMAN	X			
	FAIRCLOUGH	✓			
	KELLY	X			
Chair:	Hawker	✓			
Chair:	STOLTZE	✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 78
(H) Publish Date: 3/12/09

Identifier (file name):HB78-CED-CBPL-03-06-09
Dept. Affected: DCCED
Title: Extend Board of Public Accountancy
RDU: Corp, Bus, & Prof Licensing (117)
Component: Corp., Bus., & Prof. Licensing
Sponsor: Representative Olson
Requester: House Labor and Commerce
Component Number: 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		63.1	63.1	63.1	63.1	63.1	
Travel		16.1	16.1	16.1	16.1	16.1	
Contractual		19.6	19.6	19.6	19.6	19.6	
Supplies		0.6	0.6	0.6	0.6	0.6	
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**99.4**	**99.4**	**99.4**	**99.4**	**99.4**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other: RSS (1156)		99.4	99.4	99.4	99.4	99.4	
TOTAL	**0.0**	**99.4**	**99.4**	**99.4**	**99.4**	**99.4**	**0.0**

Estimate of any current year (FY2009) cost: 99.4

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

HB 78 extends the Board of Public Accountancy to June 30, 2013. In accordance with AS 08.03.020 funding extends one year following the termination date allowing the Board to conclude its affairs. The FY2010 funding is included in the Operating Budget request and costs shown are an average of direct costs for a biennial licensing period.

Travel expenses represent transportation and per diem for the 7 member board and 2 staff to meet at least 4 times each year in accordance with AS 08.04.025.

The program is required to cover costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated tc cover its full operating costs. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Chief — Phone (907) 465-2144
Division: Corporations, Business & Professional Licensing — Date/Time 3/6/09 11:40 AM
Approved by: Emil Notti, Commissioner — Date 3/6/2009
Department of Commerce, Community and Economic Development

(Revised 9/10/2008 OMB)

3435

Division of Legislative Audit

Report Digest #08-20056-09

SUMMARY OF: A Sunset Review of the Department of Commerce, Community, and Economic Development, Board of Public Accountancy.

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statues, we have reviewed the activities of the Board of Public Accountancy (board). As required by AS 44.66.050(a), the legislative committees of reference are to consider this report during the legislative oversight process involved in determining if the board should be reestablished. Currently, AS 08.03.010(c)(1) states that the board will terminate on June 30, 2009. If the legislature does not extend the termination date before then, the board will have one year to conclude its administrative operations.

REPORT CONCLUSIONS

In our opinion, the termination date for the board should be extended. The board is serving the public interest by effectively licensing and regulating certified public accountants. Moreover, the board is serving the public interest by policing the profession and ensuring that only properly qualified individuals practice in Alaska as certified public accountants.

The board has promoted and effectively assisted in updating the statutes governing the practice of public accounting. As statutes were updated, the board produced regulations to further define the new requirements affecting each professional under its purview. When the board discovered omissions in statute that acted to block an avenue to licensure that should have been grandfathered into the new rules, the board immediately requested a legislative "fix" and assisted with testimony during the legislative session in order to mitigate this omission. As a result, fifteen candidates who had been pursuing licensure under the old statute gained a legitimate avenue to become licensed.

The board was able to re-establish a Fairbanks site for the certified public accountant exam. However, a site in Southeast Alaska is still out of reach due to cost.

The board has also improved the application process to take the Certified Public Accountants exam by contracting for on-line services from the National Association of State Boards of Accountancy. The decision to contract these services has had the added benefit of redirecting staff time to important problem-solving and licensure activities.

The board has been proactive in shaping the future of the accounting profession by working with committees of national professional societies that set professional standards.

Alaska Statute 08.03.010(c)(1) requires the Board of Public Accountancy be terminated on June 30, 2009. Under AS 08.03.020, if the termination date is not extended by the legislature, the board will have a one-year period to administratively conclude its affairs.

Although AS 08.03.020(c) allows the legislature to extend the termination date of the board for up to eight years, we recommend the legislature extend the board's termination date for four years, to June 30, 2013. This recommendation is offered based on the board's discussions concerning future services that may be out-sourced, possible changes in board structure and new statutes and regulations that may be pursued in the near future.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

Vacant board positions should be filled in accordance with AS 08.04.040.

Recommendation No. 2

The board, in concert with the Professional Licensing section, should review current and projected funding needs with the intent of reducing fees.

Recommendation No. 3

The Investigation Section should implement an effective case tracking system.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 78
(H) Publish Date: 3/12/09

Identifier (file name): HB78-CED-CBPL-03-06-09
Dept. Affected: DCCED
Title: Extend Board of Public Accountancy
RDU: Corp, Bus, & Prof Licensing (117)
Component: Corp., Bus., & Prof. Licensing
Sponsor: Representative Olson
Requester: House Labor and Commerce
Component Number: 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		63.1	63.1	63.1	63.1	63.1	
Travel		16.1	16.1	16.1	16.1	16.1	
Contractual		19.6	19.6	19.6	19.6	19.6	
Supplies		0.6	0.6	0.6	0.6	0.6	
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**99.4**	**99.4**	**99.4**	**99.4**	**99.4**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other: RSS (1156)		99.4	99.4	99.4	99.4	99.4	
TOTAL	**0.0**	**99.4**	**99.4**	**99.4**	**99.4**	**99.4**	**0.0**

Estimate of any current year (FY2009) cost: 99.4

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

HB 78 extends the Board of Public Accountancy to June 30, 2013. In accordance with AS 08.03.020 funding extends one year following the termination date allowing the Board to conclude its affairs. The FY2010 funding is included in the Operating Budget request and costs shown are an average of direct costs for a biennial licensing period.

Travel expenses represent transportation and per diem for the 7 member board and 2 staff to meet at least 4 times each year in accordance with AS 08.04.025.

The program is required to cover costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated tc cover its full operating costs. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Chief — Phone (907) 465-2144
Division: Corporations, Business & Professional Licensing — Date/Time 3/6/09 11:40 AM
Approved by: Emil Notti, Commissioner — Date 3/6/2009
Department of Commerce, Community and Economic Development

(Revised 9/10/2008 OMB)

3438

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

December 3, 2008

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY,
AND ECONOMIC DEVELOPMENT
BOARD OF PUBLIC ACCOUNTANCY

December 1, 2008

Control Number
08-20056-09

Article IX, Section 14 of the Alaska Constitution, requires that the position of Legislative Auditor be filled by a certified public accountant (CPA). Likewise, the professional staff at the Division of Legislative Audit are either licensed or are pursuing licensure as CPAs. Since the board is responsible for licensing and regulating CPAs, our agency does not meet the independence standard required by generally accepted government auditing standards.

Therefore, to provide the legislature with an independent evaluation of the Board of Public Accountancy we contracted the services of LeResche & Co. a consulting firm to perform a management review. The management review is not an audit, but does use the criteria in AS 44.66.050(c), to assess whether there is a public need to continue the Board of Public Accountancy. Currently under AS 08.03.010(c)(1), the Board of Public Accountancy is scheduled to terminate on June 30, 2009 and has one year in which to conclude its administrative operations.

This report recommends the legislature extend the board's termination date to June 30, 2013.

Pat Davidson, CPA
Legislative Auditor

TABLE OF CONTENTS

	Page
Objectives, Scope, and Methodology	1
Organization and Function	3
Report Conclusions	5
Findings and Recommendations	7
Analysis of Public Need	11
Agency Response	
Office of the Governor	17
Department of Commerce, Community, and Economic Development	19
Board of Public Accountancy	21

OBJECTIVES, SCOPE, AND METHODOLOGY

The management review of the Board of Public Accountancy (board) was conducted in accordance with Title 44 of the Alaska Statutes. As required by AS 44.66.050(a), the legislative committees of reference are to consider this report during the legislative oversight process involved in determining if the board should be reestablished. Currently, AS 08.03.010(c)(1) states that the board will terminate on June 30, 2009. If the legislature does not extend the termination date, the board will have one year to conclude its administrative operations.

Objectives:

1. To determine if the board should be extended and for how long.
2. To determine if the board is operating in the public interest.
3. To determine if the board has exercised appropriate regulatory oversight of certified public accountants.

The assessment of the operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relate to the determination of a demonstrated public need for the board.

Scope and Methodology

During the course of our examination, the following was reviewed and evaluated:

1. Compliance with statutes and regulations related to the certification of public accountants. The evaluation addressed considerations of applications, testing of candidates, and continuing education necessary for certified public accountants to maintain their licenses in good standing.

2. Minutes of the meetings of the board.

3. Annual reports issued by the board.

4. Complaints filed with the Division of Corporations, Business, and Professional Licensing.

5. The contract with the National Association of State Boards of Accounting to manage the application process for all candidates who wish to take the exam under the Alaska jurisdiction.

6. Information concerning other states for comparison of pertinent statistics.

Additionally, the following staff were interviewed: staff of the Professional Licensing, Financial and Investigative Sections of the Department of Commerce, Community, and Economic Development, the Chair of the Board of Public Accountancy, and a board member.

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ORGANIZATION AND FUNCTION

The Board of Public Accountancy (board) is established under the authority of AS 08.04.010. The seven-member board is appointed by the governor to staggered four-year terms.

Board Membership

The board consists of five professional members, who must be certified public accountants currently licensed in the State of Alaska. Additionally, there are two public members who must be independent from the influence of a certified public accountant. Current members of the board are listed to the right.

Board of Public Accountancy

(As of June 30, 2008)

Professional Members

Max Mertz, CPA Chair

Carla Bassler, CPA

Bruce Gabrys, CPA

Elaine Williamson, CPA

Vacant, CPA[1]

Public Member

Rebecca Jensen

Vacant

Board Duties

The board designs under statues, the regulatory regime under which individuals are allowed to take the uniform certified public accounting exam, are deemed qualified to obtain a license to practice public accounting in the State and are qualified to continue the practice of public accounting by completing appropriate continuing education. Moreover, the board is responsible for policing the profession to ensure that only qualified individuals hold themselves out as certified public accountants.

The Department of Commerce, Community, and Economic Development, Division of Corporations, Business, and Professional Licensing

The Department of Commerce, Community, and Economic Development (DCCED), Division of Corporations, Business, and Professional Licensing provides administrative and investigative assistance to the board. Administrative services include budgeting, revenue collection, expenditure reporting and control; regulation support; public notices; and various form and file maintenance.

Alaska Statute 08.01.065, mandates that DCCED, with the concurrence of the board, adopt regulations to establish the amount and manner of payment of application fees, examination fees, license fees, registration fees, permit fees, investigation fees, and all other fees as appropriate for the occupations covered by the statute.

Alaska Statue 08.01.087 grants the Division of Corporations, Business, and Professional Licensing the authority to act on its own initiative or in response to a complaint. Professional Licensing may:

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[1] On October 16, 2008, the Governor appointed Kathleen Reid, CPA to the vacant professional position.

- Conduct an investigation if it appears a person is engaged or is about to engage in a prohibited professional practice;
- Issue Cease and Desist Orders;
- Bring an action in Superior Court to enjoin the act;
- Issue subpoenas for the attendance of witnesses and records; and,
- Examine the books and records of an individual licensed by the division.

REPORT CONCLUSIONS

In our opinion, the termination date for the Board of Public Accountancy (board) should be extended. The board is serving the public interest by effectively licensing and regulating certified public accountants. Moreover, the board is serving the public interest by policing the profession and ensuring that only properly qualified individuals practice in Alaska as certified public accountants.

The board has promoted and effectively assisted in updating the statutes governing the practice of public accounting. As statutes were updated the board produced regulations to further define the new requirements affecting each professional under its purview. When the board discovered omissions in statute that acted to block an avenue to licensure that should have been grandfathered into the new rules, the board immediately requested a legislative "fix" and assisted with testimony during the legislative session in order to mitigate this omission. As a result, fifteen candidates who had been pursuing licensure under the old statute gained a legitimate avenue to become licensed.

The board was able to re-establish a Fairbanks site for the certified public accountant exam. However, a site in Southeast Alaska is still out of reach due to cost.

The board has also improved the application process to take the Certified Public Accountants (CPA) exam by contracting for on-line services from the National Association of State Boards of Accountancy. The decision to contract these services has had the added benefit of redirecting staff time to important problem-solving and licensure activities.

The board has been proactive in shaping the future of the accounting profession by working with committees of national professional societies that set professional standards.

Alaska Statute 08.03.010(c)(1) requires the Board of Public Accountancy be terminated on June 30, 2009. Under AS 08.03.020, if the termination date is not extended by the legislature, the board will have a one-year period to administratively conclude its affairs.

Although AS 08.03.020(c) allows the legislature to extend the termination date of the board for up to eight years, we recommend the legislature extend the board's termination date for four years, to June 30, 2013. This recommendation is offered based on the board's discussions concerning future services that may be out-sourced, possible changes in board structure and new statutes and regulations that may be pursued in the near future.

(Intentionally left blank)

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

Vacant Board of Public Accountancy (board) positions should be filled in accordance with AS 08.04.040.

Alaska Statute 08.04.040 requires that vacant board positions be filled within 60 days of becoming vacant. Two positions, one professional and one public, have been vacant for seven months and eight months, respectively. (On October 16, 2008, the Governor's Office filled the professional position but the public position remains vacant).

The board is striving to be proactive in shaping the professional standards required of each individual applying to practice public accounting in Alaska. Changes in business practices challenge the board to periodically update education and experience requirements and regulations. Additionally, barriers between states and countries are disappearing as the profession devises methods to ease practice across borders while still protecting the public. This board is properly reluctant to sit back and let others write the rules for Alaska.

In order to succeed in this effort, the board requires depth and consistency. The Governor's Office should make every effort to appoint members in a timely manner so the board can be most efficient in reaching its goals.

Recommendation No. 2

The board, in concert with the Professional Licensing section, should review current and projected funding needs with the intent of reducing fees.

Alaska Statute 08.01.65(c) established fees based on the principal that total fees collected would approximately equal actual regulatory costs for the occupation.

In FY 08 the fee surplus accruing to the Board of Public Accountancy was 192% more than the fee surplus in FY 05. During this same time expenditures increased 25% from $142,700 to $178,800. Currently, the board is carrying a $271,000 cumulative balance that represents approximately 150% of annual expenditures.

The Licensing Section reviews fees every two years. During the last review, they noticed the accumulation of funds, as did the board. However, the board needed to complete a large, complex regulation project that would draw down on the existing surplus. It was the opinion of staff that fees should be held steady until the project was complete. Since the regulation project is now complete, there now should be room to reduce fees on the profession.

The recommended fee review should incorporate estimates of the cost of achieving changes the board may wish to make to its structure. In addition, it should incorporate estimates of costs that might accrue from a further agreement with National Association of State Boards of Accountancy to provide services now provided by the board.

Recommendation No. 3

The Investigation Section should implement an effective case tracking system.

Since the last management review of the investigative effort, a procedural change in the complaint process has successfully reduced the number of investigation cases and has allowed investigative staff to focus on valid cases. Consequently, average duration of cases of unlicensed activity has dropped from 15.7 months to 5.1 months. The investigation section should be complimented on this effort.

Further, of the forty-seven cases closed during the review period, nine cases (19 %) had time gaps of 6 to 27 months during which no notations to the file abstract were made. Five of these cases involved determinations of no violation and are examples of cases that would be resolved prior to a case file being opened under the new system. This new procedure has increased the efficiency and effectiveness of the investigation section.

However, the investigation section has been hampered in efficiently pursuing some cases because of staff turnover that led to serious inattention to cases. One complex case reviewed in the last sunset review is still open and shows long periods where no progress was made. This case was opened in 2002 and is in litigation with the Department of Law pursuing the case. (This case is the combination of 4 complaints against the same person.) Additionally, of the nine closed cases mentioned above, four had serious periods of inattention.

Under these circumstances, the section would benefit from a priority tracking system that reports to investigators and supervisors when a case has been dormant for a certain time period. This would provide supervisors with a timely tool to ensure high priority cases are pursued in a timely manner.

Prior Finding and Recommendation

The board should continue to be proactive in providing better access to its primary licensing examination – the Uniform Certified Public Accountant Examination (CPA exam).

In 2004, the manner in which the CPA exam is administered in Alaska was changed. Previously, the examination was administered twice a year at a minimum of three testing sites typically located in Anchorage, Fairbanks, and Juneau.

In 2004, in conjunction with changes of format and structure that were made nationally by the American Institute of Certified Public Accountants (AICPA), the examination was changed to an all-computerized format that could be taken in whole or in parts up to three, and eventually four, times a year. By increasing the availability of the examination across the full year, access for applicants was improved. However, as the new testing regimen was implemented in Alaska, this improved access was offset to a large degree by the restriction in the number of available testing sites. Under the new testing regimen, applicants can take the examination at only one test site, located in Anchorage.

Such circumstances make taking the examination much more expensive for applicants in the Interior and Southeast Alaska. Applicants from these regions must now travel to Anchorage

and arrange for transportation and accommodations, in addition to paying a higher examination fee.

Current Status

During 2005, the board was successful in adding Fairbanks as a test site for the CPA exam. This was possible because Prometric (the service that administers the CPA exam) was providing testing services to an existing program at the University of Alaska Fairbanks. This allowed the board to take advantage of existing facilities in which to offer the CPA exam.

The board pursued the possibility of the same type of arrangement with the University of Alaska Southeast. However, no existing infrastructure was available and after analyzing the capital and operating costs, the board determined that the number of applicants from Southeast would be insufficient to cover the continuing costs of the facility.

Other professions that require a national exam and are administered by the Professional Licensing Section also have limited statewide sites for their tests. Five professions have no exam site in Alaska (for example: geologist and naturopaths); and eleven have an exam site only in Anchorage (for example: physicians and physician assistants). Three professions have test sites both in Anchorage and Fairbanks: CPAs, professional counselors, and social workers. Twelve professions have more than two sites. In comparison to other licensed professionals who are required to take a national exam, the CPA candidates have comparable opportunities to take the exam.

In conclusion, while a third site for the CPA exam in Southeast Alaska is preferable and the effort to establish it should not be abandoned, the board has succeeded in increasing the number of sites available to take the CPA exam in order to reduce the cost to applicants.

(Intentionally left blank)

ANALYSIS OF PUBLIC NEED

The following analysis of board activities relates to the public need factors defined in AS 44.66.050. The analysis is not intended to be comprehensive, but only to address those areas I became aware of during my review.

Determine the extent to which the board, commission, or program has operated in the public interest.

In 2004, when the Board of Public Accountancy (board) adopted the computerized National Certified Public Accountant (CPA) exam provided by the American Institute of Certified Public Accountants (AICPA), the service provider, Prometric, provided only one Alaska site to take the exam. During 2005, the board was successful in adding Fairbanks as a test site for the CPA exam. This was possible because Prometric was providing testing services to an existing program at the University of Alaska Fairbanks. This allowed the board to take advantage of existing facilities at which to offer the CPA exam.

The board pursued the possibility of the same type of arrangement with the University of Alaska Southeast. However, no existing infrastructure was available and after analyzing the capital and operating costs the board determined that the number of applicants from Southeast would be insufficient to cover the continuing costs of the facility.

Because applicants have the option to take the National computerized CPA exam under the auspices of any state or country jurisdiction, many people who had no intention of practicing in Alaska were applying with the Alaska licensing section. To reduce the impact on the licensing section, the board contracted with National Association of State Boards of Accountancy (NASBA) to process applications for the CPA exam. In FY 08, approximately 1150 people applied to take the CPA exam under Alaska rules while only 185 of those actually took the test in Alaska. Contracting with NASBA to manage applications substantially reduced the workload of the licensing examiner in Alaska and allowed more focus on efficient problem resolution and licensure of accountants. In addition, the on-line application process is faster and easier for those applying to take the exam, than was the previous process.

The board increased educational requirements for persons wishing to become CPAs in Alaska in order to ensure a more informed and educated profession serving the Alaska public.

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource and personnel matters.

As discussed above, the board has contracted out the application process for the CPA exam. This has reduced the workload on the board and the licensing examiner and freed up time to focus on other tasks.

The board is actively engaging in shaping the rules in the accounting profession by its membership in national professional organizations. The board needs a full contingent of members if it is to perform most effectively. As described in Recommendation No. 1, the board has been pursuing its goals while lacking two members.

License fees remained at $220 from FY 05 through FY 08. A schedule of license revenues and board expenditure is presented below. (See Recommendation No. 2 for a discussion of the ending cumulative surplus).

State of Alaska
Board of Public Accountancy
FY 05-FY 08
Schedule of License Revenues and Board Expenditures
(unaudited)

	FY 05	FY 06	FY 07	FY 08
Revenues	$44,000	$278,500	$128,100	$290,600
Direct Expenditures				
Personal Services	56,300	64,400	61,700	61,800
Travel	15,300	13,600	18,600	26,300
Contractual	18,600	15,800	23,400	29,300
Supplies	100	100	1,000	200
Total Direct Expenditures	90,300	93,900	104,700	117,600
Indirect Expenditures	52,400	47,600	93,900	61,200
Total Expenditures	142,700	141,500	198,600	178,800
Net Income (Loss)	(98,700)	137,000	(70,500)	111,800
Beginning Cumulative Surplus (Deficit)	191,400	92,700	229,700	159,200
Ending Cumulative Surplus (Deficit)	$92,700	$229,700	$159,200	$271,000

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

The board, in concert with the Alaska Society of CPAs and other professional organizations, assisted in passing a major update of the governing statutes of public accounting. This rewrite increased the education required to obtain a CPA license in Alaska. The rewrite included sections covering substantial equivalency, interstate reciprocity (which eased the ability of qualified persons to obtain Alaska certification) and "attest" experience requirements that ensure individuals are qualified to audit financial statements.

After discovering that the new statute unfairly impacted a class of accountants that had been pursuing licensure under the old law, the board immediately acted to obtain a legislative "fix". The board action provided a path to licensure for this small group of candidates.

The board worked diligently to provide a package of regulations to complement the new laws. The regulations were adopted and in effect concurrent with the effective date of the new legislation.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

When the board adopted the AICPA National computerized CPA exam, it was concerned about the impact on the applicants taking the exam. The board created a survey and provided it to each applicant. The survey asked about various aspects of the test environment. As a result of this survey, the board was instrumental in getting new equipment for the Anchorage test site.

Each meeting of the board is noticed in the Anchorage Daily News and in an email from the Licensing Examiner to interested parties. Each meeting agenda has a public comment section and minutes confirm that public comments are welcome at these meetings. Representatives from Alaska professional organizations frequently attend and are provided the opportunity to comment.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Draft regulations are developed in a coordinated manner with Alaska professional accounting organizations. Usually a committee of professionals prepares a draft, sends it out to members for comment, and may incorporate those comments into the draft. The draft is provided to the board for review and discussion. Thus, the board attempts to thoroughly vet the proposed regulations before offering them for public review. Then public notice is published and directly provided to groups that have an interest in the regulations.

During the last regulation update, each regulated professional was provided a copy of the draft regulations and notified of the time for comment. Those professionals who are not CPAs but had an interest in understanding the ramifications of the new rules were also provided notice of the meetings and were welcome to provide comments. Board minutes confirm that interested parties commented on the draft regulations.

Determine the efficiency with which public inquires or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

Overall, the investigation section has reduced the average time taken to resolve a case by implementation of a new complaint policy that confirms the complaint is valid before

opening a case. This policy was instituted in 2006 and has substantially increased efficiency of the section. The section still needs to address lapses due to staff turnover and absence of an effective tracking system that would periodically provide reports of activity to supervisors in order to identify "dormant" cases.

For example, four investigative cases (all involving the same person) have been open for more than six years. These cases are an example of the problems in staff turnover/reassignment and lack of an effective system to notify supervisors or investigators that a case has been dormant for an extended period of time. The cases are complex and are in litigation. Recommendation No. 3 is offered to help reduce the amount of time some cases are left unattended.

Since the implementation of the new complaint procedure in FY 2006, twenty complaints have been received. Twelve resulted in case files and eight were determined to be invalid. Of the twelve cases only two are still open. One involves a CPA licensed in Colorado who performed an audit in Alaska without getting a practice privilege, and the other involves an accountant who was denied licensure based on lack of experience and has requested an Administrative Hearing. Of these twenty complaints, seven were received from the licensing section, six from members of the public, one from a board member, and four from a state or federal agency.

Unlicensed activity cases opened under this new policy have an average duration of 5.1 months, in contrast to 15.7 months for the same type of cases opened prior to implementation of the new policy. This is a significant increase in efficiency.

Of the forty-seven investigative cases closed since the last review, thirty-two (68%) were determined to be unfounded. Most of the cases alleged unlicensed activity.

Of eighteen cases of unlicensed activity, eight resulted in a license action and ten were based on unfounded complaints. There were six cases alleging fraud or misrepresentation. Four of these were resolved with no violation and two ended in license action. Three cases were brought for negligence of which two were determined unfounded and one licensee complied with board directions.

Eight cases alleging incompetence resulted in determinations that no violation had occurred. Two cases were opened because an applicant had checked the box that he/she had a criminal conviction. Each of these cases was resolved with no violation. Three cases were for violation of professional ethics, and no license action was taken against any license.

Three cases concerning license application problems were investigated. One was determined to involve no violation, one resulted in license action and one respondent complied without license action. One case concerned a licensee who violated a Memorandum of Agreement and resulted in further license action. The final two cases involved falsified applications for licenses. The applicant withdrew one case, and the other received an Advisement Letter.

The board received no complaints against its activities.

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We found no evidence that the board, by any of its actions, acted contrary to any state personnel practices or affirmative action requirements.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

The board has increased the amount of accounting education required to qualify for licensure to practice in Alaska. The board continues to require appropriate continuing education in order for a CPA license to be renewed. Each applicant for licensure is required to pass a national competency exam and to have appropriate experience prior to licensure.

Below is a summary of new licenses and permits issued by the board. The information was obtained from Annual Reports published by the board and verified with the licensing examiner.

New Permits Issued	FY 05	FY 06	FY 07	FY 08	Current Licenses
Certified Public Accountants	47	52	45	97	929
Resident Partnerships Corporations and Limited Liability Co.	2	5	2	8	84
Nonresident General Permits	9	18	16	21	57

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

The board is reviewing the concept of "mobility." Mobility would improve an accountant's ability to practice in many states and be subject to the laws of each state. Presently, if a problem arises with a CPA who is not licensed in Alaska, the board must work through the board of the state where that individual is licensed. If mobility were implemented as contemplated in Alaska, the Alaska board could directly enforce Alaska statutes and regulations on the CPA doing business in Alaska to ensure the public is protected. Increased mobility has the added advantage of making it easier for Alaskans to remain with chosen CPAs and still be assured they are regulated under Alaska rules.

The profession the board regulates changes in response to economic changes. The profession is complex and problems that arise can affect the economic well being of members of the public. In order to respond to this environment, the board is considering some structural

changes to insure that emerging issues in the accounting field will be properly researched and will improve the board's ability to be proactive in shaping the profession.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission or agency has operated.

The board has been very effective in attaining its objectives. Statutory changes were instituted and regulations were adopted to coincide with the effective date of the legislation. The board identifies practical, achievable, objectives and proceeds efficiently to attain those objectives.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

The board does not duplicate the activities of the private sector or another governmental agency. In fact, the board has endeavored to reduce workload by contracting the CPA exam applications process to a national, professional entity, NASBA. Currently, the board is reviewing the credentialing services offered by NASBA to see if contracting would 1) comply with Alaska law and, 2) provide a consistently more efficient method of licensure. The board would retain the authority to grant final approval of a license.

SARAH PALIN
GOVERNOR
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

December 29, 2008

RECEIVED
DEC 29 2008
LEGISLATIVE AUDIT

Ms. Pat Davidson
Legislative Auditor
Legislative Audit Division
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson:

This letter is in response to your December 1, 2008 confidential preliminary audit report on the Board of Public Accountancy.

Recommendation No. 1

Vacant Board of Public Accountancy (board) positions should be filled in accordance with AS 08.04.040.

The Office of the Governor concurs with this recommendation. I am pleased to report that the Governor recently selected the CPA/PA member for the board, however, and we are close to filling the remaining vacant public member. We find it challenging to find volunteers from the public who have an interest in specific licensing boards and the willingness to serve, but do not have inherent conflicts that would prevent them from serving. We will continue to make every effort to fill vacant positions in a timely manner.

If you need additional information, please contact me at 907-269-7450.

Sincerely,

Frank Bailey
Director
Boards and Commissions

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STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sarah Palin, Governor
Emil Notti, Commissioner

December 15, 2008

Ms. Pat Davidson, Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
PO Box 113300
Juneau, Alaska 99811-3300

Dear Ms. Davidson:

Thank you for the opportunity to comment on the Preliminary audit report on the Alaska Board of Public Accountancy.

Recommendation No. 1: Vacant Board of Public Accountancy (board) positions should be filled in accordance with AS 08.04.040.

The department agrees with this recommendation.

Recommendation No. 2: The board, in concert with the Professional Licensing section, should review current and projected funding needs with the intent of reducing fees.

The department agrees with this recommendation and will be adjusting fees at the next licensing renewal period.

Recommendation No. 3: The Investigation Section should implement an effective case tracking system.

The department strongly supports this recommendation and has already taken steps to request funding through the State's Budget process to procure an effective Investigative case management tracking system. This tool will benefit all regulatory programs within the division.

In summary, we fully support your findings and recommendations; and that the Legislature extend the Board to June 30, 2013. Your audit report supports our belief that the Board is operating in the best interest of the public and in accordance with its statutory mandates.

P.O. Box 110800, Juneau, Alaska 99811-0800
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Email: questions@commerce.state.ak.us Website: http://www.commerce.state.ak.us/

There is only one correction I would like to direct to your attention, that is, the oversight division of the Alaska Board of Public Accountancy is the Division of Corporations, Business and Professional Licensing, *not* the Division of Banking, Securities, and Professional Licensing as mentioned on pages 1 and 3 of the preliminary report.

Thank you again for the opportunity to comment on the preliminary audit report.

Sincerely,

Emil Notti

Emil Notti
Commissioner

ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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December 19, 2008

RECEIVED
DEC 19 2008
LEGISLATIVE AUDIT

Ms. Pat Davidson
Legislative Auditor
Alaska Legislature
P.O. Box 113300
Juneau, Alaska 99811

RE: Board of Public Accountancy Response to 2008 Management Review

Dear Ms. Davidson:

Thank you for the opportunity to respond to the findings resulting from your review. The Board concurs with your recommendations with the following comments.

Recommendation No. 1

The landscape for the regulation of accountants has changed dramatically over the past seven to ten years. Some of the change has been driven by Congress, but much has been led by the National Association of State Boards of Accountancy, NASBA, which is an association of the fifty-five jurisdictions that make up the regulatory framework of accountants in the United States. The Alaska Board of Public Accountancy is one of those jurisdictions and a member of NASBA.

During this time, NASBA, working through its structure of over 30 standing committees, has made many significant and positive changes including substantial revision to the Uniform Accountancy Act, changes to the educational requirements for CPA candidates, changes to initial licensing experience requirements, computerization of the national CPA exam, and working to increase the mobility of CPA's across State lines, among others. Not all of these changes, however, necessarily make sense for Alaska. It is important for the Alaska Board of Accountancy to stay abreast of the changes so that those implemented here are appropriate. It is also important that we effectively participate in NASBA in order to have a voice in changes that affect the public in Alaska.

The Alaska Board has worked diligently over recent years to increase its presence at NASBA. Board vacancies that go unfilled for many months greatly hamper these efforts since there are fewer board members to carry on the work of the board. Alaska is also only one of about seven jurisdictions that do not have a full-time Executive Director to manage the affairs of the Board. Much of the ongoing dialogue between NASBA and the States occurs between Executive Directors. As such, it is even more important that the Alaska Board work to participate in NASBA through participation on committees and attendance at various NASBA meetings. Vacant board positions make this more difficult.

AN INDEPENDENT MEMBER OF BDO SEIDMAN ALLIANCE

Recommendation No. 2
The Board is very supportive of minimizing fees. Over the last two or three years has encouraged the Professional Licensing section to evaluate our fees in light of the Board's cumulative balance.

As alluded in your letter, the Alaska Board is working to determine whether a change to the Board's operating structure is needed in light of the changes in the regulatory environment for CPA's. The work includes evaluating how other boards in Alaska and other State's Accountancy Boards operate around the country. Any adjustment of licensing fees should consider the costs of potential changes to the Board's operating structure as those potential changes are identified.

NASBA and other countries are moving to international standards for both financial reporting and regulation of accountants. Proximity to Canada, Russia and Asia frequently impact the exam application and licensing of CPA's in Alaska. As internationalization continues to take shape over the next few years, it will be important for the Alaska Board to stay abreast of these changes. As such, it will be necessary for the Alaska Board to involve itself, through NASBA committees, travel to meetings on the topic or potentially engaging Department of Law or other experts to evaluate these changes to Alaska. Changes to fees should be made in this light as well.

Recommendation No. 3
The Board believes that turnover in the investigator assigned to the Board has reduced timeliness and effectiveness of investigations. Also, the investigators recently assigned to the Board appear to not have a background in accounting regulatory matters.

Recently, NASBA created a new Enforcement Practices Committee. This committee, to which Carla Bassler of the Alaska Board has been appointed, has a mission to evaluate and examine enforcement practices in the various boards and develop best practices relating to evaluation of the effectiveness of state boards' enforcement efforts. The Committee will also develop resource materials including expert witnesses for special areas and provide resources for advice and enforcement issues to state boards.

This committee is also evaluating the creation of a "Certified Regulatory Investigator" which will offer uniform training and continuing competency material for State accountancy investigators. I encourage the investigative section to familiarize itself with NASBA's efforts to determine whether this can benefit investigations in Alaska.

Thank you for your work on the review of the Board of Accountancy. Please let me know if there is anything further I can assist you with.

Sincerely,

Max E. Mertz, CPA
Chair, Alaska Board of Accountancy

HB

81

<target><bill>HB 81</bill><subject>HB
81</subject><comm>HFIN26</comm></target>

O+G #1

withdrawn

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT:	Administration
APPROPRIATION:	Alaska Oil & Gas Conservation Commission
ADD:	Lapse Extension $1,450.6 General Funds (1004) Inc OTI

adopted

O+G #2

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Hawker

DEPARTMENT: Fish and Game
APPROPRIATION: Habitat
ALLOCATION: Habitat

ADD: $180,000 Inter-agency Receipts (1007)

EXPLANATION: The amendment will fund two Habitat Biologists who will perform pre-application work for Denali, ANGDA, ENSTAR and TransCanada including initial planning, design review, field inspections, and pre-construction permitting. Funding is through RSAs from Natural Resources.

O+G #3
deferred

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT:	Labor and Workforce Development
APPROPRIATION:	Commissioner's Office
ADD:	Lapse Extension $ 100.0 General Funds (1004) Inc OTI

O+G #4

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT:	Labor and Workforce Development
APPROPRIATION:	Labor Market Information
ADD:	Lapse Extension $ 145.0 General Funds (1004) Inc OTI

OMB #5
adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT:	Labor and Workforce Development
APPROPRIATION:	Workforce Development
ALLOCATION:	Business Services

ADD: $505,000 General Funds (1004) Inc OTI

EXPLANATION: Provide training and related instruction to at least 70 apprentices at Regional Training Centers for AGIA related occupations.

Fund cooperative training agreements with business and industry for registered apprentices and structured on-the-job training for approximately 125 workers.

Current status: $322.0 of FY09 funding has been obligated to date and other grant agreements are in the negotiation process. Most training is expected to occur March through June.

An anticipated lapse of $80,000 of the original request is to be addressed in the supplemental bill.

O+G #6 adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT:	Labor and Workforce Development
APPROPRIATION:	Workforce Development
ALLOCATION:	Workforce Investment Board

ADD: $45,000 General Funds (1004)

EXPLANATION: The current head of the Northwest Alaska Career and Technical Center has been selected to this Education Specialist Position, which will oversee the education components of the gasline strategic training plan, including better training program and industry coordination, curriculum sharing, and articulation.

$85,000 of original request to be addressed in the supplemental bill.

OPERATING BUDGET AMENDMENT

O+G #7

Adopted

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN) / CSHB 83(FIN)

OFFERED BY: Representative Hawker

DEPARTMENT:	Law
APPROPRIATION:	BP Corrosion
ALLOCATION:	BP Corrosion
ADD:	$3,500,000 Inc OTI
FUNDING SOURCE:	General Funds - 1004

EXPLANATION:
The Department of Law (DOL) requests an appropriation for FY10 in the amount of $3.5 million to continue the pursuit of claims for penalties and lost revenues for the 2006 Prudhoe Bay pipeline spills and production shutdowns. DOL believes that it is unlikely that an agreement can be reached to resolve the claims and anticipates the need to file a court case later this year or risk certain claims being time barred; hence this request for an appropriation to fund the anticipated litigation in FY10.

Due to delays in obtaining documents and information from British Petroleum Exploration Alaska (BPXA), the investigation was only recently completed. Based upon information gathered to date, DOL anticipates making a recommendation to seek recovery of the state's revenue losses, as well as civil penalties and damages under the state's environmental statutes.

In March and August of 2006, crude oil leaked from Oil Transit Lines (OTLs) operated by BPXA at Prudhoe Bay. In its Plea Agreement with the United States executed in October 2007, BPXA acknowledged that it "acted negligently by failing to adequately inspect and clean the OTLs." The company is "required to operate the OTLs as a reasonable operator." BPXA "did not expend sufficient resources to address the complex issues of corrosion in the OTLs." "BPXA failed to clean the OTLs with a piece of equipment called a maintenance (or cleaning) pig and inspect the pipe for corrosion activity with a smart pig." These admissions are borne out by our investigation.

BPXA's documents substantiate that these failings resulted in shutdowns and reduced production of tens of millions of barrels of crude oil in 2006-08. The loss of revenue in royalties and taxes to the state for those years potentially amounts to hundreds of millions of dollars.
This is a complex matter with many documents. It is anticipated that the FY10 litigation activities will cost an additional $3.5 million for costs of counsel, document management, experts, and litigation costs. DOL anticipates the litigation will last at least three to four years and that appropriations will be needed in future years.

This issue is independent of gasline appropriations.

O+G #8

Adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN) / CSHB 83(FIN)

OFFERED BY: Representative Hawker

DEPARTMENT:	Law
APPROPRIATION:	Civil Division
ALLOCATION:	Oil, Gas and Mining
ADD:	$5,109,200 Inc OTI
FUNDING SOURCE:	General Funds - 1004

EXPLANATION:
The Department of Law's Oil, Gas and Mining section continues to play a major role in the State's top priority project related to the construction of a gas pipeline and bringing natural gas to market. In addition, the Department of Law has a number of other major projects underway that will continue to require outside counsel and experts beyond the funding included in the base operating budget. The most noteworthy are Pt. Thomson litigation, ongoing proceedings before the Federal Energy Regulatory Commission (FERC) on TransAlaska Pipeline Service (TAPS) tariffs issues; and two major corporate income tax matters.

This issue is independent of gasline appropriations.

O+G #9

Adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN) / CSHB 83(FIN)

OFFERED BY: Representative Hawker

DEPARTMENT:	Law
APPROPRIATION:	Civil Division
ALLOCATION:	Oil, Gas and Mining
ADD:	$1,900,000 Inc OTI
FUNDING SOURCE:	General Funds - 1004

EXPLANATION: The Department of Law is requesting $1,900.0 to cover preparation and other related costs associated with the TAPS Strategic Reconfiguration. The State is protesting imprudent capital expenditures on the TAPS Strategic Reconfiguration project that are included in rates from 2005 forward.

This issue is independent of gasline appropriations.

OG #10
defeated

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT:	Natural Resources
APPROPRIATION:	Oil and Gas Development

ADD:	Lapse Extension
	$ 2,224.3 General Funds
	$ 741.5 Perm Fund Rcpts

Adopted as amended

Amendment O&G 11

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Hawker

DEPARTMENT:	Natural Resources
APPROPRIATION:	Resource Development
ALLOCATION:	State Coordinator—Gas Pipeline

ADD: $3,200,00 General Fund (1004) Inc OTI
$391,700 General Fund

EXPLANATION: This amendment includes funding for three positions that will assist with the review and coordination of all state and federal permits and processes, to ensure that all state and federal environmental requirements have been completed, and assist with title work for natural gas transportation projects in Alaska, including AGIA implementation.

A $3.2 million FY2010 capital project request for this purpose will be deleted from the capital budget. An anticipated lapsing balance of $2.7 million GF of an operating appropriation for this purpose will be addressed as a supplemental request.

O+G #12

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

deferred to supplemental budget

DEPARTMENT:	Natural Resources
APPROPRIATION:	State Coordinator – Gas Pipeline
ADD:	Lapse Extension $ 2,700.0 General Funds

O+G #13

Adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Hawker

DEPARTMENT:	Natural Resources
APPROPRIATION:	Resource Development
ALLOCATION:	Pipeline Coordinator

ADD: $2,500,000 Statutory Designated Program Receipts (1108)

EXPLANATION: To fund work required for multi-agency coordination and review of AGIA, Denali, ANGDA and ENSTAR right-of-way pre-application work. Under AS 38.35, the pre-applicant, applicant or lessee is required to reimburse the State for these efforts. Authorization is needed to receive funds to do work for applicants.

O+G #14

Adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT:	Revenue
APPROPRIATION:	Administration and Support
ALLOCATION:	Natural Gas Commercialization

ADD: $771,000 General Funds (1004) Inc OTI

EXPLANATION: This funding is needed to respond in FY2010 to issues associated with the holding of open seasons in the fall of FY2010 by the major gas line projects. The administration has stated that when economic information becomes available, they will analyze the economics underpinning proposed major gas line projects prior to an open season and assess the need for changes in the state's fiscal system. The work will be on a tight time frame as any changes ideally should be in place prior to or during the open season and will require the assistance of contractors. The need for economic evaluations is critical in moving gas line projects along as quickly as possible. DOR has the ability to contract with the appropriate financial institutions to facilitate the evaluations. This funding has typically been managed through the Commissioner's Office appropriation.

#33

OPERATING BUDGET AMENDMENT

Withdrawn

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Gara

DEPARTMENT: Health and Social Services
APPROPRIATION: Behavioral Health
ALLOCATION: Behavioral Health Grants

ADD: $210,000 General Fund/Mental Health (1037)

ADD INTENT: It is the intent of the legislature that at least $210,000 be expended to serve individuals on waiting lists for Heroin addiction treatment at facilities that have a waiting list. The funding is to be utilized in addition to any other behavioral health grants that a heroin addiction treatment facility may qualify for, and it shall not prevent such a facility from qualifying for any additional behavioral health grant funds.

EXPLANATION: The funding is intended to expand the capacity of Heroin treatment facilities for individuals that are on a waiting list. This supplemental funding is to be targeted to Heroin addiction treatment facilities that have a waiting list and not prevent those facilities from qualifying for other behavioral health grant funds.

NDTC INC.

NARCOTIC DRUG TREATMENT CENTER, INC.

CENTER FOR DRUG PROBLEMS

CHEMICAL SCREENING PROJECT • S.T.O.P. AIDS PROJECT

March 10, 2009

Representative Les Gara
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Gara,

Narcotic Drug Treatment Center Inc. is submitting the following information regarding the on-going heroin addiction problem in the state of Alaska.

Narcotic Drug Treatment Center is an out-patient methadone clinic that is currently funded to provide 75 treatment slots for opioid addiction in the Anchorage Bowl.

As you are aware, seizures of heroin by the state troopers has increased from 113.3 grams in 2004 to 4,970.18 grams in 2008. The waiting list and demand for treatment at NDTC, Inc. has increased due to the drastic influx of heroin into the community.

Currently we are operating beyond capacity and are only able to admit pregnant women. During the last quarter we admitted 11 pregnant women on demand, and average 8 pregnant women in treatment at all times.

With an additional $120,000 of state funds we will be able to increase treatment slots to provide services for 100 patients. This would allow us to continue to provide treatment on demand to pregnant women and clear our waiting list, allowing all individuals access to treatment on demand for opioid dependency in Anchorage and the Mat-Su Valley.

Any assistance you can give in helping us treat this threat to public health and safety would be appreciated. Please contact me at your convenience if you need further information or assistance.

Sincerely,

Cynthia Aiken, MS,LPA,DAPA,FAPA,MAC
Executive Director

A United Way Agency

520 E. 4th Ave., Suite 102 • Anchorage, Alaska 99501 • Phone: (907) 276-6430 • Fax: (907) 276-3637
e-mail: ndtc@ak.net

INTERIOR AIDS ASSOCIATION
SUPPORT
PREVENTION
EDUCATION

710 3rd Ave., Fairbanks, AK 99701
Mailing: P.O. Box 71248, Fairbanks, AK 99707
Phone: (907)452-4222 Fax:(907)452-8176
e-mail: anna@interioraids.org
www.interioraids.org

March 10, 2009

Representative Les Gara
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Gara,

Project Special Delivery, a methadone program sponsored by the Interior AIDS Association, is the only substance abuse treatment program in the Interior that focuses solely on opiate addiction, including the growing problem with heroin in our region.

Project Special Delivery receives state grant funding and is approved for 29 outpatient treatment slots to serve the Fairbanks area.

During the last few months, we have received more applications from individuals citing Heroin as their primary drug of abuse than during the past seven years. Currently, we have 12 applications in process, and we receive calls frequently asking about the availability of services. For most, when they find out that it may be six months before they get into the program, they do not even follow through to fill out an application.

With an additional $90,000 of state funds we would be able to increase available treatment slots to provide services to 49 individuals. This would provide services to all current applicants and open the window of opportunity for those who have given up hope of getting treatment in Fairbanks. The number of heroin users who reach the point where they seek treatment will only increase as heroin becomes more available.

We certainly appreciate your consideration. We have grown accustomed to turning people away – and that is never a good place to be when your mission is to help people get their lives back.

If I can provide any further information, please do not hesitate to ask.

Sincerely,

Anna Nelson
Executive Director

#34

Withdrawn

OPERATING BUDGET AMENDMENT

OFFERED IN: House Finance Committee

TO: CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Les Gara

DEPARTMENT: Department of Labor and Workforce Development
APPROPRIATION: Division of Vocational Rehabilitation
ALLOCATION: Independent Living

ADD: $70.0 General Funds (1004)

EXPLANATION:
Outreach to Visually-Impaired in Rural Communities

This increment would allow The Center for the Blind and Visually Impaired to reach out to provide life skill and services to visually impaired Alaskans in those small communities, where no or few services are offered. The Increment was recommended by the Division and not forwarded to the Legislature by the Governor.

Statewide, Community-Based

Vision Rehabilitation Outreach & Services

Request: $70,000 incremental increase to current grant to the Alaska Center for the Blind & Visually Impaired (for a total of $125,000) – ***Division of Vocational Rehabilitation, DOLWD***

Purpose:

- take vision rehabilitation to communities statewide
- identify people with visual disabilities whose needs are not being met
- increase safety, employability, and quality of life for Alaskans with visual disabilities

Need: Without vision rehabilitation, people may experience poverty due to unemployment, nursing home admission or death because of falls or fires, health complications from not being able to read medicine labels, and depression. The need is growing as the number of older Alaskans and the rate of diabetes both increase.

The grant focuses on the 60% of 10,000 visually disabled Alaskans who live outside of Anchorage. In addition to the Center's current 250 clients, ***this grant, when expanded, could serve over 100 more people each year.***

Home visit in Cordova... learning how to use a special lighted magnifier

Who benefits?

People like the 90-year-old gentlemen with advanced macular degeneration living alone in a rural village, population 410. He's still building an addition on his cabin and wants to stay safe and connected.

Because of this grant, he has had a low vision assessment and knows which specialized magnifiers will help him get the most out of his remaining vision. He uses new fire safety measures in his kitchen, can label staple food supplies and choose the right one by touch, and uses tactile aids to dial his phone accurately.

He knows an Alaska Center for the Blind & Visually Impaired vision rehabilitation professional will teach him to walk with a white cane if his eyesight deteriorates further – and he plans to order a talking tape measure to continue his building project!

Saves money in tough times:

This grant finds people who don't know that it's possible to learn new skills to get and keep a job. It allows loved ones to work because their family member is independent and safe. Vision rehabilitation and low vision services save the medical costs of falls, accidents, and medication mistakes.

Alaska Center
FOR THE BLIND AND VISUALLY IMPAIRED

For more information, Karla Jutzi, Executive Director
248-7770, x100, kjutzi@alaskabvi.org

adopted #1

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Hawker

Part A—Technical Correction (duplicated transaction)

DEPARTMENT: Health and Social Services
APPROPRIATION: Behavioral Health
ALLOCATION: Behavioral Health Grants

DELETE: $75,000 Mental Health Trust Authority Authorized Receipts (1092)
DELETE: $75,000 General Fund/Mental Health (1037)

EXPLANATION: This amendment removes subcommittee transactions that duplicated Governor's transactions. Governor's transactions accomplishing the same purpose will be retained.

Part B—Technical Correction (duplicated transaction)

DEPARTMENT: Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: Claims, Permits & Leases

DELETE: One Permanent Full-Time Position (PFT)

Line Item Transfer:

ADD:	$42,100	Contractual
DELETE:	$37,600	Personal Services
	$3,300	Travel
	$1,200	Commodities

EXPLANATION: This amendment reverses one of two similar transactions that duplicated the House Finance Budget Subcommittee's intent.

3483

Part C—Correction (omitted transaction)

DEPARTMENT: Fish and Game
APPROPRIATION: Wildlife Conservation
ALLOCATION: Wildlife Conservation

ADD: $150,000 Federal Receipts (1002)

DELETE: $150,000 Fish and Game Fund (1024)

EXPLANATION: This amendment adds a fund source change transaction that was inadvertently omitted from the committee substitute bill.

Part D—Correction (unnecessary wordage)

DEPARTMENT: Commerce, Community and Economic Development
APPROPRIATION: Alaska Aerospace Development Corporation
ALLOCATION: Alaska Aerospace Development Corporation

DELETE: Intent Wordage sec.1, page 6, line 23.

It is the intent of the legislature that the Alaska Aerospace Development Corporation fully pay its portion of the DOA and DCCED cost allocation plans.

EXPLANATION: This amendment removes FY09 intent language that is no longer necessary. AADC complied with the intent in FY09 and intends to do so in the future.

Part E—Correction (position adjustment)

DEPARTMENT: Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: Petroleum Systems Integrity Office

ADD: Four Permanent Full-Time Positions (PFT)

EXPLANATION: This amendment restores four PFT positions that were inadvertently deleted during subcommittee close out.

Part F—Correction (overlooked Governor's language)

Amend language section 10 (Department of Commerce, Community, and Economic Development) by adding two new subsections:

f) If the amount necessary to make national forest receipts payments exceeds the amount appropriated in sec. 1 of this Act, the amount necessary is appropriated from federal receipts to the Department of Commerce, Community, and Economic Development, national forest receipts, for the fiscal year ending June 30, 2010.

g) If the amount necessary to make payment in lieu of taxes (PILT) payments exceeds the amount appropriated in sec. 1 of this Act, the amount necessary is appropriated from federal receipts to the Department of Commerce, Community and Economic Development, payment in lieu of taxes (PILT), for the fiscal year ending June 30, 2010.

Explanation: The new sections allow the department to pass federal receipts to eligible recipients and communities without going through the Legislative Budget and Audit review process.

These two subsections were requested by the Governor but were omitted from the Committee Substitute for House Bill 81 (FIN).

Part G—Correction (overlooked Governor's language)

Amend language section 11 (Department of Labor and Workforce Development) by adding a new subsection:

(d) If the amount of designated program receipts received under AS 43.20.014(a)(3) and deposited in the vocational education account (AS 37.10.200) during the fiscal year ending June 30, 2010 exceeds the amount appropriated in sec. 1 of this Act for purposes described in AS 37.10.200, the additional designated program receipts are appropriated to the Department of Labor and Workforce Development, Alaska Vocational Technical Center, for the fiscal year ending June 30, 2010.

Explanation: The language section (d) allows the department to spend any Statutory Designated Program Receipts (SDPR) they receive for vocational education purposes in FY2010.

Part H—Correction (drafting errors)

Amend section 25:

(c) The sum of **$30,248,000** [30,455,300] is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A, for the fiscal year ending June 30, 2010.

(e) The sum of **$10,275,000** [10,067,700] is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A, for the fiscal year ending June 30, 2010.

(n) The sum of **$22,917,325** [22,917,300] is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2010, for payment of obligations and fees for the following facilities:

FACILITY	ALLOCATION
(1) Anchorage Jail	$5,103,900
(2) Goose Creek Correctional Center	**17,813,425** [17,813,400]

Explanation: This amendment will correct the amounts necessary for state debt and other obligations in sec. 25 (c), 25(e), 25(n) of the House CS for CSHB 81(FIN).

Amend section 20(q)

The sum of $459,200 is appropriated from the **permanent fund dividend (PFD) in lieu of dividends to criminals account within the dividend fund (AS 43.23.045(a))** [general fund] to the crime victim compensation fund (AS 18.67.162).

Explanation: Restores language requested by the Governor.

adopted

#2

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representatives Thomas and Hawker

Part A—Fund Source Change

DEPARTMENT: Administration

APPROPRIATION: Centralized Administrative Services
ALLOCATION: Personnel

FUND CHANGE: $472,200 General Fund (1004)
($472,200) Interagency Receipts Fund (1007)

APPROPRIATION: Enterprise Technology Services
ALLOCATION: Enterprise Technology Services

FUND CHANGE: $415,900 General Fund (1004)
($415,900) Interagency Receipts Fund (1007)

EXPLANATION: Part A of this amendment pays bargaining unit agreement costs with GF in order to avoid an increase in chargeback rates paid by agencies. This action was requested by the Governor, but denied by subcommittee pending receipt of information pertaining to recovery of non-general funds. The fund source information requested by the subcommittee is part B of this amendment.

Part B—Cost Recovery of Non-general Funds

APPROPRIATION:		Centralized Administrative Services
ALLOCATION:		Personnel
ADD:	$37,200	Federal Receipts (1002)
	$6,300	Interagency Receipts (1007)
	$1,100	Commercial Fishing Loan Fund (1036)
	$100	Fisheries Enhancement Revolving Loan Fund (1070)
	$1,200	Alaska Industrial Development & Export Authority Receipts (1102)
	$1,900	Regulatory Commission of Alaska Receipts (1141)
	$7,600	Receipt Supported Services (1156)
	$800	Business License & Corporation Filing Fees and Taxes (1175)
	$2,800	Permanent Fund Dividend Fund (1050)
	$400	Permanent Fund Corporation Receipts (1105)
	$100	Statutory Designated Program Receipts (1108)
	$2,500	Workers Safety and Compensation Administration Account (1157)
	$100	Second Injury Fund Reserve Account (1031)
	$100	Fishermen's Fund (1032)
	$600	Building Safety Account (1172)
	$1,000	Group Health and Life Benefits Fund (1017)
	$1,200	Public Employees Retirement Trust Fund (1029)
	$500	Teachers Retirement Trust Fund (1034)
	$900	Alaska Oil & Gas Conservation Commission Receipts (1162)
DELETE:	$66,400	General Fund (1004)
APPROPRIATION:		Enterprise Technology Services
ALLOCATION:		Enterprise Technology Services
ADD:	$58,500	Federal Receipts (1002)
	$4,200	Interagency Receipts (1007)
	$700	Commercial Fishing Loan Fund (1036)
	$100	Fisheries Enhancement Revolving Loan Fund (1070)
	$800	Alaska Industrial Development & Export Authority Receipts (1102)
	$1,200	Regulatory Commission of Alaska Receipts (1141)
	$14,600	Receipt Supported Services (1156)
	$500	Business License & Corporation Filing Fees and Taxes (1175)

	$8,400	Permanent Fund Dividend Fund (1050)
	$200	Permanent Fund Corporation Receipts (1105)
	$100	Statutory Designated Program Receipts (1108)
	$1,500	Workers Safety and Compensation Administration Account (1157)
	$400	Building Safety Account (1172)
	$1,800	Group Health and Life Benefits Fund (1017)
	$2,200	Public Employees Retirement Trust Fund (1029)
	$900	Teachers Retirement Trust Fund (1034)
	$1,100	Alaska Oil & Gas Conservation Commission Receipts (1162)
DELETE:	$97,200	General Fund (1004)

EXPLANATION: The Department of Administration charges other agencies for personnel and enterprise technology services. In order to minimize FY2010 rate increases, the Governor requested an addition of general funds to DOA. This action causes the general fund to bear the full burden of cost increases. Part B of this amendment replaces general funds with a variety of other funds. These non-general funds (along with the remaining general funds in increments for this purpose) will be distributed to agencies and recovered through rate increases. The impact is to shift $163,600 of costs from general funds to other funds.

Part C—Add Wordage

APPROPRIATION: Centralized Administrative Services
ALLOCATION: Personnel

ADD: The money appropriated by this appropriation may be distributed to state departments and agencies in order to pay service costs charged by the Department of Administration for centralized personnel services.

APPROPRIATION: Enterprise Technology Services
ALLOCATION: Enterprise Technology Services

ADD: The money appropriated by this appropriation may be distributed to state departments and agencies in order to pay service costs charged by the Department of Administration for enterprise technology services.

EXPLANATION: Part C allows funding appropriated in parts A and B to be distributed to various agencies to offset chargeback rate increases.

adopted

OPERATING BUDGET AMENDMENT

#3

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Austerman and Hawker

DEPARTMENT: Commerce, Community and Economic Development
APPROPRIATION: Community Assistance & Economic Development
ALLOCATION: Community and Regional Affairs

ADD: $1,571,300 General Fund (1004)

EXPLANATION: Governor's 2008 legislation cut business license fees in half, reducing state revenue by about $3.2 million and leaving insufficient business license revenue to pay for program costs. The Governor requested replacement of $1,971.3 business license receipts with GF in Community and Regional Affairs. The subcommittee added 400.0 in business license receipts, which left the program with a 1,571.3 reduction in funding. This amendment restores program funding to the level requested by the Governor.

adopted

OPERATING BUDGET AMENDMENT

#4

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Austerman and Hawker

DEPARTMENT: Commerce, Community and Economic Development
APPROPRIATION: Alaska Energy Authority
ALLOCATION: Alaska Energy Authority Power Cost Equalization

DELETE: $4,000,000 PCE Fund (1089)

EXPLANATION: The Committee Substitute bill bypasses the PCE fund and appropriates money directly to the PCE program. The appropriation of $4 million from the fund is unnecessary because an open-ended appropriation of GF to the PCE program for FY09 will leave the PCE fund with a zero balance at the end of FY09. Removing this "hollow authorization" will have no programmatic impact; the PCE program is fully funded in FY2010 with an open-ended GF appropriation.

Adopted

Amendment 5B

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Thomas and Hawker

DEPARTMENT: Department of Commerce, Community & Economic Development

ADD: It is the intent of the legislature that any marketing entities that receive state funding shall to the maximum extent practicable coordinate their efforts when implementing their marketing strategies. This shall include, but is not limited to, fishing, tourism, and agriculture.

EXPLANATION:
It is economical to ask that the entities who receive state funding should work together when marketing Alaska and Alaskan products.

Amendment 5A

OPERATING BUDGET AMENDMENT

withdrawn

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Thomas and Hawker

DEPARTMENT: Department of Commerce, Community & Economic Development

ADD: It is the intent of the legislature that any marketing entities that receive state funding shall not engage in any lobbying efforts of any kind.

EXPLANATION:
It is inappropriate for entities who receive general fund money from the state to engage in lobbying activities.

Adopted

OPERATING BUDGET AMENDMENT

#6

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Joule and Hawker

DEPARTMENT: Health and Social Services
APPROPRIATION: Juvenile Justice
ALLOCATION: Probation Services

ADD: $225,000 General Fund (1004)

EXPLANATION: This amendment provides base funding for guard hires for escorts, travel for juveniles who are not Medicaid-eligible, psychiatric evaluations that are not Medicaid-eligible and other various court-ordered costs. The funding applies to youth either in division custody or under court order to receive specified services.

In recent years, the legislature has directed the department to include these costs as supplemental request. This amendment will reduce or eliminate the need for supplemental funding.

#7

adopted 8-3

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representatives Hawker and Joule

DEPARTMENT:	Health and Social Services
APPROPRIATION:	Public Health
ALLOCATION:	Chronic Disease Prevention and Health Promotion

DELETE: $923,100 General Fund (1004)

EXPLANATION:

This amendment deletes funding for the establishment of a new childhood obesity prevention program. The program as proposed appears to be an investment in data collection and analysis, with very little funding being used to address the core issues of the problem. As childhood obesity is a concern, further consideration should be given to working together with the Anchorage School District in expanding their very successful model to other school districts.

The very gradual inclusion of school districts into the program is of concern, as is the limited use of these resources to assist the school districts and communities in directly addressing this issue.

Long range cost projects for this program are projected to be over $16 million.

2009 HOUSE FINANCE COMMITTEE

8-3

DATE: 3-9-09

Amendment: #7

MEMBER	Favor	Oppose
REP. FAIRCLOUGH	✓	
REP. FOSTER	✓	
REP. GARA		✓
REP. JOULE	✓	
REP. KELLY	✓	
REP. SALMON		✓
REP. THOMAS	✓	
REP. AUSTERMAN	✓	
REP. CRAWFORD		✓
REP. HAWKER	✓	
REP. STOLTZE	✓	

#8

adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Hawker by request of Governor

DEPARTMENT: Law
APPROPRIATION: Criminal Division
ALLOCATION: See below

Department	Appropriation/Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
Law **Item #1**	Second Judicial District	See attached IncOTI		90.0			90.0
Law **Item #2**	Fourth Judicial District	See attached IncOTI		285.0			285.0
Law **Item #3**	Criminal Appeals/Special Litigation	See attached IncOTI		271.6			271.6
Total			**$ -**	**$ 646.6**	**$ -**		**$ 646.6**

EXPLANATION: This amendment moves Governor's requests for lapse extensions from the supplemental bill to the operating bill. In an effort to ensure that all money that will be available for agency expenditure is reviewed in conjunction with regular operating requests, this amendment puts the Department of Law's Federal lapse extensions before the full finance committee for consideration as FY2010 increments. Please see the following pages for details provided by OMB.

Change Record Detail with Description

Department of Law

Scenario: FY2010 Governor Amended (7328)
Component: Second Judicial District (2199)
RDU: Criminal Division (33)
Title: AMD: Sexual Assault/Domestic Violence Federal Earmark

Trans Type	Totals	Personal	Tr	Ser	Comm	Capital	Grant	Positions Misc.	PFT	PPT	NP
IncOTI	90.0	48.0	5.0	28.0	3.0	6.0	0.0	0.0	0	0	0

1002 Fed Rcpts 90.0

Per sec. 27(d), ch. 11, SLA 2008, page 104, line 24, the appropriation made for implementation of the United States Department of Justice grant to stop violence against women lapses June 30, 2009. It is estimated that approximately $90,000 will lapse.

Appropriating the estimated balance from the FY09 appropriation in FY10 will enable the department to continue to fund additional attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases.

#8 Back-Up Law 2

Change Record Detail with Description

Department of Law

Scenario: FY2010 Governor Amended (7328)
Component: Fourth Judicial District (2201)
RDU: Criminal Division (33)
Title: AMD: Sexual Assault/Domestic Violence Federal Earmark

Trans Type	Totals	Personal	Tr	Ser	Comm	Capital	Grant	Positions Misc.	PFT	PPT	NP
IncOTI	285.0	240.0	5.0	25.0	3.0	12.0	0.0	0.0	0	0	0

1002 Fed Rcpts 285.0

Per sec. 27(d), ch. 11, SLA 2008, page 104, line 24, the appropriation made for implementation of the United States Department of Justice grant to stop violence against women lapses June 30, 2009. It is estimated that approximately $285,000 will lapse.

Appropriating the estimated balance from the FY09 appropriation in FY10 will enable the department to continue to fund additional attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases.

Law to
HB back-up

Change Record Detail with Description

Department of Law

Scenario: FY2010 Governor Amended (7328)
Component: Criminal Appeals/Special Litigation (2203)
RDU: Criminal Division (33)
Title: AMD: Sexual Assault/Domestic Violence Federal Earmark

Trans Type	Totals	Personal	Tr	Ser	Comm	Capital	Grant	Positions Misc.	PFT	PPT	NP
IncOTI	271.6	233.6	5.0	20.0	3.0	10.0	0.0	0.0	0	0	0

1002 Fed Rcpts 271.6

Per sec. 27(d), ch. 11, SLA 2008, page 104, line 24, the appropriation made for implementation of the United States Department of Justice grant to stop violence against women lapses June 30, 2009. It is estimated that approximately $271,600 will lapse.

Appropriating the estimated balance from the FY09 appropriation in FY10 will enable the department to continue to fund additional attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases.

#9

Adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representatives Hawker and Kelly

DEPARTMENT: Department of Natural Resources
APPROPRIATION: Parks and Recreation Management
ALLOCATION: Parks Management

ADD: $138,500 general fund (fund code 1004)

EXPLANATION:

Since 1997 the State Parks in the Prince William Sound area have been managed by volunteer organizations. Despite their enormous and admirable efforts, these organizations can no longer afford to continue losing money and are giving up on their efforts to manage the State Parks at places like the Worthington Glacier (which receives over 40,000 visits annually). Alaska State Parks has no permanent Parks presence in Valdez or the Prince William Sound. The nearest office is located in Soldotna, and rarely ever does a district ranger visit the entire Prince William Sound or Valdez area.

These parks are beautiful and are heavily used by Alaskan residents and tourists. Unless a Valdez State Park Ranger position is established, at least one state park – Worthington Glacier – is almost certain to be closed this coming summer. Additional parks in the area are likely to also close since volunteer organizations currently operating the parks can not continue to lose money.

The addition of a Park Ranger position in Valdez would vitalize volunteer efforts by allowing the parks to remain open. This new position would oversee maintenance and upkeep of 14 state marine parks in Prince William Sound.

The Valdez Area State Parks Citizens Advisory Board has prioritized this request as their number 1 issue and has expressed the critical nature of the situation to me directly. A survey conducted last summer indicates that visitors spend $12.2 million annually to enjoy PWS state parks, which results in 103 local jobs.

Here is breakdown of the budget request:

Park Ranger (Range 16A – 12 months)	$71,200
Vehicles: Ranger (4WD pickup truck) & Fuel ACC/volunteer (surplus truck) & Fuel	$7,500
Park Maintenance & Janitorial Supplies	$6,500
Toilet Pumping (Worthington & Blueberry Lake)	$900
Garbage Removal (Worthington & Blueberry Lake)	$5,900
Travel & Per Diem for Park Maintenance in PWS	$8,000
Boat Maintenance, Harbor Slip, Operation	$4,500
Volunteer Support	$2,000
Alaska Conservation Corps (4 months)	$10,000
Office/Shop Rental & Utilities	$12,000
Road Maintenance: Annual Grading and Snow Removal at Blueberry Lake & Worthington Glacier	$10,000
TOTAL	**$138,500**

adopted

Amendment 10

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Fairclough, Stoltze, Hawker, Gara, Crawford, and Salmon

DEPARTMENT:	Public Safety
APPROPRIATION:	Council on Domestic Violence and Sexual Assault
ALLOCATION:	Council on Domestic Violence and Sexual Assault

ADD: $500,000 PFD Criminal Funds (1171)

EXPLANATION: This amendment brings the FY2010 budget for the Council on Domestic Violence closer to the FY2010 Governor's request. The Governor requested an increase of $1,677.9. The Committee Substitute bill includes an increase of $296.0. Due to extraordinarily high PFDs, the amount of available PFD criminal funds is sufficient to fund this amendment.

Multi-year Allocation Totals - Operating Budget - FY 2010 House Structure

Numbers and Language
Fund Groups: State

Agency: Department of Public Safety

Appropriation: Council on Domestic Violence and Sexual Assault
Allocation: Council on Domestic Violence and Sexual Assault

	[1] FY2005 04MgtPln	[2] FY2006 05MgtPln	[3] FY2007 06MgtPln	[4] FY2008 07MgtPln	[5] FY2009 08MgtPln	[6] FY2010 09MgtPln	[7] FY2010 Gov Amd	[8] FY2010 HseSubCS	FY2010 Gov Amd to HseSubCS	[8] - [7] FY2010 HseSubCS
Total	4,774.2	5,083.1	6,205.7	7,036.7	7,308.3	7,774.5	9,465.6	8,083.7	-1,381.9	-14.6 %
Funding Sources										
1004 Gen Fund (GF)	0.0	654.0	2,306.7	2,445.8	2,694.0	1,381.9	1,381.9	0.0	-1,381.9	-100.0 %
1007 I/A Rcpts (Oth)	765.4	1,322.1	1,313.4	1,313.4	824.7	824.8	825.6	825.6	0.0	
1053 Invst Loss (Oth)	0.0	0.0	0.0	500.0	0.0	0.0	0.0	0.0	0.0	
1171 PFD Crim (Oth)	4,008.8	3,107.0	2,585.6	2,777.5	3,789.6	5,567.8	7,258.1	7,258.1	0.0	
Funding Summary										
General Funds (GF)	0.0	654.0	2,306.7	2,445.8	2,694.0	1,381.9	1,381.9	0.0	-1,381.9	-100.0 %
Other (Oth)	4,774.2	4,429.1	3,899.0	4,590.9	4,614.3	6,392.6	8,083.7	8,083.7	0.0	

#10 back-up

#11

Adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Foster and Hawker

DEPARTMENT:	Transportation and Public Facilities
APPROPRIATION:	Marine Highway System
ALLOCATION:	Marine Vessel Operations

ADD: $4,617,600 Marine Highway Fund (1076)

ADD: New subsections to section 20 (fund capitalization)

(t) The sum of $5,000,000 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060(a)).

(u) The unexpended and unobligated balance of the appropriation made in sec. 19 (d) (1), ch. 27, SLA 2008 to the Department of Transportation & Public Facilities is reappropriated to the Alaska marine highway system fund (AS 19.65.060(a)). *(Effective date June 30, 2009)*

EXPLANATION: The addition of $4.6 million to the FY2010 base budget will allow the AMHS to continue the schedule covering operations through September 2009. However, in combination with subcommittee actions, the additional expenditures authorized by this amendment leave the marine highway fund with a projected year-end FY2010 deficit in excess of $4 million.

New section (t) eliminates the projected deficit. New section (u) reappropriates available FY09 fuel trigger funding (estimated to be $9.2 million) to the marine highway fund, allowing the fund to fulfill its role as a stabilizing force.

Language (in section 19 of the committee substitute bill) allowing expenditures of marine highway program receipts in excess of the appropriations made in the operating budget (subject to LB&A Committee review) permits the Department to spend additional marine highway funds through the RPL process.

adopted

OPERATING BUDGET AMENDMENT

#12

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Thomas and Hawker

DEPARTMENT:	Transportation and Public Facilities
APPROPRIATION:	Marine Highway System
ALLOCATION:	Marine Vessel Operations

ADD INTENT:

It is the intent of the legislature that money allocated for the Marine Transportation Advisory Board not be spent for any other purpose.

adopted #13

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Fairclough and Hawker

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Systemwide Education and Outreach

TRIN: $1,253,000 Total and 9 PFT positions
$922,600 General Fund (1004)
$320,400 Univ Rcpts (1048)
$ 10,000 UA Interagency Rcpts (1174)

APPROPRIATION: University of Alaska
ALLOCATION: Kenai Peninsula College

TROUT: $1,253,000 Total with 9 PFT positions
$922,600 General Fund (1004)
$320,400 Univ Rcpts (1048)
$ 10,000 UA Interagency Rcpts (1174)

EXPLANATION: This amendment accepts a pair of transactions proposed in the Governor's budget which transfers the Mining and Petroleum Training Services (MAPTS) from Kenai Peninsula College to Systemwide Education and Outreach.

adopted

#14

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Fairclough and Hawker

DEPARTMENT:	University of Alaska
APPROPRIATION:	University of Alaska
ALLOCATION:	Small Business Development Center

ADD:	$550,000 General Fund (1004)
DELETE:	$550,000 Business License Receipts (1175)

EXPLANATION: Replaces business license receipts with general funds as requested by the Governor. Governor's legislation cut business license fees in half, leaving insufficient revenue to pay for program costs.

Adopted #15

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Fairclough and Hawker

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Anchorage Campus

ADD: $500,000 General Fund (1004)

EXPLANATION: This amendment funds the operating and maintenance costs necessary to open the new Integrated Sciences Building (ISB) in the fall of 2009. Completion of the 120,000 square foot facility will approximately double the amount of space devoted to science instruction and research programs.

Failed
8-3 #16

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN)

OFFERED BY: Rep. Crawford

DEPARTMENT: Commerce, Community, and Economic Development
APPROPRIATION: Alaska Energy Authority
ALLOCATION: Statewide Project Development, Alternative Energy and Efficiency

ADD: $360,300 General Funds (1004)
Support for Energy Planning- $150.0
Funding for AEA Executive Director- $210.3

DELETE: n/a

EXPLANATION: This restores funding recommended in the Governor's Amended budget for senior staff in the AEA office including the executive director.

AEA staff are charged with statewide energy planning, preparing for the governor's transition to a 50% renewable grid by 2025, and reviewing and recommending projects for the Renewable Energy Grant Fund.

The change made by the subcommittee reflects more than a 30% reduction to the governor's requested budget. In the FY09 budget, these functions were funded in part through a fund transfer from the Governor's Executive Operations budget.

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3-9-09

Amendment: #16

MEMBER	Favor	Oppose
REP. FOSTER		✓
REP. GARA	✓	
REP. JOULE		✓
REP. KELLY		✓
REP. SALMON	✓	
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. STOLTZE		✓
REP. HAWKER		✓

Withdrawn #17

OPERATING BUDGET AMENDMENT

OFFERED IN: **The House Finance Committee**

TO: CSHB 81(FIN)

OFFERED BY: Rep. Crawford

DEPARTMENT: Commerce, Community, and Economic Development
APPROPRIATION: Community Assistance & Economic Development
ALLOCATION: Community and Regional Affairs

ADD: $1,971,300 General Funds (1004)

DELETE: $400,000 BLicC (1175)

EXPLANATION: This replaces business license receipts resulting from a decrease in the annual cost of a business license. The anticipated revenues are $1,971,300 less than FY09, which were requested as GF in the Governor's budget. The subcommittee approved adding $400,000 of BLicC (business license receipts). However, it appears that most of the $400,000 BLicC may not be available at the end of FY09, so really the entire $1,971,300 is necessary to keep the agency flat-funded.

Without this increment, the division is facing a 20% cut from the FY09 budget. Community and Regional Affairs is the only constitutionally-mandated state agency:

> **Art. 10, Sec 14 Local Government Agency** An agency shall be established by law in the executive branch of the state government to advise and assist local governments. It shall review their activities, collect and publish local government information, and perform other duties prescribed by law.

This agency should not be forced to absorb such a large budget cut due to a tax reduction not related to the agency.

failed 3-7

#18

OPERATING BUDGET AMENDMENT

OFFERED IN:	**The House Finance Committee**
TO:	CSHB 81(FIN)
OFFERED BY:	Rep. Crawford
DEPARTMENT:	Fish and Game
APPROPRIATION:	Division of Wildlife Conservation
ALLOCATION:	Wildlife Conservation

ADD: $200,100 General Funds (1004)

Wildlife Biologist II (PCN 11-2218; range 16)	*$74.3*
F&W Technician 3 (range 11)	*$40.8*
Travel, signage, small equipment, trail maintenance, supplies	*$85.0*

DELETE: n/a

EXPLANATION: Several constituent groups and organizations have concerns about inadequate funding for the management of wildlife refuges in Southcentral Alaska and the problem it is creating. This is an area-wide issue that primarily affects Anchorage, Mat-Su and Kenai.

There are 25 wildlife refuges in Southcentral, covering 2.5 million acres of land. Thirteen of these refuges, with nearly a million acres, are found in the Anchorage, Mat-Su, and Kenai areas alone. The budget for managing these 25 refuges, which span from Yakutat to Dillingham, is $15,000. This level of funding has created a number of public safety issues and habitat degradation in those refuges closest to population centers.

People are using the refuges as a place to dump cars, appliances, and trash. There is a substantial amount of illegal target shooting, illegal tree cutting, and in some cases illegal cabins are being built on public lands.

The division has had a vacant Refuge Manager position for the last four years. This is a Palmer-based wildlife biologist PCN. Filling this position and adding a seasonal Fish and Wildlife Technician 3 would help solve the public safety issues outlined above. In addition, increasing the current $15,000 management budget by $85,000 to a total of $100,000 would enable the division to effectively manage this resource and make the refuges safer and more accessible for Southcentral families.

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3/9/09

Amendment: 18

MEMBER	Favor	Oppose
REP. GARA	✓	
REP. JOULE		✓
REP. KELLY		✓
REP. SALMON	✓	
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER		✓
REP. HAWKER		✓
REP. STOLTZE		

Withdrawn
#19

OPERATING BUDGET AMENDMENT

OFFERED IN: **The House Finance Committee**

TO: CSHB 81(FIN)

OFFERED BY: Rep. Crawford

DEPARTMENT: Health and Social Services
APPROPRIATION: Public Assistance
ALLOCATION: Child Care Benefits

ADD: $1,500,000 General Funds (1004)

DELETE: n/a

EXPLANATION: This replaces the balance of an increment requested by the governor to increase the reimbursement rate based upon recommendations from a 2007 statewide provider survey.

Currently, parents eligible for child care assistance are capped at the median price for their city or region. This creates problems for both parents and providers. Parents who are eligible for the benefit are forced into accepting possibly lower-quality care for their children because they are not able to afford better care. If they cannot find such care, they must enroll their child in care that costs more than the benefit they are entitled to, which often places a heavy burden on the family as they choose between paying the rent, for their groceries, or for child care.

For many providers, the maximum child care benefit often becomes the de facto amount they charge. Even though it does not cover their costs, providers know that all they will collect from parents is how much the state will pay, so that is how they set their prices.

An increment proposed by the governor was calculated to increase the maximum payment to the 75th percentile of cost within the range of local child care providers. The current CS includes half the governor's request, raising the reimbursement level to approximately the 63rd percentile.

failed 3-6
#20

OPERATING BUDGET AMENDMENT

OFFERED IN: **The House Finance Committee**

TO: CSHB 81(FIN)

OFFERED BY: Rep. Crawford

DEPARTMENT: Department of Labor and Workforce Development
APPROPRIATION: Workers' Compensation and Safety
ALLOCATION: Wage and Hour Administration

ADD: $150,000 *General Fund $75.0 (1004)*
Workers Safety $75.0 (1157),

DELETE: n/a

EXPLANATION: This increment is to fund two investigators in the Wage and Hour Agency. The investigators will perform Title 36 and workers' compensation classification fraud investigations. The positions will also assist in child labor, uninsured employer and other necessary wage and hour and workers' compensation investigations.

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3/9/09

Amendment: 20

MEMBER	Favor	Oppose
REP. JOULE		✓
REP. KELLY		
REP. SALMON	✓	
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER		✓
REP. GARA	✓	
REP. STOLTZE		
REP. HAWKER		✓

failed 3-8

#21

OPERATING BUDGET AMENDMENT

OFFERED IN:	**The House Finance Committee**	
TO:	CSHB 81(FIN)	
OFFERED BY:	Rep. Crawford	
DEPARTMENT:	Revenue	
APPROPRIATION:	Administration and Support	
ALLOCATION:	Commissioner's Office	
ADD:	$119,000	*General Fund $46.4 (1004)* *I/A Receipts $72.6 (1007)*
DELETE:	n/a	

EXPLANATION: This reverses a decrement made by the budget subcommittee, and restores a Special Assistant position in the commissioner's office.

The position in question is an essential liaison between the Department and the legislature for oil and gas issues. He is also a well regarded researcher and aide who helps maximize the efficiency and effectiveness of the commissioner and deputy commissioner in his department.

The 2010 legislative session will face several significant issues and it would benefit the state to have this person continue in his position.

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3-9-09

Amendment: #21

MEMBER	Favor	Oppose
REP. KELLY		✓
REP. SALMON	✓	
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER		✓
REP. GARA	✓	
REP. JOULE		✓
REP. HAWKER		✓
REP. STOLTZE		✓
	3	8

3518

failed 3-8 #22

OPERATING BUDGET AMENDMENT

OFFERED IN: **The House Finance Committee**

TO: CSHB 81(FIN)

OFFERED BY: Representative Crawford

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska

ALLOCATION	ADD	FUNDING SOURCE
Anchorage Campus	$780,300	*$690,300 Gen Fund (1004)*
		$90,000 Univ Rcpt (1048)
Tanana Valley Campus	$ 63,200	*$47,200 Gen Fund (1004)*
		$16,000 Univ Rcpt (1048)
Juneau Campus	$ 67,000	*$56,300 Gen Fund (1004)*
		$10,700 Univ Rcpt (1048)
College of Rural and Community Development	$ 48,800	*$40,800 Gen Fund (1004)*
		$8,000 Univ Rcpt (1048)
Fairbanks Campus	$ 112,400	*$87,400 Gen Fund (1004)*
		$25,000 Univ Rcpt (1048)
Totals	**$1,071,700**	*$922,000 Gen Fund (1004)*
		$149,700 Univ Rcpt (1048)

EXPLANATION:
This amendment restores Priority Program Enhancement and Growth Increments for Health Academic Programs to the funding level supported by the Governor.
Program requests will support UA's next step in building strong health occupation training programs. UA has accomplished significant results in health instructional programs; however, the state needs and opportunities in this area are monumental and require this as well as future state investments.

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3-9-09

Amendment: # 22

MEMBER	Favor	Oppose
REP. SALMON	✓	
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER		✓
REP. GARA	✓	
REP. JOULE		✓
REP. KELLY		✓
REP. STOLTZE		✓
REP. HAWKER		✓

3 8

3520

failed 3-7 #23

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN)

OFFERED BY: Representative Crawford

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Tanana Valley Campus

ADD: $162,900 *$98,600 General Funds (1004)*
$64,300 Univ Rcpt (1048)

EXPLANATION:
Law Enforcement Academy Base Funding
This request provides base funding for the Tanana Valley Campus (TVC) Law Enforcement Academy. The academy conducts basic police training for Interior Alaska, rural municipalities, and employers of security personnel. The training consists of students who are both current recruit employees of a law enforcement academy as well as students who are considering a career in law enforcement. All students in the program will be seeking Alaska Police Standards Certification, which will make them eligible for employment with any of the approximately 21 State Enforcement Agencies, or the 43 municipal police departments within the State of Alaska. In addition to these agencies, many private security companies give enhanced consideration to hiring a candidate who possesses an Alaska Police Standards Council certificate. Approval of Law Enforcement as a new "occupational endorsement" at UAF is anticipated, recognizing the value to students of completing this academy and securing Alaska Police Standards certification.

2009 HOUSE FINANCE COMMITTEE

DATE: 3-9-09

Amendment: # 23

MEMBER	Favor	Oppose
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER absent		
REP. GARA	✓	
REP. JOULE		✓
REP. KELLY		✓
REP. SALMON	✓	
REP. HAWKER		✓
REP. STOLTZE		✓

3 - 7

withdrawn

26-GH1002\P.2
Bailey
3/5/09

#24

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE GARA

TO: CSHB 81(FIN), Draft Version "P"

Page 60, following line 16:

Insert a new bill section to read:

"* **Sec. 10.** DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The sum of $23,027,000 is appropriated from the general fund to the Department of Education and Early Development for distribution as learning opportunity grants to each school district based on adjusted (ADM) as calculated under AS 14.17.410(b)(1) for the fiscal year ending June 30, 2010."

Renumber the following bill sections accordingly.

Page 76, lines 22 - 23:

Delete "20, 22, 25(j), 25(k), 26(e), and 26(f)"

Insert "21, 23, 26(j), 26(k), 27(e), and 27(f)"

Page 76, line 30:

Delete "Sections 26(d) and 28"

Insert "Sections 27(d) and 29"

Page 76, line 31:

Delete "sec. 29"

Insert "sec. 30"

withdrawn

#25

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Rep. Gara

DEPARTMENT:	Education and Early Development
APPROPRIATION:	Teaching and Learning Support
ALLOCATION:	Early Learning Coordination

ADD: $1,200,000, 1004 Gen Fund, (Increase Head Start Grant program Funding).

EXPLANATION: The amendment is intended to increase the current Head Start Grant Program Funding increment from $800,000.00 to $2,000,000. Head Start anticipates with a funding increase to $2,000,000 they could serve 200 more children. Head Start estimates that 7,727 eligible children do not participate in the program and there is currently a 900-1,000 child waitlist.

ALASKA HEAD START ASSOCIATION
Critical Issues
2009

#25 backup

- **INCREASE STATE OF ALASKA INVESTMENT IN HEAD START BY $2,000,000**

During the summer of 2008 the Alaska Head Start Association worked to put together a comprehensive two-year Head Start expansion plan to present to the Department of Education and Early Development. This plan called for $1.8 million in new funding from the state of Alaska to serve approximately 200 new children in the upcoming fiscal year, and for $200,000 to assist grantees to maintain existing slots that would otherwise be eliminated due to increased operating costs. While AHSA supports and appreciates the Governor's proposal for a Head Start expansion of $800,000, this amount will only allow grantees to serve 60-80 new children. In addition, programs across the state have struggled to maintain the same quality and quantity of services available because appropriations have failed to keep pace with rising costs. Since 2003, Alaska Head Start programs have eliminated services to 361 children, closed services in six communities, reduced classroom hours, changed program options, scaled back transportation services, frozen staff wages, deferred on-going maintenance and repairs to facilities, and relied more heavily on in kind donations from the communities for the provision of essential services. In addition, the recent spike in energy costs continues to be a serious concern for programs.

ACTION NEEDED: Increase Head Start funding by a total of $2,000,000. This will allow approximately 200 additional children in Alaska to receive Head Start services and prevent additional Head Start slots from being eliminated.

- **DEVELOP A COMPREHENSIVE STATE-WIDE PLAN TO ENSURE THAT ALL EARLY CHILDHOOD EDUCATIONAL SYSTEMS AND SERVICES ARE COORDINATED AND COMPLEMENTARY**

The Alaska Head Start Association strongly supports implementation of a Pilot Preschool Program. AHSA believes that the need for Early Childhood Education in our state far exceeds what our existing systems can provide. However, the association also believes that the state has a responsibility to ensure that all publicly funded systems, existing and new, are working together to provide services in a coordinated and complementary manner. Written agreements addressing eligibility, enrollment, and recruitment need to be in place between all early childhood systems that are providing services in a common area.

ACTION NEEDED: Ensure that a comprehensive state-wide plan addressing how early childhood services will be delivered is developed and implemented. Any new legislation should require written coordination agreements between early childhood systems to eliminate duplication or competition in early childhood service delivery.

#25 backup

Alaska Head Start Association
Fact Sheet 2008-2009 Program Year

There are 17 Head Start grantees in Alaska providing comprehensive child development services in 100 communities. The Alaska Head Start Association's two year funding plan proposes expanding enrollment by 195 children in FY 2010 (see below) and 80 children in FY 2011.

Head Start Programs in Alaska

Program	Estimated # of Eligible Children	Enrollment (FY 2009)	Estimated # of Eligible Children Not Served	Proposed Enrollment for FY 2010	Communities Served
Aleutian-Pribolof Islands Association	51	50	1	50	King Cove, Sand Point, Unalaska, St. Paul
Association of Village Council Presidents	515	221	294	237 **(+16)**	Akiachak, Bethel, Cherfornak, Kalskag, Kotlik, Nightmute, Quinhagak, Russian Mission, Scammon Bay, Tuluksak
Bristol Bay Native Association	150	97	53	107 **(+10)**	Dillingham, Naknek, New Stuyahok, Togiak
CCS Early Learning	932	260	672	280 **(+20)**	Palmer, Meadow Lakes, Chugiak, Eagle River, Wasilla
Central Council of Tlingit & Haida Tribes	300	262	38	262	Craig, Douglas, Hoonah, Juneau, Klawock, Petersburg, Saxman, Sitka, Wrangell, Yakutat
Council of Athabaskan Tribes	73	30	43	30	Arctic Village, Beaver, Birch Creek, Canyon Village, Chalkyitsik, Circle, Ft.Yukon, Rampart, Stevens Village, Venetie
Chugachmiut	30	22	8	22	Nanwalek, Port Graham, Seldovia
Fairbanks Native Association	2,336	259	1,969	259	Fairbanks
Play 'N Learn		108		126 **(+18)**	Fairbanks, North Pole
Kawerak	455	230	225	230	Brevig Mission, Little Diomede, Elim, Gambell, Golovin, Koyuk, Nome, Shishmaref, St. Michael, Teller, Wales, White Mtn., Shaktoolik
Kenaitze	477	57	420	77 **(+20)**	Kenai, Soldotna, Kalifornisky Beach, Nikiski
Metlakatla	40	30	10	30	Metlakatla
Native Village of Tyonek	16	16	0	16	Tyonek
RurAL CAP	1,417	806	611	823 **(+17)**	Akiak, Alakanuk, Chevak, Emmonak, Haines, Homer, Hooper Bay, Kake, Ketchikan, Kluti-Kaah, Kodiak, Kwethluk, Marshall, Mt. Village, Napaskiak, Nunapitchuk, Pilot Station, St. Mary's, Savoonga, Stebbins, Sterling, Tanacross, Toksook Bay, Tok
Southcentral Foundation	3,950	247	3,383	287 **(+40)**	Anchorage
Kids' Corps, Inc.		320		374 **(+54)**	
Tanana Chiefs Conference	89	89	0	89	Allakaket, Ft. Yukon, Holy Cross, Huslia, Kaltag, McGrath, Nenana, Tanana, Tetlin
Total Enrollment	10,831	3,104	7,727	3,299 **(+195)**	

adopted

NEW #26

NEW OPERATING BUDGET AMENDMENT #26

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Gara and Representative Hawker

DEPARTMENT: Health and Social Services
APPROPRIATION: Office of Children's Services
ALLOCATION: Office of Children's Services

ADD: $30,000, general funds, 1004

EXPLANATION: Produce a television and radio Public Service Announcement (PSA), highlighting the need for Alaska foster homes in the state, and urging Alaskans to learn more about becoming a foster parent. The PSAs would air on television and radio via the Alaska Broadcaster's Association's Non-commercial Sustaining Announcement Program (NCSA). Through this "Community Voice" program the PSAs would be placed on 21 television stations and 60 radio stations across the state for approximately a month and a half at two different times during the year. The PSA would also be placed on APRN for four weeks (two weeks at two times during the year) because of its reach into rural Alaska. The $30,000 includes visual scripting, direction, talent coordination, on location shoot, pre/post production work and dub to stations. The ads would reach approximately 80,000 Alaskans, and the response rate is expected to be about 3%--that's 2,400 people who will seek out more information about becoming foster parents. The Department shall in its discretion, utilize these funds at radio and television outlets that produce the most effective outreach.

Adopted

Amendment 27

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Rep. Gara and Hawker

DEPARTMENT:	Department of Health and Social Services
APPROPRIATION:	Behavioral Health, Health Care Services, Office of Children's Services, Senior Disability Services
ALLOCATION:	Denali KidCare

ADD: $25,000 General Funds, 1004.

DELETE:

EXPLANATION: Provide $25,000 in funding for television and/or radio advertising for Denali KidCare. All of the advertisements would occur in two non-consecutive calendar months.

#27 Backup

David Theriault

From: Rarig, Alice J (HSS) [alice.rarig@alaska.gov]
Sent: Saturday, February 21, 2009 3:49 PM
To: Sherwood, Jon (HSS); David Theriault
Cc: Laughlin, Wilda J (HSS); Streur, William J (HSS)
Subject: RE: Question on uninsured

Here are the figures for "up to 175% of poverty level for Alaska" -- let me know if there are questions. The 9409 is an estimate of those who would presumably have been eligible but not enrolled in Medicaid or Denali KidCare on average during 2005-2007.

Alice Rarig (465-1285)

Child Health Coverage (Age 0-18), Alaska 2005-2007 Averages

All and American Indian/Alaska Native

Estimates from US Census Bureau, Current Population Survey

Alaska Children 0-18	Total	Uninsured	Uninsured as % of Category	Uninsured as a % of All Children
All Children	192,229	19,638	10.2%	10.2%
Low Income Category (up to 175%)	65,737	9,409	14.3%	4.9%
American Indian and Alaska Native	9,491	2,325[1]	24.5%	1.2%
Not AI/AN	56,246	7,084	12.6%	3.7%

Source: US Census Bureau, Current Population Survey (2006-2008)

Note: Income levels have been adjusted to reflect Alaska's poverty thresholds as defined by the USDHHS. Data are based on annual survey responses.

"Uninsured" means uninsured all year.

[1] Not insured through public or private programs; may have access to Tribal health services.

From: Sherwood, Jon (HSS)
Sent: Fri 2/20/2009 11:29 AM
To: Rarig, Alice J (HSS)
Subject: FW: Question on uninsured

Alice,

withdrawn

#28

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Gara

DEPARTMENT:	Health and Social Services
APPROPRIATION:	Behavioral Health
ALLOCATION:	Behavioral Health Grants

ADD: $750,000 General Fund/Mental Health (1037)

EXPLANATION: The amendment is intended to restore the Governor's proposed increment for grants to Community Based Substance Abuse Services.

withdrawn

#29

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Gara

DEPARTMENT: Health and Social Services
APPROPRIATION: Behavioral Health
ALLOCATION: Behavioral Health Grants

ADD: $750,000 General Fund/Mental Health (1037)

EXPLANATION: The amendment is intended to restore the Governor's proposed increment for grants to Community Behavioral Health Services.

withdrawn.

#30

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Rep. Gara

DEPARTMENT: Department of Public Safety
APPROPRIATION: Council on Domestic Violence and Sexual Assault
ALLOCATIONS: Council on Domestic Violence and Sexual Assault

ADD: $1,381.9, General Funds, 1004.

EXPLANATION: The amendment is intended to restore the Governor's proposed increment for the Council on Domestic Violence and Sexual Assault.

ALASKA WOMEN'S LOBBY

AWL Mission: To defend and advance the rights and needs of Women, Children and Families in Alaska

#30 backup

P.O. Box 20891
Juneau, Alaska 99802-0891
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2009
AWL Steering
Committee
Members

Caren Robinson
Lobbyist

Geran Tarr,
Chair

Jayne Andreen

Nancy Courtney

Grace Danborn

Torie Foote

Cady Lister

Patricia Macklin

Rebecca Madison

Lauree Morton

Jorden Nigro

Taber Rehbaum

Nancy Scheetz-
Freymiller

Libby Silberling

Rose Wysocki

Support Full Funding for the Council on Domestic Violence and Sexual Assault

The Alaska Women's Lobby supports full funding for CDVSA. The Governor's requested increment provides much needed funds for research, prevention work and the day-to-day operations of shelters and rape crisis centers. Most of these funds will go directly to community-based programs responding twenty-four hours a day to the ever present threats to victims' safety.

During FY 08, the Troopers investigated 13 homicides. Nine of them were domestic violence related and one further involved sexual assault. Alaska shelter programs participated in a national one day census count. Last year on September 17th, 550 victims sought and received services from Council funded programs. 269 received shelter and 281 adults and children received non-residential assistance including legal advocacy, counseling and children's support groups. Also on that day, funded programs responded to 73 crisis calls and provided 14 training sessions attended by 215 individuals.

Many programs reported a critical shortage of funds and staff to assist victims. Unfortunately, 47 people (24 of whom needed emergency shelter or transitional housing) who sought services on September 17th were not able to get their needs met. While this is only a snapshot of services on one particular day, it is enough to see that services in Alaska are necessary.

We've all heard the statistic that Alaska ranks number one in the nation for reported per capita sexual assault. We have approximately 2X the national average of reported sexual assault, so if one in four women will be sexually assaulted during her lifetime, look around the room--for every four Alaskan women two have or will be raped. It is past time to say enough is enough.

Previous legislatures have dealt with the aftermath of sexual assault, enacting tough crime legislation with stiff penalties, but more work needs to be done to prevent these crimes from ever happening. Part of the Governor's increment would support prevention activities across the state. As someone once said, "It is not enough to pull drowning people out of the river, at some point someone has to wade upstream and keep them from falling in."

The Women's Lobby urges the full House Finance Committee to restore all the GF taken from the CDVSA budget to fully realize the requested increment. Give community-based programs the funds they need so that people are not turned away from the services that can lead them to a life free from the violence they now suffer.

#30 backup

Law Offices of
ALLEN M. BAILEY
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Anchorage, Alaska 99501

Allen M. Bailey, J.D.
Attorney
Lisa L. McAlees
Paralegal

(907) 272-1488
Fax: (907) 277-9789

March 4, 2009

Rep. Les Gara
Rm. 500, Capitol Bldg.
Juneau, Alaska 99801

Re: HB 81

Dear Representative Gara:

Although I do not live in District 23, I am president-elect of Abused Women's Aid in Crisis, Inc., which operates a shelter in your district. I am also active in domestic violence issues on the state and national levels and a member of the American Bar Association's 17-member Commission on Domestic Violence.

I understand that the governor's proposed Public Safety Department budget contained a $1.7 million increase in funding for the Council on Domestic Violence and Sexual Assault, most of it for existing programs like AWAIC. I am also aware that the proposed increase covered the bare minimum in direct costs to the 19 existing programs statewide.

While I realize that these are difficult economic times, our state still has among the highest rates of rape, homicide of intimate female partners and domestic violence in the nation. The AWAIC Shelter, for example, has been about 40 percent above its capacity for most of the past three months. It is essential that these needs be given the priority that the safety of our fellow Alaskans demands. **Please urge the House Finance Committee to restore the incremental increase in funding to CDVSA.**

Thank you.

Sincerely,
LAW OFFICES OF ALLEN M. BAILEY

ALLEN M. BAILEY
Attorney at Law

withdrawn #31

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Rep. Gara

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATIONS: Anchorage Campus, Fairbanks Campus, Interior-Aleutians Campus, Juneau Campus

ADD: $1,030.0 TOTAL ($800.0 General Fund, 1004; $230.0 University Receipts, 1048)

Anchorage Campus: TOTAL $364.3--$304.3 General Funds (1004), $60.0 University Receipts (1048).

Fairbanks Campus: TOTAL $365.0--$225.0 General Funds (1004), $140.0 University Receipts (1048).

Interior-Aleutians Campus: TOTAL $100.7--$95.7 General Funds (1004), $5.0 University Receipts (1048).

Juneau Campus: TOTAL $200.0--$175.0 General Funds (1004), $25.0 University Receipts (1048).

EXPLANATION: The amendment is intended to restore the Governor's proposed increment for the University K-12 outreach.

#31 backup

K-12 Outreach - Bridging

Briefing Paper

Third graders who can't read or sixth graders who can't do math are not a challenge for the K-12 community alone – they are a challenge for us all. Our state simply cannot succeed in any endeavor unless its people are educated.

The lines between work ready and college ready have blurred. Most jobs require technical skills that can only develop in the mind of someone who has already learned the basics. The same is true of vocational schools, trade unions...and the University of Alaska. To be successful, employers and postsecondary educators must assume Alaska's high school graduates possess these basic skills when they come to them for further training or a job. Unfortunately, it's increasingly evident that too many Alaska students lack these basic skills.

The Board of Regents recognizes this, and in an attempt to go upstream in the process, has made outreach to the K-12 system its number one funding priority in the FY10 budget request. UA has available resources in facilities, human capital, experience and research that can be of great benefit to the elementary and secondary school systems of Alaska.

UA's budget request for K-12 outreach includes bridging programs and summer academies for engineering; early college high school initiatives; math camps; tech prep; and teacher education. UA already conducts these programs, with promising results. But these investments must be broadened to benefit more schools, more students and the social and economic fabric of Alaska.

Bottom Line: UA's bridging programs are crucial for making Alaska more competitive.

	GF	NGF	Total
K-12 Outreach	$2628.1	$846.6	$3474.7
Bridging, Tech Prep, Career Awareness	1490.0	305.0	1795.0
Outreach, Testing, Placement, Teacher Prep	1138.1	541.6	1679.7

For Information Contact:
Pete Kelly, Director, State Relations
450-8006/463-3086

UNIVERSITY of ALASKA
Many Traditions One Alaska

failed 3-8

#32

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN) / CSHB 83(FIN)

OFFERED BY: Representative Gara

DEPARTMENT:	University of Alaska
APPROPRIATION:	University of Alaska
ALLOCATION:	System Reductions/Additions
ADD:	$2,500,000
FUNDING SOURCE:	General Funds 1004

EXPLANATION:
Need Based Grants

To minimize any added administrative burdens, the university's intent is to administer these funds through existing mechanisms for the university's existing, internally funded, needs-based grant aid program, the UA Grant. This program reserves one percent of tuition revenue for needs-based financial aid awards.

General Fund revenue of $2.5 million will be added to the University of Alaska's System Reductions and Additions allocation. This funding will be distributed to campuses in a manner consistent with the UA Grant program for financial aid awards.

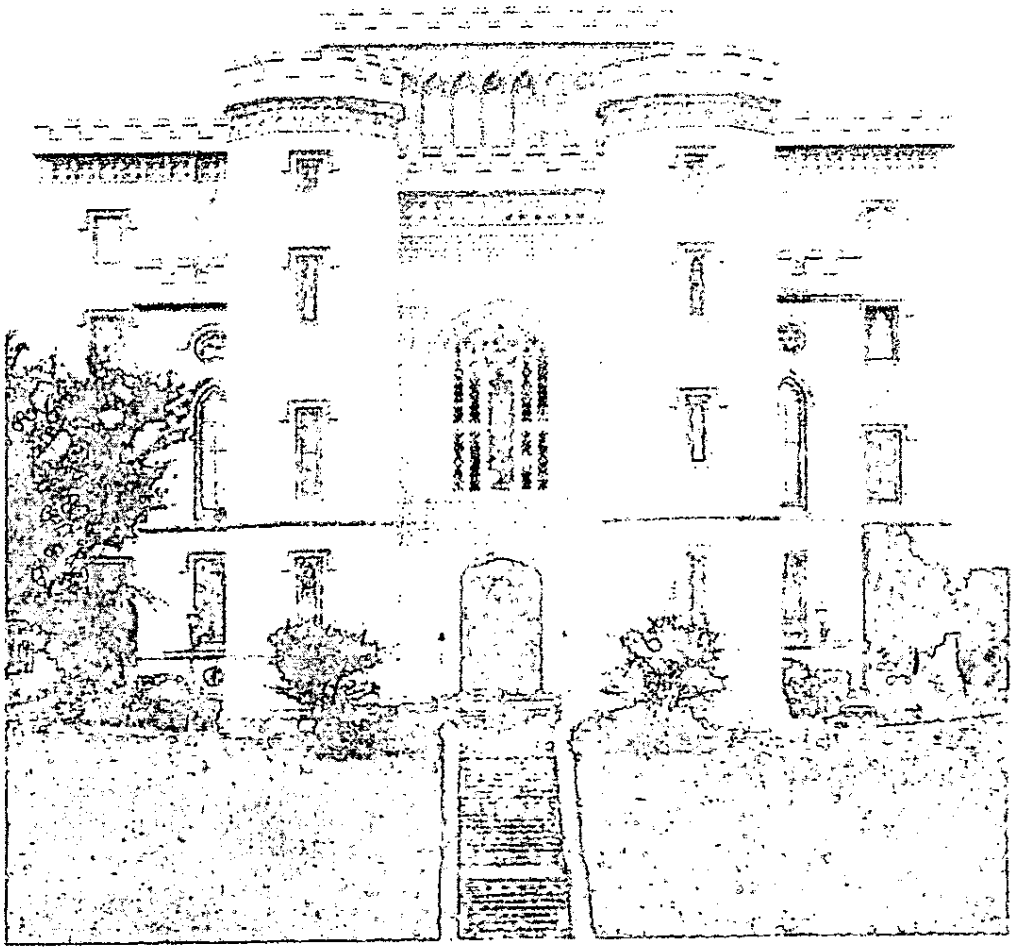
#32 backup

NASSGAP

38th Annual Survey Report on State-Sponsored Student Financial Aid

2006-2007 Academic Year

National Association of State Student Grant and Aid Programs



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About NASSGAP

The National Association of State Student Grant and Aid Programs (NASSGAP) is dedicated to the promotion, strengthening, encouragement, and enhancement of high standards in the administration and operation of student grant and aid programs so that these programs shall be available to students in all states to expand and further postsecondary educational opportunities. NASSGAP's membership is drawn from single agencies in each state or territory which are responsible for state-funded student aid programs.

NASSGAP serves as a forum for the development and exchange of information, ideas, policy positions, procedures, and needs for student financial assistance for the benefit of member agencies and other organizations. NASSGAP also acts as a collective voice of reasoned opinion before state, regional, and national councils with respect to student financial aid programs whose objective is the furtherance of postsecondary education in the United States, including grants, scholarships, loans, college work study and other forms of government-sponsored assistance to students.

NASSGAP works with other associations, councils, and agencies to design, implement, and operate simplified student application procedures for student financial assistance and design a uniform method of determining the ability of the family to pay costs of postsecondary education. NASSGAP conducts research, publishes reports, holds conferences, and otherwise engages in activities which help existing student aid programs to become more responsive to federal, regional, and state public policy goals and objectives; encourages the development of new programs as the need arises; works toward the prevention and elimination of fraud and abuse in student financial aid programs; and, provides a forum for the development and exchange of information, ideas, policy positions, and procedures for student financial assistance for the benefit of member agencies and other organizations.

About this Report

Each year, NASSGAP completes a survey regarding state-funded expenditures for postsecondary student financial aid. This report, the 38th annual survey, represents data from academic year 2006-07. Please note row and column data in tables may not add to row and column table totals throughout the report due to rounding.

Electronic copies of this report, and reports from several previous years, are available in PDF format free of charge at www.nassgap.org. Additional 2006-07 data, including tables not in this published report, are also available at www.nassgap.org. Comments, suggestions, or questions concerning this report may be directed to NASSGAP at 212.776.2599 or nassgapsurvey@nassgap.org.

Cover photo of the old Louisiana capitol building courtesy of Louisiana Secretary of State, Jay Dardenne

3539

Table 1. Total Grant Aid Awarded, by State (in millions of dollars): 2006-07

State	Primary Need-based Grant Program			Other Grant Programs						Subtotals			
				Need-based Aid			Nonneed-based Aid						
	Undergraduate	Graduate	Uncategorized	Undergraduate	Graduate	Uncategorized	Undergraduate	Graduate	Uncategorized	Undergraduate	Graduate	Uncategorized	Total
Alabama	2.119	-	-	3.741	0.045	-	2.912	1.300	-	8.772	1.345	-	10.116
Alaska	0.587	-	-	-	-	-	-	-	-	0.587	-	-	0.587
Arizona	2.855	-	-	10.376	0.010	-	-	-	-	13.231	0.010	-	13.241
Arkansas	3.728	-	-	18.276	-	-	8.208	3.032	-	30.212	3.032	-	33.244
California	763.008	-	-	-	-	0.391	-	-	-	763.008	-	0.391	763.399
Colorado	48.800	-	-	9.357	3.380	1.382	9.143	-	-	67.300	3.380	1.382	72.062
Connecticut	9.257	-	-	32.458	-	-	0.001	-	0.481	41.717	-	0.481	42.198
Delaware	1.674	0.323	-	8.499	-	-	3.316	0.136	0.730	13.489	0.459	0.730	14.679
Florida	121.417	-	-	12.912	-	7.975	349.898	-	1.760	484.227	-	9.735	493.962
Georgia	1.313	-	-	-	-	-	479.417	-	5.997	480.730	-	5.997	486.726
Hawaii	0.408	-	-	-	-	-	-	-	-	0.408	-	-	0.408
Idaho	0.711	-	-	0.261	-	-	4.778	-	-	5.750	-	-	5.750
Illinois	383.193	-	-	35.577	0.050	-	25.579	2.364	-	444.348	2.414	-	446.762
Indiana	163.394	-	-	27.979	-	131.567	8.864	-	-	200.237	-	131.567	331.804
Iowa	51.652	-	-	3.883	-	-	-	-	-	55.535	-	-	55.535
Kansas	15.026	-	-	1.352	-	-	0.119	-	-	16.498	-	-	16.498
Kentucky	59.610	-	-	31.406	-	-	93.384	-	-	184.399	-	-	184.399
Louisiana	1.452	-	-	-	-	-	118.853	1.710	-	120.305	1.710	-	122.014
Maine	15.556	-	-	-	-	-	-	-	-	15.556	-	-	15.556
Maryland	60.541	-	-	30.189	1.327	1.478	4.359	0.145	-	95.089	1.472	1.478	98.040
Massachusetts	26.191	-	-	57.458	-	-	-	-	-	83.649	-	-	83.649
Michigan	37.030	-	-	51.672	4.010	-	117.540	-	-	206.242	4.010	-	210.252
Minnesota	156.096	-	-	6.744	0.147	-	0.079	-	-	162.919	0.147	-	163.066
Mississippi	1.516	-	-	0.898	-	-	20.174	0.017	-	22.588	0.017	-	22.605
Missouri	15.498	-	-	9.552	-	-	34.718	0.034	-	59.768	0.034	-	59.802
Montana	2.182	-	-	2.382	-	-	-	-	-	4.563	-	-	4.563
Nebraska	10.388	-	-	-	-	-	-	-	-	10.388	-	-	10.388
Nevada	12.697	2.549	-	0.265	0.102	-	25.392	-	-	38.353	2.651	-	41.004

#32 bx

New Hampshire	3.178	-	-	0.540	-	-	0.009	-	-	3.727	-	-	3.727
New Jersey	217.907	-	-	30.586	1.396	-	30.726	-	-	279.219	1.396	-	280.615
New Mexico	12.252	0.001	-	10.240	0.578	-	48.027	0.198	-	70.518	0.777	-	71.294
New York	827.920	3.270	-	12.504	-	-	21.024	0.219	-	861.448	3.489	-	864.937
North Carolina	132.445	-	-	31.205	2.368	4.109	57.982	1.105	-	221.632	3.473	4.109	229.215
North Dakota	1.886	-	-	-	-	-	0.353	-	-	2.238	-	-	2.238
Ohio	49.482	-	-	128.077	-	-	78.034	0.346	-	255.593	0.346	-	255.939
Oklahoma	19.860	-	-	36.328	-	-	9.886	0.043	0.079	66.075	0.043	0.079	66.197
Oregon	33.072	-	-	0.046	-	-	0.265	-	-	33.383	-	-	33.383
Pennsylvania	452.928	-	-	5.053	-	10.339	-	0.258	-	457.980	0.258	10.339	468.578
Puerto Rico	19.921	-	-	13.523	6.010	-	-	-	-	33.444	6.010	-	39.455
Rhode Island	13.021	-	-	-	-	-	-	-	-	13.021	-	-	13.021
South Carolina	50.320	-	-	-	-	-	220.919	2.048	-	271.239	2.048	-	273.286
South Dakota	-	-	-	-	-	-	2.140	-	-	2.140	-	-	2.140
Tennessee	34.782	-	-	23.180	-	-	173.325	-	3.601	231.287	-	3.601	234.888
Texas	175.072	-	-	199.658	33.163	3.023	-	-	-	374.730	33.163	3.023	410.916
Utah	4.146	-	-	3.212	0.010	-	1.208	-	0.895	8.566	0.010	0.895	9.471
Vermont	15.899	0.267	-	1.290	0.004	0.786	-	-	0.096	17.189	0.271	0.882	18.343
Virginia	53.547	-	-	48.215	0.937	-	47.534	19.807	2.406	149.296	20.744	2.406	172.446
Washington	167.098	-	-	14.712	0.015	-	3.133	-	-	184.942	0.015	-	184.957
Washington, DC	4.399	-	-	-	-	-	29.267	-	-	33.666	-	-	33.666
West Virginia	27.434	-	-	4.243	-	-	46.205	0.140	-	77.883	0.140	-	78.023
Wisconsin	83.166	-	-	7.469	0.006	-	3.167	-	-	93.802	0.006	-	93.808
Wyoming	0.163	-	-	-	-	-	-	-	-	0.163	-	-	0.163
Total	**4,367.796**	**6.410**	**-**	**925.316**	**53.558**	**161.051**	**2,079.939**	**32.902**	**16.045**	**7,373.051**	**92.869**	**177.095**	**7,643.016**

Federal LEAP (Leveraging Education Assistance Partnership) and SLEAP (Special Leveraging Education Assistance Partnership) funds are included in individual state figures. Primary need-based grant programs are designated by individual states.

Data for several states include programs entirely or partially funded by student tuition revenue. These programs and the student funded amount include:

Arizona	Financial Aid Trust	$ 4,012,500	Texas	Student Deposit Scholarships	$ 3,460,937
Connecticut	Tuition Set Aside	$ 58,843,012	Texas	Texas Public Education Grant	$129,293,176
Nevada	Student Access Grants	$ 10,989,910	West Virginia	Higher Education Grant Program	$ 1,800,000

South Carolina figures represent the combined reporting of the South Carolina Commission on Higher Education (SCCHE) and the South Carolina Tuition Grants Commission (SCTGC). Colorado, Massachusetts, and New Mexico data are partially estimated based on incomplete reporting and previous year figures.

K-32 bw

Mark R. Hamilton, President
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UNIVERSITY of ALASKA
Many Traditions One Alaska

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Fairbanks, AK 99775-5000

#32bu

March 5, 2009

Representative Les Gara
Capitol Room 500
Juneau, Alaska 99801

via e-mail: Representative_Les_Gara@legis.state.ak.us

Dear Representative Gara,

The university stands in support of any effort to increase need-based aid to those Alaskans seeking a postsecondary education. The university provides programs across the state specifically designed to get Alaskans into the job market with marketable skills. Unfortunately, many of our citizens are not able to access the opportunity a postsecondary education will give them because they lack the financial resources to attend our schools.

Alaska ranks last in the nation in college-bound rates for low-income youth (FY1994 to FY 2005). Lost opportunity for these low income students is a lost opportunity for the state because we deny ourselves access to a pool of talent and leadership that will never be developed without necessary training. Adopting this amendment would greatly benefit Alaska and put us on our way to meeting the need, but it would still leave us far below the average of other states.

Alaska needs these students to have the opportunity to attend college. If they go to school in the state, it is very likely they will stay in Alaska, providing us with the myriad benefits that come with an educated population.

Sincerely,

Mark Hamilton, President
University of Alaska System

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3-9-09

Amendment: # 37

MEMBER	Favor	Oppose
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER		✓
REP. GARA	✓	
REP. JOULE		✓
REP. KELLY		✓
REP. SALMON	✓	
REP. THOMAS		✓
REP. HAWKER		✓
REP. STOLTZE		✓

3 8

adopted

#1

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Hawker

Part A—Technical Correction (duplicated transaction)

DEPARTMENT: Health and Social Services
APPROPRIATION: Behavioral Health
ALLOCATION: Behavioral Health Grants

DELETE: $75,000 Mental Health Trust Authority Authorized Receipts (1092)
DELETE: $75,000 General Fund/Mental Health (1037)

EXPLANATION: This amendment removes subcommittee transactions that duplicated Governor's transactions. Governor's transactions accomplishing the same purpose will be retained.

Part B—Technical Correction (duplicated transaction)

DEPARTMENT: Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: Claims, Permits & Leases

DELETE: One Permanent Full-Time Position (PFT)

Line Item Transfer:

ADD:	$42,100	Contractual
DELETE:	$37,600	Personal Services
	$3,300	Travel
	$1,200	Commodities

EXPLANATION: This amendment reverses one of two similar transactions that duplicated the House Finance Budget Subcommittee's intent.

3544

Part C—Correction (omitted transaction)

DEPARTMENT: Fish and Game
APPROPRIATION: Wildlife Conservation
ALLOCATION: Wildlife Conservation

ADD: $150,000 Federal Receipts (1002)

DELETE: $150,000 Fish and Game Fund (1024)

EXPLANATION: This amendment adds a fund source change transaction that was inadvertently omitted from the committee substitute bill.

Part D—Correction (unnecessary wordage)

DEPARTMENT: Commerce, Community and Economic Development
APPROPRIATION: Alaska Aerospace Development Corporation
ALLOCATION: Alaska Aerospace Development Corporation

DELETE: Intent Wordage sec.1, page 6, line 23.

It is the intent of the legislature that the Alaska Aerospace Development Corporation fully pay its portion of the DOA and DCCED cost allocation plans.

EXPLANATION: This amendment removes FY09 intent language that is no longer necessary. AADC complied with the intent in FY09 and intends to do so in the future.

Part E—Correction (position adjustment)

DEPARTMENT: Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: Petroleum Systems Integrity Office

ADD: Four Permanent Full-Time Positions (PFT)

EXPLANATION: This amendment restores four PFT positions that were inadvertently deleted during subcommittee close out.

Part F—Correction (overlooked Governor's language)

Amend language section 10 (Department of Commerce, Community, and Economic Development) by adding two new subsections:

f) If the amount necessary to make national forest receipts payments exceeds the amount appropriated in sec. 1 of this Act, the amount necessary is appropriated from federal receipts to the Department of Commerce, Community, and Economic Development, national forest receipts, for the fiscal year ending June 30, 2010.

g) If the amount necessary to make payment in lieu of taxes (PILT) payments exceeds the amount appropriated in sec. 1 of this Act, the amount necessary is appropriated from federal receipts to the Department of Commerce, Community and Economic Development, payment in lieu of taxes (PILT), for the fiscal year ending June 30, 2010.

Explanation: The new sections allow the department to pass federal receipts to eligible recipients and communities without going through the Legislative Budget and Audit review process.

These two subsections were requested by the Governor but were omitted from the Committee Substitute for House Bill 81 (FIN).

Part G—Correction (overlooked Governor's language)

Amend language section 11 (Department of Labor and Workforce Development) by adding a new subsection:

(d) If the amount of designated program receipts received under AS 43.20.014(a)(3) and deposited in the vocational education account (AS 37.10.200) during the fiscal year ending June 30, 2010 exceeds the amount appropriated in sec. 1 of this Act for purposes described in AS 37.10.200, the additional designated program receipts are appropriated to the Department of Labor and Workforce Development, Alaska Vocational Technical Center, for the fiscal year ending June 30, 2010.

Explanation: The language section (d) allows the department to spend any Statutory Designated Program Receipts (SDPR) they receive for vocational education purposes in FY2010.

Part H—Correction (drafting errors)

Amend section 25:

(c) The sum of **$30,248,000** [30,455,300] is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A, for the fiscal year ending June 30, 2010.

(e) The sum of **$10,275,000** [10,067,700] is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A, for the fiscal year ending June 30, 2010.

(n) The sum of **$22,917,325** [22,917,300] is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2010, for payment of obligations and fees for the following facilities:

FACILITY		ALLOCATION
(1) Anchorage Jail		$5,103,900
(2) Goose Creek Correctional Center	**17,813,425**	[17,813,400]

Explanation: This amendment will correct the amounts necessary for state debt and other obligations in sec. 25 (c), 25(e), 25(n) of the House CS for CSHB 81(FIN).

Amend section 20(q)

The sum of $459,200 is appropriated from the **permanent fund dividend (PFD) in lieu of dividends to criminals account within the dividend fund (AS 43.23.045(a))** [general fund] to the crime victim compensation fund (AS 18.67.162).

Explanation: Restores language requested by the Governor.

adopted

#2

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representatives Thomas and Hawker

Part A—Fund Source Change

DEPARTMENT: Administration

APPROPRIATION: Centralized Administrative Services
ALLOCATION: Personnel

FUND CHANGE: $472,200 General Fund (1004)
($472,200) Interagency Receipts Fund (1007)

APPROPRIATION: Enterprise Technology Services
ALLOCATION: Enterprise Technology Services

FUND CHANGE: $415,900 General Fund (1004)
($415,900) Interagency Receipts Fund (1007)

EXPLANATION: Part A of this amendment pays bargaining unit agreement costs with GF in order to avoid an increase in chargeback rates paid by agencies. This action was requested by the Governor, but denied by subcommittee pending receipt of information pertaining to recovery of non-general funds. The fund source information requested by the subcommittee is part B of this amendment.

Part B—Cost Recovery of Non-general Funds

APPROPRIATION:		Centralized Administrative Services
ALLOCATION:		Personnel
ADD:	$37,200	Federal Receipts (1002)
	$6,300	Interagency Receipts (1007)
	$1,100	Commercial Fishing Loan Fund (1036)
	$100	Fisheries Enhancement Revolving Loan Fund (1070)
	$1,200	Alaska Industrial Development & Export Authority Receipts (1102)
	$1,900	Regulatory Commission of Alaska Receipts (1141)
	$7,600	Receipt Supported Services (1156)
	$800	Business License & Corporation Filing Fees and Taxes (1175)
	$2,800	Permanent Fund Dividend Fund (1050)
	$400	Permanent Fund Corporation Receipts (1105)
	$100	Statutory Designated Program Receipts (1108)
	$2,500	Workers Safety and Compensation Administration Account (1157)
	$100	Second Injury Fund Reserve Account (1031)
	$100	Fishermen's Fund (1032)
	$600	Building Safety Account (1172)
	$1,000	Group Health and Life Benefits Fund (1017)
	$1,200	Public Employees Retirement Trust Fund (1029)
	$500	Teachers Retirement Trust Fund (1034)
	$900	Alaska Oil & Gas Conservation Commission Receipts (1162)
DELETE:	$66,400	General Fund (1004)
APPROPRIATION:		Enterprise Technology Services
ALLOCATION:		Enterprise Technology Services
ADD:	$58,500	Federal Receipts (1002)
	$4,200	Interagency Receipts (1007)
	$700	Commercial Fishing Loan Fund (1036)
	$100	Fisheries Enhancement Revolving Loan Fund (1070)
	$800	Alaska Industrial Development & Export Authority Receipts (1102)
	$1,200	Regulatory Commission of Alaska Receipts (1141)
	$14,600	Receipt Supported Services (1156)
	$500	Business License & Corporation Filing Fees and Taxes (1175)

	$8,400	Permanent Fund Dividend Fund (1050)
	$200	Permanent Fund Corporation Receipts (1105)
	$100	Statutory Designated Program Receipts (1108)
	$1,500	Workers Safety and Compensation Administration Account (1157)
	$400	Building Safety Account (1172)
	$1,800	Group Health and Life Benefits Fund (1017)
	$2,200	Public Employees Retirement Trust Fund (1029)
	$900	Teachers Retirement Trust Fund (1034)
	$1,100	Alaska Oil & Gas Conservation Commission Receipts (1162)
DELETE:	$97,200	General Fund (1004)

EXPLANATION: The Department of Administration charges other agencies for personnel and enterprise technology services. In order to minimize FY2010 rate increases, the Governor requested an addition of general funds to DOA. This action causes the general fund to bear the full burden of cost increases. Part B of this amendment replaces general funds with a variety of other funds. These non-general funds (along with the remaining general funds in increments for this purpose) will be distributed to agencies and recovered through rate increases. The impact is to shift $163,600 of costs from general funds to other funds.

Part C—Add Wordage

APPROPRIATION: Centralized Administrative Services
ALLOCATION: Personnel

ADD: The money appropriated by this appropriation may be distributed to state departments and agencies in order to pay service costs charged by the Department of Administration for centralized personnel services.

APPROPRIATION: Enterprise Technology Services
ALLOCATION: Enterprise Technology Services

ADD: The money appropriated by this appropriation may be distributed to state departments and agencies in order to pay service costs charged by the Department of Administration for enterprise technology services.

EXPLANATION: Part C allows funding appropriated in parts A and B to be distributed to various agencies to offset chargeback rate increases.

adopted

OPERATING BUDGET AMENDMENT

#3

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Austerman and Hawker

DEPARTMENT: Commerce, Community and Economic Development
APPROPRIATION: Community Assistance & Economic Development
ALLOCATION: Community and Regional Affairs

ADD: $1,571,300 General Fund (1004)

EXPLANATION: Governor's 2008 legislation cut business license fees in half, reducing state revenue by about $3.2 million and leaving insufficient business license revenue to pay for program costs. The Governor requested replacement of $1,971.3 business license receipts with GF in Community and Regional Affairs. The subcommittee added 400.0 in business license receipts, which left the program with a 1,571.3 reduction in funding. This amendment restores program funding to the level requested by the Governor.

adopted

OPERATING BUDGET AMENDMENT

#4

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Austerman and Hawker

DEPARTMENT: Commerce, Community and Economic Development
APPROPRIATION: Alaska Energy Authority
ALLOCATION: Alaska Energy Authority Power Cost Equalization

DELETE: $4,000,000 PCE Fund (1089)

EXPLANATION: The Committee Substitute bill bypasses the PCE fund and appropriates money directly to the PCE program. The appropriation of $4 million from the fund is unnecessary because an open-ended appropriation of GF to the PCE program for FY09 will leave the PCE fund with a zero balance at the end of FY09. Removing this "hollow authorization" will have no programmatic impact; the PCE program is fully funded in FY2010 with an open-ended GF appropriation.

Adopted

Amendment 5B

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Thomas and Hawker

DEPARTMENT: Department of Commerce, Community & Economic Development

ADD: It is the intent of the legislature that any marketing entities that receive state funding shall to the maximum extent practicable coordinate their efforts when implementing their marketing strategies. This shall include, but is not limited to, fishing, tourism, and agriculture.

EXPLANATION:
It is economical to ask that the entities who receive state funding should work together when marketing Alaska and Alaskan products.

Amendment 5A

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Thomas and Hawker

DEPARTMENT: Department of Commerce, Community & Economic Development

ADD: It is the intent of the legislature that any marketing entities that receive state funding shall not engage in any lobbying efforts of any kind.

EXPLANATION:
It is inappropriate for entities who receive general fund money from the state to engage in lobbying activities.

Adopted

OPERATING BUDGET AMENDMENT

#6

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Joule and Hawker

DEPARTMENT:	Health and Social Services
APPROPRIATION:	Juvenile Justice
ALLOCATION:	Probation Services

ADD: $225,000 General Fund (1004)

EXPLANATION: This amendment provides base funding for guard hires for escorts, travel for juveniles who are not Medicaid-eligible, psychiatric evaluations that are not Medicaid-eligible and other various court-ordered costs. The funding applies to youth either in division custody or under court order to receive specified services.

In recent years, the legislature has directed the department to include these costs as supplemental request. This amendment will reduce or eliminate the need for supplemental funding.

#7

adopted 9-3

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representatives Hawker and Joule

DEPARTMENT:	Health and Social Services
APPROPRIATION:	Public Health
ALLOCATION:	Chronic Disease Prevention and Health Promotion

DELETE: $923,100 General Fund (1004)

EXPLANATION:

This amendment deletes funding for the establishment of a new childhood obesity prevention program. The program as proposed appears to be an investment in data collection and analysis, with very little funding being used to address the core issues of the problem. As childhood obesity is a concern, further consideration should be given to working together with the Anchorage School District in expanding their very successful model to other school districts.

The very gradual inclusion of school districts into the program is of concern, as is the limited use of these resources to assist the school districts and communities in directly addressing this issue.

Long range cost projects for this program are projected to be over $16 million.

2009 HOUSE
FINANCE
COMMITTEE

8-3

DATE: 3-9-09

Amendment: #7

MEMBER	Favor	Oppose
REP. FAIRCLOUGH	✓	
REP. FOSTER	✓	
REP. GARA		✓
REP. JOULE	✓	
REP. KELLY	✓	
REP. SALMON		✓
REP. THOMAS	✓	
REP. AUSTERMAN	✓	
REP. CRAWFORD		✓
REP. HAWKER	✓	
REP. STOLTZE	✓	

#8

adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Hawker by request of Governor

DEPARTMENT: Law
APPROPRIATION: Criminal Division
ALLOCATION: See below

Department	Appropriation/Allocation	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
Law **Item #1**	Second Judicial District	See attached IncOTI		90.0			90.0
Law **Item #2**	Fourth Judicial District	See attached IncOTI		285.0			285.0
Law **Item #3**	Criminal Appeals/Special Litigation	See attached IncOTI		271.6			271.6
Total			**$ -**	**$ 646.6**	**$ -**		**$ 646.6**

EXPLANATION: This amendment moves Governor's requests for lapse extensions from the supplemental bill to the operating bill. In an effort to ensure that all money that will be available for agency expenditure is reviewed in conjunction with regular operating requests, this amendment puts the Department of Law's Federal lapse extensions before the full finance committee for consideration as FY2010 increments. Please see the following pages for details provided by OMB.

#9

adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representatives Hawker and Kelly

DEPARTMENT: Department of Natural Resources
APPROPRIATION: Parks and Recreation Management
ALLOCATION: Parks Management

ADD: $138,500 general fund (fund code 1004)

EXPLANATION:

Since 1997 the State Parks in the Prince William Sound area have been managed by volunteer organizations. Despite their enormous and admirable efforts, these organizations can no longer afford to continue losing money and are giving up on their efforts to manage the State Parks at places like the Worthington Glacier (which receives over 40,000 visits annually). Alaska State Parks has no permanent Parks presence in Valdez or the Prince William Sound. The nearest office is located in Soldotna, and rarely ever does a district ranger visit the entire Prince William Sound or Valdez area.

These parks are beautiful and are heavily used by Alaskan residents and tourists. Unless a Valdez State Park Ranger position is established, at least one state park – Worthington Glacier – is almost certain to be closed this coming summer. Additional parks in the area are likely to also close since volunteer organizations currently operating the parks can not continue to lose money.

The addition of a Park Ranger position in Valdez would vitalize volunteer efforts by allowing the parks to remain open. This new position would oversee maintenance and upkeep of 14 state marine parks in Prince William Sound.

The Valdez Area State Parks Citizens Advisory Board has prioritized this request as their number 1 issue and has expressed the critical nature of the situation to me directly. A survey conducted last summer indicates that visitors spend $12.2 million annually to enjoy PWS state parks, which results in 103 local jobs.

Here is breakdown of the budget request:

Park Ranger (Range 16A – 12 months)	$71,200
Vehicles: Ranger (4WD pickup truck) & Fuel ACC/volunteer (surplus truck) & Fuel	$7,500
Park Maintenance & Janitorial Supplies	$6,500
Toilet Pumping (Worthington & Blueberry Lake)	$900
Garbage Removal (Worthington & Blueberry Lake)	$5,900
Travel & Per Diem for Park Maintenance in PWS	$8,000
Boat Maintenance, Harbor Slip, Operation	$4,500
Volunteer Support	$2,000
Alaska Conservation Corps (4 months)	$10,000
Office/Shop Rental & Utilities	$12,000
Road Maintenance: Annual Grading and Snow Removal at Blueberry Lake & Worthington Glacier	$10,000
TOTAL	**$138,500**

adopted

Amendment 10

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Fairclough, Stoltze, Hawker, Gara, Crawford, and Salmon

DEPARTMENT:	Public Safety
APPROPRIATION:	Council on Domestic Violence and Sexual Assault
ALLOCATION:	Council on Domestic Violence and Sexual Assault

ADD: $500,000 PFD Criminal Funds (1171)

EXPLANATION: This amendment brings the FY2010 budget for the Council on Domestic Violence closer to the FY2010 Governor's request. The Governor requested an increase of $1,677.9. The Committee Substitute bill includes an increase of $296.0. Due to extraordinarily high PFDs, the amount of available PFD criminal funds is sufficient to fund this amendment.

#11

Adopted

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Foster and Hawker

DEPARTMENT:	Transportation and Public Facilities
APPROPRIATION:	Marine Highway System
ALLOCATION:	Marine Vessel Operations

ADD: $4,617,600 Marine Highway Fund (1076)

ADD: New subsections to section 20 (fund capitalization)

(t) The sum of $5,000,000 is appropriated from the general fund to the Alaska marine highway system fund (AS 19.65.060(a)).

(u) The unexpended and unobligated balance of the appropriation made in sec. 19 (d) (1), ch. 27, SLA 2008 to the Department of Transportation & Public Facilities is reappropriated to the Alaska marine highway system fund (AS 19.65.060(a)). *(Effective date June 30, 2009)*

EXPLANATION: The addition of $4.6 million to the FY2010 base budget will allow the AMHS to continue the schedule covering operations through September 2009. However, in combination with subcommittee actions, the additional expenditures authorized by this amendment leave the marine highway fund with a projected year-end FY2010 deficit in excess of $4 million.

New section (t) eliminates the projected deficit. New section (u) reappropriates available FY09 fuel trigger funding (estimated to be $9.2 million) to the marine highway fund, allowing the fund to fulfill its role as a stabilizing force.

Language (in section 19 of the committee substitute bill) allowing expenditures of marine highway program receipts in excess of the appropriations made in the operating budget (subject to LB&A Committee review) permits the Department to spend additional marine highway funds through the RPL process.

adopted

OPERATING BUDGET AMENDMENT

#12

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Thomas and Hawker

DEPARTMENT:	Transportation and Public Facilities
APPROPRIATION:	Marine Highway System
ALLOCATION:	Marine Vessel Operations

ADD INTENT:

It is the intent of the legislature that money allocated for the Marine Transportation Advisory Board not be spent for any other purpose.

adopted #13

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Fairclough and Hawker

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Systemwide Education and Outreach

TRIN: $1,253,000 Total and 9 PFT positions
$922,600 General Fund (1004)
$320,400 Univ Rcpts (1048)
$ 10,000 UA Interagency Rcpts (1174)

APPROPRIATION: University of Alaska
ALLOCATION: Kenai Peninsula College

TROUT: $1,253,000 Total with 9 PFT positions
$922,600 General Fund (1004)
$320,400 Univ Rcpts (1048)
$ 10,000 UA Interagency Rcpts (1174)

EXPLANATION: This amendment accepts a pair of transactions proposed in the Governor's budget which transfers the Mining and Petroleum Training Services (MAPTS) from Kenai Peninsula College to Systemwide Education and Outreach.

adopted

#14

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Fairclough and Hawker

DEPARTMENT:	University of Alaska
APPROPRIATION:	University of Alaska
ALLOCATION:	Small Business Development Center

ADD:	$550,000 General Fund (1004)
DELETE:	$550,000 Business License Receipts (1175)

EXPLANATION: Replaces business license receipts with general funds as requested by the Governor. Governor's legislation cut business license fees in half, leaving insufficient revenue to pay for program costs.

Adopted #15

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representatives Fairclough and Hawker

DEPARTMENT:	University of Alaska
APPROPRIATION:	University of Alaska
ALLOCATION:	Anchorage Campus

ADD: $500,000 General Fund (1004)

EXPLANATION: This amendment funds the operating and maintenance costs necessary to open the new Integrated Sciences Building (ISB) in the fall of 2009. Completion of the 120,000 square foot facility will approximately double the amount of space devoted to science instruction and research programs.

Failed
8-3 #16

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN)

OFFERED BY: Rep. Crawford

DEPARTMENT: Commerce, Community, and Economic Development
APPROPRIATION: Alaska Energy Authority
ALLOCATION: Statewide Project Development, Alternative Energy and Efficiency

ADD: $360,300 General Funds (1004)
Support for Energy Planning- $150.0
Funding for AEA Executive Director- $210.3

DELETE: n/a

EXPLANATION: This restores funding recommended in the Governor's Amended budget for senior staff in the AEA office including the executive director.

AEA staff are charged with statewide energy planning, preparing for the governor's transition to a 50% renewable grid by 2025, and reviewing and recommending projects for the Renewable Energy Grant Fund.

The change made by the subcommittee reflects more than a 30% reduction to the governor's requested budget. In the FY09 budget, these functions were funded in part through a fund transfer from the Governor's Executive Operations budget.

2009 HOUSE FINANCE COMMITTEE

DATE: 3-9-09

Amendment: #16

MEMBER	Favor	Oppose
REP. FOSTER		✓
REP. GARA	✓	
REP. JOULE		✓
REP. KELLY		✓
REP. SALMON	✓	
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. STOLTZE		✓
REP. HAWKER		✓

Withdrawn #17

OPERATING BUDGET AMENDMENT

OFFERED IN:	**The House Finance Committee**
TO:	CSHB 81(FIN)
OFFERED BY:	Rep. Crawford
DEPARTMENT:	Commerce, Community, and Economic Development
APPROPRIATION:	Community Assistance & Economic Development
ALLOCATION:	Community and Regional Affairs
ADD:	$1,971,300 General Funds (1004)
DELETE:	$400,000 BLicC (1175)

EXPLANATION: This replaces business license receipts resulting from a decrease in the annual cost of a business license. The anticipated revenues are $1,971,300 less than FY09, which were requested as GF in the Governor's budget. The subcommittee approved adding $400,000 of BLicC (business license receipts). However, it appears that most of the $400,000 BLicC may not be available at the end of FY09, so really the entire $1,971,300 is necessary to keep the agency flat-funded.

Without this increment, the division is facing a 20% cut from the FY09 budget. Community and Regional Affairs is the only constitutionally-mandated state agency:

> **Art. 10, Sec 14 Local Government Agency** An agency shall be established by law in the executive branch of the state government to advise and assist local governments. It shall review their activities, collect and publish local government information, and perform other duties prescribed by law.

This agency should not be forced to absorb such a large budget cut due to a tax reduction not related to the agency.

Failed 3-7

#18

OPERATING BUDGET AMENDMENT

OFFERED IN:	**The House Finance Committee**
TO:	CSHB 81(FIN)
OFFERED BY:	Rep. Crawford
DEPARTMENT:	Fish and Game
APPROPRIATION:	Division of Wildlife Conservation
ALLOCATION:	Wildlife Conservation

ADD: $200,100 General Funds (1004)

Wildlife Biologist II (PCN 11-2218; range 16)	*$74.3*
F&W Technician 3 (range 11)	*$40.8*
Travel, signage, small equipment, trail maintenance, supplies	*$85.0*

DELETE: n/a

EXPLANATION: Several constituent groups and organizations have concerns about inadequate funding for the management of wildlife refuges in Southcentral Alaska and the problem it is creating. This is an area-wide issue that primarily affects Anchorage, Mat-Su and Kenai.

There are 25 wildlife refuges in Southcentral, covering 2.5 million acres of land. Thirteen of these refuges, with nearly a million acres, are found in the Anchorage, Mat-Su, and Kenai areas alone. The budget for managing these 25 refuges, which span from Yakutat to Dillingham, is $15,000. This level of funding has created a number of public safety issues and habitat degradation in those refuges closest to population centers.

People are using the refuges as a place to dump cars, appliances, and trash. There is a substantial amount of illegal target shooting, illegal tree cutting, and in some cases illegal cabins are being built on public lands.

The division has had a vacant Refuge Manager position for the last four years. This is a Palmer-based wildlife biologist PCN. Filling this position and adding a seasonal Fish and Wildlife Technician 3 would help solve the public safety issues outlined above. In addition, increasing the current $15,000 management budget by $85,000 to a total of $100,000 would enable the division to effectively manage this resource and make the refuges safer and more accessible for Southcentral families.

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3/9/09

Amendment: 18

MEMBER	Favor	Oppose
REP. GARA	✓	
REP. JOULE		✓
REP. KELLY		✓
REP. SALMON	✓	
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER		✓
REP. HAWKER		✓
REP. STOLTZE		

Withdrawn

#19

OPERATING BUDGET AMENDMENT

OFFERED IN: **The House Finance Committee**

TO: CSHB 81(FIN)

OFFERED BY: Rep. Crawford

DEPARTMENT: Health and Social Services
APPROPRIATION: Public Assistance
ALLOCATION: Child Care Benefits

ADD: $1,500,000 General Funds (1004)

DELETE: n/a

EXPLANATION: This replaces the balance of an increment requested by the governor to increase the reimbursement rate based upon recommendations from a 2007 statewide provider survey.

Currently, parents eligible for child care assistance are capped at the median price for their city or region. This creates problems for both parents and providers. Parents who are eligible for the benefit are forced into accepting possibly lower-quality care for their children because they are not able to afford better care. If they cannot find such care, they must enroll their child in care that costs more than the benefit they are entitled to, which often places a heavy burden on the family as they choose between paying the rent, for their groceries, or for child care.

For many providers, the maximum child care benefit often becomes the de facto amount they charge. Even though it does not cover their costs, providers know that all they will collect from parents is how much the state will pay, so that is how they set their prices.

An increment proposed by the governor was calculated to increase the maximum payment to the 75th percentile of cost within the range of local child care providers. The current CS includes half the governor's request, raising the reimbursement level to approximately the 63rd percentile.

filed 3-6
#20

OPERATING BUDGET AMENDMENT

OFFERED IN: **The House Finance Committee**

TO: CSHB 81(FIN)

OFFERED BY: Rep. Crawford

DEPARTMENT: Department of Labor and Workforce Development
APPROPRIATION: Workers' Compensation and Safety
ALLOCATION: Wage and Hour Administration

ADD: $150,000 *General Fund $75.0 (1004)*
Workers Safety $75.0 (1157),

DELETE: n/a

EXPLANATION: This increment is to fund two investigators in the Wage and Hour Agency. The investigators will perform Title 36 and workers' compensation classification fraud investigations. The positions will also assist in child labor, uninsured employer and other necessary wage and hour and workers' compensation investigations.

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3/9/09

Amendment: 20

MEMBER	Favor	Oppose
REP. JOULE		✓
REP. KELLY		
REP. SALMON	✓	
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER		✓
REP. GARA	✓	
REP. STOLTZE		
REP. HAWKER		✓

failed 3-8

#21

OPERATING BUDGET AMENDMENT

OFFERED IN: **The House Finance Committee**

TO: CSHB 81(FIN)

OFFERED BY: Rep. Crawford

DEPARTMENT: Revenue
APPROPRIATION: Administration and Support
ALLOCATION: Commissioner's Office

ADD: $119,000 *General Fund $46.4 (1004)*
I/A Receipts $72.6 (1007)

DELETE: n/a

EXPLANATION: This reverses a decrement made by the budget subcommittee, and restores a Special Assistant position in the commissioner's office.

The position in question is an essential liaison between the Department and the legislature for oil and gas issues. He is also a well regarded researcher and aide who helps maximize the efficiency and effectiveness of the commissioner and deputy commissioner in his department.

The 2010 legislative session will face several significant issues and it would benefit the state to have this person continue in his position.

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3-9-09

Amendment: #21

MEMBER	Favor	Oppose
REP. KELLY		✓
REP. SALMON	✓	
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER		✓
REP. GARA	✓	
REP. JOULE		✓
REP. HAWKER		✓
REP. STOLTZE		✓
	3	8

failed 3-8 #22

OPERATING BUDGET AMENDMENT

OFFERED IN: **The House Finance Committee**

TO: CSHB 81(FIN)

OFFERED BY: Representative Crawford

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska

ALLOCATION	ADD	FUNDING SOURCE
Anchorage Campus	$780,300	*$690,300 Gen Fund (1004)*
		$90,000 Univ Rcpt (1048)
Tanana Valley Campus	$ 63,200	*$47,200 Gen Fund (1004)*
		$16,000 Univ Rcpt (1048)
Juneau Campus	$ 67,000	*$56,300 Gen Fund (1004)*
		$10,700 Univ Rcpt (1048)
College of Rural and Community Development	$ 48,800	*$40,800 Gen Fund (1004)*
		$8,000 Univ Rcpt (1048)
Fairbanks Campus	$ 112,400	*$87,400 Gen Fund (1004)*
		$25,000 Univ Rcpt (1048)
Totals	**$1,071,700**	*$922,000 Gen Fund (1004)*
		$149,700 Univ Rcpt (1048)

EXPLANATION:
This amendment restores Priority Program Enhancement and Growth Increments for Health Academic Programs to the funding level supported by the Governor.
Program requests will support UA's next step in building strong health occupation training programs. UA has accomplished significant results in health instructional programs; however, the state needs and opportunities in this area are monumental and require this as well as future state investments.

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3-9-09

Amendment: # 22

MEMBER	Favor	Oppose
REP. SALMON	✓	
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER		✓
REP. GARA	✓	
REP. JOULE		✓
REP. KELLY		✓
REP. STOLTZE		✓
REP. HAWKER		✓

3 8

failed 3-7 #23

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN)

OFFERED BY: Representative Crawford

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATION: Tanana Valley Campus

ADD: $162,900 *$98,600 General Funds (1004)*
$64,300 Univ Rcpt (1048)

EXPLANATION:
Law Enforcement Academy Base Funding
This request provides base funding for the Tanana Valley Campus (TVC) Law Enforcement Academy. The academy conducts basic police training for Interior Alaska, rural municipalities, and employers of security personnel. The training consists of students who are both current recruit employees of a law enforcement academy as well as students who are considering a career in law enforcement. All students in the program will be seeking Alaska Police Standards Certification, which will make them eligible for employment with any of the approximately 21 State Enforcement Agencies, or the 43 municipal police departments within the State of Alaska. In addition to these agencies, many private security companies give enhanced consideration to hiring a candidate who possesses an Alaska Police Standards Council certificate. Approval of Law Enforcement as a new "occupational endorsement" at UAF is anticipated, recognizing the value to students of completing this academy and securing Alaska Police Standards certification.

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3-9-09

Amendment: # 23

MEMBER	Favor	Oppose
REP. THOMAS		✓
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER absent		
REP. GARA	✓	
REP. JOULE		✓
REP. KELLY		✓
REP. SALMON	✓	
REP. HAWKER		✓
REP. STOLTZE		✓

3 - 7

withdrawn

26-GH1002\P.2
Bailey
3/5/09

#24

AMENDMENT

OFFERED IN THE HOUSE BY REPRESENTATIVE GARA

TO: CSHB 81(FIN), Draft Version "P"

Page 60, following line 16:

Insert a new bill section to read:

"* **Sec. 10.** DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The sum of $23,027,000 is appropriated from the general fund to the Department of Education and Early Development for distribution as learning opportunity grants to each school district based on adjusted (ADM) as calculated under AS 14.17.410(b)(1) for the fiscal year ending June 30, 2010."

Renumber the following bill sections accordingly.

Page 76, lines 22 - 23:

Delete "20, 22, 25(j), 25(k), 26(e), and 26(f)"

Insert "21, 23, 26(j), 26(k), 27(e), and 27(f)"

Page 76, line 30:

Delete "Sections 26(d) and 28"

Insert "Sections 27(d) and 29"

Page 76, line 31:

Delete "sec. 29"

Insert "sec. 30"

withdrawn

#25

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Rep. Gara

DEPARTMENT:	Education and Early Development
APPROPRIATION:	Teaching and Learning Support
ALLOCATION:	Early Learning Coordination

ADD: $1,200,000, 1004 Gen Fund, (Increase Head Start Grant program Funding).

EXPLANATION: The amendment is intended to increase the current Head Start Grant Program Funding increment from $800,000.00 to $2,000,000. Head Start anticipates with a funding increase to $2,000,000 they could serve 200 more children. Head Start estimates that 7,727 eligible children do not participate in the program and there is currently a 900-1,000 child waitlist.

adopted

NEW #26

NEW OPERATING BUDGET AMENDMENT #26

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Gara and Representative Hawker

DEPARTMENT: Health and Social Services
APPROPRIATION: Office of Children's Services
ALLOCATION: Office of Children's Services

ADD: $30,000, general funds, 1004

EXPLANATION: Produce a television and radio Public Service Announcement (PSA), highlighting the need for Alaska foster homes in the state, and urging Alaskans to learn more about becoming a foster parent. The PSAs would air on television and radio via the Alaska Broadcaster's Association's Non-commercial Sustaining Announcement Program (NCSA). Through this "Community Voice" program the PSAs would be placed on 21 television stations and 60 radio stations across the state for approximately a month and a half at two different times during the year. The PSA would also be placed on APRN for four weeks (two weeks at two times during the year) because of its reach into rural Alaska. The $30,000 includes visual scripting, direction, talent coordination, on location shoot, pre/post production work and dub to stations. The ads would reach approximately 80,000 Alaskans, and the response rate is expected to be about 3%--that's 2,400 people who will seek out more information about becoming foster parents. The Department shall in its discretion, utilize these funds at radio and television outlets that produce the most effective outreach.

Adopted

Amendment 27

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Rep. Gara and Hawker

DEPARTMENT:	Department of Health and Social Services
APPROPRIATION:	Behavioral Health, Health Care Services, Office of Children's Services, Senior Disability Services
ALLOCATION:	Denali KidCare

ADD: $25,000 General Funds, 1004.

DELETE:

EXPLANATION: Provide $25,000 in funding for television and/or radio advertising for Denali KidCare. All of the advertisements would occur in two non-consecutive calendar months.

withdrawn

#28

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Gara

DEPARTMENT:	Health and Social Services
APPROPRIATION:	Behavioral Health
ALLOCATION:	Behavioral Health Grants

ADD: $750,000 General Fund/Mental Health (1037)

EXPLANATION: The amendment is intended to restore the Governor's proposed increment for grants to Community Based Substance Abuse Services.

withdrawn

#29

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Gara

DEPARTMENT: Health and Social Services
APPROPRIATION: Behavioral Health
ALLOCATION: Behavioral Health Grants

ADD: $750,000 General Fund/Mental Health (1037)

EXPLANATION: The amendment is intended to restore the Governor's proposed increment for grants to Community Behavioral Health Services.

withdrawn.

#30

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Rep. Gara

DEPARTMENT:	Department of Public Safety
APPROPRIATION:	Council on Domestic Violence and Sexual Assault
ALLOCATIONS:	Council on Domestic Violence and Sexual Assault

ADD: $1,381.9, General Funds, 1004.

EXPLANATION: The amendment is intended to restore the Governor's proposed increment for the Council on Domestic Violence and Sexual Assault.

OPERATING BUDGET AMENDMENT

withdrawn #31

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Rep. Gara

DEPARTMENT: University of Alaska
APPROPRIATION: University of Alaska
ALLOCATIONS: Anchorage Campus, Fairbanks Campus, Interior-Aleutians Campus, Juneau Campus

ADD: $1,030.0 TOTAL ($800.0 General Fund, 1004; $230.0 University Receipts, 1048)

Anchorage Campus: TOTAL $364.3--$304.3 General Funds (1004), $60.0 University Receipts (1048).

Fairbanks Campus: TOTAL $365.0--$225.0 General Funds (1004), $140.0 University Receipts (1048).

Interior-Aleutians Campus: TOTAL $100.7--$95.7 General Funds (1004), $5.0 University Receipts (1048).

Juneau Campus: TOTAL $200.0--$175.0 General Funds (1004), $25.0 University Receipts (1048).

EXPLANATION: The amendment is intended to restore the Governor's proposed increment for the University K-12 outreach.

failed 3-8

#32

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN) / CSHB 83(FIN)

OFFERED BY: Representative Gara

DEPARTMENT:	University of Alaska
APPROPRIATION:	University of Alaska
ALLOCATION:	System Reductions/Additions

ADD: $2,500,000

FUNDING SOURCE: General Funds 1004

EXPLANATION:
Need Based Grants

To minimize any added administrative burdens, the university's intent is to administer these funds through existing mechanisms for the university's existing, internally funded, needs-based grant aid program, the UA Grant. This program reserves one percent of tuition revenue for needs-based financial aid awards.

General Fund revenue of $2.5 million will be added to the University of Alaska's System Reductions and Additions allocation. This funding will be distributed to campuses in a manner consistent with the UA Grant program for financial aid awards.

2009 HOUSE
FINANCE
COMMITTEE

DATE: 3-9-09

Amendment: #37

MEMBER	Favor	Oppose
REP. AUSTERMAN		✓
REP. CRAWFORD	✓	
REP. FAIRCLOUGH		✓
REP. FOSTER		✓
REP. GARA	✓	
REP. JOULE		✓
REP. KELLY		✓
REP. SALMON	✓	
REP. THOMAS		✓
REP. HAWKER		✓
REP. STOLTZE		✓

3 8

REPRESENTATIVE BILL THOMAS
ALASKA STATE LEGISLATURE DISTRICT 5
e-mail: Representative.Bill.Thomas@legis.state.ak.us
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907-465-3732
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Department of Administration
FY 10 Budget Subcommittee
February 26, 2009

Recommendations

Members:
Rep. Bill Thomas, Chair
Rep. Kurt Olson
Rep. Craig Johnson
Rep. Charisse Millett
Rep. Wes Keller
Rep. Chris Tuck
Rep. Max Gruenberg

The House Finance Budget Subcommittee for the Department of Administration submits an operating budget for FY 10 to the House Finance Committee as follows:

General Funds: $72,849.9
Federal Funds: $2,782.4
Other Funds: $217,610.1
Total: $293,242.4

The Subcommittee held four meetings with the Department and took the following actions:

Budget Action

Analyzed all transactions submitted by the Governor. The following are budget action highlights:

- Reviewed requests from the Alaska Public Broadcasting Commission for station operating grants and an internal budget increase. Alaska Public Radio received an increase in FY 09 of $400,000. The committee denies the requested increase.

- Reviewed requests from Partners for Progress, a non-profit entity that provides support to Therapeutic Courts, for an increase in program operating grants of $65,000 to replace federal funds that are expiring. Partners for Progress received an increase in FY 09 of $65,000; the requested increase would bring their total GF to $130,000. The committee denies the requested increase.

- Reviewed budget request for ALMR and did a three-year look back at the entire program. Committee recommends that the Department work with the municipalities and begin requiring the municipalities who participate in this program to pay their part of the operating and maintenance costs. The committee recommends a phase out approach to the state subsidy for the municipalities' share with full participation by the municipalities to begin in FY11. (Intent language has been added to the budget.)

- Reviewed the State Travel Office. The committee recommends that all out-of-state trips taken by state employees should be conducted on a mileage ticket where possible. (Intent language has been added to the budget.)

- Reviewed Centralized Administrative Services. Recommend that Finance Operations replace $220,000 in general fund monies with Capital Improvement Project receipts.

- Reviewed Finance Operations' request for additional authority to spend receipts anticipated under a new contract with the U.S. Bank for the Bank One Card. The funding from these receipts would be used to offset cost increases related to the Alaska Data Enterprise Reporting warehouse and to provide for vacancy factor reductions. The committee recommends a fund source change to General Fund monies in compliance with AS 37.05.142-144.

- Reviewed budget request from Enterprise Technology Services to increase the State of Alaska Telecommunications System (SATS) for operations and maintenance. The requested funding would assist in maintaining the operations of the SATS microwave network system which serves areas outside of Anchorage. Many state agencies use this system and the increase is important to its continued operation. The committee accepts the $300.0 general fund request, but feels that those that use this system should assist in its funding. The Department is asked to present the House Finance Co-Chairs with information on how the Department plans to charge the various other departments to recoup these costs.

- Reviewed fund source changes for unrealized contractual wage and health benefit increases. The committee rejects the Department's request to change the fund source of these increases from interagency receipts to general fund monies, and requests that the Department present the House Finance Co-Chairs with information on how the Department plans to charge the various other departments to recoup these costs within 10 days of this closeout.

Amendment Action

Reviewed amendments submitted by the Governor.

Accepted the following Governor's proposed amendments:

1.) Centralized Administrative Services	Dec	-$7.5	GF
2.) Public Defender Agency	Inc	$1,000.0	GF

Items of Concern

The committee is extremely concerned about the Alaska Land Mobile Radio program. This program has been in place for several years and thus far the Department has been unable to get the municipalities participating in the program to pay their share of the costs. The committee recommends that the Department do its best to work with the participating municipalities over the interim and strategize on how best to phase out this state subsidy and begin charging the municipalities the full amount of their share of the costs.

Attached Reports

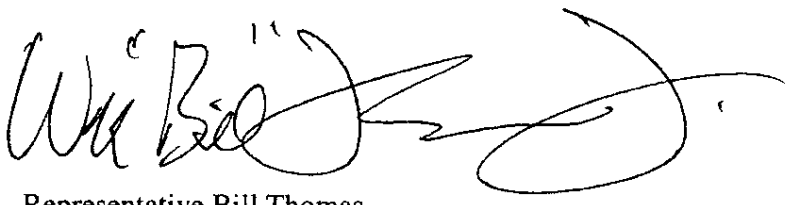
The committee adopts the reports attached:

Committee Generated Reports

1.) Transaction spreadsheet and summary

Legislative Finance Division Reports (Numbers Only)

1.) Agency Totals – FY 2010 Operating Budget – House Structure
2.) Appropriation/Allocation Summary (All Funds) – House Structure
3.) Appropriation/Allocation Summary (GF) – House Structure
4.) Transaction Comparison – House Structure (Between ADJ Base and H Subcomm)
5.) Transaction Comparison – House Structure (Between Gov Amd and H Subcomm)
6.) Wordage Report – FY 2010 Operating Budget, House Structure



Representative Bill Thomas
House Finance Subcommittee for Administration Chair
February 26, 2009

Department of Administration FY 10 Budget
House Finance Budget Subcommittee Recommendations

	GF -GF/MH	Fed	Other	Total
FY 09 Revised Management Plan	73,634.6	2,776.3	205,890.4	282,301.3
FY 10 Adjusted Base	71,775.9	2,784.3	207,602.6	282,162.8
Gov's FY 10 Budget	73,172.5	2,782.4	216,295.0	292,249.9
Gov's FY 10 Budget Amend	992.5	0.0	0.0	992.5
Gov's Amend FY 10 Budget Total	74,165.0	2,782.4	216,295.0	293,242.4
Subcommittee Adjustments	(1,315.1)	0.0	1,315.1	0.0
Total Subcommittee FY 10 Budget Recommendations Total	72,849.9	2,782.4	217,610.1	293,242.4

Department of Administration
FY 10 Budget Final Recommendations

Changes to Gov's FY 10 Amend	GF Dollars	Other Dollars	Employee Count
1.) Division of Finance: Replace $220,000 in Time and Attendance with CIP Receipts	(220.0)	220.0	0.0
2.) Salary Fund Source Changes	(1,095.1)	1,095.1	
Reductions to Gov's FY 10 Amend	(1,315.1)	1,315.1	
Additional Subcommittee Recommendations	0.0		
Concurrence with Gov's FY 10 Amend			
1.) Public Defender Agency: Costs due to caseload and workload increases	1,000.0		
2.) Centralized Admin Services: Delete OTI for costs associated with State Officers Compensation Commission	(7.5)		
Total Concurrence with Gov's FY 10 I	992.5		

Alaska State Legislature

House Finance Subcommittee

Dept. of Commerce, Community & Economic Development

Rep. Alan Austerman, Chair
Rep. Bryce Edgmon
Rep. Kyle Johansen
Rep. Mark Neuman
Rep. Paul Seaton
Rep. Berta Gardner
Rep. Chris Tuck

House Finance Committee
Rep. Mike Hawker, Co-chair
Rep. Bill Stoltze, Co-chair
State Capitol
Juneau, Alaska 99801
(907) 465-4979
Fax: 465-4979

MEMORANDUM

DATE: February 27, 2009

TO: Representative Mike Hawker, Co-chair
Representative Bill Stoltze, Co-chair
House Finance Committee

FROM: Representative Alan Austerman, Chair
DCCED House Finance Subcommittee

SUBJ: Department of Commerce, Community and Economic Development FY10 Closeout Narrative | Summary Excel Notebook | Legislative Finance Reports

The House Finance Budget Subcommittee on the Department of Commerce, Community and Economic Development submits an operating budget for FY10 as follows:

GF: $17,563.6 Fed Funds: $64,592.7 Other Funds: $103,920.1 TOTAL: $186,076.4

The DCCED Subcommittee conducted five hearings regarding the FY10 Governor's Operating Budget Request for the Department of Commerce, Community and Economic Development. The following actions took place at the closeout meeting of February 25, 2009. A quorum was established at the closeout as Austerman, Edgmon, Johansen, Neuman, Seaton, Gardner were all present. The vote to move this out of subcommittee was 6-0.

Budget Action

The subcommittee accepted the FY10 Governor's Amended Budget except for the following changes:

1. Delete 150.0 GF for Support for Energy Planning under the Alaska Energy Authority
2. Delete 210.3 GF for AEA Executive Director under the Alaska Energy Authority
3. Delete 1,971.3 GF that was recommended to replace a reduction in Business License & Corp Receipts (BLic&Corp).

4. 1,5713.3 of excess BLic&Corp authority was deleted, while 400.0 was authorized for BLic&Corp.

Items of Concern

1. The AEA Executive Director/Statewide Energy Coordinator was funded in FY09 with CIP receipts from a statewide energy plan capital project. Although the statewide energy plan is completed and has been released, the department argued that the need for this position and support services will continue into the foreseeable future. The subcommittee disagreed with this premise and advised the department to look for additional funds already allocated to AEA. In addition, there is currently about $300,000 left in FY09 money from the CIP receipts discussed above. The AEA executive director testified that most if not all of this money will be spent by June 30, 2009. According to the department, if any money is left over, it is carried forward into FY10 as CIP funds are not "swept."

2. The Division of Community and Regional Affairs (C&RA) operating expenses are partially funded with business license fees. Passage of HB111 last year cut the business license fees from $100/year down to $50/year, which will cause a significant reduction in that revenue stream. This law is effective October 1, 2009. The subcommittee allowed 400.0 in Business License & Corp Receipts (BLic&Corp) to the FY2010 budget and removed 1,571.3 of excess BLic&Corp authority. The subcommittee was steadfast in their belief that since HB111 was by request of the Governor, that the administration should now find the funds to replace the loss of the BLic&Corp money. Since the department testified that the loss of this funding will cost 20 to 25 jobs and could close down two regional C&RA offices, it is the intent of the chair to recommend to the full house finance committee that they consider taking the 1,571.3 GF as an unallocated reduction across the entire department and that the BLic&Corp authority be restored.

Attached Reports (Numbers Only)
~House Structure~
Agency Totals
Allocation Summary
Allocation Summary – General Funds
Transaction Compare – Between Adj Base and Hse Sub – Differences Only
Transaction Compare – Between Gov Amd and Hse Sub – Differences Only
Wordage Report

Department of Commerce, Community and Economic Development FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	14,997.9	55,091.9	102,148.8	172,238.6
FY10 Adjusted Base Budget	14,798.0	54,712.5	102,695.3	172,205.8
Governor's FY10 Budget	19,627.0	64,377.2	103,613.9	187,618.1
Governor's FY10 Budget Amendments	19,495.2	64,592.7	103,920.1	188,008.0
Governor's Amend FY10 Budget Total	(131.8)	215.5	306.2	389.9
Subcommittee Adjustments	(2331.6)	0.0	400.0	(1,931.6)
Total Subcommittee FY10 Budget Recommendations Total	17,563.6	64,592.7	103,920.1	186,076.4

Department of Commerce, Community & Economic Development FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	14,997.9	55,091.9	102,148.8	172,238.6
FY10 Adjusted Base Budget	14,798.0	54,712.5	102,695.3	172,205.8
Governor's FY10 Budget	19,627.0	64,547.2	103,613.9	187,788.1
Governor's FY10 Budget Amendments	(131.8)	45.5	306.2	219.9
Governor's Amend FY10 Budget Total	19,495.2	64,592.7	103,920.1	188,008.0
Subcommittee Adjustments	(2,331.6)	0.0	400.0	(1,931.6)
Total Subcommittee FY10 Budget Recommendations Total	17,163.6	64,592.7	104,320.1	186,076.4

Numbers only

Department of Commerce, Community and Economic Development
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
Community Assistance and Economic Development			
1. Community and Regional Affairs: fund source change to replace loss of Business License Rcpts with GF was not accepted. The reduction for Blic&Corp Rcpts totals $1,571.3 and $400.0 was authorized.	(1,971.3)	400.0	0
Office of Economic Development			
2. Support for Energy Planning was not funded.	(150.0)		
3. Funding for AEA Executive Director/Statewide Energy Coordinator was not funded.	(210.3)		
Reductions to Gov's FY10 Amend	**(2,331.6)**	**400.0**	**0.0**
Additional Subcommittee Recommendations			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(2,331.6)**	**400.0**	**0.0**
Total Reduction All Funds		(1,931.6)	
Concurrence with Gov's FY10 Amend			
1. Executive Administration Commissioner's Office: Core Service Increases (I/A Rcpts)		171.0	0
2. Administrative Services: Core Service Increases (GF & I/A Rcpts)	2.3	5.9	
Community Assistance and Economic Development			
3. Community and Regional Affairs: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts & BLic Rcpts to Rcpt Svcs)	77.9	(77.9)	0
4. Community & Regional Affairs: Gov's Amd for fund source change to remove request in salary adjustment for existing bargaining unit was approved (GF back to BLic Rcpts)	(39.2)	39.2	
5. Community and Regional Affairs: fund source change to replace loss of Business License Rcpts with GF was not accepted. The reduction for Blic&Corp Rcpts was accepted and a portion was restored as noted below.		(1,971.3)	
2. Community and Regional Affairs: a portion of Bus Lic Rcpts (referenced above) was restored.		400.0	
6. Community & Regional Affairs: Core Services Incs were approved	30.0		
7. Community & Regional Affairs: continued funding for two Grant Administrators added in FY09 was approved.	164.0		2
8. Community & Regional Affairs: removal of excess expenditure authority was accepted. (I/A Rcpts)		(340.6)	

Department of Commerce, Community and Economic Development
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
9. Community & Regional Affairs: an OTI for AK Legal Services grant was approved.	200.0		
10. Community & Regional Affairs: Gov's Amd for Implementation of Modified Cost Allocation Plan was funded.	4.4	51.1	
11. Office of Economic Development: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (BLic Rcpts to GF)	22.2	(22.2)	
12. Office of Economic Development: Gov's Amend for fund source change to remove request in salary adjustment for existing bargaining unit was approved (GF back to BLic Rcpts)	(22.2)	22.2	
13. Office of Economic Development: Approved I/A Rcpt for RSA with DMV to provide services in Tok and surrounding communities.		40.6	
14. Office of Economic Development: Funded Alaska Regional Development Organizations (ARDORS) at the FY09 level.		57.7	
15. Office of Economic Development: Gov's Amd for Implementation of Modified Cost Allocation Plan was funded.		61.9	
Revenue Sharing			
16 Payment in Lieu of Taxes: Approved authorization for PILT program to reflect the amount anticipated for FY10.		3,673.4	
17. National Forest Rcpts: Approved authorization to reflect anticipated revenues.		6,300.0	
Investments			
18. Core Service Increases approved.		13.6	
AK Aerospace Development Corporation			
19. Core Service Increases approved.		69.0	
20. Gov's Amd for Implementation of Modified Cost Allocation Plan was funded.		50.7	
AK Industrial Development and Export Authority			
21. Approved support for Energy Planning and Costs of Contractual Services. (I/A Rcpts & AIDEA Rcpt)		442.7	
22. Core Service Increases approved.		14.8	
23. Funded Alaska Regional Development Organizations (ARDORS) at the FY09 level.		57.7	
Alaska Energy Authority			
24. Power Equalization: Estimated funding needed to fund the PCE formula at $32million (PCE fund)		4,000.0	

Department of Commerce, Community and Economic Development
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
	Alaska Seafood Marketing Institute			
25.	Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Rcpts Svcs to GF)	32.8	(32.8)	
26.	Fund Source Change to replace uncollectable federal funding and other unavailable receipts was approved.	1,878.0	(1,878.0)	
27.	Core Service Increases approved.	4.2		
28.	Request to remove excess Fish Tax authorization was approved.		(1,000.0)	
29.	Gov's Amd for Implementation of Modified Cost Allocation Plan was funded.	2.3	2.8	
	Banking and Securities			
30.	Funding for 3rd year fiscal note for HB 162 Mortgage Lending was approved. (Rcpt Svcs)		208.0	2
31.	Continued funding for legal costs. (Rcpt Svcs)		180.0	
	Insurance Operations			
32.	Funding for 3 long term non perm positions working on an existing imaging capital project are authorized with CIP Rcpts.		122.8	
	Corporations, business and Professional Licensing			
33.	Core Service Increases approved. (Rcpt Svcs & Blic&Corp)		26.4	
34.	OTI for Prescription Database was funded. (Fed Rcpts)		400.0	
35.	Gov's Amd to reduce uncollectable I/A Authority was approved.		(300.0)	
36.	Gov's Amd for Implementation of Modified Cost Allocation Plan was funded. (I/A Rcpt, Rcpts Svcs, Blic&Corp)		309.5	
	Regulatory Commission of Alaska			
37.	Gov's Amd for Implementation of Modified Cost Allocation Plan was funded. (RCA Rcpts)		105.3	
	DCED State Facilities Rent			
38.	Core Service Increases approved.		292.5	
	Serve Alaska			
39.	Gov's Amd for Implementation of Modified Cost Allocation Plan was funded. (Fed Rcpts & GF/Match)	8.9	9.0	
	Total Concurrence with Govs FY10 Recs	**2,365.6**	**11,505.0**	**4.0**

House Finance Budget Subcommittee
FY10 Department of Corrections

Subcommittee Report for FY10 February 27, 2009

The House Finance Budget Subcommittee for the Department of Corrections submits an operating budget for FY10 to the full House Finance Committee as follows:

Operating Budget	Gen Fund	Federal	Other	Total
FY10 Adjusted Base [1]	$211,944,000	$3,003,400	$30,233,000	$245,180,400
FY10 Gov Amend	$214,041,400	$3,174,400	$31,985,100	$249,200,900
(HFS) Recommendation	**$212,494,200**	**$3,187,300**	**$31,977,000**	**$247,658,500**

The Budget Subcommittee recommends an operating budget that authorizes $1,547,200 less general funds and three fewer employees than the FY10 Governor's Amended request. The recommended budget requests a total increment from the FY10 Adjusted Base of $550,200.

Subcommittee Recommendations

The subcommittee reviewed all aspects of the Department of Corrections budget, including a three-year look back to review the growth in the department's budget from FY07 to FY10 Governor's Amended proposal, and accepted the changes with the following major exceptions:

Research and Records

- Denied a request to fund $180,000 that the department received in FY09 as a one-time item for on-going records imaging.

Population Management

- Denied an increment of $302,200 for operating costs for an 80-bed expansion project that is not completed at the Wildwood Correctional Center.

[1] The Adjusted Base is the starting point for subcommittee discussion of the Governor's request. It removes one-time appropriations, reappropriations, and carryforward of multi-year appropriations. It incorporates the FY10 contractual salary increases. (Source: *Legislative Fiscal Analyst's Overview of the Governor's Request*, Page 12)

- Reduced the operating base for the Wildwood expansion project ($1,115,000) by $889,400, allowing the department to retain $217,500 for DOC employees to supervise and complete the expansion plans with inmate labor.
- Funded an additional probation officer position for $80,000.

Inmate Health Care

- Reduced an increment of $485,300 in PFD Criminal dollars for periodic polygraph testing and treatment of sex offenders on probation by fifty percent.
- Modified and funded a proposed $500,000 General Fund increment to expand substance abuse treatment programs within the institutions, $257,3000 from General Fund and $242,700 from PFD Criminal

Intent Language

The House Finance Budget Subcommittee approved the following Intent Language:

Office of the Commissioner

- Requested the Department of Corrections to define its future facility needs including specific attention to the communities of Bethel, Seward, and Fairbanks and report the findings before February 1, 2010.

Goose Creek Correctional Center

- Requested that no state funds, other than the amount required to reimburse the Mat-Su Borough for debt service costs, be used for capital costs associated with the Goose Creek Correctional Center
- Requested the Department of Corrections to investigate the privatization of the operation and maintenance of the Goose Creek Correctional Center and report the findings before February 1, 2010.

It was an honor and a privilege to chair the House Finance Budget Subcommittee for the Department of Corrections and I thank everyone who was involved with the process. If you wish a copy of the spreadsheet discussed in subcommittee, please contact my legislative aide, Ms. Sheila Peterson, at 465-4936.

Respectfully Submitted,

Representative Mike Kelly, Chair
House Finance Budget Subcommittee

Department of Corrections FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	210,982.0	2,990.5	30,560.0	244,532.5
FY10 Adjusted Base Budget	211,944.0	3,003.4	30,233.0	245,180.4
Governor's FY10 Budget	214,041.4	3,174.4	31,747.6	248,963.4
Governor's FY10 Budget Amendments	0.0	0.0	237.5	
Governor's Amend FY10 Budget Total	214,041.4	3,174.4	31,985.1	249,200.9
Subcommittee Adjustments *	(1,547.2)	12.9	(8.1)	(1,542.4)
Total Subcommittee FY10 Budget Recommendations Total	212,494.2	3,187.3	31,977.0	247,658.5

* As compared to Governor's Amend FY10 Budget Total

Subject to minor conforming adjustments

Department of Corrections
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
Changes to Gov's FY10 Amend			
Administration and Support			
1. Deny FY09 OTI GF request ($180.0) to continue the on-going records imaging; positions are vacant and the request is not as urgent as some	(180.0)		
Population Management			
2. Deny request to replace federal dollars ($12.9) for federal prisoners with General Fund in the Anchorage Correctional Complex	(12.9)	12.9	
3. Deny GF increment ($302.0) that is directed for operating costs as the 80-bed expansion project in the Wildwood Complex is not complete	(302.2)		
4. Reduce the base for Wildwood ($1.115.0) as 80-bed expansion is delayed; fund 3 existing positions ($217.5) with money remaining	(889.4)	(8.1)	
5. Fund one additional probation officer; department is at its current vacancy factor	80.0		
Inmate Health Care			
6. Reduce request for PFD Criminal funds ($485.3) for Sex Offender Prgm by 50 percent; sex offender self-pay needs to be encouraged by DOC		(242.7)	
7. Replace GF $500.0 request with $242.7 with PFD Crim to fund expansion of a substance abuse program with a 7/1/09 start date	(242.7)	242.7	
Reductions to Gov's FY10 Amend	**(1,547.2)**	**4.8**	
Concurrence with Gov's FY10 Amend			
Administration and Support			
8. Grant authority to receive funding from the US Dept of Justice to enhance the department's automated victim notification system		183.9	
Population Management			
9. Fund bed rate increase negotiated for contract prison space in AZ; an increase of $1.23 to $62.86 per prisoner per day	381.1		
10. Allow DOC to receive $250.0 from the Mat-Su Borough bond proceeds to oversee construction of the Goose Creek prison facility		250.0	
11. Accept a fund change from I/A Receipts to General Fund (2.0) to correct unrealizable fund source to help pay salary adjustments	2.0	(2.0)	
12. Increase Community Residential Centers contracts by 43-beds to assist in managing the in-state offender population	719.2		

Department of Corrections
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
Inmate Health Care			
13. Approve one-half increase in PFD Crim ($485.3); current data does not support full increase (See Item 6)		242.6	
14. Approve increase in PFD Crim to add staff to meet the increased offender population with mental health issues		444.8	
15. Approve increase in PFD Crim to establish an institutional sex offender treatment program		200.0	
16. Approve $257.3 of a $500.0 Gen Fund request to fund expansion of a substance abuse program with a 7/1/09 start date (See Item 7)	257.3		
17. Approve MHTAAR funds as OTI to asist Trust beneficiary offenders re-enter the community		210.0	
18. Approve MHTAAR funds as OTI to add mental health clinical staff in Bethel and other identified facilities		164.0	
19. Removal of a $12.5 MHTARR increase; the Trust decreased its financial projections since original budget was approved		0.0	
Concurrence with Gov's FY10 Recs	**1,359.6**	**1,693.3**	

House Finance Budget Subcommittee
FY 10 Alaska Court System

Subcommittee Report FY10 February 27, 2009

The House Finance Budget Subcommittee (HFBS) on the Alaska Court System submits an operating budget for FY10 as follows:

GF $ 87,212.8 Fed Funds $ 1,675.6 Other Funds $ 1,481.3 Total $ 90.369.7

Alaska Court System
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $2,414.3 less general funds and 22 less employees than the FY10 Court System request. The FY10 subcommittee budget requests a total increment from 09 Revised Management Plan of $2,727.0 general funds.

In reviewing the Alaska Court System's FY 10 budget request, the subcommittee worked closely with the court system administration to determine their priorities, as well as to examine the function and necessity of each budget item. The highest priority needs for material support were fully funded as was the highest priority request for an additional Judge and Clerk in South Central Alaska. The request to implement a classification study of magistrate salaries which have not been adjusted since 1995 was approved. Increased funding for the No Dark Courtrooms initiative was approved at the same level of increase as was provided in FY09. The requested creation of numerous permanent full and part-time positions was not approved. A significant savings was also found by removing unnecessary funding for transcript costs for PD and OPA. Funding for a pro tem pay increase was also removed, as pro tem pay is intended to be a stipend.

The full amount of funding requested by the Alaska Commission on Judicial Conduct was approved. The Judicial Council also received full funding of their request and a very small legislatively sponsored increase supporting the Alaska Judicial Observers.

Most significantly, the subcommittee also made a structural change to the budget creating a separate component for the Therapeutic Courts. This adjustment establishes the Therapeutic Courts as a distinct budget allocation under the Alaska Court System. Therapeutic Courts have proven successful and are becoming financially significant meriting segregation from traditional court operations. The subcommittee added intent language requesting that, as much as is practical in the FY 11 budget, therapeutic court funding be transferred from other agencies to this appropriation, rather than continuing the current practice of scattering a multitude of small individual items throughout Health and Social Services, the Department of Law, and the Department of Corrections.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY10 Operating Budget – House Structure

Submitted,

Representative Mike Hawker
House Finance Subcommittee Chairman
Alaska Court System

Court System FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	84,485.8	1,675.6	1,493.8	87,655.2
FY10 Adjusted Base Budget	86,916.5	1,675.6	506.0	89,098.1
Governor's FY10 Budget	89,627.1	1,675.6	1,016.3	92,319.0
Governor's FY10 Budget Amendments	0.0	0.0	(35.0)	(35.0)
Governor's Amend FY10 Budget Total	89,627.1	1,675.6	981.3	92,284.0
Subcommittee Adjustments	(2,414.3)		500.0	(1,914.3)
Total Subcommittee FY10 Budget Recommendations Total	87,212.8	1,675.6	1,481.3	90,369.7

Court System
FY10 Budget Final Recommendations

		Gov's Request		
		GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend				
	Appellate courts			
1	Workstations, Office Equipment and Replacement Furniture - partially fundedGov's request with $50.0	(67.8)	0.0	0
2	Elimination of Vacancy Savings Requirement for Judicial Positions - partially funded with $50.0	(30.4)	0.0	0
	Trial Courts			
3	participants	(500.0)	500.0	0
4	Trial Courts: No Dark Courtrooms - Improve Courtroom Staffing Statewide / partially fund Gov's request with $600,000	(279.1)	0.0	(13)
5	First District Position Changes	(214.0)	0.0	(3)
6	Third District Position Changes	(137.4)	0.0	(1)
7	Fourth District Position Changes	(143.5)	0.0	(1) (1)
8	Public Building Fund & Other Court System Leased Space Increases - (Healy/Nenana Expansion not funded)	(45.0)	0.0	0
9	Pro Tem Pay Increase	(147.4)	0.0	0
10	Staff Development and Sustained Systems' Training	(75.0)	0.0	0
11	Elimination of Vacancy Savings Requirement for Judicial Positions - partially funded with $200.0	(359.0)	0.0	0
12	Transcripts cost for Criminal Proceedings	(125.0)	0.0	0
	Administration and Support			
13	New Positions to Improve Services in Administration	(411.9)	0.0	(5)
	Totals	**(2,535.5)**	**500.0**	**(24.0)**
		Gov's Request		
Additional Subcommittee Recommendations				
1	Utilities and Contract Increases - brings request to full amount of $776.3	51.3		0
2	Establish new Allocation for Therapeutic Courts: Transfer Out $2,027.6 from Trial Courts and Transfer In $2,027.6 to Therapeutic Courts	0.0	0.0	0.0
3	Admin and Support: Increased Software Support Costs - brings request to full need	25.9		0
4	Support for the Alaska Judical Observers added to the Judicial Council	44.0		
	Additional Subcommittee Recommendations	**121.2**	**0.0**	**0.0**
	Total Reductions to Gov's FY10 Amend	**(2,414.3)**	**500.0**	
	Total Reduction All Funds		(1,914.3)	

Court System
FY10 Budget Final Recommendations

		Gov's Request		
		GF Dollars	Other Dollars	Employee Count
Concurrence with Gov's FY10 Amend				
	Appellate courts			
1	Appellate Courts: Partial funding of Workstations, equipment, furniture - partial funding	50.0		
2	Elimination of Vacancy Savings Requirement for Judicial Positions - partial funding	50.0	0.0	0
3	Travel for Fairbanks Based Supreme Court Justice	11.5	0.0	0
4	Judicial Retirement System Savings Due to a Decrease in the Employer Rate from 57.7% to 26.2%	(425.5)	0.0	0
	Trial Courts			
5	MH Trust: Dis Justice - Lease Barrow Therapeutic Court Case Coordinator office space	12.5	0.0	0
6	MH Trust: Dis Justice - Grant 584.05 Adult Guardianship/Mediation Project	147.7	0.0	0
7	MH Trust: Dis Justice - Grant 1936.01 Increased case coordinator capacity for Anchorage Mental Health court	99.4	0.0	0
8	Trial Courts: No Dark Courtrooms - Improve Courtroom Staffing Statewide / partially fund Gov's request with $600,000	600.0	0.0	0
9	Third District Position Changes	299.1	0.0	2
10	Travel and Office Supplies Expense Increases	447.5		
11	Utilities and Contract Increases - note adjustment above to bring request to full amount	725.0	0.0	0
12	Public Building Fund and Other Court System Leased Space Increase partially funded (Tri Valley funded)	223.3	0.0	
13	Juror Mileage Reimbursement Increase	35.0	0.0	0
14	Life-Cycle Replacement of Computer Systems	250.0	0.0	0
15	Trial Courts: Elimination of Vacancy Savings Requirement for Judicial Positions - partial funding	200.0		
16	Magistrate Salary Increase	326.6	0.0	0
17	Judicial Retirement System Savings Due to a Decrease in the Employer Rate from 57.7% to 26.2%	(3,104.4)	0.0	0

Court System
FY10 Budget Final Recommendations

		Gov's Request		
		GF Dollars	Other Dollars	Employee Count
18	MH Trust: Disability Justice - Training for therapeutic court clinical staff		25.0	0
18a	MH Trust- Gov Amd Disability Justice Training for therapeutic court clinical staff reduction		(10.0)	
19	MH Trust: Disability Justice - Grant 567.04 Access to timely neuropsychiatric evaluations		25.0	0
19a	MH Trust - Gov Amd: Disability Justice - Grant 567.04 Access to timely neuropsychiatric evaluations reduction		(20.0)	
20	MH Trust: Disability Justice - Grant 1935.01 Juneau Mental Health court		204.4	0
21a	Accept Gov Amd Title Change: "Grant to 1935.01 Mental Health Court			
22	MH Trust: Disability Justice - Grant 1934.01 Fairbanks Juvenile Therapeutic Court		255.9	0
22a	MH Trust - Gov Amd: Disability Justice - Grant 1934.01 Fairbanks Juvenile Therapeutic Court reduction		(5.0)	
	Administration and Support			
21	Increased Software Support Costs	150.0	0.0	0
	Commission on Judicial Conduct			
22	Fund Personal Services underfunding in salary adjustment]	3.6		
	Judicial Council			
23	Preliminary Judicial Performance Evaluations	8.0		
24	Judicial Selection Expenses	63.6		
25	4th yr Fiscal Note for Additional Judge and Judges Salaries	2.2		
		175.1	475.3	2.0

Alaska State Legislature

Representative Anna Fairclough – House District 17

2/23/2009

Education and Early Development
FY10 House Finance Subcommittee Recommendations

Then House Finance Subcommittee on Education and Early Development submits an operating budget to the full House Finance Committee as follows:

General Funds	$1,108,404.5	(0.1% increase over adjusted base)
Federal Funds	$214,958.5	(0.1% increase over adjusted base)
Other Funds	$35,190.2	(3.9% decrease from adjusted base)

The subcommittee took the following actions:

Budget Action:

1. Adopted the FY10 Adjusted Base.
2. Reviewed each of the increments and decrements submitted by the Governor:
   - Foundation Program – $2,000.0 GF Increment OTI for the Pre-K Pilot Program; $1,363.0 Decrement from Public School Trust Fund
   - Pupil Transportation – No change
   - Boarding Home Grants – $350.0 GF Increment for Boarding Home Residential Program
   - Youth in Detention – No Change
   - Special Schools – $5.3 GF Decrement from Adjustment to Special Education Service Agency Calculation
   - School Performance Incentive Program – $4,800.0 GF Decrement for the removal of the Program
   - Alaska Challenge Youth Academy – $185.2 GF Increment for Funding Increase due to projected Enrollment and a $100 increase to the Base Student Allocation
   - Executive Administration – $600.0 GF Increment for Contract Specialist Services aimed at District/School improvement in Math, Science, Arts, IT, Culture and Social Studies; $224.2 GF Increment for Funding to Implement School Improvement Plans and District Interventions on a Statewide Basis
   - Administrative Services – No Change
   - Information Services – No Change
   - School Finance & Facilities – $24.7 GF Increment for School Bus Contractual Increase; $45.2 GF Increment for School Bus Driver Training Increase; $150.0 GF Increment for Additional Auditors for Intensive Students

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- Student and School Achievements – $138.6 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $250.0 GF Increment for Alaska Comprehensive System of Statewide Assessments Contractual Increase; $150.0 GF/MH Increment for Adding MH Trust Recommendations for Autism Resource Center; $200.0 MHTAAR Increment OTI for Adding MH Trust Recommendations for Autism Resource Center; $150.0 GF/MH Increment for Adding MH Trust Recommendations for Rural Secondary Transition
- Statewide Mentoring Program – No Change
- Teacher Certification – No Change
- Child Nutrition – $17.4 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements
- Early Learning Coordination– $3.2 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $800.0 GF Increment to Increase Head Start Grant Program Funding
- Professional Teaching Practices Commission – $138.6 Fund Source Change from Receipt Supported Services to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $252.1 Fund Source Change from Receipt Supported Services to GF because of Shortage of Funds from the Teacher Certification Fees
- Alaska State Council on the Arts – $7.5 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $56.5 Federal Receipts Increment for Additional Federal Authorization for National Endowment on the Arts Grants
- Mt. Edgecumbe Boarding School – No Change
- State Facilities Maintenance – No Change
- EED State Facilities Rent – $210.6 GF Increment for FY10 DOA Projected Lease Increases
- Library Operations – No Change
- Archives – No Change
- Museum Operations – $1.4 Fund Source Change from Receipt Supported Services to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements
- Program Administration & Operations – $330.0 Federal Receipts Increment for Additional Federal Authority needed to Reflect Revenue and Expenditures for the Challenge Grant Program
- WWAMI Medical Education – $524.7 GF Increment for FY10 WWAMI Contractual Increase

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Wordage as Adopted by Subcommittee:

Appropriation: Teaching and Learning Support
Allocation: Teacher Certification
Conditional Language

The amount allocated for Teacher Certification includes the unexpended and unobligated balance on June 30, 2009, of the Department of Education and Early Development receipts from teacher certification fees under AS 14.20.020(c).

Documents Attached:

1. Appropriation/Allocation Summary – House Structure (Numbers and Language)
2. Appropriation/Allocation Summary GF Only – House Structure (Numbers and Language)
3. Transaction Comparison – House Structure (between Adj. Base and House Finance Subcommittee)
4. Agency Totals – FY10 Operating Budget House Structure
5. Wordage Report – House Structure

Respectfully Submitted,

Anna L. Fairclough

Representative Anna Fairclough, Chair
House Finance Subcommittee for Education and Early Development

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Alaska State Legislature

Representative Anna Fairclough – House District 17

2/27/2009

Education and Early Development
FY10 House Finance Subcommittee Recommendations
Revisions

Legislative Finance Division is directed to make any appropriate conforming or technical changes. After Closeout, it was determined by the Legislative Finance Division that all reports would be run as numbers only. The changes are reflected below.

General Funds	$55,842.2	(12.2% increase over adjusted base)
Federal Funds	$214,958.5	(0.1% increase over adjusted base)
Other Funds	$35,190.2	(3.9% decrease from adjusted base)

As an additional note this represents a Total increase of 1.8% from FY09

Language:

- All Language to be forwarded on to Full Finance Committee for review; this includes the School Performance Incentive Program – $4,800 GF Decrement for the removal of the Program

Documents Attached:

1. Appropriation/Allocation Summary – House Structure (Numbers)
2. Appropriation/Allocation Summary GF Only – House Structure (Numbers)
3. Transaction Comparison – House Structure (between Adj. Base and House Finance Subcommittee)
4. Agency Totals – FY10 Operating Budget House Structure
5. Wordage Report – House Structure

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3616

Department of Education and Early Development FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	49,381.8	214,567.9	36,744.2	300,693.9
FY10 Adjusted Base Budget	49,756.0	214,738.7	36,613.4	301,108.1
Governor's FY10 Budget	55,842.2	214,958.5	35,190.2	305,990.9
Governor's FY10 Budget Amendments				
Governor's Amend FY10 Budget Total	55,842.2	214,958.5	35,190.2	305,990.9
Subcommittee Adjustments				0.0
Total Subcommittee FY10 Budget Recommendations Total	55,842.2	214,958.5	35,190.2	305,990.9

Department of Education and Early Development
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
There were no changes to Gov's FY10 Amend			
Reductions to Gov's FY10 Amend	**0.0**	**0.0**	**0.0**
Additional Subcommittee Recommendations			
There were no additional recommendations			0
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**0.0**	**0.0**	
Total Reduction All Funds		0.0	
Concurrence with Gov's FY10 Amend			
1. Foundation Program - Accept the Pre-K Pilot Program as a one time item	2,000.0	0.0	0
2. Foundation Program - Accept Decrement from Public School Trust Fund	0.0	(1,363.0)	0
3. Boarding Home Grants - Accept Increment for Boarding Home Residential Program	350.0	0.0	0
4. Special Schools - Accept Decrement from Adjustment to Special Education Service Agency Calculation	(5.3)	0.0	0
5. Alaska Challenge Youth Academy – Accept Increment for Funding Increase due to projected Enrollment and a $100 increase to the Base Student Allocation	185.2	0.0	0
6. Executive Administration – Accept Increment for Contract Specialist Services aimed at District/School improvement in Math, Science, Arts, IT, Culture and Social Studies	600.0	0.0	0
7. Executive Administration - Accept Increment for Funding to Implement School Improvement Plans and District Interventions on a Statewide Basis	224.2	0.0	0
8. School Finance & Facilities – Accept Increment for School Bus Contractual Increase	24.7	0.0	0
9. School Finance & Facilities – Accept Increment for School Bus Driver Training Increase	45.2	0.0	0
10. School Finance & Facilities – Accept Increment for Additional Auditors for Intensive Students	150.0	0.0	0
11. Student and School Achievements – Accept Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	138.6	(138.6)	0

Department of Education and Early Development
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
12.	Student and School Achievements – Accept Increment for Alaska Comprehensive System of Statewide Assessments Contractual Increase	250.0	0.0	0
13.	Student and School Achievements – Accept 150.0 GF/MH Increment for Adding MH Trust Recommendations for Autism Resource Center	150.0	0.0	0
14.	Student and School Achievements – Accept $200.0 MHTAAR Increment OTI for Adding MH Trust Recommendations for Autism Resource Center	0.0	200.0	0
15.	Student and School Achievements – Accept $150.0 GF/MH Increment for Adding MH Trust Recommendations for Rural Secondary Transition	150.0	0.0	0
16.	Child Nutrition – Accept Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	17.4	(17.4)	0
17.	Early Learning Coordination – Accept Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	3.2	(3.2)	0
18.	Early Learning Coordination – Accept 800.0 GF Increment to Increase Head Start Grant Program Funding	800.0	0.0	0
19	Professional Teaching Practices Commission – Accept Fund Source Change from Receipt Supported Services to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	6.7	(6.7)	0
20.	Professional Teaching Practices Commission – Accept Fund Source Change from Receipt Supported Services to GF because of Shortage of Funds from the Teacher Certification Fees	252.1	(252.1)	0.0
21.	Alaska State Council on the Arts – $7.5 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	7.5	(7.5)	0
22.	Alaska State Council on the Arts – $56.5 Federal Authorization for National Endowment on the Arts Grant		56.5	0.0
23.	EED State Facilities Rent – Accept Increment for FY10 DOA Projected Lease Increases	210.6	0.0	0
24.	Museum Operations – Accept Fund Source Change from Receipt Supported Services to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	1.4	(1.4)	0.0
25.	Program Administration & Operations – Accept Federal Receipts Increment for Additional Federal Authority needed to Reflect Revenue and Expenditures for the Challenge Grant Program	0.0	330.0	
	WWAMI Medical Education – Accept Increment for FY10 WWAMI Contractual Increase	524.7	0.0	
	Total Concurrence with Govs FY10 Recs	**6,086.2**	**(1,203.4)**	**0.0**

Alaska State Legislature

House Finance Subcommittee
Dept. of Environmental Conservation

Rep. Alan Austerman, Chair
Rep. Nancy Dahlstrom
Rep. Kyle Johansen
Rep. Kurt Olson
Rep. Paul Seaton
Rep. Les Gara
Rep. Pete Peterson

House Finance Committee
Rep. Mike Hawker, Co-chair
Rep. Bill Stoltze, Co-chair
State Capitol
Juneau, Alaska 99801
(907) 465-4949
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MEMORANDUM

DATE: February 27, 2009

TO: Representative Mike Hawker, Co-chair
Representative Bill Stoltze, Co-chair
House Finance Committee

FROM: Representative Alan Austerman, Chair
DEC House Finance Subcommittee

SUBJ: Department of Environmental Conservation FY10 Closeout
Narrative | Summary Excel Notebook | Legislative Finance Reports

The House Finance Budget Subcommittee on the Department of Environmental Conservation submits an operating budget for FY10 as follows:

GF: $19,140.5 Fed Funds: $21,497.6 Other Funds: $33,496.9 TOTAL: $74,135.0

The DEC Subcommittee conducted three hearings regarding the FY10 Governor's Operating Budget Request for the Department of Environmental Conservation. The following actions took place at the closeout meeting of February 23, 2009. A quorum was established at the closeout as Austerman, Dahlstrom, Johansen, Olson, and Seaton were all present. The vote to move this out of subcommittee was 5-0.

Budget Action
The subcommittee accepted the FY10 Governor's Amended Budget except for the following change:

1. >Commissioner's Office deletes 184.0 GF OTI from Climate Impact Work Group
   >Environmental Health/Air Quality adds 184.0 GF into Base for the Climate Change Sub-Cabinet Activity.
   - **Subcommittee accepted the increment of 184.0 GF as a one-time item (OTI)**

Wordage Action
The subcommittee accepted additional Intent under the Water Quality allocation concerning the Ocean Ranger program. See the Wordage Report for the specific language.

Amendment Action
Only one amendment (#1) was offered before the subcommittee. This amendment was to the Food Safety and Sanitation allocation under Environmental Health for an increment of 2,000.0 GF (1004). This amendment failed by a vote of 0-5.

Items of Concern
1. The intent of the amendment above was to provide funding for the department to hire sixteen additional permanent full time food inspectors. The general consensus of the subcommittee was that food safety and sanitary inspections were exceedingly deficient around the state. This not only involves your typical restaurants, grocery stores, coffee shops, etc, but also seafood processors both shoreside and at-sea. While the department seems to be doing a good job in the training and testing of food handlers and managers, the subcommittee was very troubled that safety of the public was at risk because the department was not asking for the funding they needed to accomplish their mission.

2. Crowley Marine Services Inc. is the contractor for the Ocean Ranger program under DEC. This program consists of marine engineers licensed by the U.S. Coast Guard to serve as observers onboard large cruise ships to monitor state and federal requirements for marine discharge and pollution. The contract with Crowley requires an Alaskan hiring preference. In 2008, Crowley employed only one Alaskan as an Ocean Ranger and two other Alaskans as administrative type personnel. There was considerable discussion by the subcommittee regarding the lack of more Ocean Ranger hires from Alaska. We discussed the minimum requirements in subcommittee and received additional information from the department. The level of concern was such that the subcommittee placed intent language into this report instructing DEC to conduct an audit of Crowley pertaining to the contract provisions regarding the hiring preference.

3. There is quite a list of fees currently being charged by the Environmental Health Lab (EHL) under DEC. Fees charged by the EHL are determined by a variety of regulations implemented by other State programs. The subcommittee expressed some concern that milk and cheese testing do not generate a fee to those specific industries. It was noted however, that since cheese production is a new industry in Alaska, no regulations exist yet to regulate that activity at all.

Attached Reports (Numbers Only)
~House Structure~
Agency Totals
Allocation Summary
Allocation Summary – General Funds
Transaction Compare – Between Adj Base and Hse Sub – Differences Only
Transaction Compare – Between Gov Amd and Hse Sub – Differences Only
Wordage Report

Department of Environmental Conservition FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	18,891.4	21,396.8	33,086.8	73,375.0
FY10 Adjusted Base Budget	18,893.1	21,575.9	33,392.6	73,861.6
Governor's FY10 Budget	19,140.5	21,497.6	33,496.9	74,135.0
Governor's FY10 Budget Amendments	0.0	0.0	0.0	0.0
Governor's Amend FY10 Budget Total	19,140.5	21,497.6	33,496.9	74,135.0
Subcommittee Adjustments	0.0	0.0	0.0	0.0
Total Subcommittee FY10 Budget Recommendations Total	19,140.5	21,497.6	33,496.9	74,135.0

Numbers only

Department of Environmental Conservation
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Environmental Health: Air Quality - Cliimage Change Sub-Cabinet Activity funded as OTI - funding reflected below in concurrences.	0.0		0
Reductions to Gov's FY10 Amend	**0.0**	**0.0**	**0.0**
Additional Subcommittee Recommendations			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**0.0**	**0.0**	**0.0**
Total Reduction All Funds		0.0	
Concurrence with Gov's FY10 Amend			
DEC Buildings Maintenance and Operations			
1. Reduce Uncollectable Funding from Food Safety and Sanitiation Program. (I/A Rcpts)		(55.0)	0
Environmental Health			
2. Food Safety & Sanitiation: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts to Rcpt Svcs)		0.0	0
3. Laboratory Services: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts to GF/Prgm)	9.4	(9.4)	0
4. Laboratory Services: Removed Remainin Oil/Hazardouse Resonse Fund	0.0	(0.6)	0
5. Drinking Water: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts to GF)	50.5	(50.5)	0
6. Solid Waste Management: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts to GF)	3.5	(3.5)	
7. Air Quality: Funded Cliimate Change Sub-Cabinent Activity as an OTI	184.0	0.0	
Spill Prevention and Response			
8. Contaminated Sites Program: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts to Oil/Haz Fd)		0.0	
Water			

Department of Environmental Conservation
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
9. Water Quality: Provide oversight of activities associated with increased mining activity. (I/A Rcpts)		145.0	
Total Concurrence with Govs FY10 Recs	**247.4**	**26.0**	**0.0**

REPRESENTATIVE BILL THOMAS
ALASKA STATE LEGISLATURE DISTRICT 5

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House Finance Budget Subcommittee
FY 10 Alaska Department of Fish and Game

Subcommittee Report FY 10 February 27, 2009

GF $57,112.7 Fed $54,962.5 Other $67,010.1 Total $179,085.3

Alaska Department of Fish and Game
House Finance Budget Subcommittee FY 10 Highlights

The Alaska Department of Fish and Game Budget Subcommittee authorizes $1,120.0 less general funds than the Governor's FY 10 amended request and $765.3 less general funds than the FY 09 revised management plan.

The subcommittee was very concerned with the low returns of salmon to the AYK region of the state and approved four increments totaling $190.0 general funds for projects to allow for better management of the region's salmon resource.

The subcommittee approved $708.6 general funds to pay for 'unrealizable' salary fund source changes related to salary adjustments.

Requests for FY 10 program expansions and replacing lost federal funds with general funds were looked at closely. A $190.0 GF increment for a Wildlife Conservation Response Team pilot program was denied. An increment of $930.0 GF to replace lost federal funds for pinniped research was also denied.

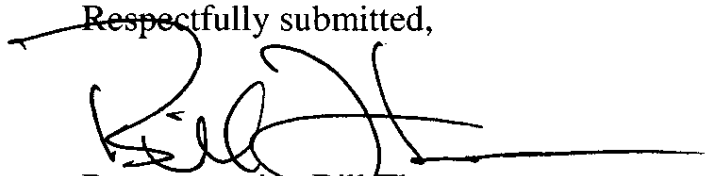
The subcommittee recognizes that many state wildlife refuges have a problem with people illegally abandoning vehicles and dumping trash within their boundaries. As such, the subcommittee recommends that the full finance committee support an amendment to the capital budget to clean-up and make our wildlife refuges safer.

email: Representative.Bill.Thomas@legis.state.ak.us
webpage: www.akrepublicans.org/thomas/

The following Legislative Finance reports are attached:

1. Agency Totals – FY 10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY 10 Operating Budget – House Structure
7. Transaction Comparison (Gov. and House Subcom)

Respectfully submitted,



Representative Bill Thomas
House Finance Subcommittee Chair
Alaska Department of Fish and Game

Alaska Department of Fish and Game FY10 Budget
House Finance Budget Subcommittee Recommendations

Numbers Only

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	57,878.0	54,950.3	66,988.4	179,816.7
FY10 Adjusted Base Budget	56,214.1	55,456.2	67,548.0	179,218.3
Governor's FY10 Budget	58,726.4	54,612.5	66,560.1	179,899.0
Governor's FY10 Budget Amendments	(493.7)	500.0	300.0	306.3
Governor's Amend FY10 Budget Total	58,232.7	55,112.5	66,860.1	180,205.3
Subcommittee Adjustments	(1,120.0)	(150.0)	150.0	(1,120.0)
Total Subcommittee FY10 Budget Recommendations Total	57,112.7	54,962.5	67,010.1	179,085.3

Alaska Department of Fish and Game
FY10 Subcommittee Budget Final Recommendations

Changes to Governor's FY10 Amend	GF	Other	Positions
1. Wildlife Conservation: Wildlife Pilot Program of Urban Response Teams	(190.0)		
2. Wildlife Conservation: Special Projects- Deny increment to backfill the loss of federal funds	(930.0)		
Reductions to Governor's FY10 Amend	**(1,120.0)**	**0**	**0**
Concurrence with Governor's FY10 Amend			
1. Commercial Fisheries: AYK Region Fisheries Management- Replace federal funds for subsistence management projects	80.0		
2. Commercial Fisheries: AYK Region Fisheries Management- Lower Yukon River Cooperative summer drift test fishery	18.9		
3. Commercial Fisheries: AYK Region Fisheries Management- Hooper Bay/Dall Point offshore salmon test fish feasibility study	67.0		
4. Commercial Fisheries: AYK Region Fisheries Management- Pilot Station sonar Fall chum comprehensive sampling	24.1		
5. Commercial Fisheries: Westward Region Fisheries Management- Bering Sea crab research in the Westward Region		500.0	
6. Commercial Fisheries: Commercial Fisheries Special Projects- Increase CIP receipt authority due to increased funding from the Alaska Sustainable Salmon Fund and other projects		600.0	
7. Commercial Fisheries: Commercial Fisheries Special Projects- Reduce I/A and federal receipts to align with anticipated revenue		(380.0)	
8. Sport Fisheries: Reduce federal, SDPR and I/A receipt authorization to align with anticipated revenue		$ (1,301.0)	
9. Wildlife Conservation: Fund source change from F&G funds to federal for game management		0	
10. Wildlife Conservation Special Projects: Fund change from I/A to SDPR for National Fish and Wildlife Foundation Projects		0	
11. Administrative Services: Add I/A receipts from Wildlife Conservation and Sport Fisheries projects		300	
12. Fish and Game Boards Advisory Committees: Increase SDPR for public information requests and CIP authority to cover personal services		21.0	
13. Fish and Game Boards Advisory Committees: Reduce federal authorization to align with anticipated revenues		(210.0)	
14. Habitat: Increase CIP receipts due to funded Pacific Coastal Salmon Recovery Fund projects and increase I/A Oil/Haz receipts for contingency planning		147.0	

Alaska Department of Fish and Game
FY10 Subcommittee Budget Final Recommendations

	GF	Other	Positions
15. Various: Correct unrealizable fund sources in the salary adjustments for the existing bargaining unit agreements	708.6	(708.6)	
Total Concurrence with Governor's FY10 Amended	898.6	-1031.6	0

House Finance Budget Subcommittee
FY 10 Office of the Governor

Subcommittee Report FY10 February 26, 2009

The House Finance Budget Subcommittee (HFBS) on the Office of the Governor submits an operating budget for FY10 as follows:

GF	$ 22,485.0	Fed Funds	$ 187.6	Other Funds	$ 834.5	Total	$ 23, 507.1

Office of the Governor
House Finance Budget Subcommittee FY10 Highlights

The subcommittee chair worked with the administration and agreed to a HFBS budget authorizing $ 400.0 less general funds than the original Governor's FY10 request. The FY10 subcommittee budget requests an aggregate increment from 09 Revised Management Plan of $3,550.7 general funds and authorizes 3 additional temporary positions to establish the Redistricting Planning Committee.

The governor's request fully funds all non-discretionary increments related to wages and other contractual obligations. The only significant new request was for $1 million to establish a planning committee for the Redistricting Planning Commission.

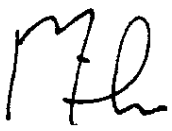
A total of $2,744.8 of FY09 carryforward funds were identified. $876.6 of these funds were removed, at the administration's request, from the FY10 budget. The remaining $1,868.2 were converted to increments in various components within the Office of the Governor.

The Agency wide fuel allocation, previously reported under the Governor's Office has been moved to a separate component within the budget. The Governor will still be responsible for allocating those funds in compliance with other budget language.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)

Submitted,



Representative Mike Hawker
House Finance Subcommittee Chairman – Office of the Governor

Office of the Governor FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	18,934.3	184.9	1,611.3	20,730.5
FY10 Adjusted Base Budget	20,005.3	187.6	964.4	21,157.3
Governor's FY10 Budget	23,751.6	187.6	692.5	24,631.7
Governor's FY10 Budget Amendments	(866.6)	0.0	142.0	(724.6)
Governor's Amend FY10 Budget Total	22,885.0	187.6	834.5	23,907.1
Subcommittee Adjustments	(400.0)	0.0	0.0	(400.0)
Total Subcommittee FY10 Budget Recommendations Total	22,485.0	187.6	834.5	23,507.1

numbers only

Subject to minor conforming adjustments

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Office of the Governor
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Executive Office: FY09 Carryforward / Reduction of Increment	(350.0)		
2. Lt. Gov: FY09 Carryforward / Reduction of Increment	(50.0)		
Reductions to Gov's FY10 Amend	**(400.0)**	**0.0**	**0.0**
Additional Subcommittee Recommendations			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(400.0)**	**0.0**	
Total Reduction All Funds		(400.0)	
Concurrence with Gov's FY10 Amend			
1. Human Rights Commission: FY09 Carryforward	175.0		
2. Statehood Celebration Commission: CIP Rcpt for Commission		(71.9)	
3. Redistricting Planning Commission: Establish Planning Committee	1,000.0		3
4. Executive Office: Eliminate I/A for AEA Energy Coordinator		(200.0)	
5. Executive Office: FY09 Carryforward	1,350.0		
6. Increase Temp Positions for Required Staff Level		0.0	4
7. Governor's House: FY09 Carryforward	100.0		
8. Contingency Fund: FY09 Carryforward	90.0		
9. Lt. Gov: FY09 Carryforward	200.0		
10. Gov's Office State Facilities Rent: FY09 Carryforward	103.3		
11. Gov's Office Leasing: FY09 Carryforward	24.9		
12. Gov's Office Leasing: FY09 Carryforward	60.5		
12a. Gov's Office Leasing - Gov Amd: Delete GF Carryforward and use federal HAVA funds	(60.5)		
13. OMB: FY09 Carryforward	225.0		
14. Elections: FY09 Carryforward	416.1		
14a. Elections- Gov Amd: Delete GF Carryforward and use federal HAVA funds	(416.1)		
15. Executive Office - Gov Amd: Atrout two gasline positions to DNR	(390.0)		(2)
16. Delete two HAVA project positions			(2)
17. Elections - Gov Amd: CIP Rcpts for federal HAVA funds		142.0	
Total Concurrence with Govs FY10 Recs	**2,878.2**	**(129.9)**	**3.0**
Language			
Fund FY2010 Branch-Wide Fuel Increase	24,000.0		
Branch-wide Fuel / Utility cost reduction	(1,000.0)		

House Finance Budget Subcommittee
FY 10 Department of Health and Social Services

Subcommittee Report FY10 February 27, 2009

The House Finance Budget Subcommittee (HFBS) on The Department of Health and Social Services submits an operating budget for FY10 as follows:

GF $ 849,332.2 Fed Funds $1,056,715.9 Other Funds $159,659.6 Total $2,065,707.7

Department of Health and Social Services
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $17,013.3 less general funds and ten fewer employees below the Governor's FY10 Amended request. The FY10 subcommittee budget requests a total **decrement** from FY09 Revised Management Plan of $66,094.2 general funds.

The approach taken by the subcommittee was to first fully fund all grantee rate or inflation increases for programs not receiving rate increases in FY09. Included in this category were prevention grants, family preservation grants, infant learning, child care grants, WIC grants, community health grants and grants to EMS providers.

There were several requests to complete projects or initiatives that began in FY09 or previous years. These types of requests were all approved. Included in this category is finalizing new staff for OCS Front Line Social Workers based on the recent workload study, funding the Fairbanks Detox Facility, funding operation of the new Virology Lab that is expected to open in FY10, and continuing the Alaska Heating Assistance program in FY10 at $5 million and key investments in Autism services.

Requested funding to replace lost federal funds that are no longer available is approved at requested levels for Therapeutic Courts, Child Advocacy Centers, and Birth Defects and Cancer Registries in Public Health.

Requests for programs that received substantial funding in FY09 were reviewed and in most cases either half or two-thirds of the request was approved. These included grant increases for mentally ill and substance abuse services, Subsidized Adoption and Guardianships, second year rate increases for Medicaid dental services, Infant Learning grants and Child Care subsidies.

Requests for the Bring the Kids Home initiative in Behavioral Health were reviewed and approved to keep the momentum going for this important initiative that has reduced Medicaid costs.

The department's requests for expected growth in the Medicaid program were reviewed and approved at requested levels. In the last two years growth in the Medicaid program has slowed, so constant monitoring of spending levels will be critical to assure the appropriate amount of state general funds is authorized for the program.

Requests to enhance or continue staffing at the Pioneer Homes (funded with program receipts), Juvenile Justice (mental health clinicians and probation services), and Senior and Disability Services (eligibility assessments), were approved at requested levels. It was determined that without these increases critical activity would be diminished.

Requests for new initiatives were reviewed carefully; the requests for a new Behavioral Health pilot program for Corrections, year one of front line staffing increases at Juvenile Youth Facilities, the Alaska Health Care Commission created by Administrative Order, and the Governor's Live Well Alaska health initiative were not funded However, a new initiative for Reversing Alaska's Childhood Obesity Trend was approved.

All Governor Budget Amendments were approved including increasing federal funding for Medicaid from the Economic Stimulus bill. The Medicaid Federal Matching Percentage (FMAP) was increased by 6.2 percent for FY10 resulting in a general fund decrease of $73.5 million. Also included in the amendments was a reduction of $5.1 million general fund from continuing to use Temporary Assistance for Needy Families (TANF) funding in the Office of Children's Services. The Governor's original budget had replaced the TANF funding with general fund, but it was reversed by the subcommittee and through the amendment process.

Several amendments were added in the subcommittee process for important initiatives not included in the Governors Amended Budget. They included funding the operation of Volunteers of America's ARCH residential treatment center, Senior Community Based Grants to prevent reductions in service from the implementation of a new funding formula, and travel for the Office of Children's Services Citizen Review Panel.

The subcommittee reduced funding in a few key areas, including reducing Medicaid general funds to match new information on current trends at a middle level forecast and reducing the Senior Benefits Program to match new projections.

The final House Finance Budget Subcommittee recommendation funds the majority of the Governor's amended request for FY10. Since this department is so large, it is important for the legislature to critically analyze requests for new funding to assure the public that these investments are achieving the desired results.

The following Subcommittee reports are attached:

1. FY10 Budget Subcommittee recommendations
2. FY10 Final Recommendations

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
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3. Appropriation/Allocation Summary (all funds) – House Structure
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7. Transaction Comparison (Gov. and House Subcom)

Submitted,

Representative Reggie Joule
House Finance Subcommittee Chairman
Department of Health and Social Services

Department of Health and Social Services FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	915,426.4	1,008,215.0	171,864.8	2,095,506.2
FY10 Adjusted Base Budget	902,263.0	1,003,481.0	164,678.5	2,070,422.5
Governor's FY10 Budget	950,020.4	987,422.6	163,893.6	2,101,336.6
Governor's FY10 Budget Amendments	(83,674.9)	70,229.5	(4,309.0)	(17,754.4)
Governor's Amend FY10 Budget Total	866,345.5	1,057,652.1	159,584.6	2,083,582.2
Subcommittee Adjustments	(17,013.3)	(936.2)	75.0	(17,874.5)
Total Subcommittee FY10 Budget Recommendations Total	849,332.2	1,056,715.9	159,659.6	2,065,707.7

Subject to minor conforming adjustments

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Department of Health and Social Services
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Reduce GF/MH in Behavioral Health Grants increment request of $1.75 million; Received substantial increase in FY09; leaves $1.0 million	(750.0)		0
2. Reduce GF/MH in Substance Abuse increment request of $1.75 million; Received substantial increase in FY09; leaves $1.0 million	(750.0)		0
3. Delete increase proposed for Bring the Kids Home Technical Assistance	(100.0)		0
4. Delete increase proposed for new Behavioral Health pilot program in Dept of Corrections; not the time to initiate new programs	(500.0)		0
5. Reverse proposed GF increase in OCS, Front Line Social Workers and Family Preservation from TANF transfer to Social Services Block Grant*	****		0
6. Reduce proposed GF increase for Subsidized Adoption and Guardianship by one-half; increase tied to Foster Care rate increase in FY09.	(703.5)	(436.2)	0
7. Reduce GF by 1/3 in proposed 20% increase to Infant Learning Grants; Leaves $1.5 million or 15% increase which is closer to other grant increases	(500.0)		0
8. Decrement proposed increase for Infant Learning System grants	(100.0)		0
9. Decrement GF request for Infant Learning Coordinator; leave MHTAAR funds for same purpose.	(100.0)		0
10. Reduce proposed Year 2 rate increase for non-tribal dentists by one-half; Wait to see impact of FY09 increase	(500.0)	(500.0)	0
11. Decrement GF increase for McLaughlin Youth Center; Year one of six for enhancing Front Line staffing	(150.1)		(2)
12. Decrement GF increase for Fairbanks Youth Center; Year one of three for enhancing Front Line staffing	(264.2)		(3)
13. Decrement GF increase for Bethel Youth Center; Year one of two for enhancing Front Line staffing	(98.7)		(1)
14. Decrement GF increase for Johnson Center; Year one of three for enhancing Front Line staffing	(75.2)		(1)
15. Reduce proposed increase for Child Care rate increase by one-half; Proposed increase to pay 75th percent of market, reduce to 63% of market. Received increase in FY09 to 50th percentile.	(1,500.0)		0

Department of Health and Social Services
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
16. Decrement GF request for Alaska Health Care Commission created by Administrative Order	(500.0)		(1)
17. Decrement GF request for Governors Initiative-Live Well Alaska	(498.4)		(2)
18. Reduce GF request for opening new Alaska Virology Lab to minimum amount	(100.0)		0
19. Reduce GF request in Governor's Council for Early Intervention/Infant Learning Workforce program	(200.0)		0
Reductions to Gov's FY10 Amend	**(7,390.1)**	**(936.2)**	**(10.0)**

***Duplicates Governor's Budget Amendment**

Additional Subcommittee Recommendations

1. Decrement GF in Behavioral Health Medicaid to current FY09 trends, equivalent to a Mid-Level forecast	(3,200.0)	0.0	0
2. ADD GF Funding for the operating costs of Volunteers of America's ARCH residential treatment center for individuals with severe emotional disturbances and substance abuse disorders	181.0		0
3. Add funding to maintain services for mental health substance abuse individuals in Palmer Mental Health Court	75.0	75.0	
4. Increase Funding for Citizens Review Panel travel in OCS Front Line Social Workers	15.0		0
5. Project ACCESS: Increase access to health care for low-income uninsured Alaskans using volunteer network of providers	250.0		
6. Reduce GF for the amount paid in Abortions in Medicaid for those not qualifying for federal Medicaid payment in 2008	(418.2)		0
7. Decrement GF in Senior Benefits program to match new projection for FY10	(235.9)		0
8. ADD GF funding for Senior Community Grants to prevent reduction in service from new distribution formula	609.9		0
9. Decrement GF in Senior and Disability Medicaid to current FY09 trends, equivalent to a Mid-Level forecast	(6,900.0)		0
Additional Subcommittee Recommendations	**(9,623.2)**	**75.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(17,013.3)**	**(861.2)**	**(10.0)**
Total Reduction All Funds		(17,874.5)	

3638

Department of Health and Social Services
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Concurrence with Gov's FY10 Amend			
1. Adjust Authorization to Reflect Current Medicaid Trends	(4,300.0)	(4,300.0)	0
2. Fund Change for Behavioral Health Medicaid FMAP from Economic Stimulus-up 6.2%	(10,399.9)	10,399.9	0
3. Decrement to Mental Health Trust Recommendations-Detox and Treatment capacity as alternatives to protective custody holds		(30.0)	0
4. Increase to Mental Health Trust Recommendations-Office of Integrated Housing		15.0	0
5. Decrement to Mental Health Trust recommendations Clinical position with Integrated Houseing Office		(75.0)	0
6. Decrement to Mental Health Trust recommendations-BTKH Transitional Aged Youth		(100.0)	0
7. Fund Change for Children's Services Medicaid FMAP from Economic Stimulus-up 6.2%	(613.7)	613.7	0
8. Fund Change-Reverse Governor's Request TANF/SSBG Transfers in Front Line Social Workers	(4,200.0)	4,200.0	0
9. Fund Change-Reverse Governor's Request TANF/SSBG Transfers in Family Preservation	(900.0)	900.0	0
10. Fund Change for Foster Care Base Rate due to FMAP change up 6.2%	(243.6)	243.6	0
11. Fund Change for Subsidized Adoptions & Guardianships due to FMAP change up 6.2%	(780.0)	780.0	0
12. Increase for Adult Preventive Dental Program from Reauthorization of Program in FY10	448.7	705.9	0
13. Fund Change for Adult Preventive Dental FMAP from Economic Stimulus-up 6.2%	(521.0)	521.0	0
14. Decrement Public Health Nursing RSA and Medicaid Claim reduced	(2,000.0)	(2,000.0)	0
15. Fund Change for Health Care Services Medicaid FMAP from Economic Stimulus-up 6.2%	(34,724.2)	34,724.2	0
16. Accept Transfer of Senior Community Based Grants to Health Planning and Infrastructure 350.0GF	0.0	0.0	0
17. Accept Transfer from Community Health Grant component of Grant funds to Nursing and EMS components--1683.8	0.0	0.0	0

Department of Health and Social Services
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
18. Accept Transfer to Nursing of Nursing Grants from Community Health component-1192.7	0.0	0.0	0
19. Fund Change in Nursing from Nursing RSA and Medicaid Claim	4,000.0	(4,000.0)	0
20. Accept Transfer to EMS of EMS grants from Community Health Component-491.1	0.0	0.0	0
21. Decrement Authorization in Senior/Disabilities Medicaid to reflect current Trend	(3,000.0)	(3,000.0)	0
22. Fund Change for Health Care Services Medicaid FMAP from Economic Stimulus-up 6.2%	(27,241.2)	27,241.2	0.0
23. Decrement to Mental Health Trust Recommendations-Rural Long Term Care Development		(65.0)	0.0
24. Increment to Mental Health Trust Recommendations-Traumatic Brain Injury Service Coordination		150.0	0
25. Accept Transfer from Senior Community Based Grants to health Planning & Infrastructure--350.0GF	0.0	0.0	0
26. Decrement to Mental Health Trust Recommendations-Governor's Council Marketing strategies for beneficiary area service careers		(165.0)	0
27 Decrement to Mental Health Trust Recommendations-Governor's Council "Grow your own" recruitment strategy for youth		(39.0)	0
28 Fund Change in Administrative Support Services from Nursing RSA and Medicaid Claim	800.0	(800.0)	0
Total Concurrence with Govs FY10 Recs	**(83,674.9)**	**65,920.5**	**0.0**

2/26/09

Alaska State Legislature

Representative Anna Fairclough – House District 17

Labor & Workforce Development
FY10 House Finance Subcommittee Recommendations

The House Finance Subcommittee on Labor & Workforce Development submits an operating budget to the full House Finance Committee as follows:

General Funds	$3,304.2	(12.7% increase over adjusted base)
Federal Funds	$ 783.8	(0.9% increase over adjusted base)
Other Funds	$2,828.4	(4.9% increase over adjusted base)

The subcommittee took the following actions:

Budget Action:

1. Adopted the FY10 Adjusted Base
2. Reviewed each of the increments and decrements submitted by the Governor:
   - Commissioner's Office – No Change
   - Alaska Labor Relations Agency – No Change
   - Management Services – No Change
   - Human Resources – No Change
   - Leasing – No Change
   - Data Processing – $93.2 Fund Source Change from Federal Receipts and Interagency Receipt to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements
   - Labor Market Information – Recommend House Finance to look at adopting Sec. 16.(2) in Language Section which adds a $145.0 GF Increment for Gasline Training Program Guide and Regional Economic Analysis; $57.3 Fund Source Change from Federal Receipts and Interagency Receipt to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements
   - **Workers' Compensation – $108 Worker Safety Account Increment for Increased Leased Space Cost (FY10 Gov Am)**
   - Workers' Compensation Appeals Commission – No Change
   - Workers' Compensation Benefits Guaranty Fund – $30.0 Workers' Compensation Benefits Guaranty Fund Increment to Add Authorization for Contractual Legal Support Services
   - Second Injury Fund – No Changes
   - Fishermens Fund – $14.0 Fish Fund Decrement to Decrease Expenditure Authorization to Align with Staffing Plan

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Representative_Anna_Fairclough@legis.state.ak.us

- Wage and Hour Administration – No Change
- Mechanical Inspection – $5.0 Fund Source Change from Building Safety to Interagency Receipt to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $294.5 Fund Source Change from Building Safety to Interagency Receipt for Inspections Associated with Worker's Safety; $15.0 Inter-Agency Receipts Increment to Align with Receipts
- Occupational Safety and Health – $294.5 Worker's Safety Account Increment to Support Mechanical Inspections Associated with Worker's Safety Account. $21.6 Fund Source Change from Federal Receipts to Workers' Safety to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $10.2 Fund Source Change from GF to Workers' Safety because Workers' Safety Account revenue is sufficient to fund the Program
- Alaska Safety Advisory Council – No Change
- Employment and Training Service – $400.0 Decrement to Delete Federal Reed Act Authorization as the Fund Source is Fully Expended; **$1,400.0 Interagency Receipt Increment to Increase Authorization to Align with Anticipated Receipts (FY10 Gov Am)**
- **Unemployment Insurance – $964.2 GF Decrement Due to Additional Federal Authorization no GF is required; $1886.6 Federal Receipts Increment Due to Additional Federal Authorization (FY10 Gov Am) Which results in a Net Federal funds Increment of $922.4.**
- Adult Basic Education – No Change
- Workforce Investment Board – Recommend House Finance to look at adopting Sec. 16.(2) in Language Section which adds a $130.0 GF Increment for Gasline Related Activities for Workforce Development
- Business Services – Recommend House Finance to look at adopting Sec. 16.(2) in Language Section which adds a $585.0 GF Increment for Gasline Related Activity for Apprenticeships and Regional Training Centers; $575.1 STEP Increment for Authorization to Provide Additional Training Opportunities to Alaskans; $128.5 VoTech Ed Increment for Support Administration and Performance Monitoring
- Kotzebue Technical Center Operations Grant – No Change
- Southwest Alaska Vocational and Education Center Operations Grant – $195.0 Increment for Southwest Alaska Vocational and Education Center Operations
- Yuut Elitnaurviat, Inc. People's Learning Center Operations Grant – No Change
- Northwest Alaska Career and Technical Center – No Change
- Delta Career Advancement Center – No Change
- New Frontier Vocational Technical Center – No Change
- *Construction Academy Training – $3,500.0 GF One-Time Increment for Construction Academy Training and Retain as a Separate Appropriation.*
- Vocational Rehabilitation Administration – No Change

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- Client Services – $158.1 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $130.0 GF Increment for Match Funding Due to Lease Cost Increase; $30.0 Interagency Receipt Increment from Dept. of Education and Early Development for Transition Services Funding
- Independent Living Rehabilitation – No Change
- Disability Determination – No Change
- Special Projects – No Change
- Assistive Technology – No Change
- Americans with Disabilities Act – No Change
- **Alaska Vocational Technical Center – $300 Stat Desig Increment Adds Statutory Designated Program Receipt Authorization to Accept Donations from Taxpayers for Tax Credits (FY10 Gov Am)**
- AVTEC Facilities Maintenance – No Change

Wordage:

Appropriation: Commissioner and Administrative Services
Allocation: Management Services
Conditional Language

The amount allocated for Management Services includes the unexpended and unobligated balance on June 30, 2009, of receipts from all prior fiscal years collected under the Department of Labor and Workforce Development's federal indirect cost plan for expenditures incurred by the Department of Labor and Workforce Development.

Appropriation: Workers' Compensation and Safety
Allocation: Alaska Safety Advisory Council
Conditional Language

The amount allocated for the Alaska Safety Advisory Council includes the unexpended and unobligated balance on June 30, 2009, of the Department of Labor and Workforce Development, Alaska Safety Advisory Council receipts under AS 18.60.840.

Appropriation: Vocational Rehabilitation
Allocation: Vocational Rehabilitation Administration
Conditional Language

The amount allocated for Vocational Rehabilitation Administration includes the unexpended and unobligated balance on June 30, 2009, of receipts from all prior fiscal years collected under the Department of Labor and Workforce Development's federal indirect cost plan for expenditures incurred by the Department of Labor and Workforce Development.

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Wordage Continue:

Allocation: Americans With Disabilities Act (ADA)

Conditional Language

The amount allocated for the Americans with Disabilities Act includes the unexpended and unobligated balance on June 30, 2009, of inter-agency receipts collected by the Department

Language:

- All Language to be forwarded on to Full Finance Committee for review; this includes Labor Market Information – Sec. 16.(2) in Language Section which adds a $145.0 GF Increment for Gasline Training Program Guide and Regional Economic Analysis; Workforce Investment Board – Sec. 16.(2) in Language Section which adds a $130.0 GF Increment for Gasline Related Activities for Workforce Development; Business Services – Sec. 16.(2) in Language Section which adds a $585.0 GF Increment for Gasline Related Activity for Apprenticeships and Regional Training Centers;

Documents Attached:

1. Agency Totals – FY10 Operating Budget House Structure
2. Appropriation/Allocation Summary Totals – House Structure (Numbers)
3. Appropriation/Allocation Summary GF Only – House Structure (Numbers)
4. Transaction Comparison – House Structure (between Adj. Base and House Finance Subcommittee)
5. Transaction Comparison – House Structure (between Governor Amended and House Finance Subcommittee)
6. Wordage Report - House Structure

Respectfully Submitted,

Anna L. Fairclough

Representative Anna Fairclough, Chair
House Finance Subcommittee for Labor & Workforce Development

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Representative_Anna_Fairclough@legis.state.ak.us

Department of Labor and Workforce Development FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	29,822.8	85,866.2	56,832.4	172,521.4
FY10 Adjusted Base Budget	25,992.6	86,854.4	57,412.1	170,259.1
Governor's FY10 Budget	30,141.0	85,751.6	58,432.5	174,325.1
Governor's FY10 Budget Amendments	(964.2)	1,886.6	1,808.0	2,730.4
Governor's Amend FY10 Budget Total	29,176.8	87,638.2	60,240.5	177,055.5
Subcommittee Adjustments	(25.0)		0.0	(25.0)
Total Subcommittee FY10 Budget Recommendations Total	29,151.8	87,638.2	60,240.5	177,030.5

Department of Labor and Workforce Development
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
Rejected $25.0 GF Increment to Replace nonrecurring costs Personal Information & Consumer Credit (HB65) to match Governor's request as this was an OTI in FY09 that was no longer needed in FY10	(25.0)		
Reductions to Gov's FY10 Amend	**(25.0)**	**0.0**	**0.0**
Additional Subcommittee Recommendations			
Construction Academy Training – Accepts a $3,500.0 GF Increment (noted below) and Changes it to a OTI and Retain as a Separate Appropriation.			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(25.0)**	**0.0**	
Total Reduction All Funds		(25.0)	
Concurrence with Gov's FY10 Amend			
1 Construction Academy Training – Accepts a $3,500.0 GF Increment, Changes it to a OTI and Retain as a Separate Appropriation.	3,500.0		0
2 Data Processing – Accepts a $93.2 Fund Source Change from Federal Receipts and Interagency Receipt to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	93.2	(93.2)	
3 Labor Market Information – Accepts a $57.3 Fund Source Change from Federal Receipts and Interagency Receipt to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	57.3	(57.3)	
4 Workers' Compensation – Accepts a $108.0 Worker Safety Account Increment for Increased Leased Space Cost (FY10 Gov Am)		108.0	
5 Workers' Compensation Benefits Guaranty Fund – Accept a $30.0 Workers' Compensation Benefits Guaranty Fund Increment to Add Authorization for Contractual Legal Support Services		30.0	
6 Fishermens Fund – Accepts a $14.0 Fish Fund Decrement to Decrease Expenditure Authorization to Align with Staffing Plan		(14.0)	
7 Mechanical Inspection – Accepts a $5.0 Fund Source Change from Building Safety to Interagency Receipt to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements;		0.0	
8 Mechanical Inspection – Accepts a $294.5 Fund Source Change from Building Safety to Interagency Receipt for Inspections Associated with Worker's Safety		0.0	
9 Mechanical Inspection – Accepts a $15.0 Inter-Agency Receipts Increment to Align with Receipts		15.0	
10 Occupational Safety and Health – Accepts a $294.5 Worker's Safety Account Increment to Support Mechanical Inspections Associated with Worker's Safety Account		294.5	

Department of Labor and Workforce Development
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
11	Occupational Safety and Health – Accepts a $21.6 Fund Source Change from Federal Receipts to Workers' Safety to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements		0.0	
12	Occupational Safety and Health – Accepts a $10.2 Fund Source Change from GF to Workers' Safety because Workers' Safety Account revenue is sufficient to fund the Program	(10.2)	10.2	
13	Employment and Training Service – Accepts a $400.0 Decrement to Delete Federal Reed Act Authorization as the Fund Source is Fully Expended		(400.0)	
14	Employment and Training Service – Accepts a $1,400.0 Interagency Receipt Increment to Increase Authorization to Align with Anticipated Receipts (FY10 Gov Am)		1,400.0	
15	Unemployment Insurance – Accepts a $964.2 GF Decrement Due to Additional Federal Authorization no GF is required & Accepts a $1,886.6 Federal Receipts Increment Due to Additional Federal Authorization (FY10 Gov Am)	(964.2)	1,886.6	
16	Unemployment Insurance - Accepts decrease of Federal Rcpts to align with anticipated rcpts		(443.1)	
17	Business Services – Accepts a $575.1 STEP Increment for Authorization to Provide Additional Training Opportunities to Alaskans		575.1	
18	Business Services – Accepts a $128.5 VoTech Ed Increment for Support Administration and Performance Monitoring		128.5	
19	Southwest Alaska Vocational and Education Center Operations Grant – $195.0 GF Increment for Southwest Alaska Vocational and Education Center Operations	195.0		
20	Client Services – Accepts a $158.1 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	158.1	(158.1)	
21	Client Services – Accepts a $130.0 GF Increment for Match Funding Due to Lease Cost Increase	130.0		
22	Client Services – Accepts a $30.0 Interagency Receipt Increment from Dept. of Education and Early Development for Transition Services Funding		30.0	
23	Alaska Vocational Technical Center – Accepts a $300 Stat Desig Increment Adds Statutory Designated Program Receipt Authorization to Accept Donations from Taxpayers for Tax Credits (FY10 Gov Am)	300.0		
	Total Concurrence with Govs FY10 Recs	**3,459.2**	**3,312.2**	

ALASKA STATE LEGISLATURE

Co-Chair:
House Finance Committee

Chair:
House Finance Subcommittees for;
Department of Public Safety
Department of Law

Session:
Alaska State Capitol, Rm 515
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

District:
600 E. Railroad Ave.
Wasilla, AK 99654

BILL STOLTZE
STATE REPRESENTATIVE
Representative_Bill_Stoltze@legis.state.ak.us

MEMORANDUM

To: Mike Hawker
House Finance Co-Chair

From: Bill Stoltze
Chair – Law Budget Subcommittee

Representatives Gruenberg, Harris, Holmes, Keller,
Muñoz & Seaton, Law Subcommittee Members

Date: 2/28/09

Re: Law Budget Close Out

House Finance Budget Subcommittee
FY 10 Department of Law

The House Finance Budget Subcommittee (HFBS) on The Department of Law (DOL) submits an operating budget for FY10 as follows:

General Funds	$ 46,299.9
Federal Funds	$ 3,233.7
Other Funds	$ 25,193.1
Total	$ 74,726.7

The HFBS budget authorizes $10,525.5 less general funds than the Governor's FY10 DOL request. The FY10 subcommittee budget requests a total decrement from the 09 Revised Management Plan of $5,039.4 general funds.

Department of Law
House Finance Budget Subcommittee FY10 Highlights

INTRODUCTION

In determining the appropriation levels for FY10, the Department of Law Subcommittee utilized the FY10 adjusted base. The basic approach of the subcommittee revolved around the preservation of the budget base while maintaining the ability of the department to continue beneficial litigation for the State of Alaska.

ISSUES

In FY10, the Department of Law anticipated various issues that would require various funding increases. These issues include lease cost increases and funding lapses; training and position costs; and one-time incremental items. All transactions were approved, with the exception of the request from the Environmental Law section. It was the determination of the subcommittee that the amount requested could be made up within the flexibility of the Civil Division and re-allocated if necessary.

OTHER ISSUES

Three items were removed from the proposed budget and are recommended to be moved to the language section so as to not affect the adjusted base going forward. The three allocations were for BP Corrosion litigation, which is anticipated to be filed in FY10, and two Oil, Gas and Mining issues, which are Oil and Non-Gas Pipeline Matters and Trans Alaska Pipeline System Strategic Reconfiguration. These items comprised of the bulk of the funding increase in the Governor's Budget. It is the recommendation of the subcommittee that these items should be approved and the amount of funding should be determined by the co-chairs.

RECOMMENDATIONS

The subcommittee recommends that all items be approved, with the exception of the fund change for the Environmental Law section. Also, the subcommittee further recommends that the proposed Oil, Gas and Mining and BP Corrosion appropriations be moved to the language section and funding amounts should be determined by the co-chairs.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY10 Operating Budget – House Structure

If you have any questions, please contact John Coan in my office at 2812.

Submitted,

Bill Stoltze
House Finance Subcommittee Chairman
Department of Law

Department of Law FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	51,339.3	3,130.8	24,053.3	78,523.4
FY10 Adjusted Base Budget	45,021.1	3,233.7	24,715.0	72,969.8
Governor's FY10 Budget	50,924.3	3,233.7	25,064.4	79,222.4
Governor's FY10 Budget Amendments	5,901.1	0.0	112.4	6,013.5
Governor's Amend FY10 Budget Total	56,825.4	3,233.7	25,176.8	85,235.9
Subcommittee Adjustments	(10,525.5)	0.0	16.3	(10,509.2)
Total Subcommittee FY10 Budget Recommendations Total	46,299.9	3,233.7	25,193.1	74,726.7

Subject to minor conforming adjustments

Department of Law
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Move BP Corrossion funding to the language section.	(3,500.0)	0.0	0
2. Deny fund change of $16.3 from Inter-Agency/Oil & Hazardous Waste to General Fund to correct unrealizable fund souces in the salary adjustment for the existing bargaining unit agreements.	(16.3)	16.3	0
3. Move Oil, Gas and Mining - Oil and Non-Gas Pipeline Matters Including Pt. Thomson Litigation, FERC on TAPS Tariffs to the language section.	(5,109.2)	0.0	0
4. Move Oil, Gas and Mining - Trans Alaska Pipeline System (TAPS) Reconfiguration to the language section.	(1,900.0)	0.0	0
Reductions to Gov's FY10 Amend	**(10,525.5)**	**16.3**	**0.0**
Additional Subcommittee Recommendations			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(10,525.5)**	**16.3**	**0.0**
Total Reduction All Funds		(10,509.2)	
Concurrence with Gov's FY10 Amend			
1. Accept Third Judicial District lease cost increases.	292.4	0.0	0
2. Accept MHTAAR for Deliver Training for Prosecutors.	0.0	12.5	0
3. Accept Deputy Attorney General's Office lease cost increases.	199.4	199.4	0
4. Accept OTI Tobacco Education Cessation Fund for Master Settlement Agreement (MSA) arbitration.	0.0	163.0	0
5. Accept replacement Statehood Defense lapsing funds.	187.0	0.0	0
6. Accept increase to Statehood Defense for ESA litigation.	600.0	0.0	0
7. Accept Administrative Services CIP receipts for a micro/network specialist.	0.0	101.2	0
Total Concurrence with Govs FY10 Recs	**1,278.8**	**476.1**	**0.0**

House Finance Budget Subcommittee
FY 10 Alaska Legislature

Subcommittee Report FY10 February 26, 2009

The House Finance Budget Subcommittee (HFBS) on the Alaska Legislature submits an operating budget for FY10 as follows:

GF	$ 64,962.7	Fed Funds	$ 0.0	Other Funds	$ 1,107.3	Total	$ 66,070.0

Alaska Legislature
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $ 980.5 less general funds than the Alaska Legislature request submitted in the Governor's FY10 Operating Budget. The FY10 subcommittee budget requests a total increment from 09 Revised Management Plan of $ 714.2 general funds.

The final budget requests prepared by Legislative Audit for the Legislative Budget and Audit Committee and by Legislative Affairs for the Legislative Council were approved as submitted. Those requests included non-discretionary adjustments for wages and other contractual obligations. Approximately $2.3 million in one time project appropriations that were included in the FY09 budget were removed from the FY10 requests. The legislative operating budget includes adequate funding for multiple special sessions that have become routine in recent years.

The FY10 request was increased by the amount estimated to implement the legislative pay adjustment in January 2010. This increase automatically takes effect unless rejected by the legislature. Accordingly, in the absence of formal action being taken by the legislature, the budget presumes the status quo, that is, that the pay increase will take effect. If the legislature rejects the pay increase, a corresponding adjustment will be made to the budget at that time.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)

Submitted,

Representative Mike Hawker
House Finance Subcommittee Chairman
Alaska Legislature

Alaska Legislature FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	64,248.5	0.0	963.6	65,212.1
FY10 Adjusted Base Budget	65,621.9	0.0	963.6	66,585.5
Governor's FY10 Budget	65,943.2	0.0	1,142.3	67,085.5
Governor's FY10 Budget Amendments	0.0	0.0	0.0	0.0
Governor's Amend FY10 Budget Total	65,943.2	0.0	1,142.3	67,085.5
Subcommittee Adjustments	(980.5)		(35.0)	(1,015.5)
Total Subcommittee FY10 Budget Recommendations Total	64,962.7	0.0	1,107.3	66,070.0

Subject to minor conforming adjustments

3/2/2009 7:38 AM

Alaska Legislature
FY10 Budget Final Recommendations

Changes to Gov's FY10 Amend	GF Dollars	Other Dollars	Employee Count
Budget and Audit Committee			
State Faciliites Rent			
Increase in Lease Costs	21.9		0
Legislative Council			
Salaries and Allowances			
Salary & Benefits - six months at new rate	1,013.6		
Dept. of Defense revision of session per diem rates	95.2		
Reduce anticipated average interim per diem claims	(180.0)		
Administrative Services			
Merit Increases	66.2		
Utilities Increases	120.0		
Lease CPI for LIO's	57.5		
Increase in Interagency Svcs	19.9		
Add GF to replace anticipated reduction in receipts for teleconference and print shop	12.0	(12.0)	
Session Expenses			
Add GF to replace anticipated reduction in rcpts for subscriptions and AK Statutes	23.0	(23.0)	
Council and Subcommittees			
Conf on Economic Impacts of ESA Listings - lapse	(2,000.0)		
Legislative Outdoor Heritage Caucus - lapse	(100.0)		
Carryforward from CSG West - lapse	(192.5)		
Increase to Legislative Council chair for casual labor	100.0		
Remove funding associated with CSG- West Annual Meeting	(100.0)		
Legal and Research Services			
Cost of Merit Increases	31.9		
Select Committee on Ethics			
Cost of Merit Increases	3.1		
Office of Victims Rights			
Cost of Merit Increases	19.3		
Lease Costs	6.1		

Alaska Legislature
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Ombudsman			
Ombudsman: Increase in lease, equipment and services	2.3		
Total Subcommittee Reductions to Gov FY10 Amd	**(980.5)**	**(35.0)**	**0.0**
Concurrence with Gov's FY10 Amend			
Legislative Council			
Office of Victims Rights: Fund Change GF to PFD Crim	(178.7)	178.7	
Legislative Operating Budget			
Additional interim costs	500.0	0.0	
	321.3	178.7	

House Finance Budget Subcommittee
FY 10 Department of Military and Veterans' Affairs

Subcommittee Report FY10 February 19, 2009

The House Finance Budget Subcommittee (HFBS) on The Department of Military and Veterans Affairs submits an operating budget for FY10 as follows:

GF $ 11,276.9 Fed Funds $ 22,235.3 Other Funds $ 13,017.9 Total $ 46,530.1

Department of Military and Veterans Affairs
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $0 less general funds and 0 less employees than the Governor's FY10 Department of Military and Veterans Affairs request. The FY10 subcommittee budget requests a total decrement from 09 Revised Management Plan of $51.5 general funds.

Personnel

There is no change in the number of Department personnel: 283 Perm Full Time, 2 Perm Part Time, and 1 Temporary.

Three Year Look-back

The Budget Subcommittee did a three year look back to review changes in the Department's budget from the FY07 Final Budget to the FY10 Governor's Request.

The greatest increase in General Funds, $300.0 was a change in funding source since the Local Planning Committee Grants had been funded with Oil/Haz Funds. There were increments in four other areas: Homeland Security & Emergency Mgt. 9%; Veterans' Services 18%; Office of the Commissioner 3%; and AK Emergency Communications 8%.

The $143.4 increase in Veterans' Services is to increase grants for the Veterans' Outreach Program. This has been used to increase counselor training and to expand travel into rural areas to contact veterans and help them to identify and qualify for benefits.

The Department budget has been relatively flat for the past three years. Changes in mission and organization have, where possible, been absorbed by reorganization and reassignment of personnel to fill positions where needed.

Governor's Proposed FY 10 Budget

Total budget growth from the FY 09 Management Plan Revised to the Governor's Request as amended is $1,141.9 which is an increase of 2.5%. General Fund growth in the budget is $180.0 (1.6%) above the FY10 Adj. Base.

There is a $50.0 General Fund increment to increase grants for the Veterans' Outreach Program in the Veterans' Services component of the budget. This is to increase travel to rural areas of the

state. This is important since Guard personnel who have been deployed to combat zones have returned to their home communities.

The $130.0 General Fund increment in Alaska National Guard Retirement Benefits reflects the amount approved by the ARM Board. This does not appear to reflect the $10.0 million that was appropriated last year to reduce the unfunded liability within the retirement account. Typically one would expect to see the actuarial amount decrease when the unfunded liability decreases. Pension fund investments have in all probability been impacted by recent market declines. If the increment is excessive it will be reflected in a reduced rate the next time the State's contribution is adjusted.

Educational Benefits is an area which has been of concern to past Subcommittees. The $328.5 (80.4%) reduction is only a reduction to the DMVA budget. The Guard tuition funding is included in the Governor's University's budget request. The residual $80.0 is for vocational and other training programs.

The $185.2 increase in funding for the Alaska Military Youth Academy is authority to receive this amount in I/A funding from DEED. This is based on an anticipated $100 increase in the Base Student Allocation.

There is a $500.0 increment increasing Federal Receipt authority for Army Guard Facilities Maintenance and an adopted Governor's amendment for $300.0 increasing Federal Receipt authority for Air Guard Facilities Maintenance. This reflects the increased cost of maintenance that has been seen systemically throughout the State. Note: this is not an increase in State General Funds.

Two areas of responsibility are transferred from the Department. One position transfers the Alaska Aviation Safety Project to DOT Aviation. The second position transferred to Alaska State Wide Emergency Communications. In this instance the PCN filling that slot was reassigned to other duties within the Department. An unbudgeted PCN was budgeted which accounts for the net zero change in personnel numbers.

Subcommittee action

After reviewing the proposed budget the Subcommittee adopted the FY 10 Governor's Requested Operating Budget, as amended, for the Department of Military and Veterans' Affairs along with the listed supporting Legislative Finance reports.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction comparison (Gov. Amd and House Subcom)

Submitted,

Representative Richard Foster
House Finance Subcommittee Chairman
Department of Military & Veterans' Affairs

Department of Military and Vetrans Affairs FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	11,328.4	21,264.6	12,795.2	45,388.2
FY10 Adjusted Base Budget	11,096.9	21,435.3	12,832.7	45,364.9
Governor's FY10 Budget	11,276.9	21,935.3	13,017.9	46,230.1
Governor's FY10 Budget Amendments	0.0	300.0	0.0	300.0
Governor's Amend FY10 Budget Total	11,276.9	22,235.3	13,017.9	46,530.1
Subcommittee Adjustments	0.0	0.0	0.0	0.0
Total Subcommittee FY10 Budget Recommendations Total	11,276.9	22,235.3	13,017.9	46,530.1

Subject to minor conforming adjustments

3/2/2009 7:36 AM

Department of Military and Veteran's Affairs
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
none			
Reductions to Gov's FY10 Amend	**0.0**	**0.0**	**0.0**
Additional Subcommittee Recommendations			
none			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**0.0**	**0.0**	
Total Reduction All Funds		0.0	
Concurrence with Gov's FY10 Amend			
1. Increase Federal Authority for Ongoing Maintenance Costs		300.0	0
Total Concurrence with Govs FY10 Recs	**0.0**	**300.0**	**0.0**

House Finance Budget Subcommittee
FY10 Department of Natural Resources

Subcommittee Report for FY10 February 27, 2009

The House Finance Budget Subcommittee for the Department of Natural Resources submits an operating budget for FY10 to the full House Finance Committee as follows:

Operating Budget	Gen Fund	Federal	Other	Total
FY10 Adjusted Base [1]	$66,436,700	$13,939,900	$44,544,800	$124,921,400
FY10 Gov Amend	$71,231,900	$13,804,300	$46,593,200	$131,629,400
(HFS) Recommendation	**$70,183,900**	**$14,054,300**	**$46,234,700**	**$130,472,900**

The Budget Subcommittee recommends an operating budget that authorizes $1,048,000 less general funds and three fewer employees than the FY10 Governor's Amended request. The recommended budget requests a total increment from the FY10 Adjusted Base of $3,747,200.

Subcommittee Recommendations

The subcommittee reviewed all aspects of the Department of Natural Resources budget, including a three-year look back to review the growth in the department's budget from FY07 to FY10 Governor's Amended proposal, and accepted the changes with the following major exceptions:

State Coordinator – Gas Pipeline

- Transferred two AGIA positions from the Office of the Governor to a new component in the Department of Natural Resources and reduced the funding by $100,000 to reflect a vacancy.

Oil and Gas Development

- Funded oil and gas positions as a one-time item (OTI) to address the workload of the Oil and Gas Division, but reduced the funding by $175,000 to reflect a vacancy
- Reduced the FY09 OTI of $523,000 for four additional positions within the Petroleum Systems Integrity Office (PSIO) by $423,000 to reflect the three vacancies and to wait for the results of the PSIO "Gap and Overlap Analysis"

[1] The Adjusted Base is the starting point for subcommittee discussion of the Governor's request. It removes one-time appropriations, reappropriations, and carryforward of multi-year appropriates. It incorporates the FY10 contractual salary increases. (Source: *Legislative Fiscal Analyst's Overview of the Governor's Request*, Page 12)

- Denied authority for the Pipeline Coordinator to receive funds from industry to establish a TAPS Fire Safety program until the PSIO "Gap and Overlap Analysis" is completed

Geological Development

- Denied a fund source change to replace federal dollars with general fund money to help support the Alaska Volcano Observatory

North Latitude Plant Material Center

- Funded an FY09 OTI ($500,000) in the base of the North Latitude Plant Material Center and reduced another FY09 OTI ($225,000) by $100,000. This combination funds the total FY10 appropriation at $625,000.

Ag Revolving Loan Program Administration

- Deleted a vacant loan/collection officer position ($70,000) funded through the Ag Revolving Loan Fund proceeds

Because of the uncertainty of the gas pipeline timing and workload in Division of Oil and Gas, the Department of Natural Resources has several positions or programs funded through one-time items. This funding category requires the department to justify the funding request each year and allows the Legislature to adjust the funding level accordingly so that extraordinary costs associated with the gasline construction do not become embedded in the DNR operating base.

As the Department of Natural Resources has several OTI appropriations, and the accompanying dollars are deducted in the Adjusted Base calculations, it appears that the department is receiving a substantial amount of "new" General Fund dollars in FY10. This is not the case. Contractual salary increases is the bulk of the department's actual budget increase when existing one-time items are considered.

It was an honor and a privilege to chair the House Finance Budget Subcommittee for the Department of Natural Resources and I thank everyone who was involved with the process. If you wish a copy of the spreadsheet discussed in subcommittee, please contact my legislative aide, Ms. Sheila Peterson, at 465-4936.

Respectfully Submitted,

Representative Mike Kelly, Chair
House Finance Budget Subcommittee

Department of Natural Resources FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	73,588.8	13,835.0	45,693.0	133,116.8
FY10 Adjusted Base Budget	66,436.7	13,939.9	44,544.8	124,921.4
Governor's FY10 Budget	70,841.9	13,804.3	46,783.1	131,429.3
Governor's FY10 Budget Amendments	390.0	0.0	(189.9)	200.1
Governor's Amend FY10 Budget Total	71,231.9	13,804.3	46,593.2	131,629.4
Subcommittee Adjustments *	(1,048.0)	250.0	(358.5)	(1,156.5)
Total Subcommittee FY10 Budget Recommendations Total	70,183.9	14,054.3	46,234.7	130,472.9

* As compared to Governor's Amend FY10 Budget Total

Department of Natural Resources
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
Changes to Gov's FY10 Amend			
Resource Development			
1. Transfer 2 AGIA positions from the Gov's office to a new component (State Coordinator - Gas Pipeline); reduce funding to reflect vacancies	(100.0)		
2. Reduce an FY09 OTI ($1,143.1) to reflect a vacancy; approve continued funding for 12 positions to address the workload in the O&G as an OTI	(175.0)		
3. Reduce an FY09 OTI ($523.0) to the Petroleum Systems Integrity to reflect vacancies; wait until "Gap & Overlap Analysis" is completed	(423.0)		
4. Deny increase in SDPR authority ($288.5) to establish a TAPS Fire Safety Prgm until PSIO "Gap & Overlap Analysis" is competed		(288.5)	
5. Deny fund source change to replace federal dollars ($250.0) with General Fund; money would have gone to the AK Volcano Observatory Prgm	(250.0)	250.0	
6. Reduce General Fund funding for the North Latitude Plant Material Center ($725.0); FY09 funding was OTI	(100.0)		
7. Delete a vacant loan/collection officer position within the Ag Revolving Loan Program		(70.0)	(1.0)
Reductions to Gov's FY10 Amend	**(1,048.0)**	**(108.5)**	**(1.0)**
Concurrence with Gov's FY10 Amend			
Resource Development			
8. Increase in I/A Rcpts to pay increased costs for the new parking garage at the Atwood building		9.9	
9. Increase in I/A Rcpts ($47.8) and CIP Rcpts ($49.3) to fund three student intern positions committed to ongoing, long-term projects		97.1	
10. Transfer 2 AGIA positions from the Gov's office to a new component (State Coordinator - Gas Pipeline); reduce for vacancy (See Item 1)	290.0		
11. Accept FY09 OTI request ($1,318.1) to fund O & G positions to address workload, but reduce to reflect vacancy, OTI since 2005 (See Item 2)	1,143.1		
12. Fund the cost of outside legal counsel to defend Alaska's position in royalty disputes as OTI; approved in FY09 as OTI	500.0		
13. Fund the cost of outside auditors to address backlog of royalty and net profit share lease audits as OTI, approved in FY09 as OTI	200.0		

Department of Natural Resources
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
14. Accept partial funding for an FY09 OTI ($523.0) for the Petroleum Systems Integrity Office; reduce to reflect vacancies (See Item 3)	100.0		
15. Authority to receive payment from other state agencies related to salary; some positions funded by other agencies		20.0	
16. Approve CIP Rcpts to fund a grants admin position to support the federally-funded Coastal Impact Assessment Program		64.4	
17. Reduce uncollectable interagency receipt authorization within Alaska Coastal and Ocean Management		(50.0)	
18. Decrease federal receipt authorization for $200 under the Large Project Permitting allocation		(200.0)	
19. Approve FY09 OTI to establish a prospectus review procedure to lease big game areas on state lands to game guides; approve as OTI	50.0		
20. Fund source change from Shore Fish to Gen Fund to correct unrealizable fund source for salary adjustments	6.7	(6.7)	
21. Reduce uncollectable interagency receipts as proposed in the Governor's budget		(115.0)	
22. Reduce uncollectable Statutory Designated Program Receipt Authority as proposed in the Governor's budget		(200.0)	
23. Replace federal funds for acquisition of land per Statehood Entitlement; federal dollars cannot be used to protect access/navigable waters	300.0		
24. Fund source change from Rcpt Svcs to Gen Fund to correct unrealizable fund source for salary adjustments	5.6	(5.6)	
25. Fund source change from Fed Rcpts and CIP Rcpts to Gen Fund to correct unrealizable fund source for salary adjustments	21.8	(21.8)	
26. Increase I/A Rcpts as indirect federal collections to pay salary for an accountant position		58.0	
27. Fund source change from Fed Rcpts and Stat Desig to General Fund to correct unrealizable fund source for salary adjustments	14.4	(14.4)	
28. Accept fund source change to replace federal dollars with GF to allow the continuation of airborne mineral surveys	350.0	(350.0)	
29. Approve I/A Rcpts; Coastal Geology and Hazards work is funded by the Division of Coastal and Ocean Management		180.0	

Department of Natural Resources
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
30. Approve CIP Rcpts for personal services support for ongoing and proposed CIP projects		100.0	
31. Approve Atwood Garage Lease increment chargeback in Receipt Services in Recorder's Office/Uniform Commercial Code		10.6	
32. Accept federal receipts for a specialty crop block grant in Agricultural Development		60.0	
33. Fund FY09 OTI ($500.0) for the N. Latitude Plant Material Center in the base; fund an additional $125.0 as OTI (See Item 6)	625.0		
34. Approve federal receipts for federal projects and studies, including seeding BLM land		300.0	
35. Reduce I/A Receipts for the Alaska enthnobotany project as requested in the Governor's proposed budget		(244.3)	
36. Approve interagency fund increase to accommodate personal services shortages		20.0	
37. Delete two vacant positions at the request of the Mental Health Trust; based on the current status of funding available		(189.9)	
38. Approve continuation budget for the operation costs for the Trust Land Office as an OTI; Mental Health Trust has a zero base budget		1,783.3	(2.0)
Fire Suppression			
39. Fund source change from Fed Rcpts and CIP Rcpts to Gen Fund to correct unrealizable fund source for salary adjustments	20.0	(20.0)	
40. Accept federal collections for information officer under Fire Suppression Preparedness		39.6	
41. Accept a General Fund increment to help fund increased costs for the Alaska Interagency Coordination Center	90.0		
Parks and Recreation Management			
42. Reduce Interagency/Oil & Hazardous Waste authorization in the State Historic Preservation Program		(6.0)	
43. Fund source change from Fed Rcpts/I/A, and Stat Desig to Gen Fund to correct unrealizable fund source for salary adjustments	12.0	(12.0)	
44. Approve Atwood Garage Lease Increment Chargeback in Receipt Services under Parks Management		19.4	
45. Accept CIP receipt authority to fund a bear monitor position to help guide visitors who visit the Chilkoot Bear viewing Area		55.6	

Department of Natural Resources
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
46. Fund source change from Fed Rcpts, I/A, and Stat Desig to Gen Fund to correct unrealizable fund source for salary adjustments	18.6	(18.6)	
47 Accept CIP Rcpts to fund positions approved in FY09 to implement Division of Parks current inventory of capital improvement projects		510.7	
Total Concurrence with Gov's FY10 Recommendations	**3,747.2**	**1,874.3**	**(2.0)**

ALASKA STATE LEGISLATURE
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Memorandum

To:	Representative Mike Hawker Co-Chair, House Finance Committee
From:	Bill Stoltze, Chair – Public Safety Budget Subcommittee Representatives Lynn, Harris, Dahlstrom, Salmon and Kawasaki, Public Safety Subcommittee Members
Re:	Public Safety Budget Close out
Date:	March 2, 2009

Introduction

The Department of Public Safety sub-committee used the FY10 adjusted base when determining appropriation levels. The subcommittee accepted all departmental budget transactions from the FY09 Management Plan to the FY10 adjusted base.

Your office has the attached spreadsheet along with the legislative finance close-out reports document recommended subcommittee level of spending for FY10.

FY10 Language recommendations (Language sections)

The subcommittee recommends that the language section provision be adopted in full finance that allocates $1,270,000 in general funds to the Alaska State Troopers appropriation in the event the agency is unable to obtain federal rural alcohol interdiction funds in the upcoming federal fiscal year.

The subcommittee recommends that the language section provision be adopted in full finance that allocates $1,392,200 in general funds to the Alaska State Troopers appropriation in the event the agency is unable to obtain federal drug and alcohol enforcement funds in the upcoming federal fiscal year.

FY10 recommendations to the full Finance committee

The subcommittee recommends that a majority of the increments to fully fund all trooper positions be accepted. The subcommittee did deny some smaller increment request for these efforts.

With regard to the Council on Sexual Assault and Domestic Violence, the subcommittee recommended an increase of $296,000 of permanent fund felon funds for FY10. The subcommittee also switched out $1,381,900 in general funds and replaced those funds with excess permanent fund felon funds. The freed up general funds were used to help fund the Alaska State Trooper increments.

The subcommittee recommends that partial funding for increased vehicle costs, trooper dispatching and prisoner transportation costs be accepted.

With regard to the Village Public Safety program, the subcommittee added funds to annualize the positions added in FY09. The subcommittee added ½ funding for new positions and for the COLA and merit increases requested in FY10.

The subcommittee also recommends the follow intent language be added to the operating budget:

> *It is the intent of the legislature that the Department of Public Safety provide additional state trooper coverage for international border communities to help meet Federal and Homeland Security requirements.*

If you have any questions, please contact James Armstrong in my office at 6824.

cc: Dan Spencer, Department of Public Safety

Department of Public Safety FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	116,401.8	15,257.6	23,135.9	154,795.3
FY10 Adjusted Base Budget	118,936.3	11,636.0	23,367.6	153,939.9
Governor's FY10 Budget	123,186.6	15,191.2	24,977.2	163,355.0
Governor's FY10 Budget Amendments	5,758.4	0.0	4,800.0	10,558.4
Governor's Amend FY10 Budget Total	128,945.0	15,191.2	29,777.2	173,913.4
Subcommittee Adjustments	(3,397.5)	(3,651.2)	80.9	(6,967.8)
Total Subcommittee FY10 Budget Recommendations Total	125,547.5	11,540.0	29,858.1	166,945.6

Subject to minor conforming adjustments

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Department of Public Safety

Changes as proposed in the Governor's FY10 Operating Budget

(Language Section appropriations not included)

FY10 Proposed Changes

Appropriations and Allocations	General Funds: Governor 12/15/08	General Funds: Governor 2/18/09	General Funds: House SC	Other Funds: Federal Receipts	Other Funds: Other Funds	All Funds: Total	Comments Regarding House Changes
Fire and Life Safety							
Fire and Life Safety Operation	0.0	0.0	0.0		142.0	142.0	Accepts increment of I/A receipts
Training and Education Bureau	6.3	0.0	6.3		-6.3	0.0	Accepts fund source switch from SDPR to General Funds
Alaska Fire Standards Council							
Fire and Life Safety Operation	0.0	0.0	0.0		0.0	0.0	
Alaska State Troopers						0.0	
Special Projects	1,270.0	0.0	0.0			0.0	recommends conditional funding in language section
Special Projects	126.5	0.0	0.0	-96.0	-46.7	-142.7	denies gf request of $126.5 and acception the decrements of of federal and other funds
Special Projects	0.0	4.8	0.0				denies increment for full funding of commissioned officers w/no vacancy costs
Special Projects	0.0	0.0	0.0		4,800.0	4,800.0	accepts CIP receipts for Bureau of Highway officers
AST Director's Office	0.0	6.0	0.0			0.0	denies increment for full funding of commissioned officers w/no vacancy costs
AK Bureau of Judicial Services	88.0	0.0	88.0			88.0	accepts increment for prisoner transportation settlement
AK Bureau of Judicial Services	0.0	424.2	424.2			424.2	accepts increment for full funding of commissioned officers w/no vacancy costs
Prisoner Transportation	0.0	400.0	200.0			200.0	accepts 1/2 of increased transportation costs
Search and Rescue	0.0	0.0	0.0			0.0	
Rural Trooper Housing	427.3	0.0	427.3		13.3	440.6	accepts increment for increased utility & lease costs
Rural Trooper Housing	0.0	30.0	30.0			30.0	accepts increment for increased maintenance costs
Narcotics Task Force	1,393.2	0.0	0.0			0.0	recommends conditional funding in language section
Narcotics Task Force	0.0	49.3	0.0			0.0	denies increment request for general funds
Narcotics Task Force	9.0	0.0	0.0	-9.0		-9.0	denies use of GF in lieu of Unrealizable Fund Source for Salaries
AST Detachments	9.1	0.0	0.0		-9.1	-9.1	denies use GF in lieu of unrealizable Fund Source for Salaries
AST Detachments	164.0	0.0	164.0			164.0	accepts increment for sexual assault medical exams costs
AST Detachments	464.1	0.0	232.0			232.0	accepts 1/2 of increased lease, dispatch and supplies costs
AST Detachments	0.0	0.0			-89.7	-89.7	accepts deletion of PCN
AST Detachments	0.0	600.0	400.0			400.0	partially funds increment for trooper move costs

Department of Public Safety

Changes as proposed in the Governor's FY10 Operating Budget

(Language Section appropriations not included)

FY10 Proposed Changes

Appropriations and Allocations	General Funds			Other Funds		All Funds	Comments Regarding House Changes
	Governor 12/15/08	Governor 2/18/09	House SC	Federal Receipts	Other Funds	Total	
AST Detachments	0.0	2,439.9	2,439.9			2,439.9	accepts increment for full funding of commissioned officers w/no vacancy costs
AST Detachments	0.0	139.8	69.9			69.9	partially funds increased vehicle costs
AST Detachments	0.0	42.0	42.0			42.0	accepts increment for increased maintenance costs
Bureau of Investigation	0.0	268.8	268.8			268.8	accepts increment for full funding of commissioned officers w/no vacancy costs
Bureau of Alcohol & Drug Enforcement	0.0	6.4	0.0			0.0	denies increment request for general funds
Bureau of Alcohol & Drug Enforcement	0.0	83.9	83.9			83.9	full funding of commissioned officers w/no vacancy costs
Alaska Wildlife Troopers	94.0	0.0	94.0			94.0	accepts increment for leases and supplies
Alaska Wildlife Troopers	0.0	28.0	28.0			28.0	accepts increment for maintenance costs
Alaska Wildlife Troopers	0.0	200.0	150.0			150.0	partially funds increment for trooper move costs
Alaska Wildlife Troopers	0.0	746.1	746.1			746.1	full funding of commissioned officers w/no vacancy costs
AK Wildlife Troopers Aircraft	0.0	318.8	318.8			318.8	increased risk mangagement costs
AK Wildlife Troopers Aircraft	0.0	43.7	0.0			0.0	denies increment request for general funds
AK Wildlife Troopers Marine	0.0	21.2	21.2			21.2	accepts increment for risk mangagement costs
AK Wildlife Troopers Marine	0.0	31.5	0.0			0.0	denies increment request for general funds
AK Wildlife Troopers Director's Office	0.0	9.3	0.0			0.0	denies increment request for general funds
AK Wildlife Troopers Investigation	0.0	22.1	0.0			0.0	denies increment request for general funds
Village Public Safety Officer							
Support	0.0	0.0	0.0			0.0	
Contracts	0.0	783.1	783.1			783.1	accepts increment to annualize 09 positions costs
Contracts	0.0	1,245.5	627.7			627.7	adding funding for 8 new positions
Contracts	0.0	205.2	102.6			102.6	funds 1/2 of the new 3% COLA for program
Contracts	0.0	236.5	118.3			118.3	funds 1/2 of new merit increases for program
AK Police Standards Council							
AK Police Standards Council	0.0	0.0	0.0			0.0	
Domestic Violence/Sexual Assault							
Domestic Violence/Sexual Assault	0.0	0.0			3,660.2	3,660.2	Accepts remainder of three year federal grant
Domestic Violence/Sexual Assault	0.0	0.0	-1,381.9		1,677.9	296.0	replaces existing general funds w/Permanent Fund felon funds, excess PFD felon funds of $296k accepted as a OTI increment

Department of Public Safety

Changes as proposed in the Governor's FY10 Operating Budget

(Language Section appropriations not included)

FY10 Proposed Changes

Appropriations and Allocations	General Funds			Other Funds		All Funds	Comments Regarding House Changes
	Governor 12/15/08	Governor 2/18/09	House SC	Federal Receipts	Other Funds	Total	
Batterers Intervention Program	0.0	0.0	0.0			0.0	
Statewide Support							
Commissioner's Office	0.0	0.0				0.0	
Training Academy	0.0	35.5	0.0			0.0	denies increment for full funding of commissioned officers w/no vacancy costs
Administrative Services	17.3	0.0	0.0		-17.3	-17.3	denies increment of GF in lieu of unrealizable fund source for salaries
AK Wing Civil Air Patrol	0.0	0.0				0.0	
Alcohol Beverage Control Board	0.0	0.0				0.0	
Public Safety Information Network	23.6	0.0	0.0		-23.6	-23.6	denies increment of GF in lieu of unrealizable fund source for salaries
Criminal Records and ID	30.9	0.0	0.0		-30.9	-30.9	denies increment of GF in lieu of unrealizable fund source for salaries
Laboratory Services	127.0	0.0	127.0			127.0	accepts increment for funding for DNA collection kits
State Facilities Rent							
State Facilities Rent	0.0	0.0				0.0	
Total Proposed Changes	$4,250.3	$8,421.6	$6,611.2	-105.0	10,069.8	$16,576.0	
FY09 Budget Base	$118,936.3		$118,936.3	$12,671.3	$21,365.9	$152,973.5	
Total Proposed Changes	12,671.9		6,611.2	-105.0	10,069.8	16,576.0	
Total Proposed DPS Budget	$131,608.2		$125,547.5	$12,566.3	$31,435.7	$169,549.5	
Total Budget Percent of Increase	10.7%		5.6%	-0.8%	47.1%	10.8%	Percent of increase compared to FY09 Budget Base
Public Safety Positions	875	888	887				

House Finance Budget Subcommittee
FY 10 Department of Revenue

Subcommittee Report FY10 February 25, 2009

The House Finance Budget Subcommittee (HFBS) on the Department of Revenue submits an operating budget for FY10 as follows:

GF $ 18,164.1 Fed Funds$ 39,611.0 Other Funds$ 191,562.7 Total $ 249,337.8

Department of Revenue
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $ 2,250.7 less general funds and 1 less employee than the Governor's FY10 Department of Revenue request. The FY10 subcommittee budget requests a total increment from 09 Revised Management Plan of $979.9 general funds.

The Governor requested minimal increases in the original FY10 budget request. The department was required to update the state's Cost Allocation Plan for Federal Compliance which, as a result of the increased state financial assets under management, shifted $572 to state general funds. The tax division continues to utilize contract auditors; however the subcommittee budget approved half the original request, shifting the responsibility to a newly funded state Master Auditor position.

Several adjustments were made in Other Funds appropriated for the ARM Board, PFD division, Mental Health Trust Authority administration, AHFC operations, and the Alaska Permanent Fund Corporation. The FY 09 budget for investment management fees at the ARM Board was reduced $8,546.7 and at the Permanent Fund Corporation, $10,000. These management fees are generally based on the value of investments under management. The reductions reflect market value declines experienced in recent months.

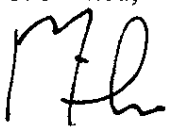
With the concurrence of the agency, the subcommittee did not approve a $1,900.0 fund source change from FED to GF for the Child Support Services Division. It is now believed that continuing federal funding will be available.

Small general fund increments requested as fund source changes for "unrealizable fund sources" were not approved. The subcommittee removed a special assistant position in the commissioner's office that the agency established contrary to legislative intent in the FY09 budget.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY10 Operating Budget – House Structure

Submitted,



Representative Mike Hawker
House Finance Subcommittee Chairman
Department of Revenue

Department of Revenue FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	17,184.2	37,214.4	208,964.9	263,363.5
FY10 Adjusted Base Budget	17,118.5	37,926.1	207,072.3	262,116.9
Governor's FY10 Budget	20,414.8	39,588.3	207,594.5	267,597.6
Governor's FY10 Budget Amendments	0.0	0.0	(17,796.7)	(17,796.7)
Governor's Amend FY10 Budget Total	20,414.8	39,588.3	189,797.8	249,800.9
Subcommittee Adjustments	(2,250.7)	22.7	1,764.9	(463.1)
Total Subcommittee FY10 Budget Recommendations Total	18,164.1	39,611.0	191,562.7	249,337.8

Numbers only

Subject to minor conforming adjustments

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Department of Revenue
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Tax Division: Contract Auditors - reduction of FY09 OTI by half	(270.0)		0
2. Child Support Services Division: Fund Source Change in State Match requirements due to declining TANF cases and altered federal regs	(1,900.0)	1,900.0	
3. Commissioner's Office: Unrealizable Fund Sources in the Salary Adjustment Fund Source Change	(4.5)	4.5	
4. Admin Services: Unrealizable Fund Sources in the Salary Adjustment Fund Source Change	(18.2)	18.2	
5. Long Term Care Ombudsman's Office: Unrealizable Fund Sources in the Salary Adjustment Fund Source Change	(11.6)	11.6	
6. APFC: Increased travel costs and new travel		(74.1)	
Reductions to Gov's FY10 Amend	**(2,204.3)**	**1,860.2**	**0.0**
Additional Subcommittee Recommendations			
1. Commissioner's Office - Delete Special Assistant Position	(46.4)	(72.6)	(1)
Additional Subcommittee Recommendations	**(46.4)**	**(72.6)**	**(1.0)**
Total Reductions to Gov's FY10 Amend	**(2,250.7)**	**1,787.6**	**(1.0)**
Total Reduction All Funds		(463.1)	
Concurrence with Gov's FY10 Amend			
1. Tax Division: Restore Funding for AK Salmon Price Report	50.0	(50.0)	0
2. Tax Division: Contract Auditors - restores FY09 OTI by half	270.0		0
3. Tax Division: Fourth Master Auditor Position	200.0		0
4. Treasury Division: Update Fund Sources for Retiree Health (from RHIF to Group Benefit)	0.0	0.0	0
5. Treasury Division: Implementation of Cost Allocation Plan for Federal Compliance - Fund Source Changes	420.0	(420.0)	0
6. Treasury Division: Additional Funding to Implement Cost Allocation Plan for Federal Compliance	152.0		
7. ARM Board - Updated Fund Source for Retiree Health (from RHIF to Group Benefit)		0.0	

Department of Revenue
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
8. ARM Board - Implement Cost Allocation Plan for Federal Compliance - Fund Source Changes		0.0	
9. ARM Board - Administration of Additional Investment Options for Participants		249.5	
10. ARM Board - FY09 OTI for Independent Audit of Actuary		300.0	
11. ARM Board - Gov Amd Remove Independent Audit of Actuary		(300.0)	
12. ARM Board - Gov Amd Benefits Systems Rcpts to Implement Treasure Cost Allocation Plan		900.0	
13. ARM Board - OTI for Performance Consultant Audit		150.0	
14. ARM Board - Gov Amd: Reduction in Investment Mgmt Fees		(8,546.7)	
15. PFD Division: Variable cost increases due to the increasing number of applicants and public inquiries		101.0	
16. AMHTA: MH Trust Administrative Budget		2,650.0	
17. AHFC: Adjust Funding Due to AHFC eligibility in HUD "moving to work" program (AHFC Rcpts to Fed)		0.0	
18. AHFC: Utilities Increase - Eligible for Federal Rcpts due to AHFC becoming a HUD "moving to work" agency		959.7	
19. AHFC: Increase funding for anticipated business activity		254.4	
21. APFC - Gov Amd: Dec Custody and Management Fees (RcptSvcs)		(10,000.0)	
Total Concurrence with Govs FY10 Recs	**1,092.0**	**(13,752.1)**	**0.0**

House Finance Budget Subcommittee
FY 10 Department of Transportation

Subcommittee Report FY10 February 10, 2009

The House Finance Budget Subcommittee (HFBS) on The Department of Transportation (DOT) submits an operating budget for FY10 as follows:

GF $206,471.5 Fed Funds $3,988.2 Other Funds $301,188.9 Total $511,648.6

Department of Transportation
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $13,077.6 less general funds and 8 less employees than the Governor's FY10 DOT request. The FY10 subcommittee budget requests, in general funds, a total decrement from 09 Revised Management Plan of $3,375.6, and a total increment from the 09 Adjusted Base of $1,126.4

The approach taken by the subcommittee was to first fully fund all non-discretionary funding increments related to wages, contractual increases and the like. The funding sources for these non-discretionary increments were evaluate and changed to minimized impact to the General Fund.

Fund source changes from CIP to GF were denied. The transfers of CIP Rcpts to GF fund may suggest that support costs are increasing more rapidly than the dollar value of Capital Improvement Projects, since they should be driven by that component of the budget. This results in less Capitol Improvement money being spent on construction because it is being used to fund overhead. The Department is also reaching the limit of what can be recovered through the Indirect Cost Allocation Plan (ICAP). DOT is still responsible for the same activities and bears the burden of those associated costs. GF might be an appropriate source to fund these cost increases, but during this budget cycle there is considerable pressure on the General Fund portion of the Operating Budget. Additionally the Economic Stimulus Package will bring in additional CIP funds and should relieve some of the pressure on the Indirect Cost Allocation Plan.

Fund source changes from RSS and SDPR to GF were denied. Fund source changes from Statutory Designated Program Receipts and Receipt-Supported Services, $25.3 are related to the cost of services provided by the Department exceeding the revenue generated. Receipts and fees are fixed by statute, regulation or fair market value and control the amount of revenue received. The Department should work with the House Finance Committee to determine what portion of the Department's increased costs should be born by users.

Fund source changes from AMHSF to GF were denied. The Alaska Marine Highway System Fund has two funding sources; revenues from operations and capitalization from the State's General Fund. Recently the Alaska Marine Highway System (AMHS) has been increasing the GF potion of its' funding though fund source changes and GF increments. Keeping AMHSF as the primary funding source allows the Legislature to more easily monitor AMHS needs and expenditures. This enables the Legislature to looks at budget short falls in operations and decided at what level increased costs should be born by users or subsidized by capitalization of the Fund.

Fund source changes from FED to GF were denied. The only requested change that fit this criterion is too insignificant to justify reorganization.

Whittier Tunnel fund source changes were denied. Changing operations of the tunnel from CIP to Gambling Tax is a change to GF and was denied for the reasons listed for all CIP to GF fund source change denials. The request to fund extended hours for summer operations with Gambling Tax was denied and was funded instead with Cruise Ship Tax Revenue. This was the revenue source used last year, and it is a dedicated fund source which must be used to directly benefit the Cruise Ship industry. As the extended summer hours fit this criterion it is a more appropriate fund source than the Gambling Tax (GF).

Requests to restore one-time increments (OTI) to the Alaska Marine Highway System as a reoccurring increment were denied. In FY09 the Department requested that a funding increment be approved to compensate for additional expenditure of running a particular mix of vessels. Due to dry dock work the department was forced to use less economical vessels on route where they could not expect to increase revenue with increased ridership. As this was a budget scenario that would not extend into the next fiscal year it was funded as an OTI. To date There has not been sufficient explanation by the Department to justify either another OTI or a reoccurring increment.

The Governor's Request contains two new programs for Sidewalk Snow Removal; in Anchorage $500,000 and in Juneau $47,100.

The Department indicated that they have received Federal notification to increase sidewalk snow clearing as part of standard road maintenance. Funds for sidewalk snow removal equipment were appropriated in FY09 Capital Budget. This request is an operating increment to hire 8 permanent part time operators in Anchorage and 1 permanent part time operator in Juneau. The increments also reflect fuel and State Equipment Fleet costs.

The Personnel portion of the increment is denied for all 9 positions ($327.1). Since the State is under a hiring freeze, new positions were not approved. The $220.0 remaining in those increments for fuel and State Equipment Fleet rental is approved.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY10 Operating Budget – House Structure
7. Transaction Comparison (Gov. and House Subcom)

Submitted,

Representative Foster
House Finance Subcommittee Chairman
Department of Transportation

Department of Transportation FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	212,472.9	4,130.7	294,314.5	510,918.1
FY10 Adjusted Base Budget	205,345.1	4,166.3	295,741.6	505,253.0
Governor's FY10 Budget	216,837.7	4,157.0	292,958.6	513,953.3
Governor's FY10 Budget Amendments	2,711.4	0.0	98.6	2,810.0
Governor's Amend FY10 Budget Total	219,549.1	3,987.0	293,057.2	516,763.3
Subcommittee Adjustments	(13,077.6)	1.2	8,132.9	(4,944.7)
Total Subcommittee FY10 Budget Recommendations Total	206,471.5	3,988.2	301,190.1	511,818.6

Department of Transportation
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend				
1.	Delete Personal Services Portion of Sidewalk Snowclearing in Anchorage	(300.0)	0.0	(8)
2.	Delete Personal Services Portion of Sidewalk Snowclearing in Juneau	(27.1)	0.0	0
3.	Delete CIP to GF fundsource changes	(633.1)	633.1	0
4.	Delete RSS and SDPR to GF fund source changes	(54.0)	54.0	0
5.	Delete AMHF to GF fund source changes	(326.9)	326.9	0
6.	Change fund source for Whittier Tunnel extended hours of operation from Gambling tax to Cruise Ship tax $500.0	(500.0)	500.0	0
7.	Deny Whittier Tunnel Maintenance and Operations fund source change from CIP to Gambeling tax $2,000.0	(2,000.0)	2,000.0	0
8.	Change fund source for FY10 Bargaining Unit Contract Terms:IBU from GF to AMHF	(2,320.1)	2,320.1	0
9.	Deny Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements fund source change from Fed to GF	(1.2)	1.2	0
10.	Change fund source for Maintaining FY09 Levels of Service from GF to AMHF	(2,297.6)	2,297.6	0
11.	Deny LFD: Restore One-time increment to match gov budget - costs associtated with vessel/route configuration in FY09	(4,617.6)	0.0	0
	Reductions to Gov's FY10 Amend	**(13,077.6)**	**8,132.9**	**(8.0)**
Additional Subcommittee Recommendations				
1.				0
2.				0
3.				0
	Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
	Total Reductions to Gov's FY10 Amend	**(13,077.6)**	**8,132.9**	
	Total Reduction All Funds		(4,944.7)	

Department of Transportation
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Concurrence with Gov's FY10 Amend			
1. Disadvantaged Business Enterprise Certification and On-Site Title VI Reviews	0.0	8.7	0
2. delete funding associated with position transferred toStwd Information Systems	0.0	(90.0)	0
3. Savings from Warm Storage Building Construction	(42.0)		0
4. Airport Certification Training	0.0	40.0	0
5. Funding Authority for Positions Transferred from Fairbanks International Airport	0.0	258.0	0
6. Reduction Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(16.2)	0
7. Cancellation of Airline Technical Representative Services Contract	0.0	(479.0)	0
8. Highway Safety Corridor Safe Driving Program	31.1	0.0	0
9. Positions reclass for Alaska Strategic Highway Safety Plan and State Transportation Improvement Plan (STIP) support	0.0	153.3	0
10. Establishment of Navigator Program to inform the Gov Inc Northern Region public of construction activities	0.0	85.0	0
11. Weights and Measures Travel Budget	0.0	30.0	0
12. Facilities Leasing - Fairbanks	0.0	50.0	0
13. Facilities Leasing - Dillingham and King Salmon	0.0	25.0	0
14. Unified Carrier Registration Fees	0.0	250.0	0
15. Telecommunications Cost Increase	0.0	25.0	0
16. Navigator Contract Cost Increase	0.0	150.0	0
17. Commodities Cost Increase - Field Offices	0.0	22.0	0
18. Telecommunications Cost Increase - Field Offices	0.0	21.0	0
19. Occupancy Lease Agreements Cost Increase for Services Provided to Other State Agencies	0.0	40.0	0
20. Specialized Contracted Services Cost Increase for Maintenance and Repairs	60.0	0.0	

Department of Transportation
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
21.	Non-Renewal of Non-State Agency Occupancy Lease Agreement in Kodiak	(7.3)	0.0	
22.	Delete CIP Receipts Due to a Position Time Status Change of PCN 25-969X	0.0	(48.2)	
23.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(281.0)	
24.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(800.0)	
25.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(400.0)	
26.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(80.0)	
27.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(254.0)	
28.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(157.4)	
29.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(117.0)	
30	Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements -8.1 federal funds	0.0	8.1	
31	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(47.3)	
32	Maintain FY09 Levels of Service	0.0	1,950.0	
33	Specialized Contracted Service Increases	110.0	0.0	
34	Janitorial Contracts Cost increase	141.2	0.0	
35	Janitorial Contracts Cost Increase	24.0	0.0	
36	Striping Contracts for Highways and Airports	169.3	0.0	
37	Maintenance Agreements at Angoon, Hyder and Kake	28.8	0.0	
38	Maintenance Management System Operating Costs	75.0		
39	Transfer out Janitorial, Electricity and Water/Sewer Funding to CR Facilities for the Statewide Materials Buil +/-17.8 (net zero)	0.0	0.0	

Department of Transportation
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
40	Increase Highway Working Capital Funds Authorization to Fund PCN 25-1912		98.6	
41	Transfer PCN 25-1912, Mechanic, from Northern Region Highways and Aviation for Mechanic Support of State Equip TrIn			1
42	National Pollutant Discharge Elimination System Compliance for Anchorage - Street Sweeping	116.3	0.0	
43	Transfer PCN 25-1912, Mechanic, to State Equipment Fleet for Mechanic Support of State Equipment TrOut			(1)
44	Transfer Personal Services Funding to Contractual for Operator Support and Equipment Costs (net zero) $94.1	0.0	0.0	
45	Parks Highway Maintenance Stations Winter Sand Stockpile	200.0	0.0	
	Total Concurrence with Govs FY10 Recs	**906.4**	**444.6**	**0.0**

Alaska State Legislature

Representative Anna Fairclough – House District 17

2/25/2009

University of Alaska
FY10 House Finance Subcommittee Recommendations

The House Finance Subcommittee on the University of Alaska submits an operating budget to the full House Finance Committee as follows:

General Funds	$319,178.0	(0.7% increase from adjusted base)
Federal Funds	$130,658.5	(16.3% decrease from adjusted base)
Other Funds	$365,802.0	(3.3% decrease from adjusted base)

As an additional note this represents a Total Decrease of 4.2% from FY09.

The subcommittee took the following actions:

Budget Action:

1. Adopted the FY10 Adjusted Base.
2. Reviewed each of the increments and decrements submitted by the Governor and highlighted the following recommendations:
   - Priority Program Enhancement and Growth Increments
     i. Health Programs Total $1,071.7 – $922.0 GF and $149.7 Non-GF
        1. Anchorage Campus – $690.3 GF and $90.0 Non-GF
        2. Fairbanks Campus – $87.4 GF and $25.0 Non-GF
        3. College of Rural & Comm. Dev. – $40.8 GF and $8.0 Non-GF
        4. Tanana Valley Campus – $47.2 GF and $16.0 Non-GF
        5. Juneau Campus – $56.3 GF and $10.7 Non-GF
   - Other Governor's Increments
     ii. Non-Personnel Services Fixed Cost Increases – $7,614.3 Non-GF
     iii. Compliance Mandates – $400.0 Non GF
     iv. New Facility Operating and Maintenance Costs – $350.0 GF and $344.3 Non-GF
   - Governor's Budget Amendments
     i. State Virology Lab (UAF Portion) Total $150.0 IncOTI GF
     ii. Facilities Maintenance and Repair Total $825.0 GF
        1. Statewide Services – $18.4
        2. Anchorage Campus – $222.9
        3. Kenai Peninsula Campus – $26.2
        4. Kodiak College – $10.4

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5. Mat-Su College – $23.8
6. Prince William Sound Comm. College – $11.7
7. Bristol Bay Campus – $14.6
8. Chukchi Campus – $14.3
9. Fairbanks Campus – $302.3
10. Interior-Aleutians Campus – $17.2
11. Kuskokwim Campus – $24.1
12. Northwest Campus – $17.0
13. Tanana Valley Campus – $44.5
14. Juneau Campus – $50.9
15. Ketchikan Campus – $11.0
16. Sitka Campus – $15.7

iii. Mental Health Trust (MHTAAR) – $328.5 Non-GF Decrement

The University Budget Subcommittee accepts all Decrements associated with Unrealizable General Fund Budget Authority – $25,238.4 Federal Funds and $22,761.6 Other Funds. With the addition of the Mental Health Trust (MHTAAR) Decrement of $328.5, the total is $48,328.5.

Documents Attached:

1. University Closeout Worksheets
2. Agency Totals – FY10 Operating Budget House Structure (Numbers)
3. Appropriation/Allocation Summary All Funds – House Structure (Numbers)
4. Appropriation/Allocation Summary GF Only – House Structure (Numbers)
5. Transaction Comparison – House Structure (between Adj. Base and House Finance Subcommittee)
6. Transaction Comparison – House Structure (between Governor Amended and House Finance Subcommittee)

Respectfully Submitted,

Anna L. Fairclough

Representative Anna Fairclough, Chair
House Finance Subcommittee

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Alaska State Legislature

Representative Anna Fairclough – House District 17

2/27/2009

University of Alaska
FY10 House Finance Subcommittee Recommendations

Legislative Finance Division is directed to incorporate amendments made and make any appropriate conforming or technical changes. During the Closeout meeting there was one amendment that was passed which included an Increment of $150,000 GF for Future Farmers of Alaska to cover salary, benefits and basic programmatic needs in order to fulfill the mission and requirements of agricultural education and FFA.

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University of Alaska FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	307,833.5	156,076.9	374,204.3	838,114.7
FY10 Adjusted Base Budget	316,931.0	156,076.9	378,258.3	851,266.2
Governor's FY10 Budget	321,474.9	131,558.5	369,028.4	822,061.8
Governor's FY10 Budget Amendments	2,000.0	0.0	(328.5)	1,671.5
Governor's Amend FY10 Budget Total	323,474.9	131,558.5	368,699.9	823,733.3
Subcommittee Adjustments	(4,146.9)	(900.0)	(2,897.9)	(7,944.8)
Total Subcommittee FY10 Budget Recommendations Total	319,328.0	130,658.5	365,802.0	815,788.5

Numbers only

Subject to minor conforming adjustments

University of Alaska
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Priority Program Enhancement and Growth - Partially funded the request for Health Academic Programs at 1/2 of the Gov's request.	(921.9)	(149.8)	
2. Priority Program Enhancement and Growth - Energy and Cooperative Extension Service Increment was not accepted.	(1,000.0)	(3,968.1)	
3. K-12 Outreach - Program Enhancement and Growth was not accepted.	(800.0)	(230.0)	
4. Integrated Sciences Building - Governors Amd for the Integrated Science Building was not accepted. The management plan LIT was not accepted which leaves sufficient funds in Services for this request.	(1,025.0)	0.0	
5. Small Business Development Center - Fund Source change from Business License Rcpts to GF was not accepted. The $550.0 Blic&Corp authorization remains.	(550.0)	550.0	
Reductions to Gov's FY10 Amend	**(4,296.9)**	**(3,797.9)**	**0.0**
Additional Subcommittee Recommendations			
1. Future Farmers of America allocation was amended into the subcommittee recommendation.	150.0	0.0	0
Additional Subcommittee Recommendations	**150.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(4,146.9)**	**(3,797.9)**	**0.0**
Total Reduction All Funds		(7,944.8)	
Concurrence with Gov's FY10 Amend			
1. Non-Personnel Services - Accepted all Fixed Cost Increases - Univ Rcpts	0.0	7,614.3	0
2. Accepted All Adjusted Base Compliance Mandates - UA I/A		400.0	1
3. New Facility Operating and Maintenance Costs - Accepted Costs:			2
Anc Campus: Bragaw Building Lease Expense	350.0		
Integrated Science Building Parking Garage & Building Support Positions - Univ Rcpts		344.3	
4. Facilities Maintenance and Repair - Accepted Gov Amd for all facilities	825.0		
5. Workforce Development - Accepted MHTAAR funding as requested by the Alaska Mental Health Trust Authority.		1,617.0	0

University of Alaska
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
6.	Budget Authority - Accepted request to delete all unrealizable non GF		(48,000.0)	0
7.	Systemwide Education and Outreach - Did not Accept Transfer of $1,253.0 for Mining and Petroleum Training Services (MAPTS) from Kenai Peninsula College to Systemwide Education and Outreach. Funding remains in the Kenai Peninsula College allocation. Net zero transaction.	0.0	0.0	
8.	Management Plan - Did not accept Line Item Transfer in that moved $2,518.7 from Services to the Personal Services Line Item in the Anchorage Campus allocation.	0.0	0.0	
9.	Priority Program Enhancement and Growth - Paritally funded the request for Health Academic Programs at 1/2 of the Gov's request.	922.0	149.7	
	State Virology Lab - Accepted Gov Amd for Facilities and Maintenance (UAF Portion)	150.0		
	Total Concurrence with Govs FY10 Recs	**2,247.0**	**(37,874.7)**	**3.0**
			(35,627.7)	

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: January 22, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/10/09

The FINANCE Committee considered: **HOUSE BILL NO. 81**

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; and making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

HB 81 APPROP: OPERATING BUDGET/LOANS/FUNDS

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 81 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [✓] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS FISCAL NOTES				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
Wm "Bill" Thomas	Thomas	1			
	Gara				✓
	Austerman	X			
Harry E Crawford Jr	CRAWFORD				✓
	Tarr	X			
R Foster	FOSTER	X			
	KELLY	X			
Anna Fairclough	FAIRCLOUGH	X			
Chair: MHawker	Hawker	X			
Chair: Bill Stoltze	STOLTZE	X			

adopted 3/2/09

26-GH1002\P
Bailey
3/1/09

CS FOR HOUSE BILL NO. 81(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

(SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

* **Section 1.** The following appropriation items are for operating expenditures from the general fund or other funds as set out in section 2 of this Act to the agencies named for the purposes expressed for the fiscal year beginning July 1, 2009 and ending June 30, 2010, unless otherwise indicated. A department-wide, agency-wide, or branch-wide unallocated reduction set out in this section may be allocated among the appropriations made in this section to that department, agency, or branch.

	Allocations	Appropriation Items	General Funds	Other Funds
*****		*****		
***** **Department of Administration** *****				
*****		*****		
Centralized Administrative Services		**73,962,300**	**12,987,000**	**60,975,300**

The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2009, of inter-agency receipts appropriated in sec. 1, ch. 27, SLA 2008, page 2, line 12, and collected in the Department of Administration's federally approved cost allocation plans.

Office of Administrative Hearings	1,547,400
DOA Leases	1,814,900
Office of the Commissioner	935,900
Administrative Services	2,331,800
DOA Information Technology Support	1,248,200
Finance	8,587,900
State Travel Office	2,340,700

It is the intent of the legislature that all out of state travel by state employees be conducted on a mileage ticket where possible.

Personnel	15,568,200
Labor Relations	1,286,400
Purchasing	1,239,900

	Allocations	Appropriation Items	General Funds	Other Funds
Property Management	958,000			
Central Mail	3,127,700			
Centralized Human Resources	281,700			
Retirement and Benefits	14,205,000			
Group Health Insurance	18,100,400			
Labor Agreements Miscellaneous Items	50,000			
Centralized ETS Services	338,200			
Leases		**45,271,700**	**58,100**	**45,213,600**
The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2009, of inter-agency receipts appropriated in sec. 1, ch. 27, SLA 2008, page 3, line 10, and collected in the Department of Administration's federally approved cost allocation plans.				
Leases	44,064,800			
Lease Administration	1,206,900			
State Owned Facilities		**15,402,000**	**1,394,100**	**14,007,900**
Facilities	13,258,700			
Facilities Administration	1,388,500			
Non-Public Building Fund Facilities	754,800			
Administration State Facilities Rent		**1,538,800**	**1,468,600**	**70,200**
Administration State Facilities Rent	1,538,800			
Special Systems		**1,948,100**	**1,948,100**	
Unlicensed Vessel Participant Annuity Retirement Plan	50,000			
Elected Public Officers Retirement System Benefits	1,898,100			

	Allocations	Appropriation Items	General Funds	Other Funds
Enterprise Technology Services		**46,358,200**	**7,987,400**	**38,370,800**
Enterprise Technology Services	46,358,200			

It is the intent of the legislature that the Department of Administration begin to charge the municipalities for their share of the Alaska Land Mobile Radio (ALMR) program beginning in FY2010 at 50% of the amount owed to the Department and increasing to 100% of the municipal share in FY2011. It is also the intent of the legislature that the Department may garnish any revenue sharing that a municipality may be entitled to satisfy the debt owed to the Department for participation in ALMR.

Information Services Fund		**55,000**		**55,000**
Information Services Fund	55,000			

This appropriation to the Information Services Fund capitalizes a fund and does not lapse.

Public Communications Services		**4,622,200**	**4,298,500**	**323,700**
Public Broadcasting Commission	54,200			
Public Broadcasting - Radio	2,869,900			
Public Broadcasting - T.V.	527,100			
Satellite Infrastructure	1,171,000			
AIRRES Grant		**100,000**	**100,000**	
AIRRES Grant	100,000			
Risk Management		**36,924,800**		**36,924,800**
Risk Management	36,924,800			
Alaska Oil and Gas Conservation Commission		**5,641,500**		**5,641,500**
Alaska Oil and Gas Conservation Commission	5,641,500			

The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2009, of the receipts of the Department of Administration, Alaska Oil and Gas Conservation Commission receipts account for regulatory cost charges under AS

	Allocations	Appropriation Items	General Funds	Other Funds
31.05.093 and permit fees under AS 31.05.090.				
Legal and Advocacy Services		**40,668,100**	**39,458,500**	**1,209,600**
Therapeutic Courts Support Services	65,000			
Office of Public Advocacy	19,551,300			
Public Defender Agency	21,051,800			
Violent Crimes Compensation Board		**2,095,600**		**2,095,600**
Violent Crimes Compensation Board	2,095,600			
Alaska Public Offices Commission		**1,276,400**	**1,276,400**	
Alaska Public Offices Commission	1,276,400			
Motor Vehicles		**15,290,500**		**15,290,500**
Motor Vehicles	15,290,500			
General Services Facilities Maintenance		**39,700**		**39,700**
General Services Facilities Maintenance	39,700			
ITG Facilities Maintenance		**23,000**		**23,000**
ETS Facilities Maintenance	23,000			
* * * * *			* * * * *	
* * * * * **Department of Commerce, Community and Economic Development** * * * * *				
* * * * *			* * * * *	
Executive Administration		**5,354,700**	**1,358,600**	**3,996,100**
Commissioner's Office	920,800			
Administrative Services	4,433,900			
Community Assistance & Economic Development		**11,320,000**	**2,800,800**	**8,519,200**
Community and Regional	8,187,600			

	Allocations	Appropriation Items	General Funds	Other Funds
Affairs				
Office of Economic Development	3,132,400			
Revenue Sharing		**29,573,400**		**29,573,400**
Payment in Lieu of Taxes (PILT)	10,100,000			
National Forest Receipts	15,873,400			
Fisheries Taxes	3,600,000			
Qualified Trade Association Contract		**9,000,000**	**9,000,000**	
Qualified Trade Association Contract	9,000,000			
Investments		**4,578,300**		**4,578,300**
Investments	4,578,300			
Alaska Aerospace Development Corporation		**28,611,700**		**28,611,700**

The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2009, of the federal and corporate receipts of the Department of Commerce, Community, and Economic Development, Alaska Aerospace Development Corporation.

It is the intent of the legislature that the Alaska Aerospace Development Corporation fully pay its portion of the DOA and DCCED cost allocation plans.

Alaska Aerospace Development Corporation	4,438,000			
Alaska Aerospace Development Corporation Facilities Maintenance	24,173,700			
Alaska Industrial Development and Export Authority		**8,866,400**		**8,866,400**
Alaska Industrial	8,604,400			

	Allocations	Appropriation Items	General Funds	Other Funds
Development and Export Authority				
Alaska Industrial Development Corporation Facilities Maintenance	262,000			
Alaska Energy Authority		**9,201,000**	**628,400**	**8,572,600**
Alaska Energy Authority Owned Facilities	1,067,100			
Alaska Energy Authority Rural Energy Operations	3,184,100			
Alaska Energy Authority Technical Assistance	100,700			
Alaska Energy Authority Power Cost Equalization	4,000,000			
Statewide Project Development, Alternative Energy and Efficiency	849,100			
Alaska Seafood Marketing Institute		**17,672,500**	**2,669,800**	**15,002,700**
Alaska Seafood Marketing Institute	17,672,500			

The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2009, of the receipts from the salmon marketing tax (AS 43.76.110), from the seafood marketing assessment (AS 16.51.120), and from program receipts of the Alaska Seafood Marketing Institute.

Banking and Securities		**3,287,400**		**3,287,400**
Banking and Securities	3,287,400			
Community Development Quota Program		**57,600**		**57,600**
Community Development Quota Program	57,600			

	Allocations	Appropriation Items	General Funds	Other Funds
Insurance Operations		**6,606,200**		**6,606,200**
Insurance Operations	6,606,200			

The amount appropriated by this appropriation includes up to $1,000,000 of the unexpended and unobligated balance on June 30, 2009, of the Department of Commerce, Community, and Economic Development, Division of Insurance, program receipts from license fees and service fees.

Corporations, Business and Professional Licensing		**10,954,800**		**10,954,800**
Corporations, Business and Professional Licensing	10,954,800			

The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2009, of business license receipts under AS 43.70.030; receipts from the fees under AS 08.01.065(a), (c), and (f) - (i); and corporations receipts collected under AS 10.06, AS 10.15, AS 10.20, AS 10.25, AS 10.35, AS 10.40, AS 10.45, AS 10.50, AS 32.06, AS 32.11, and AS 45.50.

Regulatory Commission of Alaska		**8,179,600**		**8,179,600**
Regulatory Commission of Alaska	8,179,600			

The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2009, of the Department of Commerce, Community, and Economic Development, Regulatory Commission of Alaska receipts account for regulatory cost charges under AS 42.05.254 and AS 42.06.286.

DCED State Facilities Rent		**1,345,200**	**585,000**	**760,200**
DCED State Facilities Rent	1,345,200			
Serve Alaska		**3,307,600**	**121,000**	**3,186,600**
Serve Alaska	3,307,600			

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*** * * * * Department of Corrections * * * * ***

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	Allocations	Appropriation Items	General Funds	Other Funds
Administration and Support		**6,746,700**	**6,451,400**	**295,300**
Office of the Commissioner	1,271,500			

It is the intent of the legislature that the Department of Corrections define its future facility needs, including alternatives to prison space, with specific attention to the communities of Bethel, Seward and Fairbanks, and report their findings to the legislature before February 1, 2010.

Administrative Services	2,701,600			
Information Technology MIS	2,184,900			
Research and Records	298,800			
DOC State Facilities Rent	289,900			
Population Management		**203,999,500**	**180,057,400**	**23,942,100**
Correctional Academy	981,600			
Facility-Capital Improvement Unit	548,500			
Prison System Expansion	498,900			
Facility Maintenance	12,280,500			
Classification and Furlough	1,161,600			
Out-of-State Contractual	21,866,100			
Offender Habilitation Programs	1,397,400			
Institution Director's Office	820,700			
Prison Employment Program	2,385,600			

The amount allocated for Prison Employment Program includes the unexpended and unobligated balance on June 30, 2009, of the Department of Corrections receipts collected under AS 37.05.146(c)(80).

Inmate Transportation	2,044,200			
Point of Arrest	628,700			
Anchorage Correctional Complex	24,190,700			

	Allocations	Appropriation Items	General Funds	Other Funds
Anvil Mountain Correctional Center	5,173,700			
Combined Hiland Mountain Correctional Center	10,331,400			
Fairbanks Correctional Center	9,612,300			
Goose Creek Correctional Center	468,600			

It is the intent of the legislature that no state funds, other than the amount required to reimburse the Matanuska-Susitna Borough for debt service costs, be used for capital costs associated with the Goose Creek Correctional Center.

It is the intent of the legislature that the Department of Corrections investigate the privatization of the operation and maintenance of the Goose Creek Correctional Center and report their findings to the legislature before February 1, 2010.

Ketchikan Correctional Center	3,814,100			
Lemon Creek Correctional Center	8,019,200			
Matanuska-Susitna Correctional Center	4,070,500			
Palmer Correctional Center	11,907,300			
Spring Creek Correctional Center	18,633,200			
Wildwood Correctional Center	11,605,300			
Yukon-Kuskokwim Correctional Center	5,471,300			
Point MacKenzie Correctional Farm	3,657,900			
Probation and Parole Director's Office	738,900			

	Allocations	Appropriation Items	General Funds	Other Funds
Statewide Probation and Parole	13,489,100			
Electronic Monitoring	1,919,100			
Community Jails	6,115,400			
Community Residential Centers	19,377,900			
Parole Board	789,800			
Inmate Health Care		**29,742,400**	**19,189,500**	**10,552,900**
Inmate Health Care	29,742,400			
* * * * *			* * * * *	
* * * * * **Department of Education and Early Development** * * * * *				
* * * * *			* * * * *	
K-12 Support		**48,075,400**	**14,347,400**	**33,728,000**
Foundation Program	35,728,000			
Boarding Home Grants	1,690,800			
Youth in Detention	1,100,000			
Special Schools	3,127,500			
Alaska Challenge Youth Academy	6,429,100			
Education Support Services		**6,555,700**	**4,709,400**	**1,846,300**
Executive Administration	2,154,300			
Administrative Services	1,291,000			
Information Services	658,900			
School Finance & Facilities	2,451,500			
Teaching and Learning Support		**213,817,000**	**20,038,400**	**193,778,600**
Student and School Achievement	164,978,000			
Statewide Mentoring Program	4,500,000			
Teacher Certification	701,900			

The amount allocated for Teacher Certification includes the unexpended and unobligated

	Allocations	Appropriation Items	General Funds	Other Funds
balance on June 30, 2009, of the Department of Education and Early Development receipts from teacher certification fees under AS 14.20.020(c).				
Child Nutrition	35,580,700			
Early Learning Coordination	8,056,400			
Commissions and Boards		**1,880,300**	**970,300**	**910,000**
Professional Teaching Practices Commission	275,000			
Alaska State Council on the Arts	1,605,300			
Mt. Edgecumbe Boarding School		**7,363,500**	**3,846,000**	**3,517,500**
Mt. Edgecumbe Boarding School	7,363,500			
State Facilities Maintenance		**3,156,600**	**2,045,800**	**1,110,800**
State Facilities Maintenance	1,084,800			
EED State Facilities Rent	2,071,800			
Alaska Library and Museums		**8,842,700**	**6,890,300**	**1,952,400**
Library Operations	5,844,000			
Archives	1,117,000			
Museum Operations	1,881,700			
Alaska Postsecondary Education Commission		**15,759,900**	**2,654,800**	**13,105,100**
Program Administration & Operations	13,105,100			
WWAMI Medical Education	2,654,800			
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* * * * * **Department of Environmental Conservation** * * * * *				
* * * * *			* * * * *	
Administration		**7,715,300**	**2,766,800**	**4,948,500**
Office of the Commissioner	1,002,300			

	Allocations	Appropriation Items	General Funds	Other Funds
Information and Administrative Services	4,742,900			
The amount allocated for Information and Administrative Services includes the unexpended and unobligated balance on June 30, 2009, of receipts from all prior fiscal years collected under the Department of Environmental Conservation's federal approved indirect cost allocation plan for expenditures incurred by the Department of Environmental Conservation.				
State Support Services	1,970,100			
DEC Buildings Maintenance and Operations		**508,500**	**507,800**	**700**
DEC Buildings Maintenance and Operations	508,500			
Environmental Health		**25,243,900**	**8,397,400**	**16,846,500**
Environmental Health Director	335,500			
Food Safety & Sanitation	3,967,900			
Laboratory Services	3,048,300			
Drinking Water	6,113,200			
Solid Waste Management	2,073,300			
Air Quality Director	257,300			
Air Quality	9,448,400			
Spill Prevention and Response		**17,523,700**	**638,900**	**16,884,800**
Spill Prevention and Response Director	267,700			
Contaminated Sites Program	7,274,300			
Industry Preparedness and Pipeline Operations	4,471,000			
Prevention and Emergency Response	4,040,200			
Response Fund Administration	1,470,500			
Water		**23,143,600**	**6,829,600**	**16,314,000**

	Allocations	Appropriation Items	General Funds	Other Funds
Water Quality	15,925,800			

It is the intent of the legislature that the Department of Environmental Conservation conduct an audit of Crowley Marine Services pertaining to the contract provisions requiring an Alaskan hiring preference under the Ocean Ranger program.

Facility Construction	7,217,800			

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*** * * * * Department of Fish and Game * * * * ***

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The amount appropriated for the Department of Fish and Game includes the unexpended and unobligated balance on June 30, 2009, of receipts collected under the Department of Fish and Game's federal indirect cost plan for expenditures incurred by the Department of Fish and Game.

Commercial Fisheries		**60,430,100**	**35,481,900**	**24,948,200**

The amount appropriated for Commercial Fisheries includes the unexpended and unobligated balance on June 30, 2009, of the Department of Fish and Game receipts from commercial fisheries test fishing operations receipts under AS 16.05.050(a)(15).

Southeast Region Fisheries Management	7,609,800			
Central Region Fisheries Management	8,414,400			
AYK Region Fisheries Management	6,092,900			
Westward Region Fisheries Management	8,543,600			
Headquarters Fisheries Management	9,443,400			
Commercial Fisheries Special Projects	20,326,000			

The amount appropriated to the Commercial Fisheries Special Projects allocation includes the unexpended and unobligated balances on June 30, 2009, of the Department of Fish and Game, Commercial Fisheries Special Projects, receipt supported services from taxes on dive fishery

	Allocations	Appropriation Items	General Funds	Other Funds
products.				
Sport Fisheries		**47,652,000**	**3,742,400**	**43,909,600**
Sport Fisheries	47,652,000			
Wildlife Conservation		**35,804,200**	**5,725,500**	**30,078,700**
Wildlife Conservation	24,810,800			
Wildlife Conservation Special Projects	10,379,300			
Hunter Education Public Shooting Ranges	614,100			
Administration and Support		**26,424,500**	**8,840,600**	**17,583,900**
Commissioner's Office	1,590,500			
Administrative Services	10,518,900			
Fish and Game Boards and Advisory Committees	1,649,600			
State Subsistence	5,218,200			
EVOS Trustee Council	3,608,500			
State Facilities Maintenance	1,308,800			
Fish and Game State Facilities Rent	2,530,000			
Habitat		**4,944,800**	**3,447,300**	**1,497,500**
Habitat	4,944,800			
Commercial Fisheries Entry Commission		**3,954,700**		**3,954,700**
Commercial Fisheries Entry Commission	3,954,700			

The amount appropriated for Commercial Fisheries Entry Commission includes the unexpended and unobligated balance on June 30, 2009, of the Department of Fish and Game, Commercial Fisheries Entry Commission program receipts from licenses, permits and other fees.

	Allocations	Appropriation Items	General Funds	Other Funds
*****		*****		
***** Office of the Governor *****				
*****		*****		
Commissions/Special Offices		**3,106,100**	**2,918,500**	**187,600**
Human Rights Commission	2,106,100			
Redistricting Planning Committee	1,000,000			
Executive Operations		**12,876,500**	**12,781,500**	**95,000**
Executive Office	10,446,600			
Governor's House	478,900			
Contingency Fund	800,000			
Lieutenant Governor	1,151,000			
Office of the Governor State Facilities Rent		**998,300**	**998,300**	
Governor's Office State Facilities Rent	526,200			
Governor's Office Leasing	472,100			
Office of Management and Budget		**2,560,000**	**2,560,000**	
Office of Management and Budget	2,560,000			
Elections		**3,966,200**	**3,226,700**	**739,500**
Elections	3,966,200			
*****		*****		
***** Department of Health and Social Services *****				
*****		*****		

No money appropriated in this appropriation may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a). The money appropriated for Health and Social Services may be expended only for mandatory services required under Title XIX of the Social Security Act and for optional services offered by the state under the state plan for medical assistance that has been approved by the United States Department of Health and

	Allocations	Appropriation Items	General Funds	Other Funds
Human Services.				
It is the intent of the legislature that the Department continues to aggressively pursue Medicaid cost containment initiatives. Efforts should continue where the Department believes additional cost containment is possible including further efforts to contain travel expenses. The Department must continue efforts imposing regulations controlling and materially reducing the cost of Personal Care Attendant (PCA) services. Efforts must be continued utilizing existing resources to impose regulations screening applicants for Residential Psychiatric Treatment Center (RPTC) services, especially for out-of-state services. The department must address the entire matrix of optional Medicaid services, reimbursement rates and eligibility requirements that are the basis of the Medicaid growth algorithm. This work is to utilize the results of the Medicaid Assessment and Planning analysis. The legislature requests that by January 2010 the Department be prepared to present projections of future Medicaid funding requirements under our existing statute and regulations and be prepared to present and evaluate the consequences of viable policy alternatives that could be implemented to lower growth rates and reducing projections of future costs.				
It is the intent of the legislature that the Department of Health and Social Services eliminate the requirement for narrative and financial quarterly reports for all grant recipients whose grants are $50,000 or less. This is an unnecessary burden and is not a requirement of the federal grants.				
It is the intent of the legislature that the Department of Health and Social Services make a single 'upfront' payment for any grant award that is $50,000 or less and includes a signature of the grantee certifying compliance with the terms of the grant with their approved application. Signature of the grantee would also certify that if a final report certifying completion of the grant requirements is not filed, future grants will not be considered for that grantee until all requirements of prior grants are completed satisfactorily. In the event a grantee is deemed ineligible for a future grant consideration due to improper filing of final reports, the grantee will be informed about the department's procedures for future consideration of grant eligibility. The department will establish procedures to consider retroactivity for specific grant consideration or express that the retroactivity cannot be considered for certain grants during the selection process.				
Alaska Pioneer Homes		**43,309,900**	**19,080,300**	**24,229,600**

	Allocations	Appropriation Items	General Funds	Other Funds

It is the intent of the legislature that the Department maintain regulations requiring all residents of the Pioneer Homes to apply for all appropriate benefit programs prior to a state subsidy being provided for their care from the State Payment Assistance program.

It is the intent of the legislature that all pioneers' homes and veterans' homes applicants shall complete any forms to determine eligibility for supplemental program funding, such as Medicaid, Medicare, SSI, and other benefits as part of the application process. If an applicant is not able to complete the forms him/herself, or if relatives or guardians of the applicant are not able to complete the forms, Department of Health and Social Services staff may complete the forms for him/her, obtain the individuals' or designee's signature and submit for eligibility per AS 47.25.120.

Alaska Pioneer Homes Management	1,433,300			
Pioneer Homes	41,862,900			
Pioneers Homes Advisory Board	13,700			
Behavioral Health		**146,020,300**	**22,017,700**	**124,002,600**
AK Fetal Alcohol Syndrome Program	1,292,800			
Alcohol Safety Action Program (ASAP)	2,938,300			
Behavioral Health Medicaid Services	98,849,900			
Behavioral Health Grants	6,651,900			

It is the intent of the legislature that the department continue developing policies and procedures surrounding the awarding of recurring grants to assure that applicants are regularly evaluated on their performance in achieving outcomes consistent with the expectations and missions of the Department related to their specific grant. The recipient's specific performance should be measured and incorporated into the decision whether to continue awarding grants. Performance measurement should be standardized, accurate, objective and fair, recognizing and compensating for differences among grant recipients including acuity of services provided, client base, geographic location and other factors necessary and appropriate

	Allocations	Appropriation Items	General Funds	Other Funds
to reconcile and compare grant recipient performances across the array of providers and services involved.				
It is the intent of the legislature that the $181.0 increment in the FY10 budget for Behavioral Health Grants be used for the Volunteers of America ARCH residential treatment center for adolescents with substance abuse/dependency and co-occurring disorders.				
Behavioral Health Administration	7,949,500			
Community Action Prevention & Intervention Grants	1,915,200			
Rural Services and Suicide Prevention	785,900			
Psychiatric Emergency Services	1,714,400			
Services to the Seriously Mentally Ill	2,184,000			
Services for Severely Emotionally Disturbed Youth	1,415,700			
Alaska Psychiatric Institute	20,173,500			
Alaska Psychiatric Institute Advisory Board	10,000			
AK Mental Health & Alcohol & Drug Abuse Boards	139,200			
Children's Services		**131,362,900**	**67,111,600**	**64,251,300**
Children's Medicaid Services	11,960,100			
Children's Services Management	7,242,300			
Children's Services	1,824,800			

	Allocations	Appropriation Items	General Funds	Other Funds
Training				
Front Line Social Workers	41,976,200			
Family Preservation	12,628,800			
Foster Care Base Rate	17,246,000			
Foster Care Augmented Rate	1,776,100			
Foster Care Special Need	5,415,400			
Subsidized Adoptions & Guardianship	23,401,600			
Residential Child Care	3,101,200			
Infant Learning Program Grants	4,200,700			
Children's Trust Programs	589,700			
Health Care Services		**709,174,000**	**208,793,900**	**500,380,100**
Adult Preventative Dental Medicaid Services	7,288,400			

It is the intent of the legislature that the Adult Preventative Dental Medicaid Services not over spend authority granted by authorizing statute and adjust benefits available to individual participants as necessary to maintain and conduct the program throughout the entire fiscal year.

Medicaid Services	656,918,100			
Catastrophic and Chronic Illness Assistance (AS 47.08)	1,471,000			
Health Facilities Survey	1,546,800			
Medical Assistance Administration	34,376,200			
Rate Review	1,739,100			
Health Planning and Infrastructure	3,680,500			
Community Health Grants	2,153,900			

It is the intent of the legislature that, in accordance with AS 37.05.316, $250,000 in general

	Allocations	Appropriation Items	General Funds	Other Funds
funds be provided as a grant to Anchorage Project Access.				
Juvenile Justice		**50,678,800**	**46,766,200**	**3,912,600**
McLaughlin Youth Center	16,395,300			
Mat-Su Youth Facility	2,010,100			
Kenai Peninsula Youth Facility	1,671,700			
Fairbanks Youth Facility	4,148,300			
Bethel Youth Facility	3,403,800			
Nome Youth Facility	2,383,700			
Johnson Youth Center	3,395,900			
Ketchikan Regional Youth Facility	1,610,500			
Probation Services	13,046,700			
Delinquency Prevention	1,764,800			
Youth Courts	848,000			
Public Assistance		**287,645,700**	**140,371,700**	**147,274,000**
Alaska Temporary Assistance Program	26,631,800			
Adult Public Assistance	56,370,000			
It is the intent of the legislature that the Interim Assistance cash payments be restricted to those individuals who agree to repay the State of Alaska in the event Supplementary Security Income (SSI) does not determine the individual eligible for cash assistance. It is the intent of the Legislature that the Department of Health and Social Services make all attempts possible to recover the Interim Assistance cash payments in the event an individual is not SSI eligible after receiving Interim Assistance.				
Child Care Benefits	50,229,100			
General Relief Assistance	1,555,400			
Tribal Assistance Programs	13,372,700			
Senior Benefits Payment Program	19,623,500			
Permanent Fund Dividend	13,584,700			

	Allocations	Appropriation Items	General Funds	Other Funds
Hold Harmless				
Energy Assistance Program	17,346,200			
Public Assistance Administration	4,266,600			
Public Assistance Field Services	36,309,400			

It is the intent of the legislature that there shall be no fee agents engaged in activities within 50 road miles of any public assistance office.

Fraud Investigation	1,838,900			
Quality Control	1,878,100			
Work Services	16,040,800			
Women, Infants and Children	28,598,500			
Public Health		**94,329,000**	**35,584,600**	**58,744,400**
Injury Prevention/Emergency Medical Services	4,096,500			
Nursing	26,803,300			
Women, Children and Family Health	9,301,600			
Public Health Administrative Services	3,287,900			
Preparedness Program	4,500,800			
Certification and Licensing	5,283,900			
Chronic Disease Prevention and Health Promotion	8,587,900			
Epidemiology	10,799,000			
Bureau of Vital Statistics	2,679,200			
Emergency Medical Services Grants	2,820,600			
State Medical Examiner	2,244,400			

	Allocations	Appropriation Items	General Funds	Other Funds
Public Health Laboratories	6,510,600			
Tobacco Prevention and Control	7,413,300			
Senior and Disabilities Services		**388,196,600**	**151,240,200**	**236,956,400**

It is the intent of the legislature that regulations related to the General Relief / Temporary Assisted Living program be reviewed and revised as needed to minimize the length of time that the state provides housing alternatives and assure the services are provided only to intended beneficiaries who are actually experiencing harm, abuse or neglect. The department should educate care coordinators and direct service providers about who should be referred and when they are correctly referred to the program in order that referring agents correctly match consumer needs with the program services intended by the department.

General Relief/Temporary Assisted Living	2,748,400
Senior and Disabilities Medicaid Services	354,681,300
Senior and Disabilities Services Administration	10,735,900
Senior Community Based Grants	9,876,100

It is the intent of the legislature that funding in the FY 2010 budget for Senior Community Based Grants be used to invest in successful home and community based supports provided by grantees who have demonstrated successful outcomes documented in accordance with the department's performance based evaluation procedures.

Senior Residential Services	815,000
Community Developmental Disabilities Grants	6,727,000
Commission on Aging	364,500
Governor's Council on Disabilities and Special Education	2,248,400

	Allocations	Appropriation Items	General Funds	Other Funds
Departmental Support Services		**47,416,500**	**16,632,300**	**30,784,200**
Public Affairs	1,960,100			
Quality Assurance and Audit	1,174,600			
Commissioner's Office	2,095,000			

It is the intent of the legislature that the Department of Health and Social Services complete the following tasks related to fiscal audits required in chapter 66, SLA 2003 of all Medicaid providers:

1. Develop regulations addressing the use of extrapolation methodology following an audit of Medicaid providers that clearly defines the difference between actual overpayment of funds to a provider and ministerial omission or clerical billing error that does not result in overpayment to the provider. The extrapolation methodology will also define percentage of 'safe harbor' overpayment rates for which extrapolation methodology will be applied.

2. Develop training standards and definitions regarding ministerial and billing errors versus overpayments. Include the use of those standards and definitions in the State's audit contracts.

All audits initiated after the effective date of this intent and resulting in findings of overpayment will be calculated under the Department's new regulations governing overpayment standards and extrapolation methodology.

It is the intent of the legislature that the department develops a ten year funding source and use of funds projection for the entire department.

It is the intent of the legislature that the department continue working on implementing a provider rate rebasing process and specific funding recommendations for both Medicaid and non-Medicaid providers to be completed and available to the legislature no later than December 15, 2009.

Assessment and Planning	250,000			
Administrative Support Services	9,916,800			
Hearings and Appeals	764,200			
Medicaid School Based Administrative Claims	6,243,800			
Facilities Management	1,242,800			

	Allocations	Appropriation Items	General Funds	Other Funds
Information Technology Services	14,719,100			
Facilities Maintenance	2,454,900			
Pioneers' Homes Facilities Maintenance	2,125,000			
HSS State Facilities Rent	4,470,200			
Human Services Community Matching Grant		**1,485,300**	**1,485,300**	
Human Services Community Matching Grant	1,485,300			
Community Initiative Matching Grants (non-statutory grants)		**686,000**	**673,600**	**12,400**
Community Initiative Matching Grants (non-statutory grants)	686,000			
* * * * *			* * * * *	
* * * * * **Department of Labor and Workforce Development** * * * * *				
* * * * *			* * * * *	
Commissioner and Administrative Services		**20,057,800**	**6,754,000**	**13,303,800**
Commissioner's Office	1,056,300			
Alaska Labor Relations Agency	501,500			
Management Services	3,257,000			
The amount allocated for Management Services includes the unexpended and unobligated balance on June 30, 2009, of receipts from all prior fiscal years collected under the Department of Labor and Workforce Development's federal indirect cost plan for expenditures incurred by the Department of Labor and Workforce Development.				
Human Resources	846,500			
Leasing	3,335,500			

	Allocations	Appropriation Items	General Funds	Other Funds
Data Processing	6,481,400			
Labor Market Information	4,579,600			
Workers' Compensation and Safety		**22,015,500**	**1,710,300**	**20,305,200**
Workers' Compensation	5,072,000			
Workers' Compensation Appeals Commission	550,900			
Workers' Compensation Benefits Guaranty Fund	280,000			
Second Injury Fund	3,978,000			
Fishermens Fund	1,618,500			
Wage and Hour Administration	2,128,400			
Mechanical Inspection	2,669,600			
Occupational Safety and Health	5,592,300			
Alaska Safety Advisory Council	125,800			

The amount allocated for the Alaska Safety Advisory Council includes the unexpended and unobligated balance on June 30, 2009, of the Department of Labor and Workforce Development, Alaska Safety Advisory Council receipts under AS 18.60.840.

Workforce Development		**94,439,700**	**7,034,600**	**87,405,100**
Employment and Training Services	29,246,900			
Unemployment Insurance	20,533,400			
Adult Basic Education	3,265,000			
Workforce Investment Board	554,400			
Business Services	36,905,500			
Kotzebue Technical Center Operations Grant	1,450,200			
Southwest Alaska Vocational	478,400			

	Allocations	Appropriation Items	General Funds	Other Funds
and Education Center Operations Grant				
Yuut Elitnaurviat, Inc. People's Learning Center Operations Grant	850,200			
Northwest Alaska Career and Technical Center	683,400			
Delta Career Advancement Center	283,400			
New Frontier Vocational Technical Center	188,900			
Alaska Construction Academy Training Opportunities		**3,500,000**	**3,500,000**	
Construction Academy Training	3,500,000			
Vocational Rehabilitation		**24,833,200**	**5,300,000**	**19,533,200**
Vocational Rehabilitation Administration	1,565,100			

The amount allocated for Vocational Rehabilitation Administration includes the unexpended and unobligated balance on June 30, 2009, of receipts from all prior fiscal years collected under the Department of Labor and Workforce Development's federal indirect cost plan for expenditures incurred by the Department of Labor and Workforce Development.

Client Services	14,361,200			
Independent Living Rehabilitation	1,689,100			
Disability Determination	5,160,100			
Special Projects	1,196,400			
Assistive Technology	632,900			
Americans With Disabilities Act (ADA)	228,400			

The amount allocated for the Americans with Disabilities Act includes the unexpended and

	Allocations	Appropriation Items	General Funds	Other Funds
unobligated balance on June 30, 2009, of inter-agency receipts collected by the Department of Labor and Workforce Development for cost allocation of the Americans with Disabilities Act.				
Alaska Vocational Technical Center		**12,184,300**	**4,852,900**	**7,331,400**
Alaska Vocational Technical Center	10,626,200			
AVTEC Facilities Maintenance	1,558,100			
*****		*****		
***** **Department of Law** *****				
*****		*****		
Criminal Division		**28,868,000**	**23,969,900**	**4,898,100**
First Judicial District	1,887,700			
Second Judicial District	1,628,900			
Third Judicial District: Anchorage	7,223,600			
Third Judicial District: Outside Anchorage	5,006,400			
Fourth Judicial District	5,162,400			
Criminal Justice Litigation	2,318,300			
Criminal Appeals/Special Litigation	5,640,700			
Civil Division		**42,369,900**	**20,067,500**	**22,302,400**
Deputy Attorney General's Office	907,400			
Collections and Support	2,683,700			
Commercial and Fair Business	4,899,400			
The amount allocated for Commercial and Fair Business includes the unexpended and unobligated balance on June 30, 2009, of designated program receipts of the Department of				

	Allocations	Appropriation Items	General Funds	Other Funds
Law, Commercial and Fair Business section, that are required by the terms of a settlement or judgment to be spent by the state for consumer education or consumer protection.				
Environmental Law	2,097,900			
Human Services and Child Protection	6,570,700			
Labor and State Affairs	5,811,300			
Legislation/Regulations	818,600			
Natural Resources	1,300,300			
Oil, Gas and Mining	4,920,200			
Opinions, Appeals and Ethics	1,780,900			
Regulatory Affairs Public Advocacy	1,536,800			
Statehood Defense	1,666,800			
Timekeeping and Litigation Support	1,595,000			
Torts & Workers' Compensation	3,373,000			
Transportation Section	2,407,900			
Administration and Support		**3,391,800**	**2,178,000**	**1,213,800**
Office of the Attorney General	644,700			
Administrative Services	2,260,100			
Dimond Courthouse Public Building Fund	487,000			
* * * * *			* * * * *	
* * * * * **Department of Military and Veterans Affairs** * * * * *				
* * * * *			* * * * *	
Military and Veteran's Affairs		**45,556,800**	**10,316,100**	**35,240,700**
Office of the Commissioner	4,131,200			

	Allocations	Appropriation Items	General Funds	Other Funds
Homeland Security and Emergency Management	6,752,200			
Local Emergency Planning Committee	300,000			
National Guard Military Headquarters	859,300			
Army Guard Facilities Maintenance	12,207,200			
Air Guard Facilities Maintenance	6,929,700			
Alaska Military Youth Academy	10,797,300			
Veterans' Services	1,025,100			
Alaska Statewide Emergency Communications	2,229,800			
State Active Duty	325,000			
Alaska National Guard Benefits		**960,800**	**960,800**	
Educational Benefits	80,000			
Retirement Benefits	880,800			
* * * * *		* * * * *		
* * * * * **Department of Natural Resources** * * * * *				
* * * * *		* * * * *		
Resource Development		**87,758,700**	**42,007,100**	**45,751,600**
Commissioner's Office	1,063,400			
Administrative Services	2,541,300			
The amount allocated for Administrative Services includes the unexpended and unobligated balance on June 30, 2009, of receipts from all prior fiscal years collected under the Department of Natural Resource's federal indirect cost plan for expenditures incurred by the Department of Natural Resources.				
Information Resource	3,412,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Management				
Oil & Gas Development	14,250,300			
Petroleum Systems	956,500			
Integrity Office				
Pipeline Coordinator	5,107,800			
Alaska Coastal and Ocean	4,449,800			
Management				
Large Project Permitting	3,031,900			
Claims, Permits & Leases	10,679,600			
Land Sales & Municipal	5,012,200			
Entitlements				
Title Acquisition & Defense	2,583,300			
Water Development	1,926,000			
Director's Office/Mining,	438,600			
Land, & Water				
Forest Management and	6,112,200			
Development				

The amount allocated for Forest Management and Development includes the unexpended and unobligated balance on June 30, 2009, of the timber receipts account (AS 38.05.110).

Non-Emergency Hazard	460,500			
Mitigation Projects				
Geological Development	7,624,800			
Recorder's Office/Uniform	4,470,400			
Commercial Code				
Agricultural Development	2,105,900			
North Latitude Plant	1,995,500			
Material Center				
Agriculture Revolving Loan	2,480,000			
Program Administration				
Conservation and	116,000			
Development Board				

	Allocations	Appropriation Items	General Funds	Other Funds
Public Services Office	495,800			
Trustee Council Projects	426,900			
Interdepartmental Information Technology Chargeback	1,706,000			
Human Resources Chargeback	929,500			
DNR Facilities Rent and Chargeback	2,792,500			
Facilities Maintenance	300,000			
State Coordinator-Gas Pipeline	290,000			
State Public Domain & Public Access		**600,800**	**525,100**	**75,700**
Citizen's Advisory Commission on Federal Areas	252,800			
RS 2477/Navigability Assertions and Litigation Support	348,000			
Fire Suppression		**28,360,900**	**21,832,900**	**6,528,000**
Fire Suppression Preparedness	16,688,000			
Fire Suppression Activity	11,672,900			
Parks and Recreation Management		**13,086,100**	**5,874,400**	**7,211,700**
State Historic Preservation Program	1,846,200			

The amount allocated for the State Historic Preservation Program includes up to $15,500 general fund program receipt authorization from the unexpended and unobligated balance on June 30, 2009, of the receipts collected under AS 41.35.380.

Parks Management	8,506,900			

		Appropriation	General	Other
	Allocations	Items	Funds	Funds
The amount allocated for Parks Management includes the unexpended and unobligated balance on June 30, 2009, of the receipts collected under AS 41.21.026.				
Parks & Recreation Access	2,733,000			
*****		*****		
***** Department of Public Safety *****				
*****		*****		
Fire and Life Safety		**5,807,900**	**2,233,300**	**3,574,600**
Fire and Life Safety Operations	2,849,900			
Training and Education Bureau	2,958,000			
Alaska Fire Standards Council		**486,100**	**232,200**	**253,900**
The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2009, of the receipts collected under AS 18.70.350(4) and AS 18.70.360.				
Alaska Fire Standards Council	486,100			
Alaska State Troopers		**115,323,300**	**98,707,700**	**16,615,600**
It is the intent of the legislature that the Department of Public Safety provide additional state trooper coverage for international border communities to help meet Federal and Homeland Security requirements.				
Special Projects	9,495,000			
Alaska State Troopers Director's Office	330,700			
Alaska Bureau of Judicial Services	8,736,600			
Prisoner Transportation	2,154,200			
Search and Rescue	387,900			
Rural Trooper Housing	2,680,100			
Narcotics Task Force	3,850,500			
Alaska State Trooper	50,827,900			

	Allocations	Appropriation Items	General Funds	Other Funds
Detachments				
Alaska Bureau of Investigation	5,675,300			
Alaska Bureau of Alcohol and Drug Enforcement	2,737,600			
Alaska Wildlife Troopers	18,696,900			
Alaska Wildlife Troopers Aircraft Section	5,454,500			
Alaska Wildlife Troopers Marine Enforcement	2,899,300			
Alaska Wildlife Troopers Director's Office	358,600			
Alaska Wildlife Troopers Investigations	1,038,200			
Village Public Safety Officer Program		**8,732,400**	**8,567,100**	**165,300**
VPSO Contracts	8,298,000			
Support	434,400			
Alaska Police Standards Council		**1,164,600**		**1,164,600**

The amount appropriated by this appropriation includes up to $125,000 of the unexpended and unobligated balance on June 30, 2009, of the receipts collected under AS 12.25.195(c), AS 12.55.039, AS 28.05.151, and AS 29.25.074 and receipts collected under AS 18.65.220(7).

Alaska Police Standards Council	1,164,600			
Council on Domestic Violence and Sexual Assault		**11,766,200**	**200,000**	**11,566,200**

Notwithstanding AS 43.23.028(b)(2), up to 10% of the amount appropriated by this appropriation under AS 43.23.028(b)(2) to the Council on Domestic Violence and Sexual Assault may be used to fund operations and grant administration.

	Allocations	Appropriation Items	General Funds	Other Funds
It is the intent of the legislature that PFD Appropriations in lieu of Dividends to Criminals funds be used before general funds for CDVSA program funding.				
Council on Domestic Violence and Sexual Assault	11,566,200			
Batterers Intervention Program	200,000			
Statewide Support		**22,941,900**	**15,492,800**	**7,449,100**
Commissioner's Office	1,215,600			
Training Academy	2,395,100			
Administrative Services	3,724,000			
Alaska Wing Civil Air Patrol	553,500			
Alcoholic Beverage Control Board	1,470,000			
Alaska Public Safety Information Network	3,262,700			
Alaska Criminal Records and Identification	5,217,400			
The amount allocated for Alaska Criminal Records and Identification includes up to $125,000 of the unexpended and unobligated balance on June 30, 2009, of the receipts collected by the Department of Public Safety from the Alaska automated fingerprint system under AS 44.41.025(b).				
Laboratory Services	5,103,600			
Statewide Facility Maintenance		**608,800**		**608,800**
Facility Maintenance	608,800			
DPS State Facilities Rent		**114,400**	**114,400**	
DPS State Facilities Rent	114,400			

	Allocations	Appropriation Items	General Funds	Other Funds
	*****	*****		
	***** Department of Revenue *****			
	*****	*****		
Taxation and Treasury		**71,092,000**	**16,789,000**	**54,303,000**
Tax Division	14,179,300			
Treasury Division	6,143,900			
Unclaimed Property	355,200			
Alaska Retirement Management Board	7,899,900			
Alaska Retirement Management Board Custody and Management Fees	34,872,900			
Permanent Fund Dividend Division	7,640,800			
Child Support Services		**25,304,800**	**174,700**	**25,130,100**
Child Support Services Division	25,304,800			
The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2009, of the receipts collected under the state's share of child support collections for reimbursement of the cost of the Alaska temporary assistance program as provided under AS 25.27.120.				
Administration and Support		**2,824,300**	**778,200**	**2,046,100**
Commissioner's Office	919,700			
Administrative Services	1,562,600			
State Facilities Rent	342,000			
Alaska Natural Gas Development Authority		**312,100**	**312,100**	
Gas Authority Operations	312,100			
Alaska Mental Health Trust Authority		**558,200**	**110,100**	**448,100**
Mental Health Trust	30,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Operations				
Long Term Care Ombudsman Office	528,200			
Alaska Municipal Bond Bank Authority		**828,100**		**828,100**
AMBBA Operations	828,100			
Alaska Housing Finance Corporation		**53,646,200**		**53,646,200**
AHFC Operations	53,246,200			
Anchorage State Office Building	400,000			
Alaska Permanent Fund Corporation		**92,122,100**		**92,122,100**
APFC Operations	9,707,100			
APFC Custody and Management Fees	82,415,000			
* * * * *			* * * * *	
* * * * * **Department of Transportation & Public Facilities** * * * * *				
* * * * *			* * * * *	
Administration and Support		**43,249,700**	**13,905,900**	**29,343,800**
Commissioner's Office	1,763,700			
Contracting and Appeals	307,100			
Equal Employment and Civil Rights	987,700			
Internal Review	1,085,700			
Transportation Management and Security	1,231,900			
Statewide Administrative Services	4,825,700			
Statewide Information Systems	4,131,200			

	Allocations	Appropriation Items	General Funds	Other Funds
Leased Facilities	2,281,100			
Human Resources	2,663,900			
Statewide Procurement	1,332,300			
Central Region Support Services	1,041,200			
Northern Region Support Services	1,377,700			
Southeast Region Support Services	868,200			
Statewide Aviation	2,720,100			
International Airport Systems Office	887,100			
Program Development	4,752,500			

Per AS 19.10.075(b), this allocation includes $75,400 representing an amount equal to 50% of the fines collected under AS 28.90.030 during the fiscal year ending June 30, 2008.

Central Region Planning	1,844,200			
Northern Region Planning	1,847,000			
Southeast Region Planning	608,600			
Measurement Standards & Commercial Vehicle Enforcement	6,692,800			

The amount allocated for Measurement Standards and Commercial Vehicle Enforcement includes the unexpended and unobligated balance on June 30, 2009, of the Unified Carrier Registration Program receipts collected by the Department of Transportation and Public Facilities.

Design, Engineering and Construction		**105,018,700**	**3,979,400**	**101,039,300**
Statewide Public Facilities	3,849,200			
Statewide Design and Engineering Services	10,190,400			
Central Design and	20,412,000			

	Allocations	Appropriation Items	General Funds	Other Funds
Engineering Services				
Northern Design and Engineering Services	16,427,000			
Southeast Design and Engineering Services	9,825,300			
Central Region Construction and CIP Support	19,129,600			
Northern Region Construction and CIP Support	15,808,000			
Southeast Region Construction	7,817,600			
Knik Arm Bridge/Toll Authority	1,559,600			
State Equipment Fleet		**26,494,200**		**26,494,200**
State Equipment Fleet	26,494,200			
Highways, Aviation and Facilities		**144,084,200**	**121,365,800**	**22,718,400**
Central Region Facilities	7,236,100			
Northern Region Facilities	11,430,200			
Southeast Region Facilities	1,332,600			
Traffic Signal Management	1,633,800			
Central Region Highways and Aviation	43,653,500			
Northern Region Highways and Aviation	60,359,700			
Southeast Region Highways and Aviation	14,068,100			
The amounts allocated for highways and aviation shall lapse into the general fund on August 31, 2010.				
Whittier Access and Tunnel	4,370,200			

	Allocations	Appropriation Items	General Funds	Other Funds
The amount allocated for Whittier Access and Tunnel includes the unexpended and unobligated balance on June 30, 2009, of the Whittier Tunnel toll receipts collected by the Department of Transportation and Public Facilities under AS 19.05.040(11).				
International Airports		**70,053,400**		**70,053,400**
Anchorage Airport Administration	7,811,400			
Anchorage Airport Facilities	19,750,400			
Anchorage Airport Field and Equipment Maintenance	12,071,700			
Anchorage Airport Operations	5,387,900			
Anchorage Airport Safety	11,059,400			
Fairbanks Airport Administration	1,793,700			
Fairbanks Airport Facilities	3,115,200			
Fairbanks Airport Field and Equipment Maintenance	3,542,000			
Fairbanks Airport Operations	1,240,700			
Fairbanks Airport Safety	4,281,000			
Marine Highway System		**124,027,000**	**67,575,400**	**56,451,600**
Marine Vessel Operations	105,447,100			
Marine Engineering	3,113,000			
Overhaul	1,698,400			
Reservations and Marketing	3,195,500			
Marine Shore Operations	6,779,600			
Vessel Operations Management	3,793,400			

	Allocations	Appropriation Items	General Funds	Other Funds
	* * * * *	* * * * *		
	* * * * * University of Alaska * * * * *			
	* * * * *	* * * * *		
University of Alaska		**816,070,700**	**321,227,200**	**494,843,500**
Statewide Services	36,866,400			
Office of Information Technology	18,892,500			
Systemwide Education and Outreach	8,381,600			
Anchorage Campus	239,800,100			
Small Business Development Center	887,200			
Kenai Peninsula College	13,000,400			
Kodiak College	4,309,500			
Matanuska-Susitna College	9,169,600			
Prince William Sound Community College	7,068,100			
Fairbanks Campus	235,140,900			
Future Farmers of Alaska	150,000			
Fairbanks Organized Research	133,471,900			
Cooperative Extension Service	8,672,700			
Bristol Bay Campus	3,499,400			
Chukchi Campus	2,035,300			
Interior-Aleutians Campus	4,833,200			
Kuskokwim Campus	6,532,200			
Northwest Campus	2,924,200			
College of Rural and Community Development	13,239,000			
Tanana Valley Campus	12,711,200			

	Allocations	Appropriation Items	General Funds	Other Funds
Juneau Campus	41,595,100			
Ketchikan Campus	5,176,000			
Sitka Campus	7,714,200			
*****		*****		
***** Alaska Court System *****				
*****		*****		
Alaska Court System		**87,133,100**	**84,951,500**	**2,181,600**
Budget requests from agencies of the Judicial Branch are transmitted as requested.				
Appellate Courts	6,208,400			
Trial Courts	70,940,400			
Administration and Support	9,542,000			
Therapeutic Courts	442,300			
It is the intent of the legislature that, as much as is possible, FY 2011 funding for Therapeutic Courts currently appropriated in other agencies be aggregated in the Therapeutic Courts allocation within the Alaska Court System.				
Commission on Judicial		**362,600**	**362,600**	
Conduct				
Commission on Judicial Conduct	362,600			
Judicial Council		**1,061,700**	**1,061,700**	
Judicial Council	1,061,700			
*****		*****		
***** Alaska Legislature *****				
*****		*****		
Budget and Audit Committee		**19,501,800**	**19,251,800**	**250,000**
Legislative Audit	4,550,600			
Legislative Finance	8,260,700			
Committee Expenses	6,476,400			
Legislature State Facilities Rent	214,100			
Legislative Council		**34,930,800**	**34,073,500**	**857,300**

		Appropriation	General	Other
	Allocations	**Items**	**Funds**	**Funds**
Salaries and Allowances	6,051,500			
Administrative Services	12,111,900			
Session Expenses	9,440,900			
Council and Subcommittees	1,288,400			
Legal and Research Services	3,877,100			
Select Committee on Ethics	214,800			
Office of Victims Rights	901,200			
Ombudsman	1,045,000			
Legislative Operating Budget		**11,637,400**	**11,637,400**	
Legislative Operating Budget	11,637,400			

(SECTION 2 OF THIS ACT BEGINS ON PAGE 44)

* **Sec. 2.** The following sets out the funding by agency for the appropriations made in sec. 1 of this Act.

Funding Source			Amount
Department of Administration			
	1002	Federal Receipts	2,397,200
	1004	Unrestricted General Fund Receipts	69,575,900
	1005	General Fund/Program Receipts	1,400,800
	1007	Interagency Receipts	111,513,900
	1017	Group Health and Life Benefits Fund	22,144,400
	1023	FICA Administration Fund Account	142,000
	1029	Public Employees Retirement Trust Fund	6,943,800
	1033	Federal Surplus Property Revolving Fund	385,200
	1034	Teachers Retirement Trust Fund	2,696,000
	1040	Real Estate Surety Fund	100
	1042	Judicial Retirement System	118,400
	1045	National Guard Retirement System	208,700
	1061	Capital Improvement Project Receipts	1,980,800
	1081	Information Services Fund	35,759,100
	1108	Statutory Designated Program Receipts	795,700
	1147	Public Building Fund	12,702,500
	1156	Receipt Supported Services	15,343,100
	1162	Alaska Oil & Gas Conservation Commission Receipts	5,524,800
	1171	PFD Appropriations in lieu of Dividends to Criminals	1,585,500
	*** Total Agency Funding ***		$291,217,900
Department of Commerce, Community and Economic Development			
	1002	Federal Receipts	64,592,700
	1003	General Fund Match	824,000
	1004	Unrestricted General Fund Receipts	11,789,200
	1005	General Fund/Program Receipts	18,700

1007	Interagency Receipts	13,404,400
1036	Commercial Fishing Loan Fund	3,784,500
1040	Real Estate Surety Fund	280,000
1061	Capital Improvement Project Receipts	4,480,100
1062	Power Project Fund	1,056,500
1070	Fisheries Enhancement Revolving Loan Fund	564,100
1074	Bulk Fuel Revolving Loan Fund	53,700
1089	Power Cost Equalization & Rural Electric Capitalization Fund	4,000,000
1101	Alaska Aerospace Development Corporation Revolving Fund	522,900
1102	Alaska Industrial Development & Export Authority Receipts	5,443,600
1107	Alaska Energy Authority Corporate Receipts	1,067,100
1108	Statutory Designated Program Receipts	474,800
1141	Regulatory Commission of Alaska Receipts	8,179,600
1156	Receipt Supported Services	27,329,300
1164	Rural Development Initiative Fund	52,500
1170	Small Business Economic Development Revolving Loan Fund	50,700
1175	Business License & Corporation Filing Fees and Taxes	4,938,000
1195	Special Vehicle Registration Receipts	136,900
1200	Vehicle Rental Tax Receipts	4,531,700
1208	Bulk Fuel Bridge Loan Fund	219,100
1209	Alaska Capstone Avionics Revolving Loan Fund	122,300
*** Total Agency Funding ***		$157,916,400
Department of Corrections		
1002	Federal Receipts	3,187,300
1003	General Fund Match	128,400

1004	Unrestricted General Fund Receipts	205,484,900
1005	General Fund/Program Receipts	85,000
1007	Interagency Receipts	12,938,900
1061	Capital Improvement Project Receipts	519,800
1108	Statutory Designated Program Receipts	2,715,800
1156	Receipt Supported Services	5,172,400
1171	PFD Appropriations in lieu of Dividends to Criminals	10,256,100
*** Total Agency Funding ***		$240,488,600
Department of Education and Early Development		
1002	Federal Receipts	193,814,700
1003	General Fund Match	947,100
1004	Unrestricted General Fund Receipts	54,481,400
1005	General Fund/Program Receipts	73,900
1007	Interagency Receipts	7,447,900
1014	Donated Commodity/Handling Fee Account	352,800
1043	Federal Impact Aid for K-12 Schools	20,791,000
1066	Public School Trust Fund	12,937,000
1106	Alaska Commission on Postsecondary Education Receipts	12,205,100
1108	Statutory Designated Program Receipts	902,800
1145	Art in Public Places Fund	30,000
1151	Technical Vocational Education Program Receipts	377,900
1156	Receipt Supported Services	1,089,500
*** Total Agency Funding ***		$305,451,100
Department of Environmental Conservation		
1002	Federal Receipts	21,497,600
1003	General Fund Match	4,014,600
1004	Unrestricted General Fund Receipts	13,499,800
1005	General Fund/Program Receipts	1,626,100

1007	Interagency Receipts	1,567,100
1018	Exxon Valdez Oil Spill Trust	96,900
1052	Oil/Hazardous Release Prevention & Response Fund	14,094,900
1061	Capital Improvement Project Receipts	4,105,700
1075	Alaska Clean Water Fund	67,300
1093	Clean Air Protection Fund	4,264,000
1108	Statutory Designated Program Receipts	225,300
1156	Receipt Supported Services	3,874,900
1166	Commercial Passenger Vessel Environmental Compliance Fund	1,159,700
1205	Berth Fees for the Ocean Ranger Program	4,041,100
*** Total Agency Funding ***		$74,135,000
Department of Fish and Game		
1002	Federal Receipts	54,962,500
1003	General Fund Match	422,600
1004	Unrestricted General Fund Receipts	56,797,200
1005	General Fund/Program Receipts	17,900
1007	Interagency Receipts	12,259,400
1018	Exxon Valdez Oil Spill Trust	4,672,100
1024	Fish and Game Fund	24,543,800
1036	Commercial Fishing Loan Fund	1,326,300
1055	Inter-Agency/Oil & Hazardous Waste	113,500
1061	Capital Improvement Project Receipts	5,779,900
1108	Statutory Designated Program Receipts	7,657,000
1109	Test Fisheries Receipts	2,524,400
1156	Receipt Supported Services	505,700
1194	Fish and Game Nondedicated Receipts	1,682,000
1199	Alaska Sport Fishing Enterprise Account	500,000
1201	Commercial Fisheries Entry Commission Receipts	5,446,000

*** Total Agency Funding ***		$179,210,300
Office of the Governor		
1002	Federal Receipts	187,600
1004	Unrestricted General Fund Receipts	22,480,100
1005	General Fund/Program Receipts	4,900
1061	Capital Improvement Project Receipts	739,500
1108	Statutory Designated Program Receipts	95,000
*** Total Agency Funding ***		$23,507,100
Department of Health and Social Services		
1002	Federal Receipts	982,190,300
1003	General Fund Match	366,818,700
1004	Unrestricted General Fund Receipts	342,938,700
1007	Interagency Receipts	62,902,200
1013	Alcoholism and Drug Abuse Revolving Loan Fund	2,000
1050	Permanent Fund Dividend Fund	13,584,700
1061	Capital Improvement Project Receipts	4,376,500
1098	Children's Trust Earnings	399,700
1099	Children's Trust Principal	150,000
1108	Statutory Designated Program Receipts	18,886,700
1156	Receipt Supported Services	24,317,600
1168	Tobacco Use Education and Cessation Fund	9,214,300
1212	Federal Economic Stimulus FY09	74,523,600
*** Total Agency Funding ***		$1,900,305,000
Department of Labor and Workforce Development		
1002	Federal Receipts	87,638,200
1003	General Fund Match	6,667,100
1004	Unrestricted General Fund Receipts	22,398,200
1005	General Fund/Program Receipts	86,500
1007	Interagency Receipts	25,051,500
1031	Second Injury Fund Reserve Account	3,977,800

1032	Fishermen's Fund	1,618,500
1049	Training and Building Fund	1,048,900
1054	State Training & Employment Program	8,935,900
1061	Capital Improvement Project Receipts	310,900
1108	Statutory Designated Program Receipts	682,800
1117	Vocational Rehabilitation Small Business Enterprise Fund	325,000
1151	Technical Vocational Education Program Receipts	4,841,800
1156	Receipt Supported Services	2,611,900
1157	Workers Safety and Compensation Administration Account	8,622,900
1172	Building Safety Account	1,932,600
1203	Workers Compensation Benefits Guarantee Fund	280,000
*** Total Agency Funding ***		$177,030,500
Department of Law		
1002	Federal Receipts	3,233,700
1003	General Fund Match	177,800
1004	Unrestricted General Fund Receipts	45,399,100
1005	General Fund/Program Receipts	638,500
1007	Interagency Receipts	20,704,400
1055	Inter-Agency/Oil & Hazardous Waste	548,600
1061	Capital Improvement Project Receipts	104,100
1105	Permanent Fund Corporation Receipts	1,477,000
1108	Statutory Designated Program Receipts	644,700
1141	Regulatory Commission of Alaska Receipts	1,536,800
1168	Tobacco Use Education and Cessation Fund	165,000
*** Total Agency Funding ***		$74,629,700
Department of Military and Veterans Affairs		
1002	Federal Receipts	22,235,300

1003	General Fund Match	2,657,300
1004	Unrestricted General Fund Receipts	8,591,200
1005	General Fund/Program Receipts	28,400
1007	Interagency Receipts	11,454,200
1061	Capital Improvement Project Receipts	1,116,200
1108	Statutory Designated Program Receipts	435,000
*** Total Agency Funding ***		$46,517,600
Department of Natural Resources		
1002	Federal Receipts	14,054,300
1003	General Fund Match	2,160,800
1004	Unrestricted General Fund Receipts	61,589,800
1005	General Fund/Program Receipts	3,675,200
1007	Interagency Receipts	6,391,900
1018	Exxon Valdez Oil Spill Trust	416,900
1021	Agricultural Revolving Loan Fund	2,480,000
1055	Inter-Agency/Oil & Hazardous Waste	71,300
1061	Capital Improvement Project Receipts	6,360,100
1105	Permanent Fund Corporation Receipts	5,152,900
1108	Statutory Designated Program Receipts	9,274,200
1153	State Land Disposal Income Fund	7,069,600
1154	Shore Fisheries Development Lease Program	365,800
1155	Timber Sale Receipts	832,200
1156	Receipt Supported Services	7,097,800
1200	Vehicle Rental Tax Receipts	2,813,700
*** Total Agency Funding ***		$129,806,500
Department of Public Safety		
1002	Federal Receipts	11,540,000
1003	General Fund Match	627,300
1004	Unrestricted General Fund Receipts	123,588,400
1005	General Fund/Program Receipts	1,331,800
1007	Interagency Receipts	7,457,200

1055	Inter-Agency/Oil & Hazardous Waste	50,200
1061	Capital Improvement Project Receipts	8,779,700
1108	Statutory Designated Program Receipts	2,090,400
1152	Alaska Fire Standards Council Receipts	253,900
1156	Receipt Supported Services	3,968,600
1171	PFD Appropriations in lieu of Dividends to Criminals	7,258,100
*** Total Agency Funding ***		$166,945,600
Department of Revenue		
1002	Federal Receipts	36,527,700
1004	Unrestricted General Fund Receipts	17,363,800
1005	General Fund/Program Receipts	800,300
1007	Interagency Receipts	5,341,400
1016	CSSD Federal Incentive Payments	1,800,000
1017	Group Health and Life Benefits Fund	1,628,900
1027	International Airports Revenue Fund	31,900
1029	Public Employees Retirement Trust Fund	26,558,500
1034	Teachers Retirement Trust Fund	13,657,700
1042	Judicial Retirement System	381,900
1045	National Guard Retirement System	245,000
1046	Education Loan Fund	54,900
1050	Permanent Fund Dividend Fund	7,404,900
1061	Capital Improvement Project Receipts	2,116,500
1066	Public School Trust Fund	104,400
1098	Children's Trust Earnings	15,200
1103	Alaska Housing Finance Corporation Receipts	30,155,600
1104	Alaska Municipal Bond Bank Receipts	828,100
1105	Permanent Fund Corporation Receipts	92,204,200
1108	Statutory Designated Program Receipts	465,900
1133	CSSD Administrative Cost Reimbursement	1,283,300
1156	Receipt Supported Services	7,533,300

1169	Power Cost Equalization Endowment Fund	160,400
1192	Mine Reclamation Trust Fund	24,000
*** Total Agency Funding ***		$246,687,800
Department of Transportation & Public Facilities		
1002	Federal Receipts	3,988,200
1004	Unrestricted General Fund Receipts	206,087,500
1005	General Fund/Program Receipts	39,000
1007	Interagency Receipts	3,845,700
1026	Highways Equipment Working Capital Fund	27,194,700
1027	International Airports Revenue Fund	70,599,500
1061	Capital Improvement Project Receipts	132,658,600
1076	Alaska Marine Highway System Fund	57,010,100
1108	Statutory Designated Program Receipts	1,301,900
1156	Receipt Supported Services	9,002,000
1200	Vehicle Rental Tax Receipts	700,000
1207	Regional Cruise Ship Impact Fund	500,000
*** Total Agency Funding ***		$512,927,200
University of Alaska		
1002	Federal Receipts	130,658,500
1003	General Fund Match	4,777,300
1004	Unrestricted General Fund Receipts	316,449,900
1007	Interagency Receipts	14,170,000
1048	University of Alaska Restricted Receipts	285,920,400
1061	Capital Improvement Project Receipts	7,300,000
1151	Technical Vocational Education Program Receipts	4,723,600
1174	University of Alaska Intra-Agency Transfers	51,521,000
1175	Business License & Corporation Filing Fees and Taxes	550,000
*** Total Agency Funding ***		$816,070,700
Alaska Court System		

1	1002	Federal Receipts	1,466,000
2	1004	Unrestricted General Fund Receipts	86,375,800
3	1007	Interagency Receipts	421,000
4	1108	Statutory Designated Program Receipts	85,000
5	1133	CSSD Administrative Cost Reimbursement	209,600
6	*** Total Agency Funding ***		$88,557,400
7	**Alaska Legislature**		
8	1004	Unrestricted General Fund Receipts	64,887,700
9	1005	General Fund/Program Receipts	75,000
10	1007	Interagency Receipts	340,000
11	1171	PFD Appropriations in lieu of Dividends to	767,300
12		Criminals	
13	*** Total Agency Funding ***		$66,070,000
14	* * * * * Total Budget * * * * *		$5,497,474,400

15 (SECTION 3 OF THIS ACT BEGINS ON PAGE 54)

* **Sec. 3.** The following sets out the statewide funding for the appropriations made in sec. 1 of this Act.

Funding Source		Amount
General Funds		
1003	General Fund Match	390,223,000
1004	Unrestricted General Fund Receipts	1,729,778,600
1005	General Fund/Program Receipts	9,902,000
1200	Vehicle Rental Tax Receipts	8,045,400
Total General Funds		$2,137,949,000
Federal Funds		
1002	Federal Receipts	1,634,171,800
1013	Alcoholism and Drug Abuse Revolving Loan Fund	2,000
1014	Donated Commodity/Handling Fee Account	352,800
1016	CSSD Federal Incentive Payments	1,800,000
1033	Federal Surplus Property Revolving Fund	385,200
1043	Federal Impact Aid for K-12 Schools	20,791,000
1133	CSSD Administrative Cost Reimbursement	1,492,900
1212	Federal Economic Stimulus FY09	74,523,600
Total Federal Funds		$1,733,519,300
Other Non-Duplicated Funds		
1017	Group Health and Life Benefits Fund	23,773,300
1018	Exxon Valdez Oil Spill Trust	5,185,900
1021	Agricultural Revolving Loan Fund	2,480,000
1023	FICA Administration Fund Account	142,000
1024	Fish and Game Fund	24,543,800
1027	International Airports Revenue Fund	70,631,400
1029	Public Employees Retirement Trust Fund	33,502,300
1031	Second Injury Fund Reserve Account	3,977,800
1032	Fishermen's Fund	1,618,500
1034	Teachers Retirement Trust Fund	16,353,700

1036	Commercial Fishing Loan Fund	5,110,800
1040	Real Estate Surety Fund	280,100
1042	Judicial Retirement System	500,300
1045	National Guard Retirement System	453,700
1046	Education Loan Fund	54,900
1048	University of Alaska Restricted Receipts	285,920,400
1049	Training and Building Fund	1,048,900
1054	State Training & Employment Program	8,935,900
1062	Power Project Fund	1,056,500
1066	Public School Trust Fund	13,041,400
1070	Fisheries Enhancement Revolving Loan Fund	564,100
1074	Bulk Fuel Revolving Loan Fund	53,700
1076	Alaska Marine Highway System Fund	57,010,100
1093	Clean Air Protection Fund	4,264,000
1098	Children's Trust Earnings	414,900
1099	Children's Trust Principal	150,000
1101	Alaska Aerospace Development Corporation Revolving Fund	522,900
1102	Alaska Industrial Development & Export Authority Receipts	5,443,600
1103	Alaska Housing Finance Corporation Receipts	30,155,600
1104	Alaska Municipal Bond Bank Receipts	828,100
1105	Permanent Fund Corporation Receipts	98,834,100
1106	Alaska Commission on Postsecondary Education Receipts	12,205,100
1107	Alaska Energy Authority Corporate Receipts	1,067,100
1108	Statutory Designated Program Receipts	46,733,000
1109	Test Fisheries Receipts	2,524,400
1117	Vocational Rehabilitation Small Business Enterprise Fund	325,000
1141	Regulatory Commission of Alaska Receipts	9,716,400

1151	Technical Vocational Education Program Receipts	9,943,300
1152	Alaska Fire Standards Council Receipts	253,900
1153	State Land Disposal Income Fund	7,069,600
1154	Shore Fisheries Development Lease Program	365,800
1155	Timber Sale Receipts	832,200
1156	Receipt Supported Services	107,846,100
1157	Workers Safety and Compensation Administration Account	8,622,900
1162	Alaska Oil & Gas Conservation Commission Receipts	5,524,800
1164	Rural Development Initiative Fund	52,500
1166	Commercial Passenger Vessel Environmental Compliance Fund	1,159,700
1168	Tobacco Use Education and Cessation Fund	9,379,300
1169	Power Cost Equalization Endowment Fund	160,400
1170	Small Business Economic Development Revolving Loan Fund	50,700
1172	Building Safety Account	1,932,600
1175	Business License & Corporation Filing Fees and Taxes	5,488,000
1192	Mine Reclamation Trust Fund	24,000
1195	Special Vehicle Registration Receipts	136,900
1199	Alaska Sport Fishing Enterprise Account	500,000
1201	Commercial Fisheries Entry Commission Receipts	5,446,000
1203	Workers Compensation Benefits Guarantee Fund	280,000
1205	Berth Fees for the Ocean Ranger Program	4,041,100
1207	Regional Cruise Ship Impact Fund	500,000
1209	Alaska Capstone Avionics Revolving Loan	122,300

	Fund	
Total Other Non-Duplicated Funds		$939,155,800
Duplicated Funds		
1007	Interagency Receipts	317,211,100
1026	Highways Equipment Working Capital Fund	27,194,700
1050	Permanent Fund Dividend Fund	20,989,600
1052	Oil/Hazardous Release Prevention & Response Fund	14,094,900
1055	Inter-Agency/Oil & Hazardous Waste	783,600
1061	Capital Improvement Project Receipts	180,728,400
1075	Alaska Clean Water Fund	67,300
1081	Information Services Fund	35,759,100
1089	Power Cost Equalization & Rural Electric Capitalization Fund	4,000,000
1145	Art in Public Places Fund	30,000
1147	Public Building Fund	12,702,500
1171	PFD Appropriations in lieu of Dividends to Criminals	19,867,000
1174	University of Alaska Intra-Agency Transfers	51,521,000
1194	Fish and Game Nondedicated Receipts	1,682,000
1208	Bulk Fuel Bridge Loan Fund	219,100
Total Duplicated Funds		$686,850,300

(SECTION 4 OF THIS ACT BEGINS ON PAGE 58)

* **Sec. 4.** LEGISLATIVE INTENT. (a) It is the intent of the legislature that the amounts appropriated by this Act are the full amounts that will be appropriated for those purposes for the fiscal year ending June 30, 2010.

(b) It is the intent of the legislature that money appropriated from the general fund be expended conservatively. If an appropriation includes the unexpended and unobligated balance of program receipts collected in a prior fiscal year, it is the intent of the legislature that the program receipts be expended, as allowed, before the expenditure of other money appropriated from the general fund. It is the intent of the legislature that the office of management and budget and the Department of Administration assist the legislature in carrying out this intent.

* **Sec. 5.** COSTS OF JOB RECLASSIFICATIONS. The money appropriated in this Act includes the amount necessary to pay the costs of personal services due to reclassification of job classes during the fiscal year ending June 30, 2010.

* **Sec. 6.** PERSONAL SERVICES TRANSFERS. It is the intent of the legislature that agencies restrict transfers to and from the personal services line. It is the intent of the legislature that the office of management and budget submit a report to the legislature on January 15, 2010, that describes and justifies all transfers to and from the personal services line by executive branch agencies during the first half of the fiscal year ending June 30, 2010. It is the intent of the legislature that the office of management and budget submit a report to the legislature on August 1, 2010, that describes and justifies all transfers to and from the personal services line by executive branch agencies during the second half of the fiscal year ending June 30, 2010.

* **Sec. 7.** ALASKA AEROSPACE DEVELOPMENT CORPORATION. Federal receipts and other corporate receipts of the Alaska Aerospace Development Corporation received during the fiscal year ending June 30, 2010, that are in excess of the amount appropriated in sec. 1 of this Act are appropriated to the Alaska Aerospace Development Corporation for operations for the fiscal year ending June 30, 2010.

* **Sec. 8.** ALASKA PERMANENT FUND CORPORATION. (a) The amount authorized under AS 37.13.145(b) for transfer by the Alaska Permanent Fund Corporation on June 30, 2010, is appropriated from the earnings reserve account (AS 37.13.145(a)) to the dividend fund (AS 43.23.045(a)) for the payment of permanent fund dividends and administrative and

associated costs for the fiscal year ending June 30, 2010.

(b) After money is transferred to the dividend fund under (a) of this section, the amount calculated under AS 37.13.145(c) to offset the effect of inflation on the principal of the Alaska permanent fund during fiscal year 2010 is appropriated from the earnings reserve account (AS 37.13.145(a)) to the principal of the Alaska permanent fund.

(c) The amount required to be deposited under AS 37.13.010(a)(1) and (2) during fiscal year 2010 is appropriated to the principal of the Alaska permanent fund in satisfaction of that requirement.

*** Sec. 9.** DEPARTMENT OF ADMINISTRATION. The amount necessary to fund the uses of the state insurance catastrophe reserve account described in AS 37.05.289(a) is appropriated from that account to the Department of Administration for those uses during the fiscal year ending June 30, 2010.

*** Sec. 10.** DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. (a) The unexpended and unobligated balance of federal money apportioned to the state as national forest income that the Department of Commerce, Community, and Economic Development determines would lapse into the unrestricted portion of the general fund June 30, 2010, under AS 41.15.180(j) is appropriated as follows:

(1) up to $170,000 is appropriated to the Department of Transportation and Public Facilities, commissioner's office, for road maintenance in the unorganized borough, for the fiscal year ending June 30, 2010;

(2) the balance remaining after the appropriation made by (1) of this subsection is appropriated to home rule cities, first class cities, second class cities, a municipality organized under federal law, or regional educational attendance areas entitled to payment from the national forest income for the fiscal year ending June 30, 2010, to be allocated among the recipients of national forest income according to their pro rata share of the total amount distributed under AS 41.15.180(c) and (d) for the fiscal year ending June 30, 2010.

(b) An amount equal to the salmon enhancement tax collected under AS 43.76.001 - 43.76.028 in calendar year 2008 and deposited in the general fund under AS 43.76.025(c) is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in fiscal year 2010 to qualified regional associations

operating within a region designated under AS 16.10.375.

(c) An amount equal to the seafood development tax collected under AS 43.76.350 - 43.76.399 in calendar year 2008 and deposited in the general fund under AS 43.76.380(d) is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment in fiscal year 2010 to qualified regional seafood development associations.

(d) The sum of $20,892,700 is appropriated from the power cost equalization endowment fund (AS 42.45.070) to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, power cost equalization allocation, for the fiscal year ending June 30, 2010.

(e) If the amount appropriated in (d) of this section is not sufficient to pay power cost equalization program costs without proration, the amount necessary to pay power cost equalization program costs without proration, estimated to be $11,267,300, is appropriated from the general fund to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, power cost equalization allocation, for the fiscal year ending June 30, 2010.

* **Sec. 11.** DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT. (a) If the amount necessary to pay benefit payments from the fishermen's fund (AS 23.35.060) exceeds the amounts appropriated in sec. 1 of this Act, the additional amount necessary to pay those benefit payments is appropriated from that fund to the Department of Labor and Workforce Development, fishermen's fund allocation, for the fiscal year ending June 30, 2010.

(b) If the amount necessary to pay benefit payments from the second injury fund (AS 23.30.040(a)) exceeds the amount appropriated in sec. 1 of this Act, the additional amount necessary to make those benefit payments is appropriated from the second injury fund to the Department of Labor and Workforce Development, second injury fund allocation, for the fiscal year ending June 30, 2010.

(c) If the amount necessary to pay benefit payments from the workers' compensation benefits guaranty fund (AS 23.30.082) exceeds the amount appropriated in sec. 1 of this Act, the additional amount necessary to pay those benefit payments is appropriated from that fund to the Department of Labor and Workforce Development, workers' compensation benefits guaranty fund allocation, for the fiscal year ending June 30, 2010.

*** Sec. 12.** DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS. Five percent of the market value of the average ending balances in the Alaska veterans' memorial endowment fund (AS 37.14.700) for the fiscal years ending June 30, 2007, June 30, 2008, and June 30, 2009, is appropriated from the Alaska veterans' memorial endowment fund to the Department of Military and Veterans' Affairs for the purposes specified in AS 37.14.730(b) for the fiscal year ending June 30, 2010.

*** Sec. 13.** DEPARTMENT OF NATURAL RESOURCES. (a) Federal receipts received for fire suppression during the fiscal year ending June 30, 2010, are appropriated to the Department of Natural Resources for fire suppression activities for the fiscal year ending June 30, 2010.

(b) The amount necessary for the purposes specified in AS 37.14.820 for the fiscal year ending June 30, 2010, is appropriated from the mine reclamation trust fund operating account (AS 37.14.800(a)) to the Department of Natural Resources.

(c) The sum of $250,000 is appropriated from the general fund to the Department of Natural Resources, forest management and development allocation, for a private and public forest assessment for the fiscal years ending June 30, 2010, and June 30, 2011.

*** Sec. 14.** DEPARTMENT OF PUBLIC SAFETY. (a) The sum of $1,393,200 is appropriated from the general fund to the Department of Public Safety, division of Alaska state troopers, narcotics task force, for drug and alcohol enforcement efforts during the fiscal year ending June 30, 2010.

(b) If the amount of federal receipts received by the Department of Public Safety from the justice assistance grant program during the fiscal year ending June 30, 2010, for drug and alcohol enforcement efforts exceeds $1,289,100, the appropriation in (a) of this section is reduced by the amount by which the federal receipts exceed $1,289,100.

(c) The sum of $1,270,000 is appropriated from the general fund to the Department of Public Safety, division of Alaska state troopers, special projects, for rural alcohol interdiction efforts for the fiscal year ending June 30, 2010.

(d) If federal receipts are received by the Department of Public Safety for the rural alcohol interdiction program for the fiscal year ending June 30, 2010, the appropriation in (c) of this section is reduced by the amount of the federal receipts.

*** Sec. 15.** DEPARTMENT OF REVENUE. (a) The minimum amount of program receipts

received for the fiscal year ending June 30, 2010, by the child support services agency that is required to secure the federal funding appropriated from those program receipts for the child support enforcement program in sec. 1 of this Act is appropriated to the Department of Revenue, child support services agency, for the fiscal year ending June 30, 2010.

(b) Program receipts collected as cost recovery for paternity testing administered by the child support services agency, as required under AS 25.27.040 and 25.27.165, and as collected under AS 25.20.050(f), are appropriated to the Department of Revenue, child support services agency, for the fiscal year ending June 30, 2010.

*** Sec. 16.** OFFICE OF THE GOVERNOR. (a) If the 2010 fiscal year-to-date average price of Alaska North Slope crude oil exceeds $35 a barrel on August 1, 2009, the amount of money corresponding to the 2010 fiscal year-to-date average price, rounded to the nearest dollar, as set out in the table in (c) of this section is appropriated from the general fund to the Office of the Governor for distribution to state agencies to offset increased fuel and utility costs.

(b) If the 2010 fiscal year-to-date average price of Alaska North Slope crude oil exceeds $35 a barrel on December 1, 2009, the amount of money corresponding to the 2010 fiscal year-to-date average price, rounded to the nearest dollar, as set out in the table in (c) of this section is appropriated from the general fund to the Office of the Governor for distribution to state agencies to offset increased fuel and utility costs.

(c) The following table shall be used in determining the amount of the appropriations in (a) and (b) of this section:

2010 FISCAL YEAR-TO-DATE AVERAGE PRICE OF ALASKA NORTH SLOPE CRUDE OIL	AMOUNT
$90 or more	$27,500,000
89	27,000,000
88	26,500,000
87	26,000,000
86	25,500,000

85		25,000,000
84		24,500,000
83		24,000,000
82		23,500,000
81		23,000,000
80		22,500,000
79		22,000,000
78		21,500,000
77		21,000,000
76		20,500,000
75		20,000,000
74		19,500,000
73		19,000,000
72		18,500,000
71		18,000,000
70		17,500,000
69		17,000,000
68		16,500,000
67		16,000,000
66		15,500,000
65		15,000,000
64		14,500,000
63		14,000,000
62		13,500,000
61		13,000,000
60		12,500,000
59		12,000,000
58		11,500,000
57		11,000,000
56		10,500,000
55		10,000,000

54	9,500,000
53	9,000,000
52	8,500,000
51	8,000,000
50	7,500,000
49	7,000,000
48	6,500,000
47	6,000,000
46	5,500,000
45	5,000,000
44	4,500,000
43	4,000,000
42	3,500,000
41	3,000,000
40	2,500,000
39	2,000,000
38	1,500,000
37	1,000,000
36	500,000
35	0

(d) It is the intent of the legislature that a payment under (a) or (b) of this section be used to offset the effects of higher fuel and utility costs for the fiscal year ending June 30, 2010.

(e) The governor shall allocate amounts appropriated in (a) and (b) of this section as follows:

(1) to the Department of Transportation and Public Facilities, 65 percent of the total plus or minus 10 percent;

(2) to the University of Alaska, eight percent of the total plus or minus three percent;

(3) to the Department of Health and Social Services and the Department of Corrections, not more than five percent each of the total amount appropriated;

(4) to any other state agency, not more than four percent of the total amount appropriated;

(5) the aggregate amount allocated may not exceed 100 percent of the appropriation.

*** Sec. 17.** UNIVERSITY OF ALASKA. The amount of the fees collected under AS 28.10.421(d) during the fiscal year ending June 30, 2009, for the issuance of special request university plates, less the cost of issuing the license plates, is appropriated from the general fund to the University of Alaska for support of alumni programs at the campuses of the university for the fiscal year ending June 30, 2010.

*** Sec. 18.** BOND CLAIMS. The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well, is appropriated to the agency secured by the bond for the fiscal year ending June 30, 2010, for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond.

*** Sec. 19.** FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), information services fund program receipts as described in AS 44.21.045(b), Exxon Valdez oil spill trust receipts described in AS 37.05.146(b)(4), receipts of the Alaska Housing Finance Corporation, receipts of the Alaska marine highway system fund described in AS 19.65.060(a), receipts of the University of Alaska as described in AS 37.05.146(b)(2), and receipts of the Alaska Fire Standards Council described in AS 37.05.146(b)(5) that are received during the fiscal year ending June 30, 2010, and that exceed the amounts appropriated by this Act, are appropriated conditioned on compliance with the program review provisions of AS 37.07.080(h).

(b) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) that are received during the fiscal year ending June 30, 2010, exceed the amounts appropriated by this Act, the appropriations from state funds for the affected program shall be reduced by the excess if the reductions are consistent with applicable federal statutes.

(c) If federal or other program receipts as defined in AS 37.05.146 and in AS 44.21.045(b) that are received during the fiscal year ending June 30, 2010, fall short of the amounts appropriated by this Act, the affected appropriation is reduced by the amount of the

shortfall in receipts.

*** Sec. 20.** FUND TRANSFERS. (a) The following amounts are appropriated to the Alaska debt retirement fund (AS 37.15.011):

(1) the sum of $118,571,000 from the general fund;

(2) the sum of $12,007,700 from federal receipts for state-guaranteed transportation revenue anticipation bonds, series 2003B;

(3) the sum of $2,837,400 from the investment earnings on the bond proceeds deposited in the capital project funds for the series 2003A general obligation bonds;

(4) the sum of $877,400 from the investment earnings on the bond proceeds deposited in the capital project fund for the state guaranteed transportation revenue anticipation bonds, series 2003B;

(5) the sum of $26,000 from the investment loss trust fund (AS 37.14.300);

(6) if the Alaska debt retirement fund balance is insufficient to pay the debt service obligations on the State of Alaska general obligation bonds, series 2003A and 2009A, the amount necessary is appropriated from the general fund.

(b) The federal funds received by the state under 42 U.S.C. 6506a(*l*) or former 42 U.S.C. 6508 not appropriated for grants under AS 37.05.530(d) are appropriated as follows:

(1) to the principal of the Alaska permanent fund and the public school trust fund (AS 37.14.110), according to AS 37.05.530(g)(1) and (2); and

(2) to the principal of the Alaska permanent fund, the public school trust fund (AS 37.14.110), and the power cost equalization and rural electric capitalization fund (AS 42.45.100), according to AS 37.05.530(g)(3).

(c) The following amounts of revenue collected during the fiscal year ending June 30, 2010, are appropriated to the fish and game fund (AS 16.05.100):

(1) receipts from the sale of crewmember fishing licenses (AS 16.05.480(a)) that are not deposited into the fishermen's fund under AS 23.35.060;

(2) range fees collected at shooting ranges operated by the Department of Fish and Game (AS 16.05.050(a)(15));

(3) fees collected at boating and angling access sites described in AS 16.05.050(a)(6) and managed by the Department of Natural Resources, division of parks and outdoor recreation, under a cooperative agreement;

(4) receipts from the sale of waterfowl conservation stamp limited edition prints (AS 16.05.826(a));

(5) fees collected for sanctuary access permits (AS 16.05.050(a)(15)).

(d) The following amounts are appropriated to the oil and hazardous substance release prevention account (AS 46.08.010(a)(1)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010) from the sources indicated:

(1) the balance of the oil and hazardous substance release prevention mitigation account (AS 46.08.020(b)) in the general fund on July 1, 2009, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2009, estimated to be $11,100,000, from the surcharge levied under AS 43.55.300.

(e) The following amounts are appropriated to the oil and hazardous substance release response account (AS 46.08.010(a)(2)) in the oil and hazardous substance release prevention and response fund (AS 46.08.010) from the following sources:

(1) the balance of the oil and hazardous substance release response mitigation account (AS 46.08.025(b)) in the general fund on July 1, 2009, not otherwise appropriated by this Act;

(2) the amount collected for the fiscal year ending June 30, 2009, from the surcharge levied under AS 43.55.201;

(f) The portions of the fees listed in this subsection that are collected during the fiscal year ending June 30, 2010, are appropriated to the Alaska children's trust (AS 37.14.200):

(1) fees collected under AS 18.50.225, less the cost of supplies, for the issuance of birth certificates;

(2) fees collected under AS 18.50.272, less the cost of supplies, for the issuance of heirloom marriage certificates;

(3) fees collected under AS 28.10.421(d) for the issuance of special request Alaska children's trust license plates, less the cost of issuing the license plates.

(g) The loan origination fees collected by the Alaska Commission on Postsecondary Education for the fiscal year ending June 30, 2010, are appropriated to the origination fee account (AS 14.43.120(u)) in the education loan fund (AS 14.42.210) of the Alaska Student Loan Corporation for the purposes specified in AS 14.43.120(u).

(h) The amount of federal receipts received for disaster relief during the fiscal year ending June 30, 2010, is appropriated to the disaster relief fund (AS 26.23.300).

(i) The sum of $7,500,000 is appropriated from the general fund to the disaster relief fund (AS 26.23.300).

(j) The balance of the mine reclamation trust fund income account (AS 37.14.800(a)) on June 30, 2009, and money deposited in that account during the fiscal year ending June 30, 2010, are appropriated to the mine reclamation trust fund operating account (AS 37.14.800(a)) for the fiscal year ending June 30, 2010.

(k) The sum of $6,000,000 is appropriated to the Alaska clean water fund (AS 46.03.032) for the Alaska clean water loan program from the following sources:

Alaska clean water fund revenue bond receipts	$1,000,000
Federal receipts	5,000,000

(*l*) The sum of $7,660,000 is appropriated to the Alaska drinking water fund (AS 46.03.036) for the Alaska drinking water loan program from the following sources:

Alaska drinking water fund revenue bond receipts	$1,660,000
Federal receipts	6,000,000

(m) The amount of municipal bond bank receipts determined under AS 44.85.270(h) to be available for transfer by the Alaska Municipal Bond Bank Authority for the fiscal year ending June 30, 2009, is appropriated to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

(n) An amount equal to the bulk fuel revolving loan fund fees established under AS 42.45.250(j) and collected under AS 42.45.250(k) from July 1, 2008, through June 30, 2009, estimated to be $45,000, is appropriated from the general fund to the bulk fuel revolving loan fund (AS 42.45.250).

(o) The sum of $8,400,000 is appropriated from the Alaska sport fishing enterprise account (AS 16.05.130(e)) in the fish and game fund (AS 16.05.100) to the Alaska fish and game revenue bond redemption fund (AS 37.15.770).

(p) An amount equal to the federal receipts deposited in the Alaska sport fishing enterprise account (AS 16.05.130(e)), not to exceed $1,584,200, as reimbursement for the federally allowable portion of the principal balance payment on the sport fishing revenue bonds series 2006 is appropriated from the Alaska sport fishing enterprise account

(AS 16.05.130(e)) to the fish and game fund (AS 16.05.100).

(q) The sum of $459,200 is appropriated from the general fund to the crime victim compensation fund (AS 18.67.162).

(r) The amount received under AS 18.67.162 as program receipts, including donations and recoveries of or reimbursement for awards made from the fund, during the fiscal year ending June 30, 2010, is appropriated to the crime victim compensation fund (AS 18.67.162).

(s) If the Alaska Municipal Bond Bank Authority must draw on the Alaska municipal bond bank authority reserve fund (AS 44.85.270), 2005 general bond resolution reserve, because of a default by a borrower, an amount equal to the amount drawn from the reserve is appropriated from the general fund to the Alaska municipal bond bank authority reserve fund (AS 44.85.270).

* **Sec. 21.** RETAINED FEES AND BANKCARD SERVICE FEES. (a) The amount retained to compensate the collector or trustee of fees, licenses, taxes, or other money belonging to the state during the fiscal year ending June 30, 2010, is appropriated for that purpose to the agency authorized by law to generate the revenue. In this subsection, "collector or trustee" includes vendors retained by the state on a contingency fee basis.

(b) The amount retained to compensate the provider of bankcard or credit card services to the state during the fiscal year ending June 30, 2010, is appropriated for that purpose to each agency of the executive, legislative, and judicial branches that accepts payment by bankcard or credit card for licenses, permits, goods, and services provided by that agency on behalf of the state, and to the Department of Law for accepting payment of restitution in accordance with AS 12.55.051 by bankcard or credit card, from the funds and accounts in which the payments received by the state are deposited.

* **Sec. 22.** RETIREMENT SYSTEM FUNDING. (a) The sum of $173,462,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the teachers' retirement system as an additional state contribution under AS 14.25.085 for the fiscal year ending June 30, 2010.

(b) The sum of $107,953,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the public employees' retirement system as an additional state contribution under AS 39.35.280 for the fiscal year ending June 30, 2010.

(c) The sum of $1,722,500 is appropriated from the general fund to the Department of Military and Veterans' Affairs for deposit in the defined benefit plan account in the Alaska National Guard and Alaska Naval Militia retirement system for the purpose of funding the Alaska National Guard and Alaska Naval Militia retirement system under AS 26.05.226 for the fiscal year ending June 30, 2010.

(d) The sum of $1,550,000 is appropriated from the general fund to the Department of Administration for deposit in the defined benefit plan account in the judicial retirement system for the purpose of funding the judicial retirement system under AS 22.25.046 for the fiscal year ending June 30, 2010.

* **Sec. 23.** SALARY AND BENEFIT ADJUSTMENTS. (a) The operating budget appropriations made in sec. 1 of this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the terms for the fiscal year ending June 30, 2010, of the following ongoing collective bargaining agreements:

(1) Alaska Public Employees Association, for the confidential unit;

(2) Alaska State Employees Association, for the general government unit;

(3) Alaska Public Employees Association, for the supervisory unit;

(4) Alaska Vocational Technical Center Teachers' Association - National Education Association, representing employees of the Alaska Vocational Technical Center;

(5) Public Safety Employees Association, representing regularly commissioned public safety officers;

(6) Inlandboatmen's Union of the Pacific, for the unlicensed marine unit; and

(7) International Organization of Masters, Mates, and Pilots, for the masters, mates, and pilots unit.

(b) The operating budget appropriations made to the University of Alaska in this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2010, for university employees who are not members of a collective bargaining unit and for implementing the monetary terms of the collective bargaining agreements including the terms of the agreement providing for the health benefit plan for university employees represented by the following entities:

(1) Alaska Higher Education Crafts and Trades Employees;

(2) University of Alaska Federation of Teachers;

(3) United Academics;

(4) United Academics-Adjuncts.

(c) If a collective bargaining agreement listed in (b) of this section is not ratified by the membership of the respective collective bargaining unit, the appropriations made by this Act that are applicable to that collective bargaining unit's agreement are reduced proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are reduced accordingly.

(d) The operating appropriations made in sec. 1 of this Act are intended to fully fund the compensation and benefits of an executive department head under AS 39.23.540(g).

* **Sec. 24.** SHARED TAXES AND FEES. (a) The amount necessary to refund to local governments their share of taxes and fees collected in the listed fiscal years under the following programs is appropriated from the general fund to the Department of Revenue for payment to local governments in the fiscal year ending June 30, 2010:

REVENUE SOURCE	FISCAL YEAR COLLECTED
Commercial passenger vessel excise tax (AS 43.52.230(a))	2009
Fisheries business tax (AS 43.75)	2009
Fishery resource landing tax (AS 43.77)	2009
Aviation fuel tax (AS 43.40.010)	2010
Electric and telephone cooperative tax (AS 10.25.570)	2010
Liquor license fee (AS 04.11)	2010

(b) The amount necessary, estimated to be $55,000, to pay to municipalities that amount of aviation fuel tax proceeds to which the municipalities would have been entitled under AS 43.40.010(e) for aviation fuel taxes that would have been due under AS 43.40.010 during the fiscal year ending June 30, 2010, but were not collected during a suspension from July 1, 2009, through August 31, 2009, of motor fuel taxes imposed under AS 43.40.010 is appropriated from the general fund to the Department of Revenue for the fiscal year ending June 30, 2010, for payment to municipalities of the amounts to which the municipalities would have been entitled to under AS 43.40.010(e) had the motor fuel tax not been suspended.

(c) It is the intent of the legislature that the payments to local governments set out in (a) and (b) of this section may be assigned by a local government to another state agency.

*** Sec. 25.** STATE DEBT AND OTHER OBLIGATIONS. (a) The amount required to pay interest on any revenue anticipation notes issued by the commissioner of revenue under AS 43.08 during the fiscal year ending June 30, 2010, is appropriated from the general fund to the Department of Revenue for payment of the interest on those notes.

(b) The amount required to be paid by the state for principal and interest on all issued and outstanding state-guaranteed bonds is appropriated from the general fund to the Alaska Housing Finance Corporation for payment of principal and interest on those bonds, for the fiscal year ending June 30, 2010.

(c) The sum of $30,455,300 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A, for the fiscal year ending June 30, 2010.

(d) The sum of $221,500 is appropriated to the state bond committee from State of Alaska general obligation bonds, series 2003A bond issue premium, interest earnings, and accrued interest held in the debt service fund of the series 2003A bonds for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2003A, for the fiscal year ending June 30, 2010.

(e) The sum of $10,067,700 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A, for the fiscal year ending June 30, 2010.

(f) If the amount necessary to pay the debt service obligations on the outstanding State of Alaska general obligation bonds, series 2003A and 2009A, exceeds the amounts appropriated in (c), (d), or (e) of this section, the additional amount necessary is appropriated from the Alaska debt retirement fund (AS 37.15.011) for payment of those obligations for the fiscal year ending June 30, 2010.

(g) The sum of $12,885,100 is appropriated to the state bond committee from the Alaska debt retirement fund (AS 37.15.011) for payment of debt service, accrued interest, and trustee fees on outstanding state-guaranteed transportation revenue anticipation bonds, series

2003B, for the fiscal year ending June 30, 2010.

(h) The sum of $1,300 is appropriated to the state bond committee from state-guaranteed transportation revenue anticipation bonds, series 2003B bond issue premium, interest earnings, and accrued interest held in the debt service fund of the series 2003B bonds for payment of debt service and trustee fees on outstanding state-guaranteed transportation revenue anticipation bonds, series 2003B, for the fiscal year ending June 30, 2010.

(i) The sum of $50,028,700 is appropriated to the state bond committee for payment of debt service and trustee fees on outstanding international airports revenue bonds for the fiscal year ending June 30, 2010, from the following sources in the amounts stated:

SOURCE	AMOUNT
International Airports Revenue Fund (AS 37.15.430)	$46,828,700
Passenger facility charge	3,200,000

(j) The sum of $1,005,000 is appropriated from interest earnings of the Alaska clean water fund (AS 46.03.032) to the Alaska clean water fund revenue bond redemption fund (AS 37.15.565) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 for the fiscal year ending June 30, 2010.

(k) The sum of $1,670,000 is appropriated from interest earnings of the Alaska drinking water fund (AS 46.03.036) to the Alaska drinking water fund revenue bond redemption fund (AS 37.15.565) for payment of principal and interest, redemption premium, and trustee fees, if any, on bonds issued by the state bond committee under AS 37.15.560 for the fiscal year ending June 30, 2010.

(*l*) The sum of $8,036,300 is appropriated from the Alaska debt retirement fund (AS 37.15.011) to the state bond committee for trustee fees and lease payments relating to certificates of participation issued for real property, for the fiscal year ending June 30, 2010.

(m) The sum of $3,467,100 is appropriated from the general fund to the Department of Administration for payment of obligations to the Alaska Housing Finance Corporation for the Robert B. Atwood Building in Anchorage, for the fiscal year ending June 30, 2010.

(n) The sum of $22,917,300 is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2010, for payment of obligations and fees for the following facilities:

FACILITY	ALLOCATION
(1) Anchorage Jail	$ 5,103,900
(2) Goose Creek Correctional Center	17,813,400

(o) The sum of $3,303,500 is appropriated from the general fund to the Department of Administration for payment of obligations to the Alaska Housing Finance Corporation for the Linny Pacillo Parking Garage in Anchorage, for the fiscal year ending June 30, 2010.

(p) The sum of $100,045,300 is appropriated to the Department of Education and Early Development for state aid for costs of school construction under AS 14.11.100 from the following sources:

Alaska debt retirement fund (AS 37.15.011)	$77,045,300
School fund (AS 43.50.140)	23,000,000

(q) The sum of $5,548,923 is appropriated from the general fund to the following agencies for the fiscal year ending June 30, 2010, for payment of debt service on outstanding debt authorized by AS 14.40.257, AS 29.60.700, and AS 42.45.065, respectively, for the following projects:

AGENCY AND PROJECT	APPROPRIATION AMOUNT
(1) University of Alaska	$1,412,615
Anchorage Community and Technical College Center	
Juneau Readiness Center/UAS Joint Facility	
(2) Department of Transportation and Public Facilities	
(A) Nome (port facility addition and renovation)	127,500
(B) Matanuska-Susitna Borough (deep water port and road upgrade)	755,120
(C) Aleutians East Borough/False Pass (small boat harbor)	101,840
(D) Lake and Peninsula Borough/Chignik (dock project)	117,844
(E) City of Fairbanks (fire headquarters station replacement)	872,115

(F) City of Valdez (harbor renovations)		225,743
(G) Aleutians East Borough/Akutan (small boat harbor)		303,948
(H) Fairbanks North Star Borough (Eielson AFB Schools, major maintenance and upgrades)		337,343
(3) Alaska Energy Authority		
(A) Kodiak Electric Association (Nyman combined cycle cogeneration plant)		943,676
(B) Copper Valley Electric Association (cogeneration projects)		351,179

(r) The sum of $8,900,000 is appropriated from the Alaska fish and game revenue bond redemption fund (AS 37.15.770) to the state bond committee for payment of debt service, accrued interest, and trustee fees on outstanding sport fish hatchery revenue bonds. It is the intent of the legislature that the sum of $3,600,000 of the appropriation made by this subsection be used for early redemption of the bonds.

* **Sec. 26.** CONSTITUTIONAL BUDGET RESERVE FUND. (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2009 that are made from subfunds and accounts other than the operating general fund (state accounting system fund number 11100) by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund are appropriated from the budget reserve fund to the subfunds and accounts from which those funds were transferred.

(b) Unrestricted interest earned on investment of the general fund balances for the fiscal year ending June 30, 2010, is appropriated to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska). The appropriation made by this subsection is intended to compensate the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for any lost earnings caused by use of the fund's balance to permit expenditure of operating and capital appropriations in the fiscal year ending June 30, 2010, in anticipation of receiving unrestricted general fund revenue. The amount appropriated by this subsection may not exceed an amount equal to the earnings lost by the budget reserve fund as the result of the use of money from the budget reserve fund to permit expenditure of operating and capital

appropriations in the fiscal year ending June 30, 2010, in anticipation of receiving unrestricted general fund revenue.

(c) The sum of $1,673,000 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Department of Revenue, treasury division, for operating costs related to management of the budget reserve fund for the fiscal year ending June 30, 2010.

(d) If the unrestricted state revenue available for appropriation in fiscal year 2009 is insufficient to cover the general fund appropriations that take effect in fiscal year 2009, the amount necessary to balance revenue and general fund appropriations is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the general fund.

(e) An amount equal to 20 percent of the revenue collected under AS 43.55.011(g), not to exceed $60,000,000, is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the community revenue sharing fund (AS 29.60.850).

(f) The sum of $1,111,914,700 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the public education fund (AS 14.17.300).

(g) If the unrestricted state revenue available for appropriation in fiscal year 2010 is insufficient to cover the general fund appropriations that take effect in fiscal year 2010, the amount necessary to balance revenue and general fund appropriations is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the general fund.

(h) The appropriations made by (a) and (c) - (g) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska.

*** Sec. 27.** NONLAPSE OF APPROPRIATIONS. The appropriations made by secs. 8, 20, 22, 25(j), 25(k), 26(e), and 26(f) of this Act are for the capitalization of funds and do not lapse.

*** Sec. 28.** RETROACTIVITY. Those portions of the appropriations made in sec. 1 of this Act that appropriate either the unexpended and unobligated balance of specific fiscal year 2009 program receipts or the unexpended and unobligated balance on June 30, 2009, of a specified account are retroactive to June 30, 2009, solely for the purpose of carrying forward a prior fiscal year balance.

*** Sec. 29.** Sections 26(d) and 28 of this Act take effect June 30, 2009.

*** Sec. 30.** Except as provided in sec. 29 of this Act, this Act takes effect July 1, 2009.

adopted 3/2/09

26-GH1004\R
Bailey
2/28/09

CS FOR HOUSE BILL NO. 83(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

(SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

* **Section 1.** The following appropriation items are for operating expenditures from the general fund or other funds as set out in section 2 of this Act to the agencies named for the purposes expressed for the fiscal year beginning July 1, 2009 and ending June 30, 2010, unless otherwise indicated. A department-wide, agency-wide, or branch-wide unallocated reduction set out in this section may be allocated among the appropriations made in this section to that department, agency, or branch.

	Allocations	Appropriation Items	General Funds	Other Funds
* * * * *		* * * * *		
* * * * * **Department of Administration** * * * * *				
* * * * *		* * * * *		
Legal and Advocacy Services		**2,024,500**	**1,873,200**	**151,300**
Office of Public Advocacy	1,723,100			
Public Defender Agency	301,400			
* * * * *		* * * * *		
* * * * * **Department of Corrections** * * * * *				
* * * * *		* * * * *		
Inmate Health Care		**7,169,900**	**6,795,900**	**374,000**
Inmate Health Care	7,169,900			
* * * * *			* * * * *	
* * * * * **Department of Education and Early Development** * * * * *				
* * * * *			* * * * *	
Teaching and Learning Support		**539,800**	**339,800**	**200,000**
Student and School Achievement	539,800			
* * * * *			* * * * *	
* * * * * **Department of Health and Social Services** * * * * *				
* * * * *			* * * * *	

No money appropriated in this appropriation may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a). The money appropriated for Health and Social Services may be expended only for mandatory services required under Title XIX of the

	Appropriation	General	Other
	Allocations	Items	Funds	Funds

Social Security Act and for optional services offered by the state under the state plan for medical assistance that has been approved by the United States Department of Health and Human Services.

It is the intent of the legislature that the Department continues to aggressively pursue Medicaid cost containment initiatives. Efforts should continue where the Department believes additional cost containment is possible including further efforts to contain travel expenses. The Department must continue efforts imposing regulations controlling and materially reducing the cost of Personal Care Attendant (PCA) services. Efforts must be continued utilizing existing resources to impose regulations screening applicants for Residential Psychiatric Treatment Center (RPTC) services, especially for out-of-state services. The department must address the entire matrix of optional Medicaid services, reimbursement rates and eligibility requirements that are the basis of the Medicaid growth algorithm. This work is to utilize the results of the Medicaid Assessment and Planning analysis. The legislature requests that by January 2010 the Department be prepared to present projections of future Medicaid funding requirements under our existing statute and regulations and be prepared to present and evaluate the consequences of viable policy alternatives that could be implemented to lower growth rates and reducing projections of future costs.

It is the intent of the legislature that the Department of Health and Social Services eliminate the requirement for narrative and financial quarterly reports for all grant recipients whose grants are $50,000 or less. This is an unnecessary burden and is not a requirement of the federal grants.

It is the intent of the legislature that the Department of Health and Social Services make a single 'upfront' payment for any grant award that is $50,000 or less and includes a signature of the grantee certifying compliance with the terms of the grant with their approved application. Signature of the grantee would also certify that if a final report certifying completion of the grant requirements is not filed, future grants will not be considered for that grantee until all requirements of prior grants are completed satisfactorily. In the event a grantee is deemed ineligible for a future grant consideration due to improper filing of final reports, the grantee will be informed about the department's procedures for future consideration of grant eligibility. The department will establish procedures to consider retroactivity for specific grant consideration or express that the retroactivity cannot be considered for certain grants during

	Allocations	Appropriation Items	General Funds	Other Funds
the selection process.				
Alaska Pioneer Homes		**13,757,100**	**13,757,100**	
It is the intent of the legislature that the Department maintain regulations requiring all residents of the Pioneer Homes to apply for all appropriate benefit programs prior to a state subsidy being provided for their care from the State Payment Assistance program.				
It is the intent of the legislature that all pioneers' homes and veterans' homes applicants shall complete any forms to determine eligibility for supplemental program funding, such as Medicaid, Medicare, SSI, and other benefits as part of the application process. If an applicant is not able to complete the forms him/herself, or if relatives or guardians of the applicant are not able to complete the forms, Department of Health and Social Services staff may complete the forms for him/her, obtain the individuals' or designee's signature and submit for eligibility per AS 47.25.120.				
Alaska Pioneer Homes Management	64,300			
Pioneer Homes	13,692,800			
Behavioral Health		**119,198,000**	**95,626,100**	**23,571,900**
AK Fetal Alcohol Syndrome Program	59,500			
Alcohol Safety Action Program (ASAP)	1,188,300			
Behavioral Health Medicaid Services	43,862,400			
Behavioral Health Grants	25,307,300			
It is the intent of the legislature that the department continue developing policies and procedures surrounding the awarding of recurring grants to assure that applicants are regularly evaluated on their performance in achieving outcomes consistent with the expectations and missions of the Department related to their specific grant. The recipient's specific performance should be measured and incorporated into the decision whether to continue awarding grants. Performance measurement should be standardized, accurate, objective and fair, recognizing and compensating for differences among grant recipients including acuity of services provided, client base, geographic location and other factors necessary and appropriate				

	Allocations	Appropriation Items	General Funds	Other Funds
to reconcile and compare grant recipient performances across the array of providers and services involved.				
It is the intent of the legislature that the $181.0 increment in the FY10 budget for Behavioral Health Grants be used for the Volunteers of America ARCH residential treatment center for adolescents with substance abuse/dependency and co-occurring disorders.				
Behavioral Health Administration	3,392,000			
Community Action Prevention & Intervention Grants	1,047,200			
Rural Services and Suicide Prevention	2,135,700			
Psychiatric Emergency Services	7,673,000			
Services to the Seriously Mentally Ill	12,724,200			
Designated Evaluation and Treatment	3,031,900			
Services for Severely Emotionally Disturbed Youth	11,947,200			
Alaska Psychiatric Institute	5,861,900			
AK Mental Health & Alcohol & Drug Abuse Boards	884,600			
Suicide Prevention Council	82,800			
Children's Services		**13,314,700**	**12,984,700**	**330,000**
Children's Medicaid Services	4,185,600			
Children's Services Management	69,600			

	Allocations	Appropriation Items	General Funds	Other Funds
Front Line Social Workers	148,600			
Family Preservation	150,000			
Foster Care Augmented Rate	500,000			
Foster Care Special Need	747,900			
Residential Child Care	1,956,300			
Infant Learning Program Grants	5,556,700			
Health Care Services		**456,000**	**350,000**	**106,000**
Health Planning and Infrastructure	456,000			
Juvenile Justice		**1,055,100**	**865,900**	**189,200**
McLaughlin Youth Center	654,700			
Fairbanks Youth Facility	103,700			
Bethel Youth Facility	57,100			
Probation Services	239,600			
Public Assistance		**13,200**	**13,200**	
Public Assistance Administration	13,200			
Public Health		**1,096,800**	**971,800**	**125,000**
Nursing	98,300			
Women, Children and Family Health	877,700			
Certification and Licensing	120,800			
Senior and Disabilities Services		**15,058,000**	**13,602,200**	**1,455,800**

It is the intent of the legislature that regulations related to the General Relief / Temporary Assisted Living program be reviewed and revised as needed to minimize the length of time that the state provides housing alternatives and assure the services are provided only to intended beneficiaries who are actually experiencing harm, abuse or neglect. The department should educate care coordinators and direct service providers about who should be referred and when they are correctly referred to the program in order that referring agents correctly

	Allocations	Appropriation Items	General Funds	Other Funds
match consumer needs with the program services intended by the department.				
General Relief/Temporary Assisted Living	740,300			
Senior and Disabilities Services Administration	2,737,900			
Senior Community Based Grants	3,069,400			
It is the intent of the legislature that funding in the FY 2010 budget for Senior Community Based Grants be used to invest in successful home and community based supports provided by grantees who have demonstrated successful outcomes documented in accordance with the department's performance based evaluation procedures.				
Community Developmental Disabilities Grants	7,924,800			
Commission on Aging	117,000			
Governor's Council on Disabilities and Special Education	468,600			
Departmental Support Services		**1,453,800**	**1,403,800**	**50,000**
Commissioner's Office	157,800			
It is the intent of the legislature that the Department of Health and Social Services complete the following tasks related to fiscal audits required in chapter 66, SLA 2003 of all Medicaid providers:				
1. Develop regulations addressing the use of extrapolation methodology following an audit of Medicaid providers that clearly defines the difference between actual overpayment of funds to a provider and ministerial omission or clerical billing error that does not result in overpayment to the provider. The extrapolation methodology will also define percentage of 'safe harbor' overpayment rates for which extrapolation methodology will be applied.				
2. Develop training standards and definitions regarding ministerial and billing errors versus overpayments. Include the use of those standards and definitions in the State's audit contracts.				
All audits initiated after the effective date of this intent and resulting in findings of				

	Appropriation	General	Other
	Allocations	**Items**	**Funds**	**Funds**
overpayment will be calculated under the Department's new regulations governing overpayment standards and extrapolation methodology.				
It is the intent of the legislature that the department develops a ten year funding source and use of funds projection for the entire department.				
It is the intent of the legislature that the department continue working on implementing a provider rate rebasing process and specific funding recommendations for both Medicaid and non-Medicaid providers to be completed and available to the legislature no later than December 15, 2009.				
Administrative Support Services	91,400			
Information Technology Services	854,600			
HSS State Facilities Rent	350,000			
*****		*****		
***** **Department of Law** *****				
*****		*****		
Criminal Division		**12,500**		**12,500**
Criminal Justice Litigation	12,500			
Civil Division		**84,500**	**84,500**	
Human Services and Child Protection	84,500			
*****		*****		
***** **Department of Natural Resources** *****				
*****		*****		
Resource Development		**2,273,400**		**2,273,400**
Mental Health Trust Lands Administration	2,273,400			
*****		*****		
***** **Department of Revenue** *****				
*****		*****		

	Allocations	Appropriation Items	General Funds	Other Funds
Alaska Mental Health Trust Authority		**2,650,000**		**2,650,000**
Mental Health Trust Operations	2,650,000			
*****		*****		
***** **University of Alaska** *****				
*****		*****		
University of Alaska		**1,917,800**	**300,800**	**1,617,000**
Statewide Services	474,000			
Anchorage Campus	1,418,800			
Fairbanks Campus	25,000			
*****		*****		
***** **Alaska Court System** *****				
*****		*****		
Alaska Court System		**1,812,300**	**837,000**	**975,300**
Budget requests from agencies of the Judicial Branch are transmitted as requested.				
Trial Courts	227,000			
Therapeutic Courts	1,585,300			

It is the intent of the legislature that, as much as is possible, FY 2011 funding for Therapeutic Courts currently appropriated in other agencies be aggregated in the Therapeutic Courts allocation within the Alaska Court System.

(SECTION 2 OF THIS ACT BEGINS ON PAGE 10)

* **Sec. 2.** The following sets out the funding by agency for the appropriations made in sec. 1 of this Act.

Funding Source		Amount
Department of Administration		
1037	General Fund / Mental Health	1,873,200
1092	Mental Health Trust Authority Authorized Receipts	151,300
*** Total Agency Funding ***		$2,024,500
Department of Corrections		
1037	General Fund / Mental Health	6,795,900
1092	Mental Health Trust Authority Authorized Receipts	374,000
*** Total Agency Funding ***		$7,169,900
Department of Education and Early Development		
1037	General Fund / Mental Health	339,800
1092	Mental Health Trust Authority Authorized Receipts	200,000
*** Total Agency Funding ***		$539,800
Department of Health and Social Services		
1037	General Fund / Mental Health	139,574,800
1092	Mental Health Trust Authority Authorized Receipts	6,908,000
1180	Alcohol and Other Drug Abuse Treatment & Prevention Fund	18,919,900
*** Total Agency Funding ***		$165,402,700
Department of Law		
1037	General Fund / Mental Health	84,500
1092	Mental Health Trust Authority Authorized Receipts	12,500
*** Total Agency Funding ***		$97,000
Department of Natural Resources		

1092	Mental Health Trust Authority Authorized Receipts	2,273,400
*** Total Agency Funding ***		$2,273,400
Department of Revenue		
1094	Mental Health Trust Administration	2,650,000
*** Total Agency Funding ***		$2,650,000
University of Alaska		
1037	General Fund / Mental Health	300,800
1092	Mental Health Trust Authority Authorized Receipts	1,617,000
*** Total Agency Funding ***		$1,917,800
Alaska Court System		
1037	General Fund / Mental Health	837,000
1092	Mental Health Trust Authority Authorized Receipts	975,300
*** Total Agency Funding ***		$1,812,300
* * * * * Total Budget * * * * *		$183,887,400

(SECTION 3 OF THIS ACT BEGINS ON PAGE 12)

* **Sec. 3.** The following appropriation items are for capital projects and grants from the general fund or other funds as set out in section 4 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
	* * * * *		* * * * *	
	* * * * * **Department of Transportation/Public Facilities** * * * * *			
	* * * * *		* * * * *	
Coordinated Transportation and Vehicles (HD 1-40)		1,100,000	800,000	300,000

(SECTION 4 OF THIS ACT BEGINS ON PAGE 13)

* **Sec. 4.** The following sets out the funding by agency for the appropriations made in sec. 3 of this Act.

Funding Source	Amount
Department of Transportation/Public Facilities	
1037 General Fund / Mental Health	800,000
1092 Mental Health Trust Authority Authorized Receipts	300,000
*** Total Agency Funding ***	$1,100,000
* * * * * Total Budget * * * * *	$1,100,000

(SECTION 5 OF THIS ACT BEGINS ON PAGE 14)

*** Sec. 5.** PURPOSE. In accordance with AS 37.14.003 and 37.14.005, the appropriations made by this Act are for the state's integrated comprehensive mental health program.

*** Sec. 6.** NONGENERAL FUND RECEIPTS. (a) Alaska Mental Health Trust Authority authorized receipts (AS 37.14.036) or administration receipts (AS 37.14.036) that exceed the amounts appropriated by this Act are appropriated conditioned upon compliance with the program review provisions of AS 37.07.080(h).

(b) If Alaska Mental Health Trust Authority authorized receipts (AS 37.14.036) or administration receipts (AS 37.14.036) fall short of the estimates appropriated in this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

*** Sec. 7.** SALARY AND BENEFIT ADJUSTMENTS. (a) The appropriations made in sec. 1 of this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the terms for the fiscal year ending June 30, 2010, of the following ongoing collective bargaining agreements:

(1) Alaska Public Employees Association, for the confidential unit;

(2) Alaska State Employees Association, for the general government unit;

(3) Alaska Public Employees Association, for the supervisory unit;

(4) Alaska Vocational Technical Center Teachers' Association - National Education Association, for employees of the Alaska Vocational Technical Center;

(5) Public Safety Employees Association, for regularly commissioned public safety officers.

(b) The operating budget appropriations made to the University of Alaska in this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2010, for university employees who are not members of a collective bargaining unit and for implementing the monetary terms of the collective bargaining agreements including the terms of the agreement providing for the health benefit plan for university employees represented by the following entities:

(1) Alaska Higher Education Crafts and Trades Employees;

(2) University of Alaska Federation of Teachers;

(3) United Academics;

(4) United Academics-Adjuncts.

(c) If a collective bargaining agreement listed in (b) of this section is not ratified by the membership of the respective collective bargaining unit, the appropriations made by this Act that are applicable to that collective bargaining unit's agreement are reduced proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are reduced accordingly.

(d) Appropriations made in sec. 1 of this Act for salary and benefit adjustments as described in (a) and (b) of this section are for the benefit of the state's integrated comprehensive mental health program only and do not necessarily affect every group of noncovered employees or every collective bargaining unit listed in (a) and (b) of this section.

*** Sec. 8.** This Act takes effect July 1, 2009.

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
1:30 PM

1:39

Monday, March 2, 2009

Contract for Budget Support Services

HB 81-APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 83-APPROP: MENTAL HEALTH BUDGET

Adopt Subcommittee Reports/General Discussion

Seal

Kelly - ab
Goode - ab
Crawford
Foster

3/2/09

Motion:

I move that the House Finance Committee authorize the Co-chair to amend the professional services contract with Janet Clarke for an additional amount not to exceed $25,000.

3787

3/2/09

(2)

2009 Legislature - Operating Budget
Agency Summary - House Structure

Numbers and Language

SubCommittee Action plus Chair Action = Bill

Agency	[1] Hse Sub	[2] HseSub +	[3] HseSubCS	[4] Error Check
Agency Budgets				
Administration	293,242.4	0.0	293,242.4	0.0
Commerce, Community & Econ Dev	218,066.4	-28,160.0	189,906.4	0.0
Corrections	247,658.5	0.0	247,658.5	0.0
Education & Early Dev	1,358,553.2	0.0	1,358,553.2	0.0
Environmental Conservation	74,135.0	0.0	74,135.0	0.0
Fish and Game	179,085.3	125.0	179,210.3	0.0
Governor	23,507.1	0.0	23,507.1	0.0
Health & Social Services	2,065,707.7	0.0	2,065,707.7	0.0
Labor & Workforce Dev	177,055.5	-25.0	177,030.5	0.0
Law	74,726.7	0.0	74,726.7	0.0
Military & Veterans Affairs	46,530.1	0.0	46,530.1	0.0
Natural Resources	132,572.9	1,857.0	134,429.9	0.0
Public Safety	169,608.8	0.0	169,608.8	0.0
Revenue	251,111.8	0.0	251,111.8	0.0
Transportation	511,818.6	1,278.6	513,097.2	0.0
University of Alaska	815,790.5	2,200.0	817,990.5	0.0
Branch-wide Unallocated Approp	23,000.0	0.0	23,000.0	0.0
Alaska Court System	90,369.7	0.0	90,369.7	0.0
Legislature	66,070.0	0.0	66,070.0	0.0
Total	**6,818,610.2**	**-22,724.4**	**6,795,885.8**	**0.0**
Statewide Items				
Debt Service	392,872.6	0.0	392,872.6	0.0
Fund Capitalization	1,225,226.7	0.0	1,225,226.7	0.0
Direct Approps to Retirement	284,687.5	0.0	284,687.5	0.0
Special Appropriations	60,000.0	0.0	60,000.0	0.0
Total	**1,962,786.8**	**0.0**	**1,962,786.8**	**0.0**

Computed Column Definitions: [4]=[1]+[2]-[3]

2009-03-01 13:55:48

3788

2009 Legislature - Operating Budget
Agency Summary - House Structure

Numbers and Language

Agency	[1] Hse Sub	[2] HseSub +	[3] HseSubCS	[4] Error Check
Savings (Budget Reserves)				
Savings	931,418.3	0.0	931,418.3	0.0
Total	**931,418.3**	**0.0**	**931,418.3**	**0.0**
Statewide Total	**9,712,815.3**	**-22,724.4**	**9,690,090.9**	**0.0**
Funding Summary				
General Funds (GF)	2,784,609.8	2,960.6	2,787,570.4	0.0
Federal Receipts (Fed)	1,767,594.2	0.0	1,767,594.2	0.0
Other (Oth)	5,160,611.3	-25,685.0	5,134,926.3	0.0

Computed Column Definitions: [4]=[1]+[2]-[3]

3486

3/2/09

(1)

Summary of Appropriations--FY2010 Operating Budget

	General Funds				Federal Funds				Other Funds				Total Funds			
	Gov Amd	HseSubCS	Change		Gov Amd	HseSubCS	Change		Gov Amd	HseSubCS	Change		Gov Amd	HseSubCS	Change	
DOA	74,165.0	72,849.9	(1,315.1)	-1.8%	2,782.4	2,782.4	-	0.0%	216,295.0	217,610.1	1,315.1	0.6%	293,242.4	293,242.4	-	0.0%
DCCED	19,495.2	28,430.9	8,935.7	45.8%	64,422.7	64,422.7	-	0.0%	103,920.1	97,052.8	(6,867.3)	-6.6%	187,838.0	189,906.4	2,068.4	1.1%
DOC	214,041.4	212,494.2	(1,547.2)	-0.7%	3,174.4	3,187.3	12.9	0.4%	31,985.1	31,977.0	(8.1)	0.0%	249,200.9	247,658.5	(1,542.4)	-0.6%
DEED	1,108,404.5	55,842.2	(1,052,562.3)	-95.0%	214,958.5	214,958.5	-	0.0%	35,190.2	1,087,752.5	1,052,562.3	2991.1%	1,358,553.2	1,358,553.2	-	0.0%
DEC	19,140.5	19,140.5	-	0.0%	21,497.6	21,497.6	-	0.0%	33,496.9	33,496.9	-	0.0%	74,135.0	74,135.0	-	0.0%
DF&G	58,232.7	57,237.7	(995.0)	-1.7%	55,112.5	54,962.5	(150.0)	-0.3%	67,040.1	67,010.1	(30.0)	0.0%	180,385.3	179,210.3	(1,175.0)	-0.7%
Gov	22,886.5	22,485.0	(401.5)	-1.8%	187.6	187.6	-	0.0%	834.5	834.5	-	0.0%	23,908.6	23,507.1	(401.5)	-1.7%
DHSS	866,345.5	849,332.2	(17,013.3)	-2.0%	1,057,652.1	1,056,715.9	(936.2)	-0.1%	159,584.6	159,659.6	75.0	0.0%	2,083,582.2	2,065,707.7	(17,874.5)	-0.9%
DLWD	30,036.8	29,151.8	(885.0)	-2.9%	87,638.2	87,638.2	-	0.0%	60,240.5	60,240.5	-	0.0%	177,915.5	177,030.5	(885.0)	-0.5%
Law	58,075.4	46,299.9	(11,775.5)	-20.3%	3,233.7	3,233.7	-	0.0%	25,176.8	25,193.1	16.3	0.1%	86,485.9	74,726.7	(11,759.2)	-13.6%
DMVA	11,276.9	11,276.9	-	0.0%	22,235.3	22,235.3	-	0.0%	13,017.9	13,017.9	-	0.0%	46,530.1	46,530.1	-	0.0%
DNR	71,623.6	70,489.5	(1,134.1)	-1.6%	15,804.3	16,054.3	250.0	1.6%	49,193.2	47,886.1	(1,307.1)	-2.7%	136,621.1	134,429.9	(2,191.2)	-1.6%
DPS	131,608.2	128,210.7	(3,397.5)	-2.6%	15,191.2	11,540.0	(3,651.2)	-24.0%	29,777.2	29,858.1	80.9	0.3%	176,576.6	169,608.8	(6,967.8)	-3.9%
DOR	21,240.8	18,219.1	(3,021.7)	-14.2%	39,588.3	39,611.0	22.7	0.1%	191,516.8	193,281.7	1,764.9	0.9%	252,345.9	251,111.8	(1,234.1)	-0.5%
DOT&PF	219,549.1	206,826.5	(12,722.6)	-5.8%	4,157.0	4,158.2	1.2	0.0%	293,057.2	302,112.5	9,055.3	3.1%	516,763.3	513,097.2	(3,666.1)	-0.7%
UA	323,476.9	321,530.0	(1,946.9)	-0.6%	131,558.5	130,658.5	(900.0)	-0.7%	368,699.9	365,802.0	(2,897.9)	-0.8%	823,735.3	817,990.5	(5,744.8)	-0.7%
Fuel Trigger	23,000.0	23,000.0	-	0.0%	-	-	-	na	-	-	-	na	23,000.0	23,000.0	-	0.0%
Courts	89,627.1	87,212.8	(2,414.3)	-2.7%	1,675.6	1,675.6	-	0.0%	981.3	1,481.3	500.0	51.0%	92,284.0	90,369.7	(1,914.3)	-2.1%
Legislature	65,943.2	64,962.7	(980.5)	-1.5%	-	-	-	na	1,142.3	1,107.3	(35.0)	-3.1%	67,085.5	66,070.0	(1,015.5)	-1.5%
	3,428,169.3	**2,324,992.5**	**(1,103,176.8)**	**-32.2%**	**1,740,869.9**	**1,735,519.3**	**(5,350.6)**	**-0.3%**	**1,681,149.6**	**2,735,374.0**	**1,054,224.4**	**62.7%**	**6,850,188.8**	**6,795,885.8**	**(54,303.0)**	**-0.8%**
After Adjustment for K-12 funding directly from CBR	**3,428,169.3**	**3,377,554.8**	**(50,614.5)**	**-1.5%**	**1,740,869.9**	**1,735,519.3**	**(5,350.6)**	**-0.3%**	**1,681,149.6**	**1,682,811.7**	**1,662.1**	**0.1%**	**6,850,188.8**	**6,795,885.8**	**(54,303.0)**	**-0.8%**
Debt Service	154,497.9	153,807.9	(690.0)	-0.4%	12,007.7	12,007.7	-	0.0%	227,057.0	227,057.0	-	0.0%	393,562.6	392,872.6	(690.0)	-0.2%
Fund Cap	35,349.8	24,082.5	(11,267.3)	-31.9%	20,001.3	20,001.3	-	0.0%	1,202,035.6	1,181,142.9	(20,892.7)	-1.7%	1,257,386.7	1,225,226.7	(32,160.0)	-2.6%
Retirement	284,687.5	284,687.5	-	0.0%	-	-	-	na	-	-	-	na	284,687.5	284,687.5	-	0.0%
Special	260,000.0	-	(260,000.0)	-100.0%	-	-	-	na	-	60,000.0	60,000.0	na	260,000.0	60,000.0	(200,000.0)	-76.9%
	734,535.2	**462,577.9**	**(271,957.3)**	**-37.0%**	**32,009.0**	**32,009.0**	**-**	**0.0%**	**1,429,092.6**	**1,468,199.9**	**39,107.3**	**2.7%**	**2,195,636.8**	**1,962,786.8**	**(232,850.0)**	**-10.6%**
Savings	(228,849.8)	-	228,849.8	-100.0%	65.9	65.9	-	0.0%	872,000.0	931,352.4	59,352.4	6.8%	643,216.1	931,418.3	288,202.2	44.8%
Total	**3,933,854.7**	**2,787,570.4**	**(1,146,284.3)**	**-29.1%**	**1,772,944.8**	**1,767,594.2**	**(5,350.6)**	**-0.3%**	**3,982,242.2**	**5,134,926.3**	**1,152,684.1**	**28.9%**	**9,689,041.7**	**9,690,090.9**	**1,049.2**	**0.0%**

3790

3/02/09

Chairman's Action (3.)

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

(Items in the CS that were not in Sub Committee reports)

Numbers and Language

Agency: Department of Commerce, Community and Economic Development

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Alaska Energy Authority												
Alaska Energy Authority Power Cost Equalization												
Remove transfer from PCE fund (PCE to be funded directly from endowment and GF	Dec	-28,160.0	0.0	0.0	-160.0	0.0	0.0	28,000.0	0.0	0	0	0
1089 PCE Fund -28,160.0												
PCE												
** Allocation Total **		-28,160.0	0.0	0.0	-160.0	0.0	0.0	-28,000.0	0.0	0	0	0
*** Appropriation Total ***		-28,160.0	0.0	0.0	-160.0	0.0	0.0	-28,000.0	0.0	0	0	0
**** Agency Total ****		-28,160.0	0.0	0.0	-160.0	0.0	0.0	-28,000.0	0.0	0	0	0

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

Numbers and Language

Agency: Department of Fish and Game

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Commercial Fisheries												
AYK Region Fisheries Management												
Cap to Op Assessment of Pacific Salmon in Commercial Fisheries AYK Northern Region	Inc	125.0	41.5	20.8	57.0	5.7	0.0	0.0	0.0	0	0	0
1004 Gen Fund 125.0												
* * Allocation Total * *		125.0	41.5	20.8	57.0	5.7	0.0	0.0	0.0	0	0	0
* * * Appropriation Total * * *		125.0	41.5	20.8	57.0	5.7	0.0	0.0	0.0	0	0	0
* * * * Agency Total * * * *		125.0	41.5	20.8	57.0	5.7	0.0	0.0	0.0	0	0	0

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

Numbers and Language

Agency: Department of Labor and Workforce Development

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Commissioner and Administrative Services												
Data Processing												
Adjust to subcommittee intent: Personal Information & Consumer Credit CH 92 SLA 2008	OTI	-25.0	0.0	0.0	-20.0	-5.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund -25.0												
** Allocation Total **		-25.0	0.0	0.0	-20.0	-5.0	0.0	0.0	0.0	0	0	0
*** Appropriation Total ***		-25.0	0.0	0.0	-20.0	-5.0	0.0	0.0	0.0	0	0	0
**** Agency Total ****		-25.0	0.0	0.0	-20.0	-5.0	0.0	0.0	0.0	0	0	0

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

Numbers and Language

Agency: Department of Natural Resources

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Resource Development												
Land Sales & Municipal Entitlements												
Cap to Op: Remote Recreational Cabin Sites Survey and Appraisals	Inc	927.0	38.0	123.0	752.0	14.0	0.0	0.0	0.0	0	0	0
1153 State Land 927.0												
** Allocation Total **		927.0	38.0	123.0	752.0	14.0	0.0	0.0	0.0	0	0	0
Forest Management and Development												
Cap to Op: Develop statewide assessment and response plan for forestry technical assistance program (FY10 to FY11)	MultiYr	250.0	124.7	9.0	106.8	9.5	0.0	0.0	0.0	0	0	0
1004 Gen Fund 250.0												
** Allocation Total **		250.0	124.7	9.0	106.8	9.5	0.0	0.0	0.0	0	0	0
Mental Health Trust Lands Administration												
Cap to Op: Mental Health Land Development services for land management, pre-disposal or disposal services	Inc	680.0	0.0	0.0	680.0	0.0	0.0	0.0	0.0	0	0	0
1092 MHTAAR 680.0												
** Allocation Total **		680.0	0.0	0.0	680.0	0.0	0.0	0.0	0.0	0	0	0
*** Appropriation Total ***		1,857.0	162.7	132.0	1,538.8	23.5	0.0	0.0	0.0	0	0	0
Parks and Recreation Management												
Parks Management												
Cap to Op: Fund change for existing seasonal position in the Chilkoot River Bear Viewing Area	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund 55.6												
1061 CIP Rcpts -55.6												
** Allocation Total **		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
*** Appropriation Total ***		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
**** Agency Total ****		1,857.0	162.7	132.0	1,538.8	23.5	0.0	0.0	0.0	0	0	0

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

Numbers and Language

Agency: Department of Transportation & Public Facilities

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Administration and Support												
Transportation Management and Security												
Cap to Op: Highway Condition Inventory	Inc	180.0	0.0	0.0	180.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund 180.0												
** Allocation Total **		180.0	0.0	0.0	180.0	0.0	0.0	0.0	0.0	0	0	0
Program Development												
Cap to Op: Advanced Project Definition for Denali Commission	Inc	175.0	0.0	0.0	175.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund 175.0												
** Allocation Total **		175.0	0.0	0.0	175.0	0.0	0.0	0.0	0.0	0	0	0
*** Appropriation Total ***		355.0	0.0	0.0	355.0	0.0	0.0	0.0	0.0	0	0	0
Marine Highway System												
Marine Vessel Operations												
FY10 Bargaining Unit Contract Terms: Masters, Mates, and Pilots	Inc	923.6	923.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1076 Marine Hwy 923.6												
** Allocation Total **		923.6	923.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
*** Appropriation Total ***		923.6	923.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
**** Agency Total ****		1,278.6	923.6	0.0	355.0	0.0	0.0	0.0	0.0	0	0	0

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

Numbers and Language

Agency: University of Alaska

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
University of Alaska												
Anchorage Campus												
Cap to Op Graduate Medical Education/Family Practice Residency Program	Inc	2,200.0	0.0	0.0	2,200.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund 2,200.0												
** Allocation Total **		2,200.0	0.0	0.0	2,200.0	0.0	0.0	0.0	0.0	0	0	0
*** Appropriation Total ***		2,200.0	0.0	0.0	2,200.0	0.0	0.0	0.0	0.0	0	0	0
**** Agency Total ****		2,200.0	0.0	0.0	2,200.0	0.0	0.0	0.0	0.0	0	0	0
***** All Agencies Total *****		-22,724.4	1,127.8	152.8	3,970.8	24.2	0.0	28,900.0	0.0	0	0	0

3/2/09

(4)

2009 Legislature - Operating Budget
Agency Summary - House Structure

Language Only

Agency	[1] Gov Amd	[2] HseSubCS	[2] - [1] Gov Amd to HseSubCS	
Agency Budgets				
Administration	0.0	0.0	0.0	
Commerce, Community & Econ Dev	-170.0	31,990.0	32,160.0	<-999 %
Corrections	0.0	0.0	0.0	
Education & Early Dev	1,052,562.3	1,052,562.3	0.0	
Environmental Conservation	0.0	0.0	0.0	
Fish and Game	180.0	0.0	-180.0	-100.0 %
Governor	0.0	0.0	0.0	
Health & Social Services	0.0	0.0	0.0	
Labor & Workforce Dev	860.0	0.0	-860.0	-100.0 %
Law	1,250.0	0.0	-1,250.0	-100.0 %
Military & Veterans Affairs	12.5	12.5	0.0	
Natural Resources	4,991.7	2,350.0	-2,641.7	-52.9 %
Public Safety	2,663.2	2,663.2	0.0	
Revenue	2,545.0	1,774.0	-771.0	-30.3 %
Transportation	170.0	170.0	0.0	
University of Alaska	2.0	2.0	0.0	
Branch-wide Unallocated Approp	23,000.0	23,000.0	0.0	
Total	**1,088,066.7**	**1,114,524.0**	**26,457.3**	**2.4 %**
Statewide Items				
Debt Service	393,562.6	392,872.6	-690.0	-0.2 %
Fund Capitalization	1,257,386.7	1,225,226.7	-32,160.0	-2.6 %
Direct Approps to Retirement	284,687.5	284,687.5	0.0	
Special Appropriations	260,000.0	60,000.0	-200,000.0	-76.9 %
Total	**2,195,636.8**	**1,962,786.8**	**-232,850.0**	**-10.6 %**
Savings (Budget Reserves)				
Savings	643,216.1	931,418.3	288,202.2	44.8 %
Total	**643,216.1**	**931,418.3**	**288,202.2**	**44.8 %**

(1) PCE

(2) Oil + Gas Credits

(3) Oil + Gas appropriations in sec 16 of Gov Bill

3797

2009 Legislature - Operating Budget
Agency Summary - House Structure

Language Only

Agency	[1] Gov Amd	[2] HseSubCS	[2] - [1] Gov Amd to HseSubCS	
Statewide Total	3,926,919.6	4,008,729.1	81,809.5	2.1 %
Funding Summary				
General Funds (GF)	1,587,240.6	499,815.4	-1,087,425.2	-68.5 %
Federal Receipts (Fed)	34,074.9	34,074.9	0.0	
Other (Oth)	2,305,604.1	3,474,838.8	1,169,234.7	50.7 %

general fund to the University of Alaska for support of alumni programs at the campuses of the university for the fiscal year ending June 30, 2010.

*** Sec. 15.** BOND CLAIMS. The amount received in settlement of a claim against a bond guaranteeing the reclamation of state, federal, or private land, including the plugging or repair of a well is appropriated to the agency secured by the bond for the fiscal year ending June 30, 2010, for the purpose of reclaiming the state, federal, or private land affected by a use covered by the bond.

*** Sec. 16.** GAS PIPELINE DEVELOPMENT. The following amounts are appropriated to the named department and components from the following sources in the amounts stated for work associated with development of a natural gas pipeline for the fiscal year ending June 30, 2010:

DEPARTMENT AND COMPONENT	SOURCE	APPROPRIATION AMOUNT
(1) Fish and Game		
Habitat and restoration	Interagency receipts	$180,000
(2) Labor and Workforce Development		
(A) Labor market information	General fund	145,000
(B) Business services	General fund	585,000
(C) Alaska Workforce Investment Board	General fund	130,000
(3) Law		
Oil, gas, and mining	General fund	1,250,000
(4) Natural Resources		
(A) Oil and gas development	General fund	391,700
(B) Pipeline coordinator	Statutory designated program receipts	2,500,000
(5) Revenue		
Natural gas commercialization	General fund	771,000

*** Sec. 17.** FEDERAL AND OTHER PROGRAM RECEIPTS. (a) Federal receipts, designated program receipts as defined in AS 37.05.146(b)(3), information services fund program receipts as described in AS 44.21.045(b), Exxon Valdez oil spill trust receipts

REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

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3/2/09

Department of Administration
FY 10 Budget Subcommittee
February 26, 2009

Recommendations

Members:
Rep. Bill Thomas, Chair
Rep. Kurt Olson
Rep. Craig Johnson
Rep. Charisse Millett
Rep. Wes Keller
Rep. Chris Tuck
Rep. Max Gruenberg

The House Finance Budget Subcommittee for the Department of Administration submits an operating budget for FY 10 to the House Finance Committee as follows:

General Funds: $72,849.9
Federal Funds: $2,782.4
Other Funds: $217,610.1
Total: $293,242.4

The Subcommittee held four meetings with the Department and took the following actions:

Budget Action

Analyzed all transactions submitted by the Governor. The following are budget action highlights:

- Reviewed requests from the Alaska Public Broadcasting Commission for station operating grants and an internal budget increase. Alaska Public Radio received an increase in FY 09 of $400,000. The committee denies the requested increase.

- Reviewed requests from Partners for Progress, a non-profit entity that provides support to Therapeutic Courts, for an increase in program operating grants of $65,000 to replace federal funds that are expiring. Partners for Progress received an increase in FY 09 of $65,000; the requested increase would bring their total GF to $130,000. The committee denies the requested increase.

- Reviewed budget request for ALMR and did a three-year look back at the entire program. Committee recommends that the Department work with the municipalities and begin requiring the municipalities who participate in this program to pay their part of the operating and maintenance costs. The committee recommends a phase out approach to the state subsidy for the municipalities' share with full participation by the municipalities to begin in FY11. (Intent language has been added to the budget.)

- Reviewed the State Travel Office. The committee recommends that all out-of-state trips taken by state employees should be conducted on a mileage ticket where possible. (Intent language has been added to the budget.)

- Reviewed Centralized Administrative Services. Recommend that Finance Operations replace $220,000 in general fund monies with Capital Improvement Project receipts.

- Reviewed Finance Operations' request for additional authority to spend receipts anticipated under a new contract with the U.S. Bank for the Bank One Card. The funding from these receipts would be used to offset cost increases related to the Alaska Data Enterprise Reporting warehouse and to provide for vacancy factor reductions. The committee recommends a fund source change to General Fund monies in compliance with AS 37.05.142-144.

- Reviewed budget request from Enterprise Technology Services to increase the State of Alaska Telecommunications System (SATS) for operations and maintenance. The requested funding would assist in maintaining the operations of the SATS microwave network system which serves areas outside of Anchorage. Many state agencies use this system and the increase is important to its continued operation. The committee accepts the $300.0 general fund request, but feels that those that use this system should assist in its funding. The Department is asked to present the House Finance Co-Chairs with information on how the Department plans to charge the various other departments to recoup these costs.

- Reviewed fund source changes for unrealized contractual wage and health benefit increases. The committee rejects the Department's request to change the fund source of these increases from interagency receipts to general fund monies, and requests that the Department present the House Finance Co-Chairs with information on how the Department plans to charge the various other departments to recoup these costs within 10 days of this closeout.

Amendment Action

Reviewed amendments submitted by the Governor.

Accepted the following Governor's proposed amendments:

1.) Centralized Administrative Services	Dec	-$7.5	GF
2.) Public Defender Agency	Inc	$1,000.0	GF

Items of Concern

The committee is extremely concerned about the Alaska Land Mobile Radio program. This program has been in place for several years and thus far the Department has been unable to get the municipalities participating in the program to pay their share of the costs. The committee recommends that the Department do its best to work with the participating municipalities over the interim and strategize on how best to phase out this state subsidy and begin charging the municipalities the full amount of their share of the costs.

Attached Reports

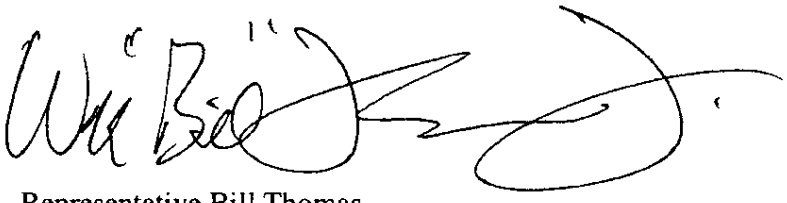
The committee adopts the reports attached:

Committee Generated Reports

1.) Transaction spreadsheet and summary

Legislative Finance Division Reports (Numbers Only)

1.) Agency Totals – FY 2010 Operating Budget – House Structure
2.) Appropriation/Allocation Summary (All Funds) – House Structure
3.) Appropriation/Allocation Summary (GF) – House Structure
4.) Transaction Comparison – House Structure (Between ADJ Base and H Subcomm)
5.) Transaction Comparison – House Structure (Between Gov Amd and H Subcomm)
6.) Wordage Report – FY 2010 Operating Budget, House Structure



Representative Bill Thomas
House Finance Subcommittee for Administration Chair
February 26, 2009

Department of Administration FY 10 Budget
House Finance Budget Subcommittee Recommendations

	GF -GF/MH	Fed	Other	Total
FY 09 Revised Management Plan	73,634.6	2,776.3	205,890.4	282,301.3
FY 10 Adjusted Base	71,775.9	2,784.3	207,602.6	282,162.8
Gov's FY 10 Budget	73,172.5	2,782.4	216,295.0	292,249.9
Gov's FY 10 Budget Amend	992.5	0.0	0.0	992.5
Gov's Amend FY 10 Budget Total	74,165.0	2,782.4	216,295.0	293,242.4
Subcommittee Adjustments	(1,315.1)	0.0	1,315.1	0.0
Total Subcommittee FY 10 Budget Recommendations Total	72,849.9	2,782.4	217,610.1	293,242.4

Department of Administration
FY 10 Budget Final Recommendations

Changes to Gov's FY 10 Amend	GF Dollars	Other Dollars	Employee Count
1.) Division of Finance: Replace $220,000 in Time and Attendance with CIP Receipts	(220.0)	220.0	0.0
2.) Salary Fund Source Changes	(1,095.1)	1,095.1	
Reductions to Gov's FY 10 Amend	(1,315.1)	1,315.1	
Additional Subcommittee Recommendations	0.0		
Concurrence with Gov's FY 10 Amend			
1.) Public Defender Agency: Costs due to caseload and workload increases	1,000.0		
2.) Centralized Admin Services: Delete OTI for costs associated with State Officers Compensation Commission	(7.5)		
Total Concurrence with Gov's FY 10 I	992.5		

Alaska State Legislature

House Finance Subcommittee

Dept. of Commerce, Community & Economic Development

Rep. Alan Austerman, Chair
Rep. Bryce Edgmon
Rep. Kyle Johansen
Rep. Mark Neuman
Rep. Paul Seaton
Rep. Berta Gardner
Rep. Chris Tuck

House Finance Committee
Rep. Mike Hawker, Co-chair
Rep. Bill Stoltze, Co-chair
State Capitol
Juneau, Alaska 99801
(907) 465-4979
Fax: 465-4979

MEMORANDUM

DATE: February 27, 2009

TO: Representative Mike Hawker, Co-chair
Representative Bill Stoltze, Co-chair
House Finance Committee

FROM: Representative Alan Austerman, Chair
DCCED House Finance Subcommittee

SUBJ: Department of Commerce, Community and Economic Development FY10 Closeout Narrative | Summary Excel Notebook | Legislative Finance Reports

The House Finance Budget Subcommittee on the Department of Commerce, Community and Economic Development submits an operating budget for FY10 as follows:

GF: $17,563.6 Fed Funds: $64,592.7 Other Funds: $103,920.1 TOTAL: $186,076.4

The DCCED Subcommittee conducted five hearings regarding the FY10 Governor's Operating Budget Request for the Department of Commerce, Community and Economic Development. The following actions took place at the closeout meeting of February 25, 2009. A quorum was established at the closeout as Austerman, Edgmon, Johansen, Neuman, Seaton, Gardner were all present. The vote to move this out of subcommittee was 6-0.

Budget Action
The subcommittee accepted the FY10 Governor's Amended Budget except for the following changes:

1. Delete 150.0 GF for Support for Energy Planning under the Alaska Energy Authority
2. Delete 210.3 GF for AEA Executive Director under the Alaska Energy Authority
3. Delete 1,971.3 GF that was recommended to replace a reduction in Business License & Corp Receipts (BLic&Corp).

4. 1,5713.3 of excess BLic&Corp authority was deleted, while 400.0 was authorized for BLic&Corp.

Items of Concern

1. The AEA Executive Director/Statewide Energy Coordinator was funded in FY09 with CIP receipts from a statewide energy plan capital project. Although the statewide energy plan is completed and has been released, the department argued that the need for this position and support services will continue into the foreseeable future. The subcommittee disagreed with this premise and advised the department to look for additional funds already allocated to AEA. In addition, there is currently about $300,000 left in FY09 money from the CIP receipts discussed above. The AEA executive director testified that most if not all of this money will be spent by June 30, 2009. According to the department, if any money is left over, it is carried forward into FY10 as CIP funds are not "swept."

2. The Division of Community and Regional Affairs (C&RA) operating expenses are partially funded with business license fees. Passage of HB111 last year cut the business license fees from $100/year down to $50/year, which will cause a significant reduction in that revenue stream. This law is effective October 1, 2009. The subcommittee allowed 400.0 in Business License & Corp Receipts (BLic&Corp) to the FY2010 budget and removed 1,571.3 of excess BLic&Corp authority. The subcommittee was steadfast in their belief that since HB111 was by request of the Governor, that the administration should now find the funds to replace the loss of the BLic&Corp money. Since the department testified that the loss of this funding will cost 20 to 25 jobs and could close down two regional C&RA offices, it is the intent of the chair to recommend to the full house finance committee that they consider taking the 1,571.3 GF as an unallocated reduction across the entire department and that the BLic&Corp authority be restored.

Attached Reports (Numbers Only)
~House Structure~
Agency Totals
Allocation Summary
Allocation Summary – General Funds
Transaction Compare – Between Adj Base and Hse Sub – Differences Only
Transaction Compare – Between Gov Amd and Hse Sub – Differences Only
Wordage Report

Department of Commerce, Community and Economic Development FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	14,997.9	55,091.9	102,148.8	172,238.6
FY10 Adjusted Base Budget	14,798.0	54,712.5	102,695.3	172,205.8
Governor's FY10 Budget	19,627.0	64,377.2	103,613.9	187,618.1
Governor's FY10 Budget Amendments	19,495.2	64,592.7	103,920.1	188,008.0
Governor's Amend FY10 Budget Total	(131.8)	215.5	306.2	389.9
Subcommittee Adjustments	(2331.6)	0.0	400.0	(1,931.6)
Total Subcommittee FY10 Budget Recommendations Total	17,563.6	64,592.7	103,920.1	186,076.4

Department of Commerce, Community & Economic Development FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	14,997.9	55,091.9	102,148.8	172,238.6
FY10 Adjusted Base Budget	14,798.0	54,712.5	102,695.3	172,205.8
Governor's FY10 Budget	19,627.0	64,547.2	103,613.9	187,788.1
Governor's FY10 Budget Amendments	(131.8)	45.5	306.2	219.9
Governor's Amend FY10 Budget Total	19,495.2	64,592.7	103,920.1	188,008.0
Subcommittee Adjustments	(2,331.6)	0.0	400.0	(1,931.6)
Total Subcommittee FY10 Budget Recommendations Total	17,163.6	64,592.7	104,320.1	186,076.4

Numbers only

Subject to minor conforming adjustments

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Department of Commerce, Community and Economic Development
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
Community Assistance and Economic Development			
1. Community and Regional Affairs: fund source change to replace loss of Business License Rcpts with GF was not accepted. The reduction for Blic&Corp Rcpts totals $1,571.3 and $400.0 was authorized.	(1,971.3)	400.0	0
Office of Economic Development			
2. Support for Energy Planning was not funded.	(150.0)		
3. Funding for AEA Executive Director/Statewide Energy Coordinator was not funded.	(210.3)		
Reductions to Gov's FY10 Amend	**(2,331.6)**	**400.0**	**0.0**
Additional Subcommittee Recommendations			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(2,331.6)**	**400.0**	**0.0**
Total Reduction All Funds		(1,931.6)	
Concurrence with Gov's FY10 Amend			
1. Executive Administration Commissioner's Office: Core Service Increases (I/A Rcpts)		171.0	0
2. Administrative Services: Core Service Increases (GF & I/A Rcpts)	2.3	5.9	
Community Assistance and Economic Development			
3. Community and Regional Affairs: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts & BLic Rcpts to Rcpt Svcs)	77.9	(77.9)	0
4. Community & Regional Affairs: Gov's Amd for fund source change to remove request in salary adjustment for existing bargaining unit was approved (GF back to BLic Rcpts)	(39.2)	39.2	
5. Community and Regional Affairs: fund source change to replace loss of Business License Rcpts with GF was not accepted. The reduction for Blic&Corp Rcpts was accepted and a portion was restored as noted below.		(1,971.3)	
2. Community and Regional Affairs: a portion of Bus Lic Rcpts (referenced above) was restored.		400.0	
6. Community & Regional Affairs: Core Services Incs were approved	30.0		
7. Community & Regional Affairs: continued funding for two Grant Administrators added in FY09 was approved.	164.0		2
8. Community & Regional Affairs: removal of excess expenditure authority was accepted. (I/A Rcpts)		(340.6)	

Department of Commerce, Community and Economic Development
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
9. Community & Regional Affairs: an OTI for AK Legal Services grant was approved.	200.0		
10. Community & Regional Affairs: Gov's Amd for Implementation of Modified Cost Allocation Plan was funded.	4.4	51.1	
11. Office of Economic Development: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (BLic Rcpts to GF)	22.2	(22.2)	
12. Office of Economic Development: Gov's Amend for fund source change to remove request in salary adjustment for existing bargaining unit was approved (GF back to BLic Rcpts)	(22.2)	22.2	
13. Office of Economic Development: Approved I/A Rcpt for RSA with DMV to provide services in Tok and surrounding communities.		40.6	
14. Office of Economic Development: Funded Alaska Regional Development Organizations (ARDORS) at the FY09 level.		57.7	
15. Office of Economic Development: Gov's Amd for Implementation of Modified Cost Allocation Plan was funded.		61.9	
Revenue Sharing			
16 Payment in Lieu of Taxes: Approved authorization for PILT program to reflect the amount anticipated for FY10.		3,673.4	
17. National Forest Rcpts: Approved authorization to reflect anticipated revenues.		6,300.0.	
Investments			
18. Core Service Increases approved.		13.6	
AK Aerospace Development Corporation			
19. Core Service Increases approved.		69.0	
20. Gov's Amd for Implementation of Modified Cost Allocation Plan was funded.		50.7	
AK Industrial Development and Export Authority			
21. Approved support for Energy Planning and Costs of Contractual Services. (I/A Rcpts & AIDEA Rcpt)		442.7	
22. Core Service Increases approved.		14.8	
23. Funded Alaska Regional Development Organizations (ARDORS) at the FY09 level.		57.7	
Alaska Energy Authority			
24. Power Equalization: Estimated funding needed to fund the PCE formula at $32million (PCE fund)		4,000.0	

Department of Commerce, Community and Economic Development
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
	Alaska Seafood Marketing Institute			
25.	Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Rcpts Svcs to GF)	32.8	(32.8)	
26.	Fund Source Change to replace uncollectable federal funding and other unavailable receipts was approved.	1,878.0	(1,878.0)	
27.	Core Service Increases approved.	4.2		
28.	Request to remove excess Fish Tax authorization was approved.		(1,000.0)	
29.	Gov's Amd for Implementation of Modified Cost Allocation Plan was funded.	2.3	2.8	
	Banking and Securities			
30.	Funding for 3rd year fiscal note for HB 162 Mortgage Lending was approved. (Rcpt Svcs)		208.0	2
31.	Continued funding for legal costs. (Rcpt Svcs)		180.0	
	Insurance Operations			
32.	Funding for 3 long term non perm positions working on an existing imaging capital project are authorized with CIP Rcpts.		122.8	
	Corporations, business and Professional Licensing			
33.	Core Service Increases approved. (Rcpt Svcs & Blic&Corp)		26.4	
34.	OTI for Prescription Database was funded. (Fed Rcpts)		400.0	
35.	Gov's Amd to reduce uncollectable I/A Authority was approved.		(300.0)	
36.	Gov's Amd for Implementation of Modified Cost Allocation Plan was funded. (I/A Rcpt, Rcpts Svcs, Blic&Corp)		309.5	
	Regulatory Commission of Alaska			
37.	Gov's Amd for Implementation of Modified Cost Allocation Plan was funded. (RCA Rcpts)		105.3	
	DCED State Facilities Rent			
38.	Core Service Increases approved.		292.5	
	Serve Alaska			
39.	Gov's Amd for Implementation of Modified Cost Allocation Plan was funded. (Fed Rcpts & GF/Match)	8.9	9.0	
	Total Concurrence with Govs FY10 Recs	**2,365.6**	**11,505.0**	**4.0**

House Finance Budget Subcommittee
FY10 Department of Corrections

Subcommittee Report for FY10 February 27, 2009

The House Finance Budget Subcommittee for the Department of Corrections submits an operating budget for FY10 to the full House Finance Committee as follows:

Operating Budget	Gen Fund	Federal	Other	Total
FY10 Adjusted Base [1]	$211,944,000	$3,003,400	$30,233,000	$245,180,400
FY10 Gov Amend	$214,041,400	$3,174,400	$31,985,100	$249,200,900
(HFS) Recommendation	**$212,494,200**	**$3,187,300**	**$31,977,000**	**$247,658,500**

The Budget Subcommittee recommends an operating budget that authorizes $1,547,200 less general funds and three fewer employees than the FY10 Governor's Amended request. The recommended budget requests a total increment from the FY10 Adjusted Base of $550,200.

Subcommittee Recommendations

The subcommittee reviewed all aspects of the Department of Corrections budget, including a three-year look back to review the growth in the department's budget from FY07 to FY10 Governor's Amended proposal, and accepted the changes with the following major exceptions:

Research and Records

- Denied a request to fund $180,000 that the department received in FY09 as a one-time item for on-going records imaging.

Population Management

- Denied an increment of $302,200 for operating costs for an 80-bed expansion project that is not completed at the Wildwood Correctional Center.

[1] The Adjusted Base is the starting point for subcommittee discussion of the Governor's request. It removes one-time appropriations, reappropriations, and carryforward of multi-year appropriations. It incorporates the FY10 contractual salary increases. (Source: *Legislative Fiscal Analyst's Overview of the Governor's Request*, Page 12)

- Reduced the operating base for the Wildwood expansion project ($1,115,000) by $889,400, allowing the department to retain $217,500 for DOC employees to supervise and complete the expansion plans with inmate labor.
- Funded an additional probation officer position for $80,000.

Inmate Health Care

- Reduced an increment of $485,300 in PFD Criminal dollars for periodic polygraph testing and treatment of sex offenders on probation by fifty percent.
- Modified and funded a proposed $500,000 General Fund increment to expand substance abuse treatment programs within the institutions, $257,3000 from General Fund and $242,700 from PFD Criminal

Intent Language

The House Finance Budget Subcommittee approved the following Intent Language:

Office of the Commissioner

- Requested the Department of Corrections to define its future facility needs including specific attention to the communities of Bethel, Seward, and Fairbanks and report the findings before February 1, 2010.

Goose Creek Correctional Center

- Requested that no state funds, other than the amount required to reimburse the Mat-Su Borough for debt service costs, be used for capital costs associated with the Goose Creek Correctional Center
- Requested the Department of Corrections to investigate the privatization of the operation and maintenance of the Goose Creek Correctional Center and report the findings before February 1, 2010.

It was an honor and a privilege to chair the House Finance Budget Subcommittee for the Department of Corrections and I thank everyone who was involved with the process. If you wish a copy of the spreadsheet discussed in subcommittee, please contact my legislative aide, Ms. Sheila Peterson, at 465-4936.

Respectfully Submitted,

Representative Mike Kelly, Chair
House Finance Budget Subcommittee

Department of Corrections FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	210,982.0	2,990.5	30,560.0	244,532.5
FY10 Adjusted Base Budget	211,944.0	3,003.4	30,233.0	245,180.4
Governor's FY10 Budget	214,041.4	3,174.4	31,747.6	248,963.4
Governor's FY10 Budget Amendments	0.0	0.0	237.5	
Governor's Amend FY10 Budget Total	214,041.4	3,174.4	31,985.1	249,200.9
Subcommittee Adjustments *	(1,547.2)	12.9	(8.1)	(1,542.4)
Total Subcommittee FY10 Budget Recommendations Total	212,494.2	3,187.3	31,977.0	247,658.5

* As compared to Governor's Amend FY10 Budget Total

Department of Corrections
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
Changes to Gov's FY10 Amend			
Administration and Support			
1. Deny FY09 OTI GF request ($180.0) to continue the on-going records imaging; positions are vacant and the request is not as urgent as some	(180.0)		
Population Management			
2. Deny request to replace federal dollars ($12.9) for federal prisoners with General Fund in the Anchorage Correctional Complex	(12.9)	12.9	
3. Deny GF increment ($302.0) that is directed for operating costs as the 80-bed expansion project in the Wildwood Complex is not complete	(302.2)		
4. Reduce the base for Wildwood ($1.115.0) as 80-bed expansion is delayed; fund 3 existing positions ($217.5) with money remaining	(889.4)	(8.1)	
5. Fund one additional probation officer; department is at its current vacancy factor	80.0		
Inmate Health Care			
6. Reduce request for PFD Criminal funds ($485.3) for Sex Offender Prgm by 50 percent; sex offender self-pay needs to be encouraged by DOC		(242.7)	
7. Replace GF $500.0 request with $242.7 with PFD Crim to fund expansion of a substance abuse program with a 7/1/09 start date	(242.7)	242.7	
Reductions to Gov's FY10 Amend	**(1,547.2)**	**4.8**	
Concurrence with Gov's FY10 Amend			
Administration and Support			
8. Grant authority to receive funding from the US Dept of Justice to enhance the department's automated victim notification system		183.9	
Population Management			
9. Fund bed rate increase negotiated for contract prison space in AZ; an increase of $1.23 to $62.86 per prisoner per day	381.1		
10. Allow DOC to receive $250.0 from the Mat-Su Borough bond proceeds to oversee construction of the Goose Creek prison facility		250.0	
11. Accept a fund change from I/A Receipts to General Fund (2.0) to correct unrealizable fund source to help pay salary adjustments	2.0	(2.0)	
12. Increase Community Residential Centers contracts by 43-beds to assist in managing the in-state offender population	719.2		

Department of Corrections
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
Inmate Health Care			
13. Approve one-half increase in PFD Crim ($485.3); current data does not support full increase (See Item 6)		242.6	
14. Approve increase in PFD Crim to add staff to meet the increased offender population with mental health issues		444.8	
15. Approve increase in PFD Crim to establish an institutional sex offender treatment program		200.0	
16. Approve $257.3 of a $500.0 Gen Fund request to fund expansion of a substance abuse program with a 7/1/09 start date (See Item 7)	257.3		
17. Approve MHTAAR funds as OTI to asist Trust beneficiary offenders re-enter the community		210.0	
18. Approve MHTAAR funds as OTI to add mental health clinical staff in Bethel and other identified facilities		164.0	
19. Removal of a $12.5 MHTARR increase; the Trust decreased its financial projections since original budget was approved		0.0	
Concurrence with Gov's FY10 Recs	**1,359.6**	**1,693.3**	

House Finance Budget Subcommittee
FY 10 Alaska Court System

Subcommittee Report FY10 February 27, 2009

The House Finance Budget Subcommittee (HFBS) on the Alaska Court System submits an operating budget for FY10 as follows:

GF	$ 87,212.8	Fed Funds $ 1,675.6	Other Funds	$ 1,481.3	Total	$ 90.369.7

Alaska Court System
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $2,414.3 less general funds and 22 less employees than the FY10 Court System request. The FY10 subcommittee budget requests a total increment from 09 Revised Management Plan of $2,727.0 general funds.

In reviewing the Alaska Court System's FY 10 budget request, the subcommittee worked closely with the court system administration to determine their priorities, as well as to examine the function and necessity of each budget item. The highest priority needs for material support were fully funded as was the highest priority request for an additional Judge and Clerk in South Central Alaska. The request to implement a classification study of magistrate salaries which have not been adjusted since 1995 was approved. Increased funding for the No Dark Courtrooms initiative was approved at the same level of increase as was provided in FY09. The requested creation of numerous permanent full and part-time positions was not approved. A significant savings was also found by removing unnecessary funding for transcript costs for PD and OPA. Funding for a pro tem pay increase was also removed, as pro tem pay is intended to be a stipend.

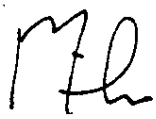
The full amount of funding requested by the Alaska Commission on Judicial Conduct was approved. The Judicial Council also received full funding of their request and a very small legislatively sponsored increase supporting the Alaska Judicial Observers.

Most significantly, the subcommittee also made a structural change to the budget creating a separate component for the Therapeutic Courts. This adjustment establishes the Therapeutic Courts as a distinct budget allocation under the Alaska Court System. Therapeutic Courts have proven successful and are becoming financially significant meriting segregation from traditional court operations. The subcommittee added intent language requesting that, as much as is practical in the FY 11 budget, therapeutic court funding be transferred from other agencies to this appropriation, rather than continuing the current practice of scattering a multitude of small individual items throughout Health and Social Services, the Department of Law, and the Department of Corrections.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY10 Operating Budget – House Structure

Submitted,



Representative Mike Hawker
House Finance Subcommittee Chairman
Alaska Court System

Court System FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	84,485.8	1,675.6	1,493.8	87,655.2
FY10 Adjusted Base Budget	86,916.5	1,675.6	506.0	89,098.1
Governor's FY10 Budget	89,627.1	1,675.6	1,016.3	92,319.0
Governor's FY10 Budget Amendments	0.0	0.0	(35.0)	(35.0)
Governor's Amend FY10 Budget Total	89,627.1	1,675.6	981.3	92,284.0
Subcommittee Adjustments	(2,414.3)		500.0	(1,914.3)
Total Subcommittee FY10 Budget Recommendations Total	87,212.8	1,675.6	1,481.3	90,369.7

Court System
FY10 Budget Final Recommendations

		Gov's Request GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend				
	Appellate courts			
1	Workstations, Office Equipment and Replacement Furniture - partially fundedGov's request with $50.0	(67.8)	0.0	0
2	Elimination of Vacancy Savings Requirement for Judicial Positions - partially funded with $50.0	(30.4)	0.0	0
	Trial Courts			
3	participants	(500.0)	500.0	0
4	Trial Courts: No Dark Courtrooms - Improve Courtroom Staffing Statewide / partially fund Gov's request with $600,000	(279.1)	0.0	(13)
5	First District Position Changes	(214.0)	0.0	(3)
6	Third District Position Changes	(137.4)	0.0	(1)
7	Fourth District Position Changes	(143.5)	0.0	(1) (1)
8	Public Building Fund & Other Court System Leased Space Increases - (Healy/Nenana Expansion not funded)	(45.0)	0.0	0
9	Pro Tem Pay Increase	(147.4)	0.0	0
10	Staff Development and Sustained Systems' Training	(75.0)	0.0	0
11	Elimination of Vacancy Savings Requirement for Judicial Positions - partially funded with $200.0	(359.0)	0.0	0
12	Transcripts cost for Criminal Proceedings	(125.0)	0.0	0
	Administration and Support			
13	New Positions to Improve Services in Administration	(411.9)	0.0	(5)
	Totals	**(2,535.5)**	**500.0**	**(24.0)**
		Gov's Request		
Additional Subcommittee Recommendations				
1	Utilities and Contract Increases - brings request to full amount of $776.3	51.3		0
2	Establish new Allocation for Therapeutic Courts: Transfer Out $2,027.6 from Trial Courts and Transfer In $2,027.6 to Therapeutic Courts	0.0	0.0	0.0
3	Admin and Support: Increased Software Support Costs - brings request to full need	25.9		0
4	Support for the Alaska Judical Observers added to the Judicial Council	44.0		
	Additional Subcommittee Recommendations	**121.2**	**0.0**	**0.0**
	Total Reductions to Gov's FY10 Amend	**(2,414.3)**	**500.0**	
	Total Reduction All Funds		(1,914.3)	

Court System
FY10 Budget Final Recommendations

		Gov's Request		
		GF Dollars	Other Dollars	Employee Count
Concurrence with Gov's FY10 Amend				
	Appellate courts			
1	Appellate Courts: Partial funding of Workstations, equipment, furniture - partial funding	50.0		
2	Elimination of Vacancy Savings Requirement for Judicial Positions - partial funding	50.0	0.0	0
3	Travel for Fairbanks Based Supreme Court Justice	11.5	0.0	0
4	Judicial Retirement System Savings Due to a Decrease in the Employer Rate from 57.7% to 26.2%	(425.5)	0.0	0
	Trial Courts			
5	MH Trust: Dis Justice - Lease Barrow Therapeutic Court Case Coordinator office space	12.5	0.0	0
6	MH Trust: Dis Justice - Grant 584.05 Adult Guardianship/Mediation Project	147.7	0.0	0
7	MH Trust: Dis Justice - Grant 1936.01 Increased case coordinator capacity for Anchorage Mental Health court	99.4	0.0	0
8	Trial Courts: No Dark Courtrooms - Improve Courtroom Staffing Statewide / partially fund Gov's request with $600,000	600.0	0.0	0
9	Third District Position Changes	299.1	0.0	2
10	Travel and Office Supplies Expense Increases	447.5		
11	Utilities and Contract Increases - note adjustment above to bring request to full amount	725.0	0.0	0
12	Public Building Fund and Other Court System Leased Space Increase partially funded (Tri Valley funded)	223.3	0.0	
13	Juror Mileage Reimbursement Increase	35.0	0.0	0
14	Life-Cycle Replacement of Computer Systems	250.0	0.0	0
15	Trial Courts: Elimination of Vacancy Savings Requirement for Judicial Positions - partial funding	200.0		
16	Magistrate Salary Increase	326.6	0.0	0
17	Judicial Retirement System Savings Due to a Decrease in the Employer Rate from 57.7% to 26.2%	(3,104.4)	0.0	0

Court System
FY10 Budget Final Recommendations

		Gov's Request		
		GF Dollars	Other Dollars	Employee Count
18	MH Trust: Disability Justice - Training for therapeutic court clinical staff		25.0	0
18a	MH Trust- Gov Amd Disability Justice Training for therapeutic court clinical staff reduction		(10.0)	
19	MH Trust: Disability Justice - Grant 567.04 Access to timely neuropsychiatric evaluations		25.0	0
19a	MH Trust - Gov Amd: Disability Justice - Grant 567.04 Access to timely neuropsychiatric evaluations reduction		(20.0)	
20	MH Trust: Disability Justice - Grant 1935.01 Juneau Mental Health court		204.4	0
21a	Accept Gov Amd Title Change: "Grant to 1935.01 Mental Health Court			
22	MH Trust: Disability Justice - Grant 1934.01 Fairbanks Juvenile Therapeutic Court		255.9	0
22a	MH Trust - Gov Amd: Disability Justice - Grant 1934.01 Fairbanks Juvenile Therapeutic Court reduction		(5.0)	
	Administration and Support			
21	Increased Software Support Costs	150.0	0.0	0
	Commission on Judicial Conduct			
22	Fund Personal Services underfunding in salary adjustment]	3.6		
	Judicial Council			
23	Preliminary Judicial Performance Evaluations	8.0		
24	Judicial Selection Expenses	63.6		
25	4th yr Fiscal Note for Additional Judge and Judges Salaries	2.2		
		175.1	475.3	2.0

Alaska State Legislature

Representative Anna Fairclough – House District 17

2/23/2009

Education and Early Development
FY10 House Finance Subcommittee Recommendations

Then House Finance Subcommittee on Education and Early Development submits an operating budget to the full House Finance Committee as follows:

General Funds	$1,108,404.5	(0.1% increase over adjusted base)
Federal Funds	$214,958.5	(0.1% increase over adjusted base)
Other Funds	$35,190.2	(3.9% decrease from adjusted base)

The subcommittee took the following actions:

Budget Action:

1. Adopted the FY10 Adjusted Base.
2. Reviewed each of the increments and decrements submitted by the Governor:
   - Foundation Program – $2,000.0 GF Increment OTI for the Pre-K Pilot Program; $1,363.0 Decrement from Public School Trust Fund
   - Pupil Transportation – No change
   - Boarding Home Grants – $350.0 GF Increment for Boarding Home Residential Program
   - Youth in Detention – No Change
   - Special Schools – $5.3 GF Decrement from Adjustment to Special Education Service Agency Calculation
   - School Performance Incentive Program – $4,800.0 GF Decrement for the removal of the Program
   - Alaska Challenge Youth Academy – $185.2 GF Increment for Funding Increase due to projected Enrollment and a $100 increase to the Base Student Allocation
   - Executive Administration – $600.0 GF Increment for Contract Specialist Services aimed at District/School improvement in Math, Science, Arts, IT, Culture and Social Studies; $224.2 GF Increment for Funding to Implement School Improvement Plans and District Interventions on a Statewide Basis
   - Administrative Services – No Change
   - Information Services – No Change
   - School Finance & Facilities – $24.7 GF Increment for School Bus Contractual Increase; $45.2 GF Increment for School Bus Driver Training Increase; $150.0 GF Increment for Additional Auditors for Intensive Students

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- Student and School Achievements – $138.6 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $250.0 GF Increment for Alaska Comprehensive System of Statewide Assessments Contractual Increase; $150.0 GF/MH Increment for Adding MH Trust Recommendations for Autism Resource Center; $200.0 MHTAAR Increment OTI for Adding MH Trust Recommendations for Autism Resource Center; $150.0 GF/MH Increment for Adding MH Trust Recommendations for Rural Secondary Transition
- Statewide Mentoring Program – No Change
- Teacher Certification – No Change
- Child Nutrition – $17.4 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements
- Early Learning Coordination– $3.2 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $800.0 GF Increment to Increase Head Start Grant Program Funding
- Professional Teaching Practices Commission – $138.6 Fund Source Change from Receipt Supported Services to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $252.1 Fund Source Change from Receipt Supported Services to GF because of Shortage of Funds from the Teacher Certification Fees
- Alaska State Council on the Arts – $7.5 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $56.5 Federal Receipts Increment for Additional Federal Authorization for National Endowment on the Arts Grants
- Mt. Edgecumbe Boarding School – No Change
- State Facilities Maintenance – No Change
- EED State Facilities Rent – $210.6 GF Increment for FY10 DOA Projected Lease Increases
- Library Operations – No Change
- Archives – No Change
- Museum Operations – $1.4 Fund Source Change from Receipt Supported Services to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements
- Program Administration & Operations – $330.0 Federal Receipts Increment for Additional Federal Authority needed to Reflect Revenue and Expenditures for the Challenge Grant Program
- WWAMI Medical Education – $524.7 GF Increment for FY10 WWAMI Contractual Increase

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Wordage as Adopted by Subcommittee:

Appropriation: Teaching and Learning Support
Allocation: Teacher Certification

Conditional Language

The amount allocated for Teacher Certification includes the unexpended and unobligated balance on June 30, 2009, of the Department of Education and Early Development receipts from teacher certification fees under AS 14.20.020(c).

Documents Attached:

1. Appropriation/Allocation Summary – House Structure (Numbers and Language)
2. Appropriation/Allocation Summary GF Only – House Structure (Numbers and Language)
3. Transaction Comparison – House Structure (between Adj. Base and House Finance Subcommittee)
4. Agency Totals – FY10 Operating Budget House Structure
5. Wordage Report – House Structure

Respectfully Submitted,

Anna L. Fairclough

Representative Anna Fairclough, Chair
House Finance Subcommittee for Education and Early Development

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Alaska State Legislature

Representative Anna Fairclough – House District 17

2/27/2009

Education and Early Development
FY10 House Finance Subcommittee Recommendations
Revisions

Legislative Finance Division is directed to make any appropriate conforming or technical changes. After Closeout, it was determined by the Legislative Finance Division that all reports would be run as numbers only. The changes are reflected below.

General Funds	$55,842.2	(12.2% increase over adjusted base)
Federal Funds	$214,958.5	(0.1% increase over adjusted base)
Other Funds	$35,190.2	(3.9% decrease from adjusted base)

As an additional note this represents a Total increase of 1.8% from FY09

Language:

- All Language to be forwarded on to Full Finance Committee for review; this includes the School Performance Incentive Program – $4,800 GF Decrement for the removal of the Program

Documents Attached:

1. Appropriation/Allocation Summary – House Structure (Numbers)
2. Appropriation/Allocation Summary GF Only – House Structure (Numbers)
3. Transaction Comparison – House Structure (between Adj. Base and House Finance Subcommittee)
4. Agency Totals – FY10 Operating Budget House Structure
5. Wordage Report – House Structure

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Department of Education and Early Development FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	49,381.8	214,567.9	36,744.2	300,693.9
FY10 Adjusted Base Budget	49,756.0	214,738.7	36,613.4	301,108.1
Governor's FY10 Budget	55,842.2	214,958.5	35,190.2	305,990.9
Governor's FY10 Budget Amendments				
Governor's Amend FY10 Budget Total	55,842.2	214,958.5	35,190.2	305,990.9
Subcommittee Adjustments				0.0
Total Subcommittee FY10 Budget Recommendations Total	55,842.2	214,958.5	35,190.2	305,990.9

Department of Education and Early Development
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
There were no changes to Gov's FY10 Amend			
Reductions to Gov's FY10 Amend	**0.0**	**0.0**	**0.0**
Additional Subcommittee Recommendations			
There were no additional recommendations			0
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**0.0**	**0.0**	
Total Reduction All Funds		0.0	
Concurrence with Gov's FY10 Amend			
1. Foundation Program - Accept the Pre-K Pilot Program as a one time item	2,000.0	0.0	0
2. Foundation Program - Accept Decrement from Public School Trust Fund	0.0	(1,363.0)	0
3. Boarding Home Grants - Accept Increment for Boarding Home Residential Program	350.0	0.0	0
4. Special Schools - Accept Decrement from Adjustment to Special Education Service Agency Calculation	(5.3)	0.0	0
5. Alaska Challenge Youth Academy – Accept Increment for Funding Increase due to projected Enrollment and a $100 increase to the Base Student Allocation	185.2	0.0	0
6. Executive Administration – Accept Increment for Contract Specialist Services aimed at District/School improvement in Math, Science, Arts, IT, Culture and Social Studies	600.0	0.0	0
7. Executive Administration - Accept Increment for Funding to Implement School Improvement Plans and District Interventions on a Statewide Basis	224.2	0.0	0
8. School Finance & Facilities – Accept Increment for School Bus Contractual Increase	24.7	0.0	0
9. School Finance & Facilities – Accept Increment for School Bus Driver Training Increase	45.2	0.0	0
10. School Finance & Facilities – Accept Increment for Additional Auditors for Intensive Students	150.0	0.0	0
11. Student and School Achievements – Accept Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	138.6	(138.6)	0

Department of Education and Early Development
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
12. Student and School Achievements – Accept Increment for Alaska Comprehensive System of Statewide Assessments Contractual Increase	250.0	0.0	0
13. Student and School Achievements – Accept 150.0 GF/MH Increment for Adding MH Trust Recommendations for Autism Resource Center	150.0	0.0	0
14. Student and School Achievements – Accept $200.0 MHTAAR Increment OTI for Adding MH Trust Recommendations for Autism Resource Center	0.0	200.0	0
15. Student and School Achievements – Accept $150.0 GF/MH Increment for Adding MH Trust Recommendations for Rural Secondary Transition	150.0	0.0	0
16. Child Nutrition – Accept Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	17.4	(17.4)	0
17. Early Learning Coordination – Accept Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	3.2	(3.2)	0
18. Early Learning Coordination – Accept 800.0 GF Increment to Increase Head Start Grant Program Funding	800.0	0.0	0
19 Professional Teaching Practices Commission – Accept Fund Source Change from Receipt Supported Services to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	6.7	(6.7)	0
20. Professional Teaching Practices Commission – Accept Fund Source Change from Receipt Supported Services to GF because of Shortage of Funds from the Teacher Certification Fees	252.1	(252.1)	0.0
21. Alaska State Council on the Arts – $7.5 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	7.5	(7.5)	0
22. Alaska State Council on the Arts – $56.5 Federal Authorization for National Endowment on the Arts Grant		56.5	0.0
23. EED State Facilities Rent – Accept Increment for FY10 DOA Projected Lease Increases	210.6	0.0	0
24. Museum Operations – Accept Fund Source Change from Receipt Supported Services to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	1.4	(1.4)	0.0
25. Program Administration & Operations – Accept Federal Receipts Increment for Additional Federal Authority needed to Reflect Revenue and Expenditures for the Challenge Grant Program	0.0	330.0	
WWAMI Medical Education – Accept Increment for FY10 WWAMI Contractual Increase	524.7	0.0	
Total Concurrence with Govs FY10 Recs	**6,086.2**	**(1,203.4)**	**0.0**

Alaska State Legislature

House Finance Subcommittee
Dept. of Environmental Conservation

Rep. Alan Austerman, Chair
Rep. Nancy Dahlstrom
Rep. Kyle Johansen
Rep. Kurt Olson
Rep. Paul Seaton
Rep. Les Gara
Rep. Pete Peterson

House Finance Committee
Rep. Mike Hawker, Co-chair
Rep. Bill Stoltze, Co-chair
State Capitol
Juneau, Alaska 99801
(907) 465-4949
Fax: 465-4979

MEMORANDUM

DATE: February 27, 2009

TO: Representative Mike Hawker, Co-chair
Representative Bill Stoltze, Co-chair
House Finance Committee

FROM: Representative Alan Austerman, Chair
DEC House Finance Subcommittee

SUBJ: Department of Environmental Conservation FY10 Closeout
Narrative | Summary Excel Notebook | Legislative Finance Reports

The House Finance Budget Subcommittee on the Department of Environmental Conservation submits an operating budget for FY10 as follows:

GF: $19,140.5 Fed Funds: $21,497.6 Other Funds: $33,496.9 TOTAL: $74,135.0

The DEC Subcommittee conducted three hearings regarding the FY10 Governor's Operating Budget Request for the Department of Environmental Conservation. The following actions took place at the closeout meeting of February 23, 2009. A quorum was established at the closeout as Austerman, Dahlstrom, Johansen, Olson, and Seaton were all present. The vote to move this out of subcommittee was 5-0.

Budget Action
The subcommittee accepted the FY10 Governor's Amended Budget except for the following change:

1. >Commissioner's Office deletes 184.0 GF OTI from Climate Impact Work Group
   >Environmental Health/Air Quality adds 184.0 GF into Base for the Climate Change Sub-Cabinet Activity.
   - **Subcommittee accepted the increment of 184.0 GF as a one-time item (OTI)**

Wordage Action
The subcommittee accepted additional Intent under the Water Quality allocation concerning the Ocean Ranger program. See the Wordage Report for the specific language.

Amendment Action
Only one amendment (#1) was offered before the subcommittee. This amendment was to the Food Safety and Sanitation allocation under Environmental Health for an increment of 2,000.0 GF (1004). This amendment failed by a vote of 0-5.

Items of Concern
1. The intent of the amendment above was to provide funding for the department to hire sixteen additional permanent full time food inspectors. The general consensus of the subcommittee was that food safety and sanitary inspections were exceedingly deficient around the state. This not only involves your typical restaurants, grocery stores, coffee shops, etc, but also seafood processors both shoreside and at-sea. While the department seems to be doing a good job in the training and testing of food handlers and managers, the subcommittee was very troubled that safety of the public was at risk because the department was not asking for the funding they needed to accomplish their mission.

2. Crowley Marine Services Inc. is the contractor for the Ocean Ranger program under DEC. This program consists of marine engineers licensed by the U.S. Coast Guard to serve as observers onboard large cruise ships to monitor state and federal requirements for marine discharge and pollution. The contract with Crowley requires an Alaskan hiring preference. In 2008, Crowley employed only one Alaskan as an Ocean Ranger and two other Alaskans as administrative type personnel. There was considerable discussion by the subcommittee regarding the lack of more Ocean Ranger hires from Alaska. We discussed the minimum requirements in subcommittee and received additional information from the department. The level of concern was such that the subcommittee placed intent language into this report instructing DEC to conduct an audit of Crowley pertaining to the contract provisions regarding the hiring preference.

3. There is quite a list of fees currently being charged by the Environmental Health Lab (EHL) under DEC. Fees charged by the EHL are determined by a variety of regulations implemented by other State programs. The subcommittee expressed some concern that milk and cheese testing do not generate a fee to those specific industries. It was noted however, that since cheese production is a new industry in Alaska, no regulations exist yet to regulate that activity at all.

Attached Reports (Numbers Only)
~House Structure~
Agency Totals
Allocation Summary
Allocation Summary – General Funds
Transaction Compare – Between Adj Base and Hse Sub – Differences Only
Transaction Compare – Between Gov Amd and Hse Sub – Differences Only
Wordage Report

Department of Environmental Conservition FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	18,891.4	21,396.8	33,086.8	73,375.0
FY10 Adjusted Base Budget	18,893.1	21,575.9	33,392.6	73,861.6
Governor's FY10 Budget	19,140.5	21,497.6	33,496.9	74,135.0
Governor's FY10 Budget Amendments	0.0	0.0	0.0	0.0
Governor's Amend FY10 Budget Total	19,140.5	21,497.6	33,496.9	74,135.0
Subcommittee Adjustments	0.0	0.0	0.0	0.0
Total Subcommittee FY10 Budget Recommendations Total	19,140.5	21,497.6	33,496.9	74,135.0

Numbers only

Department of Environmental Conservation
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Environmental Health: Air Quality - Cliimage Change Sub-Cabinet Activity funded as OTI - funding reflected below in concurrences.	0.0		0
Reductions to Gov's FY10 Amend	**0.0**	**0.0**	**0.0**
Additional Subcommittee Recommendations			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**0.0**	**0.0**	**0.0**
Total Reduction All Funds		0.0	
Concurrence with Gov's FY10 Amend			
DEC Buildings Maintenance and Operations			
1. Reduce Uncollectable Funding from Food Safety and Sanitiation Program. (I/A Rcpts)		(55.0)	0
Environmental Health			
2. Food Safety & Sanitiation: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts to Rcpt Svcs)		0.0	0
3. Laboratory Services: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts to GF/Prgm)	9.4	(9.4)	0
4. Laboratory Services: Removed Remainin Oil/Hazardouse Resonse Fund	0.0	(0.6)	0
5. Drinking Water: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts to GF)	50.5	(50.5)	0
6. Solid Waste Management: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts to GF)	3.5	(3.5)	
7. Air Quality: Funded Cliimate Change Sub-Cabinent Activity as an OTI	184.0	0.0	
Spill Prevention and Response			
8. Contaminated Sites Program: Accepted fund source change for unrealizable fund sources in the salary adjustment for the existing bargaining unit agreements. (Fed Rcpts to Oil/Haz Fd)		0.0	
Water			

Department of Environmental Conservation
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
9. Water Quality: Provide oversight of activities associated with increased mining activity. (I/A Rcpts)		145.0	
Total Concurrence with Govs FY10 Recs	**247.4**	**26.0**	**0.0**

REPRESENTATIVE BILL THOMAS
ALASKA STATE LEGISLATURE DISTRICT 5

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House Finance Budget Subcommittee
FY 10 Alaska Department of Fish and Game

Subcommittee Report FY 10 February 27, 2009

GF $57,112.7 Fed $54,962.5 Other $67,010.1 Total $179,085.3

Alaska Department of Fish and Game
House Finance Budget Subcommittee FY 10 Highlights

The Alaska Department of Fish and Game Budget Subcommittee authorizes $1,120.0 less general funds than the Governor's FY 10 amended request and $765.3 less general funds than the FY 09 revised management plan.

The subcommittee was very concerned with the low returns of salmon to the AYK region of the state and approved four increments totaling $190.0 general funds for projects to allow for better management of the region's salmon resource.

The subcommittee approved $708.6 general funds to pay for 'unrealizable' salary fund source changes related to salary adjustments.

Requests for FY 10 program expansions and replacing lost federal funds with general funds were looked at closely. A $190.0 GF increment for a Wildlife Conservation Response Team pilot program was denied. An increment of $930.0 GF to replace lost federal funds for pinniped research was also denied.

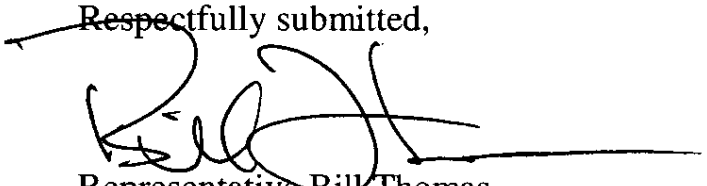
The subcommittee recognizes that many state wildlife refuges have a problem with people illegally abandoning vehicles and dumping trash within their boundaries. As such, the subcommittee recommends that the full finance committee support an amendment to the capital budget to clean-up and make our wildlife refuges safer.

email: Representative.Bill.Thomas@legis.state.ak.us
webpage: www.akrepublicans.org/thomas/

The following Legislative Finance reports are attached:

1. Agency Totals – FY 10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY 10 Operating Budget – House Structure
7. Transaction Comparison (Gov. and House Subcom)

Respectfully submitted,



Representative Bill Thomas
House Finance Subcommittee Chair
Alaska Department of Fish and Game

Alaska Department of Fish and Game FY10 Budget
House Finance Budget Subcommittee Recommendations

Numbers Only

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	57,878.0	54,950.3	66,988.4	179,816.7
FY10 Adjusted Base Budget	56,214.1	55,456.2	67,548.0	179,218.3
Governor's FY10 Budget	58,726.4	54,612.5	66,560.1	179,899.0
Governor's FY10 Budget Amendments	(493.7)	500.0	300.0	306.3
Governor's Amend FY10 Budget Total	58,232.7	55,112.5	66,860.1	180,205.3
Subcommittee Adjustments	(1,120.0)	(150.0)	150.0	(1,120.0)
Total Subcommittee FY10 Budget Recommendations Total	57,112.7	54,962.5	67,010.1	179,085.3

Subject to minor conforming adjustments

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Alaska Department of Fish and Game
FY10 Subcommittee Budget Final Recommendations

Changes to Governor's FY10 Amend	GF	Other	Positions
1. Wildlife Conservation: Wildlife Pilot Program of Urban Response Teams	(190.0)		
2. Wildlife Conservation: Special Projects- Deny increment to backfill the loss of federal funds	(930.0)		
Reductions to Governor's FY10 Amend	**(1,120.0)**	**0**	**0**

Concurrence with Governor's FY10 Amend			
1. Commercial Fisheries: AYK Region Fisheries Management- Replace federal funds for subsistence management projects	80.0		
2. Commercial Fisheries: AYK Region Fisheries Management- Lower Yukon River Cooperative summer drift test fishery	18.9		
3. Commercial Fisheries: AYK Region Fisheries Management- Hooper Bay/Dall Point offshore salmon test fish feasibility study	67.0		
4. Commercial Fisheries: AYK Region Fisheries Management- Pilot Station sonar Fall chum comprehensive sampling	24.1		
5. Commercial Fisheries: Westward Region Fisheries Management- Bering Sea crab research in the Westward Region		500.0	
6. Commercial Fisheries: Commercial Fisheries Special Projects- Increase CIP receipt authority due to increased funding from the Alaska Sustainable Salmon Fund and other projects		600.0	
7. Commercial Fisheries: Commercial Fisheries Special Projects- Reduce I/A and federal receipts to align with anticipated revenue		(380.0)	
8. Sport Fisheries: Reduce federal, SDPR and I/A receipt authorization to align with anticipated revenue		$ (1,301.0)	
9. Wildlife Conservation: Fund source change from F&G funds to federal for game management		0	
10. Wildlife Conservation Special Projects: Fund change from I/A to SDPR for National Fish and Wildlife Foundation Projects		0	
11. Administrative Services: Add I/A receipts from Wildlife Conservation and Sport Fisheries projects		300	
12. Fish and Game Boards Advisory Committees: Increase SDPR for public information requests and CIP authority to cover personal services		21.0	
13. Fish and Game Boards Advisory Committees: Reduce federal authorization to align with anticipated revenues		(210.0)	
14. Habitat: Increase CIP receipts due to funded Pacific Coastal Salmon Recovery Fund projects and increase I/A Oil/Haz receipts for contingency planning		147.0	

Alaska Department of Fish and Game
FY10 Subcommittee Budget Final Recommendations

	GF	Other	Positions
15. Various: Correct unrealizable fund sources in the salary adjustments for the existing bargaining unit agreements	708.6	(708.6)	
Total Concurrence with Governor's FY10 Amended	898.6	-1031.6	0

House Finance Budget Subcommittee
FY 10 Office of the Governor

Subcommittee Report FY10 February 26, 2009

The House Finance Budget Subcommittee (HFBS) on the Office of the Governor submits an operating budget for FY10 as follows:

GF	$ 22,485.0	Fed Funds	$ 187.6	Other Funds	$ 834.5	Total	$ 23, 507.1

Office of the Governor
House Finance Budget Subcommittee FY10 Highlights

The subcommittee chair worked with the administration and agreed to a HFBS budget authorizing $ 400.0 less general funds than the original Governor's FY10 request. The FY10 subcommittee budget requests an aggregate increment from 09 Revised Management Plan of $3,550.7 general funds and authorizes 3 additional temporary positions to establish the Redistricting Planning Committee.

The governor's request fully funds all non-discretionary increments related to wages and other contractual obligations. The only significant new request was for $1 million to establish a planning committee for the Redistricting Planning Commission.

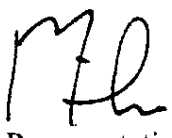
A total of $2,744.8 of FY09 carryforward funds were identified. $876.6 of these funds were removed, at the administration's request, from the FY10 budget. The remaining $1,868.2 were converted to increments in various components within the Office of the Governor.

The Agency wide fuel allocation, previously reported under the Governor's Office has been moved to a separate component within the budget. The Governor will still be responsible for allocating those funds in compliance with other budget language.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)

Submitted,



Representative Mike Hawker
House Finance Subcommittee Chairman – Office of the Governor

Office of the Governor FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	18,934.3	184.9	1,611.3	20,730.5
FY10 Adjusted Base Budget	20,005.3	187.6	964.4	21,157.3
Governor's FY10 Budget	23,751.6	187.6	692.5	24,631.7
Governor's FY10 Budget Amendments	(866.6)	0.0	142.0	(724.6)
Governor's Amend FY10 Budget Total	22,885.0	187.6	834.5	23,907.1
Subcommittee Adjustments	(400.0)	0.0	0.0	(400.0)
Total Subcommittee FY10 Budget Recommendations Total	22,485.0	187.6	834.5	23,507.1

numbers only

Subject to minor conforming adjustments

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Office of the Governor
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Executive Office: FY09 Carryforward / Reduction of Increment	(350.0)		
2. Lt. Gov: FY09 Carryforward / Reduction of Increment	(50.0)		
Reductions to Gov's FY10 Amend	**(400.0)**	**0.0**	**0.0**
Additional Subcommittee Recommendations			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(400.0)**	**0.0**	
Total Reduction All Funds		(400.0)	
Concurrence with Gov's FY10 Amend			
1. Human Rights Commission: FY09 Carryforward	175.0		
2. Statehood Celebration Commission: CIP Rcpt for Commission		(71.9)	
3. Redistricting Planning Commission: Establish Planning Committee	1,000.0		3
4. Executive Office: Eliminate I/A for AEA Energy Coordinator		(200.0)	
5. Executive Office: FY09 Carryforward	1,350.0		
6. Increase Temp Positions for Required Staff Level		0.0	4
7. Governor's House: FY09 Carryforward	100.0		
8. Contingency Fund: FY09 Carryforward	90.0		
9. Lt. Gov: FY09 Carryforward	200.0		
10. Gov's Office State Facilities Rent: FY09 Carryforward	103.3		
11. Gov's Office Leasing: FY09 Carryforward	24.9		
12. Gov's Office Leasing: FY09 Carryforward	60.5		
12a. Gov's Office Leasing - Gov Amd: Delete GF Carryforward and use federal HAVA funds	(60.5)		
13. OMB: FY09 Carryforward	225.0		
14. Elections: FY09 Carryforward	416.1		
14a. Elections- Gov Amd: Delete GF Carryforward and use federal HAVA funds	(416.1)		
15. Executive Office - Gov Amd: Atrout two gasline positions to DNR	(390.0)		(2)
16. Delete two HAVA project positions			(2)
17. Elections - Gov Amd: CIP Rcpts for federal HAVA funds		142.0	
Total Concurrence with Govs FY10 Recs	**2,878.2**	**(129.9)**	**3.0**
Language			
Fund FY2010 Branch-Wide Fuel Increase	24,000.0		
Branch-wide Fuel / Utility cost reduction	(1,000.0)		

House Finance Budget Subcommittee
FY 10 Department of Health and Social Services

Subcommittee Report FY10 February 27, 2009

The House Finance Budget Subcommittee (HFBS) on The Department of Health and Social Services submits an operating budget for FY10 as follows:

GF $ 849,332.2 Fed Funds $1,056,715.9 Other Funds $159,659.6 Total $2,065,707.7

Department of Health and Social Services
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $17,013.3 less general funds and ten fewer employees below the Governor's FY10 Amended request. The FY10 subcommittee budget requests a total **decrement** from FY09 Revised Management Plan of $66,094.2 general funds.

The approach taken by the subcommittee was to first fully fund all grantee rate or inflation increases for programs not receiving rate increases in FY09. Included in this category were prevention grants, family preservation grants, infant learning, child care grants, WIC grants, community health grants and grants to EMS providers.

There were several requests to complete projects or initiatives that began in FY09 or previous years. These types of requests were all approved. Included in this category is finalizing new staff for OCS Front Line Social Workers based on the recent workload study, funding the Fairbanks Detox Facility, funding operation of the new Virology Lab that is expected to open in FY10, and continuing the Alaska Heating Assistance program in FY10 at $5 million and key investments in Autism services.

Requested funding to replace lost federal funds that are no longer available is approved at requested levels for Therapeutic Courts, Child Advocacy Centers, and Birth Defects and Cancer Registries in Public Health.

Requests for programs that received substantial funding in FY09 were reviewed and in most cases either half or two-thirds of the request was approved. These included grant increases for mentally ill and substance abuse services, Subsidized Adoption and Guardianships, second year rate increases for Medicaid dental services, Infant Learning grants and Child Care subsidies.

Requests for the Bring the Kids Home initiative in Behavioral Health were reviewed and approved to keep the momentum going for this important initiative that has reduced Medicaid costs.

The department's requests for expected growth in the Medicaid program were reviewed and approved at requested levels. In the last two years growth in the Medicaid program has slowed, so constant monitoring of spending levels will be critical to assure the appropriate amount of state general funds is authorized for the program.

Requests to enhance or continue staffing at the Pioneer Homes (funded with program receipts), Juvenile Justice (mental health clinicians and probation services), and Senior and Disability Services (eligibility assessments), were approved at requested levels. It was determined that without these increases critical activity would be diminished.

Requests for new initiatives were reviewed carefully; the requests for a new Behavioral Health pilot program for Corrections, year one of front line staffing increases at Juvenile Youth Facilities, the Alaska Health Care Commission created by Administrative Order, and the Governor's Live Well Alaska health initiative were not funded However, a new initiative for Reversing Alaska's Childhood Obesity Trend was approved.

All Governor Budget Amendments were approved including increasing federal funding for Medicaid from the Economic Stimulus bill. The Medicaid Federal Matching Percentage (FMAP) was increased by 6.2 percent for FY10 resulting in a general fund decrease of $73.5 million. Also included in the amendments was a reduction of $5.1 million general fund from continuing to use Temporary Assistance for Needy Families (TANF) funding in the Office of Children's Services. The Governor's original budget had replaced the TANF funding with general fund, but it was reversed by the subcommittee and through the amendment process.

Several amendments were added in the subcommittee process for important initiatives not included in the Governors Amended Budget. They included funding the operation of Volunteers of America's ARCH residential treatment center, Senior Community Based Grants to prevent reductions in service from the implementation of a new funding formula, and travel for the Office of Children's Services Citizen Review Panel.

The subcommittee reduced funding in a few key areas, including reducing Medicaid general funds to match new information on current trends at a middle level forecast and reducing the Senior Benefits Program to match new projections.

The final House Finance Budget Subcommittee recommendation funds the majority of the Governor's amended request for FY10. Since this department is so large, it is important for the legislature to critically analyze requests for new funding to assure the public that these investments are achieving the desired results.

The following Subcommittee reports are attached:

1. FY10 Budget Subcommittee recommendations
2. FY10 Final Recommendations

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY10 Operating Budget – House Structure
7. Transaction Comparison (Gov. and House Subcom)

Submitted,

Representative Reggie Joule
House Finance Subcommittee Chairman
Department of Health and Social Services

Department of Health and Social Services FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	915,426.4	1,008,215.0	171,864.8	2,095,506.2
FY10 Adjusted Base Budget	902,263.0	1,003,481.0	164,678.5	2,070,422.5
Governor's FY10 Budget	950,020.4	987,422.6	163,893.6	2,101,336.6
Governor's FY10 Budget Amendments	(83,674.9)	70,229.5	(4,309.0)	(17,754.4)
Governor's Amend FY10 Budget Total	866,345.5	1,057,652.1	159,584.6	2,083,582.2
Subcommittee Adjustments	(17,013.3)	(936.2)	75.0	(17,874.5)
Total Subcommittee FY10 Budget Recommendations Total	849,332.2	1,056,715.9	159,659.6	2,065,707.7

Subject to minor conforming adjustments

2/27/2009 8:37 AM

Department of Health and Social Services
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Reduce GF/MH in Behavioral Health Grants increment request of $1.75 million; Received substantial increase in FY09; leaves $1.0 million	(750.0)		0
2. Reduce GF/MH in Substance Abuse increment request of $1.75 million; Received substantial increase in FY09; leaves $1.0 million	(750.0)		0
3. Delete increase proposed for Bring the Kids Home Technical Assistance	(100.0)		0
4. Delete increase proposed for new Behavioral Health pilot program in Dept of Corrections; not the time to initiate new programs	(500.0)		0
5. Reverse proposed GF increase in OCS, Front Line Social Workers and Family Preservation from TANF transfer to Social Services Block Grant*	****		0
6. Reduce proposed GF increase for Subsidized Adoption and Guardianship by one-half; increase tied to Foster Care rate increase in FY09.	(703.5)	(436.2)	0
7. Reduce GF by 1/3 in proposed 20% increase to Infant Learning Grants; Leaves $1.5 million or 15% increase which is closer to other grant increases	(500.0)		0
8. Decrement proposed increase for Infant Learning System grants	(100.0)		0
9. Decrement GF request for Infant Learning Coordinator; leave MHTAAR funds for same purpose.	(100.0)		0
10. Reduce proposed Year 2 rate increase for non-tribal dentists by one-half; Wait to see impact of FY09 increase	(500.0)	(500.0)	0
11. Decrement GF increase for McLaughlin Youth Center; Year one of six for enhancing Front Line staffing	(150.1)		(2)
12. Decrement GF increase for Fairbanks Youth Center; Year one of three for enhancing Front Line staffing	(264.2)		(3)
13. Decrement GF increase for Bethel Youth Center; Year one of two for enhancing Front Line staffing	(98.7)		(1)
14. Decrement GF increase for Johnson Center; Year one of three for enhancing Front Line staffing	(75.2)		(1)
15. Reduce proposed increase for Child Care rate increase by one-half; Proposed increase to pay 75th percent of market, reduce to 63% of market. Received increase in FY09 to 50th percentile.	(1,500.0)		0

Department of Health and Social Services
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
16. Decrement GF request for Alaska Health Care Commission created by Administrative Order	(500.0)		(1)
17. Decrement GF request for Governors Initiative-Live Well Alaska	(498.4)		(2)
18. Reduce GF request for opening new Alaska Virology Lab to minimum amount	(100.0)		0
19. Reduce GF request in Governor's Council for Early Intervention/Infant Learning Workforce program	(200.0)		0
Reductions to Gov's FY10 Amend	**(7,390.1)**	**(936.2)**	**(10.0)**

***Duplicates Governor's Budget Amendment**

Additional Subcommittee Recommendations

1. Decrement GF in Behavioral Health Medicaid to current FY09 trends, equivalent to a Mid-Level forecast	(3,200.0)	0.0	0
2. ADD GF Funding for the operating costs of Volunteers of America's ARCH residential treatment center for individuals with severe emotional disturbances and substance abuse disorders	181.0		0
3. Add funding to maintain services for mental health substance abuse individuals in Palmer Mental Health Court	75.0	75.0	
4. Increase Funding for Citizens Review Panel travel in OCS Front Line Social Workers	15.0		0
5. Project ACCESS: Increase access to health care for low-income uninsured Alaskans using volunteer network of providers	250.0		
6. Reduce GF for the amount paid in Abortions in Medicaid for those not qualifying for federal Medicaid payment in 2008	(418.2)		0
7. Decrement GF in Senior Benefits program to match new projection for FY10	(235.9)		0
8. ADD GF funding for Senior Community Grants to prevent reduction in service from new distribution formula	609.9		0
9. Decrement GF in Senior and Disability Medicaid to current FY09 trends, equivalent to a Mid-Level forecast	(6,900.0)		0
Additional Subcommittee Recommendations	**(9,623.2)**	**75.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(17,013.3)**	**(861.2)**	**(10.0)**
Total Reduction All Funds		(17,874.5)	

Department of Health and Social Services
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Concurrence with Gov's FY10 Amend			
1. Adjust Authorization to Reflect Current Medicaid Trends	(4,300.0)	(4,300.0)	0
2. Fund Change for Behavioral Health Medicaid FMAP from Economic Stimulus-up 6.2%	(10,399.9)	10,399.9	0
3. Decrement to Mental Health Trust Recommendations-Detox and Treatment capacity as alternatives to protective custody holds		(30.0)	0
4. Increase to Mental Health Trust Recommendations-Office of Integrated Housing		15.0	0
5. Decrement to Mental Health Trust recommendations Clinical position with Integrated Houseing Office		(75.0)	0
6. Decrement to Mental Health Trust recommendations-BTKH Transitional Aged Youth		(100.0)	0
7. Fund Change for Children's Services Medicaid FMAP from Economic Stimulus-up 6.2%	(613.7)	613.7	0
8. Fund Change-Reverse Governor's Request TANF/SSBG Transfers in Front Line Social Workers	(4,200.0)	4,200.0	0
9. Fund Change-Reverse Governor's Request TANF/SSBG Transfers in Family Preservation	(900.0)	900.0	0
10. Fund Change for Foster Care Base Rate due to FMAP change up 6.2%	(243.6)	243.6	0
11. Fund Change for Subsidized Adoptions & Guardianships due to FMAP change up 6.2%	(780.0)	780.0	0
12. Increase for Adult Preventive Dental Program from Reauthorization of Program in FY10	448.7	705.9	0
13. Fund Change for Adult Preventive Dental FMAP from Economic Stimulus-up 6.2%	(521.0)	521.0	0
14. Decrement Public Health Nursing RSA and Medicaid Claim reduced	(2,000.0)	(2,000.0)	0
15. Fund Change for Health Care Services Medicaid FMAP from Economic Stimulus-up 6.2%	(34,724.2)	34,724.2	0
16. Accept Transfer of Senior Community Based Grants to Health Planning and Infrastructure 350.0GF	0.0	0.0	0
17. Accept Transfer from Community Health Grant component of Grant funds to Nursing and EMS components--1683.8	0.0	0.0	0

Department of Health and Social Services
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
18. Accept Transfer to Nursing of Nursing Grants from Community Health component-1192.7	0.0	0.0	0
19. Fund Change in Nursing from Nursing RSA and Medicaid Claim	4,000.0	(4,000.0)	0
20. Accept Transfer to EMS of EMS grants from Community Health Component-491.1	0.0	0.0	0
21. Decrement Authorization in Senior/Disabilities Medicaid to reflect current Trend	(3,000.0)	(3,000.0)	0
22. Fund Change for Health Care Services Medicaid FMAP from Economic Stimulus-up 6.2%	(27,241.2)	27,241.2	0.0
23. Decrement to Mental Health Trust Recommendations-Rural Long Term Care Development		(65.0)	0.0
24. Increment to Mental Health Trust Recommendations-Traumatic Brain Injury Service Coordination		150.0	0
25. Accept Transfer from Senior Community Based Grants to health Planning & Infrastructure--350.0GF	0.0	0.0	0
26. Decrement to Mental Health Trust Recommendations-Governor's Council Marketing strategies for beneficiary area service careers		(165.0)	0
27 Decrement to Mental Health Trust Recommendations-Governor's Council "Grow your own" recruitment strategy for youth		(39.0)	0
28 Fund Change in Administrative Support Services from Nursing RSA and Medicaid Claim	800.0	(800.0)	0
Total Concurrence with Govs FY10 Recs	**(83,674.9)**	**65,920.5**	**0.0**

2/26/09

Alaska State Legislature

Representative Anna Fairclough – House District 17

Labor & Workforce Development
FY10 House Finance Subcommittee Recommendations

The House Finance Subcommittee on Labor & Workforce Development submits an operating budget to the full House Finance Committee as follows:

General Funds	$3,304.2	(12.7% increase over adjusted base)
Federal Funds	$ 783.8	(0.9% increase over adjusted base)
Other Funds	$2,828.4	(4.9% increase over adjusted base)

The subcommittee took the following actions:

Budget Action:

1. Adopted the FY10 Adjusted Base
2. Reviewed each of the increments and decrements submitted by the Governor:
   - Commissioner's Office – No Change
   - Alaska Labor Relations Agency – No Change
   - Management Services – No Change
   - Human Resources – No Change
   - Leasing – No Change
   - Data Processing – $93.2 Fund Source Change from Federal Receipts and Interagency Receipt to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements
   - Labor Market Information – Recommend House Finance to look at adopting Sec. 16.(2) in Language Section which adds a $145.0 GF Increment for Gasline Training Program Guide and Regional Economic Analysis; $57.3 Fund Source Change from Federal Receipts and Interagency Receipt to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements
   - **Workers' Compensation – $108 Worker Safety Account Increment for Increased Leased Space Cost (FY10 Gov Am)**
   - Workers' Compensation Appeals Commission – No Change
   - Workers' Compensation Benefits Guaranty Fund – $30.0 Workers' Compensation Benefits Guaranty Fund Increment to Add Authorization for Contractual Legal Support Services
   - Second Injury Fund – No Changes
   - Fishermens Fund – $14.0 Fish Fund Decrement to Decrease Expenditure Authorization to Align with Staffing Plan

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Representative_Anna_Fairclough@legis.state.ak.us

- Wage and Hour Administration – No Change
- Mechanical Inspection – $5.0 Fund Source Change from Building Safety to Interagency Receipt to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $294.5 Fund Source Change from Building Safety to Interagency Receipt for Inspections Associated with Worker's Safety; $15.0 Inter-Agency Receipts Increment to Align with Receipts
- Occupational Safety and Health – $294.5 Worker's Safety Account Increment to Support Mechanical Inspections Associated with Worker's Safety Account. $21.6 Fund Source Change from Federal Receipts to Workers' Safety to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $10.2 Fund Source Change from GF to Workers' Safety because Workers' Safety Account revenue is sufficient to fund the Program
- Alaska Safety Advisory Council – No Change
- Employment and Training Service – $400.0 Decrement to Delete Federal Reed Act Authorization as the Fund Source is Fully Expended; **$1,400.0 Interagency Receipt Increment to Increase Authorization to Align with Anticipated Receipts (FY10 Gov Am)**
- **Unemployment Insurance – $964.2 GF Decrement Due to Additional Federal Authorization no GF is required; $1886.6 Federal Receipts Increment Due to Additional Federal Authorization (FY10 Gov Am) Which results in a Net Federal funds Increment of $922.4.**
- Adult Basic Education – No Change
- Workforce Investment Board – Recommend House Finance to look at adopting Sec. 16.(2) in Language Section which adds a $130.0 GF Increment for Gasline Related Activities for Workforce Development
- Business Services – Recommend House Finance to look at adopting Sec. 16.(2) in Language Section which adds a $585.0 GF Increment for Gasline Related Activity for Apprenticeships and Regional Training Centers; $575.1 STEP Increment for Authorization to Provide Additional Training Opportunities to Alaskans; $128.5 VoTech Ed Increment for Support Administration and Performance Monitoring
- Kotzebue Technical Center Operations Grant – No Change
- Southwest Alaska Vocational and Education Center Operations Grant – $195.0 Increment for Southwest Alaska Vocational and Education Center Operations
- Yuut Elitnaurviat, Inc. People's Learning Center Operations Grant – No Change
- Northwest Alaska Career and Technical Center – No Change
- Delta Career Advancement Center – No Change
- New Frontier Vocational Technical Center – No Change
- *Construction Academy Training – $3,500.0 GF One-Time Increment for Construction Academy Training and Retain as a Separate Appropriation.*
- Vocational Rehabilitation Administration – No Change

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- Client Services – $158.1 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements; $130.0 GF Increment for Match Funding Due to Lease Cost Increase; $30.0 Interagency Receipt Increment from Dept. of Education and Early Development for Transition Services Funding
- Independent Living Rehabilitation – No Change
- Disability Determination – No Change
- Special Projects – No Change
- Assistive Technology – No Change
- Americans with Disabilities Act – No Change
- **Alaska Vocational Technical Center – $300 Stat Desig Increment Adds Statutory Designated Program Receipt Authorization to Accept Donations from Taxpayers for Tax Credits (FY10 Gov Am)**
- AVTEC Facilities Maintenance – No Change

Wordage:

Appropriation: Commissioner and Administrative Services
Allocation: Management Services
Conditional Language
The amount allocated for Management Services includes the unexpended and unobligated balance on June 30, 2009, of receipts from all prior fiscal years collected under the Department of Labor and Workforce Development's federal indirect cost plan for expenditures incurred by the Department of Labor and Workforce Development.
Appropriation: Workers' Compensation and Safety
Allocation: Alaska Safety Advisory Council
Conditional Language
The amount allocated for the Alaska Safety Advisory Council includes the unexpended and unobligated balance on June 30, 2009, of the Department of Labor and Workforce Development, Alaska Safety Advisory Council receipts under AS 18.60.840.
Appropriation: Vocational Rehabilitation
Allocation: Vocational Rehabilitation Administration
Conditional Language
The amount allocated for Vocational Rehabilitation Administration includes the unexpended and unobligated balance on June 30, 2009, of receipts from all prior fiscal years collected under the Department of Labor and Workforce Development's federal indirect cost plan for expenditures incurred by the Department of Labor and Workforce Development.

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Wordage Continue:

Allocation: Americans With Disabilities Act (ADA)

Conditional Language

The amount allocated for the Americans with Disabilities Act includes the unexpended and unobligated balance on June 30, 2009, of inter-agency receipts collected by the Department

Language:

- All Language to be forwarded on to Full Finance Committee for review; this includes Labor Market Information – Sec. 16.(2) in Language Section which adds a $145.0 GF Increment for Gasline Training Program Guide and Regional Economic Analysis; Workforce Investment Board – Sec. 16.(2) in Language Section which adds a $130.0 GF Increment for Gasline Related Activities for Workforce Development; Business Services – Sec. 16.(2) in Language Section which adds a $585.0 GF Increment for Gasline Related Activity for Apprenticeships and Regional Training Centers;

Documents Attached:

1. Agency Totals – FY10 Operating Budget House Structure
2. Appropriation/Allocation Summary Totals – House Structure (Numbers)
3. Appropriation/Allocation Summary GF Only – House Structure (Numbers)
4. Transaction Comparison – House Structure (between Adj. Base and House Finance Subcommittee)
5. Transaction Comparison – House Structure (between Governor Amended and House Finance Subcommittee)
6. Wordage Report - House Structure

Respectfully Submitted,

Anna L. Fairclough

Representative Anna Fairclough, Chair
House Finance Subcommittee for Labor & Workforce Development

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Department of Labor and Workforce Development FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	29,822.8	85,866.2	56,832.4	172,521.4
FY10 Adjusted Base Budget	25,992.6	86,854.4	57,412.1	170,259.1
Governor's FY10 Budget	30,141.0	85,751.6	58,432.5	174,325.1
Governor's FY10 Budget Amendments	(964.2)	1,886.6	1,808.0	2,730.4
Governor's Amend FY10 Budget Total	29,176.8	87,638.2	60,240.5	177,055.5
Subcommittee Adjustments	(25.0)		0.0	(25.0)
Total Subcommittee FY10 Budget Recommendations Total	29,151.8	87,638.2	60,240.5	177,030.5

Department of Labor and Workforce Development
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
Rejected $25.0 GF Increment to Replace nonrecurring costs Personal Information & Consumer Credit (HB65) to match Governor's request as this was an OTI in FY09 that was no longer needed in FY10	(25.0)		
Reductions to Gov's FY10 Amend	**(25.0)**	**0.0**	**0.0**
Additional Subcommittee Recommendations			
Construction Academy Training – Accepts a $3,500.0 GF Increment (noted below) and Changes it to a OTI and Retain as a Separate Appropriation.			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(25.0)**	**0.0**	
Total Reduction All Funds		(25.0)	
Concurrence with Gov's FY10 Amend			
1 Construction Academy Training – Accepts a $3,500.0 GF Increment, Changes it to a OTI and Retain as a Separate Appropriation.	3,500.0		0
2 Data Processing – Accepts a $93.2 Fund Source Change from Federal Receipts and Interagency Receipt to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	93.2	(93.2)	
3 Labor Market Information – Accepts a $57.3 Fund Source Change from Federal Receipts and Interagency Receipt to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	57.3	(57.3)	
4 Workers' Compensation – Accepts a $108.0 Worker Safety Account Increment for Increased Leased Space Cost (FY10 Gov Am)		108.0	
5 Workers' Compensation Benefits Guaranty Fund – Accept a $30.0 Workers' Compensation Benefits Guaranty Fund Increment to Add Authorization for Contractual Legal Support Services		30.0	
6 Fishermens Fund – Accepts a $14.0 Fish Fund Decrement to Decrease Expenditure Authorization to Align with Staffing Plan		(14.0)	
7 Mechanical Inspection – Accepts a $5.0 Fund Source Change from Building Safety to Interagency Receipt to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements;		0.0	
8 Mechanical Inspection – Accepts a $294.5 Fund Source Change from Building Safety to Interagency Receipt for Inspections Associated with Worker's Safety		0.0	
9 Mechanical Inspection – Accepts a $15.0 Inter-Agency Receipts Increment to Align with Receipts		15.0	
10 Occupational Safety and Health – Accepts a $294.5 Worker's Safety Account Increment to Support Mechanical Inspections Associated with Worker's Safety Account		294.5	

Department of Labor and Workforce Development
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
11	Occupational Safety and Health – Accepts a $21.6 Fund Source Change from Federal Receipts to Workers' Safety to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements		0.0	
12	Occupational Safety and Health – Accepts a $10.2 Fund Source Change from GF to Workers' Safety because Workers' Safety Account revenue is sufficient to fund the Program	(10.2)	10.2	
13	Employment and Training Service – Accepts a $400.0 Decrement to Delete Federal Reed Act Authorization as the Fund Source is Fully Expended		(400.0)	
14	Employment and Training Service – Accepts a $1,400.0 Interagency Receipt Increment to Increase Authorization to Align with Anticipated Receipts (FY10 Gov Am)		1,400.0	
15	Unemployment Insurance – Accepts a $964.2 GF Decrement Due to Additional Federal Authorization no GF is required & Accepts a $1,886.6 Federal Receipts Increment Due to Additional Federal Authorization (FY10 Gov Am)	(964.2)	1,886.6	
16	Unemployment Insurance - Accepts decrease of Federal Rcpts to align with anticipated rcpts		(443.1)	
17	Business Services – Accepts a $575.1 STEP Increment for Authorization to Provide Additional Training Opportunities to Alaskans		575.1	
18	Business Services – Accepts a $128.5 VoTech Ed Increment for Support Administration and Performance Monitoring		128.5	
19	Southwest Alaska Vocational and Education Center Operations Grant – $195.0 GF Increment for Southwest Alaska Vocational and Education Center Operations	195.0		
20	Client Services – Accepts a $158.1 Fund Source Change from Federal Receipts to GF to Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	158.1	(158.1)	
21	Client Services – Accepts a $130.0 GF Increment for Match Funding Due to Lease Cost Increase	130.0		
22	Client Services – Accepts a $30.0 Interagency Receipt Increment from Dept. of Education and Early Development for Transition Services Funding		30.0	
23	Alaska Vocational Technical Center – Accepts a $300 Stat Desig Increment Adds Statutory Designated Program Receipt Authorization to Accept Donations from Taxpayers for Tax Credits (FY10 Gov Am)	300.0		
	Total Concurrence with Govs FY10 Recs	**3,459.2**	**3,312.2**	

ALASKA STATE LEGISLATURE

Co-Chair:
House Finance Committee

Chair:
House Finance Subcommittees for;
Department of Public Safety
Department of Law

Session:
Alaska State Capitol, Rm 515
Juneau, AK 99801-1182
Phone: (907) 465-4958
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District:
600 E. Railroad Ave.
Wasilla, AK 99654

BILL STOLTZE
STATE REPRESENTATIVE
Representative_Bill_Stoltze@legis.state.ak.us

MEMORANDUM

To: Mike Hawker
House Finance Co-Chair

From: Bill Stoltze
Chair – Law Budget Subcommittee

Representatives Gruenberg, Harris, Holmes, Keller,
Muñoz & Seaton, Law Subcommittee Members

Date: 2/28/09

Re: Law Budget Close Out

House Finance Budget Subcommittee
FY 10 Department of Law

The House Finance Budget Subcommittee (HFBS) on The Department of Law (DOL) submits an operating budget for FY10 as follows:

General Funds	$ 46,299.9
Federal Funds	$ 3,233.7
Other Funds	$ 25,193.1
Total	$ 74,726.7

The HFBS budget authorizes $10,525.5 less general funds than the Governor's FY10 DOL request. The FY10 subcommittee budget requests a total decrement from the 09 Revised Management Plan of $5,039.4 general funds.

Department of Law
House Finance Budget Subcommittee FY10 Highlights

INTRODUCTION

In determining the appropriation levels for FY10, the Department of Law Subcommittee utilized the FY10 adjusted base. The basic approach of the subcommittee revolved around the preservation of the budget base while maintaining the ability of the department to continue beneficial litigation for the State of Alaska.

ISSUES

In FY10, the Department of Law anticipated various issues that would require various funding increases. These issues include lease cost increases and funding lapses; training and position costs; and one-time incremental items. All transactions were approved, with the exception of the request from the Environmental Law section. It was the determination of the subcommittee that the amount requested could be made up within the flexibility of the Civil Division and re-allocated if necessary.

OTHER ISSUES

Three items were removed from the proposed budget and are recommended to be moved to the language section so as to not affect the adjusted base going forward. The three allocations were for BP Corrosion litigation, which is anticipated to be filed in FY10, and two Oil, Gas and Mining issues, which are Oil and Non-Gas Pipeline Matters and Trans Alaska Pipeline System Strategic Reconfiguration. These items comprised of the bulk of the funding increase in the Governor's Budget. It is the recommendation of the subcommittee that these items should be approved and the amount of funding should be determined by the co-chairs.

RECOMMENDATIONS

The subcommittee recommends that all items be approved, with the exception of the fund change for the Environmental Law section. Also, the subcommittee further recommends that the proposed Oil, Gas and Mining and BP Corrosion appropriations be moved to the language section and funding amounts should be determined by the co-chairs.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY10 Operating Budget – House Structure

If you have any questions, please contact John Coan in my office at 2812.

Submitted,

Bill Stoltze
House Finance Subcommittee Chairman
Department of Law

Department of Law FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	51,339.3	3,130.8	24,053.3	78,523.4
FY10 Adjusted Base Budget	45,021.1	3,233.7	24,715.0	72,969.8
Governor's FY10 Budget	50,924.3	3,233.7	25,064.4	79,222.4
Governor's FY10 Budget Amendments	5,901.1	0.0	112.4	6,013.5
Governor's Amend FY10 Budget Total	56,825.4	3,233.7	25,176.8	85,235.9
Subcommittee Adjustments	(10,525.5)	0.0	16.3	(10,509.2)
Total Subcommittee FY10 Budget Recommendations Total	46,299.9	3,233.7	25,193.1	74,726.7

Subject to minor conforming adjustments

3/2/2009 7:38 AM

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Department of Law
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Move BP Corrossion funding to the language section.	(3,500.0)	0.0	0
2. Deny fund change of $16.3 from Inter-Agency/Oil & Hazardous Waste to General Fund to correct unrealizable fund souces in the salary adjustment for the existing bargaining unit agreements.	(16.3)	16.3	0
3. Move Oil, Gas and Mining - Oil and Non-Gas Pipeline Matters Including Pt. Thomson Litigation, FERC on TAPS Tariffs to the language section.	(5,109.2)	0.0	0
4. Move Oil, Gas and Mining - Trans Alaska Pipeline System (TAPS) Reconfiguration to the language section.	(1,900.0)	0.0	0
Reductions to Gov's FY10 Amend	**(10,525.5)**	**16.3**	**0.0**
Additional Subcommittee Recommendations			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(10,525.5)**	**16.3**	**0.0**
Total Reduction All Funds		(10,509.2)	
Concurrence with Gov's FY10 Amend			
1. Accept Third Judicial District lease cost increases.	292.4	0.0	0
2. Accept MHTAAR for Deliver Training for Prosecutors.	0.0	12.5	0
3. Accept Deputy Attorney General's Office lease cost increases.	199.4	199.4	0
4. Accept OTI Tobacco Education Cessation Fund for Master Settlement Agreement (MSA) arbitration.	0.0	163.0	0
5. Accept replacement Statehood Defense lapsing funds.	187.0	0.0	0
6. Accept increase to Statehood Defense for ESA litigation.	600.0	0.0	0
7. Accept Administrative Services CIP receipts for a micro/network specialist.	0.0	101.2	0
Total Concurrence with Govs FY10 Recs	**1,278.8**	**476.1**	**0.0**

House Finance Budget Subcommittee
FY 10 Alaska Legislature

Subcommittee Report FY10 February 26, 2009

The House Finance Budget Subcommittee (HFBS) on the Alaska Legislature submits an operating budget for FY10 as follows:

GF	$ 64,962.7	Fed Funds	$ 0.0	Other Funds	$ 1,107.3	Total	$ 66,070.0

Alaska Legislature
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $ 980.5 less general funds than the Alaska Legislature request submitted in the Governor's FY10 Operating Budget. The FY10 subcommittee budget requests a total increment from 09 Revised Management Plan of $ 714.2 general funds.

The final budget requests prepared by Legislative Audit for the Legislative Budget and Audit Committee and by Legislative Affairs for the Legislative Council were approved as submitted. Those requests included non-discretionary adjustments for wages and other contractual obligations. Approximately $2.3 million in one time project appropriations that were included in the FY09 budget were removed from the FY10 requests. The legislative operating budget includes adequate funding for multiple special sessions that have become routine in recent years.

The FY10 request was increased by the amount estimated to implement the legislative pay adjustment in January 2010. This increase automatically takes effect unless rejected by the legislature. Accordingly, in the absence of formal action being taken by the legislature, the budget presumes the status quo, that is, that the pay increase will take effect. If the legislature rejects the pay increase, a corresponding adjustment will be made to the budget at that time.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)

Submitted,

Representative Mike Hawker
House Finance Subcommittee Chairman
Alaska Legislature

Alaska Legislature FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	64,248.5	0.0	963.6	65,212.1
FY10 Adjusted Base Budget	65,621.9	0.0	963.6	66,585.5
Governor's FY10 Budget	65,943.2	0.0	1,142.3	67,085.5
Governor's FY10 Budget Amendments	0.0	0.0	0.0	0.0
Governor's Amend FY10 Budget Total	65,943.2	0.0	1,142.3	67,085.5
Subcommittee Adjustments	(980.5)		(35.0)	(1,015.5)
Total Subcommittee FY10 Budget Recommendations Total	64,962.7	0.0	1,107.3	66,070.0

Subject to minor conforming adjustments

3/2/2009 7:38 AM

Alaska Legislature
FY10 Budget Final Recommendations

Changes to Gov's FY10 Amend	GF Dollars	Other Dollars	Employee Count
Budget and Audit Committee			
State Faciliites Rent			
Increase in Lease Costs	21.9		0
Legislative Council			
Salaries and Allowances			
Salary & Benefits - six months at new rate	1,013.6		
Dept. of Defense revision of session per diem rates	95.2		
Reduce anticipated average interim per diem claims	(180.0)		
Administrative Services			
Merit Increases	66.2		
Utilities Increases	120.0		
Lease CPI for LIO's	57.5		
Increase in Interagency Svcs	19.9		
Add GF to replace anticipated reduction in receipts for teleconference and print shop	12.0	(12.0)	
Session Expenses			
Add GF to replace anticipated reduction in rcpts for subscriptions and AK Statutes	23.0	(23.0)	
Council and Subcommittees			
Conf on Economic Impacts of ESA Listings - lapse	(2,000.0)		
Legislative Outdoor Heritage Caucus - lapse	(100.0)		
Carryforward from CSG West - lapse	(192.5)		
Increase to Legislative Council chair for casual labor	100.0		
Remove funding associated with CSG- West Annual Meeting	(100.0)		
Legal and Research Services			
Cost of Merit Increases	31.9		
Select Committee on Ethics			
Cost of Merit Increases	3.1		
Office of Victims Rights			
Cost of Merit Increases	19.3		
Lease Costs	6.1		

Alaska Legislature
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Ombudsman			
Ombudsman: Increase in lease, equipment and services	2.3		
Total Subcommittee Reductions to Gov FY10 Amd	**(980.5)**	**(35.0)**	**0.0**
Concurrence with Gov's FY10 Amend			
Legislative Council			
Office of Victims Rights: Fund Change GF to PFD Crim	(178.7)	178.7	
Legislative Operating Budget			
Additional interim costs	500.0	0.0	
	321.3	178.7	

House Finance Budget Subcommittee
FY 10 Department of Military and Veterans' Affairs

Subcommittee Report FY10 February 19, 2009

The House Finance Budget Subcommittee (HFBS) on The Department of Military and Veterans Affairs submits an operating budget for FY10 as follows:

GF $ 11,276.9 Fed Funds $ 22,235.3 Other Funds $ 13,017.9 Total $ 46,530.1

Department of Military and Veterans Affairs
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $0 less general funds and 0 less employees than the Governor's FY10 Department of Military and Veterans Affairs request. The FY10 subcommittee budget requests a total decrement from 09 Revised Management Plan of $51.5 general funds.

Personnel

There is no change in the number of Department personnel: 283 Perm Full Time, 2 Perm Part Time, and 1 Temporary.

Three Year Look-back

The Budget Subcommittee did a three year look back to review changes in the Department's budget from the FY07 Final Budget to the FY10 Governor's Request.

The greatest increase in General Funds, $300.0 was a change in funding source since the Local Planning Committee Grants had been funded with Oil/Haz Funds. There were increments in four other areas: Homeland Security & Emergency Mgt. 9%; Veterans' Services 18%; Office of the Commissioner 3%; and AK Emergency Communications 8%.

The $143.4 increase in Veterans' Services is to increase grants for the Veterans' Outreach Program. This has been used to increase counselor training and to expand travel into rural areas to contact veterans and help them to identify and qualify for benefits.

The Department budget has been relatively flat for the past three years. Changes in mission and organization have, where possible, been absorbed by reorganization and reassignment of personnel to fill positions where needed.

Governor's Proposed FY 10 Budget

Total budget growth from the FY 09 Management Plan Revised to the Governor's Request as amended is $1,141.9 which is an increase of 2.5%. General Fund growth in the budget is $180.0 (1.6%) above the FY10 Adj. Base.

There is a $50.0 General Fund increment to increase grants for the Veterans' Outreach Program in the Veterans' Services component of the budget. This is to increase travel to rural areas of the

state. This is important since Guard personnel who have been deployed to combat zones have returned to their home communities.

The $130.0 General Fund increment in Alaska National Guard Retirement Benefits reflects the amount approved by the ARM Board. This does not appear to reflect the $10.0 million that was appropriated last year to reduce the unfunded liability within the retirement account. Typically one would expect to see the actuarial amount decrease when the unfunded liability decreases. Pension fund investments have in all probability been impacted by recent market declines. If the increment is excessive it will be reflected in a reduced rate the next time the State's contribution is adjusted.

Educational Benefits is an area which has been of concern to past Subcommittees. The $328.5 (80.4%) reduction is only a reduction to the DMVA budget. The Guard tuition funding is included in the Governor's University's budget request. The residual $80.0 is for vocational and other training programs.

The $185.2 increase in funding for the Alaska Military Youth Academy is authority to receive this amount in I/A funding from DEED. This is based on an anticipated $100 increase in the Base Student Allocation.

There is a $500.0 increment increasing Federal Receipt authority for Army Guard Facilities Maintenance and an adopted Governor's amendment for $300.0 increasing Federal Receipt authority for Air Guard Facilities Maintenance. This reflects the increased cost of maintenance that has been seen systemically throughout the State. Note: this is not an increase in State General Funds.

Two areas of responsibility are transferred from the Department. One position transfers the Alaska Aviation Safety Project to DOT Aviation. The second position transferred to Alaska State Wide Emergency Communications. In this instance the PCN filling that slot was reassigned to other duties within the Department. An unbudgeted PCN was budgeted which accounts for the net zero change in personnel numbers.

Subcommittee action

After reviewing the proposed budget the Subcommittee adopted the FY 10 Governor's Requested Operating Budget, as amended, for the Department of Military and Veterans' Affairs along with the listed supporting Legislative Finance reports.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction comparison (Gov. Amd and House Subcom)

Submitted,

Representative Richard Foster
House Finance Subcommittee Chairman
Department of Military & Veterans' Affairs

Department of Military and Vetrans Affairs FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	11,328.4	21,264.6	12,795.2	45,388.2
FY10 Adjusted Base Budget	11,096.9	21,435.3	12,832.7	45,364.9
Governor's FY10 Budget	11,276.9	21,935.3	13,017.9	46,230.1
Governor's FY10 Budget Amendments	0.0	300.0	0.0	300.0
Governor's Amend FY10 Budget Total	11,276.9	22,235.3	13,017.9	46,530.1
Subcommittee Adjustments	0.0	0.0	0.0	0.0
Total Subcommittee FY10 Budget Recommendations Total	11,276.9	22,235.3	13,017.9	46,530.1

Subject to minor conforming adjustments

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Department of Military and Veteran's Affairs
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
none			
Reductions to Gov's FY10 Amend	**0.0**	**0.0**	**0.0**
Additional Subcommittee Recommendations			
none			
Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**0.0**	**0.0**	
Total Reduction All Funds		0.0	
Concurrence with Gov's FY10 Amend			
1. Increase Federal Authority for Ongoing Maintenance Costs		300.0	0
Total Concurrence with Govs FY10 Recs	**0.0**	**300.0**	**0.0**

House Finance Budget Subcommittee
FY10 Department of Natural Resources

Subcommittee Report for FY10 February 27, 2009

The House Finance Budget Subcommittee for the Department of Natural Resources submits an operating budget for FY10 to the full House Finance Committee as follows:

Operating Budget	Gen Fund	Federal	Other	Total
FY10 Adjusted Base [1]	$66,436,700	$13,939,900	$44,544,800	$124,921,400
FY10 Gov Amend	$71,231,900	$13,804,300	$46,593,200	$131,629,400
(HFS) Recommendation	**$70,183,900**	**$14,054,300**	**$46,234,700**	**$130,472,900**

The Budget Subcommittee recommends an operating budget that authorizes $1,048,000 less general funds and three fewer employees than the FY10 Governor's Amended request. The recommended budget requests a total increment from the FY10 Adjusted Base of $3,747,200.

Subcommittee Recommendations

The subcommittee reviewed all aspects of the Department of Natural Resources budget, including a three-year look back to review the growth in the department's budget from FY07 to FY10 Governor's Amended proposal, and accepted the changes with the following major exceptions:

State Coordinator – Gas Pipeline

- Transferred two AGIA positions from the Office of the Governor to a new component in the Department of Natural Resources and reduced the funding by $100,000 to reflect a vacancy.

Oil and Gas Development

- Funded oil and gas positions as a one-time item (OTI) to address the workload of the Oil and Gas Division, but reduced the funding by $175,000 to reflect a vacancy
- Reduced the FY09 OTI of $523,000 for four additional positions within the Petroleum Systems Integrity Office (PSIO) by $423,000 to reflect the three vacancies and to wait for the results of the PSIO "Gap and Overlap Analysis"

[1] The Adjusted Base is the starting point for subcommittee discussion of the Governor's request. It removes one-time appropriations, reappropriations, and carryforward of multi-year appropriates. It incorporates the FY10 contractual salary increases. (Source: *Legislative Fiscal Analyst's Overview of the Governor's Request*, Page 12)

- Denied authority for the Pipeline Coordinator to receive funds from industry to establish a TAPS Fire Safety program until the PSIO "Gap and Overlap Analysis" is completed

Geological Development

- Denied a fund source change to replace federal dollars with general fund money to help support the Alaska Volcano Observatory

North Latitude Plant Material Center

- Funded an FY09 OTI ($500,000) in the base of the North Latitude Plant Material Center and reduced another FY09 OTI ($225,000) by $100,000. This combination funds the total FY10 appropriation at $625,000.

Ag Revolving Loan Program Administration

- Deleted a vacant loan/collection officer position ($70,000) funded through the Ag Revolving Loan Fund proceeds

Because of the uncertainty of the gas pipeline timing and workload in Division of Oil and Gas, the Department of Natural Resources has several positions or programs funded through one-time items. This funding category requires the department to justify the funding request each year and allows the Legislature to adjust the funding level accordingly so that extraordinary costs associated with the gasline construction do not become embedded in the DNR operating base.

As the Department of Natural Resources has several OTI appropriations, and the accompanying dollars are deducted in the Adjusted Base calculations, it appears that the department is receiving a substantial amount of "new" General Fund dollars in FY10. This is not the case. Contractual salary increases is the bulk of the department's actual budget increase when existing one-time items are considered.

It was an honor and a privilege to chair the House Finance Budget Subcommittee for the Department of Natural Resources and I thank everyone who was involved with the process. If you wish a copy of the spreadsheet discussed in subcommittee, please contact my legislative aide, Ms. Sheila Peterson, at 465-4936.

Respectfully Submitted,

Representative Mike Kelly, Chair
House Finance Budget Subcommittee

Department of Natural Resources FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	73,588.8	13,835.0	45,693.0	133,116.8
FY10 Adjusted Base Budget	66,436.7	13,939.9	44,544.8	124,921.4
Governor's FY10 Budget	70,841.9	13,804.3	46,783.1	131,429.3
Governor's FY10 Budget Amendments	390.0	0.0	(189.9)	200.1
Governor's Amend FY10 Budget Total	71,231.9	13,804.3	46,593.2	131,629.4
Subcommittee Adjustments *	(1,048.0)	250.0	(358.5)	(1,156.5)
Total Subcommittee FY10 Budget Recommendations Total	70,183.9	14,054.3	46,234.7	130,472.9

* As compared to Governor's Amend FY10 Budget Total

Department of Natural Resources
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
Changes to Gov's FY10 Amend			
Resource Development			
1. Transfer 2 AGIA positions from the Gov's office to a new component (State Coordinator - Gas Pipeline); reduce funding to reflect vacancies	(100.0)		
2. Reduce an FY09 OTI ($1,143.1) to reflect a vacancy; approve continued funding for 12 positions to address the workload in the O&G as an OTI	(175.0)		
3. Reduce an FY09 OTI ($523.0) to the Petroleum Systems Integrity to reflect vacancies; wait until "Gap & Overlap Analysis" is completed	(423.0)		
4. Deny increase in SDPR authority ($288.5) to establish a TAPS Fire Safety Prgm until PSIO "Gap & Overlap Analysis" is competed		(288.5)	
5. Deny fund source change to replace federal dollars ($250.0) with General Fund; money would have gone to the AK Volcano Observatory Prgm	(250.0)	250.0	
6. Reduce General Fund funding for the North Latitude Plant Material Center ($725.0); FY09 funding was OTI	(100.0)		
7. Delete a vacant loan/collection officer position within the Ag Revolving Loan Program		(70.0)	(1.0)
Reductions to Gov's FY10 Amend	**(1,048.0)**	**(108.5)**	**(1.0)**
Concurrence with Gov's FY10 Amend			
Resource Development			
8. Increase in I/A Rcpts to pay increased costs for the new parking garage at the Atwood building		9.9	
9. Increase in I/A Rcpts ($47.8) and CIP Rcpts ($49.3) to fund three student intern positions committed to ongoing, long-term projects		97.1	
10. Transfer 2 AGIA positions from the Gov's office to a new component (State Coordinator - Gas Pipeline); reduce for vacancy (See Item 1)	290.0		
11. Accept FY09 OTI request ($1,318.1) to fund O & G positions to address workload, but reduce to reflect vacancy, OTI since 2005 (See Item 2)	1,143.1		
12. Fund the cost of outside legal counsel to defend Alaska's position in royalty disputes as OTI; approved in FY09 as OTI	500.0		
13. Fund the cost of outside auditors to address backlog of royalty and net profit share lease audits as OTI, approved in FY09 as OTI	200.0		

Department of Natural Resources
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
14. Accept partial funding for an FY09 OTI ($523.0) for the Petroleum Systems Integrity Office; reduce to reflect vacancies (See Item 3)	100.0		
15. Authority to receive payment from other state agencies related to salary; some positions funded by other agencies		20.0	
16. Approve CIP Rcpts to fund a grants admin position to support the federally-funded Coastal Impact Assessment Program		64.4	
17. Reduce uncollectable interagency receipt authorization within Alaska Coastal and Ocean Management		(50.0)	
18. Decrease federal receipt authorization for $200 under the Large Project Permitting allocation		(200.0)	
19. Approve FY09 OTI to establish a prospectus review procedure to lease big game areas on state lands to game guides; approve as OTI	50.0		
20. Fund source change from Shore Fish to Gen Fund to correct unrealizable fund source for salary adjustments	6.7	(6.7)	
21. Reduce uncollectable interagency receipts as proposed in the Governor's budget		(115.0)	
22. Reduce uncollectable Statutory Designated Program Receipt Authority as proposed in the Governor's budget		(200.0)	
23. Replace federal funds for acquisition of land per Statehood Entitlement; federal dollars cannot be used to protect access/navigable waters	300.0		
24. Fund source change from Rcpt Svcs to Gen Fund to correct unrealizable fund source for salary adjustments	5.6	(5.6)	
25. Fund source change from Fed Rcpts and CIP Rcpts to Gen Fund to correct unrealizable fund source for salary adjustments	21.8	(21.8)	
26. Increase I/A Rcpts as indirect federal collections to pay salary for an accountant position		58.0	
27. Fund source change from Fed Rcpts and Stat Desig to General Fund to correct unrealizable fund source for salary adjustments	14.4	(14.4)	
28. Accept fund source change to replace federal dollars with GF to allow the continuation of airborne mineral surveys	350.0	(350.0)	
29. Approve I/A Rcpts; Coastal Geology and Hazards work is funded by the Division of Coastal and Ocean Management		180.0	

Department of Natural Resources
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
30. Approve CIP Rcpts for personal services support for ongoing and proposed CIP projects		100.0	
31. Approve Atwood Garage Lease increment chargeback in Receipt Services in Recorder's Office/Uniform Commercial Code		10.6	
32. Accept federal receipts for a specialty crop block grant in Agricultural Development		60.0	
33. Fund FY09 OTI ($500.0) for the N. Latitude Plant Material Center in the base; fund an additional $125.0 as OTI (See Item 6)	625.0		
34. Approve federal receipts for federal projects and studies, including seeding BLM land		300.0	
35. Reduce I/A Receipts for the Alaska enthnobotany project as requested in the Governor's proposed budget		(244.3)	
36. Approve interagency fund increase to accommodate personal services shortages		20.0	
37. Delete two vacant positions at the request of the Mental Health Trust; based on the current status of funding available		(189.9)	
38. Approve continuation budget for the operation costs for the Trust Land Office as an OTI; Mental Health Trust has a zero base budget		1,783.3	(2.0)
Fire Suppression			
39. Fund source change from Fed Rcpts and CIP Rcpts to Gen Fund to correct unrealizable fund source for salary adjustments	20.0	(20.0)	
40. Accept federal collections for information officer under Fire Suppression Preparedness		39.6	
41. Accept a General Fund increment to help fund increased costs for the Alaska Interagency Coordination Center	90.0		
Parks and Recreation Management			
42. Reduce Interagency/Oil & Hazardous Waste authorization in the State Historic Preservation Program		(6.0)	
43. Fund source change from Fed Rcpts/I/A, and Stat Desig to Gen Fund to correct unrealizable fund source for salary adjustments	12.0	(12.0)	
44. Approve Atwood Garage Lease Increment Chargeback in Receipt Services under Parks Management		19.4	
45. Accept CIP receipt authority to fund a bear monitor position to help guide visitors who visit the Chilkoot Bear viewing Area		55.6	

Department of Natural Resources
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Pos. Count
46. Fund source change from Fed Rcpts, I/A, and Stat Desig to Gen Fund to correct unrealizable fund source for salary adjustments	18.6	(18.6)	
47 Accept CIP Rcpts to fund positions approved in FY09 to implement Division of Parks current inventory of capital improvement projects		510.7	
Total Concurrence with Gov's FY10 Recommendations	**3,747.2**	**1,874.3**	**(2.0)**

ALASKA STATE LEGISLATURE
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Memorandum

To:	Representative Mike Hawker Co-Chair, House Finance Committee
From:	Bill Stoltze, Chair – Public Safety Budget Subcommittee Representatives Lynn, Harris, Dahlstrom, Salmon and Kawasaki, Public Safety Subcommittee Members
Re:	Public Safety Budget Close out
Date:	March 2, 2009

Introduction

The Department of Public Safety sub-committee used the FY10 adjusted base when determining appropriation levels. The subcommittee accepted all departmental budget transactions from the FY09 Management Plan to the FY10 adjusted base.

Your office has the attached spreadsheet along with the legislative finance close-out reports document recommended subcommittee level of spending for FY10.

FY10 Language recommendations (Language sections)

The subcommittee recommends that the language section provision be adopted in full finance that allocates $1,270,000 in general funds to the Alaska State Troopers appropriation in the event the agency is unable to obtain federal rural alcohol interdiction funds in the upcoming federal fiscal year.

The subcommittee recommends that the language section provision be adopted in full finance that allocates $1,392,200 in general funds to the Alaska State Troopers appropriation in the event the agency is unable to obtain federal drug and alcohol enforcement funds in the upcoming federal fiscal year.

FY10 recommendations to the full Finance committee

The subcommittee recommends that a majority of the increments to fully fund all trooper positions be accepted. The subcommittee did deny some smaller increment request for these efforts.

With regard to the Council on Sexual Assault and Domestic Violence, the subcommittee recommended an increase of $296,000 of permanent fund felon funds for FY10. The subcommittee also switched out $1,381,900 in general funds and replaced those funds with excess permanent fund felon funds. The freed up general funds were used to help fund the Alaska State Trooper increments.

The subcommittee recommends that partial funding for increased vehicle costs, trooper dispatching and prisoner transportation costs be accepted.

With regard to the Village Public Safety program, the subcommittee added funds to annualize the positions added in FY09. The subcommittee added ½ funding for new positions and for the COLA and merit increases requested in FY10.

The subcommittee also recommends the follow intent language be added to the operating budget:

> *It is the intent of the legislature that the Department of Public Safety provide additional state trooper coverage for international border communities to help meet Federal and Homeland Security requirements.*

If you have any questions, please contact James Armstrong in my office at 6824.

cc: Dan Spencer, Department of Public Safety

Department of Public Safety FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	116,401.8	15,257.6	23,135.9	154,795.3
FY10 Adjusted Base Budget	118,936.3	11,636.0	23,367.6	153,939.9
Governor's FY10 Budget	123,186.6	15,191.2	24,977.2	163,355.0
Governor's FY10 Budget Amendments	5,758.4	0.0	4,800.0	10,558.4
Governor's Amend FY10 Budget Total	128,945.0	15,191.2	29,777.2	173,913.4
Subcommittee Adjustments	(3,397.5)	(3,651.2)	80.9	(6,967.8)
Total Subcommittee FY10 Budget Recommendations Total	125,547.5	11,540.0	29,858.1	166,945.6

Subject to minor conforming adjustments

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Department of Public Safety

Changes as proposed in the Governor's FY10 Operating Budget

(Language Section appropriations not included)

FY10 Proposed Changes

Appropriations and Allocations	General Funds			Other Funds		All Funds	Comments Regarding House Changes
	Governor 12/15/08	Governor 2/18/09	House SC	Federal Receipts	Other Funds	Total	
Fire and Life Safety							
Fire and Life Safety Operation	0.0	0.0	0.0		142.0	142.0	Accepts increment of I/A receipts
Training and Education Bureau	6.3	0.0	6.3		-6.3	0.0	Accepts fund source switch from SDPR to General Funds
Alaska Fire Standards Council							
Fire and Life Safety Operation	0.0	0.0	0.0		0.0	0.0	
Alaska State Troopers						0.0	
Special Projects	1,270.0	0.0	0.0			0.0	recommends conditional funding in language section
Special Projects	126.5	0.0	0.0	-96.0	-46.7	-142.7	denies gf request of $126.5 and acception the decrements of of federal and other funds
Special Projects	0.0	4.8	0.0				denies increment for full funding of commissioned officers w/no vacancy costs
Special Projects	0.0	0.0	0.0		4,800.0	4,800.0	accepts CIP receipts for Bureau of Highway officers
AST Director's Office	0.0	6.0	0.0			0.0	denies increment for full funding of commissioned officers w/no vacancy costs
AK Bureau of Judicial Services	88.0	0.0	88.0			88.0	accepts increment for prisoner transportation settlement
AK Bureau of Judicial Services	0.0	424.2	424.2			424.2	accepts increment for full funding of commissioned officers w/no vacancy costs
Prisoner Transportation	0.0	400.0	200.0			200.0	accepts 1/2 of increased transportation costs
Search and Rescue	0.0	0.0	0.0			0.0	
Rural Trooper Housing	427.3	0.0	427.3		13.3	440.6	accepts increment for increased utility & lease costs
Rural Trooper Housing	0.0	30.0	30.0			30.0	accepts increment for increased maintenance costs
Narcotics Task Force	1,393.2	0.0	0.0			0.0	recommends conditional funding in language section
Narcotics Task Force	0.0	49.3	0.0			0.0	denies increment request for general funds
Narcotics Task Force	9.0	0.0	0.0	-9.0		-9.0	denies use of GF in lieu of Unrealizable Fund Source for Salaries
AST Detachments	9.1	0.0	0.0		-9.1	-9.1	denies use GF in lieu of unrealizable Fund Source for Salaries
AST Detachments	164.0	0.0	164.0			164.0	accepts increment for sexual assault medical exams costs
AST Detachments	464.1	0.0	232.0			232.0	accepts 1/2 of increased lease, dispatch and supplies costs
AST Detachments	0.0	0.0			-89.7	-89.7	accepts deletion of PCN
AST Detachments	0.0	600.0	400.0			400.0	partially funds increment for trooper move costs

Department of Public Safety

Changes as proposed in the Governor's FY10 Operating Budget

(Language Section appropriations not included)

FY10 Proposed Changes

Appropriations and Allocations	General Funds			Other Funds		All Funds	Comments Regarding House Changes
	Governor 12/15/08	Governor 2/18/09	House SC	Federal Receipts	Other Funds	Total	
AST Detachments	0.0	2,439.9	2,439.9			2,439.9	accepts increment for full funding of commissioned officers w/no vacancy costs
AST Detachments	0.0	139.8	69.9			69.9	partially funds increased vehicle costs
AST Detachments	0.0	42.0	42.0			42.0	accepts increment for increased maintenance costs
Bureau of Investigation	0.0	268.8	268.8			268.8	accepts increment for full funding of commissioned officers w/no vacancy costs
Bureau of Alcohol & Drug Enforcement	0.0	6.4	0.0			0.0	denies increment request for general funds
Bureau of Alcohol & Drug Enforcement	0.0	83.9	83.9			83.9	full funding of commissioned officers w/no vacancy costs
Alaska Wildlife Troopers	94.0	0.0	94.0			94.0	accepts increment for leases and supplies
Alaska Wildlife Troopers	0.0	28.0	28.0			28.0	accepts increment for maintenance costs
Alaska Wildlife Troopers	0.0	200.0	150.0			150.0	partially funds increment for trooper move costs
Alaska Wildlife Troopers	0.0	746.1	746.1			746.1	full funding of commissioned officers w/no vacancy costs
AK Wildlife Troopers Aircraft	0.0	318.8	318.8			318.8	increased risk mangagement costs
AK Wildlife Troopers Aircraft	0.0	43.7	0.0			0.0	denies increment request for general funds
AK Wildlife Troopers Marine	0.0	21.2	21.2			21.2	accepts increment for risk mangagement costs
AK Wildlife Troopers Marine	0.0	31.5	0.0			0.0	denies increment request for general funds
AK Wildlife Troopers Director's Office	0.0	9.3	0.0			0.0	denies increment request for general funds
AK Wildlife Troopers Investigation	0.0	22.1	0.0			0.0	denies increment request for general funds
Village Public Safety Officer							
Support	0.0	0.0	0.0			0.0	
Contracts	0.0	783.1	783.1			783.1	accepts increment to annualize 09 positions costs
Contracts	0.0	1,245.5	627.7			627.7	adding funding for 8 new positions
Contracts	0.0	205.2	102.6			102.6	funds 1/2 of the new 3% COLA for program
Contracts	0.0	236.5	118.3			118.3	funds 1/2 of new merit increases for program
AK Police Standards Council							
AK Police Standards Council	0.0	0.0	0.0			0.0	
Domestic Violence/Sexual Assault							
Domestic Violence/Sexual Assault	0.0	0.0			3,660.2	3,660.2	Accepts remainder of three year federal grant
Domestic Violence/Sexual Assault	0.0	0.0	-1,381.9		1,677.9	296.0	replaces existing general funds w/Permanent Fund felon funds, excess PFD felon funds of $296k accepted as a OTI increment

Department of Public Safety

Changes as proposed in the Governor's FY10 Operating Budget

(Language Section appropriations not included)

FY10 Proposed Changes

Appropriations and Allocations	General Funds			Other Funds		All Funds	Comments Regarding House Changes
	Governor 12/15/08	Governor 2/18/09	House SC	Federal Receipts	Other Funds	Total	
Batterers Intervention Program	0.0	0.0	0.0			0.0	
Statewide Support							
Commissioner's Office	0.0	0.0				0.0	
Training Academy	0.0	35.5	0.0			0.0	denies increment for full funding of commissioned officers w/no vacancy costs
Administrative Services	17.3	0.0	0.0		-17.3	-17.3	denies increment of GF in lieu of unrealizable fund source for salaries
AK Wing Civil Air Patrol	0.0	0.0				0.0	
Alcohol Beverage Control Board	0.0	0.0				0.0	
Public Safety Information Network	23.6	0.0	0.0		-23.6	-23.6	denies increment of GF in lieu of unrealizable fund source for salaries
Criminal Records and ID	30.9	0.0	0.0		-30.9	-30.9	denies increment of GF in lieu of unrealizable fund source for salaries
Laboratory Services	127.0	0.0	127.0			127.0	accepts increment for funding for DNA collection kits
State Facilities Rent							
State Facilities Rent	0.0	0.0				0.0	
Total Proposed Changes	$4,250.3	$8,421.6	$6,611.2	-105.0	10,069.8	$16,576.0	
FY09 Budget Base	$118,936.3		$118,936.3	$12,671.3	$21,365.9	$152,973.5	
Total Proposed Changes	12,671.9		6,611.2	-105.0	10,069.8	16,576.0	
Total Proposed DPS Budget	$131,608.2		$125,547.5	$12,566.3	$31,435.7	$169,549.5	
Total Budget Percent of Increase	10.7%		5.6%	-0.8%	47.1%	10.8%	Percent of increase compared to FY09 Budget Base
Public Safety Positions	875	888	887				

House Finance Budget Subcommittee
FY 10 Department of Revenue

Subcommittee Report FY10 February 25, 2009

The House Finance Budget Subcommittee (HFBS) on the Department of Revenue submits an operating budget for FY10 as follows:

GF $ 18,164.1 Fed Funds$ 39,611.0 Other Funds$ 191,562.7 Total $ 249,337.8

Department of Revenue
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $ 2,250.7 less general funds and 1 less employee than the Governor's FY10 Department of Revenue request. The FY10 subcommittee budget requests a total increment from 09 Revised Management Plan of $979.9 general funds.

The Governor requested minimal increases in the original FY10 budget request. The department was required to update the state's Cost Allocation Plan for Federal Compliance which, as a result of the increased state financial assets under management, shifted $572 to state general funds. The tax division continues to utilize contract auditors; however the subcommittee budget approved half the original request, shifting the responsibility to a newly funded state Master Auditor position.

Several adjustments were made in Other Funds appropriated for the ARM Board, PFD division, Mental Health Trust Authority administration, AHFC operations, and the Alaska Permanent Fund Corporation. The FY 09 budget for investment management fees at the ARM Board was reduced $8,546.7 and at the Permanent Fund Corporation, $10,000. These management fees are generally based on the value of investments under management. The reductions reflect market value declines experienced in recent months.

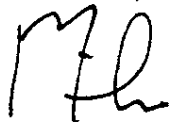
With the concurrence of the agency, the subcommittee did not approve a $1,900.0 fund source change from FED to GF for the Child Support Services Division. It is now believed that continuing federal funding will be available.

Small general fund increments requested as fund source changes for "unrealizable fund sources" were not approved. The subcommittee removed a special assistant position in the commissioner's office that the agency established contrary to legislative intent in the FY09 budget.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY10 Operating Budget – House Structure

Submitted,



Representative Mike Hawker
House Finance Subcommittee Chairman
Department of Revenue

Department of Revenue FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	17,184.2	37,214.4	208,964.9	263,363.5
FY10 Adjusted Base Budget	17,118.5	37,926.1	207,072.3	262,116.9
Governor's FY10 Budget	20,414.8	39,588.3	207,594.5	267,597.6
Governor's FY10 Budget Amendments	0.0	0.0	(17,796.7)	(17,796.7)
Governor's Amend FY10 Budget Total	20,414.8	39,588.3	189,797.8	249,800.9
Subcommittee Adjustments	(2,250.7)	22.7	1,764.9	(463.1)
Total Subcommittee FY10 Budget Recommendations Total	18,164.1	39,611.0	191,562.7	249,337.8

Numbers only

Subject to minor conforming adjustments

3/2/2009 7:37 AM

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Department of Revenue
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Tax Division: Contract Auditors - reduction of FY09 OTI by half	(270.0)		0
2. Child Support Services Division: Fund Source Change in State Match requirements due to declining TANF cases and altered federal regs	(1,900.0)	1,900.0	
3. Commissioner's Office: Unrealizable Fund Sources in the Salary Adjustment Fund Source Change	(4.5)	4.5	
4. Admin Services: Unrealizable Fund Sources in the Salary Adjustment Fund Source Change	(18.2)	18.2	
5. Long Term Care Ombudsman's Office: Unrealizable Fund Sources in the Salary Adjustment Fund Source Change	(11.6)	11.6	
6. APFC: Increased travel costs and new travel		(74.1)	
Reductions to Gov's FY10 Amend	**(2,204.3)**	**1,860.2**	**0.0**
Additional Subcommittee Recommendations			
1. Commissioner's Office - Delete Special Assistant Position	(46.4)	(72.6)	(1)
Additional Subcommittee Recommendations	**(46.4)**	**(72.6)**	**(1.0)**
Total Reductions to Gov's FY10 Amend	**(2,250.7)**	**1,787.6**	**(1.0)**
Total Reduction All Funds		(463.1)	
Concurrence with Gov's FY10 Amend			
1. Tax Division: Restore Funding for AK Salmon Price Report	50.0	(50.0)	0
2. Tax Division: Contract Auditors - restores FY09 OTI by half	270.0		0
3. Tax Division: Fourth Master Auditor Position	200.0		0
4. Treasury Division: Update Fund Sources for Retiree Health (from RHIF to Group Benefit)	0.0	0.0	0
5. Treasury Division: Implementation of Cost Allocation Plan for Federal Compliance - Fund Source Changes	420.0	(420.0)	0
6. Treasury Division: Additional Funding to Implement Cost Allocation Plan for Federal Compliance	152.0		
7. ARM Board - Updated Fund Source for Retiree Health (from RHIF to Group Benefit)		0.0	

Department of Revenue
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
8. ARM Board - Implement Cost Allocation Plan for Federal Compliance - Fund Source Changes		0.0	
9. ARM Board - Administration of Additional Investment Options for Participants		249.5	
10. ARM Board - FY09 OTI for Independent Audit of Actuary		300.0	
11. ARM Board - Gov Amd Remove Independent Audit of Actuary		(300.0)	
12. ARM Board - Gov Amd Benefits Systems Rcpts to Implement Treasure Cost Allocation Plan		900.0	
13. ARM Board - OTI for Performance Consultant Audit		150.0	
14. ARM Board - Gov Amd: Reduction in Investment Mgmt Fees		(8,546.7)	
15. PFD Division: Variable cost increases due to the increasing number of applicants and public inquiries		101.0	
16. AMHTA: MH Trust Administrative Budget		2,650.0	
17. AHFC: Adjust Funding Due to AHFC eligibility in HUD "moving to work" program (AHFC Rcpts to Fed)		0.0	
18. AHFC: Utilities Increase - Eligible for Federal Rcpts due to AHFC becoming a HUD "moving to work" agency		959.7	
19. AHFC: Increase funding for anticipated business activity		254.4	
21. APFC - Gov Amd: Dec Custody and Management Fees (RcptSvcs)		(10,000.0)	
Total Concurrence with Govs FY10 Recs	**1,092.0**	**(13,752.1)**	**0.0**

House Finance Budget Subcommittee
FY 10 Department of Transportation

Subcommittee Report FY10 February 10, 2009

The House Finance Budget Subcommittee (HFBS) on The Department of Transportation (DOT) submits an operating budget for FY10 as follows:

GF $206,471.5 Fed Funds $3,988.2 Other Funds $301,188.9 Total $511,648.6

Department of Transportation
House Finance Budget Subcommittee FY10 Highlights

The HFBS budget authorizes $13,077.6 less general funds and 8 less employees than the Governor's FY10 DOT request. The FY10 subcommittee budget requests, in general funds, a total decrement from 09 Revised Management Plan of $3,375.6, and a total increment from the 09 Adjusted Base of $1,126.4

The approach taken by the subcommittee was to first fully fund all non-discretionary funding increments related to wages, contractual increases and the like. The funding sources for these non-discretionary increments were evaluate and changed to minimized impact to the General Fund.

Fund source changes from CIP to GF were denied. The transfers of CIP Rcpts to GF fund may suggest that support costs are increasing more rapidly than the dollar value of Capital Improvement Projects, since they should be driven by that component of the budget. This results in less Capitol Improvement money being spent on construction because it is being used to fund overhead. The Department is also reaching the limit of what can be recovered through the Indirect Cost Allocation Plan (ICAP). DOT is still responsible for the same activities and bears the burden of those associated costs. GF might be an appropriate source to fund these cost increases, but during this budget cycle there is considerable pressure on the General Fund portion of the Operating Budget. Additionally the Economic Stimulus Package will bring in additional CIP funds and should relieve some of the pressure on the Indirect Cost Allocation Plan.

Fund source changes from RSS and SDPR to GF were denied. Fund source changes from Statutory Designated Program Receipts and Receipt-Supported Services, $25.3 are related to the cost of services provided by the Department exceeding the revenue generated. Receipts and fees are fixed by statute, regulation or fair market value and control the amount of revenue received. The Department should work with the House Finance Committee to determine what portion of the Department's increased costs should be born by users.

Fund source changes from AMHSF to GF were denied. The Alaska Marine Highway System Fund has two funding sources; revenues from operations and capitalization from the State's General Fund. Recently the Alaska Marine Highway System (AMHS) has been increasing the GF potion of its' funding though fund source changes and GF increments. Keeping AMHSF as the primary funding source allows the Legislature to more easily monitor AMHS needs and expenditures. This enables the Legislature to looks at budget short falls in operations and decided at what level increased costs should be born by users or subsidized by capitalization of the Fund.

Fund source changes from FED to GF were denied. The only requested change that fit this criterion is too insignificant to justify reorganization.

Whittier Tunnel fund source changes were denied. Changing operations of the tunnel from CIP to Gambling Tax is a change to GF and was denied for the reasons listed for all CIP to GF fund source change denials. The request to fund extended hours for summer operations with Gambling Tax was denied and was funded instead with Cruise Ship Tax Revenue. This was the revenue source used last year, and it is a dedicated fund source which must be used to directly benefit the Cruise Ship industry. As the extended summer hours fit this criterion it is a more appropriate fund source than the Gambling Tax (GF).

Requests to restore one-time increments (OTI) to the Alaska Marine Highway System as a reoccurring increment were denied. In FY09 the Department requested that a funding increment be approved to compensate for additional expenditure of running a particular mix of vessels. Due to dry dock work the department was forced to use less economical vessels on route where they could not expect to increase revenue with increased ridership. As this was a budget scenario that would not extend into the next fiscal year it was funded as an OTI. To date There has not been sufficient explanation by the Department to justify either another OTI or a reoccurring increment.

The Governor's Request contains two new programs for Sidewalk Snow Removal; in Anchorage $500,000 and in Juneau $47,100.

The Department indicated that they have received Federal notification to increase sidewalk snow clearing as part of standard road maintenance. Funds for sidewalk snow removal equipment were appropriated in FY09 Capital Budget. This request is an operating increment to hire 8 permanent part time operators in Anchorage and 1 permanent part time operator in Juneau. The increments also reflect fuel and State Equipment Fleet costs.

The Personnel portion of the increment is denied for all 9 positions ($327.1). Since the State is under a hiring freeze, new positions were not approved. The $220.0 remaining in those increments for fuel and State Equipment Fleet rental is approved.

The following Legislative Finance reports are attached:

1. Agency Totals – FY10 Operating Budget – House Structure
2. Appropriation/Allocation Summary (GF) – House Structure
3. Appropriation/Allocation Summary (all funds) – House Structure
4. Transaction Comparison (Adj. Base and House Subcom)
5. Transaction Comparison (Gov. Amd and House Subcom)
6. Wordage Report – FY10 Operating Budget – House Structure
7. Transaction Comparison (Gov. and House Subcom)

Submitted,

Representative Foster
House Finance Subcommittee Chairman
Department of Transportation

Department of Transportation FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	212,472.9	4,130.7	294,314.5	510,918.1
FY10 Adjusted Base Budget	205,345.1	4,166.3	295,741.6	505,253.0
Governor's FY10 Budget	216,837.7	4,157.0	292,958.6	513,953.3
Governor's FY10 Budget Amendments	2,711.4	0.0	98.6	2,810.0
Governor's Amend FY10 Budget Total	219,549.1	3,987.0	293,057.2	516,763.3
Subcommittee Adjustments	(13,077.6)	1.2	8,132.9	(4,944.7)
Total Subcommittee FY10 Budget Recommendations Total	206,471.5	3,988.2	301,190.1	511,818.6

Department of Transportation
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend				
1.	Delete Personal Services Portion of Sidewalk Snowclearing in Anchorage	(300.0)	0.0	(8)
2.	Delete Personal Services Portion of Sidewalk Snowclearing in Juneau	(27.1)	0.0	0
3.	Delete CIP to GF fundsource changes	(633.1)	633.1	0
4.	Delete RSS and SDPR to GF fund source changes	(54.0)	54.0	0
5.	Delete AMHF to GF fund source changes	(326.9)	326.9	0
6.	Change fund source for Whittier Tunnel extended hours of operation from Gambling tax to Cruise Ship tax $500.0	(500.0)	500.0	0
7.	Deny Whittier Tunnel Maintenance and Operations fund source change from CIP to Gambeling tax $2,000.0	(2,000.0)	2,000.0	0
8.	Change fund source for FY10 Bargaining Unit Contract Terms:IBU from GF to AMHF	(2,320.1)	2,320.1	0
9.	Deny Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements fund source change from Fed to GF	(1.2)	1.2	0
10.	Change fund source for Maintaining FY09 Levels of Service from GF to AMHF	(2,297.6)	2,297.6	0
11.	Deny LFD: Restore One-time increment to match gov budget - costs associtated with vessel/route configuration in FY09	(4,617.6)	0.0	0
	Reductions to Gov's FY10 Amend	**(13,077.6)**	**8,132.9**	**(8.0)**
Additional Subcommittee Recommendations				
1.				0
2.				0
3.				0
	Additional Subcommittee Recommendations	**0.0**	**0.0**	**0.0**
	Total Reductions to Gov's FY10 Amend	**(13,077.6)**	**8,132.9**	
	Total Reduction All Funds		(4,944.7)	

Department of Transportation
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Concurrence with Gov's FY10 Amend			
1. Disadvantaged Business Enterprise Certification and On-Site Title VI Reviews	0.0	8.7	0
2. delete funding associated with position transferred toStwd Information Systems	0.0	(90.0)	0
3. Savings from Warm Storage Building Construction	(42.0)		0
4. Airport Certification Training	0.0	40.0	0
5. Funding Authority for Positions Transferred from Fairbanks International Airport	0.0	258.0	0
6. Reduction Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(16.2)	0
7. Cancellation of Airline Technical Representative Services Contract	0.0	(479.0)	0
8. Highway Safety Corridor Safe Driving Program	31.1	0.0	0
9. Positions reclass for Alaska Strategic Highway Safety Plan and State Transportation Improvement Plan (STIP) support	0.0	153.3	0
10. Establishment of Navigator Program to inform the Gov Inc Northern Region public of construction activities	0.0	85.0	0
11. Weights and Measures Travel Budget	0.0	30.0	0
12. Facilities Leasing - Fairbanks	0.0	50.0	0
13. Facilities Leasing - Dillingham and King Salmon	0.0	25.0	0
14. Unified Carrier Registration Fees	0.0	250.0	0
15. Telecommunications Cost Increase	0.0	25.0	0
16. Navigator Contract Cost Increase	0.0	150.0	0
17. Commodities Cost Increase - Field Offices	0.0	22.0	0
18. Telecommunications Cost Increase - Field Offices	0.0	21.0	0
19. Occupancy Lease Agreements Cost Increase for Services Provided to Other State Agencies	0.0	40.0	0
20. Specialized Contracted Services Cost Increase for Maintenance and Repairs	60.0	0.0	

Department of Transportation
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
21.	Non-Renewal of Non-State Agency Occupancy Lease Agreement in Kodiak	(7.3)	0.0	
22.	Delete CIP Receipts Due to a Position Time Status Change of PCN 25-969X	0.0	(48.2)	
23.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(281.0)	
24.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(800.0)	
25.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(400.0)	
26.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(80.0)	
27.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(254.0)	
28.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(157.4)	
29.	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(117.0)	
30	Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements -8.1 federal funds	0.0	8.1	
31	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	(47.3)	
32	Maintain FY09 Levels of Service	0.0	1,950.0	
33	Specialized Contracted Service Increases	110.0	0.0	
34	Janitorial Contracts Cost increase	141.2	0.0	
35	Janitorial Contracts Cost Increase	24.0	0.0	
36	Striping Contracts for Highways and Airports	169.3	0.0	
37	Maintenance Agreements at Angoon, Hyder and Kake	28.8	0.0	
38	Maintenance Management System Operating Costs	75.0		
39	Transfer out Janitorial, Electricity and Water/Sewer Funding to CR Facilities for the Statewide Materials Buil +/-17.8 (net zero)	0.0	0.0	

Department of Transportation
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
40	Increase Highway Working Capital Funds Authorization to Fund PCN 25-1912		98.6	
41	Transfer PCN 25-1912, Mechanic, from Northern Region Highways and Aviation for Mechanic Support of State Equip TrIn			1
42	National Pollutant Discharge Elimination System Compliance for Anchorage - Street Sweeping	116.3	0.0	
43	Transfer PCN 25-1912, Mechanic, to State Equipment Fleet for Mechanic Support of State Equipment TrOut			(1)
44	Transfer Personal Services Funding to Contractual for Operator Support and Equipment Costs (net zero) $94.1	0.0	0.0	
45	Parks Highway Maintenance Stations Winter Sand Stockpile	200.0	0.0	
	Total Concurrence with Govs FY10 Recs	**906.4**	**444.6**	**0.0**

Alaska State Legislature

Representative Anna Fairclough – House District 17

2/25/2009

University of Alaska
FY10 House Finance Subcommittee Recommendations

The House Finance Subcommittee on the University of Alaska submits an operating budget to the full House Finance Committee as follows:

General Funds	$319,178.0	(0.7% increase from adjusted base)
Federal Funds	$130,658.5	(16.3% decrease from adjusted base)
Other Funds	$365,802.0	(3.3% decrease from adjusted base)

As an additional note this represents a Total Decrease of 4.2% from FY09.

The subcommittee took the following actions:

Budget Action:

1. Adopted the FY10 Adjusted Base.
2. Reviewed each of the increments and decrements submitted by the Governor and highlighted the following recommendations:

- Priority Program Enhancement and Growth Increments
  - i. Health Programs Total $1,071.7 – $922.0 GF and $149.7 Non-GF
    1. Anchorage Campus – $690.3 GF and $90.0 Non-GF
    2. Fairbanks Campus – $87.4 GF and $25.0 Non-GF
    3. College of Rural & Comm. Dev. – $40.8 GF and $8.0 Non-GF
    4. Tanana Valley Campus – $47.2 GF and $16.0 Non-GF
    5. Juneau Campus – $56.3 GF and $10.7 Non-GF
- Other Governor's Increments
  - ii. Non-Personnel Services Fixed Cost Increases – $7,614.3 Non-GF
  - iii. Compliance Mandates – $400.0 Non GF
  - iv. New Facility Operating and Maintenance Costs – $350.0 GF and $344.3 Non-GF
- Governor's Budget Amendments
  - i. State Virology Lab (UAF Portion) Total $150.0 IncOTI GF
  - ii. Facilities Maintenance and Repair Total $825.0 GF
    1. Statewide Services – $18.4
    2. Anchorage Campus – $222.9
    3. Kenai Peninsula Campus – $26.2
    4. Kodiak College – $10.4

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3896

5. Mat-Su College – $23.8
6. Prince William Sound Comm. College – $11.7
7. Bristol Bay Campus – $14.6
8. Chukchi Campus – $14.3
9. Fairbanks Campus – $302.3
10. Interior-Aleutians Campus – $17.2
11. Kuskokwim Campus – $24.1
12. Northwest Campus – $17.0
13. Tanana Valley Campus – $44.5
14. Juneau Campus – $50.9
15. Ketchikan Campus – $11.0
16. Sitka Campus – $15.7

iii. Mental Health Trust (MHTAAR) – $328.5 Non-GF Decrement

The University Budget Subcommittee accepts all Decrements associated with Unrealizable General Fund Budget Authority – $25,238.4 Federal Funds and $22,761.6 Other Funds. With the addition of the Mental Health Trust (MHTAAR) Decrement of $328.5, the total is $48,328.5.

Documents Attached:

1. University Closeout Worksheets
2. Agency Totals – FY10 Operating Budget House Structure (Numbers)
3. Appropriation/Allocation Summary All Funds – House Structure (Numbers)
4. Appropriation/Allocation Summary GF Only – House Structure (Numbers)
5. Transaction Comparison – House Structure (between Adj. Base and House Finance Subcommittee)
6. Transaction Comparison – House Structure (between Governor Amended and House Finance Subcommittee)

Respectfully Submitted,

Anna L. Fairclough

Representative Anna Fairclough, Chair
House Finance Subcommittee

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Alaska State Legislature

Representative Anna Fairclough – House District 17

2/27/2009

University of Alaska
FY10 House Finance Subcommittee Recommendations

Legislative Finance Division is directed to incorporate amendments made and make any appropriate conforming or technical changes. During the Closeout meeting there was one amendment that was passed which included an Increment of $150,000 GF for Future Farmers of Alaska to cover salary, benefits and basic programmatic needs in order to fulfill the mission and requirements of agricultural education and FFA.

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University of Alaska FY10 Budget
House Finance Budget Subcommittee Recommendations

	GF-GF/MH	Fed	Other	Total
FY09 Revised Management Plan	307,833.5	156,076.9	374,204.3	838,114.7
FY10 Adjusted Base Budget	316,931.0	156,076.9	378,258.3	851,266.2
Governor's FY10 Budget	321,474.9	131,558.5	369,028.4	822,061.8
Governor's FY10 Budget Amendments	2,000.0	0.0	(328.5)	1,671.5
Governor's Amend FY10 Budget Total	323,474.9	131,558.5	368,699.9	823,733.3
Subcommittee Adjustments	(4,146.9)	(900.0)	(2,897.9)	(7,944.8)
Total Subcommittee FY10 Budget Recommendations Total	319,328.0	130,658.5	365,802.0	815,788.5

Numbers only

Subject to minor conforming adjustments

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University of Alaska
FY10 Budget Final Recommendations

	GF Dollars	Other Dollars	Employee Count
Changes to Gov's FY10 Amend			
1. Priority Program Enhancement and Growth - Partially funded the request for Health Academic Programs at 1/2 of the Gov's request.	(921.9)	(149.8)	
2. Priority Program Enhancement and Growth - Energy and Cooperative Extension Service Increment was not accepted.	(1,000.0)	(3,968.1)	
3. K-12 Outreach - Program Enhancement and Growth was not accepted.	(800.0)	(230.0)	
4. Integrated Sciences Building - Governors Amd for the Integrated Science Building was not accepted. The management plan LIT was not accepted which leaves sufficient funds in Services for this request.	(1,025.0)	0.0	
5. Small Business Development Center - Fund Source change from Business License Rcpts to GF was not accepted. The $550.0 Blic&Corp authorization remains.	(550.0)	550.0	
Reductions to Gov's FY10 Amend	**(4,296.9)**	**(3,797.9)**	**0.0**
Additional Subcommittee Recommendations			
1. Future Farmers of America allocation was amended into the subcommittee recommendation.	150.0	0.0	0
Additional Subcommittee Recommendations	**150.0**	**0.0**	**0.0**
Total Reductions to Gov's FY10 Amend	**(4,146.9)**	**(3,797.9)**	**0.0**
Total Reduction All Funds		(7,944.8)	
Concurrence with Gov's FY10 Amend			
1. Non-Personnel Services - Accepted all Fixed Cost Increases - Univ Rcpts	0.0	7,614.3	0
2. Accepted All Adjusted Base Compliance Mandates - UA I/A		400.0	1
3. New Facility Operating and Maintenance Costs - Accepted Costs:			2
Anc Campus: Bragaw Building Lease Expense	350.0		
Integrated Science Building Parking Garage & Building Support Positions - Univ Rcpts		344.3	
4. Facilities Maintenance and Repair - Accepted Gov Amd for all facilities	825.0		
5. Workforce Development - Accepted MHTAAR funding as requested by the Alaska Mental Health Trust Authority.		1,617.0	0

University of Alaska
FY10 Budget Final Recommendations

		GF Dollars	Other Dollars	Employee Count
6.	Budget Authority - Accepted request to delete all unrealizable non GF		(48,000.0)	0
7.	Systemwide Education and Outreach - Did not Accept Transfer of $1,253.0 for Mining and Petroleum Training Services (MAPTS) from Kenai Peninsula College to Systemwide Education and Outreach. Funding remains in the Kenai Peninsula College allocation. Net zero transaction.	0.0	0.0	
8.	Management Plan - Did not accept Line Item Transfer in that moved $2,518.7 from Services to the Personal Services Line Item in the Anchorage Campus allocation.	0.0	0.0	
9.	Priority Program Enhancement and Growth - Paritally funded the request for Health Academic Programs at 1/2 of the Gov's request.	922.0	149.7	
	State Virology Lab - Accepted Gov Amd for Facilities and Maintenance (UAF Portion)	150.0		
	Total Concurrence with Govs FY10 Recs	**2,247.0**	**(37,874.7)**	**3.0**
			(35,627.7)	

STATE OF ALASKA

SARAH PALIN, GOVERNOR

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

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February 5, 2009

The Honorable Mike Hawker
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, AK 99801-1182

Dear Co-Chair Hawker and Co-Chair Stoltze:

During the Office of Management & Budget (OMB) presentation before the House Finance Committee on January 26, I was asked to provide a copy of the budget instructions provided to departments. I have enclosed:

- August 8, 2008, memorandum to departments which started the FY2010 budget process, and;
- August 15, 2008, capital budget instruction memorandum

These documents are the beginning of the budget development process each year. In addition, OMB annually produces a technical 123-page budget instruction manual, updates of the Alaska Budget System (ABS) operating budget module user's guide (202 pages), and capital budget module user's guide (81 pages). These instruction manuals are distributed to agency administrative directors and budget personnel who are responsible for preparing the budget documents which are submitted to the Legislature. I can certainly make these technical instructions available if they would be of interest to the committee.

Please let me know if you have further questions.

Sincerely,

Karen J. Rehfeld
Director

Enclosures

cc: David Teal, Legislative Finance Division
House Finance Committee Members

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MEMORANDUM

STATE OF ALASKA
Office of the Governor
Office of Management and Budget

To: Commissioners
Legislative Liaisons
Administrative Services Directors

Date: August 8, 2008

From: Karen D. Rehfeld
Director

Subject: "Heads Up" Meetings on the FY2010 Budget

You and your staff are to be congratulated for the great work in developing and implementing Governor Palin's budget goals in the FY2009 operating and capital budgets. Controlling spending, living within our means, and saving for the future continue to be the focus for this administration. These goals will guide us in developing the FY2010 budget.

I would like to schedule the first round of agency meetings to discuss your preliminary FY2010 budget recommendations in September. These "Heads Up" Meetings will take place in the Juneau Governor's Office Conference Room and will include the Chief of Staff as his schedule allows, Governor's Office Special Assistants as their time allows, OMB Analysts, and anyone you chose to bring from your agency. Video-teleconferencing will be available. You can view the "Heads Up" Meetings Calendar by accessing Outlook Calendar - Shared Calendar - GOV OMB Departmental Meetings. The "Heads Up" Meetings are scheduled for September 8-12; 15-16; and 24-26. Please contact Kari Spencer at 465-4660 for scheduling your department's "Heads Up" Meeting.

The following agencies are requested to schedule a meeting to discuss their budget issues: the Alaska Industrial Development and Export Authority; Alaska Energy Authority, Alaska Seafood Marketing Institute, Permanent Fund Corporation, Mental Health Trust Authority, Alaska Housing Finance Corporation, the Alaska Commission on Postsecondary Education, and the University of Alaska.

Additional meetings may be scheduled in October to help finalize FY2010 budget recommendations for the Governor. I do appreciate the time it takes to prepare for these meetings, but it is very helpful to have the discussion on various budget items and issues to be as fully developed as possible. It is not necessary to bring written documents to this initial meeting nor is it necessary for each department to discuss statewide personal services cost increases.

Topics to be covered at the September "Heads Up" Meetings include:

1. Proposed changes in the department's operating funding levels by fund source compared to the FY09 level. In explaining the impact of your proposals, please use the performance management framework your department has developed to describe the anticipated change as a result of the proposed funding change. Link your funding needs to *results* by showing how results will be different from the status quo.

   Your budget information should be as specific as possible so please be prepared to answer the following questions:

   a. What is your current capacity - for example, if you are proposing to add a grant administrator position, describe the current number of grant administrators, funding required to support the existing effort, the desired results and how the proposed funding changes will impact the achievement of your desired end results?

   b. What are the anticipated changes in outcomes with the proposed changes in funding? If there are no changes in outcomes, why are you requesting funding?

   c. Will progress be improved or hindered - by how much?

   d. If you received funding for FY2008 or FY2009, then "What did the state "get" for the investment? Are we closer to the end result - if not, why not?

   Also be prepared to discuss:

   e. Formula-driven increases and options that could mitigate that growth (i.e., statute/other program changes);

   f. The effect of any proposed savings or requested funding increase on your department's performance targets and end results - again, how they'll be different from the status quo. Departments should be prepared to discuss their budget in terms of the performance framework, including:

      - What of value is brought to the public or customer through the department's or program's existence?
      - Are you making a difference? Use metrics to demonstrate progress or problem areas.
      - Is there a need to change course? If so, use data to demonstrate why.
      - Are more resources needed? Through use of metrics, link how additional funding or staff will move the department closer to bringing value to the public or customer?

3904

g. Any known FFY2010 federal funding requests.

2. Reorganization proposals:

   a. To realign programs with another department; and/or

   b. Program/other organizational consolidations in your department;

   Please explain your recommendation in terms of how that new alignment will improve the results to be delivered.

3. New revenue/financing ideas

   Your proposal must include revenue estimates that are as firm as possible, your methodology for arriving at those revenue estimates (i.e., no back of the envelope calculations!), and any obstacles or conditions that must be overcome in order for your proposal to be successful.

4. FY2010 capital budget requests with fund sources (describe your department's requests, including IT projects). IT projects will go through their separate review process, but we need to have a sense of the capital budget "universe." Please provide a brief status report on currently authorized IT projects.

5. Fund balances for dedicated/designated fund sources and any proposal to use those balances in FY2010;

6. Legislation needed to implement budget-related proposals;

   a. Please be ready to discuss any statutory changes that your agency is interested in pursuing.

   b. Also, please identify any programs or services that do not contribute to the mission of your agency that could be repealed from statute.

   c. The Governor is very interested in legislative or budgetary changes that will control the growth of government. In considering what can reasonably and realistically be accomplished over the next 2 ½ years, please focus on quality rather than quantity.

7. Current year issues:

   a. Potential FY2009 supplemental requests (discuss steps the department is taking to mitigate the need for a supplemental);

b. Current and potential liabilities, which may include potential lawsuits, update of current litigation and budget impact.

c. By the time of our meeting, some of you may have already opened law logs with the Department of Law for bill drafting. Please make sure that we discuss all legislative proposals and receive direction during the "Heads Up" Meetings prior to moving forward with opening additional law logs. If you have any questions about the legislative drafting process, please contact Kelly Goode, Legislative Director, at 465-3999 or 269-3033.

8. Budget Reductions/Savings

Several departments proposed cost-savings ideas during the development of the FY2009 budget, but needed more time to plan for implementation. In addition each department has submitted a FY2009 Savings Plan. For the FY2010 budget, each department should be aggressively reviewing its operations to find areas in the budget that can be reduced for our FY2010 Savings Plan.

9. Long-Range Fiscal Plan

House Bill 125, now Chapter 86, SLA 2008, includes requirements for the administration to submit a 10-year fiscal plan along with the December budget. We will be providing a template for each department to use in developing the plan, however, please be prepared to discuss the future in terms of the programs and core services, what you envision in terms of programmatic or financial changes that will be necessary in order to achieve the desired results. The goal is to come up with reasonable and realistic assumptions and estimates of costs over time to include in the plan. Legislators understand that the development of the plan will evolve over time as we develop the model, assumptions, and level of detail.

As I mentioned earlier, the Governor is committed to maintaining budget discipline, holding the line on new positions and programs, and limiting the growth of the operating budget. Your help in bringing forward proposals for efficiencies and savings in the budget is appreciated. We will need to find FY2010 savings in order to meet the overall spending target.

If you have any questions, please call me or your OMB Analyst. I look forward to our meeting. Thanks!

cc: Mike Nizich, Acting Chief of Staff
Kelly Goode, Legislative Director

Ted Leonard, Executive Director, AK Industrial Development & Export Authority
Steve Haagensen, Executive Director, Alaska Energy Authority
Ray Riutta, Executive Director, Alaska Seafood Marketing Institute
Mike Burns, Executive Director, Permanent Fund Corporation
Jeffrey Jessee, Executive Director, Mental Health Trust Authority
Dan Fauske, Executive Director, Alaska Housing Finance Corporation
Diane Barrans, Executive Director, AK Commission on Postsecondary Education
Mark Hamilton, President, University of Alaska

State of Alaska
Sarah Palin, Governor

Office of Management and Budget
PO Box 110020
Juneau AK 99811-0020
(907) 465-4660, fax 465-3008

To: Administrative Services Directors

Date: August 15, 2008

From: Joan Brown
Chief Budget Analyst

Subject: FY2010 Capital Budget Instructions

This memo provides guidelines for preparation of your department's FY2010 capital budget request.

Each department's brief capital project summaries are due to OMB via ABS two work days prior to your department's "Heads Up" Meeting in September. This is a change from last year, but it will be helpful to have as much information as possible at the "Heads Up" Meetings. These projects (including any proposed IT projects) should be discussed at the "Heads Up" Meeting. Please keep your OMB Analyst apprised as additional information is compiled for the initial project requests and if new capital project requests are developed after the "Heads Up" Meeting. After budget decisions are made, the final project descriptions for projects approved for inclusion in the FY2010 capital budget are due on November 17.

The technical aspects of how to submit capital projects via ABS can be reviewed in the most recent version of the ABS Capital Budget Module User Guide (Capital Guide): http://www.gov.state.ak.us/omb/budget_instructions/

Create your new scenario from any of the available fiscal year folders in the treeview (FY2010 won't be available to you until you've created your first FY2010 scenario). Select "FY2010" for the fiscal year from the drop-down menu available in the new scenario browser window. Then you will see the FY2010 folder appear automatically to house your new FY2010 scenario.

For the September deadline, departments must

1. Complete the Brief Summary on the Detail 1 tab;
2. Explain how the proposed project promotes the department's mission;
3. Identify to which "end result" the project contributes;
4. Provide enough information to fully describe the project request for funding decision-makers (since the Brief Summary is restricted to 750 characters, that will likely mean adding some narrative to the Project Justification, via the Detail 2 tab);

5. PRIORITIZE the requested projects;
6. Submit the department scenario to OMB.

Once the department scenario has been submitted to OMB, it will be reviewed for errors or omissions. If necessary, the department will be required to make corrections before the scenario data is accepted. Accepted projects then will be copied into an OMB-only scenario that consolidates all departments' projects.

When the projects have been copied into the OMB scenario, the original department scenario will be unsubmitted so that Project Justification can continue to be fleshed out for the November 17 submission. Use ABS for any supporting information rather than submitting separate attachments. Accepted changes will be copied into the OMB scenario. When completely finalized, this scenario will be used to print the capital budget bill and project summaries. When the budget is released to the public, the OMB scenario's scope will be changed to statewide.

In addition, please make sure that the following items are not neglected:

- **House District Table (page 13 of the Capital Guide)**

Select the "2002 Procl Eds" from the HD dropdown field when creating the department's FY2010 capital budget scenario.

- **Project Titles (page 20 of the Capital Guide)**

In the December budget release, the capital budget will be summarized in a spreadsheet that lists the project title and amount by fund source. Therefore, make sure project titles clearly communicate the gist of a project to the public and press. The titles should be clear and concise using terms that are commonly understood by the public. Titles should not contain slashes, ampersands, abbreviations (U.S., EPA, and AHFC are okay), Román numerals (except as required for federal program titles), or department names.

- **Project Beginning and Ending Dates (page 22)**

Enter realistic date estimates for each project. The default project dates are July 1, 2009 through June 30, 2014.

- **Brief Summary (page 23)**

Provide a clear, concise statement of the overall purpose for, and description of, the project that will be understandable to the press and public. Describe how the money will be spent and why the funds are needed now. The description must include an explanation of how the proposed project contributes to the department's mission and to which end result the project contributes.

- Prior Funding History (page 23)

This item must be completed. Either list prior years' funding amounts with section, chapter, SLA and page number, or state that this is the first year for the project. The information is important in the decision-making process and is also specifically requested by the legislature.

- Detail Project Justification (page 26)

Please review this section of the guide carefully. Capital ABS has a great deal of flexibility for entering the Detail Project Justification. It allows for spell-checking, formatted text, charts, graphs and pictures.

The detail project justification must describe the overall project need and scope, as well as specify what the funding will actually purchase, e.g., $XX site preparation estimate, $YY design estimate, $ZZ computer programming contract estimate, etc. Make sure to answer the question "Why can't the project wait until next year?"

For department-wide deferred maintenance requests, list the individual projects that are essential now, but qualify in the narrative that the list is subject to change as needs arise. Exclude any separately requested deferred maintenance, repair or renovation projects.

Please use the project templates when relevant, e.g., information technology. Be sure to note any operating funds that may be expended in conjunction with the capital appropriation. Use Arial 12 for narrative text.

- Project Class (One-Time, Phased - new, Phased - underway, or On-Going) (page 33)

Select the correct project class or verify the correct option with your OMB Analyst, if uncertain. The default "Not Applicable" should rarely be used.

Select "One-Time" if the entire scope of the project will start and end with the requested funding, e.g., Replace Eiffel Tower.

Select "Phased - new" or "Phased - underway" if the project is part of a multi-year or multi-phased plan, even if the amount requested could complete a discrete part of the whole. The first request for a phased project is "Phased - new", such as Eiffel Tower Planning and Design. A subsequent phase is "Phased - underway", such as Replace Eiffel Tower, Phase 2.

Select "On-Going" if there is no end to the need, such as the purchase of motor vehicle license plates, maintenance projects (deferred and other), or routine replacement of equipment, e.g., Eiffel Tower Annual Rust Removal.

- Historical Category (page 35)

Use the appropriate category for each project.

- Project Type (page 35)

Use the appropriate project type for each project.

- Management Groups (page 35)

As of today, there are only four types of capital projects that must be coded to a management group when submitted to OMB in September and November.

  - Code information technology projects to "Info Tech"
  - Code deferred maintenance projects to "Deferred Maint & Facility Repl"
  - Code gas pipeline development projects to "Gasline"
  - Code Mental Health Trust Authority project recommendations to "MH Trust Recommendation"

As we continue to develop the FY2010 budget package, you may be requested to assign other management groups to certain types of capital projects.

- Fund Capitalizations

The appropriations to capitalize funds used as a fund source for capital projects will be included in the capital budget bill. The tracking of those fund capitalizations, however, will continue to be done in Operating ABS. Please contact your OMB Analyst if any of your proposed capital projects are dependent upon a fund capitalization appropriation.

What and When Departments submit to OMB

Departments submit their initial capital project scenario to OMB two days prior to their "Heads Up" Meeting. The final department capital project scenario is due to OMB on November 17.

As always, if you have any questions, please contact your OMB Analyst.

cc: OMB ABS Contacts

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
FAX: (907) 465-3008

February 5, 2009

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

The Honorable Mike Hawker
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, AK 99801-1182

Dear Finance Committee Co-Chairs:

Pursuant to statement of legislative intent in sec. 7, ch. 27, SLA 2008, I have enclosed the report on transfers to and from the personal services line in departments' FY2009 operating budgets. I apologize for the delay in providing the report by the January 15 due date.

As indicated in the report, the reasons for the transfers vary widely among the departments and include, but are not limited to, the following:

- transfers of positions and related funding between components;
- adjustments to reflect updated staffing costs and other costs;
- transfers of empty non-general fund expenditure authority from the personal services line to another line item for the purpose of placing restrictions on the funds (cannot be done in the personal services line);
- transfers to correct appropriations consolidated in the services, grants, or miscellaneous line items; and
- transfers to align with the terms of specific grants.

The transfers reflect the reallocation of resources to accomplish the organizations' responsibilities.

Please note that the vast majority of these transfers are documented in the FY2009 Authorized and FY2009 Management Plan scenarios in each department's FY2010 budget books.

Sincerely,

Karen J. Rehfeld
Director

Enclosure

cc: David Teal, Legislative Finance Division

Transfers In and Out of Personal Services during July 1 - December 31, 2008

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Administration	Administrative Services	(65.9)	Management Plan line item transfers to and from personal services in multiple components to adjust for changes in positions per staffing requirements and changes in merit steps due to turnover. OAH -43.4, Commissioner -20.0, Admin Svcs -65.9, STO 5.0, Personnel -400.0, Property Management -45.0, Lease Administration 12.5, Facilities -2.0, AK Public Offices Comm -8.5.
Administration	Alaska Public Offices Commission	(8.5)	Management Plan line item transfers to and from personal services in multiple components to adjust for changes in positions per staffing requirements and changes in merit steps due to turnover. OAH -43.4, Commissioner -20.0, Admin Svcs -65.9, STO 5.0, Personnel -400.0, Property Management -45.0, Lease Administration 12.5, Facilities -2.0, AK Public Offices Comm -8.5.
Administration	Facilities - PBF	(2.0)	Management Plan line item transfers to and from personal services in multiple components to adjust for changes in positions per staffing requirements and changes in merit steps due to turnover. OAH -43.4, Commissioner -20.0, Admin Svcs -65.9, STO 5.0, Personnel -400.0, Property Management -45.0, Lease Administration 12.5, Facilities -2.0, AK Public Offices Comm -8.5.
Administration	Lease Administration	12.5	Management Plan line item transfers to and from personal services in multiple components to adjust for changes in positions per staffing requirements and changes in merit steps due to turnover. OAH -43.4, Commissioner -20.0, Admin Svcs -65.9, STO 5.0, Personnel -400.0, Property Management -45.0, Lease Administration 12.5, Facilities -2.0, AK Public Offices Comm -8.5.
Administration	Office of Administrative Hearings	(43.4)	Management Plan line item transfers to and from personal services in multiple components to adjust for changes in positions per staffing requirements and changes in merit steps due to turnover. OAH -43.4, Commissioner -20.0, Admin Svcs -65.9, STO 5.0, Personnel -400.0, Property Management -45.0, Lease Administration 12.5, Facilities -2.0, AK Public Offices Comm -8.5.
Administration	Office of the Commissioner	(20.0)	Management Plan line item transfers to and from personal services in multiple components to adjust for changes in positions per staffing requirements and changes in merit steps due to turnover. OAH -43.4, Commissioner -20.0, Admin Svcs -65.9, STO 5.0, Personnel -400.0, Property Management -45.0, Lease Administration 12.5, Facilities -2.0, AK Public Offices Comm -8.5.
Administration	Personnel	(400.0)	Management Plan line item transfers to and from personal services in multiple components to adjust for changes in positions per staffing requirements and changes in merit steps due to turnover. OAH -43.4, Commissioner -20.0, Admin Svcs -65.9, STO 5.0, Personnel -400.0, Property Management -45.0, Lease Administration 12.5, Facilities -2.0, AK Public Offices Comm -8.5.
Administration	Property Management	(45.0)	Management Plan line item transfers to and from personal services in multiple components to adjust for changes in positions per staffing requirements and changes in merit steps due to turnover. OAH -43.4, Commissioner -20.0, Admin Svcs -65.9, STO 5.0, Personnel -400.0, Property Management -45.0, Lease Administration 12.5, Facilities -2.0, AK Public Offices Comm -8.5.
Administration	State Travel Office	5.0	Management Plan line item transfers to and from personal services in multiple components to adjust for changes in positions per staffing requirements and changes in merit steps due to turnover. OAH -43.4, Commissioner -20.0, Admin Svcs -65.9, STO 5.0, Personnel -400.0, Property Management -45.0, Lease Administration 12.5, Facilities -2.0, AK Public Offices Comm -8.5.
Administration Total		**(567.3)**	
Commerce, Community, and Economic Development	Administrative Services	(119.8)	Management Plan Transaction - Personal services costs have been reduced through reorganization of several positions, making authorization available for increasing costs of support to offices in Anchorage and Fairbanks and increasing costs of services, supplies and equipment.
Commerce, Community, and Economic Development	Alaska Aerospace Development Corporation	147.0	Management Plan Transaction - A position and $147.0 associated funding are being transferred from the facilities component to Alaska Aerospace Development Corporation.
Commerce, Community, and Economic Development	Alaska Aerospace Development Corporation	338.0	Management Plan Transaction - The cost of positions is higher than previously budgeted and existing employees are being used instead of contractors. Funding is being transferred from the contractual line to accommodate these changes in costs.
Commerce, Community, and Economic Development	Alaska Aerospace Development Corporation Facilities Maintenance	(147.0)	Management Plan Transaction - A position and $147.0 associated funding are being transferred from the facilities component to Alaska Aerospace Development Corporation.

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Commerce, Community, and Economic Development	Banking and Securities	45.0	Management Plan Transaction - Positions transferring to and from the component (Securities Examiner and Financial Institution Examiner transferred in from the Office of Consumer Affairs and Investigations and an Occupational Licensing Examiner transferred out to Corporations, Business and Professional Licensing) have resulted in the need for additional personal services authorization. Contractual expenditures are being adjusted to accommodate this need.
Commerce, Community, and Economic Development	Community and Regional Affairs	40.0	The initial budget was recorded in the contractual line for AR29807-09 SLA08 Ch. 1, P. 2, L. 19. Personal services and travel expenditure authority are also needed to administer this program. This transaction transfers $40.0 to the personal services line.
Commerce, Community, and Economic Development	Corporations, Business and Professional Licensing	(123.8)	Management Plan Transaction - Accounting positions have been transferred to Administrative Services for direct supervision and will be supported by a Reimbursable Services Agreement. Line item funding is being transferred to the services line to correctly reflect payment for the positions.
Commerce, Community, and Economic Development	Investments	417.6	Management Plan Transaction - Four positions, previously supported by a contract with Administrative Services, have been transferred back to the component for direct supervision. Funding is being transferred from contractual to personal services to continue funding the positions.
Commerce, Community, and Economic Development	Investments	(100.0)	This transfer from personal services is needed to meet the contractual obligations of the Division of Investments. Earlier estimates of the line item amounts needed for operations are being revised. Several revised programs have occurred and will continue to occur as a result of organizational changes and associated necessary budget adjustments.
Commerce, Community, and Economic Development	Office of Consumer Affairs and Investigations	(300.0)	In a Management Plan realignment, positions have been transferred to Banking and Securities to align functions. Associated Interagency funding is being transferred to contractual to correctly reflect personal services costs and hold for further evaluation of the ability to collect.
Commerce, Community, and Economic Development Total		**195.0**	
Corrections	Anchorage Correctional Complex	89.2	Management Plan transfer of a position and personal services authorization from Classification and Furlough -$89.2 to Anchorage CC $89.2. No net change in personal services authorization.
Corrections	Anchorage Correctional Complex	(18.9)	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections	Anchorage Correctional Complex	164.5	Management Plan transfer of 2 positions and personal services authorization from Electronic Monitoring -$164.5 to Anchorage CC $164.5. No net change in personal services authorization.
Corrections	Anchorage Correctional Complex	136.0	Management Plan allocation of positions and personal services authorization between components. No net change in personal services authorization. Anchorage CC $136.0, Hiland Mountain CC $340.0, Mat-Su CC $136.0, Palmer CC $136.0, Fairbanks CC -$748.0.
Corrections	Anvil Mountain Correctional Center	(14.6)	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections	Classification and Furlough	(89.2)	Management Plan transfer of a position and personal services authorization from Classification and Furlough -$89.2 to Anchorage CC $89.2. No net change in personal services authorization.
Corrections	Electronic Monitoring	(164.5)	Management Plan transfer of 2 positions and personal services authorization from Electronic Monitoring -$164.5 to Anchorage CC $164.5. No net change in personal services authorization.

Transfers In and Out of Personal Services during July 1 - December 31, 2008

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Corrections	Facility - Capital Improvement Unit	(7.4)	Funds are transferred from Personal Services to Services to meet Management Plan vacancy guidelines. The authorization is being transferred to the contractual line to meet the various increased expenditures for the Department of Administration Reimbursable Service Agreements (RSA) charge-backs such as: Building Leases, Risk Management, Information Technology (IT) Telecom, IT Non-Telecom, Central Mail, Human Resources, etc.
Corrections	Fairbanks Correctional Center	(748.0)	Management Plan allocation of positions and personal services authorization between components. No net change in personal services authorization. Anchorage CC $136.0, Hiland Mountain CC $340.0, Mat-Su CC $136.0, Palmer CC $136.0, Fairbanks CC -$748.0.
Corrections	Fairbanks Correctional Center	(13.1)	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections	Hiland Mountain Correctional Center	(56.7)	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections	Hiland Mountain Correctional Center	340.0	Management Plan allocation of positions and personal services authorization between components. No net change in personal services authorization. Anchorage CC $136.0, Hiland Mountain CC $340.0, Mat-Su CC $136.0, Palmer CC $136.0, Fairbanks CC -$748.0.
Corrections	Hiland Mountain Correctional Center	63.8	Management Plan transfer of 1 position and personal services authorization from Spring Creek CC -$63.8 to Hiland Mountain CC $63.8. No net change in personal services authorization.
Corrections	Inmate Transportation	58.6	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections	Ketchikan Correctional Center	27.7	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections	Lemon Creek Correctional Center	60.2	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections	Mat-Su Correctional Center	136.0	Management Plan allocation of positions and personal services authorization between components. No net change in personal services authorization. Anchorage CC $136.0, Hiland Mountain CC $340.0, Mat-Su CC $136.0, Palmer CC $136.0, Fairbanks CC -$748.0.
Corrections	Mat-Su Correctional Center	98.6	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Corrections	Out-of-State Contractual	(15.5)	Authorization is transferred from Personal Services to Commodities to meet Management Plan vacancy guidelines. The authorization is being transferred to the commodities line to meet the anticipated expenditures of electronic equipment and tools, and business supplies for this component.
Corrections	Palmer Correctional Center	136.0	Management Plan allocation of positions and personal services authorization between components. No net change in personal services authorization. Anchorage CC $136.0, Hiland Mountain CC $340.0, Mat-Su CC $136.0, Palmer CC $136.0, Fairbanks CC -$748.0.
Corrections	Palmer Correctional Center	13.3	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections	Prison System Expansion	(263.0)	This RP is necessary to meet the annual operating expenditures within this component for travel and contractual obligations associated with expansion planning and coordination of the prison system expansion projects. An increment was received in FY2009 to meet these costs, however, it was received as CIP Receipts which will not be realized in FY2009. The Personal Services authorization is available from position vacancies that are anticipated to be filled in FY2010 in preparation for the opening of the Goose Creek Correction Facility.
Corrections	Pt. MacKenzie Correctional Farm	34.7	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections	Spring Creek Correctional Center	(275.5)	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections	Spring Creek Correctional Center	(63.8)	Management Plan transfer of 1 position and personal services authorization from Spring Creek CC -$63.8 to Hiland Mountain CC $63.8. No net change in personal services authorization.
Corrections	Spring Creek Correctional Center	(340.0)	Management Plan transfer of 5 positions and personal services authorization from Spring Creek CC -$340.0 to Wildwood CC $340.0. No net change in personal services authorization.
Corrections	Wildwood Correctional Center	340.0	Management Plan transfer of 5 positions and personal services authorization from Spring Creek CC -$340.0 to Wildwood CC $340.0. No net change in personal services authorization.
Corrections	Wildwood Correctional Center	116.7	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections	Yukon-Kuskokwim Correctional Center	(31.0)	Management Plan allocation of Premium Pay and Vacancy and Turnover PS authorization between components. No net change is made in the Personal Services line item. Inmate Transportation 58.6, Anchorage CC -18.9, Anvil Mountain CC -14.6, Hiland Mountain CC -56.7, Fairbanks CC -13.1, Ketchikan CC 27.7, Lemon Creek CC 60.2, Mat-Su CC 98.6, Palmer CC 13.3, Spring Creek CC -275.5, Wildwood CC 116.7, Yukon-Kuskokwim CC -31.0, Pt. MacKenzie CF 34.7.
Corrections Total		**(285.9)**	

Transfers In and Out of Personal Services during July 1 - December 31, 2008

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Education and Early Development	ACPE - Program Administration and Operations	(347.2)	Management Plan transfer of $347.2 from personal services and $21.4 from capital outlay to contractual services and commodities. Funds are available for transfer due to efficiencies that reduced dependence on labor-intensive loan services. Instead, costs are relevant to implementing the related new technologies.
Education and Early Development	Archives	(10.5)	Management Plan transfer of $10.5 from personal services to contractual services. Funds are available for transfer because positions were re-filled at lower steps than those initially budgeted.
Education and Early Development	Early Learning Coordination	(0.6)	Management Plan transfer of $0.6 from personal services to contractual services due to unanticipated recruitment challenges and extended vacancies.
Education and Early Development	Executive Administration	(250.0)	Transfer $250.0 from personal services to contractual services and travel. Funds were available for transfer due to vacancy related to lengthy HR processes that were additionally hindered by failed recruitments most likely due to potential applicants (certified teachers) already being under contract for the year.
Education and Early Development	Information Services	36.6	Management Plan transfer of $36.6 to personal services from contractual services. Vacancy factor had been exceeded due to position upgrades reflecting higher level duties being performed by the positions.
Education and Early Development	Library Operations	85.0	Transfer $85.0 in unallocated federal funds to personal services from contractual. Excess federal is most conveniently kept in contractual line. Formerly, these federal funds could not be spent on personal services, but now they are allowed.
Education and Early Development	Professional Teaching Practices Commission	4.0	Management Plan transfer of $4.0 to personal services from travel because the step increase for the Executive Secretary position exceeded what was initially budgeted.
Education and Early Development	School Performance Incentive Program	80.0	This transfer of $80.0 to personal services from the grants line is in line with previous year's transfer as needed and described in original fiscal note for enabling legislation, Chapter 41 SLA 2006.
Education and Early Development	State Facility Maintenance	(4.3)	Management Plan transfer of $4.3 from personal services to contractual services. Due to continual position vacancies, the FY09 actuals are expected to be less than the amount budgeted in component.
Education and Early Development	Teacher Certification	(2.0)	Management Plan transfer of $2.0 from personal services to contractual services due to unanticipated recruitment challenges.
Education and Early Development Total		(409.0)	
Environmental Conservation		0.0	
Environmental Conservation Total		0.0	
Fish and Game	AYK Region Fisheries Management	(54.6)	Management Plan: Transfer $54.6 in personal services from Arctic Yukon Kuskokwim Region Fisheries Management to Commercial Fisheries Headquarters Fisheries Management. Excess personal services authority was available due to an adjustment made to the vacancy factor (increase the vacancy amount) between the FY09 Governor's budget and the FY09 Management Plan. $14.5 of this is transferred in as personal services and the remainder ($40.1) is to the services line. Due to the loss of federal funds and the approval of general fund increments in the FY09 Governor's amended budget, general funds are being transferred from each regional management component to Headquarters Fisheries Management to replace the reduction of indirect funds, to pay for a variety of division-wide costs (services line). General funds are also being transferred from each regional management component to the Headquarters Fisheries Management component to fund an Internet Specialist II position.

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Fish and Game	AYK Region Fisheries Management	(121.4)	Management Plan: Transfer to move excess personal services authority to the travel and contractual lines to meet the needs of the Joint Technical Committee (JTC) and Yukon River Panel (YRP) meetings. Personal services costs had been reduced due to transfers of two positions to other components. The Yukon River Treaty agreement between the United States and Canada requires the JTC and YRP to meet twice annually, with one meeting for each group occurring in Canada and one in Alaska. Due to increased travel costs, including the need for air charters along with hotel and meeting space, this line item adjustment is required.
Fish and Game	AYK Region Fisheries Management	50.5	Management Plan: In the FY09 Governor's amended budget, the Division of Commercial Fisheries received general fund increments to replace federal grant project funding that was being cut or reduced. The PCNs associated with these increments were transferred from the Special Projects component to the various regional components. This change record transfers the appropriate amount of COLA associated with these PCNs.
Fish and Game	Central Region Fisheries Management	(20.6)	Management Plan: Due to the loss of federal funds and the approval of general fund increments in the FY09 Governor's amended budget, general funds are being transferred from each regional management component to Headquarters Fisheries Management to replace the reduction of indirect funds, to pay for a variety of division-wide costs. General funds are also being transferred from each regional management component to the Headquarters Fisheries Management component to fund an Internet Specialist II position.
Fish and Game	Central Region Fisheries Management	24.1	Management Plan: In the FY09 Governor's amended budget, the Division of Commercial Fisheries received general fund increments to replace federal grant project funding that was being cut or reduced. The PCNs associated with these increments were transferred from the Special Projects component to the various regional components. This change record transfers the appropriate amount of COLA associated with these PCNs.
Fish and Game	Commercial Fisheries Special Projects	(50.5)	Management Plan: In the FY09 Governor's amended budget, the Division of Commercial Fisheries received general fund increments to replace federal grant project funding that was being cut or reduced. The PCNs associated with these increments were transferred from the Special Projects component to the various regional components. This change record transfers the appropriate amount of COLA associated with these PCNs.
Fish and Game	Commercial Fisheries Special Projects	(64.7)	Management Plan: In the FY09 Governor's amended budget, the Division of Commercial Fisheries received general fund increments to replace federal grant project funding that was being cut or reduced. The PCNs associated with these increments were transferred from the Special Projects component to the various regional components. This change record transfers the appropriate amount of COLA associated with these PCNs.
Fish and Game	Commercial Fisheries Special Projects	(24.1)	Management Plan: In the FY09 Governor's amended budget, the Division of Commercial Fisheries received general fund increments to replace federal grant project funding that was being cut or reduced. The PCNs associated with these increments were transferred from the Special Projects component to the various regional components. This change record transfers the appropriate amount of COLA associated with these PCNs.
Fish and Game	Commercial Fisheries Special Projects	1,298.0	Management Plan: In the FY09 Governor's Amended budget, a federal budget cut resulted in the decrement of $5,246.8 in federal receipt authority, with $3,717.3 reduced from the personal services line. After closely reviewing the federal budget and state authorization, Commercial Fisheries realized they have taken too much out of personal services. A line item transfer is now required to move authority back into personal services from the contractual line to allow the budgeting of the component's PCNs. This line item change is required to cover existing positions, but the change has no service impact of contractual as the authority exceeds proposed spending.
Fish and Game	Commercial Fisheries Special Projects	(51.0)	Management Plan: In the FY09 Governor's amended budget, the Division of Commercial Fisheries received general fund increments to replace federal grant project funding that was being cut or reduced. The PCNs associated with these increments were transferred from the Special Projects component to the various regional components. This change record transfers the appropriate amount of COLA associated with these PCNs.

Transfers in and Out of Personal Services during July 1 - December 31, 2008

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Fish and Game	Commercial Fisheries Special Projects	(28.8)	Management Plan: In the FY09 Governor's amended budget, the Division of Commercial Fisheries received general fund increments to replace federal grant project funding that was being cut or reduced. The PCNs associated with these increments were transferred from the Special Projects component to the various regional components. This change record transfers the appropriate amount of COLA associated with these PCNs. PCN 11-1204, Fishery Biologist III stationed in Juneau, is being transferred from Commercial Fisheries Special Projects to Commercial Fisheries Headquarters Fisheries Management and will be assigned to the Extended Jurisdiction Section.
Fish and Game	Commissioner's Office	(89.0)	Management Plan: A transfer of $59.8 is needed from the personal services line to the services line to adjust ADN 11-9-0053 (Fiscal note for SB 214) done in the FY09 Authorized scenario. The funds were posted to the personal services line. During FY09, the funds will be RSA'd from the Commissioner's Office to Administrative Services for the Licensing data entry program which directly supports the Sport Fishing and Wildlife Conservation licensing program. The remaining $29.2 of this line item transfer from personal services to the services line is necessary to reconcile personal services per vacancy factor guidelines. There is no service impact due to this line item adjustment.
Fish and Game	EVOS Trustee Council	(82.0)	Management Plan: Adjust vacancy factor and personal services authorization to reflect anticipated personal services, based on proposed EVOS Program Development and Implementation budget. There is no expected change in service level due to this line item change.
Fish and Game	Headquarters Fisheries Management	20.6	Management Plan: Due to the loss of federal funds and the approval of general fund increments in the FY09 Governor's amended budget, general funds are being transferred from each regional management component to Headquarters Fisheries Management to replace the reduction of indirect funds, to pay for a variety of division-wide costs. General funds are also being transferred from each regional management component to the Headquarters Fisheries Management component to fund an Internet Specialist II position.
Fish and Game	Headquarters Fisheries Management	14.8	Management Plan: Transfer $32.5 in personal services from Commercial Fisheries Southeast Region Fisheries Management to Commercial Fisheries Headquarters Fisheries Management. $17.7 is to the services line and $14.8 is transferred in as personal services to fund an Internet Specialist II position. Due to the loss of federal funds and the approval of general fund increments in the FY09 Governor's amended budget, general funds are being transferred from each regional management component to Headquarters Fisheries Management to replace the reduction of indirect funds, to pay for a variety of division-wide costs (services line). General funds are also being transferred from each regional management component to the Headquarters Fisheries Management component to fund an Internet Specialist II position.
Fish and Game	Headquarters Fisheries Management	14.5	Management Plan: Transfer $54.6 in personal services from Arctic Yukon Kuskokwim Region Fisheries Management to Commercial Fisheries Headquarters Fisheries Management. $40.1 is to the services line and $14.5 is transferred in as personal services to fund an Internet Specialist II position. Due to the loss of federal funds and the approval of general fund increments in the FY09 Governor's amended budget, general funds are being transferred from each regional management component to Headquarters Fisheries Management to replace the reduction of indirect funds, to pay for a variety of division-wide costs (services line). General funds are also being transferred from each regional management component to the Headquarters Fisneries Management component to fund an Internet Specialist II position.

Transfers in and Out of Personal Services during July 1 - December 31, 2008

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Fish and Game	Headquarters Fisheries Management	20.9	Management Plan: Transfer $139.5 personal services from Commercial Fisheries Westward Region Fisheries Management to Commercial Fisheries Headquarters Fisheries Management. $118.6 is to the services line and $20.9 is transferred in as personal services to fund an Internet Specialist II position. Due to the loss of federal funds and the approval of general fund increments in the FY09 Governor's amended budget, general funds are being transferred from each regional management component to Headquarters Fisheries Management to replace the reduction of indirect funds, to pay for a variety of division-wide costs (services line). General funds are also being transferred from each regional management component to the Headquarters Fisheries Management component to fund an Internet Specialist II position.
Fish and Game	Headquarters Fisheries Management	28.8	Management Plan: In the FY09 Governor's amended budget, the Division of Commercial Fisheries received general fund increments to replace federal grant project funding that was being cut or reduced. The PCNs associated with these increments were transferred from the Special Projects component to the various regional components. This change record transfers the appropriate amount of COLA associated with these PCNs. PCN 11-1204, Fishery Biologist III stationed in Juneau, is being transferred from Commercial Fisheries Special Projects to Commercial Fisheries Headquarters Fisheries Management and will be assigned to the Extended Jurisdiction Section.
Fish and Game	Southeast Region Fisheries Management	64.7	Management Plan: In the FY09 Governor's amended budget, the Division of Commercial Fisheries received general fund increments to replace federal grant project funding that was being cut or reduced. The PCNs associated with these increments were transferred from the Special Projects component to the various regional components. This change record transfers the appropriate amount of COLA associated with these PCNs.
Fish and Game	Southeast Region Fisheries Management	(116.7)	Management Plan: Funds are being transferred from the personal services line to the services line to align with the current spending plan following implementation of approved FY09 increments. There are no expected changes in service levels as a result of this line item transfer.
Fish and Game	Southeast Region Fisheries Management	(32.5)	Management Plan: Transfer $32.5 in personal services from Commercial Fisheries Southeast Region Fisheries Management to Commercial Fisheries Headquarters Fisheries Management. $14.8 of this is transferred in as personal services and the remainder ($17.7) is to the services line. Due to the loss of federal funds and the approval of general fund increments in the FY09 Governor's amended budget, general funds are being transferred from each regional management component to Headquarters Fisheries Management to replace the reduction of indirect funds, to pay for a variety of division-wide costs (services line). General funds are also being transferred from each regional management component to the Headquarters Fisheries Management component to fund an Internet Specialist II position.
Fish and Game	Sport Fisheries	(309.4)	Management Plan: This line item adjustment transfers authority from the personal services line to the services line to align expenditure categories with expected spending plan. During review of PCNs in Management Plan, it was realized that the spread done in the FY09 Authorized budget put too much authority in the personal services line item. There are no expected changes in service levels as a result of this line item transfer.
Fish and Game	Sport Fisheries Research and Restoration	(604.7)	Management Plan: This moves personal services authority to contractual to cover RSAs to the Habitat Division. Per Executive Order #114, transferring the Habitat Division from the Department of Natural Resources back to the Department of Fish and Game. This transfer is related to the transfer out of positions from Sport Fisheries Research and Restoration to Habitat. In the FY10 budget, funding and authority will be transferred from the Sport Fisheries Division to the Habitat Division.
Fish and Game	Westward Region Fisheries Management	1,083.3	Authorized: transaction to spread the Westward Region's $1,965.1 increment replacing lost federal funds, from the miscellaneous line item to the correct line items. $1,083.3 was spread to the personal services line item.

Transfers in and Out of Personal Services during July 1 - December 31, 2008

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Fish and Game	Westward Region Fisheries Management	51.0	Management Plan: In the FY09 Governor's amended budget, the Division of Commercial Fisheries received general fund increments to replace federal grant project funding that was being cut or reduced. The PCNs associated with these increments were transferred from the Special Projects component to the various regional components. This change record transfers the appropriate amount of COLA associated with these PCNs.
Fish and Game	Westward Region Fisheries Management	(139.5)	Management Plan: Transfer $139.5 personal services from Commercial Fisheries Westward Region Fisheries Management to Commercial Fisheries Headquarters Fisheries Management. $20.9 of this is transferred in as personal services and the remainder ($118.6) is to the services line. Due to the loss of federal funds and the approval of general fund increments in the FY09 Governor's amended budget, general funds are being transferred from each regional management component to Headquarters Fisheries Management to replace the reduction of indirect funds, to pay for a variety of division-wide costs (services line). General funds are also being transferred from each regional management component to the Headquarters Fisheries Management component to fund an Internet Specialist II position.
Fish and Game	Westward Region Fisheries Management	(350.0)	Management Plan: This line item adjustment transfers authority from the personal services line to travel ($25.0), services ($300.0) and commodities ($25.0) to align expenditure categories with expected spending plan. During review of PCNs in Management Plan, it was realized that the spread done in the FY09 Authorized budget put too much authority in the personal services line item. There are no expected changes in service levels as a result of this line item transfer.
Fish and Game	Wildlife Conservation	52.5	Management Plan: A total of $90.0 in personal services is transferred from the Wildlife Conservation Restoration Program to the Wildlife Conservation component for the U.S. Fish & Wildlife Service for Pittman/Robertson (PR) Wildlife Restoration and Hunter Education programs. $37.5 is being transferred to the services line and the remaining $52.5 is transferred as personal services to increase capacity for the following: staffing for game management units around King Salmon will be increased with an additional Wildlife Biologist position; projects assigned to wildlife education positions will have a greater emphasis on big game management and hunting oriented education; hunter education program services will be emphasized with increased outreach to rural areas; staffing for technician and administrative assistance in the Galena office will be established.
Fish and Game	Wildlife Conservation	(50.0)	Management Plan: An FY09 budget increment added funding for a coordinated department response to the Endangered Species Act listings. A Wildlife Biologist III position in Juneau has been hired. Funding is more accurately budgeted in the Wildlife Conservation Restoration Program component; therefore the position and funding are being transferred between components.
Fish and Game	Wildlife Conservation Restoration Program	50.0	Management Plan: An FY09 budget increment added funding for a coordinated department response to the Endangered Species Act listings. A Wildlife Biologist III position in Juneau has been hired. Funding is more accurately budgeted in the Wildlife Conservation Restoration Program component; therefore the position and funding are being transferred between components.

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Fish and Game	Wildlife Conservation Restoration Program	(90.0)	Management Plan: A total of $90.0 in personal services is transferred from the Wildlife Conservation Restoration Program to the Wildlife Conservation component. $37.5 is being transferred to the services line, as is needed for grant funding levels during FY09 from the U.S. Fish & Wildlife Service for Pittman/Robertson (PR) Wildlife Restoration and Hunter Education programs. The FY09 grant agreements for PR funding for these ongoing statewide programs has been awarded. The division will address field survey and research work for biologists and technicians statewide. Our programmatic work includes significant expenditures for contracted charter aircraft for field surveys and the testing of samples. The remaining $52.5 is transferred as personal services to increase capacity for the following: staffing for game management units around King Salmon will be increased with an additional Wildlife Biologist position; projects assigned to wildlife education positions will have a greater emphasis on big game management and hunting oriented education; hunter education program services will be emphasized with increased outreach to rural areas; staffing for technician and administrative assistance in the Galena office will be established.
Fish and Game Total		**494.2**	
Health and Social Services	Adult Public Assistance	134.6	Management Plan: Transfer position and funding of $134.6 to Adult Public Assistance from Work Services.
Health and Social Services	Alaska Mental Health and Alcohol and Drug Abuse Boards	(60.0)	Management Plan: Transfer $60.0 from personal services to travel ($23.0), services ($33.0) and commodities ($4.0) to align funding with FY09 spending plan.
Health and Social Services	Alaska Pioneer Homes Management	(109.8)	Management Plan: Transfer personal services funding for a deleted position from Alaska Pioneer Homes Management to the Pioneer Homes component personal services line.
Health and Social Services	Alaska Psychiatric Institute	90.0	Behavioral Health Administration is transferring federal authority to API for a health information technology grant; $316.1 will be transferred from contractual to API's personal services ($90.0), travel ($52.6), contractual ($166.9) and supplies ($6.6).
Health and Social Services	Alaska Psychiatric Institute	(526.1)	Transfer $526.1 from personal services to grants to cover locum tenens expenditures that occur when staff psychiatrist and physician positions are vacant. Locum tenens expenditures are spent from the grants line.
Health and Social Services	Alaska Psychiatric Institute	(700.0)	Transfer $700.0 from personal services to grants to cover locum tenens expenditures that occur when staff psychiatrist and physician positions are vacant. Locum tenens expenditures are made from the grants line.
Health and Social Services	Alcohol Safety Action Program	(85.0)	Management Plan: Alcohol Safety Action Program transfers $85.0 from personal services to travel ($25.0), services ($30.0), commodities ($27.0 and equipment ($3.0) to align authorization with FY09 spending plan.
Health and Social Services	Behavioral Health Administration	409.0	Management Plan: Transfer from Behavioral Health Medicaid grants line to Behavioral Health Administration personal services for Bring the Kids Home Care Coordination.
Health and Social Services	Behavioral Health Administration	46.3	Management Plan: Transfer from Suicide Prevention Council personal services line to Behavioral Health Administration personal services for support position for the Council.
Health and Social Services	Behavioral Health Administration	55.0	Management Plan: Transfer from Services to Seriously Emotionally Disturbed Youth personal services line to Behavioral Health Administration personal services where personal services costs for Utilization Review staff are centralized.
Health and Social Services	Bethel Youth Facility	70.9	Management Plan: Transfer of $70.9 from McLaughlin Youth Center's personal services line as part of the allocation of the FY09 increment for safety and security (had been budgeted in McLaughlin but detailed the allocation in the description).
Health and Social Services	Certification and Licensing	(101.0)	Management Plan: Transfer position and funding of $101.0 to Public Health Laboratories from Certification and Licensing.
Health and Social Services	Certification and Licensing	101.0	Management Plan: Transfer position and funding of $101.0 to Public Health Laboratories from Certification and Licensing.

Transfers In and Out of Personal Services during July 1 - December 31, 2008

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Health and Social Services	Child Care Benefits	52.1	Management Plan: Transfer position and funding of $52.1 to Public Assistance Field Services to Child Care Benefits.
Health and Social Services	Children's Services Management	(220.0)	Management Plan: Transfer $220.0 from personal services (funds available due to staff turnover and a position transferring to another component) to contractual to bring personal services within vacancy factor guidelines.
Health and Social Services	Commission on Aging	5.0	Management Plan: Transfer $5.0 to personal services to fund personal services within recommended vacancy rates.
Health and Social Services	Commissioner's Office	157.0	Management Plan: Transfer $10.0 from Quality Assurance and Audit's personal services to Commissioner's Office personal services to cover existing positions. Management Plan: Transfer $62.0 from Hearings and Appeals personal services to Commissioner's Office personal services to cover existing positions. Management Plan: Transfer $15.0 from travel and $70.0 from services to personal services to cover additional personal services costs.
Health and Social Services	Community Initiative Matching Grants	(34.9)	Management Plan: Transfers $34.9 from personal services to travel ($9.9), contractual ($15.0) and services ($10.0) to meet operational needs.
Health and Social Services	Fairbanks Youth Facility	129.3	Management Plan: Transfer of $129.3 from McLaughlin Youth Center's personal services line as part of the allocation of the FY09 increment for safety and security (had been budgeted in McLaughlin but detailed the allocation in the description).
Health and Social Services	Front Line Social Workers	(2,794.8)	Management Plan: Transfers $2,794.8 from personal services and $255.2 from grants to the services line where it will be restricted. This is "empty" federal, interagency receipts, and statutory designated program receipts authority. Federal funds are reduced in the FY10 budget (replaced with GF).
Health and Social Services	Governor's Council on Disabilities and Special Education	(25.0)	Management Plan: Transfer $25.0 from personal services to services to align funding with FY09 spending plan.
Health and Social Services	Hearings and Appeals	(62.0)	Management Plan: Transfer $62.0 from Hearings and Appeals personal services to Commissioner's Office personal services to cover existing positions.
Health and Social Services	Infant Learning Program Grants	95.0	Management Plan: Transfer from grants to personal services to meet current operational needs.
Health and Social Services	Information Technology	(58.0)	Transfer funding of $58.0 to Public Affairs from Information Technology Services for positions transferred earlier.
Health and Social Services	Johnson Youth Center	141.6	Management Plan: Transfer of $49.6 from Probation Services to fund a non-permanent position. Management Plan: Transfer of $92.0 from McLaughlin Youth Center's personal services line as part of the allocation of the FY09 increment for safety and security (had been budgeted in McLaughlin but detailed the allocation in the description).
Health and Social Services	Kenai Peninsula Youth Facility	(42.9)	Management Plan: Transfer of $37.7 from McLaughlin Youth Center's personal services line as part of the allocation of the FY09 increment for safety and security (had been budgeted in McLaughlin but detailed the allocation in the description). Management Plan: Transfer position and funding of $80.6 to Probation Services.
Health and Social Services	Ketchikan Regional Youth Facility	25.3	Management Plan: Transfer of $25.3 from McLaughlin Youth Center's personal services line as part of the allocation of the FY09 increment for safety and security (had been budgeted in McLaughlin but detailed the allocation in the description).
Health and Social Services	Mat-Su Youth Facility	(53.2)	Management Plan: Transfer of $25.2 from McLaughlin Youth Center's personal services line as part of the allocation of the FY09 increment for safety and security (had been budgeted in McLaughlin but detailed the allocation in the description). Management Plan: Transfer position and funding of $78.4 to Probation Services.

Transfers in and Out of Personal Services during July 1 - December 31, 2008

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Health and Social Services	McLaughlin Youth Center	(450.0)	Management Plan: Transfer personal services funding received for the FY09 increment for safety and security which had been consolidated in this component. Funding is allocated to Mat-Su Youth Facility ($25.2), Kenai Peninsula Youth Facility ($37.7), Fairbanks Youth Facility ($129.3), Bethel Youth Facility ($70.9), Nome Youth Facility ($69.6), Johnson Youth Center ($92.0) and Ketchikan Regional Youth Facility ($25.3) as laid out in the original change record description.
Health and Social Services	Medical Assistance Administration	(97.6)	Management Plan: Transfer position and associated funding from Medical Assistance Administration personal services to Rate Review personal services.
Health and Social Services	Nome Youth Facility	69.6	Management Plan: Transfer of $69.6 from McLaughlin Youth Center's personal services line as part of the allocation of the FY09 increment for safety and security (had been budgeted in McLaughlin but detailed the allocation in the description).
Health and Social Services	Pioneer Homes	109.8	Management Plan: Transfer personal services funding for a deleted position from Alaska Pioneer Homes Management to the Pioneer Homes component personal services line.
Health and Social Services	Pioneer Homes	(1,000.0)	Management Plan: Transfers $1,000.0 from personal services to contractual to bring personal services within approved vacancy rates and allow for increased contractual expenses such as utility and RSA cost increases.
Health and Social Services	Probation Services	159.0	Management Plan: Transfer position and funding of $80.6 to Probation Services from Kenai Peninsula Youth Facility. Management Plan: Transfer position and funding of $78.4 to Probation Services from Mat-Su Youth Facility.
Health and Social Services	Public Affairs	58.0	Management Plan: Transfer funding of $58.0 to Public Affairs from Information Technology Services for positions transferred earlier.
Health and Social Services	Public Assistance Administration	64.3	Management Plan: Transfer position and funding of $64.3 to Public Assistance Administration from Public Administration Field Services.
Health and Social Services	Public Assistance Administration	72.4	Management Plan: Transfer position and funding of $72.4 to Public Assistance Administration from Quality Control.
Health and Social Services	Public Assistance Administration	(64.3)	Management Plan: Transfer position and funding of $64.3 to Public Assistance Administration from Public Administration Field Services.
Health and Social Services	Public Assistance Field Services	(1,400.0)	Management Plan: Transfer $1,400.0 from personal services to contractual ($1,000.0) and commodities ($400.0) to cover increased lease costs, increases for Electronic Benefit Transfers and other cost increases.
Health and Social Services	Public Assistance Field Services	(52.1)	Management Plan: Transfer position and funding of $52.1 to Public Assistance Field Services to Child Care Benefits.
Health and Social Services	Quality Assurance and Audit	(50.0)	Management Plan: Transfer $40.0 from personal services to contractual for a Reimbursable Services Agreement with Health Care Services; Management Plan: Transfer $10.0 personal services to Commissioner's Office personal services to cover costs of existing positions as part of departmental realignment.
Health and Social Services	Quality Control	(72.4)	Management Plan: Transfer position and funding of $72.4 to Public Assistance Administration from Quality Control.
Health and Social Services	Rate Review	97.6	Management Plan: Transfer position and associated funding from Medical Assistance Administration personal services to Rate Review personal services.
Health and Social Services	Services for Severely Emotionally Disturbed Youth	(55.0)	Management Plan: Transfer from Services to Seriously Emotionally Disturbed Youth personal services line to Behavioral Health Administration personal services where personal services costs for Utilization Review staff are centralized.
Health and Social Services	State Medical Examiner	(200.0)	Transfer $200.0 from personal services to contractual to pay for locum tenens services required since staff medical examiner positions are vacant.

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Health and Social Services	Suicide Prevention Council	(46.3)	Management Plan: Transfer from Suicide Prevention Council personal services line to Behavioral Health Administration personal services for support position for the Council.
Health and Social Services	Work Services	(134.6)	Management Plan: Transfer position and funding of $134.6 to Adult Public Assistance from Work Services.
Health and Social Services Total		(6,352.2)	
Labor and Workforce Development	Commissioner's Office	48.0	Management Plan Transaction - A Communication Coordinator has been created and assigned a special study to improve the department's efforts to inform Alaskans of job opportunities associated with natural resource development. The position will do education and outreach originally intended as a contract and funding is being transferred from contractual to support the position.
Labor and Workforce Development	Disability Determination	(150.0)	Management Plan Transaction - The component receives funding from the Social Security Administration (SSA). SSA requirements regarding reduced hiring and necessary training, contract rate increases for medical consultants and increased costs associated with telephone and voice mail system changes require adjustments to authority to meet anticipated expenditures. Funding is being transferred to the travel ($15.0), contractual ($125.0) and supply ($10.0) lines.
Labor and Workforce Development	Fishermen's Fund	10.5	Management Plan Transaction - Contractual requirements for supervisor differential pay and shifting split funded positions have increased personal services costs. Contractual funding is available for transfer to offset these costs because of a decrease in outside data testing necessary for the Fishermen's Fund system.
Labor and Workforce Development	Second Injury Fund	14.2	Management Plan Transaction - Contractual requirements for supervisor differential pay and shifting split funded positions have increased personal services costs. Contractual funding is available for transfer to offset these costs because of a decrease in outside data testing necessary for the Second Injury fund system.
Labor and Workforce Development	Workers' Compensation Appeals Commission	(33.8)	Management Plan Transaction - A Law Externship with Seattle University has been established to provide assistance writing decisions that can no longer be provided by the Attorney General's Office. Restrictions in the externship program allow the payment of housing and transportation costs only, not salary. Funding is being transferred from personal services to travel ($2.5) and contractual ($31.3) to provide allowed expenses for the extern.
Labor and Workforce Development	Workforce Investment Board	3.5	Management Plan Transaction - Appointment of an existing employee to a vacant position resulted in the costs of the position being higher than budgeted. This transfer is necessary to cover those increased costs. Contractual expenditures will be reduced to provide needed funding.
Labor and Workforce Development Total		(107.6)	
Law	Commercial and Fair Business	150.0	Management Plan line item transfer. Statutory designated program receipts were reduced in FY09 (Law Amendment # 1 in House Finance on 2-27-08) which affected the personal services budget. A line item transfer of $150.0 from contractual services to the personal services line item is necessary to align personal services costs with available fund sources.
Law	Criminal Appeals/Special Litigation	(150.0)	Management Plan line item transfer. Align Sexual Assault/Domestic Violence Federal Earmark with anticipated expenditures. Funding distribution originally established for the FY08 Supplemental was submitted prior to the actual grant being implemented. Due to changes in the actual grant spending plan, personal services for this component was overstated. This line item transfer better aligns the anticipated expenditures for the grant by transferring $150.0 from personal services to contractual services.
Law Total		0.0	
Military and Veterans' Affairs		0.0	
Military and Veterans' Affairs Total		0.0	
Natural Resources	Administrative Services	25.0	Transfer from Commissioner's Office to Administrative Services to cover workload costs.

Transfers In and Out of Personal Services during July 1 - December 31, 2008

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Natural Resources	Administrative Services	100.0	Management Plan net zero personal services transfer of excess Interagency Receipts from Claims, Permits & Leases to Administrative Services.
Natural Resources	Agricultural Development	50.0	Transfer from services to personal services for non-perm support for two new federal grants.
Natural Resources	Claims, Permits and Leases	(125.0)	Management Plan adjustment transferring uncollectable Interagency Receipts authorization out of personal services to services line for restriction.
Natural Resources	Claims, Permits and Leases	(37.5)	Management Plan adjustment transferring personal services to services to contract Guide Services work.
Natural Resources	Claims, Permits and Leases	(100.0)	Management Plan net zero personal services transfer of excess Interagency Receipts from Claims, Permits & Leases to Administrative Services.
Natural Resources	Claims, Permits and Leases	(4.3)	Transfer personal services from Claims Permits & Leases to Information Resource Management (Oil/Haz IA).
Natural Resources	Claims, Permits and Leases	(55.4)	Transfer out federal receipts from personal services to services. Increased federal was requested for a new position which was not approved.
Natural Resources	Claims, Permits and Leases	(26.0)	Transfer excess Interagency Receipts Authority from Claims Permits & Leases to Director's Office/Mining, Land & Water.
Natural Resources	Claims, Permits and Leases	(80.0)	Transfer excess federal personal services authorization to services in Plant Material Center.
Natural Resources	Claims, Permits and Leases	(30.6)	Transfer excess Interagency Receipt authority from Claims Permits & Leases to Geological and Geophysical Development. Net zero transfer.
Natural Resources	Commissioner's Office	(25.0)	Transfer from Commissioner's Office to Administrative Services to cover workload costs.
Natural Resources	Conservation and Development Board	(20.0)	Staff support for the Conservation and Development Board is being provided by Commissioner's Office. $20.0 is transferred to services in order to pay support costs via RSA.
Natural Resources	Director's Office/Mining, Land and Water	26.0	Transfer excess Interagency Receipts Authority from Claims Permits & Leases to Director's Office/Mining, Land & Water.
Natural Resources	Fire Suppression Activity	2,500.0	Transfer into personal services from travel and services to match federal fire expenditures.
Natural Resources	Fire Suppression Preparedness	(50.0)	Transfer funding from personal services to services to correct auto AB coding error.
Natural Resources	Geological Development	125.0	Transfer (federal) funding from services to personal services to pay increased Alaska Volcano Observatory personal services costs as outlined in the current federal grant agreement.
Natural Resources	Geological Development	30.6	Transfer excess Interagency Receipt authority from Claims Permits & Leases to Geological and Geophysical Development.
Natural Resources	Information Resource Management	50.0	Management Plan net zero transfer from Information Technology Chargeback to Information Resource Management with PCN 10-N185.
Natural Resources	Information Resource Management	4.3	Transfer personal services from Claims Permits & Leases to Information Resource Management (Oil/Haz IA).
Natural Resources	Intradepartmental Information Technology Chargeback	(50.0)	Management Plan net zero transfer from Information Technology Chargeback to Information Resource Management with PCN 10-N185.
Natural Resources	Land Sales	(20.0)	Transfer excess SDPR personal services authorization to Plant Material Center to support noxious weed program.
Natural Resources	North Latitude Plant Material Center	20.0	Transfer excess SDPR personal services authorization from Land Sales to support noxious weed program.

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Natural Resources	Oil and Gas Development	325.7	Management Plan - FY09 funding was appropriated to the Office of the Governor in the services line. Funding was transferred to DNR in FY09 Authorized. This is the FY09 Management Plan adjustment to cover personal services cost of AGIA implementation staff .
Natural Resources	Pipeline Coordinator	(100.0)	Management Plan adjustment for anticipated new projects, including ENSTAR and Denali Gas Pipeline Right-of-Way applications. Personal services transfer to services. Personal services available to transfer due to vacant positions.
Natural Resources	Recorder's Office	(30.0)	Transfer excess personal services (due to staff turnover) to commodities for equipment upgrade.
Natural Resources	RS2477	(85.0)	Management Plan adjustment - funding should have been appropriated in Title component - moving to services to pay for RSA.
Natural Resources	Trustee Council Projects	60.0	Transfer from services to personal services to pay increased DNR support costs.
Natural Resources	Water Development	(30.0)	Management Plan adjustment moving uncollectable revenue out of personal services.
Natural Resources Total		**2,447.8**	
Office of the Governor		0.0	
Office of the Governor Total		**0.0**	
Public Safety	Alaska Fire Standards Council	29.5	Management Plan: Transfer into personal services from contractual to fully fund the positions within vacancy guidelines.
Public Safety	Alaska Police Standards Council	(1.4)	Management Plan: Transfer from personal services to contractual to bring personal services within vacancy guidelines. Funds are available due to staff turnover.
Public Safety	Alaska State Troopers Detachments	91.9	Management Plan: Transfer position and funding from Search and Rescue to Detachments where personal services for the function is located.
Public Safety	Alaska State Troopers Detachments	(21.1)	Management Plan: Transfer funding from Detachments to Alaska Bureau of Investigation to bring personal services in line with vacancy recommendations.
Public Safety	Alaska State Troopers Detachments	(29.1)	Management Plan: Transfer funding from Detachments to Alaska Bureau of Alcohol and Drug Enforcement to bring personal services in line with vacancy recommendations.
Public Safety	Alaska State Troopers Narcotics Task Force	84.7	Management Plan: Transfer position and funding from Special Projects to Narcotics Task Force.
Public Safety	Alaska State Troopers Search and Rescue	(91.9)	Management Plan: Transfer position and funding from Search and Rescue to Detachments where personal services for the function is located.
Public Safety	Alaska State Troopers Special Projects	826.7	Authorized: This transfer into personal services is due to the allocation of the rural alcohol interdiction language section from the miscellaneous line into the lines where the funds will be spent.
Public Safety	Alaska State Troopers Special Projects	59.2	Management Plan: Transfer into personal services from contractual to bring personal services within vacancy guidelines. Funds are available in contractual due to reallocation of consultant service funds in the Youth Policing grant.
Public Safety	Alaska State Troopers Special Projects	(84.7)	Management Plan: Transfer position and funding from Special Projects to Narcotics Task Force.
Public Safety	Alaska State Troopers/ Alaska Bureau of Alcohol and Drug Enforcement	29.1	Management Plan: Transfer funding from Detachments to Alaska Bureau of Alcohol and Drug Enforcement to bring personal services in line with vacancy recommendations.
Public Safety	Alaska State Troopers/ Alaska Bureau of Investigation	21.1	Management Plan: Transfer funding from Detachments to Alaska Bureau of Investigation to bring personal services in line with vacancy recommendations.
Public Safety	AST Director's Office	(22.0)	Transfer from personal services to travel ($6.0), services ($14.0) and supplies ($2.0) to meet divisional needs. Funds are available due to a vacant position reclassification with expected hire date in February 2009.

Transfers In and Out of Personal Services during July 1 - December 31, 2008

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Public Safety	Commissioner's Office	(11.4)	Management Plan: Transfer from personal services to travel to reflect anticipated expenditures and to bring personal services within vacancy guidelines. The funding is available due to step changes from position turnover.
Public Safety	Fire and Life Safety/ Training and Education Bureau	(172.0)	Management Plan: Transfer from personal services brings personal services within vacancy guidelines and reflects anticipated expenditures in the contractual line. Excess SDPR personal services is available due to the transfer, without funding, of a Fire Training Specialist to the Fire and Life Safety Operations component, and can be used to provide additional fee-generated fire training opportunities.
Public Safety	Village Public Safety Officer Contracts	(1,219.9)	Management Plan: Transfer from personal services to the grants line where these funds are spent. Funds were placed in the personal services line in error during the legislative process.
Public Safety	Village Public Safety Officer Program/Support	5.0	Management Plan: Transfer into personal services from supplies to bring personal services within vacancy guidelines. Funds are available due to decreased need to purchase uniforms and accessories for vacant Village Public Safety Officer positions.
Public Safety Total		(506.3)	
Revenue	Alaska Municipal bond Bank Authority Operations	30.8	Management Plan transfer of $30.8 to personal services from contractual services to correctly allocate the cost of the debt manager and an accountant shared with Treasury. The amount available for transfer is in line with the expected actuals.
Revenue	Long Term Care Ombudsman Office	10.7	Management Plan transfer of $10.7 to personal services from travel, contractual services, and commodities to cover cost of upgrading an administrative support specialist to a long term care specialist needed due to increased number of elders in nursing and assisted living homes.
Revenue	Mental Health Trust Operations	13.9	Management Plan transfer of $13.9 to personal services from contractual services, commodities, and capital outlay.
Revenue	Tax Division	(250.0)	Management Plan transfer of $250.0 from personal services and $4.9 from capital outlay to travel, contractual services, and commodities. Funds are available due to high vacancy level and will be used in part to fund division's efforts to retain, recruit, and train professional staff.
Revenue	Treasury Division	(113.0)	Management Plan transfer of $113.0 from personal services in Treasury Division to contractual services in the Alaska Retirement Management Board, who has fiduciary responsibility for the Alaska Retiree Health Care Trust.
Revenue Total		(307.6)	
Transportation and Public Facilities	Anchorage Airport Administration	(100.0)	Management Plan line item transfer. Funds are needed in Contractual Services due to a $250.0 annual wireless maintenance task order. Current Information Technology staff does not have the qualifications to work and maintain the new wireless network. An annual task order provides these services airport wide. The $100.0 transfer from Personal Services to the Contractual Services line item will help fully fund this annual maintenance cost. Funds are available in Personal Services due to longer vacancies and recruitment periods, with some recruitments being extended two or three times before hires are made due to no qualified applicants.
Transportation and Public Facilities	Anchorage Airport Administration	(48.2)	Management Plan line item transfer. Transfer excess Capital Improvement Project (CIP) authority from Personal Services to Contractual Services for deletion in FY10. The excess CIP authority is due to a time status change of PCN 25-969X, Ted Stevens Anchorage International Airport Director of Redevelopment and Construction, changing from full-time to part-time. The deletion of CIP authority due to the time status change of PCN 25-969X has been requested in the FY10 Governor's operating budget proposal.

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Transportation and Public Facilities	Anchorage Field and Equipment Maintenance	150.0	Management Plan line item transfer. Per ADN 25-8-1028, time status change of PCNs 25-N160, N161, N162, N163, N164 from non-permanent positions to permanent part-time seasonal positions. Permanent PCN#s are 25-3764, 25-3765, 25-3766, 25-3767 and 25-3768. Positions are needed as permanent part-time in this component due to recruitment and retention issues. Having these positions permanent is more attractive to applicants. These five non-permanent positions were previously unbudgeted. Funds are being transferred from the Facilities component's contractual services line item to the Field and Equipment Maintenance component's personal services line item and are available for transfer due to a maintenance and operations contract that was not renewed. Services were able to be provided by additional maintenance employees as well as by contracting directly for other services (window washing, etc.).
Transportation and Public Facilities	Central Region Highways and Aviation	9.0	Authorized line item transfer. The department requested a $182.0 General Fund increment in FY09 for the operation of the new runway and taxiways at the Bethel Airport. The Legislature fully funded the request but placed the entire $182.0 increment in the commodities line item. This transaction transfers $9.0 to personal services and $12.0 to contractual services from the commodities line item to align the authorized budget with the original FY09 operating budget request.
Transportation and Public Facilities	Commissioner's Office	(16.5)	Management Plan line item transfer. Transfer from personal services to travel to meet the needs of the component. State Travel Office fees and travel related costs continue to increase. Personal services authority transfer will be covered with vacancy factor and savings from the Chief Communications Officer being budgeted at the incorrect range in FY08.
Transportation and Public Facilities	Contracting and Appeals	(9.5)	Management Plan line item transfer. Transfer funds from personal services to travel to align the travel budget with the needs of the component. In FY08 the project employee in the component did not travel; the position is now vacant and when this position is filled the incumbent will be traveling to provide construction warrant training. Funds are available to transfer due to a decrease in commodity needs and general funds are available in personal services because a position (which is now vacant) was budgeted at too high a step.
Transportation and Public Facilities	Equal Employment and Civil Rights	2.9	Management Plan line item transfer. Transfer excess inter-agency receipt authority from the Statewide Aviation component's contractual services line item to the Equal Employment and Civil Rights component's personal services line item to fully fund Disadvantaged Business Enterprises Certification of Airport Concessionaries through a Reimbursable Services Agreement (RSA) with the Ted Stevens Anchorage International Airport.
Transportation and Public Facilities	Fairbanks Airport Administration	(35.0)	Management Plan line item transfer. Personal Services funding is available to transfer due to turnover savings and turnover of positions in longevity. Funding will be used in contractual services to fund various increased inter-agency expenses such as telephones, Enterprise Technology Services, investment management fees, etc.
Transportation and Public Facilities	Fairbanks Airport Facilities	(15.0)	Management Plan line item transfer. Personal services funding is available to transfer due to turnover of positions in longevity. Funding will be used in contractual services to fund increased costs for electricity, heating oil and natural gas utilities.
Transportation and Public Facilities	Marine Vessel Operations	1,787.2	Management Plan line item transfer. Funds are needed in personal services due to adjustments in crew manning for the M/V Aurora and the M/V Malaspina. When the new Operating Plan was established, the M/V Malaspina and M/V Kennicott manning levels and crew hours were an estimation of what the vessel manning levels and crew hours would be. After a review of actual data it was found that each needed an adjustment to Personal Services. The M/V Malaspina actual crew manning levels were found to be higher than estimated while operating as a day boat. The M/V Kennicott running on its new two weeks operating - two weeks lay-up schedule had a higher number of crew hours than estimated. An adjustment is also needed to meet the M/V Aurora overtime hours.

Transfers In and Out of Personal Services during July 1 - December 31, 2008

Department	Component	Amount Transferred In or (Out) of Personal Services	Explanation
Transportation and Public Facilities	Measurement Standards and Commercial Vehicle Enforcement	(50.0)	Management Plan line item transfer. Transfer funds from personal services to the travel and contractual services line items to reflect anticipated FY09 expenditures. Personal services funding is available to transfer due to anticipated vacancies as well as a decrease in overtime hours needed for this component.
Transportation and Public Facilities	Reservations and Marketing	94.6	Management Plan line item transfer. It was determined that to discontinue the use of Commission Sales Agents would save Alaska Marine Highway System over $1,000.0 in contractual expenses. At the same time, this would also increase the call volumes to our reservation lines. To meet this new demand the time status of eight seasonal Administrative Clerks in the Reservations and Marketing component was changed from part-time seasonal to full-time per RP 25-8-7209. These time status changes will add an additional $94.6 of personal service expenses to the Reservations and Marketing component. The funding for the position time status changes will come from a decrease in contractual expenses in the Marine Vessel Operations component and a transfer of $94.6 in budget authorization to Reservations and Marketing from Marine Vessel Operations.
Transportation and Public Facilities	Southeast Region Highways and Aviation	(35.1)	Revised Program line item transfer. Transfer budget authority from personal services to the commodities line item due to the reclassification of PCN 25-3349 from full-time to part-time. Funding will be used to cover the rising costs of winter maintenance supplies, especially winter chemicals. Revised programs have been needed the past several years to pay for supplies.
Transportation and Public Facilities	Southeast Region Highways and Aviation	(250.0)	Management Plan line item transfer. Reduce budgeted overtime and transfer funds to the commodities line item from personal services to cover the rising costs of winter maintenance supplies, especially winter chemicals. Overtime will be limited to that required to ensure the safety of the traveling public. Revised programs have been needed the past several years to pay for supplies.
Transportation and Public Facilities	Statewide Public Facilities	(3.5)	Management Plan line item transfer. Transfer from personal services to the travel line item to meet the needs of the component. State Travel Office fees and travel related costs continue to increase. Excess personal services funding ($1.0 Interagency Receipts and $2.5 General Fund) is being transferred to cover the increased cost for this component.
Transportation and Public Facilities	Vessel Operations Management	110.8	Management Plan line item transfer. Per ADN 25-8-7212, PCN 25-3174 was reclassified from a Naval Architect to a Port Captain. The Naval Architect position was funded with Capital Improvement Projects receipts. As a Port Captain, this position is not eligible to use that funding source. Funding for this reclassification will come from a decrease in contractual services in the Marine Vessel Operations (MVO) component and a transfer of $110.8 in budget authorization from MVO contractual services to Vessel Operations Management personal services. The decrease in contractual services will be realized through discontinuing the use of Commission Sales Agents for reservations on the vessels. It is anticipated this will reduce contractual expenses by over $1,000.0 in the MVO component.
Transportation and Public Facilities Total		**1,591.7**	
Grand Total		**(3,807.2)**	

3931

(1)

Summary of Appropriations--FY2010 Operating Budget

	General Funds				Federal Funds				Other Funds				Total Funds			
	Gov Amd	HseSubCS	Change		Gov Amd	HseSubCS	Change		Gov Amd	HseSubCS	Change		Gov Amd	HseSubCS	Change	
DOA	74,165.0	72,849.9	(1,315.1)	-1.8%	2,782.4	2,782.4	-	0.0%	216,295.0	217,610.1	1,315.1	0.6%	293,242.4	293,242.4	-	0.0%
DCCED	19,495.2	28,430.9	8,935.7	45.8%	64,422.7	64,422.7	-	0.0%	103,920.1	97,052.8	(6,867.3)	-6.6%	187,838.0	189,906.4	2,068.4	1.1%
DOC	214,041.4	212,494.2	(1,547.2)	-0.7%	3,174.4	3,187.3	12.9	0.4%	31,985.1	31,977.0	(8.1)	0.0%	249,200.9	247,658.5	(1,542.4)	-0.6%
DEED	1,108,404.5	55,842.2	(1,052,562.3)	-95.0%	214,958.5	214,958.5	-	0.0%	35,190.2	1,087,752.5	1,052,562.3	2991.1%	1,358,553.2	1,358,553.2	-	0.0%
DEC	19,140.5	19,140.5	-	0.0%	21,497.6	21,497.6	-	0.0%	33,496.9	33,496.9	-	0.0%	74,135.0	74,135.0	-	0.0%
DF&G	58,232.7	57,237.7	(995.0)	-1.7%	55,112.5	54,962.5	(150.0)	-0.3%	67,040.1	67,010.1	(30.0)	0.0%	180,385.3	179,210.3	(1,175.0)	-0.7%
Gov	22,886.5	22,485.0	(401.5)	-1.8%	187.6	187.6	-	0.0%	834.5	834.5	-	0.0%	23,908.6	23,507.1	(401.5)	-1.7%
DHSS	866,345.5	849,332.2	(17,013.3)	-2.0%	1,057,652.1	1,056,715.9	(936.2)	-0.1%	159,584.6	159,659.6	75.0	0.0%	2,083,582.2	2,065,707.7	(17,874.5)	-0.9%
DLWD	30,036.8	29,151.8	(885.0)	-2.9%	87,638.2	87,638.2	-	0.0%	60,240.5	60,240.5	-	0.0%	177,915.5	177,030.5	(885.0)	-0.5%
Law	58,075.4	46,299.9	(11,775.5)	-20.3%	3,233.7	3,233.7	-	0.0%	25,176.8	25,193.1	16.3	0.1%	86,485.9	74,726.7	(11,759.2)	-13.6%
DMVA	11,276.9	11,276.9	-	0.0%	22,235.3	22,235.3	-	0.0%	13,017.9	13,017.9	-	0.0%	46,530.1	46,530.1	-	0.0%
DNR	71,623.6	70,489.5	(1,134.1)	-1.6%	15,804.3	16,054.3	250.0	1.6%	49,193.2	47,886.1	(1,307.1)	-2.7%	136,621.1	134,429.9	(2,191.2)	-1.6%
DPS	131,608.2	128,210.7	(3,397.5)	-2.6%	15,191.2	11,540.0	(3,651.2)	-24.0%	29,777.2	29,858.1	80.9	0.3%	176,576.6	169,608.8	(6,967.8)	-3.9%
DOR	21,240.8	18,219.1	(3,021.7)	-14.2%	39,588.3	39,611.0	22.7	0.1%	191,516.8	193,281.7	1,764.9	0.9%	252,345.9	251,111.8	(1,234.1)	-0.5%
DOT&PF	219,549.1	206,826.5	(12,722.6)	-5.8%	4,157.0	4,158.2	1.2	0.0%	293,057.2	302,112.5	9,055.3	3.1%	516,763.3	513,097.2	(3,666.1)	-0.7%
UA	323,476.9	321,530.0	(1,946.9)	-0.6%	131,558.5	130,658.5	(900.0)	-0.7%	368,699.9	365,802.0	(2,897.9)	-0.8%	823,735.3	817,990.5	(5,744.8)	-0.7%
Fuel Trigger	23,000.0	23,000.0	-	0.0%	-	-	-	na	-	-	-	na	23,000.0	23,000.0	-	0.0%
Courts	89,627.1	87,212.8	(2,414.3)	-2.7%	1,675.6	1,675.6	-	0.0%	981.3	1,481.3	500.0	51.0%	92,284.0	90,369.7	(1,914.3)	-2.1%
Legislature	65,943.2	64,962.7	(980.5)	-1.5%	-	-	-	na	1,142.3	1,107.3	(35.0)	-3.1%	67,085.5	66,070.0	(1,015.5)	-1.5%
	3,428,169.3	**2,324,992.5**	**(1,103,176.8)**	**-32.2%**	**1,740,869.9**	**1,735,519.3**	**(5,350.6)**	**-0.3%**	**1,681,149.6**	**2,735,374.0**	**1,054,224.4**	**62.7%**	**6,850,188.8**	**6,795,885.8**	**(54,303.0)**	**-0.8%**
After Adjustment for K-12 funding directly from CBR	**3,428,169.3**	**3,377,554.8**	**(50,614.5)**	**-1.5%**	**1,740,869.9**	**1,735,519.3**	**(5,350.6)**	**-0.3%**	**1,681,149.6**	**1,682,811.7**	**1,662.1**	**0.1%**	**6,850,188.8**	**6,795,885.8**	**(54,303.0)**	**-0.8%**
Debt Service	154,497.9	153,807.9	(690.0)	-0.4%	12,007.7	12,007.7	-	0.0%	227,057.0	227,057.0	-	0.0%	393,562.6	392,872.6	(690.0)	-0.2%
Fund Cap	35,349.8	24,082.5	(11,267.3)	-31.9%	20,001.3	20,001.3	-	0.0%	1,202,035.6	1,181,142.9	(20,892.7)	-1.7%	1,257,386.7	1,225,226.7	(32,160.0)	-2.6%
Retirement	284,687.5	284,687.5	-	0.0%	-	-	-	na	-	-	-	na	284,687.5	284,687.5	-	0.0%
Special	260,000.0	-	(260,000.0)	-100.0%	-	-	-	na	-	60,000.0	60,000.0	na	260,000.0	60,000.0	(200,000.0)	-76.9%
	734,535.2	**462,577.9**	**(271,957.3)**	**-37.0%**	**32,009.0**	**32,009.0**	**-**	**0.0%**	**1,429,092.6**	**1,468,199.9**	**39,107.3**	**2.7%**	**2,195,636.8**	**1,962,786.8**	**(232,850.0)**	**-10.6%**
Savings	(228,849.8)	-	228,849.8	-100.0%	65.9	65.9	-	0.0%	872,000.0	931,352.4	59,352.4	6.8%	643,216.1	931,418.3	288,202.2	44.8%
Total	**3,933,854.7**	**2,787,570.4**	**(1,146,284.3)**	**-29.1%**	**1,772,944.8**	**1,767,594.2**	**(5,350.6)**	**-0.3%**	**3,982,242.2**	**5,134,926.3**	**1,152,684.1**	**28.9%**	**9,689,041.7**	**9,690,090.9**	**1,049.2**	**0.0%**

933

(2)

2009 Legislature - Operating Budget
Agency Summary - House Structure

Numbers and Language

SubCommittee Action plus Chair Action = Bill

Agency	[1] Hse Sub	[2] HseSub +	[3] HseSubCS	[4] Error Check
Agency Budgets				
Administration	293,242.4	0.0	293,242.4	0.0
Commerce, Community & Econ Dev	218,066.4	-28,160.0	189,906.4	0.0
Corrections	247,658.5	0.0	247,658.5	0.0
Education & Early Dev	1,358,553.2	0.0	1,358,553.2	0.0
Environmental Conservation	74,135.0	0.0	74,135.0	0.0
Fish and Game	179,085.3	125.0	179,210.3	0.0
Governor	23,507.1	0.0	23,507.1	0.0
Health & Social Services	2,065,707.7	0.0	2,065,707.7	0.0
Labor & Workforce Dev	177,055.5	-25.0	177,030.5	0.0
Law	74,726.7	0.0	74,726.7	0.0
Military & Veterans Affairs	46,530.1	0.0	46,530.1	0.0
Natural Resources	132,572.9	1,857.0	134,429.9	0.0
Public Safety	169,608.8	0.0	169,608.8	0.0
Revenue	251,111.8	0.0	251,111.8	0.0
Transportation	511,818.6	1,278.6	513,097.2	0.0
University of Alaska	815,790.5	2,200.0	817,990.5	0.0
Branch-wide Unallocated Approp	23,000.0	0.0	23,000.0	0.0
Alaska Court System	90,369.7	0.0	90,369.7	0.0
Legislature	66,070.0	0.0	66,070.0	0.0
Total	**6,818,610.2**	**-22,724.4**	**6,795,885.8**	**0.0**
Statewide Items				
Debt Service	392,872.6	0.0	392,872.6	0.0
Fund Capitalization	1,225,228.7	0.0	1,225,228.7	0.0
Direct Approps to Retirement	284,687.5	0.0	284,687.5	0.0
Special Appropriations	60,000.0	0.0	60,000.0	0.0
Total	**1,962,786.8**	**0.0**	**1,962,786.8**	**0.0**

Computed Column Definitions: [4]=[1]+[2]-[3]

2009-03-01 13:55:48

2009 Legislature - Operating Budget
Agency Summary - House Structure

Numbers and Language

Agency	[1] Hse Sub	[2] HseSub +	[3] HseSubCS	[4] Error Check
Savings (Budget Reserves)				
Savings	931,418.3	0.0	931,418.3	0.0
Total	**931,418.3**	**0.0**	**931,418.3**	**0.0**
Statewide Total	**9,712,815.3**	**-22,724.4**	**9,690,090.9**	**0.0**
Funding Summary				
General Funds (GF)	2,784,609.8	2,960.6	2,787,570.4	0.0
Federal Receipts (Fed)	1,767,594.2	0.0	1,767,594.2	0.0
Other (Oth)	5,160,611.3	-25,685.0	5,134,926.3	0.0

Computed Column Definitions: [4]=[1]+[2]-[3]

Chairman's Action (3)

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

(Items in the CS that were not in Sub Committee reports)

Numbers and Language

Agency: Department of Commerce, Community and Economic Development

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Alaska Energy Authority												
Alaska Energy Authority Power Cost Equalization												
Remove transfer from PCE fund (PCE to be funded directly from endowment and GF	Dec	-28,160.0	0.0	0.0	-160.0	0.0	0.0	-28,000.0	0.0	0	0	0
1089 PCE Fund -28,160.0												
PCE												
** Allocation Total **		-28,160.0	0.0	0.0	-160.0	0.0	0.0	-28,000.0	0.0	0	0	0
*** Appropriation Total ***		-28,160.0	0.0	0.0	-160.0	0.0	0.0	-28,000.0	0.0	0	0	0
**** Agency Total ****		-28,160.0	0.0	0.0	-160.0	0.0	0.0	-28,000.0	0.0	0	0	0

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

Numbers and Language

Agency: Department of Fish and Game

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Commercial Fisheries												
AYK Region Fisheries Management												
Cap to Or Assessment of Pacific Salmon in Commercial Fisheries AYK Northern Region	Inc	125.0	41.5	20.8	57.0	5.7	0.0	0.0	0.0	0	0	0
1004 Gen Fund 125.0												
**** Allocation Total ****		125.0	41.5	20.8	57.0	5.7	0.0	0.0	0.0	0	0	0
***** Appropriation Total *****		125.0	41.5	20.8	57.0	5.7	0.0	0.0	0.0	0	0	0
****** Agency Total ******		125.0	41.5	20.8	57.0	5.7	0.0	0.0	0.0	0	0	0

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

Numbers and Language

Agency: Department of Labor and Workforce Development

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Commissioner and Administrative Services												
Data Processing												
Adjust to subcommittee intent: Personal Information & Consumer Credit CH 92 SLA 2008	OTI	-25.0	0.0	0.0	-20.0	-5.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund -25.0												
** Allocation Total **		-25.0	0.0	0.0	-20.0	-5.0	0.0	0.0	0.0	0	0	0
*** Appropriation Total ***		-25.0	0.0	0.0	-20.0	-5.0	0.0	0.0	0.0	0	0	0
**** Agency Total ****		-25.0	0.0	0.0	-20.0	-5.0	0.0	0.0	0.0	0	0	0

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

Numbers and Language

Agency: Department of Natural Resources

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Resource Development												
Land Sales & Municipal Entitlements												
Cap to Op: Remote Recreational Cabin Sites Survey and Appraisals	Inc	927.0	38.0	123.0	752.0	14.0	0.0	0.0	0.0	0	0	0
1153 State Land 927.0												
** Allocation Total **		927.0	38.0	123.0	752.0	14.0	0.0	0.0	0.0	0	0	0
Forest Management and Development												
Cap to Op: Develop statewide assessment and response plan for forestry technical assistance program (FY10 to FY11)	MultiYr	250.0	124.7	9.0	106.8	9.5	0.0	0.0	0.0	0	0	0
1004 Gen Fund 250.0												
** Allocation Total **		250.0	124.7	9.0	106.8	9.5	0.0	0.0	0.0	0	0	0
Mental Health Trust Lands Administration												
Cap to Op: Mental Health Land Development services for land management, pre-disposal or disposal services	Inc	680.0	0.0	0.0	680.0	0.0	0.0	0.0	0.0	0	0	0
1092 MHTAAR 680.0												
** Allocation Total **		680.0	0.0	0.0	680.0	0.0	0.0	0.0	0.0	0	0	0
*** Appropriation Total ***		1,857.0	162.7	132.0	1,538.8	23.5	0.0	0.0	0.0	0	0	0
Parks and Recreation Management												
Parks Management												
Cap to Op: Fund change for existing seasonal position in the Chilkoot River Bear Viewing Area	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund 55.6												
1061 CIP Rcpts -55.6												
** Allocation Total **		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
*** Appropriation Total ***		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
**** Agency Total ****		1,857.0	162.7	132.0	1,538.8	23.5	0.0	0.0	0.0	0	0	0

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

Numbers and Language

Agency: Department of Transportation & Public Facilities

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Administration and Support												
Transportation Management and Security												
Cap to Op: Highway Condition Inventory												
1004 Gen Fund 180.0	Inc	180.0	0.0	0.0	180.0	0.0	0.0	0.0	0.0	0	0	0
* * Allocation Total * *		180.0	0.0	0.0	180.0	0.0	0.0	0.0	0.0	0	0	0
Program Development												
Cap to Op: Advanced Project Definition for Denali Commission												
1004 Gen Fund 175.0	Inc	175.0	0.0	0.0	175.0	0.0	0.0	0.0	0.0	0	0	0
* * Allocation Total * *		175.0	0.0	0.0	175.0	0.0	0.0	0.0	0.0	0	0	0
* * * Appropriation Total * * *		355.0	0.0	0.0	355.0	0.0	0.0	0.0	0.0	0	0	0
Marine Highway System												
Marine Vessel Operations												
FY10 Bargaining Unit Contract Terms: Masters, Mates, and Pilots												
1076 Marine Hwy 923.6	Inc	923.6	923.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
* * Allocation Total * *		923.6	923.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
* * * Appropriation Total * * *		923.6	923.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
* * * * Agency Total * * * *		1,278.6	923.6	0.0	355.0	0.0	0.0	0.0	0.0	0	0	0

2009 Legislature - Operating Budget
Transaction Detail - House Structure
HseSub + Column

Numbers and Language

Agency: University of Alaska

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
University of Alaska												
Anchorage Campus												
Cap to Op Graduate Medical Education/Family Practice Residency Program	Inc	2,200.0	0.0	0.0	2,200.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund 2,200.0												
** Allocation Total **		2,200.0	0.0	0.0	2,200.0	0.0	0.0	0.0	0.0	0	0	0
*** Appropriation Total ***		2,200.0	0.0	0.0	2,200.0	0.0	0.0	0.0	0.0	0	0	0
**** Agency Total ****		2,200.0	0.0	0.0	2,200.0	0.0	0.0	0.0	0.0	0	0	0
***** All Agencies Total *****		-22,724.4	1,127.8	152.8	3,970.8	24.2	0.0	28,000.0	0.0	0	0	0

3841

4

2009 Legislature - Operating Budget
Agency Summary - House Structure

Language Only

Agency	[1] Gov Amd	[2] HseSubCS	[2] - [1] Gov Amd to HseSubCS	
Agency Budgets				
Administration	0.0	0.0	0.0	
Commerce, Community & Econ Dev	-170.0	31,990.0	32,160.0	<-999 %
Corrections	0.0	0.0	0.0	
Education & Early Dev	1,052,562.3	1,052,562.3	0.0	
Environmental Conservation	0.0	0.0	0.0	
Fish and Game	180.0	0.0	-180.0	-100.0 %
Governor	0.0	0.0	0.0	
Health & Social Services	0.0	0.0	0.0	
Labor & Workforce Dev	860.0	0.0	-860.0	-100.0 %
Law	1,250.0	0.0	-1,250.0	-100.0 %
Military & Veterans Affairs	12.5	12.5	0.0	
Natural Resources	4,991.7	2,350.0	-2,641.7	-52.9 %
Public Safety	2,663.2	2,663.2	0.0	
Revenue	2,545.0	1,774.0	-771.0	-30.3 %
Transportation	170.0	170.0	0.0	
University of Alaska	2.0	2.0	0.0	
Branch-wide Unallocated Approp	23,000.0	23,000.0	0.0	
Total	**1,088,066.7**	**1,114,524.0**	**26,457.3**	**2.4 %**
Statewide Items				
Debt Service	393,562.6	392,872.6	-690.0	-0.2 %
Fund Capitalization	1,257,386.7	1,225,226.7	-32,160.0	-2.6 %
Direct Approps to Retirement	284,687.5	284,687.5	0.0	
Special Appropriations	260,000.0	60,000.0	-200,000.0	-76.9 %
Total	**2,195,636.8**	**1,962,786.8**	**-232,850.0**	**-10.6 %**
Savings (Budget Reserves)				
Savings	643,216.1	931,418.3	288,202.2	44.8 %
Total	**643,216.1**	**931,418.3**	**288,202.2**	**44.8 %**

(1) PCE

(2) Oil & Gas Credits

(3) Oil & Gas appropriations in sec 16 of Gov Bill

2009 Legislature - Operating Budget
Agency Summary - House Structure

Language Only

Agency	[1] Gov Amd	[2] HseSubCS	[2] - [1] Gov Amd to HseSubCS	
Statewide Total	3,926,919.6	4,008,729.1	81,809.5	2.1 %
Funding Summary				
General Funds (GF)	1,587,240.6	499,815.4	-1,087,425.2	-68.5 %
Federal Receipts (Fed)	34,074.9	34,074.9	0.0	
Other (Oth)	2,305,604.1	3,474,838.8	1,169,234.7	50.7 %

HB 81/83 PUBLIC TESTI-MONY

<target><bill>HB 81</bill><subject>HB 81-83 PUBLIC TESTIMONY</subject><comm>HFIN26</comm></target>

Louanne Christian

From: Rep. Mike Hawker
Sent: Wednesday, March 04, 2009 6:14 AM
To: Louanne Christian
Subject: FW:

From: Pat Branson [mailto:scokinc@ak.net]
Sent: Tuesday, March 03, 2009 6:22 PM
To: Sen. Donny Olson; Rep. Harry Crawford; Alan Austerman; Rep. Bill Stoltze; Rep. Mike Hawker; Rep. Bill Thomas; Rep. Anna Fairclough; Rep. Richard Foster; Rep. Reggie Joule; Rep. Mike Kelly; Woodie Salmon; Rep. Les Gara
Subject:

I enourage you, House Finance Committee members, to pass the budget submitted to you by the HSS subcommittee which has an increment of $609,917 for Senior Community Based Grants.

These grants are most important in keeping people 60 and older in their communities and own homes and out of costly institutional care, which is more than $12,000 a month in Kodiak.

Without this increment, our NTS services such as congregate and home delivered meals, support services and transportation, will be greatly cut. Senior services int he rural areas will have to be reduced without this increment.

With Alaska now having the fastest growing senior population it the country, it is imperative we continue to meet their needs with the most important services: home and community based ones that keep seniors living independently longer and continuing to be vital economic contributors to our communities' economy.

Thank you.

Pat Branson
Alaska Commission on Aging Member

Louanne Christian

From: Rep. Mike Hawker
Sent: Wednesday, March 04, 2009 6:13 AM
To: Louanne Christian
Subject: FW: Please fully fund the Community Mental Health Programs

-----Original Message-----
From: Kelly Sidebottom [mailto:kelly.sidebottom@matsuk12.us]
Sent: Tuesday, March 03, 2009 8:08 PM
To: Rep. Mike Hawker
Subject: Please fully fund the Community Mental Health Programs

Kelly Sidebottom
PO Box 2962
Palmer, AK 99645-2962

March 4, 2009

Representative Mike Hawker
State Capitol Building
Juneau, AK 99801

Dear Representative Hawker:

I don't know what we would have done without the Theraputic Court Program that my oldest son went through. He was born with issues that grew as he got older. He had a TBI at age 12. When he was 22 he was diagnosed with Bi polar II, Major Depressive Disorder and Anxiety Disorder and Chronic Pain from a spinal injury from childhood. Before he was hospitalized in March 2005 he attempted suicide and was arrested and spent several days in jail before I could get him out. He was suicidal and very disoriented and no where near healthy. Before he attempted suicide he had never been violent but suffered with anxiety and depression. The CRP court in Palmer helped him get back on track. He would never had received the help he needed with out this program and he would most likely be dead, homeless or in jail today. He will always live at home with us as he has been totally disabled at this point. We learned a lot from the Theraputic Court Program and use what we learned every day. Today he is happy, healthy and is a wonderful help to our family. He will probably never function as a normal person but he deserves to be treated respectfully as he was by the CRP Court program. Please fully support the community mental health
programs. These programs not only help people they help the community when someone is put on the right track. Not everyone has the support at home that my son has. Many of the people that need these programs are on their own and it breaks my heart to think of what would happen to them with out the help they get from their community behavioral health services. Please fully fund the Governor's FY10 request for the community behavioral health services.

Sincerely,

Kelly Sidebottom
841-5186

This message has been verified by CapwizXC as authentic and sent by this individual.
Authentication ID: [69gvmha4]

Louanne Christian

From: Rep. Mike Hawker
Sent: Wednesday, March 04, 2009 6:13 AM
To: Louanne Christian
Subject: FW: funding for mental health and substance abuse treatment

-----Original Message-----
From: Christy McMurren [mailto:wawa907@mac.com]
Sent: Tuesday, March 03, 2009 9:09 PM
To: Rep. Mike Hawker; Rep. Bill Stoltze; Rep. Bill Thomas; Representative_Allen_Austerman@legis.state.ak.us; Rep. Anna Fairclough; Rep. Richard Foster; Rep. Reggie Joule; Rep. Mike Kelly; Rep. Woodie Salmon; Rep. Harry Crawford; Rep. Les Gara; Sen. Donny Olson
Subject: funding for mental health and substance abuse treatment

I am writing once again to urge you to fully fund treatment programs for persons with mental illness and substance abuse issues. Of course, by now, you must know that often those two things go hand in hand. It is well documented in mental health and substance abuse literature. It is also well documented that most people in prison suffer from mental illness. So, doesn't it make sense to treat these problems before they get so out of hand that people commit crimes. Then we have the added expense of court, lawyers, and housing criminals for years; never mind the injury that happens to other people.

I know a lot about this because my son suffers from mental illness. We are having a very hard time getting him educated because of lack of training of school personnel. So, he runs a great risk of not finishing high school. He has been to a residential treatment program, at great expense to the state. There was no discharge planning for him, and we have spent the last year trying to get services for him so that he wouldn't regress. Everywhere we turned, we were told that there was no appropriate service for him or too many people on a wait list. He is currently on a wait list for a therapist at Anch. Community Mental Health Center.

While waiting, he blew up at home, and is now at McLaughlin Youth Center. So, you can cut funding for mental health treatment and PREVENTION (now there's an idea!), but the people who need these services are not going to just disappear. You can cut the funding, and they will wind up in the justice system. It really doesn't make any sense.

You also must know how many people in Alaska suffer from fetal alcohol syndrome. We are learning more and more about the genetic aspects of mental illness. These are not people, who, if they just pulled themselves up by their bootstraps, they could do better. Their problems are very complicated.

I know you think that the state cannot afford to fund these programs. I'm telling you that we can't afford not to.
I know you probably think that "therapy" doesn't work. Then, I would say that we need to invest in ongoing training for mental health and substance abuse treatment providers so that we get the best treatment for our money.

Maybe some of you have relatives or friends who experience some of these kinds of problems. Then, you know what I'm talking about. If you don't, then thank God for your healthy families and friends. I would welcome any questions you may have about this most serious public health issue.

Respectfully yours,
Christy McMurren

Louanne Christian

From: Rep. Mike Hawker
Sent: Tuesday, March 03, 2009 5:57 PM
To: Louanne Christian
Subject: FW: AVEC Testimony on HB 81 - Operating Budget
Attachments: PCE Funding FY10.doc

From: Meera Kohler [mailto:mkohler@avec.org]
Sent: Tuesday, March 03, 2009 5:49 PM
To: Rep. Alan Austerman; Rep. Anna Fairclough; Rep. Bill Stoltze; Rep. Bill Thomas; Rep. Harry Crawford; Rep. Les Gara; Rep. Mike Chenault; Rep. Mike Hawker; Rep. Mike Kelly; Rep. Reggie Joule; Rep. Richard Foster; Rep. Woodie Salmon
Subject: AVEC Testimony on HB 81 - Operating Budget

Attached is testimony from Alaska Village Electric Cooperative on the FY2010 Operating Budget.

<<PCE Funding FY10.doc>>

Meera Kohler
President/CEO
Alaska Village Electric Cooperative, Inc.
4831 Eagle Street
Anchorage, Alaska 99503
Voice: (907) 565-5531
Fax: (907) 562-4086
Email: mkohler@avec.org

This e-mail message has been scanned for Viruses and Content and cleared by **MailMarshal**

March 3, 2009

To: The Interior Legislative Delegation

From: Valerie J. Dewey
P O Box 72757
Fairbanks Alaska 99707
907-458-7281
vjdewey@hotmail.com

Subject: Stabilization Center in the Interior for Mentally Ill Adults

As most of you know my name is Valerie J Dewey and I am a life-long resident of Fairbanks. My adult son is severally mentally ill and as a result he, and others like him, have been banished from this community because there is nowhere for adults with severe mental illness to live.

Recently, I was told by one of your legislative aides that I needed to raise $30,000,000 for an endowment before a stabilization center for adults with mental illness would be built in the Interior. We all know that was neither a helpful nor realistic response. In fact, those words were hurtful and a veiled way of saying, "We really don't care about the mentally ill."

I have three suggestions for making quality mental health care available to those of us who live north of the Alaska Range.

1. Pass Senate Bill 21: The Alaska Mental Health Parity because access to medical care is the first step in addressing mental illness.

2. Fund relocation bonuses and tuition reimbursement for doctors of psychiatry willing to practice north of the Alaska Range under a five year contract. The use of locum psychiatric physicians because we have no others, provides inconsistent patient care and bloats the cost of all mental health services for all Alaskans.

3. Renegotiate the royalty rate for recently discovered gold deposits on Alaska Mental Health Trust property in the Interior to a rate commensurate with the current 12% royalty rate levied against extracted oil and gas.

With gold currently selling between $650 and $1000 per ounce the State should be able to fund a $30,000,000 endowment in no time at all.

Once again, I remind you that mental illness hurts everyone.

Public Testimony on HB81

willajf@gci.net [willajf@gci.net]

Sent: Tuesday, March 03, 2009 3:22 PM

To: LIO Fairbanks

To All The Legislatures (state of Alaska)

Dear Folks;

I have just learned of the cut in the governor's number that removed $1.4 million from the Dept. of Public Safety budget designated to go to the Council on Domestic Violence and Sexual Assault. I discovered that $1.2 million of that amount was to go to 20 domestic violence programs throughout the state and is critically needed. No other agency provides the service needed in these areas. They work together with other agencies to provide the best service they can with the dollars available. They are a critical piece of keeping victims safe and holding perpetrators accountable for their crimes. IAC provides a most valuable service in helping these folks look forward to hope, not only for themselves but also for their children.
I would appreciate your help in passing Bill HB81 so that these agencies can get on with doing the fine job they are doing.

Sincerely,

Willa Frey

Fairbanks, Alaska

Public testimony/HB 81

McCarty, Coralie S (HSS) [coralie.mccarty@alaska.gov]

Sent: Tuesday, March 03, 2009 2:05 PM

To: LIO Fairbanks

Dear Legislator,

I am writing to you to ask that you review and consider replacing the reduction of funding to its original amount and consider adding more financial support to the proposed budget of Council on Domestic Violence and Sexual Assault. The current close out amount suggested for funding the department of Public Safety will seriously impact the ability of shelters throughout the state that provide 24 hour a day resources and services to victims of domestic or family violence.

Funding over the past years has been decreased and there has been no appreciable change in the occurrence of domestic or family violence. Fairbanks has experienced an increase in reporting, due to many factors, one may be improved public education; however, the resource that provides assistance must be assisted to survive.

Our local shelter has been forced to cut staff and programs to adjust to reduced funding. With the latest decrease in funding, it may just be a choice to maintain overhead, electric, heat, water and sewer, and have minimal staffing, which may afford a place and no resources to assist in facilitating change in occurrences. Dealing with issues of violence requires a special skill set and major amounts of time and effort. Safety must be assured for a person to move forward.

Funding reductions remove people from practice that have special skill sets and removes services from people who need and may benefit from the services. Reductions remove the trooper/law enforcement officer who knows how to investigate, special medical professionals who process the needs, advocates to help people in navigating the legal system, acquire housing, and parenting, counselors and therapists from working with people who are involved, childcare providers who work with children in special programs to assist children and parents in the complicated process of healing and developing, and it takes away any safe haven for people to heal and develop. There appear to be no incentives for perpetrators to change; therefore, victims need resources to no longer be victimized.

These programs provide needed service that no other agency in the area provides under one roof. They work in tandem and collaborate with other agencies to ensure they are providing the best service they can with the dollars available and are a critical piece of keeping victims safe and holding perpetrators accountable for their crime.

I work daily in an environment that encourages self-sufficiency and independence from a temporary support system. Interior Alaska Center for Non-violent Living has been instrumental in assisting individuals to leave a violent situation and to garner the strength with constant support to move on. One single parent was able to leave a situation after four years of isolation, move into the shelter, have medical care to regain her health, and is now working a part-time job, will have income tax and earned income tax credit and will either stay in Fairbanks or relocate to family support and acquire another job. This family would have not been successful with Mom securing work without the shelter and therapeutic support of IAC.

Another parent with five children, recently divorced was victim to family violence, where ex-husband broke into home, attacked three of the children, broke furniture, did physical and mental damage to premises and people, and also jeopardized the family's subsidized housing. Through the efforts of an IAC advocate, a restraining order was secured, counseling is secured, and Mom is moving on with support and printed protection to become independent. The two older children are now refusing to go to

school as they feel they need to be at home to protect people and things. IAC will work with entire family to change the outcomes, as programs are in place through this agency for the children's training and future economic well-being.

I would appreciate your support and consideration to replacement of the $1.4 million that has been removed from this budget.

Sincerely,

Sue McCarty

Public Testimony on HB81

kristin mccombs [superkristin80@yahoo.com]

Sent: Tuesday, March 03, 2009 1:31 PM

To: LIO Fairbanks

My name is Kristin McCombs. Proudly, I work at the Interior Alaska Center for Non-Violent Living. I am blessed to work with survivors of sexual assault and domestic violence who are in the process of defending and changing their lives. The work that takes place in our agency, in our shelter, and in the emergency room is both exhaustive and important in our plight to be of service to our clients and to end violence against women.

Before I began working at the agency, I did have an academic knowledge of misogyny and the crimes committed in this name. I have to tell you that this knowledge looks a lot different to those of us who sit on the phone with a woman who is both afraid to stay in her home and afraid to leave it. It is different when you are sitting in a SART exam room with a woman who has just been raped. It is different, still, when you look into the eyes of a child whose life has been permanently altered by the violence in their home. The courage and the bravery of my clients brings me to work every day.

Our clients are doing the best that they can. We at the Interior Alaska Center for Non-Violent Living are doing the best we can. All of us need your help. We need you to do your best as well. I implore you to stand with us. Please reconsider your decision.

Public Testimony on HB81

Ken Carr [ken_carr56@hotmail.com]

Sent: Tuesday, March 03, 2009 12:37 PM

To: LIO Fairbanks

Hello,
My Name is Ken Carr, and I work for the Interior Alaska Center for Non-Violent Living. I apologize that I cannot appear to testify in person today, but I'm teaching a class at the same time and unable to attend. I would like to tell you a bit about why the full funding should be reinstated for domestic violence shelters in Alaska.

Every week at work, I see a very dedicated and caring group of people doing their best work to help those who are struggling with domestic violence, yet their job is constantly made harder by a lack of pay and quality benefits. Many are desperately trying to make ends meet in their own lives, and they know how to help clients navigate the system partly because they do it themselves to receive benefits for their families. I am particularly lucky to have a wife who makes a considerable amount more than I do per hour, but many of my coworkers do not.

Many people do not realize the challenging nature of the work done at shelters. This job is emotionally exhausting, and the stress is high enough that we regularly train on how to take care of ourselves so that our employees don't give up and go work somewhere easier for higher pay. We call it "self-care" and it is a necessary component in this line of work. This is not a job for the weak of heart, and we have seen literally dozens of people who can't make it. Those who do have an enormous amount of personal investment in seeing clients succeed, but it is made much more difficult by the personal sacrifice in wage and other benefits that comes with working here.

One thing that makes me very proud of what I do is that we focus on putting every dollar we get towards our clients. No catered lunches, we pay for our own yearly party during the holidays, and low wages to make sure we are providing the best services we can to those who need it the most. No dollar is wasted, and every employee here closely monitors what they are costing the company. I only plug my car in when it needs to be, to use the least electricity possible. I think very carefully about how many supplies I am using, whether my internet usage is too high, and any other thing I can to make sure I am not wasting money.

I am educated and have the skills to go and make much more money somewhere else, but I'll keep working away for the people who others will not help. I'll still spend many sleepless nights thinking about what is happening to the families I work with, and an increase in pay won't help me rest more easily. It would make me feel like our state cares a bit more about the people who do this incredibly hard work, our sleepless nights, and our families who don't get our full energy and attention because we can't get work off of our minds. But mostly, it would make me feel like our state cares about the people who are running for their lives, victims of members of their own families who have no where else to turn.

Thank you for listening to what I have to say, and please take it into consideration when looking at the budget in House Bill 81.
Sincerely,
Ken Carr

Ken Carr
Program Facilitator
ABC'S: Alternatives to Violence

Public Testimony on HB81

Corinne White [corinne.vorenkamp@gmail.com]

Sent: Tuesday, March 03, 2009 3:02 PM

To: LIO Fairbanks

Dear Legislators,

I am out of State this week and unable to testify personally in Fairbanks today, but want to express my concern over the removal of $1.4 from the Department of Public Safety budget for funding to the Council on Domestic Violence and Sexual Assault. I ask for your support in replacing this $1. 4 from this budget in order to ensure adequate funding for critical services for victims of domestic violence and sexual assault.

As you no doubt are aware, Alaska has one of the highest rates per capita of crimes of domestic violence and sexual assault nationwide. There already are too few resources available for the victims of these crimes. Programs like domestic violence shelters -- which typically also provide crisis counseling and other support for sexual assault survivors as well -- are critical for these victims.

These programs provide needed service that no other agency in the area provides. They work in tandem and collaborate with other agencies to ensure they are providing the best service they can with the dollars available and are a critical piece of keeping victims safe and holding perpetrators accountable for their crime.

In Fairbanks, the Interior Alaska Center for Nonviolent Living (IAC) provides an outstanding example of an essential community resource for DV and SA victims. In addition to the shelter beds that IAC provides for victims of domestic violence and their children (who often suffer the most from domestic violence), IAC also provides assistance to victims in applying for and obtaining Domestic Violence Protective Orders and Stalking orders, ongoing support groups, and other valuable services.

I would greatly appreciate your support in the replacement of the $1.4 million that has been removed from this budget.

Sincerely,
Corinne Vorenkamp White

Number of Cases seen by Forensic Nursing Services at FMH

Angie Ellis, RN
458-5221
angie.ellis@bannerhealth.com

2008--- 280 cases
- Sexual Assault cases--- 76
- Domestic Violence cases --- 24
- Suspects cases ------ 4
- Other Forensic cases ----- 13
- Strangulation cases*------- 8
- Sexual Assault of a Minor cases --- 142
- Child Abuse cases------ 13

2009 ------ 75 cases
- Sexual Assault cases--- 21
- Domestic Violence cases --- 4
- Suspects cases ------ 4
- Other Forensic cases ----- 1
- Strangulation cases*------- 8
- Sexual Assault of a Minor cases --- 26
- Child Abuse cases------ 19

*some of the DV and SA cases involved strangulation as well.

Lenetta Colbert
Fairbanks AK

PO Box 22870 • Juneau, AK 99802
907.789.1235 • www.akaeyc.org

To lead, facilitate, and support the efforts of those working in the Early Care and Education profession throughout Alaska.

Child Care Assistance Position Paper
December 2008
Alaska Association for the Education of Young Children

What is it and why is it important?

Affordability of quality child care is a major issue for many Alaskan working families. The average monthly cost of full-time child care ranges from $400-$900 per month, depending on the age of the child and location of the care. 39,400 children under the age of six live in households where all available parents are in the workforce. Yet only 4,900 children received child care assistance in 2007.

- In Alaska, funds from the Child Care & Development Fund (CCDF) are used to subsidize the cost of child care for low income families to enable them to work.
- Under federal rules, the Child Care Assistance Program can provide financial assistance to help cover child care costs to families whose income is less than 85% of the state's median monthly income.
- The family eligibility has not been adjusted since 2002. The Consumer Price Index for Anchorage indicates a family would need to earn 20% less in 2007 to qualify for child care assistance, than a family in 2002. There are currently an increasing number of families that do not qualify for assistance, but still can't afford to enroll their child in a legal child care program.
- Child Care Assistance reimbursement rates were raised to the 50th percentile by the legislature in 2008. The recommendation from the U.S. Health and Social Services is the 75th percentile.
- Economic cost-benefit studies consistently show significant long range benefits when children from low income families receive high quality child care. Due to the financial burden of paying a required co-payment amount, in addition to the difference in what the state will reimburse for child care, families are choosing from lower priced and usually lower quality child care.

Recommendations:

- Increase child care reimbursement rates to the 75% percentile. This will allow low income children the opportunity to access higher quality programs that will lead to outcomes such as increased school readiness.

- Increase family eligibility to 85% of the state median income. This will enable more families to access child care in order to work. Without increased funding to the

program, this will result in a waiting list for the program. A waiting list will allow the Department of Health and Social Services to quantify the funding needed to support employment of parents in Alaska.

PUBLIC TESTIMONY ON HB 81"

To whom It May Concern: March 3, 2009

I came into the Emergency Shelter - IAC, Oct. 2007. I was homeless, physically disabled and in physical danger because of my perpetrator.

I'm from Anchorage and someone told me about IAC. When I entered IAC, I heard about the Re-Transitional Program. They were accepting applications and so I applied and thankfully - accepted.

Since entering the Re-T. program my life has completely changed. I have a bone disease and can't physically do alot. I had applied for SSI disability and had been denied. The Re-T program housed me, fed me, provided clothing, counseling, educated me about life choices. They made it possible for me to pay for my housing by doing chores that I could physically handle. They helped me get a lawyer and last December I won my disability case. Now I can get the medical care that I've needed for so very long. For the first time in 4 yrs I walk - I almost don't limp at all. It's unbelievable what Physical Therapy is doing for me.

Socially I'm a different person. With the help of the staff here at IAC, especially the Re-T

Program - I'm a different person - They have provided a position for me downstairs - where I work 2 days a week as a receptionist. I had absolutely no training for that and they've taken care of that too.

When it was too cold outside and I couldn't be in it - because of my bone disease - they've provided transportation for me.

I'm just about ready to move on with my life - when I'm done here I'm going back to Anchorage and I'm not afraid or worried anymore. Because of this place - I now have confidence and know that I will have a happy and successful life.

Sincerely,

Kathy Allegezza

What this place is doing and the staff here, to change women and their families lives is absolutely amazing.

Sincerely

Kathy Allegezza

My Name is Kara Carlson and I work for the Interior Alaska Center for Non-Violent Living which provides services to victims of domestic violence and sexual assault. I could make a lot more money if I worked just about anywhere else. I have a BA degree and I am currently living in low income housing and for a long time I received child care assistance, Denali Kid Care and I qualified for Public Assistance food stamps.

In the 3.5 years I have worked here I have spent countless hours at the hospital comforting a woman who has just been raped. I have watched several women attempt to end their lives because their world seemed unbearable, I knew one who was murdered by her partner. I have assisted with hundreds of restraining orders, been to court many times in support of a victim, and provided resources, support and safety to thousands of women who have been hurt by someone they love. And sadly watched many of the supportive services we do provide, disappear because of lack of funding or we were unable to fill the position with a qualified person.

I want to remind you that my position starts at $12.65 an hour. That is not a livable wage and I wonder how much the state pays to provide me affordable housing, child care, and insurance because the salary I make is not enough to survive on. I love my job and am very passionate about what I do but there have been many times where I have had to face the hard decision of leaving due to not being able to live off the salary I make. Some fast food restraints and retail stores start people off at a higher or close to equal wage and the work load and stress is much less. I'll leave you with this question: what kind of person would you like to assist your friend, family member, or child if they were raped or abused. My salary is the equivalent of an entry level position, and attracts those candidates. Do you really think that an entry level person should be doing my job?

Thank you for your time!

14881

March 03, 2009

To Whom It May Concern:

I'm a current resident at The Women's Shelter (IAC), since 07/06/08 and part of the Pre-T program since September 08. I'm not from this country, and I have been here in Alaska with my son, for almost 2 years.

We arrived here related to our abusive situation that we where living with my ex-husband. Being here at this facility, has been a blessing. I received great advices and support from my internal legal advocate related to my divorce case and short term restraining order and she put me in contact with Alaska Legal Services for my long term restraining order, if it wasn't for their advices and my trust that they gain, I can see that we could be still attached to my abuser. The way that they told me how to act during the hearing was crucial, he get the message, with my cold attitude, and that's part of why we're free of that pathological circle.

The receptionist, shelter advocates, case managers, psychotherapist, and all the staff that works here, we receive from them all kind of services and protection. I clearly can see that they are doing their best with the resources that they have. I took really serious my situation, and I have a commitment with myself to change, and learn how to protect me and my son. That's why I'm involve in every class that they offer, like changing patterns, women's group, art healing, safety and sobriety, financial literacy, parenting classes. Some of them, I'm taking for second time, because it's good to reaffirm the knowledge. And extra from outside, I'm taking 12 steps, and bible study to help me to close my hurts from my abusive past and/or my divorce, all these classes and support are helping me to deal with my anxiety and heart health issues. I'm learning how to put boundaries, how to see red flags, how to live my life in freedom, how to be me and how to help my son. How to take care of my health, learning how to eat healthy to reduce my cholesterol, I'm doing exercise too (they provide the space). And they provide self-defense classes for the women interested. I have 2 free months of Tai-kuan-do, this is helping me to build confidence. The personnel here have been a big blessing for my son and for myself, I have the sense, that they put more then doing their job, they put humanity, care and love. Every time that I need to be heard, they do. They provide, when they can, transportation. They try always to look for more options in case that one is close, and they help me to reach our goals. Living here is not easy because there is so much pain in the residents, but I choose to focus on my own healing, and probably they can see, through my testimonies in the classes, that there is hope in the life of a person that is willing to change, to take the steps, the rules of the shelter for good.I'm full of gratitude with all of the people involve, God bless them.

Thank you all,

Rosa M Pinzon Sanchez

DANA THOMAS
455-4561

Testimony to HFIN
HB 81

Postsecondary Education
OPPORTUNITY
Public Policy Analysis of Opportunity for Postsecondary Education

Number 200 **www.postsecondary.org** **February 2009**

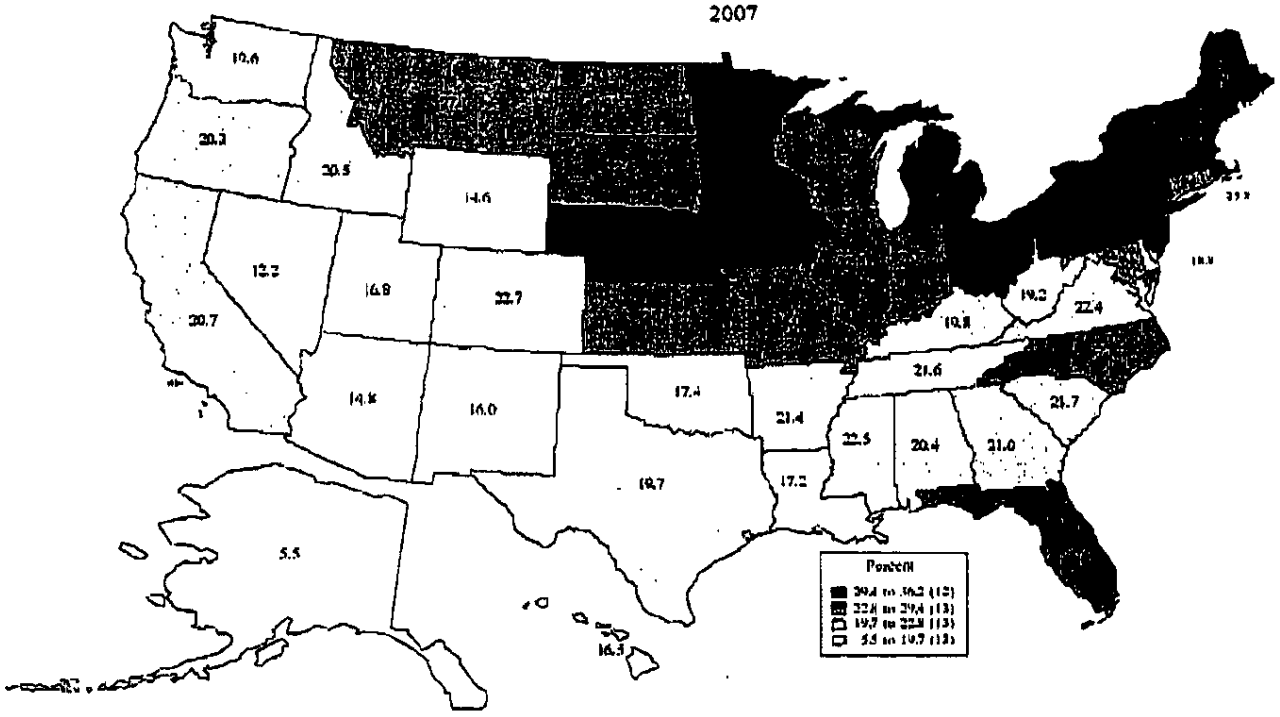
College Participation Rates for Students from Low Income Families by State FY1993 to FY2007

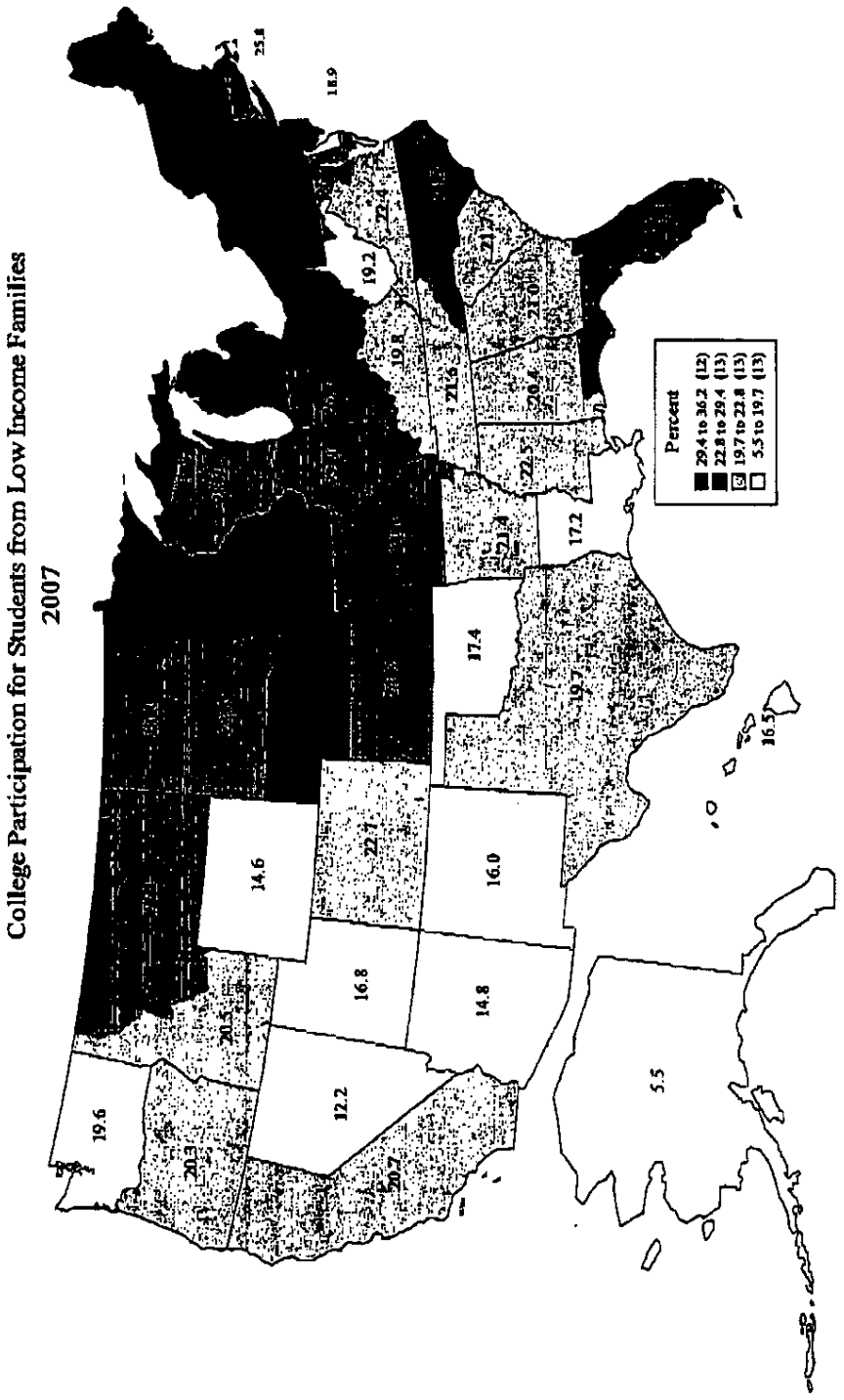
College participation rates for students 18 to 24 years old from low income families declined slightly, to 23.8 percent from 23.9 percent in 2006. This continues a long term decline in low income college participation rates since the peak of 27.7 percent reached in 1999.

College participation rates for 18 to 24 year olds who were not from low income families also declined in 2007, for the first time since 2000. The 2007 rate was 42.9 percent, compared to 45.2 percent in 2006. The rate for non-low income students had risen steadily since 2000 from 38.7 percent that year to the peak of 45.2 percent in 2006.

The gap in college participation rates between students from low income families and those from higher income families has been growing steadily since 1999. The low income college participation rate fell 11.4 percentage points below the rate for non-low income students in 1999. By 2006 this gap had widened to 21.4 percent. For 2007 the gap narrowed to 19.1 percentage points, still the third largest gap in the last 15 years.

College Participation for Students from Low Income Families
2007




College Participation for Students from Low Income Families
2007
Percent
29.4 to 36.2 (12)
22.8 to 29.4 (13)
19.7 to 22.8 (13)
5.5 to 19.7 (13)
25.8
18.9
19.2
22.4
21.7
21.0
19.1
21.6
20.4
22.5
21.3
17.2
17.4
19.7
16.5
14.6
22.1
16.0
16.8
14.8
20.5
19.6
20.3
12.2
20.7
5.5

Of course the above data describe the national picture only. Within states the picture varied enormously. In 2007 the low income college participation rate ranged from 5.5 to 36.2 percent--a difference of 6.6 times between the top and bottom states.

In 2007 **Pennsylvania** and **New Hampshire** moved past perennial leader **Iowa** with the highest college participation rates for students from low income families. In our state rankings **Alaska** owns last place, by a wide margin.

Over the last 10 years, while the national low income college participation rate was declining by 3.9 percentage points, this rate actually managed to increase in eleven states. These states are mainly in the South where rates have traditionally been very low, including **Georgia, North Carolina, Tennessee** and **Mississippi**. But progress is clearly occurring in these states, unlike most of the rest of the country.

Between 1997 and 2007 low income college participation rates declined in the remaining 40 states (including DC). The declines were greatest in those states that historically had the highest college participation rates for students from low income families. These states include **Vermont, New Hampshire, North Dakota** and **Delaware**.

These and other findings are summarized in our annual update report on college participation rates for students from low income families. We do this report both because low income students have always been underrepresented in higher education, and because they represent such a rapidly growing share of K-12 and higher education enrollments. In an economy that has been losing low skill jobs for a century and growing jobs that require college-level preparation these low income students represent a vital asset for our country's future. Investing in their higher educations before they enter the workforce as adults can convert social and economic liabilities into constructive, productive and contributing social and economic assets.

Low Income Population

In this analysis low income college students are defined as dependent undergraduates with federal Pell Grants.

The low income college participation rate is the ratio of dependent Pell Grant recipients to the population of 4th to 9th grade students nine years earlier that were approved for free or reduced-price school lunches. For the United States the FY2007 low income college participation rate is:

1,989,254/(20,856,672*40.1%) = 23.8%

- There were 1,989,254 dependent Pell Grant recipients in the 2006-07 award year (Source: Office of Postsecondary Education, U.S. Department of Education).
- There were 20,856,672 4th to 9th graders enrolled in public schools in the fall of the 1997-98 school year (Source: *Digest of Education Statistics*).
- In 1997-98 40.1 percent of all K-12 students in public or non-profit schools were approved for free or reduced-price school lunches (Source: Food and Nutrition Service, U.S.Department of Agriculture).

These data and this calculation are replicated for all 50 states plus the District of Columbia to get the above national totals. These data are available as downloads to subscribers for each state from the OPPORTUNITY website in the state opportunity data books (Excel workbooks) at:

www.postsecondary.org/peocountry.asp

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Mission Statement

This research letter is founded on two beliefs. First, sound public social policy requires accurate, current, independent, and focused information on the human condition. Second, education is essential to the development of human potential and resources for both private and public benefit. Therefore, the purpose of this research letter is to inform those who formulate, fund, and administer public policy and programs about the condition of and influences that affect postsecondary education opportunity for all Americans.

Not Copyrighted

Permission is granted to make copies from this research letter providing copies are not sold and the source is identified. Copies of research letter charts are available to subscribers in larger sizes at cost. Call for assistance.

The term "low income" is not defined clearly and consistently by many who use it (including us). Generally low income implies greater income than the poverty threshold which has specific meanings when family size, age and location are controlled.

Eligibility for free or reduced-price school lunches in K-12 is limited to school children from families with incomes below 185 percent of the federal poverty level. Likewise Pell Grant eligibility for 18 to 24 year olds is limited to family income above the poverty threshold allowing for meeting basic family needs, family size, assets, number of children in college, age of family head, etc. Very roughly our analysis is limited to families with incomes below about $40,000 per year, or the bottom quartile of 18 to 24 year old high school graduates.

Regardless of definitions or precision in calculating low income, the low income population is growing absolutely and relatively. The low income population is replacing the non-low income population in K-12 school enrollments and higher education enrollments.

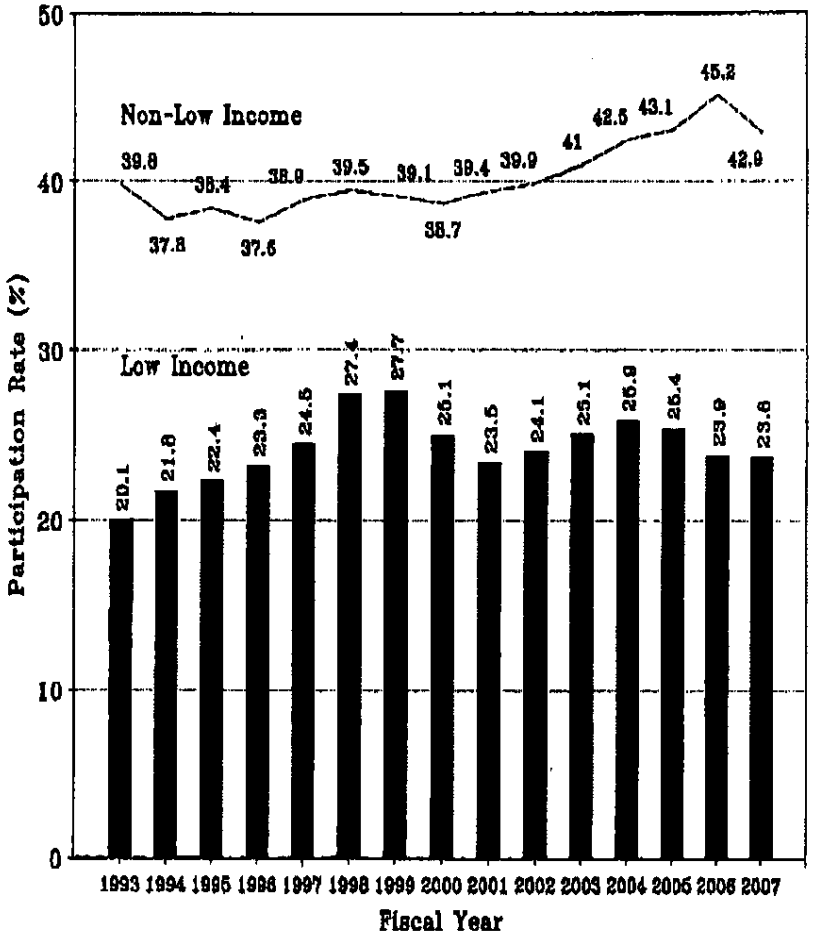
- The *share* of K-12 students approved for free and reduced-price school lunches

Eventually today's low income children will replace other children from affluent families in the adult workforce. How well they are higher educated for the jobs that will be there during their adult working lives will significantly influence the nation's prosperity for decades to come.

College Participation

Nation. In 2007 the low income college participation rate for 18 to 24 year olds was 23.8 percent. The 2007 rate was down slightly from 23.9 percent in 2006, and well below the peak of 27.7 percent reached in 1999. Generally the low income college participation rate rose yearly between 1993 and 1999, and has declined since 1999.

College Participation Rates for Students from Low Income and non-Low Income Families 1993 to 2007



The college participation rate for all 18 to 24 year olds is reported separately by the Census Bureau from the Current Population Survey. In 2007 the college participation rate was 37.3 percent (13.5 percentage points above the rate for students from low income families). This rate has been drifting upward since 1994 when it was 33.8 percent.

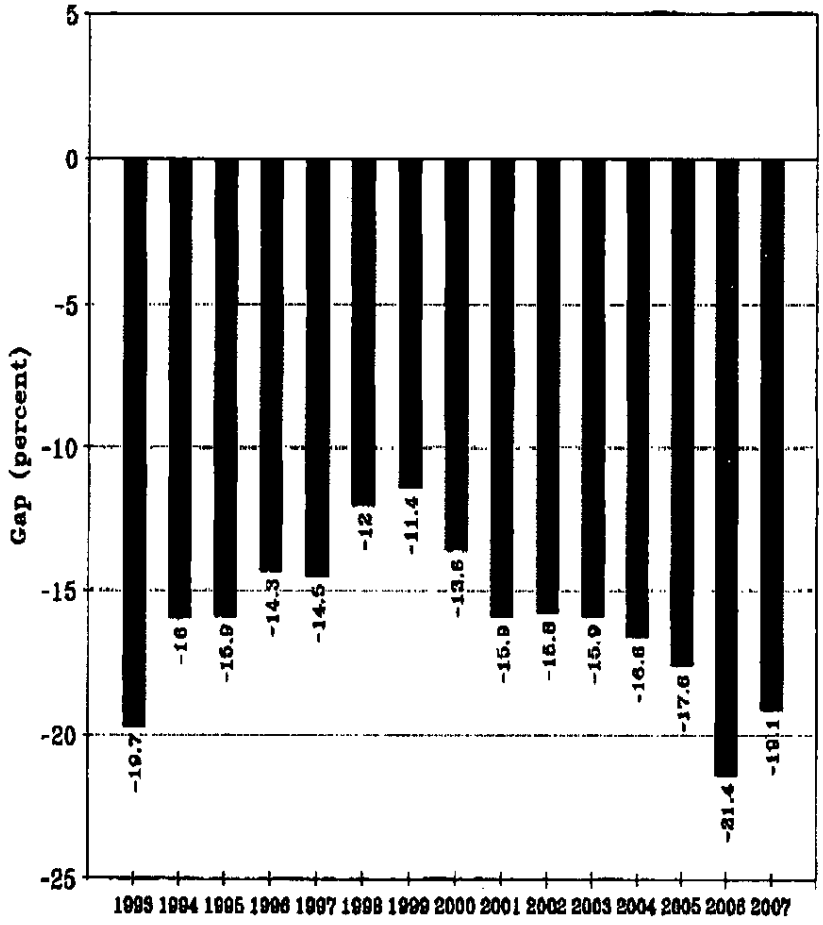
The difference between the college participation rates for students from low income families and for all 18 to 24 year olds is the college participation rate for students who are not from low income families--the affluent. Given the components of the first two rates, the rate for affluent students can be calculated from the difference. For 2007 that is:

8,597,746/20,024,439=42.9%

Thus in 2007 the three college participation rates are:

All 18 to 24 year olds:	37.3%
Low income 18 to 24:	23.8%
Affluent 18 to 24:	42.9%

College Participation Rate Gap Between Students from Low Income and Non-Low Income Families 1993 to 2007



The difference between the college participation rates for students from affluent and low income families was 19.1 percentage points in 2007. This was less than the gap of 21.4 percent in 2006, but it was the third largest gap for any year since 1993 when these data first became available.

In fact the gap between the college participation rate for students from low income and affluent families narrowed sharply between 1993 and 1999, from 19.7 to 11.4 percentage points. But beginning in 2000 this gap began to reopen, from 11.4 percentage points in 1999 to 21.4 percentage points in 2006. These data are shown in the chart on this page.

States. The national picture described in the preceding data is the summation of what has been happening in the 50 states plus the District of Columbia. While it provides a useful overall picture in fact it fails to describe what is happening in any particular state. Each state has its own unique story, as told in its own unique data.

While the low income college participation rate was 23.8 percent in 2007, across the states the low income college participation rate ranged from 5.5 to 36.2 percent. The low income college participation rate was 5.6 times greater in the highest state than it was in the lowest.

In 2007 the ten states with the highest low income college participation rates were:

Pennsylvania	36.2%
New Hampshire	36.0%
Iowa	35.5%
New Jersey	34.3%
New York	34.2%
Massachusetts	31.7%
Nebraska	31.4%
Vermont	31.4%
Maine	31.4%
Michigan	30.2%

These states are all located in the north and/or eastern regions of the country.

- Nine out of these ten states were in the top ten states in 2006. **Michigan** joined the top 10 from 14th in 2006, and **North Dakota** dropped from 10th in 2006 to 13th in 2007.
- **Iowa** had ranked first in four of the previous five years. While its rate remained unchanged in 2007 compared to 2006, Pennsylvania and New Hampshire surged past on increased rates.
- **Pennsylvania** had ranked between 5th and 10th between 1995 and 2005, then jumped to 2nd in 2006.
- **New Hampshire** had ranked 1st between 1995 and 1999, then slipped to 6th or 7th between 2001 and 2004.
- **Michigan** has seen the greatest increase in ranking among these top ten states. In 1994 Michigan ranked 25th. By 1999 it ranked 20th. Then 15th in 2004 and finally 10th by 2007.

In 2007 the ten states with the lowest low income college participation rates were:

Alaska	5.5%
Nevada	12.2%
Wyoming	14.6%

Arizona	14.8%
New Mexico	16.0%
Hawaii	16.5%
Utah	16.8%
Louisiana	17.2%
Oklahoma	17.4%
Delaware	18.9%

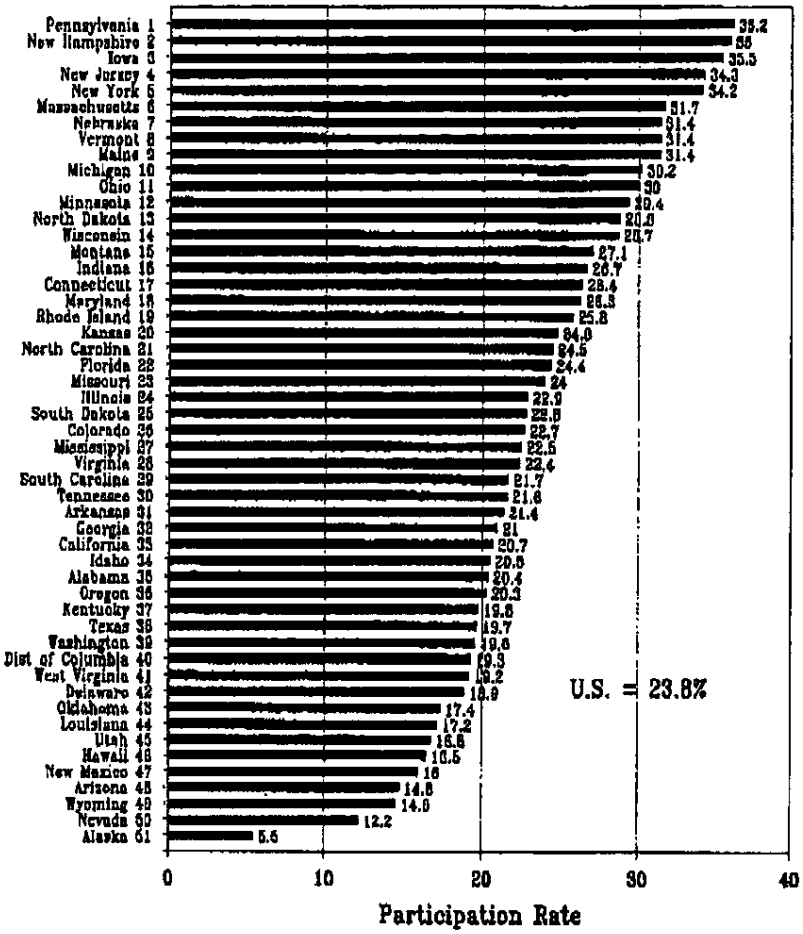
These states tend to be located in the western region of the United States.

- The bottom feeders are led by **Alaska** which owns last place. Every year for the last 15 years Alaska has ranked 51st. Out of 29,404 low income 4th to 9th graders in 1997-98, just 1,618 of them were enrolled in college with Pell Grants in 2006-07.
- **Nevada** has ranked 50th for the last seven years. Previously it had ranked as high as 31st in 1999. Looks like casino jobs make college unattractive.
- **Wyoming** has slid steadily down the rankings from 21st in 1998 to 49th by 2007. Looks like oil field jobs out draw college.
- **Arizona** has slid to the bottom too, from 33rd in 1998 to 49th from 2000 through 2006. Now that the construction boom has gone bust maybe these young people will get serious about their higher educations.
- **Hawaii** wins the race to the bottom hands down. In 2002 Hawaii ranked 11th with a low income college participation rate of 30.9 percent. By 2007 Hawaii ranked 46th with just 16.5 percent of its low income population enrolled in college.

Nine of these ten states were also ranked in the bottom ten states in 2006. **Oklahoma** joined the bottom ten in 2007, from 41st in 2006, and **West Virginia** left the bottom 10 in 2006 for 41st in 2007.

Between 1999 (when the low income college participation rate peaked) and 2007 the national rate declined by 3.9 percentage points, from 27.7 to 23.8 percent. However, when the states are examined separately, between 1999 and 2007 the low income college participation rate actually increased in 11 states (including DC) and declined in the remaining 40 states.

College Participation Rates by State for Students from Low Income Families 2007



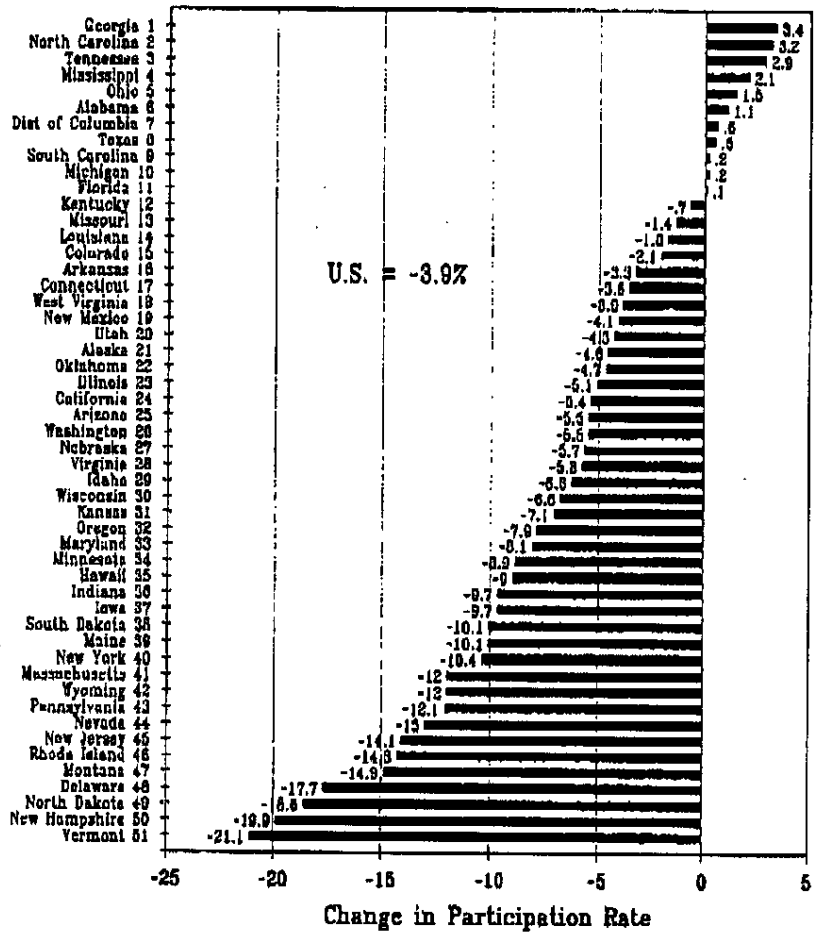
The eleven states where the low income college participation rate actually increased between 1999 and 2007 were:

Georgia	+3.4%
North Carolina	+3.2%
Tennessee	+2.9%
Mississippi	+2.1%
Ohio	+1.5%
Alabama	+1.1%
District of Columbia	+0.6%
Texas	+0.5%
South Carolina	+0.2%
Michigan	+0.2%
Florida	+0.1%

Most of these states are located in the South. Historically college participation rates for students from low income families have been relatively low in the South. But clearly this picture is changing.

- **Georgia's** low income college participation rate has jumped from 17.6 percent (50th) in 1999 to 21.0

Change in College Participation Rates for Students from Low Income Families by State 1999 to 2007



percent (32nd) by 2007. The home of the HOPE Scholarship--and no state need-based grant aid--is making notable progress increasing it's college participation for students from low income families.

- **North Carolina** is home of the Carolina Covenant. Here too there has been almost steady and quite substantial growth in low income college participation, from 21.3 percent (39th) in 1999 to 24.5 percent (21st) in 2007.
- **Tennessee** has also gone the state merit scholarship route. Its low income college participation rate has risen from 18.7 percent (48th) in 1999 to 21.6 percent (30th) by 2007.
- **Mississippi** increased it's low income rate from 20.4 percent (42nd) in 1999 to 22.5 percent (27th) by 2007.
- **Ohio's** low income college participation rate increased from 28.5 percent (22nd) in 1999 to 30.0 percent (11th) in 2007.
- **Alabama** increased it's low income rate from 19.3 percent (45th) in 1999 to 20.4 percent (35th) in 2007.

Clearly a few states are increasing their low income college participation rates.

But most are not. Among the 40 states where the low income college participation rate declined between 1999 and 2007 the eleven biggest losers were:

Vermont	-21.1%
New Hampshire	-19.9%
North Dakota	-18.6%
Delaware	-17.7%
Montana	-14.9%
Rhode Island	-14.3%
New Jersey	-14.1%
Nevada	-13.0%
Pennsylvania	-12.1%
Wyoming	-12.0%
Massachusetts	-12.0%

These states are mostly in the northern and eastern parts of the country. Moreover, most of these states have had historically high low income college participation rates, and still do. But the trend in the low income college participation rate is very strongly negative in these states.

Among the 40 states where low income college participation rates declined between 1999 and 2007 some of the biggest losers were:

- **Vermont** where the low income college participation rate dropped from 52.5 percent (2nd) in 1999 to 31.4 percent (8th) by 2007.
- **New Hampshire** where the low income rate declined from 55.9 percent (1st) in 1999 to 36.0 percent (2nd) in 2007.
- **North Dakota** where the low income rate declined from 47.4 percent (5th) in 1999 to 28.8 percent (13th) by 2007. The state had ranked 2nd in 2002.
- **Rhode Island** is clearly a state that is struggling with economic woes. Its low income college participation rate has declined from 40.2 percent (11th) in 1999 to 25.8 percent (19th) by 2007.

Convergence. This analysis has found

College Participation Rates for Students from Low Income Families by State

FY1993 to FY2007

State	Fiscal Year													
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Alabama	14.6%	15.4%	13.6%	11.5%	13.1%	18.4%	19.3%	18.8%	18.4%	20.3%	21.6%	22.8%	22.4%	20.8%	20.4%
Alaska	4.5%	5.5%	6.5%	5.4%	5.5%	9.6%	10.1%	8.1%	8.2%	7.5%	7.7%	9.4%	8.6%	7.9%	5.5%
Arizona	16.3%	14.3%	23.3%	18.5%	20.0%	23.2%	20.3%	17.4%	16.0%	15.8%	16.7%	19.9%	18.1%	16.1%	14.8%
Arkansas	16.0%	13.6%	14.0%	14.6%	14.8%	21.3%	24.6%	20.2%	19.4%	18.5%	23.5%	24.2%	23.8%	22.0%	21.4%
California	26.5%	24.1%	25.8%	28.4%	30.0%	27.2%	26.1%	24.4%	22.5%	22.7%	22.6%	22.0%	22.1%	21.2%	20.7%
Colorado	16.4%	21.8%	18.9%	14.0%	15.8%	22.7%	24.8%	21.2%	18.5%	17.2%	21.9%	24.7%	25.4%	23.5%	22.7%
Connecticut	27.2%	25.1%	24.3%	31.8%	30.1%	30.0%	30.0%	24.9%	24.0%	24.5%	25.3%	26.2%	26.0%	26.5%	26.4%
Delaware	14.1%	12.4%	11.1%	10.4%	21.9%	24.7%	36.6%	24.0%	20.2%	19.7%	19.9%	20.4%	20.0%	17.7%	18.9%
Dist of Columbia	12.2%	12.3%	13.0%	20.6%	19.4%	14.6%	18.7%	15.4%	16.1%	17.3%	17.8%	19.6%	19.0%	19.5%	19.3%
Florida	20.7%	20.0%	23.0%	27.7%	26.4%	26.4%	24.4%	22.7%	21.9%	22.8%	24.3%	24.7%	23.6%	22.7%	24.4%
Georgia	19.1%	15.4%	14.6%	18.3%	19.0%	20.7%	17.6%	19.2%	16.2%	19.1%	20.1%	20.4%	20.0%	20.1%	21.0%
Hawaii	9.0%	15.0%	14.2%	16.1%	22.9%	21.2%	25.5%	28.6%	29.4%	30.9%	29.5%	22.2%	19.9%	17.4%	16.5%
Idaho	16.4%	16.6%	17.3%	15.5%	19.6%	27.0%	26.8%	24.7%	23.3%	23.6%	24.4%	25.0%	25.0%	21.2%	20.5%
Illinois	23.4%	22.2%	20.5%	24.3%	23.2%	26.3%	28.0%	24.6%	23.6%	28.7%	26.5%	27.6%	25.7%	22.9%	22.9%
Indiana	18.9%	21.1%	21.6%	19.6%	22.9%	32.3%	36.4%	25.5%	23.4%	25.0%	27.6%	29.6%	28.8%	27.4%	26.7%
Iowa	26.9%	28.6%	22.8%	31.7%	28.2%	43.5%	45.3%	39.0%	37.0%	39.3%	42.1%	43.7%	41.3%	35.5%	35.5%
Kansas	24.5%	29.0%	22.2%	27.4%	33.6%	30.7%	31.9%	28.0%	26.3%	26.7%	26.8%	28.1%	28.2%	25.0%	24.8%
Kentucky	20.0%	17.8%	17.2%	18.7%	19.8%	20.3%	20.5%	18.8%	17.4%	18.7%	20.0%	21.1%	21.1%	19.8%	19.8%
Louisiana	18.7%	19.2%	22.1%	18.1%	16.0%	19.8%	19.0%	18.2%	17.1%	17.9%	18.5%	19.0%	19.1%	17.6%	17.2%
Maine	26.4%	27.7%	31.9%	38.8%	35.5%	37.0%	41.4%	41.6%	31.0%	30.9%	33.0%	33.2%	34.0%	31.3%	31.4%
Maryland	23.9%	25.4%	26.3%	26.4%	28.7%	33.8%	34.4%	32.8%	28.7%	28.5%	27.7%	27.6%	27.2%	25.9%	26.3%
Massachusetts	32.0%	33.0%	32.7%	34.0%	40.0%	47.0%	43.7%	37.6%	33.0%	32.3%	32.6%	33.5%	33.5%	30.5%	31.7%
Michigan	21.6%	21.2%	22.4%	22.2%	26.0%	28.1%	30.1%	26.3%	24.3%	25.5%	28.5%	29.3%	30.5%	28.6%	30.2%
Minnesota	48.4%	63.3%	42.4%	41.4%	45.8%	38.0%	38.3%	29.9%	28.4%	30.6%	30.5%	33.1%	32.8%	29.4%	29.4%
Mississippi	17.4%	18.1%	17.7%	16.5%	18.5%	20.4%	20.4%	18.9%	19.6%	21.1%	22.4%	23.9%	23.5%	22.4%	22.5%
Missouri	23.6%	25.1%	25.2%	23.6%	24.4%	25.6%	25.4%	23.8%	22.7%	23.0%	25.0%	25.5%	25.8%	23.9%	24.0%
Montana	29.8%	25.4%	21.3%	23.4%	21.9%	37.3%	42.0%	36.2%	34.0%	32.2%	30.3%	34.0%	31.8%	29.1%	27.1%
Nebraska	29.5%	30.9%	26.5%	29.2%	33.9%	37.6%	37.2%	33.9%	32.1%	32.8%	37.2%	37.8%	41.2%	33.0%	31.4%
Nevada	10.4%	12.6%	9.2%	17.5%	14.6%	23.2%	25.2%	17.8%	15.9%	15.4%	15.5%	15.9%	14.9%	14.2%	12.2%
New Hampshire	33.3%	41.3%	47.6%	79.8%	63.7%	54.9%	55.9%	45.5%	37.1%	35.2%	35.7%	36.6%	38.8%	34.3%	36.0%
New Jersey	34.5%	40.1%	37.7%	37.6%	43.5%	37.9%	48.4%	49.7%	41.3%	38.2%	43.7%	41.8%	36.1%	33.6%	34.3%
New Mexico	12.3%	15.4%	15.6%	13.1%	14.7%	18.5%	20.2%	18.5%	16.1%	21.2%	17.1%	19.5%	21.3%	17.6%	16.0%
New York	29.6%	32.4%	33.4%	42.0%	40.6%	43.0%	44.6%	41.7%	42.2%	37.9%	37.8%	38.3%	37.5%	34.2%	34.2%
North Carolina	15.2%	16.2%	16.4%	16.3%	17.7%	19.8%	21.3%	20.3%	19.7%	21.9%	24.6%	26.6%	26.6%	24.6%	24.5%
North Dakota	33.0%	28.1%	26.2%	31.3%	37.1%	46.1%	47.4%	41.2%	39.0%	38.9%	39.8%	40.4%	32.4%	30.3%	28.8%
Ohio	22.0%	21.4%	21.5%	20.7%	21.3%	26.6%	28.5%	25.2%	23.8%	25.3%	26.8%	29.3%	30.1%	30.1%	30.0%
Oklahoma	19.6%	23.3%	19.1%	21.3%	19.3%	22.3%	22.1%	20.5%	19.3%	19.4%	18.9%	20.6%	20.2%	19.0%	17.4%
Oregon	14.3%	19.6%	20.6%	20.1%	17.7%	25.7%	28.2%	23.7%	22.4%	25.4%	26.3%	26.4%	26.4%	21.3%	20.3%
Pennsylvania	24.0%	23.7%	25.0%	37.5%	37.3%	48.0%	48.4%	44.4%	38.3%	32.7%	34.1%	34.6%	32.6%	34.9%	36.2%
Rhode Island	18.3%	23.8%	34.2%	35.0%	42.3%	41.1%	40.2%	32.4%	30.3%	29.5%	29.9%	27.0%	27.0%	25.4%	25.8%
South Carolina	18.3%	18.5%	20.2%	17.8%	20.3%	20.5%	21.5%	20.3%	19.1%	19.9%	21.4%	22.6%	22.8%	21.1%	21.7%
South Dakota	21.5%	24.4%	19.9%	20.3%	22.4%	31.0%	32.8%	26.9%	27.1%	23.1%	25.7%	29.1%	27.6%	23.3%	22.8%
Tennessee	16.5%	17.4%	15.8%	14.9%	16.9%	18.0%	18.7%	18.0%	17.9%	19.1%	20.1%	18.9%	20.6%	21.0%	21.6%
Texas	16.5%	15.6%	15.4%	14.7%	15.2%	19.1%	19.1%	17.5%	16.3%	17.1%	19.0%	20.9%	20.8%	20.0%	19.7%
Utah	15.8%	17.0%	16.1%	12.9%	15.3%	24.5%	21.0%	18.1%	16.8%	16.5%	17.8%	19.2%	19.7%	17.9%	16.8%
Vermont	17.9%	25.3%	36.2%	31.4%	38.8%	48.4%	52.5%	44.6%	38.2%	36.2%	35.8%	32.9%	35.4%	31.5%	31.4%
Virginia	13.9%	18.9%	19.3%	20.5%	21.4%	29.5%	28.2%	21.9%	24.7%	24.5%	24.3%	25.8%	25.4%	21.8%	22.4%
Washington	16.9%	17.7%	17.1%	16.7%	23.0%	24.5%	25.2%	22.0%	21.4%	21.6%	22.7%	23.0%	22.3%	20.5%	19.6%
West Virginia	16.6%	17.9%	16.5%	16.5%	18.1%	21.6%	23.1%	21.1%	20.6%	21.4%	22.4%	21.8%	21.8%	18.6%	19.2%
Wisconsin	36.8%	23.7%	29.7%	31.2%	32.1%	33.1%	35.5%	27.9%	25.8%	27.6%	28.6%	30.4%	30.8%	27.4%	28.7%
Wyoming	17.9%	19.6%	17.1%	13.9%	21.6%	29.0%	26.6%	23.7%	20.2%	19.3%	19.1%	18.1%	19.3%	16.4%	14.6%
Total	20.1%	21.8%	22.4%	23.3%	24.5%	27.4%	27.7%	25.1%	23.5%	24.1%	25.1%	25.8%	25.4%	25.9%	23.8%

increasing college participation rates for students from low income families among states with historically low rates, and declining low income college participation rates in states with historically high rates.

This appears to be a case of convergence. So we tested this perception with our data using the coefficient of variation (CV) over a period of 15 years. This is a normalized measure of dispersion of a probability distribution. It is the ratio of the standard deviation of a set of data divided by its mean.

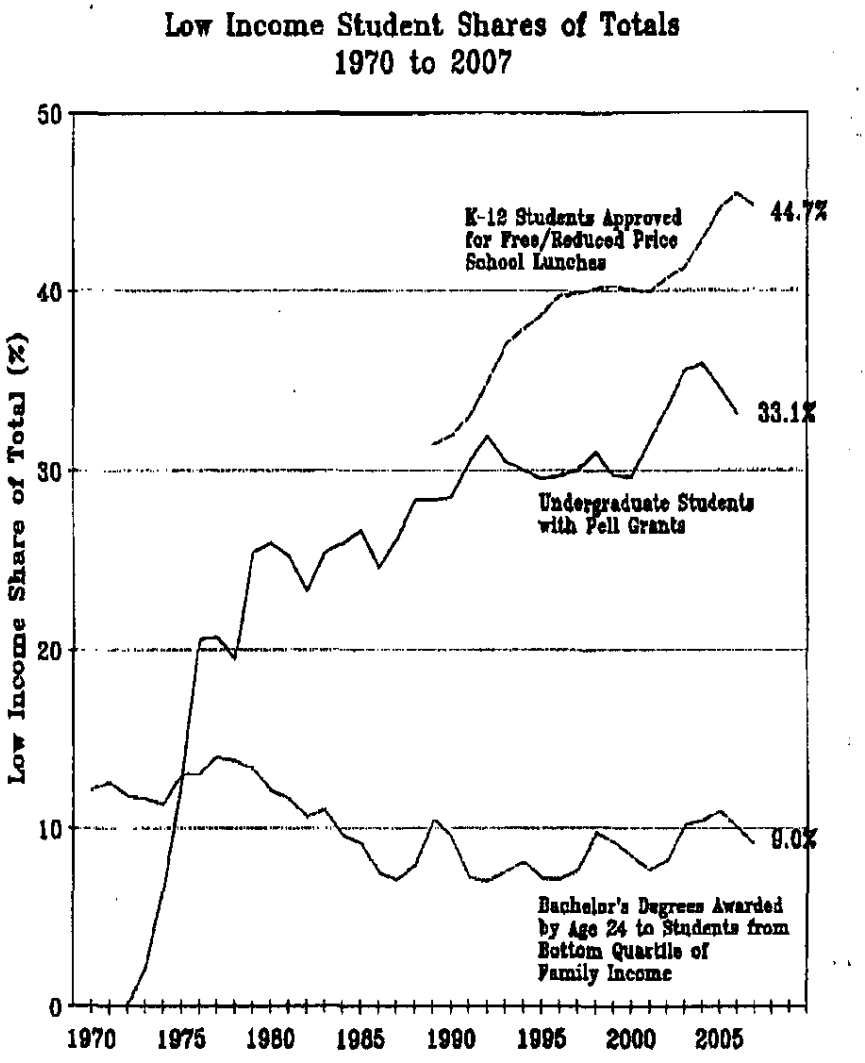
Over the fifteen year period from 1993 through 2007 we calculated the following coefficients of variation for the 51 low income college participation rates for each state. The results were:

Fiscal Year	Simple Mean	SD	CV
1993	20.2%	7.6%	37.4
1994	22.0%	8.7%	39.7
1995	22.2%	8.4%	37.9
1996	23.7%	11.8%	49.7
1997	25.4%	10.6%	41.9
1998	28.8%	9.9%	34.4
1999	30.1%	10.5%	35.0
2000	26.4%	9.2%	34.9
2001	24.4%	7.8%	31.9
2002	24.7%	7.1%	28.6
2003	25.7%	7.3%	28.4
2004	26.4%	7.1%	27.0
2005	26.1%	6.8%	26.1
2006	23.9%	6.1%	25.5
2007	23.7%	6.6%	27.8

These data indicate that the state mean data diverged between 1993 and 1996, and have quite substantially converged between 1996 and 2007. The low income college participation rate appears to be less influenced by variations between states, and more influenced by common conditions across states since 1996.

Summary

Students from low income families



represent 44.7 percent of K-12 student enrollment, up from about 31 percent in 1989. Students from low income families represent 33.1 percent of undergraduate college enrollments, up from about 20 percent in the late 1970s. By these measures students from low income families represent large and growing shares of the future adult populations of parents, workers, taxpayers, citizens and voters.

However, college participation rates for students from low income families have been in general decline since the late 1990s and are just over half the rate of students from affluent families. The share of bachelor's degrees awarded by age 24 to students from low income families stood at 9.0 percent in 2007, *down* from about 14 percent in the late 1970s.

Students from low income families reach college at far higher rates in some states than they do in others. But in every state the low income college participation rates are well below those of all 19 year olds. We know they are here. We know how many and where. We know they are not leaving. We cannot ignore them.

Louanne Christian

From: Rep. Mike Hawker
Sent: Tuesday, March 03, 2009 12:26 PM
To: Louanne Christian
Subject: FW: from Haines

More testimony

From: Robin Grace [mailto:robingrace@aptalaska.net]
Sent: Tuesday, March 03, 2009 11:11 AM
To: Rep. Mike Hawker
Subject: from Haines

Dear Mr. Hawker,

I am emailing you at this time because I am very concerned about the many and complex mental health needs in our community. We have so few resources with so much need. We operate on a small budget – it is hard enough to attract strong Clinicians to our community – we currently have a wait list because we cannot afford to hire the staff we need here and in Skagway. I am writing to ask you to support increase, not cut backs in funding.

- Here are the facts: This funding supports grants to community behavioral health services providers **to maintain existing mental health and substance abuse treatment services for Alaskans without resources**.

- Without the increment, people with mental illness or substance abuse problems returning from out-of-state placements or prison, or veterans returning from service overseas suffering from mental or addiction disorders are at risk for not being served because the waiting lists in community-based centers are too long. They are too long because they are under-funded and cannot serve all the people needing services.

- As with any other industry, inflation affects the cost of providing behavioral health services. While the Alaska Department of Labor & Workforce Development reports low overall inflation for 2007, growing inflation in crucial sectors such as energy and health insurance puts pressure on providers to maintain existing services. This recommendation for additions to the base budget will minimize the impact of inflation on costs of providing services.

- We support the Governor's FY10 request for community behavioral health services grants: $1.75 million (GF/MH) for mental health, $1.75 million (GF/MH) for substance abuse.

- The most recent prevalence data shows that 56,479 Alaskans require behavioral health services, including 21,754 adults experiencing serious mental illness (SMI), 12,725 children experiencing serious emotional disturbance (SED) and 22,000 Alaskans dependent on alcohol.

- The FY2008 unduplicated count (clients served by community providers) totaled 22,882 = 7,347 (SMI) (34%); 6,197 (SED) (49%); 7,071(non-SMI); 2,267 (non-SED).

- In 2006, 7,914 clients received substance abuse treatment from community providers (36% of the estimated total of people dependent on alcohol).

- Most Sincerely, Robin Grace LCW, Program Director Lynn Canal Counseling Services

Louanne Christian

From: Rep. Mike Hawker
Sent: Tuesday, March 03, 2009 12:28 PM
To: Louanne Christian
Subject: FW: Funding for Mental Health Center services

More testimony

From: lobaugh@gci.net [mailto:lobaugh@gci.net]
Sent: Tuesday, March 03, 2009 10:35 AM
To: Rep. Mike Hawker; Rep. Bill Stoltze; Rep. Bill Thomas; Representative_Allen_Austerman@legis.state.ak.us; Rep. Anna Fairclough; Rep. Richard Foster; Rep. Reggie Joule; Rep. Mike Kelly; Rep. Woodie Salmon; Rep. Harry Crawford; Rep. Les Gara; Sen. Donny Olson; Sen. Johnny Ellis
Cc: Rep. Mike Hawker; Rep. Bill Stoltze; "Representative_ Beth_ Kerttula"@legis.state.ak.us; Sen. Kim Elton; Sen. Lyman Hoffman
Subject: Funding for Mental Health Center services

Our 43 year old son has been receiving services from the Juneau Mental Health Center (JAMHI) for over 20 years and Medicaid Waiver services from Hope for 10 years. Previously, he spent over three years in API during the late 80's. However since he has been receiving Mental Health and Medicaid Waiver services he has been able to live independently and work in our community. He continues to do very well because of this support and ***has not needed readmission to a hospital or institution in over 20 years because of these excellent services.***

Please reinstate the needed funds to the Governor's FY10 request for community behavioral health services grants: $1.75 million (GF/MH) for mental health, $1.75 million (GF/MH) for substance abuse.

Also, we urge you to increase the funding for Medicaid waiver providers by ***supporting this bill - CSSB 32(HSS)***

Cliff and Sharron Lobaugh
3340 Fritz Cove,
Juneau, AK 99801

Louanne Christian

From: Rep. Mike Hawker
Sent: Tuesday, March 03, 2009 12:27 PM
To: Louanne Christian
Subject: FW: Community Behavioral Health Services Grants

More testimony

From: Maryalice Larson [mailto:MLarson@matsuhealthservices.org]
Sent: Tuesday, March 03, 2009 10:52 AM
To: Rep. Mike Hawker; Rep. Bill Stoltze; Rep. Bill Thomas; Representative_Allen_Austerman@legis.state.ak.us; Rep. Anna Fairclough; Rep. Richard Foster; Rep. Reggie Joule; Representative_Mike_; Represenative_Harry_Crawford@legis.state.ak.us; Rep. Les Gara
Cc: Sen. Donny Olson; Sen. Charlie Huggins
Subject: Community Behavioral Health Services Grants

On behalf of the Board of Directors of Mat-Su Health Services I am respectfully requesting the restoration of funding for mental health services and substance abuse grants as submitted by the Governor in her budget. The full increment will not expand services, but will maintain our existing services.

I know that you are aware of the valuable services we provide in your communities. Without these treatment programs the cost of mental illness and substance abuse will just be transferred and indeed increased to other agencies in communities.

While we are not-for-profit organizations we operate as businesses to ensure sustainability. I do not know of many small businesses that could stay open without increased revenues to meet the increased costs for over 16 years. We have actually experienced decreases in State grants during that time.

Mat-Su Health Services is one of the largest centers in the state serving over 500 people with nearly 2,500 service encounters each month. In the past 10 years we have only been able to provide salary increases for the majority of our staff during one fiscal year. We have cut all but our core services and monitor our expenses very carefully. I am aware that there are some community behavioral health centers that are cutting programs and some are on the verge of closing.

Please help us to maintain our core services of emergency, outpatient, and rehabilitation services for our seriously and chronically mentally ill clients.

Maryalice Larson, CEO

Mat-Su Health Services

1363 West Spruce Ave Wasilla, AK 99654

907-376-2411

mlarson@matsuhealth.org

www.matsuhealthservices.org

Louanne Christian

From: Rep. Mike Hawker
Sent: Tuesday, March 03, 2009 12:26 PM
To: Louanne Christian
Subject: FW: from Haines

More testimony

From: Robin Grace [mailto:robingrace@aptalaska.net]
Sent: Tuesday, March 03, 2009 11:11 AM
To: Rep. Mike Hawker
Subject: from Haines

Dear Mr. Hawker,

I am emailing you at this time because I am very concerned about the many and complex mental health needs in our community. We have so few resources with so much need. We operate on a small budget – it is hard enough to attract strong Clinicians to our community – we currently have a wait list because we cannot afford to hire the staff we need here and in Skagway. I am writing to ask you to support increase, not cut backs in funding.

- Here are the facts: This funding supports grants to community behavioral health services providers **to maintain existing mental health and substance abuse treatment services for Alaskans without resources**.
- Without the increment, people with mental illness or substance abuse problems returning from out-of-state placements or prison, or veterans returning from service overseas suffering from mental or addiction disorders are at risk for not being served because the waiting lists in community-based centers are too long. They are too long because they are under-funded and cannot serve all the people needing services.
- As with any other industry, inflation affects the cost of providing behavioral health services. While the Alaska Department of Labor & Workforce Development reports low overall inflation for 2007, growing inflation in crucial sectors such as energy and health insurance puts pressure on providers to maintain existing services. This recommendation for additions to the base budget will minimize the impact of inflation on costs of providing services.
- We support the Governor's FY10 request for community behavioral health services grants: $1.75 million (GF/MH) for mental health, $1.75 million (GF/MH) for substance abuse.
- The most recent prevalence data shows that 56,479 Alaskans require behavioral health services, including 21,754 adults experiencing serious mental illness (SMI), 12,725 children experiencing serious emotional disturbance (SED) and 22,000 Alaskans dependent on alcohol.
- The FY2008 unduplicated count (clients served by community providers) totaled 22,882 = 7,347 (SMI) (34%); 6,197 (SED) (49%); 7,071(non-SMI); 2,267 (non-SED).
- In 2006, 7,914 clients received substance abuse treatment from community providers (36% of the estimated total of people dependent on alcohol).
- Most Sincerely, Robin Grace LCW, Program Director Lynn Canal Counseling Services

Louanne Christian

From: Rep. Mike Hawker
Sent: Tuesday, March 03, 2009 12:29 PM
To: Louanne Christian
Subject: FW: Please support the UA K-12 budget, From Alaska FFA

More testimony

From: Jeffrey Werner [mailto:jeff.werner.ak@gmail.com]
Sent: Tuesday, March 03, 2009 10:05 AM
To: Rep. Alan Austerman; Rep. Anna Fairclough; Rep. Bill Stoltze; Rep. Bill Thomas; Rep. Harry Crawford; Rep. Les Gara; Rep. Mike Chenault; Rep. Mike Hawker; Rep. Mike Kelly; Rep. Reggie Joule; Rep. Richard Foster; Rep. Woodie Salmon
Subject: Please support the UA K-12 budget, From Alaska FFA

I encourage you to support full funding of the University of Alaska's budget request for the K-12.

As the State Director of the Alaska Association of the FFA, Along with the State Officers, we represent the students and educators of agriculture, natural resources, marine technology, and environmental science. The FFA can only exist within a systematic curricula of K-12 education as it is an activity within the classroom as per Federal Law. We have accomplished our objectives for the past 20 years without much support, however, with the assistance of the University of Alaska we can better serve the State of Alaska educational system, grow the FFA and other programs such as SkillsUSA and increase support and better serve our local communities.

We have been, and believe that we will always be, an integral part of Alaska's current and future economy dedicated to ensuring the food, fiber and natural resources to feed, fuel and finance Alaska. Your support for this item is great appreciated. Your investment in this K-12 request is an investment in the future of Alaska.

The FFA is an integral part of agricultural, natural resources, marine technology, and environmental science education nationwide. Although some think FFA is a club..it is not. It is a part of education, and supposed to be taught in the classroom. FFA is the leadership component as recognized by the US Department of Education, US Department of Agriculture, and the agricultural industry of these United States. The more than 300 students, and FFA Alumni members statewide are in full support of the University budget item and request your support.

There are agricultural, natural resources, marine science and technology programs that will greatly benefit from this activity in the following communities. Anchorage, Fairbanks, Palmer, Delta Junction, Homer, Kodiak, North Pole, Galena, Nome, Soldotna, Seward, Barrow, Kenny Lake, Wasilla. The entire state will benefit though a stable economy in the future.

--
Thank you for your support of the UA Budget.
Respectfully,

Jeff Werner
Alaska FFA State Director
Fairbanks
jeff.werner.ak@gmail.com

Rachel Kenley
Alaska FFA State President
Palmer High School
r_kenley@alaskaffa.org

Juneau Alliance for Mental Health, Inc.

Quality Community-Based Mental Health Services Since 1985

March 2, 2009

Representative Mike Hawker and
Representative Bill Stoltz, Co-Chairs
House Finance Committee and
Committee Members

Dear Representatives Hawker and Stoltz:

As the House Finance Committee evaluates the proposed budget in the area of **Community Behavioral Health Services grants**, it is important to note the impacts of any reductions to the Governor's FY10 request for $1.75 million (GF/MH) for mental health, and $1.75 GF/MH for substance abuse. These increments to the budget will minimize the impact of significantly increased costs of providing services. The increased costs have been absorbed by programs for some time and have in many cases, resulted in services reductions in critical areas of need.

At Juneau Alliance for Mental Health, Inc. (JAMHI), the local community mental health center, our staff reductions in recent years include reducing the number of case managers to support severely mentally ill persons living in the community, and we reduced the number of clinicians in our Adult Outpatient Clinic over a year ago, from 4 to 3, resulting in longer waiting periods for persons needing access to services and less ability to provide ongoing clinical support to people. Unless the need is urgent, people seeking appointments now wait approximately 2 months for an initial appointment. This includes people with severe depression, schizophrenia, bi-polar disorder, and other serious mental illnesses that could be treated through psychiatric and clinical management.

JAMHI provides emergency mental health assessments for persons who may be suicidal, homicidal, or actively psychotic and who may meet statutory criteria for commitment to a psychiatric facility. The same counselors who provide outpatient clinical assessments and follow-up care, also conduct these often very time-consuming on-call emergency mental health assessments at the hospital, in between working in the Outpatient Clinic. These competing responsibilities limit the total number of individuals who can be treated in the Clinic by staff, so any reduction in the number of staff clearly reduces access to services. Recent increases in Medicaid rates might allow programs to fill some needed positions that are currently vacant due to increased operating costs, however, if base funding is inadequate many will be unable to do so.

Unserved or underserved mentally ill and/or chemically dependent youth and adults will enter "the system" somewhere, whether it is for treatment services, hospital care, courts and corrections, or homeless shelters. It all costs money. The most cost-effective means of helping these high-risk populations is through the treatment door. Please fully fund the recommended increments to the Community Behavioral Health Services grants.Thank you for your hard work and consideration of this important issue.

Sincerely,

Pamela L. Watts
Administrator

3406 Glacier Hwy
Juneau, Alaska 99801

Tel. (907) 463-3303
Fax: (907) 463-6858
pam@jamhi.org

Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • 825 "L" Street • http://www.muni.org

Health and Human Services Commission

Matt Claman,
Acting Mayor

March 4, 2009

Mike Hawker, Representative
Co-Chair, House Finance Committee
State Capitol, Room 505
Juneau, AK 99801

Bill Stoltze, Representative
Co-Chair, House Finance Committee
State Capitol, Room 515
Juneau, AK 99801

Dear Representative Hawker and Representative Stoltze,

The Municipality of Anchorage Health and Human Services Commission supports the inclusion of $923,100 for Reversing Alaska's Childhood Obesity Trend: A Comprehensive Initiative. The primary mission of the Health and Human Services Commission is to ensure the health and well-being of the Anchorage community. In fulfilling that mission we are frequently confronted with the seemingly intractable effects of obesity in our community.

Obesity is a complex health problem that has reached epidemic proportions in Alaska and the nation. The Mayor's Taskforce on Obesity and Health and the resulting 10 Year Plan to combat obesity in the Municipality of Anchorage was developed through a cooperative effort between the Municipality, local businesses, insurance providers, health care providers, and the Anchorage School District. State funding for the initiative to reverse the childhood obesity trend will benefit Anchorage. Through the support of our Obesity Coalition, the state program will help provide the technical assistance and tools needed to implement our 10 Year Plan, by providing continued data collection and analysis of Anchorage School District height and weight data to track Obesity in our schools, and provide training for school district staff on health and physical activity education standards and evidence-based curricula.

School-based intervention programs that prevent even a small number of students from being overweight amount to costs averted through reduced medical costs, increased quality of life, and increased productivity. The Comprehensive Initiative and the Obesity Prevention and Control Program are crucial to Anchorage's efforts to reduce the toll of obesity on our children.

Sincerely,

Brian Saylor, PhD MPH, Chair
Anchorage Health and Human Services Commission

Cc.

Representative Bill Thomas
Representative Alan Austerman
Representative Anna Fairclough
Representative Richard Foster
Representative Reggie Joule
Representative Mike Kelly
Representative Harry Crawford
Representative Les Gara
Representative Woodie Salmon
Representative Mike Chenault
Matt Claman, Acting Mayor Municipality of Anchorage
Diane Ingle, Director Department of Health and Human Services Municipality of Anchorage

Community, Security, Prosperity

Public Testimony on HB81

Sheri Brechan [sbrechan@yahoo.com]

Sent: Wednesday, March 04, 2009 12:08 PM

To: LIO Fairbanks

Dear Representative Mike Kelly,

I have been educated regarding the recent actions in our government which has drastically decreased Governer Palin's budget for the Council on Domestic Violence and Sexual Assault. $500,000 was going to be allocated toward increased statewide collaboration and prevention and $1.2 million was to be allocated to 20 Domestic Violence and Sexual Assault Programs around the state. According to the information I received, in the final days of the Public Safety close out in the House - $1.4million of the $1.7million was removed. This funding that was slated to go to the 20 domestic violence programs throughout the state is imperative. In the Northern Region, a vast area of the State of Alaska, only two agencies provide these kinds of domestic violence services. These agencies are a critical piece of keeping victims safe and increasing accountability for perpetrators of domestic violence.

As a probation officer, I rely on these programs to assist the families I work with and to make sure victims and the perpetrators are receiving services that will truly help them. Interior Alaska Center for Non Violent Living (IAC) and LEAP collaborate on a daily basis with community agencies to make sure that we are all working together to meet the needs of this population. One of the few things IAC has collaborated on was providing trained volunteers to accompany law enforcement officers and probation officers for community outreach during the Alaska Federation of Natives conference. Collaborations like these over the years have been a huge success.

IAC created a domestic violence task force years ago involving and educating many community agencies. This task force which also includes the military, law enforcement, the District Attorney's office, juvenile and adult probation, and corrections, is still ongoing and proactive due to IAC and their continued support.

As a community member and professional who depends on these services, I would appreciate your support in the replacement of the $1.4 million that has been removed from this budget.

Sincerely,
Sheri Brechan

SALVATION ARMY CLITHEROE CENTER

Administration
1709 S. Bragaw Suite B
Anchorage, AK 99509
Phone (907) 276-2898
Fax (907) 279-8526

Residential
P.O. Box 190567
Anchorage, AK 99519
Phone (907) 743-8701
Fax (907) 743-8780

Reflections
P.O. Box 190567
Anchorage, AK 99519
Phone (907) 743-8701
Fax (907) 743-8780

Outpatient
1709 S. Bragaw Suite B
Anchorage, AK 99509
Phone (907) 276-2898
Fax (907) 770-8880

Dual Diagnosis
P.O. Box 190567
Anchorage, AK 99519
Phone (907) 743-8728
Fax (907) 248-7473

Records
P.O. Box 190567
Anchorage, AK 99519
Phone (907) 743-8722
Fax (907) 342-1455

CONFIDENTIAL FACSIMILE COVER SHEET

IRECTED TO: Representative Hawker **DATE:** 3/4/09

GENCY: _____ **FAX NUMBER:** 907-465-6813

ROM: SACC Bruce **NUMBER OF PAGES INCLUDING FACE SHEET:** _____

GENCY: SACC **FAX NUMBER:** 743-8780

IESSAGE: Enclosed are voluntary letters from clients that receive substance abuse treatment + recommendations to maintain the governor's recomendation of 3.5 million for SA and MH treatment 1.75 for SA + 1.75 MH - Thankyou Bruce Durrel Clinical Director 743-8706

OHIBITION ON REDISCLOSURE: THIS NOTICE ACCOMPANIES A DISCLOSURE OF INFORMATION NCERNING A CLIENT IN ALCOHOL/DRUG ABUSE TREATMENT, MADE TO YOU WITH THE CONSENT OF CH CLIENT. THIS RECORD HAS BEEN DICLOSED TO YOU FROM RECORDS PROTECTED BY FEDERAL NFIDENTIALITY RULES 42 CFR PART 2. THE FEDERAL RULE PROHIBIT YOU FROM MAKING ANY RTHER DISCLOSURE OF THIS INFORMATION UNLESS FURTHER DISCLOSURE IS EXPRESSLY RMITTED BY 42 CFR PART 2. A GENERAL AUTHORIZATION FOR THE RELEASE OF MEDICAL OR OTHER ORMATION IS NOT SUFFICIENT FOR THIS PURPOSE. THE FEDERAL RULES RESTRICT ANY USE OF THE ORMATION TO CRIMINALLY INVESTIGATE OR PROSECUTE ANY ALCOHOL OR DRUG PATIENT.

RNING: THE INFORMATION CONTAINED IN THIS FACSIMILY MESSAGE IS LEGALLY PRIVILEGED AND NFIDENTIAL INFORMATION INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED VE. IF YOU ARE NOT THE INTENDED RECIPIANT, YOU ARE HEREBY NOTIFIED THAT ANY EMINATION, DISTRIBUTION, OR COPY OF THIS FACSIMILY IS STRICTLY PROHIBITED. IF YOU EIVED THE FACSIMILY IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE AND RETURN ORIGINAL MESSAGE TO US AT THE ADDRESS ABOVE IN THE MAIL.
NK YOU.

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavioral Health Services Grant dated 3.4.09
Bill/Subject

I would like to advocate for increased level of funding for the mental health + substance abuse treatment services. These services provide education for those citizens with addictions, mental health issues or co-occuring disorders + help them learn to be productive members of society

Signed: [signature]
Testifier

Representing (Optional)

1616 Tamara Cr Anchorage AK 99508
Address

(907) 245 6285
Phone number

3981

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Comunity Behavioral Health Servieses dated 3-4-09
Bill/Subject

I would Recomend that the full amout of the current Level for funding be restored to Mental Health and Substance Use Treatments. I my Self am currently engaged in Co-Occuring Treatmen Procces which is Inpatint Treatment. If it wherint for this chance to engage in treatment for my mental Health and my Substane use I would be out in the comunity Drinking and Druging, and not moving eny closer to A healthy way of thinking and a Sober life Style. I Hope to gane Knolage here to be able To reenter the comunity and be abe to be a podutive part of my Society

Signed: Lisa Smith
Testifier

Representing (Optional)

Address

Phone number

03/04/2009 07:01 9077438780

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavioral Health Services, dated 3.4.09
Bill/Subject

My name is Juanita and I have been in treatment for 2 months. If it were not for this treatment I would probaly be dead by now.
My mentle illness has kept me from living A normal life for over 30 years. Now I feel that I am getting the medication and information that will help me to live a more productive live.
I am greatful for this chance that I am getting now.

Signed: Juanita C. Owens
Testifier

Representing (Optional)

Address

Phone number

3983

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavioral Health Services, dated 3.4.09
Bill/Subject

I would Recomend the the finance Committee continue to fund both Substance Abuse treatment & substance Abuse and mental Health Services. I have been working with youth and Family's who suffer from substance Abuse and mental health issues. Treatment has been a very important Life Line for People in ALASKA. If we do not help people get free of substances and seek Mental Health treatment we stand to Lose many Lives and witness continued tragedy for people caught in these circumstances. I have seen many people take back control of their Lives with the help of caring treatment providers. Please don't Turn your back on the folks who need your help. I Recommend that we increase the current Level of funding for these services.

Signed: _____
Testifier

Ann Bartley, Ph.D. Psychologist
Representing (Optional)

Address

Phone number

PAGE 05/08 9077438780 03/04/2009 07:01

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavior Health Services dated 3/4/09
Bill/Subject Grant

TO THE ALASKA STATE LEGISLATURE,

I AM WRITING TO ASK YOU TO PLEASE NOT CUT THE FUNDING FOR BEHAVIORAL HEALTH SERVICES. I AM CURRENTLY IN TREATMENT FOR CO-OCCURRING DISORDERS (MENTAL ILLNESS & DRUG ADDICTION) & THESE SERVICES ARE VITALLY IMPORTANT TO ME & SOCIETY IN GENERAL. PLEASE CONSIDER THIS REQUEST & HOW IMPORTANT IT IS TO ME & A LARGE SEGMENT OF THE POPULATION.

THANK YOU.

Signed: BRYCE EDGEMOEN
Testifier

ANONYMOUS
Representing (Optional)

Address

Phone number

03/04/2009 07:01 9077438780 PAGE 06/08

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavioral Health Services dated 3-4-09
Bill/Subject

I am writing to let you know I am in a treatment center. It has helped me alot I learned about relapse how to help myself. I have schiz-effective I have a mental I please keep the funding coming it helps me with my mental illness my illness can be bothersome im learning new ways to help myself. please help me to stay in my program and keep the funding to help me and others like me.

Signed: Tottu Kaveolook
Testifier

Representing (Optional)

Address

Phone number

03/04/2009 07:01 9077438780

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavioral Health Services dated 3/4/09
Bill/Subject

I came to this treatment center from Correctional Facility
Before I came to this treatment I really did not understand my Disability of mental illness and co-occurring Disorders. I now have a better chance of Staying Sober after being educated about my co-occuring Disorders and: Drug addiction.
I have gotten One on one counciling that has helped me with my PTSD, and Thinking Errors to help me Change my Thinking. Im Graduating on 3/5/09 And I feel like I have a better chance after going Through this Treatment Center Of Success in Recovery where before I just lived Homeless in my addiction.

Signed: Lorena Hartman
Testifier

Representing (Optional)

Address

Phone number

3987

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Health Services Grant, dated 3/4/09
Bill/Subject

I am a client at Salvation Army Clitheroe Center. I have been in the Correctional System for ten years. This is the first opportunity I have had to address my Alcohol Abuse in an in depth manner. This center not only addresses my addiction, but how it has effected my community, my employment, my family and friends. This inpatient facility allows me to live in a controlled environment, with counselors and staff knowledgable in the field of addiction. In just the last three weeks here I feel my life can be managible and recovery is an achievable option. Not only here at Clitheroe, but in a functional life in the community and my home state, Alaska.

over →

Signed: Carrie Mayer
Testifier

Clitheroe Salvation Army Sponsored
Representing (Optional)

10260 Jonestown Dr. Anchorage Alaska 99507
Address

907-279-0333
Phone number

cont...

Without this in patient facility el believe el would not have been able to receive the power of healing on a day to day basis. elt teaches ~~no~~ one to rely on ones self, and give back to the community in general. Clithero makes sure it's clients get solid support after the are released from the program, making sure we understand that sobriety and recovery is a lifetime goal. elt involves family members and sponsors from non-profit organizations like N.A. and A.A.

el truly believe that state funding is absolutely necessary in these type of facilities. For the will lowers the cost of Department of Corrections and turn around the lives that are caught in that system and change the lives of so many people here in the State of Alaska.

Sincerely,

Cassie Mayer

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community, Behavioral, health Service grant dated 3-04-09
Bill/Subject

This place is helping with my recovery. I think that the funding is real important because there are some of us that can't pay for sevice's and without treatment there would be a lot of more prombe's in are ~~community~~ community. There are a lot of crime do to addicts who don't seek treatment for there diseases. Fanding help people know that there not alone and there is help for them so that we can suceed in are diseases. I very thankful for funding and it has help me get ~~through~~ through my treatment without having that burden on my mind on how much if going to cost.

Signed: Dynisha Merriams
Testifier

Dynesha Merriams
Representing (Optional)

1208 Wilshire #3 Anchorag, Ak 99503
Address

Phone number

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on (Community Behavioral health Service grant) dated 3/04/09
Bill/Subject

I feel that funding for substance abuse treatment is really needed in the State of Alaska, I am a 24yr old female and have been a drug addict for over 10 years, unfortatly I have no means or money for my treatment I have 2 lil girls who need me and since I've been in Residential treatment my life is taking a drastic turn I am learning better ways to deal w/my Anger and my sadness through Stradegys that they teach me I feel it is better for me getting help while I want it than being out in the Community smoke Dope and Robbin Folks and continuing criminal acts treatment is necessary for me because all I've ever known is Drugs and the Streets I am 150% for my Recovery but if the funding is dropped I feel I would have less chance of surviving out there Sober because I have no funds for treatment and have been clean 90days thanks to programs available my Recovery is important to me please help us in my Recovery.

Signed: _____
Testifier

Nicole McCourt
Representing (Optional)

PO Box 190567 Anchorage, AK 99519
Address

(907) 720 3273
Phone number

3991

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavioral Health Service Grant, dated 3/4/09
Bill/Subject

I think that Drug abuse treatment is vital to any Community. Alaska's Problem on drugs has grown! I am a drug addict from Wasilla, there are limited resources out there! There are no inpatient, with exceptions to Nexyrns Ranch which is very hard to get into. There is noo Needle exchange or methadone clinic. In myopinoin Drug abuse treatment is vital to our community. Affortable ones! Alot of People who abuse drugs do not have the money to go to treatmen, or get the assesments! Outpatient [redacted] Runs about 300$ a week, that is more than alot of people make! And you can get discharge from treatment for falling back on your payments Currently I am at Clithroe Center I am very thankful for this facility! like I said I am a drug addict and I need treatment! Out pasient Cansoling is another important thing for addicts. Most addits have mental heath problems, and Cansoling is expensive also, I am having a hard time finding affordable mental heath cansoling, Withch I will need when I leave here to help me with my sober life. I have met alot of people in treatment who Story is alot like mine, how will I pay for this how will I pay for that. Is all we want is to learn how to live clean and sober, and we need our State's help with that! The more money for Programs to help addicts become Productive members of Sosidy the better.

Signed: [signature]
Testifier

Community
Representing (Optional)

3125 Snowgoose Wasilla, Alk 99654
Address

748-1310
Phone number

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavioral Health Service dated 3/4/09
Bill/Subject Grant

To Whomit may Concern,

I am a registered nurse and a heroin addict. I lost my job last year and needed inpatient treatment for my disease of addiction. Since I was financially unable to go to an outside treatment facility I found the Salvation Army Clitheroe Center, who is willing to give me the help I need, without giving them money upfront. When I am successful in my completion of treatment and continued recovery I will be able to be a valuable, contributing member of society. The Clitheroe Center has been valuable in facilitating my recovery, but it has been obvious that they are struggling financially and any budget cuts could take away from the effectiveness of this valued service. I feel this service is necessary for our community because of the amount of people in prison for drug related crimes that don't get treatment and then go back out and re-offend, when treatment can help cut down on re-offenders significantly. None of the ladies here at Clitheroe could have been here without Government funding

Signed: _____
Testifier (Urshala Cockcroft)

Representing (Optional)

5528 E. Edgerton-Parks, Palmer, AK 99645
Address

Phone number

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavioral Health Svc Cont. dated March 4, 2009
Bill/Subject

I have worked in the substance abuse field for approximately 8 1/2 years, while it can be a difficult job, the rewards all at times amazing. I work with women, all ages and ethnicities who have found themselves caught up in the vicious cycle that addiction can create. Many have lost and/or many lose their children. Many have suffered years of abuse, either from parents, other family members, perpetrators of various types. Many have been victimized to the point where they know no other way out than to keep repeating the "same" ol pattern. Coming into treatment exposes them to choices, education, healing, opportunity and above all hope that life can be different. It may take some of the women I've worked with more than one or two times through treatment to finally understand what they need to do to change their lives - it may take one time. Some succeed, some fail repeatedly but keep working at, and some die trying, a few give up. I am privileged & honored to actually see some of the change occur, I am no longer surprised to see the same faces return but I am touched that they keep trying. We are frequently understaffed and under resourced but I don't know any other work I'd rather be doing. But, I couldn't do it without your ongoing support and efforts. Thank you for your ear & consideration.

Signed: Victoria M Nelson MDiv CCSI
Testifier

Salvation Army Clithero Center
Representing (Optional)

Reflections Unit - 1709 S. Bragaw, Ste B Anchorage AK 99508
Address

907-743-8701
Phone number

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Health Behavioral Service Grant, dated 3/5/09
Bill/Subject

I am a client at Clitheroe Inpatient center, I can see these people are trying very hard to educate us on recovery & sobriety.
I have a long history of alcohol use. this program is helping me to become stronger person, by separating myself from old friends or even loved ones, it helps me to recover.
Recovery & sobriety means so much to me, I can't do it on my own.
I love America, the people here are very helpful, & also the clients here are very kind, they are all very understanding.
this program also will help me get my children back, I am a single parent of 5. I am the only parent they have.
I've made so many mistakes, & I'm here to fix my problem with help from Clitheroe staff. if you can please help fund the program because I care about my recovery. thank you for your time to read my letter, & I hope you make a good choice about the funds. God Bless you all.

Signed: Emmalin Washington
Testifier

Representing (Optional)

Address

(907) 440-4526
Phone number

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavioral Health Service Grant, dated 3/4/09
Bill/Subject

I as a Client, been here at the Clitheroe Treatment Center. Since Feb. 19. of 2009. I am OCS refered and I have 90 days of Residetal and 24 weeks of outPatient. When I first Came to Clitheroe. I was horabel. the first three days I was here. And I thought that I was going to be like that for a long period of time. But I wasn't. I got alot of support from Staff + other Clients here. Which made me even more Comfotable to be here. And made me relize of What I really needed in life. + in the [redacted] future. What I want to get out of this Treatment is Relaps Prevention, A better Mother for my Children, to have a happy life. Sober [redacted] life. Copping Skills-[redacted] And I am now looking forword to Complete my Inpatient treatment. And I really Appritiate all the Support and needs I have here at The Clitheroe Treatment Center.

Signed: Krista Erlang
Testifier

Representing (Optional)

227 W. 11th Ave. Apt #5
Address

(907) 720-9256
Phone number

3996

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavioral Health Service Grant dated 3/04/2009
Bill/Subject

I am currently a residence @ the Archorage Clithro Center, Substance abuse treatment Center. I have struggled with substance abuse throughout my life effecting many in a very negative way. I am fighting my disease by learning once again not only how to deal with my disease but how to live a clean and sober healthy lifestyle. I do have a disease & I could of never got better without the support and knowledge I have gained while attending treatment. & know by cutting budgets and closing doors on substance abuse things will only get worse. why, why make things worse and hurt our future? I feel the more positive changes we make now in our community and across the world the better our future. & feel treatment has not only saved my life but has educated me how to live clean, sober and healthy. I can now give away what I have gained I could save many more, who knows. But; I could never give away what I do not learn. & know alcohol/substance abuse disease will only increase without treatment/Education to offer which will then cost more. It would of cost me my life ... How many lives much we loose before we act?

Signed: Christine E. Moser
Testifier

Clithro Center Anch, AK.
Representing (Optional)

HC33 Box 3027 Wasilla, AK 99654
Address

(907) 982-1568 c (907) 376-0549 msg.
Phone number

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on FUNDING/COMMUNITY BEHAVIOURAL dated 3/4/09
Bill/Subject HEALTH SERVICE GRANT

THIS PLACE IS IMPORTANT TO ME BECAUSE ITS A PROGRAM THATS HELPING ME TO RECOVER AND WORK ON ME. IF THE FUNDINGS GET CUT THIS PROGRAM WOULD SOON BE CLOSED DOWN AND THOSE THAT ARE SEEKING HELP WOULD HAVE TO LOOK ELSEWHERE AND MIGHT EVEN HAVE TO CONSIDER GOING OUT OF STATE, WHICH WOULD CAUSE CIVILIANS TO BE FURTHER AWAY FROM THEIR LOVED ONES! THIS PROGRAM IS ONE OF THE BEST COMPARED TO OTHERS I'VE SEEN AND HEARD ABOUT. CUTTING FUNDS WOULD BE A LOT HARDER FOR ME TO ACHIEVE MY GOALS IN TREATMENT, BECAUSE IT WOULD MEAN THAT WE WOULD HAVE VERY LIMITED EDUCATION AND NOT MANY OF US HAVE A LOT OF MONEY TO SEEK HELP ELSEWHERE. THIS IS A PLACE WHERE I FEEL I CAN WORK ON MYSELF AT MY OWN PACE AND WITH FUNDINGS BEING A CONCERN, IT WOULD MEAN THAT US AS INDIVIDUALS WILL NOT BE GETTING MUCH SUPPORT FROM SPONSORS, GETTING INFORMATION CONCERNING OUR HEALTHS, AND COMING UP WITH STRATEGIES ON HOW WE CAN SEE OUR SOBRIETY WHEN WE RECONNECT WITH THE COMMUNITY AGAIN. THIS PLACE HELPS ME TO FOCUS ON MY FUTURE, MY LIFE, MY HEALTH, MY ABILITIES, MY STRENGTHS & WEAKNESSES, AND GETTING MY LIFE TOGETHER FOR THE SAKE OF MYSELF AND MY FAMILY. IF I WAS TO NEED THIS PLACE IN THE FUTURE HOW CAN I DEPEND ON THEM WHEN THE FUNDINGS ARE CUT? I WOULD HAVE TO SEEK HELP ELSEWHERE THAT PROBABLY WON'T DO A GOOD JOB!

Signed: _____
Testifier

LINDA VONGPRACHANH
Representing (Optional)

8400 E. NEW HOPE PALMER, AK 99645
Address

Phone number

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on Community Behavioral Health Service Grant, dated 3/4/09
Bill/Subject

To Whom it may Concern,

I have started working in the feild of substance abuse only 6 months and already I have noted a great need for more funding and support of the individuels in our community struggling with substance abuse and mental illness. No only do I work in this area but my family has also been greatly impacted by substance abuse and mental illness. This is a vulnerable population and with what we now know about substance abuse we know that these individuels need all the help they can get, not only for themselves but also for the community. When you look around there is not anyone who has not been impacted, whether directly or indirectly by substance abuse and the ramifications of it. Whether we like it or not this is a community issue and it needs to be addressed. Treatment is a very important part in addressing this issue and to be honest we are not functioning at our ful potential. We are understaffed and overworked with limited means to assist the caring and concerned people with know how who want nothing more but to help those in need. I understand money is tight for everyone but that is even more reason to give funding to this cause because the people struggling are the people who are not able to financially help themselves →

Signed: Lacy Jensen - Lacy Jensen
Testifier

Clitheroe Center
Representing (Optional)

4140 N. Preston Ave, Wasilla AK 99654
Address

907/232-6816
Phone number

If we look at the bigger picture and at our community where our kids and family Live, we want the safest environment possible. Think about how many crimes and violence are drug related. The women that come in to our program are different than when we see them on the streets. This is why we need to help them so they can help us by being a productive member of society. This funding is desperately needed in order to help both this vulnerable population and our community. Please consider each of these individuals and their family and future familys when considering how much to help them. Also like I said earlier my own loved ones have been affected by drugs and alcohol. And I can really see how they are struggling and deep in a hole they feel. This is a very important issue, one that needs to be taken seriously. Please help us (treatment facilities) do the best we can to help people get healthy.

Thank you for your consideration !

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on _____, dated 3-4-09
Bill/Subject

I AM GARY BROWN AND I AM a ALCOHOLIC. I HAVE HAD 4 DWI' TWO which were FELONY'S in the PAST 3 YEARS. I WENT TO a OUTPATIENT PROGRAM IN WASILLA AK. I COMPLETED the PROGRAM AND ALSO GRADUATED FROM AFTER CARE. I RELAPSED IN JAN 2008. I HEARD GREAT things ABOUT CLITHEROE IN HOUSE PROGRAM. I NEEDED the SKILLS AND the POWER IN MYSELF to KEEP ME ALCOHOL FREE. CLITHERO TREATMENT IS giving ME the light to MAKE this ALL possible FOR ME. I NEED this TREATMENT PLAIN SO that I CAN MANAGE my LIFE. I AM ON Disability AND DISABLE which I FELT WAS the BOOT of ALOT of my problems. CLITHEROE is SHOWING ME the WAY. I NEED this PROGRAM PLEASE DONT CUT OUR FUNDING THANK YOU

Signed: Gary M Brown
Testifier

Representing (Optional)

14543 TERRACE LANE EAGLE RIVER AK 99577
Address

907-696-2850
Phone number

PAGE 02/28 9077438780 03/04/2009 07:53

To who it may Concern:

My name is Justin Clifford Eaton and I am a 34 year old carpenter and Father of one boy 10 years old, one girl 7 years old and a 6 month unborn child, unfortunitly I am also a alcoholic. I was born in Anchorage Alaska at Providance Hospital, I beleave I was also born a alcoholic because my mother drank while she was pregnant with me she had very few options for Help or treatment back Then. My mother and father both died here in Alaska in separate car accidents involving alcohal when I was just two years old. I became an Award of The State of Alaska and lived with my Fathers sister in California. I returned after High school in 1993, I started to drink alcohal at age 15, I was a heavy drinker by 20 years old and have been drinking ever since. I have been to 4 diffrent treatment center since I was 20 year's old Alcohal has ran my life and ruined it I could not stop drinking on my own. I have been a threat to myself my family and Society because of my addiction and have been in jail for several DUI convictions. I Am currently a active client with the Wellness court here in Anchorage. I was Hopeless to my situation and my addiction the last time I

03/04/2009 07:53 9077438780

I had give up all Hope of my Abillity to Live Life on Life's termes I struggled everyday. I gave up ~~back~~ was given a chanc to go to a inpatiant Treatment Center with the Felony DUI Court. I entered treatment 2 months ago here a Salvation Army Clithro Center Hopeless and Fustrated. I was give a Timeout on Life to focus on myself I started to see some light at the end of the tunnel I was trailing. Coming her has been the best chance and ~~choice~~ choice I ha made in my Adult Life. I now have Hop restored to my Life I see a future wit my children and confadince that I can overcome my addiction and be a positive person to my family and society/instea of a borden and menace. while here at SACC I have learned that it is more Than just stoping drinking I have learned That I must change my life for positi outcomes. This Timeout I have had here was and is so positive I have a whole new outlook on my sobriety and Life. My whole Attitude and personality have changed. I now can start rebuilding my Life with my family without the use of alcohal. I never really thought this possible before. I have this Treatment Center to thank for my new chance at Life. I've seen changes here at SACC that have had had an effect on Staff and Clients because of

PAGE 05/28 9077438780 03/04/2009 07:53

situation and we now are without a morning Cook and only have 2 out of 6 showers working now. with this place functioning properly I am afraid that people like me wont ge everything they need to change the lives. It takes alot to run one of these Treatment Centers so please loo at my voice on paper so you can and stand my Life as a alcoholic and se how important these places are for Hopless Drunks. Please understand Th for a cronic Alcoholic DUIer like me This place has saved my Life They are the only Hope we have without The it Jails or Death. I've been able t break my Addictive Vicious Cycle her and in my Life and I Hope you wil give others Like me the same cha at a new wonderful experiance.

Thank You for Reading my Letter

GOD Blees

Sincerly

Justin Clifford Eaton

To whom it may concern, I started drinking at the age of 15 I believe. It started out as just to have fun. My alcoholism progressed over the next four years, to where when I drank on the weekends I would lose all control, I would drink more than I planned on drinking and I would start to do stupid things.

I got an felony assault charge as an juvenile. This happened in 1997. When I was drinking in 1999 a misconduct about wielding weapons Damage to Property, and Malicious destruction of property because someone owed me money and I thought why not take it out on something of theirs. I was drunk and not thinking clearly. In 2000 I was not drinking and driving around with some friends, and I got an robbery charge, an assault charge.

They dropped the assault charge and reduced my Robbery to an class B felony I did five years on that. I got out in 2002 for about 6 months. I got an assesment at the clothroe center. I got kicked out for getting my first D.W.I.. I got violated and on my probation. In 2004 I went to the S.A.B.P. Program and got kicked out for racial remarks and sent back to prison, where I did the rest of my five years in jail.

PAGE 08/28 9077438780 03/04/2009 07:53

In 2004 I also got an Domestic Violence charge, and destruction of communication equipment. That was before I went to S.A.A.P. program. I was drinking at the time as well. When I got out from doing the last of my five years I went to the Copper River Native Association for an out patient program.

I completed that program so I could get my license back. I finally got it back and I stayed sober for an while. I got complacent with my recovery. I started going back to bars, hanging out with old friends, being an designated driver for friends, and finally I thought I could control my drinking. It worked for a while, but it progressed quickly. I got my second D.U.I. in 2007. When I got out I got drunk driving home to Glennallen and got my felony D.W.I.

I got 3 years with 1 suspended. Now I'm here at the inpatient program for the Cliffhouse center. I'm here because I want to be here this time, not to get the courts off my back, or to get my license back. I'm tired of putting my family through hell, not being there for my son, because I went to drink and then go to jail. I have caused an lot of pain, suffering, and worry amongst the community and my family.

03/04/2009 07:53 9077438780 PAGE 09/28

d have learned a lot of tools from this treatment center, that d didn't learn before because d wasn't open minded, and didn't want to change. This treatment has taught me how to change my life and live one day at a time. d've had many friends die because of alcohol. one tried to quite cold turkey and had heart failure. another got stranded and froze to death.

Clitheroe has had to cut staff back and we don't get hot breakfast any more because of budget cuts. d think you guys should put more money into treatment centers because the more help that is out there the more people would sober up. It would bring the crime rate down, the D.W.I. would drop eventually as well. My family and friends have been an big change in me this time around.

My family and friends are really proud of me, and are willing to go to any lengths to help keep me sober. Clitheroe teaches us of how important a sponsor is, and how having sober support will benefit our recovery. It would be nice to have hot Breakfasts again, and to keep the same kind of care they provide for us now. They also teach us ways to stop and catch our relapse in time before we drink or go out and use again. Treatment centers are

PAGE 10/28 9077438780 03/04/2009 07:53

really beneficial for an addict and alcoholic. It's nice to have an place to go to for help when we need it, instead of going to jail or causing ~~[illegible]~~ nuisance in the community and for our families. They help us look at all aspects of our lifes.

If an programs are not there when some one desperately needs it, it could cost them their lives or the lives of others and maybe your families. We all share the same border and the same state. Someone who is chemically dependant does not think clearly. It's how I exhibit. These programs teach us to look at our thinking Errors and how we can change them, to change our behaviors.

I think the more treatment centers we have and the quality of treatment would be beneficial for everyone who needs it and for the community as an whole.

Sincerly,
Edith L. Matthiesen

03/04/2009 07:53 9077438780 PAGE 11/28

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
Committee name

Committee on _____, dated _____
Bill/Subject

CLitheRO IN hous is a good place to learn to stay sober end get a way from addiction. they change my way a thinking end my life, give me a knowlige to start a new life. They nead a finance help to keap up the good work. So Im 100% to give them a finace suport

Signed: Joseph Cheney
Testifier

Po. Box.
Representing (Optional)

Po. Box 190567 Anch AK 99519
Address

907-764-1273 - 907-743-8701
Phone number

PAGE 12/28 9077438780 03/04/2009 07:53

Salvation Army Clitheroe Center
Residential Services
1709 S. Bragaw St. Suite B
Anchorage, Alaska 99518

March 4, 2009

Chemical Dependency Treatment Funding

Alaska State Legislature, House Finance Committee

Dear Committee members,

I am writing in support of current levels, or increased levels, of funding for chemical dependency treatment. In my professional work, I see first hand the impact of substance abuse on individual Alaskans, their families, and the communities in which they live. I have witnessed the negative impact of untreated alcoholism and drug addiction. The problem is heart breaking and compounded by long wait lists for treatment space for individuals seeking treatment. We, in the field of chemical dependency treatment, have been task with assisting individuals with making profound changes in their lives, and we do this with an absolute bare minimum of funding, low pay scale and staff shortages. I have no complaint with these conditions. The critical decision rests with us as a community whether we are going to provide the opportunity for individuals with substances abuse and addiction to make the needed changes in their lives to take their rightful place as responsible, law bidding, productive members in their respective communities.

On a personal level, I can attest to the value of investing funding in chemical dependency treatment. I am in recovery from chemical dependency. Sixteen year ago I was a chronic fourth stage alcoholic and a burden to my family and the community. Although I was dying of alcoholism I was not able to help my self. I was frequently using the services of the Salvation Army, Clitheroe Center Detoxification unit to be medically supervised while withdrawing from alcohol. On one of these occasions I was approached by the staff and interviewed and encouraged to get help in the form of treatment. I was admitted to residential treatment with Salvation Army Clitheroe Center for several months. I started my recovery and have been in recovery for over sixteen years continuously. In the years since, I have been employed and have not needed the resources of the community i.e. police, jail, emergency services, food stamps the list could go on ad infinitum. Since my recovery, I have completed a BA degree from the University of Alaska Anchorage and have been an asset to the community. I am overwhelmed with the gratitude of being able to work as a chemical dependency counselor in the treatment center where I began my recovery sixteen years ago. I was as hopeless as any one individual could possibly be. I was an IV drug user and chronic alcoholic. I hope my personal information will not be viewed as any personal triumph on my part. The transformation in my life was a direct result of the availability of treatment at a crucial point in my life and all the people, altruistic and professional, who were in the right place at the right time with the right resources to help me. Please consider your decisions related to funding of chemical dependency carefully. It is my hope that my personal story will encourage all of the committee members to realize the value and imperative of fully funding chemical dependency treatment programs for those who have no money, no private health insurance, and no resources. Unfortunately, this condition describes most of my clients who are physically, emotionally, and spiritually exhausted.

Respectfully,

Kim Kavanaugh BA CDC I

Kim Kavanaugh
BA CDC I, Counselor II
The Salvation Army
Clitheroe Center Residential Services
(907) 743-8731

3-4-09

To whom it may concern,

My name is Brad Holl I am a substance abuse counselor at the Clitheroe Center in Anchorage. I have had first hand experience with the effects of alcohol and drug abuse in Alaska for the last 15 years. Being born and raised here I have seen the devastation that people with addictions have caused and I myself have been one of those people. I started drinking and using illegal drugs when I was about 15 years old and that lifestyle continued and worsened dramatically for nine years. During that time I was arrested, I lost a long term relationship with the woman I intended to marry, I was mostly an absent father who was only drunk or high when I was around my son and I did too many things that I am ashamed of to list here. All this is to say that I have seen and participated in the terrible lifestyle of addictions. When I finally did get sober I spent several years going to 12 step meetings and hearing the stories there of others who were caught up in the insane life of an addict or alcoholic. The amazing thing is that almost none of us wanted this lifestyle, most of us genuinely wanted to quit. We wanted to stop hurting our loved ones we wanted to stop hurting ourselves and we wanted to stop putting everyone else in the community in danger by drinking and driving. However we were unable to do that alone or on our own will power. We needed the help of others, people with addictions need the help of others to get sober and maintain sobriety.

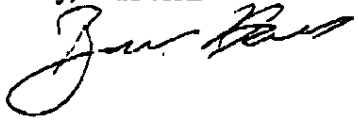
So once I got sober I decided to help others with addictions. I went and got a Bachelor of Arts in Psychology and I am currently working on a Masters in Counseling Psychology at APU. I also found a job doing substance abuse counseling at a residential treatment facility where I work with some of the most extreme alcoholics and addicts in the state. Most of the men I work with have lengthy criminal histories tied to their substance abuse. They have ruined their lives multiple times by pushing away loved ones, friends, losing their material possessions, wrecking their health, wasting years in jail, filling their lives with guilt and shame over who they have become and what they have done and most of all missing out on a good life that they could be living. However many of these people want to change as well just like I did and they are willing to work to stop their addiction, they are willing to work to stop hurting their families and stop putting the community at risk they are willing but most are unable to do it alone. They need help.

This brings us to the ongoing problem here in Alaska. We have a major problem with alcohol and drug addiction in the people in our population. The problem with drugs and alcohol is tied to many of our other problems specifically physical and sexual abuse, emotional abuse and neglect of elders and children, violent crimes like robberies and assaults, DUI's and so on. But the problem is not just related to legal problems there is much to be said about the impact on lost work hours, hospital visits, federal and state money spent on counseling and the wasted potential of Alaska's talented people. And unfortunately the problem is getting worse; children are being raised in unhealthy households and turning out like their parents. This has created a cycle that is rotting Alaska out from the inside; at the families.

We need an intervention to stop this cycle. We need to stop just barely having enough substance abuse treatment to get by. At our center there is up to a six month waiting list to get in and that is because we can't afford to operate at a higher capacity. Other substance abuse companies are the same. They cannot afford to hire more staff to take on more clients. The effect of this is that we are leaving people out there who want to get sober and would work to do it but need help; our help. While we wait these people hurt or kill themselves their families, and even strangers. They hurt society more, they fill up our prisons, they waste their lives and wait for their turn to get treatment. I know that everyone wants money from the state for different projects and I respect how hard it must be to allocate where funding goes and how much to spend but I would like to propose strongly supporting and funding substance abuse treatment as a long term strategy for the State of Alaska. Imagine if we had to fund the prisons less in ten years or the office of children's services, or STAR or AWAIC because of a decrease in crimes, offenses, abuse and so on. Imagine the difference in revenue for the state with more productive employees and less worksite accidents. On the other hand imagine not doing these things and hearing in ten years that we are still at the top of the national rankings for substance abuse, suicide, rape and alcohol related deaths.

Thank you for taking the time to read this letter.

Sincerely, Brad Holl



To Whom it may Concern.

My name is James Spears I am a war vet of Iraq and a alcohalic. I have a fiance and five children a 6yr old son a 5yr old daughter a 3yr old daughter and two twin girls who are two. If it was not for this treatment center at Clithroe my children would not have afather, I have been in jail for Domestic Violence and a DUI. I was out of control on my way to a coffin. I would drink until I passed out or all of the alcohal was gone, Sometimes for a week or more straight. I hurt myself my family and anyone else around me. I didn't care I was so deep in my sickness, My life was Unmanagable, I hadn't worked in months or

03/04/2009 07:53 9077438780 PAGE 19/28

acted like a father. I pushed my family away and isolated myself. Now with this treatment I'am happy, in recovery and I'am learning more everyday about living ~~sob~~ sober and personal responsability. I have a excellent group of peers who support me a great Counselor and a family who loves me to death. If it was not for this center I would not be writing this letter, it took me months before I got in here. I would hate ~~to~~ to see it done away with. Please please think wisely about your decions.

Clean and Sober,
James Spears

03/04/2009 07:53 9077438780 PAGE 20/28

TO Whome it may Concern

I am writting you this letter in hopes it will have a impact on funding for treatment programs. I am a client at the Salvation Army Clitheroe Center. I am a alcoholic and I am here trying to learn how to cope with my illness. I have never had any trouble in my life with the exception of alcohol. I have had two D.U.I.'s and it has caused a great strain on my family and community. Without programs like this where could people like myself go. Some people may say throw those guys in jail and keep them there. I think the cost of one year in prison for one person is $44,000 that is alot of money. Without programs like this that could be the outcome for me and many others.

You cant even bring money into this when dealing with lives and familys that are destroyed by something like this. Money can never replace those things but treatment can prevent the loss of both. With the help and education provided in programs like this one people like myself can return to society a productive person. Please take this into consideration when you make your vote.

Thank You

03/04/2009 07:53 9077438780 PAGE 22/28

To whom it may concern,

Well hello there this is Sheldon mckinney I have been a client here at The Salvation Army Clithroe Center for 23 days now. And let me tell you this much, I have learned so much about myself in this 23 day stay so far. Now if this treatment center wasn't available to me and thousands of other clients and soon to be clients. That would deffinetly be a tragity. Not only for me but for my community, and family. Now let me tell you a little about myself. I am a 24 year old heroine addict. I started using heroine when I was 19 years old. So they say I have a disease, and that very well may be true. Now what happens when a person is diagnosed with cancer? You give them treatment right. It is kind of the same thing, a disease is a disease. Now I don't think it would be right for me and also the other people in the state to have treatment taken from them. so please keep this thing going. You may be looking at the statistics of treatment centers and I know it isn't very high. But let me tell you something, lets just say that 1 out of every 5 people get this thing called long term sobriety. So now you have 1 out of 5 people that get to pass it on to the new person. Now that can go pretty darn far I would think. So then you would have more working, honest, trustworthy people working in this community to make it an over all better place. So once again please pretty please keep this thing going for us. Now if I didn't have this place who knows where I would be right now. probably on the street robbing and steeling from people in our community. Either that or probably in jail. And you and I know that the jails are already crowded as it is. Instead I am here getting the help I need to be a productive member of society. And that is exactly what I am going to be once I leave here. Reguardless if you all take the monies that support treatment centers. Like this one I am at right now. so please keep in mind that if the monies for treatment centers are cut or deducted. That you are doing a lot of people great harm.

Sincerely, Sheldon R Mckinney

To whom it may concern,

On November 10th of 2008 I had hit the lowest point of my life. I was cold, homeless & had no money. I was desperate & needed help. I was hooked on drugs. I didit know what to do or where to go or even if I would make it another day. I did know one thing though & that was I needed help.

I called my parents in Michigan & I was in tears. My parents were devastated & also saddened to hear that there son was a drug addict.

My parents set up an assessment with the Salvation Army Clithroe Center & I wes admitted to inpatient treatment.

Its been here that I've learned how to live, so that is hasn't been necessary for me use any kind of drugs in my daily life. It has been here that Ive learned alot about myself because we addicts are very much alike.

I have learned from my counselors in this program of recovery that there is hope for me & that I can once again be a productive member of the society & make my parents proud.

Thank GOD there is a program to help people such as me.

The Salvation Army Clithroe Center has given me a new meaning to life.

James Mannich

03/04/2009 07:53 9077438780 PAGE 25/28

To whom it may concern:

My name is Jonathan Cole. I am here at Clitheroe on a treatment furlough from Wildwood Correctional Complex.

I was incarcerated for a DWI. and two assults against the people that were riding in the vehicle with me. I had been using dangerous drugs and alcohol. I was on a very distructive path. That made everyone that I came into contact with threatened for their safety.

In jail there was almost no services made available to me. I was struggleing every day. With the reality that I would face, once I was released from jail.

With no support. My chances of recovery, and continued safety. Of the community and my family. Would be precarious at best. If I were to begin using and drinking again. I would eventually reoffend. Go back through the court system. Then return to prison for yet annotha lenthly incarceration.

In the short term. Is not providing abundant, or even limited recourses. To treat the chemicaly dependant. It might seem that the savings is there.

However, in the long term. The conciquences of not continueing to do all that is in your power to help prevent and treat those that so desperately need it. Would be immeasureable and damageing to the Economic and social structure of communities all ofer the state of Alaska. It would send shockwaves that reach all of it's infrastructures. Effect all of it's inhabetants.

The cost is just a drop in the bucket to the losses that would incur.

Jonathan Cole

PAGE 28/28 03/04/2009 07:53 9077438780

Economic Distress and Intimate Partner Violence

NIJ has funded a number of studies that look at aspects of economic distress, unemployment, neighborhood characteristics and Intimate Partner Violence (IPV) including studies that examine the relationship between:

- Employment instability and risk for IPV
- IPV and financial strain
- Repeat victimization and financial strain.
- Financial strain and abusive relationships
- IPV victimization and employment stability
- Economic Disadvantage, Neighborhoods and IPV

A recent study looked at data from the National Survey of Families and Households to examine whether employment instability and financial strain were related to the risk for IPV against women. The study also looked at the relationship between feelings of financial strain and the likelihood of IPV.

Employment instability increases the risk for IPV

The study showed that for couples where the male was always employed, the rate of IPV was **4.7 percent**. When men experienced one period of unemployment the rate rose to **7.5 percent** and when men experienced two or more periods of unemployment the rate for IPV rose to **12.3 percent**.

Intimate partner violence is more likely to occur when couples feel financial strain

The same study showed that there was a strong relationship between subjective feelings of financial strain and the likelihood of IPV.

- The rate of IPV for couples experiencing low levels of subjective financial strain was **2.7** percent.
- The rate of IPV for couples experiencing high levels of subjective financial strain was **9.5** percent.

Repeat victimization of women is more frequent in couples feeling financial strain.

- Women in couples with low levels of financial strain report **less than 2 percent** of repeat victimizations or being injured by their male partner, while
- **Just over 5 percent** of women in couples with high levels of subjective strain report repeat victimizations or being injured by their male partner

Financial strain may keep women in abusive relationships.

Women at greatest risk of IPV tend to be those in couples with few economic resources, high subjective stress about finances, higher unemployment and proximity to economically disadvantaged neighborhoods. The choice to stay or leave violent relationships may be based on the decision that a partner's economic contribution to the relationship outweighs the risk of violence, and may compel women to live with men's violent behavior rather than seek help or take other steps to leave violent relationships.

Women who are victimized by IPV may experience unstable employment as a result.

One study examined the impact of intimate partner violence (IPV) on labor force participation. The study interviewed 1311 women in Illinois once a year for three years and found that:

- Women experiencing recent IPV (but not long past intimate violence) experienced unstable employment over the three year period.
- Women who were victims of recent IPV worked fewer months compared to women who were not abused during that period or were abused only in the past.
- Women who reported that they had been abused by their partner at time one rated their health as poorer and their need for mental health services as greater a year later as compared to non abused women.
- Women with abusive partners reported more stress related concerns and emotional problems. Additionally they reported more headaches, ulcers, and back problems than did non-abused women.
- Chronic IPV is associated with poor health.
- **Most notably:** IPV contributes to stress related physical and mental health problems for as long as a year after the abuse has occurred. In turn these health problems decrease women's ability to hold stable employment even as long as two years after the abuse has occurred.

Economic Disadvantage, Neighborhoods and IPV

Researchers examined two types of economic distress — employment instability and subjective financial strain and concluded that both are strong risk factors for intimate violence against women. This study defined employment instability as the number of periods of unemployment for men between waves of the National Survey of Families and Households (NSFH). Subjective financial strain was defined as perceptions of financial inadequacy and was operationalized by combining responses to questions about satisfaction with finances and questions regarding worry about money.

- Violence against women in intimate relationships occurred more often and was more severe in economically disadvantaged neighborhoods. According to a recent study the rate of IPV in economically disadvantaged neighborhoods is **8.7**

percent compared **with 4.3 percent** in more economically advantaged neighborhoods.

- Women living in disadvantaged neighborhoods were more than twice as likely to be the victims of intimate violence compared with women in more advantaged neighborhoods.
- Women who live in economically disadvantaged areas and while in relationships are struggling to make ends meet are at the greatest risk for IPV.
- African-Americans and whites with the same economic characteristics have similar rates of IPV however African-Americans have a higher overall rate of IPV due in part to higher levels of economic distress and residence in economically disadvantaged neighborhoods.
- Women in disadvantaged neighborhoods were more likely to be victimized repeatedly or injured severely by their partners then women who lived in more advantaged neighborhoods (**6% vs. 2%** respectively).

The link between individual economic stress and community economic disadvantage raises the possibility that these two conditions may combine or interact in ways to influence the risk of IPV against women.

Research Cited:

Benson, M. L. & Fox, G. L. (2002). Economic Distress, Community Context and Intimate Violence: An application and Extension of Social Disorganization Theory. NCJ 193434

Benson, M. L. & Fox, G. L. (2004a). Concentrated Disadvantage, Economic Distress, and Violence Against Women in Intimate Relationships. In Violence Against Women and Family Violence: Developments in Research, Practice, and Policy, Bonnie Fisher (ed.) NCJ 193433.

Benson, M. L. & Fox, G. L. (2004a). When Violence Hits Home: How Economics and Neighborhood Play a Role, Research in Brief. NCJ 205004.

Glass, N., Laughon, K., Rutto, C., Bevacqua, J., & Campbell, J. C. (2008). Young Intimate Partner Femicide: An Exploratory Study. NCJ 222774.

Riger, S., & Staggs, S. (2004). The Impact of Intimate Partner Violence on Women's Labor Force Participation. NCJ 207143.

Salomon, A, Bassuk, E. Browne, A., Bassuk, S. S., Dawson, R., & Huntington, N. (2004) Secondary Data Analysis on the Etiology, Course and Consequences of Intimate Partner Violence Against Extremely Poor Women. NCJ 199714.

Louanne Christian

From: Rep. Mike Hawker
Sent: Monday, March 09, 2009 6:30 AM
To: Louanne Christian
Subject: FW: Please HELP Mental Health

-----Original Message-----
From: BACK2 BALANCE [mailto:b2b@gci.net]
Sent: Wednesday, March 04, 2009 4:52 PM
To: Rep. Mike Hawker
Subject: Please HELP Mental Health

Dear Representative Hawker,

My name is James Johnson Sr. and I am writing this letter on behalf of my son who was diagnosed 5 years ago with paranoid schizophrenia. He has been in and out of Jail over a dozen times during this time due mostly to his medications no longer being effective or his non-compliance due to the side effects inducing terrible psychotic episodes because of the demons(voices) in his head. He lives with us because he has no where to go besides living on the streets. IF there was a Mental Health Court in Juneau like there is in Anchorage he might someday be able to get out on his own? He would not be denied housing because of his misdemeanors due to his illness. He was also denied his PFD and employment because of this and it is not fair for he did not ask to get this sick. Mental Health Services (JAMHI) have tried many different medications and some times the older meds have not worked because he has to start on a low dose and bui ld up to a dose that might work for him. It has been a roller coaster ride trying to get him the right combination of meds so that he is not a danger to himself or others. It is so important that my son and other mentally ill people like him have access to All and any Mental Services that are already hurting for adequate funding. It could save a life (while saving money for the State Judicial system) and or the future hope of any severely mentally ill person. There was a time that I did not have that hope for my son and was very depressed with the system. His Mental Health Services have saved his life a dozen times. 3 weeks ago my son was given a new dose of Haldol that has been an answered prayer. It is the first time in a long time that we have laughed together and shared some beautiful moments. I treasure these times and will prepare for his future. One day at a time. I know that you all will make the right decision for my son and for society. Please Support FULL funding o f the Governor's request. Thank You.

Sincerely,

James A. Johnson Sr.
907-780-9955

ALASKA PSYCHIATRIC ASSOCIATION

A District Branch of the American Psychiatric Association

P.O Box 231147 Anchorage, AK 99523-1147

(907) 566-7800 E-mail: akpsychassoc@gmail.com

March 7, 2009

Dear Representative Mike Hawker,

I am the President of the Alaska Psychiatric Association, the professional organization of Alaskan psychiatric physicians. We work in a broad spectrum of clinical settings that include for-profit and non-profit, community and hospital-based facilities, Alaskan Native Corporations, Veterans Affairs, state hospital (API), Department of Corrections, managed care, and disability determination.

Costs have risen in all these settings but the ability to provide even the same level service is particularly challenging for community based agencies. A number of agencies, including Alaska's largest community health center, the Anchorage Community Mental Health Services, have laid off people including clinicians who serve so many adults and children in crisis.

Please support the Governor's FY10 Budget request for Community Behavioral Health Service Grants and Substance Abuse Grants at the requested level of $1.75 million for each grant program for a total of $3.5 million. I recognize that this is an increase over the current year appropriation but one that is vital for Alaskans depending on these grant funds for treatment of serious mental illness and addition disorders.

Thank you very much your public service.

Sincerely,

David Telford, MD
President, Alaska Psychiatric Association

Lucy Curtiss, M.D.
Treasurer/Secretary

Charles Burgess, M.D
Public Affairs

Jenny Dial
Executive Director

Alexander von Hafften, M.D.
Representative

Wandall Winn, M.D.
Deputy Representative

Verner Stillner, M.D., DFAPA
Legislative Affairs

David K. Holladay, M.D.
Ethics

03/04/09

Mr. Chairman,

My name is John A. Yarbrough. I am representing myself.

My story dates back March 2008. Where I received Services for my Mental illness. At the time, I did not realize that I had a mental illness except for the fact that I ended up in the Emergency Room for Suicidal/Homicidal thoughts. The staff at Mental Health saved my life. They provided me with the right therapy and medications. I am now living my life with more security. In short I would not be alive, if it was not for Mental Health. Please do not reduce the funding for Mental Health.

Thank you
for hearing my testimony.

HB83

yarbroughja@yahoo.com
PO Box 1791
Petersburg AK
99833

Jennifer and Jeffery Ray
P.O. Box 1864
Petersburg, Alaska 99833

March 4. 2009

State of Alaska
State Legislature
Juneau, Alaska

Dear Representative,

Please do not reduce funding for behavioral services funding for the citizens of Alaska who are mentally disabled. The people who are in need of behavioral services are the least of our population to be able to speak of their needs and that is why it is so important that you not dismiss them when deciding to fund House Bill 83. You will probably be hearing from caregivers, family members and therapists. The mentally ill who are able to talk with you and write you letters are few and far between. They are the ones who were gifted with the ability to communicate where most people suffering behavioral disorders do not communicate well. So, we must be advocates for them and help them to get the services that will allow them to be full functioning citizens. Unless they can get therapy there is no way for a person with a mental illness to progress.

In our town we have incredible mental health services. Petersburg Mental Health Services has been assisting our daughter, Madeline Ray, for nearly two years now. Her illness is severe, so her progress has been gradual, but she is progressing and she has survived and that is only because she has had daily therapy. Her care providers see her without getting paid on the weekends because they care. Our community has mental health professionals who do not go to work for the paycheck. They are dedicated counselors who keep their clients on a coarse. I know this because I have recently started working as a file clerk/receptionist for Petersburg Mental Health Services. I have seen first hand how they treat all the clients of Petersburg and it is with the same seriousness that they treat my daughter, that they treat all of their clients. Their goal is to get the client well and be ready to treat the new clients coming in.

Our family has used all of our savings on care for our daughter. We do not regret that but it does depress our daughter because it makes her feel bad that we have no extra money for emergencies and it has put us in a heightened state of anxiety trying to juggle things. We are grateful our daughter is alive and we will continue to do whatever we need to do to help her get better. There are so many people with mental illnesses that have no caregivers and have so little that I really hope you will fund House Bill 83 and work towards always caring for the mentally ill. Many times family members give up on the mentally ill because they are so difficult. They then become institutionalized and are lost

or homeless. If there are services in the community to help when mental illness first starts, we will have a better chance to keep the ill person from becoming hospitalized and be able to help them get on track and deal with their disability so they can be independent, happy, working members of their family and community. Please fund House Bill 83 in its entirety.

Thanks for taking the time to read our letter,

Sincerely,

Jennifer Ray Jeffery Ray

Jennifer and Jeffery Ray

Louanne Christian

From: Rep. Mike Hawker
Sent: Thursday, March 05, 2009 5:20 PM
To: Louanne Christian
Subject: FW: Budget Increases for Community Behavioral Health Services Grants

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From: Fred [mailto:fred@voaak.org]
Sent: Thursday, March 05, 2009 4:53 PM
To: Rep. Mike Hawker; Representative_Bill_Stoltz@legis.state.ak.us
Cc: Sen. Donny Olson
Subject: Budget Increases for Community Behavioral Health Services Grants

Please consider reinstating the Governor's budget recommendations for Community Health Services Grants. She recommended increments of $1.75 million for both the community mental health and the community substance abuse grants. The House Finance Committee is recommending reducing the increments to $1 million for each of the two grant categories. While any increase is preferable, the Committee's recommendation is not sufficient for the unmet demands for treatment services. The Committee's recommendation is also not sufficient to maintain the viability of community-based systems undergoing extreme stress in our current economic environment.

I am sure you are aware that our state's community-based systems are meeting only about half of the statewide need for behavioral health services. The most recent data shows over 56,000 Alaskans need behavioral health services. In 2008 the unduplicated count of clients served by community providers totaled less than 23,000 Alaskans.
Treatment for these illnesses is often long in duration and costly. It is generally much less expensive to receive treatment in our own communities. These grants make it possible for Alaskans who otherwise could not afford this treatment to receive the care they need and to receive it near their home.

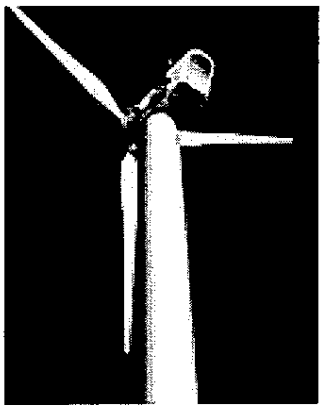
I am the Family Support Coordinator at Volunteers of America. I am not a professional counselor. I serve in this position because I am the parent of a recovering addict. It took our daughter eight years to reach the point that she was ready to seriously engage in recovery. Today, she is employed, engaged as a member of our family, contributing financially to our household, and a full-time student at UAA. As little as two years ago, we would have settled for her to merely be alive. During her journey to recovery she was in treatment three times. I do not believe we would have survived this ordeal if we did not have the support of dedicated employees of the State of Alaska and treatment staff at local nonprofit service providers.

Having seen several treatment facilities and programs, I know that Volunteers of America stands with the best of them in terms of their compassion, the quality of services, and dedication to the success of their clients. We are blessed as a community for their presence. One of the most frequent statements I hear regarding our excellent treatment staff and administrators is "We are not here for the money." I personally see every day why they are here. They are here because they believe they are saving the lives of children and families by their service. And they contribute monetarily by doing this for compensation well below their worth.

It should be your role as decision-makers to make their difficult task a bit easier by supporting a reasonable request. Please reconsider your action and restore the Governor's recommendation.

Thank you,

Fred Jenkins
Grateful Parent and
Family Support Coordinator
Volunteers of America of Alaska
1675 C St Suite 230
Anchorage AK 99501
907-279-9683



Alaska Environmental Power

3411 Airport Way
Fairbanks, Alaska 99709
Business: (907) 457-5623
Mobile: (907) 388-9917
Email: mikecraft@akwind.net

February 24, 2009

To whom it may concern:

Re: Letter of support for UAF INE ACEP to use Event Data collected by Alaska Environmental Power as well as our proposed Delta Junction, Alaska Wind Facility

Alaska Environmental Power (AEP) is dedicated to the advancement of wind energy generation technology. We wish to include a multitude of people and organizations in our push for the acceptance of wind generated energy into Alaska's electrical grid. Towards this goal AEP is willing to work closely with University of Alaska Fairbanks (UAF) Institute of Northern Engineering (INE) Alaska Center for Energy and Power's (ACEP's) to further the research and development of cold weather wind turbines and all the associated technologies built to work in Alaska's unique climate, geography, and demographic.

Specifically, AEP is ready to share specific wind event data with UAF INE ACEP to assist in their research. Alaska Environmental Power has meteorological (met) towers in Healy, Alaska and Delta Junction, Alaska. In addition AEP has a 100 kW tower standing in Delta Junction. UAF INE ACEP would have access to specific wind event data, by request, collected by Alaska Environmental Power in their research. This would include Alaska Environmental Power's permission to publish that data and any results. UAF INE ACEP would also have access to AEP's facilities and infrastructure, by request, for experimentation. They would again have our permission to publish this data and any associated results.

It is our hope that such co-operation between organizations working for the advancement and acceptance of wind turbine technology will spearhead the growth of wind energy in Alaska's electrical grid.

Cordially Yours,

Mike Craft
Managing Partner
Alaska Environmental Power
(907) 457-5623 business
(907) 388-9917 mobile
macraft@acsalaska.net

Alaska State Legislature

Please enter into the record my testimony to the House Finance
committee name

Committee on HB 81 Operating Budget & HB 83 Mental Health Budget dated 3-4-09
bill # / subject public hearing date

I do NOT have A direct affiliation with the Leeshore Center NOR Haven House, but as A Resident of the Kenai Peninsula I CANNOT THINK of A MORE VITAL SERVICE to FUND than A SAFEHOUSE - ESPECIALLY IN light of the FACT that BOTH of these ORGANIZATIONS OPERATE So very frugally ON A MINIMAL budget, ARE NORMALLY AT full CAPACITY. OUR CURRENT ECONOMIC CONDITIONS may very likely Result in AN INCREASE IN this very VITAL NEED. I AM TYPICALLY IN FAVOR of less government spending but IN this CASE, I implore you to REINSTATE the $1.2 million orIGALLY ALLOCATED to the COUNCIL ON DVSA, AND FUND ANY "BATTER'S INTERVENTION" Programs to help STOP the CYCLE. THANK YOU.

Signed: Julie Woodworth - JULIE WOODWORTH
Testifier

ME AND my family
Representing (optional)

PO Box 1012 HOMER AK 99603
Address

907-235-6742
Phone number

4029

Alaska State Legislature

Please enter into the record my testimony to the House Finance
committee name

Committee on HB 81 Operating Budget & HB 83 Mental Health Budget dated 3-4-09
bill # / subject public hearing date

Dear Chairman and Committee Members

My name is Tom Bearup and I am a former Mayor of Soldotna. I am also an organizer for the Kenai Peninsula Childcare Providers which is in the process of being formed.

I have spoken with many of the local providers and all of us are concerned as private childcare facility owners and employees that the objective of the Department of Education and their goals for a pre-school pilot program in the public schools would affect the established childcare providers on the Kenai Peninsula and throughout the state of Alaska in a negative way.

Childcare providers have been giving much love and care to Alaska's children for many years as professional childcare providers. It is concerning that the Department of Education would desire to take those children out of the people that have been providing this service for so many years, under the over site of the state of Alaska childcare licensing division in Anchorage.

We as a professional group of providers have no problem with the states desire to require additional education for workers and childcare providers that are licensed in the state but we do believe that with the additional requirements that monies be provided for that additional education.

We also believe that since the state is looking at the possibility of the pilot program for preschool age children that instead of creating a new area of education in the school system that they take any monies and provide it to the private sector through grants and other forms of assistance to the childcare providers for the purchase of additional equipment and upgrading their facilities.

The childcare providers here on the Kenai Peninsula are currently paid for state of Alaska clients lower than other areas of the state and that does not seem to be a fair practice. We do believe that the state payment should be on the same level as in cities like Anchorage and Fairbanks.

Should this pilot program be set into motion it is our belief that some of our employees would have to be let go, which would place additional burdens on them and their families and some facilities would have to close.

The private sector should not have to compete with the government when we have been successful for some many years in providing professional childcare services to our communities and the families that we serve.

Thank you for the time to share my thoughts and the thoughts of so many that are not able to either attend or draft comments for this meeting today.

Again, my name is Tom Bearup. My address is P.O. Box 2763, Soldotna, Alaska 99669-2763. My home phone number is 907-262-8741 and my cell phone is 907-953-9233 should you have any further questions.

Signed: Tom Bearup (BEARUP)
Testifier

KENAI PENINSULA CHILDCARE PROVIDERS ASSOCIATION
Representing (optional)

P.O. BOX 2763 SOLDOTNA ALASKA 99669-2763
Address

907-262-8741
Phone number

PO Box 110693, Juneau, AK 99811 907-465-3250, FAX 465-1398

FAX

DATE 3/4/09

Number of pages including cover sheet: 3

TO:

Representative Mike Hawker

Re:

Phone:

Fax 465-4979

FROM: Denise Daniels

Alaska Commission on Aging

Phone: 907-465-3250 Admin Assistant

907-465-4879 Ex Director

Fax 465-1398

E-Mail:

REMARKS: ☐ Urgent ☐ Please Reply ☐ For your info ☐

Dear Representative Hawker:

Please find attached a support letter from the Alaska Commission on Aging for the Community Senior Grant increment that is included in CSHB 81.

Please contact me should you have questions or require information. Thank you for your consideration.

Denise Daniels
465-4879

SEARHC
SouthEast Alaska Regional Health Consortium
3245 Hospital Drive, Juneau, AK 99801
907 463-4000 • www.searhc.org

March 5, 2009

The Honorable Anna Fairclough
House of Representatives
State Capitol, Room 421
Juneau, AK 99801

The Honorable Mike Hawker
House of Representatives
State Capitol, Room 505
Juneau, AK 99801

Dear Representatives Fairclough and Hawker,

I am writing to request your consideration of full funding for House Bill 81. House Bill 81 contains a University of Alaska Anchorage (UAA) health package that includes funding for a nutrition degree program. Over the past year, a statewide Nutrition Advisory Committee has met and created the curriculum for a first-ever nutrition degree program. The nutrition degree program will offer three nutrition tracks:

1. A Dietetics Degree that is pending approval by the Commission on Accreditation for Dietetics Education that will enable students to be eligible to apply for a Dietetic Internship Program and ultimately be qualified to become a registered dietitian.
2. A Community Nutrition degree that will enable students who are interested in non-registered dietitian careers such as public health, wellness and WIC careers. This career track does not require completion of a dietetic internship.
3. A Nutrition Science degree for students interested in the advanced study of nutrition and who wish to continue their graduate nutrition work. This career track prepares students for careers in nutrition research or for students applying to medical school.

I have worked with nutrition professionals in our health consortium and understand that registered dietitian positions are difficult to recruit and fill. It is also my understanding that the University of Alaska Anchorage currently does have an approved post-graduate dietetic internship program, but does not have an approved undergraduate nutrition degree program. This creates obstacles for students residing here in Alaska because if they do want to pursue a nutrition career, they must first leave Alaska to attain a nutrition degree. This often times creates the "brain drain" situation where students leaving Alaska do not return to live here upon attainment of their college degree. I fully support the proposal to create and fully fund the three nutrition programs described because I believe that it will ultimately help

Alaska to "home grow" their own nutrition professionals who can attend college and internship programs here.

I urge you to consider funding the full $1.8 million to the University of Alaska Health Academic Programs. If you do so, this investment will pay dividends in the future when we join the rest of the nation in offering approved nutrition degree programs and can reap the benefits of educating and retaining nutrition professionals.

Sincerely,

General Counsel

Roald Helgesen, For
President

STATE OF ALASKA

DEPT. OF HEALTH & SOCIAL SERVICES

Alaska Commission on Aging

SARAH PALIN, GOVERNOR

P.O. BOX 110693
JUNEAU, ALASKA 99811-0693
PHONE: (907) 465-3250
FAX: (907) 465-1398

March 4, 2009

The Honorable Mike Hawker, Co-Chair
The Honorable Bill Stoltze, Co-Chair
House Finance Committee
Alaska State Capitol, Rooms 505 & 515
Juneau, AK 99801-1182

Subject: Support for Community Senior Grant Increment, CSHB 81 (HSS)

Dear Co-Chair Hawker & Co-Chair Stoltze:

The Alaska Commission on Aging (ACoA) supports the $609,917 increment amendment for Senior Community Based Grants appropriated to Senior and Disabilities Services (SDS) that was approved by the House HSS Finance Subcommittee for the operating budget in CSHB 81.

On behalf of the senior provider community and older Alaskans who depend on senior grant-funded services, ACoA wholeheartedly thanks the legislature for their support of the $1 million increment approved last year for FY2009 senior grants, which was the first substantive increase in ten years for these services. Because the Alaska senior population has grown by over 50 percent over the last decade, more seniors are now using senior-grant funded services. According to SDS, approximately 11,865 older Alaskans utilized grant-funded senior services in 2008.

The purpose of senior home- and community-based grants is to prevent or delay the progression of serious medical conditions by enhancing individuals' health. Grants to local senior centers and other nonprofit service providers fund a wide range of core home- and community-based services which maximize independence and support the physical and mental health of older adults. Services provided under the senior grants program include home-delivered meals, congregate meals, senior transportation, chore assistance, care coordination, respite care, and other essential services which make it possible for older Alaskans to remain in their homes and communities for as long as possible.

The proposed increment funds are needed to help providers address the major increases in the costs of food, gasoline, and heating fuel, most acutely felt in rural communities. They are also requested to prevent a reduction in the current level of funding and services for most regions of the state as the result of phasing in a new funding formula that uses updated population figures under the *Alaska State Plan for Senior Services, FY2008-FY2011* ("the State Plan") (www.alaskaaging.org). The State Plan is required by the U.S. Administration on Aging for the distribution of federal Older Americans Act funds for senior grant-funded programs.

The regional funding formula included in the State Plan was the result of a year-long process which included participation by many agency partners statewide and was presented for public review and comment in a number of venues. The funding formula itself was modified only slightly, however, use of updated population figures in the funding formula resulted in major changes in the amounts available for allocation among the state's nine regions.

Although every region of the state experienced an increase in the senior population, according to data from Alaska Department of Labor and Workforce Development's 2007 population estimates, the Railbelt regions experienced unusually rapid growth in their senior populations since the 2000 census and a subsequent gain in their allotted percentage of available funds at the expense of the other regions. Assuming no increase in State funding, it was understood that a number of regions would suffer a decrease in funding and a phased-in approach of the new funding formula was adopted. While the phased-in approach retained funding distributions for FY2008 and FY2009 according to those amounts prescribed in the earlier state plan, FY2010 would phase in 50 percent of the change calculated by the current plan with 100 percent implementation of the change in FY2011.

The $609,917 increment would be used to hold those regions harmless which would receive reduced grant amounts as a result of the phased-in implementation to maintain their level of service to Alaska seniors. Without this increment, funding reductions could lead to deterioration of services in the more remote areas.

Alaska is one of the foremost states in investing in home- and community-based services. While other states have built nursing homes and other institutional long-term care facilities to care for their elderly, Alaska has prudently invested in a continuum of long-term support services, a strategy that is less costly and desired by older Alaskans and their families.

ACoA supports the increment for Senior Community Based Grants. Research has established that providing these home- and community-based services helps to reduce the need for more intensive health care services. These services are also desired by older Alaskans and their families. Please feel free to contact Denise Daniello, ACoA's executive director (465-4879), should you have any questions regarding our position. Thank you for your consideration.

Sincerely,

Sharon Howerton-Clark
Chair, Alaska Commission on Aging

Sincerely,

Denise Daniello
ACoA Executive Director

Cc: Representative Thomas, Vice Chair
Representative Austerman
Representative Fairclough
Representative Foster
Representative Joule
Representative Kelly
Representative Crawford
Representative Gara
Representative Salmon
Representative Chenault

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE INFORMATION OFFICE
201 Katlian Street, Suite 200A, Sitka, AK 99835
Phone: 907-747-6276 Fax: 907-747-5807
Email: sitka_lio@legis.state.ak.us

DATE: March 4, 2009

TO: House Finance Committee
RE: additional testimony for Cornelia Huebscher in Sitka

FROM: Marie Murray, Legislative Information Officer

Ms. Huebscher would like this written testimony added to earlier testimony heard from the Sitka LIO. Some of the other testimony spurred these comments. Thank you for adding this to the record.

Sincerely,

Marie Murray,
Sitka Legislative Information Officer

Alaska State Legislature

Please enter into the record my testimony to the HFIN
committee name

Committee on HB 81 - HB 83 **, dated** 4 March 2009
bill # / subject

All to often we tend to forget the mental health impact of victims who have ~~been~~ experienced Domestic Violence, Sexual Assaults & other form of abuse.

The Mental Illnesses that victims of DV are suffering:

PTSD (Post Traumatic Stress Disorder)
Anxiety Disorders
Depression & low self-esteem.

Many DV & SA victims have no place to go ← once they are no longer in Shelter → little or NO access to Mental Health Care.

Signed: ~~Gwen~~ Coreen Huebscher
Testifier

NAMI (National Alliance on Mental Illness)
Representing (Optional)

232 Lance Dr. Apt. B Sitka, AK 99835
Address

907-747-6248 huebscher@acsalaska.net
Phone Number email address

Alaska State Legislature

Please enter into the record my testimony to the House Finance committee name

committee on HB 81- Operating Budget bill/subject, dated 3-4-09.

My name is Aksana Mather and I work closely with the Kodiak Women's Resource and Crisis Center as a volunteer.
KWRCC services are much needed in Kodiak: shelter program is essential for victims of domestic violence and sexual assault, KWRCC operates only 24-hours crisis line on the Island and their education and prevention services are very important for violence elimination in our community.
Please, keep our shelter and all KWRCC programs funded. We really need it.

Signed: Aksana Mather
Testifier

Self
Representing (Optional)

1323 Ismailov
Address

481-3133

4039

Louanne Christian

From: Rep. Mike Hawker
Sent: Tuesday, March 03, 2009 6:01 PM
To: Louanne Christian
Subject: FW: bc's Public testimony for House Finance Committee on Operating Budget for 2010
Importance: High
Attachments: image001.jpg; bc's testimony to House Finance Committee 3.Feb.09 p1.pdf

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From: carlson1@gci.net [mailto:carlson1@gci.net]
Sent: Tuesday, March 03, 2009 2:19 PM
To: Rep. Bill Stoltze; Rep. Alan Austerman; Rep. Bob Buch; Rep. Mike Chenault; Rep. Harry Crawford; Rep. Bryce Edgmon; Rep. Anna Fairclough; Rep. Richard Foster; Rep. Les Gara; Rep. Mike Hawker; Rep. Craig Johnson; Rep. Reggie Joule; Rep. Mike Kelly; Rep. Kurt Olson; Rep. Woodie Salmon; Representative_William_Thomas@legis.state.ak.us
Cc: Deborah Brevoort; Joe Holbert; Sen. Lesil McGuire; Sen. Bert Stedman; Sen. Charlie Huggins; Sen. Linda Menard; Sen. Con Bunde; 'Joe Meehan'; president@sandlakecc.org; 'Bernadette Bradley'; 'Bayshore-Klatt Community Council'; 'Mike Adams'; 'Kris Abshire - Alaskans for Palmer Hay Flats'; acrunstadler@yahoo.com
Subject: bc's Public testimony for House Finance Committee on Operating Budget for 2010
Importance: High

I cannot make it to the LIO tomorrow so attached is my testimony on behalf of our members for the House Finance Committee on the Operating Budget for 2010. Please see that the addressed Legislators receive our testimony as soon as possible. Thank you.

Barbara Carlson
907/248-2503
Friends of the Anchorage Coastal Wildlife Refuge (FAR)
PO Box 220196, Anchorage, AK 99522-0196

SEARHC
SouthEast Alaska Regional Health Consortium
Your Partner in Health

Mt. Edgecumbe Hospital
222 Tongass Drive, Sitka, AK 99835
907.966.2411 - www.searhc.org

3/4/09

Dear Representatives Anna Fairclough and Mike Hawker,
I am writing to urge your consideration of full funding for House Bill 81. House Bill 81 contains a University of Alaska Anchorage (UAA) health package that includes funding for a nutrition degree program. Over the past year, I have been an active member of the statewide Nutrition Advisory Committee. The committee has created the curriculum for a first-ever nutrition degree program that will offer three nutrition tracks:

1. A Dietetics Degree that is pending approval by the Commission on Accreditation for Dietetics Education that will enable students to be eligible to apply for a Dietetic Internship Program and ultimately be qualified to become a registered dietitian.
2. A Community Nutrition degree that will enable students who are interested in non-registered dietitian careers such as public health, wellness and WIC careers.
3. A Nutrition Science degree for students who wish to continue their graduate nutrition work and work in the nutrition research field or apply for medical school.

I have worked as a nutrition professional in our health consortium over the past 19 years and as a supervisor I have experienced how difficult it is to recruit and fill registered dietitian positions. The UAA currently does have an approved post-graduate dietetic internship program, but does not have an approved undergraduate nutrition degree program. This creates obstacles for students residing here in Alaska because if they do want to pursue a nutrition career, they must first leave Alaska to attain a nutrition degree. This often creates the "brain drain" situation where students leaving Alaska do not return to live here upon attainment of their college degree. As an adult student who had the goal of becoming a registered dietitian, I had to leave Alaska to attain an approved nutrition degree, then return home to complete the UAA Dietetic Internship Program. During this time my husband Clint was in college full time and we had our son, who was a toddler at that time. The out of state tuition was very expensive for both of us, and as a result of that we are still repaying student loans for our undergraduate degrees. Many students would not even consider doing this because of the expense involved. For these reasons, I fully support the proposal to create and fully fund the three nutrition programs described and included in HB 81.

I strongly urge you to consider fully funding the $1.8 million to the University of Alaska Health Academic Programs. If you do so, we will join the rest of the nation in offering approved nutrition degree programs and will reap the benefits of educating and retaining nutrition professionals.

Sincerely,
Elizabeth Watanabe, MPA, RD, LD

Elizabeth "Libby" Watanabe, MPA, RD, LD

Louanne Christian

From: Rep. Mike Hawker
Sent: Wednesday, March 04, 2009 3:09 PM
To: Louanne Christian
Subject: FW: CDVSA Budget

From: ruraloutreach@nome.net [mailto:ruraloutreach@nome.net]
Sent: Wednesday, March 04, 2009 2:03 PM
To: Rep. Mike Hawker
Subject: CDVSA Budget

Representative Mike Hawker:

My name is Janet Ahmasuk and I work for Bering Sea Women's Group in Nome Alaska.

I was of the understanding some time ago that the Governor's DPS budget had an increment of $1.7 million of which $1.2 million of that was for 19 existing programs statewide like Bering Sea Women's Group.

While our program appreciates the $296K increment it is not enough in fact it is devastating blow to the 19 DV/SA programs in the state.

$1.7 million reflects the bottom line – no frills/direct costs – that we as a Network, in conjunction with CDVSA and the Governor's office came up with.

Different legislators/committees don't seem to know exactly what happened? And we – BSWG - are at the point - way out here in the desolate expanse of tundra/ice/snow of western Alaska of not knowing at the last minute whether we have ADEQUATE funding or not to run our Battered Women's Shelter. What will happen to our battered clients if we have no funding?

Times are difficult for all of us right now but the choices are even more difficult for abused women and children.

Please do the right thing in setting priorities for DVSA programs.

Sincerely,

Janet Ahmasuk, Rural Victim's Service Coordinator, BSWG

And - Samaria Ross, Executive Director, BSWG

ALASKA WOMEN'S LOBBY

AWL Mission: To defend and advance the rights and needs of Women, Children and Families in Alaska

P.O. Box 20891
Juneau, Alaska 99802-0891
www.akwomenslobby.org

2009
AWL Steering
Committee
Members

Caren Robinson
Lobbyist

Geran Tarr,
Chair

Jayne Andreen

Nancy Courtney

Grace Danborn

Torie Foote

Cady Lister

Patricia Macklin

Rebecca Madison

Lauree Morton

Jorden Nigro

Taber Rehbaum

Nancy Scheetz-
Freymiller

Libby Silberling

Rose Wysocki

Support Full Funding for the Council on Domestic Violence and Sexual Assault

The Alaska Women's Lobby supports full funding for CDVSA. The Governor's requested increment provides much needed funds for research, prevention work and the day-to-day operations of shelters and rape crisis centers. Most of these funds will go directly to community-based programs responding twenty-four hours a day to the ever present threats to victims' safety.

During FY 08, the Troopers investigated 13 homicides. Nine of them were domestic violence related and one further involved sexual assault. Alaska shelter programs participated in a national one day census count. Last year on September 17th, 550 victims sought and received services from Council funded programs. 269 received shelter and 281 adults and children received non-residential assistance including legal advocacy, counseling and children's support groups. Also on that day, funded programs responded to 73 crisis calls and provided 14 training sessions attended by 215 individuals.

Many programs reported a critical shortage of funds and staff to assist victims. Unfortunately, 47 people (24 of whom needed emergency shelter or transitional housing) who sought services on September 17th were not able to get their needs met. While this is only a snapshot of services on one particular day, it is enough to see that services in Alaska are necessary.

We've all heard the statistic that Alaska ranks number one in the nation for reported per capita sexual assault. We have approximately 2X the national average of reported sexual assault, so if one in four women will be sexually assaulted during her lifetime, look around the room--for every four Alaskan women two have or will be raped. It is past time to say enough is enough.

Previous legislatures have dealt with the aftermath of sexual assault, enacting tough crime legislation with stiff penalties, but more work needs to be done to prevent these crimes from ever happening. Part of the Governor's increment would support prevention activities across the state. As someone once said, "It is not enough to pull drowning people out of the river, at some point someone has to wade upstream and keep them from falling in."

The Women's Lobby urges the full House Finance Committee to restore all the GF taken from the CDVSA budget to fully realize the requested increment. Give community-based programs the funds they need so that people are not turned away from the services that can lead them to a life free from the violence they now suffer.

My name is Andrea Story and I am a parent of a middle school student in the Juneau public schools. I also am a member of the Juneau School Board. My husband is co-owner of an engineering firm with 18 employees. To recruit and retain high caliber engineers, schools are part of the equation. He has found that prospective employees look at the quality of local schools.

I am here to thank you and testify in support of the increase to the foundation formula that you agreed upon last year in the Joint Legislative Education Funding Task Force; the area cost differential, increases to special education and increases to the Base Student Allocation. However, the Finance Committee needs to realize that even with increases it still translates into cuts in services to most students in Alaska. Increased funding for education is not keeping pace with education costs.

Why is this?
The number one way to increase student achievement is a skilled teacher. Having salaries and benefits that keep skilled teachers in Alaska, that help districts recruit the best teachers in the nation and interest teachers in coming to Alaska, can not be underestimated. It is important to pay competitive wages and offer desired benefits. Districts try and offer contracts that are attractive to staff even though it means probably cutting programs, or raising classroom teacher pupil ratio.

Another reason costs for education do not keep pace with funding is that schools need to provide students with tools and skills for job needs in today's work place. Career Tech opportunities, Computers, smartboards, and document cameras are expensive and cost more than traditional classroom book learning and pens and paper. For years our district has not had a technology coordinator and adequate infrastructure. I see Fairbanks is proposing cutting from their technology budget to balance their budget.

In addition, fixed costs do not stay the same, typically they increase, as we have seen with energy costs and insurance costs. The increased money goes to that cost, so money is still needed for education supplies, programs for students, and staff salary and benefit increases.

I urge you to talk to your local school board and look at what cuts they are proposing for the students in your schools in your district.

What does this means for students? In my district it means proposed supply budgets are cut and less hands on assignments are given which helps kids experience, besides listen to a science or math concept, music and art instruction are cut which I hear from parents is often the favorite instruction that keeps students engaged in school, and class size is increased. Raising class size, does erode quality. It makes for less attention for students and longer wait times to get your questions answered.

I urge the Finance Committee to invest in students and increase the BSA over the 100 increase and accelerate to full implementation the area cost factors and special education increments. As back up material, I have handouts of Juneau's proposed budget, and letters from our Budget review teams. The Juneau District has 4 Budget Review and Analysis teams, it helps be transparent with our budget and accountable with the money we receive from the legisltature, again thank you. Budget review teams are made up of staff and community members that look at current budgets and school needs and make recommendations for additions or eliminations in the budget. There are elementary, middle and high school and district wide budget teams. Please look at them, you will see what community members feel is needed, full time music, physical eduation, library, requests for additional help for English language learners, technology needs and much more.

Thank you.

Louanne Christian

From: Rep. Mike Hawker
Sent: Wednesday, March 04, 2009 12:28 PM
To: Louanne Christian
Subject: FW: Community Behavioral Health Services Funding

From: MARTIWG@aol.com [mailto:MARTIWG@aol.com]
Sent: Wednesday, March 04, 2009 12:19 PM
To: Rep. Mike Hawker; Rep. Bill Stoltze; Rep. Bill Thomas; Representative_Allen_Austerman@legis.state.ak.us; Rep. Anna Fairclough; Rep. Richard Foster; Rep. Reggie Joule; Rep. Mike Kelly; Rep. Woodie Salmon; Rep. Harry Crawford; Rep. Les Gara; Sen. Donny Olson
Cc: johnross82@hotmail.com
Subject: Community Behavioral Health Services Funding

As the Executive Director of Mothers Against Drunk Driving in Anchorage for nearly ten years, and as the Alaska State Director, I have had the opportunity to work with members of the Alaska House and Senate on the impact of substance abuse on our State, Communities and families throughout Alaska. I have also worked closely with law enforcement, the courts and the Department of Corrections where substance abuse has consistently impacted increasing criminal activity, criminal court proceedings, and cost to both Institutions through incarceration and demands on probation/parole .

I have worked closely with treatment providers, faith-based organizations, injury prevention, and a coalition of committed organizations, workers and volunteers, all recognizing the harm done and the costs resulting from inappropriate, hurtful and criminal behaviors while under the influence of substance abuse, and the unending community efforts in attempting to find ways to identify, prevent and respond to the overwhelming problems and costs associated with substance abuse.

Additionally, I have met and spoken with numerous families who have been separated - broken apart - because Alaska does not have the needed mental health care and their family members have had to be sent 'outside' to find that care. We do not have the resources to take care of "our own."

I urge you to consider the intensely negative impact and the tremendous costs for not putting substance abuse and behavioral health at the top of priorities for the physical and mental health, and life itself for all Alaskans when you reconsider fully funding FY10 behavioral health services.

Sincerely,

Marti Greeson
Anchorage

Need a job? Find employment help in your area.

Louanne Christian

From: Rep. Mike Hawker
Sent: Wednesday, March 04, 2009 6:42 AM
To: Louanne Christian
Subject: FW: Please support Senior Community Based Grants

From: rsfaith@gci.net [mailto:rsfaith@gci.net]
Sent: Tuesday, March 03, 2009 3:26 PM
To: Rep. Mike Hawker
Cc: Sen. Donny Olson; Sen. Hollis French; Representative_Lindsay_Holmes@legis.state.ak.us
Subject: Please support Senior Community Based Grants

Dear Rep. Hawker:
I urge that you support the $6091917 increment that will maintain current funding levels for community based senior programs in Regions I, III, IV, VI, VII and VIII. My own area is Anchorage, where I managed nutrition and chore services for seniors for several years and am still active as a volunteer for senior social programs. The community based services are critical to helping seniors maintain a healthy, independent lifestyle in their own homes. With the senior population increasing as it has continued to do over the years, even level funding has created the need for services to be at least temporarily delayed and wait lists implemented. Actual reduction in funding will seriously weaken the safety net that keeps Alaska seniors well.
Please five this important funding your support during upcoming budget considerations.
Thank you very much.
Susan S. Faith

Louanne Christian

From: Rep. Mike Hawker
Sent: Wednesday, March 04, 2009 6:15 AM
To: Louanne Christian
Subject: FW: Funding of the UAA health package

From: Ek, Lauri M. [mailto:Lauri.Ek@providence.org]
Sent: Tuesday, March 03, 2009 5:37 PM
To: Rep. Mike Hawker
Subject: Funding of the UAA health package

Representative Mike Hawker,

As a member of the UAA Dietetics and Nutrition Advisory Committee, I encourage you to fund the FULL $1.8 million University of Alaska health package. Part of the health package includes a new nutrition degree which can lead to nutrition professionals obtaining their education IN THE STATE of Alaska and not having to go outside of the state for education. We have been working hard in Alaska to start a local nutrition program through UAA so that dietitians can receive their training in state and stay to benefit the community.

As the Clinical Nutrition Manager at Providence Alaska Medical Center it is very difficult to find registered dietitians in the state of Alaska. In the three years I have in this position I have almost always had 1 or more open positions, and most dietitians are recruited from out of state. The students interested in becoming dietitians must leave the state for education and often never return.

Dietitians are only one part of the healthcare shortage in Alaska. The health package at UAA involves training of physical therapists, dietitians, physician assistants, radiology technicians, etc. These careers are all in high demand and hard to recruit in Alaska. Why should we cut funds and have interested students go out of state to earn their degrees and diminish the chance of their returning to Alaska?

Thank you for your consideration in this matter.

Lauri M. Ek, RD, CDE, LD
Clinical Nutrition Manager
Providence Alaska Medical Center
3200 Providence Drive
Anchorage, Alaska 99508
Lauri.Ek@providence.org
(907) 212-3046

Fax: (907) 212-4886
Pager: (907) 212-5800, #3046

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HB 81/83 CONFER-ENCE COMM.

<target><bill>HB 81</bill><subject>HB 81-83 CONFERENCE COMMITTEE</subject><comm>HFIN26</comm></target>

Received in the House: _____ (Date/Time) | Received in the Senate: _____ (Date/Time)

CONFERENCE COMMITTEE REPORT

Date: 4/14/09
(Reported **out** of Committee)

MR. SPEAKER: MR. PRESIDENT:

The **CONFERENCE COMMITTEE** with limited powers of free conference considering:

•***House Version:***

CS FOR HOUSE BILL NO. 81(FIN) am(brf sup maj fld)

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; making reappropriations; and providing for an effective date."

and

•***Senate Version:***

SENATE CS FOR CS FOR HOUSE BILL NO. 81(FIN) am S

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; making reappropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

HB 81 APPROP: OPERATING BUDGET/LOANS/FUNDS
(technical title change)

Recommends the:

☒ CCS HB 81 be adopted

☐ **SameTitle as:** ☐ **House Version** ☐ **Senate Version**

☐ **New Title (Technical - see attached)**

-- or -

Recommends the:

☐ House Version ☐ Senate Version be adopted

☐ _____ Letter of Intent attached

House Conferees:	**Senate Conferees:**
Representative Hawker, Chair	Senator Hoffman, Chair
Representative Stoltze	Senator Stedman
Representative Crawford	Senator Thomas

Return Conference Bill and attachments to the Chief Clerk's Office.

4051

Received in the House: _____ (Date/Time) | Received in the Senate: _____ (Date/Time)

CONFERENCE COMMITTEE REPORT

Date: 4/14/09
(Reported **out** of Committee)

MR. SPEAKER: MR. PRESIDENT:

The **CONFERENCE COMMITTEE** with limited powers of free conference considering:
•***House Version:***

CS FOR HOUSE BILL NO. 83(FIN)
"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

and

•***Senate Version:***

SENATE CS FOR CS FOR HOUSE BILL NO. 83(FIN)
"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."
HB 83 APPROP: MENTAL HEALTH BUDGET

Recommends the:

☒ CCS HB 83 be adopted

☐ **Same Title as:** ☐ **House Version** ☐ **Senate Version**

☐ **New Title (Technical - see attached)**

-- or -

Recommends the:

☐ House Version ☐ Senate Version

be adopted.

☐ _____ Letter of Intent attached

House Conferees:

Representative Hawker, Chair

Representative Stoltze

Representative Crawford

Senate Conferees:

Senator Hoffman, Chair

Senator Stedman

Senator Thomas

Return Conference Bill and attachments to the Chief Clerk's Office.

26th Alaska State Legislature
Conference Committee: HB 81 & HB 83

House:

Rep. Mike Hawker
Capitol Room 505
465-4949

Rep. Bill Stoltze
Capitol Room 515
465-4958

Rep. Harry Crawford
Capitol Room 400
465-3438

Senate:

Sen. Lyman Hoffman
Capitol Room 518
465-4453

Sen. Bert Stedman
Capitol Room 516
465-3873

Sen. Joe Thomas
Capitol Room 510
465-2327

AGENDA

Tuesday, April 14th – 8:15

- Motions for Open Items by Department
- Mental Health Bill - Operating and Capital
- Fiscal Notes

Updated 4/14/2009 7:34:07 AM

26th Alaska State Legislature
Conference Committee: HB 81 & HB 83

NOTICE

House:

Rep. Mike Hawker
Capitol Room 505
465-4949

Rep. Bill Stoltze
Capitol Room 515
465-4958

Rep. Harry Crawford
Capitol Room 400
465-3438

Senate:

Sen. Lyman Hoffman
Capitol Room 518
465-4453

Sen. Bert Stedman
Capitol Room 516
465-3873

Sen. Joe Thomas
Capitol Room 510
465-2327

Meetings Scheduled in Senate Finance Room 523:

Monday, April 13th – CANCELLED

Tuesday, April 14th – 8:00 AM
HB 81 – Approp: Operating Budget/Loans/Funds
HB 83 – Approp: Mental Health Budget
Open Items

Wednesday, April 15th – 8:00 AM
HB 81 – Approp: Operating Budget/Loans/Funds
HB 83 – Approp: Mental Health Budget
Open Items

Updated 4/11/2009 2:09:13 PM

26th Alaska State Legislature
Conference Committee: HB 81 & HB 83

House:

Rep. Mike Hawker
Capitol Room 505
465-4949

Rep. Bill Stoltze
Capitol Room 515
465-4958

Rep. Harry Crawford
Capitol Room 400
465-3438

Senate:

Sen. Lyman Hoffman
Capitol Room 518
465-4453

Sen. Bert Stedman
Capitol Room 516
465-3873

Sen. Joe Thomas
Capitol Room 510
465-2327

MEETING AGENDA

April 11, 2009

Open items for the following departments:

- DOA
- DCCED
- DOC
- DEC
- DF&G
- DHSS
- DLWD
- DPS
- DOR
- Alaska Court System
- Legislature
- Statewide

Updated 4/11/2009 1:09:31 PM

26th Alaska State Legislature
Conference Committee: HB 81 & HB 83

NOTICE

House:

Rep. Mike Hawker
Capitol Room 505
465-4949

Rep. Bill Stoltze
Capitol Room 515
465-4958

Rep. Harry Crawford
Capitol Room 400
465-3438

Senate:

Sen. Lyman Hoffman
Capitol Room 518
465-4453

Sen. Bert Stedman
Capitol Room 516
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Capitol Room 510
465-2327

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Open Items

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Open Items

Updated 4/11/2009 2:09:13 PM

26th Alaska State Legislature
Conference Committee: HB 81 & HB 83

NOTICE

House:

Rep. Mike Hawker
Capitol Room 505
465-4949

Rep. Bill Stoltze
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465-4958

Rep. Harry Crawford
Capitol Room 400
465-3438

Senate:

Sen. Lyman Hoffman
Capitol Room 518
465-4453

Sen. Bert Stedman
Capitol Room 516
465-3873

Sen. Joe Thomas
Capitol Room 510
465-2327

Meetings Scheduled in Senate Finance Room 523:

Thursday, April 9th – 8:00 AM
HB 81 – Approp: Operating Budget/Loans/Funds
HB 83 – Approp: Mental Health Budget
Organizational meeting/Request for limited powers

Saturday, April 11th – 2:00 PM
HB 81 – Approp: Operating Budget/Loans/Funds
HB 83 – Approp: Mental Health Budget
Open Items

Monday, April 13th – 8:00 AM
HB 81 – Approp: Operating Budget/Loans/Funds
HB 83 – Approp: Mental Health Budget
Open Items

Tuesday, April 14th – 8:00 AM
HB 81 – Approp: Operating Budget/Loans/Funds
HB 83 – Approp: Mental Health Budget
Open Items

Updated 4/8/2009 12:35:09 PM

26th Alaska State Legislature
Conference Committee: HB 81 & HB 83

NOTICE

House:

Rep. Mike Hawker
Capitol Room 505
465-4949

Rep. Bill Stoltze
Capitol Room 515
465-4958

Rep. Harry Crawford
Capitol Room 400
465-3438

Senate:

Sen. Lyman Hoffman
Capitol Room 518
465-4453

Sen. Bert Stedman
Capitol Room 516
465-3873

Sen. Joe Thomas
Capitol Room 510
465-2327

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HB 81 – Approp: Operating Budget/Loans/Funds
HB 83 – Approp: Mental Health Budget
Organizational meeting/Request for limited powers

Saturday, April 11th – 2:00 PM
HB 81 – Approp: Operating Budget/Loans/Funds
HB 83 – Approp: Mental Health Budget
Open Items

Monday, April 13th – 8:00 AM
HB 81 – Approp: Operating Budget/Loans/Funds
HB 83 – Approp: Mental Health Budget
Open Items

Tuesday, April 14th – 8:00 AM
HB 81 – Approp: Operating Budget/Loans/Funds
HB 83 – Approp: Mental Health Budget
Open Items

Updated 4/8/2009 1:27:58 PM

2009 Conference Committee on HB 81 & HB 83

Date	Time	Subject
4/09/09	8:04 AM	HB 81 and HB 83
4/11/09	3:34 PM	HB 81 and HB 83
4/14/09	8:37 AM	HB 81 and HB 83

Motion Sheets: 4/14/09 Meeting

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Administration

H or S

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				48,993.1	300.0			315.0					250.0	
3	Enterprise Technology Services	Enterprise Technology Services	Intent **House** It is the intent of the legislature that the Department of Administration begin to charge the municipalities for their share of the Alaska Land Mobile Radio (ALMR) program beginning in FY2010 at 50% of the amount owed to the Department and increasing to 100% of the municipal share in FY2011. It is also the intent of the legislature that the Department may garnish any revenue sharing that a municipality may be entitled to satisfy the debt owed to the Department for participation in ALMR. **Senate** None									S	0.0	
5	Public Communications Services	Public Broadcasting - Radio	Additional Funds for Radio Station Operating Grants	2,869.9				250.0	1004	Gen Fund	CC: motion is an OTI	S	250.0	
6	Legal and Advocacy Services	Therapeutic Courts Support Services	Additional funds for Partners for Progress Grant	65.0				65.0	1004	Gen Fund		H	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Commerce, Community and Economic Development

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				17,436.7	2,171.3			2,531.6					2,381.6	
3	Community Assistance & Economic Development	Community and Regional Affairs	Replace one-time Alaska Legal Services grant to match Governor's budget request.		200.0	1004	Gen Fund	200.0	1004	Gen Fund	House voted to make this an OTI. Senate voted to add to base.	(S)	200.0	
6	Alaska Energy Authority	Statewide Project Development, Alternative Energy and Efficiency	Funding for the AEA Executive Director/Statewide Energy Coordinator (PCN 08-0208)					210.3	1004	Gen Fund	House wanted Department to use CIP receipts	(S)	210.3	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Corrections

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				13,707.9	80.0			1,405.0					1,225.0	
1	Administration and Support	Research and Records	Add to Base: FY09 IncOTI for File Imaging Program	298.8				180.0	1004	Gen Fund	Senate restores 3 PFT positions and funding to Governor's requested level.	H	0.0	
3	Population Management	Goose Creek Correctional Center	Intent **House** It is the intent of the legislature that the Department of Corrections investigate the privatization of the operation and maintenance of the Goose Creek Correctional Center and report their findings to the legislature before February 1, 2010. **Senate** None									H	0.0	
6	Inmate Health Care	Inmate Health Care	Secured Detoxification and Treatment					1,225.0	1037	GF/MH	The Senate transaction is an IncOTI	S	1,225.0	
8	Inmate Health Care	Physical Health Care	Concentrate all available PFD Criminal funds in the Physical Health Care allocation					(1,388.6)	1004	Gen Fund	Items 7 and 8 must be chosen as a pair. Fund changes can occur in Inmate Health Care if House structure is chosen	S	(1,388.6)	
reopen								1,388.6	1171	PFD Crim			1,388.6	

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Education and Early Development

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				1,035,554.4	2,950.0			3,800.0					2,800.0	
1	K-12 Support		Conditional Language **House** None **Senate** A school district may not receive state education aid for K-12 support appropriated under Section 1 of this Act and distributed by the Department of Education and Early Development under AS 14.17 if the school district (1) has a policy refusing to allow recruiters for any branch of the United States military, Reserve Officers' Training Corps, Central Intelligence Agency, or Federal Bureau of Investigation to contact students on a school campus if the school district allows college, vocational school, or other job recruiters on a campus to contact students; (2) refuses to allow the Boy Scouts of America to use school facilities for meetings or contact with students if the school makes the facility available to other non-school groups in the community; or (3) has a policy of refusing to have an in-school Reserve Officers' Training program or a Junior Reserve Officers' Training Corps program.									(S)	0.0	
2	K-12 Support	Foundation Program	Age 4 Pre-K Pilot Program **Senate sec 11(a)**	1,025,996.5	2,000.0	1004	Gen Fund	1,000.0	1004	Gen Fund	House transaction is an IncOTI. Senate transaction is in sec 11 and will be treated as an OTI	(H)	2,000.0	
3	K-12 Support	Foundation Program	Pre-Kindergarten Education Pilot Program in Communities Served by Chronically Underperforming School Districts **Senate sec 11(b)**					1,000.0	1004	Gen Fund	Senate transaction is in sec 11 and will be treated as an OTI	(H)	0.0	
4	Education Support Services	School Finance & Facilities	Additional Auditors for Intensive Students	2,301.5	150.0	1004	Gen Fund					(S)	0.0	
5	Teaching and Learning Support	Early Learning Coordination	Increase Head Start Grant Program Funding	7,256.4	800.0	1004	Gen Fund	600.0	1004	Gen Fund		(S)	600.0	
6	Teaching and Learning Support	Early Learning Coordination	Provide Additional Head Start Services in Communities Served by Chronically Underperforming School Districts **Senate sec 11(c)**					1,000.0	1004	Gen Fund	Senate transaction is in sec 11 and will be treated as an addition to base	(H)	0.0	
7	Teaching and Learning Support	Early Learning Coordination	Best Beginnings Grant Funds					200.0	1004	Gen Fund	CC: motion is an OTI	(S)	200.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Environmental Conservation

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				16,280.6	184.0			207.7					20.0	
1	Environmental Health	Food Safety & Sanitation	Add Two New PFT Environmental Health Officer Positions and Related Costs for Food Safety Inspections	3,967.9				187.7	1004	Gen Fund	Senate adds two PFT positions	(H)	0.0	

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Health and Social Services

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				601,361.5	1,990.0			3,089.6					1,875.9	
3	Behavioral Health	Behavioral Health Grants	MH Trust: AMHB - Grants for community behavioral health services	31,809.2				250.0	1037	GF/MH		H	0.0	
4	Behavioral Health	Behavioral Health Grants	MH Trust: ABADA - Grants for community based substance abuse services					250.0	1037	GF/MH		S	250.0	
5	Behavioral Health	Behavioral Health Grants	Combat Alaska's Statewide Heroin Epidemic					210.0	1037	GF/MH	The Senate transaction is an IncOTI	H	0.0	
6	Behavioral Health **House** None **Senate** It is the intent of the legislature that $210,000 of this appropriation be used to Combat Alaska's Statewide Heroin Epidemic.	Behavioral Health Grants	Intent									H	0.0	
25	Public Assistance	Child Care Benefits	Child Care Rate Increase for Working Families	48,729.1	1,500.0	1004	Gen Fund					S	0.0	
26	Senior and Disabilities Services	Senior and Disabilities Medicaid Services	Home and Community Based Service Provider Rate Increase	354,681.3				1,200.0	1003	G/F Match		S	1,200.0	
27	Senior and Disabilities Services	Senior and Disabilities Medicaid Services	Funding to Increase Home & Community Based Waiver Rates (Assisted Living Homes) from 4% to 6%					290.2 278.5	1002 1003	Fed Rcpts G/F Match		H	0.0 0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Labor and Workforce Development

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				7,200.4	0.0			270.0					180.0	
1	Workers' Compensation and Safety	Workers' Compensation	Add Worker Safety Account Funds for payment to Wage and Hour for investigator to ensure workers' comp coverage	5,072.0				90.0	1157	Wrkrs Safe		(H)	0.0	
2	Workers' Compensation and Safety	Wage and Hour Administration	Add funding for two PFT Wage and Hour investigators (one is funded by I/A receipts from Wrkrs Safe account 1157)	2,128.4				90.0	1004	Gen Fund	Senate adds two PFT positions	(S)	90.0	
								90.0	1007	I/A Rcpts			90.0	(90.0) I/A

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Law

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				11,096.2	2,500.0			0.0					1,900.0	
1	Civil Division	Oil, Gas and Mining	Trans Alaska Pipeline System (TAPS) Strategic Reconfiguration	10,029.4	1,900.0	1004	Gen Fund				The House transaction is an IncOTI	H	1,900.0	(900.0)
2	Civil Division	Statehood Defense	AMD: Endangered Species Act Litigation	1,066.8	600.0	1004	Gen Fund				Current draft of fast track supplemental (HB 113) contains $1.25 million for this purpose for FY09 and FY2010. The House transaction is an IncOTI	S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Natural Resources

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				39,973.3	401.2			417.9					598.3	
1	Resource Development	Oil & Gas Development	Restore reduction in order to match Governor's request for workload funding					175.0	1004	Gen Fund	The Senate transaction is an IncOTI House has 3 positions more than Senate	(H)	0.0	
2	Resource Development	Petroleum Systems Integrity Office	Reduce Funding	1,379.5	(423.0)	1004	Gen Fund	(261.5)	1004	Gen Fund		(S)	(261.5)	~~(80.0)~~
3	Resource Development	Pipeline Coordinator	Additional TAPS Fire Safety Liaison and Clerk for Department of Public Safety	7,607.8				288.5	1108	Stat Desig		(H)	0.0	
4	Resource Development	State Coordinator-Gas Pipeline	Restore reduction	3,881.7				100.0	1004	Gen Fund	Senate has 3 positions more than House	(H)	0.0	
5	Resource Development	Alaska Coastal and Ocean Management	Add Grants Administrator I (PCN 10-#113) position for CIAP Grant	4,385.4	64.4	1061	CIP Rcpts				House adds one PFT position	(S)	0.0	
6	Resource Development	Geological Development	Maintain Operations of Alaska Volcano Observatory	7,624.8				(250.0) 250.0	1002 1004	Fed Rcpts Gen Fund		(H)	0.0 0.0	
7	Resource Development	North Latitude Plant Material Center	Provide funding to Foundation and Certified Seed Program	1,870.5	125.0	1004	Gen Fund	225.0	1004	Gen Fund	House funding is an OTI. Senate provides additional base funding.	(S)	225.0	~~(50.0)~~ OTI (25.0)
8	Resource Development	Agriculture Revolving Loan Program Administration	Delete one loan/collection officer position, which is currently vacant.	2,550.0	(70.0)	1021	Agric RLF				House voted to remove one position and funding	(H)	(70.0)	
9	Parks and Recreation Management	Parks Management	Seasonal Position for Chilkoot Bear Viewing Area (PCN 10-#160)	8,451.3	55.6	1061	CIP Rcpts				House adds one PPT position	(H)	55.6	
10	Parks and Recreation Management	Parks Management	Add one PFT for Worthington Glacier and Valdez area		138.5	1004	Gen Fund				House adds one PFT position	(H)	138.5	
11	Parks and Recreation Management	Parks Management	Reverses a fund change associated with a position in the Chilkoot River Bear Viewing Area					(55.6) 55.6	1004 1061	Gen Fund CIP Rcpts	Senate position corrects an error and should be accepted if Senate is accepted on item 9	(H) -	0.0 0.0	
12	Parks and Recreation Management	Parks & Recreation Access	Parks Design and Construction Support	2,222.3	510.7	1061	CIP Rcpts					(H)	510.7	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Natural Resources

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
13	Commissioner's Office	Agency-wide Unallocated Reduction	Unallocated reduction of general funds and 10 positions					(109.1)	1004	Gen Fund	Senate reduction includes 10 PFT positions	(H)	0.0	
14	Resource Development	State Coordinator-Gas Pipeline	Senate renamed **State Coordinator- Gas Pipeline;** new name is **Gas Pipeline Implementation**									(S)		

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Public Safety

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				105,838.0	5,684.8			5,417.2					7,532.4	
1	Alaska State Troopers	Special Projects	AMD: Alaska Bureau of Highway Patrol (formerly DUI Team)	5,965.0	4,800.0	1061	CIP Rcpts	4,102.9	1061	CIP Rcpts	House adds 13 PFT positions. Senate uses existing positions and removes funding for three positions.	H	4,800.0	
5	Alaska State Troopers	Alaska State Trooper Detachments	Increased rural trooper move costs	50,427.9	400.0	1004	Gen Fund					H	400.0	
6	Alaska State Troopers	Alaska Wildlife Troopers	Increased office leases and law enforcement supplies	17,678.8	94.0	1004	Gen Fund					H	94.0	
7	Alaska State Troopers	Alaska Wildlife Troopers	AMD: Facility Maintenance Central Region (trooper posts)		28.0	1004	Gen Fund					H	28.0	
8	Alaska State Troopers	Alaska Wildlife Troopers	Increased rural trooper move costs		150.0	1004	Gen Fund					H	150.0	
11	Village Public Safety Officer Program	VPSO Contracts	Add 15 new VPSO in FY2010	7,449.4	627.7	1004	Gen Fund	1,245.5	1004	Gen Fund	House provides partial year funding for phased in positions	S	1,245.5	
12	Village Public Safety Officer Program	VPSO Contracts	Three percent COLA for VPSO		102.6	1004	Gen Fund	205.2	1004	Gen Fund		S	205.2	
13	Village Public Safety Officer Program	VPSO Contracts	Budget annual merit increase for 66 VPSO		118.3	1004	Gen Fund	236.5	1004	Gen Fund		S	236.5	
14	Council on Domestic Violence and Sexual Assault	Council on Domestic Violence and Sexual Assault	Eliminate GF funding for CDVSA	13,448.1	(1,381.9)	1004	Gen Fund	(500.0)	1004	Gen Fund		S	(500.0)	
15	Council on Domestic Violence and Sexual Assault	Council on Domestic Violence and Sexual Assault	Substitute available PFD Criminal funds for GF					(881.9)	1004	Gen Fund		S	(881.9)	
								881.9	1171	PFD Crim			881.9	(381.9)

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Transportation & Public Facilities

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				235,778.5	12,366.4			25,619.5					25,619.5	
1	Highways, Aviation and Facilities	Central Region Facilities	Operational increase to bring equipment, utilities, facilities maintenance and repair funding up to FY09 spending levels	7,236.1				54.8	1004	Gen Fund		(S)	54.8	
2	Highways, Aviation and Facilities	Central Region Facilities	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					496.4	1004	Gen Fund		(S)	496.4	
3	Highways, Aviation and Facilities	Northern Region Facilities	Janitorial Contracts Cost increase	11,289.0	141.2	1004	Gen Fund					(S)	0.0	
4	Highways, Aviation and Facilities	Northern Region Facilities	Operational increase to bring equipment, utilities, facilities maintenance and repair funding up to FY09 spending levels					116.7	1004	Gen Fund		(S)	116.7	
5	Highways, Aviation and Facilities	Northern Region Facilities	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					709.9	1004	Gen Fund		(S)	709.9	
6	Highways, Aviation and Facilities	Southeast Region Facilities	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power	1,332.6				104.5	1004	Gen Fund		(S)	104.5	
7	Highways, Aviation and Facilities	Central Region Highways and Aviation	AMD: National Pollutant Discharge Elimination System Compliance for Anchorage - Street Sweeping	43,537.2	116.3	1004	Gen Fund					(S)	0.0	
8	Highways, Aviation and Facilities	Central Region Highways and Aviation	Operational increase to bring equipment, commodities, and highway and aviation asset maintenance up to FY09 levels					1,617.6	1004	Gen Fund		(S)	1,617.6	
9	Highways, Aviation and Facilities	Central Region Highways and Aviation	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					2,646.8	1004	Gen Fund		(S)	2,646.8	
10	Highways, Aviation and Facilities	Northern Region Highways and Aviation	Operational increase to bring equipment, commodities, and highway and aviation asset maintenance up to FY09 levels	60,359.7				554.0	1004	Gen Fund		(S)	554.0	
11	Highways, Aviation and Facilities	Northern Region Highways and Aviation	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					4,858.1	1004	Gen Fund		(S)	4,858.1	
12	Highways, Aviation and Facilities	Southeast Region Highways and Aviation	Operational increase to bring equipment, commodities, and highway and aviation asset maintenance up to FY09 levels	14,068.1				378.5	1004	Gen Fund		(S)	378.5	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Transportation & Public Facilities

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
13	Highways, Aviation and Facilities	Southeast Region Highways and Aviation	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					1,184.2	1004	Gen Fund		S	1,184.2	
14	Marine Highway System	Marine Vessel Operations	Maintain FY09 Levels of Service	97,955.8	4,247.6	1076	Marine Hwy	2,297.6 1,950.0	1004 1076	Gen Fund Marine Hwy	Senate funding is intended to fund operations with a combination of system revenue and GF. The AMHS stabilization fund balance serves as cushion rather than as a routine funding source. If the House position is chosen for items 14-18, the House capitalization of the AMHS fund (Statewide item 3) is required.	S	2,297.6 1,950.0	
15	Marine Highway System	Marine Vessel Operations	Add one-time FY09 funding to FY10 base budget to maintain FY09 level of service		4,617.6	1076	Marine Hwy	4,617.6	1004	Gen Fund		S	4,617.6	
16	Marine Highway System	Marine Vessel Operations	FY10 Bargaining Unit Contract Terms: IBU		2,320.1	1076	Marine Hwy	2,320.1	1004	Gen Fund		S	2,320.1	
17	Marine Highway System	Marine Vessel Operations	FY10 Bargaining Unit Contract Terms: Masters, Mates, and Pilots		923.6	1076	Marine Hwy	923.6	1004	Gen Fund		S	923.6	
18	Marine Highway System	Marine Vessel Operations	FY10 Bargaining Unit Contract Terms: Marine Engineers Beneficial Association (MEBA)					789.1	1004	Gen Fund		S	789.1	
19	Marine Highway System		Intent **House** None **Senate** It is the intent of the legislature that the Alaska Marine Highway System fund be segregated into two accounts: the first holding system revenue as described in AS 19.65.060(a)(1) and the second holding capitalization of the fund as described in AS 19.65.060(a)(2) and (3). It is the intent of the legislature that the amount appropriated from the fund in this section applies first to revenue generated by the system and secondarily to the capital portion of the fund. It is the intent of the legislature that the Department of Transportation & Public Facilities make expenditures from the capital portion of the fund (AS 19.65.060(a)(2) and (3)) only after a request to do so has been reviewed by the Legislative Budget and Audit Committee.									S	0.0	
20	Marine Highway System	Marine Vessel Operations	Intent **House** It is the intent of the legislature that money allocated for the Marine Transportation Advisory Board not be spent for any other purpose. **Senate** None									H	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

University of Alaska

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				722,485.1	1,580.0			3,976.7					4,998.4	
1	HOUSE structure - 1 appropriation: University of Alaska SENATE structure - 7 appropriations: Budget Reductions/Additions, Statewide Programs & Services, University of Alaska Anchorage, Small Business Development Center, University of Alaska Fairbanks, University of Alaska Community Campuses, and University of Alaska Southeast	23 allocations 23 allocations	The House maintains a single appropriation for the University of Alaska. The Senate split the single appropriation for the University of Alaska into seven, continuing the FY09 structure.									S		
2	University of Alaska	Budget Reductions/Additions - Systemwide	Modify proportion of GF and University Receipts to be used for compensation increases					(400.0) 400.0	1004 1048	Gen Fund Univ Rcpt	Senate transaction is a Fund Change from GF to University Receipts.	S	(400.0) 400.0	
3	University of Alaska	Budget Reductions/Additions - Systemwide	Reduce Non-Personal Services non-GF Fixed Cost Increases					(1,750.0)	1048	Univ Rcpt	Senate transaction is an unallocated reduction to be spread by the University.	H	0.0	
4	University of Alaska **House** None **Senate** It is the intent of the legislature that the University consider forgoing Executive position pay raises in light of the current fiscal situation.	Budget Reductions/Additions - Systemwide	Intent									S	0.0	
5	University of Alaska	Statewide Services	U of A Adjusted Base Compliance Mandates	37,326.4	14.0	1174	UA I/A	14.0	1174	UA I/A	Amount is not subject to conference. House adds one new PFT position. Senate uses existing staff.	S	14.0	
6	University of Alaska	Anchorage Campus	U of A Adjusted Base New Facility Operating and Maintenance Costs	240,594.3	344.3	1048	Univ Rcpt	344.3	1048	Univ Rcpt	Amount is not subject to conference. House adds two new PFT positions. Senate uses existing staff.	S	344.3	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

University of Alaska

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
7	University of Alaska	Anchorage Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs		690.3 90.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H	690.3 90.0	
8	University of Alaska	Anchorage Campus	Combined GF and non-GF Funding for New Facilities Operating and Maintenance Costs - Integrated Sciences Building					1,025.0 725.0	1004 1048	Gen Fund Univ Rcpt		S	1,025.0 725.0	
9	University of Alaska	Fairbanks Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs	235,053.5	87.4 25.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H	87.4 25.0	
10	University of Alaska	Future Farmers of Alaska	Create New Allocation for Future Farmers of Alaska		150.0	1004	Gen Fund				House transaction also adds one new PFT position.	S	0.0	
11	University of Alaska	Fairbanks Organized Research	U of A Energy and Cooperative Extension Service - UAF Alaska Center for Energy and Power	133,471.9				400.0 500.0 918.4	1002 1004 1048	Fed Rcpts Gen Fund Univ Rcpt	Senate transaction is an IncOTI.	S	400.0 500.0 918.4	
12	University of Alaska	College of Rural and Community Development	U of A Priority Program Enhancement and Growth-Health-Academic Programs	13,190.2	40.8 8.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H	40.8 8.0	
13	University of Alaska	Tanana Valley Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs	12,648.0	47.2 16.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H	47.2 16.0	
14	University of Alaska	Cooperative Extension Service	U of A Energy and Cooperative Extension Service - UAF Cooperative Extension Service and Energy Outreach	8,672.7				500.0 450.0 850.0	1002 1004 1048	Fed Rcpts Gen Fund Univ Rcpt	Senate transaction is an IncOTI.	H or S	0.0 0.0 0.0	
15	University of Alaska	Juneau Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs	41,528.1	56.3 10.7	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H	56.3 10.7	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Statewide

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL					0.0			724,573.9					724,573.9	
2	Debt Service	Debt Retirement Fund (Capitalize Fund)	Reduce GF capitalization of ADRF **(sec. 21(a))** as follows: (1) the sum of **$105,680,200** [$115,955,200] from the general fund;					(2,615.8)	1004	Gen Fund	Bids on GO bonds indicate savings of $10.275 million based on a true interest cost of 4.044982%. This reduces required GF capitalization to 105,680.2	S	(2,615.8)	(10,275.0)
			Reduce FY2010 payments on series 2009A GO bonds. This changes Senate **section 26** as follows: (e) The sum of **$5,589,000** [$10,275,000] is appropriated to the state bond committee from **State of Alaska general obligation bonds, series 2009A bond issue premium, interest earnings, and accrued interest held in the debt service fund of the series 2009A bonds** [the Alaska debt retirement fund (AS 37.15.011)] for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A, for the fiscal year ending June 30, 2010.					- 10,275.0	1044	ADRF	The winning bid included a premium of $8.6 million, which can be applied to FY2010 debt service costs on the 2009A series bonds. The bid reduced anticipated FY2010 debt service costs by $4.686 million. Both the reduction in debt service and the change in fund source are included in this transaction.		10,275.0	(10,275.0)
								0.0	1184	GOB DSFUN			0.0	5,589.0
3	Fund Capitalization	AMHS Stabilization Fund	Eliminate FY2010 capitalization of the fund in House **sec 21(t)**					(5,000.0)	1004	Gen Fund	Senate fund source changes in Marine Highway Vessel Operations allow deletion of fund capitalization	S	(5,000.0)	

MENTAL HEALTH CAPITAL BUDGET ITEMS (HB 83) SUBJECT TO CONFERENCE

Item	Agency	Project Name	Fund Source	House	Senate	Conference	
1	Governor	HSS - Behavioral Health Data Sharing Partnership	**Total**	-	**459,724**	**459,724**	
			1002 Fed Rcpts (Fed)	-	25,540	25,540	H
			1037 GF/MH (GF)	-	434,184	434,184	
2	Health & Social Services	MH Continuing Bring the Kids Home Initiative Denali Match	**Total**	-	**2,200,000**	**2,200,000**	
			1197 AK Cap Fnd (Oth)	-	2,200,000	2,200,000	H
3	Health & Social Services	MH Deferred Maintenance and Accessibility Improvements	**Total**	-	**750,000**	**750,000**	
			1037 GF/MH (GF)	-	750,000	750,000	H
4	Health & Social Services	MH Housing - Home Modification and Upgrades to Retain Housing	**Total**	-	**1,050,000**	**1,050,000**	
			1037 GF/MH (GF)	-	500,000	500,000	
			1092 MHTAAR (Oth)	-	300,000	300,000	H
			1139 AHFC Div (Oth)	-	250,000	250,000	
5	Natural Resources	Mental Health Trust Facilities Maintenance	**Total**	-	**350,000**	**350,000**	
			1092 MHTAAR (Oth)	-	350,000	350,000	H
6	Revenue	MH AHFC Beneficiary and Special Needs Housing	**Total**	-	**1,750,000**	**1,750,000**	
			1139 AHFC Div (Oth)	-	1,750,000	1,750,000	H
7	Revenue	MH AHFC Emergency Assistance Grants for Mental Health Trust Beneficiarie	**Total**	-	**200,000**	**200,000**	
			1092 MHTAAR (Oth)	-	200,000	200,000	H
8	Revenue	MH AHFC Homeless Assistance Program	**Total**	-	**10,000,000**	**10,000,000**	
			1002 Fed Rcpts (Fed)	-	2,000,000	2,000,000	
			1037 GF/MH (GF)	-	500,000	500,000	S-
			1092 MHTAAR (Oth)	-	500,000	500,000	
			1108 Stat Desig (Oth)	-	1,000,000	1,000,000	
			1139 AHFC Div (Oth)		6,000,000	[illegible]	
			1197 Capital Income Fu	-	-	4,000,000	
9	Transportation & Public Facilities	Coordinated Transportation and Vehicles	**Total**	**1,100,000**	-	-	
			1037 GF/MH (GF)	800,000	-	800,000	H
			1092 MHTAAR (Oth)	300,000	-	300,000	

New Legislation - FY 2010 Operating Budget - ConfComm Structure

Numbers & Language

NewLegis Column

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc		PFT	PPT	Tmp
HB 20 FISHERIES LOANS FOR ENERGY EFFICIENCY					**(S) RES**								
Department of Commerce, Community and Economic Development													
Investments													
Investments													
HB 20 Fisheries Loans for Energy Efficiency/Amount	FisNot	90.3	74.0	2.5	3.8	1.0	9.0	0.0	0.0		1	0	0
1036 Cm Fish Ln 90.3													
		90.3	74.0	2.5	3.8	1.0	9.0	0.0	0.0		1	0	0
* * * BRU Total* * *		90.3	74.0	2.5	3.8	1.0	9.0	0.0	0.0		1	0	0
* * * * Agency Total * * * *		90.3	74.0	2.5	3.8	1.0	9.0	0.0	0.0		1	0	0
* * * * Bill Total * * * *		90.3	74.0	2.5	3.8	1.0	9.0	0.0	0.0	0.0	1.0	0.0	0.0
HB 63 COUNCIL DOMESTIC VIOLENCE: MEMBERS, STAFF					**(S) FIN**								
Department of Public Safety													
Council on Domestic Violence and Sexual Assault													
Council on Domestic Violence and Sexual Assault													
HB 63 Council Domestic Violence: Members, Staff	FisNot	7.9	0.0	7.9	0.0	0.0	0.0	0.0	0.0		0	0	0
1004 Gen Fund 7.9													
		7.9	0.0	7.9	0.0	0.0	0.0	0.0	0.0		0	0	0
* * * BRU Total* * *		7.9	0.0	7.9	0.0	0.0	0.0	0.0	0.0		0	0	0
* * * * Agency Total * * * *		7.9	0.0	7.9	0.0	0.0	0.0	0.0	0.0		0	0	0
* * * * Bill Total * * * *		7.9	0.0	7.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

New Legislation - FY 2010 Operating Budget - ConfComm Structure

Numbers & Language

NewLegis Column

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc		PFT	PPT	Tmp
HB 161 JUNEAU SUBPORT BLDG/AHFC BLDG					**(S) FIN**								
Department of Revenue													
Taxation and Treasury													
Treasury Division													
HB 161 Juneau Subport Bldg/AHFC Bldg	FisNot	**1,026.0**	0.0	10.0	390.0	0.0	0.0	0.0	626.0		0	0	0
1004 Gen Fund 626.0													
1163 COP 400.0													
		1,026.0	0.0	10.0	390.0	0.0	0.0	0.0	626.0		0	0	0
* * * BRU Total* * *		1,026.0	0.0	10.0	390.0	0.0	0.0	0.0	626.0		0	0	0
* * * * Agency Total * * * *		1,026.0	0.0	10.0	390.0	0.0	0.0	0.0	626.0		0	0	0
* * * * Bill Total * * * *		1,026.0	0.0	10.0	390.0	0.0	0.0	0.0	0.0	626.0	0.0	0.0	0.0
HB 221 MORTGAGE LENDING REGULATION					**(H) FIN**								
Department of Commerce, Community and Economic Development													
Banking and Securities													
Banking and Securities													
HB 221 Mortgage Lending Regulation	FisNot	**98.0**	0.0	28.0	70.0	0.0	0.0	0.0	0.0		0	0	0
1156 Rcpt Svcs 98.0													
		98.0	0.0	28.0	70.0	0.0	0.0	0.0	0.0		0	0	0
* * * BRU Total* * *		98.0	0.0	28.0	70.0	0.0	0.0	0.0	0.0		0	0	0
* * * * Agency Total * * * *		98.0	0.0	28.0	70.0	0.0	0.0	0.0	0.0		0	0	0
* * * * Bill Total * * * *		98.0	0.0	28.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

New Legislation - FY 2010 Operating Budget - ConfComm Structure

Numbers & Language

NewLegis Column

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc		PFT	PPT	Tmp
SB 57 CHARTER SCHOOL FUNDING				**(H) FIN**									
Department of Education and Early Development													
K-12 Support													
Foundation Program													
SB 57 Charter School Funding	FisNot	**1,314.3**	0.0	0.0	0.0	0.0	0.0	1,314.3	0.0		0	0	0
1004 Gen Fund 1,314.3													
		1,314.3	0.0	0.0	0.0	0.0	0.0	1,314.3	0.0		0	0	0
* * * BRU Total* * *		1,314.3	0.0	0.0	0.0	0.0	0.0	1,314.3	0.0		0	0	0
* * * * Agency Total * * * *		1,314.3	0.0	0.0	0.0	0.0	0.0	1,314.3	0.0		0	0	0
* * * * Bill Total * * * *		1,314.3	0.0	0.0	0.0	0.0	0.0	0.0	1,314.3	0.0	0.0	0.0	0.0
SB 89 RETIREMENT BENEFITS: TERRITORIAL GUARD				**TRANSM TO GOVERNOR**									
Department of Military and Veterans Affairs													
Military and Veteran's Affairs													
Veterans' Services													
SB 89 Retirement Benefits: Territorial Guard	FisNot	**83.5**	0.0	0.0	0.0	0.0	0.0	83.5	0.0		0	0	0
1004 Gen Fund 83.5													
		83.5	0.0	0.0	0.0	0.0	0.0	83.5	0.0		0	0	0
* * * BRU Total* * *		83.5	0.0	0.0	0.0	0.0	0.0	83.5	0.0		0	0	0
* * * * Agency Total * * * *		83.5	0.0	0.0	0.0	0.0	0.0	83.5	0.0		0	0	0
* * * * Bill Total * * * *		83.5	0.0	0.0	0.0	0.0	0.0	0.0	83.5	0.0	0.0	0.0	0.0

New Legislation - FY 2010 Operating Budget - ConfComm Structure

Numbers & Language

NewLegis Column

	Trans Type	Total Expnd	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc		PFT	PPT	Tmp
SB 133 ELECTRONIC HEALTH INFO EXCHANGE SYSTEM					**(S) FIN**								
Department of Health and Social Services													
Health Care Services													
Medical Assistance Administration													
SB 133 Electronic Health Info Exchange System	FisNot	280.2	232.2	10.0	18.8	9.2	10.0	0.0	0.0		2	0	0
1002 Fed Rcpts 252.2													
1003 G/F Match 28.0													
		280.2	232.2	10.0	18.8	9.2	10.0	0.0	0.0		2	0	0
* * * BRU Total* * *		280.2	232.2	10.0	18.8	9.2	10.0	0.0	0.0		2	0	0
* * * * Agency Total * * * *		280.2	232.2	10.0	18.8	9.2	10.0	0.0	0.0		2	0	0
* * * * Bill Total * * * *		280.2	232.2	10.0	18.8	9.2	10.0	0.0	0.0	0.0	2.0	0.0	0.0
* * * * * Total - All Bills * * * * *		2,900.2	306.2	58.4	482.6	10.2	19.0	1,397.8	626.0		3	0	0

Motion Sheets: 4/11/09 Meeting

4/10/09

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Administration

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
												H or S		
TOTAL				48,993.1	300.0			315.0					0.0	
1	Centralized Administrative Services	State Travel Office	Intent **House** It is the intent of the legislature that all out of state travel by state employees be conducted on a mileage ticket where possible. **Senate** None									H	0.0	
2	Enterprise Technology Services	Enterprise Technology Services	State of Alaska Telecommunications System Operations and Maintenance	46,058.2	300.0	1004	Gen Fund					S	0.0	
3	Enterprise Technology Services	Enterprise Technology Services	Intent **House** It is the intent of the legislature that the Department of Administration begin to charge the municipalities for their share of the Alaska Land Mobile Radio (ALMR) program beginning in FY2010 at 50% of the amount owed to the Department and increasing to 100% of the municipal share in FY2011. It is also the intent of the legislature that the Department may garnish any revenue sharing that a municipality may be entitled to satisfy the debt owed to the Department for participation in ALMR. **Senate** None								open	H or S	0.0	
4	Enterprise Technology Services	Enterprise Technology Services	Conditional Language **House** The money appropriated by this appropriation may be distributed to state departments and agencies in order to pay service costs charged by the Department of Administration for enterprise technology services. **Senate** None								The House language is required in order to implement cost recovery through rates applied to services	H	0.0	
5	Public Communications Services	Public Broadcasting - Radio	Additional Funds for Radio Station Operating Grants	2,869.9				250.0	1004	Gen Fund	OPEN	H or S	0.0	
6	Legal and Advocacy Services	Therapeutic Courts Support Services	Additional funds for Partners for Progress Grant	65.0				65.0	1004	Gen Fund	open	H or S	0.0	

NO ED.
NO LAW.
NO DNR.
NO DOT.
NO UNI.

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Commerce, Community and Economic Development

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				17,436.7	2,171.3			2,531.6					1,971.3	
1	Intent **House** It is the intent of the legislature that any marketing entities that receive state funding shall, to the maximum extent practicable, coordinate their efforts when implementing their marketing strategies. This shall include, but is not limited to, fishing, tourism, and agriculture. It is the intent of the legislature that any marketing entities that receive state funding shall, to the maximum extent practicable, coordinate their efforts when implementing their marketing strategies. This shall include, but is not limited to, fishing, tourism, and agriculture. **Senate** None											H	0.0	
2	Community Assistance & Economic Development	Community and Regional Affairs	H & S differ on the mix of Bus. Lic. Receipts and GF.	7,587.6	400.0 1,571.3	1175 1004	BLic&Corp Gen Fund	133.3 1,838.0	1175 1004	BLic&Corp Gen Fund	House leaves a cushion of 133.3 in case of low revenue; Senate leaves a cushion of 400.0	H	400.0 1,571.3	
3	Community Assistance & Economic Development	Community and Regional Affairs	Replace one-time Alaska Legal Services grant to match Governor's budget request.		200.0	1004	Gen Fund	200.0	1004	Gen Fund	House voted to make this an OTI. Senate voted to add to base.	H or S	0.0	open
4	Qualified Trade Association Contract	Qualified Trade Association Contract	Use available Vehicle Rental Tax Receipts to replace GF	9,000.0				(381.1) 381.1	1004 1200	Gen Fund VehRntlTax	Senate position uses all available vehicle rental tax receipts	S	(381.1) 381.1	
5	Alaska Energy Authority	Statewide Project Development, Alternative Energy and Efficiency	Support for Energy Planning	849.1				150.0	1004	Gen Fund	House wanted Department to use CIP receipts	H	0.0	
6	Alaska Energy Authority	Statewide Project Development, Alternative Energy and Efficiency	Funding for the AEA Executive Director/Statewide Energy Coordinator (PCN 08-0208)					210.3	1004	Gen Fund	House wanted Department to use CIP receipts	H or S	0.0	open

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Corrections

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				13,707.9	80.0			1,405.0					0.0	
1	Administration and Support	Research and Records	Add to Base: FY09 IncOTI for File Imaging Program	298.8				180.0	1004	Gen Fund	Senate restores 3 PFT positions and funding to Governor's requested level.	H or S	0.0	open
2	Population Management	Statewide Probation and Parole	Reduce vacancy factor by adding funding for one probation officer	13,409.1	80.0	1004	Gen Fund					S	0.0	
3	Population Management	Goose Creek Correctional Center	Intent **House** It is the intent of the legislature that the Department of Corrections investigate the privatization of the operation and maintenance of the Goose Creek Correctional Center and report their findings to the legislature before February 1, 2010. **Senate** None									H or S	0.0	open
4	Population Management	Wildwood Correctional Center	Intent **House** None **Senate** It is the intent of the legislature that the Department of Corrections submit an FY2010 supplemental request for the operating costs associated with the completion of the Wildwood Correctional Center Work Release/Community Residential Center housing project.									S	0.0	
5	Inmate Health Care	Inmate Health Care	Structure Change - Senate proposes splitting Inmate Health Care into Behavioral Health Care and Physical Health Care									S	0.0	
6	Inmate Health Care	Inmate Health Care	Secured Detoxification and Treatment					1,225.0	1037	GF/MH	The Senate transaction is an IncOTI	H or S	0.0	open
7	Inmate Health Care	Behavioral Health Care	Eliminate PFD Criminal funds in order to concentrate the fund source in the Physical Health Care allocation					1,130.1 (1,130.1)	1004 1171	Gen Fund PFD Crim	Items 7 and 8 must be chosen as a pair. Fund changes can occur in Inmate Health Care if House structure is chosen	S	1,130.1 (1,130.1)	
8	Inmate Health Care	Physical Health Care	Concentrate all available PFD Criminal funds in the Physical Health Care allocation					(1,388.6) 1,388.6	1004 1171	Gen Fund PFD Crim	Items 7 and 8 must be chosen as a pair. Fund changes can occur in Inmate Health Care if House structure is chosen	S	(1,388.6) 1,388.6	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Education and Early Development

all open

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				1,035,554.4	2,950.0			3,800.0					0.0	
1	K-12 Support		Conditional Language **House** None **Senate** A school district may not receive state education aid for K-12 support appropriated under Section 1 of this Act and distributed by the Department of Education and Early Development under AS 14.17 if the school district (1) has a policy refusing to allow recruiters for any branch of the United States military, Reserve Officers' Training Corps, Central Intelligence Agency, or Federal Bureau of Investigation to contact students on a school campus if the school district allows college, vocational school, or other job recruiters on a campus to contact students; (2) refuses to allow the Boy Scouts of America to use school facilities for meetings or contact with students if the school makes the facility available to other non-school groups in the community; or (3) has a policy of refusing to have an in-school Reserve Officers' Training program or a Junior Reserve Officers' Training Corps program.									H or S	0.0	
2	K-12 Support	Foundation Program	Age 4 Pre-K Pilot Program **Senate sec 11(a)**	1,025,996.5	2,000.0	1004	Gen Fund	1,000.0	1004	Gen Fund	House transaction is an IncOTI. Senate transaction is in sec 11 and will be treated as an OTI	H or S	0.0	
3	K-12 Support	Foundation Program	Pre-Kindergarten Education Pilot Program in Communities Served by Chronically Underperforming School Districts **Senate sec 11(b)**					1,000.0	1004	Gen Fund	Senate transaction is in sec 11 and will be treated as an OTI	H or S	0.0	
4	Education Support Services	School Finance & Facilities	Additional Auditors for Intensive Students	2,301.5	150.0	1004	Gen Fund					H or S	0.0	
5	Teaching and Learning Support	Early Learning Coordination	Increase Head Start Grant Program Funding	7,256.4	800.0	1004	Gen Fund	600.0	1004	Gen Fund		H or S	0.0	
6	Teaching and Learning Support	Early Learning Coordination	Provide Additional Head Start Services in Communities Served by Chronically Underperforming School Districts **Senate sec 11(c)**					1,000.0	1004	Gen Fund	Senate transaction is in sec 11 and will be treated as an addition to base	H or S	0.0	
7	Teaching and Learning Support	Early Learning Coordination	Best Beginnings Grant Funds					200.0	1004	Gen Fund		H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Environmental Conservation

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				16,280.6	184.0			207.7					20.0	
1	Environmental Health	Food Safety & Sanitation	Add Two New PFT Environmental Health Officer Positions and Related Costs for Food Safety Inspections	3,967.9				187.7	1004	Gen Fund	Senate adds two PFT positions	H or S	0.0	Open.
2	Environmental Health	Laboratory Services	Paralytic Shellfish Poisoning Testing	3,048.3				20.0	1166	Vessel Com		S	20.0	
3	Environmental Health	Air Quality	Climate Change Sub-Cabinet Activity	9,264.4	184.0	1004	Gen Fund				The House transaction is an IncOTI	S	0.0	
4	Water	Water Quality	Intent **House** It is the intent of the legislature that the Department of Environmental Conservation conduct an audit of Crowley Marine Services pertaining to the contract provisions requiring an Alaskan hiring preference under the Ocean Ranger program. **Senate** None									H	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Fish and Game

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				18,922.9	0.0			1,723.7					1,723.7	
1	Commercial Fisheries	Westward Region Fisheries Management	Bering Sea crab research in the Westward region related to Endangered Species Act	8,543.6				793.7	1002	Fed Rcpts		S	793.7	
2	Wildlife Conservation	Wildlife Conservation Special Projects	Partial Restoration of One-Time Item for Pinniped Research related to the Endangered Species Act	10,379.3				930.0	1002	Fed Rcpts		S	930.0	
3	Administration and Support	Boards and Advisory Committees	Intent Language									S	0.0	

House
None

Senate
It is the intent of the Legislature that when the Board of Fisheries holds a meeting, for which the primary topic or proposal concerns one of the following regional areas, that the meeting be held in that regional area.

Alaska Peninsula and Aleutian Islands area;
Arctic-Yukon-Kuskokwim area;
Bristol Bay area;
Cook Inlet area;
Kodiak area;
Prince William Sound area;
Southeast Alaska area.

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Health and Social Services

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				601,361.5	1,990.0			3,089.6					425.9	
1	Department of Health and Social Services	Department	Intent **House** None **Senate** It is the intent of the legislature that the Department of Health and Social Services continue the Medicaid Reform work to improve efficiency and slow the need for General Funds in the Medicaid program. Specifically, but not exclusively, the Department is to: 1) Complete the evaluation of possible changes to program design, determine waiver changes necessary to secure federal funding and report back to the Second Session of the 25th Alaska Legislature on suggested changes, expected outcomes related to Medicaid sustainability, and resources needed to accomplish the work. 2) Develop and implement public provider reimbursement methodologies and payment rates that will further the goals of Medicaid Reform. 3) Continue and enhance the State and Tribal Medicaid work and partnership to enhance our ability to provide Medicaid services through Tribal Health Organizations.									S	0.0	
2	Department of Health and Social Services	Department	Intent **House** None **Senate** It is the intent of the legislature that the Department of Health and Social Services continue and enhance its efforts to reduce fraud by both providers and beneficiaries of the Medicaid program.									S	0.0	
3	Behavioral Health	Behavioral Health Grants	MH Trust: AMHB - Grants for community behavioral health services	31,809.2				250.0	1037	GF/MH	open	H or S	0.0	
4	Behavioral Health	Behavioral Health Grants	MH Trust: ABADA - Grants for community based substance abuse services					250.0	1037	GF/MH	open	H or S	0.0	
5	Behavioral Health	Behavioral Health Grants	Combat Alaska's Statewide Heroin Epidemic					210.0	1037	GF/MH	The Senate transaction is an IncOTI open	H or S	0.0	
6	Behavioral Health	Behavioral Health Grants	Intent **House** None **Senate** It is the intent of the legislature that $210,000 of this appropriation be used to Combat Alaska's Statewide Heroin Epidemic.						-		open	H or S	0.0	
7	Behavioral Health	Behavioral Health Grants	Substance Abuse Services Fund Source Switch					(1,000.0) 1,000.0	1004 1180	Gen Fund A/D T&P Fd	Senate reduces the balance of Alcohol funds; spending level is not sustainable	S	(1,000.0) 1,000.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Health and Social Services

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
8	Behavioral Health	Behavioral Health Administration	MH Trust: BTKH - Technical Assistance	11,341.5				100.0	1037	GF/MH		H	0.0	
9	Behavioral Health	Services to the Seriously Mentally Ill	Partially Fund Community Mental Health Services Pilot for Department of Corrections	14,908.2				375.0	1037	GF/MH		H	0.0	
10	Children's Services	Front Line Social Workers	Increase Citizens Review Panel funding for	42,109.8	15.0	1004	Gen Fund					H	15.0	
11	Children's Services	Foster Care Special Need	Dillingham Therapeutic Foster Home	6,163.3				100.4	1004	Gen Fund		S	100.4	
12	Children's Services	Foster Care Special Need	Intent **House** None **Senate** It is the intent of the legislature that $100,400 of this appropriation be used to provide funding for start-up and operational expenses to the Dillingham Therapeutic Foster Home.									S	0.0	
13	Children's Services	Infant Learning Program Grants	MH Trust: BTKH - Early childhood mental health learning network and coordinator	9,757.4				100.0	1037	GF/MH		H	0.0	
14	Children's Services	Infant Learning Program Grants	MH Trust: BTKH - Grant 1393.02 Early childhood comprehensive system grants					100.0	1037	GF/MH		H	0.0	
15	Health Care Services	Medical Assistance Administration	Reduce Funds for Provider Re-enrollment	34,376.2				(400.0) (400.0)	1002 1003	Fed Rcpts G/F Match		S	(400.0) (400.0)	
16	Health Care Services	Medical Assistance Administration	Intent **House** None **Senate** It is the intent of the legislature that the Department conduct a complete reenrollment (estimated to cost $1.6 million) of providers in the current Medicaid system to ensure the new MMIS system is certified.									H	0.0	
17	Health Care Services	Health Planning and Infrastructure	Provide Loan Forgiveness, Scholarships, and Other Incentives	4,136.5				200.0	1092	MHTAAR	IncOTI	S	200.0	
18	Health Care Services	Community Health Grants	Project Access: Increase Access to Health Care for Low-Income Uninsured Alaskans using Volunteer Network of Providers	1,903.9	250.0	1004	Gen Fund					H	250.0	

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Health and Social Services

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
19	Health Care Services	Community Health Grants	Intent **House** It is the intent of the legislature that, in accordance with AS 37.05.316, $250,000 in general funds be provided as a grant to Anchorage Project Access. **Senate** None									H	0.0	
20	Juvenile Justice	McLaughlin Youth Center	Front Line Staffing at the McLaughlin Youth Center	17,050.0				75.0	1004	Gen Fund		S	75.0	
21	Juvenile Justice	Fairbanks Youth Facility	Front Line Staffing for Fairbanks Youth Facility	4,252.0				186.6	1004	Gen Fund		S	186.6	
22	Juvenile Justice	Bethel Youth Facility	Front-Line Staffing for the Bethel Youth Facility	3,460.9				98.7	1004	Gen Fund		S	98.7	
23	Juvenile Justice	Johnson Youth Center	Front Line Staffing for Johnson Youth Center	3,395.9				75.2	1004	Gen Fund		S	75.2	
24	Juvenile Justice	Probation Services	Base Funding for Guard Hires for Escorts, Travel for Juveniles Who Are Not Medicaid-Eligible and Other Services.	13,286.3	225.0	1004	Gen Fund				House funding level is intended to eliminate supplemental requests	H	225.0	
25	Public Assistance	Child Care Benefits	Child Care Rate Increase for Working Families	48,729.1	1,500.0	1004	Gen Fund				open	H or S	0.0	
26	Senior and Disabilities Services	Senior and Disabilities Medicaid Services	Home and Community Based Service Provider Rate Increase	354,681.3				1,200.0	1003	G/F Match	open	H or S	0.0	
27	Senior and Disabilities Services	Senior and Disabilities Medicaid Services	Funding to Increase Home & Community Based Waiver Rates (Assisted Living Homes) from 4% to 6%					290.2 278.5	1002 1003	Fed Rcpts G/F Match	open	H or S	0.0 0.0	
28	Senior and Disabilities Services	Senior Community Based Grants	Intent **House** None **Senate** It is the intent of the legislature that $609,900 of this appropriation be used to hold harmless those regions that will see a reduction in available grants for Family Caregiver, Nutrition, Transportation and Support, and In Home Services due to the State's implementation of a new statewide funding formula.									S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Labor and Workforce Development

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				7,200.4	0.0			270.0					0.0	
1	Workers' Compensation and Safety	Workers' Compensation	Add Worker Safety Account Funds for payment to Wage and Hour for investigator to ensure workers' comp coverage	5,072.0				90.0	1157	Wrkrs Safe	open	H or S	0.0	
2	Workers' Compensation and Safety	Wage and Hour Administration	Add funding for two PFT Wage and Hour investigators (one is funded by I/A receipts from Wrkrs Safe account 1157)	2,128.4				90.0 90.0	1004 1007	Gen Fund I/A Rcpts	Senate adds two PFT positions open	H or S	0.0 0.0	
3	Alaska Construction Academy Training Opportunities	Construction Academy Training	Add $3.5 million to Construction Academy. H & S differ as to whether it is added to base or is an OTI								$3.5 million appropriation. House adopted as OTI , Senate adopted as an Increment.	H	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Law

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				11,096.2	2,500.0			0.0					0.0	
1	Civil Division	Oil, Gas and Mining	Trans Alaska Pipeline System (TAPS) Strategic Reconfiguration	10,029.4	1,900.0	1004	Gen Fund				The House transaction is an IncOTI	H or S	0.0	
2	Civil Division	Statehood Defense	AMD: Endangered Species Act Litigation	1,066.8	600.0	1004	Gen Fund				Current draft of fast track supplemental (HB 113) contains $1.25 million for this purpose for FY09 and FY2010. The House transaction is an IncOTI	H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Natural Resources

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				39,973.3	401.2			417.9					0.0	
1	Resource Development	Oil & Gas Development	Restore reduction in order to match Governor's request for workload funding					175.0	1004	Gen Fund	The Senate transaction is an IncOTI House has 3 positions more than Senate	H or S	0.0	
2	Resource Development	Petroleum Systems Integrity Office	Reduce Funding	1,379.5	(423.0)	1004	Gen Fund	(261.5)	1004	Gen Fund		H or S	0.0	
3	Resource Development	Pipeline Coordinator	Additional TAPS Fire Safety Liaison and Clerk for Department of Public Safety	7,607.8				288.5	1108	Stat Desig		H or S	0.0	
4	Resource Development	State Coordinator-Gas Pipeline	Restore reduction	3,681.7				100.0	1004	Gen Fund	Senate has 3 positions more than House	H or S	0.0	
5	Resource Development	Alaska Coastal and Ocean Management	Add Grants Administrator I (PCN 10-#113) position for CIAP Grant	4,385.4	64.4	1061	CIP Rcpts				House adds one PFT position	H or S	0.0	
6	Resource Development	Geological Development	Maintain Operations of Alaska Volcano Observatory	7,624.8				(250.0) 250.0	1002 1004	Fed Rcpts Gen Fund		H or S	0.0 0.0	
7	Resource Development	North Latitude Plant Material Center	Provide funding to Foundation and Certified Seed Program	1,870.5	125.0	1004	Gen Fund	225.0	1004	Gen Fund	House funding is an OTI. Senate provides additional base funding.	H or S	0.0	
8	Resource Development	Agriculture Revolving Loan Program Administration	Delete one loan/collection officer position, which is currently vacant.	2,550.0	(70.0)	1021	Agric RLF				House voted to remove one position and funding	H or S	0.0	
9	Parks and Recreation Management	Parks Management	Seasonal Position for Chilkoot Bear Viewing Area (PCN 10-#160)	8,451.3	55.6	1061	CIP Rcpts				House adds one PPT position	H or S	0.0	
10	Parks and Recreation Management	Parks Management	Add one PFT for Worthington Glacier and Valdez area		138.5	1004	Gen Fund				House adds one PFT position	H or S	0.0	
11	Parks and Recreation Management	Parks Management	Reverses a fund change associated with a position in the Chilkoot River Bear Viewing Area					(55.6) 55.6	1004 1061	Gen Fund CIP Rcpts	Senate position corrects an error and should be accepted if Senate is accepted on item 9	H or S	0.0 0.0	
12	Parks and Recreation Management	Parks & Recreation Access	Parks Design and Construction Support	2,222.3	510.7	1061	CIP Rcpts					H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Natural Resources

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
13	Commissioner's Office	Agency-wide Unallocated Reduction	Unallocated reduction of general funds and 10 positions					(109.1)	1004	Gen Fund	Senate reduction includes 10 PFT positions	H or S	0.0	
14	Resource Development	State Coordinator-Gas Pipeline	Senate renamed **State Coordinator- Gas Pipeline**; new name is **Gas Pipeline Implementation**									H or S		

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Public Safety

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				105,838.0	5,684.8			5,417.2					873.2	
1	Alaska State Troopers	Special Projects	AMD: Alaska Bureau of Highway Patrol (formerly DUI Team)	5,965.0	4,800.0	1061	CIP Rcpts	4,102.9	1061	CIP Rcpts	House adds 13 PFT positions. Senate uses existing positions and removes funding for three positions. open	H or S	0.0	
2	Alaska State Troopers	Special Projects	AMD: Full staffing of commissioned officers					4.8	1004	Gen Fund		S	4.8	
3	Alaska State Troopers	Alaska State Troopers Director's Office	AMD: Full staffing of commissioned officers	330.7				6.0	1004	Gen Fund		S	6.0	
4	Alaska State Troopers	Narcotics Task Force	AMD: Full staffing of commissioned officers	5,243.7				13.7 35.6	1003 1004	G/F Match Gen Fund		S	13.7 35.6	
5	Alaska State Troopers	Alaska State Trooper Detachments	Increased rural trooper move costs	50,427.9	400.0	1004	Gen Fund				open	H or S	0.0	
6	Alaska State Troopers	Alaska Wildlife Troopers	Increased office leases and law enforcement supplies	17,678.8	94.0	1004	Gen Fund				open	H or S	0.0	
7	Alaska State Troopers	Alaska Wildlife Troopers	AMD: Facility Maintenance Central Region (trooper posts)		28.0	1004	Gen Fund				open	H or S	0.0	
8	Alaska State Troopers	Alaska Wildlife Troopers	Increased rural trooper move costs		150.0	1004	Gen Fund				open	H or S	0.0	
9	Alaska State Troopers	Alaska Wildlife Troopers	AMD: Full staffing of commissioned officers		746.1	1004	Gen Fund					H	746.1	
10	Alaska State Troopers	Alaska Wildlife Troopers Marine Enforcement	AMD: Full staffing of commissioned officers	2,899.3				31.5	1004	Gen Fund		S	31.5	
11	Village Public Safety Officer Program	VPSO Contracts	Add 15 new VPSO in FY2010	7,449.4	627.7	1004	Gen Fund	1,245.5	1004	Gen Fund	House provides partial year funding for phased in positions.	H or S	0.0	
12	Village Public Safety Officer Program	VPSO Contracts	Three percent COLA for VPSO		102.6	1004	Gen Fund	205.2	1004	Gen Fund	open	H or S	0.0	
13	Village Public Safety Officer Program	VPSO Contracts	Budget annual merit increase for 66 VPSO		118.3	1004	Gen Fund	236.5	1004	Gen Fund	open	H or S	0.0	
14	Council on Domestic Violence and Sexual Assault	Council on Domestic Violence and Sexual Assault	Eliminate GF funding for CDVSA	13,448.1	(1,381.9)	1004	Gen Fund	(500.0)	1004	Gen Fund	open	H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Public Safety

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
15	Council on Domestic Violence and Sexual Assault	Council on Domestic Violence and Sexual Assault	Substitute available PFD Criminal funds for GF					(881.9)	1004	Gen Fund	open	H or S	0.0	
								881.9	1171	PFD Crim			0.0	
16	Statewide Support	Training Academy	AMD: Full staffing of commissioned officers	2,395.1				35.5	1004	Gen Fund		S	35.5	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Revenue

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				7,816.9	771.0			1,673.0					1,673.0	
1	Taxation and Treasury	Treasury Division	Senate **sec 27(g)** (Supermajority vote failed) Constitutional Budget Reserve Fund Investment Management	7,816.9				1,673.0	1001	CBR Fund	House eliminates CBR management fees; Senate pays fees with CBR	S	1,673.0	
2	Administration and Support	Natural Gas Commercialization	Costs of implementing the state's oil and gas development plan, including the Alaska Gasline Inducement Act (AGIA)		771.0	1004	Gen Fund				The House transaction is an IncOTI	S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Transportation & Public Facilities

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				235,778.5	12,366.4			25,619.5					0.0	
1	Highways, Aviation and Facilities	Central Region Facilities	Operational increase to bring equipment, utilities, facilities maintenance and repair funding up to FY09 spending levels	7,236.1				54.8	1004	Gen Fund		H or S	0.0	
2	Highways, Aviation and Facilities	Central Region Facilities	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					496.4	1004	Gen Fund		H or S	0.0	
3	Highways, Aviation and Facilities	Northern Region Facilities	Janitorial Contracts Cost increase	11,289.0	141.2	1004	Gen Fund					H or S	0.0	
4	Highways, Aviation and Facilities	Northern Region Facilities	Operational increase to bring equipment, utilities, facilities maintenance and repair funding up to FY09 spending levels					116.7	1004	Gen Fund		H or S	0.0	
5	Highways, Aviation and Facilities	Northern Region Facilities	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					709.9	1004	Gen Fund		H or S	0.0	
6	Highways, Aviation and Facilities	Southeast Region Facilities	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power	1,332.6				104.5	1004	Gen Fund		H or S	0.0	
7	Highways, Aviation and Facilities	Central Region Highways and Aviation	AMD: National Pollutant Discharge Elimination System Compliance for Anchorage - Street Sweeping	43,537.2	116.3	1004	Gen Fund					H or S	0.0	
8	Highways, Aviation and Facilities	Central Region Highways and Aviation	Operational increase to bring equipment, commodities, and highway and aviation asset maintenance up to FY09 levels					1,617.6	1004	Gen Fund		H or S	0.0	
9	Highways, Aviation and Facilities	Central Region Highways and Aviation	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					2,646.8	1004	Gen Fund		H or S	0.0	
10	Highways, Aviation and Facilities	Northern Region Highways and Aviation	Operational increase to bring equipment, commodities, and highway and aviation asset maintenance up to FY09 levels	60,359.7				554.0	1004	Gen Fund		H or S	0.0	
11	Highways, Aviation and Facilities	Northern Region Highways and Aviation	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					4,858.1	1004	Gen Fund		H or S	0.0	
12	Highways, Aviation and Facilities	Southeast Region Highways and Aviation	Operational increase to bring equipment, commodities, and highway and aviation asset maintenance up to FY09 levels	14,068.1				378.5	1004	Gen Fund		H or S	0.0	

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Transportation & Public Facilities

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
13	Highways, Aviation and Facilities	Southeast Region Highways and Aviation	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					1,184.2	1004	Gen Fund		H or S	0.0	
14	Marine Highway System	Marine Vessel Operations	Maintain FY09 Levels of Service	97,955.8	4,247.6	1076	Marine Hwy	2,287.6	1004	Gen Fund	Senate funding is intended to fund operations with a combination of system revenue and GF. The AMHS stabilization fund balance serves as cushion rather than as a routine funding source. If the House position is chosen for items 14-18, the House capitalization of the AMHS fund (Statewide item 3) is required.	H or S	0.0	
								1,950.0	1076	Marine Hwy			0.0	
15	Marine Highway System	Marine Vessel Operations	Add one-time FY09 funding to FY10 base budget to maintain FY09 level of service		4,617.6	1076	Marine Hwy	4,617.6	1004	Gen Fund		H or S	0.0	
16	Marine Highway System	Marine Vessel Operations	FY10 Bargaining Unit Contract Terms: IBU		2,320.1	1076	Marine Hwy	2,320.1	1004	Gen Fund		H or S	0.0	
17	Marine Highway System	Marine Vessel Operations	FY10 Bargaining Unit Contract Terms: Masters, Mates, and Pilots		923.6	1076	Marine Hwy	923.6	1004	Gen Fund		H or S	0.0	
18	Marine Highway System	Marine Vessel Operations	FY10 Bargaining Unit Contract Terms: Marine Engineers Beneficial Association (MEBA)					789.1	1004	Gen Fund		H or S	0.0	
19	Marine Highway System		Intent **House** None **Senate** *It is the intent of the legislature* that the Alaska Marine Highway System fund be segregated into two accounts: the first holding system revenue as described in AS 19.65.060(a)(1) and the second holding capitalization of the fund as described in AS 19.65.060(a)(2) and (3). It is the intent of the legislature that the amount appropriated from the fund in this section applies first to revenue generated by the system and secondarily to the capital portion of the fund. It is the intent of the legislature that the Department of Transportation & Public Facilities make expenditures from the capital portion of the fund (AS 19.65.060(a)(2) and (3)) only after a request to do so has been reviewed by the Legislative Budget and Audit Committee.										H or S	0.0	
20	Marine Highway System	Marine Vessel Operations	Intent **House** It is the intent of the legislature that money allocated for the Marine Transportation Advisory Board not be spent for any other purpose. **Senate** None									H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

University of Alaska

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				722,485.1	1,580.0			3,976.7					0.0	
1	HOUSE structure - 1 appropriation: University of Alaska	23 allocations	The House maintains a single appropriation for the University of Alaska.									H or S		
	SENATE structure - 7 appropriations: Budget Reductions/Additions, Statewide Programs & Services, University of Alaska Anchorage, Small Business Development Center, University of Alaska Fairbanks, University of Alaska Community Campuses, and University of Alaska Southeast	23 allocations	The Senate split the single appropriation for the University of Alaska into seven, continuing the FY09 structure.											
2	University of Alaska	Budget Reductions/Additions - Systemwide	Modify proportion of GF and University Receipts to be used for compensation increases					(400.0) 400.0	1004 1048	Gen Fund Univ Rcpt	Senate transaction is a Fund Change from GF to University Receipts.	H or S	0.0 0.0	
3	University of Alaska	Budget Reductions/Additions - Systemwide	Reduce Non-Personal Services non-GF Fixed Cost Increases					(1,750.0)	1048	Univ Rcpt	Senate transaction is an unallocated reduction to be spread by the University.	H or S	0.0	
4	University of Alaska **House** None **Senate** It is the intent of the legislature that the University consider forgoing Executive position pay raises in light of the current fiscal situation.	Budget Reductions/Additions - Systemwide	Intent									H or S	0.0	
5	University of Alaska	Statewide Services	U of A Adjusted Base Compliance Mandates	37,326.4	14.0	1174	UA I/A	14.0	1174	UA I/A	Amount is not subject to conference. House adds one new PFT position. Senate uses existing staff.	H or S	0.0	
6	University of Alaska	Anchorage Campus	U of A Adjusted Base New Facility Operating and Maintenance Costs	240,594.3	344.3	1048	Univ Rcpt	344.3	1048	Univ Rcpt	Amount is not subject to conference. House adds two new PFT positions. Senate uses existing staff.	H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

University of Alaska

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
7	University of Alaska	Anchorage Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs		690.3 90.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H or S	0.0 0.0	
8	University of Alaska	Anchorage Campus	Combined GF and non-GF Funding for New Facilities Operating and Maintenance Costs - Integrated Sciences Building					1,025.0 725.0	1004 1048	Gen Fund Univ Rcpt		H or S	0.0 0.0	
9	University of Alaska	Fairbanks Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs	235,053.5	87.4 25.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H or S	0.0 0.0	
10	University of Alaska	Future Farmers of Alaska	Create New Allocation for Future Farmers of Alaska		150.0	1004	Gen Fund				House transaction also adds one new PFT position.	H or S	0.0	
11	University of Alaska	Fairbanks Organized Research	U of A Energy and Cooperative Extension Service - UAF Alaska Center for Energy and Power	133,471.9				400.0 500.0 918.4	1002 1004 1048	Fed Rcpts Gen Fund Univ Rcpt	Senate transaction is an IncOTI.	H or S	0.0 0.0 0.0	
12	University of Alaska	College of Rural and Community Development	U of A Priority Program Enhancement and Growth-Health-Academic Programs	13,190.2	40.8 8.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H or S	0.0 0.0	
13	University of Alaska	Tanana Valley Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs	12,648.0	47.2 16.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H or S	0.0 0.0	
14	University of Alaska	Cooperative Extension Service	U of A Energy and Cooperative Extension Service - UAF Cooperative Extension Service and Energy Outreach	8,672.7				500.0 450.0 850.0	1002 1004 1048	Fed Rcpts Gen Fund Univ Rcpt	Senate transaction is an IncOTI.	H or S	0.0 0.0 0.0	
15	University of Alaska	Juneau Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs	41,528.1	56.3 10.7	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H or S	0.0 0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Alaska Court System

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				87,311.8	2,695.3			1,973.5					2,993.8	
1	Alaska Court System		Conditional Language **House** Budget requests from agencies of the Judicial Branch are transmitted as requested. **Senate** none								House included unnecessary language transmitted by the Governor	S	0.0	
2	Alaska Court System	Appellate Courts	Elimination of Vacancy Savings Requirement for Judicial Positions	6,158.4	50.0	1004	Gen Fund					H	50.0	
3	Alaska Court System	Trial Courts	MH Trust: Dis Justice - Treatment funding for therapeutic court participants	70,769.6	500.0	1092	MHTAAR	500.0	1037	GF/MH	IncOTI	H	500.0	
4	Alaska Court System	Trial Courts	No Dark Courtrooms - Improve Courtroom Staffing Statewide		600.0	1004	Gen Fund	250.0	1004	Gen Fund	-175.0	H	600.0	
5	Alaska Court System	Trial Courts	First District Position Changes - Juneau Magistrate and Haines clerk upgrade					155.0	1004	Gen Fund		S	155.0	
6	Alaska Court System	Trial Courts	Third District Position Changes		299.1	1004	Gen Fund				House adds 2 PFT positions.	H	299.1	
7	Alaska Court System	Trial Courts	Fourth District Position Changes					143.5	1004	Gen Fund	Senate adds 1 PFT position.	S	143.5	
8	Alaska Court System	Trial Courts	Utilities and Contract Increases		776.3	1004	Gen Fund	725.0	1004	Gen Fund		H	776.3	
9	Alaska Court System	Trial Courts	Staff Development and Sustained Systems' Training					50.0	1004	Gen Fund		H	0.0	
10	Alaska Court System	Trial Courts	Life-Cycle Replacement of Computer Systems		250.0	1004	Gen Fund				-125.0	H	250.0	
11	Alaska Court System	Trial Courts	AMD: MH Trust: Dis Justice -Grant 1935.01 Mental Health Court Expansion								**House**: "Mental Health Court Expansion to Targeted Community" **Senate**: " Name change to "Juneau Mental Health Court" from "Targeted Community"	S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Alaska Court System

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
12	Alaska Court System	Trial Courts	Establish new Therapeutic Courts allocation with transfer of funds from Trial Courts		(610.0)	1037	GF/MH	(1,110.0)	1037	GF/MH	The funding level is the same, however, the funding sources are different. Items #12 and #14 need to be accepted as a pair.	H	(610.0)	
					(975.3)	1092	MHTAAR	(475.3)	1092	MHTAAR			(975.3)	
13	Alaska Court System	Administration and Support	Increased Software Support Costs	9,366.1	175.9	1004	Gen Fund	150.0	1004	Gen Fund		H	175.9	
14	Alaska Court System	Therapeutic Courts	Establish new Therapeutic Courts allocation with transfer of funds from Trial Courts		610.0	1037	GF/MH	1,110.0	1037	GF/MH	The funding level is the same, however, the funding sources are different. Items #12 and #14 need to be accepted as a pair.	H	610.0	
					975.3	1092	MHTAAR	475.3	1092	MHTAAR			975.3	
15	Judicial Council	Judicial Council	Support for Alaska Judicial Observers	1,017.7	44.0	1004	Gen Fund					H	44.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Legislature

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				134,319.5	0.0			0.0					0.0	
1	Legislative Council	Council and Subcommittees	Increase to Legislative Council Chair account for casual labor	134,319.5							House adds 100.0 GF to base; Senate is an IncOTI	S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Statewide

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL					0.0			724,573.9					669,573.9	
1	Salary and Benefit Adjustments	Various	Add two collective bargaining agreements to the list in Senate sec 24(a): **(8) Public Employees Local 71, for the labor, trades, and crafts unit; and** **(9) Marine Engineers' Beneficial Association.**					84.0	1002	Fed Rcpts	Both House and Senate bills included funding for the MEBA agreement. The Senate bill adds funding for the LTC agreement, which was reached after the bill passed the House	S	84.0	
			Section 24(c) of the Operating bill is amended to read: If a collective bargaining agreement listed in **(8) or** (b) of this section is not ratified...					11.6	1003	G/F Match	Section (c) is modified to refer to the agreements listed both sections a--agencies--and b--the University.		11.6	
			An identical change occurs in sec 10(c) of the Senate version of the Mental Health bill					1,305.3	1004	Gen Fund			1,305.3	
								2.8	1005	GF/Prgm			2.8	
								99.4	1007	I/A Rcpts			99.4	
								2.4	1024	Fish/Game			2.4	
								146.5	1026	HwyCapital			146.5	
								425.5	1027	IntAirport			425.5	
								1.3	1033	Surpl Prop			1.3	
								73.4	1037	GF/MH			73.4	
								1.4	1052	Oil/Haz Fd			1.4	
								421.7	1061	CIP Rcpts			421.7	
								12.6	1076	Marine Hwy			12.6	
								21.7	1081	Info Svc			21.7	
								24.2	1108	Stat Desig			24.2	
								11.3	1147	PublicBldg			11.3	
								41.2	1156	Rcpt Svcs			41.2	
								16.2	1157	Wrkrs Safe			16.2	
								9.1	1172	Bldg Safe			9.1	
								2.1	1200	VehRntlTax			2.1	
2	Debt Service	Debt Retirement Fund (Capitalize Fund)	Reduce GF capitalization of ADRF **(sec. 21(a))** as follows: (1) the sum of **$105,680,200** [$115,955,200] from the general fund;					(2,615.8)	1004	Gen Fund	Bids on GO bonds indicate savings of $10.275 million based on a true interest cost of 4.044982%. This reduces required GF capitalization to 105,680.2	S	(2,615.8)	(10,275.0)
			Reduce FY2010 payments on series 2009A GO bonds. This changes Senate **section 26** as follows: (e) The sum of **$5,589,000** [$10,275,000] is appropriated to the state bond committee from **State of Alaska general obligation bonds, series 2009A bond issue premium, interest earnings, and accrued interest held in the debt service fund of the series 2009A bonds** [the Alaska debt retirement fund (AS 37.15.011)] for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A, for the fiscal year ending June 30, 2010.					10,275.0	1044	ADRF	The winning bid included a premium of $8.6 million, which can be applied to FY2010 debt service costs on the 2009A series bonds. The bid reduced anticipated FY2010 debt service costs by $4.686 million. Both the reduction in debt service and the change in fund source are included in this transaction.		10,275.0	(10,275.0)
								0.0	1184	GOB DSFUN			0.0	5,589.0

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Statewide

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
3	Fund Capitalization	AMHS Stabilization Fund	Eliminate FY2010 capitalization of the fund in House sec 21(t)					(5,000.0)	1004	Gen Fund	Senate fund source changes in Marine Highway Vessel Operations allow deletion of fund capitalization	H or S	0.0	
4	Special Appropriations	Oil and Gas Tax Credit Fund	Transfer a portion of the Oil and Gas Tax Credit Fund to the general fund Senate sec 21(u). The Senate version also adds a new subsection to sec 21: **(u) If the balance of the oil and gas tax credit fund (AS 43.55.028) is insufficient to purchase transferable tax credit certificates issued under AS 43.55.023 and production tax credit certificates issued under AS 43.55.025 that are presented for purchase, the amount by which the tax credit certificates presented for purchase exceeds the balance of the fund is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55.028).**					(450,000.0)	1004	Gen Fund	The Senate appropriation from the tax credit fund to the general fund has an FY09 effective date and does not appear in reports of FY2010 appropriations. The appropriation leaves approximately $100 million in the fund. That amount is anticipated to be sufficient to purchase certificates presented during FY2010, but the open-ended appropriation in section u ensures that all certificates presented can be purchased.	S	(450,000.0)	
5	Shared Taxes and Fees	Commercial Passenger Vessel	Delete "Commercial passenger vessel excise tax 2009" from the list of shared taxes in Senate sec 25(a) and modify Senate section 25 to read: **(c) The amount necessary to pay the first five ports of call their share of the tax collected under AS 43.52.220 in calendar year 2009 according to AS 43.52.230(b) is appropriated from the commercial vessel passenger tax account (AS 43.52.230(a)) to the Department of Revenue for payment during the fiscal year ending June 30, 2010.** **(d) It is the intent of the legislature that the payments to local governments set out in (a) - (c) of this section may be assigned by a local government to another state agency.**								The Senate language corrects a drafting error.	S	0.0	
6	Special Appropriations	Community Revenue Sharing	Senate section 27 (e) An amount equal to 20 percent of the revenue collected under AS 43.55.011(g), not to exceed $60,000,000, is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the community revenue sharing fund (AS					60,000.0	1001	CBR Fund	Forward funds community revenue sharing. Does not affect FY2010 distribution to communities, which flows without appropriation	H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Statewide

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
7	Savings	Deposit to the Public Education Fund	Senate section 27 (f) The sum of $1,111,914,700 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the public education fund (AS 14.17.300).					1,111,914.7	1001	CBR Fund	Forward funds K-12 education. Does not affect FY2010 distribution to school districts, which flows without appropriation	S	1,111,914.7	
8	Constitutional Budget Reserve Fund	Reverse Sweep	Senate section 27 (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2009 that are made from subfunds and accounts other than the operating general fund (state accounting system fund number 11100) by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund are appropriated from the budget reserve fund to the subfunds and accounts from which those funds were transferred.								At the end of each fiscal year in which there is a general fund liability to the CBRF, available funds in subaccounts of the general fund are swept to the CBRF. The Senate provision restores all swept money to the subaccounts from which it came.	S	0.0	
9	Constitutional Budget Reserve Fund	FY09 Draw	Senate section 27 (d) If the unrestricted state revenue available for appropriation in fiscal year 2009 is insufficient to cover the general fund appropriations that take effect in fiscal year 2009, the amount necessary to balance revenue and general fund appropriations is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the general fund.									S	0.0	
10	Constitutional Budget Reserve Fund	FY2010 Draw	Senate section 27 (g) If the unrestricted state revenue available for appropriation in fiscal year 2010 is insufficient to cover the general fund appropriations that take effect in fiscal year 2010, the amount necessary to balance revenue and general fund appropriations is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the general fund.									S	0.0	
11	Constitutional Budget Reserve Fund	Supermajority	Senate section 27 (h) The appropriations made by (a) and (c) - (g) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska.								Items 6, 7, 8, 9 and 10 require a supermajority vote.	S	0.0	

MENTAL HEALTH CAPITAL BUDGET ITEMS (HB 83) SUBJECT TO CONFERENCE

Item	Agency	Project Name	Fund Source	House	Senate
1	Governor	HSS - Behavioral Health Data Sharing Partnership	**Total**	-	**459,724**
			1002 Fed Rcpts (Fed)	-	25,540
			1037 GF/MH (GF)	-	434,184
2	Health & Social Services	MH Continuing Bring the Kids Home Initiative Denali Match	**Total**	-	**2,200,000**
			1197 AK Cap Fnd (Oth)	-	2,200,000
3	Health & Social Services	MH Deferred Maintenance and Accessibility Improvements	**Total**	-	**750,000**
			1037 GF/MH (GF)	-	750,000
4	Health & Social Services	MH Housing - Home Modification and Upgrades to Retain Housing	**Total**	-	**1,050,000**
			1037 GF/MH (GF)	-	500,000
			1092 MHTAAR (Oth)	-	300,000
			1139 AHFC Div (Oth)	-	250,000
5	Natural Resources	Mental Health Trust Facilities Maintenance	**Total**	-	**350,000**
			1092 MHTAAR (Oth)	-	350,000
6	Revenue	MH AHFC Beneficiary and Special Needs Housing	**Total**	-	**1,750,000**
			1139 AHFC Div (Oth)	-	1,750,000
7	Revenue	MH AHFC Emergency Assistance Grants for Mental Health Trust Beneficiaries	**Total**	-	**200,000**
			1092 MHTAAR (Oth)	-	200,000
8	Revenue	MH AHFC Homeless Assistance Program	**Total**	-	**10,000,000**
			1002 Fed Rcpts (Fed)	-	2,000,000
			1037 GF/MH (GF)	-	500,000
			1092 MHTAAR (Oth)	-	500,000
			1108 Stat Desig (Oth)	-	1,000,000
			1139 AHFC Div (Oth)	-	6,000,000
9	Transportation & Public Facilities	Coordinated Transportation and Vehicles	**Total**	**1,100,000**	-
			1037 GF/MH (GF)	800,000	-
			1092 MHTAAR (Oth)	300,000	-

Motion Sheets:

All Open Items

4/09/09

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Administration

H or S

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				48,993.1	300.0			315.0					0.0	
1	Centralized Administrative Services	State Travel Office	Intent **House** It is the intent of the legislature that all out of state travel by state employees be conducted on a mileage ticket where possible. **Senate** None									H or S	0.0	
2	Enterprise Technology Services	Enterprise Technology Services	State of Alaska Telecommunications System Operations and Maintenance	46,058.2	300.0	1004	Gen Fund					H or S	0.0	
3	Enterprise Technology Services	Enterprise Technology Services	Intent **House** It is the intent of the legislature that the Department of Administration begin to charge the municipalities for their share of the Alaska Land Mobile Radio (ALMR) program beginning in FY2010 at 50% of the amount owed to the Department and increasing to 100% of the municipal share in FY2011. It is also the intent of the legislature that the Department may garnish any revenue sharing that a municipality may be entitled to satisfy the debt owed to the Department for participation in ALMR. **Senate** None									H or S	0.0	
4	Enterprise Technology Services	Enterprise Technology Services	Conditional Language **House** The money appropriated by this appropriation may be distributed to state departments and agencies in order to pay service costs charged by the Department of Administration for enterprise technology services. **Senate** None								The House language is required in order to implement cost recovery through rates applied to services	H or S	0.0	
5	Public Communications Services	Public Broadcasting - Radio	Additional Funds for Radio Station Operating Grants	2,869.9				250.0	1004	Gen Fund		H or S	0.0	
6	Legal and Advocacy Services	Therapeutic Courts Support Services	Additional funds for Partners for Progress Grant	65.0				65.0	1004	Gen Fund		H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Commerce, Community and Economic Development

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				17,436.7	2,171.3			2,531.6					0.0	
1	Intent **House** It is the intent of the legislature that any marketing entities that receive state funding shall, to the maximum extent practicable, coordinate their efforts when implementing their marketing strategies. This shall include, but is not limited to, fishing, tourism, and agriculture. It is the intent of the legislature that any marketing entities that receive state funding shall, to the maximum extent practicable, coordinate their efforts when implementing their marketing strategies. This shall include, but is not limited to, fishing, tourism, and agriculture. **Senate** None											H or S	0.0	
2	Community Assistance & Economic Development	Community and Regional Affairs	H & S differ on the mix of Bus. Lic. Receipts and GF.	7,587.6	400.0 1,571.3	1175 1004	BLic&Corp Gen Fund	133.3 1,838.0	1175 1004	BLic&Corp Gen Fund	House leaves a cushion of 133.3 in case of low revenue: Senate leaves a cushion of 400.0	H or S	0.0 0.0	
3	Community Assistance & Economic Development	Community and Regional Affairs	Replace one-time Alaska Legal Services grant to match Governor's budget request.		200.0	1004	Gen Fund	200.0	1004	Gen Fund	House voted to make this an OTI. Senate voted to add to base.	H or S	0.0	
4	Qualified Trade Association Contract	Qualified Trade Association Contract	Use available Vehicle Rental Tax Receipts to replace GF	9,000.0				(381.1) 381.1	1004 1200	Gen Fund VehRntlTax	Senate position uses all available vehicle rental tax receipts	H or S	0.0 0.0	
5	Alaska Energy Authority	Statewide Project Development, Alternative Energy and Efficiency	Support for Energy Planning	849.1				150.0	1004	Gen Fund	House wanted Department to use CIP receipts	H or S	0.0	
6	Alaska Energy Authority	Statewide Project Development, Alternative Energy and Efficiency	Funding for the AEA Executive Director/Statewide Energy Coordinator (PCN 08-0208)					210.3	1004	Gen Fund	House wanted Department to use CIP receipts	H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Corrections

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				13,707.9	80.0			1,405.0					0.0	
1	Administration and Support	Research and Records	Add to Base: FY09 IncOTI for File Imaging Program	298.8				180.0	1004	Gen Fund	Senate restores 3 PFT positions and funding to Governor's requested level.	H or S	0.0	
2	Population Management	Statewide Probation and Parole	Reduce vacancy factor by adding funding for one probation officer	13,409.1	80.0	1004	Gen Fund					H or S	0.0	
3	Population Management	Goose Creek Correctional Center	Intent **House** It is the intent of the legislature that the Department of Corrections investigate the privatization of the operation and maintenance of the Goose Creek Correctional Center and report their findings to the legislature before February 1, 2010. **Senate** None									H or S	0.0	
4	Population Management	Wildwood Correctional Center	Intent **House** None **Senate** It is the intent of the legislature that the Department of Corrections submit an FY2010 supplemental request for the operating costs associated with the completion of the Wildwood Correctional Center Work Release/Community Residential Center housing project.									H or S	0.0	
5	Inmate Health Care	Inmate Health Care	Structure Change - Senate proposes splitting Inmate Health Care into Behavioral Health Care and Physical Health Care									H or S	0.0	
6	Inmate Health Care	Inmate Health Care	Secured Detoxification and Treatment					1,225.0	1037	GF/MH	The Senate transaction is an IncOTI	H or S	0.0	
7	Inmate Health Care	Behavioral Health Care	Eliminate PFD Criminal funds in order to concentrate the fund source in the Physical Health Care allocation					1,130.1 (1,130.1)	1004 1171	Gen Fund PFD Crim	Items 7 and 8 must be chosen as a pair. Fund changes can occur in Inmate Health Care if House structure is chosen	H or S	0.0 0.0	
8	Inmate Health Care	Physical Health Care	Concentrate all available PFD Criminal funds in the Physical Health Care allocation					(1,388.6) 1,388.6	1004 1171	Gen Fund PFD Crim	Items 7 and 8 must be chosen as a pair. Fund changes can occur in Inmate Health Care if House structure is chosen	H or S	0.0 0.0	

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Education and Early Development

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				1,035,554.4	2,950.0			3,800.0					0.0	
1	K-12 Support		Conditional Language **House** None **Senate** A school district may not receive state education aid for K-12 support appropriated under Section 1 of this Act and distributed by the Department of Education and Early Development under AS 14.17 if the school district (1) has a policy refusing to allow recruiters for any branch of the United States military, Reserve Officers' Training Corps, Central Intelligence Agency, or Federal Bureau of Investigation to contact students on a school campus if the school district allows college, vocational school, or other job recruiters on a campus to contact students; (2) refuses to allow the Boy Scouts of America to use school facilities for meetings or contact with students if the school makes the facility available to other non-school groups in the community; or (3) has a policy of refusing to have an in-school Reserve Officers' Training program or a Junior Reserve Officers' Training Corps program.									H or S	0.0	
2	K-12 Support	Foundation Program	Age 4 Pre-K Pilot Program **Senate sec 11(a)**	1,025,996.5	2,000.0	1004	Gen Fund	1,000.0	1004	Gen Fund	House transaction is an IncOTI. Senate transaction is in sec 11 and will be treated as an OTI	H or S	0.0	
3	K-12 Support	Foundation Program	Pre-Kindergarten Education Pilot Program in Communities Served by Chronically Underperforming School Districts **Senate sec 11(b)**					1,000.0	1004	Gen Fund	Senate transaction is in sec 11 and will be treated as an OTI	H or S	0.0	
4	Education Support Services	School Finance & Facilities	Additional Auditors for Intensive Students	2,301.5	150.0	1004	Gen Fund					H or S	0.0	
5	Teaching and Learning Support	Early Learning Coordination	Increase Head Start Grant Program Funding	7,256.4	800.0	1004	Gen Fund	600.0	1004	Gen Fund		H or S	0.0	
6	Teaching and Learning Support	Early Learning Coordination	Provide Additional Head Start Services in Communities Served by Chronically Underperforming School Districts **Senate sec 11(c)**					1,000.0	1004	Gen Fund	Senate transaction is in sec 11 and will be treated as an addition to base	H or S	0.0	
7	Teaching and Learning Support	Early Learning Coordination	Best Beginnings Grant Funds					200.0	1004	Gen Fund		H or S	0.0	

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Environmental Conservation

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				16,280.6	184.0			207.7					0.0	
1	Environmental Health	Food Safety & Sanitation	Add Two New PFT Environmental Health Officer Positions and Related Costs for Food Safety Inspections	3,967.9				187.7	1004	Gen Fund	Senate adds two PFT positions	H or S	0.0	
2	Environmental Health	Laboratory Services	Paralytic Shellfish Poisoning Testing	3,048.3				20.0	1166	Vessel Com		H or S	0.0	
3	Environmental Health	Air Quality	Climate Change Sub-Cabinet Activity	9,264.4	184.0	1004	Gen Fund				The House transaction is an IncOTI	H or S	0.0	
4	Water	Water Quality	Intent									H or S	0.0	

House
It is the intent of the legislature that the Department of Environmental Conservation conduct an audit of Crowley Marine Services pertaining to the contract provisions requiring an Alaskan hiring preference under the Ocean Ranger program.

Senate
None

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Fish and Game

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				18,922.9	0.0			1,723.7					0.0	
1	Commercial Fisheries	Westward Region Fisheries Management	Bering Sea crab research in the Westward region related to Endangered Species Act	8,543.6				793.7	1002	Fed Rcpts		H or S	0.0	
2	Wildlife Conservation	Wildlife Conservation Special Projects	Partial Restoration of One-Time Item for Pinniped Research related to the Endangered Species Act	10,379.3				930.0	1002	Fed Rcpts		H or S	0.0	
3	Administration and Support	Boards and Advisory Committees	Intent Language									H or S	0.0	

House
None

Senate
It is the intent of the Legislature that when the Board of Fisheries holds a meeting, for which the primary topic or proposal concerns one of the following regional areas, that the meeting be held in that regional area.

Alaska Peninsula and Aleutian Islands area;
Arctic-Yukon-Kuskokwim area;
Bristol Bay area;
Cook Inlet area;
Kodiak area;
Prince William Sound area;
Southeast Alaska area.

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Health and Social Services

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				601,361.5	1,990.0			3,089.6					0.0	
1	Department of Health and Social Services	Department	Intent									H or S	0.0	
	House None **Senate** It is the intent of the legislature that the Department of Health and Social Services continue the Medicaid Reform work to improve efficiency and slow the need for General Funds in the Medicaid program. Specifically, but not exclusively, the Department is to: 1) Complete the evaluation of possible changes to program design, determine waiver changes necessary to secure federal funding and report back to the Second Session of the 26th Alaska Legislature on suggested changes, expected outcomes related to Medicaid sustainability, and resources needed to accomplish the work. 2) Develop and implement public provider reimbursement methodologies and payment rates that will further the goals of Medicaid Reform. 3) Continue and enhance the State and Tribal Medicaid work and partnership to enhance our ability to provide Medicaid services through Tribal Health Organizations.												
2	Department of Health and Social Services	Department	Intent									H or S	0.0	
	House None **Senate** It is the intent of the legislature that the Department of Health and Social Services continue and enhance its efforts to reduce fraud by both providers and beneficiaries of the Medicaid program.													
3	Behavioral Health	Behavioral Health Grants	MH Trust: AMHB - Grants for community behavioral health services	31,809.2				250.0	1037	GF/MH		H or S	0.0	
4	Behavioral Health	Behavioral Health Grants	MH Trust: ABADA - Grants for community based substance abuse services					250.0	1037	GF/MH		H or S	0.0	
5	Behavioral Health	Behavioral Health Grants	Combat Alaska's Statewide Heroin Epidemic					210.0	1037	GF/MH	The Senate transaction is an IncOTI	H or S	0.0	
6	Behavioral Health	Behavioral Health Grants	Intent									H or S	0.0	
	House None **Senate** It is the intent of the legislature that $210,000 of this appropriation be used to Combat Alaska's Statewide Heroin Epidemic.													
7	Behavioral Health	Behavioral Health Grants	Substance Abuse Services Fund Source Switch					(1,000.0) 1,000.0	1004 1180	Gen Fund A/D T&P Fd	Senate reduces the balance of Alcohol funds; spending level is not sustainable	H or S	0.0 0.0	

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Health and Social Services

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
8	Behavioral Health	Behavioral Health Administration	MH Trust: BTKH - Technical Assistance	11,341.5				100.0	1037	GF/MH		H or S	0.0	
9	Behavioral Health	Services to the Seriously Mentally Ill	Partially Fund Community Mental Health Services Pilot for Department of Corrections	14,908.2				375.0	1037	GF/MH		H or S	0.0	
10	Children's Services	Front Line Social Workers	Increase Citizens Review Panel funding for	42,109.8	15.0	1004	Gen Fund					H or S	0.0	
11	Children's Services	Foster Care Special Need	Dillingham Therapeutic Foster Home	6,163.3				100.4	1004	Gen Fund		H or S	0.0	
12	Children's Services	Foster Care Special Need	Intent									H or S	0.0	
	House None **Senate** It is the intent of the legislature that $100,400 of this appropriation be used to provide funding for start-up and operational expenses to the Dillingham Therapeutic Foster Home.													
13	Children's Services	Infant Learning Program Grants	MH Trust: BTKH - Early childhood mental health learning network and coordinator	9,757.4				100.0	1037	GF/MH		H or S	0.0	
14	Children's Services	Infant Learning Program Grants	MH Trust: BTKH - Grant 1393.02 Early childhood comprehensive system grants					100.0	1037	GF/MH		H or S	0.0	
15	Health Care Services	Medical Assistance Administration	Reduce Funds for Provider Re-enrollment	34,376.2				(400.0) (400.0)	1002 1003	Fed Rcpts G/F Match		H or S	0.0 0.0	
16	Health Care Services	Medical Assistance Administration	Intent									H or S	0.0	
	House None **Senate** It is the intent of the legislature that the Department conduct a complete reenrollment (estimated to cost $1.6 million) of providers in the current Medicaid system to ensure the new MMIS system is certified.													
17	Health Care Services	Health Planning and Infrastructure	Provide Loan Forgiveness, Scholarships, and Other Incentives	4,136.5				200.0	1092	MHTAAR	IncOTI	H or S	0.0	
18	Health Care Services	Community Health Grants	Project Access: Increase Access to Health Care for Low-Income Uninsured Alaskans using Volunteer Network of Providers	1,903.9	250.0	1004	Gen Fund					H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Health and Social Services

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
19	Health Care Services	Community Health Grants	Intent **House** It is the intent of the legislature that, in accordance with AS 37.05.316, $250,000 in general funds be provided as a grant to Anchorage Project Access. **Senate** None									H or S	0.0	
20	Juvenile Justice	McLaughlin Youth Center	Front Line Staffing at the McLaughlin Youth Center	17,050.0				75.0	1004	Gen Fund		H or S	0.0	
21	Juvenile Justice	Fairbanks Youth Facility	Front Line Staffing for Fairbanks Youth Facility	4,252.0				186.6	1004	Gen Fund		H or S	0.0	
22	Juvenile Justice	Bethel Youth Facility	Front-Line Staffing for the Bethel Youth Facility	3,460.9				98.7	1004	Gen Fund		H or S	0.0	
23	Juvenile Justice	Johnson Youth Center	Front Line Staffing for Johnson Youth Center	3,395.9				75.2	1004	Gen Fund		H or S	0.0	
24	Juvenile Justice	Probation Services	Base Funding for Guard Hires for Escorts, Travel for Juveniles Who Are Not Medicaid-Eligible and Other Services.	13,286.3	225.0	1004	Gen Fund				House funding level is intended to eliminate supplemental requests	H or S	0.0	
25	Public Assistance	Child Care Benefits	Child Care Rate Increase for Working Families	48,729.1	1,500.0	1004	Gen Fund					H or S	0.0	
26	Senior and Disabilities Services	Senior and Disabilities Medicaid Services	Home and Community Based Service Provider Rate Increase	354,681.3				1,200.0	1003	G/F Match		H or S	0.0	
27	Senior and Disabilities Services	Senior and Disabilities Medicaid Services	Funding to Increase Home & Community Based Waiver Rates (Assisted Living Homes) from 4% to 6%					290.2 278.5	1002 1003	Fed Rcpts G/F Match		H or S	0.0 0.0	
28	Senior and Disabilities Services	Senior Community Based Grants	Intent **House** None **Senate** It is the intent of the legislature that $609,900 of this appropriation be used to hold harmless those regions that will see a reduction in available grants for Family Caregiver, Nutrition, Transportation and Support, and In Home Services due to the State's implementation of a new statewide funding formula.									H or S	0.0	

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Labor and Workforce Development

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				7,200.4	0.0			270.0					0.0	
1	Workers' Compensation and Safety	Workers' Compensation	Add Worker Safety Account Funds for payment to Wage and Hour for investigator to ensure workers' comp coverage	5,072.0				90.0	1157	Wrkrs Safe		H or S	0.0	
2	Workers' Compensation and Safety	Wage and Hour Administration	Add funding for two PFT Wage and Hour investigators (one is funded by I/A receipts from Wrkrs Safe account 1157)	2,128.4				90.0 90.0	1004 1007	Gen Fund I/A Rcpts	Senate adds two PFT positions	H or S	0.0 0.0	
3	Alaska Construction Academy Training Opportunities	Construction Academy Training	Add $3.5 million to Construction Academy. H & S differ as to whether it is added to base or is an OTI								$3.5 million appropriation. House adopted as OTI , Senate adopted as an Increment.	H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Law

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				11,096.2	2,500.0			0.0					0.0	
1	Civil Division	Oil, Gas and Mining	Trans Alaska Pipeline System (TAPS) Strategic Reconfiguration	10,029.4	1,900.0	1004	Gen Fund				The House transaction is an IncOTI	H or S	0.0	
2	Civil Division	Statehood Defense	AMD: Endangered Species Act Litigation	1,066.8	600.0	1004	Gen Fund				Current draft of fast track supplemental (HB 113) contains $1.25 million for this purpose for FY09 and FY2010. The House transaction is an IncOTI	H or S	0.0	

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Natural Resources

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				39,973.3	401.2			417.9					0.0	
1	Resource Development	Oil & Gas Development	Restore reduction in order to match Governor's request for workload funding					175.0	1004	Gen Fund	The Senate transaction is an IncOTI House has 3 positions more than Senate	H or S	0.0	
2	Resource Development	Petroleum Systems Integrity Office	Reduce Funding	1,379.5	(423.0)	1004	Gen Fund	(261.5)	1004	Gen Fund		H or S	0.0	
3	Resource Development	Pipeline Coordinator	Additional TAPS Fire Safety Liaison and Clerk for Department of Public Safety	7,607.8				288.5	1108	Stat Desig		H or S	0.0	
4	Resource Development	State Coordinator-Gas Pipeline	Restore reduction	3,881.7				100.0	1004	Gen Fund	Senate has 3 positions more than House	H or S	0.0	
5	Resource Development	Alaska Coastal and Ocean Management	Add Grants Administrator I (PCN 10-#113) position for CIAP Grant	4,385.4	64.4	1061	CIP Rcpts				House adds one PFT position	H or S	0.0	
6	Resource Development	Geological Development	Maintain Operations of Alaska Volcano Observatory	7,624.8				(250.0) 250.0	1002 1004	Fed Rcpts Gen Fund		H or S	0.0 0.0	
7	Resource Development	North Latitude Plant Material Center	Provide funding to Foundation and Certified Seed Program	1,870.5	125.0	1004	Gen Fund	225.0	1004	Gen Fund	House funding is an OTI. Senate provides additional base funding.	H or S	0.0	
8	Resource Development	Agriculture Revolving Loan Program Administration	Delete one loan/collection officer position, which is currently vacant.	2,550.0	(70.0)	1021	Agric RLF				House voted to remove one position and funding	H or S	0.0	
9	Parks and Recreation Management	Parks Management	Seasonal Position for Chilkoot Bear Viewing Area (PCN 10-#160)	8,451.3	55.6	1061	CIP Rcpts				House adds one PPT position	H or S	0.0	
10	Parks and Recreation Management	Parks Management	Add one PFT for Worthington Glacier and Valdez area		138.5	1004	Gen Fund				House adds one PFT position	H or S	0.0	
11	Parks and Recreation Management	Parks Management	Reverses a fund change associated with a position in the Chilkoot River Bear Viewing Area					(55.6) 55.6	1004 1061	Gen Fund CIP Rcpts	Senate position corrects an error and should be accepted if Senate is accepted on item 9	H or S	0.0 0.0	
12	Parks and Recreation Management	Parks & Recreation Access	Parks Design and Construction Support	2,222.3	510.7	1061	CIP Rcpts					H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Natural Resources

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
13	Commissioner's Office	Agency-wide Unallocated Reduction	Unallocated reduction of general funds and 10 positions					(109.1)	1004	Gen Fund	Senate reduction includes 10 PFT positions	H or S	0.0	
14	Resource Development	State Coordinator-Gas Pipeline	Senate renamed **State Coordinator- Gas Pipeline;** new name is **Gas Pipeline Implementation**									H or S		

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Public Safety

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				105,838.0	5,684.8			5,417.2					0.0	
1	Alaska State Troopers	Special Projects	AMD: Alaska Bureau of Highway Patrol (formerly DUI Team)	5,965.0	4,800.0	1061	CIP Rcpts	4,102.9	1061	CIP Rcpts	House adds 13 PFT positions. Senate uses existing positions and removes funding for three positions.	H or S	0.0	
2	Alaska State Troopers	Special Projects	AMD: Full staffing of commissioned officers					4.8	1004	Gen Fund		H or S	0.0	
3	Alaska State Troopers	Alaska State Troopers Director's Office	AMD: Full staffing of commissioned officers	330.7				6.0	1004	Gen Fund		H or S	0.0	
4	Alaska State Troopers	Narcotics Task Force	AMD: Full staffing of commissioned officers	5,243.7				13.7 35.6	1003 1004	G/F Match Gen Fund		H or S	0.0 0.0	
5	Alaska State Troopers	Alaska State Trooper Detachments	Increased rural trooper move costs	50,427.9	400.0	1004	Gen Fund					H or S	0.0	
6	Alaska State Troopers	Alaska Wildlife Troopers	Increased office leases and law enforcement supplies	17,678.8	94.0	1004	Gen Fund					H or S	0.0	
7	Alaska State Troopers	Alaska Wildlife Troopers	AMD: Facility Maintenance Central Region (trooper posts)		28.0	1004	Gen Fund					H or S	0.0	
8	Alaska State Troopers	Alaska Wildlife Troopers	Increased rural trooper move costs		150.0	1004	Gen Fund					H or S	0.0	
9	Alaska State Troopers	Alaska Wildlife Troopers	AMD: Full staffing of commissioned officers		746.1	1004	Gen Fund					H or S	0.0	
10	Alaska State Troopers	Alaska Wildlife Troopers Marine Enforcement	AMD: Full staffing of commissioned officers	2,899.3				31.5	1004	Gen Fund		H or S	0.0	
11	Village Public Safety Officer Program	VPSO Contracts	Add 15 new VPSO in FY2010	7,449.4	627.7	1004	Gen Fund	1,245.5	1004	Gen Fund	House provides partial year funding for phased in positions	H or S	0.0	
12	Village Public Safety Officer Program	VPSO Contracts	Three percent COLA for VPSO		102.6	1004	Gen Fund	205.2	1004	Gen Fund		H or S	0.0	
13	Village Public Safety Officer Program	VPSO Contracts	Budget annual merit increase for 66 VPSO		118.3	1004	Gen Fund	236.5	1004	Gen Fund		H or S	0.0	
14	Council on Domestic Violence and Sexual Assault	Council on Domestic Violence and Sexual Assault	Eliminate GF funding for CDVSA	13,448.1	(1,381.9)	1004	Gen Fund	(500.0)	1004	Gen Fund		H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Public Safety

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
15	Council on Domestic Violence and Sexual Assault	Council on Domestic Violence and Sexual Assault	Substitute available PFD Criminal funds for GF					(881.9)	1004	Gen Fund		H or S	0.0	
								881.9	1171	PFD Crim			0.0	
16	Statewide Support	Training Academy	AMD: Full staffing of commissioned officers	2,395.1				35.5	1004	Gen Fund		H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Department of Revenue

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				7,816.9	771.0			1,673.0					0.0	
1	Taxation and Treasury	Treasury Division	Senate **sec 27(g)** (Supermajority vote failed) Constitutional Budget Reserve Fund Investment Management	7,816.9				1,673.0	1001	CBR Fund	House eliminates CBR management fees; Senate pays fees with CBR	H or S	0.0	
2	Administration and Support	Natural Gas Commercialization	Costs of implementing the state's oil and gas development plan, including the Alaska Gasline Inducement Act (AGIA)		771.0	1004	Gen Fund				The House transaction is an IncOTI	H or S	0.0	

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Transportation & Public Facilities

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				235,778.5	12,366.4			25,619.5					0.0	
1	Highways, Aviation and Facilities	Central Region Facilities	Operational increase to bring equipment, utilities, facilities maintenance and repair funding up to FY09 spending levels	7,236.1				54.8	1004	Gen Fund		H or S	0.0	
2	Highways, Aviation and Facilities	Central Region Facilities	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					496.4	1004	Gen Fund		H or S	0.0	
3	Highways, Aviation and Facilities	Northern Region Facilities	Janitorial Contracts Cost increase	11,289.0	141.2	1004	Gen Fund					H or S	0.0	
4	Highways, Aviation and Facilities	Northern Region Facilities	Operational increase to bring equipment, utilities, facilities maintenance and repair funding up to FY09 spending levels					116.7	1004	Gen Fund		H or S	0.0	
5	Highways, Aviation and Facilities	Northern Region Facilities	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					709.9	1004	Gen Fund		H or S	0.0	
6	Highways, Aviation and Facilities	Southeast Region Facilities	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power	1,332.6				104.5	1004	Gen Fund		H or S	0.0	
7	Highways, Aviation and Facilities	Central Region Highways and Aviation	AMD: National Pollutant Discharge Elimination System Compliance for Anchorage - Street Sweeping	43,537.2	116.3	1004	Gen Fund					H or S	0.0	
8	Highways, Aviation and Facilities	Central Region Highways and Aviation	Operational increase to bring equipment, commodities, and highway and aviation asset maintenance up to FY09 levels					1,617.6	1004	Gen Fund		H or S	0.0	
9	Highways, Aviation and Facilities	Central Region Highways and Aviation	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					2,646.8	1004	Gen Fund		H or S	0.0	
10	Highways, Aviation and Facilities	Northern Region Highways and Aviation	Operational increase to bring equipment, commodities, and highway and aviation asset maintenance up to FY09 levels	60,359.7				554.0	1004	Gen Fund		H or S	0.0	
11	Highways, Aviation and Facilities	Northern Region Highways and Aviation	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					4,858.1	1004	Gen Fund		H or S	0.0	
12	Highways, Aviation and Facilities	Southeast Region Highways and Aviation	Operational increase to bring equipment, commodities, and highway and aviation asset maintenance up to FY09 levels	14,068.1				378.5	1004	Gen Fund		H or S	0.0	

Conference Committee Motion Sheet
FY2010 Operating and Mental Health Budget

Department of Transportation & Public Facilities

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
13	Highways, Aviation and Facilities	Southeast Region Highways and Aviation	Operational increase to allow the region to provide a higher level of service in recognition of lost purchasing power					1,184.2	1004	Gen Fund		H or S	0.0	
14	Marine Highway System	Marine Vessel Operations	Maintain FY09 Levels of Service	97,955.8	4,247.6	1076	Marine Hwy	2,297.6 1,950.0	1004 1076	Gen Fund Marine Hwy	Senate funding is intended to fund operations with a combination of system revenue and GF. The AMHS stabilization fund balance serves as cushion rather than as a routine funding source. If the House position is chosen for items 14-18, the House capitalization of the AMHS fund (Statewide item 3) is required.	H or S	0.0 0.0	
15	Marine Highway System	Marine Vessel Operations	Add one-time FY09 funding to FY10 base budget to maintain FY09 level of service		4,617.6	1076	Marine Hwy	4,617.6	1004	Gen Fund		H or S	0.0	
16	Marine Highway System	Marine Vessel Operations	FY10 Bargaining Unit Contract Terms: IBU		2,320.1	1076	Marine Hwy	2,320.1	1004	Gen Fund		H or S	0.0	
17	Marine Highway System	Marine Vessel Operations	FY10 Bargaining Unit Contract Terms: Masters, Mates, and Pilots		923.6	1076	Marine Hwy	923.6	1004	Gen Fund		H or S	0.0	
18	Marine Highway System	Marine Vessel Operations	FY10 Bargaining Unit Contract Terms: Marine Engineers Beneficial Association (MEBA)					789.1	1004	Gen Fund		H or S	0.0	
19	Marine Highway System		Intent **House** None **Senate** It is the intent of the legislature that the Alaska Marine Highway System fund be segregated into two accounts: the first holding system revenue as described in AS 19.65.060(a)(1) and the second holding capitalization of the fund as described in AS 19.65.060(a)(2) and (3). It is the intent of the legislature that the amount appropriated from the fund in this section applies first to revenue generated by the system and secondarily to the capital portion of the fund. It is the intent of the legislature that the Department of Transportation & Public Facilities make expenditures from the capital portion of the fund (AS 19.65.060(a)(2) and (3)) only after a request to do so has been reviewed by the Legislative Budget and Audit Committee.									H or S	0.0	
20	Marine Highway System	Marine Vessel Operations	Intent **House** It is the intent of the legislature that money allocated for the Marine Transportation Advisory Board not be spent for any other purpose. **Senate** None									H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

University of Alaska

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				722,485.1	1,580.0			3,976.7					0.0	
1	HOUSE structure - 1 appropriation: University of Alaska SENATE structure - 7 appropriations: Budget Reductions/Additions, Statewide Programs & Services, University of Alaska Anchorage, Small Business Development Center, University of Alaska Fairbanks, University of Alaska Community Campuses, and University of Alaska Southeast	23 allocations 23 allocations	The House maintains a single appropriation for the University of Alaska. The Senate split the single appropriation for the University of Alaska into seven, continuing the FY09 structure.									H or S		
2	University of Alaska	Budget Reductions/Additions - Systemwide	Modify proportion of GF and University Receipts to be used for compensation increases					(400.0) 400.0	1004 1048	Gen Fund Univ Rcpt	Senate transaction is a Fund Change from GF to University Receipts.	H or S	0.0 0.0	
3	University of Alaska	Budget Reductions/Additions - Systemwide	Reduce Non-Personal Services non-GF Fixed Cost Increases					(1,750.0)	1048	Univ Rcpt	Senate transaction is an unallocated reduction to be spread by the University.	H or S	0.0	
4	University of Alaska **House** None **Senate** It is the intent of the legislature that the University consider forgoing Executive position pay raises in light of the current fiscal situation.	Budget Reductions/Additions - Systemwide	Intent									H or S	0.0	
5	University of Alaska	Statewide Services	U of A Adjusted Base Compliance Mandates	37,326.4	14.0	1174	UA I/A	14.0	1174	UA I/A	Amount is not subject to conference. House adds one new PFT position. Senate uses existing staff.	H or S	0.0	
6	University of Alaska	Anchorage Campus	U of A Adjusted Base New Facility Operating and Maintenance Costs	240,594.3	344.3	1048	Univ Rcpt	344.3	1048	Univ Rcpt	Amount is not subject to conference. House adds two new PFT positions. Senate uses existing staff.	H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

University of Alaska

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
7	University of Alaska	Anchorage Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs		690.3 90.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H or S	0.0 0.0	
8	University of Alaska	Anchorage Campus	Combined GF and non-GF Funding for New Facilities Operating and Maintenance Costs - Integrated Sciences Building					1,025.0 725.0	1004 1048	Gen Fund Univ Rcpt		H or S	0.0 0.0	
9	University of Alaska	Fairbanks Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs	235,053.5	87.4 25.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H or S	0.0 0.0	
10	University of Alaska	Future Farmers of Alaska	Create New Allocation for Future Farmers of Alaska		150.0	1004	Gen Fund				House transaction also adds one new PFT position.	H or S	0.0	
11	University of Alaska	Fairbanks Organized Research	U of A Energy and Cooperative Extension Service - UAF Alaska Center for Energy and Power	133,471.9				400.0 500.0 918.4	1002 1004 1048	Fed Rcpts Gen Fund Univ Rcpt	Senate transaction is an IncOTI.	H or S	0.0 0.0 0.0	
12	University of Alaska	College of Rural and Community Development	U of A Priority Program Enhancement and Growth-Health-Academic Programs	13,190.2	40.8 8.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H or S	0.0 0.0	
13	University of Alaska	Tanana Valley Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs	12,648.0	47.2 16.0	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H or S	0.0 0.0	
14	University of Alaska	Cooperative Extension Service	U of A Energy and Cooperative Extension Service - UAF Cooperative Extension Service and Energy Outreach	8,672.7				500.0 450.0 850.0	1002 1004 1048	Fed Rcpts Gen Fund Univ Rcpt	Senate transaction is an IncOTI.	H or S	0.0 0.0 0.0	
15	University of Alaska	Juneau Campus	U of A Priority Program Enhancement and Growth-Health-Academic Programs	41,528.1	56.3 10.7	1004 1048	Gen Fund Univ Rcpt				#7, #9, #12, #13, and #15 are related.	H or S	0.0 0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Alaska Court System

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				87,311.8	2,695.3			1,973.5					0.0	
1	Alaska Court System		Conditional Language **House** Budget requests from agencies of the Judicial Branch are transmitted as requested. **Senate** none								House included unnecessary language transmitted by the Governor	H or S	0.0	
2	Alaska Court System	Appellate Courts	Elimination of Vacancy Savings Requirement for Judicial Positions	6,158.4	50.0	1004	Gen Fund					H or S	0.0	
3	Alaska Court System	Trial Courts	MH Trust: Dis Justice - Treatment funding for therapeutic court participants	70,769.6	500.0	1092	MHTAAR	500.0	1037	GF/MH	IncOTI	H or S	0.0	
4	Alaska Court System	Trial Courts	No Dark Courtrooms - Improve Courtroom Staffing Statewide		600.0	1004	Gen Fund	250.0	1004	Gen Fund		H or S	0.0	
5	Alaska Court System	Trial Courts	First District Position Changes - Juneau Magistrate and Haines clerk upgrade					155.0	1004	Gen Fund		H or S	0.0	
6	Alaska Court System	Trial Courts	Third District Position Changes		299.1	1004	Gen Fund				House adds 2 PFT positions.	H or S	0.0	
7	Alaska Court System	Trial Courts	Fourth District Position Changes					143.5	1004	Gen Fund	Senate adds 1 PFT position.	H or S	0.0	
8	Alaska Court System	Trial Courts	Utilities and Contract Increases		776.3	1004	Gen Fund	725.0	1004	Gen Fund		H or S	0.0	
9	Alaska Court System	Trial Courts	Staff Development and Sustained Systems' Training					50.0	1004	Gen Fund		H or S	0.0	
10	Alaska Court System	Trial Courts	Life-Cycle Replacement of Computer Systems		250.0	1004	Gen Fund					H or S	0.0	
11	Alaska Court System	Trial Courts	AMD: MH Trust: Dis Justice -Grant 1935.01 Mental Health Court Expansion								**House**: "Mental Health Court Expansion to Targeted Community" **Senate**: " Name change to "Juneau Mental Health Court" from "Targeted Community"	H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Alaska Court System

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
12	Alaska Court System	Trial Courts	Establish new Therapeutic Courts allocation with transfer of funds from Trial Courts		(610.0)	1037	GF/MH	(1,110.0)	1037	GF/MH	The funding level is the same, however, the funding sources are different. Items #12 and #14 need to be accepted as a pair.	H or S	0.0	
					(975.3)	1092	MHTAAR	(475.3)	1092	MHTAAR			0.0	
13	Alaska Court System	Administration and Support	Increased Software Support Costs	9,366.1	175.9	1004	Gen Fund	150.0	1004	Gen Fund		H or S	0.0	
14	Alaska Court System	Therapeutic Courts	Establish new Therapeutic Courts allocation with transfer of funds from Trial Courts		610.0	1037	GF/MH	1,110.0	1037	GF/MH	The funding level is the same, however, the funding sources are different. Items #12 and #14 need to be accepted as a pair.	H or S	0.0	
					975.3	1092	MHTAAR	475.3	1092	MHTAAR			0.0	
15	Judicial Council	Judicial Council	Support for Alaska Judicial Observers	1,017.7	44.0	1004	Gen Fund					H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Legislature

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL				134,319.5	0.0			0.0					0.0	
1	Legislative Council	Council and Subcommittees	Increase to Legislative Council Chair account for casual labor	134,319.5							House adds 100.0 GF to base; Senate is an IncOTI	H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Statewide

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
TOTAL					0.0			724,573.9					7,659.2	
1	Salary and Benefit Adjustments	Various	Add two collective bargaining agreements to the list in Senate **sec 24(a):** **(8) Public Employees Local 71, for the labor, trades, and crafts unit; and** **(9) Marine Engineers' Beneficial Association.**					84.0	1002	Fed Rcpts	Both House and Senate bills included funding for the MEBA agreement. The Senate bill adds funding for the LTC agreement, which was reached after the bill passed the House	H or S	0.0	
			Section 24(c) of the Operating bill is amended to read: if a collective bargaining agreement listed in **(a)** or (b) of this section is not ratified...					11.6	1003	G/F Match	Section (c) is modified to refer to the agreements listed both sections a--agencies--and b--the University.		0.0	
			An identical change occurs in sec 10(c) of the Senate version of the Mental Health bill					1,305.3	1004	Gen Fund			0.0	
								2.8	1005	GF/Prgm			0.0	
								99.4	1007	I/A Rcpts			0.0	
								2.4	1024	Fish/Game			0.0	
								146.5	1026	HwyCapital			0.0	
								425.5	1027	IntAirport			0.0	
								1.3	1033	Surpl Prop			0.0	
								73.4	1037	GF/MH			0.0	
								1.4	1052	Oil/Haz Fd			0.0	
								421.7	1061	CIP Rcpts			0.0	
								12.6	1076	Marine Hwy			0.0	
								21.7	1081	Info Svc			0.0	
								24.2	1108	Stat Desig			0.0	
								11.3	1147	PublicBldg			0.0	
								41.2	1156	Rcpt Svcs			0.0	
								16.2	1157	Wrkrs Safe			0.0	
								9.1	1172	Bldg Safe			0.0	
								2.1	1200	VehRntlTax			0.0	
2	Debt Service	Debt Retirement Fund (Capitalize Fund)	Reduce GF capitalization of ADRF **(sec. 21(a))** as follows: (1) the sum of **$105,680,200** [$115,955,200] from the general fund;					(2,615.8)	1004	Gen Fund	Bids on GO bonds indicate savings of $10.275 million based on a true interest cost of 4.044982%. This reduces required GF capitalization to 105,680.2	s	(2,615.8)	(10,275.0)
			Reduce FY2010 payments on series 2009A GO bonds. This changes Senate **section 26** as follows: (e) The sum of **$5,589,000** [$10,275,000] is appropriated to the state bond committee from **State of Alaska general obligation bonds, series 2009A bond issue premium, interest earnings, and accrued interest held in the debt service fund of the series 2009A bonds** [the Alaska debt retirement fund (AS 37.15.011)] for payment of debt service, accrued interest, and trustee fees on outstanding State of Alaska general obligation bonds, series 2009A, for the fiscal year ending June 30, 2010.					10,275.0	1044	ADRF	The winning bid included a premium of $8.6 million, which can be applied to FY2010 debt service costs on the 2009A series bonds. The bid reduced anticipated FY2010 debt service costs by $4.686 million. Both the reduction in debt service and the change in fund source are included in this transaction.		10,275.0	(10,275.0)
								0.0	1184	GOB DSFUN			0.0	5,589.0

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Statewide

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
3	Fund Capitalization	AMHS Stabilization Fund	Eliminate FY2010 capitalization of the fund in House **sec 21(t)**					(5,000.0)	1004	Gen Fund	Senate fund source changes in Marine Highway Vessel Operations allow deletion of fund capitalization	H or S	0.0	
4	Special Appropriations	Oil and Gas Tax Credit Fund	Transfer a portion of the Oil and Gas Tax Credit Fund to the general fund Senate **sec 21(u)**. The Senate version also adds a new subsection to sec 21: **(u) If the balance of the oil and gas tax credit fund (AS 43.55.028) is insufficient to purchase transferable tax credit certificates issued under AS 43.55.023 and production tax credit certificates issued under AS 43.55.025 that are presented for purchase, the amount by which the tax credit certificates presented for purchase exceeds the balance of the fund is appropriated from the general fund to the oil and gas tax credit fund (AS 43.55.028).**					(450,000.0)	1004	Gen Fund	The Senate appropriation from the tax credit fund to the general fund has an FY09 effective date and does not appear in reports of FY2010 appropriations. The appropriation leaves approximately $100 million in the fund. That amount is anticipated to be sufficient to purchase certificates presented during FY2010, but the open-ended appropriation in section u ensures that all certificates presented can be purchased.	H or S	0.0	
5	Shared Taxes and Fees	Commercial Passenger Vessel	Delete "Commercial passenger vessel excise tax 2009" from the list of shared taxes in Senate **sec 25(a)** and modify Senate section 25 to read: **(c) The amount necessary to pay the first five ports of call their share of the tax collected under AS 43.52.220 in calendar year 2009 according to AS 43.52.230(b) is appropriated from the commercial vessel passenger tax account (AS 43.52.230(a)) to the Department of Revenue for payment during the fiscal year ending June 30, 2010.** **(d) It is the intent of the legislature that the payments to local governments set out in (a) - (c) of this section may be assigned by a local government to another state agency.**								The Senate language corrects a drafting error.	H or S	0.0	
6	Special Appropriations	Community Revenue Sharing	Senate section 27 (e) An amount equal to 20 percent of the revenue collected under AS 43.55.011(g), not to exceed $60,000,000, is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the community revenue sharing fund (AS					60,000.0	1001	CBR Fund	Forward funds community revenue sharing. Does not affect FY2010 distribution to communities, which flows without appropriation	H or S	0.0	

Conference Committee Motion Sheet

FY2010 Operating and Mental Health Budget

Statewide

Number	Appropriation	Allocation	Description	CCBaseH	House Change	Fund Code	Fund Source	Senate Change	Fund Code	Fund Source	Notes	Version Adopted	Action	Revision
7	Savings	Deposit to the Public Education Fund	Senate section 27 (f) The sum of $1,111,914,700 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the public education fund (AS 14.17.300).					1,111,914.7	1001	CBR Fund	Forward funds K-12 education. Does not affect FY2010 distribution to school districts, which flows without appropriation	H or S	0.0	
8	Constitutional Budget Reserve Fund	Reverse Sweep	Senate section 27 (a) Deposits in the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) for fiscal year 2009 that are made from subfunds and accounts other than the operating general fund (state accounting system fund number 11100) by operation of art. IX, sec. 17(d), Constitution of the State of Alaska, to repay appropriations from the budget reserve fund are appropriated from the budget reserve fund to the subfunds and accounts from which those funds were transferred.								At the end of each fiscal year in which there is a general fund liability to the CBRF, available funds in subaccounts of the general fund are swept to the CBRF. The Senate provision restores all swept money to the subaccounts from which it came.	H or S	0.0	
9	Constitutional Budget Reserve Fund	FY09 Draw	Senate section 27 (d) If the unrestricted state revenue available for appropriation in fiscal year 2009 is insufficient to cover the general fund appropriations that take effect in fiscal year 2009, the amount necessary to balance revenue and general fund appropriations is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the general fund.									H or S	0.0	
10	Constitutional Budget Reserve Fund	FY2010 Draw	Senate section 27 (g) If the unrestricted state revenue available for appropriation in fiscal year 2010 is insufficient to cover the general fund appropriations that take effect in fiscal year 2010, the amount necessary to balance revenue and general fund appropriations is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the general fund.									H or S	0.0	
11	Constitutional Budget Reserve Fund	Supermajority	Senate section 27 (h) The appropriations made by (a) and (c) - (g) of this section are made under art. IX, sec. 17(c), Constitution of the State of Alaska.								Items 6, 7, 8, 9 and 10 require a supermajority vote.	H or S	0.0	

MENTAL HEALTH CAPITAL BUDGET ITEMS (HB 83) SUBJECT TO CONFERENCE

Item	Agency	Project Name	Fund Source	House	Senate
1	Governor	HSS - Behavioral Health Data Sharing Partnership	**Total**	**-**	**459,724**
			1002 Fed Rcpts (Fed)	-	25,540
			1037 GF/MH (GF)	-	434,184
2	Health & Social Services	MH Continuing Bring the Kids Home Initiative Denali Match	**Total**	**-**	**2,200,000**
			1197 AK Cap Fnd (Oth)	-	2,200,000
3	Health & Social Services	MH Deferred Maintenance and Accessibility Improvements	**Total**	**-**	**750,000**
			1037 GF/MH (GF)	-	750,000
4	Health & Social Services	MH Housing - Home Modification and Upgrades to Retain Housing	**Total**	**-**	**1,050,000**
			1037 GF/MH (GF)	-	500,000
			1092 MHTAAR (Oth)	-	300,000
			1139 AHFC Div (Oth)	-	250,000
5	Natural Resources	Mental Health Trust Facilities Maintenance	**Total**	**-**	**350,000**
			1092 MHTAAR (Oth)	-	350,000
6	Revenue	MH AHFC Beneficiary and Special Needs Housing	**Total**	**-**	**1,750,000**
			1139 AHFC Div (Oth)	-	1,750,000
7	Revenue	MH AHFC Emergency Assistance Grants for Mental Health Trust Beneficiarie	**Total**	**-**	**200,000**
			1092 MHTAAR (Oth)	-	200,000
8	Revenue	MH AHFC Homeless Assistance Program	**Total**	**-**	**10,000,000**
			1002 Fed Rcpts (Fed)	-	2,000,000
			1037 GF/MH (GF)	-	500,000
			1092 MHTAAR (Oth)	-	500,000
			1108 Stat Desig (Oth)	-	1,000,000
			1139 AHFC Div (Oth)	-	6,000,000
9	Transportation & Public Facilities	Coordinated Transportation and Vehicles	**Total**	**1,100,000**	**-**
			1037 GF/MH (GF)	800,000	-
			1092 MHTAAR (Oth)	300,000	-

Limited Powers Request

26th Alaska State Legislature
Conference Committee: HB 81 & HB 83

House:

Rep. Mike Hawker
Capitol Room 505
465-4949

Rep. Bill Stoltze
Capitol Room 515
465-4958

Rep. Harry Crawford
Capitol Room 400
465-3438

Senate:

Sen. Lyman Hoffman
Capitol Room 518
465-4453

Sen. Bert Stedman
Capitol Room 516
465-3873

Sen. Joe Thomas
Capital Room 510
465-2327

April 9, 2009

The Honorable Gary Stevens
President
Alaska State Senate
Juneau, Alaska

The Honorable Mike Chenault
Speaker
House of Representatives
Juneau, Alaska

Dear Mr. President and Mr. Speaker:

The Conference Committee considering:

CSHB 81(FIN) am(brf sup maj fld)
"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; making reappropriations; and providing for an effective date."

CSHB 83(FIN)
"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

Senate CS for CSHB 81(FIN) am S
"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; making reappropriations; making appropriations under art. IX, sec. 17(c) Constitution of the State of Alaska; and providing for an effective date."

Senate CS for CSHB 83(FIN)
"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

respectfully requests limited powers of free conference on the appropriations and language that are not identical in the House and Senate versions of HB 81 and in the House and Senate versions of HB 83.

HOUSE MEMBERS:	SENATE MEMBERS:
Representative Hawker	Senator Hoffman
Representative Stoltze	Senator Stedman
Representative Crawford	Senator Thomas

Language not Subject to CC

HB81 and HB83 LANGUAGE SECTIONS NOT SUBJECT TO CONFERENCE		
HB 81		
House	**Senate**	**Description**
4	4	Legislative Intent - FY10 amounts appropriated are full amounts for FY10
5	5	Costs of Job Reclassifications
6	6	Personal Services Transfers
7	7	Alaska Aerospace Development Corporation
8	8	Alaska Permanent Fund Corporation
9	9	Department of Administration
10	10	Department of Commerce, Community, and Economic Development
11	12	Department of Labor and Workforce Development
12	13	Department of Military and Veterans' Affairs
13	14	Department of Natural Resources
14	15	Department of Public Safety
15	16	Department of Revenue
16	17	Office of the Governor
17	18	University of Alaska
18	19	Bond Claims
19	20	Federal and Other Program Receipts
20 (a)(2)-(s)	21 (a)(2)-(s)	Fund Transfers
21	22	Retained Fees and Bankcard Service Fees
22	23	Retirement System Funding
23 (a)(1)-(7) & 23 (b)-(d)	24 (a)(1)-(7) & 24 (b)-(d)	Salary and Benefit Adjustments
24 (b)	25 (b)	Shared Taxes and Fees
25	26	State Debt and Other Obligations
26	27(b)	Constitutional Budget Reserve Fund - Unrestricted Interest
28	29	Retroactivity
HB 83		
House	**Senate**	**Description**
7	7	Purpose
8	9	Nongeneral Fund Receipts
9 (a)(1)-(5) & 9(b)-(d)	10 (a)(1)-(5) & 10(b)-(d)	Salary and Benefit Adjustments
10	11	Effective Date

Uniform Rule 42

UNIFORM RULES

RULE 42. CONFERENCE AND FREE CONFERENCE COMMITTEES.

(a) If one house refuses to concur in the amendments of the other it so notifies the amending house and requests that it recede from its amendments. The vote on receding from amendments is taken by the calling of the roll and the recording of the yeas and nays in the journal. A house recedes from its amendments only by a majority vote of the full membership of the house. If the house refuses to recede, the presiding officer of each house appoints three members to sit as a Conference Committee. The committee meets when mutually agreeable to its members. If the committee reaches agreement on previously adopted amendments to a bill adopted by either house, the committee then submits an identical report to each house. The report is not subject to amendment in either house. If the report is adopted by each house the bill is enrolled, signed, and transmitted to the governor. If the members of the Conference Committee cannot agree on amendments, or if on or both houses refuses to adopt the committee report, the Conference Committee submits an identical written report to each house listing the specific points of disagreement for which the committee requests powers of free conference. The presiding officer of each house may then give limited powers of free conference only on the specific points listed. If the members of a Conference Committee with limited powers of free conference cannot agree on amendments, or one or both houses refuses to adopt the committee report, it is then in order to appoint a Free Conference Committee. A member who served on a Conference Committee or a Conference Committee with limited powers of free conference may not be appointed to a subsequent Conference Committee or Free Conference Committee concerning the same measure. The vote on adoption of a conference committee report is taken by the calling of the roll and the recording of the yeas and nays in the journal. Adoption requires a majority vote of the full membership of each house.

(b) A Free Conference Committee is appointed in the same manner as a Conference Committee and may suggest in its report any new amendments clearly germane to the question. When a majority of the membership of the committee from each house agrees on amendments, the amendments are attached to the bill and reported back to each house in an identical report. The report is not subject to amendment in either house. If the report is adopted in each house, the bill is then ordered enrolled by its house of origin. If the members of a Free Conference Committee fail to agree on amendments or one or both houses refuses to adopt the free conference report, a second Free Conference Committee may be appointed, but no member of the first committee may be reappointed. A free conference report on a measure other than an appropriation bill may not be voted on by the house until at least 24 hours after the report is duplicated and delivered to the chief clerk or secretary of the house for distribution to each member. The chief clerk or secretary shall certify the time of delivery of the report for recording in the journal. The vote on adoption of a free conference committee report is taken by the calling of the roll and the recording of the yeas and nays in the journal. Adoption requires a majority vote of the full membership of each house.

(c) A Conference Committee with limited powers of free conference or a Free Conference Committee may not include in its report on an appropriation bill an item which was not included in a version of that appropriation bill adopted in third reading by a house and the amount appropriated by an item may not exceed the higher amount appropriated by that item in a version of the bill adopted in third reading by a house. An item in an appropriation bill includes a line item, an allocation, and an appropriation. The report on an appropriation bill of a Conference Committee, a Conference Committee with limited powers of free conference, or a Free Conference Committee may not be voted on by the house until at least 24 hours after the report is duplicated and delivered to the chief clerk or secretary of the house for distribution to each member. The chief clerk or secretary shall certify the time of delivery of the report for recording in the journal.

(d) Notwithstanding the provisions of (c) of this rule, a Free Conference Committee may consider and include in its report on an appropriation bill appropriations as requested by attached fiscal notes on new legislation and resolutions that have been passed by both houses.

(e) A Conference Committee, a Conference Committee with limited powers of free conference, or a Free Conference Committee may not adopt a report that requires a change in the title of a bill other than a clerical or technical change.

Legal Opinions

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM May 3, 2007

SUBJECT: Notice for conference committee meetings; notice required for vote on a conference committee report

TO: Representative Mike Chenault
Co-chair of the House Finance Committee
Attn: Louanne Christian

FROM: Tamara Brandt Cook
Director TBC

(1) What notice requirements apply to meetings of conference committees?
The notice requirements of Uniform Rule 23 apply to standing, special, and joint committees. It appears that the Rule is intended to apply to special and joint committees of the types formed under Uniform Rule 21 rather than to conference committees which are actually separate committees that meet jointly. (Mason's Manual, sec. 770(2)) There is no provision in the Uniform Rules that addresses a notice requirement applicable to conference committees. Nonetheless, the open meetings guidelines set in the legislative ethics law apply to conference committees, so meetings of conference committees are subject to open meetings requirements, including some form of notice. (AS 24.60.037(g)(2)(A)(iv)) Under the open meetings statute applicable to the executive branch and to municipalities, reasonable public notice of meetings is required and the notice must include the date, time, and place of the meeting. (AS 44.62.310(e)) This is the notice requirement that the legislature has applied to meetings of conference committees for many years, so, as a matter of past practice, it is reasonable to assume that this is the notice requirement that continues to apply to conference committee meetings. Obviously, what is reasonable notice will depend upon the circumstances under which a conference committee is meeting. If there is ample time remaining in a legislative session, it may be reasonable to provide several days' notice. On the other hand, in the face of an imminent adjournment, a notice provided only a few hours, or even minutes, in advance of a conference committee meeting may constitute reasonable notice.

(2) What are notice requirements for a concurrence vote on a conference committee report?
Under Uniform Rule 42(b), a free conference committee report may not be voted on until at least 24 hours after the report is duplicated and delivered to the chief clerk or secretary for distribution to each member. Under Rule 42(c), a report on an appropriation bill from a Conference Committee, with or without limited powers of free conference, or from a Free Conference Committee may not be voted on until at least 24 hours after the report is

duplicated and delivered for distribution to the chief clerk or secretary. Note that the chief clerk and secretary are required to certify the time of delivery of a report and record that time in the journals. There is no provision for waiving the 24-hour rules imposed under Uniform Rule 42, although those requirements could be suspended under Rule 54 by concurrent resolution concurred in by two-thirds vote of the full membership of each house. Nonetheless, I have noted one instance when the 24-hour requirement of Rule 42(c) was unanimously suspended upon a motion to do so made in the Senate. (Senate Journal, page 568, March 16, 1999)

TBC:ljw
07-249.ljw

HB

83

<target><bill>HB 83</bill><subject>HB
83</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: January 22, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/10/09

The FINANCE Committee considered: **HOUSE BILL NO. 83**

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

HB 83 APPROP: MENTAL HEALTH BUDGET

Recommends it be replaced with [ ] HCS *or* [✓] CS *for* HB 83 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[X] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS FISCAL NOTES				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
Wm "Bill" Thomas	Thomas	✓			
				✓	
R Foster	Foster	X			
Harry Crawford Jr	CRAWFORD			V	
	Soule	X			
	AUSTROMAN	X			
	KELLY	X			
Anna Fairclough	FAIRCLOUGH	X			
Chair: MD Hawker	Hawker	☆			
Chair: Bill D Stoltze	STOLTZE	☒			

Adopted
3/2/09

26-GH1004\R
Bailey
2/28/09

CS FOR HOUSE BILL NO. 83(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

(SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

* **Section 1.** The following appropriation items are for operating expenditures from the general fund or other funds as set out in section 2 of this Act to the agencies named for the purposes expressed for the fiscal year beginning July 1, 2009 and ending June 30, 2010, unless otherwise indicated. A department-wide, agency-wide, or branch-wide unallocated reduction set out in this section may be allocated among the appropriations made in this section to that department, agency, or branch.

	Allocations	Appropriation Items	General Funds	Other Funds
* * * * *		* * * * *		
* * * * * **Department of Administration** * * * * *				
* * * * *		* * * * *		
Legal and Advocacy Services		**2,024,500**	**1,873,200**	**151,300**
Office of Public Advocacy	1,723,100			
Public Defender Agency	301,400			
* * * * *		* * * * *		
* * * * * **Department of Corrections** * * * * *				
* * * * *		* * * * *		
Inmate Health Care		**7,169,900**	**6,795,900**	**374,000**
Inmate Health Care	7,169,900			
* * * * *			* * * * *	
* * * * * **Department of Education and Early Development** * * * * *				
* * * * *			* * * * *	
Teaching and Learning Support		**539,800**	**339,800**	**200,000**
Student and School Achievement	539,800			
* * * * *			* * * * *	
* * * * * **Department of Health and Social Services** * * * * *				
* * * * *			* * * * *	

No money appropriated in this appropriation may be expended for an abortion that is not a mandatory service required under AS 47.07.030(a). The money appropriated for Health and Social Services may be expended only for mandatory services required under Title XIX of the

Social Security Act and for optional services offered by the state under the state plan for medical assistance that has been approved by the United States Department of Health and Human Services.

It is the intent of the legislature that the Department continues to aggressively pursue Medicaid cost containment initiatives. Efforts should continue where the Department believes additional cost containment is possible including further efforts to contain travel expenses. The Department must continue efforts imposing regulations controlling and materially reducing the cost of Personal Care Attendant (PCA) services. Efforts must be continued utilizing existing resources to impose regulations screening applicants for Residential Psychiatric Treatment Center (RPTC) services, especially for out-of-state services. The department must address the entire matrix of optional Medicaid services, reimbursement rates and eligibility requirements that are the basis of the Medicaid growth algorithm. This work is to utilize the results of the Medicaid Assessment and Planning analysis. The legislature requests that by January 2010 the Department be prepared to present projections of future Medicaid funding requirements under our existing statute and regulations and be prepared to present and evaluate the consequences of viable policy alternatives that could be implemented to lower growth rates and reducing projections of future costs.

It is the intent of the legislature that the Department of Health and Social Services eliminate the requirement for narrative and financial quarterly reports for all grant recipients whose grants are $50,000 or less. This is an unnecessary burden and is not a requirement of the federal grants.

It is the intent of the legislature that the Department of Health and Social Services make a single 'upfront' payment for any grant award that is $50,000 or less and includes a signature of the grantee certifying compliance with the terms of the grant with their approved application. Signature of the grantee would also certify that if a final report certifying completion of the grant requirements is not filed, future grants will not be considered for that grantee until all requirements of prior grants are completed satisfactorily. In the event a grantee is deemed ineligible for a future grant consideration due to improper filing of final reports, the grantee will be informed about the department's procedures for future consideration of grant eligibility. The department will establish procedures to consider retroactivity for specific grant consideration or express that the retroactivity cannot be considered for certain grants during

	Allocations	Appropriation Items	General Funds	Other Funds
the selection process.				
Alaska Pioneer Homes		**13,757,100**	**13,757,100**	
It is the intent of the legislature that the Department maintain regulations requiring all residents of the Pioneer Homes to apply for all appropriate benefit programs prior to a state subsidy being provided for their care from the State Payment Assistance program.				
It is the intent of the legislature that all pioneers' homes and veterans' homes applicants shall complete any forms to determine eligibility for supplemental program funding, such as Medicaid, Medicare, SSI, and other benefits as part of the application process. If an applicant is not able to complete the forms him/herself, or if relatives or guardians of the applicant are not able to complete the forms, Department of Health and Social Services staff may complete the forms for him/her, obtain the individuals' or designee's signature and submit for eligibility per AS 47.25.120.				
Alaska Pioneer Homes Management	64,300			
Pioneer Homes	13,692,800			
Behavioral Health		**119,198,000**	**95,626,100**	**23,571,900**
AK Fetal Alcohol Syndrome Program	59,500			
Alcohol Safety Action Program (ASAP)	1,188,300			
Behavioral Health Medicaid Services	43,862,400			
Behavioral Health Grants	25,307,300			
It is the intent of the legislature that the department continue developing policies and procedures surrounding the awarding of recurring grants to assure that applicants are regularly evaluated on their performance in achieving outcomes consistent with the expectations and missions of the Department related to their specific grant. The recipient's specific performance should be measured and incorporated into the decision whether to continue awarding grants. Performance measurement should be standardized, accurate, objective and fair, recognizing and compensating for differences among grant recipients including acuity of services provided, client base, geographic location and other factors necessary and appropriate				

	Allocations	Appropriation Items	General Funds	Other Funds
to reconcile and compare grant recipient performances across the array of providers and services involved.				
It is the intent of the legislature that the $181.0 increment in the FY10 budget for Behavioral Health Grants be used for the Volunteers of America ARCH residential treatment center for adolescents with substance abuse/dependency and co-occurring disorders.				
Behavioral Health Administration	3,392,000			
Community Action Prevention & Intervention Grants	1,047,200			
Rural Services and Suicide Prevention	2,135,700			
Psychiatric Emergency Services	7,673,000			
Services to the Seriously Mentally Ill	12,724,200			
Designated Evaluation and Treatment	3,031,900			
Services for Severely Emotionally Disturbed Youth	11,947,200			
Alaska Psychiatric Institute	5,861,900			
AK Mental Health & Alcohol & Drug Abuse Boards	884,600			
Suicide Prevention Council	82,800			
Children's Services		**13,314,700**	**12,984,700**	**330,000**
Children's Medicaid Services	4,185,600			
Children's Services Management	69,600			

	Allocations	Appropriation Items	General Funds	Other Funds
Front Line Social Workers	148,600			
Family Preservation	150,000			
Foster Care Augmented Rate	500,000			
Foster Care Special Need	747,900			
Residential Child Care	1,956,300			
Infant Learning Program Grants	5,556,700			
Health Care Services		**456,000**	**350,000**	**106,000**
Health Planning and Infrastructure	456,000			
Juvenile Justice		**1,055,100**	**865,900**	**189,200**
McLaughlin Youth Center	654,700			
Fairbanks Youth Facility	103,700			
Bethel Youth Facility	57,100			
Probation Services	239,600			
Public Assistance		**13,200**	**13,200**	
Public Assistance Administration	13,200			
Public Health		**1,096,800**	**971,800**	**125,000**
Nursing	98,300			
Women, Children and Family Health	877,700			
Certification and Licensing	120,800			
Senior and Disabilities Services		**15,058,000**	**13,602,200**	**1,455,800**

It is the intent of the legislature that regulations related to the General Relief / Temporary Assisted Living program be reviewed and revised as needed to minimize the length of time that the state provides housing alternatives and assure the services are provided only to intended beneficiaries who are actually experiencing harm, abuse or neglect. The department should educate care coordinators and direct service providers about who should be referred and when they are correctly referred to the program in order that referring agents correctly

	Allocations	Appropriation Items	General Funds	Other Funds
match consumer needs with the program services intended by the department.				
General Relief/Temporary Assisted Living	740,300			
Senior and Disabilities Services Administration	2,737,900			
Senior Community Based Grants	3,069,400			
It is the intent of the legislature that funding in the FY 2010 budget for Senior Community Based Grants be used to invest in successful home and community based supports provided by grantees who have demonstrated successful outcomes documented in accordance with the department's performance based evaluation procedures.				
Community Developmental Disabilities Grants	7,924,800			
Commission on Aging	117,000			
Governor's Council on Disabilities and Special Education	468,600			
Departmental Support Services		**1,453,800**	**1,403,800**	**50,000**
Commissioner's Office	157,800			
It is the intent of the legislature that the Department of Health and Social Services complete the following tasks related to fiscal audits required in chapter 66, SLA 2003 of all Medicaid providers:				
1. Develop regulations addressing the use of extrapolation methodology following an audit of Medicaid providers that clearly defines the difference between actual overpayment of funds to a provider and ministerial omission or clerical billing error that does not result in overpayment to the provider. The extrapolation methodology will also define percentage of 'safe harbor' overpayment rates for which extrapolation methodology will be applied.				
2. Develop training standards and definitions regarding ministerial and billing errors versus overpayments. Include the use of those standards and definitions in the State's audit contracts.				
All audits initiated after the effective date of this intent and resulting in findings of				

	Appropriation	General	Other
	Allocations	**Items**	**Funds**	**Funds**
overpayment will be calculated under the Department's new regulations governing overpayment standards and extrapolation methodology.				
It is the intent of the legislature that the department develops a ten year funding source and use of funds projection for the entire department.				
It is the intent of the legislature that the department continue working on implementing a provider rate rebasing process and specific funding recommendations for both Medicaid and non-Medicaid providers to be completed and available to the legislature no later than December 15, 2009.				
Administrative Support Services	91,400			
Information Technology Services	854,600			
HSS State Facilities Rent	350,000			
* * * * *		* * * * *		
* * * * * **Department of Law** * * * * *				
* * * * *		* * * * *		
Criminal Division		**12,500**		**12,500**
Criminal Justice Litigation	12,500			
Civil Division		**84,500**	**84,500**	
Human Services and Child Protection	84,500			
* * * * *		* * * * *		
* * * * * **Department of Natural Resources** * * * * *				
* * * * *		* * * * *		
Resource Development		**2,273,400**		**2,273,400**
Mental Health Trust Lands Administration	2,273,400			
* * * * *		* * * * *		
* * * * * **Department of Revenue** * * * * *				
* * * * *		* * * * *		

	Allocations	Appropriation Items	General Funds	Other Funds
Alaska Mental Health Trust Authority		**2,650,000**		**2,650,000**
Mental Health Trust Operations	2,650,000			
*****		*****		
***** **University of Alaska** *****				
*****		*****		
University of Alaska		**1,917,800**	**300,800**	**1,617,000**
Statewide Services	474,000			
Anchorage Campus	1,418,800			
Fairbanks Campus	25,000			
*****		*****		
***** **Alaska Court System** *****				
*****		*****		
Alaska Court System		**1,812,300**	**837,000**	**975,300**
Budget requests from agencies of the Judicial Branch are transmitted as requested.				
Trial Courts	227,000			
Therapeutic Courts	1,585,300			

It is the intent of the legislature that, as much as is possible, FY 2011 funding for Therapeutic Courts currently appropriated in other agencies be aggregated in the Therapeutic Courts allocation within the Alaska Court System.

(SECTION 2 OF THIS ACT BEGINS ON PAGE 10)

* **Sec. 2.** The following sets out the funding by agency for the appropriations made in sec. 1 of this Act.

Funding Source		Amount
Department of Administration		
1037	General Fund / Mental Health	1,873,200
1092	Mental Health Trust Authority Authorized Receipts	151,300
*** Total Agency Funding ***		$2,024,500
Department of Corrections		
1037	General Fund / Mental Health	6,795,900
1092	Mental Health Trust Authority Authorized Receipts	374,000
*** Total Agency Funding ***		$7,169,900
Department of Education and Early Development		
1037	General Fund / Mental Health	339,800
1092	Mental Health Trust Authority Authorized Receipts	200,000
*** Total Agency Funding ***		$539,800
Department of Health and Social Services		
1037	General Fund / Mental Health	139,574,800
1092	Mental Health Trust Authority Authorized Receipts	6,908,000
1180	Alcohol and Other Drug Abuse Treatment & Prevention Fund	18,919,900
*** Total Agency Funding ***		$165,402,700
Department of Law		
1037	General Fund / Mental Health	84,500
1092	Mental Health Trust Authority Authorized Receipts	12,500
*** Total Agency Funding ***		$97,000
Department of Natural Resources		

1092	Mental Health Trust Authority Authorized Receipts	2,273,400
*** Total Agency Funding ***		$2,273,400
Department of Revenue		
1094	Mental Health Trust Administration	2,650,000
*** Total Agency Funding ***		$2,650,000
University of Alaska		
1037	General Fund / Mental Health	300,800
1092	Mental Health Trust Authority Authorized Receipts	1,617,000
*** Total Agency Funding ***		$1,917,800
Alaska Court System		
1037	General Fund / Mental Health	837,000
1092	Mental Health Trust Authority Authorized Receipts	975,300
*** Total Agency Funding ***		$1,812,300
* * * * * Total Budget * * * * *		$183,887,400

(SECTION 3 OF THIS ACT BEGINS ON PAGE 12)

* **Sec. 3.** The following appropriation items are for capital projects and grants from the general fund or other funds as set out in section 4 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
	* * * * *		* * * * *	
	* * * * * **Department of Transportation/Public Facilities** * * * * *			
	* * * * *		* * * * *	
Coordinated Transportation and Vehicles (HD 1-40)		1,100,000	800,000	300,000

(SECTION 4 OF THIS ACT BEGINS ON PAGE 13)

* **Sec. 4.** The following sets out the funding by agency for the appropriations made in sec. 3 of this Act.

Funding Source	Amount
Department of Transportation/Public Facilities	
1037 General Fund / Mental Health	800,000
1092 Mental Health Trust Authority Authorized Receipts	300,000
*** Total Agency Funding ***	$1,100,000
* * * * * Total Budget * * * * *	$1,100,000

(SECTION 5 OF THIS ACT BEGINS ON PAGE 14)

*** Sec. 5.** PURPOSE. In accordance with AS 37.14.003 and 37.14.005, the appropriations made by this Act are for the state's integrated comprehensive mental health program.

*** Sec. 6.** NONGENERAL FUND RECEIPTS. (a) Alaska Mental Health Trust Authority authorized receipts (AS 37.14.036) or administration receipts (AS 37.14.036) that exceed the amounts appropriated by this Act are appropriated conditioned upon compliance with the program review provisions of AS 37.07.080(h).

(b) If Alaska Mental Health Trust Authority authorized receipts (AS 37.14.036) or administration receipts (AS 37.14.036) fall short of the estimates appropriated in this Act, the affected appropriation is reduced by the amount of the shortfall in receipts.

*** Sec. 7.** SALARY AND BENEFIT ADJUSTMENTS. (a) The appropriations made in sec. 1 of this Act include amounts for salary and benefit adjustments for public officials, officers, and employees of the executive branch, Alaska Court System employees, employees of the legislature, and legislators and to implement the terms for the fiscal year ending June 30, 2010, of the following ongoing collective bargaining agreements:

(1) Alaska Public Employees Association, for the confidential unit;

(2) Alaska State Employees Association, for the general government unit;

(3) Alaska Public Employees Association, for the supervisory unit;

(4) Alaska Vocational Technical Center Teachers' Association - National Education Association, for employees of the Alaska Vocational Technical Center;

(5) Public Safety Employees Association, for regularly commissioned public safety officers.

(b) The operating budget appropriations made to the University of Alaska in this Act include amounts for salary and benefit adjustments for the fiscal year ending June 30, 2010, for university employees who are not members of a collective bargaining unit and for implementing the monetary terms of the collective bargaining agreements including the terms of the agreement providing for the health benefit plan for university employees represented by the following entities:

(1) Alaska Higher Education Crafts and Trades Employees;

(2) University of Alaska Federation of Teachers;

(3) United Academics;

(4) United Academics-Adjuncts.

(c) If a collective bargaining agreement listed in (b) of this section is not ratified by the membership of the respective collective bargaining unit, the appropriations made by this Act that are applicable to that collective bargaining unit's agreement are reduced proportionately by the amount for that collective bargaining agreement, and the corresponding funding source amounts are reduced accordingly.

(d) Appropriations made in sec. 1 of this Act for salary and benefit adjustments as described in (a) and (b) of this section are for the benefit of the state's integrated comprehensive mental health program only and do not necessarily affect every group of noncovered employees or every collective bargaining unit listed in (a) and (b) of this section.

* **Sec. 8.** This Act takes effect July 1, 2009.

HB

85

<target><bill>HB 85</bill><subject>HB
85</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE
HOUSE LABOR & COMMERCE COMMITTEE

REP. KURT OLSON
Chairman
State Capitol, Room 17
Juneau, AK 99801-1182
(907) 465-2693 FAX 465-3835

Rep Mark Neuman, V-Chair
Rep. John Coghill
Rep. Lindsey Homes
Rep. Mike Chenault
Rep. Bob Lynn
Rep. Bob Buch

Sponsor Statement
House Bill 85

"An Act extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; and providing for an effective date."

HB 85 extends the sunset date for the Board of Registration for Architects, Engineers and Land Surveyors (BRAELS) to 2017, the eight year extension recommended by Legislative Audit.

I encourage all the members to review the Legislative Audit report. In it, you will see that BRAELS serves a public purpose and has demonstrated an ability to conduct its business in a satisfactory manner.

The registration of qualified architects, engineers, land surveyors, and landscape architects benefits the public's safety and welfare. The board is self-funded by fees charged for these registrations.

Thank you for your support of this legislation.

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Division of Corporations, Business and Professional Licensing

Sarah Palin, Governor
Emil Notti, Commissioner
Mark Davis, Director

BOARD OF REGISTRTION FOR ARCHITECTS, ENGINEERS AND LAND SURVEYORS

November 13, 2008

Mark Davis, Director
Division of Corporations, Business and Professional Licensing
PO Box 110806
Juneau, AK 99811-0806

Dear Mr. Davis:

Terry Schoenthal, of the Alaska Chapter of the American Society of Landscape Architects, has indicated to me that he met with you and John Walsh on October 10, 2008 and discussed legislation to change the board composition of the Board of Registration for Architect, Engineers and Land Surveyors (AELS Board). Specifically, an omnibus bill was discussed which would include legislation to change the temporary landscape architect seat on the board to a permanent, voting seat.

The AELS Board, at its August 2007 meeting voted in favor of making this change. Therefore, this letter is written to express the AELS Board's support of the Society of Landscape Architect's efforts to pass legislation changing the temporary landscape architect seat on the board to a permanent, voting seat.

Please feel free to contact me if you would like to discuss this matter.

Regards,

Ginger Morton
Executive Administrator
AELS Board
(907) 465-1676
ginger.morton@alaska.gov

cc: Terry Schoenthal
American Society of Landscape Architects, Alaska Chapter

Division of Legislative Audit

Audit Digest #08-20058-08

SUMMARY OF: A Sunset Review of the Department of Commerce, Community, and Economic Development State Board of Registration for Architects, Engineers, and Land Surveyors.

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes, sunset legislation, we have reviewed the activities of the State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board). The purpose of this audit was to determine if there is a demonstrated public need for the continued existence of the board.

REPORT CONCLUSIONS

Under AS 08.03.010(c)(3), the State Board of Registration for Architects, Engineers, and Land Surveyors will terminate on June 30, 2009. If the legislature does not take action to extend the board's termination date, AS 08.03.020 provides that the board will have one year in which to conclude its administrative operations.

In our opinion, the termination date for the board should be extended. BRAELS serves a public purpose and has demonstrated an ability to conduct its business in a satisfactory manner. The registration of qualified architects, engineers, land surveyors, and landscape architects benefits the public's safety and welfare. **We recommend that the legislature extend the termination date of the board until June 30, 2017.**

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

1. The Department of Commerce, Community, and Economic Development Division of Corporations, Business, and Professional Licensing, in conjunction with BRAELS, should review registration fees as provided by statute and consider decreasing fees.

2. The director of Corporations, Business, and Professional Licensing should ensure that BRAELS registrants that are Corporations, Limited Liability Companies (LLC's), and Limited Liability Partnerships (LLP's) are licensed in accordance with state regulations.

3. The Office of the Governor should fill vacant seats on the State Board of Registration for Architects, Engineers, and Land Surveyors in a timely manner.

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 13, 2009 **FURTHER REFERRALS:**

Date of Committee Action: _____

The FINANCE Committee considered: **HOUSE BILL NO. 85**

"An Act extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; and providing for an effective date."

HB 85 EXTEND BD ARCHITECTS/ENGINEERS/SURVEYORS

Recommends it be replaced with [ ] HCS *or* [ ] CS *for* _____ (_____)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
CED	1	✓		

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	THOMAS	✓			
R Foster	Foster	X			
	CRAWFORD	✓			
	Gara	✓			
	AUSTERMAN	X			
	KELLY			X	
	FAIRCLOUGH	✓			
	Salmon			X	
	Tuck	X			
Chair:	Hawker	✓			
Chair:	STOLTZE	✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 85
(H) Publish Date: 2/13/09

Identifier (file name):HB85-CED-CBPL-02-09-09
Dept. Affected: DCCED
Title: Extend Board of Architects/Engineers/Surveyors
RDU: Corp., Bus., & Prof. Licensing
Component: Corp., Bus., & Prof. Licensing
Sponsor: House Labor and Commerce
Requester: House Labor and Commerce
Component Number: 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		264.4	264.4	264.4	264.4	264.4	264.4
Travel		50.4	50.4	50.4	50.4	50.4	50.4
Contractual		138.5	138.5	138.5	138.5	138.5	138.5
Supplies		1.6	1.6	1.6	1.6	1.6	1.6
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**454.9**	**454.9**	**454.9**	**454.9**	**454.9**	**454.9**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other: (1156) RSS		454.9	454.9	454.9	454.9	454.9	454.9
TOTAL	**0.0**	**454.9**	**454.9**	**454.9**	**454.9**	**454.9**	**454.9**

Estimate of any current year (FY2009) cost: 454.9

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill extends the State Board of Registration for Architects, Engineers, and Land Surveyors from June 30, 2017. In accordance with AS 08.03.020 funding would extended one year following the termination date allowing the Board to conclude its affairs. FY 2010 funding is included in the Operating Budget request. The costs shown are an average of direct costs for a biennial licensing period and are included in the FY 2010 budget request.

Travel expenses represent transportation and per diem for the 10 member board and at least 3 staff to meet at least four times each year and to administer licensing examinations as required by statutes.

The program is required to cover costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated tc cover its full operating costs. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Chief — Phone (907) 465-2144
Division: Corporations, Business & Professional Licensing — Date/Time 2/6/09 1:30 PM
Approved by: Emil Notti, Commissioner — Date 2/9/2009
Commerce, Community and Economic Development

(Revised 9/10/2008 OMB)

Rep Stoltze
Co-Chair House Finance

Re: HB 85, AELS Sunset
Subj: Testimony in Support

Rep. Stoltze, Rep. Hawker and committee members

I, Paul Whipple, a registered land surveyor am the Vice President of the Bering Straits Regional Housing Authority based in Nome.

I am offering my personal testimony in support of HB 85 and do requested that the committee adopt two amendments to the bill.

A) Landscape Architects – currently the bill does not extend the position of the Landscape Architectural representative. I believe it important to the public that the specialized unique knowledge and experiences of a Landscape Architect be an integral part of the AELS Board. The highly specializes experiences of a Landscape Architect are needed by the board to fully deliberate the issues that come before it.
I suggest that the language contained in SB 114, as a minimum, be incorporated.

B) Prohibit the Altering of Sealed Documents – I encourage the committee to adopt the statute amendment offered by the AELS .
This has been a long festering issue that has plagued all design professions and frequently presents public safety concerns. It is this potential harm to the public that I offer my own personal experience. Prior to working for the Housing Authority I was the General Manager of a Design firm. Approximately 3 years ago a former client altered the Architectural Floor Plans of an 8-plex Apartment Bldg so that he could build it in a different location. Additionally he modified the drawings to relocate a couple of walls and to build a plumbing chase. This may not seem to be a big deal to the casual observer except it did create numerous violations of the fire code. Had my Architect not received a call from a subcontractor bidding the project we may never have become aware of the issues and the project could have been built as altered.
In all reality this amendment will not stop the practice but, together with public education, can prevent some of it from happening.

I appreciate this opportunity to testify and will make myself available during the committee hearing for your questions.

Paul Whipple, RLS
(907) 443-8629
pwhipple@bsrha.org

Position paper
REASONING FOR PROPOSED AMENDMENT TO AELS LANGUAGE

Gary LoRusso
Registered Land Surveyor - Alaska
Licensed Land Surveyor - New Hampshire
Associate Real Estate Broker - Alaska

The public relies on the documents produced by Architects, Engineers and Land Surveyors authorized to practice by Alaska Statute. These documents are typically the biggest protection that the public has when involved in Real Estate transactions. The documents used in Real Estate transactions are generally in the form of a graphic representation of structures and/or land boundaries and will include important sets of data that delineate building setbacks, structural and fire safety requirements, land boundaries, locations of public facilities, easements, waste water facilities, drinking water facilities and more. As the cost of real estate increases and the cost to correct or retrofit deficient items increases the likelihood of alteration to these documents has likewise increased. This is a serious violation of the intent of the licensing statutes, the intent being the protection of the public.

In reviewing the existing statutes it is clear that the authors intended to prevent the alteration of documents that are sealed by an Architect, Engineer or Land Surveyor. The authors made it unlawful for any registrant to alter a document created by another registrant. It would be very unusual for registrants to alter each others documents, however, it is unlawful and it should remain unlawful. What the authors failed to consider was the alteration of sealed documents by the people most likely to do so, the person who willfully changes important data on a sealed drawing in order to facilitate a real estate transaction by deceiving the parties involved. This has become a reality more and more and is a larger problem than most people realize. Currently, as the statute is written it is not unlawful for any member of the general public to alter documents created by a registrant authorized under Alaska law to create those drawings.

We have been made increasingly aware of instances where documents have been altered in order to facilitate a real estate

transaction . Examples have been:

- Moving the graphic location of a well out of an easement so as to deceive the lender, purchaser and regulatory authority that the location is in compliance with regulations and law.
- Moving the graphic location of a well away from a septic system so as to deceive the lender, purchaser and regulatory authority that the location is in compliance with regulations and law.
- Changing the distance(s) from structures to property lines so as to deceive the lender, purchaser and regulatory authority that the structure is in compliance with setback regulations.
- Changing (erasing) objects or data on drawings in order to deceive the lender, purchaser and regulatory authority that the non-compliant item(s) does not exist.
- Essential life/safety items have been deleted or altered In order to deceive the purchaser, lender and regulatory authority that all is in compliance.
- Changes are made to structures and the drawings are changed to reflect the layman's interpretations of the location of those changes. Those altered drawings are then submitted to the lender, purchaser and/or regulatory authority as fact complete with the seal of the unsuspecting Architect, Engineer or Land Surveyor.

As values increase or decrease, or, as the economy weakens or strengthens the temptation and likelihood of alterations increases. With our present state of technology it has become increasingly difficult to recognize an alteration when it does occur. The transactions will occur and the unsuspecting purchaser, lender or regulatory authority will not become aware until many years later when new documents are produced and the problem that was "addressed" by alteration then becomes apparent. The cost to correct deficiencies is then born by the unsuspecting public as the perpetrator of the alteration is long gone.

We need to prevent the alteration of sealed documents. The change to the regulations as proposed will provide the legal basis to uphold what the creation of licensing statutes is intended to provide, the protection of the public.

TO: Representative Stoltze
Co-Chair, House Finance
ATTN: John Coan
SUBJ: HB85 written testimony

7 April, 2009

For the record, my name is Boyd J. Brownfield. I am a Professional Engineer and serve as the Chairman, Board of Registration for Architects, Engineers and Land Surveyors (BRAELS) as well as the profession of Landscape Architects which is presently assigned to BRAELS in a temporary, non-voting status.

First, it is my pleasure to offer the following testimony to the House Finance Committee regarding HB 85. I do so in behalf of BRAELS regarding several subjects that are important to the board and essential to the overall success of our statutory charge.

I have reviewed the original bill (sunset extension) and fully concur with the proposed extension of the board to the year 2017.

As chairman I was an addressee in both the draft and the final Legislative Audits. BRAELS concurred with the three final findings and recommendations. I submitted prepared remarks pledging the full support of our board. Recommendation #3 has already been fulfilled by the Office of the Governor. The board now has a full compliment of sitting members.

As previously noted, the profession of Landscape Architects is presently assigned to BRAELS in a temporary, non-voting status. BRAELS supports the continued inclusion of the temporary, non-voting Landscape Architect seat on the board and its inclusion in HB 85.

In addition to the above, BRAELS respectively requests that proposed statute language prohibiting the alteration of sealed drawings under certain circumstances also be included in HB 85.

The proposed language is the subject of the enclosed Briefing Paper prepared by Mr. Harley Hightower, a member of BRAELS (see enclosure #1).

I have also prepared additional testimony in support of the proposed language for your further consideration (see enclosure #2).

Both Mr. Hightower and myself will be attending the April 8, HFIN Hearing, 1:30p via teleconference. I can be reached at (907) 277-0069 and Mr. Hightower at (907) 644-0798. We will be using the (H)FIN teleconference number 1-(888) 295-4546.

In behalf of the BRAELS, I respectively request that the HFIN committee give favorable consideration to these important issues.

Boyd J. Brownfield, PE, Chairman

STATE OF ALASKA
BOARD OF REGISTRATION
FOR ARCHITECTS, ENGINEERS, AND LAND SURVEYORS (AELS)

BRIEFING PAPER
ALTERATIONS OF DOCUMENTS BY UNAUTHORIZED PERSONS

Within the State of Alaska there is common practice where documents prepared and sealed by design professionals are altered by unauthorized individuals. An example of this practice occurs frequently whereby an agency requires an as-built drawing of a site prior to issuance of a permit and requires the drawing to be sealed by a land surveyor. Subsequently changes are made to sites and/or structures to reflect the layman's interpretation of the location of the changes and requirements. The altered drawings are then re-submitted to the authority having jurisdiction, a lender, and/or a purchaser as fact complete with the seal of an unsuspecting design professional.

The consequences of alterations of documents by non-registrants are costly and misleading to the general public who rely on these documents for the protection of health, safety, and welfare Examples of issues created by unauthorized alterations of sealed documents include:

- Altering dimensions indicating distance(s) from structures to property line(s).
- Altering documents by deleting objects or data on drawings that may be non-compliant.
- Essential life/safety issues altered to indicate that a non-compliant condition is compliant.
- Altering the graphic location of a water well to show a proper separation from a septic system or utility easement.

The practice of alterations of documents by unauthorized persons may deceive lenders, purchasers, and/or regulatory agencies and conceal conditions that violate codes and standards. In addition to this practice creating hazards to the health, safety, and welfare of the public a condition is created that exposes unsuspecting registrants to liability and/or legal fees.

The AELS Board, which is charged with protecting the health, safety, and welfare of the public, has become increasingly aware of the problems associated with unauthorized alterations to sealed documents. The issue persists. Therefore the AELS Board recommends the adoption of **Sec. 08.48.281 Prohibited practice** and **Sec. 08.48.291 Violations and penalties,** as revised by the AELS Board as a resolution to this health, safety, welfare issue. The proposed recommended statutes are revised and included hereafter.

Sec. 08.48.281 Prohibited practice. *(a) A person may not practice or offer to practice the profession of architecture, engineering, land surveying, or landscape architecture in the state, or use in connection with the person's name or otherwise assume or advertise a title or description tending to convey the impression that the person is an architect, an engineer, a land surveyor, or a landscape architect unless the person has been registered under the provisions of this chapter or is a person to whom these provisions do not apply, or, in the case of a corporation, limited liability company, or limited liability partnership, unless it has been authorized under this chapter.*

(b) Notwithstanding (a) of this section, this chapter does not prohibit the practice of landscape architecture by a person who is not registered to practice landscape architecture if the services being performed by the person are within the scope of practice authorized by another license that is held by the person.

(c) It is unlawful for any person not registered under this chapter to alter, or contribute to the altering of, any document that has been sealed by a registrant authorized under this chapter.

Sec. 08.48.291. Violations and penalties. *A person who practices or offers to practice architecture, engineering, land surveying, or landscape architecture in the state without being registered or authorized to practice in accordance with the provisions of this chapter, or a person not registered under this chapter who alters or contributes to the altering of any document that has been sealed by a registrant authorized under this chapter, or a person presenting or attempting to use the certificate or the seal of another, or a person who gives false or forged evidence of any kind to the board or to a member of the board in obtaining or attempting to obtain a certificate, or a person who impersonates a registrant, or a person who uses or attempts to use an expired or revoked or nonexistent certificate, knowing of the certificate's status, or a person who falsely claims to be registered and authorized to practice under this chapter, or a person who violates any of the provisions of this chapter, is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than $10,000, or by imprisonment for not more than one year, or by both.*

Note: Text in red indicates additions to existing statute.

ENCLOSURE #1

TESTIMONY
Alteration of Alaska Statute, Sec. 8.48.281 and Sec. 8.48.291
(by Boyd Brownfield, PE)

It is becoming more and more a common practice that government agencies at all levels and private institutions such as banking and loan institutions, owners and contractors who are non-registrants, to informally alter existing documents previously sealed by a professional registrant. Most frequently alterations involve existing boundary and as-built surveys as well as architectural and design drawings. The non-registrants freely alter the original work to meet new or revised concepts/projects. The altered documents are ultimately used in conjunction with financial or construction applications.

As an example, the alteration of an as-built for a building application was made by a non-registrant with the assistance of an agency. It was subsequently disclosed that the altered documents created a zoning encroachment which clearly impacted the interests of the affected public.

In another, an existing as-built was altered to accommodate a real estate transaction. Later during construction it was discovered that an existing septic system was encroaching on a neighboring property. The initial reaction was to lay blame on the registrant who sealed the original as-built. Upon further investigation it was found that one of the individuals involved in the real estate transaction had used "white-out" to mask the problem.

In the past, the board has attempted to curtail such activities through formal correspondence but have been largely challenged and/or ignored by the respondent. While our statutes governing the conduct of professional registrants are clearly addressed, we contribute the lack of conformance by non-registered participants to be partially a lack of clarity within our statutes.

The continued practice of non-registrants informally altering sealed documents clearly represents a potential threat to the health, safety and welfare of our general public.

The board, therefore, feels strongly that the present language of Sec 8.48.281 and Sec 8.48.291 lacks due clarity to sanctions prohibiting non-registered persons from altering, or contributing to the altering of documents previously sealed by proper registrants.

It is with this background that the AELS Board seeks a change to Sec. 08.48.281 and Sec. 08.48.291 to add language as reflected in the AELS Board Briefing Paper entitled, **"ALTERATIONS OF DOCUMENTS BY UNAUTHORIZED PERSONS".**

ENCLOSURE #2

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

September 22, 2008

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes, sunset legislation, we have reviewed the activities of the State Board of Registration for Architects, Engineers, and Land Surveyors. The attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY
AND ECONOMIC DEVELOPMENT
STATE BOARD OF REGISTRATION FOR ARCHITECTS,
ENGINEERS, AND LAND SURVEYORS

September 22, 2008

Audit Control Number
08-20058-08

This review examines the activities of the State Board of Registration for Architects, Engineers, and Land Surveyors to determine if there is a demonstrated need for its continued existence. Currently, under AS 08.03.010(c)(3), the State Board of Registration for Architects, Engineers, and Land Surveyors is scheduled to terminate on June 30, 2009. We recommend that the legislature extend the board's termination date to June 30, 2017.

The audit was conducted in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology.

Pat Davidson, CPA
Legislative Auditor

TABLE OF CONTENTS

	Page
Objectives, Scope, and Methodology	1
Organization and Function	3
Report Conclusions	5
Findings and Recommendations	7
Analysis of Public Need	11
Agency Response	
Office of the Governor	21
Department of Commerce, Community and Economic Development	23
Board of Registration for Architects, Engineers, and Land Surveyors	25

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Titles 24 and 44 of the Alaska Statutes, we have reviewed the activities of the State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board) to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether BRAELS shall be continued. Currently, AS 08.03.010(c)(3) states that the board will terminate on June 30, 2009. If the legislature does not extend the termination date for the board, BRAELS will have one year to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report are:

1. To determine if the termination date of the board should be extended.
2. To determine if the board is operating in the public's interest.
3. To determine if the board has exercised appropriate regulatory oversight of architects, engineers, land surveyors, and landscape architects.

Scope

The assessment of operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the board. We reviewed the board's activities for FY 05 through FY 08.

Methodology

The major areas of our review were board proceedings, licensing, and complaint investigation. During the course of our audit we:

- Reviewed applicable statutes and regulations.
- Tested for compliance with statutes and regulations related to the State Board of Registration for Architects, Engineers, and Land Surveyors.
- Reviewed meeting minutes of the board.
- Reviewed and tested licensing files for compliance with statutory and regulatory requirements.
- Reviewed and analyzed investigation files.
- Reviewed annual reports issued by the board.
- Corresponded with the Department of Administration, Division of Personnel, the Equal Employment Opportunity Commission, the Human Rights Commission, the Office of

Victim's Rights, and the State Ombudsman's Office regarding complaints against BRAELS.

- Reviewed the reading and correspondence files maintained with the Department of Commerce, Community, and Economic Development's Division of Corporations, Business, and Professional Licensing.
- Interviewed employees of the Division of Corporations, Business, and Professional Licensing and BRAELS board members.

ORGANIZATION AND FUNCTION

The State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board) is a regulatory board consisting of 10 members appointed by the governor. The board consists of two civil engineers, two land surveyors, one mining engineer, one electrical or mechanical engineer, one engineer from another branch of the profession of engineering, two architects, and one public member[1].

Alaska Statute requires each board member to have been a resident of the State for three consecutive years immediately preceding an appointment to BRAELS.

Additionally, except for the public member, board members must be registered and have a minimum of five years of professional practice in their field.

Exhibit 1

STATE BOARD OF REGISTRATION FOR ARCHITECTS, ENGINEERS, AND LAND SURVEYORS
(As of June 30, 2008)

Professional Members
Boyd Brownfield, Chair, Civil Engineer
Craig Fredeen, Vice Chair, Mechanical Engineer
Mark Morris, Secretary, Electrical Engineer
Charles Leet, Civil Engineer
Clifford Baker, Land Surveyor
Richard Heieren, Land Surveyor
Daniel Walsh, Mining Engineer
Harley Hightower, Architect
Burdett Lent, Landscape Architect (non-voting)
Vacant, Architect

Public Member
Vacant

Alaska Statutes 08.48.101 and 08.48.111 establish the powers of the board. They include adopting regulations for:

1. Describing the contents, conducting, and establishing a minimum score for passing examinations.
2. Establishing bylaws governing its meetings and activities.
3. Publishing a code of ethics or professional conduct for those persons regulated by the board.
4. Establishing continuing education requirements for persons regulated by the board.

The board may issue registrations to architects, engineers, land surveyors, and landscape architects who meet the standards of education and training determined to be necessary by the board. In addition to issuing new or renewal registrations, the board may also suspend, refuse to renew, or revoke registrations.

By statute, the Department of Commerce, Community, and Economic Development's, Division of Corporations, Business, and Professional Licensing (division) provides administrative support to the board. Administrative support is carried out by the board's

[1] In August 2007, the board voted to introduce legislation to make the landscape architect representative a full voting member and increase the board to 11 members. This legislation was introduced in the 2007-2008 legislative session. The result was unsuccessful and legislation will again be introduced in the 2008 – 2009 legislative session. Currently, the Landscape Architect seat is non-voting.

Executive Administrator and Licensing Examiner and the division's Office of Consumer Affairs and Investigations.

Administrative support includes budgetary services and functions such as collecting fees, maintaining files, receiving application forms, and publishing notices of examinations and meetings.

AS 08.01.087 empowers the division with the authority to act on its own initiative or in response to a complaint. The division may:

1. Conduct an investigation if it appears a person is engaged or about to engage in a prohibited professional practice.
2. Bring an action in Superior Court to enjoin the act.
3. Examine the books and records of a registrant or an individual engaged in practices regulated by the board.
4. Issue subpoenas for the attendance of witnesses and records.

REPORT CONCLUSIONS

Under AS 08.03.010(c)(3), the Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board) will terminate on June 30, 2009. If the legislature does not take action to extend the board's termination date, AS 08.03.020 provides that the board will have one year in which to conclude its administrative operations.

In our opinion, the termination date for the board should be extended. BRAELS serves a public purpose and has demonstrated an ability to conduct its business in a satisfactory manner. The registration of qualified architects, engineers, land surveyors, and landscape architects benefits the public's health, safety, and welfare. We recommend that the legislature extend the termination date of the board until June 30, 2017.

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FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Department of Commerce, Community, and Economic Development Division of Corporations, Business, and Professional Licensing, in conjunction with the State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS), should review registration fees as provided by statute and consider decreasing fees.

BRAELS has a significant cumulative surplus of revenues. The FY 08 surplus income is almost twice the four year average of expenditures. Additionally, the division has not reviewed BRAELS registration rates since 2005.

Based on the division's 2005 review, BRAELS registration fees were increased for the 2006-2007 biennium registration period. However, the division's review was flawed due to understated revenue information. The division neglected to include over half a million dollars in registration fees paid through the internet in its analysis[2].

AS 08.01.065(c) states that:

> *...the department shall establish fee levels under (a) of this section so that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation. The department shall annually review each fee level to determine whether the regulatory costs of each occupation are approximately equal to fee collections related to that occupation.*

The division was unable to provide an explanation of BRAELS's need for the cumulative surplus of excess revenue from registration fees. Without the required annual review of registration fee levels, it is likely that the board will continue to accumulate revenue in excess of its regulatory costs.

We recommend the division, in conjunction with the board, review registration fees and regulatory expenditures as required by statute and determine whether a fee decrease is necessary to reduce BRAELS's current surplus. Further, we recommend that the division perform the annual review of fee levels as defined in state statute.

[2] Specifically, revenues collected electronically over the internet were missing from the rate review. These missing revenues total: FY 02 (renewal year) $230,283, FY 03 $780, and FY 04 (renewal year) $435,318.

Recommendation No. 2

The director of Corporations, Business, and Professional Licensing should ensure that BRAELS registrants that are Corporations, Limited Liability Companies (LLC's), and Limited Liability Partnerships (LLP's) are licensed in accordance with state regulations.

In addition to registering individuals, the board also registers architects, engineer, land surveyor, and landscape architect corporations, LLC's and LLP's. State regulation[3] requires that:

1. Corporations, LLPs or LLCs designate an individual currently registered in Alaska as the responsible person for each field of practice, and;
2. The entity must provide full authority to the designated individual to make all final practice decisions on behalf of the corporation, LLC, or LLP.

In FY 08, over 35% of corporations, LLC's, and LLP's registered by division staff were registered without the required documentation showing the acceptance by the individual designated by the entity as the responsible person for each field of practice.

12 AAC 36.135(7) states that:

> *...a certified statement on a form provided by the board, stating that each licensee designated in responsible charge for each branch of practice acknowledges and agrees to that designation by the corporation, limited liability company, or limited liability partnership; the statement must include each responsible charge licensee's (A) state registration number; (B) registration expiration date; (C) professional seal; and (D) signature.*

We recommend that the director of Corporations, Business, and Professional Licensing obtain any missing certified statement of acceptance, from the responsible person, for all corporations, LLCs and LLPs currently licensed. The director should also have registration procedures corrected to ensure all required documentation is obtained prior to registering any corporations, LLCs or LLPs.

Recommendation No. 3

The Office of the Governor should fill vacant seats on the State Board of Registration for Architects, Engineers, and Land Surveyors in a timely manner.

For the past nine months, the board has not been in a position to serve in the best interest of the public due to board vacancies. The public member seat has been vacant since December 5, 2007 and an architect seat vacant since March 1, 2008.

[3] 12 AAC 36.135(3).

Alaska Statute 08.48.011(b) states that the board consists of ten members appointed by the governor having the qualifications as set out in AS 08.48.031. The board consists of two civil engineers, two land surveyors, one mining engineer, one electrical or mechanical engineer, one engineer from another branch of the profession of engineering, two architects, and one public member.

Staff turnover in the Office of Boards and Commissions has negatively impacted the Governor's ability to make timely appointments to the State Board of Registration for Architects, Engineers, and Land Surveyors.

The public has not been represented by a seat on the board for the past three meetings; architects have not been fully represented for the past two meetings.

We recommend that the Office of the Governor fill vacant seats on the State Board of Registration for Architects, Engineers, and Land Surveyors in a timely manner.

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ANALYSIS OF PUBLIC NEED

The following analyses of board activities relate to the public need factors defined in AS 44.66.050(c). These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission, or program has operated in the public interest.

The State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS or board), through its registration of architects, engineers, land surveyors and landscape architects, has presented competent professionals to the public. There is a continued public need for this board because of the professional expertise required to practice the varied professions within its scope. The registering of applicants who meet the required qualifications is necessary to protect the public's safety, health, and welfare.

The board is responsible for adopting regulations to ensure only persons with the proper qualifications are admitted into the profession. The board disciplines, suspends, or revokes registrations of practitioners who have committed acts in violation of state law. Registrants are required to stamp final drawings, specifications, surveys, plats, plates, reports, and similar documents with a seal bearing the registrant's name, registration number, and the profession for which they are registered. By affixing this seal and signing the documents, the registrant certifies that these documents were prepared by or under the registrant's direct supervision, and the registrant has met the minimum standard set to protect public safety, health, and welfare.

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

The board receives its primary revenue from registration and renewal fees. Renewals are conducted on a biennial basis creating a two-year cycle in board revenues. The board has had an ending cumulative surplus since FY 06, see Exhibit 2 on the following page.

BRAELS registration fees have not been reviewed since October 2005 when fees were increased $100. This increase in registration fees was based on understated revenue information. We recommended that the division, using corrected revenue information, review registration rates and consider changes to fee levels to reduce this cumulative surplus in income, see Recommendation No. 1.

Exhibit 2

State Board of Registration for Architects, Engineers, and Land Surveyors
Schedule of License Revenue and Expenditures
As of June 30, 2008
(Unaudited)

	FY 05	FY 06	FY 07	FY 08
Regular Revenue	$170,065	$870,474	$185,778	$ 903,769
Online Revenue	1	890,983	4,425	864,941
Total Revenues	170,066	1,761,457	190,203	1,768,710
Direct Expenditures				
Personal Services	268,313	286,842	242,015	199,898
Travel	36,362	59,818	41,040	33,863
Services	146,170	176,596	100,339	147,836
Commodities	1,472	1,845	1,271	1,456
Total Direct Expenditures	452,317	525,101	384,665	383,053
Administrative Indirect Costs	303,021	273,258	353,890	310,652
Total Expenditures	755,338	798,359	738,555	693,705
Annual Revenues over (under) Expenditures	(585,272)	963,098	(548,352)	1,075,005
Beginning Cumulative Surplus (Deficit)	469,600	(115,672)	847,426	299,074
Ending Cumulative Surplus (Deficit)	$ (115,672)	$ 847,426	$ 299,074	$ 1,374,079

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

In FY 08 the board supported SB 263 which was passed into law (Ch. 66, SLA 2005) on June 6, 2008. This law provided a BRAELS registration exemption for persons already authorized by the Department of Public Safety who are engaged in the design of fire detection and suppression systems. Additionally, this law allowed that if a mining engineer who qualifies for appointment to the board and is interested in serving on the board is not available, the governor may appoint a petroleum or chemical engineer to the seat designated for a mining engineer.

The board has also worked to make needed revisions to BRAELS regulations. Significant changes to regulations include:

- 12 AAC 36.061(a)(2) – Updating the National Council of Architectural Registration Boards' education standards.
- 12 AAC 36.067 – Changing the computation of qualifying experience days for admission to the examination.
- 12 AAC 36.068 – Updating landscape architect mentoring regulations.
- 12 AAC 36.100 – Mandating an applicant seeking registration by examination pass a jurisprudence questionnaire, with the exception of land surveyors.
- 12 AAC 36.910 – Enacting stricter policies to board member absences.
- 12 AAC 36.510 – Changing the continuing education requirements for architects, engineers, and landscape architects.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

Board meeting dates, times and locations are published both on the State's Online Public Notice system and in the Anchorage Daily News. In addition, board members extend meeting invitations to peers and to the public, and promote use of the BRAELS ListServ[4] function. Meetings are rotated between the State's three largest cities and time was provided at every meeting for public comment.

Online public notice was not given for the board's November 17, 2006 and May 17, 2007 meetings. Additionally, public notice was only given ten days in advance of the August 9, 2007 meeting, instead of the required 15 days notice. These omissions were caused by staff turnover in the Department of Commerce, Community, and Economic Development's, Division of Corporations, Business, and Professional Licensing publications technician position.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Meetings were sufficiently advertised; time was allotted in the agenda of each meeting for public discussion; and often, public members with knowledge in a specific field were sought to share their insights. Public notices of proposed regulations are published on the Alaska State website, and circulated to architects, engineers, land surveyors and landscape architects in professional trade journals, public notice advertisements, and direct mail correspondence with the division. The board reviews and considers all public correspondence at their meetings.

[4] ListServ is the board's electronic mailing list. Members receive agendas, minutes and other board-related materials.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

Complaints

No complaints against the board were reported to the State Department of Administration's Division of Personnel, the Equal Employment Opportunity Commission, the Human Rights Commission, or the Office of Victim's Rights.

The State Ombudsman received four complaints against the board from FY 05 to FY 08. Three were declined based on a lack of jurisdiction and the fourth involved providing oral advice to the complainant. Each of these cases was closed the same day they were received.

We received a complaint regarding possibly inappropriate communications between the board and the administrative law judge (ALJ) while the board was meeting in executive session. In the cases of professional occupation boards, the dispute before an ALJ would be between the complainant and the attorney general's office. Since it is the board that decides to accept or reject the ALJ's decision, the board itself is not a party to the dispute.

Typically when transmitting their decision, the ALJ will offer the board an opportunity to meet and answer questions that the board might have. If the board meets with the ALJ as part of its deliberation regarding a possible licensing action, this would be done in executive session. This process appears reasonable given the relative duties and responsibilities of both the board and the ALJ.

Registrant Investigations

The board sets goals and then develops objectives in order to meet these goals. Two objectives related to investigations were developed and accomplished. These objectives included working to reduce the backlog of enforcement cases and having active participation in investigations. A special board committee was created to work with investigators on technical issues and expedite cases. The length of time between when cases opened and closed and the amount of cases open have significantly declined during the last four years.

From the period of July 1, 2005 through June 19, 2008, 245 investigation cases were open or opened with the Division of Corporations, Business and Professional Licensing's Office of Consumer Affairs and Investigations (OCAI)[5]. Types of cases are summarized on the next page.

[5] The investigations unit in the Department of Commerce, Community and Economic Development's Division of Corporations, Business, and Professional Licensing was reorganized effective July 1, 2008 as the Office of Consumer Affairs and Investigations.

- Unlicensed Practice/Activity (94)
- Violation of Licensing Regulations (65)
- Negligence (27)
- Practice Beyond Scope (17)
- Violating Professional Ethics (11)
- License Application Practice (8)
- Incompetence (5)
- Fraud/Misrepresentation (5)
- Other (4)
- Violation of Agreement (3)
- Contested License Denial (2)
- Action in Another State (2)
- Supervision (1)
- Malpractice (1)

Of these 245 cases open or opened, 230 were closed in an average of 2.5 months time. Exhibit 3 identifies the actions taken in these closed cases:

Exhibit 3

Case Closure Summary July 1, 2005 - June 19, 2008

Disposition of Closed Cases	Number of Cases
Advisement Letter	113
Compliance	57
No Action - No Violation, Unfounded or Insufficient Evidence	47
Other	6
License Action	4
Incomplete Complaint	2
Director Caseload Reduction	1

Of the remaining 15 cases open, 14 cases were assigned to OCAI and one case to the Office of Administrative Hearings. The average time these 14 cases have been opened with OCAI is 4.6 months and all have a case priority level of 3[6].

OCAI is effectively investigating cases, and the board has operated efficiently by taking necessary enforcement actions. These board actions were both fair and objective.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

The board registers architects, engineers, land surveyors, or landscape architects either by

[6] Case Priority levels are defined as:

Level 1 - Incident represents an immediate danger to public,

Level 2 - Incidents which by the severity of their nature dictate a high priority,

Level 3 - Incidents that are less serious in nature and do not appear to constitute immediate or severe pubic danger or serious damages,

Level 4 - Incidents involving failure to comply with statutes or regulations which are discovered through the course of proactive enforcement on the part of the Investigative Unit, but do not meet the criteria of priority 1 - 3. This type of enforcement can only occur when manpower and caseload allow.

examination or by using past performance records. Registration using past performance records is more commonly referred to as registration by comity. Each applicant is required to satisfy the requirements listed in State regulations for registration. In addition, architect, engineer, and landscape architect applicants are required to complete a board-approved university level course in arctic engineering. The registration application process appears to be reasonable and appropriate. We found no instances of unqualified applicants being registered.

In 35% of licenses issued to corporations, limited liability companies, and limited liability partnerships, the certified statement acknowledging and agreeing with the responsible party designation had not been obtained by the division. Obtaining this statement is required by regulation,[7] see Recommendation No. 2.

The board implemented continuing education (CE) requirements for Land Surveyors during the 2007 renewal period. Architects, engineers, and landscape architects will be required to fulfill CE requirements for the 2009 renewal period. Registrants fulfill CE requirements on the honor system and a sample is audited by division staff for compliance. Due to a procedural error, division staff only audited 7% sample of registrants for compliance instead of the 10% defined in regulations.

Concerns surfaced in FY 08 regarding the board's comity policy with Canada, specifically, that the Board waived the fundamentals of engineering examination (FE) if a Canadian engineer applicant had at least 5 years of experience.

The board's position is that Canada's education program for engineers differs from that of the United States (US) and therefore comity regulations[8] for Canadian engineers differ. As explained by a board member, in the US, engineering candidates receive a bachelor's degree and then sit for the FE exam. The FE exam tests engineering basics. After at least four years of work experience an US applicant sits for the Practice of Engineering (PE) exam prior to being registered.

In Canada, engineering candidates go to school longer and are subject to a rigorous mentoring program. These Canadian schools and mentoring programs' curriculums exceed what is tested on the US FE exam, and therefore the exam is waived. Canadian engineers applying for practice in the US are still required to pass the US PE exam. These regulations appear reasonable and a review of the 245 investigations shows no licensing actions taken against Alaskan registered engineers residing in Canada.

The exhibit on the following page summarizes new registrations issued by the board from FY 05 to FY 08.

[7] 12 AAC 36.135
[8] 12 AAC 36.105

Exhibit 4

New Licenses or Permits Issued (Exclusive of Renewals)	FY 05	FY 06	FY 07	FY 08	Current License Holders as of June 30, 2008
Architects	25	22	34	21	539
Landscape Architects	8	5	2	4	45
Land Surveyors	7	11	18	11	478
Chemical Engineers	3	7	6	6	103
Civil Engineers	124	128	117	135	2755
Electrical Engineers	21	33	33	27	581
Mechanical Engineers	39	38	38	30	679
Mining Engineers	2	0	0	1	30
Petroleum Engineers	5	2	2	4	114
Certificate of Authority - Corporations	29	32	43	39	375
Certificate of Authority - LLC	12	15	27	14	90
Certificate of Authority - LLP	0	1	1	0	3

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

The board is in compliance with State personnel practices, including affirmative action in qualifying applicants. From FY 05 to FY 08, the board did not deny an applicant registration based on personal attributes.

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Statutory

In August 2007, the board voted to support introduction of legislation to make the landscape architect representative a full voting member. The legislation introduced to revise the statute during the 2007/2008 legislative session was unsuccessful. Currently, board members are working with the Alaska Professional Design Council to craft new legislation to be introduced during the 2008/2009 legislative session. The board anticipates that the landscape architect representative will be a full voting member by spring 2009.

Regulatory

In May 2007, the board voted to begin registering structural, environmental, and fire protection engineers. The special committee assigned to studying additional engineering specialties for registering is now addressing issues such as regulation changes, definitions,

and grandfathering of civil engineers. The board anticipates having these disciplines registered by the end of FY 09.

Other Changes

For the past nine months, the board has been hampered in its work due to board vacancies. The public member seat has been vacant since December 05, 2007 and an architect seat vacant since March 1, 2008; see Recommendation No. 3.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

BRAELS's mission is to protect the public health, safety, and welfare through the regulation of the practice of architecture, engineering, land surveying, and landscape architecture by:

- Ensuring that those entering these practices meet minimum standards of competency, and maintain such standards during their practice;
- Requiring registration to practice in the State of Alaska; and
- Enforcing both the registration and competency requirements in a fair and uniform manner.

We reviewed the board's goals and objectives established to achieve this mission from FY 05 to FY 08. These goals and related objectives were aligned with the board's mission and they have either been met by the board or the board is in the process of attaining them.

Major goals and objectives the board has successfully met include:

- Implemented continuing education requirements for architects, engineers, land surveyors and landscape architects.
- Reviewed the Arctic Engineering course to ensure all materials used to establish competency in professions are appropriate.
- Evaluated administrative process and staffing functions to ensure effective use of human resources.
- Continually updated the board's website with new and changing information.
- Attended architect, engineer, land surveyor, and landscape architect zone and national meetings.
- Encouraged board members to assume leadership positions in national organizations.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

BRAELS is the only such board that registers, investigates, and enforces continuing education requirements for architects, engineers, land surveyors and landscape architects in Alaska. BRAELS registrants have the option to affiliate with state and national organizations. We reviewed numerous state and national organizations and have found none that duplicate the efforts of the board.

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SARAH PALIN
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

October 23, 2008

RECEIVED
OCT 23 2008
LEGISLATIVE AUDIT

Ms. Pat Davidson
Legislative Auditor
Legislative Audit Division
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson:

This letter is in response to your September 22, 2008 confidential preliminary audit report on the State Board of Registration for Architects, Engineers and Land Surveyors.

Recommendation No. 4

The Office of the Governor should fill vacant seats on the State Board of Registration for Architects, Engineers and Land Surveyors in a timely manner.

The Office of the Governor concurs with this recommendation. I appreciate your observation that turnover in the Boards and Commissions office may have played a role in the delay. I am pleased to report that the Governor recently selected the public member for the board, however, we are still working on identifying an architect to fill the remaining vacancy. We find it challenging to find volunteers from the various professions who are willing and able to devote the time necessary to serve on the licensing boards. We will continue to make every effort to fill vacant positions in a timely manner.

If you need additional information, please contact me at 269-7450.

Sincerely,

Frank Bailey, Director
Boards and Commissions

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STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sarah Palin, Governor
Emil Notti, Commissioner

October 16, 2008

RECEIVED
OCT 20 2008
LEGISLATIVE AUDIT

Ms. Pat Davidson, CPA
Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811

Dear Ms. Davidson,

Re: Audit Report, CAN 08-20058-08
Board of Registration for Architects, Engineers and Land Surveyors

Thank you for allowing us to comment on the Audit Report of the State Board of Registration for Architect, Engineers and Land Surveyors.

We concur with your audit findings and recommendations that –

Recommendation No. 1: The Department of Commerce, Community, and Economic Development, Division of Corporations, Business, and Professional Licensing, in conjunction with the State Board of Registration for Architects, Engineers, and Land Surveyors (BRAELS), should review registration fees as provided by statute and consider decreasing fees.

We fully concur with this recommendation and will take immediate action to reassess expenditure and revenue data, and calculate new fee proposals to utilize the surplus of excess revenue. Staff turnover in the Division and miscommunications with the department's Fiscal staff have unfortunately caused this negative impact on incorrect fee assessments. The new fee assessments will be ready for implementation at the next license renewal cycle in December 2009.

Recommendation No. 2: The director of Corporations, Business, and Professional Licensing should ensure that BRAELS registrants that are Corporations, Limited Liability Companies (LLC's), and Limited Liability Partnerships (LLP's) are licensed in accordance with state regulations.

P.O. Box 110800, - 23 -Alaska 99811-0800
Telephone: (907) 465-2500 Fax: (907) 465-5442 Text Telephone: (907) 465-5437
Email: questions@commerce.state.ak.us Website: http://www.commerce.state.ak.us/

We concur with your recommendation. Staff has already initiated the process of reviewing files to obtain a "responsible charge" statement for each business. Since January 2008, there were 50 corporate authorizations issued. Of the 50, seventeen failed to contain the responsible charge statement or a copy of the seal of the responsible charge individual. Attempts to obtain the missing information are currently in progress.

Another item worth mentioning is while many of the files failed to contain a "responsible charge form" as required by regulation, the files do contain correspondence identifying or verifying the designation of the responsible charge individual. The department will ensure procedures are followed to satisfy regulation 12 AAC 36.135(7).

Recommendation No. 3: The Office of the Governor should fill vacant seats on the State Board of Registration for Architects, Engineers, and Land Surveyors in a timely manner.

We concur with this recommendation.

Thank you again for the opportunity to comment on your audit findings.

Sincerely,

Emil Notti /bg

Emil Notti
Commissioner

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sarah Palin, Governor
Emil Notti, Commissioner
Mark R. Davis, Director

Division of Corporations, Business and Professional Licensing

October 21, 2008

Mr. Pat Davidson
Legislative Auditor
Legislative Audit and Budget Committee
PO Box 113300
Juneau, Alaska 99811-3300

RECEIVED
OCT 22 2008
LEGISLATIVE AUDIT

Dear Pat:

I have reviewed the "CONFIDENTIAL" preliminary audit report on:

Department of Commerce, Community, and Economic Development, State Board of Registration for Architects, Engineers and Land Surveyors, September 22, 2008

The Board agrees with the contents and substance of your Preliminary Audit Report dated September, 2008, most notably the three "FINDINGS AND RECOMMENDATIONS" contained therein.

It is further noted that the Preliminary Audit Report removed Recommendation number three of four recommendations contained in an earlier "Management Letter No. 1", State Board of Registration for Architects, Engineers, and Land Surveyors" dated September 9, 2008.

The board will work closely with our divisional staff to bring the recommendations to closure as follows:

- RECOMMENDATION #1. The board will avail itself to and cooperate with our division's budgeting and accounting activities to review registration fees and make appropriate recommendations as provided by statute.

- RECOMMENDATION #2. The board will work closely with our investigative support, as appropriate, to bring closure to those corporations, LLC's and LLP's who are operating without proper documentation and to correct procedures that will ensure the process is complete upon original application.

- RECOMMENDATION #3. The board will continue to emphasize the importance of fielding a complete representation of professionals as defined by statute/regulation. It is noted that, after an extended time without a Public Member, the board has recently received a replacement. Our board needs only to fill an Architect seat.

PO Box 110806, Juneau, AK 99811-0806
Telephone: (907) 465-2550 Fax: (907) 465-2974 Website: www.commerce.state.ak.us/occ

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sarah Palin, Governor
Emil Notti, Commissioner
Mark R. Davis, Director

Division of Corporations, Business and Professional Licensing

In behalf of the board, I appreciate the opportunity to view and provide comment on the contents of these documents

Sincerely,

Richard Jones

For Boyd J. Brownfield, PE
Chair

PO Box 110806, Juneau, AK 99811-0806
Telephone: (907) 465-2550 Fax: (907) 465-2974 Website: www.commerce.state.ak.us/occ

HB

86

<target><bill>HB 86</bill><subject>HB
86</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPO

(11)
Date Referred to Committee: March 12, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/23/09

The FINANCE Committee considered: **HOUSE BILL NO. 86**

"An Act extending the termination date of the Board of Veterinary Examiners; and providing for an effective date."
HB 86 EXTENDING VETERINARY BOARD

Recommends it be replaced with [ ] HCS *or* [ ] CS *for* _____ ( )
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
CED	1	✓		

Signing with recommendations	**Printed Last Name**	**DP**	**DNP**	**NR**	**AM**
	Thomas	✓			
	Joule	—			
	FOSTER	X			
	AUSTERMAN	X			
	KELLY	X			
	FAIRCLOUGH	✓			
Chair:	Hawker	✱			
Chair:	STOLTZE	—			

4208

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 86
(H) Publish Date: 3/12/09

Identifier (file name): HB86-CED-CBPL-03-06-09
Dept. Affected: DCCED
Title: Extending Veterinary Board
RDU: Corp, Bus, & Prof Licensing (117)
Component: Corp., Bus., & Prof. Licensing
Sponsor: House Labor and Commerce
Requester: House Labor and Commerce
Component Number: 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		34.0	34.0	34.0	34.0	34.0	34.0
Travel		10.8	10.8	10.8	10.8	10.8	10.8
Contractual		20.5	20.5	20.5	20.5	20.5	20.5
Supplies		0.0	0.0	0.0	0.0	0.0	0.0
Equipment		0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other: (1156) RSS		65.3	65.3	65.3	65.3	65.3	65.3
TOTAL	**0.0**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**

Estimate of any current year (FY2009) cost: 65.3

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill extends the Board of Veterinary Examiners to June 30, 2017. In accordance with AS 08.03.020 funding would extend one year following the termination date allowing the Board to conclude its affairs. The FY 2010 funding is included in the Operating Budget request and the costs shown are an average of direct costs for a biennial licensing period.

Travel expenses represent transportation and per diem for the 5 member board and 2 staff to meet at least 3 times each year and to administer licensing examinations as required by AS 08.98.040.

The program is required to cover costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated to cover its full operating costs. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Chief — Phone (907) 465-2144
Division: Corporations, Business & Professional Licensing — Date/Time 3/6/09 12:13 PM
Approved by: Emil Notti, Commissioner — Date 3/6/2009
Department of Commerce, Community and Economic Development

(Revised 9/10/2008 OMB)

4209

HOUSE BILL NO. 86

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Introduced: 1/26/08
Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

"An Act extending the termination date of the Board of Veterinary Examiners; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 08.03.010(c)(21) is amended to read:

(21) Board of Veterinary Examiners (AS 08.98.010) - June 30, **2017** [2009];

*** Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

Division of Legislative Audit

Audit Digest #08-20059-08

SUMMARY OF: A Sunset Review of the Department of Commerce, Community, and Economic Development, Board of Veterinary Examiners.

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes, sunset legislation, we have reviewed the activities of the Board of Veterinary Examiners to determine if there is a demonstrated public need for the its continued existence and if it has been operating in an efficient and effective manner. As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether the board should continue to exist.

REPORT CONCLUSIONS

Under AS 08.03.010(c)(21), the Board of Veterinary Examiners (BVE or board) will terminate on June 30, 2009. If the legislature does not take action to extend the board's termination date, AS 08.03.020 provides that the board will have one year in which to conclude its administrative operations.

The regulation and licensing of veterinarians and veterinary technicians benefits the public. BVE has demonstrated an ability to conduct its affairs in an efficient manner. The board continues to propose changes to regulations to improve the effectiveness of the board and ensure that veterinarians and veterinarian technicians licensed in the State of Alaska are competent and capable of maintaining the integrity of the profession.

In our opinion, the termination date of Board of the Veterinary Examiners should be extended to June 30, 2017.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

1. The Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, in conjunction with the Board of Veterinary Examiners, should review licensing fees as provided by statute and consider decreasing fees.

2. The Office of the Governor should fill vacant seats on the Board of Veterinary Examiners in a timely manner.

ALASKA STATE LEGISLATURE
HOUSE LABOR & COMMERCE COMMITTEE

REP. KURT OLSON
Chairman
State Capitol, Room 124
Juneau, AK 99801-1182
(907) 465-2693 FAX 465-3835

Rep Mark Neuman, V-Chair
Rep. John Coghill
Rep. Lindsey Homes
Rep. Mike Chenault
Rep. Bob Lynn
Rep. Bob Buch

Sponsor Statement
House Bill 86

An act extending the termination date of the Board of Veterinary Examiners; and providing for an effective date.

HB 86 extends the termination date of the Board of Veterinary Examiners (BVE). Currently the board will sunset on June 30, 2009. HB 86 extends this date by eight years, to June 30, 2017.

It is the opinion of the auditor that *"BVE has demonstrated an ability to conduct its affairs in an efficient manner. The board continues to propose changes to regulations to improve the effectiveness of the board and ensure that veterinarians and veterinarian technicians licensed in the State of Alaska are competent and capable of maintaining the integrity of the profession."*

I encourage all members to review the Legislative Audit report.

Through the efforts of the BVE our livestock and pets are afforded quality health care by competent and capable veterinarians and veterinarian technicians.

I urge your support of this bill.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 86
(H) Publish Date: 3/12/09

Identifier (file name):HB86-CED-CBPL-03-06-09
Dept. Affected: DCCED
Title: Extending Veterinary Board
RDU: Corp, Bus, & Prof Licensing (117)
Component: Corp., Bus., & Prof. Licensing
Sponsor: House Labor and Commerce
Requester: House Labor and Commerce
Component Number: 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		34.0	34.0	34.0	34.0	34.0	34.0
Travel		10.8	10.8	10.8	10.8	10.8	10.8
Contractual		20.5	20.5	20.5	20.5	20.5	20.5
Supplies		0.0	0.0	0.0	0.0	0.0	0.0
Equipment		0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other: (1156) RSS		65.3	65.3	65.3	65.3	65.3	65.3
TOTAL	**0.0**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**	**65.3**

Estimate of any current year (FY2009) cost: 65.3

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill extends the Board of Veterinary Examiners to June 30, 2017. In accordance with AS 08.03.020 funding would extend one year following the termination date allowing the Board to conclude its affairs. The FY 2010 funding is included in the Operating Budget request and the costs shown are an average of direct costs for a biennial licensing period.

Travel expenses represent transportation and per diem for the 5 member board and 2 staff to meet at least 3 times each year and to administer licensing examinations as required by AS 08.98.040.

The program is required to cover costs with licensing fees under AS 08.01.065, and revenue generated by board fees are anticipated to cover its full operating costs. New funds are not required to implement this bill.

Prepared by: Jennifer Strickler, Chief — Phone (907) 465-2144
Division: Corporations, Business & Professional Licensing — Date/Time 3/6/09 12:13 PM
Approved by: Emil Notti, Commissioner — Date 3/6/2009
Department of Commerce, Community and Economic Development

(Revised 9/10/2008 OMB)

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

September 22, 2008

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Veterinary Examiners. The attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY,
AND ECONOMIC DEVELOPMENT
BOARD OF VETERINARY EXAMINERS

September 22, 2008

Audit Control Number
08-20059-08

This review examines the activities of the Board of Veterinary Examiners to determine if there is a demonstrated public need for its continued existence. Under AS 08.03.010(c)(21), the Board of Veterinary Examiners is currently scheduled to terminate June 30, 2009. We recommend the legislature extended the board's termination date to June 30, 2017.

The audit was conducted in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology.

Pat Davidson, CPA
Legislative Auditor

TABLE OF CONTENTS

	Page
Objectives, Scope, and Methodology	1
Organization and Function	3
Report Conclusions	5
Findings and Recommendations	7
Analysis of Public Need	9
Agency Response	
Office of the Governor	17
Department of Commerce, Community and Economic Development	19

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Titles 24 and 44 of the Alaska Statutes, we have reviewed the activities of the Board of Veterinary Examiners (BVE or board) to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether BVE shall be continued. Currently, AS 08.03.010(c)(21) states that the board will terminate on June 30, 2009. If the legislature does not extend the termination date for the board, BVE will have one year to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report are:

1. To determine if the termination date of the board should be extended

2. To determine if the board is operating in the public's interest

3. To determine if the board has exercised appropriate regulatory oversight of licensed veterinarians and veterinary technicians.

Scope

The assessment of operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the board. We reviewed the board's activities for FY 05 through FY 08.

Methodology

The major areas of our review were board proceedings, licensing, and complaint investigation. During the course of our audit we:

- Reviewed and evaluated applicable statutes and regulations related to the licensing of veterinarians and veterinarian technicians.
- Reviewed the minutes of BVE meetings.
- Reviewed the annual reports issued by the board.
- Analyzed the complaints filed with the Department of Commerce, Community and Economic Development's Office of Consumer Affairs and Investigations in order to evaluate the investigative support being provided to BVE.

- Requested information regarding any complaints regarding the BVE from the Department of Administration's Division of Personnel, the Equal Employment Opportunity Commission, the Human Rights Commission, The Office of Victim's Rights, and the State Ombudsman.
- Analyzed the financial records related to the revenues generated and the operating costs incurred by BVE to determine if sufficient revenues are being collected to cover the board's costs.
- Tested files related to applicants for, and holders of, licenses issued by BVE.
- Conducted interviews with employees of the Department of Commerce, Community, and Economic Development, Division of Corporations, Business, and Professional Licensing and the BVE chair and its members.
- Attended a BVE board meeting.

ORGANIZATION AND FUNCTION

The Board of Veterinary Examiners (BVE or board) was established for the purpose of controlling and regulating the practice of veterinary medicine in Alaska.

The board regulates the profession of veterinary care in the State by examining applicants and approving the issuance of licenses to qualified applicants, establishing or amending regulations necessary to enforce state statutes, and conducting disciplinary proceedings in accordance with law.

Applicants for a veterinary license are required to pass the North American Veterinary Licensing Examination and a state written exam which covers specific Alaskan issues of veterinary practice.

Exhibit 1

Board of Veterinary Examiners
(As of June 30, 2008)

Professional Members
Steve Torrence, DVM, Chair
Timothy Bowser, DVM
David Hunt, DVM
Vacant

Public Member
Martin Buser

BVE is made up of five members. State law requires four board positions be filled by licensed veterinarians that have been engaged in the practice of veterinary medicine in the State for at least five years prior to appointment. The remaining position is to be filled by an individual from the general public.

The Department of Commerce, Community, and Economic Development, Division of Corporations, Business, and Professional Licensing provides administrative and investigative assistance to the Board of Veterinary Examiners. Administrative assistance includes budgetary services and functions such as collecting fees, maintaining files, receiving and issuing application forms, and publishing notices of examinations and meetings.

Alaska Statute 08.01.065 mandates that the department shall adopt regulations that establish the amount and manner of payment of applications fees, examination fees, registration fees, permit fees, and investigative fees.

(Intentionally left blank)

REPORT CONCLUSIONS

Under AS 08.03.010(c)(21), the Board of Veterinary Examiners (BVE or board) will terminate on June 30, 2009. If the legislature does not take action to extend the board's termination date, AS 08.03.020 provides that the board will have one year in which to conclude its administrative operations.

The regulation and licensing of veterinarians and veterinary technicians benefits the public. BVE has demonstrated an ability to conduct its affairs in an efficient manner. The board continues to propose changes to regulations to improve the effectiveness of the board and ensure that veterinarians and veterinarian technicians licensed in the State of Alaska are competent and capable of maintaining the integrity of the profession.

In our opinion, the termination date of Board of Veterinary Examiners should be extended to June 30, 2017.

(Intentionally left blank)

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, in conjunction with the Board of Veterinary Examiners, should review licensing fees as provided by statute and consider decreasing fees.

The Board of Veterinary Examiners (BVE or board) has had a significant cumulative surplus of revenues at the end of the last four fiscal years. Additionally, the Division of Corporations, Business and Professional Licensing has not reviewed BVE licensing rates since 2004. At the end of FY 08, the board had an estimated operating surplus of $78,000. This surplus exceeds the Board's total operating expenses for each of the prior three years (FY 05 – FY 07).

AS 08.01.065(c) states that:

> *...the department shall establish fee levels under (a) of this section so that the total amount of fees collected for an occupation approximately equals the actual regulatory costs for the occupation. The department shall annually review each fee level to determine whether the regulatory costs of each occupation are approximately equal to feel collections related to that occupation.*

The division was unable to provide an explanation of the Board's need for the cumulative surplus of excess revenue from licensing fees. Without the required annual review of licensing fee levels, it is likely that BVE will continue to accumulate revenue in excess of its regulatory costs.

We recommend the division, in conjunction with the Board, review the licensing fees and regulatory expenditures as required by statute and determine whether a fee decrease is necessary to reduce BVE's current surplus.

Recommendation No. 2

The Office of the Governor should fill vacant seats on the Board of Veterinary Examiners in a timely manner.

As of August 31, 2008, one of the veterinarian seats on the board has been vacant since March 2008. A vacancy of even one member on a board of five presents an undue hardship to the remaining board members.

Alaska Statute 08.01.020 states that board members are appointed by the Governor and serve at the pleasure of the Governor. Alaska Statute 08.98.010 states that four members of the board shall be licensed veterinarians who have been in active practice in the state for at least five years preceding appointment and one shall be a public member.

Turnover in the Office of Boards and Commissions has negatively impacted the Governor's ability to make timely appointments to the Board of Veterinary Examiners.

With only four board members[1], the board is continually at risk of not having a quorum and if for any reason, two of the current board members are unable to attend a scheduled meeting or continue as a member, the board will not be able to carry out its responsibilities.

We recommend that the Office of Boards and Commissions, Office of the Governor, fill vacancies on the board in a timelier manner.

[1] Three of the current board members are practicing veterinarians and/or practicing veterinarian/business owners and the public member is a musher/business owner.

ANALYSIS OF PUBLIC NEED

The following analyses of board activities relate to the public need factors defined in AS 44.66.050(c). This analysis was not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission, or program has operated in the public interest.

The Board of Veterinary Examiners (BVE or board) has served the public through its examination and licensing of qualified applicants, by adopting regulations to carry out laws governing veterinary practice, and by making licensing decisions and taking disciplinary actions.

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

The board receives its primary revenue from licensing and renewal fees. Renewals are conducted on a biennial basis creating a two-year cycle in board revenues. The board has proven to be cognizant of expenditures and works to reduce costs when possible.

The BVE licensing fee level has not been reviewed since 2004. Since then, BVE has had a cumulative surplus at the end of every fiscal year from FY 05 to FY 08, see Exhibit 2 on the next page. We recommend that the division review licensing rates and consider changes to fee levels to reduce this cumulative surplus in licensing income, see Recommendation No. 1.

Exhibit 2

Board of Veterinary Examiners
Schedule of License Revenue and Expenditures
As of June 30, 2008
(Unaudited)

	FY 05	FY 06	FY 07	FY 08
Total Revenues	$153,495	$33,149	$158,806	$34,218
Direct Expenditures				
Personal Services	31,688	26,773	26,550	26,009
Travel	6,153	8,605	10,885	10,582
Services	10,439	10,446	4,832	33,462[2]
Commodities	8	54	8	0
Total Direct Expenditures	48,288	45,878	42,275	70,053
Administrative Indirect Costs	20,498	17,160	25,103	22,413
Total Expenditures	68,786	63,038	67,378	92,466
Annual Revenues over (under) Expenditures	84,709	(29,889)	91,428	(58,248)
Beginning Cumulative Surplus (Deficit)	(10,000)[3]	74,709	44,820	136,248
Ending Cumulative Surplus (Deficit)	$74,709	$44,820	$136,248	$78,000

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

From FY 05 – FY 08 the board developed proposed statutory changes and sought legislative sponsorship to introduce a bill. House Bill 297 was introduced, the board chairman testified in support of it, and the bill was signed into law on June 24, 2008 (Chapter 108 SLA 08). This law amended licensing statutes allowing veterinary students in their final year of graduate studies to return to the State to work under the supervision of an Alaska licensed veterinarian. Additionally, this law clarified statutes related to out of state veterinarians performing wildlife services and the use of out-of-state consulting services.

The board has also worked on improvements to the veterinarian regulations. Regulation changes involved:

[2] The increase in FY 08 Services account was primarily due to the large amount of legal fees incurred for interagency legal services.
[3] The beginning cumulative deficit shown in FY 05 was obtained from Department of Commerce, Community, and Economic Development Board of Veterinary Examiners Sunset Review, Audit Control No. 08-20036-05.

- Reducing the passing score for the State's jurisprudence exam[4].
- Addressing time requirements for the division's receipt of applications for the North American Veterinarian Licensing Examination.
- Assessing and restructuring fees for veterinary technician exams.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

Board meeting dates, times and locations are published both on the State's Online Public Notice system and in the Anchorage Daily News. In addition, the board's licensing examiner notifies all licensees and persons on the interested parties listing she maintains of upcoming board meetings. Board members also encourage their peers to attend. One board member attends the Alaska State Veterinary Medical Association meetings, at his own expense, and gives a BVE report.

Review of the State's Online Public Notice system determined public notice was not given for the board's May 17, 2007, meeting. This omission was caused by staff turnover in the division's publications technician position.

Time was provided at every public meeting for public comment and board meetings are purposely rotated between Fairbanks, Anchorage, and Juneau to give interested parties every opportunity to attend.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Notice of proposed regulation changes are posted on the State's Online Public Notice system and in the Anchorage Daily News. Proposed regulation changes are subjected to the State's public notice practice. From FY 05 to FY 08 all regulation changes were public noticed.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

No complaints have been filed with the State Department of Administration's Division of Personnel, the Equal Employment Opportunity Commission, the Human Rights Commission, the State Ombudsman, or the Office of Victim's Rights.

[4] The passing score was lowered from 95% to 90%. The jurisprudence exam tests a licensees understanding of Alaska statutes and regulations governing veterinary practice in Alaska. The exam is an open book test.

From the period of July 1, 2005 through June 19, 2008, 42 veterinarian/veterinarian technician investigation cases were open or opened with the Division of Corporations, Business and Professional Licensing's Office of Consumer Affairs and Investigations Section (OCAI).[5] Cases involving continuing education enforcement are assigned to the division's Juneau Paralegal section but are also assigned a case number by OCAI.

Types of cases open or opened include:

- Violating Professional Ethics (1)
- Unlicensed Practice (9)
- Standard of Care (6)
- Prescriptive Practice (3)
- Negligence (9)
- Licensing Application Problems (3)
- Incompetence (2)
- Fraud/Misrepresentation (3)
- Drug Diversion (1)
- Continuing Education (5)

Of these 42 cases open or opened, 24 were closed in an average of four months time. The disposition of the 24 closed cases were: 12 cases were closed with no action taken; six cases were closed with some licensing action taken; five cases were closed after the investigator had issued an advisement letter; and the final case was closed when the licensee came into compliance with regulations.

Of the remaining 18 open cases, four were assigned to the Juneau Paralegal and involve continuing education issues and a longer time to close, eight cases involve the same individual and are related in nature[6], and six cases remain open. These six cases have been open an average of seven months and have a priority level of 3 or lower[7].

OCAI is effectively investigating complaints and taking disciplinary action when necessary. Additionally, we conclude that the board is operating efficiently by taking necessary enforcement actions and that these actions are both fair and objective.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

Veterinary licensing requirements involve passing national and state examinations. The national examination is developed and graded nationally. The state examination is developed by the board and includes statutory and regulatory material specific to Alaska. This state exam is reviewed continually by the board for updates. In addition, the board and the

[5] The Investigations Unit within the Department of Commerce, Community and Economic Development's Division of Corporations, Business and Professional Licensing was reorganized effective July 1, 2008 as the Office of Consumer Affairs and Investigations.

[6] The Office of Consumer Affairs and Investigations is working to find this individual who may be currently out of state.

[7] Priority levels are defined as:

Level 1 - Incident represents an immediate danger to public,

Level 2 - Incidents which by the severity of their nature dictate a high priority,

Level 3 - Incidents that are less serious in nature and do not appear to constitute immediate or severe pubic danger or serious damages,

Level 4 - Incidents involving failure to comply with statutes or regulations which are discovered through the course of proactive enforcement on the part of the Investigative Unit, but do not meet the criteria of priority 1 - 3. This type of enforcement can only occur when manpower and caseload allow.

Department of Commerce, Community, and Economic Development, Division of Corporations, Business, and Professional Licensing work together to ensure continuing education requirements are met and license renewals are issued only to qualified licensees.

The exhibit below summarizes new licenses and permits issued by the board from FY 05 to FY 08.

Exhibit 3 **New Licenses or Permits Issued (Exclusive of Renewals)**	**FY 05**	**FY 06**	**FY 07**	**FY 08**	**Current License Holders as of June 30, 2008**
Veterinarians	18	17	13	18	296
Veterinary Technicians	20	12	11	17	130
Temporary Permits	7	4	3	8	-
Temporary Licenses	4	2	1	1	-
Courtesy Licenses	51	49	49	53	-

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We did not find any evidence that the board was not complying with state personnel practices, including affirmative action in qualifying applicants. Each time the board denied an applicant, the reason for this denial was based on requirements set out in licensing regulations. Applicants are informed in writing of the reason for their denial, their rights, and the process to contest or appeal.

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

The majority of current board members are in their second term of service. Board member experience and the efficiency of their licensing examiner have allowed the board to consistently meet their goals. We have not identified any statutory changes necessary for the board to better serve the interests of the public.

Regulatory Changes

In 2008 a controversy arose regarding a possible conflict between a statute and regulation. The controversy centered on whether or not the client confidentiality aspects of 12 AAC 68.100 would impede a veterinarian in reporting animal cruelty under AS 03.55.110 to animal control, the department, or a peace officer when the client may be the perpetrator.

Legislative Affair's Division of Legal and Research Services addressed this controversy by opining:

> *...that there is not a recognized veterinarian-client testimonial privilege or other legal barriers in Alaska statute or regulation that currently serves to prevent a veterinarian from voluntarily reporting a suspected instance of animal cruelty.*

To ensure there is no lingering confusion regarding this issue, on June 13, 2008 the board unanimously approved a motion to initiate a regulation project to amend regulation, 12 AAC 68.100, with the following subsection:

> *...(b) Any veterinarian licensed in this state who reports, in good faith and in the normal course of business, a suspected incident of animal cruelty, as described by law, to the proper authorities shall be immune from liability in any civil or criminal action brought against such veterinarian for report of such incident.*

Other

As of August 31, 2008, one of the veterinarian seats on the board has been vacant since March 2008. Because the board is only five members, having a vacant seat on the board poses potential hardship, see Recommendation No. 2.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

The objectives adopted by the board are in line with its missions[8]. Major objectives the board has successfully met from FY 05 to FY 08 include:

- updating and distributing the Alaska Board of Veterinary Examiners Handbook annually;
- reviewing and evaluating current statutes and legislative proposals and developing new proposals as needed;
- continuing to license veterinarians and veterinarian technicians and monitoring continuing educations hours; and
- continuing to review and evaluate current regulations and develop new regulations as needed.

[8] The mission of the board is:

To protect the health, safety, and welfare of Alaskans by ensuring that veterinarian practitioners possess and maintain a level of skill and knowledge necessary to provide safe, competent professional veterinary services to consumers and to protect the public from veterinary practitioners who pose a risk to the public's health, safety, and welfare.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

BVE does not duplicate the activities of another governmental agency or private sector organizations; however BVE collaborates with various state and local agencies/programs.

Within the Department of Environmental Conservation, Division of Environmental Health there is the State Veterinarian program. The relationship between this program and BVE board is one of collaboration rather than duplication. An example of this collaboration is the State Veterinarian providing the board with information for use in its handbook regarding reportable diseases, import/export and shipping regulations, and health certificate information.

We found that membership in the American Veterinary Medical Association (AVMA) is optional for veterinarians. Although most Alaska veterinarians are members of this association, AVMA does not regulate, investigate, or take disciplinary actions against its members. The State's version of the AVMA is the Alaska Veterinary Medical Association (AKVMA). The AKVMA seeks to promote excellence and professionalism of Alaska veterinarians and advance the health and well being of animals. Membership in AKVMA is voluntary and their efforts do not duplicate those of the board.

BVE is a member of the American Association of Veterinary State Boards (AAVSB). Among other duties, AAVSB is the single entity that reports national licensing examination scores to state boards and maintains a national clearinghouse for the approval of continuing education providers. The association with AAVSB merely is complimenting rather than duplicating BVE's efforts.

Lastly, we explored BVE's affiliation with the National Board of Veterinary Medical Examiners (NBVME). NBVME is organized and operated for the purpose of providing standard examinations that may be used by states as part of their licensure procedures for veterinarians. Again, this affiliation is complimenting rather than duplicating BVE's efforts.

(Intentionally left blank)

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

October 23, 2008

Ms. Pat Davidson
Legislative Auditor
Legislative Audit Division
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED
OCT 23 2008
LEGISLATIVE AUDIT

Dear Ms. Davidson:

This letter is in response to your September 22, 2008 confidential preliminary audit report on the Board of Veterinary Examiners.

Recommendation No. 2

The Office of the Governor should fill vacant seats on the Board of Veterinary Examiners in a timely manner.

The Office of the Governor concurs with this recommendation. I appreciate your observation that turnover in the Boards and Commissions office may have played a role in the delay. I am pleased to report that the Governor recently made her selection for the vacant veterinarian seat. We find it challenging to find volunteers from the various professions who are willing and able to devote the time necessary to serve on the licensing boards. We will continue to make every effort to fill vacant board and commission positions in a timely manner.

If you need additional information, please contact me at 269-7450.

Sincerely,

Frank Bailey, Director
Boards and Commissions

(Intentionally left blank)

STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sarah Palin, Governor
Emil Notti, Commissioner

October 16, 2008

RECEIVED
OCT 20 2008
LEGISLATIVE AUDIT

Ms. Pat Davidson, CPA
Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, Alaska 99811-3300

Dear Ms. Davidson,

Re: Audit Report, ACN 08-20059-08
Board of Veterinary Examiners

Thank you for allowing us to comment on the Audit Report of the Board of Veterinary Examiners.

We fully agree that the Board has conducted itself in an efficient manner and that the Board should be extended to June 30, 2017.

We concur with your audit findings and recommendations that –

Recommendation No. 1: The Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, in conjunction with the Board of Veterinary Examiners, should review licensing fees as provided by statute and consider decreasing fees.

Staff turnover in the Division did have a negative impact on assessing fees in a timely manner. Fees for the December 2008 renewals are being reduced to utilize some of the surplus of excess revenue and to bring revenue more in line with program costs.

Recommendation No. 2: The Office of the Governor should fill vacant seats on the Board of Veterinary Examiners in a timely manner.

We concur with this recommendation. As noted, the vacancy of even one position on a five member Board does present an undue hardship to the remaining board members and the Division in coordinating actions with the Board on licensing issues.

Thank you again for the opportunity to comment on your audit findings.

Sincerely,

Emil Notti /by CH

Emil Notti
Commissioner

P.O. Box 110800, - 19 -Alaska 99811-0800
Telephone: (907) 465-2500 Fax: (907) 465-5442 Text Telephone: (907) 465-5437
Email: questions@commerce.state.ak.us Website: http://www.commerce.state.ak.us/

HB

88

<target><bill>HB 88</bill><subject>HB
88</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

2-6-09

(7)
Date Referred to Committee: January 26, 2009

FURTHER REFERRALS: Finance

Date of Committee Action: 2/4/09

The JUDICIARY Committee considered:

HOUSE BILL NO. 88

"An Act extending the termination date of the Board of Governors of the Alaska Bar Association; and providing for an effective date."

HB 88 EXTEND BAR ASS'N BOARD OF GOVERNORS

commends it be replaced with | | HCS *or* |X| CS *for* HB 88 (FIN)

For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ | | Same Title | | New Title

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero
H. Jud.	1			✓

PREVIOUS FISCAL NOTES

List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations

Printed Last Name	DP (1)	DNP	NR (3)	AM (2)
LYNN			X	
Gruenberg				-
Coghill			✓	
Holmes	X			
ATTY				X
			X	

Chair: Vice
Chair:

4236

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 88
(H) Publish Date: 2/6/2009

Identifier (file name): House Bill 88
Title: Extend Bar Ass'n Board of Governors
Sponsor: Rep. Jay Ramras
Requester:

Dept. Affected: None
RDU:
Component:
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation would extend the Board of Governors of the Alaska Bar Association to 2017. The board is governed by the Board of Governors of the Alaska Bar. Accordingly, this legislation would not have a fiscal impact on any division of the State of Alaska.

Prepared by: House Judiciary Committee — Phone 465-4990
Division: Legislative — Date/Time 2/4/09 at 2:45 p.m.
Approved by: House Judiciary Committee Chairman Jay Ramras — Date 2/4/2009

(Revised 9/10/2008 OMB)

CS FOR HOUSE BILL NO. 88(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE RAMRAS

A BILL

FOR AN ACT ENTITLED

"An Act extending the termination date of the Board of Governors of the Alaska Bar Association to June 30, 2013; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 08.03.010(c)(2) is amended to read:

(2) Board of Governors of the Alaska Bar Association (AS 08.08.040) - June 30, **2013** [2009];

*** Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

ALASKA STATE LEGISLATURE
HOUSE JUDICIARY COMMITTEE

Representative Jay Ramras
Chairman
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Fax: (907) 465-2070
Representative_Jay_Ramras@legis.state.ak.us
1292 Sadler Way, Suite 324
Fairbanks, AK 99701

Committee Members:
Representative Nancy Dahlstrom,
Vice-Chairman
Representative John Coghill
Representative Bob Lynn
Representative Carl Gatto
Representative Max Gruenberg
Representative Lindsey Holmes

State Capitol, Room 120
Juneau, Alaska 99801

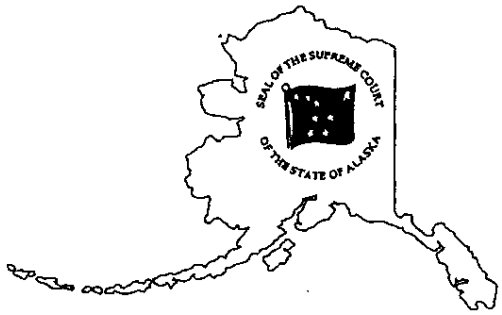
Sponsor Statement
HB 88
"An Act extending the termination date of the Board of Governors of the Alaska Bar Association; and providing for an effective date."

The Alaska Bar Association was established in 1955. The Bar Association's primary functions are to screen applicants for admission, thereby ensuring all successful applicants are fit to practice law, and to provide discipline by investigating grievances against members of the Bar. The Bar Association also performs a wide variety of other functions including offering classes for continuing legal education, lawyer referral services, and fee arbitration.

The Board consists of twelve members, nine attorneys elected by the active membership of the Bar Association, and three non-attorney, public members appointed by the Governor and confirmed by the Legislature.

The Division of Legislative Audit, in its November 4, 2008, report concluded that "the board, through the Alaska Supreme Court, protects the public by ensuring that persons licensed to practice law are qualified. It also provides for the investigation of complaints and has established a disciplinary process designed to promote licensed individuals to act in a competent and professional manner." The Division of Legislative Audit further recommended that the termination date of the board be extended to June 30, 2017.

The Board of Governors of the Alaska Bar Association is currently scheduled to terminate on June 30, 2009, and would have one year to conclude its administrative operations unless the legislature acts this session. House Bill 88 will extend the termination date for the Board of Governors of the Alaska Bar Association for another eight years.



ALASKA COURT SYSTEM
State of Alaska
Office of the Administrative Director

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Deputy Administrative Director

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cchristensen@courts.state.ak.us

November 20, 2008

Pat Davidson
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, Alaska 99811-3300

RECEIVED
NOV 25 2008
LEGISLATIVE AUDIT

Re: Preliminary Audit Report
Board of Governors of Alaska Bar Association
Sunset Review, November 8, 2008

Dear Ms. Davidson:

Thank you for the opportunity to offer a written response to the findings and recommendations contained in the above-referenced preliminary audit report. This response represents the views of the Administrative Office of the Alaska Court System (AOC).

The AOC takes no position on the findings and recommendations directed at the Board of Governors of the Alaska Bar Association. We agree with the conclusion that the Board protects the public by ensuring that persons licensed to practice law are qualified. We also concur in the recommendation to the legislature that the termination date of the Board be extended to June 30, 2017.

However, we take issue with the auditor's comments beginning on page 11. Those comments go beyond the scope of the audit by making conclusory observations about the merits of self-regulation by the Bar, and suggesting that attorney discipline in Alaska could be a government function. Specifically, it is suggested that the following options be considered:

- Disciplinary investigations performed by Alaska Court System employees
- Place disciplinary function under the Supreme Court with a Disciplinary Board appointed by the court

The historical record shows that attorney discipline has always been a matter of importance to the supreme court. In fact, when the supreme court first asserted control of the Bar over the Bar's strenuous objection in 1964, it did so by promulgating rules governing the discipline of attorneys, among other things. See *In the Matter of an Application for an Order Vacating ALASKA SUPREME COURT ORDERS NO. 64, 68, 69, 70 and 71, and Other Relief*, 395 P.2d 853 (Alaska 1964). Public confidence in the process of attorney discipline is essential.

Equally important, however, is the need to keep separate the prosecutorial and adjudicative functions inherent in attorney discipline. Under our system of government, it is imperative that those who have the duty of charging transgressors and proving their guilt do not have the final say in determining that guilt. As currently designed, the system of attorney discipline keeps a wall between those two roles. It is the Bar which has the duty to investigate and prosecute allegations of attorney misconduct, to make preliminary findings, and to recommend punishment. It is the supreme court which makes the final determination of guilt or innocence, and which makes the final determination regarding appropriate punishment.

The fundamental problem with placing the attorney discipline function within the court system is that the entity responsible for investigating and prosecuting attorney misconduct would also be the entity responsible for making the ultimate determination of guilt or innocence. As the final adjudicative body for cases decided under the Alaska Constitution, it is inappropriate for the supreme court to exercise both executive and judicial powers in disciplinary matters.

There may be other states in which the supreme court exercises both prosecutorial and adjudicative authority. However, that does not mean that it is good public policy to do so, or that doing so is consistent with the fundamental principles under which our system was intended to operate. Administrative convenience is not an adequate justification for this consolidation of government power.

If it is ever determined that the current system of attorney discipline does not work adequately and needs to be changed, a better model would be the one utilized by the Judicial Conduct Commission. This commission is part of the judicial branch of government, not the court system, and as such it is independent of the supreme court. The commission engages in investigatory and prosecutorial tasks when allegations of judicial misconduct are made, and makes recommendations to the supreme court. The supreme court exercises the judicial function, serving as the final arbiter of guilt or innocence.

It is true that a separate disciplinary entity such as this could be paid for by Bar dues and have no cost to the general fund at this time. However, the persons staffing said agency would be new state employees. The legislature has demonstrated an intent in recent years to limit the addition of permanent, full-time state employees, and absent concrete evidence that the current system does not adequately serve the public interest, it may be disinclined to create a new state bureaucracy.

Thank you for providing the opportunity to comment on this audit. Please feel free to contact me if you have any questions.

Very truly yours,

C. S. Christensen III
Deputy Administrative Director

ALASKA BAR ASSOCIATION

December 2, 2008

RECEIVED
DEC 02 2008
LEGISLATIVE AUDIT

Pat Davidson
Legislative Auditor
c/o Division of Legislative Audit
4341 B Street, Ste. 400
Anchorage, AK 99503

Dear Ms. Davidson:

Thank you for the thorough sunset review of the Alaska Bar Association and the opportunity to respond to your preliminary audit report.

Sunset and Fiscal Note

The Board concurs with extending the sunset date of the Alaska Bar Association Board of Governors until June 30, 2017.

There will be no fiscal note attached to any bill filed with the legislature to extend the sunset date of the Board of Governors, as the Bar Association will not be seeking any state funding for its operational costs. The Bar Association has obtained state funding only during the limited time frame between 1981 and 1986, and only for the per diem and travel expenses of the three public members who sat on the Board. For the past 22 years, the Bar Association has paid those expenses without state funding.

As noted in the audit, the operations of the Bar Association are funded entirely by Bar members through bar dues, admission fees, Continuing Legal Education seminar fees, Lawyer Referral Service charges, convention fees, and interest income. Ironically, a decision to sunset the Bar would have a multi-million dollar fiscal impact to the state.

Response to Recommendation No. 1: The Supreme Court has adopted an MCLE rule and will review the program in three years.

The Alaska Supreme Court adopted an MCLE rule in December 2007, effective January 1, 2008. Bar Association members will be required to report for the first time by February 1, 2009.

The MCLE rule requires that all active Bar members complete at least three hours of ethics CLE per year and report that they have done so. Members must also report whether they have completed nine hours of general CLE, and if they have not done so, they must report the estimated hours of general CLE that they did complete.

In their commentary to the rule, the Supreme Court stated that "To protect the public, ensure that lawyers remain mindful of their obligations to their clients, and to address the area about which the Association receives the majority of questions from and complaints about lawyers, the Supreme Court is imposing a mandatory requirement for ethics CLE on all active Bar members."

The Court also stated that "At the end of three years, the Supreme Court will again assess the project's results, including recommendations and statistics provided by the Association, and will determine whether an expanded mandatory CLE program is necessary."

At the end of the three year period, the Association will have the benefit of its experience in administering the mandatory ethics and reporting program. It will be able to determine what issues and problems have arisen and will also allow the Association time to educate Bar members about complying with the educational and reporting requirements.

The Association has hired a part-time MCLE Administrator to administer the program. In addition, the Association is offering a free ethics CLE program on November 5, 2008, in accordance with the Supreme Court's wish that the Association provide at least three hours a year of ethics CLE at no cost to members. This program will be available in a variety of formats: live, via webcast or on DVD.

Response to Recommendation No. 2. We agree that Lawyer Public Discipline History should be available on the Alaska Bar Association website.

The legislative auditor notes that the Alaska Bar Association has joined a consortium of other state and local bars aimed at replacing our database with a new member management system. This will include a module specifically for lawyer discipline data. This system will provide a means to post public discipline information on the Bar's website.

It has been the Bar's goal since the website was first launched in 1998 to post public discipline information.

Like many computer programming projects, the implementation of the new database is taking longer than originally anticipated. Issues include the need to modify and test programs that are unique to Alaska. The new MCLE requirement also took priority over the implementation of other program modules, such as discipline.

In addition, the fact that only a minority of states publish their lawyers discipline list on their websites indicates the difficulty many states have in automating this information. Timeliness and accuracy are essential to this process.

The Board agrees that having public discipline information available on our website is a desirable goal and we will continue to work to that end. We anticipate that the new discipline module, including online reporting of public discipline, will be operational in the coming 12 – 18 months.

Response to Recommendation No. 3. We agree that the Bylaws of the Alaska Bar Association should be modified to specifically include conference call meetings of the Board and to provide for reasonable public notice of those meetings.

From time to time the Board of Governors finds it necessary to call meetings between regularly scheduled Board meetings to take up specific items which should not be delayed until the next Board meeting. The Board limits its action to those items listed in the call of the meeting.

Bar staff recognizes that the conference call meetings since June 30, 2006 did not meet the 30 day public notice requirement for Board meetings. However, the need for a conference call meeting of the Board is often realized only a week or two in advance, and therefore, it could not meet the 30 day notice requirement.

The staff will draft a proposed amendment to the Bylaws, to be taken up by the Board of Governors, to provide that the President may call a conference call meeting of the Board as appropriate to conduct business as necessary between regularly scheduled Board meetings. This will recognize conference calls as a unique type of Board meeting, and, in

accordance with AS 44.62.310(e), the proposed Bylaw will state that "reasonable public notice" will be given.

The Bylaws will also be amended to clarify that Board of Governors meetings, as well as Association meetings, are governed according to Roberts Rules of Order, Newly Revised. The Board has operated under these rules, but this will be clearly stated in the Bylaws.

Matters "not accepted" for investigation.

Page 17 states that 80% of the grievances received were not accepted for investigation due to lack of merit. While formal investigations were not conducted, these matters were thoroughly reviewed by discipline section staff counsel with expertise in attorney grievance matters and both complainants and respondent attorneys were informed in writing of the reasons that the matters were not accepted for investigation.

Concluding Comments: Lawyer self-regulation has been effective and efficient in Alaska.

The overall conclusion of the audit is that the Board effectively serves the public interest through its lawyer admission and discipline process. We also believe that lawyer self-regulation is working very effectively and efficiently in Alaska. To its credit, the Alaska Bar Association has one of the most aggressive and effective discipline systems in the country.

In 2006, the Bar Association conducted an e-mail and phone survey of the members of the National Organization of Bar Counsel whose members staff disciplinary jurisdictions nationwide. Of the 48 states the Bar was able to contact, 26 indicated that they were not state government agencies.

As reported in our December 16, 2005 response, 13[1] jurisdictions, in addition to Alaska, indicated that they were not state government agencies under their supreme courts; 13[2] generally indicated that they were considered creations of their supreme courts, but either not

[1] Alabama, Arizona, Hawaii, Idaho, Kentucky, Montana, Nevada, North Carolina, Oregon, South Dakota, Utah, Washington, and Wyoming.

[2] Arkansas, Florida, Idaho, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, North Dakota, Pennsylvania, and West Virginia.

considered state government agencies or state employees; and, 22[3] indicated that they were state government agencies under their supreme courts.

Based on this survey, Alaska is not unique in its approach to attorney discipline. Indeed, because the Bar Association performs these vital functions under the supervision of the Alaska Supreme Court, its system is similar to those in place in a significant number of other state jurisdictions.

We believe that there would be significant additional costs to both the court and the Bar Association if the attorney discipline system in Alaska was carried out by a government agency. Currently, the Bar Association has one bar counsel, two assistant bar counsel, one paralegal, two legal secretaries, and two other employees of the Bar who provide support to the discipline system in addition to their other Bar duties.

Currently these employees have the benefit of shared costs of office space, conference room, computer system, telephone system, copy machines, etc. with the rest of the Bar staff. In addition, the Bar's system administrator provides computer support to all Bar employees. If the discipline employees were split off from the Bar Association, they would lose the benefit of this shared functionality and they would have to purchase and maintain separate space and equipment.

Currently discipline hearings are heard by a members of a volunteer committee made up of attorneys and public members. If discipline were split off from the Bar Association, the state would need to staff this function with state hearing officers.

Currently bar counsel supervises the assistant bar counsel and discipline staff, as well as handling such other discipline matters as reinstatement, etc. He also handles approximately 800 calls a year giving informal ethics advice to members of the Bar. If a new state agency had less than three lawyers on staff, this valuable service would not be feasible and the current caseload would likely see a dramatic increase in processing time. The discipline section would also lose the assistance of the two staff persons who provide other support to the discipline section.

---

[3] California, Colorado, Connecticut, Delaware, Georgia, Illinois, Indiana, Louisiana, Minnesota, Nebraska, New Hampshire, New Jersey, New Mexico, New York, Ohio, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, and Wisconsin.

Meanwhile, the Board of Governors would still need to have its own staff counsel, so the Bar Association would still have the expense of a lawyer and legal secretary on its staff.

There would also be additional expense if there was a Disciplinary Board separate from the Board of Governors. Currently, the Board of Governors acts as the Disciplinary Board at its regularly scheduled board meetings. The budget for the Board travel is included in the Board of Governors budget, and is not included as part of the discipline budget, so Discipline Board meetings would be a new expense.

The cost to Bar members to support additional staff, separate offices and equipment and separate Boards would mean a significant increase in bar dues, the addition of a separate disciplinary assessment, or that these expenses come out of the state general fund.

We believe that the subjective benefit of splitting out the discipline function from the Bar is outweighed by the practical and economic realities.

It is also our belief that the present management system of the Bar provides a blend of private and governmental functions, insuring both accountability and good management. For example, the Bar is an instrumentality of the state and subject to legislative audits. Its meetings are open to the public. Members of the public sit on discipline hearings and fee arbitration panels as well as on the Board of Governors. Its rule making and discipline functions are overseen by the Supreme Court, which assures a sound investigative and judicial process of discipline. Finally, the statewide lawyer membership on the Board also ensures that the Bar Association is both responsive to the needs of its members, and qualified to address such issues as admission standards and peer review.

Reserves of the Alaska Bar

The Board has a policy to hold a working capital reserve in an amount equal to four month's expenses ($212,500/month or $850,000.) However it is not unusual for a non-profit association to hold a reserve in an amount equal to six to nine months of expenses. (Ranging from $1,275,000 - $1,912,000.)

Unlike state agencies, the Bar cannot request supplemental appropriations from the Legislature or pool resources if an unexpected event occurs which would incur significant financial expense. The Board also needs to be able to "save" for the financial viability of planned projects or events. For example, the Bar is in the process of replacing its entire database, a multi-year project that will cost nearly $200,000.

Between 1981 and 2005, Bar dues had only been raised twice: from $310 to $450 in 1994; and, from $450 to $550 in 2005.

At the October 2007 meeting, the Board of Governors approved the first bar dues reduction in the history of the Alaska Bar Association. To make the reduction, the Board voted to change a twenty-five year old budget policy that increased the unappropriated capital to offset future year deficits, deferring an increase in bar dues. Now the Board will budget on a "pay as you go" basis. This resulted in an approved draw down of the then $1.2 million unappropriated capital by approximately $400,000 for 2008. Active members of the bar saw their 2008 dues decrease to $410. 2008 inactive member dues were $135.

The Board reviewed the 2009 budget at the October 2008 meeting and voted to set 2009 active member bar dues at $450 (plus $10 for the Lawyers' Fund for Client Protection) and inactve dues at $150. This will result in an estimated loss in 2009 of $340,697, leaving a projected estimate of unappropriated capital of $670,536 at the end of 2009.

Lawyers' Fund for Client Protection

Every year, Bar members each pays ten dollars to the Lawyers' Fund for Client Protection. This is a trust fund which serves as a safety net primarily for clients who have suffered monetary losses as a result of dishonest acts by their lawyers. This Fund currently has $1,122,144. These funds are designed to protect the public and cannot be used for general operating expenses.

To date in 2008, $28,100 in claims was awarded to clients of attorneys who were found to be dishonest in their dealings with the clients. $127,235 was awarded in 2007 and $31,972 was awarded in 2006.

As an instrumentality that predates the ratification of the Alaska Constitution, the Alaska Bar maintains these funds under Article IX, Sec.

7 of the Alaska Constitution. It is unclear whether the Bar could continue to do so if portions of its powers were split to a state agency.

Again, thank you for the opportunity to comment on the audit report. We trust that our response has been helpful, and that it demonstrates the Board's continuing commitment to improving the legal profession and service to the public.

Sincerely,
Alaska Bar Association

Deborah O'Regan

for Mitchell Seaver
President

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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November 4, 2008

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

BOARD OF GOVERNORS OF THE
ALASKA BAR ASSOCIATION
SUNSET REVIEW

November 4, 2008

Audit Control Number
41-20057-08

The audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently, under AS 08.03.010(c)(2), the Board of Governors of the Alaska Bar Association is scheduled to terminate on June 30, 2009.

In our opinion, the termination date for this board should be extended. The regulation and licensure of attorneys contributes to the protection of the public's welfare. We recommend the legislature extend the termination date to June 30, 2017.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology.

Pat Davidson, CPA
Legislative Auditor

4251

TABLE OF CONTENTS

	Page
Objectives, Scope, and Methodology	1
Organization and Function	3
Report Conclusions	5
Findings and Recommendations	7
Auditor's Comments	11
Analysis of Public Need	13
Appendices	
Appendix A – Financial Statements	23
Appendix B – Discipline Statistics	29
Appendix C – Bar Examination and Admission Statistics	31
Appendix D – Attorney Referrals	33
Agency Response	
Alaska Court System	35
Alaska Bar Association	39

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Governors of the Alaska Bar Association (board). Under AS 44.66.050(a), the legislative committee of reference is to consider this report during the legislative oversight process to determine whether the board's termination date should be extended. Currently, AS 08.03.010(c)(2) requires the board to terminate on June 30, 2009. If the legislature takes no action to extend the termination date, the board will have one year from that date to conclude its operations.

Objectives

There are four central objectives of our report. They are:

1. To determine if the termination date for the board should be extended.

2. To determine if the board is operating in the public's interest.

3. To determine if the board has exercised appropriate oversight of licensed members of the Alaska Bar Association (Bar).

4. To provide a current status on the recommendations made in the prior report.

The assessment of the operations and performance of the board was based on criteria set in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the board.

Scope and Methodology

Our review focused on the continuing legal education requirement, discipline function provided by the Bar, as well as board proceedings. Our audit reviewed board operations and activities from July 1, 2006 through June 30, 2008.

We reviewed and evaluated the following:

- Applicable statutes, Alaska Bar Rules, Alaska Rules of Professional Conduct, and Bar bylaws

- Board minutes

- Bar annual reports

- Attorney discipline files
- Audited financial statement of the board

In addition, we conducted interviews of the board president, staff, including the executive director, board counsel, director of continuing legal education, and comptroller.

ORGANIZATION AND FUNCTION

The practice of law in the State of Alaska is regulated by the Board of Governors of the Alaska Bar Association (board). The board consists of 12 members including nine attorneys elected by the active membership of the Alaska Bar Association (Bar) and three non-attorney public members that are appointed by the governor and confirmed by the legislature in joint session.

The powers and duties of the board are conferred by the Alaska Integrated Bar Act (AS 08.08), the Alaska Bar Rules, and the Rules of Professional Conduct which are promulgated by the Alaska Supreme Court. The purpose of the board includes the following: to cultivate and advance the science of jurisprudence, to promote reform in the law and in judicial procedure, to facilitate the administration of justice, to encourage continuing legal education (CLE) for the membership, and to increase the public service and efficiency of the Bar.

Exhibit 1

The Board of Governors of the Alaska Bar Association (as of October 20, 2008)
Mitch Seaver, President ***First Judicial District***
Sidney K. Billingslea, President-elect ***Third Judicial District***
Don McLean, Vice-president ***Public Member***
Jason A. Weiner, Treasurer ***Second/Fourth Judicial District***
Christopher R. Cooke, Secretary ***Third Judicial District***
Carl Ekstrom ***Public Member***
William A. Granger ***Public Member***
Donald W. McClintock ***Third Judicial District***
Allison Mendel ***Third Judicial District***
Hanna Sebold ***First Judicial District***
Krista S. Stearns ***Third Judicial District***
John J. Tiemessen ***Second/Fourth Judicial District***

The two primary functions of the Bar are the admission and discipline of its members. To accomplish these and other functions, the Bar operated with a 2008 budget of $1,983,738. Funding is provided primarily by membership dues ($410 per year), admission fees, lawyer referral fees, CLE charges, administrative discipline fees, and interest income.

Admission Function The board is responsible for screening applicants for admission to the Bar. The board certifies to the Supreme Court that all successful applicants are fit to practice law. The board appoints an executive director who is responsible for directing all staff functions, including the oversight of the admissions function.

Discipline Function The board is responsible for investigating grievances against all members of the Bar. The board appoints the discipline counsel. This counsel is responsible for oversight of all disciplinary actions taken against the Bar's membership and provides an ethics course that is required for all applicants. The board selects hearing committee members from a group of individuals in each judicial district

appointed by the Chief Justice of the Supreme Court. The board is also responsible for issuing reprimands when warranted, and for recommending the Supreme Court impose disbarment, suspension, probation, or public censure when appropriate.

Miscellaneous Functions The Bar also performs a wide variety of miscellaneous functions that include providing classes for and accrediting CLE providers, a lawyer referral service, client mediation, and fee arbitration with clients. In conjunction with the Alaska Legal Services Corporation, the Bar sponsors the Alaska Pro Bono Program. The Bar provides a number of other member services including attorney liability protection, group insurance, the *Alaska Bar Rag*, ethics opinions, and alcohol and drug counseling. In addition, the association provides grants through the Alaska Bar Foundation from earnings of interest on the lawyers trust account program. These grants are used to support legal services for the economically disadvantaged and improve the administration of justice.

The Bar's office is located in Anchorage and is currently staffed by 19 full-time and job-share employees.

The board's decision involving examination and discipline may be appealed to the Alaska Supreme Court. The Alaska Supreme Court issues the order of admission to the Bar and lawyer disciplinary sanctions involving disbarment, suspension, probation, and public censure.

REPORT CONCLUSIONS

In our opinion, the termination date of the Board of Governors of the Alaska Bar Association (board) should be extended. The regulation and licensing of qualified attorneys contributes to the protection of the public's welfare.

The board, through the Alaska Supreme Court, protects the public by ensuring that persons licensed to practice law are qualified. It also provides for the investigation of complaints and has established a disciplinary process designed to promote licensed individuals to act in a competent and professional manner. Chapter 58, SLA 2005 amended AS 08.03.020(c) to increase from four to eight years the period for which a board scheduled for termination may be continued or reestablished by the legislature. As such, we recommend that the legislature extend the termination date of the board to June 30, 2017.

FINDINGS AND RECOMMENDATIONS

In the prior audit, *Board of Governors of the Alaska Bar Association, Follow Up, September 15, 2006*, (Audit Control No. 41-20050-06), there were three recommendations, one of which has been fully implemented. The implemented recommendation was to adopt a due date for timely issuance of annual reports. The recommendation was resolved at the board's September 7, 2006 meeting where the board voted to amend their Standing Policies, setting April 15 as the due date for the completion of the preceding year's annual report. Review of the 2006 and 2007 annual report documentation confirmed they were completed prior to the April 15 due date.

The recommendation to adopt mandatory minimum continuing legal education (CLE) for attorneys is partially implemented and is reiterated as Recommendation No. 1

The final recommendation, which relates to the Alaska Bar Association (Bar) developing a database of disciplined lawyers, has not been addressed and is reiterated as Recommendation No. 2. In addition, review of board meeting proceedings resulted in noted deficiencies. The deficiencies are further discussed in Recommendation No. 3

Recommendation No. 1

The board should recommend to the Alaska Supreme Court that mandatory minimum CLE for attorneys be adopted.

Prior Finding

CLE for attorneys is voluntary rather than required. The Supreme Court adopted voluntary CLE under Bar Rule 65 in 1999. It encouraged all active members of the Bar to complete at least 12 credit hours of approved CLE, including one credit hour of ethics. Incentives, such as reduction of Bar dues and eligibility to participate in the Lawyer Referral Service, are authorized to those who comply with the Bar rule.

Forty-one legal jurisdictions in the United States have a mandatory CLE requirement for attorneys desiring to practice law in their jurisdiction. Mandatory CLE requirements range from 8 to 27 credit hours per year with the majority of the jurisdictions requiring between 12 and 15 hours. Specific course requirements vary.

Most professions require continuing education to maintain licensure in Alaska. For example, Alaska-licensed dentists, doctors, pharmacists, and psychologists are required to meet minimum continuing education standards.

Overall, we believe a mandatory minimum CLE requirement will enhance the membership's continued professional competence and raise the public's confidence in attorneys. The board should encourage the Supreme Court to adopt an Alaska Bar Rule requiring mandatory minimum CLE.

Legislative Audit's Current Position

The board voted at their September 7, 2006 meeting to send the mandatory CLE rule, as published, to the Alaska Supreme Court. Based on this rule, the Alaska Supreme Court amended Alaska Bar Rule 65 through Supreme Court Order No. 1640, to require all members to complete three credit hours of mandatory ethics continuing legal education (MECLE) per year. In addition to MECLE, all members are encouraged to complete nine credit hours of approved voluntary continuing legal education (VCLE). Members must certify with the Bar that they have completed the required MECLE and provide the number or an estimated number of completed VCLE.

The Supreme Court Order No. 1640 also added Alaska Bar Rule 66 for the suspension of members who have not complied with completing the required MECLE or members who failed to report the MECLE and VCLE for the year. These rules became effective January 1, 2008.

The mandatory ethics requirement does not fully achieve the goal of promoting competency and professionalism in members of the Bar. Although ethics education is part of the goal, requiring CLE, as opposed to encouraging VCLE, will strengthen the public's confidence that attorneys are professional and competent. Therefore, we reiterate our prior recommendation.

Recommendation No. 2

The board should consider developing a database of disciplined lawyers in the Bar's website.

Prior Finding

While current procedures are adequate, the board could increase efficient and effective communication of lawyer discipline to the public by publishing their discipline list on the Bar's website.

Board procedures provide for public notice of all attorneys who have been disbarred, suspended, put on probation, publicly censured, or reprimanded. Currently, the board publishes the names of these attorneys in four major newspapers throughout the State, the local newspaper where the attorney practiced, the *Alaska Bar Rag*, and in the board's annual report. Notice of all disciplines imposed by the court, all orders granting reinstatements, and all public reprimands are also transmitted to the American Bar Association National Lawyer Regulatory Data Bank. These are long-standing means of providing public notice; however, 15 states currently also publish their lawyers discipline list on their websites.

The board should consider developing a database for the Bar's website of the disciplines imposed against lawyers. It would be an effective medium in addition to the others used to inform the public of lawyers who have been disciplined. It would enhance public notification and client protection through increased accessibility of discipline information.

Legislative Audit's Current Position

In their response to the prior recommendation, the board agreed that having public discipline information available on its website was a desirable goal and that they would work to that end. Although some steps have been taken towards the possible implementation of our recommendation, attorney discipline information is not yet available from the Bar's website.

The board stated in the prior recommendation that the new discipline module of the replacement database, including online reporting of public discipline would be operational in the summer of 2007. However, due to changing priorities, the Bar has not started implementing the discipline module, though it is tentatively scheduled for early 2009.

Legislative Audit's position remains unchanged. We continue to believe the board should develop a database of disciplined lawyers to which access is provided the public via the Bar's website.

Recommendation No. 3

The board should adhere to existing public notice requirements for all meetings or modify the bylaws to clearly address conference call board meeting procedures and public notice requirements.

The board, as the governing body of the Bar, is vested with the power and authority to adopt regulations and policies concerning activities, affairs, and organization of the Bar, as well as collect and disburse all monies of the organization. In order to achieve these responsibilities, the board meets at least four times during the year. In addition to the four regular meetings, the president may, or upon written request of three governors, call emergency meetings. Public notice for regular and emergency meetings must be provided at least thirty and three days prior to the meeting, respectively. The proceedings for these board meetings are outlined in the Bar bylaws under Article IV specific to the board.

Since June 30, 2006, there were eight regular and five conference call board meetings. None of the conference call meetings met the public notice requirements for board meetings. There appears to be some confusion by the board as to the public notice requirements for conference call meetings.

The bylaws do not identify conference call meetings as a unique type of board meeting with unique public notice requirements; therefore the board should adhere to the public notice requirements for regular board meetings. Adequate public notice of meetings is necessary to allow for maximum public participation in public activities.

If the board believes the conference call meetings are inherently different from regular meeting then the bylaws should be modified to clearly address conference call board meetings to ensure the appropriate procedures are followed and the public receives adequate notice for such meetings.

AUDITOR'S COMMENTS

The sunset process allows for an objective and independent review of various boards and commissions to determine if the public need for protection continues to exist and if the entity is satisfying that need. The overall conclusions of our review are that the Board of Governors of the Alaska Bar Association (board) is operating in the public interest and that there is a continuing public need for the attorney admission and discipline functions of the Alaska Bar Association (Bar). Nevertheless, an overall evaluation of the basic approach to these functions should be undertaken from time to time. Whether the discipline function is to be controlled by government or by attorneys is a policy-level determination that should be carefully considered by the Supreme Court, the board, and the legislature. The following comments are intended to assist in such consideration.

Self-regulation, whether by industry or profession, has always been viewed skeptically by the citizenry. There is often a perception of conflict of interest in whether actions are for the benefit of the organization's membership or for the citizens' benefit. The attorney discipline system of the Bar is a self-regulatory function that may suffer from this public perception.

The board is comprised of twelve members, of which nine are attorney members elected by the Bar's membership and three public members appointed by the governor. As the majority is elected by the membership, the Bar's discipline activities will likely be perceived as self-regulation.

We believe that the attorney discipline system in Alaska could be a government function. The American Bar Association concurs and, in fact has recommended that the disciplinary function of state bars be under the direct control of the Supreme Court. The American Bar Association's *Model Rules for Lawyer Disciplinary Enforcement,* August 1993,[1] recommended the following:

> *The disciplinary system should be controlled and managed exclusively by the state's highest court and not the state or local bar association...the disciplinary process should be directed solely by the disciplinary policy of the court and its appointees and not influenced by internal politics of the bar association... the disciplinary system should be free from even the appearance of conflicts of interest or impropriety.*

The following options should be considered in a move away from attorney self-regulation:

- Disciplinary investigations performed by judicial branch employees.

[1] The *Model Rules for Lawyer Disciplinary Enforcement,* August 1993 was amended on August 5, 1996, on February 8, 1999 and on August 12, 2002. The 1993 recommendation is in the commentary under Rule 2.

4262

- Disciplinary function placed under the Supreme Court with a Disciplinary Board appointed by the court.

There should be no general fund net cost to either of these options. They would be paid for by attorney licensing fees, the same as they currently are, and as they are for other occupations. Fees are established such that full costs are recouped.

From a citizen's perspective, there are no advantages to allowing the legal profession to self-regulate. However, there will always be the disadvantage of at least the perception of inadequate discipline. In a move away from self-regulation, the legal profession and the State's citizens would likely benefit.

ANALYSIS OF PUBLIC NEED

The following analyses of the Board of Governors of the Alaska Bar Association (board) activities relate to the public-need factors defined in AS 44.66.050(c). These analyses are not intended to be comprehensive, but to address the areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission, or program has operated in the public interest.

The board admits applicants to practice law through an examination process that was designed in consultation with a national expert. The board also admits members by motion for reciprocity. This option is limited to attorneys in the active practice of law for five of the last seven years in states with which Alaska has a reciprocal agreement.[2]

Additionally, the Alaska Bar Association (Bar) also provides services that are more typically provided by professional associations rather than regulatory agencies. These include:

- The Bar has a committee to administer the Lawyers' Fund (fund) for Client Protection. This fund receives $10 from each active member's annual dues. The fund is used to reimburse clients for losses[3] caused by dishonest conduct[4] of a lawyer which is not covered by insurance or fidelity bond, whether of the lawyer or the client. The maximum amount payable to any individual is the lesser of $50,000 or 10% of the fund amount at the time of the award. The aggregate maximum amount that may be paid to all claimants under a fee arbitration case arising from the dishonest conduct of a particular lawyer is $200,000.

- Since 1976, the Bar has maintained a fee arbitration process allowing a client to resolve attorney fee disputes that have not been determined by statute or court rule or decision. For fee disputes of $5,000 or less, the process provides for a single arbitrator. Disputes over $5,000 are heard by a three-member panel that consists of two attorneys and one

[2] As of June 30, 2008, the Alaska Bar Association has reciprocal agreements with 33 states.

[3] Reimbursable losses are losses of money, property, or other things of value caused by the lawyer when: (1) acting in a fiduciary capacity customary to the practice of law, such as a administrator, executor, trustee, guardian or conservator; (2) acting as an escrow holder; or (3) filed within three years after the claimant knew or should have known of the dishonest conduct of the lawyer (Alaska Bar Rule 45).

[4] Alaska Bar Rule 45 defines dishonest conduct as,

> *. . .wrongful acts committed by a lawyer in the manner of defalcation or embezzlement of money, or the wrongful taking or conversion of money, property or other things of value.*

4264

public member. Failure by an attorney to participate in this process may be grounds for disciplinary action.

- The Bar also offers a mediation process that attempts to resolve the differences between attorneys and their clients. This process is not used when the issues are of a very serious nature such as allegations of intentional dishonesty, material misrepresentation, or the alleged conduct could lead to suspension or disbarment. Mediation requires the approval of both parties and the Bar counsel. The agreement is considered a contract and is legally enforceable in court.

- The Bar operates a lawyer referral service funded by enrollment fees from participating members. Members of the public can call an instate toll free number and obtain the names of three attorneys who have listed themselves as practicing law in a certain field. Lawyer referral service statistics are shown in Appendix D.

- The Bar provides grants to support legal services for the economically disadvantaged. Through the Alaska Bar Foundation, the earnings from the interest on Lawyers Trust Account are used to improve the administration of justice.

- The Bar jointly sponsors the Alaska Pro Bono Program with the Alaska Legal Services Corporation in which attorneys provide free legal advice to low-income Alaskans.

- The Bar also has a Lawyer Assistance Committee that provides assistance and counseling to members of the Bar, their families, or business associates when it appears a Bar member has substance abuse problems.

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

The operations of the board are funded entirely by the membership through dues, admission fees, continuing legal education charges, lawyer referral fees, convention fees, and interest income. In September 2005, the board adopted an amendment to Bylaw III, Section 1(a) which states that, "*the annual membership fee for an active member is the amount approved by the board.*" Thus, the board can set the dues amount in accordance with the operating expenses and number of Bar members.

The 2008 budgeted revenue is $1,983,738. The Bar has cumulative net assets of $3,496,544 as of the end of calendar year 2007. The net assets include approximately $1.1 million for the Lawyers' Fund for Client Protection. This fund is for clients who have suffered monetary losses as a result of dishonest acts by their lawyer. These funds are designed to protect the public and cannot be used for general operating expenses.

The maintenance of substantial net assets is not consistent with the other professions regulated by the State, under the jurisdiction of the Department of Commerce, Community, and Economic Development (DCCED) – Division of Corporations, Business, and Professional Licensing. Those professional fees are required by statute to be set so the total fee collections approximately equal the actual regulatory cost of the occupation. As the Bar is not included in DCCED's organizational structure, the ability to pool resources and meet funding shortages is not available. Although the Bar's funding needs are greater, the net assets are still substantial.

In order to address the cumulative net assets, the board voted at the end of 2007 to reduce the active members' due from $550 to $410, effective in the 2008 membership year. The Bar anticipates that with the reduction in membership dues net assets will be reduced by approximately $400,000 per year.

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

Although the board has a Statutes, Bylaws, and Rules Committee, consisting of 12 members responsible for drafting proposed revisions of the statutes, bylaws, and rules which govern the activities of the Bar, the board has not recommended any statutory changes during July 1, 2006 through June 30, 2008. However, the board has been active in the process of evaluating and revising the Alaska Bar Rules, bylaws, and Rules of Professional Conduct that govern Bar policies and procedures.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

The Bar's membership is involved in its operations. This operation may include service on one of the ten standing committees or five Alaska Bar Rules committees. It may include participation in one of 23 sections or groups of members with similar specialization (bankruptcy, criminal law, etc).

In addition to the above committees, members of the Bar may be appointed to serve in an adjunct organization, such as the Alaska Legal Services Corporation. Also, special committees are established from time to time by the president with the advice and consent of the board.

The Bar publishes all proposed changes to the Alaska Bar Rules in its quarterly publication, the *Alaska Bar Rag,* which is distributed to all members of the Bar and to interested members of the public. Members are asked to submit any and all comments on proposed rule changes for review by the board.

The board advertises board meetings on the Alaska Public Online Notice system and on the Bar's website. Members of the general public are encouraged to make comments and adequate time is allotted at all meetings.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

In addition to the three public members who serve on the board, non-attorneys serve on disciplinary hearing committees and fee arbitration panels throughout the State.

As mentioned above, the Bar publicly advertises meetings of the board. Time is allotted at all board meetings for public comments. However, some board meetings did not have adequate public notice. Further discussion on public notice of the conference call board meetings is in Recommendation No. 3.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

The Bar is an instrumentality of the State, but is not administratively assigned to any department. However, the Alaska Supreme Court exercises a great degree of oversight. Two complaints specifically involving the actions and activities of the board were filed with and investigated by the Office of the Ombudsman during July 1, 2006 through June 30, 2008. The investigations were closed due to the Ombudsman not having jurisdiction over the activities of the Bar.

There were no complaints filed with the Office of Victim's Rights against the board from July 1, 2006 through June 30, 2008.

The board has a lawyer discipline process for investigation of grievances alleging attorney misconduct. If a grievance does not result in an investigation being opened by the bar counsel, the complainant may ask for that decision to be reviewed by the board discipline liaison. Additionally the Supreme Court may review decisions made by the bar counsel or the liaison, though this is done rarely.

Sanctions are imposed on those found in violation of the Rules of Professional Conduct. The Supreme Court reviews only the most serious disciplinary actions, such as public censure, disbarment, suspension, or probation. Other disciplinary cases are not subject to Supreme Court review. These sanctions would include written private admonition and board reprimand. This process for professional discipline was developed through a cooperative effort of the Alaska Supreme Court, the board, Bar staff, and a review team from the American Bar Association's Standing Committee on Professional Discipline.

The Bar receives an average of 228 complaints annually. Analyses of the complaints filed during July 1, 2006 through June 30, 2008 shows that all were reviewed, but relatively few were pursued beyond the initial investigation. Approximately 80% of the grievances received were not accepted for investigation due to lack of merit. The Bar estimates that 10 to 15 appeals are reviewed annually by the board discipline liaison, and 1 or 2 reviews by the Supreme Court.

Over 650 grievances were filed during 2006, 2007, and 2008,[5] resulting in 143 cases being opened and the remaining grievances were not accepted. The investigations resulted in thirty-two cases[6] with sanctions against a total of twenty-one attorneys. Four attorneys were disbarred, seventeen were suspended, three were publicly and two were privately reprimanded, five received private admonition, and one was publicly censured. Discipline statistics are shown in Appendix B. Closure of grievance cases with sanctions such as disbarment, suspension, public censure, public reprimand, and admonition appear reasonable.

Board procedures provide for public notice of all attorneys who have been disbarred, suspended, put on probation, publicly censured, or reprimanded. The names of these attorneys are published in four major newspapers throughout the State, the local newspaper where the attorney practiced, the *Alaska Bar Rag*, and in the board's annual report. Notice of all disciplines imposed by the court, all orders granting reinstatements, and all public reprimands are transmitted to the American Bar Association's National Lawyer Regulatory Data Bank. However, as discussed in Recommendation No. 2, the board does not publish the names of lawyers who were suspended, disbarred, publicly reprimanded or censured on their website.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

The board admits applicants to practice law through an examination process that was designed in consultation with a national expert. Admission is contingent on the following:

- Passing the Alaska Bar Examination.
- Passing the Multi-state Professional Responsibility Examination.
- Passing character investigation to determine if the applicant is of good moral character.
- Attendance[7] of a mandatory three hour ethics presentation by the board.

[5] Complaints received for 2008 include January 1 through June 30.
[6] A single attorney may have multiple cases filed against them.
[7] This requirement may be fulfilled by watching the ethics videotape and signing an affidavit.

The board also admits members by motion for reciprocity. This option is limited to attorneys in the active practice of law for five of the last seven years in the 33 states with which Alaska has a reciprocal agreement.

Examination and admission statistics are shown in Appendix C.

Per Bar Rule 65, in order to promote competence and professionalism, the Alaska Supreme Court and the Bar encourage all members to engage in continuing legal education (CLE).

Supreme Court issued Order No. 1640, which amended Bar Rule 65, to require all active Bar members to complete three credit hours per calendar year of approved mandatory ethics continuing legal education (MECLE). In addition, all active Bar members are encouraged to engage in nine hours per calendar year of approved voluntary continuing legal education (VCLE). This order became effective January 1, 2008.

The Supreme Court Order No. 1640 also added Alaska Bar Rule 66 for the suspension of members who have not complied with completing the required MECLE or members who failed to report the MECLE and VCLE for the year.

The Bar offers CLE for its membership and maintains an educational library. The majority of live CLE programs are presented and video taped in Anchorage. For lawyers located outside of Anchorage, the Bar has regularly scheduled video replays in Juneau, Fairbanks, and Kenai. Also available are DVDs and CLE materials for purchase through the Bar's online CLE library catalog.

In 2006, the Bar partnered with the online CLE provider LegalSpan to develop online CLE seminars and live webcasting of selected programs. The Bar presented 10 live webcasts in 2007. All of the video taped live seminars are also available as online CLE through LegalSpan.

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

The board allows special accommodations for applicants who have been determined to have disabilities.

We did not find any evidence that the board was not complying with state personnel laws, including affirmative action in qualifying applicants for licensure. In no instance did the board deny an applicant a license based on personal attributes.

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Please refer to the Findings and Recommendations and Auditor's Comments sections of this report.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

Article I Section 3 of the Bar bylaws sets out the purposes of the Bar which are:

1. To cultivate and advance the science of jurisprudence.
2. To promote reform in the law and in judicial procedure.
3. To facilitate the administration of justice.
4. To encourage legal education for the membership.
5. To increase the public service and efficiency of the Bar.

To achieve these purposes, the Bar has established and maintains various committees and performs certain functions. For example, the Bar maintains a Law Related Education Committee to present programs to the community and school system to aid in the understanding of the law and legal system. The committee is divided into subcommittees in Anchorage, Fairbanks, Juneau, Kenai, Matanuska-Susitna, and other communities where the board president sees the need to appoint a subcommittee.

The board appoints three attorneys to serve staggered six-year terms on the Alaska Judicial Council (Council). The Council recommends candidates for judicial office and conducts studies for the improvement of the administration of justice in Alaska. Council members survey, investigate, and evaluate incumbent justices and judges standing for retention. The evaluation is published in the Lieutenant Governor's Official Elections Pamphlet. They are also involved in screening of applicants for the state public defenders' office.

The Bar's CLE committee, consisting of 15 members, assists the CLE director in overseeing the presentation of substantive legal education programs to educate Alaskan lawyers about developments in the field of law, and emphasize their ethical responsibilities. The Bar has conducted 68 live, 2 satellite, 15 webcasts, and 36 conventions for CLE presentations for 3,926, 4,820, and 1,976 attorney participants from calendar year 2006 through 2008,[8] respectively.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

[8] Data is presented as of June 30, 2008.

The board does not duplicate the activities of another governmental agency. However, many of its activities are those typically performed by a professional association. As discussed earlier, some of these more typical private sector activities include such things as fee arbitration, referral services, and sponsorship of a pro bono program.

APPENDICES

Alaska Bar Association
Funds

The Alaska Bar Association (Bar) maintains three separate funds for accounting and reporting purposes. These include a General Fund, the Lawyers' Fund for Client Protection, and the Court System Library Fund. The following describes these funds and their purpose.

- General Fund – This fund is the Bar's operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

- Lawyers' Fund for Client Protection – In accordance with Alaska Bar Rules promulgated by the court system, this fund is maintained solely for the purpose of making reimbursements to clients who have incurred non-insured losses of money or property as a result of dishonest conduct by attorneys. Related trustee counsel compensation may be paid from this fund under certain circumstances.

- Court System Library Fund – This fund is maintained by the Bar, pursuant to a cooperative agreement with the Alaska Court System and the Anchorage Bar Association. The purpose of the fund is to account for the portion of receipts generated from copying services provided in the Anchorage Law Library that are to be used for purchasing legal research resources for the Alaska Court Libraries as designated by the State Law Librarian.

The financial information of Bar funds is from the Bar's audited financial statements for 2007.

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4273

Appendix A

Alaska Bar Association
Statement of Financial Position
Calendar Year 2007

Assets	General Fund	Lawyers' Fund for Client Protection	Court System Library Fund	Total All Funds
Current Assets				
Cash	$ 534,056	$ 137,534	$ 23,472	$ 695,062
Investments	2,133,208	907,611	–	3,040,819
Accounts receivable	1,016,821	–	–	1,016,821
Accrued interest receivable	27,514	8,158	–	35,672
Due from general fund	–	58,287	–	58,287
Prepaid Expenses	92,744	–	–	92,744
Total Current Assets	3,804,343	1,111,590	23,472	4,939,405
Property and Equipment, at cost				
Office furniture and equipment	452,421	–	–	452,421
Leasehold improvements	94,898	–	–	94,898
Video tape library and equipment	7,587	–	–	7,587
Historical artifacts	3,750	–	–	3,750
Subtotal Property and Equipment	558,656	–	–	$ 558,656
Less accumulated depreciation	(486,130)	–	–	(486,130)
Total Property and Equipment	72,526	–	–	72,526
Total Assets	**$ 3,876,869**	**$ 1,111,590**	**$ 23,472**	**$ 5,011,931**
Liabilities and Net Assets				
Current Liabilities				
Deferred dues and fees	1,281,715	29,260	–	1,310,975
Accounts payable and accrued expenses	126,423	–	–	126,423
Due to other funds	72,965	–	–	72,965
Due to Bar Foundation	1,274	–	–	1,274
Total Current Liabilities	2,112,876	29,260	–	1,511,637
Net Assets				
Unrestricted (designated by the Board of Governors)				
Designated for Working Capital	800,000	–	–	800,000
Designated for Asset Acquisition	124,874	–	–	124,874
Undesignated	1,465,868	1,082,330	23,472	2,571,670
Permanently restricted	3,750	–	–	3,750
Total Net Assets	2,394,492	1,082,330	23,472	3,500,294
Total Liabilities and Net Assets	**$ 3,876,869**	**$ 1,111,590**	**$ 23,472**	**$ 5,011,931**

Appendix A

Alaska Bar Association
Revenues Compared with Expenses
Calendar Year 2007

	General Fund	Lawyers' Fund for Client Protection	Court System Library Fund	Total All Funds
Revenues				
Dues	$ 1,686,571	$ 29,043	$ –	$ 1,715,614
Admission Fees	150,850	–	–	150,850
Continuing Legal Education	136,404	–	–	136,404
Lawyer Referral Fees	41,593	–	–	41,593
Annual Meeting	134,557	–	–	134,557
Earnings on Investments	126,973	43,425	205	170,603
Other	235,298	14,727	2,140	252,165
Total Revenues	2,512,246	87,195	2,345	2,601,786
	–	–	–	–
Expenses	–	–	–	–
Admissions	182,457	–	–	182,457
Board of Governors	47,822	–	–	47,822
Discipline	664,488	–	–	664,488
Fee Arbitration	66,780	–	–	66,780
Lawyer Referral	52,504	–	–	52,504
Continuing Legal Education	327,828	–	–	327,828
Administration	492,382	–	–	492,382
Annual Meeting	112,091	–	–	112,091
Other	288,028	157,902	12	445,942
Total Expenses	2,234,380	157,902	12	2,392,294
	–	–	–	–
Increase (decrease) in net unrestricted assets	277,866	(70,707)	2,333	209,492
	–	–	–	–
Unrestricted Net assets at beginning of year:	–	–	–	–
	–	–	–	–
Designated for Working Capital	775,000	–	–	775,000
Designated for Asset Acquisition	130,239	–	–	130,239
Undesignated	1,207,637	1,153,037	21,139	2,381,813
Total at Beginning of Year	2,112,876	1,153,037	21,139	3,287,052
	–	–	–	–
Unrestricted Net assets at end of year:	–	–	–	–
	–	–	–	–
Designated for Working Capital	800,000	–	–	800,000
Designated for Asset Acquisition	124,874	–	–	124,874
Undesignated	1,465,868	1,082,330	23,472	2,571,670
Total at End of Year	$ 2,390,742	$ 1,082,330	$ 23,472	$ 3,496,544

Appendix A

Alaska Bar Association
General Fund Revenues Compared with Expenses
Calendar Years 2006 through 2007

	2006	2007
Revenues		
Dues	$ 1,702,211	$ 1,686,571
Admission Fees	174,750	150,850
Continuing Legal Education	131,979	136,404
Lawyer Referral Fees	42,242	41,593
Annual Meeting	123,905	134,557
Earnings on Investments	105,092	126,973
Other	148,861	235,298
Total Revenues	2,429,040	2,512,246
Expenses		
Admissions	175,898	182,457
Board of Governors	42,364	47,822
Discipline	646,385	664,488
Fee Arbitration	63,311	66,780
Lawyer Referral	50,785	52,504
Continuing Legal Education	360,525	327,828
Administration	460,255	492,382
Annual Meeting	122,746	112,091
Other	226,520	288,028
Total Expenses	2,148,789	2,234,380
Increase (decrease) in net unrestricted assets	280,251	277,866
Unrestricted Net assets at beginning of year:		
Designated for Working Capital	700,000	775,000
Designated for Asset Acquisition	129,375	130,239
Undesignated	1,003,250	1,207,637
Total at Beginning of Year	1,832,625	2,112,876
Unrestricted Net assets at end of year:		
Designated for Working Capital	775,000	800,000
Designated for Asset Acquisition	130,239	124,874
Undesignated	1,207,637	1,465,868
Total at End of Year	$ 2,112,876	$ 2,390,742

Appendix A

Alaska Bar Association
Lawyers' Fund for Client Protection Revenues Compared with Expenses
Calendar Years 2006 through 2007

	2006	2007
Revenues		
Dues	$ 28,623	$ 29,043
Earnings on Investments	44,047	43,425
Unrealized (Loss) Gain on Investments	5,413	11,547
Other	2,368	3,180
Total Revenues	80,451	87,195
Expenses		
Claims Awarded	71,672	127,235
Other	1,920	30,667
Total Expenses	73,592	157,902
Increase (decrease) in net unrestricted assets	6,859	(70,707)
Unrestricted Net assets at beginning of year:		
Undesignated	1,146,178	1,153,037
Total at Beginning of Year	1,146,178	1,153,037
Unrestricted Net assets at end of year		
Undesignated	1,153,037	1,082,330
Total at End of Year	$ 1,153,037	$ 1,082,330

Appendix A

Alaska Bar Association
Court System Library Fund Revenues Compared with Expenses
Calendar Years 2006 through 2007

	2006	2007
Revenues		
Earnings on Investments	$ 190	$ 205
Share from Copiers	1,856	2,140
Total Revenues	2,046	2,345
Expenses		
Other	12	12
Total Expenses	12	12
Increase (decrease) in net unrestricted assets	2,034	2,333
Unrestricted Net assets at beginning of year:		
Undesignated	19,105	21,139
Total at Beginning of Year	19,105	21,139
Unrestricted Net assets at end of year		
Undesignated	21,139	23,472
Total at End of Year	$ 21,139	$ 23,472

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Appendix B

Board of Governors of the Alaska Bar Association
Discipline Statistics
Calendar Years 2006 through 2008[9]

Disposition of Closed Disciplinary Cases	2006	2007	2008
Disbarment by Supreme Court	–	2	2
Suspension by Supreme Court	7	5	5
Public Censure by Supreme Court	–	1	–
Public Reprimand by Disciplinary Board	2	1	1
Private Reprimand by Disciplinary Board	2	–	1
Private Admonition by Discipline Counsel	4	1	2
Dismissed	31	21	5
Closed After Mediation	–	–	–
Total Closed Cases	**46**	**31**	**12**
Status of Open Cases at Year End			
Attorney on Probation	1	1	1
Pending Supreme Court	1	3	7
Pending Disciplinary Board	5	8	–
Pending Hearing Committee	5	–	12
Pending Stipulation	–	3	8
Pending Approval to File Formal Hearing	10	11	7
Pending Written Private Admonition	–	–	–
Abeyance due to Court Case	9	9	9
Pending Bar Counsel Investigation/Decision	23	33	40
Pending Complainant Reply	1	1	10
Pending Respondent Response	3	17	21
Pending Mediation	–	–	–
Total Open Cases	**58**	**86**	**115**

Source: Data for 2006-2007 was obtained from annual reports of the Alaska Bar Association. The 2008 data is from Alaska Bar Association's quarterly Discipline Reports to the Alaska Supreme Court for January 1, 2008 through June 30, 2008.

[9] The amounts reported for 2008 includes activity from January 1 through June 30, 2008.

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Appendix C

Board of Governors of the Alaska Bar Association
Bar Examination and Admission Statistics

Examination Statistics

Examination Dates	Number Taking Exam	Number Passing Exam	Percent Passing Exam
July 2006	82	52	63%
February 2007	54	26	48%
July 2007	75	52	69%
February 2008	37	27	73%
Total	**248**	**157**	**63%**

Admission Statistics

Calendar Year	Admission By Examination	Admission By Reciprocity	Total Admissions
2006	85	30	115
2007	70	43	113
2008[10]	40	14	54
Total	**195**	**87**	**282**

Source: Alaska Bar Association's 2006-2007 Annual Reports and 2008 information provided by the Alaska Bar Association's executive director.

[10] Admissions through June 30, 2008.

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Board of Governors of the Alaska Bar Association
Attorney Referrals
January 1, 2006 through June 30, 2008
(Unaudited)

Practice Categories	2006	2007	2008
Administrative	194	219	128
Admiralty	18	12	7
Adoption	16	35	15
Arts	2	3	4
Bankruptcy	52	79	63
Commercial	112	149	76
Construction	29	63	15
Consumer	315	275	152
Criminal: Felony	92	166	55
Criminal: Misdemeanor	114	170	75
Divorce/Dissolution/Custody	784	809	402
Eminent Domain	4	–	4
Environmental	6	–	–
Foreign Language	–	2	3
Guardian/Conservator	64	11	18
Immigration	28	52	18
Insurance	51	61	23
Labor Relations	355	392	194
Landlord/Tenant	63	30	49
Malpractice	197	244	96
Negligence	380	556	211
Patent/Copyright	5	41	8
Public Interest	3	1	1
Real Estate	175	257	112
Social Security Insurance Cases	22	48	2
Traffic	49	8	3
Trusts/Wills/Estates	144	222	107
Workers' Compensation	192	229	110
Total	3,468	4,134	1,951

Source: Data for 2006-2007 was obtained from Annual Reports of the Alaska Bar Association. The 2008 data provided by the Alaska Bar Association's executive director is for 6 months of attorney referrals.

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Jane Pierson

From: Theresa Nangle Obermeyer [tobermeyer@gci.net]
Sent: Friday, January 30, 2009 3:30 PM
To: Jane Pierson
Subject: Response to Alaska Bar Association Audit #41-20057-08

1/6/09

Theresa Nangle Obermeyer, Ph.D.

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Alaska Legislative Audit #41-20057-08 Alaska Bar Association Sunset June 30, 2009 recommends Alaska Bar Association extension. The Audit is online at http://www.legaudit.state.ak.us/pages/digests/2008/20057dig.htm

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ALASKA BAR ASSOCIATION SHOULD BE SUNSET JUNE 30, 2009 during Alaska 50th Anniversary of Statehood year for the foreseeable future while Alaska Legislature has time to analyze the two essential functions of admissions and discipline. Alaska has unique circumstances as the only state without a law school or any elected attorney. Legislative Audit #41-20057-08 is a "white wash." Sunset should be reevaluated by 26th Alaska Legislature 2nd Session. Please review the "Summary" of the Audit "four objectives of our report" including the termination date extension of Board of Governors Alaska Bar Association (Board), whether the Board is operating in the public interest, to determine if the Board has exercised appropriate oversight of licensed attorneys, and to provide current status on the recommendations made in the prior report. Board of Governors Alaska Bar Association demonstrate none of these objectives at the present time. Ms. Patricia Davidson, Alaska Legislative Auditor, is unable to write the essence of the lack of accountability of Alaska Bar Association as she is a public employee without legal recourse. Alaska Bar Association Audit is the most important of all the State of Alaska Audits done because if any other Alaska professional has a problem with licensure in his/her profession, the applicant must hire a licensed Alaska attorney in order to appeal. Only Alaska Legislature can create accountability of Alaska Bar Association. Major issues follow:

1. American and Alaskan Jurisprudence

Please specifically review Page 19 of Alaska Bar Association Audit #41-20057-08. Article I Section 3 of the Alaska Bar Association Bylaws sets out the purposes of the Alaska Bar which are:

"1. To cultivate and advance the SCIENCE OF JURISPRUDENCE." (Emphasis added.) "Jurisprudence is the philosophy of the law or science . . . which has for its function to ascertain the principles on which legal rules are based . . . (in order to) produce the greatest advantage to the community" according to Black's Law Dictionary. Please see "In Re Obermeyer II

8/23/00" and In the Matter of the Application of Thomas S. Obermeyer 717 Pacific Reporter 2d 382, 57 American Law Reports 4th 1195 (Alaska 4/18/86), both of which can be found at http://www.state.ak.us/courts "Appellate Courts" "Alaska Case Law Precedent since 1960," Thomson-West page, "By Party Name" "Obermeyer." THESE CASES ARE AMERICAN AND ALASKAN JURISPRUDENCE.

2. Alaska Bar Association Admission by Reciprocity Gives More Rights to Out of State Attorneys than Alaska Attorneys

The current Alaska Bar Rules of Alaska Bar Association give an Alaska law license to any applicant by reciprocity if he/she has been licensed by written Bar Exam in the 33 of 50 reciprocal states, pays $1,500, and gets three letters from clients in the preceding state that the applicant has practiced law there for 5 out of the last 7 years. Alaska Active Out of State attorneys number over 18% of the Total Alaska attorneys or 530 out of 2,938 per Todd Communications Alaska Directory of Attorneys Fall, 2008 Page 2. **July, 2006-June, 2008 per the "Audit" Page 31, 45% of Alaska Bar Association admission has been by reciprocity – most of whom have never set foot on Alaska soil judging by their current addresses.** Why do these out of state applicants want reciprocity here? Obviously, these attorneys are making money off Alaska. Another almost 30% of Alaska In State Active Attorneys work for the Government per Directory Spring, 2008 Page 64.

Alaska Bar Exam, "a test of minimal competency," has an average 63% passage rate July, 2006-June, 2008 per Page 31 of the Audit. Alaska has as high requirements as any state in the U.S. for sitting for this Alaska Bar Exam but presumably has the lowest passage rate of the 50 states of Bar Association applicants, all of whom went to American Bar Association accredited law schools.

If 45% of Alaska Bar admissions currently are by reciprocity to those who overwhelmingly are not Alaska residents, what will the number be if Alaska Legislature goes along with the Audit recommendation and continues Alaska Bar Association without review until June 30, 2017 or eight long years?

3. Current licensure by exam or reciprocity does not assure competence, ethical behavior, protection, or service to the public. Board of Governors Alaska Bar Association (Board) offers no alternatives.

Massachusetts Supreme Judicial Court has allowed a Massachusetts Bar applicant who graduated from an on-line law school owned by testing-prep company, Kaplan, Inc., to sit for Massachusetts Bar Exam. See Ross E. Mitchell vs. Board of Bar Examiners, SJC-10157, September 3, 2008 – November 20, 2008. The applicant was allowed to take and pass the California Bar Exam, a state which allows applicants to sit for this Exam from unaccredited law schools. What does this tell the Alaska public about bar exams? About competency to practice? About ethics? About dealing with clients, peers, and the courts in a timely and courteous way? If the practice of law boils down to one exam, one score on one sheet of paper, does it truly protect the public and inspire confidence, when a legal education was acquired at whatever rate of speed on-line? Mr. Mitchell has made both Alaska's licensure practices and American Bar Association accredited law schools' three years of Socratic Method teaching archaic. At Alaska Statehood 1959 and after, some attorneys and judges obtained Alaska law licenses by clerking for the court without having gone to law school at all. The on-line law degree points out that there are alternatives to practice that Alaska Bar Association is unwilling to visit.

Unlike all the other 49 states, Alaska Bar Association Board of Governors offers no alternative methods of admission like a possible clerkship at a law firm or for a judge, even after the Alaska Bar applicant has faithfully obtained American Bar Association 3 year law school education. Furthermore, the Alaska Bar Rule 2.2(b)(3) disallows admission by reciprocity if applicants have failed Alaska Bar Exam in the last five years even if licensed by written Bar Exam in a reciprocal state. This harms Alaska residents who live and work in Alaska and only highlights the unfairness of reciprocity applicants from 33 states who have never sat for the Alaska Bar Exam simply paying

$1,500 to be licensed here. On point is Ms. Marla Greenstein, who as Executive Director, Alaska Commission of Judicial Conduct since 1982, was admitted by reciprocity in 1997 without having ever taken the Alaska Bar Exam. There are others including Ms. Angela O'Brien, licensed by reciprocity on September 30, 2008, who live in Alaska but have not taken Alaska Bar Exam. Alaskans currently would be fools to take Alaska Bar Exam with our low passage rate by going through our established Alaska Bar Association channels. The shrewd approach is to circumvent Alaska Bar Exam and become licensed in Alaska by reciprocity which is easier. Ms. Greenstein, Ms. O'Brien, and the others only had to have been licensed by written Bar Exam in a state that has reciprocity with Alaska and presumably proved in some perfunctory way that they had practiced five of seven years in their state of previous admission.

By contrast, Thomas S. Obermeyer, Alaska resident for 30 years and Attorney, licensed since 1990 by similar Missouri Bar Exam, a state that presumably has reciprocity with Alaska, has dedicated himself in good faith having paid for, studied for, and taken Alaska Bar Exam 34 times most recently "failed" on October 30, 2008 over an almost 25 year period in an effort to create fair Alaska law licensure. Tom has only chosen to go through the established process to obtain his Alaska law license and begin with his legal career. The lack of assistance given to Tom Obermeyer over such a long period of time shows how outrageously unfairly one Alaska Bar applicant could have been treated while seemingly everyone else is given favorable treatment.

4. Fairness to Alaska Bar Applicants for Admission

Please review attached "Draft Bill Authorizing Admission of Reciprocal Applicants to Alaska Bar Association" which can be downloaded at http://www.tobermeyer.info/pdfs/26thAKLeg1stSess2009.pdf and the precedent, "Laws of Alaska 1966 HB 520 Chapter 144 An Act-Authorizing the Department of Labor to enter into reciprocal agreements with other states regarding wage claims; and providing for an effective date," that can be downloaded at http://www.tobermeyer.info/pdfs/LawsofAK.pdf. The current practice of Board of Governors Alaska Bar Association penalizes local licensed attorneys who are admitted by Bar Exam in the 33 reciprocal states. "DRAFT Bill Authorizing Admission of Reciprocal Applicants to Alaska Bar Association" would change this practice that currently gives more rights to attorneys who have never landed on Alaska soil. Do Alaskans want those from other states to have more rights than we have? Does the "DRAFT Bill" protect the Alaska public?

5. The current Financial Position, Revenue, and Expense statements of Alaska Bar Association are jumbled and combined to confuse and hide actual expenses in the "ivory tower" Atwood Building #1900 in Anchorage.

The Audit fails to delineate details of operating expenses and personnel assigned to each activity, and it fails to list salaries of Executive Director, Bar Counsel, other attorneys and staff. RESULT: THE QUASI-GOVERNMENTAL ALASKA BAR ASSOCIATION HAS NO GOVERNMENTAL SUPERVISION. Auditor Patricia Davidson did not so much as discuss the details of Alaska Bar Association Operating Budget information in her Appendices. The salaries and travel of the Alaska staff attorneys of Alaska Bar Association especially Ms. Deborah O'Regan and Mr. Stephen Van Goor, who have been employed at Alaska Bar Association since 1980 and whose salaries the Obermeyers have been paying since 1984, are not included. **By contrast, when bills authorizing governmental activity are introduced in Alaska Legislature, attached are fiscal notes with personnel costs.**

The Alaska Supreme Court should take over the Alaska Bar Association as a governmental body for the foreseeable future.

Admissions

If Alaska Supreme Court administers both exams and admission by reciprocity, there would be better communication between Alaska Bar Association Board of Governors and the Court, fewer

admissions by reciprocity, more fairness and alternative options for admissions, better treatment of Alaska applicants, and more public trust. This would be an interim solution that should be tried for a year at a time with analysis by Alaska Legislature to see if it is working.

Alaska State Court justices/judges should be more fully scrutinized as well. I will update http://www.tobermeyer.info/asj.html which shows Alaska justices/judges got 50% salary increases per CSSB237 in 2006. Another increase was implemented by 25th Alaska Legislative 2nd Session SCS CSHB 417(FIN) Section 20 (a) (b) and (c). Research should be undertaken to analyze how many State of Alaska justice/judges are appropriate based on Alaska population and Alaska Bar Association membership. At the moment, becoming Alaska State Court justice/judge is much more coveted than actively practicing law as an Alaska attorney advocate. There is "Alaska Judicial Retirement System" through Alaska Retirement Management Board under Alaska Department of Revenue. Is there Alaska Judicial Retirement System Board? There should be more analysis of our Alaska State Court justices/judges by Alaska Legislature.

Discipline

Ms. Davidson indicates that discipline should be controlled by Alaska Supreme Court. Suspensions and disbarments are already submitted to the Supreme Court, but complete supervision of discipline should be imposed by the court. In many states there is a separate Office of the Disciplinary Counsel with a separate Board.

In the Alaska Bar Audit there is no discussion of "Citizen Complaints" against Alaska attorneys to Alaska Bar Association. The reader is expected to believe that there are no Alaska citizen initiated complaints at all to Alaska Bar Association. I have direct experience in this area per http://www.tobermeyer.info/pdfs/VanGoor41505.pdf about the lack of any discipline whatsoever at Alaska Bar Association regarding the 30 lengthy complaints that I filed at Alaska Bar Association 1993-2003. I would be pleased to produce the three boxes of comprehensive timely stamped filings with lengthy transcripts of my 30 complaints against licensed Alaska attorneys which resulted in my worse treatment by more Alaska attorneys. In other words, I am positive today that every complaint I filed was used against me.

Regarding Alaska Attorney "Discipline Function" per Page 3 of the Audit, I am aware that very high profile Alaska attorneys who have been convicted in courts of law of criminal offenses after pleading "No Contest" have not been disciplined by Alaska Bar Association including Mr. Robert C. Ely and Mr. Mitchell Gravo. Former Alaska Attorney General Gregg Renkes resigned February 5, 2005 over a highly publicized conflict of interest but was never disciplined. He is a licensed Alaska Active Out of State attorney today. I have observed Board of Governors "throwing the book" at a handful of unknown Alaska attorneys in private practice whose ethical lapses are grave but these attorneys do not have criminal convictions from a court of law. I have not observed any semblance of consistency in "Attorney Discipline" for sanctions for similar offenses. All are approved by Alaska Supreme Court which is ultimately responsible for equitable fairness and justice in the practice of law.

The current discipline procedures of Alaska Bar Association are probably a primary reason why Alaska has the highest number of government attorneys in the U.S. in addition to the fact the Alaska attorney government employment is exceedingly lucrative offering excellent benefits and outstanding retirement packages. Alaska Legislature should get the salaries and benefits packages for the 576 or more State of Alaska attorneys out of a total 705 including State of Alaska, Municipal, and U.S. Government attorneys. State of Alaska attorneys are 82% of the total of all Alaska In State Government attorneys. In Spring, 2008 30% of the total of 2,395 Alaska In State attorneys were employed by the Government according to Todd Communications Alaska Directory of Attorneys. Fall, 2008 stopped publishing the number which probably exceeds 30% at this time.

Continuing Legal Education

So far, voluntary CLE in Alaska has been a farce. Regarding "Findings and Recommendations" of Audit #41-20057-08, no specific recommendation was made about how many hours of Mandatory Continuing Legal Education (MCLE) should be required for practicing Alaska attorneys. Ms. Davidson wrote on Page 7 of the "Audit" that 41 of the 50 states have MCLE. To date, 3 clock hours of Mandatory Ethics Continuing Legal Education (MECLE) began on January 1, 2008 and "has teeth" in that there are sanctions for non-compliance to be imposed after January 1, 2009 per Alaska Supreme Court Order No. 1640. Alaska Legislature should ask for a full report on how the newly concluded December 31, 2008 MECLE went. To my knowledge, all other professions in Alaska have much longer and expensive mandatory requirements for continuing licensure. Alaska Bar Association should do so as well. At least twelve hours of mandatory MCLE would improve the profession greatly in Alaska. It would also assure collegiality among lawyers and impose a sense of purpose and ethical public service. Ethics training is important but most attorneys know right from wrong long before they deviate from the norm.

I follow actively Alaska Bar Association activities and this Audit is the first I have known that a "Bar CLE Committee consisting of 15 members assists CLE director" Page 19 exists. What I know is that Ms. Barbara Armstrong, CLE Director since about 1980, was President, American Continuing Legal Education Association, about 10 years ago when Alaska Bar did not require Continuing Legal Education and many years prior to January 1, 2008 MECLE three clock hours implementation.

There is a Law Related Education (LRE) Committee of Alaska Bar Association which to my knowledge only gives money to K-12 education. I applied for three grants including "Keep the Kids in School Initiative Anchorage School District," "Alaska Permanent Fund Board Confirmation Committee," and "Fair Alaska Law Licensure" on January 10, 2007 to Ms. Barbara Hood, Alaska Teaching Justice Network. All were rejected by Ms. Barbara A. Jones, Chair, LRE Committee on January 31, 2007. In 2008 I was unable to find out when the LRE grant applications were due. I intend to apply again by January 16, 2009 but will be applying to Ms. Deborah O'Regan, Executive Director, instead of the Chair, LRE Committee. Ms. O'Regan is in control of the entire process.

Ethics Reform was presumably implemented in 25th Alaska Legislature 1st Session. There can be no Ethics Reform unless Alaska Bar Association is improved. I filed Complaint AGO File No. 661-08-0157 in September, 2007 which was a paper copy of Alaska Permanent Fund Board Confirmation Committee per http://www.apfboardconfirmation.org to Ms. Julia Bockmon, State of Alaska Attorney General's Office, requesting an investigation. Instead, I got a letter dated November 30, 2007 from Ms. Bockman copying Mr. Michael J. Burns, Attorney who has never attempted to be licensed to practice law in Alaska, former Chair, University of Alaska Board of Regents, and current Executive Director, Alaska Permanent Fund, stating "Further statements regarding the existence of your complaint or our investigation may result in penalties for violation of the Executive Branch Ethics Act." In other words, I was threatened with economic sanctions for filing the complaint.

Conclusion

Alaska Bar Association offices and personnel should become a State of Alaska governmental agency under direct supervision of Alaska Supreme Court with annual governmental budgets subject to Alaska Legislative scrutiny for the immediate future. This decision should be subject to review yearly.

Alaska Legislative Audit #41-20057-08 does little to dig into the details of the operation of the Alaska Bar Association. The Audit does not recognize that Alaska Bar Association fails in several of its intended purposes as stated on Page 19 because Alaska Bar has the benefit of governmental protection without direct daily governmental oversight. Alaska Bar does not advance jurisprudence and justice; increase public service and efficiency of the bar; promote reform in the law and procedure; or mandate substantive legal education. The Audit proposes more public notice and participation of public in teleconference meetings but the public is afraid of Alaska Bar so public

notice and participation of the public in teleconferences will have no effect. Nothing could serve the public more than to make Alaska Bar functions a matter of total government control. Are the employees of the Alaska Bar Association staff, Bar Counsel, Executive Director, etc., the beneficiaries of State retirement and medical benefits? This should have been explained fully in the Audit but is not addressed.

Public participation currently is discouraged at all levels. When my husband, Thomas Obermeyer, Missouri Attorney since 1990, appeared before the Senate Judiciary Committee in May, 2007 regarding sunset of the Alaska Bar Association, he was the only person to appear. Bar Counsel Stephen Van Goor was on line by teleconference. When Tom asked for time to contradict Mr. Van Goor's statements, Hollis French, still current Alaska State Senate Judiciary Chair, cut him off. The minutes of the meeting were never transcribed. Would anyone be more articulate than Tom Obermeyer who had in 2007 weathered 23 years and 30 Alaska Bar Exam "failures?" This was the same Hollis French who as a State of Alaska Prosecutor charged and prosecuted me in State of Alaska/Hilton Anchorage vs. Theresa Nangle Obermeyer 3AN-S98-2211 CR for over nine months until I was acquitted in a seven day jury trial on November 10, 1998. How much did that cost?

In my case, I have been defamed endlessly by Alaska corrupt media which is about 95% owned in many Lower 48 states because I continue to believe that I have a right to attend a public meeting. I was jailed over night in a set-up orchestrated by Ms. O'Regan and Mr. Van Goor when Board of Governors was at court on January 15, 1999. If a person dares to go to an advertised "public meeting," he/she is made to look foolish and is targeted. I have lived this fact for many years. Governor Sarah Palin nominated me December 2, 2008 http://www.tobermeyer.info/pdfs/fbresponse.pdf for a position as a "Public Member" Board of Governors Alaska Bar Association. I hope that I will be appointed.

Alaska Bar Association has the best of both worlds – private and quasi-governmental. Currently, Alaska Supreme Court "rubber stamps" admissions and discipline actions and no Alaska State Agency oversees the Board's operations. This has to change. Alaska Bar dues are among the highest in the nation because Alaska attorneys do not want any competition. The Board allows the employees to lavish themselves with high salaries, travel, and plush offices as long as competition is limited. Alaska Active Out of State attorneys are very weak and totally depend on the handful of local Alaska attorneys who control everything that goes on in Alaska. Substantive truth and real numbers never surface.

This document is meant to create much more discussion about Alaska Bench and Bar. Alaska Legislature must send a strong message to Alaska Bar Association that "the light of day" will shine on its totally unaccountable practices that hurt all Alaskans.

adopted 4-16-09

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26-LS0410\R
Bullard
3/30/09

CS FOR HOUSE BILL NO. 88( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE RAMRAS

A BILL

FOR AN ACT ENTITLED

"An Act extending the termination date of the Board of Governors of the Alaska Bar Association to June 30, 2013; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 08.03.010(c)(2) is amended to read:

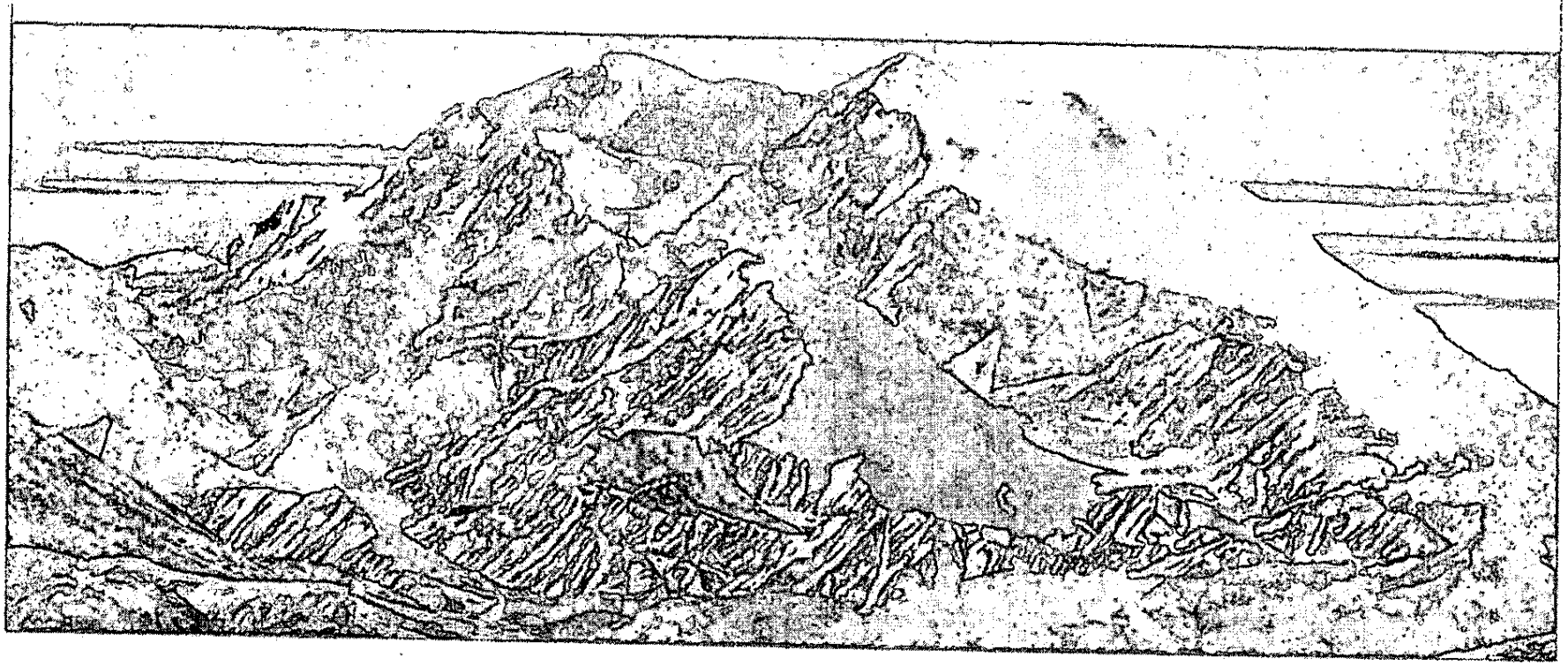
(2) Board of Governors of the Alaska Bar Association (AS 08.08.040) - June 30, **2013** [2009];

*** Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

4293

ALASKA BAR ASSOCIATION

2007 Annual Report



4294

THE ALASKA BAR ASSOCIATION

2007 Board of Governors
Matthew Claman, President
Mitchell Seaver, President-Elect
William Granger, Vice President
Krista Stearns, Secretary
Sidney Billingslea, Treasurer
Chris Cooke
Ethan Falatko
Joe Faulhaber
Don McLean
Allison Mendel
John Tiemessen
Jason Weiner
Maude Blair (New Lawyer Liaison)

Staff
Deborah O'Regan, Executive Director
Barbara Armstrong, Assistant Director & CLE Director
Krista Scully, Pro Bono Director
Kristi Powell, Executive Assistant
Karen A. Schmidlkofer, Controller
Candice Goard Bryant, Accounting Assistant
Kara Bridge, CLE Coordinator
Devon Richardson, Admissions Assistant/Receptionist
Charissa Feltman, Lawyer Referral Assistant
Brent Reynolds, Webmaster & Network Technician
Jonathan Minton, CLE Assistant

Stephen J. Van Goor, Bar Counsel
Mark Woelber, Assistant Bar Counsel
Louise R. Driscoll, Assistant Bar Counsel
Deborah C. Ricker, Discipline Investigator/Paralegal
JoAnne Baker, Section Coordinator & Arbitration/Discipline/CLE Library
Ingrid Varenbrink, Arbitration/Discipline/CLE Library
Gail Welt, Executive Assistant
Annette Ravithis, Discipline Secretary

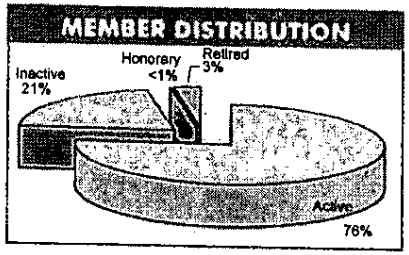
Cover art: Denali Spring, 2000, 24" x 60," oil on canvas. By Kesler Woodward (www.keslerwoodward.com)

Introduction & Overview

In 2007, the Alaska Bar Association had 3,865 members in the following categories: 2,931 Active (2,406 In-state and 525 Outside), 825 Inactive, 108 Retired, and 1 Honorary. Its affairs are governed by a 12-member Board of nine attorneys and three non-attorney citizens. A (non-voting) New Lawyer Liaison also advises the Board.

Written guidelines for governance are contained in the Integrated Bar Act, the Alaska Bar Rules (promulgated by the Supreme Court of Alaska), the Alaska Rules of Professional Conduct, the Association's Bylaws and Regulations, the Board of Governors' Policy Manual, and a Personnel Manual.

The two most important functions of the Bar are the admission and discipline of its members, both of which are carried out under the supervision of the Supreme Court of Alaska.



There are presently 9 standing committees, 23 sections, 5 bar rule committees, and special committees as appointed by the Board. In addition, the Bar Association participates in a number of adjunct organizations and administers special projects, such as the Statewide Lawyer Referral Service. More than half of the membership participates, voluntarily and without remuneration, in the affairs of the association.

The staff of the Alaska Bar has grown from a part-time, volunteer executive secretary when it was founded in 1968, to 19 employees.

The association is primarily funded by its membership's annual dues, continuing legal education program registration fees, admissions, the annual convention, the Lawyer Referral Service, and interest income. The Association received no public monies in the 2007 fiscal year.

Principal Activities

• Bar Examination

The Alaska Bar Examination is conducted twice annually in Anchorage, Fairbanks and Juneau. It consists of: 1) one day of essay questions on Alaska law prepared by a permanent

2003 - 2007 Bar Exam Results

Date	Applicants	Passed	Pass Rate
July 2007	75	52	69%
	54 1st timers	47	87%
Feb. 2007	54	26	48%
	24 1st timers	17	71%
July 2006	82	52	63%
	64 1st timers	46	72%
Feb. 2006	66	40	61%
	46 1st timers	36	78%
July 2005	70	39	56%
	49 1st timers	35	71%
Feb. 2005	62	44	71%
	50 1st timers	39	78%
July 2004	61	43	70%
	52 1st timers	40	77%
Feb. 2004	56	37	66%
	31 1st timers	27	87%
July 2003	86	51	59%
	63 1st timers	44	70%
Feb. 2003	53	27	51%
	31 1st timers	25	81%

"The two most important functions of the Bar are the admission and discipline of its members, both of which are carried out under the supervision of the Supreme Court of Alaska."

Admissions

All applicants are required to attend a course on ethics as prescribed by the Board prior to admission.

All applicants must also submit an affidavit that they have read and are familiar with the Alaska Rules of Professional Conduct. (Bar Rule 64)

committee of the Association known as the Alaska Law Examiners; 2) two half-days of objective, multiple choice questions (the Multistate Bar Examination or "MBE"), prepared by the National Conference of Bar Examiners (NCBE) and administered simultaneously in 48 states and D.C.; and 3) a half day of the performance test (the Multistate Performance Test or "MPT") prepared by NCBE.

In addition, a Multistate Professional Responsibility Exam (MPRE) is given separately three times a year (March, August, and November).

In 2007, 129 individuals took the Bar Exam and 78 passed the exam.

Admission Without Examination

Bar Rule 2, Section 2 provides an admission without examination rule, with reciprocity provisions. An applicant who has taken a written bar exam in a reciprocal jurisdiction and has engaged in the active practice of law for five of the previous seven years may be eligible for reciprocal admission.

In 2007, 43 applicants were approved for admission without examination.

• Discipline of Members

The Alaska Supreme Court has held that an attorney's license to practice law is "a continuing proclamation by the Court that the holder is fit to be entrusted with professional and judicial matters...as an officer of the courts." Investigation and recommendations for professional conduct matters have been delegated by the Court to the Bar Association.

Expenditures for the Discipline Section totaled $664,488 during 2007, a substantial allocation of Bar Association resources for the protection of clients, the public, and the legal system in Alaska.

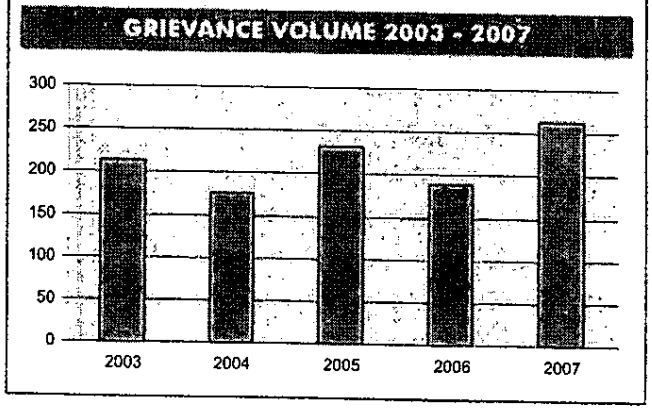
2007 Grievances

The Discipline Section received 264 grievances in 2007, compared with 190 in 2006, representing a 39% increase. Summary statistical data related to discipline status are contained in the charts.

2007 Grievances

The number of grievance matters processed increased 39%

New Cases Opened	59
Grievances Not Accepted for Investigation	205
2007 Grievance Volume Total	264



Discipline Case Statistics[1]
2003-2007

	'03	'04	'05	'06	'07
Open cases pending as of Jan. 1	106	83	63	61	58
New cases opened in 2007(+)	25	31	36	43	59
TOTAL open and new cases	***131***	***114***	***99***	***104***	***117***
Cases closed in 2003-2007					
Closed after disbarment by Supreme Court	17	0	3	0	2
Closed after suspension by Supreme Court	1	10	3	7	5
Closed after probation ended	0	0	0	0	0
Closed after public censure by Supreme Court	1	1	4	0	1
Closed after reprimand publicly imposed by Disciplinary Board	2	0	1	2	1
Closed after reprimand privately imposed by Disciplinary Board	0	1	0	2	0
Closed after written private admonition by Bar Counsel	0	2	3	4	1
Dismissed by Bar Counsel	26	36	24	31	21
Closed after mediation	1	1	0	0	0
TOTAL closed cases (-)	**48**	**51**	**38**	**46**	**31**
Open cases pending as of Dec. 31, 2007	**83**	**63**	**61**	**58**	**86**

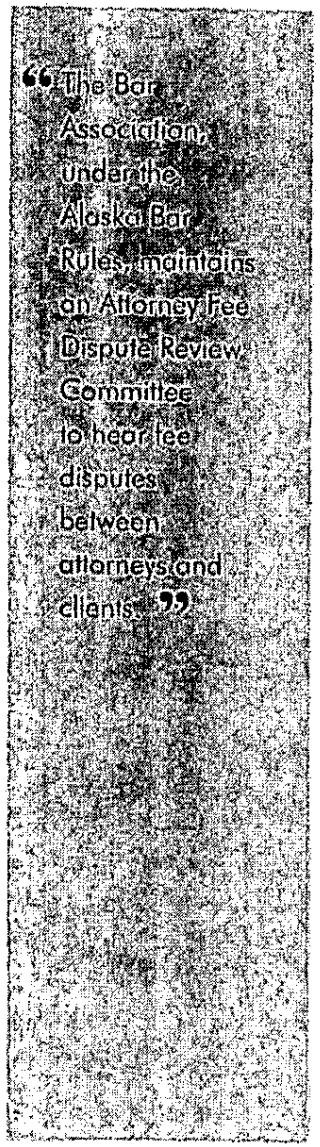
[1] All numbers reflect individual grievances filed and not the number of attorneys involved.

Status of Open Cases as of December 31

	'03	'04	'05	'06	'07
Pending First Response from Respondent Attorney	3	7	7	3	15
Pending Complainant's Reply	3	1	2	1	1
Pending Second Response from Respondent Attorney	0	7	0	0	2
Pending Bar Counsel Investigation/Decision	62	32	25	23	33
Abeyance Pending Outcome of Related Court Case Pending Mediation	2	2	9	9	9
Abeyance Pending Outcome of Fee Arbitration	1	0	0	0	0
Pending Approval to Issue Written Private Admonition	0	0	0	0	0
Pending Acceptance of Written Private Admonition by Respondent Attorney	0	0	1	0	0
Pending Approval to File Petition for Formal Hearing	0	1	0	0	0
Pending Stipulation for Discipline between Bar Counsel and Respondent Attorney	0	5	8	10	11
Pending Stipulation Consideration by Disciplinary Board	2	0	0	0	0
Pending Stipulation Consideration by Supreme Court	0	0	6	0	0
Pending before Area Hearing Committee	0	0	0	0	3
Pending before Disciplinary Board	1	0	0	5	0
Pending before Supreme Court	2	2	0	5	8
Respondent Attorney on Probation	6	5	2	1	3
TOTAL open cases	1	1	1	1	1
	83	**63**	**61**	**58**	**86**

Summary of Public Discipline Actions in 2007

- The Alaska Supreme Court disbarred William S. Labahn effective September 14, 2007 and Mitchel J. Schapira effective November 21, 2007.
- The Court suspended Larry A. Wiggins for 180 days with 90 days stayed on conditions effective June 25, 2007.
- The Court issued a public censure to Anthony L. Strong effective August 22, 2007.
- The Court interimly suspended Mark J. Avery effective April 17, 2007.
- The Disciplinary Board publicly reprimanded James A. Wendt effective October 26, 2007.



Summary of Reinstatement Actions in 2007

A suspended or disbarred attorney may be reinstated by the Alaska Supreme Court, but only after the appropriate review procedures are followed.

The Court reinstated Eugene B. Cyrus effective March 23, 2007.

Summary of Disability Actions in 2007

The Rules of Disciplinary Enforcement also anticipate circumstances where the need for protection of the public arises from mental or physical infirmity, illness, or addiction to controlled substances.

Ronald W. Lorensen was transferred to disability inactive status due to a physical disability effective February 14, 2007. Unfortunately, Mr. Lorensen passed away on March 29, 2007. Clifford W. Holst was transferred to disability inactive status due to a physical disability effective March 30, 2007.

• The Attorney Fee Dispute Review Committee

The Bar Association, under the Alaska Bar Rules, maintains an Attorney Fee Dispute Review Committee to hear fee disputes between attorneys and clients where such disputes have not been determined by statute, court rule, or decision. Five subcommittees residing in Ketchikan, Juneau, Anchorage, Kenai and Fairbanks comprise the Committee. Each subcommittee consists of a "pool" of attorney and non-attorney members who serve for three years on a volunteer basis. From these subcommittees, a panel of two attorneys and one non-attorney is convened to hear a fee dispute. If the amount in dispute is $5,000 or less, a single panel member hears the matter.

2003 - 2007 Fee Arbitration Statistics

	'03	'04	'05	'06	'07
Arbitrations pending January 1	37	33	21	27	26
Arbitrations opened during year (+)	58	39	60	53	58
Arbitrations closed during year (-)	62	51	54	54	51
Arbitrations pending Dec. 31 year-end	33	21	27	26	33

• The Lawyers' Fund for Client Protection Committee

The Bar Association maintains a fund for the purpose of reimbursing attorneys' clients who have suffered non-insured losses of money, property, or other things of value, as a result of dishonest conduct by attorneys. Dishonest conduct is defined as acts of embezzlement, wrongful taking, or conversion of money, property, or other things of value. The fund also pays the cost of trustee counsel appointed by the superior court to close the practice of a deceased sole practitioner or a lawyer who has abandoned his or her practice. The monies of the fund come from yearly assessments on active members, paid concurrently with membership dues, as well as interest earned on the fund balance.

At the close of 2007, four (4) claims were pending before the LFCP Committee. The Committee and the Board of Governors took action on 21 claims during the year.

2007 LFCP Actions

Case Number	Reimbursement(s) Paid by Board	Reimbursement(s) Rejected by Board	Reimbursement(s) Rejected by LFCP Committee
20061002	$3,500.00		
20061004	$3,000.00		
20061005	$3,750.00		
20061006	$1,500.00		
20061008	$25,000.00		
20061009	$19,000.00		
20061011	$25,000.00		
20061012	$20,000.00		
20061013	$1,250.00		
20061014	$3,500.00		
20061019	$2,500.00		
20061022			**$750.00
20061024			$1,500.00
20071001	$2,000.00		
20071002			$6,500.00
20071004			$12,743.05
20071005	$2,500.00		
20071006	$11,235.00		
20071007	$2,000.00		
20071008	$1,000.00		
20071010	$500.00		
Totals	**$127,235.00**		**$21,493.05**

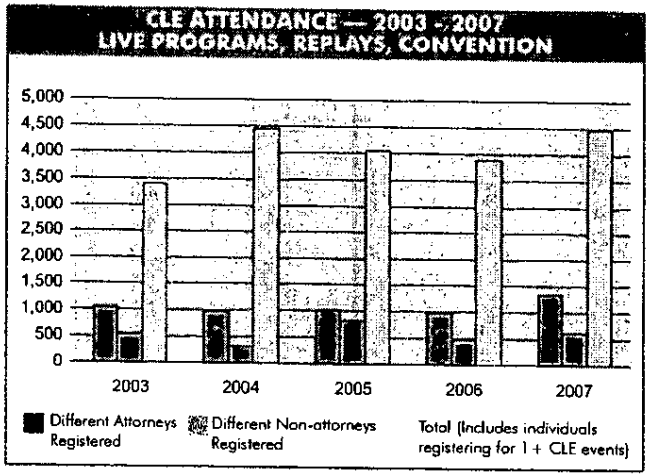
*These figures reflect reimbursements from the Fund which may be less than the amount requested by the claimant.
**Withdrawn when attorney agreed to pay claimant.

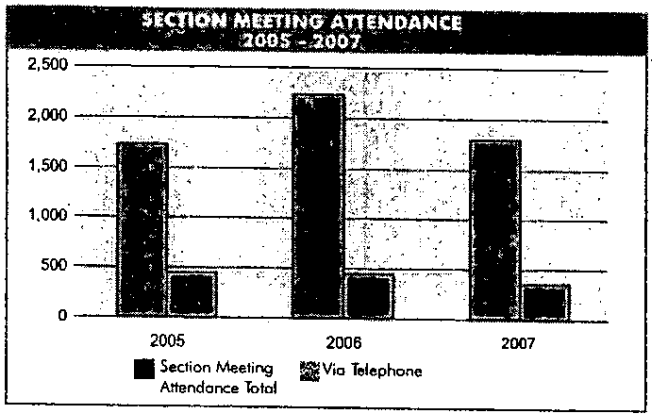
• Continuing Legal Education (CLE)

The Continuing Legal Education Committee and the Association's Director of Continuing Legal Education are responsible for presenting and administering all CLE programs and activities, including the CLE Library.

The substantive law sections of the Bar Association are responsible for sponsoring a minimum of one CLE seminar every two years. In 2007 there were 23 active substantive law sections, with a total membership of 2033 for all sections, an increase of 608 members over 2006 membership.

The majority of live CLE programs are presented in Anchorage, which has the largest concentration of lawyers in the state. All of these programs are videotaped.





Alaska Bar CLE Attendance

In 2007, registrations for CLE programs and events totaled 4,463.

Attendance at CLE programs totaled 2,110 (including 122 speakers), and 528 individuals attended one or more convention events.

Section Meeting Attendance

In addition, 1,439 attorneys attended in person and 359 participated by telephone in the Bar's substantive law sections' meetings. Attendance declined slightly in 2007 due to several sections opting to meet quarterly vs. monthly.

VCLE Compliance

A total of 1,096 active members of the Bar reported compliance with the VCLE Rule for the period of Jan. 1 - Dec. 31, 2007.

To provide CLE opportunities for attorneys practicing outside of Anchorage, the Bar has regularly scheduled video replays at law firms in Juneau, Fairbanks, and Kenai, as well having DVDs and CLE materials available for purchase through our online CLE Library Catalog. In 2006, the Bar began its partnership with the online CLE provider LegalSpan to develop online CLE seminars and live webcasting of selected programs. The Bar presented 10 live webcasts in 2007, and all of our videotaped live seminars are available 24/7 as online CLE through our online provider. The goal is to increase the number of programs we webcast live and to continue to add to our online CLE selections.

The Alaska Bar CLE program continues to work with Seattle University School of Law CLE and Summer Law School Programs. Faculty of the Seattle University's Summer Law Program at UAA meet with the Bar's substantive law sections, and section members make presentations to the law students enrolled in the program.

2003 - 2007 CLE Programs Summary

	'03	'04	'05	'06	'07
Topics	23	18	29	26	30
Live Bar Programs	25	20	36	27	33
Mandatory Ethics*	2	4	5	5	4
Convention CLE Programs	10	13	9	14	10
Video Replays	62	36	42	40	11
Satellite Seminars	1	3	4	2	0
Webinars	—	—	—	—	1
Live Webcasts	—	—	—	—	10

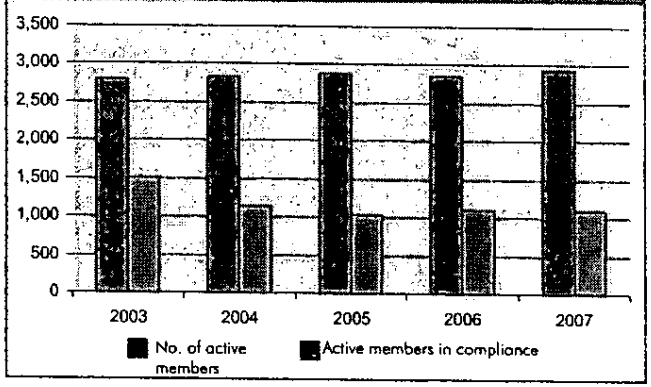
*"Don't Cross That Line: Practicing Ethically and Successfully In Your First Years – A Mandatory Course for New Lawyers in Alaska," a 1.5 hour DVD, is required viewing for admission to the Alaska Bar. Group video replays are scheduled in the spring and fall in Anchorage, and admittees may also view the DVD individually.

• Voluntary Continuing Legal Education (VCLE) – Final VCLE Year

The Voluntary CLE Rule, originally a three-year pilot project, became effective on September 2, 1999 and recommended a minimum of 12 hours of approved CLE credit (including one in ethics) each calendar year. This incentive-based VCLE rule was adopted by the Alaska Supreme Court in response to the rule proposed by the Alaska Bar.

In May 2005, the Board of Governors appointed a Mandatory CLE Task Force, comprised of representatives of the Board, the Alaska Court System, and the Alaska Judicial Council, to study the issue of whether MCLE should be adopted in Alaska. The Task Force subcommittee reports were submitted to the Board of Governors for consideration in January 2006.

VCLE Reporting Statistics — 2003-2007



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In September 2006, the Board of Governors voted to amend the Bar Rules to establish an MCLE program in Alaska, and to forward the proposed amendments to the Alaska Supreme Court for approval.

• Mandatory CLE Rule (MCLE)

In December 2007, the Alaska Supreme Court approved a Mandatory CLE Rule (MCLE) effective January 1, 2008. The new MCLE Rule requires all active Alaska Bar members to:

- Complete 3 hours of approved ethics CLE and report completion.
- Report whether the member has completed more than 9 hours of approved general (VCLE) CLE.
- Report an estimate of how many hours of approved general (VCLE) CLE completed if fewer than 9 hours completed.

• Lawyer Referral Service

The Bar Association operates a statewide Lawyer Referral Service for the purpose of providing the general public with names of enrolled active members of the Alaska Bar Association who are in good standing and are willing and able to accept referral clients at a reasonable fee.

Each caller requesting services is given the names of three lawyers in his/her geographic area who are listed in the category requested. Each lawyer pays a $4 surcharge to the Bar Association on each referral made, regardless of

Total Lawyer Referrals 2003 - 2007

	'03	'04	'05	'06	'07
Administrative	382	396	357	194	219
Admiralty	19	17	17	18	12
Adoption	34	34	37	16	35
Alaska Native Law	—	—	2	—	—
Arts	—	—	—	2	3
Bankruptcy	108	110	142	52	79
Commercial	148	123	212	112	149
Construction	14	37	40	29	63
Consumer	326	356	419	315	275
Criminal: Felony	130	127	228	92	166
Criminal: Misdemeanor	162	143	175	114	170
Discrimination	66	13	—	—	—
Divorce/Dissolution/Custody	869	907	962	784	809
Eminent Domain	—	—	5	4	—
Environmental	—	—	6	6	—
Foreign Language	—	2	—	—	2
Guardian/Conservator	—	33	52	64	11
Immigration	25	70	—	28	52
Insurance	87	88	89	51	61
Labor Relations	395	488	563	355	392
Landlord/Tenant	161	182	250	63	30
Malpractice	212	276	275	197	244
Military	—	—	—	—	—
Mining	—	—	—	—	—
Negligence	791	794	812	380	556
Patent/Copyright	—	—	—	5	41
Public Interest	8	4	3	3	1
Real Estate	206	281	290	175	257
SSI Cases	28	82	51	22	48
Tax	8	—	—	—	—
Traffic	8	4	21	49	8
Trusts/Wills/Estates	167	187	227	144	222
Workers' Compensation	217	228	276	192	229
	4,585	**4,982**	**5,511**	**3,468**	**4,134**
Change from previous year	-8%	+9%	+11%	-37%	+16%

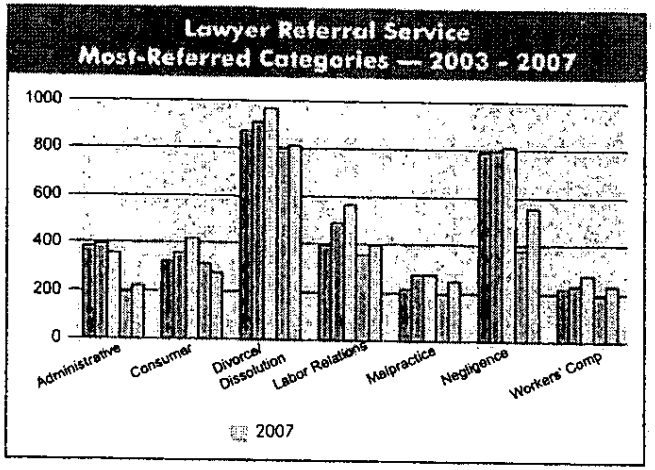
"At the end of 2007, 77 attorneys were enrolled in 33 practice categories in the Lawyer Referral Service with total referrals of 4,134—a 16% increase from 2006."

4302

> "In addition to services associated with CLE, the Bar Association provides other programs to assist members of the Bar in their practices."

whether the caller actually contacts the lawyer as a result of the referral. The first half-hour conference may be charged at a maximum of $50. Thereafter the fee is agreed upon by the attorney and the client.

At the end of 2007, a total of 77 attorneys were enrolled in 33 practice categories in the Lawyer Referral Service, with total referrals of 4,134 a 16 % increase from the 3,468 referrals in 2006.



• Pro Bono Services

The Alaska Bar Association's Pro Bono Director works in partnership with Alaska's legal service providers, the legal community, Pro Bono Services Committee of the Bar Association, and other organizations in Alaska to promote, educate, recognize and recruit attorneys and other professional services to assist low-income citizens. The program serves as an information clearinghouse for the membership regarding volunteer opportunities, resources, training, and other volunteer support services, as well as a point of contact for legal service providers.

Selected as an internship site by Seattle University School of Law since 2006, the program enjoyed the labor of a talented first year law student to help further the issues of pro bono needs in Alaska. Projects included volunteer attorney recruitment, legal literacy curriculum research and development, and organizational capacity building.

Through a partnership with the Anchorage Bar Association's Young Lawyer Section, the Pro Bono Director assisted in the creation, planning, and execution of a project to benefit Alaska's senior citizen population through the development of a legal resources guide. The project was one of eight selected for funding nationally by the American Bar Association and will be complete by July 2008.

In 2007, the Pro Bono Director, accompanied by the Bar President or a member of the Board of Governors traveled to seven communities—Kodiak, Nome, Kotzebue, Kenai, Soldotna, Homer, and Juneau—as an outreach function and to increase volunteerism in smaller communities. The director made presentations to 16 of the 23 substantive law sections, six community groups, assisted in the establishment of Alaska's only language interpreter center and served on the search committee for the organization's new director, spearheaded two community service projects in the areas of tax and estate planning, and presented at two swearing-in ceremonies of new attorneys to further educate them about the need for civil justice representation to Alaska's nearly 80,000 low-income citizens.

• Committees of the Alaska Bar

Substantial work is accomplished through the extensive committee structure of the Alaska Bar Association.

Governance is structured around the Board of Governors and its three major committees, with administrative and day-to-day activity as the responsibility of the Executive Director and staff.

Committees of the Bar include:

- The Bar Rules Committees, which include the Committee of Law Examiners, Area Disciplinary Hearing Committees, the Mediation Panel, the Attorney Fee Dispute Review Committees, the Lawyers' Fund for Client Protection Committee, and Admission Waiver Programs.
- The Standing Committees, including Bar Polls and Elections, Continuing Legal Education, Ethics, Bar Historians, Law Related Education, Pro Bono Services, Lawyers' Assistance, Fair & Impartial Courts, and Alaska Rules of Professional Conduct.
- The Substantive Law Sections, comprised of 23 peer groups practicing in specific areas of the law.

Members and chairs of these committees and sections are found in the appendices.

Membership Services

In addition to services associated with CLE and other activity areas, the Bar Association provides other programs that assist members of the Bar in their practices. Complete information about these as well as other Bar programs and services can be found on the Bar's website at www.alaskabar.org.

Programs include:

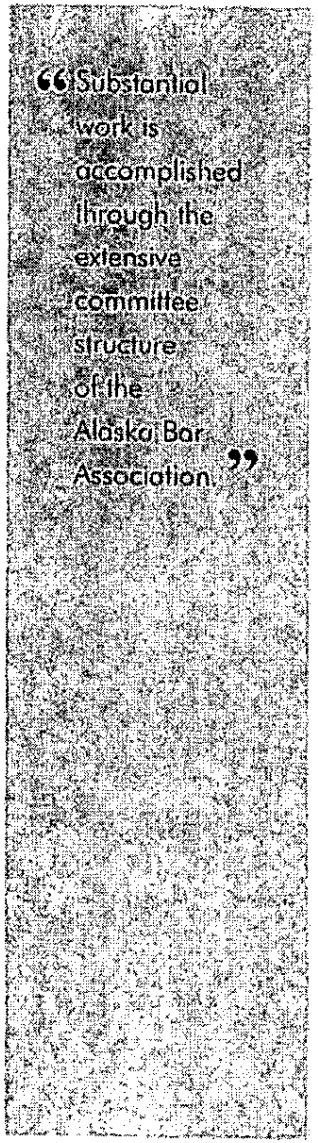
- **ALPS (Attorney Liability Protection Society).** The Alaska Bar Association is a member of a multi-state, lawyer-owned insurance company. Membership in ALPS increases the availability of coverage to Alaska lawyers at rates that are predictable and which avoid dramatic fluctuations caused by policies and practices over which the lawyers have no control.

- **Casemaker.** This online legal research tool is available to all Alaska Bar members at no cost to members. It is included in bar dues. The Alaska Unreported Court Opinions Database will now be hosted by Casemaker. Alaska joined about 28 other states offering this web-based research library and search engine to their Bar members

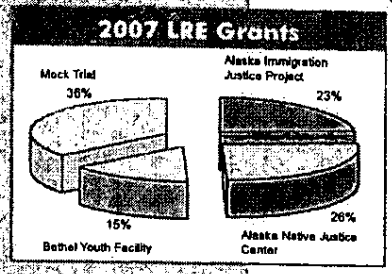
- **Computerized Legal Research.** The Bar Association sponsors a group program to provide members with access to LEXIS, a computer-assisted legal research service. Participating firms pay a $25 monthly subscription fee. Additionally, all members' use of LEXIS aggregates to take advantage of volume discounts.

- **Free Downloading of Alaska Bar CLE Materials.** All Alaska Bar CLE materials one calendar year old or older are available on the Bar website for free downloading. These materials are not searchable or linked.

- **Group Insurance.** The Bar Association sponsors a life insurance program for Bar members with LifeWise Assuance Company. All members of the Association and employees of their firms are eligible. The Bar Association



> "In 2007, the Board of Governors distributed $6,930 for grants to organizations delivering Law Related Education (LRE) programs and materials. These annual grants are targeted to programs that offer practical or direct LRE programs in urban and Bush areas."



also sponsors a group medical program. Medical, dental, vision, life and disability coverage are available to firms ranging in size from sole practitioners to those with more than 100 employees. The plan is underwritten by Premera Blue Cross Blue Shield of Alaska. The Bar Association also sponsors a disability insurance program offered by Unimerica Insurance Co.

- **The *Alaska Bar Rag*.** This quarterly periodical is the official publication of the Bar Association, with content provided by the Bar, attorneys, and organizations in the legal and justice communities. The editor is Thomas V. Van Flein.

- **E-News.** This weekly e-mail newsletter is sent to all members for whom the Bar has e-mail addresses, and contains announcements about Bar Association activities, court news, upcoming CLE programs, and other timely items of interest.

- **Unreported Court Opinions Database.** This database, formerly hosted on the Alaska Bar website, will now be available through Casemaker.

- **Section News.** This newsletter, containing notices of section meetings, CLE seminars, and information on new case law, is e-mailed monthly to 85% of substantive law section members. Members without e-mail are mailed a hard copy. Section meeting dates are posted on the website calendar, and the full newsletter is posted on the Bar website at www.alaskabar.org.

- **Ethics Opinions.** All Alaska Bar Ethics Opinions are published in the Alaska Bar Rag and online at the Bar's website at www.alaskabar.org.

- **Public Copying Machines.** The Alaska Bar Association and the Alaska Court System are continuing a cooperative agreement to provide copying services in the Anchorage Law Library. The Alaska Bar Association has a service agreement with the Anchorage Bar Association for the purpose of providing copiers in the Anchorage Law Library for the use of all library patrons. The revenue is divided as follows: Alaska Court System 40%; Anchorage Bar Association 50%; Alaska Bar Association 10%.

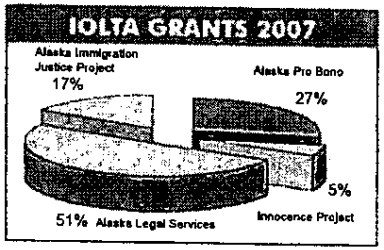
ADJUNCT INVOLVEMENT

The Alaska Bar Association cooperates, partners and supports with its membership a number of programs related to the Alaska legal and justice system:

- **The Alaska Bar Foundation** was established in 1972 for the purpose of fostering and maintaining the honor and integrity of the profession, improving and facilitating the administration of justice, promoting the study of law and continuing legal education, administering loans and scholarships, and maintaining a law library and research center.

- **IOLTA** is an opt-out Interest on Lawyers Trust Accounts program for the placement of client trust money into interest-bearing accounts. The interest earned on each account is paid periodically to the Alaska Bar Foundation for its charitable and public service work.

In 2007, the IOLTA program earned $161,415 from interest, and awarded grants totaling $140,000.



Foundation grants included: $71,000 to Alaska Legal Services Corp.; $38,000 to the Alaska Pro Bono Program; $23,500 to the Alaska Immigration Justice Project; and $7,500 to the Alaska Innocence Project.

- **Alaska Law Review,** edited by law students at Duke University School of Law in Durham, NC, includes articles by practicing attorneys, law professors, and notes and comments by Duke law students. The Bar publishes the law review semi-annually for the education of the legal community. Bar members receive the publication as part of their Bar dues benefits.

- **Alaska Legal Services Corporation** provides legal assistance to persons lacking the financial resources to obtain private counsel.

- **Alaska Code Revision Commission,** established in 1976, reviews and recommends revisions to the laws of Alaska.

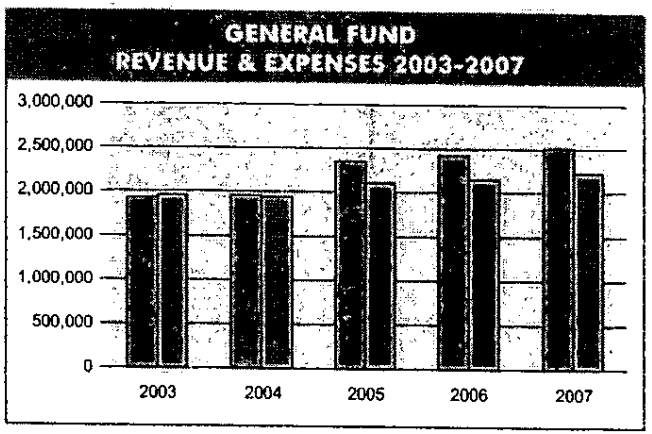
- **Alaska Commission on Judicial Conduct** includes three attorney members who have practiced law in Alaska for at least 10 years. They are appointed to the commission by the Governor from recommendations submitted by the Board of Governors.

- **Alaska Judicial Council** includes three attorneys who serve staggered, six-year terms. The council's purpose is to recommend candidates who are seeking judicial office and to conduct studies for the improvement of the administration of justice in Alaska.

- **Other Relationships.** The Bar Association maintains relationships with other, non-Alaskan organizations, usually with representation by a member of the Board of Governors or Bar executive staff. These include the American Bar Association, National Conference of Bar Presidents, Ninth Circuit Judicial Conference, National Association of Bar Executives, Association for Continuing Legal Education (ACLEA), CLEreg (MCLE Regulators), National Organization of Bar Counsel, National Conference of Bar Examiners, and Western States Bar Conference.

Financial Statements & Budget

The 2007 financial reports reflect total general fund revenue of $2,512,246, with total expenses of $2,234,380. The net gain of $277,866 was a slight decline from the 2006 gain of $280,251.



"The 2007 financial reports reflect total general fund revenue of $2,512,246, with total expenses of $2,234,380. The net gain of $277,866 was a slight decline from the 2006 gain of $280,251."

4306

Daniel, Hewko & Tharp

Certified Public Accountants • A Professional Corporation

INDEPENDENT AUDITORS' REPORT

Board of Governors
Alaska Bar Association

We have audited the accompanying statements of financial position of the General Fund, the Lawyers' Fund for Client Protection and the Court System Library Fund of the Alaska Bar Association as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund, the Lawyers' Fund for Client Protection and the Court System Library Fund of the Alaska Bar Association as of December 31, 2006, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Daniel, Hewko & Tharp

Anchorage, Alaska
February 27, 2008

ALASKA BAR ASSOCIATION

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

UNRESTRICTED NET ASSETS	General Fund	Lawyers' Fund for Client Protection	Court System Library Fund	Total All Funds
Revenue and Other Income				
Dues	$ 1,686,571	$ 29,043	$ -	$ 1,715,614
Admission fees	150,850		-	150,850
Continuing legal education	136,404		-	136,404
Lawyer referral fees	41,593		-	41,593
Annual meeting	134,557		-	134,557
Share from copiers	-		2,140	2,140
Rule 81 fees	128,510	2,390	-	130,900
Other	83,412	790	-	84,202
Earnings on investments	126,973	43,425	205	170,603
Unrealized gain on investments	23,376	11,547	-	34,923
Total unrestricted revenue	2,512,246	87,195	2,345	2,601,786
Expenses				
Admissions	182,457	-	-	182,457
Board of Governors	47,822	-	-	47,822
Discipline	664,488	-	-	664,488
Fee arbitration	66,780	-	-	66,780
Lawyer referral	52,504	-	-	52,504
Continuing legal education	327,828	-	-	327,828
Administration	492,382	-	-	492,382
Pro Bono	89,252	-	-	89,252
Voluntary CLE	22,300	-	-	22,300
Annual meeting	112,091	-	-	112,091
Claims awarded	-	127,235	-	127,235
Rule 31 Trustee Counsel	-	30,367	-	30,367
Other	176,476	300	12	176,788
Total expenses	2,234,380	157,902	12	2,392,294
Increase (decrease) in unrestricted net assets	277,866	(70,707)	2,333	209,492
Net assets, beginning of year	2,112,876	1,153,037	21,139	3,287,052
Net assets, end of year	$ 2,390,742	$ 1,082,330	$ 23,472	$ 3,496,544

The full Independent Auditor's Report and accompanying financial statements and notes are available for inspection at the Bar Association office.

APPENDIX A

Bar Bylaws and Regulations Added, Modified, or Repealed in 2007

Article VII, Section 1(a)(11)

September 2007: The Board amended Bylaws, Article VII, Section 1(a)(11) to change the name of the "Judicial Independence Committee" to the "Committee for Fair and Impartial Courts."

Article VII, Section 1(a)(3)

October 2007: The Board amended Bylaws, Article VII, Section 1(a)(3) to change the reference from the "Code of Professional Responsibility" to the "Alaska Rules of Professional Conduct."

Bar Rules Proposed to the Supreme Court in 2007

Alaska Bar Rules

January 2007: The Board proposed an amendment to Bar Rule 39(a) correcting the Bar Association's address.

January 2007: The Board proposed an amendment to Bar Rule 40(u) correcting the citations to the uniform arbitration acts.

February 2007: The Board proposed a new rule, Bar Rule 15.1, that would require lawyers to have their trust accounts only at institutions that agree to provide trust account overdraft notices to bar counsel.

February 2007: The Board proposed an addition to Bar Rule 13 that would provide for a challenge procedure to mediators and referral back to grievance investigation or fee arbitration if there is no response to scheduling requests.

February 2007: The Board proposed an addition to Bar Rule 38 that would provide for the appointment of a mediator to the Executive Committee of the Fee Dispute Resolution Program and making the President-Elect a non-voting member.

February 2007: The Board proposed an amendment to Bar Rule 40 that would change the start of the time period for requesting modification of a fee arbitration decision from "delivery" to "service" of the decision and would change the start of the time period for objection from "receipt" of notice to "service" of notice.

February 2007: The Board proposed an amendment to Bar Rule 61(a) that would remove the filing date for a petition to suspend for nonpayment of dues. In addition, the amendment would direct the petition to the entire Supreme Court rather than an individual justice.

October 2007: The Board proposed amendments to Bar Rule 44 regarding legal intern permit eligibility and renewal as well as permitted acts by a legal intern.

October 2007: The Board proposed an amendment to Bar Rule 44.1(f)(2)(A) that would change the reference from the "Code of Professional Responsibility" to the "Alaska Rules of Professional Conduct."

November 2007: The Board proposed an amendment to Bar Rule 63 that would require a nonlawyer who prepares or completes documents for compensation to obtain and maintain for five years a signed statement from the consumer that warns that the preparer is not a lawyer, that the document may not be legally enforceable, that the document should be reviewed by a lawyer admitted to practice in Alaska, and that the consumer may report any problems with the document to the Bar Association.

December 2007: The Board proposed an amendment to Bar Rule 6, Section 7(b) that would delete the appeal provision relating to residency requirements since the residency requirement has been abolished.

December 2007: The Board proposed an amendment to Bar Rule 5, Section 3 that would allow any state or federal judicial officer to sign an order of admission if eligibility is certified and would permit any state or federal judicial officer or any person authorized to administer oaths to administer the oath of admission to the Bar.

Bar Rules Adopted by the Supreme Court in 2007

Alaska Bar Rules

Effective April 16, 2007: The Court amended Bar Rules 8(3) and 22(p) to clarify the contents of excerpts of record to be filed in admissions and discipline appeals.

Effective October 15, 2007: The Court amended Bar Rule 61(d) to correct the name of the "Child Support Enforcement Division" to the "Child Support Services Division."

Effective October 15, 2007: The Court amended Bar Rule 5, Section 1(b) to add the filing of the Bar Rule 64 affidavit to the requirement to file membership acceptance forms within 60 days of completion of certain admissions requirements.

Effective October 15, 2007: The Court added Bar Rule 43.2 permitting practice by Emeritus Attorneys for qualified legal services organizations.

Effective October 15, 2007: The Court amended Bar Rule 3, Section 6 to change the reapplication deadline for the July Alaska bar examination to June 15th.

Effective January 1, 2008: The Court modified Bar Rule 65 to provide for a mandatory ethics continuing legal education requirement of three hours per year and a voluntary continuing legal education recommendation of nine hours per year. In addition, the Court clarified activities that qualify for continuing education credit and other aspects of the program. The Court also amended Bar Rule 66 regarding suspension for failure to comply with the mandatory requirement. These modifications came as the result of a concerted effort on the part of the Court and the Board to achieve a meaningful program.

Effective April 15, 2008: The Court amended Bar Rule 29 to permit appeals or petitions for hearing in disciplinary reinstatement matters.

APPENDIX B
Bar Sections & Committees

Substantive Sections and Chairs, 2007

At the end of 2007 there were 23 active sections.
The Sections, Chairs, and Co-Chairs at the end of 2007 follow:

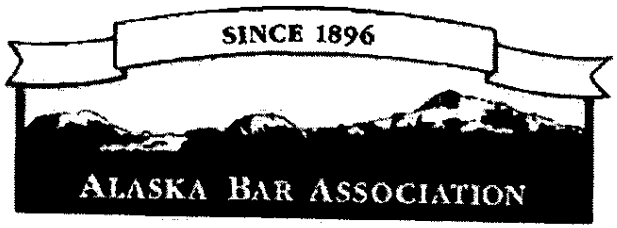
Administrative Law
Kathy Atkinson
Admiralty Law
Steve Shamburek & Mark Manning
Alaska Native Law
Mike Robbins
Alternate Dispute Resolution
Glenn Cravez
Bankruptcy Law
Michelle Boutin & Gary Spraker
Business Law
Leonard Anderson
Corporate Counsel
Marcia Davis & Carol Johnson
Elder Law
Ilona Bessenyey & Una Gandbhir
Employment Law
Tom Daniel, Will Schendel & Rob Schmidt
Environmental/Natural Resources Law
Larry Albert, Larry Hartig & Russ Winner
Estate Planning/Probate Law
Tonja Woelber
Family Law
Lori Ann Colbert & SJ Lee
Health Law
Joan Wilson
Immigration Law
Kathy Atkinson
Intellectual Property Law
Jon Dawson & Elizabeth Hodes
International Law
Andy Haas, Nevhiz Calik & Julie Webb
Law & Community Health Forum
Hanley Smith
Municipal Law
Scott Brandt-Erichsen & Rhonda Fehlen-Westover
New Lawyers
Teresa Buelow & Beth Trimmer
Real Estate Law
Joan Travostino
Tax Law
Charles Schuetze
Torts/Personal Injury Law
Jim Leik
Workers' Comp
Joe Kalamarides

CLE Committee Members
June 30, 2006 - June 30, 2007

Fairbanks	
James DeWitt, Chair	6/2008
Gail Ballou	6/2008
Aimee Anderson Oravec	6/2007
Anchorage	
Peter Ashman	6/2008
Nora Barlow	6/2009
Jason Bergevin	6/2007
David Carter	6/2007
Lea Filippi	6/2009
Bonnie Harris	6/2009
Barbara Jones	6/2008
Christine Thoreson	6/2008
Nehviz Calik	6/2009
Young Lawyer Rep	
Zach Manzella	6/2008
Young Lawyer Rep	
Juneau	
David Ingram	6/2009
Kodiak	
Judge Joel Bolger	6/2009
Judicial Representative	

Bar Committees and Chairs

Alaska Bar Rag
Tom Van Flein
Alaska Rules of Professional Conduct
Jerome Juday
Bar Polls & Elections
Tim Middleton
Continuing Legal Education
James DeWitt
Ethics
Bob Mahoney
Fair & Impartial Courts
Susie Dosik
Historians
Leroy Barker
Law Examiners
Mary Gilson
Law Related Education
Barbara Jones
Lawyers Assistance
Vacant
Lawyers Fund for Client Protection
Paul Nangle
Pro Bono Services
Robert Stewart



550 West 7th Avenue, Suite 1900
Anchorage, Alaska 99501
Phone: 907-272-7469

HB

90

<target><bill>HB 90</bill><subject>HB
90</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 23, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4-1-09

The FINANCE Committee considered: **HOUSE BILL NO. 90**

"An Act relating to bonding limitations and confidentiality of records and information of the Alaska Industrial Development and Export Authority; and providing for an effective date."

HB 90 AIDEA: BONDING LIMITS; CONFIDENTIALITY

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 90 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [X] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
CED	1			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Gara	✓			
R Foster	Foster	X			
Harry J Crawford Jr	CRAWFORD	X			
	Kelly			X	
Kent Olson	Salmon	X			
Anna L. Fairclough	FAIRCLOUGH			✓	
Chair: Mike Hawker	Hawker	*			
Chair: Bill Stoltze	STOLTZE			*	

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 90
(H) Publish Date: 1/28/09

Identifier (file name): 0043-CED-AIDEA-12-12-08
Dept. Affected: DCCED
Title: AIDEA bonding limitations and confidentiality of records
RDU: AIDEA (125)
Component: AIDEA Operations
Sponsor: Request of the Governor
Requester:
Component Number: 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill excludes refunding and conduit bonds from AIDEA's $400 million 12-month bonding limitation; removes, rather than extends the previous statutory sunset date, the legislative approval requirement for bonds issued including the refunding of development finance projects; this bill does not change the requirement of legislative approval for bonds in excess of $10 million for development finance projects; clarifies that AIDEA may finance certain costs and expenses associated with refunding bonds of development finance projects with the refunding bond proceeds; amends AIDEA's confidentiality statute to clarify the confidentiality of certain records and the processes for determining confidentiality.

This bill has no operational fiscal impact on AIDEA.

Prepared by: Sara Fisher-Goad, Deputy Director - Operation
Phone 907-771-3012
Division: Alaska Development and Export Authority
Date/Time 12-12-08 3:00pm
Approved by: Emil R. Notti, Commissioner
Date 12/12/2008
Commerce, Community, and Economic Development

(Revised 9/10/2008 OMB)

4312

AMENDMENT 1 adopted 4/1/09

OFFERED IN THE HOUSE BY REPRESENTATIVE HAWKER

TO: CSHB 90 (L&C)

Page 1, line 7:

Delete "**and conduit revenue**"

2009 HOUSE
FINANCE
COMMITTEE

DATE: 4-1-09

Amendment: 2

MEMBER	Favor	Oppose
REP. SALMON	✓	
REP. THOMAS	✓	
REP. AUSTERMAN		absent
REP. CRAWFORD	✓	
REP. FAIRCLOUGH	✓	
REP. FOSTER		✓
REP. GARA	✓	
REP. JOULE	✓	
REP. KELLY		✓
REP. STOLTZE	✓	
REP. HAWKER	✓	
	6	2

2009 HOUSE
FINANCE
COMMITTEE

DATE: 4-1-09

Amendment: amed. to amed 2

MEMBER	Favor	Oppose
REP. KELLY	✓	
REP. SALMON	✓	
REP. THOMAS		✓
REP. AUSTERMAN		absent
REP. CRAWFORD		✓
REP. FAIRCLOUGH		✓
REP. FOSTER		✓
REP. GARA		✓
REP. JOULE		✓
REP. HAWKER		✓
REP. STOLTZE		✓

2 8

adopted 4/1/09 (8-2)

26-GH1043\R.1
Cook
3/13/09

AMENDMENT 2

OFFERED IN THE HOUSE BY REPRESENTATIVE JOULE

TO: CSHB 90(L&C)

Page 1, line 2, following "**Authority;**":

Insert "**relating to municipal taxation of interests in certain property of the Alaska Industrial Development and Export Authority; providing for an effective date by amending the effective date of sec. 3, ch. 117, SLA 2000, as amended by sec. 2, ch. 74, SLA 2003, and by sec. 3, ch. 67, SLA 2008;**"

Page 3, following line 9:

Insert a new bill section to read:

"*** Sec. 7.** Section 19, ch. 117, SLA 2000, as amended by sec. 2, ch. 74, SLA 2003, and by sec. 3, ch. 67, SLA 2008, is amended to read:

Sec. 19. Section 3 of this Act takes effect November 30, **2012** [2009]."

Renumber the following bill section accordingly.

4316

Alaska Industrial Development and Export Authority
Description of Bond Terms

State of Alaska Has No Liability for AIDEA's Bonds
The State has no liability for any bonds issued by AIDEA, including AIDEA's general obligation bonds. AIDEA has statutory authority to issue moral obligation bonds only for a power transmission intertie [AS 44.88.100(d) (3)]. A moral obligation creates an expectation of state financial support, but not an actual liability. AIDEA has not issued bonds for power transmission interties

(1) **General Obligation Bonds:**
AIDEA's general obligation bonds are secured by the general assets and future revenues of the Authority. The DeLong Mountain Transportation System (the port and road that supports the Red Dog Mine) was financed in part by general obligation bonds. Total outstanding as of 6/30/08 - $118,955,000.

(2) **Revenue Bonds:**
Revenue bonds are payable only out of revenues derived from the projects financed or the businesses for which the projects are financed. Neither the Authority's assets nor credit are at risk for these bonds. The Authority may or may not own the financed project; the Snettisham Hydroelectric Project is owned by AIDEA, but all payments on the outstanding bonds are from Alaska Electric Light and Power. Total outstanding as of 6/30/08 - $82,465,000.

(3) **Conduit Revenue Bonds:**
Under AIDEA's conduit revenue bond program, the bonds issued are payable only out of revenues derived from the projects financed or the businesses for which the projects are financed. Neither the Authority's assets nor credit are at risk for these bonds. The Authority has no financial interest in the financed project. Total outstanding as of 6/30/08 - $435,093,000 for bonds issued after July 1st, 1995.

(4) **Refunding Bonds:**
Refunding bonds are issued to retire and replace already outstanding bonds. The proceeds of the bond sale retire the refunded (outstanding) bonds. Refunding bonds are typically issued to reduce future debt service costs. Any of the three types of bonds listed above can be refunded, and usually the refunding bond is of the same type as the refunded bond (that is, if the refunded bond was a conduit revenue bond, the refunding bond usually is also a conduit revenue bond).

Tax-Exempt Bonds
AIDEA's conduit revenue bond program is typically used to access the tax-exempt bond market and its lower interest rates.

Under the U.S. Tax Code, only states and municipalities (in Alaska, cities and boroughs) can issue tax-exempt bonds. A state or municipality can authorize an agency (like AIDEA) to authorize tax-exempt bonds on its behalf. Under very limited circumstances, a state or municipality can authorize a private corporation to issue tax-exempt bonds on its behalf. Certain Indian tribal governments (of which there are many in Alaska) can also issue tax-exempt bonds for limited purposes. Aside from the foregoing, no other entity can issue a tax-exempt bond. There is a wide misconception that nonprofit corporations can issue tax-exempt bonds. They cannot. If a nonprofit corporation (or any entity other than those described above) desires tax-exempt bond financing for a project, the entity must rely upon one of the entities able to issue tax-exempt bonds. Even an issuer that is capable of issuing tax-exempt bonds cannot issue tax-exempt bonds for every purpose; the Internal Revenue Code has very specific rules covering what qualifies for tax-exempt financing.

CSHB 90(L&C)
Sectional Analysis

Section 1. Section 1 (page 1, lines 5 – 7) amends AS 44.88.095(a) to exclude refunding and conduit revenue bonds from the $400,000,000 maximum amount of bonds the Alaska Industrial Development and Export Authority (the "Authority") may issue during any 12-month period. The maximum bond limits restrict the amount of bonds AIDEA may issue in any 12-month period to fund development finance projects, or to raise funds to purchase loan participations or for other program purposes. The maximum bond limits should not apply to refunding and conduit revenue bonds as each promotes the Authority's economic development mission without significantly increasing the Authority's financial obligation on outstanding bond debt. Applying the maximum bond limits to refunding and conduit revenue bonds may preclude the Authority from issuing bonds for worthy economic development purposes.

Refunding bonds refinance existing bonds with the proceeds of new bonds. Typically, the new bonds provide more favorable terms, absent which there would rarely be reason to refund. For example, the more favorable terms could be lower interest rates that will reduce interest costs paid by the Authority or the project developer, and provide economic benefit. Other than an incremental increase to fund reserves and pay for the costs and expenses of issuing the bonds, refunding bonds do not increase the amount of outstanding bond debt.

Conduit revenue bond proceeds finance the acquisition or construction of projects that promote economic development in Alaska. The Authority has no financial obligation to pay conduit revenue bonds. These bonds are payable solely by the project developer and related parties, primarily from revenue generated by the project.

Section 2. Section 2 (page 1, line 8 – page 2, line 6) amends AS 44.88.095(g) to accomplish two things. First, Section 2 will authorize the Authority to issue most bonds without further legislative approval; the sole exception being bonds in excess of $10,000,000 to assist in the financing of a development project under AS 44.88.172 – AS 44.88.177. This amendment would reinstate the Authority's ability to issue bonds that existed before a July 1, 2007, statutory sunset. The Authority currently requires legislative approval to issue any bonds, excepting refunding and conduit revenue bonds. The amendments to AS 44.88.095(g) would eliminate the sunset and enable the Authority to again issue most bonds without legislative approval. The Authority will still require

legislative approval to issue bonds in excess of $10,000,000 to assist in the financing of development projects, excluding refunding bonds.

Second, Section 2 will expressly clarify in statute that the Authority may use proceeds from refunding bonds to fund reserves and finance certain costs and expenses associated with issuing the refunding bonds. AS 44.88.095(g) currently empowers the Authority to issue refunding bonds, but does not provide sufficient clarity required by bond markets to enable proceeds from the refunding bonds to be used to pay more than the outstanding balance of the existing bonds. The proposed amendments, if enacted, will enable the Authority to issue refunding bonds, the proceeds from which can be used to pay both the outstanding balance of the existing bonds and the costs of refinancing, funding reserves, and other costs related to issuing refunding bonds. The ability to use refunding bond proceeds to pay these additional costs is anticipated to reduce the cost of financing, which would provide a direct economic benefit to project developers or the Authority.

Sections 3, 4 and 5. Sections 3, 4 and 5 (page 2, line 7 page 3, line 4) amend AS 44.88.215 and AS 44.88.900 to clarify that certain records and information provided to the Authority are confidential, and establish processes for the Authority to determine confidentiality.

AS 44.88.215 assists the mission of the Authority by assuring persons supplying records or information, and borrowers and applicants (e.g., of loan participations and development finance projects) that certain records and information they provide to the Authority will be kept confidential. The Authority has heard concerns from borrowers, applicants and project developers that AS 44.88.215 does not clearly establish that the Authority can retain the confidentiality of certain types of documents. Sections 3, 4 and 5 attempt to address these concerns in two ways.

First, the amendments clarify that certain types of records and information are confidential. Section 3 amends AS 44.88.215(a) to identify specific types of trade secrets that are confidential. Section 5 amends AS 44.88.900 to further clarify existing statutory language by adding a definition for "trade secrets" using the Alaska Uniform Trade Secrets Act (AS 45.50.940(3)), which defines "trade secret" to mean:

> information that (A) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Second, the amendments establish processes for the Executive Director of the Authority to determine the confidentiality of specific records and information. Currently, records and information that meet the statutory criteria of AS 44.88.215(a) are confidential and

not public records under AS 44.88.215(c). Because there is no process to determine confidentiality, the status of any specific document remains uncertain unless and until the Authority receives a public records request. Under the processes established within Sections 3 and 4, the applicant or borrower must request confidentiality, and make an adequate showing to the Executive Director that the documents meet the statutory criteria of AS 44.88.215(a). The Executive Director then must determine whether the records meet the statutory criteria. This determination can be made when records and information is provided to the Authority, so that applicants and borrowers have greater assurance that information they believe to be confidential or proprietary will remain confidential.

Section 6. Section 6 (page 3, lines 5 – 9) gives instruction to the revisor of statutes to make technical changes to the catchline heading of AS 44.88.215 to reflect amendments made by the bill.

Section 7. Section 7 (page 3, line 10) will make the Act effective on July 1, 2009.

AIDEA Alaska Industrial Development and Export Authority

ALASKA ENERGY AUTHORITY

February 26, 2009

The Honorable Mike Hawker
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, Alaska 99801-1182

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, Alaska 99801-1182

RE: HB 90, "An Act relating to bonding limitations and confidentiality of records and information of the Alaska Industrial Development and Export Authority; and providing for an effective date."

Dear Representatives Hawker and Stoltze:

On February 23, 2009, HB 90 (Companion Bill SB 84) was referred to your committee by House Labor and Commerce. The goal of this legislation is to exclude refunding and conduit revenue bonds from AIDEA's $400 million 12-month bonding limitation; to remove the previous statutory sunset date; to authorize AIDEA to issue most bonds without further legislative approval, without changing the requirement for legislative approval of bonds in excess of $10 million for development finance projects; to clarify that AIDEA may use proceeds from refunding bonds to finance certain costs and expenses associated with issuing the refunding bonds; and to clarify that certain records and information provided to AIDEA are confidential.

We respectfully request you to schedule HB 90 for hearing in your committee at the earliest possible date, and we urge favorable action on this bill. The related zero-fiscal note is attached. We will be happy to meet with you and other members of the committee to provide any other information you may require. Thank you for considering our request.

Sincerely,

ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

Ted Leonard
Executive Director

Attachments (6)

813 West Northern Lights Boulevard • Anchorage, Alaska 99503-2495
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SARAH PALIN
GOVERNOR
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P.O. BOX 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 12, 2008

The Honorable Gary Wilken
Alaska State Senator
State Capitol, Room 7
Juneau, AK 99801-1182

Dear Senator Wilken:

Thank you for forwarding a copy of your information packet to my office raising questions about an amendment to Senate Bill 255. In order for my administration to formulate a sound position on the policy questions you raise, more time is necessary.

The issues raised here touch on multiple agencies, agreements between private interests and a state-owned corporation, and the mechanics of the PILT agreement between those same private interests and the Northwest Arctic Borough. It is long past time to assemble the various parties and resolve this situation on a permanent basis.

It appears from the packet you have assembled that previous administrations expressed their intent to address the long-term policy questions at the root of this dispute. However, the deadlines set by previous legislative actions have delayed review beyond the term of those previous governors. Unfortunately, delayed action on the proposed amendment could have a detrimental impact on the Northwest Arctic Borough School District. As such, I am willing to support a short extension of time on the previous law so that the question will be resolved during my term in office.

You have my assurance that this administration will not defer this question.

Sincerely,

Sarah Palin
Governor

4322

SARAH PALIN
GOVERNOR
GOVERNOR@GOV.STATE.AK.US

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 23, 2009

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault:

Under the authority of Article. III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to bonding limitations and confidentiality of records and information of the Alaska Industrial Development and Export Authority (AIDEA).

This bill would accomplish five things. Section 1 of the bill would exclude refunding and conduit revenue bonds from the 12-month bond limit of the Authority. AS 44.88.095(a) precludes AIDEA from issuing more than $400,000,000 of bonds during any 12-month period. Enactment of the bill would ensure that the 12-month bond limit would never preclude AIDEA from issuing refunding bonds to refinance existing development finance project debt on more favorable terms, or from issuing conduit revenue bonds for which AIDEA has no financial obligation to pay. Conduit revenue bonds are payable by the project developer and related parties, primarily from revenue generated by the project.

Section 2 of the bill would eliminate the sunset of the statutory ability of AIDEA issuing bonds. AS 44.88.095(g) severely limits the ability of AIDEA to issue bonds. Before the July 1, 2007 statutory sunset, AS 44.88.095(g) authorized AIDEA to issue most bonds without further legislative approval; the sole exception being bonds in excess of $10,000,000 to assist in the financing of a development project under AS 44.88.172 - 44.88.177. That authorization to issue bonds ended on July 1, 2007, with the statutory sunset. AIDEA currently requires legislative approval to issue any bonds, excepting refunding and conduit revenue bonds. Section 2 of the bill would amend AS 44.88.095(g) to eliminate the sunset and enable AIDEA to again issue most bonds without legislative approval. AIDEA will still require legislative approval to issue bonds in excess of $10,000,000 to assist in the financing of development projects, excluding refunding bonds.

Section 2 of the bill would also expressly clarify in statute that AIDEA may use proceeds from refunding bonds to finance certain costs and expenses associated with issuing the refunding bonds. AS 44.88.095(g) empowers AIDEA to issue refunding bonds for development projects, but does not provide sufficient clarity required by bond markets to enable proceeds from the refunding bonds to be used to pay more than the outstanding balance of the existing bonds. The bill, if enacted, would enable AIDEA to issue refunding bonds, the proceeds from which can be used to pay both the outstanding balance of the existing bonds and the costs of refinancing, funding reserves, and other costs related to issuing refunding bonds for development projects. The ability to use refunding bond proceeds to pay these additional costs is anticipated to reduce the cost of financing, which would provide a direct economic benefit to project developers.

Sections 3 and 4 of the bill would amend AS 44.88.215 to clarify confidential records and information of AIDEA, and processes for determining confidentiality. AS 44.88.215 assists the mission of AIDEA by assuring borrowers, applicants, and project developers that certain records and information provided to AIDEA will be kept confidential. AIDEA has heard complaints from borrowers, applicants, and project developers because AS 44.88.215 does not clearly establish that AIDEA can retain the confidentiality of certain types of documents. Sections 5 and 6 of the bill attempt to address these concerns by clarifying that certain types of records and information are confidential, defines "trade secrets" using the Alaska Uniform Trade Secrets Act to clarify existing statutory language, and establishes processes for the executive director of AIDEA to determine confidentiality of records and information.

Finally, Section 8 of the bill would make the Act effective on July 1, 2009.

I urge your prompt and favorable action on this measure.

Sincerely,

Sarah Palin
Governor

AIDEA Alaska Industrial Development and Export Authority

ALASKA ENERGY AUTHORITY

March 23, 2009

The Honorable Mike Hawker
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, Alaska 99801

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, Alaska 99801

RE: HB90 - Responses to questions from March 17, 2009 Finance Committee Hearing

Dear Representatives Hawker and Stoltze:

This letter provides the Alaska Industrial Development and Export Authority's (AIDEA) response to questions asked at the March 17th House Finance Committee hearing on HB90.

The Committee asked if any conduit revenue bonds issued by AIDEA are currently in default. Attached is a list of the AIDEA conduit revenue bonds issued since 1995, including the outstanding bonds balance at June 30, 2008. AIDEA has not been informed of any payment problems or other defaults on any of the outstanding issues.

We were also directed to discuss the pending bill with the State's Debt Manager. We discussed the bill with Mr. Deven Mitchell, Debt Manager, and understand that he has contacted your office and will follow-up with an email.

Thank you for bringing HB90 before House Finance and for the opportunity for staff to make a presentation to the Committee. Please let me know if you require further information.

Sincerely,

ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

Ted Leonard
Executive Director

H:\AIDEA and AEA LEGISLATION & BUDGET FOLDERS\2009 legislation and Budget FY10\General Correspondence\Rep_Hawker_HB90_3-23-2009.doc
Attachment

Alaska Industrial Development and Export Authority
Conduits Issued Since 1995

Bond Issue	Date Issued	Principal Issued	Outstanding at June 30, 2008
Fairbanks Gold Mining, Inc.	5/22/1997	71,000,000	0
Upper Lynn Canal Regional Power Supply	12/31/1997	23,000,000	19,605,000
Juneau I LLC	8/6/1998	13,575,000	5,920,000
American Red Cross, South Central Alaska Chapter	1/19/1999	2,200,000	445,000
Fairbanks Sewer and Water, Inc. Project	7/26/1999	6,000,000	5,388,868
Association of Village Council Presidents	12/17/1999	915,659	0
Anchorage Neighborhood Housing Service	5/1/2001	900,000	688,393
Williams Lynxs Alaska CargoPort, LLC	5/17/2001	15,215,000	13,625,000
Hope Community Resources, Inc.	10/17/2002	1,600,000	1,338,920
Providence Health System	5/16/2003	22,995,000	18,550,000
Providence Health System	9/4/2003	36,000,000	36,000,000
Greater Fairbanks Community Hospital	10/28/2004	120,000,000	117,320,000
Alaska Public Telecommunications, Inc.	2/8/2005	1,120,000	830,919
Rental Car Facility Project at Ted Stevens AIA	9/22/2005	62,824,573	63,426,013 #
Lake Dorothy Hydroelectric Project	5/18/2006	46,655,000	46,655,000
Anchorage Sportsplex Project - Series 2006A and Series 2006B	8/16/2006	11,510,000	11,510,000
Providence Health & Services	11/30/2006	54,355,000	54,355,000
Boys and Girls Home and Family Services, Inc. Project - Series 2007C and Series 2007D	3/22/2007	39,435,000	39,435,000
Total		529,300,232	435,093,113

$13,294,573 of Capital Appreciation Bonds issued with a maturity value of $32,305,000; amount outstanding includes accreted value

3/19/2009

April 1, 2009

1:38

Rules/GOV CSHB 90 (L+C) - AIDEA Bonds 26-GH1043\R

R.O. Ø FN 1 - CED 12/12/08

Alaska Industrial Development and Export Authority (AIDEA)

adopted Amend. 1 - Hawker
adopted Amend. 2 - Joule

austerman

Eddy Jeans, Dir.
School Finance

HB

98

<target><bill>HB 98</bill><subject>HB
98</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 4, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/2/09

The FINANCE Committee considered: **HOUSE BILL NO. 98**

"An Act relating to minor consuming and repeat minor consuming; and providing for an effective date."

HB 98 MINOR CONSUMING

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 98 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [X] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero
DPS				✓

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero
CORT	1			✓
LAW	2			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	KELLY	X			
AR Foster	Foster	X			
Nancy J Crawford	CRAWFORD			X	
	Salmon			X	
	Ramos			✓	
	Gara				✓
Chair:	Hawker	☆			
Chair:					

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 98
(H) Publish Date: 2/4/09

Identifier (file name):
Title: Minor Consuming
Sponsor: Representative Ramras
Requester:

Dept. Affected:
RDU: Alaska Court System
Component: Trial Courts
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The court system does not anticipate any fiscal impact from the passage of HB 98.

Prepared by: Doug Wooliver, Administrative Attorney
Division: Alaska Court System
Phone: 463-4750
Date/Time: 01-28-09 @ 2:30 pm

Approved by: Doug Wooliver for Stephanie Cole, Administrative Attorney
Alaska Court System
Date: 1/28/2009

(Revised 9/10/2008 OMB)

4330

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **HB 098**
() Publish Date:

Identifier (file name): **HB098-DPS-DET-02-02-09**
Title "An Act relating to minor consuming."
Sponsor Representative Ramras
Requester House Judiciary

Public Safety
RDU Alaska State Troopers
Component AST Detachments
Component Number 2325

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill amends AS 04.16.050(c) and (d) by clarifying when a person is guilty of repeat, or habitual minor consuming or in possession or control.

Passage of this legislation will not increase the number of arrests made or cases referred for prosecution. This bill will have no fiscal impact on the department.

Prepared by: Lt. Rodney Dial
Division Alaska State Troopers
Phone 907-247-4480
Date/Time 2/3/09 9:27 AM

Approved by: Joseph Masters, Commissioner
Department of Public Safety
Date

(Revised 11/19/2007 OMB)

4331

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 98
(H) Publish Date: 2/4/09

Identifier (file name): HB098-LAW-CRIM-1-31-09
Dept. Affected: LAW
Title: An Act relating to minor consuming and repeat minor consuming
RDU: CRIMINAL
Component: Criminal Justice Litigation
Sponsor: Representative Ramras
Requester: Judiciary
Component Number: 2202

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The bill would clarify the existing minor consuming statute regarding when a minor would be designated as a habitual offender. The Department of Law does not anticipate any fiscal impact from passage of this legislation.

Prepared by: Robert Meiners, Deputy Director
Phone 907-465-5427
Division: Administrative Services Division
Date/Time 1/31/09 4:00 PM
Approved by: Talis Colberg, Attorney General
Date 1/31/2009
Department of Law

(Revised 9/10/2008 OMB)

4332

Adopted 4/2/09

26-LS0051\A.5
Luckhaupt
4/2/09

AMENDMENT 2

OFFERED IN THE HOUSE
TO: HB 98

By Rep. Hawker
By Request

Page 1, line 1, following "**consuming;**":

Insert "**relating to penalties for violations of limitations on possessing, sending, shipping, transporting, or bringing alcoholic beverages to, soliciting or receiving orders for delivery of alcoholic beverages to, and the manufacture, sale, offer for sale, barter, traffic, or possession of alcoholic beverages in, a local option area;**"

Page 2, following line 15:

Insert new bill sections to read:

"*** Sec. 3.** AS 04.16.200(h) is amended to read:

(h) Upon conviction of a class C felony under (b) or (e)(2) or (3) of this section, the court

(1) shall impose a fine of not less than $10,000 and a minimum sentence of imprisonment of

(A) 120 days if the person has **not** been previously convicted [ONCE];

(B) 240 days if the person has been previously convicted **once** [TWO TIMES];

(C) 360 days if the person has been previously convicted **two** [THREE] or more times;

(2) may not

(A) suspend execution of sentence or grant probation except on the condition that the person

(i) serve the minimum imprisonment under (1) of this

subsection; and

(ii) pay the minimum fine required under (1) of this subsection; or

(B) suspend imposition of sentence.

*** Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 04.16.200(h), as amended by sec. 3 of this Act, applies to an offense occurring on or after the effective date of this Act. References to previous convictions in sec. 3 of this Act apply to convictions occurring before, on, or after the effective date of this Act."

Renumber the following bill section accordingly.

withdrawn

26-LS0051\A.4
Luckhaupt
4/1/09

AMENDMENT 1

OFFERED IN THE HOUSE BY REPRESENTATIVE GARA

TO: HB 98

Page 1, line 1, following both occurrences of "**consuming**":

Insert "**or in possession or control**"

Page 1, following line 3:

Insert a new bill section to read:

"* **Section 1.** AS 04.16.050(b) is amended to read:

(b) A person who violates (a) of this section and who has not been previously convicted or received a suspended imposition of sentence under (1) of this subsection is guilty of minor consuming or in possession or control. **Minor consuming or in possession or control is a violation.** Upon conviction in the district court, the court

(1) may grant a suspended imposition of sentence under AS 12.55.085 and place the person on probation for up to one year if the person has not been convicted of a violation of this section previously; among the conditions of probation, the court shall, with the consent of a community diversion panel, refer the person to the panel, and require the person to comply with conditions set by the panel, including counseling, education, treatment, community work, and payment of fees; in this paragraph, "community diversion panel" means a youth court or other group selected by the court to serve as a sentencing option for a person convicted under this section; or

(2) shall impose a fine of at least $200 but not more than $600, shall require the person to attend alcohol information school if the school is available, and shall place the person on probation for up to one year under (e) of this section; the court may suspend a portion of the fine imposed under this paragraph that exceeds

4335

$200 if the person is required to pay for education or treatment required under (e) of this section."

Page 1, line 4:

Delete "**Section 1**"

Insert "**Sec. 2**"

Renumber the following bill sections accordingly.

Page 1, line 9, following "section.":

Insert "**Repeat minor consuming or in possession or control is a violation.**"

Page 2, following line 15:

Insert new bill sections to read:

"*** Sec. 4.** AS 04.16.050(*l*) is amended by adding a new paragraph to read:

(4) "violation" has the meaning given in AS 11.81.900 and the penalties that are provided in this section.

*** Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE RECOGNITION OF EFFECT OF DEFINITION. The legislature recognizes that

(1) the definition of "violation" in AS 11.81.900(b)(63) provides that persons charged with a violation are not entitled to counsel or a trial by jury; and

(2) notwithstanding the definition of "violation" in AS 11.81.900(b)(63), persons charged with a first offense minor consuming or in possession or control or with repeat minor consuming or in possession or control under AS 04.16.050 are entitled to counsel and a trial by jury under the decision of the Alaska Court of Appeals in State v. Auliye, 57 P.3d 711 (Alaska App. 2002)."

Renumber the following bill section accordingly.

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House of Representatives

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Representative Jay Ramras
District 10

Sponsor Statement
HB 98

"An Act relating to minor consuming and repeat minor consuming; and providing for an effective date."

HB 98 fixes a problem that occurred with the enactment of HB 359, a bill that passed the House unanimously in the 25th Legislative Session. HB 359 originated due to the desire of Alaskan youths to join the military and not being able to due to probation restrictions from a minor consuming charge that may have occurred 5 years previously. Unfortunately, when the bill was drafted, it left a loop-hole in the repeat minor consuming law.

HB 98 fixes this loop-hole by amending the language of AS 04.16.050(c) to include in the list of predicate offenses for repeat minor consuming "previously granted suspended imposition of sentence", and "a prior conviction under AS 04.16.050(b)(2)."

This new language will now cover all repeat offenders, no matter how their previous minor consuming charges were adjudicated.

Representative_Jay_Ramras@legis.state.ak.us

Westlaw.

AS § 04.16.050 Page 1

C

West's Alaska Statutes Annotated Currentness
Title 4. Alcoholic Beverages
Chapter 16. Regulation of Sales and Distribution
Article 1. Prohibited Acts
→ **§ 04.16.050. Possession, control, or consumption by persons under the age of 21**

(a) A person under the age of 21 years may not knowingly consume, possess, or control alcoholic beverages except those furnished persons under AS 04.16.051(b).

(b) A person who violates (a) of this section and who has not been previously convicted or received a suspended imposition of sentence under (1) of this subsection is guilty of minor consuming or in possession or control. Upon conviction in the district court, the court

(1) may grant a suspended imposition of sentence under AS 12.55.085 and place the person on probation for up to one year if the person has not been convicted of a violation of this section previously; among the conditions of probation, the court shall, with the consent of a community diversion panel, refer the person to the panel, and require the person to comply with conditions set by the panel, including counseling, education, treatment, community work, and payment of fees; in this paragraph, "community diversion panel" means a youth court or other group selected by the court to serve as a sentencing option for a person convicted under this section; or

(2) shall impose a fine of at least $200 but not more than $600, shall require the person to attend alcohol information school if the school is available, and shall place the person on probation for up to one year under (e) of this section; the court may suspend a portion of the fine imposed under this paragraph that exceeds $200 if the person is required to pay for education or treatment required under (e) of this section.

(c) A person is guilty of repeat minor consuming or in possession or control if the person was placed on probation under (b)(1) of this section or has been previously convicted once, and the person violates (a) of this section. Upon conviction in the district court, the court shall

(1) impose a fine of $1,000 and require at least 48 hours of community work;

(2) revoke the person's driver's license for three months;

(3) take possession of the person's driver's license; and

(4) suspend up to $500 of the fine and place the person on probation for up to one year under (e) of this section.

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(d) A person is guilty of habitual minor consuming or in possession or control if the person was placed on probation under (c) of this section, or has been previously convicted twice, and the person violates (a) of this section. Habitual minor consuming or in possession or control is a class B misdemeanor. Upon conviction, the court may impose an appropriate period of imprisonment and fine and place the person on probation under (e) of this section for one year, or until the person is 21 years of age, whichever is later, and shall

(1) impose at least 96 hours of community work;

(2) revoke the person's driver's license for six months;

(3) within five working days, notify the agency responsible for the administration of motor vehicle laws of the revocation; and

(4) take possession of the person's driver's license.

(e) The court shall place a person sentenced under (b)(2), (c), or (d) of this section on probation for the appropriate period. The person may not refuse probation. The court may require the person to pay for and enroll in a juvenile alcohol safety action program, if one is available. The court shall impose the following conditions of probation:

(1) the person shall pay for and successfully complete any education or treatment recommended;

(2) the person may not consume inhalants or possess or consume controlled substances or alcoholic beverages, except as provided in AS 04.16. 051(b);

(3) the person shall timely complete any community work ordered, as provided in (f) of this section; and

(4) other conditions the court considers appropriate.

(f) A person ordered to perform community work under this section shall perform the work within 120 days of the entry of judgment for a conviction. The court may expand the time period for up to 30 days upon a showing of good cause. The person shall submit verification of completion of community work to the clerk of court on a form provided by the court. If the verification is not provided within the time period required by this subsection, the court shall, within 30 days, schedule further proceedings in the case to determine whether a violation of probation has occurred.

(g) The treatment recommended by a juvenile alcohol safety action program for a person placed on probation under (e) of this section may include a period of inpatient treatment if the judgment specifies the maximum period of inpatient treatment authorized. A person who has been recommended for inpatient treatment may make a written request to the sentencing court for review of the referral. A person shall make a request for review within seven days after the

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recommendation and shall specifically set out the grounds upon which the request for review is based. The court may order a hearing on the request for review.

(h) The juvenile alcohol safety action program to which a person is referred under this section shall inform the court or a minor's juvenile probation officer if the person fails to submit to evaluation or fails to complete successfully any education or treatment recommended. If the court finds that the person has failed to perform community work as ordered, to submit to evaluation, or to complete successfully the education or treatment recommended, the court may impose the suspended fine, and may impose any period of suspended incarceration. If the person was convicted under (c) or (d) of this section, the court shall revoke the person's driver's license for an additional six months beyond the revocation imposed under (c) or (d) of this section. A court revoking a person's driver's license under this subsection shall notify the agency responsible for the administration of motor vehicle laws of the revocation within five working days.

(i) When considering the financial resources of a minor for purposes of determining eligibility for court-appointed counsel under this section, the court shall consider the resources of both the defendant and the defendant's parent or guardian, unless the court finds good cause to treat the defendant's or the defendant's parent's or guardian's resources as being unavailable to the defendant.

(j) A driver's license revocation under this section is consecutive to a revocation imposed under another provision of law, but is concurrent with a revocation under another provision of law based on a prior conviction, adjudication of delinquency, or informal adjustment under AS 47.12.060.

(k) Notwithstanding (b), (c), and (e) of this section, a person sentenced under (b) or (c) of this section may make a motion to the court to terminate probation of that person before the end of the probationary period required under those subsections. The court may grant the motion if the court finds, by clear and convincing evidence, that

(1) the person completed any community work ordered under (f) of this section;

(2) the person has successfully completed any education or treatment program ordered by the court and, if required by the court, has either

(A) paid for the programs; or

(B) made a good faith effort to pay for the programs, agreed to have the debt reduced to a civil judgment, entered into a repayment plan with the provider or the state, and agreed that the civil judgment may be enforced in the manner provided for restitution and fines in AS 12.55.051;

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(3) the person has either

(A) paid the fine; or

(B) made a good faith effort to pay the fine, agreed to have the remaining fine amount reduced to a civil judgment, entered into a plan with the state, and agreed that the civil judgment may be enforced in the manner provided for restitution and fines in AS 12.55.051; and

(4) the person has substantially complied with the other conditions of probation.

(*l*) In this section,

(1) "driver's license" has the meaning given in AS 28.90.990;

(2) "juvenile alcohol safety action program" means

(A) a juvenile alcohol safety action program developed and implemented or approved by the Department of Health and Social Services under AS 47.37;

(B) any other alcohol education or treatment program approved by the Department of Health and Social Services under AS 47.37 if a program described in (A) of this paragraph is not available in the community in which the person resides; or

(C) a program or counseling approved by the court if a program or treatment described in (A) of this paragraph is not available in the community where the person resides;

(3) "previously convicted" means a conviction or an adjudication as a delinquent for a violation of AS 11.71, AS 28.35.030, 28.35.032, 28.35.280--28.35.290, or a law or ordinance in another jurisdiction with substantially similar elements.

CREDIT(S)

SLA 1980, ch. 131, § 3; SLA 1983, ch. 109, § 8; SLA 1995, ch. 81, § 1; SLA 2001, ch. 65, §§ 1, 2. Amended by SLA 2008, ch. 75, §§ 1 to 5, eff. July 1, 2008.

HISTORICAL AND STATUTORY NOTES

SLA 2008, ch. 75, inserted "up to" after "on probation for" and deleted "or until the person is 21 years of age, whichever is later" after "one year" in subsec. (b)(1); inserted "for up to one year" after "person on probation" in subsec. (b)(2); substituted "(b)(1)" for "(b)" and inserted "once" after "previously convicted" in subsec. (c), and inserted "for up to one year" in subsec. (c)(4); inserted "for one year, or until the person is 21 years of age, whichever is later" in subsec. (d); substituted "(b)(2)" for "(b)" and "the appropriate period" for "one year, or until the person is 21 years of age, whichever is later" in subsec. (e); and added subsec. (*l*) (now subsec. k).

SLA 2008, ch. 75, § 43 provides:

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"APPLICABILITY. (a) Sections 6--9, 14--16, 22--24, 29--31, and 40 of this Act apply to an offense occurring on or after July 1, 2008. References to previous convictions in secs. 8 and 9 of this Act apply to convictions occurring before, on, or after July 1, 2008.

"(b) Sections 5 and 13 of this Act apply to an offense occurring before, on, or after July 1, 2008.

"(c) Sections 17, 18, 39, and 41 of this Act apply to search warrants applied for on or after July 1, 2008, regardless of whether the offense occurred before, on, or after July 1, 2008.

"(d) Sections 19--21, 36, and 37 of this Act apply to procedures occurring after July 1, 2008, regardless of whether the offense occurred before, on, or after July 1, 2008.

"(e) Section 25 of this Act applies to applications for criminal extraditions submitted on or after July 1, 2008, regardless of whether the offense occurred before, on, or after July 1, 2008.

"(f) Section 12 of this Act applies to offenses occurring and actions arising on or after July 1, 2008.

"(g) Sections 26--28 and 42 of this Act apply to applications submitted on or after July 1, 2008."

SLA 2008, ch. 75, § 44 provides:

"SEVERABILITY. Under AS 01.10.030, if any provision of this Act, or the application of it to any person or circumstance, is held invalid, the remainder of this Act and the application to other persons or circumstances are not affected."

In 2008, new subsec. (*l*) was redesignated as (k) and existing subsec. (k) as (*l*) by the revisor.

CROSS REFERENCES

Administrative revocation of license to drive, see § 28.15.183.
Attempt, classification of offenses, see § 11.31.100.
Civil liability of persons providing alcoholic beverages, see § 04.21.020.
Classification of offenses, see § 11.81.250.
Court reports to Department of Transportation, conviction records, see § 28.15.191.
Court revocation of a minor's license to drive, see § 28.15.185.
Court suspensions, revocations, and limitations, see § 28.15.181.
Criminal jurisdiction, see § 22.15.060.
Fines, see § 12.55.035.
Gangs, additional penalties for activities punishable as misdemeanors, see § 12.55.137.
Grounds for arrest by private person or peace officer without warrant, see § 12.25.030.
Juvenile delinquency, certain provisions inapplicable, see § 47.12.030.
Juvenile delinquents, criminal consequences, see § 47.12.060.
Juvenile delinquents, judgment and orders, see § 47.12.120.
Legal accountability based upon the conduct of another, see §§ 11.16.110 and 11.16.120.
Misdemeanors, sentences of imprisonment, see § 12.55.135.

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Motor vehicle insurance following driver's license revocation, see § 21.89.027.
Offenses defined by statute, see § 11.81.220.
Periods of limitation, suspension or revocation, see § 28.15.211.
Prior convictions, effect on sentencing, see § 12.55.145.
Private manufacture of alcoholic beverages, see § 04.21.015.
Restitution and compensation, see § 12.55.045.
Restrictions on driver's license issued to a person under 18, see § 28.15.057.
Victims of crimes, rights, see § 12.61.010 et seq.

LIBRARY REFERENCES

Intoxicating Liquors ⚿ 131, 139.
Westlaw Key Number Searches: 223k131; 223k139.
C.J.S. Intoxicating Liquors §§ 311, 323 to 324, 361 to 364, 366 to 368.

NOTES OF DECISIONS

Counsel for accused 7
Defenses 5
Detention and custody 4.5
Double jeopardy 6
Nature of offense 2
Persons liable 4
Presumptions and burden of proof 8
Probation 10
Search warrants 3
Validity 1
Weight and sufficiency of evidence 9

1. Validity

Provision in statute prohibiting possessing, controlling, or consuming alcoholic beverages by a person under the age of 21, which provision requires younger offenders to stay on probation longer than older offenders by mandating that person convicted of violating statute be placed on probation for one year, or until the person reached 21 years of age, whichever is later, does not violate state equal protection clause; state has compelling interest in preserving health and welfare of minors and, given that younger offenders are more at risk than older offenders, challenged provision bears substantial relationship to legislature's goal of preserving minors' health and welfare by preventing unlawful underage drinking. Const. Art. 1, § 1; AS 04.16.050. State v. Morgan (2005) Alaska App., 111 P.3d 360. Constitutional Law ⚿ 3819; Intoxicating Liquors ⚿ 19

Portions of statute imposing automatic "probation," which made statute unconstitutional in denying underage drinkers right to jury trial and appointed counsel on showing of indigency, could not be stricken, leaving rest of statute intact, where offensive potential punishments of custodial in-patient treatment and community service were clearly important to achievement of legislative goals, and even if offensive portions were removed, fact that underage drinker

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did not receive jury trial for first offense would prohibit imposition of increased penalties for subsequent offense, thus defeating legislative scheme of enhanced punishment for repeat offenders. U.S.C.A. Const.Amends. 6, 14; Const. Art. 1, § 11; AS 04.16.050. State v. Auliye (2002) Alaska App., 57 P.3d 711. Statutes ⚿ 64(6)

2. Nature of offense

Underage drinking violations are a class of quasi-criminal offenses which, while they are not serious, are to be disposed of within the criminal justice system. State v. Euteneier (2001) Alaska App., 31 P.3d 111. Intoxicating Liquors ⚿ 131

3. Search warrants

Underage drinking violations can be enforced by traditional criminal procedures, including the use of search warrants. State v. Euteneier (2001) Alaska App., 31 P.3d 111. Intoxicating Liquors ⚿ 249

4. Persons liable

Possibility that minor who purchases alcohol may drive automobile, and that alcohol-related accident may result, is well within scope of foreseeable risk, for purpose of determining liquor licensee's liability in negligence. AS 04.16.051, 04.21.020, 04.21.050. Loeb v. Rasmussen, 1991, 822 P.2d 914. Intoxicating Liquors ⚿ 288

4.5. Detention and custody

Police officers did not breach their duty to act reasonably in releasing intoxicated sixteen-year old to her parents, and thus city was not liable in wrongful death action brought by parents after sixteen-year old killed herself shortly after being released; officers initially and properly took sixteen-year old into custody based on their reasonable belief that she had violated law prohibiting minors from consuming alcohol, once officers detained sixteen-year old, they were then governed by statute that provided that the police must release a minor who has consumed alcohol to her parents unless there is a lawful reason not to do so, and parents did not show that there was a lawful reason to keep sixteen-year old in custody. Estate of Logusak ex rel. Logusak v. City of Togiak (2008) Alaska, 185 P.3d 103. Municipal Corporations ⚿ 747(3)

5. Defenses

Minor's willful misconduct in unlawfully purchasing and consuming alcohol, and in subsequently driving while intoxicated, did not bar recovery in negligence from owner of liquor store. AS 04.16.051, 04.21.020, 04.21.050. Loeb v. Rasmussen, 1991, 822 P.2d 914. Intoxicating Liquors ⚿ 295

6. Double jeopardy

Administrative revocation of a minor's driver's license for alcohol-related violation is not "punishment" for double jeopardy purposes; valid regulatory purpose exists in restricting or

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revoking driver's licenses of underage drinkers. U.S.C.A. Const.Amend. 5; Const. Art. 1, § 9; AS 04.16.050, 28.15.183. Rexford v. State (1997) Alaska App., 941 P.2d 906. Double Jeopardy ⚿ 24

7. Counsel for accused

Statute requiring revocation of driver's license of minor convicted of underage drinking or possession of alcohol was a punitive measure, entitling minors, under State Constitution, to jury trial and court-appointed counsel if indigent. Const. Art. 1, § 11; AS 04.16.050(a), 28.15.185. State v. District Court, 1996, 927 P.2d 1295. Criminal Law ⚿ 1715; Jury ⚿ 19.5

8. Presumptions and burden of proof

Exceptions in statute making it offense for person under age of 21 years to consume, possess, or control alcoholic beverages in those cases where beverages are furnished by parents, guardians, spouses, or licensed physicians or nurses were "defenses" to criminal liability, and thus, if defendant wished to invoke one of these exceptions, defendant had to affirmatively raise exception and point to some evidence from which reasonable jury could decide on issue in his or her favor; state was not required to disprove possibility that exception applied. AS 04.16.050, 04.16.051(b). Trout v. State, 1994, 866 P.2d 1323. Intoxicating Liquors ⚿ 224

9. Weight and sufficiency of evidence

Defendant charged with consuming alcohol while under 21 years of age failed to properly raise any of the statutory exceptions to criminal liability by failing to present some evidence from which reasonable jury could decide that issue in his favor, and thus, defendant was not entitled to judgment of acquittal or to jury instruction that would have required state to disprove exceptions to criminal liability. AS 04.16.050, 04.16.051(b). Trout v. State, 1994, 866 P.2d 1323. Intoxicating Liquors ⚿ 236(1); Intoxicating Liquors ⚿ 239(2)

10. Probation

Trial court did not violate doctrine of separation of powers by requiring minor who was convicted of consuming alcoholic beverages to return to court every other week to report on her progress on probation; responsibilities for probation function were shared by executive and judicial branches, and legislative history of statute indicated that legislature wanted to assure that courts were part of the monitoring process for minors who were convicted of possessing or consuming alcoholic beverages. AS 04.16.050. Jackson v. State (2006) Alaska App., 127 P.3d 835, as amended. Constitutional Law ⚿ 2545(1); Infants ⚿ 225

Trial court's requirement that minor who was convicted of minor consuming alcoholic beverages return to court every other week to report on her progress on probation did not impermissibly relieve State's burden to prove a violation of probation, where trial court specifically stated that any petition to revoke minor's probation would have to be initiated by State, not by court. AS 04.16.050. Jackson v. State (2006) Alaska App., 127 P.3d 835, as amended. Infants ⚿ 225

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Penalty of automatic "probation" for underage drinking, which permitted sentencing judge to order custodial in-patient treatment, community work service, and revocation of driver's license, were sufficiently severe that underage defendant was entitled to trial by jury and, if defendant was indigent, to counsel at public expense, where each of sentencing judge's permitted orders, if imposed as direct punishment, would have entitled defendant to trial by jury and right to appointed counsel upon finding of indigency. U.S.C.A. Const.Amends. 6, 14; Const. Art. 1, § 11; AS 04.16.050(e). State v. Auliye (2002) Alaska App., 57 P.3d 711. Infants ⚿ 68.4; Jury ⚿ 22(2)

AS § 04.16.050, AK ST § 04.16.050
Current through the 2008 Second Regular and Fourth Special Session of the 25th Legislature

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END OF DOCUMENT

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HB 105

<target><bill>HB 105</bill><subject>HB 105</subject><comm>HFIN26</comm></target>

ALASKA STATE HOUSE OF REPRESENTATIVES

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Room 214

REPRESENTATIVE JOHN COGHILL

SSHB 105 State Training and Employment Program
Sponsor Statement

The State Training and Employment Program (STEP) was established as a pilot program in 1989 to increase training opportunities for Alaskans affected by fluctuations in the economy or by technological changes in the workplace. Since its inception the program has been reauthorized by the legislature six times.

Last legislature I introduced HB 226 which would have made the STEP a permanent program without a sunset date. During the debate on the legislation it became apparent there needed to be a closer look at the program before eliminating a sunset. The legislature directed the Department of Labor to work with the "group of entities" that are eligible to participate in the STEP program over the interim and come back to the legislature this year with recommended revisions to the STEP program. HB 105 is the work product of that process.

HB 105 Redefines the powers and duties of the Department of Labor and enacts a working partnership between the Department of Labor and the Alaska Workforce Investment Board. HB 105 instructs DOL to adopt regulations to implement the recommendations of the workgroup and gives the Alaska Workforce Investment Board a seat at the table in determining what regulations will be adopted. Current regulations are seen as onerous, discouraging employers from participating in the program and inflating the Department's administrative costs.

Workforce development has never been more important in Alaska's public policy as it is today. The work group, the Alaska Workforce Investment Board, and the Department of Labor are committed to making the STEP program accountable, fair and balanced, and user friendly.

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: April 7, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/13/09

The FINANCE Committee considered: **SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 105**

"An Act relating to the state training and employment program; and providing for an effective date."

HB 105 STEP PROGRAM

Recommends it be replaced with [ ] HCS *or* [X] CS *for* SS HB105 (L+C)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas				✓
	Gara	✓			
	Austerman	✓			
	CRAWFORD	✓			
	KELLY	X			
	FAIRCLOUGH	✓			
	Salmon	X			
	Joule	X			
Chair:	Hawker	✓			
Chair:	STOLTZE	X			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSSSHB 105(L&C)
(H) Publish Date: 4/7/09

Identifier (file name): HB105CSSS-DOLWD-UI-04-06-09
Title: STEP Program
Dept. Affected: Labor and Workforce Development
RDU: Employment Security
Component: Unemployment Insurance
Sponsor: Representative Coghill
Requester: House Labor and Commerce
Component Number: 2276

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		250.4	250.4	250.4	250.4	250.4	250.4
Travel		4.0	4.0	4.0	4.0	4.0	4.0
Contractual		109.4	109.4	109.4	109.4	109.4	109.4
Supplies		4.0	4.0	4.0	4.0	4.0	4.0
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**367.8**	**367.8**	**367.8**	**367.8**	**367.8**	**367.8**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1054 State Training and Employment		367.8	367.8	367.8	367.8	367.8	367.8
TOTAL	**0.0**	**367.8**	**367.8**	**367.8**	**367.8**	**367.8**	**367.8**

Estimate of any current year (FY2009) cost: None

POSITIONS

Full-time		3	3	3	3	3	3
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation makes the State Training and Employment Program (STEP) permanent in addition to other program changes recommended by the STEP taskforce. There are no additional costs to the program anticipated as a result of the changes.

The amounts shown in this fiscal note reflect STEP's share of Unemployment Insurance tax collection costs as required by federal law.

Prepared by: Thomas Nelson, Director — Phone 465-5933
Division: Division of Employment Security — Date/Time 4/6/09 10:53 AM
Approved by: Click Bishop, Commissioner — Date 4/6/09
Agency: Department of Labor and Workforce Development

(Revised 9/2008 OMB)

4350

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSSHB 105(L&C)
(H) Publish Date: 4/7/09

Identifier (file name): HB105CSSS-DOLWD-BSC-04-06-09
Dept. Affected: Labor and Workforce Development
Title: STEP Program
RDU: Business Partnerships
Component: Business Services
Sponsor: Representative Coghill
Requester: House Labor and Commerce
Component Number: 2658

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		402.7	402.7	402.7	402.7	402.7	402.7
Travel		31.2	31.2	31.2	31.2	31.2	31.2
Contractual		446.8	446.8	446.8	446.8	446.8	446.8
Supplies		9.8	9.8	9.8	9.8	9.8	9.8
Equipment							
Land & Structures							
Grants & Claims		5,146.7	5,146.7	5,146.7	5,146.7	5,146.7	5,146.7
Miscellaneous							
TOTAL OPERATING	**0.0**	**6,037.2**	**6,037.2**	**6,037.2**	**6,037.2**	**6,037.2**	**6,037.2**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (1054)		**6,405.0**	**6,405.0**	**6,405.0**	**6,405.0**	**6,405.0**	**6,405.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1054 State Training and Employment		6,037.2	6,037.2	6,037.2	6,037.2	6,037.2	6,037.2
TOTAL	**0.0**	**6,037.2**	**6,037.2**	**6,037.2**	**6,037.2**	**6,037.2**	**6,037.2**

Estimate of any current year (FY2009) cost: None

POSITIONS

Full-time		4	4	4	4	4	4
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation makes the State Training and Employment Program (STEP) permanent in addition to other program changes recommended by the STEP taskforce. There are no additional costs to the program anticipated as a result of the changes.

A portion of STEP revenue is set aside for tax collection costs; a separate fiscal note has been submitted by the department to display the cost of collecting STEP by staff in the Unemployment Insurance component under a federally approved cost allocation formula.

Prepared by: Corine Geldhof, Director
Phone 465-5937
Division: Division of Business Partnerships
Date/Time 4/6/09 10:55 AM
Approved by: Click Bishop, Commissioner
Date 4/6/09
Agency: Department of Labor and Workforce Development

(Revised 9/2008 OMB)

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 105(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 4/7/09
Referred: Finance

Sponsor(s): REPRESENTATIVES COGHILL, Muñoz

A BILL

FOR AN ACT ENTITLED

"An Act relating to the state training and employment program; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 23.15.580(b) is amended to read:

(b) The board shall

(1) facilitate the development of statewide policy for a coordinated and effective employment training and education system in this state;

(2) identify the human resource investment needs in the state and develop a plan to meet those needs;

(3) review the provision of services and the use of money and resources by the human resource programs listed in AS 23.15.575;

(4) assume the duties and functions of the state boards described under the laws relating to the federal human resource programs listed in AS 23.15.575;

(5) advise the governor, state and local agencies, the University of

4/11/09

SSHB 105 State Training and Employment Program

Sectional

Section 1. Expands the statutory responsibilities of the Alaska Workforce Investment Board to include performing the duties assigned to it for the management of the State Training and Employment Program in AS 23.15.620 – 23.15.660.

Section 2. Removes language from AS 23.15.580(f) describing people to be served under the STEP and inserts reference to AS 23.15.620 – 23.15.660 which expands guidelines for people to receive training and persons to provide training under the STEP program.

Section 3. AS 23.15.620 is repealed and reenacted to change the description to describe the goals and objectives of the STEP program as defined by the group of entities directed to review STEP by the legislature last year in House Bill 226. The goals and objectives include:

1. Enhance quality of in-state job training and employment assistance.

2. Make in-state job training and employment assistance more accessible to employers, employees, and future employees.

3. Combine resources of program with resources available outside of the program.

Section 3 also defines who qualifies to apply for a STEP grant as a person who provides training and employment services, including a registered apprenticeship program under the National Apprenticeship Act.

Section 4. Eliminates reference to AS 23.15.640 (Services for eligible people; repayment) and AS 23.15.651 (Duties of Alaska Workforce Investment Board; eligible entities), both of which are being repealed because of policy recommended by the entities in the rewriting of the STEP statutes.

This section deletes language requiring a person to be served to be likely to be displaced "within the next six months". If a person is "liable to be displaced" the person could qualify for training.

It also adds two additional groups of people to be served through STEP:

1. Certain recipients of unemployment insurance benefits.
2. People who have a child support order.

Section 5. This is a new section of law recommended by the group of entities giving direction the Department of Labor and the Alaska Workforce Investment Board by redefining the duties and powers of the department and the board.

1. Adopt regulations after being reviewed by the department **and the board.**
2. Distribute through grants the purchase of services and contracts.
3. Enter into interagency agreements with other state agencies for training and employment assistance, including the University of Alaska.
4. Conduct an annual review of workforce demand and prioritize grant funding strategies.
5. The **Board** will assist the department in evaluating grant proposals and awarding grants.

Section 6. Outlines the eligibility of grantees and how the grants are to be used:

AS 23.15.641 Grantees can be a government agency, a private business, an employer, or a nonprofit entity offering vocational training or employment assistance services that can demonstrate they have an acceptable accounting system who can provide industry specific training, on-the-job training, or institutional or classroom job training.

This new section of law also allows grant recipients to use grant monies for tools, clothing, relocation expenses, and other costs essential in training program participants to obtain or retain a job.

AS 23.15.643 A program participant must be a resident of the state, needs training to improve ability to obtain or retain a job, and has worked at a job contributing to Alaska's unemployment benefits program within the last five years.

Section 7. Implements program accountability and an appeals process.

AS 23.15.652 The department can expend no more than 20% of the amount appropriated for the program annually for administration of the program. The department and grantees must comply with all federal and state laws. The department shall prepare an annual report of the program to be presented to the Alaska Workforce Investment Board and notify the legislature of the release of the report.

AS 23.15.654 Provides that a person denied a grant by the Department of Labor has 60 days to file an appeal with the Alaska Workforce Investment Board. The Board has 60 days to render a decision on the appeal and their decision is final unless the appeal is then filed in Superior Court.

Section 8. The following statutes are repealed:

AS 23.15.640 The first portion of this statute is reenacted in Section 6 of this bill. The second section repealed required program participants to repay the

department for grant monies used to purchase clothing and tools. Under this repeal program participants will no longer have to reimburse the department.

AS 23.15.645 Repeals duties and powers of the department reenacted in Section 5.

AS 23.15.651 Repeals duties of Alaska Workforce Investment Board which are reenacted in Section 1,2, 3, 5 and 7.

Section 9. Repeals repeal provisions for the STEP in four past pieces of legislation relating to STEP.

Section 10. This bill has an immediate effective date clause.

4/11/09

STATE OF ALASKA

Department of Labor and Workforce Development

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 111149
JUNEAU, ALASKA 99811-1149

PHONE: (907) 465-2700
FAX: (907) 465-2784

February 18, 2009

The Honorable Senator Gary Stevens
President of the Senate
State Capitol, Room 111
Juneau, Alaska 99801-1182

The Honorable Representative Mike Chenault
Speaker of the House
State Capitol, Room 208
Juneau, Alaska 99801-1182

Dear Senator Stevens and Representative Chenault:

Enclosed is a copy of the State Training and Employment Program (STEP) report which presents the findings of the STEP Task Force required by Chapter 46, SLA 2008.

The Task Force reached consensus that the STEP should be made permanent in statute, however they recommended the statute be changed to include financing and awarding grants to employers. They also suggested removing in statute a repayment clause and defining full employment. Specific recommendations were made to clarify the role of the Alaska Workforce Investment Board in providing program oversight and accountability. For changes to regulation and policy, the Task Force recommended that: regional occupational priorities are considered; an appeal process is established; administration and reporting improvements are made; the application for grant process is streamlined; and performance measures are updated. The Task Force will continue to convene in implementing recommendations to applicable regulations, policy and procedures.

If you have questions about the report, please contact me at (907) 465-2700.

Sincerely,

David G. Stone
Deputy Commissioner
STEP Task Force Co-Chair

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Alaska Department of Labor and Workforce Development
Findings and Recommendations for the State Training and Employment Program
Task Force Report to the 26th Alaska Legislature
February 18, 2009

Background

Chapter 46, SLA – 08 on May 18, 2008, which extends the State Training and Employment Program (STEP) to June 30, 2010, requires a review of the program as follows:

> "The department shall work with representatives of entities who are eligible to submit a grant application under AS 23.15.620 - 23.15.660 and who provide industry-specific training, on-the-job training, institutional training, classroom job-linked training, and employment assistance to conduct a review of the priorities and procedures of the state training and employment program. The group of entities involved in the review must include representatives from organized labor and representatives that are not from organized labor. Following the review, the department shall publish a written report containing its findings and recommendations, including changes, if any, that it recommends be made to state statute and the department's regulations. The department shall deliver the report to the president of the senate and the speaker of the House of Representatives, and publish a summary of the recommendations made in the report on the Alaska Online Public Notice System (AS 44.62.175), on or before the 30th day of each regular legislative session of the Twenty-Sixth Alaska State Legislature."

This report presents the findings of the STEP Task Force appointed by Department of Labor and Workforce Development Commissioner Bishop in response to this requirement.

Synopsis of STEP Task Force Activity

The Task Force (Attachment A, STEP Task Force Membership) began meeting in March 2008 and continues both in a series of teleconferences and in-person meetings. All meetings have been supported with agendas and facilitated with staff support from the department, the Alaska Workforce Investment Board (AWIB), and with support from the Office of the Attorney General. Notes and documentation of the meetings are available.

The STEP Task Force developed the following recommendations for changes to statute. Following its work on the statutory recommendations, the STEP Task Force will commence consideration of regulation and policy for the STEP. There was considerable discussion regarding changing the purpose of the STEP which began as a pilot program in 1989, but there was ultimately consensus to maintain the current purpose as specified in statute connected to Unemployment Insurance.

There was consensus by the STEP Task Force to make the STEP permanent. The following are their recommendations to the changes in statute some of which were clarified by the department that could be addressed by either a policy and/or regulation change.

Recommended Changes to Statute

- AS 23.15.350 currently reads "There is created in the department a program to finance and award grants to employment assistance and training entities. Employment assistance and training entities shall give appropriate state agencies full access to accounting records concerning grants received to assure compliance with program standards." The STEP Task Force recommendation is to have the statute read "There is created in the department a program to finance and award grants to employers, employment assistance and training entities."

- AS 23.15.635 currently reads "Within the limits of its grant, an employment assistance and training entity receiving a grant under AS 23.15.651 shall provide services set out in AS 23.15.640(a) to state residents who, immediately before beginning training or receiving benefits under a grant financed by this program,
  - (2) are unemployed, but liable to be displaced within the next six months..." The STEP Task Force recommendation is to remove the section "within the next six months" in the applicable statute.
  - (3) "have worked in a position covered by AS 23.20 at any time during the last three years, and are not currently eligible for unemployment insurance benefits because they are underemployed, they are in need of employment assistance and training to obtain full employment." The STEP Task Force recommendation is to replace this section with "at least the average annual wage as determined under the applicable under 8 AAC 87.110 (REGULATION)."

- There was discussion of striking AS 23.15.640(c) which requires repayment of the amount received by an individual participating in a program funded by a STEP grant for tools, work-related clothing, safety gear, or other necessities to obtain or retain employment. Consensus was achieved to have this provision removed as it is difficult to administer and collect repayment. The STEP Task Force recommendation is to delete the requirement of repayment in the applicable statute.

- AS 23.15.645(a) currently reads "The department shall award a grant to the board to (1) administer a state training and employment program; and (2) award grants to qualified entities." There appeared to be interest from the STEP Task Force in clarifying the role of the AWIB in the STEP program, to provide oversight and improve accountability in statute.

- The STEP Task Force recommends revisions to the applicable STEP statute to define the duties and powers of the department and board in Section IV of the Proposed Changes to STEP Statutes. The revisions include the following:

  - The department shall develop and the board shall annually approve a priority list of targeted projects, services, and persons served.

  - The department and board shall consider giving preference to projects and services that train or assist individuals in vocations, businesses or industries identified in the resident hire report required under AS 36.10.130 as employing a disproportionate percentage of nonresidents.

  - The board shall make recommendations to the department regarding the award of grants to eligible employers, employment assistance, and training entities.

  - The department may provide funds to the board for purposes of assisting in the evaluation and award of grants under the program.

  - The department shall promulgate and the AWIB shall adopt regulations governing the allocation and accountability of funds provided and implemented through this program.

Comments and Recommended Changes for Regulation or Policy

- The STEP Task Force felt regional representation was an important consideration. Regional Advisory Councils could forward occupational priorities and provide input from local businesses to the AWIB. Loss of regional control and decision-making has affected service delivery. The recommendation

of the STEP Task Force is for the AWIB to utilize input from Regional Advisory Councils in the review of STEP grant applications.

- The STEP Task Force supports a recommendation for the incorporation of an appeals process for the STEP program in the applicable statute. Policy and regulation can be developed for the administration of the statutory appeals process.

- The STEP Task Force supports the improvement of administration and reporting for the STEP program, as the current reporting requirements are cumbersome and difficult. There was interest from the STEP Task Force to participate in the development of and provide recommendations for a new Management Information System (MIS). The Task Force is interested in support for funding for a new reporting system to upgrade the MIS. The statute should require that improvements be made to the reporting requirements, but the actual improvements can be made explicit by incorporating changes in regulation or policy.

- The STEP Task Force recommended that improvements be made to the application process for the STEP program, as the application process is cumbersome and needs to be updated. The STEP Task Force felt eligibility requirements need to be reviewed and there should be different tiers for STEP funding. Through a tiered approach to STEP, funds can be set aside for small businesses that require assistance in providing training to its employees with streamlined grant application and administrative procedures. Larger, more complex workforce improvement plans will have a different level of reporting requirements and oversight. The statute should reference tiers, but the department can recommend that it be incorporated in regulation or policy.

- The applicable statute currently allows the AWIB to set performance measures and outcomes for the STEP, including the amount charged for administrative costs. Performance measures for STEP grant recipients can be developed by the AWIB incorporating changes in regulation or policy.

Attachment A – STEP Task Force Membership Roster

Ginger Blaisdell, Senate President's Office

Diana Cartier, Alaska Operating Engineers/Employers Training

Krista Gonder, Northern Industrial Training

John Hakala, US Department of Labor, Office of Apprenticeship Training

Linda Hulbert, AWIB Member, New York Life Insurance Company

Eden Larson, Klebs Mechanical, Inc.

Tom Minder, Alaska Joint Electrical Apprenticeship & Training

Bo Underwood, ASRC Energy Services

Fred Villa, AWIB Member, University of Alaska

Doug Ward, AWIB Member, Alaska Ship and Dry Dock

Staff Roster

Greg Cashen, AWIB Executive Director, DOLWD*
Corine Geldhof, Director, Division of Business Partnerships, DOLWD
Jeff Hadland, Senior Economist, DOLWD
Larry McKinstry, Assistant Attorney General, AK Department of Law
Tom Nelson, Director, Employment Security Division, DOLWD
Christine Sanderford, Program Lead, Division of Business Partnerships, DOLWD
David Stone, Deputy Commissioner, DOLWD

*DOLWD – Alaska Department of Labor and Workforce Development

RESOLUTION NUMBER 09-01
RESOLUTION IN SUPPORT OF THE STATE TRAINING AND EMPLOYMENT PROGRAM (STEP) TASK FORCE REPORT

4/M/09

WHEREAS, the Alaska Workforce Investment Board is a public organization that is accountable through its members and staff to the residents, the Legislature and the Governor of Alaska;

WHEREAS, the Alaska Workforce Investment Board acts as the lead state planning and coordinating entity for state human resource programs involving employment training, vocational education, and workforce development;

WHEREAS, the primary purpose of the State Training and Employment Program (STEP) is to reduce current and future claims against Unemployment Insurance benefits through investment in job training;

WHEREAS, STEP promotes local hire and may be used to mitigate the impacts of Alaska's economic fluctuations through training or retraining for new or emerging industries and technologies;

WHEREAS, the Commissioner of Labor established a STEP Task Force to consult and work with entities from organized labor and not from organized labor eligible to submit a grant application and who provide training and employment assistance to conduct a review of the STEP program as required by Alaska Legislature in Chapter 46 SLA 08;

WHEREAS, the Commissioner of Labor determined that the Alaska Workforce Investment Board should be an active participant in the STEP Task Force to conduct a review of the STEP program;

WHEREAS, the STEP Task Force met in the spring and summer of 2008 to review the STEP program making recommendations for changes to statute, regulation, and policy; and

WHERES, the STEP Task Force Report was forwarded to the President of the Senate and Speaker of the House or Representatives on or before the 30th day of the 2009 legislative session.

NOW THEREFORE BE IT RESOLVED that the Alaska Workforce Investment Board fully supports the proposed recommendations contained in the STEP Task Force Report, including making the STEP program permanent, that was forwarded by the Department of Labor and Workforce Development to the President of the Senate and Speaker of the House of Representatives.

CERTIFICATION
The Alaska Workforce Investment Board held a meeting duly and regularly called, noticed, and convened this 23rd day of February, 2009 and the foregoing Resolution was adopted at said meeting.

Signed this 23rd day of February 2009.

Jim Lynch, Chair
Alaska Workforce Investment Board

4/11/09

Chapter 4c - Apprentice Labor

29 USC 50 - Sec. 50. Promotion of labor standards of apprenticeship

The Secretary of Labor is authorized and directed to formulate and promote the furtherance of labor standards necessary to safeguard the welfare of apprentices, to extend the application of such standards by encouraging the inclusion thereof in contracts of apprenticeship, to bring together employers and labor for the formulation of programs of apprenticeship, to cooperate with State agencies engaged in the formulation and promotion of standards of apprenticeship, and to cooperate with the Secretary of Education in accordance with section 17 of title 20. For the purposes of this chapter the term "State" shall include the District of Columbia.

29 USC 50 - Sec. 50a. Publication of information; national advisory committees

The Secretary of Labor may publish information relating to existing and proposed labor standards of apprenticeship, and may appoint national advisory committees to serve without compensation.

Such committees shall include representatives of employers, representatives of labor, educators, and officers of other executive departments, with the consent of the head of any such department.

29 USC 50 - Sec. 50b. Appointment of employees

The Secretary of Labor is authorized to appoint such employees as he may from time to time find necessary for the administration of this chapter, with regard to existing laws applicable to the appointment and compensation of employees of the United States.

HB

109

<target><bill>HB 109</bill><subject>HB
109</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 11, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 2/25/09

The FINANCE Committee considered: **HOUSE BILL NO. 109**

"An Act relating to eligibility for the Alaska supplemental education loan program and to the interest rate for a loan made under the Alaska family education loan program; and providing for an effective date."

HB 109 EDUC. LOANS: SUPPLEMENTAL & FAMILY

Recommends it be replaced with [ ] HCS *or* [ ] CS *for* _____ (_____)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES *Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS FISCAL NOTES

List by Dept(s):	FN#	Fiscal	Indet.	Zero
EED	1			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Gara			✓	
Harry D. Crawford Jr.	CRAWFORD			✓	
Bob Lynn	Lynn				
[illegible]	Foster	X			
Alan Austerman	AUSTERMAN	X			
John Kelly	KELLY	X			
Neal A. Gilman	Salmon			X	
Anna J. Fairclough	FAIRCLOUGH	X			
Chair: Mike Hawker	Hawker	✱			
Chair: Bill Stoltze	STOLTZE	✱			

4365

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 109
(H) Publish Date: 2/11/09

Identifier (file name): HB109-EED-ACPE-02-05-09
Dept. Affected: Education
Title: An act relating to eligibility for the Alaska Supplemental Education Loan Program; and the Alaska Family Education loan interest rate
RDU: ACPE
Component: Program Administration and Operations
Sponsor: (H)Education
Requester: (H)Education
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill is intended to improve the quality of education loans sufficiently to maintain the Alaska Student Loan Corporation's (ASLC) capacity to issue revenue bonds, backed by loan assets, to finance future lending activities. Implementation of the proposed changes is not expected to require additional appropriations. It is feasible that these changes will positively impact ASLC revenues through improved collections on the loans, but it is not possible to estimate that impact at this time due to the complexity of factors impacting loan collections.

Prepared by: Diane Barrans, Executive Director — Phone 907-465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 2/5/09 11:00 AM
Approved by: Diane Barrans, Executive Director — Date 2/5/2009
Alaska Commission on Postsecondary Education

(Revised 9/10/2008 OMB)

4366

Alaska State Legislature

Rep. Cathy Muñoz, Vice-Chair
Rep. Wes Keller
Rep. Bob Buch

Rep. Peggy Wilson
Rep. Bryce Edgmon
Rep. Berta Gardner

Rep. Paul Seaton, Chairman
HOUSE EDUCATION COMMITTEE

HB 109
Sponsor Statement

HB 109 requires that, as a condition of eligibility for an Alaska Supplemental Education Loan (ASEL), a borrower must have good credit or, if unable to document a history of good credit, must apply with a credit-worthy co-signer. Administered by the Alaska Commission on Postsecondary Education (ACPE), these loans are funded by the Alaska Student Loan Corporation (ASLC). ASLC issues bonds in the capital markets using its various AlaskAdvantage education loans as collateral pledged to support the bonds. The loans are in two categories: those with a federal guaranty (Stafford, Federal PLUS and Grad PLUS) and non-guaranteed State loans. With bonds collateralized by guaranteed loans, investors know they can rely on the backing by the federal government. ASELs have no guarantee and therefore the underlying quality is a primary concern. ASLC has determined that unless the credit quality of ASELs is improved, they will not be usable as collateral.

Compared to credit standards imposed by lenders in other states, ASEL credit requirements are among the least restrictive for alternative education loans. ACPE currently only reviews histories for bad credit. If an applicant has no credit history they may borrow without a co-signer. In today's national economic climate, bond investors are extremely averse to bonds backed by certain asset types. Unfortunately, in this new environment ASELs are viewed as subprime loans. ASLC financial advisors indicate there is little likelihood this conservative investor perspective will change in the future. Passage of HB 109 is intended to permit ACPE to improve ASEL quality so they will be more positively received in the bond market. If ASLC is unable to finance the ASEL program through the capital markets, in the future the State would have to directly fund this program or ASELs would be unavailable. ACPE estimates that its annual loan demand through the ASEL program will continue to be $40 to $50 million.

HB 109 also allows ASLC to set the interest rate for Family Education Loans (FEL) in accordance with the rate set for the ASEL (not to exceed 8.25%). The FEL program allows a family member to take out a loan on behalf of another family member. This program accounts for less than 2% of ASLC loans. Currently ASLC must charge the 5% interest rate set in statute for the FEL. HB 109 gives ASLC the flexibility to set the interest rate according to the current fiscal environment.

The Legislature should carefully examine changes that put limitations on borrowers. However, HB 109 is necessary for ACPE and ASLC to continue to meet their shared mission to promote, support, and provide access to postsecondary education for Alaskans and in Alaska, without relying on the State General Fund to finance its operations.

State Capitol, Room 102 Juneau, AK 99801 - Phone: 465-3923 - Fax: 465-3472 - Toll Free (800) 665-2689
Representative_Paul_Seaton@legis.state.ak.us

Briefing on: ASLC Liquidity Issues and Proposed Plan of Action

- The Alaska Student Loan Corporation (ASLC), created by the legislature in 1988 to provide a source of financing for state-administered education loans, has successfully issued bonds from 1988 through 2007. ASLC's tax-exempt bond issues have been structured using education loans as collateral.

- In 2008, due to the extended disruption in the capital markets, ASLC was unable to issue bonds. One reason for that was contagion from the sub-prime mortgage-backed bond market had spread to student loan-backed bonds—particularly in regards to non-federally guaranteed education loans such as the Alaska Supplemental Education Loans (ASELs). Rating agencies, financial partners and investors have substantially altered their level of scrutiny and qualitative standards for asset-backed bonds, resulting in ASELs being viewed as sub-prime loans.

- In short, ASELs as they exist today are no longer of sufficient quality to be effectively used to back bonds. In order for ASLC to be able to efficiently use ASELs to back bonds in the future, the credit standards applied to borrowers of these loans must be strengthened.

- Failure to make the proposed changes will seriously compromise ASLC's ability to finance its programs and operations in the capital markets. In that event the options will be 1) the State of Alaska will have to directly fund the ASEL program at an annual cost of approximately $50 million, or 2) ASLC will substantially cease originating ASELs effective in 2009.

- In addition to the proposal to raise the credit standard for the ASEL, because in the increases in the costs of financing the loan program, there is also a need to alter the interest rate on the Alaska Family Education Loan (FEL). That loan rate is currently set in statute at 5%. The proposal is to set the FEL rate at the same rate charged on the ASEL—currently that rate is 7.3% and is capped in statute at 8.25%. Proposal would allow the Corporation to set the rate on these loans using the same program-costs based formula used for the ASEL.

- The timing of a change in the ASEL credit standard is fortunate in that it coincides with the 2008 increase in the federal Stafford loan limits.[1] Stafford loans, also offered by ASLC for Alaska students, are a federal entitlement to any student attending an accredited institution and no credit standard is considered in making these loans (except that the borrower may not be in default on an existing federal education loan). Furthermore, in January 2009 congress introduced a stimulus bill which provides for an additional increase in the Stafford loan limits of $2,000 per year for an undergraduate program.

The actions described above are proposed at the recommendation of ASLC Executive Officer and Alaska Commission on Postsecondary Education Executive Director Diane Barrans. She is available to respond to questions or concerns and can be contacted at diane.barrans@alaska.gov or 465.2113.

[1] **Annual Stafford borrowing limits are for dependent and independent students respectively: 1) $5,500 and $9,500 (freshman), 2) $6,500 and $10,500 (sophomore), 3) $7,500 and $12,500 (junior/senior), and 4) $20,500 (all graduate).**

ACPE Quick Loan Comparison Charts

These are quick comparison charts of student and parent loans offered by the Alaska Commission on Postsecondary Education. For more information on the individual loans please click on the loan programs.

2008-2009 Interest Rates with Benefits[1]	AlaskAdvantage Stafford Loan[2]		Alaska Supplemental Education Loan		AlaskAdvantage PLUS Loan	Family Education Loan
	In-School Period/ Grace/ Deferment	Repayment Period/ Forbearance	In-school Period/ Grace/ Deferment	Repayment Period/ Forbearance		
Annual Percentage Rate[3]	n/a	n/a	8.27%	7.30%	n/a	6.31%
Base Rate	6.80%	6.80%	7.30%	7.30%	8.50%	5.00%
AlaskAdvantage General Benefit	-0.80%	-0.50%	n/a	n/a	-1.00%	n/a
Alaska Presence Benefit	-1.00%	-1.00%	-0.50%	-0.50%	-1.00%	n/a
Direct Payment Benefit	n/a	-0.25%	n/a	-0.25%	-0.25%	-0.25%
Lowest rate with **immediate** benefits	**5.00%**	**5.05%**	**6.80%**	**6.55%**	**6.25%**	**4.75%**
Timely Payment Benefit	n/a	-2.00%	n/a	-2.00%	-1.00%	n/a
Lowest rate **after 48 months** of repayment	**5.00%**	**3.05%**	**6.80%**	**4.55%**	**5.25%**	**4.75%**

[1]Interest rates are set according to the base rates set each year by the United States Department of Education. Interest rates and borrower benefits are subject to approval annually by the Alaska Student Loan Corporation and do not apply to interest subsidized by the federal government.
[2]benefits apply only to the interest owed by the borrower; not to subsidized loans. The base rate for undergraduate borrowers on subsidized Stafford loans is 6.0% after 7/1/08.
[3]APR assumes a principal loan amount of $8500, origination fee of 3%, freshman borrower, and a repayment term of 10 years. The APR does not include the effects of borrower benefits.

	AlaskAdvantage Subsidized[5] Stafford Loan	AlaskAdvantage Unsubsidized[6] Stafford Loan	Alaska Supplemental Education Loan	AlaskAdvantage PLUS Loan	Family Education Loan
What is it?	Low-interest education loan for students			Loan to parents	Low-interest loan to family member
Need-based?	Yes	No	No	No	No
Credit Check Required?	No	No	Yes	Yes	Yes
Origination fee:	No	No	3%	3%	3%
Type of interest rate:	Fixed	Fixed	Fixed	Fixed	Fixed
Repayment begins:	6 months after a student graduates or attends less than half time			Within 60 days of full disbursement	
Deferment available?	Yes	Yes	Yes	Yes	No
Forbearance available in cases of hardship?	Yes	Yes	Yes	Yes	No
Are repayment options available?	Yes	Yes	Yes	Yes	Yes

[5]a subsidized loan means the government pays the interest while you are in school, in deferment, or your grace period.
[6]students borrowing unsubsidized loans are responsible for repaying all interest that accrues on the loan.

decisions.

[1]The APR assumes a principal loan amount of $8500, origination fee of 3%, freshman borrower, and a repayment term of 10 years. The APR does not include the effects of borrower benefits.

Alaska Family Education Loan

LOAN PROGRAMS

Student Loans
AlaskAdvantage® Stafford
PLUS for Graduate & Professional Students
Alaska Supplemental
Parent Loans
PLUS
Family Education
Career Specific Loans
Teacher Education
A.W."Winn" Brindle
Michael Murphy Memorial
Professional Student Exchange
Consolidation Loans
Federal
Alternative

The Family Education Loan (FEL) is available to family members wishing to help students with education expenses.

Apply Now

- **5%** fixed interest rate
- **3%** origination fee
- **.25%** discount for autopayment

2008-2009 Interest Rates with Benefits	Percentages
Base Rate	5.00% (6.31% APR)[1]
Direct Payment Benefit	-0.25%
Lowest Cost Interest Rate Equivalent	**4.75%**

Borrowing Limits	Annual Limit
Career Training (Vocational)	$6,500
Undergraduate	$8,500
Graduate	$9,500

Eligibility

- Borrower (family member applying for loan) must be an Alaska resident
- Student must have a high school diploma or equivalent (i.e., GED)
- Student must be enrolled and admitted into an eligible program on a full-time basis
- Neither the student nor the borrower can be in default on a federal or state education loan
- Neither the student nor the borrower may be past due on an Alaska child support obligation
- Borrower must not have an adverse credit history

How to Apply

You can apply online, stop by our office in Anchorage or Juneau, or an application is available for download. Remember:

1. Family members may only borrow up to the student's cost of attendance as certified by the school, not to exceed the annual limits listed above.
2. Discuss financial aid options with the school. Many schools offer different financial aid programs. School financial aid experts can advise you regarding which aid is suitable for you. The school may also have specific criteria and deadlines, and you may miss out if you apply without first discussing your options with the school. Inform your school of your financial aid decisions.

[1]The APR assumes a principal loan amount of $8500, origination fee of 3%, freshman student, and a repayment term of 10 years. The APR does not include the effects of borrower benefits.

Alaska Supplemental Education Loan

The Alaska Supplemental Education Loan is an alternative, low-cost borrowing option to supplement funding for students with costs of attendance not fully covered by the AlaskAdvantage Stafford Loan. The interest rates listed below are fixed*, but borrower benefits are variable and may change annually.

Apply Now

- 3% origination fee

2008-2009 Interest Rates with Benefits	In-School Period	Repayment Period
Base Note Rate	7.30% (APR 8.27%)[1]	7.30% (APR 7.3%)[1]
Alaska Presence Benefit	-0.50%	-0.50%
Direct Payment Benefit		-0.25%
Timely Benefit After First 48 Repayment Months		-2.00%
Lowest Cost Interest Rate Equivalent	**6.80%**	**4.55%**

*Interest rates and AlaskAdvantage Borrower Benefits are subject to approval annually by the Alaska Student Loan Corporation. Interest rates on loans issued prior to the 2006/2007 academic year are variable and change annually. Click here for a chart of rates. AlaskAdvantage Borrower Benefits apply to both new fixed rate loans and existing variable loans.

Borrowing Limits	Annual Limit[1]	Lifetime Maximum
Career Training (Vocational)	$6,500	
Undergraduate	$8,500	$42,500
Graduate	$9,500	$47,500
Undergrad + Grad		$60,000

[1]Loan amounts are pro-rated based on the term of attendance; e.g., an undergraduate student attending only one semester is eligible for 1/2 the annual loan limit, or $4,250.

Eligibility

- FAFSA may be required
- High school diploma or equivalent (i.e., GED)
- Minimum half-time enrollment in eligible program
- Not in default on a federal or state loan
- Not have an adverse credit history (option to apply with credit-worthy cosigner)
- Alaska resident or attending an eligible school in Alaska
- Not past due in child support obligations

You can apply online, or you can download an application. Before you apply for loan programs, we recommend you:

1. Complete the Free Application for Federal Student Aid (FAFSA).
   You can complete the FAFSA online at http://www.fafsa.ed.gov/ anytime after January 1st.
2. Discuss your financial aid options with your school. Many schools offer different financial aid programs. Your school financial aid experts can advise you regarding which aid is suitable for you. Your school may also have specific criteria and deadlines, and you may miss out if you apply without first discussing your options with your school. Inform your school of your financial aid

LOAN PROGRAMS

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NEWS OPINIONS SPORTS ARTS & LIVING CLASSIFIEDS JOBS CARS REAL ESTATE

College financial aid system facing stiff test

By DAVE CARPENTER
The Associated Press
Sunday, January 25, 2009; 4:26 AM

CHICAGO -- Finding financial aid for college this year promises to be tougher than any final exam. The quest for money that begins for students and parents every January has taken on new urgency in 2009 amid fears that loans and grants will be scarcer than in the past due to the recession.

"The financing system for college is in real crisis," said Barmak Nassirian, associate executive director of the American Association of College Registrars and Admissions Officers. "Every one of the participants in the system is experiencing hardship _ higher education institutions, states, aid donors and families all are cash-strapped."

Federal student loans remain readily available _ with some funding even increased recently by Congress. But the prospect that grants and scholarships may be cut at many schools, combined with the shrinking availability of private loans, has fueled widespread angst at a time when more people than ever are seeking help. Applications for federal aid for the current academic year already are running 10 percent above last year's record pace, according to the Department of Education.

Savings held in Section 529 plans _ the state-sponsored investment funds for college that are popular for their tax breaks _ have been depleted by the worst bear market in decades and home equity values have plummeted. That has sapped two sources most tapped by parents to fund their children's higher education. Colleges' endowments have been similarly walloped.

Private student loans are especially hard hit. Last year, 60 private lenders provided $19 billion to students. Now, 39 of those have stopped lending to students and the remaining firms have made it harder to borrow, according to Finaid.org, a Web site that tracks the industry.

"The stress level is high," said Rod Bugarin, financial aid adviser for the New York-based college consulting firm IvyWise.

Numerous revenue-short states are likely to consider cutting aid in one way or another, and public colleges and universities are expected to raise tuition _ in some cases by double digit percentages _ as they set rates for next year.

Scholarships from civic groups and local companies across the country also are likely to decline, Bugarin said, although it's too early to know the extent.

What it all means is that families and college counselors are having to hold difficult conversations about reduced savings and the need to take on more debt and lower sights to focus on more affordable schools.

"There are no sure answers because we're in new territory," said Bruce Hammond, a Washington, D.C.-based college admissions consultant and co-author of "The Fiske Guide to Getting into the Right College." "But students with high need and lesser credentials are going to have to brace themselves

for less aid."

Jean Kliphuis, 46, of Huntington, N.Y., is concerned about the tightening vise of college costs and how to pay for them as she studies aid prospects for daughter Katie, a high school senior who has applied to six schools. Jean is a librarian and her husband Tim is self-employed in the office equipment business. As middle-income parents of three children, their tab for college could be overwhelming if they didn't do all their homework on aid options.

"There is money out there, but you have to jump through a lot of hoops to get it," Kliphuis said. "So my husband and I are jumping through the hoops."

The key to success in the "convoluted" financial aid process is good information, she said, and there's lots of it available through schools' aid offices and online at such sites as Collegeboard.com and Princetonreview.com.

Indeed, the news isn't all bad. The federal government has authorized some $95 billion in grants, loans and work-study assistance to help almost 11 million students and their families pay for college this year, and its recent commitments mean that total will all but certainly be exceeded next year.

"It's scary, but not as scary as people might think," said Lauren Asher of the California-based Institute for College Access and Success, an independent nonprofit group.

Among the encouraging developments for parents and students:

_ The government broadened student borrowing in the midst of the credit crunch, ensuring the continued flow of federal loans that families depend on ahead of costlier private ones. Among other changes, annual borrowing limits for unsubsidized Stafford loans, which students can take out regardless of income, were raised by $2,000 and parents can now defer repayment of federal loans until after their child leaves school.

Stimulus proposals that would give students more financial aid also are progressing through Congress.

"This certainly has been an unprecedented disruption in the student loan marketplace," said Mark Kantrowitz, publisher of Finaid.org. "But Congress and the Department of Education have acted quickly to avert a crisis."

_ No school is known to have withdrawn pledged financial aid this academic year despite financial setbacks that have prompted them to make cuts elsewhere. A number of top institutions, from Harvard, Yale and Duke to smaller institutions with large endowments, announced expanded aid last year and have insisted they will stick to those commitments.

Aid can make a huge difference in affordability. The average list price of tuition and fees for the current academic year is $6,585 for in-state students at four-year public universities and $25,143 at private colleges, with some costing far more. But grants and tax breaks lower the average net price to about $2,900 at public universities and $14,900 at private schools, according to the College Board.

_ Some students will benefit from the turmoil, especially at colleges with high tuitions and scarce resources.

"These places continue to jack it up," Hammond said of tuition increases, "so if you can pay the full

outrageous fee in this economy, as long as you can walk and chew gum you will be admitted. And if you're pretty good _ average, even _ you might get a $10,000 merit scholarship."

Admissions experts recommend considering a range of fallback options, from lower-cost public schools to community colleges or even waiting a year to save more money. And colleges and parents alike are hedging their bets on next year and beyond.

Administrators at Ohio State University see no big immediate impact on aid from the economy but are concerned about what may happen over the longer term, said Bill Shkurti, chief financial officer. The school's endowment has fallen by as much as 30 percent from $1.5 billion a year ago but accounts for just 2 percent of operating revenue, he said.

The University of North Carolina at Wilmington, with a much smaller enrollment and endowment, similarly has taken a hit. In a scenario likely to be repeated on many campuses, financial aid director Emily Bliss says the school is bracing for unpleasant conversations with parents about next year as it relies more on loans in its aid packages and eliminates some of the "free" money.

"Grants and scholarships won't all come through," she said. "It's difficult for us to tell families that, because our heart is breaking for them knowing what they're going through."

AP Education Writer Justin Pope contributed to this report.

On the Net:

FAFSA:http://www.fafsa.ed.gov/

FinAid:http://www.finaid.org/

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N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

NEWS FROM NASFAA

Financial Services Committee Holds Hearing On Auction Rate Securities Market Troubles

Broker-dealer firms that underwrote, marketed and sold auction-rate securities (ARS) misled investors by not disclosing the increasing risks associated with ARS and their reduced ability to support auctions, according to the testimony of Linda Thomsen, the director of the Securities and Exchange Commission's Division of Enforcement.

Thomsen testified Thursday at the House Financial Services Committee's hearing on problems and potential resolutions to the auction-rate securities market, which froze up in mid-February when investors stopped buying ARS - effectively drying up all the liquidity in the market. ARS had grown into a $330 billion market by early 2008. Until the ARS market froze in mid-February, auction failures were extremely rare and the market was highly liquid.

ARS and Student Loans

The current lack of liquidity in the ARS market and the Asset Backed Securities market combined with recent subsidy cuts has forced more than 130 Federal Family Education Loan Program (FFELP) loan providers to suspend or terminate a portion or all of their services. The freezing of the ARS market has hit nonprofit lenders especially hard because of their reliance on ARS to raise capital.

In her testimony before the committee, Tara E. Payne, vice president of Corporate Communications at the New Hampshire Higher Education Loan Corporation (NHHELCO), explained that thousands of students were forced to find a new, likely more expensive, student loan provider because funds NHHECLO would have used to make loans are frozen in the ARS market.

Payne testified that NHHELCO's once solid financial base had been significantly compromised by UBS Securities, LLC, NHHELCO's "long-standing, trusted" financial advisor and broker-dealer since 1997.

UBS actively encouraged NHHELCO to extend its commitment to student loan bonds, even when UBS knew that the market for these bonds was on the verge of collapse, according to Payne. UBS advised NHHELCO to reset the maximum rate on NHHELCO's taxable bonds to 17% to ensure liquidity and prevent auctions from failing.

"We know now that this was a 'scheme' to make the securities more attractive to investors and to keep NHHELCO in the Student Loan Auction Rate Securities market," Payne said.

Additionally, UBS would bid for bonds that went unsold to prevent auctions they ran from failing, but it was actively considering withdrawing its own holdings in the market. At the same time, it was advising NHHELCO to stay in the market. On February 13, 2008, UBS stopped supporting the ARS market and it collapsed, leaving NHHELCO and investors with billions of dollars frozen.

"UBS never disclosed to NHHELCO that the ARS market was at risk of freezing ... or that UBS was preparing to ends its support of the market," Payne said.

On August 14, 2008, the New Hampshire Bureau of Securities Regulation announced that is was taking action against UBS Securities, LLC for fraud and failing in its fiduciary and moral duty to NHHELCO. .

Fortunately, NHHELCO was able to raise $94 million from community lenders in order to continue making loans. Congress then passed the Ensuring Continued Access to Student Loans Act, which allows the Department of Education to provide liquidity to the market and enabled NHHELCO to continue making loans.

Proposed Solutions

Payne and others testifying before the committee agreed that it is unlikely that the ARS market will recover in the near future, if ever. Payne urged lawmakers to extend ECASLA to ensure students and families will be able to finance higher education.

"In New Hampshire we know that 82 percent of borrowers in repayment believe that the opportunity to go to college would not have been possible without access to student loans," Payne said. "The credit crisis has threatened many families' ability to get a second mortgage or for students to qualify for private education loans without parents as co-signers. As a result, some low- and middle-income families may be running out of college funding options. We understand that some are turning to borrowing from 401k plans and putting tuition on credit cards."

James Preston, president and CEO of the Pennsylvania Higher Education Assistance Agency (PHEAA) also advocated for an extension of ECASLA, but noted that it was only a temporary fix and a longer-term solution is needed.

"Unless Congress and the Administration address the underlying causes of the current liquidity difficulties, there will continue to be instability in the student loan marketplace and participants will continue to cease supporting student loans," Preston said.

Preston and other nonprofit loan providers have been championing a plan to have the Treasury replicate its efforts to rescue Fannie Mae and Freddie Mac for student loan providers. Under this plan, the Treasury would stand in place of the global markets which are unable to supply sufficient capital to student lenders.

A Wide-Spread Problem

NHHELCO's experience is not unique.

Broker-dealer firms that underwrote, marketed and sold ARS used their sales forces, marketing materials, and account statements to misrepresent to their customers that ARS were safe, highly liquid investments that were equivalent to cash or money market funds, according to Thomsen.

"These firms failed to disclose the increasing risks associated with ARS, including their reduced ability to support the auctions," she said. "By engaging in this conduct, those firms violated the Federal securities laws, including the broker-dealer antifraud provisions."

Federal and state law enforcement and securities regulatory officials have helped tens of thousands of investors get billions of dollars of liquidity restored to them. Before the hearing, the Financial Industry Regulatory Authority announced it reached agreements with SunTrust Banks Inc. (STI), Comerica Inc. (CMA), Washington Mutual Inc. (WM) and First Southwest Co. to settle queries about how they marketed and sold auction-rate securities. Finra said the companies have agreed to repurchase auction-rate securities bought by individual investors, charities and small businesses with $10 million or less in their accounts between May 31, 2006, and Feb. 28, 2008. The companies didn't admit or deny wrongdoing.

Causes of the ARS Market Freeze

The ARS market encountered significant problems during early 2008 for several reasons, according to Thomsen.

One factor was the significant increase in the size of the ARS market, which had grown to $330 billion by the time of the freeze. This larger market required the firms to find more and more customers to bid in the auctions.

An additional reason for the market seizure is the rating agencies' downgrades of the monoline insurers (e.g., Ambac Financial Group Inc, and MBIA Inc.), which provided insurance for many ARS to ensure that holders would receive repayment of their principal if the issuer defaulted. These downgrades resulted in the loss of customers willing to invest in ARS.

Another factor that contributed to the freeze is the sub-prime mortgage and credit crisis that unfolded throughout the second half of 2007, which limited the firms' ability to support the auctions with their own capital. In fact, firms stopped supporting the auctions in mid-February 2008, and the entire market froze in a matter of days. The securities became illiquid, leaving tens of thousands of customers unable to sell their

ARS holdings.

A complete list of witnesses who testified and their testimony is available online.

Media Coverage

- Nonprofit Lender Asks Congress for More Help to Stay Afloat (The Chronicle of Higher Education) *A paid subscription may be required.*

By Haley Chitty
NASFAA Associate Director of Communications

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Financial Institutions
U.S.A.
Special Report

Private Education Loans: Time for a Re-Education

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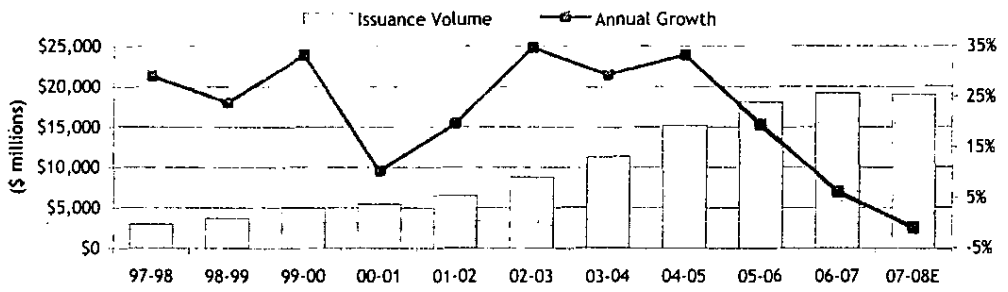
Related Research

- *Federal Student Loans: A Lesson in Legislation, Jan. 14, 2009.*
- *U.S. Finance & Leasing Company Outlook 2009, Dec. 18, 2008.*
- *2009 U.S. Structured Finance Outlook, Dec. 10, 2008.*
- *Student Loan Auction Rates - The Definition of Stress, Sept. 30, 2008.*
- *An Education in Student Lending, Feb. 5, 2007.*

Overview

The rising cost of education has consistently outpaced growth in loan limits for federal student loan programs. The gap has been filled with the private education loan. Issuance of private, or nonfederal, education loans has grown from $3bn in academic year 1997-1998 to $19.1bn in academic year 2007-2008, according to College Board. Lenders involved in the federal student loan space have leveraged their school relationships, operating platform, and expertise to expand into private education lending. While early performance data seemed to indicate a smooth transition, the economic environment was strong and loan portfolios had yet to fully season. As the economy showed signs of weakness in 2007 and more private student loans entered repayment, cracks began to emerge in lender underwriting strategies.

Private Education Loan Growth



Source: College Board.

Deterioration in portfolio credit metrics combined with a widespread re-pricing of risk in the capital markets have made it more difficult for lenders to access the asset-backed securitization (ABS) markets for private student loan term funding. Lenders have pulled back on origination volume by tightening underwriting standards and cancelling certain school relationships, but many lenders have had to arrange expensive funding facilities for un-securitized private loans on their balance sheets. Government funding programs, like the Term Asset-Backed Loan Facility (TALF) may temporarily increase investor buying of private loan deals, but they will not truly re-ignite interest. This will necessitate re-educating investors on the risk/rewards of the product and, potentially, making changes to the loans to make them more attractive to investors. Continued deterioration in portfolio credit quality and an inability to secure cost-effective funding could result in negative rating action for student lenders.

In this report, Fitch will:

- Discuss how college costs, federal student aid, and legislation drive growth trends in the private education loan;
- Explain how dislocations in the capital markets have impacted funding options for loans and how the structure of the private student loan may need to change;
- Provide an analysis of recent credit trends for large private lenders; and

- Discuss the impact of the bankruptcy of The Education Resources Institute, Inc. (TERI) on the private education loan market.

Private Education Loans

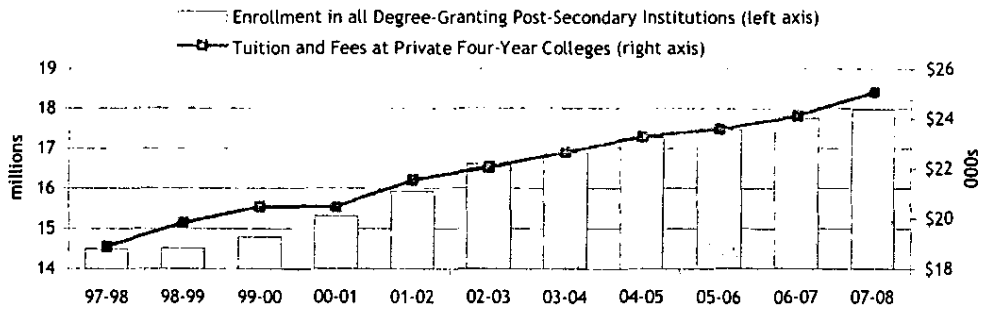
The private or nonfederal education loan has garnered increasing interest as growth in the product has surged over the last decade. Demand for private student loan ABS was relatively robust through 2006, given ample market liquidity and stable collateral performance, but investor interest waned in 2007 as market risk premiums increased and the weakening economic picture began to impact credit quality.

The following sections will discuss growth trends in the private education loan, funding alternatives, asset quality trends, and the impact of the bankruptcy of The Education Resources Institute), Inc. (TERI).

Growth

Private education loans have become an increasingly important component of education funding in the last decade, accounting for approximately 11.7% of total student aid in the 2007-2008 academic year, according to College Board, compared to 3.7% a decade ago. Growth in private student loans has been driven by increasing enrollment levels, rising tuition expenses and, until recently, static federal loan limits. Over the last ten years, enrollment in degree-granting post-secondary institutions grew 24% and average annual tuition and fees at private and public four-year institutions is up 32.7% and 53.3%, respectively. Meanwhile, federal Stafford loan limits remained static from October 1993 to June 2007.

Drivers of Private Education Loan Borrowing



Source: College Board and National Center for Education Statistics.

Fitch expects growth of the private loan product to change; however, as higher funding costs and deteriorating collateral performance have reduced the propensity to loan and some recent legislative change may have an impact on the demand for private education loans. On the legislative front, federal Stafford loan limits have increased twice in the last two years. The Deficit Reduction Act of 2006 increased base limits for freshman and sophomores receiving loans after July 1, 2007 by $875 and $1,000, respectively. Fitch believes this change contributed to the 0.9% decline in private education loans issued in academic year 2007-2008, as subsidized Stafford loans increased 11.1% during the year; well above the 3.3% average annual increase over the last ten years. The Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) increased federal loan limits further by allowing undergraduates to borrow an additional $2,000 in unsubsidized loans per year after July 1, 2008.

Loan Limits for Subsidized and Unsubsidized Federal Stafford Loans

	Pre-Deficit Reduction Base Subsidized/ Unsubsidized	Post-Deficit Reduction Base Subsidized/ Unsubsidized	Pre-ECASLA Additional Unsubsidized	Post-ECASLA Additional Unsubsidized
1st year undergraduate	$2,625	$3,500	$4,000	$6,000
2nd year undergraduate	$3,500	$4,500	$4,000	$6,000
3rd year & beyond undergraduate	$5,500	$5,500	$5,000	$7,000
Graduate/Professional	$8,500	$8,500	$12,000	$12,000

Source: FinAid.org

The most critical change, however, was a provision in the Deficit Reduction Act which permits graduate and professional students to use PLUS loans to fund their entire cost of attendance, less other aid received. Historically, students funded a significant portion of their graduate programs, which tend to be more expensive than undergraduate programs, with variable-rate private education loans. Fitch expects graduate students to willingly switch to federal PLUS loans, which offer more attractive terms. PLUS loans were up a modest 1.25% in academic year 2007-2008, well-below the 12% annual average growth rate over the last decade, but Fitch believes PLUS loans will expand materially in the 2008-2009 academic year, at the expense of private loans.

Still, private education loans remain very relevant for international graduate students with no access to federal loans and in the undergraduate space, for borrowers whose parents cannot access PLUS loans, as the gap between federal loan limits and tuition expenses continues to be relatively wide. Fitch estimates that, based on current legislation, the gap between four-years of tuition and fees at a private undergraduate college and federal loan aid could be around $50,000. Recent dislocations in the capital markets and credit deterioration resulting from portfolio seasoning and a tougher economic environment, however, have reduced the profitability, and therefore, the availability of the private education loan. Fitch believes lenders that remain in the space are taking a closer look at the terms and structuring of the product in order to make them more attractive for investors while remaining useful for borrowers.

Lenders

Many large financial institutions participate in the private student loan market, particularly those with a sizeable retail franchise, as student loans are often part of the consumer product suite. Most large banks, however, do not disclose detailed information on their student loan portfolios, as it is not a significant contributor to the overall business. Large bank lenders include JPMorgan Chase, Bank of America, Citigroup, and Wells Fargo (including Wachovia).

Private Education Loan Portfolios

($m)

	2002	2003	2004	2005	2006	2007	3Q 2008
SLM Corporation	$5,822	$8,305	$11,482	$16,437	$22,588	$ 28,328	$32,800
Student Loan Corp	$1,784	$2,643	$3,649	$4,812	$3,072	$4,696	$5,816
NelNet	$75	$92	$90	$97	$197	$275	$276

Source: Company Filings and Fitch Estimates.

More robust information is available for non-bank student lenders like SLM Corporation, Student Loan Corp. (which is 80% owned by Citibank, N.A.), and Nelnet, Inc. The portfolios of each have grown rapidly since 2002, but growth slowed materially in 2008, given the more difficult environment.

Funding

Many private education loan providers have funded a portion of their portfolio in the ABS market in recent years, but investor risk aversion and underlying collateral deterioration has reduced the demand for private student loan ABS bonds.

SLM Corporation, the largest student loan provider, completed three private loan ABS transactions in 2006 totaling over $5bn in issuance, but it has not completed a private loan ABS transaction since its $2.2bn deal in March 2007. Only two private student loan deals were completed in 2008; one $140m deal from MRU Holdings, Inc. (My Rich Uncle) completed in July, which Fitch did not rate, and a $400m deal from the Massachusetts Educational Financing Authority, completed in August, rated 'AAA' by Fitch based on the financial guaranty provided by Assured Guaranty Corp.

SLM: Private Education Loan Securitization Activity

(For the Years Ended December 31; $ 000s)

Year	Amount	# Deals
2002	$690	1
2003	$3,503	3
2004	$2,535	2
2005	$3,005	2
2006	$5,088	3
2007	$2,001	1
2008	-	0
Total	$16,822	12

Source: Company Filings.

Large bank lenders have been able to leverage their deposit base to replace ABS funding, but non-bank lenders have had to rely on more expensive sources of debt to fund student loan portfolios. The weighted-average cost of SLM's March 2007 term ABS deal, excluding the auction rate tranche, was approximately LIBOR plus 15 basis points. In 2008, the company paid LIBOR plus 400 basis points for its $2.5bn, ten-year, unsecured corporate debt issuance and LIBOR plus 155 basis points for $3.8bn in private loan ABCP capacity, which matures in February 2009.

Higher funding costs and reduced margins led many lenders, like CIT, College Loan Corporation, KeyBank, and Astrive Student Loans (a registered trademark of The First Marblehead Corporation), to exit the business altogether. Those that remain have reduced origination volume and re-evaluated underwriting criteria. SLM, for example, has tightened its underwriting standards, terminated certain school relationships and reduced origination volume by 20% year-over-year, to approximately $6.3bn in 2008. Additionally, SLM is looking to expand the deposit base of its industrial bank, Sallie Mae Bank, in order to more cost-effectively fund the private loan portfolio. The bank had $2.3bn in term bank deposits as of December 31, 2008 and Fitch believes the deposit base will grow to keep pace with private loan originations in coming quarters.

Still, Fitch does not believe that lenders will abandon the ABS markets altogether, as it can be an efficient way to secure term funding for private student loans. While lenders are expected to re-educate investors on the attractive risk/return attributes of the private education loan in order to reduce funding spreads, the Federal Reserve is doing its part to get the ABS market functioning again with the introduction of the Term Asset-Backed Loan Facility.

Term Asset-Backed Loan Facility (TALF)

The Term Asset-Backed Loan Facility (TALF) is being developed with the intention of restoring liquidity to the ABS markets for consumer assets; including auto, credit cards, and student loans. Under the TALF, the Federal Reserve Bank of NY is expected to make up to $200bn of loans, which will be fully secured by eligible ABS. Eligible collateral will include, US dollar-denominated cash ABS with a long-term credit rating of 'AAA'. The underlying credit exposures must be auto loans, student loans, credit

card loans, or small business loans guaranteed by the US Small Business Administration. Student loans will include federally-guaranteed loans, including consolidation loans, and private student loans. Eligible ABS must be issued after January 1, 2009 and all or substantially all of the underlying credit exposures of eligible student loan ABS must have had a first disbursement date on or after May 1, 2007.

TALF loans will have a three-year term with interest payable monthly and the loans will not be subject to mark-to-market requirements. TALF loans are pre-payable, but will not allow for substitution of collateral and any repayment of principal on eligible collateral must be used to reduce the principal amount of the TALF loan. The interest rate will be set to encourage borrowers to purchase ABS. The facility will stop making loans on December 31, 2009, unless the facility is extended by the Federal Reserve. Expectations are for the TALF to be up and running in the first quarter of 2009.

Fitch believes the TALF could be an attractive, and much-needed, funding source for private student loans originated after May 1, 2007, although enhancement levels needed to create 'AAA' securities will likely be more expensive given revised stress scenarios which reflect more recent credit conditions. But restoring more permanent liquidity to the private education loan ABS market may take more than what the TALF, alone, can accomplish. Fitch believes lenders will need to convince investors that underwriting criteria is effective enough to identify and exclude the riskier borrowers and schools that yielded significant deterioration in their portfolios in 2007 and 2008.

Additionally, lenders may need to alter the structure of the private student loan, itself, to make it more liquid and attractive for investors. The maturity of a private student loan, for example, is typically 15 to 20 years, while the maturity of an auto loan is around 5 to 6 years. Investors may not be comfortable with the longer average life of a private student loan ABS transaction and it may be more difficult and more expensive to hedge the interest rate risks of a longer-dated asset. Still, shortening the life of the underlying loan can increase the borrower's monthly payments significantly, making it more difficult to stay current on payment and, therefore, leading to higher portfolio credit losses. Clearly, there will be a balancing act for lenders to consider.

Furthermore, Fitch believes the Deficit Reduction Act, which gave graduate students the increased ability to borrow federal loans, will change the make-up of private student loan portfolios. Of the last 7 private student loan ABS transactions facilitated by First Marblehead Corp, 10.4% of collateral, on average, was related to graduate student borrowers. Going forward, portfolios will be more heavily weighted to undergraduate students. Typically undergraduates do not have an extensive credit history, which means underwriting is often based on the credit risk of the co-borrower or co-signor, which is often a parent, guardian, or spouse. As underwriting policies have tightened, the portion of new loans with co-borrowers has increased. Therefore, newer originations are not solely dependent upon the student's ability to graduate and obtain meaningful employment, as the co-borrower, who is more likely to be established and have more at risk from a credit perspective, is also responsible for making payments. This should provide investors with additional comfort.

SLM has discussed adjusting its private education loan by shortening the product term, increasing the portion of the portfolio with a co-borrower, and requiring interest-only payments while students are in-school.

Asset Quality

Unlike federal student loans, private education loans do not come with a government guarantee against default, although the loans are generally non-dischargeable in bankruptcy and lenders will often obtain third-party insurance to limit the downside

Asset Quality: Private Education Loans

30+ Day Delinquencies/Loans in Repayment

	2002	2003	2004	2005	2006	2007	3Q 2008	Average
SLM Corp	7.7%	9.2%	8.4%	7.7%	10.1%	9.3%	9.6%	8.8%
NelNet	14.4%	12.5%	10.1%	7.8%	5.6%	4.7%	5.3%	8.6%
Student Loan Corp	NA	3.0%	2.3%	2.5%	5.2%	4.0%	5.2%	3.7%

Loans in Forbearance/(Loans in Repayment + Forbearance)

	2002	2003	2004	2005	2006	2007	3Q 2008	Average
SLM Corp	9.8%	10.0%	7.5%	9.9%	9.2%	13.9%	11.5%	10.3%
NelNet	17.5%	22.1%	3.1%	4.2%	5.4%	7.9%	5.2%	9.4%
Student Loan Corp	NA	NA	6.6%	7.1%	6.6%	8.1%	6.2%	6.9%

Net Charge-offs/Average Private Loans in Repayment

	2002	2003	2004	2005	2006	2007	3Q 2008	Average
SLM Corp	2.2%	1.9%	1.9%	1.9%	1.6%	3.1%	3.4%	2.3%
NelNet	3.5%	9.0%	10.6%	0.9%	1.1%	0.9%	2.4%	4.1%
Student Loan Corp	NA	0.4%	0.4%	0.4%	0.7%	1.4%	2.9%	1.0%

PrivateLoans in Repayment/Private Loans

	2002	2003	2004	2005	2006	2007	3Q 2008	Average
SLM Corp	53.1%	51.6%	52.5%	49.7%	50.7%	50.3%	52.2%	51.4%
NelNet	48.8%	56.3%	72.1%	68.4%	54.3%	54.6%	59.1%	59.1%
Student Loan Corp	NA	47.7%	51.8%	52.8%	37.6%	41.2%	38.1%	44.9%

Private Allowance/Private Loans in Repayment

	2002	2003	2004	2005	2006	2007	3Q 2008	Average
SLM Corp	6.3%	5.9%	5.1%	3.4%	3.4%	8.2%	7.8%	5.7%
NelNet	5.6%	12.1%	11.0%	20.1%	17.2%	14.0%	15.2%	13.6%
Student Loan Corp	NA	0.1%	0.2%	0.1%	0.6%	1.5%	4.6%	1.2%

Note: Metrics annualized in 2008 where appropriate.
Source: Company Filings and Fitch Estimates. NA - Not Available.

risk. Federal student loans are underwritten based on need, but private education loans are underwritten based on a credit evaluation of the borrower and/or co-borrower and risk-based pricing is employed. While early statistical data of collateral performance was sound, Fitch remained cautious about early credit data, as the surge in origination volume meant that only a small portion of loans outstanding were in repayment status. In recent years, as loan portfolios have seasoned and the economy has slowed, credit performance of the private education loan product has deteriorated.

Private student loan credit performance metrics for SLM Corp, Nelnet, Inc. and Student Loan Corp (SLC) are presented in the table above. Nelnet's portfolio is significantly smaller than the other lenders, but many metrics have followed a similar pattern. Surprisingly, delinquency metrics were actually down at the end of 2007 relative to the prior year, but Fitch believes this was because lenders were employing forbearance policies more aggressively, perhaps believing that a borrower's inability to pay was a temporary blip. But delinquency rates rebounded in 2008, as lenders pulled back on forbearance, after realizing the economic downturn would have a more prolonged impact on a borrower's ability to pay, particularly given the significant increase in the unemployment rate. Borrowers receiving forbearance are being awarded shorter grace periods to ensure they do not get out of the habit of paying every month. SLM's forbearance levels declined from 13.9% of loans in repayment and forbearance in 2007 to 11.5% in 3Q2008, while STU's declined from 8.1% to 6.2%. Fitch believes forbearance levels may decline further in 2009, as lender's award payment programs only to borrowers that they believe can truly benefit, but the decline will accelerate the recognition of credit losses into current periods.

From a net charge-off perspective, metrics have deteriorated for all three issuers since 2006, with SLC increasing 220 basis points to 2.9% as of September 30, 2008, and SLM increasing 180 basis points to 3.4%. Still, both issuers believe they have identified the main source of credit deterioration (outside normal pressure from economic weaknesses) and that is: lending to students attending schools with lower graduation rates and lower average earning potential, given the degree programs offered.

SLM has divided its portfolio into traditional schools and non-traditional schools, where the latter refers to 'loans made to borrowers that are expected to have a high default rate as a result of a number of factors, including having a lower tier credit rating, low program completion and graduation rates, or where the borrower is expected to graduate, a low expected income relative to the borrower's cost of attendance'. The dispersion in portfolio performance is clear, with the traditional portfolio posting net charge-offs of 2.5% in the fourth quarter of 2008, while the non-traditional portfolio posted net losses of 16.1%. Delinquency statistics are also significant with traditional and non-traditional delinquencies of 7.1% and 28.9%, respectively. SLM has ceased lending to non-traditional schools, but Fitch believes the impact of the $4.95bn portfolio will remain for some time as only 60.6% of the portfolio was in repayment as of December 31, 2008.

SLM Corporation - Private Portfolio Distribution

(For the Years Ended December 31; $m)

	2006	2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008
Traditional Private Education Loans						
Traditional Loans, End of Period	19,533	25,791	27,502	28,349	30,060	30,949
Traditional Loans in Repayment	9,835	12,711	12,683	14,433	14,605	17,715
30+ Delinquencies/Loans in Repayment	NA	5.2%	4.6%	4.9%	6.3%	7.1%
Loans in Forbearance/Loans in Forebearance and Repayment*	NA	12.8%	15.5%	12.0%	11.0%	6.7%
Net Charge-Offs/Average Loans in Repayment	0.6%	1.5%	1.7%	2.0%	2.0%	2.5%
Allowance/Loans in Repayment	1.8%	3.5%	3.7%	3.3%	3.9%	4.0%
Non-Traditional Private Education Loans						
Non-Traditional Loans, End of Period	3,449	4,580	4,811	4,873	4,952	4,945
Non-Traditional Loans in Repayment	1,819	2,155	2,187	2,451	2,641	2,997
30+ Delinquencies/Loans in Repayment	NA	26.3%	23.3%	24.0%	26.3%	28.9%
Loans in Forbearance/Loans in Forebearance and Repayment*	NA	19.4%	21.4%	18.5%	14.4%	9.0%
Net Charge-Offs/Average Loans in Repayment	7.2%	11.9%	12.9%	15.0%	12.9%	16.1%
Allowance/Loans in Repayment	11.8%	36.3%	36.6%	33.4%	29.8%	26.4%

* Annualized.
Source: Company Filings.

Net charge-offs on SLM's traditional portfolio, which represents about 86% of the total private loan portfolio, have increased as well, given the tougher economic environment, with net losses rising from 0.6% in 2006. Fitch expects credit metrics to deteriorate further in 2009, as the unemployment picture remains weak for borrowers in and just entering repayment status.

SLC has also segmented its private loan portfolio into the following three categories: Insured CitiAssist, Uninsured CitiAssist Standard and Uninsured CitiAssist Custom. Standard loans are primarily related to CitiAssist loans that have been approved based on standard underwriting criteria and were originated on or after January 1, 2008. Custom loans are related to loans made to non-traditional students or loans with less stringent underwriting standards.

Approximately 78% of the private loan portfolio carries private insurance through

United Guaranty Commercial Insurance Company of North Carolina/New Hampshire Insurance Company or through Arrowood Indemnity Company. Risk-sharing deductibles range from 5% to 20% up to maximum loss levels. As expected, net charge-offs on Insured CitiAssist loans remain relatively low at 0.8%, as of September 30, 2008, but SLC stopped insuring new CitiAssist loan originations on January 1, 2008, believing that higher loan losses would be more than offset by declines in insurance premiums paid.

Student Loan Corp - Private Portfolio Distribution

(For the Years Ended December 31; $m)

	2006	2007	1Q 2008	2Q 2008	3Q 2008
Insured CitiAssist					
Loans, End of Period	$2,410	$3,870	$4,489	$4,590	$4,523
Loans in Repayment	$733	$1,443	$1,469	$1,706	$1,605
30+ Delinquencies/Loans	6.5%	3.7%	4.6%	3.5%	5.3%
Loans in Forbearance/Loans in Forebearance and Repayment	8.3%	9.3%	13.4%	9.2%	11.8%
Net Charge-Offs/Loans in Repayment*	NA	NA	0.4%	0.6%	0.8%
Allowance/Loans in Repayment	0.1%	0.2%	0.4%	0.3%	0.6%
Uninsured CitiAssist					
Loans, End of Period	$662	$826	$1,033	$1,230	$1,293
Loans in Repayment	$423	$494	$530	$580	$609
30+ Delinquencies/Loans	2.9%	4.8%	5.1%	4.6%	4.5%
Loans in Forbearance/Loans in Forebearance and Repayment	3.5%	4.4%	7.2%	7.1%	8.5%
Net Charge-Offs/Loans in Repayment*	NA	NA	6.1%	8.0%	7.3%
Allowance/Loans in Repayment	1.6%	5.4%	6.8%	11.6%	15.0%
Loans Covered by Risk-Sharing Agreements with Schools	75.9%	59.7%	47.7%	40.3%	37.3%

* Annualized.
Source: Company Filings and Fitch Estimates.

Net losses on the uninsured portfolio amounted to 7.3% in the third quarter of 2008. Standard loans account for approximately 29% of the uninsured portfolio while custom loans account for about 71%. Net charge-offs on the standard portfolio amounted to 0.2% in the third quarter of 2008, while losses on the custom portion amounted to 9.3%. In the second quarter of 2008, SLC discontinued relationships with schools that generated higher-risk uninsured CitiAssist originations, which Fitch believes would be included in the custom portion of the portfolio. SLC has tightened underwriting criteria in response to the economic environment and plans additional tightening in the near-term.

A portion of the uninsured portfolio is covered by risk-sharing agreements with schools and universities, although that portion has been on a declining trend; from 75.9% of the uninsured portfolio in 2006 to 37.3% in the third quarter of 2008. Under the agreements, the school reimburses a specified percentage when losses exceed a certain threshold or the school pays a percentage of the total disbursed amount to compensate for future expected losses. Lenders to schools with riskier borrower profiles are subject to adverse selection.

While lenders like SLM and SLC are segmenting portfolios and modifying underwriting standards; balance sheets and securitization trusts continue to contain a significant amount of loans already originated which have yet to enter repayment status. As of September 30, 2008, only 38.1% of SLC's private loan portfolio was in repayment status, compared to 57.7% of SLM's portfolio at year-end. Fitch believes lenders have and will continue to build reserves in anticipation of poorer performance of loans made to 'non-traditional' schools and to incorporate general portfolio weakening due to the weaker economic environment. SLM's allowance as a percent of loans in repayment amounted

to 7.2% at year-end 2008 and SLC's allowance amounted to 4.6% at the end of the third quarter 2008.

The fact that private education loans are non-dischargeable in bankruptcy has come under an increasing amount of scrutiny in recent years, in the face of bankruptcy reform and political transition. Consumer protection has been a hot topic in recent months and Fitch believes recent developments in the mortgage market aimed at reducing a borrower's debt burden could expand into other asset classes. Consumer protection advocates have also highlighted the higher interest rates charged by lenders on private loans. The imposition of interest rate caps or limits would also make the private loan less attractive to lenders and investors.

The Education Resources Institute, Inc.

The Education Resources Institute, Inc. (TERI), a private, non-profit corporation and the largest guarantor of private student loans, filed for Chapter 11 bankruptcy protection on April 7, 2008. TERI provided private education loan guarantees to commercial banks underwriting loans according to its articulated standards. Participating banks included Bank of America, Charter One Bank, JPMorgan Chase, and RBS Citizens. These banks would often partner with First Marblehead Corporation (FMD), a student loan facilitator, to structure private student loan ABS transactions. FMD conducted ABS transactions out of its wholly owned subsidiary, National Collegiate Funding LLC and TERI guaranteed 100% of principal and accrued interest on defaulted loans in the trusts.

As discussed in the Asset Quality section, private education loan credit performance began to deteriorate in 2007 and early 2008 as the economic picture weakened. But compounding the issue for TERI was that a large portion of the collateral included in the National Collegiate Student Loan Trust (NCSLT) was originated through the direct-to-consumer channel (as opposed to the school channel), which has been more susceptible to fraud, as there is typically no verification with schools to ensure that funds are being used to pay a borrower's tuition. On average, of the last 7 NCSLT ABS transactions, completed in 2006 and 2007, approximately 80% of loan collateral was originated in the direct-to-consumer channel. So as the economy weakened, some TERI-guaranteed portfolios deteriorated quickly, given the higher direct-to-consumer exposure. TERI received an increasing amount of default claims and its liquidity profile weakened.

Fitch has downgraded and/or placed on Rating Watch Negative numerous classes of NCSLT ABS due to deteriorating collateral performance, beyond Fitch's expectations, combined with operational uncertainties related to the bankruptcy proceedings of TERI and concerns regarding the level of recoveries on defaulted loans in a post-TERI environment. Ongoing analysis is focusing on default level and loss timing projections for each pool. Depending on the outcome, Fitch expects that ratings currently on Rating Watch Negative could be downgraded by an additional zero to three notches.

Fitch believes the impact of the TERI bankruptcy is not limited to ABS transactions, as there are TERI-guaranteed loans residing on bank balance sheets which may, therefore, end up performing well-below management expectations. While student loans are generally not a material component to a large commercial bank's profitability, unexpected losses on what were believed to be insured loans, will only add to the challenges facing banks in the current environment.

Summary

Fitch believes tighter underwriting standards and structural changes to the private education loan product will help peak investor interest in the collateral, but true market liquidity is not likely to return until investors have more information about how

private student loan portfolios perform in the current stressed environment and the ABS markets are fully functioning without government intervention.

Even so, ABS spreads are not likely to return to pre-2007 levels, which means that many lenders that have temporarily cut origination volume may need to reassess the long-term risk/return attributes of the business. Based on these dynamics, the private student loan market will find a new equilibrium; however, this may not align with public policy interests and could necessitate further legislative action to restore a healthier balance of financing for this asset class.

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Paying for college

State stepping in as banks bail out of student loans

As the number of private lenders shrinks, Utah agency expects to help thousands of borrowers

By Brian Maffly
The Salt Lake Tribune
Salt Lake Tribune

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For the first time, the state of Utah has begun originating student loans, a shift that will ensure that any Utah college student who needs financial assistance can get it, although it will cost more.

The Utah Higher Education Assistance Authority (UHEAA), the agency that oversees financial aid to Utah students, is bracing for loan applications worth $100 million this academic year after big banks all but abandoned the federally guaranteed loan program.

Last fall, Congress cut what participating lenders could make on student loans at the same time money became more scarce. That created a double disincentive for financial institutions to lend to college students. With fewer lenders available, Utah students are expected to flock to UHEAA, agency director David Feitz told his board Thursday.

"We would rather have a full cadre of lenders, but that is unlikely to happen in the near future until Congress raises the yields," he said.

Adding to the pressure was a recent move by Congress to raise the maximum students can borrow by $2,000 (to $5,500 for freshman, $6,500 for sophomores and $7,500 for upperclassmen). Feitz estimated UHEAA will see applications worth one-fourth of the state's total student loan volume this coming year, but he won't know how much until students begin applying as they return to school.

"It could be $60 million, it could be $200 million," Feitz said of a development that represents a profound change in the way UHEAA conducts business.

UHEAA has access to $121 million to lend over the coming academic year.

The U.S. Department of Education promises to buy participating states' loans issued this year under the Federal Family and Education Loan program (FFELP). This would enable states to "recycle" the money back to students in the form of new loans. The UHEAA board voted unanimously Thursday to approve Utah's participation in the complex arrangement.

Feitz cautioned that the program, which runs only for one year, isn't a permanent solution to the liquidity mess that has caused "tremendous chaos" in the $50 billion system that subsidizes the popular Stafford and PLUS loan programs.

"Now we're calling on Congress and the departments of Treasury and Education to take additional action to further stabilize the student loan program for years to come," he said.

In recent months four banks - Wells Fargo, Zions, J.P. Morgan Chase and Key - pulled out of Utah's program, leaving only U.S. Bank. Fifteen credit unions, led by America First, still lend to students, but the banks' departure left a vacuum. Wells Fargo and Zions were the top lenders last year, accounting for more than half of the state's student loan volume.

Lenders also have become picky about which institutions they work with. One Utah school, Snow College, found itself with no lenders, so UHEAA last month began lending directly to students at the Ephraim school.

"Were in a pretty good place, a much better place than our sister agencies across the country," board chairman David Jordan said. "From the students' perspective, this will work. We will be able to help them without depleting our resources."

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Utah students can expect to pay more for college loans under steps taken by the Utah Higher Education Assistance Authority to preserve universal access to federally guaranteed loans.
But the news isn't all bad.

"I'm not aware of lenders offering better terms than what UHEAA is offering," said John Curl, the University of Utah's financial aid director. "We encourage students to research who they're going to get loans from and find the best terms they can get. They are going to have to pay more interest; that's unfortunate."

Congress last year cut the rate on some student loans from 6.8 to 6 percent. But in order to participate in an emergency federal bail-out measure, Utah slashed two rate reductions. Until now, students who had payments automatically drawn from their accounts received a 1.25-point reduction and another 2-point reduction after four years of timely payments. Losing these benefits adds $1,763 to the cost of servicing a $15,000 loan.

On Thursday, the UHEAA board suspended issuing consolidation loans to avoid tying up scarce capital needed to serve current students. Former students looking to simplify repayment plans have other options for consolidating their loans in the federal program.

But Utah students still get breaks on up-front costs of the most common loans, Stafford and PLUS. UHEAA continues to cover the 1 percent origination fee and 1 percent default fee, translating into a $100 subsidy on a $5,000 loan.
- *Brian Maffly*

Financial aid
* **Students who are considering borrowing** for college for the upcoming school year should start researching their options now, said John Curl, financial aid director at the University of Utah.
* **Students should consult the financial aid office** at their school, check Web sites that serve as information clearinghouses, such as finaid.org, or www.uheaa.org, the Web site for the Utah Higher Education Assistance Authority.

The Boston Globe

A late try to salvage student loans

Patrick calls on pension board, colleges to invest in agency bonds

By Casey Ross, Globe Staff | August 7, 2008

Governor Deval Patrick has asked the state pension fund to invest $50 million and will ask Harvard University and other local colleges to invest millions more to provide student loans to thousands of families struggling to pay college tuition bills that are due in the coming weeks.

Patrick's 11th hour proposal, floated among key officials yesterday, would prop up the troubled 26-year-old Massachusetts Educational Financing Authority, which announced last week that it would be unable to provide student loans for this school year because of turmoil in the nation's credit markets.

The proposal would entail the investment funds buying portions of a $425 million bond sale that MEFA is planning this month. The agency would use the proceeds to finance student loans.

"We have 40,000 students and families who need help, and we're right up against it," Patrick said in an interview with the Globe last night. "This is a sound investment for the pension board and the endowments."

The governor and his aides, along with state lawmakers, have been brainstorming ways to restore student loan funds for the past week. MEFA had previously offered low-cost, fixed-rate loans, but now borrowers have to look to other lenders whose loans may carry higher rates and higher costs.

Yesterday, Patrick's top budget aide, Leslie Kirwan, asked the state pension board to consider buying $50 million of the upcoming MEFA bonds. Administration officials also hope the state investment would be seen as a show of confidence in the bond market and MEFA, spurring purchase by other investors that could finance more loans.

Patrick said he intends to call officials today from Harvard, Boston College, the University of Massachusetts, and the Massachusetts Institute of Technology, among other schools, about making similar investments in MEFA bonds.

The chairman of the state pension board, state Treasurer Timothy Cahill, was noncommittal about Patrick's request, but said the board would consider it.

The pension fund staff "will examine the options legally available to invest in any debt issuance set up by MEFA and report back to the trustees before any action is taken," Cahill said through a spokeswoman.

With $51.7 billion in assets, the pension fund invests monies for state employees and retirees. And while it is unusual for the fund to use anything other than financial returns as grounds for investment, the board has already committed funds to local projects that are intended to produce economic and social benefits within Massachusetts. The program was a major policy goal of Cahill, who got the pension board to adopt it in 2003.

Even without Cahill's commitment, Patrick has a strong start on getting the board to adopt his measure, as he appoints three of its nine members, one of whom is Kirwan.

Another board member, Robert Brousseau, reacted favorably to Patrick's request and said he did not hear strong objections from fellow board members at yesterday's meeting.

"I can't see anybody opposing it, but we have to see the parameters of the investment and what form it would take," said Brousseau, who represents teachers on the board.

Patrick said he is seeking swift consideration from the pension fund board because MEFA is planning to hold its bond sale within two weeks.

"We need action," he said. "If they need to call a special meeting to approve this, then I hope they will."

Meanwhile, representatives of the local colleges said the institutions will consider the investment.

"We're always more than happy to have discussions with the governor," said John Longbrake, a spokesman for Harvard University, the governor's alma mater. "We welcome the opportunity to learn more about the challenges MEFA is facing and to discuss ways to address them."

Robert Connolly, a spokesman for UMass President Jack Wilson, said: "This is an idea we're definitely willing to explore. We do see it as a potential win-win in terms of providing the university with a sound investment while helping families cope with their financial aid challenges."

Officials at the student lending agency, meanwhile, said Patrick's plan carries minimal risk to the investment funds because MEFA's bonds provide reliable returns. Executive Director Tom Graf said the default rate on the authority's loans is less than 1 percent. "This plan allows" the pension board "to make a stable investment that is especially warranted in this financial climate," he said.

The problems in the bond market, which started with the foreclosure crisis and spread to other credit markets, have imperiled student lenders across the country, prompting more than 50 agencies to stop making federal or private loans.

Graf said the size of the upcoming bond sale may change based on investor interest. If the sale is a success, he hopes the agency will then be able to offer loans with rates below 8.5 percent, which is the current charge for Federal Plus loans. Last year, the authority's private 20-year loan rate was 6.39 percent.

The agency made $400 million in private loans in the last school year, and another $110 million in federal student loans.

State Senator Brian A. Joyce, who authored a letter last week signed by other legislators urging Patrick to support MEFA, applauded the governor's actions. "This critically important to an awful lot of Massachusetts families," he said. "The governor can use his bully pulpit to ask for some assistance, and I wholeheartedly support what he's doing."

Casey Ross can be reached at cross@globe.com. ■

AP Associated Press

NH working on student loan problem

By Kathy McCormack, Associated Press Writer | August 6, 2008

CONCORD, N.H. --Turmoil in the financial markets has driven many lenders out of the student loan market, leaving students struggling to pay their fall tuition. That's a problem that New Hampshire officials are working on.

Many students "are being frozen out from having the loans they were expecting," said Mark Connolly, director of the state Bureau of Securities Regulation.

"In the last several days, our office has been engaged in discussions with some of the participants who have been involved in securitizing these loans in our state," Connolly said Wednesday.

"We are trying to encourage these participants to bring liquidity to these loans so students can plan for their academic year. If we are unable to successfully encourage these participants to bring liquidity to our student loan market, we will take regulatory action that in part will address the issue," Connolly said.

Connolly said his office has been involved with many other states in looking at the auction-rate securities market -- short-term investments that are a popular way for companies and some wealthy investors to store their cash -- which has rippled into the student loan market.

Dozens of lenders have left the federal student loan program, though where that has happened other lenders have stepped in or students have turned to a smaller program in which the Education Department makes loans directly to students.

Last month, the Massachusetts Educational Financing Authority, which provided more than $500 million worth of college financing last year, said it would not provide private loans this year because of turmoil in the financial markets. That affected about 650 New Hampshire college students from Massachusetts.

Earlier this year, the New Hampshire Higher Education Loan Corp., the state's leading provider of student loan financing, said it was suspending its private loan program because of market conditions. That meant more than 6,000 students had to find another place to borrow money.

On the Net:

http://www.sos.nh.gov/securities/ ■

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 109
(H) Publish Date: 2/11/09

Identifier (file name): HB109-EED-ACPE-02-05-09
Dept. Affected: Education
Title: An act relating to eligibility for the Alaska Supplemental Education Loan Program; and the Alaska Family Education loan interest rate
RDU: ACPE
Component: Program Administration and Operations
Sponsor: (H)Education
Requester: (H)Education
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill is intended to improve the quality of education loans sufficiently to maintain the Alaska Student Loan Corporation's (ASLC) capacity to issue revenue bonds, backed by loan assets, to finance future lending activities. Implementation of the proposed changes is not expected to require additional appropriations. It is feasible that these changes will positively impact ASLC revenues through improved collections on the loans, but it is not possible to estimate that impact at this time due to the complexity of factors impacting loan collections.

Prepared by: Diane Barrans, Executive Director
Phone 907-465-6740
Division: Alaska Commission on Postsecondary Education
Date/Time 2/5/09 11:00 AM
Approved by: Diane Barrans, Executive Director
Alaska Commission on Postsecondary Education
Date 2/5/2009

(Revised 9/10/2008 OMB)

4394

HB 113

<target><bill>HB 113</bill><subject>HB 113</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 4, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/7/09

The FINANCE Committee considered: **HOUSE BILL NO. 113**

"An Act making supplemental appropriations, capital appropriations, and other appropriations; amending appropriations; making appropriations to capitalize funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HB 113 SUPPLEMENTAL/CAPITAL/OTHER APPROPRIATIONS

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB113 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	**Printed Last Name**	**DP**	**DNP**	**NR**	**AM**
	Thomas	✓			
	Gara			✓	
	CRAWFORD			✓	
	KELLY	X			
	AUSTERMAN	X			
	Joule	✓			
	Salmon			✓	
	FAIRCLOUGH	✓			
Chair:	Hawker	X			
Chair:	STOLTZE	X			

HOUSE COMMITTEE REPORT

(11)
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NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Gara			✓	
	CRAWFORD			✓	
	KELLY	X			
	AUSTERMAN	X			
	Joule	✓			
	Salmon			✓	
	FAIRCLOUGH	✓			
Chair:	Hawker	X			
Chair:	STOLTZE	✓			

Analysis of Governor's Supplemental Request

Monday, April 06, 2009

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		9	22		1	Governor	Unallocated Reduction		(465.0)				(465.0)
		10	29		1	HSS	Unallocated Reduction		(4,760.0)				(4,760.0)
		11	31		1	Labor	Commissioner's Office		(330.0)				(330.0)
		12	35		1	Law	Office of the Attorney General		(980.0)				(980.0)
		13	39		1	Natural Resources	Commissioner's Office		(1,240.0)				(1,240.0)
		14	59		1	Revenue	Commissioner's Office		(390.0)				(390.0)
		15	61		1	Transportation	Commissioner's Office		(1,500.0)				(1,500.0)
		16		None Accepted		Subtotal--Unallocated Reductions		None Accepted	(13,147.4)	-	-	-	(13,147.4)
		17											
		18											

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		19	Recommendation			**Operating Lapse Extensions**		**Recommendation: Temporarily exclude all operating lapse extensions.** Operating lapse extensions circumvent the subcommittee process; they add money to the FY2010 budget without the benefit of subcommittees review. Subcommittees should have the opportunity to see the full budget for FY2010. These should be resubmitted as FY2010 increments and allowed as lapse extensions only after review in conjunction with the operating budget.					
		20											**OMB Response to Request for Operating Budget Amendment**
		21	[redacted]	Allow, per HFC	6	Administration	AOGCC	Extend lapse date of AOGCC appropriation for reservoir depletion studies, sec. 61(d), ch. 30, SLA 2007, as amended by sec. 34(a), ch. 29, SLA 2008, from June 30, 2009 to June 30, 2010. The estimated carryforward amount is $1.4 million.						Some of the money is currently being used to perform a similar study of the Pt. Thomson reservoir. Although this study has been underway for over 2-1/2 years, it is far from being completed due to numerous delays, all beyond the control of the AOGCC. These delays have all been due either to the litigation between the DNR and Exxon/Mobil or to internal process issues at Exxon/Mobil. The results of this study will assist the AOGCC in determining the appropriate gas off take allowable from the Pt. Thomson reservoir for sale into a North Slope gas line. AOGCC's goal is to complete the Pt. Thomson study during FY2010 but, given their lack of control over the schedule, it is very possible that the study may extend beyond that time. It is also possible that some funds may be used to study new issues, to update the Prudhoe study, and/or to hire consultants to testify at hearings.
3/13/2009	DOL 3	22	[redacted]	Allow, per HFC	10a	Labor	Commissioner's Office	Sec. 10(a) $100,000 to the Commissioner's Office for a detailed occupational forecast to be prepared by the department's Research and Analysis section and continued funding for three Steering Committee and Regional Training Center coordination meetings through June 30, 2010.						100.0 was not requested in FY2010
3/13/2009	DOL 4	23	[redacted]	Allow, per HFC	10b	Labor	Labor Market Information	Sec. 10(b) $145,000 to the Labor Management Information component for development and dissemination of regional employment data products and continued development of a web and print based Alaska Training Program guide through June 30, 2010.						Replaces FY2010 request for 145.0. Use lapse from Commissioner's Office
3/13/2009	DOL 5	24	[redacted]	Allow, per HFC	10c	Labor	Business Services	Sec. 10(c) $80,000 to the Business Services component for training and related instruction to at least 70 apprentices at Regional Training Centers for Gasline related occupations; and funding for cooperative training agreements with business and industry for registered apprentices and structured on-the-job training for approximately 125 workers through June 30, 2010.						In combination with 505.0 in HFC operating budget, matches 585 request
3/13/2009	DOL 6	25	[redacted]	Allow, per HFC	10d	Labor	Workforce Investment Board	The unexpended and unobligated general fund balance, not to exceed $85,000, of the appropriation made in sec. 1, ch. 27, SLA 2008, page 28, line 27, is reappropriated to the Department of Labor and Workforce Development, Workforce Investment Board for continuing gasline activities, for fiscal year ending June 30, 2010.						In combination with 45.0 in HFC operating budget, matches 130.0 request

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		26	[redacted]	Allow, per HFC	13	Natural Resources	Oil & Gas	Extend lapse date on sec. 24(p), ch. 159, SLA 2004 Gasline Right of Way and Application from June 30, 2009 to June 30, 2011. Due to the number of projects under development and the work involved with right of ways and associated permitting there is huge demand for work not covered by the companies involved: ANGDA, ENSTAR, Denali and TransCanada. The estimated carryforward is $2,965,800.	This $3.9 million appropriation for permitting and application processing for gas line right of way work was originally requested as a capital project as the department knew the amount of work would vary from year-to-year and would take years to complete. The legislature, however, made it a five-year operating appropriation. The department's original reasoning still applies and that is why the extension through FY2011 is requested in the supplemental bill.				
		27	[redacted]	Allow, per HFC	14a	Revenue	Resource Rebate	Extend lapse date from June 30, 2009 to June 30, 2010 for the Alaska Resource Rebate Program, appropriated in sec.1(b), ch. 1, 4SSLA 2008, in order to finalize determinations for approximately 10,000 applicants in some stage of having their eligibility determined, already denied but not yet appealed, or in appeal status.	The lapse extension will allow the department to have the necessary funding to finalize the determinations of the approximately 10,000 applicants in some stage of eligibility review and to pay the rebate should the applicant prevail. The department is not able to estimate the funding needed to finalize these cases. The resource rebate was truly a one-time appropriation.				
3/13/2009	DOT 4	28	[redacted]	Federal requirement	15e	Transportation	Central Region Highways and Aviation	Extend the lapse date from June 30, 2009 to June 30, 2014 for the $10 million federal funds appropriated for Adak airport operations. the estimated balance is $6.2 million.□ The Memorandum of Agreement signed by the Navy and the State require the funds provided for facility maintenance and operations to be spent solely on the Adak airport.					
[redacted]		29	[redacted]	Could wait because this is a lang change...but need ratification anyway		Transportation	Central Region Support Services	Extend the lapse date for costs related to Environmental Protection Agency enforcement actions and settlement costs, made in sec. 28(e), ch. 11, SLA 2008, page 105, lines 29 - 31 and page 106, line 1, from June 30, 2009 to June 30, 2010.					
		30	113	Per OMB, the lapse extension may be deleted.		Education	ACPE - Program Administration & Operations	Extend lapse date from June 30, 2009 to June 30, 2011 for the Mental Health Employee Loan Repayment Program, which is appropriated and allocated in sec 1, ch. 28, SLA 2008, page 2, line 31 - page 3, lines 3 - 5. This program makes payments on participant education loans over eight quarters. The lapse extension is necessary to be able to make payments for the entire period.					
		31	139	OMB offset		Labor	Commissioner's Office	The $850.0 fiscal note for ch. 22, SLA 2007 (HB 177, AGIA) was appropriated in sec. 2, ch. 28, SLA 2007, page 44, line 22. Sec 34(e), Ch 29, SLA 2008, Pg 210, Ln 22 extended the lapse date to June 30, 2009. The department will not spend the entire amount in FY09, therefore they request that the lapse date be extended through June 30, 2010 in order to complete the work with the estimated balance of $325.0.	The legislature agreed to extend this gas pipeline-related item last session. The department is continuing its AGIA-related work to deliver a comprehensive training program to provide a prepared Alaska workforce for the Alaska Gas Pipeline. Activities include continued funding of Steering Committee and Regional Training Center coordination meetings as well as a detailed occupational forecast to be prepared by the department's Research and Analysis section.				

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
3/13/2009	DOL 2	32	215	OMB offset		Labor	Commissioner's Office	Replace Sec. 10 - The previous supplemental request to extend the lapse date of funding received through the fiscal note for ch. 22 SLA 2007 (HB177, AGIA), is being replaced with the following three lines in order to distribute the $325.0 estimated lapse funding to separate components for ongoing gasline activities.					
		33	142	in OpBud		Law	Second Judicial District	Extend the lapse date for the Sexual Assault/Domestic Violence Federal Earmark, made in sec. 27(d), ch. 11, SLA 2008, page 104, line 29 (SB 256), from June 30, 2009 to June 30, 2010 Further extending the lapse date to June 30, 2010 will enable the department to continue to fund additional attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases. It is estimated that approximately $89,700 would be available to carry forward.	The lapse extension is for federal receipts from the Department of Justice grant to stop violence against women.				
		34	143	in OpBud		Law	Third Judicial District: Anchorage	Same as OMB 142	The lapse extension is for federal receipts from the Department of Justice grant to stop violence against women.				
		35	144	in OpBud		Law	Fourth Judicial District	Same as OMB 142	The lapse extension is for federal receipts from the Department of Justice grant to stop violence against women.				
		36	145	in OpBud		Law	BP Corrosion	Extend the lapse date for the BPXA Corrosion Litigation appropriation made in sec. 1, ch. 27, SLA 2008, page 31, line 20, from June 30, 2009 to June 30, 2010 Further extending the lapse date to June 30, 2010 will enable the department to pursue claims for penalties and lost revenues for the 2006 Prudhoe Bay pipeline spills and production shutdowns. It is estimated that approximately $1,900,000 would be available to carry forward.	The Governor has requested an FY2010 operating budget amendment for $3.5 million				
		37											
		38											
		39											

FY2009 SUPPLEMENTAL REQUESTS

Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
								Net addition to the Capital Income Fund	(3,163.0)				
		40	Recommendation			**Specific Operating Reductions**		**Recommendation: Review specific operating reductions.** There is perhaps no harm in specific reductions, but the reason for reducing authorization should be a desire to force spending reductions. In most of these cases, the authority has been identified as excess and money is expected to lapse at year-end. On the other hand, historic data series report the level of authorization. Reducing authorization improves the data series. Perhaps more importantly, it assures that reductions are made rather than passively allowing unused money to lapse.					
		41	[redacted]		8d	Education	School Performance Incentive program	Based on prior year trends, the department believes that only $2.5 million will be needed for this program in FY09, freeing up $2.3 million.	(2,300.0)				(2,300.0)
		42	[redacted]		1	HSS	Behavioral Health Medicaid	Reduce GF and federal authorizations based on current trends and projections.	(8,100.0)	(8,100.0)			(16,200.0)
		43	[redacted]		1	HSS	Medicaid Services	Reduce GF due to reduction of RSA with Nursing due to recent determination of error in billing methodology. See related items in Nursing and Administrative Support Services. A corresponding FY10 budget amendment is likely.	(2,000.0)				(2,000.0)
		44	[redacted]		1	HSS	Senior & Disabilities Medicaid Services	Reduce GF and federal authorizations based on current trends and projections.	(5,400.0)	(5,400.0)			(10,800.0)
		45	[redacted]		1	Revenue	ARM Board	Reduce the $300,000 one-time item for the estimated cost of an independent audit of the state's actuary. The actual cost of the audit contract is $135,000, so funding may be reduced.			(165.0)	(107.6) PERS (55.2) TRS (1.5) Jud Retire (0.7) Nat Guard Retire	(165.0)
		46	[redacted]		1	Transportation	International Airport Systems Office	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. This reduces the amount to be spent on a feasibility study and contract consulting fees. These services will be performed by the Controller and other AIAS staff.			(16.2)	International Airport Revenue Funds	(16.2)

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		47	[redacted]		1	Transportation	Anchorage Airport Administration	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce contractual services for Anchorage Airport Administration. Public relations, cargo, passenger marketing services and capital improvement project support contracts were all reduced.			(281.0)	International Airport Revenue Funds	(281.0)
		48	[redacted]		1	Transportation	Anchorage Airport Field and Equipment Maintenance	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce Anchorage Airport Field and Equipment Maintenance snow removal services contract and equipment rentals. Snow removal will be for priority areas only. Lease agreements will be reviewed to ensure tenants provide their own snow removal and do not request services from the Anchorage Airport. Only priority equipment rentals will be approved (loaders, other large equipment).			(400.0)	International Airport Revenue Funds	(400.0)

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)					
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		49	[redacted]		1	Transportation	Anchorage Airport Operations	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce Anchorage Airport Operations contractual services, commodity and equipment budget. Priority only items will be approved. A reduction in contractual services will reduce the contract for airport parking services.			(80.0)	International Airport Revenue Funds	(80.0)
		50	[redacted]		1	Transportation	Anchorage Airport Safety	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce Anchorage Airport Safety contract for unarmed security at the Anchorage Airport. The coverage previously provided will be monitored using current on duty Police and Fire Officers as well as other contracted unarmed guards.			(254.0)	International Airport Revenue Funds	(254.0)

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		51	[redacted]		1	Transportation	Fairbanks Airport Safety	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Delete funding for a part-time Radio Dispatcher II, PCN 25-3471. With a decrease in airport activity, the transfer of this PCN without funding to Statewide Aviation and the deletion of funding for this position will have little impact on the Fairbanks Airport. This action was taken as part of the FY10 Governor's Budget.			(47.3)	International Airport Revenue Funds	(47.3)
		52	[redacted]		1	Transportation	Anchorage Airport Facilities	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce contractual services for Anchorage Airport Facilities. A maintenance contract was cancelled in FY07 and those services were provided from newly created maintenance positions as well as individual contracts for services (such as window washing). These changes resulted in cost savings that are included in this reduction.			(800.0)	International Airport Revenue Funds	(800.0)

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)					
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		53	[redacted]		1	Transportation	Fairbanks Airport Field and Equipment Maintenance	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Delete funding for a full-time equipment operator position, PCN 25-2997. This position is no longer needed and will be transferred to Statewide Aviation where it will be reclassified to an Administrative Assistant II. In addition, a time status change for PCN 25-2992, Equipment Operator Journey from full-time to part-time seasonal has been implemented to better focus staffing resources on airfield snow and ice removal during the winter. These actions were also taken as part of the FY10 Governor's budget.			(157.4)	International Airport Revenue Funds	(157.4)
		54	[redacted]		1	Transportation	Fairbanks Airport Operations	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Funding for PCN 25-3367, Engineering Assistant II, can be deleted. PCN 25-3367 was transferred without funding to Statewide Aviation as part of the FY10 Governor's budget to be utilized as a Transportation Planner I. In addition, PCN 25-2999 was reclassified from an Operations Superintendent to an Operations Officer.			(117.0)	International Airport Revenue Funds	(117.0)
		55	[redacted]		17(b)	Debt Reimbursement	School Construction Debt Reimbursement	School construction bonds issued are below what was originally projected for FY2009.			(2,015.8)	Debt Retirement Fund	(2,015.8)
		56	[redacted]		17(b)	Debt Reimbursement	School Construction Debt Reimbursement	FY2009 projections of the cigarette tax revenue to the School Fund are above the original estimates, so funds are available to supplant the amount drawn from the Debt Retirement Fund.				(600.0) DRF 600.0 School Fund	-

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		57	[redacted]		17(a)	Debt Service	Administration Lease Financing	Name Change Only -- Sec. 27(l)(4), ch. 27, SLA 2008, page 86, line 6 - the name of the facility needs to be updated: Goose Creek [POINT MACKENZIE] Correctional Center [FARM]					-
		58	[redacted]		17(a)	Debt Service	Administration Lease Financing	Repeal the debt service appropriation for the Spring Creek Correction Center – Sec. 27(l)(2), ch. 27, SLA 2008, page 86, line 4 since bond payments will not be due until FY2010.	(1,755.6)				(1,755.6)
		59	[redacted]		17(a)	Debt Service	Administration Lease Financing	Repeal the debt service appropriation for the Yukon Kuskokwim Correction Center -- Sec. 27(l)(3), ch. 27, SLA 2008, page 86, line 5 since bond payments will not be due until FY2010.	(951.8)				(951.8)
		60				**Subtotal--Specific Reductions Accepted**			**(20,507.4)**	**(13,500.0)**	**(4,333.7)**	-	**(38,341.1)**
		61	118			Education	School Performance Incentive program	This subsection appropriates the amount necessary if the $2.5 million left in the appropriation is insufficient to make the payments.					-
		62	56		1	Public Safety	VPSO Contracts	The department has not been able to utilize the full VPSO Contract authority due to the inability of the grantees to hire VPSO's. Therefore, the department is reducing this amount to help fund other supplemental needs.	(1,100.0)				(1,100.0)
		63	175	Reject, does not lapse		Debt Service	Debt Retirement Fund	Reduce general fund capitalization for School Debt Reimbursement as additional School Fund (cigarette tax revenue) funding is available per the Fall 2008 Revenue Sources Book, Figure 5-3, page 67.	(600.0)				(600.0)
		64	176	Reject, does not lapse		Debt Service	Debt Retirement Fund	School construction bonds issued are below what was originally projected for FY2009, requiring less GF capitalization of the Debt Retirement Fund. General fund capitalization after both transactions is $104,427,500.	(2,015.8)				(2,015.8)
		65	177	Alternate plans		Special Appropriations	Oil and Gas Tax Credit Fund	Reduce the FY2009 appropriation for oil and gas tax credits from $400 million to $200 million to reflect the Department of Revenue's updated estimate for this fiscal year.	(200,000.0)				(200,000.0)
		66											
		67											

FY2009 SUPPLEMENTAL REQUESTS

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		68	Recommendation			**Operating Requests**		**These are operating appropriations that appear to be legitimate supplemental requests** None of the items appear to require fast track action, but OMB should be asked about the need for speed.					
		69	[redacted]		1	Administration	Office of Public Advocacy	Authorization is needed to accept and spend two federal grants. The two grants are Court Appointed Special Advocate (CASA) program funds from the National CASA Program. One is for $31,000.00 and the other is for $1,949.00 for a total of $32,949.00. Both were awarded to the Office of Public Advocacy after the end of the last legislative session.		33.0			33.0
		70	[redacted]		1	Administration	Public Defender Agency	Caseload and cost increases - For the 1st half of FY2009, the Public Defender Agency has experienced caseload growth in the following key areas: The Anchorage Criminal Section has experienced an 11% increase for all cases, a 30% increase in felony petitions to revoke probation, a 14% increase in misdemeanor cases, and a 70% increase in misdemeanor petitions to revoke probation. Fairbanks has experienced a 5% increase in felony cases and a 14% increase in juvenile delinquency cases. The Civil Section within the Public Defender Agency has experienced a 7% increase in all cases, a 15% increase in juvenile delinquency cases, and a 9% increase in civil commitment cases. The Palmer office has seen a 35% increase in Child in Need of Aid (CINA) cases. Multi-year trends show significant increases over the past five years and predict caseload increases for FY2009. Statewide closing rates, however, are below 100% for the most complex caseloads, which indicates an increase in workload due to the increasing complexity of casework and trial preparation.	1,000.0				1,000.0
		71	[redacted]		1	Administration	Retirement and Benefits	This adjustment is necessary to properly allocate costs of the defined contribution plan, Tier 4, to the correct fund sources, per the fiscal note for Ch. 9, FSSLA2005 An Act relating to the teachers' and public employees' retirement systems and creating defined contribution and health reimbursement plans (SB 141).	(107.6)		154.1	120.0 PERS 34.1 TRS	46.5

FY2009 SUPPLEMENTAL REQUESTS

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		72	[redacted]		1	Administration	Group Health Insurance	The Division of Retirement and Benefits is preparing to re-bid the health benefits Third Party Administrator (TPA) contract and needs additional funding to have the healthcare consultant (Buck) help prepare information for the bid process, audit the performance of the current TPA contractor, and analyze the long term care projections to determine if the State is carrying adequate reserves.			250.0	Group Health and Life Benefits Fund	250.0
		73	[redacted]		1	Administration	EPORS	Actual increased program retirement and health benefits	85.0				85.0
		74	[redacted]		1	Administration	Motor Vehicles	Additional funding is needed to provide for the purchase of license plates, driver manuals, and license tabs. The plates, manuals and tabs were previously funded in the capital budget. When the budget was established in the operating budget, the division underestimated the annualized costs and the amount added was insufficient to cover the costs now being incurred. In addition, some materials costs have increased. It is critical that Division of Motor Vehicles not run out of these materials and have to stop issuing licenses and plates. The funding requested here is necessary to purchase sufficient stock and inventory for the remainder of FY2009.			562.8	Receipt Supported Services	562.8
3/13/2009	DOC 1	75	[redacted]		1	Corrections	Anchorage Correctional Center	This is a fund source change reducing the current general fund authorization and increasing the federal receipt authorization. The Department of Corrections continues to see a fluctuation in the numbers of federal mandays which affects the dollar amount of federal receipts. At this date, the department is projecting FY2009 federal receipts to be over collected between $900,000 and $1,000.000. This number of mandays is based on a trend observed in the first half of FY2009 of increased federal holds which is currently anticipated to continue during the next five months of the fiscal year.	(1,000.0)	1,000.0			-

FY2009 SUPPLEMENTAL REQUESTS

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		76	[redacted]		1	Corrections	Inmate Health Care	The department is requesting a supplemental of $1,405.8 for increased inmate health care costs that includes fees-for-service, increased release medications for mentally ill inmates, and Inmate Health Care staff cost overages due to overtime for 24-hour medical coverage. $646.4 shortfall is projected in the in-state and out-of-state medical fees for service. The department is seeing an increase in chronic disease associated with diabetes, cancer, heart disease, surrounding health-related issues due to obesity, and health issues associated with care for geriatrics. $361.0 shortfall is projected for psychotropic drugs. As of September 2008, the department's Mental Health Unit began providing additional release medications to inmates with serious chronic mental illness as an interim measure until treatment begins with a community mental health provider. $398.4 shortfall is projected for overtime for 24-hour medical coverage; contractual nursing shortages; and the successful hiring of a Forensic Psychiatrist.	1,405.8				1,405.8
		77			1	Courts	Trial Courts	Utilities and Service Contracts Shortfall A corresponding increase for $725.0 is in the FY10 budget.	390.0				390.0
		78	[redacted]		1	Courts	Judicial Conduct	Funds are needed for Special Counsel Attorneys fees from formal disciplinary proceedings that are in excess of the budget for this type of expenditure.	33.2				33.2
		79	[redacted]		1	Fish and Game	Commercial Fisheries Special Projects	Transfer excess SDPR from Commercial Fisheries Special Projects to Administrative Services to cover indirect receipt costs The FY10 budget contains a corresponding transfer.			(145.0)	Statutory Designated Prgm. Rcpts.	(145.0)
		80	[redacted]		1	Fish and Game	Commercial Fisheries Special Projects	Transfer excess SDPR from Commercial Fisheries Special Projects to Fish and Game Boards and Advisory Committees to cover public information requests. The FY10 budget contains a corresponding transfer.			(6.0)	Statutory Designated Prgm. Rcpts.	(6.0)
		81	[redacted]		1	Fish and Game	Commercial Fisheries Special Projects	Transfer excess SDPR from Commercial Fisheries Special Projects to Habitat to cover the North Slope Borough Teshekpuk Lake Studies.			(22.0)	Statutory Designated Prgm. Rcpts.	(22.0)
		82	[redacted]		1	Fish and Game	Administrative Services	Transfer excess SDPR from Commercial Fisheries Special Projects to Administrative Services to cover indirect receipt costs. The FY10 budget contains a corresponding transfer.			145.0	Statutory Designated Prgm. Rcpts.	145.0
		83	[redacted]		1	Fish and Game	Fish and Game Boards and Advisory Committees	Transfer excess SDPR from Commercial Fisheries Special Projects to Fish and Game Boards and Advisory Committees to cover public information requests. The FY10 budget contains a corresponding transfer.			6.0	Statutory Designated Prgm. Rcpts.	6.0

FY2009 SUPPLEMENTAL REQUESTS

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		84			1	Fish and Game	Habitat	Transfer excess SDPR from Commercial Fisheries Special Projects to Habitat to cover the North Slope Borough Teshekpuk Lake Studies.			22.0	Statutory Designated Prgm. Rcpts.	22.0
		85			1	Fish and Game	Wildlife Conservation Special Projects	Additional statutory designated program receipt authority is needed to accept funds from the National Fish and Wildlife Foundation to support two new research projects related to Dall Sheep and Grizzly Bears in northern Alaska. Additional EVOS authority is needed for continued research on Harlequin Ducks in Prince William Sound. Reduce excess federal and interagency receipt authority.		(100.0)	100.0	50.0 EVOS 160.0 SDPR (110.0) I/A Rcpts	-
		86			1	Governor	Executive Office	Transfer AGIA Coordinator PCN and funds to DNR (PCN 01-802X) $158.0 from personal services and $25.0 from travel.	(183.0)				(183.0)
3/13/2009	GOV 1	87			1	Governor	Executive Office	Transfer PCN 01-919X along with personal services, services and commodities funding to the Department of Natural Resources for gas pipeline work.	(207.0)				(207.0)
3/13/2009	HSS 2	88			1	HSS	Energy Assistance Program	Additional federal authority needed to receive Low Income Home Energy Assistance Program (LIHEAP) contingency funds in FY09.		9,900.0			9,900.0
3/13/2009	HSS 3	89			1	HSS	Children's Medicaid Services	FMAP change due to Economic Stimulus. Increases FMAP by 6.2% and provides for a 1.95% hold harmless provision. The department calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(460.3)	460.3			-
3/13/2009	HSS 4	90			1	HSS	Foster Care Base Rate	Same as OMB 208	(767.7)	767.7			-
3/13/2009	HSS 5	91			1	HSS	Behavioral Health Medicaid Services	Same as OMB 208	(7,525.3)	7,525.3			-
3/13/2009	HSS 6	92			1	HSS	Adult Preventative Dental Medicaid Services	Same as OMB 208	(377.0)	377.0			-
3/13/2009	HSS 7	93			1	HSS	Medicaid Services	Same as OMB 208	(25,126.0)	25,126.0			-
3/13/2009	HSS 8	94			1	HSS	Senior and Disabilities Medicaid Services	Same as OMB 208	(19,711.4)	19,711.4			-
		95			1	HSS	Probation Services	Funds necessary for guard hires for escorts, travel for juveniles who are not Medicaid-eligible, psychiatric evaluations that are not Medicaid-eligible and other various court-ordered costs. Recipients of the funds are youth either in division custody or under court order to receive specified services. The department previously received legislative direction to bring these costs forward as supplementals rather than include them in the base budget.	250.0				250.0

FY2009 SUPPLEMENTAL REQUESTS

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		96	[redacted]		1	HSS	Commissioner's Office	Interim management contract for Mary Conrad Center. The state suspended the license and assumed management of the facility on Dec 18, 2008. A plan of correction required by the federal Centers for Medicare and Medicaid Services has been developed to address the identified deficiencies. Implementation of that plan is directed by state staff working with a nursing consulting firm. These funds will be used to pay the nursing consulting firm as well as contracted security personnel. The current owners of the facility are trying to negotiate a sale of the facility and operations.	500.0				500.0
		97	[redacted]		9(a)	HSS	Medicaid Services	Payment Error Rate Measurement (PERM) is a new, ongoing federal audit program. If the PERM audits find that providers have been overpaid, the federal funds must be reimbursed to CMS within a very short period of time. We anticipate getting the audit findings in April or May and have to report them in the quarter ending June 2009. This is our best estimate of potential overpayments for all Medicaid direct service components.	450.0		50.0	Statutory Designated Prgm. Rcpts.	500.0
		98	[redacted]	Move to sec 1	1	HSS	Probation Services	Miscellaneous Claim in the amount of $298.75 from FY06. The invoice from the Bristol Bay Area Health Corporation was not received until June 2008.	0.3				0.3
		99	[redacted]	Move to sec 1	1	HSS	Alaska Pioneer Homes	Pioneer Homes have been collecting more revenues than projected from the residents' own resources, enabling them to reduce GF and increase RSS to stay authorization-neutral. They do not think there will be an effect on the FY10 budget since this revenue stream varies from year to year.	(740.0)		740.0	Receipt Supported Services	-
		100	[redacted]	Move to sec 1	1	HSS	Children's Services: Children's Services Management	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Front Line Social Workers, Information Technology and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	165.0		(165.0)	I/A Receipts	-
		101	[redacted]	Move to sec 1	1	HSS	Children's Services: Front Line Social Workers	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Children's Services Management, Information Technology and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	955.3		(955.3)	I/A Receipts	-
		102	[redacted]	Move to sec 1	1	HSS	Public Health: Nursing	Increase GF due to reduction of RSA with Medicaid Services due to recent determination of error in billing methodology related to Nursing. See related items in Medicaid Services and Nursing. A corresponding FY10 budget amendment is likely.	4,000.0		(4,000.0)	I/A Receipts	-

FY2009 SUPPLEMENTAL REQUESTS

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		103	[redacted]	Move to sec 1	1	HSS	Public Health: Women, Children and Family Health	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Children's Services Management, Front Line Social Workers and Information Technology. A corresponding FY10 budget amendment is likely.	347.8		(347.8)	I/A Receipts	-
		104	[redacted]	Move to sec 1	1	HSS	Dept. Support Services: Administrative Support Services	Increase GF due to reduction of RSA with Medicaid Services due to recent determination of error in billing methodology related to Nursing. See related items in Medicaid Services and Nursing. A corresponding FY10 budget amendment is likely.	800.0	(800.0)			-
		105	[redacted]	Move to sec 1	1	HSS	Dept. Support Services: Administrative Support Services	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Children's Services Management, Front Line Social Workers, Information Technology and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	431.5		(431.5)	I/A Receipts	-
		106	[redacted]	Move to sec 1	1	HSS	Dept. Support Services: Information Technology	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Children's Services Management, Front Line Social Workers and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	216.5		(216.5)	I/A Receipts	-
		107	[redacted]	Revised from 217.6 to 105.8 on 3/28 per HSS	1	HSS	Foster Care Special Needs	Miscellaneous claim for denied Medicaid billing from Providence Medical Center in FY06. A child in foster care with an emergency medical condition was hospitalized for surgery and recovery. The foster parents realized they would not be able to deal with the child's medical needs, so the child stayed in the hospital until a specialized foster home placement could be found. The department was notified of the unpaid bill in August 2008. The exact amount of the invoice is $217,603.41.	105.8				105.8
3-Apr-09	HSS 10	108	246	item 107 revised in 3/28 version of sheet		HSS	Foster Care Special Need	This amendment reduces the amount of the original supplemental request from $217,603.41 to $105,825.63 (reduction of $111,777.78) based on a revised billing from Providence Alaska Medical Center for services provided from June 26, 2006 to September 26, 2006 to a foster care child.					0.0
		109	138	Unnecessary		HSS		Reflects fund source changes from sec. 9(h)-(k)					-
3/13/2009	DOL 1	110	[redacted]		1	Labor	Unemployment Insurance	The division has received additional federal revenue from operating grants (due to an increase in UI contingency funds earned) that can be used to offset a portion of the FY2009 general funds needed for operations.	(699.6)	699.6			-

FY2009 SUPPLEMENTAL REQUESTS

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3/13/2009	DOL 7	111		no transaction required	10(e)	Labor	Technical Vocational Education Program	The wrong account was cited in sec. 71, ch. 29, SLA 2008, page 226 - appropriating funds for operating expenditures. The account cited was the Vocational Education account (AS 37.10.200), instead of the Alaska Technical Vocational Education account (AS 23.15.830).					-
		112			11(a)	Law	Deputy Attorney General's Office	Judgments and Settlements The actual amount of the FY2009 Judgments and Settlements that are finalized as of February 2, 2009 is $90,061.64.	90.1				90.1
3/13/2009	LAW 2	113			11(a)	Law	Civil Division - Deputy Attorney General's Office	Judgments and Settlements □ This amendment adds $1,261,298.56 to the original FY2009 Judgments and Settlements request of $90,061.64, bringing the new FY2009 total for Judgments and Settlements that are finalized as of March 13, 2009 to $1,351,360.20.	1,261.3				1,261.3
		114		no transaction required	11(b)	Law	Deputy Attorney General's Office	Judgments and Settlements Language The amount necessary to pay judgments awarded against the state on or before June 30, 2009, is appropriated from the general fund to the Department of Law, civil division, deputy attorney general's office, for the purpose of paying judgments against the state for the fiscal year ending June 30, 2009.					-
		115		Was 150.0. Delete and replace with reapprop of Leg Council ($2 m available) money for ESA. Amount is 1,250 for FY09 and FY10	11c	Law	Statehood Defense	Endangered Species Act Litigation Unplanned legal activity for costs associated with assessing and protecting the State's interest related to actions taken by the federal government as they relate to the Endangered Species Act, specifically Polar Bears and Beluga Whales.	-				-
		116			1	Military & Vets	Army Guard Facilities Maintenance	Increase federal authority for ongoing maintenance costs. There is a corresponding increase in the FY10 budget.		500.0			500.0
		117			1	Military & Vets	Air Guard Facilities Maintenance	Increase federal authority for ongoing maintenance costs. There will likely be a corresponding FY10 budget amendment.		300.0			300.0
		118			1	Natural Resources	Commissioner's Office	Transfer AGIA Coordinator PCN and funds from Governor's Office (PCN 01-802X) $158.0 from personal services and $25.0 from travel.	183.0				183.0
3/13/2009	DNR 1	119			1	Natural Resources	Commissioner's Office	Transfer PCN 01-919X along with personal services, services and commodities funding from the Office of the Governor for gas pipeline work.	207.0				207.0

FY2009 SUPPLEMENTAL REQUESTS

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		120	[redacted]		1	Public Safety	Fire and Life Safety Operations	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	0.6				0.6
		121	[redacted]		1	Public Safety	Special Projects	Same as OMB 40	1.7				1.7
		122	[redacted]		1	Public Safety	Alaska Bureau of Judicial Services	Same as OMB 40	7.0				7.0
		123	[redacted]		1	Public Safety	Narcotics Task Force	Same as OMB 40	1.2				1.2
		124	[redacted]		1	Public Safety	Alaska State Trooper Detachments	Same as OMB 40	19.8				19.8
		125	[redacted]		1	Public Safety	Alaska Bureau of Investigation	Same as OMB 40	2.9				2.9
		126	[redacted]		1	Public Safety	Alaska Bureau of Alcohol and Drug Enforcement	Same as OMB 40	1.1				1.1
		127	[redacted]		1	Public Safety	Alaska Wildlife Troopers	Same as OMB 40	8.4				8.4
		128	[redacted]		1	Public Safety	Alaska Wildlife Troopers Investigations	Same as OMB 40	0.7				0.7
		129	[redacted]		1	Public Safety	Training Academy	Same as OMB 40	0.7				0.7
		130	[redacted]		1	Public Safety	Alaska Bureau of Judicial Services	An approved increase of $656.3 was inadvertently omitted from CCS HB 310. This supplemental corrects that error. The FY10 budget includes an increment for the same purpose.	656.3				656.3
		131	[redacted]		1	Public Safety	Prisoner Transportation	Increased transportation costs due to higher fuel and airline ticket costs.	300.0				300.0
		132	[redacted]		1	Public Safety	Alaska State Trooper Detachments	Increased cost for dispatch services based on FY09 contracts.	208.3				208.3
		133	[redacted]		1	Public Safety	Alaska State Trooper Detachments	Increased vehicle costs.	139.8				139.8
		134	[redacted]		1	Public Safety	Alaska Bureau of Alcohol and Drug Enforcement	Increased vehicle costs.	6.4				6.4
		135	[redacted]		1	Public Safety	Alaska Wildlife Troopers Aircraft Section	Increased risk management fees for aircraft.	318.8				318.8
		136	[redacted]		1	Public Safety	Alaska Wildlife Troopers Marine Enforcement	Increased risk management fees for vessels.	21.2				21.2

FY2009 SUPPLEMENTAL REQUESTS

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		137	[redacted]		1	Revenue	AHFC	Utility expenses have increased due to increased rates for energy costs. Now that AHFC is in HUD's Moving to Work agency status, there are sufficient federal resources to cover these expenses. There is a corresponding increase in the FY10 budget.		959.7			959.7	
		138	[redacted]	Move to sec 1	1	Revenue	AHFC	Fund source change from corporate receipts to federal, mostly in personal services. Now that AHFC is in HUD's Moving to Work agency status, there are sufficient federal resources to cover these expenses. There is a corresponding increase in the FY10 budget.		674.3	(674.3)	AHFC Rcpts	-	
		139	[redacted]	Move to sec 1	1	Revenue	ARM Board	Implementation of cost allocation plan wherein FY09 is based on FY07 net asset values that realized a large increase in value of the funds under management. This is compounded by prior year allocations that were a flat amount and may not have charged benefit systems their full fair share, as well as an increase in the number of participants. Plus, ARM Board is managing additional new investment options for participants (SBS, deferred comp). The FY10 budget contains a corresponding increase of $249.0 relating to investment options and it is likely that an FY10 budget amendment will also be proposed.				890.0 Benefit Systems Rcpts (700.0) PERS (190.0) TRS	-	
		140	[redacted]		15d	Transportation	Marine Vessel Operations	The Inlandboatmen's Union of the Pacific (IBU) has ratified a new three- year contract. This request is for the FY09 one-time bonus of $2,137/employee in pay status on July 1, 2008 ($1,917.8) plus a health insurance increase of $16 from $852 to $868 per month ($81.3). The contract calls for wage increases of 5% in FY10 and 4% in FY11, along with health insurance increases.	1,999.1				1,999.1	
3/13/2009	DOT 5	141	[redacted]		15d	Transportation	Marine Vessel Operations	Due to a calculation correction for the Inlandboatmen's Union of the Pacific new bargaining unit agreement, the new FY2009 cost is $1601.2, reduced from the originally requested $1,999.1.	(397.9)				(397.9)	
3/13/2009	DOT 6	142	[redacted]		15f	Transportation	Marine Vessel Operations	Masters, Mates, and Pilots bargaining unit agreement This request is for the FY2009 one-time bonus of $2,381/employee in pay status on July 1, 2008 plus a health insurance increase of $17 from $851 to $868 per month. The contract calls for wage increases of 5% in FY2010 and 4% in FY2011, along with health insurance increases.	408.2				408.2	

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)					
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3/13/2009	DOT 7	143	[redacted]		15g	Transportation	Marine Vessel Operations	Marine Engineers Beneficial Association bargaining unit agreement□ This request is for the FY2009 one-time bonus of $2,381/employee in pay status on July 1, 2008 plus a health insurance increase of $16 from $851 to $867 per month. The contract calls for wage increases of 5% in FY2010 and 4% in FY2011, along with health insurance increases.□	463.7				463.7
		144	[redacted]		1	Transportation	Measurement Standards and Commercial Vehicle Enforcement	Unified Carrier Registration Fees The Unified Carrier Registration (UCR) program requires individuals and companies that operate commercial motor vehicles in interstate or international commerce to register their business with a participating state and pay an annual fee based on the size of their fleet. FY09 was the first year Alaska participated in this program. Per the Federal Motor Carrier Safety Administration, these revenues may only be used for administration of the unified carrier fee system, motor carrier safety programs, or motor carrier enforcement programs.			150.0	Receipt Supported Services	150.0
		145	[redacted]		1	Transportation	Measurement Standards and Commercial Vehicle Enforcement	Permit Fee Increase Changes to 17 AAC 25 are in process to increase the amounts charged for oversize/overweight permits. Measurement Standards and Commercial Vehicle Enforcement anticipates the permit fee increase to be in place mid-March 2009. This will be an overall average increase of 23%. This increased Receipt Supported Service revenue will be used to fund the following: $16.4 - Increased State equipment Fleet costs. $55.0 - Computer Equipment Replacement Program/Equipment for new inspector position. $31.1 Capital Outlay - which includes the following: Metrology Laboratory Air Quality Study $14.9. Anchorage Prover Truck Conversion $16.2.			102.5	Receipt Supported Services	102.5
		146	[redacted]		1	Transportation	State Equipment Fleet	Credit Card Payments for Fuel The State Equipment Fleet (SEF) maintains contracts which allow a vehicle credit card to be used to purchase fuel and necessary consumables. These charges are paid by SEF and subsequently billed to executive branch state agencies.			400.0	HWCF	400.0
		147	[redacted]		1	Transportation	State Equipment Fleet	Increased Travel Costs Related to Airfare in and Around Alaska's Rural Areas Increase receipt authority to cover travel costs in support of rural airports and highways for the repair and preventative maintenance of vehicles and equipment.			149.0	HWCF	149.0

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		148	67		1	Transportation	State Equipment Fleet	Increased Costs in Freight for Parts, Equipment and Vehicles Increased receipt authority to cover cost increases in freight (shipment of parts, commodities, vehicles and equipment around the state) and increased contractual costs for vendor supplied repairs or vehicle and equipment make-ready such as Trooper vehicle setups.			77.0	HWCF	77.0
		149	68		1	Transportation	State Equipment Fleet	Increased Costs Related to Parts and Commodities Used in the Maintenance and Repair of Wheeled Assets Increase receipt authority to cover parts and commodities costs. The transportation sector has not seen the cost decreases that the average retail sector has. Commodities like oils and lubricants have not seen price reductions that mirror fuel prices. Bulk quantities were purchased early in the fiscal year when fuel prices were at their highest for shipment to rural locations statewide.			800.0	HWCF	800.0
3-Apr-09	DOT 14	150	247	No additional funding requested; just authorization to spend	1	Transportation	State Equipment Fleet	Increased Costs in Vendor Repairs to Equipment The additional increase is needed to cover the unforeseen costs of vendor (outsourced) repairs to equipment. Due to higher vehicle and equipment usage in areas experiencing unusual winter events such as Western and Interior Alaska, State Equipment Fleet (SEF) has experienced additional increases in the cost of vendor repairs to equipment. This request is for additional spending authorization only, no additional funding is required.			115.0	HEWCF	115.0
3-Apr-09	DOT 15	151	248	Adds to 800.0 requested for same purpose. No additional funding requested; just authorization to spend	1	Transportation	State Equipment Fleet	Increased Costs Related to Parts and Commodities Used in the Maintenance and Repair of Wheeled Assets The additional increase is needed to cover unforeseen parts and commodities costs for internal preventive maintenance and repairs to equipment. State Equipment Fleet (SEF) has experienced additional increases in parts and commodities costs related to increased preventive maintenance schedules and internal repairs to equipment due to higher vehicle and equipment usage in areas experiencing unusual winter events such as Western and Interior Alaska. This request is for additional spending authorization only, no additional funding is required.			450.0	HEWCF	450.0

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		152	[redacted]	Was 250.0. Now new section allowing use of unallocated reductions	16j	Transportation	Central Region Highways and Aviation	Anchorage Sidewalk Snow Removal Funding is requested to operate newly acquired sidewalk tractors throughout the winter to blow, plow, and sweep the snow from Anchorage sidewalks, bus stops, trails and pathways. The Federal Highway Administration (FHWA) has notified the department that all infrastructure built with FHWA federal funds must be appropriately maintained. That maintenance includes snow removal from sidewalks and other pathways. Failure to meet these requirements could jeopardize future surface transportation funds and require reimbursement of previously expended funds.	-			Reapprop	-
3-Apr-09	DOT 19	153	252	Funded via unallocated. No reason to change; simply makes more $ available for SEF		Transportation	Central Region Highways and Aviation	Reduce Anchorage Sidewalk Snow Removal This amendment reduces the original request for authorization for Anchorage sidewalk snow removal from $250.0 to $171.0. Due to favorable weather conditions after the original request was submitted, we no longer need this additional funding.					0.0
3/13/2009	DOT 3	154	[redacted]		1	Transportation	Central Region Support Services	Legal fees associated with a dispute between Offshore Systems Kenai (OSK) and the State of Alaska over public access to a state-owned road and beach. □ This case is going to trial May 2nd and will require the Department of Law to complete depositions, expert witness reports, and trial preparation.	41.0				41.0
		155	[redacted]		1	Transportation	Central Region Highways and Aviation	Commodities Price Increases The increased cost for commodities has significantly impacted the operating budget for Central Region Maintenance and Operations. Competitive bids were completed last spring for delivery of commodities prior to winter maintenance needs. Purchases of sand and winter chemicals fall into this category. Similarly, competitive bids are completed during the fall for delivery of commodities prior to spring maintenance needs, such as paint for striping. Supplemental funding is needed for sand ($575.0), winter chemicals ($205.3) and paint ($334.0).	1,114.3				1,114.3

FY2009 SUPPLEMENTAL REQUESTS

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Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		156	[redacted]		1	Transportation	Northern Region Highways and Aviation	Legal Costs for Material Site Lawsuits Due to ongoing lawsuits filed by one of the regional native corporations for supposed infringement on their land and rights of way, the department has incurred excessive costs this year for Department of Law attorneys. None of the three lawsuits filed have yet gone to court so the total cost is unknown at this time. Additional funding for $150.0 is based on the amount expended to date for attorneys and expert witnesses.	150.0				150.0
		157	[redacted]	SEF--provide authority to move $ across Appropriation lines, and use $1.5 million unallocated reduction to pay 1251.7 SEF increases	15j	Transportation	Central Region Facilities	State Equipment Fleet Costs Over the past few years the operating and replacement rates of state vehicles has increased without a corresponding increase in budgets to the Facilities components. Older vehicles have remained in the fleet and repair costs have been incurred to maintain these vehicles. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs can no longer be absorbed in the operating budget.	was 54.8				-
		158	[redacted]	SEF	15j	Transportation	Northern Region Facilities	Same as OMB 69	was 116.7				-
		159	[redacted]	SEF	15j	Transportation	Central Region Highways and Aviation	State Equipment Fleet Costs Older equipment and vehicles have remained in the fleet and repair costs have been incurred for maintenance and repairs. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs cannot be absorbed in the operating budget.	was 284.8				-
		160	[redacted]	SEF	15j	Transportation	Northern Region Highways and Aviation	Same as OMB 74	was 554				-
		161	[redacted]	SEF	15j	Transportation	Southeast Region Highways and Aviation	Same as OMB 74	was 241.4				-
		162	[redacted]		20	Constitutional Budget Reserve Fund		Add language to access the CBR to balance the FY09 budget.					-
		163				**Subtotal--Operating Items for Consideration**		**Approved**	**(38,554.0)**	**67,134.3**	**(2,690.0)**	-	**25,890.3**
		164	2			Administration	Personnel	Personnel Board investigations and support - contracts for legal services for complaints filed with the board	725.0				725.0

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
3/13/2009	DOA 2	165	203			Administration	Personnel	Reduce the Personnel Board investigations and support - contracts for legal services for complaints filed with the board supplemental request from $725.0 to $560.8. The Personal Board has revised its expenditure estimates.□	(164.2)				(164.2)
		166	4			Administration	Retirement and Benefits	Funding is needed to conduct an analysis of how pending legislation might affect retirement systems of the State. Per AS 24.08.036, a cost analysis must be done for legislation that may affect retirement systems of the State before that legislation is reported to the Rules Committee. General Funds are requested so that no current pension trust funds are impacted.	50.0				50.0
3-Apr-09	EED 2	167	245	Hold. Can go in CapBud if bill passes		Education	ACPE	Contingent upon passage of a version of HB172/SB140, the Alaska Commission on Postsecondary Education will need to cover costs incurred by the Department of Revenue for structuring legal agreements related to financing education loans, rating agency and consulting services.			60.0	P-Sec Recpts	60.0
		168	26	OMB offset		HSS	Medicaid Services	Medicaid rate increase for physician services effective 1/1/09 tied to increased Medicare rates. Many of the reimbursements for services are going up as much as 20-30% instead of the usual 4-5%. The ten most frequently used procedures are increasing 27%. The department analyzed nearly 3,000 medical procedure codes to determine the estimated cost impact.	6,000.0	6,000.0			12,000.0
3/13/2009	HSS 1	169	206	OMB offset		HSS	Medicaid Services	Original supplemental request is withdrawn. The original request was $12,000.0 (50% federal / 50% GF Match) and appeared on line 26 of the Supplemental spreadsheet dated 2/24/09. The Medicaid rate increase for physician services effective 1/1/09 was tied to increased Medicare rates. Updated projections show these funds will not be needed in FY2009.	(6,000.0)	(6,000.0)			(12,000.0)
		170	32			Law	Deputy Attorney General's Office	Unplanned Legal Activity: Gasoline Pricing Investigation Public Records Polar Tanker Kensington Mine	849.0				849.0

FY2009 SUPPLEMENTAL REQUESTS

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Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		171	33	OMB offset		Law	Oil, Gas and Mining	Oil and Gas Projects The Department of Law has a number of major projects underway that will continue to require outside counsel and experts beyond the funding included in the base operating budget. The most noteworthy are the Pt. Thomson litigation, ongoing proceedings before the Federal Energy Regulatory Commission (FERC) on TransAlaska Pipeline Service (TAPS) tariffs issues, State of Alaska Assessment Review Board disputes and two major corporate income tax matters.	1,335.0				1,335.0
3/13/2009	LAW 1	172	221	OMB offset		Law	Civil Division - Oil, Gas and Mining	Oil and Gas Projects□ The Department of Law (DOL) is withdrawing its $1,335.0 supplemental request. DOL is close to settlement on one large case and thus anticipates not needing the funds requested earlier. In addition, judges on several other cases are not moving the cases through as quickly as expected. These cases will continue however, and will consume resources from the Oil, Gas and Mining component in FY10. DOL has included funding for them in their FY10 budget request.	(1,335.0)				(1,335.0)
		173	72	Increase from 218.5 to 250.0 and delete OMB item 153 **4/3/09 delete per OMB**	1	Transportation	Central Region Highways and Aviation	Anchorage Snow Haul (Roads) Snowfall in Anchorage this winter has returned to the amount that used to be considered normal for the area. Including the heavy snowstorms over the holidays, the accumulation of snow plowed from the roads onto the shoulders and sidewalk areas reached the level that required hauling it away. To date, snow haul expenses have nearly exhausted the annual operating budget of $250. Supplemental funding of $250.0 will allow for one additional snow haul for the remainder of the winter. In addition to this funding request, an additional $31.5 in funding required to fully fund one additional snow haul has been requested as a reappropriation in sec. 14(b).				was 218.5 GF, now adds 31.5 from former reapprop in OMB item 153	-

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		174	153	Convert to # and combine with 218.5 in OMB item 72 for a total of 250.0		Transportation	Central Region Highways and Aviation	Anchorage Snow Haul (Roads) Snowfall in Anchorage this winter has returned to the amount that used to be considered normal for the area. Including the heavy snowstorms over the holidays, the accumulation of snow plowed from the roads onto the shoulders and sidewalk areas reached the level that required hauling it away. To date, snow haul expenses have nearly exhausted the annual operating budget of $250. Supplemental funding of $250.0 will allow for one additional snow haul for the remainder of the winter. With the appropriation made in sec. 1, the department will have funds for one additional snow haul.	-			was 31.5 GF	-
3-Apr-09	DOT 16	175	249	delete item 173 (OMB 72)		Transportation	Central Region Highways and Aviation	Withdraw supplemental request for Anchorage Snow Haul (Roads) Withdraw the original request for authorization for Anchorage snow haul. Due to favorable weather conditions after the original request was submitted, we no longer need this additional funding.	(218.5)				(218.5)
3-Apr-09	DOT 17	176	250	delete item 173 (OMB 72). Retain sweep from capital project to CIF		Transportation	Central Region Highways and Aviation	Delete Sec 14(b)(1) - Reappropriation: Anchorage Snow Haul Costs The unexpended and unobligated balance of the appropriation made in sec. 13, ch. 29, SLA08, page 16, line 13 and allocated on page 160, line 32 (Yakutat Multi-Purpose Dock - $555,000) estimated to be $5,500, is reappropriated to the Department of Transportation and Public Facilities, Central region Highways and Aviation for Anchorage snow haul costs. Withdraw the original request for authorization for Anchorage snow haul. Due to favorable weather conditions after the original request was submitted, we no longer need this additional funding.					0.0
3-Apr-09	DOT 18	177	251	delete item 173 (OMB 72). Retain sweep from capital project to CIF		Transportation	Central Region Highways and Aviation	Delete Sec 14(b)(2) - Reappropriation: Anchorage Snow Haul Costs The unexpended and unobligated balance, not to exceed $26,000, of the appropriation made in sec. 7, ch. 82, SLA 2006, page 128, lines 22 - 23 (Willow - Fishhook Road Plowing - $41,000), is reappropriated to the Department of Transportation and Public Facilities, Central Region Highways and Aviation for Anchorage snow haul costs. Withdraw the original request for authorization for Anchorage snow haul. Due to favorable weather conditions after the original request was submitted, we no longer need this additional funding.					0.0

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)					
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		178	86	rate change is zero or negligible. State has no reserves set aside for U events. UA is independently self-insured		University	Statewide Services	Catastrophic Workers' Compensation Claims The University of Alaska is responsible for the first $300.0 of self insured claims and is requesting a supplemental to cover two catastrophic workers' compensation claims which have been paid in excess of that amount. Claim #2000179 has been paid $1,021.2 to date, and Claim #2005056 has been paid $325.0 to date. The amount exceeding $300.0 for each claim is $721.2 for Claim # 2000179 and $25.0 for Claim #2005056.	746.2				746.2
		179	87	Requested and denied in FY09 operating budget		University	Multiple Campuses	Utility Cost Increase UA continues to make improvements to its facilities designed to improve energy efficiencies, thus reducing energy consumption. Unfortunately, most campuses continue to see utility cost increases due mostly to utility provider rate increases and colder than usual temperatures. For example, Anchorage and Mat-Su campuses are expecting a 22% natural gas increase and UAF rural sites are still being impacted by last year's high fuel/heating oil costs. UA's funding distribution is as follows: Statewide Services $ (28.6) Anchorage Campus 287.0 Kenai Peninsula College 34.1 Kodiak College 92.0 Mat-Su College 38.6 Prince William Sound CC 40.1 Fairbanks Campus 610.4 Bristol Bay Campus 29.5 Chukchi Campus 12.3 Interior-Aleutians Campus 17.3 Kuskokwim Campus 105.3 Northwest Campus 17.2 Juneau Campus 34.4 Ketchikan Campus (11.3)	1,272.0				1,272.0
		180	186			Lapse of Appropriations							-
		181	187			Effective date of April 19, 2009							-
		182	90					Sets out the funding by agency for the appropriations in sec. 1.					-
		183											
		184											

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		185	Recommendation			**Capital Projects--Old money no longer needed**		**Recommendation: All GF (and some other) reappropriations go to the capital income fund, leaving the "to side" of each reappropriation as a separate decision (both year and fund source).** Money can be lapsed administratively--no legislative action is necessary. GF reappropriations may appear to be free money, but the source of a reappropriation would otherwise go to the GF and reduce the FY09 CBR draw. The issue here is not whether projects are terminated administratively (easier) or legislatively, it is that terminating projects by either method reduces the deficit in FY09. Similarly, spending the money--either via a direct reappropriation (Governor's method), indirect reappropriation (through the capital income fund) or as an independent action has exactly the same impact on the deficit.					
		186	[redacted]	CIF	19b	Capital	Education	Repeal the $98,056 balance of the appropriation made in sec. 60, ch. 3, FSSLA 2005, page 140, line 24, for Alaska Gateway - Dot Lake School Mechanical Upgrade. In section 14(d) the funds are reappropriated to the Department of Transportation and Public Facilities, Southeast Region Highways and Aviation, for the purchase of required safety equipment at rural airports.	(98.1)				(98.1)
		187	[redacted]	CIF	19c	Capital	Education	Repeal the $54,753 balance of the appropriation made in sec. 60, ch. 3, FSSLA 2005, page 142, line 13, for Southeast Island - Thorne Bay House Access Ramp. In section 14(m) the funds are reappropriated to the Department of Transportation and Public Facilities, Alaska Marine Highway System for vessel and terminal overhaul and rehabilitation.	(54.8)				(54.8)
		188	[redacted]	CIF	19.2	Capital	Transportation	The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 82, SLA 2006, page 84, line 23 (Anchorage: Hillcrest Bridge Repairs - $192,600) is reappropriated to the Department of Transportation and Public Facilities, Mission Road (Kodiak Island) – Upgrade and Repair. The bridge repairs have been completed and the trucking company's insurance covered the cost.	(192.6)				(192.6)
		189	[redacted]	CIF	19.3	Capital	Transportation	The unexpended and unobligated balance of the appropriation made in sec. 13, ch. 29, SLA08, page 16, line 13 and allocated on page 160, line 32 (Yakutat Multi-Purpose Dock - $555,000) is reappropriated to the Department of Transportation and Public Facilities, Central region Highways and Aviation for Anchorage snow haul costs.	(5.5)				(5.5)

FY2009 SUPPLEMENTAL REQUESTS

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Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		190	[redacted]	CIF	19.4	Capital	Transportation	The unexpended and unobligated balance, not to exceed $26,000, of the appropriation made in sec. 7, ch. 82, SLA 2006, page 128, lines 22 - 23 (Willow - Fishhook Road Plowing - $41,000), is reappropriated to the Department of Transportation and Public Facilities, Central Region Highways and Aviation for Anchorage snow haul costs.	(41.0)			was -26 GF, now adds 15 from OMB item 152	(41.0)
		191	[redacted]	CIF	19.5	Capital	Health & Soc Svcs	Reappropriate the balance of $39,012 of the appropriation made in sec. 1, ch. 82, SLA 2006, page 73, lines 31 - 33, for the Ready to Read, Ready to Learn Program Development project to the Department of Transportation and Facilities, Southeast Region Highways and Aviation, for the purchase of required safety equipment at rural airports.	(39.0)				(39.0)
		192	152	CIF		Capital	Transportation	The unexpended and unobligated balance, not to exceed $15,000, of the appropriation made in sec. 7, ch. 82, SLA 2006, page 128, line 22 (Willow - Fishhook Road Plowing - $41,000) is reappropriated to the Department of Transportation and Public Facilities, Mission Road (Kodiak Island) – Upgrade and Repair.	-			was-15 GF, now combined with OMB item 155	-
		193	[redacted]	CIF	19.6	Capital	Military & Vets	Reappropriate the $484,518.10 balance of the appropriation made in sec. 1, ch. 82, SLA 2006, page 75, line 11 for the Alaska Military Youth Academy Expansion to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(484.5)				(484.5)
		194	[redacted]	CIF	19.7	Capital	Natural Resources	Reappropriate the $9,059.26 balance of the appropriation made in sec. 7, ch. 82, SLA 2006, page 127, line 26 for the Juneau Subport Asbestos Abatement project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(9.1)				(9.1)
		195	[redacted]	CIF	19.8	Capital	Health & Soc Svcs	Reappropriate the $1,006.25 balance of the appropriation made in sec. 4, ch. 30, SLA 2007, page 94, lines 25 - 26 for the Anchorage Pioneers Home Safety Upgrades project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(1.0)				(1.0)

FY2009 SUPPLEMENTAL REQUESTS

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Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		196	[redacted]	CIF	19.9	Capital	Public Safety	Reappropriate the $4,913.22 balance of the appropriation made in sec. 1, ch. 82, SLA 2003, page 33, lines 9 - 11 for the Fairbanks Public Safety Bldg - Indoor Firing Range Lead Removal project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(4.9)				(4.9)
		197	[redacted]	CIF	19.10 19.11 19.12 19.13	Capital	Transportation	The unexpended and unobligated balances of projects are reappropriated to the Department of Transportation and Public Facilities, Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation. Project citations are as follows; (1) sec. 82, ch. 100, SLA 1997, page 59, line 11, and allocated on page 59, line 12 - $12,356 (2) sec. 131, ch. 139, SLA 1998, page 56, line 17 - $407,700 (3) sec. 1, ch. 82, SLA 2006, page 84, line 33 - $4,352 (4) sec. 20(b), ch. 30, SLA 2007, page 148, line 27 - $63,299	(487.7)				(487.7)
		198	[redacted]	CIF	19.14	Capital	Commerce	The Organization Grant appropriation made in sec. 1, ch. 3, FSSLA 2005, page 3, line 29 is not needed as the community of Naukati elected not to form a municipal government. The appropriation's balance is reappropriated to the Department of Transportation and Public Facilities for the Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation project.	(75.0)				(75.0)
		199	[redacted]	CIF	19.15	Capital	Education	Reappropriate the unexpended and unobligated general fund balance of $17,825 made in sec. 1, ch. 82, SLA 2006, page 65, line 25 for the Demolition and Site Restoration, Northern Lights School project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation project.	(17.8)				(17.8)
		200	[redacted]	CIF	19.16	Capital	Education	Reappropriate the unexpended and unobligated general fund balance of $66,772 made in sec. 4, ch. 30, SLA 2007, page 89, line 24 for the Pedro Bay Old School Demolition project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation project..	(66.8)				(66.8)
3/13/2009	DNR 2	201	[redacted]	CIF	19.17	Capital	Natural Resources	Lapse remaining $224,899.82 balance of the completed Juneau Subport Abatement Phase 2 - Mental Health Trust Settlement project originally appropriated in sec. 4, ch. 30, SLA 2007, page 98, line 30.□	(224.9)				(224.9)

FY2009 SUPPLEMENTAL REQUESTS

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3/13/2009	DOT12	202		CIF LFD modify DOT 12	**19.20**	Capital	Transportation	The unexpended and unobligated balance of the appropriation, estimated to be $38,161, made in sec. 100, ch. 2, FSSLA 1999, page 63, line 18, and allocated on line 20, (CTP State Match - $11,313,864) is reappropriated to the Capital Income Fund	(38.2)				(38.2)
3/13/2009	DOT 13	203		modified OMB 239	**19.1 19.19 19.21 19.22 19.23**	Capital	Transportation	Reappropriate the unexpended and unobligated balances of the following FY2000 Department of Transportation and Public Facilities capital projects to the Department of Health and Social Services, McLaughlin Youth Center renovation to meet safety and security needs, phase 1.□ □ 1. State Matching Funds for Federal-Aid Highway Projects - Estimated to be $513,713□ 2. Anchorage: New Seward Highway at Diamond Interchange Capacity Improvement - Estimated to be $158,555□ 3. Anchorage: Dowling Rd Reconstruction: Lake Otis Pkwy. to Old Seward Hwy. - Estimated to be $63,454□ 4. Anchorage: Old Seward Hwy. Reconstruction - Estimated to be $2,886□ 5. National Highway System (NHS) State Match - Estimated to be $207,449□	(946.1)				(946.1)
		204		Pure repeal, but see OMB 160 and 161	**15b**	Capital	Transportation	Delete $350,400 of the $400,000 GF-funded FY09 Department of Transportation and Public Facilities capital project, Bridge Repair and Upgrade, appropriated in sec. 13, ch. 29, SLA 2008, page 158, lines 21 and 22, to be replaced with reappropriated AHFC Dividend.	(350.4)				(350.4)
		205			**16**	Capital	Commerce	Amend the NPRA grants appropriation made in sec 38, ch. 29, SLA 2008 to the actual amount of NPRA funds received by reducing the North Slope Borough's Arctic Fox Continuing Study by $53.5 in favor of maintaining Nuiqsut's Youth Recreation grant as requested by the Mayor of the North Slope Borough.		(53.5)			(53.5)
		206			**9c**	Capital	HSS	Reappropriate the unexpended and unobligated balance of $944,400 of the appropriation made in sec. 4, ch. 82, SLA 2006, page 120, lines 32 - 33 for Wik Road Improvements to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			(944.4)	NTSC Bonds	(944.4)

FY2009 SUPPLEMENTAL REQUESTS

Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
								Net addition to the Capital Income Fund	(3,163.0)				
		207	[redacted]		9d	Capital	Education	Reappropriate the unexpended and unobligated balance of $222,022 of the appropriation made in sec.1(a), ch. 131, SLA 2000, page 2, line 9, for Kashunamiut - Chevak School Replacement to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			(222.0)	NTSC Bonds	(222.0)
		208				**Subtotal--Old Project Reappropriated to Capital Income Fund**			(2,787.0)	-	-	-	(2,787.0)
		209				**Subtotal--Old Project Repeal/Reappropriation**			(3,137.4)	(53.5)	(1,166.4)	-	(4,357.3)
[redacted]		210	[redacted]		[redacted]								
		211											

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		212				**Capital Projects-- Items for Consideration**		**Recommendation: Treat all reappropriations as new projects** Change GF to Capital Income Fund if desired.					
		213		put in lang	7a	Capital	Commerce	Banking and Securities Management System This project was submitted in the FY2010 Governor's Capital Budget, as a Governor's Office Information Technology project, reference number 47010 but a supplemental is needed now because of system failure. An amendment to the FY2010 budget will be submitted to remove this project.			890.0	Receipt Supported Services	890.0
		214		put in lang	7b	Capital	Commerce	Secretary of State Knowledge Base (SOSKB) System Replacement The department is very concerned about the continued viability of the Division of Corporations, Business and Professional Licensing's information technology system and cannot afford to operate without it.			630.0	Blic Rcpts	630.0
3/13/2009	EED 1	215		Start early	8c	Capital	Education	Kalskag High School Replacement:□ □ Amend the appropriation to the School Construction Grant Fund (AS 14.11.005) in sec. 13, ch. 29, SLA 2008, page 136 by increasing the appropriation an additional $18,688,685 to be allocated for a new project - Kalskag High School Replacement.□ □ The school was destroyed by fire on January 28, 2009. Total replacement cost is $19,070,100. The REAA's 2% share is $381,400, leaving $18,688,700 as the state's share. Ultimately, insurance proceeds will be submitted to the state and applied as a deduction to the grant	18,688.7				18,688.7
		216		Corrects an error and is easy to add with Kalskag project	8ab	Capital	Education	Increase the FY09 appropriation and allocation for the Maudry J. Sommers K-12 School Major Maintenance project. When HB 373, now ch. 107, SLA 2008, passed last year, the participating share amounts for some districts were revised and funds were appropriated in sec. 61(b), ch. 29, SLA 2008, page 220 and 221, to those districts whose amounts were lowered. Tanana City School District should have received a similar adjustment to make up the difference between a 5% and 10% participating share.	392.5				392.5

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		217	[redacted]	already in bill	9b	Capital	HSS	Amend the appropriation made in sec. 4, ch. 29, SLA 2007, page 13, lines 10 - 14, by changing the project's name by deleting "Eklutna" from the title: "MH Southcentral Foundation [EKLUTNA] Residential Psychiatric Treatment Center - Match for Bring the Kids Home" in order to expand the locations that can be considered for the center.					-
LFD replacement		218		Must use misc earnings in FY09	9cde	Capital	HSS	DOA reports that $14 million of misc earnings associated with NTSC bonds as well as $1,469.9 of bond proceeds are available. DOA recommends spending these funds in FY09. The McLaughlin center was chosen as a project to use this available funding because of similarities to projects funded by the NTSB bonds. This is a fund source change that frees up $15.5 million GF. NTSC bpnd proceeds of 944.4 and 222 were removed in sections 9c and9e-items 196 and 197.	(15,469.9)		15,469.9	1,469.9 NTSC Bonds 14,000.0 Misc Earnings (from NTSC Bonds)	-
		219	[redacted]	put in lang	12	Capital	Military & Vets	Alaska Military Youth Academy Infrastructure Project Improvements Unanticipated funding from a Department of Defense Appropriations Act, 2009 earmark for Camp Carroll Challenge Infrastructure Improvements will be used for health, safety and code compliance issues, including bringing plumbing up to code in various buildings, including dorms; replacing outdated washers and dryers; replacing outdated kitchen equipment, and upgrading information technology and management connectivity.		2,470.0			2,470.0
		220	[redacted]	do not run this one thru CIF, just leave it alone. Already took GF	15c	Capital	Public Safety	Reappropriate the $350,400 AHFC Dividend balance of the appropriation made in sec. 1, ch. 61, SLA 2001, page 23, lines 26 - 27 for the Emergency Communications: Southeast Upgrade project to the Department of Transportation and Public Facilities to replace general funds appropriated in FY09 for bridge repair and upgrade.			(350.4)	AHFC Dividend	(350.4)

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
3/13/2009	DOR 1	221	[redacted]	in bill	14b	Capital	Revenue	Change the name of the FY2009 Power Builder Replacement Project Feasibility Study to Power Builder Replacement and SQL Database Evaluation, Equipment and Training□ □ Due to electronic filing and more records being stored electronically, PFD is currently storing more than 1.2 Terabytes of information. It is anticipated that this data storage may double in the next year. Also, PFD is slowly migrating off the states mainframe while working to fit within state data standards as established by the Department of Administration. The SQL Database is critical to the PFD computer systems ability to perform beyond the next years data. The feasibility study is now a moot point since PFD needs to improve its system and must meet state standards. None of the original $300.0 GF has been spent to date. This scope change also enables the removal of an FY2010 CIP request.					-
3/13/2009	DOT 10	222	[redacted]	should be fast, project well underway	15h	Capital	Transportation	Amend: Petersburg: Airport Runway Safety Area□ Amend the project description to include runway realignment and paving.□					-

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		223	[redacted]	Complicated Reapprop. Leave in Sup bill	15a	Capital	Transportation	The unexpended and unobligated balances on June 30, 2009, of projects identified in the Department of Transportation and Public Facilities' January 2009 Capital Project Status Report are reappropriated to the Department of Transportation and Public Facilities for the construction and maintenance of Alaska Railroad Corporation crossings on state roads. Project citations are as follows; (1) sec. 53, ch. 120, SLA 1980, page 91, line 14, and allocated on page 91, line 15 (2) sec. 163, ch. 96, SLA 1991, page 42, line 9 (3) sec. 152, ch. 5, FSSLA 1992, page 41, line 21 (4) sec. 152, ch. 5, FSSLA 1992, page 41, line 22 (5) sec. 19, ch. 79, SLA 1993, page 20, line 30 (6) sec. 10, ch. 4, FSSLA 1994, page 12, line 29, and allocated on page 13, line 33 (7) sec. 9, ch. 103, SLA 1995, page 3, line 16 (8) sec. 84, ch. 103, SLA 1995, page 21, line 26 (9) sec. 135, ch. 103, SLA 1995, page 40, line 34, and allocated on page 41, line 11 (10) sec. 135, ch. 103, SLA 1995, page 40, line 34, and allocated on page 41, line 14 (11) sec. 100, ch. 123, SLA 1996, page 58, line 30, and allocated on page 58, line 31 (12) sec. 100, ch. 123, SLA 1996, page 58, line 30, and allocated on page 59, line 4 (13) sec. 46, ch. 100, SLA 1997, page 24, line 19 (14) sec. 46, ch. 100, SLA 1997, page 24, line 20 (15) sec. 82, ch. 100, SLA 1997, page 58, line 8, and allocated on page 58, line 9	(1,048.7)				(1,048.7)
		224	[redacted]	Complicated Reapprop. Leave in Sup bill	15a	Capital	Transportation	Same as OMB 157	1,048.7				1,048.7
		225	[redacted]	do not run this one thru CIF, just leave it alone	15c	Capital	Transportation	Same s 161			350.4	AHFC Dividend	350.4
[redacted]		226	[redacted]			Capital	Transportation	New: Ketchikan: Airport Ferry M/V Bob Ellis Replacement The existing airport ferry M/V Bob Ellis has reached the end of its useful service life and will not pass future Coast Guard inspections without major maintenance investment, which could exceed the cost of a new ferryboat. The Ketchikan International Airport requires a second ferryboat to ensure reliability of service when the other ferry is in overhaul or out of service. The airport also requires a second ferryboat to cover peak summer traffic demand to the airport.			4,250.0	AK Capital Income Fund	4,250.0

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
3/13/2009	DOT 11	227	[redacted]	This should go in fast--changed fund source to CIF	14i	Capital	Transportation	Emergency and Non-Routine Repairs□ On February 10, 2009, a portion of the hillside slid into the roadway at Mile 5, North Tongass Highway in Ketchikan. The slide area is unstable and needs to be remedied immediately.□			1,700.0	CIF, was GF	1,700.0
[redacted]		228	[redacted]	[redacted]		Debt Service	International Airport Revenue Bonds	Amend Chapter 27, SLA 2008, Section 27(g) to change the fund source for payment of $25 million of the International Airports Revenue Bonds from International Airports Revenue Fund (Fund Code 1027) to International Airports Construction Fund (Fund Code 1112). This allows the Department of Transportation and Public Facilities to minimize the amount of revenue needed to be collected from airport customers and to meet debt service coverage ratios required under the bond resolution rate covenant.					0.0
[redacted]		229	[redacted]			Capital	Transportation	Amend Chapter 29, SLA 2008, Section 14, page 177, lines 12-15 to change the fund source of $25,000,000 for the Ted Stevens International Airport: South Terminal Seismic and Retrofit project from International Airports Construction Fund to International Airports Revenue Fund.					0.0
		230						**Subtotal Capital**	**3,611.3**	**2,470.0**	**22,939.9**	-	**29,021.2**
		231	93	Consider in Regular Capital Budget		Capital	Fish and Game	Cooperative Resource Program This program allows Habitat to accept funds from the private sector to pass through to the U.S. Geological Survey (USGS), as part of a funding agreement for cooperative water resource programs. Funds passed to the federal agency can then be matched up to 100% by the federal government.			55.0	Statutory Designated Prgm. Rcpts.	55.0
3/13/2009	GOV 2	232	230	Consider in Regular Capital Budget		Capital	Governor	Elections Reform Under the Federal Help America Vote Act□ New capital project to improve the administration of elections in accordance with the Help America Vote Act			3,821.7		3,821.7
		233	95	Consider in Regular Capital Budget		Capital	Natural Resources	Transfer the capital project, State Parks Deferred Maintenance and Emergency Repairs, from the FY10 capital budget to the supplemental to allow for an earlier start date.	6,000.0			Cruise Ship Gambling Tax	6,000.0

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		234	168	Consider in Regular Capital Budget		Capital	Transportation	Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 158, line 17), increasing the FY2009 appropriation to $10,600,000. Effective January 2009, the Ketchikan Shipyard increased their prices 18.5% to 20% to the Alaska Marine Highway System (AMHS) for state funded maintenance overhauls of AMHS vessels. This cost increase to AMHS will impact six scheduled vessel maintenance overhauls this fiscal year, with a budgeted value of $3,500,000. Total of secs. 14(l) and (m) is $702.1.			647.3	CIF, was GF	647.3
		235	173	Combine with OMB 168		Capital	Transportation (CORRECTED from "Education")	Reappropriate the $54,753 balance of the appropriation made in sec. 60, ch. 3, FSSLA 2005, page 142, line 13, for Southeast Island - Thorne Bay House Access Ramp to the Department of Transportation and Public Facilities, Alaska Marine Highway System -Vessel and Terminal Overhaul and Rehabilitation project. (The negative amount is shown in sec. 7(d)).			54.8	CIF, was GF	54.8
		236	163	Consider in Regular Capital Budget		Capital	Transportation	Alaska Marine Highway System: Columbia Fuel Management System This is a new FY2009 project. Install a Stellar Marine ESP 1000, Electronic Speed Pilot power management system to provide precision control of ship speed and fine tune throttle settings to maximize the vessel's propulsive efficiency.	-		499.5	CIF, was GF	499.5
		237	158	Consider in Regular Capital Budget		Capital	Transportation	Airport Rescue and Fire Fighting Safety Equipment Standards set by the National Fire Protection Association require Southeast Region to upgrade self-contained breathing equipment used in Airport Rescue and Fire Fighting (ARFF) operations. The upgrades include the Personal Alert Safety System (PASS) which activates an alarm when a firefighter becomes disabled inside a burning structure. Twenty-six sets are needed at a cost of over $5,000 per set. This equipment will reduce the risk of death and injuries to firefighters at Alaska's southeast rural airports. Reappropriation in 14(d) from sec. 7(d) provides $98.1 Reappropriation in 14(e) provides $39.0	137.1				137.1

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		238	150	Consider in Regular Capital Budget		Capital	Transportation	Mission Road (Kodiak Island) - Upgrade and Repair This amends an existing FY2009 project (sec. 13, Ch 29, SLA 2008, page 159, line 14), increasing the FY2009 appropriation to $782,600. Additional funding is being requested to cover costs for the project because the low bid came in higher than expected. Project work was initiated during the fall of 2008 and will resume in the spring of 2009 and is scheduled for completion mid-summer of 2009.	-		207.6	CIF, was GF	207.6
3/13/2009	DOT 12	239		Consider in Regular Capital Budget		Capital	Transportation	The unexpended and unobligated balance of the appropriation, estimated to be $38,161, made in sec. 100, ch. 2, FSSLA 1999, page 63, line 18, and allocated on line 20, (CTP State Match - $11,313,864) is reappropriated to the Capital Income Fund			38.2	cif, was GF via reapprop	38.2
		240	96	Consider in Regular Capital Budget		Capital	Transportation	**Airport Improvement Program Appropriation $64,590,000**					-
3/13/2009	DOT 8	241	234	Consider in Regular Capital Budget		Capital	Transportation	Amend: Airport Improvement Program Appropriation□ This amendment increases the Airport Improvement Program appropriation to include the new Nulato Airport Improvements request. This amendment increases the FY09 Airport Improvement Program appropriation from $61,090,000 to $70,290,000.					-
		242	97	Consider in Regular Capital Budget		Capital	Transportation	Bethel: Airport Parallel Runway and Other Improvements This is a new FY2009 project. Complete parallel runway, expand runway 18-36 safety area; rehabilitate south end of runway 18-36 pavement surface; expand old General Aviation (GA) apron as a new air taxi/cargo apron; expand the existing north air taxi apron and widen the air taxi access road and cul-de-sac.		4,000.0			4,000.0
		243	98	Consider in Regular Capital Budget		Capital	Transportation	Dillingham: 3 Bay Chemical Storage Building This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 162, line 25), increasing the FY2009 allocation to $1,500,000. Construct a new heated facility with concrete floor and new 20,000 gallon E-36 storage tanks. The engineers estimate has been revised and advertising of the project is expected in the spring.		500.0			500.0

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		244	99	Consider in Regular Capital Budget		Capital	Transportation	Fairbanks International Airport: Runway 1L-19R Reconstruction This is a new FY2009 project. Funding to complete the reconstruction of 1L-19R, including replacement of the runway pavement structure, reconstruction of airfield lighting systems as necessary to accommodate pavement replacement, drainage modifications, safety area upgrades, pavement marking, and pavement grooving.		17,337.5	912.5	International Airport Construction Funds	18,250.0
		245	101	Consider in Regular Capital Budget		Capital	Transportation	Fort Yukon: Snow Removal Equipment Building This is a new FY2009 project. Construct a new snow removal equipment building at Fort Yukon Airport to include a building pad with surfacing and drainage improvements. The City of Fort Yukon has been under a yearly contract to maintain the airport. However, they have advised the department that they are not interested in contracting to perform airport maintenance for more than an additional year or so. Consequently, the department needs to acquire maintenance equipment and construct a snow removal equipment building to house it, in accordance with Federal Aviation Administration (FAA) regulations.		1,500.0			1,500.0
		246	102	Consider in Regular Capital Budget		Capital	Transportation	Iliamna: Snow Removal Equipment / Sand and Chemical Storage / Office Building This is a new FY2009 project. Construct a 4-bay Maintenance and Operating building to provide inside heated storage for an expanded equipment fleet, sand and urea storage, as well as an office, training room and bathroom facilities. This project will add two equipment storage bays with a minimum of 22 foot door openings. It will also add a bay for storing approximately 400 cubic yards of sand and 50 tons of urea. It will add additional space for an office area, a training room, and a bathroom facility complete with a shower.		1,000.0			1,000.0
		247	103	Consider in Regular Capital Budget		Capital	Transportation	Petersburg: Airport Runway Safety Area This is a new FY2009 project. This project consists of the design and construction of an expanded Runway Safety Area, shifting the existing runway, replacing undersized culverts, relocating navigation aids, and other required work. It also includes the acquisition of additional property adjacent to the airport in order to protect Runway Protection Zones from incompatible land uses.		26,000.0			26,000.0

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		248	104	Consider in Regular Capital Budget		Capital	Transportation	Savoonga: Airport Improvements This is a new FY2009 project. This is the second stage for rehabilitating the Savoonga Airport. The work includes resurfacing the runway, taxiway, apron and airport access road, applying a dust palliative to the operating surfaces and replacing the lighting system. The taxiway will be realigned to meet geometric standards.		4,840.0			4,840.0
		249	105	Consider in Regular Capital Budget		Capital	Transportation	Takotna: Airport Relocation This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 164, line 16), increasing the FY2009 allocation to $10,500,000. Relocate the airport to a new location about a mile east of the village. This will include acquiring property and constructing the following to current standards: new runway, taxiway, apron, airport lighting and visual aids, snow removal equipment building and an airport access road.		5,000.0			5,000.0
3/13/2009	DOT 9	250	235	Consider in Regular Capital Budget		Capital	Transportation	New: Nulato: Airport Improvements□ This is a new supplemental request. Resurface the airport operational surfaces, rehabilitate the access road, apply dust palliative, replace lighting, construct a snow removal equipment building, and other improvements as funds allow.		9,200.0			9,200.0
		251	106	Consider in Regular Capital Budget		Capital	Transportation	**Surface Transportation Program Appropriation $15,750,000**					-
		252	107	Consider in Regular Capital Budget		Capital	Transportation	Chena Hot Springs Road: Milepost 24 to 56 Rehabilitation This is a new FY2009 project. The project consists of 32 miles of roadway reconditioning and paving with 1.5" of hot mix asphalt. The work includes bridge seismic retrofits and upgrading traffic signs, guardrail, striping, and approaches.		1,430.0			1,430.0
		253	108	Consider in Regular Capital Budget		Capital	Transportation	Ester Weigh Station Scale Replacement This is a new FY2009 project. Replace the scale at the Ester weigh station and return it to service. The Ester Weigh Scale has currently been removed from service due to inaccuracies in its measurements. The steel scale deck support system and steel scale mechanisms have deteriorated beyond the point of reasonable repair. The extensive corrosion present is almost certainly a direct cause of the recent loss of accuracy of the scale system.		120.0			120.0

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		254	110					Sets out the funding by agency for the appropriations in sec. 1.					-
		255	111					Summarizes by fund source the funding for the appropriations in secs. 1 and 3.					-
		256							13,359.7	75,867.5	52,116.4	-	141,343.6
		257	100	OMB offset		Capital	Transportation	Fort Yukon: Airport Improvements This is a new FY2009 project. Resurface and include a dust palliative on the apron, taxiway and runway at the Fort Yukon Airport. Correct drainage problems, clear overgrown vegetation, and complete other improvements as funding allows. This request reflects an update to the engineer's estimate.		3,500.0			3,500.0
2/24/2009	DOT 1	258	199	OMB offset		Capital	Transportation	Delete: Fort Yukon: Airport Improvements□ Economic Stimulus: This project is now part of the department's Economic Stimulus appropriation request for $6.5 million of Federal Economic Stimulus. In addition the Economic Stimulus appropriation bill includes changing the fund source from Federal Receipts to Federal Economic Stimulus of $10,490.8 from prior year capital appropriation(s), for a total of $16,990.8.		(3,500.0)			(3,500.0)
		259	109	OMB offset		Capital	Transportation	Kotzebue: Shore Avenue Rehabilitation and Erosion Protection This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 170, line 3), increasing the FY2009 allocation to $20,590,000. This project was originally requested as an FY2010 project. A corresponding decrement for FY2010 will be submitted as a budget amendment. Reconstruct Shore Avenue from Lake Street, through the primary commercial area of Kotzebue, approximately 4,400 feet to the end of the road at Crowley Dock. Shore Avenue will be paved, new sidewalks, a pathway, parallel parking, an open space on the seaward side, and an erosion protection revetment on the seaside.		14,200.0			14,200.0
2/24/2009	DOT 2	260	200	OMB offset		Capital	Transportation	Delete: Kotzebue: Shore Avenue Rehabilitation and Erosion Protection□ Economic Stimulus: This project is now part of the department's Economic Stimulus appropriation request for $6.5 million of Federal Economic Stimulus and $8.5 million of Federal Receipts, for a total of $15 million.		(14,200.0)			(14,200.0)
3/13/2009	DCCED 1	261	240	Not our battle		Capital	Commerce	Add the contingency language associated with the Banking and Securities Management Systems capital project that was inadvertently omitted when the project was moved from the FY2010 capital budget into the supplemental bill.					-

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		262	120	New Approp for DEC		Capital	Environmental Cons	New allocation: Village Safe Water Study, Design and Construction Projects $834,387 - Sec. 1, Ch. 135, SLA 2000. This supplemental is needed to meet federal funding agency requirements and to ensure that federal funds for water and sewer improvements throughout the state are retained.		625.8			625.8
		263	119	LFD split project reapprop		Capital	Environmental Cons	Transfer the balance of $625,800 Federal funds from Tununak Flush Tank and Haul, and Washeteria Project (ED 38), made in sec. 1, ch. 135, SLA 2000, page 10, line 30, to a new Village Safe Water Study, Design and Construction Projects allocation.		(625.8)			(625.8)
		264	119	cannot split reapprop, so leave for capbud		Capital	Environmental Cons	Transfer the balance of $208,578 AHFC Dividend from Tununak Flush Tank and Haul, and Washeteria Project (ED 38), made in sec. 1, ch. 135, SLA 2000, page 10, line 30, to the CIF			(208.6)	AHFC Dividend	(208.6)
		265	124 -	included in McLaughlin reapprop		Capital	HSS	Reappropriate the unexpended and unobligated balance of $944,400 of the appropriation made in sec. 4, ch. 82, SLA 2006, page 120, lines 32 - 33 for Wik Road Improvements to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			944.4	NTSC Bonds	944.4
3/13/2009	DOT 13	266	239			Capital	Transportation	Reappropriate the unexpended and unobligated balances of the following FY2000 Department of Transportation and Public Facilities capital projects to the Department of Health and Social Services, McLaughlin Youth Center renovation to meet safety and security needs, phase 1.□ □ 1. State Matching Funds for Federal-Aid Highway Projects - Estimated to be $513,713□ 2. Anchorage: New Seward Highway at Diamond Interchange Capacity Improvement - Estimated to be $158,555□ 3. Anchorage: Dowling Rd Reconstruction: Lake Otis Pkwy. to Old Seward Hwy. - Estimated to be $63,454□ 4. Anchorage: Old Seward Hwy. Reconstruction - Estimated to be $2,886□ 5. National Highway System (NHS) State Match - Estimated to be $207,449□ □ This amendment replaces the Governors original reappropriation request of $944,400 Northern Tobacco Securitization Corporation Bonds with $946,100 General Funds as the original request inadvertently reappropriated a Legislative capital project.	(946.1)		944.4	NTSC Bonds	(1.7)

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)					
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
3/13/2009	HSS 9	267	231	McL		Capital	HSS	Reappropriate the unexpended and unobligated balances of the following FY00 Department of Transportation and Public Facilities capital projects to the Department of Health and Social Services, McLaughlin Youth Center renovation to meet safety and security needs, phase 1.□ □ 1. State Matching Funds for Federal-Aid Highway Projects - Estimated to be $513,713□ 2. Anchorage: New Seward Highway at Diamond Interchange Capacity Improvement - Estimated to be $158,555□ 3. Anchorage: Dowling Rd Reconstruction: Lake Otis Pkwy. to Old Seward Hwy. - Estimated to be $63,454□ 4. Anchorage: Old Seward Hwy. Reconstruction - Estimated to be $2,886□ 5. National Highway System (NHS) State Match - Estimated to be $207,449□ □ This amendment replaces the Governors original reappropriation request of $944,400 Northern Tobacco Securitization Corporation Bonds with $946,100 General Funds as the original request inadvertently reappropriated a Legislative capital project.	946.1		(944.4)	NTSC Bonds	1.7
		268	126	taken care of		Capital	HSS	Reappropriate the unexpended and unobligated balance of $222,022 of the appropriation made in sec.1(a), ch. 131, SLA 2000, page 2, line 9, for Kashunamiut - Chevak School Replacement to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			222.0	NTSC Bonds	222.0
		269	122	taken care of		Capital	Health & Soc Svcs	Amend the appropriation made in sec. 13, ch. 29, SLA 20089, page 149, lines 24 - 27 for the McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1, by replacing GF with $303.5 of unappropriated NTSC Bond Proceeds and $14,000.0 of Miscellaneous Earnings from NTSC Bonds.	(15,469.9)		14,303.5	303.5 NTSC Bonds 14,000.0 Misc Earnings (from NTSC Bonds)	(1,166.4)
3-Apr-09	DCCED 2	270	255	Consider in CapBud. Why CIF if this is operational assistance?		Capital	Commerce	Inter-Island Ferry Authority - Operational Assistance State funding for maintenance and operations of the Inter-island Ferry Authority (IFA).			1,500.0	AK Capital Income Fund	1,500.0
3-Apr-09	DOT 23	271	258	Consider in CapBud.		Capital	Transportation	**Airport Improvement Program - Appropriation**					0.0

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
3-Apr-09	DOT 24	272	259	Consider in CapBud.		Capital	Transportation	New: Alaska International Airport System: Development Fund These funds may be used for design and construction of both exclusive-use and common-use Alaska International Airport System (AIAS) projects. The funds allow for timely response to airport development needs and are required by the operating agreement in place between signatory air carriers and DOTPF/AIAS.			5,000.0	International Airports Revenue Fund	5,000.0
3-Apr-09	DOT 25	273	260	Consider in CapBud.		Capital	Transportation	New: Fairbanks International Airport: 1L-19R - Taxiway and Apron Improvements This amendment to the FY09 Governor's Supplemental Budget adds $3,000,000 Federal Funds for a new FY09 total of $21,250,000. This request will fund construction of the initial phase of Taxiway Echo and pave aircraft apron areas proximal to runway 1L-19R. The initial phase of Taxiway Echo consists of excavating, filling, grading, paving, lighting, and marking approximately 400' of new taxiway.		3,000.0			3,000.0
3-Apr-09	DOT 26	274	261	Consider in CapBud.		Capital	Transportation	New: Kodiak: Chemical Storage Building Construct a facility consisting of storage tanks, mixing tank and storage area for de-icing truck.		1,200.0			1,200.0
3-Apr-09	DOT 27	275	262	Consider in CapBud.		Capital	Transportation	New: Kotzebue: Apron Expansion Expand the terminal apron to the south and east. This project will also construct new general aviation aircraft parking, a new access road and taxiway, security fencing and drainage improvements, and will provide new leasing areas.		5,300.0			5,300.0
3-Apr-09	DOT 28	276	263	Consider in CapBud.		Capital	Transportation	**Surface Transportation Program - Appropriation**					0.0
3-Apr-09	DOT 29	277	264	Consider in CapBud.		Capital	Transportation	New: Fairbanks: LED Street Light Conversion Convert existing high pressure sodium (HPS) street lights to light-emitting diode (LED) lights in the City of Fairbanks and North Pole. The City of Fairbanks and North Pole operates approximately 2,900 high pressure sodium (HPS) street lights, which cost approximately $550,000 per year to power and $75,000 per year in maintenance and replacement bulb costs. The light-emitting diode (LED) street lights provide a 70% reduction in power usage and have a lifespan estimated from 50,000 to 100,000 hours. This would result in an annual savings of $400,000 or greater per year for the City of Fairbanks and North Pole residents.		3,310.0			3,310.0

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)				
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
3-Apr-09	DOT 30	278	265	Consider in CapBud.		Capital	Transportation	New: Fairbanks: Sign Replacement Design and implement a system to assess all traffic signs in the Fairbanks area and replace as needed to improve their visibility and increase road safety. There is a new federal mandate to ensure the retro-reflectivity of all signs are assessed, inventoried, and replaced as needed. By January 2012, a sign assessment or management system has to be in place to track sign data and ensure timely sign replacement. By January 2015, all ground-mounted regulatory, warning and guide signs must comply with retro-reflectivity requirements and by January 2018, all overhead and street name signs must be compliant.		973.6			973.6
3-Apr-09	DOT 31	279	266	Consider in CapBud.		Capital	Transportation	New: Fairbanks: Wendell Street ADA Improvements Sidewalk improvements are necessary to comply with the Americans with Disabilities Act. Wendell Street is the home of the new Morris Thompson Cultural and Visitor's Center and tourists will be dropped off and picked up there by bus companies. Improving the pedestrian facilities and repaving will enhance this new cultural visitor destination in Fairbanks. The storm drains are 40 year old wood stave pipes and are in dire need of replacement.		814.0			814.0
		280	188										-
		281	189										
		282	190										

FY2009 SUPPLEMENTAL REQUESTS

								Net addition to the Capital Income Fund	(3,163.0)					
Date	Amend #	Item	OMB Item	Notes	Sec. No.	Department or Capital	Component or, if capital, Department	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds	
		283	191		RATIFICATIONS			AR and AR Name	These are actual dollars—not thousands					
		284	192		18(a)	Natural Resources	Fire Suppression Activity	AR 37313-08 Fire General Fund	$ 1,470,229.86				$ 1,470,229.86	
		285	193		18(b)(1)	Corrections	Capital	AR 51299-06 Offender Tracking Information System Development	$ 59,856.00				$ 59,856.00	
		286	194		18(b)(2)	Education	Teaching and Learning Support	AR 17722-07 Student and School Achievement	$ 3,954.34				$ 3,954.34	
		287	195		18(b)(3)	HSS	Administrative Support Services	AR 22729-05 Integrated Strategic Planning	$ 710.00				$ 710.00	
		288	196		18(b)(4)	HSS	Administrative Support Services	AR 22733-05 Transitions to Work	$ 6.49				$ 6.49	
		289	197		18(b)(5)	Public Safety	Council on Domestic Violence and Sexual Assault	AR 47180-08 Domestic Violence	$ 29,544.44				$ 29,544.44	
		290	198		18(b)(6)	Transportation	Anchorage Airport Safety	AR 57538-06 Anchorage Airport Safety	$ 9,773.65				$ 9,773.65	
3-Apr-09	DOT 42	291			18b7		Measurement Standards and Commercial Vehicle Enforcement	AR 68983-08 SHSGP II Critical Infrastructure Protection	4,158.00				4,158.00	

adopted 4-9-09

CONCEPTUAL AMENDMENT No. 1

OFFERED IN: The House Finance Committee

TO: CSHB 113(FIN) _ Version \P

OFFERED BY: Representative Hawker

Page 2, Line 3, following "beginning"
Delete: **July 1, 2009 and ending June 30, 2010**
Add: **July 1, 2008 and ending June 30, 2009**

adopted 4-7-09 R.O.

26-GH1005\P
Kane
4/6/09

CS FOR HOUSE BILL NO. 113(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act making supplemental appropriations, capital appropriations, and other appropriations; amending appropriations; making appropriations to capitalize funds; making an appropriation under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

(SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

* **Section 1.** The following appropriation items are for operating expenditures from the general fund or other funds as set out in section 2 of this Act to the agencies named for the purposes expressed for the fiscal year beginning July 1, 2009 and ending June 30, 2010, unless otherwise indicated.

	Allocations	Appropriation Items	General Funds	Other Funds
*****		*****		
***** **Department of Administration** *****				
*****		*****		
Centralized Administrative Services		**296,500**	**-107,600**	**404,100**
Retirement and Benefits	46,500			
Group Health Insurance	250,000			
Special Systems		**85,000**	**85,000**	
Elected Public Officers Retirement System Benefits	85,000			
Legal and Advocacy Services		**1,033,000**	**1,000,000**	**33,000**
Office of Public Advocacy	33,000			
Public Defender Agency	1,000,000			
Motor Vehicles		**562,800**		**562,800**
Motor Vehicles	562,800			
*****		*****		
***** **Department of Corrections** *****				
*****		*****		
Population Management			**-1,000,000**	**1,000,000**
Anchorage Correctional Complex	0			
Inmate Health Care		**1,405,800**	**1,405,800**	
Inmate Health Care	1,405,800			

	Allocations	Appropriation Items	General Funds	Other Funds
*****		*****		
***** Department of Fish and Game *****				
*****		*****		
Commercial Fisheries		**-173,000**		**-173,000**
Commercial Fisheries	-173,000			
Special Projects				
Wildlife Conservation				
Wildlife Conservation	0			
Special Projects				
Administration and Support		**151,000**		**151,000**
Administrative Services	145,000			
Fish and Game Boards and	6,000			
Advisory Committees				
Habitat		**22,000**		**22,000**
Habitat	22,000			
*****		*****		
***** Office of the Governor *****				
*****		*****		
Executive Operations		**-390,000**	**-390,000**	
Executive Office	-390,000			
*****			*****	
***** Department of Health and Social Services *****				
*****			*****	
Alaska Pioneer Homes			**-740,000**	**740,000**
Pioneer Homes	0			
Behavioral Health		**-16,200,000**	**-15,625,300**	**-574,700**
Behavioral Health Medicaid	-16,200,000			
Services				
Children's Services		**105,800**	**-1,900**	**107,700**
Children's Medicaid	0			
Services				

	Allocations	Appropriation Items	General Funds	Other Funds
Children's Services Management	0			
Front Line Social Workers	0			
Foster Care Base Rate	0			
Foster Care Special Need	105,800			
Health Care Services		**-2,000,000**	**-27,503,000**	**25,503,000**
Adult Preventative Dental Medicaid Services	0			
Medicaid Services	-2,000,000			
Juvenile Justice		**250,300**	**250,300**	
Probation Services	250,300			
Public Assistance		**9,900,000**		**9,900,000**
Energy Assistance Program	9,900,000			
Public Health			**4,347,800**	**-4,347,800**
Nursing	0			
Women, Children and Family Health	0			
Senior and Disabilities Services		**-10,800,000**	**-25,111,400**	**14,311,400**
Senior and Disabilities Medicaid Services	-10,800,000			
Departmental Support Services		**500,000**	**1,948,000**	**-1,448,000**
Commissioner's Office	500,000			
Administrative Support Services	0			
Information Technology Services	0			
* * * * *			* * * * *	
* * * * * **Department of Labor and Workforce Development** * * * * *				
* * * * *			* * * * *	

	Allocations	Appropriation Items	General Funds	Other Funds
Workforce Development			**-699,600**	**699,600**
Unemployment Insurance	0			
*****			*****	
***** **Department of Military and Veterans Affairs** *****				
*****			*****	
Military and Veteran's Affairs		**800,000**		**800,000**
Army Guard Facilities Maintenance	500,000			
Air Guard Facilities Maintenance	300,000			
*****		*****		
***** **Department of Natural Resources** *****				
*****		*****		
Resource Development		**390,000**	**390,000**	
Commissioner's Office	390,000			
*****		*****		
***** **Department of Public Safety** *****				
*****		*****		
Fire and Life Safety		**600**	**600**	
Fire and Life Safety Operations	600			
Alaska State Troopers		**1,693,600**	**1,693,600**	
Special Projects	1,700			
Alaska Bureau of Judicial Services	663,300			
Prisoner Transportation	300,000			
Narcotics Task Force	1,200			
Alaska State Trooper Detachments	367,900			
Alaska Bureau of	2,900			

	Allocations	Appropriation Items	General Funds	Other Funds
Investigation				
Alaska Bureau of Alcohol and Drug Enforcement	7,500			
Alaska Wildlife Troopers	8,400			
Alaska Wildlife Troopers Aircraft Section	318,800			
Alaska Wildlife Troopers Marine Enforcement	21,200			
Alaska Wildlife Troopers Investigations	700			
Statewide Support		**700**	**700**	
Training Academy	700			
*****		*****		
***** **Department of Revenue** *****				
*****		*****		
Taxation and Treasury		**-165,000**		**-165,000**
Alaska Retirement Management Board	-165,000			
Alaska Housing Finance Corporation		**959,700**		**959,700**
AHFC Operations	959,700			
*****			*****	
***** **Department of Transportation & Public Facilities** *****				
*****			*****	
Administration and Support		**277,300**	**41,000**	**236,300**
Central Region Support Services	41,000			
International Airport Systems Office	-16,200			
Measurement Standards & Commercial Vehicle	252,500			

	Allocations	Appropriation Items	General Funds	Other Funds
Enforcement				
State Equipment Fleet		**1,991,000**		**1,991,000**
State Equipment Fleet	1,991,000			
Highways, Aviation and Facilities		**1,264,300**	**1,264,300**	
Central Region Highways and Aviation	1,114,300			
Northern Region Highways and Aviation	150,000			
International Airports		**-2,136,700**		**-2,136,700**
Anchorage Airport Administration	-281,000			
Anchorage Airport Facilities	-800,000			
Anchorage Airport Field and Equipment Maintenance	-400,000			
Anchorage Airport Operations	-80,000			
Anchorage Airport Safety	-254,000			
Fairbanks Airport Field and Equipment Maintenance	-157,400			
Fairbanks Airport Operations	-117,000			
Fairbanks Airport Safety	-47,300			
*****		*****		
***** **Alaska Court System** *****				
*****		*****		
Alaska Court System		**390,000**	**390,000**	
Trial Courts	390,000			
Commission on Judicial Conduct		**33,200**	**33,200**	

	Allocations	Appropriation Items	General Funds	Other Funds
Commission on Judicial Conduct	33,200			

(SECTION 2 OF THIS ACT BEGINS ON PAGE 9)

* **Sec. 2.** The following sets out the funding by agency for the appropriations made in sec. 1 of this Act.

Funding Source	Amount
Department of Administration	
1002 Federal Receipts	33,000
1004 Unrestricted General Fund Receipts	977,400
1017 Group Health and Life Benefits Fund	250,000
1029 Public Employees Retirement Trust Fund	120,000
1034 Teachers Retirement Trust Fund	34,100
1156 Receipt Supported Services	562,800
*** Total Agency Funding ***	$1,977,300
Department of Corrections	
1002 Federal Receipts	1,000,000
1004 Unrestricted General Fund Receipts	-152,700
1037 General Fund / Mental Health	558,500
*** Total Agency Funding ***	$1,405,800
Department of Fish and Game	
1002 Federal Receipts	-100,000
1007 Interagency Receipts	-110,000
1108 Statutory Designated Program Receipts	160,000
1114 Exxon Valdez Oil Spill Restoration Fund	50,000
*** Total Agency Funding ***	$0
Office of the Governor	
1004 Unrestricted General Fund Receipts	-390,000
*** Total Agency Funding ***	$-390,000
Department of Health and Social Services	
1002 Federal Receipts	-4,400,000
1003 General Fund Match	-69,467,700
1004 Unrestricted General Fund Receipts	7,032,200
1007 Interagency Receipts	-6,116,100
1156 Receipt Supported Services	740,000

1	1212 Federal Stimulus: ARRA 2009	53,967,700
2	*** Total Agency Funding ***	$-18,243,900
3	**Department of Labor and Workforce Development**	
4	1002 Federal Receipts	699,600
5	1004 Unrestricted General Fund Receipts	-699,600
6	*** Total Agency Funding ***	$0
7	**Department of Military and Veterans Affairs**	
8	1002 Federal Receipts	800,000
9	*** Total Agency Funding ***	$800,000
10	**Department of Natural Resources**	
11	1004 Unrestricted General Fund Receipts	390,000
12	*** Total Agency Funding ***	$390,000
13	**Department of Public Safety**	
14	1004 Unrestricted General Fund Receipts	1,694,900
15	*** Total Agency Funding ***	$1,694,900
16	**Department of Revenue**	
17	1002 Federal Receipts	1,634,000
18	1017 Group Health and Life Benefits Fund	890,000
19	1029 Public Employees Retirement Trust Fund	-807,600
20	1034 Teachers Retirement Trust Fund	-245,200
21	1042 Judicial Retirement System	-1,500
22	1045 National Guard Retirement System	-700
23	1103 Alaska Housing Finance Corporation Receipts	-674,300
24	*** Total Agency Funding ***	$794,700
25	**Department of Transportation & Public Facilities**	
26	1004 Unrestricted General Fund Receipts	1,305,300
27	1026 Highways Equipment Working Capital Fund	1,991,000
28	1027 International Airports Revenue Fund	-2,152,900
29	1156 Receipt Supported Services	252,500
30	*** Total Agency Funding ***	$1,395,900
31	**Alaska Court System**	

1004	Unrestricted General Fund Receipts	423,200
***	Total Agency Funding ***	$423,200
* * * * *	Total Budget * * * * *	$-9,752,100

(SECTION 3 OF THIS ACT BEGINS ON PAGE 12)

* **Sec. 3.** The following sets out the statewide funding for the appropriations made in sec. 1 of this Act.

Funding Source		Amount
General Funds		
1003	General Fund Match	-69,467,700
1004	Unrestricted General Fund Receipts	10,580,700
1037	General Fund / Mental Health	558,500
Total General Funds		$-58,328,500
Federal Funds		
1002	Federal Receipts	-333,400
1212	Federal Stimulus: ARRA 2009	53,967,700
Total Federal Funds		$53,634,300
Other Non-Duplicated Funds		
1017	Group Health and Life Benefits Fund	1,140,000
1027	International Airports Revenue Fund	-2,152,900
1029	Public Employees Retirement Trust Fund	-687,600
1034	Teachers Retirement Trust Fund	-211,100
1042	Judicial Retirement System	-1,500
1045	National Guard Retirement System	-700
1103	Alaska Housing Finance Corporation Receipts	-674,300
1108	Statutory Designated Program Receipts	160,000
1114	Exxon Valdez Oil Spill Restoration Fund	50,000
1156	Receipt Supported Services	1,555,300
Total Other Non-Duplicated Funds		$-822,800
Duplicated Funds		
1007	Interagency Receipts	-6,226,100
1026	Highways Equipment Working Capital Fund	1,991,000
Total Duplicated Funds		$-4,235,100

(SECTION 4 OF THIS ACT BEGINS ON PAGE 13)

*** Sec. 4.** DEPARTMENT OF ADMINISTRATION. The appropriation made by sec. 20(a), ch. 3, FSSLA 2005, as amended by sec. 13(c), ch. 30, SLA 2007, by sec. 61(d), ch. 30, SLA 2007, and by sec. 34(a), ch. 29, SLA 2008, lapses June 30, 2010.

*** Sec. 5.** DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. (a) The sum of $890,000 is appropriated from the receipts of functions related to banking, securities, and corporations (AS 37.05.146(c)(34)) to the Department of Commerce, Community, and Economic Development for a banking and securities management system.

(b) The sum of $630,000 is appropriated from the receipts of functions related to business licensing and license endorsements (AS 37.05.146(c)(52)) to the Department of Commerce, Community, and Economic Development for a secretary of state knowledge base system.

*** Sec. 6.** DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. (a) Section 13, ch. 29, SLA 2008, page 136, lines 24 - 25, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
Major Maintenance Grant Fund	**81,757,216**	**81,757,216**
(AS 14.11.007)	**[81,364,724]**	**[81,364,724]**

(b) Section 13, ch. 29, SLA 2008, page 137, lines 17 - 19, is amended to read:

	ALLOCATIONS
Maudry J. Sommers	**7,457,381**
K-12 School Major Maintenance (HD 6)	[7,064,889]

(c) Section 13, ch. 29, SLA 2008, page 136, lines 13 - 23, is amended to read:

	ALLOCATIONS	APPROPRIATION ITEMS	GENERAL FUND
School Construction Grant Fund (AS 14.11.005)		**125,109,759** **[106,421,074]**	**125,109,759** **[106,421,074]**
Susitna Valley High School Replacement (HD 13-16)	19,099,558		
Marshall K-12 School	35,554,900		

Replacement (HD 6)	
Chaptnguak K-12 Renovation and Addition, Chefornak (HD 38)	44,182,623
Kobuk K-12 Renovation/ Addition (HD 40)	7,583,993
Kalskag High School Replacement (HD 38)	**18,688,685**

(d) Section 12, ch. 27, SLA 2008, is amended to read:

Sec. 12. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The sum of **$2,500,000** [$4,800,000] is appropriated from the general fund to the Department of Education and Early Development for the school incentive program for the fiscal year ending June 30, 2009.

*** Sec. 7.** DEPARTMENT OF HEALTH AND SOCIAL SERVICES. (a) The amount necessary, estimated to be $500,000, to repay the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, the federal share of overpayments for Medicaid provider services identified as a result of payment error rate audit findings is appropriated from the general fund, estimated to be $450,000, and from statutory designated program receipts, estimated to be $50,000, to the Department of Health and Social Services for the fiscal year ending June 30, 2009.

(b) Section 4, ch. 29, SLA 2007, page 13, lines 10 - 14, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
MH Southcentral Foundation [EKLUTNA] Residential Psychiatric Treatment Center - Match for Bring the Kids Home (HD 13-16)	7,000,000	7,000,000

(c) The unexpended and unobligated balance, estimated to be $944,400, of the appropriation made in sec. 4(c), ch. 82, SLA 2006, page 120, lines 32 - 33 (Department of Transportation and Public Facilities, Wik Road improvements - $2,000,000) is reappropriated to the Department of Health and Social Services for renovation of the McLaughlin Youth Center to meet safety and security needs, phase 1.

(d) The unexpended and unobligated balance, estimated to be $222,022, of the appropriation made in sec. 1(a), ch. 131, SLA 2000, and allocated on page 2, line 9 (Kashunamiut, Chevak school replacement - $28,273,000) is reappropriated to the Department of Health and Social Services for renovation of the McLaughlin Youth Center to meet safety and security needs, phase 1.

(e) Section 13, ch. 29, SLA 2008, page 149, lines 24 - 27, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND	OTHER FUNDS
McLaughlin Youth Center	**18,337,300**	**4,033,800**	**14,303,500**
Renovation to Meet Safety and Security Needs, Phase 1 (HD 17-32)	[19,503,700]	[19,503,700]	

*** Sec. 8.** DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT. (a) The unexpended and unobligated balance, not to exceed $100,000, of the appropriation made in sec. 2, ch. 28, SLA 2007, page 44, lines 22 - 24, as amended by sec. 34(e), ch. 29, SLA 2008 (Department of Labor and Workforce Development, HB 177, natural gas pipeline project - $850,000) is reappropriated to the Department of Labor and Workforce Development, commissioner's office, for gas pipeline activities for the fiscal year ending June 30, 2010.

(b) The unexpended and unobligated balance, not to exceed $145,000, of the appropriation made in sec. 2, ch. 28, SLA 2007, page 44, lines 22 - 24, as amended by sec. 34(e), ch. 29, SLA 2008 (Department of Labor and Workforce Development, HB 177, natural gas pipeline project - $850,000) is reappropriated to the Department of Labor and Workforce Development, labor market information, for gas pipeline activities for the fiscal year ending June 30, 2010.

(c) The unexpended and unobligated balance, not to exceed $80,000, of the appropriation made in sec. 2, ch. 28, SLA 2007, page 44, lines 22 - 24, as amended by sec. 34(e), ch. 29, SLA 2008 (Department of Labor and Workforce Development, HB 177, natural gas pipeline project - $850,000) is reappropriated to the Department of Labor and Workforce Development, business services, for gas pipeline activities for the fiscal year ending June 30, 2010.

(d) The unexpended and unobligated balance, not to exceed $85,000, of the

appropriation made in sec. 1, ch. 27, SLA 2008, page 28, line 22, and allocated on line 27 (Department of Labor and Workforce Development, workforce development, Alaska Workforce Investment Board - $543,600) is reappropriated to the Department of Labor and Workforce Development, Alaska Workforce Investment Board, for gas pipeline activities for the fiscal year ending June 30, 2010.

(e) Section 71, ch. 29, SLA 2008, is amended to read:

Sec. 71. TECHNICAL VOCATIONAL EDUCATION PROGRAM. The following amounts are appropriated from the **Alaska technical and** vocational education **program** account **(AS 23.15.830)** [(AS 37.10.200)] to the following state agencies for operating expenditures for the institutions listed in AS 23.15.835(d), added by **sec. 2, ch. 47, SLA 2008** [A VERSION OF HB 2, TWENTY-FIFTH ALASKA STATE LEGISLATURE], for programs consistent with AS 23.15.820 - 23.15.850 for the fiscal year ending June 30, 2009:

	APPROPRIATION
HB 2 Technical and vocational education program appropriated to Department of Labor and Workforce Development	$1,704,300
HB 2 Technical and vocational education program appropriated to Department of Education and Early Development	120,200
HB 2 Technical and vocational education program appropriated to University of Alaska	1,180,700

(f) If the amount available for appropriation in (a) - (c) of this section is less than $325,000, the reappropriations made in (a) - (c) of this section shall be reduced in proportion to the amount of the shortfall.

* **Sec. 9.** DEPARTMENT OF LAW. (a) The sum of $1,351,361 is appropriated from the general fund to the Department of Law, civil division, deputy attorney general's office, for the purpose of paying judgments and settlements against the state for the fiscal year ending June 30, 2009.

(b) The amount necessary, after application of the amount appropriated in (a) of this

section, to pay judgments awarded against the state on or before June 30, 2009, is appropriated from the general fund to the Department of Law, civil division, deputy attorney general's office, for the purpose of paying judgments against the state for the fiscal year ending June 30, 2009.

(c) The unexpended and unobligated balance, not to exceed $1,250,000, of the appropriation made in sec. 70(b), ch. 29, SLA 2008 (Legislative Council, Alaska Conference on State and Federal Responsibility Related to Economic Impacts of ESA Listings) is reappropriated to the Department of Law, statehood defense, for costs associated with assessing and protecting the state's interest related to the Endangered Species Act for the fiscal years ending June 30, 2009, and June 30, 2010.

* **Sec. 10.** DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS. The sum of $2,470,000 is appropriated from federal receipts to the Department of Military and Veterans' Affairs for Alaska Military Youth Academy infrastructure improvements.

* **Sec. 11.** DEPARTMENT OF NATURAL RESOURCES. The unexpended and unobligated balance of the appropriation made in sec. 24(p), ch. 159, SLA 2004 (Department of Natural Resources, permitting and application processing related to the state gas pipeline right-of-way work related to bringing North Slope natural gas to market - $3,900,000) is reappropriated to the Department of Natural Resources for permitting and application processing related to the state gas pipeline right-of-way work related to bringing North Slope natural gas to market.

* **Sec. 12.** DEPARTMENT OF REVENUE. (a) Section 1(b), ch. 1, 4SSLA 2008, is amended to read:

(b) The amount necessary to pay a $1,200 resource rebate to all eligible individuals and related administrative costs, estimated to be $744,600,000, is appropriated from the general fund to the Department of Revenue for the Alaska resource rebate program and related administrative costs for the fiscal **years** [YEAR] ending June 30, 2009**, and June 30, 2010**.

(b) Section 13, ch. 29, SLA 2008, page 155, line 33, through page 156, line 4, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND

PowerBuilder Replacement **and SQL**	300,000	300,000
Database Evaluation, Equipment,		
and Training [FEASIBILITY STUDY]		
(HD 1-40)		

*** Sec. 13.** DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. (a) The unexpended and unobligated balances of the following appropriations on the effective date of this section are reappropriated to the Department of Transportation and Public Facilities for the construction and maintenance in prior fiscal years of Alaska Railroad Corporation crossings on state roads:

(1) sec. 53, ch. 120, SLA 1980, page 91, line 14, and allocated on page 91, line 15, as amended by secs. 130(a) and (b), ch. 105, SLA 1985, and by sec. 115(a)(1), ch. 139, SLA 1998 (transportation planning - $10,295,900);

(2) sec. 163, ch. 96, SLA 1991, page 42, line 9, as amended by sec. 50(a)(1), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(3) sec. 152, ch. 5, FSSLA 1992, page 41, line 21, as amended by sec. 55(a) - (c), ch. 159, SLA 2004, and by sec. 56(d)(10), ch. 82, SLA 2006 (Department of Transportation and Public Facilities, central region highways and aviation for increased maintenance costs);

(4) sec. 152, ch. 5, FSSLA 1992, page 41, line 22, as amended by sec. 50(a)(5), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(5) sec. 19, ch. 79, SLA 1993, page 20, lines 30 - 31, as amended by sec. 50(a)(7), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(6) sec. 10, ch. 4, FSSLA 1994, page 12, line 29, and allocated on page 13, lines 33 - 34, as amended by sec. 50(a)(11), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(7) sec. 9(a), ch. 103, SLA 1995, as amended by sec. 50(a)(12), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(8) sec. 84(b)(2), ch. 103, SLA 1995, as amended by sec. 50(a)(13), ch. 30,

SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(9) sec. 135, ch. 103, SLA 1995, page 40, line 34, and allocated on page 41, lines 11 - 13, as amended by sec. 54(b)(11), ch. 159, SLA 2004 (Department of Transportation and Public Facilities, construction of Chandalar maintenance station);

(10) sec. 135, ch. 103, SLA 1995, page 40, line 34, and allocated on page 41, lines 14 - 15, as amended by sec. 50(a)(14), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(11) sec. 100, ch. 123, SLA 1996, page 58, line 30, and allocated on page 58, lines 31 - 32, as amended by sec. 50(a)(15), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(12) sec. 100, ch. 123, SLA 1996, page 58, line 30, and allocated on page 59, lines 4 - 5, as amended by sec. 50(a)(16), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(13) sec. 46(b)(1), ch. 100, SLA 1999, as amended by sec. 50(a)(18), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(14) sec. 46(b)(2), ch. 100, SLA 1999 (federal-aid aviation projects - $305,492);

(15) sec. 82, ch. 100, SLA 1997, page 58, line 8, and allocated on page 58, lines 9 - 12, as amended by sec. 50(a)(19), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(16) sec. 131, ch. 139, SLA 1998, page 56, lines 30 - 32 (state match for previously authorized federal-aid highway projects - $3,400,000);

(17) sec. 131, ch. 139, SLA 1998, page 83, line 13, and allocated on page 83, lines 14 - 15 (federal-aid aviation state match - $5,000,000).

(b) Section 13, ch. 29, SLA 2008, page 158, lines 21 - 22, is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND
Bridge Repair and Upgrade (HD 3-4)	**49,600** [400,000]	**49,600** [400,000]

(c) The unexpended and unobligated balance of the appropriation from AHFC dividends, estimated to be $350,400, made in sec. 1, ch. 61, SLA 2001, page 23, lines 26 - 27 (Emergency Communications: Southeast Upgrade - $400,400) is reappropriated to the Department of Transportation and Public Facilities for bridge repair and upgrade.

(d) The sum of $1,601,200 is appropriated from the general fund to the Department of Transportation and Public Facilities, marine vessel operations, to implement the collective bargaining agreement with the Inlandboatmen's Union of the Pacific, representing the unlicensed marine unit, for the fiscal year ending June 30, 2009.

(e) The unexpended and unobligated balance, estimated to be $6,300,000, of the appropriation made in sec. 57, ch. 3, FSSLA 2005 (Department of Transportation and Public Facilities, multi-year contract for building, runway, and system improvements and to provide immediate and long-term operation and maintenance of the Adak air field) is reappropriated to the Department of Transportation and Public Facilities for Adak air field maintenance and operations.

(f) The sum of $408,200 is appropriated from the general fund to the Department of Transportation and Public Facilities, marine vessel operations, to implement the collective bargaining agreement with the International Organization of Masters, Mates, and Pilots, for the masters, mates, and pilots unit for the fiscal year ending June 30, 2009.

(g) The sum of $463,700 is appropriated from the general fund to the Department of Transportation and Public Facilities, marine vessel operations, to implement the collective bargaining agreement with the Marine Engineers' Beneficial Association, representing licensed engineers employed by the Alaska marine highway system, for the fiscal year ending June 30, 2009.

(h) Section 1, ch. 82, SLA 2006, page 91, lines 23 - 24, is amended to read:

	ALLOCATIONS
Petersburg: Airport Runway Safety Area **and Repaving** **Runway** (HD 2)	19,650,000

(i) The sum of $1,700,000 is appropriated from the Alaska capital income fund (AS 37.05.565) to the Department of Transportation and Public Facilities for emergency and

nonroutine repairs associated with the hillside slide at Mile 5, North Tongass Highway, in Ketchikan.

(j) The unexpended and unobligated balances, not to exceed $1,500,000, of the appropriations made in sec. 1, ch. 27, SLA 2008, page 39, line 10 (Department of Transportation and Public Facilities, administration and support - $40,992,100), sec. 1, ch. 27, SLA 2008, page 40, lines 12 - 13 (Department of Transportation and Public Facilities, design, engineering, and construction - $102,878,700), sec. 1, ch. 27, SLA 2008, page 40, line 32 (Department of Transportation and Public Facilities, state equipment fleet - $26,232,000), sec. 1, ch. 27, SLA 2008, page 41, lines 3 - 4 (Department of Transportation and Public Facilities, highways, aviation, and facilities - $141,887,200), sec. 1, ch. 27, SLA 2008, page 41, line 21 (Department of Transportation and Public Facilities, international airports - $71,143,100), and sec. 1, ch. 27, SLA 2008, page 42, line 9 (Department of Transportation and Public Facilities, marine highway system - $120,823,700) are reappropriated to the Department of Transportation and Public Facilities to pay the costs of removing snow from Anchorage sidewalks and to pay service agreements with the state equipment fleet, for the fiscal year ending June 30, 2009.

(k) Section 28(e), ch. 11, SLA 2008, is amended to read:

(e) The sum of $500,000 is appropriated from the general fund to the Department of Transportation and Public Facilities, central region support services, for costs related to Environmental Protection Agency enforcement actions and settlement costs, for the fiscal years ending June 30, 2008, [AND] June 30, 2009**, and June 30, 2010**.

(*l*) The sum of $4,250,000 is appropriated from the Alaska capital income fund (AS 37.05.565) to the Department of Transportation and Public Facilities for construction of a new Ketchikan airport ferry to replace the M/V Bob Ellis.

* **Sec. 14.** NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM. Section 38, ch. 29, SLA 2008, is amended to read:

Sec. 38. NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM. The amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) under 42 U.S.C. 6506a(*l*) or former 42 U.S.C. 6508 by August 31, 2008, estimated to be $5,300,000, is appropriated from

that fund to the Department of Commerce, Community, and Economic Development for capital project grants under the National Petroleum Reserve - Alaska impact grant program to the following municipalities in the amounts stated:

MUNICIPALITY	PROJECT	APPROPRIATION
North Slope Borough	Emergency operations center communication upgrades and response tools, equipment, supplies, and personal protective equipment for NPRA village fire departments	$ 317,000
North Slope Borough	Flight equipment, medical oxygen generator, equipment, vehicles, and supplies for search and rescue department	500,000
North Slope Borough	Arctic fox continuing study	**348,473** [402,000]
North Slope Borough	Police officers for NPRA impacted communities	274,000
City of Wainwright	Robert James Community Center heating fuel tank replacement	36,000
North Slope Borough	School counselors	300,000
City of Barrow	Piuraagvik Recreation Center facility addition design	1,300,000
City of Barrow	Public facilities operations and maintenance	985,000
North Slope Borough	Water tender	300,000
City of Atqasuk	Local government operations and youth center	238,000
City of Wainwright	Wainwright local government operations	188,000

City of Wainwright	Wainwright youth program	125,000
City of Nuiqsut	Local government operations and maintenance	285,000
City of Nuiqsut	Youth recreation	50,000

*** Sec. 15.** STATE DEBT AND OTHER OBLIGATIONS. (a) Section 27(*l*), ch. 27, SLA 2008, is amended to read:

(*l*) The sum of **$19,717,125** [$22,424,525] is appropriated from the general fund to the Department of Administration for the fiscal year ending June 30, 2009, for payment of obligations and fees for the following facilities:

FACILITY	ALLOCATION
(1) Anchorage Jail	$ 5,091,125
(2) **Goose Creek** [SPRING CREEK] Correctional Center	**14,626,000** [1,755,600]
[(3) YUKON KUSKOKWIM CORRECTIONAL CENTER	[951,800]
(4) POINT MACKENZIE CORRECTIONAL FARM]	[14,626,000]

(b) Section 27(n), ch. 27, SLA 2008, is amended to read:

(n) The sum of **$95,005,361** [$97,021,161] is appropriated to the Department of Education and Early Development for state aid for costs of school construction under AS 14.11.100 from the following sources:

Alaska debt retirement fund (AS 37.15.011)	**$71,005,361** [$73,621,161]
School fund (AS 43.50.140)	**24,000,000** [23,400,000]

(c) Section 27(g), ch. 27, SLA 2008, is amended to read:

(g) The sum of $50,027,400 is appropriated to the state bond committee for the fiscal year ending June 30, 2009, for payment of debt service and trustee fees on outstanding international airports revenue bonds from the following sources in the amounts stated:

SOURCE	AMOUNT

International Airports Revenue Fund		**$21,827,400**
(AS 37.15.430)		[$46,827,400]
Passenger facility charge		3,200,000
International Airports Construction Fund		**25,000,000**
(AS 37.15.420)		

(d) Section 14, ch. 29, SLA 2008, page 177, lines 12 - 15, is amended to read:

1027	International Airports Revenue Fund	**45,165,000**
		[20,165,000]
1061	Capital Improvement Project Receipts	400,000
1108	Statutory Designated Program Receipts	46,500,000
1112	International Airports Construction Fund	**3,577,055**
		[28,577,055]

*** Sec. 16.** RATIFICATIONS OF CERTAIN EXPENDITURES. (a) The expenditures by the Department of Natural Resources for fire suppression for the fiscal year ending June 30, 2008 (AR 37313-08 Fire General Fund), are ratified in the amount of $1,470,229.86.

(b) The following departmental expenditures made in fiscal years 2005, 2006, 2007, and 2008 are ratified to reverse the negative account balances in the Alaska state accounting system in the amount listed for the AR number. The appropriations from which these expenditures were actually paid are amended by increasing those appropriations by the amount listed, as follows:

Department of Corrections	
(1) AR 51299-06 Offender Tracking Information System System Development	$ 59,856.00
Department of Education and Early Development	
(2) AR 17722-07 Student and School Achievement	3,954.34
Department of Health and Social Services	
(3) AR 22729-05 Integrated Strategic Planning	710.00
(4) AR 22733-05 Transitions to Work	6.49
Department of Public Safety	
(5) AR 47180-08 Domestic Violence and Sexual Assault	29,544.44

Department of Transportation and Public Facilities

(6) AR 57538-06 Anchorage Airport Safety 9,773.65

(7) AR 68983-08 SHSGP Critical Infrastructure Upgrades 4,158.00

* **Sec. 17.** ALASKA CAPITAL INCOME FUND. (a) The unexpended and unobligated balances of the following appropriations are reappropriated to the Alaska capital income fund (AS 37.05.565):

(1) sec. 53(c), ch. 2, FSSLA 1999 (Department of Transportation and Public Facilities, state matching funds for federal-aid highway projects);

(2) sec. 1, ch. 82, SLA 2006, page 84, lines 23 - 24 (Anchorage, Hillcrest Bridge repairs - $192,600);

(3) sec. 13, ch. 29, SLA 2008, page 160, lines 13 - 14, and allocated on page 160, lines 32 - 33 (Yakutat, multi-purpose dock - $555,000);

(4) sec. 7, ch. 82, SLA 2006, page 128, lines 22 - 23 (Willow, Fishhook Road plowing - $41,000);

(5) sec. 1, ch. 82, SLA 2006, page 73, lines 31 - 33 (Department of Health and Social Services, ready to read, ready to learn program development - $250,000);

(6) sec. 1, ch. 82, SLA 2006, page 75, lines 11 - 12 (Department of Military and Veterans' Affairs, Alaska Military Youth Academy expansion - $7,500,000);

(7) sec. 7, ch. 82, SLA 2006, page 127, lines 26 - 28 (Department of Natural Resources, Juneau subport asbestos abatement - mental health trust settlement - $625,300);

(8) sec. 4, ch. 30, SLA 2007, page 94, lines 25 - 26 (Department of Health and Social Services, Anchorage Pioneers' Home safety upgrades - $25,000);

(9) sec. 1, ch. 82, SLA 2003, page 33, lines 9 - 11 (Department of Public Safety, Fairbanks Public Safety Building, indoor firing range lead removal - $66,000);

(10) sec. 82, ch. 100, SLA 1997, page 59, line 11, and allocated on page 59, lines 12 - 14, as amended by sec. 50(a)(22), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(11) sec. 131, ch. 139, SLA 1998, page 56, lines 17 - 18 (Department of Transportation and Public Facilities, federal emergency and contingency projects - $8,888,900);

(12) sec. 1, ch. 82, SLA 2006, page 84, line 33, through page 85, line 5

(Department of Transportation and Public Facilities, Clark Wolverine Road 0-1.6 base work, ditching and overlay pavement from Glenn Highway Up Hill - $150,000);

(13) sec. 20(b), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Thompson Pass refueling station - $150,000);

(14) sec. 1, ch. 3, FSSLA 2005, page 3, lines 29 - 30 (Department of Commerce, Community, and Economic Development, organization grants - $75,000);

(15) sec. 1, ch. 82, SLA 2006, page 65, lines 25 - 27 (Department of Education and Early Development, demolition and site restoration, Northern Lights School - $50,000);

(16) sec. 4, ch. 30, SLA 2007, page 89, lines 24 - 25 (Department of Education and Early Development, Pedro Bay old school demolition - $350,000);

(17) sec. 4, ch. 30, SLA 2007, page 98, lines 30 - 32 (Department of Natural Resources, Juneau subport abatement phase 2 - mental health trust settlement - $725,000);

(18) sec. 50(a)(34), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(19) sec. 100, ch. 2, FSSLA 1999, page 56, line 10, and allocated on page 56, lines 18 - 20 (Anchorage, New Seward Highway at Dimond Interchange capacity improvement - $5,095,086);

(20) sec. 100, ch. 2, FSSLA 1999, page 63, lines 18 - 19, and allocated on page 63, line 20, as amended by sec. 50(a)(34), ch. 30, SLA 2007 (Department of Transportation and Public Facilities, Nome warm storage building);

(21) sec. 100, ch. 2, FSSLA 1999, page 56, line 23, and allocated on page 56, lines 26 - 28 (Anchorage, Dowling Road reconstruction: Lake Otis Parkway to Old Seward Highway - $3,572,606);

(22) sec. 100, ch. 2, FSSLA 1999, page 56, line 23, and allocated on page 56, line 33, through page 57, line 3 (Anchorage, Old Seward Highway reconstruction - $12,641,530);

(23) sec. 100, ch. 2, FSSLA 1999, page 69, lines 29 - 30, and allocated on page 69, lines 31 - 32 (Department of Transportation and Public Facilities, National Highway System (NHS) state match - $22,602,059).

(b) The unexpended and unobligated balance, not to exceed $98,056, of the

appropriation made in sec. 60, ch. 3, FSSLA 2005, page 140, lines 24 - 26 (Alaska Gateway, Dot Lake School mechanical upgrade - $1,087,118) is reappropriated to the Alaska capital income fund (AS 37.05.565).

(c) The unexpended and unobligated balance, not to exceed $54,753, of the appropriation made in sec. 60, ch. 3, FSSLA 2005, page 142, lines 13 - 14 (Southeast Island, Thorne Bay house access ramp - $141,415) is reappropriated to the Alaska capital income fund (AS 37.05.565).

* **Sec. 18.** CONSTITUTIONAL BUDGET RESERVE FUND. (a) If the unrestricted state revenue available for appropriation in fiscal year 2009 is insufficient to cover general fund appropriations made for fiscal year 2009, the amount necessary to balance revenue and general fund appropriations is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the general fund.

(b) The appropriation made by (a) of this section is made under art. IX, sec. 17(c), Constitution of the State of Alaska.

* **Sec. 19.** CONTINGENCY. Sections 13(f) and 13(g) of this Act are contingent on ratification by the members of the respective collective bargaining unit of its collective bargaining agreement.

* **Sec. 20.** LAPSE OF APPROPRIATIONS. (a) The appropriations made by secs. 5, 6(a), 6(b), 6(c), 7(c), 7(d), 10, 13(a), 13(c), 13(i), and 13(*l*) of this Act are for capital projects and lapse under AS 37.25.020.

(b) The appropriations made by sec. 17 of this Act are for the capitalization of a fund and do not lapse.

(c) Section 11 of this Act lapses June 30, 2011.

(d) Section 13(e) of this Act lapses June 30, 2014.

* **Sec. 21.** RETROACTIVITY. Section 13(i) of this Act is retroactive to February 10, 2009.

* **Sec. 22.** Sections 8(a) - (d) of this Act take effect June 30, 2009.

* **Sec. 23.** Except as provided in sec. 22 of this Act, this Act takes effect April 19, 2009.

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		1	1	Administration	Office of the Commissioner	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(1,100.0)				(1,100.0)
		2	1	Administration	Personnel	Personnel Board investigations and support - contracts for legal services for complaints filed with the board	725.0				725.0
		3	1	Administration	Retirement and Benefits	This adjustment is necessary to properly allocate costs of the defined contribution plan, Tier 4, to the correct fund sources, per the fiscal note for Ch. 9, FSSLA2005 An Act relating to the teachers' and public employees' retirement systems and creating defined contribution and health reimbursement plans (SB 141).	(107.6)		154.1	120.0 PERS 34.1 TRS	46.5
		4	1	Administration	Retirement and Benefits	Funding is needed to conduct an analysis of how pending legislation might affect retirement systems of the State. Per AS 24.08.036, a cost analysis must be done for legislation that may affect retirement systems of the State before that legislation is reported to the Rules Committee. General Funds are requested so that no current pension trust funds are impacted.	50.0				50.0
		5	1	Administration	Group Health Insurance	The Division of Retirement and Benefits is preparing to re-bid the health benefits Third Party Administrator (TPA) contract and needs additional funding to have the healthcare consultant (Buck) help prepare information for the bid process, audit the performance of the current TPA contractor, and analyze the the long term care projections to determine if the State is carrying adequate reserves.			250.0	Group Health and Life Benefits Fund	250.0
		6	1	Administration	EPORS	Actual increased program retirement and health benefits	85.0				85.0
		7	1	Administration	Office of Public Advocacy	Authorization is needed to accept and spend two federal grants. The two grants are Court Appointed Special Advocate (CASA) program funds from the National CASA Program. One is for $31,000.00 and the other is for $1,949.00 for a total of $32,949.00. Both were awarded to the Office of Public Advocacy after the end of the last legislative session.		33.0			33.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		8	1	Administration	Public Defender Agency	Caseload and cost increases - For the 1st half of FY2009, the Public Defender Agency has experienced caseload growth in the following key areas: The Anchorage Criminal Section has experienced an 11% increase for all cases, a 30% increase in felony petitions to revoke probation, a 14% increase in misdemeanor cases, and a 70% increase in misdemeanor petitions to revoke probation. Fairbanks has experienced a 5% increase in felony cases and a 14% increase in juvenile delinquency cases. The Civil Section within the Public Defender Agency has experienced a 7% increase in all cases, a 15% increase in juvenile delinquency cases, and a 9% increase in civil commitment cases. The Palmer office has seen a 35% increase in Child in Need of Aid (CINA) cases. Multi-year trends show significant increases over the past five years and predict caseload increases for FY2009. Statewide closing rates, however, are below 100% for the most complex caseloads, which indicates an increase in workload due to the increasing complexity of casework and trial preparation.	1,000.0				1,000.0
		9	1	Administration	Motor Vehicles	Additional funding is needed to provide for the purchase of license plates, driver manuals, and license tabs. The plates, manuals and tabs were previously funded in the capital budget. When the budget was established in the operating budget, the division underestimated the annualized costs and the amount added was insufficient to cover the costs now being incurred. In addition, some materials costs have increased. It is critical that Division of Motor Vehicles not run out of these materials and have to stop issuing licenses and plates. The funding requested here is necessary to purchase sufficient stock and inventory for the remainder of FY2009.			562.8	Receipt Supported Services	562.8
		10	1	Commerce	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(80.0)				(80.0)
		11	1	Corrections	Office of the Commissioner	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(750.0)				(750.0)

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		12	1	Corrections	Inmate Health Care	The department is requesting a supplemental of $1,405.8 for increased inmate health care costs that includes fees-for-service, increased release medications for mentally ill inmates, and Inmate Health Care staff cost overages due to overtime for 24-hour medical coverage. $646.4 shortfall is projected in the in-state and out-of-state medical fees for service. The department is seeing an increase in chronic disease associated with diabetes, cancer, heart disease, surrounding health-related issues due to obesity, and health issues associated with care for geriatrics. $361.0 shortfall is projected for psychotropic drugs. As of September 2008, the department's Mental Health Unit began providing additional release medications to inmates with serious chronic mental illness as an interim measure until treatment begins with a community mental health provider. $398.4 shortfall is projected for overtime for 24-hour medical coverage; contractual nursing shortages; and the successful hiring of a Forensic Psychiatrist.	1,405.8				1,405.8
		13	1	Education	Executive Administration	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(270.0)				(270.0)
		14	1	Environ Cons	Office of the Commissioner	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(390.0)				(390.0)
		15	1	Fish and Game	Commercial Fisheries Special Projects	Transfer excess SDPR from Commercial Fisheries Special Projects to Administrative Services to cover indirect receipt costs The FY10 budget contains a corresponding transfer.			(145.0)	Statutory Designated Prgm. Rcpts.	(145.0)
		16	1	Fish and Game	Commercial Fisheries Special Projects	Transfer excess SDPR from Commercial Fisheries Special Projects to Fish and Game Boards and Advisory Committees to cover public information requests. The FY10 budget contains a corresponding transfer.			(6.0)	Statutory Designated Prgm. Rcpts.	(6.0)
		17	1	Fish and Game	Commercial Fisheries Special Projects	Transfer excess SDPR from Commercial Fisheries Special Projects to Habitat to cover the North Slope Borough Teshekpuk Lake Studies.			(22.0)	Statutory Designated Prgm. Rcpts.	(22.0)
		18	1	Fish and Game	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(1,000.0)				(1,000.0)
		19	1	Fish and Game	Administrative Services	Transfer excess SDPR from Commercial Fisheries Special Projects to Administrative Services to cover indirect receipt costs. The FY10 budget contains a corresponding transfer.			145.0	Statutory Designated Prgm. Rcpts.	145.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		20	1	Fish and Game	Fish and Game Boards and Advisory Committees	Transfer excess SDPR from Commercial Fisheries Special Projects to Fish and Game Boards and Advisory Committees to cover public information requests. The FY10 budget contains a corresponding transfer.			6.0	Statutory Designated Prgm. Rcpts.	6.0
		21	1	Fish and Game	Habitat	Transfer excess SDPR from Commercial Fisheries Special Projects to Habitat to cover the North Slope Borough Teshekpuk Lake Studies.			22.0	Statutory Designated Prgm. Rcpts.	22.0
		22	1	Governor	Unallocated Reduction	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(465.0)				(465.0)
		23	1	Governor	Executive Office	Transfer AGIA Coordinator PCN and funds to DNR (PCN 01-802X) $158.0 from personal services and $25.0 from travel.	(183.0)				(183.0)
		24	1	Health & Soc Svcs	Behavioral Health Medicaid	Reduce GF and federal authorizations based on current trends and projections.	(8,100.0)	(8,100.0)			(16,200.0)
		25	1	Health & Soc Svcs	Medicaid Services	Reduce GF due to reduction of RSA with Nursing due to recent determination of error in billing methodology. See related items in Nursing and Administrative Support Services. A corresponding FY10 budget amendment is likely.	(2,000.0)				(2,000.0)
		26	1	Health & Soc Svcs	Medicaid Services	Medicaid rate increase for physician services effective 1/1/09 tied to increased Medicare rates. Many of the reimbursements for services are going up as much as 20-30% instead of the usual 4-5%. The ten most frequently used procedures are increasing 27%. The department analyzed nearly 3,000 medical proccdure codes to determine the estimated cost impact.	6,000.0	6,000.0			12,000.0
		27	1	Health & Soc Svcs	Probation Services	Funds necessary for guard hires for escorts, travel for juveniles who are not Medicaid-eligible, psychiatric evaluations that are not Medicaid-eligible and other various court-ordered costs. Recipients of the funds are youth either in division custody or under court order to receive specified services. The department previously received legislative direction to bring these costs forward as supplementals rather than include them in the base budget.	250.0				250.0
		28	1	Health & Soc Svcs	Senior & Disabilities Medicaid Services	Reduce GF and federal authorizations based on current trends and projections.	(5,400.0)	(5,400.0)			(10,800.0)
		29	1	Health & Soc Svcs	Unallocated Reduction	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(4,760.0)				(4,760.0)

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		30	1	Health & Soc Svcs	Commissioner's Office	Interim management contract for Mary Conrad Center. The state suspended the license and assumed management of the facility on Dec 18, 2008. A plan of correction required by the federal Centers for Medicare and Medicaid Services has been developed to address the identified deficiencies. Implementation of that plan is directed by state staff working with a nursing consulting firm. These funds will be used to pay the nursing consulting firm as well as contracted security personnel. The current owners of the facility are trying to negotiate a sale of the facility and operations.	500.0				500.0
		31	1	Labor	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(330.0)				(330.0)
		32	1	Law	Deputy Attorney General's Office	Unplanned Legal Activity: Gasoline Pricing Investigation Public Records Polar Tanker Kensington Mine	849.0				849.0
		33	1	Law	Oil, Gas and Mining	Oil and Gas Projects The Department of Law has a number of major projects underway that will continue to require outside counsel and experts beyond the funding included in the base operating budget. The most noteworthy are the Pt. Thomson litigation, ongoing proceedings before the Federal Energy Regulatory Commission (FERC) on TransAlaska Pipeline Service (TAPS) tariffs issues, State of Alaska Assessment Review Board disputes and two major corporate income tax matters.	1,335.0				1,335.0
		34	1	Law	Statehood Defense	Endangered Species Act Litigation Unplanned legal activity for costs associated with assessing and protecting the State's interest related to actions taken by the federal government as they relate to the Endangered Species Act, specifically Polar Bears and Beluga Whales.	150.0				150.0
		35	1	Law	Office of the Attorney General	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(980.0)				(980.0)
		36	1	Military & Vets	Army Guard Facilities Maintenance	Increase federal authority for ongoing maintenance costs. There is a corresponding increase in the FY10 budget.		500.0			500.00

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		37	1	Military & Vets	Air Guard Facilities Maintenance	Increase federal authority for ongoing maintenance costs. There will likely be a corresponding FY10 budget amendment.		300.0			300.00
		38	1	Natural Resources	Commissioner's Office	Transfer AGIA Coordinator PCN and funds from Governor's Office (PCN 01-802X) $158.0 from personal services and $25.0 from travel.	183.0				183.0
		39	1	Natural Resources	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(1,240.0)				(1,240.0)
		40	1	Public Safety	Fire and Life Safety Operations	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	0.6				0.6
		41	1	Public Safety	Special Projects	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	1.7				1.7
		42	1	Public Safety	Alaska Bureau of Judicial Services	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	7.0				7.0
		43	1	Public Safety	Alaska Bureau of Judicial Services	An approved increase of $656.3 was inadvertently omitted from CCS HB 310. This supplemental corrects that error. The FY10 budget includes an increment for the same purpose.	656.3				656.3
		44	1	Public Safety	Prisoner Transportation	Increased transportation costs due to higher fuel and airline ticket costs.	300.0				300.0
		45	1	Public Safety	Narcotics Task Force	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	1.2				1.2
		46	1	Public Safety	Alaska State Trooper Detachments	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	19.8				19.8

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		47	1	Public Safety	Alaska State Trooper Detachments	Increased cost for dispatch services based on FY09 contracts.	208.3				208.3
		48	1	Public Safety	Alaska State Trooper Detachments	Increased vehicle costs.	139.8				139.8
		49	1	Public Safety	Alaska Bureau of Investigation	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	2.9				2.9
		50	1	Public Safety	Alaska Bureau of Alcohol and Drug Enforcement	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	1.1				1.1
		51	1	Public Safety	Alaska Bureau of Alcohol and Drug Enforcement	Increased vehicle costs.	6.4				6.4
		52	1	Public Safety	Alaska Wildlife Troopers	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	8.4				8.4
		53	1	Public Safety	Alaska Wildlife Troopers Aircraft Section	Increased risk management fees for aircraft.	318.8				318.8
		54	1	Public Safety	Alaska Wildlife Troopers Marine Enforcement	Increased risk management fees for vessels.	21.2				21.2
		55	1	Public Safety	Alaska Wildlife Troopers Investigations	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	0.7				0.7
		56	1	Public Safety	VPSO Contracts	The department has not been able to utilize the full VPSO Contract authority due to the inability of the grantees to hire VPSO's. Therefore, the department is reducing this amount to help fund other supplemental needs.	(1,100.0)				(1,100.0)

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		57	1	Public Safety	Training Academy	A $10/month/person uniform allowance is included in the current PSEA bargaining unit agreement. Unfortunately that monetary term was inadvertently omitted from the FY09 PSEA appropriation. The total cost to the department in FY09 is $44.1. There is a corresponding increase in the department's FY10 budget of $50.5.	0.7				0.7
		58	1	Revenue	ARM Board	Reduce the $300,000 one-time item for the estimated cost of an independent audit of the state's actuary. The actual cost of the audit contract is $135,000, so funding may be reduced.			(165.0)	(107.6) PERS (55.2) TRS (1.5) Jud Retire (0.7) Nat Guard Retire	(165.0)
		59	1	Revenue	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(390.0)				(390.0)
		60	1	Revenue	AHFC	Utility expenses have increased due to increased rates for energy costs. Now that AHFC is in HUD's Moving to Work agency status, there are sufficient federal resources to cover these expenses. There is a corresponding increase in the FY10 budget.		959.7			959.7
		61	1	Transportation	Commissioner's Office	Departments have implemented savings plans and this unallocated reduction will allow the commissioner to apply the reduction to the specific components in which the savings will be achieved.	(1,500.0)				(1,500.0)
		62	1	Transportation	International Airport Systems Office	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. This reduces the amount to be spent on a feasibility study and contract consulting fees. These services will be performed by the Controller and other AIAS staff.			(16.2)	International Airport Revenue Funds	(16.2)

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		63	1	Transportation	Measurement Standards and Commercial Vehicle Enforcement	Unified Carrier Registration Fees The Unified Carrier Registration (UCR) program requires individuals and companies that operate commercial motor vehicles in interstate or international commerce to register their business with a participating state and pay an annual fee based on the size of their fleet. FY09 was the first year Alaska participated in this program. Per the Federal Motor Carrier Safety Administration, these revenues may only be used for administration of the unified carrier fee system, motor carrier safety programs, or motor carrier enforcement programs.			150.0	Receipt Supported Services	150.0
		64	1	Transportation	Measurement Standards and Commercial Vehicle Enforcement	Permit Fee Increase Changes to 17 AAC 25 are in process to increase the amounts charged for oversize/overweight permits. Measurement Standards and Commercial Vehicle Enforcement anticipates the permit fee increase to be in place mid-March 2009. This will be an overall average increase of 23%. This increased Receipt Supported Service revenue will be used to fund the following: $16.4 - Increased State equipment Fleet costs. $55.0 - Computer Equipment Replacement Program/Equipment for new inspector position. $31.1 Capital Outlay - which includes the following: Metrology Laboratory Air Quality Study $14.9. Anchorage Prover Truck Conversion $16.2.			102.5	Receipt Supported Services	102.5
		65	1	Transportation	State Equipment Fleet	Credit Card Payments for Fuel The State Equipment Fleet (SEF) maintains contracts which allow a vehicle credit card to be used to purchase fuel and necessary consumables. These charges are paid by SEF and subsequently billed to executive branch state agencies.			400.0	HWCF	400.0
		66	1	Transportation	State Equipment Fleet	Increased Travel Costs Related to Airfare in and Around Alaska's Rural Areas Increase receipt authority to cover travel costs in support of rural airports and highways for the repair and preventative maintenance of vehicles and equipment.			149.0	HWCF	149.0
		67	1	Transportation	State Equipment Fleet	Increased Costs in Freight for Parts, Equipment and Vehicles Increased receipt authority to cover cost increases in freight (shipment of parts, commodities, vehicles and equipment around the state) and increased contractual costs for vendor supplied repairs or vehicle and equipment make-ready such as Trooper vehicle setups.			77.0	HWCF	77.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		68	1	Transportation	State Equipment Fleet	Increased Costs Related to Parts and Commodities Used in the Maintenance and Repair of Wheeled Assets Increase receipt authority to cover parts and commodities costs. The transportation sector has not seen the cost decreases that the average retail sector has. Commodities like oils and lubricants have not seen price reductions that mirror fuel prices. Bulk quantities were purchased early in the fiscal year when fuel prices were at their highest for shipment to rural locations statewide.			800.0	HWCF	800.0
		69	1	Transportation	Central Region Facilities	State Equipment Fleet Costs Over the past few years the operating and replacement rates of state vehicles has increased without a corresponding increase in budgets to the Facilities components. Older vehicles have remained in the fleet and repair costs have been incurred to maintain these vehicles. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs can no longer be absorbed in the operating budget.	54.8				54.8
		70	1	Transportation	Northern Region Facilities	State Equipment Fleet Costs Over the past few years the operating and replacement rates of state vehicles has increased without a corresponding increase in budgets to the Facilities components. Older vehicles have remained in the fleet to support full staffing and rotating schedules, and repair costs have been incurred to maintain these vehicles. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs can no longer be absorbed in the operating budget.	116.7				116.7

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		71	1	Transportation	Central Region Highways and Aviation	Anchorage Sidewalk Snow Removal Funding is requested to operate newly acquired sidewalk tractors throughout the winter to blow, plow, and sweep the snow from Anchorage sidewalks, bus stops, trails and pathways. The Federal Highway Administration (FHWA) has notified the department that all infrastructure built with FHWA federal funds must be appropriately maintained. That maintenance includes snow removal from sidewalks and other pathways. Failure to meet these requirements could jeopardize future surface transportation funds and require reimbursement of previously expended funds.	250.0				250.0
		72	1	Transportation	Central Region Highways and Aviation	Anchorage Snow Haul (Roads) Snowfall in Anchorage this winter has returned to the amount that used to be considered normal for the area. Including the heavy snowstorms over the holidays, the accumulation of snow plowed from the roads onto the shoulders and sidewalk areas reached the level that required hauling it away. To date, snow haul expenses have nearly exhausted the annual operating budget of $250. Supplemental funding of $250.0 will allow for one additional snow haul for the remainder of the winter. In addition to this funding request, an additional $31.5 in funding required to fully fund one additional snow haul has been requested as a reappropriation in sec. 14(b).	218.5				218.5
		73	1	Transportation	Central Region Highways and Aviation	Commodities Price Increases The increased cost for commodities has significantly impacted the operating budget for Central Region Maintenance and Operations. Competitive bids were completed last spring for delivery of commodities prior to winter maintenance needs. Purchases of sand and winter chemicals fall into this category. Similarly, competitive bids are completed during the fall for delivery of commodities prior to spring maintenance needs, such as paint for striping. Supplemental funding is needed for sand ($575.0), winter chemicals ($205.3) and paint ($334.0).	1,114.3				1,114.3

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		74	1	Transportation	Central Region Highways and Aviation	State Equipment Fleet Costs Older equipment and vehicles have remained in the fleet and repair costs have been incurred for maintenance and repairs. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs cannot be absorbed in the operating budget.	284.8				284.8
		75	1	Transportation	Northern Region Highways and Aviation	Legal Costs for Material Site Lawsuits Due to ongoing lawsuits filed by one of the regional native corporations for supposed infringement on their land and rights of way, the department has incurred excessive costs this year for Department of Law attorneys. None of the three lawsuits filed have yet gone to court so the total cost is unknown at this time. Additional funding for $150.0 is based on the amount expended to date for attorneys and expert witnesses.	150.0				150.0
		76	1	Transportation	Northern Region Highways and Aviation	State Equipment Fleet Costs Older equipment and vehicles have remained in the fleet and repair costs have been incurred for maintenance and repairs. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs cannot be absorbed in the operating budget.	554.0				554.0
		77	1	Transportation	Southeast Region Highways and Aviation	State Equipment Fleet Costs Older equipment and vehicles have remained in the fleet and repair costs have been incurred for maintenance and repairs. Certain services, such as repairing damage from accidents, is a billable service and not part of operating rates established by the State Equipment Fleet (SEF). The accumulation of additional costs cannot be absorbed in the operating budget.	241.4				241.4

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		78	1	Transportation	Anchorage Airport Administration	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce contractual services for Anchorage Airport Administration. Public relations, cargo, passenger marketing services and capital improvement project support contracts were all reduced.			(281.0)	International Airport Revenue Funds	(281.0)
		79	1	Transportation	Anchorage Airport Facilities	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce contractual services for Anchorage Airport Facilities. A maintenance contract was cancelled in FY07 and those services were provided from newly created maintenance positions as well as individual contracts for services (such as window washing). These changes resulted in cost savings that are included in this reduction.			(800.0)	International Airport Revenue Funds	(800.0)

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		80	1	Transportation	Anchorage Airport Field and Equipment Maintenance	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce Anchorage Airport Field and Equipment Maintenance snow removal services contract and equipment rentals. Snow removal will be for priority areas only. Lease agreements will be reviewed to ensure tenants provide their own snow removal and do not request services from the Anchorage Airport. Only priority equipment rentals will be approved (loaders, other large equipment).			(400.0)	International Airport Revenue Funds	(400.0)
		81	1	Transportation	Anchorage Airport Operations	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce Anchorage Airport Operations contractual services, commodity and equipment budget. Priority only items will be approved. A reduction in contractual services will reduce the contract for airport parking services.			(80.0)	International Airport Revenue Funds	(80.0)

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		82	1	Transportation	Anchorage Airport Safety	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Reduce Anchorage Airport Safety contract for unarmed security at the Anchorage Airport. The coverage previously provided will be monitored using current on duty Police and Fire Officers as well as other contracted unarmed guards.			(254.0)	International Airport Revenue Funds	(254.0)
		83	1	Transportation	Fairbanks Airport Field and Equipment Maintenance	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Delete funding for a full-time equipment operator position, PCN 25-2997. This position is no longer needed and will be transferred to Statewide Aviation where it will be reclassified to an Administrative Assistant II. In addition, a time status change for PCN 25-2992, Equipment Operator Journey from full-time to part-time seasonal has been implemented to better focus staffing resources on airfield snow and ice removal during the winter. These actions were also taken as part of the FY10 Governor's budget.			(157.4)	International Airport Revenue Funds	(157.4)

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		84	1	Transportation	Fairbanks Airport Operations	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Funding for PCN 25-3367, Engineering Assistant II, can be deleted. PCN 25-3367 was transferred without funding to Statewide Aviation as part of the FY10 Governor's budget to be utilized as a Transportation Planner I. In additon, PCN 25-2999 was reclassified from an Operations Superintendent to an Operations Officer.			(117.0)	International Airport Revenue Funds	(117.0)
		85	1	Transportation	Fairbanks Airport Safety	Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment In response to a multitude of requests for economic relief from airline carriers, the Commissioner and Deputy Commissioner directed the Alaska International Airport System (AIAS) to implement certain operating and capital cost reductions to stabilize rates and fees. This response was in recognition of the deterioration of the economic operating environment in which AIAS customers operate. Delete funding for a part-time Radio Dispatcher II, PCN 25-3471. With a decrease in airport activity, the transfer of this PCN without funding to Statewide Aviation and the deletion of funding for this position will have little impact on the Fairbanks Airport. This action was taken as part of the FY10 Governor's Budget.			(47.3)	International Airport Revenue Funds	(47.3)
		86	1	University	Statewide Services	Catastrophic Workers' Compensation Claims The University of Alaska is responsible for the first $300.0 of self insured claims and is requesting a supplemental to cover two catastrophic workers' compensation claims which have been paid in excess of that amount. Claim #2000179 has been paid $1,021.2 to date, and Claim #2005056 has been paid $325.0 to date. The amount exceeding $300.0 for each claim is $721.2 for Claim # 2000179 and $25.0 for Claim #2005056.	746.2				746.2

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		87	1	University	Multiple Campuses	Utility Cost Increase UA continues to make improvements to its facilities designed to improve energy efficiencies, thus reducing energy consumption. Unfortunately, most campuses continue to see utility cost increases due mostly to utility provider rate increases and colder than usual temperatures. For example, Anchorage and Mat-Su campuses are expecting a 22% natural gas increase and UAF rural sites are still being impacted by last year's high fuel/heating oil costs. UA's funding distribution is as follows: Statewide Services $ (28.6) Anchorage Campus 287.0 Kenai Peninsula College 34.1 Kodiak College 92.0 Mat-Su College 38.6 Prince William Sound CC 40.1 Fairbanks Campus 610.4 Bristol Bay Campus 29.5 Chukchi Campus 12.3 Interior-Aleutians Campus 17.3 Kuskokwim Campus 105.3 Northwest Campus 17.2 Juneau Campus 34.4 Ketchikan Campus (11.3) Sitka Campus (6.3)	1,272.0				1,272.0
		88	1	Courts	Trial Courts	Utilities and Service Contracts Shortfall A corresponding increase for $725.0 is in the FY10 budget.	390.0				390.0
		89	1	Courts	Judical Conduct	Funds are needed for Special Counsel Attorneys fees from formal disciplinary proceedings that are in excess of the budget for this type of expenditure.	33.2				33.2
		90	2			Sets out the funding by agency for the appropriations in sec. 1.					0.0
		91	3	Capital	Commerce	Banking and Securities Management System This project was submitted in the FY2010 Governor's Capital Budget, as a Governor's Office Information Technology project, reference number 47010 but a supplemental is needed now because of system failure. An amendment to the FY2010 budget will be submitted to remove this project.			890.0	Receipt Supported Services	890.0
		92	3	Capital	Commerce	Secretary of State Knowledge Base (SOSKB) System Replacement The department is very concerned about the continued viability of the Division of Corporations, Business and Professional Licensing's information technology system and cannot afford to operate without it.			630.0	Blic Rcpts	630.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		93	3	Capital	Fish and Game	Cooperative Resource Program This program allows Habitat to accept funds from the private sector to pass through to the U.S. Geological Survey (USGS), as part of a funding agreement for cooperative water resource programs. Funds passed to the federal agency can then be matched up to 100% by the federal government.			55.0	Statutory Designated Prgm. Rcpts.	55.0
		94	3	Capital	Military & Vets	Alaska Military Youth Academy Infrastructure Project Improvements Unanticipated funding from a Department of Defense Appropriations Act, 2009 earmark for Camp Carroll Challenge Infrastructure Improvements will be used for health, safety and code compliance issues, including bringing plumbing up to code in various buildings, including dorms; replacing outdated washers and dryers; replacing outdated kitchen equipment, and upgrading information technology and management connectivity.		2,470.0			2,470.0
		95	3	Capital	Natural Resources	Transfer the capital project, State Parks Deferred Maintenance and Emergency Repairs, from the FY10 capital budget to the supplemental to allow for an earlier start date.	6,000.0			Cruise Ship Gambling Tax	6,000.0
		96	3	Capital	Transportation	**Airport Improvement Program Appropriation $64,590,000**					0.0
		97	3	Capital	Transportation	Bethel: Airport Parallel Runway and Other Improvements This is a new FY2009 project. Complete parallel runway, expand runway 18-36 safety area; rehabilitate south end of runway 18-36 pavement surface; expand old General Aviation (GA) apron as a new air taxi/cargo apron; expand the existing north air taxi apron and widen the air taxi access road and cul-de-sac.		4,000.0			4,000.0
		98	3	Capital	Transportation	Dillingham: 3 Bay Chemical Storage Building This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 162, line 25), increasing the FY2009 allocation to $1,500,000. Construct a new heated facility with concrete floor and new 20,000 gallon E-36 storage tanks. The engineers estimate has been revised and advertising of the project is expected in the spring.		500.0			500.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		99	3	Capital	Transportation	Fairbanks International Airport: Runway 1L-19R Reconstruction This is a new FY2009 project. Funding to complete the reconstruction of 1L-19R, including replacement of the runway pavement structure, reconstruction of airfield lighting systems as necessary to accommodate pavement replacement, drainage modifications, safety area upgrades, pavement marking, and pavement grooving.		17,337.5	912.5	International Airport Construction Funds	18,250.0
		100	3	Capital	Transportation	Fort Yukon: Airport Improvements This is a new FY2009 project. Resurface and include a dust palliative on the apron, taxiway and runway at the Fort Yukon Airport. Correct drainage problems, clear overgrown vegetation, and complete other improvements as funding allows. This request reflects an update to the engineer's estimate.		3,500.0			3,500.0
		101	3	Capital	Transportation	Fort Yukon: Snow Removal Equipment Building This is a new FY2009 project. Construct a new snow removal equipment building at Fort Yukon Airport to include a building pad with surfacing and drainage improvements. The City of Fort Yukon has been under a yearly contract to maintain the airport. However, they have advised the department that they are not interested in contracting to perform airport maintenance for more than an additional year or so. Consequently, the department needs to acquire maintenance equipment and construct a snow removal equipment building to house it, in accordance with Federal Aviation Administration (FAA) regulations.		1,500.0			1,500.0
		102	3	Capital	Transportation	Iliamna: Snow Removal Equipment / Sand and Chemical Storage / Office Building This is a new FY2009 project. Construct a 4-bay Maintenance and Operating building to provide inside heated storage for an expanded equipment fleet, sand and urea storage, as well as an office, training room and bathroom facilities. This project will add two equipment storage bays with a minimum of 22 foot door openings. It will also add a bay for storing approximately 400 cubic yards of sand and 50 tons of urea. It will add additional space for an office area, a training room, and a bathroom facility complete with a shower.		1,000.0			1,000.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		103	3	Capital	Transportation	Petersburg: Airport Runway Safety Area This is a new FY2009 project. This project consists of the design and construction of an expanded Runway Safety Area, shifting the existing runway, replacing undersized culverts, relocating navigation aids, and other required work. It also includes the acquisition of additional property adjacent to the airport in order to protect Runway Protection Zones from incompatible land uses.		26,000.0			26,000.0
		104	3	Capital	Transportation	Savoonga: Airport Improvements This is a new FY2009 project. This is the second stage for rehabilitating the Savoonga Airport. The work includes resurfacing the runway, taxiway, apron and airport access road, applying a dust palliative to the operating surfaces and replacing the lighting system. The taxiway will be realigned to meet geometric standards.		4,840.0			4,840.0
		105	3	Capital	Transportation	Takotna: Airport Relocation This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 164, line 16), increasing the FY2009 allocation to $10,500,000. Relocate the airport to a new location about a mile east of the village. This will include acquiring property and constructing the following to current standards: new runway, taxiway, apron, airport lighting and visual aids, snow removal equipment building and an airport access road.		5,000.0			5,000.0
		106	3	Capital	Transportation	**Surface Transportation Program Appropriation $15,750,000**					0.0
		107	3	Capital	Transportation	Chena Hot Springs Road: Milepost 24 to 56 Rehabilitation This is a new FY2009 project. The project consists of 32 miles of roadway reconditioning and paving with 1.5" of hot mix asphalt. The work includes bridge seismic retrofits and upgrading traffic signs, guardrail, striping, and approaches.		1,430.0			1,430.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		108	3	Capital	Transportation	Ester Weigh Station Scale Replacement This is a new FY2009 project. Replace the scale at the Ester weigh station and return it to service. The Ester Weigh Scale has currently been removed from service due to inaccuracies in its measurements. The steel scale deck support system and steel scale mechanisms have deteriorated beyond the point of reasonable repair. The extensive corrosion present is almost certainly a direct cause of the recent loss of accuracy of the scale system.		120.0			120.0
		109	3	Capital	Transportation	Kotzebue: Shore Avenue Rehabilitation and Erosion Protection This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 170, line 3), increasing the FY2009 allocation to $20,590,000. This project was originally requested as an FY2010 project. A corresponding decrement for FY2010 will be submitted as a budget amendment. Reconstruct Shore Avenue from Lake Street, through the primary commercial area of Kotzebue, approximately 4,400 feet to the end of the road at Crowley Dock. Shore Avenue will be paved, new sidewalks, a pathway, parallel parking, an open space on the seaward side, and an erosion protection revetment on the seaside.		14,200.0			14,200.0
		110	4			Sets out the funding by agency for the appropriations in sec. 1.					0.0
		111	5			Summarizes by fund source the funding for the appropriations in secs. 1 and 3.					0.0
		112	6	Administration	AOGCC	Extend lapse date of AOGCC appropriation for reservoir depletion studies, sec. 61(d), ch. 30, SLA 2007, as amended by sec. 34(a), ch. 29, SLA 2008, from June 30, 2009 to June 30, 2010. The estimated carryforward amount is $1.4 million.					0.0
		113	7(a)	Education	ACPE - Program Administration & Operations	Extend lapse date from June 30, 2009 to June 30, 2011 for the Mental Health Employee Loan Repayment Program, which is appropriated and allocated in sec 1, ch. 28, SLA 2008, page 2, line 31 - page 3, lines 3 - 5. This program makes payments on participant education loans over eight quarters. The lapse extension is necessary to be able to make payments for the entire period.					0.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		114	7(b)-(c)	Capital	Education	Increase the FY09 appropriation and allocation for the Maudry J. Sommers K-12 School Major Maintenance project. When HB 373, now ch. 107, SLA 2008, passed last year, the participating share amounts for some districts were revised and funds were appropriated in sec. 61(b), ch. 29, SLA 2008, page 220 and 221, to those districts whose amounts were lowered. Tanana City School District should have received a similar adjustment to make up the difference between a 5% and 10% participating share.	392.5				392.5
		115	7(d)	Capital	Education	Repeal the $98,056 balance of the appropriation made in sec. 60, ch. 3, FSSLA 2005, page 140, line 24, for Alaska Gateway - Dot Lake School Mechanical Upgrade. In section 14(d) the funds are reappropriated to the Department of Transportation and Public Facilities, Southeast Region Highways and Aviation, for the purchase of required safety equipment at rural airports.	(98.1)				(98.1)
		116	7(d)	Capital	Education	Repeal the $54,753 balance of the appropriation made in sec. 60, ch. 3, FSSLA 2005, page 142, line 13, for Southeast Island - Thorne Bay House Access Ramp. In section 14(m) the funds are reappropriated to the Department of Transportation and Public Facilities, Alaska Marine Highway System for vessel and terminal overhaul and rehabilitation.	(54.8)				(54.8)
		117	7(e)	Education	School Performance Incentive program	Based on prior year trends, the department believes that only $2.5 million will be needed for this program in FY09, freeing up $2.3 million.	(2,300.0)				(2,300.0)
		118	7(f)	Education	School Performance Incentive program	This subsection appropriates the amount necessary if the $2.5 million left in the appropriation is insufficient to make the payments.					0.0
		119	8	Capital	Environmental Cons	Transfer the balance of $208,578 AHFC Dividend and $625,800 Federal funds from Tununak Flush Tank and Haul, and Washeteria Project (ED 38), made in sec. 1, ch. 135, SLA 2000, page 10, line 30, to a new Village Safe Water Study, Design and Construction Projects allocation.		(625.8)	(208.6)	AHFC Dividend	(834.4)
		120	8	Capital	Environmental Cons	New allocation:Village Safe Water Study, Design and Construction Projects $834,387 - Sec. 1, Ch. 135, SLA 2000. This supplemental is needed to meet federal funding agency requirements and to ensure that federal funds for water and sewer improvements throughout the state are retained.		625.8	208.6	AHFC Dividend	834.4

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		121	9(a)	Health & Soc Svcs	Medicaid Services	Payment Error Rate Measurement (PERM) is a new, ongoing federal audit program. If the PERM audits find that providers have been overpaid, the federal funds must be reimbursed to CMS within a very short period of time. We anticipate getting the audit findings in April or May and have to report them in the quarter ending June 2009. This is our best estimate of potential overpayments for all Medicaid direct service components.	450.0		50.0	Statutory Designated Prgm. Rcpts.	500.0
		122	9(b)	Capital	Health & Soc Svcs	Amend the appropriation made in sec. 13, ch. 29, SLA 20089, page 149, lines 24 - 27 for the McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1, by replacing GF with $303.5 of unappropriated NTSC Bond Proceeds and $14,000.0 of Miscellaneous Earnings from NTSC Bonds.	(15,469.9)		14,303.5	303.5 NTSC Bonds 14,000.0 Misc Earnings (from NTSC Bonds)	(1,166.4)
		123	9(c)	Capital	Transportation	Reappropriate the unexpended and unobligated balance of $944,400 of the appropriation made in sec. 4, ch. 82, SLA 2006, page 120, lines 32 - 33 for Wik Road Improvements to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			(944.4)	NTSC Bonds	(944.4)
		124	9(c)	Capital	Health & Soc Svcs	Reappropriate the unexpended and unobligated balance of $944,400 of the appropriation made in sec. 4, ch. 82, SLA 2006, page 120, lines 32 - 33 for Wik Road Improvements to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			944.4	NTSC Bonds	944.4
		125	9(d)	Capital	Education	Reappropriate the unexpended and unobligated balance of $222,022 of the appropriation made in sec.1(a), ch. 131, SLA 2000, page 2, line 9, for Kashunamiut - Chevak School Replacement to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			(222.0)	NTSC Bonds	(222.0)
		126	9(d)	Capital	Health & Soc Svcs	Reappropriate the unexpended and unobligated balance of $222,022 of the appropriation made in sec.1(a), ch. 131, SLA 2000, page 2, line 9, for Kashunamiut - Chevak School Replacement to the Department of Health and Social Services, McLaughlin Youth Center Renovation to Meet Safety and Security Needs, Phase 1.			222.0	NTSC Bonds	222.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		127	9(e)	Capital	Health & Soc Svcs	Amend the appropriation made in sec. 4, ch. 29, SLA 2007, page 13, lines 10 - 14, by changing the project's name by deleting "Eklutna" from the title: "MH Southcentral Foundation [EKLUTNA] Residential Psychiatric Treatment Center - Match for Bring the Kids Home" in order to expand the locations that can be considered for the center.					0.0
		128	9(f)	Health & Soc Svcs	Foster Care Special Needs	Miscellaneous claim for denied Medicaid billing from Providence Medical Center in FY06. A child in foster care with an emergency medical condition was hospitalized for surgery and recovery. The foster parents realized they would not be able to deal with the child's medical needs, so the child stayed in the hospital until a specialized foster home placement could be found. The department was notified of the unpaid bill in August 2008. The exact amount of the invoice is $217,603.41.	217.6				217.6
		129	9(g)	Health & Soc Svcs	Probation Services	Miscellaneous Claim in the amount of $298.75 from FY06. The invoice from the Bristol Bay Area Health Corporation was not received until June 2008.	0.3				0.3
		130	9(h)	Health & Soc Svcs	Alaska Pioneer Homes	Pioneer Homes have been collecting more revenues than projected from the residents' own resources, enabling them to reduce GF and increase RSS to stay authorization-neutral. They do not think there will be an effect on the FY10 budget since this revenue stream varies from year to year.	(740.0)		740.0	Receipt Supported Services	0.0
		131	9(i)	Health & Soc Svcs	Children's Services: Children's Services Management	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Front Line Social Workers, Information Technology and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	165.0		(165.0)	I/A Receipts	0.0
		132	9(i)	Health & Soc Svcs	Children's Services: Front Line Social Workers	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Children's Services Management, Information Technology and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	955.3		(955.3)	I/A Receipts	0.0
		133	9(j)	Health & Soc Svcs	Public Health: Nursing	Increase GF due to reduction of RSA with Medicaid Services due to recent determination of error in billing methodology related to Nursing. See related items in Medicaid Services and Nursing. A corresponding FY10 budget amendment is likely.	4,000.0		(4,000.0)	I/A Receipts	0.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		134	9(j)	Health & Soc Svcs	Public Health: Women, Children and Family Health	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Children's Services Management, Front Line Social Workers and Information Technology. A corresponding FY10 budget amendment is likely.	347.8		(347.8)	I/A Receipts	0.0
		135	9(k)	Health & Soc Svcs	Dept. Support Services: Administrative Support Services	Increase GF due to reduction of RSA with Medicaid Services due to recent determination of error in billing methodology related to Nursing. See related items in Medicaid Services and Nursing. A corresponding FY10 budget amendment is likely.	800.0	(800.0)			0.0
		136	9(k)	Health & Soc Svcs	Dept. Support Services: Administrative Support Services	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Children's Services Management, Front Line Social Workers, Information Technology and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	431.5		(431.5)	I/A Receipts	0.0
		137	9(k)	Health & Soc Svcs	Dept. Support Services: Information Technology	Increase GF due to identified problems with School Based Claims process and resulting reduction in achievable revenues. See related items in Administrative Support Services, Children's Services Management, Front Line Social Workers and Women, Children and Family Health. A corresponding FY10 budget amendment is likely.	216.5		(216.5)	I/A Receipts	0.0
		138	9(l)-(o)	Health & Soc Svcs		Reflects fund source changes from sec. 9(h)-(k)					0.0
		139	10	Labor	Commissioner's Office	The $850.0 fiscal note for ch. 22, SLA 2007 (HB 177, AGIA) was appropriated in sec. 2, ch. 28, SLA 2007, page 44, line 22. Sec 34(e), Ch 29, SLA 2008, Pg 210, Ln 22 extended the lapse date to June 30, 2009. The department will not spend the entire amount in FY09, therefore they request that the lapse date be extended through June 30, 2010 in order to complete the work with the estimated balance of $325.0.					0.0
		140	11(a)	Law	Deputy Attorney General's Office	Judgments and Settlements The actual amount of the FY2009 Judgments and Settlements that are finalized as of February 2, 2009 is $90,061.64.	90.1				90.1
		141	11(b)	Law	Deputy Attorney General's Office	Judgments and Settlements Language The amount necessary to pay judgments awarded against the state on or before June 30, 2009, is appropriated from the general fund to the Department of Law, civil division, deputy attorney general's office, for the purpose of paying judgments against the state for the fiscal year ending June 30, 2009.					0.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		142	11(c)	Law	Second Judicial District	Extend the lapse date for the Sexual Assault/Domestic Violence Federal Earmark, made in sec. 27(d), ch. 11, SLA 2008, page 104, line 29 (SB 256), from June 30, 2009 to June 30, 2010 Further extending the lapse date to June 30, 2010 will enable the department to continue to fund additional attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases. It is estimated that approximately $89,700 would be available to carry forward.					0.0
		143	11(c)	Law	Third Judicial District: Anchorage	Extend the lapse date for the Sexual Assault/Domestic Violence Federal Earmark, made in sec. 27(d), ch. 11, SLA 2008, page 104, line 30 (SB 256), from June 30, 2009 to June 30, 2010 Further extending the lapse date to June 30, 2010 will enable the department to continue to fund additional attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases. It is estimated that approximately $149,000 would be available to carry forward.					0.0
		144	11(c)	Law	Fourth Judicial District	Extend the lapse date for the Sexual Assault/Domestic Violence Federal Earmark, made in sec. 27(d), ch. 11, SLA 2008, page 104, line 31 (SB 256), from June 30, 2009 to June 30, 2010 Further extending the lapse date to June 30, 2010 will enable the department to continue to fund additional attorneys and paralegals in Bethel, Barrow and Anchorage to aid in the prosecution of domestic violence as well as adult and child sexual assault cases. It is estimated that approximately $407,900 would be available to carry forward.					0.0
		145	11(d)	Law	BP Corrosion	Extend the lapse date for the BPXA Corrosion Litigation appropriation made in sec. 1, ch. 27, SLA 2008, page 31, line 20, from June 30, 2009 to June 30, 2010 Further extending the lapse date to June 30, 2010 will enable the department to pursue claims for penalties and lost revenues for the 2006 Prudhoe Bay pipeline spills and production shutdowns. It is estimated that approximately $1,900,000 would be available to carry forward.					0.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		146	12	Natural Resources	Oil & Gas	Extend lapse date on sec. 24(p), ch. 159, SLA 2004 Gasline Right of Way and Application from June 30, 2009 to June 30, 2011. Due to the number of projects under development and the work involved with right of ways and associated permitting there is huge demand for work not covered by the companies involved: ANGDA, ENSTAR, Denali and TransCanada. The estimated carryforward is $2,965,800.					0.0
		147	13(a)	Revenue	Resource Rebate	Extend lapse date from June 30, 2009 to June 30, 2010 for the Alaska Resource Rebate Program, appropriated in sec.1(b), ch. 1, 4SSLA 2008, in order to finalize determinations for approximately 10,000 applicants in some stage of having their eligibility determined, already denied but not yet appealed, or in appeal status.					0.0
		148	13(b)-(c)	Revenue	AHFC	Fund source change from corporate receipts to federal, mostly in personal services. Now that AHFC is in HUD's Moving to Work agency status, there are sufficient federal resources to cover these expenses. There is a corresponding increase in the FY10 budget.		674.3	(674.3)	AHFC Rcpts	0.0
		149	13(d)	Revenue	ARM Board	Implementation of cost allocation plan wherein FY09 is based on FY07 net asset values that realized a large increase in value of the funds under management. This is compounded by prior year allocations that were a flat amount and may not have charged benefit systems their full fair share, as well as an increase in the number of participants. Plus, ARM Board is managing additional new investment options for participants (SBS, deferred comp). The FY10 budget contains a corresponding increase of $249.0 relating to investment options and it is likely that an FY10 budget amendment will also be proposed.				890.0 Benefit Systems Rcpts (700.0) PERS (190.0) TRS	0.0
		150	14(a)	Capital	Transportation	Mission Road (Kodiak Island) - Upgrade and Repair This amends an existing FY2009 project (sec. 13, Ch 29, SLA 2008, page 159, line 14), increasing the FY2009 appropriation to $782,600. Additional funding is being requested to cover costs for the project because the low bid came in higher than expected. Project work was initiated during the fall of 2008 and will resume in the spring of 2009 and is scheduled for completion mid-summer of 2009.	207.6				207.6

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		151	14(a)(1)	Capital	Transportation	The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 82, SLA 2006, page 84, line 23 (Anchorage: Hillcrest Bridge Repairs - $192,600) is reappropriated to the Department of Transportation and Public Facilities, Mission Road (Kodiak Island) – Upgrade and Repair. The bridge repairs have been completed and the trucking company's insurance covered the cost.	(192.6)				(192.6)
		152	14(a)(2)	Capital	Transportation	The unexpended and unobligated balance, not to exceed $15,000, of the appropriation made in sec. 7, ch. 82, SLA 2006, page 128, line 22 (Willow - Fishhook Road Plowing - $41,000) is reappropriated to the Department of Transportation and Public Facilities, Mission Road (Kodiak Island) – Upgrade and Repair.	(15.0)				(15.0)
		153	14(b)	Transportation	Central Region Highways and Aviation	Anchorage Snow Haul (Roads) Snowfall in Anchorage this winter has returned to the amount that used to be considered normal for the area. Including the heavy snowstorms over the holidays, the accumulation of snow plowed from the roads onto the shoulders and sidewalk areas reached the level that required hauling it away. To date, snow haul expenses have nearly exhausted the annual operating budget of $250. Supplemental funding of $250.0 will allow for one additional snow haul for the remainder of the winter. With the appropriation made in sec. 1, the department will have funds for one additional snow haul.	31.5				31.5
		154	14(b)(1)	Capital	Transportation	The unexpended and unobligated balance of the appropriation made in sec. 13, ch. 29, SLA08, page 16, line 13 and allocated on page 160, line 32 (Yakutat Multi-Purpose Dock - $555,000) is reappropriated to the Department of Transportation and Public Facilities, Central region Highways and Aviation for Anchorage snow haul costs.	(5.5)				(5.5)
		155	14(b)(2)	Capital	Transportation	The unexpended and unobligated balance, not to exceed $26,000, of the appropriation made in sec. 7, ch. 82, SLA 2006, page 128, lines 22 - 23 (Willow - Fishhook Road Plowing - $41,000), is reappropriated to the Department of Transportation and Public Facilities, Central Region Highways and Aviation for Anchorage snow haul costs.	(26.0)				(26.0)

4501

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		156	14(c)	Capital	Transportation	Alaska Railroad Crossing Maintenance and Operations Agreement The Alaska Railroad Corporation (ARRC) issued the Alaska Department of Transportation (ADOT) a "blanket permit" for the placement of ADOT facilities (roads, road crossings, pathways, etc.) on ARRC property about twenty years ago. Through this permit, ADOT is obligated to reimburse the ARRC for its work on the highway/railroad crossing surfaces. This request is necessary to reimburse ARRC for work performed under this permit as follows: Pittman Road 2/4/06 to 5/07 $180.2 Seward Highway (Lawing) 4/21/07 to 9/07 $398.9 Girdwood Toadstool 9/8/07 to 12/07 $146.7 Whittier Tunnel Original Construction 6/1/02 to 12/31/02 $92.6 Whittier Tunnel Monthly Billings for Signal Trouble Calls 1/01/04 to 3/31/08 $230.2	1,048.7				1,048.7

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		157	14(c)(1-17)	Capital	Transportation	The unexpended and unobligated balances on June 30, 2009, of projects identified in the Department of Transportation and Public Facilities' January 2009 Capital Project Status Report are reappropriated to the Department of Transportation and Public Facilities for the construction and maintenance of Alaska Railroad Corporation crossings on state roads. Project citations are as follows; (1) sec. 53, ch. 120, SLA 1980, page 91, line 14, and allocated on page 91, line 15 (2) sec. 163, ch. 96, SLA 1991, page 42, line 9 (3) sec. 152, ch. 5, FSSLA 1992, page 41, line 21 (4) sec. 152, ch. 5, FSSLA 1992, page 41, line 22 (5) sec. 19, ch. 79, SLA 1993, page 20, line 30 (6) sec. 10, ch. 4, FSSLA 1994, page 12, line 29, and allocated on page 13, line 33 (7) sec. 9, ch. 103, SLA 1995, page 3, line 16 (8) sec. 84, ch. 103, SLA 1995, page 21, line 26 (9) sec. 135, ch. 103, SLA 1995, page 40, line 34, and allocated on page 41, line 11 (10) sec. 135, ch. 103, SLA 1995, page 40, line 34, and allocated on page 41, line 14 (11) sec. 100, ch. 123, SLA 1996, page 58, line 30, and allocated on page 58, line 31 (12) sec. 100, ch. 123, SLA 1996, page 58, line 30, and allocated on page 59, line 4 (13) sec. 46, ch. 100, SLA 1997, page 24, line 19 (14) sec. 46, ch. 100, SLA 1997, page 24, line 20 (15) sec. 82, ch. 100, SLA 1997, page 58, line 8, and allocated on page 58, line 9	(1,048.7)				(1,048.7)
		158	14(d)-(e)	Transportation	Southeast Region Highways and Aviation	Airport Rescue and Fire Fighting Safety Equipment Standards set by the National Fire Protection Association require Southeast Region to upgrade self-contained breathing equipment used in Airport Rescue and Fire Fighting (ARFF) operations. The upgrades include the Personal Alert Safety System (PASS) which activates an alarm when a firefighter becomes disabled inside a burning structure. Twenty-six sets are needed at a cost of over $5,000 per set. This equipment will reduce the risk of death and injuries to firefighters at Alaska's southeast rural airports. Reappropriation in 14(d) from sec. 7(d) provides $98.1 Reappropriation in 14(e) provides $39.0	137.1				137.1

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		159	14(e)	Capital	Health & Soc Svcs	Reappropriate the balance of $39,012 of the appropriation made in sec. 1, ch. 82, SLA 2006, page 73, lines 31 - 33, for the Ready to Read, Ready to Learn Program Development project to the Department of Transportation and Facilities, Southeast Region Highways and Aviation, for the purchase of required safety equipment at rural airports.	(39.0)				(39.0)
		160	14(f)	Capital	Transportation	Delete $350,400 of the $400,000 GF-funded FY09 Department of Transportation and Public Facilities capital project, Bridge Repair and Upgrade, appropriated in sec. 13, ch. 29, SLA 2008, page 158, lines 21 and 22, to be replaced with reappropriated AHFC Dividend.	(350.4)				(350.4)
		161	14(g)	Capital	Public Safety	Reappropriate the $350,400 AHFC Dividend balance of the appropriation made in sec. 1, ch. 61, SLA 2001, page 23, lines 26 - 27 for the Emergency Communications: Southeast Upgrade project to the Department of Transportation and Public Facilities to replace general funds appropriated in FY09 for bridge repair and upgrade.			(350.4)	AHFC Dividend	(350.4)
		162	14(g)	Capital	Transportation	Reappropriate the $350,400 AHFC Dividend balance of the appropriation made in sec. 1, ch. 61, SLA 2001, page 23, lines 26 - 27 for the Emergency Communications: Southeast Upgrade project to the Department of Transportation and Public Facilities to replace general funds appropriated in FY09 for bridge repair and upgrade.			350.4	AHFC Dividend	350.4
		163	14(h)-(k)	Capital	Transportation	Alaska Marine Highway System: Columbia Fuel Management System This is a new FY2009 project. Install a Stellar Marine ESP 1000, Electronic Speed Pilot power management system to provide precision control of ship speed and fine tune throttle settings to maximize the vessel's propulsive efficiency.	499.5				499.5
		164	14(h)	Capital	Military & Vets	Reappropriate the $484,518.10 balance of the appropriation made in sec. 1, ch. 82, SLA 2006, page 75, line 11 for the Alaska Military Youth Academy Expansion to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(484.5)				(484.5)

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		165	14(i)	Capital	Natural Resources	Reappropriate the $9,059.26 balance of the apppropriaton made in sec. 7, ch. 82, SLA 2006, page 127, line 26 for the Juneau Subport Asbestos Abatement project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(9.1)				(9.1)
		166	14(j)	Capital	Health & Soc Svcs	Reappropriate the $1,006.25 balance of the appropriation made in sec. 4, ch. 30, SLA 2007, page 94, lines 25 - 26 for the Anchorage Pioneers Home Safety Upgrades project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(1.0)				(1.0)
		167	14(k)	Capital	Public Safety	Reappropriate the $4,913.22 balance of the appropriation made in sec. 1, ch. 82, SLA 2003, page 33, lines 9 - 11 for the Fairbanks Public Safety Bldg - Indoor Firing Range Lead Removal project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System: Columbia Fuel Management System. Total project cost is $499.5.	(4.9)				(4.9)
		168	14(l)	Capital	Transportation	Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation This amends an existing FY2009 project (sec. 13, ch. 29, SLA2008, page 158, line 17), increasing the FY2009 appropriation to $10,600,000. Effective January 2009, the Ketchikan Shipyard increased their prices 18.5% to 20% to the Alaska Marine Highway System (AMHS) for state funded maintenance overhauls of AMHS vessels. This cost increase to AMHS will impact six scheduled vessel maintenance overhauls this fiscal year, with a budgeted value of $3,500,000. Total of secs. 14(l) and (m) is $702.1.	647.3				647.3

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		169	14(l)(1-4)	Capital	Transportation	The unexpended and unobligated balances of projects are reappropriated to the Department of Transportation and Public Facilities, Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation. Project citations are as follows; (1) sec. 82, ch. 100, SLA 1997, page 59, line 11, and allocated on page 59, line 12 - $12,356 (2) sec. 131, ch. 139, SLA 1998, page 56, line 17 - $407,700 (3) sec. 1, ch. 82, SLA 2006, page 84, line 33 - $4,352 (4) sec. 20(b), ch. 30, SLA 2007, page 148, line 27 - $63,299	(487.7)				(487.7)
		170	14(l)(5)	Capital	Commerce	The Organization Grant appropriation made in sec. 1, ch. 3, FSSLA 2005, page 3, line 29 is not needed as the community of Naukati elected not to form a municipal government. The appropriation's balance is reappropriated to the Department of Transportation and Public Facilities for the Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation project.	(75.0)				(75.0)
		171	14(l)(6)	Capital	Education	Reappropriate the unexpended and unobligated general fund balance of $17,825 made in sec. 1, ch. 82, SLA 2006, page 65, line 25 for the Demolition and Site Restoration, Northern Lights School project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation project.	(17.8)				(17.8)
		172	14(l)(7)	Capital	Education	Reappropriate the unexpended and unobligated general fund balance of $66,772 made in sec. 4, ch. 30, SLA 2007, page 89, line 24 for the Pedro Bay Old School Demolition project to the Department of Transportation and Public Facilities for the Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation project..	(66.8)				(66.8)
		173	14(m)	Capital	Education	Reappropriate the $54,753 balance of the appropriation made in sec. 60, ch. 3, FSSLA 2005, page 142, line 13, for Southeast Island - Thorne Bay House Access Ramp to the Department of Transportation and Public Facilities, Alaska Marine Highway System -Vessel and Terminal Overhaul and Rehabilitation project. (The negative amount is shown in sec. 7(d)).	54.8				54.8

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		174	14(n)	Transportation	Marine Vessel Operations	The Inlandboatmen's Union of the Pacific (IBU) has ratified a new three- year contract. This request is for the FY09 one-time bonus of $2,137/employee in pay status on July 1, 2008 ($1,917.8) plus a health insurance increase of $16 from $852 to $868 per month ($81.3). The contract calls for wage increases of 5% in FY10 and 4% in FY11, along with health insurance increases.	1,999.1				1,999.1
		175	15(a)	Debt Service	Debt Retirement Fund	Reduce general fund capitalization for School Debt Reimbursement as additional School Fund (cigarette tax revenue) funding is available per the Fall 2008 Revenue Sources Book, Figure 5-3, page 67.	(600.0)				(600.0)
		176	15(a)	Debt Service	Debt Retirement Fund	School construction bonds issued are below what was originally projected for FY2009, requiring less GF capitalization of the Debt Retirement Fund. General fund capitalization after both transactions is $104,427,500.	(2,015.8)				(2,015.8)
		177	15(b)	Special Appropriations	Oil and Gas Tax Credit Fund	Reduce the FY2009 appropriation for oil and gas tax credits from $400 million to $200 million to reflect the Department of Revenue's updated estimate for this fiscal year.	(200,000.0)				(200,000.0)
		178	16	Capital	Commerce	Amend the NPRA grants appropriation made in sec 38, ch. 29, SLA 2008 to the actual amount of NPRA funds received by reducing the North Slope Borough's Arctic Fox Continuing Study by $53.5 in favor of maintaining Nuiqsut's Youth Recreation grant as requested by the Mayor of the North Slope Borough.		(53.5)			(53.5)
		179	17(a)	Debt Service	Administration Lease Financing	Name Change Only – Sec. 27(l)(4), ch. 27, SLA 2008, page 86, line 6 - the name of the facility needs to be updated: Goose Creek [POINT MACKENZIE] Correctional Center [FARM]					0.0
		180	17(a)	Debt Service	Administration Lease Financing	Repeal the debt service appropriation for the Spring Creek Correction Center – Sec. 27(l)(2), ch. 27, SLA 2008, page 86, line 4 since bond payments will not be due until FY2010.	(1,755.6)				(1,755.6)
		181	17(a)	Debt Service	Administration Lease Financing	Repeal the debt service appropriation for the Yukon Kuskokwim Correction Center -- Sec. 27(l)(3), ch. 27, SLA 2008, page 86, line 5 since bond payments will not be due until FY2010.	(951.8)				(951.8)
		182	17(b)	Debt Reimbursement	School Construction Debt Reimbursement	FY2009 projections of the cigarette tax revenue to the School Fund are above the original estimates, so funds are available to supplant the amount drawn from the Debt Retirement Fund.				(600.0) DRF 600.0 School Fund	0.0
		183	17(b)	Debt Reimbursement	School Construction Debt Reimbursement	School construction bonds issued are below what was originally projected for FY2009.			(2,015.8)	Debt Retirement Fund	(2,015.8)

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		184	19	Fish and Game	Wildlife Conservation Special Projects	Additional statutory designated program receipt authority is needed to accept funds from the National Fish and Wildlife Foundation to support two new research projects related to Dall Sheep and Grizzly Bears in northern Alaska. Additional EVOS authority is needed for continued research on Harlequin Ducks in Prince William Sound. Reduce excess federal and interagency receipt authority.		(100.0)	100.0	50.0 EVOS 160.0 SDPR (110.0) I/A Rcpts	0.0
		185	20	Constitutional Budget Reserve Fund		Add language to access the CBR to balance the FY09 budget.					0.0
		186	21	Lapse of Appropriations							0.0
		187	22	Effective date of April 19, 2009							0.0
		188									0.0
		189				**Total of Supplemental Requests**	**(218,609.8)**	**75,911.0**	**9,202.3**		**(133,496.5)**
		190									
		191	RATIFICATIONS			**AR and AR Name**					
		192	18(a)	Natural Resources	Fire Supression Activity	AR 37313-08 Fire General Fund	1,470,229.86				1,470,229.86
		193	18(b)(1)	Corrections	Capital	AR 51299-06 Offender Tracking Information System Development	59,856.00				59,856.00
		194	18(b)(2)	Educaton	Teaching and Learning Support	AR 17722-07 Student and School Achievement	3,954.34				3,954.34
		195	18(b)(3)	Health & Social Srvcs	Administrative Support Services	AR 22729-05 Integrated Strategic Planning	710.00				710.00
		196	18(b)(4)	Health & Social Srvcs	Administrative Support Services	AR 22733-05 Transitions to Work	6.49				6.49
		197	18(b)(5)	Public Safety	Council on Domestic Violence and Sexual Assault	AR 47180-08 Domestic Violence	29,544.44				29,544.44
		198	18(b)(6)	Transportation	Anchorage Airport Safety	AR 57538-06 Anchorage Airport Safety	9,773.65				9,773.65
Amendments after February 2, 2009											
24-Feb-09	DOT 1	199	3	Capital	Transportation	Delete: Fort Yukon: Airport Improvements **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $6.5 million of Federal Economic Stimulus. In addition the Economic Stimulus appropriation bill includes changing the fund source from Federal Receipts to Federal Economic Stimulus of $10,490.8 from prior year capital appropriation(s), for a total of $16,990.8.		(3,500.0)			(3,500.0)
24-Feb-09	DOT 2	200	3	Capital	Transportation	Delete: Kotzebue: Shore Avenue Rehabilitation and Erosion Protection **Economic Stimulus:** This project is now part of the department's Economic Stimulus appropriation request for $6.5 million of Federal Economic Stimulus and $8.5 million of Federal Receipts, for a total of $15 million.		(14,200.0)			(14,200.0)

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
		201				**February 24 Supplemental Requests Subtotal**	**0.0**	**(17,700.0)**	**0.0**		**(17,700.0)**
13-Mar-09	DOA 1	202		Administration	Office of the Commissioner	Reduce the savings target unallocated reduction by $107.6 already submitted as a separate transaction in Retirement and Benefits.	107.6				107.6
13-Mar-09	DOA 2	203		Administration	Personnel	Reduce the Personnel Board investigations and support contracts for legal services for complaints filed with the board supplemental request from $725.0 to $560.8. The Personal Board has revised its expenditure estimates.	(164.2)				(164.2)
13-Mar-09	DOC 1	204		Corrections	Anchorage Correctional Center	This is a fund source change reducing the current general fund authorization and increasing the federal receipt authorization. The Department of Corrections continues to see a fluctuation in the numbers of federal mandays which affects the dollar amount of federal receipts. At this date, the department is projecting FY2009 federal receipts to be over collected between $900,000 and $1,000.000. This number of mandays is based on a trend observed in the first half of FY2009 of increased federal holds which is currently anticipated to continue during the next five months of the fiscal year.	(1,000.0)	1,000.0			0.0
13-Mar-09	GOV 1	205		Governor	Executive Office	Transfer PCN 01-919X along with personal services, services and commodities funding to the Department of Natural Resources for gas pipeline work.	(207.0)				(207.0)
13-Mar-09	HSS 1	206		Health & Soc Svcs	Medicaid Services	Original supplemental request is withdrawn. The original request was $12,000.0 (50% federal / 50% GF Match) and appeared on line 26 of the Supplemental spreadsheet dated 2/24/09. The Medicaid rate increase for physician services effective 1/1/09 was tied to increased Medicare rates. Updated projections show these funds will not be needed in FY2009.	(6,000.0)	(6,000.0)			(12,000.0)
13-Mar-09	HSS 2	207		Health & Social Svcs	Energy Assistance Program	Additional federal authority needed to receive Low Income Home Energy Assistance Program (LIHEAP) contingency funds in FY09.		9,900.0			9,900.0
13-Mar-09	HSS 3	208		Health & Social Svcs	Children's Medicaid Services	FMAP change due to Economic Stimulus. Increases FMAP by 6.2% and provides for a 1.95% hold harmless provision. The department calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(460.3)	460.3			0.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
13-Mar-09	HSS 4	209		Health & Social Svcs	Foster Care Base Rate	FMAP change due to Economic Stimulus. Enhances FMAP for foster care and adoption assistance under Title IV-E. Funding is contingent upon maintenance of Medicaid eligibility standards, no creation of a rainy day fund, meeting Medicaid prompt payment requirements, and reporting on the use of the additional federal funds.	(767.7)	767.7			0.0
13-Mar-09	HSS 5	210		Health & Social Svcs	Behavioral Health Medicaid Services	FMAP change due to Economic Stimulus. Increases FMAP by 6.2% and provides for a 1.95% hold harmless provision. The department calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(7,525.3)	7,525.3			0.0
13-Mar-09	HSS 6	211		Health & Social Svcs	Adult Preventative Dental Medicaid Services	FMAP change due to Economic Stimulus. Increases FMAP by 6.2% and provides for a 1.95% hold harmless provision. The department calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(377.0)	377.0			0.0
13-Mar-09	HSS 7	212		Health & Social Svcs	Medicaid Services	FMAP change due to Economic Stimulus. Increases FMAP by 6.2% and provides for a 1.95% hold harmless provision. The department calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(25,126.0)	25,126.0			0.0
13-Mar-09	HSS 8	213		Health & Social Svcs	Senior and Disabilities Medicaid Services	FMAP change due to Economic Stimulus. Increases FMAP by 6.2% and provides for a 1.95% hold harmless provision. The department calculated this amount based upon their understanding that the new FMAP will apply only to base Medicaid expenditures and not to any parts of the program that receive an enhanced Medicaid rate.	(19,711.4)	19,711.4			0.0
13-Mar-09	DOL 1	214		Labor	Unemployment Insurance	The division has received additional federal revenue from operating grants (due to an increase in UI contingency funds earned) that can be used to offset a portion of the FY2009 general funds needed for operations.	(699.6)	699.6			0.0
13-Mar-09	DOL 2	215		Labor	Commissioner's Office	**Replace Sec. 10** - The previous supplemental request to extend the lapse date of funding received through the fiscal note for ch. 22 SLA 2007 (HB177, AGIA), is being replaced with the following three lines in order to distribute the $325.0 estimated lapse funding to separate components for ongoing gasline activities.	(325.0)				(325.0)

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
13-Mar-09	DOL 3	216		Labor	Commissioner's Office	Sec. 10(a) $100,000 to the Commissioner's Office for a detailed occupational forecast to be prepared by the department's Research and Analysis section and continued funding for three Steering Committee and Regional Training Center coordination meetings through June 30, 2010.	100.0				100.0
13-Mar-09	DOL 4	217		Labor	Labor Market Information	Sec. 10(b) $145,000 to the Labor Management Information component for development and dissemination of regional employment data products and continued development of a web and print based Alaska Training Program guide through June 30, 2010.	145.0				145.0
13-Mar-09	DOL 5	218		Labor	Business Services	Sec. 10(c) $80,000 to the Business Services component for training and related instruction to at least 70 apprentices at Regional Training Centers for Gasline related occupations; and funding for cooperative training agreements with business and industry for registered apprentices and structured on-the-job training for approximately 125 workers through June 30, 2010.	80.0				80.0
13-Mar-09	DOL 6	219		Labor	Workforce Investment Board	The unexpended and unobligated general fund balance, not to exceed $85,000, of the appropriation made in sec. 1, ch. 27, SLA 2008, page 28, line 27, is reappropriated to the Department of Labor and Workforce Development, Workforce Investment Board for continuing gasline activities, for fiscal year ending June 30, 2010.	85.0				85.0
13-Mar-09	DOL 7	220		Labor	Technical Vocational Education Program	The wrong account was cited in sec. 71, ch. 29, SLA 2008, page 226 - appropriating funds for operating expenditures. The account cited was the Vocational Education account (AS 37.10.200), instead of the Alaska Technical Vocational Education account (AS 23.15.830).					0.0
13-Mar-09	LAW 1	221		Law	Civil Division - Oil, Gas and Mining	Oil and Gas Projects The Department of Law (DOL) is withdrawing its $1,335.0 supplemental request. DOL is close to settlement on one large case and thus anticipates not needing the funds requested earlier. In addition, judges on several other cases are not moving the cases through as quickly as expected. These cases will continue however, and will consume resources from the Oil, Gas and Mining component in FY10. DOL has included funding for them in their FY10 budget request.	(1,335.0)				(1,335.0)
13-Mar-09	LAW 2	222		Law	Civil Division - Deputy Attorney General's Office	Judgments and Settlements This amendment adds $1,261,298.56 to the original FY2009 Judgments and Settlements request of $90,061.64, bringing the new FY2009 total for Judgments and Settlements that are finalized as of March 13, 2009 to $1,351,360.20.	1,261.3				1,261.3

4511

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
13-Mar-09	DNR 1	223		Natural Resources	Commissioner's Office	Transfer PCN 01-919X along with personal services, services and commodities funding from the Office of the Governor for gas pipeline work.	207.0				207.0
13-Mar-09	DOT 3	224		Transportation	Central Region Support Services	Legal fees associated with a dispute between Offshore Systems Kenai (OSK) and the State of Alaska over public access to a state-owned road and beach. This case is going to trial May 2nd and will require the Department of Law to complete depositions, expert witness reports, and trial preparation.	41.0				41.0
13-Mar-09	DOT 4	225		Transportation	Central Region Highways and Aviation	Extend the lapse date from June 30, 2009 to June 30, 2014 for the $10 million federal funds appropriated for Adak airport operations. the estimated balance is $6.2 million. The Memorandum of Agreement signed by the Navy and the State require the funds provided for facility maintenance and operations to be spent solely on the Adak airport.					0.0
13-Mar-09	DOT 5	226		Transportation	Marine Vessel Operations	Due to a calculation correction for the Inlandboatmen's Union of the Pacific new bargaining unit agreement, the new FY2009 cost is $1601.2, reduced from the originally requested $1,999.1.	(397.9)				(397.9)
13-Mar-09	DOT 6	227		Transportation	Marine Vessel Operations	Masters, Mates, and Pilots bargaining unit agreement This request is for the FY2009 one-time bonus of $2,381/employee in pay status on July 1, 2008 plus a health insurance increase of $17 from $851 to $868 per month. The contract calls for wage increases of 5% in FY2010 and 4% in FY2011, along with health insurance increases.	408.2				408.2
13-Mar-09	DOT 7	228		Transportation	Marine Vessel Operations	Marine Engineers Beneficial Association bargaining unit agreement This request is for the FY2009 one-time bonus of $2,381/employee in pay status on July 1, 2008 plus a health insurance increase of $16 from $851 to $867 per month. The contract calls for wage increases of 5% in FY2010 and 4% in FY2011, along with health insurance increases.	463.7				463.7

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
13-Mar-09	EED 1	229		Capital	Education	Kalskag High School Replacement: Amend the appropriation to the School Construction Grant Fund (AS 14.11.005) in sec. 13, ch. 29, SLA 2008, page 136 by increasing the appropriation an additional $18,688,685 to be allocated for a new project - Kalskag High School Replacement. The school was destroyed by fire on January 28, 2009. Total replacement cost is $19,070,100. The REAA's 2% share is $381,400, leaving $18,688,700 as the state's share. Ultimately, insurance proceeds will be submitted to the state and applied as a deduction to the grant	18,688.7				18,688.7
13-Mar-09	GOV 2	230		Capital	Governor	Elections Reform Under the Federal Help America Vote Act New capital project to improve the administration of elections in accordance with the Help America Vote Act			3,821.7		3,821.7
13-Mar-09	HSS 9	231		Capital	Health & Soc Svcs	Reappropriate the unexpended and unobligated balances of the following FY00 Department of Transportation and Public Facilities capital projects to the Department of Health and Social Services, McLaughlin Youth Center renovation to meet safety and security needs, phase 1. 1. State Matching Funds for Federal-Aid Highway Projects - Estimated to be $513,713 2. Anchorage: New Seward Highway at Diamond Interchange Capacity Improvement - Estimated to be $158,555 3. Anchorage: Dowling Rd Reconstruction: Lake Otis Pkwy. to Old Seward Hwy. - Estimated to be $63,454 4. Anchorage: Old Seward Hwy. Reconstruction - Estimated to be $2,886 5. National Highway System (NHS) State Match - Estimated to be $207,449 This amendment replaces the Governor's original reappropriation request of $944,400 Northern Tobacco Securitization Corporation Bonds with $946,100 General Funds as the original request inadvertently reappropriated a Legislative capital project.	946.1		(944.4)	NTSC Bonds	1.7

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
13-Mar-09	DNR 2	232		Capital	Natural Resources	Lapse remaining $224,899.82 balance of the completed Juneau Subport Abatement Phase 2 - Mental Health Trust Settlement project originally appropriated in sec. 4, ch. 30, SLA 2007, page 98, line 30.	(224.9)				(224.9)
13-Mar-09	DOR 1	233		Capital	Revenue	Change the name of the FY2009 Power Builder Replacement Project Feasibility Study to Power Builder Replacement and SQL Database Evaluation, Equipment and Training Due to electronic filing and more records being stored electronically, PFD is currently storing more than 1.2 Terabytes of information. It is anticipated that this data storage may double in the next year. Also, PFD is slowly migrating off the state's mainframe while working to fit within state data standards as established by the Department of Administration. The SQL Database is critical to the PFD computer system's ability to perform beyond the next year's data. The feasibility study is now a moot point since PFD needs to improve its system and must meet state standards. None of the original $300.0 GF has been spent to date. This scope change also enables the removal of an FY2010 CIP request.					0.0
13-Mar-09	DOT 8	234		Capital	Transportation	Amend: Airport Improvement Program Appropriation This amendment increases the Airport Improvement Program appropriation to include the new Nulato Airport Improvements request. This amendment increases the FY09 Airport Improvement Program appropriation from $61,090,000 to $70,290,000.					0.0
13-Mar-09	DOT 9	235		Capital	Transportation	New: Nulato: Airport Improvements This is a new supplemental request. Resurface the airport operational surfaces, rehabilitate the access road, apply dust palliative, replace lighting, construct a snow removal equipment building, and other improvements as funds allow.		9,200.0			9,200.0
13-Mar-09	DOT 10	236		Capital	Transportation	Amend: Petersburg: Airport Runway Safety Area Amend the project description to include runway realignment and paving.					0.0
13-Mar-09	DOT 11	237		Capital	Transportation	Emergency and Non-Routine Repairs On February 10, 2009, a portion of the hillside slid into the roadway at Mile 5, North Tongass Highway in Ketchikan. The slide area is unstable and needs to be remedied immediately.	1,700.0				1,700.0

FY2009 SUPPLEMENTAL REQUESTS

Date	No.		Sec. No.	Department or Capital	Component or, if capital, Department	Description of Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
13-Mar-09	DOT 12	238		Capital	Transportation	Susitna Valley High School Emergency Repairs The unexpended and unobligated balance of the appropriation, estimated to be $38,161, made in sec. 100, ch. 2, FSSLA 1999, page 63, line 18, and allocated on line 20, (CTP State Match - $11,313,864) is reappropriated to the Department of Transportation and Public Facilities for safety improvements at the Susitna Valley High School.	38.2				38.2
13-Mar-09	DOT 13	239		Capital	Transportation	Reappropriate the unexpended and unobligated balances of the following FY2000 Department of Transportation and Public Facilities capital projects to the Department of Health and Social Services, McLaughlin Youth Center renovation to meet safety and security needs, phase 1. 1. State Matching Funds for Federal-Aid Highway Projects - Estimated to be $513,713 2. Anchorage: New Seward Highway at Diamond Interchange Capacity Improvement - Estimated to be $158,555 3. Anchorage: Dowling Rd Reconstruction: Lake Otis Pkwy. to Old Seward Hwy. - Estimated to be $63,454 4. Anchorage: Old Seward Hwy. Reconstruction - Estimated to be $2,886 5. National Highway System (NHS) State Match - Estimated to be $207,449 This amendment replaces the Governor's original reappropriation request of $944,400 Northern Tobacco Securitization Corporation Bonds with $946,100 General Funds as the original request inadvertently reappropriated a Legislative capital project.	(946.1)		944.4	NTSC Bonds	(1.7)
13-Mar-09	DCCED 1	240		Capital	Commerce	Add the contingency language associated with the Banking and Securities Management Systems capital project that was inadvertently omitted when the project was moved from the FY2010 capital budget into the supplmental bill.					0.0
		241				**March 13 Supplemental Requests Subtotal**	**(40,995.6)**	**68,767.3**	**3,821.7**		**31,593.4**
		242									
		243				**FY2009 Supplemental Requests Revised Total**	**(259,605.4)**	**126,978.3**	**13,024.0**		**(119,603.1)**

HB 114

<target><bill>HB 114</bill><subject>HB 114</subject><comm>HFIN26</comm></target>

Chair, Judiciary
Chair, Economic Development, Trade & Tourism
Energy
Military & Veteran Affairs
Joint Armed Services
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Alaska State Legislature
House of Representatives

While in Session
State Capitol, Room 118
Juneau, Alaska 99801-1182
(907) 465- 3004
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Toll Free: (877) 465-3004

Representative Jay Ramras
District 10

Sponsor Statement
HB 114
"An Act relating to availability of state transportation facilities and state-owned or state-operated transportation modes for delivering compassionate aid."

House Bill 114 is a compassionate aid bill that would enable the Governor to use state transportation to provide aid to Alaska communities in times of eminent disaster without declaring a disaster.

In the initial week of the 26th Legislative session, the village of Emmonak wrote a declaration of economic disaster to the Department of Commerce, Community and, Economic Development. As private and public entities worked together to raise donations of money and food for relief to Emmonak it became apparent that they were not the only village in desperate need of aid and attention. The following weeks, Representative Ramras and his staff worked with the Fairbanks and Anchorage Food Banks and local faith based organizations to raise over 30,000 pounds of food for eleven villages in Western Alaska.

Due to the current restrictions, state transportation could not be used because a disaster had not been declared. Consequently, Representative Ramras and staff had two options:1)use the monetary donations towards transportation; thus taking away precious funds for additional food or 2)work with transportation companies to provide their services for free or discounted rates.

Ultimately, based on the collective generosity of a few transportation companies, the food was able to arrive in all of the eleven villages.

House Bill 114 would reduce the need to spend donated funds on transportation and instead, allow a sharper focus on gathering the resources needed for relief.

Representative_Jay_Ramras@legis.state.ak.us

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: March 13, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/13/09

The FINANCE Committee considered: **HOUSE BILL NO. 114**

"An Act relating to availability of state transportation facilities and state-owned or state-operated transportation modes for delivering compassionate aid during a disaster emergency."

HB 114 USE STATE TRANS FACILITY FOR DISASTER AID

Recommends it be replaced with [ ] HCS *or* [✓] CS *for* HB 114 (TRA)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [✓] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero
DFG				✓
DOT				✓
CED				✓

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero
MVA	1			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Austerman	✓			
Anne Fairclough	FAIRCLOUGH	✓			
	Taube	✓			
	Salmon			X	
Chair:	Hawker	✓			
Chair:	Stoltze	✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 114(TRA)
(H) Publish Date: 3/13/09

Identifier (file name): HB114-DMVA-HS&EM-2-17-09
Dept. Affected: Dept of Military and Veterans Affairs

Title: An Act relating to availability of state transportation facilities and state-owned or operated transportation modes....
RDU: Military and Veterans Affairs
Component: Homeland Security & Emerg. Mgmt

Sponsor: Rep Ramras, Dahlstrom, Millett, Johansen, Edgmon, Peterson....
Requester: TRA
Component Number: 2657

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0	0
Part-time	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by: McHugh Pierre, Legislative Liaison/Communications Director — Phone 465-4402
Division: National Guard Military Headquarters/Office of the Commissioner — Date/Time 2/17/09 @ 11:00 am
Approved by: Commissioner Craig Campbell — Date 2/17/2009
Department of Military and Veterans Affairs

(Revised 9/10/2008 OMB)

4519

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSHB114(TRA)
() Publish Date:

Identifier (file name): CSHB114-dfg-CO-3-16-09
Dept. Affected: ADF&G

Title: An act relating to availability of state transportation facilities and state-owned or state-operated...
RDU: Administration and Support
Component: Commissioner's office

Sponsor: Rep. Ramras, Dahlstrom, Millett, Johansen, et all

Requester: House Finance
Component Number: 2175

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*
No fiscal impact to the department.

Prepared by: Jeff Hoover, Deputy Director
Phone 465-6077
Division: Administrative Services
Date/Time 3/16/09 2:00 PM
Approved by: Tom Lawson, Director of Administrative Services
Date 3/16/2009
Department of Fish and Game

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version:
() Publish Date:

Identifier (file name): HB114CS-DOT-AS-C0-3-16-09
Title
Sponsor H. Ramras
Requester H TRA

Dept. Affected: DOT&PF
RDU Administration and Support
Component
Commissioners Office
Component Number 530

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

no fiscal impact

Prepared by: Mary Siroky, Legislative Liaison
Division Department of Transportation and Public Facilities
Approved by: Nancy Slagle, Admin Director
Department of Transportation and Public Facilities

Phone 465-4772
Date/Time 3/16/09 1:45PM
Date 3/16/2009

(Revised 9/10/2008 OMB)

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSHB 114 (TRA)**
() Publish Date:

Identifier (file name): HB114CS(TRA)-CED-ARR-03-16-09
Dept. Affected: DCCED
Title: State Transportation Assets deliver compassionate aid
RDU
Component: Alaska Railroad Corporation
Sponsor: Representative Ramras
Requester: House Finance Committee
Component Number

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

If the Governor determines that public safety or health conditions in an area of the state require emergency assistance, the Governor can utilize state transportation assets to deliver compassionate aid. This legislation would provide that the Alaska Railroad Corporation would not be liable in tort for damages, for the injury to or death of a person, or property damage resulting from assistance provided. Because the Alaska Railroad does not receive state funding for operations or capital improvements, HB 114 would not provide a railroad related cost to the state. The cost to provide this service to the Alaska Railroad would depend on the number of rail cars and locomotive power needed, crew requirements, and the destination.

Prepared by: Wendy Lindskoog, Assistant Vice President, Corporate Affairs — Phone 907-265-2498
Division: Alaska Railroad Corporation — Date/Time 3-16-09 11:00 a.m.
Approved by: Emil Notti, Commissioner — Date 3/16/2009
Department of Commerce, Community and Economic Development

(Revised 9/10/2008 OMB)

4522

26-LS0505\C

CS FOR HOUSE BILL NO. 114(TRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered: 3/13/09
Referred: Finance

Sponsor(s): REPRESENTATIVES RAMRAS, Dahlstrom, Millett, Johansen, Edgmon, Petersen, Holmes, Foster, Johnson, Tuck, Gruenberg, Salmon, Coghill, Thomas, Joule, Muñoz

A BILL

FOR AN ACT ENTITLED

"An Act relating to availability of state transportation facilities and state-owned or state-operated transportation modes for delivering compassionate aid."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 44.19 is amended by adding a new section to article 2 to read:

Sec. 44.19.051. Emergency assistance transportation; immunity. (a) If the governor determines that public safety or health conditions in an area of the state require emergency assistance, the governor may make available state transportation facilities, state-owned aircraft, vessels of the marine highway system, or railroad rolling stock of the Alaska Railroad for use by nonprofit organizations to deliver compassionate aid to the area, including food, water, fuel, clothing, medicine, and supplies.

(b) Notwithstanding another provision of law, the state and its officers, agents, and employees and the Alaska Railroad Corporation and its officers, agents, and employees are not liable in tort for damages for the injury to or death of a person or

property damage resulting from assistance provided under (a) of this section.

Raymond J. Watson, Chairperson
Myron P. Naneng, Sr., President
Phone (907)543-7300
Fax (907)543-3389

AVCP

The Association of Village Council Presidents
Office of Administration
Pouch 219, Bethel, AK 99559

Akiachak
Akiak
Alakanuk
Andreafsky
Aniak
Atmautluak
Bethel
Bill Moore's St.
Chefornak
Chevak
Chuathbaluk
Chuloonawick
Crooked Creek
Eek
Emmonak
Georgetown
Goodnews Bay
Hamilton
Hooper Bay
Lower Kalskag
Upper Kalskag
Kasigluk
Kipnuk
Kongiganak
Kotlik
Kwethluk
Kwigillingok
Lime Village
Marshall
Mekoryuk
Mtn. Village
Napaimute
Napakiak
Napaskiak
Newtok
Nightmute
Nunakauyak
Nunam Iqua
Nunapitchuk
Oheganuit
Oscarville
Paimiut
Pilot Station
Pitka's Point
Platinum
Quinhagak
Red Devil
Russian Mission
Scammon Bay
Sleetmute
St. Mary's
Stony River
Tuluksak
Tuntutuliak
Tunuuak
Umkumiut

Comments for the record
26th Alaska State Legislature
House Transportation / Finance Committee

by

Myron P. Naneng, Sr., President
Regarding HB 114

February 9, 2009

BILL: HB 114
BILL VERSION:
CURRENT STATUS: (H) TRA
THEN FIN

SHORT TITLE: USE STATE TRANS FACILITY FOR DISASTER AID
STATUS DATE: 02/04/09

SPONSOR(s): REPRESENTATIVE(s) RAMRAS, Dahlstrom, Millett, Johansen, Edgmon, Petersen, Holmes, Foster, Johnson, Tuck, Gruenberg, Salmon, Coghill, Thomas, Joule, Munoz

TITLE: "An Act relating to availability of state transportation facilities and state-owned or state-operated transportation modes for delivering compassionate aid during a disaster emergency."

We at the Association of Village Council Presidents, Inc. (AVCP) are grateful for Representative Ramras and the co-sponsors of HB 114 in an effort to make use of State transportation resources to ship out compassionate aid to remote, rural Alaska communities in our Yukon Kuskokwim region.

My name is Myron Naneng, I am President of our regional non-profit corporation made up of 56 federally recognized Tribes in the YK Delta. While energy and food relief has been pouring into our communities suffering from food shortages and crippling fuel prices, the efforts have until this point remained primarily by private citizens and groups. We would also like to recognize and thank the redirect of donated Energy Rebates under the United Way.

In the last several weeks, Representative Jay Ramras, has focused on directing some of his food drive activities for relief to our communities. We appreciate his efforts, and are sorry that he, along with other private donors, has been burdened with the shipping expense of getting this compassionate aid out to our remote villages. Our calls to the Governor's office to address our energy crisis have largely gone ignored, and this bill, along with SB 88 and SB 91 finally has State efforts come into play.

Last week, we testified in favor of extending the PCE program and instituting a fuel cap on costs beyond $3 a gallon. Since early last summer, tribal leaders as well as myself were justifiably concerned about our coming winter since we were forced to prepay our winter fuel purchases for our tank farms at the highest costs of oil on record.

Because we are roadless, all of our villages have to import fuel by barge or by air in emergencies. In most cases, we have no choice but to sign no-fault contracts with fuel vendors if weather or acts of god prevent a scheduled delivery. Some of our villages, with human resources turnover or other constraints, are unable to make their fuel orders in concordance to State programs such as the bulk fuel loan in time to lock in at more agreeable rates. Factors such as these aggravate the already challenging nature of providing light and heat to our communities with little or no energy infrastructure.

With continued and full funding by the Legislature of the Renewable Energy Fund coupled with possible federal stimulus infrastructure funds, we may be looking at a reality where accessible energy sources come to fruition in a matter of years, rather than a matter of decades. With affordable energy at the village level, a failed fishing season would not break us as badly as this hard winter has shown.

Though Governor Palin herself has not directly acknowledged the fishery or fuel crisis in our region, in her response to the U.S. Army's reduced retirement payments to 26 Alaska Native Elders who had served in the Territorial Guard during WWII, she argued:

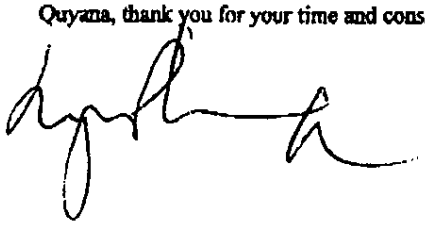
"Rural Alaskans face the highest food and energy costs in the nation, and these veterans need their retirement checks now more than ever," Governor Palin said. "Using the emergency fund to provide monetary protection for these 26 veterans is the right thing to do."

AVCP provides direct assistance to many families in our member villages that include a Housing Improvement Program, TANF and LIHEAP to name a few. Last year we assisted 1,846 households with energy assistance, and we anticipate the same number if not more appeals for the remainder of this season.

We tried to address this crisis proactively, in public statements and resolutions. We warned that the $1,200 rebate would not adequately address the remote / rural fuel needs - and with the taxes due from as little as $90 to over $300 per person, we will continue to see pain in affected households this year. If we had access to affordable energy sources, all the factors we laid out for you would not have hurt us so badly this winter.

With families not having to worry about donated foods delivered from the state, it will go a long way to keeping our homes heated, and save our families from deciding between going cold or going hungry.

Quyana, thank you for your time and consideration.



HB 116

<target><bill>HB 116</bill><subject>HB 116</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE

Co-Chair:
House Committee on Natural Resources

Vice Chair
House Committee on Labor and Commerce

Member:
House Committee on Rules, House Special Committee on Economic Development, Trade, and Tourism, and Legislative Budget & Audit Committee

Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-2679
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Toll Free (800) 505-2678

Interim:
600 E. Railroad Ave
Wasilla, AK 99654
Phone: (907) 376-2679
Fax: (907) 376-4745

REPRESENTATIVE MARK NEUMAN
Rep.Mark.Neuman@legis.state.ak.us

Sponsor Statement

HB 116
IDITAROD REGISTRATION PLATES

This legislation seeks to honor the admirable accomplishment of those who have shown both great strength and fortitude through finishing the Iditarod Sled Dog Race by authorizing the issue of special license plates.

Finishers will be able to purchase these exclusive plates of a design approved by the Department of Administration after providing specific proof of participation in, and completion of, an Iditarod Sled Dog Race to be verified by the Iditarod Trail Committee. In addition, finishers must have an automobile registered in the state of Alaska on which the plates would be displayed to be eligible to purchase the plates.

I ask for your support in this effort honoring the dedication and work of mushers who ably faced the hardships and challenges of running the "last great race", Alaska's Iditarod Trail Sled Dog Race.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 116
(H) Publish Date: 3/5/09

Identifier (file name): **HB116-DOA-DMV-03-03-09**
Dept. Affected: Administration
Title "An Act relating to Iditarod finisher special request license plates."
RDU Motor Vehicles
Component Division of Motor Vehicles
Sponsor Rep. Neuman
Requester H(STA)
Component Number 2348

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill does not fiscally impact the Division of Motor Vehicles (DMV). Revenue derived from the sale of the Iditarod Finisher Plate is expected to be minimal.

Prepared by: Whitney Brewster
Phone 907-269-5559
Division Motor Vehicles
Date/Time 3/3/09 8:55 AM
Approved by: Kevin Brooks
Date 3/3/2009
Deputy Commissioner

(Revised 9/10/2008 OMB)

4529

ALASKA STATE LEGISLATURE

Co-Chair:
House Committee on Natural Resources

Vice Chair
House Committee on Labor and Commerce

Member:
House Committee on Rules, House Special Committee on Economic Development, Trade, and Tourism, and Legislative Budget & Audit Committee

Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-2679
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600 E. Railroad Ave
Wasilla, AK 99654
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Fax: (907) 376-4745

REPRESENTATIVE MARK NEUMAN
Rep.Mark.Neuman@legis.state.ak.us

Sectional Analysis of House Bill 116:

Section 1. Amends AS 28.10.181 by adding a new subsection allowing the Department of Administration to design and issue special request Iditarod race finisher plates to persons who have finished the Iditarod race.

Section 2. Amends AS 28.10.421(d)(2) by establishing a one-time fee of $50 for issuance of the plates authorized under section 1.

HB

121

<target><bill>HB 121</bill><subject>HB
121</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE
HOUSE RULES COMMITTEE
REPRESENTATIVE JOHN COGHILL, CHAIRMAN
State Capitol Juneau, AK 99801-1182 (907) 465-3719
3340 Badger Road Suite #290, North Pole, AK 99705 (907) 488-5725

Sponsor Statement

HB 121
"An Act relating to municipal property tax credit for an improvement that aids in improving air quality"
(26-LS0540\A)

The purpose of House Bill 121 is to provide a municipality with the statutory authority to pass an ordinance to provide for air quality tax credits. These tax credits will help offset a portion of the property taxes and encourage property owners to invest in improvements that help improve air quality.

Each municipality will establish the eligibility, conditions and other criteria for a tax credit by passing ordinances that will are based on local public input and specific community conditions.

Alaska Conservation Alliance

Uniting for Alaska's Future

March 13, 2009

State House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Representatives Coghill and Kawasaki,

On behalf of the 40 conservation groups and the 38,000 Alaskans that are represented by the Alaska Conservation Alliance, I am pleased to acknowledge our strong support for HB121 allowing municipalities to offer property tax credits for reductions in emissions. Offering an incentive to decrease emissions rewards pro-active Alaskans without penalizing others. Current tools available to municipalities to reduce emissions are limited to banning certain actions and other punitive measures and without this change to Title 29, municipalities are missing a very useful tool to use to become compliant with the clean air act.

HB121 could help reduce harmful levels of $PM_{2.5}$ in the air. $PM_{2.5}$ is particulate matter that is 2.5 micrometers in diameter and smaller, less than 1/10 of the diameter of a single strand of hair. This type of air pollution is unhealthy to breath because of its small size. The particles can travel deep into the respiratory tract to the lungs and has been associated with short-term health effects such as eye, nose, throat and lung irritation, coughing, sneezing, runny nose and shortness of breath. Studies also suggest that long term exposure to fine particulate matter may be associated with increased rates of chronic bronchitis, reduced lung function and increased mortality from lung cancer and heart disease. People with breathing and heart problems, children and the elderly may be particularly sensitive to $PM_{2.5}$. While there are many difference sources of pollution, HB121 would address the $PM_{2.5}$ pollution coming from the burning of wood, heating oil, coal and natural gas in Alaskan homes.

In March 2007 the EPA set new requirements for air quality – defining those areas not meeting national $PM_{2.5}$ air quality standards for over 3 years as "non-attainment" areas. Currently there are two areas designated as non-attainment in Alaska - Fairbanks and Juneau. States must submit an implementation plan to the EPA for these non-attainment areas to show how they will address $PM_{2.5}$ levels. By allowing these and other municipalities an additional method for controlling air pollution they can potentially avoid the health and economic consequences of a non-attainment listing. HB121 does not *require* municipalities to make any change but simply puts an additional tool into the toolbox.

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419 6th Street, Ste. 321, Juneau, Alaska 99801 • Ph. 907.463.3366 • Fax 907.463.2554

In conclusion, we support this bill as a way to encourage better air quality through incentives, should the municipalities choose to use it. The Alaska Conservation Alliance strongly encourages the Alaska Legislature to pass HB 121. Thank you for your time and consideration.

Sincerely,

Kate Troll

Kate Troll
Executive Director

CC: House Finance Committee

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419 6th Street, Ste. 321, Juneau, Alaska 99801 • Ph. 907.463.3366 • Fax 907.463.2554

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
8:30 AM

Friday, March 13, 2009

HB 121 – MUNICIPAL AIR QUALITY PROPERTY TAX CREDIT

Karen Lidster, Staff, Rep. Coghill

Kate Troll, Alaska Conservation Alliance
Alice Edwards, Acting Director, Division of Air Quality, DDEC

Teleconference
Nadine Winters, Presiding Officer, Fairbanks North Star Borough Assembly
Jim Connor, Air Quality Control, Fairbanks North Star Borough

Steve Van Sant, State Conservation

ALASKA MUNICIPAL LEAGUE
Alaska Conference of Mayors

217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

ALASKA MUNICIPAL LEAGUE
BOARD OF DIRECTORS

RESOLUTION #BOD2009-02

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE BOARD OF DIRECTORS ADVOCATING FOR AMENDING TITLE 29 TO ALLOW LOCAL GOVERNEMNT OPTION TO CONSIDER PROPERTY TAX CREDITS FOR IMPROVEMENTS TO AIR QUALITY CONDITIONS AND FUEL CONSUMPTION

WHEREAS, Alaska Municipal League Board of Directors supports the issue of local governments being able to develop local responses to Alaska's energy solutions; and

WHEREAS, municipalities should have the ability to adopt local incentives to encourage individuals to make their homes and businesses more energy efficient thereby improving local air quality; and

WHEREAS, local taxation policy determined by Title 29 currently allows a property tax credit only for river bank habitat protection; and

WHEREAS, by providing for an optional tax credit, local municipalities will be able to consider providing property tax credits for actions, such as reducing fuel consumption, that councils or assemblies determine will improve air quality; and

WHEREAS, the Alaska Municipal League Board of Directors believes it is in the best interest of Alaska to allow local government to encourage its citizens to make improvements to their home and businesses that positively impact the community's air quality and to heat their homes and businesses in the most environmentally responsible way possible.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League Board of Directors supports an amendment to Title 29 that provides local municipalities with the ability to provide tax incentives for residences or commercial businesses to improve the energy efficiency of their property, convert from carbon based energy consumption to alternative energy generation or to take other steps that positively impact their community's air quality; and

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League Board of Directors supports legislation authorizing an air quality improvement tax credit that allows specific eligibility, conditions, and other criteria for the tax credits to be established by local ordinance so that governments will have flexibility in crafting appropriate tax incentives that meet their individual community's needs.

PASSED AND APPROVED by the Alaska Municipal League Board of Directors on this 30th day of January, 2009.

Signed: _____
Denise Michels, President, Alaska Municipal League

Attest: Kathie Wasserman
Kathie Wasserman, Executive Director, Alaska Municipal League

Fairbanks North Star Borough
Office of the Mayor
809 Pioneer Road P.O. Box 71267 Fairbanks, Alaska 99707-1267 907/459-1300
Fax 907/459-1102
Email mayor@co.fairbanks.ak.us

February 9, 2009

The Honorable Bob Herron, Co-Chair
House Community & Regional Affairs Committee
State Capitol
Juneau, Alaska 99811

Dear Representative Herron:

The Fairbanks North Star Borough appreciates Representative Coghill and Representative Kawasaki's efforts to address a very serious issue facing our community by introducing HB 121. This letter is being offered in support of the change to Alaska Statutes, Title 29 proposed by HB 121, "An Act relating to a municipal property tax credit for an improvement that aids in improving air quality." This bill, if enacted by the legislature, will provide tools to local municipalities that can be used to create incentives for individuals to take actions that will improve local air quality and reduce fuel consumption. Local taxation policy and discretion is governed by Title 29 of the Alaska Statutes. Tax exemptions and tax credits are only permitted within the authority of this section of state law.

The proposed legislation expands the discretion of local municipalities in a manner that allows, by ordinance, creation of programs that will offer tax credits for actions that the local governing body determines will improve air quality. The language proposed requires that eligibility, conditions, and other criteria for the tax credits be established by ordinance.

Example of how this proposed legislation might be used by a municipality include:

- Incentives to residents to exchange old-style wood stoves for EPA certified wood stoves. Data show that EPA certified wood stoves reduce fine particulate emissions by approximately 67% over non-EPA stoves. It is clearly in the interest of any community with air quality nonattainment issues to have citizens who choose to heat with wood do so in the most environmentally friendly way possible.

- Incentives to residences or commercial businesses to improve the energy efficiency of their property. Reduced fuel consumption would lead to reduced emissions from area heating or electric generation. Incentives could be based on calculated BTU savings, MW reductions, etc.

- Incentives to convert from carbon based energy consumption to alternative energy generation. This could involve tax credits for

construction and use of a solar array or wind turbine to power/heat residential or commercial facilities.

As the Fairbanks North Star Borough and the State of Alaska look to find solutions that will help the borough and the state come into compliance with the clean air act, there exists a clear lack of ability to provide incentives at the local level. Compliance efforts will ask individuals to take and pay for actions to benefit the air quality of the entire community. Enactment of this bill will allow local municipalities the ability to lessen the individual cost of action through creation of a tax credit program not presently allowed by state law.

The Fairbanks North Star Borough Assembly passed a resolution including this item as an FNSB legislative priority for 2009 on December 11, 2008. We support this bill and urge its passage as drafted and introduced on February 4, 2009.

Thank you.

Jim Whitaker, Mayor

Nadine Winters, Presiding Officer

JW:csm

Alaska Conservation Alliance

Uniting for Alaska's Future

March 13, 2009

State House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Representatives Coghill and Kawasaki,

On behalf of the 40 conservation groups and the 38,000 Alaskans that are represented by the Alaska Conservation Alliance, I am pleased to acknowledge our strong support for HB121 allowing municipalities to offer property tax credits for reductions in emissions. Offering an incentive to decrease emissions rewards pro-active Alaskans without penalizing others. Current tools available to municipalities to reduce emissions are limited to banning certain actions and other punitive measures and without this change to Title 29, municipalities are missing a very useful tool to use to become compliant with the clean air act.

HB121 could help reduce harmful levels of $PM_{2.5}$ in the air. $PM_{2.5}$ is particulate matter that is 2.5 micrometers in diameter and smaller, less than 1/10 of the diameter of a single strand of hair. This type of air pollution is unhealthy to breath because of its small size. The particles can travel deep into the respiratory tract to the lungs and has been associated with short-term health effects such as eye, nose, throat and lung irritation, coughing, sneezing, runny nose and shortness of breath. Studies also suggest that long term exposure to fine particulate matter may be associated with increased rates of chronic bronchitis, reduced lung function and increased mortality from lung cancer and heart disease. People with breathing and heart problems, children and the elderly may be particularly sensitive to $PM_{2.5}$. While there are many difference sources of pollution, HB121 would address the $PM_{2.5}$ pollution coming from the burning of wood, heating oil, coal and natural gas in Alaskan homes.

In March 2007 the EPA set new requirements for air quality – defining those areas not meeting national $PM_{2.5}$ air quality standards for over 3 years as "non-attainment" areas. Currently there are two areas designated as non-attainment in Alaska - Fairbanks and Juneau. States must submit an implementation plan to the EPA for these non-attainment areas to show how they will address $PM_{2.5}$ levels. By allowing these and other municipalities an additional method for controlling air pollution they can potentially avoid the health and economic consequences of a non-attainment listing. HB121 does not *require* municipalities to make any change but simply puts an additional tool into the toolbox.

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In conclusion, we support this bill as a way to encourage better air quality through incentives, should the municipalities choose to use it. The Alaska Conservation Alliance strongly encourages the Alaska Legislature to pass HB 121. Thank you for your time and consideration.

Sincerely,

Kate Troll

Kate Troll
Executive Director

CC: House Finance Committee

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ALASKA STATE LEGISLATURE
HOUSE RULES COMMITTEE
REPRESENTATIVE JOHN COGHILL, CHAIRMAN
State Capitol Juneau, AK 99801-1182 (907) 465-3719
3340 Badger Road Suite #290, North Pole, AK 99705 (907) 488-5725

Sectional

HB121
"An Act relating to municipal property tax credit for an improvement that aids in improving air quality"
(26-LS0540\A)

Section 1. AS 29.45 is amended by adding a new section to read:

Sec. 29.45.048 Air quality improvement tax credit. *A municipality may, by ordinance, provide for an air quality improvement tax credit to offset a portion of the property taxes due on property that, during the immediately preceding tax year, has been improved in a way that aids in improving the air quality in the municipality. The amount of the credit shall be based on a percentage of the verifiable costs of the improvement, and the credit may be granted for more than one year. The ordinance may limit the availability of a credit to some, but not all types of improvements for which a credit may be granted under this section and to property located in areas that do not meet air quality standards required by federal or state law or regulation. Eligibility, conditions, and other criteria for the credit shall be established in the ordinance adopted under this section.*

This new section provides municipalities the opportunity to offer property owners a tax credit if they make qualifying air quality improvements on their property.

The amount of the credit is based on a percentage of the verifiable costs of the improvement, and the tax credit may be granted for more than one year.

This new section further states that an ordinance may place some restrictions on availability of the tax credit, the type of improvement, and the property location. The ordinance will establish the eligibility, conditions and other criteria for the tax credit that allows each municipality the leeway to pass an ordinance that is specific to its own unique air quality issues, location, and property.

adopted 4/3/09

26-LS0540\P
Cook
4/2/09

CS FOR HOUSE BILL NO. 121( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES COGHILL, Kawasaki, Gara, Ramras, Kelly, Harris

A BILL

FOR AN ACT ENTITLED

"An Act relating to and authorizing certain municipalities to provide a property tax credit for an improvement that aids in improving air quality."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 29.45 is amended by adding a new section to read:

Sec. 29.45.048. Air quality improvement tax credit. A municipality that includes within its boundaries an area that fails to meet federal or state air quality standards for fine particles that are less than or equal to 2.5 micrometers in diameter may, by ordinance, provide for an air quality improvement tax credit to offset a portion of the property taxes due on property that, during the immediately preceding tax year, has been improved in a way that aids in improving the air quality in the municipality. The municipality shall establish eligibility, conditions, and other criteria for the credit in the ordinance adopted under this section.

*** Sec. 2.** AS 29.45.048 is repealed on January 1, 2016.

failed
2-6

AMENDMENT 1

OFFERED IN THE HOUSE BY REPRESENTATIVE GARA

TO: CSHB 121

Page 1, line 5, following "municipality":

Delete "that includes within its boundaries an area that fails to meet federal or state air quality standards for fine particles that are less than or equal to 2.5 micrometers in diameter"

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 121
(H) Publish Date: 2/18/09

Identifier (file name):HB121-CED-CRA-2-13-09
Dept. Affected: DCCED
Title: Municipal Air Quality Property Tax Credit
RDU: Community and Regional Affairs
Component: Community and Regional Affairs
Sponsor: Representative Coghill
Requester: House Community and Regional Affairs Committee
Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill would allow municipalities to provide a property tax exemption based on a percentage of verifiable air quality improvement costs on a property.

The Department of Commerce, Community and Economic Development does not foresee a fiscal impact as a result of this bill.

Prepared by: Tyson Fick, Legislative Liaison
Phone 465-2503
Division: DCCED
Date/Time 02/13/09 1:00pm
Approved by: Emil Notti, Commissioner
Date 2/13/2009
Department of Commerce, Community and Economic Development

(Revised 9/10/2008 OMB)

4545

HB

123

<target><bill>HB 123</bill><subject>HB
123</subject><comm>HFIN26</comm></target>

Alaska State Legislature

Representative Anna Fairclough – House District 17

House Bill 123

"An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date."

House Bill 123 extends the termination date of the Statewide Suicide Prevention Council to June 30, 2013. Suicide is a very serious public health concern in Alaska, particularly among young males and the Alaska native population. Extension of the Statewide Suicide Prevention Council is important in curtailing this avoidable loss of life. The mission of the Statewide Suicide Prevention Council is to advise the governor and the legislature on issues relating to suicide. In collaboration with communities, faith-based organizations, and public-private entities, the Council works to improve the health and wellness of Alaskans by reducing suicide and its effect on individuals and communities.

By statute the Statewide Suicide Prevention Council consists of 15 members, 11 appointed by the governor and four by the Legislature. The governor appoints two executive branch state employees; one member of the Advisory Board on Alcoholism and Drug Abuse; one member of the Alaska Mental Health Board; a designee from the Alaska Federation of Natives, Inc.; a counselor in a secondary school; an adult active in a statewide youth organization; a person who has experienced a family member's death by suicide; one person who resides in a rural community not connected by a road or Alaska marine highway to the state's main road system; a member of the clergy; and a youth under 18. The senate president appoints one majority member of the Senate; the speaker of the House appoints one majority member and one minority member of the House.

The council serves in an advisory capacity to the Legislature and governor with respect to what actions can and should be taken to improve health and wellness throughout the state by reducing suicide and its effect on individuals, families and communities; broaden the public's awareness of suicide and the risk factors related to suicide; enhance suicide prevention services and programs throughout the state; develop healthy communities through comprehensive, collaborative, community-based approaches; develop and implement a statewide suicide prevention plan; and strengthen existing and build new partnerships between public and private entities that will advance suicide prevention efforts in the state.

I urge your support on this important piece of legislation.

Session: Alaska State Capitol • Juneau, AK 99801 • 907-465-3777 • Fax 907-465-2819
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Representative_Anna_Fairclough@legis.state.ak.us

Alaska State Legislature

Representative Anna Fairclough – House District 17

CS for House Bill 123 (STA)

"An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date."

Explanation of Changes

Section 1. This section explains the composition of the council. The House State Affairs Committee decided instead of having both a majority and minority member from both bodies reside on the council that they would not designated and just have two members from each body on the council.

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Alaska State Legislature

Representative Anna Fairclough — House District 17

CS House Bill 123

"An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date."

Sectional Analysis

Section 1. Amends AS 44.29.300

Changes the composition of the council by increasing the number of members from 15 to 16.

States that two members from each body of the legislature sit on the council.

Adds two members one of which shall represent the Department of Health and Social Services and one who shall represent the Department of Education and Early Development.

Changes the classification of the person in a secondary school from a counselor to an employee of a secondary school.

Adds one person who is enrolled in grades 9-12 of a secondary school in the state.

Changes the classification of a member under the age of 18 to a public member.

Section 2. Amends AS 44.29.300

Adds a new subsection that classifies the two members from each body of the legislature that sit on the council are nonvoting members.

Section 3. Amends AS 44.29.330(a)

States that the voting membership shall elect officers.

Section 4. Amends AS 44.29.340

Adds new subsection that changes the quorum requirement to seven voting members

Section 5. Amends AS 44.66.010(a)(8)

Extends the sunset date from June 30, 2009 until June 30, 2013.

Section 6. Amends AS 01.10.070(c)

Immediate effective date clause

Session: Alaska State Capitol • Juneau, AK 99801 • 907-465-3777 • Fax 907-465-2819
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Representative_Anna_Fairclough@legis.state.ak.us

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

November 4, 2008

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), the attached report is submitted for your review.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
STATEWIDE SUICIDE PREVENTION COUNCIL
SUNSET REVIEW
November 4, 2008

Audit Control Number
06-20055-08

The review was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Currently, under AS 44.66.010(a)(8), the Statewide Suicide Prevention Council (council) is scheduled to terminate on June 30, 2009. We recommend the legislature extend the termination date of the council until June 30, 2013.

Four of the fifteen voting members of the council are legislators. Since the Legislative Audit Division is part of the legislative branch, our agency does not meet the independence standard required by generally accepted government auditing standards. Therefore, we are disclosing our lack of adherence to the independence auditing standard.

Except for the independence standard discussed above, the audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology.

Pat Davidson

Pat Davidson, CPA
Legislative Auditor

4550

TABLE OF CONTENTS

	Page
Objectives, Scope, and Methodology	1
Organization and Function	3
Report Conclusions	5
Findings and Recommendations	7
Analysis of Public Need	11
Agency Response	
Department of Health and Social Services	19
Statewide Suicide Prevention Council	23

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Titles 24 and 44 of the Alaska Statutes, we have reviewed the activities of the Statewide Suicide Prevention Council (SSPC or council) to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner.

As required by AS 44.66.050(a), the legislative committee of reference shall consider this report as part of the oversight process in determining if the termination date of the council should be extended. State law currently specifies SSPC will terminate on June 30, 2009. If no action is taken by the legislature, the council will have one year from that date to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report are:

1. To determine if the termination date of the council should be extended.
2. To determine if the council is operating in the public interest.
3. To provide a current status on the recommendations made in the prior report.

Our assessment of the operations and performance of the council was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relate to the determination of a demonstrated public need for the council.

Scope and Methodology

Auditors and audit organizations are required to be independent in both fact and appearance to the entities being audited. Audit organizations are presumed to be organizationally independent per generally accepted government auditing standards under various situations. One of those situations, which is applicable to the Division of Legislative Audit, is when the,

> *. . .audit organization is in a different branch of government within the same level of government as the audited entity; for example, legislative auditors auditing an executive branch program.*

The Division of Legislative Audit does not meet the organizational independence requirements because four of the fifteen voting members of SSPC are members of the Alaska State Legislature. Readers of this report may not view the conclusions, findings, and

recommendations as impartial because of the lack of organizational independence. Nevertheless, we conducted the audit of SSPC as required by AS 24.20.271 and AS 44.66.050.

Our audit reviewed the operations and activities of the council from FY 05 through FY 08.

During the course of our examination, we reviewed and evaluated the following:

- Applicable statutes and regulations.
- Budget documents, session laws, and other legislative information related to the council's operations.
- Council meeting minutes, bi-laws, and website.
- Annual reports to the legislature and governor.
- Financial reports from the State Accounting System.
- The *Statewide Suicide Prevention Plan.*
- Alaska Injury Prevention Center's follow-back studies to the council.
- Other documents related to the council's operations and mission, as necessary.

In addition, we interviewed:

- Various SSPC members, SSPC coordinators, and staff under the Department of Health and Social Services.
- Board members, executive directors and other staff of the Alaska Mental Health Trust Authority (AMHTA), Alaska Mental Health Board (AMHB) and Advisory Board on Alcoholism and Drug Abuse (ABADA).

We also attended the following meetings:

- May 5-6, 2008 meeting of SSPC.
- June 13, 2008 meeting of representatives from SSPC, Division of Behavioral Health, Division of Senior and Disability Services, the Alaska Commission on Aging, AMHTA, ABADA, AMHB, and the Governor's Council on Disability and Special Education.
- June 17, 2008 SSPC teleconference for a working session on the revision of the Suicide Prevention Plan.

ORGANIZATION AND FUNCTION

Under AS 44.29.350, the Statewide Suicide Prevention Council (SSPC or council) is charged with advising the legislature and the governor on,

> *...actions that can and should be taken to improve health and wellness throughout the state by reducing suicide and its effect on individuals, families, and communities.*

In addition to this advisory role, the council's activities include planning, coordinating, educating, training, and providing technical support on the prevention of suicide.

The council consists of 15 members. There are two senators, two representatives, two executive branch employees, and nine public members. The senate seats and the representative seats are appointed by the president of the senate and the speaker of the house, respectively. The executive branch and public seats are appointed by the governor.

Exhibit 1

Council Members
As of September 30, 2008

Officers:
- Brenda Moore, Public, Chair
- Pat Donelson, Public, Chair-Elect
- Renee Gayhart, DHSS, Treasurer

Other Members:
- Charles Jones, Public
- Celena Powder, Public
- William Martin, Public
- Bernard Gatewood, Public
- Vacant, Public
- Vacant, Public
- Vacant, Public
- Bill Hogan, DHSS
- Johnny Ellis, Senate
- Kim Elton, Senate
- Woodie Salmon, House
- Reggie Joule, House

Alaska Statute 44.29.300 specifies the public seats be filled by,

> *...one member of the Advisory Board on Alcoholism and Drug Abuse; one member of the Alaska Mental Health Board; one person recommended by the Alaska Federation of Natives, Inc.; one person who is a counselor in a secondary school; one adult who is active in a statewide youth organization; one person who has experienced the death by suicide of a member of the person's family; one person who resides in a rural community in the state that is not connected by road or the Alaska marine highway to the main road system of the state; one person who is a member of the clergy; and one person who is under the age of 18.*

Except for the members of the House of Representatives who serve two years, council members serve staggered four-year terms.

The council is staffed by a coordinator, who, by statute, is employed by the council and directly responsible to the council. As of July 1, 2008, the coordinator is the project manager for the Prevention and Early Intervention section. The coordinator is employed for the council on a part-time basis and is assisted by a project coordinator from the same division.

The council receives administrative assistance from the Department of Health and Social Services.

REPORT CONCLUSIONS

Under AS 44.66.010(a)(8), the Statewide Suicide Prevention Council (SSPC or council) will terminate on June 30, 2009. If the legislature does not take action to extend the termination date, the council will have one year to administratively conclude its affairs.

Alaska Statute 44.29.350 defines the purpose of the council.

> *The council shall serve in an advisory capacity to the legislature and the governor with respect to what actions can and should be taken to...*

The statute continues, listing the six areas where the council should advise the legislature and the governor. In addition to advising the legislature through testimony to the House and Senate Committees, the council has taken on a direct role in various areas. These areas include broadening the public awareness of suicide and the related risk factors, the development of a statewide suicide prevention plan, and other examples which are discussed in more detail in the Analysis of Public Need section of this report.

Suicide remains a major public health problem in Alaska. Over the last seven years, the crude rate[1] for suicide has ranged from over 16 to 23, while the national average crude rate for suicide was 11 in 2005[2].

Exhibit 2

Suicides of Alaska Residents By Year*

	Year of Death						
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Deaths	103	131	123	154	127	132	146
Crude Rate	16.3	20.5	19	23.4	19.1	19.7	21.6

*2006 and 2007 data is still provisional and subject to change.

Source: Alaska Bureau of Vital Statistics

In addition to the rate of suicide being significantly higher than the national average, the profile of those committing suicide is also substantially different. In national statistics, elderly individuals are more likely to commit suicide; in Alaska, suicide is most commonly committed by individuals in their 20s. Suicide rates in Alaska are also disproportionately high in the native population.

[1] Crude rate is the number of suicides per 100,000 population.
[2] USA Suicide: 2005 Official Final Data, from American Association of Suicidology on its website, http://www.suicidology.org.

4556

In developing our conclusion on whether SSPC's termination date should be extended, we evaluated SSPC's operations using the 11 factors set out in AS 44.66.050(c) to determine if the council has demonstrated a public need for its continued operation.

We found no direct correlation between the activities of the council and the change in the suicide rate for any particular year. However, given that the council's role is primarily advisory and suicide is a public health concern that is often linked with mental illness and substance abuse, both which are long term health issues, it is unlikely that a direct identifiable correlation will ever be clearly visible.

However, through the efforts of the council we have seen a broader and more public acknowledgement of the problem of suicide in Alaska. We saw the council responding to communities by working to revise the statewide suicide prevention plan, making it less clinical and more user-friendly. The council and the Department of Health and Social Services, Division of Behavioral Health (DHSS, DBH) have proposed an initiative to develop a cross-disciplinary, community-driven, and research-based approach to reducing the number of deaths by suicide in Alaska. A Suicide Prevention Strategy and Implementation Plan will be available to the legislature by December 15, 2008.

Overall, we found that the council is operating in the public interest and spearheading efforts that are necessary to address the public health concern of suicide. Therefore, we recommend the legislature extend the termination date of the council to June 30, 2013.

The four year extension is recommended because of the following issues:

- At the end of FY 08, the council was organizationally aligned with the Prevention and Early Intervention section, Division of Behavioral Health. A key to enhancing the effectiveness of the council is a good working relationship between the council and DBH, each focused on its own mission – coordinating but not duplicating. A limited extension will allow for a reevaluation of whether the closer alignment with DBH has impeded the independent voice of the council.

- Secondly, the membership requirements for appointment to the council make it difficult to fill all the seats and to ensure sufficient participation to meet quorum requirements. Again, a limited extension will allow a timely reexamination of this problem.

These issues are more fully discussed in the Findings and Recommendations section of this report.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Statewide Suicide Prevention Council (SSPC or council) should, in accordance with statutes, appoint its own coordinator and perform annual performance reviews.

Effective July 1, 2008, the Department of Health and Social Services (DHSS) assigned SSPC coordinator responsibilities to the Prevention and Early Intervention section[3] manager in the Division of Behavioral Health (DBH). This SSPC coordinator appointment was not made in accordance with the statutes and appears to diminish SSPC's autonomy and independent voice with the governor and legislature. Also, the coordinator may be placed in a position with potentially conflicting responsibilities between the council and DBH.

DHSS' decision was based on department personnel resource needs and a desire to align the activities of the council and the section.

The hiring, supervision, and evaluation of the SSPC coordinator are part of the council's rights and responsibilities per the statutes.[4] DHSS has traditionally assisted the council with the coordinator's selection. However, SSPC was not involved in the latest selection. Also, the council has not annually evaluated the coordinator's performance for at least the past four years. Neglecting these statutory requirements may have diminished the council's ability to maintain an independence voice.

We recommend the council either accept the current coordinator through a formal vote or initiate actions to hire a new coordinator. In addition, it is critical that the council conduct annual performance evaluations as required by statute, particularly if the coordinator is a DBH employee. Only through the council's interest in remaining autonomous can its independent voice be assured.

Recommendation No. 2

The legislature should consider modifying the composition of council membership.

During FY 05 – FY 08, there were excessive vacancies on the council and significant absences by council members at its meetings. Additionally, those being appointed to the

[3] Prevention and Early Intervention is the section responsible for DHSS programs that address suicide prevention.
[4] Alaska Statute 44.29.330(b) states,

> *The council may employ a coordinator to assist the council. The coordinator is in the partially exempt service. The coordinator shall be directly responsible to the council in the performance of the coordinator's duties. The council shall annually review the performance of the coordinator.*

council did not always meet the statutory qualifications for the position. Exhibit 3 illustrates the extent of vacancies and absences over the last four years.

Exhibit 3

Statutory Qualifications	Do incumbents meet the qualifications	Rate of attendance at SSPC meeting FY 05 – FY 08
Four legislator seats: Senate majority member Senate minority member House majority member House minority member	 Yes No No Yes	Overall 15%
Two persons employed by the executive branch of state government	Yes	Overall 73%
A member of the Advisory Board on Alcoholism and Drug Abuse	Yes	60%
A member of the Alaska Mental Health Board	Yes	100%
A person recommended by the Alaska Federation of Natives, Inc.	Yes	100%
A person who is a secondary school counselor	No[5]	80%
A person who is an adult and active in statewide youth organizations	Yes	73%
A person whose family has experienced death by suicide	Vacant[6]	33%
A person who lives in a rural community – not connected by either the road system or the marine highway	Vacant[7]	0%
A member of the clergy	Yes	93%
A person under the age of 18	Yes	33%
Overall Average[8]		**54%**

The composition of the council's membership is established in AS 44.29.300 and includes very specific qualifications which have created difficulties in filling the positions. Vacancies combined with low attendance rates make it difficult for the council to establish a quorum at its meetings.

The legislature should consider changes to AS 44.29.300 to broaden the qualifications of council members to ensure that appointees are interested in the work of the council and can

[5] The current incumbent is a secondary school principal.
[6] This position has been vacant since November 2005.
[7] This position has been vacant for more than 3 of the 4 years between FY 05 and FY 08.
[8] This average includes one member appointed to the council that does not meet any of the statutory criteria. This member's attendance over the last 4 years has been at 87%.

make the time commitment necessary to serve. Additionally, consideration should be given to making legislative members non-voting to prevent potential quorum issues.

Current Status of Prior Audit Recommendations

Prior Recommendation No. 1

The Division of Behavioral Health Community-based Suicide Prevention Program coordinator should ensure prevention programs conform to the statewide suicide prevention plan .

Current Status
This recommendation is no longer an issue. Starting in FY 06, the State has followed a national trend to provide grants on a more comprehensive programmatic basis. Grant funds are awarded in a way that allows communities to focus the funds according to local priorities, rather than awarding separate grants for mental health, substance abuse, or suicide programs.

Additionally, the council has undertaken a rewrite of the statewide suicide prevention plan to make it more user-friendly, so Alaskan communities can better use the plan in developing their grant activities and community plans.

Prior Recommendation No. 2

The administrative manager for Department of Health and Social Services Boards and Commission and the Statewide Suicide Prevention Council coordinator should develop a more formalized information system of reporting financial information to the council.

Current Status
This recommendation has been resolved. Council members are receiving budget and financial reports as part of their meeting packets.

Prior Recommendation No. 3

The council should ensure it provides public notice of all council meetings as required by Alaska Statute 44.62.310.

Current Status
This recommendation has been resolved.

Prior Recommendation No. 4

The Office of the Governor should make appointments to the council in a timely manner.

Current Status
Appointments to the council continue to be a problem. See current Recommendation No. 2.

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ANALYSIS OF PUBLIC NEED

The following analysis of commission activities relates to the public need factors defined in the sunset law, AS 44.66.050. This analysis was not intended to be comprehensive, but to address those areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission, or program has operated in the public interest.

To assess whether the Statewide Suicide Prevention Council (SSPC or council) has operated in the public interest, we measured the council's activities against objectives set out by the legislature for SSPC in state law, at AS 44.29.350.[9] From our review of council activities, we conclude SSPC has reasonably addressed its statutory objectives.

The council, as an advisory body, has made presentations to the House and Senate Committees on Health, Education and Social Services. Additionally, they provide the legislature and the governor with the council's annual report.

The council also actively participates in the six areas in which they are intended to advise the legislature and the governor. The following discussion describes the council's areas of active participation:

1. Actions to be taken to improve health and wellness by reducing suicide.

   During FY 08, the council, in partnership with Department of Health and Social Services, Division of Behavioral Health (DHSS, DBH), proposed the Alaska Suicide Prevention Initiative to the governor and the legislature. The initiative proposed developing a cross-disciplinary, community-driven and research-based approach to reduce the number of deaths by suicide in Alaska. The initiative addressed potential activities from FY 09 through FY 13. The FY 09 budget included an increment dedicated to the development of the Suicide Prevention Strategy and Implementation Plan, which is to be completed by December 15, 2008.

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[9] Alaska Statute 44.29.350 states,

The council shall serve in an advisory capacity to the legislature and the governor with respect to what actions can and should be taken to (1) improve health and wellness throughout the state by reducing suicide and its effects on individuals, families, and communities; (2) broaden the public's awareness of suicide and the risk factors related to suicide; (3) enhance suicide prevention services and programs throughout the state; (4) develop healthy communities through comprehensive, collaborative, community-based and faith-based approaches; (5) develop and implement a statewide suicide prevention plan; and (6) strengthen existing and build new partnerships between public and private entities that will advance suicide prevention efforts in the state.

2. Increasing public awareness of suicide and the related risk factors.

The council has become increasingly diligent in this area. The council continues to maintain a website[10] that provides suicide statistics, risk factors, and prevention. Additionally, the website provides links to resources such as the council's annual reports and statewide suicide prevention plan.

The council participated in many conferences and workshops during FY 05 through FY 08, making presentations or providing information displays. The council also purchased and distributed items such as pens, pencils, magnets, and posters to those needing support for suicide prevention related functions.

In 2006 the council initiated the "Live Your Dream" bracelet campaign which targets the State's youth population. This has been viewed as particularly popular and successful in spreading suicide awareness.

The council has contributed to the "YOU KNOW ME" media campaign which focuses on suicide prevention awareness. The Alaska Mental Health Trust Authority (AMHTA) has sponsored the council in this endeavor since 2005.

3. Enhance suicide prevention services and programs throughout the State.

Overall, the council enhances suicide prevention services and programs by directly providing information or providing direction to other knowledgeable sources. Throughout the year, the council receives two to three requests per week for information or technical assistance. Their web site generates questions from the public and other organizations who then request informational materials from the council. As appropriate, they also provide studies, DVDs, books, and other materials on suicide and suicide prevention.

Other examples of SSPC's enhancement of suicide prevention services include:

- Involvement in the certification of Careline[11] and DBH's targeted gatekeeper training.[12]

- Having the Careline phone number placed in phone books across the State.

[10] http://health.hss.state.ak.us/suicideprevention/default.htm
[11] Careline is Alaska's statewide toll-free crisis intervention and assistance hotline.
[12] DBH has contracted for the development of a training curriculum specific to Alaska. Gatekeepers are individuals who have face-to-face contact with large numbers of people in their community. The council's role in the initiative is to review the developed curriculum and provide feedback.

- Sponsoring travel for communities that needed assistance to attend gatekeeper training.

- Providing funds which allowed the Careline project manager, the Boys & Girls Club representative, and the Survivor Group representative to attend the American Association of Suicidology Conference in 2006.

4. Develop healthy communities though comprehensive, collaborative, community-based and faith-based approaches.

   The council has maintained faith-based partnerships through some SSPC members' participation in faith-based organizations. Other community approaches have included:

   - Sponsoring an Alaska State Council on the Arts workshop in Bethel to orient artists and arts organizations to programs, resources, and grant opportunities.

   - Providing a liaison to assist grassroots community members as they researched and established a nonprofit organization whose mission is suicide prevention, awareness, and support of the survivors.

   - Providing technical support to community programs providing suicide prevention services via research, best practices updates, referral resources, training, and conference opportunities.

   - Recommending the Boys & Girls Clubs' staff development director receive training and certification as a gatekeeper[13] trainer.

5. Develop and implement a statewide suicide prevention plan.

   SSPC completed its first statewide plan in 2004, and it followed the format of the National Strategy for Suicide Prevention and existing plans from other states. However, communities did not find the plan user-friendly in providing guidance in aligning their grant activities and community plans with the statewide plan. The council is now revising the statewide plan to make it more relevant to the granting process for the Comprehensive Behavioral Health Prevention and Early Intervention Services grants.

6. Collaborating on planning activities with other related agencies.

   In 2005 SSPC established a memorandum of agreement (MOA) with the Advisory Board on Alcoholism and Drug Abuse (ABADA), the Alaska Mental Health Board (AMHB), and DHSS. In 2006 an MOA was established with AMHTA. The purpose of the MOAs is coordination and collaboration to achieve the best outcomes for their targeted

[13] See footnote 12 for more information about gatekeepers.

beneficiaries. Their websites are interlinked and these entities participate in reciprocal reporting.

Other boards that SSPC collaborates with include Alaska Commission on Aging, Alaska Brain Injury Network, Governor's Council on Disabilities and Special Education, Faith-Based and Community Initiatives, and Division of Behavioral Health. While there is reciprocal reporting between these boards, MOAs have not yet been established.

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

SSPC has not operated in strict compliance with the statutes in regards to the composition of the council and some personnel matters. Specifically:

1. SSPC was not involved in hiring its latest coordinator, a position directly responsible to the council; nor has the council reviewed the coordinator's performance for any of the past four years. These are requirements stated in AS 44.29.330. At least in appearance, these moves could impede the council's independence and autonomy when advising the legislature and the governor. (See Recommendation No. 1)

2. Some council members either do not meet the positions' requirements as presented in the statutes or have excessive absences from the board meetings and other SSPC activities. (See Recommendation No. 2)

Exhibit 4

Schedule of Operating Expenditure and Funding Sources
(Unaudited)

	FY 05	FY 06	FY 07	FY 08
Expenditures				
Personal Services	$ 18,300	$ 26,028	$ 22,307	$ 35,915
Travel	23,847	32,636	41,155	51,072
Services	33,335	37,515	19,821	18,205
Commodities	14,383	6,336	8,461	2,142
Total Operating Expenditures	$ 89,865	$ 102,515	$ 91,744	$ 107,334
Funding Sources				
General Fund Appropriations	$ 89,865	$ 102,515	$ 91,744	$ 107,334
Total Funding	$ 89,865	$ 102,515	$ 91,744	$ 107,334

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

The council has not pursued any statutory changes.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

The council provided public notices to all but one of their meetings. However, public comment periods occurred during all of the meetings. The council has conscientiously made efforts to conduct at least one of their four meetings in a remote location such as Bethel, Kotzebue, and Sitka. They have held three town hall meetings, usually following one of their regularly scheduled meetings. Additionally, the public has the opportunity to contact the council, through its website, to offer feedback and request information.

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Under AS 44.29.350, the council has developed and implemented a statewide suicide prevention plan. The existing plan is currently under major revision to increase its usability. The council has requested input from participants outside the council such as the grantees, gatekeepers,[14] and members of other boards. Once the plan has been approved by the council, it will be sent out for public testimony. Further revisions, as a result of public testimony, may be made before its release.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

Neither the Office of the Ombudsman nor the Office of Victim's Rights reported any complaints filed with them regarding SSPC.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

This criterion is not applicable since SSPC does not regulate any occupations or professions.

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

Nothing in our review of the council indicated that there were any complaints involving SSPC personnel practices.

[14] See footnote 12 for more information about gatekeepers.

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

As discussed in Report Conclusions, we recommend the council be continued. However, in Recommendation No. 1, we also suggest that the appointment of the council's coordinator be approved by the council and annual performance reviews of the coordinator's performance should be conducted as set out in statute. This is important for SSPC to maintain its autonomy in the future for advising the legislature and governor. Due to personnel resource concerns and the desire for closer alignment between the council and DBH, DHSS has organizationally moved the administration of the council to DBH, specifically the Prevention and Early Intervention section. It is essential that DHSS and the council develop means to assure the council maintains an independent voice.

As discussed in Recommendation No. 2, the council should ensure that appointed members meet the qualifications of AS 44.29.300. We suggest the legislature consider broadening the qualifications for membership to ensure sufficient qualified and interested individuals are available and willing to serve on the council.

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

The council established performance measures which are detailed in the annual reports to the legislature. For the FY 08 annual report, the measures were:

- Reduction of the three-year average rate of Alaska suicides.

  SSPC has been unable to achieve this objective at this time. During FY 08, the council has partnered with DHSS, DBH in an initiative, attempting to accomplish this by FY 13.

- Review and update the statewide suicide prevention plan.

  SSPC members are currently reviewing the plan with the objective of making it more relevant to the granting process for the Comprehensive Behavioral Health Prevention and Early Intervention Services grants.

- Consistently review data to identify trends, make analyses, and provide recommendations regarding suicide prevention, education and services needed in the State.

  The Follow-Back Study, which presented Alaska suicide data and analysis for the period from September 1, 2003 through August 31, 2006, was received by SSPC in February 2007. The council has and continues to use this study to make recommendations to the legislature, executive branch agencies, and the public.

- Support and assist Alaskans in starting a state Suicide Prevention Awareness Network (Network).

  The council supported the Alaska Suicide Prevention Action Coalition (ASPAC) in its research into becoming a Network affiliate. Although the Coalition decided to incorporate and maintain its autonomy, its goals are similar to the Network and further the goals of the council.

- Increase the number of communities that can recognize the warning signs of suicide through increasing the number of community-based suicide prevention grantees who align their community funding with the statewide suicide prevention plan.

  The Prevention and Early Intervention section gave comprehensive prevention grants to communities for the FY 06 - FY 08 three-year grant cycle. A comprehensive prevention grant can be used to address any alcohol, drug, mental health, or suicide related issue. Since none of the grants during this grant cycle were specifically for suicide prevention, no tracking was done to determine whether grantees aligned their funding with the statewide plan. As comprehensive prevention grants continue to be made by DBH, the council should revise this performance measure.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

The Statewide Suicide Prevention Council mission overlaps with other state entities such as the Alaska Mental Health Board, the Advisory Board on Alcoholism and Drug Abuse, and the Alaska Mental Health Trust Authority. However, the council was established to bring attention and focus, specifically, to the suicide issue in Alaska, so overlapping missions are to be expected.

While the council actively collaborates with various other boards and commissions with related missions, there does not appear to be any duplication of activities between the council and these other governmental agencies or in the private sector.

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STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

December 1, 2008

RECEIVED
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LEGISLATIVE AUDIT

Pat Davidson
Legislative Auditor
Alaska State Legislature, Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson:

Thank you for this opportunity to provide a written response to the *Preliminary Audit Report on the Statewide Suicide Prevention Council, Sunset Review, November 4, 2008.* I have reviewed the report and offer the following comments.

First, we appreciate your staff's careful attention to detail and the thorough nature of the audit process, including the many interviews and opportunities for individuals to be heard and to voice their opinions. Suicide is a critical social issue for the State of Alaska and the Statewide Suicide prevention Council (SSPC) has a significant responsibility to find strategies and solutions to begin reducing the rate of suicide throughout our state.

As stated in the audit report, the SSPC has recently undergone a significant change in location within the department and in their staff coordination. Beginning July 1, 2008, the SSPC is now under the direction of the Division of Behavioral Health, section of Prevention & Early Intervention Services. The reason for this change of location was to allow for better coordination of statewide suicide prevention efforts between the SSPC and Behavioral Health and to promote a more seamless and coordinated approach to suicide prevention in Alaska. While this transition is complete, the SSPC members and Behavioral Health staff are continuing to define and develop their relationship and structure. We are confident this change will accomplish its intended purpose and provide for better statewide alignment in issues related to suicide prevention.

The Department of Health and Social Services (DHSS) supports and agrees with the audit findings and recommendations. We are pleased with the recommendation to extend the SSPC for four more years, with a new sunset date of June 30, 2013. We believe the DHSS and the SSPC are at a critical juncture to make significant progress in reducing and preventing suicide in Alaska. DHSS, in partnership with the council and others, recently received a 3-year federal Garrett Lee Smith Youth Suicide Prevention grant to focus on developing regional strategies to 'turn the corner' on suicide data. In addition, with one-time funding from the FY08 Legislature, we are offering regional suicide prevention planning grants focusing on those regions of Alaska with the highest rates of suicide. It is our intent that these planning grants will become the foundation of the Statewide Suicide Prevention Initiative, a joint effort of the DHSS and the Council. The four (4) year extension will allow these projects to become embedded in our statewide strategy and to develop sustainability of community/regional efforts.

In response to the other two recommendations, again we are in agreement with the findings and recommendation, with the following comments and suggestions.

Recommendation No. 1:

The Statewide Suicide Prevention Council should, in accordance with statues, appoint its own coordinator and perform annual performance reviews.
With the change in location of the SSPC to the Division of Behavioral Health, and the departure of Kathryn Craft as Coordinator, interim decisions were made with minimal input from the council. One decision was to have two current Behavioral Health staff share the role of providing support to the council. L. Diane Casto, Section Manager and James Gallanos, Project Coordinator, are currently sharing the task of providing staff support to the council. It was never the intent that these two staff would be the Council Coordinator, but would be available to provide support and guidance as requested from Council Chairperson Brenda Moore.

Due to limited funding, there are not enough funds for a full-time coordinator, and in fact, Ms. Craft provided approximately .25 FTE services to the council. At the most recent SSPC meeting in September, and again during a November telephonic executive work session of the council , it was decided that the personnel money available in the SSPC budget will be used to hire a . 50 FTE Project Assistant, hired by the council, to provide day-to-day support. We are beginning the process to reclass the current Position Control Number (PCN) previously assigned to Ms. Craft. Once completed, we will begin the solicitation and hiring process, with input and direction from the council. The position will be located in the Juneau offices of the Division of Behavioral Health.

We also support the audit recommendation for the council to conduct annual evaluations of the council staff person and will provide assistance as requested.

Recommendation No. 2:

The legislature should consider modifying the composition of council membership.

As stated in the audit, there have been "excessive vacancies on the council and significant absences by council members at its meetings. "In addition, it is noted that "those being appointed to the council did not always meet the statutory qualifications for the position." We agree with both of these conclusions and support the recommendation to consider modifying the composition of the council membership.

In July, when the SSPC came into the Division of Behavioral Health, section of Prevention & Early Intervention Services, Ms. Casto began a dialogue with the Director of Boards and Commissions about the current vacancies and how best to recruit and/or encourage applications to fill these positions. Through this process, it became evident that the current membership did not directly meet the statutory qualifications for council membership. Discussions with the office of Boards and Commissions continue with DBH staff to make sure vacant positions are

filled in a timely manner and that applicants meet the statutory requirements. The office of Boards and Commissions is currently reviewing a number of applications for SSPC membership.

In addition, at the September meeting of the SSPC, there was a discussion about these current qualifications or categories of representation, and the council agrees that some modifying of the council composition would be beneficial. Providing more flexibility and broader definitions (i.e. expanding a secondary school counselor to a school counselor or K-12 school personnel) would allow for a larger pool of potential candidates.

Another area that has concerned the council is the large number of legislators required as council members. While the council is not concerned with having legislative representation and in fact supports their membership, it is difficult for legislators to be available for meetings, creating difficulty having a quorum for conducting council business. As reported in the audit, legislative members have attended meeting 15% of the time over the last 4 years.

With the challenges the current statutory qualifications have created, the DHSS supports the recommendation to modify the membership and, upon request, will work with the council to develop broader and more flexible categories of representation for possible legislative action.

I want to thank you for the opportunity to review and respond to the preliminary audit report. We support the work of the Legislative Audit team, and believe your recommendations will strengthen the Statewide Suicide Prevention Council, the collaboration with Behavioral Health, and the council outcomes.

Please do not hesitate to contact me if you have questions or would like additional information.

Sincerely,

William H. Hogan
Commissioner

cc: Melissa Stone, Director, Division of Behavioral Health

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To: Legislative Budget and Audit Committee
Division of Legislative Audit

RECEIVED
NOV 3 0 2008
LEGISLATIVE AUDIT

From: Statewide Suicide Prevention Council
Brenda Moore, Chair

Re: Department of Health and Social Services
Statewide Suicide Prevention Council, Sunset Review, November 4, 2008

November 28, 2008

Recommendation No. 1

The Statewide Suicide Prevention Council (SSPC or council) should, in accordance with statutes appoint its own coordinator and perform annual performance reviews.

During an executive session, Nov. 24, 2008, the council discussed hiring a part-time coordinator to work in conjunction with the Division of Behavioral Health, Office of Prevention and Early Intervention manager and prevention specialist that currently provides administrative support to the council. There was consensus among council members that it could develop its own goals and implementation plans with input and assistance from its current administrative support staff. A coordinator is needed to organize and carry out operational activities necessary to support the council in achieving its goals. The council determined to form a committee to review the budget and job classification in order to hire a coordinator. A performance review schedule and procedure will also be established.

Recommendation No. 2

The legislature should consider modifying the composition of council membership.

The council is in agreement with the recommendation to broaden the qualifications of council members to ensure that appointees are interested in the work of the council and can make the time commitment necessary to serve. In addition the council agrees to the recommendation that consideration should be made to making legislative members non-voting to prevent potential quorum issues.

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or stay and fight.

Just two sheds were destroyed in the Melbourne suburb of Belgrave South before the fire threat eased Monday, but the panic showed how jittery Australians wait out the latest emergency.

At least two new fires broke out in southern Victoria state, where temperatures soared into the mid-80s Fahrenheit (low 30s Celsius) and strong, gusty winds dropped.

The confirmed death toll was increased to 210 early today, and was expected to rise as more remains were identified from the ruins.

we have ended the black wind (of violence) and have started the reconstruction process," al-Maliki told hundreds of officials as Iraqi soldiers with red berets stood guard.

Sam and Gayle Trivette, advocates, long time Alaskans, retired public employees.

Like too many Alaskans, we lost a son to suicide.

YOU KNOW Us...

He was home from college for the summer. He had a wide network of friends. He was so loved. But in retrospect, we realized he had battled depression since high school.

Our loss has led us to suicide prevention efforts. We don't want other parents, or anyone, to feel this wrenching heartbreak. We've joined our community task force (juneausuicideprevention.org.) to get out the word: signs someone's considering suicide, risk factors, how to talk to them, where to get help.

The Statewide Suicide Prevention Council website has even more information.

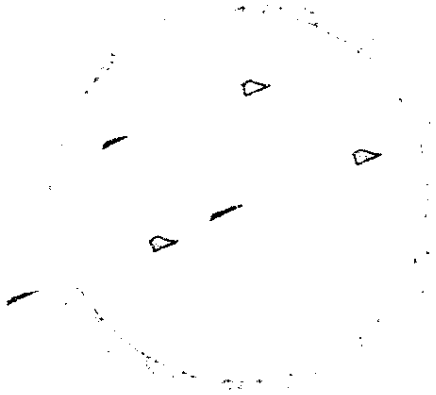
www.hss.state.ak.us/suicideprevention or call the 24-hour hotline: Alaska's Careline 1-877-266-HELP (4357)

The TRUST
The Alaska Mental Health Trust Authority
www.mhtrust.org

A message from the Alaska Mental Health Trust Authority

Fiscal Year 2007 ANNUAL REPORT TO THE LEGISLATURE

Statewide Suicide Prevention Council



Sarah Palin GOVERNOR

Karleen K. Jackson COMMISSIONER

www.hss.state.ak.us/suicideprevention

4576

Alaska needs:

- A committed person to take initiative, a core leadership group and active volunteers
- A partnership involving multiple levels of the community
- Support from school district administrations
- A foundation of mental health, substance abuse and emergency/crisis services
- Training, knowledge of best practices and materials
- A plan with realistic goals and strategies
- Appropriate funding
- Media focus on the issue

(adapted from June 2004 Group Health Community Foundation Evaluation)

"Suicide prevention work must come from (and out of) the community."

Bethel Town Hall meeting participant, May 2005

RISK FACTORS THAT A PERSON MIGHT BE SUICIDAL

Talks about suicide — seriously or "just kidding."

Has attempted suicide before.

Has trouble eating or sleeping.

Prepares for death — makes out a will and final arrangements.

Gives away prized possessions.

Has had recent severe losses; lost someone to suicide

Drastic changes in behavior.

Withdraws from friends, social activities.

Loses interest in hobbies, work, school.

Takes unnecessary risks.

Loses interest or dramatic change in personal appearance.

Increases use of alcohol or drugs.

Council — Historical Overview

By statute the Statewide Suicide Prevention Council consists of 15 members, 11 appointed by the governor and four by the Legislature. The governor appoints two executive branch state employees; one member of the Advisory Board on Alcoholism and Drug Abuse; one member of the Alaska Mental Health Board; a designee from the Alaska Federation of Natives, Inc.; a counselor in a secondary school; an adult active in a statewide youth organization; a person who has experienced a family member's death by suicide; one person who resides in a rural community not connected by a road or Alaska marine highway to the state's main road system; a member of the clergy; and a youth under 18. The senate president appoints one majority member of the Senate; the speaker of the House appoints one majority member and one minority member of the House.

The council serves in an advisory capacity to the Legislature and governor with respect to what actions can and should be taken to:

- improve health and wellness throughout the state by reducing suicide and its effect on individuals, families and communities;
- broaden the public's awareness of suicide and the risk factors related to suicide;
- enhance suicide prevention services and programs throughout the state;
- develop healthy communities through comprehensive, collaborative, community-based approaches;
- develop and implement a statewide suicide prevention plan; and
- strengthen existing and build new partnerships between public and private entities that will advance suicide prevention efforts in the state.

WAYS YOU CAN HELP

Be willing to listen.
Allow expression of feelings.
Accept the feelings.

Be nonjudgmental.
Don't lecture the value of life.

Don't dare someone to do it.

Don't be sworn to secrecy.
Connect with services specializing in crisis intervention.
Offer to accompany the person in need.

Pay attention when a person "just kids" about ending it all.

Offer hope that alternatives are available, but don't offer glib reassurances.

Take action. Remove means, such as guns or stockpiled pills.

Statewide Suicide Prevention Council

Performance Measures	3
Alaska Suicides per Region	6-7
Alaska Suicide Follow Back Study	14
Alaska Suicide Information and Data	15
Council Members	back cover

www.hss.state.ak.us/suicideprevention

Prevention works!

Strong communities are an essential part of a successful prevention network.

Statewide Suicide Prevention Council Performance Measures — Fiscal Year 2007 Report on Activities

In response to the 2005 legislative Suicide Prevention Council sunset extension hearings, Council members drafted the following performance measures to guide their work over the next several years. These measures were chosen to respond directly to the legislative audit findings and, more important, to reflect the Council's concern with Alaska's high suicide rate.

1 In an effort to get Alaska off the national list of the "top ten" states with the highest suicide rates for the first time since 1991, the Statewide Suicide Prevention Council will partner with the Division of Behavioral Health to reduce the three-year average rate of Alaska suicides from 21 deaths per 100,000 population to 15 per 100,000, representing a 29 percent decrease from the current rate, over a seven-year period.

The three-year average rate for 2002–2004 = 21.1/100,000

2006	21.1	x 5%	=	1.05	=	20.1 /100,000
2007	20.1	x 5%	=	1.01	=	19.1 /100,000
2008	19.1	x 5%	=	0.95	=	18.14 /100,000
2009	18.14	x 5%	=	.91	=	17.23 /100,000
2010	17.23	x 5%	=	.86	=	16.37 /100,000
2011	16.37	x 5%	=	.82	=	15.55 /100,000
2012	15.55	x 5%	=	.78	=	14.78 /100,000

Progress. The current three-year average Alaska suicide rate for 2003–2005 is 20.86/100,000. This is a decrease from the previous three-year average of 21.1/100,000. There were 131 suicides in 2005, giving Alaska a fatality rate of 19.7/100,000. This rate is well ahead of our scheduled decreases, but it is more accurate to rely on the three-year averages due to the annual fluctuation in rates.

2 On a yearly basis, review and update the Statewide Suicide Prevention Plan as indicated by community feedback and Council members' recommendations.

Progress. Council members are currently reviewing the Statewide Suicide Prevention Plan for revisions to be made during FY07. The FY07 version will include an introductory letter from William Martin, Council chair.

4580

3 Through the Follow-Back Study and other data sources, consistently review data and information in an effort to identify trends, make analysis and forward recommendations to the department regarding prevention, education and services needed statewide. This information may assist in:

a. understanding the suicidal mind more clearly;

b. understanding who decedents thought of as "gatekeepers," (i.e., who they confided in or who may have been able to recognize the ideation);

c. designing new intervention and prevention programs to help suicidal individuals and suicide survivors;

d. bringing new money into the state to combat suicide;

e. providing a better understanding of the age groups and racial groups involved;

f. discovering and providing information on risk and protective factors that can be prevented or enhanced;

g. access and use of behavioral health services;

h. ideation communicated to others;

i. prescription medication being used; and,

j. recent encounters with law enforcement or medical staff.

Progress. The Alaska Injury Prevention Center (AIPC) and our research partners (American Association of Suicidology and the Critical Illness and Trauma Foundation) have collected data on suicides in Alaska from Sept. 1, 2003, through Dec. 31, 2006. A preliminary analysis of data from this three-year period has been completed and submitted to the Alaska Suicide Prevention Council. The final analysis and report of the Follow-Back Study (personal interviews) should be completed in February 2007.

The Alaska Injury Prevention Center presented the suicide data at an international suicide prevention conference in Durban, South Africa (September 2005); at the Alaska Health Summit (December 2005); for the Alaska Native Medical Center, Southcentral Foundation; and to several other small groups. The Follow-Back Study and data were instrumental in the formation of the Mat-Su Valley survivors group. Limited data from the study have been made available to Native health corporations for grant requests, to police chaplains, and to other groups to assist in suicide prevention or coping program design.

4 Support and assist Alaskans in starting a SPAN-Alaska (Suicide Prevention Awareness Network) affiliate. This grassroots community effort enlists the support of individuals to:

a. establish a group that will oversee the SPAN-Alaska affiliate by becoming a 501 (c) 3 nonprofit; draft Articles of Incorporation and bylaws;

b. sign up a minimum of 150 new members; and

c. develop a Survivor Support Group list,

- gather baseline data on the number of Survivor Support Groups, and

- track the increase of Survivor Support Groups.

Progress. While the grassroots community members researching the feasibility of becoming a SPAN affiliate decided not to proceed, they have continued to be active in their work toward suicide prevention and awareness and, more important, as support to other survivors of suicide. Statewide Suicide Prevention Council member Stan Tucker volunteered as liaison between the Council and these community members.

4581

5 Support the Division of Behavioral Health in its efforts to increase the number of communities that can recognize the warning signs of suicide by tracking the number of community-based Suicide Prevention grantees that align their community suicide prevention funding with the Statewide Suicide Prevention Plan by:

- **a** conducting eight community trainings on the use of the Statewide Suicide Prevention Plan; and
- **b** tracking the number of trainings provided from July 1, 2005–June 30, 2006.

Progress. The Division of Behavioral Health Request for Proposals required all grantees to align their suicide prevention efforts with the Statewide Suicide Prevention Plan. At the statewide meeting for prevention grantees (September 2006), the division created a presentation on community-based planning for implementing effective strategies aligned with the statewide plan. The Council with the division has provided two trainings on use of the statewide plan and assessing community readiness for decreasing suicide and non-lethal suicidal behaviors. These trainings took place at the Full Lives Conference (April 2006) and the Rural Behavioral Health Providers Conference (June 2006).

6 Assist the Division of Behavioral Health in its SAMHSA Garrett Lee Smith Memorial Act youth suicide prevention application, and if awarded, in its implementation.

Progress. The Council supported the state's Garrett Lee Smith Memorial Act youth suicide prevention application. Alaska's application was not awarded funding; however, some of the activities that were included in the response, such as Gatekeeper training and extending the Follow-Back Study, will continue to be funded through other avenues. It is planned to apply again at the next opportunity.

7 Provide technical assistance to Boys & Girls Clubs of Alaska statewide youth suicide prevention initiative, Project LEAD (Leadership, Education, Acceptance and Determination). Project LEAD builds protective factors in youth through academic and leadership programming, along with alcohol and substance abuse prevention programming.

Progress. Project LEAD empowers Boys & Girls Clubs Instructors to network with mental health and medical providers, school counselors, cultural leaders, churches and parents to identify and serve at-risk and in-crisis youth. In 2005, due to a lapse in essential grant funding, Project LEAD sites fell from 22 communities to 16. Prevention specialists in these communities intervened with 43 youth in crisis and tracked another 301 youth who exhibited one or more risk factors. Staff continue to seek partnership and grant support for suicide prevention efforts and continue to train front-line professionals in first-response intervention skills. Ninety-five current front-line employees are trained in suicide intervention and prevention.

The Suicide Prevention Council provides technical support to the program via research and best practice updates and referral resources, and training and conference opportunities. In April 2005, the Council sponsored the Project LEAD Coordinator's travel and registration to the National Suicide Prevention and Awareness Conference in Seattle, Wash.; and at the Council's recommendation, Boys & Girls Clubs Director of Staff Development received training and certification as a Gatekeeper Trainer.

8 Gather data from the Division of Behavioral Health on the Substance Abuse and Mental Health Services-funded Gatekeeper Training:

- **a** number of trainings held; and
- **b** number of attendees.

(continued on page 8)

Alaska

Suicides per 100,000 per Region for the last ten years

RATE	REGION
More than 70	Northwest Arctic Nome Census area
50–70	Wade Hampton Bethel Census area
30–50	North Slope Borough Dillingham Bristol Bay Lake Borough Peninsula Borough
Less than 30	Kodiak Island Aleutians Mat-Su Borough Anchorage Kenai Peninsula Valdez-Cordova Census area Fairbanks Southeast Fairbanks Denali Yukon-Koyokuk Census area Southeast

KEY TO NUMBERS ON THE MAP

00.0 RATE PER 100,000

(0) REGIONAL COUNT

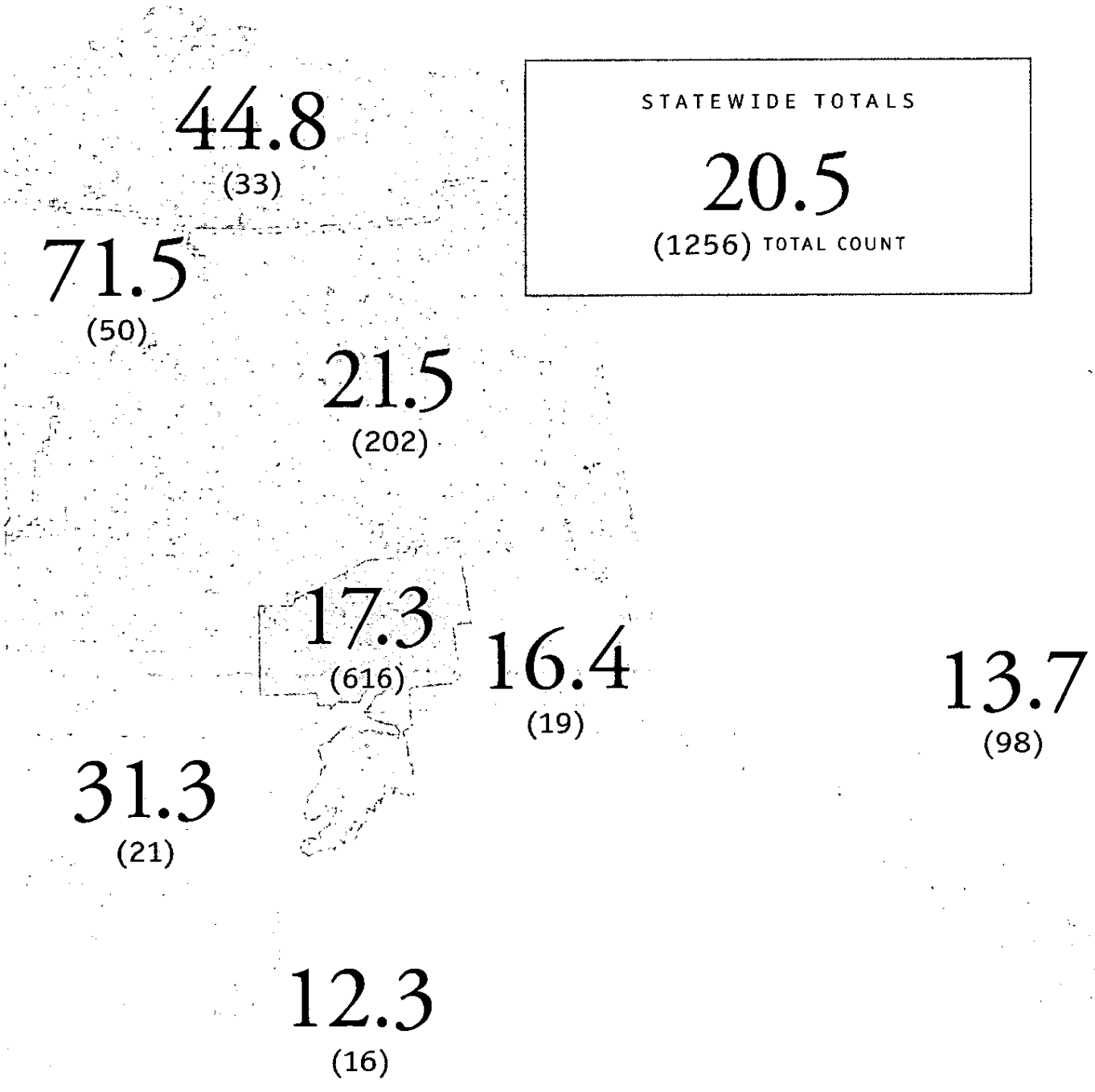
71.7
(65)

55.3
(126)

10.9
(10)

Suicides (and numbers) per Region

1996–2005



STATEWIDE TOTALS

20.5

(1256) TOTAL COUNT

4584

SSPC Performance Measures *(continued from page 5)*

Progress. From Oct. 1, 2005, to Sept. 30, 2006, implementation of Targeted Gatekeeper Training of Trainers (TOT) was completed. Phase II was completed in July 2006. Following the regional TOT's there was a follow-up meeting for all gatekeeper trainers in August to allow them to meet each other, share what is working, and discuss ideas for further expansion of the gatekeeper training program. The trainers have a listserve that enhances their ability to share and support one another.

TABLE ONE Targeted Gatekeeper Testing of Trainers Sessions

SCHEDULED FOR–2007	LOCATION	TARGET AUDIENCE	NUMBER OF PARTICIPANTS
April 21	Anchorage	Northern	7
April 21	Anchorage	Southcentral	8
April 21	Anchorage	Southeastern	8
April 21	Anchorage	Statewide	18

The Statewide Suicide Prevention Council Board members set performance measures for themselves to help them stay involved in spreading the word about the work of the Council. Some of the effort is represented above. The Statewide Suicide Prevention Plan was presented at numerous conferences, health fairs, and health entity gatherings. Board members also participated in talking to their legislators, chairing committee meetings, submitting letters to the editor and participating in suicide awareness efforts in a variety of settings. See Table Two.

TABLE TWO Council Members' Performance Measures

	SCHEDULED TASKS	ACCOMPLISHED TASKS
1	Present statewide suicide prevention plan in two public venues.	★★★★★★★ ★★★★★★ ★★★★
2	Submit two digital photographs and one written article of member or constituent activity relevant to suicide prevention awareness of activities for the legislative report.	★★★★
3	Arrange and attend at least two meetings with legislators, other than council members who are legislators, to discuss the Council's mission, activities and performance measures.	★★★★★★★
4	Submit one Letter to the Editor to a newspaper of member choice addressing suicide prevention awareness and Council activities.	★★★
5	Demonstrate meaningful participation in a statewide or worldwide suicide prevention effort (i.e., Worldwide Suicide Prevention Awareness Day, Sept.10).	★★★★
6	The above items may be substituted for leadership on a significant Council priority/project that impacts the visibility, longevity and/or financial sustainability of the Council.	★★

4585

The Council has various suicide prevention material available free of charge. Please contact Kathy Craft at

Kathryn_Craft@health.state.ak.us

if you would like to receive items that are available.

Posters

Pens

Magnets

Statewide Suicide Prevention Plans

Annual Reports

You KNOW Me Posters

Ramy Brooks trading cards

Statewide Resource Guides

Radio Public Service Announcements on CD

Ramy Brooks DVD with Study Guide

McDowell Report on the Economic Costs of Alcohol and Other Drug Abuse in Alaska, 2005 Update.

"You KNOW Me," The Alaska Mental Health Trust Authority's coordinated communication campaign, has used print, radio, and television announcements to reduce stigma and increase awareness that treatment works. The Trust also provided the Statewide Suicide Prevention Council with funds to continue statewide suicide prevention and awareness focus through their coordinated communications and advocacy work.

The Trust's daily Web site activity has significantly increased from the year prior to the campaign. Average daily visits are up 50 percent, and page views up 31 percent.

Calls to the Statewide Suicide Prevention toll-free Careline (877-266-HELP) increase when the number appears in print ads. In some months, calls have gone up from 300 to 400, coming from all over the state.

We suspect that there is similar activity on local 24-hour hotlines. (Because the lines are run by volunteers, reports are sporadic.)

4586

Fiscal 2007 Statewide Suicide Prevention Council Highlights and Accomplishments

"Live Your Dream" — Youth Prevention Focus

As part of the Live Your Dream campaign, silicone bracelets with the message "Live Your Dream" have been distributed free of charge to Alaska middle and high school youth. The positive outer message links to a resource on the inside — "To talk, call 1-877-266-HELP." The bracelets are given to schools accompanied by a letter giving ideas of prevention activities such as:

1. Government/Tribal
   a. Declare a Suicide Prevention Awareness Day or Week; the national Yellow Ribbon Week is in September each year.
      - Host a communitywide scavenger hunt for protective factors (i.e., Youth embark with a "Prevention Passport" and receive stamps from elders, health professionals, coaches, school officials, clergy and businesses).

   b. Encourage local businesses, schools and community agencies to give discounts or free items to youth wearing their bracelets during that week/day.

2. Schools/Youth Agencies
   a. Ask the high school students to arrange activities or an assembly to discuss suicide prevention.
      - Hold a "Life" cereal-eating contest for the younger students.
      - Organize a "Life" board game tournament.
      - Create a banner "Celebrating Life" with pictures of friends/families involved in healthy activities/hobbies.

3. Parents/Clergy
   a. Coordinate a "Celebration of Life" event with musicians/bands, dance, art, poetry readings/slams, or photography exhibits that support prevention.

   b. Hold a community/family night with activities and information about prevention and have bracelets available.

4587

Signs of Suicide Curriculum Evidenced-Based Model Program

The Signs of Suicide (SOS) curriculum is rated by the Substance Abuse and Mental Health Services Administration as an evidence-based Model Program. The goal of the SOS program is to teach students the action steps — ACT (Acknowledge, Care and Tell). ACT helps students develop instinctual and familiar skills to respond to signs of suicide. SOS is a school-based program that offers a curriculum to raise awareness of suicide and its related issues combined with a brief screening for depression and other risk factors. This enables students to recognize depression and suicidal thoughts and behaviors in themselves and others, and prompts them to seek assistance.

The Council has 10 copies of the SOS curriculum, five for middle-school and five for high-school ages, available for distribution to selected communities that can demonstrate they are open to the issue of suicide prevention. This is assessed by a community readiness survey, through a planning team supporting this strategy, and through letters of support from key community members who will be able to continue to offer their support through the first two years of implementation.

Because ACT enables students to better recognize depression and suicidal thoughts, each applicant must also document the availability of an on-site referral system for students who need and ask for assistance.

Where Do We Go From Here?

We believe that every Alaskan should understand that while suicide is a problem, there is something that can be done about it.

To enhance public awareness...children as young as sixth grade should be taught to recognize the warning signs for depression and suicide. They need to know how to help a friend who is exhibiting signs, and the resources for help.

Parents need to know about community resources and should be encouraged to push through obstacles to asking for help.

Clergy, community leaders, first responders, teachers and school personnel need to develop crisis plans that encourage staff to respond to suicidal behavior.

To enhance skills and knowledge of gatekeepers...all educators, physicians and health care providers need to be trained to ask directly about suicidal thoughts.

To enhance community-based safety nets... community members need to address the stigma associated with mental illness, substance use disorders and increase the accessibility of crisis resources. Communities should also support funding for community day and evening programs that provide meaningful activities.

4588

Division of Behavioral Health Corner

The Statewide Suicide Prevention Council (SSPC), in partnership with the DBH Section of Prevention & Early Intervention Services, has targeted the reduction of suicide and non-lethal suicidal behaviors in Alaska's communities as one of its long-term outcomes. In FY06, DBH offered a three-year funding opportunity, which combined the Community-Based Suicide Prevention Program with Substance Abuse Prevention funds, FASD funding, and Youth Resiliency funds to reflect an integrated approach to these services. In all, 25 communities received funding under the umbrella of suicide prevention programming. The overall goal for all grantees is "To Promote a Healthy Community Utilizing Effective Practices and Partnerships." Grantee communities receive ongoing technical assistance in implementing effective practices and outcomes measurements to achieve one of three long-term community impacts by:

- reducing the harmful effects of substance abuse in one or more communities;
- reducing incidents of suicide and nonlethal suicidal behaviors in one or more communities; and/or
- increasing community members' connectedness, resiliency and life skills in one or more communities.

Together, the Statewide Suicide Prevention Council and DBH trained grantees on the Statewide Suicide Prevention Plan, which they incorporated in their programmatic goals, and provided an update of the Gatekeeper Suicide Prevention Training (to be completed by September 2006).

During fiscal year 2006, a total of 65,268 contacts were made through our community-based suicide prevention grantees. Nineteen of the programs delivered activities at the universal level of prevention (focusing on the entire population) and six programs focused activities at a selective level (focusing on populations indicated at high risk).

Using the federal Center for Substance Abuse Prevention's six prevention strategies, DBH suicide prevention grantees employed the following strategies:

five used dissemination of information;
14 used prevention education;
19 used alternative activities;
12 used community-based practices;
two used environmental approaches; and
five used identification and referral.

We celebrate our program's success with our grantees in their community:

"Alternative activities with the coordinator/ mentor have taken place, resulting in increased sobriety and outdoor cultural skills acquisition (men and boys are learning trapping and other related skills). Participants are in a positive, alcohol- and drug-free setting and are mutually supporting each other at the same time."

"The verbal feedback from Council members, community members, participants of the activities and the elders have all been positive and they are happy that there is a place to go to do these important cultural and community enhancing activities."

4589

Partners in Prevention

ADVISORY BOARD ON ALCOHOLISM AND DRUG ABUSE AND THE ALASKA MENTAL HEALTH BOARD

In helping Alaskans stay healthy and free from self-harm, the State Suicide Prevention Council has a partnership with other behavioral health agencies — including the Alaska Mental Health Board (AMHB) and the Advisory Board on Alcoholism and Substance Abuse (ABADA).

Why are AMHB and ABADA partners in suicide prevention?

According to an October 2006 report by the World Health Organization (WHO), more than 90 percent of all individuals with completed suicides also had depression, schizophrenia, or alcoholism — or some combination of mental health and substance abuse problems. The WHO looked at completed suicide in 14 countries and found that, in the most rural countries (or, as in Alaska, the most rural regions of a state or country), around 80 percent of individuals with serious behavioral health challenges had not received treatment in the year before the suicide. The WHO Acting Director, Anders Nordstroem, said, "All too often, suicide represents a tragic consequence of failing to diagnose and treat serious mental illness."

The mission of both the AMHB and ABADA is to plan, educate, coordinate, evaluate, and advocate for adequate mental health and substance abuse services for all Alaskans. These services should include early intervention and effective treatments for individuals with depression and alcohol abuse, particularly with the most vulnerable Alaskans, who are often our youth in rural areas.

The WHO report on suicide worldwide points to the same challenges the SSPC, AMHB, and ABADA face — although a great deal is known about how to effectively help individuals with depression and substance abuse, there are gaps in treatment availability and resources. But through partnerships, such as the SSPC has with AMHB and ABADA, Alaskans can strive to reduce rates of suicide, a preventable form of death, by improving mental health and substance abuse services to vulnerable Alaskans.

Alaska Suicide Follow-Back Study — Alaska Injury Prevention Center

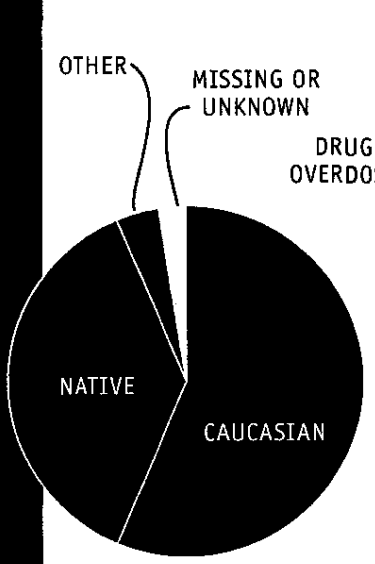
September 1, 2003 through August 31, 2006

In three years of collected data, there were 426 suicide deaths in Alaska as reported by the state Medical Examiners Office for an annual average of 142 deaths. Of those 426 suicides:

- 88 were female, 338 were male;
- 58 were younger than 20;
- 120 were in their 20s;
- 77 were in their 30s;
- 86 were in their 40s;
- 50 in their 50s; and
- 35 were 60 or older.

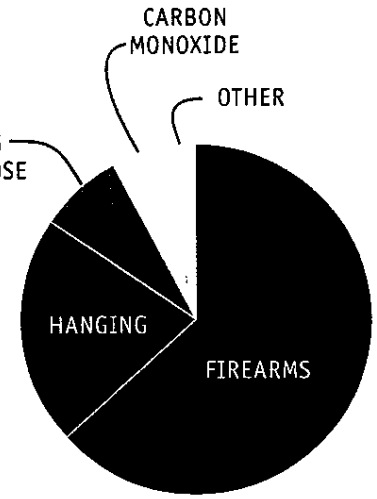
To date, 70 follow-back interviews have been completed with some still in process. Analysis of all the interview data will be completed in Spring of 2007, and the richer research information from the interviews will be analyzed and available.

The three years of suicide data that we have compiled for deaths taking place between Sept. 2003–Aug. 2006 in Alaska include (not all data are finalized):



ETHNIC DEMOGRAPHICS

241 Caucasian
158 Native
17 Other
10 Missing or Unknown

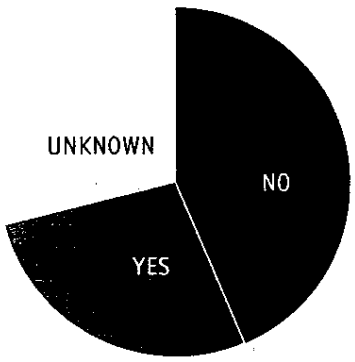


METHOD OF SUICIDE

270 Firearms
90 Hanging
34 Drug Overdose
12 Carbon Monoxide
20 Other methods

ALCOHOL OR DRUGS INVOLVED

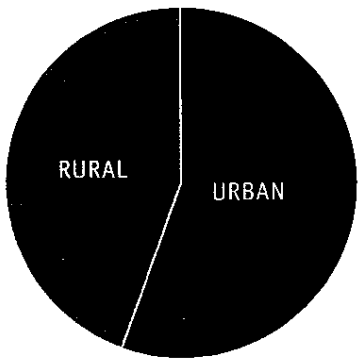
122 No
186 Yes
118 Unknown



LOCATION OF DEATH

237 Urban
55% of cases and 54% of population

189 Rural
45% of cases and 46% of population



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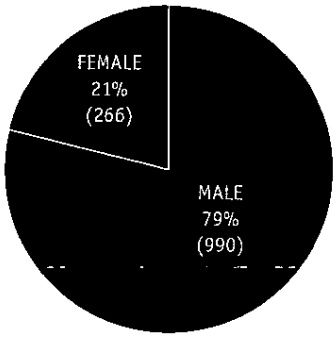
Alaska Suicide Information and Data

From the Department of Health and Human Service's Bureau of Vital Statistics

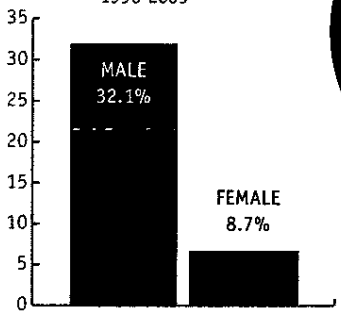
ALASKA SUICIDE BY SEX

1996-2005



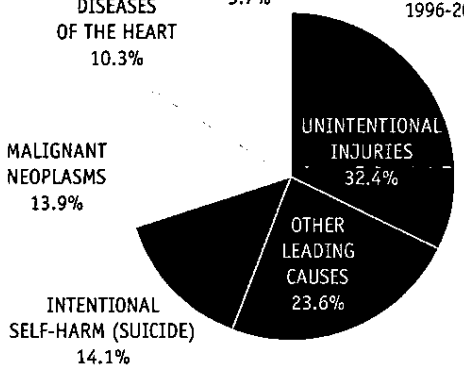
ALASKA AGE-AJUSTED SUICIDE RATES BY SEX

1996-2005



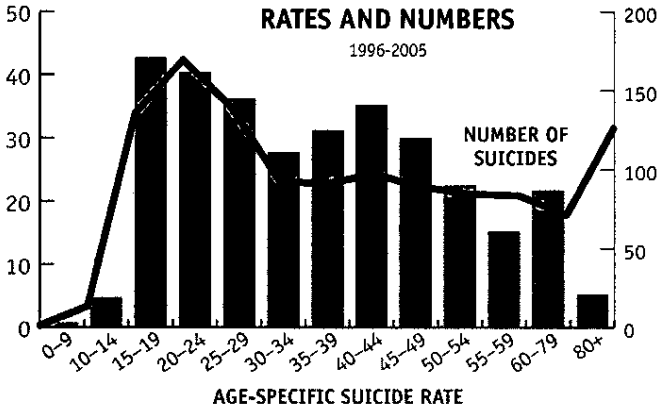
ALASKAN YEARS OF POTENTIAL LIFE LOST BY LEADING CAUSE OF DEATH

1996-2005

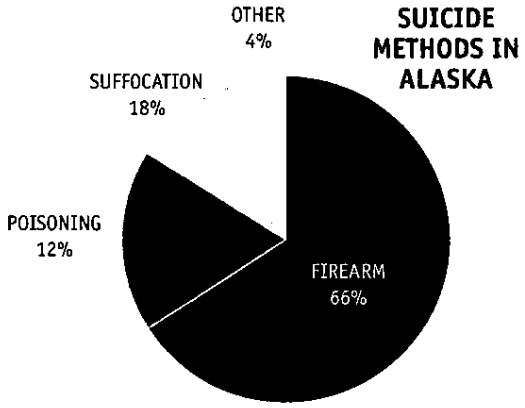


ALASKA AGE-SPECIFIC SUICIDE RATES AND NUMBERS

1996-2005

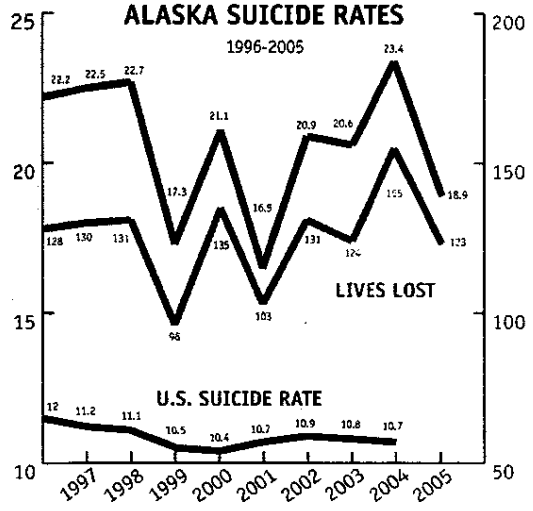


SUICIDE METHODS IN ALASKA



ALASKA SUICIDE RATES

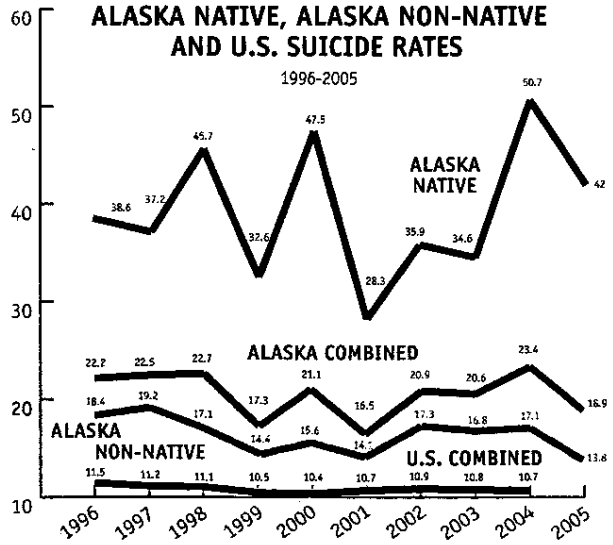
1996-2005



Rates are age-adjusted per 100,000 population
* The Alaska rate and lives lost rate for 2005 are preliminary.
** US rate for 2004 is preliminary and the US rate for 2005 is unavailable at the time of publication.

ALASKA NATIVE, ALASKA NON-NATIVE AND U.S. SUICIDE RATES

1996-2005



Rates are age-adjusted per 100,000 population
* The Alaska rate for 2005 is preliminary.
** US rate for 2004 is preliminary and the US rate for 2005 is unavailable at the time of publication.

www.hss.state.ak.us/suicideprevention

Suicide Prevention Council Fiscal Year 2007

William Martin	Chair, Alaska Federation of Natives
Mario Gatto	Chair-Elect, Secondary School
Noelle Hardt	Secretary/Treasurer, Statewide Youth Organization
Stan Tucker	Member-at-Large, Clergy
Charles Jones	Public
Brenda Moore	Alaska Mental Health Board
Arthur Hansen, DDS	Advisory Board on Alcoholism and Drug Abuse
Bill Hogan	Department of Health and Social Services, Deputy Commissioner
Renee Gayhart	Department of Health and Social Services, Tribal Health Manager
Sen. Ben Stevens	State Senate
Sen. Kim Elton	State Senate
Rep. Nancy Dahlstrom	State House of Representatives
Rep. Woodie Salmon	State House of Representatives
Mandee Collins	Youth
Hilma Kameroff	Public

Kathy Craft — Department of Health and Social Services Office of the Commissioner
Statewide Suicide Prevention Council Coordinator
907-451-2017, Kathryn_Craft@health.state.ak.us

Scheduled Meetings Fiscal Year 2007

September 20, 2006	Statewide Teleconference
November 6–7, 2006	Anchorage
February 12–13, 2007	Juneau
April 30–May 1, 2007	Kotzebue

Alaska (Statewide)	Suicide Prevention **Careline** 1-877-266-HELP (4357)
Fairbanks	Suicide Prevention **Careline** 452-4357
National	**Lifeline** 1-800-273-TALK (8255)

www.hss.state.ak.us/suicideprevention

This publication is released by the Statewide Suicide Prevention Council through the Department of Health and Social Services and is intended to provide data and information to the public about suicide prevention and awareness. It was produced at a cost of $2.69 per copy and printed in Anchorage, Alaska. A portion of this document was funded through the Alaska Mental Health Trust Authority.

HB

126

<target><bill>HB 126</bill><subject>HB
126</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE

REPRESENTATIVE LES GARA

Sponsor Statement

CSHB 126(HSS): Success for Foster Youth

While we work hard to increase the success rate of Alaska's 2,000 foster youth, the homelessness and criminal activity numbers remain disconcerting. HB 126 makes two important fixes that will improve the lives and success outcomes of our youth. Currently approximately 29% of our foster youth end up incarcerated after leaving care, and roughly 37% end up homeless at some point in their life.

Foster Care Until Age 21

Following federal legislation signed by former President George W. Bush in 2008, 30 states have extended foster care until age 21 where a youth and state agree an extension is warranted. For youth who are not ready to stand on their own, an extra year in care can help develop the life skills and stability needed to succeed. Foster youth often have no one to call for support after leaving care, and an extra year of stability can make a profound difference. Extending foster care to 21 has been a priority for youth advocates, and the federal Fostering Connections Act provides federal funding to states that join in this reform.

Allowing Foster Care Reentry

When a youth leaves foster care, they are unable to return if they realize they made a poor choice. Sometimes a youth, faced with a host of problems, will make a mistake in seeking emancipation or leaving care. HB 126 allows reentry if it is in the youth's best interest, and provides for the Department to attach conditions to the reentry when reasonable. Currently at least 15 states allow reentry.

I would appreciate your support of HB 126, and am happy to answer any questions you may have.

January-May: State Capitol • Juneau, AK 99801-1182 • (907) 465-2647 • Fax (907) 465-3518
June-December: 716 W. 4th Avenue • Anchorage, AK 99501• (907) 269-0106• Fax (907) 269-0109
Representative_Les_Gara@legis.state.ak.us

'OUSE COMMITTEE REPOR

(11)
Date Referred to Committee: April 7, 2010 **FURTHER REFERRALS:**

Date of Committee Action: 4/12/10

The FINANCE Committee considered: **HOUSE BILL NO. 126**

"An Act relating to continuing the secondary public education of a homeless student; relating to the purpose of certain laws as they relate to children; relating to tuition waivers, loans, and medical assistance for a child placed in out-of-home care by the state; relating to foster care; relating to children in need of aid; relating to foster care transition to independent living; and relating to juvenile programs and institutions."

HB 126-FOSTER CARE/CINA/EDUCATION OF HOMELESS

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 126 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [✓] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero
DHS	4	✓		
DHS	5	✓		
DHS	6	✓		

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Doogan	✓			
	Joule	✓			
	Gara	✓			
	KELLY			✓	
	Foster	✓			
Anna Fairclough	FAIRCLOUGH	✓			
	Salmon	X			
Chair:	Stoltze			*	
Chair:	Hawker			*	

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 6
Bill Version: CSHB 126(HSS)
(H) Publish Date: 4/7/10

Identifier (file name): HB126CS(HSS)-DHSS-CSM-04-06-10
Dept. Affected: Health & Social Services

Title: Foster Care/CINA/Education of Homeless
RDU: Children's Services
Component: Children's Services Management

Sponsor: Gara
Requester: House HSS
Component Number: 2666

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURE	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	204.2		0.0	0.0	0.0	0.0	0.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**204.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	73.5						
1003 GF Match	130.7						
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**204.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The intent of CSHB126(HSS) is to extend foster care services to youth who stay in custody between the ages of 18 and 21, if it is determined to be in the best interest of the youth, and the youth consents to remain in care. It also extends the option to those youth ages 16 to 21 who have been emancipated to return to foster care.

The Office of Children's Services Online Resource for the Children of Alaska (ORCA) data base is mandated by the federal government and must be continuously updated to reflect changes in both state and federal law and policy. In addition, functionality in ORCA provides OCS the ability to claim federal reimbursement for eligible clients. Without these updates, OCS will not meet federal outcomes and mandates, will not establish the correct foster care rates for care providers of youth that are older than age 19, will not be able to claim federal reimbursement for costs associated with these older youth, and may be subject to federal fines.

Prepared by: Tammy Sandoval, Director
Division: Office of Children's Services
Phone: 465-3191
Date/Time: 4/5/10 2:00 PM

Approved by: Alison Elgee, Assistant Commissioner
DHSS Finance & Management Services
Date: 4/6/2010

(Revised 11/6/2009 OMB)

4597

FISCAL NOTE #6

STATE OF ALASKA

BILL NO. CSHB 126(HSS)

2010 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Functional Area	Enhancement Description	Total # of Hrs.	Total Cost
Update Services page with new youth Services	Page documents services OCS provides a youth or family member in care. The enhancement requires adding additional services such as Vocational Training.	200	$22,000
Update Education page with post-secondary information	Page records youth education and training. The enhancement requires adding reference values for vocational and post-secondary education and training to record and report completion of the Services such as vocational training.	140	$15,400
Update Out-of-Home Placement (OHP) page for unlicensed Independent Living Services	Page documents a child's IL placement. The enhancement requires updates to the services categories (foster care, group home, institution, etc.) and service types (going from 16-18 to 18-21). Additionally, updates to the business logic are needed to ensur	200	$22,000
Update Out-of-Home Page for licensed Foster Care Services	The OHP page documents a child's placement with a licensed provider for correct FC payments. Services categories and service types for older youth required.	220	$24,200
Update reference values for youth 18-21	ORCA pages use business logic that includes the person's age to complete work on the page. Updates to include older youth are rquired.	140	$15,400
Update IV-E Eligibility calculations to include youth 18-21	Page calculates a child's eligibility for IV-E reimbursement funding. A new age category for older youth will be necessary.	340	$37,400
Update Medicaid Eligibility calculations to include youth 18-21	Medicaid Eligibility page requires the new age category and new age parameters to determine eligibility for Medicaid services.	340	$37,400
Update ORCA Reports to include youth 18-21	ORCA produces federally mandated and management reports that use age parameters. Parameters must be updated to include older youth.	76	$8,360
Batch job updates to include youth 18-21	Background processing (batch jobs) determine eligibility reimbursement and payments amounts. Service types for older youth are necessary to correctly calculating reimbursements.	200	$22,000
TOTAL FISCAL NOTE COSTS: COST BELOW WILL BE ABSORBED INTO CURRENT ORCA FUNDING			$204,200
Update Interfaces	Interfaces are information exchanges between ORCA and other systems such as EIS, NSTAR, JOMIS. The enhancement requires updates to the Medicaid interface to include older youth.	200	$22,000
Update ORCA automated messages and ticklers	ORCA automated messages and ticklers are tracking tools for line wokers. Updates to the messages and ticklers to include the new age category is required.	140	$15,400
Updates to Provider Licensing	Licensing Page documents the provider's license to provide services based on the child's age. The enhancement requires adding new license service categories and service type for older youth in order to collect federal reimbursements.	76	$8,360
Case Plan Documents	Older youth in Foster Care will require additions to ongoing case plans (such as "received GED" to document services and outcomes for the youth. parameters.	140	$15,400
Service Intake	Page documents requests for services from OCS and requires updates to the age parameters to allow services intakes for youth over 18.	76	$8,360
Protective services Intake, Investigation, and Provider Investigation.	PS intake and Investigations provide for protective services reports of abuse and neglect. Pages require updates to the age parameters to include youth victims over 18.	140	$15,400

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 5
Bill Version: CSHB 126(HSS)
(H) Publish Date: 4/7/10

Identifier (file name): HB126CS(HSS)-DHSS-FCSN-04-06-10
Dept. Affected: Health & Social Services

Title: Foster Care/CINA/Education of Homeless
RDU: Children's Services
Component: Foster Care Special Needs

Sponsor: Gara

Requester: House HSS
Component Number: 2238

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITUR	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	41.0		81.9	81.9	81.9	81.9	81.9
Miscellaneous							
TOTAL OPERATING	**41.0**	**0.0**	**81.9**	**81.9**	**81.9**	**81.9**	**81.9**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	2.2		4.4	4.4	4.4	4.4	4.4
1003 GF Match	38.8		77.5	77.5	77.5	77.5	77.5
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**41.0**	**0.0**	**81.9**	**81.9**	**81.9**	**81.9**	**81.9**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The intent of CSHB126 is to extend foster care services to youth who stay in custody between the ages of 18 and 21, if it is determined to be in the best interest of the youth, and the youth consents to remain in care. It also extends the option to those youth ages 16 to 21 who have been emancipated to return to foster care.

This fiscal note addresses increased foster care special needs costs for youth who remain in foster care beyond age 18. Special needs costs include: items such as youth specific travel (foster family vacations, biological family visitation, any necessary treatment or medical costs not paid by Medicaid, school or cultural events, or summer camp; tutoring; prescribed diet or food services; extraordinary clothing related to growth spurts or medically fragile conditions that exceed the allocated 10% of the foster care base rate; or damage costs of up to $5,000 if the damages were caused by an act of the child or youth.

Prepared by: Tammy Sandoval, Director
Division: Office of Children's Services
Phone: 465-3191
Date/Time: 4/5/2010 1200:00 PM

Approved by: Alison Elgee, Assistant Commissioner
DHSS Finance & Management Services
Date: 4/6/2010

(Revised 11/6/2009 OMB)

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSHB 126(HSS)

ANALYSIS CONTINUATION

The following assumptions have been applied:

1) OCS successfully implements all federal program requirements to extend foster care to age 21 within the first 6 months of FY 2011.
2) The number of youth who return to foster care after emancipation will be minimal. An estimate provided by the Facing Foster Care in Alaska group equaled 3.
3) The number of youth who turn age 18 will remain somewhat consistent from year to year and are based on the average number of children in custody ages 17 through 19 as of February, 2010 [80 youth]. No consideration has been included in this note for a possible influx of youth into the program extension during the first year of implementation nor to possible growth in out years.
4) Calculations are based on full time equivalents (FTEs) to account for youth who move in and out of the program for varying reasons. FTEs are calculated using a 94.23% conversion rate.
5) Approximately 45% of youth ages 19 and 20 will remain in care. This assumption is not supported by any known Alaska statistics but is an estimate that ties to the average number of youth who experience some postsecondary education in the State of Illinois. Illinois one of the few states that have experience providing care to age 21. The assumption is that the majority of youth who remain in school may remain in foster care as well.
6) No monetary adjustments have been included to address the possibilities of youth who develop special needs such as medical fragility or pregnancy before age 21 and return to foster care.
7) Calculations use the average cost per child for special needs items.
8) 66% percent of the youth who remain in care will follow through with post secondary education or work at least 80 hours per month and remain within the requirements of the Adoption and Guardianship Fostering Connections to Success and Increasing Adoptions Act of 2008 to be eligible for IV-E federal reimbursement. This assumption is not based on data but an experience-based guess by OCS staff.
9) The foster care penetration rate and the Federal Medical Assistance Percentage will remain somewhat stable.

Average number of youth age 17 through 19 = 81. 81 youth x 94.23% FTE conversion = 76 FTEs. 76 FTEs applying the assumption that about 45% will remain in care through ages 19 and 20 = approximately 35 FTEs.

Estimated cost per FTE = $2,340.00 annually x 35 FTEs = $81,900. Federal reimbursement for these costs is estimated at 5.4% or $4,422.6.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSHB 126(HSS)
(H) Publish Date: 4/7/10

Identifier (file name): HB126CS(HSS)-DHSS-FCBR-04-06-10
Dept. Affected: Health & Social Services

Title: Foster Care/CINA/Education of Homeless
RDU: Children's Services
Component: Foster Care Base Rate

Sponsor: Gara

Requester: House HSS
Component Number: 2236

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITUR	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	224.0		444.5	444.5	444.5	444.5	444.5
Miscellaneous							
TOTAL OPERATING	**224.0**	**0.0**	**444.5**	**444.5**	**444.5**	**444.5**	**444.5**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	37.2		73.7	73.7	73.7	73.7	73.7
1003 GF Match	186.8		370.8	370.8	370.8	370.8	370.8
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**224.0**	**0.0**	**444.5**	**444.5**	**444.5**	**444.5**	**444.5**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The intent of CSHB126(HSS) is to extend foster care services to youth who stay in custody between the ages of 18 and 21, if it is determined to be in the best interest of the youth, and the youth consents to remain in care. It also extends the option to those youth ages 16 to 21 who have been emancipated to return to foster care.

This fiscal note addresses increased foster care reimbursement costs for youth who remain in foster care beyond age 18 above and beyond those 18 and 19 year olds who already remain in care.

The following assumptions have been applied:

Prepared by: Tammy Sandoval, Director
Phone 465-3191
Division: Office of Children's Services
Date/Time 4/5/10 12:30 PM

Approved by: Alison Elgee, Assistant Commissioner
Date 4/6/2010
DHSS Finance & Management Services

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSHB 126(HSS)

ANALYSIS CONTINUATION

The following assumptions have been applied:

1) OCS successfully implements all federal program requirements to extend foster care to age 21 within the first 6 months of FY 2011.
2) The number of youth who return to foster care after emancipation will be minimal. An estimate provided by the Facing Foster Care in Alaska group equaled 3.
3) The number of youth who turn age 18 will remain somewhat consistent from year to year and are based on the average number of children in custody ages 17 through 19 as of February, 2010 [80 youth]. No consideration has been included in this note for a possible influx of youth into the program extension during the first year of implementation nor to possible growth in out years.
4) Calculations are based on full time equivalents (FTEs) to account for youth who move in and out of the program for varying reasons. FTEs are calculated using a 94.23% conversion rate.
5) Approximately 45% of youth ages 19 and 20 will remain in care. This assumption is not supported by any known Alaska statistics but is an estimate that ties to the average number of youth who experience some postsecondary education in the State of Illinois. Illinois one of the few states that have experience providing care to age 21. The assumption is that the majority of youth who remain in school may remain in foster care as well.
6) No monetary adjustments have been included to address the possibilities of youth who develop special needs such as medical fragility or pregnancy before age 21 and return to foster care.
7) 66% percent of the youth who remain in care will follow through with post secondary education or work at least 80 hours per month and remain within the requirements of the Adoption and Guardianship Fostering Connections to Success and Increasing Adoptions Act of 2008 to be eligible for IV-E federal reimbursement. This assumption is not based on data but an experience-based guess by OCS staff.
8) The foster care penetration rate and the Federal Medical Assistance Percentage will remain somewhat stable.

Average number of youth age 17 through 19 = 81. 81 youth x 94.23% FTE conversion = 76 FTEs. 76 FTEs applying the assumption that about 45% will remain in care through ages 19 and 20 = approximately 35 FTEs.

Fiscal Year	FTEs	½ Year Cost/FTE	Annual Cost/FTE	Est. FFP	Total Annual Cost	Federal Funds	General Funds
2011	35	$6.4		16.59%	$224.0	$37.2	$186.8
2012	35		$12.7	16.59%	$444.5	$73.7	$370.8
2013	35		$12.7	16.59%	$444.5	$73.7	$370.8
2014	35		$12.7	16.59%	$444.5	$73.7	$370.8
2015	35		$12.7	16.59%	$444.5	$73.7	$370.8
2016	35		$12.7	16.59%	$444.5	$73.7	$370.8

Adopted 4/12/10

26-LS0309\Q
Mischel
4/9/10

CS FOR HOUSE BILL NO. 126( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES GARA, Crawford, Kerttula, Gardner, Harris, Richard Foster, Edgmon, Muñoz, Lynn, Herron, Dahlstrom

A BILL

FOR AN ACT ENTITLED

"An Act relating to extensions and resumptions of state custody of children; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 47.10.080(c) is amended to read:

(c) If the court finds that the child is a child in need of aid, the court shall

(1) order the child committed to the department for placement in an appropriate setting for a period of time not to exceed two years or in any event not to extend past the date the child becomes 19 years of age, except that the department**, the child,** or the child's guardian ad litem may petition for and the court may grant in a hearing

(A) one-year extensions of commitment that do not extend beyond the child's 19th birthday if the extension is in the best interests of the child; and

(B) [AN] additional one-year **extensions of commitment**

[PERIOD OF STATE CUSTODY] past 19 years of age **that do not extend beyond the person's 21st birthday,** if the continued state custody is in the best interests of the person and the person consents to it;

(2) order the child released to a parent, adult family member, or guardian of the child or to another suitable person, and, in appropriate cases, order the parent, adult family member, guardian, or other person to provide medical or other care and treatment; if the court releases the child, it shall direct the department to supervise the care and treatment given to the child, but the court may dispense with the department's supervision if the court finds that the adult to whom the child is released will adequately care for the child without supervision; the department's supervision may not exceed two years or in any event extend past the date the child reaches 19 years of age, except that the department or the child's guardian ad litem may petition for and the court may grant in a hearing

(A) one-year extensions of supervision that do not extend beyond the child's 19th birthday if the extensions are in the best interests of the child; and

(B) an additional one-year period of supervision past 19 years of age if the continued supervision is in the best interests of the person and the person consents to it; or

(3) order, under the grounds specified in (o) of this section or AS 47.10.088, the termination of parental rights and responsibilities of one or both parents and commit the child to the custody of the department, and the department shall report quarterly to the court on efforts being made to find a permanent placement for the child.

*** Sec. 2.** AS 47.10.080 is amended by adding a new subsection to read:

(v) In addition to the extensions of state custody ordered by a court under (c)(1)(A) or (B) of this section, a court may grant in a hearing a resumption of state custody that does not extend beyond a person's 21st birthday if the person

(1) consents to it;

(2) was placed in out-of-home care by the department immediately before being released from state custody and the person was released to the person's

own custody;

(3) is in need of out-of-home care to avoid personal harm or homelessness, or to enhance the person's ability to continue the person's education or training or otherwise improve the person's successful transition to independent living; and

(4) if requested by the department, agrees to reasonable terms for resuming state custody that may include matters relating to the person's education, attainment of a job or life skills, or other terms found by the court to be reasonable and in the person's best interest.

*** Sec. 3.** AS 47.10.990(3) is amended to read:

(3) "child" means a person **who is**

(A) under 18 years of age**;**

(B) [AND A PERSON] 19 years of age if that person was under 18 years of age at the time that a proceeding under this chapter was commenced**; and**

(C) under 21 years of age if that person is committed to the custody of the department under AS 47.10.080(c)(1) or (v);

*** Sec. 4.** This Act takes effect January 1, 2011.

Helen Phillips

From: Rose Foley
Sent: Tuesday, April 06, 2010 6:18 PM
To: House Finance Legislation
Cc: Rep. Les Gara
Subject: HB 126
Attachments: CSHB 126(HSS) Hearing request to (H)FIN.pdf; CSHB 126(HSS) Sponsor Statement.pdf; CSHB 126(HSS) Sectional Analysis.pdf; CSHB 126(HSS) Summary of Changes from HB 126.pdf; Backup for (H)FIN hearing request.pdf; CSHB 126(HSS) Fiscal Notes.pdf; CASA letter of support.pdf; FFCA letter of support.pdf

Representatives Stoltze and Hawker:

Please find attached the required materials for a hearing request.

New fiscal notes were adopted in the last committee of referral and are not yet available online. I've attached scanned copies of the documents distributed in the House H&SS committee on April 6, 2010. The committee substitute and fiscal notes will be available soon.

We expect Amanda Metivier of Facing Foster Care in Alaska to testify or answer questions as an expert witness. The Anchorage LIO should be teleconferenced, and we may need an off-net line for Ms. Metivier, depending on her availability.

Please let me know if you need any additional information.

Rose Foley
Aide to Representative Gara
State Capitol, Room 500
Juneau, AK 99801
465-2647 - Phone

Amanda Metivier has walked the walk. As program coordinator of Facing Foster Care in Alaska (FFCA), she knows from experience how the foster care system works. A foster care "alumni" and recent graduate of UAA's School of Social Work, Amanda has dedicated her career to improving the foster care system in Alaska.

Amanda moved to Alaska when she was 11 years old, but didn't enter the foster care system until she was 17 – after she dropped out of high school.

As a teen, Amanda had little motivation or desire to do much of anything. She was introduced to FFCA but ditched the first meeting. After much resistance, Amanda attended a statewide retreat where she met several other youth in a similar situation as hers. This time it was different. "I felt like I belonged," she said. "I connected with people in a way that I had never connected with anyone."

Her experience in foster care ended up being a best-case scenario. Oftentimes, siblings are split among different households, but Amanda and her sister were able to stay together. Her sister's friend's parents agreed to foster the pair. "I had a great experience in foster care, but then I started hearing about all these horror stories from different youth," said Amanda. "That keeps me going; I need to work to change those stories." She was in foster care until she "aged out" of the system at 20.

Dropping out of high school put Amanda very far behind, but with the encouragement of her social worker, Tom McRoberts, she worked hard to catch up and earned her GED in '02. She was able to find funding for college, and enrolled in courses at UAA's School of Social Work. She did her practicum work with Casey Family Programs, where she helped develop programs for FFCA. Amanda earned a Bachelor of Social Work from UAA in 2008, and her practicum turned into her first professional job.

In her role as coordinator for FFCA, Amanda helps link youth and foster care alumni to resources and teaches them how to advocate for themselves on an individual level as well as a system-wide level. FFCA is supported by Casey Family Programs and Covenant House of Alaska, and works to improve the system through sharing experiences, supporting and educating youth and social services, and implementing positive change in society as a whole.

After several years, Amanda and Tom have reconnected and are now working together professionally. Tom now works with UAA's Family & Youth Services Training Academy. They work hand-in-hand to co-train social workers on youth development. "Amanda has helped me grow as a trainer," Tom said. "I really learn a lot from her; she's an expert at working with foster care youth and alumni. She knows their issues, their point of view and their concerns."

At 25, Amanda is now a foster parent to a 19-year-old young woman whose initial foster care placement fell through around Christmastime. This is her 24th placement. "There's a serious lack of

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4607

foster homes in Alaska," Amanda said. "Some of these youth have had 50 plus placements; they're so used to being bounced around."

Amanda explained that there's a 12 percent graduation rate among youth in foster care in Anchorage. "It's hard for them to focus on education. As children and youth move from home to home and school to school, the value of education gets lost in the mix."

In a Compass Piece she wrote for the Anchorage Daily News, Amanda stated: "As a former foster child, I know too well about the limited options surrounding education as a child becomes an adult and ages out of the system. ... For many of Alaska's foster children, education or vocational school beyond high school is not really an option."

"I think some foster youth fail because they're not set up for school," Amanda said. She explained how one foster care alumna started taking classes at UAA but soon after dropped out because she didn't know how to manage her time, and she didn't have basic things like an alarm clock and deodorant. "Students have to be willing to seek out the resources available to them and discover their own learning style." Amanda admitted to being very overwhelmed when first starting her classes at UAA. It took her three times to pass a math class. "I finally took it online, and that worked for me."

According to the Alaska Foster Care Alumni Study, 73 percent of foster children wind up on public assistance after leaving foster care. Forty percent are homeless within a year of leaving foster care, 43 percent wind up in the criminal justice system, and 78 percent receive no help in planning their future beyond foster care. The study was a collaborative effort between the UAA School of Social Work, Casey Family Programs, Tribal State Collaboration Group and the State of Alaska Office of Children's Services.

To help combat these trends, Amanda is actively involved with the "Mentoring Spirit" pilot program, organized by Alaska Community Services. Spirit is an acronym: "S" for success, "P" for prosperity, "I" for independence, "R" for respect, "I" for integrity and "T" for tolerance. The program connects youth in the system with mentors that have been through the system themselves.

Besides simply listening and caring, mentors can help youth in foster care learn new life skills, apply for scholarships and plan for a future career. Amanda's hope for the program is to see young people leaving foster care with a permanent connection to a mentor.

Amanda has a passion for child welfare administration and policy. "I see first-hand how policies affect people and I know what needs to be changed." As chair of the Education and Foster Care Committee, Amanda is currently advocating to increase school stability among foster care students. She's also working to make it easier for fostered youth to receive the orthodontia care they need and increase the "age out" to 21.

Though Amanda has done much in her 25 years, she still has ample work ahead of her. "I feel like I have a lot more to learn." She applied to UAA's Master of Social Work program and will begin taking classes this fall.

ALASKA STATE LEGISLATURE

REPRESENTATIVE LES GARA

Sectional Analysis

CSHB 126(HSS): Success for Foster Youth

Section 1

Allows the Office of Children's Services to extend foster care until age 21, and to allow voluntary reentry into foster care.

Section 2

This section will be deleted, as this provision recently passed the legislature in a Senate Bill.

Section 3

Conforming language. Extend the eligibility of foster care to age 21.

Section 4

Established the effective date of January 1, 2011.

January-May: State Capitol • Juneau, AK 99801-1182 • (907) 465-2647 • Fax (907) 465-3518
June-December: 716 W. 4th Avenue • Anchorage, AK 99501• (907) 269-0106• Fax (907) 269-0109
Representative_Les_Gara@legis.state.ak.us

ALASKA STATE LEGISLATURE

REPRESENTATIVE LES GARA

Summary of Changes From HB 126(HSS)

Section 1

Reverts to existing statute, which allows for one-year extensions of commitment under (A) of this section, rather than the two-year extensions in the HSS committee substitute. This change was made at the suggestion of the Department of Law, Child Protection Section.

Subsections (i) through (iv) were moved to Section 2 of the new bill.

Section 2

Section 2 of the HSS committee substitute was recently passed by the full Legislature, and has been deleted.

The new Section 2 defines the situations under which a person may reenter state custody. These provisions were included in subsections (i) through (iv) of the HSS committee substitute.

Section 3

Makes a minor technical change to the definition of a "child" to make clear that the department will have jurisdiction to allow a youth to come back into foster care. "Child" includes a person under 21 if that person is committed to the custody of the department.

This change was made at the suggestion of the Department of Law, Child Protection Section.

Section 4

No change.

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LEGISLATIVE RESEARCH REPORT

MARCH 23, 2010 REPORT NUMBER 10.209

YOUTH RE-ENTERING FOSTER CARE AFTER TURNING 18

PREPARED FOR REPRESENTATIVE LES GARA

BY TIM SPENGLER, LEGISLATIVE ANALYST

You asked whether Alaska or any states allow youth 18 years of age or older to re-enter the foster care system. Additionally, you wanted to know if child welfare organizations have developed a "best practices" model for re-entry after the age of 18.

Alaska law does not allow youth who have left foster care to re-enter after they are age 18 or older.[1] Under Alaska Statute 47.10.080, youth are able, in certain circumstances, to extend their stay in foster care until they are 19 or 20; however, if they have left foster care, and are 18 or older, they are unable to re-enter the system.

We identified 15 states (Alabama, Arizona, Connecticut, Illinois, Indiana, Iowa, Kentucky, Maine, Massachusetts, Minnesota, New York, Oklahoma, Texas, Virginia, and Washington) that allow youth over age 18 to re-enter foster care under varying circumstances. Below we highlight aspects of each state's program.[2] As you will note from this summary, re-entry in many states is dependent on the education plan of the youth in question.

- Alabama - Youth who were in "out of home" care on or after their 18th birthday have the option of returning to care if they are living in a situation in which there is an identifiable risk of harm.

- Arizona - Teens and young adults who left the Arizona foster care system at age 18 or older may request to re-enter foster care prior to their 21st birthday. All foster care services end on the person's 21st birthday.

- Connecticut – Until they turn 21, youth can return to care as long as they were in care on their 18th birthday, and the purpose of re-entry is to either obtain education or work skills for transition into adulthood.

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[1] Mike Lesmann, community program manager, Office of Children's Services, Department of Health and Social Services at (907) 465-3548.

[2] We identified state programs through a number of sources including the Casey Family Programs (*http://www.casey.org*), the Child Welfare League of America (*http://cwla.org*), and the National Conference of State Legislatures (*http://www.ncsl.org*).

907-465-3991
907 465-3908 (fax)

Alaska Legislature
Legislative Research Services
w3.legis.state.ak.us/laa/research/research.php

State Capitol
Juneau, AK 99801

- Illinois – Former foster care youth under 21 may "reengage" with the Department of Children and Family Services in order to secure essential supports and services to learn to live independently as adults.[3]

- Indiana - Youth must meet eligibility requirements to re-enter care under the Older Youth in Foster Care Program. In Attachment A, we include the Indiana Code (31-28-5.7-1) pertaining to this program as well as correspondence from the Department of Child Services outlining the program. Indiana's Independent Living Program is detailed at *http://www.in.gov/dcs/2530.htm.*

- Iowa - A youth can return to care provided that he or she is still working on a high school education or GED. Individuals can remain in care up to the age of 20.

- Kentucky - Youth have up to six months after reaching age 18 to decide if they would like to return to care.

- Maine - Youth must typically enroll in the optional Volunteer Extended Care Program prior to, or within 90-days following, reaching age 18. In some exceptional cases youth who have been out of care for more than 90 days are permitted to re-enter foster care. Program details are available at *http://www.maine.gov/dhhs/ocfs/cw/v92.htm.*

- Massachusetts - Youth may request to re-enter care as long as they have not reached age 22, even if they voluntarily exited at age 18.

- Minnesota - Youth are able to re-enter care as long as they were "wards of the state" and have not reached the age of 21, even if they voluntarily exited at age 18. The re-entry provision does not apply if the youth's parents' parental rights have not been terminated.

- New York - A youth age 18 or older can re-enter care if that individual is on a "trial discharge" and is in need of services. Youth age 18 or older with a status of "final discharge" cannot return to care, although some agencies at their own discretion may provide assistance to these youth.

- Oklahoma - If a youth has exited care without completing the requirements for a high school diploma or without obtaining a GED, that individual may return on a voluntary basis if a placement is available. The youth may remain in care until completing high school or the GED, or until age 21, whichever comes first.

- Texas - The Return to Care program allows certain eligible youth age 18 to 21 years of age to return to care in order to attend high school or GED courses (up to age 22), or to attend a vocational or technical program (up to age 21). In Attachment B, we provide a copy the pertinent Texas Administrative Code (Rule 700.346) as well as Return to Care policy

[3] The full 34-page text of enrolled House Bill 4054, which allows for reengagement of former foster youth, can be accessed at *http://www.ilga.gov/legislation/*

information taken from the Department of Family and Protective Services handbook.

- Virginia - If a youth decides to leave foster care, he or she can resume independent living services as long as he or she returns within 60 days of discontinuance of services.

- Washington - Youth can re-enter foster care via the Foster Care to 21 program within six months of leaving care if they are enrolled in a post-secondary education program. (We include a program description as Attachment C.) A Washington State Institute for Public Policy report from January 2010 found that Foster Care to 21 participants had higher college attendance rates, fewer arrests, and used food stamps for a shorter period of time than did foster youth who graduated from high school before the program was available. The report (also included in Attachment C) estimates a taxpayer benefit of $1.35 for every dollar spent on the program.

In Attachment D, we include the statutory language from both Virginia (CV 63.2-905.1) and Washington (RCW 74.13.031) pertaining to former foster care youth over 18 reentering the system.

We could identify no "best practices" or official policy positions put forth by child welfare or foster care organizations regarding allowing youth over 18 to re-enter foster care. Nevertheless, it is commonly held by experts in the field that many, if not most, 18 year-olds—whether they were in the foster system or not—are ill-equipped to function as independent adults. To that point, we include an issue brief (Attachment E), from the University of Chicago's Chapin Hall Center for Children entitled, "When Should the State Cease Parenting?," which suggests that allowing youth to remain (or re-enter) foster care past age 18 would benefit both them and society.

Attachment E also contains a print article from National Public Radio entitled, "Generation Next in the Slow Lane to Adulthood." The piece examines how the current generation of young adults is quite dissimilar to past generations in terms of becoming independent from their parents and being prepared for the responsibilities of adulthood.

We hope you find this information to be useful. Please let us know if you have questions or need additional information.

Attachments available upon request.
Contact Rep. Giara's office at 465-2647.

4613

Facing Foster Care in Alaska

Policy Agenda 2008

In May of 2008, the youth and alumni of Facing Foster Care in Alaska, (FFCA) came together from across the state and gathered in Anchorage to share their ideas and experiences about life in Alaska's foster care system. During their gathering youth/alumni brainstormed ideas on what they thought would be most beneficial to them and others in foster care in Alaska. As a result of these ideas, the members of FFCA voted to create this policy agenda.

Tuition Waivers for ALL foster youth in the state of Alaska

The University of Alaska Anchorage currently offers 10 Presidential Tuition Waivers a year to foster youth who are eligible for the OCS Independent Living Program. A young person must have been in foster care on or after their 16th birthday for six consecutive months in order to be eligible for the waiver program. Since these waivers are competing, not every young person in Alaska who applies will receive one. Youth who are placed in a guardianship, adopted, or reunified before age 16 are not eligible to apply for the waiver. Many states provide Tuition Waivers or other forms of reimbursement for college expenses to foster youth interested in pursuing post-secondary education. The youth and alumni of FFCA feel that by providing All of Alaska's foster youth with tuition waivers there would be a higher percentage of foster youth attending post-secondary education. Studies show that approximately 17% of young people who exit foster care pursue post-secondary education, and only about 1% graduate from a four year degree or certificate program. FFCA would like to see that All of Alaska's foster youth are provided with tuition waivers to reduce the stress of worrying about college expenses and knowing that they are guaranteed a higher education.

Support to foster youth pursuing post-secondary education

Many of the youth and alumni who attend post-secondary education programs in Alaska have complained about not having any supports to help them achieve their goals. FFCA members would like to see that universities and vocational programs have supports put in place for foster youth transitioning to higher education. FFCA members recommended adult or alumni mentors, a family to spend the holidays with, and someone within the

university or vocational program to talk with about stressors. If every youth in Alaska's foster care system made a permanent connection with a caring adult during their stay in foster care this would be less of an issue. FFCA members also recommended implementing the, "Circles of Support Program," to ensure youth in care are making permanent connections with caring adults before exiting from care.

More Independent Living Funds going to youth/alumni

The state of Alaska currently gets approximately $500,000 a year (FY2008 $518,814) in Federal Chafee funds to be used for youth in foster care to work toward independent living. There is currently no state match for this money and it is being stretched very thin as the states Independent Living Program grows, and begins to offer more programs and resources to youth in transition. The youth and alumni of FFCA would like to see that more of this money is offered to youth and alumni transitioning from foster care for housing, education, life skills training, and anything that may support them in becoming independent productive members of society. FFCA is also aware that many states provide a match for the Chafee dollars they receive and would like to see that this is made possible by the state of Alaska.

Transitional Living for youth

Alaska currently allows for youth who turn 18 in foster care the option to extend their time in state custody until the age of 20. There many states that allow for youth to extend custody until age 21, or to leave custody and re-enter if they are willing to pursue post-secondary education. According to the Alaskan Alumni Study 38% of Alaska's alumni reported being homeless after exiting foster care. The Covenant House Shelter in Anchorage reports that two-thirds of their current population is comprised of current and former OCS youth. The youth and alumni of FFCA would like to see a stronger focus in the area of transitional housing for youth who exit from the foster care system. FFCA members shared ideas and recommend allowing youth to remain in state custody while living in college dorms, apartments on their own, or other least restrictive environments outside of the traditional family foster home after reaching age 18.

Independent Housing Program

Some states currently allow for foster youth to live, "on their own," after reaching age 18, but to remain in state custody and receive foster care payments on behalf of themselves until the age of 21. This allows for foster youth to continue services with their social worker as well as other services offered to youth in custody, and learn to successfully transition out of state custody. The youth and alumni of FFCA would like to see a program such as this put into place in Alaska, or for the state to consider more creative placements for young people once they reach 18, but are not ready to exit from foster care.

Medicaid increased to age 21 under the Chafee Independence Act

There are currently 17 states that have chosen to enact the Chaffee option to extend Medicaid to age 21 for former foster youth, Alaska is not one of these states. Currently, youth in Alaska's foster care system can receive Denali Kid Care until age 19 under the 1115 Waiver. After age 19 these young people can apply for adult Medicaid, but this holds them back from obtaining decent paying jobs and forces them to choose to go without medical coverage. Youth in foster care often attend counseling and have other medical needs, but they are forced to cut off many of these services when they leave custody. The youth and alumni of FFCA would like to see that Medicaid is increased for Alaska's foster youth to age 21 under the Chafee Foster Care Independence Act.

Braces covered under Medicaid

Children and youth in Alaska's foster care system often have only their Basic needs met because there is a strong emphasis on safety and permanency. There is little or no value put on whether a young person in custody needs braces, as this is usually a cosmetic procedure that parents would normally pay for. The youth and alumni of FFCA felt very strongly about this issue and believe that braces should be covered under Medicaid or by OCS. FFCA members discussed how braces could support higher self-esteem for a young person in foster care, and would give them one less thing to worry about besides the social pressures they face as a, "foster youth." FFCA is also aware that braces are covered under Medicaid in the state of Texas, so this could be an option for Alaska.

Decreased use of Psychotropic Medication for Alaska's foster youth

Many of Alaska's youth and alumni complain about being prescribed psychotropic medications after entering the foster care system for symptoms of depression, anxiety, trauma, attachment issues, and misbehavior. The youth and alumni of FFCA feel that these are all normal symptoms of child maltreatment and dealing with all that comes out of being placed in foster care. There has been a national focus on the use of psychotropic medications being over-prescribed for children and youth in foster care. FFCA members have also complained about side-effects caused by these medications resulting in a decreased ability to focus on their education as well as function in everyday society. The youth and alumni of FFCA would like to see that the prescription of psychotropic medications for Alaska's foster children and youth is decreased and reviewed more closely.

Definitions (according to FFCA)

Youth- A young person currently in state custody (foster care).

Alumni- A person who has spent any period of time in the foster care system

Facing Foster Care in Alaska (FFCA)

Mission Statement: Our mission is to improve the foster care system through sharing our experiences, supporting and educating youth and social services and implementing positive change in society as a whole.

FFCA is Alaska's only foster care advocacy organization completely run by youth and alumni of the foster care system. Since their inception in 2003, FFCA has been working to improve Alaska's foster care system by sharing their experiences with people who can create positive changes for Alaska's foster youth. FFCA is a statewide organization that provides support to Alaska's foster youth and alumni and, gives them the ability to share their voice and become leaders in their community.

Acknowledgements

This document was drafted using the feedback from the youth and alumni of Facing Foster Care in Alaska (FFCA). Statistics and information provided by Casey Family Programs and the Office of Children's Services as well as, various other child welfare resources. For questions regarding the content of this policy agenda contact: Amanda Metivier *FFCA President* Ametivier@casey.org

4618

x Close

casey family programs

State Child Welfare Policy Database

> Older Youth in Foster Care > Foster Care Age Limits > Age at which youth become ineligible to remain in foster care

State	When are youth ineligible to remain in foster care?
Alabama	21st birthday
Alaska	20th birthday
Arizona	21st birthday
Arkansas	21st birthday
California	Don't know
Colorado	21st birthday
Connecticut	24th birthday
Delaware	19th birthday
District of Columbia	21st birthday
Florida	18th birthday
Georgia	21st birthday
Hawaii	Depends on the situation
Idaho	19th birthday
Illinois	21st birthday
Indiana	21st birthday
Iowa	20th birthday
Kansas	21st birthday
Kentucky	21st birthday
Louisiana	21st birthday
Maine	21st birthday
Maryland	--
Massachusetts	Depends on the situation
Michigan	20th birthday
Minnesota	21st birthday
Mississippi	Depends on the situation
Missouri	21st birthday
Montana	--

Nebraska	19th birthday
Nevada	21st birthday
New Hampshire	21st birthday
New Jersey	21st birthday
New Mexico	18th birthday
New York	21st birthday
North Carolina	21st birthday
North Dakota	21st birthday
Ohio	Depends on the situation
Oklahoma	--
Oregon	21st birthday
Pennsylvania	21st birthday
Rhode Island	--
South Carolina	21st birthday
South Dakota	--
Tennessee	19th birthday
Texas	22nd birthday
Utah	21st birthday
Vermont	22nd birthday
Virginia	21st birthday
Washington	21st birthday
West Virginia	--
Wisconsin	19th birthday
Wyoming	21st birthday

www.childwelfarepolicy.org
Developed and Managed By Child Trends

Educational Stability for Youth in Foster Care

The McKinney-Vento Act[1] applies to many children in DFCS custody and provides those children with rights that promote educational stability.

What is the McKinney-Vento Act?

- McKinney-Vento is a federal law that promotes stability, access, and academic success for homeless youth. McKinney-Vento also provides assistance for homeless youth with enrollment in a new school, transportation to school, and other educational and supplemental services. It promotes educational stability by allowing homeless youth to remain in their school of origin even if homelessness has caused them to move outside the school district. School of origin is defined as the school a student attended before becoming homeless or the school where the student was last enrolled.

Are children in foster care homeless?

- In order to be eligible for the benefits and services provided for by the McKinney-Vento Act, a student must meet the criteria for homelessness. Some children in foster care meet the criteria and are therefore considered homeless under the Act.
- The McKinney-Vento Act defines homeless children and youth as "(A) individuals who lack a fixed, regular and adequate nighttime residence…; and (B) includes – (i) children and youths who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; are living in motels, hotels, trailer parks, or camping grounds due to the lack of alternative accommodations; *are living in emergency or transitional shelters; are abandoned in hospitals; or are awaiting foster care placement*…."[2] Thus, some children in DFCS custody are considered homeless for the purpose of the McKinney-Vento Act, specifically children living in shelters, abandoned in hospitals, and children awaiting foster care placement
- Using McKinney-Vento to secure rights for children in foster care helps to minimize educational disruption. The child is able to remain in the same school, continue with the current academic curriculum, and is less likely to fall behind academically.

Are children covered by McKinney-Vento after they move into a foster home?

- Once the provisions of McKinney-Vento have been met, an eligible child remains eligible for services for the remainder of that school year even if s/he moves into a foster home.
- When the next school year begins, if the child continues to live in a foster home, s/he will no longer qualify under McKinney-Vento and at that time may have to transfer to a school in the district where s/he is residing.

What about the documents schools require to enroll a child in school?

- McKinney-Vento requires schools to immediately enroll homeless children in school even without records normally required for enrollment, such as previous academic records, medical records including immunization records, proof of guardianship, and proof of residency.
- The enrolling school must contact the last school attended to obtain relevant records to facilitate enrollment and the school should refer the child to the school liaison for assistance in obtaining immunization records.

What if the child has moved out of district and the old school refuses to allow the child to continue to attend?

- All decisions about where a homeless child shall be allowed to go to school must be made according to the child's best interests. In determining best interests of the child, the local educational agency shall "to the extent feasible, keep a homeless child or youth in the school of origin, except when doing so is contrary to the wishes of the child's or youth's parent or guardian."[3]

Created by
The Barton Child Law and Policy Clinic
Emory University School of Law
Gambrell Hall
Atlanta, GA 30322
Tel 404 727 0664

- ❖ Whenever there is a disagreement between a school and a parent, guardian, or youth, the school must:
  - Immediately enroll the student in the school the parent, guardian, or youth chooses;
  - Keep the student at that school until the disagreement is settled;
  - Explain, in writing, its decision and the right to have the disagreement settled; AND
  - Send the parent, guardian or youth to the Georgia Liaison/Coordinator of Education for Homeless Children and Youth to settle the disagreement quickly. Please see the contact information below.

What if it is best to transfer the child to a new school in the district where the foster parents or relative placement live?

- ❖ Homeless children and youth have the right to stay in the school they went to before they lost their housing, to stay at whatever school they were enrolled in last, or to attend the local school where they are now living.

Is there any help with transportation?

- ❖ If McKinney-Vento applies to the child, then the school district must provide or arrange transportation for the student to stay at the school of origin, even if the student moves to a different city, county, or school district.
  - If a student is living in the same school district as the school of origin, then that school district has to provide transportation. If the student moves across district lines, then both districts have to work together to provide transportation.

What type of transportation will the school provide?

- ❖ Schools can provide transportation in different ways, including:
  - Re-routing school buses and making sure buses go to shelters, group homes and other places where students live;
  - Providing passes for public buses and subways, including passes for caretakers when needed;
  - Using the transportation systems social services use;
  - Using approved van or taxi services;
  - Reimbursing parents, guardians or youth for gas;
  - Working with service providers and public assistance agencies to make transportation plans or provide transportation;
  - Getting local businesses or other agencies to help with transportation costs; and

Where can I get more information?

- ❖ The National Law Center on Homelessness & Poverty, [illegible]
- ❖ Georgia's Education for Homeless Children and Youth Coordinator is Mr. David Davidson. He can be reached at phone 404-651-7555 or e-mail ddavidso@doe.k12.ga.us.
- ❖ The Georgia Law Center for the Homeless, www.galawcenter.org , phone: 404-681-0680.

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[1] The McKinney-Vento Act codified as amended at 42 U.S.C.A. §11432 through §11434a(2)(2004).
[2] 42 U.S.C.A.§11434a(2)(B)(2004)(emphasis added).
[3] 42 U.S.C.A. §11432(3)(B)(i)(2004).

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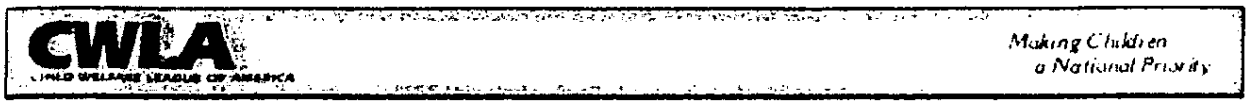

CWLA 2008 Children's Legislative Agenda

Youth Services

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Action

- Pass the Foster Care Continuing Opportunities Act.
- Pass the Medicaid Foster Care Coverage Act.
- Expand eligibility and improve services to youth in the child welfare system, or who were formerly in child welfare, through the John H. Chafee Foster Care Independence Program. Expand eligibility for independent living services to age 24, including room and board. Increase funding to at least $200 million to support expansion of eligibility and services.
- Improve education opportunities for youth in foster care by making improvements to the Education and Training Voucher program. Increase funding for the voucher program to at least $60 million and ensure all of the funds are used for this purpose.
- Include provisions in the reauthorization of the No Child Left Behind Act to enhance education supports for children in foster care.
- Provide the necessary resources for implementing the National Youth in Transition Database.

History

Federal support for independent living services for foster youth began in 1986 when Title IV-E was amended to include the Independent Living Program to assist youth who would eventually be emancipated from foster care. In 1993, Congress permanently extended the authority for independent living. Significant improvements were enacted in 1999 with passage of the John H. Chafee Foster Care Independence Program, in honor of the Rhode Island senator who was one of the law's sponsors and who died before it was enacted. The law allows states to extend Medicaid coverage to former foster children between 18 and 21 years old, and funding was doubled to $140 million per year, which became effective in 2001. Also in 2001, Congress authorized an additional $60 million in discretionary funds for education and training vouchers for youth who are eligible for the Foster Care Independence Program, as well as youth who are adopted from foster care after reaching age 16.

Foster Care Continuing Opportunities Act

Senator Barbara Boxer (D-CA) introduced the Foster Care Continuing Opportunities Act (S. 1512) on May 24, 2007. This legislation would extend Title IV-E foster care funding to age 21.

In 2005, 24,211 young people left foster care simply because they became too old. This is referred to as aging-out of foster care. Many young people transitioning out of the foster care system face great instability once finding themselves on their own, with few, if any, financial resources, no place to live, and little or no support from family, friends, and community. The experiences of these youth place them at higher risk for unemployment, poor educational outcomes, health issues, early parenthood, long-term dependency on public assistance, increased rates of incarceration, and homelessness.

This legislation would simply amend the current law that defines foster children to age 18. States would have an option to extend this to age 21. Under current law, limited funds are available under the John H. Chafee Foster Care Independence Program (*see below*).

Medicaid Foster Care Coverage Act

Rep. Dennis Cardoza (D-CA) introduced the Medicaid Foster Care Coverage Act (H.R. 1376) on March 7, 2007. This legislation amends title XIX of the Social Security Act to establish independent foster care adolescents as a mandatory category of individuals for coverage under state Medicaid programs.

For young people leaving foster care, lack of health care poses a substantial challenge. The Chafee Program allows states to extend Medicaid coverage to former foster children between ages 18 and 21. Despite Medicaid's tremendous advantage for youth in foster care, only 17 states had implemented the extension by early 2007.

Given the high rates of physical and mental health problems extensively documented among children and youth in foster care, access to health services is a critical factor as young people transition to adulthood. Because most children and youth in foster care are covered by Medicaid, use of the expansion option would allow a state to readily facilitate the transfer of a youth's Medicaid eligibility from one category to another without any gap in coverage as they exit foster care. Medicaid coverage should continue for all foster youth until at least age 21. Keeping medical records up to date and accessible is another challenge for young people involved with child welfare. Advances have been made in electronic record keeping, but more are needed.

John H. Chafee Foster Care Independence Program

The John H. Chafee Foster Care Independence Program helps states provide services to young people who are likely to remain in foster care until age 18, as well as former foster children beyond age 18. The program helps eligible children make the transition to self-sufficiency through such services as assistance in earning a high school diploma, support in career exploration, vocational training, job placement and retention, and training in daily living skills. In addition to the Medicaid coverage, the program allows up to 30% of the funds be used for room and board. Chafee is a capped entitlement with an annual ceiling of $140 million, which has not been increased since 2001.

Adolescents constitute a major segment of the youngsters the child welfare system serves. Most youth enter outof- home care as a result of abuse, neglect, and exploitation. Others have run away from home or have no home. Young people transitioning out of the foster care system are significantly affected by the instability that accompanies long periods of out-of-home placement during childhood and adolescence.

The resulting harm to the youth themselves, their communities, and the society at large is unacceptably high. To reduce these outcomes, outreach to youth and the quality of services provided need to be improved. In addition, expanding eligibility for critical support for young people leaving

foster care will ensure a successful transition to independence and self-sufficiency, and reduce the numbers of young people who become homeless, unemployed, incarcerated, and/or at high risk of becoming victims and victimizers. To accomplish this improvement and expansion, funding for the Chafee Foster Care Independence Program needs to be increased significantly.

Education

Reauthorizing the Title X, Part C of the No Child Left Behind (NCLB) McKinney-Vento Homeless Assistance Act (McKinney-Vento) is an opportunity to improve education outcomes for children and youth in foster care. McKinney- Vento provides access to essential federal education protections and rights for homeless children and youth. Children and youth who are eligible for McKinney-Vento have access to supports for school success that many children involved in child welfare lack: school stability or immediate enrollment if stability is not possible, school staff charged with ensuring their prompt enrollment, and more. While these protections currently apply to a subset of children involved in foster care, including those "awaiting foster care placement," states have defined this phrase differently. States vary widely in their application of these protections for this population. As a result, the opportunities for children and youth in foster care may depend on where they live. The reauthorization of McKinney-Vento provides an opportunity to ensure these protections are available to all children in foster care, with special accommodation for the needs and family dynamics that face children in foster care.

The Education and Training Voucher (ETV) program provides assistance of up to $5,000 per year for the cost of attendance at an institution of higher education for youth who age out of foster care or are adopted after age 16. Funding for this program has never reached the amount requested by President Bush-$60 million-which itself is not enough to meet the need. The ETV program began receiving funds in 2003 and was set at $42 million. In 2005, funding increased to $46.6 million; however, for FY 2008, funds were reduced to $45.3 million. Funding for the ETV program should be expanded to at least the level proposed by the President. Further improvements to the ETV program are needed, including adjusting eligibility to include youth adopted after age 14, and requiring technical assistance for states to ensure funds are fully utilized. Also, instead of being returned to the federal treasury, unused state ETV funds should be transferred to other states' ETV programs with demonstrated unmet need.

National Youth In Transition Database

Congress should provide the resources necessary for implementation of the National Youth in Transition Database. This new initiative is a tremendous opportunity to provide valuable information that will inform future improvements in services to young people. The funds for implementation should be a priority for Congress and not come at the expense of existing services or supports or reduced services to adolescents receiving Chafee and ETV funding.

Key Facts

- In 2005, 24,211 children aged-out of out-of-home care. [1], [2]
- A study of young adults who had spent a year or more in foster care between age 14 and 18 found that 25% had experienced post-traumatic stress, compared to 4% of the general adult population. [3]
- Three in 10 of the nation's homeless adults report foster care history. [4]

- A recent study found that one-third of older youth in foster care were identified by caseworkers as having one or more special mental health, medical, pregnancy and parenting, substance abuse, or developmental needs that significantly interfered with their ability to live independently. [5]

- In Clark County, Nevada, 55% of former foster youth reported not having health insurance after leaving foster care. [6]

- Forty-four percent of former foster youth in Wisconsin reported difficulty accessing health and mental health services. [7]

- The rate at which foster youth complete high school (50%) is significantly below the rate of their peers (70%), and the rate at which college-qualified foster youth attend postsecondary education (20%) is substantially below the rate of their peers (60%). [8]

- The Census Bureau reports college graduates make $23,000 more per year than those with high school diplomas. [9]

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URL: http://www.cwla.org/advocacy/2008legagenda16.htm

Newsweek

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SOCIAL SERVICES

Children of the System

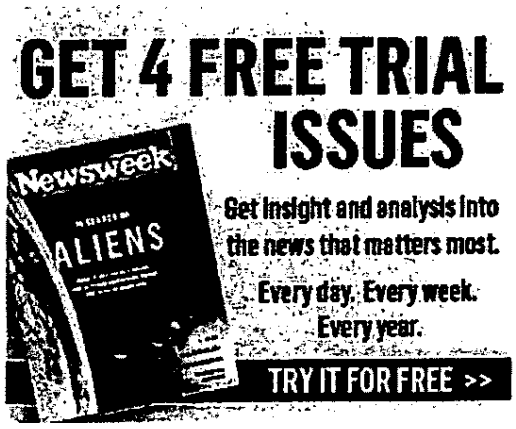
New research supports a radical shift in child-welfare policy for the thousands of teens who 'age out' of foster care at age 18, only to face high rates of homelessness, unemployment and incarceration.

By Daniel Heimpel | Newsweek Web Exclusive
Mar 9, 2009

Eighteen-year-old John Kyzer's blue eyes are bleary and the skin around them puffy as he paces a corner of Hollywood Boulevard in Los Angeles. Kyzer has been spending his nights on a bench in front of a Starbucks. And now, he is dangerously close to entering the ranks of dozens of other former foster youth who "cop a squat" (sit) on concrete stairwells and sleep in "abandos" (abandoned buildings) up and down the street.

Soon after his 18th birthday, the state of California "terminated" Kyzer's case and he was forced to leave his group home. He moved in with his girlfriend and their 4-month-old baby in the home she shared with three generations of her family. Wanting to help support his son, Kyzer got a job at Starbucks and worked as many hours as the boss would give him. For two months his confidence brimmed.

But then he did something many teenagers do. He blew off work and was fired. Now, the door to his girlfriend's house is shut. Kyzer is on his own.



For Kyzer and many of the more than 25,000 other foster youth in the United States who "age out" of the system every year, there is no family and no support network to pick you up when you fall. Within two years of emancipation, half of Los Angeles County's foster youth will be unemployed, one fifth will be homeless and a quarter will have been to prison, according the Children's Law Center. Similar fates can be expected across the country for many of the 500,000 children who call the state their parents.

But a law signed by President Bush in the waning days of his administration could radically change the futures of these children. The Fostering Connections to Success and Increasing Adoptions Act of 2008 offers states matching federal funds to extend care to age 21 for all foster youth who choose to stay in the system after their 18th birthday. What's meant by "care" would vary state by state, but could include extending Medicaid coverage to age 21 (which about 20 states now do), providing housing vouchers or access to group homes, vocational training, educational funding and psychological counseling services.

"We have known for a long time that kids don't suddenly become self-sufficient at the age of 18," says the federal bill's sponsor, Rep. Jim McDermott of Washington state. "The law we passed last year finally

recognized the need to better provide the building blocks of success to these children."

Research released Monday suggests that the approach makes financial sense for a government weighed down by the costs of incarceration, welfare, Medicaid and homelessness incurred by former foster youth who struggle after emancipation. Conducted by the University of Washington School of Social Work, the study finds that caring for young adults until age 21 will represent a return of $2.40 on every government dollar spent in California.

Experts hope the report will lead more states to implement the federal law. But adding anything to a state budget right now is a hard sell. Thus far only seven states have put forward such legislation, including California. And before the passage of the federal legislation, only two states had implemented comprehensive extended care for foster kids after age 18—Illinois and Vermont.

The study's leading researcher, Mark Courtney, director of Partners for Our Children, a public-private collaboration promoting child-welfare reform at the University of Washington, sees the federal legislation as the most radical shift in child-welfare policy in the last decade. "The government has been unwilling to help kids after 18 beyond teaching them independent-living skills," he says. "That is not what parents do. A parent is not happy to kick a kid out at 18 and say good luck."

Courtney's earlier work has shown significant long-term benefits for kids who get a few more year's care versus those who are pushed out of the system at 18. His hallmark "Midwest Study," published in 2005, was instrumental in shaping the current federal legislation. That report followed 732 foster youth through their 17th, 18th and 21st birthdays. It found that along with lower rates of incarceration, homelessness and unemployment, young people in a state like Illinois, which extends care until 21, were 3.5 times as likely to have completed a year of college than peers in states like Iowa and Wisconsin, which routinely cut care at 18. (Census data show that less than 3 percent of foster kids earn college degrees, compared with 28 percent of the population as a whole.)

"The minute we kick them out they start looking for their families," says Karen Bass, speaker of the California Assembly and coauthor of The California Fostering Connections to Success Act. The legislation plans to increase spending to $70 million in California for youths age 18 to 21, largely through the newly available federal funds. "When they can't find their families, they make families of their own on Hollywood Boulevard. In L.A., they are couch surfing; you have groups of young people living together and it is homelessness, just a different form." Bass and coauthor Jim Beall say that despite the budget wrangle and deficits that California faces, the bill bears the name of 26 Assembly members, has wide cross-aisle support and will likely pass.

In this latest study of foster care, Courtney narrowed his focus on higher education. As he had already shown, young people in extended care were better equipped to pursue a higher level of education and thus vastly increased their lifetime earning potential. For an expenditure of $37,948 over the course of extended care, Courtney concludes that those foster youth will earn $92,000 more in their working life. "We are talking about spending $38,000 over one to three years versus what it costs to incarcerate somebody for 20 to 30 years," says Bass. In California, the Department of Corrections anticipates the annual cost of incarceration will jump to $53,000 in fiscal year 2009-10.

But these undeniable statistics are running headlong into the cold reality of a national financial crisis. "Here is the most significant piece of [foster-care] legislation in a decade and it may be slowed down by these

economic times," says Kathi Crowe, executive director of the Foster Care Coalition. "It's almost too bad it is optional." Nonetheless, Courtney believes that the evidence he has presented along with the National Youth in Transition Database, which will be implemented nationwide as of October 2010 and will track young people as they mature into adulthood, will force states to act. "At that point some states may be shamed into changing their laws if the outcomes of their former foster youth look much worse than the outcomes for youth in states that have extended care to 21."

But for Kyzer and the kids currently "copping a squat" on the streets, it may be too late. "I just wasn't ready," Kyzer says of being a father, holding a job and moving into his own place. Tonight he is couch surfing, but tomorrow, his only option may be an abando.

Find this article at
http://www.newsweek.com/id/188493

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State isn't equipped to give youths a hand after they turn 18

ELISE PATKOTAK
COMMENT
(03/10/09 18:51:28)

I've said it before and I'll say it again. The state makes a lousy parent. It rarely remembers your birthday and it almost never takes a turn having all the relatives over for the holidays. But if you're a kid stuck in state custody, it's often all you have in the way of a parent except maybe for an ever changing cast of foster parents.

This is not a condemnation of the state or its system of caring for children in its custody. Given the resources we are willing to provide for this service, and given the needs of the children who become part of the system, the Office of Children's Services is pretty much doing the best it can.

The problem has always been that words are much cheaper than actual actions. So we make a big fuss about children being our future and then try to meet the needs of the future on a shoestring budget. If you think about what it costs to raise a child from birth to maturity under the best of circumstances, you can pretty much quadruple that cost for a child coming out of a nightmarish family situation who may or may not be already damaged almost beyond repair. Quadrupling the cost is probable a conservative estimate.

For many of these kids, the future is predetermined way before the state is actively involved. Whether it's because mom drank during pregnancy and brought the child into the world with 10 strikes already against him or her, or whether mom and dad created such a hellish family life of physical, sexual and mental abuse that the child is totally screwed up before he or she is 5 years old, the result is pretty much the same. The child starts life at an extreme disadvantage.

Take that child and put him into a state system that tries to supply some stability but is often hampered by rules that require the child to be bounced back and forth between birth family and foster care multiple times before the state is allowed to terminate parental rights, and you have the recipe for total disaster.

Anytime a child comes out of this kind of background with his or her head screwed on right, still able to dream of a better life and future, mentally capable of grasping academic subjects and studying for a career in life outside of adult penal institutions, I must stand up in awe and wonder and applaud that child's resilience.

There is a move in our state Legislature to allow the state to provide graduates of foster care and family services a chance at a postsecondary education, complete with some funding to support their living needs while they get their education. This is nothing more nor less than what most families do for their children as they start the process of emancipation into productive adults.

But kids coming out of the state system usually don't have a family willing and able to pick up the slack while they get that education. They have no one to turn to who can guide them through the shoals of applying for housing, putting a budget together, or getting a part-time job to help meet expenses. These kids don't have something as simple as an adult they can shoot the breeze with

over the future and what's out there for them. You know, the kind of conversation you have with your kid while you're driving them to the movies or school or sitting around during the commercials on ESPN.

The state has already started to try and meet these needs through transitional living assistance to young people as they age out of the system. That's a great start. But it isn't enough, because once we wave goodbye to them when they turn 18, they are on their own at a time when most of us would have been hard pressed to make good decisions for our future without some continuing adult guidance.

That these kids survived despite what their birth families did to them is a miracle. That they can come out of the state system and still have dreams of a better future is astounding. That there is any debate at all that we should be doing all we can for them is mind-boggling.

Elise Patkotak is a writer who lives in Anchorage. Read her blog at www.elisepatkotak.com.

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The Honorable
Representative Les Gara
Alaska State Capitol
Room 500
Juneau, AK 99801

Re: SUPPORT HB 126

Dear Representative Gara,

I am writing to express the support of Friends of Alaska CASA (FAC) for House Bill 126. This bill, as you know, will help foster youth transition more successfully from state care to independent living.

Currently 38% of foster youth aging out of the system end up homeless. This bill attempts to remedy this reality through several assistance measures, including extending foster care to age 21 and allowing for reentry into care until age 21 if a youth is emancipated or voluntarily leaves care after turning 18.

Additionally, HB 126 reflects a larger national movement among children's advocacy groups to extend foster care to 21 years of age. In fact, 30 states already provide this option. Extending foster care will allow youth to better prepare themselves for independent living, and avoid common problems (such as homelessness and dependence on public assistance) faced by foster youth aging out of the system.

Allowing former foster youth to reenter care after leaving voluntarily will support youth in their pursuit of higher education or vocational training. Extending foster care and allowing reentry will improve foster youths' chance of success as they transition to independent living.

Thank you for your consideration.

Sincerely,

Ryan Zinn
Executive Director

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Phone: 907-222-2534 · Fax 888-723-5486
info@friendsofalaskacasa.org · www.friendsofalaskacasa.org

April 6, 2010

To the Alaska State Legislature:

As current and former foster youth of Alaska's child welfare system, we would like to express our support for House Bill 126. HB 126 aides foster youth as they make the transition into adulthood, oftentimes without a safety net or family to turn to for support once they have entered into the world on their own.

Studies show that the benefits greatly outweigh the costs to society for youth who extend foster care to age 21. Youth who extend care have better overall outcomes throughout the course of their lives. Allowing young people to remain in care until age 21 is associated with increased postsecondary educational attainment, delayed pregnancy, higher earnings, and a greater likelihood of receiving independent living services.

Statistics show that youth who leave Alaska's foster care system become homeless at a rate of 40%, fall behind in their education, are at risk of early pregnancy, and have a high rate of adult incarceration. The purpose of this bill is to help children and youth in foster care throughout the state make a successful transition to independence.

Many young people who venture out into the world on their own, have caring parents willing to allow them the option of coming home if they fall through the cracks when asserting their independence. Youth who leave the foster care system, don't have the luxury of going home. Allowing youth to re-enter the foster care system once they have left, creates a safety net for our young people and allows them room for growth.

The members of Facing Foster Care in Alaska know that this is an important bill. It will benefit the community at large by creating opportunities for foster youth to become productive, successful members of society as adults.

Thank you for your support in improving the lives of Alaska's foster children.

Sincerely,

Amanda Metivier

Amanda Metivier
FFCA Coordinator

4634

Anchorage School District

5530 E. Northern Lights Blvd.
Anchorage, Alaska 99504-3135
(907) 742-4000

March 11, 2009

To Members of the House Education Committee:

I am writing in support of CS for HB 126 (EDC) which relates to the education of students who are homeless or in foster care or awaiting foster care. As you know, we have a large and growing homeless population in our district; we also have a large and growing number of students awaiting placement in foster care or who are in foster care. One of the major challenges for these young people is finding stability in their lives, including being able to attend school on a regular basis.

It is a well-known fact that when students stay in the same school for the whole school year, there is more opportunity for the student to be academically successful. The Anchorage School District and School Board have worked for years to help parents understand the importance of keeping their children in the same school as long as possible. In the case of homeless students, and those in foster care or awaiting foster care placement, we feel strongly that we need to follow the requirements of the McKinney-Vento Act for homeless students, which requires us to provide transportation to and from the student's original school for the school year. In the case of foster children and those awaiting placement, we support the language is this proposed legislation as long as there is some funding for this requirement. The Anchorage School District provided $150,000 to supplement federal funding for transportation last year and would anticipate an increase again this year.

I commend Representatives Gara, Crawford, and Kerttula for bringing this legislation forward and hope that you will support its passage.

Please feel free to contact me at comeau_carol@asdk12.org if you have need for more information.

Sincerely yours,

Carol Comeau

Carol Comeau
Superintendent

Covenant House Alaska
Crisis Center • Community Services Center • Transitional Living

Representative Les Gara and Senator Bettye Davis
State Capitol
Juneau, AK 99801

February 23, 2009

Dear Representative Gara and Senator Davis,

Thank you for introducing legislation to address the needs of foster care youth, both while they are in the state's custody and when they "age-out" of the current system. Providing resources and support to our foster care children decreases the need for long-term public assistance and criminal justice resources. Responding to research that clearly identifies proven strategies for assisting our youth to independent adulthood is not only compassionate, it is fiscally sound policy.

Between 35% and 50% of foster care youth become homeless after being released from care. Covenant House Alaska (CHA) serves the homeless and at-risk youth of our state through four main programs (50% of CHA youth have been involved in the foster care system). Our Crisis Center provides shelter, food, clothing, primary health care and support resources to homeless youth. Our Community Services Center is a drop-in center that provides case management, employment assistance, educational tutoring, counseling and substance abuse referrals and life skills training. Two different programs, Rights of Passage and Passage House help youth transition to independent living and self-sufficiency. Youth can participate in either program for 18 months with up to 12 months of additional aftercare.

Through these programs, CHA is certain that increased job training, educational opportunities, rental assistance and social worker visits will benefit children in foster care. Similarly, offering consistency whenever possible through maintaining one school for children despite changes in foster care placement is essential. CHA appreciates the multi-faceted approach HB 126 and SB 105 offers.

Thank you for sponsoring this legislation and providing a voice to youth in foster care.

Sincerely,

Deirdre A. Cronin
Executive Director

4636

Facing Foster Care in Alaska (FFCA)
3108 W. 42nd Ave. #6
Anchorage, AK 99517
February 17, 2009

Representative
Les Gara
Alaska State Legislator
AK State Capitol Rm 500
Juneau, AK 99801

Dear Representative Gara:

Your continued concern for Alaska's foster children and youth is admirable, and House Bill 126 demonstrates that concern.

As current and former foster youth of Alaska's child welfare system, we would like to thank you for your ongoing support in addressing the need for reform. Many of Alaska's foster children are being set up for failure due to a state system that is lacking many of the resources these young people need to succeed. Statistics show that youth who leave Alaska's foster care system become homeless at a rate of 40%, fall behind in their education, and have a high rate of adult incarceration. We wholeheartedly support your bill that creates opportunities for children and youth in foster care to succeed.

Thank you for your concern and your untiring pursuit to improve the lives of those who are less fortunate. You have our support.

Sincerely,

Amanda Metivier
FFCA Coordinator

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April 6, 2009

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I am writing to express the support of Friends of Alaska CASA (FAC) for House Bill 126. This bill, as you know, will help foster youth transition more successfully from state care to independent living.

Currently 38% of foster youth aging out of the system end up homeless. This bill attempts to remedy this reality through several assistance measures, such as financial help for rent and other living expenses for up to a year after aging out, and tuition waivers for vocational or college education.

HB 126 will extend the applicability of transportation funding for foster youth so they can stay at the same school for an entire school year instead of transferring between different schools as is often the case. HB 126 will also require a quicker transfer of school records when kids do switch schools, thus easing the discomfort and disruption caused by the change.

Finally, HB 126 attempts to improve basic services within foster care. The most recent federal review of foster care in Alaska gave our state very low marks. HB 126 looks to set the bar higher by requiring the state meet federal once-a-month visit standards. Currently, some youth in care are only seen once every eight months, hardly sufficient to assist a young person with the myriad of difficult issues brought about by their unique circumstances.

Thank you for your consideration.

Sincerely,

Sallye Werner
President
Friends of Alaska CASA

Ryan Zinn
Program Director
Friends of Alaska CASA

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March 11, 2009

To Members of the House Education Committee:

I am writing in support of CS for HB 126 (EDC) which relates to the education of students who are homeless or in foster care or awaiting foster care. As you know, we have a large and growing homeless population in our district; we also have a large and growing number of students awaiting placement in foster care or who are in foster care. One of the major challenges for these young people is finding stability in their lives, including being able to attend school on a regular basis.

It is a well-known fact that when students stay in the same school for the whole school year, there is more opportunity for the student to be academically successful. The Anchorage School District and School Board have worked for years to help parents understand the importance of keeping their children in the same school as long as possible. In the case of homeless students, and those in foster care or awaiting foster care placement, we feel strongly that we need to follow the requirements of the McKinney-Vento Act for homeless students, which requires us to provide transportation to and from the student's original school for the school year. In the case of foster children and those awaiting placement, we support the language is this proposed legislation as long as there is some funding for this requirement. The Anchorage School District provided $150,000 to supplement federal funding for transportation last year and would anticipate an increase again this year.

I commend Representatives Gara, Crawford, and Kerttula for bringing this legislation forward and hope that you will support its passage.

Please feel free to contact me at comeau_carol@asdk12.org if you have need for more information.

Sincerely yours,

Carol Comeau

Carol Comeau
Superintendent

Alaska Native
Tribal Health Consortium

Administration · 4000 Ambassador Drive · Anchorage, Alaska 99508 · Phone: (907) 729-1900 · Fax: (907) 729-1901 · www.anthc.org

POSITION PAPER

CONTACT: Valerie Davidson, Senior Director
Legal and Intergovernmental Affairs
Through Pat Jackson, State Liaison for Alaska Native Health
523-0363 – pajackson@anthc.org

DATE: April 8, 2009

RE: HB 168 – State certification and designation of trauma centers and creating the uncompensated trauma care fund
HB 169 – Appropriating $5,000,000 to the uncompensated trauma care fund

POSITION: Support

ANTHC supports HB 168 and HB 169 as important steps in increasing the trauma care capacity in the state.

The Alaska Native Tribal Health Consortium (ANTHC) is a tribally controlled, non-profit statewide tribal health organization formed pursuant to federal law to provide a range of medical and community health services for more than 130,000 Alaska Natives. It is part of the Alaska Tribal Health System (ATHS), which is owned and managed by the 231 federally-recognized tribes in Alaska and by their respective regional health organizations.

ANTHC and Southcentral Foundation jointly manage the Alaska Native Medical Center (ANMC), the tertiary hospital of the ATHS located in Anchorage. ANMC is the only Level II Trauma Center in the Indian Health Service/tribal health system nationally. ANMC is also the only Level II Trauma Center in Alaska. The nearest Level I Trauma Center is in Seattle.

Trauma system development is a public health priority. A comprehensive system of trauma care is an essential part of the public safety net. Regionalized trauma systems based on a network of coordinated Trauma Centers designated at the appropriate level improves health outcomes and reduces costs. ANMC, as the highest level designated Trauma Center in the State of Alaska, is the lynchpin for the state's trauma system, and provides the foundation for continued statewide system development.

Trauma Center designations were created as a way to improve outcomes for patients who face extraordinary medical issues. On balance, early and appropriate medical attention to life-threatening health issues reduces overall length of stay in the hospital and reduced complications for many patients. Without trauma care, the costs of health care for trauma patients will be greater, including trauma patients who are Medicaid eligible.

The cost of providing trauma care at ANMC has more than doubled over the past four years and funding has not kept pace. ANMC's Trauma Center simply cannot be maintained at current revenue levels. If ANMC's Trauma Center designation is discontinued because funding levels have rendered the service unsustainable, the hospital faces reductions in staffing. Diversions of patients to non-tribal providers would increase, and because the federal government reimburses 100% of the cost of services provided for Native clients at Native facilities but a smaller percentage at non-tribal providers, there would be an increased cost to the state's general fund budget.

ANTHC supports HB 168 and HB 169 as important steps by the State to encourage and support appropriate trauma care options for Alaskans. Because we are Alaska's only Level II Trauma Center we recommend removing the language in section (d) on Page 2, Line 11, that limits appropriations to any one facility to 25%.

Thank you for your consideration.

Matthew Johnson

From: butchr@gci.net on behalf of stacey david reay [butchr@gci.net]
Sent: Thursday, April 09, 2009 9:06 AM
To: Rep. Wes Keller
Subject: HB 126

- Mr. Keller: Please schedule a hearing for HB 126. As a licensed social worker who has worked with families involved with Office of Children's Services, I have become aware of the need for additional support for the foster youth aging out of the system. Please help support these kids.
-
- The primary intent with this bill is to help foster youth transition more successfully from state care to independent living. Currently between 30-40% of foster youth aging out of the system end up homeless. This bill attempts to remedy that through several assistance measures, such as financial help for rent and other living expenses for up to a year after aging out, and tuition waivers for vocational or college education.

- The bill also attempts to facilitate better academic success for foster youth, which has long term benefits through the transition out of care and into adulthood. HB126 will extend the applicability of transportation funding for foster youth so they can stay at the same school for an entire school year instead of bouncing around between different schools as is often the case. HB126 will also require a quicker transfer of school records when kids do switch schools, thus easing the discomfort and disruption caused by the change.

- The bill also attempts to improve basic services within foster care. The most recent federal review of foster care in Alaska gave our state very low marks. HB126 tries to set the bar higher by requiring the state meet federal once-a-month visit standards. Currently, some youth in care are only seen once every eight months, and this is hardly enough to know how a youth is coping with the myriad of difficult issues brought about by their unique circumstances.

Sincerely, Stacey David Reay, LCSW, 1941 Rebel Ridge, Anchorage, AK 99504, 907-337-6537

Matthew Johnson

From: Carol Ford [whoville@pobox.alaska.net]
Sent: Monday, April 13, 2009 2:29 PM
To: Rep. Wes Keller
Subject: HB 126

Dear Representative Keller,

I am writing today to let you know that I strongly support House Bill 126 which provides for necessary support to foster children making the transition from foster care to full adulthood. By definition, foster children have had many ups and downs in their lives under the best of conditions, and as a mother and an active member of my community in Kenai, I am well aware that the transition from teen to adult is a powerful, difficult, important, exciting and dangerous time for everyone regardless of circumstances. It is not the time for their support system to drop them and leave them to fend for themselves.

My own children are past this time, and still turn to their folks for strength and purpose in times of setbacks and questions. As guardians of these children, the State of Alaska has the privilege and duty to offer them support and guidance and in making the best choices available to these citizens. It'll not only give their lives more potential, but will strengthen our state and our nation now and for the next generations.

I urge you to vote yes on House Bill 126.

Carol Ford

Matthew Johnson

From: Gayle Roth [rothgrk@alaska.net]
Sent: Monday, April 13, 2009 2:12 PM
To: Rep. Wes Keller; Rep. Bob Lynn; Rep. Paul Seaton; Rep. Sharon Cissna; Rep. Lindsey Holmes; Rep. Bob Herron
Subject: HR 126

I am in favor of HR 126.

As a 47 years resident of the State of Alaska and a CASA, I have concern for the children in foster care and feel this bill addresses some of their needs.

There are too many children in foster care. Let's give them the tools they need so they can make a difference in their own lives.

Respectfully,
Gayle Roth

Matthew Johnson

From: ViedeF97@aol.com
Sent: Monday, April 13, 2009 1:36 PM
To: Rep. Lindsey Holmes; Rep. Bob Herron; Rep. Wes Keller
Subject: House 126 - strong support for

Representatives-

Please vote to support our foster kids with the benefits this bill will provide. I have been many hours over the years working with children; special needs, homeless and fostered kids there is great need for these kids of services.
Our state of Alaska is one that must do more to help those kids that are having a hard start in life and this is one of those ways. Providing the services that will allow them to transition into 'adulthood' with additional help its critical.
My husband and I, as residents of a 'bush' village are doing more each year to offer support where we can do children in our area.
This particular group of kids covered by this bill could see great benefits from just this small effort.
Please support passage of this bill.
Victoria and Roland Briggs
King Salmon, AK 99613

The Average US Credit Score is 692. See Yours in Just 2 Easy Steps!

Matthew Johnson

From: maryla@alaska.com on behalf of Mary La Fever [maryla@alaska.com]
Sent: Monday, April 13, 2009 1:17 PM
To: Rep. Wes Keller
Subject: House Bill 126

Dear HHSS Committee Member Keller

Just want to let you know I am in SUPPORT of this bill. It seems to me that kids of all ecomomic sectors need all the help we can give them these days, particularly those who are doing without daily.....any boost is helpful, and this bill addresses some important needs.

Thanks for your consideration,

Mary La Fever
41 year resident of Anchorage

Matthew Johnson

From: Britteny Cioni-Haywood [britteny.cioni@gmail.com]

Sent: Monday, April 13, 2009 12:08 PM

To: Rep. Bob Herron; Rep. Wes Keller; Rep. John Coghill; Rep. Bob Lynn; Rep. Paul Seaton; Rep. Sharon Cissna; Rep. Lindsey Holmes

Subject: HB126

Dear Members of the Health and Social Services Committee,
I am writing in support of the HB126 bill that is currently be reviewed and voted on this week. It is my understanding that approximately 40% of Alaska's foster youth end up homeless after coming out of foster care, and less than 10% end up going to college. This is not acceptable and we need to provide more support for those coming out of the foster care system. If we want productive, capable adults then let's help this group overcome the many obstacles that they face. Really the costs of this program will far outweigh the costs of doing nothing and putting this population in greater risk of ending up in the penal system or on social programs that will be much more costly over a lifetime. The loss of economic potential is enormous and we need to help these young adults become productive citizens of our state. Thank you for time and consideration of this legislation.
Sincerely,
Britteny A. Cioni
9093 Fireweed Lane
Juneau, AK 99801

Matthew Johnson

From: m.langdon@gci.net on behalf of Mary Langdon [m.langdon@gci.net]
Sent: Saturday, April 11, 2009 11:02 AM
To: Rep. Bob Herron; Rep. Wes Keller; Rep. John Coghill; Rep. Bob Lynn; Rep. Paul Seaton; Rep. Sharon Cissna; Rep. Lindsey Holmes
Cc: Rep. Les Gara
Subject: House Bill 126 "Success For Foster Youth"

Dear Representatives~ I am writing to strongly encourage all of you, as members of the House Health and Social Services committee, to vote to pass HB 126. I have read the sponsor statement. I can see only good coming from passing this bill, for individuals and for the State of Alaska.

Thank you for your consideration.

Best regards,
Mary Langdon, M.D.

Matthew Johnson

From: Patricia Abney [abney1@acsalaska.net]
Sent: Saturday, April 11, 2009 10:37 AM
To: Rep. Wes Keller
Subject: HB 126

Please support House Bill 126
It is so important that these young people become productive adults and not life long wards of the state.
I think Amanda says it well.

Amanda Metivier, who helped found Alaska's foster care advocacy and education organization, Facing Foster Care in Alaska, notes the effort aims to:

"create opportunities for young people who age-out of foster care to succeed in their adult lives by providing job training, higher education, housing assistance, and school stability. It gives hope to foster youth who have limited supports and resources after leaving custody."

Sincerely,

Pat Abney

Matthew Johnson

From: Friedman_Jeff [Friedman_Jeff@asdk12.org]
Sent: Friday, April 10, 2009 9:28 AM
To: Rep. Bob Herron; Rep. Wes Keller; Rep. John Coghill; Rep. Bob Lynn; Rep. Paul Seaton; Rep. Sharon Cissna; Rep. Lindsey Holmes
Cc: Rep. Les Gara; Comeau_Carol; Siegfried_Robin
Subject: HB 126 Homeless Students

Dear Co-Chairs Herron and Keller, and Committee Members:

I am writing about CSHB 126 which will be heard by the House Health and Social Services Committee on Tuesday.

The Anchorage School District continues to support this bill, but some of the changes made by the Committee Substitute raise concerns.

1. The Committee Substitute added a provision requiring transportation during summer school. In the past, we have not provided transportation during summer school except for some of our Title I schools. Not all homeless students have a Title I school as their school of origin. In addition, not all schools of origin will be open during summer school. On its face, this language would require us to transport a homeless student to his or her school of origin even if the school of origin was closed for the summer.

Keeping a student in their school of origin during the regular school year is important. Keeping a student in the same school is less important during summer school because the teachers are different, the students in the school are different, and the curriculum is different. I ask that this new requirement be removed from the bill.

2. The Committee Substitute also removed a provision that currently exists in law and was in the original bill. That provision allowed for a waiver of the transportation requirement if the Superintendent found, in writing, that attending a different school was in the child's best interest. An example of when this waiver might be used is when a homeless child is living with relatives and the homeless student might be better off attending school with the other children in that household. A waiver could also be useful in a district like Kenai where it might not be in the student's best interest to be transported from Seward to the student's school of origin in Homer each day. Please re-insert the waiver provision that was in the original bill.

Thank you for your consideration.

Jeff Friedman
Anchorage School Board
1534 D Street
Anchorage, AK 99501
907-742-4699 (Home)

Matthew Johnson

From: Friedman_Jeff [Friedman_Jeff@asdk12.org]
Sent: Friday, April 10, 2009 5:55 PM
To: Friedman_Jeff; Rep. Bob Herron; Rep. Wes Keller; Rep. John Coghill; Rep. Bob Lynn; Rep. Paul Seaton; Rep. Sharon Cissna; Rep. Lindsey Holmes
Cc: Rep. Les Gara; Comeau_Carol; Siegfried_Robin; Sen. Bettye Davis
Subject: RE: HB 126 Homeless Students

Follow Up Flag: Follow Up
Flag Status: Red

I have received new information about this bill and wish to clarify my earlier e-mail. I have learned that a C version will be introduced that will eliminate the second concern listed below. In addition, I have learned from the sponsor that the reference to summer school is expected to be removed before this bill is finalized. With this new information, I can say that I fully support HB 126 and urge you to move it out of committee with a favorable recommendation. I apologize for any confusion my initial e-mail may have caused.

Jeff Friedman
Anchorage School Board
1534 D Street
Anchorage, AK 99501
907-742-4699 (Home)

From: Friedman_Jeff
Sent: Friday, April 10, 2009 9:27 AM
To: Representative_bob_herron@legis.state.ak.us; Representative_wes_keller@legis.state.ak.us; Representative_john_coghill@legis.state.ak.us; representative_bob_lynn@legis.state.ak.us; representative_paul_seaton@legis.state.ak.us; representative_sharon_cissna@legis.state.ak.us; representative_lindsey_holmes@legis.state.ak.us
Cc: representative_les_gara@legis.state.ak.us; Comeau_Carol; Siegfried_Robin
Subject: HB 126 Homeless Students

Dear Co-Chairs Herron and Keller, and Committee Members:

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in a district like Kenai where it might not be in the student's best interest to be transported from Seward to the student's school of origin in Homer each day. Please re-insert the waiver provision that was in the original bill.

Thank you for your consideration.

Jeff Friedman
Anchorage School Board
1534 D Street
Anchorage, AK 99501
907-742-4699 (Home)

Matthew Johnson

From: David------Mikell [alaskamd@yahoo.com]
Sent: Saturday, April 11, 2009 7:57 AM
To: Rep. Wes Keller
Subject: HB 126

As a former foster parent and high school teacher of many teenagers in foster care, I STRONGLY urge you to support the passage of HB 126. Our teenagers need more than the resources and assistance that are currently available to them in order to successfully transition from foster care to independent adulthood.

Thank you,
Mikell L. Murphy, Ed.D
2053 Cliffside Dr.
Anchorage, AK 999501

HB

127

<target><bill>HB 127</bill><subject>HB
127</subject><comm>HFIN26</comm></target>

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 127
(H) Publish Date: 3/18/09

Identifier (file name):HB127-CED-ARR-03-11-09
Dept. Affected: DCCED
Title: Alaska Railroad Budget
RDU
Component: Alaska Railroad Corporation
Sponsor: Representative Stoltze
Requester: House Transportation Committee
Component Number

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	264.6		264.6	264.6	264.6	264.6	264.6
Travel	10.0		10.0	10.0	10.0	10.0	10.0
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	274.6	0.0	274.6	274.6	274.6	274.6	274.6
CAPITAL EXPENDITURES	1,000.0						
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (1204 Contingent)	1,274.6		274.6	274.6	274.6	274.6	274.6
TOTAL	1,274.6	0.0	274.6	274.6	274.6	274.6	274.6

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time	2		2	2	2	2	2
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The Alaska Railroad Corporation (ARRC) is a public corporation supported by revenues generated through its freight, passenger and real estate services. ARRC does not receive state subsidies for operations or capital improvements. This bill proposes to make the ARRC subject to the Executive Budget Act.

Making ARRC subject to the Executive Budget Act would have significant financial impact to the corporation, not all of which can be easily quantified at this time.

(Continued on page 2)

Prepared by: Wendy Lindskoog
Phone (907) 265-2516
Division: Alaska Railroad Corporation
Date/Time 3/11/09 12:00 AM
Approved by: Bill O'Leary
Vice President Finance, Alaska Railroad Corporation
Date 3/11/2009

(Revised 9/10/2008 OMB)

4654

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. HB 127

ANALYSIS CONTINUATION

Among the larger impacts are the following:

1. Possible loss of revenue - unquantifiable
Due to decreased operational flexibility caused by rigid budget guidelines it is very probable that ARRC would see a loss of revenue. This loss could be quite large if significant unbudgeted revenue opportunities arise, as they often do.

2. Increased costs for borrowed funds - unquantifiable
This amount is currently unknown and dependent upon level of future borrowing. There would be an impact to debt pricing ARRC would receive from lenders given that future debt payments would be subject to legislative appropriation. Interest costs to the corporation would increase.

3. Implement Accounting & Budget Systems - $1,000.0
The current ARRC financial system is not designed to accommodate legislative appropriation control requirements for either operating or capital activities. Modification to the existing system would be explored, but is most likely not feasible. This would require development and implementation of a new financial system for the corporation. Use of the state's budgeting system would most likely suffice, but the accounting system in use by the state would not meet ARRC's needs for financial and management reporting.

4. ARRC personnel increased costs - $264.6
To appropriately comply with the requirements of the Executive Budget Act, two additional staff will be required, one for financial and accounting assistance and one for legislative and budget coordination.

5. Increased travel increased costs - $10.0
Travel costs associated with Legislative budget hearings and coordination with Department of Commerce, Community and Economic Development and the Office of Management and Budget would increase Anchorage to Juneau travel significantly for the CEO, CFO, and AVP Corporate Affairs.

March 27, 2009

Representative Bill Stoltze
Co-Chair, House Finance Committee
Juneau, Alaska

Re: Opposition to HB 127

Dear Representative Stoltze:

My name is Jack Burton and I have worked for the Alaska Railroad for the past 45 years. For 14 of those years, I was the president of the American Federation of Government Employees, AFL-CIO Local 183 (AFGE), the ARRC's largest union, representing over 330 ARRC employees. For the past 19 years, I have also served as the labor representative on the Alaska Railroad Corporation's (ARRC) Board of Directors. I am writing on behalf of myself and the approximately 620 ARRC union employees to express our opposition to HB 127, which seeks to put ARRC under the Executive Budget Act (EBA).

First and foremost, I speak on behalf of all union employees of the ARRC when I say that we are fiercely opposed to the ARRC's being placed under the EBA because it is a direct impairment of a contractual relationship that our unions have had with the ARRC for decades, and one under which we operate now and will operate for years to come under current collective bargaining agreements. When the state bought the railroad and created the corporation to operate it, the state explicitly mandated that the employees of the railroad were to be employees of the corporation, not employees of the state. The unions were explicitly exempted from coverage by the Public Employee Relations Act (which governs the relationship between the state and its unions), and separate, independent labor laws governing the railroad's unions contracts and its bargaining with the railroad were created solely for the railroad and its unions.

Over the years, the railroad's unions have bargained in good faith with the railroad for all terms and conditions of employment, and have successfully entered into binding contracts with the railroad on each occasion, contracts that contain mutually agreed-upon wages, hours, and working conditions for union members. In doing so, the unions relied on the labor relations provisions of the corporation's statute, the railroad's financial independence from the state, and the railroad's self-sustaining ability to fulfill the promises that it made in those collective bargaining agreements.

Placing the ARRC under the EBA will drastically undermine the very foundation upon which the railroad and its unions have established their relationship and negotiated their collective bargaining agreements. None of the unions' bargaining agreements was negotiated with the understanding that their terms would be "subject to appropriation," nor did the unions ever intend any such restrictions. Instead, the unions bargained for wages that were contractually ensured by railroad-generated revenues, revenues that the unions knew they contributed to by expending their hard efforts. Placing ARRC under the EBA not only improperly subjects the wages and other terms and conditions of my members' employment to the vagaries and uncertainties of the political process, but also directly impairs the rights for which they have already bargained with the ARRC. We steadfastly oppose such an impairment of our current and future employment rights with ARRC.

In addition to the foregoing, my union members also believe that the enactment of HB 127 will violate the mandate in the federal transfer act that requires the revenues generated by ARRC to be retained and managed by ARRC for railroad and related purposes only. Subjecting ARRC to the EBA may generate litigation from employees who feel their contract rights have been violated or that railroad jobs may be lost if the Legislature has the power to divert ARRC's revenues and federal appropriations to non-railroad purposes.

As an employee of the railroad under both governmental financial control and corporate financial independence, I speak from hard-earned experience when I say that the operation of the railroad under political control was a colossal failure. I worked for the Alaska Railroad for 20 years before it was sold to the state and can tell you that a major reason that the railroad lost money every year was its inability to obtain adequate operating and capital funds under the politically charged federal budget appropriation process. The perpetual lack of funds resulted in deterioration of the railroad's track and equipment which in turn increased operating costs which led to the loss of existing business and the inability to obtain new business. It seems we were always operating in a survival mode because the politicians in congress always found better things to do with our tax dollars. We could never count on receiving sufficient funds and as a result could never plan for more than a year in advance. You will risk the same thing happening to ARRC if you put it under the EBA where funding decisions will be based upon political reasons rather good business judgment and management.

I also participated in the transfer process when the railroad was sold to the state and I testified before the Legislature on several occasions with regard to labor issues. Although there were two or three competing bills concerning the structure of the state entity that would own and operate the Alaska Railroad, every one of them required the railroad to be operated as a business as opposed to a government agency and every one of them exempted the railroad from the EBA. The Legislature was very clear that they wanted the railroad to be operated on a self sustaining basis and not require yearly infusions of tax dollars like the federally owned railroad did. Based on the experience of the federally owned railroad, they knew that injecting politics into a business operation was a recipe for disaster. The ARRC business model has worked very successfully for the past 24 years so why risk messing it up now?

Lastly, I am surprised that this bill is being seriously considered by a private sector oriented legislature. In the recent past, the Legislature has looked for ways to reduce government inefficiencies by privatizing prisons, schools, the state ferry system, motor vehicle and driver licensing, etc. etc. The enactment of HB 127 will actually increase government inefficiency by taking what is currently a profitable and self-sustaining public asset and turning it into an inefficient government bureaucracy which is exactly what the Alaska Railroad was before it was sold to the state. It makes no sense to make such a sweeping change in the absence of any concrete evidence that the ARRC business model is some how broken and needs repair.

Representative Stoltze, I am charged with representing the best interests of all of my union brothers and sisters at the ARRC. In that capacity, I cannot emphasize enough the opposition your bill faces from ARRC organized labor. We have an established, successful bargaining relationship with the ARRC under its current status, and we have no interest in being subject to the well-known political whims of the legislative appropriation process. We appreciate your bearing our opposition in mind as you consider this bill.

Sincerely,

Jack F. Burton

Jack Burton

DETAILED COMMENTS ON HB 127

Submitted by the Alaska Railroad Corporation (ARRC)

Loss of Flexibility Needed to React to Business Changes

- **Changes in railroad business require the ability to respond quickly with capital investment and/or operating increases.**

Unlike other public corporations such as AHFC and AIDEA, which are not primarily operating entities, ARRC operates a multifaceted freight and passenger transportation and real estate business that require it to be responsive to the needs of Alaska citizens and businesses in order to be successful. The railroad industry in America is engaged in a capital intensive business that has experienced significant changes in customers' requirements, and therefore significant changes in its infrastructure, equipment and technology. Quick action is often required to respond to customers' needs and to seize business opportunities. For ARRC, this translates into the need for the flexibility to make business decisions unencumbered by rigid yearly appropriation schedules. For example, a decision to acquire new high capacity hopper cars was made during negotiations regarding export coal, in order to make ARRC's coal customer more competitive in the world markets, as well as improve service to other customers. Because this occurred during the middle of a fiscal year, it would have been difficult if not impossible to respond in a timely manner had it been necessary to seek administrative and legislative approval.

Effect on Borrowing and Contracts

- **The proposed bill may impair ARRC's ability to perform its legal obligations under long term contracts and loan agreements.**

The proposed bill does not address several legal problems that may arise if ARRC is subjected to the EBA. First, ARRC has been operating as a business for the past 24 years and has incurred legal obligations under existing long term contracts to provide a wide variety of transportation services to customers under constantly changing market conditions. ARRC also has several long term loan agreements that require ARRC to make periodic interest and principal payments. None of these agreements contains language conditioning ARRC's duty to perform on its receipt of sufficient appropriations from the legislature, as is the case in a typical state contract. Even if ARRC retains all its revenues, if it cannot expend them except in strict accordance with a legislatively approved annual budget, our existing customers/lenders may have valid concerns about its continuing ability to perform as their contracts require and may assert that their contract rights have been impaired in violation of Article I, Section 15 of the Alaska Constitution.

Second, putting ARRC under the EBA may create a risk that ARRC's existing long term commercial debt could be called. All of ARRC's loan agreements contain provisions

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Anchorage, Alaska 99501 | AlaskaRailroad.com

that allow the lender to declare a default and/or accelerate the loan if, as a result of changed circumstances, the lender deems itself insecure. Our lenders may have a legitimate reason to be concerned about ARRC's ability to repay their loans if the corporation is subjected to the EBA because there is little ARRC can do to assure them that the Legislature will appropriate enough money to ARRC to make the payments required on their loans.

Putting ARRC under the EBA will also seriously impact the $165,000,000 in outstanding FTA Formula Funds backed bonds that ARRC issued in 2006 and 2007. ARRC's outside bond counsel has advised that if HB 127 is enacted, (1) it will be viewed by the bondholders as an impairment of their rights in violation of AS 42.40.675, (2) will likely result in a down grade in the ratings of the bonds and (3) may violate the ARTA mandate that revenues generated by ARRC "be retained and managed by the stated-owned railroad for railroad and related purposes."

Third, ARRC must sometimes borrow funds to enable it to fulfill its contract obligations. While this bill leaves intact several provisions regarding borrowing by ARRC, placing the corporation under the EBA may jeopardize the borrowing ability of the corporation. It may be difficult for ARRC to assure its creditors that the legislature will appropriate sufficient money, or approve line entries in its budget, to pay the debt service on their loans.

Fourth, even if ARRC can overcome the non-appropriation risk, borrowing will likely be more costly. ARRC is able to borrow money at a lower interest rate than other tax exempt entities such as the State because ARRC currently meets the definition of a "small debt issuer" under Section 235 of the Internal Revenue Code. This provision allows banks to deduct approximately 80% of their carrying costs on loans to ARRC, which has in the past resulted in an interest rate that is 80-100 basis points lower than the usual tax exempt rate. If ARRC is subjected to the EBA, its finances would no longer be considered separate from the State's and it will no longer qualify for this important benefit. As a result, ARRC's cost of borrowing could increase markedly.

In short, subjecting ARRC to the EBA will limit ARRC's ability to enter into future long term contracts with its customers and lenders because every agreement it negotiates will have to have the caveat at the end "SUBJECT TO LEGISLATIVE APPROPRIATION." If we cannot assure our customers that we will have the funds and the authority to spend them to perform the services they require, they are likely to go elsewhere.

Effect of State Fiscal Year

- **ARRC's business is highly seasonal, and moving to the state fiscal year would split the business season.**

Business activity in Alaska is highly seasonal. Subjecting ARRC to the EBA will require it to change from its current calendar year as fiscal year, to the state fiscal year that ends on June 30. While there does not appear to be a specific mandate to this effect, the requirement to participate in the governor's budgeting process and seek legislative approvals will necessitate such a change. Prudent businesses close their fiscal year at the end of a business cycle, not during its busiest time. The railroad's "busy season" ends

around November 1, and the calendar year is therefore the most appropriate fiscal year for ARRC. Not only would the state fiscal year artificially bifurcate the business year, but it would require the corporation to spend considerable time participating in the budgeting process at the same time it is gearing up to expand operations in May. This is not an efficient use of resources.

Effect on Liability

- **By assuming substantial actual control over the financial and legal obligations of ARRC, the State will likely subject itself to full liability for ARRC's operations.**

A major purpose of setting up an "enterprise fund" such as ARRC is to shield the State from liability in the event the enterprise goes under or incurs a catastrophic liability. ARRC has been a defendant in numerous lawsuits since its creation, and the State of Alaska has never been made a party as a result of ARRC's actions, nor called upon to answer in damages in any of these cases. Obviously, the language of AS 42.40.500 and the arm's length nature of the corporation's past relationship with the State have had the intended effect and spared the State these liabilities. This is not likely to continue once the State injects itself so substantially into the railroad's business decision-making process. Simply put, the more control you exercise over an entity, the more likely you are to become liable for the entity's obligations.

Violation of Alaska Railroad Transfer Act, 45 USC 1201 et seq. (ARTA)

- **The Transfer Act specifically requires that ARRC retain control of its funds and budget. The federal government could raise this violation of ARTA as a breach in its contract with the State of Alaska transferring the railroad.**

Section 1207 of ARTA mandates that the revenues generated by ARRC be "retained and managed by the State-owned railroad for railroad and related purposes". This provision was inserted in ARTA to prevent the state from repeating the mistakes that caused the federally owned railroad to lose money in almost every year of its 60 year history. A major reason that the federal railroad lost money was that all of its funds had to be appropriated under the federal budget process which deprived the railroad of the flexibility needed to respond quickly to business opportunities and prevented it from obtaining needed capital to maintain or improve service.

This bill could infringe on that "management" right in several respects. For example, inclusion of ARRC under the EBA could have the effect of prohibiting the corporation from hiring additional employees or expending any money or incurring other obligations unless these items were included in an operations plan approved by OMB, which must in turn comport with a budget approved by the legislature. See AS 37.07.080(d). If ARRC receives excess funds from its operations (beyond what is expected and accounted for in its approved budget), it must convince the administration to propose a revision to the Legislative Budget & Audit Committee and possibly wait 45 days before expending the money. See AS 37.07.080(h). Not only does this run afoul of "management" rights provided in ARTA, but it also provides another example of the potential loss of business if ARRC is

brought under the EBA. One can foresee a multitude of business opportunities or potential employees that will not wait the time required to obtain such approvals and, accordingly, be lost to the corporation.

As noted below, there does not appear to be any requirement that all of the money generated by ARRC be paid into the state treasury. However, in light of the "appropriation" language used in the bill, the bill's intent is not entirely clear. If the design is for ARRC revenues either (1) to be "state funds" which are then appropriated back to the corporation or (2) to be held by the corporation but only expended pursuant to an approved budget, then the corporation no longer has the "management" rights required by Section 1207 of ARTA. In addition, if all of ARRC's revenues are not either appropriated back to the corporation or approved to be used in the corporation's budget, part of ARRC's revenue could be used to fund a program or project that is totally unrelated to the railroad. This too would violate the mandate of ARTA Section 1207.

EBA Process Adds Time and Cost Without Adding Value

- **Participating in the budgeting process as proposed will substantially increase the costs of doing business. It is unreasonable to expect the customers to bear this additional cost.**

Subjecting ARRC to the EBA will add an unnecessary layer of expense and time consuming government bureaucracy to what is currently a profitable and self-sustaining asset. Numerous provisions throughout the EBA impose procedures with considerably different focus and detail than ARRC currently develops, such as the "agency program," "financial plan" and "operations plan." In addition, involvement of additional layers of governmental agencies (OMB, LB&A, etc.) to business sector decision-making will delay the process and therefore result in less flexibility to react to business climate changes. All of these add significant costs to ARRC's operations without adding any value. These costs will ultimately be paid by railroad customers or, worse still, by the corporation in the form of lost opportunity.

Inconsistency of Approach

- **The inconsistencies found in the bill illustrate the difficulty in separating the financial management of the corporation from the operational management left to ARRC.**

The bill expressly subjects ARRC's revenues to legislative control by making the corporation subject to the EBA. Yet, it does not change the primary legislative purposes embedded throughout the Alaska Railroad Corporation Act that require the corporation (1) to be exclusively responsible for management of the financial and legal obligations of the Alaska Railroad, (2) to carry out its responsibilities on a "self-sustaining basis," and (3) to provide for the "prudent operation of the railroad according to sound business management practices." The bill requires ARRC to "request, in accordance with AS 37.07, appropriations from the legislature to carry out the provisions of this chapter". Under this bill, ARRC will have to seek an annual appropriation for all expenditures of the corporation, with all the

accompanying budget, operations plan and other documents that are generated in the governor's budgeting process. However, the EBA itself does not require ARRC revenues to be paid into the general governmental treasury[1/] and it is unclear whether the bill contemplates this result. If ARRC is to retain its receipts, it is inconsistent to require the corporation to seek appropriations for operating and other expenditures.

Conclusion: HB 127 Seeks to Fix Something That is Not Broken

The most perplexing issue about HB 127 is that the impetus for the bill isn't coming from the citizens or businesses served by the railroad, or from the communities being served. Nor is it supported by any research or studies such as those provided by the Harvard Business School and University of Alaska Institute for Social and Economic Research that led the 13th Legislature to adopt the current business model that exempts ARRC from the EBA. The railroad as it exists today has provided Alaska with the best of all possible worlds-- the State owns the asset but has none of the liability associated with its operations, the railroad pays its own way as well as making a profit, and it operates an essential transportation service without any burden on the taxpayers. In short, the Alaska Railroad is working just fine as it is currently structured. It makes no sense to make so sweeping a change without any demonstrable reason.

[1/] Another section of the Public Finance title, AS 37.05.146, provides that ARRC receipts are not general fund receipts. Without any other section of that title being made applicable to ARRC, there is apparently no requirement that corporation funds be paid over to the state treasury.

HB 127 COMMENTARY

IS IT TIME TO RESTRUCTURE THE ALASKA RAILROAD CORPORATION?

HB 127 seeks to make a fundamental change in the operation of Alaska Railroad Corporation (ARRC) despite the fact that the current operational structure has worked very well for the past 24 years and has produced substantial benefits for the State of Alaska since the State acquired the Alaska Railroad from the Federal Government in 1985. In ARRC as currently formulated, the State has a well-run, self-sustaining transportation instrumentality that provides safe, economical, and efficient transportation to residents, businesses, visitors, and military installations in the State. In the past 24 years since transfer, ARRC has been profitable for 20 of those years, made hundreds of millions of dollars in capital improvements to the railroad's track infrastructure, facilities and railcar/locomotive fleet and has grown to have an asset value approaching $1 billion. All of this was accomplished without ongoing State appropriations.

The enormous success of the present ARRC model did not occur by accident. Rather, it was the result of an essential policy decision made by the decision makers within the State of Alaska after several years of studies, debate, discussions and careful consideration as to the type of entity that would operate the railroad under state ownership.

Alaska Railroad Perspective: Government Agency or Business?

During the 60 years prior to the transfer of the Alaska Railroad to the State in 1985, the Federal Government operated the railroad primarily from a governmental perspective as a typical, inefficient federal bureaucracy within the Federal Railroad Administration (FRA) that required yearly injections of tax payer dollars to meet its operating and capital expenses. Historically, the role of the railroad was subject to considerable confusion. At various times it was a frontier development tool, a part of the national defense system, a vehicle for implementing federal policies, a resource recovery mechanism, a repository for surplus federal material, a means of social service delivery and, on occasion, a market place railroad. The lack of a clear set of goals placed a severe limitation on the railroad's ability to satisfy any one of these purposes adequately. As a consequence, except for a few years during World War II and the pipeline construction, the Alaska Railroad lost money every year.

Moreover, because the Alaska Railroad was subject to the federal capital budget/appropriation process, it was never able to obtain sufficient capital money to fund such necessary items as annual cross-tie replacement, track surfacing, major equipment repair/refurbishing, new equipment acquisitions, building repair, etc. The Federal Government always seemed to have better, more politically motivated things

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to do with its money. As a result of the lack of capital investment, the physical plant of the railroad deteriorated, operating expenses increased and service levels declined. At the time of transfer, there was an estimated $100,000,000 in deferred maintenance associated with the property.

By 1979, it became apparent that the Alaska Railroad had become a fiscal and political liability for the FRA and it approached the State of Alaska with a proposal to transfer the railroad to the State. The State responded that while it regarded the railroad as an integral part of Alaska's transportation infrastructure, it was hesitant to involve itself directly in the operation of the railroad which had historically operated at significant annual losses. In 1980, the State commenced an in-depth assessment of the multitude of issues related to the transfer proposal. It retained experts to advise it and commissioned reports and studies to be prepared as to what would be the best organizational alternative for the Alaska Railroad under state ownership, one that would not perpetuate the financial failures of the federally owned railroad.

With this goal in mind and based upon input from several experts, the State made the critical policy decision that a state owned railroad had to be governed by a business orientation rather than a government agency perspective in order to prevent the railroad from becoming entrenched as another state bureaucracy. Based upon studies prepared by such entities as the Harvard Business School and the University of Alaska Institute of Social and Economic Research, the State decision makers determined that each potential organizational structure should be measured by the extent to which it satisfied the following criteria:

1. Freedom from—and equal legal standing with—government to take advantage of management and market opportunities.

2. Ability to access and obtain private and public capital funds.

3. Management freedom for the railroad's operational decisions within established policies.

4. Clear-cut lines of management responsibility and accountability for decisions which are made.

5. Marketing freedom within established policies and budgetary constraints.

6. Clear decision-making authority without a cumbersome and bureaucratic process.

7. Management capability to make long-term commitments within established policies.

8. Management freedom to negotiate solutions to problems and to take advantage of service opportunities.

9. Industrial development capability on railroad land.

10. Performance-based personnel management including the direct ability to hire, fire, promote, train, supervise and direct required railroad employees.

11. Ability to provide financial and other incentives for performance.

Using the above criteria, the 13th Alaska Legislature determined that the organizational structure that would provide the best chance for a viable state owned railroad was a public corporation that (1) would be exclusively responsible for the management of the financial and legal operations of the Alaska Railroad, (2) would have the ability to raise capital from the private sector, (3) would carry out its responsibilities on a self-sustaining basis, and (4) would provide for prudent operation of the railroad according to sound business management practices, i.e. the Alaska Railroad Corporation as it is currently structured under AS 42.40. The 13th Alaska Legislature specifically exempted ARRC from the Executive Budget Act in order to satisfy the abovementioned organization criteria and to assure that the railroad would have the flexibility to operate from a business perspective.

Proposed HB 127 seeks to place ARRC under the Executive Budget Act. If adopted, this legislation will turn the railroad into a line agency of the State that will be unable to respond quickly to business opportunities and may even have to compete for state operating and capital funds with other agencies. This organizational structure was expressly rejected by the 13th Legislature because the same limitations and problems encountered by the Alaska Railroad as a federal agency would also be present with the railroad as a state agency.

The in-depth assessment of the Alaska Railroad conducted during the five years before transfer determined that the majority of the federally owned railroad's financial problems were due to the requirement that the railroad follow federal budgeting procedures rather than allowing its management to develop operating and capital programs on the same basis as a privately owned railroad. Specifically, the federal budget procedures requirement caused the following problems:

1. Obtaining needed capital appropriations was difficult and usually political, providing the Alaska Railroad with little assurance that required funds would be available when needed. The funding by appropriation mechanism made it impossible for the railroad to realistically plan and budget for more than a year in advance. The lack of needed capital also caused the railroad's physical plant to deteriorate, which increased operating costs and made it more difficult for the railroad to compete for new business.

2. Eliminated the flexibility management needed to take advantage of new business opportunities. Alaska's economic activity is dynamic, which means that rail service needs the ability to change frequently during a fiscal year. Under the funding by appropriation mechanism, the federally owned railroad

lost numerous business opportunities because, needing congressional appropriations, it could not make business commitments quickly enough to meet the potential customer's needs.

3. Compliance with the bureaucratic federal budget procedures created an expensive and time consuming burden on the Alaska Railroad. The railroad was required to spend time trying to force its operation into a format that was designed for federal agencies. This resulted in a substantial amount of nonproductive time being expended in preparing reports, budget submittals, etc. that had no significant management value.

Considerable State Oversight Exists in Current Business Model

Although the 13th Legislature took great care to insulate ARRC from unnecessary and burdensome government interference, it also recognized that under State ownership, the Alaska Railroad is a public entity that serves important public purposes. While the exemption of ARRC from the Executive Budget Act (EBA) solved the major problems that plagued the federally owned railroad, in a effort to assure accountability to the public without unnecessarily interfering with the railroad's mandate to operate freely in the competitive market place on a self-sustaining basis, the 13th Legislature imposed several significant State oversight mechanisms over ARRC's operation and management practices to replace the oversight found in the EBA. This oversight is accomplished by the following requirements:

1. The ARRC Board of Directors is responsible for providing an annual report of the operations and financial condition of the corporation to the Governor, making it available to the legislature as well.

2. The ARRC Board of Directors is responsible for initiating both a financial and performance audit each year. As required by statute, the financial audit is performed by an independent certified public accountant. Copies are provided to the Governor and the Legislature each year. In addition, a recognized railroad management expert conducts the annual performance audit to ensure ARRC is managed and operated effectively and efficiently.

3. ARRC must file an oversight report with the Legislature and Governor before it undertakes expansion, reduction, or diversification of train services that represents a significant and permanent change in service level.

4. Legislative approval is required for certain corporate actions, such as disposing of the Railroad's entire interest in land, leasing land for longer than 55 years, extension of rail lines or issuing bonds. In addition, any exercise of the power of eminent domain by the corporation requires the approval of the Governor.

5. The Legislative Budget and Audit Committee regularly reviews ARRC's operation and management practices.

6. ARRC's procurement procedures are required to be substantially equivalent to state procurement requirements.

7. ARRC employees and directors are subject to the Executive Branch Ethics Act.

8. The Commissioners of the Alaska Department of Transportation and Public Facilities and the Department of Commerce, Community and Economic Development both serve on ARRC's board of directors.

9. ARRC's spill prevention and response plans are filed with and regulated by the state. ARRC is required by state law to show sufficient financial responsibility to respond to spills.

10. ARRC must provide public notice before entering into leases or other disposals of an interest in land.

11. ARRC must notify the Department of Law within 30 days before initiating any legal action.

12. The railroad is required to be operated under the jurisdiction of the Surface Transportation Board as required by the Alaska Railroad Transportation Act of 1982.

Conclusion

The rationale for exempting ARRC from the EBA is as valid today as it was 24 years ago. In exempting ARRC from the EBA, the 13th Legislature understood the need for the state-owned railroad to operate as an independent business, free from political concerns and the unnecessary cost of bureaucratic attachments. They understood that railroad business, safety, and environmental decisions have to be made based on the facts and merits of the situation, and not unnecessarily biased or encumbered by political considerations. They understood that dependence on appropriations from the State would automatically slow down day-to-day decision-making in a very complex and dynamic transportation business where customers depend on the railroad's ability to respond quickly to market demands.

In short, the ARRC business model, as it exists today, works very well and, as a result, ARRC has never requested State dollars for its operation. We firmly believe that the Legislature should be proud that this business is providing a valuable service to Alaska's economy, satisfying its customers, and paying its own way. The Alaska Legislature should not undermine ARRC's continuing viability by injecting the EBA into its operations. ARRC needs to be at the very top of its game if it is to someday

support a new pipeline, Department of Defense development, growing tourist numbers, a future need for commuter rail support, and/or expansion into Canada or ultimately north beyond Fairbanks. HB 127 threatens that readiness to take on growth and development within the state, a hallmark of ARRC's history and track record.

COMMENTS ON HB 127
Executive Summary
Submitted by the Alaska Railroad Corporation (ARRC)

Reasons why placing ARRC under the Executive Budget Act (EBA) is a bad idea:

- Will cause ARRC to lose the flexibility needed to respond to business opportunities. Changes in railroad business require the ability to respond quickly with capital investment and/or operating increases when customers or circumstances demand it, a condition no other state entity such as AHFC or AIDEA must contend with. The proposed bill will make it very difficult to respond to market opportunities in a timely fashion.

- Will cause concerns by ARRC's major customers/lenders (e.g. Flint Hills, Usibelli Coal Mine, Lynden, TOTE, Princess, Holland America, Wells Fargo Bank) as to its ability to perform under existing long term contracts. Passage of this bill may also constitute an impairment of contract rights in violation of Article I, Section 15 of the Alaska Constitution and a impairment of bondholders' rights in violation of AS 42.40 675. ARRC's existing agreements do not contain language conditioning ARRC's duty to perform on its receipt of sufficient appropriations from the legislature, as is the case in a typical state contract.

- Will seriously impact $165,000,000 in outstanding FTA Formula Funds Bonds.

- ARRC's current fiscal year is the calendar year. Its business is highly seasonal, and moving to the state fiscal year would split the business season, something no prudent business person would do.

- By assuming substantial actual control over the financial and legal obligations of ARRC, the state may subject itself to full liability for ARRC's operations. The more control you assert over an entity, the more likely it is that you will be held responsible when things go wrong.

- May violate the federal Alaska Railroad Transfer Act (ARTA) which specifically provides that ARRC is to retain control of its funds. This provision was inserted in ARTA to prevent the state from repeating the mistakes that caused the federally owned railroad to lose money in almost every year of its 60-year history. A major reason that the federal railroad lost money was that all of its funds had to be appropriated under the federal budget process which deprived the railroad of the flexibility needed to respond quickly to business opportunities and prevented it from obtaining needed capital to maintain or improve service.

- EBA process adds time and cost without adding value.

- Bill seeks to fix something that is not broken. Putting ARRC under the EBA has been brought up numerous times by various parties since ARRC's creation. In each instance, the current "business" model was determined to be the superior choice.

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BILL STOLTZE
STATE REPRESENTATIVE
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Sponsor Statement For House Bill 127

House Bill 127 would place the Alaska Railroad Corporation under the Executive Budget Act. The Alaska Railroad Corporation has been owned by the State of Alaska since 1985 and is governed by a seven member board appointed by the Governor.

The Executive Budget Act (AS 37.07) is the statute that outlines the state budget process. It has a successful history of providing transparency and accountability in public expenditures.

The Executive Budget Act outlines procedures for accountability and review by both the Executive and Legislative branches of our government. It is a very straightforward process with nothing to fear and nothing to hide.

Our budget process often involves healthy tensions between the Executive and Legislative branches, but these deliberations provide Alaskans with a better understanding of how public funds are spent. It also provides policy makers and elected officials with the information and reasonable timeframes to make necessary budget decisions.

There are numerous circumstances over the years where public corporations have been brought under the review of the Executive Budget Act. The Alaska Housing Finance Corporation (AHFC), for example, was brought under the act during the 1990's despite concerns expressed at the time by the corporation's management.

Since that time, AHFC has improved its bond rating, purchased billions of mortgages loans and is viewed nationally as an innovator in the development of affordable and energy efficient housing programs. While the rest of our nation is facing a housing crisis, Alaska's housing market is currently considered stable.

In short - the Executive Budget Act was successful in allowing AHFC to be part of the state budget process.

BLANK ROME LLP
COUNSELORS AT LAW

MEMORANDUM

TO: Alaska Railroad Corporation

FROM: Blank Rome LLP

DATE: March 23, 2009

RE: House Bill 127

C/M # 811156-00301

We are furnishing this memorandum to provide analysis of the effects of House Bill 127 ("HB 127"), now pending in the State Legislature, on (i) the Alaska Railroad Corporation ("ARRC") Capital Grant Receipts Bonds, Series 2006 and Series 2007 (FTA Section 5307 Urbanized Area Formula Funds and Section 5309 Fixed Guideway Modernization Formula Funds) (the "Series 2006 Bonds" and "Series 2007 Bonds", respectively, and collectively, the "Bonds"), (ii) the credit ratings assigned to the Bonds, and (iii) compliance with the provisions of the Alaska Railroad Transfer Act, 45 U.S.C. §1201 et seq. ("ARTA").

1. The Effect of HB 127 on the Bonds.

The Bonds are revenue bonds secured solely by and payable solely from FTA Section 5307 and Section 5309 Formula Funds (collectively, the "Formula Funds") received by ARRC for the Federal Fiscal Year commencing October 1, 2006 and each Federal Fiscal Year thereafter. Thus, all Formula Funds received or receivable by ARRC are pledged under the Trust Indenture securing the Bonds ("Trust Indenture") and are required to be paid directly to the Trustee under the Trust Indenture for deposit in a trust fund designated "Grant Receipts Deposit Fund".

The Bonds and the Official Statements used in the primary offerings of the Bonds recite that the Bonds are not a debt or liability of the State of Alaska and further that the Bonds are not general obligations of ARRC and do not pledge the assets or revenues of ARRC except for the Formula Funds.

The Bondholders have been informed in the Official Statements that receipt of Formula Funds is subject to authorization and appropriation by the United States Congress, but that once Congress has acted, the Formula Funds in their entirety are paid directly to the Corporation or the Trustee and the obligation of the Corporation to pay all the Formula Funds over to the

Trustee is absolute and unconditional. This requirement, by the way, includes any Formula Funds ARRC is to receive under the recently enacted Stimulus legislation.

The Bondholders have never been told that the payment of the Formula Funds to the Trustee and of debt service on their Bonds is subject to appropriation by the State Legislature, a risk that would certainly have merited prominent disclosure had it been in the law at the time.

Should HB 127 be enacted, it will be necessary for ARRC to file a material event notice under its Continuing Disclosure Undertakings executed pursuant to SEC Rule 15c2-12 advising the Bondholders that their rights to unfettered payment of the Formula Funds to the Trustee and of debt service on the Bonds have been impaired by the enactment of a law conferring on the State Legislature the discretion to determine the amounts, if any, appropriated to the Grant Receipts Deposit Fund or allocated to pay debt service and that such payments are subject to the risks of non-appropriation and/or delayed appropriation by the State.

We note that in accordance with A.S. 42.40.675, the Trust Indenture includes the pledge made by the State in A.S. 42.40.675 not to impair the rights of the holders of the Bonds. We believe that the provisions of HB 127 would be viewed by Bondholders as an impairment of their rights to receive all of the Formula Funds for the Grant Receipts Deposit Fund to assure payment in full of debt service of the Bonds prior to application of the Formula Funds to other purposes, as required by the Indenture.

Parenthetically, A.S. 42.40.675 makes the same pledge to any federal agency contributing funds to ARRC. You will, no doubt, have ascertained whether any federal agency's rights contained in any grant agreement or other contractual obligation are impaired by HB 127.

2. Effect of HB 127 on Credit Ratings Assigned to the Bonds.

At the time the Bonds were issued, each Series was insured with a policy of municipal bond insurance issued by Financial Guaranty Insurance Company ("FGIC") and the Bonds then carried insured ratings of "AAA" by Standard & Poor's Ratings Service ("S&P") and Fitch ("Fitch Ratings") and "Aaa" by Moody's Investors Service ("Moody's"). ARRC also obtained unenhanced ratings for the Bonds of "A+" by S&P, "A" by Fitch and "A1" by Moody's, based on the structure outlined in Part 1 of this Memorandum.

Since the original issuance of the Bonds, the FGIC ratings have all been downgraded and the Bonds now bear the unenhanced ratings assigned to them by S&P, Fitch and Moody's, since the unenhanced ratings are now higher than the insured ratings.

If HB 127 were to be enacted, ARRC is obligated to notify S&P, Fitch and Moody's (collectively, the "Rating Agencies") that the structure on which the unenhanced ratings were based has been altered and that the Bonds now have two levels of appropriation risk — United States Congress and State Legislature. The unenhanced ratings rely on the transfer of all Formula Funds directly to the Trustee as provided in the Indenture with no risk of delay or diversion once federally appropriated.

There is a high degree of likelihood that the Rating Agencies would take action to change the ratings downward or to at least put them on negative outlook pending a closer review of the actions of the State Legislature.

ARRC will want to consult with its independent financial advisors on the Rating Agencies and their potential actions. We advise you that our experience is that in this difficult economy, rating agencies are quick to take action on the occurrence of a negative event. It is much harder and takes much longer to raise a rating than it does to lower one.

Any rating changes will require that ARRC file a material event notice pursuant to its Continuing Disclosure Undertakings.

Material event notices of the types of adverse changes described in Part 1 of this memorandum and in this Part 2 usually lead to adverse effects in the secondary market for the Bonds and affect pricing and liquidity.

3. Effect of HB 127 on Compliance with ARTA.

In the brief time we have had to review HB 127 and the relevant provisions of ARTA, we have substantial concern that HB 127 in the form now pending, violates ARTA which explicitly provides that revenues generated by ARRC, "including any amount appropriated or otherwise made available to the State-owned railroad shall be retained and managed by the State-owned railroad for railroad and related purposes." 45 U.S.C. § 1207(a)(5). This provision has always been read and applied to mean that **one hundred percent** of ARRC's revenues, whether fares, tariffs, fees or federal funds or investment income are to be kept and managed by ARRC solely for rail and related purposes. HB 127 purports to grant to the State legislature the power to determine how much, if any, of ARRC's revenues can be appropriated to ARRC in each fiscal year and that at least some of them can be deposited in the State's general fund. See HB 127, Section 3. This is clearly at odds with ARTA, which dedicates all of the money to the "State-owned railroad" (defined in ARTA to mean the authority, agency or corporation designated by the State to own, operate or manage the railroad) or, in other words, ARRC. Nothing in HB 127 indicates any recognition by the drafters of the requirement that all of the revenues of ARRC must be retained and managed by ARRC and that the Legislature cannot withhold or divert those funds to other purposes. ARTA was amended in 2004 to insert the phrase, "including any amount appropriated or otherwise made available" in Section 1207(a)(5) to make even more explicit that all revenues of ARRC from whatever source derived are to be retained and managed by ARRC.

Conclusion

HB 127 in the form now pending would be viewed as impairing the rights of the holders of the Bonds, is likely to have an adverse effect on the unenhanced ratings assigned to the Bonds and appears to conflict with Section 1207(a)(5) of ARTA.

ALASKA MINERS ASSOCIATION, INC.

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March 27, 2009

Honorable Bill Stoltze
Honorable Mike Hawker
House Finance Committee
Capitol Building
Juneau, AK 99801

RE: House Bill 127, Alaska Railroad Subject to Executive Budget Act

Dear Representatives Stoltz and Hawker,

We are writing in opposition to House Bill 127 which would place the Alaska Railroad under the Executive Budget Act.

We are concerned that placing the railroad under the Executive Budget Act (EBA) would adversely affect the operation of the railroad. The railroad needs the flexibility to respond to changes and business opportunities as they arise and it would loose that flexibility if it was under the EBA.

The Alaska Railroad has functioned very effectively for many years. It has made a profit during all but four of the past 24 years. At the same time the railroad has spent more than $500 million to replace subgrade, upgrade the trackage, remove bottlenecks, straighten segments, etc. Much more work is needed for the railroad to be up to modern standards that will accommodate 110 car unit trains (110 tons each car) operating on a 24 our basis. It will take many more years of focused and consistent effort to accomplish this objective. The railroad needs the flexibility to manage its business in a way that will bring this about.

There is also a concern that if the railroad was subject to the EBA, the details of operating the railroad would be driven by changes of Administration and of the Legislature, rather than being allowed to focus on a long term business model. The existing business model has worked well and we urge that it be allowed to continue in that way.

Sincerely,

Steven C. Borell, P.E.
Executive Director

Louanne Christian

From: Bill OLeary [Olearyb@akrr.com]
Sent: Tuesday, March 24, 2009 9:32 AM
To: House Finance Legislation
Cc: Hupprich, William; Lindskoog, Wendy
Subject: RE: HB 127 - Impact to ARRC Bonds/ARTA

Louanne/Ben:

I understand your concern, as this is stamped as protected by attorney/client privilege. However, as the client of Blank Rome, we can (and do) waive that privilege. Is this sufficient for you to include it?

I'm copying our Associate General Counsel on this, as he may be able to further elaborate on this topic.

Thanks.
Bill

>>> House Finance Legislation <House_Finance_Legislation@legis.state.ak.us> 3/24/2009 9:26:35 AM >>>

We are not comfortable including this document as it is stamped confidential. If it is no longer confidential, please resubmit it without the disclaimer. Thanks Louanne/Ben

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From: Bill OLeary [mailto:Olearyb@akrr.com]
Sent: Tuesday, March 24, 2009 7:33 AM
To: Lindskoog, Wendy
Subject: HB 127 - Impact to ARRC Bonds/ARTA

Wendy:

Attached is a memo from one of ARRC's bond counsel team addressing the impacts HB 127 could have on ARRC's outstanding debt and other issues. Please forward for inclusion into the HFIN package.

Thanks.
Bill

About the Alaska Railroad

March 2009

AlaskaRailroad.com

ARRC Guiding Principles

Alaska Railroad Mission

Safety... Service... Profitability

Alaska Railroad Vision

Building a great Railroad across the Greatland.

An important element in fulfilling this vision is ARRC's success since 1996 in qualifying for federal funding...an entitlement afforded by the railroad's public status and its passenger service mission. As a result, ARRC has been able to greatly accelerate long overdue mainline maintenance and upgrades.

ARRC Core Values

- Integrity
- Service
- Excellence

ARRC Operating Style

- Safe
- Secure
- Customer responsive
- Financially solid
- Environmentally sound
- Employee friendly corporation

"We must provide a stable, reliable foundation that can be counted on to enhance the future economic growth of the state and the municipalities we support," Pat Gamble, President and CEO.

4679

Alaska Railroad Quick Facts

Purchase Price (January 5, 1985)

Paid to federal government	$ 22.3 million
Start-up costs & contributed capital	$ 11.9 million
Total Investment-State of Alaska	$ 34.2 million

Organization (following State purchase)

- Independent corporation owned by State
- Managed by a seven-member board of directors. Position qualifications are spelled out in law, members appointed by the Governor.
- Mandated to be self-sustaining, responsible for all its own financial and legal obligations

Financial Statistics (Jan. 1 - Dec. 31, 2008)

Total Assets	$ 856 million
Total 2008 revenues	$ 138 million
Total 2008 expenses	$ 125.4 million
2008 net income	$ 12.6 million
2009 net income budget	$ 16.8 million

Operating Data

Miles of main line	467
Miles of branch line	54
Miles of yards and sidings	135
Total miles of track	656
Freight cars (owned & leased)	1,381
Passenger cars	51
Locomotives	57

Operating Statistics (Jan. 1 - Dec. 31, 2008)

Passenger ridership	541,019 passengers
Freight tonnage	5.82 million tons

Employees (as of January 2008)

Number of year-round employees	715
Average years of service	11.5
Average age	45
Male	585
Female	130

Unions (as of January 2008)

Most ARRC employees are members in 1 of 5 unions:

United Transportation Union	121
Transportation Communication Union	44
International Association of Machinists	63
American Federation of Govt. Employees	283
American Train Dispatchers Association	10

Benefits

- Corporation provides a defined benefit pension plan
- Corporation provides health and life insurance
- Corporation provides retiree medical benefits

Different from Other State Agencies

The Alaska Railroad Corporation Act of 1984 established an independent state-owned corporation that is governed by a seven-member board of directors appointed by the Governor. The President and CEO of the corporation reports to the board. Although ARRC is not covered under the State's Executive Budget Act, the state government ensures oversight of ARRC's operation and management practices through the following controls:

- The ARRC Board of Directors is responsible for initiating both a financial and a performance audit each year conducted by independent auditors and management companies. The annual performance audit is conducted by a recognized railroad management expert to ensure that ARRC is being managed and operated effectively and efficiently.
- The Legislative Budget and Audit Committee can review ARRC's operation, management and financial practices.
- ARRC must file an oversight report with the Legislature and Governor before it undertakes certain expansion, reduction, or diversification of services.
- Legislative approval is required for certain corporate actions, such as sale or transfer of the Railroad's entire interest in land, or leasing land for longer than 55 years.
- ARRC's procurement procedures are required to be substantially equivalent to state procurement requirements.
- ARRC employees and directors are subject to the Executive Branch Code of Ethics.
- ARRC's spill prevention and response plans are filed and regulated by the State and ARRC is required by state law to show sufficient financial responsibility to respond to spills.
- Bond authorizations must be approved by the Legislature.
- ARRC is required by law to submit an annual report with audited financial statements
- ARRC is required by law to adopt a long-range capital improvement plan each year and shall share that plan with the Governor and Legislature.
- ARRC is defined as an interstate commerce carrier by the Federal Alaska Railroad Transfer Act of 1982 (ARTA).

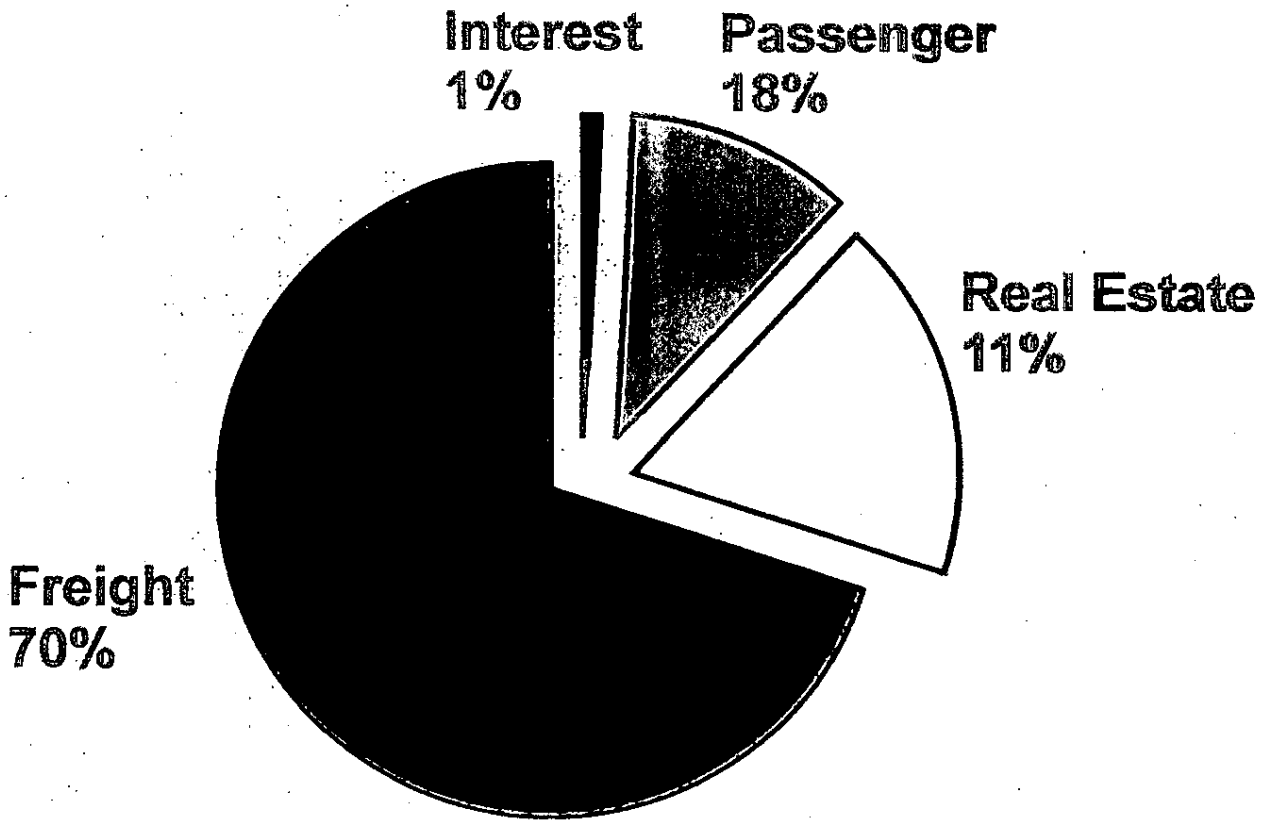
Alaska's Railroad

- Contributes to health care, business services, and retail payrolls
- Principal transport for heavy and/or bulk commodities to tidewater
- Major mover of jet fuel to Anchorage International Airport.
- Viable passenger alternative to long-distance driving
- Supports the U.S. military with the transport of equipment to and from the "DOD Strategic Port" of Anchorage
- Potential to reduce pressure on State road system … commuting
- Potential to significantly contribute to the Alaska Natural Gas Pipeline

Creates 3,000 jobs and $150 million in payroll across the State

Source: "Economic Significance of Alaska Railroad", December 2004, ISER report, University of Alaska

2008 Sources of Revenue



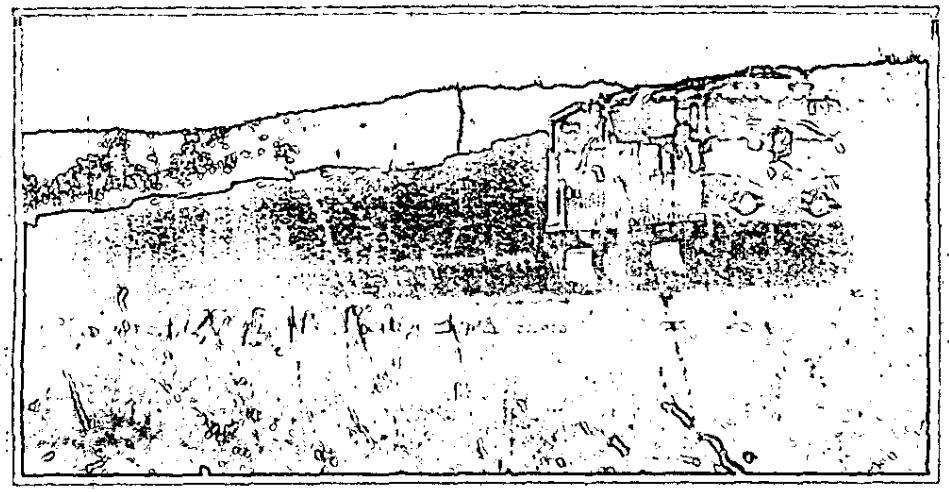
Freight and Passenger Service

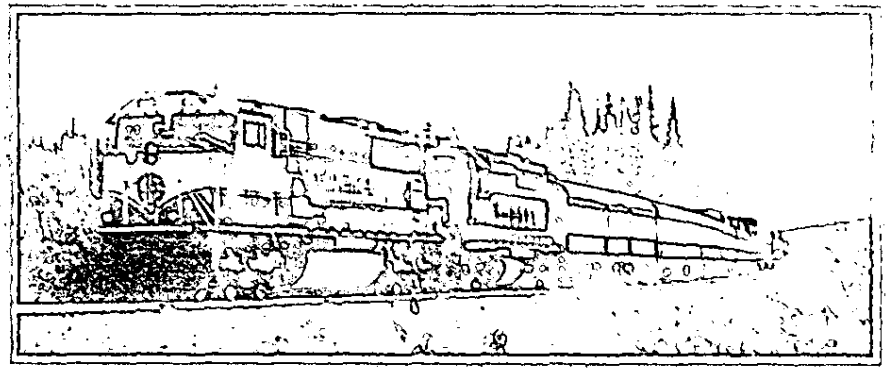
Freight Service in 2008:

- 5.82 million tons moved

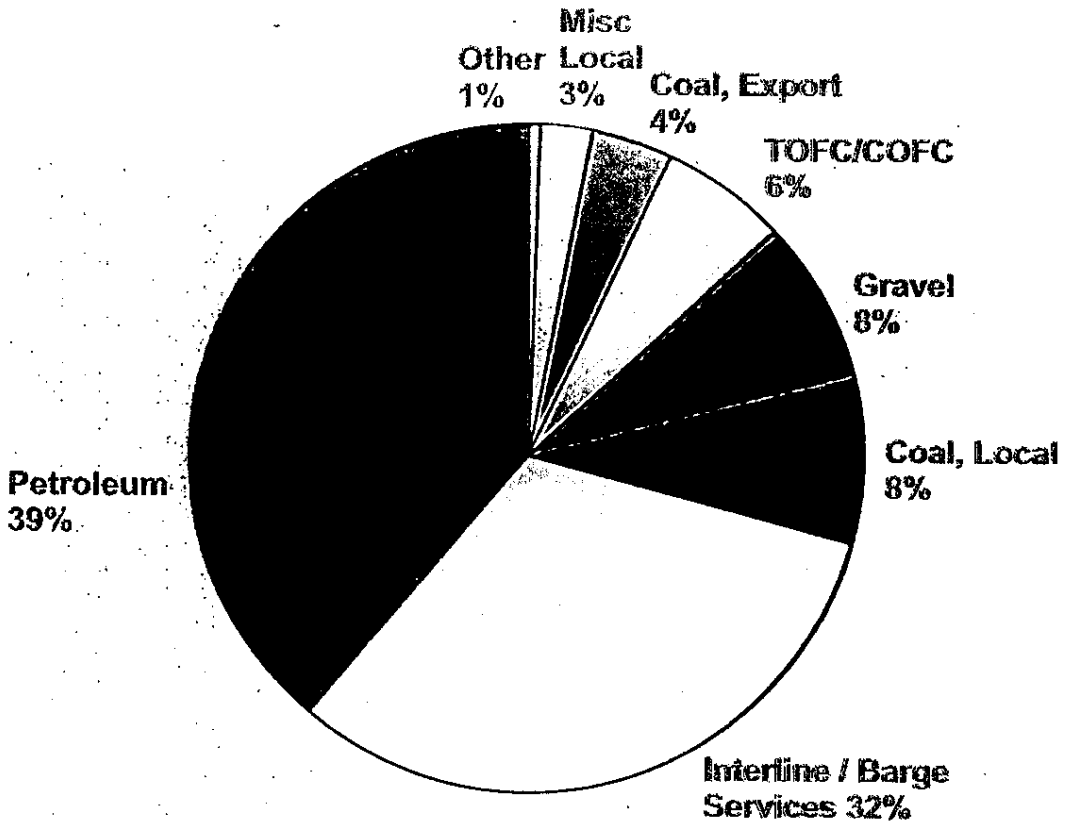
Passenger Service in 2008:

- 541,019 passengers moved
- Award Winning Service
- Homegrown high school tour guide hosts and hostesses



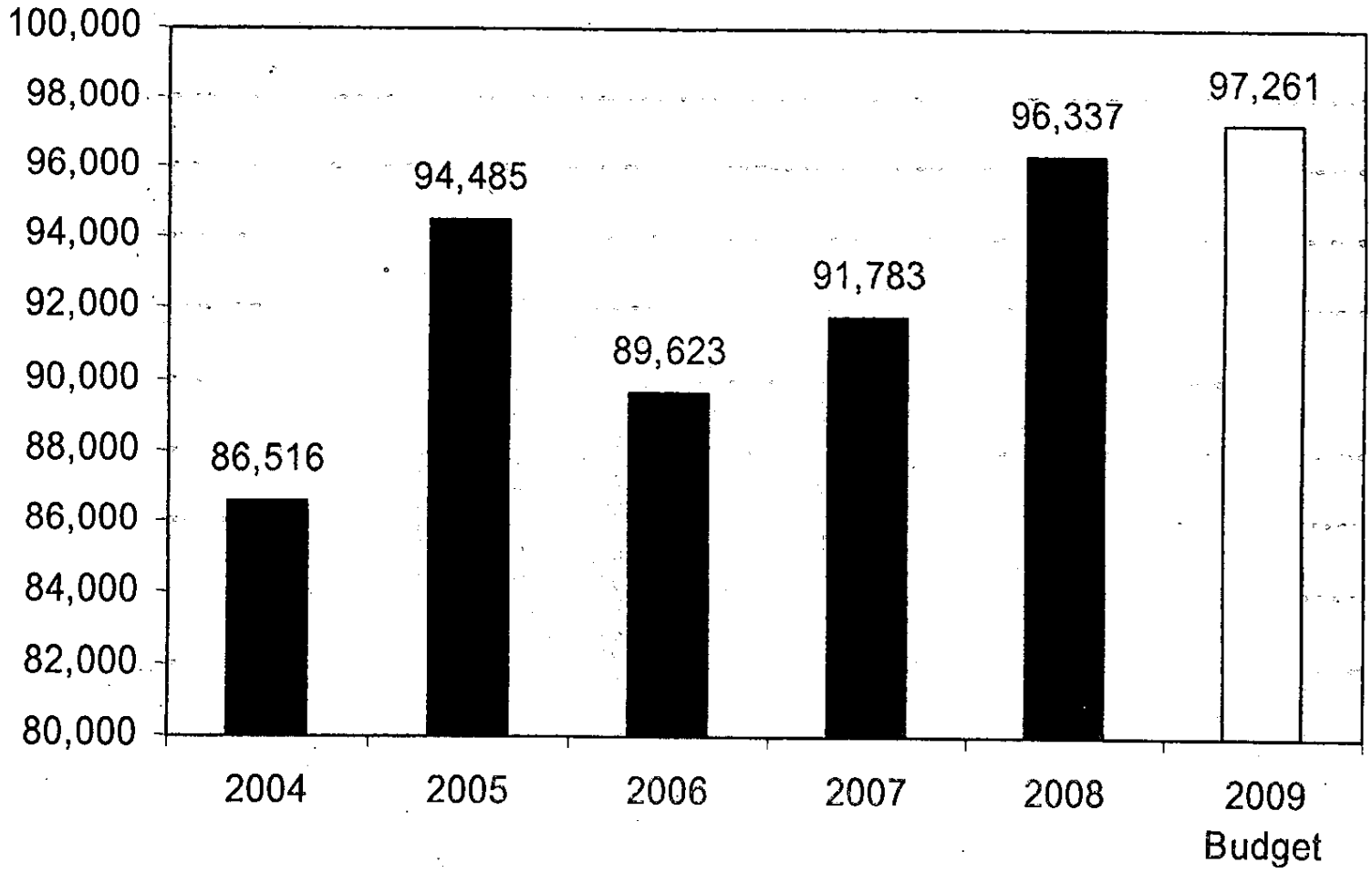


2008 Freight Revenue Mix

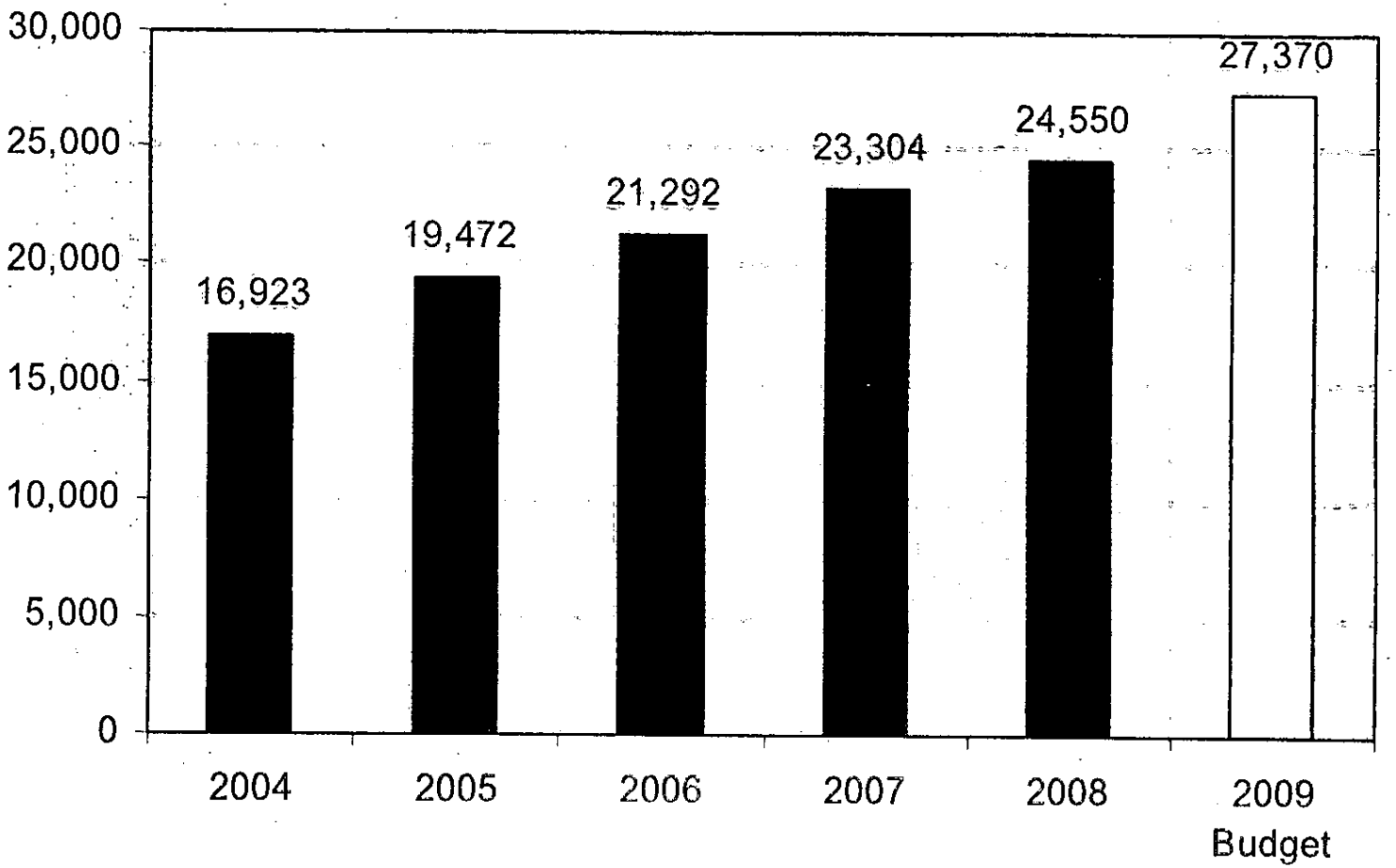


TOFC: Trailers on Flat Cars
COFC: Containers on Flat Cars

Freight Revenue

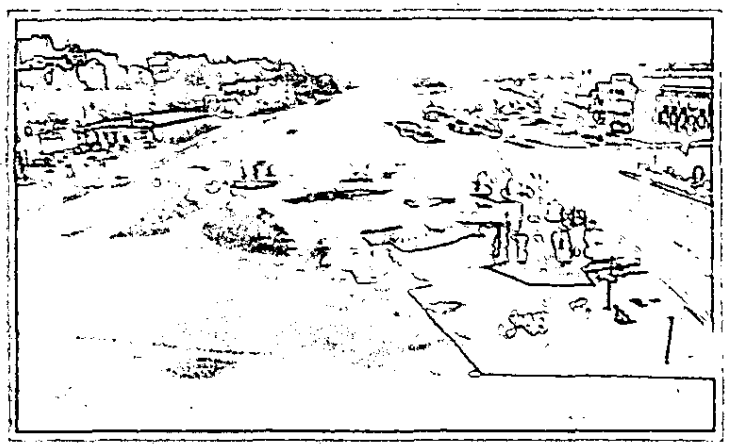


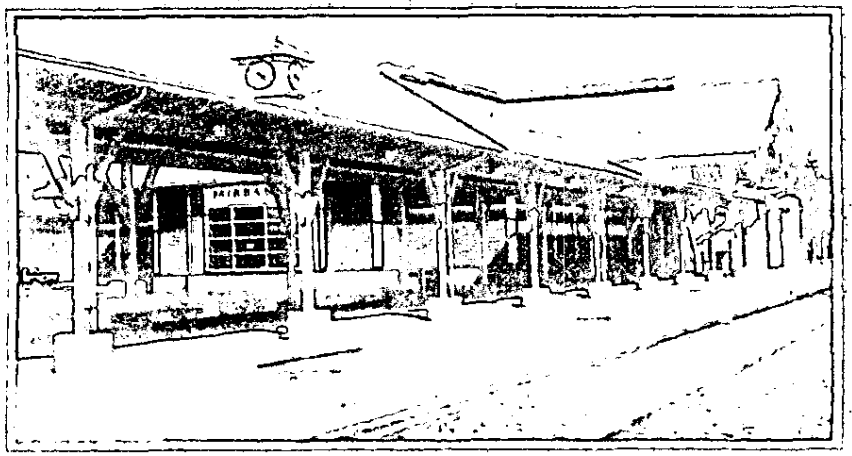
Passenger Revenue

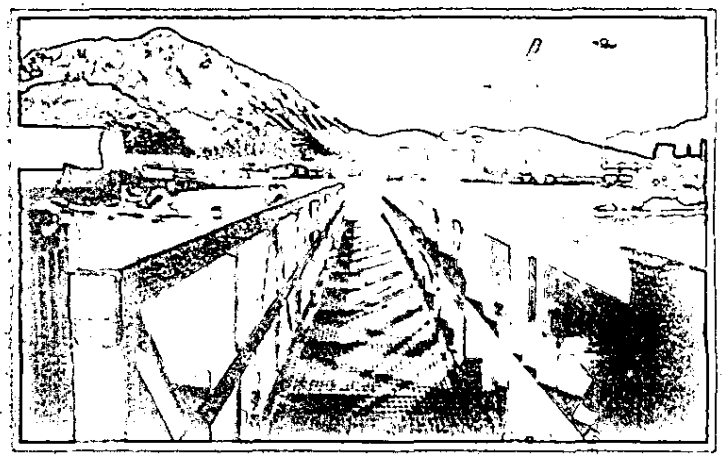


Real Estate

- Property Development
- Leases and Permits
- Dockage and Wharfage
- Facilities Maintenance and Management

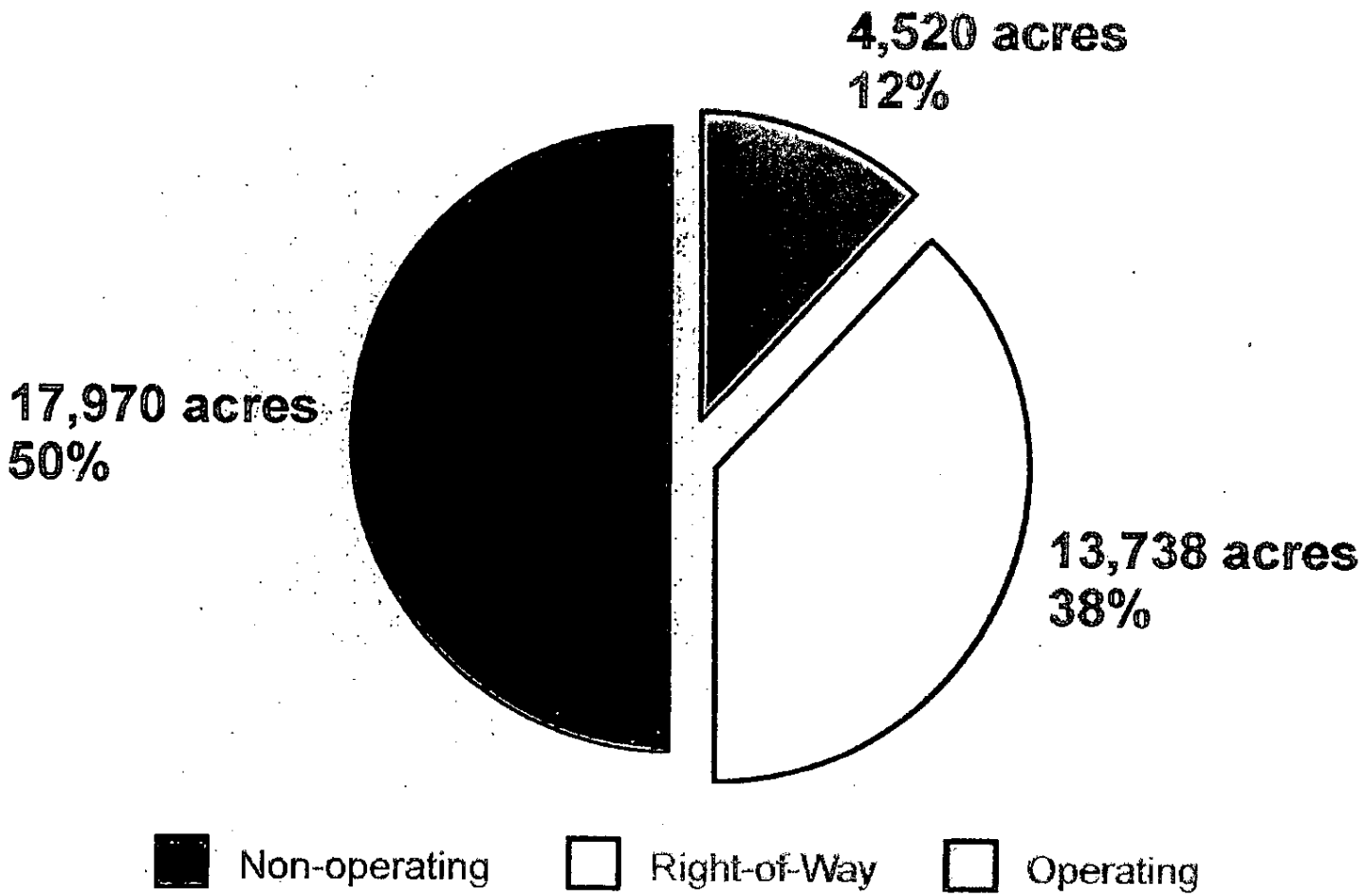




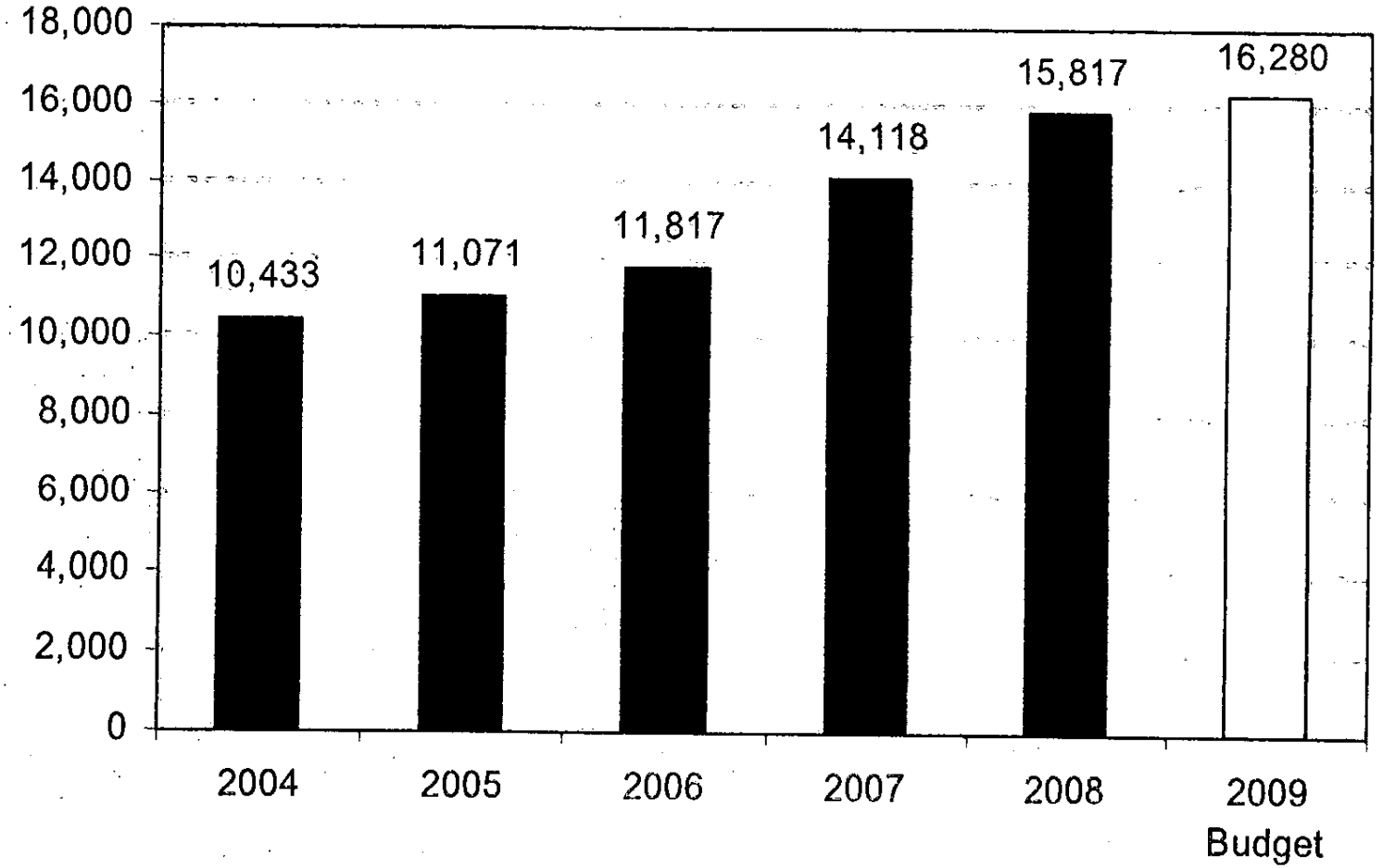


Clockwise from bottom left: New depot in Fairbanks; Ship Creek basin includes highly valuable leasable land; upland from the Seward freight dock is being developed

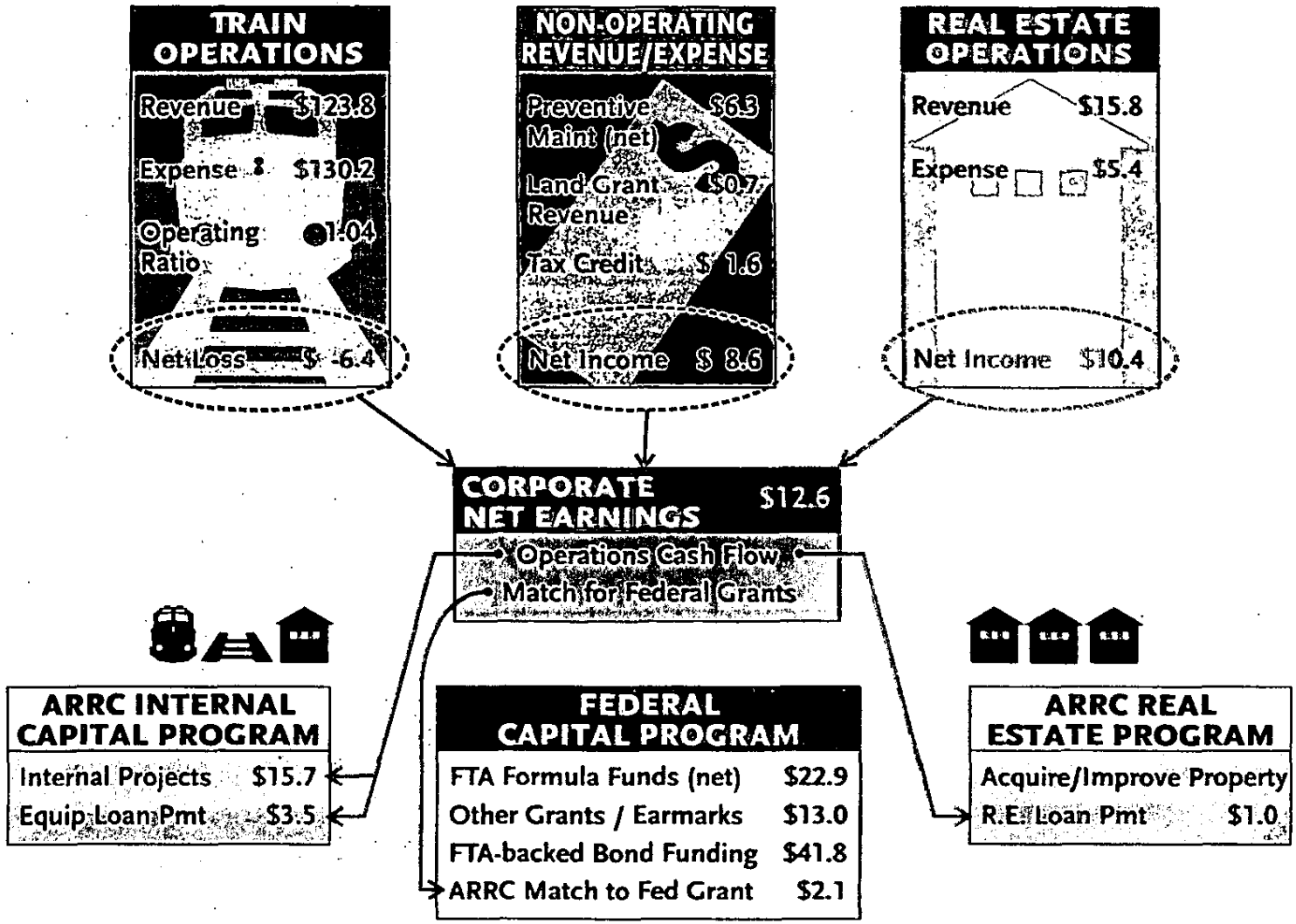
Distribution of Land By Category



Real Estate Revenue



ARRC Fund Flow Model: 2008 Data



Overall Growth Pattern

	2001	2008	% difference
Total Assets	$ 306.0 M	$856 M	180%
Total Earnings	$ 6.6 M	$ 12.6 M	91%
Total Revenue	$ 105.0 M	$ 138 M	31%
Passenger Train Starts	771	839	9%
Freight Train Starts	3,386	2,524	-25%
Freight Cars and Intermodal Units Moved	96,453	92,190	-4%
Capital Investments	$ 67 M	$ 135 M	101%
Employees (FTE*)	788	897	14%

* FTE: Full Time Equivalent. Accounts for seasonal and capital project jobs; includes overtime.

Passenger Bi-level Dome Cars (4 to 6) 50%

Capital Projects

2009 Program

Major Projects

Capital Funding Sources

- ARRC Internal Funding
- DOT/Federal Railroad Administration
  - Alaska Railroad Track Rehabilitation funds
  - Department of Defense Allocations
- DOT/Federal Transit Administration
  - Formula Funds; Grants
  - 9-20% ARRC Match Required
- DOT/FHWA
- Federal funds allocated to ARRC do not routinely affect federal funding for other state transportation projects
- ARRC federal match is *not* from State of Alaska general fund or gas tax...match is solely from ARRC earnings.
- ARRC does not receive operating funds or reimbursements from the State Budget.

2009 Capital Budget

- $785 million+ in federal grant money received since 1996, including $109 million budgeted for 2009:
  - $60 million Department of Defense (administered through FRA)
  - $15 million Federal Transit Administration (FTA)
  - $31 million from Bond sales (repaid by FTA formula funds)
  - $1 million Federal Highway Administration
  - $2 million Federal Emergency Management Administration
- ARRC has provided **$42 million** in federal grant matching funds since 1996, including **$1.3 million** budgeted for 2009.
- Additional **$214 million** ARRC funds spent on non-federally-funded projects since 1996, including **$29 million** budgeted for 2009.
- **Total capital budget for 2009 is $138 million**
- **Stimulus likely to add $26 million**

Stimulus Package Funding

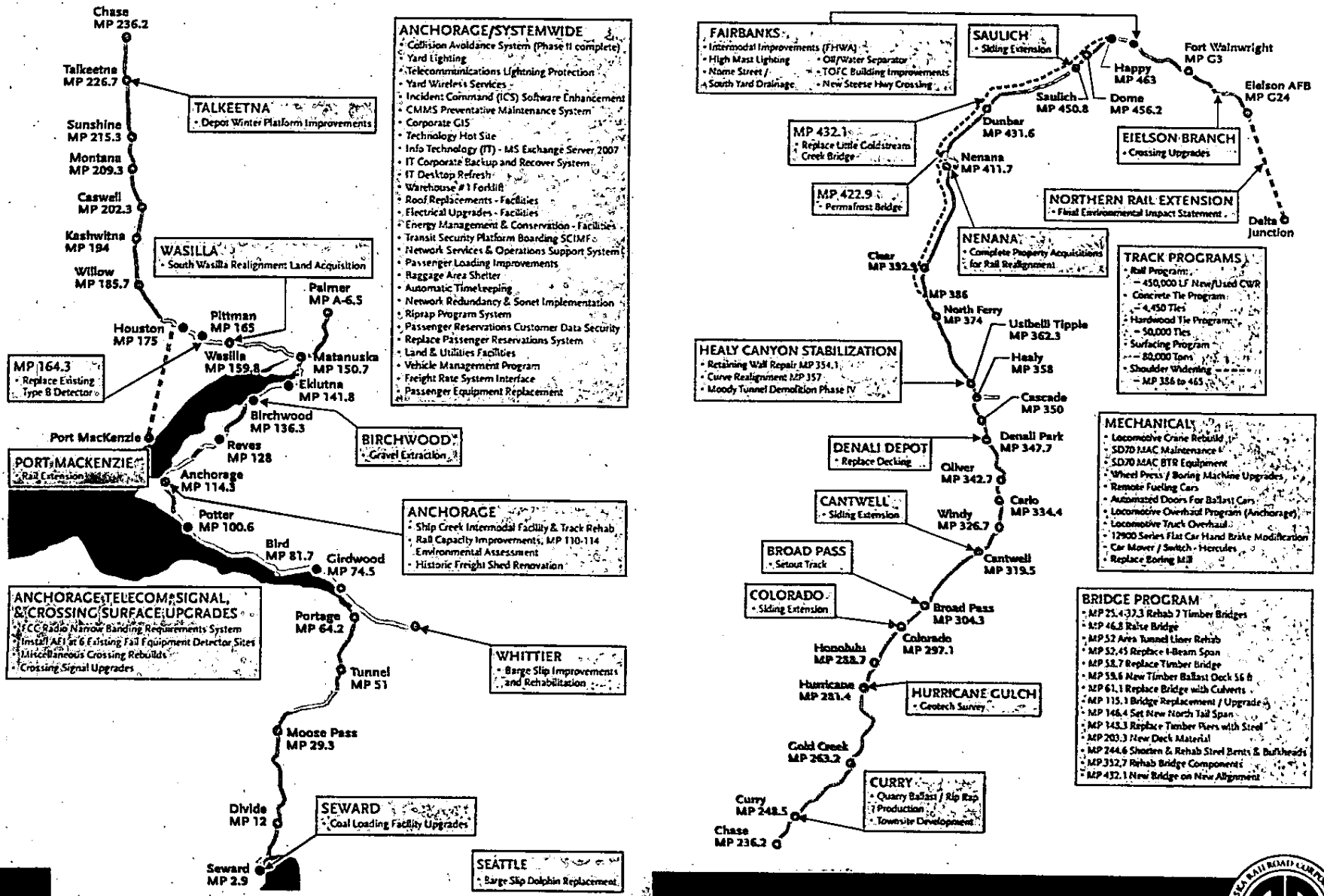
American Recovery and Reinvestment Act of 2009 Final Bill (as of February 17, 2009) Estimated Funding for ARRC		
Funding Pot	Program Amount	Alaska Railroad
Sec 5307 Urbanized Area Formula	$ 5,399,200,000	$ 25,825,000
Energy Program	$ 100,000,000	TBD
Multimodal Discretionary Funds*	$ 1,500,000,000	TBD
Total estimated increased funding from the Economic Stimulus Package		**$ 25,825,000**

* This program is very competitive, with many criteria. Grant minimum $20 million to maximum $300 million.

Major Capital Categories

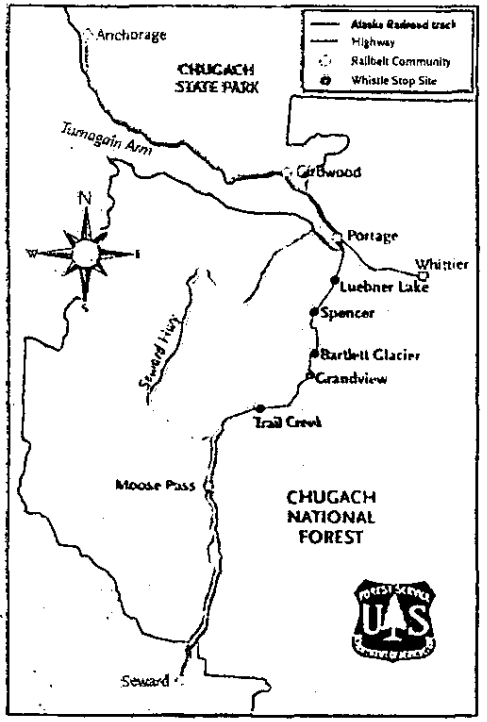
Rail	$	18.7 M
Ties	$	7.5 M
Ballast/Surfacing/Widening	$	3.9 M
Bridges / Docks	$	6.9 M
Slope Stabilization	$	2.0 M
Track Realignment/Extension	$	60.9 M
Technology / Signal / Collision Avoidance System	$	10.8 M
Equipment/Vehicle Purchase	$	2.7 M
Rip Rap / Gravel	$	0.8 M
Mechanical / Equip Maint.	$	3.1 M
Facilities	$	4.4 M

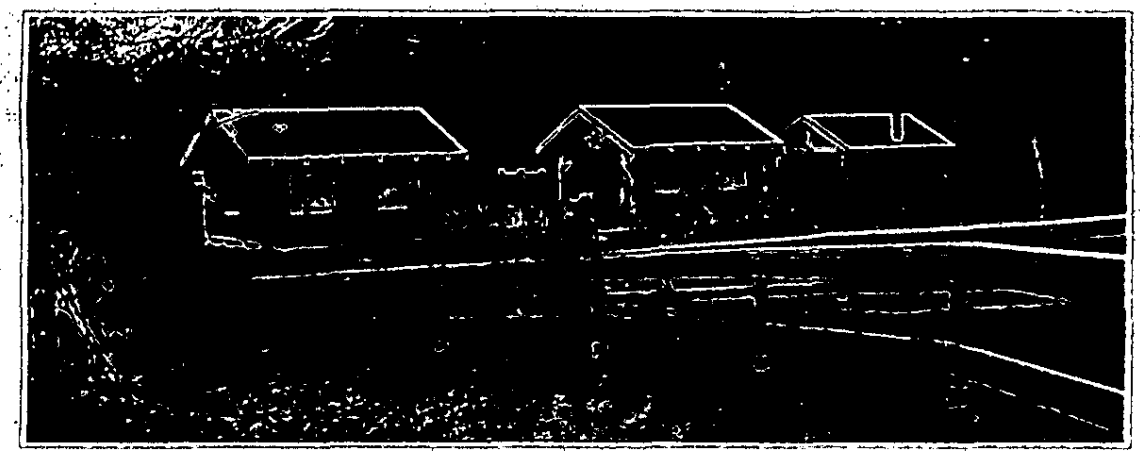
Capital projects started, continued or completed in 2009 are all along the railroad.



Chugach Forest Whistle Stop

- Joint venture with Forest Service to develop camping and viewing facilities at 5 whistle stop sites, interconnected by a system of trails, along the track between Portage and Moose Pass.
- Spencer built 2007-08, with a water well to be installed in 2009. Grandview site is conceptual.
- Self-propelled railcar to be delivered early 2009.



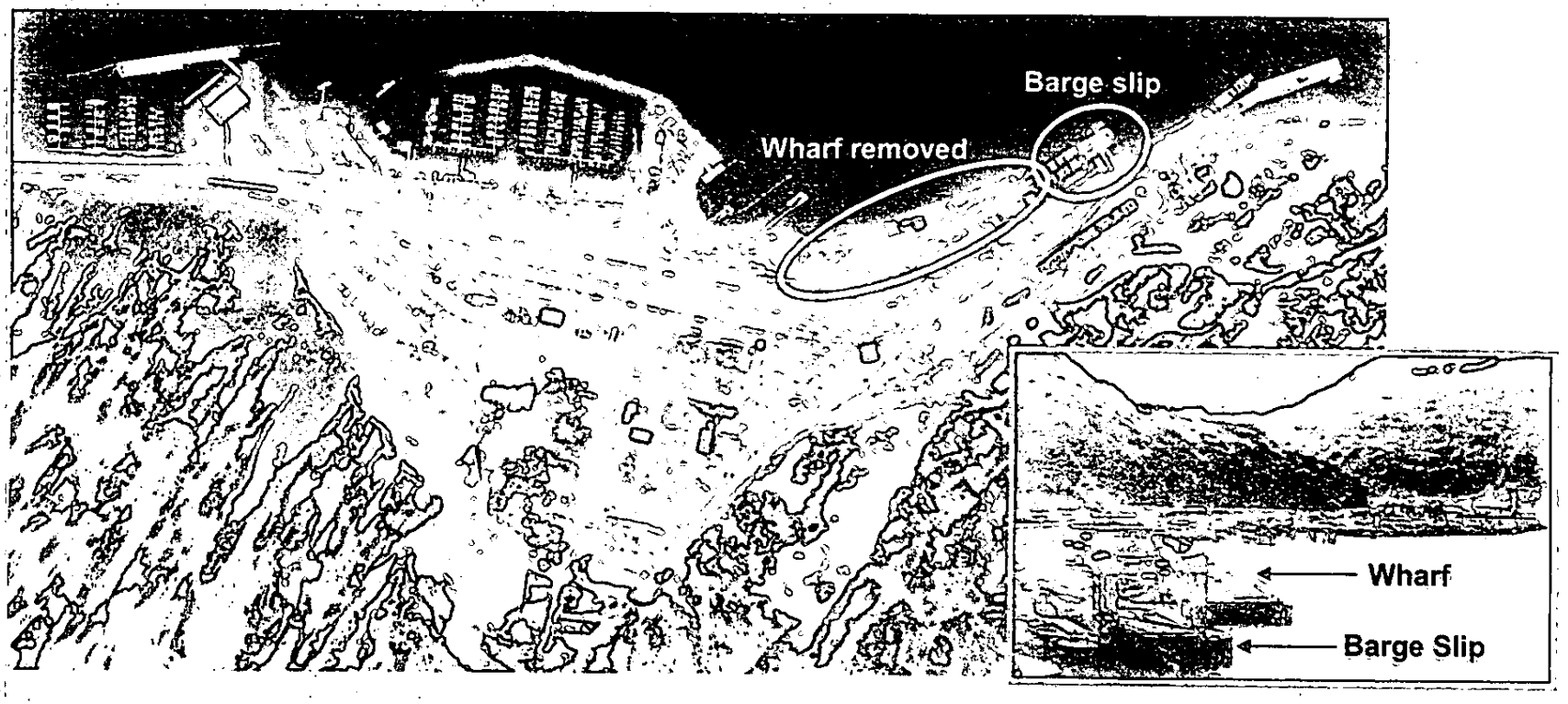


Spencer construction in 2007

Grandview is next.

Whittier Infrastructure

- Marginal Wharf demolished and new winch installed in 2008; Long-term plans for a passenger dock and intermodal facility.
- Freight Barge Slip repairs budgeted for 2009.



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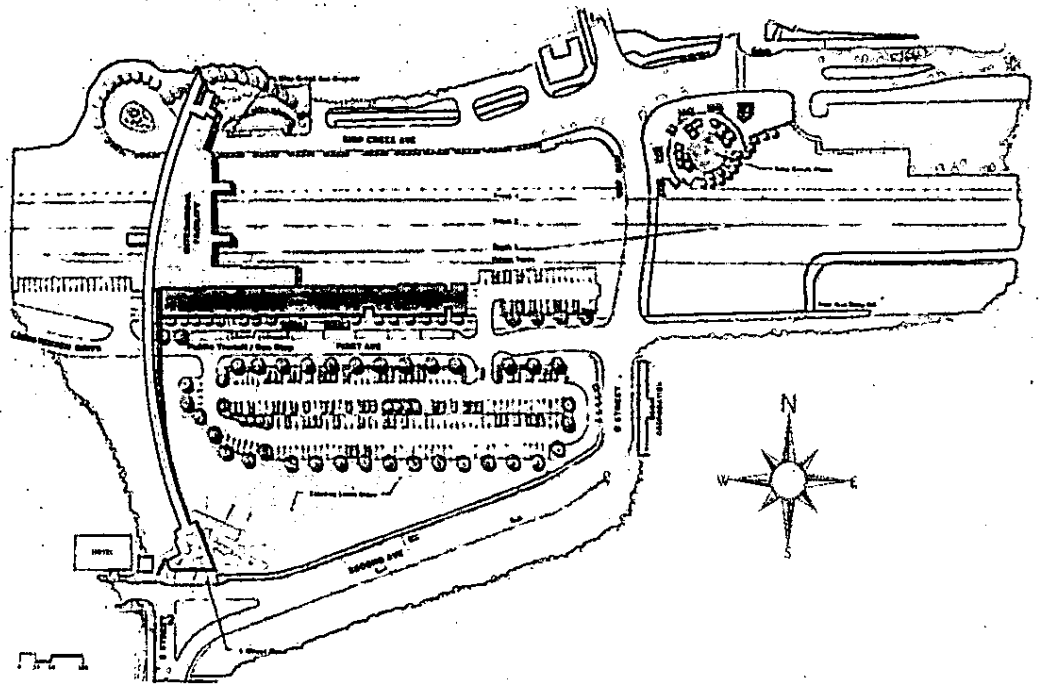
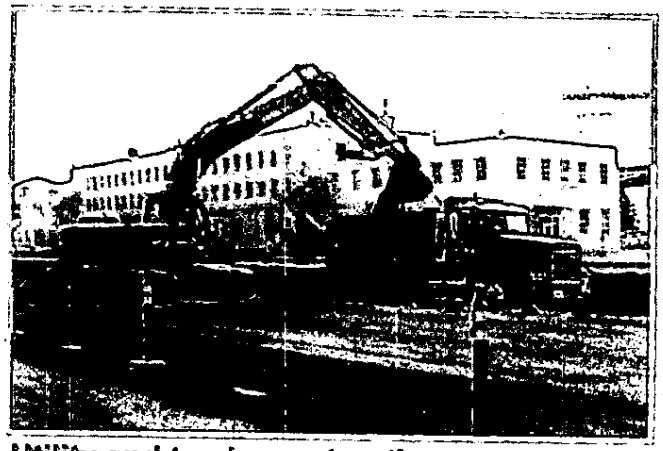
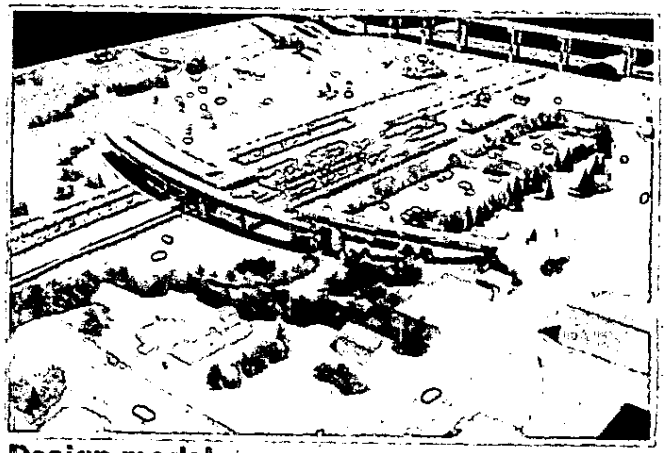
Ship Creek Intermodal Center

- Multi-phased project to build an intermodal hub that incorporates the Historic Depot.
- Phase 1 utility and track work 2007-09.





Utility and track construction

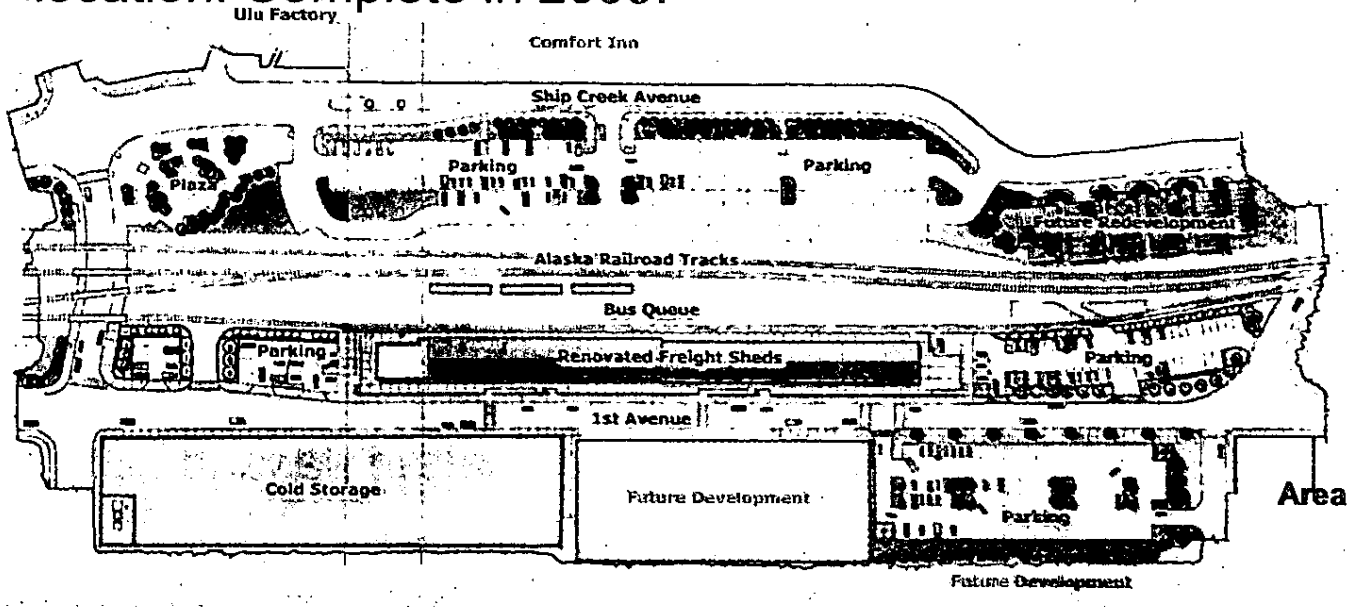


Design model

Historic Freight Shed

- Renovate a 36,000 sf historic large timber freight shed into a LEED-certified office building.
- Green design, ample parking, raised sidewalk, downtown location. Complete in 2009.

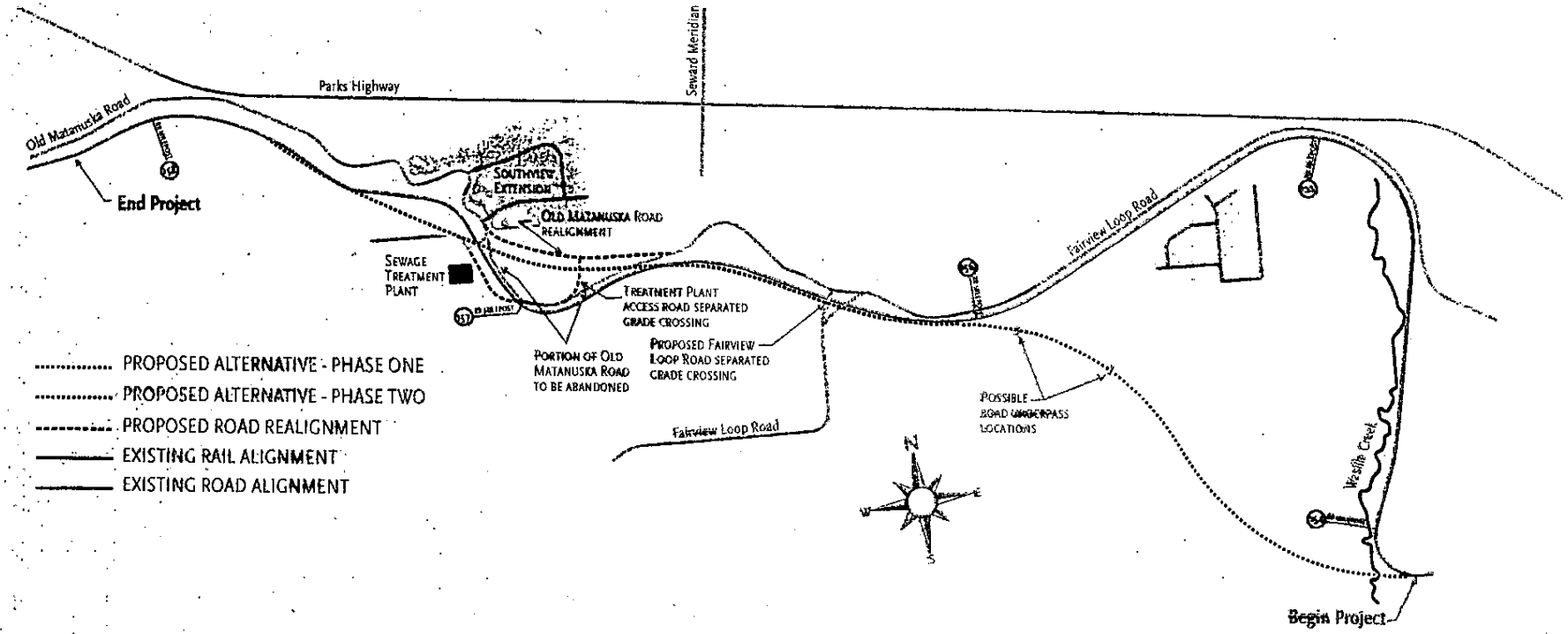
Architect's rendition.

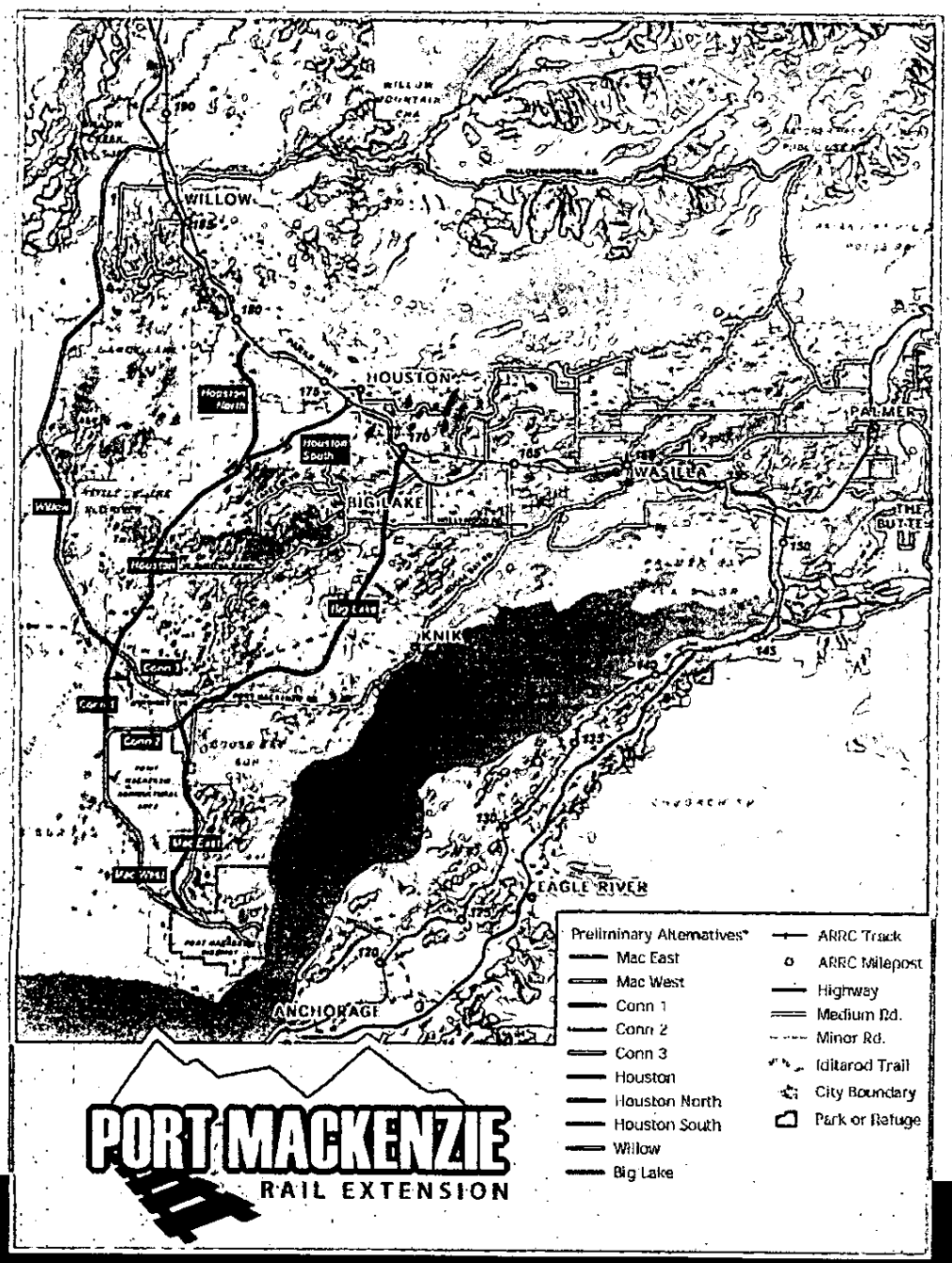


Area Site Plan

South Wasilla Rail Relocation

- Straighten curves along a 4-mile stretch in south Wasilla to eliminate at-grade crossings and increase track speed.
- EA complete, and new ROW land acquisition is underway. Construction cost of $30 million is not yet funded.





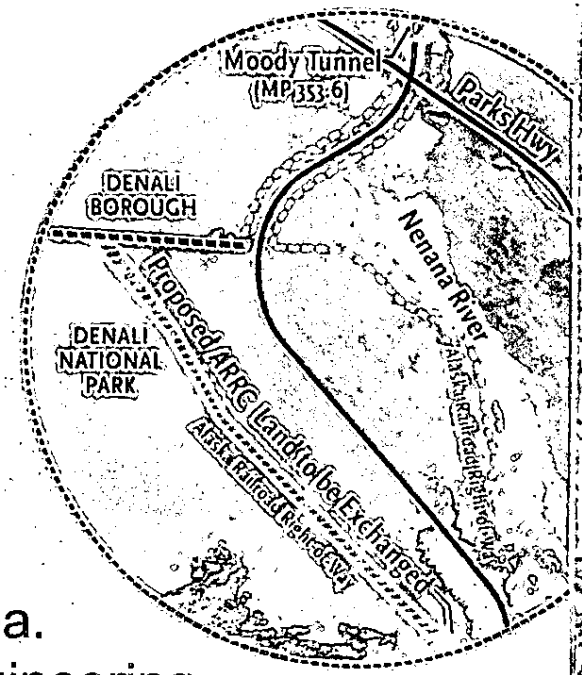
Port MacKenzie Rail Extension

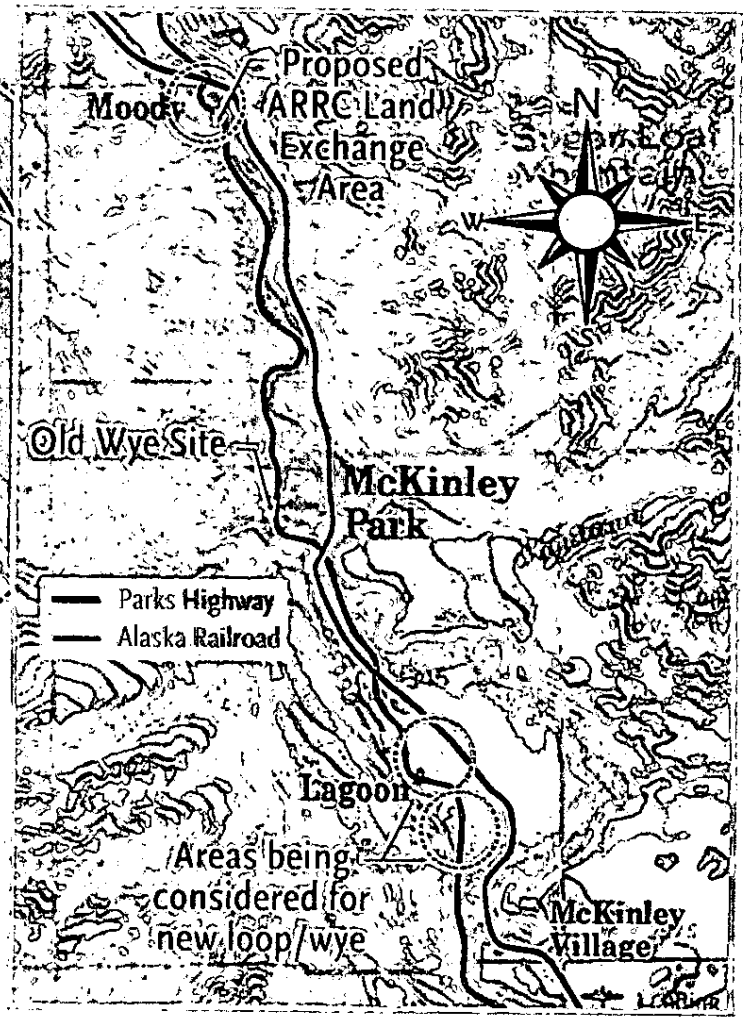
- Construct a 30- to 45-mile rail line to connect the port to the main line.
- Sponsored by the Mat-Su Borough, with $27.5 funds allocated to date by the State Legislature to fund an EIS.
- Surface Transportation Board (STB) is overseeing EIS.

AlaskaRailroad.com

Denali Park Turnaround Track

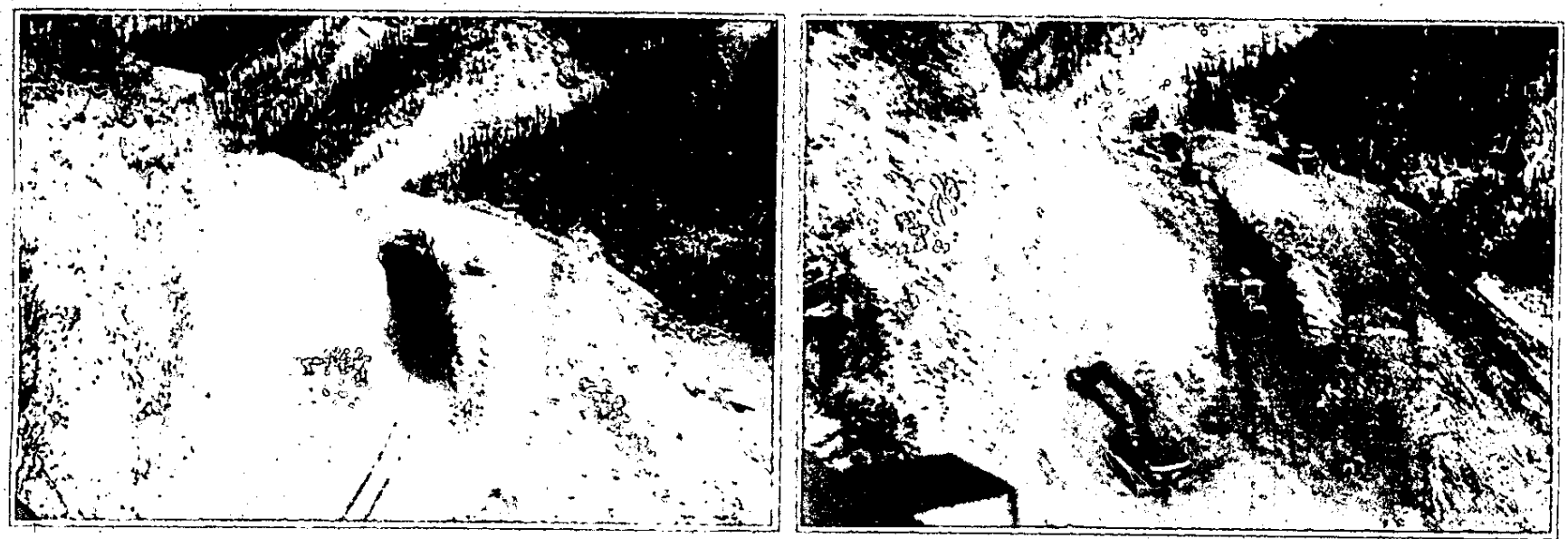
Re-establish a loop or wye track to allow passenger trains to turn around in the Denali Park area. Conceptual engineering recommends a small land exchange, which requires Congressional and Alaska Legislative approval. The National Park Service is preparing the environmental document.





Healy Canyon Stabilization

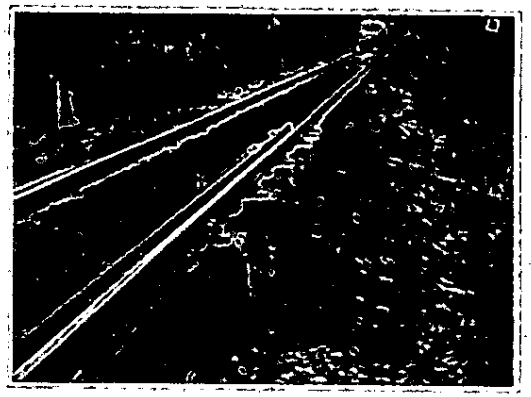
- Series of projects to stabilize track bed, control rock falls, reinforce tunnels and realign the track.
- 2009 Program: **$900,000**. Moody Tunnel Phase 4



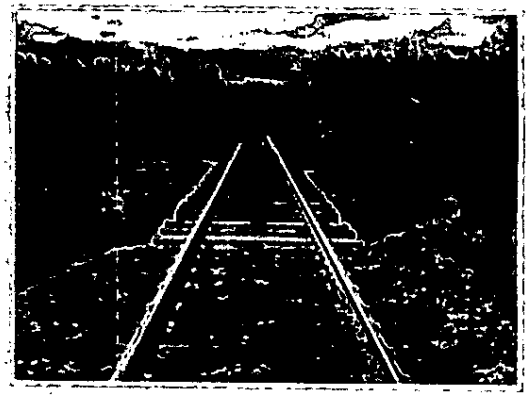
Moody Tunnel before and after a final blast to remove the top in April 2008.

FEMA: Track Flood Repair

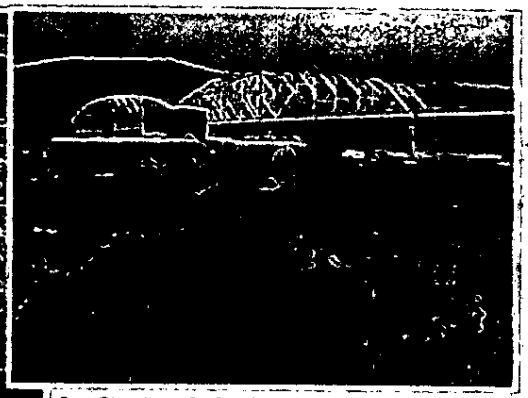
- In August 2008, three Alaska rivers overflowed, flooding several communities, such as Nenana, where road and rail were submerged.



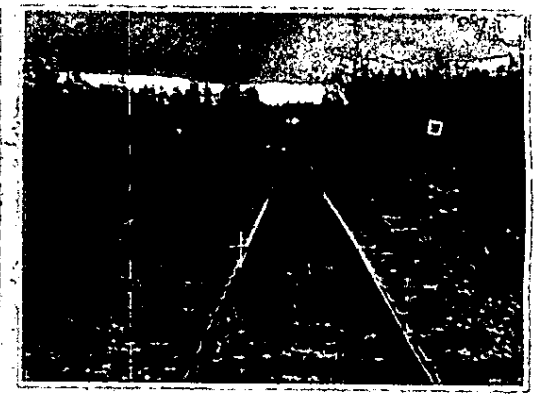
Flood waters flow over the track.



Track bed and ballast washout.



Left: Aerial view show road and rail submerged near the bank of the Nenana River. Above: Submerged rail.



Work trains respond immediately to repair the washouts and other serious track damage.

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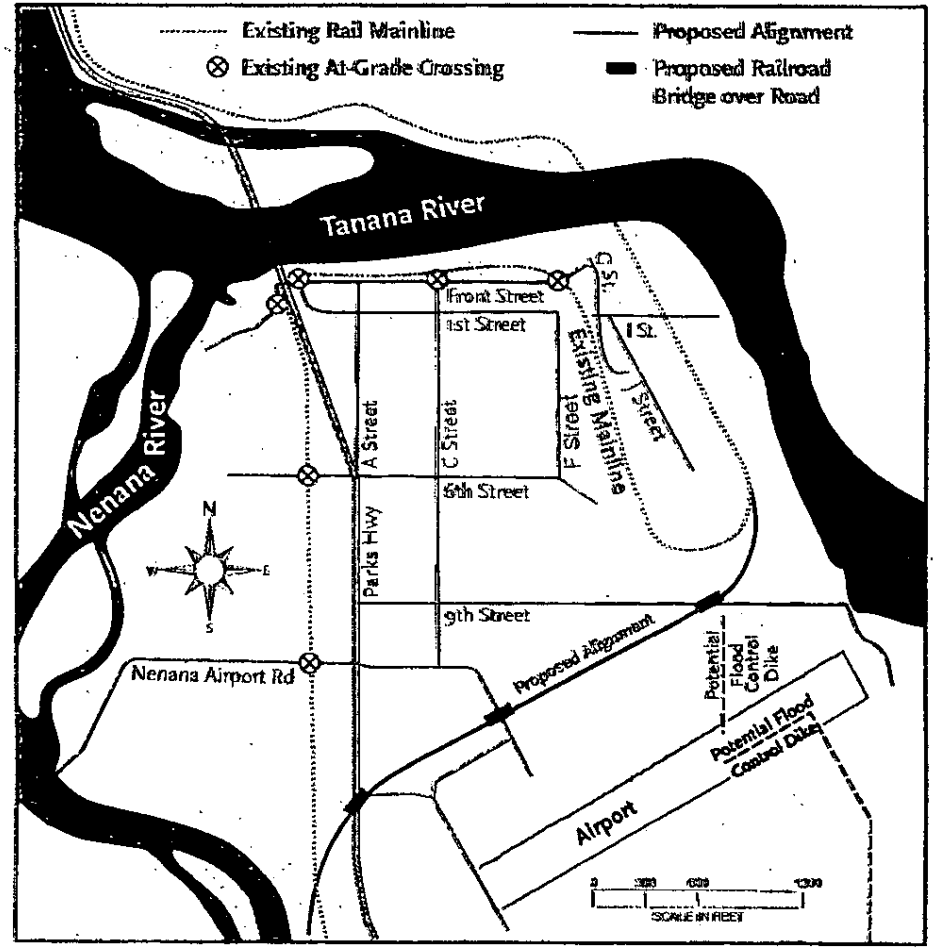
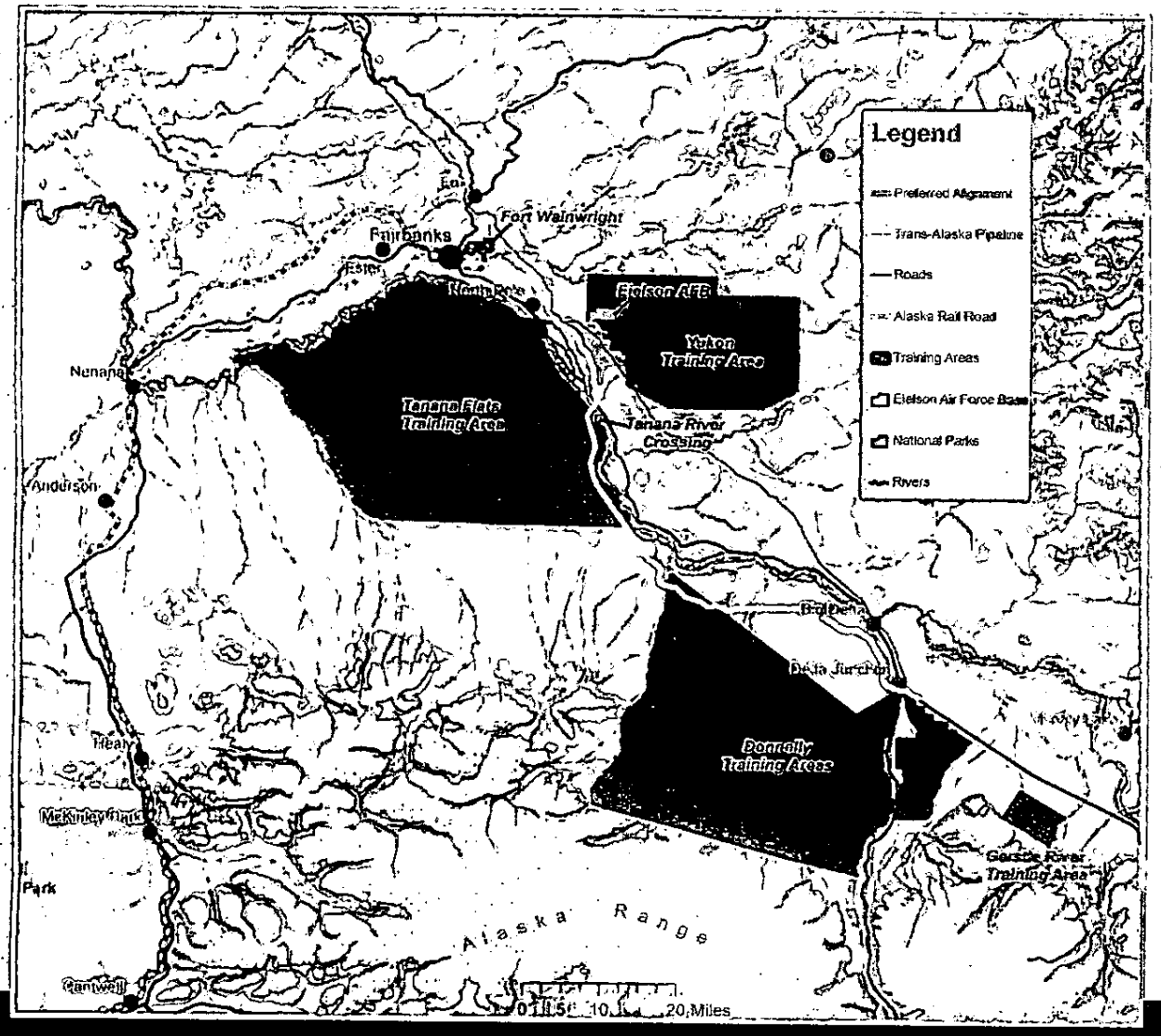
Nenana Rail Realignment

Started in 2008 the project seeks to relocate the tracks around downtown Nenana. The EA was complete in 2004. Right-of-way land acquisition will be complete in 2009. Construction estimate of $25M is not funded.



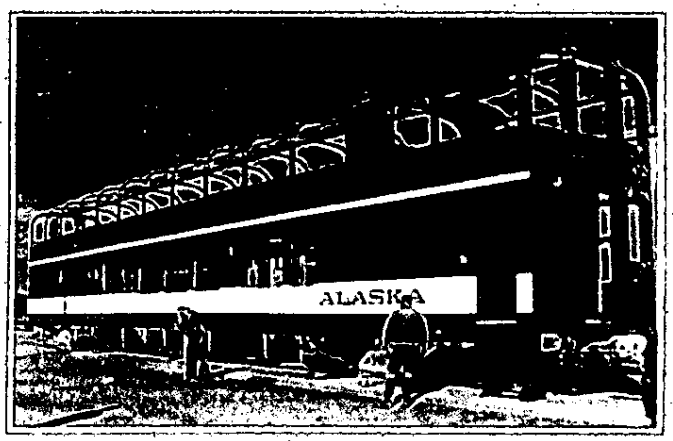
Northern Rail Extension



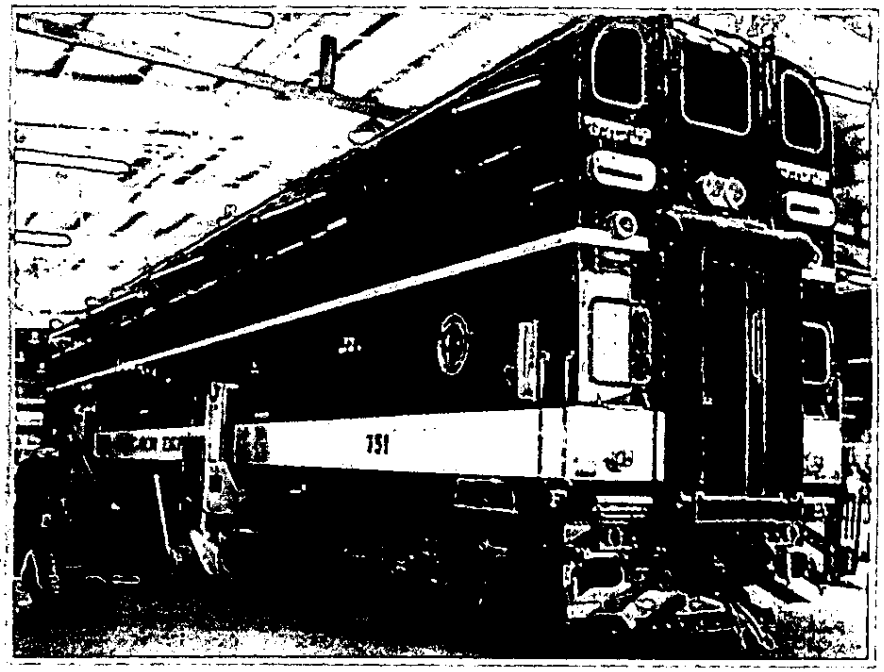
- Construct an 80-mile rail line between North Pole and Delta Junction
- Surface Transportation Board (STB) released draft EA for public comment in December 2008
- STB decision expected in 2009

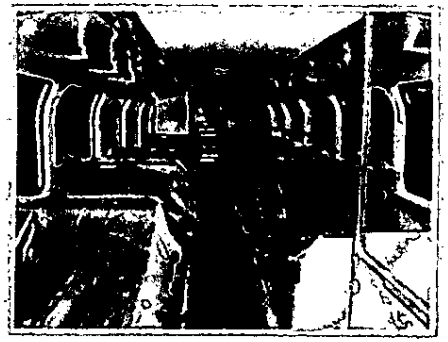
Passenger Rolling Stock

- Colorado Rail Car built one self-propelled DMU and two bi-level railcars for 2009 service.
- Additional Passenger Equipment rehabilitation scheduled for 2009.



Two bi-level dome cars were delivered for *GoldStar* first-class service in 2009.

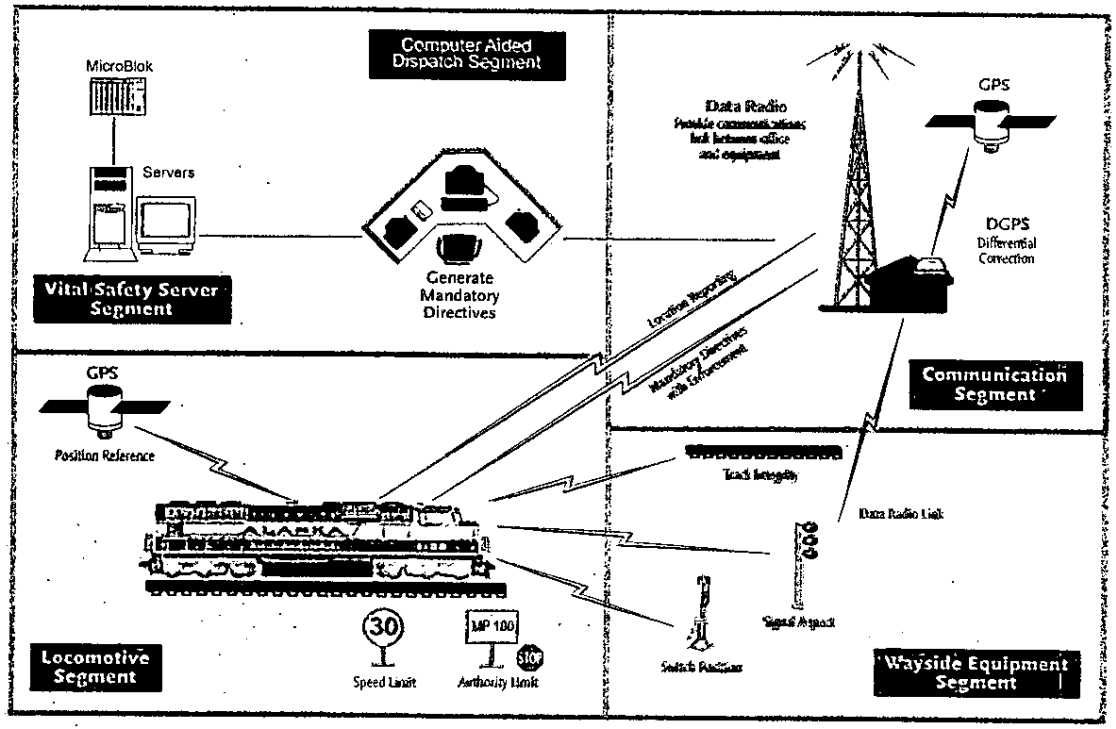




Delivery of the new DMU for service in 2009.

Collision Avoidance System

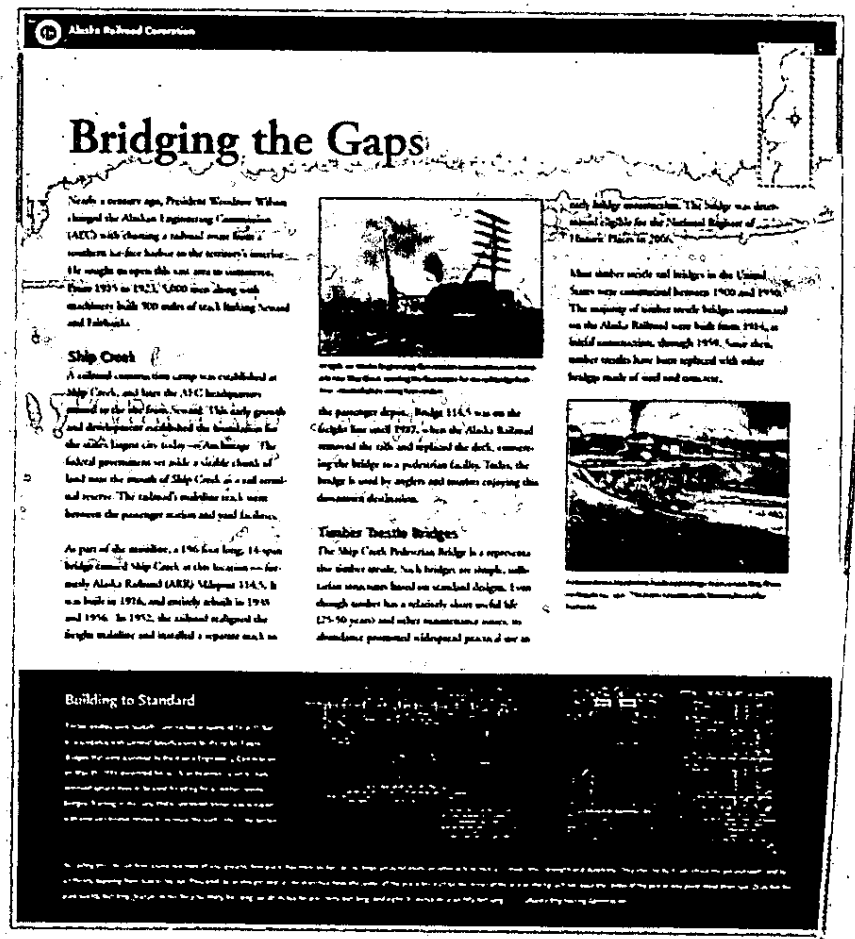
- Multi-phased project to develop and implement a train control system that greatly reduces the risk of human error.
- Integrates a computer aided dispatch system, locomotive on-board computer system, GPS locator, track-side detection devices and a dedicated communications network.



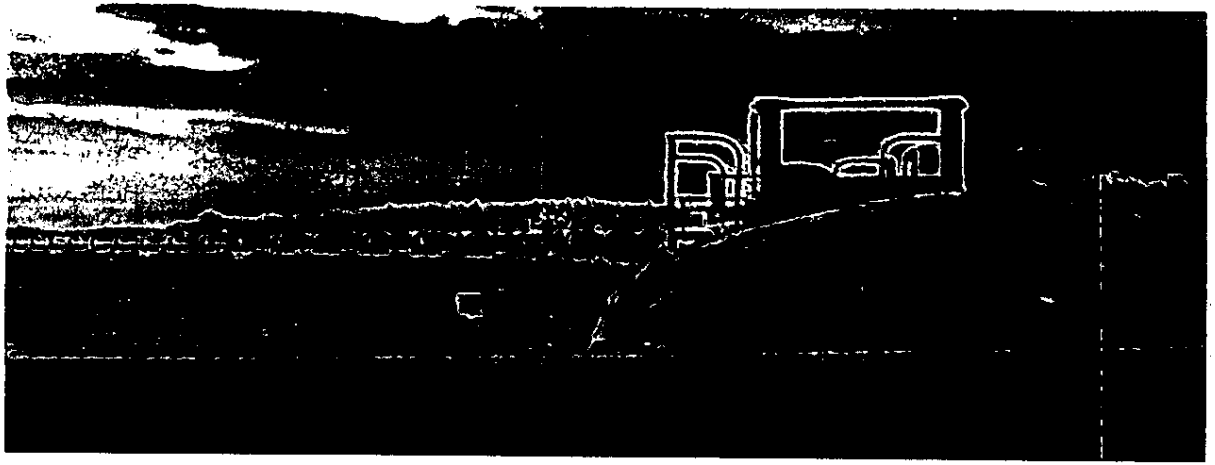
Historic Preservation

ARRC works with state and federal historic preservation agencies and organizations to preserve railroad history.

Preservation efforts include educational and informational materials.



1st Five Year Plan



2002 - 2006

Here Is What Guides Us

PRESIDENT'S OVERVIEW	FOUNDATION	ARRC TODAY	MILESTONES	LANDSCAPE	5-YEAR STRATEGIC PROGRAM
Setting the tone for this working document	History, core values & statement of purpose	Assessing where we've been, who and what we are	Operating, capital benchmarks and forecast	Issues impacting the railroad environment	Plan components and supporting initiatives
2	5	7	11	15	20

4714

The Methodology: Effects Based Thinking

- A way to help stay focused on the strategic level
- What is the high order ***effect*** we are trying to achieve?
- Formulate the desired outcome *first*, freeze it, then consider only the timely, affordable, relevant paths that can get you there

Components of ARRC Planning

- **Strategic** Level – *"Forest"*
  - Describing the desired corporate outcome … effects
- Operational Level – *"Trees"*
  - Major independent elements which jointly compromise the desired outcome.
- Tactical Level – *"Weeds"*
  - Bits and pieces that compromise each operational element.
  - ARRC project list goes here.

Desired Strategic Effects

- Continue to improve safety
- Recruit, train, and retain quality employees
- Establish effective railroad security
- Improve financial soundness
- Improve productivity
- Build constructive community relationships
- Position for growth and sustainability

Productivity

- **A product of:**

  People x Stuff

- Both need attention if you are trying to maximize the outcome
- Depends upon the concept of "balance" across the entire company, regardless of job
- The more employees "feel the love", the more productivity you gain

Productivity Comes From Satisfied Employees, But We Had …

- No 401K match
- No retirement health care account
- Unhappiness over profit sharing
- Working conditions/quality of life needs repeatedly deferred … failing to make the cut in the capital budget
- Extensive wage tiers creating resentment
- Guard/reserve considerations outdated
- Corporate training program lacking
- Sick leave abuse rampant

Conclusion: We needed to do much more

Tactical Activity: We Began Budgeting to Improve Productivity

- Pay
- Benefits
- Workplace tool modernization
- Break/Rest Areas
- Workplace facility improvements
- Recruiting
- Schedules
- Rewards
- Training
- Mentoring

4720

First Five-Year Plan Achievements

2002 - 2006

4721

Safety

- Incident Command Center created
- Response plan, training, field exercises
- Employees create a user friendly Safety Manual
- National Safety Employee of the Year
- Harriman Award

Four record years out of last six

2006 Best Ever !!

4722

Safety (continued)

- 65% reduction in FRA reportable injuries
- 72% reduction in derailments
- ARRC FRA reportable train accidents 82% below US Railroad average
- Employee lost time down 60%

Wholesale Change in Safety Culture

External Affairs

- ARRC public opinion poll approval: 63% → 85%
- Six favorable bills passed in Juneau
- Employee Recognition Program started
- Corporate Branding Program started
- Moose Salvage Program started
- Rebuilt Corporate "Charitable" Giving program, ARRC external website, All Aboard, Community Ties newsletters
- Created Dispatch, Tenant Ties newsletter
- Community outreach visits increased to over 1,000/year
- Sea Train … All Anchorage 5th graders to Sea Life Center
- Conducted 3 employee cultural surveys (2002, 2004, 2008)

4724

Corporate Recognition

Corporate Awards

- 2004: Public Relation Society of America (PRSA):
  - Award of Excellence for 2004 Annual Report
- 2005: International Silver Davey Awards:
  - Consumer Magazine Advertisement – Industrial Strength
  - Print Collateral Annual Report – Alaska Railroad Annual Report
  - Print Collateral (safety advertisement) – Planes, Trains

Corporate Recognition

Marketing Sales & Service Awards

- 2003: Seven awards given from *Onboard Services*. Overall best Railroad; 1st place in safety, Equipment, entertainment, uniforms, and food services; 2nd for onboard services.
- 2004: Rob Halpin receives Distinguished Service Award from National Defense Transportation Association

Corporate Recognition

Operations Awards

- 2005: Dwight West for Safety Person of the Year, American Short Line and Regional Railroad Association (ASLRRA).
- 2004, 2005: "Jake" Award from the ASLRRA for exceeding the industry safety average.
- 2006: Wasilla Chamber "Gold Award" for significant contributions to the visitor industry

4727

Real Estate

- New facilities brought on line
  - Airport, Denali and Fairbanks Depots
  - Anchorage Operation Center
  - Consolidated Projects and Signals Building
  - Facilities Maintenance Shop
  - Seward Intermodal Facility upgrades
  - Railroad Police / Security Building
- Ship Creek property development continues
  - The Bridge
  - C-Street Park
  - Paved parking lots, curbs, landscaping
  - Purchased Railroad HQ building
  - Trail improvements
- Fairbanks Terminal/Yard Heat Conversion Project completed…coal fired boiler plant shut down

4728

Real Estate

- Facilities department created
  - Cradle to grave comprehensive property management and maintenance
  - Owner-user concept applied
  - Standards developed for design, architecture, energy efficiency
  - $11M account
- Real estate facilities acquisition strategy developed
  - "Bundling" for better market response, using debt

Passenger Service

- 2008 sets another passenger revenue record
- GoldStar… first class upgraded service a big winner
- 2009: 2 New luxury bi-level coaches and a new self-propelled DMU to fit growing demand
- New charters:
  - 2007: Cruise Train and Princess "Straight to the Wilderness"
- New Services
  - 2008: U.S. Forest Service Whistle Stop – first site completed at Spencer

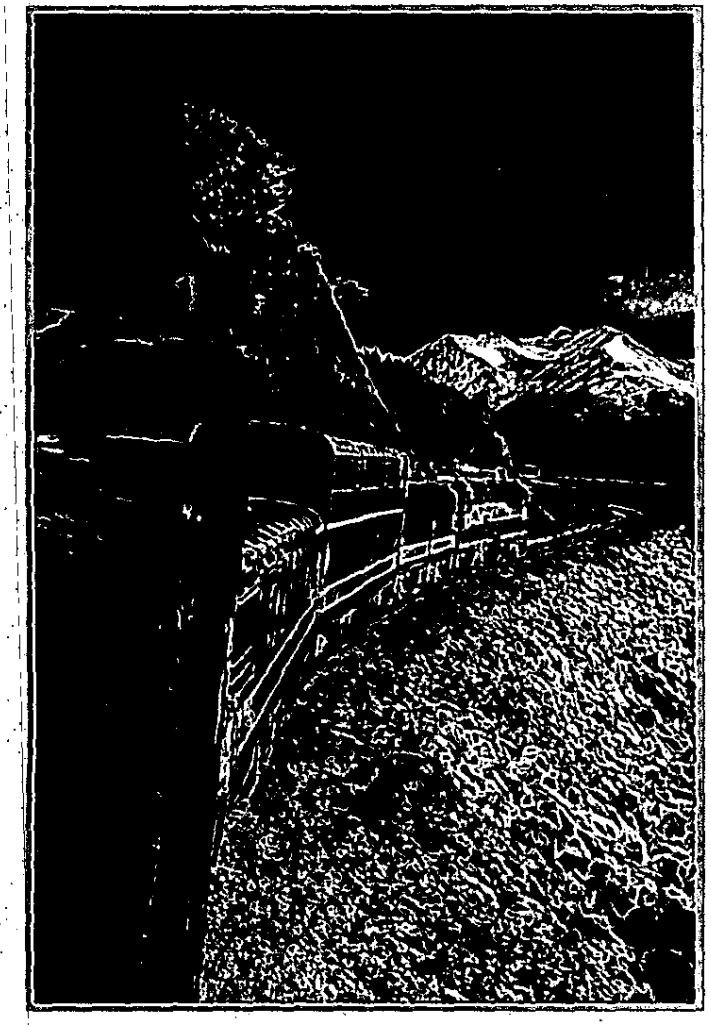
Track Rehabilitation Program

2006 - 2012

Project	2007 Actual	2001 Actual
Wooden Ties	61,052	30,600
Concrete ties	22,224	0
Welded Rail	45.72 miles	7.6 miles
Surfacing	319.38 miles	242 miles
Rail Grinding	500 miles	0
Rail Detection	2,000 miles	0
Bridge Replace/Rehab	10	6
Siding Upgrades	0	3

Productivity!

What's in Our Future?



Second Five Year Plan

2008 – 2012

2009 Budget: Challenges

- Core Business… train income from operations … should be profitable
- Financial security … betting the farm on Federal Entitlements is too risky
- Must reverse Operating Ratio trend line
- Railroad must create a culture of thrift throughout
- Railroad must improve ability to control costs despite a tough environment of seasonal demands

Directions from the ARRC Board

- Improve Net Income from Operations and Operating Ratio in the 2009 Budget
- Look at ALL railroad areas for possible cost savings, including manpower

Personnel Impacts, So Far

- 79 positions eliminated (attrition)
  - 39 Management (8 received layoff notices)
  - 26 Represented (attrition)
  - 14 Special Services
- 3 more management reclassified from expense to all capital
- 1 Assistant Vice President position downgraded
- 1 Assistant Vice President position eliminated
- 4 Director-level positions eliminated

2009 Revenue Wild Cards

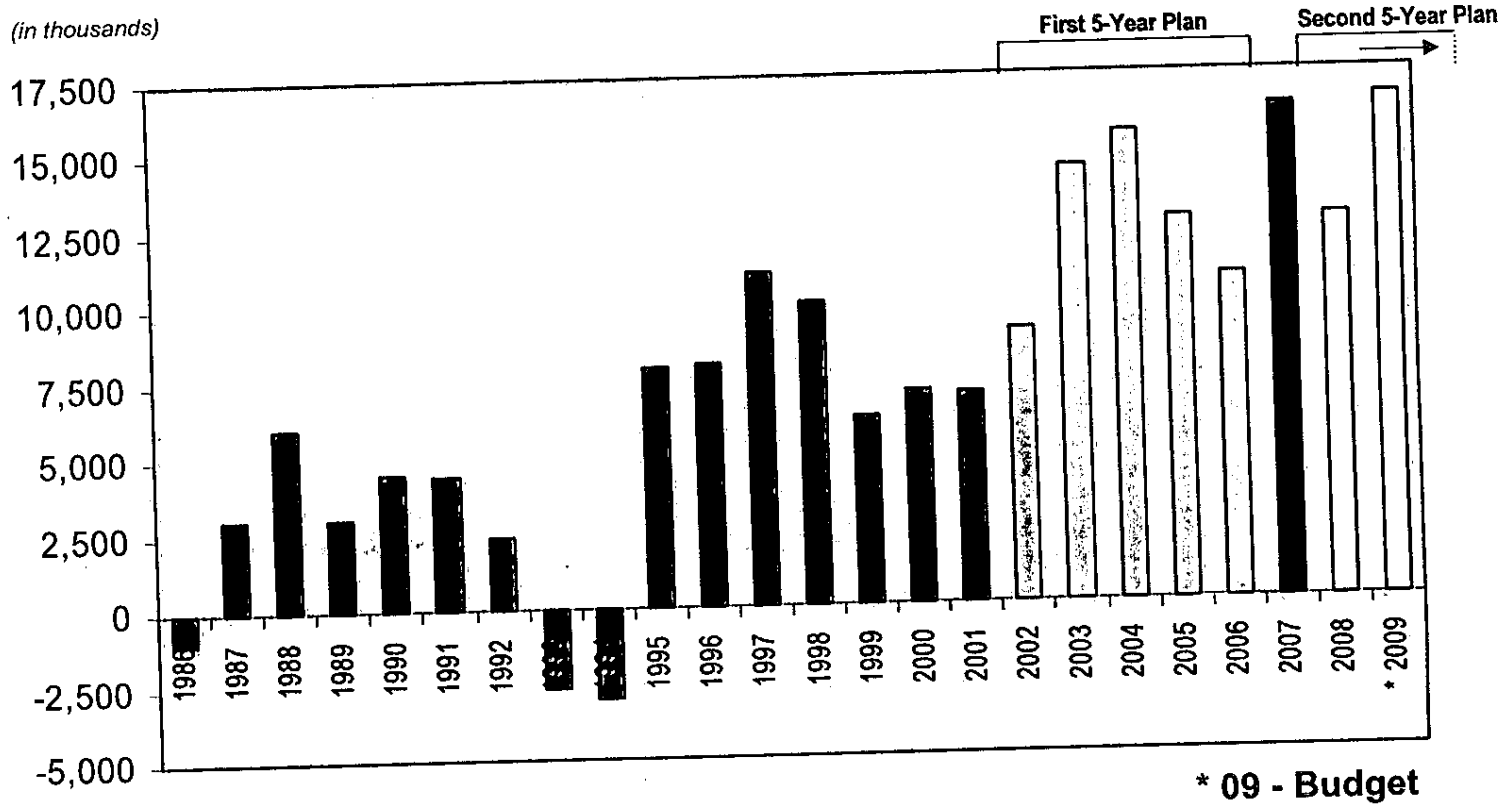
Possible Gains

- Gravel
- Coal
- Pipe

Probable Losses

- Petroleum

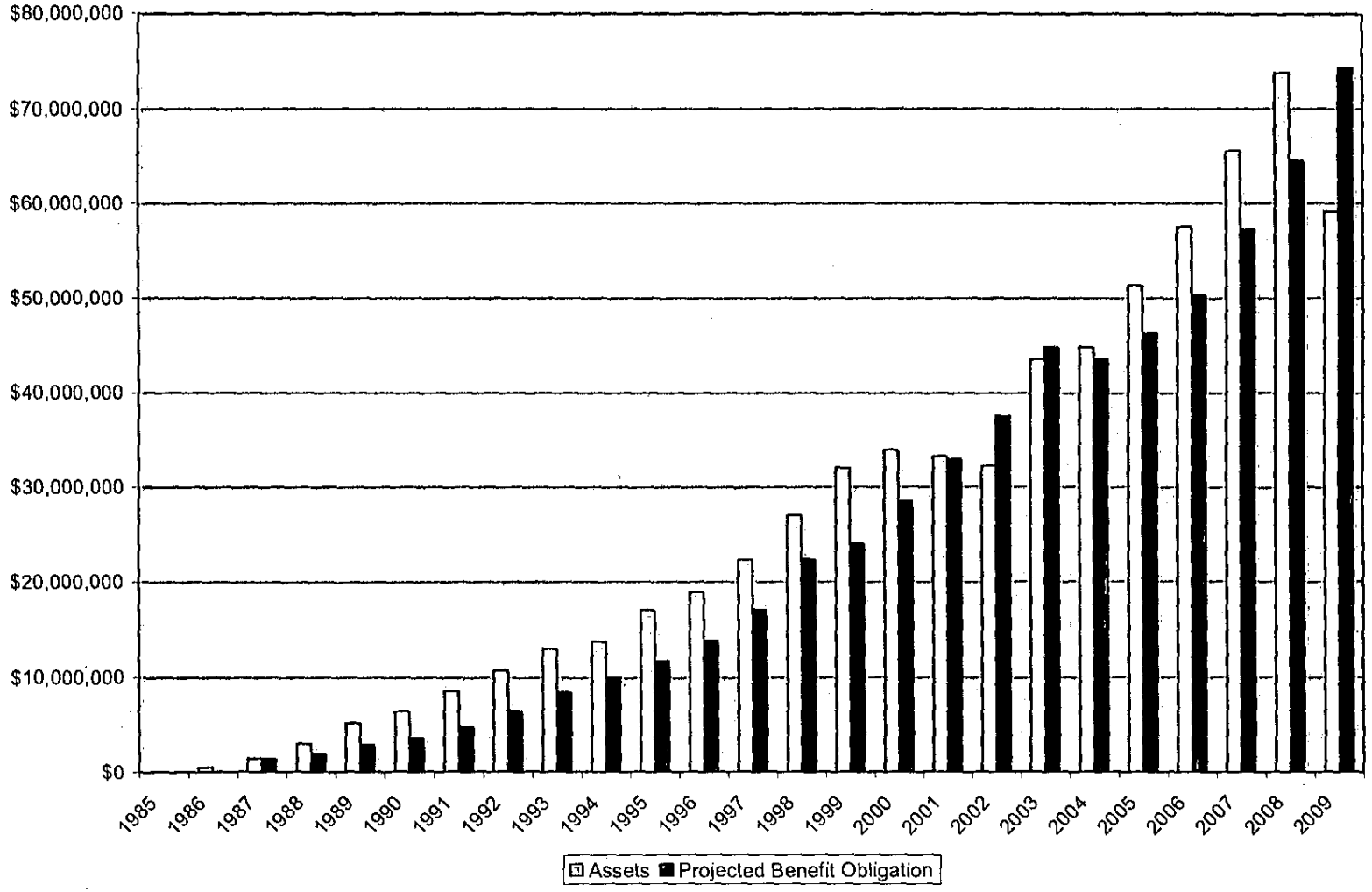
Forecast Impact on ARRC Corporate Net Income



2009 Status of Benefit Trust Funds

- Defined benefit pension trust fund totaled $59.8 million
  - Down $13.8.1 million from year end 2007
  - Liability exceeds funding by $15.1 million (79.6% funding ratio)
- Retiree medical trust fund totaled $19.0 million
  - Down $2.6 million from year end 2007
- Considerable down-market impact

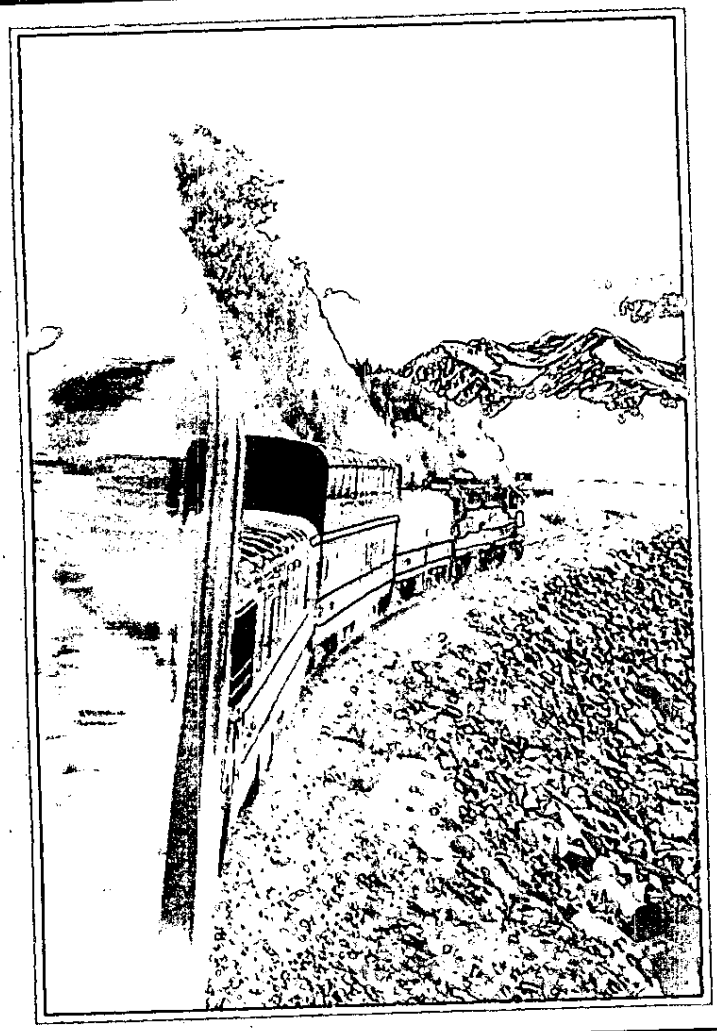
Funded Status of the Pension Plan



Pension Plan Administration

- ARRC Pension and Represented 401(k) Committee
  - Two Union Members
  - Three Management Representatives
- Retirement Specialist in Human Resources

How Does It Work?



Alaska Railroad Post Retirement Medical Program

Post-Retirement Medical

- ARRC Labor Contracts (5 union contracts) provide that retirees can purchase ARRC medical insurance by paying 60% of the monthly premium.
- Non-represented employees are eligible for retiree medical coverage under ARRC policy
- Eligible retirees must be:
  - 62 or older under the ARRC Pension Plan (represented)
  - 58 or older under the ARRC Pension Plan (non-represented)
  - With the Civil Service Retirement System
  - On disability retirement

Post-Retirement Medical

- Retirees who don't meet the criteria above can participate by paying 100% of the premium
- Certain surviving annuitants and family members can continue their participation following the death of the retiree on the same cost sharing basis
- Surviving dependent children of an ARRC pension plan participant are eligible to participate on the same cost sharing basis, without the requirement that there be a pension plan recipient

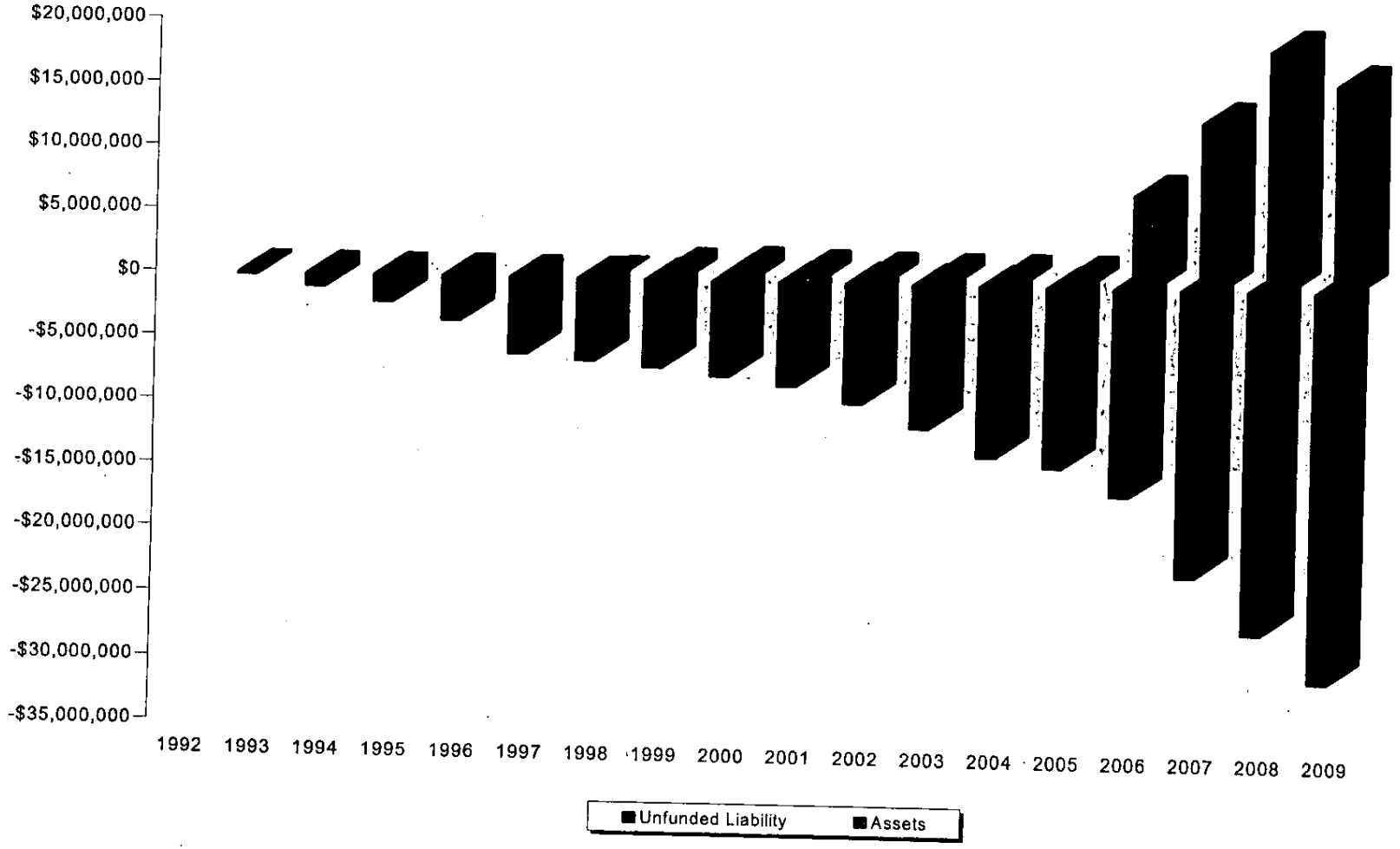
Post Retirement Medical

- Deductible: $500
- Co-insurance: $80/20 up to $1,500
- Includes prescription drug benefit
- Does not include audio, vision and dental coverage
- Medical Plan for retiree is identical to the plan for active ARRC employees

ARRC Contributions

- In addition to the premium contributions, ARRC makes annual contributions to the Post Retirement Medical Trust based on the recommendations of the actuary. The 2008 contribution was $2.8 million.

Post Retirement Medical Expense/Accrued Liabilities/Assets

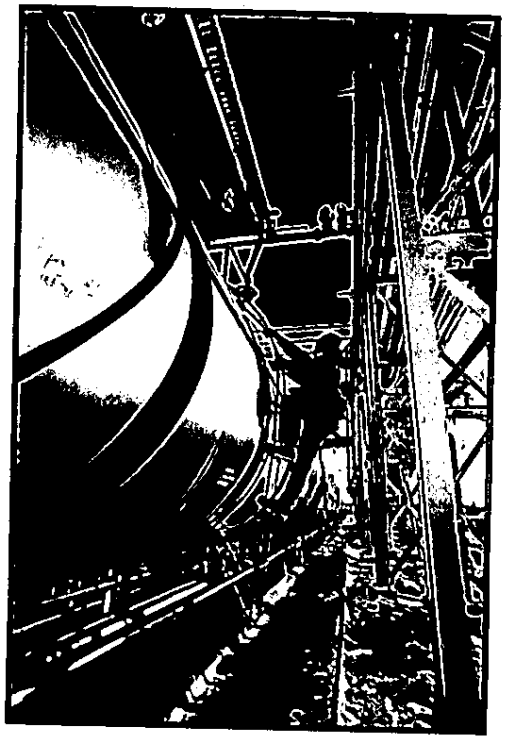


Hot Topics

Issues impacting the rail belt

Importance of Flint Hills to ARRC

- **By far, ARRC's largest and most important customer**
  - 2007 Freight Revenue from Flint Hills Resources (FHR) - $43.6M
    - 45% of total freight revenue
  - Year-round, high-margin business line buffers highly seasonal passenger/gravel revenue fluctuations
  - Land lease revenue >$1.2 million/yr
  - ARRC contracts to maintain FHR leased fleet of ~400 tank cars at > $1 million/yr



- **Partnership that heralded great potential when Flint Hills purchased the North Pole Refinery in 2004… but,**
  - While the petroleum compound annual growth rate (CAGR) between 1998 – 2003 = 11.5%... …the Flint Hills CAGR 2004 – 2008 = 1.2%
  - We have already experienced a 25% volume reduction (200 million gal/yr) between 2004-2008

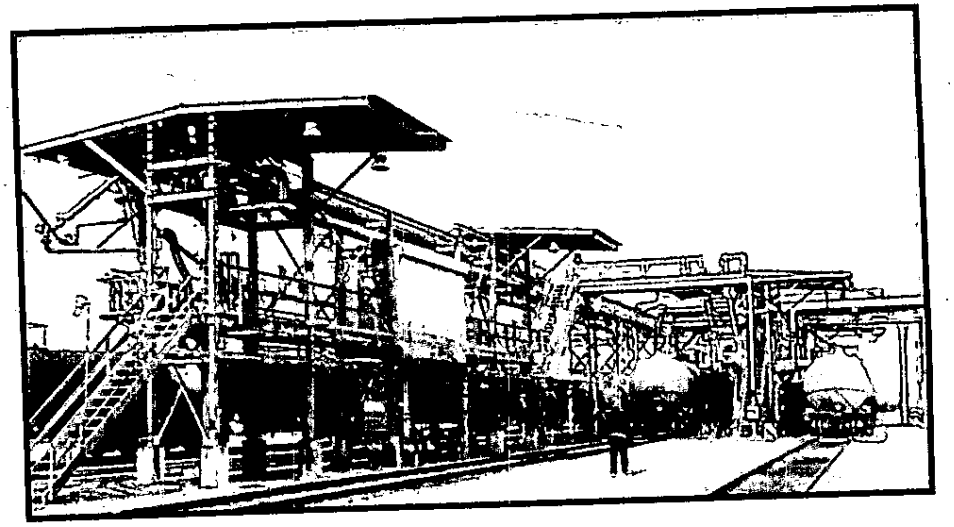
Flint Hills Resources at Crossroads

- FHR had originally indicated it was considering 3 alternatives, with a decision to be made by end of 2008:

1. **Preferred Option:**
   Major capital investment into North Pole Refinery, significantly increasing production capabilities to Alaska, Pacific Rim.

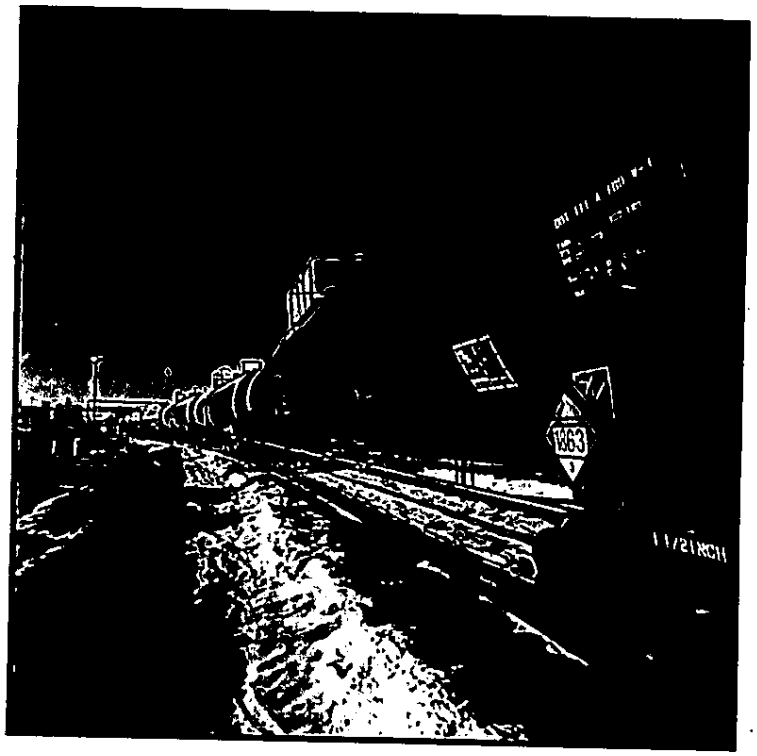
2. **Practical Option:**
   Give up on Alaska… sell North Pole Refinery.

3. **Last Resort:**
   Convert to "terminal operation." Minor amount of refined fuel is shipped north to Fairbanks and there distributed by truck. Refinery closed.
   Flint Hills jobs lost ~165.



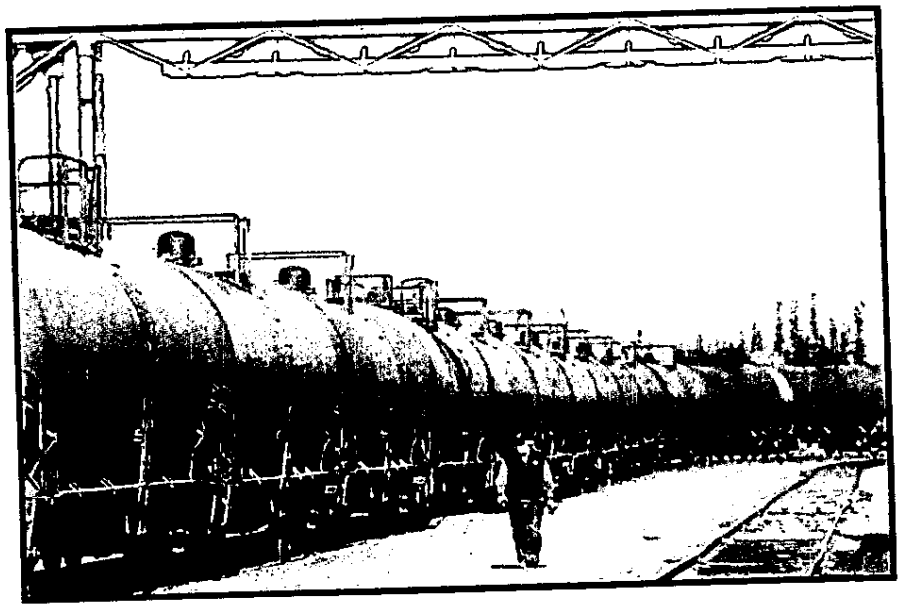
Impact of Terminal Scenario

- **Option #3 would devastate ARRC's economic contribution to the State of Alaska**
- **To fulfill statutory mandate of self-sufficiency, massive restructuring of ARRC would be required**
  - Roughly $25-30 million/yr in expense reductions would need to be offset
  - **200+ high-paying railroad position eliminations**, divestiture of locomotives/track equipment, draconian reductions in rail service and railbelt capital programs necessary
  - Precipitous drop in winter cash flow would necessitate a close look at the ability to provide year-round interior train service.



Railroad Bottom Line

Almost overnight, the Alaska Railroad would cease to be one of the State's most successful and well-recognized annual economic contributors.



Impact of Terminal Scenario

- **Economic Impact to Alaskan communities significant**
  - –ISER quantified impact of ARRC reductions on Alaskan communities
    - **250 non-ARRC jobs lost due to ARRC reductions**
    - **Another $21 million/yr in non-ARRC payroll lost**
  - –Many, many more Alaskan jobs at serious risk from economic shockwave
    - Fairbanks, North Pole, Municipality of Anchorage, Anchorage International Airport, Port of Anchorage
  - –**Loss of annual capital expenditures in the tens of millions/yr.** Significant annual railbelt work that typically uses Alaskan-owned businesses, labor and material purchases, dries up.
  - –Anchorage International Airport left with a single source of jet fuel.
  - –Alaska would need to import POL products and ship them north.

HB

137

<target><bill>HB 137</bill><subject>HB 137</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE
HOUSE RULES COMMITTEE
REPRESENTATIVE JOHN COGHILL, CHAIRMAN
State Capitol Juneau, AK 99801-1182 (907) 465-3719
3340 Badger Road Suite #290, North Pole, AK 99705 (907) 488-5725

Sponsor Statement

HB 137

"An Act relating to an interstate compact on educational opportunity for military children; amending Rules 4 and 24, Alaska Rules of Civil Procedure; and providing for an effective date."

The purpose of House Bill 137 is to eliminate some of the barriers that face children of military personnel as they transition from one school system to another. The average student will move from six to nine times from kindergarten to 12th grade.

While the armed services has done much to ease the transition for children of military personnel, there is much that can be done at the state and local levels to ensure that these children are afforded the same opportunities for educational success as other children.

Alaska enjoys a close relationship with our service men and women and their families and recognizes the sacrifice and stress they face with frequent moves and deployment. There are 12,106 active duty children between the ages of five and 18 plus the children of active members of the guard and reserve that will benefit from this compact.

Eleven states in 2008 adopted this compact and presently 22 states have pending legislation to join the compact. Passing this legislation will help remove some of that stress by providing the children timely enrollment as the children move from one school district to another.

(26-LS0588 R)

HOUSE COMMITTEE REPO

(11)
Date Referred to Committee: April 1, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/6/09

The FINANCE Committee considered: **HOUSE BILL NO. 137**

"An Act relating to an interstate compact on educational opportunity for military children; amending Rules 4 and 24, Alaska Rules of Civil Procedure; and providing for an effective date."

HB 137 COMPACT: EDUCATION OF MILITARY CHILDREN

Recommends it be replaced with [ ] HCS *or* [ ] CS *for* _____ (_____)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

HFC

***NEW* FISCAL NOTES** *Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero
EED				✓

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Gara			✓	
	CRAWFORD	✓			
	FOSTER	X			
	AUSTERMAN	X			
	KELLY	X			
	Joule	X			
	Salmon	X			
	FAIRCLOUGH	X			
Chair:	Hawker	A			
Chair:	STOLTZE	X			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **HB 137**
() Publish Date:

Identifier (file name): HB137-EED-ESS-4-7-09
Dept. Affected: Education
Title: Interstate Compact on Educational Opportunity for Military Children
RDU: Education Support Services
Component: Executive Administration
Sponsor: Representative Coghill, Dahlstrom, Harris
Requester: House Finance
Component Number: 2736

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other-AHFC Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

It is the intent of the House Finance Committee for the Dept. of Education to absorb the costs associated with the State's involvement with Interstate Compact on Educational Opportunity for Military Children.

Prepared by: Co-Chair Rep. Stoltze
House Finance Committee
Phone 465-4958
Date/Time 4/7/2009 5:00pm

Co-Chair Rep. Hawker
House Finance Committee
Date 4/7/2009

(Revised 9/10/2008 OMB)

4755

ALASKA STATE LEGISLATURE
HOUSE RULES COMMITTEE
REPRESENTATIVE JOHN COGHILL, CHAIRMAN
State Capitol Juneau, AK 99801-1182 (907) 465-3719
3340 Badger Road Suite #290, North Pole, AK 99705 (907) 488-5725

Sectional
HB 137

"An Act relating to an interstate compact on educational opportunity for military children; amending Rules 4 and 24, Alaska Rules of Civil Procedure; and providing for an effective date."

Section 1: AS 14. Adds a new chapter:
Chapter 34. Interstate Compact on Educational Opportunity for Military Children

Article I – Purpose
This article describes the purposes of this compact which is to remove barriers to educational success for military children by facilitating enrollment, placement, and timely graduation; providing enforcement of rules, uniform collection and sharing of information; and promoting coordination, flexibility, and cooperation among member states.

Article II – Definitions
This article provides definitions for terms used throughout the compact.

Article III – Applicability
This article defines the children covered by this compact.

Article IV – Educational Records and Enrollment
This article outlines how sending and receiving states handle a military student's unofficial and official educational records. The Interstate Commission determines what information must be included in the records, and the time line for providing the records. It provides a 30-day grace period for immunizations. Kindergarten and first grade entrance is addressed for both grade level and age.

Article V – Placement and Attendance
This article describes course placement; education program placement, and special education services to address federal requirements for students with disabilities. Placement flexibility and absences related to deployment are also addressed.

Article VI – Eligibility
This article provides information on enrollment eligibility. It prohibits the student from being charged a tuition if the student lives in a different jurisdiction, and allows the student to continue to attend the school they were enrolled in while residing with the custodial parent. The military student shall have as many opportunities as possible to participate in extracurricular activities, even if they have missed the application deadlines.

Article VII – Graduation
This article facilitates on-time graduation by providing procedures for waivers, exit exams and transfers during a military student's senior year.

Article VIII – State Coordination
This article establishes requirement for creation of a State Council or other existing body to provide coordination among its government, local and military agencies. Membership requirements are also addressed.

Article IX – Interstate Commission on Ed Opportunity for Military Children
This article deals with creating the commission and its responsibilities, powers, and duties. It details membership, voting rights, meetings, executive committee, bylaws and rules, data collection, and a process for reporting alleged violations.

Article X – Powers and Duties of the Interstate Commission
This article lists the powers and duties of the Interstate Commission: Dispute resolution; promulgate rules; issue advisory opinions; enforce compliance; and other powers and duties related to establishing and running and supporting the state councils at a national level.

Article XI – Organization and Operation of the Interstate Commission
This article provides the structure for the Interstate Commission to organize, establish bylaws, set up executive and other committees, establish procedures for meetings, and providing for start-up rules for the initial administration of the compact.

Article XII – Rulemaking Functions of the Interstate Commission
This article gives the Interstate Commission rulemaking authority, and rulemaking guidelines and a provision for judicial review of a proposed rule.

Article XIII – Oversight, Enforcement, and Dispute Resolution
This article addresses oversight, enforcement and dispute resolution specifically. Oversight: Charges the executive, legislative and judicial branches of state governments regarding the purpose and intent of the Compact. It further states that the Interstate Commission shall receive all service of process and has standing to intervene. Further addresses consequences of default by a member state. Dispute Resolution: If requested the Interstate Commission will attempt to resolve disputes and provide rules for mediation and binding dispute resolution. Enforcement: The Interstate Commission shall enforce the rules and provisions of this compact and may initiate legal action to enforce compliance with the provisions of the compact.

Article XIV – Financing the Interstate Commission
This article provides a method for the Interstate Commission to pay its reasonable expenses by collecting annual assessments from each member state. There are limits on incurring obligations and the need for accurate accounting of all receipts and disbursements, and the requirement for a yearly audit by a certified or licensed CPA.

Article XV – Member States, Effective Date and Amendment
States are eligible to become members, the compact becomes effective when no less than 10 states enact the compact into law and the member state passes the law. Rules for how amendments become effective and binding.

Article XVI – Withdrawal and Dissolution
This article addresses how member states withdraw from the compact, what their responsibilities of notice, time, and responsibility for assessments. This article also addresses reinstatement, and compact dissolution.

Article XVII – Severability and Construction
Provisions of this compact are severable and any portion deemed unenforceable does not affect the remaining compact. The compact should be liberally construed, and nothing in this compact inhibits other interstate compacts.

Article XVIII – Binding Effect of Compact and Other Laws
Nothing in this compact prevents the enforcement of other laws that are not inconsistent with this compact. Conflicting laws are superseded by the compact to the extent of the conflict. All rules of the Interstate Commission are binding on the members states. Any provisions that exceed constitutional limits are ineffective to the extent of the conflict of the member state.

Sec. 14.34.020 Compact Administrator.
Establishing a compact administrator and the duties of that office.

Sec. 14.34.030 State Council.
Establishes the state council as a subcommittee of the membership.

Sec. 14.34.040 Regulations.
The board may adopt regulations to implement this chapter.

Sec. 14.34.090 Short Title.
Interstate Compact of Educational Opportunity for Military Children

Section 2: Uncodified law of the State of Alaska is amended by adding a new section:

INDIRECT COURT RULE AMENDMENTS. The changes made by Sec. 1 of this Act have the effect of changing Alaska Rules of Civil Procedure:

(1) Rule 4 – entitles the Interstate Commission to receive service of process of a judicial proceeding that pertains to a Compact provision or rule.

(2) Rule 24(b) - entitles the Interstate Commission to intervene in a judicial proceeding in which the validity of a compact provision or rule is at issue.

Section 3: Uncodified law of the State of Alaska is amended by adding a new section:

CONDITIONAL EFFECT OF CERTAIN PROVISIONS.

Provisions set out in Section 1 concerning service of process and standing to intervene, take effect only if Section 2 receives two-thirds majority vote of each house required by the State Constitution.

Section 4: Uncodified law of the State of Alaska is amended by adding a new section:

CONDITIONAL EFFECT OF ACT; COMMISSIONER'S DUTY TO NOTIFY.

When Sections 1 and 2 of this Act will take effect and notification requirements when the 10 or more states have ratified this compact.

Section 5: Setting out the effective dates of this Act to be not less than 10 states other than this state ratify the Compact or July 1, 2009, whichever is later.

(26-LS0588\R)

March 24, 2009

Anchorage School District

5530 E. Northern Lights Blvd.
Anchorage, Alaska 99504-3135
(907) 742-4000

Representative Paul Seaton
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear ~~Representative~~ Paul Seaton:

Last night, the Anchorage School Board passed the enclosed resolution in support of the Interstate Military Compact on Educational Opportunity for Military Children. I am also enclosing the School Board memorandum which accompanied the resolution. The vote was unanimous. Our military representative strongly supported this resolution and testified in support of passage.

I am very grateful to Representative Coghill for introducing this important legislation. This compact reinforces our strong commitment to our military families and students and is more important now than ever as they serve our country in these uncertain times.

I hope that this legislation moves quickly through the House and on to the Senate during this legislative session.

If you have any questions, please do not hesitate to contact me at comeau_carol@asdk12.org or 907-742-4312.

Sincerely yours,

Carol

Carol Comeau
Superintendent

Enclosures

Cc: Larry LeDoux, Commissioner of Education and Early Development
Eddy Jeans, Director of School Finance

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM # 252 (2008-2009) March 23, 2009

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT Carol Comeau

SUBJECT: RESOLUTION IN SUPPORT OF THE INTERSTATE MILITARY COMPACT ON EDUCATIONAL OPPORTUNITY FOR MILITARY CHILDREN

RECOMMENDATION:

It is the recommendation of the administration that the School Board approve a resolution in support of the interstate military compact on educational opportunity for military children (attachment A). It is further recommended that the School Board and administration communicate the support of the Anchorage School District to the Alaska Legislature, the State Board of Education and Early Development, and the Governor.

PERTINENT FACTS:

The United States Departments of Education and Defense signed a historic agreement in June of 2008. This historic agreement set the state for a formalized working agreement to work collaboratively to ease the challenges of transitions for military dependent students. As of the beginning of the 2008-2009 school year, the following states have passed legislation in support of military compacts: Arizona, Colorado, Connecticut, Delaware, Florida, Kansas, Kentucky, Michigan, Missouri, North Carolina, and Oklahoma. Other states have legislation pending. Subsequent to that action, the State Board of Education and Early Development discussed the military compact and expressed strong support for Alaska entering into this compact. This was communicated to the Alaska Legislature and to Governor Palin.

Subsequently, Representative John Coghill, filed HB 137, "An act relating to the Interstate Compact on Educational Opportunity for Military Children..." It is moving through the legislature during this first session of the twenty-sixth

legislature. Representative Dahlstrom has attended meetings relating to this issue as part of her legislative responsibilities.

The administration has reviewed the military compact and the proposed legislation and urges the School Board to pass this resolution in support of its guiding principles. The administration supports this compact because it validates our close working relationships and current practices with our military installations and dependent families. The Mat-Su, Fairbanks, Kodiak, and Sitka school districts are in support of this compact and are in the process of supporting this action for their districts. The administration would like to work with our military representatives and members of the legislature on this important legislation.

An information packet provided to school districts provides general information to the School Board in support of this administrative recommendation and is included as Attachment B.

CC

Prepared and approved by: Carol Comeau, Superintendent

ANCHORAGE SCHOOL BOARD
ASDR 2008-2009-12

A RESOLUTION ENDORSING THE GUIDING PRINCIPLES OF THE INTERSTATE COMPACT ON EDUCATIONAL OPPORTUNITY FOR MILITARY CHILDREN

WHEREAS, military students are faced with numerous transitions during their formative years, and

WHEREAS, moves during the school years, particularly the high school years, present special challenges to learning and future achievement, and

WHEREAS, there is a large and growing military student population in the Anchorage School District, and

WHEREAS, the Anchorage School District can help ease the school transition challenges faced by its military students through awareness, flexibility and accommodations as reflected in the Interstate Compact on Educational Opportunity for Military Children,

THEREFORE, BE IT RESOLVED that the Anchorage School Board endorses the guiding principles expressed on Attachment B of this document, and urges all employees to institute these practices no later than the beginning of the 2009-2010 school year.

PASSED AND APPROVED by the Anchorage School Board this 23rd day of March, 2009.

ANCHORAGE SCHOOL BOARD

Jeff Friedman, President

Pat Higgins
Crystal Kennedy
Jeannie Mackie
Macon Roberts
Tim Steele
John Steiner

Carol Comeau, Superintendent

DEPARTMENT OF THE AIR FORCE
PACIFIC AIR FORCES

MAR 19 2009

General Carrol H. Chandler
PACAF/CC
25 E Street, Suite G-214
Hickam AB HI 96853-5420

Representative John Coghill, Chair
Members of the House Committee on Education
Alaska State Capitol
Juneau, AK 99801

Re: IN SUPPORT OF HB137
Hearing: Fri, 20 Mar 09 at 0800

Dear Representative Coghill and Committee Members

Partnership and collaboration are longstanding keystones for military and local community support to Alaska public school students. In this spirit, I provide my support to House Bill HB137 "Interstate Compact on Educational Opportunities for Military Children."

HB137 is groundbreaking legislation written specifically for the unique requirements of a transient student population. Issues such as enrollment, testing standards and graduation requirements are addressed through the interstate compact. These types of standards allow a military student to progress without fear of having to reaccomplish work to meet a new requirement after a move. Additionally, this compact provides an avenue for states to not only establish this list of standards but to collaborate on future issues as they arise.

I look forward to increased cooperation with those who set policy for and educate our children in Alaska. The changes implemented from HB137 will directly impact the social, emotional and academic experience of transitioning students who attend Hawaii public schools.

I personally appreciate the hard work and dedication of all those involved with HB137. Thank you for your submission and continued support of our military families.

Very respectfully

Carrol H. Chandler

CARROL H. CHANDLER
General, USAF
Commander

4764

DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY, PACIFIC
FORT SHAFTER, HAWAII 96858-5100

REPLY TO
ATTENTION OF

Office of the Commanding General

18 Mar 09

State Representative John Coghill
House District 11- North Pole
State Capitol, Room 214
120 4th Street
Juneau, Alaska 99801-1182

Re: **In SUPPORT of HB# 137 "Interstate Compact on Educational Opportunities for Military Children"**

Dear Representative Coghill:

The United States Army, Pacific (USARPAC) would like to inform you of our **support** for the Interstate Compact on Educational Opportunities for Military Children (House Bill #137). When considering the number of school-age military children impacting each state, Alaska has approximately 12,000 school-age military dependents attending public, private, and homeschooling venues. As these students move from state to state, many of them encounter considerable challenges when dealing with enrollment, eligibility, placement, extra-curricular activities, and graduation requirements. Often, military students lose course credits due to multiple school transfers and are often improperly placed in courses due to the varying school requirements.

USARPAC appreciates all that Alaska public schools have done on behalf of our military children regarding transition and deployment issues. The Interstate Compact on Educational Opportunities for Military Children will only serve to compliment and augment what is already being done in the Alaska public schools. Additionally, this bill will join Alaska with other states in an effort to streamline the school transition process and create much needed uniformity between states.

For these reasons, USARPAC supports this compact and encourages the Alaska House of Representatives to pass House Bill #HB137. If you need additional information, please contact my Well Being/Education Specialist, Ruth Davis, at 808-438-4177 or E-mail nancy.ruth.davis@us.army.mil.

Sincerely,

Benjamin R. Mixon

Benjamin R. Mixon
Lieutenant General, US Army
Commanding General

DEPARTMENT OF THE ARMY
HEADQUARTERS, U.S. ARMY ALASKA
724 POSTAL SERVICE LOOP #5000
FORT RICHARDSON, ALASKA 99505-5000

March 18, 2009

REPLY TO
ATTENTION OF:

Office of the Commanding General

Honorable John Coghill
Alaska House of Representatives
House District 11- North Pole
State Capitol, Room 214
120 4th Street
Juneau, Alaska 99801-1182

Subject: Support of House Bill #137, "Interstate Compact on Educational Opportunities for Military Children"

Dear Mr. Coghill:

The United States Army Alaska (USARAK) would like to inform you of our support for the Interstate Compact on Educational Opportunities for Military Children (House Bill #137). In the state of Alaska, there are approximately 12,000 school age children of active duty military personnel. As these students move from state to state, many of them encounter considerable challenges when dealing with enrollment, eligibility, placement, extra-curricular activities, and graduation requirements. Often, military students lose course credits due to multiple school transfers and are sometimes improperly placed in courses due to the varying school requirements. The Interstate Compact on Educational Opportunities for Military Children will help to ease this frustration and will aid military students in the school transition process.

USARAK appreciates all that Alaska public schools have done on behalf of our military children regarding transition and deployment issues. The Interstate Compact on Educational Opportunities for Military Children will only serve to complement and augment what is already being done in the Alaska public schools. Additionally, this bill will join Alaska with other states in an effort to streamline the school transition process and create much needed uniformity between states.

For these reasons, USARAK supports this compact and encourages the Alaska House of Representatives to pass House Bill #137.

Sincerely,

Stephen R. Layfield
Major General, U.S. Army
Commanding Officer

4766

Kodiak Island Borough School District
Office of the Superintendent
722 Mill Bay Road
Kodiak, AK 99615
(907) 481-6200

March 2, 2009

Twenty-Sixth Alaska State Legislature
House of Representatives
State Capitol
Juneau, AK 99801

Dear Representatives:

Kodiak Island Borough School District wholeheartedly endorses House Bill 137. A substantial number of Kodiak Island students come to us from the United States Coast Guard as well as the United States Navy.

We eagerly join this compact's intent to remove the barriers to educational success imposed on the children of military families due to the frequent moves and deployment of their parents. We will be committed to supporting and enforcing the rules and provisions of this compact. It is our District's goal to provide uniform collection and sharing of information; and to promote coordination, flexibility and cooperation between educational systems and families in order to achieve educational success for the student.

We thank Representative Coghill for sponsoring House Bill 137. His concern is for the best interest of the children whose parents are serving this nation with such honor. We appreciate their service and this bill represents a small token of thanks as well as removes several obstacles that are imposed upon their children during their service to our country.

Sincerely,

Stewart McDonald
Superintendent

COMMANDER, U.S. PACIFIC COMMAND
(USPACOM)
CAMP H.M. SMITH, HAWAII 96861-4028

19 March 2009

Representative John Coghill
Alaska State Capitol
Room 214
Juneau, Alaska 99801

Re: **IN SUPPORT of HB 137:**
Interstate Compact on Educational Opportunities for Military Children
Hearing: Friday, March 20, 2009, 1:30 PM

Dear Representative Coghill and Education Committee Members:

The US Pacific Command wishes to formally register support for the Interstate Compact on Educational Opportunities for Military Children. With over 12,000 school-age military dependents, Alaska ranks 15th in the nation for the number of military students educated within the state. Representing the Army, Navy, Air Force, Marines and Coast Guard, the children of our military families in Alaska come from and move to nearly every state in the country and numerous US Department of Defense schools around the globe. Each year, approximately one-third of our children transfer from Alaska and are replaced by incoming military-affiliated students. Because of the mobility imposed on families due to assignments and deployments, our children face significant educational challenges including enrollment, eligibility, placement, and graduation.

The passage of this bill allows Alaska to join with other states to create the Interstate Compact, a program that seeks to remove barriers to educational success due to the frequent military moves. The Interstate Compact provides a venue for states to work together which allows our military families to fulfill the mission of serving our country without penalizing the education of their children.

I wholeheartedly support and urge the passage of House Bill 137. Thank you for all you do for the children of military families who, in their own way, also serve our country.

Sincerely,

Stephen D. Tom
Major General, U.S. Army
Chief of Staff

Louie Flora

From: Friedman_Jeff [Friedman_Jeff@asdk12.org]
Sent: Friday, March 20, 2009 6:41 PM
To: Rep. Paul Seaton; Rep. Cathy Munoz; Rep. Bryce Edgmon; Rep. Wes Keller; Rep. Peggy Wilson; Rep. Bob Buch; Rep. Berta Gardner
Cc: Comeau_Carol; Siegfried_Robin; David.Shutt@us.army.mil
Subject: HB 137 Compact: Education of Military Children

Follow Up Flag: Follow up
Flag Status: Blue

Chair Seaton and Members of the Education Committee,

I am writing to urge your support for this compact which will be heard by your committee Monday morning.

This compact will provide useful support to our military members and their families. Anchorage educates a large number of students of military families. Many of these families have major transitions during the year as parents are deployed or transferred to or from Anchorage. We work closely with Ft. Richardson and Elmendorf AFB to make these transitions easier, and this Compact will assist us in that process.

Jeff Friedman
Anchorage School Board
1534 D Street
Anchorage, AK 99501
907-742-4699 (Home)

Case Study #1

Commissioned Personnel

Family of a Major General, United States Air Force; stationed in Virginia

Due to multiple reassignments for our family, my son attended ten different schools prior to graduating from high school. Though he was certified as academically advanced by previous school systems, he was denied advanced placement in one school system solely because he was not in that system for the required period of time. He was denied advanced placement in another system due to its different qualifying criteria as compared to previous jurisdictions. For one four year period during which we were reassigned each year, my son was required to read Romeo and Juliet for each of those four years despite having done so in each preceding state. He was denied the opportunity to participate in sports on more than one occasion because we were reassigned after team tryouts and he was told he was too late. Finally, we had to take the drastic measure of placing him in a private school after one reassignment because, in order for him to graduate on time from his assigned public school, he would have been required to stay in school for an extra year since the new school system refused to accept all of his credits that he had completed in the previous jurisdiction.

My daughter, currently a high school freshman, has attended seven different schools. She had an IEP (Special Education: Individual Education Plan) from one state that was not continued in the next state because her success out-scored their expectation of what her aptitude score indicated she could achieve. In our current state of residence, she is required to pass six course competency tests, even though she took some of those courses in a different state. Furthermore, the preparatory curriculum for these tests is different than in the last jurisdiction so her burden has been needlessly increased. What is most problematic is that, in order for her to graduate high school on time, she must pass an exit exam which is designed for students who have been in this particular state system for twelve years. For that reason, and because previously earned credits have not been accepted by the present jurisdiction, she must take summer school courses every summer for the next three years.

Case Study #2

Enlisted Personnel

Family of a Technical Sergeant, United States Air Force; stationed in Florida

My daughter is 10 years old and is in the 5th grade. Our family moved to Patrick AFB, Florida from Kirtland AFB in New Mexico last May on military orders. My husband is in the Air Force. We enrolled my daughter in elementary school in Florida during the summer and her new school requested her school records in August from her previous school in New Mexico. By the middle of October, the records had not yet been sent to the new school. After repeated written requests, phone calls and emails from Florida school officials and myself to her previous school in New Mexico, some of her records arrived in late October. However, her complete record did not arrive until November 19th.

When her records finally arrived, the school transferred her to the fifth grade QUEST class which is an advanced placement class for students who are gifted and talented. This is where she should have been placed at the beginning of the semester. However, due to the inexplicable delay in transferring her records, her new school placed her in a less challenging learning environment. Therefore, she spent almost a whole semester in an inappropriate classroom setting. The effects of this delay, which may seem to be of little consequence to adults, have been severe and profound for my 10 year old. She was miserable in school for months, forced to study material she had already mastered. She was bored and restless, and she sometimes got into trouble as a result. She is also not where she should be academically and has some catching up to do.

Despite this setback, now that she is in the proper class, she is back to being my happy, well behaved student. However, had legislation such as the proposed compact been in place in time for my daughter, we could have avoided this situation entirely.

HB 141

<target><bill>HB 141</bill><subject>HB 141</subject><comm>HFIN26</comm></target>

ALASKA STATE HOUSE OF REPRESENTATIVES

Contact:
Interim Address:
3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4271

Session

(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 214

REPRESENTATIVE JOHN COGHILL

SECTIONAL

HB 141

"An Act relating to the Interstate Compact for Juveniles; relating to the State Council for Interstate Adult and Juvenile Offender Supervision; amending Rules 4 and 24(b), Alaska Rules of Civil Procedure; and providing for an effective date."

Section 1: AS 33.36.140 State Council:

(a) Adds the words **and Juvenile** to the State Council for Interstate Offender Supervision. Adds a reference to the repealed and reenacted statute AS 47.15.010.

Section 2: AS 33.36.140

(b) changes the number of council members from seven to **nine**.

(6) adds the position of **the commissioner of health and social services** and provides that the commissioner may appoint a designee to serve in his/her capacity.

(7) adds the position of the **compact administrator appointed under AS 47.15.020**.

Section 3: AS 44.21.410(a)

(a) (5) deletes the word [UNIFORM], adds the word **for** and deletes the word [ON] in order to change the name of the Compact to the Interstate Compact for Juveniles.

Section 4: AS 47.15.010

The Execution of interstate compact is repealed and reenacted.

Section 5: AS 47.15.020

Changes the designator of the compact administrator from the Governor to the commissioner of health and social services and adds a comma to ensure proper grammar.

Section 6: AS 47.15

Adds a new section: AS 47.15.025 which designates the State Council for Interstate Adult and Juvenile Offender Supervision to serve as the state council under AS 47.15.010.

Section 7: AS 47.15

Adds a new section: AS 47.15.035 which allows the Department of Health and Social Services to adopt regulations to implement the provisions of this chapter.

Section 8: AS 47.15.070

Cleanup of section for clarity.

Section 9: AS 47.15.080

States that the short title of this chapter may be cited as the Interstate Compact for Juveniles.

Section 10: AS 47.15.050

Appointment of attorney or guardian provision is covered in AS 47.12.090.

Section 11: The uncodified law of the State of Alaska is amended by adding a new section:

(1) Changes the name of the Compact to the Interstate Compact for Juveniles in Rule 4 in Alaska Rules of Civil Procedure.

(2) Changes the name of the Compact to the Interstate Compact for Juveniles in Rule 24(b) in the Alaska Rules of Civil Procedure.

Section 12: The uncodified law of the State of Alaska is amended by adding a new section: This section applies the old Compact to the states who do not opt to join the new Compact.

Section 13: The uncodified law of the State of Alaska is amended by adding a new section: Court rule changes only take effect if it is approved by 2/3 of the majority of each house.

Section 14: The uncodified law of the State of Alaska is amended by adding a new section: The Compact takes effect only if at least 34 other states ratify the Interstate Compact for Juveniles.

Section 15: Setting the effective date as either the day after the date on which the commissioner of health and social services or the commissioner's designee notifies the revisor of statutes that at least 34 other states have ratified the new Compact or July 1, 2009 whichever is later.

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: March 30, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4-11-09

The FINANCE Committee considered: **HOUSE BILL NO. 141**

"An Act relating to the Interstate Compact for Juveniles; relating to the State Council for Interstate Adult and Juvenile Offender Supervision; amending Rules 4 and 24(b), Alaska Rules of Civil Procedure; and providing for an effective date."

HB 141 COMPACT FOR JUVENILES; INTERSTATE COUNCIL

Recommends it be replaced with [ ] HCS *or* **[ ] CS** *for* _____ (_____)
*For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR*_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero
DHS	1	✓		
COR	2			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Gara	—			
	Austerman			X	
	Crawford	✓			
	Kelly	X			
	Fairclough	✓			
	Salmon	X			
Chair:	Hawker	☆			
Chair:	Stoltze	X			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 141
(H) Publish Date: 3/30/09

Identifier (file name): HB141-DOC-OC-3-24-09
Dept. Affected: DOC
Title "An Act Relating to the Interstate Compact for Juveniles"
RDU Administration & Support
Component Office of the Commissioner
Sponsor Representative Coghill
Requester Governor
Component Number 694

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Passage of this legislation should not have a significant impact on the Department of Corrections.

Prepared by: Leslie Houston, Director
Phone 465-3339
Division Administrative Services Division
Date/Time 3/24/2009 1535
Approved by: Dwayne Peeples, Deputy Commissioner
Date 3/24/2009
Office of the Commissioner

(Revised 9/10/2008 OMB)

4776

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 141
(H) Publish Date: 3/23/09

Identifier (file name): HB141-DHSS-PS-03-04-09
Dept. Affected: Health & Social Services
Title: Compact for Juveniles: Interstate Council
RDU: Juvenile Justice
Component: Probation Services
Sponsor: Coghill
Requester: House HSS
Component Number: 2134

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel	13.0		13.0	13.0	13.0	13.0	13.0
Contractual	27.0		27.0	27.0	27.0	27.0	27.0
Supplies	5.0		5.0	5.0	5.0	5.0	5.0
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**45.0**	**0.0**	**45.0**	**45.0**	**45.0**	**45.0**	**45.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	45.0		45.0	45.0	45.0	45.0	45.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**45.0**	**0.0**	**45.0**	**45.0**	**45.0**	**45.0**	**45.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Since 1960, the Interstate Compact on Juveniles has provided states, including Alaska, with the procedural means to regulate the movement of court-supervised juveniles across state lines. Approximately 160 juveniles under the supervision of the Department of Health and Social Services leave or enter Alaska each year. This bill would place a new, extensively revised compact into Alaska statute replacing the current compact. The new compact seeks to correct deficiencies in the existing compact that have been identified at the national level with regard to administration, rules, enforcement procedures, financial management, communications and data sharing.

(continued on next page)

Prepared by: Stephen F. McComb
Phone 907-261-4335
Division: Juvenile Justice
Date/Time 3/2/09 12:00 AM

Approved by: Alison Elgee, Assistant Commissioner
Date 3/4/2009
DHSS Finance & Management Services

FISCAL NOTE #1

STATE OF ALASKA BILL NO. HB 141

2009 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Participation in the new compact requires that the state council implement and oversee compact functions. However, because some of the membership requirements for the juvenile compact council are the same as those required for the Alaska State Council for Interstate Adult Offender Supervision, the state intends to have a single state council oversee both compacts. Combining the two responsibilities under the authority of a single council will save the state the effort and duplication of creating and managing two councils with similar functions.

Being part of the new compact will create additional costs to the division. Costs include the following:

$13.0 Travel associated with membership participation, including travel to required meetings by staff
$27.0 Membership Dues, teleconferences, overhead costs that include chargeback, etc.
$ 5.0 Supplies for staff and required meetings

Dues to participate in the current compact are $400 per year. Dues to participate in the new compact are expected to be $14,000 per year.

The cost estimates for the participation in the state council only reflect those anticipated for the operations for the juvenile justice compact and do not include operational and other costs associated with the ongoing adult council activities. The existing adult council has not had in-person meetings for several years, and at least initially the division anticipates that such meetings will be necessary to address the added juvenile justice functions. The travel costs reflected in this fiscal note are again only intended to portray the costs for the juvenile compact activities. The travel costs also reflect the intent that council members represent all areas of the state.

A possible one-time additional cost to the division may also be incurred by adoption of this bill. The new compact will require use of a national database management system that may need to communicate with the division's MIS. The national system is still under development. Without knowing when the new system will be available, or how difficult it will be to link the two systems, we are not prepared to estimate a cost at this time. The division may need to make a specific request to meet this cost at some point in the future.

In addition, the division will be monitoring the amount of additional staff time required to participate in the new compact. At some point an increment request may be needed to fund a position if absorption of these duties is too challenging for our existing staff. The division needs to ensure we do not hamper our ability to research, apply for, and successfully win grants, such as the federal Re-Entry and Gang Prevention grants that have been invaluable in improving public safety and helping the state monitor and improve its response to gang issues. If the increase in workload forces staff to spend less time involved in the management of existing programs (these include the federal Juvenile Justice and Delinquency Prevention Formula Program, the Enforcing Underage Drinking Laws program, Title V, Juvenile Accountability Block Grants, Bureau of Justice Assistance grant management, and Youth Court earmark) current federal funding that the division receives could be at risk.

STATE OF ALASKA

DEPARTMENT. OF HEALTH AND SOCIAL SERVICES
DIVISION OF JUVENILE JUSTICE

Sarah Palin, GOVERNOR

P.O. BOX 110635
JUNEAU, ALASKA 99811-0635
PHONE: (907) 465-1382
FAX (907) 465-2333

April 1, 2009

The Honorable Jay Ramras
Chair, House Judiciary Committee
Alaska State Legislature
Alaska State Capitol
Juneau, AK 99811

Dear Representative Ramras:

In the House Judiciary Committee hearing held on March 27, 2009, Representative Max Gruenberg asked the following questions about House Bill 141 (Interstate Compact for Juveniles):

- When did the first state adopt the new Interstate Compact for Juveniles?

We contacted Keith Scott, Director of the National Center for Interstate Compacts at the Council of State Governments, to answer this question; he reported that the first state to adopt the new Compact did so in March 2003 (North Dakota). The 35th state to adopt the Compact, Illinois, did so in August 2008. Adoption of the Compact by 35 states placed the Compact into "active" status, meaning that participating states are now developing the new rules that will govern interstate travel by juveniles. With the 35th state enacting the Compact, the first Interstate Commission meeting was held in December 2008. States that have not enacted the new Compact by December 2009 will not be able to transfer juveniles to and from states operating under the new Compact at that time, and will be required to develop individualized Memoranda of Agreement to transfer juveniles to and from those states.

- What are Hawaii's amendments to its bill on the Interstate Compact for Juveniles, noted in the materials provided by Rep. Coghill's office?

To answer this question we contacted Hawai's juvenile compact administrator. She stated that Hawaii is currently considering two changes to the Compact:

1.) In Article III, subsection (h)(7), deleting the phrase "regulated person or entity" and replacing it with the word "juvenile." The Hawaiian compact administrator said they believed the phrase "regulated person or entity" to be confusing.

2.) In Article VI of the Compact (found in Section 4 of Alaska's HB 141), deleting section (f), which reads: "The existing rules governing the operation of the Interstate Compact on Juveniles shall be null and void 12 months after the first meeting of the Interstate Commission created under this compact." The Hawaiian compact administrator said they made this change to ensure that Hawaii could continue to work with states that have adopted the new compact as well as states that continue to operate under the old compact.

We consulted with Jan Rutherdale and Deborah Behr at the Department of Law on these issues. Our two agencies agree that Hawaii's amendments are not needed in Alaska's bill and would only complicate what is intended to be a nationally uniform document. In the first case, we do not believe the term used in the Compact, "regulated person or entity," is confusing. It clearly refers to the individuals subject to the compact. In the second case, we believe Alaska's ability to work with other states, including those that do not adopt the new compact, is ensured in Section 12 of Alaska's HB 141, which reads:

> The Department of Health and Social Services may continue to implement the provisions of former AS 47.15.010 (the old Interstate Compact on Juveniles), as it read on the day before the effective date of this Act, to certain states that are compacting states to the Uniform Interstate Compact on Juveniles, but have not yet enacted the Interstate Compact for Juveniles, set out in AS 47.15.010, as repealed and reenacted by sec. 4 of this Act, or a substantially similar form of that compact.

- Have other states made amendents to the Compact?

To answer this question we contacted the Keith Scott, Director of the National Center for Interstate Compacts at the Council of State Governments. We asked Mr. Scott if he could provide a list of other states' amendments to the Interstate Compact for Juveniles. Mr. Scott said no such list has been assembled by the Council. While he has received occasional inquiries and provided feedback on potential amendments on the Compact from various states, he has not maintained a list of these inquiries and does not know which, if any, of these potential amendments have been adopted. To fully answer this question therefore would require us to contact individual states and review their legislation that enacted the Interstate Compact for Juveniles.

At the request of Acting Chair Nancy Dahlstrom we are sending a copy of this response to the members of the House Finance Committee, the next committee of referral for HB 141.

Sincerely,

Tony Newman
Social Services Program Officer

Barb Murray
Deputy Administrator
Interstate Compact on Juveniles

Cc: The Honorable Carl Gatto, Alaska House of Representatives
The Honorable Lindsay Holmes, Alaska House of Representatives
The Honorable Nancy Dahlstrom, Alaska House of Representatives
The Honorable Bob Lynn, Alaska House of Representatives
The Honorable Max Gruenberg, Alaska House of Representatives
The Honorable Mike Hawker, Alaska House of Representatives
The Honorable Bill Thomas, Alaska House of Representatives
The Honorable Bill Stoltze, Alaska House of Representatives
The Honorable Alan Austerman, Alaska House of Representatives
The Honorable Anna Fairclough, Alaska House of Representatives
The Honorable Richard Foster, Alaska House of Representatives
The Honorable Reggie Joule, Alaska House of Representatives
The Honorable Mike Kelly, Alaska House of Representatives
The Honorable Harry Crawford, Alaska House of Representatives
The Honorable Les Gara, Alaska House of Representatives
The Honorable Woodie Salmon, Alaska House of Representatives
Jan Rutherdale, Civil Division, Alaska Department of Law
Deborah Behr, Civil Division, Alaska Department of Law
Wilda Laughlin, Commissioner's Office, Alaska Department of Health and Social Services

Interstate Compact for Juveniles
State Legislative Status

Update February 26, 2009

State	Bill	Primary Sponsor	Status
Alabama			Signed into law, 4/22/04
Alaska	**HB 141**	**Coghill**	**Intro'd & ref'd Jud & H&SS, 2/23**
Arizona			Signed into law, 4/30/03
Arkansas			Signed into law, 4/6/05
California			
Colorado			Signed into law, 4/26/04
Connecticut			Signed into law, 6/18/03
Delaware			Signed into law, 7/8/03
Florida			Signed into law, 5/26/05
Georgia			
Hawaii	**HB297 / SB109**	**Say / Hanabusa**	**Rec pass w. Amnds 2/10 / Ref'd to Ways & Means 2/13**
Idaho			Signed into law, 3/19/04
Illinois			Signed into law, 8/26/08
Indiana			
Iowa			
Kansas			Signed into law, 3/29/04
Kentucky			Signed into law, 3/18/05
Louisiana			Signed into law, 7/3/03
Maine			Signed into law, 6/25/03
Maryland			Signed into law, 5/17/07
Massachusetts	*SB 2187*	*Sen. McGee*	*Passed S; H ref'd to Ways & Means 7/1/08*
Michigan			Signed into law, 7/11/03
Minnesota			
Mississippi	**HB465 / HB759 / SB2595**	**Holland / Hines / Hyde-Smith**	**S Jud DO PASS 2/24 / Died in Comm 2/03 / H ref'd to Jud 2/09**
Missouri			Signed into law, 4/1/03
Montana			Signed into law, 4/1/03
Nebraska	**LB 237**	**Lathrop**	**Ref'd to Judiciary, 1/15**
Nevada			Signed into law, 5/19/05

State	Bill	Primary Sponsor	Status
New Hampshire			
New Jersey			Signed into law, 9/10/04
New Mexico			Signed into law, 3/19/03
New York			
North Carolina			Signed into law, 7/18/05
North Dakota			Signed into law, 3/13/03
Ohio			
Oklahoma			Signed into law, 4/21/04
Oregon	**SB 107**	**Senate President**	**Work session 2/26**
Pennsylvania			Signed into law, 7/2/04
Rhode Island			Signed into law, 7/10/03
South Carolina			Signd into law, 5/24/06
South Dakota			Signed into law, 2/13/04
Tennessee			Signed into law, 6/20/08
Texas			Signed into law, 6/18/05
Utah			Signed into law, 3/16/05
Vermont			
Virginia			Signed into law, 3/12/07
Washington			Signed into law, 5/9/03
West Virginia			Signed into law, 4/6/04
Wisconsin			Signed into law, 3/30/06
Wyoming			Signed into law, 3/5/04
Amer. Samoa			
Dist. of Columbia			
Guam			
N. Mariana Is.			
Puerto Rico			
U.S. Virgin Is.			

RESOLUTION OF THE
AMERICAN PROBATION AND PAROLE ASSOCIATION

"Interstate Compact for Juveniles"

Whereas, The Interstate Compact on Juveniles was established in 1955 and is the primary compact addressing the needs of juveniles within the justice system who move between states and has not been sufficiently amended in its 47-year existence; and

Whereas, This compact is the only vehicle for the controlled movement of juveniles released from custody or on probation across state lines; and

Whereas, The complexities of the compact have become more difficult to administer, and many jurisdictions have expanded supervision expectations to include currently unregulated practices such as victim input, victim notification requirements and sex offender registration; and

Whereas, After national surveys and a detailed study by a task force appointed by the Office of Juvenile Justice and Delinquency Prevention, the overwhelming recommendation has been to amend the document to bring about an effective management capacity that addresses public safety concerns, offender accountability and effective treatment needs.

BE IT THEREFORE RESOLVED, That the Board of Directors of the American Probation and Parole Association hereby endorses and recommends adoption of the amended and newly titled Interstate Compact for Juveniles by the 50 states and affected territories of the United States of America.

January 5, 2003

CSG GOVERNING BOARD/EXECUTIVE COMMITTEE

RESOLUTION ON

THE INTERSTATE COMPACT FOR JUVENILES

WHEREAS, The Interstate Compact on Juveniles was established in 1955 and is the compact addressing the needs of juveniles within the juvenile justice system who move between states and has not been sufficiently amended in its forty-seven (47) year existence; and

WHEREAS, This compact is the only vehicle for the interstate supervision of juvenile offenders, the return of absconders and escapees, and runaways; and

WHEREAS, The complexities of the compact have become more difficult to administer, and many jurisdictions have expanded supervision and program expectations to include currently unregulated practices such as victim input and notification requirements, sex offender registration, and age related issues; and

WHEREAS, After exhaustive research and detailed study, the Office of Juvenile Justice and Delinquency Prevention and The Council of State Governments convened an Advisory Group and Drafting Team to formulate recommendations and implement changes to the compact language to better address public safety, enforcement, accountability and communication concerns.

NOW THEREFORE BE IT RESOLVED, That The Council of State Governments hereby endorses and recommends adoption of the new compact entitled, "Interstate Compact for Juveniles" by the fifty (50) states, the District of Columbia, Puerto Rico and effected territories of the United States of America.

Adopted this 8th Day of December, 2002 at the
CSG Annual State Trends and Leadership Forum
In Richmond, Virginia

Resolution of the
Association of Juvenile Compact Administrators

"Interstate Compact for Juveniles"

Whereas, The Interstate Compact on Juveniles was established in 1955 and is the compact addressing the needs of juveniles within the juvenile justice system who move between states and has not been sufficiently amended in its forty-seven (47) year existence; and

Whereas, This compact is the only vehicle for the interstate supervision of juvenile offenders, the return of absconders and escapees, and runaways; and

Whereas, The complexities of the compact have become more difficult to administer, and many jurisdictions have expanded supervision and program expectations to include currently unregulated practices such as victim input and notification requirements, sex offender registration, and age related issues; and

Whereas, After national surveys and a detailed study by a task force appointed by the Office of Juvenile Justice and Delinquency Prevention, the recommendation has been to rewrite the document to bring about an effective management capacity that addresses public safety concerns and juvenile accountability.

Be it therefore resolved, That the Association of Juvenile Compact Administrators hereby endorses and recommends adoption of the new compact entitled "Interstate Compact for Juveniles" by the fifty (50) states, the District of Columbia, and affected territories of the United States of America.

Adopted this 10th day of August, 2002.

STATE OFFICE
ALASKA PEACE OFFICERS ASSOCIATION

P.O. Box 240106 Anchorage, Alaska 99524-0106 Phone (907) 277-0515 Fax (907) 272-5355

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Pres. Wrangell Chapter

March 27, 2009

Representative John Coghill
House of Representatives
State Capitol
Juneau AK 99801-1182

Dear Representative Coghill:

On behalf of the Alaska Peace Officers Association (APOA), I would like to thank you for introducing HB 141, an act relating to the Interstate Compact for Juveniles; relating to the State Council for Interstate Adult and Juvenile Offender Supervision; amending Rules 4 and 24(b), Alaska Rules of Civil Procedure; and providing for an effective date.

The APOA State Board's Legislative Committee recently reviewed this proposed legislation and decided to unanimously support this bill.

We thank you for addressing this issue. Please contact the APOA office in Anchorage at 277-0515, if there is anything our organization can do to assist in the passage of this bill.

Sincerely,

Angella Long
State President

NDAA

Office of the President

National District Attorneys Association
99 Canal Center Plaza, Suite 510, Alexandria, Virginia 22314
703.549.9222 / 703.836.3195 Fax
www.ndaa-apri.org

February 19 , 2003

Mr. Daniel M. Sprague
Executive Director
The Council of State Governments
P.O. Box 11910
Lexington, KY 40578-8001

Dear Mr. Sprague:

On behalf of the Board of Directors of the National District Attorneys Association I want to offer our support for the Interstate Compact for Juveniles. Our Board unanimously voted to support your effort during our recent meeting in Texas.

As local prosecutors we have to work daily with juveniles that require the attention of our court system and we recognize the need for interstate supervision of juvenile offenders and for the return of those who have escaped, run away or fail to live up to release expectations.

We also recognize that the changes in the complexities of our society have made many of the provisions of the compact badly out dated. Ideas such as community corrections, sexual predator registrations and victims rights provisions all impact on the how states must relate to each other in dealing with criminal offenders and in this instance, juveniles.

The Board of Directors considered the importance of addressing consistent treatment of juveniles in need of both consequences and treatment. The proposed Compact language provides states with the means of accomplishing these goals.

Sincerely,

Daniel M. Alsobrooks
District Attorney General, 23rd Judicial District, Tennessee
President, National District Attorneys Association

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NATIONAL CENTER FOR MISSING & EXPLOITED CHILDREN®

Charles B. Wang International
Children's Building
699 Prince Street
Alexandria, VA 22314-3175
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Telephone 703.274.3900

Facsimile 703.274.2200

www.missingkids.com

November 1, 2002

Mr. Daniel M. Sprague
Executive Director
The Council of State Governments
Headquarters Office
P.O. Box 11910
Lexington, Kentucky 40578-8001

Dear Mr. Sprague:

The National Center for Missing & Exploited Children (NCMEC) is pleased to support the proposed Interstate Compact Initiative for Juveniles. As an organization that provides services to runaway youth and their families, we are pleased that this enhanced initiative will ensure consistent use of those policies governing the Compact.

Although, primarily designed to assist those organizations working within the juvenile justice, and social service systems, the Compact will assist NCMEC in it's work to bring children back home by providing law enforcement professionals with clear guidelines and procedures once a missing youth is recovered.

As you work to implement this initiative throughout the 50 states, please do not hesitate to let us know if we can be of further assistance in this most important venture.

Sincerely,

Ernie Allen
President & CEO
NCMEC

Branches
California
Florida
Kansas City
New York
South Carolina

National Juvenile Detention Association | NJDA

Eastern Kentucky University • 301 Perkins Building • 521 Lancaster Avenue
Richmond, Kentucky 40475-3102 • Telephone: (859) 622-6259
Fax: (859) 622-2333 • E-Mail: NJDAEKU@aol.com • Website: www.njda.com

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East Lansing, Michigan
48823-5239
(517) 432-1242

January 28, 2003

Chad S. Foster
Policy Analyst
The Council of State Governments
2760 Research Park Drive
PO Box 11910
Lexington, KY 40578-1910

Dear Mr. Foster:

As one of participating entities, the National Juvenile Detention Association (NJDA) has been actively involved in the review and update of the Interstate Compact or Juveniles, originally established in 1955. The two-year effort to modernize the Compact has been thorough and comprehensive and has engaged the efforts of many practitioners from the juvenile justice field. The process addressed a multiplicity of issues regarding the Compact that have been identified as problematic or outdated in an effort to develop a document that meets the current needs of stakeholders in the signatory states.

The nation's detention centers deal with the Contract frequently as the entities responsible for housing juveniles found to be in violation of placement agreements or of state laws in the receiving states. The proposed modifications to the Compact should address many of the issues that have created problems for detention centers and will offer assistance to them in dealing with both sending and receiving states.

As the association serving juvenile detention nationally, NJDA supports the proposed changes to the Compact. The changes are designed to address the needs of the states, of the agencies within the states, and of the public in ensuring that placement agreements are complied with and community safety is ensured.

We are happy to offer assistance to you in your efforts to achieve adoption of the revised Interstate Compact for Juveniles.

Sincerely,

Earl L. Dunlap

Earl L. Dunlap, Executive Director
National Juvenile Detention Association

cc: file
Executive Committee

AJJAC

ALASKA JUVENILE JUSTICE ADVISORY COMMITTEE

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Tina Woods

March 4, 2009

Alaska Legislature
Alaska State Capitol
Juneau, AK 99801

Dear Legislators:

The Alaska Juvenile Justice Advisory Committee (AJJAC) held an in-person meeting in Juneau on March 2-3, 2009. At the meeting Division of Juvenile Justice (DJJ) presented information on HB 141, which included the benefits of passing this legislation as well as the potential public safety issues if HB 141 does not pass.

After discussion, the AJJAC voted unanimously on March 2, 2009 to support HB 141, the Interstate Compact for Juveniles.

Please feel free to contact me if you have any questions.

Sincerely,

Carol Brenckle
AJJAC Chair

HB 150

<target><bill>HB 150</bill><subject>HB 150</subject><comm>HFIN26</comm></target>

Representative Alan Austerman

Alaska State Legislature

Sponsor Statement for HB 150

Power Cost Equalization (PCE) is the program designed to (1) extend power assistance to rural Alaska as a response to the development of other power around the state and (2) make power more affordable to rural Alaskans. HB 150 proposes to make permanent the changes to the program adopted by the last legislature, which made higher cost power eligible for PCE. This helps Alaskan families continue to afford to buy the electricity that provides the basic services that we all take for granted.

Residents of Alaska whose electricity is generated by oil have seen their power costs increase significantly during the past few years. Last year for example, oil was purchased during the summer when delivery by barge was possible. At that time, they paid the highest price ever recorded. In consequence, though the price of a barrel of oil has plummeted, the cost in the villages continues to reflect the price at which it was purchased - currently over $7.00 per gallon in many communities.

During the previous legislative session, this high cost of electricity was acknowledged by a change in the Power Cost Equalization statute. It recognized the high cost of fuel and the subsequent increase in Power Cost Equalization by increasing the upper limit, the ceiling, of the PCE calculation from 52.5 cents per kilowatt hour to $1.00 per kilowatt hour. This change was for this heating season only, and sunsets on June 30, 2009.

The floor is a weighted average of the cost of power in Anchorage, Fairbanks and Juneau; currently a little over 12 cents per kilowatt. Power Cost Equalization is paid only on the first 500 kilowatts of power used each month. Any use above that does not qualify for PCE. The amount of PCE for each eligible family depends on a calculation which determines a floor and an amount per kilowatt which establishes the ceiling. As noted, the ceiling is now $1.00 but will revert to 52.5 cents if this bill were not to pass. PCE payments are made on any cost for power falling within this band. For many utilities, the cost of producing power now exceeds 52.5 cents per kilowatt. Consequently, for many electric users, reverting to a PCE ceiling of 52.5 cents would mean considerably higher power bills.

Because power costs in many rural communities are approaching the $1.00 per kilowatt range, it is crucial that PCE helps households by making power more affordable, particularly for basic services. To not pass this legislation would mean that many rural families would simply not be able to afford to buy the electricity needed for even the basic services that we take for granted.

~ Representing Alaska State House District 36 ~
Akhiok | Igiugig | Iliamna | Karluk | Kodiak | Kokhanok | Larsen Bay | Levelock
Newhalen | Nondalton | Old Harbor | Ouzinkie | Pedro Bay | Port Alsworth | Port Lions

Representative Alan Austerman

Alaska State Legislature

SECTIONAL ANALYSIS
House Bill 150

"An Act repealing certain provisions relating to modifying the factors that apply to calculate the amount of power cost equalization; providing for ."

Bill Section 1. Repeals the substantive law provision, sec. 3, ch. 2, 4SSSLA 2008, that, if left unamended, would restore the former factors that apply to calculate the amount of power cost equalization payable under the Power Cost Equalization Program.

Bill Section 2. Is a contingency provision so that, if House Bill 150 is passed late in the session and is substantially delayed in transmittal to the governor, or the governor otherwise fails to act to approve the bill until at or beyond the June 30, 2009, transitional date, the new provisions are made retroactive so that the legislature's intent (to eliminate the scheduled formula calculation change) is fully and seamlessly carried out.

Bill Section 3. Repeals the related delayed effective date provision, sec. 11, ch. 2, 4SSLA 2008, that, on June 30, 2009, would provide for restoration of the former factors under that Power Cost Equalization formula. This bill section is, in effect, the repeal of an effective date provision that, under the *Manual of Legislative Drafting*, requires that it be separately set out and noticed in the bill title ("providing for an effective date by repealing the effective date of sec. 3, ch. 2, 4SSLA 2008"). *of Legislative Drafting* at pp. 12-13. This change affects an effective date in the earlier bill and requires a two-thirds vote in each house for adoption.

Bill Section 4. Gives the measure an immediate effective date and requires a two-thirds vote in each house for adoption.

This sectional analysis is drawn from a memorandum prepared by Legal Services, Legislative Affairs Agency, at the request of staff of Senator Lyman Hoffman. The full detail of that memorandum, dated January 28, 2009, is available as part of the bill packet for House Bill 150.

February 25, 2009 26-LS0661\A

~ Representing Alaska State House District 36 ~
Akhiok | Igiugig | Iliamna | Karluk | Kodiak | Kokhanok | Larsen Bay | Levelock
Newhalen | Nondalton | Old Harbor | Ouzinkie | Pedro Bay | Port Alsworth | Port Lions

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 150
(H) Publish Date: 3/18/09

Identifier (file name): HB150-CED-AEA-03-06-09
Dept. Affected: DCCED
Title: Power Cost Equalization
RDU: Alaska Energy Authority
Component: AEA Power Cost Equalization
Sponsor: Representative Austerman
Requester: House Community and Regional Affairs
Component Number: 2602

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	5,500.0		5,500.0	5,500.0	5,500.0	5,500.0	5,500.0
Miscellaneous							
TOTAL OPERATING	**5,500.0**	**0.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
Other PCE Endowment (1169)							
Other PCE Fund (1089)	5,500.0		5,500.0	5,500.0	5,500.0	5,500.0	5,500.0
TOTAL	**5,500.0**	**0.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill continues a maximum $1.00 per kilowatt-hour cap for power costs paid by the PCE program. This fiscal note represents the additional funding needed for the PCE program if the bill passes. The Governor's budget currently contains $32.16 million. The total funding needed if this bill passes is anticipated to be $37.66 million.

Prepared by: Linda MacMillan, AIDEA & AEA Finance-Project Accountant — Phone 907-771-3029
Division: Alaska Energy Authority — Date/Time 1-30-09/5:00pm
Approved by: Amanda Ryder, Director — Date 02-06-09/11:45am
Administrative Services, Dept. of Commerce, Comm & Econ Development

(Revised 9/10/2008 OMB)

4794

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 150
(H) Publish Date: 3/18/09

Identifier (file name):HB150-CED-AEA(Fund Cap)03-06-09
Dept. Affected: Commerce / Fund Capitalization
Title: Power Cost Equalization
RDU: PCE Fund
Component: PCE Fund
Sponsor: Representative Austerman
Requester: House Community and Regional Affairs
Component Number: 2500

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous	5,500.0		5,500.0	5,500.0	5,500.0	5,500.0	5,500.0
TOTAL OPERATING	**5,500.0**	**0.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	5,500.0		5,500.0	5,500.0	5,500.0	5,500.0	5,500.0
1005 GF/Program Receipts							
Other PCE Fund (1089)							
Other PCE Endowment (1169)							
TOTAL	**5,500.0**	**0.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**	**5,500.0**

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill continues the maximum $1.00 per kilowatt-hour cap for power costs paid by the PCE program. This fiscal note is the additional funding needed to capitalize the PCE fund if the bill passes. Expenditures from the fund are included in another fiscal note.

The total General Funds to fully fund the program will be $15,879,000 (up from $10,572,500).

Prepared by: Linda MacMillan, AIDEA & AEA Finance-Project Accountant
Phone 907-771-3029
Division: Alaska Energy Authority
Date/Time 1/30/09 10:00am
Approved by: Amanda Ryder, Director
Date 3/6/2009
Admin. Services, Dept. Commerce, Community and Econ. Development

(Revised 9/10/2008 OMB)

4795

LAWS OF ALASKA

2008

FOURTH SPECIAL SESSION

Source
HCS CSSB 4002(FIN) am H

Chapter No.
_____

AN ACT

Amending the bulk fuel bridge loan fund and the bulk fuel revolving loan fund; relating to power cost equalization; relating to Alaska resource rebates, and increasing the amount of the 2008 permanent fund dividend to provide that rebate; suspending the motor fuel tax; eliminating the authority to make certain provisions of the heating assistance program retroactive to November 1, 2007; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1

AN ACT

Amending the bulk fuel bridge loan fund and the bulk fuel revolving loan fund; relating to power cost equalization; relating to Alaska resource rebates, and increasing the amount of the 2008 permanent fund dividend to provide that rebate; suspending the motor fuel tax; eliminating the authority to make certain provisions of the heating assistance program retroactive to November 1, 2007; and providing for an effective date.

*** Section 1.** AS 29.60.660(c) is amended to read:

(c) Loans made from the bulk fuel bridge loan fund to one borrower in a fiscal year

(1) may not exceed **$750,000** [$500,000]; and

(2) shall be repaid within one year after the date of the award.

*** Sec. 2.** AS 42.45.110(c) is amended to read:

(c) The amount of power cost equalization provided **for each** [PER] kilowatt-hour under [SUBSECTION] (b) of this section may not exceed 95 percent of the power costs, or the average rate **for each** [PER] eligible kilowatt-hour sold, whichever is less, as determined by the commission. However,

(1) [DURING THE STATE FISCAL YEAR THAT BEGAN JULY 1, 1999,] the power costs for which power cost equalization **are** [WERE] paid to an electric utility **are** [WERE] limited to minimum power costs of more than 12 cents **a** [PER] kilowatt-hour and less than **$1 a** [52.5 CENTS PER] kilowatt-hour;

(2) **each year** [DURING EACH FOLLOWING STATE FISCAL YEAR], the commission shall adjust the power costs for which power cost equalization may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau; however, the commission may not adjust the power costs under this paragraph to reduce the amount below the lower limit set out in (1) of this subsection; and

(3) the power cost equalization **for each** [PER] kilowatt-hour may be determined for a utility without historical kilowatt-hour sales data by using kilowatt-hours generated.

* **Sec. 3.** AS 42.45.110(c), as amended by sec. 2 of this Act, is amended to read:

(c) The amount of power cost equalization provided for each kilowatt-hour under (b) of this section may not exceed 95 percent of the power costs, or the average rate for each eligible kilowatt-hour sold, whichever is less, as determined by the commission. However,

(1) the power costs for which power cost equalization are paid to an electric utility are limited to minimum power costs of more than 12 cents a kilowatt-hour and less than **52.5 cents** [$1] a kilowatt-hour;

(2) each year, the commission shall adjust the power costs for which power cost equalization may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau; however, the commission may not adjust the power costs under this paragraph to reduce the amount below the lower limit set out in (1) of this subsection; and

(3) the power cost equalization for each kilowatt-hour may be

determined for a utility without historical kilowatt-hour sales data by using kilowatt-hours generated.

* **Sec. 4.** AS 42.45.250(e) is amended to read:

(e) Loans made from the bulk fuel revolving loan fund to one borrower in any fiscal year

(1) may not exceed **$750,000** [$500,000], or, if the borrower is a cooperative corporation organized under AS 10.15 or an electric cooperative organized under AS 10.25 and uses the loan to purchase bulk fuel on behalf of more than one community, may not exceed the lesser of **$750,000** [$500,000] multiplied by the number of communities on whose behalf the bulk fuel is to be purchased, or $1,800,000;

(2) shall be repaid in one year or less; and

(3) may not exceed 90 percent of the wholesale price of the fuel purchased.

* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to read:

ALASKA RESOURCE REBATE. (a) To provide residents of the state with an Alaska resource rebate, the amount of the 2008 permanent fund dividend shall be increased. After calculating the amount of the 2008 dividend under AS 43.23.025, the commissioner of revenue shall add $1,200 to determine the total amount of that dividend. An individual may elect not to receive the $1,200 resource rebate authorized under this subsection. An individual who elects not to receive the $1,200 resource rebate may provide notice of the election on a form provided by the Department of Revenue. Notice must be postmarked or received by the Department of Revenue not later than September 2, 2008.

(b) A veteran or the spouse or dependent of a living or deceased veteran who did not apply for the 2008 permanent fund dividend and is eligible for veterans' benefits under 38 U.S.C. 1315, 1513, 1521, 1541, and 1542 may apply to the Department of Revenue for a $1,200 Alaska resource rebate payment for 2008. The individual shall apply on a form provided by the department not later than October 1, 2008, and shall demonstrate that the individual would have been eligible to receive a 2008 permanent fund dividend under AS 43.23, except that the individual did not apply for that dividend.

(c) A veteran or the spouse or dependent of a living or deceased veteran who is eligible for veterans' benefits under 38 U.S.C. 1315, 1513, 1521, 1541, and 1542 who is denied or receives reduced payments under those provisions or reduced health care benefits solely because the $1,200 increase in the dividend under (a) of this section or the $1,200 payment under (b) of this section received by the individual is counted as income is eligible for cash assistance under AS 47.25.120 - 47.25.300 (general relief assistance). Notwithstanding the limit in AS 47.25.130, the individual is entitled to receive the same amount as the individual would have received under 38 U.S.C. 1315, 1513, 1521, 1541, and 1542 and as a health care benefit as a result of being eligible under 38 U.S.C. 1315, 1513, 1521, 1541, and 1542, had the $1,200 increase or payment not been received under (a) or (b) of this section.

(d) Subject to appropriation, the amount necessary for resource rebates to increase 2008 permanent fund dividends under (a) of this section shall be transferred from the general fund to the dividend fund (AS 43.23.045).

(e) When issuing checks or pay warrants associated with a direct deposit to residents receiving a permanent fund dividend, the commissioner of revenue shall include the following statement in bold type: "This payment includes a resource rebate of $1,200, which is a one-time payment to qualified Alaskans."

* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

SUSPENSION OF THE MOTOR FUEL TAX. (a) Notwithstanding any other provision of law, the motor fuel tax imposed under AS 43.40.010 is suspended and may not be collected for a period beginning September 1, 2008, and ending August 31, 2009.

(b) Every person subject to AS 43.40.010(c) in the fiscal year that precedes the suspension established in (a) of this section shall submit a monthly report, under penalty of unsworn falsification, on a form or in a format prescribed by the Department of Revenue showing all sales or transfers of gasoline, diesel, and aviation fuel during the month. The department may require that invoices be attached to the report supporting all sales and transfers of gasoline, diesel, and aviation fuel in the state. The report is due to the Department of Revenue on the last day of the month following the month in which sales or transfers of gasoline, diesel, or aviation fuel were made. The Department of Revenue may assess a penalty

of up to $5,000 against any person that fails to file a monthly report or provide the supporting invoices as required by this subsection.

(c) The Department of Revenue may adopt regulations under AS 44.62 to implement this section.

* **Sec. 7.** Sections 9 and 11, ch. 31, SLA 2008, are repealed.

* **Sec. 8.** Section 6(a) of this Act is repealed August 31, 2009.

* **Sec. 9.** Sections 6(b) and (c) of this Act are repealed October 1, 2009.

* **Sec. 10.** Section 2 of this Act takes effect October 1, 2008.

* **Sec. 11.** Section 3 of this Act takes effect June 30, 2009.

* **Sec. 12.** Except as provided in secs. 10 and 11 of this Act, this Act takes effect immediately under AS 01.10.070(c).

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM January 28, 2009

SUBJECT: Senate Bill 88, repealing delayed amendments to the power cost equalization program in order to make permanent certain formula amendments that were treated as temporary when enacted -- sectional analysis (Work Order No. 26-LS0414\R)

TO: Senator Lyman Hoffman, Co-Chair
Senate Finance Committee

FROM: Jack Chenoweth
Assistant Revisor

Among other additions and amendments, § 2, ch. 2, 4SSLA 2008, temporarily amended the parameters for a community to be eligible to receive power cost equalization payments under the power cost equalization program.[1] For one year, now scheduled to

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[1] Substantively, § 2, ch. 2, 4SSLA 2008, made changes to AS 42.45.110(c) that increased the maximum allowable kilowatt-hour cost for which power cost equalization payments could be calculated from 52.5 cents to $1.00 per kilowatt hour:

> (c) The amount of power cost equalization provided **for each** [PER] kilowatt-hour under [SUBSECTION] (b) of this section may not exceed 95 percent of the power costs, or the average rate **for each** [PER] eligible kilowatt-hour sold, whichever is less, as determined by the commission. However,
>
> (1) [DURING THE STATE FISCAL YEAR THAT BEGAN JULY 1, 1999,] the power costs for which power cost equalization **are** [WERE] paid to an electric utility **are** [WERE] limited to minimum power costs of more than 12 cents **a** [PER] kilowatt-hour and less than **$1 a** [52.5 CENTS PER] kilowatt-hour;
>
> (2) **each year** [DURING EACH FOLLOWING STATE FISCAL YEAR], the commission shall adjust the power costs for which power cost equalization may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau; however, the commission may not adjust the power costs under this paragraph to reduce the amount below the lower limit set out in (1) of this subsection; and

end June 30, 2009, the standards were relaxed -- made less restrictive. Another provision of that Act, § 3, ch. 2, 4SSLA 2008, effective June 30, 2009, restores the standards to what they were before the temporary adjustment.

The provisions of Senate Bill 88 set aside the provisions of the 2008 Act that would restore the former standards.

Bill section 1 repeals the substantive law provision, sec. 3, ch. 2, 4SSSLA 2008, that, if left unamended, would restore the former factors that apply to calculate the amount of power cost equalization payable under that program.

Bill section 3 repeals the related delayed effective date provision, sec. 11, ch. 2, 4SSLA 2008, that, on June 30, 2009, would provide for restoration of the former factors under that power cost equalization formula. This bill section is, in effect, the repeal of an effective date provision that, under the *Manual of Legislative Drafting*, requires that it be separately set out and noticed in the bill title ("providing for an effective date by repealing the effective date of sec. 3, ch. 2, 4SSLA 2008"). *Manual of Legislative Drafting* at pp. 12 - 13. This change affects an effective date in the earlier bill and requires a two-thirds vote in each house for adoption.

Bill section 2 is a contingency provision so that, if Senate Bill 88 is passed late in the session and is substantially delayed in transmittal to the governor, or the governor otherwise fails to act to approve the bill until at or beyond the June 30, 2009, transitional date, the new provisions are made retroactive so that the legislature's intent (to eliminate the scheduled formula calculation change) is fully and seamlessly carried out.

Bill section 4 gives the measure an immediate effective date and requires a two-thirds vote in each house for adoption.

This sectional analysis was prepared in response to a request from Jay Livey.

JBC:lmb
09-007.lmb

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(3) the power cost equalization **for each** [PER] kilowatt-hour may be determined for a utility without historical kilowatt-hour sales data by using kilowatt-hours generated.

A related amendment proposed by § 3, ch. 2, 4SSLA 2008, would readjust the maximum allowable, as amended in the last line of AS 42.45.110(c)(1), as shown in the text, from $1 back to the former rate of 52.5 cents.

Representative Alan Austerman

Alaska State Legislature

Power Cost Equalization

Alaska Statutes 42.45.100-170

History:

PCE grew out of other energy assistance programs as far back as 1980 PCE was established in 1984 as part of a statewide energy plan to assist rural communities not on the road system that are dependent on diesel fuel which do not benefit from the large subsidized energy projects such as the Four Dam Pool, Bradley Lake and the Alaska Intertie.

- **Utilities using diesel to generate at least 75% of power in October 1984 were eligible**
- **Cost of power was to be equalized to the average of Anchorage, Fairbanks and Juneau – 8.5 cents per kWh**
- **Costs above 52.5 cents were not covered**
- **All users were eligible for the first 700 kWh used**
- **Community Facilities receive PCE on 100% of their usage**

Changes to the program since 1984

PCE Endowment Fund was created and capitalized in FY 2001 with funds from the CBR and the Four Dam Pool Project Sale Proceeds. Further capitalized in FY07 with General Funds, now totals around $400 million, invested to earn 7% annually

- **The floor has been raised 51% to 12.83 cents**
- **The ceiling is unchanged since 1984 at 52.5 cents**
- **Eligible electricity has been reduced 30% to 500 kwh**
- **Only one meter per resident**
- **6,000 commercial customers are ineligible for PCE**
- **Fuel use the same, but costs up 150% between FY00 and FY07**
- **Non fuel costs are up 62%**
- **Current funding ($28 million) is at 100% level**
- **More utilities crossing through the 52.5 cent ceiling**
- **Next year for the same program estimated cost $48 million**

How does PCE work?

The Regulatory Commission of Alaska determines the PCE level for each utility based on fuel and non-fuel expenses such as salaries, insurance, taxes, interest and other reasonable costs. AEA administers the PCE fund based on appropriation by the legislature, monthly reports submitted by participating utilities and eligibility determination.

~ Representing Alaska State House District 36 ~

Akhiok | Igiugig | Iliamna | Karluk | Kodiak | Kokhanok | Larsen Bay | Levelock
Newhalen | Nondalton | Old Harbor | Ouzinkie | Pedro Bay | Port Alsworth | Port Lions

How is PCE level determined?
A formula is used to determine PCE levels: 95% of a utility's costs between the floor (12.87cents per kWh) and the ceiling (52.5cents) If the eligible costs are more than 52.5cents/ kWh then PCE level is 37.65

52.5 – 12.87 = 39.63 cents / kWh x 95% = 37.65 cents
*base may vary on annual basis per AS 42.45.110(c) (2)

What does PCE cost to the state?
FY 09 projection to be $42 million ($28mil. endowment plus $14mil general fund if program remains unchanged)

Doesn't Most of PCE go to "Overheads?"

FY07 Program Statistics	
Fuel Costs	$75,261,627
Non-Fuel Costs	$67,411,410
Total Electricity Cost	$142,673,037
Total PCE Disbursed	$25,437,093
Percent of Fuel Costs	34%
Percent of Total Costs	18%

Does Wind Power affect PCE rates?
According to AEA, rates are affected only if wind generation makes the rate go down. While there are no implicit incentives in PCE legislation for renewable energy there is the economic incentive to keep a downward pressure on costs and subsequent cost to consumer.

Wind power will not completely displace diesel but can reduce fuel consumption by as much as 30%. Last year Kotzebue reduced diesel consumption by 100,000 gallons for instance, saving the community an estimated $450,000. Kotzebue now gets 10% of its energy from wind and hopes to reach 20% in the next several years.

4805

Does PCE reduce rural power cost to a level equal to urban levels?

	Residential cents/kWh	PCE Rate (cents/kWh)	Effective Residential Rate 2008 (cents/kWh)	400 kWh/Month	700 kWh/Month
Wattage					
Hours per Month					
kWh per Month					
Akiachak	0.5300	0.3460	0.1840	$73.60	$128.80
District 38 Average	0.5009	0.3057	0.1952	$78.08	$136.64
Juneau	AEL&P		0.1031	$41.24	$72.17
Anchorage	Chugach		0.1386	$55.44	$97.02
Anchorage	ML&P		0.0972	$38.88	$68.04
Fairbanks	GVEA		0.1908	$76.32	$133.56
Mat-Su	MEA		0.1341	$53.64	$93.87
All PCE comm. av.	0.4312	0.2545	0.1767	$70.68	$123.69
Weighted Average ANC/FBX/JNU			0.1283	$51.32	$89.81
D-38 High:					
Newtok	0.7200	0.3765	0.3435	$137.40	$240.45
Kotzebue	0.3605	0.1915	0.1690	$67.60	$118.30
Lime Village	1.1700	0.3765	0.7935	$317.40	$555.45
Ambler	0.8098	0.3765	0.4333	$173.32	$303.31
Ruby	0.6500	0.2233	0.4267	$170.68	$298.69

Note: Even with PCE, D-38 has an average of 52% higher electric rates than the A/F/J weighted average. (the average of all PCE communities, it's 38% higher)

Factoids:

PCE only pays a portion of approximately 30% of all kWh's sold by the participating utilities.

Average kWh Usage per household

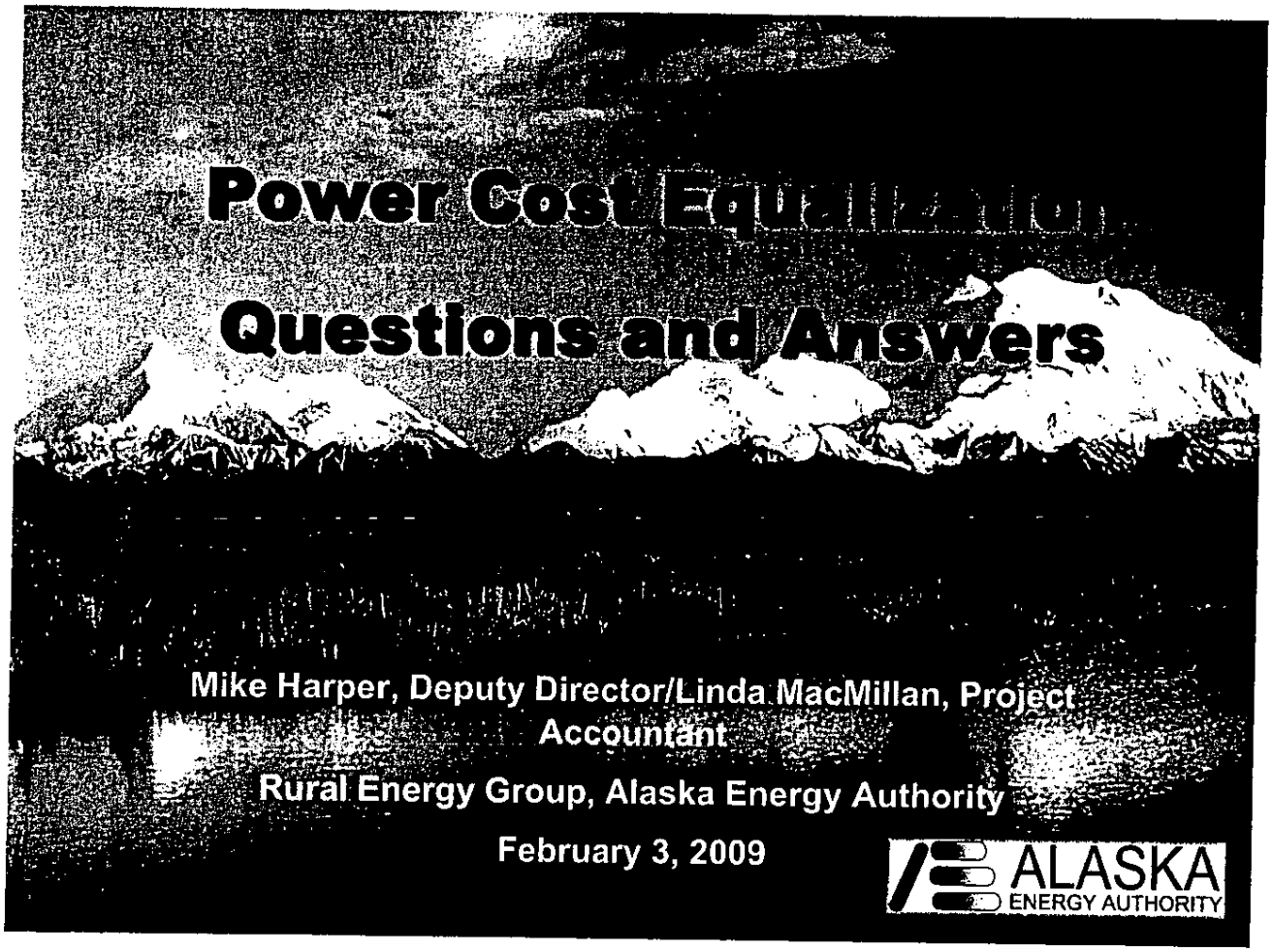
PCE communities:	412
Anchorage:	725
National Average:	750

Currently 183 PCE eligible communities in Alaska

Sources:

http://www.iser.uaa.alaska.edu/Publications/akelectricpowerfinal.pdf
http://www.akenergyauthority.org/programspce.html
http://www.akenergyauthority.org/PDF%20files/PCE%20Program%20Guide%202007.pdf
Meera Kohler, AVEC President and CEO PCE overview power point

4806



Power for Rural Alaska
30 year History

- Statewide -almost no transmission in Alaska
  - Chugach Electric owned a line from Beluga through Anchorage to Nikiski
  - Fairbanks relied on local heavy oil and coal
  - Diesel fuel was the primary energy source elsewhere
- Very little hydropower
  - Eklutna – 30 mw, serving ML&P, MEA, CEA
  - Cooper Lake – 20 mw, serving CEA
  - Snettisham – 52 mw, serving Juneau
  - ~20 mw of small projects scattered throughout SE Alaska

Power Development Begins -Oil started flowing down the Pipeline

The State began to spend its newfound wealth

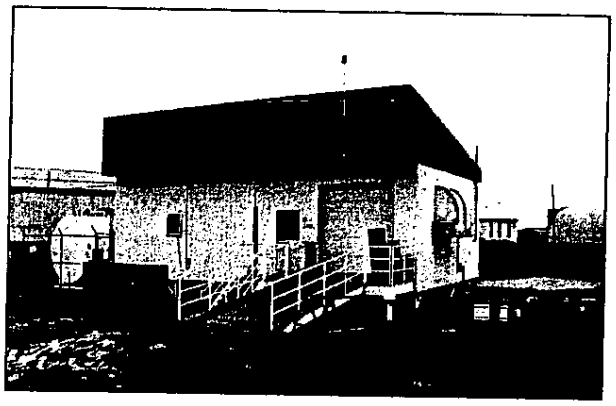
- A transmission line to Fairbanks was started
- The Susitna mega-project design was started - 1981
- The Bradley Lake project was started - 1983
- Kodiak, Valdez, Ketchikan, Wrangell and Petersburg began work on 4 Dam Pool - 1983
- Studies were commissioned to identify projects to reduce the cost of electricity throughout Alaska

Alaska Rural Electrification The First Assistance program

- Oil prices peaked in 1979
- Diesel-fueled utilities were hit hard
- Legislature established the Power Production Cost Assistance Program in 1980 – a one year stop-gap
- In 1981, the program was amended into the Power Cost Assistance Program, which was designed to self-extinguish in five years

RPSU program: Golovin power house

Golovin Before and After



ALASKA ENERGY AUTHORITY

DENALI COMMISSION ALASKA

Alaska Rural Electrification And finally - PCE

- There was no silver bullet to cure rural Alaska's electric needs
- Small loads and small communities spread across thousands of miles could not be interconnected
- Legislature established Power Cost Equalization
  - Cost of power was to be equalized to the average of Anchorage, Fairbanks and Juneau – 8.5 cents per kwh
  - PCA was rewritten as PCE – effective October 1984
  - Utilities using diesel to generate at least 75% of power in October 1984 were eligible
  - Costs above 52.5 cents were not covered
  - All users were eligible for the first 700 kwh used

Power Cost Equalization

- Eligible electricity has been reduced 30% to 500 kwh
- Only one meter per resident
- Commercial customers are ineligible for PCE
- Fuel use the same, but cost up 150% since FY00
- FY09 funding ($28 million) is at 100% level
- More utilities crossing through the 52.5 cent ceiling

PCE Program Changes in Recent Years

	2000	2007
Population served	77,625	78,530
Total Sales (gWh)	391	416
Eligible Sales	116	122
Percentage eligible	29.7%	29.2%
Average Fuel Cost/gallon	$1.10	$2.78
Fuel Consumed – million gallons	27.7	27.6
Fuel cost – millions	$30.4	$75.3
Non-fuel cost – millions	$41.5	$67.4
Total PCE Appropriations– millions	$14.4	$25.6
Percent of costs	20%	18%

Qn. #1 – Does PCE Reduce Rural Power Cost to Urban Levels?

Residential Power Cost per 2007 PCE Report

Chugach Electric	Anchorage	.1205 kWh
Golden Valley	Fairbanks	.2030 kWh
AEL&P	Juneau	.1140 kWh
Kodiak Electric	Kodiak	.1831 kWh
Kotzebue Electric	Kotzebue	.1881* kWh
AVEC	52 Villages	.2362* kWh
Bettles	Bettles	.2859* kWh
MKEC	5 Villages	.4398* kWh
Napakiak	Napakiak	.6014* kWh

*after PCE

Cost of 700 Residential kwh

• Anchorage	$84.35
• Fairbanks	$142.10
• Juneau	$79.80
• Kodiak	$128.17
• Kotzebue	$171.05*
• AVEC Village	$219.56*
• Bettles	$268.63*
• MKEC	$374.88*
• Napakiak	$489.48*

*After PCE

Qn. #2 – Who gets PCE?

- Every residential consumer
  - Only one meter per consumer
  - Only the first 500 kWh
- Community Facilities
  - Up to 70 kWh/resident per month
    - Streetlights
    - Washeterias
    - Water and sewer facilities
    - Community buildings

Qn. #3 – Who doesn't get PCE?

- Schools
- State facilities
- Federal facilities
- Commercial consumers
- Consumers with seriously delinquent accounts

Qn. #4 – How does PCE work?

- Utility applies to RCA to participate
- Utility submits detailed cost and operational data
- RCA determines eligible costs and computes PCE by rate class
- Utility bills customers per normal tariff rates
- Utility applies PCE credit based upon actual consumption (subject to kWh limit)
- Consumer is responsible to pay bill after PCE credit
- Utility bills state (AEA) for all PCE credited
- Utility provides AEA with detailed billing records
- Utility files annual update of costs with RCA, per schedule established by RCA

Qn. #5 – Doesn't PCE discourage Conservation & Innovation?

- Only 29% of all electricity sold in eligible communities receives PCE
- But the smaller the community, the more kwh that are eligible (because of minimal commercial usage)
  - Akiachak 46%
  - Aniak 37%
  - AVEC 48%
  - Cordova 28%
  - Kotzebue 27%
  - Napakiak 72% (School is on own generation)
  - Tanana 38%

Non Fuel Costs –Overhead

- Operating and maintaining power plants
- Operating and maintaining tanks farms
- Operating and maintaining distribution lines
- Connecting customers, billing, collections
- Administration, accounting, engineering, warehouse
- Insurance, depreciation, cost of long-term debt
- Taxes and miscellaneous

Qn. #6 – Would PCE Money be better spent on Alternative Energy?

Wind generation costs 6 times diesel generation

- We cannot use 'utility grade' turbines as in Lower 48
- Average village load is ~150 kw
- There are only 1 or 2 manufacturers of 50-100 kw units
- To accommodate sophisticated integration needs, the existing generation and distribution must be upgraded
- Typical cost of an integrated project $4+ million
- Diesel generation and fuel tankage still needed for the 70%+ energy that wind cannot provide

For more information, please contact...

Jeff Williams or Chris Mello

AEA Rural Energy Group

1-888-300-8534 – Toll Free

1-907-771-3000

ALASKA ENERGY AUTHORITY

ALASKA MUNICIPAL LEAGUE
Alaska Conference of Mayors

217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

ALASKA MUNICIPAL LEAGUE
RESOLUTION #2009-14

A RESOLUTION URGING THE GOVERNOR AND THE ALASKA LEGISLATURE TO EXPAND THE POWER COST EQUALIZATION PROGRAM TO INCLUDE MUNICIPAL FACILITIES, SCHOOLS, HEALTH CLINICS, AND COMMERCIAL ENTERPRISES NOT ELIGIBLE UNDER EXISTING LAW.

WHEREAS, energy costs throughout Alaska are creating significant financial burdens for many residents; and

WHEREAS, communities purchase fuel at a contract price that remains fixed even when prices fall; and

WHEREAS, rural municipalities, schools, health clinics and commercial enterprises are facing increasing difficulty meeting energy expenses; and

WHEREAS, the high cost of fuel for space heating and electricity generation threatens the stability of rural communities; and

WHEREAS, communities that pay in excess of the average kilowatt-hour cost of Juneau, Anchorage, and Fairbanks should be eligible for funding; and

WHEREAS, the Alaska Legislature amended the Power Cost Equalization Program during the 2008 Special Session by raising the eligibility ceiling to $1.00 per kilowatt-hour for one year; and

WHEREAS, the State of Alaska administers the Power Cost Equalization Program to provide residents relief from burdensome fuel costs, thereby providing for community stability and economic relief.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League urges the Governor and the Alaska Legislature to expand the Power Cost Equalization Program to include municipal facilities, schools, health clinics, and commercial enterprises with an appropriate increase in the 70 KwH per capita credit used to calculate the subsidy, and provide comprehensive assistance to eligible communities.

AND, BE IT FINALLY RESOLVED that the Alaska Municipal League believes that the expanded PCE program should provide short-term relief from burdensome energy costs and be phased out as the cost of energy is reduced.

PASSED AND APPROVED by the Alaska Municipal League on this 14th day of November, 2008.

Signed: _____
Denise Michels, President, Alaska Municipal League

Attest: Kathie Wasserman
Kathie Wasserman, Executive Director, Alaska Municipal League

The Association of
Village Council Presidents
Regional Housing Authority
(907) 543-3121 (800) 478-4687

Box 767
Bethel, AK 99559
(907) 543-3933 (FAX)

BOARD OF COMMISSIONERS
ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS
REGIONAL HOUSING AUTHORITY

RESOLUTION # 09-02

A RESOLUTION FOR AVCP RHA
TO SUPPORT SENATE BILL 88

WHEREAS, The Association of Village Council Presidents Regional Housing Authority (AVCP RHA) provides housing services for the villages in the Yukon-Kuskokwim region; and

WHEREAS, This Senate bill is an act entitled; an Act repealing certain provisions relating to modifying the factors that apply to calculating the amount of power cost equalization, and

WHEREAS, The high cost of electricity is impacting the residents in our region as well as the residents of Alaska; and,

NOW THEREFORE BE IT RESOLVED that the Association of Village Council Presidents Regional Housing Authority hereby supports Senate Bill 88.

CERTIFICATION

The foregoing resolution was passed by the Board of Commissioners of the Association of Village Council Presidents Regional Housing Authority in a duly called meeting where a quorum was present, this 19th day of February 2009 by a vote of 5 ayes, 0 nays and 0 abstaining.

SEAL

Robert Nick
Robert Nick, Chairperson

ATTEST:

George Peter, Secretary/Treasurer

NATIVE VILLAGE OF KIPNUK
KIPNUK TRADITIONAL COUNCIL
P.O. BOX 57 • KIPNUK, ALASKA 99614
(907) 896-5515 • FAX (907) 896-5240

RESOLUTION # 09-05

RESOLUTION SUPPORTING A STATE FUEL CAP AND OTHER MEASURES TO LOWER THE COST OF ENERGY FOR REMOTE RURAL COMMUNITIES THROUGHOUT THE STATE OF ALASKA

WHEREAS, the Kipnuk Traditional Council (hereinafter "TRIBE") is a federally recognized Tribal Governing Body for the Native of Kipnuk; and

WHEREAS, the TRIBE represents to promote and protect the health, education and general welfare of the tribal members of the Native Village of Kipnuk; and

WHEREAS, The TRIBE is continuing to conduct business using its 06-19-2008 fuel delivery from Delta Western, Inc. which was purchased at the bulk fuel cost of $366,095.00 for 71,197 gallons and which was expected to last the TRIBE throughout the winter until next fuel delivery was made in June of 2009; and

WHEREAS, the $1,200 energy rebate provided to Alaska residents in October 2008 by the State in an attempt to assist individuals with high anticipated energy costs this winter did not adequately address the dire economic crisis in Southwest Alaska which were caused by high costs of fuel, a poor commercial fishing season, an early and enduring cold snap, and failed fuel deliveries; and

WHEREAS, the TRIBE has been affected this winter in the same way that the communities of Emmonak and Tuluksak have been affected as reported in this month's recent *Anchorage Daily News and Los Angeles Times* newspaper articles. These articles describe the immediate struggle facing many of our tribal members—a struggle forcing them to choose between using the little money they have to either feed their families or buy fuel to heat their homes; and

WHEREAS, with the reality and hardship of half a winter still ahead of us, it is imperative that more appropriate energy relief be brought to our remote rural community of Kipnuk Traditional Council.

THEREFORE BE IT RESOLVED THAT the Kipnuk Traditional Council fully supports Senator Hoffman's call for the State of Alaska to subsidize the difference when an Alaskan has to pay more than $3 a gallon for residential heating fuel)for up to 600 gallons purchased per residence from the months of September through March).

BE IT FURTHER RESOLVED THAT the Kipnuk Traditional Council wholly supports an extension of the Power Equalization program (PCE) through Senate Bill 88 and supports continued and full funding of the Renewable Energy Fund by the Alaska State Legislature.

CERTIFICATION:

We, the undersigned, hereby certify that the Kipnuk Traditional Council adopted the foregoing Resolution at a duly called, noticed and convened meeting on February 17th 2009, by the affirmative vote of 4 members, with 0 members opposed, and 0 abstaining, and that a quorum was present.

Paul Joshua Paul, President

ATTESTED: Daniel M. Mute
Daniel M. Mute, Secretary

NATIVE VILLAGE OF KWIGILLINGOK
KWIGILLINGOK I.R.A. COUNCIL
P.O. BOX 49
KWIGILLINGOK, ALASKA 99622-0049
PH: (907)588-8114/8212
FAX: (907)588-8429
kwkadmin@starband.net

RESOLUTION 02-04-09

RESOLUTION SUPPORTING A STATE FUEL CAP AND OTHER MEASURES TO LOWER THE COST OF ENERGY FOR REMOTE RURAL COMMUNITIES THROUGHOUT THE STATE OF ALASKA.

WHEREAS, The Native Village of Kwigillingok (Hereinafter "TRIBE") is a federally recognized Tribe; and

WHEREAS, The TRIBE is continuing to conduct business using its September 20th, 2008 fuel delivery from North Star Gas & Crowley Marine which was purchased at the bulk fuel cost of $246,521.50 for 55,013 gallons, and which was expected to last the TRIBE throughout the winter until the next fuel delivery September of 2009; and

WHEREAS, The $1,200 energy rebate provided to Alaska residents in October 2008 by the State in an attempt to assist individuals with high anticipated energy costs this winter did not adequately address the dire economic crisis in Southwest Alaska which were caused by high costs of fuel, a poor commercial fishing season, and early and enduring cold snap, and failed fuel deliveries; and

WHEREAS, The TRIBE has been affected this winter in the same way that the communities in Emmonak and Tuluksak have been affected as reported in this month's recent Anchorage Daily News and Los Angeles Times newspaper articles. These articles describe the immediate struggle facing many of our tribal members-a struggle forcing them to choose between using the little money they have to either feed their families or buy fuel to heat their homes; and

WHEREAS, With the reality and hardship of half a winter still ahead of us, it is imperative that more appropriate energy relief be brought to our remote rural community of Native Village of Kwigillingok.

NOW THEREFORE BE IT RESOLVED THAT the Native Village of Kwigillingok fully supports Senator Hoffman's call for the State of Alaska to subsidize the difference when an Alaskan has to pay more than $3 a gallon for residential heating fuel (for up to 600 gallons purchased per residence from the months of September through March).

BE IT FURTHER RESOLVED THAT the Native Village of Kwigillingok wholly supports an extension of the Power Cost Equalization Program (PCE) through Senate Bill 88 and supports continued and full funding of the Renewable Energy Fund by the Alaska State Legislature.

CERTIFICATION

We the undersigned, hereby certify that the Tribal Council of the Native Village of Kwigillingok adopted the foregoing Resolution at a duly called, noticed and convened meeting on March 10, 2009, by the affirmative vote of 5 council members, with 0 council members opposed, and 0 abstaining, and that a quorum was present.

Johnny Friend, President

Lillian Kiunya, Secretary

3/10/09
Date

3-10-09
Date

AVCP

ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS
P.O. BOX 219 • BETHEL, ALASKA 99559 • PHONE 543-3521

RESOLUTION 09-02-01

TITLE: **RESOLUTION SUPPORTING A STATE FUEL CAP AND OTHER MEASURES TO LOWER THE COST OF ENERGY FOR REMOTE RURAL COMMUNITIES THROUGHOUT THE STATE OF ALASKA**

WHEREAS The Association of Village Council Presidents, (AVCP) is the non-profit Alaska Native regional corporation for its fifty-six federally recognized indigenous Native tribes within Southwest Alaska; and

WHEREAS AVCP's member tribes reside in small isolated villages scattered throughout the Yukon-Kuskokwim Delta in an area that is approximately 59,000 square miles and roughly the size of the State of Oregon. The villages are not connected by road to one another, nor to the rest of Alaska. English is a second language for many tribal members who continue to practice a centuries old hunting, fishing and gathering way of life, congregating at home village sites in the winter and moving to fish camps in the summer; and

WHEREAS AVCP serves its member tribes by providing a variety of social service, human development and culturally relevant programs that promote tribal self-determination and self-governance and work to protect and enhance tribal culture and traditions; and

WHEREAS In an effort to meet this objective, AVCP has repeatedly requested Federal and State assistance to address our region's current energy crisis which has resulted from the high costs of fuel, the catastrophic Lower Yukon commercial fishery, the early and enduring cold snap, and failed fuel deliveries; and

WHEREAS During the last legislative session AVCP supported Senate Bill 4002, Senator Lyman Hoffman's carefully crafted energy subsidy legislation, which attempted to distribute relief to Alaska's rural households facing the daunting challenge of heating and lighting their homes during the grueling winter months; and

WHEREAS Senator Hoffman and Representative Mary Nelson argued that the subsidies provided through Senate Bill 4002 were justified by the fact that the State of Alaska furnishes its own employees living in Southwest Alaska with additional monies to defray the higher cost of living; and

WHEREAS While mid-range income Anchorage families were projected to spend about three percent (3%) of their income on energy costs (based on May's prices) and families residing in other cities or towns connected to Alaska's road system were projected to spend about five percent (5%) of a family's income on energy costs, mid-income households in Alaska's remote rural villages were expected to spend about eleven percent (11%) of their income for energy costs; and

WHEREAS It is estimated that the median annual cost of power and heating costs for an Anchorage family is about $2,400, while it is approximately $4,100 for midsize Alaska towns and cities, and $6,600 for Alaska's remote rural villages; and

WHEREAS Now, more than ever, our communities are confronted with dire economic circumstances preventing them from being able to meet these costs. In fact, recent *Anchorage Daily News* and *Los Angeles Times* newspaper articles focused on our member villages of Emmonak and Tuluksak and described the immediate struggle facing many of our tribal members—a struggle forcing them to choose between using the little money they have to either feed their families or buy fuel to heat their homes; and

WHEREAS With the reality and hardship of half a winter still ahead of us, it is imperative that more appropriate energy relief be brought to the remote rural fifty- six (56) villages of the Yukon-Kuskokwim Delta.

NOW THEREFORE BE IT RESOLVED THAT the Association of Village Council Presidents fully supports Senator Hoffman's call for the State of Alaska to subsidize the difference when an Alaskan has to pay more than $3 a gallon for residential heating fuel (for up to 600 gallons purchased per residence from the months of September through March).

BE IT FURTHER RESOLVED THAT the Association of Village Council Presidents wholly supports an extension of the Power Cost Equalization Program (PCE) though Senate Bill 88 and supports continued and full funding of the Renewable Energy Fund. by the Alaska State Legislature.

ADOPTED by the Association of Village Council Presidents' Executive Board during a meeting at Bethel, Alaska, this 24th day of February, 2009.

Raymond J. Watson, Chairman

Myron P. Naneng, Sr., President

Representative Alan Austerman

Alaska State Legislature

MEMORANDUM

To: Representative Mike Hawker, Co-Chair
Representative Bill Stoltze, Co-Chair
House Finance Committee

From: Representative Alan Austerman

Date: April 1, 2009

RE: Public support for HB 150—Power Cost Equalization

There has been a significant volume of support correspondence submitted in reference to House Bill 150. I have attached a small sample of the correspondence for the consideration of the committee members. In addition to support received from individuals, nearly 40 Tribal Councils, Native Corporations, and other organizations such as the Alaska Village Council Presidents and the Alaska Municipal League, submitted their support. I am providing a list of submissions below. Much of the support documentation is available through BASIS.

Please see the attached support packet. Thank you for your consideration of HB 150.

Akiak Native Community
Alaska Municipal League
Alaska Village Electric Cooperative
Anvik Tribal Council
Association of Alaska Housing Authorities
Association of Village Council Presidents
Atmautluak Tribal Council
Chefarnrmute, Inc.
Chefornak Traditional Council
City of Akiak
City of Chuathbaluk
City of Kwethluk
City of Platinum
Emmonak Corporation
Emmonak Tribal Council
Georgetown Tribal Council
Kipnuk Light Plant
Kokarmiut Corporation
Kongiganak Traditional Council
Kotlik Yupik Corporation
Napaimute
Native Village of Atmautluak
Native Village of Eek
Native Village of Kipnuk
Native Village of Kwigillingok
Native Village of Napakiak
Native Village of Toksook Bay
Native Village of Tununak
Native Vllage of Nunapitchuk
Newtok Native Corporation
Northstar Gas
Nunapitchuk Limited
Ohagamiut Traditional Council
Sleetmute Traditional Council
Tuluksak Native Community
Village of Kotlik
Village of Nightmute

4822

VILLAGE OF KOTLIK
P.O BOX 20210
KOTLIK, ALASKA 99620
(907)899-4326 / 4836 FAX (907)899-4790

27 February, 2009

Allen Joseph
Grants Coordinator
AVCP Regional Housing Authority
P.O Box 767
Bethel, Alaska 99559

RE: Representative Bob Herron Hearing on Rural Energy issues

Dear Mr. Joseph,

The Kotlik Tribal Council requests that the information regarding the stories about Kotlik be presented in Robert Nick's testimony before the special committee of the State House of Representatives who will be holding a hearing on rural energy issues in Bethel on Saturday, February 28.

The homes in Kotlik are mainly heated with Toyo or Laser stoves, furnaces and other oil burning stoves. Very few homes have wood-stoves.
A lot of homes are poorly constructed which are not insulated enough to block out the cold winds. Therefore, they are "forced" to buy more stove oil than others. There are some who paid over $1,200.00 in one month to heat their home during the month of December 2008 alone.

As many rural villages in Alaska, Kotlik residents and organizations are facing hardship due to the rising cost of energy.

- Freeze up came early the fall of 2008. Beginning October 2008, we have heard of people "missing" stove-oil from their 55 gallon tanks that are connected to their heating system. The high cost of fuel in Kotlik has caused people to "steal" fuel from others, just because they have no other means of purchasing fuel to heat their homes. This has happened many times (in the past) prior to Oct 08, people "stealing" stove-oil from others.
- Some people trade wood and/or borrow money from others for stove oil.
- The Kotlik Yupik Corporation has allowed some people to charge stove oil although they have exceeded their credit limit.
- The price of fuel has forced families to make the choice between paying for bills, food or fuel. Some families chose to buy stove oil over food so the family can sleep in a warm house. The school children were told they can eat breakfast and lunch at the school.
- Between November 20, 2008 and January 26, 2009, thirty eight (38) Kotlik residents were granted the Emergency Fuel Assistance through the Association of Village Council Presidents (AVCP). The emergency funding for Kotlik was used up on January 26, 2009.

- In February 2009, the Kotlik Tribal Council donated a total of 77 gallons of stove oil to families who had no other means of purchasing it themselves. Some people have been ashamed to ask for help whether from AVCP or the tribe, because they never had to in the past.
- More people have applied for the AVCP Energy Assistance than the previous years – hoping to get approved to lower their over-charged credit with the Kotlik Yupik Corporation and/or receive help with fuel.
- For heat, some people are using their electric cook range, portable hot plates and heaters. This has created their electric bills to be $1,000.00 in one month.
- Despite employer's policy, some employees have been granted early pay advance to purchase fuel.

With high energy costs, and no Chinook salmon commercial fishing this summer, the Kotlik Tribe and local organizations have been trying to come up with ideas to help the people of Kotlik. There is a plan for bingo organizations to have special bingo nights and donate those net proceeds to those who are in need.

Sincerely,

Joseph P. Mike
Tribal President

OHOGAMIUT TRADITIONAL COUNCIL (OTC)
P.O. Box 49, Marshall, AK 99585
Ph: (907) 679-6517/6598 Fax (907) 679-6516
"Let us put our Minds Together and see what kind of Life we can build for our Children" –Sitting Bull

February 27, 2009

Allen Joseph, Grants Coordinator
AVCP RHA
P.O. Box 767
Bethel, AK 99559

RE: Representative Bob Herron on Rural Energy Issues

Dear Mr. Joseph:

The Ohogamiut Traditional Council (OTC) as a federally recognized tribe with jurisdiction in Marshall, Alaska, is advocating for long-term solutions to address the unrealistically high cost of living in Marshall spurred by high energy and transportation costs. Thus, the OTC requests that Mr. Robert Nick convey our plight to Representative Bob Herron and other dignitaries on the hearing on Rural Energy at Bethel Saturday February 28, 2009.

Marshall resident's pay $7.11 with local taxes for heating fuel. $6.21 with local taxes, and $293.47 for one bottle of 100 pounds of propane. Other petroleum products like motor oil have also dramatically increased as well. Majority of the homes in Marshall are old and inadequately insulated/weatherized that contributes to the high consumption of heating fuel on a given cold spell. People are worried when the temperature drops because it means buying more stove oil with very little or no cash left on hand for groceries. Simply, we are forced to choose between food and heating fuel, which creates dilemma.

Though we in the Marshall area have more firewood available, record snowfall has covered logs along the river and other areas making it harder to look for wood to burn. Majority of the homes are equipped with Toyo, Laser stoves, and the newer AVCP homes utilize central boilers. On the average, families spend over $1,000.00 per month on heating fuel alone with very little cash left to pay for utilities, groceries, and other lines of credit at the local stores. Many families are in debt with utility providers and it is certain that the AVEC will serve many disconnect notices this spring.

The unique challenges in Marshall reflect inflation spurred by the 2008 energy crisis is as follows:

- Colder than usual summer, fall, and winter of 2008-2009.
- Failed summer 2008 king salmon fishery, which is vital to the village economy.
- High grocery and store merchandise prices.
- Lines of local store credit maxed out for groceries and fuel.

- Area air travel to Bethel hub is unaffordable.
- Projected 2009 king salmon commercial fishery closure with subsistence harvest limitations.
- Local wild fire fighters crews did not go out summer 2008; income from this seasonal employment source is another important source of cash flow.
- High unemployment rates in the village as high as 85%.
- 85-90% of the village residents on public assistance.
- Stove oil and firewood theft on the rise.
- CITCO has not distributed free 100 gallons of heating fuel to eligible families to date.
- No local foodbanks for families with low food security.

We are requesting that the State of Alaska, federal government, and other agencies find long-term solutions to address the "third world-like" conditions here in the Wade Hampton District, by far; we are the poorest region in the country. Per capita income for our region was a mere $8,717.00 during the 2000 Census with little changes to date.

Sincerely,

Jason S. Isaac, President

Nick P. Andrew, Jr., Executive Director

Cc: file:

KOKARMIUT CORPORATION
PO BOX 52147
AKIAK, ALASKA 99552
PH: (907) 765-7228 FAX: (907) 765-7619

March 11, 2009

Senator Bob Harron
Alaska State Capitol, Room 415
Juneau, Alaska 99801

Re: HB 150

Honorable Chairs and Members of the Committee:

On behalf of the Community of Akiak we want to thank the Alaska Legislature's Efforts in addressing the energy needs of all Alaskans, particularly those of our Region which has been faced with challenging humanitarian issues stemming from The ever increasing electric and fuel costs. We are sincerely grateful for last years Increase in the ceiling of the PCE program which has been helping our community The PCE program helps us to maintain the critical circulation of little income and Revenue we are able to have in our village. The PCE program is a priority and we Respectfully ask for, "continuation of the PCE program and perpetuation of the Eligible costs ceiling at $1.00".

The AEA estimates the FY2010 cost of retaining the $1.00 ceiling at $3.4 million. The bulk of our village income is dedicated to paying for the upkeep of energy, and If the PCE rate drops, our electric costs will go up immediately. We realize that Our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs Are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a Cost ceiling of $1.00 per kilowatt-hour (kWh). We are also asking you to Consider increasing the household limit form 500kWh per month to the National average of 750kWh per month. Our local economy is fragile and Vulnerable and needs consideration in the PCE program. We are asking for A restoration of PCE eligibility to businesses, clinics and other public Facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local Economies in rural Alaska that are struggling or on the brink of failure.

KOKARMIUT CORPORATION
PO BOX 52147
AKIAK, ALASKA 99552
PH: (907) 765-7228 FAX: (907) 765-7619

Thank you for the opportunity to comment.

Sincerely,

David Gilila Sr
Gen. Manager

TULUKSAK NATIVE COMMUNITY
P.O. BOX 95
TULUKSAK, ALASKA 99679
Telephone: (907) 695-6420
Fax Number: (907) 695-6932

March 16, 2009

House Community & Regional Affairs Committee

RE: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native Village of Tuluksak, Alaska, we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1.00 ceiling at $3.4 million. The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation in increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank-You for the opportunity to comment.

Sincerely,
Tuluksak Native Community

Joseph Alexie

Joseph Alexie, TNC Council President

City of Kwethluk
P.O. Box 50
Kwethluk, Alaska -99621-

Phone: (907) 757 -- 6022 **Fax: (907) 757 -6497**

March 11, 2009

House Community & Regional Affairs Committee
Juneau, Alaska

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the City of Kwethluk, we want to thank the Alaska Legislature's hard work in addressing the energy needs of all Alaskans, particularly those in our region which face humanitarian issues stemming from the continuous increase of our electrical and fuel costs. Many of us are grateful for last years increase in the ceiling of the Power Cost Equalization Program which has been assisting our community as a whole. The PCE program assists all of us to maintain the critical circulation of what little income and revenue we are able to have in our community. The PCE program is a priority and we respectfully ask for:

Continuation of the Power Cost Equalization Program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY- 2010 cost of retaining the $1.00 ceiling at $3.4 million. The bulk of our community income is dedicated to paying for the upkeep of energy, and if the Power Cost Equalization Program rate drops, our electric costs will go up immediately. Our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families cannot afford to pay for this when their energy costs are already taking up to 70% of their income.

City of Kwethluk asks respectfully that the State of Alaska legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour, and we ask that you consider increasing the household limit from 500kWh per month to the national average of 700kWh per month. Our local economy needs the PCE program to make ends meet. We are asking for restoration of PCE eligibility to businesses, clinics, schools, and other public facilities when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economy in rural Alaska. Thank you for giving us the opportunity to comment.

Quyana cakneq,

David Epchook, Mayor

Alexie B. Morris, Sr., City Manager

Testimony to:

Alaska State House of Representatives
Community & Regional Affairs Committee
on H.B. 150

By Robert Nick
Nunapitchuk, AK

Introduction

Good morning, my name is Robert Nick, from Nunapitchuk.

Please allow me to express my thanks to co-chairs Rep. Bob Herron of Bethel and Rep. Cathy Munoz of Auke Bay for this opportunity to come before this committee and talk about rural Alaska energy issues, an area which today is dramatically affecting us and our State in many ways.

Energy Costs in Rural Alaska

As you might have heard, gas prices in bush Alaska are between $6 to $8 a gallon, while heating oil equals or costs a little more than gas. In Anchorage, the average electric bill is about $80 to $100 for electricity (around 7 to 8 cents per kWh, plus a few fees) for a 2,000 sq. ft. home in winter, using around 1,000 kilowatt hours (a month). In Bethel, residents with a 1,000 sq. ft. home pay around $150 to $200 for electricity (about 600 kilowatt hours a month) with the help of PCE, with other high fees (surcharges); without it, this cost would have been $300 to $400 month.

This year, we have faced some of the coldest weather, especially in December. People living in bush Alaska villages in some homes, we are told, were trying to keep warm using electric stoves, radiant heaters, or other electric burners. And this has had a dramatic effect on the rise of electricity in relation to the cold weather. And the very cold temperatures this winter have increased heating fuel use also, especially in poorly built homes. And almost all families have fuel-burning furnaces requiring electricity to run. In Kotlik, some families paid $1,000 for electricity in one month. December heating bills were high, with some families in Kotlik and Atmautluak paying $1,200 a month for heating. Some paid less – around $700. Those who only paid $500 or less were "lucky."

You've now heard it said that bush village residents are now choosing fuel over food so their children could sleep in a warm house. As for food, children are told by their parents to eat breakfast and/or lunch at school. And the parents, they say "they make do" with whatever they can. Many homes have empty cupboards and refrigerators, getting by on 100 percent subsistence foods, which in late winter gets harder to get.

Few Jobs in Rural Alaska

Many Alaska village residents that really need help during this energy crisis don't have much money due to little or few jobs or have low-paying jobs because of the depressed local economies of rural communities. To make things worse, grocery or store items are now very, very expensive - first of all, because of high freight costs due to the recent high energy prices and then the high cost of running stores due to high energy costs which is passed down to consumers. And this high cost of consumable foods will be further increased by the proposed By-Pass Mail rate increases in two months (May 11, 2009) by 30 to 40 percent.

Many village residents have limited income and where I come from, the Bethel Census and Wade-Hampton Districts, have high unemployment and poverty rates. The Bethel Census unemployment rate is 16.6%, while the Wade-Hampton unemployment rate is 22.8% (State of Alaska, Jan. 2009). The Bethel Census poverty rate is 20.7% or a fifth of the people out of the 17,147 population, while in Wade Hampton, the poverty rate is 26% or a *quarter* of the population of 7,580 (U.S. Census). (In comparison, the Anchorage poverty rate is around 8 to 10% and unemployment is around 6.8%.)

Conclusion

I am very thankful for last year's increase in the ceiling of the PCE program which has been very helpful to our rural community households this winter. We are asking the Alaska State Legislature to continue fully funding PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh), as per SB 4002, and making this permanent, since that would provide continuing assistance to rural Alaskans in paying for the very expensive electricity found in Bush Alaska.

I am also respectfully asking the Legislature to consider increasing the household limit from 500 kWh per month to the national average of 750kWh per month. Our regional economy is fragile and vulnerable and needs further consideration in the PCE program. Finally, I am asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. Without PCE, schools are struggling with high energy and electrical costs, and the cost of maintaining their utilities is taking away from teachers and classroom budgets, compromising the quality of education in those schools.

Thank you very much for listening to me and hearing me out. I don't speak only for myself, but for many of the residents in the Y-K Delta who are facing many hardships this winter because of high energy costs. As part of my testimony, I add some letters that other villages sent (sent by email) and wanted me to include with my other testimony for another energy related bill. Please make time to read them.

Again, thank you for the opportunity to comment.

Association of Alaska Housing Authorities

Written Testimony to the House Community & Regional Affairs Committee

Tlingit-Haida Regional Housing Authority
PO Box 32237
Juneau, Ak 99803-2234
907-780-6868

Interior Regional Housing Authority
828 27th Avenue
Fairbanks, Ak 99701-6918
907-452-8315

North Pacific Rim Housing Authority
8300 King Street
Anchorage, Ak 99518
907-562-1444

Cook Inlet Housing Authority
3510 Spenard Rd. Suite 201
Anchorage, Ak 99503-2745
907-276-8822

Aleutian Housing Authority
4000 Old Seward Hwy, Suite 202
Anchorage, Ak 99503
907-563-2146

Tagiugmiullu Nunamiullu Housing Authority
PO Box 409
Barrow, Ak 99723
907-852-7150

Bristol Bay Housing Authority
PO Box 50
Dillingham, Ak 99576-0050
907-842-5956

Copper River Basin Regional Housing Authority
PO Box 89
Glennallen, Ak 99588
907-822-3633

AVCP Regional Housing Authority
PO Box 767
Bethel, Ak 99559-0767
907-543-3121

Baranof Island Housing Authority
PO Box 517
Sitka, Ak 99835-0517
907-747-5088

Bering Straits Regional Housing Authority
PO Box 995
Nome, Ak 99762-0995
907-443-5256

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Ak 99504
907-338-6100

Kodiak Island Housing Authority
3137 Mill Bay Rd
Kodiak, AK 99615-7032
907-486-8111

Northwest Inupiat Housing Authority
PO Box 331
Kotzebue, Ak 99752-0331
907-442-3450

Ketchikan Indian Community
2960 Tongass Avenue
Ketchikan, Alaska 99901

Supporting HB 150

For Committee Meeting on March 12, 2009 at 8:00 a.m.

The Association of Alaska Housing Authorities' (AAHA) membership includes 14 Regional Housing Authorities created pursuant to AK Statute, 18.55, and the Alaska Housing Finance Corporation (AHFC).

AAHA is in strong support of HB 150.

In partnership with AHFC and an ever-growing list of other state and federal partners, AAHA members serve residents in every part of Alaska. The regional housing authorities have built well over 7,000 housing units since their inception in 1971 and collectively administer well over 100 million in federal and state funds on an annual basis. The vast majority of housing in rural Alaska has been built by AAHA members and AAHA's urban members are a strong presence in Alaska's larger communities. In addition to new construction, AAHA members provide a wide range of other housing and housing related services, including providing weatherization and other housing rehab services throughout the state, developing community infrastructure, and working with our partners like AHFC, are also one of the largest employers in rural Alaska, playing a critical role in helping to sustain many of our local bush economies.

Given the role that AAHA members play in meeting these critical human needs across our state, and given the role and impact of energy costs throughout Alaska, it is obvious that we would have an extremely strong interest in the legislation under consideration today, and the broader issues of both short and long-term state energy policies.

It is our understanding that HB150 continues changes to the Power Cost Equalization Program (PCE), which were approved by the Alaska State Legislature in last July's special session. The changes increase the state subsidy for the PCE Program from up to .52 per kilowatt hour to up to $1.00 per kilowatt hour.

This legislation responsibly addresses the rising cost of energy in the state and the disparity in energy costs in certain parts of the state. Again, on behalf of our many member organizations, serving residents throughout Alaska, we strongly support HB 150.

Heather Arnett, Administrator, Assoc. of AK Housing Authorities
(907) 338-3970, 4300 Boniface Pkwy., Anchorage, AK 99504,
aaha@alaska.net.

SLEETMUTE TRADITIONAL COUNCIL

P.O. Box: 109, Sleetmute, AK-99668; Ph: 907-449-4205; Fax: 907-449-4203

Email: sleetmutetraditionalcouncil@yahoo.com

House Community & Regional Affairs Committee March 17, 2009

RE: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native village of Sleetmute we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1.00 ceiling at $3.4 million.
The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per Kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely, Native Village of Sleetmute

Tribal Council President

VILLAGE OF KOTLIK
P.O BOX 20210
KOTLIK, ALASKA 99620
(907)899-4326 / 4836 FAX (907)899-4790

27 February, 2009

Allen Joseph
Grants Coordinator
AVCP Regional Housing Authority
P.O Box 767
Bethel, Alaska 99559

RE: Representative Bob Herron Hearing on Rural Energy issues

Dear Mr. Joseph,

The Kotlik Tribal Council requests that the information regarding the stories about Kotlik be presented in Robert Nick's testimony before the special committee of the State House of Representatives who will be holding a hearing on rural energy issues in Bethel on Saturday, February 28.

The homes in Kotlik are mainly heated with Toyo or Laser stoves, furnaces and other oil burning stoves. Very few homes have wood-stoves.
A lot of homes are poorly constructed which are not insulated enough to block out the cold winds. Therefore, they are "forced" to buy more stove oil than others. There are some who paid over $1,200.00 in one month to heat their home during the month of December 2008 alone.

As many rural villages in Alaska, Kotlik residents and organizations are facing hardship due to the rising cost of energy.

- Freeze up came early the fall of 2008. Beginning October 2008, we have heard of people "missing" stove-oil from their 55 gallon tanks that are connected to their heating system. The high cost of fuel in Kotlik has caused people to "steal" fuel from others, just because they have no other means of purchasing fuel to heat their homes. This has happened many times (in the past) prior to Oct 08, people "stealing" stove-oil from others.
- Some people trade wood and/or borrow money from others for stove oil.
- The Kotlik Yupik Corporation has allowed some people to charge stove oil although they have exceeded their credit limit.
- The price of fuel has forced families to make the choice between paying for bills, food or fuel. Some families chose to buy stove oil over food so the family can sleep in a warm house. The school children were told they can eat breakfast and lunch at the school.
- Between November 20, 2008 and January 26, 2009, thirty eight (38) Kotlik residents were granted the Emergency Fuel Assistance through the Association of Village Council Presidents (AVCP). The emergency funding for Kotlik was used up on January 26, 2009.

- In February 2009, the Kotlik Tribal Council donated a total of 77 gallons of stove oil to families who had no other means of purchasing it themselves. Some people have been ashamed to ask for help whether from AVCP or the tribe, because they never had to in the past.
- More people have applied for the AVCP Energy Assistance than the previous years – hoping to get approved to lower their over-charged credit with the Kotlik Yupik Corporation and/or receive help with fuel.
- For heat, some people are using their electric cook range, portable hot plates and heaters. This has created their electric bills to be $1,000.00 in one month.
- Despite employer's policy, some employees have been granted early pay advance to purchase fuel.

With high energy costs, and no Chinook salmon commercial fishing this summer, the Kotlik Tribe and local organizations have been trying to come up with ideas to help the people of Kotlik. There is a plan for bingo organizations to have special bingo nights and donate those net proceeds to those who are in need.

Sincerely,

Joseph P. Mike
Tribal President

City of Platinum
P.O. Box 47
Platinum, AK 99651

House Community & Regional Affairs Committee

RE: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native Village of Platinum, AK: we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $ 1.00.

The AEA estimates the FY 2010 cost of retaining the $ 1.00 ceiling at $ 3.4 million. The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70 % of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $ 1.00 per. kilowatt-hour (kwh). And we are also asking you to consider increasing the household limit from 500 kwh per. month to the national average of 750 kwh per. month. Our local economy is fragile and vulnerable and needs consideration in the PCE promgram. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

Native Village of Platinum, AK

Gilbert Kilbuck (Mayor)

Rob Earl

From: Rep. Bob Herron
Sent: Tuesday, March 10, 2009 5:48 PM
To: Rob Earl
Subject: FW:

From: Florence Therchik [mailto:fptherchik@yahoo.com]
Sent: Tuesday, March 10, 2009 3:57 PM
To: Rep. Bob Herron
Cc: Simeon_John@ykhc.org
Subject:

March 12, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native village of Toksook Bay, we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1,00 ceiling at $3.4 million.
The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

NATIVE VILLAGE OF TOKSOOK BAY

March 12, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native village of Nunapitchuk we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1,00 ceiling at $3.4 million.
The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

NATIVE VILLAGE OF NUNAPITCHUK

Gedaniah C. Chuck Sr.

March 12, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

The Association of Village Council Presidents is a non-profit tribal social service organization serving the 56 tribal villages of the Yukon Kuskokwim Delta region of Alaska. Village residents' electric bills and fuel costs have taken up almost all of their disposable income in recent years and in many cases the costs have been overwhelming. As has been reported in news media, many families have had to choose between food and the cost of energy. Because of the energy crisis in our region the PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1,00 ceiling at $3.4 million.

Our residents are already paying upwards of 70% of their available disposable income on energy costs, and if the PCE rate drops, their electric costs will go up immediately. Local utilities will have to collect on those fuel costs in order to recover the 2008 outlay, and this cost is transferred to the households, the families in our villages.

We are asking respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) Increased funding to PCE is definitely part of the solution. PCE does help to equalize energy costs between rural and urban areas on the first 500 kWh used, since a qualifying rural utility receives 95% of eligible costs between the average of ANC/FBX/JNU rates (12.83 cents/kWh) and 1.00 /kWh (the ceiling). It should be noted that only 29% of electricity sold by PCE utilities is eligible for PCE, with the other 71% being paid for by homeowners and businesses at rates almost five times that in urban Alaska.

In addition to increasing the funding to PCE by raising the "ceiling," we also ask that the household limit be increased from 500kWh per month to the national average of 750kWh per month. After last year's fuel prices, virtually all PCE communities are now over the 52.5 cent cost or, as in the larger hub communities, within a few cents. We also ask the legislature to restore PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS, INC.

Myron P. Naneng, Sr.
President

4840

March 12, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native village of Nightmute we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1,00 ceiling at $3.4 million. The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

NATIVE VILLAGE OF Nightmute

Cornelius Tuluk

Testimony to:

Alaska State House of Representatives
Community & Regional Affairs Committee
on H.B. 150

By Robert Nick
Nunapitchuk, AK

Introduction

Good morning, my name is Robert Nick, from Nunapitchuk.

Please allow me to express my thanks to co-chairs Rep. Bob Herron of Bethel and Rep. Cathy Munoz of Auke Bay for this opportunity to come before this committee and talk about rural Alaska energy issues, an area which today is dramatically affecting us and our State in many ways.

Energy Costs in Rural Alaska

As you might have heard, gas prices in bush Alaska are between $6 to $8 a gallon, while heating oil equals or costs a little more than gas. In Anchorage, the average electric bill is about $80 to $100 for electricity (around 7 to 8 cents per kWh, plus a few fees) for a 2,000 sq. ft. home in winter, using around 1,000 kilowatt hours (a month). In Bethel, residents with a 1,000 sq. ft. home pay around $150 to $200 for electricity (about 600 kilowatt hours a month) with the help of PCE, with other high fees (surcharges); without it, this cost would have been $300 to $400 month.

This year, we have faced some of the coldest weather, especially in December. People living in bush Alaska villages in some homes, we are told, were trying to keep warm using electric stoves, radiant heaters, or other electric burners. And this has had a dramatic effect on the rise of electricity in relation to the cold weather. And the very cold temperatures this winter have increased heating fuel use also, especially in poorly built homes. And almost all families have fuel-burning furnaces requiring electricity to run. In Kotlik, some families paid $1,000 for electricity in one month. December heating bills were high, with some families in Kotlik and Atmautluak paying $1,200 a month for heating. Some paid less – around $700. Those who only paid $500 or less were "lucky."

You've now heard it said that bush village residents are now choosing fuel over food so their children could sleep in a warm house. As for food, children are told by their parents to eat breakfast and/or lunch at school. And the parents, they say "they make do" with whatever they can. Many homes have empty cupboards and refrigerators, getting by on 100 percent subsistence foods, which in late winter gets harder to get.

Few Jobs in Rural Alaska

Many Alaska village residents that really need help during this energy crisis don't have much money due to little or few jobs or have low-paying jobs because of the depressed local economies of rural communities. To make things worse, grocery or store items are now very, very expensive - first of all, because of high freight costs due to the recent high energy prices and then the high cost of running stores due to high energy costs which is passed down to consumers. And this high cost of consumable foods will be further increased by the proposed By-Pass Mail rate increases in two months (May 11, 2009) by 30 to 40 percent.

Many village residents have limited income and where I come from, the Bethel Census and Wade-Hampton Districts, have high unemployment and poverty rates. The Bethel Census unemployment rate is 16.6%, while the Wade-Hampton unemployment rate is 22.8% (State of Alaska, Jan. 2009). The Bethel Census poverty rate is 20.7% or a fifth of the people out of the 17,147 population, while in Wade Hampton, the poverty rate is 26% or a *quarter* of the population of 7,580 (U.S. Census). (In comparison, the Anchorage poverty rate is around 8 to 10% and unemployment is around 6.8%.)

Conclusion

I am very thankful for last year's increase in the ceiling of the PCE program which has been very helpful to our rural community households this winter. We are asking the Alaska State Legislature to continue fully funding PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh), as per SB 4002, and making this permanent, since that would provide continuing assistance to rural Alaskans in paying for the very expensive electricity found in Bush Alaska.

I am also respectfully asking the Legislature to consider increasing the household limit from 500 kWh per month to the national average of 750kWh per month. Our regional economy is fragile and vulnerable and needs further consideration in the PCE program. Finally, I am asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. Without PCE, schools are struggling with high energy and electrical costs, and the cost of maintaining their utilities is taking away from teachers and classroom budgets, compromising the quality of education in those schools.

Thank you very much for listening to me and hearing me out. I don't speak only for myself, but for many of the residents in the Y-K Delta who are facing many hardships this winter because of high energy costs. As part of my testimony, I add some letters that other villages sent (sent by email) and wanted me to include with my other testimony for another energy related bill. Please make time to read them.

Again, thank you for the opportunity to comment.

City Of Akiak
P.O. Box 52028
Akiak, Alaska 99552
Ph. 765-7411-Fax 765-7414

Representative Bob Harron
Alaska State Capitol, Room 415
Juneau, Alaska 99801

Representative Cathy Munoz
Alaska State Capitol, Room 409
Juneau, Alaska 99801

House Community And Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee

On behalf of the City of Akiak we want to extend our thank you to the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of us in our region who are facing challenging humanitarian issues stemming from the ever increasing fuel and electricity costs. We are very grateful for last year's increase in the ceiling of the PCE program which has been helping our village.

As mentioned in our Fall 2008 request for assistance, some of our head of household customers in our village have to make a choice of having heat in the house or food on the table and as you understand a home without heat and light is no place to live in. The PCE program helps our customers who pay for heating and electrical costs maintain the circulation of the little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for: CONTINUATION OF THE PCE PROGRAM AND PERPETUATION OF THE ELIGIBLE COSTS CEILING AT $1.00.

The bulk of our village income is dedicated to paying for the upkeep of heating and electrical needs, and if PCE rate drops, our electric and heating costs will go up, at present our community members with no other choice have to pay for $.63 cents a kilowatt hour rate and $6.45 for heating fuel, and even the cost of oil is dropping the fuel our vendors paid for does not change and we pay at the same rate to make sure our vendors will be able to purchase more fuel for the up coming year.

We ask respectfully that the legislature provide funding to continue the PCE program at a cost ceiling of $1.00 per kilowatt-hour (KWh.). and we also ask you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. We also ask for a restoration of the PCE eligibility to businesses, clinics, and other critical public facilities that were included in the program when it was originally enacted.

This is critical to keep down the inflation and increase the viability of our local economies in rural Alaska that are struggling or even on the verge of failing.

Thank you for the opportunity to comment.

Sincerely,

For the City of Akiak

Debra Jackson
Mayor

SLEETMUTE TRADITIONAL COUNCIL

P.O. Box: 109, Sleetmute, AK-99668; Ph: 907-449-4205; Fax: 907-449-4203
Email: sleetmutetraditionalcouncil@yahoo.com

House Community & Regional Affairs Committee March 17, 2009

RE: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native village of Sleetmute we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1.00 ceiling at $3.4 million.
The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per Kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely, Native Village of Sleetmute

Tribal Council President

Native Village of Napakiak
IRA Council
P.O. Box 34069
Napakiak, AK 99634
P (907) 589-2135 F (907) 589-2136

March 12, 2009

Senator Bob Herron
Alaska State Capitol, Rm 415
Juneau, AK 99801
T (907) 465-4942
F (907) 465-4589

Re: Testimony on HB 70

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native village of Napakiak we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1,00 ceiling at $3.4 million.
The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,
NATIVE VILLAGE OF NAPAKIAK

for IRA Council

Linda Motzigbia

Akiak Native Community

Akiak IRA Council
P.O. Box 52127
Akiak, Alaska 99552
Phone: (907) 765-7112 Fax: (907) 765-7512

March 12, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

First of all on behalf of the tribal members of the Akiak Native Community I would like to thank the Alaska Legislation addressing the energy needs and challenges ALL Alaskan's face, especially those in our area. The PCE program that was increased last year has helped our community a great deal and the program is critically needed.

This letter is to request that you continue to fund the PCE at a cost ceiling of $1.00 per kWh. We also request that the PCE eligibility to businesses, health care facilities, and utilities be included in the program .

Again we appreciate your recognition of our communities energy needs throughout Alaska.

Sincerely,

IVAN M IVAN, CHIEF
Akiak IRA Council

Sheila Williams
Tribal Administrator

ANVIK TRIBAL COUNCIL
P.O. Box 10
ANVIK, AK 99558
(907) 663-6322
FAX (907) 663-6357
e-mail – anvik_tribal@yahoo.com

March 12, 2009

Representative Cathy Munoz
Alaska State Capital, Room 409
Juneau, Alaska 99801

Re: Testimony on HB 150

Dear Honorable Co-Chairs and Members of the Committee:

On behalf of the Native Village of Anvik, we want to thank the Alaska Legislatures efforts in addressing the energy need of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible cost ceiling at $1.00.

The AEA estimates FY2010 cost for retaining the $1.00 ceiling at $3.4 million. The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realized that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy cost are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour(kWh.) We are also asking you to consider increasing the household limit from 500kWh per moth to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics, and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

Christine Elswick

Christine Elswick, Secretary/Treasure
Anvik Traditional Council

Emmonak Tribal Council
P.O. BOX 126
EMMONAK, ALASKA 99581
(907) 949-1720
FAX (907) 949-1384

March 12, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native village of Emmonak we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible cost ceiling at $1.00.

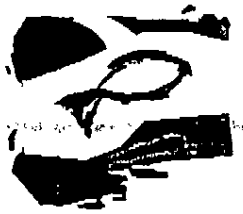
The AEA estimates the FY2010 cost of retaining the $1.00 ceiling at $3.4 million.
The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) and we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

Native Village of Emmonak



GEORGETOWN
tribal council

March 13, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native Village of Georgetown I want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1.00 ceiling at $3.4 million.
The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

Amber Matthews
Tribal Administrator

4300 B Street, Suite 207 • Anchorage, AK 99503 • (907) 274-2195 • FAX (907) 274-2196 • gtc@gci.net • Toll free 1 888 274-2195

Kotlik Yupik Corporation
P.O. Box 20207
Kotlik, Alaska 99620
(907) 899-4014 / 4634 Fax (907) 899-4528

March 12, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee

On behalf of the Native village of Kotlik we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1.00 ceiling at $3.4 million.
The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rates drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

Agnes M. Alexie, Chairperson
NATIVE VILLAGE OF KOTLIK

MAR 12 2009

City of Kwethluk
P.O. Box 50
Kwethluk, Alaska -99621-

Phone: (907) 757 – 6022 **Fax: (907) 757 -6497**

March 11, 2009

House Community & Regional Affairs Committee
Juneau, Alaska

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the City of Kwethluk, we want to thank the Alaska Legislature's hard work in addressing the energy needs of all Alaskans, particularly those in our region which face humanitarian issues stemming from the continuous increase of our electrical and fuel costs. Many of us are grateful for last years increase in the ceiling of the Power Cost Equalization Program which has been assisting our community as a whole. The PCE program assists all of us to maintain the critical circulation of what little income and revenue we are able to have in our community. The PCE program is a priority and we respectfully ask for:

Continuation of the Power Cost Equalization Program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY- 2010 cost of retaining the $1.00 ceiling at $3.4 million. The bulk of our community income is dedicated to paying for the upkeep of energy, and if the Power Cost Equalization Program rate drops, our electric costs will go up immediately. Our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families cannot afford to pay for this when their energy costs are already taking up to 70% of their income.

City of Kwethluk asks respectfully that the State of Alaska legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour, and we ask that you consider increasing the household limit from 500kWh per month to the national average of 700kWh per month. Our local economy needs the PCE program to make ends meet. We are asking for restoration of PCE eligibility to businesses. clinics, schools, and other public facilities when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economy in rural Alaska. Thank you for giving us the opportunity to comment.

Quyana cakneq,

David Epchook, Mayor

Alexie B. Morris, Sr., City Manager

Nunapitchuk Limited

P.O. Box 129 Nunapitchuk Alaska 99641 Phone No 907 527-5717 Fax 527-5229

March 13, 2009.

House Community & Regional Affairs Committee.

Re: Testimony on HB 150.

Honorable Co-Chairs and Members of the Committee:

On behalf of the Nunapitchuk Limited Corporation, we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is priority and we respectfully as for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $ 1.00.

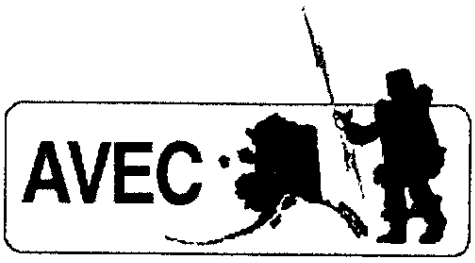
The AEA estimates the FY 2010 cost of retaining the $ 1.00 ceiling at $ 3.4 million. The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70 % of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $ 1.00 per kilowatt-hour (kWh). And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a resoration of PCE eligibility to business, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

Nunapitchuk Limited Corporation.
Vice-Chairman- Jerry Sam Wassillie Sr.



March 4, 2009

House Finance Committee

Re: Testimony on HB 81, FY 2010 Operating Budget

Honorable Co-Chairs and Members of the Committee:

Alaska Village Electric Cooperative is a non-profit, consumer owned utility serving 53 villages – 44% of Alaska's village population. Our average village has some 400 residents and the cost of energy in these communities has been crippling families and businesses for several years, especially in recent years as the world cost of oil has skyrocketed.

During last year's legislative and special sessions, the ceiling on Power Cost Equalization (PCE) costs was raised to $1.00 per kWh for nine months and will automatically revert back to 52.5 cents per kWh unless the legislature acts to perpetuate this rate. If the rate drops, AVEC's residential and community users will see an average rate increase of more than twelve cents a kWh immediately, since we will be collecting on last year's fuel costs through September, 2008.

As you consider the Operating Budget for FY 2010, I respectfully request that funding be included to continue PCE calculated on costs of up to $1.00 per kilowatt-hour (kWh.) There is no doubt that the floor for PCE calculations will be rising substantially since Juneau saw a few months of diesel powered electricity, Fairbanks saw dramatic fuel cost increases and Anchorage consumers also saw rate increases last year. Each penny that the floor increases reduces the PCE program cost by $1,160,000.

It is entirely likely that this year's floor increase will result in the Governor's recommendation of $32,160,000 being sufficient to fully fund PCE even with the higher ceiling of $1.00 per kWh being left in place. However, I urge you to add an additional sum of $5,500,000 to the PCE program to continue funding the program up to costs of $1.00 per kWh, especially since there is no assurance that the cost of oil won't return to the stratospheric heights it reached last year. The $5.5 million figure was computed by the Alaska Energy Authority as being the maximum amount necessary to cover the balance of last year's fuel cost as well as an allowance for higher non-fuel costs and the inclusion of additional communities.

Thank you for the opportunity to comment.

Sincerely,

Meera Kohler
President and CEO

4855 4831 EAGLE STREET * ANCHORAGE, ALASKA * PHONE (907) 561-1818 * FAX (907) 562-4086

March 12, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native village of Atmautluak, we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1,00 ceiling at $3.4 million.
The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

NATIVE VILLAGE OF ATMAUTLUAK

Chefornak Traditional Council
P.O. Box 110
Chefornak, Alaska 99561
Phone # (907) 867-8850 or 8502
Fax # (907) 867-8711

Testimony on HB 150

On behalf of the Native village of **Chefornak**, we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1.00 ceiling at $3.4 million. The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

NATIVE VILLAGE OF **Chefornak**

Tribal President

3-10-09
Date

Chefarnrmute, Inc.

Groceries, Fuel & Hardware
P.O. Box 70
Chefornak, Alaska 99561
Phone: (907) 867-8115
Fax: (907) 867-8895

March 10, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native village of Chefornak we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program, which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1,00 ceiling at $3.4 million. The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh). And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to business, clinics, and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

NATIVE VILLAGE OF CHEFORNAK

Robert Panruk
Chefarnrmute, Inc.

Native Village of Eek

March 11, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native Village of Eek, we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those or our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1.00 ceiling at $3.4 million. The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electricity costs will rise immediately. We realize that our local utilities will have to collect on those fuel costs to recover from 2008. Our families simply cannot afford to pay for this when such energy costs already take up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh). And we are also asking you to consider increasing the household limit from 500 kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

I thank you for allowing us to take much of your valuable time.

Sincerely,

Nick Carter, Tribal Administrator
Native Village of Eek

P.O. Box 089 • Eek, Alaska 99578-0089
Phone: (907) 536-5128 Facsimile: (907) 536-5711

Emmonak Corporation

P.O. Box 49 Emmonak, Alaska 99581
Phone (907) 949-1129 Fax (907) 949-1412
~~emmonak@unicom-alaska.com~~
emocorp@hughes.net

March 10, 2009

House Community & Regional Affairs

Re: Testimony on HB 150

Dear Honorable Co-Chairs and Members of the Committee:

On behalf of the Emmonak Corporation we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for: **Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.**

The AEA estimates the FY2010 cost of retaining the $1.00 ceiling at $3.4 million. The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) and we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

Billy Charles, Acting General Manager
Emmonak Corporation

NATIVE VILLAGE OF KIPNUK
KIPNUK TRADITIONAL COUNCIL
P.O. BOX 57 • KIPNUK, ALASKA 99614
(907) 896-5515 • FAX (907) 896-5240

10 March 2009

House Community & Regional Affairs Committee

RE: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native Village of Kipnuk, Kipnuk Traditional Council as the governing body want to thank the Alaska's Legislature's effort in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The Alaska Energy Authority (AEA) estimates the FY 2010 cost of retaining the $1.00 ceiling at $3.4 million. The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost of $1.00 per kilowatt-hour (kWh). And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for your time and attention on this important issue and opportunity to comment.

SINCERELY YOURS,
For the Kipnuk Traditional Council:
Paul Joshua Paul, President

Jimmy Paul
Tribal Administrator

Cc: files

Page:2/3 To:19074654589 MAR-10-2009 11:51 From:KIPNUK

KONGIGANAK TRADITIONAL COUNCIL
P.O. BOX 5069
KONGIGANAK, ALASKA 99545
Phone (907) 557-5226
Fax (907) 557-5224

March 12, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native village of Kongiganak we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1,00 ceiling at $3.4 million.
The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

NATIVE VILLAGE OF Kongiganak

KTC President

Newtok Native Corporation
P.O. Box 5528 • Newtok, AK 99559
Ph (907) 287-2200 • Fax (907) 237-2227

March 10, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native Village of Newtok we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1.00 ceiling $3.4 million. The bulk of our village income is dedicated to paying for upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on the fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure>

Thank you for the opportunity to comment.

Sincerely, Chairman John Andy

NEWTOK NATIVE CORPORATION FOR THE VILLAGE OF NEWTOK

March 12, 2009

House Community & Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the Native village of Tununak, we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly those of our region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our community. The PCE program helps us to maintain the critical circulation of little income and revenue we are able to have in our village. The PCE program is a priority and we respectfully ask for:

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1,00 ceiling at $3.4 million.
The bulk of our village income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, our electric costs will go up immediately. We realize that our local utilities will have to collect on those fuel costs in order to recover from 2008. Our families simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) And we are also asking you to consider increasing the household limit from 500kWh per month to the national average of 750kWh per month. Our local economy is fragile and vulnerable and needs consideration in the PCE program. We are asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

NATIVE VILLAGE OF TUNUNAK

James G. James
Tribal Administrator

Cc. file
IRA Councils

Kipnuk Light Plant

P.O. Box 071 • Kipnuk, AK 99614
907-896-5427

To: Senators and Representatives

We support the SB 88 and 91. SB 88 would make electricity more affordable by increasing the amount of power paid through PCE. SB 91 would provide a $300.00 fuel cap subsidy between September 1 and March 31 makes it more affordable for homes lowering the cost of heating homes. Attacked is a resolution from Kipnuk Traditional Council which was passed on 17th of February 2009

Kipnuk Light Plant Manager

Samuel Carl

NORTHSTAR GAS
Native Owned Petroleum Retailer

March 10, 2009

House Community and Regional Affairs Committee

Re: Testimony on HB 150

Honorable Co-Chairs and Members of the Committee:

On behalf of the owners of Northstar Gas, LLC we want to thank the Alaska Legislature's efforts in addressing the energy needs of all Alaskans, particularly in the YK Delta region which has been faced with challenging humanitarian issues stemming from the ever increasing electric and fuel costs. We are sincerely grateful for last year's increase in the ceiling of the PCE program which has been helping our customers in the YK Delta region. The PCE program helps our region to maintain the critical circulation of little income and revenue they are able to have.

Continuation of the PCE program and perpetuation of the eligible costs ceiling at $1.00.

The AEA estimates the FY2010 cost of retaining the $1.00 ceiling at $3.4 million. The Bulk of our village's income is dedicated to paying for the upkeep of energy, and if the PCE rate drops, the electric costs will go up immediately. Northstar Gas realizes that our villages in their local utilities will have to collect on those fuel costs in order to recover from 2008. Our people simply cannot afford to pay for this when their energy costs are already taking up to 70% of their disposable income.

We ask respectfully that the legislature provide funding to continue PCE at a cost ceiling of $1.00 per kilowatt-hour (kWh.) and we are also asking this committee to consider increasing the household limit from 500Wh per month to the national average of 750Kwh per month. The YK region economy is fragile and vulnerable and needs consideration in the PCE program. We are also asking for a restoration of PCE eligibility to businesses, clinics and other public facilities that were included in the program when it was originally enacted. This is critical to keep down inflation and increase the viability of our local economies in rural Alaska that are struggling or on the brink of failure.

Thank you for the opportunity to comment.

Sincerely,

Elaine Brown
NORTHSTAR GAS, LLC
General Manager

cc: file

Jay Livey

From: Sen. Lyman Hoffman
Sent: Friday, January 30, 2009 4:01 PM
To: Jay Livey
Subject: FW: Expensive living in the Bush

From: Edna Nicolai [mailto:kwetcc@yahoo.com]
Sent: Monday, January 26, 2009 11:54 AM
To: Sen. Lyman Hoffman
Subject: Expensive living in the Bush

Dear Senator Lyman,
Greetings from Kwethluk, Ak.
My question and wonder about fuel prices going down in Anchorage and the lower 48 states, and us in the bush, rural villages with high fuel prices, ranging from 6.23 a gallon for stove oil and 7.15 for gas, still rising in three months, why are gas prices going up
in the bush and they're going down in the cities? Doesn't Alaska have it's own gas pipeline, it's own business in gas? It's really expensive to live in the bush. Not only in
Emmonak are the crisis, it's all over the bush villages! Even in the Kuskokwim, because
the fisheries in the commercial fishing season sell their fish for only .10cents for kings '
and .05 a pound for chums and so forth! We suffer with enormous charge accounts in
the local stores, in debt with credit cards, just to get buy to live like the white man,
to try to afford high prices in fuel and gas. Sometimes I myself, have to decide what to
buy, food or gas or stove oil. Especially to have 7 people to support. I knew that supplement and the dividend had a catch to it too, it's like the state is bribing us constantly, to dry us up. How am I going to come up with 1,800 dollars when taxes
are time, I work my ass off, trying to catch up with my light bill every month, which
mounts up to 287 dollars a month, every month! The other thing I worry about is
running out of stove oil, which 10 gallons of stove oil will last only a week, buy gas
every day because we need woods to keep our house warm, to save up on stove oil,
just so we wouldn't freeze during the night, once a month to go down to bethel to buy groceries, just to save money, and man, oh man, can't even afford to buy a bag of potatoes now a days, which costs almost 30 dollars! Fresh fruits, have to wait some other time, wait until their a little bruised, just to wait until they mark them down, because
their very, very expensive! Once a month to buy food, my fridge is empty by the time
the middle of the month arrives.
The Committee, the Senate, the higher Archy, they've never been here, never lived in the bush before, so they don't know what the heck is going on, it's not only in Emmonak that suffering is happening, it's all over the bush. Just the other day, the troopers were in the village, they confiscated a families caribou meat because they hunted without a license.
I can't afford to buy a license right now and my freezer is empty, my fridge is empty, because we just can't go out and kill edible food at this time, because we can't afford to buy gas either.
I know you've lived in Bethel, but it's worse now. We need help out here.
I appreciate your patience and time.

Thank you.
Sincerely,
Edna Nicolai
Kwethluk, Ak
in our banks, intentionally letting us suffer.

City of Chuathbaluk
P.O. Box CHU
Chuathbaluk, AK 99557
Phone (907) 467-4115
Fax (907) 467-4180

Senator Lyman Hoffman
Alaska State Capitol, Room 518
Juneau, AK 99801
Phone (907) 465-4453
Fax (907) 465-4523

February 10, 2009

Re: Letter of Support – SB#88 and #91

Dear Senator Lyman Hoffman,

Our community supports the Senate Bill # 88 and #91; it will help all the families that are in low income energy crisis and outstanding electricity bill.

City Manager/Mayor
Jerry L. Peterson

Cc:
Senators:
Donald Olson
Alaska State Capitol, Room 514
Juneau, AK 99801
Phone: (907) 465 3707 Fax: (907) 465 4821

Albert Kookesh
Alaska State Capitol, Room 11
Juneau, AK 99801
Phone: (907) 465 3473 Fax: (907) 465 2827

Representatives:
Bob Harron
Alaska State Capitol, Room 415
Juneau, AK 99801
Phone: (907) 465 4942 Fax: (907) 4589

Reggie Joule
Alaska State Capitol, Room 502
Juneau, AK 99801
Phone: (907) 465 4833 Fax: (907) 465 4586

Richard Foster
Alaska State Capitol, Room 410
Juneau, Alaska 99801
Phone: (907) 465 3789 Fax: (907) 465 3242

Woodie Salmon
Alaska State Capitol, Room 114
Juneau, AK 99801
Phone: (907) 465 4527 Fax: (907) 465 2197

Letter from
Mark Leary, Tribal Administrator
Napaimute

2/27/09

I wrote this 4 years ago when fuel prices were closer to half of what they are this winter.

Imagine her situation today at our current energy prices:

3/5/05

Yesterday my family and I went to Tuluksak to watch the regional basketball tournament in their nice new school. During a break in the games we went around town visiting.

We stopped to see one of the elders (age 79). She was sitting there in her dimly-lit HUD house, but it quickly brightened up as she smiled and hugged us – so glad to have visitors.

As we sat there visiting, she mentioned that she was worried that her power was going to turn off and pointed to a little box on the wall. She said that it had been beeping earlier. I asked her what was that little box?

She began to explain:

Her monthly power bill used to be $300 - $400 every month – just for a regular house, nothing fancy in it. 2 bedrooms I think. There was no way she could afford to pay that high of electricity bills. This was the case with most of the village and people fell farther and farther behind in paying their power bills. So the power company came in and installed these little boxes in the houses. A person goes over to the IRA/TC office and puts money down to buy power. They get a card, something like a phone card, debit card, etc. which they slide through the little box on the wall in their house to get the amount of power they are able to pay for. When the amount of power they purchased, begins running low, the little box on the wall begins beeping and they have to go buy some more – if they can.

She said she put down $40 on February 14 – 22 days ago and now was running low on power.

$40 spent on power over 22 days doesn't sound too bad but it seems to come at a price. She talked about how under this system she is worried about her power all the time and tries to be very conservative – this includes living in a dimly lit house much of the time.

She is alone in there a lot and gets depressed and grouchy. Living in dim light must contribute to that – those older HUD houses are dark to begin with – dark paneled walls, bum windows, and even oriented the wrong way to the sun in some villages.

But she brightened up talking about getting out once in awhile and being able to still get a few pikes and ptarmigans to dry.

She offered to make coffee, but I was thinking those coffee makers use something like 900 watts, so told her no – we already had coffee at another house before. I didn't want her to run out of power.

I guess it's good to be conservative in our power consumption, but does this mean our elders have to live in the dark so that they can afford to have a little bit of power?

I woke up this morning wondering if her power was still on.

Back at the school, the maintenance person gave me a tour of the building's mechanical facilities (heating, ventilation, back up power, fire protection, etc.) – the latest high tech computer controlled systems. He can control it all from the computer in his office and even check the systems on the Internet when he is out of town. It was impressive. He said in cold weather the new school uses up to 4,000 gallons of fuel a month – quite bit more than the old school.

These are two examples of why we have to keep an open mind when considering new options for energy, transportation, and economic development for our region.

Respectfully Submitted by:

Mark Leary
Director of Development & Operations

The Native Village of Napaimute
P.O. Box 1301
Bethel, AK. 99559

Ph: (907)543-2887
Fx: (907)543-2892
Email: napaimute@starband.net
Website: www.napaimute.org

Letter from Atmautluak

From: David Nicholai [atmautluaktc@hughes.net]
Sent: Friday, February 27, 2009 12:34 PM
To: Allen Joseph
Subject: High Energy Cost and Representative Bob Herron on Rural Energy issues

Dear Mr. Joseph,

The Atmautluak Traditional Council requests that the information regarding the stories about Atmautluak be presented in Robert Nick's testimony before the special committee of the State House of Representatives who will be holding a hearing on rural energy issues in Bethel on Saturday, February 28.

The homes in Atmautluak are mainly heated with Toyo or Laser Stoves, furnaces and other burning stoves. A couple of homes use wood stoves but most of the houses are starting to use the wood stoves because of the high prices of fuel oil.

A lot of homes are poorly constructed which are throughly insulated enough to block out the cold winds, snow and rain. Most are forced to buy more stove oil than others. Most of the residents paid over $1,200 in a month to heat their home during the month of December 2009 alone.

Many rural residents in Alaska are facing hardships due to the rising cost of energy, Atmautluak is also in the hardship situation as follows:

1. The price of fuel has forced families to make the choice between paying for bills, food, and fuel oil. Some families chose to buy stove oil over food so their family can stay warm during nights when they sleep.

2. The high cost of fuel in Atmautluak has caused some residents to steal from nearby households/homes. This has happened many times in the past, people stealing stove-oil from others.

3 Estimated percentage of individuals that recieved Emercency Fuel Assistance for the residents of Atmautluak is 90% from AVCP, but the funding already has been exhausted for the Village of Atmautluak due to most of the residents applying for the assistance. There are more that applied this year (2009) than last year (2008), also most of the residents are applying for Energy Assistance from AVCP.

4. About 30% of the population for the Village of Atmautluak work for a living and despite the policies that they have, most of the employees are being granted advanced pay just to heat their homes.

5. The Native Village of Atmautluak is also in a hardship for keeping up with their electricity. The residents are charged .69 cent a KWH and the whole village is generated thru a 180 KW and a 150 KW generators. Right know the village is using the 150 because the other one needs some parts to be fixed.

6. The Atmautluak Traditional Council had to make/borrow loans for fuel and maintance just to keep the generators running. And is trying to cover the costs by fundraising thru gaming activities. The residents pay about $500.00 a month just to have the fuel burning furnaces running.

With high energy costs, and no Chinook salmon commercial fishing last summer, the Atmautluak Tribe and local organizations have been trying to come up with ideas to help the people Atmautluak.

Sincerely,

Moses A. Pavilla Sr.
Atmautluak Traditional Council

Bryce Edgemon
Charrise Millett

150 - sunset go away

HB 153
open meetings

Association of Alaska Housing Authorities

Written Testimony to the House Community & Regional Affairs Committee

Tlingit-Haida Regional Housing Authority
PO Box 32237
Juneau, Ak 99803-2234
907-780-6868

Interior Regional Housing Authority
828 27th Avenue
Fairbanks, Ak 99701-6918
907-452-8315

North Pacific Rim Housing Authority
8300 King Street
Anchorage, Ak 99518
907-562-1444

Cook Inlet Housing Authority
3510 Spenard Rd. Suite 201
Anchorage, Ak 99503-2745
907-276-8822

Aleutian Housing Authority
4000 Old Seward Hwy. Suite 202
Anchorage, Ak 99503
907-563-2146

Tagiugmiullu Nunamiullu Housing Authority
PO Box 409
Barrow, Ak 99723
907-852-7150

Bristol Bay Housing Authority
PO Box 50
Dillingham, Ak 99576-0050
907-842-5956

Copper River Basin Regional Housing Authority
PO Box 89
Glennallen, Ak 99588
907-822-3633

AVCP Regional Housing Authority
PO Box 767
Bethel, Ak 99559-0767
907-543-3121

Baranof Island Housing Authority
PO Box 517
Sitka, Ak 99835-0517
907-747-5088

Bering Straits Regional Housing Authority
PO Box 995
Nome, Ak 99762-0995
907-443-5256

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Ak 99504
907-338-6100

Kodiak Island Housing Authority
3137 Mill Bay Rd
Kodiak, AK 99615-7032
907-486-8171

Northwest Inupiat Housing Authority
PO Box 331
Kotzebue, Ak 99752-0331
907-442-3450

Ketchikan Indian Community
2960 Tongass Avenue
Ketchikan, Alaska 99901

Supporting HB 150

For Committee Meeting on March 12, 2009 at 8:00 a.m.

The Association of Alaska Housing Authorities' (AAHA) membership includes 14 Regional Housing Authorities created pursuant to AK Statute. 18.55, and the Alaska Housing Finance Corporation (AHFC).

AAHA is in strong support of HB 150.

In partnership with AHFC and an ever-growing list of other state and federal partners, AAHA members serve residents in every part of Alaska. The regional housing authorities have built well over 7,000 housing units since their inception in 1971 and collectively administer well over 100 million in federal and state funds on an annual basis. The vast majority of housing in rural Alaska has been built by AAHA members and AAHA's urban members are a strong presence in Alaska's larger communities. In addition to new construction, AAHA members provide a wide range of other housing and housing related services, including providing weatherization and other housing rehab services throughout the state, developing community infrastructure, and working with our partners like AHFC, are also one of the largest employers in rural Alaska, playing a critical role in helping to sustain many of our local bush economies.

Given the role that AAHA members play in meeting these critical human needs across our state, and given the role and impact of energy costs throughout Alaska, it is obvious that we would have an extremely strong interest in the legislation under consideration today, and the broader issues of both short and long-term state energy policies.

It is our understanding that HB150 continues changes to the Power Cost Equalization Program (PCE), which were approved by the Alaska State Legislature in last July's special session. The changes increase the state subsidy for the PCE Program from up to .52 per kilowatt hour to up to $1.00 per kilowatt hour.

This legislation responsibly addresses the rising cost of energy in the state and the disparity in energy costs in certain parts of the state. Again, on behalf of our many member organizations, serving residents throughout Alaska, we strongly support HB 150.

Heather Arnett, Administrator, Assoc. of AK Housing Authorities
(907) 338-3970. 4300 Boniface Pkwy., Anchorage, AK 99504, aaha@alaska.net.

HB

151

<target><bill>HB 151</bill><subject>HB
151</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE

Co-Chair:
House Committee on Natural Resources

Vice Chair
House Committee on Labor and Commerce

Member:
House Committee on Rules, House Special Committee on Economic Development, Trade, and Tourism, and Legislative Budget & Audit Committee

Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-2679
Fax: (907) 465-4822
Toll Free (800) 505-2678

Interim:
600 E. Railroad Ave
Wasilla, AK 99654
Phone: (907) 376-2679
Fax: (907) 376-4745

REPRESENTATIVE MARK NEUMAN
Rep.Mark.Neuman@legis.state.ak.us

Sponsor Statement

HB 151
USE, REGULATION, AND OPERATION OF BOATS

House Bill 151 extends the sunset dates of the Statewide Boating Safety and Education program.

This program has been successful as more boaters follow safety rules and boating fatalities have steadily decreased during the tenure of the law while bringing Alaskan law into compliance with federal regulations. Under this program, boating deaths in Alaska have decreased by 20% and the lives of at least 17 Alaskan children have been saved by a Kids Don't Float life jacket.

Furthermore, the Statewide Boating Safety and Education Act has allowed the State of Alaska to consistently receive over one million dollars a year in federal funds. To receive full funding for the federal FY 10 this sunset must either be extended or repealed during the 2009 legislative session.

Passage of HB 151 will ensure that a successful program will continue to save lives and that the State of Alaska will continue to have clear and consistent boating safety regulations with ample federal funds to administer safety and educational programs.

I ask for your support extending an effective program that has successfully saved lives.

ALASKA STATE LEGISLATURE

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REPRESENTATIVE MARK NEUMAN

Rep.Mark.Neuman@legis.state.ak.us

Sectional Analysis of House Bill 151:

Section 1 of the bill repeals temporary law sections and amendments to sections of temporary law from ch. 28, SLA 2000. Chapter 28, SLA 2000, created the state boating safety and education program, including boating safety equipment requirements, boating operating restrictions, accident reporting requirements, and provisions related to civil liability for boating accidents. The sections repealed in sec. 1 of the bill provide that the state boating and safety education program will not be amended to remove the program.

Section 2 of the bill provides for an effective date by repealing the effective dates of the temporary law sections listed in sec. 1 of the bill.

Section 3 of the bill provides for an immediate effective date.

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REPRESENTATIVE MARK NEUMAN
Rep.Mark.Neuman@legis.state.ak.us

Explanation of Changes

HB 151
USE, REGULATION, AND OPERATION OF BOATS

The committee substitute for HB 151 introduced in House Labor & Commerce extends the sunset date for eight years. In its original version HB 151 would have repealed the sunset date instead of extending it as the current version does.

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: April 1, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4-16-09

The FINANCE Committee considered: **HOUSE BILL NO. 151**

"An Act repealing the termination date of the statewide boating safety and education program; providing for an effective date by repealing the effective dates of secs. 3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, and 27, ch. 28, SLA 2000, and sec. 3, ch. 119, SLA 2003; and providing for an effective date."

HB 151 USE, REGULATION, AND OPERATION OF BOATS

Recommends it be replaced with [ ] HCS *or* [✓] CS *for* HB 151 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ [✓] Same Title [ ] New Title

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
DNR		✓		

PREVIOUS FISCAL NOTES				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
R Foster	Foster	X			
Harry L Crawford for	CRAWFORD	✓			
Alan Austerman	AUSTERMAN	X			
	KELLY			X	
Anna Fairclough	FAIRCLOUGH	✓			
Kevin G Salmon	Salmon	X			
	Joule	X			
Chair:	Hawker			X	
Chair:	SOUTH			X	

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CS HB 151 (FIN)
() Publish Date:

Identifier (file name): HB151CS(FIN)-DNR-Park-04-16-09
Dept. Affected: Natural Resources
Title: Repeal of Boating Safety Sunset Provision
RDU: Parks & Outdoor Recreation
Component: Parks and Recreation Access
Sponsor: Rules Committee
Requester: House Finance Committee
Component Number: 2136

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		364.5	364.5				
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**364.5**	**364.5**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**1,085.5**	**1,085.5**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts/CIP		364.5	364.5				
TOTAL	**0.0**	**364.5**	**364.5**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time		4	4				
Part-time		1	1				
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

CS HB 151 (FIN) extends the sunset provisions in AS 05.25 for the Boating Safety Program through July 1, 2011 (FY 2011).
This program is funded exclusively by a federal grant and vehicle receipts. Continuance of the program will not result in fiscal impacts to the Department.

Prepared by: James King, Director — Phone (907)269-8705
Division: Parks & Outdoor Recreation — Date/Time April 16, 2009
Approved by: Tom Irwin, Commissioner — Date April 16, 2009
Natural Resources

(Revised 9/10/2008 OMB)

4879

White Paper

Alaska's Boating Safety Dollars at Work

Alaska Division of Parks and Outdoor Recreation
Office of Boating Safety

BACKGROUND

While Congressional attention to recreational boating safety began as early as 1910, the Federal Boat Safety Act of 1971 (46 U.S.C. 13101) provided the first federal funding to the states to *"encourage greater state participation and uniformity in boating safety efforts, and particularly to permit the states to assume the greater share of boating safety education, assistance, and enforcement activities."* Since this act was passed, the U.S. Coast Guard estimates that more than 27,000 lives have been saved. Nationally, the number of non-commercial boating fatalities has been cut in half; even though boat ownership more than doubled over the same period. Even so, recreational boating safety remains on the National Transportation Safety Board's "*12 Most Wanted List*" for needed transportation safety improvements.

Boats are an integral part of the lifestyle of many Alaskans. Alaskans use boats to enjoy the state's world-class recreational opportunities, but also as a primary means of transportation and subsistence. Unfortunately, Alaska's boating fatality rate is nearly 10 times the national average and among the nation's highest. In Alaska, only highway accidents account for more unintentional death than does drowning. Most of these fatalities could have been prevented. However, from 1987 to 1998, Alaska was the *only* state without a boating program. As a result, Alaska's share of federal funding available for boating safety was divided among all the other states. At the same time, because U.S. Coast Guard registered our boats, Alaska's registration fees went into the U.S. Treasury instead of remaining in the state. Alaska became the last state to establish a boating safety program when the State Office of Boating Safety was established by Department Order within the Division of Parks and Outdoor Recreation in June 1998. The Alaska Boating Safety Act (AS 05.25) was drafted and introduced in the 1999 legislative session. The act was signed into law on May 11, 2000, and Alaska qualified for the state's full share of federal grant money for state boating programs. The Alaska Boating Safety Program relies almost entirely on this federal grant. Federal funding now contributes more that $1,000,000 a year to Alaska's economy.

Alaska's investment in boating safety is small when compared to the lives saved

4880

COPY ON FILE

PROGRAM MISSION AND OBJECTIVES

Mission:
It is the policy of the state to promote the safety of persons and property in and connected with the use, operation, and equipment of boats on the water of the state and to promote the uniformity of laws relating to boat safety (AS 05.25.050) with the intended purpose of reducing boating deaths, injuries and property damage, and enhancing enjoyment on Alaska's waterways.

Objectives:
1. Cooperate with other state and federal agencies and organizations to provide for statewide boating safety programs in Alaska.
2. Secure the benefits available to the state under 46 U.S.C. 13101 - 13110; and take the actions necessary to continue to qualify for federal grant funding under 46 U.S.C. 13102, and the U.S. Coast Guard / State of Alaska Memorandum of Understanding.
3. Provide and expand the boating safety education program to increase public awareness of boating risks and the knowledge, skills, and abilities of Alaska's boaters, including:
    - The production of educational materials relevant to the needs of Alaska's urban and rural boaters.
    - Support for statewide boating safety education programs for children 1 and other high - risk groups.
    - Training, certification, and support of boating safety instructors.
    - Evaluation, on an ongoing basis, of the effectiveness of programs.
4. Support the Alaska Boating Safety Advisory Council.
5. Provide for a uniform state waterway marking system.
6. Provide for boating accident and casualties reporting.
7. Serve as liaison between the U.S. Coast Guard and the Division of Motor Vehicles as necessary on state boat registration issues.
8. Provide for boating law enforcement training.
9. Promote the uniformity of laws relating to boating safety.

Alaska faces significant challenges in meeting these goals:

- Less than one third of the state is served by the road system, and many communities are difficult to reach.
- Alaska's population is the second most culturally diverse in the nation. Over 56 different cultural groups, including about 102,000 Eskimo, Athabascan, Aleut, Tlingit, Tsimshian, and Haida natives, are represented. Learning and communication styles differ widely between these groups.
- Alaska's cold water presents a significant risk to boaters and our vast distances often make a timely rescue impossible, significantly reducing the odds of surviving a boating emergency in Alaska.

Because the Alaska Boating Safety program is small compared to most other states, maintaining dynamic and productive partnerships is critical if we are to meet these goals. To that end, the program works closely with the U.S. Coast Guard, the U.S Coast Guard Auxiliary, other agencies, and boating organizations, to make the most out of limited resources and avoid duplication of effort. Alaska also maintains relationships with other states and participates in regional and national boating organizations to identify and adopt best practices of other boating programs, maximize resources, and increase program quality, productivity, and effectiveness.

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2 According to data published by the State of Alaska, Dept. of Heath and Social Services, drowning was the second leading cause of unintentional death for children and youth under 20 between 1991 and 1998, with an average of 9.2 lives lost per year. From 1994 – 1998 the drowning death rate of Alaska's children, per 100,000, was 4.8 as compared to the national rate of 1.8 per 100,000.

PROGRAM HIGHLIGHTS

The *Kids Don't Float* life jacket loaner program is a collaborative effort between the Alaska Department of Health and Social Services, the Alaska Boating Safety Program, the U.S. Coast Guard, and local sponsors. A total of **514** life jacket loaner board stations in **153** communities have been established statewide. The Alaska Boating Safety Program is the primary supplier for the program, and has thus far provided **20,133** life jackets for *Kids Don't Float.*

Kids Don't Float has an educational component that provides boating safety programs for Alaska's students. To date, classes provided by the program have reached more than **56,235**.

The program offers *Alaska Water Wise (AWW)*, Alaska's nationally approved and Alaska – relevant, boating safety course.

- A total of **1,400** boaters (representing all of Alaska's census areas) have completed an *AWW* course to date.
- The program also trains Alaskans to teach *Alaska Water Wise* courses and supports their efforts to teach boating safety in and around their communities. **250** potential instructors from more than **52** Alaska communities in **24** of the state's 27 census areas have completed the *Alaska Water Wise Instructor* course thus far.
- Those who meet program requirements for state instructor certification are placed on the state boating safety instructor registry and authorized to teach *Alaska Water Wise (AWW).* As of the end of 2008, there were **104** instructors on the state's instructor registry.

The program conducts an ongoing social marketing campaign using variety of boating safety messages on radio and television, and produces publications and articles (including the popular *Alaska Boater's Handbook*, an award - winning boating safety poster series), and instructional films such as *Cold Water Boating.*

The program provides marine law enforcement training for the Alaska State Troopers and other Alaska law enforcement officers

The program provides support for the U.S. Coast Guard Auxiliary Vessel Safety Check program.

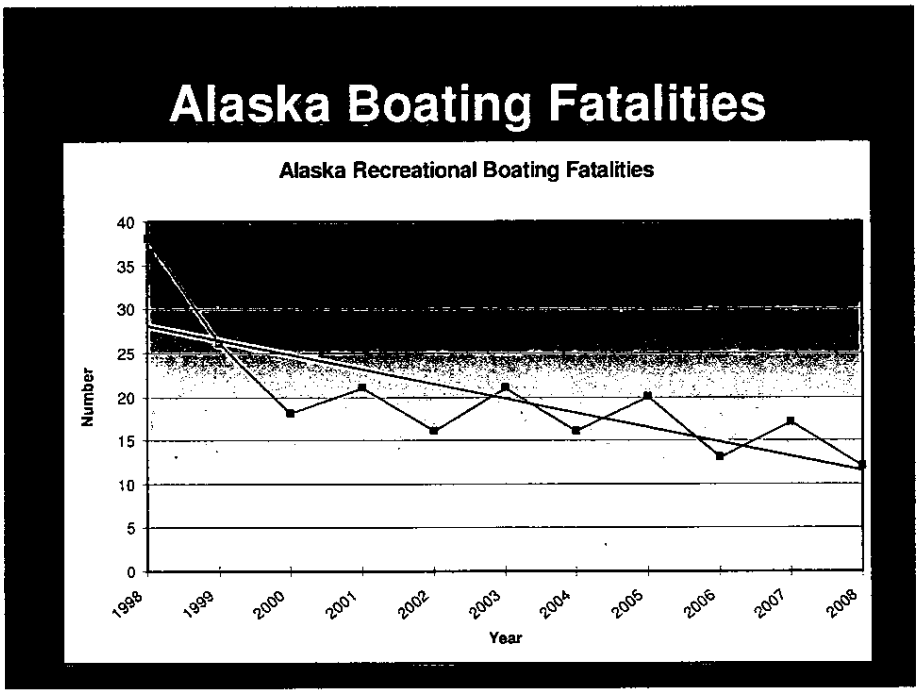
The Alaska Boating Safety Program is entirely user – funded, through the federal *Sport Fish Restoration and Boating Trust Fund* and a portion of Alaska's state boat registration receipts.

Observational behavior studies, statewide boater surveys, instructor and course evaluations, student testing, and U.S Coast Guard statistics are examples of sources used to evaluate program performance.

The Alaska Boating Safety Program and its staff have received multiple awards, including the U.S. Coast Guard *Public Service Commendation*, and the U.S. Department of Transportation's *Partnering for Excellence Award.* The *Kids Don't Float Peer Educator Program* was the 2002 regional winner of the National Safe Boating Council's *Boating Education Advancement Award.*

IS THE PROGRAM IS MAKING PROGRESS?

Alaska's recreational boating fatality rate (fatalities per 100,000 boats) has dropped steadily from 144 in 1998 (when the state's Alaska Office of Boating Safety was established) to 34 in 2007. In comparing the number of fatalities during each of the two five - year periods within the previous 10 years, fatalities have dropped 20% between the two periods.



At least 17 Alaskan children have survived a water emergency thanks to a *Kids Don't Float* loaner life jacket.

<u>Alaska Boater Survey Results:</u>

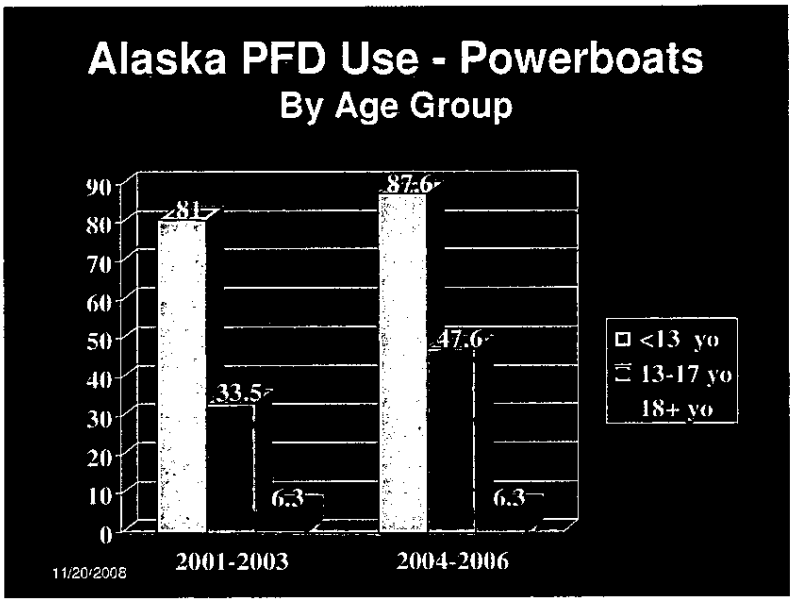
25% of Alaskan boaters say they wear a life jacket more often today than they did five years ago

12% of Alaskan boaters say a life jacket saved the life of someone in their household

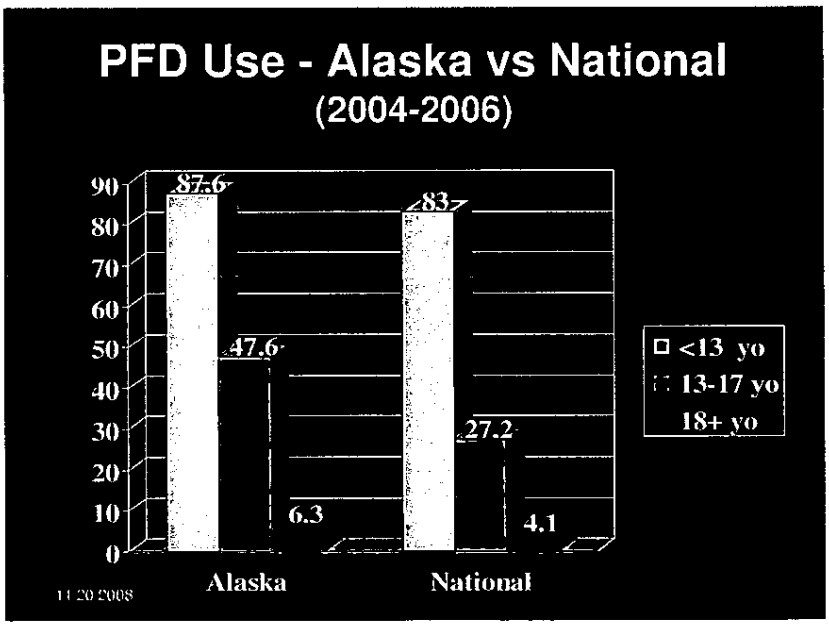
77% of Alaskan boaters believe everyone should be required to wear life jackets when in open boats

72% of Alaskan boaters say they have taken a boating safety course, compared to 46% five years ago

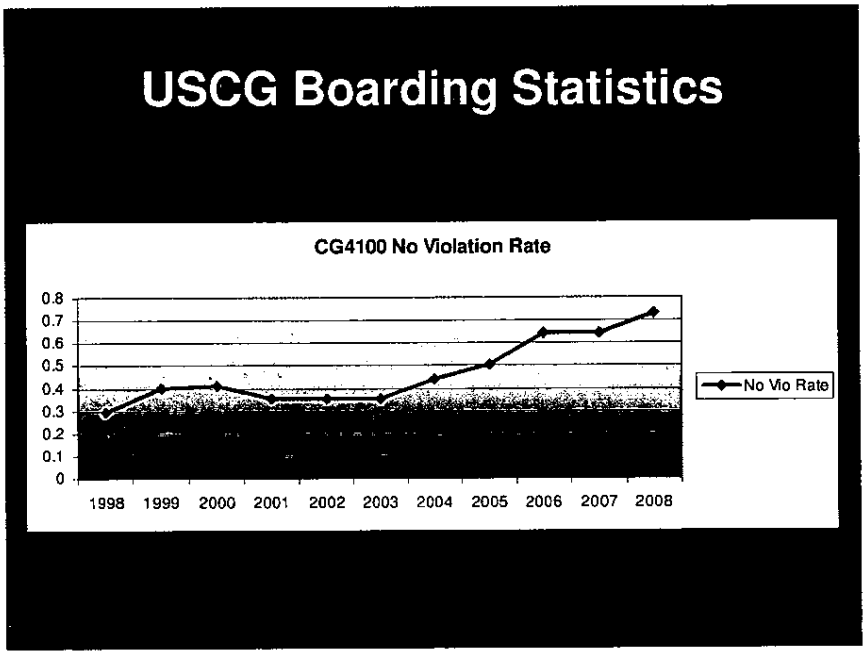
Observational life jacket wear rate studies show increased life jacket wear in ages 17 and younger.



Alaska's life jacket wear rates are above the national average in all age groups.



USCG law enforcement boarding statistics show increasing compliance rate.



STAFFING DETAIL

The Alaska Boating Safety Program has four full time staff. Three were pre – existing positions within the Division of Parks that were moved to the boating safety program.

Boating Law Administrator – (Natural Resource Mgr. I, PCN 10-5101)
Each state's Boating Law Administrator plans, implements, and directs the functions of their state's boating program. This position formulates and revises the program's budget, policies, and management strategies, coordinates with other state agencies that provide Alaska's program elements, assures maximum utilization of financial and human resources, identifies and adopts the best practices of other state boating programs, designs ways to evaluate performance of the program, and leads the analysis of boating related issues affecting the State. The position serves as the state's official representative on local, regional, and national levels with regard to recreational boating issues, policy development, and program funding and also provides regulatory interpretive assistance to agencies and the public.

Boating Education Coordinator – (Park Ranger I, PCN 10-5257)
The Boating Education Coordinator plans, develops, and coordinates the delivery of a variety of educational programs statewide. This position's duties include curriculum development, professional training, and overseeing paid and volunteer boating safety instructors, overseeing all *Kid's Don't Float* schools programs, providing a variety of seminars and presentations, managing the Alaska Boating Safety Instructor Registry, and assisting and supporting boating safety instructors statewide. This position also trains law enforcement officers in boating law and marine law enforcement, and is a law enforcement field - training officer.

Boating Education Specialist – (Park Specialist, PCN 10-5260)
This position independently provides a variety of high quality and Alaska - relevant public boating education and interpretive programs that promote safe, enjoyable boating experiences, for children and adults, performs outreach and schedules programs, develops, prepares for, and executes boating education programs including *Alaska Water Wise* and *Kids Don't Float* classes, workshops, and presentations. Ensures all programs satisfy the standards and policies of the Division of Parks and Outdoor Recreation, Alaska Office of Boating Safety.

Administrative Assistant – (PCN 10-5062)
Administrative support functions in the areas of budget preparation and financial monitoring/reporting, purchasing, inventory, travel, training, personnel, and information dissemination. Duties include gathering information for and preparing budgets, federal grant applications and reports, fiscal and financial tracking of expenditures, procurement of equipment, supplies, and professional services, preparing and tracking reimbursable services agreements, executing payments, processing time sheets, arranging travel, preparing and processing travel authorizations, coding, certifying, and reconciling invoices, attending meetings and drafting meeting minutes, handling public and agency inquiries, assisting unit staff with boating safety program activities, preparing advertising orders, organizing media campaigns, developing and maintaining web pages, and setting up and maintaining a highly organized system of electronic databases, files and records.

The program also funds several other pre-existing Division staff. Currently, **13** seasonal park rangers and other Division staff work on specific boating education projects during a portion of their off season, particularly in the delivery of *Kids Don't Float* school programs.

ENDORSEMENTS FOR
THE ALASKA BOATING SAFETY ACT OF 2000

- Alaska Municipal League
- United States Coast Guard
- United States Coast Guard Auxiliary
- Valdez Harbor Users Association
- Seward Boat Owners Association
- Whittier Boat Owners Association
- Alaska Wilderness Recreation and Tourism Association
- Alaska Marine Dealer's Association
- Trails and Recreational Access for Alaskans Board (TRAAK)
- Alaska Safety Advisory Council
- Kenai River Special Management Area Citizen's Advisory Board
- Alaska Boating Safety Advisory Council (ABSAC)
- Mat-Su State Parks Citizen's Advisory Board
- Big Lake Community Council
- Sitka State Parks Citizen's Advisory Board
- Denali Safety Council (members: National Bank of Alaska, University of Alaska, Teamsters local 302, Carr's, Anchorage Daily News, VECO, Alyeska Pipeline, ARCO, NANA/Marriott, Federal and State OSHA, Anchorage Safe Communities)
- Alaska Department of Public Safety
- Alaska Wildland Adventures
- National Transportation Safety Board
- Alaska Department of Health and Social Services - Community Health and EMS Section
- Western States Boating Administrator's Association
- National Association of State Boating Law Administrators
- South Peninsula State Parks Citizen's Advisory Board
- Alaska Recreation and Park Association
- Kodiak State Parks Citizen's Advisory Board
- Fairbanks Paddlers
- Valdez City Council
- Kachemak Bay State Park Citizen's Advisory Board
- Alaska Harbormaster's Association
- Fairbanks Area Alaska State Parks Citizen's Advisory Board
- Kodiak City Council
- Bristol Bay Area Health Corporation
- Valdez State Parks Citizens Advisory Board
- River Management Society - Alaska Chapter

Called in 4-16-09

adopted 4-16-09

26-LS0422\P
Kane
4/14/09

CS FOR HOUSE BILL NO. 151( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES NEUMAN, Austerman, Kerttula, Wilson

A BILL

FOR AN ACT ENTITLED

"An Act amending the termination date of the statewide boating safety and education program; providing for an effective date by amending the effective date of secs. 3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, and 27, ch. 28, SLA 2000, as amended; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** Section 30, ch. 28, SLA 2000, as amended by sec. 3, ch. 34, SLA 2004, is amended to read:

Sec. 30. Sections 3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, and 27 of this Act take effect on the earlier of the following dates:

(1) July 1, **2011** [2010]; or

(2) 90 days after the date the chair of the Alaska Legislative Council notifies the revisor of statutes that in the previous state fiscal year the state did not receive and does not anticipate receiving federal funding for a statewide boating and safety education program; the director of the division of legislative finance shall notify

the chair of the Alaska Legislative Council when the state, in the previous fiscal year, did not receive federal funding for a statewide boating and safety program; the chair of the Alaska Legislative Council may not give the notice described in this paragraph unless the notice is approved by a vote of a majority of the members of the Alaska Legislative Council.

*** Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 151(L&C)
(H) Publish Date: 4/1/09

Identifier (file name): HB151CS(L&C)-DNR-PARKS-03-27-09
Dept. Affected: Natural Resources
Title: Repeal of Boating Safety Sunset Provision
RDU: Parks & Outdoor Recreation
Component: Parks and Recreation Access
Sponsor: Rules Committee
Requester: House Labor and Commerce Committee
Component Number: 2136

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services		364.5					
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING		**364.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES		**1,085.5**					
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts/CIP		364.5					
TOTAL		**364.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 364.5

POSITIONS

Full-time		4					
Part-time		1					
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

CS HB 151 (L&C) extends the sunset provisions in AS.05.25 for the Alaska Boating Safety Program.

This program is funded exclusively by a federal grant and vehicle receipts. Implementation and continuance of the program will not result in fiscal impacts to the Department.

Prepared by: Jeff Johnson
Phone (907)269-8705
Division: Parks & Outdoor Recreation
Date/Time: March 27, 2009
Approved by: Tom Irwin, Commissioner
Date: March 27, 2009
Natural Resources

(Revised 9/10/2008 OMB)

4890

Kenai Peninsula EMS Council
35605 K Beach Road
Kenai, AK 99611
907-283-9322
jschultz@sremsc.org

April 7, 2009

Representative Bill Stoltze, Co-Chairman
House Finance Committee
State Capitol, Room 515
Juneau, AK 99801

Dear Representative Stoltze,

Thank you for taking the time to read my testimony on behalf of HB 151, The Use, Regulation, and Operations of Boats.

My name is Jane Schultz and I am the Kenai Peninsula EMS Coordinator. I am a volunteer EMT and while I have been fortunate to have never been on a call for a drowning victim, medics who have always walk away with the same thought; "what a senseless and preventable accident."

Statistics reveal that 3 out of 4 boating fatalities are the result of capsizing or falling overboard into cold water, where the boater was not wearing a life jacket.

The Kids Don't Float School Program has reached over 60 thousand children and has proven itself time and again. Boating Safety and Kids Don't Float has been involved with the Safe Kids Fair for the past 8 or 9 years in Kenai and the message they share has helped to save countless lives. It always makes me think of when our son was in school and was taught the importance of seat belts. Ryan and his friends would get in the car and buckle up. It took my husband and me a while longer to learn that important lesson. It is the same for boat safety and life jackets. We can get to the parents by teaching the kids but we also need to have boat safety classes and information available to people of all ages.

The first boating safety class I have ever taken was last fall at the EMS Symposium and was taught by Joe McCullough. It made a tremendous impression on me. I can't tell you how many times I have been out with family and friends and the weather has turned and I thought to myself, "I sure would feel better if I was wearing a life jacket, but no one else was wearing one so I didn't either. Believe me, after taking that class, I will never be out on the water again without a life jacket! The boat safety class taught me that the chance of survival increases tenfold with the simple step of putting on a life vest.

The Boat Safety Program is nearly 10 years old and even though very small has more than proven itself. Nearly all boating mishaps involve operator controllable risk factors. Most are predictable and preventable. With proper attitude, knowledge, skill and sound unimpaired judgment, and enjoyable boating experience can be shared by family and friends and this is what the Boat Safety Program teaches.

The Alaska Boating Safety Program teaches the skills to enjoy that great day on the water. It also trains, certifies, and supports a statewide network of registered boating safety instructors who teach Alaska Water Wise Courses and other boating education programs in their communities.

It truly is a program that saves lives and saves families.

Thank you for allowing me the time to testify for a program that is so vital to our state.

Sincerely,

Jane Schultz,
Kenai Peninsula EMS Coordinator

HB 154

<target><bill>HB 154</bill><subject>HB 154</subject><comm>HFIN26</comm></target>

Spread Sheets

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
1	1	**Transportation**	**Airport Stimulus Projects - Appropriation**	**Airport Stimulus Projects Appropriation** **This appropriation totals $45,600,000.**			**0.0**
2	1	Transportation	Airport Stimulus Projects - Allocation	Akiachak: Airport Relocation This project will relocate and construct a new Akiachak Airport 3,300 foot runway, construct a new airport, new apron, taxiway and airport access road, construct snow removal equipment buildings, and install fencing and airport lighting.		11,500.0	**11,500.0**
3	1	Transportation	Airport Stimulus Projects - Allocation	Allakaket: Airport Improvements Repair and stabilize the runway embankment, taxiway and apron to correct areas that have experienced serious differential settlement, side slope failures and erosion. Work will include resurfacing, addition of a dust palliative and lighting adjustments or replacement as needed, improve apron setback from the runway, and make other improvements as funding allows.		3,600.0	**3,600.0**
4	1	Transportation	Airport Stimulus Projects - Allocation	Fairbanks International Airport: Access Control Improvements This project is the result of a Federal Aviation Administration (FAA) directive to identify access control measures to reduce deviations and incursions at Fairbanks International Airport (FAI), i.e., fencing, gates, and improved signage. The Fairbanks International Airport ranks among the top 20 of 400 certified airports in incursions and deviations. Every effort will be made to implement the least costly and restrictive measures that accomplish the objective of reducing incursions and deviations.		3,000.0	**3,000.0**
5	1	Transportation	Airport Stimulus Projects - Allocation	Fairbanks International Airport: 1L-19R - Taxiway and Apron Improvements This request will fund construction of the initial phase of Taxiway Echo and pave aircraft apron areas proximal to runway 1L-19R. The initial phase of Taxiway Echo consists of excavating, filling, grading, paving, lighting, and marking approximately 400' of new taxiway.		3,000.0	**3,000.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
6	1	Transportation	Airport Stimulus Projects - Allocation	Fort Yukon: Airport Improvements Resurface and include a dust palliative on the apron, taxiway and runway at the Fort Yukon Airport. Correct drainage problems, clear overgrown vegetation, and complete other improvements as funding allows.		6,500.0	**6,500.0**
7	1	Transportation	Airport Stimulus Projects - Allocation	Hoonah: Airport Improvements Extend airport runway to state standard to reduce weight penalty on aircraft serving Hoonah; expand lease lots and apron space to accommodate additional general aviation and commercial traffic, provide additional lease lots for hangars and commercial development; provide dedicated parking area for short and long-term passenger parking; construct a ramp to allow float planes to be hauled out and serviced or based at the airport; and other improvements.		100.0	**100.0**
8	1	Transportation	Airport Stimulus Projects - Allocation	Kodiak: Chemical Storage Building This project will provide a safe storage and mixing area for liquid de-icing materials and equipment. Without the building and storage tanks to mix the dry urea for liquid application, the use of sand for runway de-icing will continue. New Alaska Airlines jets have a less-forgiving engine for sand or foreign object debris ingestion which could lead to engine failure. The need to switch from sand to chemical de-icing at Kodiak is further underscored by Central Region Maintenance and Operations' inability to obtain sand that meets the minimum specifications identified by the Federal Aviation Administration (FAA).		1,200.0	**1,200.0**
9	1	Transportation	Airport Stimulus Projects - Allocation	Kotzebue: Apron Expansion Expand the terminal apron to the south and east. This project will also construct new general aviation aircraft parking, a new access road and taxiway, security fencing and drainage improvements, and will provide new leasing areas.		5,300.0	**5,300.0**
10	1	Transportation	Airport Stimulus Projects - Allocation	Ouzinkie: Airport Reconstruction and Relocation Project will entail the final design, right of way acquisition, and construction of a new airport and access road for the village of Ouzinkie located near Kodiak.		8,400.0	**8,400.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
11	1	Transportation	Airport Stimulus Projects - Allocation	Ted Stevens Anchorage International Airport: North Terminal Gate N8 Reconstruct the deteriorated gate apron pavement, including all associated lighting, hydrant system, jet bridge foundations, drainage, pavement, subgrade preparation, etc. Expand the portland cement area to provide better support for ground service equipment during aircraft servicing. This project is needed to avoid continued high maintenance costs and potential damage to aircraft from Foreign Object Debris (FOD).		3,000.0	**3,000.0**
12	1	**Transportation**	**Transit Stimulus Projects - Appropriation**	**Transit Stimulus Projects - Appropriation** **This appropriation totals $9,083,900.**			**0.0**
13	1	Transportation	Transit Stimulus Projects - Allocation	Statewide: Transit Rural Formula Capital Projects This program provides federal stimulus funding from the Federal Transit Administration (FTA) for the purchase of vehicles and equipment, installation and repair of bus shelters/bus stops and other capital expenditures. These funds require no match and are available to both public transit systems and private nonprofit organizations through a grant process.		5,183.9	**5,183.9**
14	1	Transportation	Transit Stimulus Projects - Allocation	Juneau: Downtown Transit Center Construction This project will construct a combination transit center and parking facility in downtown Juneau. This investment in public transportation will benefit economic development in the capital city, reduce parking congestion, and improve transportation options for those who choose not to drive or who cannot afford a personal vehicle. Adequate public transportation is critical for those making the transition from welfare to work.		3,000.0	**3,000.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
15	1	Transportation	Transit Stimulus Projects - Allocation	Mat-Su: Park and Ride at Seward Meridian/Parks Highway Project would construct a parking and ride area somewhere along the Parks Highway near or east of Wasilla. Possible locations include near the southern extension of Trunk Road and near Seward Meridian Parkway. Approximately 10,000 people commute daily between the Mat-Su Valley and Anchorage and the existing park and ride facilities are consistently over capacity. Van-pool, carpool and bus service from the valley is in the process of being expanded and parking demands are increasing.		900.0	**900.0**
16	1	**Transportation**	**Highway and Bridge Stimulus Projects - Appropriation**	**Highway and Bridge Stimulus Projects Appropriation** **This appropriation totals $148,273,900.**			**0.0**
17	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Dalton Highway Culverts: Milepost 260 to 321 This project replaces existing culverts at seven locations between MP 260 and 321, addresses the Oksrukuyik Creek Bridge and raises the roadway grade between MP 311.7 and 313.3. This project will preserve and extend the service life of the highway, enhance highway safety and provide adequate fish passage. Within the project area, seven stream crossings have culverts that are undersized and/or failing. Failure of any of these culverts could lead to washouts which would severely diminish transportation capabilities along the Dalton. There is an approximately 2.1 mile stretch of road (MP 311.7 to 313.9) that is routinely overtopped and threatened by floodplain overflow of the Sag River.		26,300.0	**26,300.0**
18	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Parks Highway: Milepost 72 to 83 Rehabilitation, Willow to Kashwitna Rehabilitate the Parks Highway, from MP 72 to 83, between Willow Creek and the Kashwitna River. The improvements include widening the embankments for 8-foot shoulders; rehabilitate the pavement; add a total of seven miles of alternating north and south bound passing lanes; and construct paved roadside pull outs at Kashwitna Lake and Grey's Creek.		23,000.0	**23,000.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
19	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Alaska Highway: Milepost 1412 to 1422 This project will rehabilitate, improve drainage, re-level and resurface the Alaska Highway between MP 1412 and 1422 (Delta South). The project design and environmental documentation are complete. Substandard embankment conditions have been identified in this area causing significant pavement failures. This project will improve the Alaska Highway to accommodate increased truck traffic associated with gas line construction.		5,300.0	**5,300.0**
20	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Glenn Highway: Hiland to Eklutna Resurfacing Mill and resurface mainline driving lanes on the Glenn Highway from the Hiland Interchange to Eklutna Interchange. Project will also resurface all ramps and bridges encompassing Hiland Road and Artillery Road Interchanges, and replace guardrail and pavement markings.		25,000.0	**25,000.0**
21	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Kotzebue: Shore Avenue Rehabilitation and Erosion Protection Reconstruct Shore Avenue from Lake Street, through the primary commercial area of Kotzebue, approximately 4,400 feet to the end of the road at Crowley Dock. Shore Avenue will be paved, new sidewalks, a pathway, parallel parking, an open space on the seaward side, and an erosion protection revetment on the seaside. This request includes $8.5 million of Federal Receipts and $6.5 million of Federal Economic Stimulus Funds.	8,500.0	6,500.0	**15,000.0**
22	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Alaska Highway: Milepost 1308 - Tok Weigh Station Reconstruct the Tok Weigh Station to include multi-platform scales, a new scale house, and a heated inspection facility. The current facility does not meet the needs of the vehicle inspection crews on site. A new weighing system is needed to facilitate simultaneous axle group and gross weight enforcement. The site will be expanded to accommodate a new scale house. This request includes $1.0 million of Federal Receipts and $3.0 million of Federal Economic Stimulus Funds.	1,000.0	3,000.0	**4,000.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
23	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Yakutat: Areawide Paving Resurface Airport Road from approximately MP 0 to MP 4. Extend existing Dangerous River Road pavement approximately 0.2 miles to access new entrance to city landfill. Resurface and extend existing Ocean Cape Road pavement along the segment extending approximately 0.23 miles from the intersection with Airport Road. Pave and improve drainage on approximately 1.4 mile long Max Italio Road. Replace two tidal relief culvers and related work on Mallot Avenue.		3,800.0	**3,800.0**
24	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Haines: Front Street to Union Street Rebuild this 28'-wide section of road, remove existing asphalt, grade and restore existing subgrade as required, and place new surface to match existing finish grades. Rebuilding this section of roadway will complete reconstruction of the remaining section of highway from town to the ferry terminal, streamlining access to the ferry system and other port facilities. Pedestrian safety is vastly improved, as is transport efficiency.		2,500.0	**2,500.0**
25	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Glenn Highway: Milepost 34 to 42 - Parks Interchange to Palmer Resurfacing Mill and resurface mainline driving lanes on the Glenn Highway from the Parks Highway / Glenn Highway Interchange to the Palmer-Wasilla Highway Intersection in Palmer. This project will provide an improved driving surface and extend the service life of the facility. The route has pavement ruts ranging from .25 inch to 1.5 inches deep. Guardrail is in need of repair or replacement, and guardrail end terminals need to be upgraded to current design standards.		8,000.0	**8,000.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
26	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Nome Road Improvements The community has seen an increase in vehicle traffic over the past decade. This increase has made dust mitigation such as paving or chemical treatments on local roads a significant issue. The project will also improve drainage on city streets that are typically impacted by permafrost and migration of fine soil particles caused by snowmelt and seasonal rain. Improving drainage is critical to the effectiveness of any dust-abatement surface treatment. Proper drainage will also prevent potholing and any further loss of pavement on the few paved streets in the community.		4,000.0	**4,000.0**
27	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Emmonak: Community Road Improvements The community roads in Emmonak lack proper surfacing material. Due to the silty soil conditions in the area, the roads are extremely dusty in dry weather and rutted in wet weather. The roads lack proper drainage structures resulting in standing water in many locations throughout the community. The dusty road conditions are a serious health issue and need to be addressed. Although this project is jointly funded from federal and state sources, additional funding is needed to successfully complete this project and to significantly improve the health and quality of life in Emmonak.		3,000.0	**3,000.0**
28	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Marshall: Airport Access Road Bridge Replacement Replace the existing temporary bridge on the Marshall Airport Access Road. The existing temporary bridge is inadequate and does not meet the needs of the community. It was installed as a temporary measure several years ago to keep the access to the airport open. This road is the only vehicular access the village has to the airport. Replacing the bridge with a safer more durable structure would make the delivery of passengers and freight more efficient and improve the overall safety for the traveling public.		2,800.0	**2,800.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
29	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Hoonah: Airport Road Paving - Ferry Terminal to Airport Grind and repave Airport Road from the Ferry Terminal (MP 0) to the Airport (MP 2.2). The degraded condition of Hoonah's airport road has resulted in controllability issues, with extremely poor conditions in front of the post office. Maintenance crews have had difficulty staying on top of patching, and freeze-thaw cycles regularly generate new potholes and other degradations. Rutting is extreme, with ½ inch ruts along at least ½ the length of the road.		3,000.0	**3,000.0**
30	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	AMATS: Stimulus Highway and Bridge Funded Projects This funding will be assigned to specific projects by the Metropolitan Planning Organization (MPO) policy board, as required by federal law. Because of the rapid timeline in developing the Stimulus bill, there has not been time to pre-identify the specific projects.		18,953.9	**18,953.9**
31	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Valdez: Areawide Bike and Pedestrian Trail Pavement Refurbishment Repave the bike path along the Richardson Highway from Egan Drive to Robe River Subdivision (7 miles). The surface of this bike path has deteriorated and cracked in many areas. This path is used for summer and winter recreational opportunities. The Blueberry Lake Campground road is used to access the popular state recreation site at Blueberry Lake. The existing road is narrow, potholed with no surfacing. These improvements will provide better access to campsites, fishing and trails.		3,290.0	**3,290.0**
32	1	Transportation	Highway and Bridge Stimulus Projects - Allocation	Denali Highway: Milepost 7 Wayside Provide wayside parking and traveler information near the east end of the Denali Highway. Includes parking for RVs and automobiles. Enhancements include interpretive signs along the viewing area, vaulted toilets and trash receptacles. The Department of Transportation and Public Facilities will perform maintenance of the pavement surface and the Bureau of Land Management will perform maintenance of the enhancements.		330.0	**330.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
33	1	**Transportation**	**Highway and Bridge Stimulus Contingency Projects - Appropriation**	**Highway and Bridge Stimulus Contingency Projects Appropriation** **This appropriation totals 139,097,600.**			
34	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Richardson Highway: Milepost 276 to 286 Resurfacing Relevel and repave the Richardson Highway from the Tanana River Bridge (MP 276) to just east of Shaw Creek (MP 286). The road surface on this stretch of the Richardson Highway has a remaining service life of approximately 4 years and needs to be releveled and repaved. Maintenance crews are patching this section on a regular basis. This project is needed to preserve the pavement structures to extend the remaining service life of the road surface and to support the construction of a natural gas pipeline.		4,500.0	**4,500.0**
35	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Delta Junction Area: National Highway System Repaving Repave the Richardson Highway between MP 265-267 (Delta Junction area) and upgrade the intersection at the junction of the Alaska Highway and Richardson Highway. Work will include resurfacing, repaving, curb, gutter and drainage improvements. The Richardson Highway is a principal arterial connecting with the Alaska Highway to the Canadian Border and also continues south to Valdez. As such, it is one of the few road connections to outside Alaska and also connects to the oil terminal and major recreation opportunities at Valdez. Resurfacing and repaving is necessary to preserve the life of the road.		4,000.0	**4,000.0**
36	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Ketchikan: Airport Ferry M/V Bob Ellis Replacement The existing airport ferry M/V Bob Ellis has reached the end of its useful service life and will not pass future Coast Guard inspections without major maintenance investment, which could exceed the cost of a new ferryboat. The Ketchikan International Airport requires a second ferryboat to ensure reliability of service when the other ferry is in overhaul or out of service. The airport also requires a second ferryboat to cover peak summer traffic demand to the airport.		6,800.0	**6,800.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
37	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Fairbanks: LED Street Light Conversion Convert existing high pressure sodium (HPS) street lights to light-emitting diode (LED) lights in the City of Fairbanks and North Pole. The City of Fairbanks and North Pole operates approximately 2,900 high pressure sodium (HPS) street lights, which cost approximately $550,000 per year to power and $75,000 per year in maintenance and replacement bulb costs. The light-emitting diode (LED) street lights provide a 70% reduction in power usage and have a lifespan estimated from 50,000 to 100,000 hours. This would result in an annual savings of $400,000 or greater per year for the City of Fairbanks and North Pole residents.		3,310.0	**3,310.0**
38	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Fairbanks: Sign Replacement Design and implement a system to assess all traffic signs in the Fairbanks area and replace as needed to improve their visibility and increase road safety. There is a new federal mandate to ensure the retro-reflectivity of all signs are assessed, inventoried, and replaced as needed. By January 2012, a sign assessment or management system has to be in place to track sign data and ensure timely sign replacement. By January 2015, all ground-mounted regulatory, warning and guide signs must comply with retro-reflectivity requirements and by January 2018, all overhead and street name signs must be compliant.		973.6	**973.6**
39	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Fairbanks: Wendell Street ADA Improvements Sidewalk improvements are necessary to comply with the Americans with Disabilities Act. Wendell Street is the home of the new Morris Thompson Cultural and Visitor's Center and tourists will be dropped off and picked up there by bus companies. Improving the pedestrian facilities and repaving will enhance this new cultural visitor destination in Fairbanks. The storm drains are 40 year old wood stave pipes and are in dire need of replacement.		814.0	**814.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
40	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Kodiak: Rezanof Drive Resurfacing - Coast Guard Access Road to Jack Hinkel Way Resurface Rezanof Drive from the Coast Guard Access Road extending approximately 6.7 miles to Jack Hinkel Way in the City of Kodiak. The surface of the highway is rutted and has been patched to repair potholes. The resurfacing project will eliminate ruts, improve safety, reduce maintenance costs, and extend the useful life of the highway. Damaged guardrail will be replaced as will end terminals not meeting current design standards.		10,000.0	**10,000.0**
41	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Sterling Highway Resurfacing: Soldotna to North Coho Loop Resurface approximately 17 miles of the Sterling Highway from Kalifornsky Beach Road passing through the community of Kasilof to South Coho Loop. The surface of the highway is rutted and has been patched in numerous places to repair potholes. The resurfacing project will eliminate ruts, improve safety, reduce maintenance costs, and extend the useful life of the highway. Guardrail will be replaced and will include end terminals meeting current design standards.		15,000.0	**15,000.0**
42	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Juneau: Jordan Creek Bridge Replacement and Basin Road Trestle Rehabilitation Replace Jordan Creek Bridge #1786 (Trout Street), and rehabilitate the Basin Road Trestle #0948. The Jordan Creek Bridge, a steel stringer and filled steel grid bridge was built in 1984 and suffers from excessive rust. The replacement bridge is currently being designed, but is anticipated to incorporate a pre-fabricated, single span steel bridge with pony truss. Basin Trestle rehabilitation will include replacing the bridge deck, updating the guard rail, and increasing the load ratings for the first and last span to equal or exceed the intermediate spans. The foundations will be inspected, and replaced or repaired as required.		1,500.0	**1,500.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
43	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Richardson Highway: Milepost 345 Moose Creek Railroad Crossing This project will construct an overpass on the Richardson Highway over the Alaska Railroad tracks near Moose Creek (approximately MP 345 of the Richardson Highway). The project will maintain the divided highway and construct separated bridges over the Alaska Railroad. In addition, the project will construct a new approach to the Moose Creek access road and reconstruct an existing median opening near Moose Creek.		14,000.0	**14,000.0**
44	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Seward Meridian Parkway: Road Improvements - Parks Highway to Palmer-Wasilla Highway Upgrade Seward Meridian Parkway to a four-lane roadway with a center left turn lane and a separated pathway from the Parks Highway to the Palmer-Wasilla Highway to include intersection improvements at the Palmer-Wasilla Highway. The Seward Meridian Parkway Road Improvements project will increase the capacity of the roadway to address the current congestion issues and future travel demands in the fast growing Wasilla area while addressing the need for safe bicycle and pedestrian improvements. This request includes $2.1 million of Federal Receipts and $11.0 million of Federal Economic Stimulus Funds.	2,100.0	11,000.0	**13,100.0**
45	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Sterling Highway Scales Replacement The Sterling Highway scales have just recently failed, requiring closure until they can be replaced. Until the scales are replaced, size, weight and safety compliance checks of all Commercial Motor Vehicles (CMV) south of the Potter Weigh Station can only be conducted during roadside inspections. This process will increase fuel costs and will decrease the efficiency of conducting these types of checks at areas away from the Sterling Highway Weigh Station. The safety of the traveling public as well as Measurement Standards and Commercial Vehicle Enforcement's ability to protect public infrastructure will be impacted as not every CMV south of the Potter Weigh Station will be checked for overweight loads.		2,200.0	**2,200.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
46	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Kipnuk: Boardwalk Improvements Construct approximately 4.7 miles of new and replacement boardwalks in the community of Kipnuk. This project will continue the replacement of boardwalk that constitute the village transportation system including thoroughfare and residential laterals. The current boardwalks were constructed by 2' x 6' untreated lumber placed directly on the tundra. They are narrow and insufficient for the volume and type of traffic in the community.		10,000.0	**10,000.0**
47	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Glenn Highway: Lighting - Birchwood to Eklutna Install continuous lighting along the Glenn Highway corridor from South Birchwood Loop to Eklutna. Lighting is proposed to be a combination of low mount electroliers with high mast lighting at interchanges.		15,000.0	**15,000.0**
48	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Delta Junction: City Street Rehabilitation Improving the city streets in Delta Junction would reduce maintenance costs, improve safety as well as health and air quality by eliminating dust. The project will also improve economic viability for local businesses and farms located on these roads.		4,000.0	**4,000.0**
49	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Juneau: Egan Drive and Glacier Highway Resurfacing - Mendenhall Loop to Auke Bay Ferry Terminal Pavement rehabilitation on Egan Drive from Mendenhall Loop road to Brotherhood Bridge. Ruts filled with water pose a hydroplaning and controllability issue, and this hazard can be exacerbated when ice collects in these ruts.		4,000.0	**4,000.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
50	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Dillingham: Wood River Road Reconstruction To realign and reconstruct approx 2.8 miles of the Wood River Road from Kanakanak Road to the Wood River Landing. Project also includes a separated Wood River Road pathway and a 1/4 mile Waskey Road pathway spur. The road surface is sub-standard and requires extra maintenance to provide operational efficiency. The Dillingham Airport Master Plan recommends realignment of the road to eliminate conflict with navigational aids. The corridor experiences significant pedestrian and bicycle use that requires separated facilities to ensure adequate safety.		8,900.0	**8,900.0**
51	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Ketchikan: North Tongass Highway - Totem Bight to Whipple Creek Reconstruct the highway for approximately two miles to provide a paved width of 36' from the first junction with D-1 Loop Road to Whipple Creek Bridge (#1153). This section of the North Tongass Highway is one of the narrowest, high-volume, high-speed segments in Southeast Alaska. Existing pavement width is only 26 feet, leaving almost no shoulder. The roadside environment is unforgiving when vehicles do exit the roadway. The pavement condition has deteriorated rapidly and, if not repaired, will require significant maintenance.		13,800.0	**13,800.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
52	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Juneau: Glacier Highway - Amalga to Eagle Beach Widening Widen the Glacier Highway for 4.6 miles from the intersection with Amalga Harbor Road to the kayak launch site (Boulder Beach Access) at the north end of Eagle Beach. Enhance trailheads and beach access along this route out of Juneau. This project in the City and Borough of Juneau has environmental approval and is ready for construction funding. Pavement on the portion north of Amalga Harbor Road crosses a low-lying wet area and is near failure after years of service. It is the oldest highway pavement still providing service in Southeast Alaska. The sharp curve at Eagle Beach has been problematical for years and has seen two fatalities. Besides rock excavation to improve this curve, the project will increase paved width, provide adequate separation between the fog line and guardrail face and include traversable side slopes beyond the pavement edge. These upgrades will improve safety for the traveling public.		1,700.0	**1,700.0**
53	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Ketchikan: Water Street Sidewalk Improvements The project presents the opportunity to provide job stimulus and to resolve long standing safety issues for pedestrian and vehicle traffic. The adjacent Ketchikan waterfront area has experienced a massive increase in pedestrian traffic in recent years resulting from the growing Alaskan tour ship industry. It is the first major Alaskan port stop for northbound cruise ships, which frequently off-load 10,000 or more pedestrians at a time when multiple ships are in port. The existing sidewalks are unable to handle pedestrian demand because they are narrow, are not ADA compliant (do not meet handicap user needs), and are badly damaged (more than 50 years old).		2,500.0	**2,500.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
54	1	Transportation	Highway and Bridge Stimulus Contingency Projects - Allocation	Glenn Highway: Bike Trails Pavement Refurbishment - Eagle River to Birchwood Rehabilitate the bike path adjacent to the Glenn Highway from Eagle River to Birchwood. The pathway is used by commuter and recreational bicycles, and pedestrians. When school is in session the pathway is used by school children in the vicinities of Chugiak Elementary, Mirror Lake Middle School and Chugach High School. The proposed pathway rehabilitation will enhance the safety and usability of the pathway by eliminating cracks, root damage, and shoulder deterioration of the existing surface.		3,000.0	**3,000.0**
55	1	Transportation	**Federal Contingency Projects - Appropriation**	Federal Contingency Projects These funds are used when project costs have increased, a revised program is not feasible and immediate additional funding is required to avoid project delays or loss of federal economic stimulus dollars. Highway, airport or transit projects that are underway and require additional budget authority may be approved for use with this appropriation. Approval of the Commissioner is required to use this authority.		15,000.0	**15,000.0**
56	2			Section 1 Departmental Fund Source Totals			**0.0**
57	3			Section 1 Fund Source Totals			**0.0**
	4			This section changes the fund source of several prior year projects from Federal Receipts to the new fund source of Federal Economic Stimulus. The subsections listed below include the cite of the original appropriation or allocation. Since the fund source change is from one type of federal fund to another, the language in the Economic Stimulus appropriation bill modifies the department's fund source section of each appropriation bill affected.			**0.0**
58	4(a)	Transportation		Denali Highway: Milepost 60- Information and Orientation Wayside - $170,000 Section 1, Ch. 135, SLA 2000, page 42, lines 22-24	(170.0)	170.0	**0.0**
59	4(b)	Transportation		Dalton Highway: Milepost 175 to 209 Reconstruction - $10,000,000 Section 1, Ch. 61, SLA 2001, page 39, lines 3-4	(7,727.9)	7,727.9	**0.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
60	4(b)	Transportation		Ketchikan: Tongass Highway – Viaducts Replacement and Rehabilitation - $5,750,000 Section 1, Ch. 61, SLA 2001, page 41, lines 21-23	(5,748.4)	5,748.4	**0.0**
61	4(c)	Transportation		Dalton Highway: Milepost 175 to 209 Reconstruction - $5,020,000 Section 1, Ch. 1, SSSLA 2002, page 62, lines 18-20	(5,020.0)	5,020.0	**0.0**
62	4(c)	Transportation		Lake Louise: Runway Rehabilitation - $1,060,000 Section 1, Ch. 1, SSSLA 2002, page 53, lines 20-21	(600.0)	600.0	**0.0**
63	4(d)	Transportation		Cordova: Airport Apron, Taxiway, and General Aviation Improvements - $6,859,375 Section 1, Ch. 82, SLA 2003, page 38, lines 19-21	(6,859.4)	6,859.4	**0.0**
64	4(e)	Transportation		Ketchikan: Tongass Highway – Viaducts Replacement and Rehabilitation - $2,200,000 Section 1, Ch. 159, SLA 2004, page 44, line 33 and page 45, lines 3-4	(1,500.0)	1,500.0	**0.0**
65	4(e)	Transportation		Hoonah: Runway Extension - $1,500,000 Section 1, Ch. 159, SLA 2004, page 37, lines 11-12	(1,500.0)	1,500.0	**0.0**
66	4(e)	Transportation		Fort Yukon: Resurfacing - $3,000,000 Section 1, Ch. 159, SLA 2004, page 36, lines 29-30	(3,000.0)	3,000.0	**0.0**
67	4(f)	Transportation		Dillingham: Wood River Road Reconstruction - $1,000,000 Section 1, Ch. 3, FSSLA 2005, page 79, lines 30-31	(1,000.0)	1,000.0	**0.0**
68	4(f)	Transportation		Ouzinkie: Airport Reconstruction and Relocation - $9,000,000 Section 1, Ch. 3, FSSLA 2005, page 73, lines 6-8	(9,000.0)	9,000.0	**0.0**
69	4(f)	Transportation		Kotzebue: Apron Expansion - $8,000,000 Section 1, Ch. 3, FSSLA 2005, page 72, lines 10-11	(4,200.0)	4,200.0	**0.0**
70	4(f)	Transportation		Hoonah: Airport Improvements - $1,900,000 Section 1, Ch. 3, FSSLA 2005, page 71, lines 21-22	(1,900.0)	1,900.0	**0.0**
71	4(f)	Transportation		Fort Yukon: Airport Resurfacing - $2,765,625 Section 1, Ch. 3, FSSLA 2005, page 71, lines 9-10	(2,765.6)	2,765.6	**0.0**
72	4(f)	Transportation		Allakaket: Airport Improvements - $4,220,000 Section 1, Ch. 3, FSSLA 2005, page 69, lines 31-32	(4,220.0)	4,220.0	**0.0**
73	4(f)	Transportation		Cordova: Airport Apron, Taxiway, and General Aviation Improvements - $1,735,000 Section 1, Ch. 3, FSSLA 2005, page 70, lines 25-27	(1,735.0)	1,735.0	**0.0**
74	4(g)	Transportation		Gustavus: Dock Replacement - $19,000,000 Section 1, Ch. 82, SLA 2006, page 99, lines 7-8	(7,700.0)	7,700.0	**0.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
75	4(g)	Transportation		Fort Yukon: Airport Improvements - $4,725,151 Section 1, Ch. 82, SLA 2006, page 90, lines 16-17	(4,725.2)	4,725.2	**0.0**
76	4(h)	Transportation		Dalton Highway: Milepost 175 to 209 Reconstruction - $17,000,000 Section 4, Ch. 30, SLA 2007, page 112, lines 26-28	(17,000.0)	17,000.0	**0.0**
77	4(h)	Transportation		Akiachak: Airport Relocation - $10,500,000 Section 4, Ch. 30, SLA 2007, page 105, lines 28-29	(8,500.0)	8,500.0	**0.0**
78	4(h)	Transportation		Allakaket: Airport Improvements - $400,000 Section 4, Ch. 30, SLA 2007, page 105, lines 32-33	(400.0)	400.0	**0.0**
79	4(h)	Transportation		Cordova: Airport Apron, Taxiway, and General Aviation Improvements - $1,500,000 Section 4, Ch. 30, SLA 2007, page 106, lines 15-17	(500.0)	500.0	**0.0**
80	4(i)	Transportation		Juneau: Glacier Highway – Amalga to Eagle Beach Widening - $10,500,000 Section 13, Ch. 29, SLA 2008, page 169, lines 31-33	(10,500.0)	10,500.0	**0.0**
81	4(i)	Transportation		Ouzinkie: Airport Reconstruction and Relocation - $10,000,000 Section 13, Ch. 29, SLA 2008, page 163, lines 21-23	(3,900.0)	3,900.0	**0.0**
82	4(i)	Transportation		Allakaket: Airport Improvements - $1,950,000 Section 13, Ch. 29, SLA 2008, page 162, lines 11-12	(1,950.0)	1,950.0	**0.0**
83	4(i)	Transportation		Lake Louise: Runway Rehabilitation - $1,840,000 Section 13, Ch. 29, SLA 2008, page 163, lines 17-18	(1,840.0)	1,840.0	**0.0**
84	4(i)	Transportation		Kodiak: Chemical Storage Building - $1,700,000 Section 13, Ch. 29, SLA 2008, page 163, lines 11-12	(1,700.0)	1,700.0	**0.0**
85	5			Effective date of March 1, 2009			**0.0**
86				**Total of Economic Stimulus Bill**	**(104,061.5)**	**461,116.9**	**357,055.4**
87							
Amendments February 27:							
88	1	**Transportation**	**Airport Stimulus Projects - Appropriation**	**Airport Stimulus Projects** **This appropriation now totals 55,350,000.**			**0.0**
89	1	Transportation	Airport Stimulus Projects - Allocation	King Salmon: Apron and Taxiway Resurfacing This is a new request being added as a result of recommendations from the Federal Aviation Administration (FAA) - Alaska Division. Resurface the terminal and transient ("Fish Haul") aprons at King Salmon Airport, and also several taxiways (A, B, C, D & E), whose Pavement Condition Indexes (PCI's) are well within the "reconstruct" range.		9,750.0	**9,750.0**

	Sec. No.	Department	Appropriation / Allocation	Description	Federal Funds #1002	Federal Economic Stimulus #1212	Total Funds
90	4(h)	Transportation		Huslia: Airport Improvements - $7,525,000 Section 4, Ch. 30, SLA 2007, page 107, lines 4-5	(7,525.0)	7,525.0	**0.0**
91				**February 27 Economic Stimulus Budget Amendments Subtotal**	**(7,525.0)**	**17,275.0**	**9,750.0**
92							
93				**FY2009 Economic Stimulus Budget Revised Total**	**(111,586.5)**	**478,391.9**	**366,805.4**

Aviation Projects

Alaska Aviation Stimulus List (Based on Conf. Report H.R. 1)

Region	Ready to Advertise Date	Airport Project Name	2009 Cost (Thousands) All Funds	FY09 Econ Stimulus Legislative authority requested	Fund source changes from prior appropriations	total authorization	Authorization removed from FY09 Supplemental Request	Authorization removed from FY10 Capital Budget Request
CR	4/1/2009	Akiachak Airport Relocation - Stg 1	$ 20,000.0	$ 11,500.0	$ 8,500.0	$ 20,000.0		$ (6,000.0)
NR	3/1/2009	Allakaket Airport Improvements	$ 10,100.0	$ 3,600.0	$ 6,570.0	$ 10,170.0		$ (260.0)
NR	8/1/2009	Fairbanks International Airport Security Access Control Improvements	$ 3,000.0	$ 3,000.0	$ -	$ 3,000.0		$ (1,000.0)
NR	Change Order to Existing Contract	Fairbanks International Airport Taxiway & Apron Improvements	$ 3,000.0	$ 3,000.0	$ -	$ 3,000.0		
NR	3/15/2009	Fort Yukon Airport Improvement	$ 16,900.0	$ 6,500.0	$ 10,490.8	$ 16,990.8	$ (3,500.0)	
SE	6/15/2009	Hoonah Airport Improvements	$ 3,500.0	$ 100.0	$ 3,400.0	$ 3,500.0		
CR	5/1/2009	King Salmon: Apron and Taxiway Resurfacing	$ 9,750.0	$ 9,750.0	$ -	$ 9,750.0		
CR	6/1/2009	Kodiak Chemical Storage Bld	$ 2,900.0	$ 1,200.0	$ 1,700.0	$ 2,900.0		$ (1,000.0)
NR	4/1/2009	Kotzebue Apron Expansion	$ 9,500.0	$ 5,300.0	$ 4,200.0	$ 9,500.0		$ (5,090.0)
CR	2/15/2009	Ouzinkie Airport Relocation	$ 21,300.0	$ 8,400.0	$ 12,900.0	$ 21,300.0		
CR	5/1/2009	Anchorage International Airport North Terminal Gate N8 Apron Reconstruction	$ 3,000.0	$ 3,000.0	$ -	$ 3,000.0		$ (2,600.0)
NR	8/1/2009	Cordova Apron / TWY / GA Improvements	$ 9,000.0		$ 9,094.4	$ 9,094.4		
NR	8/1/2009	Huslia Airport Improvements	$ 7,525.0		$ 7,525.0	$ 7,525.0		
NR	3/1/2009	Lake Louise Runway Rehabilitation - Stg 2	$ 2,400.0		$ 2,440.0	$ 2,440.0		
			$ 121,875.0	$ 55,350.0	$ 66,820.2	$ 122,170.2	$ (3,500.0)	$ (15,950.0)

Alaska Aviation Stimulus List (Based on Conf. Report H.R. 1)

Region	Ready to Advertise Date	Airport Project Name	2009 Cost (Thousands) All Funds	FY09 Econ Stimulus Legislative authority requested	Fund source changes from prior appropriations	total authorization	Authorization removed from FY09 Supplemental Request	Authorization removed from FY10 Capital Budget Request
CR	4/1/2009	Akiachak Airport Relocation - Stg 1	$ 20,000.0	$ 11,500.0	$ 8,500.0	$ 20,000.0		$ (6,000.0)
NR	3/1/2009	Allakaket Airport Improvements	$ 10,100.0	$ 3,600.0	$ 6,570.0	$ 10,170.0		$ (260.0)
NR	8/1/2009	Fairbanks International Airport Security Access Control Improvements	$ 3,000.0	$ 3,000.0	$ -	$ 3,000.0		$ (1,000.0)
NR	Change Order to Existing Contract	Fairbanks International Airport Taxiway & Apron Improvements	$ 3,000.0	$ 3,000.0	$ -	$ 3,000.0		
NR	3/15/2009	Fort Yukon Airport Improvement	$ 16,900.0	$ 6,500.0	$ 10,490.8	$ 16,990.8	$ (3,500.0)	
SE	6/15/2009	Hoonah Airport Improvements	$ 3,500.0	$ 100.0	$ 3,400.0	$ 3,500.0		
CR	6/1/2009	Kodiak Chemical Storage Bld	$ 2,900.0	$ 1,200.0	$ 1,700.0	$ 2,900.0		$ (1,000.0)
NR	4/1/2009	Kotzebue Apron Expansion	$ 9,500.0	$ 5,300.0	$ 4,200.0	$ 9,500.0		$ (5,090.0)
CR	2/15/2009	Ouzinkie Airport Relocation	$ 21,300.0	$ 8,400.0	$ 12,900.0	$ 21,300.0		
CR	5/1/2009	Anchorage International Airport North Terminal Gate N8 Apron Reconstruction	$ 3,000.0	$ 3,000.0	$ -	$ 3,000.0		$ (2,600.0)
NR	8/1/2009	Cordova Apron / TWY / GA Improvements	$ 9,000.0		$ 9,094.4	$ 9,094.4		
NR	3/1/2009	Lake Louise Runway Rehabilitation - Stg 2	$ 2,400.0		$ 2,440.0	$ 2,440.0		
			$ 104,600.0	$ 45,600.0	$ 59,295.2	$ 104,895.2	$ (3,500.0)	$ (15,950.0)

Highway & Bridge Project

Alaska Highway and Bridge Stimulus List (Based on Conf. Report H.R. 1)

Region	Meets Local Funds Defin.	Highway & Bridge Project Name	Location	FY09 Econ Stimulus Legislative authority requested	Fund source changes from prior appropriations	total authorization	Authorization removed from FY09 Supplemental Request	Authorization removed from FY10 Capital Budget Request	
Stimulus (Recommended)									**Comments**
NR		Dalton Highway, MP 175 to 197	Dalton Hwy.		29,747.9	29,747.9			
NR		Dalton Highway, MP 260 to 321 Culverts	Dalton Hwy.	26,300.0		26,300.0			
CR		Parks Highway Willow to Kashwitna Rehabilitation and Passing Lanes	Parks Hwy.	23,000.0		23,000.0			
NR		Alaska Highway, MP 1412 to 1422	Alaska Hwy.	5,300.0		5,300.0			
CR		Central Region Rut Repairs for Gasline Prep - $25 million - Glenn Highway, Hiland to Eklutna	Glenn Hwy.	25,000.0		25,000.0			
NR	L	Kotzebue: Shore Ave Reconstruction	Kotzebue	6,500.0		6,500.0	(14,200.0)		Requested an additional $8,500.0 in federal receipts in the Econ Stim bill
SR	L	Gustavus Causeway Replacement (Bridge #1417)	Gustavus		7,700.0	7,700.0			
NR		Alaska Highway: Tok Weigh Station Reconstruction	Alaska Hwy.	3,000.0		3,000.0			Requested an additional $1,000.0 in federal receipts in the Econ Stim bill
SR	L	Yakutat: Area Paving	Yakutat	3,800.0		3,800.0			
SR	L	Haines Highway: Front Street to Union Street	Haines	2,500.0		2,500.0		(2,930.0)	
CR		Glenn Highway MP 34-42, Parks I/C to Palmer Rut Repair	Glenn Hwy.	8,000.0		8,000.0			
NR	L	Nome City Streets	Nome	4,000.0		4,000.0			
NR	L	Emmonak: Community Roads Upgrade and Surfacing	Emmonak	3,000.0		3,000.0			
NR	L	Marshall Bridge Repair or Replacement	Marshall	2,800.0		2,800.0			
SR	L	Hoonah: Airport to Ferry Terminal Paving	Hoonah	3,000.0		3,000.0			
CR	L	AMATS Highway Funds	AMATS	18,953.9		18,953.9			
NR		TE: Valdez: Areawide Bike and Ped Trail Pavement Refurbishment	Valdez	3,290.0		3,290.0			
NR		TE: Denali Highway MP 7 Wayside	Denali Hwy.	330.0	170.0	500.0		(370.0)	
				138,773.9	37,617.9	176,391.8	(14,200.0)	(3,300.0)	

Alaska Highway and Bridge Stimulus List (Based on Conf. Report H.R. 1)

Region	Meets Local Funds Defin.	Highway & Bridge Project Name	Location	FY09 Econ Stimulus Legislative authority requested	Fund source changes from prior appropriations	total authorization	Authorization removed from FY09 Supplemental Request	Authorization removed from FY10 Capital Budget Request	
Stimulus (Contingent)									
NR		Richardson Highway, MP 276 - 286 Resurfacing	Richardson Hwy.	4,500.0		4,500.0			
NR		Delta Junction area NHS Repaving	Delta Junction	4,000.0		4,000.0			
SR		Ketchikan: Airport Ferry Replacement (M/V Bob Ellis)	Ketchikan	6,800.0		6,800.0			
NR		FMATS: LED Street Light Conversion	FMATS	3,310.0		3,310.0			
NR		FMATS: Sign Replacements	FMATS	973.6		973.6			
NR		FMATS: Wendell Street ADA Upgrade	FMATS	814.0		814.0			
CR		Kodiak: Rezanof Drive Rut Repair, Airport to Marine Way	Kodiak	10,000.0		10,000.0			
CR		Sterling Highway Rut Repair, MP 96.5 to MP 110, Soldotna to N. Cohoe Loop Rd.	Sterling Hwy.	15,000.0		15,000.0			
SR		Juneau: Jordan Ck. Bridge at Trout Street (Bridge #1786) Replacement & Juneau Basin	Juneau	1,500.0		1,500.0			
NR		Richardson Highway: New Moose Creek RR Overcrossing	Richardson Hwy.	14,000.0		14,000.0			
SR		Ketchikan: Tongass Ave. Viaduct Rehabilitation, Stage II (Bridge #s 0997,	Ketchikan		7,248.4	7,248.4			
CR		Mat-Su: Seward Meridian Phase I Const. & Utilities	Mat-Su	11,000.0		11,000.0		(13,000.0)	Requested an additional $2,100.0 in federal receipt authority in the Econ Stimulus bill
CR		Sterling Highway: Sterling Weigh Station Scale Replacement	Sterling Hwy.	2,200.0		2,200.0		(2,000.0)	
CR	L	Kuskokwim Delta: Kipnuk Boardwalk Improvements Ph II	Y-K Delta	10,000.0		10,000.0		(10,000.0)	
CR		Glenn Hwy: Lighting Birchwood to Eklutna	Glenn Hwy.	15,000.0		15,000.0			
NR	L	Delta Junction: City Streets Rehabiliation	Delta Junction	4,000.0		4,000.0			
SR		Glacier Hwy. Resurfacing: Mendenhall Loop to Auke Bay Terminal	Juneau	4,000.0		4,000.0			
CR	L	Dillingham: Wood River Road	Dillingham	8,900.0	1,000.0	9,900.0			
SR		Ketchikan: North Tongass Highway, Phase 2: Totem Byte to Whipple Creek	Ketchikan	13,800.0		13,800.0		(12,702.0)	

Alaska Highway and Bridge Stimulus List (Based on Conf. Report H.R. 1)

Region	Meets Local Funds Defin.	Highway & Bridge Project Name	Location	FY09 Econ Stimulus Legislative authority requested	Fund source changes from prior appropriations	total authorization	Authorization removed from FY09 Supplemental Request	Authorization removed from FY10 Capital Budget Request	
SR		Juneau: Glacier Highway, Amalga Harbor to Eagle River Kayak Launch, Reconstruction and Widening	Juneau	1,700.0	10,500.0	12,200.0		(1,700.0)	
SR		TE: Ketchikan: Water Street Sidewalk Improvements	Ketchikan	2,500.0		2,500.0			
CR		TE: Glenn Highway Bike Trails Pavement Refurbishment: Eagle River to Birchwood	Eagle River	3,000.0		3,000.0			
				$136,997.6	$18,748.4	$155,746.0	$0.0	-$39,402.0	
		Totals		$275,771.5	$56,366.2	$332,137.7	-$14,200.0	-$42,702.0	

Alaska Transit, Highway and Bridge Stimulus List (Based on ARRA 2009)

----------Priortization Factors----------

Priority (Key: Page 3)	Region	Meets Local Funds Defin.	Project Name & Scope	Location	Safety	Serves Economic Distress Area	Gas PL Logistics Benefit	Leverages Other $$	Turns Dirt in 2009[1]	Mandatory Distribution	Rural Transit (Capital) (Thousands)	2009 Stimulus Funds Needed (Thousands)	Comment
Stimulus (Recommended)											**Transit**	**TE 3%**	**Local[2] 30%**	**State 67%**	
1	NR		Dalton Highway, MP 175 to 197	Dalton Hwy.								$300.0		$29,000.0	Governor's Stimulus Announced Priorities
1	NR		Dalton Highway, MP 260 to 321 Culverts	Dalton Hwy.										$26,300.0	Governor's Stimulus Announced Priorities
1	CR		Parks Highway Willow to Kashwitna Rehabilitation and Passing Lanes	Parks Hwy.								$1,200.0		$21,800.0	Governor's Stimulus Announced Priorities
1	NR		Alaska Highway, MP 1412 to 1422	Alaska Hwy.										$5,300.0	Governor's Stimulus Announced Priorities
1	CR		Central Region Rut Repairs for Gasline Prep - $25 million - Glenn Highway, Hiland to Eklutna	Glenn Hwy.										$25,000.0	Governor's Stimulus Announced Priorities
2	NR	L	Kotzebue: Shore Ave Reconstruction	Kotzebue									$6,500.0		Ensures full scope can be awarded
2	SR	L	Gustavus Causeway Replacement (Bridge #1417)	Gustavus									$7,700.0		NPS major contributor; $13.5 M from 2009 STIP
2	NR		Alaska Highway: Tok Weigh Station Reconstruction	Alaska Hwy.										$3,000.0	Provides warm inspection building, not currently funded, as part of larger project.
3	SR	L	Yakutat: Area Paving	Yakutat									$3,800.0		
3	SR	L	Haines Highway: Front Street to Union Street	Haines									$2,500.0		
3	CR		Glenn Highway MP 34-42, Parks I/C to Palmer Rut Repair	Glenn Hwy.										$8,000.0	
4	NR	L	Nome City Streets	Nome									$4,000.0		Expands existing earmark project
4	NR	L	Emmonak: Community Roads Upgrade and Surfacing	Emmonak									$3,000.0		Supplements $9.319 M in other funding (4 sources)
4	NR	L	Marshall Bridge Repair or Replacement	Marshall									$2,800.0		Access to airport.
5	SR	L	Hoonah: Airport to Ferry Terminal Paving	Hoonah									$3,000.0		
	CR	L	AMATS Highway Funds	AMATS									$18,953.9		Mandatory: Projects subject to MPO identification
	NR		TE: Valdez: Areawide Bike and Ped Trail Pavement Refurbishment	Valdez								$3,290.0			Uses Mandatory TE Setaside
	NR		TE: Denali Highway MP 7 Wayside	Denali Hwy.								$500.0			Uses Mandatory TE Setaside

Alaska Transit, Highway and Bridge Stimulus List (Based on ARRA 2009)

----------Priortization Factors----------

Priority (Key: Page 3)	Region	Meets Local Funds Defin.	Project Name & Scope	Location	Safety	Serves Economic Distress Area	Gas PL Logistics Benefit	Leverages Other $$	Turns Dirt in 2009[1]	Mandatory Distribution	Rural Transit (Capital) (Thousands)	2009 Stimulus Funds Needed (Thousands)			Comment
3	All	NA	Transit: Vehicles, Equipment, and Related Based on Scored Applications	Statewide							$5,183.9				All eligible organizations to be contacted for nominations.
4	CR	NA	Transit: Mat-Su Park and Ride at Parks Hwy. and Seward Meridian	Mat-Su							$900.0				Serves documented need for van-pools and ride-sharing
4	SR	NA	Transit: Juneau Downtown Transit Center Additional work to Active Project	Juneau							$3,000.0				Shovel-ready in April 2009
				Highway and Bridges Stimulus (Recommended) Totals:								**$5,290.0**	**$52,253.9**	**$118,400.0**	**$175,943.9**
				Hwy & Bridge Targets Per ARRA:								*$5,263.8*	*$52,638.4*	*$117,559.2*	*$175,461.5*
				Transit Stimulus (Recommended) Totals:							**$9,083.9**				
				Transit Target Per ARRA:							*$9,083.9*				

1 Based on obligation date of June 17, 2009, per ARRA deadline.

[2] Local funds eligible for communities <5,000 and >200,000 population only.

Stimulus (Contingent)

											Transit	TE 3%	Local[2] 30%	State 67%	
2	NR		Richardson Highway, MP 276 - 286 Resurfacing	Richardson Hwy.										$4,500.0	
3	SR		Ketchikan: Airport Ferry Replacement (M/V Bob Ellis)	Ketchikan										$6,800.0	Contingent for Extra Transit or Highway Funding
3	NR		FMATS: Street Light Conversion to Energy Efficient LED	FMATS										$3,310.0	
4	NR		FMATS: Sign Replacements	FMATS										$973.6	
4	NR		FMATS: Wendell Street ADA Upgrade	FMATS										$814.0	
4	CR		Kodiak: Rezanof Drive Rut Repair, Airport to Marine Way	Kodiak										$10,000.0	
4	NR		Delta Junction area NHS Repaving	Delta Junction										$4,000.0	Repaves Rich. & Alaska Hwys. @ Junction
4	CR		Sterling Highway Rut Repair, MP 96.5 to MP 110, Soldotna to N. Cohoe Loop Rd.	Sterling Hwy.										$15,000.0	
4	SR		Juneau: Jordan Ck. Bridge at Trout Street (Bridge #1786) Replacement & Juneau Basin Road Trestle (Bridge #948) Rehab	Juneau										$1,500.0	Supplements existing earmarked project.
4	NR		Richardson Highway: New Moose Creek RR Overcrossing	Richardson Hwy.										$14,000.0	

Alaska Transit, Highway and Bridge Stimulus List (Based on ARRA 2009)

----------Priortization Factors----------

Priority (Key: Page 3)	Region	Meets Local Funds Defin.	Project Name & Scope	Location	Safety	Serves Economic Distress Area	Gas PL Logistics Benefit	Leverages Other $$	Turns Dirt in 2009[1]	Mandatory Distribution	Rural Transit (Capital) (Thousands)	2009 Stimulus Funds Needed (Thousands)			Comment
4	SR		Ketchikan: Tongass Ave. Viaduct Rehabilitation, Stage II (Bridge #s 0997, 0797)	Ketchikan	■				■					$7,150.0	
4	CR		Mat-Su: Seward Meridian Phase I Const. & Utilities	Mat-Su		■		■						$11,000.0	Supplements existing project.
4	CR		Sterling Highway: Sterling Weigh Station Scale Replacement	Sterling Hwy.	■	■								$2,200.0	
4	CR	L	Kuskokwim Delta: Kipnuk Boardwalk Improvements Ph II	Y-K Delta		■		■					$10,000.0		
5	CR		Glenn Hwy: Lighting Birchwood to Eklutna	Glenn Hwy.	■									$15,000.0	
5	NR	L	Delta Junction: City Streets Rehabiliation	Delta		■							$4,000.0		
5	SR		Glacier Hwy. Resurfacing: Mendenhall Loop to Auke Bay Terminal	Juneau	■									$4,000.0	
5	CR	L	Dillingham: Wood River Road	Dillingham		■							$9,900.0		
5	SR		Ketchikan: North Tongass Highway, Phase 2: Totem Byte to Whipple Creek	Ketchikan				■						$13,800.0	
5	SR		Juneau: Glacier Highway, Amalga Harbor to Eagle River Kayak Launch, Reconstruction and Widening	Juneau					■					$12,200.0	
■	SR		TE: Ketchikan: Water Street Sidewalk Improvements	Ketchikan	■			■		■		$2,500.0			Contingent for Extra TE Funding
■	CR		TE: Glenn Highway Bike Trails Pavement Refurbishment: Eagle River to Birchwood	Eagle River						■		$3,000.0			Contingent for Extra TE Funding
			Highway and Bridge Stimulus (Contingent) Totals:									$5,500.0	$23,900.0	$126,247.6	**$155,647.6**
			Transit Stimulus (Contingent) Totals								$0.0				

1 Based on obligation date of June 17, 2009, per ARRA deadline.

[2] Local funds eligible for communities <5,000 and >200,000 population only.

Priority Key

■	Mandatory Category or Sub-Allocation
■	Governor's Gas Pipeline Priorites
2	4+ Priority Factor
3	3 Priority Factors
4	2 Priority Factors
5	1 or 0 Priority Factors

Economic Distress-Recommended	**% ED**
Total Hwy & Bridge Funding	60.1%
Total $ (Less Mandatory Setaides)	67.3%
Economic Distress-Contingent	
% Hwy. & Bridge Dollars in ED Areas	42.8%

Alaska Transit, Highway and Bridge Stimulus List (Based on ARRA 2009)

----------Priortization Factors----------

Priority (Key: Page 3)	Region	Meets Local Funds Defin.	Project Name & Scope	Location	Safety	Serves Economic Distress Area	Gas PL Logistics Benefit	Leverages Other $$	Turns Dirt in 2009[1]	Mandatory Distribution	Rural Transit (Capital) (Thousands)	2009 Stimulus Funds Needed (Thousands)			Comment
												Transit	TE 3%	Local[2] 30%	State 67%	
Stimulus Candidate, Found Ineligible or Other Factors																
	SR		Sitka: Japonski Is. Utilities and Roads	Sitka	Not evaulated due to ineligibility										$2,000.0	Project not deliverable in shorter 12-mo. timeframe
	NR	L	Gambell: Evacuation Road	Gambell	Not evaulated due to ineligibility									$9,200.0		Project not deliverable in shorter 12-mo. timeframe
	CR		Kodiak Island Borough: Chiniak Road MP 23.7 Safety Improvements	Kodiak	Not evaulated due to ineligibility										$6,400.0	Project not deliverable in shorter 12-mo. timeframe
	SR	L	Skagway: Taiya River Bridge Replacement @ Dyea Road (Bridge #0309)	Skagway	Not evaulated due to ineligibility									$1,500.0		Project not deliverable in shorter 12-mo. timeframe
	CR		Mat-Su Borough Area: Off-System Bridges Rehab or Replace	Mat-Su	Not evaulated due to ineligibility										$5,000.0	Project not deliverable in shorter 12-mo. timeframe
	CR	L	AMATS TE Funds	Anchorage										Varied		ARRA rules do not require this setaside
	NR		FMATS TE Funds	Fairbanks										Varied		ARRA rules do not require this setaside
	SR		Sitka: Sawmill Creek Road/Halibut Point Road Roundabout	Sitka	Not evaluated due to ineligibility for Local funds.										$ 1,200.0	Moved back to 2009 STIP to meet delivery prior to tourism season.
	NR		Tok Cutoff Highway MP 2, Gakona River Bridge #0646	Tok Cutoff Hwy.											$3,000.0	Moved back to 2009 STIP
	CR		Glenn Highway: Eagle River to Birchwood Pavement Rehabilitation	Glenn Hwy.	See next project.											See next project.
	All		Pavement Rehabilitation (Mill and repave)	All	Not evaluated due to extreme number of candidate projects.									Up to $300 M		Contractor resources (asphalt batch plants and lay-down equipment) is a practical limit.
	All		Transit Fixed Guideway Projects: Mat-Su Ferries, Alaska Class Ferry, Hoonah Ferry Terminal, AMHS Vessel Refurbishment, AK RR Collission Avoid.	Various	Not evaluated due to final bill providing no Fixed Guideway funding.						>$500 M					Alaska not provided any funds in this category in ARRA.

Fund Source Changes

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities
Division of Administrative Services

TO: Karen Rehfeld, Director
Office of Management and Budget

DATE: February 26, 2009

TELEPHONE NO: 465-3911
TEXT TELEPHONE: 465-3652
FAX NO: 465-3124

FROM: Nancy J. Slagle
Director

SUBJECT: Fund Source Change

The Department of Transportation and Public Facilities (DOT&PF) is requesting a fund source change on an appropriation that will be used for a federal economic stimulus project. The Federal Aviation Administration (FAA) Office in Alaska has recommended to FAA Headquarters that the Huslia Airport Improvement project bc considered for federal economic stimulus funding. This project has existing legislative authority for receipt and expenditure of federal funds (fund source code 1002). We are requesting a fund source change to the Federal Economic Stimulus fund source (1212) as follows:

$7,525,000 of the appropriation found at:
Section 4, Ch. 30, SLA 2007, page 107, lines 4-5 (Huslia: Airport Improvements - $7,525,000)

Your approval of this request is appreciated.

cc: Christine Klein, Deputy Commissioner for Aviation
Jeff Ottesen, Director, Program Development
Frank Richards, Deputy Commissioner for Highways and Facilities

FY2009 Economic Stimulus Capital Budget Amendment
(HB 154 / SB 123)

Amend sec. 4(h), Fund Source Changes for Federal Economic Stimulus Projects, to read:

(h) Section 5, ch. 30, SLA 2007, page 121, lines 19 - 21, is amended to read:

Department of Transportation/Public Facilities

1002 Federal Receipts	**508,290,800**
	[542,215,800]
1212 Federal Economic Stimulus	**33,925,000**
1003 General Fund Match	56,638,000

This amendment adds a fund source change of $7,525,000 for Huslia Airport Improvements from federal receipts to federal economic stimulus funds.

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities
Division of Administrative Services

TO: Karen Rehfeld, Director
Office of Management and Budget

DATE: February 20, 2009

TELEPHONE NO: 465-3911
TEXT TELEPHONE: 465-3652
FAX NO: 465-3124

FROM: Nancy J. Slagle
Director

SUBJECT: Fund Source Change

The Department of Transportation and Public Facilities (DOT&PF) is requesting fund source changes on appropriations that will be used for federal economic stimulus projects. To meet the reporting needs of the American Recovery and Reinvestment Act of 2009, a new fund source code has been created. The Department has identified a list of potential projects that meet the criteria of the congressional funding bill. Some of those projects have existing legislative authority for receipt and expenditure of federal funds (fund source code 1002). We are requesting a fund source change for the noted amounts to the Federal Economic Stimulus fund source (1212) as follows:

$170,000 of the appropriation found at:
Section 1, Ch. 135, SLA 2000, page 42, lines 22-24 (Denali Highway: Milepost 60- Information and Orientation Wayside - $170,000)

$7,727,875 of the appropriation found at:
Section 1, Ch. 61, SLA 2001, page 39, lines 3-4 (Dalton Highway: Milepost 175 to 209 Reconstruction - $10,000,000)

$5,020,000 of the appropriation found at:
Section 1, Ch. 1, SSSLA 2002, page 62, lines 18-20 (Dalton Highway: Milepost 175 to 209 Reconstruction - $5,020,000)

$17,000,000 of the appropriation found at:
Section 4, Ch. 30, SLA 2007, page 112, lines 26-28 (Dalton Highway: Milepost 1750to 209 Reconstruction - $17,000,000)

$7,700,000 of the appropriation found at:
Section 1, Ch. 82, SLA 2006, page 99, lines 7-8 (Gustavus: Dock Replacement - $19,000,000)

$5,748,366 of the appropriation found at:
Section 1, Ch. 61, SLA 2001, page 41, lines 21-23 (Ketchikan: Tongass Highway – Viaducts Replacement and Rehabilitation - $5,750,000)

$1,500,000 of the appropriation found at:

Section 1, Ch. 159, SLA 2004, page 44, line 33 and page 45, lines 3-4 (Ketchikan: Tongass Highway – Viaducts Replacement and Rehabilitation - $2,200,000)

$10,500,000 of the appropriation found at:
Section 13, Ch. 29, SLA 2008, page 169, lines 31-33 (Juneau: Glacier Highway – Amalga to Eagle Beach Widening - $10,500,000)

$1,000,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 79, lines 30-31 (Dillingham: Wood River Road Reconstruction - $1,000,000)

$8,500,000 of the appropriation found at:
Section 4, Ch. 30, SLA 2007, page 105, lines 28-29 (Akiachak: Airport Relocation - $10,500,000)

$9,000,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 73, lines 6-8 (Ouzinkie: Airport Reconstruction and Relocation - $9,000,000)

$3,900,000 of the appropriation found at:
Section 13, Ch. 29, SLA 2008, page 163, lines 21-23 (Ouzinkie: Airport Reconstruction and Relocation - $10,000,000)

$4,200,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 72, lines 10-11 (Kotzebue: Apron Expansion - $8,000,000)

$1,500,000 of the appropriation found at:
Section 1, Ch. 159, SLA 2004, page 37, lines 11-12 (Hoonah: Runway Extension - $1,500,000)

$1,900,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 71, lines 21-22 (Hoonah: Airport Improvements - $1,900,000)

$3,000,000 of the appropriation found at:
Section 1, Ch. 159, SLA 2004, page 36, lines 29-30 (Fort Yukon: Resurfacing - $3,000,000)

$2,765,625 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 71, lines 9-10 (Fort Yukon: Airport Resurfacing - $2,765,625)

$4,725,151 of the appropriation found at:
Section 1, Ch. 82, SLA 2006, page 90, lines 16-17 (Fort Yukon: Airport Improvements - $4,725,151)

$4,220,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 69, lines 31-32 (Allakaket: Airport Improvements - $4,220,000)

$400,000 of the appropriation found at:
Section 4, Ch. 30, SLA 2007, page 105, lines 32-33 (Allakaket: Airport Improvements - $400,000)

$1,950,000 of the appropriation found at:

Section 13, Ch. 29, SLA 2008, page 162, lines 11-12 (Allakaket: Airport Improvements - $1,950,000)

$6,859,375 of the appropriation found at:
Section 1, Ch. 82, SLA 2003, page 38, lines 19-21 (Cordova: Airport Apron, Taxiway, and General Aviation Improvements - $6,859,375)

$1,735,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 70, lines 25-27 (Cordova: Airport Apron, Taxiway, and General Aviation Improvements - $1,735,000)

$500,000 of the appropriation found at:
Section 4, Ch. 30, SLA 2007, page 106, lines 15-17 (Cordova: Airport Apron, Taxiway, and General Aviation Improvements - $1,500,000)

$600,000 of the appropriation found at:
Section 1, Ch. 1, SSSLA 2002, page 53, lines 20-21 (Lake Louise: Runway Rehabilitation - $1,060,000)

$1,840,000 of the appropriation found at:
Section 13, Ch. 29, SLA 2008, page 163, lines 17-18 (Lake Louise: Runway Rehabilitation - $1,840,000)

$1,700,000 of the appropriation found at:
Section 13, Ch. 29, SLA 2008, page 163, lines 11-12 (Kodiak: Chemical Storage Building - $1,700,000)

Your approval of this request is appreciated.

cc: Jeff Ottesen, Director, Program Development
Frank Richards, Deputy Commissioner for Highways and Facilities

Project Details

Project Review Listing
FY2009 Economic Stimulus - DOT

Transportation Only, Numbers Only

Department of Transportation and Public Facilities

AppropNum		AP/AL	Project Title	Fund Source		Fund Source Total
48358	*	AP	Airport Stimulus Projects			
				1212	Federal ES	$55,350,000
43254		AL	Akiachak: Airport Relocation			
				1212	Federal ES	$11,500,000
40278		AL	Allakaket: Airport Improvements			
				1212	Federal ES	$3,600,000
47820		AL	Fairbanks International Airport: Access Control Improvements			
				1212	Federal ES	$3,000,000
48361		AL	Fairbanks International Airport: 1L-19R - Taxiway and Apron Improvements			
				1212	Federal ES	$3,000,000
41727		AL	Fort Yukon: Airport Improvements			
				1212	Federal ES	$6,500,000
40586		AL	Hoonah: Airport Improvements			
				1212	Federal ES	$100,000
AMD48399		AL	King Salmon: Apron and Taxiway Resurfacing			
				1212	Federal ES	$9,750,000
45436		AL	Kodiak: Chemical Storage Building			
				1212	Federal ES	$1,200,000
40275		AL	Kotzebue: Apron Expansion			
				1212	Federal ES	$5,300,000
40289		AL	Ouzinkie: Airport Reconstruction and Relocation			
				1212	Federal ES	$8,400,000
47802		AL	Ted Stevens Anchorage International Airport: North Terminal Gate N8			
				1212	Federal ES	$3,000,000
48365	*	AP	Transit Stimulus Projects			
				1212	Federal ES	$9,083,900
48272		AL	Statewide: Transit Rural Formula Capital Projects			
				1212	Federal ES	$5,183,900
48307		AL	Juneau: Downtown Transit Center Construction			
				1212	Federal ES	$3,000,000
48366		AL	Mat-Su: Park and Ride at Seward Meridian/Parks Highway			
				1212	Federal ES	$900,000
48354	*	AP	Highway and Bridge Stimulus Projects			
				1002	Fed Rcpts	$9,500,000
				1212	Federal ES	$138,773,900
47605		AL	Dalton Highway Culverts: Milepost 260 to 321			
				1212	Federal ES	$26,300,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2009 Economic Stimulus - DOT

Transportation Only, Numbers Only

Department of Transportation and Public Facilities

RefNum	AP/AL	Project Title			Fund Source Total
47696	AL	Parks Highway: Milepost 72 to 83 Rehabilitation, Willow to Kashwitna			
			1212	Federal ES	$23,000,000
47697	AL	Alaska Highway: Milepost 1412 to 1422			
			1212	Federal ES	$5,300,000
48304	AL	Glenn Highway: Hiland to Eklutna Resurfacing			
			1212	Federal ES	$25,000,000
34547	AL	Kotzebue: Shore Avenue Rehabilitation and Erosion Protection			
			1002	Fed Rcpts	$8,500,000
			1212	Federal ES	$6,500,000
40322	AL	Alaska Highway: Milepost 1308 - Tok Weigh Station			
			1002	Fed Rcpts	$1,000,000
			1212	Federal ES	$3,000,000
48266	AL	Yakutat: Areawide Paving			
			1212	Federal ES	$3,800,000
47706	AL	Haines: Front Street to Union Street			
			1212	Federal ES	$2,500,000
48262	AL	Glenn Highway: Milepost 34 to 42 - Parks Interchange to Palmer Resurfacing			
			1212	Federal ES	$8,000,000
40579	AL	Nome Road Improvements			
			1212	Federal ES	$4,000,000
34768	AL	Emmonak: Community Road Improvements			
			1212	Federal ES	$3,000,000
48299	AL	Marshall: Airport Access Road Bridge Replacement			
			1212	Federal ES	$2,800,000
48298	AL	Hoonah: Airport Road Paving - Ferry Terminal to Airport			
			1212	Federal ES	$3,000,000
48269	AL	AMATS: Stimulus Highway and Bridge Funded Projects			
			1212	Federal ES	$18,953,900
48267	AL	Valdez: Areawide Bike and Pedestrian Trail Pavement Refurbishment			
			1212	Federal ES	$3,290,000
47839	AL	Denali Highway: Milepost 7 Wayside			
			1212	Federal ES	$330,000
48355	* AP	Highway and Bridge Stimulus Contingency Projects			
			1002	Fed Rcpts	$2,100,000
			1212	Federal ES	$136,997,600
48264	AL	Richardson Highway: Milepost 276 to 286 Resurfacing			
			1212	Federal ES	$4,500,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2009 Economic Stimulus - DOT

Transportation Only, Numbers Only

Department of Transportation and Public Facilities

AgfNum	AP/AL	Project Title			Fund Source Total
48360	AL	Delta Junction Area: National Highway System Repaving			
			1212	Federal ES	$4,000,000
43314	AL	Ketchikan: Airport Ferry M/V Bob Ellis Replacement			
			1212	Federal ES	$6,800,000
48368	AL	Fairbanks: LED Street Light Conversion			
			1212	Federal ES	$3,310,000
48369	AL	Fairbanks: Sign Replacement			
			1212	Federal ES	$973,600
48370	AL	Fairbanks: Wendell Street ADA Improvements			
			1212	Federal ES	$814,000
48288	AL	Kodiak: Rezanof Drive Resurfacing - Coast Guard Access Road to Jack Hinkel Way			
			1212	Federal ES	$10,000,000
48265	AL	Sterling Highway Resurfacing: Soldotna to North Coho Loop			
			1212	Federal ES	$15,000,000
48285	AL	Juneau: Jordan Creek Bridge Replacement and Basin Road Trestle Rehabilitation			
			1212	Federal ES	$1,500,000
47695	AL	Richardson Highway: Milepost 345 Moose Creek Railroad Crossing			
			1212	Federal ES	$14,000,000
47832	AL	Seward Meridian Parkway: Road Improvements - Parks Highway to Palmer-Wasilla Highway			
			1002	Fed Rcpts	$2,100,000
			1212	Federal ES	$11,000,000
47538	AL	Sterling Highway Scales Replacement			
			1212	Federal ES	$2,200,000
47833	AL	Kipnuk: Boardwalk Improvements			
			1212	Federal ES	$10,000,000
48291	AL	Glenn Highway: Lighting - Birchwood to Eklutna			
			1212	Federal ES	$15,000,000
48296	AL	Delta Junction: City Street Rehabilitation			
			1212	Federal ES	$4,000,000
48297	AL	Juneau: Egan Drive and Glacier Highway Resurfacing - Mendenhall Loop to Auke Bay Ferry Terminal			
			1212	Federal ES	$4,000,000
40364	AL	Dillingham: Wood River Road Reconstruction			
			1212	Federal ES	$8,900,000
47703	AL	Ketchikan: North Tongass Highway - Totem Bight to Whipple Creek			
			1212	Federal ES	$13,800,000
45461	AL	Juneau: Glacier Highway - Amalga to Eagle Beach Widening			
			1212	Federal ES	$1,700,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2009 Economic Stimulus - DOT

Transportation Only, Numbers Only

Department of Transportation and Public Facilities

fNum	AP/AL	Project Title			Fund Source Total
48313	AL	Ketchikan: Water Street Sidewalk Improvements			
			1212	Federal ES	$2,500,000
48301	AL	Glenn Highway: Bike Trails Pavement Refurbishment - Eagle River to Birchwood			
			1212	Federal ES	$3,000,000
31376	AP	Federal Contingency Projects			
			1212	Federal ES	$15,000,000

Federal ES (1212):	**$355,205,400**
Fed Rcpts (1002):	**$11,600,000**
General Fund Total:	**0**
Federal Total:	**$366,805,400**
Other Total:	**0**
Department Total:	**$366,805,400**

Federal ES (1212) Grand Total:	**$355,205,400**
Fed Rcpts (1002) Grand Total:	**$11,600,000**
General Fund Grand Total:	**0**
Federal Grand Total:	**$366,805,400**
Other Grand Total:	**0**
Grand Total:	**$366,805,400**

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2009 Economic Stimulus - DOT

Transportation Only

Department of Transportation and Public Facilities

Num		AP/AL	Project Title			Fund Source Total
48358	*	AP	Airport Stimulus Projects			
				1212	Federal ES	$45,600,000
43254		AL	Akiachak: Airport Relocation			
				1212	Federal ES	$11,500,000
40278		AL	Allakaket: Airport Improvements			
				1212	Federal ES	$3,600,000
47820		AL	Fairbanks International Airport: Access Control Improvements			
				1212	Federal ES	$3,000,000
48361		AL	Fairbanks International Airport: 1L-19R - Taxiway and Apron Improvements			
				1212	Federal ES	$3,000,000
41727		AL	Fort Yukon: Airport Improvements			
				1212	Federal ES	$6,500,000
40586		AL	Hoonah: Airport Improvements			
				1212	Federal ES	$100,000
45436		AL	Kodiak: Chemical Storage Building			
				1212	Federal ES	$1,200,000
40275		AL	Kotzebue: Apron Expansion			
				1212	Federal ES	$5,300,000
40289		AL	Ouzinkie: Airport Reconstruction and Relocation			
				1212	Federal ES	$8,400,000
47802		AL	Ted Stevens Anchorage International Airport: North Terminal Gate N8			
				1212	Federal ES	$3,000,000
48365	*	AP	Transit Stimulus Projects			
				1212	Federal ES	$9,083,900
48272		AL	Statewide: Transit Rural Formula Capital Projects			
				1212	Federal ES	$5,183,900
48307		AL	Juneau: Downtown Transit Center Construction			
				1212	Federal ES	$3,000,000
48366		AL	Mat-Su: Park and Ride at Seward Meridian/Parks Highway			
				1212	Federal ES	$900,000
48354	*	AP	Highway and Bridge Stimulus Projects			
				1002	Fed Rcpts	$9,500,000
				1212	Federal ES	$138,773,900
47605		AL	Dalton Highway Culverts: Milepost 260 to 321			
				1212	Federal ES	$26,300,000
7696		AL	Parks Highway: Milepost 72 to 83 Rehabilitation, Willow to Kashwitna			
				1212	Federal ES	$23,000,000

* Indicates an appropriation with allocations (amounts not included in totals)

4935

Project Review Listing
FY2009 Economic Stimulus - DOT

Transportation Only

Department of Transportation and Public Facilities

Num	AP/AL	Project Title			Fund Source Total
47697	AL	Alaska Highway: Milepost 1412 to 1422			
			1212	Federal ES	$5,300,000
48304	AL	Glenn Highway: Hiland to Eklutna Resurfacing			
			1212	Federal ES	$25,000,000
34547	AL	Kotzebue: Shore Avenue Rehabilitation and Erosion Protection			
			1002	Fed Rcpts	$8,500,000
			1212	Federal ES	$6,500,000
40322	AL	Alaska Highway: Milepost 1308 - Tok Weigh Station			
			1002	Fed Rcpts	$1,000,000
			1212	Federal ES	$3,000,000
48266	AL	Yakutat: Areawide Paving			
			1212	Federal ES	$3,800,000
47706	AL	Haines: Front Street to Union Street			
			1212	Federal ES	$2,500,000
48262	AL	Glenn Highway: Milepost 34 to 42 - Parks Interchange to Palmer Resurfacing			
			1212	Federal ES	$8,000,000
40579	AL	Nome Road Improvements			
			1212	Federal ES	$4,000,000
34768	AL	Emmonak: Community Road Improvements			
			1212	Federal ES	$3,000,000
48299	AL	Marshall: Airport Access Road Bridge Replacement			
			1212	Federal ES	$2,800,000
48298	AL	Hoonah: Airport Road Paving - Ferry Terminal to Airport			
			1212	Federal ES	$3,000,000
48269	AL	AMATS: Stimulus Highway and Bridge Funded Projects			
			1212	Federal ES	$18,953,900
48267	AL	Valdez: Areawide Bike and Pedestrian Trail Pavement Refurbishment			
			1212	Federal ES	$3,290,000
47839	AL	Denali Highway: Milepost 7 Wayside			
			1212	Federal ES	$330,000
48355 *	AP	Highway and Bridge Stimulus Contingency Projects			
			1002	Fed Rcpts	$2,100,000
			1212	Federal ES	$136,997,600
48264	AL	Richardson Highway: Milepost 276 to 286 Resurfacing			
			1212	Federal ES	$4,500,000
48360	AL	Delta Junction Area: National Highway System Repaving			
			1212	Federal ES	$4,000,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2009 Economic Stimulus - DOT

Transportation Only

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Num	AP/AL	Project Title			Fund Source Total
43314	AL	Ketchikan: Airport Ferry M/V Bob Ellis Replacement			
			1212	Federal ES	$6,800,000
48368	AL	Fairbanks: LED Street Light Conversion			
			1212	Federal ES	$3,310,000
48369	AL	Fairbanks: Sign Replacement			
			1212	Federal ES	$973,600
48370	AL	Fairbanks: Wendell Street ADA Improvements			
			1212	Federal ES	$814,000
48288	AL	Kodiak: Rezanof Drive Resurfacing - Coast Guard Access Road to Jack Hinkel Way			
			1212	Federal ES	$10,000,000
48265	AL	Sterling Highway Resurfacing: Soldotna to North Coho Loop			
			1212	Federal ES	$15,000,000
48285	AL	Juneau: Jordan Creek Bridge Replacement and Basin Road Trestle Rehabilitation			
			1212	Federal ES	$1,500,000
47695	AL	Richardson Highway: Milepost 345 Moose Creek Railroad Crossing			
			1212	Federal ES	$14,000,000
47832	AL	Seward Meridian Parkway: Road Improvements - Parks Highway to Palmer-Wasilla Highway			
			1002	Fed Rcpts	$2,100,000
			1212	Federal ES	$11,000,000
47538	AL	Sterling Highway Scales Replacement			
			1212	Federal ES	$2,200,000
47833	AL	Kipnuk: Boardwalk Improvements			
			1212	Federal ES	$10,000,000
48291	AL	Glenn Highway: Lighting - Birchwood to Eklutna			
			1212	Federal ES	$15,000,000
48296	AL	Delta Junction: City Street Rehabilitation			
			1212	Federal ES	$4,000,000
48297	AL	Juneau: Egan Drive and Glacier Highway Resurfacing - Mendenhall Loop to Auke Bay Ferry Terminal			
			1212	Federal ES	$4,000,000
40364	AL	Dillingham: Wood River Road Reconstruction			
			1212	Federal ES	$8,900,000
47703	AL	Ketchikan: North Tongass Highway - Totem Bight to Whipple Creek			
			1212	Federal ES	$13,800,000
45461	AL	Juneau: Glacier Highway - Amalga to Eagle Beach Widening			
			1212	Federal ES	$1,700,000
48313	AL	Ketchikan: Water Street Sidewalk Improvements			
			1212	Federal ES	$2,500,000

* Indicates an appropriation with allocations (amounts not included in totals)

Project Review Listing
FY2009 Economic Stimulus - DOT

Transportation Only

Department of Transportation and Public Facilities

Num	AP/AL	Project Title			Fund Source Total
48301	AL	Glenn Highway: Bike Trails Pavement Refurbishment - Eagle River to Birchwood			
			1212	Federal ES	$3,000,000
31376	AP	Federal Contingency Projects			
			1212	Federal ES	$15,000,000

Federal ES (1212):	**$345,455,400**
Fed Rcpts (1002):	**$11,600,000**
General Fund Total:	**0**
Federal Total:	**$357,055,400**
Other Total:	**0**
Department Total:	**$357,055,400**

Federal ES (1212) Grand Total:	**$345,455,400**
Fed Rcpts (1002) Grand Total:	**$11,600,000**
General Fund Grand Total:	**0**
Federal Grand Total:	**$357,055,400**
Other Grand Total:	**0**
Grand Total:	**$357,055,400**

* Indicates an appropriation with allocations (amounts not included in totals)

Airport Stimulus Projects

FY2009 Request: **$55,350,000**
Reference No: **48358**

AP/AL: Appropriation with Allocations
Project Type: Construction
Category: Transportation
Location: Statewide
Contact: Christine Klein
House District: Statewide (HD 1-40)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014

Brief Summary and Statement of Need:
These projects are being proposed for Economic Stimulus funding.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$55,350,000						$55,350,000
Total:	$55,350,000	$0	$0	$0	$0	$0	$55,350,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Airport Stimulus Projects

FY2009 Request: **$45,600,000**
Reference No: **48358**

AP/AL: Appropriation with Allocations
Project Type: Construction
Category: Transportation
Location: Statewide
Contact: Christine Klein
House District: Statewide (HD 1-40)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014

Brief Summary and Statement of Need:
These projects are being proposed for Economic Stimulus funding.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$45,600,000						$45,600,000
Total:	$45,600,000	$0	$0	$0	$0	$0	$45,600,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Akiachak: Airport Relocation

FY2009 Request: **$11,500,000**
Reference No: **43254**

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Akiachak
Contact: Christine Klein
House District: Bethel (HD 38)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Airport Stimulus Projects

Brief Summary and Statement of Need:
This project will relocate and construct a new Akiachak Airport 3,300 foot runway, construct a new airport, new apron, taxiway and airport access road, construct snow removal equipment buildings, and install fencing and airport lighting. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$11,500,000						$11,500,000
Total:	$11,500,000	$0	$0	$0	$0	$0	$11,500,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	16,000	0
One-Time Startup:	0	
Totals:	16,000	0

Additional Information / Prior Funding History:
FY2009 - $8,000,000; FY2008 - $10,500,000.

Project Description/Justification:
The purpose of this project is to replace the current airport with a new airport that is up to current design standards to improve safety and operational efficiency. The existing runway and safety areas do not meet minimum length and width standards. The runway is not oriented with prevailing wind patterns, has ruts and dips with loose gravel surfacing, and is reported to be soft when wet. The existing apron is simply a widened portion of the runway. It is deficient in size for the forecasted operations and does not meet separation standards from the runway surface. A 400-foot offset is required to satisfy non-precision GPS approach requirements, which is the current design standard. The new airport will include lighting to improve safety and increase the number of flight operations during marginal weather and light conditions.

Operating and maintenance costs are expected to increase by approximately $16,000 per year beginning in FY2012.

This project meets the Federal Aviation Administration (FAA) discretionary funding criteria for the Economic Stimulus Package and received a high FAA national (ACIP) score. Advertising for this project is estimated to take place in April, 2009.

Allakaket: Airport Improvements **FY2009 Request:** **$3,600,000**
Reference No: **40278**

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Allakaket **Contact:** Christine Klein
House District: Interior Villages (HD 6) **Contact Phone:** (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Airport Stimulus Projects

Brief Summary and Statement of Need:
Repair and stabilize the runway embankment, taxiway and apron to correct areas that have experienced serious differential settlement, side slope failures and erosion. Work will include resurfacing, addition of a dust palliative and lighting adjustments or replacement as needed, improve apron setback from the runway, and make other improvements as funding allows. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,600,000						$3,600,000
Total:	$3,600,000	$0	$0	$0	$0	$0	$3,600,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2009 - $1,950,000; FY2008 - $400,000; FY2006 - $4,220,000.

Project Description/Justification:
The Allakaket runway was constructed in 1997. However, the existing foundations included extensive permafrost and wet areas. Thaw-settlement has caused serious safety concerns due to differential settlement of the runway, embankment cracking along the fill slopes and safety areas, slope erosion, drainage problems and distress to the lighting system.

Additional funding is requested to reflect the engineer's current cost estimate.

This project meets criteria such as safety and is anticipated to be complete within the timeframes required by the congressional legislation. Advertising for this project is estimated to take place in March, 2009.

Fairbanks International Airport: Access Control Improvements | **FY2009 Request:** $3,000,000 | **Reference No:** 47820

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Fairbanks (Denali/University)
Contact: Christine Klein
House District: Denali/University (HD 8)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Airport Stimulus Projects

Brief Summary and Statement of Need:
This project is the result of a Federal Aviation Administration (FAA) directive to identify access control measures to reduce deviations and incursions at Fairbanks International Airport (FAI), i.e., fencing, gates, and improved signage. This project contributes to the Department's Mission by improving the mobility of people and goods and by reducing injuries, fatalities and property damage.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,000,000						$3,000,000
Total:	$3,000,000	$0	$0	$0	$0	$0	$3,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The Fairbanks International Airport ranks among the top 20 of 400 certified airports in incursions and deviations. Every effort will be made to implement the least costly and restrictive measures that accomplish the objective of reducing incursions and deviations.

This project meets criteria such as safety and is anticipated to be complete within the timeframes required by the congressional legislation. Advertising for this project is expected to be in August, 2009.

Fairbanks International Airport: 1L-19R - Taxiway and Apron Improvements | **FY2009 Request:** $3,000,000 | **Reference No:** 48361

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Fairbanks (City of Fairbanks)
Contact: Christine Klein
House District: City of Fairbanks (HD 9)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Airport Stimulus Projects

Brief Summary and Statement of Need:
This request will fund construction of the initial phase of Taxiway Echo and pave aircraft apron areas proximal to runway 1L-19R. The initial phase of Taxiway Echo consists of excavating, filling, grading, paving, lighting, and marking approximately 400' of new taxiway. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,000,000						$3,000,000
Total:	$3,000,000	$0	$0	$0	$0	$0	$3,000,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY09 Supplemental Request - $18,250,000; FY2007 - $30,250,000; FY2006 - $21,500,000.

Project Description/Justification:
New Taxiway Echo will be located at the southern end of runway 1L-19R (Fairbanks International Airport's [FAI's] main air-carrier runway) and will connect to the far southern end of FAI's smaller runway, 1R-19L. New Taxiway Echo would replace Taxiway Bravo, which currently connects the two runways mid-field of 1L-19R. Mid-field taxiway connectors are more hazardous then end-field taxiway connectors as they place potential air, pedestrian, and vehicle conflicts in a high incident area, the middle of the runway. Constructing the initial Phase of Taxiway Echo now – while runway 1L-19R is closed for construction - will avoid future closure of runway 1L-19R during the remaining phases of Taxiway Echo construction. This request would also fund reconstruction of approximately 180,000 square feet of airfield apron areas proximal to 1L-19R that have exceeded their useful life and have pavement condition indices less than Federal Aviation Administration (FAA) standards. As with the initiation of Taxiway Echo, pavement of these areas while runway 1L-19R is closed will avoid having to close it again in the future to accomplish this objective.

This project meets the FAA discretionary funding criteria for the Economic Stimulus Package and received a high FAA national (ACIP) score. This will be a change order to the existing contract.

Fort Yukon: Airport Improvements | **FY2009 Request:** $6,500,000 | **Reference No:** 41727

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Fort Yukon
Contact: Christine Klein
House District: Interior Villages (HD 6)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Airport Stimulus Projects

Brief Summary and Statement of Need:
Resurface and include a dust palliative on the apron, taxiway and runway at the Fort Yukon Airport. Correct drainage problems, clear overgrown vegetation, and complete other improvements as funding allows. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$6,500,000						$6,500,000
Total:	$6,500,000	$0	$0	$0	$0	$0	$6,500,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2007 - $4,725,151; FY2006 - $2,765,625.

Project Description/Justification:
The existing runway is now rutted, coarse and soft in some areas. Dust from the airport is considered a major health and safety concern by the community. Northern Region Maintenance and Operations has difficulty dealing with the vegetation overgrowth on the operational surfaces and drainage problems are evident during break-up and wet weather.

This request reflects an update to the engineer's estimate.

In order to meet barge schedules, we need to award the Fort Yukon Airport construction contract in the Spring. If we wait until after July we risk losing the entire construction season. The airport improvements and the building will be bid as one construction contract, with advertising to commence in February 2009.

This project meets the Federal Aviation Administration (FAA) discretionary funding criteria for the Economic Stimulus Package and received a high FAA national (ACIP) score. Advertising for this project is estimated to take place in March, 2009.

King Salmon: Apron and Taxiway Resurfacing

FY2009 Request: **$9,750,000**
Reference No: **AMD 48399**

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: King Salmon
Contact: Christine Klein
House District: Bristol Bay/Aleutians (HD 37)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Airport Stimulus Projects

Brief Summary and Statement of Need:
This is a new request being added as a result of recommendations from the Federal Aviation Administration (FAA) - Alaska Division. Resurface the terminal and transient ("Fish Haul") aprons at King Salmon airport, and also several taxiways (A, B, C, D & E), whose Pavement Condition Indexes (PCI's) are well within the "reconstruct" range. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$9,750,000						$9,750,000
Total:	$9,750,000	$0	$0	$0	$0	$0	$9,750,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☑ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The terminal apron and transient apron pavement is unsafe for current aircraft use. Several other taxiways have pavement condition indexes in the "reconstruct" range. Taxiways C and E will become part of the parallel taxiway system at King Salmon Airport once the parallel taxiway is constructed from the terminal apron to runway 18-36 in FFY10, resulting in substantial additional heavy aircraft use.

The pavement on these aprons and taxiways is unraveling and the surfaces are uneven. FAA Part 139 annual inspections since 2003 have directed the Department of Transportation and Public Facilities to address issues with the terminal apron, specifically citing portions of the apron area that exhibited break-up of pavement, depressions, and standing water. In 2006 the Federal Aviation Administration (FAA) noted these conditions and stated that "all of these conditions present a fertile ground for foreign object debris and other safety related issues. Complete pavement rehabilitation is a must for the terminal apron area. " The July 2008 Letter of Correction states that "This is unacceptable; and the pavement discrepancy must be resolved." The correction date given is October 31, 2009.

This project meets criteria such as safety and is anticipated to be complete within the timeframes required by the congressional legislation. Advertising for this project is estimated to take place in May, 2009.

Hoonah: Airport Improvements **FY2009 Request:** **$100,000**
Reference No: **40586**

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Hoonah
Contact: Christine Klein
House District: Cordova/Southeast Islands (HD 5)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Airport Stimulus Projects

Brief Summary and Statement of Need:
Extend airport runway to state standards, expand lease lots and apron space, and other improvements. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$100,000						$100,000
Total:	$100,000	$0	$0	$0	$0	$0	$100,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2006 - $1,900,000; FY2005 - $1,500,000 Runway Extension

Project Description/Justification:
Extend airport runway to state standard to reduce weight penalty on aircraft serving Hoonah; expand lease lots and apron space to accommodate additional general aviation and commercial traffic, provide additional lease lots for hangars and commercial development; provide dedicated parking area for short and long-term passenger parking; construct a ramp to allow float planes to be hauled out and serviced or based at the airport; and other improvements.

This project meets the Federal Aviation Administration (FAA) discretionary funding criteria for the Economic Stimulus Package and received a high FAA national (ACIP) score. Advertising for this project is estimated to take place in June, 2009.

Kodiak: Chemical Storage Building

FY2009 Request: **$1,200,000**
Reference No: **45436**

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Kodiak
Contact: Christine Klein
House District: Kodiak (HD 36)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Airport Stimulus Projects

Brief Summary and Statement of Need:
Construct a facility consisting of storage tanks, mixing tank and storage area for de-icing truck. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,200,000						$1,200,000
Total:	$1,200,000	$0	$0	$0	$0	$0	$1,200,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	12,000	0
One-Time Startup:	0	
Totals:	12,000	0

Additional Information / Prior Funding History:
FY2009 - $1,700,000.

Project Description/Justification:
This project will provide a safe storage and mixing area for liquid de-icing materials and equipment. Without the building and storage tanks to mix the dry urea for liquid application, the use of sand for runway de-icing will continue. New Alaska Airlines jets have a less-forgiving engine for sand or foreign object debris ingestion which could lead to engine failure. The need to switch from sand to chemical de-icing at Kodiak is further underscored by Central Region Maintenance and Operations' inability to obtain sand that meets the minimum specifications identified by the Federal Aviation Administration (FAA). The de-icing material storage facility will provide a controlled environment, thereby minimizing the possibility of a spill or handling accident.

Operating and maintenance costs will be approximately $12,000 per year beginning in 2011.

This project meets criteria such as safety and is anticipated to be complete within the timeframes required by the congressional legislation. Advertising for this project is estimated to take place in June, 2009.

Kotzebue: Apron Expansion

FY2009 Request: **$5,300,000**
Reference No: **40275**

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Kotzebue
Contact: Christine Klein
House District: Arctic (HD 40)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Airport Stimulus Projects

Brief Summary and Statement of Need:
Expand the terminal apron to the south and east. This project will also construct new general aviation aircraft parking, a new access road and taxiway, security fencing and drainage improvements, and will provide new leasing areas. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$5,300,000						$5,300,000
Total:	$5,300,000	$0	$0	$0	$0	$0	$5,300,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2009 - $1,220,000; FY2006 - $8,000,000.

Project Description/Justification:
The terminal apron is congested. Apron congestion will be relieved by expanding the terminal apron southward. There are currently no available aviation lease lots at the terminal apron. This project will create additional lease lots.

This will be the first stage of a multi-stage project.

This project meets the FAA discretionary funding criteria for the Economic Stimulus Package and received a high FAA national (ACIP) score. Advertising for this project is estimated to take place in April, 2009.

Ouzinkie: Airport Reconstruction and Relocation **FY2009 Request: $8,400,000**
Reference No: 40289

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Ouzinkie
Contact: Christine Klein
House District: Kodiak (HD 36)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Airport Stimulus Projects

Brief Summary and Statement of Need:
Project will entail the final design, right of way acquisition, and construction of a new airport and access road for the village of Ouzinkie located near Kodiak. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$8,400,000						$8,400,000
Total:	$8,400,000	$0	$0	$0	$0	$0	$8,400,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	31,000	0
One-Time Startup:	0	
Totals:	31,000	0

Additional Information / Prior Funding History:
FY2009 - $10,000,000; FY2006 - $9,000,000.

Project Description/Justification:
The existing airport does not meet minimum design standards for runway length, runway width, runway safety areas, and runway lighting and is being actively eroded by the ocean. The separation distance between the existing airport and the local landfill and sewage lagoon are less than the minimum allowed by the Federal Aviation Administration (FAA). The location of the existing runway in relationship to the community is constraining the community's ability to expand to the north and east.

Operating and maintenance costs will be approximately $31,000 per year beginning in 2011.

This project meets the FAA discretionary funding criteria for the Economic Stimulus Package and received a high FAA national (ACIP) score. Advertising for this project is estimated to take place in March, 2009.

Ted Stevens Anchorage International Airport: North Terminal Gate N8

FY2009 Request: $3,000,000
Reference No: 47802

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Anchorage (Sand Lake)
Contact: Christine Klein
House District: Sand Lake (HD 27)
Contact Phone: (907)269-0724
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Airport Stimulus Projects

Brief Summary and Statement of Need:
Reconstruct the deteriorated gate apron pavement, including all associated lighting, hydrant system, jet bridge foundations, drainage, pavement, subgrade preparation, etc. Expand the portland cement area to provide better support for ground service equipment during aircraft servicing. This project is needed to avoid continued high maintenance costs and potential damage to aircraft from Foreign Object Debris (FOD). This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,000,000						$3,000,000
Total:	$3,000,000	$0	$0	$0	$0	$0	$3,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
Remove all existing concrete pavement and asphalt pavement and necessary subgrade soils. Replace with structural fill and new concrete and asphalt pavement, rehabilitate the storm drainage system, replace the lighting, re-pave and re-stripe the aprons. Expand the portland cement area to provide better support for ground service equipment during aircraft servicing.

The Federal Aviation Administration (FAA) requires that airports have a Pavement Management System (AC 150/5380-7) that facilitates identification of expected pavement needs. Ted Stevens Anchorage International Airport's (ANC's) Pavement Management System identifies pavement condition as a function of the Pavement Condition Index (PCI). The PCI is established through a survey and subsequent software analysis of asphalt and concrete pavement condition. The PCI is a metric value of 0-100, with 100 being the optimum pavement condition. The pavement condition surveys analyze cracks, spalling, rutting, and other pavement conditions that become part of the 0-100 metric. Poor pavement conditions result in FOD on aprons, runways and taxiways and are safety concerns for aircraft moving on the airfield. A 70 PCI is an indication that a project should be programmed in the short term to rehabilitate a runway. A PCI condition below 60 is an indication that

a project should be programmed in the short term to rehabilitate taxiways and aprons and existing paved airfield surfaces.

The existing asphalt and concrete at gate N8 is in poor condition. It has a PCI value below 50 which is less than the desired minimum required under the Pavement Maintenance and Management Plan. The aprons are cracking, deteriorating, and fail to meet minimum PCI requirements. Existing pavement cracks will grow and expand, leading to pavement failures within the apron surface. This involves potential damage to aircraft and surface transportation vehicles from cracks, ruts, FOD and other impediments.

This project meets criteria such as safety and is anticipated to be complete within the timeframes required by the congressional legislation. Advertising for this project is estimated to take place in May, 2009.

Transit Stimulus Projects

FY2009 Request: **$9,083,900**
Reference No: **48365**

AP/AL: Appropriation with Allocations
Project Type: Construction
Category: Transportation
Location: Statewide
Contact: Frank Richards
House District: Statewide (HD 1-40)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014

Brief Summary and Statement of Need:
Transit projects funded with direct Economic Stimulus funds.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$9,083,900						$9,083,900
Total:	$9,083,900	$0	$0	$0	$0	$0	$9,083,900

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Statewide: Transit Rural Formula Capital Projects **FY2009 Request: $5,183,900**
Reference No: 48272

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Statewide
Contact: Frank Richards
House District: Statewide (HD 1-40)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Transit Stimulus Projects

Brief Summary and Statement of Need:
Federal stimulus funds from the Federal Transit Administration that are administered by the Department for Public Transit Systems. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$5,183,900						$5,183,900
Total:	$5,183,900	$0	$0	$0	$0	$0	$5,183,900

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Project Description/Justification:
This program provides federal stimulus funding from the Federal Transit Administration (FTA) for the purchase of vehicles and equipment, installation and repair of bus shelters/bus stops and other capital expenditures. These funds require no match and are available to both public transit systems and private nonprofit organizations through a grant process.

Juneau: Downtown Transit Center Construction | **FY2009 Request:** $3,000,000 | **Reference No:** 48307

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Juneau (Downtown Juneau)
Contact: Frank Richards
House District: Unidentified House District
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Transit Stimulus Projects

Brief Summary and Statement of Need:
This project will construct a combination transit center and parking facility in downtown Juneau. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,000,000						$3,000,000
Total:	$3,000,000	$0	$0	$0	$0	$0	$3,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2009 - $750,000 GF mandatory match for federal funds.

Project Description/Justification:
This investment in public transportation will benefit economic development in the capital city, reduce parking congestion, and improve transportation options for those who choose not to drive or who cannot afford a personal vehicle. Adequate public transportation is critical for those making the transition from welfare to work.

Advertising of this project is estimated to take place in April, 2009.

Mat-Su: Park and Ride at Seward Meridian/Parks Highway **FY2009 Request:** **$900,000**
Reference No: **48366**

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Matanuska Susitna Borough **Contact:** Frank Richards
House District: Matsu Areawide (HD 13-16) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Transit Stimulus Projects

Brief Summary and Statement of Need:
Project would construct a park and ride area somewhere along the Parks Highway near, or east of Wasilla. Possible locations include near the southern extension of Trunk Road and near Seward Meridian Parkway. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$900,000						$900,000
Total:	$900,000	$0	$0	$0	$0	$0	$900,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
Approximately 10,000 people commute daily between the Mat-Su Valley and Anchorage and the existing park and ride facilities are consistently over capacity. Van-pool, carpool and bus service from the valley is in the process of being expanded and parking demands are increasing.

Advertising for this project is estimated to take place Spring/Summer 2009.

Highway and Bridge Stimulus Projects **FY2009 Request: $148,273,900**
Reference No: 48354

AP/AL: Appropriation with Allocations **Project Type:** Construction
Category: Transportation
Location: Statewide **Contact:** Frank Richards
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014

Brief Summary and Statement of Need:
These projects are being proposed for direct Economic Stimulus funding.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Fed Rcpts	$9,500,000						$9,500,000
Federal ES	$138,773,900						$138,773,900
Total:	$148,273,900	$0	$0	$0	$0	$0	$148,273,900

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Dalton Highway Culverts: Milepost 260 to 321 **FY2009 Request: $26,300,000**
Reference No: 47605

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Statewide **Contact:** Frank Richards
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
The 414 - mile long Dalton Highway is the sole ground transportation link to the revenue lifeblood of Alaska, the North Slope oil and gas fields. Over the last two decades the roadway surface and roadside drainage structures have fallen into disrepair due to insufficient funding. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$26,300,000						$26,300,000
Total:	$26,300,000	$0	$0	$0	$0	$0	$26,300,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
This project replaces existing culverts at seven locations between MP 260 and 321, addresses the Oksrukuyik Creek Bridge and raises the roadway grade between MP 311.7 and 313.3.

This project will preserve and extend the service life of the highway, enhance highway safety and provide adequate fish passage. Within the project area, seven stream crossings have culverts that are undersized and/or failing. Failure of any of these culverts could lead to washouts which would severely diminish transportation capabilities along the Dalton. There is an approximately 2.1 mile stretch of road (MP 311.7 to 313.9) that is routinely overtopped and threatened by floodplain overflow of the Sag River.

The Dalton Highway Corridor from Fairbanks to Prudhoe Bay is vital to North Slope oil and gas development. This highway is a statewide priority and provides the sole ground transportation link to Alaska's major revenue source. Overland access to these resources is critical to their continued development, to Alyeska Pipeline operation and maintenance and to future gas pipeline construction. Truck traffic is expected to continue to grow as continued oil and gas development requires increasing amounts of drill pipe, materials for production facilities and other supplies. Traffic growth is

expected to accelerate significantly with construction of the planned gas pipeline.

This project meets the prioritization criteria of serving an economically distressed area, provides logistics benefits for the gas pipeline development, and can turn dirt in 2009. Advertising of this project is estimated to take place in April, 2009.

Parks Highway: Milepost 72 to 83 Rehabilitation, Willow to Kashwitna | **FY2009 Request:** $23,000,000 | **Reference No:** 47696

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Willow
Contact: Frank Richards
House District: Rural Mat-Su (HD 15)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Rehabilitate the Parks Highway, from MP 72 to 83, between Willow Creek and the Kashwitna River. Improvements include widening the embankments for 8-foot shoulders; rehabilitate the pavement; add a total of seven miles of alternating north and south bound passing lanes; and construct paved roadside pull outs at Kashwitna Lake and Grey's Creek. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$23,000,000						$23,000,000
Total:	$23,000,000	$0	$0	$0	$0	$0	$23,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The existing roadway is two lanes with four-foot shoulders, deteriorated pavement, has no passing lanes, and has underlying structural embankment deficiencies that require seasonal weight restrictions. The project will rehabilitate the pavement, widen the shoulders to eight feet (consistent with Alaska's standard for the National Highway System), reconstruct the problematic structural sections, and construct seven miles of passing lanes. The improvements will better accommodate oversize, overweight loads and slow moving traffic associated with gas line construction.

This project meets the prioritization criteria of safety, serves an economically distressed area, provides logistics benefits for the gas pipeline development, leverages other funds (GO Bonds), and can turn dirt in 2009. Advertising of this project is estimated to take place in March, 2009.

Alaska Highway: Milepost 1412 to 1422 **FY2009 Request: $5,300,000**
Reference No: 47697

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Statewide **Contact:** Frank Richards
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
This project is the initial stage of a large scale effort to address highway needs to support the construction of a large diameter natural gas pipeline from the North Slope of Alaska to the Canadian border and midwestern states. The Alaska Highway will be significantly impacted by the projected increases in heavy truck traffic and the movement of pipe and oversized construction modules. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$5,300,000						$5,300,000
Total:	$5,300,000	$0	$0	$0	$0	$0	$5,300,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
This project will rehabilitate, improve drainage, re-level and resurface the Alaska Highway between MP 1412 and 1422 (Delta South). The project design and environmental documentation are complete.

Substandard embankment conditions have been identified in this area causing significant pavement failures. This project will improve the Alaska Highway to accommodate increased truck traffic associated with gas line construction.

This project meets the prioritization criteria of serving an economically distressed area, provides logistics benefits for the gas pipeline development, and can turn dirt in 2009. Advertising of this project is estimated to take place in April, 2009.

Glenn Highway: Hiland to Eklutna Resurfacing **FY2009 Request: $25,000,000**
Reference No: 48304

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Matanuska-Susitna Borough (Richardson/Glenn Highways)
Contact: Frank Richards
House District: Richardson/Glenn Highways (HD 12)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Mill and resurface mainline driving lanes on the Glenn Highway from the Hiland Interchange to the Eklutna Interchange. Project will also resurface all ramps and bridges encompassing Hiland Road and Artillery Road Interchanges, and replace guardrail and pavement markings. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$25,000,000						$25,000,000
Total:	$25,000,000	$0	$0	$0	$0	$0	$25,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The purpose of the proposed project is to provide an improved driving surface and to extend the service life of the facility. The route has pavement ruts ranging from .25 inch to 1.5 inches deep. Guardrail is in need of repair or replacement, and guardrail end terminals need to be upgraded to current design standards.

This project meets the prioritization criteria of safety, provides logistics benefits for the gas pipeline development, and can turn dirt in 2009. Advertising of this project is estimated to take place in Spring/Summer 2009.

Kotzebue: Shore Avenue Rehabilitation and Erosion Protection | **FY2009 Request:** $15,000,000 | **Reference No:** 34547

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Kotzebue
Contact: Frank Richards
House District: Arctic (HD 40)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Reconstruct Shore Avenue from Lake Street, through the primary commercial area of Kotzebue, approximately 4,400 feet to the end of the road at Crowley Dock. Shore Avenue will be paved, new sidewalks, a pathway, parallel parking, an open space on the seaward side, and an erosion protection revetment on the seaside. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Fed Rcpts	$8,500,000						$8,500,000
Federal ES	$6,500,000						$6,500,000
Total:	$15,000,000	$0	$0	$0	$0	$0	$15,000,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2009 - $6,390,000; FY2007 - $3,400,000 SAFETEA-LU Earmark; FY2002 - $10,620,000.

Project Description/Justification:
Beach erosion has reduced Shore Avenue to less than two lanes and forced it onto adjacent property. The situation is progressively worsening as the traffic demand on the route is increasing. The road needs to be reconstructed in its proper location and widened to re-establish two-lane traffic and pedestrian and bicycle traffic. The re-established facility will then need to be protected from further erosion.

This request brings authorization up to total engineer's estimate as reflected in the Statewide Transportation Improvement Program (STIP).

In order to meet the barge schedule, we need to award the Kotzebue Shore Avenue construction contract in the Spring of 2009. If we wait until after July we risk losing the entire 2009 construction season. Losing a season means exposing the infrastructure along the shore to potential storm damage for another year. The project will provide shore protection along with other improvements.

This project meets the prioritization criteria of safety, serves an economically distressed area, leverages other funds (congressional earmarks), and can turn dirt in 2009. Advertising of this project

is estimated to take place in March, 2009.

Alaska Highway: Milepost 1308 - Tok Weigh Station **FY2009 Request: $4,000,000**
Reference No: 40322

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Tok **Contact:** Frank Richards
House District: Interior Villages (HD 6) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Reconstruct the Tok Weigh Station to include multi-platform scales, a new scale house, and a heated inspection facility. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Fed Rcpts	$1,000,000						$1,000,000
Federal ES	$3,000,000						$3,000,000
Total:	$4,000,000	$0	$0	$0	$0	$0	$4,000,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2009 - $1,350,000; FY2006 - $1,190,000; FY2002 - $190,000; FY2001 - $106,500; FY1999 - $163,500.

Project Description/Justification:
The current facility does not meet the needs of the vehicle inspection crews on site. A new weighing system is needed to facilitate simultaneous axle group and gross weight enforcement. The site will be expanded to accommodate a new scale house.

This project meets the prioritization criteria of serving an economically distressed area, provides logistics benefits for the gas pipeline development, and can turn dirt in 2009. Advertising of this project is estimated to take place in March, 2009.

Yakutat: Areawide Paving

FY2009 Request: $3,800,000
Reference No: 48266

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Yakutat
Contact: Frank Richards
House District: Cordova/Southeast Islands (HD 5)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Resurface Airport Road from approximately MP 0 to MP 4. Extend existing Dangerous River Road pavement approximately 0.2 miles to access new entrance to city landfill. Resurface and extend existing Ocean Cape Road pavement along the segment extending approximately 0.23 miles from the intersection with Airport Road. Pave and improve drainage on approximately 1.4 mile long Max Italio Road. Replace two tidal relief culvers and related work on Mallot Avenue. Other improvements as necessary. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,800,000						$3,800,000
Total:	$3,800,000	$0	$0	$0	$0	$0	$3,800,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
In 2002 the International Roughness Index for Airport Road, Dangerous River Road and Mallot Avenue ranged from 145 to 180 (95 to 170 is fair, and anything above 170 is poor). Given the time since the last inspection, it is reasonable to expect that these roadways have deteriorated. The tidal relief culverts at approximately MP 0.2 on Mallot Avenue are extremely rusted and close to failure, causing concerns for safety and for fish habitat. This is the only access to the harbor, and if the culverts fail the community will be cut off from its major economic engine, causing extreme hardship.

Paving Dangerous River Road will allow the use of the plow truck to remove snow, and improve overall maintenance efficiencies. Parts of this road were paved 20 years ago and are in desperate need of repaving – another section will be removed this spring and will need resurfacing. Airport Road has dangerous ruts that fill with water, causing controllability issues when filled with water, ice or a combination of the two. Unlike other communities, Yakutat does not receive magnesium chloride, forcing them to use less effective means of addressing these safety issues.

The project includes paving of Max Italio for transfer to the City of Yakutat (the Memorandum of Understanding is now being negotiated). Transfer of local roads to local entities is a priority in the Commissioner's "Let's Get Moving 2030".

This project meets the prioritization criteria of serving an economically distressed area and can turn dirt in 2009. Advertising of this project is estimated to take place in May, 2009.

Haines: Front Street to Union Street

FY2009 Request: **$2,500,000**
Reference No: **47706**

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Haines
Contact: Frank Richards
House District: Cordova/Southeast Islands (HD 5)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Rebuild this 28'-wide section of road, remove existing asphalt, grade and restore existing subgrade as required, and place new surface to match existing finish grades. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$2,500,000						$2,500,000
Total:	$2,500,000	$0	$0	$0	$0	$0	$2,500,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
Rebuilding this section of roadway will complete reconstruction of the remaining section of highway from town to the ferry terminal, streamlining access to the ferry system and other port facilities. Pedestrian safety is vastly improved, as is transport efficiency.

This project meets the prioritization criteria of serving an economically distressed area, provides logistics benefits for the gas pipeline development, and can turn dirt in 2009. Advertising of this project is estimated to take place in April, 2009.

Glenn Highway: Milepost 34 to 42 - Parks Interchange to Palmer Resurfacing | **FY2009 Request:** $8,000,000 | **Reference No:** 48262

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Palmer (Richardson/Glenn Highways)
Contact: Frank Richards
House District: Richardson/Glenn Highways (HD 12)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Mill and resurface mainline driving lanes on the Glenn Highway from the Parks Highway / Glenn Highway Interchange to the Palmer-Wasilla Highway Intersection in Palmer. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$8,000,000						$8,000,000
Total:	$8,000,000	$0	$0	$0	$0	$0	$8,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The purpose of the proposed project is to provide an improved driving surface and to extend the service life of the facility. The route has pavement ruts ranging from .25 inch to 1.5 inches deep. Guardrail is in need of repair or replacement, and guardrail end terminals need to be upgraded to current design standards.

This project meets the prioritization criteria of safety, serves an economically distressed area, and can turn dirt in 2009. Advertising of this project is estimated to take place in Spring/Summer 2009.

Nome Road Improvements **FY2009 Request:** **$4,000,000**
Reference No: **40579**

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Nome **Contact:** Frank Richards
House District: Bering Straits (HD 39) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Improve road drainage and provide dust control mitigation on Nome city streets. Solutions to the dust control issues will vary based on existing condition of the streets and material types, including high float, paving or the use of chemical dust palliatives. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$4,000,000						$4,000,000
Total:	$4,000,000	$0	$0	$0	$0	$0	$4,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2006 $1,000,000 Congressional Earmark.

Project Description/Justification:
The community has seen an increase in vehicle traffic over the past decade. This increase has made dust mitigation such as paving or chemical treatments on local roads a significant issue. The project will also improve drainage on city streets that are typically impacted by permafrost and migration of fine soil particles caused by snowmelt and seasonal rain. Improving drainage is critical to the effectiveness of any dust-abatement surface treatment. Proper drainage will also prevent potholing and any further loss of pavement on the few paved streets in the community.

This project meets the prioritization criteria of serving an economically distressed area, leverages other funds (congressional earmark), and can turn dirt in 2009. Advertising of this project is estimated to take place in July, 2009.

Emmonak: Community Road Improvements | **FY2009 Request:** $3,000,000 | **Reference No:** 34768

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Emmonak
Contact: Frank Richards
House District: Bering Straits (HD 39)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
This project will upgrade up to three miles of existing community roads and provide surfacing to mitigate dust. Minor drainage work may be required to ensure embankment sustainability. This project will be partially funded by the Denali Commission. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,000,000						$3,000,000
Total:	$3,000,000	$0	$0	$0	$0	$0	$3,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2002 - $1,100,000.

Project Description/Justification:
The community roads in Emmonak lack proper surfacing material. Due to the silty soil conditions in the area, the roads are extremely dusty in dry weather and rutted in wet weather. The roads lack proper drainage structures resulting in standing water in many locations throughout the community. The dusty road conditions are a serious health issue and need to be addressed. Although this project is jointly funded from federal and state sources, additional funding is needed to successfully complete this project and to significantly improve the health and quality of life in Emmonak.

This project meets the prioritization criteria of serving an economically distressed area, leverages other funds (Denali Commission, Bureau of Indian Affairs, Department of Commerce, Community, and Economic Development, and GO Bonds), and can turn dirt in 2009. Advertising of this project is estimated to take place in Spring/Summer 2009.

Marshall: Airport Access Road Bridge Replacement **FY2009 Request:** **$2,800,000**
Reference No: **48299**

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Marshall **Contact:** Frank Richards
House District: Interior Villages (HD 6) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Replace the existing temporary bridge on the Marshall Airport Access Road. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$2,800,000						$2,800,000
Total:	$2,800,000	$0	$0	$0	$0	$0	$2,800,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The existing temporary bridge is inadequate and does not meet the needs of the community. It was installed as a temporary measure several years ago to keep the access to the airport open. This road is the only vehicular access the village has to the airport. Replacing the bridge with a safer more durable structure would make the delivery of passengers and freight more efficient and improve the overall safety for the traveling public.

This project meets the prioritization criteria of safety, serves an economically distressed area, and can turn dirt in 2009. Advertising of this project is estimated to take place in Spring/Summer 2009.

Hoonah: Airport Road Paving - Ferry Terminal to Airport **FY2009 Request: $3,000,000**
Reference No: 48298

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Hoonah
Contact: Frank Richards
House District: Cordova/Southeast Islands (HD 5)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Grind and repave Airport Road from the Ferry Terminal (MP 0) to the Airport (MP 2.2). This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,000,000						$3,000,000
Total:	$3,000,000	$0	$0	$0	$0	$0	$3,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The Mayor of Hoonah says this is the community's top priority for infrastructure projects. The degraded condition of Hoonah's Airport Road has resulted in controllability issues, with extremely poor conditions in front of the post office. Department maintenance crews have had difficulty staying on top of patching, and freeze-thaw cycles regularly generate new potholes and other degradations. The International Roughness Index ranges from 109-178 (95-170 is considered fair, with anything over 170 considered poor). Rutting is extreme, with ½ inch ruts along at least ½ the length of the road.

This project meets the prioritization criteria of serving an economically distressed area. Advertising of this project is estimated to take place in July, 2009.

AMATS: Stimulus Highway and Bridge Funded Projects **FY2009 Request: $18,953,900**
Reference No: 48269

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Anchorage Areawide **Contact:** Frank Richards
House District: Anchorage Areawide (HD 17-32) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
This funding will be assigned to specific projects by the Anchorage Metropolitan Planning Organization (MPO) policy board, as required by federal law. Because of the rapid timeline in developing the Stimulus bill, there has not been time to pre-identify the specific projects. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$18,953,900						$18,953,900
Total:	$18,953,900	$0	$0	$0	$0	$0	$18,953,900

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Project Description/Justification:
The economic stimulus bill (American Recovery and Reinvestment Act of 2009) calls for some fraction of the Act to include funds for Highway and Bridge work. These funds will be allocated to each state transportation agency under a formula contained in the language of the Act. Included in the bill is a requirement for sub-allocation to the Anchorage MPO, known as AMATS. The MPO board is required to select projects that conform to their long-range metropolitan transportation plan, and which meet the other requirements of the Act, such as rapid obligation of 50% of the funds.

This project meets the prioritization criteria as a mandatory distribution.

Valdez: Areawide Bike and Pedestrian Trail Pavement Refurbishment | **FY2009 Request:** $3,290,000 | **Reference No:** 48267

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Valdez
Contact: Frank Richards
House District: Richardson/Glenn Highways (HD 12)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Repave the bike path along the Richardson Highway from Egan Drive to Robe River Subdivision (seven miles). The project will also rehabilitate and pave the access road into the Blueberry Lake Campground. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,290,000						$3,290,000
Total:	$3,290,000	$0	$0	$0	$0	$0	$3,290,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The surface of this bike path has deteriorated and cracked in many areas. This path is used for summer and winter recreational opportunities. The Blueberry Lake Campground road is used to access the popular state recreation site at Blueberry Lake. The existing road is narrow, potholed with no surfacing. These improvements will provide better access to campsites, fishing and trails.

This project meets the prioritization criteria of serving an economically distressed area, can turn dirt in 2009, and is a mandatory distribution. Advertising of this project is estimated to take place in Spring/Summer 2009.

Denali Highway: Milepost 7 Wayside

FY2009 Request: **$330,000**
Reference No: **47839**

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Paxson
Contact: Frank Richards
House District: Richardson/Glenn Highways (HD 12)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Projects

Brief Summary and Statement of Need:
Construct a wayside with enhancements at MP 7 of the Denali Highway. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$330,000						$330,000
Total:	$330,000	$0	$0	$0	$0	$0	$330,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2001 - $170,000.

Project Description/Justification:
Provide wayside parking and traveler information near the east end of the Denali Highway. Includes parking for RVs and automobiles. Enhancements include interpretive signs along the viewing area, vaulted toilets and trash receptacles. The Department of Transportation and Public Facilities will perform maintenance of the pavement surface and the Bureau of Land Management will perform maintenance of the enhancements.

This project meets the prioritization criteria of serving an economically distressed area, can turn dirt in 2009 and is a mandatory distribution. Advertising of this project is estimated to take place in April, 2009.

Highway and Bridge Stimulus Contingency Projects **FY2009 Request: $139,097,600**
Reference No: 48355

AP/AL: Appropriation with Allocations **Project Type:** Construction
Category: Transportation
Location: Statewide **Contact:** Frank Richards
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014

Brief Summary and Statement of Need:
These are the contingency projects that can be done if additional funds become available to Alaska or if something on the direct Economic Stimulus funding list can't be done.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Fed Rcpts	$2,100,000						$2,100,000
Federal ES	$136,997,600						$136,997,600
Total:	$139,097,600	$0	$0	$0	$0	$0	$139,097,600

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Richardson Highway: Milepost 276 to 286 Resurfacing **FY2009 Request: $4,500,000**
Reference No: 48264

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Big Delta **Contact:** Frank Richards
House District: Interior Villages (HD 6) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Relevel and repave the Richardson Highway from the Tanana River Bridge (MP 276) to just east of Shaw Creek (MP 286). This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$4,500,000						$4,500,000
Total:	$4,500,000	$0	$0	$0	$0	$0	$4,500,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The road surface on this stretch of the Richardson Highway has a remaining service life of approximately four years and needs to be releveled and repaved. Maintenance crews are patching this section on a regular basis. This project is needed to preserve the pavement structures to extend the remaining service life of the road surface and to support the construction of a natural gas pipeline.

This project meets the prioritization criteria of serving an economically distressed area, provides logistics benefits for the gas pipeline development, and can turn dirt in 2009. Advertising of this project is estimated to take place in Spring/Summer 2009.

Delta Junction Area: National Highway System Repaving **FY2009 Request: $4,000,000**
Reference No: 48360

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Delta Junction (Richardson/Glenn Highways)
Contact: Frank Richards
House District: Richardson/Glenn Highways (HD 12)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Repave the Richardson Highway between MP 265 and 267 (Delta Junction area) and upgrade the intersection at the junction of the Alaska Highway and Richardson Highway. Work will include resurfacing, repaving, curb, gutter and drainage improvements. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$4,000,000						$4,000,000
Total:	$4,000,000	$0	$0	$0	$0	$0	$4,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The Richardson Highway is a principal arterial connecting with the Alaska Highway to the Canadian Border and also continues south to Valdez. As such, it is one of the few road connections to outside Alaska and also connects to the oil terminal and major recreation opportunities at Valdez. Resurfacing and repaving is necessary to preserve the life of the road. This proactive approach of cost effective preventive maintenance to extend the life of a federal-aid highway minimizes costly, time consuming rehabilitation and reconstruction work. This will reduce associated traffic disruptions and the public will see improved mobility, reduced congestion and a smoother, longer lasting pavement.

This project meets the prioritization criteria of serving an economically distressed area, provides logistics benefits for the gas pipeline development, and can turn dirt in 2009. Advertising of this project is estimated to take place in Spring/Summer 2009.

Ketchikan: Airport Ferry M/V Bob Ellis Replacement **FY2009 Request: $6,800,000**
Reference No: 43314

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Ketchikan
Contact: Frank Richards
House District: Ketchikan (HD 1)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Construct a new airport ferryboat to replace the M/V Bob Ellis. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$6,800,000						$6,800,000
Total:	$6,800,000	$0	$0	$0	$0	$0	$6,800,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2008 - $5,750,000 AK Capital Inc funds.

Project Description/Justification:

The existing airport ferry M/V Bob Ellis has reached the end of its useful service life and will not pass future Coast Guard inspections without major maintenance investment, which could exceed the cost of a new ferryboat. The Ketchikan International Airport requires a second ferryboat to ensure reliability of service when the other ferry is in overhaul or out of service. The airport also requires a second ferryboat to cover peak summer traffic demand to the airport.

This project meets the prioritization criteria of safety, leverages other funds (AK Capital Income) and can be obligated in 2009. Advertising of this project is estimated to take place in May, 2009.

Fairbanks: LED Street Light Conversion **FY2009 Request: $3,310,000**
Reference No: 48368

AP/AL: Allocation **Project Type:** Renewal and Replacement
Category: Transportation
Location: Fairbanks Areawide **Contact:** Frank Richards
House District: Fairbanks Areawide (HD 7-11) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Convert existing High Pressure Sodium (HPS) street lights to Light-Emitting Diode (LED) lights in the City of Fairbanks and North Pole. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,310,000						$3,310,000
Total:	$3,310,000	$0	$0	$0	$0	$0	$3,310,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The City of Fairbanks and City of North Pole operate approximately 2,900 High Pressure Sodium (HPS) street lights, which cost approximately $550,000 per year to power and $75,000 per year in maintenance and replacement bulb costs. The Light-Emitting Diode (LED) street lights provide a 70% reduction in power usage and have a lifespan estimated from 50,000 to 100,000 hours. This would result in an annual savings of $400,000 or greater per year for the City of Fairbanks and North Pole residents.

This project meets the prioritization criteria of safety and can begin in 2009. Advertising of this project is estimated to take place in Spring/Summer 2009.

Fairbanks: Sign Replacement

FY2009 Request: $973,600
Reference No: 48369

AP/AL: Allocation
Project Type: Renewal and Replacement
Category: Transportation
Location: Fairbanks Areawide
Contact: Frank Richards
House District: Fairbanks Areawide (HD 7-11)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Design and implement a system to assess all traffic signs in the Fairbanks area and replace as needed to improve their visibility and increase road safety. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$973,600						$973,600
Total:	$973,600	$0	$0	$0	$0	$0	$973,600

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
There is a new federal mandate to ensure the retro-reflectivity of all signs are assessed, inventoried, and replaced as needed. By January 2012, a sign assessment or management system has to be in place to track sign data and ensure timely sign replacement. By January 2015, all ground-mounted regulatory, warning and guide signs must comply with retro-reflectivity requirements and by January 2018, all overhead and street name signs must be compliant.

This project meets the prioritization criteria of safety and can begin in 2009. Advertising of this project is estimated to take place in Spring/Summer 2009.

Fairbanks: Wendell Street ADA Improvements **FY2009 Request: $814,000**
Reference No: 48370

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Fairbanks (Fairbanks/Fort Wainwright) **Contact:** Frank Richards
House District: Fairbanks/Fort Wainwright (HD 10) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Pedestrian improvements, re-paving, utility relocation, and storm drain improvements on Wendell Street. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$814,000						$814,000
Total:	$814,000	$0	$0	$0	$0	$0	$814,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None

Project Description/Justification:
Sidewalk improvements are necessary to comply with the Americans with Disabilities Act (ADA). Wendell Street is the location of the new Morris Thompson Cultural and Visitor's Center and tourists will be dropped off and picked up there by bus companies. Improving the pedestrian facilities and repaving will enhance this new cultural visitor destination in Fairbanks. The storm drains are 40-year-old wood stave pipes and are in dire need of replacement.

This project meets the prioritization criteria of being able to turn dirt in 2009. Advertising of this project is estimated to take place in Spring/Summer 2009.

Kodiak: Rezanof Drive Resurfacing - Coast Guard Access Road to Jack Hinkel Way | **FY2009 Request:** $10,000,000 | **Reference No:** 48288

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Kodiak
Contact: Frank Richards
House District: Kodiak (HD 36)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Resurface Rezanof Drive from the Coast Guard Access Road extending approximately 6.7 miles to Jack Hinkel Way in the City of Kodiak. The project includes milling and resurfacing the driving lanes and shoulders, striping, and removal and replacement of damaged guardrail. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$10,000,000						$10,000,000
Total:	$10,000,000	$0	$0	$0	$0	$0	$10,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
Rezanof Drive is a National Highway System (NHS) route. The surface of the highway is rutted and has been patched to repair potholes. The resurfacing project will eliminate ruts, improve safety, reduce maintenance costs, and extend the useful life of the highway. Damaged guardrail will be replaced as will end terminals not meeting current design standards.

This project meets the prioritization criteria of safety and serves an economically distressed area. Advertising of this project is estimated to take place in Spring/Summer 2009.

Sterling Highway Resurfacing: Soldotna to North Coho Loop | **FY2009 Request: $15,000,000** | **Reference No: 48265**

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Soldotna
Contact: Frank Richards
House District: Kenai/Soldotna (HD 33)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Resurface approximately 17 miles of the Sterling Highway from Kalifornsky Beach Road passing through the community of Kasilof to South Coho Loop. The project includes pre-leveling existing rutted driving lanes, resurfacing the driving lanes and shoulders, striping, and removal and replacement of guardrail. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$15,000,000						$15,000,000
Total:	$15,000,000	$0	$0	$0	$0	$0	$15,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The surface of the highway is rutted and has been patched in numerous places to repair potholes. The resurfacing project will eliminate ruts, improve safety, reduce maintenance costs, and extend the useful life of the highway. Guardrail will be replaced and will include end terminals meeting current design standards.

This project meets the prioritization criteria of safety and serves an economically distressed area. Advertising of this project is estimated to take place in Spring/Summer 2009.

Juneau: Jordan Creek Bridge Replacement and Basin Road Trestle Rehabilitation **FY2009 Request: $1,500,000** **Reference No: 48285**

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Juneau Areawide
Contact: Frank Richards
House District: Juneau Areawide (HD 3-4)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Replace Jordan Creek Bridge #1786 (Trout Street), and rehabilitate the Basin Road Trestle #0948. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,500,000						$1,500,000
Total:	$1,500,000	$0	$0	$0	$0	$0	$1,500,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
Though Trout Street is short, it is busy. Average Daily Traffic (ADT) is over 3,900 for this roadway that serves two popular eateries, a hotel and a business center. This steel stringer and filled steel grid bridge was built in 1984 and suffers from excessive rust. The replacement bridge is currently being designed, but is anticipated to incorporate a pre-fabricated, single span steel bridge with pony truss.

The Basin Road Trestle was built in 1936 and is the primary maintenance and operations access to Juneau's water supply in Last Chance Basin. Deck condition is serious, superstructure condition is fair, with a sufficiency rating of 42 out of 100. Commercial trucks are limited to eight tons per axle. In the event that the city's water turbines need to be replaced, they will need to be slung in by helicopter, a high-risk and expensive option. Basin Trestle rehabilitation will include replacing the bridge deck, updating the guard rail, and increasing the load ratings for the first and last span to equal or exceed the intermediate spans. The foundations will be inspected, and replaced or repaired as required.

This project meets the prioritization criteria of safety and leverages other funds. Advertising of this project is estimated to take place in July, 2009.

Richardson Highway: Milepost 345 Moose Creek Railroad Crossing | **FY2009 Request:** $14,000,000 | **Reference No:** 47695

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: North Pole
Contact: Frank Richards
House District: North Pole (HD 11)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
This project is the initial stage of a large scale effort to address highway needs to support the construction of a large diameter natural gas pipeline from the North Slope of Alaska to the Canadian Border and Midwestern States. The Richardson Highway will be impacted by the projected increases in heavy truck traffic and the movement of pipe and oversized construction modules. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$14,000,000						$14,000,000
Total:	$14,000,000	$0	$0	$0	$0	$0	$14,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
This project will construct an overpass on the Richardson Highway over the Alaska Railroad tracks near Moose Creek (approximately MP 345 of the Richardson Highway). The project will maintain the divided highway and construct separated bridges over the Alaska Railroad. In addition, the project will construct a new approach to the Moose Creek access road and reconstruct an existing median opening near Moose Creek.

This project will increase safety and reduce delay at the railroad crossing. Grade separation between the highway and railroad is needed to eliminate the potential for vehicle-train collisions, rear-end collisions caused when high speed vehicles encounter fuel trucks and school buses that must stop at the tracks, and a history of delay during peak hours when vehicles cannot readily change lanes.

This project meets the prioritization criteria of safety and provides logistics benefits for the gas pipeline development. Advertising of this project is estimated to take place in January, 2010.

Seward Meridian Parkway: Road Improvements - Parks Highway to Palmer-Wasilla Highway

FY2009 Request: $13,100,000
Reference No: 47832

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Wasilla
Contact: Frank Richards
House District: Greater Wasilla (HD 14)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Upgrade Seward Meridian Parkway to a four-lane roadway with a center left turn lane and a separated pathway from the Parks Highway to the Palmer-Wasilla Highway to include intersection improvements at the Palmer-Wasilla Highway. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Fed Rcpts	$2,100,000						$2,100,000
Federal ES	$11,000,000						$11,000,000
Total:	$13,100,000	$0	$0	$0	$0	$0	$13,100,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	26,800	0
One-Time Startup:	0	
Totals:	26,800	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The Seward Meridian Parkway Road Improvements project will increase the capacity of the roadway to address the current congestion issues and future travel demands in the fast growing Wasilla area while addressing the need for safe bicycle and pedestrian improvements.

Operating and maintenance costs are expected to increase by approximately $26,800 per year beginning in FY2012.

This project meets the prioritization criteria of serving an economically distressed area and leverages other funds. Advertising of this project is estimated to take place in Spring/Summer 2009.

Sterling Highway Scales Replacement **FY2009 Request: $2,200,000**
Reference No: 47538

AP/AL: Allocation **Project Type:** Renewal and Replacement
Category: Transportation
Location: Kenai Areawide **Contact:** Frank Richards
House District: Kenai Areawide (HD 33-35) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Replace the failed scales at the Sterling Highway Weigh Station. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$2,200,000						$2,200,000
Total:	$2,200,000	$0	$0	$0	$0	$0	$2,200,000

☑ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
9% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The Sterling Highway scales have just recently failed, requiring closure until they can be replaced. Until the scales are replaced, size, weight and safety compliance checks of all Commercial Motor Vehicles (CMV) south of the Potter Weigh Station can only be conducted during roadside inspections. This process will increase fuel costs and will decrease the efficiency of conducting these types of checks at areas away from the Sterling Highway Weigh Station. The safety of the traveling public as well as Measurement Standards and Commercial Vehicle Enforcement's ability to protect public infrastructure will be impacted as not every CMV south of the Potter Weigh Station will be checked for overweight loads.

This project meets the prioritization criteria of safety and serves an economically distressed area. Advertising of this project is estimated to take place in Spring/Summer 2009.

Kipnuk: Boardwalk Improvements

FY2009 Request: $10,000,000
Reference No: 47833

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Kipnuk
Contact: Frank Richards
House District: Bethel (HD 38)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Construct approximately 4.7 miles of new and replacement boardwalks in the community of Kipnuk. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES.	$10,000,000						$10,000,000
Total:	$10,000,000	$0	$0	$0	$0	$0	$10,000,000

☐ State Match Required ☐ One-Time Project ☑ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
This project will continue the replacement of boardwalk that constitute the village transportation system including thoroughfare and residential laterals. The current boardwalks were constructed with 2' x 6' untreated lumber placed directly on the tundra. They are narrow and insufficient for the volume and type of traffic in the community.

This project meets the prioritization criteria of serving an economically distressed area and leverages other funds. Advertising of this project is estimated to take place in Spring/Summer 2009.

Glenn Highway: Lighting - Birchwood to Eklutna **FY2009 Request: $15,000,000**
Reference No: 48291

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Eklutna
Contact: Frank Richards
House District: Chugiak/Southern Mat-Su (HD 16)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Install continuous lighting along the Glenn Highway corridor from South Birchwood Loop to Eklutna. Lighting is proposed to be a combination of low mount electroliers with high mast lighting at interchanges. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$15,000,000						$15,000,000
Total:	$15,000,000	$0	$0	$0	$0	$0	$15,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	120,000	0
One-Time Startup:	0	
Totals:	120,000	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
This project will provide an eight mile extension to the existing highway lighting system on the Glenn Highway corridor between Anchorage and Eklutna, greatly increasing the safety of the traveling public.

Electrical costs and minor maintenance for this project when completed will be $120,000 annually.

This project meets the prioritization criteria of safety. Advertising of this project is estimated to take place in Spring/Summer 2009.

Delta Junction: City Street Rehabilitation **FY2009 Request: $4,000,000**
Reference No: 48296

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Delta Junction (Interior Villages) **Contact:** Frank Richards
House District: Interior Villages (HD 6) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Improve community streets within the City of Delta Junction. The project will include resurfacing, paving, grade, and drainage improvements. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$4,000,000						$4,000,000
Total:	$4,000,000	$0	$0	$0	$0	$0	$4,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
Improving the city streets in Delta Junction would reduce maintenance costs, improve safety as well as health and air quality by eliminating dust. The project will also improve economic viability for local businesses and farms located on these roads.

This project meets the prioritization criteria of serving an economically distressed area. Advertising of this project is estimated to take place in Spring/Summer 2009.

Juneau: Egan Drive and Glacier Highway Resurfacing - Mendenhall Loop to Auke Bay Ferry Terminal

FY2009 Request: $4,000,000
Reference No: 48297

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Juneau (Mendenhall Valley)
Contact: Frank Richards
House District: Juneau/Mendenhall Valley (HD 4)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Pavement rehabilitation on Egan Drive from Mendenhall Loop Road to Brotherhood Bridge. Pavement rehabilitation on Glacier Highway from Brotherhood Bridge to the Auke Bay Ferry Terminal. The segment on Glacier Highway from Hamilton Drive to Fritz Cove Road was resurfaced in 2008 and is not included. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$4,000,000						$4,000,000
Total:	$4,000,000	$0	$0	$0	$0	$0	$4,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The section of road close to Mendenhall Loop is heavily traveled, with an Average Daily Traffic (ADT) of over 14,000 a day. Rutting in the Brotherhood Bridge area ranges from 0.5 to 0.8 inches, and Pavement Serviceability Ratings in the same area are "poor." The portion of the highway from the intersection with Fritz Cove Road to the Auke Bay Ferry Terminal has several rough areas and areas where pavement is breaking up and requires intensive maintenance.

Ruts filled with water pose a hydroplaning and controllability issue, and this hazard can be exacerbated when ice collects in these ruts. As maintenance crews work to reduce costs, the use of costly chemicals that mitigate these issues have been reduced.

This project meets the prioritization criteria of safety. Advertising of this project is estimated to take place in July, 2009.

Dillingham: Wood River Road Reconstruction **FY2009 Request: $8,900,000**
Reference No: 40364

AP/AL: Allocation **Project Type:** Construction
Category: Transportation
Location: Dillingham **Contact:** Frank Richards
House District: Bristol Bay/Aleutians (HD 37) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Realign and reconstruct approximately 2.8 miles of the Wood River Road from Kanakanak Road to the Wood River Landing. Project also includes a separated Wood River Road pathway and a 1/4 mile Waskey Road pathway spur. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$8,900,000						$8,900,000
Total:	$8,900,000	$0	$0	$0	$0	$0	$8,900,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2006 - $1,000,000; FY2003 - $800,000.

Project Description/Justification:
The road surface is sub-standard and requires extra maintenance to provide operational efficiency. The Dillingham Airport Master Plan recommends realignment of the road to eliminate conflicts with navigational aids. The corridor experiences significant pedestrian and bicycle use that requires separated facilities to ensure adequate safety.

This project meets the prioritization criteria of serving an economically distressed area. Advertising of this project is estimated to take place in Spring/Summer 2009.

Ketchikan: North Tongass Highway - Totem Bight to Whipple Creek

FY2009 Request: $13,800,000
Reference No: 47703

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Ketchikan
Contact: Frank Richards
House District: Ketchikan (HD 1)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Reconstruct the highway for approximately two miles to provide a paved width of 36' from the first junction with D-1 Loop Road to Whipple Creek Bridge (#1153). Roadway work will exclude the 0.2 mile section from the second junction with D-1 Loop Road (at approximately MP 10.5) to Lighthouse Grocery (at approximately MP 10.7), which will be addressed in another project. Construct a paved path (8' in width) on the uphill side. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$13,800,000						$13,800,000
Total:	$13,800,000	$0	$0	$0	$0	$0	$13,800,000

☐ State Match Required ☐ One-Time Project ☑ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
This section of the North Tongass Highway is one of the narrowest, high-volume, high-speed segments in Southeast Alaska. Existing pavement width is only 26 feet, leaving almost no shoulder. The roadside environment is unforgiving when vehicles do exit the roadway. Posted speed is 50 mph, and Average Daily Traffic (ADT) is 4,000. The pavement condition has deteriorated rapidly and, if not repaired, will require significant maintenance.

This project meets the prioritization criteria of safety and leverages other funds. Advertising of this project is estimated to take place in December, 2009.

Juneau: Glacier Highway - Amalga to Eagle Beach Widening | **FY2009 Request:** $1,700,000 | **Reference No:** 45461

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Auke Bay
Contact: Frank Richards
House District: Juneau/Mendenhall Valley (HD 4)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Widen the Glacier Highway for 4.6 miles from the intersection with Amalga Harbor Road to the kayak launch site (Boulder Beach Access) at the north end of Eagle Beach. Enhance trailheads and beach access along this route out of Juneau. Does not include funding for widening of either bridge (Eagle River/Bridge #735 and Herbert River/Bridge #736) on this segment. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,700,000						$1,700,000
Total:	$1,700,000	$0	$0	$0	$0	$0	$1,700,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2009 - $10,500,000.

Project Description/Justification:
This project in the City and Borough of Juneau has environmental approval and is ready for construction funding. Pavement on the portion north of Amalga Harbor Road crosses a low-lying wet area and is near failure after years of service. It is the oldest highway pavement still providing service in Southeast Alaska. The sharp curve at Eagle Beach has been problematical for years and has seen two fatalities. Besides rock excavation to improve this curve, the project will increase paved width, provide adequate separation between the fog line and guardrail face and include traversable side slopes beyond the pavement edge. These upgrades will improve safety for the traveling public.

This request reflects a revised engineer's estimate.

This project meets the prioritization criteria of turning dirt in 2009. Advertising of this project is estimated to take place in March, 2009.

Ketchikan: Water Street Sidewalk Improvements **FY2009 Request: $2,500,000**
Reference No: 48313

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Ketchikan
Contact: Frank Richards
House District: Ketchikan (HD 1)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Widen and modify existing sidewalks from Chapmen Street to the existing Viaduct Tunnel to improve pedestrian capacity, safety and Americans with Disabilities Act (ADA) compliance. Project will include replacement sidewalks, handicap access ramps, bulb-outs, and related safety improvements. Project does not include work within the Viaduct Tunnel itself. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$2,500,000						$2,500,000
Total:	$2,500,000	$0	$0	$0	$0	$0	$2,500,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The project presents the opportunity to provide job stimulus and to resolve long standing safety issues for pedestrian and vehicle traffic. The adjacent Ketchikan waterfront area has experienced a massive increase in pedestrian traffic in recent years resulting from the growing Alaskan tour ship industry. It is the first major Alaskan port stop for northbound cruise ships, which frequently off-load 10,000 or more pedestrians at a time when multiple ships are in port. The existing sidewalks are unable to handle pedestrian demand because they are narrow, are not ADA compliant, and are badly damaged (more than 50 years old). These conditions, combined with peak vehicle traffic over 18,000 vehicles on the roadway, present multiple safety concerns for both pedestrian and vehicle users and construction of the project will result in long-term safety improvements to this unusually high traffic environment.

This project meets the prioritization criteria of safety and leverages other funds. Advertising of this project is estimated to take place in September, 2009.

Glenn Highway: Bike Trails Pavement Refurbishment - Eagle River to Birchwood | **FY2009 Request:** $3,000,000 | **Reference No:** 48301

AP/AL: Allocation
Project Type: Construction
Category: Transportation
Location: Eagle River (Military)
Contact: Frank Richards
House District: Military (HD 18)
Contact Phone: (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014
Appropriation: Highway and Bridge Stimulus Contingency Projects

Brief Summary and Statement of Need:
Rehabilitate the bike path adjacent to the Glenn Highway from Eagle River to Birchwood. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,000,000						$3,000,000
Total:	$3,000,000	$0	$0	$0	$0	$0	$3,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The approximately eight mile section of the Glenn Highway pathway between Eagle River and Birchwood was originally constructed in 1973. A secondary project in 1983 improved some sections within the corridor. The pathway is used by commuter and recreational bicycles, and pedestrians. When school is in session the pathway is used by school children in the vicinities of Chugiak Elementary, Mirror Lake Middle School and Chugach High School. The proposed pathway rehabilitation will enhance the safety and usability of the pathway by eliminating cracks, root damage, and shoulder deterioration of the existing surface.

This project meets the prioritization criteria of mandatory distribution. Advertising of this project is estimated to take place in Spring/Summer 2009.

Federal Contingency Projects **FY2009 Request: $15,000,000**
Reference No: 31376

AP/AL: Appropriation **Project Type:** Construction
Category: Transportation
Location: Statewide **Contact:** Frank Richards
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-3900
Estimated Project Dates: 03/01/2009 - 06/30/2014

Brief Summary and Statement of Need:
These funds are used when project costs have increased, a revised program is not feasible and immediate additional funding is required to avoid project delays or loss of federal economic stimulus dollars. This project contributes to the Department's Mission by reducing injuries, fatalities and property damage and by improving the mobility of people and goods.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$15,000,000						$15,000,000
Total:	$15,000,000	$0	$0	$0	$0	$0	$15,000,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☐ Phased - underway ☑ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Project Description/Justification:
Highway, airport or transit projects that are underway and require additional budget authority may be approved for use with this appropriation. A revised program may not be possible, or the funds may be needed immediately to avoid the loss of federal economic stimulus funds.

Approval of the Commissioner is required to use this authority.

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities
Division of Administrative Services

TO: Karen Rehfeld, Director
Office of Management and Budget

DATE: February 20, 2009

TELEPHONE NO: 465-3911
TEXT TELEPHONE: 465-3652
FAX NO: 465-3124

FROM: Nancy J. Slagle
Director

SUBJECT: Fund Source Change

The Department of Transportation and Public Facilities (DOT&PF) is requesting fund source changes on appropriations that will be used for federal economic stimulus projects. To meet the reporting needs of the American Recovery and Reinvestment Act of 2009, a new fund source code has been created. The Department has identified a list of potential projects that meet the criteria of the congressional funding bill. Some of those projects have existing legislative authority for receipt and expenditure of federal funds (fund source code 1002). We are requesting a fund source change for the noted amounts to the Federal Economic Stimulus fund source (1212) as follows:

$170,000 of the appropriation found at:
Section 1, Ch. 135, SLA 2000, page 42, lines 22-24 (Denali Highway: Milepost 60- Information and Orientation Wayside - $170,000)

$7,727,875 of the appropriation found at:
Section 1, Ch. 61, SLA 2001, page 39, lines 3-4 (Dalton Highway: Milepost 175 to 209 Reconstruction - $10,000,000)

$5,020,000 of the appropriation found at:
Section 1, Ch. 1, SSSLA 2002, page 62, lines 18-20 (Dalton Highway: Milepost 175 to 209 Reconstruction - $5,020,000)

$17,000,000 of the appropriation found at:
Section 4, Ch. 30, SLA 2007, page 112, lines 26-28 (Dalton Highway: Milepost 1750to 209 Reconstruction - $17,000,000)

$7,700,000 of the appropriation found at:
Section 1, Ch. 82, SLA 2006, page 99, lines 7-8 (Gustavus: Dock Replacement - $19,000,000)

$5,748,366 of the appropriation found at:
Section 1, Ch. 61, SLA 2001, page 41, lines 21-23 (Ketchikan: Tongass Highway – Viaducts Replacement and Rehabilitation - $5,750,000)

$1,500,000 of the appropriation found at:

Section 1, Ch. 159, SLA 2004, page 44, line 33 and page 45, lines 3-4 (Ketchikan: Tongass Highway – Viaducts Replacement and Rehabilitation - $2,200,000)

$10,500,000 of the appropriation found at:
Section 13, Ch. 29, SLA 2008, page 169, lines 31-33 (Juneau: Glacier Highway – Amalga to Eagle Beach Widening - $10,500,000)

$1,000,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 79, lines 30-31 (Dillingham: Wood River Road Reconstruction - $1,000,000)

$8,500,000 of the appropriation found at:
Section 4, Ch. 30, SLA 2007, page 105, lines 28-29 (Akiachak: Airport Relocation - $10,500,000)

$9,000,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 73, lines 6-8 (Ouzinkie: Airport Reconstruction and Relocation - $9,000,000)

$3,900,000 of the appropriation found at:
Section 13, Ch. 29, SLA 2008, page 163, lines 21-23 (Ouzinkie: Airport Reconstruction and Relocation - $10,000,000)

$4,200,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 72, lines 10-11 (Kotzebue: Apron Expansion - $8,000,000)

$1,500,000 of the appropriation found at:
Section 1, Ch. 159, SLA 2004, page 37, lines 11-12 (Hoonah: Runway Extension - $1,500,000)

$1,900,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 71, lines 21-22 (Hoonah: Airport Improvements - $1,900,000)

$3,000,000 of the appropriation found at:
Section 1, Ch. 159, SLA 2004, page 36, lines 29-30 (Fort Yukon: Resurfacing - $3,000,000)

$2,765,625 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 71, lines 9-10 (Fort Yukon: Airport Resurfacing - $2,765,625)

$4,725,151 of the appropriation found at:
Section 1, Ch. 82, SLA 2006, page 90, lines 16-17 (Fort Yukon: Airport Improvements - $4,725,151)

$4,220,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 69, lines 31-32 (Allakaket: Airport Improvements - $4,220,000)

$400,000 of the appropriation found at:
Section 4, Ch. 30, SLA 2007, page 105, lines 32-33 (Allakaket: Airport Improvements - $400,000)

$1,950,000 of the appropriation found at:

Section 13, Ch. 29, SLA 2008, page 162, lines 11-12 (Allakaket: Airport Improvements - $1,950,000)

$6,859,375 of the appropriation found at:
Section 1, Ch. 82, SLA 2003, page 38, lines 19-21 (Cordova: Airport Apron, Taxiway, and General Aviation Improvements - $6,859,375)

$1,735,000 of the appropriation found at:
Section 1, Ch. 3, FSSLA 2005, page 70, lines 25-27 (Cordova: Airport Apron, Taxiway, and General Aviation Improvements - $1,735,000)

$500,000 of the appropriation found at:
Section 4, Ch. 30, SLA 2007, page 106, lines 15-17 (Cordova: Airport Apron, Taxiway, and General Aviation Improvements - $1,500,000)

$600,000 of the appropriation found at:
Section 1, Ch. 1, SSSLA 2002, page 53, lines 20-21 (Lake Louise: Runway Rehabilitation - $1,060,000)

$1,840,000 of the appropriation found at:
Section 13, Ch. 29, SLA 2008, page 163, lines 17-18 (Lake Louise: Runway Rehabilitation - $1,840,000)

$1,700,000 of the appropriation found at:
Section 13, Ch. 29, SLA 2008, page 163, lines 11-12 (Kodiak: Chemical Storage Building - $1,700,000)

Your approval of this request is appreciated.

cc: Jeff Ottesen, Director, Program Development
Frank Richards, Deputy Commissioner for Highways and Facilities

Administration Responses

The American Recovery and Reinvestment Act (ARRA)
Provides $175.5 Million for Surface Transportation

The following requirements apply to the funding for roads and bridges:

- Funding is provided by formula
- All funds flow through state DOTs
- 50% of the funds must be obligated within 120 days
- Remaining 50% must be spent within one year
- 67% to be used on state highways and roads
- 19% for state & local projects in communities with populations less than 5,000
- 11% projejcts in communities with populations greater than 200,000
- 3% for transportation enhancement projects (sidewalks, bike paths, waysides etc)
- Use it or lose provisions apply
- All projects must be in a current State Transportation Improvement Plan (STIP – Amendment #18 for Alaska is out for public comment)
- No state match is required

In preparation for receipt of federal stimulus funds the department identified projects meeting the following criteria:

- Able to obligate funds for construction within 1 year
- Have completed all phases in accordance with federal regulations

This set of projects was then prioritized using the following criteria:

1. Primary purpose is to improve road safety
2. Located in economically distressed areas as defined in the bill
3. Provides gas pipeline logistical benefits
4. Leverages dollars from other sources such as the Denali Commission
5. Construction can begin ("turn dirt") in 2009

The attached spreadsheet presents the projects separated into 3 categories:

1. Recommended Projects -projects the department recommends for economic stimulus funding
2. Contingent Projects - projects the department recommends if additional funds become available from other states under the "use it or lose it" provisions.
3. Ineligible Projects -projects that had been considered for inclusion and may have appeared on lists but based on the final ARRA provisions are no longer eligible.

$41.6 M in funds for transit projects

- $32.5 M - directly to Anchorage and Fairbanks with a portion to the Alaska Railroad.
- $9.1 M for projects elsewhere in the state with funding going thru DOT&PF
- Transit funding can only be spent on capital expenditures such as:
  - Buses and bus stops and Administrative buildings
  - Passenger service and administrative vehicles

Department staff surveyed the universe of previous transit recipients to develop a "needs list". Two shovel-ready transit projects for construction have been identified; the remainder of the transit funds will be allocated to vehicles and related needs, based on existing transit scoring and criteria. All eligible organizations will be notified. The transit projects are also found on the attached spreadsheet.

DOT

March 18, 2009

EXECUTIVE OFFICE
TEL 907.265.2403
FAX 907.265.2312

The Honorable Bill Stoltze and Mike Hawker
House Finance Co-Chairs
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Representative Stoltze and Hawker:

The American Recovery and Reinvestment Act of 2009 (ARRA-09) may provide up to $26 million to the Alaska Railroad Corporation (ARRC) to pursue a number of shovel-ready passenger related projects that will create jobs and promote economic activity. The advent of federal "stimulus" funding and the Alaska Railroad's portion of "fixed guideway" formula funds have spurred a number of questions from our employees, legislators, customers and interested citizens.

We intend to share the following information (which has been thoroughly researched) with the public and our employees through internal and external newsletters in the near future. In the meantime, we thought you might also appreciate this summary information. Please distribute this correspondence to legislative colleagues as you see fit.

Questions and Answers about ARRA-09 Funding for the Alaska Railroad

Where does the ARRC funding come from?
ARRC stimulus money is added to an existing pot of annual federal agency funding. The Alaska Railroad will receive additional money through the Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula funds.

What are the criteria for receiving this funding?
FTA funds must be spent on passenger-related projects. The Alaska Railroad receives FTA funds each year to support scheduled public transportation services. To qualify, the ARRC reports to the National Transit Database its "fixed guideway" infrastructure (miles of rail) and the total miles that passenger railcars traveled while providing passenger transportation service. Information collected nationwide is used to allocate funds based upon an arithmetic apportionment "formula."

Does the railroad compete with other Alaskan transportation infrastructure?
No. Different pots of money are reserved for different types of "fixed guideway" infrastructure. For example, money for highway projects will come to the Alaska Department of Transportation (ADOT) by way of the Federal Highway Administration (FHWA). Stimulus money funneled through FHWA to ADOT will not be impacted by FTA money allocated to the Alaska Railroad and vice versa.

Does the railroad compete with other Alaska public transit providers?
No. Local public bus system providers – such as Anchorage's People Mover – will not be impacted by money allocated to the railroad. Some confusion exists because FTA Section 5307 funding includes a Bus Tier and a Fixed Guideway Tier. "Fixed guideway" refers to any transit service that uses exclusive or controlled rights-of-way or rails (such as rail, trolley, tram and even high-occupancy vehicle lanes [HOV] lanes). ARRC does not operate busses and therefore is not eligible for Bus Tier funding. On the other hand, the Alaska Railroad is the only fixed guideway in Alaska at this time, and therefore, the only eligible system for FTA 5307 Fixed Guideway funding.

Where can funds be spent?
FTA allocates ARRC's entitlement to its 5307 funding to the Anchorage urban area as a matter of convenience. Then, ARRC can spend FTA funds on passenger related projects pretty much anywhere along the rail system because formula fund eligibility is determined using system-wide infrastructure and passenger services data.

What will funds be spent on?
ARRA-09 stipulations require funds to be must be spent on projects that improve infrastructure, safety and passenger facilities. Eligibility includes depot and rail improvements in Seward, Talkeetna, Anchorage and Fairbanks, as well as system-wide track rehabilitation, and the congressionally mandated collision avoidance system. During a regular meeting April 1, 2009, the Alaska Railroad Board of Directors will consider specific projects in light of ARRA-09 and FTA mandates. Selected projects and project details will be posted on the railroad's web site (www.AlaskaRailroad.com) immediately following the Board decision. Information availability underscores the Alaska Railroad's commitment to meeting federal and public expectations for transparency and accountability.

If you have any additional questions, or would like me to further the dialogue in Juneau via in-person meetings or committee testimony, please do not hesitate to call, 265-2403. Please also feel free to coordinate further communication through our Assistant Vice President of Corporate Affairs Wendy Lindskoog, 265-2498.

Respectfully,

Patrick K. Gamble
President and CEO

CC: Senate President Gary Stevens
Speaker of the House Mike Chenault
Senate Finance Co-Chairs Lyman Hoffman and Bert Stedman
Senate Transportation Committee Chair Albert Kookesh
House Transportation Committee Chair Peggy Wilson

Support Letters

PORT OF ANCHORAGE

February 24, 2009

Senator Bert Stedman, Co-Chair
Senate Finance Committee
State Capitol 516
Juneau, AK 99801

Senator Lyman Hoffman, Co-Chair
Senate Finance Committee
State Capitol 518
Juneau, AK 99801

Representative Bill Stoltze, Co-Chair
House Finance Committee
State Capitol 515
Juneau, AK 99801

Representative Mike Hawker, Co-Chair
House Finance Committee
State Capitol 505
Juneau, AK 99801

Dear Senators Stedman and Hoffman and Representatives Stoltze and Hawker:

I would like to take this opportunity to address an item that was included in the American Recovery and Reinvestment Act (ARRA) that will be beneficial to port facilities.

It is important to understand the position that port facilities found themselves in regards to the ARRA. Under current federal law and programs, there is no oversight agency or formulary for funding ports, as there is for highways, rail, transit, and air. Automatically, critical infrastructure, such as ports, which provide substantial economic benefit to our regions, states, and nation were left out of the federal stimulus legislation. Fortunately, an opportunity did arise in which port facilities were recognized and eligible for funding under the ARRA.

Federal Highway Administration-Surface Transportation Program:
In the final version of ARRA signed into law by President Obama, language was included in the Surface Transportation section that allows ports to be eligible for the funds dispersed to the state under the formulary Surface Transportation Program, without the requirement of the project being included in the Statewide Transportation Plan (STIP) or local Metropolitan Planning Organization (MPO) Transportation Improvement Plan (TIP). Enclosed with this letter is the language as it appears in the act, as well as the statutory reference that describes port facilities that are eligible for funding. The Port of Anchorage meets the statutory definition of an eligible project, and should be considered for funding made available to the State of Alaska.

I am aware that Governor Palin will introduce legislation this week that will set forth her priority projects for stimulus funding, as well as a separate list of priorities in the event that the State receives additional funds due to the "Use it or Lose it" clause of the ARRA.

I am requesting that the Port of Anchorage expansion project be included on the list of projects to receive stimulus funds. If we cannot be on the primary list, then I respectfully request that the project be listed in the secondary list, eligible for funding that the State may receive due to the "Use it or Lose it" provision.

This is essentially the Port's "one shot" at putting stimulus dollars to work on a fully permitted and statewide beneficial project. I stand by ready to provide any and all information on the Port of Anchorage expansion project including the number of jobs, both short term and long term, that will be created, and the estimated positive economic impact that will be realized with the completion of the project.

I fully understand the complexity of the federal legislation, as well as the position that you, as leadership of the Senate and House are in to put together the most comprehensive package you can to meet the intent of the ARRA. There are many qualified projects that will be put forth by communities around the state. I am sure that you will do due diligence to this funding package.

I will be in Juneau the week of March 9 and look forward to meeting with you at this time, if your schedules allow.

Thank you for your consideration of this information.

Sincerely,

Bill Sheffield
Director, Port of Anchorage

H.R. 1 American Recovery and Reinvestment Act (ARRA)
Title XII-Transportation and Housing and Urban Development, and Related Agencies
Federal Highway Administration
Pages 92-94

TITLE XII—TRANSPORTATION AND HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES

FEDERAL HIGHWAY ADMINISTRATION
HIGHWAY INFRASTRUCTURE INVESTMENT

For an additional amount for restoration, repair, construction and other activities eligible under paragraph (b) of section 133 of title 23, United States Code, and for passenger and freight rail transportation and port infrastructure projects eligible for assistance under subsection 601(a)(8) of such title, $27,500,000,000, to remain available through September 30, 2010: *Provided,* That, after making the set-asides required under this heading, 50 percent of the funds made available under this heading shall be apportioned to States using the formula set forth in section 104(b)(3) of title 23, United States Code, and the remaining funds shall be apportioned to States in the same ratio as the obligation limitation for fiscal year 2008 was distributed among the States in accordance with the formula specified in section 120(a)(6) of division K of Public Law 110–161: *Provided further,* That funds made available under this heading shall be apportioned not later than 21 days after the date of enactment of this Act: *Provided further,* That in selecting projects to be carried out with funds apportioned under this heading, priority shall be given to projects that are projected for completion within a 3-year time frame, and are located in economically distressed areas as defined by section 301 of the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. 3161): *Provided further,* That 120 days following the date of such apportionment, the Secretary of Transportation shall withdraw from each State an amount equal to 50 percent of the funds awarded to that State (excluding funds suballocated within the State) less the amount of funding obligated (excluding funds suballocated within the State), and the Secretary shall redistribute such amounts to other States that have had no funds withdrawn under this proviso in the manner described in section 120(c) of division K of Public Law 110–161: *Provided further,* That 1 year following the date of such apportionment, the Secretary shall withdraw from each recipient of funds apportioned under this heading any unobligated funds, and the Secretary shall redistribute such amounts to States that have had no funds withdrawn under this proviso (excluding funds suballocated within the State) in the manner described in section 120(c) of division K of Public Law 110–161: *Provided further,* That at the request of a State, the

Secretary of Transportation may provide an extension of such 1-year period only to the extent that he feels satisfied that the State has encountered extreme conditions that create an unworkable bidding environment or other extenuating circumstances: *Provided further,* That before granting such an extension, the Secretary shall send a letter to the House and Senate Committees on Appropriations that provides a thorough justification for the extension: *Provided further,* That 3 percent of the funds apportioned to a State under this heading shall be set aside for the purposes described in subsection 133(d)(2) of title 23, United States Code (without regard to the comparison to fiscal year 2005): *Provided further,* That 30 percent of the funds apportioned to a State under this heading shall be suballocated within the State in the manner and for the purposes described in the first sentence of subsection 133(d)(3)(A), in subsection 133(d)(3)(B), and in subsection 133(d)(3)(D): *Provided further,* That such suballocation shall be conducted in every State: *Provided further,* That funds suballocated within a State to urbanized areas and other areas shall not be subject to the redistribution of amounts required 120 days following the date of apportionment of funds provided under this heading: *Provided further,* That of the funds provided under this heading, $105,000,000 shall be for the Puerto Rico highway program authorized under section 165 of title 23, United States Code, and $45,000,000 shall be for the territorial highway program authorized under section 215 of title 23, United States Code: *Provided further,* That of the funds provided under this heading, $60,000,000 shall be for capital expenditures eligible under section 147 of title 23, United States Code (without regard to subsection(d)): *Provided further,* That the Secretary of Transportation shall distribute such $60,000,000 as competitive discretionary grants to States, with priority given to those projects that demonstrate to his satisfaction their ability to be completed within 2 years of enactment of this Act: *Provided further,* That of the funds provided under this heading, $550,000,000 shall be for investments in transportation at Indian reservations and Federal lands: *Provided further,* That of the funds identified in the preceding proviso, $310,000,000 shall be for the Indian Reservation Roads program, $170,000,000 shall be for the Park Roads and Parkways program, $60,000,000 shall be for the Forest Highway Program, and $10,000,000 shall be for the Refuge Roads program: *Provided further,* That for investments at Indian reservations and Federal lands, priority shall be given to capital investments, and to projects and activities that can be completed within 2 years of enactment of this Act: *Provided further,* That 1 year following the enactment of this Act, to ensure the prompt use of the $550,000,000 provided for investments at

Indian reservations and Federal lands, the Secretary shall have the authority to redistribute unobligated funds within the respective program for which the funds were appropriated: *Provided further,* That up to 4 percent of the funding provided for Indian Reservation Roads may be used by the Secretary of the Interior for program management and oversight and project-related administrative expenses: *Provided further,* That section 134(f)(3)(C)(ii)(II) of title 23, United States Code, shall not apply to funds provided under this heading: *Provided further,* That of the funds made available under this heading, $20,000,000 shall be for highway surface transportation and technology training under section 140(b) of title 23, United States Code, and $20,000,000 shall be for disadvantaged business enterprises bonding assistance under section 332(e) of title 49, United States Code: *Provided further,* That funds made available under this heading shall be administered as if apportioned under chapter 1 of title 23, United States Code, except for funds made available for investments in transportation at Indian reservations and Federal lands, and for the territorial highway program, which shall be administered in accordance with chapter 2 of title 23, United States Code, and except for funds made available for disadvantaged business enterprises bonding assistance, which shall be administered in accordance with chapter 3 of title 49, United States Code: *Provided further,* That the Federal share payable on account of any project or activity carried out with funds made available under this heading shall be, at the option of the recipient, up to 100 percent of the total cost thereof: *Provided further*, That funds made available by this Act shall not be obligated for the purposes authorized under section 115(b) of title 23, United States Code: *Provided further,* That funding provided under this heading shall be in addition to any and all funds provided for fiscal years 2009 and 2010 in any other Act for ''Federal-aid Highways'' and shall not affect the distribution of funds provided for ''Federalaid Highways'' in any other Act: *Provided further,* That the amount made available under this heading shall not be subject to any limitation on obligations for Federal-aid highways or highway safety construction programs set forth in any Act: *Provided further,* That section 1101(b) of Public Law 109–59 shall apply to funds apportioned under this heading: *Provided further,* That the Administrator of the Federal Highway Administration may retain up to $40,000,000 of the funds provided under this heading to fund the oversight by the Administrator of projects and activities carried out with funds made available to the Federal Highway Administration in this Act, and such funds shall be available through September 30, 2012.

Title 23-Highways
Chapter 6-Infrastructure Finance
As referenced in ARRA

TITLE 23 - HIGHWAYS
CHAPTER 6 - INFRASTRUCTURE FINANCE

Sec. 601. Generally applicable provisions
(a) Definitions. - In this chapter, the following definitions apply:

(1) Eligible project costs. - The term "eligible project costs" means amounts substantially all of which are paid by, or for the account of, an obligor in connection with a project, including the cost of -

(A) development phase activities, including planning, feasibility analysis, revenue forecasting, environmental review, permitting, preliminary engineering and design work, and other preconstruction activities;

(B) Construction, reconstruction, rehabilitation, replacement, and acquisition of real property (including land related to the project and improvements to land), environmental mitigation, construction contingencies, and acquisition of equipment; and

(C) Capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction.

(2) Federal credit instrument. - The term "Federal credit instrument" means a secured loan, loan guarantee, or line of credit authorized to be made available under this chapter with respect to a project.

(3) Investment-grade rating. - The term "investment-grade rating" means a rating of BBB minus, Baa3, or higher assigned by a rating agency to project obligations.

(4) Lender. - The term "lender" means any non-Federal qualified institutional buyer (as defined in section 230.144A(a) of title 17, Code of Federal Regulations (or any successor regulation), known as Rule 144A(a) of the Securities and Exchange Commission and issued under the Securities Act of 1933 (15 U.S.C. 77a et seq.)), including

(A) a qualified retirement plan (as defined in section 4974(c) of the Internal Revenue Code of 1986) that is a qualified institutional buyer; and

(B) a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986) that is a qualified institutional buyer

(5) Line of credit. - The term "line of credit" means an agreement entered into by the Secretary with an obligor under section 604 to provide a direct loan at a future date upon the occurrence of certain events.

(6) Loan guarantee. - The term "loan guarantee" means any guarantee or other pledge by the Secretary to pay all or part of the principal of and interest on a loan or other debt obligation issued by an obligor and funded by a lender.

(7) Obligor. - The term "obligor" means a party primarily liable for payment of the principal of or interest on a Federal credit instrument, which party may be a corporation, partnership,joint venture, trust, or governmental entity, agency, or instrumentality.

(8) Project. - The term "project" means

(A) any surface transportation project eligible for Federal assistance under this title or chapter 53 of title 49

(B) a project for an international bridge or tunnel for which an international entity authorized under Federal or State law is responsible;

(C) a project for intercity passenger bus or rail facilities and vehicles, including facilities and vehicles owned by the National Railroad Passenger Corporation and components of magnetic levitation transportation systems; and

(D) a project that –

(i) is a project –

(I) for a public freight rail facility or a private facility providing public benefit for highway users;

(II) for an intermodal freight transfer facility;

(III) for a means of access to a facility described in subclause (I) or (II);

(IV) for a service improvement for a facility described in subclause (I) or (II) (including a capital investment for an intelligent transportation system); or

(V) that comprises a series of projects described in subclauses (I) through (IV) with the common objective of improving the flow of goods

(ii) may involve the combining of private and public sector funds, including investment of public funds in private sector facility improvements; and

(iii) if located within the boundaries of a port terminal, includes only such surface transportation infrastructure modifications as are necessary to facilitate direct intermodal interchange, transfer, and access into and out of the port.

(9) Project obligation. - The term "project obligation" means any note, bond, debenture, or other debt obligation issued by an obligor in connection with the financing of a project, other than a Federal credit instrument.

(10) Rating agency. - The term "rating agency" means a credit rating agency registered with the Securities and Exchange Commission as a nationally recognized statistical rating organization, as that term is defined in section 3(a) of the Securities Exchange Act of 1934.

(11) Secured loan. - The term "secured loan" means a direct loan or other debt obligation issued by an obligor and funded by the Secretary in connection with the financing of a project under section 603.

(12) State. - The term "State" has the meaning given the term in section 101.

(13) Subsidy amount. - The term "subsidy amount" means the amount of budget authority sufficient to cover the estimated long-term cost to the Federal Government of a Federal credit instrument, calculated on a net present value basis, excluding administrative costs and any incidental effects on governmental receipts or outlays in accordance with the provisions of the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).

(14) Substantial completion. - The term "substantial completion" means the opening of a project to vehicular or passenger traffic.

(b) Treatment of Chapter. - For purposes of this title, this chapter shall be treated as being part of chapter 1.

HB 157

<target><bill>HB 157</bill><subject>HB 157</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPO

(11)
Date Referred to Committee: April 1, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4-18-09

The FINANCE Committee considered: **HOUSE BILL NO. 157**

"An Act amending the State Personnel Act to place in the exempt service the chief economist and state comptroller in the Department of Revenue and certain professional positions concerning oil and gas within the Department of Natural Resources; relating to reemployment of and benefits for or on behalf of reemployed retired teachers and public employees by providing for an effective date by amending the delayed effective date for secs. 3, 5, 9, and 12, ch. 57, SLA 2001 and sec. 19, ch. 50, SLA 2005; and providing for an effective date."

HB 157 REEMPLOYMENT OF RETIREES; EXEMPT SERVICE

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 157 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR _____ **[ ] Same Title [X] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES *Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero
REV			✓	

PREVIOUS FISCAL NOTES

List by Dept(s):	FN#	Fiscal	Indet.	Zero
DNR	2			✓
ADM	4			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas			✓	
	Gara	✓			
Harry T. Crawford Jr.	CRAWFORD			✓	
Anna Fairclough	FAIRCLOUGH	✓			
	KELLY			X	
	AUSTERMAN	X			
	Foster	X			
Chair:	Hawker	☆			
Chair:	STOLTZE	⊗			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSHB 157(STA)
(H) Publish Date: 4/1/09

Identifier (file name): HB157-DOA-DRB-03-16-09
Dept. Affected: Administration
Title: An Act ....relating to reemployment of retired teachers and public employees...
RDU: Centralized Administrative Services
Component: Retirement and Benefits
Sponsor: Rules Committee by Request of the Governor
Requester: (H)STA
Component Number: 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: *(Attach a separate page if necessary)*

This legislation acts to extend the Retiree Return to Work Program for retired teachers and public employees until June 30, 2013. The actuarial consultant has determined there is no effect on employer contribution rates. The Retiree Return to Work Program requires employers to make contributions to both systems based on the rehired retiree's wage at the rate prescribed by the actuary to pay the unfunded liability of the systems.

Prepared by: Patrick Shier, Director — Phone 465-4817
Division: Retirement and Benefits — Date/Time 3/16/09 11:02 AM
Approved by: Rachael Petro, Deputy — Date 3/16/2009
Department of Administration

(Revised 03/30/08 OMB)

5018

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CS HB 157
() Publish Date:

Identifier (File Name): CSHB157-DOR-TRS-04-03-09
Title: Retire/Rehire; Exempt Positions
Sponsor: Governor
Requester: House Finance Committee

Dept. Affected: Revenue 04
RDU: Taxation and Treasury
Component: Taxation and Treasury
Component No.: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	*	**0.0**	*	*	*	*	*

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0

POSITIONS

Full-time	0.00	0	0.00	0.00	0.00	0.00	0.00
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

No aditional funding is required for the position changes for the state comptroller and chief economist.

Prepared by: Ginger Blaisdell, Director, Administrative Services — Phone (907) 465-2132
Division: Department of Revenue — Date/Time 04-03-09 7:46am

Approved by: Ginger Blaisdell, Director, Administrative Services — Date 4/3/2009
Agency: Department of Revenue

(Revised 9/2008 OMB)

5019

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 157
(H) Publish Date: 2/27/09

Identifier (file name): 0035-DNR-COM-02-12-09
Dept. Affected: Natural Resources
Title: Exempt Service
RDU: Resource Development
Component: Commissioners Office
Sponsor: Rules Committee
Requester: Governor
Component Number: 423

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill would move certain exempt DNR positions in the Division of Oil and Gas and the Division of Geological and Geophysical Surveys from AS 39.25.110(9) (special inquiry, studies, and examinations) to subsection AS 39.25.110(14) which addresses certain professional oil and gas positions.

No fiscal impact is anticipated. These positions are already funded as exempt positions and in most cases, filled.

Prepared by: Leta Simons, Director
Phone 465-3379
Division: Support Services
Date/Time: February 12, 2009
Approved by: Tom Irwin, Commissioner
Natural Resources
Date: February 12, 2009

(Revised 9/10/2008 OMB)

5020

Adopted 4/18/09

26-GH1035\S
Wayne
4/18/09

CS FOR HOUSE BILL NO. 157( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act amending the State Personnel Act to place in the exempt service the state comptroller in the Department of Revenue; relating to reemployment of and benefits for or on behalf of reemployed retired teachers and public employees; amending the effective date of secs. 3, 5, 9, and 12, ch. 57, SLA 2001, and sec. 3, ch. 50, SLA 2005; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 14.20.135(a) is amended to read:

(a) A school district or regional educational attendance area that has or anticipates having a shortage of teachers qualified to teach in a particular discipline or specialty may, **subject to AS 14.25.043(f)** [BY RESOLUTION], adopt**, by resolution,** a policy that permits the employment of retired teachers **who have been separated from employment for at least 90 days and** who are qualified to teach in the discipline or specialty in accordance with this section. The policy must describe

the circumstances that constitute the shortage. If a shortage of teachers exists as described in the policy, the district or attendance area shall notify the administrator of the teachers' retirement system (AS 14.25) that it is hiring retired teachers under this section.

*** Sec. 2.** AS 14.25.043 is amended by adding a new subsection to read:

(f) Notwithstanding (b) and (e) of this section and AS 14.25.135, an employer that is a school district or regional educational attendance area may not allow a member hired to fill a position that requires recruitment to make the election provided in (b) or (e) of this section unless

(1) the employer conducted an initial recruitment for the position for at least 15 days that resulted in fewer than three qualified, eligible, and available applicants, including the retired member; and

(2) the employer then conducted an additional recruitment for the position and the additional recruitment resulted in fewer than three qualified, eligible, and available applicants, including the retired member; the additional recruitment period required by this paragraph added to the initial recruitment period in (1) must total not fewer than 30 days.

*** Sec. 3.** AS 39.25.110 is amended by adding a new paragraph to read:

(43) the state comptroller in the Department of Revenue.

*** Sec. 4.** AS 39.35.150(g) is amended to read:

(g) In accordance with this section, a political subdivision or a public organization that has or anticipates having a shortage of employees qualified for particular job classes may, by resolution, adopt a policy that permits the employment of employees who retired under AS 39.35.370(a), who have been separated from employment for at least **90** [30] days, and who are qualified for particular job classes. The policy adopted by resolution must describe the circumstances that constitute the shortage. The policy must require recruitment procedures [SIMILAR TO THE PROCEDURE] described in (h) of this section for any position filled by a retired employee under (f) of this section. If a shortage of qualified employees exists as described in the policy, the political subdivision or the public organization shall notify the administrator that it is hiring retired members under (f) of this section and shall

provide a copy of the resolution and policy adopted by the resolution to the administrator of the public employees' retirement system (AS 39.35).

*** Sec. 5.** AS 39.35.150(h) is amended to read:

(h) Notwithstanding (b) of this section, an employer [IN THE EXECUTIVE BRANCH OF STATE GOVERNMENT] may not allow a member hired to fill a position that requires recruitment to make the election provided in (b) of this section unless

(1) the employer conducted an initial recruitment for at least 15 days for the position to be filled by the member making an election under (b) of this section that resulted in fewer than **three** [FIVE] qualified, eligible, and available applicants, including the retired member; and

(2) the employer then conducted an additional recruitment and the additional recruitment resulted in fewer than **three** [FIVE] qualified, eligible, and available applicants, including the retired member; this additional recruitment period added to the initial recruitment period must be at least 30 days total.

*** Sec. 6.** Section 12, ch. 57, SLA 2001, as amended by sec. 6, ch. 15, SLA 2003, and by sec. 10, ch. 50, SLA 2005, is amended to read:

Sec. 12. AS 14.20.135, as amended by sec. 2**, ch. 50, SLA 2005** [OF THIS ACT]; AS 14.25.043(b), as amended by sec. 4**, ch. 50, SLA 2005** [OF THIS ACT], 14.25.043(e), added by sec. 3, ch. 15, SLA 2003, and as amended by sec. 5**, ch. 50, SLA 2005** [OF THIS ACT]; AS 39.35.120(b)(2), 39.35.150(b), as amended by sec. 4, ch. 15, SLA 2003, and by sec. 7**, ch. 50, SLA 2005** [OF THIS ACT], and 39.35.150(c) are repealed July 1, **2010** [2009].

*** Sec. 7.** Section 12, ch. 50, SLA 2005, is amended to read:

Sec. 12. **AS 14.25.070(e)** [AS 14.25.070(b)]; AS 39.35.150(f), 39.35.150(g), 39.35.150(h), and **39.35.255(e)** [39.35.270(b)] are repealed July 1, **2010** [2009].

*** Sec. 8.** AS 39.25.120(c)(10) is repealed.

*** Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONDITIONAL RETROACTIVITY. If secs. 6, 7, 10, and 11 of this Act take effect after July 1, 2009, secs. 6, 7, 10, and 11 of this Act are retroactive to July 1, 2009.

* **Sec. 10.** Section 15, ch. 57, SLA 2001, as amended by sec. 17, ch. 50, SLA 2005, is amended to read:

Sec. 15. Sections 3, 5, 9, and 12 of this Act take effect July 1, **2010** [2009].

* **Sec. 11.** Section 19, ch. 50, SLA 2005, is amended to read:

Sec. 19. Section 3 of this Act takes effect July 1, **2010** [2009].

* **Sec. 12.** This Act takes effect immediately under AS 01.10.070(c).

State of Alaska

Department of Revenue

Administrative Services Division

SARAH PALIN, GOVERNOR
333 Willoughby Avenue, 11th Floor
P.O. Box 110400
Juneau, Alaska 99811-0405
Phone: (907) 465-2300
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March 13, 2009

The Honorable Bob Lynn
Chair, House State Affairs Committee
Alaska State Legislature
State Capitol, Room 104
Juneau, AK 99801-1182

SPONSOR STATEMENT
HB 157 Reemployment of Retirees; Exempt Service

HB 157 Reemployment of Retirees; Exempt Service contains three personnel topics regarding state employment. First, extending the sunset provision of the "retire/rehire" employment provision would allow state entities to hire retired employees into existing positions. Second, the Department of Revenue is requesting that two professional positions be made "exempt" for the purposes of allowing flexibility in recruitment and paying market value. Third, certain professional positions concerning oil and gas within the Department of Natural Resources are requested to be made "exempt" for flexibility in recruitment and paying market value.

Each of the portions of the bill are presented in order of the bill:

Department of Revenue – Exempt Positions
Two positions in the Department of Revenue have been difficult to fill and retain because the department cannot offer market pay. The state comptroller oversees billions of dollars and coordinates the state's accounts with national banking agencies. This position is currently partially-exempt, meaning that it is not governed by collective bargaining but that it must be paid within a state salary scale. This position has turned over every year for the past four years due to more appealing private-sector offers accepted by the incumbents. The chief economist position is a classified position and has been open for recruitment for approximately one year. Although one of the division's lead economists is filling this position in acting status, the department is seeking an economist who can speak with experience and authority on Alaska's global petroleum economics.

Department of Natural Resources – Exempt Positions
The division of oil and gas and the division of geological and geophysical survey of the Department of Natural Resources (DNR) are responsible for assessing the state's mineral resources, overseeing the assessment and collection of a large portion of the state's revenues related to oil and gas development, as well as management of the state's oil and gas resources. DNR, through these divisions, must maintain an experienced and professional staff as well as recruit new staff. Without exempt status the State cannot be competitive with industry in hiring the best and most experienced employees in areas where that experience can mean millions of dollars in revenue to the employer.

Retire/Rehire Sunset Extension
Legislation was passed in 2005 that allows for the rehire of certain PERS and TERS employees who retired with a normal retirement. These rehires can continue to receive normal retirement benefits by waiving further participation in the retirement systems. This legislation is scheduled to sunset on July 1, 2009.

In a report provided to the legislature on February 6, 2009, the number of waivers in the retire/rehire program in 2008 were 62 PERS and 85 TERS participants. While the number of participants are seemingly low, these individuals play a vital role in the communities where they are employed. Many rural communities and school districts have benefited from the retire/rehire program to retain retirement eligible individuals in these hard-to-fill positions.

Alaska Legislative Report

Results of the Retiree Return Program enacted by
House Bill 161 in 2005 on

The Public Employees'
and
Teachers' Retirement System

Submitted by
State of Alaska
Department of Administration
Division of Retirement and Benefits
Division of Personnel
February 6, 2009

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

ANNETTE KREITZER, COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

February 6, 2009

The Honorable Gary Stevens
Senate President
The Honorable Mike Chenault
House Speaker
25th Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Mr. President and Mr. Speaker:

In 2005, the Twenty-Fourth Legislature enacted House Bill 161 relating to reemployment of retired members of the Teachers' (TRS) and Public Employees' Retirement Systems (PERS) to address a shortage of qualified applicants for teaching and public employment throughout the State of Alaska. Section 12 of this legislation will repeal the Retiree Return Program effective July 1, 2009, unless extended by the Legislature.

In accordance with Section 13 of this legislation, the Department of Administration has prepared this report on the effect of this Act, as amended, on the retirement systems. This report is divided into two separate sections as outlined below:

- Section 1 includes information from the Division of Retirement and Benefits collected from the PERS and TRS employers and retirees participating in HB 161.

- Section 2 includes information from the Division of Personnel regarding the efforts by the State of Alaska to address recruitment difficulties experienced by the executive branch in specific job classes.

Please let me know if you have any questions about this report.

Sincerely,

Annette Kreitzer
Commissioner
Department of Administration

5028

Section 1
Division of Retirement and Benefits

HB 161 Background

Section 1 of this report was prepared by the Division of Retirement and Benefits. It includes information collected from the PERS and TRS employers and retirees participating in HB 161.

HB 161 was introduced April 5, 2005. This legislation allows the rehire of certain PERS and TRS employees who retired with a normal retirement. These rehires can continue to receive normal retirement benefits by waiving further participation in the retirement systems. During the period of reemployment, no contributions to PERS and TRS are required from the employee. HB 161 addressed concerns regarding the affect on rehiring retirees under this program on the funding of the retirement systems by requiring employers to make contributions toward their unfunded liability for each rehired retiree. Retirees that are rehired in a full-time position are also required to enroll in the employer's active health insurance plan. Retirees hired in full time positions under HB 161 have their retirement health insurance benefits suspended while reemployed. Prior to the passage of this legislation members who retired and then reemployed in a PERS or TRS participating position would have their retirement benefit stopped during the period of reemployment. The member would accrue an additional pension benefit for the second period of employment.

HB 161 also addressed retirees who reemployed under the prior Retiree Rehire Program enacted in 2001 by HB 242/SB149. An attorney general opinion issued in 2004 regarding the HB 242/SB 149, stating that retirees could not continue in employment without affecting their retirement benefits if they rehired prior to the sunset date. The Division notified all participants in the Retiree Rehire Program on November 3, 2004 of this interpretation. HB 161 provides retirees who reemployed prior to November 3, 2004 an extension of participation in the program to December 31, 2006. After that date, continued employment in the program would be contingent on meeting the requirements and conditions of HB 161.

Reporting

This report comprises a summary of the waiver activity for the Retiree Return program under HB 161 from January 1, 2008 to the last reporting period, December 31, 2008 for both the TRS and the PERS.

The information provided regarding participating employers for both the TRS and the PERS and the knowledge transfer plans received are a summary activity since the Retiree Return program became effective on July 1, 2005.

PERS Results

As of December 31, 2008, 30 out of 159 or (18%) of PERS employers have participated in the program with a total of 83 waivers filed with the Division of Retirement and Benefits. As of December 31, 2008, 25 out of 30 or 83% of participating employers have submitted a knowledge transfer plan.

The largest number of retirees rehired over 36 months from their termination and retirement. The second largest number of returned retirees were those who had been retired for 1-6 months. Positions filled with rehired retirees were varied.

Additional information regarding the PERS employers that have participated in the program and detailed information regarding the type of positions rehired is included in the statistical section of this report.

TRS Results

As of December 31, 2008, 34 out of 58 or (58.6%) of TRS employers have participated and 143 waivers were filed with the Division of Retirement and Benefits. As of December 31, 2008, 27 out of 34 or 79% of participating TRS employers have submitted a knowledge transfer plan. The largest number of returned retirees were those who had been retired for over 36 months. The second largest number of returned retirees were those who had been retired for 24-36 months. The largest number of positions rehired was general teachers with the second highest being Special Education teachers.

Additional information regarding the employers that have participated in the program and how they have participated is included in the statistical section of this report.

Financial Impact on the PERS and TRS Systems

HB 161 requires employers to make payments of employer contributions sufficient to cover any unfunded liability created by the program. Retirees who rehire under HB 161 in a full time position have their retiree medical benefits suspended for the period of reemployment.

Summary of Retiree Rehire Program - PERS (HB 161)

The following information summarizes the activity reported by employers to the Division of Retirement and Benefits from January 1, 2008 through December 31, 2008.

Total number of PERS employers	159
Total number of PERS employers participating in HB 161	30
Percentage of total PERS employers participating in HB 161	18%
Total number of PERS waivers active during 2008	62
Total number of employers submitting a knowledge transfer plan	25**

- Once an employer has submitted a resolution and policy to participate in the Retiree Rehire Program, the participation is valid until the program sunsets on June 30, 2009.
- ** The State of Alaska is not required to submit a knowledge transfer plan and is not included in this total.

Job Classes Rehired Under PERS HB 161

ADMINISTRATIVE ASSISTANT I	STATE OF ALASKA
ADMINISTRATIVE ASST III	STATE OF ALASKA
ADMINISTRATIVE MANAGER IV	STATE OF ALASKA
ADMINISTRATIVE SERVICES DIRECTOR	STATE OF ALASKA
AIRPORT LAW ENFORCEMENT SUPERVISOR	KETCHIKAN GATEWAY BOROUGH
ANALYST PROGRAMMER IV	STATE OF ALASKA
ASSISTANT CMS PROJECT MANAGER	STATE OF ALASKA
ASSISTANT COMMISSIONER (2)	STATE OF ALASKA
ASSOCIATE COORDINATOR	STATE OF ALASKA
ASST SUPERVISOR/BUISNESS SERVICES	BERING STRAIT SD
ATTORNEY V	STATE OF ALASKA
ATTORNEY VI	STATE OF ALASKA
BIOMETRICIAN III (2)	STATE OF ALASKA
BOILER/HVAC MECHANIC	MATANUSKA-SUSITNA BOROUGH SD
CHILDREN SERVICES SPECIALIST II	STATE OF ALASKA
COMM FISHERIES ENTRY COMMISSION CHAIRMAN	STATE OF ALASKA
COMMISIONER	STATE OF ALASKA
CORRECTIONAL SUPERINTENDENT I	STATE OF ALASKA
CRIMINAL JUSTICE PLANNER	STATE OF ALASKA
CUSTODIAN	KETCHIKAN GATEWAY BOROUGH SD
DEPUTY ATTORNEY GENERAL	STATE OF ALASKA
DEPUTY CLERK III (2)	STATE OF ALASKA
DEPUTY CLERK IV	STATE OF ALASKA
DEPUTY COMMISSIONER (4)	STATE OF ALASKA
DIRECTOR, CONSTRUCTION AND OPERATIONS	STATE OF ALASKA
DIRECTOR,PROBATION/PAROLE	STATE OF ALASKA
DIVISION DIRECTOR	STATE OF ALASKA
ECONOMIST III	STATE OF ALASKA
ENGINEER I	STATE OF ALASKA
ENGINEER IV	STATE OF ALASKA
ENGINEERING ASSOCIATE (2)	STATE OF ALASKA
EQUIPMENT OPERATOR	STATE OF ALASKA
EXECUTIVE ADMINISTRATOR	STATE OF ALASKA
EXECUTIVE SECRETARY	STATE OF ALASKA
EXECUTIVE SECRETARY/SYSTEM COORDINATOR	STATE OF ALASKA
FACILITIES MANAGER	STATE OF ALASKA
FIRE CHIEF	KETCHIKAN GATEWAY BOROUGH
FISHERIES BIOLOGIST IV	STATE OF ALASKA
FISHERIES SCIENTIST	STATE OF ALASKA
FISHERY BIOLOGIST III (3)	STATE OF ALASKA
FISHERY BIOLOGIST IV	STATE OF ALASKA
GENERAL MAINTENENCE,JOURNEY	STATE OF ALASKA
ITINERANT FOOD SERVICE	BERING STRAIT SD
LANGUAGE TEACHER (2)	ANCHORAGE SD
LIEUTENANT	CITY OF FAIRBANKS
MAINT SPECIALIST BFC FOREMAN	STATE OF ALASKA
MAINTENANCE	ALEUTIAN REGION SD
MAINTENANCE DIRECTOR	IDITAROD AREA SD
MENTAL HEALTH CLINICIAN III	STATE OF ALASKA
PERSONNEL COORDINATOR	KETCHIKAN GATEWAY BOROUGH SD
POLICE OFFICER	CITY OF HOMER

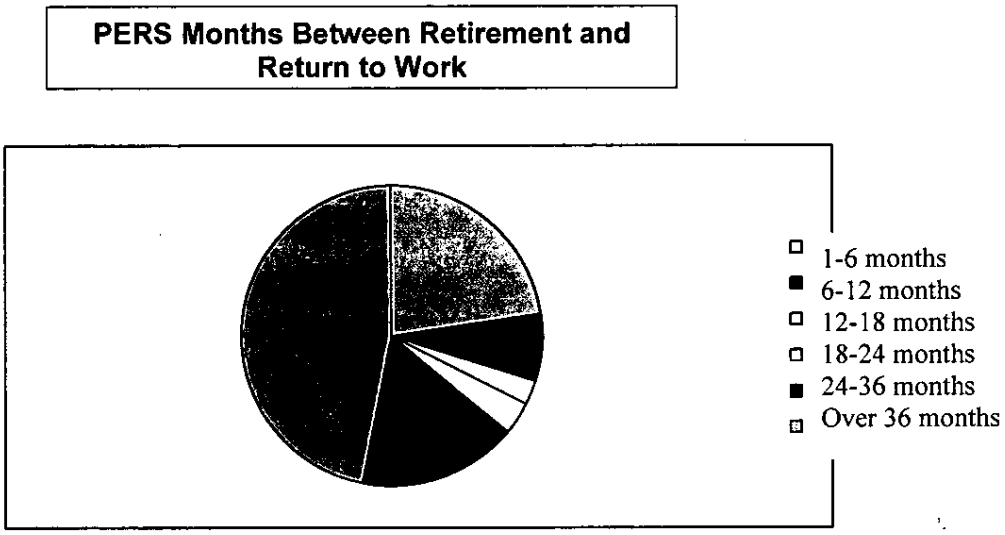
POLICE OFFICER	KETCHIKAN GATEWAY BOROUGH
PROJECT ASSISTANT	STATE OF ALASKA
PROJECT MANAGER	FAIRBANKS NORTH STAR BOROUGH
QUALITY ASSURANCE COORDINATOR	BARTLETT REGIONAL HOSPITAL
REGIONAL SUPERVISOR	STATE OF ALASKA
RESEARCH ANALYST II	STATE OF ALASKA
RURAL COURT TRAINING ASST.	STATE OF ALASKA
SAFETY AND SECURITY COORDINATOR	MATANUSKA-SUSITNA BOROUGH SD
SE REGION DIRECTOR OF CM&O	STATE OF ALASKA
SPECIAL ASSISTANT TO COMMISSIONER	STATE OF ALASKA
SPECIAL ASSISTANT/LEGISLATIVE LIAISON	STATE OF ALASKA
SPECIAL ED PARAEDUCATOR	JUNEAU BOROUGH SD
SPECIAL EDUCATION AIDE	BRISTOL BAY BOROUGH SD
SPECIAL PROJECTS COORDINATOR	STATE OF ALASKA
SR ASSISTANT ATTORNEY GENERAL	STATE OF ALASKA
STATE TROOPER (2)	STATE OF ALASKA
STUDENT SERVICES DIRECTOR	CITY OF PALMER
SUPERVISOR BLDG/GROUNDS	KETCHIKAN GATEWAY BOROUGH SD
TLINGIT TEACHER (2)	ANCHORAGE SD
VESSEL SUPERVISOR	STATE OF ALASKA

Detail of number of Retirees participating in HB 161 between January 1, 2008 and December 31, 2008 by Each Participating PERS Employer

Employer	Number of Waivers
ANCHORAGE SD	2
BARTLETT REGIONAL HOSPITAL	1
BERING STRAIT SD	1
BRISTOL BAY BOROUGH SD	1
CITY OF HOMER	1
CITY OF PALMER	1
FAIRBANKS NORTH STAR BOROUGH	1
IDITAROD AREA SD	1
JUNEAU BOROUGH SD	1
KETCHIKAN GATEWAY BOROUGH	3
KETCHIKAN GATEWAY BOROUGH SD	2
MATANUSKA-SUSITNA BOROUGH SD	2
STATE OF ALASKA	45
	62

PERS Rehired Retiree Employer Rate for Fiscal Year 2010 is 22%

Number of Months Retired Rehired under HB 161 for participating PERS employers



Employer	No. of Months Retired Before Rehire
State of Alaska	
16	1-6 months
4	6-12 months
2	12-18 months
2	18-24 month2
10	24-36 months
26	Over 36 months
Bering Straight School District	
1	1-6 months
1	Over 36 months
Bartlett Regional Hospital-1	10 months
Bristol Bay Borough School District-1	38 months
Juneau Borough School District-1	57 months
Mat-Su Borough School District	
1	1-6 months
1	18-24 months
Anchorage School District-4	79/92/103/116 months (over 36 months)
Fairbanks North Star Borough-1	6 months
Ketchikan Gateway Borough	
1	24-36 months
2	Over 36 months
Ketchikan Gateway Borough School District	
1	1-6 months
1	24-36 months
1	Over 36 months

5037

Iditarod Area School District-1	29 months
City of Fairbanks-1	67 months
City of Homer-1	102 months
City of Palmer-1	62 months
Aleutian Region School District-1	61 months

Summary of Retiree Rehire Program - TRS (HB 161)

The following information summarizes the activity reported by employers to the Division of Retirement and Benefits from January 1, 2008 through December 31, 2008.

Total number of TRS employers	58
Total number of TRS employers participating in HB 161	34*
Percentage of total TRS employers participating in HB 161	58%
Total number of TRS waivers received	85
Total number of employers submitting a knowledge transfer plan	27

* Once an employer has submitted a resolution and policy to participate in the Retiree Rehire Program, the participation is valid until the program sunsets on June 30, 2009.

Job Classes Rehired Under TRS HB 161

ASSISTANT SUPERINTENDENT/DIRECTOR	BERING STRAIT SD
BEHAVIOR SPECIALIST	KODIAK ISLAND BOROUGH SD
CERTIFIED DIRECTOR	MATANUSKA-SUSITNA BOROUGH SD
COUNSELOR	ANCHORAGE SD
COUNSELOR	LOWER KUSKOKWIM SD
COUNSELOR	NORTH SLOPE BOROUGH SD
COUSELOR	YUPIIT SD
CURRICULUM DIRECTOR	DENALI BOROUGH SD
DIRECTOR (2)	BERING STRAIT SD
DIRECTOR	LOWER KUSKOKWIM SD
DIRECTOR OF INSTRUCTIONAL PROGRAM	SOUTHWEST REGION SD
DIRECTOR OF PROGRAM SUPPORT	BERING STRAIT SD
EDUCATION SPECIALIST (2)	LOWER KUSKOKWIM SD
ELD TEACHER	LOWER KUSKOKWIM SD
ELEMENTARY LIBRARIAN	KETCHIKAN GATEWAY BOROUGH SD
ENGLISH TEACHER	KETCHIKAN GATEWAY BOROUGH SD
EXECUTIVE DIRECTOR	SPECIAL ED SERVICE AGENCY
HEALTH OCCUPATIONS TEACHER	ANCHORAGE SD
HEALTHY LIFESTYLE SPECIALIST	NORTHWEST ARCTIC BOROUGH SD
IND SAFETY/EMT INSTRUCTOR	MATANUSKA-SUSITNA BOROUGH SD
LIBRARIAN	ANCHORAGE SD
LIBRARIAN	PETERSBURG CITY SD
LIFE SKILLS TEACHER	ANCHORAGE SD
MATH/SCIENCE TEACHER	DENALI BOROUGH SD
PERSONNEL OFFICER	SOUTHWEST REGION SD
PRINCIPAL (2)	BERING STRAIT SD
PRINCIPAL	KETCHIKAN GATEWAY BOROUGH SD
PRINCIPAL (2)	NORTH SLOPE BOROUGH SD
PRINCIPAL	IDITAROD AREA SD
PSYCHOLOGIST (2)	ANCHORAGE SD
RESOURCE SPECIALIST	MATANUSKA-SUSITNA BOROUGH SD
RESOURCE TEACHER	MATANUSKA-SUSITNA BOROUGH SD
SCHOOL PSYCHOLOGIST (3)	ANCHORAGE SD
SEC CLSRM TEACHER	ANCHORAGE SD
SECONDARY PRINCIPAL	ANNETTE ISLAND SD
SITE ADMINISTRATOR (5)	LOWER KUSKOKWIM SD
SPANISH TEACHER	ANCHORAGE SD
SPECIAL EDUCATION DEPARTMENT CHAIR	ANCHORAGE SD
SPECIAL EDUCATION TEACHER (20)	ANCHORAGE SD
SPECIAL EDUCATION TEACHER	DILLINGHAM CITY SD
SPECIAL EDUCATION TEACHER	JUNEAU BOROUGH SD
SPECIAL EDUCATION TEACHER	LOWER KUSKOKWIM SD
SPECIAL EDUCATION TEACHER (2)	LOWER YUKON SD
SPECIAL EDUCATION TEACHER	NORTHWEST ARCTIC BOROUGH SD
SPECIAL EDUCATION TEACHER	WRANGELL PUBLIC SD
SPEECH LANGUAGE PATHOLOGIST (7)	ANCHORAGE SD
SPEECH THERAPIST	MATANUSKA-SUSITNA BOROUGH SD
STUDENT PSYCHOLOGIST	ANCHORAGE SD
STUDENT SERVICES DIRECTOR	JUNEAU BOROUGH SD
SUPERINDENDENT	TANANA SD
SUPERINTENDENT	BERING STRAIT SD

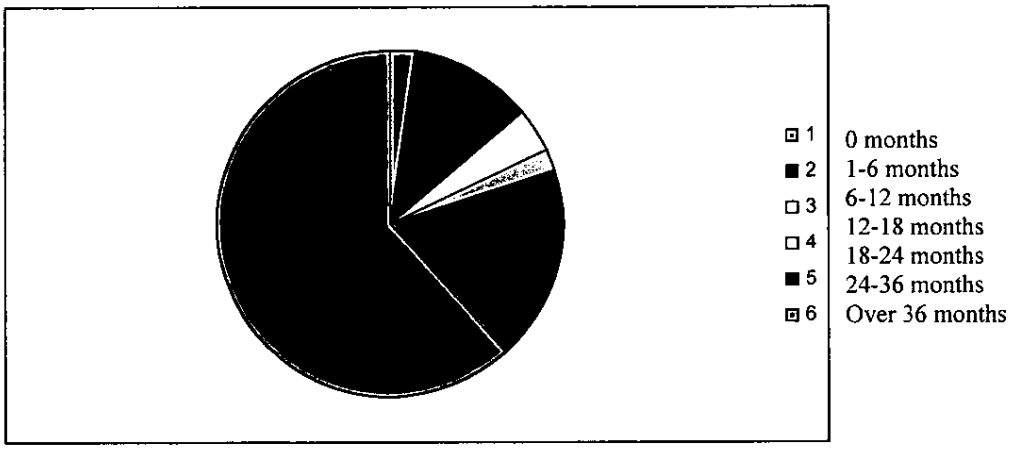
SUPERINTENDENT	CHATHAM SD
SUPERINTENDENT	COPPER RIVER SD
SUPERINTENDENT	HOONAH CITY SD
SUPERINTENDENT	LOWER KUSKOKWIM SD
SUPERINTENDENT	VALDEZ CITY SD
SUPERINTENDENT OF SCHOOLS	SOUTHEAST ISLAND SD
SUPERINTENDENT/PRINCIPAL TEACHER	ALEUTIAN REGION SD
TEACHER (4)	ANCHORAGE SD
TEACHER	BERING STRAIT SD
TEACHER (2)	CHATHAM SD
TEACHER (2)	KETCHIKAN GATEWAY BOROUGH SD
TEACHER	LAKE AND PENINSULA BOROUGH SD
TEACHER (28)	LOWER KUSKOKWIM SD
TEACHER	MATANUSKA-SUSITNA BOROUGH SD
TEACHER	NORTH SLOPE BOROUGH SD
TEACHER	PELICAN CITY SD
TEACHER	PETERSBURG CITY SD
TEACHER SPEECH PATHOLOGIST	SITKA BOROUGH SD
TEACHER VOC ED	YUPIIT SD
TEACHER, VOCATIONAL EDUCATION	LOWER KUSKOKWIM SD
VOCATIONAL EDUCATION	ANCHORAGE SD
VOC-ED TEACHER	KLAWOCK CITY SD
YUPIK FIRST LANGUAGE ED SPECIALIST	LOWER KUSKOKWIM SD

Detail of number of Retirees participating in HB 161 between January 1, 2008 and December 31, 2008 by Each Participating TRS Employer

Employer	No. of Waivers
ANCHORAGE SD	17
BERING STRAIT SD	1
CHATHAM SD	2
COPPER RIVER SD	1
DENALI BOROUGH SD	1
HOONAH CITY SD	1
KETCHIKAN GATEWAY BOROUGH SD	3
KLAWOCK CITY SD	1
KODIAK ISLAND BOROUGH SD	1
LOWER KUSKOKWIM SD	39
LOWER YUKON SD	2
MATANUSKA-SUSITNA BOROUGH SD	4
NORTH SLOPE BOROUGH SD	3
PELICAN CITY SD	1
SITKA BOROUGH SD	1
SOUTHWEST REGION SD	1
SPECIAL EDUCATION SERVICE AGENCY	1
TANANA SD	1
VALDEZ CITY SD	1
WRANGELL PUBLIC SD	1
YUPIIT SD	2
	85

TRS Rehired Retiree Employer Rate for Fiscal Year 2010 is 12.56%

Number of Months Retired Before Rehired under HB 161 for participating TRS employers



Employer	No. of Months Retired Before Rehire
ALEUTIAN REGION SD-1	Over 36 months
ANCHORAGE SD	
1	1-6 months
1	6-12 months
2	12-18 months
1	18-24 months
2	24-36 months
38	Over 36 months
ANNETTE ISLAND SD-1	60 months
BERING STRAIT SD	
1	12-18 months
6	24-36 months
2	Over 36 months
CHATHAM SD	
1	18-24 months
2	Over 36 months
COPPER RIVER SD-1	61 months
DENALI BOROUGH SD	
1	12-18 months
1	Over 36 months
DILLINGHAM CITY SD-1	13 months
HOONAH CITY SD-1	54 months
IDITAROD AREA SD-1	91 months
JUNEAU BOROUGH SD	
1	12-18 months
1	Over 36 months

KETCHIKAN GATEWAY BOROUGH SD	
1*	* 0 months
3	1-6 months
KLAWOCK CITY SD-1	68 months
KODIAK ISLAND BOROUGH SD-1	* 0 months
LAKE AND PENINSULA BOROUGH SD-1	Over 36 months
LOWER KUSKOKWIM SD	
1	0 months
9	1-6 months
1	6-12 months
1	18-24 months
10	24-36 months
20	Over 36 months
LOWER YUKON SD	
1	6-12 months
1	Over 36 months
MAT-SU BOROUGH SD	
1	1-6 months
3	24-36 months
3	Over 36 months
NORTH SLOPE BOROUGH SD-4	Over 36 months
NORTHWEST ARCTIC BOROUGH SD-2	Over 36 months
PELICAN CITY SD-1	150 months
PETERSBURG CITY SD	
1	24-36 months
1	Over 36 months
SITKA BOROUGH SD-1	Over 36 months
SOUTHEAST ISLAND SD-1	26 months
SOUTHWEST REGION SD-2	24-36 months
SPECIAL EDUCATION SERVICE AGENCY-1	1 month
TANANA SD-1	Over 36 months
VALDEZ CITY SD-1	36 months
WRANGELL PUBLIC SD-1	26 months
YUPIIT SD-2	Over 36 months

* Legislation does not require a 30-day break from termination prior to rehire for TRS.

Section 2
Division of Personnel

Division of Personnel and Labor Relations
Retiree Rehire, HB 161 Legislative Report

Section 2 of this report has been prepared by the Division of Personnel & Labor Relations. This Section of the report focuses on the State of Alaska as the largest employer of the PERS system. It includes information on program activity and the efforts of the executive branch to address the recruitment difficulties in job classes in which retired members have been rehired.

House Bill (HB) 161 went into effect on July 1, 2005 and established three sunset dates for re-employed retirees, based upon the date of rehire. In extending the sunset dates of the retiree program, the legislature intended to allow public employers the ability to continue to use this management tool while developing plans to address the knowledge, skills, and abilities that need to be transferred or developed to assure the work can be accomplished following the departure of the retiree.

The final of the three sunset dates established under HB 161 is July 1, 2009 and applies to retirees re-employed on or after July 1, 2005. This group of retirees is eligible to remain employed under a PERS waiver through June 30, 2009. The table below denotes the number of retirees currently employed in the executive branch by agency.

Department*	DMVA	DOC	DNR	F&G	H&SS	Law	DPS	DOT/PF
Classified	1	1	0	9	2	0	1	5
Exempt/Partially Exempt	0	2	1	1	0	3	2	1

*The following departments do not currently employ retirees: Administration, Revenue, Labor & Workforce Development, Education & Early Development, Commerce, Community & Economic Development and Environmental Conservation

To ensure consistent application of the retiree program as intended by the Legislature and compliance with HB 161, the Department of Administration issued a Retiree Rehire Policy (Addendum A) which replaced Administrative Order 225. As with the Administrative Order, the Retiree Rehire Policy placed "side boards" on this program by providing certain criteria that must be met prior to the appointment of a retiree to a position within the classified service.

To make the most effective use of the retiree return program as a management tool, HB 161 requires the hiring authority to work with the Division of Personnel & Labor Relations to develop a plan that addresses efforts to reduce the recruitment difficulties in job classes in which retirees have been hired. The development plan addresses:

- the critical components of the position;

- the knowledge, skills, and abilities that need to be developed in the workplace to assure that the work can be accomplished when the rehired retiree leaves state service; and

- a development plan for accomplishing the transfer of knowledge.

The Division of Personnel & Labor Relations offers a presentation on developing knowledge transfer plans. The presentation addresses identifying the critical components of the job, the knowledge, skills and abilities required to perform the critical components of the job, conducting a skill gap analysis, and finally, developing the knowledge transfer plan. A knowledge transfer plan can be as simple as developing a desk manual for less complex positions, or as detailed as an intensive training program. The division's service centers are available to provide guidance throughout the process.

To date, the director of the Division of Personnel & Labor Relations has received and approved knowledge transfer plans for16 of the 19 classified positions filled by an employee working under a PERS waiver in the retiree/return program. The remaining three have been notified of the requirement to complete.

In an effort to address issues concerning recruitment and retention Governor Palin signed Administrative Order 237 on August 24, 2007. This Administrative Order established an Executive Branch Working Group comprised of six Commissioners and the Director of the Office of Management and Budget to make recommendations regarding recruitment and retention of state employees in the executive branch and efficiencies that the State of Alaska will need to make to address the smaller workforce available to it. The recommendations of the Executive Working Group are attached (Addendum B) in addition to a status update (Addendum C).

The Division of Personnel & Labor Relations will continue to explore opportunities to increase retention and mitigate recruitment difficulties.

Memorandum

Department of Administration
Office of the Commissioner

To: All Commissioners

Date: September 11, 2006

From: Scott J. Nordstrand
Commissioner

Phone: 465-5671

Subject: Retiree Rehire Policy – HB 242 / 161

This memo is intended to respond to questions that have arisen regarding the guidelines for employees who were or are rehired in accordance with House Bills 242 and 161. You may be aware that the extension of HB 242 which was introduced last session as HB 161 (retiree return program) generated some angst with several legislators. In order to address the concerns raised by legislators so that agencies could continue to offer this program as a management tool, Governor Murkowski adopted Administrative Order 225 in March of 2005.

Administrative Order 225 acted to place "side boards" on this program by providing certain criteria that must be met with the appointment of rehired retirees to positions in the classified service under HB 242. However, with the sunset of HB 242 and the passage of HB 161, Administrative Order 225 is no longer operative. Therefore, to ensure consistent application of the retiree rehire program as intended by the legislature and compliance with HB 161, this memo has been hereby formalized into policy as outlined below.

A retiree who intends to seek a PERS waiver may be appointed to a position in the classified service if:

- an open competitive recruitment process is conducted for at least 30 days and results in an applicant pool of fewer than five qualified, eligible, and available applicants;
- all qualified, eligible and available applicants are considered;
- the hiring authority demonstrates why no other applicant will have the knowledge, skills, or ability to perform the duties of the position after serving the full probationary period; and
- the retiree has served a thirty-day separation with the PERS. If the employee currently is covered under HB 242, a second thirty-day separation will not be required if the employee is later appointed under HB 161. However, if the employee has not been rehired under HB 242 and has not served the initial thirty-day separation, a thirty-day separation will be required.

Approval to hire a retiree who intends to seek a PERS waiver must be secured in writing from the Director of the Division of Personnel prior to an offer of employment. Within 60 days after receipt of the Director's approval and acceptance of the position by the retiree, the hiring authority shall work with the Division of Personnel to develop a plan that addresses:

- the critical components of the position;
- the knowledge, skills, and abilities that need to be developed in the workplace to assure that the work can be accomplished when the rehired retiree leaves state service; and
- a development plan for accomplishing the transfer of knowledge.

Completed plans shall be submitted to the Director of the Division of Personnel for approval.

Questions regarding this policy may be addressed to your department's Division of Personnel, Management Services Consultant. Additional information on the application of this policy and HB 161 is available on the Division of Personnel's website.

cc: Traci Carpenter, Director
Division of Retirement and Benefits

Administrative Services Directors

Division of Personnel Staff

Executive Working Group
FINAL Report to Governor Sarah Palin
Administrative Order No. 237
Recruitment and Retention of State Employees

I. INTRODUCTION:

Governor Sarah Palin signed Administrative Order No. 237 (AO 237) August 24, 2007. The order established an Executive Branch Working Group to address issues concerning recruitment and retention of State employees in the executive branch. The Working Group was tasked with researching and addressing the issue and providing the Governor with recommendations concerning the findings of the order.

A. The Working Group:

A Working Group, composed of seven members appointed by the commissioner of the Department of Administration was assembled to address recruitment and retention issues. The Working Group members included:

- Department of Administration, Commissioner Annette Kreitzer, chairman;
- Office of Management and Budget, Director Karen Rehfeld;
- Department of Health and Social Services, Commissioner Karleen Jackson;
- Department of Public Safety, Commissioner Walt Monegan;
- Department of Environmental Conservation, Commissioner Larry Hartig;
- Department of Labor and Workforce Development, Commissioner Click Bishop;
- Department of Transportation and Public Facilities, Commissioner Leo von Scheben.

The members' combined experience and accumulated knowledge from 75 plus years working in government service and over 75 years in the private sector ensured a broad-based approach to examining the recruitment and retention situation.

Meetings:

The Working Group held a total of four meetings during September and October. In the short time the Group met, we reviewed current State employee turnover rates that were at 16% in 2006, representing the mid-range for states responding to our request for information. As with other states and the private sector, more troubling is the number of State

employees eligible to retire now and in the next five years, and what that might portend for the State's ability to retain experienced, professional employees to balance and mentor less senior employees.

B. Input:

The Working Group polled the Commissioners from each State department for their views on the current status of recruitment and retention of State employees. Each labor union business manager was contacted and requested to give input. Hiring managers throughout State government, who are on the front lines of hiring decisions and frustrations with the current system of employee recruitment, were canvassed for their ideas and comments. The information gathered from the responses was compiled into a spread sheet which organized the data into categories.

The Working Group specifically requested suggestions without a monetary component, but recognizes there are some solutions that are in the monetary category. The State is faced with employee retention issues on both ends of the spectrum from recruitment to retaining knowledgeable, professional employees. The Working Group identified suggestions to quickly impact a majority of problems brought on by a tight salary schedule and personnel rules. Negotiating fair labor contracts is one piece of the financial puzzle, removing an outdated "longevity" step concept is another. These details are included under, "E. Financial Incentives".

C. Supplemental Data:

Appendices include Administrative Order No. 237, State Employee Unions summary sheet and statistics about State employees excluding the University of Alaska, the Legislature and the Court System. Our efforts were focused only on the Executive Branch departments represented at the Cabinet level.

II. IDENTIFY ISSUES AND PROPOSALS:

AO No. 237 charged the Working Group with identifying the recruitment and retention situation, the costs involved in training, changes that will allow the State to effectively serve its citizens while limiting expansion, opportunities for partnering and cross-training and cost neutral or low-cost solutions to increase worker satisfaction.

A. Costs of training new State employees:

Training costs are a significant expenditure for State agencies.

- A recent federal Department of Labor Study shows that turnover costs one-third to one-half times the annual salary of the employee, not including productivity loss.
- The State must clearly define a training/education track tied to proficiency and advancement in a job series. Some level of mandatory supervisory or other training might be necessary.
- The State may need to provide education incentives and professional development in an effort to provide career-long learning opportunities. The practice of providing education incentives among state agencies is currently inconsistent. The Working Group requested and is awaiting a survey of all departments showing what training and education the State currently pays for and what departments believe would be reasonable for the State to undertake.
- We recommend analyzing the cost of a tuition reimbursement and student loan forgiveness program with payback obligations tied to time on the job, based on a sliding percentage from zero to five years.
- Many departments have commented that the State has become a training ground for other prospective employers. By retaining employees longer with fair contracts and other potential financial considerations, we will lower our total cost of training.

B. Changes that restrain growth of government:

Even with significantly higher oil prices, today's production is only about one-third of what it used to be.

- The State must focus on the highest priorities by division and department to live within our means.
- Contracting some work out where appropriate, should be considered. This currently requires a feasibility study and could require revision to labor contract language.
- The State spends hundreds of millions of dollars on technology to improve and make public documents more accessible. Some of this technology will automate processes meaning that fewer employees will be needed to manually enter data like timesheets. The State needs to plan with these employees an exit strategy to other available State jobs.

C. Opportunities to cross-train within and encourage efficiencies:

The State cannot continue to heavily rely on retirees to return to work as a stop-gap measure to training new employees.

- Develop and implement knowledge transfer plans for soon to be retiring employees.
- High turnover positions must have a "desk manual" to ensure that the most basic information of the position is available when a new employee is hired. Documenting a high turnover position's responsibilities cuts down on the amount of time spent explaining the duties.
- From hiring managers on up, there must be a frank understanding that many entry level jobs will have high turnover. Accepting this and planning for it, while encouraging entry level employees to move up on a State career ladder, will help retention overall.

D. Cost-neutral or low-cost solutions to increase workplace satisfaction:

The State should continue to encourage work/life scheduling flexibility. Hiring managers particularly noted these suggestions related to flexible work schedules and recruitment efforts:

- Broader use of alternate work weeks (4-10's, 9-80's). Some departments are using flexible work schedules but this could be done on a more consistent basis.
- Encourage consideration of broader use of telecommuting and job sharing agreements. An approach could require employees to complete one year on the job in the office location, and be in the office several days a week as part of a telecommuting plan.
- Establish employee recognition and appreciation programs as part of a statewide culture. Department programs should complement the Governor's Statewide Denali Peak Performance Program. Many Commissioners commented that they look for opportunities to recognize excellent customer service or project work by employees.
- Initiate a health and fitness program as part of the State health benefit package. This could pay for itself over time through healthier employees, less sick leave usage, etc. We will need to work with and coordinate with union health trusts on this issue.
- Provide sabbaticals without a break in service or interruption of health benefits. For example, one month after 10 years, three months after 20 years. These could be used in conjunction with

annual leave for continuing education, travel, or just "recharging their batteries".

III. EVALUATE AND RECOMMEND:

The Working Group was charged with evaluating the hiring criteria and practices, education requirements and minimum qualifications, recruitment tools and whether there are ways to improve upon the merit principle to provide better incentives and retain quality employees.

A. Current hiring criteria and practices:

It will take time to inculcate the ideas we believe will result in efficiencies in the State's hiring practices. The processes in place have resulted from years of patchwork attempts to incrementally fix personnel system deficiencies.

- Revamp the classification process and review adequacy of classification resources in the Division of Personnel and Labor Relations to get through all current and backlogged requests and to be more responsive and proactive to workforce changes.
- Conduct a review of the classification system. Review all job classes, update and consolidate with more generic job classes. Minimize or eliminate single-position job classifications.
- Solicit input from younger workers on what it takes to attract, retain, and satisfy the new generation of workers.
- Encourage a broader use of flexibly classed positions, with easier movement between levels in a job series (i.e. I-II-III). (Current list is included in appendices.)
- Review the effectiveness of the HR integration. This should be scheduled in 2008. There continues to be some concern about the impact of the Human Resources integration and its impact on some departments.

B. Current education requirements and minimum qualifications for state employment:

The State needs to be more flexible in its efforts to attract qualified job candidates. The Working Group acknowledges that not every location in the State is having the same challenges drawing applicants.

- Change minimum qualifications to broaden applicant pools. This is not a "dumbing down" of the applicant pools as suggested by some, but a more strategic approach to actual job requirements.

Some examples include removal of a specific degree requirement (i.e. accounting, biology), and replacing with a general degree with a certain number of field-specific credit hours. Specific degree requirements could also be replaced by technical certification or demonstrated expertise. Several departments requested a minimum qualification waiver process.

C. Recruitment tools:

The Workplace Alaska recruitment portal needs to be changed to be more comparable to and competitive with links like monster.com and dice.com – this old technology is not attractive and does not present the State as a progressive, interesting employer. This change will require more planning as it will impact the Online Public Notice system.

- In the short term, we should enable applicants to post resumes on Workplace Alaska similar to other employment websites.
- Each department should have a web link to jobs available on its main website.
- Formalize employee surveys; upon initial hire, after one month, and/or at a minimum an exit survey upon termination. Some suggested making exit interviews mandatory.
- Encourage broader use of internship program. Partner with the University of Alaska on an apprenticeship program. Streamline internship classification with greater flexibility in I-IV levels.

D. Improvements to Merit System:

Efforts should be made to recognize exceptional work and eliminate barriers to employment and promotional opportunities.

- Provide more discretion for increased pay based on performance. Base performance incentives and service steps on the performance evaluations. Use steps (b) through (f) for performance incentives and steps beyond (f) for service steps. This recommendation cannot work if there is not a concomitant effort to prepare proper evaluations.
- Eliminate pay barriers that discourage employees from taking promotions, i.e. not enough pay for the added work and responsibility, loss of over-time pay, if applicable, etc.
- Expand our ability to promote existing employees. In some cases it is easier to hire a new State employee at an advanced step (based on recruitment difficulty or exceptional qualifications).

- Analyze the effectiveness of continued use of market-based pay adjustments. This process addresses specific pay issues but disrupts internal alignment and creates supervisor differentials.

E. Financial Incentives:

In certain areas, the State has become a training ground for the federal government. There is a 24% Alaska cost of living differential between the Federal and State governments that exacerbates this problem.

State labor contracts recently concluded will mean:

1. The 7,920 members of the General Government Unit (GGU) of Alaska State Employees Association will receive a 4% retroactive pay increase contingent on legislative appropriation. The 4% is retroactive to July 1, 2007, followed by 3% increases in FY08 and FY09.
2. The Teachers' Education Association of Mt. Edgecumbe ratified an agreement of a 3% retroactive raise in FY07, followed by 3% in FY08 and 3% in FY09.
3. Labor, Trades and Crafts, Local 71, has ratified an agreement for a two-year contract which includes a 5% increase in FY08 and 2% increase in FY 09. (about 1600 members)
4. Alaska Public Employees Association, bargaining on behalf of the Confidential Employees Association (195 members) ratified an agreement with the State on a three-year contract beginning July 1, 2007 which includes a 4% wage increase on that date, followed by a 3% increase beginning July 1, 2008 and a 3% increase beginning July 1, 2009.

In addition to the monetary components of union contracts the State is a party to, the State makes annual contributions on behalf of each employee to the Public Employee's Retirement System and the Teacher's Retirement System. In the FY09 budget, the State's share of this responsibility for all State employees (union and nonunion) is about $340 million.

The Working Group agrees that we cannot solve, in this fiscal year, all of the inequities that may have built up over time to make the State a less competitive employer. There are concrete steps that can be taken however, some of which will have long lasting effects:

- Eliminate the outmoded longevity steps where employees go years without a pay adjustment. What was meant as an inducement to retain employees has become a barrier to hiring and promoting professional employees. Removing the barrier can be accomplished in some labor contracts, but the statute (AS 39.27.022) must be updated as employees hired at an advanced step are often frozen at that pay range for up to seven years since the system does not recognize private or other government experience. The removal of this barrier would allow the State to recognize experience and provide merit increments in shorter spans of time. Currently, some employees must wait four, nine and 13 years for a pay increase.
- Salaries for the so-called "non-covereds" or non-union State employees will be impacted by the above action in addition to any changes made to the statutory salary schedule to reflect changes negotiated with union employees.
- HB 98 (CHAPTER 53 SLA 05) increased salaries of commissioners among others, but neglected to include deputy commissioner salaries. For a supervisory track beginning with a new single job classification of Administrative Services Manager, which could lead to promotion to a Deputy Division Director and then to Division Director, the Working Group recommends the following structure. We also recognize that professional job classifications within each agency also provide career tracks to director and other management positions. Any changes to existing positions resulting in increases will be absorbed by existing budgets.

Position	Previous	Current	Proposed	Comment
Commissioner	28E	28-30	No change	AS 39.20.080(a)
Deputy Commissioner		28 A-F	28-29	AS 39.20.080(b) requires legislation to increase
Assistant Commissioner		27	27-28	Not widely used, but can be helpful for very large agencies (e.g., HSS)
Division Director	26	27	No change	Increased Nov. 2006
Deputy Director		23	24 or 25	Implement in FY08-no legislation required
Assistant Director		22	23	Not widely used
Admin. Services Manager/Admin Operations Mgr I-III		22-24	23	Make a single job class to progress to deputy director
Administrative Manager I-IV		15-21	No change	

F. Healthy Work Environment:

We know by surveys and studies that employees value a healthy work environment: One where they are encouraged to be proactive about their own health and if a manager, to model good health habits to their co-workers and subordinates.

This cannot be a mandate. Employees must believe this is also important to their abilities in their jobs. This effort is to support those

who willingly want to maintain or make a change in their lifestyles to a healthier one.

As the provider of health insurance coverage for active and retired State employees, the State has incentive to look for ways to encourage both populations to be proactive about fitness and good health.

Through the Alaska Retirement Management Board and the Health Benefits Evaluation Committee (created in the Supervisory Union's labor contract, specific to the 5,500 State of Alaska employees and dependents covered by the Select Benefits health plan) recommendations are coming to the Commissioner of the Department of Administration to make changes to the health plans to entice employees to use preventive health and fitness measures, to provide coverage for colorectal cancer screening for retirees, and for well baby coverage for active employees. This work will continue in conjunction with the Governor's Health Care Strategies Planning Council.

IV. Conclusion:

The State can do better as an employer. We've started down a path to improving our stature as an employer with fair union contracts and a culture of high ethical standards.

The Working Group recognizes that the State must have a plan for implementing further change and intends to continue to meet to provide a roadmap to reach our ultimate goal of regaining and maintaining our status as a competitive employer.

There are many ways the State has constrained itself as an employer through our methods of recruitment. Changes will take time, effort and a commitment from State employees to implement. We can change the current situation and do more to provide a healthy work environment for our employees.

The Working Group evaluated suggestions and comments submitted by various groups throughout the State workforce. The many responses touched on in this report serve as a starting point for State action for current employees as well as those who will work here in the future.

Some have suggested that we should immediately initiate a salary survey. It is our recommendation that we focus on changes encompassed in this report over the next one to two years, and initiate a

salary survey in 2009-10 to help analyze the effectiveness of the changes and identify additional areas needing adjustment.

We encourage all commissioners to carefully review the data available for each department to plan for pending retirements and the knowledge transfer necessary for the State to successfully continue to provide services. The Division of Personnel and Labor Relations will work to streamline this process for departments and provide guidance and tips on successful implementation.

It is imperative that we continue to engage in an open conversation about ways we can improve and continue to meet our recruitment and retention needs.

Action Plan for Administrative Order No. 237

Near Term Actions:

- Continue negotiating and settling labor contracts which are fair and sustainable.
- Prepare legislation to repeal longevity step impediments and replace with a fair alternative.
- Prepare legislation to provide greater flexibility for deputy commissioner's pay.
- Implement deputy director pay increase in FY08.
- Review the training, education and certification survey of all departments and make recommendations for FY09 or FY10.
- There continues to be some concern about the impact of the Human Resources integration and its impact on some departments. A review of the effectiveness of the HR integration should be scheduled in 2008.
- Streamline the intern program process so it is easier for students to come back to work for the State in between college sessions, and it is less cumbersome for those wanting to hire interns.
- Analyze the effectiveness of continued use of market-based pay adjustments.
- Look for opportunities to promote effective healthy living habits that employees can maintain.

Within two years:

- Request funding in the FY09 budget to perform a geographic differential study in accordance with AS 39.27.030.

- Review the history of tuition reimbursement and student loan forgiveness programs and work with the Legislature to determine a flexible plan with payback obligations tied to time on the job, based on a sliding percentage from zero to five years.
- Every department must develop and implement knowledge transfer plans for soon to be retiring employees.
- Every department must continue to audit its use of flexible work schedules (using information already provided by DOA) to determine if broader use of flexible schedules would be welcomed by employees and still accomplish State priorities.
- Revamp the classification process and review adequacy of classification resources in the Division of Personnel and Labor Relations.
- Conduct a review of the classification system. Review all job classes, update and consolidate with more generic job classes. Minimize, eliminate single-position job classifications.

Within three years:

- Conduct a salary survey.
- Replace the Work Place Alaska portal (and the Online Public Notice System).
- Consider legislation to implement a 40-hour work week.

Ongoing Efforts:

- Continue efforts between the DOA and other departments to write less restrictive minimum qualifications for positions, which allow departments more discretion in hiring the most qualified, best person for the position.
- Continue to encourage a broader use of flexibly classed positions, with easier movement between levels in a job series (i.e. I-II-III). (Current list is included in appendices.)

Administrative Order No. 237
Executive Working Group
Status Report of Recommendations

The Executive Working Group on Recruitment and Retention set out a list of action items in the November 2007 report to the Governor. These items and their current status are listed below.

Action Items – Near Term

Action Item	Status	Details
Labor Contracts: ASEA-GGU, APEA-SU, APEA-CEA, PSEA, AVTECTA and IBU	**Completed**	Salary adjustments resulting from HB 417 and labor negotiations have had a cumulative impact of $150 million over three years (FY08-$56.4 million, FY09-$49.8 million, FY10-$44.2 million). See attached cost summary.
LTC, TEAME, ACOA	**Upcoming**	Contracts expire 6/30/09
MM&P, MEBA	**In Negotiations**	Contracts expired 6/30/08
Longevity Step Repeal and replacement with fair alternative	**Completed**	HB 417 repealed longevity steps and implemented pay increments for non-covered employees. PSEA negotiated similar provisions and Letters of Agreement have been signed with GGU, CEA and SU (pending) effective January 1, 2009. Cost to implement estimated at $2.3 million in FY09 and $1.5 million in FY10.
Flexibility for Deputy Commissioner Pay	**Completed**	HB 417 provides for appointment within range 28.
Deputy Director Pay Increase	**Completed**	Division Operations Manager, range 24 Deputy Director, range 25 (partially exempt only)
Training/Certification/ Education Survey Status	**No Action**	Will be put into New Work Plan
HR Integration Study	**Upcoming**	Development of the RFP will begin by October 1, 2008. RFP will be vetted through Working Group before release.
Streamline Intern Process	**Completed**	Levels were consolidated and flex staffing was implemented. Intern openings are now advertised through Workplace Alaska. This allows all interested parties to view/post internships in one central location.
Market-Based Pay	**On Hold**	A contractor will be hired to conduct a salary survey in 2009 to provide a more holistic approach.
Healthy Living Habits	**Ongoing**	Web Portal has been developed and usage is still in discovery stage. The database will be developed in 2009. Incentives for participation are under development.

Action Items – Within Two Years

Action Item	Status	Details
Geographic Differential Study	**In Progress**	$400.0 for study appropriated. The contractor began work on September 16, 2008. The report is planned to be completed by January 31, 2009. The budget impact of implementation will be presented to the 2009 Legislature.
Tuition Reimbursement & Student Loan forgiveness	**In Progress**	Many departments currently reimburse employees for tuition for job-related classes. Departments will be advised of available options. Review of student loan forgiveness will be put into new work plan.
Knowledge Transfer Plans	**In Progress**	DOPLR has a presentation available to assist agencies in the development of these plans.

5063

Administrative Order No. 237
Executive Working Group
Status Report of Recommendations

Flexible Work Schedules (Alternate Workweeks)	**In Progress**	The number of agreements statewide has increased from 1,508 in 2007 to 1,941 in 2008. Effort is continuing to inform departments of available options.
Revamp Classification Process and Review of Resources	**In progress**	Classification studies are being limited to those in class series which have experienced a significant change in duties. A parallel process to address salaries will be explored in conjunction with comprehensive salary survey.
Classification System Review	**In progress**	When appropriate, job classifications are being consolidated and single position job classifications are being eliminated.

Action Items – Within Three Years		
Action Item	**Status**	**Details**
Salary Survey	**In Progress**	Plan to award contract to begin study in January 2009 with expected completion by October 2009.
Workplace Alaska Portal Replacement	**In Progress**	Task Order has been released for the development of system requirements.
Legislation for 40 hour Workweek	**No Action**	Consideration will be given to implement for select groups of employees.

Ongoing Efforts		
Action Item	**Status**	**Details**
Less Restrictive Minimum Qualifications	**In Progress**	21 job class specifications involving over 350 state jobs have been reviewed and updated to ensure MQs reflect current job requirements.
Broader Use of Flexibly Classed Positions	**Completed**	The use of flexibly classed positions has been broadened for use within any series so long as the work exists at the requested levels.
Administrative Clerk Study	**In Progress**	This comprehensive study of 1,150 clerical positions is scheduled for completion by June 30, 2009. The study will examine the changes in clerical work since the classes were last studied (in 1996) and will provide a benchmark for aligning other clerical, paraprofessional and entry-level job classes.
Revamp Employee Evaluation Process	**In Progress**	Newly established pay increments require completion of an evaluation. The evaluation process is being reviewed and streamlined to ensure that employees are evaluated in a meaningful and timely manner.

Discussion Items	
Item	**Details**
Sabbaticals	Explore concept for state employees with extensive service – 15 yrs and up.
Telecommuting	Explore concept for working from home up to three days a week. Policy is under review and development.

HB

161

<target><bill>HB 161</bill><subject>HB
161</subject><comm>HFIN26</comm></target>

REPRESENTATIVE CATHY MUÑOZ

SPONSOR STATEMENT

HB 161

HB 161 will enable the Alaska Mental Health Trust to move forward with construction and ownership of a new office facility on land the Trust owns in downtown Juneau.

The core mission of the Mental Health Trust is to develop and manage Trust assets for the benefit of mental health beneficiaries in the areas of health, safety, quality of life and economic security. Trust beneficiaries live in communities across Alaska. They are friends, neighbors, and family members facing mental illness, developmental disabilities, chronic alcoholism, Alzheimer's disease, and dementia.

The Trust has identified land in Juneau as a top priority for development. HB 161 enables the Trust to develop, through the issuance of certificates of participation, much needed office and retail space. Four State agencies are currently housed in aging facilities, all in need of major renovation. The proposed building, using modern construction standards, and new energy saving technologies, will reduce both operating and maintenance costs. From a centralized location the offices will function with improved efficiencies and better public access.

Most importantly, over time, a new facility will save the State of Alaska money, and will provide a steady revenue stream to Trust beneficiaries. Development of Trust assets will provide a return on investment for beneficiaries, in turn enriching the lives of those served.

House Resolution 6 passed unanimously on February 25, 2009 by the Alaska House of Representatives. It encourages the Trust to pursue this type of project on behalf of its beneficiaries. It states in part:

"**BE IT RESOLVED** that the House of Representatives encourages the Alaska Mental Health Trust Authority to develop its land and resources to the fullest extent possible, consistent with its legal and moral responsibility to advance mental health services and employment opportunities that protect and enhance the lives of those who benefit from the mental health trust."

Contact: Terry Harvey

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REPRESENTATIVE CATHY MUÑOZ

Explanation of Changes to HB161
CSHB161 26-LSO605\W

Title: The Certificates of Participation amount of $25,000,000 was adjusted to $22,700,000.
The Alaska Permanent Fund Corporation (APFC) is identified by name as the Alaska Mental Health Fund Trust (AMHT) managing entity that will transfer AMHT funds for the project.

Sec.1- Funding amount from the AMHT for half of the project is adjusted from $25,000,000 to $22,700,000.
The total cost of the project is adjusted from $50,000,000 to $45,400,000.
The amount of the Certificates of Participation is adjusted from $25,000,000 to $22,700,000.

Sec.2-Technical amendment to conform to bill sec. 3. Clarifies assets of the AMHT to be managed by requirements of the AK Mental Health Enabling Act. Identifies Dept. of Natural Resources (DNR) as managing entity of the land assets of the AMHT. Aspects of managing conformity for DNR are listed in new subsections (A) thru (E).

Sec. 3-New section to clarify that APFC is the managing entity for AMHT funds. Offers clarifying language specifying APFC will manage AMHT's $22,700,000, which represents the non-financed amount, put forth by the AMHT. Specific language details requirements of the AMHT to exercise the powers of a state fiduciary involving investment of assets of the account, and to contract with the Trust Land Office in DNR to serve as external real estate investment manager.

Sec. 4, 5, 6- technical amendments to conform to bill sec. 3.

Sec. 7-Financing & Lease Agreements.
Certificates of Participation are adjusted from $25,000,000 to 22,700,000.
AMHT amount of investment is adjusted from $25,000,000 to $22,700,000.
Estimated total cost of project is adjusted from $50,000,000 to $45,400,000.
The estimated annual amount of rental obligation under the 20 year lease agreement is adjusted from $2,075,000 to $1,759,802.
The estimated annual amount of lease payments for the full term of the lease agreement is adjusted from $41,500,000 to $35,196,035.
The second lease for 30 years is adjusted from an annual amount of $3,665,029 to $3,665,000.
The estimated total amount for the 30 year lease payments for the full term is adjusted from $136,875,042 to $125,243,047.

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The TRUST
The Alaska Mental Health Trust Authority

HB 161 -- Alaska Mental Health Trust Authority Subport Office Building

Why must the Legislature be involved to enable The Trust to move forward on the Subport Office Building project?

1) Legislation is needed for issuing Certificates of Participation for 50% of the construction and term financing. These bonds are issued at an estimated rate of 5.5% for a 20-year term.
2) Legislation is also required for the Alaska Mental Health Trust Authority to withdraw monies from the Trust principal managed by the Permanent Fund Corporation (the remaining 50% balance of the construction and term financing).
3) The combination of these two financing mechanisms reduces the overall cost to the State of Alaska to meet the State's projected budget expenditures.

Why is this project good for the State of Alaska?

1) The Subport Office Building will be located in a central location that is convenient to the public, other State offices and the Legislature.
2) The State's overall cost for the project will be reduced by 50% because the State and The Trust will be funding partners. As a result, each entity will only be obligated for half of the construction cost and half of the related financing for the construction.
3) The State has announced it will seek new space for the Dept. of Labor in Juneau at the end of the current lease. Because of the pre-construction work already completed on the project, the new Subport building could be completed in sufficient time to meet Labor's timeline for moving at the end of its lease.

Why is this project good for The Trust?

1) The lease payments paid by the State to The Trust will be reinvested in programs and services for Trust beneficiaries, benefitting both The Trust and the State over a 30-year lease period, at a minimum.
2) This project may also act as a template for future developments by The Trust throughout the state.
3) Partnering with the State allows The Trust to perform its fiduciary duties while reducing risk and capturing long-term, recurring income.

How does the project fit within the mission of The Trust?

1) Income from the building will help The Trust fulfill its responsibility to ensure there is adequate funding for the state's Comprehensive Integrated Mental Health Program, which provides services to Trust beneficiaries.
2) The project meets The Trust's guiding principles by diversifying The Trust land's revenue resources.
3) The project utilizes Trust land in its most productive use both prudently and effectively.
4) The building's construction plan is consistent with minimizing energy usage and maximizing the value of The Trust's assets over time.

Prepared March 2009

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MEMORANDUM March 11, 2009

SUBJECT: Alaska Mental Health Trust Authority Subport Office Building (CSHB 161( ); Work Order No. 26-LS0605\T)

TO: Representative Cathy Muñoz
Attn: Terry Harvey

FROM: Tamara Brandt Cook
Director TBC

Sec. 1. The legislature finds that the Alaska Mental Health Trust Authority intends to use up to $22,700,000 for the Alaska Mental Health Trust Authority Subport Office Building and that the total cost of the facility will be $45,400,000. The legislature intends that the state provide up to $22,700,000 for the facility.

Sec. 2. Technical amendment to conform to bill sec. 3.

Sec. 3. Requires $22,700,000 of the principal of the mental health trust fund to be deposited into a separate trust land development account and directs the Alaska Mental Health Trust Authority to use money in the account to finance the development of facilities on mental health trust land. The authority is required to exercise the powers of a state fiduciary with respect to the investment of assets of the account and to contract with the Trust Land Office in the Department of Natural Resources to serve as an external real estate investment manager.

Sec. 4. Technical amendment to conform to bill sec. 3.

Sec. 5. Technical amendment to conform to bill sec. 3.

Sec. 6. Technical amendment to conform to bill sec. 3.

Sec. 7. (a) Authorizes the state bond committee to provide for the issuance of certificates of participation in an amount of up to $22,700,000 for the construction of the Alaska Mental Health Trust Authority Subport Office Building if the balance of the construction costs in an amount of up to $22,700,000 is made available by the Alaska Mental Health Trust Authority. The estimated total cost of construction, acquisition, certain financing expenses, and equipping the facility is $45,400,000.

(b) The state bond committee may contract for services necessary in the financing of the facility.

(c) The Department of Administration is authorized to enter into a lease with a term of 20 years for the use of the facility by state agencies. As much of the lease payments as necessary shall be used to pay the principal of and interest on the certificates of participation. The estimated annual amount of rental obligation under the lease is $1,759,802. The estimated total amount of lease payments is $35,196,035. At the end of the lease term, the authority will own the facility.

(d) The Department of Administration is authorized to enter into a second lease with a term of 30 years for the use of the facility by agencies. The estimated annual amount of rental obligation is $3,665,000. The estimated total amount of lease payments for the full term is $125,243,047.

(e) The lease payments under both leases are subject to annual appropriation.

(f) The authority shall manage and operate the facility.

Sec. 8. The Act has an immediate effective date.

TBC:plm
09-159.plm

Adopted 4/2/09

26-LS0605\W.1
Cook
4/2/09

AMENDMENT 1

OFFERED IN THE HOUSE
TO: CSHB 161(CRA)

BY REPRESENTATIVE STOLTZE BY REQUEST

Page 1, lines 2 - 3:

Delete "**the Alaska Mental Health Trust Authority**"

Insert "**a separate trust land development account**"

Page 1, line 6, following "**Administration;**":

Insert "**authorizing the Alaska Housing Finance Corporation to acquire the building that it occupies for an amount that does not exceed $14,500,000;**"

Page 5, following line 20:

Insert a new bill section to read:

"*** Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to read:

AUTHORIZING THE ALASKA HOUSING FINANCE CORPORATION TO ACQUIRE A BUILDING. The Alaska Housing Finance Corporation is authorized to acquire the building in Anchorage it occupies on the effective date of this Act for an amount that does not exceed $14,500,000. This section constitutes the approval required by AS 18.55.100(d) and AS 18.56.090(d) for that acquisition."

Renumber the following bill section accordingly.

HOUSE COMMITTEE REPO

(11)
Date Referred to Committee: March 18, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/16/09

The FINANCE Committee considered: **HOUSE BILL NO. 161**

"An Act relating to the Alaska Mental Health Trust Authority Subport Office Building; authorizing the issuance of certificates of participation for construction of the building and authorizing the use of up to $25,000,000 from the mental health trust fund for construction of the building; approving leases of all or part of the building by the Department of Administration; and providing for an effective date."

HB 161 CERTIFICATES OF PARTICIPATION FOR SUBPORT

Recommends it be replaced with [ ] HCS *or* [✓] CS *for* HB 161 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [✓] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero
Rev		✓		
ADM		✓		
DNR		✓		
Rev		✓		

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	GARA	✓			
	CRAWFORD			✓	
	FOSTER	X			
	AUSTERMAN			X	
	KELLY			X	
	Joule	✓			
	Salmon			X	
	FAIRCLOUGH	✓			
Chair:	Hawker			✱	
Chair:	STHC	✓			

5072

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSHB 161(FIN)
() Publish Date:

Identifier (file name): CSHB161(FIN)-DOR-AHFC-04-06-09
Dept. Affected: Revenue
Title: CERTIFICATES OF PARTICIPATION FOR SUBPORT
RDU: Alaska Housing Finance Corp.
Component: Operations
Sponsor: Representative Munoz
Requester:
Component Number: 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual			(1,235.6)	(1,246.8)	(1,258.0)	(1,269.3)	(1,280.7)
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous			1,275.6	1,292.1	1,129.1	1,141.2	1,153.7
TOTAL OPERATING	**0.0**	**0.0**	**40.0**	**45.3**	**(128.9)**	**(128.1)**	**(127.0)**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other-AHFC Receipts			40.0	45.3	(128.9)	(128.1)	(127.0)
TOTAL	**0.0**	**0.0**	**40.0**	**45.3**	**(128.9)**	**(128.1)**	**(127.0)**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The above estimates are for the purchase of the building that the Alaska Housing Finance Corporation current resides in at 4300 Boniface Parkway in Anchorage, Alaska. The estimate is for a building purchase cost of no more than $14.5 million, of which approximately $5 million will be a land exchange with the Tatitlek Corporation and $9.5 million would be from the sale of twenty-five year bonds.

AHFC expects a savings of purchasing the building compared to continuing to lease of approximately $15.2 million in net present value cost.

Prepared by: Bryan Butcher, Director, Governmental Relations/Public Affairs — Phone 330-8445
Division: Alaska Housing Finance Corporation — Date/Time 4/6/09 12:00 AM
Approved by: Ginger Blaisdell, Director — Date 4/6/2009
Administrative Services Division

(Revised 9/10/2008 OMB)

5073

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: HB 161
() Publish Date:

Identifier (file name): CSHB161(CRA)-DOR-TRS-03-26-09
Dept. Affected: Revenue
Title: Subport Office Building COPs
RDU: Revenue Programs and Services
Component: Treasury Management
Sponsor: Representative Munoz
Requester:
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel	10.0						
Contractual	390.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Debt Service	626.0		1,899.0	1,899.0	1,899.0	1,899.0	1,899.0
TOTAL OPERATING	**1,026.0**	**0.0**	**1,899.0**	**1,899.0**	**1,899.0**	**1,899.0**	**1,899.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	626.0		1,899.0	1,899.0	1,899.0	1,899.0	1,899.0
1005 GF/Program Receipts							
1092 MHTAAR							
Bond Proceeds	400.0						
TOTAL	**1,026.0**	**0.0**	**1,899.0**	**1,899.0**	**1,899.0**	**1,899.0**	**1,899.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

The bill authorizes the state to enter into leases to finance and occupy the proposed Alaska Mental Health Trust Subport Office Building. This fiscal note only relates to the lease authorized in Section 3 (c) and Certificates of Participation authorized in Section 1 (b) that the state would issue to fund up to $22.7 million of the construction cost. The actual amount sold would be equivalent to 50% of the cost of the construction. The numbers in this fiscal note contemplate an issuance of $22.7 million, up to $400,000 of which would be used to pay for the costs of issuance (including ratings, bond counsel, financial advisor, printing, etc), at an interest rate of 5.5% for a term of 20 years. The financing would take place in the first quarter of FY 2010, and the first interest payment would be due in FY 2010. **While debt service costs must be appropriated as GF in order for the state to receive the lowest financing costs, the financing costs will be reimbursed to the state from the proceeds of the lease after the building is occupied.**

Prepared by: Deven Mitchell
Phone 465-3750
Division: Treasury Division
Date/Time 3/27/2009 at 8:12 A.M
Approved by: Ginger Blaisdell, Director
Date 3/27/2009
Administrative Services Division

(Revised 9/15/2008 OMB)

5074

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CS HB161 (FIN)
() Publish Date:

Identifier (file name): HB161CS(FIN)-DNR-TLO-04-06-09
Title: Subport Office Building COPs
Sponsor: Representative Munoz
Requester: House Finance Committee

Dept. Affected: Natural Resources
RDU: Resource Development
Component: Mental Health Lands Administration
Component Number: 1635

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual					1,534.0	1,534.0	1,534.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Debt Service							
TOTAL OPERATING		**0.0**	**0.0**	**0.0**	**1,534.0**	**1,534.0**	**1,534.0**
CAPITAL EXPENDITURES	**45,400.0**						
CHANGE IN REVENUES (1092)					**3,861.8**	**3,887.2**	**3,913.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1007 IA Receipts							
1092 MHTAAR	22,700.0				1,534.0	1,534.0	1,534.0
Bond Proceeds	22,700.0						
TOTAL	**45,400.0**	**0.0**	**0.0**	**0.0**	**1,534.0**	**1,534.0**	**1,534.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill authorizes the State to finance, construct, and occupy the proposed Alaska Mental Health Trust (MHTLO) Subport Office Building. Cost of construction and equipping the new facility is estimated to be $45.4 million, of which $22.7 million is to be provided through issuance of certificates of participation outlined in the Department of Revenue fiscal note. The bill also authorizes real estate investment from the Mental Health Trust Fund for the remainder of the capital expenditure for acquisition, construction, and equipping the facility. The MHTLO will directly pay for all utilities and maintenance costs for the new building, which will be offset by the lease revenues from commercial space leasing and the Department of Administration beginning June 30, 2012 (FY2013). The TLO will also provide a contracted onsite Manager who will handle all aspects of the building and property management, including lease and rental agreements, contracting for janitorial services, utilities, snow removal and landscape services, parking lot management, and building systems including heat and plumbing.

Prepared by: Harry Noah, Executive Director — Phone 269-8656
Division: Alaska Mental Health Trust Land Office — Date/Time 4/6/2009
Approved by: Tom Irwin, Commissioner — Date 4/6/2009
Department of Natural Resources

(Revised 9/10/2008 OMB)

5075

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CS HB161
() Publish Date:

Identifier (file name): CS(HCRA)HB161-DOA-DGS-03-25-09
Dept. Affected: Administration
Title "An Act relating to the Alaska Mental Health Trust Authority Subport
RDU Leases
Component Leases
Sponsor Reps. MUNOZ, Thomas, Kerttula,etc
Requester H(FIN)
Component Number 81

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual					1,340.0	1,299.5	1,257.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**1,340.0**	**1,299.5**	**1,257.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF					1,340.0	1,299.5	1,257.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**1,340.0**	**1,299.5**	**1,257.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

In FY 2013, state tenants leasing space in the Department of Labor Building (DOL), and occupying the Douglas Island Building (DIB) and Public Safety Building (PSB) would relocate to the newly constructed AMHTA Office Building authorized in this bill. The amounts reflected above represent the difference between what projected annual lease costs will be for tenants at the new AMHTA Office Building ($5.4 million) versus costs should the building not be constructed ($4.1 million). Included in the $4.1 million is projected cost of a new lease for tenants in the DOL building as the lease expires and it is anticipated DOL tenants will occupy newly procured leased space irrespective of HB 161. In FY 2013, the projected annual cost for 68,278 sq. ft. of DOL space is $3.3 Mil ($4.00 sq.ft) versus the current cost of $1.9 million. ($2.33 sq.ft). Current annual costs for the DOL, DIB and PSB total $2.6 million compared to $4.1 million projected for FY 2013 without HB 161. However, over a 30 year period a $13.5 million savings occurs with construction.

Prepared by: Remond Henderson
Phone 465-5687
Division General Services
Date/Time 3/24/09 5:51 PM
Approved by: Kevin Brooks
Date 3/25/2009
Deputy Commissioner

(Revised 9/10/2008 OMB)

5076

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. CSHB 161

ANALYSIS CONTINUATION

Projected costs with and without HB 161	2009 Current Annual Payments	2013 Projected Annual Payments	2014 Projected Annual Payments	2015 Projected Annual Payments
Labor Building Lease (new lease in 2013)	1,909,052	3,277,440	3,302,906	3,328,937
Public Safety Building (PSB) operating expenses	235,748	287,922	302,318	317,434
Douglas Island Building (DIB) operating expenses	408,517	496,330	521,146	547,204
DIB Parking Leases	19,051	23,156	24,314	25,529
Costs without the passage of HB161	**2,572,368**	**4,084,848**	**4,150,684**	**4,219,104**
Costs with the passage of HB 161	**N/A**	**5,424,830**	**5,450,166**	**5,476,060**
Increase (Decrease) in costs	**N/A**	**1,339,982**	**1,299,482**	**1,256,956**

Although the calculations above indicate an increase in lease payments for the period shown, over a 30 year period the projected total lease payments with the construction of the new AMHTA Office Building are $13.5 million less than costs would be if the building were not constructed. The projected annual lease payments over a 30 period assuming a newly constructed office building total $160,439,082. If the new office building is not constructed, projected lease, operating and capital expenditures for the current buildings (DOL, PSB and DIB) are projected to be $173,956,264. Included in this amount is anticipated deferred maintenance in FY 2013 of $2.5 million for the PSB and $5.8 million for the DIB should the state tenants remain in these buildings. This amount does not include the likely replacement of the DIB or PSB or additional deferred maintenance for these buildings over a 30 year period.

JUNEAU CHAMBER OF COMMERCE

3100 Channel Drive, Suite 300 • Juneau AK 99801• (907) 463-3488 • Fax (907) 463-3489
E-mail: iuneauchamber@gci.net • icc@alaska.com • Web site: http://www.iuneauchamber.com

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Goldbelt, Inc.
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Alaska Marine Lines
Alaska Pacific Bank
Alaska USA FCU
Alaskan Brewing Company
Bartlett Regional Hospital
BP Alaska
CBJ (Manager's Office)
Capital Office Supply
Coeur Alaska, Inc.
Coogan Construction
Copy Express
Elgee Rehfeld & Mertz
Exxon Mobil
Greens Creek Mining
Goldbelt, Inc.
Sign Pro
Taku Oil
True North FCU
UAS
Wells Fargo Bank of Alaska
Western Auto Marine

Representative Cathy Munoz
Alaska State Capitol Building
Room 409
Juneau, Alaska 99801

Re: Mental Health Land Trust

Dear Rep. Munoz,

The Juneau Chamber has been presented with the plans to build a new state office building on Mental Health Trust Land located in Juneau on a currently vacant lot downtown.

Listed below are a few reasons why this will be a positive investment in Juneau's future;

- The development of this lot will provide a beautiful gateway to downtown Juneau
- It will provide quality office space to approximately 525 state employees
- $35 mil in construction, an additional $10 mil in development costs, much of which will be spent in the Juneau business community
- Long term investment in Juneau: 20 year initial lease with two 10 year options
- It will greatly improve safety for pedestrian access along Egan Dr linking the Sea Walk from downtown to Gold Creek and to the State Museum

This is an opportunity that is a result of the lease on the Labor Building expiring in 2012, The Trust having land available that is contiguous to the Capitol Complex, The Trust having the ability to finance the development and the State facing spending significant money to address problems with the Public Safety and the Douglas Island Buildings. This new building will have space for Dept. of Labor, the regional office of Fish & Game, Correction and Public Safety and a small portion could be occupied by Admin.

It is our understanding that The Trust will finance approximately ½ of the project with cash that is currently held by the AK Permanent Fund and use Certificates of Participation for the other ½. Both of these need to be approved by the Legislature. If the bills are not approved this session the State will need to go out for an RFP for space for the DOL this summer to allow time for a project to be constructed in time to be occupied when the current lease expires. It is critical for the legislation to pass during this session to avoid unnecessary delays and to avoid renovating expenses on the existing locations that have not yet been budgeted.

We encourage the passage of this legislation in favor of moving forward with the development of this much needed project on Mental Health Trust Land downtown Juneau.

Respectfully,

Cathie Roemmich, CEO

HB 161- (H) Finance March 27, 2009

Dept. of Revenue
Jerry Burnett-Deputy Commissioner

DNR
Harry Noah-Exec. Director-The Trust Land Office-via teleconference

Alaska Mental Health Trust Authority-via teleconference
Jeff Jessee-CEO

Department of Administration
Vern Jones-Chief Procurement Officer
Remond Henderson-Division Operations Manager

Jensen Yorba Lott Architects
Wayne Jensen here to answer questions if needed

CBJ
Deputy Mayor Jeff Bush- if needed for questions

Jensen
Yorba
Lott
Inc

March 30, 2009

Architecture
Interiors
Landscape
Architecture

RE: Subport Office Building

Mr. Terry Harvey
Office of Representative Cathy Munoz
Alaska State Capitol
Juneau, AK 99801-1182

Dear Terry:

In response to your question regarding parking variances, there are two requirements we have for parking. One is in the State lease which says 1 space per 357 square feet of "useable" office area and the other is the CBJ parking standard in the Land Use ordinance which requires 1 space per 300 square feet of "gross" building area. The CBJ standard requires more parking than the State standard, so we plan to request a variance that puts the requirement more in alignment with the State standard. The final number of parking spaces that will be required is still being determined, but The Trust will have to meet both the State lease and the Land Use ordinance requirements. This obligation will hold for the life of the project, so when the old Subport Building site is developed, The Trust will still need to provide adequate parking for the office building.

As for the flat roof; no new buildings have dead flat roofs, they are required to slope to drain, so we refer to them as low-slope roofs. The advantage of a low-slope roof in an urban area is that water and snow are not dumped off the roof, which is dangerous and damaging, especially for a multi-story building. The water and melting snow is directed to internal roof drains and then into the storm sewer system so it does not present a problem in the areas surrounding the building. Low slope roofs are generally less expensive to construct and they enclose the building in the most efficient envelope so they are energy efficient. In the case of this building, a steep pitched-roof would increase the height of the building. If we were to design a roof with a 4:12 pitch, which is common for residential construction, the peak of the roof would be 25-30' above the eaves, the equivalent of at least 2 additional stories.

Sincerely,

Wayne K. Jensen, AIA
President

1935
Founded as
H.B. Foss Company

1945
Foss & Malcolm

1949
Foss & Olsen

1956
Olsen & Sands

1969
Sands & Ackley

1974
Ackley & Associates,
Inc.

1979
Ackley/Jensen
Architects, Inc.

1985
Jensen Douglas
Architects, Inc.

1997
Jensen Yorba Lott, Inc.

522 West 10th Street
Juneau, Alaska 99801
Tel.: 907.586.1070
Fax: 907.586.3959
jensenyorbalott.com

Jensen
Yorba
Lott
Inc

March 31, 2009

Architecture
Interiors
Landscape
Architecture

RE: Subport Office Building- Space Class

Mr. Terry Harvey, Chief of Staff
Office of Representative Cathy Munoz
Alaska State Capitol, Room 409
Juneau, AK 99801-1182

Dear Terry:

There have been questions raised regarding the class of office space that is being proposed. Classifying office is subjective, but one definition that I found is that "a Class A building can be considered a monument and a testament to the success and power of its tenants." With this definition, there are no Class A buildings in Juneau and only a handful in the State. The same source defines Class B buildings as having good locations, management, and construction, and tenant standards are high and rents are competitive with other new buildings. With these characteristics in mind the proposed building should be listed as a Class B building.

The proposed building will provide office space that meets the State space standards and is comparable to other modern office buildings. As buildings become larger the building codes require more consideration to life safety and environmental conditions. Building codes also change over time, so the proposed building will have better and consequently more expensive, environmental and life-safety systems than buildings constructed 20 or 30 years ago, like the State Office Building in Juneau. For a building of the size proposed it will be necessary to use a structural steel or concrete frame and non-combustible, energy efficient wall and roof assemblies. The infrastructure required to support the technology in a modern office building will be provided as will appropriate heating and ventilation systems. Life safety systems like a fire sprinkler system and an addressable fire alarm system are required and will be included. In summary this building will compare to other recently constructed offices that are designed for energy efficiency, low maintenance, and employee productivity.

Sincerely,

Wayne K. Jensen

1935
Founded as
H.B. Foss Company

1945
Foss & Malcolm

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Foss & Olsen

1956
Olsen & Sands

1969
Sands & Ackley

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522 West 10th Street
Juneau, Alaska 99801
Tel.: 907.586.1070
Fax: 907.586.3959
jensenyorbalott.com

Jensen
Yorba
Lott
Inc

March 30, 2009

RE: Subport Office Building – Construction Cost

Architecture
Interiors
Landscape
Architecture

Mr. Terry Harvey, Chief of Staff
Office of Representative Cathy Munoz
Alaska State Capitol, Room 409
Juneau, AK 99801-1182

Dear Terry:

As part of the preliminary planning for the Subport building, we contracted with HMS, Inc. a professional cost estimating firm in Anchorage, to prepare a budget construction cost estimate based on the conceptual design and the state space standards. They estimated that the construction cost should be in the range of $250-$255 per square foot or approximately $37,000,000. Adding the development costs which includes design, permitting, inspection and financing brings the total project cost to approximately $45,000,000 or approximately $300 per square foot.

The construction cost estimate was compared to other recent office building projects in the Anchorage area. These costs ranged from slightly under $200 per square foot to over $400 per square foot before the development costs were added. We feel that the budget of around $250 per square foot represents a reasonable budget estimate for this building. Construction costs were escalating rapidly during the previous 5-10 years, but currently that trend has changed and costs are more stable and hopefully more predictable. It is always difficult to compare buildings on a dollars per square foot basis since very few buildings are identical and have the same level of finishes, site considerations or construction materials.

Sincerely,

Wayne K. Jensen
President

1935
Founded as
H.B. Foss Company

1945
Foss & Malcolm

1949
Foss & Olsen

1956
Olsen & Sands

1969
Sands & Ackley

1974
Ackley & Associates, Inc.

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522 West 10th Street
Juneau, Alaska 99801
Tel.: 907.586.1070
Fax: 907.586.3959
jensenyorbalott.com

Jensen
Yorba
Lott
Inc

March 30, 2009

Architecture
Interiors
Landscape
Architecture

RE: Subport Office Building- Construction Systems

Mr. Terry Harvey, Chief of Staff
Office of Representative Cathy Munoz
Alaska State Capitol, Room 409
Juneau, AK 99801-1182

Dear Terry:

Regarding the potential difference between a wood frame building and a steel or concrete structure, many of the building systems would be the same or similar cost assuming the design criteria is the same. The cost of carpeting, paint, doors, lighting, ceilings, electrical systems, heating/ventilation and cooling systems would be similar assuming the same standards are used. The major difference would be in the structure and the exterior wall assemblies. These represent approximately 35% of the building cost so a wood frame building may save 10-15% of the overall construction cost, but the building would need to have fewer floors and a larger site. In order to accommodate the 4 agencies that the State has identified for this building on this site, a wood frame building would not be allowed by the building codes. In order to construct a wood frame building to meet the space needs of the State the number of floors would need to be reduced, making the footprint larger and consequently requiring a larger site.

Sincerely,

Wayne K. Jensen

1935
Founded as
H.B. Foss Company

1945
Foss & Malcolm

1949
Foss & Olsen

1956
Olsen & Sands

1969
Sands & Ackley

1974
Ackley & Associates,
Inc.

1979
Ackley/Jensen
Architects, Inc.

1985
Jensen Douglas
Architects, Inc.

1997
Jensen Yorba Lott, Inc.

522 West 10th Street
Juneau, Alaska 99801
Tel.: 907.586.1070
Fax: 907.586.3959
jensenyorbalott.com

Jordan Creek Center
8800 Glacier Highway, Suite 231, Juneau, AK 99801
907 790-6655 • Toll free 866 573-7325 • Fax 907 790-6675
www.jre-realestate.com

J•R•E
juneau real estate

To: Terry Harvey, Chief of Staff
The Honorable Cathy Munoz

Fr: John Williams, Broker/ Owner

John Williams

Re: Analysis of Rent Costs, Proposed AMHT Building on Egan Drive

Terry: Per your request, I have taken a few hours to review the background analysis on the proposed SOA lease of the above described proposed facility. At this time it is clear that substantial additional detail is required before firm projections can be arrived at to generate any investment analysis with a high degree of certainty. Nonetheless, it is clear that the projections being utilized are premised on reasonable assumptions and that they project an "acceptable" to perhaps below average return on investment for the AMHT, subject of course to final design detail, final lease negotiations, etc.

Construction Cost: To begin, the analysis assumes a construction cost of this facility of between $315 - 320 per square foot (excluding land costs). At the time I was working on the Mayor's Capitol Planning Commission and we were investigating the underlying details of a new Capitol building for the State, we were assuming -- based on input from learned sources -- that the low end of the construction cost range would likely exceed $600/SF. Further, the University of Alaska Southeast assumes new construction numbers in the range of $300 - 500 per foot for office buildings appropriate for their use exclusive of land cost or any extraordinary costs associated with utility extensions, special site/foundation costs, etc. Hence, while the proposed facility is better than wood frame/wood siding, it is clearly not "posh," but durable for the intended uses.

Financing: The AMHT intends to perform the development on land they currently own by investing half of the development costs from funds in their endowment and borrow the rest via Certificates of Participation. For the land, they're premising the development on an annual return of 8% of the land value, which is a very typical yield in a long-term lease scenario. They're assuming their cost of funds for the 50% of the development costs to be borrowed will be 5.5%, which of course is subject to potentially notable adjustment between the time of the analysis and the time of issuance due to the uncertainty surrounding the capital markets at present. Finally, their assumptions are that funds withdrawn from their endowment will be invested and receive a return of 7.5%.

Operating Costs: There is intent to construct the facility to be energy efficient, including the use of heat pumps rather than fuel oil for maintaining ambient temperatures. Based on their extensive discussions with several people with expertise in these fields, they have developed some operating cost assumptions which seem if anything a bit aggressive in their implied ability to keep down operating costs. The project won't be burdened with local property tax and will be included in the State's insurance pool (all perils), which will help in terms of overheads. They are also exploring the potential savings of contracting with the State to provide maintenance services via the extant maintenance staff that services State facilities in

this geographic area. However, their projections also exclude a capital reserves component which generally is included in the annual costs to operate even though the real cost of items covered by this category, especially in the early life of the building, is diminimus.

Return to the Risk Taker: The State of Alaska would be considered a gold-plated tenant by most standards. All State leases are of course subject to the constitutional appropriations clause, the risk of which is clearly small but nonetheless there. Also, the income assumptions for the building utilize the proposed state gross lease rate for all spaces, including the 9 - 10,000 SF of commercial space on the ground floor for which the lease certainty or credit risk certainty is entirely different than the remainder of the space. Given the assumption that the entire useable facility is leased without vacancy throughout the 30-year financing horizon at the lease rate paid by SOA, the return to developer is not in any way excessive. In fact, it's safe to say that for this project to realize a fair return to the owner will be in great part dependent on sound and insightful management which minimizes operating costs and vacancies.

Compare to Privately Developed Alternative: The ultimate question for this development seems to come down to how does this facility differ from a similar facility built by the private sector in re: costs to the SOA lessee. Clearly, a major driving force for the AMHT is that they already own the land to be utilized for this development and can put it to use and hopefully generate a return on that asset equal to 8% of its initial value (which is not adjusted with time as the value changes). Since the land in question arguably varies in value between $40/ft for the construction site and $75/ft for the waterfront parcel which will be utilized for parking, While a private investor would likely seek the same 8% return on the land component of their offering, one could argue that less valued land could be found, although I'm at a loss to suggest a site in the down town core that would meet the needs required to construct this facility. For purposes of an apples to apples cost comparison, assume that a private developer could find 145,000 SF of land in the down town core valued at $40/ft rather than the $40 - 75/ft values associated with the two portions proposed for subject development. The reduction in return on investment could be in the range of $0.15 - 0.17/SF/month or approximately 4.2 - 4.8% of the projected cost. Clearly if the site were moved further away from the Capital core land values would further decline. I don't see any other factors that would materially change the cost components for a private developer, as I believe Davis Bacon laws would apply in either scenario.

I hope you find this information of some help. Please don't hesitate to contact me if I may be of further assistance.

MEMORANDUM

Department of Administration
Division of General Services
Vern.jones@alaska.gov

STATE OF ALASKA

Phone Number: 465-2250
FAX Number: 465-2189
TDD Number: 465-2205

TO: Terry Harvey
Chief of Staff to
Representative Munoz

DATE: March 31, 2009

FROM: Vern Jones
Chief Procurement Officer

SUBJECT: HB 161

Attached are four documents for your information:

"HB161 Anchorage Lease Comparisons" is a spreadsheet of buildings available for lease in the Anchorage area, prepared by well known Anchorage real estate broker, Stuart Bond. We've calculated the conversion from rentable square foot to useable square foot, and included an allowance for our unique State build-out requirements so we could get an equivalent number for comparison to the AMHTA project.

"HB161 Anchorage To Be Built Office Space" is a spreadsheet prepared by Stuart Bond listing office building projects under development in the Anchorage area. This spreadsheet also contains the conversions and allowances for unique State build-out cost comparisons.

"HB161 Existing state leases over 30,000 sq ft in size" lists existing state leases over 30,000sf. We've included the square footage, cost/square foot, date the lease was entered into originally, and our assessment of the class of the buildings.

"Subport Office Building Lease Summary" is a document prepared by my staff which analyzes the State's lease costs for the proposed Sub port office building.

Please let me know if you need any additional information or clarification.

5087

OFFICE SPACE FOR LEASE

Type	Space	Address	Listing Agent	Available SF	Lease Rate RSF	Lease Rate USF (converted on an estimated load factor of 1.15)	State Buildout Costs (including VOIP) requirements construciton, amortized at 9% for ten years	Combined USF rate + State Buildout
Lease	Office	188 WNL	Stuart Bond	65,000	$ 3.50	$ 4.03	$0.57	$ 4.60
Lease	Office	4600 DeBarr Road	Marc Dunne	33,004	$ 2.00	$ 2.30	$0.57	$ 2.87
Lease	Office	550 W. 8th Avenue	Carl Kuhn	29,520	$ 1.75	$ 2.01	$0.57	$ 2.58
Lease	Office	11260 Old Seward	Marc Dunne	27,307	$ 2.40	$ 2.76	$0.57	$ 3.33
Lease	Office	4510 Old Int'l Airport Rd	Todd Lindfors	24,250	$ 1.45	$ 1.67	$0.57	$ 2.24
Lease	Office	10950 O'Malley Centre Driv	Marc Dunne	22,650	$ 2.50	$ 2.88	$0.57	$ 3.45
Lease	Office	6689 Changepoint Drive	Paul Schilling	21,000	$ 2.95	$ 3.39	$0.57	$ 3.96
Lease	Office	700 G Street	Chad Frampton	17,500	$ 2.65	$ 3.05	$0.57	$ 3.62
Lease	Office	Key Bank Plaza	Stuart Bond	17,083	$ 2.35	$ 2.70	$0.57	$ 3.27
Lease	Office	521 E. 36th Avenue	Carl Kuhn	14,500	$ 2.50	$ 2.88	$0.57	$ 3.45
Lease	Office	Alaska Legal Center	Ralph Matukonis	12,588	$ 1.90	$ 2.19	$0.57	$ 2.76
Lease	Office	310 K Street	Curt Nading	12,315	$ 2.60	$ 2.99	$0.57	$ 3.56
Lease	Office	1068 W. Fireweed Lane	Paul Schilling	12,088	$ 0.66	$ 0.76	$0.57	$ 1.33
Lease	Office	999 E. Tudor Road	Chad Frampton	11,777	$ 2.25	$ 2.59	$0.57	$ 3.16
Lease	Office	3500 Eide Street	Marc Dunne	11,137	$ 2.50	$ 2.88	$0.57	$ 3.45
Lease	Office	235 E. 8th Avenue	Chris Stephens	11,050	$ 1.60	$ 1.84	$0.57	$ 2.41
Lease	Office	509 W. 3rd Avenue	Mark Filipenko	10,500	$ 2.00	$ 2.30	$0.57	$ 2.87
Lease	Office	608 5th Ave	Brandon Walker	10,240	$ 1.65	$ 1.90	$0.57	$ 2.47
Lease	Office	700 G Street	Chad Frampton	8,750	$ 2.65	$ 3.05	$0.57	$ 3.62
Lease	Office	310 K Street	Curt Nading	8,500	$ 2.60	$ 2.99	$0.57	$ 3.56
Lease	Office	1118 E. 70th Avenue	Carl Kuhn	8,444	$ 1.00	$ 1.15	$0.57	$ 1.72
Lease	Office	7941 Sandlewood Place	Greg Johnson	8,226	$ 3.04	$ 3.50	$0.57	$ 4.07
Lease	Office	3925 Reka	Marc Dunne	7,935	$ 1.70	$ 1.96	$0.57	$ 2.53
Lease	Office	3000 C Street	Stuart Bond	7,000	$ 2.65	$ 3.05	$0.57	$ 3.62
Lease	Office	9525 King Street	Doug Taylor	6,830	$ 1.46	$ 1.68	$0.57	$ 2.25
Lease	Office	1029 W. 3rd Avenue	Mark Filipenko	6,525	$ 2.85	$ 3.28	$0.57	$ 3.85
Lease	Office	536 E. 48th Avenue	Ray Dahl	6,456	$ 1.45	$ 1.67	$0.57	$ 2.24
Lease	Office	425 E Street	Jeff Thon	6,236	$ 1.45	$ 1.67	$0.57	$ 2.24
Lease	Office	415 E. Street	Jeff Thon	6,236	$ 1.45	$ 1.67	$0.57	$ 2.24
Lease	Office	2700 Gambell Street	John Estabrook	6,000	$ 2.75	$ 3.16	$0.57	$ 3.73
Lease	Office	1029 W. 3rd Avenue	Mark Filipenko	6,000	$ 2.65	$ 3.05	$0.57	$ 3.62
Lease	Office	1313 3rd Ave	Mike James	6,000	$ 1.25	$ 1.44	$0.57	$ 2.01
Lease	Office	1313 E. 3rd Avenue	Lottie Michael	6,000	$ 1.25	$ 1.44	$0.57	$ 2.01
Lease	Office	3400 LaTouche	Stuart Bond	6,000	$ 2.45	$ 2.82	$0.57	$ 3.39

5088

OFFICE SPACE FOR LEASE

Type	Space	Address	Listing Agent	Available SF	Lease Rate RSF	Lease Rate USF (converted on an estimated load factor of 1.15)	State Buildout Costs (including VOIP) requirements construciton, amortized at 9% for ten years	Combined USF rate + State Buildout
Lease	Office	3500 Eide Street	Marc Dunne	5,678	$ 2.25	$ 2.59	$0.57	$ 3.16
Lease	Office	3500 Eide Street	Marc Dunne	5,678	$ 2.25	$ 2.59	$0.57	$ 3.16
Lease	Office	2700 Gambell St	John Estabrook	5,675	$ 2.75	$ 3.16	$0.57	$ 3.73
Lease	Office	2700 Gambell St	John Estabrook	5,675	$ 2.75	$ 3.16	$0.57	$ 3.73
Lease	Office	3500 Eide Street	Marc Dunne	5,459	$ 2.50	$ 2.88	$0.57	$ 3.45
Lease	Office	3500 Eide Street	Marc Dunne	5,459	$ 2.50	$ 2.88	$0.57	$ 3.45
Lease	Office	2550 Denali	Mark Rowley	5,168	$ 2.00	$ 2.30	$0.57	$ 2.87
Lease	Office	608 W. 4th Avenue	Bob Martin	5,120	$ 1.65	$ 1.90	$0.57	$ 2.47
Lease	Office	1231 Gambell	Gil Krushiwitz	5,000	$ 2.05	$ 2.36	$0.57	$ 2.93
Lease	Office	723 W. 6th Avenue	Howard Levine	5,000	$ 3.40	$ 3.91	$0.57	$ 4.48
Lease	Office	1117 E. 35th Avenue	Stuart Bond	5,000	$ 2.45	$ 2.82	$0.57	$ 3.39
Lease	Office	840 K Street	Stewart Smith	4,901	$ 1.85	$ 2.13	$0.57	$ 2.70
Lease	Office	1900 W. Northern Lights	Jeff Thon	4,769	$ 2.25	$ 2.59	$0.57	$ 3.16
Lease	Office	1900 W. Northern Lights Bl	Jeff Thon	4,769	$ 2.25	$ 2.59	$0.57	$ 3.16
Lease	Office	6250 Tuttle Street	Bruce Chambers	4,737	$ 0.74	$ 0.85	$0.57	$ 1.42
Lease	Office	1500 W 33rd Ave	Chris Stephens	4,389	$ 2.25	$ 2.59	$0.57	$ 3.16
Lease	Office	1500 W. 33rd Avenue	Chris Stephens	4,389	$ 2.25	$ 2.59	$0.57	$ 3.16
Lease	Office	1016 W. 6th Avenue	Ralph Matukonis	4,341	$ 1.90	$ 2.19	$0.57	$ 2.76
Lease	Office	2217 E. Tudor Road	Gary Petros	3,900	$ 1.35	$ 1.55	$0.57	$ 2.12
Lease	Office	601 W 36th Ave	Mark Rowley	3,759	$ 1.47	$ 1.69	$0.57	$ 2.26
Lease	Office	615 E. 82nd Avenue	Carl Kuhn	3,708	$ 1.95	$ 2.24	$0.57	$ 2.81
Lease	Office	10928 Eagle River Road	Cycelia Gumennik	3,664	$ 1.90	$ 2.19	$0.57	$ 2.76
Lease	Office	1400 Benson Boulevard	Mark Rowley	3,500	No rate			$ -
Lease	Office	2700 A Street	Marc Dunne	3,483	$ 1.30	$ 1.50	$0.57	$ 2.07
Lease	Office	3925 Reka Drive	Marc Dunne	3,329	$ 1.70	$ 1.96	$0.57	$ 2.53
Lease	Office	1400 W Benson Blvd	Bernie Lewis	3,248	$ 2.50	$ 2.88	$0.57	$ 3.45
Lease	Office	1400 W. Benson Blvd	Bernie Lewis	3,248	$ 2.50	$ 2.88	$0.57	$ 3.45
Lease	Office	1200 Airport Heights	Marc Dunne	3,235	$ 2.50	$ 2.88	$0.57	$ 3.45
Lease	Office	4341 B Street	Stuart Bond	3,206	$ 2.25	$ 2.59	$0.57	$ 3.16
Lease	Office	240 E. Tudor Road	Bernie Lewis	3,175	$ 1.80	$ 2.07	$0.57	$ 2.64
Lease	Office	240 E. Tudor Road	Bernie Lewis	3,175	$ 1.80	$ 2.07	$0.57	$ 2.64
Lease	Office	3707 Woodland Drive	Gary Petros	3,170	$ 0.57	$ 0.66	$0.57	$ 1.23
Lease	Office	3707 Woodland Drive	Gary Petros	3,170	$ 0.57	$ 0.66	$0.57	$ 1.23
Lease	Office	1225 E. Int'l Airport Road	Joe LoMonaco	3,064	$ 1.65	$ 1.90	$0.57	$ 2.47

5089

OFFICE SPACE FOR LEASE

Type	Space	Address	Listing Agent	Available SF	Lease Rate RSF	Lease Rate USF (converted on an estimated load factor of 1.15)	State Buildout Costs (including VOIP) requirements construciton, amortized at 9% for ten years	Combined USF rate + State Buildout
Lease	Office	536 E. 48th Avenue	Ray Dahl	3,000	$ 1.45	$ 1.67	$0.57	$ 2.24
Lease	Office	442 W. 5th Avenue	Chris Stephens	3,000	$ 3.00	$ 3.45	$0.57	$ 4.02
Lease	Office	341 W. Tudor Road	Curt Nading	2,205	$ 1.95	$ 2.24	$0.57	$ 2.81
			TOTAL	628,093				

5090

TO BE BUILT

Type	Space	Address	Listing Agent	Available SF	Lease / Sale Price RSF	Lease Rate USF (converted on an estimated load factor of 1.15)	State Buildout Costs (including VOIP) requirements construciton, amortized at 9% for ten years	Combined USF rate + State Buildout
Lease	Office	723 W. 6th Avenue	Howard Levine	395,000	$3.30 - $3.60	$3.80 - $4.14	$0.57	$4.37 - $4.71
Lease	Office	11711 Old Seward Hwy	Gabe Stephan	89,084	no lease rate	no lease rate	$0.57	n/a
Lease	Office	NHN E. Tudor Road	Curt Nading	60,000	$ 2.50	$ 2.88	$0.57	$ 3.45
Lease	Office	909 W. 9th Avenue	Not listed	60,000	$ -	$ -	$0.57	n/a
Lease	Office	Tr A6 W. Dimond Blvd	Gail Bogle Munson	43,300	$ 2.75	$ 3.16	$0.57	$ 3.73
Lease	Retail	3200 Mountain View Dr	Andrew Ingram	37,000	$ 2.45	$ 2.82	$0.57	$ 3.39
Lease	Office	800 M St	Jeff Briley	16,000	$ 2.85	$ 3.28	$0.57	$ 3.85

5091

EXISTING STATE LEASES - 30,000 SF +

Lease	Location	Tenants	Common Name	Property Name & Address	Lessor Name	Sq Feet or Other Units	Cost per SqFt or Unit (Monthly)	Space Type	Lease Start Date	Expiration Date	Options Remaining	Option Duration	Bldg Class
1444	Juneau	F&G	Capital Office Park	Capital Office Park; End of West Eighth Street; Juneau, AK 99801	Capital Office Park, J.V.	38,760	1.79	Office	2/11/1981	6/30/2012	0	0	C
1627	Juneau	Admin; Education; Labor	Goldbelt Place	Goldbelt Place Building; 801 West Tenth Street; Juneau, AK 99801	801 West 10th, INC.	43,451	2.17	Office	10/1/1982	6/30/2010	0	0	B
2401	Anchorage	Enviro Con	555 Cordova Street	unnamed property; 555 Cordova Street; Anchorage, AK	555 Cordova, LLC	45,050	2.25	Office	6/1/1995	5/31/2010	0	0	B
2587	Anchorage	H&SS	MacKay Annex	MacKay Annex; 323 E. 4th Avenue; Anchorage, AK 99501	JBG Memorial, LLC	45,168	2.35 (includes TI)	Office	3/4/2008	2/28/2023	3	Five years	B
1445	Anchorage	Labor	SLM Subdivision, 33rd & Eagle	SLM Subdivision; 3301 Eagle Street; Anchorage, AK	Thirty-Third & Eagle, LLC	48,640	1.56	Office	10/15/1980	10/14/2011	0	0	C
2131	Juneau	Admin; Enviro Con; H&SS	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	51,309	2.05	Office and other types of space	11/25/1990	11/30/2010	2	Five years	B
1668	Juneau	Admin; Transp &PF	DOT 3-Mile Salmon Creek	Salmon Creek Facility; Chris Park Subdivision; 3 Mile; Juneau, AK 99801	Juneau I, LLC	51,429	1.93	Office	6/1/1984	5/31/2014	0	0	C
1607	Juneau	Admin; Labor	Labor Building	Labor Building; West 8th Street; Juneau, AK 99801	Juneau I, LLC	59,463	2.37	Office	10/8/1992	6/30/2012	0	0	C
2382	Anchorage	Law	Carr-Gottstein & Resolution Tower Buildings	Carr-Gottstein Building ; 310 K Street; Anchorage, AK || Resolution Tower Building; 1031 West 4th Avenue; Anchorage, AK	Whale Building, LLC	80,741	3.13	Office	2/1/1993	9/30/2014	1	Five years	B
2505 & 2506	Anchorage	H&SS	Frontier Building	Frontier Building; 3601 C Street; Anchorage, AK 99503	3601 C Street, LLC	121,099	3.00 (pending BOV)	Office	2/1/1988	6/30/2019	0		A

5092

Discount Rate:	6.00%	
CPI Rate:	2.20%	(applicable only to Op Exp)
Load Factor	1.15	
Rentable	127962	Per MHLT
Square Feet	111,128	
Fix Costs:	$3.21	
Variable Expenses :	$0.86	CPI adjustable (.86/usf = $.75/rsf)
Total Rent Per Useable SF:	$4.07	$3.54 rentable
Year 21 COP/TLO %	55.00%	

	Annual	Monthly	
COP	$1,759,801	$146,650	32.44%
TLO	$1,788,777	$149,065	32.97%
Ground	$724,596	$60,383	13.36%
Operating Expense	$1,151,656	$95,971	21.23%
Total Base Lease Cost	$5,424,830	$452,069	100.00%

		Total P&I PMT	Remaining PMT
Total Cash Payout:	$160,439,014	$35,196,035	$125,242,979
Present Value Analysis (PVA)	$76,473,500		

Month	
1	$452,069.17
2	$452,069.17
3	$452,069.17
4	$452,069.17
5	$452,069.17
6	$452,069.17
7	$452,069.17
8	$452,069.17
9	$452,069.17
10	$452,069.17
11	$452,069.17

Annual Costs:

Year	Cost	Year	Cost
13	$5,424,830.01	28	$5,869,369.99
14	$5,450,166.44	29	$5,904,486.30
15	$5,476,060.28	30	$5,940,375.17
16	$5,502,523.77	31	$5,977,053.59
17	$5,529,569.47	32	$6,014,538.94
18	$5,557,210.17	33	$4,455,988.87
19	$5,585,458.96	34	$4,495,141.72
20	$5,614,329.23	35	$4,535,155.93
21	$5,643,834.65	36	$4,576,050.45
22	$5,673,989.18	37	$4,617,844.66
23	$5,704,807.12	38	$4,660,558.33
24	$5,736,303.04	39	$4,704,211.71
25	$5,768,491.88	40	$4,748,825.46
26	$5,801,388.88	41	$4,794,420.72
27	$5,835,009.60	42	$4,841,019.07

12	$452,069.17		$5,424,830.01
13	$454,180.54	$98,083	
14	$454,180.54	$98,083	
15	$454,180.54	$98,083	
16	$454,180.54	$98,083	
17	$454,180.54	$98,083	
18	$454,180.54	$98,083	
19	$454,180.54	$98,083	
20	$454,180.54	$98,083	
21	$454,180.54	$98,083	
22	$454,180.54	$98,083	
23	$454,180.54	$98,083	
24	$454,180.54	$98,083	$5,450,166.44
25	$456,338.36	$100,241	
26	$456,338.36	$100,241	
27	$456,338.36	$100,241	
28	$456,338.36	$100,241	
29	$456,338.36	$100,241	
30	$456,338.36	$100,241	
31	$456,338.36	$100,241	
32	$456,338.36	$100,241	
33	$456,338.36	$100,241	
34	$456,338.36	$100,241	
35	$456,338.36	$100,241	
36	$456,338.36	$100,241	$5,476,060.28
37	$458,543.65	$102,446	
38	$458,543.65	$102,446	
39	$458,543.65	$102,446	
40	$458,543.65	$102,446	
41	$458,543.65	$102,446	
42	$458,543.65	$102,446	
43	$458,543.65	$102,446	
44	$458,543.65	$102,446	
45	$458,543.65	$102,446	
46	$458,543.65	$102,446	
47	$458,543.65	$102,446	
48	$458,543.65	$102,446	$5,502,523.77

49	$460,797.46	$104,700	
50	$460,797.46	$104,700	
51	$460,797.46	$104,700	
52	$460,797.46	$104,700	
53	$460,797.46	$104,700	
54	$460,797.46	$104,700	
55	$460,797.46	$104,700	
56	$460,797.46	$104,700	
57	$460,797.46	$104,700	
58	$460,797.46	$104,700	
59	$460,797.46	$104,700	
60	$460,797.46	$104,700	$5,529,569.47
61	$463,100.85	$107,003	
62	$463,100.85	$107,003	
63	$463,100.85	$107,003	
64	$463,100.85	$107,003	
65	$463,100.85	$107,003	
66	$463,100.85	$107,003	
67	$463,100.85	$107,003	
68	$463,100.85	$107,003	
69	$463,100.85	$107,003	
70	$463,100.85	$107,003	
71	$463,100.85	$107,003	
72	$463,100.85	$107,003	$5,557,210.17
73	$465,454.91	$109,357	
74	$465,454.91	$109,357	
75	$465,454.91	$109,357	
76	$465,454.91	$109,357	
77	$465,454.91	$109,357	
78	$465,454.91	$109,357	
79	$465,454.91	$109,357	
80	$465,454.91	$109,357	
81	$465,454.91	$109,357	
82	$465,454.91	$109,357	
83	$465,454.91	$109,357	
84	$465,454.91	$109,357	$5,585,458.96
85	$467,860.77	$111,763	

86	$467,860.77	$111,763	
87	$467,860.77	$111,763	
88	$467,860.77	$111,763	
89	$467,860.77	$111,763	
90	$467,860.77	$111,763	
91	$467,860.77	$111,763	
92	$467,860.77	$111,763	
93	$467,860.77	$111,763	
94	$467,860.77	$111,763	
95	$467,860.77	$111,763	
96	$467,860.77	$111,763	$5,614,329.23
97	$470,319.55	$114,222	
98	$470,319.55	$114,222	
99	$470,319.55	$114,222	
100	$470,319.55	$114,222	
101	$470,319.55	$114,222	
102	$470,319.55	$114,222	
103	$470,319.55	$114,222	
104	$470,319.55	$114,222	
105	$470,319.55	$114,222	
106	$470,319.55	$114,222	
107	$470,319.55	$114,222	
108	$470,319.55	$114,222	$5,643,834.65
109	$472,832.43	$116,735	
110	$472,832.43	$116,735	
111	$472,832.43	$116,735	
112	$472,832.43	$116,735	
113	$472,832.43	$116,735	
114	$472,832.43	$116,735	
115	$472,832.43	$116,735	
116	$472,832.43	$116,735	
117	$472,832.43	$116,735	
118	$472,832.43	$116,735	
119	$472,832.43	$116,735	
120	$472,832.43	$116,735	$5,673,989.18
121	$475,400.59	$119,303	
122	$475,400.59	$119,303	

123	$475,400.59	$119,303	
124	$475,400.59	$119,303	
125	$475,400.59	$119,303	
126	$475,400.59	$119,303	
127	$475,400.59	$119,303	
128	$475,400.59	$119,303	
129	$475,400.59	$119,303	
130	$475,400.59	$119,303	
131	$475,400.59	$119,303	
132	$475,400.59	$119,303	$5,704,807.12
133	$478,025.25	$121,927	
134	$478,025.25	$121,927	
135	$478,025.25	$121,927	
136	$478,025.25	$121,927	
137	$478,025.25	$121,927	
138	$478,025.25	$121,927	
139	$478,025.25	$121,927	
140	$478,025.25	$121,927	
141	$478,025.25	$121,927	
142	$478,025.25	$121,927	
143	$478,025.25	$121,927	
144	$478,025.25	$121,927	$5,736,303.04
145	$480,707.66	$124,610	
146	$480,707.66	$124,610	
147	$480,707.66	$124,610	
148	$480,707.66	$124,610	
149	$480,707.66	$124,610	
150	$480,707.66	$124,610	
151	$480,707.66	$124,610	
152	$480,707.66	$124,610	
153	$480,707.66	$124,610	
154	$480,707.66	$124,610	
155	$480,707.66	$124,610	
156	$480,707.66	$124,610	$5,768,491.88
157	$483,449.07	$127,351	
158	$483,449.07	$127,351	
159	$483,449.07	$127,351	

160	$483,449.07	$127,351	
161	$483,449.07	$127,351	
162	$483,449.07	$127,351	
163	$483,449.07	$127,351	
164	$483,449.07	$127,351	
165	$483,449.07	$127,351	
166	$483,449.07	$127,351	
167	$483,449.07	$127,351	
168	$483,449.07	$127,351	$5,801,388.88
169	$486,250.80	$130,153	
170	$486,250.80	$130,153	
171	$486,250.80	$130,153	
172	$486,250.80	$130,153	
173	$486,250.80	$130,153	
174	$486,250.80	$130,153	
175	$486,250.80	$130,153	
176	$486,250.80	$130,153	
177	$486,250.80	$130,153	
178	$486,250.80	$130,153	
179	$486,250.80	$130,153	
180	$486,250.80	$130,153	$5,835,009.60
181	$489,114.17	$133,016	
182	$489,114.17	$133,016	
183	$489,114.17	$133,016	
184	$489,114.17	$133,016	
185	$489,114.17	$133,016	
186	$489,114.17	$133,016	
187	$489,114.17	$133,016	
188	$489,114.17	$133,016	
189	$489,114.17	$133,016	
190	$489,114.17	$133,016	
191	$489,114.17	$133,016	
192	$489,114.17	$133,016	$5,869,369.99
193	$492,040.52	$135,943	
194	$492,040.52	$135,943	
195	$492,040.52	$135,943	
196	$492,040.52	$135,943	

197	$492,040.52	$135,943	
198	$492,040.52	$135,943	
199	$492,040.52	$135,943	
200	$492,040.52	$135,943	
201	$492,040.52	$135,943	
202	$492,040.52	$135,943	
203	$492,040.52	$135,943	
204	$492,040.52	$135,943	$5,904,486.30
205	$495,031.26	$138,933	
206	$495,031.26	$138,933	
207	$495,031.26	$138,933	
208	$495,031.26	$138,933	
209	$495,031.26	$138,933	
210	$495,031.26	$138,933	
211	$495,031.26	$138,933	
212	$495,031.26	$138,933	
213	$495,031.26	$138,933	
214	$495,031.26	$138,933	
215	$495,031.26	$138,933	
216	$495,031.26	$138,933	$5,940,375.17
217	$498,087.80	$141,990	
218	$498,087.80	$141,990	
219	$498,087.80	$141,990	
220	$498,087.80	$141,990	
221	$498,087.80	$141,990	
222	$498,087.80	$141,990	
223	$498,087.80	$141,990	
224	$498,087.80	$141,990	
225	$498,087.80	$141,990	
226	$498,087.80	$141,990	
227	$498,087.80	$141,990	
228	$498,087.80	$141,990	$5,977,053.59
229	$501,211.58	$145,114	
230	$501,211.58	$145,114	
231	$501,211.58	$145,114	
232	$501,211.58	$145,114	
233	$501,211.58	$145,114	

234	$501,211.58	$145,114	
235	$501,211.58	$145,114	
236	$501,211.58	$145,114	
237	$501,211.58	$145,114	
238	$501,211.58	$145,114	
239	$501,211.58	$145,114	
240	$501,211.58	$145,114	$6,014,538.94
241	$371,332.41	$148,306	
242	$371,332.41	$148,306	
243	$371,332.41	$148,306	
244	$371,332.41	$148,306	
245	$371,332.41	$148,306	
246	$371,332.41	$148,306	
247	$371,332.41	$148,306	
248	$371,332.41	$148,306	
249	$371,332.41	$148,306	
250	$371,332.41	$148,306	
251	$371,332.41	$148,306	
252	$371,332.41	$148,306	$4,455,988.87
253	$374,595.14	$151,569	
254	$374,595.14	$151,569	
255	$374,595.14	$151,569	
256	$374,595.14	$151,569	
257	$374,595.14	$151,569	
258	$374,595.14	$151,569	
259	$374,595.14	$151,569	
260	$374,595.14	$151,569	
261	$374,595.14	$151,569	
262	$374,595.14	$151,569	
263	$374,595.14	$151,569	
264	$374,595.14	$151,569	$4,495,141.72
265	$377,929.66	$154,904	
266	$377,929.66	$154,904	
267	$377,929.66	$154,904	
268	$377,929.66	$154,904	
269	$377,929.66	$154,904	
270	$377,929.66	$154,904	

5100

271	$377,929.66	$154,904	
272	$377,929.66	$154,904	
273	$377,929.66	$154,904	
274	$377,929.66	$154,904	
275	$377,929.66	$154,904	
276	$377,929.66	$154,904	$4,535,155.93
277	$381,337.54	$158,311	
278	$381,337.54	$158,311	
279	$381,337.54	$158,311	
280	$381,337.54	$158,311	
281	$381,337.54	$158,311	
282	$381,337.54	$158,311	
283	$381,337.54	$158,311	
284	$381,337.54	$158,311	
285	$381,337.54	$158,311	
286	$381,337.54	$158,311	
287	$381,337.54	$158,311	
288	$381,337.54	$158,311	$4,576,050.45
289	$384,820.39	$161,794	
290	$384,820.39	$161,794	
291	$384,820.39	$161,794	
292	$384,820.39	$161,794	
293	$384,820.39	$161,794	
294	$384,820.39	$161,794	
295	$384,820.39	$161,794	
296	$384,820.39	$161,794	
297	$384,820.39	$161,794	
298	$384,820.39	$161,794	
299	$384,820.39	$161,794	
300	$384,820.39	$161,794	$4,617,844.66
301	$388,379.86	$165,354	
302	$388,379.86	$165,354	
303	$388,379.86	$165,354	
304	$388,379.86	$165,354	
305	$388,379.86	$165,354	
306	$388,379.86	$165,354	
307	$388,379.86	$165,354	

308	$388,379.86	$165,354	
309	$388,379.86	$165,354	
310	$388,379.86	$165,354	
311	$388,379.86	$165,354	
312	$388,379.86	$165,354	$4,660,558.33
313	$392,017.64	$168,991	
314	$392,017.64	$168,991	
315	$392,017.64	$168,991	
316	$392,017.64	$168,991	
317	$392,017.64	$168,991	
318	$392,017.64	$168,991	
319	$392,017.64	$168,991	
320	$392,017.64	$168,991	
321	$392,017.64	$168,991	
322	$392,017.64	$168,991	
323	$392,017.64	$168,991	
324	$392,017.64	$168,991	$4,704,211.71
325	$395,735.46	$172,709	
326	$395,735.46	$172,709	
327	$395,735.46	$172,709	
328	$395,735.46	$172,709	
329	$395,735.46	$172,709	
330	$395,735.46	$172,709	
331	$395,735.46	$172,709	
332	$395,735.46	$172,709	
333	$395,735.46	$172,709	
334	$395,735.46	$172,709	
335	$395,735.46	$172,709	
336	$395,735.46	$172,709	$4,748,825.46
337	$399,535.06	$176,509	
338	$399,535.06	$176,509	
339	$399,535.06	$176,509	
340	$399,535.06	$176,509	
341	$399,535.06	$176,509	
342	$399,535.06	$176,509	
343	$399,535.06	$176,509	
344	$399,535.06	$176,509	

345	$399,535.06	$176,509	
346	$399,535.06	$176,509	
347	$399,535.06	$176,509	
348	$399,535.06	$176,509	$4,794,420.72
349	$403,418.26	$180,392	
350	$403,418.26	$180,392	
351	$403,418.26	$180,392	
352	$403,418.26	$180,392	
353	$403,418.26	$180,392	
354	$403,418.26	$180,392	
355	$403,418.26	$180,392	
356	$403,418.26	$180,392	
357	$403,418.26	$180,392	
358	$403,418.26	$180,392	
359	$403,418.26	$180,392	
360	$403,418.26	$180,392	$4,841,019.07

Alaska Housing
FINANCE CORPORATION

Headquarters
4300 Boniface Parkway
Anchorage, Alaska 99504
(907) 338-6100

Mailing Address
P.O. Box 101020
Anchorage, AK 99510-1020

Internet Web Site
http://www.ahfc.state.ak.us

April 1, 2009

Representative Bill Stoltze, Co-Chair
Representative Mike Hawker, Co-Chair
Alaska State House Finance Committee
State Capitol
Juneau, AK 99801

Dear Representatives Stoltze and Hawker,

In 1995 AHFC acquired approximately 4.3 acres of unimproved land located in midtown Anchorage and entered into a contract to construct an office/warehouse facility on the site. At the direction of the Knowles administration, AHFC cancelled the contract. In 1997 AHFC entered into an agreement to lease office space and parking located at 4300 Boniface Parkway in Anchorage. In 1999 AHFC sought legislative approval to acquire this property. The bill passed the House 38-1 but died in the Senate Finance Committee, thus enabling Tatitlek Native Corporation to purchase the building and become AHFC's new landlord. If AHFC had been able to acquire the facility, the cost of owning and maintaining the property would have been significantly less than the lease payments AHFC continues to make.

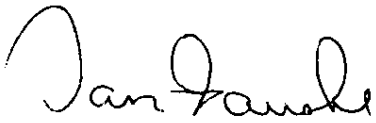
AHFC is seeking legislative approval to enter into negotiations with Tatitlek Native Corporation for the purchase of the office building and parking area located at 4300 Boniface Parkway in Anchorage. The purchase of the existing office space and parking area or the construction of an office building for its use will stabilize the costs associated with housing AHFC's operations, minimize future increases in annual lease payments, and, finally, build equity to both AHFC and the State of Alaska. This should also result in a small increase in AHFC's dividend to the State.

"HOUSING FOR ALASKANS"

EQUAL HOUSING OPPORTUNITY

AHFC estimates that the purchase of the building will save the Corporation approximately $7.5 million in net present value using very conservative assumptions.

Thank you for your consideration.



Sincerely,

Dan Fauske, CEO/Executive Director
Alaska Housing Finance Corporation

Discount Rate		6.500%					
Inflation Rate		3.000%					
Net Present Value Cost			30,359,259	**Net Present Value Cost**			22,825,076
	57,800	sq. ft					
Lease				**Purchase**		***	14,500,000
Base	1,224,627	$ 1.76	per square ft.				
2017		$ 3.50	per square ft.		550,000	Operating Expenses	

Yr	Payment		Inflation	Total Lease	Yr	Maintenance		Total Cost
1	1,224,627		11,022	1,235,649	1	550,000		550,000
2	1,235,649		11,121	1,246,769	2	566,500		566,500
3	1,246,769		11,221	1,257,990	3	403,495	**	403,495
4	1,257,990		11,322	1,269,312	4	415,600		415,600
5	1,269,312		11,424	1,280,736	5	428,068		428,068
6	1,280,736		11,527	1,292,263	6	440,910		440,910
7	1,292,263		11,630	1,303,893	7	454,137		454,137
8	2,427,600	*	21,848	2,449,448	8	467,761		467,761
9	2,449,448		22,045	2,471,493	9	481,794		481,794
10	2,471,493		22,243	2,493,737	10	496,248		496,248
11	2,493,737		22,444	2,516,181	11	511,135		511,135
12	2,516,181		22,646	2,538,826	12	526,469		526,469
13	2,538,826		22,849	2,561,676	13	542,264		542,264
14	2,561,676		23,055	2,584,731	14	558,531		558,531
15	2,584,731		23,263	2,607,993	15	575,287		575,287
16	2,607,993		23,472	2,631,465	16	592,546		592,546
17	2,631,465		23,683	2,655,148	17	610,322		610,322
18	2,655,148		23,896	2,679,045	18	628,632		628,632
19	2,679,045		24,111	2,703,156	19	647,491		647,491
20	2,703,156		24,328	2,727,484	20	666,916		666,916
21	2,727,484		24,547	2,752,032	21	686,923		686,923
22	2,752,032		24,768	2,776,800	22	707,531		707,531
23	2,776,800		24,991	2,801,791	23	728,757		728,757
24	2,801,791		25,216	2,827,007	24	750,620		750,620
25	2,827,007		25,443	2,852,451	25	773,138		773,138
26	2,852,451		25,672	2,878,123	26	796,332		796,332
27	2,878,123		25,903	2,904,026	27	820,222		820,222
28	2,904,026		26,136	2,930,162	28	844,829		844,829
29	2,930,162		26,371	2,956,533	29	870,174		870,174
30	2,956,533		26,609	2,983,142	30	896,279		896,279
31	2,983,142		26,848	3,009,990	31	923,167		923,167
32	3,009,990		27,090	3,037,080	32	950,862		950,862
33	3,037,080		27,334	3,064,414	33	979,388		979,388
34	3,064,414		27,580	3,091,994	34	1,008,770		1,008,770
35	3,091,994		27,828	3,119,822	35	1,039,033		1,039,033
36	3,119,822		28,078	3,147,900	36	1,070,204		1,070,204
37	3,147,900		28,331	3,176,231	37	1,102,310		1,102,310
38	3,176,231		28,586	3,204,817	38	1,135,379		1,135,379
39	3,204,817		28,843	3,233,661	39	1,169,441		1,169,441
40	3,233,661		29,103	3,262,764	40	1,204,524		1,204,524

Assumptions:

* Lease at current rate plus increments for inflation. Rate increases to current market at the end of the lease in 2017.

** Purchase includes $550,000 per year in operating costs, reduced by anticipated $180,000 energy savings and in-house management from improvements to HVAC and lighting systems in year 3.

***The purchase price is a not to exceed amount and includes $2 million for deferred maintenance.

Division of General Services
Labor Building Lease Costs
Actuals FY 83-FY 2008; Projected FY 09-FY 2102

Fiscal Year	Lease 1607	Lease 1632	Total
FY 83	1,415,559.96	171,475.30	$ 1,587,035.26
FY 84	1,409,359.96	216,284.24	$ 1,625,644.20
FY 85	1,414,700.97	210,240.12	$ 1,624,941.09
FY 86	1,418,513.35	210,510.00	$ 1,629,023.35
FY 87	1,284,400.80	190,404.00	$ 1,474,804.80
FY 88	1,323,989.64	196,272.84	$ 1,520,262.48
FY 89	1,367,898.60	202,114.92	$ 1,570,013.52
FY 90	1,401,773.64	207,803.76	$ 1,609,577.40
FY 91	1,452,735.84	215,358.60	$ 1,668,094.44
FY 92	1,593,934.20	236,290.32	$ 1,830,224.52
FY 93	1,612,500.24	239,042.64	$ 1,851,542.88
FY 94	1,631,695.68	241,888.20	$ 1,873,583.88
FY 95	1,646,845.20	244,134.00	$ 1,890,979.20
FY 96	1,659,252.48	245,973.36	$ 1,905,225.84
FY 97	1,674,536.88	247,392.72	$ 1,921,929.60
FY 98	1,650,599.97	244,690.65	$ 1,895,290.62
FY 99	1,525,097.25	226,085.73	$ 1,751,182.98
FY 00	1,530,789.90	226,929.66	$ 1,757,719.56
FY 01	1,538,535.66	228,077.91	$ 1,766,613.57
FY 02	1,554,360.48	230,423.85	$ 1,784,784.33
FY 03	1,567,927.75	232,435.08	$ 1,800,362.83
FY 04	1,582,397.22	234,580.11	$ 1,816,977.33
FY 05	1,600,048.47	237,196.77	$ 1,837,245.24
FY 06	1,615,739.94	239,522.91	$ 1,855,262.85
FY 07	1,620,437.61	241,734.48	$ 1,862,172.09
FY 08	1,633,373.40	242,136.99	$ 1,875,510.39
FY 09	1,247,430.78	184,923.45	$ 1,432,354.23
Subtotal	40,974,435.87	6,043,922.61	$ 47,018,358.48

Fiscal Year	Projected Lease Costs for 1607	Projected Lease Costs for 1632	Projected Lease Total
FY 09	1,670,240.31	247,602.24	$ 1,917,842.55
FY 10	1,703,922.00	252,595.14	$ 1,956,517.14
FY 11	1,755,039.54	260,172.99	$ 2,015,212.53
FY 12	1,807,690.80	267,978.33	$ 2,075,669.13
Subtotal	6,936,892.65	1,028,348.70	7,965,241.35

Total	47,911,328.52	7,072,271.31	54,983,599.83

From: Mintz, Tanci M (DOA) [tanci.mintz@alaska.gov]
Sent: Tuesday, March 24, 2009 2:07 PM
To: Terry Harvey
Cc: Jones, Vern O (DOA)
Subject: Deferred Maintenance PSB & DIB
Terry,

As requested, please find a listing of deferred projects for each of the two facilities. Please let me know if you need any further information.

Thank you,
Tanci Mintz
State Leasing & Facilities Manager

Public Safety Building Deferred Capital Expenses

P 039	Electrical upgrades	$500,000
P 015	Repaint common areas	$30,000
P 021	Replace emergency generator	$25,000
P 023	Modify ventilation in generator room	$4,000
P 027	Replace roof	$400,000
P 029	Paint exterior	$30,000
P 030	Recarpet common areas	$20,000
P 031	Replace all exterior windows	$300,000
P 032	Install DDC (direct digital control) system	$55,000
P 034	Add critical building systems to generator	$30,000
P 035	Upgrade south entrance	$10,000
P 040	Replace garage door	$10,000
P 041	Upgrade fire alarm system	$25,000
P 043	Balance hvac system	$25,000
P 044	Install Cooling System	$500,000
P 045	Replace exterior concrete stairs	$15,000
	Subtotal	**$1,979,000**
	25% Contingency	$494,750
		$2,473,750

Douglas Island Building Deferred Capital Expenses

D 016	Replace exterior curtain wall (building envelope)	$3,500,000
D 045	Replace light fixtures	$250,000
D 048	Install new grid and drop ceiling	$80,000
D 050	Replace entry doors	$20,000
D 051	Reslope, reseed lawn install french drain	$35,000
D 054	Electrical upgrades (correct code violations, etc.)	$500,000
D 055	Reinsulate boiler room piping	$10,000
D 056	Install new fire alarm system	$50,000
D 057	Replace flooring at entry	$12,000
D 058	Replace common area carpet	$25,000
D 062	Install new flag poles	$7,500
D 063	Install air curtain	$30,000
D 064	Replace stairs near generator	$35,000
D065	Replace bathroom counters	$50,000
	Subtotal	**$4,604,500**
	25% contingency	$1,151,125
	Projected DIB Capital Total	**$5,755,625**

D 058	Replace common area carpet	$25,000
D 062	Install new flag poles	$7,500
D 063	Install air curtain	$30,000
D 064	Replace stairs near generator	$35,000
D065	Replace bathroom counters	$50,000
	Subtotal	**$4,604,500**
	25% contingency	$1,151,125
	Projected DIB Capital Total	**$5,755,625**

SARAH PALIN, Governor

DEPARTMENT OF ADMINISTRATION

Division of General Services

333 WILLOUGHBY AVENUE
7TH FLOOR SOB
P.O. BOX 110210
JUNEAU, ALASKA 99811-0210
PHONE: (907) 465-2250
FAX: (907) 465-2189

Briefing Paper
AMHTA Subport Office Building

The Issue: The State is leasing or owns three buildings in Juneau which house State employees. These facilities are very old and in need of significant upgrades. All three buildings provide approximately 116,000 square feet of office space for 525 employees.

The Opportunity: The Alaska Mental Health Trust Authority (AMHTA) has offered to construct a new office building on its land at the former Subport area. The new office building would accommodate all of the employees currently occupying the three buildings in question.

Cost to the State:

Option 1: Enter into an agreement with AMHTA to construct a new office building with surface parking on the site of the old Subport warehouse.

Estimated Cost: $160,439,082 (Lease payments to AMHTA over 30 years)

Action Required: Legislation that allows use of $22.7 million Mental Health Trust funds, currently invested by the Permanent Fund Corporation, and $22.7 million in state bond proceeds to construct the building.

Option 2: Remain in the two state-owned facilities and procure a replacement lease for the Department of Labor.

Estimated Cost: $173,956,264 (Cost calculated for a 30-year period for comparison)

Action Required:

a. Repair and bring into code compliance the two existing state-owned buildings. (These will remain functionally obsolete buildings that will continue to need ongoing repair and maintenance or replacement during the lease period.)
b. Issue a request for proposals (RFP) for a new lease for the Department of Labor.

Justification:

Department of Labor (DOL):

This existing 68,278 square feet lease for DOL expires 6/30/12 and currently accommodates 304 state employees. Since 1982, the DOL occupants have experienced water intrusion, flooding, mold growth, roof leaks, ponding in the parking lot, windows falling out, carpenter ants, etc. Numerous employees have become ill, grievances have been filed by unions and a number of employees have been moved to alternate space outside the facility due to these conditions. An alternate facility, either built by AMHTA or procured through a RFP is necessary. DOA and DOL prefer to vacate the existing facility and relocate all DOL employees to the new AMHTA building by 7/1/12.

Department of Fish & Game (DFG) & Department of Corrections (DOC):
Both agencies are located in a state-owned facility: the Douglas Island Building constructed in 1961. It contains 31,816 square feet and accomodates187 employees. The building is in dire need of major capital improvements including complete replacement of the building envelope to eliminate and prevent rain, wind and snow from entering the building. The total current estimated deferred maintenance cost is $5.8 million.

DOA and tenant agencies prefer to vacate this facility and reuse it for a new defined purpose, or demolish the facility at an estimated cost of $375,000. All DFG and DOC employees would relocate to the new AMHTA building by 7/1/12.

Department of Public Safety (DPS) & Office of Administrative Hearings (OAH):
Both agencies are located in a state-owned facility: the Public Safety Building constructed in 1970 as a temporary structure. It contains 16,103 square feet and accom modates 34 state employees. The facility currently requires major electrical upgrades and code compliance improvements, a new roof, and other repairs. The total current estimated deferred maintenance cost is $2.5 million. DOA and tenant agencies prefer to vacate the facility and relocate to the new AMHTA building 7/1/12.

Future Plans:
The State could demolish the Public Safety Building (at an estimated cost of $180,000) and AMHTA could construct a new parking garage at that location. The garage would accommodate approximately 360 vehicles. It would be used by state employees during the day and be open to the public during non-business hours. This would allow future development of the Subport site by AMHTA.

Detailed Cost Information:

Current Lease/Building Operating Costs:

Lease #1607 & 1632	68,278 sf	exp 6/30/12	$2.33 sf	$1,909,052 annually	DOL Offices (parking included)
Lease #1951	NA	exp 2/28/10	NA	$ 6,451 annually	DIB Surface Parking
Lease #2529	NA	exp 8/31/09	NA	$ 12,600 annually	DIB Surface Parking
Public Safety	16,103 sf	exp n/a	$1.22 sf	$ 235,748 annually	DPS, DOA Offices
Douglas Island Bldg	31,816 sf	exp n/a	$1.07 sf	$ 408,517 annually	DOC, F&G Offices
Totals:	**116,197 sf**			**$ 2,572,368 annually**	

Projected Private New Labor Lease Cost:

New Private Lease	68,280 sf at $4.00 sf	**$ 3,277,440 annually**

Total Projected Public Safety Building Costs thru 6/42: **$ 21,602,392**

Total Projected Douglas Island Building Costs thru 6/42: **$ 38,731,192**

Total Projected Costs 2013 – 2042:
Scenario A: AMHTA building not constructed.

1.	DOL replacement lease	$ 112,083,682
2.	DIB parking leases	1,538,458
3.	Douglas Island Bldg Operating and Capital	38,731,192
4.	Public Safety Bldg Operating and Capital	21,602,932
	Total Scenario A:	**$ 173,956,264***

*Cost estimate does not include likely replacement of the DIB and DPS buildings at some point during the 30-year period.

Total Projected Costs 2013 – 2042:
Scenario B: AMHTA building constructed.

1. AMHTA lease
   Total cost will depend upon state bond financing rates. **$160,439,082****

**Estimate includes repayment of bond proceeds with interest over 20 years and rent payments over 30 years.

Building Purpose:
Office occupancy for State Agency's: DOL, DF&G, OAH, DPS, DOC (approximately 525 employees).

AMHTA Lease Information:
20 year base term with (2) 10-year options
Parking, maintenance and standard services (janitorial, etc.)
Rate: to be determined (estimated range of $3.80 - $4.20 usf)
111,128 usf – State offices
10,000 usf – Private retail on first floor
Four-story facility

Energy Conservation Considerations:

- A heat pump system using either water from Gastineau Channel or the heat from the earth below the building from tubing in the piling or in boreholes. The NOAA Building at Lena Point is incorporating a system using water from the ocean and both the Juneau Airport expansion and the Dimond Park Swimming Pool which will be under construction this spring will use a ground source for the heat pump system.
- A Life Cycle Cost Analysis will be performed to select the optimum insulating values for the exterior envelope of the building including the roof, walls, windows, doors and the concrete floor slab. This analysis will also evaluate the heating, ventilation and lighting systems to achieve efficiencies and lower operating costs in all the building systems.
- The Coast Guard is exploring the use of both wind generated energy at the site and constructing a biomass generation plant to serve their facilities. MHLT will explore opportunities for partnering.
- MHLT will also explore the opportunity to capture waste heat from lighting and/or computer server room cooling systems to offset the heating requirements for the building.

The Trust Land Office

Juneau Subport Development

Zach Gordon Family Center
#3
Dept. Public Safety
Centennial Hall
Goldbelt Hotel
Sea Alaska Building
Foodland
The Wharf
#1
#2
Coast Guard-NOAA
Google

Jensen Yorba Lott Inc.

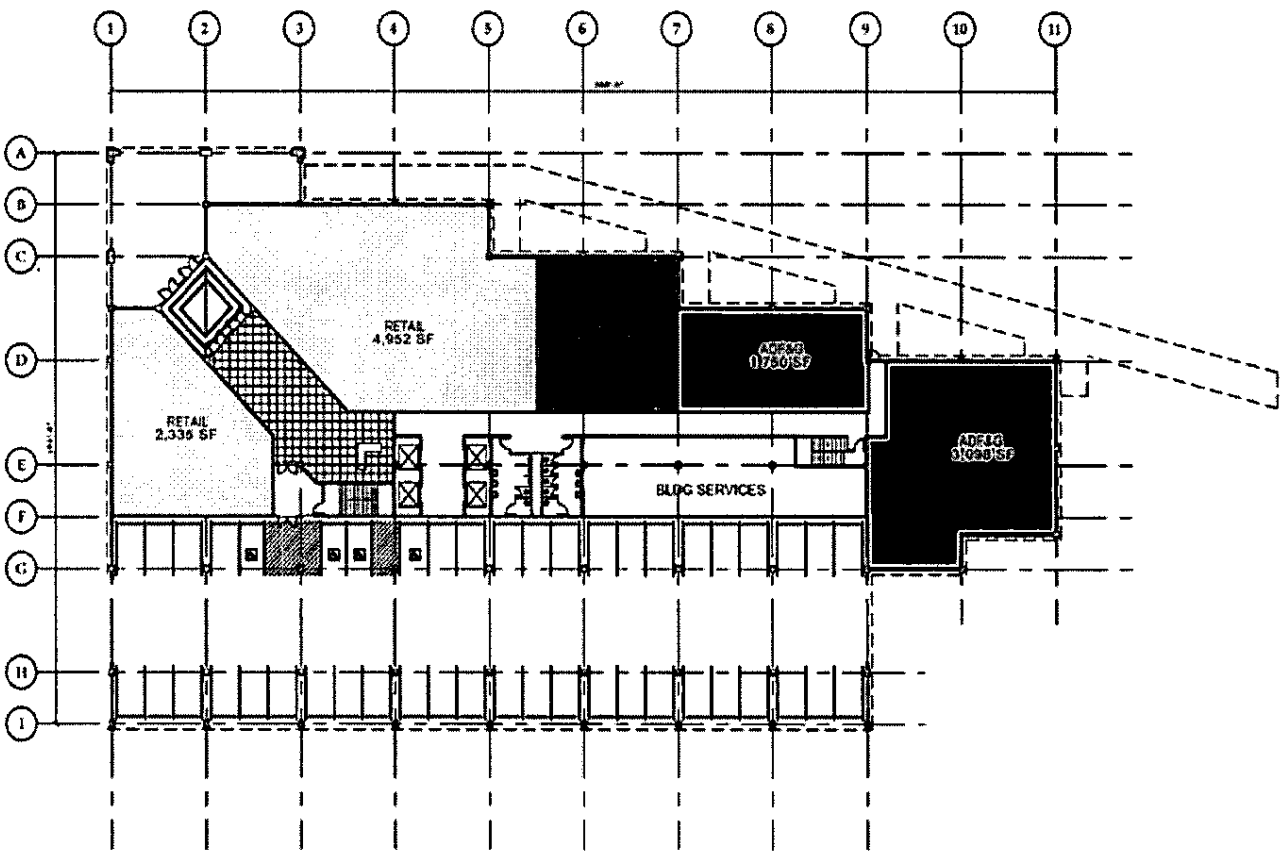
Alaska Mental Health Trust Authority
Trust Land Office

SUBPORT OFFICE BUILDING

Juneau, Alaska

A101

5115



1 FIRST FLOOR PLAN
21,100sf GROSS AREA

Jensen Yorba Lott Inc.

Alaska Mental Health Trust Authority
Trust Land Office
Juneau, Alaska

SUBPORT OFFICE BUILDING

FIRST FLOOR PLAN

A201

Jensen Yorba Lott Inc.

Alaska Mental Health Trust Authority
Trust Land Office
SUPPORT OFFICE BUILDING
Juneau, Alaska

A202

1 SECOND FLOOR PLAN
22,300± GROSS AREA

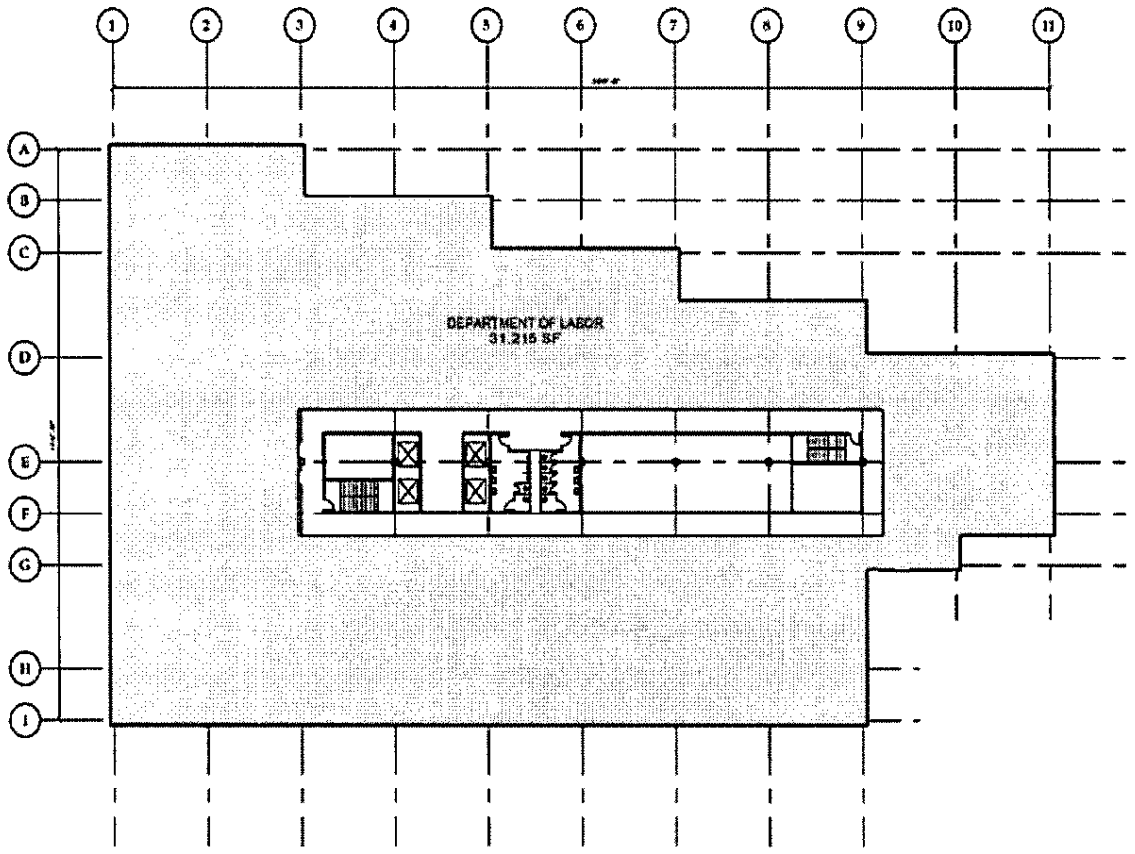
Jensen Yorba Lott Inc.

Alaska Mental Health Trust Authority
Trust Land Office
Juneau, Alaska

SUPPORT OFFICE BUILDING

A203

1 THIRD FLOOR PLAN
38,300± GROSS AREA



1 FOURTH FLOOR PLAN
38,300sf GROSS AREA

Jensen Yorba Lott Inc.

Alaska Mental Health Trust Authority
Trust Land Office
SUBPORT OFFICE BUILDING
Juneau, Alaska

FOURTH FLOOR PLAN

A204

Jensen Yorba Lott Inc.

SUPPORT OFFICE BUILDING

Alaska Mental Health Trust Authority
Trust Land Office
Juneau, Alaska

SU-A

1 EXTERIOR MODEL VIEW

Jensen Yorba Lott Inc.

SUPPORT OFFICE BUILDING

Alaska Mental Health Trust Authority
Trust Land Office
Juneau, Alaska

SU-B

1 EXTERIOR MODEL VIEW

Jensen Yorba Lott Inc

Alaska Mental Health Trust Authority SUBPORT OFFICE BUILDING

CONCEPT PHOTO

JANUARY 2009

REPRESENTATIVE
CHARISSE MILLETT
Anchorage

Representative_Charisse_Millett@legis.state.ak.us

Alaska State Legislature
House of Representatives

January - April:
State Capitol, Suite 412
Juneau, Alaska 99801-1182
Tel: 907-465-3879
Toll Free: 888-269-3879
Fax: 907-465-2069

April - December:
716 W. 4th Avenue, Suite 630
Anchorage, Alaska 99501
Tel: 907-269-0222
Fax: 907-269-0223

Kevin Brooks
Deputy Commissioner
Administration

Monday, March 16, 2009

Kevin, Kevin

I am writing to ask if you would consider providing more information regarding the Subport Building proposal. When a similar proposal for a building in Anchorage was brought to the legislature, in addition to providing an independent market survey, an RFI (Request for Information) was also issued for comparable office space in the Anchorage area (see attached). I would think it is only appropriate that this proposed project go through the same process. Not only to be sure that we are receiving the best market data, but also to ensure an open and equitable process has been undertaken.

If you do not wish to pursue this action, at the least, I would like the attached questions addressed before moving HB 161, out of committee. If you have any further questions or would like to discuss this request please don't hesitate to call me or my staff at 907-465-3879.

Thank you for your time and consideration in this matter.

Representative Charisse Millet

Information Request

1) What are the lease rates per square foot for each of the buildings currently being occupied by Dept. of Labor, Dept. of Corrections, Dept. of Fish and Game and Dept. of Public Safety?

2) Can you make available a datasheet showing all current leases for state office space in Juneau? We currently have that data for Anchorage and assume it would be easy to produce. (see example)

Lease	Tenants	Common Name	Lessor Name	Sq'	Cost/Sq' (month)	Type
1201	H&SS	Blomfield Building	Fourth & Gambell, LLC	29472	1.485743078	Office

3) What are the lease rates for the new AMHT building?

4) Please provide the draft lease agreement.

5) Please provide the backup data used to create the cost estimate for the AMHT building.

6) What would the maintenance/security costs be for the unoccupied buildings after the departments move to the proposed AMHT Building?

7) If we are intent on entering into a lease-purchase agreement, why not demo the two State owned buildings and replace them with a building with capacity for all affected departments through a lease-purchase agreement so the state retains ownership after completion?

8) On the justification sheet for HB 161 an AMHTA analysis for Option 1 and DGS analysis for Option 2 are mentioned. Please provide the analysis.

9) On the justification sheet there was information on problems with the Labor building – please provide all information you have.

10) Does the Governor support HB 161?

11) How is the AMHT going to pay for a 20 million dollar parking garage, should they decide to sell or develop the property adjacent to the AMHT building (proposed ground parking)? Parking garages currently operate at a loss nationwide, what revenue stream will pay for it?

12) Would the bill sponsor or Administration have any problems with adding the Anchorage Block 39 project to this bill?

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

March 16, 2009

Representative Charisse Millett
State Capitol, Suite 412
Juneau, Alaska 99801

Dear Representative Millet:

I am responding to your letter of today regarding HB 161 and the Subport Building proposal. Attached are a list of 12 questions you posed, the answers to those questions, a briefing paper on the project and a number of supporting documents.

Sincerely,

Kevin Brooks
Deputy Commissioner

Attachments:
#1) Information request
#2) Information request responses
#3) Briefing Paper
#4) Juneau office space lease report, March 16, 2009
#5) Memorandum of Agreement, February 24, 2009
#6) State of Alaska Standard Lease Form
#7) AMHT Land Office Letter, March 16, 2009
#8) Juneau Subport projected cost and revenue

cc: Representative Cathy Munoz

5124

ATTACHMENT # 1

Information Request

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2) Can you make available a datasheet showing all current leases for state office space in Juneau? We currently have that data for Anchorage and assume it would be easy to produce. (see example)

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12) Would the bill sponsor or Administration have any problems with adding the Anchorage Block 39 project to this bill?

ATTACHMENT #2

March 16, 2009

Response to information request, Rep. Millett

1. See Attachment #3, Subport Briefing Paper
2. Juneau leasing data (Attachment #4).
3. AMHTA building lease rates are estimated at $3.80-4.00/sf (Attachment #3).
4. Attached is the Memorandum of Understanding between the Department of Administration and AMHTA (Attachment #5). Also attached is DOA's standard lease template (Attachment #6). As of now, there is no draft lease agreement for this building.
5. Response from Tim Spernak at AMHTA (Attachments #7 and 8).
6. Alternative use of the Public Safety and Douglas Island buildings have not been established, no cost estimates are currently available. AMHTA is interested in the parcels under its Replacement Lands program.
7. The Department of Administration has an extensive portfolio of both state-owned facilities and leases. Aside from the logistical challenges of relocating employees who would be displaced during the demolition/construction process, the department does not have a parcel of land suitable for building located in the downtown core area. The AMHTA is an attractive partner because they bring both land and $22.7 million to the project. The state offers stability as a tenant with a revenue stream to the Trust for decades into the future.
8. Attached are briefing papers from DOA (Attachment #3) and AMHTA (Attachments #7 & 8) that address this question.
9. The Labor Building leasing file is available upon request.
10. The Governor has not taken a position on this bill. We have provided briefing documents to staff in the Governor's Office.
11. The MOU between DOA and AMHTA includes approximately 392 parking spaces. These will be provided from spaces around the building lot and the vacant sub port lot. At a future date, it is anticipated that AMHTA will build a garage on the lot where the Public Safety building now sits. Future development of the sub port lot would have to support the construction of a parking garage. The state's lease with the Trust would require the specified number of parking spaces as part of the deal, and construction of a parking garage would not alter the terms of that lease.
12. The Department of Administration has no role in the development of Block 39 in Anchorage. Inclusion of the project in HB161 would be a question more appropriately asked of the bill sponsor.

ATTACHMENT #3

Briefing Paper
AMHTA Subport Office Building

The Issue: The State is leasing or owns three buildings in Juneau which house State employees. These facilities are very old and in need of significant upgrades. All three buildings provide approximately 116,000 square feet of office space for 525 employees.

The Opportunity: The Alaska Mental Health Trust Authority (AMHTA) has offered to construct a new office building on its land at the former Subport area. The new office building would accommodate all of the employees currently occupying the three buildings in question.

Cost to the State:

Option 1: Enter into an agreement with AMHTA to construct a new office building with surface parking on the site of the old Subport warehouse.

Estimated Cost: $160,439,082 (Lease payments to AMHTA over 30 years)

Action Required: Legislation that allows use of $22.7 million Mental Health Trust funds, currently invested by the Permanent Fund Corporation, and $22.7 million in state bond proceeds to construct the building.

Option 2: Remain in the two state-owned facilities and procure a replacement lease for the Department of Labor.

Estimated Cost: $165,981,393 (Cost calculated for a 30-year period for comparison)

Action Required:

a. Repair and bring into code compliance the two existing state-owned buildings. (These will remain functionally obsolete buildings that will continue to need ongoing repair and maintenance or replacement during the lease period.)
b. Issue a request for proposals (RFP) for a new Lease for the Department of Labor.

Justification:

Department of Labor (DOL):
This existing 68,278 square feet lease for DOL expires 6/30/12 and currently accommodates 304 state employees. Since 1982, the DOL occupants have experienced water intrusion, flooding, mold growth, roof leaks, ponding in the parking lot, windows falling out, carpenter ants, etc. Numerous employees have become ill, grievances have been filed by unions and a number of employees have been moved to alternate space outside the facility due to these conditions. An alternate facility, either built by AMHTA or procured through a RFP is necessary.
DOA and DOL prefer to vacate the existing facility and relocate all DOL employees to the new AMHTA facility by 7/1/12.

Department of Fish & Game (DFG) & Department of Corrections (DOC):
Both agencies are located in a state-owned facility: the Douglas Island Building constructed in 1961. It contains 31,816 square feet and accomodates187 employees. The building is in dire need of major capital improvements including complete replacement of the building envelope to eliminate and prevent rain, wind and snow from entering the building. The total current estimated deferred maintenance cost is $3.6 million.
DOA and tenant agencies prefer to vacate this facility and reuse it for a new defined purpose, or demolish the facility at an estimated cost of $375,000. All DFG and DOC employees would relocate to the new facility AMHTA building by 7/1/12.

Department of Public Safety (DPS) & Office of Administrative Hearings (OAH):
Both agencies are located in a state-owned facility: the Public Safety Building constructed in 1970 as a temporary structure. It contains 16,103 square feet and accommodates 34 state employees. The facility currently requires major electrical upgrades and code compliance improvements, a new roof, and other repairs. The total current estimated deferred maintenance cost is $1.9 million. DOA and tenant agencies prefer to vacate the facility and relocate to the new AMHTA building 7/1/12.

Future Plans:
The State could demolish the Public Safety Building (at an estimated cost of $180,000) and AMHTA could construct a new parking garage at that location. The garage would accommodate approximately 360 vehicles. It would be used by state employees during the day and be open to the public during non-business hours. This would allow future development of the Subport site by AMHTA.

Detailed Cost Information:

Current Lease/Building Operating Costs:

Lease #1607 & 1632	68,278 sf	exp 6/30/12	$2.33 sf	$1,909,052 annually	DOL Offices (parking included)
Lease #1951	NA	exp 2/28/10	NA	$ 6,451 annually	DIB Surface Parking
Lease #2529	NA	exp 8/31/09	NA	$ 12,600 annually	DIB Surface Parking
Public Safety Bldg	16,103 sf	exp n/a	$1.32 sf	$ 254,271 annually	DPS, DOA Offices
Douglas Island Bldg	31,816 sf	exp n/a	$1.19 sf	$ 455,665 annually	DOC, F&G Offices
Totals:	**116,197 sf**			**$2,638,039 annually**	

Projected Private New Labor Lease Cost:
New Private Lease 68,280 s.f. at $4.00 s.f. **$3,277,440 annually**

Total Projected Public Safety Building Costs thru 6/42: **$18,846,658**

Total Projected Douglas Island Building Costs thru 6/42: **$33,785,326**

Total Projected Costs 2013 – 2042:
Scenario A: AMHTA building not constructed.

1.	DOL replacement lease (w/ 2.22% cpi increases annually)	$112,083,682
2.	DIB parking leases	1,265,726
3.	Douglas Island Bldg Operating and Capital	33,785,326
4.	Public Safety Bldg Operating and Capital	18,846,658
	Total Scenario A:	**$165,981,393***

*Cost estimate does not include likely replacement of the DIB and DPS buildings at some point during the 30-year period.

Total Projected Costs 2013 – 2042:
Scenario B: AMHTA building constructed.

1. AMHTA lease
   Total cost will depend upon state bond financing rates. **$160,439,082****

**Estimate includes repayment of bond proceeds with interest over 20 years and rent payments over 30 years.

Building Purpose:
Office occupancy for State Agency's: DOL, DF&G, OAH, DPS, DOC (approximately 525 employees).

AMHTA Lease Information:
20 year base term with (2) 10-year options
Parking, maintenance and standard services (janitorial, etc.)
Rate: to be determined (estimated range of $3.80 - $4.20 usf)
111,128 usf – State offices
10,000 usf – Private retail on first floor
Four-story facility

Energy Conservation Considerations:

- A heat pump system using either water from Gastineau Channel or the heat from the earth below the building from tubing in the piling or in boreholes. The NOAA Building at Lena Point is incorporating a system using water from the ocean and both the Juneau Airport expansion and the Dimond Park Swimming Pool which will be under construction this spring will use a ground source for the heat pump system.
- A Life Cycle Cost Analysis will be performed to select the optimum insulating values for the exterior envelope of the building including the roof, walls, windows, doors and the concrete floor slab. This analysis will also evaluate the heating, ventilation and lighting systems to achieve efficiencies and lower operating costs in all the building systems.
- The Coast Guard is exploring the use of both wind generated energy at the site and constructing a biomass generation plant to serve their facilities. MHLT will explore opportunities for partnering.
- MHLT will also explore the opportunity to capture waste heat from lighting and/or computer server room cooling systems to offset the heating requirements for the building.

5129

Attachment # 4

Does not include additional parking costs associated with a specific lease.

Juneau Office Space
Web Lease Report as of 3/16/2009

Lease	Location	Tenants	Common Name	Property Name & Address	Lessor Name	Sq Feet or Other Units	Cost per SqFt or Unit (Monthly)	Space Type	Expiration Date	Options Remaining	Option Duration	Contracting Officer
1444	Juneau	F&G	Capital Office Park	Capital Office Park; End of West Eighth Street; Juneau, AK 99801	Capital Office Park, J.V.	38759.6	1.789784982	Office	6/30/2012	0	0	Tom Hubble
1607	Juneau	Admin; Labor	Labor Building	Labor Building; West 8th Street; Juneau, AK 99801	Juneau I, LLC	59463	2.330918723	Office	6/30/2012	0	0	Tom Hubble
1627	Juneau	Admin; Education; Labor	Goldbelt Place	Goldbelt Place Building; 801 West Tenth Street; Juneau, AK 99801	801 West 10th, INC.	41001	2.165340114	Office	6/30/2010	0	0	Tom Hubble
1627	Juneau	Education	Goldbelt Place	Goldbelt Place Building; 801 West Tenth Street; Juneau, AK 99801	801 West 10th, INC.	2450	2.316910204	Office	6/30/2010	0	0	Tom Hubble
1632	Juneau	Labor	Labor Building	Labor Building; West 8th Street; Juneau, AK 99801	Juneau I, LLC	8815	2.330918868	Office	6/30/2012	0		Tom Hubble
1668	Juneau	Admin; Transp &PF	DOT 3-Mile Salmon Creek	Salmon Creek Facility; Chris Park Subdivision; 3 Mile; Juneau, AK 99801	Juneau I, LLC	51429	1.893173307	Office	5/31/2014	0		Tom Hubble
1915	Juneau	F&G	Post Office Building	Post Office Building; Lot 2, Block 4; Douglas, AK	Mt. Bradley Enterprises, Inc.	2124	0.702711864	Office	8/31/2009	4	One year	Tom Hubble
2131	Juneau	H&SS	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	2474	2.050153597	Office	11/30/2010	2	Five years	Tom Hubble
2131	Juneau	Admin	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	2151	2.050158086	Office	11/30/2010	2	Five years	Tom Hubble
2131	Juneau	Admin; Enviro Con; H&SS	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	6398	2.050157862	Office	11/30/2010	2	Five years	Tom Hubble
2153	Juneau	F&G	Jordan Creek Center	Jordan Creek Center; 8800 Glacier Highway; Juneau, AK 99801	JCCP, Inc.	8175	2.24719633	Office	8/31/2012	0		Tom Hubble
2180	Juneau	H&SS	Fifth & Franklin Building	Fifth & Franklin Building; 431 North Franklin Street; Juneau, AK 99801	Fifth & Franklin Building	1100	1.666972727	Office	5/31/2010	1	One year	Tom Hubble
2180	Juneau	H&SS	Fifth & Franklin Building	Fifth & Franklin Building; 431 North Franklin Street; Juneau, AK 99801	Fifth & Franklin Building	846	1.900520095	Office	5/31/2010	1	One year	Tom Hubble

Does not include additional parking costs associated with a specific lease.

Juneau Office Space
Web Lease Report as of 3/16/2009

Lease	Location	Tenants	Common Name	Property Name & Address	Lessor Name	Sq Feet or Other Units	Cost per SqFt or Unit (Monthly)	Space Type	Expiration Date	Options Remaining	Option Duration	Contracting Officer
2203	Juneau	H&SS	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Mad-Tiff Development	1179	1.779983036	Office	10/31/2010	1	One year	Tom Hubble
2208	Juneau	CC&ED	Vintage Business Park	Vintage Business Park; Vintage II Subdivision; 3032 Vintage Boulevard; Juneau, AK 99801	Vintage Business Park II, LLC	7782	2.37732331	Office	6/30/2012	0	0	Tom Hubble
2217	Juneau	H&SS; Labor	Wildmeadow Village	Wildmeadow Village; 10002 Glacier Highway; Juneau, AK 99801	Will-O, LLC	14756	2.07	Office	6/30/2014	3	One year	Tom Hubble
2223	Juneau	Revenue	Goldbelt Place	Goldbelt Place; 801 West Tenth Street; Juneau, AK 99801	801 West 10th, INC.	11764	2.342142129	Office	12/31/2014	0	0	Tom Hubble
2223	Juneau	Revenue	Goldbelt Place	Goldbelt Place; 801 West Tenth Street; Juneau, AK 99801	801 West 10th, INC.	1200	2.384725	Office	12/31/2014	0	0	Tom Hubble
2227	Juneau	Education	Vintage II Subdivision	Vintage II Subdivision; 3000 Vintage Boulevard; Juneau, AK 99801	Vintage Business Park II, LLC	11174	1.78418382	Office	10/31/2013	0	0	Tom Hubble
2227	Juneau	Education	Vintage II Subdivision	Vintage II Subdivision; 3000 Vintage Boulevard; Juneau, AK 99801	Vintage Business Park II, LLC	556	2.3225	Office	10/31/2013	0	0	Tom Hubble
2227	Juneau	Education	Vintage II Subdivision	Vintage II Subdivision; 3000 Vintage Boulevard; Juneau, AK 99801	Vintage Business Park II, LLC	160	1.914625	Office	10/31/2013	0	0	Tom Hubble
2254	Juneau	H&SS	Vintage Business Park	Vintage Business Park; Vintage II Subdivision; 3025 Clinton Drive; Juneau, AK 99801	Vintage Business Park I, LLC	6925	2.626395668	Office	9/30/2011	0	0	Tom Hubble
2254	Juneau	H&SS	Vintage Business Park	Vintage Business Park; Vintage II Subdivision; 3025 Clinton Drive; Juneau, AK 99801	Vintage Business Park I, LLC	1400	2.629785714	Office	9/30/2011	0	0	Tom Hubble
2277	Juneau	H&SS	Goldstein Building	Goldstein Building; 130 Seward Street; Juneau, AK 99801	Goldstein Improvement Company	13371	1.569871363	Office	1/31/2011	1	Two year	Tom Hubble

Does not include additional parking costs associated with a specific lease.

Juneau Office Space
Web Lease Report as of 3/16/2009

Lease	Location	Tenants	Common Name	Property Name & Address	Lessor Name	Sq Feet or Other Units	Cost per SqFt or Unit (Monthly)	Space Type	Expiration Date	Options Remaining	Option Duration	Contracting Officer
2280	Juneau	Pub Safety	Sherwood Estates	Sherwood Estates Subdivision; 2760 Sherwood Lane; Juneau, AK 99801	Sherwood, LLC	5933	2.051973706	Office	10/31/2010	5	Two year	Tom Hubble
2280	Juneau	Admin	Sherwood Estates	Sherwood Estates Subdivision; 2760 Sherwood Lane; Juneau, AK 99801	Sherwood, LLC	4386	2.051976744	Office	10/31/2010	5	Two year	Tom Hubble
2445	Juneau	M&VA	Fifth & Franklin Building	Fifth & Franklin Building; 431 North Franklin Street; Juneau, AK 99801	Fifth & Franklin Building	500	2.24448	Office	7/31/2010	2	Two year	Tom Hubble
2457	Juneau	Admin	400 Willoughby Building	Willoughby Annex; 400 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	6862	1.738879335	Office	3/31/2010	5	Two year	Tom Hubble
2475	Juneau	Law	Assembly Building	The Assembly Building; 211 4th Street; Juneau, AK 99801	Assembly Associates, The	452	1.78	Office	6/30/2011	5	Two year	Tom Hubble
2475	Juneau	Admin; Law	Assembly Building	The Assembly Building; 211 4th Street; Juneau, AK 99801	Assembly Associates, The	9125	1.684836356	Office	6/30/2011	5	Two year	Tom Hubble
2493	Juneau	Governor	Mendenhall Mall	Mendenhall Mall; Suite 3; 9109 Mendenhall Mall Road; Juneau, AK 99801	Salmon Creek, LLC	1550	2.182296774	Office	4/30/2010	2	One year	Tom Hubble
2493	Juneau	Governor	Mendenhall Mall	Mendenhall Mall; Suite 3; 9109 Mendenhall Mall Road; Juneau, AK 99801	Salmon Creek, LLC	300	2.009933333	Office	4/30/2010	2	One year	Tom Hubble
2500	Juneau	Correction	123 Seward Street	Unknown; 123 Seward Street; Townsite Lot 7 & 8, Block 3; Juneau, AK 99801	B C Leasing	3753	1.286541434	Office	5/31/2010	2	Three years	Tom Hubble
2512	Juneau	Nat Res	302 Gold Street	Unknown; 302 Gold Street; Juneau, AK 99801	Gold Street Properties	5389	2.087596957	Office	6/30/2010	0	0	Tom Hubble
2533	Juneau	Admin; H&SS; Nat Res	400 Willoughby Building	400 Willoughby Building; 400 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	22496	2.049371888	Office	8/31/2014	1	Five years	Tom Hubble
2534	Juneau	F&G	Mendenhall Valley Industrial Park No. 2, Lot 1	Mendenhall Valey Industrial Park No. 2; Brentwood and Jensine; Juneau, AK 99801	University of Alaska	6699	2.417208539	Office	7/31/2013	0	0	Tom Hubble
2572	Juneau	Pub Safety	Sherwood Estates Subdivision	Sherwood Estates Subdivision; 2770 Sherwood Lane; Juneau , AK 99801	JCM Rentals, Inc.	2160	1.082671296	Office	10/31/2010	5	Two year	Tom Hubble

Does not include additional parking costs associated with a specific lease.

Juneau Office Space
Web Lease Report as of 3/16/2009

Lease	Location	Tenants	Common Name	Property Name & Address	Lessor Name	Sq Feet or Other Units	Cost per SqFt or Unit (Monthly)	Space Type	Expiration Date	Options Remaining	Option Duration	Contracting Officer
1570	Juneau	Transp &PF	Mendenhall Valley Industrial Park	Mendenhall Valley Industrial Park; Lot 3A2, subdivision of Lot 3A; Juneau, AK 99801	Rainbow Development Company	1900	1.17	Office and other types of space	12/31/2009	9	One year	Tom Hubble
2131	Juneau	Admin; Enviro Con; H&SS	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	40286	2.050158368	Office and other types of space	11/30/2010	2	Five years	Tom Hubble
2214	Juneau	H&SS	Goldstein Building	Goldstein Building; 130 Seward Street; Juneau, AK 99801	Goldstein Improvement Company	5631.3	1.754999734	Office and other types of space	1/31/2013	5	One year	Tom Hubble
2517	Juneau	H&SS	Glacier Industrial Subdivision	Glacier Industrial Subdivision; 5441 Commercial Boulevard; Juneau, AK 99801	Granite Mountain Properties, LLC	9553	2.728115775	Office and other types of space	10/31/2022	2	Five years	Tom Hubble
2570	Juneau	Admin	3141 Channel Drive	3141 Channel Drive; Juneau, AK	Yukon Koyukuk School District	4425	1.25	Office and other types of space	6/30/2009	0	0	Tom Hubble

ATTACHMENT #5

Memorandum of Agreement #8084
February 24, 2009

2009 FEB 26 PM 4 28
DIVISION OF GENERAL
SERVICES & SUPPLY

PARTICIPANTS

State of Alaska, Department of Administration, Division of General Services, ("DOA/DGS").

State of Alaska, Department of Natural Resources, Mental Health Trust Land Office, ("MHTLO"), on behalf of the Alaska Mental Health Trust Authority (AMHTA).

PURPOSE

To memorialize the desire and commitment by DOA/DGS and MHTLO to conduct good faith negotiations for entry into long term office and surface parking leases.

AUTHORITY

- Pursuant to Alaska Statute 37.14.009(a)(2), 38.05.801 and 11AAC99, MHTLO is legally authorized to negotiate and execute a Lease Agreement.
- Pursuant to Alaska Statute 36.30.080 and 36.30.850(c), DOA/DGS is legally authorized to negotiate and execute a Lease Agreement with MHTLO.

AGREEMENTS

- DOA/DGS desires to lease office and surface parking from MHTLO for the purpose of replacing existing lease space in Juneau, Alaska for the Department of Labor, Department of Public Safety, Department of Fish and Game, Alaska Department of Corrections and Department of Administration.
- MHTLO has proposed the construction of a new office building and limited on-site parking to be constructed on the existing Subport surface parking lot that is owned by AMHTA.
- DOA/DGS desires to enter into long term office and parking leases with MHTLO. As a matter of sound public policy and in keeping with MHTLO's trust duties, it is understood by the parties that the rental agreement, including rental rates, must be in the best interest of the Trust and its beneficiaries.

In order to facilitate commencement of a preliminary design of the new office building and parking area, DOA/DGS and MHTLO set forth basic terms and conditions each party anticipates would be included in the lease if the contingencies noted below are met:

I. Purpose of Office Building Lease

a) Replace expiring State lease #1607, Alaska Department of Labor Building Headquarters, Juneau, AK, approximately 70,000 s.f.

b) Replace portion of expiring State lease #1627, Alaska Department of Labor Building, Vocational Rehabilitation located in the Goldbelt Building, Juneau, AK, approximately 3,000 s.f.

c) Replace existing State Lease #4009, Alaska Department of Administration, Division of Office of Administrative Hearings, approximately 2,400 s.f.

d) Replace existing State Lease #1011, Alaska Department of Public Safety approximately 8,700 s.f. e) Replace existing State Lease #4023, Alaska Department of Fish and Game, approximately 22,615 s.f.

e) Replace existing State Lease #4022, Alaska Department of Corrections, approximately 9,201 s.f.

f) (Referencing a, b, c, d and e above) – Provide commercially reasonable building visitor, executive State and ADA-compliant accessible on-site parking at new office building. Quantity TBD and agreed upon by all parties.

II. Purpose of Surface Parking Lease

a) Provide approximately 392 parking spaces on the existing Subport area to be used by the State employees working in the new AMHTA Building located on the Subport parcel. MHTLO reserves the unilateral right to relocate parking by State employees from the existing Subport area to a "new parking garage" at a location of MHTLO's choosing, consistent with any required regulations for State employee parking.

III. Term

20 year fixed term full service lease with two 10-year options to renew. This applies to the office building and the surface parking as per AS 36.30.83. Rights of renewal shall be exercised at the sole option of DOA/DGS upon appropriate notice.

IV. Lease Conditions

As mutually agreed upon by all parties.

V. Critical Dates

a) Approximate date office building construction starts, June 30, 2010.

b) Approximate date office building construction is completed, May 15, 2012.

c) Approximate date tenants occupy, June 1, 2012.

VI. The execution of a lease between DOA/DGS and MHTLO is subject to:

a) CBJ approval of a Rezone from Marine commercial to Multi-Use MU-2 and an Allowable Use Permit approval for building height variance and parking ration calculation variance;

b) Approval of a Traffic Impact Analysis by CBJ with conditions acceptable to MHTLO;

c) Approval of all necessary platting actions by CBJ with conditions acceptable to MHTLO;
d) State legislative approval for Certificates of Participation bond financing and third party financing with acceptable conditions to AMHTA, if necessary;
e) Any legislative or administrative approval necessary to carry out this transaction; and
f) AMHTA Board of Trustee approval and a written decision of best interest and consistency finding that the granting of a lease to DOA/DGS is in the best interest of the Trust, as per 11 AAC 99.040, and all other applicable statutes and regulations.

The undersigned agree to the expressed terms and conditions set out in this Memorandum of Agreement. No other changes may be made unless agreed by all parties in writing and execution of an Amendment to this Agreement.

M. Mun — 2.24.09

Harry Noah — Date
Executive Director
Department of Natural Resources
Mental Health Land Trust Office

2/27/09

Vern Jones — Date
Chief Procurement Officer
Department of Administration
Division of General Services

ATTACHMENT #6

STATE OF ALASKA
STANDARD LEASE FORM
LEASE xxx

IN THE EVENT THERE IS A CONFLICT BETWEEN THE TERMS AND CONDITIONS OF THIS LEASE AND THE TERMS AND CONDITIONS OF THE CHOOSE SOL. TYPE, THE TERMS AND CONDITIONS OF THE CHOOSE SOL. TYPE WILL PREVAIL.

THIS LEASE, entered into this _____ day of _____ 2000,

and to be recorded in the **Recording District**, by and between:

hereinafter called the Lessor, and

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION –
550 WEST 7TH AVENUE, SUITE 601
ANCHORAGE, ALASKA 99501-3558

hereinafter called the Lessee.

The Lessor hereby leases to the State of Alaska the following described premises:

to have and to hold the same, with all appurtenances unto the Lessee for the term of five (5) year **beginning on the day of 2003 and ending on the day of ,** **200** at and for the **rental of $ per month** payable on the first day of each and every month of said term at the office of the Lessor or in advance at the option of the Lessee. Payment for any partial months occupancy shall be prorated based on a thirty (30) day month. Beginning on the monthly rental rate shall be reduced to , plus applicable adjustments specified in this lease.

COVENANTS OF THE LESSEE

1. The Lessee does hereby covenant and agree with the Lessor that it will:

   a) pay said rent at the times and place and in the manner aforesaid;

   b) use and occupy said premises in a careful and proper manner;

   c) not use or occupy said premises for any unlawful purpose;

   d) not assign this lease, not underlet said premises, nor any part thereof, without the written consent of the Lessor, provided however such consent shall not be unreasonably withheld;

   e) not use or occupy said premises or permit the same to be used or occupied, for any purpose or business deemed extra-hazardous on account of fire or otherwise;

f) make no alterations or additions in or to said premises without the written consent of the Lessor, such consent shall not unreasonably be withheld;

g) leave the premises at the expiration or prior termination of this lease or any renewal or extension thereof, in as good condition as received or in which they might be put by the Lessor, excepting reasonable wear and tear and/or, loss or damage caused by fire, explosions, earthquakes, acts of God, other casualty or as provided for in section 2.b below;

h) permit the Lessor to enter upon said premises at all reasonable times to examine the conditions of the same;

COVENANTS OF THE LESSOR

2. And the Lessor on its part covenants and agrees with the Lessee that it will:

a) maintain the demised premises in good repair and tenantable condition during the continuance of this lease or any renewal or extension thereof;

b) indemnity: the Lessor shall hold and save the State, its officers, agents and employees, harmless from liability of any nature or kind, including costs and expenses for or on account of any and all suits or damages of any character whatsoever resulting from injuries or damages sustained by any person or persons or property by virtue of any act performed by the Lessor or the Lessor's agents and employees pursuant to this lease; the Lessor shall also assume all

insurable risks and bear any loss of injury to property or persons occasioned by neglect or accident during the tenure of this lease, excepting only sole negligence of the Lessee.

c) furnish heat and cooling, electricity, water, trash removal, and sewage disposal without additional cost to the Lessee;

d) furnish heating and cooling to all the office space and similar type space uniformly within a 68 degrees Fahrenheit to 72 degrees Fahrenheit temperature range. Heating and cooling in the computer room shall be maintained at a uniform temperature between 60 degrees and 65 degrees Fahrenheit;

e) furnish men and women's restrooms that have hot and cold running water at all lavatories and similar fixtures and which shall be equipped with mirrors, disposals for feminine hygiene products and dispensers for soap, toilet tissue, sanitary seat covers and paper towels. Women's restrooms shall also be equipped with sanitary napkin dispensers.

f) maintain and keep the stairway and common or public hallway used for access to the leased premises in a clean and safe condition;

g) maintain the premises in keeping with good fire prevention practices. The State reserves the right, at reasonable times, to enter and make fire prevention and fire protection inspections of the building and space occupied. Recommended improvements will be given every consideration by the Lessor;

h) the Lessor agrees that facilities provided in this lease are tenantable and that they comply with all laws pertaining to tenantability and performance of this provision is insured by the Lessor agreeing to pay the cost of any building alterations which may be needed during the period of the Lessee's occupancy for purposes of correcting any violation of the law cited by a regulatory agency of government not directly a result of the State's occupancy.

If during the term of this lease, or any renewal or extension thereof, the premises or any part thereof should be rendered untenantable by public authority, or by fire or the elements, or other casualty, a proportionate part of the rent according to the extent of such untenantability shall be abated and suspended until the premises are again made tenantable and restored to their former condition by the Lessor; and if the premises or a substantial part thereof are thereby rendered untenantable and so remain for a period of thirty (30) days, the state may, at its option, terminate the lease by written notice to the Lessor.

The State's decision shall be controlling as to whether or not the premises are fit or unfit for occupancy. This thirty-(30) day period shall not be so restrictively construed that the Lessee is bound to remain in the leased facility if the State's business cannot be safely executed. If warranted due to unsafe condition, Lessee is free to move elsewhere. If the premises are made tenantable again within this thirty-(30) day period, Lessee will return to the facility for occupancy. Lessee may also choose to recover any excess costs, over the abated lease payments, occasioned by relocation due to unsafe condition.

In the event the Lessor fails to correct any violation or remedy any untenantable condition in the time interval prescribed by law, the Lessee shall be free to terminate the lease, or shall have the option by hiring competent workmen, with the Lessor bearing the cost of all materials and labor. Lessor further agrees that alterations performed by the Lessee to correct OSHA violations will not be construed by the Lessor to constitute a breach of the terms of this lease.

In the event that, in the reasonable judgment of the Lessee the lawful enjoyment of the demised premises is threatened by the interruption or severance of utilities and severance provided hereunder by the Lessor, and when such interruption or severance is due to deliberate, or negligent, or tacitly negligent act of the Lessor, the Lessee shall have the right to bind such utilities and services as are threatened, in the name of the Lessee. The Lessee shall be free to deduct from the lease payments the cost of such utilities and services, together with all necessary deposits and the Lessee's actual administrative costs necessary to procure the utilities and services.

i) maintain the building free of any mechanical, structural or electrical hazards and in a good state of general repair and maintenance. Lessor agrees that after reasonable notice in writing by the Lessee that these obligations have not been satisfactorily fulfilled, the Lessee can then obtain competent workmen to correct the deficiencies, all of which will be paid for by the Lessor. Bills for such work will be sent directly to the Lessor for payment. Should there be any delay in payment by the Lessor, the Lessee shall pay the bills and deduct the cost from

the next month(s) rent payments(s), whichever is determined appropriate by the Lessee.

j) Lessor shall renovate the space by refinishing, or replacing all damaged or worn wall, ceiling, floor covering, window covering or built-in building fixtures at least every CHOOSE # YEARS years of occupancy or at the reasonable request of the occupying State agency. All cost associated with the renovations, including moving expenses, will be the responsibility of the Lessor. If Lessor does not respond to such reasonable renovation requests by the occupying State agency, the State reserves the right to hire competent workmen to accomplish such renovation(s) at the lessor's expense.

k) provide janitorial services per CHOOSE TYPE No.

l) If the leased property is sold during the term of the lease, or an extension thereof, the sale will be made subject to the lease. This also applies to any sale as a result of an encumbrance on the property that existed prior to the execution of this lease.

MUTUAL COVENANTS

3. It is mutually agreed by and between the Lessor and Lessee that:

a) all terms and conditions of the preceding covenants of both Lessee and Lessor are agreeable and accepted in their entirety, except as herein noted;

b) all fixtures and/or equipment of whatsoever nature as shall have been installed in the demised premises by the Lessee, whether permanently affixed thereto or otherwise, shall continue to be the property of the Lessee, and may be removed by it at the expiration or termination of this lease or renewal and at its own expense repair any injury to the premises resulting from such removal;

c) if the Lessee shall at any time be default in the payment of rent herein reserved, or in the performance of any of the covenants, terms and conditions, or provision of this lease, and the Lessee shall fail to remedy such default within sixty (60) days after written notice thereof from the Lessor, it shall be lawful for the Lessor to enter upon said premises and again have, repossess, and enjoy the same as if the lease had not been made, and thereupon this lease and everything herein contained on the part of the Lessor to be done and performed shall cease and determine without prejudice however, it shall be the right of the Lessor to recover from the Lessee all rent due up to the time of such entry. In case of any such default and entry by the Lessor, said Lessor may relet said premises for the remainder of said term for the highest rent obtainable, and may recover from the Lessee any deficiency between the amount so obtained and the rent herein reserved;

d) if the Lessee shall pay the rent as herein provided, and shall keep, observe, and perform all of the covenants of this lease by it to be kept, performed, and observed, the Lessee shall and may, peaceably and quietly, have, hold, and enjoy the said premises for the term aforesaid;

e) this lease and all the covenants, provisions and conditions herein contained shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto;

f) the State shall have the option to renew this lease for ( ) additional CHOOSE NUMBER year periods to be exercised by giving the Lessor written notice prior to the expiration of each term.

ADJUSTMENTS: Adjustments in the lease rate may be made if requested in writing by the lessor at least thirty-(30) days prior to the effective date of the adjustment.

Such adjustments may be made annually to reflect changes in the lessor's variable costs, and defined as all operational cost other than debt service and profit and is expressed as: thirty-five percent (35%) of the base monthly lease rate.

The monthly lease rate may be adjusted effective 200 and each thereafter, and will be made in accordance with the percentage change in the U.S. Department of Labor Consumer Price Index, for the Urban Wage Earners and Clerical Workers (CPI-W), All Items, Anchorage Area, issued for each CHOOSE PERIOD six (6) month average of each lease term.

The percentage difference between the six month average CPI-W in effect for the **base year, CHOOSE PERIOD 200 ( )** and the CHOOSE PERIOD six month average thereafter will determine the maximum allowable adjustment of the variable costs over the base monthly lease rate.

Base monthly lease rate is $

Adjustment to the monthly lease rate will be computed as follows:

[(Variable Cost Percentage X Base Monthly Lease Rate) X Percentage of Change In CPI)] + Base Monthly Lease Rate will equal (=) the adjusted monthly lease rate.

The formula is expressed as:

[(35% x Base Monthly Lease Rate) x % change in CPI] +Base Monthly Lease Rate = Adjusted Monthly Lease Rate.

RETROACTIVE adjustments will not be allowed.

g) this lease is subject to all applicable laws of the State of Alaska or local government;

h) FISCAL NECESSITY – NON-APPROPRIATION OF FUNDS: The fiscal year for the Sate of Alaska is a twelve-month period beginning July 1 and ending June 30 of the following calendar year. Lease payments from the State are subject to annual appropriation of funds by the Alaska State Legislature. After the initial fiscal year of the lease, the State has the right to terminate this lease in whole, or in part, if (1) the Alaska State Legislature fails to appropriate funds budgeted for continuation of this lease, and/or (2) the Alaska State Legislature fails to appropriate funds to the occupying agency(s) that results in a material alteration or discontinuance, in whole or in part, of the occupying agency(s)' programs. The termination of the lease for fiscal necessity and non-appropriation of funds

under this section shall not cause any penalty or liability to be charged to the State, and shall not constitute a breach or an event of default by the State.

i) all conditions and covenants of the lease shall remain in full force and effect during any extension hereof. Any holding over after the expiration date of this lease or any extension or renewal thereof, shall be construed to be a tenancy from month to month, at the same monthly rental and on the terms and conditions herein specified so far as applicable;

j) this lease is written as a result of State of Alaska CHOOSE SOL TYPE XXXX opened , 200 , copy attached, which is hereby made a part of this lease and all terms and conditions of said CHOOSE TYPE are binding upon the Lessee and Lessor, their agents or assigns;

k) time is of the essence of this lease.

Other Provisions

4. The following additional provisions, modifications, exceptions, riders, layouts and or forms were, are, agreed upon prior to execution and made a part hereof:

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year written below.

Lessor: **Lessee: STATE OF ALASKA**

By: _____ **By:** _____
CHOOSE CO NAME
Contracting Officer

Title: _____

Date: _____ **Date:** _____

ACKNOWLEDGMENT OF LESSOR:
STATE OF ALASKA
CITY OF

This is to certify that on this **day of** **, 2004** before me a Notary Public in and for the State of Alaska duly commissioned and sworn personally appeared _____ to me known and known by me to be the person(s) described in and who executed the instruments set forth above and severally stated to me under oath that (he, she) is _____ and that (he. She) has been authorized by _____ to execute the foregoing lease amendment for and on behalf of the said company, corporation, individual, or other entity and they executed same freely and voluntarily as a free act and deed of **Same.**

WITNESS my hand and official seal the day and year this certificate first above written.

_____
Notary Public for Alaska
My Commission Expires: _____

Residing at: _____

ACKNOWLEDGMENT BY LESSEE: *STATE OF ALASKA*
STATE OF ALASKA
CITY OF ANCHORAGE

This is to certify that on this **day of** **, 2004** before me a Notary Public in and for the State of Alaska duly commissioned and sworn, personally appeared **CHOOSE NAME** to me known and known by me to be the person described in the executed instruments set forth above as an agent of the Division of General Services of the State of Alaska and that this person has been authorized by the State of Alaska to execute the foregoing lease amendment on behalf of said State of Alaska and that this person executed the same freely and voluntarily as the free act and deed of the State of Alaska.

WITNESS my hand and official seal the day and year this certificate first above written.

Wendy M. Gillespie
Notary Public for Alaska
My Commission Expires: December 17, 2007
Residing at: Anchorage, Alaska

OFFICIAL STATE BUSINESS -- NO RECORDATION CHARGE
After Recordation, Return Document To:
State Of Alaska - Department Of Administration
Division Of General Services
Leasing Section
550 West 7th Avenue, Suite 601
Anchorage, AK 99501-3558

LEASE No. **XXXX**

Standard Lease template

Initial_____ Initial_____

ATTACHMENT #7

The TRUST LAND OFFICE

March 16, 2009

Kevin Brooks
Deputy Commissioner
Department of Administration

Dear Kevin:

Please find attached the Trust Land Office response to the information requested by Representative Millett, March 16, 2009, related to House Bill 161 sponsored by Representative Munoz, et al.

Question 5
Per our discussion I am responding to number 5 with the attached two page financial spreadsheet. These cost estimates were developed by our architect (Jensen, Yorba, Lott) through an extensive programmatic design and survey of state employee office space requirements and a conceptual building design to accommodate their needs.

The building concept design cost estimate was performed by HMS, a construction cost estimating firm used widely throughout the state of Alaska. HMS developed the hard building costs of the Subport Office Building. Added to that hard cost is the state required One Percent for the Arts.

Presently, the TLO continues its due diligence undertaking with a budgeted item of $230,000. The indirect (soft) costs includes architectural, permitting, design and management and equipping of the building totaling $42,898,000.

Construction financing during the course of construction (18 months) is estimated to be $2,400,000. The summation of hard costs, arts, soft costs and construction financing totals $45,311,000 at our current estimate.

The second spreadsheet details the division of financing costs between COPs and The Trust contribution over a period of twenty years; then through the first 10-year renewal period of the state's occupancy. Please note the black line boxes indicating 0.941% reflecting the state's proportional occupancy of the gross building area.

If you have any questions about the numerical presentation please call me at 907/269-8688.

Question 6
Under an agreement with the Department of Natural Resources, and as a result of the 1994 Settlement Agreement, the Trust can nominate "in-lieu" lands for lands already

Alaska Mental Health Trust Land Office
718 L Street, Suite 202 Anchorage, Alaska 99501 Tel: 907-269-8658 Fax: 907-269-8905 www.mhtrustland.org

conveyed to the Trust that may be contaminated or in other respects inconsistent with Trust management principals of Trust assets. Under this program, the TLO has nominated the parcel of land where the current Department of Public Safety building sits on Whittier Street. This parcel will be conveyed to the Trust as a replacement land after DPS employees migrate to the new Subport Office Building. All of this occurs without cost to the State or the Trust through the Replacement Lands program.

The Trust would be eager to evaluate using this same technique to acquire the Douglas Island state office building. Contact Marcie Menefee if you have questions at 907/269-8753.

Question 8
The answer to number 8 is adequately addressed in question #5 along with the two attached spreadsheets.

Thank you and if you have any questions or comments please feel free to contact me at anytime.

Sincerely,

Timothy J. Spernak
Senior Resource Manager
TLO

Attachments

5152

ATTACHMENT - B

Juneau Subport Office Project
Projected Cost and Revenue (20 and 30 years)
First SOA Lease Renewal (Ten Years at 55% of Debt Expenses)

SOA Lease Cost		20 Years	TLO Amort Balance 1st Renewal	30 Years
Scenario (1)	50%/50% LTV - 20 Yr COP's & 30 Yr TLO	$70,971,575	$19,517,183	$90,488,758
Operating Expenses		$28,546,340	$19,666,094	$48,212,434
Ground Lease		$14,491,926	$7,245,963	$21,737,889
Total Scenario (1)		**$114,009,841**	**$46,429,241**	**$160,439,082**

	COP Bonds	Total	TLO Contribution
PV	$22,655,702	$45,311,404	$22,655,702
i	5.50%		7.50%
n=months	240		360
PMT	$155,845		$158,411
SOA	*0.941*		*0.941*
Mo. PMT	$146,650.15		$149,064.75

					Ground Lease	Operating $$ Comp @ 2.2%	Totals
YR PMT	$1,759,801.74		$1,788,777.01	$3,548,578.75	YR	$724,596	$1,151,656	$5,424,830.75
20 Yr	**$35,196,034.80**		**$35,775,540.24**	**$70,971,575.04**	20 Yr	$14,491,926	$28,546,340	$114,009,841.04
	Rate Change				10Yr	$7,245,963	$19,666,094	
30 Yr Sum	$35,196,034.80	$19,517,183.31	$35,775,540.24		30 Yr	$21,737,890	$48,212,434	$160,439,082.35

	COP		TLO
Yr PMT	$1,759,801.74		$1,788,777.01
		$3,548,578.75	
	COP & TLO @ 5.5%	0.55	
	Per Year	$1,951,718.31	
	Times 10 Years	$19,517,183.13	
	Revenue 1st Renewal	$1,951,718.31	
	TLO Debt Service	$1,788,777.01	
Yearly	Net After Debt Service	$162,941.30	

20 Yr Cops	$35,196,034.80
20 yr TLO	$35,775,540.24
10 @ 55% TLO & COP	$19,517,183.13
30 Yr Ground	$21,737,890.44
30 Yr Opr	$48,212,435
Total 30 Years	$160,439,083.34

Per JYL 1-28-2009			
Office Building area Occupied by:		**SOA/DOA**	***0.941***
Per Wayne Jensen 1/28/2009		**Retail**	**0.059**
Per HMS Office Building Hard Costs			$36,940,752.00
1% Arts			$369,407.52
[redacted]			[redacted]
[redacted]			[redacted]
[redacted]			[redacted]
			$42,898,371.00
Construction Financing:	7.5% @ 18 mo.	0.1125	
	at 50% of 18 mo.	0.5	[redacted]
Total Project: Costs to Deliver.			[redacted]
Capitol Costs:			[redacted]

HB

162

<target><bill>HB 162</bill><subject>HB
162</subject><comm>HFIN26</comm></target>

SARAH PALIN
GOVERNOR
GOVERNOR@GOV.STATE.AK.US

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 25, 2009

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill establishing the Southeast State Forest and relating to the Southeast State Forest. This legislation is one important piece of our overall strategy to revitalize the timber industry and expand wood energy in Southeast Alaska.

This bill designates approximately 25,291 acres of state land as the Southeast State Forest. These lands are presently used for timber harvest, but they are designated "General Use" land, and there is no certainty that they will continue to be available for forest management in future decades. Establishing a Southeast State Forest enables the division of forestry in the Department of Natural Resources to manage this land to increase long-term timber supply for local processors and wood energy needs, provide near-term jobs in thinning, and retain the land in state ownership for multiple uses.

In Southern Southeast (SSE) Alaska, demand for state timber exceeds supply. Most SSE timber is on federal land, but federal timber sales have declined drastically. Local mills now depend heavily on state timber for survival. The state is committed to finding long-term solutions through cooperative efforts to increase economically feasible federal timber sales, and maximizing the sustainable supply of timber from the small state timber base.

Second-growth stands that have been thinned have higher volumes per acre, less impact on wildlife, and shorter rotations. However, thinning is a long-term investment, and is only cost-effective if the land will continue to be available for forest management. A Southeast State Forest will retain the land for long-term forest management, and provide 8 - 10 jobs annually during the thinning season.

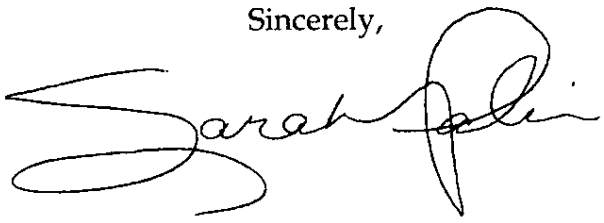
The proposed Southeast State Forest includes 20 parcels totaling approximately 25,291 acres. Parcels are General Use lands on Prince of Wales (8,708 acres), Tuxekan (200 acres), Kosciusko (2,680 acres), Heceta (2,010 acres), Revilla (324 acres), and Gravina islands (5,878 acres), and on the mainland at Crittenden Creek and Bradfield Canal (5,490 acres).

This land would be managed under the State Forest statutes located at AS 41.17.200 - 41.17.230. It would continue to be open for multiple use, including wildlife harvest and recreational activities. Current Department of Natural Resources area plans will continue to direct management until a specific plan, involving interagency and public review, for the forest is adopted. Of these designated lands, approximately 655 acres will be offered for harvest in the near term (within the next two years). The remainder will be scheduled for harvest later, in accordance with the adopted management plan.

Because the City and Borough of Wrangell has not yet selected its full municipal entitlement, and some of the designated lands fall within its municipal boundaries, the bill provides that selections may still be made from those lands. If new municipalities are recognized, this bill will not affect their entitlement amounts, but will prevent these designated lands from being selected.

This bill is an important part of Alaska's effort to maintain timber as part of the southeast economy. I urge your prompt and favorable action on this measure.

Sincerely,



Sarah Palin
Governor

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: April 10, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4-13-09

The FINANCE Committee considered: **HOUSE BILL NO. 162**

"An Act establishing the Southeast State Forest and relating to the Southeast State Forest; and providing for an effective date."
HB 162 SOUTHEAST STATE FOREST

Recommends it be replaced with [ ] HCS *or* [ ] CS *for* _____ (_____)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
DNR	1			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	THOMAS	✓			
	GARA			✓	
	CRAWFORD			X	
R Foster	FOSTER	X			
	AUSTERMAN	X			
	KELLY			X	
	FAIRCLOUGH	X			
	SALMON			X	
	TAUBE	X			
Chair:	STOLTZE			X	
Chair:					

5157

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 162
(H) Publish Date: 3/2/09

Identifier (file name): 0012-DNR-FOR-02-09-09
Dept. Affected: Natural Resources
Title: Southeast State Forest
RDU: Resource Development
Component: Forest Management & Development
Sponsor: Rules Committee
Requester: Governor
Component Number: 435

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: *(Attach a separate page if necessary)*

This bill establishes a 25,291-acre State Forest in Southern Southeast Alaska by redesignating certain state-owned parcels. A timber management plan would be developed to actively manage the parcels for higher timber volumes per acre, shorter rotations and less impact on wildlife. This would involve thinning young second-growth stands; a long-term investment not justified for undesignated lands.

Implementation of this bill will not require new positions or funding. The bill will have no short-term impact to the revenue stream, but will provide for long-term increases in forest productivity and subsequent increased timber revenues.

Prepared by: Chris Maisch, Director
Phone 451-2660
Division: Division of Forestry
Date/Time: February 9, 2009
Approved by: Tom Irwin, Commissioner
Date: February 9, 2009
Natural Resources

(Revised 9/10/2008 OMB)

5158

STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

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550 WEST 7TH AVENUE, SUITE 1400
ANCHORAGE, ALASKA 99501-3650
PHONE: (907) 269-8431
FAX: (907) 269-8918

March 2, 2009

Sectional Analysis
HB 162
Establishing the Southeast State Forest and relating to the Southeast State Forest; and providing for an effective date

This bill would establish a new Southeast State Forest (SESF). The SESF would be managed as part of the State Forest System under AS 41.17.200-.230. Lands in the State Forest would continue to be open for multiple uses, including wildlife habitat and harvest and recreational activities. The State Forest designation would not affect the Wrangell Borough municipal entitlement, nor would it affect calculation of entitlement acreage for future municipalities in southeast Alaska.

Section 1 – Southeast State Forest.

Legal descriptions. Section 1, subsections (a) and (d) provide legal descriptions for the lands to be designated as the Southeast State Forest (SESF). Designated lands include 20 parcels totaling approximately 25,291 acres (see chart) on Prince of Wales, Tuxekan, Kosciusko, Heceta, Revilla, and Gravina islands, and on the mainland at Crittenden Creek. These parcels are an important part of the state timber base, but are classified as General Use land, which may be sold in the future. Legislatively designating a State Forest would ensure that some land will remain available for long-term forest management, and enable thinning to increase timber volumes. Designated lands exclude areas identified as important sites for future state land disposals.

Management plan and transportation corridor. Subsection (b) directs DNR to prepare a management plan for the Southeast State Forest. Under AS 41.17.230 a management plan is required within three years after a State Forest is established. State Forest management plans must consider and permit multiple uses, include recreation and tourism, mining, use of fish and wildlife, and other traditional uses, unless the Commissioner issues a site-specific written finding that a use in incompatible with one or more other uses. Public, interagency, and Board of Forestry review is required prior to adoption of a State Forest management plan. As in other state forests, Subsection (c) states that the DNR Commissioner may also establish transportation corridors within the State Forest.

Municipal entitlements. Subsection (e) clarifies the relationship of the Southeast State Forest to current and potential municipal entitlements. State Forests can affect the amount of land a municipality is entitled to select, and the land

available for selection. The amount of land a municipality may select is based on the maximum total acreage of vacant, unappropriated, unreserved (VUU) land in the borough boundaries within two years after the date of incorporation (AS 29.65.030). Municipal selections are limited to VUU land. Land classified as General Use land is VUU land, but State Forests are not.

The SESF is designed to have no impact on Wrangell Borough land selections. The amount of land that Wrangell Borough may select is already fixed by its date of incorporation, and this bill specifies that the Wrangell Borough may select State Forest land within the borough boundary. Three parcels in the SESF are within the Wrangell Borough boundary.

If new municipalities are incorporated before June 30, 2019, the SESF will not affect the amount of land that they can select. The bill specifies that State Forest lands that were VUU land before establishment of the State Forest will be included in the calculation of the entitlement acreage. However, parcels in the SESF may not be selected. If municipalities form after 2019, the amount and location of their entitlement would be based on the VUU land at that time.

Section 2. Regulations. This section authorizes DNR to immediately adopt regulations to implement the bill.

Section 3. Effective date for regulations. Under Section 3 the authority to adopt regulations (Section 2) takes effect immediately.

Section 4. Effective date for State Forest. Section 4 provides for an effective date of July 1, 2008.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

BOARD OF FORESTRY

SARAH PALIN, GOVERNOR

550 West 7th Avenue, Suite 1450
Anchorage, AK 99501

April 3, 2009

Representative Bill Stoltze, Co-chair
House Finance Committee
State Capitol, Room 515
Juneau, Alaska 99801-1182

Dear Representative Stoltze,

The Alaska Board of Forestry is pleased to convey its support for HB 162 to establish a Southeast State Forest. The Board of Forestry provides a forum to discuss and resolve issues on forest practices and management of forests on state land (AS 41.17.947(b)). Board members represent diverse constituencies – the timber, fishing, and mining industries, Native Corporations, professional foresters and fish and wildlife biologists, and environmental and recreational organizations.

The Board of Forestry was briefed on the concept of a Southeast State Forest at the November 12, 2008 Board meeting, and on the specifics of HB 162 at the March 18-19, 2009 Board meeting. HB 162/SB127 would establish a 25,291-acre state forest consisting of 20 parcels in southeast Alaska. This land is currently part of the state timber base, but susceptible to future changes in land use designations. Dedication to long-term management helps provide for long-term forest management to support the southeast timber industry and ensure continued multiple use. It also secures a land base suitable for thinning to increase the volume of second-growth timber and reduce impacts on wildlife habitat.

I am pleased to report that on March 18, 2009 the Board unanimously voted to support passage of House Bill 162.

Sincerely,

Chris Maisch, State Forester
Chair, Alaska Board of Forestry

Alaska Board of Forestry

- Ron Wolfe, Alaska Native Corporations
- Rick Rogers, Forest Industry Trade Association
- Wayne Nicolls, Non-governmental Professional Forestere
- Rob Bosworth, Environmental Organization
- Erin McLarnon, Recreation Organization
- Mark Vinsel, Commercial Fisherman's Organization
- Jeff Foley, Mining Organization
- Matt Cronin, Non-governmental Professional Fish/Wildlife Biologist

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

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☐ 550 WEST 7TH AVENUE, SUITE 1400
ANCHORAGE, ALASKA 99501-3650
PHONE: (907) 269-8431
FAX: (907) 269-8918

April 10, 2009

Representative Bill Stoltze, Co-Chairman
House Finance Committee
State Capitol, Room 515
Juneau, Alaska 99801

Re: House Bill 162 – Establishing the Southeast State Forest

Dear Representative Stoltze,

Please accept this request for your consideration to schedule HB 162 before the House Finance Committee at your earliest convenience.

This bill would establish a new Southeast State Forest (SESF) in Southeast Alaska. The SESF would be managed as part of the State Forest System under AS 41.17.200-.230. Designated lands include 20 parcels totaling approximately 25,291 acres on Prince of Wales, Tuxekan, Kosciusko, Heceta, Revilla, and Gravina islands, and on the mainland at Crittenden Creek. Lands in the State Forest would continue to be open for multiple uses, including wildlife habitat and harvest and recreational activities. Legislatively designating a State Forest would ensure that some land will remain available for long-term forest management, and enable thinning to increase timber volumes.

The bill is supported by the Alaska State Forest Association, the Southeast Conference, and Resource Development Council along with recreation groups and surrounding land owners. Attached are a Sectional Analysis, DNR's zero fiscal note and background materials and maps.

If you have any questions regarding the bill, feel free to contact Melanie Lesh, Special Assistant, Department of Natural Resources' and Legislative Liaison at 465-4730, or Marty Freeman, the Forest Resources Program Manager at 269-8473.

Sincerely,

Thomas E. Irwin
Commissioner

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."

5162

Briefing: **HB 162**

Southeast State Forest

DEPARTMENT OF NATURAL RESOURCES -- DIVISION OF FORESTRY

Alaska Department of NATURAL RESOURCES

April 10, 2009

Background. The state Department of Natural Resources manages over 156,000 acres of forest land in Southern Southeast (SSE) Alaska. Of this land, timber management is allowed on approximately 49,000 acres. The state actively manages this timber base to supply wood to local processors. Remaining land is designated primarily for other uses including land sales, recreation, water resources, and fish and wildlife habitat, including over 25,000 acres of legislatively designated state parks, refuges, and public use areas.

In SSE, demand for state timber exceeds supply. The majority of timber in SSE is on federal land, but federal timber sales have declined drastically. Local mills now depend heavily on state timber for survival. The state is committed to finding long-term solutions by:

- maximizing the sustainable supply of timber from the small state timber base.
- working with the US Forest Service to increase economically feasible federal timber sales, and
- accelerating the transition from old-growth harvesting to harvesting second-growth.

There is broad support for shifting timber harvesting in SE Alaska from old growth to second-growth stands. Actively-managed second-growth stands provide more timber volume per acre on shorter rotations, and have less impact on wildlife. Much of the state timber land was inherited from the USFS with young second-growth stands. We can accelerate the shift to second-growth harvesting and increase timber volume on state land by thinning these stands. However, thinning is a long-term investment, and is only justified if the land will continue to be available for forest management. Legislatively designating a State Forest would ensure that some land will remain available for long-term forest management.

Purpose. This bill would establish a new Southeast State Forest from state lands presently used for timber harvest. The Division of Forestry will be able to manage the State Forest for a long-term supply of timber to local processors, and retain the land in state ownership for multiple uses.

Proposed State Forest land. The proposed Southeast State Forest includes 20 parcels totaling approximately 25,291 acres (see chart). Parcels are General Use lands on Prince of Wales, Tuxekan, Kosciusko, Heceta, Revilla, and Gravina islands, and on the mainland at Crittenden Creek. The Division of Forestry worked with the Division of Mining, Land, and Water Management to identify and exclude lands that are priorities for the state land disposal program.

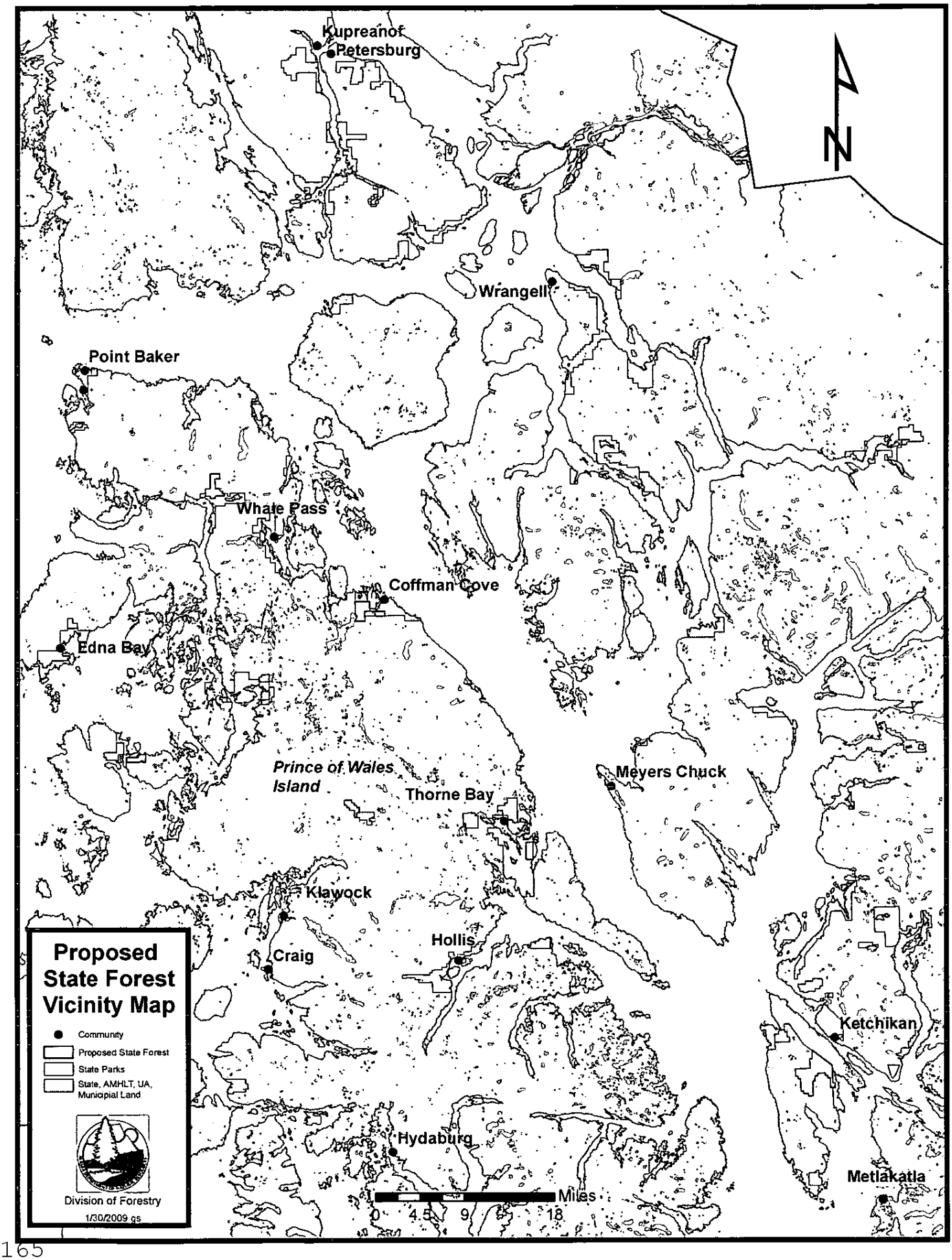
State Forest Management. The Southeast State Forest would be managed as part of the State Forest System under AS 41.17.200-.230. Lands in the State Forest would continue to be open for multiple uses, including wildlife habitat and harvest and recreational activities. State Forest lands would be managed consistent with the management intent under the current Prince of Wales Island and Central Southeast area plans. Changes to management intent would require public and interagency review through adoption of a State Forest Management Plan under AS 41.17.230.

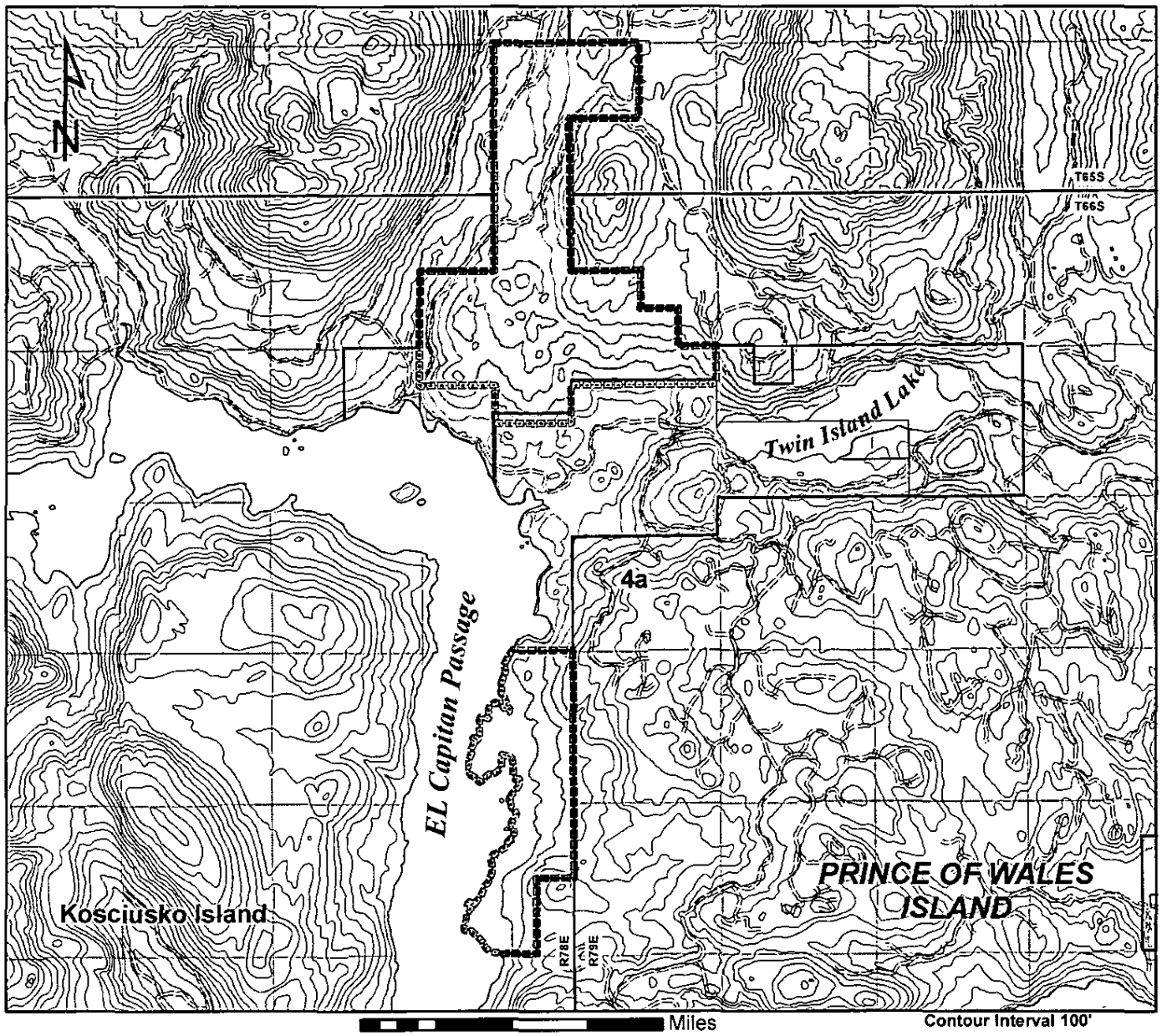
Municipal Entitlements. The City and Borough of Wrangell boundary encompasses three parcels in the proposed state forest (Crittenden Creek and Bradfield Canal East and West). A State Forest designation will not affect the amount or location of land the Wrangell Borough can select. That determination is based on the maximum total acreage of vacant, unappropriated, unreserved land in the borough boundaries within two years after the date of incorporation (AS 29.65.030). However, a borough would not normally be able to select land within a State Forest. To avoid conflicts with the Wrangell entitlement, the Southeast State Forest bill specifies that the Wrangell Borough may select State Forest land within the borough boundary.

If new municipalities are incorporated before June 30, 2019, lands that were vacant, unappropriated, unreserved land before establishment of the State Forest will be included in the calculation of the municipal entitlement acreage, but may not be selected.

PROPOSED SOUTHEAST STATE FOREST

Planning Unit	Acreage	General Location	Island
Prince of Wales Island Area Plan			
4a	1,528.21	El Capitan – North	Prince of Wales
4a	600.44	El Capitan – South	Prince of Wales
6a	1,558.11	Coffman Cove – West	Prince of Wales
6a	320	Coffman Cove – East	Prince of Wales
7b	200	Tuxekan – East	Tuxekan
7c	436.89	Naukati – North	Prince of Wales
7c	640	Naukati – South	Prince of Wales
8b	480	Kosciusko/Edna Bay – North	Kosciusko
8b	2,199.84	Kosciusko/Edna Bay – South	Kosciusko
10a	1,257.92	Heceta Island – West	Heceta
10a	752.8	Heceta Island – East	Heceta
11a	744.32	Control Lake	Prince of Wales
11c	2,040	Thorne Bay – North	Prince of Wales
11c	840	Thorne Bay – South	Prince of Wales
Central Southeast Area Plan			
K-04	324.20	Traitors Cove	Revillagigedo
K-33	901.03	Gravina/Vallenar	Gravina
K-41	4,977.38	Gravina/Bostwick	Gravina
W-01	3,087.72	Crittenden Creek	Mainland
W-19	624.15	Bradfield Canal – West	Mainland
W-20	1,778.56	Bradfield Canal – East	Mainland
TOTAL	**25,291.14**	**20 parcels**	


Kupreanof
Petersburg
N
Wrangell
Point Baker
Whale Pass
Coffman Cove
Edna Bay
Prince of Wales Island
Thorne Bay
Meyers Chuck
Klawock
Craig
Hollis
Ketchikan
Hydaburg
Metlakatla
Proposed State Forest Vicinity Map
Community
Proposed State Forest
State Parks
State, AMHLT, UA, Municipial Land
Division of Forestry
1/30/2009 gs
0 4.5 9 18
Miles



Legend

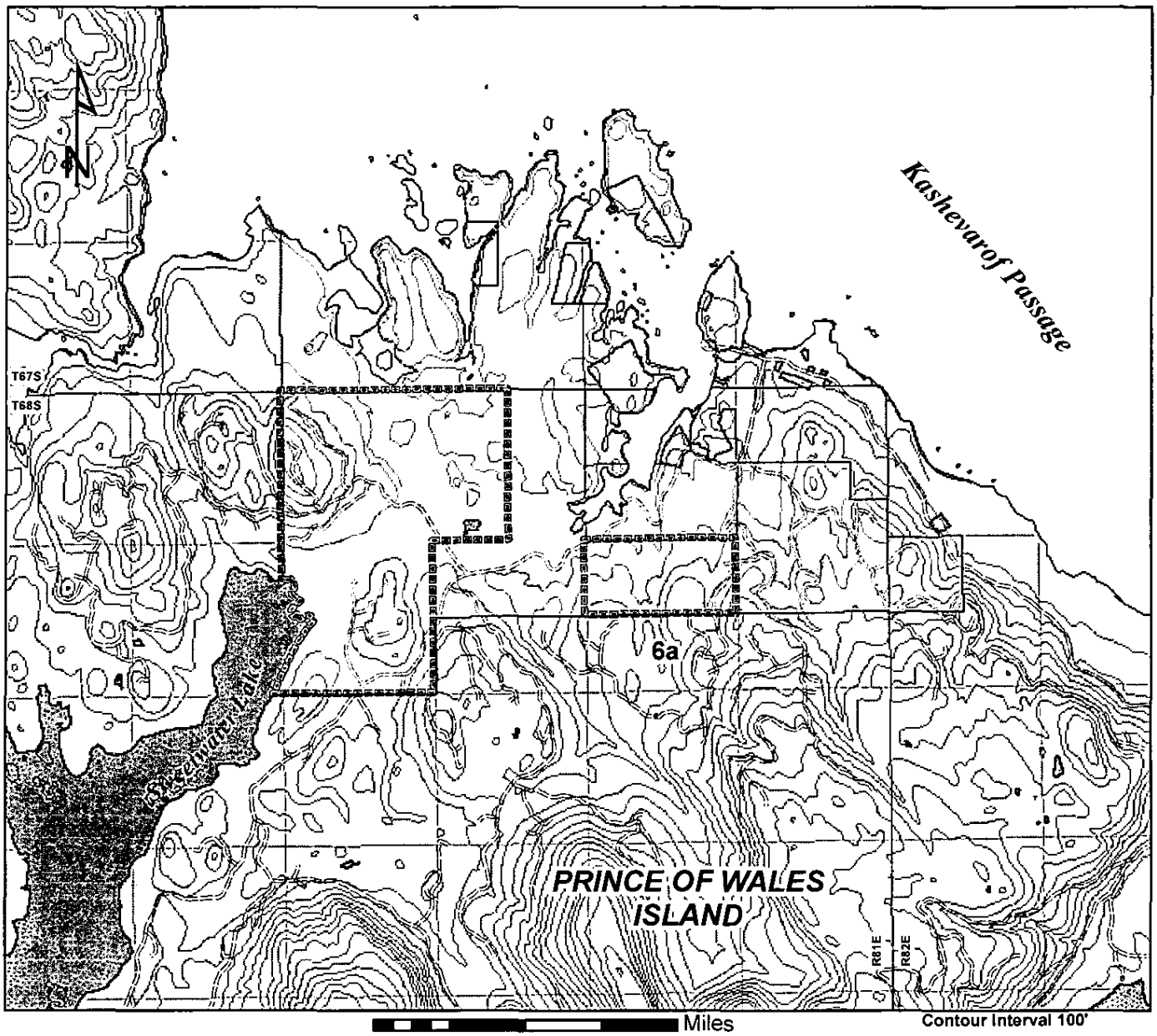
- Property Line
- Proposed State Forest
- GU
- Disposable
- Recreation
- Habitat
- Roads

Proposed Southeast Alaska State Forest El Capitan

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

1/30/09 gs



Legend

- Proposed State Forest
- GU
- Disposable
- Recreation
- Habitat
- Roads

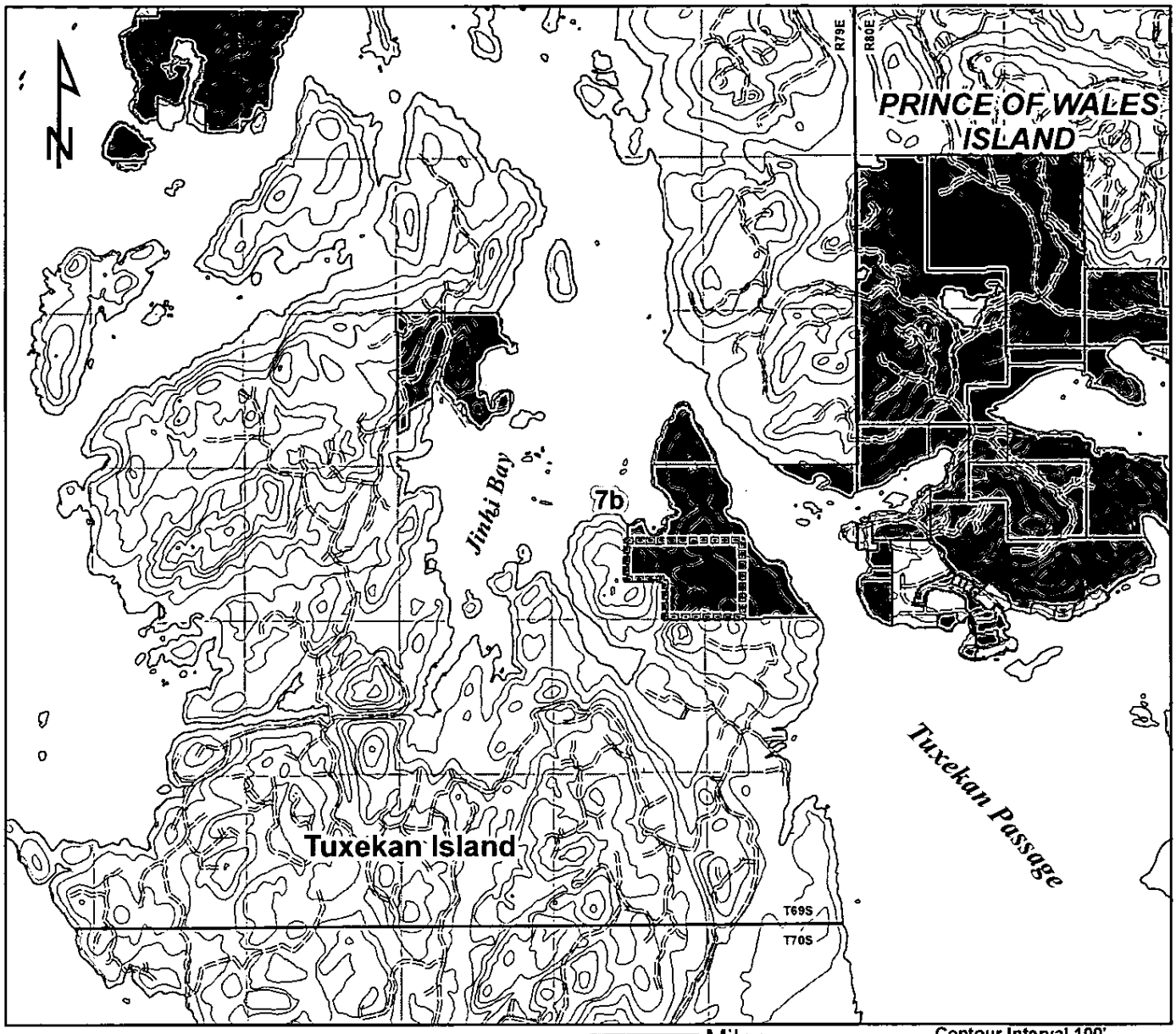
Proposed Southeast Alaska State Forest Coffman Cove

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

1/19/2009 gs

5167



Legend

- Proposed State Forest
- GU
- Disposable
- Recreation
- Habitat
- Roads

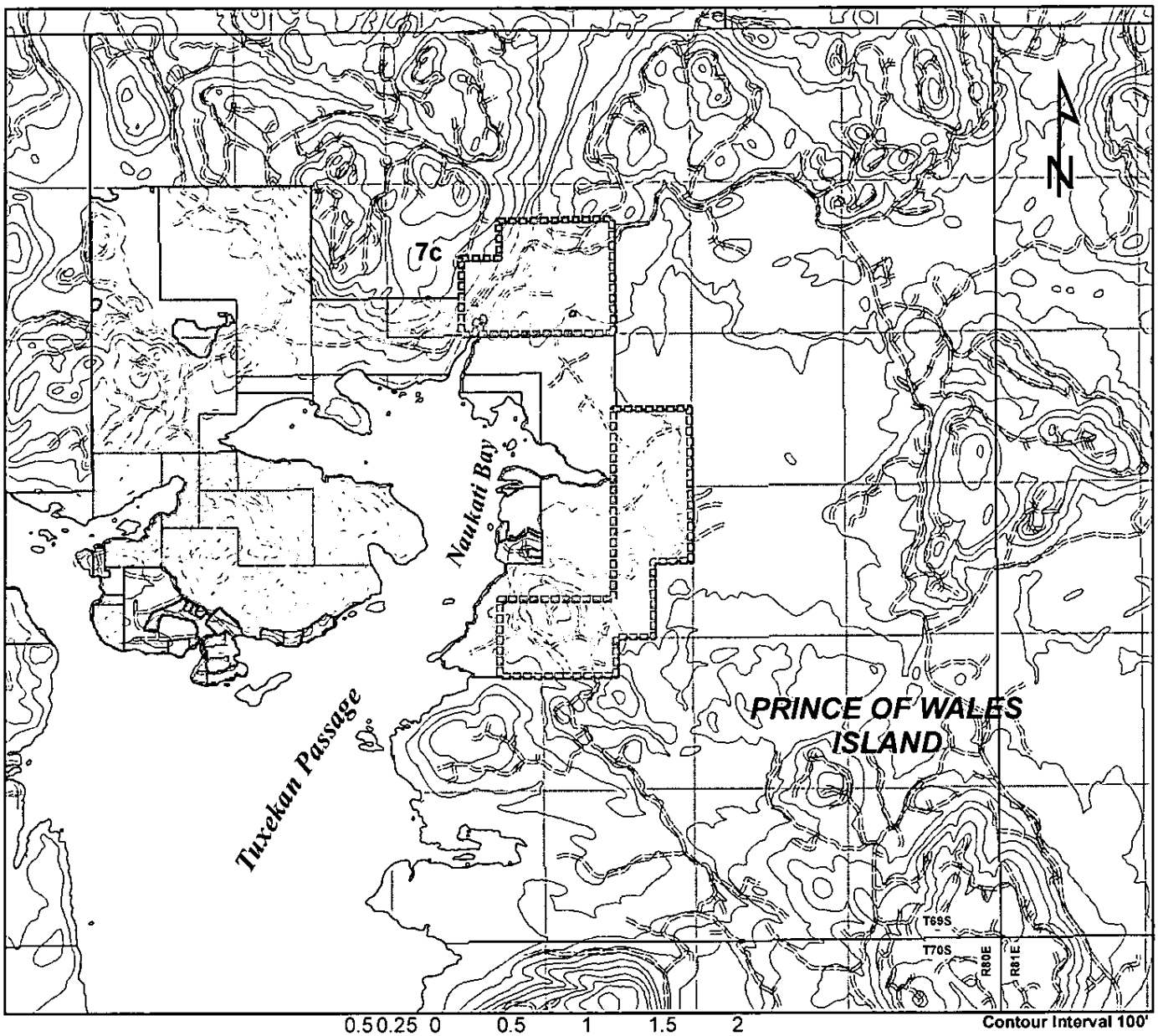
Proposed Southeast Alaska State Forest Tuxekan

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

1/21/2009 gs

5168



1 inch equals 1 miles

Legend

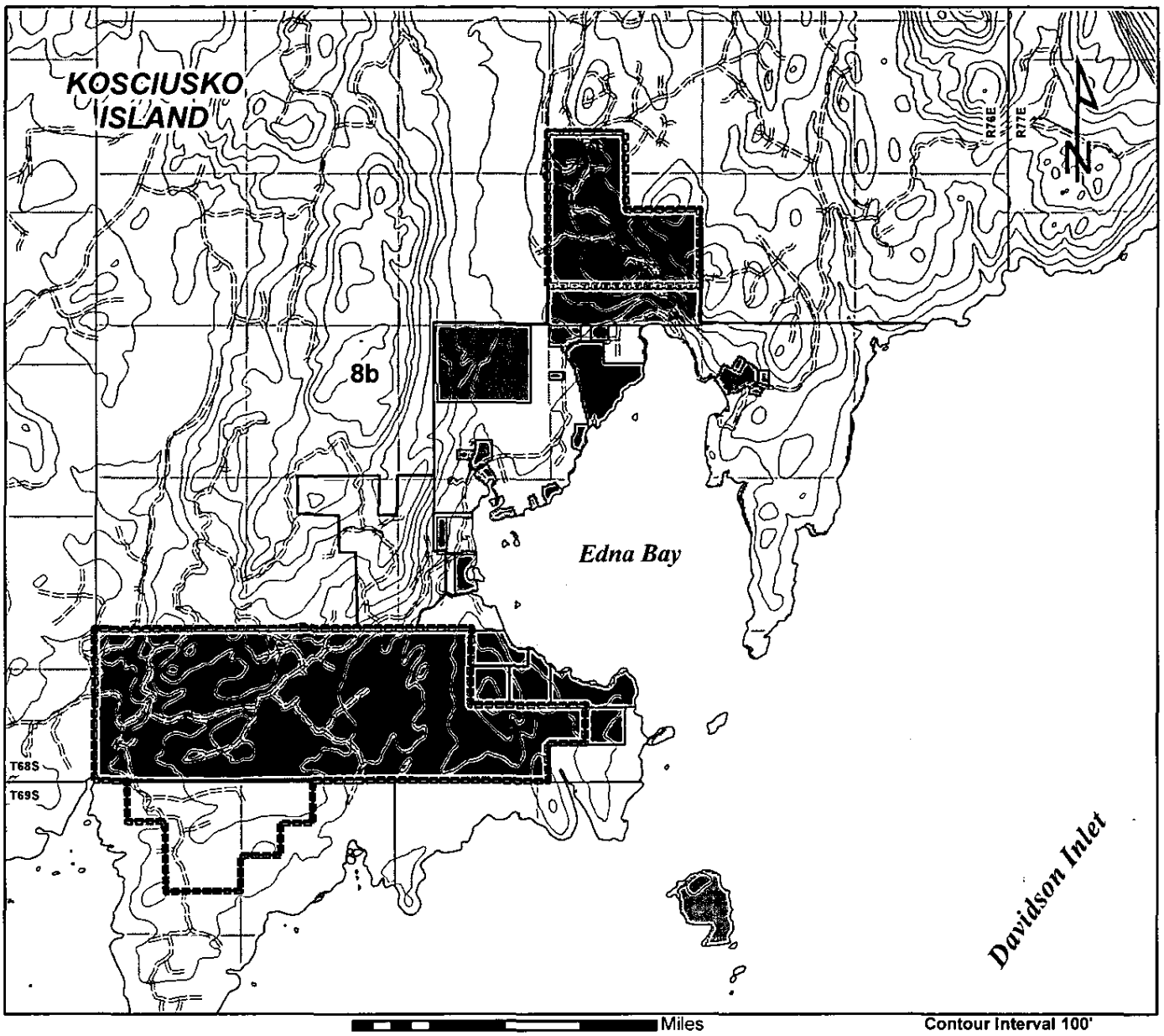
- Proposed State Forest
- GU
- Disposable
- Recreation
- Habitat

Proposed Southeast Alaska State Forest Naukati

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

1/19/2009 gs



Legend

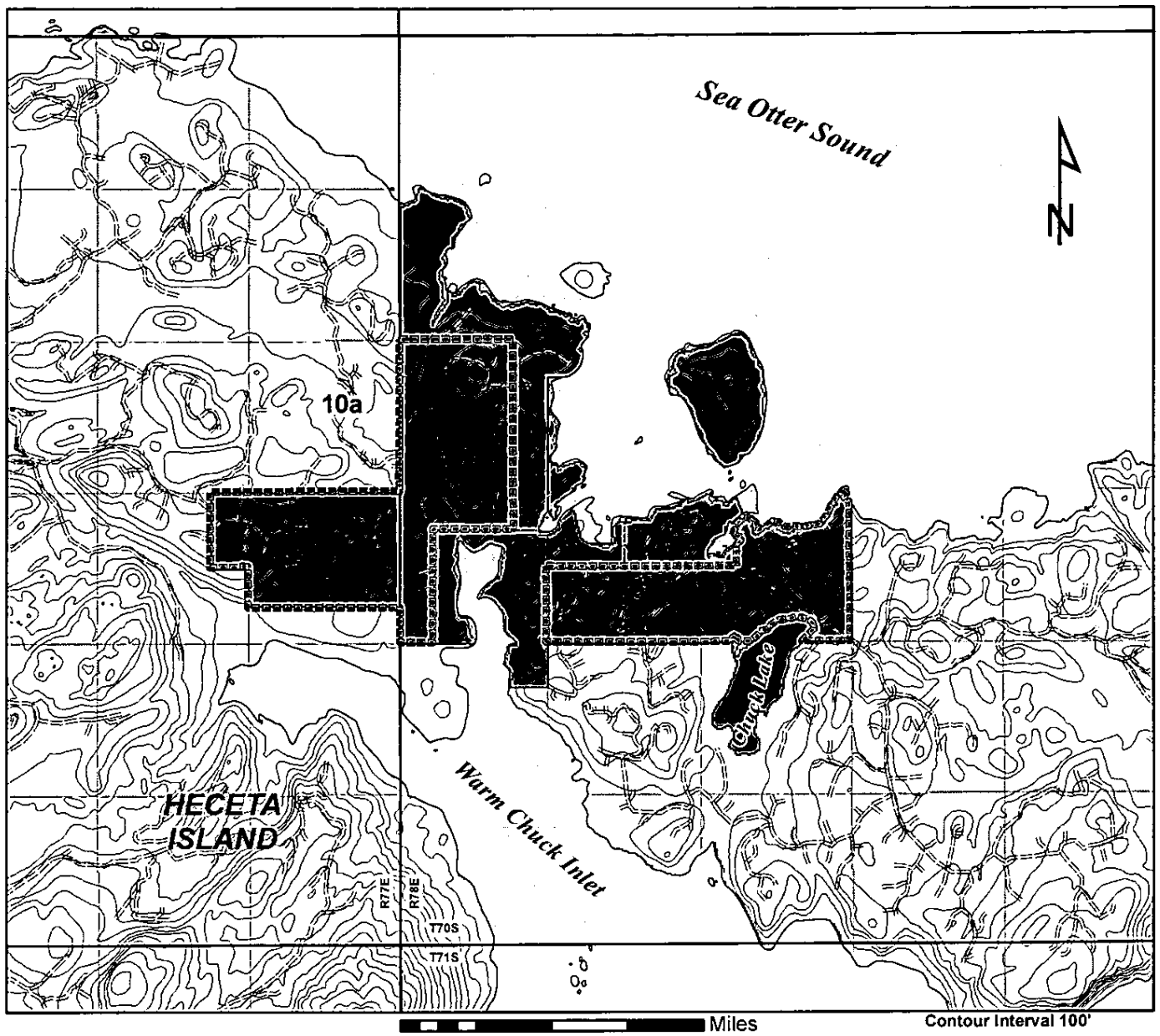
- Property Line
- Proposed State Forest
- Roads
- GU
- Disposable
- Recreation
- Habitat

Proposed Southeast Alaska State Forest Kosciusko (Edna Bay)

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

1/30/09 gs



Legend

- Proposed State Forest
- Roads
- GU
- Disposable
- Recreation
- Habitat

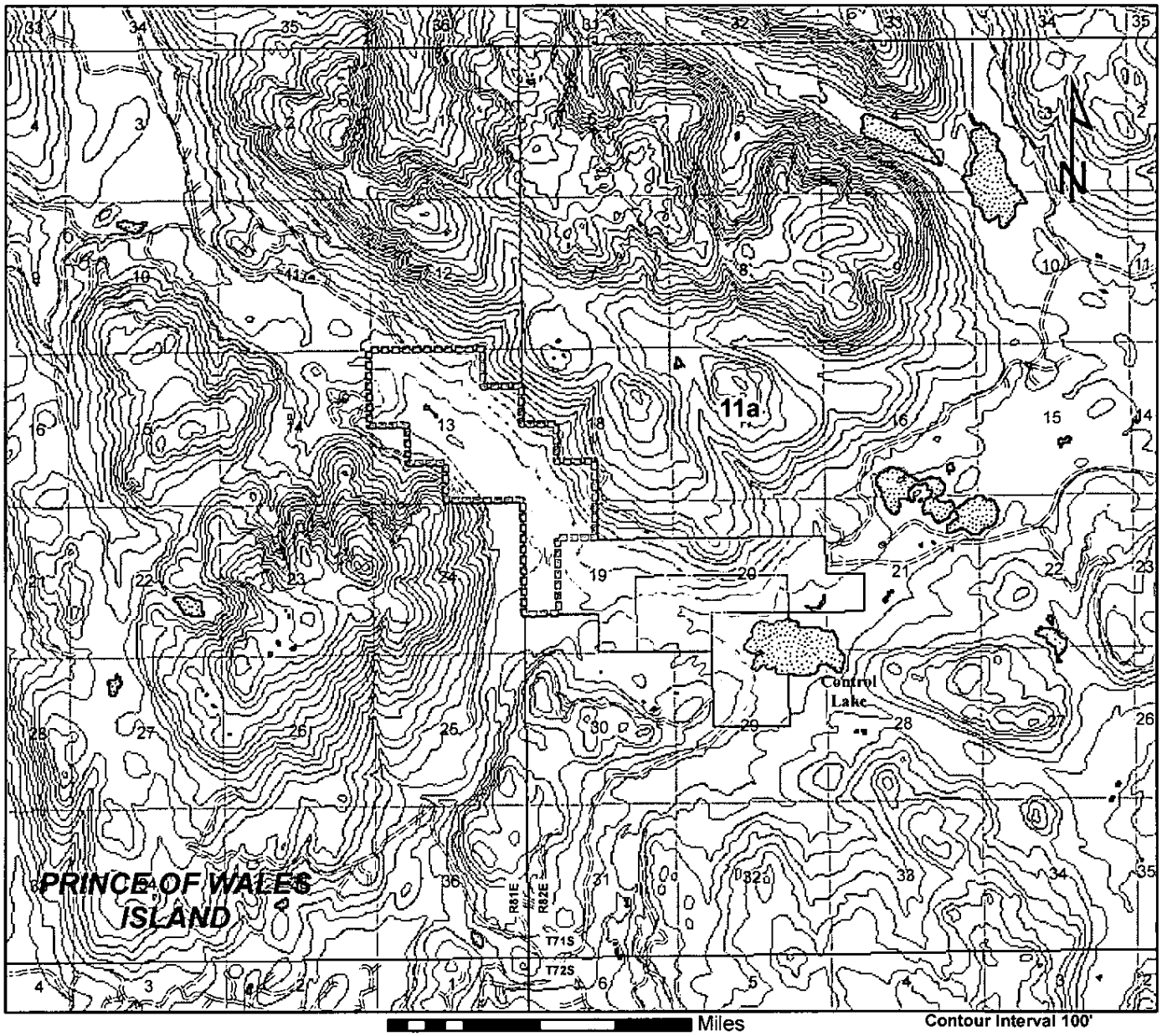
Proposed Southeast Alaska State Forest Heceta Island

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

12/03/08 gs

5171



Legend

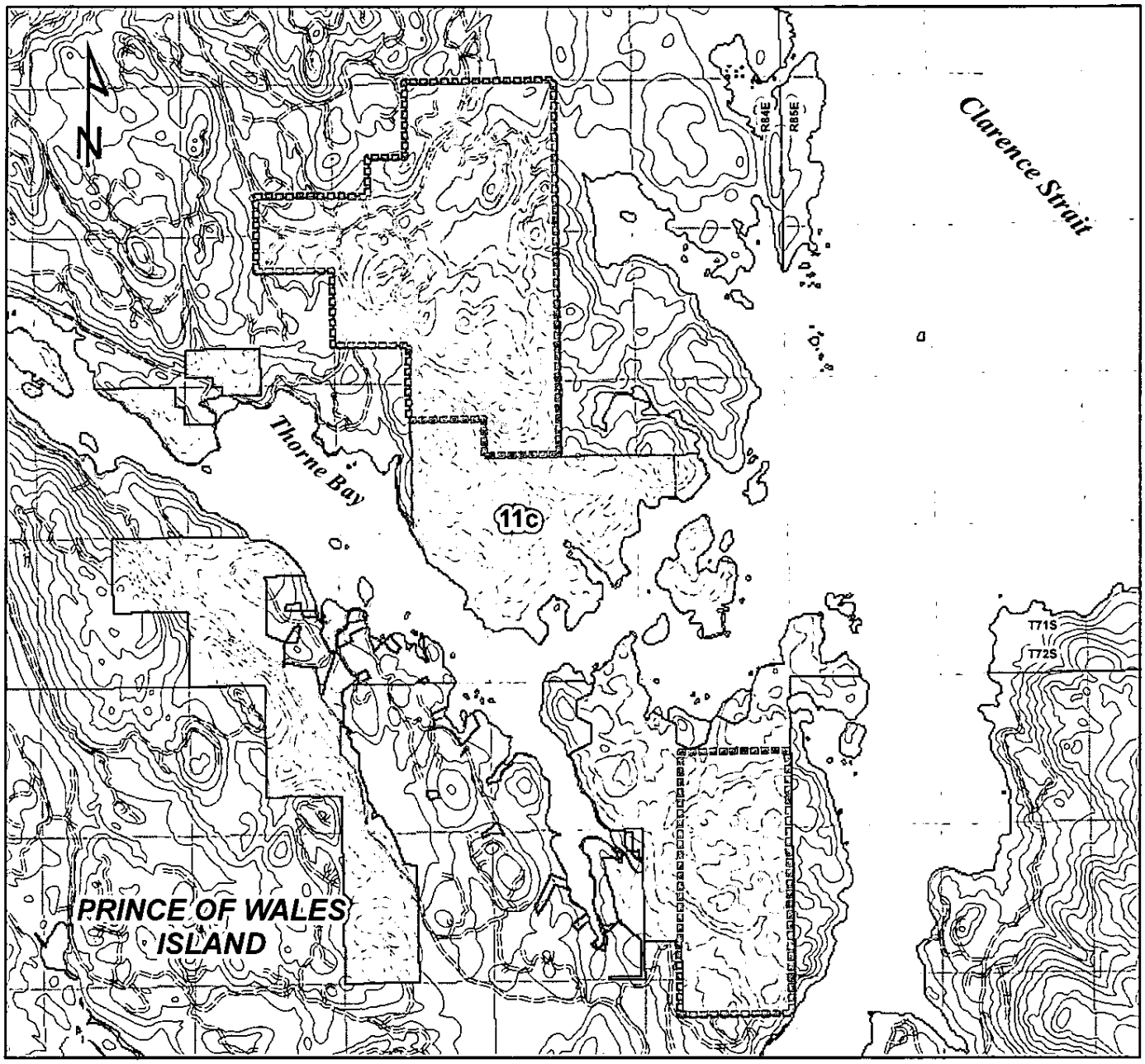
- Proposed State Forest
- GU
- Disposable
- Recreation
- Habitat
- Roads

Proposed Southeast Alaska State Forest Control Lake

DIVISION OF FORESTRY

1/30/2009 gs

5172



Miles
0 0.5 1 1.5 2
1 inch equals 1 miles

Contour Interval 100'

Legend

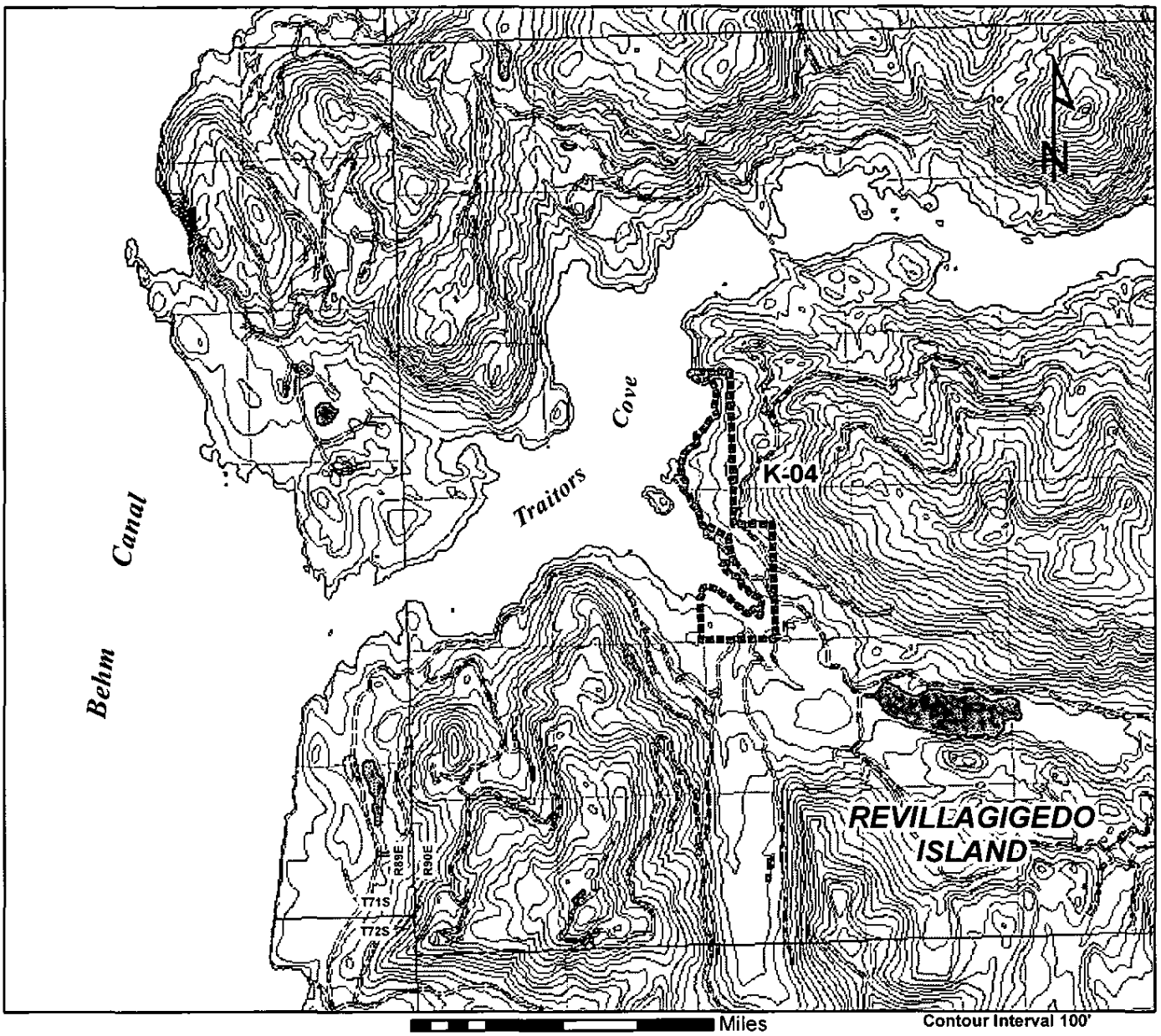
- Proposed State Forest
- GU
- Disposable
- Recreation
- Habitat
- Roads

Proposed Southeast Alaska State Forest Thorne Bay

DIVISION OF FORESTRY

1/19/2009

5173



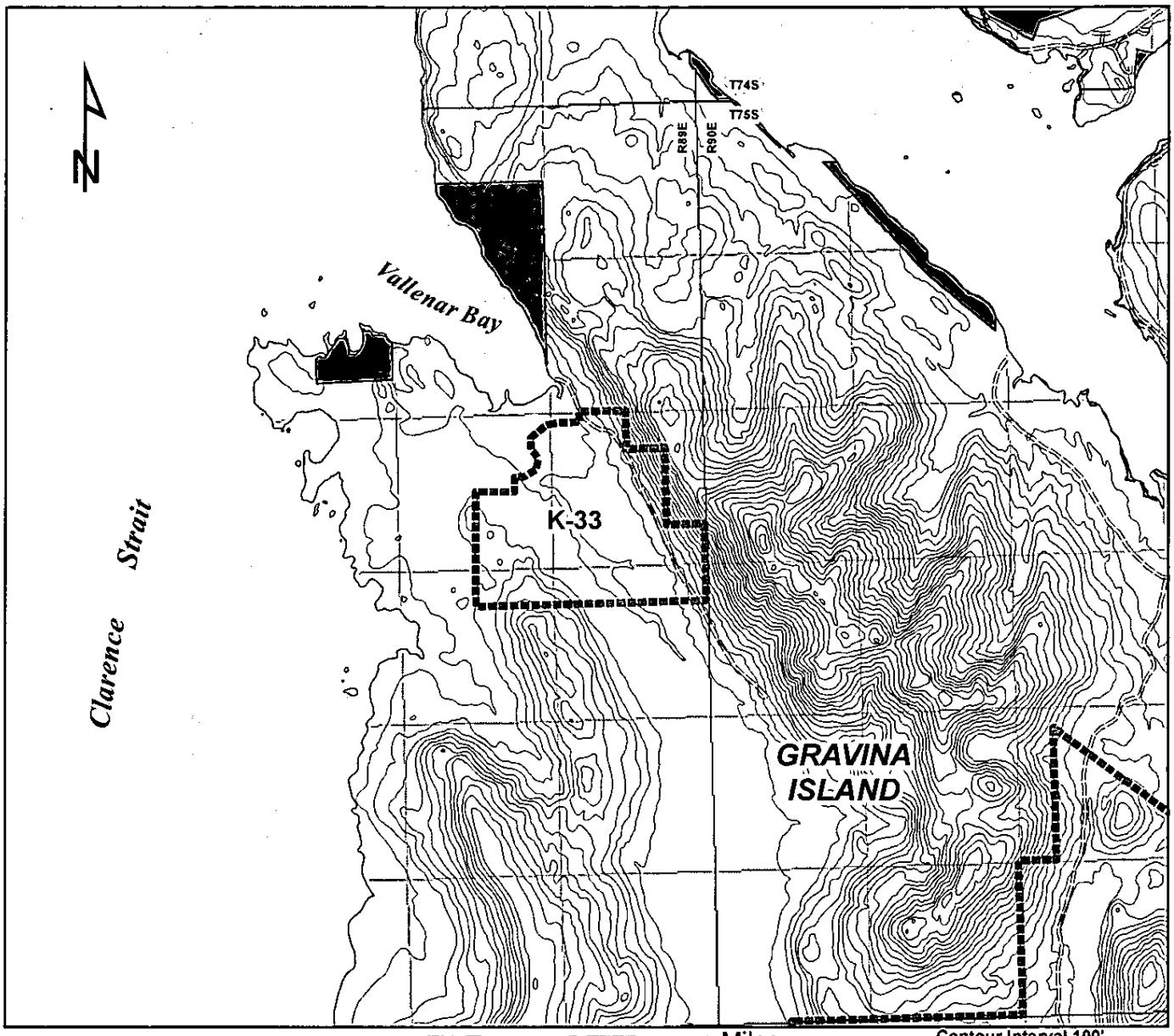
Legend

- Proposed State Forest
- Roads
- GU
- Disposable
- Recreation
- Habitat
- Lakes

Proposed Southeast Alaska State Forest Traitors Cove

DIVISION OF FORESTRY

2/09/2009 gs



Legend

- Proposed State Forest
- GU
- Disposable
- Recreation
- Habitat
- Roads

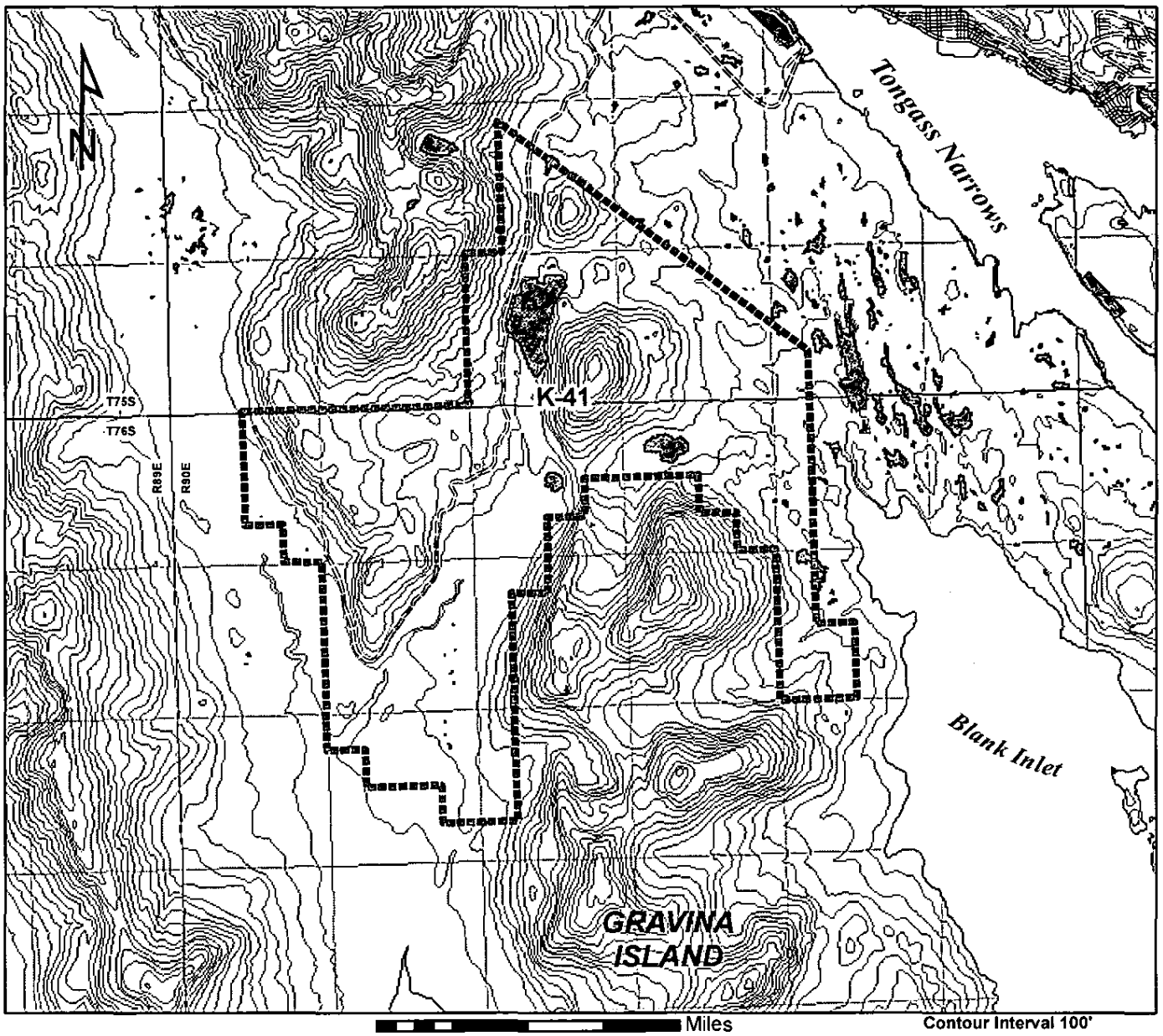
Proposed Southeast Alaska State Forest Gravina (Vallenar)

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

2/05/2008 gs

5175



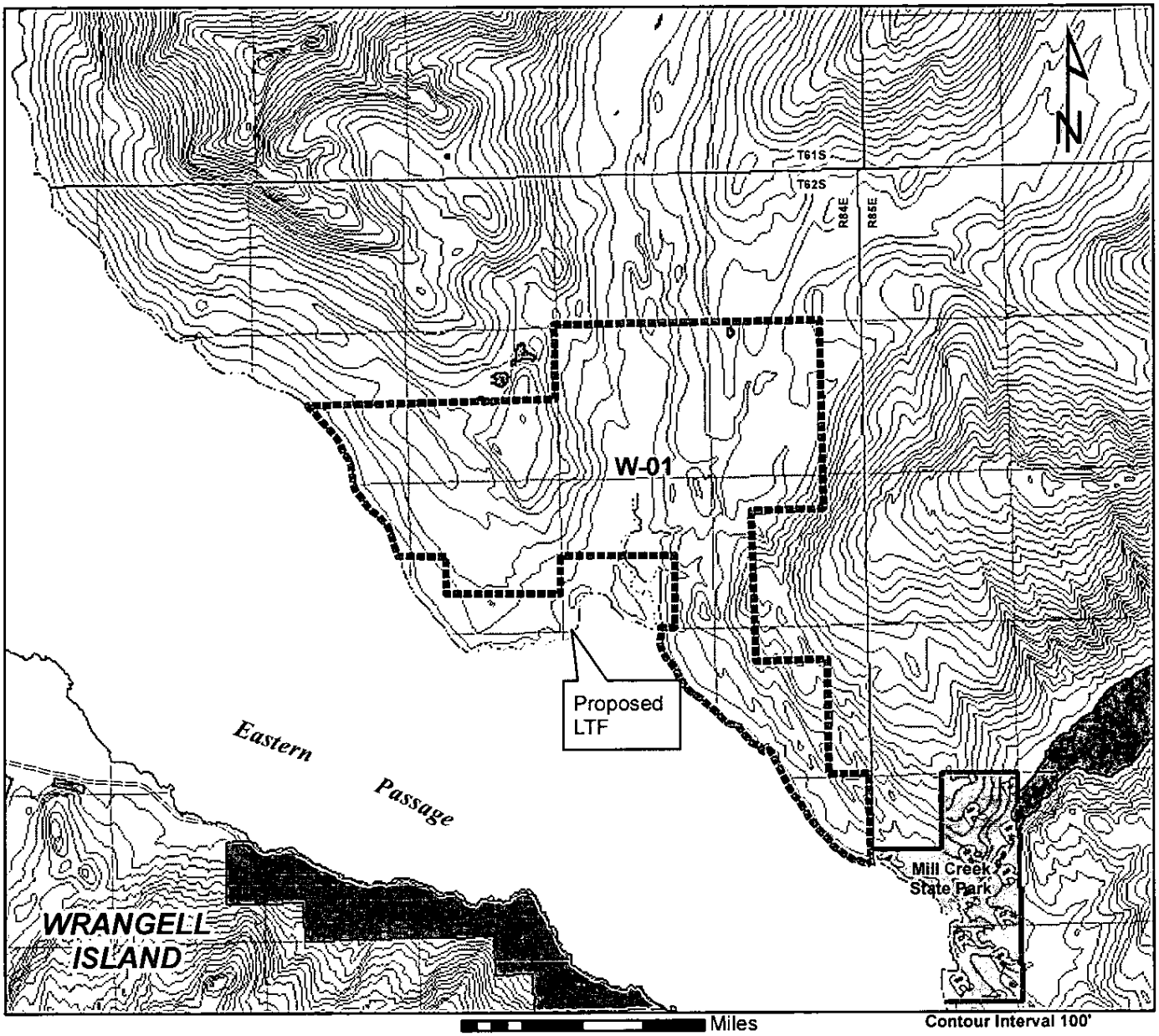
Legend

- Proposed State Forest
- GU
- Disposable
- Recreation
- Habitat
- Roads

Proposed Southeast Alaska State Forest Gravina (Bostwick)

DIVISION OF FORESTRY

12/03/2008 gs



Legend

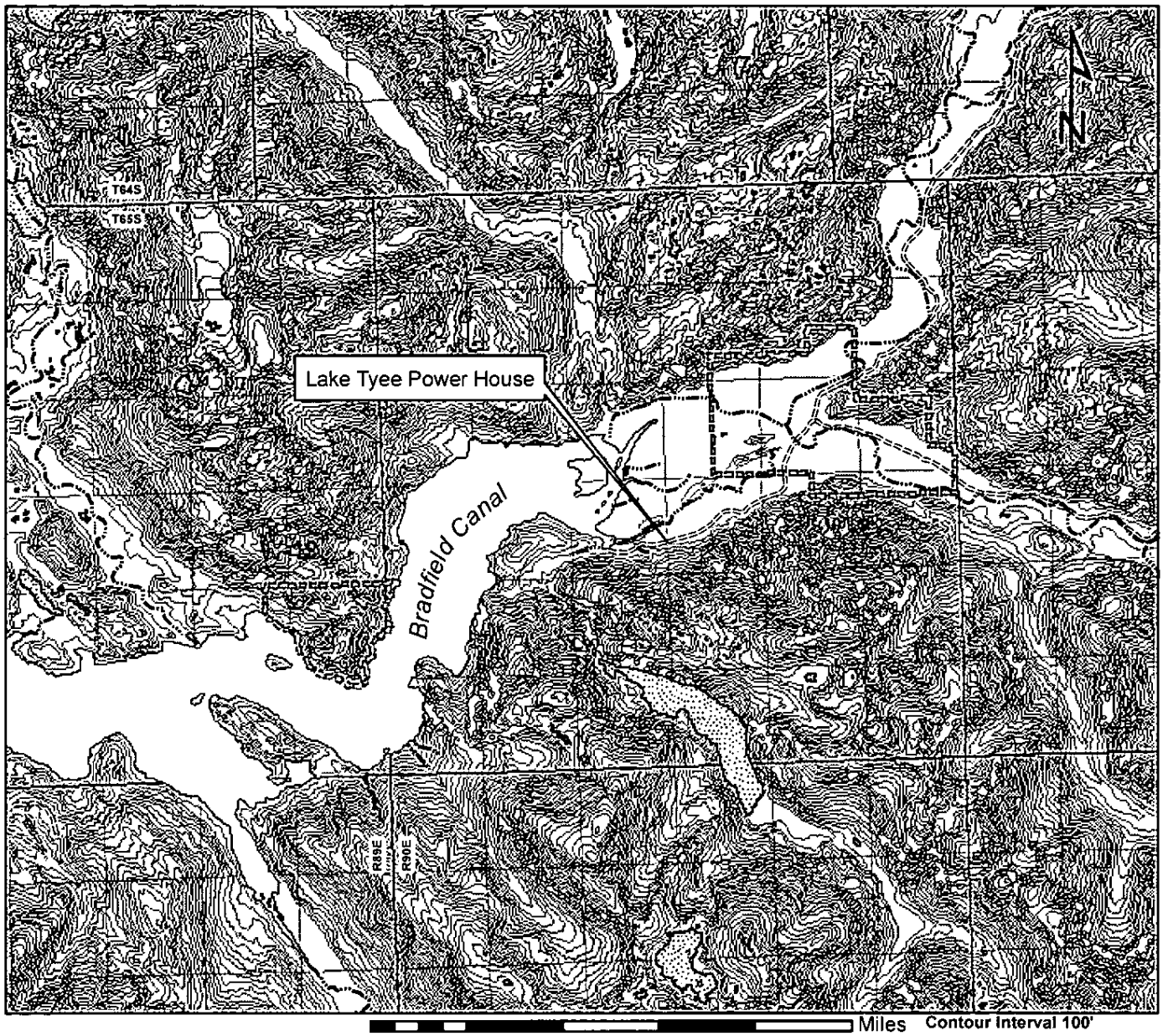
- Proposed State Forest
- State Park
- GU
- Disposable
- Recreation
- Habitat
- lakes
- Roads

Proposed Southeast Alaska State Forest Crittenden Creek

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY

1/19/09 gs



Legend

- Proposed State Forest
- GU
- Disposable
- Recreation
- Habitat
- Lakes
- Catologed Streams
- Roads

Proposed Southeast Alaska State Forest Bradfield Area

DIVISION OF FORESTRY

1/21/09 gs

5178

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Founded 1975
Executive Director
Jason W. Brune
2008-2009 Executive Committee
Rick Rogers, President
Wendy Lindskoog, Sr. Vice President
Phil Cochrane, Vice President
Stephanie Madsen, Secretary
Tom Maloney, Treasurer
John T. Shively, Past President
Patty Bielawski
Allen Bingham
Marilyn Crockett
Steve Denton
Eric Fjelstad
Jeff Foley
Stan Foo
Paul S. Glavinovich
Craig A. Haymes
Len Horst
Teresa Imm
Erec Isaacson
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Ethan Schutt
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Tom Henderson
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John MacKinnon
David L. Matthews
Karen Matthias
Mary McDowell
Ron McPheters
James Mery
Denise Michels
Lance Miller
Jim Palmer
Tom Panamaroff
Lisa Parker
Judy Patrick
Debbie Reinwand
Elizabeth Rensch
Ralph Samuels
Keith Sanders
Lorna Shaw
Kenneth Sheffield
Keith N. Silver
Tiel Smith
Robert Stiles
Jeanine St. John
John L. Sturgeon
Jim Taro
John Williams
John Zager

Ex-Officio Members
Senator Mark Begich
Senator Lisa Murkowski
Congressman Don Young
Governor Sarah Palin

March 12, 2009

Senator Olson, Chair
Senate Community and Regional Affairs Committee
Alaska State Legislature, State Capitol
Juneau, AK 99801

RE: SB127-An Act to Establish the Southeast Alaska State Forest

Dear Senator Olson:

The Resource Development Council (RDC) is writing to support SB 127, the establishment of the Southeast Alaska State Forest.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

The bill would establish a new state forest in Southeast Alaska from state lands presently used for timber harvest. The Division of Forestry would be able to manage the state forest for a long-term supply of timber to local processors, and retain the land in state ownership for multiple use. The forest would be managed as part of the State Forest System and under the current Prince of Wales Island and Central Southeast area plans.

In Southeast Alaska, demand for state timber exceeds supply and local mills are dependent on a consistent supply to stay in business. The majority of the timber in Southeast Alaska is on federal land, but federal timber sales have declined sharply, oftentimes due to incessant litigation from anti-logging groups as well as the federal government consistently putting forward uneconomic timber sales. Subsequently, the demand for state timber has increased significantly.

Much of the proposed forest was inherited from the U.S. Forest Service with young second-growth stands. Establishment of the Southeast Alaska State Forest will help provide a sustainable timber supply to local mills and accelerate the harvest of second-growth timber. Actively managed second-growth stands will provide more timber volume per acre on shorter rotations, and have less impact on wildlife. The shift to second-growth harvesting can be accelerated and timber volume increased on state land by thinning these stands. However, thinning is a long-term investment and is only justified if the land will continue to be available for forest management. A legislatively designated State Forest would ensure that land would remain available for long-term forest management. Thank you for the opportunity to provide comment on SB 127.

Sincerely,

Carl Portman, Deputy Director

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone: 907/276-0700 Fax: 907/276-3887 Email: Resources@akrdc.org Website: www.akrdc.org

Southeast Conference

P.O. Box 21989
612 W. Willoughby Avenue, Suite A
Juneau, AK 99802
(907) 523-2310
(907) 463-5670 fax
www.seconference.org

February 16, 2009

The Honorable Governor Sarah Palin
PO Box 110001
Juneau, AK 99811-0001

Governor Palin;

The Southeast Conference (SEC) is a broad based association of communities in Southeast Alaska with a mission of undertaking and supporting activities that promote strong economies, healthy communities and a quality environment throughout the region. In furthering that mission, SEC would like to lend its support for the concept of creating a new State Forest in southern southeast.

In southern southeast the demand for state supplied timber far exceeds the supply. The majority of the timber in the area is on federal land; however federal timber sales have declined dramatically. For their survival, the few remaining, local mills now depend heavily on state supplied timber from the 49,000 state acres where timber management is allowed.

Many of the states' managed acres support either second-growth stands on lands previously harvested by the U.S. Forest Service prior to state selection or new-growth on lands that have recently been harvested through state sales. Thus, for a future timber supply from state lands in southeast, the emphasis must be on active management of second-growth stands with higher volumes per acre, less impact on wildlife, and shorter harvest rotations.

In order for the state to expend funds to enter into intensive second-growth management on its timber lands, there must be assurance that the acres will be managed for timber over the long term. That assurance can best come through the designation of the lands as a State Forest with a management plan calling for extended, intensive timber management. With that designation, the Division of Forestry would be able to manage the lands for a reliable, long-term supply of timber to local processors and retain the land in state ownership for multiple uses.

Approximately 3,800 acres of state lands potentially included in a new State Forest are within the new Wrangell Borough. SEC understands that the establishment of State Forest lands within the new borough would not adversely affect the amount of land Wrangell may select. AS 29.65.030 states that borough selections are based on the maximum total acres

ARDOR

of vacant, un-appropriated, unreserved land within the borough boundaries within two years following the date of incorporation. SEC would hope that any legislation designating a new Southern Southeast State Forest would provide for this situation.

In conclusion, SEC would like to lend its support for the establishment of a Southern Southeast State Forest and would like to encourage your administration to advocate its establishment. Further, in order to increase the supply of timber available to the dependent industry in the region, we urge you to take advantage of any opportunities to increase the acreage of timberland managed by the Division of Forestry.

Sincerely,

Shelly Wright

Shelly Wright
Executive Director

cc Chris Maisch

ARDOR

9674
JB

Alaska Forest Association, Inc.

111 STEDMAN STREET, SUITE 200
KETCHIKAN, ALASKA 99901
Phone: 907-225-6114
Fax: 907-225-5920
E-mail: afa@akforest.org

March 10, 2009

Honorable Sarah Palin
State of Alaska Governor
PO Box 110001
Juneau, AK 99811

Dear Governor Palin,

Only about 12% of the commercial timberlands in Southeast Alaska are comprised of young-growth timber. Most of these stands are less than 50-years old and will not be mature for another 30 to 50-years. Therefore, for the next few decades, our industry will have to continue harvesting old-growth timber. However, well managed stands of young-growth timber can produce faster growing, high quality timber on fewer acres than unmanaged stands. *Consequently, we applaud your legislative proposal to add some State General Use lands to the State Forest in Southeast Alaska so that the Division of Forestry can more intensively manage those lands.*

The Division of Forestry has done an excellent job of preparing timber sales to keep a small portion of our industry alive in recent years, but they cannot increase their timber sales level without acquiring more timberlands or by departing from their long-term sustained yield requirement. There is opportunity however for increased timber sales from the Mental Health Trust and the University of Alaska timberlands. *We ask that you encourage both of these land managers to increase their timber sales program.* This would provide additional timber to our industry, would lessen the amount of State funding needed to sustain these two entities and create real, private sector jobs in Alaska.

Lastly, we want to thank you for making State personnel available to assist in the restoration of a viable federal timber sale program. That effort is already producing good results and provides our beleaguered industry some hope for our future.

Sincerely,

Brian Brown
President
Alaska Forest Association

OFFICE OF THE GOVERNOR
JUNEAU
MAR 13 2009

SERVING ALASKA'S FOREST INDUSTRY

5182

City of Coffman Cove
Resolution 09-18

A RESOLUTION SUPPORTING A STATE FOREST IN SOUTHEAST ALASKA

WHEREAS, the State of Alaska has Timber harvest plan regulated by the State Forestry Guidelines, and

WHEREAS, the economy of Southeast Alaska has suffered with the decline in the logging industry, and

WHEREAS, a stable timber supply with good management practices benefits all Alaskans, and

WHEREAS, THE CONCEPT OF THE State Forest provides stability, jobs and resource management,

NOW THEREFORE BE IT RESOLVED the Coffman Cove City Council supports the Alaska Department of Natural Resources State Forest proposal as presented.

Mayor/Vice Mayor

ATTEST:

Cindy Huff, City Clerk

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 162
(H) Publish Date: 3/2/09

Identifier (file name): 0012-DNR-FOR-02-09-09
Dept. Affected: Natural Resources
Title: Southeast State Forest
RDU: Resource Development
Component: Forest Management & Development
Sponsor: Rules Committee
Requester: Governor
Component Number: 435

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
FUND SOURCE							(Thousands of Dollars)
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: *(Attach a separate page if necessary)*

This bill establishes a 25,291-acre State Forest in Southern Southeast Alaska by redesignating certain state-owned parcels. A timber management plan would be developed to actively manage the parcels for higher timber volumes per acre, shorter rotations and less impact on wildlife. This would involve thinning young second-growth stands; a long-term investment not justified for undesignated lands.

Implementation of this bill will not require new positions or funding. The bill will have no short-term impact to the revenue stream, but will provide for long-term increases in forest productivity and subsequent increased timber revenues.

Prepared by: Chris Maisch, Director
Phone 451-2660
Division: Division of Forestry
Date/Time: February 9, 2009
Approved by: Tom Irwin, Commissioner
Date: February 9, 2009
Natural Resources

(Revised 9/10/2008 OMB)

5184

HB

167

<target><bill>HB 167</bill><subject>HB 167</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE
HOUSE RULES COMMITTEE
REPRESENTATIVE JOHN COGHILL, CHAIRMAN
State Capitol Juneau, AK 99801-1182 (907) 465-3719
3340 Badger Road Suite #290, North Pole, AK 99705 (907) 488-5725

Sponsor Statement

HB 167

"An Act relating to a corporation income tax credit for contributions by a person owning or operating a commercial passenger vessel to a qualified trade association used for planning and executing a destination tourism marketing campaign"

Alaska's tourism industry, a vibrant part of our economy, has made it known that Alaska is struggling to maintain and grow a market share in national and international markets. With the onset of the worldwide economic downturn, and competing destinations far outspending Alaska with increased marketing budgets, Alaska's tourism industry is facing a future of decline.

With all sectors of Alaska's travel industry reporting an unprecedented drop in 2009 summer season advanced bookings, there exists an urgent need for broadening the greatness of Alaska as a destination.

HB 167 will establish a tourism marketing tax credit that will create a sustainable funding source to grown Alaska's tourism marketing program.

The reinvestment of tourism tax revenues will ultimately grow and strengthen Alaska's economy through the travel industry, which is important to aiding Alaska's small businesses who are the backbone of our State and Alaska's tourism industry.

ALASKA STATE LEGISLATURE
HOUSE RULES COMMITTEE
REPRESENTATIVE JOHN COGHILL, CHAIRMAN
State Capitol Juneau, AK 99801-1182 (907) 465-3719
3340 Badger Road Suite #290, North Pole, AK 99705 (907) 488-5725

Sectional

CS for HB167
"An Act relating to a corporation income tax credit for contributions by a person owning or operating a commercial passenger vessel to a qualified trade association used for planning and executing a destination tourism marketing campaign"

Section 1. Amends 43.20 by adding a new section to article 1:

Sec. 43.20.047 Tourism marketing tax credit.
Provides for commercial passenger vessels in the state to a credit against the tax due for a cash contribution.

(1) accepted by the qualified trade association awarded a tourism marketing contract by the Department of Commerce, Community, and Economic Development.

(2) used for the destination tourism marketing campaign that received the tourism marketing contract.

(3) no direct benefit or tangible benefit may be provided to the person making the contribution.

(b) the tax credit may not be less than zero and may not exceed the difference between the tax liability as calculated now and as it read on December 16, 2006.

(c) unused tax credits may not reduce a person's tax liability below zero for any calendar year. Unused portions may not be applied to a subsequent calendar year.

(d) commercial passenger vessel has the meaning given in AS 43.52.295.

Section 2 Adds a new section:

Applicability

Cash contributions accepted after June 30, 2009 will be applied to the destination tourism marketing campaign.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSHB167(L&C)**
() Publish Date:

Identifier (File Name): CSHB167(L&C)-REV-TAX-04-02-10
Dept. Affected: Revenue
Title: Tax Credit for State Tourism Program
RDU: Taxation and Treasury
Component: Tax Division
Sponsor: Representative Millett
Requester: (H) Finance
Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual	30.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**30.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )	***	***	***	***	***	***	***

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	30.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**30.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

See Attached

Prepared by: Johanna Bales, Deputy Director
Phone (907) 269-6628
Division: Tax Division
Date/Time 04-02-10; 1:20 pm
Approved by: Ginger Blaisdell, Director
Date 04-02-10; 2:51pm
Administrative Services Division

(Revised 11/6/2009 OMB)

5188

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSHB167(L&C)

ANALYSIS CONTINUATION

Bill Language:

This bill will create a tax credit for contributions to a qualified trade association that has been awarded a contract by the Department of Commerce, Community and Economic Development for planning and executing a destination tourism marketing campaign for Alaska.

The tax credit would be equal to the value of the qualified contributions and could be applied to a liability under the Alaska Corporate Net Income Tax. Unused tax credits could not be carried forward or transferred. The tax credit would be available only to corporations owning or operating large commercial passenger vessels.

A 2006 initiative subjected commercial passenger vessel operations to corporate income tax under AS 43.20. Prior to that initiative, commercial passenger vessel operations were exempt from taxation through Alaska's adoption of Internal Revenue Code Section 883. The credit would have a maximum value equal to the difference between (1) the corporate income tax liability under current law which includes commercial passenger vessels in the tax base, and (2) the corporate income tax liability under laws in place as of December 16, 2006 which exempted commercial passenger vessel operations from the corporate income tax.

The tax credit would apply to contributions after June 30, 2009.

Revenues:

Revenue effects from this bill are indeterminate for two reasons: first, the total tax liability from corporations operating commercial passenger vessels cannot be disclosed due to confidentiality constraints; and second, we do not know to what extent commercial passenger vessel operators will offset their corporate income tax liability through contributions that qualify for the tax credit under this bill.

Expenditures:

This bill would require the Department of Revenue to administer a new tax credit program. We anticipate being able to implement the new credit using existing staff. However, there will be $30,000 in one-time startup expenses. These expenses include $20,000 for enhancements to our tax examination system and $10,000 for updates to our tax forms and education and communication with stakeholders as we implement the credit program.

HOUSE FINANCE COMMITTEE
Monday, April 05, 2010
1:30 PM

HB 422-PASSENGER TAX; TOURISM TAX CREDIT
CS WORKDRAFT Version 26 LS 1478\R

HB 167-TAX CREDIT FOR STATE TOURISM PROGRAM
NEW Fiscal Note (updated)
REV $ (please note **replaces** published #1)

HB 167

5190

DRAFT Cruise Industry Revenue Summary for Calendar Year 2007

Revised October 1, 2008 by Dan Stickel

Revenue Source	Amount	Source	Notes
Ocean Ranger Fee	$ 4,019,868	Department of Environmental Conservation	Assessments for calendar 2007; of this amount, $3,858,368 was actually collected in calendar 2007.
Commercial Passenger Vessel Excise Tax:			
Regional Cruise Ship Impact Fund	$ 11,632,170	Tax Division Accounting System	Collections received in calendar 2007.
Distributed to Municipalities	$ 9,977,410	Tax Division Accounting System	Collections received in calendar 2007.
General Fund (Remainder)	$ 24,701,215	Tax Division Accounting System	Collections received in calendar 2007.
Total Commercial Passenger Vessel Excise Tax	$ 46,310,795	Tax Division Accounting System	Collections received in calendar 2007.
Large Passenger Vessel Gambling Tax	$ 6,757,501	Alaska State Accounting System	Collections received in April 2008 for calendar 2007 returns; unamended.
Corporate Income Tax	confidential	FY 2007 and FY 2008 Corporate Income Tax sector analysis.	Collections for cruise ship operators are confidential based on Tax Division confidentiality protocol. Calendar 2007 collections for entire tourism sector were $13.2 million.

Alaska State Legislature

Please enter into the record my testimony to the house finance
COMMITTEE NAME

committee on House bill 167, dated 11/4/09
BILL / SUBJECT TODAY'S DATE

Anchor Point seafoods sales have declined so fo the
Last two years Most of our sales come from the small
sport charterfishing boats. In our Local area. Theirs
sales have decline also. Alaska needs a well defined
marketing plan. We encourage you to support bill 167.
20 million would be a good start to market Alaska to
the world. Thank you.

Signed: Paul WARNER
TESTIFIER (Signed, PRINTED NAME)

Anchor Point Seafoods
REPRESENTING

mm. 32 N. Fork Rd PO Box 1066 Anchor Point 995
ADDRESS

907 - 235- 8555
PHONE NO.

HOMER CHAMBER of COMMERCE

Celebrating 60 years of Service

Mission: to promote cooperative economic development that preserves the essence of the community while enhancing the quality of life.

March 11, 2009

Representative Coghill
Via fax: 907-465-3258 (Juneau)

Dear Representative Coghill,

The Homer Chamber of Commerce urges the State Legislature to support HB167 which will provide continued marketing funds to the Alaska Travel Industry Association (ATIA), and ultimately assist smaller destination communities like Homer to sustain a viable economic engine – tourism.

Our mission is to promote cooperative economic development that preserves the essence of the community while enhancing the quality of life. A significant share of Homer's economic base comes from the more than 150,000 visitors that travel to Homer each year to experience Alaska. We attribute a key portion of this success to our continued partnership with ATIA.

Homer has numerous tourism related businesses, many of them small businesses, who rely heavily on the marketing success of organizations such as ATIA. Through ATIA's tremendous wide reach and effective marketing efforts, communities like Homer can reach potential customers collectively that individual businesses could not do alone.

Please consider the economic impact that the tourism industry has on Alaska's small communities and support HB167. This is a critical time when economic stimulus and recovery is essential, and with your support we can keep our tourism industry strong.

Sincerely,

Tina Day
Executive Director

cc. Senator Gary Stevens
Representative Paul Seaton

201 Sterling Hwy., Homer, AK 99603
907.235.7740 fax: 907.235.8766 info@homeralaska.org www.homeralaska.org

101 Dunkel Street, Suite 111 • Fairbanks, AK 99701-4806
(907) 457-3282 • (907) 459-3787 Fax
www.explorefairbanks.com

March 11, 2009

Dear Representative Coghill:

On behalf of the visitor industry in the Interior, the Fairbanks Convention & Visitors Bureau heartily thanks you for sponsoring HB 167. By supporting the marketing funding for the Alaska Travel Industry Association (ATIA), you are supporting small businesses in Fairbanks and the Interior.

Entrepreneurialism is one of the hallmarks of the Alaska visitor industry. These local business owners and their employees are your neighbors, friends and constituents. As you know, tourism has a ripple effect throughout our community, generating construction, transportation and countless other services, infrastructure and quality-of-life benefits to our community. The locally-owned Hotel North Pole is a great example of this entrepreneurialism

The beauty of a state destination campaign is that it reaches a depth and breadth of potential customers that is beyond the reach of most small businesses. Destinations operate in a fiercely competitive marketing environment which becomes even more ferocious in trying economic times such as these.

The success of our "mom-and-pop" businesses is not only creativity, hard work and persistence but also relies on the success of the ATIA campaigns. On a daily basis, the FCVB sees the benefits of the marketing and sales efforts of ATIA. Please continue to support small business by doing the following this legislative session:

- Support the Governor's budget that continues the reinvestment of vehicle rental tax revenues into Alaska's tourism marketing program [QTA contract] at the $9 million level in the FY10 operating budget. This will be matched with $2.7 million in private-sector funds, including funding from FCVB.
- As you have proposed, pass the HB 167 legislation to provide a tax credit to payers of the Cruise Line Corporate Income Tax for contributions to Alaska's tourism marketing program. The goal is to sustainably grow Alaska's tourism marketing funding to at least $20 million. 50% of Fairbanks' summer visitation is cruise related. Let this tax credit help us to grow small businesses in Alaska and to grow our winter tourism season!
- Measure the results of Alaska's tourism marketing reinvestment. Appropriate $850,000 in the FY10 capital budget to fund the Alaska Visitor Statistics Program, an economic impact study. FCVB cannot afford this kind of important research on our own.

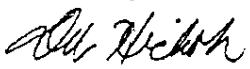
Now in my tenth year at FCVB, over the years, I have seen our marketing team work hand-in-hand with the ATIA marketing team to bring visitors to Fairbanks and the Interior. We feel blessed to share our wonderful Alaska product with visitors from throughout the world.

On a personal note, I have made my living since 1982 as a destination marketing professional. I feel personally blessed to have challenging work in a field that I feel passionate about while supporting my child.

Last but certainly not least, thank you for your tireless efforts in Juneau and especially for yoursupport of this important legislation. It is an honor to work with you to foster the economic development of our community.

I'll be in Juneau on April 1 and 2 and look forward to seeing you then. Meanwhile, if you have any questions, please feel free to contact me at (907) 459-3770 or dhickok@explorefairbanks.com.

Warm Regards,



Deb Hickok
President and CEO

Testimony on House Bill 167

November 5, 2009

Witness: Maryann Ray
Address: 4541 Sawa Circle
Juneau, AK 99801

Representing: Self and Alaska Tourism Industry Association

My family and I realized a lifetime's dream this July when we made Alaska our home. Since our arrival we have purchased a home and invested in a family business. We now own a high-end bed & breakfast and provide wedding planning and excursion scheduling services to our target customers – affluent, independent travelers. We book significant business for Alaskan tour operators, restaurants and others.

Because our target market is not directly related to the cruise ship industry and a significant portion of our customers plan their travel quite early, 2009 was not as difficult for us as it was for many of our colleagues. That said, 2010 is not shaping up the way we had hoped. We are already seeing 2010 travelers negotiate rates harder, plan shorter stays and request fewer and less expensive excursions. Our concern is that, if action isn't taken soon, 2010 may end in a broader downturn than 2009.

We have been doing everything we can to promote our business and the beauty and adventure of travel in Alaska. However, a small business cannot hope to compete with the spending being done by competing state and international tourism groups around the country and the world. Additionally, with the lessening of cruise line interest in Alaska, we expect there will be less frequent cruise line advertising about the adventure of Alaska. The entire Alaskan travel industry has benefited from the advertising done by the cruise industry, which has gone a long way to keeping Alaska in the minds of vacation planners. Fewer cruise ads will lead to fewer visitors overall – including independent travelers. Allowing that void to be filled by competing destinations will heavily impact Alaska's share of tourism dollars.

As a small business, my family must rely on the state to do its share to promote Alaskan travel industry and to provide the reach needed to hit the high end travel market. House Bill 167 is a step in the right direction. My family and I encourage the committee to support HB 167 and the Alaskan tourism industry.

Thank you.

Alaska State Legislature

Please enter into the record my testimony to the house finance
COMMITTEE NAME

committee on House bill no 167 . dated 11/4/09 .
BILL / SUBJECT TODAY'S DATE

Anchor Point Seafoods sales have declined 50% the
Last two years Most of our sales come from the small
sport charterfishing boats in our Local area. Theirs
sales have declined also. Alaska needs a well defined
marketing plan. We encourage you to support bill 167.
20 million would be a good start to market Alaska to
the world. Thank you.

Signed: Paul WARNER
TESTIFIER (Signed, PRINTED NAME)

Anchor Point Sea foods
REPRESENTING

mm. 3-2 N. Fork Rd PO Box 1066 Anchor Point 995
ADDRESS

907 - 235- 8885
PHONE NO.

From: Theresa Weiser [apcinc2008@hotmail.com]
Sent: Wednesday, November 04, 2009 3:24 PM
To: LIO Sitka
Subject: Testimony in support of HB 167 Wednesday Nov. 4th!

To Whom It May Concern,

This is Theresa Weiser from Sitka. I am president of the Sitka Charterboat Operators Association in Sitka, Alaska. I have been a sportfishing lodge owner for over 20 years in Sitka and am still currently in business. We TRY to operate six charter vessels daily. This has been a difficult challenge during the last year due to the EVER-INCREASING Sportfishing Restrictions and the faltering economy.
I would like to testify as follows:
I support HB 167.
Our sportfishing lodge business was down over 30% in 2009 from the previous 2008 season. Business for the sportfishing charter industry as a whole, has been down an average of 30% or more in 2009, compared to the previous 2008 season for everyone I have had contact with in our industry these past few months. I know of businesses that are no longer in business, and others that are struggling fiercely to keep going, but do not know if they can make it thru this winter and/or thru another summer.
To say that the 2009 season was debilitating for our industry is an understatement!
It is way past time for our legislative leaders to recognize the economic value of tourism to the State of Alaska and give stronger support to increase the State's marketing efforts by designating $20 million plus in support of the Alaska Visitor's Industry.
I urge you to support HB 167. This is a good idea.

Sincerely,

Theresa Weiser
Owner/Operator

Alaska Premier Charters, Inc. / Wild Strawberry Lodge
P.O. Box 2300, Sitka, AK 99835
Toll Free: 1-800-770-2628
Phone: 907-747-3232
Fax: 907-747-3646
Website: www.wildstrawberrylodge.com
Email: info@wildstrawberrylodge.com

please add this to your public testimony for today's mtg.
Thank you.

Post-it® Fax Note 7671	Date 11/4/09	# of pages ▶ 1
To Rep. Stoltze's	From Sitka LIO	
Co./Dept.	Co. Wild Strawberry	
Phone #	Phone # 747-6276	
Fax # 376-4928	Fax # 747-3807	

Alaska State Legislature

Please enter into the record my testimony to the House Finance
COMMITTEE NAME
committee on HB 167, dated 11/4/09
BILL / SUBJECT TODAY'S DATE

- We are a "mom & pop" business in Homer
- 2009 was a bad year for us; 2010 looks like it will be even worse.
- We need more Tourism MARKETING if we are to hold our own.
- We need ATIA To do This. They do a good job with Limited funds.
- Please support sustainable funding To This renewable resource Industry.
- Please support "Tourism MARKETING TAX Credit" via HB 167.

Signed: Gerald W. Scholand
TESTIFIER (Signed, PRINTED NAME)
KRANA Lodgings
REPRESENTING
58856 East End Rd. Homer
ADDRESS
235-8824 (H/w) 299-0858 (cell)
PHONE NO.

Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
COMMITTEE NAME

committee on HB167, dated 11/4/09.
BILL/SUBJECT TODAY'S DATE

- My name is Tina Day and I'm the Executive Director of the Homer Chamber of Commerce. I have lived in Alaska since 1980.
- The Alaska visitor industry is an extremely important economic engine in our community.
- As you may know, Homer has numerous tourism related businesses, many of them small business, who rely heavily on the marketing efforts of organizations like ATIA to bring tourists to Alaska and local communities like ours.
- This year overall tourism in Homer was down about 25% across the industry. But some businesses, particularly in the guided fishing charter sector, were down as much as 60%.
- The Homer Chamber for the past 19 years has contracted with the City of Homer to provide marketing services to increase local tourism.
- This year due to budget cutback, some of this funding was reduced causing cutback to marketing programs. Next year we expect even more significant cutbacks – we have already reduced our staff by 1 fulltime person and ½ time person in anticipation of this reduction.
- That is why now more than ever, we rely on our partner organizations like ATIA to develop and implement statewide marketing strategies to sustain the visitor industry in Alaska.
- The Homer Chamber of Commerce urges you to support HB167. It is vital that we provide ATIA, and organizations like them, with the resources to effectively promote Alaska – sustaining the visitor industry in rural Alaskan communities!

Signed: Tina Day — Tina Day, Executive Director
TESTIFIER (signed, PRINTED NAME)

Homer Chamber of Commerce
REPRESENTING

201 Sterling Hwy, Homer AK 99603
ADDRESS

907-235-7740
PHONE NO.

ALASKA STATE LEGISLATURE

50 Front St. Suite #203
Ketchikan, Alaska 99901

Phone: 225-9675
Fax: 225-8546

LEGISLATIVE INFORMATION OFFICE

WRITTEN TESTIMONY

NAME: Rob Holston
ADDRESS: 11380 Aldenwood St. N.
Ketchikan, AK. 99901

PHONE: 907-225-6919
EMAIL: holston@kpunet.net

BILL# or SUBJECT: H.B. 167
COMMITTEE:

I own Lighthouse Excursions, Inc. in Ketchikan. In 9 years of Business, we have served 100,000 guests. We employ 10.

In 2009, we suffered a 12% loss in business. As a result we cut hours.

In 2010, we anticipate as much as a 30% reduction in visitors. This will require a reduction in employees.

Please support passage of H.B. 167. We must advertise if we want to survive.

Thank you,

Rob Holston

5202

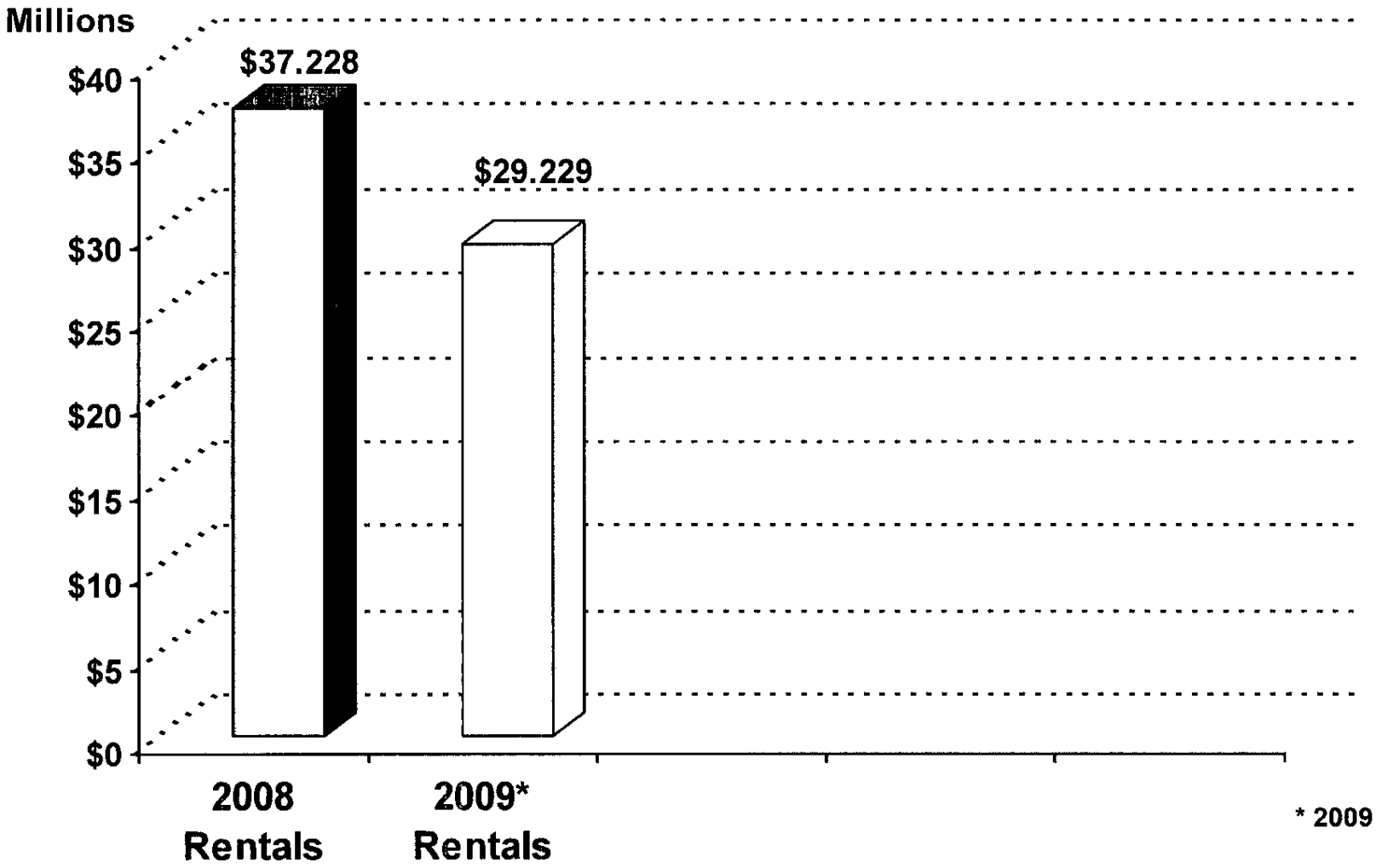
ALASKA
TRAVEL INDUSTRY
ASSOCIATION

House Finance Tourism Report

November 4, 2009

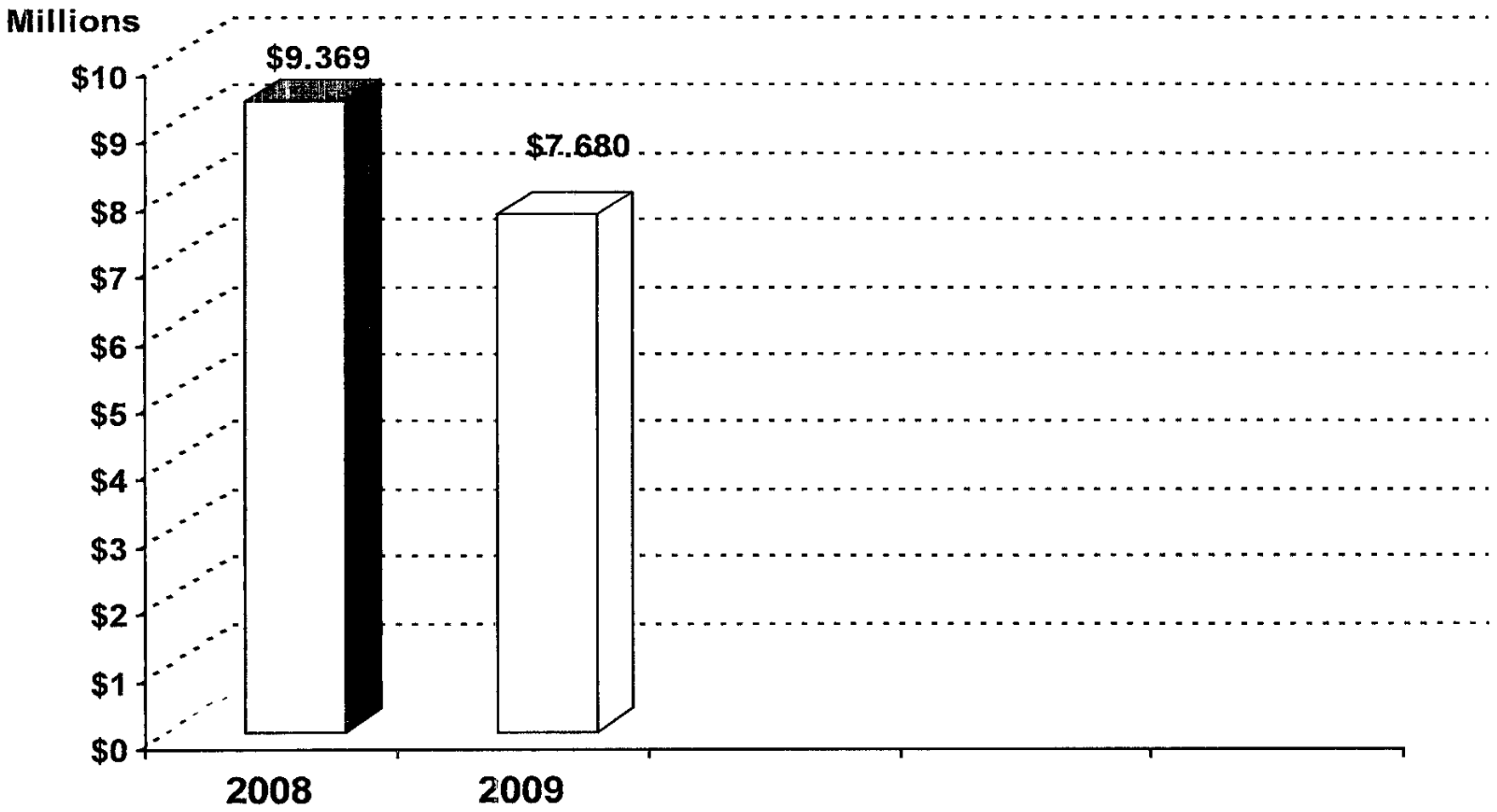
ANC Rental Revenue Tax

- January – August, down 8 Million / 21.5%



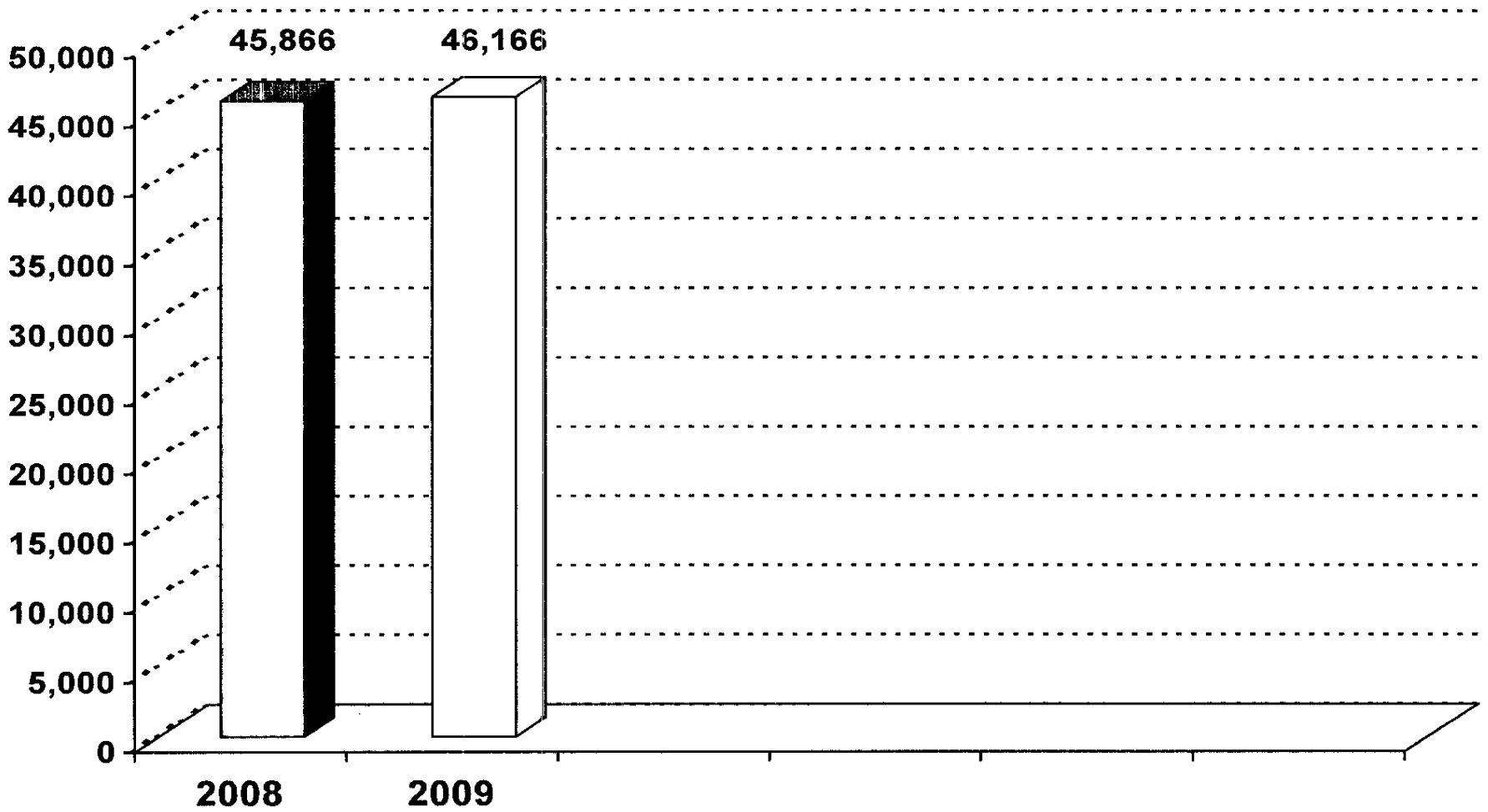
Anchorage Hotel Tax

- January – Jun, down 1.7 million / 19%

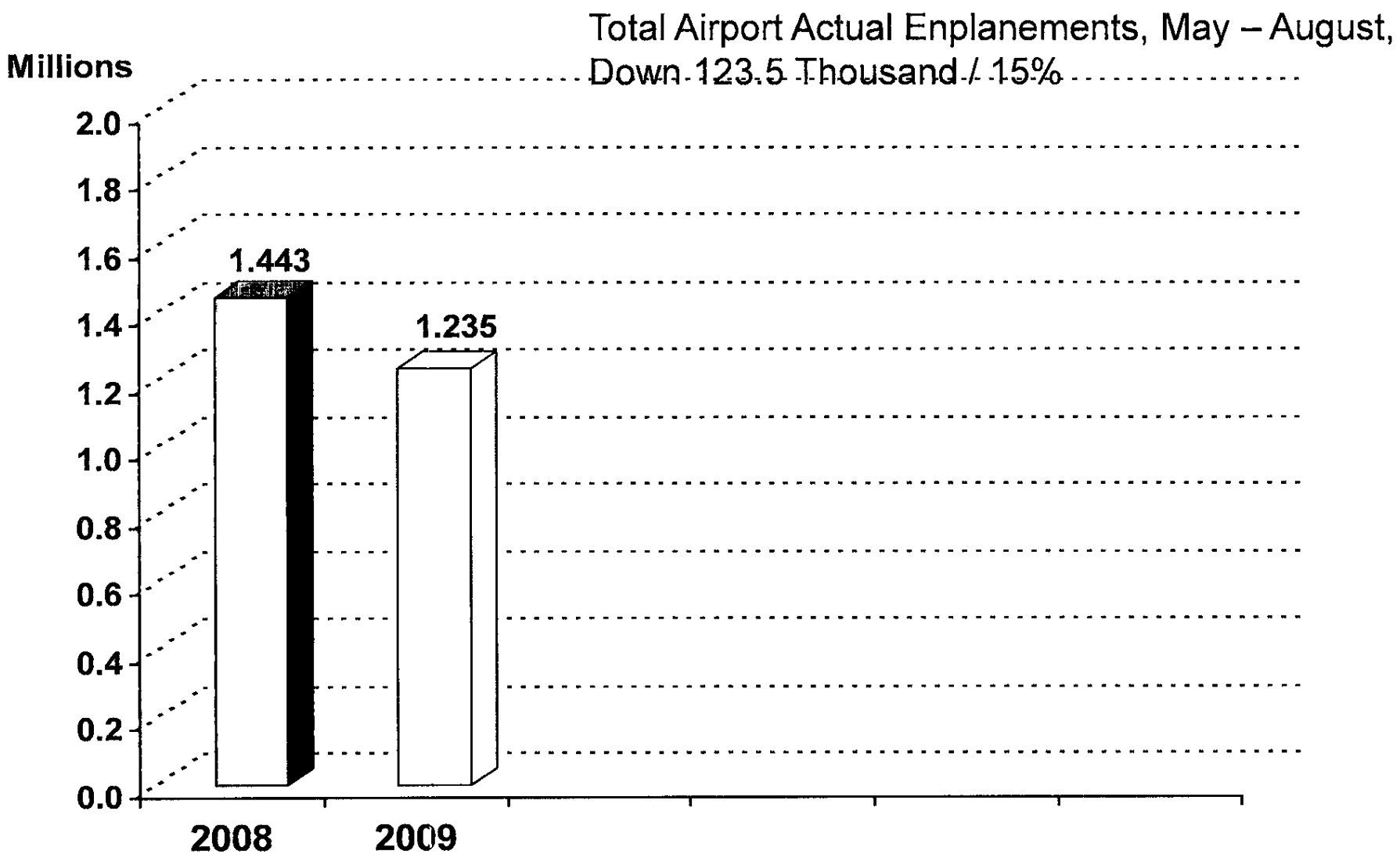


Alaska Highway Arrivals

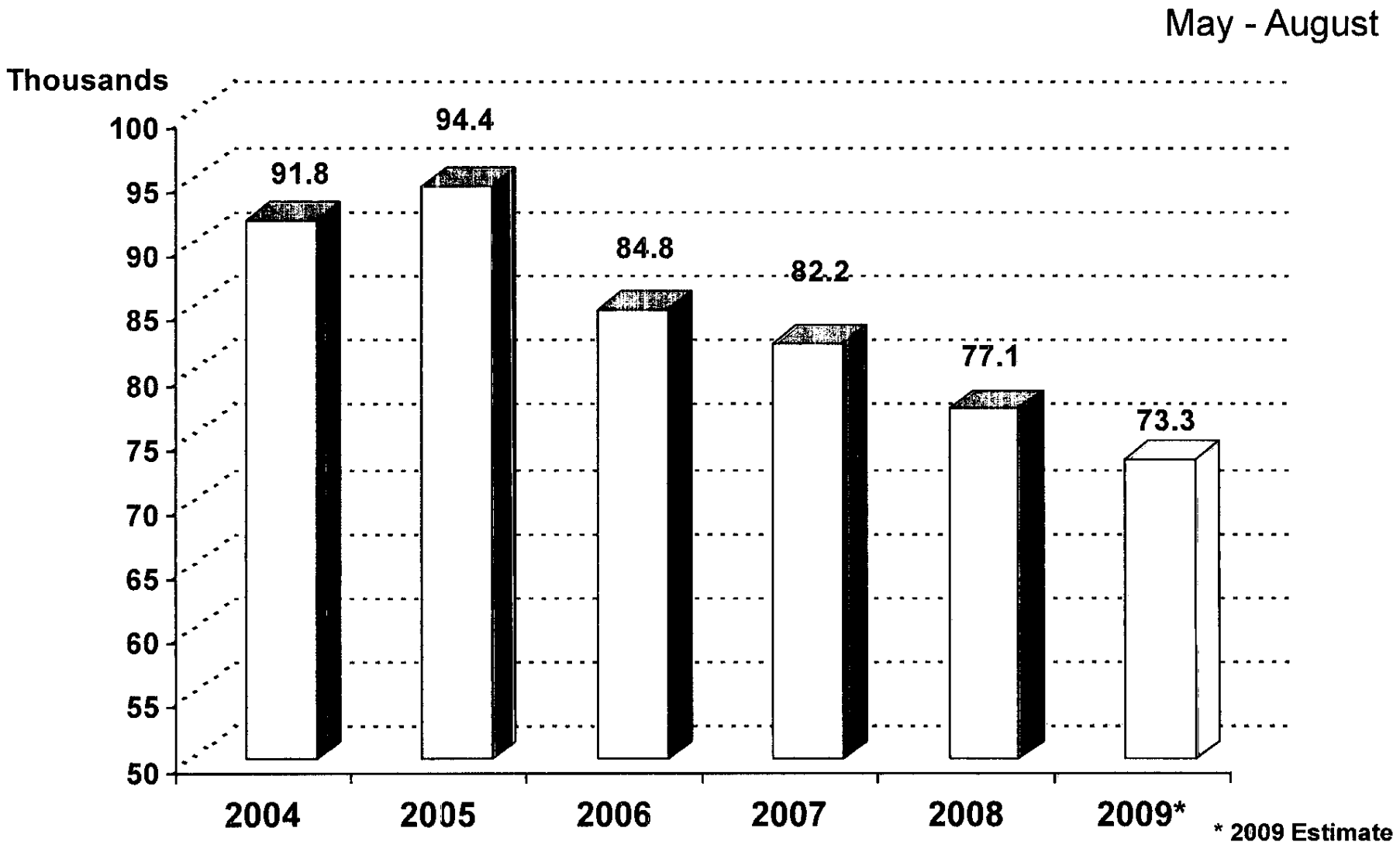
• May - July



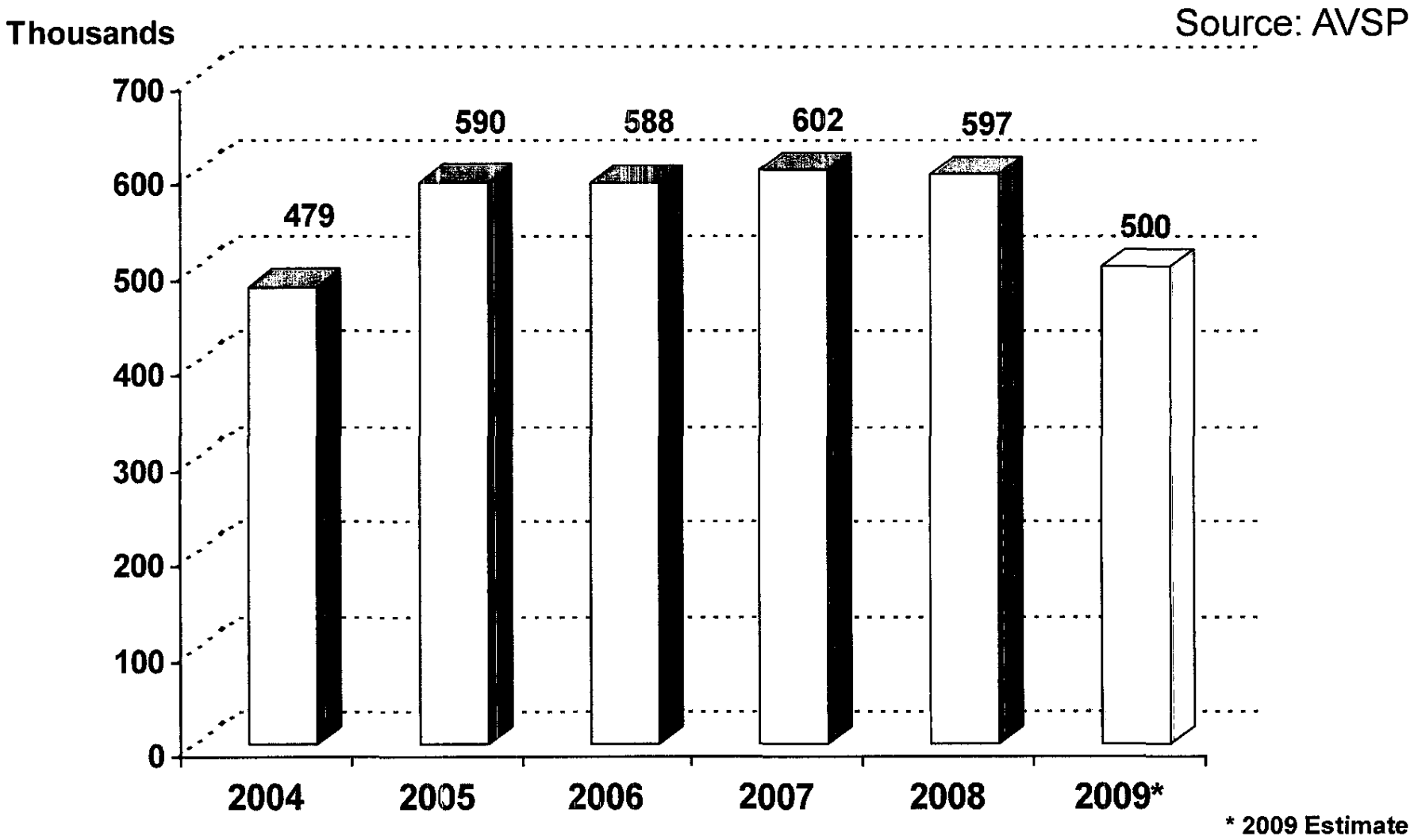
FAI / ANC Airport Arrivals



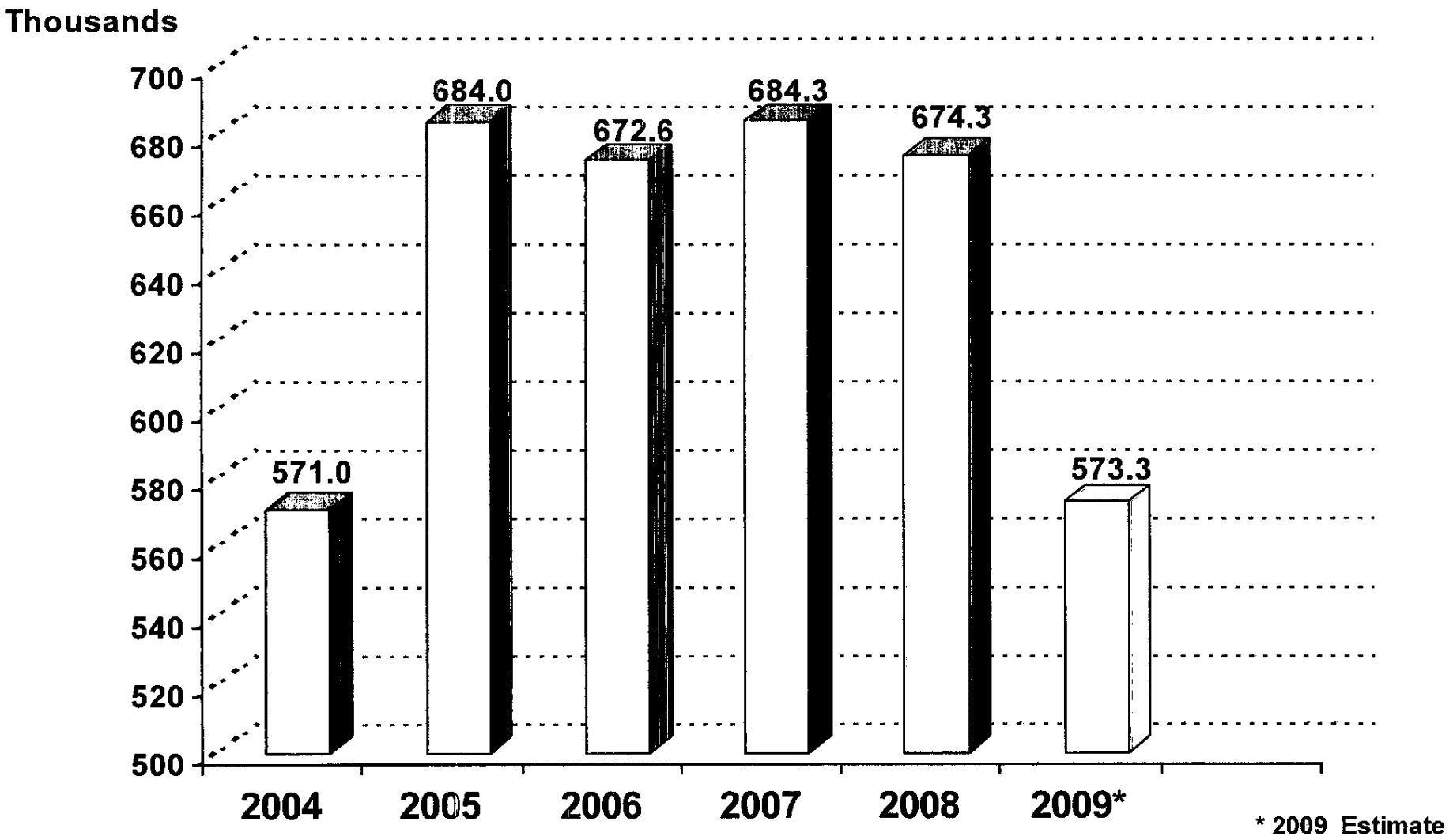
Long Haul Traveler



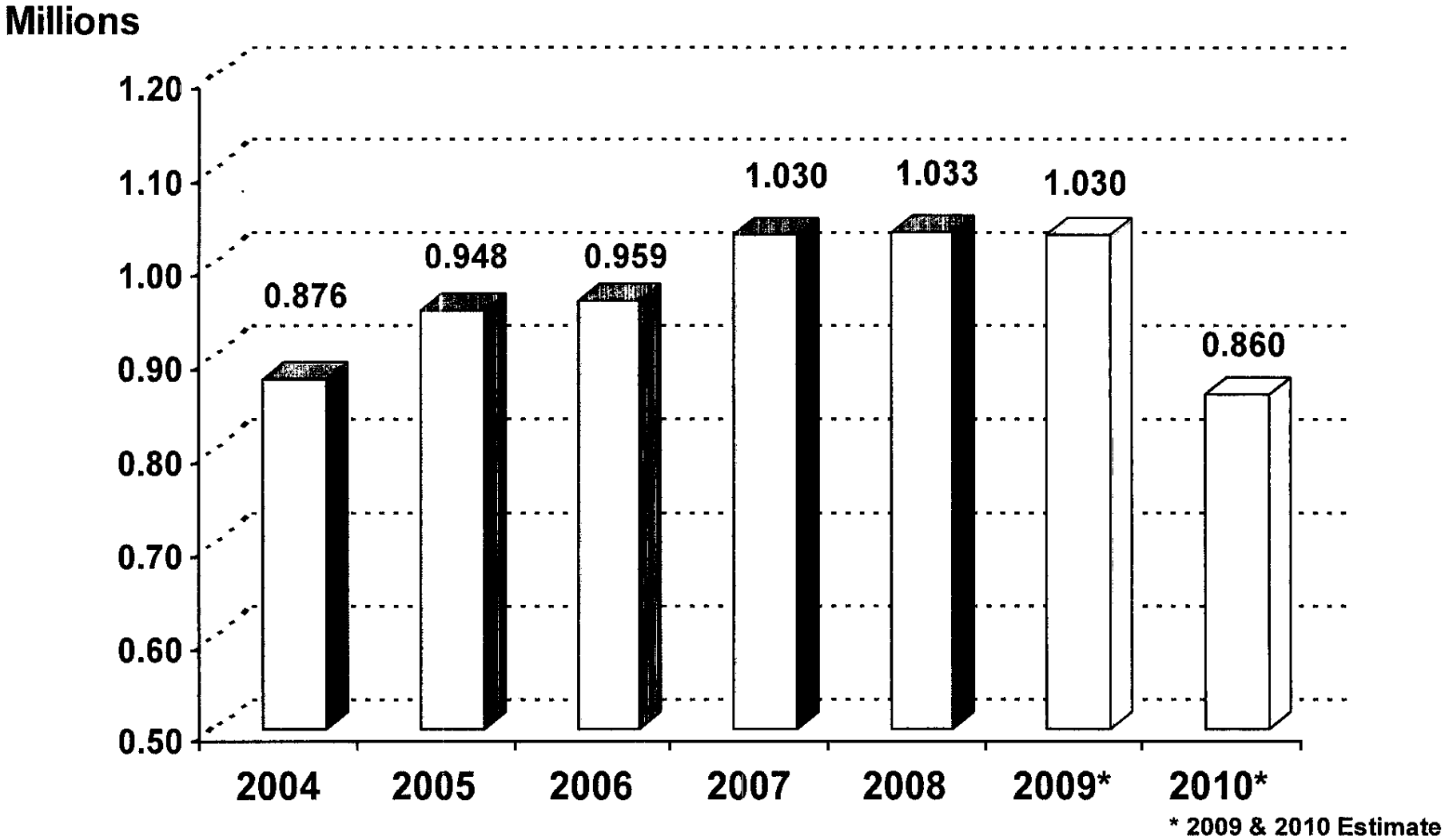
Summer Visitors Air Arrivals



Non-Cruise Visitors

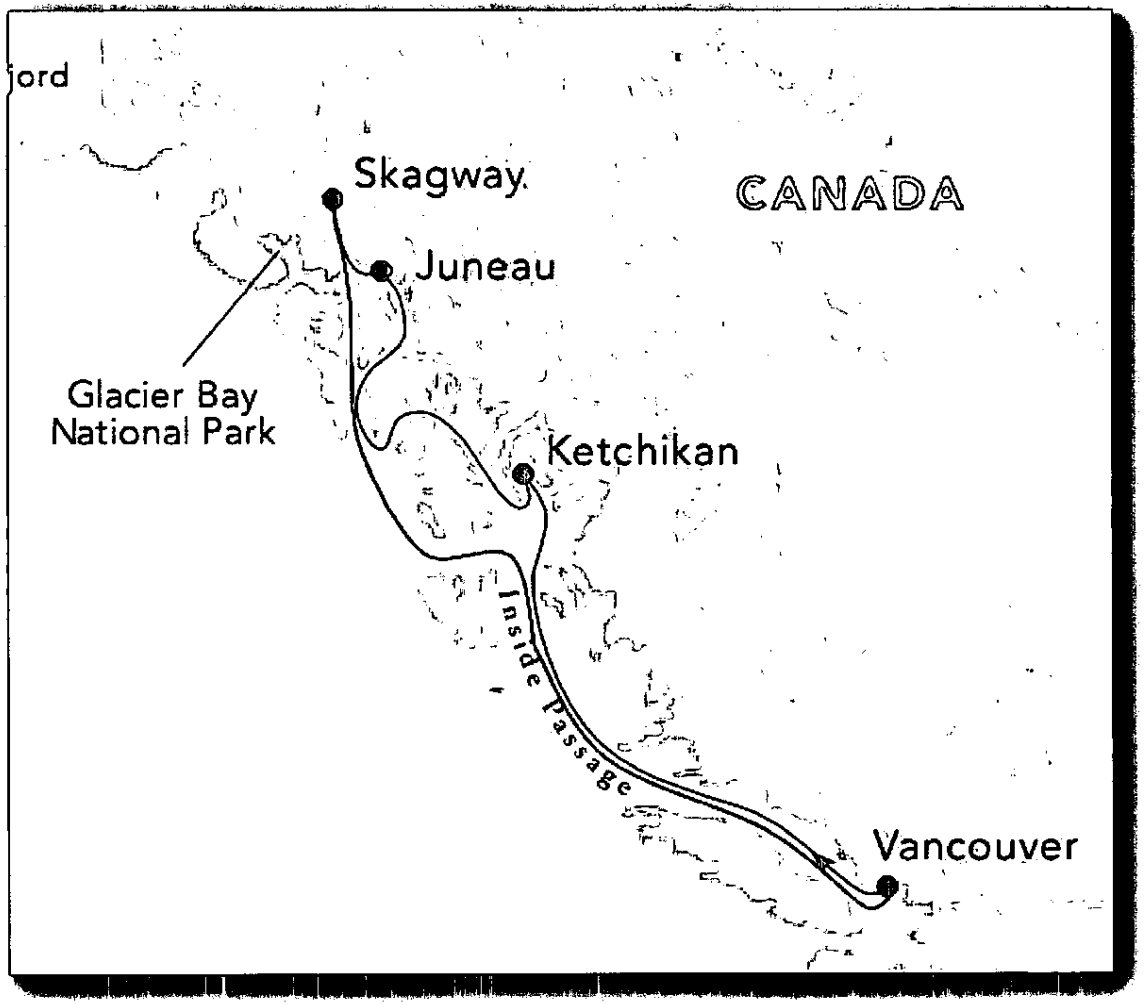


Cruise Visitors



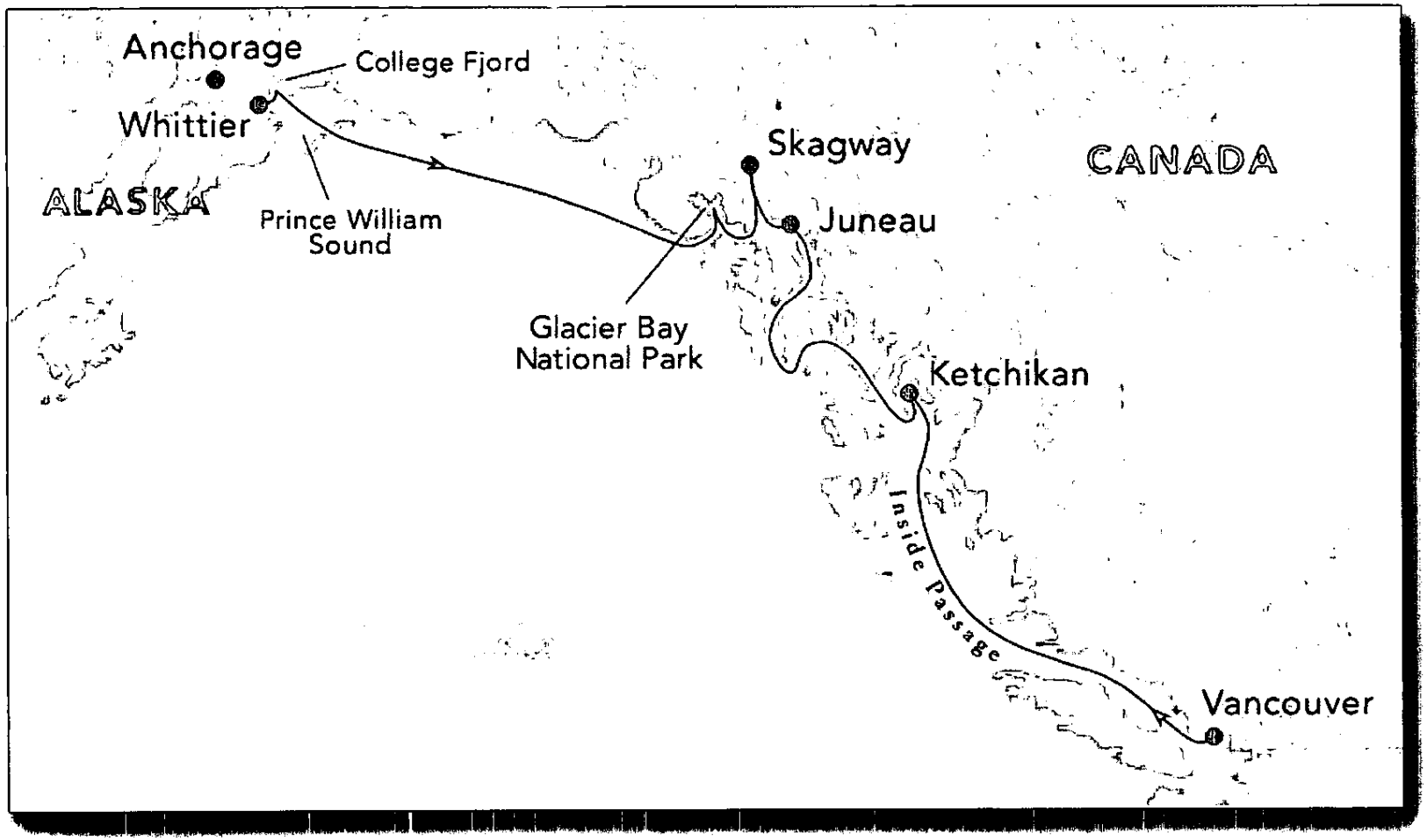
Round Trip, Inside Passage

600,000 in 2009 / 580,000 in 2010



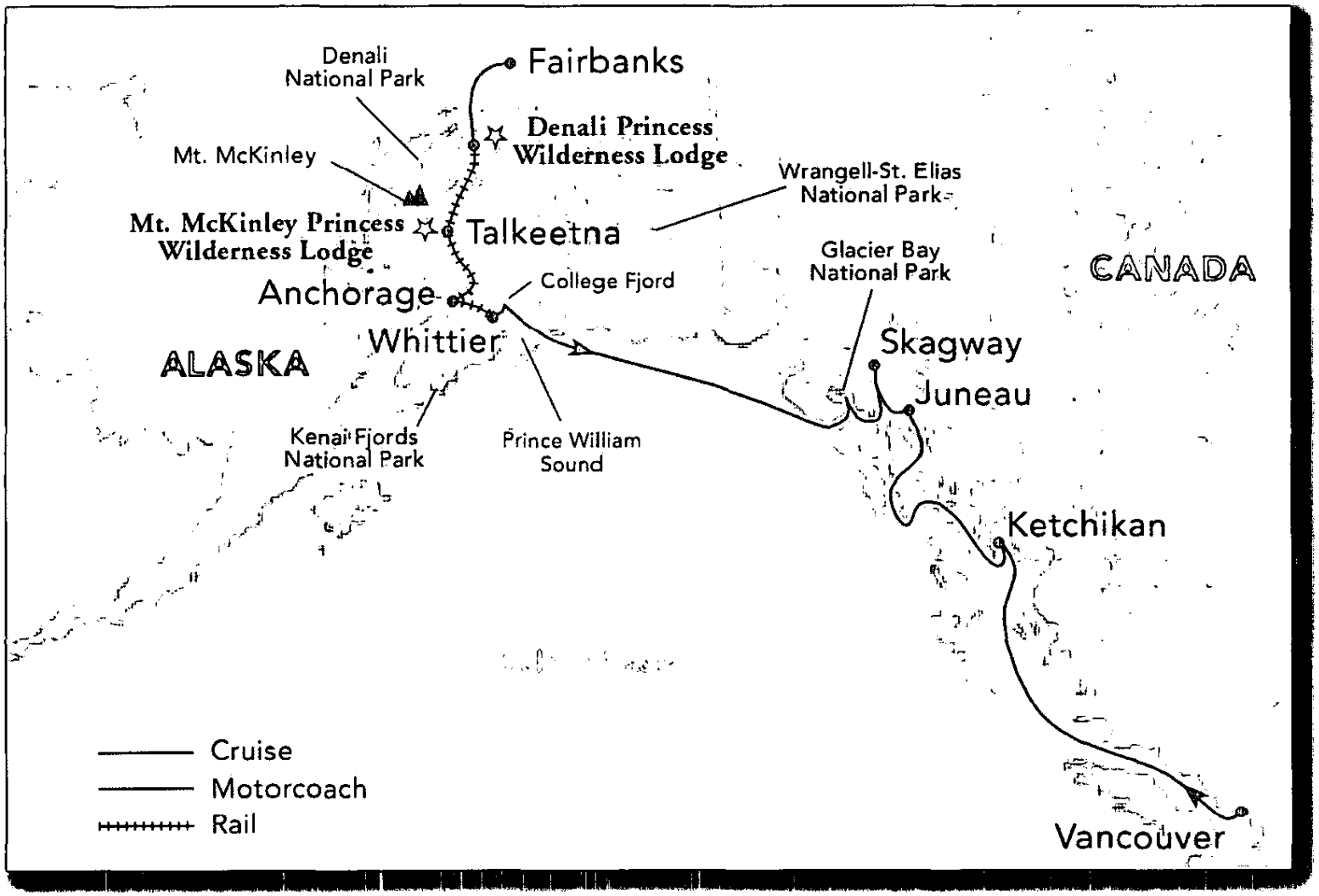
Gulf Cruise Only

400,000 in 2009 / 280,000 in 2010

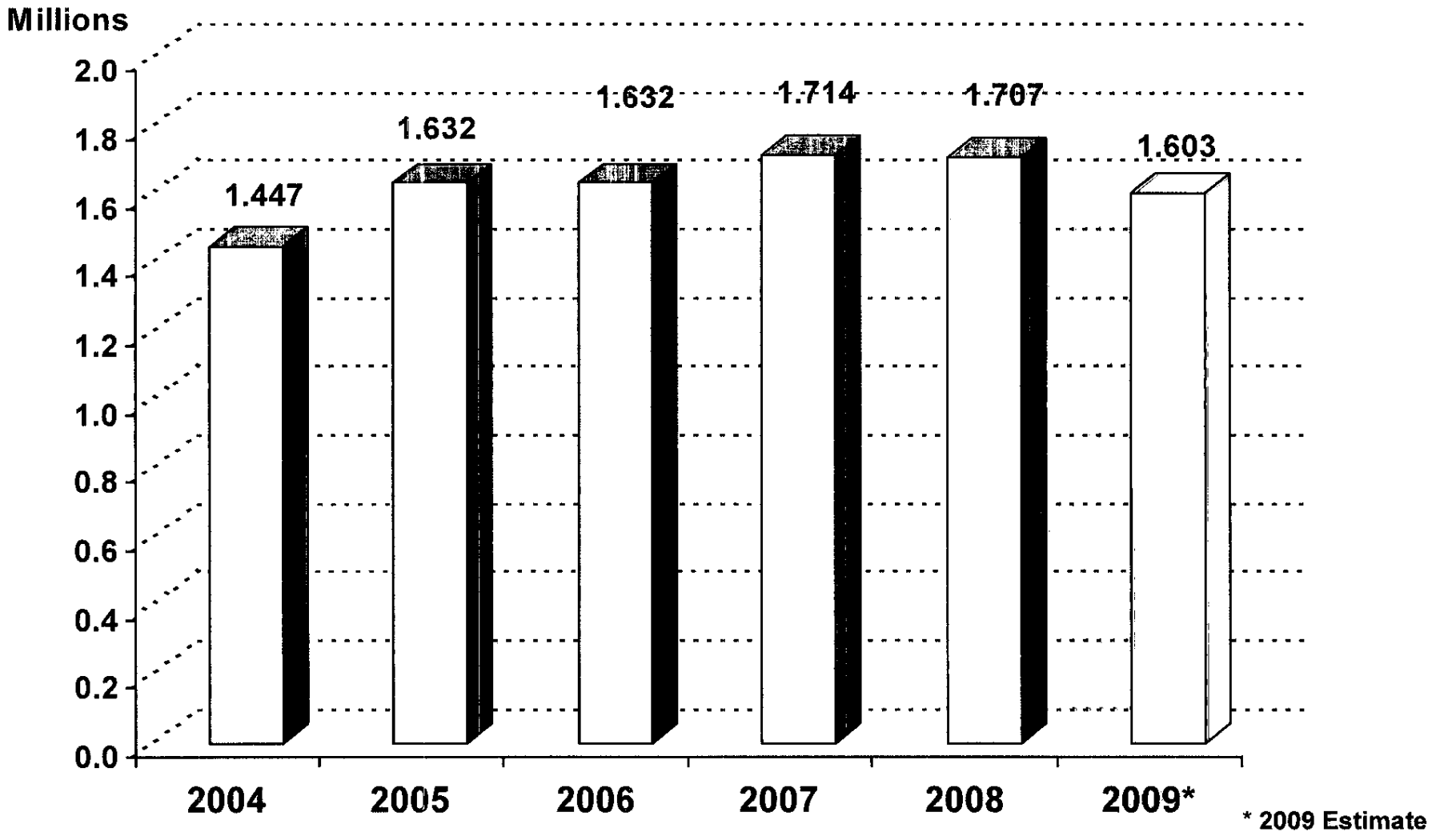


Gulf Cruise Tour

200,000 in 2009 / ?? 2010

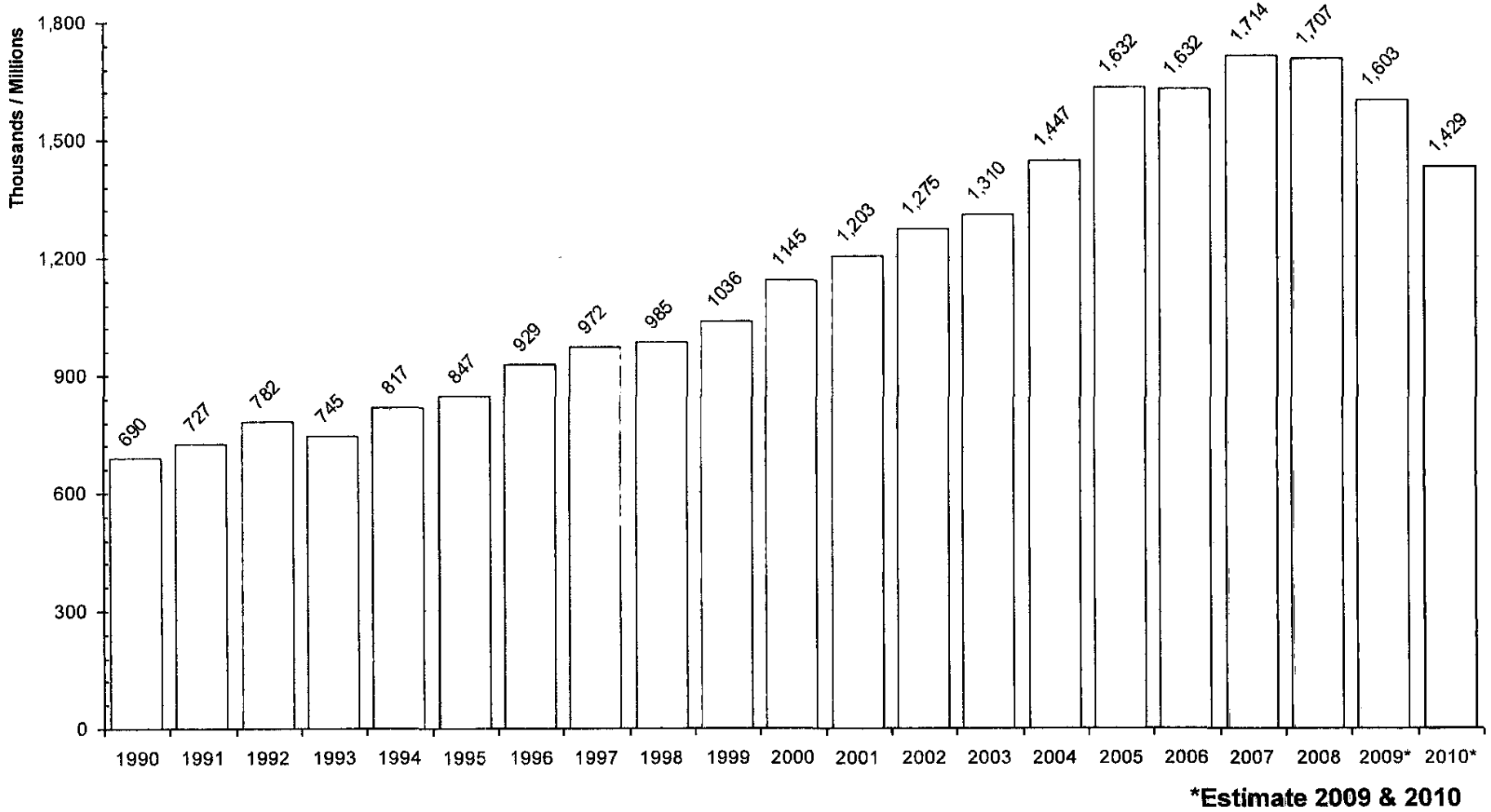


Total Summer Visitors



Visitors 1990-2010

Alaska Summer (May - Sept.) Visitors



*Estimate 2009 & 2010

Just The Facts

-10.7	U.S. International arrivals, thru June 2009
- 8.8%	U.S. Domestic Air Traffic, thru June 2009
- 8.3%	U.S. Hotel Occupancy, thru July 18
- 4.0%	Australia Visitor arrivals, thru July 2009
- 6.2%	Hawaii visitor arrivals, thru August 2009

HB 168

<target><bill>HB 168</bill><subject>HB 168</subject><comm>HFIN26</comm></target>

ALASKA STATE HOUSE OF REPRESENTATIVES

SENATOR JOHN COGHILL

HB 168 Certification and Designation of Trauma Centers

Sponsor Statement 26-LS0437\E

This legislation would create a trauma care fund which could reimburse trauma centers for uncompensated or undercompensated services. The bill would create incentives for becoming a certified trauma center but does not force facilities to become certified trauma centers.

Trauma is the leading cause of death for Alaskans between the age of one and forty-four and more than 800 Alaskans are hospitalized each year for spinal cord and brain injuries.

There is a "golden hour" after the injury during which proper treatment and appropriate interventions will potentially save a patient's life and prevent further damage to an injured person. Personal trauma is any bodily injury from an external force including car crashes, shootings, falls, snow machine crashes, and stabbings.

A good trauma system is an organized multidisciplinary response to managing treatment of severely injured people and it spans the full spectrum from prevention and emergency care to recovery and rehabilitation. A trauma system enhances the chance of survival by making sure patients are brought to the most appropriate facility in the most efficient manner and that optimal care is delivered every step of the way. Alaska has many good parts to our trauma response but we must do better.

ALASKA STATE HOUSE OF REPRESENTATIVES

Contact:
Interim Address:
3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4271

Session

(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 214

SENATOR JOHN COGHILL

HB 168 Designate Trauma Centers and the Uncompensated Trauma Care Fund

Sectional for Version E

Section 1. AS 18.08.082 currently prescribes by regulation criteria for training programs and for personnel involved in emergency medical services. This section adds a requirement for the commissioner of Health and Social Services establish special designations for varying levels of services offered by a certified trauma center.

Section 2. Establishes a trauma care fund to be used to compensate certified trauma centers for uncompensated trauma care. The fund can accept money appropriated by the legislature, which can include donations, income from the fund, and of the other designated receipts. The commissioner is given authority to establish a special committee for review of the program and limits are set on the distribution of the funds.

Section 3. Would permit the appropriation of unrestricted alcohol beverage taxes to the trauma care fund. The alcohol and other drug abuse treatment and prevention fund. Half of the alcohol beverage taxes are restricted to use in the

Section 4. The bill has an immediate effective date.

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: February 17, 2010 **FURTHER REFERRALS:**

Date of Committee Action: 4/6/10

The FINANCE Committee considered: **HOUSE BILL NO. 168**

"An Act relating to state certification and designation of trauma centers; creating the uncompensated trauma care fund to offset uncompensated trauma care provided at certified and designated trauma centers; and providing for an effective date."

HB 168-TRAUMA CARE CENTERS/FUND

Recommends it be replaced with [ ] HCS *or* [X] CS for HB 168 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [✓] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero
HFIN DHS		✓		

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero
REV	2			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Foster	✓			
	Gara	✓			
	Doogan			—	
	Joule	—			
	Austerman			X	
	Thayer	✓			
	KELLY			X	
	Salmon	X			
Chair:	Stoltze			☆	
Chair:	Hawker			☆	

5220

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CS HB 168 (FIN)**
() Publish Date:

Identifier (file name): CS HB 168(FIN)-DHSS-IPEMS-04-06-10
Title: Trauma Care Centers/Fund
Sponsor: Representative Coghill
Requester: House Finance Committee

Dept. Affected: Health & Social Services
RDU: Public Health
Component: Injury Prevention/Emergency Medical Services
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	5,000.0						
Miscellaneous							
TOTAL OPERATING	**5,000.0**		*	*	*	*	*
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	2,500.0						
1003 GF Match							
1004 GF	2,500.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other-AHFC Receipts							
TOTAL	**5,000.0**		*	*	*	*	*

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

CS HB 168 (FIN) creates the trauma care fund to be used to compensate certified trauma centers for practicing at the highest national standards for trauma care. Monies from the Disproportionate Share Hospital (DSH) program can be used as a match to money in the trauma care fund. This would be a 50/50 match.

Prepared by: Co-Chair Rep. Stoltze
House Finance Committee
Phone 465-4958
Date/Time 4/6/2010 12:00PM

Co-Chair Rep. Hawker
House Finance Committee
Date 4/6/2010

5221

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 168(HSS)
(H) Publish Date: 2/17/10

Identifier (file name): HB168-REV-TRS-2-8-10
Dept. Affected: Revenue
Title: Uncompensated Trauma Care fund
RDU: Taxation and Treasury
Component: Treasury Division
Sponsor: Representative Kerttula
Requester: House Health and Social Services
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Part-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Temporary	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

ANALYSIS: *(Attach a separate page if necessary)*

This bill establishes a fund to compensate certain certified trauma centers in Alaska for care uncompensated by the person receiving the care or by another source. This fund will be invested within the GeFonsi investment pool No additional costs have been identified.

Prepared by: Pamela J. Leary, Comptroller
Phone 465-2300
Division: Treasury Division
Date/Time 2-8-10; 10:01am
Approved by: Ginger Blaisdell, Director
Date 2/8/2010; 8:12pm
Administrative Services Division

(Revised 11/6/2009 OMB)

5222

CS FOR HOUSE BILL NO. 168(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES COGHILL, Kerttula, Lynn, Cissna, Keller, Herron

A BILL

FOR AN ACT ENTITLED

"An Act relating to state certification and designation of trauma centers; creating the trauma care fund to offset trauma care provided at certified and designated trauma centers; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 18.08.082 is amended by adding a new subsection to read:

(c) The commissioner shall establish special designations in regulation for varying levels of trauma care provided by a certified trauma center that shall be used to set compensation eligibility and amounts under AS 18.08.085. The designations shall be based on nationally recognized standards and procedures.

*** Sec. 2.** AS 18.08 is amended by adding a new section to read:

Sec. 18.08.085. Trauma care fund; creation. (a) The trauma care fund is created. The purpose of the fund is to compensate certified trauma centers in the state that receive a special designation under AS 18.08.082(c).

(b) The fund consists of money appropriated to it by the legislature, including

donations, recoveries of or reimbursements for awards made from the fund, income from the fund, and other program receipts from activities under this chapter. Appropriations to the fund do not lapse.

(c) The commissioner shall administer the fund in accordance with the provisions of this chapter. The commissioner shall spend money from the trauma care fund for the purpose established in (a) of this section.

(d) The commissioner shall establish compensation standards under this section. The standards must include funding priorities for trauma centers receiving a special designation under AS 18.08.082(c). The commissioner may seek the advice of a special committee for review of statewide trauma care and compensation standards.

(e) The commissioner may not provide more than 25 percent of the total assets, including earnings, of the fund in a fiscal year to one trauma center.

*** Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

5225

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Summary of Trauma Systems and Funding Mechanisms by State

DRAFT

State	ACS Trauma System Consultation	ACS BIS Facilitation	Legislated Trauma System?	Is that System Funded?	Fines/Fees on Moving Violations	Fines/Fees on Other Criminal Penalties	Motor Vehicle Registration/License Plates or Driver's License Renewal Surcharge	Cigarette Excise/Tax	Gambling	General Revenue Funds	Surcharge on 911 calls	Other	
Alaska	2008	575	Yes	No									
Alabama			No	No									
Arkansas	In Discussion		Yes	Yes				X					
Arizona	2007		Yes	Yes				X	X*				*Money to Level I only
California	2002*		No	Yes	X								*Marin County (San Rafel, CA)
Colorado	In Discussion		Yes	Yes			X						
Connecticut	2006		Yes	No									
Delaware			Yes	Yes				X					
District of Columbia	In Discussion		No	No									
Florida			Yes	Yes	X								
Georgia	2009		No	No						X*			* Not a permanent funding source.
Hawaii	2005		Yes	Yes				X					
Iowa			Yes	No									
Idaho			No	No									
Illinois	2006		Yes	Yes	X	X							
Indiana	2008		Yes	No									
Kansas		2008	Yes	Yes	X								
Kentucky			Yes	No									*No Permanent Funding Source
Louisiana		Possible 2009	Yes	No									
Massachusetts			Yes	No									
Maryland			Yes	Yes			X						
Maine			Yes	No									
Michigan			No*	No									*Development of System in Progress
Minnesota	2007		Yes	Yes						X*			*$ from General fund, but generated from a hospital license fee of all Hospitals & money from Dept of Health
Missouri			Yes	Yes			X					Weapons License, ATV registration, Boat registration	
Mississippi			Yes	Yes	X		X	X					
Montana	1999		Yes	No									
North Carolina	2004		Yes	No									
North Dakota	2008		Yes	No									
Nebraska			Yes	Yes			X						
New Hampshire			Yes	No									
New Jersey	2008		No	No									
New Mexico			Yes	Yes						X*			*Yearly Legislative Appropriation. The surcharges to to Pre-hospital/EMS.
Nevada	2004*		Yes	No									*Clark County (Las Vegas, NV)
New York			Yes	No									
Ohio	2002*		Yes	Yes		X							*Tri-State Trauma Coalition (Cincinnati, OH)
Oklahoma			Yes	Yes	X		X	X					
Oregon			Yes	Yes						X			
Pennsylvania	2007		Yes	Yes	X	X							
Rhode Island	2004		No	Yes	X								
South Carolina			Yes	No									
South Dakota			No	No									
Tennessee	2008		Yes	Yes				X					
Texas		2005*	Yes	Yes	X						X		*Southwest Region

Please Contact Mindy Baker, 312-202-5363 (mbaker@facs.org) State Affairs Associate with corrections/additions etc.

American College of Surgeons

www.facs.org

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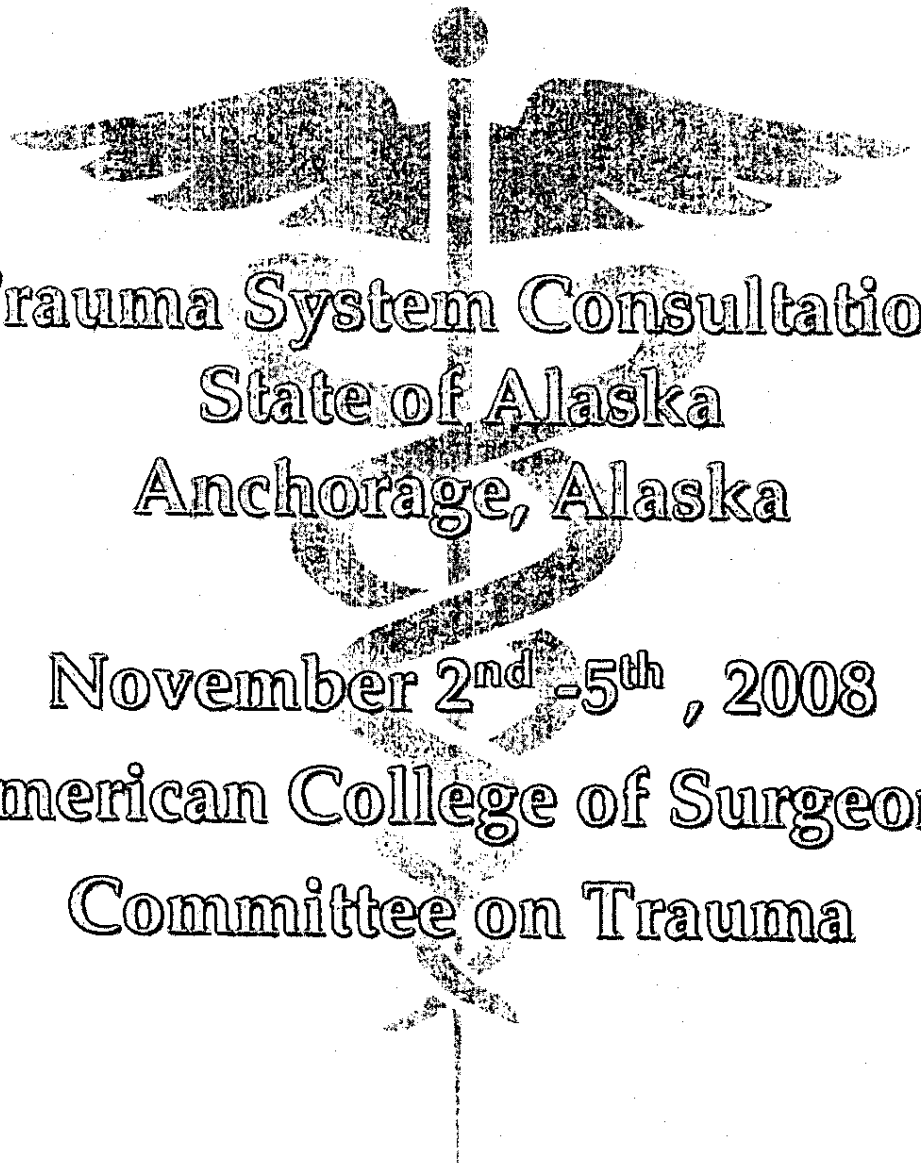
Summary of Trauma Systems and Funding Mechanisms by State

DRAFT

State	ACS Trauma System Consultation	ACS BIS Facilitation	Legislated Trauma System?	Is that System Funded?	Fines/Fees on Moving Violations	Fines/Fees on Other Criminal Penalties	Motor Vehicle Registration/License Plates or Driver's License Renewal Surcharge	Cigarette Excise Tax	Gambling	General Revenue Funds	Surcharge on 911 calls	Other
Utah		2005	Yes	Yes	X	X						
Virginia		2005	Yes	Yes	X		X					
Vermont			No	No								
Washington			Yes	Yes	X		X					Surcharge on sale or lease of a new vehicle
Wisconsin			Yes	Minimal						X*		
West Virginia	poss 2009		Yes	No								
Wyoming	2004		Yes	No								

*Partial funding for Trauma Coordinator position and $50, 000 for RTAC development and infrastructure



Trauma System Consultation
State of Alaska
Anchorage, Alaska

November 2nd -5th , 2008
American College of Surgeons
Committee on Trauma

PRIORITY RECOMMENDATIONS AMERICAN COLLEGE OF SURGEONS ALASKA TRAUMA SYSTEM REVIEW

November 2-5 2008

Definitive Care Facilities

- Establish, as soon as practical, a second Level II Trauma Center in Anchorage in accordance with American College of Surgeons Committee on Trauma (ACS-COT) verification criteria to meet the existing volume and acuity demands.
- Mandate participation of all acute care hospitals in the trauma system within a 2 year time frame with trauma center certification/designation appropriate to their capabilities.
  - Facilities should seek trauma center designation at a level appropriate for their capabilities.
  - Other facilities, such as remote health care clinics, should participate with rapid patient assessment and stabilization and by following guidelines for trauma triage and transfer.
- Study pediatric trauma care needs with the goal of establishing one or more centers of excellence in pediatric trauma care.

Coalition Building and Community Support

- Develop and disseminate public information about the challenges in providing trauma care and the status of the trauma system in the state for Alaskans.

Lead Agency and Human Resources Within the Lead Agency

Develop an appropriate position classification and duty statement for a 1.0 full time equivalent (FTE), permanent trauma system manager that specifies education as a health professional, experience in trauma or emergency health care, and the administrative skills and clinical understanding necessary to support trauma system development.

Trauma System Plan

- Develop a comprehensive trauma system strategic plan consistent with the Health Resources and Services Administration (HRSA) *Model Trauma System Planning and Evaluation* document.

Coalition Building and Community Support

- Develop and disseminate public information about the challenges in providing trauma care and the status of the trauma system in the state for Alaskans.

System Integration

- Ensure that the Injury Prevention and Emergency Medical Services

(IPEMS) Section is engaged in planning with disaster preparedness, emergency management, and public health functions for integration of the trauma system.

Financing

• Provide state funding to hire a fulltime trauma system manager.

Emergency Medical Services

• Develop a central coordination center for statewide air medical resources that will maintain an updated registry of all medical aircraft to include medical services and flight characteristics (e.g., load capacity, instrument rating, landing requirements, etc); and to monitor the availability and location of air resources in near real-time.

System Coordination and Patient Flow

• Implement standardized prehospital triage and trauma activation protocols customized to the three response areas (Anchorage, Southeast, and the bush).

Disaster Preparedness

• Integrate all components of the trauma system into state and local disaster planning activities.

System-wide Evaluation and Quality Assurance

• Develop an initial set of 3-5 statewide system performance indicators from among the list of nine provided in the Pre-Review Questionnaire.

Trauma Management Information Systems

• Ensure that all elements considered essential to system development, evaluation and performance improvement in the State of Alaska are included and functional in the new trauma registry and are consistent with the National Trauma Data Standard definitions.

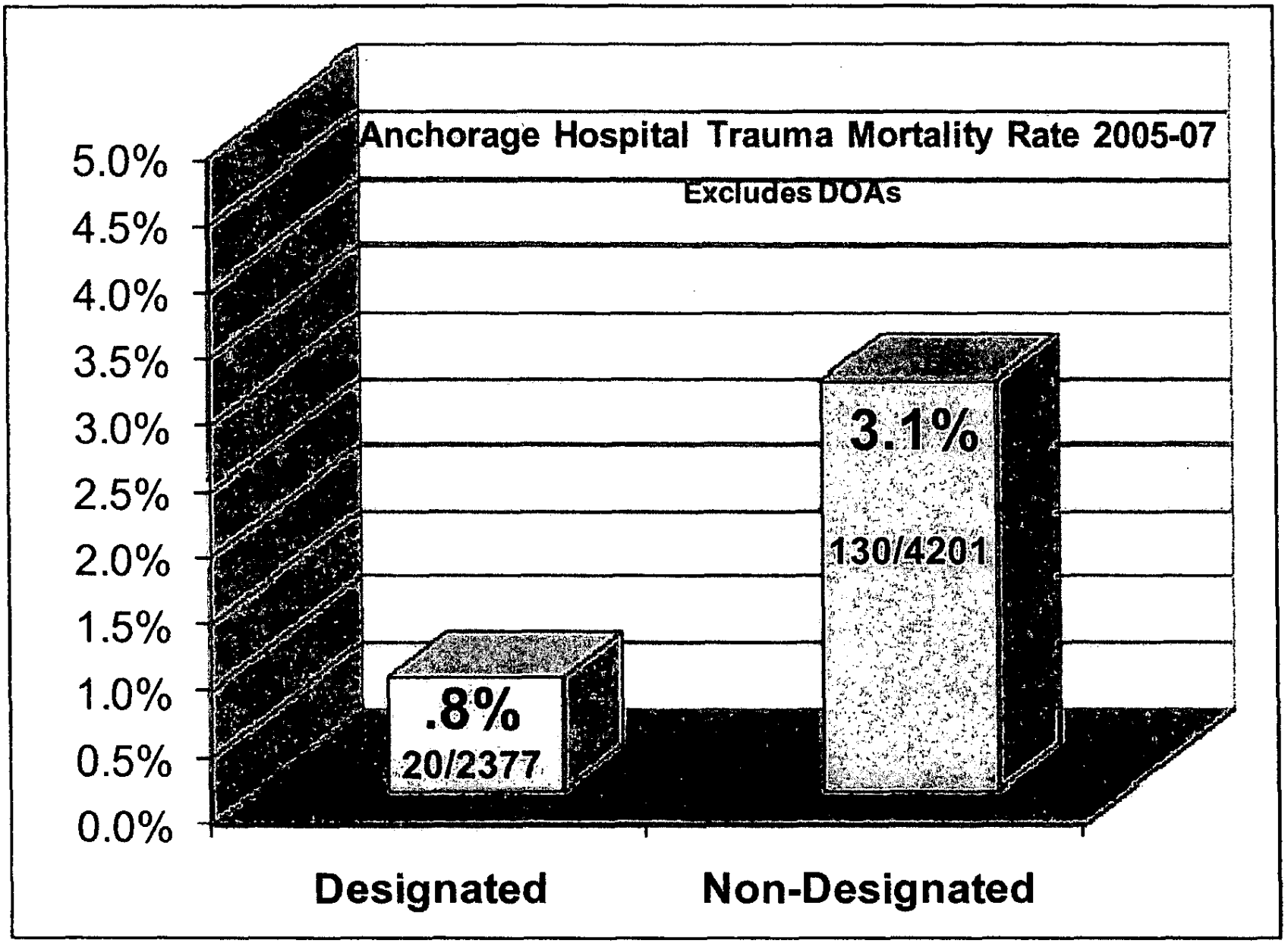
Statutory Authority and Administrative Rules

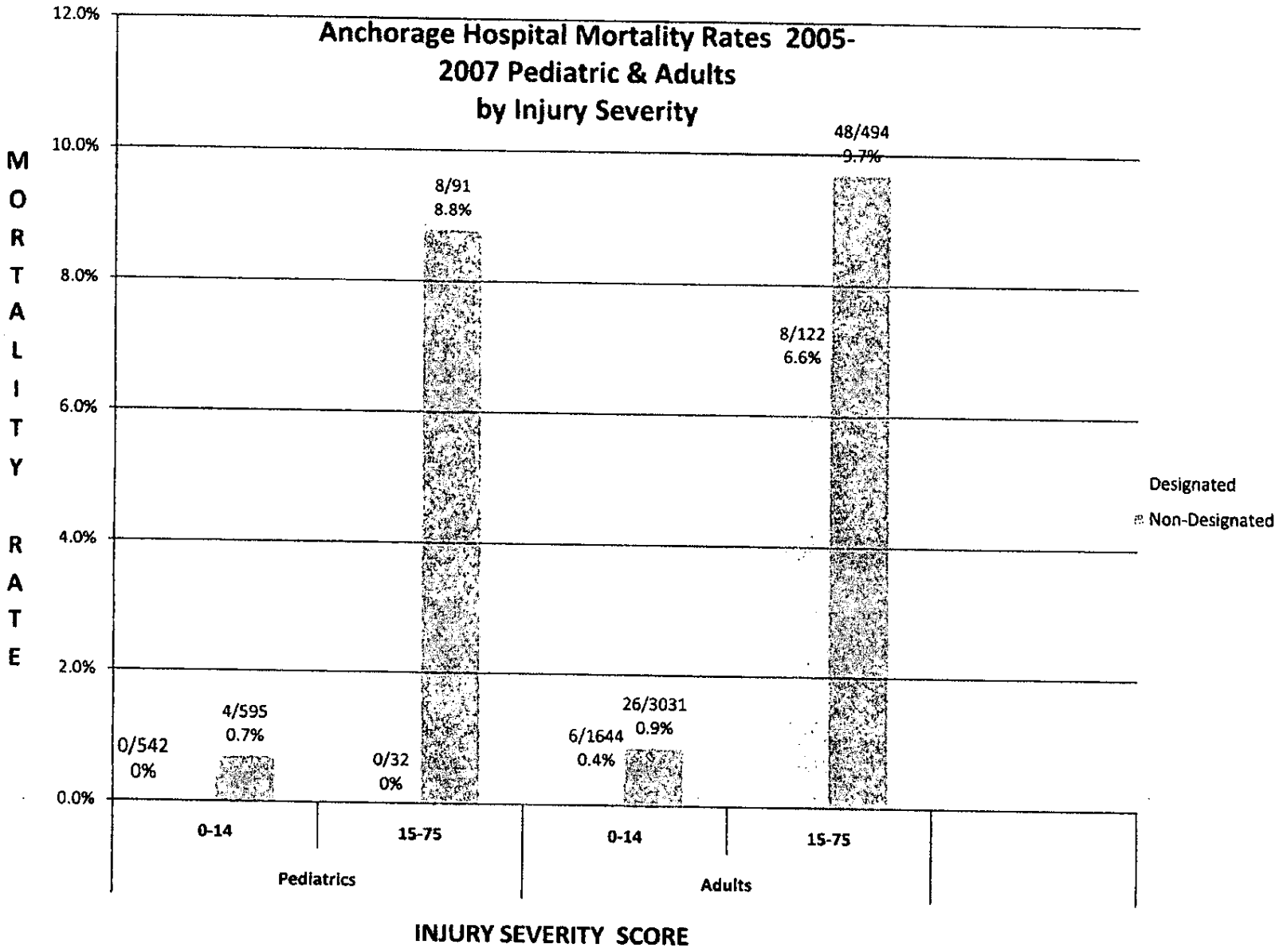
System Leadership

• Form an Alaska Technical Advisory Committee (ATAC) and task it with providing the Alaska Council on Emergency Medical Services (ACEMS) with recommendations regarding the following functions: data systems, trauma system planning, system-wide performance improvement and patient safety, trauma education (Advanced Trauma Life Support [ATLS], Trauma Nurse Core Curriculum [TNCC], Prehospital Trauma Life Support [PHTLS], etc), trauma center review and certification, injury prevention and control, public policy, and research.

- Enact legislation to expand the membership of the ACEMS to represent the trauma system and to include the following members appointed as follows:

  - One member, appointed by the Governor, shall represent the Alaska Chapter of the American College of Surgeons Committee on Trauma.
  - One member, appointed by the Governor, shall be a general surgeon who routinely participates in the care of injured patients.
  - One member, appointed by the Governor, shall represent the Alaska Chapter of the American Academy of Pediatrics.
  - One member, appointed by the Alaska Legislature, upon the recommendation of the Speaker of the House of Representatives.
  - One member, appointed by the Alaska Legislature, upon the recommendation of the President of the Senate.


Anchorage Hospital Trauma Mortality Rate 2005-07
Excludes DOAs
5.0%
4.5%
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
.8%
20/2377
3.1%
130/4201
Designated
Non-Designated


Anchorage Hospital Mortality Rates 2005-2007 Pediatric & Adults by Injury Severity
MORTALITY RATE
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
0/542
0%
4/595
0.7%
0/32
0%
8/91
8.8%
6/1644
0.4%
26/3031
0.9%
8/122
6.6%
48/494
9.7%
0-14
15-75
0-14
15-75
Pediatrics
Adults
INJURY SEVERITY SCORE
Designated
Non-Designated

Objectives and Methodology

- The Coalition for American Trauma Care commissioned Harris Interactive to conduct a survey of the public's views of and support for trauma systems.
- Telephone interviews were conducted with a nationally representative sample of 1000 adults aged 18 and over, between November 3rd and 14th, 2004.
- Final data were weighted by age, education, gender, income, and region, where necessary, using 2003 Current Population Survey data to adjust for sampling biases, if any.
- With 1,000 respondents, the sampling error is +/- 3%.

Key Topics

- Knowledge about leading causes of death
- Perceived value of and expectations about trauma centers
- Perceived value of and expectations about trauma systems
- Willingness to support funding of trauma centers and systems
- Disaster preparedness and trauma systems

Harris Interactive Ground Rules For Publicly Released Surveys

- Harris Interactive Inc. has very strong ground rules for surveys which may be publicly released. No other survey firm has stronger rules.
- Our **Five Rules** ensure that our surveys are never used to lead or mislead policymakers or the public. We do not do "hired gun surveys."
  1. **The survey must be fair, balanced and comprehensive.**
  2. **If the survey is publicly released, the full survey report must be released.**
  3. We will not include questions for possible publication about our clients' company or their products or brand names, or the names of their competitors. (The one exception: we sometimes do readership surveys or audience measurement surveys which ask about our clients.)
  4. **The survey must not be used to mislead the public, the media, policymakers or anyone else.**
  5. **We need to review the information that is being released prior to its release in order to check for accuracy.**

Overview

- Most Americans are not aware that injury is the leading cause of death for children, youth, and adults under the age of 34.
- After hearing a description of a trauma center, Americans value them highly and appreciate the importance of having one within easy reach.
  - Almost all Americans feel it is extremely or very important to be treated at a trauma center in the event of a life-threatening injury.
  - Nearly nine in ten Americans think it is extremely or very important for an ambulance to take them to a trauma center in the event of a life-threatening injury, even if it is not the closest hospital.
  - Nearly all Americans *believe* that if they had a serious or life-threatening injury, they *would* be taken to the hospital that is best equipped to handle their specific injury in less than 1 hour.
- Majorities of Americans feel that having a trauma center nearby is as important as or more important than having a Fire Department or Police Department.

Overview (cont.)

- After hearing a description of a trauma system, nearly all Americans recognize the importance of having a trauma *system* in place in their state.
- Large majorities feel that having a trauma *system* in place is as important as or more important than having State Police or HAZMAT teams.
- About two in three Americans would be extremely or very concerned if they learned that the trauma system in their state did not meet recognized standards. (*However, a 2002 survey of the status of trauma system development conducted by the Health Resources and Services Administration of the U.S. Department of Health and Human Services shows that only 8 states have fully developed trauma systems, 12 states do not have the authority to designate trauma centers, and the rest are in varying stages of partial development.*)
- Americans are willing to spend their own money to have trauma centers and systems in place in their states.
- Generally, Americans have high expectations of their states' trauma centers and systems when it comes to handling natural disasters or terrorist attacks.

Adopted 4/16/10

26-LS0437\P
Mischel
3/24/10

CS FOR HOUSE BILL NO. 168( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES COGHILL, Kerttula, Lynn, Cissna, Keller, Herron

A BILL

FOR AN ACT ENTITLED

"An Act relating to state certification and designation of trauma centers; creating the trauma care fund to offset trauma care provided at certified and designated trauma centers; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 18.08.082 is amended by adding a new subsection to read:

(c) The commissioner shall establish special designations in regulation for varying levels of trauma care provided by a certified trauma center that shall be used to set compensation eligibility and amounts under AS 18.08.085. The designations shall be based on nationally recognized standards and procedures.

*** Sec. 2.** AS 18.08 is amended by adding a new section to read:

Sec. 18.08.085. Trauma care fund; creation. (a) The trauma care fund is created. The purpose of the fund is to compensate certified trauma centers in the state that receive a special designation under AS 18.08.082(c).

(b) The fund consists of money appropriated to it by the legislature, including

donations, recoveries of or reimbursements for awards made from the fund, income from the fund, and other program receipts from activities under this chapter. Appropriations to the fund do not lapse.

(c) The commissioner shall administer the fund in accordance with the provisions of this chapter. The commissioner shall spend money from the trauma care fund for the purpose established in (a) of this section.

(d) The commissioner shall establish compensation standards under this section. The standards must include funding priorities for trauma centers receiving a special designation under AS 18.08.082(c). The commissioner may seek the advice of a special committee for review of statewide trauma care and compensation standards.

(e) The commissioner may not provide more than 25 percent of the total assets, including earnings, of the fund in a fiscal year to one trauma center.

*** Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

ALASKA STATE LEGISLATURE

REPRESENTATIVE BOB HERRON

State Capitol, Room 411, Juneau, AK 99801-1182 (907) 465-4942

HB 168 Designate Trauma Centers and the Trauma Care Fund

Sectional for Version P

Section 1. AS 18.08.082 currently prescribes by regulation criteria for training programs and for personnel involved in emergency medical services. This section adds a requirement for the commissioner of Health and Social Services establish special designations for varying levels of services offered by a certified trauma center.

Section 2. Establishes a trauma care fund to be used to compensate certified trauma centers for trauma care. The fund can accept money appropriated by the legislature, which can include donations, income from the fund, and of the other designated receipts. The commissioner required to establish compensation standards and is given authority to establish a special committee for review of the program and limits are set on the distribution of the funds.

Section 3. The bill has an immediate effective date.

Alaska Statewide Trauma System

Fact Sheet

What is Trauma?
Trauma is any bodily injury from external force. Although many people think of trauma as "accidents", it is better thought of as a disease. Like heart disease and cancer, trauma has identifiable causes and risk factors; and like these conditions, prevention is the best strategy. However, even with the best prevention efforts we still need to be able to take care of the seriously injured. We need to show the same commitment that we brought to cardiac and cancer treatment to trauma care. The seriously injured require timely diagnosis and treatment by health care professionals who are appropriately trained and provided with the necessary resources to reduce the risk of death or permanent disability.

Impact of Trauma in Alaska
Trauma is a tremendous burden on families and communities. In the 1990s, nearly 5,000 Alaskans died from trauma.

- For Alaskans, ages 1 to 44, trauma is the leading cause of death.
- On average, more than 400 Alaskans die from trauma each year. For every injury death, eleven people are hospitalized for trauma-related injuries. For every trauma death that occurs in the hospital, there are an estimated 3 people discharged with permanent disability.
- On average, more than 800 Alaskans are hospitalized each year for central nervous system injury (spinal cord and brain injuries).
- In 2004, motor vehicles were the leading cause of injury death (117), followed by firearm-related injuries (116).
- In 2004, the economic cost of hospital stay alone for trauma patients in Alaska was estimated at over $73 million. One in four hospital admissions were uncompensated.

Years of Potential Life Lost to Trauma
Death from trauma is tragic at any age. Society's loss is especially great because so many young people die from trauma. The impact can be measured in "years of potential life lost:" the number of years between early death from injury and the average age of death at age 70. Using years of potential life lost, trauma is the leading cause of potential life lost for all Alaskans followed by cancer and heart disease.

What is a Trauma System?
A trauma system is a predetermined, organized, multidisciplinary response to managing the care and treatment of severely injured people. It spans the full spectrum of care; from prevention and emergency care to recovery and rehabilitation. Best practice standards guide each stage of care to ensure that injured patients are promptly transported to and treated at facilities appropriate to their severity of injury and that they receive optimal care at each stage of their treatment.

A statewide trauma system also provides a framework for disaster preparedness and response. As part of its activities, a trauma system coordinates and monitors the

Alaska Brain Injury Network
www.Alaskabraininjury.org

movement and care of severely injured people. Ideally, the trauma system identifies the needs and resources available at any moment and responds to insure optimal care.

Why Have a Trauma System?
For a severely injured person, the time between an injury and receiving definitive care is the most important predictor of survival—the "golden hour." The chance of survival diminishes with time, despite of the availability of resources and modern technology. A trauma system enhances the chance of survival by making sure that patients are brought to the most appropriate facility in the most efficient manner and that they receive optimal care each step of the way. Trauma systems benefit everybody regardless of income, race, party affiliation or locale. States with mature, comprehensive statewide trauma systems have experienced:

- A 9 percent decrease in motor vehicle crash deaths.
- A 15-20 percent increase in the survival rates of seriously injured patients.
- An increase in productive working years.
- An improvement in statewide disaster preparedness.

Disaster Preparedness
Trauma systems play a vital role in the community response to natural disasters or manmade incidents. Despite concerns over bioterrorism, experience has shown that the vast majority of terrorist attacks will involve explosive devices. We also do know that Alaska will experience major earthquakes in the future. A functioning trauma system is the framework for developing an organized coherent response to these incidents

Alaska's Trauma System
In 1990, state authority for designating trauma centers was created in Alaska. Under this statute hospital participation is entirely voluntary. Criteria were established and the process for designation at Levels I-IV outlined. Since the original legislation there have been only three hospitals that have been designated by the state. One level II and four level IV centers. Clearly to fully realize the benefits of a trauma system more widespread participation is needed. Alaska's trauma system is ideally an inclusive system, recognizing the vital role that rural communities, hospitals and health care professionals play in the care and management of the trauma patient. Wide-scale involvement is critical to get optimal outcomes for the seriously injured.

Review of Alaska Trauma Care by the American College of Surgeons November 2008

The Alaska Department of Health and Social Services (DHSS) recently contracted with the Committee on Trauma of the American College of Surgeons to review trauma care in Alaska. The full report is available on the DHSS website (www.chems.alaska.gov). It notes our strengths and weaknesses and makes recommendations for improving trauma care in our state.

Strengths include: well established injury prevention programs; extensive and creative networks for ground and air medical transport; medical subspecialty availability at three

Anchorage hospitals; and a good relationship with Harborview Medical Center (Level I trauma center) in Seattle.

Deficiencies include the lack of an additional Level II trauma center in Anchorage and the existence of two patterns of trauma care, one for Alaska natives that follows national standards and one for the rest of the state. The review team members noted that among the nontribal hospitals " few of the facilities serving the majority population have made a similar commitment to achieving nationally recognized standards of trauma care". They also noted that there is no statewide trauma plan and no incentive or requirements for hospitals to participate in the system. Additionally, there are few resources at the state level for trauma system management and coordination. Perhaps as important as any of the above, they noted that there seemed to be very little public awareness of trauma system issues.

The review team made 15 priority recommendations. Several involve better organization of state resources and development of a comprehensive statewide trauma plan. The most sweeping recommendation was that all acute care hospitals be required to become designated trauma centers at a level appropriate to their resources and size within two years. They further stated that there should be a second level II trauma center in Anchorage as soon as possible. In addition, an assessment of pediatric trauma care needs should be completed with the goal of developing at least one pediatric trauma center of excellence.

The Alaska Trauma Systems Review Committee oversees the statewide trauma system in Alaska. The system addresses four primary components: trauma hospital designation criteria; trauma registry (monitors system performance and provides feedback for improvement); EMS/pre-hospital triage and transport guidelines; and inter-facility (hospital to hospital) transfer guidelines.

Where To Go From Here

- Increased hospital participation is necessary for the statewide trauma system to function optimally.
- There need to be incentives for hospitals to provide the staff and resources required for trauma center designation.
- Legislation to cover the cost of uncompensated trauma care and to limit the medical liability for care given at designated trauma centers are two incentives that have been successful in other states.

  House Bills 168 and 169 have been introduced by John Coghill to encourage hospitals to participate in the trauma system by covering some of the cost of uncompensated trauma care when it is given at designated trauma centers.

The goal of the statewide trauma system is to see every hospital in Alaska designated at an appropriate level.

- *Surveys show that the general public overwhelmingly supports having a hospital in their community that is prepared for and capable of effectively managing a seriously injured patient—and are willing to pay for it!

*2005 Harris Interactive poll, "The American Public's Views of and Support for Trauma Systems: A Congressional Briefing."

Alaska Statewide Trauma System contact information:

Frank Sacco MD FACS
Chair Trauma Systems Review Committee

fsacco@anmc.org

907 729 2732

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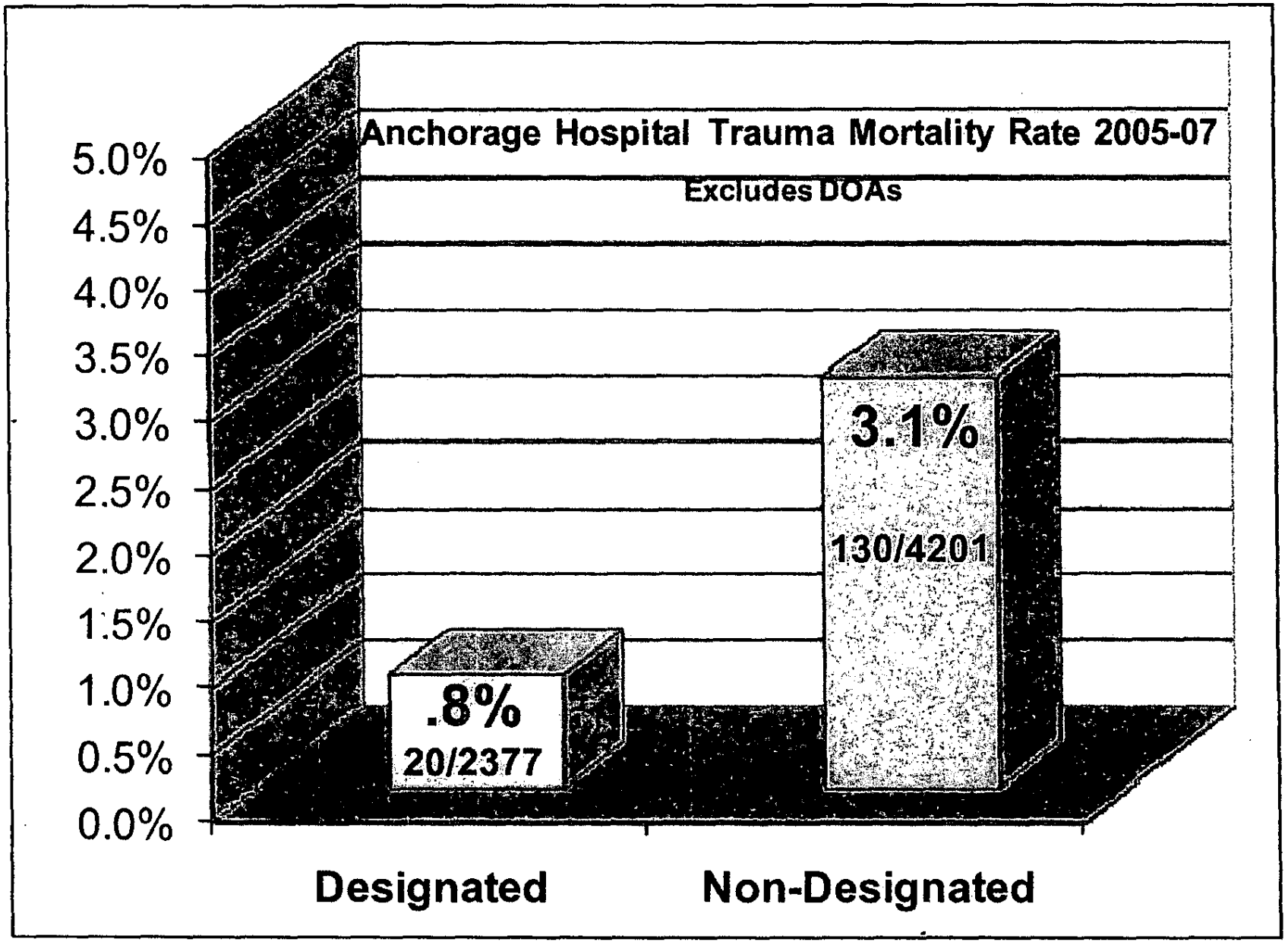
Alaska Native Medical Center
4315 Diplomacy Drive
Anchorage, AK 99508

Julie Rabeau
Trauma Program Manager
Department of Health and Social Services

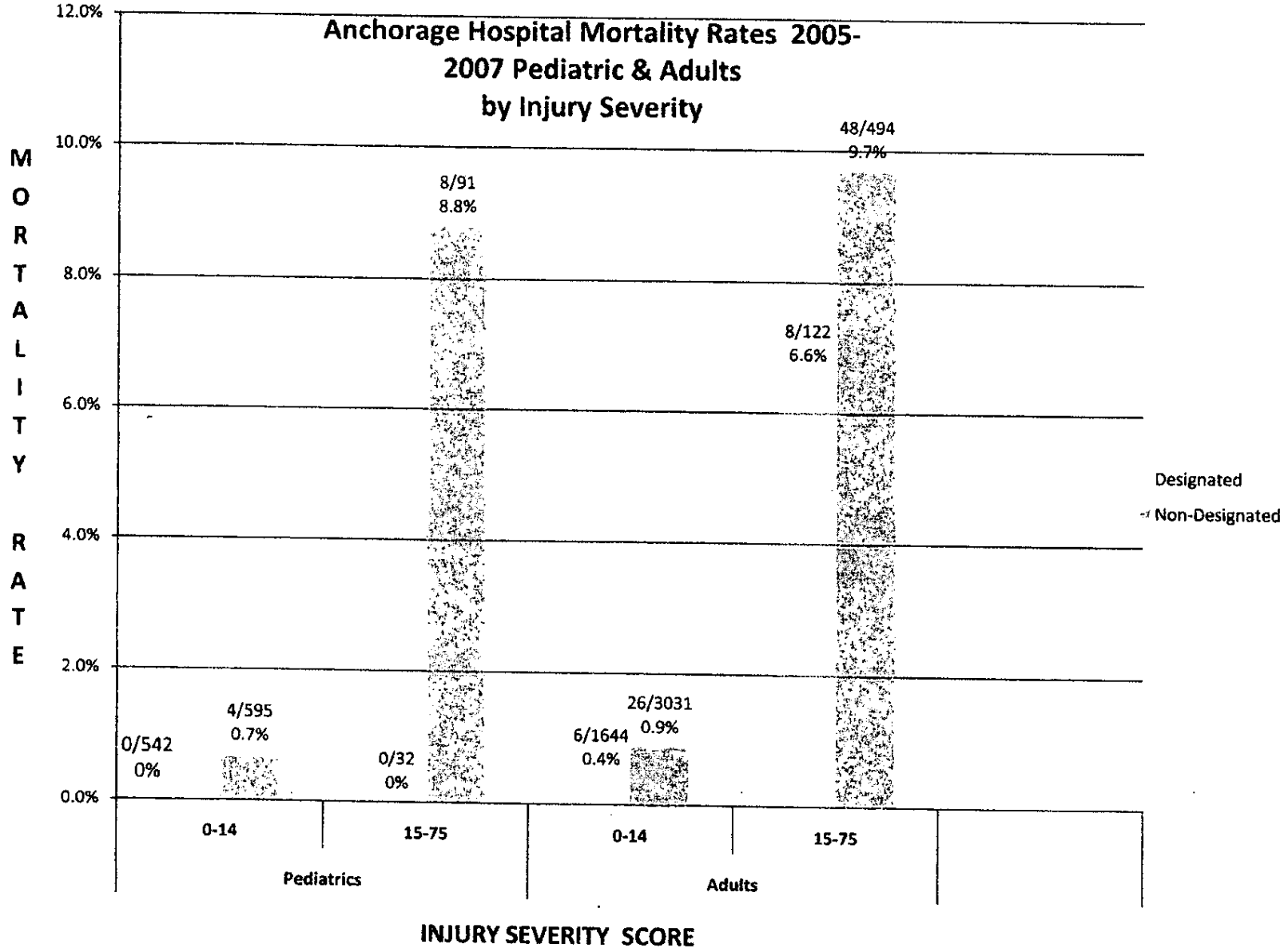
julie.rabeau@alaska.gov

907 334 2175

Mailing Address:
Alaska Department of Health and Social Services
Division of Public Health Preparedness Program
3601 C Street Suite 756
Anchorage, Alaska 99503-0616



Dr. Frank Sacco, SCMD of General Surgery, Alaska Native Medical Center


Anchorage Hospital Mortality Rates 2005-2007 Pediatric & Adults by Injury Severity
MORTALITY RATE
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
0/542
0%
4/595
0.7%
0/32
0%
8/91
8.8%
6/1644
0.4%
26/3031
0.9%
8/122
6.6%
48/494
9.7%
0-14
15-75
0-14
15-75
Pediatrics
Adults
Designated
Non-Designated
INJURY SEVERITY SCORE

Alaska Trauma Hospitals as of April 2009

Name	Designation	Certification date	Certification due
Alaska Native Medical Center (Anchorage)	Level II	November 2006	2009
Mt. Edgecumbe Hospital (Sitka)	Level IV	April 2007	2010
Yukon-Kuskokwim Delta Regional Hospital (Bethel)	Level IV		2010
Sitka Community Hospital (Sitka)	Level IV	January 2007	2010
Norton Sound Regional Hospital (Nome)	Level IV	October 2006	2010

Dr. Frank Sacco, Alaska Native Medical Center

IPEMS
Section of Injury Prevention & Emergency Medical Services

IPEMS UNITS

Emergency Medical Services | Injury Surveillance & Prevention

Trauma-Emergency Medical Services System in Alaska

Background:

Alaska's Trauma-EMS System is a work in progress. A great deal has been accomplished since 1992 when the state received the first year of a three-year federal grant specifically targeted toward trauma care system development. Since federal funding has been re-instated, there has been further momentum in enhancing our system.

We currently have a committee the Alaska Trauma System Review Committee that assists the State in the development, enhancement, and evaluation of our Trauma-EMS System.

In 1993 Alaska passed enabling legislation for trauma care system development and accompanying regulations, (AS 18.08.010-015, and 7 AAC 26.710-745) were adopted in 1996.

Trauma Center Designation:

An important component of Alaska's trauma care system is certified trauma centers. Trauma centers provide an organized and timely response to traumatic injury. What this means in Alaska is:

- The hospital has demonstrated commitment to providing the best trauma care possible by allowing experts to review staffing and qualifications, procedures, protocols and resources;
- The hospital meets state and national standards for providing timely and optimal care for the trauma patient, and;
- The hospital is prepared to treat and transport trauma patients according to Alaska's system-wide plan.

There are four levels of trauma center designation/certification. Alaska has adopted the criteria set forth by the American College of Surgeons Committee on Trauma (ACSCOT). Prior to applying for state certification, Level I, II, and III

American College of Surgeons recommendations for a trauma system:

- ACS Recommendations Presentation

Trauma Training:

Continuing education training in trauma care for healthcare providers is an important component of a Trauma-EMS System.

Advanced Trauma Life Support (ATLS) Courses are offered periodically throughout the year in Anchorage at the Alaska Native Medical Center (ANMC) and occasionally in other areas of the state. For more information on the ATLS courses at ANMC, contact Mary Leemhuis, RN at (907) 729-2729; or Casie Williams, RN at (907) 729-2936. In addition, Providence Alaska Medical Center is providing ATLS courses. Contact Jeanne Molitor, RN for information.

Basic Trauma Life Support (BTLS) Courses are offered periodically through the EMS Regional offices. Contact the nearest office for more information.

Trauma Nursing Core Course (TNCC) and Emergency Nursing Pediatric Course (ENPC) are other courses available around the state. For more information contact Jeanne Molitor, RN. For TNCC only contact Mary Leemhuis, RN or Margaret (Rocky) Carloni, RN.

Trauma care continuing medical education training is often available at the State and Regional EMS Symposia. Click HERE for more information.

Alaska Trauma Registry:

Alaska is very fortunate to have a great

Copy on file

trauma centers must complete an application to ACSCOT and have a verification visit by a team from ACSCOT. Using ACSCOT criteria, Level IV trauma centers are verified by a state team, appointed by the Alaska Division of Public Health.

• **Level I – Regional Resource Center** – Level I Trauma Centers generally serve large cities or population-dense areas. A Level I Trauma Center is responsible for providing leadership in research, professional and community education. There are no Level I Trauma Centers in Alaska because, there are no trauma research and teaching facilities in Alaska.

• **Level II – Regional Trauma Centers** – A Level II Trauma Center provides comprehensive trauma care and serves as a lead trauma facility for a geographical area. A Level II Trauma Center provides educational outreach and prevention programs and assumes responsibility for trauma system leadership. There are emergency physicians and nurses in-house to initiate resuscitation and stabilization, with surgical teams on call and promptly available.

• **Level III – Area Trauma Center** – The Level III Trauma Center provides assessment, resuscitation, emergency surgery, and stabilization and, for the most critically injured patients, arranges for transfer to a Level I or Level II trauma center that can provide further definitive care. A general surgeon must be promptly available and the facility must be involved with prevention and have an active outreach program for its referring communities.

• **Level IV – Local Trauma Stabilization Center** – Level IV Trauma Centers are small rural facilities that provide initial evaluation and assessment of injured patients prior to transfer to a larger referral facility.

For more information, you can download a brochure about Trauma Center Certification in Alaska.

Below are documents/links to assist hospitals interested in seeking Trauma Center Designation.

For the American College of Surgeons, Committee on Trauma (ACSCOT) Level I, II, III verification program visit:
http://www.facs.org/trauma/verificationhosp.html

For the pre-review questionnaire for Level I, II, and III verification visit:
http://www.facs.org/trauma/prq.doc

To request for a verification visit from ACSCOT visit:
http://www.facs.org/trauma/sitevisitapplication1006.doc

source of data through our Alaska Trauma Registry.

Links:

American College of Surgeons is a scientific and educational association of surgeons founded to improve the quality of care for the surgical patient by setting high standards for surgical education and practice. The Committee on Trauma works to improve the care of injured and critically ill patients – before, en route to, and during hospitalization. Their web site has information on trauma center designation and Advanced Trauma Life Support courses.

American Trauma Society is dedicated to the prevention of trauma and improvement of trauma care. The society is a strong advocate for injury care and prevention and have numerous programs.

American College of Emergency Physicians promotes the highest standards of patient care through its advocacy and leadership efforts. Their web site has numerous resources on a variety of topics.

TRAUMA.ORG provides global education, information and communication resources for professionals in trauma and critical care.

Alaska Trauma/EMS List Server

Alaska Trauma/EMS program is pleased to announce the list server that we have developed to disseminate information from the federal and state Trauma/EMS programs. This forum can also be used to improve communication between the facilities and open opportunities for sharing. Please be advised that if you send a message via the list serve it will go to everyone that is a member.

To join this free list, send an e-mail message to:

list.manager@list.state.ak.us

The body of the message should be:

Subscribe ak-trauma

- Level IV Trauma center information
  - Pre-review Questionnaire (Level IV Trauma Center Checklist) [coming soon]
  - Level IV, Desirable and Expected Resources/Services
  - Level IV Request for a verification visit
  - Performance Improvement for Small Rural Hospitals in Alaska
  - Performance Improvements Sample meeting minutes

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Webmaster | News | Contact Information
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Uncompensated Trauma Care by State

Arkansas	Tobacco Tax 56 cents Per Pack
Iowa	Tobacco Tax
Oklahoma	Medicaid Enhanced Rates State Trauma Fund $24 million Vehicle License Fees
Wisconsin	$1 Increase in Vehicle Registration Fees
Hawaii	$5 Registration Fee for EMS
Minnesota	General Fund $10 Failure to Wear Seatbelt Hospital License Fee (Base Fee Plus Per Bed Fee)
South Carolina	Trauma Fund-no Dedicated Funding Considering Surcharge for Seatbelt Violations, Drunk Driving, Alcohol Tax, Gun Tax
Texas	Surcharges on Drunk Driving and Reckless Driving to Trauma Fund
New Mexico	General Fund-Proposed 1% Fee on Home, Rental, Auto Insurance Policies
North Carolina	General Fund-HRSA Bioterrorism and Preparedness Money

Research by Senator Coghill's Office

Kentucky	Proposed 5% Tax on Guns and Ammunition
Kansas	Fees on Moving Violations Line Item
Florida	$5 Motor Vehicle Violation Fee Vehicle License Fees $25 Drunk Driving Charge
Rhode Island	$1 Surcharge on all Violations
Arizona	2.3 Million from DUI and Moving Violations
Massachusetts	Vehicle License Fees
Maine	Vehicle License Fees

Volume 27, Issue 461 February 20, 2006

PREPARING FOR THE WORST: STATES ADDRESS TRAUMA CENTERS' TROUBLES

By Christina Kent

Victims of traumatic events are at least 25 percent more likely to live if they're taken to a certified trauma center than if they are taken to a non-trauma center, according to a carefully controlled, nationwide study in the Jan. 26 *New England Journal of Medicine*.

That finding could give a boost to state legislators who are scrambling to find new sources of funds for the centers, which provide care for the most expensive conditions in the nation. In January, the Agency for Healthcare Research and Quality reported that trauma disorders have become, for the first time, the most expensive condition to treat. According to the agency's Medical Expenditure Panel Survey, trauma-related disorders cost the nation $71.5 billion in 2003 – topping the cost of treating heart conditions ($68 billion), cancer ($48 billion), mental disorders ($47 billion), and cardiopulmonary disease and asthma ($46 billion).

Trauma centers differ from general hospital emergency departments in that they provide, on a 24/7 basis, teams of trauma surgeons, plastic surgeons and other specialists who can deal with the most severe injuries within the "golden hour" – the early period of trauma where skilled intervention may mean the difference between life and death or life-long disability. The centers are capable of dealing with the most severe, life-threatening injuries, including blunt force wounds, multiple internal injuries, burns, broken bones and severe shock.

"Trauma is the number one killer of people aged one to 40," said Dr. J. Wayne Meredith, chairman of the American College of Surgeons' trauma committee. "One of the most prominent tools to prevent those deaths is the trauma system."

The nation's approximately 600 regional trauma centers – which also are often public and teaching hospitals – collectively lose $1 billion a year, according to Connie Potter, executive director of the National Foundation for Trauma Care. And they're facing growing pressure from rising health-care costs, increases in the number of un- and underinsured patients, and physicians' growing unwillingness to provide on-call trauma care, which many regard as underpaid and highly risky (because of possible malpractice lawsuits).

A 2004 report by the Foundation says that, without corrective action, the current rate of closures among the nation's trauma centers will increase, and 10 percent to 20 percent will close within three years.

Preventing Closures

States play an enormously important role in providing trauma care. Not only do they pass legislation authorizing state agencies to design trauma systems, but they strive to keep the trauma centers functioning by channeling to them special funding streams.

Since car crashes are the number one cause of trauma (see chart), many states elect to help pay for trauma care by imposing fines on individuals who are convicted of drunken or reckless driving, or who lose their driver's

license. Some states also use revenues from tobacco, alcohol or firearms taxes, while others tax auto insurance or fine persons convicted of illegal drug distribution.

A number of states are currently considering legislation to shore up their trauma centers; some bills would address the crisis in getting physicians to provide on-call trauma care by increasing their reimbursement.

In New Mexico, HB 356 and SB 356, introduced at the behest of Gov. Bill Richardson, would provide $6 million to create a trauma system fund. Of that amount, $4 million would go to support trauma services at the University of New Mexico hospital and $2 million would go to strengthen the trauma system throughout the state.

In Hawaii, the Legislature is considering HB 3142, which states that Hawaii's "extreme isolation and limited physician re-supply capability renders Hawaii uniquely vulnerable to natural disasters that may occur in a mid-Pacific environment." The bill would create a fund to reimburse the state's only trauma center for documented un- or under-compensated care (including supplemental funding for treatment given to Medicaid beneficiaries). The fund would draw money from state surcharges, the state's environmental response revolving fund, as well as any funds that are separately appropriated by the Legislature or granted by Congress (as long as they don't place an obligation upon the Legislature to continue the purpose for which the federal funds are made available).

In Florida, HB 1697 and HB 497 were signed into law in 2005 after first being vetoed by the governor, who reportedly had concerns about the way the funds were to be distributed. The first bill is expected to raise as much as $4.7 million annually for the state's trauma centers by increasing the penalties for motorists who cause serious injuries (they now will be charged $500) or fatalities ($1,000) in traffic accidents.

The second bill will provide new funding for in-state trauma care by increasing the fine for running a red light from $60 to $125. Florida's 20 trauma centers incur an annual net loss of $96 million, said Amy Maguire, director of the Alliance to Save Florida's Trauma Care. The funds will be distributed to the hospitals based on their state of "readiness" (e.g., how many physicians are on call), and the severity and volume of injuries treated.

Pennsylvania, which has one of the oldest trauma systems in the nation, is considering a bill (HB 502) that would seek to retain trauma providers by increasing their reimbursement. The bill notes that many high-risk health-care providers and institutions in the state are being paid less than Medicare rates by private insurers. "[H]igh-risk health-care providers and institutions may leave this Commonwealth or close down if the low reimbursements continue," the bill states. It would require insurers to pay 25 percent more than the Medicare fee to high-risk providers (defined as those who pay malpractice premiums in one of the four highest classes) for providing covered treatment to trauma patients at a state-accredited Level 1 or 2 trauma center – or the provider's "usual and customary charge," whichever is less.

If states play the primary role in creating trauma centers, the federal government historically also has contributed. For years, the Health Research and Services Administration's (HRSA) Trauma/Emergency Medical Services program provided grants to states to help them plan trauma systems. But the federal FY 2006 budget zeroed out funds for that program. It had been funded at about $3.4 million a year since 2001, Potter said, and grants to individual states had averaged about $40,000 per state.

Both Potter and Meredith were highly critical of the fact that the program was eliminated. "Having a federal agency that supports trauma care is critical," Meredith said. "It's the catalyst, the grist of the mill." Trauma costs the nation billions of dollars a year, he noted. "Spending $3 to $4 million to keep that on track seems like a pretty good investment to me." Repeated calls to HRSA for comment were not returned.

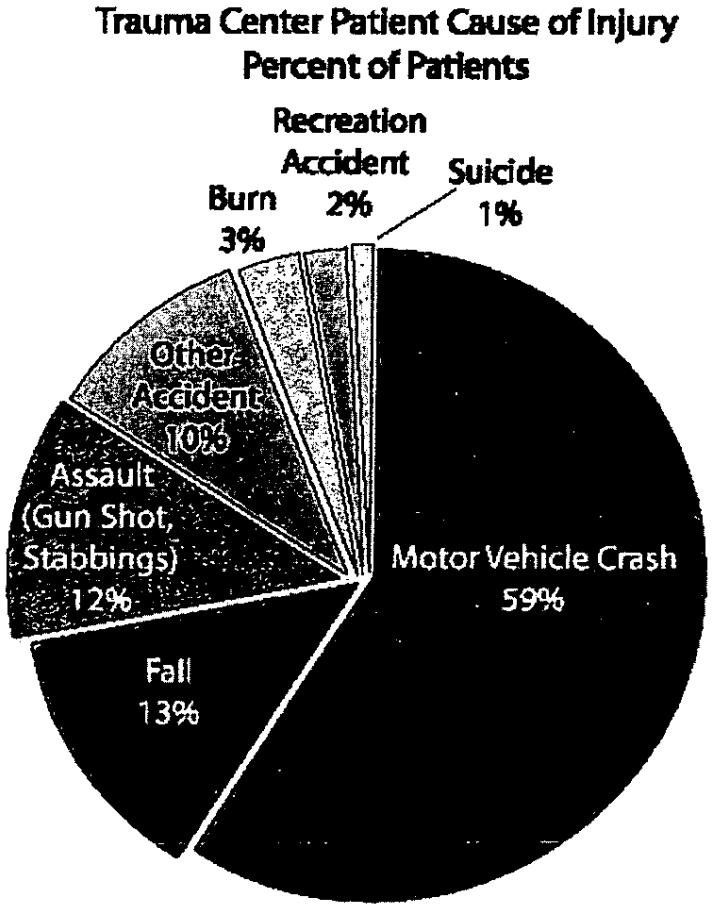
How Many?

September 11th and Hurricanes Katrina and Rita have raised the profile of trauma centers. But it's not clear how many centers the nation needs. A September 2005 issue brief by Charles Branas at the University of Pennsylvania notes that the geographic distribution of trauma centers varies widely across states and regions. Branas and colleagues calculated that 84.1 percent of the U.S. population has access to a Level 1 or 2 trauma center within one hour. (Level 1 and 2 trauma centers provide the most sophisticated care; Level 3 centers transport the most severely wounded patients to a Level 1 or 2 center.)

The Northeast has the greatest access, followed by the West, the Midwest, and the South. About 36.7 million people – most of whom live in rural areas – do not have access within one hour, Branas found.

A significant proportion of people could reach a trauma center within the "golden hour" by crossing state lines, Branas pointed out. As of 2005, 47 states had protocols to enhance interstate cooperation during mass casualty incidents, but just 31 states had standardized protocols for border crossing of day-to-day trauma patients.

Policymakers who are trying to evaluate their trauma systems can measure how long it takes their state's residents to reach a trauma center, in comparison to national norms, Branas suggested. This would enable policymakers to "more realistically allocate scare resources," he wrote.



Tara Lubin contributed reporting to this story.

(printer-friendly version)

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alaska
brain injury
network

Every 15 seconds someone sustains a traumatic brain injury (TBI) in the U.S.

Thirty years ago, only half of all people with brain injury survived; now 78% survive. This means that many individuals now live with significant disability requiring a full range of services.

Every year the Alaska Department of Health & Social Services reports about 800 traumatic brain injury (TBI) cases resulting in hospitalization or fatality. The Alaska TBI rate is 28% higher than the national average. The TBI rate in rural Alaska is one of the highest in the nation.

It is estimated that at least 10,000 Alaskans are living with brain injury today.

The Alaska Brain Injury Network, Inc. (ABIN) is a non-profit organization dedicated to Alaskans whose lives have been changed by brain injury.

ABIN's Board of Directors represent all regions of Alaska and the extended brain injury community – survivors, family members, service providers, health educators, researchers and those who write laws and policy.

ABIN works with their Alaska Mental Health Trust Authority partner boards to advocate for policy changes, programs, and facilities to better serve the brain injury population.

ABIN's staff focuses on early identification, connecting brain injury survivors with services, providing support and education for families, and bringing professional training to Alaska.

The goal for every brain injury survivor is the best possible recovery for a fulfilling and productive life. Achieving that goal requires full range of services close to home. This includes...

- Prevention
- Early identification and intervention
- Access to skilled specialists
- Community-based post injury services
- Continuing rehabilitation
- Brain injury support groups and in-state resources

What you can do...

- **Be aware of the burden of brain injury nationally and to the state of Alaska**
- **Support a TBI Resolution for Brain Injury Awareness Month.**
- **Become familiar with ABIN Priorities in the GF/MH Budget; Prevention, Training, and Resource Navigation**

Upcoming ABIN Priorities

In-state rehab facility – for neurobehavioral beneficiaries.

Brain Injury Waiver - recommendations for the current Medicaid waiver system to accommodate the services needed by brain injury survivors: neuropsychological assessment, cognitive and functional therapy, case management, counseling, home modifications, transportation, respite care, and more.

TBI Screening and early intervention – promotes better recovery and saves money.

brain injury network

www.alaskabraininjury.net
3745 Community Park Loop, Ste 240
Anchorage, AK 99508
(907) 274-2824

Alaska Brain Injury Network, Inc. helps identify, develop, implement, and sustain needed programs and resources that promote prevention and expand treatment and service delivery to Alaskans who experience TBI and their families.

Alaska Brain Injury Network

Alaska Scorecard and TBI Dashboard – (DRAFT)

DRAFT #1 – May 22, 2008

○ Getting worse ⟺ Not changing ● Improving

	5-year Trend	Current Data	Source
SCORECARD: A "scorecard" provides a snapshot of the status of TBI issues in the State of Alaska			
Traumatic Brain Injury Non-fatal Incidence Rates			
TBI rate per 100,000	●	98.6	1
Causes			
Falls	○	28.7	1
Motor Vehicle Transportation Occupant	●	24.7	1
Assault	●	12.2	1
ATV	○	6.5	1
Bicycle	●	4.5	1
Snowmachine	●	4.4	1
Pedestrian	●	3.6	1
Sports	●	1.8	1
Water Transport	⟺	1.3	1
Suicide Attempt	●	.8	1
Gender			
TBI percentage among males		65.4 %	1
TBI percentage among females	⟺	33.2 %	1
Ethnicity			
Percentage of TBI population that is Alaska Native		34%	1.a
Percentage of TBI population that is White		53%	1.a
Percentage of TBI population that is Other; unknown, Pacific Islander, Hispanic, Black, American Indian, Asian		22%	1.a
Those at highest risk for hospitalization due to TBI (rate per 100,000)			
Males age 80+		301.3	1
Females age 80+		217.2	1
Males age 70-79		215.7	1
Males age 15-19		200.9	1
Traumatic Brain Injury Numbers			
TBI hospitalizations/year		640	1.b
TBI deaths/year		150	1.b
Est. TBI-related Emergency Department Visits		2953	2

1 Alaska Trauma Registry 2001-2005 – Non-fatal TBI hospitalizations
1.a Alaska Trauma Registry 1996-2005 – Non-fatal TBI hospitalizations
1.b Alaska Trauma Registry 2006 – Non-fatal TBI hospitalizations
2 HRSA TBI Implementation Grant

Alaska Trauma Registry records those who are hospitalized for more than 24 hours. This does not include the number of people who visit the emergency department and are sent home in the same day. This does not include the number of returning service members with traumatic brain injury.

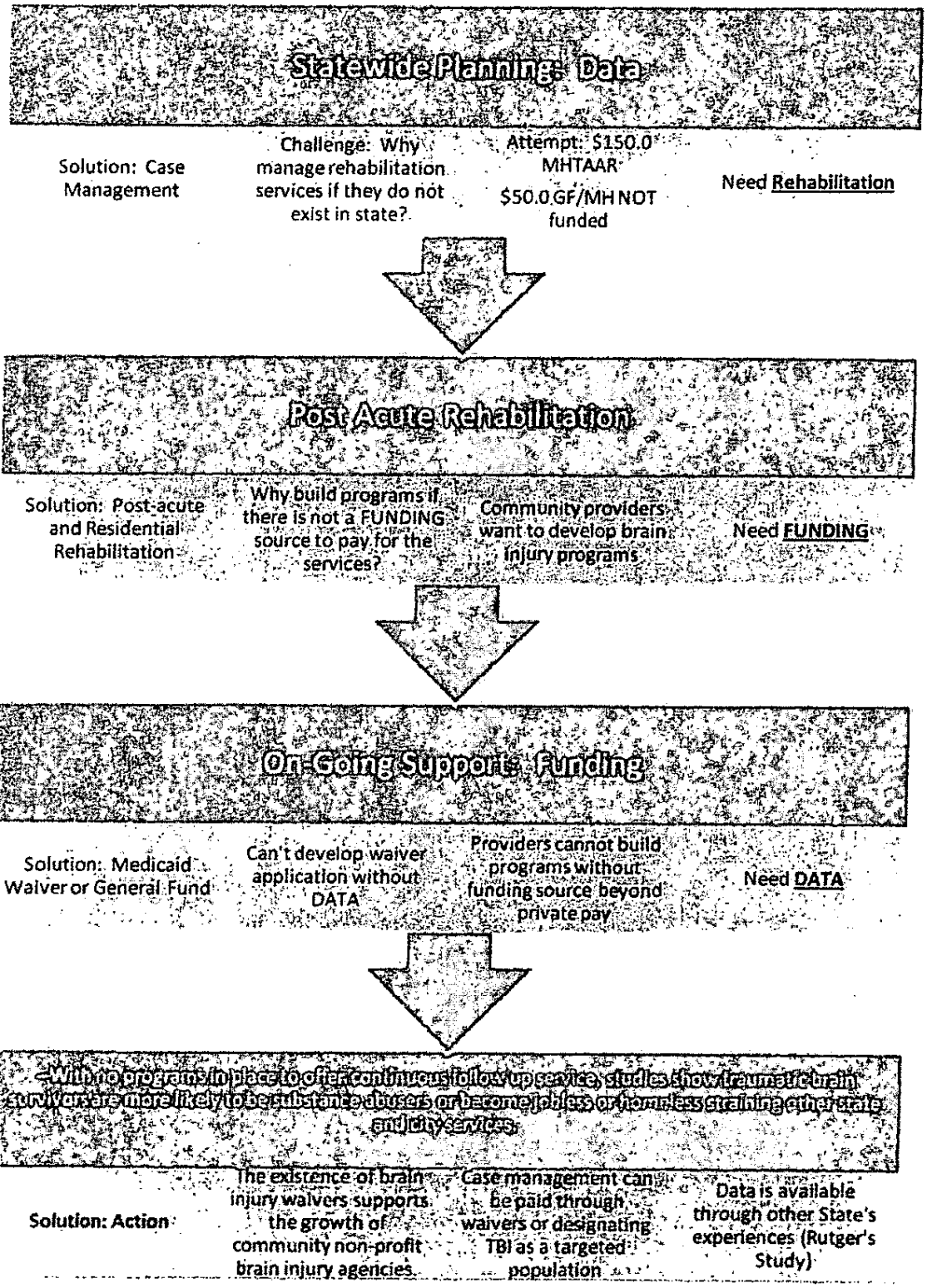
DASHBOARD: A "dashboard" provides a way to see how well an activity is working to affect the TBI population.

O Getting worse ⟺ Not changing ◎ Improving

Dashboard: Behavioral Health	Spot look trend	Current Data	Source
TBI and Mental Health			
Percentage BH clients screening positive for TBI	⟺	32%	3
TBI and Substance Use			
Alcohol-related TBI 100,000		33%	1
TBI and Suicide			
Percentage of suicide victims with history of TBI		32%	4
Dashboard: Education			
Special Education			
Number of children in Special Education statewide with TBI diagnosis (2007)	⟺	66	5
Dashboard: Justice			
Percent of incarcerated Alaskans (adults) who are Trust beneficiaries, including those with cognitive disabilities		42%	6
Dashboard: Employment			
Vocational Rehabilitation			
Number of TBI cases		167	7
Number of TBI cases closed employed		17	7
Number of TBI cases closed with plan for employment		11	7
Average wage at closure		$12.54	7
Dashboard: Providence			
ImPACT Program			
Number of baselines (ImPACT)		57	8
Number of student/athletes seen in program (ImPACT)		25	8
Emergency Department			
Patients given the diagnosis of "head injury" or "concussion in Emergency Department in 2006		547	8
% of TBI-related ED visits that led to hospitalizations		1%	8
% of ED visits that are Pediatric		15%	8
Dashboard: Alaska Brain Injury Network			
TBI Advisory Board			
Est. Board Member Volunteer hours/year	◎	1054	9
Board Member Participation in Quarterly Board Meetings		83%	9
Ex-officio participation in quarterly board meetings		65-80%	9
% of survivors/family members on TBI board		55%	9
% Board Members who give a financial contribution		100%	9
TBI Resource Navigation			
Average new consumer contacts per month	◎	30	9
Average unique visitors/month to ABIN website	◎	750	9
Number of people on Alaska Brain Matters Listserve	◎	100+	9

3 AKAIMS
4 Suicide Follow-back Study
5 http://www.eed.state.ak.us/stats/
6 Trust/DOC Study 07
7 Division of Vocational Rehabilitation (FY07)
8 Providence Neuroservices
9 Alaska Brain Injury Network

For more information view the "10 Year Plan for TBI in Alaska" at www.alaskabraininjury.net



Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Wednesday, March 11, 2009 8:44 AM

To: Tim Barry; John Bitney; Shannon Devon; Peter Fellman; Linda Hay; Paul Labolle; Karen Lidster; Tom Maher; John Manly; Rynnieva Moss; Jane Pierson; Chris Wyatt

Subject: Daily News editorial: Attracting doctors - Legislature can raise Alaska's stake in competition for docs; Obama right to nix mileage tax

Attracting doctors

Legislature can raise Alaska's stake in competition for docs

Published: March 10th, 2009 06:54 PM
Last Modified: March 10th, 2009 06:54 PM

Alaska's shortage of primary care doctors has been described as grim. A study two years ago found **we needed 400 more doctors to provide the same level of care as is available elsewhere in the country**. One result is that few doctors will accept the low rates paid by Medicare, the government insurance for those 65 and older. **It's a horrible situation for Alaska's senior citizens.**

Two bills introduced during this legislative session would help relieve the shortage of doctors and other health care workers, and both are worth passing.

Senate Bill 18 would increase the number of state-subsidized medical students in each class of the WWAMI program operated through the University of Washington. Alaska WWAMI students spend their first year of study at UAA.

These students offer an excellent return – according to the Alaska Physician Supply Task Force study in late 2006, half of Alaska WWAMI students end up practicing in the state, and a few WWAMI students from other states join them.

The state raised the number of Alaska WWAMI students in each class to 20 in 2007.

SB 18 would increase the number by a modest amount, to 24. That's the most UAA can accommodate without incurring expensive overhead costs, said Sen. Bill Wielechowski of Anchorage, the bill's sponsor.

Adding the four students would cost the state little to no money the first year. But by the fourth year, when we would have an additional 16 Alaska students in med school, the state cost is estimated at $550,000 per year.

A second bill, SB 139 [by Sen. Donny Olson], calls for the state to pay financial incentives to already-qualified doctors, nurses or other health workers if they take certain jobs in Alaska.

The bill, with a bipartisan group of sponsors, would carry out a plan developed by a group of health care professionals including representatives of the Alaska Primary Care Association and the Alaska State Hospital and Nursing Home Association.

The state would offer financial incentives to as many as 90 workers, from physicians to nurses, to come work in Alaska. Those who take hard-to-fill jobs, or treat a share of uninsured patients or those on Medicare or Medicaid, would get priority.

3/12/2009

Each person would be guaranteed the incentive for three years as long as they kept working here.

The state would either repay part of their student loans or, if the health worker didn't have loans, simply pay them directly. The individual payments would range from $20,000 per year for nurses, physicians assistants and some others, to $35,000 for doctors, pharmacists and dentists, to $47,000 for doctors who accept the hardest-to-fill positions.

The state's cost for three years' worth of incentives would be $7.5 million.

That sum is large enough to cause concern this year, with a big drop in state revenues anticipated.

But consider this: Forty-four of the 50 states already offer financial incentives to lure health workers. Alaska is not competitive for health care jobs, and people are suffering because of it.

BOTTOM LINE: **The Legislature should pass two bills to relieve a critical shortage of health care workers in Alaska.**

Not now

Obama right to nix mileage tax

States and the federal government rightly worry that they'll see less revenue to pay for road work as Americans turn to more fuel-efficient vehicles and future technology takes us further from the internal combustion engine.

One solution is **a mileage tax, whereby vehicles would be equipped with GPS tracking devices and people would be taxed according to the miles they drive rather than the gallons of gasoline they purchase.**

Oregon has already run a pilot program for such a tax, and a federal mileage tax has gained favor in the Democratic Congress despite the opposition of President Obama.

Concerns for revenue and how to pay for road building and maintenance are valid. But the mileage tax is the wrong solution, at least for now.

First, a major shift in transportation tax policy shouldn't be done on the fly in the middle of an economic crisis. There are too many unanswered questions. Among them:

• Is the ability to track people's driving one we want governments to have?

• How does such a tax encourage the use of higher-mileage vehicles? Is the owner of a hybrid getting 35 mpg going to pay the same tax as the owner of a gas-guzzling Hummer?

• Do we really want to charge people more for miles driven during rush hours, a premium that's been suggested in some states?

Raise the gasoline tax if necessary, but let's not be talking about a mileage tax until we've done a lot more research.

BOTTOM LINE: Mileage tax? Maybe down the road. Maybe.

3/12/2009

Daily News

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sident & Editor

Larry Persily
Editorial Page Editor

Norman C. Brown
ne Fanning, Editor and Publisher, 1971-1983
ce Fanning, Editor and Publisher, 1967-1971

OPINION

COMPASS: *Points of view from the community*

Alaska needs a better trauma system

By FRANK SACCO and MARK S. JOHNSON

Alaska is much safer than it was a generation ago. From 1980 to 2004, the unintentional injury death rate dropped more than 50 percent. Without this improvement, an additional 300 Alaskans would have died in 2004. However, Alaska's 2004 rate remained 30 percent above the national average.

We are all aware of the terrible toll of cancer and cardiovascular diseases, but the leading cause of death for people younger than 44 is injury. It remains a major cause of death and disability for all age groups. For every death approximately three people are left with permanent disabilities.

As with other diseases, prevention is preferable to treatment. Alaska's dramatic reduction in injury deaths is largely attributable to prevention, including use of child restraints and safety belts, reduced rates of drunken driving, and increased use of personal flotation devices. Though prevention is paramount, we also must be prepared to provide the best possible care for those who become injured.

A trauma system is an organized, state-coordinated effort to deliver the full spectrum of care to injured people. The integration of EMS systems, public safety agencies, air medical services and health care facilities ensures that patients receive the most efficient, effective care possible from time of injury through rehabilitation. Trauma systems have been shown to reduce death from injury by as much as 25 percent and are recognized as an integral part of a state's EMS and disaster response system.

According to a 2004 Harris poll, most people want a comprehensive trauma system in their area. Throughout the United States, 83 percent of those surveyed felt a trauma system was as essential as having a fire department and 80 percent were willing to pay extra for it. Interestingly, though 75 percent thought there was a trauma system in their state, only eight states have fully functioning systems and 15 states have no system.

Sacco

Alaska is blessed with exceptional physicians and quality medical resources; but lack of an organized trauma system means that access to timely, quality care cannot be assured.

Johnson

Where do we stand? In 1998, the Alaska Legislature provided authority to the Department of Health and Social Services to verify and certify trauma centers. The statute does not require, or provide incentives for, hospital participation. It does state that no hospital can represent itself as a trauma center unless certified by the state.

Regulations adopted in 1996 require trauma centers to meet standards developed by the American College of Surgeons. Four levels are recognized, from Level I (highest) to Level IV (trauma stabilization facility). There are adequate medical resources to establish Level II trauma centers in Anchorage. In addition, it is feasible to establish Level III and IV centers throughout the state. Because of long transport times, centers of all levels are essential for improving outcomes.

Since the statute and regulations were enacted, only three of 24 eligible hospitals have successfully completed the verification and certification process. (Alaska Native Medical Center — Level II, Yukon Kuskokwim Regional and Norton Sound Regional Hospitals — Level IV).

Alaska is blessed with exceptional physicians and quality medical resources, but lack of an organized trauma system means that access to timely, quality care cannot be assured. In recent years there have been times when critical specialties such as neurosurgery and vascular surgery have been unavailable for emergencies, necessitating transfer of some critical patients to Seattle.

Here are four steps to improve trauma care in Alaska:

1. Residents need to let legislators know that quality trauma care is important.

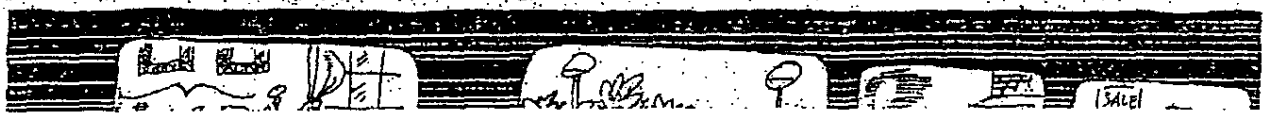
2. The Legislature should put teeth and incentives in the current statute. Successful approaches in other states include requiring trauma center certification at some level as a condition for hospital licensing and limiting medical liability for injuries treated at trauma centers.

3. Tertiary hospitals should ensure availability of critical sub-specialists 24 hours a day, seven days a week.

4. Local EMS and medical providers should organize regional trauma systems and integrate them with the statewide system.

Developing a comprehensive statewide trauma system, and expanding injury prevention efforts, will make Alaska a safer, healthier place to live.

■ Dr. Frank Sacco is chief of surgery at the Alaska Native Medical Center and chairman of the Alaska Chapter of American College of Surgeons Committee on Trauma. Mark S. Johnson was chief of Emergency Medical Services in the Department of Health and Social Services from 1979 until he retired in 2004.



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Daily News Opinion

COMPASS: *Other points of view*

Emergency trauma care needs improvement in Alaska

BY MARK S. JOHNSON and FRANK SACCO, M.D.

Johnson

You can be confident that you will receive emergency trauma care that compares favorably with care virtually anywhere else in the nation. Right? Maybe, but maybe not.

Sacco

Imagine you and your family driving across Anchorage. As you pass through a major intersection, a drunk driver runs a red light and hits your vehicle broadside. In an instant, you and your passengers face a life or death situation. If you're still conscious, you may think: thank God this happened in Anchorage where we have state of the art emergency medical services.

The Anchorage Fire Department has exceptional ambulance services, staffed with well-trained paramedics. Local hospitals have sophisticated emergency departments staffed 24 hours a day with qualified emergency medicine physicians, nurses and support personnel.

You can be confident that you will receive emergency trauma care that compares favorably with care virtually anywhere else in the nation. Right?

Maybe, but maybe not.

Though Alaskans die from injury at the second highest rate in the U.S., there is no statewide system of trauma care. In Anchorage, only the Alaska Native Medical Center has been verified by the American College of Surgeons and certified by the State of Alaska as a trauma center (Level III). Neither Providence nor Alaska Regional Hospital has achieved this national standard.

Trauma center certification means that a hospital has surgical teams readily available to take care of the most seriously injured patients at all times. Backup teams are available and outcomes are continuously reviewed to improve care.

Serious traumatic injuries can produce internal bleeding in the brain, spinal cord or internal organs. Often, this bleeding can be stopped only by surgeons in hospital operating rooms. Studies have verified the "golden hour" of trauma, meaning that critically injured persons have increased chances of survival if cared for within that time. Trauma centers, as part of a system of care, have been shown to decrease the mortality of the seriously injured as much as 25 percent. Although rural areas may not meet the golden hour standard, improvements in the statewide system have been shown to achieve better outcomes for patients seriously injured in remote areas as well.

The Alaska Department of Health and Social Services recently contracted with the Committee on Trauma of the American College of Surgeons (ACS) to review Alaska's trauma care. That review notes Alaska has excellent injury prevention programs, extensive and creative helicopter and ground air medical transport, medical specialists in Anchorage and a good relationship with Harborview Trauma Center (Level I) in Seattle.

Among Alaska's deficiencies: Anchorage does not have another Level II trauma center, so there are two systems of trauma care, one for Alaska Natives that follows national standards and another for non-Natives. The team identified no statewide trauma plan and no incentives or requirements for hospitals to participate in the system. State government devotes few resources to coordinating trauma care, and there seems to be very little public awareness of these issues.

The review team recommended requiring all acute-care hospitals to become designated as trauma centers at a level appropriate to their resources and size within two years (Levels II, III or IV). They recommended getting a second level II trauma center in Anchorage as soon as possible, along with a pediatric trauma center. Currently due to a shortage of Anchorage surgeons willing to take care of children, some seriously injured non-Native children may need to be treated at the Alaska Native Medical Center.

Representative John Coghill Jr. recently introduced House Bills 188 and 189 to create incentives for hospitals to become trauma centers and to offset some of the cost of uncompensated trauma care. The Department of Health and Social Services should be commended for this comprehensive and impartial review of trauma care in Alaska. We urge Alaskans to support these bills and encourage the legislature and Gov. Palin to carefully consider the recommendations in the ACS report.

We hope the scenario above never happens to you but, if it does, let's make sure that the care we expect for our loved ones is available for all Alaskans when we need it.

Mark S. Johnson, MPH, retired ex chief of Community Health and Emergency Medical Services for the State of Alaska in 2004. Frank Sacco, M.D. is chairman of the Alaska Trauma Systems Review Committee. The full report on Alaska's trauma care system is available at www.chems.alaska.gov.

More Funding Needed To Fight Brain Injuries In Alaska

By Corey Allen-Young, CBS 11 News Reporter
KTVA

Posted:02/26/2009 05:34:33 PM AKST

Known as the silent epidemic, traumatic brain injury here in Alaska is the highest in the country. That's why partnerships are being made statewide to come up with solutions. The key word is solutions as leaders are looking for a permanent fix to decreasing traumatic brain injuries in Alaska. Experiencing a traumatic brain injury can change a life forever. "The recovery process after traumatic brain injury is journey that happens daily and it will continue," said Jill Hodges, of the Alaska Brain Injury Network. With 800 Alaskans being hospitalized or dying and over 10,000 Alaskans currently living with traumatic brain injuries, the consequences could be devastating.

"Yeah it will change your life and everybody else's around you," said Frank Box, who experienced a traumatic brain injury. "It can happen to you while you are walking across the street, you can fall and slip on the ice, or if you are playing a sport or riding a bicycle especially without a helmet, you can also suffer traumatic brain injury," said Christie Artuso, who is the director of the Providence Neuroscience Center. "My brother was a such a vibrant, outgoing person, and for this to happen to him is just unreal," said Duain White, whose brother suffered a traumatic brain injury in an ATV accident.

Taking into account that traumatic brain injuries are the leading cause of death and disability among children and young adults in Alaska, the need to be aware of what exactly can cause an injury is crucial. "We can't do that without the prevention needed and the education needed of our population to tell them about TBI (traumatic brain injury) and to also tell them on how to be healthy," said Don Kashevaroff, who is the CEO of the Alaska Native Tribal Health Consortium. "What we don't have in the state of Alaska is an effective rehabilitative program for people who have been afflicted with a traumatic brain injury can be helped with cognitive therapies, thru rehabilitative therapies to return to a normal functioning life," said Artuso.

Thirty years ago, one half of people who experienced a brain injury survived. Now the number has increased to 78 percent. But officials say the problem in our state is that traumatic brain injury survivors are not getting the services needed for life long living. While people who are victims of traumatic brain injuries do receive initial help there are many questions of what happens next for them. And with money in low supply to provide any additional support, officials say other agencies could be feeling the burden.

With over 10,000 Alaskans currently living with traumatic brain injuries, getting additional care and support is badly needed. "We were just released from the hospital and that was it there was no long term therapy, there was no where to go to offer cognitive therapy, long term physical therapy," said White. "We want to help them maintain their relationships, maintain their families, maintain their lifestyles," said Artuso. "What we need are community and governmental support to do that because currently there is no resources."

Adding more resources is what folks are banking on in helping their loved ones live normal functioning lives. "Is that all we can offer him, is that the best he's going to be doing the rest of his life, its very frustrating," said White. "Treatment, rehabilitation services are essential, they are the key to recovery and sometimes eventual abilities for our brothers or sisters, and family members," said Hodges.With no programs in place to offer continuous follow up service, studies show traumatic brain survivors are more likely to be substance abusers or become jobless or homeless straining other state and city services.

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Alaska Native
Tribal Health Consortium

Administration · 4000 Ambassador Drive · Anchorage, Alaska 99508 · Phone: (907) 729-1900 · Fax: (907) 729-1901 · www.anthc.org

POSITION PAPER

CONTACT: Valerie Davidson, Senior Director
Legal and Intergovernmental Affairs
Through Pat Jackson, State Liaison for Alaska Native Health
523-0363 – pajackson@anthc.org

DATE: April 8, 2009

RE: HB 168 – State certification and designation of trauma centers and creating the uncompensated trauma care fund
HB 169 – Appropriating $5,000,000 to the uncompensated trauma care fund

POSITION: Support

ANTHC supports HB 168 and HB 169 as important steps in increasing the trauma care capacity in the state.

The Alaska Native Tribal Health Consortium (ANTHC) is a tribally controlled, non-profit statewide tribal health organization formed pursuant to federal law to provide a range of medical and community health services for more than 130,000 Alaska Natives. It is part of the Alaska Tribal Health System (ATHS), which is owned and managed by the 231 federally-recognized tribes in Alaska and by their respective regional health organizations.

ANTHC and Southcentral Foundation jointly manage the Alaska Native Medical Center (ANMC), the tertiary hospital of the ATHS located in Anchorage. ANMC is the only Level II Trauma Center in the Indian Health Service/tribal health system nationally. ANMC is also the only Level II Trauma Center in Alaska. The nearest Level I Trauma Center is in Seattle.

Trauma system development is a public health priority. A comprehensive system of trauma care is an essential part of the public safety net. Regionalized trauma systems based on a network of coordinated Trauma Centers designated at the appropriate level improves health outcomes and reduces costs. ANMC, as the highest level designated Trauma Center in the State of Alaska, is the lynchpin for the state's trauma system, and provides the foundation for continued statewide system development.

Trauma Center designations were created as a way to improve outcomes for patients who face extraordinary medical issues. On balance, early and appropriate medical attention to life-threatening health issues reduces overall length of stay in the hospital and reduced complications for many patients. Without trauma care, the costs of health care for trauma patients will be greater, including trauma patients who are Medicaid eligible.

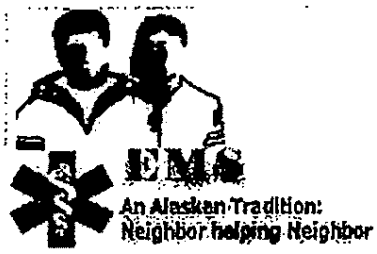
The cost of providing trauma care at ANMC has more than doubled over the past four years and funding has not kept pace. ANMC's Trauma Center simply cannot be maintained at current revenue levels. If ANMC's Trauma Center designation is discontinued because funding levels have rendered the service unsustainable, the hospital faces reductions in staffing. Diversions of patients to non-tribal providers would increase, and because the federal government reimburses 100% of the cost of services provided for Native clients at Native facilities but a smaller percentage at non-tribal providers, there would be an increased cost to the state's general fund budget.

ANTHC supports HB 168 and HB 169 as important steps by the State to encourage and support appropriate trauma care options for Alaskans. Because we are Alaska's only Level II Trauma Center we recommend removing the language in section (d) on Page 2, Line 11, that limits appropriations to any one facility to 25%.

Thank you for your consideration.

ALASKA COUNCIL ON EMERGENCY MEDICAL SERVICES

ACEMS
P.O. Box 110616
Juneau, AK 99811-0616
(907) 465-3027



April 9, 2009

Representative Coghill
Juneau, Alaska

Representative Coghill,

Trauma is any bodily injury from an external force. Trauma puts a tremendous burden on families and communities in Alaska. An average of 400 Alaskans die each year from trauma. For every death, 11 people are hospitalized. One in four hospital admissions is uncompensated which puts an additional burden on the State's health care system. HB 168 is offered to assist in this dilemma.

House Bill 168 provides the DHSS Commissioner authority to establish special designations in regulation for varying levels of trauma care so that a 'Certified Trauma Center' would be eligible to recoup expenses as a result of uncompensated care being rendered. The purpose of the fund is to reimburse certified trauma centers in the state for care uncompensated by the person receiving the treatment or by any other source. HB 169 would then set up the uncompensated trauma care fund that would help cover some of the losses suffered by the trauma center rendering the care.

The Alaska Council on EMS seeks your support for a fully functioning trauma system, including funding for the development of trauma centers and legislation addressing the issue of incentives for trauma center designation and uncompensated care of trauma patients. The added benefit of HB 168, we believe, would be an incentive for more hospitals in the state to become 'Certified Trauma Centers' thereby assisting in the development in a state wide trauma care system.

The American College of Surgeons met 11/08 in Anchorage to assess the States trauma system. The passage of HB 168 & 169 would provide support to address some of the areas that were noted in the report.

Thank you for your support of this critical issue.

David Hull

David Hull, Chair
Alaska Council on Emergency Medical Services

cc Bill Hogan, DHSS Commissioner
Dr. Jay Butler, Chief Medical Officer
Tim Bundy, Section Chief IPEMS

Alaska State Medical Association

4107 Laurel Street • Anchorage, Alaska 99508 • (907) 562-0304 • (907) 561-2063 (fax)

October 13, 2008

Regina Chennault, MD
Frank Sacco, MD
4315 Diplomacy Drive
Anchorage, AK 99508

Via fax: 729-2746

RE: Alaska Trauma System

Dear Drs. Chennault and Sacco:

Thank you, Dr. Chennault for presenting at the ASMA House of Delegates Meeting on Saturday, September 27, 2008.

By consensus the ASMA HOD supported the concept of an appropriate trauma system for Alaska. However, the proposal recommended that there be a $500,000 cap on all damages for treatment of trauma patients in a state certified trauma center. The HOD recommended that be dropped from your proposal as any cap on economic damages would likely be found unconstitutional in Alaska. Additionally, the HOD also recommended that the proposal be amended to provide for a mechanism to directly compensate physicians for providing treatment for uninsured trauma patients in a state certified trauma center. (This would be for physicians who are not employees of that certified trauma center).

Several individual HOD members also suggested that you may wish to explore Alaska's "Good Samaritan" laws in lieu of any special economic damages caps which, as previously stated, are constitutionally problematic.

Please let me know if I may be of any future assistance.

Sincerely,

By: James J. Jordan, Executive Director
For: The Alaska State Medical Association

CC: John Raster, MD, Speaker of the House
Tom Vasileff, MD, President
J. Ross Tanner, MD, Immediate Past President

Helen Phillips

From: Ben Mulligan
Sent: Monday, April 05, 2010 5:34 PM
To: House Finance Legislation
Subject: Fwd: HB 168 in House Finance

FYI

Begin forwarded message:

> **From:** "Laughlin, Wilda J (HSS)" <wilda.laughlin@alaska.gov>
> **Date:** April 5, 2010 5:29:25 PM AKDT
> **To:** Ben Mulligan <Ben_Mulligan@legis.state.ak.us>, "Sen. John Coghill" <Senator_John_Coghill@legis.state.ak.us>, Rynnieva Moss <Rynnieva_Moss@legis.state.ak.us>, "Rep. Bob Herron" <Representative_Bob_Herron@legis.state.ak.us>, Liz Clement <Liz_Clement@legis.state.ak.us>
> **Cc:** "Streur, William J (HSS)" <william.streur@alaska.gov>, "Lewis, Jill (HSS)" <jill.lewis@alaska.gov>, "Owens, Shelley K (HSS)" <shelley.owens@alaska.gov>, "Hurlburt, Ward B (HSS)" <ward.hurlburt@alaska.gov>
> **Subject: HB 168 in House Finance**
>
> This is to let you know that the following representatives from HSS will be available at tomorrow's hearing:
>
> Dr. Ward Hurlburt, Chief Medical Officer and Public Health director, will be testifying for the department.
>
> Bill Streur, Deputy Commissioner for Medicaid and Health Care Policy, will be available for questions.
>
> Both will be in Juneau.
>
> w.
>
> **Wilda J. Laughlin**
>
> **Legislative Liaison, Dept. of Health and Social Services**
>
> **Phone (907) 465-1613**

HB 172

<target><bill>HB 172</bill><subject>HB 172</subject><comm>HFIN26</comm></target>

Amendment 1 3/17/09
Adopted pg 2

26-GH1211\A

HOUSE BILL NO. 172

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/9/09
Referred: Education, Finance

A BILL

FOR AN ACT ENTITLED

"An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 37.10.085(a) is amended to read:

(a) Except as provided in AS 14.40.458 or (c) or (d) of this section, **or AS 37.10.089,** neither the state nor a political subdivision of the state may

(1) make a subscription to the capital stock of a corporation;

(2) lend its credit for the use of a corporation; or

(3) borrow money for the use of a corporation.

*** Sec. 2.** AS 37.10 is amended by adding a new section to article 3 to read:

Sec. 37.10.089. Loans to the education loan fund; bond purchase agreements and letters of credit. (a) If the education loan fund established in the corporation under AS 14.42.210 is unable to fully finance loan demand in a fiscal

year, the commissioner may invest in the education loan fund for the purpose of financing education loans under AS 14.43.161 - 14.43.175, 14.43.600 - 14.43.750, and AS 14.44.040. The commissioner may require the corporation to secure the investment of state money. SHALL

(b) Investments under (a) of this section may be made only when the commissioner determines that market conditions relating to tax-exempt private activity revenue bonds make the issuance of such bonds by the corporation not practicable or not economical for the purpose of financing education loans under AS 14.43.161 - 14.43.175, 14.43.600 - 14.43.750, and AS 14.44.040.

(c) Money invested under (a) of this section must be repaid by the corporation under terms established by the commissioner and agreed to by the corporation. Except as provided in this section, the terms shall be consistent with the duties of a fiduciary set out in AS 37.10.071(c).

(d) Notwithstanding any other provision of this section, the commissioner is authorized to enter into an agreement with the corporation to provide a bond purchase agreement and a letter of credit when market conditions relating to such credit enhancement mechanisms are uneconomical. The commissioner may require the corporation to pay the costs associated with providing credit enhancement and may charge the corporation a fee for this service.

(e) The commissioner may charge the corporation interest on the investments under (a) of this section. The rate of interest may not exceed the five year average return on the state's general fund.

(f) The commissioner may charge the corporation an annual fee for the services provided under (d) of this section. The annual fee may not exceed 0.15 percent of the average principal outstanding and interest covered by the bond purchase agreement and the letter of credit.

(g) If a draw on the bond purchase agreement and the letter of credit occurs under this section, the commissioner may charge the corporation an additional annual rate of interest not to exceed three percent on the bonds held under the bond purchase agreement and letter of credit.

(h) The term of the investment under (a) of this section and the commitment

under (d) of this section may not exceed five years from the commencement of the initial investment, bond purchase agreement, and letter of credit.

(i) The maximum amount of the investment under (a) of this section may not exceed $100 million. The maximum amount of the commitment under (d) of this section may not exceed $106 million.

(j) The commissioner may adopt regulations under AS 44.62 to implement this section.

(k) In this section,

(1) "commissioner" means the commissioner of revenue;

(2) "corporation" means the Alaska Student Loan Corporation created under AS 14.42.100.

*** Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

indeterminate

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **HB 172**
() Publish Date:

Identifier (file name): HB172-DOR-TRE-3-11-09 (revised)
Dept. Affected: Revenue
Title: Alaska Student Loan Corporation Investments
RDU: Tax and Treasury
Component: Treasury
Sponsor: Governor
Requester: Governor
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual	20.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**20.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts	20.0						
TOTAL	**20.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation allows, but does not require, the Commissioner of Revenue to invest state funds in the education loan fund, if the Commissioner determines that the Alaska Student Loan Corp cannot practically or economically borrow money through issuing private activity revenue bonds. This investment must be made consistent with the duties of a fidiciary and will earn a return to the state. The bill also allows, but does not require, the Commissioner to provide a bond repurchase agreement or letter of credit to the Alaska Student Loan Corp, and to require the ASLC to pay the costs associated with the repurchase agreement or letter of credit. The Department of Revenue does not expect to incur any non-reimbursed costs as a result of the passage of this bill.

Revised: $20,000 is included in interagency receipts to reflect the amount to be paid by ACPE. Originally this would have been paid through unbudgeted RSA once the financing process began.

Prepared by: Jerry Burnett
Phone 465-3669
Division: Treasury
Date/Time 2/3/09 12:00 AM
Approved by: Ginger Blaisdell
Department of Revenue
Date 2/3/2009

(Revised 9/10/2008 OMB)

5273

FISCAL NOTE indeterminate

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 172
(H) Publish Date: 3/9/09

Identifier (file name): 0211-EED-ACPE-02-12-09
Dept. Affected: Education
Title: An Act relating to an investment in the education loan fund, relating to authority for the commissioner of revenue to...
RDU: ACPE
Component: Program Administration and Operations
Sponsor:
Requester:
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual		20.0	20.0	20.0	20.0	20.0	0.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1106 P-Sec Receipts		20.0	20.0	20.0	20.0	20.0	0.0
Other Interagency Receipts							
TOTAL	**0.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**0.0**

Estimate of any current year (FY2009) cost: 130.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislative proposal, which authorizes the Commissioner of Revenue to: 1) invest in Alaska education loans; and, 2) provide credit enhancement service to the Alaska Student Loan Corporation (ASLC), is designed to be cost-neutral to the state. The appropriation request above represents the ASLC receipts needed to cover costs incurred by the Department of Revenue for legal, rating agency, and consulting services necessary to implement the provisions of the bill.

There is potentially a cost avoidance to the state General Fund. In the event ASLC, without the state assistance provided in the bill, is unable to issue bonds, state appropriations to fund the education loan programs could be required. Current year (2008-2009) loans were funded through internal liquidity. However, those funds will have

Prepared by: Diane Barrans, Executive Director — Phone 907-465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 2/12/09 4:00 PM
Approved by: Diane Barrans, Executive Director — Date 2/12/2009
Alaska Commission on Postsecondary Education

(Revised 9/10/2008 OMB)

5274

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. HB 172

ANALYSIS CONTINUATION

substantially been exhausted with Spring 2009 disbursements. At this time, there is a need to postpone processing 2009-2010 loan applications until such time as funding has been secured. Currently, market-based issuance costs have reached prohibitive levels relative to the economics of ASLC programs. ASLC has been attempting to issue Variable Rate Demand Bonds (VRDB), for which a market still exists. Structurally, VRDBs are attractive to investors because they are credit enhanced through some form of external liquidity provider, thereby eliminating investor liquidity risk. VRDBs can be held in money market accounts due to the liquidity facility expanding the investor base for ASLC bonds. However, over the course of 2008 the cost of liquidity/credit enhancement increased dramatically as demand grew exponentially and supply declined at an alarming rate due to financial institution consolidations, ratings downgrades, and a general reluctance of the usual players to put further strain on their balance sheets. Liquidity costs have more than quadrupled and there is nothing currently occurring in the financial services arena to indicate this problem will improve any time soon to once again enable ASLC to finance its programs as it has successfully done over the preceding twenty years of operation.

The FY09 cost will require a supplemental amendment of $60,000 to ACPE's Program Administration and Operations component (2738) using postsecondary receipts as the funding source (1106). The remaining FY09 cost of $70,000 will be absorbed by the Department of Revenue's current appropriation of Alaska Postsecondary Education Commission Receipts (1106) which are projected to be available for that purpose.

STATE OF ALASKA
ALASKA STUDENT LOAN CORPORATION

SARAH PALIN, GOVERNOR

P. O. Box 110505
Juneau, Alaska 99811-0505
PHONE (907) 465-6740
465-3293

March 13, 2009

Sponsor Statement

HB 172 - An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date.

This legislation is necessary to avert a disruption in new education loan origination by the Alaska Student Loan Corporation (ASLC, or the Corporation) beginning in July 2009. The Corporation, since its establishment by the Legislature in 1987, has financed its education loan programs by issuing tax-exempt revenue bonds in the capital market. After 20 years of successful operation in this environment, catastrophic disruptions to the capital market resulted in ASLC being unable to issue bonds in 2008. Education loans continued to be available to Alaska students for the 2008-2009 academic year due to capacity within the Corporation to meet loan demand with available cash. However, after lending a projected $95 million in new loans through June 2009, that capacity will be substantially exhausted. Until such time as sufficient funding is secured, loan application processing for the 2009-2010 academic year will remain suspended.

The modification of Alaska statutes set out in this legislation enables ASLC, in partnership with the Commissioner of Revenue, to meet the immediate need to accept and process loan applications for the upcoming school year, and, additionally, to create a bonding structure to re-access the capital markets in 2009.

The Corporation's largest education loan programs are AlaskAdvantage Stafford Loans (which carry a federal guarantee), and the AlaskAdvantage Supplemental Loans (state loans which carry no guarantee). This year, more than 8,100 Alaska students relied on one or both of these low-cost education loan programs to aid in financing their postsecondary education and training program. More than 60% of those students were attending schools in Alaska.

This bill enables the Commissioner of Revenue to: 1) provide a bridge loan and directly invest in the Corporation's education loans; and, 2) create a credit enhancement facility to assist ASLC in the issuance of bonds during the current economic crisis when, without this facility, it would be uneconomical to issue bonds.

The combination of these two authorities are projected to assist in meeting loan demand through 2010 without the need for a State appropriation, by which time ASLC expects capital markets will have normalized to the extent these State support mechanisms will no longer be required.

STATE OF ALASKA

SARAH PALIN, GOVERNOR

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ALASKA STUDENT LOAN CORPORATION

March 13, 2009

The Honorable Bill Stoltze
House of Representatives
Co-Chair
Finance Committee
State Capitol, Room 515
Juneau, Alaska 99801

Re: HB172 State Investment in Education Loan Fund

Dear Representative Stoltze:

On behalf of the Alaska Student Loan Corporation (ASLC) I respectfully request a hearing in the House Finance Committee of legislation entitled "An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date."

The bill will authorize the Commissioner of Revenue to 1) provide a bridge loan to ASLC to finance its education loans when market conditions relating to tax-exempt bonds make them uneconomical; and, 2) create a credit enhancement facility to prevent a disruption of lending activities by ASLC during the current economic crisis that has limited its ability to successfully issue bonds and has caused the market-based financing of student loans to be uneconomical.

A copy of Governor Palin's transmittal letter and the associated fiscal note will be referred to the committee. Enclosed is a sponsor's statement, sectional analysis, background information, letters of support, and relevant news articles.

Your favorable consideration of this request will be appreciated.

Sincerely,

Diane Barrans
Executive Officer

DB/dv

Enclosures

cc: Gerald Gallagher, Legislative Director
Office of the Governor

printed on recycled paper

STATE OF ALASKA

ALASKA STUDENT LOAN CORPORATION

SARAH PALIN, GOVERNOR

P. O. Box 110505
Juneau, Alaska 99811-0505
PHONE (907) 465-6740
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March 13, 2009

Sectional Analysis

HB172 – An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date.

Section 1 Provides authority to the state to loan funds and provide a letter of credit to the Alaska Student Loan Corporation under certain conditions for certain purposes.

Section 2 Authorizes the Commissioner of Revenue to enter into an agreement, not to exceed a five-year term, to provide a secured investment in the Alaska Student Loan Corporation's education loan fund, not to exceed $100 million, to finance certain education loans when the Corporation is unable to finance loan demand due to market conditions that would result in uneconomical issuance of tax-exempt bonds. Interest paid to the state on the investment may not exceed the five-year average return on the state's general fund. The Commissioner is also authorized to enter into an agreement, not to exceed a five-year term, to provide credit enhancement to the Corporation, not to exceed $106 million, when it would otherwise be uneconomical for the Corporation to issue bonds, absent such an agreement, due to market conditions. The Corporation is responsible for associated costs and an annual fee, not to exceed 15 basis points. In the event of a draw on the credit facility, the state may be paid interest by the Corporation not to exceed 3%. The Commissioner is authorized to adopt regulations to implement the bill.

Section 3 provides the Act takes place the day after the Governor's signature or the day after permitted to become law without her signature.

STATE OF ALASKA

ALASKA STUDENT LOAN CORPORATION

SARAH PALIN, GOVERNOR

P. O. Box 110505
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March 13, 2009

HB172 – An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date.

Background on ASLC Liquidity Issues and Proposed Plan of Action

Precipitating Events/Conditions

In 2007, the market for Auction Rate Securities (ARS), which ASLC has successfully used to finance its variable rate education loans since 2002, collapsed in the wake of the subprime mortgage loan debacle. As a result, ARS are no longer a viable bond mode to finance new loan originations. As an alternative, ASLC intends to issue Variable Rate Demand Bonds (VRDB) or Obligations, for which there is still a market. Structurally, VRDBs attract investors because they are credit enhanced through an external liquidity provider, thereby eliminating investor liquidity risk. Due to the liquidity facility, VDRBs can be held by money market funds as investments.

The ARS market collapse impacted issuers nationwide. Over the course of 2008 the cost of liquidity and/or credit enhancement increased dramatically as demand grew exponentially, and supply declined at an alarming rate due to financial institution consolidations, ratings downgrades, and a general reluctance of the usual players to put further strain on their balance sheets. Liquidity costs, prior to the ARS market meltdown, ranged between 15 and 40 basis points per annum. Currently, those costs start at over 100 bases point, and rise from there. There is nothing occurring in the financial services arena to indicate this problem will improve any time soon. None of the recent federal initiatives to address the nation's economic ailments include a mechanism by which ASLC could acquire the needed liquidity support to issue VRDBs.

ASLC Capacity to Meet New Loan Demand—ASLC was last able to bond in June 2007. 2008-2009 academic year loans were funded through internal liquidity. Annual loan volume is projected to be approximately $95 million. Although confident about its ability to fully fund loans for the year ending June 2009, Corporation projections verify the need to delay processing 2009-2010 loan applications until such time as sufficient external funding is secured. As described above, market-based issuance costs have reached prohibitive levels relative to the economics of the ASLC programs.

ASLC Proposal for Alternative Financing Strategies—A two-pronged approach is recommended:

1—authorize the Department of Revenue to meet the Corporation's immediate need for funding for its Alternative and Federal loan programs using a loan structure. No appropriation of state general funds is required because use of the funds constitutes an investment, not an expenditure. ASLC will cover all related costs, and provide a return on the investment similar to the return the funds would have derived if left in the general fund (with a stipulated not to exceed rate). The loan is governed by a trust agreement between ASLC and Revenue that sets out all related terms. The loan period may not exceed five years.

2—authorize the Department of Revenue to provide ASLC with the liquidity and/or credit support necessary to issue VRDBs. The credit enhancement program would allow ASLC to access the capital markets by attracting institutional purchasers (primarily money market funds), while also keeping bond issue costs low enough that ASLC can continue to offer low-cost education loans to Alaska students. As with the bridge loan, the facility fee will provide revenue to the State. The term length of the facility may not exceed five years and the amount issued with support from the facility may not exceed $106 million.

In combination, these strategies are expected to cover loan demand through 2010, by which time market conditions should have normalized sufficient to dispense with this state support.

Provided on the following page are descriptions of efforts made in support of other state agency or nonprofit education lenders similarly impacted by the credit market collapse.

Other States' Initiatives to Assist State Agency of Nonprofit Education Loan Lenders

Several states have made liquidity and/or credit enhancement available to issuers.

California's approach has been very commercial in that the state's SBPA/LOC facility is available to any issuer inside or outside the state, and the primary goal has been to generate fee income for the funding source (CALPERS).

The State of Arkansas, acting through the State Board of Finance, entered into an $80 million loan agreement with the Arkansas Student Loan Authority (ASLA). The interest rate is a variable rate reset semiannually by the State Bank Commissioner and approved by the State Board of Finance. The loan has a term of 18 months but can be extended. ASLA paid the State's out-of-pocket expenses and legal fees related to the issuance of the Note. A trust was developed to hold education loans made with loan proceeds and payments made on those education loans until the loan to the State is paid in full. The trust also holds state loan proceeds until the education loan is disbursed in the form of qualifying investment vehicles.

The New Mexico State Treasurer's Office purchased a $50 million private placement bond from New Mexico Student Loans (NMSL). The bond is a short-term investment for the State of New Mexico at a competitive rate. A second deal was struck by which their State Treasurer's Office will purchase a bond from NMSL totaling $95.1 million.

The State of Kentucky bought a $50 million bond from the Kentucky Higher Education Student Loan Corp. The bond has a term of 445 days and carries a variable interest rate (originally set at 3.2%).

The South Carolina Student Loan Corporation issued $600 million in student loan backed notes. The notes are variable rate notes rated AAA. A significant portion of the notes have been purchased by the State of South Carolina.

In Colorado, CollegeInvest, a division of the Colorado Department of Higher Education, originates loans to college and graduate students. The State loaned CollegeInvest $30 million to prevent a Spring 2009 interruption in their lending program.

Prepared by Diane Barrans, Executive Officer, ASLC; 465.2113

First Southwest Company

505 West 5th Street, Suite 280
P. O. Box 508
Clifton, TX 76634

(254) 675-3552 Direct
(254) 675-8455 Fax

Memorandum

Lee Donner
Managing Director

ldonner@firstsw.com

Date: March 10, 2009

To: Diane Barrans, Executive Officer, Alaska Student Loan Corporation

Cc: Charlene Morrison, CFO, Alaska Student Loan Corporation

Subject: Ensuring Access to Student Loans in Alaska

At your request, following is First Southwest Company's summary of events and circumstances which have culminated in the Alaska Student Loan Corporation's (ASLC) need for mid-term financing support from the State of Alaska.

Across the approximately thirteen months since the downgrade of the mono-line bond insurers and the collapse of the Auction Rate Securities (ARS) market, a number of additional developments have contributed to the emergence of serious ongoing challenges to the ability of entities like ASLC to fulfill their mission to ensure the uninterrupted availability of low cost loans (including both the Federal Family Education Loan Program (FFELP) and non-guaranteed alternative loans) for students who depend upon such loan products to finance the cost of their post-secondary educational goals.

One of those developments has been the large scale departure of investors from the entire asset-backed finance arena in what is often described as a "flight to quality." Another negative development has been the top to bottom re-examination of cash flow modeling and other credit rating analysis criteria by all three of the nationally recognized securities rating organizations, which development has only served to reinforce the perception on the part of reluctant investors that asset-backed securities are fraught with a higher level of risk than they had been previously led to believe. These two phenomena have reinforced each other to produce an escalating demand for higher interest rates and declining investor base for asset-backed securities in virtually every asset class.

Issuers like ASLC have responded to these negative developments by seeking liquidity and/or credit support from highly rated financial institutions in the form of a Standby Bond Purchase Agreements (SBPA) or Letters of Credit (LOC). At the same time that demand for SBPA or LOC support from national and international financial institutions has exploded in response to the conditions described above, most, if not all, of those financial institutions have been hit with threatened or actual downgrades of both their long term and short term credit ratings. All of this has combined to create a situation where the demand and cost for bank credit/liquidity support is increasing at the very same time that the availability of and investor confidence in the

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reliability of such bank credit/liquidity support has sharply declined. Directly related to all of this is the dramatically increased demand, from investors in the tax-exempt arena, for debt securities issued by, **or credit/liquidity supported by**, highly rated state and local governmental issuers.

The combination of conditions described above has resulted in a number of state governments looking for ways to assist the state agency or not-for-profit student loan providers (both FFELP and alternative) in their state to continue to be able to fulfill their mission of ensuring educational access through low cost college loans. In Arkansas, this cooperation between the State and the student loan agency they created many years ago resulted in a low cost variable rate bridge loan from the State to the loan agency. In South Carolina, the State purchased a significant portion of the state created student loan agency's last bond issue. Both of these cooperative efforts represent viable short-term solutions to a problem that is showing signs of becoming protracted. In other states, similar initiatives are being analyzed or are in various stages of actual development or implementation. The sole example from 2008 where the student loan provider had no market access problems is the Texas Higher Education Coordinating Board, where the State's support for THECB's student loan program includes a State of Texas General Obligation pledge for THECB's debt obligations.

Against the background of the liquidity, credit and market conditions discussed herein, it is becoming quickly apparent that the major Federal initiatives such as TARP and TALF are of very limited, if any, utility to state agency and not-for-profit loan providers in continuing to finance their low cost loan programs without disruption and resultant serious consequences for the students and parents who depend on them.

First Southwest Company serves as financial advisor to a number of such student loan providers in various parts of the country. Based on our knowledge of what is happening in the student loan finance arena on a national basis and our experience with those limited number of student loan providers who have been able to successfully access the capital markets over the past year, it is our very firm belief that the best hope for entities like ASLC to continue their mission without interruption will be a cooperative effort between such entities and their sponsoring state governments to create temporary financing vehicles, and more importantly, credit and/or liquidity facilities that meet investors' demand for the elimination of credit/liquidity risk, but at a level of cost that is sustainable within the economic limitations of the loan programs being offered to students and their parents.

This communication is for information only, not an offer, solicitation or recommendation, nor an official confirmation of any financial transaction. It is not to be considered research. The information is considered to be reliable, but First Southwest Company does not warrant its completeness or accuracy, prices and availability are subject to change without notice. We may trade, have long or short positions, or act as a market maker in any financial instrument discussed herein. Clients should consult their own advisors regarding any accounting, legal or tax aspects. Investors are instructed to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

UNIVERSITY
of ALASKA
Many Traditions One Alaska

March 05, 2009

Dear Alaskan Legislator:

The educational loans provided by the Alaska Student Loan Corporation are crucial to the success of thousands of University of Alaska students. The funding from loans allows these students to continue and complete their educational goals in Alaska. Only the federal government provides more financial assistance to UA students.

The University of Alaska supports efforts that help the Alaska Student Loan Corporation secure the necessary funding to prevent a disruption of lending activities to Alaskan's seeking a post-secondary education in general and students at the University of Alaska in particular.

The Alaska Student Loan Corporation annually helps over 4700 students at the University of Alaska – at both the urban and rural campuses. Loans totaling over $40 million dollars help students fulfill their educational goals in the state - leading to a more prepared and qualified Alaskan workforce.

Thank you,

Saichi T Oba
Associate Vice President
Office of Student & Enrollment Services
University of Alaska

Office of Student and Enrollment Services
910 Yukon Drive ~ Fairbanks, Alaska 99775-5020

www.alaska.edu/studentservices

Received from the Chair of Student Senate, Associated Students of the University of Alaska Fairbanks, on 3/12/09.

To Whom It May Concern:

Please accept this letter of full support for legislation and related initiatives to provide interim funding to the Alaska Student Loan Corporation (ASLC), until such time as the markets recover sufficiently for ASLC to complete bonding.

The alternative financing proposed in the Governor's bill and endorsed by the Alaska Student Loan Corporation (ASLC) and the Alaska Department of Revenue is a win/win solution that meets an urgent statewide need to assist students in financing their education programs with no cost to the state's General Fund.

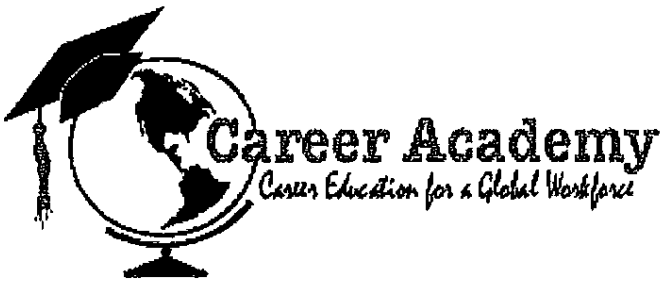
We understand that unless this alternative is approved quickly, Alaska will not be able to provide low-cost financial aid to our students. Without ASLC's loans, we expect that many of Alaska's college and vocational students may not be able to continue in or start school this year. We also understand that nationwide, education loans are becoming much harder to come by. In fact, 177 lenders to date have suspended their education loan programs. Specific to Alaska, several large banks indicate they will no longer be making loans in Alaska. The same economy that caused the market collapse has also resulted in increases in unemployment, resulting in many students staying in school longer, and many adults returning to school for re-training to get better jobs. The bottom line is that these factors result in fewer options for financial aid at the same time as the demand for financial aid is increasing. While there are increased grant provisions included in the American Recovery and Reinvestment Act, those funds are targeted only to the very neediest students.

Your full and prompt support of legislation to provide interim financing to fund AlaskAdvantage loans is urgently needed, and will result in no cost to the state. Without your support, Alaska's students will suffer.

Thank you for your consideration.

Respectfully,

Jennifer S Chambers
ASUAF Senate Chair



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Fax (907) 563-8330
career@careeracademy.edu

March 5, 2009

To Whom It May Concern:

Career Academy is Alaska' largest Alaskan owned accredited private career college serving over 600 students annually. Career Academy fully supports legislation and related initiatives to provide interim funding to the Alaska Student Loan Corporation (ASLC), until such time as the markets recover sufficiently for ASLC to complete bonding.

The alternative financing proposed in the Governor's bill and endorsed by the Alaska Student Loan Corporation (ASLC) and the Alaska Department of Revenue is a win/win solution that meets an urgent statewide need to assist our students in financing their education programs with no cost to the state's General Fund.

We understand that unless this alternative is approved quickly, Alaska will not be able to provide low-cost financial aid to our students. Without ASLC's loans, we expect that many of Alaska's college and vocational students may not be able to continue in or start school this year. We also understand that nationwide, education loans are becoming much harder to come by. In fact, 177 lenders to date have suspended their education loan programs. Specific to Alaska, several large banks indicate they will no longer be making loans in Alaska. The same economy that caused the market collapse has also resulted in increases in unemployment, resulting in many students staying in school longer, and many adults returning to school for re-training to get better jobs. The bottom line is that these factors result in fewer options for financial aid at the same time as the demand for financial aid is increasing. While there are increased grant provisions included in the American Recovery and Reinvestment Act, those funds are targeted only to the very neediest students. In addition many many Alaskan students are not eligible to receive these grants due to the increased wage scale in Alaska. These same grant programs do not take into consideration the increased cost of living in Alaska.

Your full and prompt support of legislation to provide interim financing to fund AlaskAdvantage loans is urgently needed, and will result in no cost to the state. Without your support, Alaska's students will suffer. Last year approximately 125 students enrolled at Career Academy used over $692,000 in ASLC funds to at least in part fund their educational programs. Without these loan funds being available they would not have been able to attend college, receive their education, and become valuable trained professional in Alaska's workforce

Thank you for your consideration.

Respectfully,

Jennifer A. Deitz
President & Founder

AVTEC

Great careers for Alaska's future

March 5, 2009

To Whom It May Concern:

Please accept this letter of Alaska Vocational Technical Center's (AVTEC) full support for legislation and related initiatives to provide interim funding to the Alaska Student Loan Corporation (ASLC), until such time as the markets recover sufficiently for ASLC to complete bonding.

The alternative financing proposed in the Governor's bill and endorsed by the Alaska Student Loan Corporation (ASLC) and the Alaska Department of Revenue is a win/win solution that meets an urgent statewide need to assist our students in financing their education programs with no cost to the state's General Fund.

We understand that unless this alternative is approved quickly, Alaska will not be able to provide low-cost financial aid to our students. Without ASLC's loans, we expect that many of Alaska's college and vocational students may not be able to continue in or start school this year. AVTEC provides many training programs and opportunities for Alaskans that are needed for employment in good paying high skilled jobs. These programs are more important now than ever before, as Alaskans face tighter economic conditions.

I urge your full and prompt support of legislation to provide interim financing to fund AlaskAdvantage loans is urgently needed, and will result in no cost to the state. Without your support, Alaska's students will suffer. Last year 79 of the 364 students enrolled at our institution used ASLC educations to fund, at least in part, their educational programs.

Thank you for your consideration.

Respectfully,

Fred W. Esposito
AVTEC Director

Alaska Vocational Technical Center • PO BOX 889 • 2nd Avenue • Seward, Alaska 99664-0889
Admissions Office (907) 224-3322 • 1-800-478-5389 • FAX (907) 224-4400 • www.avtec.edu
Alaska Vocational Technical Center does not discriminate due to race, color,
National origin, age, sex, political affiliation, religious beliefs, or disability.
AVTEC is a component of the Alaska Department of Labor and Workforce Development.

March 3, 2009

To Whom It May Concern:

Please accept this letter of the Alaska Technical Center's full support for legislation and related initiatives to provide interim funding to the Alaska Student Loan Corporation (ASLC), until such time as the markets recover sufficiently for ASLC to complete bonding.

The alternative financing proposed in the Governor's bill and endorsed by the Alaska Student Loan Corporation (ASLC) and the Alaska Department of Revenue is a win/win solution that meets an urgent statewide need to assist our students in financing their education programs with no cost to the state's General Fund.

We understand that unless this alternative is approved quickly, Alaska will not be able to provide low-cost financial aid to our students. Without ASLC's loans, we expect that many of Alaska's college and vocational students may not be able to continue in or start school this year. We also understand that nationwide, education loans are becoming much harder to come by. In fact, 177 lenders to date have suspended their education loan programs. Specific to Alaska, several large banks indicate they will no longer be making loans in Alaska. The same economy that caused the market collapse has also resulted in increases in unemployment, resulting in many students staying in school longer, and many adults returning to school for re-training to get better jobs. The bottom line is that these factors result in fewer options for financial aid at the same time as the demand for financial aid is increasing. While there are increased grant provisions included in the American Recovery and Reinvestment Act, those funds are targeted only to the very neediest students.

Your full and prompt support of legislation to provide interim financing to fund AlaskAdvantage loans is urgently needed, and will result in no cost to the state. Without your support, Alaska's students will suffer. Over the years, we have had many students enrolled at our institution who used ASLC educations to fund, at least in part, their educational programs.

Thank you for your consideration.

Respectfully,

Cheryl Edenshaw, Director
Alaska Technical Center

Alaska Technical Center • Box 51 • Kotzebue, Alaska 99752 • (907) 442-3733

Advertisement

Sept. 5

State Agencies Get Creative on Student Loans

As various lenders and some of its peers in other states announced in recent months that they would stop making federal or private loans because of disruptions in the capital markets, the Illinois Student Assistance Commission steadfastly held firm. "We saw it as a must do, and had said we'd be there no matter what," said Andrew Davis, the commission's executive director.

The only problem, Davis acknowledges, is that officials at the agency — which guarantees student loans and oversees most student aid programs in Illinois — "weren't quite sure how we would fund" the operations behind that promise. Like many nonprofit lenders, particularly, Illinois had seen its primary source of financial backing for its loans dry up, because of the collapse of the auction-rate securities market.

Fortunately for the agency and the 20,000-plus students whose federal loans it will finance this academic year, the Illinois commission became one of several state loan providers that have found alternative ways of funding their loans in the current economic climate. Last month, days after the Massachusetts loan agency announced that it would not make federal loans this academic year, the state of Kentucky said that it was issuing a $50 million bond to ensure that the Kentucky Higher Education Student Loan Corp. could continue to issue federal student loans. (Massachusetts officials had considered but then backed away from a similar plan.)

The Illinois agency contemplated several options for finding the money to finance its 2008-9 loans, including bank financing and the federal government's newly designed process for bolstering lenders to ensure that students continue to have access to federal loans. Davis was most intrigued, though, by an idea he liberally borrowed from North Carolina.

There, last spring, officials at the State Employees' Credit Union had approached Steve Brooks, executive director of the North Carolina State Education Assistance Authority, after learning about the turmoil shaking the student loan industry. "It's a very civic-minded group, and they wanted to make sure North Carolina students were protected," said Brooks. The credit union agreed to back a $1.1 billion student loan bond to refinance some of the authority's auction-rate securities (for private and federal loans) and to finance some new loans in the new academic year.

While the credit union's investment will not finance all of the state agency's loans for the year or refinance all of its outstanding debt, the vote of confidence should make it easier, Brooks said, for the

state loan authority to refinance another $1.3 billion through variable rate bonds in the coming months.

"This represented a great breakthrough for us," he said.

North Carolina's arrangement inspired Davis in Illinois. He approached the Illinois Credit Union League to see if its member credit unions might be interested in backing the student loan agency, given the organizations' tradition of making "mission-based loans," Davis said.

The result: a pending agreement for eight credit unions to provide about $100 million, in three traunches timed to the annual financial aid cycle, through the course of the 2008-9 academic year.

"This will more than meet our anticipated need, but if we find there is more need" — more students than usual have been applying for loans through the agency's Web site, Davis said — "we may be able to go back for more." The agency provides loans to most students at about a half dozen colleges in the state, including Western Illinois University, Southern Illinois University at Edwardsville, and the University of Illinois at Springfield, Davis said; many colleges in Illinois participate in the federal government's competing direct loan program.

— Doug Lederman

The original story and user comments can be viewed online at http://insidehighered.com/news/2008/09/05/loans.

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To Whom It May Concern:

Please accept this letter of Charter College's full support for legislation and related initiatives to provide interim funding to the Alaska Student Loan Corporation (ASLC), until such time as the markets recover sufficiently for ASLC to complete bonding.

The alternative financing proposed in the Governor's bill and endorsed by the Alaska Student Loan Corporation (ASLC) and the Alaska Department of Revenue is a win/win solution that meets an urgent statewide need to assist our students in financing their education programs with no cost to the state's General Fund.

We understand that unless this alternative is approved quickly, Alaska will not be able to provide low-cost financial aid to our students. Without ASLC's loans, we expect that many of Alaska's college and vocational students may not be able to continue in or start school this year. We also understand that nationwide, education loans are becoming much harder to come by. In fact, 177 lenders to date have suspended their education loan programs. Specific to Alaska, several large banks indicate they will no longer be making loans in Alaska. The same economy that caused the market collapse has also resulted in increases in unemployment, resulting in many students staying in school longer, and many adults returning to school for re-training to get better jobs. The bottom line is that these factors result in fewer options for financial aid at the same time as the demand for financial aid is increasing. While there are increased grant provisions included in the American Recovery and Reinvestment Act, those funds are targeted only to the very neediest students.

Your full and prompt support of legislation to provide interim financing to fund AlaskAdvantage loans is urgently needed, and will result in no cost to the state. Without your support, Alaska's students will suffer. Last year 470 of students enrolled at our institution used ASLC educations to fund, at least in part, their educational programs.

Thank you for your consideration.

Respectfully,

Terrance Harris
Campus President

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2221 E. Northern Lights Boulevard
Suite 120
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Main 907.277.1000
Fax 907.274.3342

Mat-Su Campus
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Suite B
Wasilla, AK 99654
Main 907.352.1000
Fax 907.352.1001

CharterCollege.edu

HOUSE COMMITTEE REPO

(11)
Date Referred to Committee: March 12, 2009 — FURTHER REFERRALS:

Date of Committee Action: 3/17/09

The FINANCE Committee considered: HOUSE BILL NO. 172

"An Act relating to an investment in the education loan fund; relating to authority for the commissioner of revenue to enter into a bond purchase agreement and letter of credit with the Alaska Student Loan Corporation; and providing for an effective date."

HB 172 STATE INVESTMENT IN EDUCATION FUND

Recommends it be replaced with [ ] HCS *or* [X] CS for HB 172 (Fin)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR _____ [X] Same Title [ ] New Title

[ ] attach amendments
[ ] add new referral to _____ Committee
[ ] Letter of Intent _____ Committee

List of Abbrev for Depts.
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
EED			✓	
REV			✓	

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Gara				✓
	CRAWFORD			X	
	Joule			X	
	AUSTERMAN	✓			
	KELLY	X			
	FAIRCLOUGH	✓			
	Salmon			X	
Chair:	Hawker	X			
Chair:					

5291

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSHB172(FIN)
() Publish Date:

Identifier (file name): CSHB172(FIN)-EED-ACPE-03-18-09
Dept. Affected: Education
Title: An Act relating to an investment in the education loan fund, relating to authority for the commissioner of revenue to...
RDU: ACPE
Component: Program Administration and Operations
Sponsor: (H)Rules
Requester: (H)Finance
Component Number: 2738

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual	****		****	****	****	****	0.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	****		****	****	****	****	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (-)							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1106 P-Sec Receipts	****		****	****	****	****	0.0
Other Interagency Receipts							
TOTAL	****		****	****	****	****	**0.0**

Estimate of any current year (FY2009) cost: 130.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislative proposal, which authorizes the Commissioner of Revenue to: 1) invest in Alaska education loans; and, 2) provide credit enhancement for the Alaska Student Loan Corporation (ASLC), is designed to be cost-neutral to the state. The appropriation above is ASLC receipts needed to cover costs incurred by the Department of Revenue for legal, rating agency, and consulting services necessary to implement the provisions of the bill. Authorization for this support through the Department of Revenue will result in a cost avoidance to the state General Fund because if ASLC, without the state assistance provided in the bill, is unable to issue bonds, state appropriations to fund the education loan programs could be required. Current year (2008-2009) loans were funded through internal liquidity. However, those funds will have substantially been exhausted with Spring 2009 disburse-

Prepared by: Diane Barrans, Executive Director — Phone 907-465-6740
Division: Alaska Commission on Postsecondary Education — Date/Time 3/18/09 9:30 AM
Approved by: Diane Barrans, Executive Director — Date 3/18/2009
Alaska Commission on Postsecondary Education

(Revised 9/10/2008 OMB)

ANALYSIS CONTINUATION

ments. At this time, there is a need to postpone processing 2009-2010 loan applications until such time as funding has been secured. Currently, market-based issuance costs have reached prohibitive levels relative to the economics of ASLC programs. ASLC has been attempting to structure a deal to issue Variable Rate Demand Bonds (VRDB), for which a market still exists. Structurally, VRDBs are attractive to investors because they are credit enhanced through some form of external liquidity provider, thereby eliminating investor liquidity risk. VRDBs can be held in money market accounts due to the liquidity facility expanding the investor base for ASLC bonds. However, over the course of 2008 the cost of liquidity/credit enhancement increased dramatically as demand grew exponentially and supply declined at an alarming rate due to financial institution consolidations, ratings downgrades, and a general reluctance of the usual players to put further strain on their balance sheets. Liquidity costs have more than quadrupled and there is nothing currently occurring in the financial services arena to indicate this problem will improve any time soon to once again enable ASLC to finance its programs as it has successfully done over the preceding twenty years of operation.

The FY09 cost will require a supplemental amendment of $60,000 to ACPE's Program Administration and Operations component (2738) using postsecondary receipts as the funding source (1106). The remaining FY09 cost of $70,000 will be absorbed by the Department of Revenue's current appropriation of Alaska Postsecondary Education Commission Receipts (1106) which are projected to be available for that purpose.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSHB172(FIN)
() Publish Date:

Identifier (file name): CSHB172(FIN)-DOR-TRE-3-18-09
Dept. Affected: Revenue
Title: State Investment in Education Fund
RDU: Tax and Treasury
Component: Treasury
Sponsor: Governor
Requester: House Finance
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	*	*	*	*	*	*	*
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	*	*	*	*	*	*	*

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This legislation allows, but does not require, the Commissioner of Revenue to invest state funds in the education loan fund, if the Commissioner determines that the Alaska Student Loan Corp cannot practically or economically borrow money through issuing private activity revenue bonds. This investment must be made consistent with the duties of a fidiciary and will earn a return to the state. The bill also allows, but does not require, the Commissioner to provide a bond repurchase agreement or letter of credit to the Alaska Student Loan Corp, and to require the ASLC to pay the costs associated with the repurchase agreement or letter of credit. The Department of Revenue does not expect to incur any non-reimbursed costs as a result of the passage of this bill. The fiscal note is indeterminate as costs will be dependent on the actual financing that occurs

Prepared by: Jerry Burnett — Phone 465-3669
Division: Treasury — Date/Time 3/18/09 12:00 AM
Approved by: Ginger Blaisdell — Date 3/18/2009
Department of Revenue

(Revised 9/10/2008 OMB)

5294

HB 175

<target><bill>HB 175</bill><subject>HB 175</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE
HOUSE LABOR & COMMERCE COMMITTEE

REP. KURT OLSON
Chairman
State Capitol, Room 124
Juneau, AK 99801-1182
(907) 465-2693 FAX 465-3835

Rep Mark Neuman, V-Chair
Rep. John Coghill
Rep. Lindsey Holmes
Rep. Mike Chenault
Rep. Bob Lynn
Rep. Bob Buch

Sponsor Statement

CS House Bill 175 (L&C) - Insurance

CSHB 175(L&C) contains miscellaneous updates to Alaska's insurance code. It will streamline some processes of the division, provide clarity to certain statutory provisions and bring certain statutes into greater uniformity with national standards.

The bill clarifies how the deposits of both domestic and foreign insurance companies will be treated under delinquency proceedings. It allows the director to do a summary suspension of a license in the event of an emergency for public protection and clarifies that rewards under wellness programs in health insurance programs do not constitute rebating.

I urge support for HB 175 to enable the division of insurance to continue to provide effective oversight of the insurance industry.

HOUSE COMMITTEE REPO

(11)

Date Referred to Committee: April 1, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/11/09

The FINANCE Committee considered: **HOUSE BILL NO. 175**

"An Act relating to insurance, including treating as confidential certain information submitted to the director of insurance by the National Association of Insurance Commissioners; clarifying conditions for the release of insurer deposits; defining travel insurance that may be sold under a travel insurance limited producer license; establishing criteria for licensing of nonresident independent adjusters as resident adjusters; exempting rewards under a wellness program from treatment as insurance discrimination or rebating; making certain insurance required of the Comprehensive Health Insurance Association permissive rather than mandatory; providing for the administration of loss reimbursement policies and payments to guaranty associations during insolvency proceedings; making certain provisions relating to statements on applications and guaranteed renewability for individual health insurance applicable to hospital and medical service corporations; making public certain forms and related documents filed for approval by a hospital or medical service corporation after the filing becomes effective; relating to deposits of self-funded multiple employer welfare arrangements; repealing reasons that the director of insurance may use to deny or revoke a license; and providing for an effective date."

HB 175 INSURANCE

Recommends it be replaced with [ ] HCS *or* [X] CS for HB175 (H+C)

For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES**
*Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero
CED	1			

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas	✓			
	Gara	✓			
	Austerman			X	
	CRAWFORD			X	
	KELLY	X			
	FAIRCLOUGH			✓	
	Salmon			X	
Chair:	Hawker	*			
Chair:	STOLTZE	✓			

5297

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 175(L&C)
(H) Publish Date: 4/1/09

Identifier (file name) HB175-CED-INS-03-09-09
Dept. Affected: DCCED
Title: Insurance
RDU: Insurance (116)
Component: Insurance
Sponsor: House Labor and Commerce
Requester: House Labor and Commerce
Component Number: 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							
FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS							
Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill contains various updates and refinements to Title 21. The proposed legislation will streamline some processes of the division, provide clarity to certain statutory provisions and provide updates of statutes for greater uniformity with national standards.

Prepared by: Linda S. Hall, Director — Phone 907-269-7900
Division: Insurance — Date/Time 03-09-09/ 11:15 am
Approved by: Emil R. Notti, Commissioner — Date 3/9/2009
Department of Commerce, Community, and Economic Development

(Revised 9/10/2008 OMB)

5298

ALASKA STATE LEGISLATURE
HOUSE LABOR & COMMERCE COMMITTEE

REP. KURT OLSON
Chairman
State Capitol, Room 124
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Rep Mark Neuman, V-Chair
Rep. John Coghill
Rep. Lindsey Holmes
Rep. Mike Chenault
Rep. Bob Lynn
Rep. Bob Buch

Sectional Analysis

CSHB 175(L&C) - Insurance

Section 1. Amends AS 21.06.060(f) by removing the restriction that only financial analysis ratios and examination synopses from the NAIC would be held confidential.

Section 2. Amends AS 21.06.180(b) to provide an exception for the emergency summary suspension of a license in AS 21.27.420(d) which requires a hearing within 20 days.

Section 3. Amends AS 21.06.180(c) to provide an exception for 21.27.420(d) which does not provide for a refusal to grant a hearing

Section 4. Amends AS 21.06.190(a) to provide an exception for 21.27.420(d) which does not provide for a stay of an order of suspension.

Section 5. Amends AS 21.24.130(d) clarifies how the deposit in Alaska of a domestic insurer covered by the Alaska Life and Health Insurance Guaranty Association or the Alaska Insurance Guaranty Association will be treated when the insurer is under a delinquency proceeding in AS21.78.

Section 6. Amends AS 21.24.130(f) clarifies how the deposit of a foreign insurer will be treated when the insurer is insolvent. The deposit will be released to the applicable guaranty association. After all liabilities for the insurer's policies in this state are paid, the monies will be paid to the receiver.

Section 7. Amends AS 21.24.130. Adds a new subsection to AS 21.24.130 to provide a process for handling deposits of insurers that are not members of any guaranty association. These deposits are sent to the insolvent insurer's receiver.

Section 8. Amends AS 21.27.140(b) to remove the requirement that the firm's compliance officer must be licensed for all lines of authority the firm holds.

This is a summary only. Note that this sectional analysis should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 9. Amends AS 21.27.150(a) changes the definition for products sold by a limited travel licensee to comply with national uniform licensing standards.

Section 10. Amends AS 21.27.270(b) to permit the Director to issue a nonresident adjuster license under AS 21.27.020 if the independent adjuster's home state does not license independent adjusters.

Section 11. Amends AS 21.27.420. Adds a new subsection to AS 21.27.420 to provide authority to Director to do a summary suspension of a license, in the event of an emergency for public protection. Requires a decision be rendered within 30 days of the conclusion of the hearing.

Section 12. Amends AS 21.27.630. Adds a new subsection to AS 21.27.630 clarifying that individuals operating on behalf of the third party administrator are not required to obtain a separate registration.

Section 13. Amends AS 21.27.900 (11) modifies the definition of "home state" to include independent adjusters.

Section 14. Amends AS 21.34.020. Adds a new subsection to AS 21.34.020 enabling large commercial insureds which meet the definition of 'exempt commercial policyholder' to make their own choice of admitted or surplus lines insurers.

Section 15. Amends AS 21.34.040(d) to permit surplus lines insurer's annual statement filing with the National Association of Insurance Commissioners (NAIC) to be accepted as being filed with the division, and clarifies due date of filing between foreign and alien insurers.

Section 16. Amends AS 21.34.080(a) to modify details of surplus lines transaction filing to agree with AS 21.34.170 and remove unnecessary requirement.

Section 17. Amends AS 21.36.110 to clarify that rewards under wellness programs that meet the federal HIPPA requirements do not constitute rebating.

Section 18. Amends AS 21.36.355(a) to allow the Director to accept written consent issued to a nonresident by another insurance regulator official under 18 U.S.C. § 1033 and § 1034

Section 19. Amends AS 21.42.120(d) to allow the Director to require informational form filings (in lieu of filing for approval or before use).

Section 20. Amends AS21.42.160(d) to require foreign insurers (in addition to domestic insurers) to include form numbers on their insurance policy and annuity contract forms.

Section 21. Amends AS 21.42.385(b) to allow the Director to update the dental, vision and hearing coverage mandate requirements to assure that the benefits remain current.

Section 22. Amends AS 21.55.100(b) to allow the board the flexibility to determine whether a Medicare supplement plan should be offered, given that Alaska Comprehensive Health Insurance Association (ACHIA) offers a more comprehensive Medicare carve-out plan.

This is a summary only. Note that this sectional analysis should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 23. Repeals and reenacts AS 21.55.500(19) modifies the ACHIA residency requirements to mirror the requirements for Permanent Fund Dividend qualification. Eases administration and allows more individuals would qualify for ACHIA.

Section 24. Amends AS 21.78.010(b) to provide an exception to claim payment priorities for deposits administered under AS 21.24..

Section 25. Amends AS 21.84.465(b) modifies the language regarding the due date of the annual financial statement for fraternal benefit societies to be consistent with the due date statute language of other types of insurers to require filing no later than March 1.

Section 26. Amends AS 21.85.100 to provide that the deposit administration requirements under AS 21.24 (Deposits) are applicable is to multiple employer welfare arrangement deposits required under AS 21.85

Section 27. Amends AS 21.87.180. Adds a new subsection AS 21.87.180(E) to make hospital and medical service corporations filings publicly available consistent with other insurers filings in AS 21.42.123 and AS 21.42.125.

Section 28. Amends AS 21.87.340 to make hospital or medical service corporations subject to the individual health insurance guaranteed renewability laws in AS 21.51.400; and to rules regarding representations and warranties requirements in AS 21.42.110

Section 29. Amends AS 21.90.900 to add new paragraph. Adds the definition of 'working day.'

Section 30. Amends AS 44.64.030(a)(17) to add summary suspensions to the list of insurance exemptions from the Office of Administrative Hearings.

Section 31. Repeals AS 21.07.250(19), AS 21.27.410(a)(10),(11) and (12), AS 21.55.220(b) repeals definitions of working day which was added to general title definitions; Repeals archaic reasons for denial, suspension or revocation of a license issued under AS 21.27.

Section 32. Provides for an effective date of July 1, 2009.

This is a summary only. Note that this sectional analysis should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

HB 180

<target><bill>HB 180</bill><subject>HB 180</subject><comm>HFIN26</comm></target>

2.23.10

During Session:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4833
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Representative_Reggie_Joule@legis.state.ak.us

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Alaska State Legislature
REPRESENTATIVE REGGIE JOULE

SPONSOR STATEMENT FOR HB 180

A.S. 14.11.008(b) establishes the required participating share for a municipal school district for a construction or maintenance grant project based on the district's full value per average daily membership (ADM). The ADM is calculated by dividing the full and true value of the taxable real and personal property in the district by the district ADM. In 2008, HB 373 passed the legislature near the end of the session. The House passed HB 373 on March 18. The Senate passed out a committee substitute to HB 373 on April 11, the House concurred the same day. The committee substitute made changes to Section 1 of the bill effectively reducing the participating share for some local governments depending upon their full value per ADM calculation breaking it into 4 categories at 5, 10, 30 and 35%. However, the new participating share levels created an undue burden when some of the local governments moved from the 10% to 30% participating share portion since there is no stair-stepping to a 20% participating share level. HB 180 proposes to amend Section 1 by adding a provision that would stair-step the local share from 10% to 20% instead of the large increase from 10% to 30% for these districts. The comparison of the existing and proposed revision is as follows:

Full Value Per ADM	District Participating Share
$1 - $150,000	5 percent
150,001 - 275,000	10 percent
275,001 - **500,000** [800,000]	**20** [30] percent
500,001 - 800,000	**30 percent**
over 800,000	35 percent.

If the 20% participating share level is retroactive to April 1st 2008, the fiscal impact will be **$2,664,859** and is broken down as follows:

Projects funded in FY2009 under AS 14.11.007 and .006 (Major Maintenance and School Construction List) include the following:

- Nome-Belz Jr./Sr High Buildings D and E Roof Replacement $214,731
- Shungnak K-12 School Improvements, Phase 5 $486,973
- Deering K-12 School Improvements, Phase 2 $124,456
- Kobuk K-12 Renovation/Addition $1,083,427
- Hoonah Pool and Boiler Room Roof Replacement $132,877

5303

Projects funded in FY2010 under AS 14.11.007 (Major Maintenance List) include the following:

- Kodiak Schools Seismic Mitigation Project $ 462,307
- Evergreen Elementary School Playground Safety Upgrades $110,100
- False Pass K-12 School Siding Replacement, Recovery of Funds $13,148
- Cold Bay K-12 Heating System Upgrade $10,827
- Sand Point K-12 School Window Replacement, Recovery of Funds $9,706

Projects funded in FY2011 under AS 14.11.007 (Major Maintenance List) include the following:

- Nome Beltz Fire Alarm Replacement – $12,049
- Nome Beltz Generator Switching – $4,259

Districts that would have a 20% local share under HB180 using FY2011 population and assessment information are as follows:

Kake
Dillingham
Northwest Arctic
Klawock
Nome
Kodiak

2-23-10

District	FY 2009 Full Values	2009 ADM	Value Per ADM	FY2008 Local Share %	FY 2009 Local Share %	HB 373 Local Share % (modifying FY2009 Local Share)	FY 2010 Local Share %	FY 2011 Local Share %	Pre HB 373 levels	HB 373 (2008) levels	HB 180 (2011) levels
Alaska Gateway	$ -	383.26	$ -	2	2	2	2	2			
Aleutian Region	$ -	37.00	$ -	2	2	2	2	2			
Annette Island	$ -	267.55	$ -	2	2	2	2	2			
Bering Strait	$ -	1,652.95	$ -	2	2	2	2	2			
Chatham	$ -	151.75	$ -	2	2	2	2	2			
Chugach	$ -	224.80	$ -	2	2	2	2	2			
Copper River	$ -	502.90	$ -	2	2	2	2	2			
Delta/Greely	$ -	1,077.44	$ -	2	2	2	2	2			
Iditarod Area	$ -	280.43	$ -	2	2	2	2	2			
Kashunamiut	$ -	312.50	$ -	2	2	2	2	2			
Kuspuk	$ -	339.65	$ -	2	2	2	2	2			
Lower Kuskokwim	$ -	3,953.55	$ -	2	2	2	2	2			2%
Lower Yukon	$ -	2,031.10	$ -	2	2	2	2	2			
Pribilof Island	$ -	109.65	$ -	2	2	2	2	2			
Southeast Island	$ -	167.20	$ -	2	2	2	2	2			
Southwest Region	$ -	633.50	$ -	2	2	2	2	2			
Yukon Flats	$ -	270.80	$ -	2	2	2	2	2			
Yukon-Koyukuk	$ -	1,367.98	$ -	2	2	2	2	2			
Yupiit	$ -	444.75	$ -	2	2	2	2	2			
Galena	$ 30,397,300	3,649.40	$ 8,329	5	5	5	5	5			
Nenana City	$ 26,080,800	1,001.66	$ 26,038	5	5	5	5	5			5%
Saint Marys	$ 12,933,000	176.80	$ 73,150	5	5	5	5	5	$100k		
Craig City	$ 105,587,400	723.32	$ 145,976	10	10	5	5	5		150k	150k
Lake & Peninsula	$ 73,323,700	368.68	$ 198,882	10	10	10	10	10	$200k		
Hydaburg City	$ 14,036,300	66.63	$ 210,660	10	10	5	5	10			10%
Tanana City	$ 8,947,400	39.15	$ 228,542	5	10	5	5	10		275k	275k
Kake City	$ 27,592,100	93.35	$ 295,577	10	10	10	10	30			
Dillingham City	$ 177,004,500	500.45	$ 353,691	30	30	30	30	30			
Northwest Arctic	$ 681,749,730	1,857.30	$ 367,065	10	30	30	30	30			20%
Klawock City	$ 53,607,400	125.10	$ 428,516	30	30	10	10	30			
Nome City	$ 314,755,100	673.71	$ 467,197	30	30	30	30	30			
Kodiak Island	$ 1,288,364,300	2,597.87	$ 495,931	30	30	30	30	30			500k
Mat-Su Borough	$ 8,929,096,710	16,480.83	$ 541,787	30	30	30	30	30			
Yakutat City	$ 66,929,700	121.25	$ 551,998	30	30	30	30	30			
Denali Borough	$ 230,334,500	407.79	$ 564,836	30	30	30	30	30			
Hoonah City	$ 70,798,300	123.45	$ 573,498	30	30	30	30	30			
Wrangell City	$ 186,045,900	323.73	$ 574,695	30	30	30	30	30	600k		30%
Cordova	$ 224,318,160	368.40	$ 608,898	30	30	30	30	30			
Aleutians East	$ 156,158,100	248.75	$ 627,771	30	30	30	30	30			
Fairbanks	$ 9,268,836,820	14,147.57	$ 655,154	30	30	30	30	30			
Petersburg City	$ 362,376,900	517.17	$ 700,692	30	30	30	30	30			
Anchorage	$ 35,128,863,600	48,227.36	$ 728,401	30	35	30	30	30			
Ketchikan	$ 1,606,849,700	2,126.83	$ 755,514	30	35	30	30	30		800k	800k
Juneau City Borough	$ 4,335,282,900	4,972.69	$ 871,818	35	35	35	35	35			
Kenai Peninsula	$ 8,133,669,680	9,255.77	$ 878,767	35	35	30	35	35			
Sitka City Borough	$ 1,178,401,100	1,316.21	$ 895,299	35	35	30	35	35			
Pelican City	$ 13,667,200	14.55	$ 939,326	35	35	35	30	35			
Haines	$ 327,494,200	305.25	$ 1,072,872	35	35	35	35	35			35%
Unalaska City	$ 498,432,000	402.35	$ 1,238,802	35	35	35	35	35			
Bristol Bay Borough	$ 243,019,900	144.65	$ 1,680,055	35	35	35	35	35			
Valdez City	$ 2,321,728,750	691.60	$ 3,357,040	35	35	35	35	35			
Skagway City	$ 330,245,100	94.55	$ 3,492,809	35	35	35	35	35			
North Slope Borough	$ 14,988,085,125	1,580.70	$ 9,481,929	35	35	35	35	35			

Local Share Comparison Chart

Department of Education

Submitted by Representative Joule

2-23-10

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: HB180
() Publish Date:

Identifier (file name): HB180-EED-ESS-2-22-10
Title: An Act amending the percentages to be paid by a municipal school district receiveing a school construction..."
Sponsor: Representative Joule
Requester: House Finance

Dept. Affecte: Education & Early Development
RDU: Education Support Services
Component: School Fininace & Facilities
Component Number: 2737

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**16.3**		***	***	***	***	***
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	16.3		***	***	***	***	***
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**16.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost: 2,371.9

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Section 1 of HB 180 amends the participating share table in AS 14.11.008(b) by adding a 20% participating share level to the table that currently steps from 10% to 30% . Participating share is calculated based on the district's assessed property value per Average Daily Membership (ADM). Section 3 of the bill will require $2,664,859 to be appropriated in the FY2010 budget for additional participating share on projects funded by the legislature in FY09, FY10, and $16,307 added to HB 301 (p5, lns 8-9 & 10-11) for the Nome Beltz Fire Alarm replacement project and Nome generator switch replacement project.

***Due to the unknown future level of funding for either the School Construction list or Major Maintenance list, for districts impacted by the changes in HB 180, it is not possible to assign an amount to the fiscal note for any year beyond FY 11, therefore the out years are indeterminate.

Prepared by: Sam Kito, III
Division: School Finance
Phone: 465-6906
Date/Time: 2/22/10 12:00 AM

Approved by: Larry LeDoux
Commissioner
Date: 2/22/2010

(Revised 10/13/2009 OMB)

5306

HB

184

<target><bill>HB 184</bill><subject>HB
184</subject><comm>HFIN26</comm></target>

Alaska State Legislature

Juneau
State Capitol Bldg., Rm. 513
Juneau, AK 99801-1182
Phone (907) 465-4976
Fax (907) 465-3883
Toll Free 866-465-4976

Fairbanks
1292 Sadler Way, Ste 323
Fairbanks, AK 99701
Phone (907) 452-6084
Fax (907) 452-6096

Member
House Finance Committee

Representative Mike Kelly

House District 7

Sponsor Statement – HB 184

HB184 adjusts the current bond debt cap for the University of Alaska to reflect today's construction prices. Current Alaska Statute allows the University of Alaska to borrow money, issue debt or enter into long-term obligations for the purchase of facilities, goods or services without having to provide notice to the legislature as long as the annual debt service payment doesn't exceed $1.0 million. HB184 bumps up the threshold to $2.5 million.

The current bond debt cap limit of $1.0 million was originally issued in 1990. At that time, $1.0 million in annual debt service was the cost of financing a $15.0 million capital project. Taking into account construction inflation in Alaska, a $15.0 million capital project built in 1990 would cost about $40.0 million today. Annual debt service on $40.0 million is $2.5 million assuming a 4.5% interest rate and a 25-year straight line amortization.

The University has operated a viable debt program over the last 18 years. It has issued 14 general revenue bonds plus other financing arrangements that have been critical in securing funding for capital projects. The University has never suffered a rating downgrade. In fact, in December 2007, Moody's Investor Service upgraded the University credit rating to Aa3. The University continues to monitor its debt capacity and compliance with tax exempt bond covenants. Currently, the amount of debt service outstanding is $11.2 million. This is less than half the Board of Regents' policy limit of 5% of unrestricted revenues which is $26.2 million for FY08. This equates to $127 million in outstanding debt with the ability to issue a total of $317 million in debt.

By increasing the bond debt cap approval level, the administrative burden of compliance with the statute for smaller bond issues would be reduced for both the legislature and the University. At the same time, legislative oversight would be retained for larger financings.

I would appreciate your support for HB184.

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For the purposes of this
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under AS 43.23.073.
of the default and the
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ing of the decision. The decision of the chief finance officer is a final decision that may appealed to the superior court under the Alaska Rules of Appellate Procedure. (§ 1 ch SLA 2004)

Sec. 14.40.253. Financing notice and approval. If the University of Alaska tends to enter into an obligation, except for refinancing obligations, under AS 14.40.040(a)(5) with an annual payment by the university anticipated to exceed 1,000,000, the university shall provide notice to the legislature. The notice must include he anticipated annual payment amount, the anticipated financing, and the total construction, acquisition, or other costs of the project. The university may not enter into an obligation requiring a financing notice under this section, other than a refinancing obligation, unless the project has been approved by the legislature by law. An appropriation for the project does not constitute approval of the project for the purpose of this section. (§ 2 ch 181 SLA 1990; am § 2 ch 90 SLA 1999)

Sec. 14.40.254. University revenue bonds. (a) Subject to AS 14.40.253, the board may issue revenue bonds to pay the cost of acquiring, constructing, or equipping a facility that the board determines is necessary.

(b) The board may enter into an agreement with a trustee or bond owner for the purpose of securing payment of revenue bonds issued by the University of Alaska to acquire, construct, or equip a facility that the board determines is necessary. The agreement may include the fixing and collection of fees, charges, or rentals pledged to secure payment of the revenue bonds and agreement regarding the use of the proceeds of the revenue bonds.

(c) The state pledges not to limit or alter rights vested under this section in the University of Alaska to fulfill the terms of a contract with revenue bond owners.

(d) The board may pledge revenue received by the University of Alaska as fees, charges, or rentals in order to secure payment of the revenue bonds. A pledge of revenue received by the University of Alaska is considered a perfected security interest and is valid and binding from the time the pledge is made. The pledge creates an immediate lien against property pledged without physical delivery or other act. (§ 1 ch 26 SLA 1991)

Sec. 14.40.255. Investment of surplus money. If the Board of Regents determines that there is a surplus of money, received in the form of state and federal appropriations, above the amount sufficient to meet current and projected cash expenditure needs of the university, the surplus must be invested as set out in AS 37.10.071. Income earned on investments made under this section may be retained by the university and expended in accordance with AS 37.07 (Executive Budget Act.) (§ 4 ch 143 SLA 1986; am § 5 ch 141 SLA 1988)

Sec. 14.40.257. Reimbursement for costs of capital projects. (a) Subject to appropriations for the purpose, during each fiscal year, the legislature may appropriate an amount to reimburse the University of Alaska for the cost to be paid by the university during that same fiscal year for the principal and interest on outstanding debt for the projects listed in (b) of this section.

LAWS OF ALASKA

1990

Source

HCS CSSB 108(Fin)

Chapter No.

181

AS 01.10.070(c).

AN ACT

Relating to public finance, including lease-financing, and to the disposal of certain property; repealing certain lease-purchasing approval; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1, LINE 11

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: June 21, 1990
Actual Effective Date: Section 11 takes effect June 22, 1990; remainder of Act takes effect July 1, 1990

Chapter 181

AN ACT

Relating to public finance, including lease-financing, and to the disposal of certain property; repealing certain lease-purchasing approval; and providing for an effective date.

---

* Section 1. AS 14.40.040 is amended to read:

Sec. 14.40.040. GENERAL POWERS OF THE UNIVERSITY. There is created and established a corporation to be called the University of Alaska. It may in that name

(1) sue and be sued;

(2) receive and hold real and personal property;

(3) contract and be contracted with;

(4) adopt, use, and alter a corporate seal;

(5) borrow money, issue debt, or enter into lo obligations, for the purchase of facilities, goods, or servic obligations may secure, in whole or in part, debt issued by party;

(6) do and have done all matters necessary for the of any function set out [FORTH] in this chapter.

* Sec. 2. AS 14.40 is amended by adding a new section to read:

Sec. 14.40.253. FINANCING NOTICE AND APPROVAL. If the U... ty of Alaska intends to enter into an obligation, except for refinancing obligations, under AS 14.40.040(5) with an annual payment by the university anticipated to exceed $1,000,000, the university shall

provide notice to the legislature. The notice must include the anticipated annual payment amount, the anticipated financing, and the total construction, acquisition, or other costs of the project. The university may not enter into an obligation requiring a financing notice under this section, other than a refinancing obligation, unless the project has been approved by the legislature by law. An appropriation for the project does not constitute approval of the project for the purpose of this section.

* Sec. 3. AS 18.55.255 is amended to read:

Sec. 18.55.255. DISPOSAL OF SURPLUS PROPERTY [PROCEDURE FOR SALE OF LAND]. The authority may convey real or personal property that it determines is in excess of its needs. Except as provided in (b) and (c) of this section, the sale [SALE OF LAND] shall be by public auction or by sealed bids at a price not lower than the fair market value determined by an appraisal made within 180 days before [OF] the sale by a qualified appraiser. Public notice shall be given by publishing notice of the sale at least once a week for two consecutive weeks in a newspaper of general circulation within the area in which the property to be sold is located and by posting notice of sale in at least two public places in the area. In no event may [SHALL] the auction be held less than 30 days after the last day of publication. If no acceptable bids are received the authority may sell the property at negotiated sale [,] within six months after [OF] the date of the auction. A negotiated sale may not be made on an appraisal made more than nine months before the date of sale. The price at a negotiated sale may not be less than the appraised value.

* Sec. 4. AS 18.55.255 is amended by adding new subsections to read:

(b) Real or personal property of the authority may be conveyed to a state or federal agency or political subdivision for less than

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* Sec. 6. AS 36.

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Myron J. Dosch, CPA
Controller
Phone: (907) 450-8079
Fax: (907) 450-8071
myron.dosch@alaska.edu

209 D Butrovich Building
910 Yukon Drive
PO Box 756540
Fairbanks, AK 99775-6540

UNIVERSITY
of ALASKA
Many Traditions One Alaska

March 24, 2009

The Honorable Representative Mike Kelly
State Capitol, Room 513
Juneau, Alaska 99801-1182

Dear Representative Kelly:

On behalf of the University of Alaska and President Hamilton, I offer this letter of support for House Bill 184: "An Act relating to debt authorization of the University of Alaska". My position is Controller for the University of Alaska and I oversee its debt function.

AS14.40.253 requires that when the University anticipates a financing will exceed $1.0 million in annual debt service, notice to and approval from the Legislature is required. This bill updates the statute for construction inflation by increasing that threshold to $2.5 million. I believe this bill will reduce the administrative impact to the University and Legislature for approving smaller debt issuances. At the same time, Legislative oversight is retained for relatively large debt issuances.

AS14.40.253 was originally issued in 1990 and construction inflation in Alaska has been steady since. In 1990, $1.0 million of annual debt service was about a $15 million capital project financing. Now, that same project costs about $40 million, or approximately $2.5 million in annual debt service.

The University has solid credit ratings from Standard and Poor's at AA-, and Aa3 from Moody's Investors Services. With $127 million in debt currently outstanding, the University is below half of the Board of Regents' debt policy limit of five percent of unrestricted revenues, or $317 million. The University's track record shows that it has used debt prudently and responsibly to further its strategic mission in the state.

I appreciate your support of House Bill 184. If there are any questions, please contact me.

Sincerely,

Myron J. Dosch

Myron Dosch

5313

Derek Miller

From: Myron J. Dosch [Myron.Dosch@alaska.edu]
Sent: Monday, March 23, 2009 9:46 AM
To: Derek Miller
Subject: Re: Heads up HB 184

Derek -

To follow up on this morning's House Education Committee hearing on HB184.

All UA capital projects need capital project receipt authority regardless of the source(s) of funding.

Under AS14.40.253, if the capital project anticipates annual debt service over $1.0m, then notice _and_ approval is needed. The approval referred to here is not receipt authority, rather it is specific approval language that would need to be written into a bill. (This is why the statute says "An appropriation for the project does not constitute approval of the project for the purpose of this section.")

If the project anticipates annual debt service under $1.0m, AS14.40.253 does not apply. All that is needed is receipt authority. The university can issue debt without any special notice or approval.

Hope this helps,

Myron

Derek Miller wrote:
> Myron -
>
> A bill got added to the committee hearing today. They'll bring it up
> first according to the committee aide. I'd suggest dialing in from
> your office around 8:00AM and listen to the hearing until you hear HB
> 184 being brought up. That way you can still do work in your office as
> the hearing goes along.
>
> Call me if you have questions, I'll be here for another 45 minutes,
> then I'm going to shoot down to the committee room.
>
> 465-6879.
>
> -D
>
> Derek Miller / Legislative Aide
>
> Office of Representative Mike Kelly
>
> Fairbanks, District 7
>
> p: 907.465.6879/ c: 907.978.1360/ f: 907.465.3883
>
> http://www.housemajority.org/kelly/index.php
>

--
Myron J. Dosch
Controller
University of Alaska
Phone: (907)450-8079
Fax: (907)450-8071

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: March 25, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 3/31/09

The FINANCE Committee considered: **HOUSE BILL NO. 184**

"An Act relating to the debt authorization of the University of Alaska."

HB 184 DEBT AUTHORIZATION FOR UNIVERSITY

Recommends it be replaced with [ ] HCS *or* [ ] CS *for* _____ (_____)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [ ] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
UA	1			✓

Signing with recommendations	**Printed Last Name**	**DP**	**DNP**	**NR**	**AM**
	THOMAS			–	
		✓			
	CRAWFORD	X			
	Towle			X	
	Austerman	X			
	Salmon			X	
	KELLY	X			
	FAIRCLOUGH	✓			
Chair:	Hawker			☆	
Chair:	STOLTZE			~~X~~	

5315

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 184
(H) Publish Date: 3/25/09

Identifier (file name): HB184-UA-Sysbra-03-23-09
Dept. Affected: University of Alaska
Title: An act relating to the debt authorization of the University of Alaska
RDU: University of Alaska
Component: Sysbra
Sponsor: Representatives Kelly and Fairclough
Requester: Education Committee
Component Number:

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

HB184 increases the debt authorization level for the University of Alaska and is not anticipated to have a measurable fiscal impact on the University of Alaska.

Prepared by: Alesia Kruckenberg
Phone 907-450-8426
Division: University of Alaska
Date/Time 3/23/09 2:00PM
Approved by: Michelle Rizk
Date 3/23/09 2:00PM
University of Alaska

(Revised 9/2008 OMB)

5316

HB 186

<target><bill>HB 186</bill><subject>HB 186</subject><comm>HFIN26</comm></target>

HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: April 7, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/11/09

The FINANCE Committee considered: **HOUSE BILL NO. 186**

"An Act declaring that certain firearms and accessories are exempt from federal regulation."

HB 186 AK FIREARMS EXEMPT FROM FED. REGULATION

Recommends it be replaced with | | HCS *or* |X| CS *for* HB 186 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **|X| Same Title | | New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW **FISCAL NOTES** *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
LAW			✓	

PREVIOUS **FISCAL NOTES**				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas			✓	
	Gara			✓	
	CRAWFORD			✓	
	KELLY	X			
	Austerman	X			
	FAIRCLOUGH	✓			
	Salmon			X	
	Foulke			X	
Chair:	Hawker	*			
Chair:	STOLTZE	✓			

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CSHB186(JUD)**
() Publish Date:

Identifier (file name): HB186CS(JUD)-LAW-CRIM-4-8-09
Title: An Act exempting certain firearms from federal regulation
Sponsor: REPRESENTATIVE(s) KELLY, Wilson
Requester: JUDICIARY

Dept. Affected: Law
RDU: CRIMINAL
Component: CRIMINAL JUSTICE LITIGATION
Component Number: 2202

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	***	***	***	***	***	***	***
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	***	***	***	***	***	***	***

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill attempts to declare that firearms that are made in Alaska are exempt from any federal law or regulation. The bill has significant constitutional issues. These issues would most likely arise in the context of a state citizen being charged with a crime in federal court and could result in significant litigation in both state and federal court. While such litigation is likely, it is difficult to estimate with any certainty the costs that might be incurred and they are therefore indeterminate at this point.

Prepared by: Robert Meiners, Deputy Director — Phone 465-3673
Division: Administrative Services — Date/Time 4/8/09 11:15 AM
Approved by: Wayne Anthony Ross, Attorney General — Date 4/8/2009
Department of Law

(Revised 9/10/2008 OMB)

5319

Adopted 4/11/09

AMENDMENT 1

OFFERED IN THE HOUSE BY REP. KELLY

TO: HB 186

Page 1 line 10:
Delete: "understood"
Insert: "intended"

Page 2 line 2:
Delete: "understood"
Insert: "intended"

Page 2 line 12:
Delete: "understood"
Insert: "intended"

Amendment 2 M hawker
remove sentence p. 3 l 22-26

Adopted 4/11/09

5320

AMENDMENT 1

OFFERED IN THE HOUSE BY REP. KELLY

TO: HB 186

adopted

Page 1 line 10:
Delete: "understood"
Insert: "intended"

Page 2 line 2:
Delete: "understood"
Insert: "intended"

Page 2 line 12:
Delete: "understood"
Insert: "intended"

5321

Adopted 4/11/09

Amend 2 (p. 3) Adopted 4/11/09

26-LS0627\R

HOUSE BILL NO. 186

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES KELLY, Wilson, Lynn, Gatto

Introduced: 3/12/09
Referred: Judiciary, Finance

A BILL

FOR AN ACT ENTITLED

"An Act declaring that certain firearms and accessories are exempt from federal regulation."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

FINDINGS. The legislature finds that the authority for this Act is the following:

(1) the Tenth Amendment to the Constitution of the United States guarantees to the states and their people all powers not granted to the federal government elsewhere in the constitution and reserves to the state and people of Alaska certain powers as they were understood at the time that Alaska was admitted to statehood in 1959; the guaranty of those powers is a matter of contract between the state and people of Alaska and the United States as of the time that the compact with the United States was agreed upon and adopted by Alaska and the United States in 1959;

(2) the Ninth Amendment to the Constitution of the United States guarantees

to the people rights not granted in the constitution and reserves to the people of Alaska certain rights as they were understood at the time that Alaska was admitted to statehood in 1959; the guaranty of those rights is a matter of contract between the state and people of Alaska and the United States as of the time that the compact with the United States was agreed upon and adopted by Alaska and the United States in 1959;

(3) the regulation of intrastate commerce is vested in the states under the Ninth and Tenth Amendments to the Constitution of the United States, particularly if not expressly preempted by federal law; the United States Congress has not expressly preempted state regulation of intrastate commerce pertaining to the manufacture on an intrastate basis of firearms, firearm accessories, and ammunition;

(4) the Second Amendment to the Constitution of the United States reserves to the people the right to keep and bear arms as that right was understood at the time that Alaska was admitted to statehood in 1959, and the guaranty of the right is a matter of contract between the state and people of Alaska and the United States as of the time that the compact with the United States was agreed upon and adopted by Alaska and the United States in 1959;

(5) art. I, sec. 19, Constitution of the State of Alaska clearly secures to Alaska citizens and prohibits government interference with the right of individual Alaska citizens to keep and bear arms.

*** Sec. 2.** AS 44.99 is amended by adding a new section to read:

Article 5. Alaska Firearms Freedom Act.

Sec. 44.99.500. State policy, declarations, and requirements concerning certain firearms not in interstate commerce and not subject to federal regulation. (a) A personal firearm, a firearm accessory, or ammunition that is manufactured commercially or privately in this state and that remains in the state is not subject to federal law or federal regulation, including registration, under the authority of the United States Congress to regulate interstate commerce as those items have not traveled in interstate commerce.

(b) This section applies to a firearm, a firearm accessory, or ammunition that is manufactured in this state from basic materials and that can be manufactured without the inclusion of any significant parts imported from another state. Generic and insignificant parts that have other manufacturing or consumer product applications are

not firearms, firearm accessories, or ammunition, and their importation into this state and incorporation into a firearm, a firearm accessory, or ammunition manufactured in this state does not subject the firearm, firearm accessory, or ammunition to federal regulation. Basic materials, such as unmachined steel and unshaped wood, are not firearms, firearm accessories, or ammunition and are not subject to congressional authority to regulate firearms, firearm accessories, and ammunition under interstate commerce as if they were actually firearms, firearm accessories, or ammunition. The authority of the United States Congress to regulate interstate commerce in basic materials does not include authority to regulate firearms, firearm accessories, and ammunition made in this state from those materials. Firearm accessories that are imported into this state from another state and that are subject to federal regulation as being in interstate commerce do not subject a firearm to federal regulation under interstate commerce because they are attached to or used in conjunction with a firearm in this state.

(c) A firearm manufactured or sold in this state and not subject to federal regulation under this section must have the words "Made in Alaska" clearly stamped on a central metallic part, such as the receiver or frame.

(d) The attorney general shall defend a citizen of this state who is prosecuted by the government of the United States under the congressional power to regulate interstate commerce for violation of a federal law concerning the manufacture, sale, transfer, or possession of a firearm, a firearm accessory, or ammunition manufactured and retained within this state. On receipt of written notification by a citizen of this state of intent to manufacture a firearm, a firearm accessory, or ammunition to which this section applies, the attorney general shall seek a declaratory judgment from the United States District Court for the District of Alaska that this section is consistent with the Constitution of the United States.

Amd 2: remove

(e) In this section,

(1) "firearm accessory" means an item that is used in conjunction with or mounted on a firearm but is not essential to the basic function of a firearm, including a telescopic or laser sight, magazine, flash or sound suppressor, folding or aftermarket stock and grip, speedloader, ammunition carrier, and light for target

illumination;

(2) "generic and insignificant parts" includes springs, screws, nuts, and pins;

(3) "manufactured" means a firearm, a firearm accessory, or ammunition that has been created from basic materials for functional usefulness, including forging, casting, machining, or other processes for working materials.

*** Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 44.99.500, added by sec. 2 of this Act, applies to firearms, firearm accessories, and ammunition that are manufactured and retained in this state after October 1, 2009.

A/11/09

Alaska State Legislature

Juneau
State Capitol Bldg., Rm. 513
Juneau, AK 99801-1182
Phone (907) 465-4976
Fax (907) 465-3883
Toll Free 866-465-4976

Fairbanks
1292 Sadler Way, Ste 323
Fairbanks, AK 99701
Phone (907) 452-6084
Fax (907) 452-6096

Member
House Finance Committee

Representative Mike Kelly

House District 7

Sponsor Statement – CSHB 186(JUD)

"ALASKA FIREARMS FREEDOM ACT"

The United States Constitution gives Congress the authority to regulate Interstate Commerce between the states and 18 USC 922 makes it unlawful for any person not licensed as a manufacturer or dealer in firearms to engage in the business of manufacturing or dealing in firearms. Collectively, the Interstate Commerce Clause and 18 USC 922 are used by the federal government as a means to regulate firearms.

The Alaska Firearms Freedom Act addresses this by exempting firearms, firearm accessories, and ammunition manufactured and retained in the state from all federal firearm control laws including registration, as firearms that meet these criteria shouldn't be regulated by the federal government because they have not traveled in interstate commerce. Firearms exempt from this Act must have the words "Made in Alaska" clearly stamped on a central metallic part such as the receiver or frame.

This bill frees certain firearms from federal regulation as long as certain conditions are met. It frees the state of Alaska from restrictive federal firearm regulation and allows the state to take responsible firearm regulation into her own hands. The federal government has historically used the Interstate Commerce Clause to regulate firearms and has consistently pursued legislation that imposes its will on states. Outdoorsmen, hunters, and Alaskans defending their families and property will benefit from the passage of CSHB 186(JUD).

4/11/09

Alaska State Legislature

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Member
House Finance Committee

Representative Mike Kelly

House District 7

MEMORANDUM

DATE: **April 7, 2009**

TO: **Representative Mike Kelly**

FROM: **Derek Miller**

RE: **Sectional Analysis for CSHB 186(JUD) (26-LS0627\S)**

A sectional summary of a bill should not be considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1.
Findings Section. The authority of this Act is the Second, Ninth, and Tenth Amendments to the Constitution of the United States. The Second Amendment reserves to the people the right to keep and bear arms, the Ninth Amendment guarantees to the people rights not granted in the constitution, and the Tenth Amendment guarantees to the states and their people all powers not granted to the federal government elsewhere in the constitution. The United States Congress has not expressly preempted state regulation of intrastate commerce pertaining to the manufacture on an intrastate basis of firearms, firearm accessories, and ammunition. Article I, Section 19 of the Constitution of the State of Alaska secures to the citizens and prohibits government interference with the right of individual Alaska citizens to keep and bear arms.

Section 2.
(a) A personal firearm, a firearm accessory, or ammunition that is manufactured commercially or privately in this state and that remains in the state is not subject to federal law or federal regulation including registration under the authority of the United States Congress to regulate intrastate commerce.

(b) This section applies to a firearm, a firearm accessory, or ammunition that is manufactured in this state from basic materials without the inclusion of significant parts imported from another state. Generic and insignificant parts that have other manufacturing or consumer applications are not firearms, firearm accessories, or ammunition and their incorporation into a firearm, firearm accessory, or ammunition manufactured in this state does not subject them to federal regulation. Basic materials, such as unmachined steel and unshaped wood are not firearms, firearm accessories, and ammunition and are not subject to federal regulation under intrastate commerce. Firearm accessories imported into this state from another state and are attached to or used in conjunction with a firearm in this state does not subject the firearm to federal regulation under intrastate commerce.

(c) A firearm manufactured or sold in this sate and not subject to federal regulation mush have the words "Made in Alaska" clearly stamped on a central metallic part, such as the receiver or frame.

(d) Definitions section.

"Firearm accessory" – an item that is used in conjunction with or mounted on a firearm but is not essential to the basic function of a firearm. This includes: a telescope or laser sight, magazine, flash or sound suppressor, folding or aftermarket stock and grip, speedloader, ammunition carrier, and light for target illumination.

"Generic and insignificant parts" – includes springs, screws, nuts, and pins.

"Manufactured" – means a firearm a firearm accessory, or ammunition that has been created from basic materials for functional usefulness, including forging, casting, machining, or other processes for working materials.

Section 3.
Applicability section. This Act applies to firearms, firearm accessories, and ammunition that are manufactured and retained in this state after October 1, 2009.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

4/11/09

MEMORANDUM April 8, 2009

SUBJECT: Interstate Commerce Clause and CSHB 186(JUD)
(Work Order No. 26-LS0627\S)

TO: Representative Lindsey Holmes

FROM: Gerald P. Luckhaupt
Legislative Counsel

You have asked if the declarations in CSHB 186(JUD) regarding interstate and intrastate commerce would successfully prevent someone from being prosecuted for a firearms violation under federal law. In my opinion, CSHB 186(JUD) would not prevent the federal government from prosecuting someone for a firearms violation under federal law.[1]

The commerce clause is found at Article I, § 8, of the Constitution of the United States:

> The Congress shall have power . . . [t]o regulate commerce with foreign nations, and among the several states and with the Indian tribes . . . .

The extent of the commerce clause was first interpreted to not apply to commerce "which is carried on between man and man in a State, or between different parts of the same State, and which does not extend to or affect other States."[2] Over the years, "certain categories of activity such as 'production,' 'manufacturing,' and 'mining' were within the province of state governments, and thus were beyond the power of Congress under the Commerce Clause."[3] As the interpretation of the commerce clause continued, the United States Supreme Court allowed incidental effects on purely interstate commerce if that

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[1] 18 U.S.C. §§ 921 - 931 regulate certain firearms and activities. For example, 18 U.S.C. § 922(g) prohibits a felon from possessing in or affecting commerce firearms or ammunition.

[2] *Gibbons v. Ogden*, 9 Wheat. 1, 189 - 190 (1824)

[3] *United States v. Lopez*, 514 U.S. 549 (1995).

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regulation was necessary to regulate interstate commerce.[4] The development of the commerce clause continued as explained in this excerpt from *United States v. Lopez*:[5]

> In *A. L. A. Schecter Poultry Corp.* v. *United States*, 295 U.S. 495, 550 (1935), the Court struck down regulations that fixed the hours and wages of individuals employed by an intrastate business because the activity being regulated related to interstate commerce only indirectly. In doing so, the Court characterized the distinction between direct and indirect effects of intrastate transactions upon interstate commerce as "a fundamental one, essential to the maintenance of our constitutional system." *Id.*, at 548. Activities that affected interstate commerce directly were within Congress' power; activities that affected interstate commerce indirectly were beyond Congress' reach. *Id.*, at 546. The justification for this formal distinction was rooted in the fear that otherwise "there would be virtually no limit to the federal power and for all practical purposes we should have a completely centralized government." *Id.*, at 548.
>
> Two years later, in the watershed case of *NLRB v. Jones & Laughlin Steel Corp.*, 301 U.S. 1 (1937), the Court upheld the National Labor Relations Act against a Commerce Clause challenge, and in the process, departed from the distinction between "direct" and "indirect" effects on interstate commerce. *Id.*, at 36-38 ("The question [of the scope of Congress' power] is necessarily one of degree"). The Court held that intrastate activities that "have such a close and substantial relation to interstate commerce that their control is essential or appropriate to protect that commerce from burdens and obstructions" are within Congress' power to regulate. *Id.*, at 37.
>
> In *United States* v. *Darby*, 312 U.S. 100 (1941), the Court upheld the Fair Labor Standards Act, stating:
>
> "The power of Congress over interstate commerce is not confined to the regulation of commerce among the states. It extends to those activities intrastate which so affect interstate commerce or the exercise of the power of Congress over it as to make regulation of them appropriate means to the attainment of a legitimate end, the exercise of the granted power of Congress to regulate interstate commerce." *Id.*, at 118.
>
> See also *United States* v. *Wrightwood Dairy Co.*, 315 U.S. 110, 119 (1942) (the commerce power "extends to those intrastate activities which

---

[4] *Houston, E. & W. T. R. Co. v. United States*, 234 U.S. 342 (1914)

[5] *United States v. Lopez*, 514 U.S. 549 (1995) (syllabus and majority opinion enclosed).

in a substantial way interfere with or obstruct the exercise of the granted power").

In *Wickard* v. *Filburn*, the Court upheld the application of amendments to the Agricultural Adjustment Act of 1938 to the production and consumption of home grown wheat. 317 U. S., at 128-129. The *Wickard* Court explicitly rejected earlier distinctions between direct and indirect effects on interstate commerce, stating:

"[E]ven if appellee's activity be local and though it may not be regarded as commerce, it may still, whatever its nature, be reached by Congress if it exerts a substantial economic effect on interstate commerce, and this irrespective of whether such effect is what might at some earlier time have been defined as 'direct' or 'indirect.' " *Id.*, at 125.

The *Wickard* Court emphasized that although Filburn's own contribution to the demand for wheat may have been trivial by itself, that was not "enough to remove him from the scope of federal regulation where, as here, his contribution, taken together with that of many others similarly situated, is far from trivial." *Id.*, at 127-128.

Jones & Laughlin Steel, *Darby*, and *Wickard* ushered in an era of Commerce Clause jurisprudence that greatly expanded the previously defined authority of Congress under that Clause. In part, this was a recognition of the great changes that had occurred in the way business was carried on in this country. Enterprises that had once been local or at most regional in nature had become national in scope. But the doctrinal change also reflected a view that earlier Commerce Clause cases artificially had constrained the authority of Congress to regulate interstate commerce.

But even these modern era precedents which have expanded congressional power under the Commerce Clause confirm that this power is subject to outer limits. In *Jones & Laughlin Steel*, the Court warned that the scope of the interstate commerce power "must be considered in the light of our dual system of government and may not be extended so as to embrace effects upon interstate commerce so indirect and remote that to embrace them, in view of our complex society, would effectually obliterate the distinction between what is national and what is local and create a completely centralized government." 301 U. S., at 37; see also *Darby*, *supra*, at 119-120 (Congress may regulate intrastate activity that has a "substantial effect" on interstate commerce); *Wickard*, *supra*, at 125 (Congress may regulate activity that "exerts a substantial economic effect on interstate commerce"). Since that time, the Court has heeded that warning and undertaken to decide whether a rational basis existed for concluding that a regulated activity sufficiently affected interstate

commerce. See, *e.g., Hodel* v. *Virginia Surface Mining & Reclamation Assn., Inc.*, 452 U.S. 264, 276-280 (1981); *Perez* v. *United States*, 402 U.S. 146, 155-156 (1971); *Katzenbach* v. *McClung*, 379 U.S. 294, 299-301 (1964); *Heart of Atlanta Motel, Inc.* v. *United States*, 379 U.S. 241, 252-253 (1964).

Similarly, in *Maryland* v. *Wirtz*, 392 U.S. 183 (1968), the Court reaffirmed that "the power to regulate commerce, though broad indeed, has limits" that "[t]he Court has ample power" to enforce. *Id.*, at 196, overruled on other grounds, *National League of Cities* v. *Usery*, 426 U.S. 833 (1976), overruled by *Garcia* v. *San Antonio Metropolitan Transit Authority*, 469 U.S. 528 (1985). In response to the dissent's warnings that the Court was powerless to enforce the limitations on Congress' commerce powers because "[a]ll activities affecting commerce, even in the minutest degree, *[Wickard],* may be regulated and controlled by Congress," 392 U.S., at 204 (Douglas, J., dissenting), the *Wirtz* Court replied that the dissent had misread precedent as "[n]either here nor in *Wickard* has the Court declared that Congress may use a relatively trivial impact on commerce as an excuse for broad general regulation of state or private activities," *id.*, at 197, n. 27. Rather, "[t]he Court has said only that where *a general regulatory statute bears a substantial relation to commerce*, the *de minimis* character of individual instances arising under that statute is of no consequence." *Ibid.* (first emphasis added).

Consistent with this structure, we have identified three broad categories of activity that Congress may regulate under its commerce power. *Perez* v. *United States*, *supra*, at 150; see also *Hodel* v. *Virginia Surface Mining & Reclamation Assn.*, *supra*, at 276-277. First, Congress may regulate the use of the channels of interstate commerce. See, *e.g., Darby*, 312 U. S., at 114; *Heart of Atlanta Motel*, *supra*, at 256 (" '[T]he authority of Congress to keep the channels of interstate commerce free from immoral and injurious uses has been frequently sustained, and is no longer open to question.' " (quoting *Caminetti* v. *United States*, 242 U.S. 470, 491 (1917)). Second, Congress is empowered to regulate and protect the instrumentalities of interstate commerce, or persons or things in interstate commerce, even though the threat may come only from intrastate activities. See, *e.g., Shreveport Rate Cases*, 234 U.S. 342 (1914); *Southern R. Co.* v. *United States*, 222 U.S. 20 (1911) (upholding amendments to Safety Appliance Act as applied to vehicles used in intrastate commerce); *Perez*, *supra*, at 150 ("[F]or example, the destruction of an aircraft (18 U.S.C. § 32), or . . . thefts from interstate shipments (18 U.S.C. § 659)"). Finally, Congress' commerce authority includes the power to regulate those activities having a substantial relation to interstate commerce, *Jones & Laughlin Steel*, 301 U. S., at 37, *i.e.*,

> those activities that substantially affect interstate commerce. *Wirtz*, *supra*, at 196, n. 27.
>
> Within this final category, admittedly, our case law has not been clear whether an activity must "affect" or "substantially affect" interstate commerce in order to be within Congress' power to regulate it under the Commerce Clause. Compare *Preseault* v. *ICC*, 494 U.S. 1, 17 (1990), with *Wirtz*, *supra*, at 196, n. 27 (the Court has never declared that "Congress may use a relatively trivial impact on commerce as an excuse for broad general regulation of state or private activities"). We conclude, consistent with the great weight of our case law, that the proper test requires an analysis of whether the regulated activity "substantially affects" interstate commerce.

Lopez, at 554 - 559. The *Wickard* case is particularly relevant as it involved an individual farmer who grew his own wheat for his own consumption. As noted, Wickard was still subject to federal regulation even though as an individual his potential effect on interstate commerce was small but when combined with others the court noted that the potential effect on interstate commerce could be great.

In *Lopez*, the Court struck down 18 U.S.C. § 922(q), the "Gun Free School Zones Act of 1990," which made it a federal crime to possess a gun within a school zone. The Court found that

> Section 922(q) is a criminal statute that by its terms has nothing to do with "commerce" or any sort of economic enterprise, however broadly one might define those terms. Section 922(q) is not an essential part of a larger regulation of economic activity, in which the regulatory scheme could be undercut unless the intrastate activity were regulated. It cannot, therefore, be sustained under our cases upholding regulations of activities that arise out of or are connected with a commercial transaction, which viewed in the aggregate, substantially affects interstate commerce.
>
> Second, §922(q) contains no jurisdictional element which would ensure, through case by case inquiry, that the firearm possession in question affects interstate commerce.
>
> . . . .
>
> The possession of a gun in a local school zone is in no sense an economic activity that might, through repetition elsewhere, substantially affect any sort of interstate commerce. Respondent was a local student at a local school; there is no indication that he had recently moved in interstate commerce, and there is no requirement that his possession of the firearm have any concrete tie to interstate commerce.

Id., at 561. See also *United States v. Morrison*, 529 U.S. 598 (2000) (striking down the "Violence Against Women Act" that created civil liability for the commission of any gender based violent crime and noting that again there was no "express jurisdictional element which might limit its reach" to those acts connected with or affecting interstate commerce).[6]

The limits of the *Lopez* and *Morrison* decisions were found in the context of medical marijuana. In *Gonzales v. Raich*, 545 U.S. 1 (2005),[7] the Court held the commerce clause authorized Congress to enact federal laws regulating and criminalizing activities involving controlled substances even if those activities were wholly intrastate and were pursuant to a state statutory scheme that authorized the activities.

> Unlike those at issue in *Lopez* and *Morrison*, the activities regulated by the CSA [Controlled Substances Act] are quintessentially economic. "Economics" refers to "the production, distribution, and consumption of commodities." Webster's Third New International Dictionary 720 (1966). The CSA is a statute that regulates the production, distribution, and consumption of commodities for which there is an established, and lucrative, interstate market. Prohibiting the intrastate possession or manufacture of an article of commerce is a rational (and commonly utilized) means of regulating commerce in that product. Such prohibitions include specific decisions requiring that a drug be withdrawn from the market as a result of the failure to comply with regulatory requirements as well as decisions excluding Schedule I drugs entirely from the market. Because the CSA is a statute that directly regulates economic, commercial activity, our opinion in *Morrison* casts no doubt on its constitutionality.
>
> . . .
>
> Second, limiting the activity to marijuana possession and cultivation "in accordance with state law" cannot serve to place respondents' activities beyond congressional reach. The Supremacy Clause unambiguously provides that if there is any conflict between federal and state law, federal law shall prevail. It is beyond peradventure that federal power over commerce is " 'superior to that of the States to provide for the welfare or necessities of their inhabitants,' " however legitimate or dire those necessities may be. *Wirtz*, 392 U.S., at 196 (quoting *Sanitary Dist. of Chicago* v. *United States*, 266 U.S. 405, 426 (1925)). See also 392 U.S., at 195-196; *Wickard*, 317 U.S., at 124 (" '[N]o form of state activity can constitutionally thwart the regulatory power granted by the commerce clause to Congress' "). Just as state acquiescence to federal regulation

[6] Syllabus and majority opinion enclosed.

[7] Syllabus and majority opinion enclosed.

> cannot expand the bounds of the Commerce Clause, see, *e.g.*, *Morrison*, 529 U.S., at 661-662 (Breyer, J., dissenting) (noting that 38 States requested federal intervention), so too state action cannot circumscribe Congress' plenary commerce power. See *United States* v. *Darby*, 312 U.S. 100, 114 (1941) ("That power can neither be enlarged nor diminished by the exercise or non-exercise of state power").

Raich, *id.* at 25 - 26.

The *Wickard* and *Raich* cases seem especially relevant to CSHB 168(JUD). They clearly stand for the proposition that the Commerce Clause allows federal regulation of purely intrastate activities and products if Congress could rationally conclude that those activities could enter or affect interstate commerce. The production of wheat in *Wickard* and the production of marijuana in *Raich* could enter and could affect interstate commerce. Similarly, the production of a firearm, even if performed wholly intrastate and with materials found only in that state, could seemingly affect interstate commerce in firearms generally.

Indeed, this was the decision of the Ninth Circuit Court of Appeals in *United States v. Stewart*, 451 F.3d 1071 (9th Cir. 2006).[8] Robert Stewart manufactured homemade machine guns and machine gun kits wholly within California and was convicted of possessing a machine gun in violation of federal law. Stewart appealed and the Ninth Circuit Court of Appeals, based upon *Lopez* and *Morrison*, and before *Raich* was decided, initially reversed his conviction finding that the simple possession of homemade machines did not have a substantial effect on interstate commerce. See *United States v. Stewart*, 348 F.3d 1132(2003). After the United States Supreme Court decided *Raich*, the Supreme Court vacated the decision of the Ninth Circuit and told the court to reconsider their opinion in light of *Raich*.[9] On remand, the Ninth Circuit found that Congress had the authority to regulate machine guns, including one's wholly a product of intrastate commerce. The court found that "[h]omemade guns, even those with a unique design, can enter the interstate market and affect supply and demand."[10]

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Enclosures

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[8] Opinion enclosed.

[9] *United States v. Stewart*, 545 U.S. 1112 (2005).

[10] *Stewart*, 451 F.3d at 1077.

4/11/09

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Member
House Finance Committee

Representative Mike Kelly

House District 7

MEMORANDUM

DATE: **April 7, 2009**

TO: **Representative Mike Kelly**

FROM: **Derek Miller**

RE: **Changes to HB 186 in CSHB 186(JUD) (26-LS0627\S)**

Section 1. (Minor Changes)

Page 1, line 10	Page 2, line 2	Page 2, line 12
Delete "understood"	Delete "understood"	Delete "understood"
Insert "intended"	Insert "intended"	Insert "intended"

Section 2.

The CSHB 186(JUD) deleted a section requiring the Attorney General to defend a citizen of the state who is prosecuted by the government of the United States under the Congressional power to regulate interstate commerce for violation of a federal law concerning the manufacture, sale, transfer, or possession of a firearm, a firearm accessory, or ammunition manufactured and retained within this state.

Page 3, lines 18 – 26
Delete

Section 3

No changes.

4/11/09

NATIONAL CONFERENCE
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State Legislation to Exempt Firearms from Federal Regulation

ALASKA

AK H 186

AUTHOR: Kelly (R)
TITLE: Firearms Exempt From Federal Regulation
INTRODUCED: 03/12/2009
DISPOSITION: Pending
SUMMARY:
Declares that certain firearms and accessories are exempt from federal regulation.
STATUS:

03/12/2009	INTRODUCED.
03/12/2009	To HOUSE Committee on JUDICIARY. (PASSED)
03/12/2009	To HOUSE Committee on FINANCE.

AK S 146

AUTHOR: Dyson (R)
TITLE: Firearms Exempt From Federal Regulation
INTRODUCED: 03/11/2009
DISPOSITION: Pending
SUMMARY:
Declares that certain firearms and accessories are exempt from federal regulation.
STATUS:

03/11/2009	INTRODUCED.
03/11/2009	To SENATE Committee on JUDICIARY.
03/11/2009	To SENATE Committee on FINANCE.

MONTANA (Enacted)

MT D 671

AUTHOR: Office of Curtiss
TITLE: Firearms and Ammunition
DISPOSITION: Pending
SUMMARY:
Exempts from Federal regulation under the commerce clause of the Constitution of the United States, which regulates interstate and international commerce, a firearm, firearm accessory, or ammunition manufactured and retained in this State.
STATUS:

01/09/2009	Draft delivered to Requester.

MT H 246

AUTHOR: Boniek (R)
TITLE: Commerce Clause
INTRODUCED: 01/13/2009
DISPOSITION: To Governor
SUMMARY:
Exempt Montana-made firearms and ammunition from commerce clause.
STATUS:

04/03/2009	Eligible for GOVERNOR'S desk.

TN H 1783 **SAME AS:** TN S 1644

TENNESSEE

	AUTHOR:	West (D)
	TITLE:	Firearms and Ammunition
	INTRODUCED:	02/23/2009
	DISPOSITION:	Pending
	SUMMARY:	
	Relates to firearms and ammunition; enacts the Tennessee Firearms Freedom Act.	
	STATUS:	
	03/02/2009	In HOUSE Committee on JUDICIARY: Referred to Subcommittee on CRIMINAL PROCEDURE AND PRACTICE.

TN H 1796	**SAME AS:**	TN S 1610
	AUTHOR:	West (D)
	TITLE:	Firearms and Ammunition
	INTRODUCED:	02/23/2009
	DISPOSITION:	Pending
	SUMMARY:	
	Relates to firearms and ammunition; enacts the Tennessee Firearms Freedom Act.	
	STATUS:	
	03/02/2009	In HOUSE Committee on JUDICIARY: Referred to Subcommittee on CRIMINAL PROCEDURE AND PRACTICE.

TN S 1610	**SAME AS:**	TN H 1796
	AUTHOR:	Beavers (R)
	TITLE:	Firearms and Ammunition
	INTRODUCED:	02/12/2009
	DISPOSITION:	Pending
	SUMMARY:	
	Relates to firearms and ammunition; enacts the Tennessee Firearms Freedom Act. - Amends TCA Title 4.	
	STATUS:	
	02/18/2009	To SENATE Committee on JUDICIARY.

TN S 1644	**SAME AS:**	TN H 1783
	AUTHOR:	Beavers (R)
	TITLE:	Firearms and Ammunition
	INTRODUCED:	02/12/2009
	DISPOSITION:	Pending
	SUMMARY:	
	Relates to firearms and ammunition; enacts the Tennessee Firearms Freedom Act.	
	STATUS:	
	02/18/2009	To SENATE Committee on JUDICIARY.

TEXAS

TX H 1863	**AUTHOR:**	Berman (R)
	TITLE:	Firearm Manufacturer Regulation
	INTRODUCED:	02/26/2009
	DISPOSITION:	Pending
	SUMMARY:	
	Relates to exempting the intrastate manufacture of a firearm, a firearm accessory, or ammunition from federal regulation.	
	STATUS:	
	03/04/2009	To HOUSE Committee on PUBLIC SAFETY.

Powered By STATENET

SENATE BILL 1644

By Beavers

AN ACT to amend Tennessee Code Annotated, Title 4, relative to exempting from regulation under the commerce clause of the Constitution of the United States a firearm, firearm accessory, or ammunition manufactured and retained in Tennessee.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 4, is amended by adding Sections 2 through 6 of this act as a new chapter thereto.

SECTION 2. This chapter shall be known and may be cited as the "Tennessee Firearms Freedom Act".

SECTION 3. The general assembly declares that the authority for this chapter is the following:

(1) The tenth amendment to the United States Constitution guarantees to the states and their people all powers not granted to the federal government elsewhere in the Constitution and reserves to the state and people of Tennessee certain powers as they were understood at the time that Tennessee was admitted to statehood. The guarantee of those powers is a matter of contract between the state and people of Tennessee and the United States as of the time that the compact with the United States was agreed upon and adopted by Tennessee and the United States;

(2) The ninth amendment to the United States Constitution guarantees to the people rights not granted in the Constitution and reserves to the people of Tennessee certain rights as they were understood at the time that Tennessee was admitted to statehood. The guarantee of those rights is a matter of contract between the state and

5339

people of Tennessee and the United States as of the time that the compact with the United States was agreed upon and adopted by Tennessee and the United States.

(3) The regulation of intrastate commerce is vested in the states under the ninth and tenth amendments to the United States Constitution, particularly if not expressly preempted by federal law. Congress cannot preempt state regulation of intrastate commerce pertaining to the manufacture on an intrastate basis of firearms, firearms accessories, and ammunition;

(4) The second amendment to the United States Constitution reserves to the people the right to keep and bear arms as that right was understood at the time that Tennessee was admitted to statehood, and the guarantee of the right is a matter of contract between the state and people of Tennessee and the United States as of the time that the compact with the United States was agreed upon and adopted by Tennessee and the United States; and

(5) The Tennessee Constitution clearly secures to Tennessee citizens, and prohibits government interference with, the right of individual Tennessee citizens to keep and bear arms.

SECTION 4. As used in this chapter, unless the context otherwise requires:

(1) "Firearms accessories" means items that are used in conjunction with or mounted upon a firearm but are not essential to the basic function of a firearm, including but not limited to telescopic or laser sights, magazines, flash or sound suppressors, folding or aftermarket stocks and grips, speedloaders, ammunition carriers, and lights for target illumination;

(2) "Generic and insignificant parts" includes but is not limited to springs, screws, nuts, and pins; and

(3) "Manufactured" means creating a firearm, a firearm accessory, or ammunition from basic materials for functional usefulness, including but not limited to forging, casting, machining, or other processes for working materials.

SECTION 5. A firearm, a firearm accessory, or ammunition that is manufactured commercially or privately in Tennessee is not subject to federal law or federal regulation, including registration, under the authority of congress to regulate interstate commerce. It is declared by the legislature that those items have not traveled in interstate commerce. This section applies to a firearm, a firearm accessory, or ammunition that is manufactured in Tennessee from basic materials and that can be manufactured without the inclusion of any significant parts imported into this state. Generic and insignificant parts that have other manufacturing or consumer product applications are not firearms, firearms accessories, or ammunition, and their importation into Tennessee and incorporation into a firearm, a firearm accessory, or ammunition manufactured in Tennessee does not subject the firearm, firearm accessory, or ammunition to federal regulation. It is declared by the legislature that basic materials, such as unmachined steel and unshaped wood, are not firearms, firearms accessories, or ammunition and are not subject to congressional authority to regulate firearms, firearms accessories, and ammunition under interstate commerce as if they were actually firearms, firearms accessories, or ammunition. The authority of congress to regulate interstate commerce in basic materials does not include authority to regulate firearms, firearms accessories, and ammunition made in Tennessee from those materials. Firearms accessories that are imported into Tennessee from another state and that are subject to federal regulation as being in interstate commerce do not subject a firearm to federal regulation under interstate commerce because they are attached to or used in conjunction with a firearm in Tennessee.

SECTION 6. A firearm manufactured or sold in Tennessee under this chapter must have the words "Made in Tennessee" clearly stamped on a central metallic part, such as the receiver or frame.

SECTION 7. This act shall take effect upon becoming a law, the public welfare requiring it.

HB 190

<target><bill>HB 190</bill><subject>HB 190</subject><comm>HFIN26</comm></target>

Alaska State Legislature

Representative Anna Fairclough – House District 17

CS for House Bill 190 (HSS)
"An Act amending the children's trust."

The Alaska Children's Trust (ACT) was established in 1988 with the goal of improving the status of children in Alaska by generating funds and committing resources to eliminate child abuse and neglect. The initial legislative appropriation was made in 1996 for $6 million. Today, the Alaska Children's Trust totals approximately $7 million.

Because of the serious problem of child abuse and neglect in Alaska, and because the current structure of the trust has limited its effectiveness, the Trustees of the Alaska Children's Trust (ACT) and the Board of Directors of the Friends of the Alaska Children's Trust (FACT), the 501(c)(3) non-profit organization established to raise funds and advocate for the mission of the Alaska Children's Trust, have engaged in activities to assess the effectiveness of the Trust in accomplishing its mission and to plan for the future of the Trust including how FACT can help to accomplish that mission. These activities included strategic planning, research on the structure of children's trusts in other states, and an organizational assessment completed by The Giving Practice (Philanthropy Northwest). To solve the problems outlined above, CS for HB 190 (HSS) would do the following:

CSHB 190(HSS) would allow the legislature to appropriate annually 5% of the market value of the trust, as calculated on a 5-year average, for a named recipient grant. The named recipient shall be a nonprofit established to enhance the mission of the ACT and to raise funds for the prevention of child abuse and neglect. The named recipient will then make grants to community organizations working to prevent child abuse and neglect. The named recipient will enter into an agreement with the Department of Commerce, Community and Economic Development that will allow the named recipient to create and grow an endowment to help fund grantees at a consistent level from year to year, and increase the funds going to child abuse and neglect prevention programs.

The named recipient will be monitored by the ACT board. Still located within the Office of the Governor, the board will now have with seven voting members (as in current statute) and two nonvoting members from the legislature.

CS for HB 190(HSS) will allow the ACT board, working in concert with the named recipient, greater flexibility to create a more stable, streamlined and simplified administrative structure that would greatly enhance its ability to raise funds and pursue its mission efficiently and effectively.

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Representative_Anna_Fairclough@legis.state.ak.us

Alaska State Legislature

Representative Anna Fairclough – House District 17

CS for House Bill 190 (FIN) (26-LS0502\N)

"An Act amending the Alaska children's trust and relating to the trust; relating to special request Alaska children's trust plates; and amending State Procurement Code to exempt the Alaska children's trust and the Alaska Children's Trust Board."

House Bill 190 establishes an Alaska Children's Trust (ACT) grant account in the general fund and provides for private restricted-use donations, and an annual legislative appropriation of five percent average market value (preceding three years) of the trust account into the grant account. In addition it exempts the ACT and the ACT board from the state procurement code and would require the board to establish regulations as required by state statute.

It would preserve the present revenue sources of children's trust license plates, birth and marriage certificates annually appropriated by the legislature into the grant account for child abuse and neglect prevention activities and programs.

The ACT board of directors is given the authority to enter into a joint arrangement with a non-profit entity or entities for grant-making and fundraising without delegating its duties or authority. ACT will continue to be managed by seven board of directors; including the Governor or designee, Commissioners of the Departments of Health and Social Services and Education and Early Development, four public members appointed by the Governor with expertise in children's or prevention programs including child abuse and neglect prevention programs.

In summary, HB 190 provides ACT and the ACT board with greater flexibility to create a more stable, streamlined and simplified administrative structure that would greatly enhance the Trust's ability to pursue its mission efficiently and effectively.

I urge your support on this piece of legislation.

Alaska State Legislature

Representative Anna Fairclough – House District 17

CS for House Bill 190 (HSS)

"An Act amending the children's trust."

Sectional Analysis

Section 1. Amends AS 37.14.200

Allows the legislature to annually appropriate 5% of the market value, as calculated on a five year average, of the Alaska Children's Trust to a named recipient grantee through the Department of Commerce, Community and Economic Development.

Section 2. Amends AS 37.14.225

Defines the membership of the ACT board, and their qualifications.

Section 3. Amends AS 37.14.230

Describes the powers and duties of the ACT board, including monitoring grants to child abuse & neglect prevention programs, raising funds for the trust and overseeing the activities of the nonprofit named recipient.

Section 4. Amends AS 37.14.240

Allows 5% of the market value of the trust to be appropriated to a named recipient and also allows $150,000 from the trust principle to be used for administrative expenses.

Section 5. Amends AS 37.14.250

Describes the qualifications and obligations of the named recipient, including that it shall be a non-profit dedicated to the prevention of child abuse and neglect, and requires that the named recipient comply with certain grant conditions.

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Alaska State Legislature

Representative Anna Fairclough – House District 17

CS for House Bill 190 (HSS)

"An Act amending the Alaska children's trust."

Explanation of Changes

Page 1, line 5

Deleted the words "market value of the unencumbered balance" and inserted the words **average of the market values**

Page 1, line 6

Immediately following the word "principle" insert **on June 30 for the first five of the six fiscal years immediately preceding that fiscal year**

After the two changes described to Page 1 above, Section 1 now reads in its entirety:

(d) The legislature may appropriate annually an amount that is equivalent to five percent of the average of the market values of the trust income and principal on June 30 for the first five of the six fiscal years immediately preceding that fiscal year, taking into account administrative expenses, as a grant to a named recipient under AS 37.05.316 subject to terms and conditions set by the board under AS 37.14.250.

Page 2, line 8

Deleted "." and inserted **and**

Page 2, line 8

Insert the following new paragraphs to read:

(5) one nonvoting member appointed by the speaker of the house of representatives;
(6) one nonvoting member appointed by the president of the senate.

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5347

April 15, 2009

RASMUSON FOUNDATION

April 5, 2010

301 W. Northern Lights Blvd.
Suite 400
Anchorage, AK 99503

907.297.2700 *tel*
907.297.2770 *fax*
877.366.2700 *toll-free in Alaska*
rasmusonfdn@rasmuson.org *email*
www.rasmuson.org

The Honorable Anna Fairclough
Alaska State Legislature
State Capitol, Room 421
Juneau, AK 99801-1182

Dear Representative Fairclough:

As a trustee of the Alaska Children's Trust (ACT) and a longtime supporter and former member of the Friends of the Alaska Children's Trust (FACT), I want to thank you for your leadership in sponsoring House Bill 190, an act amending the Alaska Children's Trust. Your attention and diligence to this matter could result in significantly impacting the incidence of child abuse and neglect in Alaska.

The Finance Committee Substitute for HB190 addresses head-on many of the issues that have made the FACT fundraising and ACT grantmaking processes cumbersome. In particular, the creation of a grant account within the general fund allows FACT volunteers to raise funds from individual Alaskans to support issue-specific grants. if enacted, Alaskans will for the first time have assurances that their gifts to ACT can be directed to a specific purpose.

The ACT and FACT have struggled to find a way to meet the original intent of donors and ensure that their gifts are treated with the highest level of stewardship. While the trustees and friends continue to believe that privatization of the Trust through a public-private sector partnership is still the best approach, this CS to HB190 goes a long way toward resolving issues that have confounded advocates for prevention of child abuse and neglect for many years.

I hope this legislation is favorably considered by your colleagues in the Alaska State Legislature.

Best regards,

Diane Kaplan
President

BOARD of DIRECTORS
Edward B. Rasmuson *Chairman*
Morgan Christen
Jeff Cook
Douglas Eby
Adam Gibbons
Lile R. Gibbons
Anthony Mallott
Roberta Quintavell
Cathryn Rasmuson
Judy Rasmuson
Mary Louise Rasmuson
Natasha von Imhof

PRESIDENT
Diane Kaplan

Alaska State Legislature

Representative Anna Fairclough – House District 17

CS for House Bill 190 (FIN) (26-LS0502\N)

"An Act amending the Alaska children's trust and relating to the trust; relating to special request Alaska children's trust plates; and amending State Procurement Code to exempt the Alaska children's trust and the Alaska Children's Trust Board."

Sectional Analysis

Section 1, 2, 3. Amends AS 18.50.225(d); 18.50.272(e); 28.10.421(d)(14)

Allows the legislature to appropriate funds generated from birth certificates and heirloom marriage certificates suitable for display; and Alaska children's trust license plates to the Alaska children's trust grant account.

Section 4. Amends AS 36.30.990(1)

Exempts the Alaska children's trust and the Alaska Children's Trust Board from the State Procurement Code.

Section 5. Amends AS 37.14.200(b)

Defines the assets of the trust to include appropriations, donations to the trust, and income earned on investments of trust assets.

Section 6. Repeals and reenacted AS 37.14.200(c)

Provides for the commissioner of revenue to manage the trust as an endowment.

Section 7. Amends AS 37.14.200 by adding new subsections AS 37.14.200(d)(e)(f)(g)

The commissioner of revenue shall provide reports to the board on condition and investment of the trust.

Allows the legislature to annually appropriate 5% of the market value, as calculated on a three year average, of the Alaska Children's Trust to the grant account.

Allows the legislature to appropriate from the principal of the trust up to $150,000 for administrative expenses of the board; and appropriate expenses related to the commissioner of revenue's management of trust assets.

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copy on file

Explains that this section does not create a dedicated fund.

Section 8. Amends AS 37.14 by adding new section AS 37.14.205

Creates an Alaska children's trust grant account as an account in the general fund and allows the legislature to appropriate funds from the trust to the grant account.

Defines uses of the grant account to include making grants; obtaining private and federal; solicit contributions, gifts and bequests for the trust and grant accounts; and expend private restricted-use donations from the grant account without further appropriation.

Section 9. Amends AS 37.14.225

Defines the membership of the ACT board, and their qualifications.

Section 10. Amends AS 37.14.230

Describes the powers and duties of the ACT board, to include awarding grants, maintaining records of all donations to the trust and grant account; apply for and use funds from grant account to obtain private and federal grants for child abuse & neglect prevention programs; solicit donations to the grant account; account for interest earned on private restricted donations not fully expended.

Section 11. Amends AS 37.14.230 by adding new subsection AS 37.14.230(b)

Allows the Alaska Children's Trust Board to enter into joint arrangement with a private non-profit entity or entities for grant-making and fundraising without delegating its duties or authority.

Section 12. Amends AS 37.14 by adding new section AS 37.14.235

Provides support staff from the Department of Health & Social Services.

Section 13. Amends AS 37.14 by adding new section AS 37.14.245

Allows the Alaska Children's Trust Board to adopt regulations not subject to the requirements of the Administrative Procedures Act.

Section 14. Amends AS 37.14.270 is repealed and reenacted

Defines board, grant account, private restricted-use donation, and trust.

Section 15. Amends AS 37.14.210, 37.14.240, 37.14.250, and 37.14.260 are repealed

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HOUSE COMMITTEE REPORT

(11)
Date Referred to Committee: April 15, 2009 **FURTHER REFERRALS:**

Date of Committee Action: 4/5/10

The FINANCE Committee considered: **HOUSE BILL NO. 190**

"An Act privatizing the Alaska children's trust as a separate endowment fund; providing for an administrator for the assets of the former trust; establishing conditions for a grant of the balance of the former Alaska children's trust; designating certain receipts as available for grants to the trust's successor; and providing for an effective date."

HB 190 CHILDREN'S TRUST GRANT FOR ENDOWMENT

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB 190 (FIN)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ **[ ] Same Title [X] New Title**

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

***NEW* FISCAL NOTES** *Assigned by Chief Clerk's Office

List by Dept(s):	*FN#	Fiscal	Indet.	Zero
HFIN/DHS				✓
CED				✓
REV				✓

***PREVIOUS* FISCAL NOTES**

List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas			✓	
	DOGAN	✓			
	Austerman			X	
	KELLY	✓			
	Foster			✓	
	Salmon			X	
	FAIRCLOUGH	✓			
Chair:	Stoltze	✓			
Chair:	Howard	✱			

5351

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **CS HB 190(FIN)**
() Publish Date:

Identifier (file name): HB 190CS(FIN)-DHSS-CSM-04-03-10
Dept. Affected: Health & Social Services
Title: Alaska Children's Trust
RDU: Children's Services
Component: Children's Services Management
Sponsor: Representative Fairclough
Requester: House Finance Committee
Component Number: 2666

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other-AHFC Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Prepared by: Co-Chair Rep. Stoltze
House Finance Committee
Phone 465-4958
Date/Time 4/5/2010 12:00PM

Co-Chair Rep. Hawker
House Finance Committee
Date 4/5/2010

(Revised 9/10/2008 OMB)

5352

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSHB 190(HSS)
() Publish Date:

Identifier (file name): HB190CS(HSS)-CED-CRA-04-5-10
Dept. Affected: DCCED
Title: Alaska Children's Trust
RDU: Comm. Assist. and Econ. Dev.
Component: Community and Regional Affairs
Sponsor: Representative Fairclough
Requester: House Finance Committee
Component Number: 2879

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

HB 190 makes several changes to the Alaska Children's Trust (ACT) board and trust account management. The Trust is to be managed by the Commissioner of Revenue with five percent of the market value of the unencumbered balance of the trust to be appropriated for awarding a named recipient grant by the Department of Commerce, Community and Economic Development to be used by the non-profit selected by the board to award subgrants to organizations and projects designed to prevent child abuse and neglect in Alaska.

The Department does not expect to need additional funds to manage this grant.

Prepared by: Tyson Fick, Legislative Liaison
Phone 465-2503
Division: Department of Commerce, Community and Economic Development
Date/Time 4/5/10 12:00 AM
Approved by: Emil Notti, Commissioner
Date 4/5/2010
Department of Commerce, Community and Economic Development

Rev. sed. 9/2003 (OMB)

5353

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. _____

ANALYSIS CONTINUATION

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSHB190
() Publish Date:

Identifier (file name): CSHB190-REV-TRS-04-04-10
Dept. Affected: Revenue
Title: Alaska Children's Trust
RDU: Taxation and Treasury
Component: Treasury Division
Sponsor: Representative Fairclough
Requester: House Finance Committee
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CHANGE IN REVENUES ( )	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: *(Attach a separate page if necessary)*

The Committee Substitute Bill is an amendment to the Alaska Children's Trust statute which allow the legislature to appropriate funds generated from birth and heirloom marriage certificates and trust license plates to the Alaska Children's Trust Grant Account and defines the assets of the trust to include appropriations, donations and income earned on investments of trust assets. Treasury would continue to invest the assets of the Trust and would calculate 5% of market value of the Trust on a three year average for appropriation to the grant fund. No appropriation is required as implementation will be carried out through existing personal services and custodial resources. The effect this bill will have on investment performance is unknown.

Prepared by: Pamela Leary, Comptroller — Phone 465-2300
Division: Treasury Division — Date/Time 04-02-10; 3:55pm
Approved by: Ginger Blaisdell, Director — Date 04-04-10; 4:04pm
Administrative Services Division

Adopted 4/5/10

concept Am'l p.6 Adopted 4/5/10

26-LS0502\N
Mischel
4/2/10

CS FOR HOUSE BILL NO. 190(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES FAIRCLOUGH, Hawker, Holmes, Peggy Wilson

A BILL

FOR AN ACT ENTITLED

"An Act amending the Alaska children's trust and relating to the trust; establishing a children's trust grant account; relating to birth certificates and certificates of marriage; relating to special request Alaska children's trust license plates; and amending the State Procurement Code to exempt the Alaska children's trust and the Alaska Children's Trust Board."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 18.50.225(d) is repealed and reenacted to read:

(d) The estimated amount by which the fees received under this section exceed the cost of issuing birth certificates under (a) of this section may be appropriated annually by the legislature to the Alaska children's trust grant account (AS 37.14.205).

*** Sec. 2.** AS 18.50.272(e) is repealed and reenacted to read:

(e) The estimated amount by which the fees received under this section exceed the cost of issuing heirloom certificates of marriage under (a) of this section may be

appropriated annually by the legislature to the Alaska children's trust grant account (AS 37.14.205).

*** Sec. 3.** AS 28.10.421(d)(14) is amended to read:

(14) special request Alaska children's trust plates ..... $100 plus the fee required for that vehicle under (b), (c), (h), or (i) of this section; the fee required by this paragraph shall be collected only on the first issuance and the replacement of special request plates; the commissioner of administration shall separately account for the fees received under this paragraph that the department deposits in the general fund; notwithstanding (g) of this section, the annual estimated balance in the account that is in excess of the cost of issuing special request plates may be appropriated by the legislature into the **Alaska children's trust grant account established in AS 37.14.205** [PRINCIPAL OF THE ALASKA CHILDREN'S TRUST UNDER AS 37.14.200];

*** Sec. 4.** AS 36.30.990(1) is amended to read:

(1) "agency"

(A) means a department, institution, board, commission, division, authority, public corporation, the Alaska Pioneers' Home, the Alaska Veterans' Home, or other administrative unit of the executive branch of state government;

(B) does not include

(i) the University of Alaska;

(ii) the Alaska Railroad Corporation;

(iii) the Alaska Housing Finance Corporation;

(iv) a regional Native housing authority created under AS 18.55.996 or a regional electrical authority created under AS 18.57.020;

(v) the Department of Transportation and Public Facilities, in regard to the repair, maintenance, and reconstruction of vessels, docking facilities, and passenger and vehicle transfer facilities of the Alaska marine highway system;

(vi) the Alaska Aerospace Corporation;

(vii) the Alaska Retirement Management Board;

(viii) the Alaska Seafood Marketing Institute;

(ix) the Alaska children's trust and the Alaska Children's Trust Board;

* **Sec. 5.** AS 37.14.200(b) is amended to read:

(b) The [PRINCIPAL OF THE] trust consists of

(1) legislative appropriations to the trust; [AND]

(2) **donations to the trust; and**

(3) income earned on investments of trust assets appropriated by the legislature to the trust [GIFTS, BEQUESTS, AND CONTRIBUTIONS OF CASH OR OTHER ASSETS FROM A PERSON].

* **Sec. 6.** AS 37.14.200(c) is repealed and reenacted to read:

(c) The commissioner of revenue shall manage the trust as an endowment, with the goal that the purchasing power of the trust will not diminish over time without regard to additional contributions that may be made to the trust. The commissioner shall invest the assets of the trust in a manner likely to yield at least a five percent real rate of return over time. The commissioner may comingle the assets of the trust with other public funds for purposes of investment.

* **Sec. 7.** AS 37.14.200 is amended by adding new subsections to read:

(d) In carrying out the investment duties under AS 37.14.200 - 37.14.270, the commissioner of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall provide reports to the board on the condition and investment performance of the trust.

(e) As soon as is practicable after July 1 of each year, the commissioner of revenue shall determine the average of the market values of the trust on June 30 for the immediately preceding three fiscal years. The commissioner shall identify five percent of that amount as available for appropriation to the grant account from which the board may award grants under AS 37.14.230. The commissioner shall also report as available for appropriation a total of amounts previously identified as available for appropriation to the grant account that have not been appropriated.

(f) The legislature may appropriate from the principal of the trust up to

$150,000 each year for the administrative expenses of the board relating to AS 37.14.200 - 37.14.270. The legislature may also appropriate from the principal of the trust expenses related to the commissioner of revenue's management of trust assets.

(g) Nothing in this section creates a dedicated fund.

* **Sec. 8.** AS 37.14 is amended by adding a new section to read:

Sec. 37.14.205. Alaska children's trust grant account. (a) The Alaska children's trust grant account is established as an account in the general fund. The legislature may appropriate funds to the grant account from

(1) the trust account in the amount described in AS 37.14.200(e);

(2) program receipts from special request Alaska children's trust plates under AS 28.10.421(d)(14);

(3) program receipts from birth certificates under AS 18.50.225;

(4) program receipts from certificates of marriage under AS 18.50.272;

(5) private restricted-use donations; and

(6) any other source.

(b) The board may use money in the grant account for the following purposes and without further appropriation:

(1) to make grants under AS 37.14.230;

(2) to obtain private and federal grants for the trust and the grant account;

(3) to solicit contributions, gifts, and bequests for the trust and the grant account;

(4) to expend private restricted-use donations in conformity with the donor's restrictions.

* **Sec. 9.** AS 37.14.225 is amended to read:

Sec. 37.14.225. Trust board established. The Alaska Children's Trust Board is established in the Office of the Governor. The board is composed of

(1) the governor or a designee of the governor;

(2) the commissioner of health and social services or the commissioner's designee;

(3) the commissioner of education and early development or the commissioner's designee; and

(4) four public members appointed by the governor [; IN APPOINTING THE PUBLIC MEMBERS, THE GOVERNOR SHALL GIVE A PREFERENCE TO PERSONS] who have experience and expertise in

(A) children's or prevention programs**, including child abuse and neglect prevention programs**; or

(B) private sector finance.

*** Sec. 10.** AS 37.14.230 is amended to read:

Sec. 37.14.230. Powers and duties of the board. The [WHEN ACTING AS ADMINISTRATOR OF THE TRUST, THE] board shall

(1) hold regular and special meetings it considers necessary; the board may hold meetings by teleconference;

(2) award grants from the **grant account** [NET INCOME OF THE TRUST] to community-based programs [AND PROJECTS] that the board finds will aid in the prevention of child abuse and neglect;

(3) monitor approved programs [AND PROJECTS] for compliance with AS 37.14.200 - 37.14.270 **and specified grant conditions**;

(4) **maintain records for all donations to the trust and the grant account; the records must reflect the amount of the donation, the date of the donation, the donor's intent, if any, with respect to how the donation is to be used, the account into which the donation was deposited, and the manner in which the donation was expended** [BEFORE PROVIDING ASSISTANCE TO A PROGRAM OR PROJECT, APPROVE WRITTEN FINDINGS ON THE PROGRAM OR PROJECT THAT INCLUDE A CONSIDERATION OF THE MEANS OF MEASURING THE EFFECTIVENESS OF THE PROGRAM OR PROJECT];

(5) apply for, and use **funds from the grant account** [NET INCOME FROM THE TRUST] to obtain[,] private and federal grants for the prevention of child abuse and neglect;

(6) solicit contributions, gifts, and bequests to the trust **and the grant**

account;

(7) keep **electronic** [AUDIO TAPE] recordings of each meeting of the board to be made available on request; and

(8) submit to the governor and make available to the legislature by February 1 each year a report describing

(A) the child abuse and neglect prevention services that were provided by the programs [AND PROJECTS] to which the board awarded grants; and

(B) the annual level of contributions, income, and expenses of the trust **and the grant account;**

(9) make arrangements with the commissioner or a financial depository to manage private restricted-use donations that are not fully expended and account for any interest earned on the donations.

* **Sec. 11.** AS 37.14.230 is amended by adding a new subsection to read:

(b) The board may enter into joint arrangements with a private nonprofit entity or entities for the purpose of making grants and fundraising for the support of child abuse and neglect prevention programs. In entering into a joint arrangement, the board may not delegate its duties or authority under AS 37.14.200 - 37.14.270.

Amend! delete entire section

* **Sec. 12.** AS 37.14 is amended by adding a new section to read:

Sec. 37.14.235. Staff. The Department of Health and Social Services shall provide staff for the board.

* **Sec. 13.** AS 37.14 is amended by adding a new section to read:

Sec. 37.14.245. Regulations. (a) The board may adopt regulations to implement AS 37.14.200 - 37.14.270. Regulations adopted by the board are not subject to AS 44.62 (Administrative Procedure Act). The board shall comply with the requirements of AS 44.62.310 and 44.62.312.

(b) Notwithstanding (a) of this section, a regulation adopted under AS 37.14.200 - 37.14.270 shall be published in the Alaska Administrative Register and Alaska Administrative Code for informational purposes. A regulation adopted under this section shall conform to the style and format requirements of the drafting manual for administrative regulations that is published under AS 44.62.050.

(c) At least 30 days before the adoption, amendment, or repeal of a regulation under this section, the board shall provide notice of the action that is being considered. The notice must include publication in a newspaper of general circulation in the state.

(d) A regulation adopted under this section takes effect 30 days after adoption by the board unless a later effective date is stated in the regulation.

(e) Notwithstanding the other provisions of this section, a regulation may be adopted, amended, or repealed, effective immediately, as an emergency regulation. For an emergency regulation to be effective, the board must find that the immediate adoption, amendment, or repeal of the regulation is necessary. The board shall, within 10 days after adoption of an emergency regulation, give notice of the adoption under (c) of this section. An emergency regulation adopted under this subsection may not remain in effect past the date of the next regular meeting of the board unless the board complies with the procedures set out in this section and adopts the regulation as a permanent regulation.

(f) In this section, "regulation" has the meaning given in AS 44.62.640(a).

* **Sec. 14.** AS 37.14.270 is repealed and reenacted to read:

Sec. 37.14.270. Definitions. In AS 37.14.200 - 37.14.270, unless the context otherwise requires,

(1) "board" means the Alaska Children's Trust Board;

(2) "grant account" means the Alaska children's trust grant account established in AS 37.14.205;

(3) "private restricted-use donation" means a donation related to the prevention of child abuse and neglect where a donor specifies in writing that the donation be used for any purpose other than to be placed in the corpus of the trust and invested with trust assets;

(4) "trust" means the Alaska children's trust established in AS 37.14.200.

* **Sec. 15.** AS 37.14.210, 37.14.240, 37.14.250, and 37.14.260 are repealed.

HB 199

<target><bill>HB 199</bill><subject>HB 199</subject><comm>HFIN26</comm></target>

3/24/09

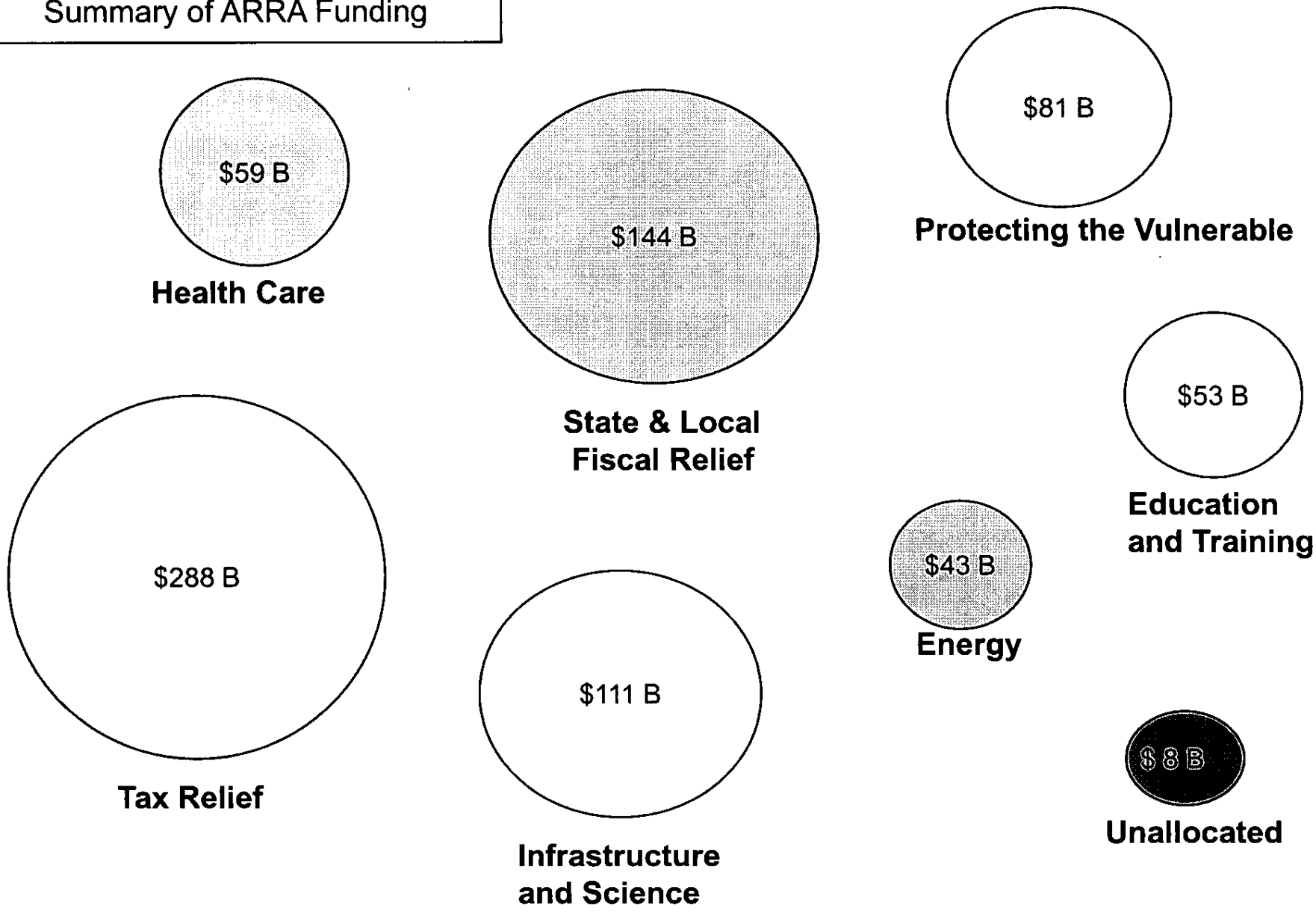
American Recovery and Reinvestment Act (ARRA)

Enacted February 17, 2009

ARRA - WHAT IS IT?

- $787 billion economic stimulus package to accelerate the nation's economic recovery
  - Federal tax relief
    - $288 billion in tax relief between now and close of FFY 2011
  - Federal spending increases
    - $499 billion in additional federal spending.

Summary of ARRA Funding



OBJECTIVES OF LEGISLATION

- Recovery
  - Job preservation and creation
  - Stabilize state and local economies
- Reinvest
  - Build and repair infrastructure
  - Energy efficiency and science

FEDERAL SPENDING TIMELINES

- 20 percent of the ARRA federal spending will occur before October, 2009
- An additional 38 percent is projected to be spent before October 2010.
- By October 2011, about 80 percent of the stimulus package-related spending will have occurred.

FEDERAL FUNDS DISTRIBUTION
FIVE PRIMARY METHODS

1. **Formula**: Medicaid (FMAP), Education, Highway Infrastructure
   - Limits need for new processes to receive and expend funds

2. **Demand**: Premium Subsidies for COBRA Continuation Coverage, Unemployment Insurance, Food Stamps

3. **Competition**: Broadband, COPS, National Science Foundation
   - States, Communities, Non-profits, Others

4. **One-Time Automatic Disbursement:** Social Security payments, Veterans & Supplemental Security Income beneficiaries

5. **Federal Agency Operating and Spending Plans**: Environmental cleanup of nuclear waste sites, National Parks construction, Defense and Veterans infrastructure programs

5370

UNPRECEDENTED ACCOUNTABILITY & TRANSPARENCY

- Distribution of funds through formula programs
  - Existing framework for tracking and reporting
- Inspector General Funding
  - Appropriations for IG services in every department
- Recovery Act Accountability & Transparency Board
- Expedited application for and obligation of funds
  - State agencies continue to meet application deadlines
- Certifications & Assurances by the State

GOVERNOR CERTIFICATION BY APRIL 3, 2009

SEC 1607 (a) Not later than 45 days after the date of enactment of this Act, for funds provided to any State or agency thereof, the Governor of the State shall certify that:

(1) the State will request and use funds provided by this Act; and

(2) the funds will be used to create jobs and promote economic growth.

OTHER GOVERNOR CERTIFICATIONS & ASSURANCES

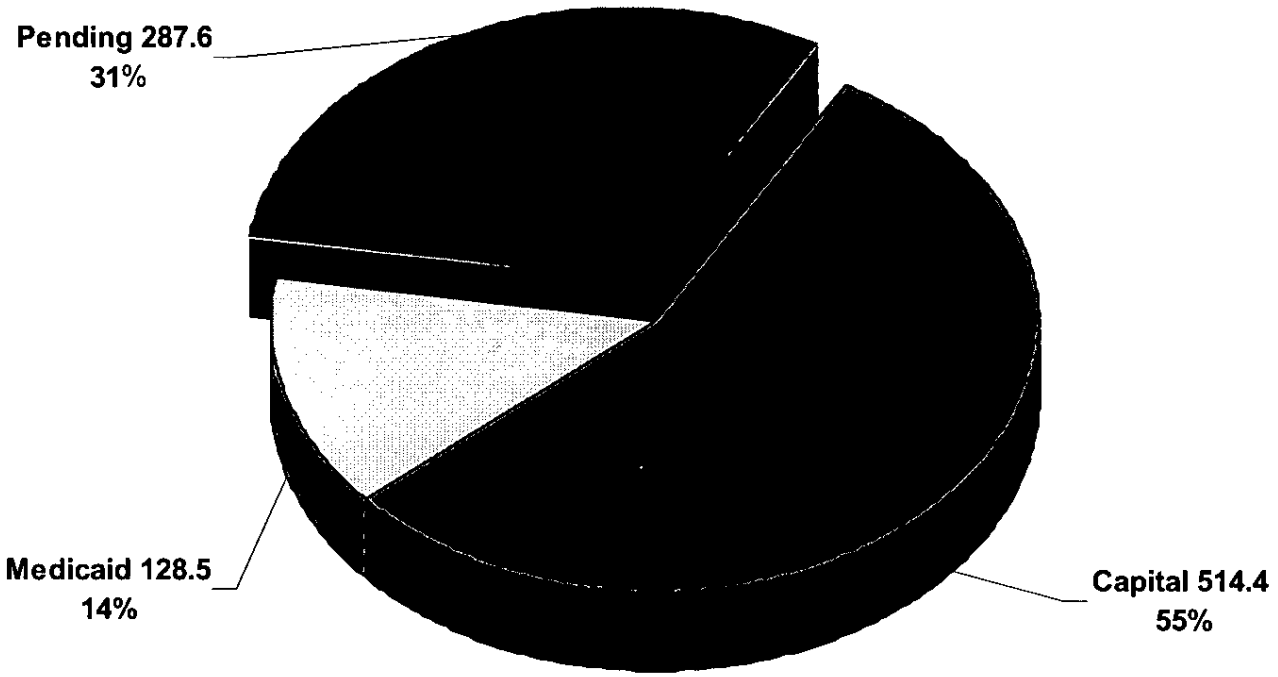
- Unemployment Insurance $25 weekly increase
  (*signed February 18, 2009*)

- Transportation maintenance of effort
  (*signed March 12, 2009 Sec 1201*)

- Transportation appropriate use of taxpayer dollars
  (*signed March 12, 2009 Sec 1511*)

- Energy – three assurances required; to meet two of these would require changes to Alaska's regulatory energy policy and a statewide energy building code

Estimated Allocation
State Government $930.5 million

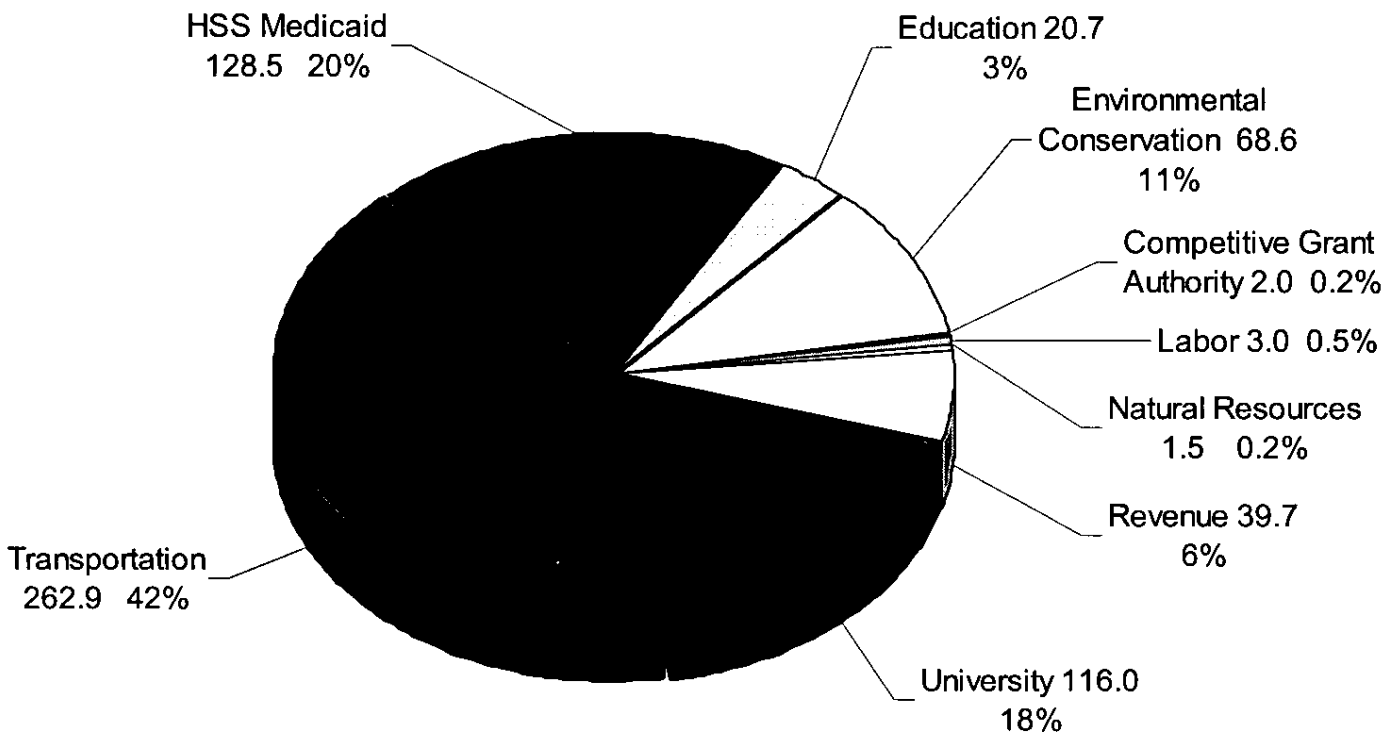


LEGISLATION SUBMITTED TO DATE

- Total ARRA Request to Date : $642.9* million
  - $262.9 Transportation HB154/SB123*
  - $251.5 Non- DOT Economic Stimulus SB161
  - $128.5 Medicaid FY09 & FY10 Amendments

Transportation Bill includes request for excess authority for contingent funding that is not included here.

ARRA BUDGET REQUEST
$642.9 million



WHAT IS THERE TO DISCUSS?

⌘ Policy Issues $73.2 million

- Statewide policy and code changes that effect individuals and/or businesses
- Statute changes that impact the way a state agency does business and may effect the public
- Permanent increased liability for the State and employers

⌘ Operating and Capital Issues $214.4

- One Time Funds
- Managing Expectations
- Opportunities to benefit the state that will not increase long term costs to the state

GOVERNOR ASSSURANCES ENERGY

Sec 410

(a)(1) that the state regulatory authority will seek to implement a policy to ensure utility financial incentives are aligned with helping customers use energy more efficiently.

(a) (2) requires that the state, or the applicable units of governmental that have authority to implement building codes will implement:

- building energy code for residential buildings that meets the International Energy Conservation Code
- building energy code for commercial buildings that meets standards ANSI/ASJHRAE/IESNA standards
- a plan for achieving compliance with the above energy codes within 8 years of enactment in at least 90 percent of new and renovated buildings, the plan shall include training and enforcement programs and measurement of the rate of compliance each year.

(a)(3) that the grants will be prioritized, "to the extent practicable," toward energy efficiency and renewable energy programs.

ENERGY ASSURANCE STATE GUIDANCE

- USDOE written guidance needed
  - Are energy assurances an "all or nothing" requirement?
    - State Energy Program $28.6 million
    - Weatherization Program $18.5 million
    - Energy Efficiency Grants $ 8.5 million
- Application Timelines
  - March 23, 2009 – Initial
    - Withhold until assurances issues resolved *(per DOE)*
  - May 12, 2009 - Final

ENERGY CODE CONSIDERATIONS

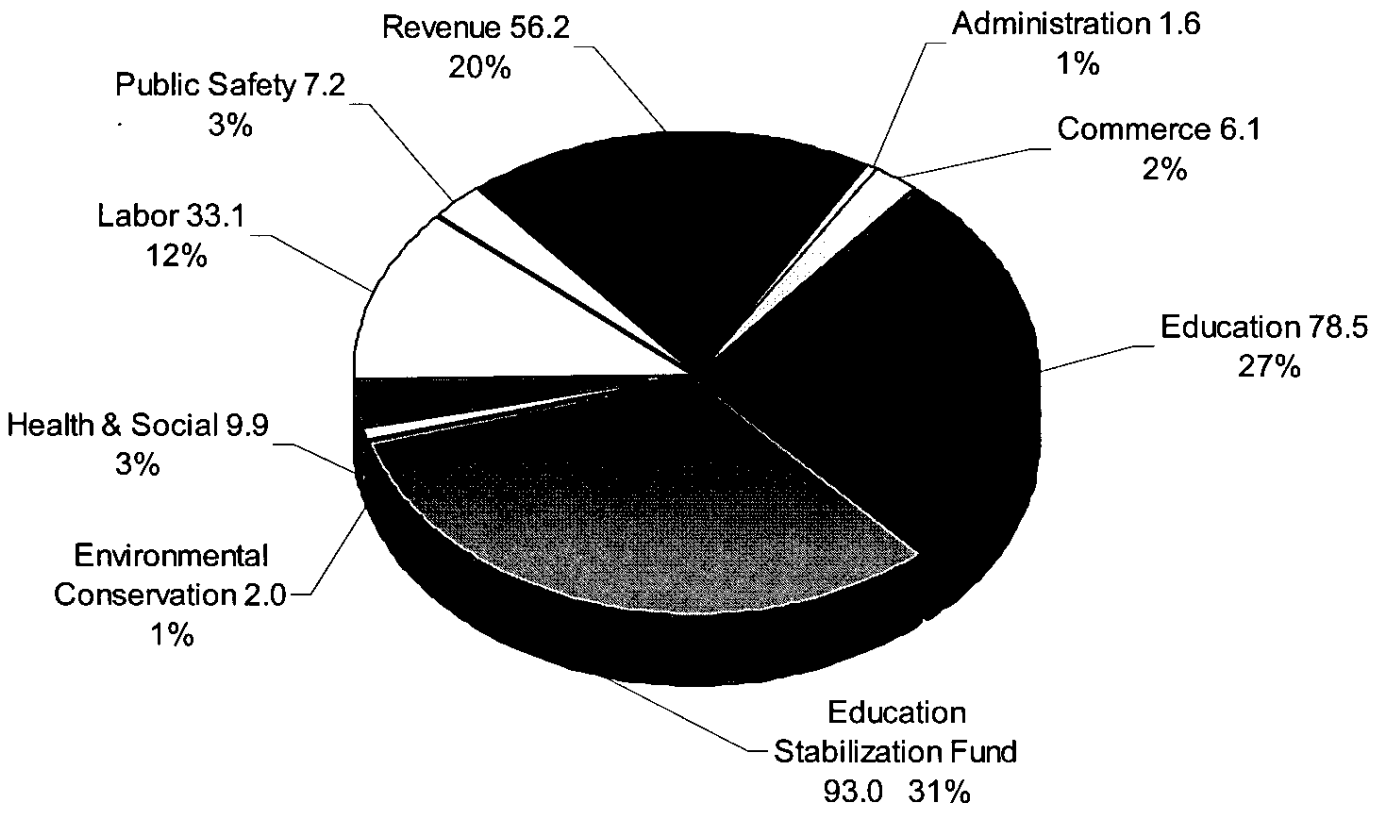
- Public debate on energy building code
  - Cost versus potential savings to homeowners
  - Cost to enforce at state and local levels
  - Local control concerns
  - Cost to the state to continue funding renovation programs for buildings that are not built to energy efficiency standards

UNEMPLOYMENT STATUTE CHANGE ALTERNATE BASE PERIOD

An estimated increase in the number of individuals that could be eligible for unemployment insurance would result in:

- $2 million annual impact on UI Trust fund
- $10 per worker cost to the employer
- .03% employer rate increase

ARRA ITEMS PENDING DISCUSSION
$287.6 million



ONE TIME FUNDS

- ARRA Funds Used For:
  - Salaries may delay, but not prevent, layoffs
  - Expansion of services to Alaskans will abruptly end
  - Public Safety capacity increases will create on-going position costs
  - Permanent changes in programs may create expectations for continuing programs once the federal funds are no longer available

ACCOUNTABILITY

- Significant responsibility is incumbent upon the State, even for pass through funds

- Accountability attaches to the Governor
  - Ladder certifications down to sub-grantees
  - Tracking of expenditures
  - Reporting requirements

RESPONSIBLE QUESTIONS
Before Committing Alaska

- Are we fully utilizing the federal funds that are currently available to us?

- Is the state ready and willing to accept these as onetime funds or will there be an expectation that the state will backfill the hole when federal funds are gone?

- Is the public fully informed and in concurrence with proposed increases to the state operating budget ?

POTENTIAL OPPORTUNITIES
Benefit Without Long Term Cost

- Intensive teacher training
- Expand student and teacher use of technology in schools
- Obtain state-of-the art assistive devices that reduce barriers to obtaining employment, learning, or living independently
- Equipment, technology and software upgrades to sustain or enhance services in education, public safety, and workforce training programs
- Rapid deployment of workforce development strategies on work skills and work preparedness for targeted populations
- Modifications to facilities for safety, efficiency, improved durability and longevity

ARRA Web Site
Alaska.gov/Recovery

Alaska Federal Economic Stimulus Information

Links to Federal Recovery.Gov Web Site

Grant Information

Alaska Legislation/Appropriation Bills and Back Up

Department Fact Sheets

Change Record Detail with Description

Department of Administration

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Finance (59)
RDU: Centralized Administrative Services (13)
Title: Premium Assistance for COBRA Benefits

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	1,489.0	0.0	0.0	1,489.0	0.0	0.0	0.0	0.0	0	0	0
1212 Federal E	1,489.0											

This provides for a federally funded subsidy for COBRA health insurance coverage to assistance eligible individuals (AEIs). AEI is defined as an individual who is involuntarily terminated from employment between September 1, 2008 and December 31, 2009, who elects to receive COBRA coverage and pays 35% of the premium due as of March 1, 2009. The employer pays the remaining 65% of the premium and is reimbursed by the federal government by withholding premiums paid from payroll taxes reported on the quarterly 941 employer tax form.

The amount requested here is based on estimates of the number of involuntary terminations, the number of individuals who will elect to participate, and the number of COBRA subsidy months.

3/27

Change Record Detail with Description

Department of Administration

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Violent Crimes Compensation Board (2694)
RDU: Violent Crimes Compensation Board (491)
Title: Crime Victim Assistance

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	149.4	0.0	0.0	7.5	0.0	0.0	141.9	0.0	0	0	0
1212 Federal E		149.4										

Funding will be used to pay claims for assistance received from Alaskans and visitors to Alaska that suffer financial losses that are the direct result of violent crimes. Categories of expenses covered include mental health counseling, medical expenses, lost wages, funeral expenses, and other expenses as authorized by statute.

5% of the funding will be used for administrative costs to include training and equipment.

Change Record Detail with Description

Department of Commerce, Community, and Economic Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Serve Alaska (2946)
RDU: Serve Alaska (584)
Title: Increased Authorization for the AmeriCorps Program

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	1,500.0	0.0	0.0	0.0	0.0	0.0	1,500.0	0.0	0	0	0
1212 Federal E	1,500.0											

Authorization is being requested due to passage of the American Recovery and Reinvestment Act (H.R. 1). In FY2010 the AmeriCorps program will be receiving $1,500.0 in federal funding to provide grants to national, state, and local governments and to non-profits for performing volunteer programs. Grants will be given to existing AmeriCorps grantees.

Change Record Detail with Description

Department of Education and Early Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Student and School Achievement (2796)
RDU: Teaching and Learning Support (56)
Title: Economic Stimulus - ESEA Title I-A Grants to LEAs and School Improvement Grants

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	40,000.0	0.0	0.0	0.0	0.0	0.0	40,000.0	0.0	0	0	0
1212 Federal E‹	40,000.0											

This request is for the full federal allocation of $40,000,000.

Education for the Disadvantaged - Title 1-A (Grants to LEAs and School Improvements Grants): To help school districts mitigate the effect of the reduction in local revenues and State support for education by distributing funding to schools and school districts with a high percentage of students from low-income families, and by providing funding for academic assessment and LEA and school improvement.

State pass-through by formula or grant to LEAs for distribution during school years 2009-2010 and 2010-2011. Each LEA receiving funds must file a school-by-school listing of per-pupil educational expenditures from State and local sources during the 2008-2009 academic year to its State education agency no later than December 1, 2009. States must report that information to the Secretary of Education by March 31, 2010.

Authority impact is estimated to double state allocation and must be expended by Sept. 30, 2010 (bill page 67).

Change Record Detail with Description

Department of Education and Early Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Student and School Achievement (2796)
RDU: Teaching and Learning Support (56)
Title: Economic Stimulus - ESEA Title II-D Education Technology Grants

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	3,210.0	0.0	0.0	0.0	0.0	0.0	3,210.0	0.0	0	0	0
1212 Federal E‹	3,210.0											

This request is for the full federal allocation of $3,210,000.

Enhancing Education through Technology - To improve student achievement through the use of technology in elementary and secondary schools. Distribution is to State education agencies through competitive and formula driven grants. Funding will be available during school years 2009-2010 and 2010-2011 (bill page 68).

Change Record Detail with Description

Department of Education and Early Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Student and School Achievement (2796)
RDU: Teaching and Learning Support (56)
Title: Economic Stimulus - McKinney Vento Homeless Assistance Grants

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	328.0	0.0	0.0	0.0	0.0	0.0	328.0	0.0	0	0	0
1212 Federal E		328.0										

This request is for the full federal allocation of $328,000.

Education for Homeless Children and Youth: To ensure that homeless children, including preschoolers and youths, have equal access to free and appropriate public education.

Each State will receive a grant that is proportionate to the number of homeless students identified as such during the 2007-2008 school year relative to the number of homeless children nationally during the same year.

States will award subgrants to LEAs on a competitive basis, or using a formula based on the number of homeless students identified in each school district in the State (bill page 68).

Change Record Detail with Description

Department of Education and Early Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Student and School Achievement (2796)
RDU: Teaching and Learning Support (56)
Title: Economic Stimulus - IDEA Part B (611 & 619) Grants to States, Preschool Grants

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	34,300.0	0.0	0.0	0.0	0.0	0.0	34,300.0	0.0	0	0	0
1212 Federal E	34,300.0											

This request is for the full federal allocation of $34,300,000.

Individuals with Disabilities Act Part B, Sec. 611 - $33,000: To assist States to provide special education and related services to eligible students with disabilities ages 3 through 21 who are enrolled in special education programs. Funding will be allocated as grants to States and pass-through to LEAs based on the number of children with disabilities in the State who are receiving special education and related services. Funds will be available during school years 2009-2010 and 2010-2011 (bill page 68).

Individuals with Disabilities Act Part B, Sec. 619 - $1,300: To assist States to provide special education and related services to children with disabilities aged 3 through 5 and, at the State's discretion, to 2-year old children with disabilities who will turn 3 during the school year. Funding will be allocated as grants to States and pass-through to LEAs based on population, including consideration for the number of children living in poverty. Funds will be available during school years 2009-2010 and 2010-2011 (bill page 68).

Authority impact estimated to double State allocation and must be expended by September 30, 2010.

Change Record Detail with Description

Department of Education and Early Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Student and School Achievement (2796)
RDU: Teaching and Learning Support (56)
Title: Economic Stimulus - State Stabilization Funds (base)

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	93,043.2	0.0	0.0	0.0	0.0	0.0	93,043.2	0.0	0	0	0
1212 Federal E		93,043.2										

This request is for the full federal allocation of "base" stabilization funds totaling $93,043,200.

Alaska's allocation of the ES State Stabilization Funds is a total of $113,774,697. 81.8% are considered "base" stabilization funds and amounts to $93,043,200. 33% of these "base" funds ($30,704,190) will be distributed from the USDOE and made available to the State between July 1 and September 30, 2009.

The Department of Education & Early Development will allocate these "base" funds to LEAs based on their relative share of funding under Title 1-A grants for the most recent year for which data are available (currently 2009). LEAs may use the funds for activities authorized by ESEA, IDEA, Adult Family Literacy Act, Carl D. Perkins Career & Technology Act, or for the repair, modernization or renovation of public school facilities that is consistent with State law.

Change Record Detail with Description

Department of Education and Early Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Child Nutrition (1955)
RDU: Teaching and Learning Support (56)
Title: Economic Stimulus - Temporary Emergency Food Assistance Program

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	50.0	0.0	0.0	0.0	0.0	0.0	50.0	0.0	0	0	0
1212 Federal E	50.0											

This request is for the full federal allocation of $50.0.

The ARRA funding allocated for the Commodity Assistance Program are for the purpose of providing funding for the emergency food assistance program as authorized by the Food and Nutrition Act and the Emergency Food Assistance Act.

Funds will be allocated as grants to States, and eligible applicants are State distributing agencies who distribute to public or private nonprofit organizations that provide food and nutrition assistance to the needy.

Change Record Detail with Description

Department of Education and Early Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Child Nutrition (1955)
RDU: Teaching and Learning Support (56)
Title: Economic Stimulus - National School Lunch Program Grants

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	286.0	0.0	0.0	0.0	0.0	0.0	286.0	0.0	0	0	0
1212 Federal E	286.0											

This request is for the full federal allocation of $286,000.

The ARRA allocation for the National School Lunch Program (NSLP) will provide funding under the Richard B. Russell National School Lunch Act to carry out a grant program for the NSLP equipment assistance.

Funds must be provided in proportion to each State's administrative expense allocation. States must provide competitive grants to school food authorities based on the need for equipment assistance in participating schools. Priority will be given to schools in which 50% or more of the students are eligible for free or reduced priced meals under the NSLP. Eligible applicants include public and non-profit private schools and residential child care institutions.

Change Record Detail with Description

Department of Education and Early Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Alaska State Council on the Arts (192)
RDU: Commissions and Boards (61)
Title: Economic Stimulus - National Endowment for the Arts Funding

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	300.0	0.0	0.0	0.0	0.0	0.0	300.0	0.0	0	0	0
1212 Federal E	300.0											

This request is for the full federal allocation of $300,000.

Funds are available for distribution to the Alaska State Council on the Arts (ASCA) from the National Endowments for the Arts (NEA). The application deadline for ASCA to apply for the funding is Friday, March 13, 2009.

Funds will be made available to State Art Agencies (SAA) and Regional Art Organizations (RAO) of SAA's as early as April, 2009, pending recommendation by a peer review panel and the NEA National Council on the Arts, and approval by the NEA Chairman. The amount the Alaska State Council on the Arts is anticipated to receive is no less than $290,000, as determined by the distribution process outlined in the guidelines.

Change Record Detail with Description

Department of Health and Social Services

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Infant Learning Program Grants (298)
RDU: Children's Services (486)
Title: Individuals with Disabilities Education Act, Part C, Infant Learning Program

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	2,139.8	0.0	0.0	0.0	0.0	0.0	0.0	2,139.8	0	0	0
1212 Federal E	2,139.8											

Purpose: Same usage as under current law, develop infrastructure and service expansion. Expansion.

Timing: Not stated in law, assume available FY2010 - 2011

Requirements: None stated in law. DHSS intends to focus on one-time infrastructure improvements. Any service expansions are intended to be backfilled with enhanced Medicaid claiming through program changes.

Recipients: Office of Children's Service, ILP and local ILP contractors

Change Record Detail with Description

Department of Health and Social Services

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Medical Assistance Administration (242)
RDU: Health Care Services (485)
Title: CMS - Medicaid Provider HIT Adoption and Operation Payments - Electronic Health Records

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	2,040.0	400.0	0.0	0.0	0.0	0.0	0.0	1,640.0	4	0	0
1003 G/F Match	40.0											
1212 Federal E	2,000.0											

Total Funds: Unknown FFY2009 - 2015. Operating and capital State's share will be based on the number and type of qualifying providers. Federal Funds (FF) at 100% for incentive payments to qualified Medicaid providers. 90% FF is for administrative cost. Four permanent positions to be added SFY2010.

Purpose: In addition to providing funding to incentivize Medicaid providers to implement and use Electronic Health Records (EHR) and Health Information Technology (HIT) exchanges, the administrative funding is to coordinate with other state or local HIT projects, national standards setting, and coordinate with Medicare, Indian Health Service, tribal health organizations, and other federal agencies to assure interoperability of systems and avoidance of duplicate provider payments for this purpose. Also included is imposition of Health Information Portability and Accountability Act (HIPAA) privacy requirements into the new electronic health records.

Timing: Funding runs FFY2009-2015. CMS indicated guidance on administrative activities will be published in March with follow-up guidance in June. Should be able to access federal administrative funds in SFY2010.

Requirements: The details of the requirements will be provided by CMS over time. The first phone call with CMS raised many issues that CMS was not even aware of, let alone ready to answer. The general requirements as laid out in this law will require a tremendous effort by the department. (See pages136-141, 144-164, 375-380)

Recipients: The state, Medicaid providers that qualify for these IT funds, other contracted organizations

Change Record Detail with Description

Department of Health and Social Services

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Child Care Benefits (1897)
RDU: Public Assistance (73)
Title: Child Care Development Block Grants (CCDBG)

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	4,036.0	0.0	0.0	0.0	0.0	0.0	0.0	4,036.0	0	0	0
1212 Federal E		4,036.0										

Purpose: Improve the quality of child care. Funding for child care services. Expansion.

Timing Issues: Not stated in law - assume available through 12/31/2010

Other Restrictions: Cannot supplant, replace State funding with this increase. Another way to state MOE. Of the Alaska allotment, $333,660 is targeted funding for quality expansion and $193,232 is targeted funding for activities that improve the quality of infant and toddler care.

Recipients: Possible contracts for the quality components. Any child care service expansion would be through current qualified contracted child care providers and any new contractors.

Change Record Detail with Description

Department of Health and Social Services

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Public Assistance Administration (233)
RDU: Public Assistance (73)
Title: Supplemental Nutrition Assistance Program or SNAP (Food Stamps)

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	462.0	462.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	4
1212 Federal E		462.0										

Total Funds: $231.0 federal operating (assume amount is annual federal FY award, FFY2009 and FFY2010)

Purpose: For increased administrative costs beginning 4/1/09. Expansion of benefit but not expansion of program. Funding for four non-permanent staff to assist with increased caseload, outreach and administrative process revisions for greater efficiency.

Timing Issues: Available through FFY2010

Other Restrictions: Only for administrative activities related to SNAP

Recipients: State

Change Record Detail with Description

Department of Health and Social Services

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Women, Infants and Children (1013)
RDU: Public Assistance (73)
Title: WIC Operations and Management Information System

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	777.7	0.0	0.0	0.0	0.0	0.0	0.0	777.7	0	0	0
1212 Federal E		777.7										

Total Funds: $500,000.0 total federal appropriation. Assume AK represents .002 of the U.S. population so allocation based on that proportion.

Purpose: Support WIC operations and establish, improve or administer WIC management information system. Extension and expansion.

Timing Issues: Not stated in law - assume available through 12/31/2010

Other Restrictions: Unknown

Recipients: Unknown

Change Record Detail with Description

Department of Health and Social Services

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Chronic Disease Prevention and Health Promotion (2818)
RDU: Public Health (502)
Title: Center for Disease Control & HHS Office of the Secretary - Immunization, Prev & Wellness, and Infection Reduction Gts

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	2,000.0	0.0	0.0	0.0	0.0	0.0	0.0	2,000.0	0	0	0
1212 Federal E		2,000.0										

Purpose: Maintain vaccine materials and administration; carry out evidence-based prevention and wellness strategies; implement infection reduction strategies

Timing Issues: Not stated in law - assume available through 12/31/2010

Other Restrictions: None stated in law. Assume current Health and Human Services (HHS) requirements apply.

Recipients: State appears to be grant applicant, but no guidance received yet.

Change Record Detail with Description

Department of Health and Social Services

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Senior Community Based Grants (2787)
RDU: Senior and Disabilities Services (487)
Title: Administration on Aging, Home Delivered Meals and Congregate Meals

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	485.0	0.0	0.0	0.0	0.0	0.0	485.0	0.0	0	0	0
1212 Federal E	485.0											

Total Funds: $485.0 federal operating

Purpose: Continue and enhance food security for current eligible groups. Limited to senior meal programs only.

Timing Issues: Not stated in law - assume available FFY2010 only

Other Restrictions: current law

Recipients: Through the state to current local providers

Change Record Detail with Description

Department of Labor and Workforce Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Employment and Training Services (2761)
RDU: Employment Security (107)
Title: Economic Stimulus - Add Federal Authority for the Senior Community Service Employment Program

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	507.3	0.0	0.0	0.0	0.0	0.0	507.3	0.0	0	0	0
1212 Federal E‹		507.3										

The Employment & Training Services (E&TS) component is requesting federal economic stimulus authorization in the amount of $507.3 to support additional training and employment opportunities for unemployed low-income seniors. Grantees will expand the number of Senior Community Service Employment Program (SCSEP) participants assigned to community service work, especially in those growth industries emphasized in the Recovery Act (e.g., health care, child care, education, green jobs, energy efficiency and environmental services) and in expanded public service activities that utilize Recovery Act funds. The wages paid to these low-income seniors will provide a direct stimulus to the economies of local communities which will also benefit from the community service work performed by SCSEP participants.

The funds will be used to provide high quality job training, on-the-job training and employment assistance to an estimated 80 low income older workers and to assist employers that are faced with the challenges of today's workplace by developing a viable workforce that is trained, qualified, reliable, and ready to work.

Change Record Detail with Description

Department of Labor and Workforce Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Employment and Training Services (2761)
RDU: Employment Security (107)
Title: Economic Stimulus - Add Federal Authority for the Trade Adjustment Assistance Program to Provide Employment Services

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	350.0	252.0	0.0	98.0	0.0	0.0	0.0	0.0	0	0	0
1212 Federal E		350.0										

The Employment & Training Services (E&TS) component is requesting $350.0 federal economic stimulus authorization for the expansion and reauthorization of the Trade Adjustment Assistance program. The program expanded the eligibility to include workers in the services sector.

The funds will be utilized to support salary and benefit costs of existing staff to provide employment and case management services to increased participants to include comprehensive and specialized assessment of skill levels and service needs; development of an individual employment plan; information on how to apply for financial aid; information on training available in local and regional areas; short-term prevocational services; individual career counseling; employment statistics information; and information relating to local occupations that are in demand and the earnings potential of such occupations. In addition, the Trade Adjustment Assistance database will need to be upgraded as mandated by new federal regulations.

The estimated outcome is 115 participants will utilize Trade Adjustment Assistance program benefits such as job search activities, relocation benefits, training, health care tax credits and trade readjustment allowance benefits.

Change Record Detail with Description

Department of Labor and Workforce Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Employment and Training Services (2761)
RDU: Employment Security (107)
Title: Economic Stimulus - Add Federal Authority to Provide Labor Exchange Services to Assist Workers in Obtaining Employment

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	4,304.7	2,208.8	25.0	1,732.5	220.9	117.5	0.0	0.0	8	0	0
1212 Federal E‹		4,304.7										

The Employment & Training Services (E&TS) component is requesting federal economic stimulus authorization in the amount of $4,304.7. Successful implementation of the Recovery Act includes not only quick and effective provision of services and training for workers in need, but also leveraging changes in the systems' basic operations to develop a strong, invigorated, innovative public workforce system capable of helping enable future economic growth and advancing shared prosperity for all Americans.

The Wagner-Peyser Act dictates that employment service staff administer the work test for the state Unemployment Insurance (UI) system and provide job finding and placement services for UI claimants. At this time, the department is providing UI claimants identified for reemployment services with an online orientation which they must complete to receive their UI benefits. To meet the increasing demand and to improve results, staff will provide in-person reemployment services including case management to Reemployment Services participants. This represents a new body of work that is not currently assigned to existing staff.

These funds will be used to hire an additional 8 full time, front-line service delivery staff to assist with the increased volume of labor exchange customers and unemployment insurance claimants. Six Employment Security Specialist II positions (qualified in case management) will provide job search assistance, labor market information, case management, and other reemployment services in the job centers. Two Community Development Specialist positions will provide career support and training services to unemployment insurance claimants who need training to upgrade skills in order to obtain employment. Funds will also be used to support salary and benefit costs of existing staff engaged in these front-line services to an increased volume of labor exchange customers. The outcome will be to increase the number of customers receiving staff assisted services by approximately 2,250.

The Employment Security Specialist II positions will be located in Anchorage (3), Fairbanks, Ketchikan and Wasilla. The Community Development Specialists will be located in Anchorage and Fairbanks.

Travel costs will be for trainers to provide hands-on training of workforce system enhancements and service delivery strategies so front-line service delivery staff will be able to provide better services to a greater number of job center customers.

Contractual service costs will include position support costs, enhancement of the Alaska Labor Exchange System (ALEXsys) including integrating it into the MyAlaska web portal, improving reemployment services client identification and tracking functionality, incorporating Workplace Alaska functionality, and modification of federal as well as ad hoc reporting capabilities. All enhancements will be designed to increase capacity and provide a greater array of services.

Commodity and equipment funds will be used to replace approximately one third of the statewide Alaska Job Center Network servers, computers, monitors, printers, and other public resource room equipment to avoid delays due to compatibility or antiquated equipment issues.

Change Record Detail with Description

Department of Labor and Workforce Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Employment and Training Services (2761)
RDU: Employment Security (107)
Title: Economic Stimulus - Add Federal Authority to Provide Labor Exchange Services to Assist Workers in Obtaining Employment

Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP

Change Record Detail with Description

Department of Labor and Workforce Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Unemployment Insurance (2276)
RDU: Employment Security (107)
Title: Economic Stimulus - Add Federal Authority for Unemployment Insurance Program Enhancements

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	1,115.7	0.0	0.0	883.0	232.7	0.0	0.0	0.0	0	0	0
1212 Federal E		1,115.7										

The Unemployment Insurance (UI) component is requesting federal economic stimulus authorization in the amount of $1,115.7 for improvement of UI benefit and tax operations and to respond to an increased demand for UI benefits.

Funds will be used to upgrade computers on the department's annual replacement schedule, UI tax and benefit program enhancements, software and associated data processing costs, and office equipment. The funds will support a UI claim center phone call routing software package along with licensing and installation charges. They will also purchase a Tax auditing software package; web based Quality Control audit software; software to record and retrieve claim center calls for staff performance review; software for managing UI workflow and documentation processes; and computer enhancements to existing Employment Security Division on-line systems integration.

All of these items will enhance the overall UI program, ensure faster and more efficient customer service, and reduce future costs in operations.

Change Record Detail with Description

Department of Labor and Workforce Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Business Services (2658)
RDU: Business Partnerships (481)
Title: Economic Stimulus - Add Federal Authority for Workforce Investment Act Employment Training Services

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	9,161.9	766.0	29.4	373.7	17.5	0.0	7,975.3	0.0	0	0	0
1212 Federal E		9,161.9										

This increment will add $9,161.9 of federal economic stimulus authorization to the Business Services component. The increment will be utilized to increase workforce development training opportunities in the Workforce Investment Act programs for Adult $1,679.5, Dislocated Worker $3,546.4, and Youth $3,936.0. These amounts are estimates as the division has not received a Notice of Obligation from the US Department of Labor for the additional Workforce Investment Act formula funding that will be provided to the state. The division is awaiting the specific guidelines and performance standards from the US Department of Labor regarding the use of the stimulus funds to determine if the allowable use varies from the annual formula Workforce Investment Act funding received by the division.

The funds will be used for personal services to support existing staff for Stimulus related activities, travel to monitor grantees, commodities and contractual services for normal office and staff related costs, and contractual and grant funds to provide training. The division is estimating these amounts using information available from allowable activities under our current formula allocation of Workforce Investment Act funding.

Using prior year cost per participant data we anticipate increasing our ability to provide training opportunities to an additional 729 Adult, 733 Dislocated Worker and 1,681 Youth participants. This funding will be subject to the same 17 negotiated performance measures as identified in the WIA Statewide Plan.

Change Record Detail with Description

Department of Labor and Workforce Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Client Services (1828)
RDU: Vocational Rehabilitation (65)
Title: Economic Stimulus - Add Federal Authority to Provide Vocational Rehabilitation Services

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	1,800.0	0.0	30.0	510.0	130.0	0.0	1,130.0	0.0	0	0	0
1212 Federal E	1,800.0											

Change Record Detail with Description

Department of Labor and Workforce Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Client Services (1828)
RDU: Vocational Rehabilitation (65)
Title: Economic Stimulus - Add Federal Authority to Provide Vocational Rehabilitation Services

Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP

The Client Services component is requesting federal economic stimulus authorization in the amount of $1,800.0 for the Vocational Rehabilitation Services program under Title I of the Rehabilitation Act of 1973. The federal purpose of these funds is to provide vocational rehabilitation services to disabled individuals to either obtain or maintain employment. The division has not received specific guidelines and performance standards from the US Department of Education and the division is basing use of the economic stimulus funds on activities allowable under our current federal regulations. The division will use these funds to provide vocational rehabilitation services to disabled individuals and improve the infrastructure of the program to better serve disabled individuals.

The funds will also be used to provide grants for vocational rehabilitation services to severely disabled individuals. These services include assessment for determining eligibility for services, job development, orientation and mobility services, and supported employment services.

These funds will be used for Vocational Rehabilitation Counseling staff to meet the minimum federal standard which is a Certified Rehabilitation Counselor. This standard is required to approve participant's eligibility for the program and approval of individual rehabilitation plans. Counseling staff will be trained to better serve individuals with traumatic brain injury as well as those with significant personality disorders. The training will ensure counseling staff understand the implications for assessment and career planning for individuals with these disabling conditions.

The division will develop two video presentations. The first video will educate parents, special education teachers and students receiving special education on the services and benefits available to them from the division. The second video is to orientate all prospective customers to the rehabilitation process and the services they may receive to achieve an employment goal.

A grant will be issued to enhance the statewide program of vocational supports to blind individuals. The supports include assessment of assistive technology needs at a current or prospective work site, job coaching to succeed at work, and on-going supports.

The division will work with the Division of Behavioral Health in developing two programs: 1) a program to provide national certification for individuals with a significant behavioral health diagnosis to work and provide supports to their peers through local community mental health agencies; and 2) to establish a supported employment program with one local community mental health center. The mental health center, through the grant, will employ professionals in the field of vocational service and develop a model program that achieves successful employment outcomes for individuals with significant behavioral health diagnoses.

Funds will be used for contracts to upgrade the division's management information system to add reports which are being manually produced and are not available on-demand, update program regulations, and improve the accessibility of the division's website. Funds will also be utilized to improve the infrastructure of the program. Staff computers, which are four to five years old, will be replaced. The computers are used to provide services to disabled individuals who are interested in employment. The warranty on these computers has expired and many are encountering hardware failures.

Change Record Detail with Description

Department of Labor and Workforce Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Client Services (1828)
RDU: Vocational Rehabilitation (65)
Title: Economic Stimulus - Add Federal Authority to Provide Vocational Rehabilitation Services

Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP

Travel authority is requested for staff to travel to serve clients in rural areas of the state.

The anticipated outcome is to improve our service delivery system including those delivered by Community Rehabilitation Providers. It is anticipated we will serve an additional 280 individuals who are typically underserved such as those with brain injuries, blindness or behavioral health disabilities.

Change Record Detail with Description

Department of Labor and Workforce Development

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Independent Living Rehabilitation (203)
RDU: Vocational Rehabilitation (65)
Title: Economic Stimulus - Add Federal Authority to Provide Independent Living/Blind Services

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	246.2	0.0	0.0	0.0	0.0	0.0	246.2	0.0	0	0	0
1212 Federal E	246.2											

The Independent Living (IL) Rehabilitation component is requesting federal economic stimulus authorization in the amount of $246.2 for the Independent Living and Older Blind program under Title VII of the Rehabilitation Act of 1973. The federal purpose of these funds is to provide independent living services to disabled individuals to allow them to live independently and remain in their communities. The division has not received specific guidelines and performance standards from the US Department of Education and is basing use of the economic stimulus funds on activities allowable under current federal regulations. The division will use these funds to provide independent living services.

These funds will be granted to the four Centers for Independent Living (CILs) to support activities that lead to competitive employment, independent living and business ownership by Alaskans with disabilities. Activities include providing home accessibility modifications, adaptive equipment and/or services that allow people to remain in their homes and communities. Funds will also be used to expand independent living services statewide to under-served populations of Alaskans with disabilities including those in rural and remote areas of the state by encouraging partnerships, collaborative efforts, training and outreach. Outcomes include improved health and independence of elders and people with disabilities, including those who are under-served or reside in rural Alaska.

The funds will also support operations of the State Independent Living Council (SILC). This funding will examine the State Plan for Independent Living resource plan in response to population changes, rural demand for services, and changes in funding levels that have occurred over the past several years to determine if the resource plan needs to be updated. Outcomes will include sustained operations of the SILC, equitable distribution of IL funding, and to establish performance outcomes.

Change Record Detail with Description

Department of Public Safety

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Special Projects (1001)
RDU: Alaska State Troopers (160)
Title: Internet Crimes Against Children - Economic Stimulus

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	50.0	0.0	12.5	25.0	12.5	0.0	0.0	0.0	0	0	0
1212 Federal E		50.0										

These federal funds are intended to enhance law enforcement's response to online child victimization and child pornography cases. The department will use these funds to cover investigation costs including travel, IT software and equipment and training of investigators.

Change Record Detail with Description

Department of Public Safety

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Narcotics Task Force (798)
RDU: Alaska State Troopers (160)
Title: Justice Assistance Grant - Economic Stimulus

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	5,821.0	686.7	117.5	3,467.6	40.1	256.2	1,252.9	0.0	6	0	0
1212 Federal E	5,821.0											

These federal funds may be used to support a wide range of activities to prevent and control crime and improve the criminal justice system. The department will use these funds to cover the personal services costs of five new trooper and one administrative support positions, travel, training, supplies and for sub-grants to other state agencies and to units of local government to fund projects that support approved federal Justice Assistance Grant (JAG) purpose areas. The positions will provide investigative capability for major crimes such as sexual assault, crimes against children and white collar crimes.

Change Record Detail with Description

Department of Public Safety

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Council on Domestic Violence and Sexual Assault (521)
RDU: Council on Domestic Violence and Sexual Assault (164)
Title: Victim Compensation and Assistance - Economic Stimulus

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	545.0	0.0	0.0	0.0	0.0	0.0	545.0	0.0	0	0	0
1212 Federal E	545.0											

These federal funds may be used to provide services to victims of criminal violence. The department will sub-grant these funds to approved victim services programs to provide immediate safety and support to victims of domestic violence and sexual assault in Alaska.

Change Record Detail with Description

Department of Public Safety

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Council on Domestic Violence and Sexual Assault (521)
RDU: Council on Domestic Violence and Sexual Assault (164)
Title: Services * Training * Officers * Prosecutors (STOP) Grant - Economic Stimulus

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	IncOTI	803.6	0.0	0.0	321.2	0.0	0.0	482.4	0.0	0	0	0
1212 Federal E		803.6										

These federal funds may be used to provide funding for law enforcement, prosecution, and victim services enhancements such as training public safety and court-related personnel, expanding specialized units, and enhancing technology. The department will sub-grant these funds to law enforcement and prosecutorial agencies, courts, and approved victim services programs.

Change Record Detail with Description

Department of Revenue

Scenario: Economic Stimulus FY2009 and FY2010 (7400)
Component: Child Support Services Division (111)
RDU: Child Support Services (41)
Title: Temporary Resumption of Prior Child Support Law - H.R. 1-335

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions PFT	PPT	NP
	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1003 G/F Match	400.0											
1156 Rcpt Svcs	-1,012.5											
1212 Federal E	612.5											

The federal economic stimulus bill includes language that allows the state to use federal incentive receipts as state match for the child support enforcement program. For the state to benefit from the temporary change, the ratio of state and federal funding for the Child Support Services Division (CSSD) must be adjusted.

The child support enforcement program has a federal financial participation (FFP) rate of 66%, with a state match requirement of 34%. In addition, the state annually receives federal funding in the form of earned incentive receipts. The stimulus bill allows the state to use the federal incentive receipts as part of the state match funding, which reduces the amount of state funding needed as match and increases the amount of federal receipts that can be collected as part of the 66% FFP. The division is also requesting a fund source change from receipt supported services to general fund match to offset declining receipts from Temporary Assistance to Needy Families (TANF) cases.

This fund source change increases federal receipts by $612.5 and decreases receipt support services (RSS) by the same amount. An additional $400.0 of RSS is replaced with general fund match. This request does not increase the overall amount of the annual CSSD operating budget. No new programs are established and no new positions are added. Once the federal incentive language change expires on September 30, 2010, the state will need to re-adjust the ratio of state and federal funding for this program.

amended 3 (3)

adopted 4-7-09

CS FOR HOUSE BILL NO. 199(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act making appropriations, including supplemental appropriations and capital appropriations; amending appropriations; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

(SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

* **Section 1.** The following appropriation items are for operating expenditures associated with the American Recovery and Reinvestment Act of 2009 from the general fund or other funds as set out in section 2 of this Act.

	Allocations	Appropriation Items	General Funds	Other Funds
*****		*****		
***** **Department of Administration** *****				
*****		*****		
Centralized Administrative Services		**1,489,000**		**1,489,000**
Finance	1,489,000			
Violent Crimes Compensation Board		**149,400**		**149,400**
Violent Crimes Compensation Board	149,400			
*****			*****	
***** **Department of Commerce, Community and Economic Development** *****				
*****			*****	
Serve Alaska		**1,500,000**		**1,500,000**
Serve Alaska	1,500,000			
*****			*****	
***** **Department of Education and Early Development** *****				
*****			*****	
Teaching and Learning Support		**171,270,700**		**171,270,700**
Student and School Achievement	170,881,200			
Child Nutrition	389,500			
Commissions and Boards		**300,000**		**300,000**
Alaska State Council on the Arts	300,000			

	Allocations	Appropriation Items	General Funds	Other Funds
*****			*****	
***** Department of Health and Social Services *****				
*****			*****	
Children's Services		**2,139,800**		**2,139,800**
Infant Learning Program Grants	2,139,800			
Health Care Services		**2,040,000**	**40,000**	**2,000,000**
Medical Assistance Administration	2,040,000			
Public Assistance		**5,275,700**		**5,275,700**
Child Care Benefits	4,036,000			
Public Assistance Administration	462,000			
Women, Infants and Children	777,700			
Public Health		**2,000,000**		**2,000,000**
Chronic Disease Prevention and Health Promotion	2,000,000			
Senior and Disabilities Services		**485,000**		**485,000**
Senior Community Based Grants	485,000			
*****			*****	
***** Department of Labor and Workforce Development *****				
*****			*****	
Workforce Development		**15,439,600**		**15,439,600**
Employment and Training Services	5,162,000			
Unemployment Insurance	1,115,700			
Business Services	9,161,900			
Vocational Rehabilitation		**2,046,200**		**2,046,200**

	Allocations	Appropriation Items	General Funds	Other Funds
Client Services	1,800,000			
Independent Living Rehabilitation	246,200			
* * * * *		* * * * *		
* * * * * Department of Public Safety * * * * *				
* * * * *		* * * * *		
Alaska State Troopers		**5,871,000**		**5,871,000**
Special Projects	50,000			
Narcotics Task Force	5,821,000			
Council on Domestic Violence and Sexual Assault		**1,348,600**		**1,348,600**
Council on Domestic Violence and Sexual Assault	1,348,600			

(SECTION 2 OF THIS ACT BEGINS ON PAGE 5)

* **Sec. 2.** The following sets out the funding by agency for the appropriations made in sec. 1 of this Act.

Funding Source	Amount
Department of Administration	
1212 Federal Stimulus: ARRA 2009	1,638,400
*** Total Agency Funding ***	$1,638,400
Department of Commerce, Community and Economic Development	
1212 Federal Stimulus: ARRA 2009	1,500,000
*** Total Agency Funding ***	$1,500,000
Department of Education and Early Development	
1212 Federal Stimulus: ARRA 2009	171,570,700
*** Total Agency Funding ***	$171,570,700
Department of Health and Social Services	
1003 General Fund Match	40,000
1212 Federal Stimulus: ARRA 2009	11,900,500
*** Total Agency Funding ***	$11,940,500
Department of Labor and Workforce Development	
1212 Federal Stimulus: ARRA 2009	17,485,800
*** Total Agency Funding ***	$17,485,800
Department of Public Safety	
1212 Federal Stimulus: ARRA 2009	7,219,600
*** Total Agency Funding ***	$7,219,600
* * * * * Total Budget * * * * *	$211,355,000

(SECTION 3 OF THIS ACT BEGINS ON PAGE 6)

* **Sec. 3.** The following sets out the statewide funding for the appropriations made in sec. 1 of this Act.

Funding Source	Amount
General Funds	
1003 General Fund Match	40,000
Total General Funds	$40,000
Federal Funds	
1212 Federal Stimulus: ARRA 2009	211,315,000
Total Federal Funds	$211,315,000
Other Non-Duplicated Funds	
Total Other Non-Duplicated Funds	$0
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 4 OF THIS ACT BEGINS ON PAGE 7)

* **Sec. 4.** The following appropriation items are for capital projects and grants associated with the American Recovery and Reinvestment Act of 2009 from the general fund or other funds as set out in section 5 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
* * * * *			* * * * *	
* * * * * **Department of Environmental Conservation** * * * * *				
* * * * *			* * * * *	
American Recovery and Reinvestment Act of 2009		**68,637,000**		**68,637,000**
Alaska Clean Water Stimulus (HD 1-40)	23,637,000			
Alaska Drinking Water Stimulus (HD 1-40)	19,500,000			
Leaking Underground Storage Tank Stimulus (HD 1-40)	1,000,000			
Village Safe Water Stimulus (HD 1-40)	24,260,000			
Water Quality Planning Stimulus (HD 1-40)	240,000			
* * * * *		* * * * *		
* * * * * **Office of the Governor** * * * * *				
* * * * *		* * * * *		
American Recovery and Reinvestment Act of 2009 Statewide Competitive, Discretionary, and Incentive Grants (HD 1-40)		1,000,000		1,000,000

	Allocations	Appropriation Items	General Funds	Other Funds
	* * * * *		* * * * *	
	* * * * * Department of Labor and Workforce Development * * * * *			
	* * * * *		* * * * *	
Economic Stimulus - Additional Funding for AVTEC Culinary Building Replacement and Cafeteria Upgrade (HD 33-35)		3,000,000		3,000,000
	* * * * *	* * * * *		
	* * * * * Department of Natural Resources * * * * *			
	* * * * *	* * * * *		
Forestry and Fire Economic Stimulus - Fire Fuels and Forest Management (HD 1-40)		2,500,000		2,500,000
	* * * * *	* * * * *		
	* * * * * Department of Revenue * * * * *			
	* * * * *	* * * * *		
Alaska Housing Finance Corporation				
AHFC Capital Fund Program (CFP) - Competitive (HD 1-40)		1,200,500		1,200,500
AHFC Capital Fund Program (CFP) - Formula (HD 1-40)		3,307,000		3,307,000
AHFC Emergency Shelter Grants (ESG) (HD 1-40)		1,144,000		1,144,000
AHFC Home Investment Partnerships (HD 1-40)		5,490,700		5,490,700
AHFC Low-Income Housing		28,500,000		28,500,000

	Allocations	Appropriation Items	General Funds	Other Funds
Grants in Lieu of Tax Credits (HD 1-40)				
	* * * * *	* * * * *		
	* * * * * **University of Alaska** * * * * *			
	* * * * *	* * * * *		
UAF Alaska Region Research Vessel Additional Receipt Authority (HD 1-40)		116,000,000		116,000,000
UA Economic Stimulus Federal Receipt Authority Competitive, Discretionary, and Incentive Grants (HD 1-40)		1,000,000		1,000,000

(SECTION 5 OF THIS ACT BEGINS ON PAGE 10)

* **Sec. 5.** The following sets out the funding by agency for the appropriations made in sec. 4 of this Act.

Funding Source	Amount
Department of Environmental Conservation	
1212 Federal Stimulus: ARRA 2009	68,637,000
*** Total Agency Funding ***	$68,637,000
Office of the Governor	
1212 Federal Stimulus: ARRA 2009	1,000,000
*** Total Agency Funding ***	$1,000,000
Department of Labor and Workforce Development	
1212 Federal Stimulus: ARRA 2009	3,000,000
*** Total Agency Funding ***	$3,000,000
Department of Natural Resources	
1108 Statutory Designated Program Receipts	1,000,000
1212 Federal Stimulus: ARRA 2009	1,500,000
*** Total Agency Funding ***	$2,500,000
Department of Revenue	
1212 Federal Stimulus: ARRA 2009	39,642,200
*** Total Agency Funding ***	$39,642,200
University of Alaska	
1212 Federal Stimulus: ARRA 2009	117,000,000
*** Total Agency Funding ***	$117,000,000
* * * * * Total Budget * * * * *	$231,779,200

(SECTION 6 OF THIS ACT BEGINS ON PAGE 11)

* **Sec. 6.** The following sets out the statewide funding for the appropriations made in sec. 4 of this Act.

Funding Source	Amount
General Funds	
Total General Funds	$0
Federal Funds	
1212 Federal Stimulus: ARRA 2009	230,779,200
Total Federal Funds	$230,779,200
Other Non-Duplicated Funds	
1108 Statutory Designated Program Receipts	1,000,000
Total Other Non-Duplicated Funds	$1,000,000
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 7 OF THIS ACT BEGINS ON PAGE 12)

* **Sec. 7.** The following appropriation items are for capital projects and grants associated with the American Recovery and Reinvestment Act of 2009 from the general fund or other funds as set out in section 8 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Appropriation	General	Other
	Allocations Items	Funds	Funds
*****		*****	
***** **Department of Commerce, Community and Economic Development** *****			
*****		*****	
Community Development Block Grant Program (HD 1-40)	679,900		679,900
Community Services Block Grant Program (HD 1-40)	3,960,000		3,960,000
*****		*****	
***** **Department of Environmental Conservation** *****			
*****		*****	
Air Non-Point Mobile Source Stimulus (HD 1-40)	2,000,000		2,000,000
*****	*****		
***** **Department of Revenue** *****			
*****	*****		
Alaska Housing Finance Corporation			
AHFC Energy Efficiency and Conservation Block Grants (HD 1-40)	9,593,500		9,593,500
AHFC State Energy Program (HD 1-40)	28,563,000		28,563,000
AHFC Weatherization Program (HD 1-40)	18,466,200		18,466,200

	Appropriation	General	Other
Allocations	**Items**	**Funds**	**Funds**

(SECTION 8 OF THIS ACT BEGINS ON PAGE 14)

* **Sec. 8.** The following sets out the funding by agency for the appropriations made in sec. 7 of this Act.

Funding Source	Amount
Department of Commerce, Community and Economic Development	
1212 Federal Stimulus: ARRA 2009	4,639,900
*** Total Agency Funding ***	$4,639,900
Department of Environmental Conservation	
1212 Federal Stimulus: ARRA 2009	2,000,000
*** Total Agency Funding ***	$2,000,000
Department of Revenue	
1212 Federal Stimulus: ARRA 2009	56,622,700
*** Total Agency Funding ***	$56,622,700
* * * * * Total Budget * * * * *	$63,262,600

(SECTION 9 OF THIS ACT BEGINS ON PAGE 15)

* **Sec. 9.** The following sets out the statewide funding for the appropriations made in sec. 7 of this Act.

Funding Source	Amount
General Funds	
Total General Funds	$0
Federal Funds	
1212 Federal Stimulus: ARRA 2009	63,262,600
Total Federal Funds	$63,262,600
Other Non-Duplicated Funds	
Total Other Non-Duplicated Funds	$0
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 10 OF THIS ACT BEGINS ON PAGE 16)

*** Sec. 10.** LEGISLATIVE INTENT. (a) It is the intent of the legislature regarding P.L. 111-5 (American Recovery and Reinvestment Act of 2009) that

(1) federal stimulus money not be expended for any purpose that creates an obligation for the state to replace those funds after they have been exhausted and that stimulus funds be used primarily to supplement or improve existing programs rather than create new services or programs;

(2) all state agencies notify recipients of grants funded by federal stimulus money of the limited and temporary nature of the grant funds, and that the state will not be granting additional funds to continue the programs after the federal aid is exhausted;

(3) state agencies awarding grants funded in whole or in part by federal stimulus money disclose in writing to all grant recipients that the program funding source will expire;

(4) notwithstanding any other provision of this Act, federal stimulus money may be expended to recruit, train, equip, and compensate new peace officers;

(5) the executive branch not use any federal stimulus money to enter into lease obligations, equipment contracts, or professional services contracts that extend beyond the end date of federal stimulus funding without a financial plan in place to use existing funds to complete the obligation or contract;

(6) the executive branch refuse any federal stimulus money that would violate the strong constitutional right to privacy enjoyed by Alaskans;

(7) the Department of Transportation and Public Facilities diligently pursue any federal stimulus grant money that could be used for construction of new vessels for the Alaska marine highway system fleet;

(8) the Department of Labor and Workforce Development, to the extent practical, use federal stimulus money to extend or expand job training programs with existing, proven contractors rather than start new programs with new contractors;

(9) each school district receiving federal stimulus money through the Department of Education and Early Development be required to acknowledge, in a letter signed by the school superintendent and school board president or their designees, that the funding is a one-time addition and that the legislature does not intend to replace the federal stimulus money when it expires;

makes no representation that it will replace

Conceptual Amend. 3

(10) the executive branch, to the fullest extent possible, minimize its expenditure of federal stimulus money on administrative costs;

(11) the executive branch, to the fullest extent allowed by law, strive to ensure that projects and programs funded with federal stimulus money hire Alaska workers and use Alaska contractors and vendors and minimize the use of out-of-state consultants;

(12) federal stimulus money for energy or energy-related programs be used to help reduce energy costs of Alaskans whenever possible and practical;

(13) federal stimulus money for education programs be spent for best-practices improvements, training, equipment, services, and facility modernization, renovation, and repair that do not expand programs or create continuing obligations for state funding when federal stimulus money is exhausted;

(14) school districts focus on short-term investment with long-term gains for student and teacher performance and pay particular attention to the advisory statement issued by the United States Department of Education that "These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires."

(b) It is the intent of the legislature that the two positions funded in sec. 11 of this Act coordinate compliance with the accounting and reporting requirements related to P.L. 111-5 (American Recovery and Reinvestment Act of 2009).

* **Sec. 11.** DEPARTMENT OF ADMINISTRATION. The sum of $200,000 is appropriated from the general fund to the Department of Administration, division of finance, to fund two positions and related office expenses relating to accounting and reporting requirements of P.L. 111-5 (American Recovery and Reinvestment Act of 2009) for the fiscal year ending June 30, 2010.

* **Sec. 12.** DEPARTMENT OF REVENUE. (a) The sum of $1,730,500 is appropriated to the Department of Revenue, child support services, for the fiscal year ending June 30, 2010, from the following sources:

SOURCE	AMOUNT
General fund match	$ 400,000
Federal economic stimulus	1,330,500

(b) The federal receipts and receipt supported services appropriated to the Department of Revenue, child support services, in the version of HB 81, Twenty-Sixth Alaska State

Legislature, that is enacted into law are amended to reduce the amount of the appropriation by $1,730,500 for the fiscal year ending June 30, 2010, from the following sources:

SOURCE	AMOUNT OF REDUCTION
Federal receipts	$ 612,400
Receipt supported services	1,118,100

(c) Section 3, ch. 27, SLA 2008, page 61, line 7, is amended to read:

FUNDING SOURCE		OPERATING	NEW LEGISLATION	TOTAL
1002	Federal Receipts	**33,355,800**	0	**33,355,800**
		[34,153,800]		[34,153,800]

(d) Section 3, ch. 27, SLA 2008, page 62, lines 16 - 19, is amended to read:

FUNDING SOURCE		OPERATING	NEW LEGISLATION	TOTAL
1156	Receipt Supported Services	**6,730,100**	0	**6,730,100**
		[7,315,600]		[7,315,600]
1169	Power Cost Equalization Endowment Fund	211,000	0	211,000
1192	Mine Reclamation Trust Fund	24,000	0	24,000
1212	**Federal Stimulus: ARRA 2009**	**1,383,500**	**0**	**1,383,500**

*** Sec. 13.** OFFICE OF THE GOVERNOR. The sum of $20,701,535 is appropriated from federal economic stimulus funds received by the state under P.L. 111-5 (American Recovery and Reinvestment Act of 2009) to the Department of Commerce, Community, and Economic Development for distribution on a per capita basis to entities that are eligible to receive community revenue sharing under AS 29.60.850 - 29.60.879 to be used by the entity for purposes consistent with sec. 14002(b), P.L. 111-5, for the fiscal year ending June 30, 2011.

*** Sec. 14.** CONTINGENCY. The appropriation reduction made in sec. 12(b) of this Act is contingent on passage by the Twenty-Sixth Alaska State Legislature in the First Regular Session and enactment into law of a version of HB 81 that appropriates not less than $612,400 in federal receipts and $1,118,100 in receipt supported services to the Department of Revenue, child support services.

*** Sec. 15.** LAPSE. (a) The appropriations made in secs. 4 and 7 of this Act are for capital projects and lapse under AS 37.25.020.

(b) The appropriations made in sec. 1 of this Act lapse June 30, 2010.

*** Sec. 16.** RETROACTIVITY. Sections 1 - 15 of this Act are retroactive to February 17, 2009.

*** Sec. 17.** This Act takes effect immediately under AS 01.10.070(c).

HOUSE COMMITTEE REPO

(11)
Date Referred to Committee: March 23, 2009 — FURTHER REFERRALS:

Date of Committee Action: 4/7/09

The FINANCE Committee considered: HOUSE BILL NO. 199

"An Act making supplemental appropriations and capital appropriations; amending appropriations; and providing for an effective date."

HB 199 APPROPS: NON-TRANSPORTATION STIMULUS

Recommends it be replaced with [ ] HCS *or* [X] CS *for* HB199 (F, N)
For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR_____ [ ] Same Title [X] New Title

[ ] attach amendments
[ ] add new referral to _____Committee
[ ] Letter of Intent_____Committee

List of Abbrev for Depts.:
ADM
CED
COR
CRT
EED
DEC
DFG
GOV
DHS
LWF
LAW
LEG
MVA
DNR
DPS
REV
DOT
UA

NEW FISCAL NOTES *Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS FISCAL NOTES				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Thomas			✓	
	Gara	✓			
	Hoffman	+			
	FAIRCLOUGH	✓			
	Joule	X			
	Salmon			✓	
Chair:	Hawker	☆			
Chair:	STOLTZE			✓	

5439

adopted 4-7-09

CONCEPTUAL AMENDMENT No. 1

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 199(FIN) _ Version \S

OFFERED BY: Representative Hawker

New Section - Conditional Language

DEPARTMENT OF HEALTH AND SOCIAL SERVICES. An appropriation is made from federal economic stimulus funding for the Federal Matching Assistance Percentage (FMAP) for Medicaid programs in the amount to be received for FY09 and FY10 contingent upon state unemployment rates increasing. General fund appropriations for the same periods will be reduced in the amount offset by the additional federal stimulus funding received.

EXPLANATION:
The Medicaid FMAP rate will likely increase again once the Unemployment Rate figures come out for March on April 17th.

Alaska's FMAP rate will increase by another 2.44% if our unemployment rate is above 7.5% (seasonally adjusted) for three consecutive months. Since January's Unemployment rate is 7.8% and February is 8.0%, it is probably that March will be at or higher than 7.5%.

This could impact both FY09 and FY10 Medicaid budgets. The impact to FY09 could be relatively small depending on whether we can claim retroactive to Oct. 1st 2008 (the law is not clear on this point); It is clear that we can claim the state 4th quarter and all of FY10 at the higher rate of an additional 2.44% (FY09 likely $5 million? and FY10 approx. $20 million).

adopted 4-7-09

CONCEPTUAL AMENDMENT No. 2

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 199(FIN) _ Version \S

OFFERED BY: Representative Hawker

Page 18, Line 23, following "2009)"
Add: **to be transferred**

Page 18, Line 25, following "29.60.879"
Add: **during the fiscal year ended June 30, 2009**

Page 18, Line 26, following "P.L. 111-5
Delete**: for the fiscal year ending June 30, 2011**

Page 19, Line 3, following "Sec. 1"
Add: **and 13**

adopted 4-7-09

CONCEPTUAL AMENDMENT #3

OFFERED IN THE HOUSE
TO CS HB199 (FIN)

BY REPRESENTATIVE GARA

Page 16, line30
delete "does not intend to replace"
insert after "legislature" "makes no representation that it will replace"

Federal Economic Stimulus Funding
CSHB199 Version \S

	Department	Item	TOTAL ARRA FUNDS	Included in Gov's HB199			Changes made in the CS to HB199			Total CSHB 199 Version \S				CSHB 199 Version \S Section	Bill
				Federal ES Capital	Other Capital	Federal ES Operating	Federal ES Capital	Other Operating	Federal ES Operating	Federal ES Capital	Other Capital	Other Operating	Federal ES Operating		
1	DOA	COBRA Health Insurance Subsidy	1,489.0						1,489.0				1,489.0	Section 1	
2		Violent Crimes Compensation Board	149.4						149.4				149.4	Section 1	
3	**Subtotal DOA**		**1,638.4**	**0.0**	**0.0**		**0.0**	**0.0**	**1,638.4**	**0.0**	**0.0**	**0.0**	**1,638.4**	Section 2	
4	DCCED	AK State Community Service Commission (AmeriCorps)	1,500.0						1,500.0				1,500.0	Section 1	
5		Community Development Block Grant Program	679.9				679.9			679.9				Section 7	
6		Community Services Block Grant Program	3,960.0				3,960.0			3,960.0				Section 7	
7	**Subtotal DCCED**		**6,139.9**	**0.0**	**0.0**		**4,639.9**	**0.0**	**1,500.0**	**4,639.9**	**0.0**	**0.0**	**1,500.0**	Sections 2 & 8	
8	DEED	ESEA Title IA	40,000.0						40,000.0				40,000.0	Section 1	
9		ESEA Title IIA Education Technology	3,210.0						3,210.0				3,210.0	Section 1	
10		McKinney Vento Homeless Assistance Grants	328.0						328.0				328.0	Section 1	
11		IDEA Part B Grants to States, Preschool	34,300.0						34,300.0				34,300.0	Section 1	
12		State Fiscal Stabilization Base Funds	93,043.2						93,043.2				93,043.2	Section 1	
13		Temporary Emergency Food Assistance	103.5						103.5				103.5	Section 1	
14		National School Lunch Program	286.0						286.0				286.0	Section 1	
15		National Endowment for the Arts Funding	300.0						300.0				300.0	Section 1	
16	CS moved to Language	State Fiscal Stabilization Fund - Education and Job Training: $20,701.5		20,699.0			-20,699.0						0.0	Language	
17	**Subtotal DEED**		**171,570.7**	**20,699.0**	**0.0**		**-20,699.0**	**0.0**	**171,570.7**	**0.0**	**0.0**	**0.0**	**171,570.7**	Section 2	
18	DEC	Alaska Clean Water Municipal Grant and Loans	23,637.0	23,637.0						23,637.0				Section 4	
19		Alaska Drinking Water Municipal Grant and Loans	19,500.0	19,500.0						19,500.0				Section 4	
20		Leaking Underground Storage Tanks	1,000.0	1,000.0						1,000.0				Section 4	
21		Village Safe Water	24,260.0	24,260.0						24,260.0				Section 4	
22		Water Quality Planning	240.0	240.0						240.0				Section 4	
23		Air Quality Grants - Diesel Emission Reductions Grant Authority - *legislation needed*	2,000.0				2,000.0			2,000.0				Section 7	
24	**Subtotal DEC**		**70,637.0**	**68,637.0**	**0.0**		**2,000.0**	**0.0**	**0.0**	**70,637.0**	**0.0**	**0.0**	**0.0**	Sections 5 & 8	
25	Gov's Office	Statewide Comptetive, Discretionary, and Incentive Grants	1,000.0	1,000.0						1,000.0				Section 4	
26	**Subtotal Governor**		**1,000.0**	**1,000.0**	**0.0**		**0.0**	**0.0**	**0.0**	**1,000.0**	**0.0**	**0.0**	**0.0**	Section 5	
27	DHSS	Health Care Medicaid Provider Electronic Health Records	2,000.0					40.0	2,000.0			40.0	2,000.0	Section 1	
28		Child Care Development Block Grants	4,036.0						4,036.0				4,036.0	Section 1	
29		Supplemental Nutrition Assistance Program (food stamps)	462.0						462.0				462.0	Section 1	
30		Women, Infants, Children Operations & Mgt. Information System	777.7						777.7				777.7	Section 1	
31		Immunization, Prevention & Wellness, Infection Reduction Grants	2,000.0						2,000.0				2,000.0	Section 1	
32		Infant Learning Program Grants	2,139.8						2,139.8				2,139.8	Section 1	
33		Senior Meal Program	485.0						485.0				485.0	Section 1	
34	**Subtotal DHSS**		**11,900.5**	**0.0**	**0.0**		**0.0**	**40.0**	**11,900.5**	**0.0**	**0.0**	**40.0**	**11,900.5**	Section 2	
35	DLWD	Employment and Training Services	4,304.7						4,304.7				4,304.7	Section 1	
36		Employment Services for Low-Income Seniors	507.3						507.3				507.3	Section 1	
37		Unemployment Insurance for Program Improvements	1,115.7						1,115.7				1,115.7	Section 1	
38		Workforce Investment Act Increase Training for Adults, Youth, & Dislocated Workers	9,161.9						9,161.9				9,161.9	Section 1	
39		Vocational Rehabilitation Services to Disabled Individuals to Obtain or Maintain Employment	1,800.0						1,800.0				1,800.0	Section 1	
40		Trade Adjustment Assistance	350.0						350.0				350.0	Section 1	
41		Independent Living/Blind Services	246.2						246.2				246.2	Section 1	
42		AVTEC Culinary Building Replacement - additional funding from EDA	3,000.0	3,000.0						3,000.0				Section 4	
43	**Subtotal DLWD**		**20,485.8**	**3,000.0**	**0.0**		**0.0**	**0.0**	**17,485.8**	**3,000.0**	**0.0**	**0.0**	**17,485.8**	Sections 2 & 5	

Federal Economic Stimulus Funding
CSHB199 Version \S

	Department	Item		Federal ES Capital	Other Capital	Federal ES Operating	Federal ES Capital	Other Operating	Federal ES Operating	Federal ES Capital	Other Capital	Other Operating	Federal ES Operating	CSHB 199 Version \S Section	Bill
44	DNR	Forestry & Fire Fuels and Forest Management: (Fed Stim and Stat Desig)	1,500.0	1,500.0	1,000.0					1,500.0	1,000.0			Section 4	
45	**Subtotal DNR**		**1,500.0**	**1,500.0**	**1,000.0**		**0.0**	**0.0**	**0.0**	**1,500.0**	**1,000.0**	**0.0**	**0.0**	Section 5	
46	DPS	Online Child Victimization and Child Pornography Cases	50.0						50.0				50.0	Section 1	
47		Justice Assistance Grants	5,821.0						5,821.0				5,821.0	Section 1	
48		CDVSA Victim Compensation & Assistance	545.0						545.0				545.0	Section 1	
49		Services Training Officers Prosecution (STOP) Grants	803.6						803.6				803.6	Section 1	
50	**Subtotal DPS**		**7,219.6**	**0.0**	**0.0**		**0.0**	**0.0**	**7,219.6**	**0.0**	**0.0**	**0.0**	**7,219.6**	Section 2	
52	DOR	Low Income House Grants in Lieu of Tax Credits	28,500.0	28,500.0						28,500.0				Section 4	
52		HOME Investment Partnerships (Increase supply of safe, energy-efficient, affordable housing)	5,490.7	5,490.7						5,490.7				Section 4	
53		Capital Fund Program - Formula (Renovate and modernize public housing)	3,307.0	3,307.0						3,307.0				Section 4	
54		Capital Fund Program - Competitive (Renovate and modernize public housing)	1,200.5	1,200.5						1,200.5				Section 4	
55		Emergency Shelter Grants (Renovation and rehabilitation)	1,144.0	1,144.0						1,144.0				Section 4	
56		State Energy Program Legislation needed	28,563.0				28,563.0			28,563.0				Section 7	
57		Weatherization Program Legislation needed	18,466.2				18,466.2			18,466.2				Section7	
58		Energy Efficiency and Conservation Block Grants - Legislation needed	9,593.5				9,593.5			9,593.5				Section 7	
59	**Subtotal DOR**		**96,264.9**	**39,642.2**	**0.0**		**56,622.7**	**0.0**	**0.0**	**96,264.9**	**0.0**	**0.0**	**0.0**	Sections 5 & 8	
60	University	UAF Alaska Region Research Vessel	116,000.0	116,000.0						116,000.0				Section 4	
61		Competitive, Discretionary and Incentive Grants	1,000.0	1,000.0						1,000.0				Section 4	
62	**Subtotal University**		**117,000.0**	**117,000.0**	**0.0**		**0.0**	**0.0**	**0.0**	**117,000.0**	**0.0**	**0.0**	**0.0**	Section 5	
63		**Numbers Total**	**505,356.8**	**251,478.2**	**1,000.0**	**0.0**	**42,563.6**	**40.0**	**211,315.0**	**294,041.8**	**1,000.0**	**40.0**	**211,315.0**	Sections 3, 6 and 9	
64	**Language Section**														
65															
66	University	Fund source change of $80 million in prior year capital project for the UAF Alaska Region Research Vessel	80,000.0	80,000.0	(80,000.0)		(80,000.0)	80,000.0		0.0	-80,000.0	80,000.0	0.0	deleted	
67	DOA	Divison of Finance: 2 Postions for accountin and reporting requirements	0.0					200.0		0.0		200.0	0.0	Section 11	
68	DOR	Child Support Services Division	6,800.0												
69		FY10 Child Support Services Division						(1,330.5)	1,330.5	0.0		(1,330.5)	1,330.5	Section 12a&b	
70		FY09 Child Support Services Division						(1,383.5)	1,383.5	0.0		(1,383.5)	1,383.5	Sectiion 12c&d	
71	Office of Governor	State Fiscal Stabilization Fund - Education and Job Training: Revenue Sharing	20,701.5				20,701.5			20,701.5		0.0	0.0	Section 13 - Capital Income Fund	
72		**Numbers & Language Totals**	**612,858.3**	**331,478.2**	**-79,000.0**	**0.0**	**-16,734.9**	**77,526.0**	**214,029.0**	**314,743.3**	**-79,000.0**	**77,526.0**	**214,029.0**		
73							**Capital Total CSHB 199 Version \S**				**235,743.3**				
74							**Operating Total CSHB 199 Version \S**						**291,555.0**		
75	**Pending Legislation**														
76	DLWD	Unemployment Insurance Alternate Base Calculation in process	15,600.0												
	DEC	Air Quality Grants - funding included in CS HB199 - $2million													
		Numbers & Language & UI Totals	628,458.3												
77	**Other Stim Pieces**														
78	DOT/PF	Highway & Bridges,Transit, Aviation *(SB123/HB154)**	262,895.3												
79	DHSS FMAP	Medicaid *(FY09 Supp/FY10 Op)*	128,491.3	*Add Contingency Language, for further FMAP rate adjustments											
		Economic Stimulus - Total	**1,019,844.9**												

**SB123/HB154 requests additional authorizaiton for continegent project funding that may be available*

Alaska State Legislature
HOUSE FINANCE COMMITTEE
Agenda
9:00 AM

Saturday, March 27, 2009
HB 199-APPROPS: NON-TRANSPORTATION STIMULUS

Governor's Office:
Jo Ellen Hanrahan, Analyst, Office of Budget and Management, Office of the Governor

Department of Health and Social Services:
Alison Elgee, Assistant Commissioner, Finance and Management Services, DHSS

Labor:
Guy Bell, Assistant Commissioner, Department of Labor and Workforce Development
Tom Nelson, Director, Employment Security Divi, Labor and Workforce Development
— BILL CRAMER —

Law:
Michael Barnhill, Assistant Attorney General, Department of Law

Department of Public Safety
Dan Spencer, Director, Division of Administrative Services, Department of Public Safety

Revenue:
Mike Maher, Director, Division of Administrative Services, Department of Revenue

Alaska Housing Finance Corporation (Via Teleconference):
Dan Fauske, CEO/Executive Director, AHFC, Department of Revenue
Bob Brean, Director, Research and Rural Development, AHFC
John Anderson, Weatherization Project Officer, Research & Rural Development, AHFC
Bryan Butcher, Director, Government Affairs and Public Relations, AHFC
Les Campbell, Director of Budget, Alaska Housing Finance Corporation, Revenue
SCOTT

Regulatory Commission of Alaska (Via Teleconference):
Robert (Bob) M. Pickett, Chairman, Regulatory Commission of Alaska
Bob Stoller, Attorney, Anchorage (Regulatory Commission of Alaska)
ROBERTS

Larry Persily

Revisions to CS for HB 199 Version \E: Non-Transportation Stimulus Funds Incorporated in the New CS for HB 199 Version \ S

1) **Language changes needed to ensure funding will be available in FY09 and FY10 for operating appropriations – added in Lapse Section 15 (b).**

2) **Over Authorization of Stimulus Funding for the University Research Vessel was removed from the language section.** The total amount of federal stimulus funding currently available for this project is $116.0 million and is authorized in the CS. The $80million fund source change from Federal to Federal Stimulus for the prior year appropriation Section 2. ch. 159, SLA 2004, page 54, line 8 (FY05 Capital Budget) has been removed. The $80million in Federal authorization remains.

3) **Fund Source Language: (page 18, line 20)**
Delete: Federal Economic Stimulus
Add: Federal Stimulus: ARRA 2009

4) **Updated** Education Temporary Emergency Food Assistance number in DEED: add $3.5 of federal stimulus funding, bringing the total allocation to $389.5. (In numbers, section 1)

5) Language section: directing $20.7 million to the Capital Income Fund was deleted and new language directing funding:

Section 13:
from OFFICE OF THE GOVERNOR to Community Revenue Sharing on a per capita basis to entities that are eligible to receive Community Revenue Sharing under AS 29.60.850 in FY09.

Amendment – Conceptual: (see attached)
FMAP Contingency Language – FY09 and FY10
Should FMAP rate increase due to unemployment figures – authorization to accept funds with corresponding federal and general fund reductions.

Sent: Thursday, March 26, 2009 1:48 PM
Subject: H.B. 199 please read into record for me

I am not able to attend public discusion so please READ my comments into public testemony about HB 199 stimulis money.

My name is
Tim Staton
4636 Fairchild
Fairbanks Alaska 99701
907-378-1828.

I would like to be there for this public testimony but I am not able to attend due to the fact that I work for a living. With that said I would obviously be interested in speaking to this issue at a time that is more accessible after normal working hours. my suggestion would be 6:30 or 7:00 pm.

I am not in favor of supporting this bill if it is going to saddle the state of Alaska or any of it's programs to continued financial support beyond the amounts being dedicated to them.

If these money's coming from the federal stimulus program have no strings attached, and do not inflate financially or cause an increase in the State of Alaska, the state's Departments, or the cities, communities, boroughs or other state and/or federal governmental agencies that benefit from this money and this money is not CREATING more government or governmental agencies or inflating, expanding, or hiring more government workers that the State is responsible for paying wages, bonuses, retirement, and health and welfare in the future then I will support accepting it. But if this package has even one proposed dollar value that is at all causing the a for mentioned state entities to be continued or created at the expense of the State or any money from the state, then that line Item shall be deleted from the the bill before acceptance of the package.

Tim Staton

Adopted 4/2/09

26-GH1260\E
Kane
4/1/09

CS FOR HOUSE BILL NO. 199(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act making supplemental appropriations and capital appropriations; making an appropriation to capitalize a fund; amending appropriations; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

(SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

* **Section 1.** The following appropriation items are for operating expenditures associated with the American Recovery and Reinvestment Act of 2009 from the general fund or other funds as set out in section 2 of this Act to the agencies named for the fiscal year beginning July 1, 2009 and ending June 30, 2010, unless otherwise indicated.

	Allocations	Appropriation Items	General Funds	Other Funds
*****		*****		
***** **Department of Administration** *****				
*****		*****		
Centralized Administrative Services		**1,489,000**		**1,489,000**
Finance	1,489,000			
Violent Crimes Compensation Board		**149,400**		**149,400**
Violent Crimes Compensation Board	149,400			
*****			*****	
***** **Department of Commerce, Community and Economic Development** *****				
*****			*****	
Serve Alaska		**1,500,000**		**1,500,000**
Serve Alaska	1,500,000			
*****			*****	
***** **Department of Education and Early Development** *****				
*****			*****	
Teaching and Learning Support		**171,267,200**		**171,267,200**
Student and School Achievement	170,881,200			
Child Nutrition	386,000			
Commissions and Boards		**300,000**		**300,000**
Alaska State Council on the Arts	300,000			

	Allocations	Appropriation Items	General Funds	Other Funds
*****			*****	
***** Department of Health and Social Services *****				
*****			*****	
Children's Services		**2,139,800**		**2,139,800**
Infant Learning Program Grants	2,139,800			
Health Care Services		**2,040,000**	**40,000**	**2,000,000**
Medical Assistance Administration	2,040,000			
Public Assistance		**5,275,700**		**5,275,700**
Child Care Benefits	4,036,000			
Public Assistance Administration	462,000			
Women, Infants and Children	777,700			
Public Health		**2,000,000**		**2,000,000**
Chronic Disease Prevention and Health Promotion	2,000,000			
Senior and Disabilities Services		**485,000**		**485,000**
Senior Community Based Grants	485,000			
*****			*****	
***** Department of Labor and Workforce Development *****				
*****			*****	
Workforce Development		**15,439,600**		**15,439,600**
Employment and Training Services	5,162,000			
Unemployment Insurance	1,115,700			
Business Services	9,161,900			
Vocational Rehabilitation		**2,046,200**		**2,046,200**

	Allocations	Appropriation Items	General Funds	Other Funds
Client Services	1,800,000			
Independent Living Rehabilitation	246,200			
*****		*****		
***** Department of Public Safety *****				
*****		*****		
Alaska State Troopers		**5,871,000**		**5,871,000**
Special Projects	50,000			
Narcotics Task Force	5,821,000			
Council on Domestic Violence and Sexual Assault		**1,348,600**		**1,348,600**
Council on Domestic Violence and Sexual Assault	1,348,600			

(SECTION 2 OF THIS ACT BEGINS ON PAGE 5)

* **Sec. 2.** The following sets out the funding by agency for the appropriations made in sec. 1 of this Act.

Funding Source	Amount
Department of Administration	
1212 Federal Stimulus: ARRA 2009	1,638,400
*** Total Agency Funding ***	$1,638,400
Department of Commerce, Community and Economic Development	
1212 Federal Stimulus: ARRA 2009	1,500,000
*** Total Agency Funding ***	$1,500,000
Department of Education and Early Development	
1212 Federal Stimulus: ARRA 2009	171,567,200
*** Total Agency Funding ***	$171,567,200
Department of Health and Social Services	
1003 General Fund Match	40,000
1212 Federal Stimulus: ARRA 2009	11,900,500
*** Total Agency Funding ***	$11,940,500
Department of Labor and Workforce Development	
1212 Federal Stimulus: ARRA 2009	17,485,800
*** Total Agency Funding ***	$17,485,800
Department of Public Safety	
1212 Federal Stimulus: ARRA 2009	7,219,600
*** Total Agency Funding ***	$7,219,600
* * * * * Total Budget * * * * *	$211,351,500

(SECTION 3 OF THIS ACT BEGINS ON PAGE 6)

* **Sec. 3.** The following sets out the statewide funding for the appropriations made in sec. 1 of this Act.

Funding Source	Amount
General Funds	
1003 General Fund Match	40,000
Total General Funds	$40,000
Federal Funds	
1212 Federal Stimulus: ARRA 2009	211,311,500
Total Federal Funds	$211,311,500
Other Non-Duplicated Funds	
Total Other Non-Duplicated Funds	$0
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 4 OF THIS ACT BEGINS ON PAGE 7)

* **Sec. 4.** The following appropriation items are for capital projects and grants associated with the American Recovery and Reinvestment Act of 2009 from the general fund or other funds as set out in section 5 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
* * * * *			* * * * *	
* * * * * **Department of Environmental Conservation** * * * * *				
* * * * *			* * * * *	
American Recovery and Reinvestment Act of 2009		**68,637,000**		**68,637,000**
Alaska Clean Water Stimulus (HD 1-40)	23,637,000			
Alaska Drinking Water Stimulus (HD 1-40)	19,500,000			
Leaking Underground Storage Tank Stimulus (HD 1-40)	1,000,000			
Village Safe Water Stimulus (HD 1-40)	24,260,000			
Water Quality Planning Stimulus (HD 1-40)	240,000			
* * * * *		* * * * *		
* * * * * **Office of the Governor** * * * * *				
* * * * *		* * * * *		
American Recovery and Reinvestment Act of 2009 Statewide Competitive, Discretionary, and Incentive Grants (HD 1-40)		1,000,000		1,000,000

	Allocations	Appropriation Items	General Funds	Other Funds
	* * * * *		* * * * *	
	* * * * * **Department of Labor and Workforce Development** * * * * *			
	* * * * *		* * * * *	
Economic Stimulus - Additional Funding for AVTEC Culinary Building Replacement and Cafeteria Upgrade (HD 33-35)		3,000,000		3,000,000
	* * * * *	* * * * *		
	* * * * * **Department of Natural Resources** * * * * *			
	* * * * *	* * * * *		
Forestry and Fire Economic Stimulus - Fire Fuels and Forest Management (HD 1-40)		2,500,000		2,500,000
	* * * * *	* * * * *		
	* * * * * **Department of Revenue** * * * * *			
	* * * * *	* * * * *		
Alaska Housing Finance Corporation				
AHFC Capital Fund Program (CFP) - Competitive (HD 1-40)		1,200,500		1,200,500
AHFC Capital Fund Program (CFP) - Formula (HD 1-40)		3,307,000		3,307,000
AHFC Emergency Shelter Grants (ESG) (HD 1-40)		1,144,000		1,144,000
AHFC Home Investment Partnerships (HD 1-40)		5,490,700		5,490,700
AHFC Low-Income Housing		28,500,000		28,500,000

	Allocations	Appropriation Items	General Funds	Other Funds
Grants in Lieu of Tax Credits (HD 1-40)				
	*****	*****		
	***** University of Alaska *****			
	*****	*****		
UAF Alaska Region Research Vessel Additional Receipt Authority (HD 1-40)		116,000,000		116,000,000
UA Economic Stimulus Federal Receipt Authority Competitive, Discretionary, and Incentive Grants (HD 1-40)		1,000,000		1,000,000

(SECTION 5 OF THIS ACT BEGINS ON PAGE 10)

* **Sec. 5.** The following sets out the funding by agency for the appropriations made in sec. 4 of this Act.

Funding Source	Amount
Department of Environmental Conservation	
1212 Federal Stimulus: ARRA 2009	68,637,000
*** Total Agency Funding ***	$68,637,000
Office of the Governor	
1212 Federal Stimulus: ARRA 2009	1,000,000
*** Total Agency Funding ***	$1,000,000
Department of Labor and Workforce Development	
1212 Federal Stimulus: ARRA 2009	3,000,000
*** Total Agency Funding ***	$3,000,000
Department of Natural Resources	
1108 Statutory Designated Program Receipts	1,000,000
1212 Federal Stimulus: ARRA 2009	1,500,000
*** Total Agency Funding ***	$2,500,000
Department of Revenue	
1212 Federal Stimulus: ARRA 2009	39,642,200
*** Total Agency Funding ***	$39,642,200
University of Alaska	
1212 Federal Stimulus: ARRA 2009	117,000,000
*** Total Agency Funding ***	$117,000,000
* * * * * Total Budget * * * * *	$231,779,200

(SECTION 6 OF THIS ACT BEGINS ON PAGE 11)

* **Sec. 6.** The following sets out the statewide funding for the appropriations made in sec. 4 of this Act.

Funding Source	Amount
General Funds	
Total General Funds	$0
Federal Funds	
1212 Federal Stimulus: ARRA 2009	230,779,200
Total Federal Funds	$230,779,200
Other Non-Duplicated Funds	
1108 Statutory Designated Program Receipts	1,000,000
Total Other Non-Duplicated Funds	$1,000,000
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 7 OF THIS ACT BEGINS ON PAGE 12)

* **Sec. 7.** The following appropriation items are for capital projects and grants associated with the American Recovery and Reinvestment Act of 2009 from the general fund or other funds as set out in section 8 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Appropriation	General	Other
	Allocations Items	Funds	Funds
*****		*****	
***** **Department of Commerce, Community and Economic Development** *****			
*****		*****	
Community Development Block Grant Program (HD 1-40)	679,900		679,900
Community Services Block Grant Program (HD 1-40)	3,960,000		3,960,000
*****		*****	
***** **Department of Environmental Conservation** *****			
*****		*****	
Air Non-Point Mobile Source Stimulus (HD 1-40)	2,000,000		2,000,000
*****	*****		
***** **Department of Revenue** *****			
*****	*****		
Alaska Housing Finance Corporation			
AHFC Energy Efficiency and Conservation Block Grants (HD 1-40)	9,593,500		9,593,500
AHFC State Energy Program (HD 1-40)	28,563,000		28,563,000
AHFC Weatherization Program (HD 1-40)	18,466,200		18,466,200

	Appropriation	General	Other
Allocations	**Items**	**Funds**	**Funds**

(SECTION 8 OF THIS ACT BEGINS ON PAGE 14)

* **Sec. 8.** The following sets out the funding by agency for the appropriations made in sec. 7 of this Act.

Funding Source	Amount
Department of Commerce, Community and Economic Development	
1212 Federal Stimulus: ARRA 2009	4,639,900
*** Total Agency Funding ***	$4,639,900
Department of Environmental Conservation	
1212 Federal Stimulus: ARRA 2009	2,000,000
*** Total Agency Funding ***	$2,000,000
Department of Revenue	
1212 Federal Stimulus: ARRA 2009	56,622,700
*** Total Agency Funding ***	$56,622,700
* * * * * Total Budget * * * * *	$63,262,600

(SECTION 9 OF THIS ACT BEGINS ON PAGE 15)

* **Sec. 9.** The following sets out the statewide funding for the appropriations made in sec. 7 of this Act.

Funding Source	Amount
General Funds	
Total General Funds	$0
Federal Funds	
1212 Federal Stimulus: ARRA 2009	63,262,600
Total Federal Funds	$63,262,600
Other Non-Duplicated Funds	
Total Other Non-Duplicated Funds	$0
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 10 OF THIS ACT BEGINS ON PAGE 16)

*** Sec. 10.** LEGISLATIVE INTENT. (a) It is the intent of the legislature regarding P.L. 111-5 (American Recovery and Reinvestment Act of 2009) that

(1) federal stimulus money not be expended for any purpose that creates an obligation for the state to replace those funds after they have been exhausted and that stimulus funds be used primarily to supplement or improve existing programs rather than create new services or programs;

(2) all state agencies notify recipients of grants funded by federal stimulus money of the limited and temporary nature of the grant funds, and that the state will not be granting additional funds to continue the programs after the federal aid is exhausted;

(3) state agencies awarding grants funded in whole or in part by federal stimulus money disclose in writing to all grant recipients that the program funding source will expire;

(4) notwithstanding any other provision of this Act, federal stimulus money may be expended to recruit, train, equip, and compensate new peace officers;

(5) the executive branch not use any federal stimulus money to enter into lease obligations, equipment contracts, or professional services contracts that extend beyond the end date of federal stimulus funding without a financial plan in place to use existing funds to complete the obligation or contract;

(6) the executive branch refuse any federal stimulus money that would violate the strong constitutional right to privacy enjoyed by Alaskans;

(7) the Department of Transportation and Public Facilities diligently pursue any federal stimulus grant money that could be used for construction of new vessels for the Alaska marine highway system fleet;

(8) the Department of Labor and Workforce Development, to the extent practical, use federal stimulus money to extend or expand job training programs with existing, proven contractors rather than start new programs with new contractors;

(9) each school district receiving federal stimulus money through the Department of Education and early Development be required to acknowledge, in a letter signed by the school's superintendent and school board president or their designees, that the funding is a one-time addition and that the legislature does not intend to replace the federal stimulus money when it expires;

(10) the executive branch, to the fullest extent possible, minimize its expenditure of federal stimulus money on administrative costs;

(11) the executive branch, to the fullest extent allowed by law, strive to ensure that projects and programs funded with federal stimulus money hire Alaska workers and use Alaska contractors and vendors and minimize the use of out-of-state consultants;

(12) federal stimulus money for energy or energy-related programs be used to help reduce energy costs of Alaskans whenever possible and practical;

(13) federal stimulus money for education programs be spent for best-practices improvements, training, equipment, services, and facility modernization, renovation, and repair that do not expand programs or create continuing obligations for state funding when federal stimulus money is exhausted;

(14) school districts focus on short-term investment with long-term gains for student and teacher performance and pay particular attention to the advisory statement issued by the United States Department of Education that "These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires."

(b) It is the intent of the legislature that the two positions funded in sec. 12 of this Act coordinate compliance with the accounting and reporting requirements related to P.L. 111-5 (American Recovery and Reinvestment Act of 2009).

* **Sec. 11.** FUND SOURCE CHANGES FOR FEDERAL ECONOMIC STIMULUS PROJECTS FOR THE UNIVERSITY OF ALASKA. Section 2, ch. 159, SLA 2004, page 54, line 8, is amended to read:

Federal Receipts	**36,000,000**
	[116,000,000]
Federal Economic Stimulus	**80,000,000**

* **Sec. 12.** DEPARTMENT OF ADMINISTRATION. The sum of $200,000 is appropriated from the general fund to the Department of Administration, division of finance, to fund two positions and related office expenses relating to accounting and reporting requirements of P.L. 111-5 (American Recovery and Reinvestment Act of 2009) for the fiscal year ending June 30, 2010.

* **Sec. 13.** DEPARTMENT OF REVENUE. (a) The sum of $1,730,500 is appropriated to the Department of Revenue, child support services, for the fiscal year ending June 30, 2010,

from the following sources:

SOURCE	AMOUNT
General Fund Match	$ 400,000
Federal Economic Stimulus	1,330,500

(b) The federal receipts and receipt supported services appropriated to the Department of Revenue, child support services, in the version of HB 81, Twenty-Sixth Alaska State Legislature, that is enacted into law are amended to reduce the amount of the appropriation by $1,730,500 for the fiscal year ending June 30, 2010, from the following sources:

SOURCE	AMOUNT OF REDUCTION
Federal Receipts	$ 612,400
Receipt Supported Services	1,118,100

(c) Section 3, ch. 27, SLA 2008, page 61, line 7, is amended to read:

FUNDING SOURCE		OPERATING	NEW LEGISLATION	TOTAL
1002	Federal Receipts	**33,355,800**	0	**33,355,800**
		[34,153,800]		[34,153,800]

(d) Section 3, ch. 27, SLA 2008, page 62, lines 16 - 19, is amended to read:

FUNDING SOURCE		OPERATING	NEW LEGISLATION	TOTAL
1156	Receipt Supported Services	**6,730,100**	0	**6,730,100**
		[7,315,600]		[7,315,600]
1169	Power Cost Equalization Endowment Fund	211,000	0	211,000
1192	Mine Reclamation Trust Fund	24,000	0	24,000
1212	**Federal Economic Stimulus**	**1,383,500**	**0**	**1,383,500**

*** Sec. 14.** ALASKA CAPITAL INCOME FUND. The sum of $20,701,535 is appropriated from federal economic stimulus funds received by the state under P.L. 111-5 (American Recovery and Reinvestment Act of 2009) to the Alaska capital income fund (AS 37.05.565).

*** Sec. 15.** CONTINGENCY. The appropriation reduction made in sec. 13(b) of this Act is contingent on passage by the Twenty-Sixth Alaska State Legislature in the First Regular

Session and enactment into law of a version of HB 81 that appropriates not less than $612,400 in federal receipts and $1,118,100 in receipt supported services to the Department of Revenue, child support services.

*** Sec. 16.** LAPSE. The appropriation made in sec. 14 of this Act is for the capitalization of a fund and does not lapse.

*** Sec. 17.** RETROACTIVITY. Sections 1 - 14 of this Act are retroactive to February 17, 2009.

*** Sec. 18.** This Act takes effect immediately under AS 01.10.070(c).

ASSOCIATION OF ALASKA SCHOOL BOARDS

ADVOCATES FOR ALASKA'S YOUTH

Position Statement on Education Funding in The American Recovery & Reinvestment Act

Alaska's locally elected school officials understand the need for an open and transparent discussion about investing these funds wisely in programs that will benefit our kids without growing the bureaucracy. Alaska and other states have faced mandated programs from the federal government for several decades. The American Recovery & Reinvestment Act offers a promise of funding to help meet these mandates, from IDEA and Title I to English language proficiency, 21st Century skills, as well as improving graduation rates. School districts in Alaska also need to ensure that we can continue to address infrastructure and equipment needs, such as broadband communication capabilities.

It is for these reasons that we support state certification under section 1607 of the new federal law and that we accept all requirements for accountability and transparency.

The Office of Management and Budget has suggested potential opportunities to use these funds without long-term costs. The suggestions include:

- Intensive teacher training
- Expand student and teacher use of technology in schools
- Obtain state-of-the-art assistive devices that reduce barriers to employment, learning or living independently
- Equipment, technology and software upgrades to sustain or enhance services in education
- Rapid deployment of workforce development strategies on work skills and work preparedness for targeted populations
- Modifications to facilities for safety, efficiency, improved durability and longevity.

Our member districts believe we are in the business of human development, and these suggestions describe many of the needs that exist in local schools. AASB would also encourage the state to take advantage of other funding opportunities in the American Recovery & Reinvestment Act.

March 30, 2009

1111 West 9th Street, Juneau, AK 99801

☎ (907) 586-1083 (907) 586-2995 aasb@aasb.org http://www.aasb.org

ASSOCIATION OF ALASKA SCHOOL BOARDS

ADVOCATES FOR ALASKA'S YOUTH

The Honorable Sarah Palin
Office of Governor
P.O. Box 110001
Juneau, Alaska 99811-0001

March 20, 2009

Dear Governor Palin,

The announcement by your administration of your intent to decline an estimated $170 million in federal funding for public education programs in Alaska startled many members of the education community. I am writing this letter to explain why our 53 member school districts believe it makes sense for the State of Alaska to accept this funding on behalf of our public school children.

As you may know, Alaska and other states have been under a federal mandate since 1975 to provide educational services to disabled students. This laudable initiative for approximately 18,000 Alaska children has been hampered, however, by the failure of the federal government to provide adequate funding for this mandate. The State of Alaska has requested assistance to overcome this unfunded mandate of the Individual with Disabilities Education Act (IDEA), but until the stimulus package was proposed in Congress, only incremental progress was made in eliminating this funding gap. The $33 million proposed for IDEA programs in Alaska public schools would go a long way towards providing relief from what amounts to a federal tax on our schools.

Another $29.5 million in stimulus funding is proposed for Title I schools in Alaska. By declining to accept this funding, the State of Alaska would be forfeiting an opportunity to help approximately 285 schools across the state that serve predominately children from economically disadvantaged families. At a time when schools in every district in Alaska face ever higher standards to meet the requirements of the No Child Left Behind Act, the extra Title I funds offered by the federal government would be most welcome.

The fiscal stabilization funds offered to Alaska total $113.7 million, of which $93 million would be dedicated to early childhood, K-12 and post-secondary education. As fashioned by Congress and the U.S. Department of Education, these monies can go towards most anything in our schools, including modernization, renovation or repair of classrooms and student housing. It cannot be spent on school district central office administration.

The "strings" attached to the fiscal stabilization money require the state to document plans to improve teacher effectiveness, establish better student tracking data through their educational career, enhance academic standards and support academically struggling schools. As yet, we have not heard from the Alaska Department of Education & Early Development whether statutory changes would be necessary to implement these requirements. Our member districts may also face additional burdens due to the

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(907) 586-1083 (907) 586-2995 aasb@aasb.org http://www.aasb.org

requirements of this funding program. But, I understand, the stimulus bill has grant money available, if needed, to help meet the requirements.

In conclusion, our association asks that your administration and the Legislature consider the impact of turning away $170 million for our schools. The funds would provide relief from a federal tax on local schools, improve programs for some of our most needy students and allow our education community to tap the innovative spirit of Alaska's teachers and students.

Sincerely,

Carl Rose
Executive Director

Sammy Crawford
President, Board of Directors

cc: House Speaker Mike Chenault
Senate President Gary Stevens
Larry LeDoux, Commissioner, Department of Education & Early Development

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

March 31, 2009

The Honorable Representative Mike Hawker, Co-chair
The Honorable Representative Bill Stoltze, Co-chair
House Finance Committee
Alaska State Legislature
Juneau, Alaska 99801

Dear Co-chairs:

Saturday, March 28, 2009, in a House Finance Committee meeting regarding economic stimulus funding, the Department of Health and Social Services staff was asked whether or not the Governor supported the funding for the Health Information Technology component of the American Recovery and Reinvestment Act (ARRA) funding. The response was affirmative.

Rather than leave the committee with the wrong impression of the Governor's position regarding the acceptance of these funds, I wish to clarify the administration's position. The Governor supports in concept the creation of a Health Information Exchange system and the use of electronic health records by healthcare providers. However, at the present time, there is little information available regarding the ramifications of accepting ARRA funding for that purpose. Once the federal government has made additional guidance available regarding what it means to accept these funds, the Governor will be better positioned to determine if acceptance of these funds is in the best interests of the State of Alaska. Until such information has been received, the Governor continues to express reservations regarding the use of ARRA funds for this purpose.

Sincerely,

William H. Hogan
Commissioner

cc: Anna Kim, Special Assistant, Governor's Office
William Streur, Deputy Commissioner, Health Care Services, DHSS
Karen Rehfeld, Director, OMB

5470

26-GH1260\E
Kane
4/1/09

CS FOR HOUSE BILL NO. 199(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

"An Act making supplemental appropriations and capital appropriations; making an appropriation to capitalize a fund; amending appropriations; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

(SECTION 1 OF THIS ACT BEGINS ON PAGE 2)

* **Section 1.** The following appropriation items are for operating expenditures associated with the American Recovery and Reinvestment Act of 2009 from the general fund or other funds as set out in section 2 of this Act to the agencies named for the fiscal year beginning July 1, 2009 and ending June 30, 2010, unless otherwise indicated.

	Allocations	Appropriation Items	General Funds	Other Funds
*****		*****		
***** **Department of Administration** *****				
*****		*****		
Centralized Administrative Services		**1,489,000**		**1,489,000**
Finance	1,489,000			
Violent Crimes Compensation Board		**149,400**		**149,400**
Violent Crimes Compensation Board	149,400			
*****			*****	
***** **Department of Commerce, Community and Economic Development** *****				
*****			*****	
Serve Alaska		**1,500,000**		**1,500,000**
Serve Alaska	1,500,000			
*****			*****	
***** **Department of Education and Early Development** *****				
*****			*****	
Teaching and Learning Support		**171,267,200**		**171,267,200**
Student and School Achievement	170,881,200			
Child Nutrition	386,000			
Commissions and Boards		**300,000**		**300,000**
Alaska State Council on the Arts	300,000			

	Allocations	Appropriation Items	General Funds	Other Funds
* * * * *			* * * * *	
* * * * * Department of Health and Social Services * * * * *				
* * * * *			* * * * *	
Children's Services		**2,139,800**		**2,139,800**
Infant Learning Program Grants	2,139,800			
Health Care Services		**2,040,000**	**40,000**	**2,000,000**
Medical Assistance Administration	2,040,000			
Public Assistance		**5,275,700**		**5,275,700**
Child Care Benefits	4,036,000			
Public Assistance Administration	462,000			
Women, Infants and Children	777,700			
Public Health		**2,000,000**		**2,000,000**
Chronic Disease Prevention and Health Promotion	2,000,000			
Senior and Disabilities Services		**485,000**		**485,000**
Senior Community Based Grants	485,000			
* * * * *			* * * * *	
* * * * * Department of Labor and Workforce Development * * * * *				
* * * * *			* * * * *	
Workforce Development		**15,439,600**		**15,439,600**
Employment and Training Services	5,162,000			
Unemployment Insurance	1,115,700			
Business Services	9,161,900			
Vocational Rehabilitation		**2,046,200**		**2,046,200**

	Allocations	Appropriation Items	General Funds	Other Funds
Client Services	1,800,000			
Independent Living Rehabilitation	246,200			
*****		*****		
***** **Department of Public Safety** *****				
*****		*****		
Alaska State Troopers		**5,871,000**		**5,871,000**
Special Projects	50,000			
Narcotics Task Force	5,821,000			
Council on Domestic Violence and Sexual Assault		**1,348,600**		**1,348,600**
Council on Domestic Violence and Sexual Assault	1,348,600			

(SECTION 2 OF THIS ACT BEGINS ON PAGE 5)

* **Sec. 2.** The following sets out the funding by agency for the appropriations made in sec. 1 of this Act.

Funding Source	Amount
Department of Administration	
1212 Federal Stimulus: ARRA 2009	1,638,400
*** Total Agency Funding ***	$1,638,400
Department of Commerce, Community and Economic Development	
1212 Federal Stimulus: ARRA 2009	1,500,000
*** Total Agency Funding ***	$1,500,000
Department of Education and Early Development	
1212 Federal Stimulus: ARRA 2009	171,567,200
*** Total Agency Funding ***	$171,567,200
Department of Health and Social Services	
1003 General Fund Match	40,000
1212 Federal Stimulus: ARRA 2009	11,900,500
*** Total Agency Funding ***	$11,940,500
Department of Labor and Workforce Development	
1212 Federal Stimulus: ARRA 2009	17,485,800
*** Total Agency Funding ***	$17,485,800
Department of Public Safety	
1212 Federal Stimulus: ARRA 2009	7,219,600
*** Total Agency Funding ***	$7,219,600
* * * * * Total Budget * * * * *	$211,351,500

(SECTION 3 OF THIS ACT BEGINS ON PAGE 6)

* **Sec. 3.** The following sets out the statewide funding for the appropriations made in sec. 1 of this Act.

Funding Source	Amount
General Funds	
1003 General Fund Match	40,000
Total General Funds	$40,000
Federal Funds	
1212 Federal Stimulus: ARRA 2009	211,311,500
Total Federal Funds	$211,311,500
Other Non-Duplicated Funds	
Total Other Non-Duplicated Funds	$0
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 4 OF THIS ACT BEGINS ON PAGE 7)

* **Sec. 4.** The following appropriation items are for capital projects and grants associated with the American Recovery and Reinvestment Act of 2009 from the general fund or other funds as set out in section 5 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
*****			*****	
***** **Department of Environmental Conservation** *****				
*****			*****	
American Recovery and Reinvestment Act of 2009		**68,637,000**		**68,637,000**
Alaska Clean Water Stimulus (HD 1-40)	23,637,000			
Alaska Drinking Water Stimulus (HD 1-40)	19,500,000			
Leaking Underground Storage Tank Stimulus (HD 1-40)	1,000,000			
Village Safe Water Stimulus (HD 1-40)	24,260,000			
Water Quality Planning Stimulus (HD 1-40)	240,000			
*****		*****		
***** **Office of the Governor** *****				
*****		*****		
American Recovery and Reinvestment Act of 2009 Statewide Competitive, Discretionary, and Incentive Grants (HD 1-40)		1,000,000		1,000,000

	Allocations	Appropriation Items	General Funds	Other Funds
*****			*****	
***** Department of Labor and Workforce Development *****				
*****			*****	
Economic Stimulus - Additional Funding for AVTEC Culinary Building Replacement and Cafeteria Upgrade (HD 33-35)		3,000,000		3,000,000
*****		*****		
***** Department of Natural Resources *****				
*****		*****		
Forestry and Fire Economic Stimulus - Fire Fuels and Forest Management (HD 1-40)		2,500,000		2,500,000
*****		*****		
***** Department of Revenue *****				
*****		*****		
Alaska Housing Finance Corporation				
AHFC Capital Fund Program (CFP) - Competitive (HD 1-40)		1,200,500		1,200,500
AHFC Capital Fund Program (CFP) - Formula (HD 1-40)		3,307,000		3,307,000
AHFC Emergency Shelter Grants (ESG) (HD 1-40)		1,144,000		1,144,000
AHFC Home Investment Partnerships (HD 1-40)		5,490,700		5,490,700
AHFC Low-Income Housing		28,500,000		28,500,000

	Allocations	Appropriation Items	General Funds	Other Funds
Grants in Lieu of Tax Credits (HD 1-40)				
	* * * * *	* * * * *		
	* * * * * University of Alaska * * * * *			
	* * * * *	* * * * *		
UAF Alaska Region Research Vessel Additional Receipt Authority (HD 1-40)		116,000,000		116,000,000
UA Economic Stimulus Federal Receipt Authority Competitive, Discretionary, and Incentive Grants (HD 1-40)		1,000,000		1,000,000

(SECTION 5 OF THIS ACT BEGINS ON PAGE 10)

* **Sec. 5.** The following sets out the funding by agency for the appropriations made in sec. 4 of this Act.

Funding Source	Amount
Department of Environmental Conservation	
1212 Federal Stimulus: ARRA 2009	68,637,000
*** Total Agency Funding ***	$68,637,000
Office of the Governor	
1212 Federal Stimulus: ARRA 2009	1,000,000
*** Total Agency Funding ***	$1,000,000
Department of Labor and Workforce Development	
1212 Federal Stimulus: ARRA 2009	3,000,000
*** Total Agency Funding ***	$3,000,000
Department of Natural Resources	
1108 Statutory Designated Program Receipts	1,000,000
1212 Federal Stimulus: ARRA 2009	1,500,000
*** Total Agency Funding ***	$2,500,000
Department of Revenue	
1212 Federal Stimulus: ARRA 2009	39,642,200
*** Total Agency Funding ***	$39,642,200
University of Alaska	
1212 Federal Stimulus: ARRA 2009	117,000,000
*** Total Agency Funding ***	$117,000,000
* * * * * Total Budget * * * * *	$231,779,200

(SECTION 6 OF THIS ACT BEGINS ON PAGE 11)

* **Sec. 6.** The following sets out the statewide funding for the appropriations made in sec. 4 of this Act.

Funding Source	Amount
General Funds	
Total General Funds	$0
Federal Funds	
1212 Federal Stimulus: ARRA 2009	230,779,200
Total Federal Funds	$230,779,200
Other Non-Duplicated Funds	
1108 Statutory Designated Program Receipts	1,000,000
Total Other Non-Duplicated Funds	$1,000,000
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 7 OF THIS ACT BEGINS ON PAGE 12)

* **Sec. 7.** The following appropriation items are for capital projects and grants associated with the American Recovery and Reinvestment Act of 2009 from the general fund or other funds as set out in section 8 of this Act by funding source to the agencies named for the purposes expressed and lapse under AS 37.25.020, unless otherwise noted.

	Allocations	Appropriation Items	General Funds	Other Funds
* * * * *			* * * * *	
* * * * * **Department of Commerce, Community and Economic Development** * * * * *				
* * * * *			* * * * *	
Community Development Block Grant Program (HD 1-40)		679,900		679,900
Community Services Block Grant Program (HD 1-40)		3,960,000		3,960,000
* * * * *			* * * * *	
* * * * * **Department of Environmental Conservation** * * * * *				
* * * * *			* * * * *	
Air Non-Point Mobile Source Stimulus (HD 1-40)		2,000,000		2,000,000
* * * * *			* * * * *	
* * * * * **Department of Revenue** * * * * *				
* * * * *			* * * * *	
Alaska Housing Finance Corporation				
AHFC Energy Efficiency and Conservation Block Grants (HD 1-40)		9,593,500		9,593,500
AHFC State Energy Program (HD 1-40)		28,563,000		28,563,000
AHFC Weatherization Program (HD 1-40)		18,466,200		18,466,200

	Appropriation	General	Other
Allocations	**Items**	**Funds**	**Funds**

(SECTION 8 OF THIS ACT BEGINS ON PAGE 14)

* **Sec. 8.** The following sets out the funding by agency for the appropriations made in sec. 7 of this Act.

Funding Source	Amount
Department of Commerce, Community and Economic Development	
1212 Federal Stimulus: ARRA 2009	4,639,900
*** Total Agency Funding ***	$4,639,900
Department of Environmental Conservation	
1212 Federal Stimulus: ARRA 2009	2,000,000
*** Total Agency Funding ***	$2,000,000
Department of Revenue	
1212 Federal Stimulus: ARRA 2009	56,622,700
*** Total Agency Funding ***	$56,622,700
* * * * * Total Budget * * * * *	$63,262,600

(SECTION 9 OF THIS ACT BEGINS ON PAGE 15)

* **Sec. 9.** The following sets out the statewide funding for the appropriations made in sec. 7 of this Act.

Funding Source	Amount
General Funds	
Total General Funds	$0
Federal Funds	
1212 Federal Stimulus: ARRA 2009	63,262,600
Total Federal Funds	$63,262,600
Other Non-Duplicated Funds	
Total Other Non-Duplicated Funds	$0
Duplicated Funds	
Total Duplicated Funds	$0

(SECTION 10 OF THIS ACT BEGINS ON PAGE 16)

*** Sec. 10.** LEGISLATIVE INTENT. (a) It is the intent of the legislature regarding P.L. 111-5 (American Recovery and Reinvestment Act of 2009) that

(1) federal stimulus money not be expended for any purpose that creates an obligation for the state to replace those funds after they have been exhausted and that stimulus funds be used primarily to supplement or improve existing programs rather than create new services or programs;

(2) all state agencies notify recipients of grants funded by federal stimulus money of the limited and temporary nature of the grant funds, and that the state will not be granting additional funds to continue the programs after the federal aid is exhausted;

(3) state agencies awarding grants funded in whole or in part by federal stimulus money disclose in writing to all grant recipients that the program funding source will expire;

(4) notwithstanding any other provision of this Act, federal stimulus money may be expended to recruit, train, equip, and compensate new peace officers;

(5) the executive branch not use any federal stimulus money to enter into lease obligations, equipment contracts, or professional services contracts that extend beyond the end date of federal stimulus funding without a financial plan in place to use existing funds to complete the obligation or contract;

(6) the executive branch refuse any federal stimulus money that would violate the strong constitutional right to privacy enjoyed by Alaskans;

(7) the Department of Transportation and Public Facilities diligently pursue any federal stimulus grant money that could be used for construction of new vessels for the Alaska marine highway system fleet;

(8) the Department of Labor and Workforce Development, to the extent practical, use federal stimulus money to extend or expand job training programs with existing, proven contractors rather than start new programs with new contractors;

(9) each school district receiving federal stimulus money through the Department of Education and early Development be required to acknowledge, in a letter signed by the school's superintendent and school board president or their designees, that the funding is a one-time addition and that the legislature does not intend to replace the federal stimulus money when it expires;

(10) the executive branch, to the fullest extent possible, minimize its expenditure of federal stimulus money on administrative costs;

(11) the executive branch, to the fullest extent allowed by law, strive to ensure that projects and programs funded with federal stimulus money hire Alaska workers and use Alaska contractors and vendors and minimize the use of out-of-state consultants;

(12) federal stimulus money for energy or energy-related programs be used to help reduce energy costs of Alaskans whenever possible and practical;

(13) federal stimulus money for education programs be spent for best-practices improvements, training, equipment, services, and facility modernization, renovation, and repair that do not expand programs or create continuing obligations for state funding when federal stimulus money is exhausted;

(14) school districts focus on short-term investment with long-term gains for student and teacher performance and pay particular attention to the advisory statement issued by the United States Department of Education that "These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires."

(b) It is the intent of the legislature that the two positions funded in sec. 12 of this Act coordinate compliance with the accounting and reporting requirements related to P.L. 111-5 (American Recovery and Reinvestment Act of 2009).

* **Sec. 11.** FUND SOURCE CHANGES FOR FEDERAL ECONOMIC STIMULUS PROJECTS FOR THE UNIVERSITY OF ALASKA. Section 2, ch. 159, SLA 2004, page 54, line 8, is amended to read:

Federal Receipts	**36,000,000**
	[116,000,000]
Federal Economic Stimulus	**80,000,000**

* **Sec. 12.** DEPARTMENT OF ADMINISTRATION. The sum of $200,000 is appropriated from the general fund to the Department of Administration, division of finance, to fund two positions and related office expenses relating to accounting and reporting requirements of P.L. 111-5 (American Recovery and Reinvestment Act of 2009) for the fiscal year ending June 30, 2010.

* **Sec. 13.** DEPARTMENT OF REVENUE. (a) The sum of $1,730,500 is appropriated to the Department of Revenue, child support services, for the fiscal year ending June 30, 2010,

from the following sources:

SOURCE	AMOUNT
General Fund Match	$ 400,000
Federal Economic Stimulus	1,330,500

(b) The federal receipts and receipt supported services appropriated to the Department of Revenue, child support services, in the version of HB 81, Twenty-Sixth Alaska State Legislature, that is enacted into law are amended to reduce the amount of the appropriation by $1,730,500 for the fiscal year ending June 30, 2010, from the following sources:

SOURCE	AMOUNT OF REDUCTION
Federal Receipts	$ 612,400
Receipt Supported Services	1,118,100

(c) Section 3, ch. 27, SLA 2008, page 61, line 7, is amended to read:

FUNDING SOURCE		OPERATING	NEW LEGISLATION	TOTAL
1002	Federal Receipts	**33,355,800**	0	**33,355,800**
		[34,153,800]		[34,153,800]

(d) Section 3, ch. 27, SLA 2008, page 62, lines 16 - 19, is amended to read:

FUNDING SOURCE		OPERATING	NEW LEGISLATION	TOTAL
1156	Receipt Supported Services	**6,730,100**	0	**6,730,100**
		[7,315,600]		[7,315,600]
1169	Power Cost Equalization Endowment Fund	211,000	0	211,000
1192	Mine Reclamation Trust Fund	24,000	0	24,000
1212	**Federal Economic Stimulus**	**1,383,500**	**0**	**1,383,500**

*** Sec. 14.** ALASKA CAPITAL INCOME FUND. The sum of $20,701,535 is appropriated from federal economic stimulus funds received by the state under P.L. 111-5 (American Recovery and Reinvestment Act of 2009) to the Alaska capital income fund (AS 37.05.565).

*** Sec. 15.** CONTINGENCY. The appropriation reduction made in sec. 13(b) of this Act is contingent on passage by the Twenty-Sixth Alaska State Legislature in the First Regular

Session and enactment into law of a version of HB 81 that appropriates not less than $612,400 in federal receipts and $1,118,100 in receipt supported services to the Department of Revenue, child support services.

*** Sec. 16.** LAPSE. The appropriation made in sec. 14 of this Act is for the capitalization of a fund and does not lapse.

*** Sec. 17.** RETROACTIVITY. Sections 1 - 14 of this Act are retroactive to February 17, 2009.

*** Sec. 18.** This Act takes effect immediately under AS 01.10.070(c).

5490

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
Operating Items													
1	p. 314-316	FY2009 - FY2010 Operating	Administration	Finance				This provides for a federally funded subsidy for COBRA health insurance coverage to assistance eligible individuals (AEIs). AEI is defined as an individual who is involuntarily terminated from employment between September 1, 2008 and December 31, 2009, who elects to receive COBRA coverage and pays 35% of the premium due as of March 1, 2009. The employer pays the remaining 65% of the premium and is reimbursed by the federal government by withholding premiums paid from payroll taxes reported on the quarterly 941 employer tax form.		1,489.0			1,489.0
2	p. 16	FY2009 - FY2010 Operating	Administration	Violent Crimes Compensation Board				Funding will be used to pay claims for assistance received from Alaskans and visitors to Alaska that suffer financial losses that are the direct result of violent crimes. Categories of expenses covered include mental health counseling, medical expenses, lost wages, funeral expenses, and other expenses as authorized by statute.		149.4			149.4
3	p. 70	FY2009 - FY2010 Operating	Commerce	Alaska State Community Services Commission				Funding will provide grants to existing AmeriCorps grantees for performing volunteer programs.		1,500.0			1,500.0
4	p. 67	FY2009 - FY2010 Operating	Education	Student and School Achievement				ESEA Title I-A Grants to LEAs and School Improvement Grants will help school districts mitigate the effect of the reduction in local revenues and State support for education by distributing funding to schools and school districts with a high percentage of students from low-income families, and by providng funding for academic assessment, LEA and school improvement.		40,000.0			40,000.0
5	p. 68	FY2009 - FY2010 Operating	Education	Student and School Achievement				ESEA Title II-D Education Technology Grants will improve student achievement through the use of technology in elementary and secondary schools.		3,210.0			3,210.0
6	p. 68	FY2009 - FY2010 Operating	Education	Student and School Achievement				McKinney Vento Homeless assistance Grants to ensure that homeless children, including preschoolers and youth, have equal access to free and appropriate education.		328.0			328.0
7	p.68	FY2009 - FY2010 Operating	Education	Student and School Achievement				IDEA Part B (611 and 619) Grants to States, Preschool Grants to provide services to students with disabilities ages three through twenty-one who are enrolled in special eduation programs. The state will receive the allocation as a grant and pass-through to LEAs based on the number of children with disabilities who are receiving special education and related services. Funding will also be provided for services to children with disabilities ages three through five (and optionally to two-year olds who turn three during the school year). The state will receive the allocation as a grant and pass-through to LEAs based on population, including consideration for the number of children living in poverty.		34,300.0			34,300.0
8	p. 168	FY2009 - FY2010 Operating	Education	Student and School Achievement				State Stabilization Funds (base) will be distributed by the department to LEAs based on their relative share of funding under Title I-A grants for 2009. LEAs may use the funds for activities authorized by ESEA, IDEA, Adult Family Literacy Act, Carl D. Perkins Career and Technology Act, or for the repair, modernization or renovation of public school facilities that is consistent with State law.		93,043.2			93,043.2
9	p. 5	FY2009 - FY2010 Operating	Education	Child Nutrition				Temporary Emergency Food Assistance Program will provide funding for the emergency food assistance program, allocated as a grant to the State distributing agency who then distributes to public or private nonoprofit organizations that provide food and nutrition assistance to the needy.		100.0			100.0
10	p. 5	FY2009 - FY2010 Operating	Education	Child Nutrition				National School Lunch Program Grants provides funding to the state for National School Lunch Program equipment assistance in proportion to the State's administrative expense allocation. In turn, the state will provide competitive grants to school food authorities based on the need for equipment assistance in participating schools. Priority given to schools in which at least 50% of the students are eligible for free or reduced priced meals.		286.0			286.0
11	p. 57	FY2009 - FY2010 Operating	Education	Alaska State Council on the Arts				National Endowment for the Arts Funding to provide an additional distribution to State Art Agencies. The Arts Council submitted an application for the additional funds by the March 13, 2009 deadline.		300.0			300.0
12	p. 369	FY2009 - FY2010 Operating	Health & Social Srvcs	Health Care Services/Medical Assistance Administration	4			This request will allocate funds for Medicaid provider Health Information Technology (HIT) adoption and Electronic Health Records (EHR) payments. Administrative funding is to be used to coordinate with other state or local HIT projects, national standards setting, and coordinate with other agencies to assure interoperability of systems and avoid duplicate provider payments.	40.0	2,000.0			2,040.0

3/27

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
13	p. 61	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Child Care Benefits				Child Care Development Block Grants - increased funding to improve the quality of child care and provide for the expansion of child care services. These funds cannot be used to supplant state funding. Of this allotment, $333.7 is targeted for quality expansion and $193.2 is for improving the quality of infant and toddler care.		4,036.0			4,036.0
14	p. 5	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Public Assistance Administration			4	Supplemental Nutrition Assistance Program (SNAP) - formerly Food Stamps - funding for increased administrative costs beginning April 1, 2009. This expands the benefit but is not an expansion of the program. Includes funding for 4 non-perm staff to assist with increased caseload, outreach and administrative process revisions for greater efficiency.		462.0			462.0
15	p. 5	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Women, Infants and Children				Additional funds to support Women, Infants and Children (WIC) operations and establish, improve or administer WIC management information system. Funds are to be used for extension and expansion of programs.		777.7			777.7
16	p. 63	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Health/Chronic Disease Prevention and Health Promotion				Increased funding for immunization, prevention and wellness and infection reduction grants. The department assumes that current Health and Human Serviecs (HHS) requirements apply.		2,000.0			2,000.0
17	P. 65	FY2009 - FY2010 Operating	Health & Social Srvcs	Children's Services/Infant Learning Program Grants				Expand Infant Learning Program grants established as part of the Individuals with Disabilities Education Act, Part C.. Department will focus on one-time infrastructure improvements; any service expansions are intended to be backfilled with enhanced Medicaid claiming through program changes.		2,139.8			2,139.8
18	p. 62	FY2009 - FY2010 Operating	Health & Social Srvcs	Senior and Disabilities Services/ Senior Community Based Grants				Administration on Aging, Home Delivered Meals and Congregate Meals Continue and enhance food security for current eligible groups. These funds are limited to senior meal programs only.		485.0			485.0
19	p. 59-60	FY2009 - FY2010 Operating	Labor	Employment Training Services	8			These funds will be used to hire an additional 8 full time, front-line service delivery staff to assist with the increased volume of labor exchange customers and unemployment insurance claimants. Six Employment Security Specialist II positions (qualified in case management) will provide job search assistance, labor market information, case management, and other reemployment services in the job centers. Two Community Development Specialist positions will provide career support and training services to unemployment insurance claimants who need training to upgrade skills in order to obtain employment. Funding will also be used to support salary and benefit costs of existing staff, travel for trainers, enhancements to the Alaska Labor Exchange System (ALEXsys) and equipment replacement and upgrade to support the federal Stimulus effort. These efforts include continuing to provide front-line employment and reemployment services, and career support and training services, to an increased volume of labor exchange customers. The outcome will be to increase the		4,304.7			4,304.7
20	p. 59	FY2009 - FY2010 Operating	Labor	Employment Training Services				Funding will support additional training and employment opportunities for unemployed low-income seniors. Grantees will expand the number of Senior Community Service Employment Program (SCSEP) participants assigned to community service work, especially in those growth industries emphasized in the Recovery Act (e.g., health care, child care, education, green jobs, energy efficiency and environmental services) and in expanded public service activities that utilize Recovery Act funds. The funds will be used to provide high quality job training, on-the-job training and employment assistance to an estimated 80 low income older workers and will assist employers that are faced with the challenges of today's workplace.		507.3			507.3
21	p. 329	FY2009 - FY2010 Operating	Labor	Unemployment Insurance				Funds will be used to upgrade computers on the department's annual replacement schedule, UI tax and benefit program enhancements, software and associated data processing costs, and office equipment. The funds will support a UI claim center phone call routing software package along with licensing and installation charges. They will also purchase a Tax auditing software package; web based Quality Control audit software; software to record and retrieve claim center calls for staff performance review; software for managing UI workflow and documentation processes; and computer enhancements to existing Employment Security Division on-line systems integration.		1,115.7			1,115.7

54492

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
22	p. 58-59	FY2009 - FY2010 Operating	Labor	Business Services				Additional funding will be utilized to increase workforce development training opportunities in the Workforce Investment Act programs for Adult $1,679.5, Dislocated Worker $3,546.4, and Youth $3,936.1. It will be used for personal services to support existing staff engaged in Stimulus related activities, travel to monitor grantees, commodities and contractual services for normal office and staff related costs, and contractual services and grant funds to provide training. It is estimated to provide training opportunities to an additional 729 Adult, 733 Dislocated Worker and 1,681 Youth participants.		9,161.9			9,161.9
23	p. 69	FY2009 - FY2010 Operating	Labor	Client Services				Funding will provide vocational rehabilitation services and grants to disabled individuals. These services include assessment for determining eligibility for services, job development, orientation and mobility services, and supported employment services.		1,800.0			1,800.0
24	p. 266	FY2009 - FY2010 Operating	Labor	Employment and Training Services				The ARRA reauthorized and permanently expanded the Trade Adjustment Assistance program. Eligibility was expanded to include workers in the services sector. The funds will be utilized to support salary and benefit costs of existing staff to provide employment and case management services to increased participants to include comprehensive and specialized assessment of skill levels and service needs; development of an individual employment plan; information on how to apply for financial aid; information on training available in local and regional areas; short-term prevocational services; individual career counseling; employment statistics information; and information relating to local occupations that are in demand and the earnings potential of such occupations. In addition, the Trade Adjustment Assistance database will need to be upgraded as mandated by new federal regulations. The estimated outcome is 115 participants will utilize Trade Adjustment Assistance program benefits such as job search activities, relocation benefits, training, health care		350.0			350.0
25	p. 69	FY2009 - FY2010 Operating	Labor	Independent Living Rehabilitation				These funds will be granted to the four Centers for Independent Living (CILs) to support activities that lead to competitive employment, independent living and business ownership by Alaskans with disabilities. Activities include providing home accessibility modifications, adaptive equipment and/or services that allow people to remain in their homes and communities. Funds will also be used to expand independent living services statewide, including rural and remote areas of the state, by encouraging partnerships, collaborative efforts, training and outreach. The funds will also support operations of the State Independent Living Council (SILC), examining the State Plan for Independent Living resource plan to determine if it needs to be updated.		246.2			246.2
26	p. 16	FY2009 - FY2010 Operating	Public Safety	Alaska State Troopers/Special Projects				Funds are to be used to enhance law enforcement's response to online child victimization and child pornography cases. The department will use the funds to cover personal services costs of investigators and associated supplies and equipment. The Anchorage Police Department is the only eligible applicant in Alaska and is expected to subgrant these funds to the department.		50.0			50.0
27	p. 16	FY2009 - FY2010 Operating	Public Safety	Alaska State Troopers/ Narcotics Task Force	6			Justice Assistance Grant (JAG) will be used to cover the personal services costs of new trooper positions, travel, training, supplies and sub-grants to other state agencies and to units of local government to fund projects supporting approved JAG purpose areas.		5,821.0			5,821.0
28	p. 16	FY2009 - FY2010 Operating	Public Safety	Council on Domestic Violence and Sexual Assault/Council on Domestic Violence and Sexual Assault				Victim compensation and assistance. These federal funds may be used to provide services to victims of criminal violence. The funds will be sub-granted to approved victim services programs to provide immediate safety and support to victims of domestic violence and sexual assault in Alaska.		545.0			545.0
29	p. 15	FY2009 - FY2010 Operating	Public Safety	Council on Domestic Violence and Sexual Assault/Council on Domestic Violence and Sexual Assault				Services*Training*Officers*Prosecutors (STOP) Grant. These funds may be used to provide for law enforcement, prosecution and victim services enhancements such as training public safety and court-related personnel, expanding specialized units and enhancing technology. Funds will be sub-granted to law enforcement and prosecutorial agencies, courts and approved victim services programs.		803.6			803.6

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
30	p. 335, Sec. 2104	FY2009 - FY2010 Operating	Revenue	Child Support Services Division				The division had originally requested a $1.9 million fund source change from RSS to GF Match. Neither the House or Senate Finance Subcommittee budgets include that change. The combination of a change in federal policy that now allows federal incentive funds to be used as match and the unexpected level of FY10 carryforward due to high PFD collections now result in just $400.0 GF Match being required. The $400.0 GF Match is necessary to collect the federal funds.	400.0	612.5	(1,012.5)	Receipt Supported Services	0.0
31					18	0	4	**Operating Items Total**	**440.0**	**211,924.0**	**(1,012.5)**		**211,351.5**
Capital Projects													
32	p. 103		Commerce					Community Development Block Grant Program This program provides grants (not to exceed $850,000) to municipalities for planning activities, infrastructure projects, and economic development activities which benefit low- to moderate-income individuals.		679.9			679.9
33	p. 65		Commerce					Community Services Block Grant Program The CSBG program is designed to provide a range of services which assist low-income people to attain skills, knowledge and motivation necessary to achieve self-sufficiency. The program may also provide low-income people immediate life necessities such as food, shelter, medicine, etc. As authorized by federal Public Law 97-35, the U.S. Department of Health and Human Services (H&HS) has designated 950 Community Action Agencies (CAAs) -- all of whom may then receive federal funding that passes through their appropriate state agency. Within Alaska the federal H&HS has designated only one CAA. That entity is the non-profit corporation Rural Alaska Community Action Program, referred to as RurAL CAP.		3,960.0			3,960.0
34	p. 56		Environmental Conservation					Air Non-Point Mobile Source Stimulus Projects include diesel emission reduction, increasing the fuel efficiency of stationary source diesel power generation in Alaska villages, coupling use of ultra low sulfur diesel with oxidative catalysts or particulate traps, development and use of fish oil and waste vegetable oil derived biodiesel, and installation of anti-idling technologies. These funds will be managed by the Air Non-Point Mobile Source program.		2,000.0			2,000.0
35	p. 32		Revenue					AHFC - State Energy Program U.S. Department of Energy (DOE) funds for State Energy Program (SEP) special projects such as building technologies, codes and standards, wind and power technologies, renewable energy for remote areas, or transportation technologies.		28,563.0			28,563.0
36	p. 31		Revenue					AHFC - Weatherization Program U.S. Department of Energy (DOE) funds to assist low- and moderate-income families attain decent, safe, and affordable housing through the weatherization and rehabilitation of existing homes. Weatherization provides for fire safety through furnace and electrical repairs, education, chimney and woodstove repairs, and egress windows (installed during bedroom window replacements).		18,466.2			18,466.2
37	p. 24		Revenue					AHFC - Energy Efficiency and Conservation Block Grants U.S. Department of Energy (DOE) funds for energy efficiency and conservation activities for communities, including but not limited to: developing/implementing an energy efficiency and conservation strategy; retaining technical consultant services to assist in the development of such a strategy.		8,500.0			8,500.0
38					0	0	0	**Capital Projects Total**	**0.0**	**62,169.1**	**0.0**		**62,169.1**
39					18	0	4	**Operating and Capital Combined Total**	**440.0**	**274,093.1**	**(1,012.5)**		**273,520.6**

5494

3/27
not taken up

Alaska Department of Labor and Workforce Development

American Recovery and Reinvestment Act
Unemployment Insurance Modernization

March 27, 2009

Unemployment Insurance Modernization Incentive $15.6 Million

To receive 1/3 of the incentive payment, Alaska must change law to provide an "Alternate Base Period"

To receive the remaining 2/3, Alaska must have an Alternate Base Period **and** provide benefits for at least 2 of the following 4:

- Leaving work because of domestic violence, illness or disability of family member or to accompany a spouse*
- Dependents' allowance*
- Seeking Part-time work
- Leaving work to attend approved training

* DOLWD and Department of Law have determined that Alaska already complies with these provisions; therefore, no additional legislation would be required to receive these funds.

Federal Guidance Issued March 19, 2009: The ARRA requires changes to be in effect as permanent law; however, "If a state eventually decides to repeal or modify any of these provisions, it may do so, and it will not be required to return any incentive payments...."

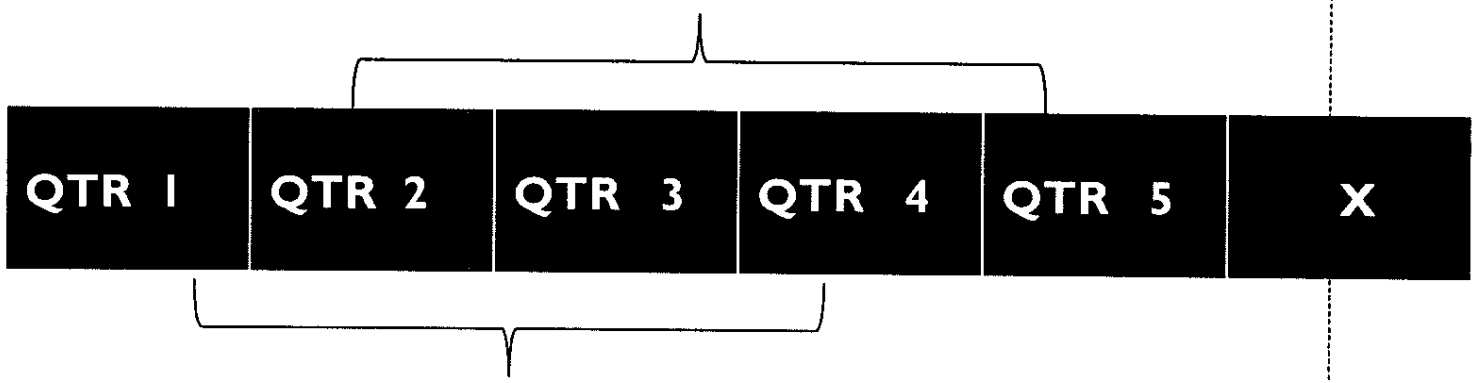
Source: Alaska Department of Labor and Workforce Development

5495

5496

Alternate Base Period = 4 most recent completed calendar quarters

Current quarter



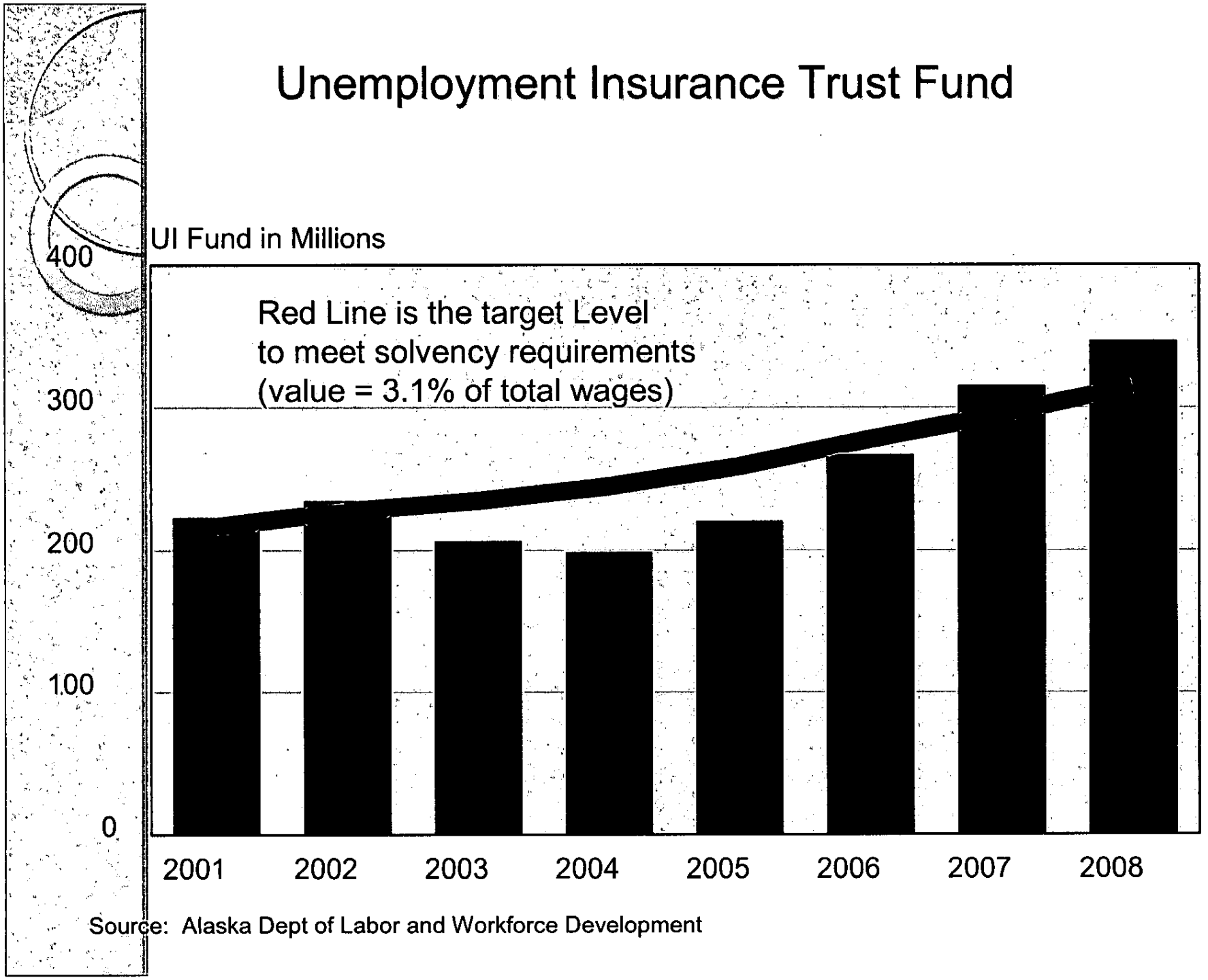
Current Base Period = first 4 of last 5 completed calendar quarters

Claim initiated

If the ABP were in place in 2008, an additional $1.9 million in Unemployment Insurance benefits would have been paid. If the full cost were realized in that year, the average employer cost per worker would have been $386 rather than $376.

Source: Alaska Department of Labor and Workforce Development

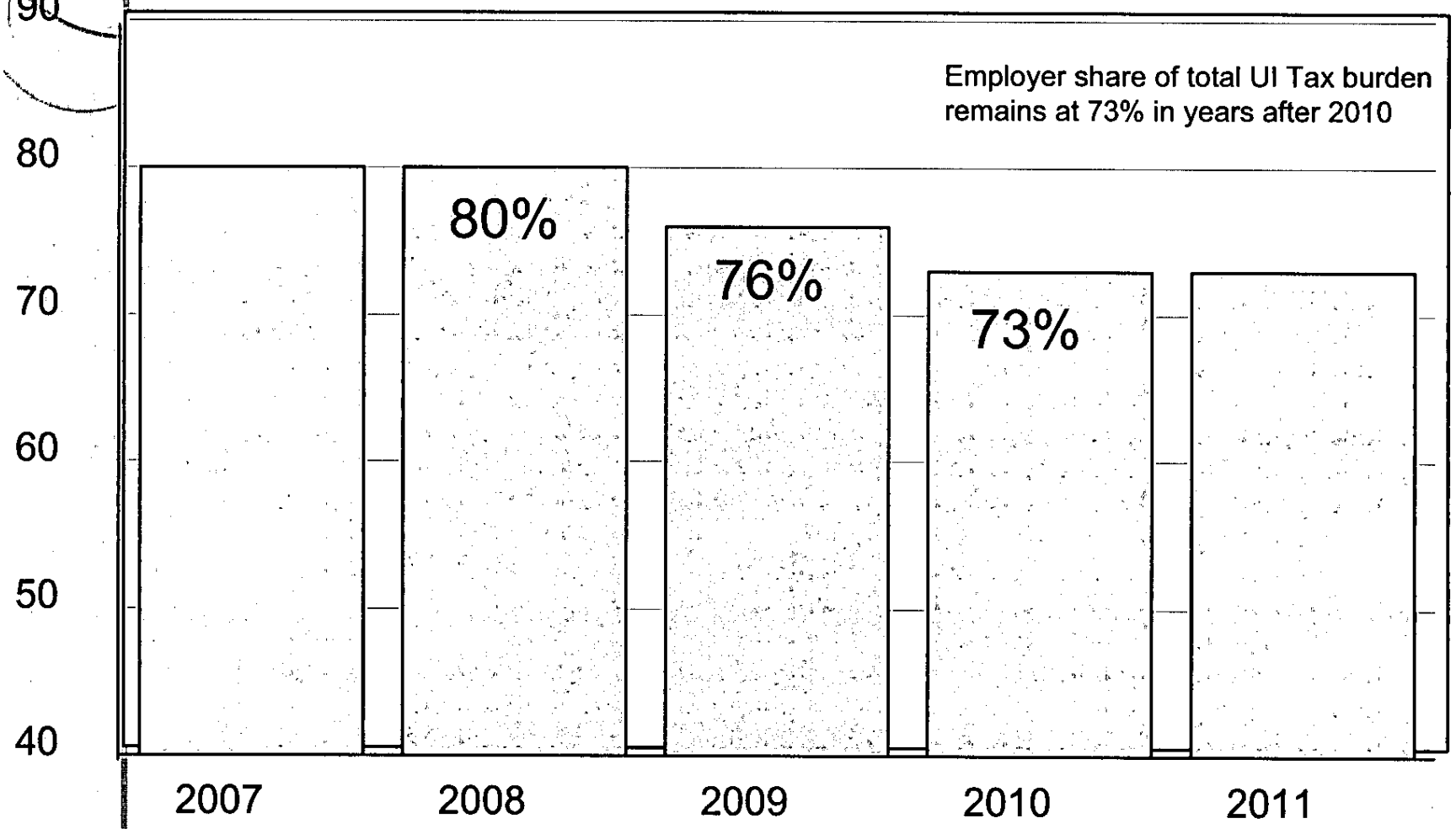
Unemployment Insurance Trust Fund



Source: Alaska Dept of Labor and Workforce Development

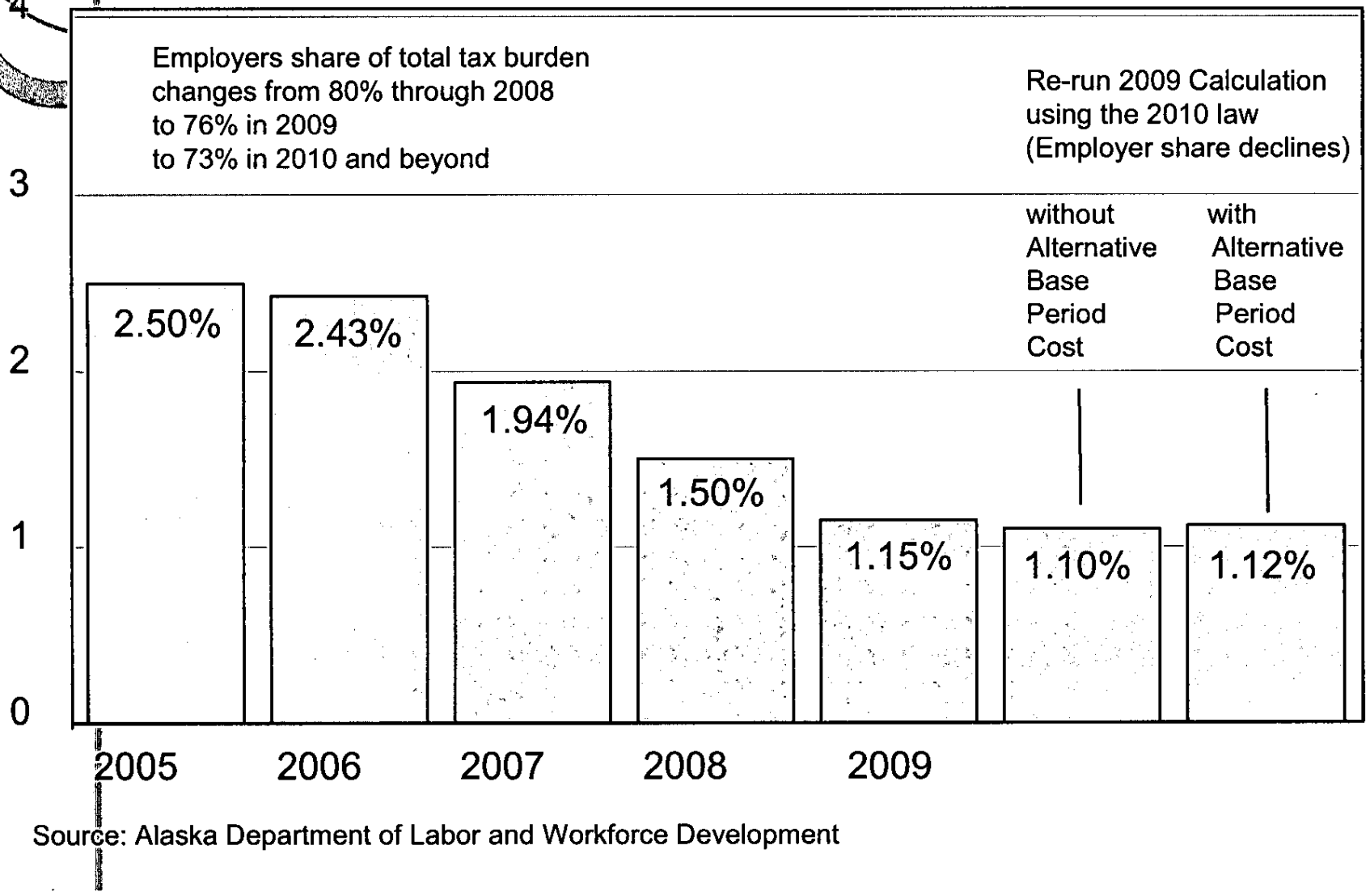
5497

Employers share of UI tax burden is lessening from 2008 to 2010



Source: Alaska Department of Labor and Workforce Development

UI Tax Rate for the Average Employer



Source: Alaska Department of Labor and Workforce Development

5499

5500

Unemployment Insurance Modernization Incentive

"(C)(i) No certification of compliance with the requirements of the act may be made with respect to any State whose State law is not otherwise eligible for certification under section 303 of the Social Security Act or approvable under section 3304 of the Federal Unemployment Tax Act".

- Alaska risks decertification unless we pass conformity legislation dealing with unemployment insurance tax status of federally recognized tribal entities—to enable them to become reimbursable.

Source: Alaska Department of Labor and Workforce Development

Incentive Uses

- Incentive money deposited in the Alaska UI Trust for:
  - Unemployment benefit payments
  - Unemployment Insurance Program Administration/Technology
  - Reemployment Services
- No time limit on fund expenditures

Source: Department of Labor and Workforce Development

5501

Building Energy Codes Program

Status of State Energy Codes

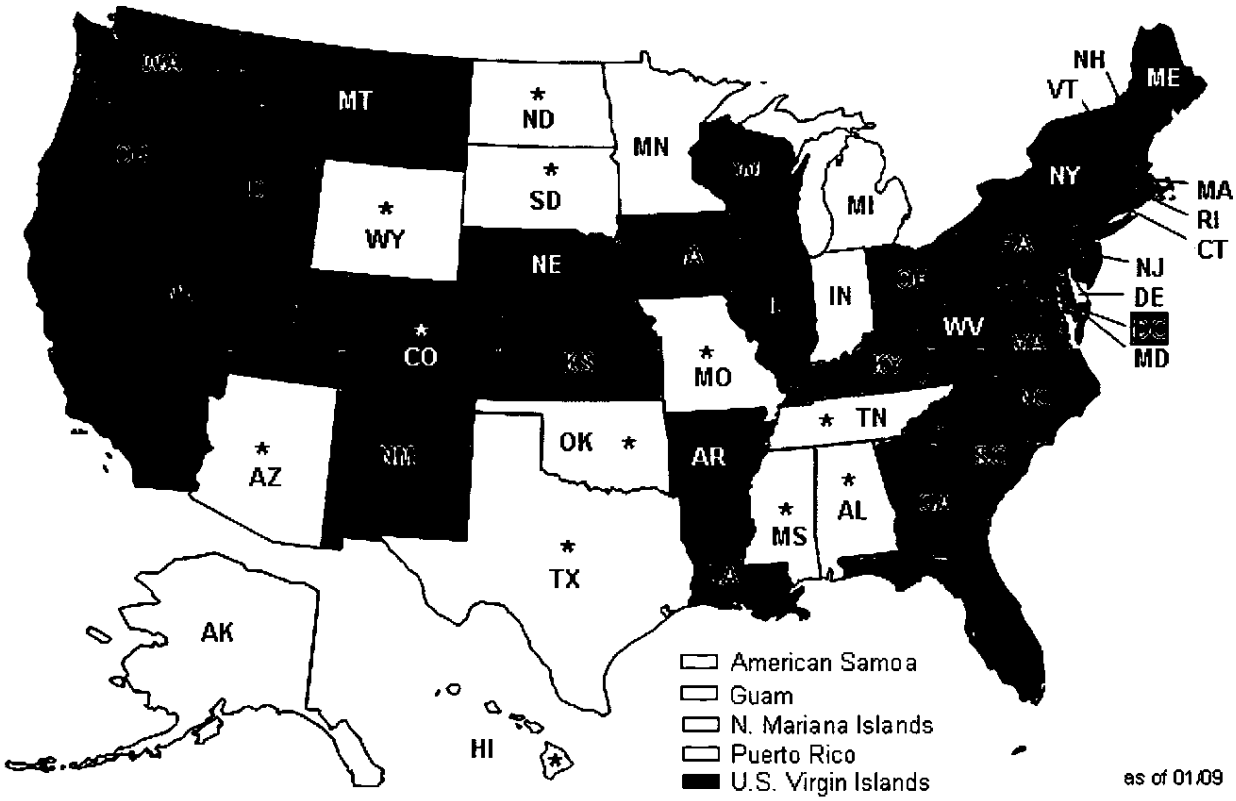
State contacts, current code status, code history, and construction data are located in the state energy codes database.

To view the energy code that is in effect for a particular state, select the State from one of the maps below, or from the drop down state list. Maps of States that can use RES*check* or COM*check* for building energy code compliance are also available.

State List

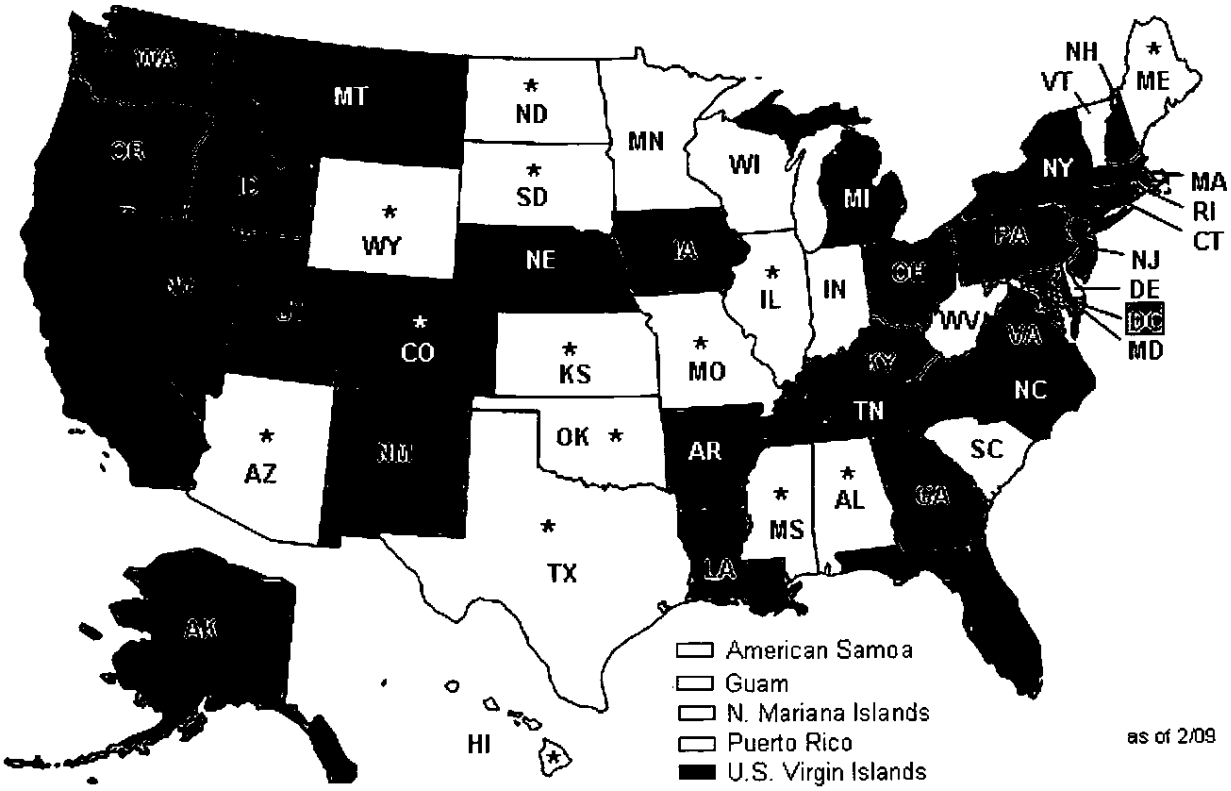
View all states' code status

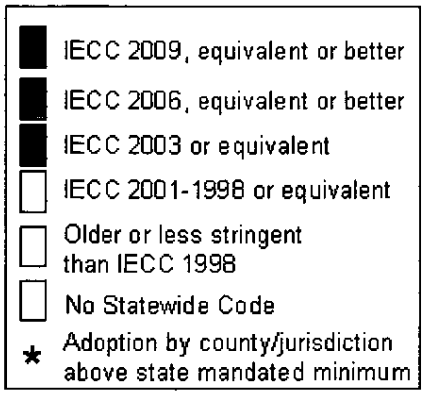
Status of Commercial Energy Codes



- ASHRAE 90.1-2007/2009 IECC, equivalent or better
- ASHRAE 90.1-2004/2006 IECC, equivalent or better
- ASHRAE 90.1-2001/2003 IECC or equivalent
- ASHRAE 90.1-1999/2001 IECC or equivalent
- ASHRAE 90.1-1989/2000 IECC or equivalent
- Older or less stringent than ASHRAE 90.1-1989/2000 IECC
- No statewide code
- * Adoption by county/jurisdiction above state mandated minimum

Status of Residential Energy Codes





For information on State Energy Program (SEP) Special Projects for Building Energy Codes, see: http://www.eere.energy.gov/state_energy_program/projects_all_by_topic.cfm/topic=10

Regional Efficiency Alliances work directly with the states to increase and coordinate energy efficiency and market transformation efforts in the U.S.

U.S. DOE Building Technologies Application Centers work directly with the states in the Pacific Northwest and Southern United States.

If you notice an error in any the information on this site, please contact us at techsupport@becp.pnl.gov or our online help form.

3/27

Community Development Block Grant Program **FY2009 Request:** **$679,900**
Reference No: **48423**

AP/AL: Appropriation
Category: Development
Location: Statewide
House District: Statewide (HD 1-40)
Estimated Project Dates: 03/16/2009 - 09/30/2010

Project Type: Economic Assistance
Recipient: Various
Contact: Tara Jollie
Contact Phone: (907)269-7959

Brief Summary and Statement of Need:
Authorization is being requested due to passage of the American Recovery and Reinvestment Act (H.R. 1). In FY2009 the Department of Commerce, Community and Economic Development will be receiving funding for the Community Development Block Grant (CDBG) program. This program provides grants (not to exceed $850,000) to municipalities for planning activities, infrastructure projects, and economic development activities which benefit low to moderate-income individuals.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$679,900						$679,900
Total:	$679,900	$0	$0	$0	$0	$0	$679,900

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Project Description/Justification:
The CDBG program provides funding for standard allowable CDBG activities meeting low-income benefit requirements including, but not limited to, property acquisition, code enforcement, clearance / rehab / reconstruction / construction of buildings, public and social services (15% limit), planning and capacity building, nonprofit development activities, economic development assistance, relocation, technical assistance, housing services, and homeownership assistance. This program has been in existence since 1983. The federal Department of Housing and Urban Development (HUD) provides the funding.

Community Services Block Grant Program **FY2009 Request: $3,960,000**
Reference No: 48422

AP/AL: Appropriation
Category: Development
Location: Statewide
House District: Statewide (HD 1-40)
Estimated Project Dates: 03/16/2009 - 09/30/2010

Project Type: Economic Assistance
Recipient: Various
Contact: Tara Jollie
Contact Phone: (907)269-7959

Brief Summary and Statement of Need:
Authorization is being requested due to passage of the American Recovery and Reinvestment Act (H.R. 1). In FY2009 the Department of Commerce, Community and Economic Development will be receiving funding for the Community Services Block Grant (CSBG) program . The CSBG program is designed to provide a range of services which assist low-income people to attain skills, knowledge and motivation necessary to achieve self-sufficiency. The program may also provide low-income people immediate life necessities such as food, shelter, medicine, etc.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,960,000						$3,960,000
Total:	$3,960,000	$0	$0	$0	$0	$0	$3,960,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Project Description/Justification:
As authorized by federal Public Law 97-35, throughout the United States the federal Department of Health and Human Services (H&HS) has designated 950 Community Action Agencies (CAAs) -- all of whom may then receive federal funding that passes-through their appropriate state agency. Within Alaska the federal H&HS has designated only one CAA -- that entity is the non-profit corporation Rural Alaska Community Action Program, referred to as RurAL CAP.

RurAL CAP's mission is to improve the quality of life for low-income rural Alaskans. This is accomplished through educational programs such as alcohol and drug abuse prevention programs, fetal alcohol syndrome prevention programs, and child development programs; adult training; affordable housing programs; advocacy for low-income individuals; and instruction on how to advocate for themselves.

American Recovery and Reinvestment Act of 2009 **FY2009 Request: $2,000,000**
Reference No: 48409

AP/AL: Appropriation with Allocations **Project Type:** Life / Health / Safety
Category: Health/Human Services
Location: Statewide **Contact:** Laura Beason
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-5273
Estimated Project Dates: 02/13/2009 - 09/30/2010

Brief Summary and Statement of Need:
Authorization is being requested due to passage of the American Recovery and Reinvestment Act of 2009 (H.R. 1). Supplemental appropriations signed by President Obama on February 16, 2009 for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for the federal fiscal year ending September 30, 2009, and for other purposes.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$2,000,000						$2,000,000
Total:	$2,000,000	$0	$0	$0	$0	$0	$2,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Air Non-Point Mobile Source Stimulus **FY2009 Request: $2,000,000**
Reference No: 48413

AP/AL: Allocation
Project Type: Life / Health / Safety
Category: Health/Human Services
Location: Statewide
Contact: Alice Edwards
House District: Statewide (HD 1-40)
Contact Phone: (907)465-5109
Estimated Project Dates: 02/13/2009 - 09/30/2010
Appropriation: American Recovery and Reinvestment Act of 2009

Brief Summary and Statement of Need:
Projects include diesel emission reduction, increasing the fuel efficiency of stationary source diesel power generation in Alaska villages, coupling use of ultra low sulfur diesel with oxidative catalysts or particulate traps, development and use of fish oil and waste vegetable oil derived biodiesel, and installation of anti-idling technologies. These funds will be managed by the Air Non-Point Mobile Source program.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$2,000,000						$2,000,000
Total:	$2,000,000	$0	$0	$0	$0	$0	$2,000,000

☐ State Match Required	☑ One-Time Project	☐ Phased - new	☐ Phased - underway	☐ On-Going
0% = Minimum State Match % Required		☐ Amendment	☐ Mental Health Bill	

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
American Recovery and Reinvestment Act of 2009: Environmental Protection Agency - State and Tribal Assistance Grants, Diesel Emission Reduction Act (DERA).

AHFC - State Energy Program **FY2009 Request: $28,563,000**
Reference No: 48435

AP/AL: Appropriation **Project Type:** Energy
Category: Health/Human Services
Location: Statewide **Contact:** Les Campbell
House District: Statewide (HD 1-40) **Contact Phone:** (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
Utilizes federal Department of Energy (DOE) for State Energy Program (SEP) special projects such as: building technologies, codes and atandards, wind and power technologies, renewable energy for remote areas, or transportation technologies.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$28,563,000						$28,563,000
Total:	$28,563,000	$0	$0	$0	$0	$0	$28,563,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	800,000	2
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	800,000	2

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

STATE ENERGY PROGRAM (SEP)
Total Funds: $28,563.0 Federal ES – FY2009 Capital Budget
Purpose: The State Energy Plan (SEP) is designed to provide a range of services which work toward the reduction of fossil fuel energy use, encourage energy efficiency and energy conservation. This wide ranging program allows funding for energy efficiency and conservation to be spent in buildings, transportation, commerce or industry. A Memorandum of Agreement between the Alaska Housing Finance Corporation and the Alaska Energy Authority under the AIDEA agrees to split this funding on a 50/50 basis.
Requirements:
- 20% non-federal match is required for original SEP, waived for American Reinvestment and Recovery Act funding.
- Restrictions on equipment capital purchases waived for American Reinvestment and Recovery Act funding.

Timing:
- The entire amount is available upon enactment. Funds must be obligated within 180 days, and spent in their entirety within three years.

Restrictions: The bill requires that in order to receive stimulus funds, the Governor of a state must notify the Secretary of Energy in writing that the Governor has obtained necessary assurances that each of the following will occur:

- The applicable state regulatory authority will seek to implement in appropriate proceedings with each utility, a general policy that ensures utility financial incentives are aligned with helping customers use energy more efficiently and provides the utility with timely cost recovery and a timely earnings opportunity
- The State or applicable local government that has authority to adopt building codes will adopt residential codes that exceed the most recently published International Energy Conservation Code or achieves equivalent/greater savings; adopt a commercial building code that meets or exceeds ANSI/ASHRAE/IESNA Standard 90.1-2007 or achieves equivalent/greater savings; a plan is developed for the jurisdiction achieving compliance to do so within 8 years of the date of enactment in at least 90 percent of new or renovated residential and commercial building space.
- The State will give priority to the extent practicable to projects that include an expansion of existing energy efficiency programs approved by the State or appropriate regulatory authority, including building and industry retrofits funded by the state or through ratepayers; the expansion of existing programs to support renewable energy projects and deployment activities and cooperation and joint activities between States to advance more efficient and effective use of this funding to support energy efficiency priorities.
- Matching funds not required on ARRA funding, 20% on Standard SEP grants
- Competitive grant information not yet available ($25 million available nationwide) AHFC is reviewing or awaiting additional federal guidance before determining whether to apply.

Recipients: Alaska Housing Finance Corporation

Sub-recipients:

- Alaska Energy Authority
- University of Alaska Cooperative Extension Service
- Other non-profit organization through competitive bid process

AHFC - Weatherization Program **FY2009 Request: $18,466,200**
Reference No: 48434

AP/AL: Appropriation **Project Type:** Renovation and Remodeling
Category: Housing/Social Services
Location: Statewide **Contact:** Les Campbell
House District: Statewide (HD 1-40) **Contact Phone:** (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
Federal U. S. Department of Energy (DOE) funds to assist low- and moderate- income families attain decent, safe, and affordable housing through the weatherization and rehabilitation of existing homes. Weatherization provides for fire safety through furnace and electrical repairs, education, chimney and woodstove repairs, and egress windows (installed during bedroom window replacements).

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$18,466,200						$18,466,200
Total:	$18,466,200	$0	$0	$0	$0	$0	$18,466,200

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	800,000	2
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	800,000	2

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

WEATHERIZATION PROGRAM
Total Funds: $18,466.2 Federal ES - FY2009 Capital Budget
Purpose: Provide funding for standard allowable Weatherization activities. The average cost per unit under DOE moves from $3,000 to $6,500. The reweatherization dates moves to 1994 (possibly more), and the income moves to 200% of poverty (lower than state guidelines). All efficiency measures must have a savings to investment ration of one or more. Health and Safety tied to implementation are allowed. Some electrical efficiency measures allowed such as lighting and refrigeration. Primary measures include attic insulation and air sealing; crawl/basement insulation and air sealing; heating system repair and replacement; ventilation, etc.
Timing Issues:
- Funding will be made available by April 1, 2009
- 75% funding must be obligated/expended prior to Sept. 30, 2010
- Will utilize five existing Subgrantees and assist with expansion at that level
- Agencies will train and hire more staff and contractors to deliver services

- Seasonal nature or some of work will delay implementation and completions

Other Restrictions

- Guidance details will be issued regarding funding
- Process for application for funds may follow public notification and hearing process
- Amendments or new grants issued to grantees

Recipients

- Grantee/recipient is AHFC-Research
- Funding will be distributed to sub-grantees that received funding in FFY08
  1. Alaska Community Development Corporation
  2. Interior Weatherization
  3. Municipality of Anchorage
  4. Rural Alaska Community Action Partnership
  5. Tanana Chiefs Conference

AHFC - Energy Efficiency and Conservation Block Grants **FY2009 Request: $8,500,000**
Reference No: 48447

AP/AL: Appropriation
Project Type: Energy
Category: Housing/Social Services
Location: Statewide
Contact: Les Campbell
House District: Statewide (HD 1-40)
Contact Phone: (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
Federal Department of Energy (DOE) funds for energy efficiency and conservation activities for communities, including but not limited to: developing/implementing an energy efficiency and conservation strategy; retaining technical consultant services to assist in the development of such a strategy.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$8,500,000						$8,500,000
Total:	$8,500,000	$0	$0	$0	$0	$0	$8,500,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

ENERGY EFFICENCY & CONSERVATION BLOCK GRANTS (EECBG)

Total Funds: $8,500.0 Federal ES – FY2009 Capital Budget (Estimated about $29 million total to Alaska, $19.8 Million direct grants to municipalities, $8.5 million to the state energy office (AHFC).)

Purpose: Provide funding for energy efficiency and conservation activities for communities, including but not limited to:

- Developing/implementing an energy efficiency and conservation strategy;
- Retaining technical consultant services to assist in the development of such a strategy;
- Conducting residential and commercial building energy audits;
- Establishing financial incentive programs for energy efficiency improvements *(e.g., loan programs, rebate programs, waive permit fees)*;
- Providing grants to nonprofit organizations to perform energy efficiency retrofits;
- Developing/implementing programs to conserve energy used in transportation *(e.g., flex time by employees, satellite work centers, promotion of zoning requirements that promote energy*

efficient development, transportation infrastructure: bike lanes/pathways, pedestrian walkways, and synchronized traffic signals);
- Developing and implementing building codes and inspection services to promote building energy efficiency;
- Implementing energy distribution technologies;
- Developing public education programs to increase participation and efficiency rates for recycling programs;
- Purchasing/implementing technologies to reduce and capture methane and other greenhouse gases generated by landfills or similar sources;
- Installing light emitting diodes (LEDs);
- Developing, implementing, and installing on or in any government building, onsite renewable energy technology that generates electricity from renewable resources (solar and wind energy, fuel cells, and biomass); and
- Any other activity as determined by the Secretary of Energy in consultation with the Secretaries of Transportation and Housing and Urban Development and the Administrator of the Environmental Protection Agency.

Timing Issues:
- Funding is available until September 30, 2010
- Recipients prioritize projects that award bid-based contracts within 180 days from funding availability
- 68% designated for cities over 35,000 or county/boroughs over 200,000; or ten largest cities will be direct recipients from US DOE
- 2% designated for Indian tribes
- 2% competitive
- Of the 28% to the state, 60% of that must be passed through to municipalities not eligible for direct funding
- Matching funds not required
- Competitive grant information not yet available. AHFC is reviewing or awaiting additional federal guidance before determining whether to apply

Other Restrictions
- Application due to US DOE within 60 days of grant guidance issue
- State has 180 days to encumber the funds
- All funding must be spent within 3 years

Recipients
- Cities and municipal governments
- Alaska Housing Finance Corporation

3/27

LABOR AND WORKFORCE DEVELOPMENT
Total ARRA Funds Available $36,085.8
Total Budget Request $3,000.0 Fed

WORKFORCE INVESTMENT ACT FUNDS

Total ARRA Funds Available: $9,161.9

Budget Request: $0 Operating

Purpose: Support efforts to prepare at-risk youth between the ages of 14 and 24 for summer and year-round employment opportunities, for adult employment and training activities, with an emphasis on low-income individuals needing assistance to obtain employment, and for dislocated worker employment and training activities. No new positions requested. Expands an existing program.

Timing Issues

- The application deadline for these funds was 3/13/09, it was submitted 3/11/09.
- Guidance that money must be spent quickly and effectively; expenditure authority expires on June 30, 2011.

Other Restrictions

- There are no state matching requirements.

Sub-Recipients

- Qualifying youth and adult clients will be served by grantees, the Job Center Network or Eligible Training Providers.

WAGNER PEYSER JOB CENTER SERVICE FUNDS

Total ARRA Funds Available: $4,304.7

Budget Request: $0 Operating

Purpose: Available for job center and labor exchange services to assist workers in obtaining employment and employers in finding qualified employees. Requesting eight PFT positions. Expands an existing program.

Timing Issues

- The application deadline for these funds was 3/13/09, it was submitted 3/12/09.
- Funding is available until September 30, 2010; expenditure authority expires on June 30, 2011.

Other Restrictions

- There are no state matching requirements.

VOCATIONAL REHABILITATION SERVICES

Total ARRA Funds Available: $1,800.0

Budget Request: $0 Operating

Purpose: Assist individuals with disabilities to obtain and retain employment. Expands an existing program.

Timing Issues:

- No separate application is necessary to receive these funds; distribution is automatic based on formula funding already being received.
- Expenditure authority expires on September 30, 2011.

Other Restrictions

- There are no state matching requirements.

Sub-Recipients

- Eligible individuals with significant disabilities served by agency staff, vendors, and grantees.

UNEMPLOYMENT INSURANCE ADMINISTRATION

Total ARRA Funds Available: $1,115.7

March 24, 2009

Budget Request: $0 Operating

Purpose: To address increased unemployment insurance workloads.

Timing Issues:

- No separate application was necessary to receive these funds; the funds were deposited directly into the UI Alaska Trust Fund on February 27, 2009.
- Expenditure authority expires on June 30, 2011.

Other Restrictions

- There are no state matching requirements.

INDEPENDENT LIVING/BLIND SERVICES

Total ARRA Funds Available: $246.2

Budget Request: $0 Operating

Purpose: Assisting individuals with disabilities to live at home. Expands an existing program.

Timing Issues:

- No separate application is necessary to receive these funds; distribution is automatic based on formula funding already being received.
- Funding is available until September 30, 2011.

Other Restrictions

- There is a 10% State match requirement which will be met using existing budgeted General Funds.

Sub-Recipients

- State Independent Living Council, Centers for Independent Living, and the Alaska Center for Blind and Visually Impaired.

SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

Total ARRA Funds Available: $507.3

Budget Request: $0 Operating

Purpose: Provides employment opportunities for low-income persons age 55 or older, to foster individual economic self-sufficiency and transition individuals to unsubsidized employment. Expands an existing program.

Timing Issues:

- The application deadline for these funds was 3/09/09, it was submitted 3/11/09, the first half of the funds were made available to the state on 3/19/09.
- Funding is available until September 30, 2010; expenditure authority expires on June 30, 2011.

Other Restrictions

- There is a 10% State match requirement which will be met using existing budgeted STEP funds.

Sub-Recipients

- Grantees providing service to qualifying seniors.

TRADE ADJUSTMENT ASSISTANCE PROGRAM

Total ARRA Funds Available: $350.0

Budget Request: $0 Operating

Purpose: Provides additional statewide administrative and client counseling and case management services.

Expands an existing program.

Timing Issues:

- At this time the department has not received instructions regarding applying for the funds.
- Funding is available until September 30, 2010; expenditure authority expires on June 30, 2011.

Other Restrictions

- There are no state matching requirements.

March 24, 2009

Recipients

- Qualifying clients.

√ECONOMIC DEVELOPMENT ADMINISTRATION

Total ARRA Funds Available: $3,000.0

Budget Request: $3,000.0 Fed FY09 Capital

Purpose: Provides additional funds necessary to complete the Alaska Vocational Technical Center culinary building replacement and cafeteria upgrade for which the construction bids are coming in $3,000.0 over the general funded FY09 capital project.

Timing Issues:

- The application deadline for these competitively awarded funds was 3/12/09, it was submitted 3/12/09.

Other Restrictions

- There are no state matching requirements.

UNEMPLOYMENT INSURANCE MODERNIZATION

Total ARRA Funds Available: $15,600.0

Budget Request: $0 Operating

Purpose: This financial incentive is available to Alaska if our unemployment insurance program includes specific eligibility criteria for unemployment insurance benefits. Based on our analysis, receipt of the incentive would require one statutory change: the addition of an alternate base period for benefit qualification. This statutory change would result in an estimated .03% increase in employer unemployment insurance rates; however this would be offset with the statutory reduction in the employer share of UI costs in FY 10. Incentive funds may be used to pay unemployment insurance benefits, or, subject to appropriation, maintain and support existing UI and Employment Service operations.

Timing Issues:

- Must apply for funds by September 30, 2011.
- Federal guidance is that these funds will not terminate until fully expended..

Other Restrictions

- There are no state matching requirements.

March 24, 2009

Dropout Rates in Alaska
Fact Sheet

The Dropout Rate is computed by dividing the number of dropouts in the current school year by the number of students enrolled in grades 7-12 on October 1 of the current school year. School year is defined as the12-month period beginning with July 1 and ending June 30.

A **Dropout** is defined as a student who was enrolled in the district at some time during the school year and whose enrollment terminated. This does not include an individual who:

- graduated from high school or completed a state or district approved education program, as evidenced by receipt of formal recognition from school authorities;
- transferred to another public school, private school or state or district approved education program;
- is temporarily absent due to suspension;
- is absent due to illness or medical condition;
- died.

The statewide Dropout Rate has decreased as well as the number of dropouts for three consecutive years:

School Year	Dropout Rate	Dropout Count (Grades 7-12)
2005	6.0%	3,791
2006	5.8%	3,642
2007	5.5%	3,434
2008	5.2%	3,232

The Alaska Native/American Indian Dropout Rate has not reflected the proportionate decrease over the same time period:

School Year	Dropout Rate	Dropout Count (Grades 7-12)
2005	8.2%	1,276
2006	8.4%	1,333
2007	8.3%	1,299
2008	8.5%	1,224

In 2007-2008 Alaska showed a wide range in difference with district by district comparisons of Dropout Rates. Four districts reported 0 dropouts. Two districts reported over 25% Dropout Rates. Both districts with the highest rates, Delta/Greely School District and the Nenana City School District, had a large percentage of dropouts reported in the statewide correspondence schools.

Graduation Rates in Alaska
Fact Sheet

The Graduation Rate is reported as a fraction. The numerator is the sum of the number of graduates receiving a regular diploma before June 30. The denominator is the sum of the number of graduates, plus the number of dropouts in grade nine three school years prior, plus the number of unduplicated dropouts in grade ten two school years prior, plus the number of unduplicated dropouts in grade eleven in the prior school year, plus the number of unduplicated dropouts in grade 12 during the current year, plus the number of grade 12 continuing students.

A **graduate** is defined as a student who was received a regular diploma from a state- or district-approved education program, as evidenced by receipt of a secondary school diploma from school authorities. Any student who receives a diploma under a waiver from the competency examination required under AS 14.03075 (a), as specified by the state board is considered to be a graduate. This does not include an individual who:

- receives a certificate of completion;
- receives a certificate of attendance;

The statewide Graduation Rate has remained relatively consistent over the last five years, however the number of graduates has increased for four consecutive years:

School Year	Graduation Rate	Graduate Count
2004	62.9%	7,290
2005	61.4%	6,905
2006	61.6%	7,361
2007	63.0%	7,666
2008	62.6%	7,855

The Alaska Native/American Indian Graduation Rate has shown improvement over the same five year time period:

School Year	Graduation Rate	Graduate Count
2004	46.1%	1,327
2005	43.2%	1,233
2006	45.1%	1,442
2007	51.2%	1,689
2008	48.1%	1,523

Please note that the new Graduation Rate required by the Final Title 1 Regulations under NCLB will use a different calculation. The new Graduation Rate, also known as the Four-Year Adjusted Cohort Rate, will follow an actual group of students across four years of high school. Alaska will no longer be incorporating prior years' counts of dropouts to calculate the Graduation Rate.

6520

Alaska Dept. of Education
and Early Development

2008 Graduation Rates
Alaska Public Schools

3/27/2009

District Totals

Graduation Rate

School Year			2008 High School Graduates	2008 Grade 12 Continuing Students	2008 Grade 12 Dropouts	2007 Grade 11 Dropouts	2006 Grade 10 Dropouts	2005 Grade 9 Dropouts	2008 Graduation Rate
2007-2008									
		STATEWIDE	7,855	1,549	1,038	776	693	638	62.6%

District Number	District Name	2008 High School Graduates	2008 Grade 12 Continuing Students	2008 Grade 12 Dropouts	2007 Grade 11 Dropouts	2006 Grade 10 Dropouts	2005 Grade 9 Dropouts	2008 Graduation Rate
03	Alaska Gateway	24	2	0	4	4	0	70.6%
04	Aleutian Region	0	0	0	0	0	0	#DIV/0!
56	Aleutians East	18	1	1	0	1	1	81.8%
05	Anchorage	2,963	634	373	241	233	148	64.5%
06	Annette Island	26	0	2	2	2	1	78.8%
07	Bering Strait	71	58	49	15	16	16	31.6%
08	Bristol Bay	15	0	1	0	1	0	88.2%
09	Chatham	9	1	1	0	0	1	75.0%
10	Chugach	4	5	3	0	2	0	28.6%
11	Copper River	39	5	2	1	0	4	76.5%
12	Cordova City	42	0	1	1	1	0	93.3%
13	Craig City	24	4	5	0	3	1	64.9%
14	Delta-Greely	62	6	28	112	51	33	21.2%
02	Denali	17	3	1	0	1	0	77.3%
15	Dillingham	34	12	7	5	5	5	50.0%
16	Fairbanks	826	207	149	98	74	123	55.9%
17	Galena	181	121	43	14	1	1	50.1%
18	Haines	34	1	0	2	0	1	89.5%
19	Hoonah	14	3	0	2	0	4	60.9%
20	Hydaburg	4	0	2	0	0	0	66.7%
21	Iditarod	17	3	8	6	3	1	44.7%
22	Juneau	418	22	37	20	41	24	74.4%
23	Kake	5	1	1	2	1	1	45.5%
55	Kashunamiut	8	14	0	2	2	8	23.5%
24	Kenai Peninsula	623	82	49	53	42	18	71.9%
25	Ketchikan	125	23	47	15	12	22	51.2%
27	Klawock	8	0	1	2	1	1	61.5%
28	Kodiak Island	185	21	15	9	8	0	77.7%
29	Kuspuk	37	2	7	1	3	3	69.8%

District Totals

Graduation Rate

School Year			2008 High School Graduates	2008 Grade 12 Continuing Students	2008 Grade 12 Dropouts	2007 Grade 11 Dropouts	2006 Grade 10 Dropouts	2005 Grade 9 Dropouts	2008 Graduation Rate
2007-2008									
		STATEWIDE	**7,855**	**1,549**	**1,038**	**776**	**693**	**638**	**62.6%**

District Number	District Name	2008 High School Graduates	2008 Grade 12 Continuing Students	2008 Grade 12 Dropouts	2007 Grade 11 Dropouts	2006 Grade 10 Dropouts	2005 Grade 9 Dropouts	2008 Graduation Rate
30	Lake and Peninsula	25	20	3	3	3	0	46.3%
31	Lower Kuskokwim	134	21	15	23	38	39	49.6%
32	Lower Yukon	112	59	36	2	0	3	52.8%
33	Mat-Su	932	94	69	69	84	84	70.0%
98	Mt Edgecumbe	69	5	0	0	0	0	93.2%
34	Nenana	58	28	41	6	7	10	38.7%
35	Nome	35	0	5	2	5	5	67.3%
36	North Slope	104	20	7	17	12	23	56.8%
37	Northwest Arctic	98	5	6	12	18	13	64.5%
38	Pelican	0	0	0	0	0	0	#DIV/0!
39	Petersburg	49	0	0	8	1	1	83.1%
40	Pribilof	4	0	0	1	0	0	80.0%
46	Saint Mary's	12	2	0	1	0	2	70.6%
42	Sitka	109	13	3	5	5	2	79.6%
43	Skagway	14	0	1	1	0	0	87.5%
44	Southeast Island	8	0	1	0	3	0	66.7%
45	Southwest Region	28	5	1	4	4	4	60.9%
53	Tanana	5	0	0	0	1	2	62.5%
47	Unalaska	30	0	0	0	0	0	100.0%
48	Valdez	61	2	1	3	1	1	88.4%
49	Wrangell	29	0	0	2	0	1	90.6%
50	Yakutat	12	0	3	0	0	0	80.0%
51	Yukon Flats	18	0	3	0	1	1	78.3%
52	Yukon-Koyukuk	53	38	9	3	1	18	43.4%
54	Yupiit	23	6	1	7	1	12	46.0%

Alaska Public School Dropouts
Grades 7-12

District Name	2008 Dropouts	10/1/2007 Enrollment Grades 7-12	2008 Dropout Rate
Alaska Gateway Schools	8	179	4.5%
Aleutian Region Schools	0	18	0.0%
Aleutians East Borough Schools	4	115	3.5%
Anchorage Schools	895	22,972	3.9%
Annette Island Schools	5	137	3.6%
Bering Strait Schools	80	746	10.7%
Bristol Bay Borough Schools	1	86	1.2%
Chatham Schools	3	86	3.5%
Chugach Schools	4	84	4.8%
Copper River Schools	5	263	1.9%
Cordova City Schools	3	205	1.5%
Craig City Schools	14	296	4.7%
Delta/Greely Schools	180	675	26.7%
Denali Borough Schools	2	261	0.8%
Dillingham City Schools	19	240	7.9%
Fairbanks North Star Borough Schools	318	6,590	4.8%
Galena City Schools	92	1,674	5.5%
Haines Borough Schools	1	164	0.6%
Hoonah City Schools	1	71	1.4%
Hydaburg Schools	2	37	5.4%
Iditarod Area Schools	19	167	11.4%
Juneau Borough Schools	130	2,554	5.1%
Kake City Schools	1	51	2.0%
Kashunamiut Schools	0	154	0.0%
Kenai Peninsula Borough Schools	215	4,733	4.5%
Ketchikan Gateway Borough Schools	102	1,076	9.5%
Klawock City Schools	4	67	6.0%
Kodiak Island Borough Schools	47	1,265	3.7%
Kuspuk School District	14	188	7.4%
Lake & Peninsula Borough Schools	6	206	2.9%
Lower Kuskokwim Schools	128	1,535	8.3%
Lower Yukon Schools	79	866	9.1%
Mat-Su Borough Schools	328	7,782	4.2%
Mt. Edgecumbe High School	0	405	0.0%
Nenana City Schools	201	629	32.0%
Nome City Schools	25	340	7.4%
North Slope Borough Schools	50	771	6.5%
Northwest Arctic Borough Schools	113	861	13.1%
Pelican Schools	1	9	11.1%
Petersburg City Schools	3	275	1.1%
Pribilof Islands Schools	0	47	0.0%
Saint Mary's Schools	3	85	3.5%
Sitka Borough Schools	23	659	3.5%
Skagway City Schools	2	56	3.6%
Southeast Island Schools	7	79	8.9%
Southwest Region Schools	7	305	2.3%
Tanana Schools	3	31	9.7%
Unalaska City Schools	1	166	0.6%
Valdez City Schools	2	354	0.6%
Wrangell City Schools	1	196	0.5%
Yakutat City Schools	4	69	5.8%
Yukon Flats Schools	14	116	12.1%
Yukon/Koyukuk Schools	28	630	4.4%
Yupiit Schools	34	197	17.3%
Statewide	**3,232**	**61,823**	**5.2%**

THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

SAVING AND CREATING JOBS AND REFORMING EDUCATION

In a global economy where the most valuable skill you can sell is your knowledge, a good education is no longer just a pathway to opportunity— it is a pre-requisite. The countries that out-teach us today will out-compete us tomorrow.

—President Barack Obama, Feb. 24, 2009

The *American Recovery and Reinvestment Act of 2009* (*ARRA*) provides approximately $100 billion for education, creating a historic opportunity to save hundreds of thousands of jobs, support states and school districts, and advance reforms and improvements that will create long-lasting results for our students and our nation including early learning, K-12, and post-secondary education. This document describes the principles and strategy that will guide the distribution and implementation of the *ARRA* funds appropriated to the U.S. Department of Education. Accompanying documents provide initial guidelines for three components of *ARRA* education funding: the State Fiscal Stabilization Fund (SFSF), Title I, Part A of the *Elementary and Secondary Education Act* (Title I), and the *Individuals with Disabilities Education Act* (*IDEA*), Part B. Separately, we will issue guidelines on other *ARRA* funds as they are developed. The Department will periodically provide updated information at www.ed.gov.

Principles: The overall goals of the *ARRA* are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of our nation. The success of the education part of the *ARRA* will depend on the shared commitment and responsibility of students, parents, teachers, principals, superintendents, education boards, college presidents, state school chiefs, governors, local officials, and federal officials. Collectively, we must advance *ARRA*'s short-term economic goals by investing quickly, and we must support *ARRA*'s long-term economic goals by investing wisely, using these funds to strengthen education, drive reforms, and improve results for students from early learning through post-secondary education. Four principles guide the distribution and use of *ARRA* funds:

a. **Spend funds quickly to save and create jobs.** *ARRA* funds will be distributed quickly to states, local educational agencies and other entities in order to avert layoffs, create and save jobs and improve student achievement. States and LEAs in turn are urged to move rapidly to develop plans for using

5523

funds, consistent with the law's reporting and accountability requirements, and to promptly begin spending funds to help drive the nation's economic recovery.

b. **Improve student achievement through school improvement and reform.** ARRA funds should be used to improve student achievement. In addition, the SFSF provides funds to close the achievement gap, help students from all backgrounds achieve high standards, and address four specific areas that are authorized under bipartisan education legislation – including the Elementary and Secondary Education Act and the America Competes Act of 2007:

    1. Making progress toward rigorous college- and career-ready standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;

    2. Establishing pre-K-to college and career data systems that track progress and foster continuous improvement;

    3. Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;

    4. Providing intensive support and effective interventions for the lowest-performing schools.

c. **Ensure transparency, reporting and accountability.** To prevent fraud and abuse, support the most effective uses of *ARRA* funds, and accurately measure and track results, recipients must publicly report on how funds are used. Due to the unprecedented scope and importance of this investment, *ARRA* funds are subject to additional and more rigorous reporting requirements than normally apply to grant recipients.

d. **Invest one-time *ARRA* funds thoughtfully to minimize the "funding cliff."** *ARRA* represents a historic infusion of funds that is expected to be temporary. Depending on the program, these funds are available for only two to three years. These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires.

Categories of funds and schedule for distribution: Balancing the need for speedy investments and for rigorous accountability and transparency, the Department has designed the following approaches for distributing different categories of funds. Some funds will be distributed in stages to states on a formula basis and then distributed from states to local education agencies (LEAs) or institutions of higher education (IHEs) for use over the next two school years (2009–10 and 2010–11); some funds will be distributed all at once; some funds will be distributed through a competitive grant process.

The *ARRA* Pell grant and work study funding will be used for school year 2009–2010. These funds are available, pending disbursement, beginning July 1.

- Pell Grants—$17.1 billion. This will increase the maximum Pell award for all eligible students from $4,850 to $5,350.

- Work Study—$200 million.

The funds under the SFSF, Title I, Part A and *IDEA*, Part B will be available in two stages. Funds from these very large programs are to be delivered by formula from the Department to the states. The Department will release 50 percent of Title I, Part A and 50 percent of *IDEA*, Part B funds before the end of March 2009, without requiring new state applications. Streamlined, user-friendly applications for the initial 67 percent of the SFSF will be available to governors by the end of March, and funds will be made available by the Department within two weeks after receipt of an approvable application. For these three categories of funds, we expect to make available the remainder of the funds during the period July 1 to Sept. 30, 2009, conditioned on states providing additional information. The guidelines for securing these funds will be available on our Web site at www.ed.gov.

- SFSF delivered to the state governors ($48.6 billion)
    - $39.8 billion is devoted to public early learning, K-12, and higher education. This amount must be distributed by formulae from the state to local education agencies and through a mechanism determined by the state to institutions of higher education.
    - $8.8 billion is allocated to governors for education (including school modernization), public safety, or other government services.
- Title I, Part A ($10 billion) to State educational agencies.
- *IDEA*, Part B ($11.7 billion) to State educational agencies.

A minimum of 50 percent of the funds for the following programs will also be available by the end of March as soon as guidelines are issued:

- *IDEA* Part C ($500 million).
- Vocational Rehabilitation State Grants ($540 million).

For the following programs under $500 million, all of the formula funds will be available by the end of March:

- Impact Aid Construction ($100 million: only 40 percent will be distributed by formula; 60 percent will be distributed through competitive grants at a later date).
- Independent Living Services ($140 million; only $52.5 million will be distributed by formula; remaining $87.5 will be distributed by competitive grants at a later date).
- Education for Homeless Youth ($70 million).

For the following programs, funds will be made available beginning in fall 2009, and will be conditioned upon receipt of further information that will be outlined in future guidance:

- Title I School Improvement Grants ($3 billion).

- Educational Technology State Grants ($650 million).

The following funds will be made available beginning in fall 2009, based on the quality of the applications submitted through a competitive grant process. Guidelines for these funds will be posted shortly:

- Teacher Incentive Fund ($200 million).
- Teacher Quality Enhancement ($100 million).
- Statewide Data Systems ($250 million).

Under the $5 billion in SFSF reserved for the Secretary of Education to make competitive grants, the Department will conduct a national competition among states for a $4.35 billion state incentive "Race to the Top" fund to improve education quality and results statewide. The Race to the Top fund will help states drive substantial gains in student achievement by supporting states making dramatic progress on the four reform goals described above and effectively using other *ARRA* funds. $650 million of the $5 billion will be set aside in the "Invest in What Works and Innovation" fund and be available through a competition to districts and non-profit groups with a strong track record of results. Guidelines and applications for the competitive funds will be posted expeditiously. Race to the Top grants will be made in two rounds—fall 2009 and spring 2010).

In the coming months, the Department will also announce opportunities to compete for discretionary funds under non-*ARRA* programs. The priorities for these competitions will be aligned with the reform goals of the Race to the Top fund, and will recognize states and LEAs that optimize the use of the varied funding streams provided under *ARRA*. In addition, the Department will identify technical assistance resources to help states and localities effectively implement the most promising and evidence-based reforms using all relevant federal, state, and local resources. With federal funds available for R&D, the Department also hopes to work with schools to support rigorous testing of interventions that states and districts support with *ARRA* funds, to build the knowledge base about what works.

What must states do to receive SFSF, Title I, Part A and *IDEA*, Part B funds? States will receive initial Title I, Part A and *IDEA*, Part B funds under pre-existing applications. For the first round of state stabilization funds, governors must provide three things:

- Assurances that they are advancing the four reforms described in the statute and maintenance of effort;
- Baseline data on their current status in each of these areas; and
- Basic information on how the funds will be used.

The Department intends to provide governors with a streamlined, user-friendly initial SFSF application package.

For the second round of funds, state educational agencies (SEAs) must provide information regarding their ability to meet reporting requirements under the *ARRA* under Title I, Part A and *IDEA,* Part B. In the case of the SFSF, governors must provide plans outlining the state's plans and progress in the four reform areas described above. As part of its application for the second part of the SFSF, a state must describe how the state and its LEAs plan to use SFSF and other funding in a fiscally prudent way that substantially improves teaching and learning. Governors and chief state school officers should work closely with other state and local officials in the state to develop effective data reporting systems and plans that will meet the assurances required by SFSF.

Conclusion: This distribution strategy balances the need for speed and economic stimulus with the need for aggressive and effective education improvement and reform in order to drive our nation's long-term economic well-being. It provides significant resources quickly while giving states and local educational agencies time to carefully plan thoughtful use of funds. It seeks to align the use of the funds provided through SFSF, Title I, *IDEA* and state incentive grants, with the purposes of prudent investment under the *ARRA* and improving student achievement. Success will depend on the quality of leadership, judgment, coordination, and communication of all involved. It represents a historic opportunity to restore America's global leadership in education.

STATE FISCAL STABILIZATION FUND

The State Fiscal Stabilization Fund (SFSF) program is a new one-time appropriation of $53.6 billion under the *American Recovery and Reinvestment Act of 2009* (*ARRA*). Of the amount appropriated, the U. S. Department of Education will award governors approximately $48.6 billion by formula under the SFSF program in exchange for a commitment to advance essential education reforms to benefit students from early learning through post-secondary education, including: college- and career- ready standards and high-quality, valid and reliable assessments for all students; development and use of pre-K through post-secondary and career data systems; increasing teacher effectiveness and ensuring an equitable distribution of qualified teachers; and turning around the lowest-performing schools.

These funds will help stabilize state and local government budgets in order to minimize and avoid reductions in education and other essential public services. The program will help ensure that local educational agencies (LEAs) and publicly funded institutions of higher education (IHEs) have the resources to avert cuts and retain teachers and professors. The program may also help support the modernization, renovation, and repair of school and college facilities. In addition, the law provides governors with significant resources to support education (including school modernization renovation, and repair), public safety, and other government services. The Department will award the remaining $5 billion competitively under the "Race to the Top" and "Investing in What Works and Innovation" programs.

SFSF is a key element of the *ARRA* and is guided by the principles of *ARRA*.

Overview of *ARRA*

Principles: The overall goals of the *ARRA* are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of our nation. The success of the education part of the *ARRA* will depend on the shared commitment and responsibility of students, parents, teachers, principals, superintendents, education boards, college presidents, state school chiefs, governors, local officials, and federal officials. Collectively, we must advance *ARRA*'s short-term economic goals by investing quickly, and we must support *ARRA*'s long-term economic goals by investing wisely, using these funds to strengthen education, drive reforms, and improve results for students from early learning through college. Four principles guide the distribution and use of *ARRA* funds:

a. **Spend funds quickly to save and create jobs.** *ARRA* funds will be distributed quickly to states, LEAs and other entities in order to avert layoffs and create jobs. States and LEAs in turn are urged to move rapidly to develop plans for using funds, consistent with the law's reporting and accountability requirements, and to promptly begin spending funds to help drive the nation's economic recovery.

5528

b. **Improve student achievement through school improvement and reform.** *ARRA* funds should be used to improve student achievement and help close the achievement gap. In addition, the SFSF requires progress on four reforms previously authorized under the bipartisan Elementary and Secondary Education Act and the America Competes Act of 2007:

   1. Making progress toward rigorous college- and career-ready standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;

   2. Establishing pre-K-to college and career data systems that track progress and foster continuous improvement;

   3. Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;

   4. Providing intensive support and effective interventions for the lowest-performing schools.

c. **Ensure transparency, reporting and accountability.** To prevent fraud and abuse, support the most effective uses of *ARRA* funds, and accurately measure and track results, recipients must publicly report on how funds are used. Due to the unprecedented scope and importance of this investment, *ARRA* funds are subject to additional and more rigorous reporting requirements than normally apply to grant recipients.

d. **Invest one-time *ARRA* funds thoughtfully to minimize the "funding cliff."** *ARRA* represents a historic infusion of funds that is expected to be temporary. Depending on the program, these funds are available for only two to three years. These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires.

Awarding SFSF Grants

- In order to help alleviate the substantial budget shortfalls that states are facing, the Department has developed a streamlined, user-friendly process for expeditiously providing to states SFSF allocations:
  - Sixty-one percent of a state's allocations will be on the basis of their relative population of individuals aged 5 to 24, and 39 percent will be based on relative shares of total population.

  - The Department will award SFSF funds to governors in two phases. To receive its initial SFSF allocation, a state must submit to the Department an application that provides (1) assurances that the state is committed to advancing education reform in four specific areas (described below); (2) baseline data that

5529

- As part of its application for initial funding, the state must assure that it will take actions to: (a) increase teacher effectiveness and address inequities in the distribution of highly qualified teachers; (b) establish and use pre-K-through-college and career data systems to track progress and foster continuous improvement; (c) make progress toward rigorous college- and career-ready standards and high-quality assessments; and (d) support targeted, intensive support and effective interventions to turn around schools identified for corrective action and restructuring.

- Within two weeks of receipt of an approvable SFSF application, the Department will provide a state with 67 percent of its SFSF allocation.

- A state will receive the remaining portion of its SFSF allocation after the Department approves the state's plan detailing its strategies for addressing the education reform objectives described in the assurances. This plan must also describe how the state is implementing the record-keeping and reporting requirements under *ARRA* and how SFSF and other funding will be used in a fiscally prudent way that substantially improves teaching and learning.

- In the near future, the Department will issue guidance on the specific requirements that a state must meet to receive its phase two allocation. The Department anticipates that the phase-two funds will be awarded beginning July 1, 2009, on a rolling basis.

- If a state demonstrates that the amount of funds it will receive in phase one (67 percent of its total stabilization allocation) is insufficient to prevent the immediate layoff of personnel by LEAs, state educational agencies, or publicly funded institutions of higher education, the Department will award the state up to 90 percent of its SFSF allocation in phase one. In such cases, the remaining portion of the state's allocation will be provided after the Department approves the state's plan.

- Of the amount appropriated for the SFSF, the Department will use at least $4.35 billion to make competitive grants under the "Race to the Top" fund. These grants will help states to drive significant improvement in student achievement, including through making progress toward the four assurances noted above.

- The Department will use up to $650 million to make competitive awards under the "Invest in What Works and Innovation" fund. These awards will reward LEAs or nonprofit organizations that have made significant gains in closing achievement gaps to serve as models for best practices.

Funds to Restore Support for Education

- States must use 81.8 percent of SFSF funds for the support of public elementary, secondary, and higher education, and, as applicable, early childhood education programs and services.
- States must use their allocations to help restore for FY 2009, 2010, and 2011 support for public elementary, secondary, and postsecondary education to the greater of the FY 2008 or FY 2009 level. The funds needed to restore support for elementary and secondary education must be run through the state's primary elementary and secondary education funding formulae. The funds for higher education must go to IHEs.
- If any SFSF funds remain after the state has restored state support for elementary and secondary education and higher education, the state must award the funds to LEAs on the basis of the relative Title I shares but not subject to Title I program requirements.

Funds to Support Public Safety and Other Government Services

- States must use 18.2 percent of the SFSF funds for education (school modernization, renovation, and repair), public safety, and other government services. This may include assistance for early learning, elementary and secondary education, and IHEs. In addition, states may use these funds for modernization, renovation, or repair of public school and public or private college facilities.

LEA and IHE Uses of Funds

- LEAs and IHEs should use funds consistent with the intent and overall goals of *ARRA*: to create and save jobs and to advance the education reforms set forth in the assurances section so as to produce lasting results for students from early learning to college. LEAs and IHEs are also encouraged to consider uses of funds that create lasting results without creating unsustainable recurring costs.
- Subject to limited restrictions in *ARRA* as defined in further guidance LEAs may use their share of 81.8% of the SFSF education funds for any activity authorized under the *Elementary and Secondary Education Act of 1965* (*ESEA*) (which includes the modernization, renovation, or repair of public school facilities), the *Individuals with Disabilities Education Act* (*IDEA*), the *Adult Education and Family Literacy Act* (*Adult Education Act*), or the *Carl D. Perkins Career and Technical Education Act of 2006* (*Perkins Act*).
- Any funds that an LEA receives from the 81.8 percent of the SFSF program (whether distributed through the state's primary funding formulae or on the basis of the relative Title I, Part A) may be used for any activity listed in the above paragraph.
- LEAs may use SFSF to pay salaries to avoid having to lay off teachers and other school employees.
- To the extent LEAs use funds for modernization, renovation or repair, they should consider the use of facilities for early childhood education and for the community and should create "green" buildings.
- Subject to limited restrictions in *ARRA*, IHEs may use program funds for: (1) education and general expenditures, and in such a way as to mitigate the need to raise tuition and

fees for in-state students; or (2) the modernization, renovation, or repair of IHE facilities that are primarily used for instruction, research, or student housing. IHEs may not use funds to increase their endowments.

Fiscal Issues

- The Department strongly encourages governors to award or otherwise commit program funds as soon as possible after receipt of their grant awards. However, funds are available for obligation at the state and local levels until Sept. 30, 2011.
- As part of the state's application, each governor must include an assurance that the state will maintain the same level of support for elementary, secondary, and postsecondary education in FY 2009 through FY 2011 as it did in FY 2006. However, the statute authorizes the Department to waive this maintenance-of-effort requirement under certain conditions.
- With prior approval from the secretary of education, a state or LEA may count program funds used for elementary or secondary education as non-federal funds to maintain fiscal effort under Department of Education programs that have maintenance-of-effort requirements.

Accountability Principles

- The president and secretary are committed to spending *ARRA* dollars with an unprecedented level of transparency and accountability. Therefore, states and LEAs that receive SFSF should expect to report on how those funds were spent and the results of those expenditures. The administration will post reports on *ARRA* expenditures on the www.Recovery.gov Web site.
- The SFSF authorization also contains specific reporting requirements to help ensure transparency and accountability for program funds. For example, states must report to the Department on, among other things: (1) the use of funds provided under the SFSF program; (2) the estimated number of jobs created or saved with program funds; (3) estimated tax increases that were averted as a result of program funds; and (4) the state's progress in the areas covered by the application assurances.
- States must maintain records that will permit the Department to monitor, evaluate, and audit the SFSF effectively.

Additional Information

- In the near future, the Department will make available the SFSF grant application and provide detailed program guidance.
- If you have any questions or concerns, please e-mail them to: State.Fiscal.Fund@ed.gov.

American Recovery and Reinvestment Act of 2009

State Fiscal Stabilization Fund (SFSF)

- 48.6 billion total nationally
- 67% upon receipt by USED of States application
- Remaining after approval of application, or fall '09

Assurances that must be agreed upon to accept SFSF –

1. Making progress toward rigorous college- and career-ready standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;
2. Establishing pre-K-to college and career data systems that track progress and foster continuous improvement;
3. Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;
4. Providing intensive support and effective interventions for the lowest-performing schools.

Base Stabilization Fund

- 81.8% of the funding – 39.8 billion total nationally
- $93 million in Alaska

  Process

  Funds to Restore Support for Education
  - States must use 81.8 percent of SFSF funds for the support of public elementary, secondary, and higher education, and, as applicable, early childhood education programs and services.
  - States must use their allocations to help restore for FY 2009, 2010, and 2011 support for public elementary, secondary, and postsecondary education to the greater of the FY 2008 or FY 2009 level. The funds needed to restore support for elementary and secondary education must be run through the state's primary elementary and secondary education funding formulae. The funds for higher education must go to IHEs.
  - If any SFSF funds remain after the state has restored state support for elementary and secondary education and higher education, the state must award the funds to LEAs on the basis of the relative Title I shares but not subject to Title I program requirements.
  - LEA Use: to create and save jobs and to advance the education reforms set forth in the assurances section so as to produce lasting results for students from early learning to college. An LEA can use the funds, while advancing the four assurances required to accept the SFSF money, for the following programs:
    - ESEA
    - IDEA

- Adult Family Literacy Act
- Perkins
- Repair, modernization or Renovation of Public School Facilities

Discretionary Stabilization Fund

- 18.2%
- $20.7 million in Alaska
- Governor can utilize for education, safety or other government services

Incentive Grants

- $4.35 billion total nationally
- Competitive grants
- Secretary is referring to grants as "Race To The Top" grants
- Fall 2009 (FY 2010) – 30% in December '09 and 70% in May/June/July '10
- Application
  - Status on assurances
  - How groups not meeting AYP will make progress toward targets
  - Achievement and graduation rates
  - How will funds be used to improve achievement
  - Evaluation plan
- For a state that seeks and receives funding 50% of funding will be provided via grants to LEAs based on Title I-A formula for most recent year
- USED wants to pick 10-15 states or consortia (consortia strongly encouraged)
- USED is looking for states who do something dramatically different

Innovative Funds

- $650 million total nationally
- Fall 2009 and spring 2010
- Expand work and serve as models for best practices; allow work with the private sector; document best practices – and take to scale; invest in What Works and Innovation
- States not eligible
- Eligible applicants include L.E.A.s, other Agencies or Consortia – with strong track records of results
- Application
  - Significantly closing achievement gaps or increase student achievement
  - Exceeding states AMO
  - Significant improvement in other areas, such as graduation rates, recruitment, placement of HQT and school leaders
  - Partnerships with private sector, including philanthropic that will provide match to help bring results

Grants not related SFSF

Teacher Incentive Fund

- $200 million total
- Fall 2009
- Competitive grants
- LEA.s, states, or partnerships of one or more LEAs or states and at least one non-profit organization
- Ideas promoted include:
  - Performance-based teacher and principal compensation
  - High needs schools (30% of its enrollment low-income)
  - Must consider gains in student achievement
  - Multiple classroom evaluations
  - Incentives for educators to take on additional responsibility
- I.E.S. must evaluate rigorously

Longitudinal Data Systems

- $250 million (Up to $5m may be used to fund Data Coordinator for States), FY 09 money
- Fall 2009 (50% June/July, 50% Sept/Oct) – Audio conferences already taking place on first round of RFPs
- Competitive grants to SEAs
- Link P-16, teacher ID linked to student data, and workforce information
- Work toward meeting the America COMPETES act
- Institute of Educational Sciences at USED will Administer

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
TITLE I, PART A RECOVERY FUNDS FOR GRANTS TO LOCAL EDUCATION AGENCIES

The *American Recovery and Reinvestment Act of 2009* (*ARRA*) provides significant new funding for programs under Title I, Part A of the *Elementary and Secondary Education Act of 1965* (Title I). Specifically, the *ARRA* provides $10 billion in additional fiscal year (FY) 2009 Title I, Part A funds to local education agencies (LEAs) for schools that have high concentrations of students from families that live in poverty in order to help improve teaching and learning for students most at risk of failing to meet state academic achievement standards. These funds create an unprecedented opportunity for educators to implement innovative strategies in Title I schools that improve education for at-risk students and close the achievement gaps while also stimulating the economy. The additional resources will enable LEAs to serve more students beyond the approximately 18 million currently served and boost the quality of teaching and learning. Preliminary estimates of Title I, Part A recovery allocations to each state and LEA are available at: http://www.ed.gov/about/overview/budget/news.html#ARRA.

This document provides states and LEAs with basic information regarding how and when Title I, Part A recovery funds will be awarded by the U.S. Department of Education. In the coming weeks, the Department will provide more guidance regarding these funds, including how they should be used, the submission of waiver requests, and the reporting requirements. It also will provide information about Title I School Improvement grants, for which a $3 billion appropriation will be made available beginning fall 2009. Additional information and documents will be posted on www.ed.gov.

Title I, Part A recovery funds are a key element of the *ARRA* principles as described below.

Overview of *ARRA*

Principles: The overall goals of the *ARRA* are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of our nation. The success of the education part of the *ARRA* will depend on the shared commitment and responsibility of students, parents, teachers, principals, superintendents, education boards, college presidents, state school chiefs, governors, local officials, and federal officials. Collectively, we must advance *ARRA*'s short-term economic goals by investing quickly, and we must support *ARRA*'s long-term economic goals by investing wisely, using these funds to strengthen education, drive reforms, and improve results for students from early learning through college. Four principles guide the distribution and use of *ARRA* funds:

a. **Spend funds quickly to save and create jobs.** *ARRA* funds will be distributed quickly to states, LEAs and other entities in order to avert layoffs and create jobs. States and LEAs in turn are urged to move rapidly to develop plans for using funds, consistent with the law's

reporting and accountability requirements, and to promptly begin spending funds to help drive the nation's economic recovery.

b. **Improve student achievement through school improvement and reform.** *ARRA* funds should be used to improve student achievement, and help close the achievement gap. In addition, the SFSF requires progress on four reforms previously authorized under the bipartisan Elementary and Secondary Education Act and the America Competes Act of 2007:

    1. Making progress toward rigorous college- and career-ready standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;

    2. Establishing pre-K-to college and career data systems that track progress and foster continuous improvement;

    3. Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;

    4. Providing intensive support and effective interventions for the lowest-performing schools.

c. **Ensure transparency, reporting and accountability.** To prevent fraud and abuse, support the most effective uses of *ARRA* funds, and accurately measure and track results, recipients must publicly report on how funds are used. Due to the unprecedented scope and importance of this investment, *ARRA* funds are subject to additional and more rigorous reporting requirements than normally apply to grant recipients.

d. **Invest one-time *ARRA* funds thoughtfully to minimize the "funding cliff."** *ARRA* represents a historic infusion of funds that is expected to be temporary. Depending on the program, these funds are available for only two to three years. These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires.

Awarding Title I, Part A Recovery Funds

- The Department plans to award 50 percent of each state's Title I, Part A recovery funds by the end of March 2009. These funds will be awarded under each state's existing approved *Elementary and Secondary Education Act of 1965* (*ESEA*) Consolidated State Application. No new or amended application will be required to receive this portion of the funds. However, in order to receive the remaining Title I, Part A recovery funds, a state must submit, for review and approval by the Department, an amendment to its Consolidated Application that addresses how it will meet the recordkeeping and reporting requirements of the *ARRA*.
- The Title I, Part A *ARRA* awards will be in addition to the regular FY 2009 Title I, Part A grant awards that the Department plans to make on July 1 and Oct. 1, 2009. Together, these four grant awards (i.e., the two phases of the Title I, Part A recovery funds, and the

two phases of the regular FY 2009 Title I, Part A funds) will constitute a state's total FY 2009 Title I, Part A allocation.

- The fact that Title I, Part A recovery funds are FY 2009 funds does not preclude a state from awarding some or all of these funds to an LEA on the basis of existing, approved LEA applications.
- In accordance with the goals of the *ARRA*, the Department encourages states to award Title I, Part A recovery funds to their LEAs as quickly as possible, consistent with prudent management, so that LEAs can begin using the funds. Similarly, an LEA should use its Title I, Part A recovery funds expeditiously but sensibly. Note that, in the absence of a waiver, an LEA must obligate at least 85 percent of its total FY 2009 Title I, Part A funds (including *ARRA* funds) by Sept. 30, 2010. Any remaining FY 2009 Title I, Part A funds will be available for obligation until Sept. 30, 2011.

LEA Eligibility for Title I, Part A Recovery Funds

- An LEA is eligible to receive Title I, Part A recovery funds if it is eligible under the statutory eligibility criteria established in sections 1125(a)(1) and 1125A(c) of the *ESEA* for the Targeted and Education Finance Incentive Grant formulas of Title I, Part A.

Reservation of Title I, Part A Recovery Funds

- A state must reserve 4 percent of its Title I, Part A recovery funds for school improvement activities under section 1003(a) of the *ESEA*. Of this 4 percent of funds, at least 95 percent must be allocated directly to LEAs for school improvement activities.
- Except as noted above concerning the 4 percent reservation, a state would need a waiver to reserve any portion of its Title I, Part A recovery funds for state administration, because section 1004(b) of the *ESEA* limits the amount that a state may reserve for the administration of Title I. As it did last year, the Department will provide a table showing the base each state should use in determining the amount it may reserve for state administration.

Uses of Title I, Part A Recovery Funds

- LEAs may use their Title I, Part A recovery funds consistent with the Title I, Part A statutory and regulatory requirements, including the requirements to provide equitable services to eligible private school students. Uses should be aligned with the core goals of *ARRA* to save and create jobs and to advance reforms.
- Because the recovery funds constitute a large increase in Title I, Part A funding that will likely not be available at the same level beyond Sept. 30, 2011, schools and LEAs will have a unique opportunity to improve teaching and learning and should focus these funds on short-term investments with the potential for long-term benefits, rather than make ongoing commitments that they might not be able to sustain once recovery funds are expended.
- Congress in its ARRA conference report indicated its intent that grantees use some of their Title 1 funds for early childhood programs and activities. The Administration is committed over the long term to expanding early childhood educational opportunities and

creating a more seamless web of high-quality services for parents and children. In coming weeks, the Department will provide additional guidance on opportunities to use ARRA funds to expand high-quality early childhood educational services.

- Examples of potential uses of the Title I, Part A recovery funds that are allowable under Title I and consistent with ARRA principles:
    - Establishing a system for identifying and training highly effective teachers to serve as instructional leaders in Title I schoolwide programs and modifying the school schedule to allow for collaboration among the instructional staff;
    - Establishing intensive, year-long teacher training for all teachers and the principal in a Title I elementary school in corrective action or restructuring status in order to train teachers to use a new reading curriculum that aggressively works on improving students' oral language skills and vocabulary or, in some other way, builds teachers' capacity to address academic achievement problems;
    - Strengthen and expand early childhood education by providing resources to align a district-wide Title I pre-K program with state early learning standards and state content standards for grades K–3 and, if there is a plan for sustainability beyond 2010–11, expanding high-quality Title I pre-K programs to larger numbers of young children;
    - Providing new opportunities for Title I schoolwide programs for secondary school students to use high-quality, online courseware as supplemental learning materials for meeting mathematics and science requirements;
    - Using longitudinal data systems to drive continuous improvement efforts focused on improving achievement in Title I schools;
    - Providing professional development to teachers in Title I targeted assistance programs on the use of data to inform and improve instruction for Title I-eligible students;
    - Using reading or mathematics coaches to provide professional development to teachers in Title I targeted assistance programs; and
    - Establishing or expanding fiscally sustainable extended learning opportunities for Title I-eligible students in targeted assistance programs, including activities provided before school, after school, during the summer, or over an extended school year.

Invitation for Waivers

- The secretary of education will consider a request for a waiver with regard to the use of *ARRA* Title I funds:
    - of one or more of the "set-aside" requirements in Title I, Part A that apply to the use of funds by LEAs;
    - to calculate the per-pupil amount (PPA) for supplemental educational services (SES) based on an LEA's FY 2009 Title I, Part A allocation without regard to some or all of the recovery funds;
    - to allow a state to grant its LEAs a waiver of the carryover limitation in section 1127 of Title I, Part A more than once every three years; or
    - of the Title I, Part A maintenance-of-effort requirement (see below).

- The secretary intends to issue regulations to allow reasonable adjustments to the limitation on state administration expenditures to help states defray the costs of ARRA data collection requirements.

Fiscal Issues

- Maintenance of effort: With prior approval from the secretary of education, a state or LEA may count expenditures of SFSF used for elementary or secondary education as non-federal funds for purposes of determining whether the state or LEA has met the Title I, Part A maintenance of effort requirement. This may reduce the incidence of LEAs failing to maintain fiscal effort and the need to seek a waiver from the Department.
- Supplement, not supplant: the Department may not waive the Title I, Part A "supplement, not supplant" requirement. Note, however, that in certain circumstances, including cases of severe budget shortfalls, an LEA may be able to establish compliance with the "supplement, not supplant" requirement, even if it uses Title I, Part A funds to pay for allowable costs that were previously paid for with state or local funds. (For additional information, see Title I Fiscal Issues Non-Regulatory Guidance, available at: http://www.ed.gov/programs/titleiparta/fiscalguid.pdf.)
- Comparability: the Department may not waive the Title I, Part A comparability requirement.

Accountability Principles

- Each state and LEA is responsible for ensuring that Title I recovery funds are used prudently and in accordance with the law.
- Each LEA receiving Title 1 Part A recovery funds shall shall report a school-by-school listing of per-pupil educational expenditures from state and local sources. Further information will be provided in forthcoming department guidance.
- The President and the Secretary are committed to ensuring that *ARRA* dollars are spent with an unprecedented level of transparency and accountability. Therefore, each state and LEA that receives Title I, Part A recovery funds must report on how those funds were spent at www.recovery.gov.

Additional Information

- The Department will provide regular updates as additional information regarding the Title I, Part A recovery funds becomes available.
- The Department will provide information on the government-wide data collection and reporting requirements under the *ARRA* as this information becomes available.

American Recovery & Reinvestment Act (ARRA)

Education Title I & NCLB Stimulus Overview for Alaska

March 16, 2009

Title I, School Improvement 1003(g), Education Technology, & McKinney-Vento Education for the Homeless

Purpose: The overall goals of the *ARRA* are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of our nation.

All funds under ARRA should be spent according to the following principles:

a. Spend funds quickly to save and create jobs.
b. Improve student achievement through school improvement & reform.
c. Ensure transparency, reporting, & accountability.
d. Invest one-time ARRA funds thoughtfully to minimize the "funding cliff." These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires.

Title I ARRA Funds

a. About $29,480,000 to Alaska. This is almost as much as the 2008-2009 allocation to the state which was $38,846,309. The estimate for regular Title I for Alaska is $40,130,523.
b. Distributed based on two parts of the Title I formula – EFIG & Targeted, not all 4 parts.
c. First distribution to states by end of March (50% of the funding).
d. Second distribution to be determined, probably early fall, after state revises application to USDOE.
e. Will be considered as additional funding for 2009-2010 school year. Funds will be available until 9/30/2011.
f. Formula for district allocations will be generated using regular Title I funding rules, including the 4% state set-aside for School Improvement funds under 1003(a).
g. Waiting on final guidance from USDOE about possibility of waivers of Title I requirements including 20% for SES/choice, per pupil amount required for SES, and 15% limitation on carryover.
h. Districts must report a school-by-school listing of per-pupil educational expenditures from state and local sources to EED by December 2009.
i. EED reviewing ways to distribute the funding, the district will probably be able to apply for the total Title I funding through the NCLB 2009-2010 application, but may need to receive the funding through a separate grant award and create separate budgets for ARRA funds to meet the reporting and accountability requirements.
j. A district that would like to receive its portion of the Title I ARRA funds prior to July 1 may submit a budget request to EED once EED has received the funding from USDOE. It is anticipated that EED will be able to create a grant award for July 1, 2009 with authority to spend funds during the pre-award period.
k. District estimated amounts provided based on 2008-2009 data (current data), but *will change* with the actual distribution from USDOE.
l. Link to the US Department of Education fact sheet for Title I ARRA funds: http://www.ed.gov/policy/gen/leg/recovery/factsheet/title-i.html

School Improvement 1003(g) ARRA Funds

a. About $9.8 million to Alaska. This is 6 times more than the $1,578,096 that Alaska received in 2008-2009. The state is also expected to receive about $1.6 million for FY 2009-2010 in regular 1003(g) funding.
b. The state must submit a revised application to the USDOE for these funds. They must be distributed to Title I schools in improvement, corrective action, or restructuring according to the approved state application in amounts of at least $50,000 per school with a maximum of $350,000 per school.
c. Funds will probably be distributed to states in September, 2009. Funds will be available for use until 9/30/2011.

Enhancing Education through Technology (Title IID)

a. About $3.2 million to Alaska. This is about 2.5 times the funding that Alaska received in 2008-2009.
b. The funds will be split 50% through formula funding to districts, 50% through competitive grants.
c. USDOE is expected to distribute the first half of the funds in June or July and the second half in early fall. The funds will be available for use until 9/30/2011.

McKinney-Vento Homeless Education

a. No estimate available yet for Alaska, but could be about $190,000. Alaska received $177,203 in 2008-2009 and is estimated to receive $177, 939 in 2009-2010 in regular McKinney-Vento funds.
b. States will distribute funds either through competitive grants or through a formula.
c. EED is awaiting further guidance on whether these funds can be distributed with the regular funding through the normal competitive grant process.
d. Funds will be allocated to states based on the number of homeless students reported for 2007-2008. That data was just submitted to USDOE in final form on Friday, 3/13.
e. Funds will be distributed to states in April, and must be awarded by states within 120 days. The funds will be available for use until 9/30/2011.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
***IDEA* RECOVERY FUNDS FOR SERVICES TO CHILDREN AND YOUTHS WITH DISABILITIES**

The *American Recovery and Reinvestment Act of 2009* (*ARRA*) appropriates significant new funding for programs under Parts B and C of the *Individuals with Disabilities Education Act* (*IDEA*). Part B of the *IDEA* provides funds to state educational agencies (SEAs) and local educational agencies (LEAs) to help them ensure that children with disabilities, including children aged three through five, have access to a free appropriate public education to meet each child's unique needs and prepare him or her for further education, employment, and independent living.

The *IDEA* recovery funds under *ARRA* will provide an unprecedented opportunity for states, LEAs, and early intervention service providers to implement innovative strategies to improve outcomes for infants, toddlers, children, and youths with disabilities while stimulating the economy. Under the *ARRA*, the *IDEA* recovery funds are provided under three authorities: $11.3 billion is available under Part B Grants to States; $400 million is available under Part B Preschool Grants; and $500 million is available under Part C Grants for Infants and Families. Preliminary information about each state's allocation is available at: http://www.ed.gov/about/overview/budget/Statetables/recovery.html. This Web site also provides information about the State Fiscal Stabilization Fund (SFSF) under the *ARRA*, which is separate from the *IDEA* recovery funds described in this fact sheet. This document focuses on Part B; additional information on Part C will be available shortly.

IDEA, Part B recovery funds are a key element of the ARRA principles as described below:

Overview of *ARRA*

Principles: The overall goals of the *ARRA* are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of our nation. The success of the education part of the *ARRA* will depend on the shared commitment and responsibility of students, parents, teachers, principals, superintendents, education boards, college presidents, state school chiefs, governors, local officials, and federal officials. Collectively, we must advance *ARRA*'s short-term economic goals by investing quickly, and we must support *ARRA*'s long-term economic goals by investing wisely, using these funds to strengthen education, drive reforms, and improve results for students from early learning through college. Four principles guide the distribution and use of *ARRA* funds:

a. **Spend funds quickly to save and create jobs.** *ARRA* funds will be distributed quickly to states, LEAs and other entities in order to avert layoffs and create jobs. States and LEAs in turn are urged to move rapidly to develop plans for using funds, consistent with the law's

5543

reporting and accountability requirements, and to promptly begin spending funds to help drive the nation's economic recovery.

b. **Improve student achievement through school improvement and reform.** *ARRA* funds should be used to improve student achievement, and help close the achievement gap. In addition, the SFSF requires progress on four reforms previously authorized under the bipartisan Elementary and Secondary Education Act and the America Competes Act of 2007:

   1. Making progress toward rigorous college- and career-ready standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;

   2. Establishing pre-K-to college and career data systems that track progress and foster continuous improvement;

   3. Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;

   4. Providing intensive support and effective interventions for the lowest-performing schools.

c. **Ensure transparency, reporting and accountability.** To prevent fraud and abuse, support the most effective uses of *ARRA* funds, and accurately measure and track results, recipients must publicly report on how funds are used. Due to the unprecedented scope and importance of this investment, *ARRA* funds are subject to additional and more rigorous reporting requirements than normally apply to grant recipients.

d. **Invest one-time *ARRA* funds thoughtfully to minimize the "funding cliff."** *ARRA* represents a historic infusion of funds that is expected to be temporary. Depending on the program, these funds are available for only two to three years. These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires.

Awarding *IDEA* Part B Grants to States and Preschool Grants Recovery Funds

- The Department of Education plans to award 50 percent of the *IDEA*, Part B Grants to States and Preschool Grants recovery funds to SEAs by the end of March 2009. The other 50 percent will be awarded by Oct. 1, 2009. These awards will be in addition to the regular Fiscal Year (FY) 2009 Part B Grants to States and Preschool Grants awards that will be made on July 1 (Grants to States and Preschool Grants) and Oct. 1, 2009 (Grants to States only). Together, these grant awards will constitute a state's total FY 2009 Part B Grants to States and Preschool Grants allocations.
- A state does not need to submit a new application to receive the first 50 percent of the Part B Grants to States and Preschool Grants recovery funds because these funds will be made available to each state based on the state's eligibility established for FY 2008 Part B funds. The assurances in the state's FY 2008 application will apply to these recovery funds. In order to receive the remaining 50 percent of *IDEA*, Part B recovery funds, a state must

- The additional *IDEA* funds provided under the *ARRA* do not increase the amount a state would otherwise be able to reserve for state administration or other state-level activities under its regular grants to states FY 2009 award.
- LEA eligibility for the first 50 percent of the *IDEA* recovery funds is based on eligibility established by the LEA for FY 2008 funds.
- In accordance with the goals of the *ARRA*, a state should obligate *IDEA* recovery funds to LEAs expeditiously. A state should make the Part B Grants to States and Preschool Grants recovery funds that it receives in March available to LEAs by the end of April 2009.
- Similarly, an LEA should use the *IDEA* recovery funds expeditiously. An LEA should obligate the majority of these funds during school years 2008–09 and 2009–10 and the remainder during school year 2010–11. States may begin obligating *IDEA*, Part B recovery funds immediately upon the effective date of the grant. All *IDEA* recovery funds must be obligated by Sept. 30, 2011.

Uses of *IDEA*, Part B Recovery Funds

All *IDEA* recovery funds must be used consistently with the current *IDEA*, Part B statutory and regulatory requirements and applicable requirements in the *General Education Provisions Act* (*GEPA*) and the Education Department General Administrative Regulations (EDGAR). An LEA must use *IDEA* recovery funds only for the excess costs of providing special education and related services to children with disabilities, except where *IDEA* specifically provides otherwise.

- The *IDEA* recovery funds constitute a large one-time increment in *IDEA*, Part B funding that offers states and LEAs a unique opportunity to improve teaching and learning and results for children with disabilities. Generally, funds should be used for short-term investments that have the potential for long-term benefits, rather than for expenditures the LEAs may not be able to sustain once the recovery funds are expended. Some possible uses of these limited-term *IDEA* recovery funds that are allowable under *IDEA* and aligned with the core reform goals for which states must provide assurances under SFSF include:
    - Obtain state-of-the art assistive technology devices and provide training in their use to enhance access to the general curriculum for students with disabilities.
    - Provide intensive district-wide professional development for special education and regular education teachers that focuses on scaling-up, through replication, proven and innovative evidence-based school-wide strategies in reading, math, writing and science, and positive behavioral supports to improve outcomes for students with disabilities.
    - Develop or expand the capacity to collect and use data to improve teaching and learning.
    - Expand the availability and range of inclusive placement options for preschoolers with disabilities by developing the capacity of public and private preschool programs to serve these children.
    - Hire transition coordinators to work with employers in the community to develop job placements for youths with disabilities.

Invitation for Waivers

- The Secretary intends to issue regulations to allow reasonable adjustments to the limitation on state administration expenditures to help states defray the costs of *ARRA* data collection requirements.

***IDEA*, Part B Fiscal Issues**

- An LEA may be able to reduce the level of state and local expenditures otherwise required by the *IDEA* LEA maintenance of effort (MOE) requirements. Generally, under section 613(a)(2)(C), in any fiscal year that an LEA's *IDEA* allocation exceeds the amount the LEA received in the previous year, under certain circumstances, the LEA may reduce the level of state and local expenditures by up to 50 percent of the amount of the increase, as long as the LEA uses those freed-up local funds for activities that could be supported under the *ESEA*. If an LEA takes advantage of this provision, the required MOE for future years is reduced consistent with the reduction it took, unless the LEA increases the amount of its state and local expenditures on its own. SEAs should encourage LEAs that can and do take advantage of this flexibility to focus the freed-up local funds on one-time expenditures that will help the state make progress on the goals in the SFSF program, such as improving the equitable distribution of effective teachers and the quality of assessments. SEAs will be expected to collect and report information on the use of the freed-up funds.
- Alternatively, an LEA may (or in some cases must) use up to 15 percent of its total *IDEA*, Part B Grants to States and Preschool Grants for early intervention services for children in grades K through 12 who are not currently identified as children with disabilities, but who need additional academic and behavioral support to succeed in a general education environment. However, an LEA may use only up to 15 percent of its allocation minus any amount (on a dollar-for-dollar basis) by which the LEA reduced its required state and local expenditures under section 613(a)(2)(C).
- State-level MOE may be waived under Part B of the *IDEA* by the Secretary of Education on a state-by-state basis, for a single year at a time, for exceptional or uncontrollable circumstances, such as a natural disaster or a precipitous and unforeseen decline in the financial resources of a state. LEA-level MOE may not be waived.
- With prior approval from the Secretary of Education, a state or LEA may count SFSF (but not *IDEA* recovery funds) under the *ARRA* that are used for special education and related services as non-federal funds for purposes of determining whether the state or LEA has met the *IDEA*, Part B MOE requirements. (See separate fact sheet on SFSF for more information.)

Accountability Principles

As with all federal funds, states and LEAs are responsible for ensuring that the *IDEA*, Part B recovery funds are used prudently and in accordance with the law.

- *ARRA* requires that recipients of funds made available under that act separately account for, and report on, how those funds are spent and the results of those expenditures.

5546

- The President and the Secretary are committed to ensuring that *ARRA* dollars are spent with an unprecedented level of transparency and accountability. The administration will post reports on *ARRA* expenditures on the Recovery.gov Web site.

Additional Information

- The Department will provide updates as additional information becomes available regarding the details of the *IDEA* recovery funds.
- The Department will also provide further information on the government-wide data collection and reporting requirements as this information becomes available.
- If you have questions about these provisions or ideas you would like to share about innovative ways these funds could be used to improve teaching and learning, please e-mail them to: IDEARecovery.Comments@ed.gov. While we will not be able to respond to every question, all questions will be compiled and considered as we develop further guidance and Q and A documents.

Alaska Special Education Funding for 2009-2010
And
The American Recovery and Reinvestment Act of 2009

- Current Federal Funding for Title VI-B and Section 619 Preschool Disabled
  - The Application is on-line
  - DEED provided a "NOTICE of Grant Application" on 3-10-2009
    - Funding amounts are "estimated" at 80% of the district's 08-09 funding levels.
    - The funding for 09-10 will likely be the same as 08-09
  - Must abide by general assurances.
  - USE OF FUNDS defined by state and federal regulations.

- Additional funding from the American Recovery and Reinvestment Act (ARRA)
  - The best information available can be found at http://www.ed.gov/recovery/
    - This information was provided to district in a 3-11-2009 email from Erik Stimpfle
    - These documents are Preliminary Guidelines by the USDOE regarding the use of ARRA funding.
      - The American Recovery and Reinvestment Act of 2009: Saving and Creating Jobs and Reforming Education (Mar 7, 2009)
      - State Fiscal Stabilization Fund (Mar 7, 2009)
      - Title I, Part A Recovery Funds for Grants to Local Educational Agencies (Mar 7, 2009)
      - Individuals with Disabilities Education Act (IDEA) Recovery Funds for Services to Infants, Toddlers, Children and Youth with Disabilities (Mar 7, 2009)
      - The American Recovery and Reinvestment Act of 2009: Education Jobs and Reform (Feb 18, 2009)
      - Budget Information, Including State Allocations

  - IDEA Funding
    - Likely to be nearly the same as 08-09 funding. ***See attached schedules for Title VI-B and Section 619 Preschool Disabled.***
    - Alaska DEED must determine HOW TO Award
      - Notification by USDOE by 3-31-2009
      - Notification by AK DEED to Districts by 4-15-2009
        - Districts will likely add the ARRA funding to the 2009-2010 grant application and award with separate funding codes as appropriate.
    - Districts should be aware of and familiar with the Assurances as noted in the US-DOE guidance documents (above)
    - Districts should be aware of appropriate USE of FUNDS

USE OF FUNDS:

- These ARRA funds constitute a large one time increment in IDEA Part B funding
- Generally these funds should be used for short term investments that have the potential for long term benefits.
- These funds are allowable under IDEA and aligned with the core reform goals that states and LEAs must provide assurances.

Four principles guide distribution of the ARRA funds.

a. **Spend funds quickly to save and create jobs.** *ARRA* funds will be distributed quickly to states, LEAs and other entities in order to avert layoffs and create jobs. States and LEAs in turn are urged to move rapidly to develop plans for using funds, consistent with the law's reporting and accountability requirements, and to promptly begin spending funds to help drive the nation's economic recovery.
b. **Improve student achievement through school improvement and reform.** *ARRA* funds should be used to improve student achievement, and help close the achievement gap. In addition, the SFSF requires progress on four reforms previously authorized under the bipartisan Elementary and Secondary Education Act and the America Competes Act of 2007:
    1. Making progress toward rigorous college- and career-ready standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;
    2. Establishing pre-K-to college and career data systems that track progress and foster continuous improvement;
    3. Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;
    4. Providing intensive support and effective interventions for the lowest-performing schools.
c. **Ensure transparency, reporting and accountability.** To prevent fraud and abuse, support the most effective uses of *ARRA* funds, and accurately measure and track results, recipients must publicly report on how funds are used. Due to the unprecedented scope and importance of this investment, *ARRA* funds are subject to additional and more rigorous reporting requirements than normally apply to grant recipients.
d. **Invest one-time *ARRA* funds thoughtfully to minimize the "funding cliff."** *ARRA* represents a historic infusion of funds that is expected to be temporary. Depending on the program, these funds are available for only two to three years. These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires.

Some possible USE of Funds:

1. Obtain state-of-the art assistive technology devices and provide training in their use to enhance access to the general curriculum for students with disabilities. ***Use Assistive Technologies of Alaska (ATLA) or SESA as a resource for these types of materials an interventions.***
2. Provide intensive district-wide professional development for special education and regular education teachers that focuses on scaling-up, through replication, proven and innovative evidence-based school-wide strategies in reading, math, writing and science, and positive behavioral supports to improve outcomes for students with disabilities. ***RTI, PBIS, are critical areas of need.***
3. Develop or expand the capacity to collect and use data to improve teaching and learning. ***School-Wide Information Systems and systems to do self and focused monitoring.***
4. Expand the availability and range of inclusive placement options for preschoolers with disabilities by developing the capacity of public and private preschool programs to serve these children.
5. Hire transition coordinators to work with employers in the community to develop job placements for youths with disabilities. ***Develop stronger coordinated or collaborative effort with DVR.***

City of Homer

City Manager
491 East Pioneer Avenue
Homer, Alaska 99603
phone: 907-235-3102 fax: 907-235-3148
email: wwrede@ci.homer.ak.us

March 26, 2009

Finance Committee
Alaska House of Representatives
FAX: 907-465-6813

RE: HB 199

Dear Finance Committee Members:

The City of Homer appreciates this opportunity to share our thoughts regarding funding through the American Recovery and Reinvestment Act. We will limit our comments here to one topic: ARRA funding for energy efficiency, renewable energy, and energy conservation.

Homer was the first community in Alaska to complete an inventory of its energy use and consider the impacts both in terms of financial costs and greenhouse gas emissions. The City Council adopted a Climate Action Plan in December 2007 and has been working since then to implement the plan.

Increasing energy efficiency of buildings and use of local renewable energy are major components of the Climate Action Plan. We are also seeking to increase energy conservation and recently adopted an employee policy guide to help accomplish this goal.

As you might imagine, securing funding to carry out building retrofits, other energy efficiency and conservation measures, and renewable energy initiatives is a major challenge. We recognize that these efforts represent an investment that will pay off in the long run, but it is nevertheless difficult to cover up-front costs in these challenging financial times. (Currently, we are anticipating a 40% reduction in local tax revenues in the next budget year.)

We strongly urge the Alaska Legislature to accept all available ARRA funding for the Energy Efficiency and Conservation Block Grant program, the State Energy Program, and for weatherization assistance.

We further urge the Legislature to fund the Alaska Energy Authority renewable energy grant program at the full $50 million expressed in intent language last year. We were informed just this week that our proposed Kachemak Bay Tidal Power project has been recommended for funding by AEA; however, it will likely not be funded unless the Legislature restores the program to the full $50 million funding level for FY 2010.

Homer wants to do its part to reduce the financial burden associated with fossil fuel consumption, reduce the environmental impacts, reduce the nation's dependence on foreign oil, and help with the economic recovery by putting Americans to work in the emerging fields of energy efficiency and renewable energy. We ask for your help in this important endeavor.

Sincerely,

CITY OF HOMER

Walt Wrede
City Manager

Cc: Representative Paul Seaton
Senator Gary Stevens

Anchorage School District

5530 E. Northern Lights Blvd.
Anchorage, Alaska 99504-3135
(907) 742-4000

March 25, 2009

All legislators,

The Anchorage School Board passed the enclosed resolution Monday night urging the legislature and the governor to accept the available education funds under the American Recovery and Reinvestment Act. I believe that most of you support this and urge your continued support for the legislation on this issue.

I can assure you that Superintendents and School Boards know how to invest these funds in support of our neediest students and their families. We have many families who are in dire straits in our schools, and their children are coming to us with many challenges which often impede their opportunities to learn. We know that we can invest these two years of funding in a way that we will not incur expenses of a continuing nature. We do this all the time with grants, which have expirations and finite completion dates. If a program or staffing situation is proving to be an excellent one, then most of us make the decision to reduce the budget in another area in order to keep a program.

As all of you know, the federal government has underfunded special education since its inception in 1975. The additional stimulus funding in this area will allow us to increase our training for all of our staff so they can better meet the needs of these students in the regular classroom. We can invest in much needed assistive technology and the supporting teacher aides, and enhance parental outreach. We recognize that to meet the individualized and mandated needs takes adequate staff; this will allow us to hire the staff and NOT take away resources from our non-disabled students. We know NOT to commit to permanent staffing after the two year period of the stimulus funding.

I appreciate your consideration of our request and I will be happy to answer any questions you might have.

Sincerely yours,

Carol Comeau

Carol Comeau
Superintendent

Attachment

cc School Board members
Larry LeDoux, Commissioner of Education and Early Development
Karen Rehfeld, Director of OMB

ANCHORAGE SCHOOL BOARD
ASDR 2008-2009-13

A RESOLUTION REQUESTING
ALASKA'S ACCEPTANCE OF EDUCATION FUNDS UNDER
THE AMERICAN RECOVERY AND REINVESTMENT ACT

WHEREAS, Congress has passed the American Recovery and Reinvestment Act (ARRA), making federal funds available to the states to stimulate the national economy through investment and support in key state and local government services; and

WHEREAS, education is a key service for which federal funding is available under the ARRA, particularly targeting areas already regulated by, but not fully funded by, the federal government under Title I of the Elementary and Secondary Education Act and under the Individuals with Disabilities Education Act (IDEA); and

WHEREAS, although ARRA funds are intended to save or create jobs, they are also designed to help school districts develop innovative programs to improve academic performance; and

WHEREAS the limited duration of ARRA education funds poses a legitimate concern and need to ensure that such funds do not create an unsustainable fiscal obligation or expectation on state and local resources that outlasts and outweighs the benefits of ARRA funding; and

WHEREAS, school districts throughout Alaska, including the Anchorage School District, have begun to plan for creative and productive use of funds available under ARRA, fully recognizing their limited duration; and

WHEREAS, ARRA education funding could be used across Alaska to contribute significantly toward increasing student achievement and reducing the dropout rate through limited-term efforts with long-lasting effects, all the while stimulating the state and local economies at a time when employment is otherwise depressed; and

WHEREAS, the potential for such long-lasting educational benefits is enormous, while the Department of Education and Early Development and local school districts are fully capable of, and their school boards fully accountable for, avoiding fiscal obligation or expectation after the ARRA funds are no long available; and

WHEREAS, the Anchorage School District and other districts in Alaska have already proven this capability and accountability through extensive prior experience, receiving and wisely using one-time federal and state grant funds without committing to, or creating undue public expectation of, future spending once those grants expire; and

WHEREAS, with ARRA education funds available, the Department of Education and Early Development could, if necessary, work with local districts to develop additional principles and criteria to ensure that ARRA funding does not obligate or pressure districts to spend additional local or state money after ARRA funding expires; and

WHEREAS, the Anchorage School Board's Minority Education Concerns Advisory Committee recently passed a resolution supporting the acceptance of ARRA education funds; and

WHEREAS, rejection of Alaska's share of ARRA education money would not reduce federal stimulus spending, but only divert to schools in other states money that rightfully should be used to strengthen the education of some of Alaska's neediest students and schools ;

NOW, THEREFORE, BE IT RESOLVED that the Anchorage School Board urges Governor Palin and the Alaska Legislature to take all action necessary to ensure that the State of Alaska can and will receive the full amount of stimulus funds for education available under the American Recovery and Reinvestment Act.

PASSED AND APPROVED by the Anchorage School Board this 23rd day of March, 2009.

ANCHORAGE SCHOOL BOARD

Jeff Friedman, President

Pat Higgins	Macon Roberts
Crystal Kennedy	Tim Steele
Jeannie Mackie	John Steiner

Carol Comeau, Superintendent

Alaska Head Start Association
P O Box 202449-2449
Anchorage, AK 99520
AKHeadStart@gmail.com

Alaska Head Start Association

Support Brings Success!

AHSA Leadership Council

Represented by Grantee Agency Directors, Staff, Parents, and Friends of Head Start in communities throughout Alaska

March 23, 2009

Dear Senator or Representative,

On behalf of the 17 Head Start grantees across the state of Alaska, who provide services in over 100 communities, the Alaska Head Start Association (AHSA) is encouraging you to consider accepting further ARRA funding that can benefit the State of Alaska.

We are aware of the importance and need to very closely examine the use of these funds and to carefully weigh how our long term state budget will be impacted. However, we believe that there are many potential opportunities for one-time or short term projects that could have a tremendous positive impact in the communities we serve.

One especially relevant example is the use of the State Fiscal Stabilization Fund (SFSF) intended to be used for educational purposes. Within the language describing these funds the following statement is found:

States must use 81.8 percent of SFSF funds for the support of public elementary, secondary, and higher education, and, as applicable, ***early childhood education programs and services****.*

AHSA believes that these funds represent an unprecedented opportunity for Alaska to support badly needed capital investments in Head Start. The state has not provided capital support for facilities or buses in the past, although many Head Start children are served every year with State funds. These SFSF capital funds could be invested on a one time basis to build new centers and purchase new buses. They would not require future state funding. Smaller investments of SFSF funds could support weatherization improvements, pay for deferred maintenance and facility repairs, or fund the purchase of materials needed to extend the life of our current buses.

Many of the other ARRA items that the Governor has proposed to reject can also directly improve the quality of life for many of our children and families. In particular Title 1, School Lunch Program, WIC, Immunizations, Infant Learning, Public Safety and Child Support Enforcement dollars all offer important resources and supports for families.

AHSA requests that the legislature consider utilizing these funds. We have vast challenges throughout our state, and we believe that these funds can help to strengthen families and prepare young children for school success.

Thank you for your continued advocacy for children and families in our state. Please contact your local Head Start grantee if you have any questions.

AnneMarie Mattacchione

Alaska Head Start Association,
President

Aleutian Pribilof Islands Association ~ Association of Village Council Presidents ~ Bristol Bay Native Association
Central Council of Tlingit & Haida Indian Tribes ~ Chugachmiut ~ CCS Early Learning ~ Council of Athabascan Tribal Governments
Fairbanks Native Association ~ Kawerak ~ Kenaitze Indian Tribe ~ Kids' Corps Inc ~ Metlakatla Indian Community ~ Play N Learn
RurAL CAP ~ Southcentral Foundation ~ Tanana Chiefs Conference ~ Native Village of Tyonek

5554

From: Joan O'Keefe [mailto:jokeefe@sailinc.org]
Sent: Sunday, March 22, 2009 7:00 PM
To: Rep. Mike Hawker
Subject: Independent Living and DVR stimulus funds in jeopardy

Dear Representative Hawker,
Alaskans with disabilities need your help...this past week Governor Palin suggested rejecting all the funding for Independent Living (IL) and Vocational Rehabilitation (VR) that is allotted for Alaska in the stimulus package - more than $1.8 million.

It is my understanding that her rationale rests in not wanting to "grow" government or create expectations that the State carry-on funding in future years at stimulus levels. We get that. We also get that this is a tremendous opportunity to provide one-time services that would make a lifelong difference for Alaskans with disabilities. We fully understand these monies are allocated for one-time projects and are prepared to use the funds in that manner. In fact, the governor-appointed State Independent Living Council discussed multiple one-time projects during the most recent meeting in Juneau. Some suggestions included one-time ramp-building projects or installing video-conferencing technologies for VR and IL offices.

Concerning the IL funding:
I urge you to support acceptance of the $242,913 that was allocated for Independent Living programs in the American Recovery and Reinvestment Act. These funds would be used to provide valuable services directly to many Alaskans with disabilities which would enable them to continue living in their home communities.

Concerning the Voc Rehab funding:
I urge you to support acceptance of the $1,800,000 that was allocated to Alaska's Vocational Rehabilitation Program in the American Recovery and Reinvestment Act. These funds would be used to provide valuable services to help Alaskans with disabilities secure and maintain employment.

Anything you can do to bring these monies to Alaska would be greatly appreciated.

Joan Herbage O'Keefe
SAIL Executive Director
3225 Hospital Dr., Suite 300
Juneau, AK 99801
907-586-4920 (voice/TTY) 907-586-4980 (fax)

Alaska Association of School Administrators
LEADERSHIP FOR LEARNING
326 Fourth St., Suite 404 • Juneau, AK 99801-1101
Phone: (907) 586-9702 (800) 478-9702 • Fax: (907) 586-5879

March 20, 2009

Representative Mike Hawker
State Capitol Rm 505
Juneau AK 99801-1182

Dear Representative Hawker:

I am writing to you on behalf of the Alaska Association of School Administrators (AASA) to strongly urge you to support the legislative acceptance of the education portion of the American Recovery and Reinvestment Act. AASA's members are dismayed at the Governor's decision to reject these funds.

Governor Palin rightly expressed concern for the potential that this money will cause district level programmatic or personnel changes that would be difficult to sustain at the end of the two year stimulus window. However, after corresponding with superintendents throughout Alaska, it is clear that they understand Governor's reservation and have plans for spending the money in a way that will not leave their districts in a vulnerable position. Further, the Department of Education and Early Development would provide quality control over the money through their established process that is used for distribution of all federal money. That is, a district would have to submit a plan for DEED's approval prior to being awarded money.

If accepted, the funds would be used by school districts for new, innovative activities including: staff training for working with students with disabilities, preschool opportunities, increasing technological infrastructure, and teacher induction services. As you know, many of our school districts are experiencing financial hardship because of the extremely high cost of energy; this money will allow districts to offer some of what they cannot afford.

Thank you for considering this request to accept the education portion of the state's stimulus money. I know that the state's most needy children will benefit from this funding.

Sincerely,

Steve Atwater
President

-----Original Message-----
From: ANDY NATIONS [mailto:nationsa.silc@gci.net]
Sent: Monday, March 23, 2009 11:45 AM
To: Rep. Mike Hawker
Subject: Stimulus Funding

Dear Rep. Hawker,

Thank you for the support you have given to Alaskans with disabilities in the past. We at the Statewide Independent Living Council and at the four Alaskan Centers for Independent Living have always used your support wisely to assist Alaskans who experience mental, physical and emotional disabilities. We have helped thousands, across the state, to remain in their homes, working and living as valued members of their communities.

I urge you now to support acceptance of the $242,913 that was allocated for Independent Living programs in the American Recovery and Reinvestment Act. I also urge your support for the $1,800,000 that was allocated to Alaska's Vocational Rehabilitation Program, and the $3,170 that was allocated for Older Blind Programs. These funds would not be used to grow unsustainable government positions. Instead, these funds would be used to provide valuable, one-time services to many Alaskans who experience disabilities. Services such as job coaches, home accessibility modifications, adaptive equipment and other goods and services would enable these Alaskans to continue living and working in their home communities.

Please let me know if you have any questions concerning our programs. We look forward to working with you in the future.

Sincerely,

Andi Nations
Executive Director
Alaska State Independent Living Council, Inc.
1057 W. Fireweed Lane, #206
Anchorage, AK 99503
Tel. 907 263-2092

From: Susannah SLM. Morgan [mailto:smorgan@foodbankofalaska.org]
Sent: Friday, March 20, 2009 1:56 PM
To: Rep. Mike Hawker; Rep. Bill Stoltze; Rep. Bill Thomas; Rep. Alan Austerman; Rep. Anna Fairclough; Rep. Richard Foster; Rep. Reggie Joule; Rep. Mike Kelly; Rep. Harry Crawford; Rep. Les Gara; Rep. Woodie Salmon; Rep. Mike Chenault
Subject: Governor refuses ARRA funds

Dear House Finance Committee,

I sent the email below to the Governor just now, expressing outrage at the refusal of ARRA nutrition funds. I urge you to take rapid action to override the Governor's decision.

Dear Governor Palin,

We at Food Bank of Alaska were appalled to learn through the Anchorage Daily News today that you have chosen to refuse federal economic stimulus package funds that would help feed our neighbors. Given that 13% of the Alaskan population accesses food assistance each year, and that food pantries across the state have seen 30% increases in requests for food in the past two years, our State needs to use every tool at its disposal to ensure adequate nutrition.

The funding that you are refusing includes:
- **The Emergency Food Assistance Program, $50,000.** These funds pay for shipping federal commodities to rural communities such as Emmonak. Since you traveled to Western Alaska last month and experienced the need, we are stunned that you would not take every possible action to provide food assistance to our rural neighbors.
- **School Lunch Program, $300,000.** Since food prices have skyrocketed in the past year, school districts are struggling to provide lunches to low income children. We can't understand why you would choose to endanger meals for children.
- **Supplemental Nutrition Assistance Program, $500,000.** Formerly known as Food Stamps, this program serves the most needy families in Alaska by providing monthly funds restricted to food purchase. Nearly 57,000 individual Alaskans receive benefits through this program. SNAP is urgently in need of more caseworkers to better serve Alaskans.
- **WIC, $800,000.** The Women, Infants and Childrens program serves the most vulnerable - low income pregnant and postpartum women and children under the age of 5 - and it universally lauded as one of the most successful federal programs of all time. This program needs more resources now to keep up with the increasing demand for nutrition assistance.
- **Senior Meals, $500,000.** 10% of people receiving food assistance are seniors. You visited Food Bank of Alaska right before Thanksgiving in 2008; if you had had the opportunity to visit the Thanksgiving Blessing food distribution project, you would have seen hundreds of low income seniors, living on a fixed income, seeking food assistance. As a State, we need more resources, not fewer, to ensure that our elders have enough to eat.

Some of the ARRA funding is unsustainable, it is true; it will disappear in a few years. However, we need to do everything RIGHT NOW to prevent widespread hunger. By choosing not accept these funds, you are condemning our neighbors to several needless years of deprivation.

Susannah Morgan, Executive Director, Food Bank of Alaska
2121 Spar Avenue, Anchorage, AK 99501
907-222-3111 direct
907-272-3663 main
907-748-7475 cell
907-277-7368 fax
smorgan@foodbankofalaska.org
www.foodbankofalaska.org

From: Karla Jutzi [mailto:kjutzi@alaskabvi.org]
Sent: Friday, March 20, 2009 4:05 PM
To: Rep. Mike Hawker
Subject: Stimulus funds could employ blind Alaskans

Dear Representative Hawker,
At the Alaska Center for the Blind & Visually Impaired, we were dismayed to learn that Governor Palin plans to reject stimulus funds meant for **vocational rehabilitation** in the Department of Labor. Some of this money could be used to put to work Alaskans who are blind and visually impaired – a group that already experiences a 60% rate of unemployment. Especially in these tough economic times, turning away money meant to help employ people with disabilities is more than unfair.

Rejecting dollars that can meet needs now because we're not sure how to meet similar needs in the future only digs the hole deeper.

Our agency's volunteer Board of Directors and management understand that one-time money is not ongoing and will certainly take this into account in planning for use of any stimulus funding from the Alaska Division of Vocational Rehabilitation. While it lasted, however, we would be able to help people who would not have the chance otherwise to be self-supporting and to use their talents to enrich our state.

I urge you to work with other legislators to overturn the Governor's decision before the April 3 deadline.

Thank you for your consideration of this urgent matter,

Karla Jutzi

Karla Jutzi, Executive Director
Alaska Center for the Blind & Visually Impaired
Equipping Alaskans who are blind & visually impaired with skills for success in life and work
3903 Taft Dr., Anchorage, AK 99517-3069
907 248-7770, x100 or 907-244-3308
Fax: 248-7517 . www.AlaskaBVI.org

The Center is a 501(c)3 non-profit organization. Call or visit our web site if you would like to help people with visual disabilities create confident lives.

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ANDVSA
Alaska Network on Domestic Violence & Sexual Assault

Pro Bono Office
PO Box 6631
Sitka, Alaska 99835
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March 26, 2009

Dear Committee Members:

Good afternoon Mr. Chairman and members of the committee. Thank you for this opportunity to testify. My name is Peggy Brown and I am the Executive Director of the Alaska Network on Domestic Violence and Sexual Assault. On behalf of the eighteen member programs that comprise the Network, I am here to request that you accept the federal economic stimulus money available through the American Recovery and Reinvestment Act of 2009 for CDVSA and STOP grants.

During this legislative session, many of you have been very cognizant of the direct correlation between economic distress and increased intimate partner violence. Several national studies funded by the National Institute for Justice reveal the causal link between employment instability, financial strain, and increased incidents of Intimate Partner Violence (IPV). Unfortunately, Alaska is no exception. As the economic downturn continues to drift to Alaska and unemployment rates continue to climb, we are seeing an increased number of victims seeking program services.

The purpose of the economic stimulus is to promote job growth and economic stability while the global, national and local economies rebound. The economic stimulus funds that we are seeking will do all of this. We will be able to fill existing staff vacancies, provide employment and training to people in urban areas, rural villages and small communities, throughout Alaska. I understand the committee's concern that if program services are expanded to meet the needs of Alaskans during this time, there will be an expectation in two years that the programs will need general funds to retain these services. However, this money will not be used to expand services, but only to absorb the impact of the economic downturn and the resulting increased need for services that the programs are already providing.

As I am sure you are aware, the economic downturn has an additional adverse affect on non-profits making it exceedingly difficult for many to meet their missions. With increasing debt burden and employment uncertainty, individuals are not able to continue their charitable giving to their local shelters, as they have in the past. Further, the stock market losses over the past year has significantly reduced, and in some cases, eliminated both foundational and private philanthropic giving. With these economic stimulus funds, member programs will be able to weather the economic storm, provide services to those directly affected by the economic downturn, while being able to focus on developing creative strategies, diligently pursuing and securing alternative funding through private foundations and grant sources as they become available again in the future.

I urge this committee to request the CDVSA program money and STOP grant money available through the ARRA. Thank you the opportunity to testify before you today.

Economic Distress and Intimate Partner Violence

The National Institute for Justice (NIJ) has funded a number of studies that look at aspects of economic distress, unemployment, neighborhood characteristics and Intimate Partner Violence (IPV) including studies that examine the relationship between:

- Employment instability and risk for IPV
- IPV and financial strain
- Repeat victimization and financial strain
- Financial strain and abusive relationships
- IPV victimization and employment stability
- Economic Disadvantage, Neighborhoods and IPV

A recent study looked at data from the National Survey of Families and Households to examine whether employment instability and financial strain were related to the risk for IPV against women. The study also looked at the relationship between feelings of financial strain and the likelihood of IPV.

Employment instability increases the risk for IPV

The study showed that for couples where the male was always employed, the rate of IPV was **4.7 percent**. When men experienced one period of unemployment the rate rose to **7.5 percent** and when men experienced two or more periods of unemployment the rate for IPV rose to **12.3 percent**.

Intimate partner violence is more likely to occur when couples feel financial strain

The same study showed that there was a strong relationship between subjective feelings of financial strain and the likelihood of IPV.

- The rate of IPV for couples experiencing low levels of subjective financial strain was **2.7** percent.
- The rate of IPV for couples experiencing high levels of subjective financial strain was **9.5** percent.

Repeat victimization of women is more frequent in couples feeling financial strain.

- Women in couples with low levels of financial strain report **less than 2 percent** of repeat victimizations or being injured by their male partner, while
- **Just over 5 percent** of women in couples with high levels of subjective strain report repeat victimizations or being injured by their male partner

Financial strain may keep women in abusive relationships.

Women at greatest risk of IPV tend to be those in couples with few economic resources, high subjective stress about finances, higher unemployment and proximity to economically disadvantaged neighborhoods. The choice to stay or leave violent relationships may be based on the decision that a partner's economic contribution to the relationship outweighs the risk of violence, and may compel women to live with men's violent behavior rather than seek help or take other steps to leave violent relationships.

Women who are victimized by IPV may experience unstable employment as a result.

One study examined the impact of intimate partner violence (IPV) on labor force participation. The study interviewed 1311 women in Illinois once a year for three years and found that:

- Women experiencing recent IPV (but not long past intimate violence) experienced unstable employment over the three year period.
- Women who were victims of recent IPV worked fewer months compared to women who were not abused during that period or were abused only in the past.
- Women who reported that they had been abused by their partner at time one rated their health as poorer and their need for mental health services as greater a year later as compared to non abused women.
- Women with abusive partners reported more stress related concerns and emotional problems. Additionally they reported more headaches, ulcers, and back problems than did non-abused women.
- Chronic IPV is associated with poor health.
- **Most notably:** IPV contributes to stress related physical and mental health problems for as long as a year after the abuse has occurred. In turn these health problems decrease women's ability to hold stable employment even as long as two years after the abuse has occurred.

Economic Disadvantage, Neighborhoods and IPV

Researchers examined two types of economic distress — employment instability and subjective financial strain and concluded that both are strong risk factors for intimate violence against women. This study defined employment instability as the number of periods of unemployment for men between waves of the National Survey of Families and Households (NSFH). Subjective financial strain was defined as perceptions of financial inadequacy and was operationalized by combining responses to questions about satisfaction with finances and questions regarding worry about money.

- Violence against women in intimate relationships occurred more often and was more severe in economically disadvantaged neighborhoods. According to a recent study the rate of IPV in economically disadvantaged neighborhoods is **8.7**

percent compared **with 4.3 percent** in more economically advantaged neighborhoods.

- Women living in disadvantaged neighborhoods were more than twice as likely to be the victims of intimate violence compared with women in more advantaged neighborhoods.
- Women who live in economically disadvantaged areas and while in relationships are struggling to make ends meet are at the greatest risk for IPV.
- African-Americans and whites with the same economic characteristics have similar rates of IPV however African-Americans have a higher overall rate of IPV due in part to higher levels of economic distress and residence in economically disadvantaged neighborhoods.
- Women in disadvantaged neighborhoods were more likely to be victimized repeatedly or injured severely by their partners than women who lived in more advantaged neighborhoods (**6% vs. 2%** respectively).

The link between individual economic stress and community economic disadvantage raises the possibility that these two conditions may combine or interact in ways to influence the risk of IPV against women.

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Press Release

Contact Information:
Peggy Brown, Executive Director
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(907) 586-3650
FOR IMMEDIATE RELEASE: February 13, 2009

(February 13, 2009) *Juneau, AK* – In a single day, more than **550** adults and children in Alaska sought services from domestic violence agencies. This startling data comes from the release of **Domestic Violence Counts:** the National Census of Domestic Violence Services (NCDVS). Conducted by the National Network to End Domestic Violence, the NCDVS is the most recent data documenting the number of victims who reach out for help.

550 Alaskans in a 24-hour period – that's more than could fit into the Anchorage Sheraton Hotel!

The NCDVS collected a national, unduplicated count of adults and children who received life-saving services from domestic violence programs on September 17, 2008. According to the Alaska Network on Domestic Violence and Sexual Assault (ANDVSA), all ANDVSA member programs participated in the census.

During the 24-hour survey period, more than **269 Alaskans** found refuge in emergency shelter or transitional housing; **281 Alaskans** received non-residential services such as counseling, legal advocacy and children's support groups. In addition, **73 hotline calls** were answered by local domestic violence advocates.

That's more than 3 hotline calls every hour!

"While these numbers provide advocates with tremendous insight into the need for domestic violence services, we know there are still victims out there who have not sought help," said Peggy Brown, Executive Director for ANDVSA. "We need to ensure resources are available to not only meet current needs, but to also increase public awareness so all victims know help is available."

Every year the National Network to End Domestic Violence (NNEDV) conducts a 24-hour survey of domestic violence programs across the country to gain a snapshot of domestic violence and service providers in the United States. Despite the many victims that received services, an additional 8,927 requests for assistance were unmet because of limited funding. In **Alaska** alone, nearly **50** requests for services such as transportation, childcare and counseling went unmet due to a shortage of either funds or staff.

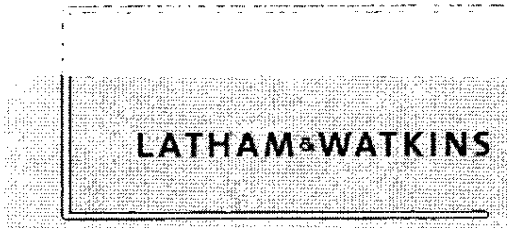
5564

As in years past, this year's census paints an appalling picture of the problem. But even more disturbing is another picture: the frightening reality of a bad economy that impacts the victims of domestic violence.

"During these times of economic uncertainty, more victims are unable to meet basic needs. Finding employment and safe housing will continue to be increasingly difficult leaving women and children more vulnerable to violence," said Ms. Brown.

For more information about domestic violence and sexual assault services contact your local DV/SA program or visit the Alaska Network on Domestic Violence and Sexual Assault website at www.andvsa.org.

The National Census of Domestic Violence Services is available online at www.nnedv.org/census.



Sharing capitol ideas.

The American Recovery and Reinvestment Act of 2009:
A Guide for State and Local Governments

Prepared for The Council of State Governments by:
Latham & Watkins LLP

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As of February 2009

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Sharing capitol ideas.

The American Recovery and Reinvestment Act of 2009:

A Guide for State and Local Governments

Prepared for The Council of State Governments by:
LATHAM & WATKINS LLP

The contents of this document constitutes legal information not legal advice. Persons or individuals seeking guidance on specific facts and circumstances related to this memorandum should seek counsel.

Introduction

President Obama signed the American Recovery and Reinvestment Act of 2009 (the ARRA) into law on February 17, 2009, advancing an ambitious plan to revitalize the nation's economy. This $787 billion package seeks to stimulate economic growth through federal spending on such programs as education, energy, health care, housing, and transportation.

The ARRA provides funds for a wide array of public and private actors, including federal entities. This paper summarizes key opportunities for state, local, territorial, and tribal governments to secure federal support through the ARRA. This includes direct funding as well as opportunities to act as a conduit for funds to constituents. Many of the provisions in the ARRA increase funding for existing programs. This paper summarizes current law where appropriate, but assumes familiarity with such existing programs.

This paper is not intended as a comprehensive guide to any particular program, but is intended as a general summary of the law to help identify funding opportunities for further inquiry. Any organization or entity interested in a specific program or opportunity referenced in this paper should seek additional information from the relevant government agencies, and consult with competent counsel to determine applicable legal requirements in a specific situation.

Time is an important consideration in evaluating opportunities under the ARRA. By 45 days after the date of enactment (April 3, 2009), state governors (or in some cases, state legislatures) must certify that their states will request and use funds and that these activities will create jobs and economic growth. The ARRA emphasizes rapid expenditure by imposing deadlines for application and disbursement and granting priority to projects that can use funds quickly. Therefore, authorities that are able to take quick action will benefit most from the new funding. Any date contained in this paper is either explicitly set forth in the text of the ARRA or is calculated based on the number of calendar days from the enactment thereof. Dates determined by calculating the number of days from enactment of the ARRA are determined without regard to whether the date falls on a weekend or federal holiday and, therefore, are necessarily estimates. Legal counsel should be consulted to determine these dates with certainty.

Many provisions of the ARRA do not provide guidance on the distribution of funds provided therein. In the coming weeks, relevant government agencies will issue guidance regarding application and disbursement of funds under their jurisdiction.

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Table of Contents

1.	Education and Fiscal Stabilization	Page 4
2.	Emergency Management	Page 9
3.	Employment and Family Services	Page 10
4.	Energy	Page 19
5.	Environment and Natural Resources	Page 21
6.	Health Care	Page 25
7.	Housing	Page 30
8.	Law Enforcement and Community Services	Page 33
9.	Military	Page 36
10.	Nutrition	Page 37
11.	Technology and Science	Page 39
12.	Transportation	Page 41
13.	Tribal Governments	Page 45
14.	General Provisions	Page 46

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1. EDUCATION AND FISCAL STABILIZATION

A. Fiscal Stabilization Fund - $53.6 billion

State Allocations - ***$48.318 billion***
[A.XIV] [1]

- The ARRA provides funds, awarded by the Secretary of Education, for grants to states based on their relative populations, for elementary, secondary, and higher education, public safety, and other government services. The Secretary will award 61 percent of the funds to states based on their relative populations of individuals aged 5 through 24, and will award the remaining 39 percent of the funds based on states' relative total populations. The Secretary can reserve up to $14 million of these funds for administration and oversight of the program.

  - **Fiscal Stabilization Funds for Education.** State must dedicate **$39.5 billion** (81.8 percent) of these funds to elementary, secondary, and higher education. These funds must be used first to restore state support of primary, secondary, and higher education through 2011 to the greater of 2008 or 2009 levels, and also must follow existing formula increases for elementary and secondary fiscal support for 2010 and 2011.

  - **General Fiscal Stabilization Funds.** States may use the remaining **$8.8 billion** (18.2 percent) of the funds to support any public safety or other government service, including education. *States have total discretion in the use of these funds, so long as their use is for some government service and is not otherwise prohibited by law.*

  - Funds that are not subgranted or otherwise committed within two years must be returned to the Secretary of Education to be reallocated to the remaining states based on the proportion set forth above.

- If states choose to dedicate a portion of their grants to institutions of higher education, states cannot consider the mission or type of institution in making awards. An institution is eligible so long as it is an "institution of higher education" under the Higher Education Act of 1965 (HEA); 42 U.S.C. §§ 2751 *et seq.*, and if it continues to be eligible to participate in programs under Title IV of that Act.

- Each governor must apply for his or her State's allotment of funds under this program. Applications must describe how the funds will be used and make five required assurances (Allocation Assurances) to the Secretary of Education that, in accordance with various other statutes, the state will: (1) maintain fiscal support of elementary, secondary, and higher education through 2011 at least at 2006 levels; (2) improve teacher effectiveness and equity in teacher distribution; [2] (3) establish a longitudinal data system; [3] (4) enhance academic standards and assessments; [4] and (5) support struggling schools.[5]

---

[1] References are to Division, Title, and, where available, Section of the ARRA.
[2] *See* Elementary and Secondary Education Act of 1965 (ESEA), § 1111(b)(8)(C); 20 U.S.C. § 6311.
[3] *See* America COMPETES Act, § 6401(e)(2)(D).
[4] *See* ESEA, § 1111(b)(3); 20 U.S.C. § 6311; Individuals with Disabilities in Education Act (IDEA), § 612(a)(16); 20 U.S.C. § 1412; America COMPETES Act, § 6401(e)(1)(9)(A)(ii); 20 U.S.C. § 9871.
[5] *See* ESEA, § 1116(a)(7)(C)(iv), (8)(B); 20 U.S.C. § 6311.

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*State Incentive Grants/Innovation Funds - **$5 billion***
[A.XIV]

- The ARRA provides $5 billion to fund state incentive grants and an Innovation Fund. Of the total amount, the Secretary of Education may dedicate up to $650 million to local educational agencies through the Innovation Fund.

- **State Incentive Grants**. The Secretary of Education has discretion to award grants in FY 2010 to states that make significant progress in fulfilling and improving upon the goals identified in Allocation Assurances 2 through 5 made in connection with the state's application for its allocation of funds under this program. State applications for incentive grants must, in addition to satisfying the requirements of applications for state allocations under this program, show how such grants will help the state further meet the goals of Allocation Assurances 2 through 5.

  - The Secretary of Education can evaluate applications under Allocation Assurances 2 through 5 and under any other criteria chosen by the Secretary, such as a state's financial need to meet such assurances.

  - States that receive incentive grants must give at least 50 percent of the grants to local educational agencies in subgrants based on the local agencies' relative shares of funding under part A of title I of the Elementary and Secondary Education Act of 1965 (ESEA); 20 U.S.C. §§ 6301 *et seq.* for the most recent fiscal year.

- **Innovation Fund**. The ARRA provides that the Secretary of Education has discretion to award innovation grants to local education agencies or partnerships between non-profit organizations and local educational agencies or schools, so that grantees can expand their work, partner with private sector and philanthropic community organizations, and document best practices.

  - To be eligible for an award, an entity must: (1) have made significant gains in closing the achievement gap as described in section 1111(b)(2) of the ESEA; 20 U.S.C. § 6311(b)(2)(B); (2) have exceeded the state's annual objectives from section 1111(b)(2) of the ESEA for two consecutive years or have increased student achievement for all student groups described in that section through another measure such as those described in 1111(c)(2) of the ESEA; 20 U.S.C. § 6311(b)(2)(C)(v); (3) have made significant improvements demonstrated by data in other areas such as graduation rates or teacher recruitment; and (4) demonstrate partnerships with private sector or philanthropic groups which agree to match the innovation grant funds.

  - If a local educational agency cannot meet the above criteria for eligibility, the agency can partner with an eligible philanthropic organization.

*Fiscal Stabilization Funds for Outlying Areas - **$268 million***
[A.XIV]

- The Secretary of Education will also award grants to outlying areas for educational purposes after consultation with the Secretary of the Interior. There is no specified application process. Grants will be awarded based on each area's respective needs as determined at the discretion of the Secretary of Education.

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Fiscal Stabilization General Rules and Restrictions

- These rules and restrictions apply to the Fiscal Stabilization funds, Division A, Title XIV, including the three areas outlined immediately above.
- The Secretary of Education may determine the time, manner, and information required for applications. The governor shall submit all applications on behalf of a state. Each state receiving funds under this title must file annual reports in the manner and containing the information as determined by the Secretary, including the uses of funds, distribution of funds, estimated job creation, estimated tax increases averted, and state progress in specified education initiatives.
- No funds can be used for financial assistance (vouchers) for students to attend private elementary or secondary schools.
- If necessary to relieve fiscal burdens on states and local agencies, the Secretary may waive or modify any requirement of this title relating to maintenance of fiscal effort.

Uses of Funds by Local Educational Agencies

- **Allowed**. Any activity authorized by the ESEA, the Individuals with Disabilities in Education Act (IDEA), the Adult and Family Literacy Act, or the Perkins Act; and modernization, renovation, or repair of public school facilities, including projects consistent with a recognized green building rating system.
- **Prohibited**. Maintenance costs; modernization; renovation, or repair of stadiums; purchasing vehicles; and improvements to stand-alone non-educational facilities.

Uses of Funds by Public Institutions of Higher Education

- **Allowed**. Uses that mitigate the need to raise tuition and fees for in-state students and modernization, renovation, or repair of public school facilities—including projects consistent with a recognized green building rating system.
- **Prohibited**. Increases to an institution's endowment; maintenance of systems, equipment, or facilities; and modernization, renovation, or repair of sports or religious facilities.

B. Other Educational Funds

*Education for the Disadvantaged - **$13 billion***
[A.VIII]

- The ARRA provides:
  - **$5 billion** in additional funds for targeted grants to local educational agencies under section 1125 of the ESEA, to be distributed as set forth in 20 U.S.C. § 6337. Local

educational agencies are eligible to receive targeted grants as set forth in 20 U.S.C. § 6335.

- **$5 billion** in additional funds for education finance incentive grants to states under section 1125A of the ESEA. *See* 20 U.S.C. § 6337.

- **$3 billion** in additional funds for school improvement grants to states under section 1003(g) of the ESEA (20 U.S.C. § 6303(g)) for distribution as subgrants to local educational agencies to assist in school improvements satisfying the requirements set forth in 20 U.S.C. § 6316.

- Local educational agencies receiving funds are required to file with the state educational agency a school-by-school listing of per-pupil expenditures from state and local sources during the 2008-2009 academic year no later than December 1, 2009. In turn, the state educational agency must report that information to the Secretary of Education by March 31, 2010.

*Special Education - **$12.2 billion***
[A.VIII]

- The ARRA provides additional funding for grants to states to carry out parts B and C of the IDEA: **$11.3 billion** for section 611 of the IDEA; **$400 million** for section 619 of the IDEA; and **$500 million** for part C of the IDEA. *See generally* 20 U.S.C. §§ 1400 *et seq.*; 34 C.F.R. §§ 300 *et seq.*

- If every state reaches its maximum allocation under section 611(d)(3)(B)(iii) of the IDEA, remaining funds will be proportionally allocated to each state subject to the maximum amounts contained in section 611(a)(2) of the IDEA.

- By July 1, 2009, the Secretary of Education will reserve the amount needed for state Incentive Grants under section 643(e) of the IDEA, with any remaining funds to be allocated to the states in accordance with section 643(c) of the IDEA.

- The total amount, under this and all other acts, available for each of sections 611(b)(2) and 643(b)(1) of the IDEA ("Outlying Areas and Freely Associated States; Secretary of the Interior" under Part B and "Payments to Indians" under Part C) must be equal to the amount available for that section during FY 2008 increased by the amount of inflation as specified in section 619(d)(2)(B) of the IDEA.

*School Improvement Programs - **$720 million***
[A.VIII]

- The ARRA provides:

  - **$650 million** in additional funds to states for subgrants to local educational agencies and local entities pursuant to the Enhancing Education through Technology program. *See generally* ESEA, Title II, Part D, Subpart 1; 20 U.S.C. § 6761 *et seq.*

  - **$70 million** in additional funds for grants under subtitle B of title VII of the McKinney-Vento Homeless Assistance Act to each state in proportion to the number of homeless students identified by the state during the 2007-2008 school year relative to the number of such children identified nationally during that period. The Secretary of Education

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must distribute the McKinney-Vento funds to states within 60 days of the date of enactment (by April 18, 2009).

- Each state must award the McKinney-Vento funds as subgrants to local educational agencies no later than 120 days after receiving such funds from the Secretary of Education. State educational agencies must subgrant such funds to local educational agencies on a competitive basis or according to a formula based on the number of homeless students identified by the local educational agencies in the state.

Innovation and Improvement - ***$200 million***
[A.VIII]

- The ARRA provides $200 million for distribution to states, local educational agencies, institutions of higher learning and other public and private agencies for educational innovation and improvement pursuant to the Fund for the Improvement of Education. *See generally* ESEA, Title V, Part D, Subpart 1; 20 U.S.C. §§ 7243 *et seq*. Funds must be expended as directed in the fifth, sixth, and seventh provisos under the heading "Innovation and Improvement" in the Department of Education Appropriations Act, 2008.

Impact Aid - ***$100 million***
[A.VIII]

- The ARRA provides that the Secretary of Education will make construction payments and will award school facility emergency and modernization grants to local educational agencies as set forth in section 8007 of title VIII of the ESEA. *See* 20 U.S.C. § 7707. No further details are provided.

Pell Grants - ***$15.64 billion***
[A.VIII]

- The ARRA provides additional funds to address program shortfalls and increase the maximum grant allowed.

Student Financial Assistance - ***$200 million***
[A.VIII]

- The ARRA provides funding for grants to institutions of higher education to assist in the operation of work-study programs under the HEA.

Higher Education - ***$100 million***
[A.VIII]

- The ARRA provides additional funding for teacher quality enhancement grants to states and eligible partnerships on a competitive basis under part A of title II of the HEA. *See generally* 20 U.S.C. §§ 1021 *et seq*.

NSF Research and Related Activities - ***$2.5 billion***
[A.II]

- *See* Technology and Science.

*National Institute of Standards and Technology Research Facilities - **$360 million***
[A.II]

- *See* Technology and Science.

*Institute of Education Sciences - **$250 million***
[A.VIII]

- The ARRA provides additional funding for competitive grants to state educational agencies for statewide longitudinal data systems as set forth in section 208 of the Educational Technical Assistance Act. *See* 20 U.S.C. § 9607.

- Funds may be used for statewide data systems that include postsecondary and workforce information, of which up to $5 million may be used for state data coordinators and for awards to public or private organizations or agencies to improve data coordination.

2. EMERGENCY MANAGEMENT

*Firefighter Assistance Grants - **$210 million***
[A.VI]

- Federal Emergency Management Agency (FEMA) administers grants to fire stations through the Assistance to Firefighters Grants (AFGs). The ARRA adds an additional $210 million in the form of AFGs for construction or modification of state and local fire authorities. FEMA can reserve $5 million for program administration.

- To ensure that FEMA distributes these grants to as many fire stations as possible, FEMA cannot award an AFG for over $15 million.

Federal Fire Prevention and Control Act Grants
[A.VI]

- The ARRA waives the cost-sharing requirements for all grants under the Federal Fire Prevention and Control Act (15 U.S.C. § 2229(a)) for FY 2009 and FY 2010.

*Public Transportation and Railroad Security Assistance - **$150 million***
[A.VI]

- The ARRA provides an additional $150 million for Public Transportation and Railroad Security Assistance. The FEMA currently awards grants to state and local governments, among other entities, for security-related expenses under the Implementing Recommendations of the 9/11 Commission Act (the 9/11 Act). *See* 6 U.S.C. §§ 1135, 1163.

- Public Transportation Security Assistance grants are available for public transportation agencies, but agencies must first develop a security plan or undergo a security assessment under section 1135 of the 9/11 Act.

- State and local governments will have to compete for Railroad Security Assistance grants with railroad carriers, owners of railroad cars, Amtrak, the Alaska Railroad, and offerors of security-sensitive materials who ship by railroad.

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*Port Security Grants - **$150 million***
[A.VI]

- FEMA currently awards risk-based grants to port authorities, facility operators, and state and local governments. *See* 46 U.S.C. § 70107. The ARRA provides an additional $150 million for Port Security Grants, and waives state and local cost-sharing requirements for these additional funds.

*Emergency Food and Shelter Grants - **$100 million***
[A.VI]

- FEMA administers grants for state and local governments, and non-profit institutions, to provide food and shelter to homeless individuals, under the McKinney-Vento Homeless Assistance Act. *See* 42 U.S.C. § 11331. The ARRA provides an additional $100 million for this program. The Emergency Food and Shelter Program National Board, which consists of directors of national charities, distributes the funds.

Disaster Assistance Direct Loan Program
[A.VI]

- FEMA provides loans to local governments under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. *See* 42 U.S.C. § 5121. For loans in response to 2008 disasters, the ARRA amends the ceiling for disaster assistance loans from 25 percent of a local government's annual operating budget to 50 percent, and allows loans to exceed $5 million, provided the local government has experienced a 25 percent or greater loss in tax revenue.

- The ARRA provides that the cost of such loans is to be determined based on the definitions provided in the Congressional Budget Act. *See* 2 U.S.C. § 661(a).

*Wildland Fire Management Grants - **$250 million***
[A.VII]

- The ARRA provides an additional $250 million to the Forest Service to be distributed as grants to state and private organizations for hazardous fuel reduction, forest health, and ecosystem improvement projects on state and private forests. (Another $250 million is designated for federal lands.) Up to $50 million can be used to make wood-to-energy grants to promote increased utilization of biomass from federal, state, and private lands.

- These additional grants are not subject to matching or cost sharing requirements.

3. EMPLOYMENT AND FAMILY SERVICES

A. Unemployment Compensation

Extension of Emergency Unemployment Compensation Program
[B.II]

- The ARRA extends the period for which individuals can be eligible for extended unemployment benefits under the Unemployment Compensation Extension Act of 2008

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(Public Law 110-252; 26 U.S.C. § 3304 note) from March 31, 2009, to December 31, 2009. Pursuant to the ARRA, states can receive funds, as directed by the Secretary of Labor, to cover the extended unemployment benefits and the administrative costs of the extension. Benefits may be paid as late as May 31, 2010. The funds provided under this section need not be repaid.

Increase in Unemployment Compensation Benefits
[B.II]

- The ARRA provides an additional, federally funded, $25 weekly unemployment benefit available to all individuals receiving any form of state unemployment compensation benefit. States must distribute this benefit on the same weekly basis as any regular unemployment compensation otherwise payable, and without changing their benefit formulas in a way that would subsume this additional benefit. Also, the additional benefit must be disregarded in determining income eligibility for Medicaid and State Children's Health Insurance Program (SCHIP).

- Under the ARRA, a state will be eligible to pay the additional compensation to individuals upon entering into an agreement with the Secretary of Labor, for weeks of unemployment beginning at the agreement and ending before January 1, 2010. In turn, the state will receive funds for the total amount permitted under the agreement and for administrative expenses. Payments will be made to states on a monthly basis, and the funds need not be repaid. A state can terminate an agreement with 30 days' written notice.

Special Transfers for Unemployment Compensation Modernization - Up to ***$7 billion***
[B.II]

- The ARRA provides "incentive payments" to states which agree to amend their unemployment compensation laws to provide more generous base-period calculations and adopt less restrictive grounds for disqualifications based on availability of and applicants' search for work. The maximum incentive payment allowable for a state will be calculated by multiplying $7 billion by the same ratio as required for excess funds under the Reed Act, 42 U.S.C. § 1103.

- This section of the ARRA provides that one-third of the incentive payment will be contingent on the state's adoption of a more generous base period for determining eligibility for unemployment benefits. This revised base-period calculation would include the most recently completed calendar quarter before the start of the benefit year for at least those individuals that would not otherwise be eligible for unemployment compensation (UC) under state law by using a different base period. If a state qualifies for the first one-third of the ARRA incentive payment, it will be eligible for the remaining two-thirds of the payment if it adopts more lenient disqualification standards for unemployment compensation and pays higher allowances to eligible UC recipients with dependents, as specified under ARRA § 2003.

- The Secretary of Labor is required to issue rules regarding state law modernization provisions within 60 days after enactment (by April 18, 2009). The Secretary has 30 days after receiving a complete application to determine if states are eligible for modernization incentive payments.

- States must have permanent laws in place, or set to take effect within 12 months, that contain the revised provisions. The Secretary of Labor will determine whether a state's laws meet the stated requirements. All incentive payments must be made before October

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1, 2011, and all applications must be submitted after the date of enactment but not later than the date necessary for final payment to be made before October 1, 2011.

Special Transfers for Unemployment Compensation - ***Up to $500 million***
Modernization – Special Transfer in FY 2009
for Administration
[B.II]

- In addition to any other amounts awarded, states agreeing to make changes to their laws receive funds for administrative costs of carrying out the changes, for improved outreach of UC-eligible individuals, for improvement of unemployment benefit or unemployment tax operations, and for staff-assisted reemployment services for UC claimants. The states' portion of the $500 million, calculated by a statutory formula, is transferred to the states' accounts in the Unemployment Trust Fund within 30 days of the date of enactment (by March 19, 2009).

- The Secretary of Labor may set rules for carrying out this subsection.

Full Federal Funding of Extended Unemployment Compensation for a Limited Period
[B. II]

- The Federal-State Extended Unemployment Compensation Act of 1970 (EUCA) established an Extended Benefit (EB) program that extends receipt of Unemployment Benefits (UB) at the state level if certain economic conditions exist within the state. The ARRA temporarily eliminates state cost-sharing for extended unemployment compensation benefits for states that are eligible for EB under the EUCA, from the date of enactment through January 1, 2010. States may opt to extend eligibility until June 1, 2010, with respect to those workers who receive extended compensation after enactment and before January 1, 2010.

- This provision of the ARRA temporarily allows states to award EB to individuals who qualified for, but exhausted, benefits under the 2008 Extended Unemployment Compensation Act, even if the individual has received benefits past the state-determined benefit year (usually 52 weeks). The existing one-week waiting period for extended benefit compensation remains suspended until the week ending before May 30, 2010.

B. Temporary Assistance for Needy Families (TANF)

Emergency Fund for TANF Program - ***$5 billion***
[B.II]

- The ARRA provides $5 billion in new funds over two years to the TANF block-grant program to states and tribes experiencing increased cash welfare caseloads. States with separate state programs funded with TANF state maintenance of effort dollars are also eligible for grants from the fund, as are states with increased short-term non-recurrent benefit expenditures or increased subsidized employment expenditures under TANF and separate state programs. Grantees are subject to funding caps from the emergency fund, which is repealed as of October 1, 2010.

Extension of TANF Supplemental Grants
[B.II]

- The ARRA extends through FY 2010 $319 million in supplemental grants to 17 states that have high rates of population growth or historically low federal welfare allocations relative to their existing poverty levels. The ARRA extends these supplemental grants by amending section 7101(a) of the Deficit Reduction Act of 2005, as amended by section 301(a) of the Medicare Improvements for Patients and Providers Act of 2008. 42 U.S.C. §§ 1305 *et seq.*

- The 17 states that qualify for supplemental grants are: Alabama ($11.1 million); Alaska ($6.9 million); Arizona ($23.9 million); Arkansas ($6.2 million); Colorado ($13.6 million); Florida ($60.0 million); Georgia ($37.3 million); Idaho ($3.5 million); Louisiana ($17.0 million); Mississippi ($9.0 million); Montana ($1.1 million); Nevada ($3.7 million); New Mexico ($6.6 million); North Carolina ($36.1 million); Tennessee ($21.6 million); Texas ($52.7 million); and Utah ($8.7 million).

Clarification of Authority of States to Use TANF Funds Carried Over From Prior Years to Provide TANF Benefits and Services
[B.II]

- The ARRA allows states to use reserve TANF funds for any TANF benefit, service, or activity.

C. Trade Act Provisions

Administrative and Case Management Funds for Trade Act Training
[B.I]

- The ARRA provides additional funds for states to defray administrative and case management expenses incurred in providing training under section 236 of the Trade Act of 1974 (Trade Act). States will receive an additional payment equal to 15 percent of the funds they would normally receive.

- The ARRA also provides a lump sum payment of $350,000 to each state for the same purposes described above. States may decline this payment and return the funds to the Secretary of Labor.

*Training Funding - **$853.75 million***
[B.I]

- The ARRA amends section 236 of the Trade Act by increasing funds to states for training as defined in section 236(a)(2) of that act. The ARRA provides $575 million for FY 2009 and FY 2010, and $143.75 million for the period beginning October 1, 2010 and ending December 31, 2010.

- The Secretary of Labor must make an initial distribution of training funds to the states as soon as practicable based on: (1) the trend in numbers of certified workers (as defined in the Trade Act); (2) the trend in numbers of workers participating in training; (3) the number of workers enrolled in training; (4) the estimated amount of funding needed to provide approved training; and (5) other factors the Secretary determines are appropriate.

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The initial distribution must not be less than 25 percent of the initial distribution to any individual state in the previous fiscal year.

- In making an initial distribution of funds, the Secretary of Labor must hold in reserve 35 percent of the funds for that fiscal year in order to provide for additional distributions. However, not less than 90 percent of the available funds must be distributed by July 15 of that fiscal year.

- Upon a state's request, the Secretary of Labor may distribute funds held in reserve if additional training funds are deemed necessary. The Secretary will establish procedures for the distribution of additional funds. These procedures must be issued not later than one year after the date of enactment (by February 17, 2010).

Trade Adjustment Assistance for Communities - ***$150 million***
[B.I]

- The ARRA provides grants for "eligible communities" (those affected by trade) to undertake projects to adjust to the impact of trade. Grant application is a two-step process:

  - First, a community (city, county, other state political subdivision, or consortium thereof) must petition the Secretary of Commerce to be designated as an "eligible community" and will be so designated if (1) there is a certification that workers, firms, or agriculture commodity producers are eligible for adjustment assistance under the Trade Act, 19 U.S.C. § 2371; and (2) the community is significantly affected by the threat to, or the loss of, jobs associated with that certification. *See* ARRA § 1872 (amending Trade Act § 273(b)(3)).

  - Second, an eligible community may apply for a grant (not exceeding $5 million) by submitting a description of its strategic plan to adjust to trade and the particular project therein to be funded. The community itself must fund at least 5 percent of the project. Priority will be given to small and medium-sized communities.

- Communities may also apply for grants ($56.25 million out of the $150 million authorized) to help develop the strategic plan, which must contain several enumerated components, such an analysis of the community's economic development and its capacity for adjustment. *See* ARRA § 1872 (amending Trade Act § 276(b)-(c)).

- The Secretary of Commerce will establish additional rules for grant applications.

Community College and Career Training Grants - ***$90 million***
[B.I]

- The ARRA amends chapter 4, subchapter B of the Trade Act, and authorizes the Secretary of Labor to award Community College and Career Training grants to eligible institutions (as defined in section 102 of the Higher Education Act (20 U.S.C. § 1002)). The provision authorizes, but does not appropriate, $90 million for the program. Institutions are eligible for only one grant, not to exceed $1 million.

- No later than June 1, 2009, the Secretary of Labor will issue guidelines for the submission of grant proposals. Proposals must include a detailed description of: (1) the specific project for which the proposal is submitted, including the manner in which the funds will be used to develop, offer, or improve an education or career training program that is suited to

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workers eligible for training under section 236 of the Trade Act; (2) the extent to which the project will meet the education and career training needs of workers in the community served by the eligible institution who are eligible for training under section 236 of the Trade Act; (3) the extent to which the project fits within any overall strategic plan developed by an eligible community under section 276 of the Trade Act; (4) the extent to which the project relates to any project funded by a Sector Partnership Grant awarded under section 279A of the Trade Act; and (5) any previous experience of the institution in providing education or career training programs to workers eligible for training under section 236 of the Trade Act.

- The absence of any previous experience in providing training to section 236 workers will not automatically disqualify an institution from receiving a grant.

- In order to be considered by the Secretary of Labor for a grant, the eligible institution must demonstrate that it has reached out to employers described in section 276(a)(2)(B) of the Trade Act to identify any shortcomings in existing training opportunities within the community, and has reached out to similarly situated institutions or eligible partnerships in the community to identify appropriate best practices and to avoid duplication of efforts. Institutions must provide a detailed description of such efforts.

*Industry or Sector Partnership Grant Program for Communities Impacted by Trade - **$90 million** [B.I]*

- The ARRA amends chapter 4, subchapter C of the Trade Act and authorizes, but does not appropriate, $90 million for grants to facilitate efforts by industry or sector partnerships to strengthen and revitalize industries and create employment opportunities for workers in communities impacted by trade.

- The program contemplates the establishment of partnerships between a private industry or sector within the community, state and local governments, local workforce investment boards (as established under section 117 of the Workforce Investment Act of 1998 (29 U.S.C. § 2832)), labor organizations, and educational institutions. The partnership is to be directed by a "lead entity," defined as an entity designated by the partnership to be responsible for submitting a grant proposal, or as a state agency designated by the governor of a state.

- The lead entity of a partnership must submit a grant proposal to the Secretary of Labor. Proposals must: (1) identify the members of the partnership; (2) identify the targeted industry or sector for which the partnership intends to carry out projects; (3) describe the partnership's goals; (4) describe the projects the partnership will undertake to achieve its goals; (4) demonstrate that the eligible partnership has the organizational capacity to carry out such projects; (5) explain whether the community impacted by trade has sought or received a community grant under section 275 of the Trade Act, a Community College and Career Training Grant under section 278, or funds pursuant to any other federally funded training project, and explain how the partnership will coordinate the use of Sector Partnership Grants with the use of other grants to avoid duplication of effort; and (6) include performance measures, based on those issued by the Secretary.

- Only one grant may be awarded to a partnership. The grant must not exceed $2.5 million, unless the partnership is located in a community impacted by trade that is not served by an institution receiving a Community College and Career Training Grant, in which case the maximum grant is $3 million.

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- Projects eligible for grant awards must be carried out within three years. No later than one year after receiving a Sector Partnership Grant, and three years thereafter, the lead entity must submit to the Secretary of Labor a report containing a detailed description of the progress made toward achieving the goals elaborated in the original grant proposal, and a detailed description of the expenditure of grant funds.

D. Other Employment and Family Service Provisions

Workforce Investment Programs - ***$3.95 billion***
[A.VIII]

- The Department of Labor, Employment and Training Administration administers funds under the Workforce Investment Act (29 U.S.C. § 2801). The ARRA adds $3.95 billion to these funds, which are available in the form of grants to state and local governments, in addition to non-profits, between the date of enactment (February 17, 2009) and June 30, 2010. The ARRA allows local workforce investment boards to contract with institutions of higher education if this would boost enrollment in training programs for high-demand occupations. Of the additional funds provided by the ARRA:
  - **$500 million** is designated for adult employment and training programs. States must give priority for inclusion in these programs to recipients of public assistance and other low-income individuals, as defined in 29 U.S.C. § 2864.
  - **$1.2 billion** is designated for youth job training programs. The maximum age is increased to twenty-four. None of these funds are to be reserved for youth opportunity grants pursuant to 29 U.S.C. § 2852.
  - **$1.25 billion** is designated for employment and training programs for dislocated workers.
  - **$200 million** is designated for the national reserve for assistance to dislocated workers.
  - **$50 million** is designated for the YouthBuild program, which provides housing-construction skills to at-risk youth. In 2009, YouthBuild programs can include high school drop-outs who have enrolled in an alternative school.
  - **$750 million** is designated for competitive grants for worker training and placement in high-growth and emerging industry sectors. Of this total, $500 million is designated for training and placement in energy efficiency and renewable energy jobs, as defined in 29 U.S.C. § 2916. The Secretary of Labor shall give priority in awarding the remaining $250 million for programs that train and place workers in the health care sector.

Children and Family Services Programs - ***$3.15 billion***
[A.VIII]

- The ARRA provides $3.15 billion for children and family services programs as follows:
  - **$1 billion** for Head Start grants under the Head Start Act (42 U.S.C. § 9831). Grants are available to state and local governments, as well as for-profit and non-profit organizations.

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- **$1.1 billion** for Early Head Start, which provides funding for infants and toddlers under § 645(A) of the Head Start Act (42 U.S.C. § 9840a). Grants are available for state and local governments and for-profit and non-profit organizations.

- **$1 billion** for Community Service Block Grant programs under the Community Service Block Grant Act (42 U.S.C. § 9901). For such grants provided by the ARRA during FY 2009 and FY 2010, states can increase the income eligibility ceiling for receipt of services from 125 percent to 200 percent of the federal poverty level.

- **$50 million** for unspecified spending under section 110 of the Social Security Act (42 U.S.C. § 1310), which provides grants to states and local organizations.

*Child Care and Development Block Grants - **$2 billion***
[A.VIII]

- The ARRA makes additional funds available for grants to state programs that provide low-income families and public-assistance recipients with child care so that parents can work or attend work-training or education classes. The ARRA requires that such grants be used to supplement, not supplant, state funding for child care assistance to low-income families.

- Of the total, **$255,186,000** is designated for activities such as programs to improve consumer education, parental choice, and the quality and availability of child care. **$93,587,000** of this amount is designated for programs that improve the quality of infant and toddler care.

- The grants are administered by the Department of Health and Human Services, Administration for Children and Families, under the Child Care and Development Block Grant Act (42 U.S.C. § 9858).

*Rehabilitation Services and Disability Research - **$680 million***
[A.VIII]

- The ARRA provides additional funding for grants to states to carry out the Vocational Rehabilitation Services program under the Rehabilitation Act of 1973 (Rehabilitation Act):

  - **$540 million** for grants to state vocational rehabilitation agencies under part B of title I of the Rehabilitation Act. *See generally* 29 U.S.C. §§ 720 *et seq*.

  - **$140 million** for Independent Living programs, per parts B and C of chapter 1 and chapter 2 of title VII of the Rehabilitation Act, including $18.2 million for grants to states; $87.5 million for independent living centers; and $34.3 million for services for older blind individuals. *See generally* 29 U.S.C. §§ 796 *et seq*.

- The ARRA eliminates state cost-sharing for the use of these additional funds for vocational rehabilitation services.

*State Unemployment Insurance and Employment Services Grants - **$400 million***
[A.VIII]

- The ARRA provides funds for grants for unemployment insurance and employment services made available to the states through September 30, 2010, by the Department of Labor, Employment and Training Administration.

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- Grants will be distributed according to the formula found in section 6 of the Wagner-Peyser Act (29 U.S.C. § 49). This formula allots two-thirds of grant monies based on the ratio of civilian laborers in each state to the total in all the states; the remaining one-third is allotted based on the ratio of the unemployed in each state to the total in all states.

- The Secretary of Labor must designate $250 million of the total for reemployment services for unemployment insurance claimants.

*Job Corps Centers - **$250 million***
[A.VIII]

- The Department of Labor, Office of Jobs Corps, currently oversees Job Corps Centers, which provide education and vocational training for eligible individuals between the ages of 16 and 24. Pursuant to section 147 of the Workforce Investment Act (29 U.S.C. § 2887), the Secretary of Labor currently selects operators for Jobs Corps Centers from applications submitted by federal, state, local, and private entities.

- The ARRA allocates an additional $250 million to the Office of Job Corps for the construction, rehabilitation, and acquisition of these Job Corps Centers. The Secretary of Labor may allocate up to 15 percent of these funds to Jobs Corps Centers for operation, which may include training for careers in energy efficiency, renewable energy, and for environmental protection agencies.

- These funds are available from the date of enactment (February 17, 2009) and remain available for obligation through June 30, 2010.

*Corporation for National and Community Service Programs - **$154 million***
[A.VIII]

- The Corporation for National and Community Service (CNCS) manages a series of volunteer programs, including AmeriCorps and Senior Corps, under the Domestic Volunteer Service Act (42 U.S.C. § 4950) and the National and Community Service Act (42 U.S.C. § 12501). In addition, the CNCS provides grants to national, state, and local governments, as well as non-profits, for performing volunteer programs.

- The ARRA provides an additional **$89 million** for existing AmeriCorps grantees, including state and local governments, and allows these funds to be used for increases in grants made prior to September 30, 2010, if the Chief Executive Officer for CNCS deems it appropriate to waive the cost-sharing requirements.

- The ARRA provides an additional **$65 million** for the AmeriCorps Volunteers in Service to America (VISTA) program. State and local governments, as well as non-profit organizations, can obtain this money by applying for grants for local service projects.

*Community Service Employment for Older Americans Grants - **$120 million***
[A.VIII]

- The ARRA increases the amount available for grants to state and local governments and non-profit organizations that provide work training to Americans over age 55, administered by the Department of Labor, Employment and Training Administration, under the Older Americans Act (42 U.S.C. § 3001). Funds are available only to existing 2008 grantees.

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- The Department of Labor will automatically increase the amount of 2008 grants within 30 days of the date of enactment (by March 19, 2009). Grantees must spend additional amounts before July 1, 2010, or unspent funds may be recaptured and reallocated by the Secretary.

Temporary Resumption of Prior Child Support Law
[B.II]

- Under current law, the federal government provides incentive payments to states to encourage them to develop and implement effective child support enforcement (CSE) programs. *See* 42 U.S.C. § 655(a)(1). The ARRA temporarily provides federal matching for federal CSE incentive funds that are reinvested back into state CSE programs or related activities. Federal matching funds for child support incentive payments are to be provided for FY 2009 and FY 2010.

4. ENERGY

*Weatherization Assistance Program - **$5 billion***
[A.IV]

- The Department of Energy currently provides grants to states for distribution to low-income homes to purchase and install materials and implement other weatherization measures to improve energy efficiency under the Weatherization Assistance Program, 42 U.S.C. §§ 6861 *et seq*. The ARRA expands the number of households eligible for assistance by increasing eligibility levels to households at or below 200 percent of the federal poverty level and increasing maximum assistance to $6,500. States can also receive funding for the administrative costs of retaining technical professionals to develop strategies to implement their weatherization program.

- Under the existing program, states must submit an annual application to the Department of Energy requesting available funds and identifying the number of dwelling units to be weatherized, relevant climate conditions, and other factors. 42 U.S.C. § 6864. A state also must provide reasonable assurances to the Department that it has: (1) established a broadly-representative policy advisory council with appropriate qualifications to channel funding for weatherization projects; (2) established priorities to govern the provision of weatherization assistance to low-income persons, and established methods to prioritize assistance to elderly and handicapped low-income persons; and (3) has selected non-profits and other agencies to undertake weatherization activities in an open, public process. Although there is no maintenance of effort provision tied to fiscal year, states applying for weatherization funds are required to make certain additional assurances regarding the level of state and local funding to be provided. 42 U.S.C. § 6864.

- If a state fails to submit an application to the Department of Energy for weatherization assistance, any unit of general purpose local government or a community action agency carrying out weatherization programs may submit an application in lieu of the state. 42 U.S.C. § 6864(c).

- The Secretary of Energy may impose reporting requirements on funding recipients.

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*Energy Efficiency and Conservation Block Grants - **$3.2 billion***
[A.IV]

- The ARRA will provide $3.2 billion for grants to states and local governments to develop and implement energy efficiency and conservation strategies. The Department of Energy will distribute the funds to states participating in the Energy Efficiency and Conservation Block Grants Program. *See* Energy Independence and Security Act of 2007, 42 U.S.C. §§ 17151-58. The Department has not yet published rules governing this program.

- Of the funds provided by the ARRA, **$2.8 billion** will be automatically distributed by statutory formula, which takes into account population and other factors. 42 U.S.C. § 17153. The remaining $400 million is available through a competitive grant program.

- Funding can be used to conduct energy audits, perform energy efficiency retrofits, implement more efficient energy distribution technologies, develop or install renewable energy technologies, and incentivize energy efficiency improvements in the private sector. Grantees may use up to the greater of 20 percent or $250,000 of funds to establish revolving loan funds and the same amount to provide subgrants to assisting non-government organizations.

- Applicants must provide DOE with a proposed energy efficiency and conservation strategy within one year of receiving funding. DOE must approve the proposed plan within 120 days or return it to the community for revision.

- Grantees must provide DOE with a report detailing the implementation of its Energy Efficiency and Conservation Strategy, as well as realized energy efficiency gains, no later than two years after the date on which funds were initially provided.

*State Energy Programs - **$3.1 billion***
[A.IV]

- The ARRA provides $3.1 billion in additional funds for the Department of Energy to distribute as grants to applicant states to assist in preparing and implementing comprehensive state energy conservation plans (State Energy Programs), pursuant to the Energy Policy and Conservation Act of 1975. 42 U.S.C. § 6321; 10 C.F.R. §§ 420.1-.38.

- The ARRA conditions grants to a state upon certification by the governor that: (1) the state utility commission will implement polices that ensure the state-regulated electric and gas utilities have appropriate financial incentives to help their customers reduce energy use (i.e., the "decoupling" of a utility's revenues from energy consumption);[6] and (2) the state, or the applicable unit of local government, will implement energy codes for residential and commercial buildings that meet or exceed certain conservation and efficiency standards. States also are required to prioritize funding to energy efficiency and renewable energy projects, such as building retrofits.

[6] Whereas the House version of the bill provided a clear mandate to decouple, the ARRA is less definite, merely requiring the governor to certify that the state *will* take certain actions that seem to amount to decoupling.

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Alternative Fueled Vehicles Pilot Grant Program - **$300 million**
[A.IV]

- The ARRA provides an additional $300 million to the Department of Energy's Energy Efficiency and Renewable Energy program for an existing Alternative Fueled Vehicles Pilot Grant program for state and local governments or metropolitan transportation authorities.

Wildland Fire Management Grants - ***$265 million***
[A.VII]

- *See* Emergency Management.

Workforce Investment Programs: Energy Efficiency and Renewable Energy Jobs - ***$500 million***
[A.VIII]

- *See* Employment and Family Services.

5. ENVIRONMENT AND NATURAL RESOURCES

Clean and Drinking Water State Revolving Funds - ***$6 billion***
[A.VII]

- The Environmental Protection Agency currently provides capitalization grants to states and tribal organizations to fund water quality protection projects and infrastructure improvements in drinking-water systems under the Federal Water Pollution Control Act (FWPCA) (33 U.S.C. § 1251) and the Safe Drinking Water Act (SDWA) (42 U.S.C. § 300), respectively. The ARRA provides an additional $4 billion for the Clean Water State Revolving Fund and an additional $2 billion for the Drinking Water State Revolving Fund, and waives state and local matching and cost-sharing requirements for these additional grants under the program.

- Priority will be given to projects that are ready to begin construction within 12 months of the date of enactment (by February 17, 2010). Projects must be under contract or construction within 12 months; otherwise, the Administrator will recapture and reallocate funds under this program.

- Each state must use 20 percent of its grants for green infrastructure, water and energy efficiency, water quality improvements, wastewater treatment, storm water runoff mitigation, or water conservation, unless a state lacks sufficient applications from eligible projects.

- These grants cannot be used to purchase either land or easements. They can, however, be used to restructure the debt obligations of grant recipients, but only if this debt was incurred on or after October 1, 2008.

Bureau of Reclamation Water Resources Projects - ***$1 billion***
[A.IV]

- The ARRA provides an additional $1 billion to the Bureau of Reclamation of the Department of the Interior for water and related resources infrastructure projects under a variety of its programs. Bureau of Reclamation projects are generally funded through a

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combination of state and federal funds. The Department of the Interior, after collaboration with states, submits project or program proposals to Congress for funding through the appropriations process.

- The Secretary of the Interior has unlimited reprogramming authority with respect to the funds appropriated to Bureau of Reclamation projects. However, the Secretary of the Interior must file quarterly reports describing the expenditure of funds under this program, beginning no later than 45 days after the date of enactment (by April 3, 2009).

- ARRA funds that may provide assistance to state water resources include:

  - **$126 million** for water reclamation and reuse projects authorized under Title XVI of the Reclamation Projects Authorization and Adjustment Act of 1992. Under this program, Reclamation States receive federal funding to assist in the construction of wastewater reclamation and reuse feasibility and demonstration projects.

  - **$50 million** that may be transferred to the Department of the Interior for programs, projects, and activities implemented under the Central Utah Project Completion Act.

  - **$50 million** that may be used for programs, projects, and activities authorized by the California Bay-Delta Restoration Act. This program funds flood control projects and other measures designed to improve the overall health of San Francisco Bay. Under the existing program, federal funds may not exceed 33 percent of project costs, a provision that appears to be unaltered under the ARRA.

  - At least **$60 million** that must be used for rural water projects, primarily water intake and treatment facilities.

- Other funds available under this appropriation can be used under existing authority to fund extraordinary maintenance and replacement activities.

*Army Corps of Engineers Construction Projects - **$2 billion***
[A.IV]

- The ARRA provides an additional $2 billion to the Army Corps to allocate to construction projects. Army Corps projects are generally funded through a combination of state and federal funds, and are selected through collaboration among governments.

- These funds are only to be used for programs, projects, and activities that receive funding in legislation making appropriations for energy and water development. At least $200 million of these funds must be spent on water-related environmental infrastructure assistance.

- The funds are not subject to current cost-overrun rules, which may erect barriers to additional federal funding once an initial project amount has been approved. Eligible projects must not require the creation of new budget authority.

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Army Corps of Engineers Mississippi River and Tributaries Program - ***$375 million***
[A.IV]

- The ARRA provides $375 million in additional funding to the Army Corps for eligible projects under the Mississippi River and Tributaries program. Army Corps projects are generally funded through a combination of state and federal funds, and are selected through collaboration among governments.

- These funds are only to be used for programs, projects, and activities that receive federal appropriations for energy and water development. Like the funds appropriated to general construction projects, appropriations under this program are not subject to cost-overrun rules, but must not require the creation of new budget authority.

- The Secretary of the Army has unlimited reprogramming authority with respect to the funds appropriated to this program. However, the Secretary must file quarterly reports describing the expenditure of funds under this program, beginning no later than 45 days after the date of enactment (by April 3, 2009).

Army Corps of Engineers Operation and Maintenance Projects - ***$2.075 billion***
[A.IV]

- The ARRA provides $2.075 billion in additional funding to the Army Corps for Operation and Maintenance projects. Army Corps projects are generally funded through a combination of state and federal funds, and are selected through collaboration among governments.

- These funds are only to be used for programs, projects, and activities that receive federal appropriations for energy and water development. Projects funded under this appropriation must not require the creation of new budget authority.

- The Secretary of the Army has unlimited reprogramming authority with respect to the funds appropriated to this program. However, the Secretary must file quarterly reports describing the expenditure of funds under this program, beginning no later than 45 days after the date of enactment (by April 3, 2009).

Hazardous Substance Superfund - **$600 million**
[A.VII]

- The ARRA provides an additional $600 million to the Environmental Protection Agency for the Superfund remedial program. Under existing law, states may enter into cooperative agreements with EPA to conduct certain remedial actions at Superfund sites and receive a credit from the federal government for 90 percent of eligible expenses. *See* 42 U.S.C. § 9604.

Leaking Underground Storage Tank Trust Fund Program - **$200 million**
[A.VII]

- The ARRA provides an additional $200 million for the Leaking Underground Storage Tank Trust Fund program for cleanup activities under EPA's response program for petroleum authorized by 42 U.S.C. § 6991b(h). The ARRA waives the state and local cost-sharing requirements of 42 U.S.C. § 6991b(h)(7)(B) for these additional grants.

*Brownfield Projects - **$100 million***
[A.VII]

- The EPA currently administers grants available to states, local governments, land clearance authorities, and regional authorities (but not available to for-profit or non-profit organizations), under the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9604).

- The ARRA provides an additional $100 million for grants for "brownfields" (contaminated land) revitalization projects. The ARRA waives cost-sharing requirements for grants made to brownfields under this provision.

*Diesel Emission Reduction Act Grants - **$300 million***
[A.VII]

- The ARRA provides an additional $300 million for an EPA program to promote diesel emission reduction through grants and low cost loans to state, local, and tribal governments and port authorities, under the Energy Policy Act of 2005 (42 U.S.C. § 16131). The ARRA waives state matching requirements for these additional grants.

*Watershed and Flood Prevention - **$290 million***
[A.I]

- The Department of Agriculture, Natural Resources Conservation Service provides grants to state, local, and tribal governments for watershed and flood prevention. The ARRA provides an additional $145 million for these grants, designated for the purchase of floodplain easements from public or private land owners under section 403 of the Agriculture Credit Act (42 U.S.C. § 2203).

- Grant recipients must be able to begin work promptly and be able to complete the projects without the need for additional funding.

*Watershed Rehabilitation Program - **$50 million***
[A.I]

- The Department of Agriculture, Natural Resources Conservation Service, provides grants to state, local, and tribal governments for watershed rehabilitation. The ARRA provides an additional $50 million for these grants.

- Grant recipients must be able to begin work promptly and be able to complete the projects without the need for additional funding.

6. HEALTH CARE

A. Medicaid Provisions (State Fiscal Relief)

State Fiscal Relief - ***$87 billion***[7]
[B.V]

- **Temporary Increase in Federal Medical Assistance Percentage (FMAP).** The ARRA increases the federal share of Medicaid payments in three ways. First, states are "held harmless" for any reductions in their FMAP that would have applied this year and through the first quarter of 2011 due to stronger economic conditions that may have prevailed in the state in past years. Second, the ARRA increases each state's FMAP by 6.2 percent through December 31, 2010. Third, states with increasing unemployment, determined on a quarterly basis, qualify for additional increases during the recession adjustment period (October 1, 2008, through December 31, 2010); any additional increase will remain in place at least through July 1, 2010.

  - States are not eligible for FMAP increases if (1) they have more restrictive Medicaid eligibility standards, methodologies, or procedures than those in place on July 1, 2008; (2) they have failed to make prompt payments; or (3) they attempt to hold onto any resulting state savings in a rainy day fund. If a state has restricted its Medicaid policies since July 1, 2008, it is eligible for an increased FMAP, retroactive to October 1, 2008, if it reinstates less restrictive policies by July 1, 2009. If a state reinstates less restrictive policies after July 1, 2009, it is eligible for an increased FMAP beginning with the first calendar quarter in which the less restrictive policies are reinstated. States that benefit from an increased FMAP are subject to certain reporting requirements and must submit a form regarding how funds were expended by September 30, 2011.

  - Note for local governments: If a state requires political subdivisions to contribute to the non-federal share of the state Medicaid plan, the state cannot require a greater percentage of the non-federal share than would have been required prior to the temporarily enhanced FMAP.

  - Note for territories: Each territory can select, via a one-time special election, a 6.2 percent increase in its FMAP and a 15 percent increase in its spending cap; otherwise it will be granted a 30 percent increase in its spending cap.

- **Temporary Increase in Disproportionate Share Hospital (DSH) Allotments.** The ARRA provides for a temporary increase in the DSH allotment for each state. For FY 2009, this provision will increase DSH allotments by 2.5 percent above the allotments states would have received under preexisting law. States' DSH allotments in FY 2010 will be equal to the FY 2009 allotments further increased by 2.5 percent. These increases will only apply if the state would not receive a larger increase under preexisting law. DHS allotments for FY 2011 and beyond will be calculated without regard to the temporary increases.

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[7] Based on estimates from the Government Accountability Office and the Center on Budget and Policy Priorities.

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- **Extension of Transitional Medical Assistance (TMA)**. The ARRA provides for an eighteen-month extension of work-related TMA (through December 31, 2010). States may use a 12-month, rather than 6-month, initial extension period for families transitioning from welfare to work (in which case the additional 6-month extension no longer applies). States may also grant extensions to families that have received such aid for less than three months. States are subject to statistical reporting requirements, with reports due to HHS.

- **Extension of the Qualifying Individual Program**. The ARRA provides a for a one-year extension of the qualifying individual program (through December 2010) with an allocation of $412.5 million for the period between January 1, 2010 and September 30, 2010 and $150 million for the period between October 1, 2010 and December 31, 2010.

- **Indian Medicare and Medicaid Provisions**. The ARRA eliminates premiums, cost sharing, co-payments and similar charges for Indians who receive treatment from the Indian Health Service, an Indian Tribe, a Tribal Organization, an Urban Indian Organization, or a health care provider through referral under the contract health services program. Medicaid payments to those organizations will not be reduced by any amount that would be due from an Indian, if such charges were permitted. Furthermore, with respect to Indians, the ARRA exempts certain property for Medicaid eligibility determinations, protects tribal property from Medicaid estate recovery, and sets forth rules to provide access to Indian primary care providers and assure payment to Indian health care providers.

B. Electronic Health Record (EHR) Technology

Incentives for Providers to Adopt EHR Technology - ***$63,750 (per Medicaid Provider)*** *[B.IV]*

- Under the ARRA, the federal government will provide contributions for amounts states pay to eligible Medicaid providers to encourage the adoption of EHR technology, in order to promote health care quality and the exchange of health care information. The contributions can be as much as $21,250 per provider for the first year of payments (which may not be later than 2016), and as much as $8,500 for up to five years thereafter. Providers eligible for both Medicare and Medicaid incentive payments are required to choose one.

- Eligible providers include physicians, nurses and midwife nurses who are not hospital based and whose patient volume is at least 30 percent attributable to Medicare. Such providers are eligible for payment of up to 85 percent of their net allowable technology costs, up to the maximum and subject to specified annual limits. Acute care hospitals with Medicaid patient volume of 10 percent or more and children's hospitals with any Medicaid volume are also eligible. Payments to hospitals are limited to amounts analogous to those specified for Medicare hospitals in § 4312 of the Act.

- In order to be eligible for federal contributions, states must provide assurances that the amounts are paid directly to Medicaid providers without deductions or rebates. States may receive contributions for the administrative costs of making payments to encourage the use of certified EHR technology. Additionally, the state must conduct adequate oversight of its EHR technology encouragement program.

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Incentives for Hospitals to adopt EHR Technology - ***Variable Amount (per Hospital)***
[B.IV]

- The ARRA provides funding for hospitals that are "meaningful users" of EHR technology, as defined by the ARRA. The hospital must demonstrate (via attestation, claim submission, survey, or other method specified by the Secretary) that meaningful EHR technology is connected in a manner that provides for the electronic exchange of health information to improve the quality of health care coordination. Information relating to clinical quality measures must be submitted in a form and manner specified by the Secretary.

- The amount of federal funding for each hospital using EHR technology is determined by a formula contained in Section 4102(a)(1) of the ARRA, with a base amount of $2 million. Critical Access Hospitals may receive additional EHR technology-related payments under Section 4102(a)(2) of the ARRA.

C. National Coordinator for Health Information Technology

Grants to the Office of the National Coordinator for Health Information Technology - ***$2 billion***
[A.VIII]

- The ARRA allocates $2 billion to the Department of Health and Human Services's Office of the National Coordinator for Health Information Technology (ONCHIT) for efforts to create a national medical record database. Of this allocation, **$300 million** is designated for "regional or sub-national efforts" toward health information exchange.

Immediate Funding to Strengthen the Health Information Technology Infrastructure - ***At least $300 million***
[A.XIII]

- The ARRA requires the Secretary of Health and Human Services (HHS Secretary) to promote the use and exchange of electronic health information (HIT). Funds are to be administered through federal agencies with expertise to support the following: (1) HIT architecture to support the secure electronic exchange of information; (2) electronic health records for providers not eligible for HIT incentive payments under Medicare and Medicaid; (3) training and dissemination of information on best practices to integrate HIT into health care delivery; (4) telemedicine; (5) interoperable clinical data repositories; (6) technologies and best practices for protecting health information; and (7) HIT use by public health departments.

- The HHS Secretary is required to invest $300 million to support regional health information exchanges, and may use funds to carry out other authorized activities.

Health Information Technology Implementation Assistance
[A.XIII]

- The ARRA requires the HHS Secretary, acting through the National Coordinator for HIT, in consultation with NIST and other agencies, to establish an HIT extension program to assist providers in adopting and using certified electronic health resource technology. The Secretary is also required to support HIT Regional Extension Centers affiliated with non-profit organizations to provide assistance to providers in the region. The Secretary is required to give priority to public, non-profit, and critical access hospitals, community

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health centers, individual and small group practices, and entities that serve the uninsured, underinsured and medically underserved individuals. Funded entities may receive up to four years of funding to cover up to 50 percent of their capital and annual operating and maintenance expenditures.

- The HHS Secretary is required to publish a notice describing the program and the availability of funds within 90 days of the date of enactment (by May 18, 2009). Each regional center receiving funding would be required to submit to a biennial evaluation of its performance against specified objectives, and continued funding after two years is contingent on receiving a positive evaluation. The HHS Secretary may require an annual report. An annual review by the National Coordinator for HIT is required.

State Grants to Promote Health Information Technology
[A.XIII]

- The National Coordinator for HIT is authorized to award planning and implementation grants to states or qualified state-designated entities to facilitate and expand electronic health information exchange.

- The state or state-designated entity (as defined under § 3013(f) of the Public Health Service Act) must submit a plan describing the activities to be carried out to facilitate HIT exchange. States must contribute a certain portion of matching funds after FY 2011 and the HHS Secretary has the discretion to require such matching funds before then. The Secretary may require annual reports. An annual review by the National Coordinator for HIT is required.

Competitive Grants to States and Indian Tribes for the Development of Loan Programs to Facilitate the Widespread Adoption of Certified EHR Technology
[A.XIII]

- The National Coordinator for HIT is authorized to award competitive grants to states and Indian tribes to establish loan programs for health care providers to purchase EHR technology, train personnel in the use of that technology and improve the secure exchange of health information. Grantees would be required to (1) establish a qualified HIT loan fund, (2) submit a strategic plan, updated annually, that describes the intended uses of the funds and provides assurances of their proper use by health care providers, and (3) provide matching funds (at least $1 for every $5 of federal funds).

- No awards are permitted under this subsection before January 1, 2010. The HHS Secretary may require an annual report. An annual review by National Coordinator for HIT is required.

Demonstration Program to Integrate Information Technology Into Clinical Education
[A.XIII]

- The ARRA authorizes the HHS Secretary to award competitive grants to graduate health education programs to integrate HIT into the clinical education curriculum. Grantees must submit a strategic plan. The grant cannot cover more than 50 percent of the costs of any assisted activity (absent a waiver). The HHS Secretary may require an annual report. An annual review by the National Coordinator for HIT is required.

Information Technology Professionals in Health Care
[A.XIII]

- The ARRA requires the HHS Secretary to provide financial assistance to universities to establish or expand medical informatics programs, in consultation with the Director of the National Science Foundation. Such grants cannot cover more than 50 percent of the costs of any assisted activity (absent a waiver). The HHS Secretary may require an annual report. An annual review by the National Coordinator for HIT is required.

D. National Institute of Standards and Technology

Research and Development Programs
[A.XIII]

- The ARRA requires the National Institute of Standards and Technology (NIST), in consultation with the National Science Foundation (NSF) and other federal agencies, to award competitive grants to universities or research consortia for establishing multidisciplinary Centers for Health Care Information Enterprise Integration. The Centers are to generate innovative approaches to the development of a fully interoperable national health care infrastructure, as well as develop and use HIT.

- Grants are to be awarded on a "merit-reviewed, competitive basis." The NIST Director will establish rules governing submission of applications, which must, at minimum, describe the proposed Center's research projects, how the Center will promote interdisciplinary collaboration, technology transfer activities to diffuse research results, and how the Center will contribute to education and training.

E. Other Health Care Provisions

*Prevention and Wellness Fund Grants - **$1 billion***
[A.VIII]

- The ARRA provides $50 million to the Department of Health and Human Services to award grants to the states for infectious disease reduction strategies.

- Furthermore, the ARRA provides $650 million to the Centers for Disease Control (CDC) to develop "community-based" prevention and wellness strategies to address chronic disease rates, that may benefit state and local governments.

- The ARRA provides $300 million to the CDC to administer an immunization program in partnership with health care providers in the public and private sectors, including state and local health departments and clinics. *See* Public Health Service Act, § 317, 42 U.S.C. § 247(b).

*National Center for Research Resources - **$1 billion***
[A.VIII]

- *See* Technology and Science.

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*Construction of State Extended Care Facilities - **$150 million***
[A.X]

- *See* National Guard and Veterans.

*Rural Community Facilities Program - **$130 million***
[A.I]

- *See* Law Enforcement and Community Services.

7. HOUSING

*Public Housing Capital Fund - **$4 billion***
[A.XII]

- The ARRA provides additional funding for public housing agencies to carry out capital and management activities including rehabilitation and retrofitting of public housing to increase energy efficiency and safety. The funding is authorized by section 9 of the United States Housing Act of 1936. *See* 42 U.S.C. § 1437g, 24 C.F.R. Part 905 and 990.

- **$1 billion** is for competitive grants for priority investments including those that leverage private funding or finance energy conservation renovations or retrofits. These funds will be allocated no later than September 30, 2009.

- **$3 billion** is to be allocated automatically, within 30 days of the date of enactment (by March 19, 2009), under the formula used in FY 2008, except that funds will be withheld from public housing agencies that are designated as troubled or that do not want the funding.

- Funding may not be used for operating or rental assistance activities or to replace existing sources of funding. Public housing agencies are required to prioritize projects that are already underway, that can award contracts within 120 days of when funds are made available, or that are included in the 5-year capital fund plans required by 42 U.S.C. § 1437c-1(a). Priority should also be given to rehabilitation of vacant rental units.

- Public housing agencies must: (1) obligate all funds within one year of receipt; (2) spend at least 60 percent of funds within two years of receipt; and (3) spend all funds within three years of receipt. If these timelines are not met, the Secretary of Housing and Urban Development (HUD Secretary) may recapture and reallocate remaining funds.

*HOME Investment Partnerships Program - **$2.25 billion***
[A.XII]

- The ARRA provides additional HOME funds for state housing credit agencies to provide gap financing grants in coordination with the Low Income Housing Tax Credit to catalyze stalled housing development. Funds will be automatically distributed to the states based upon FY 2008 HOME funds apportionment.

- State agencies must grant the funds competitively to recipients of low income housing tax credits pursuant to their qualified allocation plans and must give priority to projects that are expected to be completed within three years. Projects awarded low income housing

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tax credits under section 42(h) of the federal tax code in FY 2007, 2008 or 2009 are eligible for this funding. *See* 26 U.S.C. § 42(h).

- State agencies must commit at least 75 percent of the funds within one year of the date of enactment (by February 17, 2010) and must demonstrate that project owners spend 75 percent of the funds within two years of the date of enactment (by February 17, 2011) and the rest within three years (by February 17, 2012). State agencies must provide the HUD Secretary access to information about funded grants. HUD will list all funded projects on a Web site.

*Assisted Housing Stability and Energy and Green Retrofit Investments - **$2.25 billion***
[A.XII]

- The ARRA provides $2.25 billion in funds for public housing agencies (and others) insofar as they are "owners" of properties receiving project-based assistance under the Supportive Housing for the Elderly program (12 U.S.C. § 1701q; 24 C.F.R. Part 891), the Supporting Housing for Persons with Disabilities program (42 U.S.C. § 8013; 24 C.F.R. Part 891), and the Section 8 Low Income Housing Assistance program (42 U.S.C. § 1437f). *See, e.g.*, 42 U.S.C. § 1437f(1) (defining "owner" to include public housing agencies).

- The ARRA provides **$2 billion** as additional funds for Project Based Rental Assistance (Public Law 110-161) for payments to owners for 12-month periods and **$250 million** for grants and loans for energy retrofitting and green investments in assisted housing. The funding will be governed by the existing policies, contracts, and infrastructure of the programs within HUD's Office of Affordable Housing Preservation. The HUD Secretary may establish additional terms and conditions as necessary, and the Secretary is authorized to provide incentives to owners to undertake energy and green retrofitting investments.

- The owner must have at least a satisfactory management review rating and be in substantial compliance with applicable requirements. Owners must commit to make housing affordable for at least 15 years, and for additional periods as determined by the HUD Secretary. Grants or loans must include a financial and physical assessment of the property. Owners will be required to spend funds within two years of receipt.

*Neighborhood Stabilization Program - **$2 billion***
[A.XII]

- The ARRA provides additional funds for competitive grants, available to state and local governments as well as non-profits, to purchase abandoned and foreclosed property for use as affordable housing, as authorized by title III of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, as amended. *See* 42 U.S.C. §§ 5301, *et seq.*

- The HUD Secretary will establish criteria for grant competition within 75 days after the date of enactment (by May 3, 2009). Applications are due to HUD within 150 days after the date of enactment (by July 17, 2009). Applicants will have to demonstrate capacity, ability to leverage investment, and ability to achieve neighborhood stabilization. Grants must be given to areas with the highest foreclosure numbers and rates and where the funding can be used within the established timeline.

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- Grantees must spend half of the funds within two years of receipt and must spend the entire amount of funds within three years of receipt. Grantees cannot discriminate against "Section 8" participants. Use of funds is further governed by HERA. [8]

*Homelessness Prevention Fund - **$1.5 billion***
[A.XII]

- The ARRA provides funding to states and local governments for short- and medium-term rental assistance, relocation and stabilization services for homelessness prevention, and "rapid re-housing." The HUD Secretary will establish the requirements for this program within 30 days of the date of enactment (by March 19, 2009) and distribute funds according to a pre-existing formula.

- Grantees must spend at least 60 percent of the funds within two years of receipt and must spend all funds within three years; otherwise, the Secretary may recapture and redistribute the funds. Grantees must collect, and submit to HUD, data on the use of the funds.

*Community Development Block Grant Program - **$1 billion***
[A.XII]

- The ARRA provides additional funding for the Community Development Block Grant program (42 U.S.C. §§ 5301 *et seq.*). Funds will be automatically distributed to grantees who received funding in FY 2008 pursuant to 42 U.S.C. § 5306.

- The HUD Secretary will establish criteria to expedite the use of funds, and recipients of the funding should give priority to projects that can award contracts within 120 days of when funds are made available. HUD may waive certain requirements to expedite the use of funds.

*Native American Housing Block Grants - **$510 million***
[A.XII]

- *See* Tribal Governments.

*Lead Hazard Reduction Program - **$100 million***
[A.XII]

- The ARRA provides additional funding for the Lead Hazard Reduction Program for competitive grants to local governments and non-profits for lead-based paint removal. In previous years, the criteria and application process for this program were established through HUD's Notice of Funding Availability for HUD's Discretionary Programs (SuperNOFA). Information about previous grant cycles and SuperNOFAs is available on HUD's Web site.

- Priority will be given to applicants who applied in FY 2008, but were not awarded grants because of funding limitations. Remaining funds will be added to the FY 2009 program. Each applicant must submit a detailed plan that demonstrates it capacity to carry out the proposed use of funds.

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[8] The ARRA repealed section 2301(d)(4) of the HERA, which limited reinvestment of profits, and amended section 2301(c)(3)(C), which establishes eligible uses.

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- Recipients must spend half of the funds within two years of receipt and all funds within three years; otherwise, the HUD Secretary may recapture and redistribute the funds.

Election to substitute grants to states for low-income housing projects in lieu of low-income housing credit
[B. I]

- The ARRA provides an option for state housing credit agencies to elect to receive an amount for distribution of grants in lieu of the states' low-income housing tax credit allocation. Grants under this provision must be used to finance the construction or acquisition and rehabilitation of qualified, low-income buildings as defined in 26 U.S.C. § 42.

- States may make awards to finance a qualified low-income building regardless of whether the building has an allocation of low-income housing credit. However, in such a case, the state housing credit agency must determine that such an award will increase the total funds available to the state to build and rehabilitate affordable housing. In order to make such a determination, the state must establish a process by which applicants for awards demonstrate good faith efforts to obtain investment commitments before the state housing credit agency makes awards.

- Any grant recipient must satisfy low income housing credit rules. State housing credit agencies must perform asset management functions to ensure compliance with the low-income housing credit rules and the long-term viability of buildings financed with these awards. States may collect reasonable fees from award recipients to cover the expense of the agency's asset management duties. The state may alternatively retain a third party to perform these asset management duties.

- States must use the funds before January 1, 2011. Any funds unused during this period must be returned to the Treasury Department.

8. LAW ENFORCEMENT AND COMMUNITY SERVICES

A. Law Enforcement

*Edward Byrne Memorial Justice Assistance Grants - **$2.225 billion***
[A.II]

- The Edward Byrne Memorial Justice Assistance Grant program allocates money to states and local law enforcement agencies to help prevent, fight, and prosecute crime. 42 U.S.C. §§ 3750 *et seq.* The ARRA provides additional funds to support state and local law enforcement under this program.

- Of the total additional funds, the Department of Justice will provide **$2 billion** by statutory formula to states and local law enforcement agencies to help prevent, fight, and prosecute crime. Additionally, the Department of Justice will provide **$225 million** in competitive, peer-reviewed grants, available to units of state, local, and tribal governments for law enforcement assistance to improve the administration of justice, provide services to victims of crime, support critical nurturing and mentoring of at-risk children and youth, and support other similar activities.

*Community Oriented Policing Services - **$1 billion***
[A.II]

- The ARRA provides additional funds for the Department of Justice to distribute to states for hiring and rehiring additional career law enforcement officers, pursuant to the existing Community Oriented Policing Services (COPS) program. *See* Omnibus Crime Control and Safe Streets Act of 1968, Title I, § 1701; 42 U.S.C. § 3796dd. Funding under this grant program will remain available until September 30, 2010.

- The ARRA waives the $75,000 per officer cap and 25 percent local match requirement for all funds for COPS for FY 2009 and FY 2010. *See* 42 U.S.C. §§ 3796dd-3(c), 3796dd(g).

*Preventing Violence Against Women - **$225 million***
[A.II]

- The ARRA provides additional funding for grants to state, local and tribal governments and courts (including juvenile courts) for use in combating violence against women. These funds are to be used to provide personnel, training, technical assistance, data collection, and equipment for the apprehension, prosecution, and adjudication of persons committing violent crimes against women. The federal share of qualifying projects cannot exceed 75 percent of the cost.

- Out of the total amount, **$50 million** is allocated to transitional housing assistance grants for victims of domestic violence, stalking, or sexual assault, under section 40299 of the Violent Crime Control and Law Enforcement Act of 1994. *See* 42 U.S.C. § 10419. The remaining funds will be available by application in amounts determined by statutory formula as authorized by part T of the Omnibus Crime Control and Safe Streets Act of 1969, 42 U.S.C. §§ 3796gg *et seq.*

- Grantees must submit performance reports to the U.S. Attorney General.

*Tribal Law Enforcement Assistance - **$225 million***
[A.II]

- The ARRA provides additional funding for discretionary grants to American Indian and Alaska Native tribes upon application indicating a need for law enforcement assistance. Funds are to be distributed based upon the guidelines set forth by the Correctional Facilities on Tribal Lands program. *See* 42 U.S.C. §§ 13701 *et seq.*; 28 C.F.R. Part 91. In the past, grants under this program could not exceed 90 percent of the total project cost.

- The grant approval process must consider the detention bed space needs of the applicant tribe and its violent crime statistics.

*Rural Law Enforcement Assistance - **$125 million***
[A.II]

- The ARRA provides additional funds for assistance to law enforcement in rural states and rural areas to prevent and combat crime in rural America. These funds are distributed to states under the formula set forth in 42 U.S.C. § 3796bb. Money can be used to hire police officers and for community drug prevention and treatment programs. 42 U.S.C. § 3796bb.

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*Victim's Compensation - **$100 million***
[A.II]

- The ARRA provides additional funds to be distributed by the Department of Justice by statutory formula, under 42 U.S.C. § 10601(d)(4), to support state compensation and assistance programs for victims and survivors of domestic violence, sexual assault, child abuse, drunk driving, homicide, and other federal and state crimes.

*Internet Crimes Against Children Task Force - **$50 million***
[A.II]

- The ARRA provides additional funds for the Department of Justice to distribute money under the Internet Crimes Against Children Task Force Program to states and local law enforcement agencies to enhance investigative responses to offenders who use the Internet to sexually exploit children. In the past, qualifying public agencies, such as state agencies, units of local and tribal government, and public universities, were required to file applications demonstrating eligibility under the guidelines provided in a solicitation.

*Southwest Border Assistance - **$40 million***
[A.II]

- The ARRA provides additional funds for the Department of Justice to award as competitive grants to fund programs that provide assistance and equipment to local law enforcement along the Southern border or in High-Intensity Drug Trafficking Areas.

- **$10 million** of these funds will be transferred to the Federal Bureau of Alcohol, Tobacco, Firearms, and Explosives for distribution under Project Gunrunner, a cooperative effort among federal, state, and Mexican law enforcement officials to eliminate firearm trafficking along the United States-Mexico border.

B. Other Community Services

*Rural Community Programs - **$1.51 billion***
[A.I]

- The ARRA provides the following additional funding:

  - **$1.38 billion**, under the Rural Water and Waste Disposal Program, for loans and grants to regional, local, non-profit, and tribal organizations for the development of water and waste disposal systems in rural areas and towns with a population below 10,000.

  - **$130 million**, under the Rural Community Facilities Program, for loans and grants to regional, state, local, and tribal organizations for the construction or maintenance of rural community facilities, including hospitals, health clinics, and child and elder care facilities.

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- **$150 million**, under the Rural Business Program, for loans and grants to regional, state, local, and tribal organizations for improving business, industry, and employment opportunities in economically-distressed rural communities.

- The Department of Agriculture administers these programs. Of the pool of funds appropriated in the ARRA to these, and certain other rural programs, 10 percent must be designated for "persistent poverty counties" (defined as those counties in which 20 percent of the population have lived below the federal poverty level for the past 30 years).

National Endowment for the Arts - ***$50 million***
[A.VII]

- The ARRA provides the NEA an additional $50 million to distribute in grants for arts projects which preserve jobs in the arts sector otherwise threatened by declines in philanthropic support during the economic downturn.

- The NEA will distribute 40 percent of these funds to state and regional arts agencies to fund arts projects. The National Council on the Arts will distribute the remaining 60 percent to deserving arts projects; state and regional arts agencies will potentially be eligible to receive these funds as well.

- The ARRA also waives the matching requirements for use of these funds under § 5(e) of the National Foundation on the Arts and Humanities Act (20 U.S.C. § 954) for these additional funds.

Historic Preservation Fund - ***$15 million***
[A.VII]

- The ARRA provides the Department of the Interior, National Park Service with an additional $15 million in grants for historic preservation projects at historically black colleges and universities (HBCUs). HBCUs are defined in the Historic Preservation Fund Act and the Omnibus Parks and Public Lands Act. *See* 16 U.S.C. § 470a. Many HBCUs are publicly-funded; states with public HBCUs are eligible to receive these grants.

- The ARRA also waives any matching requirements for these additional funds found in the Historic Preservation Fund Act and the Omnibus Parks and Public Lands Act.

9. MILITARY

A. Coast Guard

Funding for Bridge Alteration - ***$142 million***
[A.VI]

- The ARRA provides the Coast Guard with an additional $142 million for the reconstruction or removal of railroad or highway bridges under § 6 of the Truman-Hobbs Act (33 U.S.C. § 516).

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- Any bridge owner, including any state, county, or local government, can apply for use of these funds. The Coast Guard will give priority to projects ready to begin construction immediately.

B. National Guard

Military Construction, Army National Guard - ***$50 million***
[A.X]

- The ARRA provides additional funding to the Army National Guard for planning, design and military construction projects in the U.S. that are not otherwise authorized. The Secretary of Defense, in consultation with the Director of the Army National Guard, is directed to submit a funding plan to Congress within 30 days of the date of enactment (by March 19, 2009).

Military Construction, Air National Guard - ***$50 million***
[A.X]

- The ARRA provides funding to the Air National Guard for planning, design and military construction projects in the U.S. that are not otherwise authorized. The Secretary of Defense, in consultation with the Director of the Air National Guard, is directed to submit a funding plan to Congress within 30 days of the date of enactment (by March 19, 2009).

C. Veteran Services

Construction of State Extended Care Facilities - ***$150 million***
[A.X]

- The ARRA provides additional funding for grants to assist states in the acquisition and construction of extended care facilities as well as the remodeling, altering or modifying existing facilities for furnishing care to veterans. States should submit applications in accordance with 38 U.S.C. § 8135 and 38 C.F.R. §§ 59.20, 59.60.

10. NUTRITION

Supplemental Nutrition Assistance Program (SNAP) – ***approximately $20 billion***
(formerly known as the Food Stamp program)
[A.I]

- The ARRA provides additional SNAP funds to be distributed to state agencies by the Department of Agriculture, Food and Nutrition Service, under the Food and Nutrition Act (7 U.S.C. 2036(a)), which provides funding to state agencies.

- Individuals are entitled to SNAP benefits based on their income and asset levels. Beginning in April 2009, individuals receiving the maximum benefit will receive a 13 percent increase in their benefit levels, which translates to an approximately $19 billion increase in the monies flowing through state agencies. This increase ends after September 30, 2009. However, after that date, the Secretary of Agriculture may not reduce the minimum or maximum benefit levels (or the block grants for Puerto Rico and American

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Samoa) below the level in effect for FY 2009. The ARRA also suspends from April 2009 to October 2010 the three-month program time limit faced by many unemployed, childless adults.

- Of the additional SNAP funds, the ARRA provides **$295 million** to the states for the administrative expenses of the program ($145 million for 2009; $150 million for 2010), and **$5 million** for administrative expenses for programs on Native American reservations.

*Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - **$500 million***
[A.I]

- The ARRA provides additional funds for this existing program, administered by the Department of Agriculture, Food and Nutrition Service, under the Child Nutrition Act of 1966 (42 U.S.C. § 1786).

- **$400 million** will be placed in the Secretary of Agriculture's reserve fund, to be distributed to the states as the Secretary deems necessary, notwithstanding the usual procedure for distribution of funds found in § 17(i) of the Child Nutrition Act.

- **$100 million** will be granted to the states to improve information management systems, pursuant to § 17(h)(10)(B)(ii) of the Child Nutrition Act.

*Emergency Food Assistance Program - **$150 million***
[A.I]

- The ARRA provides in-kind support valued at $150 million to be distributed to the states according to the number of individuals in each state with incomes below the federal poverty level. Allocations come in the form of food commodities, not dollars, which are then distributed to local and non-profit direct-service agencies (e.g. food banks, soup kitchens).

- This program is administered by the Department of Agriculture, Food and Nutrition Service, under the Food and Nutrition Act (7 U.S.C. § 2036(a)) and the Emergency Food Assistance Act (7 U.S.C. § 7508(a)(1)).

*National School Lunch Program - **$100 million***
[A.I]

- The ARRA provides additional funds for improvements in program equipment distributed to the states, in proportion to each state's administrative expense allocation. States must then distribute these funds via competitive grants to local school food authorities, with priority given to those schools in which at least 50 percent of students are eligible for free or reduced lunch.

- This program is administered by the Department of Agriculture, under the Richard B. Russell National School Lunch Act (42 U.S.C. § 175) and the Child Nutrition Act of 1966 (42 U.S.C. § 1771).

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*Senior Meals Programs - **$100 million***
[A.VIII]

- The ARRA provides additional funding for grants to state and local governments, with the following designations: $65 million for Congregate Nutrition Services; $32 million for Home-Delivered Nutrition Services; $3 million for Native American Nutrition Services

11. TECHNOLOGY AND SCIENCE

*Broadband Technology Opportunities Program - **$4.7 billion***
[A.II; B.VI]

- The ARRA provides at least $4.35 billion in funding for the National Telecommunications and Information Administration (NTIA) of the Department of Commerce to distribute under the Broadband Technology Opportunities Program (BTOP) for broadband deployment efforts. 47 U.S.C. §§ 1301 *et seq.* State, local, and tribal governments are eligible for funding, as are certain private organizations.

- Funding can be awarded for a wide range of projects, including acquisition of equipment, training, and support for schools, libraries, health care providers, community colleges and other community institutions; construction of broadband infrastructure; ensuring access for vulnerable populations.

- Of the $4.35 billion, at least $200 million is available for competitive grants to expand public computer center capacity, including at community colleges and public libraries. At least $250 million is available for competitive grants for innovative programs to encourage sustainable adoption of broadband service.

- The Assistant Secretary of Commerce for Communications and Information must establish and implement the program "expeditiously" in consultation with the Federal Communications Commission. Applicants must provide assurances that funded projects will be completed within two years of receipt of funds. Applicants must provide at least 20 percent matching funds (absent a need-based waiver). All awards must be made before the end of FY 2010. The NTIA will award at least one grant in each state.

- In making awards, the NTIA will look for applications that provide the greatest affordability and speed of broadband service to the greatest population; and those that target broadband service for children, education, and health care delivery. Grantees will be subject to quarterly reporting requirements.

- The NTIA also will distribute up to $350 million under the BTOP to establish the State Broadband Data and Development Grant program, and develop and maintain a national broadband inventory map. 47 U.S.C. § 1301 note.

*Distance Learning, Telemedicine, and Broadband Program - **$2.5 billion***
[A.I]

- The ARRA provides additional funds for broadband infrastructure, available to local governments, utility districts, irrigation districts, and others. This will provide grants, loans and loan guarantees, as administered by the Department of Agriculture under the Rural Electrification Act. *See* 7 U.S.C. §§ 901 *et seq.*, and 918c.

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- Any local government can apply for a grant or loan, provided 75 percent of the area to be served by the loan or grant is rural and without sufficient access to broadband service (as determined by the Secretary of Agriculture).

- The Secretary of Agriculture will give priority to applications: (1) from current or former borrowers under the Rural Electrification Act; that (2) deliver consumers a choice of more than one service provider; (3) provide service to the highest proportion of rural residents lacking broadband service; (4) demonstrate that if the application is approved, all project elements will be fully funded; (5) can be completed if the requested funds are provided; and (6) can commence promptly upon approval.

- However, project areas funded under this program may not simultaneously receive funding for broadband access under the BTOP program described above.

*National Science Foundation Research and Related Activities - **$2.5 billion***
[A.II]

- The ARRA provides $2.5 billion in funding for "research and related activities" to the National Science Foundation (NSF). Funds will only be available until September 30, 2010. The NSF appears to have significant discretion in channeling the expenditure of these funds, but several programs are specifically designated to receive funding:

  - **$400 million** for the Major Research Equipment and Facilities Construction program, which makes funding available to colleges and universities through competitive grants for the acquisition of research equipment, such as telescopes, observatories, and advanced computing systems.

  - **$300 million** for the Major Research Instrumentation program, which makes funding available to state colleges, universities, and research museums for acquisition or development of major research instrumentation. Under previous solicitations, applications for funding to acquire general purpose computer networks were returned without further review, but proposals for computer networks required to perform specific research tasks were eligible. Previous grantees were subject to reporting requirements.

  - **$200 million** for available for academic facilities modernization under the Academic Research Infrastructure Facilities Modernization Program. Under previous solicitations, funds were made available to colleges and universities to renovate and modernize existing facilities. This program does not fund new construction projects.

*National Center for Research Resources - **$1 billion***
[A.VIII]

- The National Center for Research Resources (NCRR), administered under the Department of Health and Human Services, National Institutes of Health, provides resources for medical and scientific research throughout the United States.

- The ARRA provides an additional $1 billion to the NCRR for the construction, renovation, and repair of non-federal research facilities. In addition, § 481A of the Public Health

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Service Act (42 U.S.C. § 287a-1) allows state and local entities to compete for contracts for construction and renovation of these facilities.

- The ARRA allows the NCRR to use up to $300 million of these funds to provide research equipment to recipients of NCRR grants.

- Furthermore, the ARRA also: (1) waives the cost-sharing and cost-limiting provisions of the Public Health Service Act for the additional $1 billion in funds; (2) reduces the time period (from 20 years to 10 years) for which recipients of grants must assure the NCRR that the facility will be used for its original purpose; and (3) limits the federal government's ability to recapture the funds if the facility is not used for its original purpose. *See* Public Health Service Act §§ 481A(c)(1)(B)(ii), 481A(e), 481B, 481A(c)(1)(B)(i), 481A(f); 42 U.S.C. §§ 287a-2, 287a-3.

Health Information Technology

- *See* Health Care.

*National Institute of Standards and Technology Research Facilities - **$360 million** [A.II]*

- The National Institute of Standards and Technology (NIST) in the Department of Commerce will distribute $360 million to finance the maintenance, renovation, and new construction of research facilities. Of this sum, **$180 million** will fund a competitive construction grant program for research science buildings. This funding has previously been used for projects, such as laboratories, test facilities, measurement facilities, and observatories, at public and state-controlled colleges and universities.

Weatherization and Energy Efficient Technology

- *See* Energy.

12. TRANSPORTATION

General Provision for ARRA Funding Distributed by the Department of Transportation [A.XII]

- For each state or state agency that receives transportation funds under the ARRA, the governor of that state must certify to the Secretary of Transportation "that the State will maintain its effort with regard to State funding for the types of projects that are funded by the appropriation." The state must report the amount of state funds it plans to expend from the date of enactment through September 30, 2010. The certification is due within 30 days of the date of enactment (by March 19, 2009).

- Grant recipients are subject to periodic reporting requirements to the relevant offices within the Department of Transportation, due 90 days (by May 18, 2009), 180 days (by August 16, 2009), one year (by February 17, 2010), two years (by February 17, 2011) and three years (by February 17, 2012) after the date of enactment.

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*Highway Infrastructure Investment - **$27.5 billion***
[A.XII]

- The ARRA provides an additional $27.5 billion in funding for restoration, repair, construction, rail transportation and port infrastructure projects eligible under 23 U.S.C. §§ 601(a)(8), 133(b).

- The Secretary of Transportation will distribute **$60 million** to states as competitive grants for capital expenditures related to ferry boats and ferry boat terminals. *See* 23 U.S.C. § 147. Priority for these competitive grants will be given to projects that can be completed in less than two years. Additional set-asides include **$310 million** for the Indian Reservation Roads Program; **$105 million** for Puerto Rico and **$45 million** for the Territories.

- After the required set-asides, the remainder will be apportioned to the states by statutory formula. *See* 23 U.S.C. § 104(b)(3); Public Law 110-161, div. K, § 120(a)(6). The Secretary of Transportation will automatically distribute the funds within 21 days after the date of enactment (by March 10, 2009). The ARRA also requires sub-allocation of funds apportioned to each state including a 3 percent set-aside for Transportation Enhancements Activities (23 U.S.C. § 133(d)(2)) and 30 percent of funds must be divided between urbanized and other areas pursuant to 23 U.S.C. § 133(d)(3)(A), (B), and (D).

- The Secretary of Transportation will redistribute 50 percent of all unobligated funds 120 days after apportionment and any remaining unobligated funds after one year. However, the state can request an extension of the second deadline. Priority should be given to projects that will be completed within three years and are located in economically distressed areas.

*Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service - **$8 billion***
[A.XII]

- The ARRA provides additional funding for grants to the states under the High Speed Passenger Rail Corridor program and the Intercity Passenger Rail Service program. *See* 49 U.S.C. §§ 26101, 24401(2)(A), (B). Priority will be given to projects for intercity high speed rail service. The ARRA waives state and local cost-sharing requirements for these additional funds.

- The Secretary of Transportation will decide how to allocate the funding between the two programs within 60 days of the date of enactment (by April 18, 2009). The Secretary will provide guidance for applicants on grant terms, conditions, and procedures within 120 days of the date of enactment (by June 17, 2009).

*Transit Capital Assistance - **$6.9 billion***
[A.XII]

- The ARRA provides additional funding for transit capital assistance authorized under 49 U.S.C. § 5302(a)(1). The Secretary of Transportation will automatically distribute funds within 21 days after the date of enactment (by March 10, 2009), pursuant to statutory formulae, with 80 percent of grants going to urbanized areas, 10 percent going to rural areas (with 2.5 percent thereof for tribes), and 10 percent going to growing and high density states. *See* 49 U.S.C. §§ 5307, 5311, 5311(c)(1) & 5340.

- Of the funds provided under this section, the ARRA sets aside **$100 million** for discretionary grants to public transit agencies for capital investments designed to reduce energy consumption and greenhouse gas emissions. The Secretary will prioritize grant awards based upon projected total energy savings.

- The ARRA waives state and local cost-sharing requirements for these additional funds and specifies that funds may not be commingled with prior year funds. The Secretary of Transportation will recapture and redistribute 50 percent of all unobligated funds 180 days after apportionment and any remaining unobligated funds after one year. However, a state receiving funds may request an extension of the second deadline.

*Supplemental Discretionary Grants for a National Surface Transportation System - **$1.5 billion***
[A.XII]

- The ARRA provides for competitive grants to states, local governments and transit agencies for projects involving all modes of surface transportation that have a "significant impact" on the nation, a metropolitan area, or a region. Eligible activities include, for example, projects relating to highways, bridges, public transportation, passenger and freight rail transportation, and port infrastructure investments.

- The Secretary of Transportation will award individual grants of at least $20 million, up to a maximum of $300 million. The Secretary of Transportation may waive the minimum grant requirement in order to fund "significant" projects in small cities, regions, or states. Grants must be geographically diverse and should balance rural and urban needs. The ARRA waives state and local cost-sharing requirements for these additional funds.

- The Secretary of Transportation is required to publish selection criteria for the grant competition within 90 days of the date of enactment (by May 18, 2009); applications for grants must be submitted within 180 days of the Secretary's publication of the selection criteria; and the Secretary must announce awards within one year of the date of enactment (by February 17, 2010). The Secretary of Transportation will give priority to projects that depend on federal funds to complete a financing package, and to projected expected to be completed within three years of the date of enactment (by February 17, 2012).

*Grants-in-Aid to Airports - **$1.1 billion***
[A.XII]

- The ARRA provides for additional discretionary grants to airports to improve critical infrastructure, airport improvement and noise abatement, and runway safety systems. Information on existing airport improvement grant programs can be found at 49 U.S.C. § 7105 and information on noise compatibility planning grants can be found at 49 U.S.C. § 47505. The Secretary of Transportation will give priority to projects that will be completed within two years of the date of enactment (by February 17, 2011), and that supplement rather than replace planned expenditures from other sources. The ARRA waives state and local cost-sharing requirements for these additional funds.

- The Secretary of Transportation must grant half of the funds within 120 days of the date of enactment (by June 17, 2009), and the rest within a year of the date of enactment (by February 17, 2010).

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Fixed Guideway Infrastructure Investment - ***$750 million***
[A.XII]

- The ARRA provides an additional $750 million in funding for capital projects to modernize fixed guideway systems, transit systems under 49 U.S.C. § 5309(b)(2) and 49 C.F.R., Part 611. Fixed guideway systems are transit systems using controlled rights-of-way or rails. The ARRA waives state and local cost-sharing requirements for these additional funds and requires that they may not be commingled with prior year funds.

- The Secretary of Transportation will automatically distribute funds within 21 days after the date of enactment (by March 10, 2009), under a pre-existing formula. The Secretary will take away and redistribute 50 percent of all unobligated funds 180 days after apportionment and any remaining unobligated funds one year after apportionment. However, an urbanized area can request an extension of the second deadline.

Capital Investment Grants - ***$750 million***
[A.XII]

- The ARRA provides an additional $750 million for discretionary grants for transit capital investment under the New Starts and Small Starts provisions. State and local government authorities should apply according to 49 U.S.C. § 5309 and 49 C.F.R. Part 611. Priority will be given to projects currently under construction or that are able to obligate funds within 150 days of the date of enactment (by July 17, 2009). Additional funds awarded under this section may not be commingled with prior year funds.

Supplemental Funding for Facilities and Equipment - ***$200 million***
[A.XII]

- The ARRA provides an additional $200 million in funding for Federal Aviation Administration (FAA) infrastructure to improve power systems, air route traffic control centers, air traffic control towers, terminal radar approach control facilities, and navigation and landing equipment. Funding may be in the form of grants, contracts, leases, cooperative agreements, or other transactions with airports. *See* 49 U.S.C. § 106(l)(6). The ARRA waives state and local cost-sharing requirements for these additional funds.

- The FAA Administrator must establish a process for the grant program within 60 days of the date of enactment (by April 18, 2009). The FAA Administrator will give priority to projects that will be completed within two years of the date of enactment (by February 17, 2011).

Public Transportation and Railroad Security Assistance - ***$150 million***
[A.VI]

- *See* Emergency Management.

Port Security Grants - ***$150 million***
[A.VI]

- *See* Emergency Management.

*Funding for Bridge Alteration: Coast Guard - **$142 million***
[A.VI]

- *See* Military.

*Supplemental Grants for Assistance to Small Shipyards - **$100 million***
[A.XII]

- The ARRA provides an additional $100 million in funding for grants to small shipyards under the Assistance to Small Shipyards Grant Program authorized by 46 U.S.C. § 54101. Guidance from the 2008 application process for the Assistance to Small Shipyards program specified that small shipyards can either apply directly for the grants or have state or local governments apply on their behalf. *See* Assistance to Small Shipyards Grant Program, 73 Fed. Reg. 1912 (Jan. 10, 2008). The Secretary of Transportation must ensure that the funds are obligated within 180 days of their distribution.

13. TRIBAL GOVERNMENTS

*Native American Housing Block Grants - **$510 million***
[A.XII]

- The ARRA provides additional funding to Native American housing authorities to rehabilitate and improve energy efficiency in public housing.

- The Department of Housing and Urban Development (HUD) will distribute half of the funds by competitive grants to eligible entities—Indian tribes or certain tribally designated housing entities (TDHEs)—that apply under the Native American Housing Assistance and Self-Determination Act of 1996. *See* 25 U.S.C. §§ 4111 *et seq.*; 24 C.F.R. Part 1000. These funds will be allocated no later than September 30, 2009. HUD will give priority to projects that spur construction and rehabilitation and create job opportunities for low-income and unemployed citizens.

- HUD will allocate the other half of the funds automatically, within 30 days of the date of enactment (by March 19, 2009), according to the formula used in FY 2008. These funds are to be used for the construction, acquisition, and rehabilitation (including energy efficiency and conservation) of Native American housing and for infrastructure development. Priority should be given to projects where contracts can be awarded within 180 days from when funds are made available to recipients.

- Recipients must obligate all funds within one year of receipt. Recipients must spend half of the funds within two years of receipt and all funds within three years. Otherwise, the HUD Secretary may recapture and reallocate the funds.

*Indian Construction Projects - **$450 million***
[A.VII]

- The ARRA allocates $450 million to the Department of the Interior, Bureau of Indian Affairs, for repair and restoration of roads, replacement school construction, school improvements and repairs, and detention center maintenance and repairs on Indian lands.

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Tribal Transportation Funding

- *See* "Transit Capital Assistance" and "Transportation Highway Infrastructure Investment" set-asides in Transportation.

*Indian Health Facilities - **$415 million***
[A.VII]

- The ARRA provides funds, to be distributed by the Indian Health Service for grants to tribal organizations for construction, maintenance, and improvement projects on Indian health facilities as well as the purchase of equipment for such facilities. Of the total additional funds, $227 million is designated for two construction projects which have already begun. The ARRA waives spending caps that would otherwise apply to annual appropriations for Indian health facility projects.

*Indian Health Services - **$85 million***
[A.VII]

- The ARRA provides funds, administered by the Department of Health and Human Services, Indian Health Service, which may be used for tribal services, including telehealth services development and related infrastructure projects despite the fact that such development is typically funded through the Indian Health Facilities account. The Indian Health Service Director has discretion to allocate funds for health information technology.

*Indian Workforce Training and Housing Improvement - **$40 million***
[A.VII]

- The ARRA package allocates $40 million for workforce training programs and housing improvement projects for tribal organizations, to be administered by the Bureau of Indian Affairs. The ARRA allocates $40 million for these workforce training and housing improvement projects.

*Indian Guaranteed Loan Program - **$10 million***
[A.VIII]

- The ARRA provides an additional $10 million in business-loan guarantees for Indians. The Department of the Interior, Bureau of Indian Affairs, guarantees loans obtained by individual Indians or tribes to stimulate Indian-owned businesses.

14. GENERAL PROVISIONS

Government Accountability Office Reviews, Reports, and Access
[A.IX]

- The Government Accountability Office must review and report on the use of funds under the ARRA by selected states and localities on a bimonthly basis. These reports will be published on a Web site established by the Recovery Accountability and Transparency Board (RATB). The Comptroller General is authorized to examine records related to the obligation and use of funds by state and local agencies and to interview employees.

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Accountability and Transparency
[A.XV]

- Before a state or local agency can receive infrastructure investment funding under the ARRA, the governor, mayor, or chief executive overseeing use of the funds must certify that any money used for infrastructure investments is spent appropriately. The certification must include a description of the investment, the total estimated cost of the project, and the amount of funds to be used. The state or local agency also must post the certification on the Web site of the RATB before receiving funds.

- Recipients of funds under the ARRA are subject to quarterly reporting requirements and oversight by federal agency inspectors. Federal agencies may adjust the limits on administrative expenditures for grants under the ARRA to help state and local government recipients of funds defray the costs of complying with reporting requirements.

- The ARRA establishes the RATB and the Recovery Independent Advisory Panels. Also, the ARRA provides whistleblower protection for state and local—but not federal—employees who report fraud, waste, or corruption affecting funds.

Other General Provisions
[A.XVI]

Several general provisions apply to funding allocations throughout the ARRA:

- Within 45 days after the date of enactment (by April 3, 2009), state governors must certify that their states will request and use funds and that these activities will create jobs and economic growth. If a governor does not accept funds provided to a state, the state legislature, by concurrent resolution, may accept the funds for state use. Funds accepted by legislation can be distributed either by formula or at the state's discretion.

- Quick-start projects are given priority, especially those that use 50 percent of the funds within 120 days after the date of enactment (by June, 17, 2009). Funds are available until September 30, 2010, unless otherwise specified. Funds cannot be used by any state or local government for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

- All projects must use American iron, steel, and manufactured goods, unless (1) there are insufficient quantities available, (2) such use harms the public interest, or (3) such use would increase the total cost of the project by more than 25 percent. A waiver is granted by the head of the federal agency or department distributing the funds used for the particular project. States and local governments cannot waive the requirement unilaterally. If the agency waives the provision, the agency head must publish a detailed written explanation of this decision in the Federal Register. The ARRA states that this section shall be applied in a manner consistent with United States obligation under international trade agreements. Projects must also abide by Davis-Bacon wage rates. *See* 40 U.S.C. § 3141-42.

General Provision for Title VII
[A.VII]

- Agencies allocated funds under Title VII can transfer up to 10 percent of their allocation from one account to another account within the agency if doing so will enhance the efficiency or effectiveness of the allocation.

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Appendix:

Schedule of Key Dates

Set forth below is a summary of certain key deadlines ascertainable on the face of the ARRA. All dates set forth below are either explicitly set forth in the text of the ARRA or calculated based upon the number of calendar days from the enactment thereof. Dates determined by calculating the number of days from enactment of the ARRA are determined without regard to whether the date falls on a weekend or federal holiday and, therefore, are approximate. Legal counsel should be consulted to determine these dates with certainty.

Date	Topic	Program Name	Applicable Funds
July 1, 2008	Temporary Increase in Federal Medical Assistance Percentage ("FMAP") (Section 6(A))	States enacting more restrictive Medicaid requirements past this date are excluded from additional FMAP funding.	$89.7 billion
October 1, 2008	Clean and Drinking Water State Revolving Funds (Section 5)	Last date for incurring debt that is eligible for restructuring under the ARRA.	$6 billion
March 10, 2009	Fixed Guideway Infrastructure Investment (Section 12)	Deadline for the Secretary of Transportation to automatically distribute funds under this section.	$750 million
March 10, 2009	Highway Infrastructure Investment (Section 12)	Deadline for the Secretary of Transportation to automatically distribute funds under this section.	$27.5 billion
March 10, 2009	Transit Capital Assistance (Section 12)	Deadline for the Secretary of Transportation to automatically distribute funds under this section.	$6.9 billion
March 19, 2009	Community Service Employment for Older Americans Grants (Section 3)	Deadline for Department of Labor to increase the amount of 2008 grants awarded to grantees. All ARRA funds must be spent by July 1, 2010.	$120 million
March 19, 2009	General Provision for Funding Distributed by the Department of Transportation (Section 12)	Deadline for states to certify to the Secretary of Transportation "that the State will maintain its effort with regard to State funding for the types of projects that are funded by the appropriation."	n/a

March 19, 2009	Homelessness Prevention Fund (Section 7(C))	Deadline for HUD Secretary to establish requirements for this program.	$1.5 billion
March 19, 2009	Military Construction, Army National Guard and Air National Guard (Section 9(B))	Deadline for the Secretary of Defense to submit funding plans to Congress for planning, design and military construction projects in the U.S. that are not otherwise authorized.	$50 million each
March 19, 2009	Native American Housing Block Grants (Section 13)	Deadline for HUD to automatically distribute half the funds under this section according to the FY2008 formula.	$510 million
March 19, 2009	Public Housing Capital Fund (Section 7(A))	Deadline for automatic allocation of funds using the FY2008 formula.	$3 billion
March 19, 2009	Special Fiscal Year 2009 Transfers for Unemployment Compensation Modernization Administration (Section 3)	Deadline for funds to be transferred to state accounts in the Unemployment Trust Fund.	up to $500 million
April 3, 2009	Army Corps of Engineers Mississippi River and Tributaries Program (Section 5)	Deadline for the Secretary of the Army to file first quarterly report on the expenditure of funds under this program.	$375 million
April 3, 2009	Army Corps of Engineers Operation and Maintenance Projects (Section 5)	Deadline for the Secretary of the Army to file first quarterly report on the expenditure of funds under this program.	$2.075 billion
April 3, 2009	Bureau of Reclamation Water Resources Projects (Section 5)	Deadline for the Secretary of the Interior to file first report on the expenditure of funds under this program.	$1 billion
April 3, 2009	Other General Provisions (Section 14)	Deadline for state governors to certify that their states will request and use funds and that these activities will create jobs and economic growth.	n/a
April 18, 2009	Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service (Section 12)	Deadline for the Secretary of Transportation to decide how to allocate the funding between High Speed Rail Corridors and Intercity Passenger Rail Service.	$8 billion

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April 18, 2009	School Improvement Programs (Section 1(B))	Deadline for Secretary of Education to distribute McKinney-Vento funds to states.	$70 million
April 18, 2009	Special Transfers for Unemployment Compensation Modernization (Section 3)	Deadline for the Secretary of Labor to prescribe requirements in relation to the unemployment compensation modernization provisions.	Up to $7 billion
April 18, 2009	Supplemental Funding for Facilities and Equipment (Section 12)	Deadline for the FAA Administrator to establish a process for the grant program under this section.	$200 million
May 3, 2009	Neighborhood Stabilization Program (Section 7(B))	Deadline for HUD Secretary to establish criteria for grant competition for funds to purchase abandoned and foreclosed property for use as affordable housing.	$2 billion
May 18, 2009	General Provision for Funding Distributed by the Department of Transportation (Section 12)	First Reporting deadline for recipients of grants under this section.	n/a
May 18, 2009	Health Information Technology Implementation Assistance (Section 6(C))	Deadline for HHS secretary to publish notice describing program and availability of funds.	Yet to be determined
May 18, 2009	Supplemental Discretionary Grants for a National Surface Transportation System (Section 12)	Deadline for the Secretary of Transportation to publish criteria for the grant competition under this section.	$1.5 billion
June 1, 2009	Community College and Career Training Grants (Section 3)	Deadline for Secretary of Labor to promulgate guidelines for the submission of grant proposals.	$90 million
June 17, 2009	Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service (Section 12)	Deadline for the Secretary of Transportation to provide guidance to applicants on grant terms, conditions, and procedures under this section.	$8 billion
June 17, 2009	Grants-in-Aid to Airports (Section 12)	Deadline for the Secretary of Transportation to grant half the funds under this section.	$1.1 billion

June 17, 2009	Other General Provisions (Section 14)	Deadline for projects to use 50 percent of the funds allocated to them in order to be considered "quick-start."	n/a
July 1, 2009	Special Education (Section 1(B))	Deadline for Secretary of Education to determine amounts to be distributed as State Incentive Grants.	$12.2 billion
July 17, 2009	Capital Investment Grants (Section 12)	Projects not under construction by the date of enactment must be able to obligate funds by this date in order to receive priority funding.	$750 million
July 17, 2009	Neighborhood Stabilization Program (Section 7(B))	Applications due to HUD for grants to purchase abandoned and foreclosed property for use as affordable housing.	$2 billion
August 16, 2009	General Provision for Funding Distributed by the Department of Transportation (Section 12)	Second Reporting deadline for recipients of grants under this section.	n/a
September 30, 2009	Native American Housing Block Grants (Section 13)	Deadline for HUD to distribute half the funds by competitive grant under this section.	$510 million
September 30, 2009	Public Housing Capital Fund (Section 7(A))	Deadline for allocation of funds for grants, including those that leverage private funding or finance energy conservation renovations or retrofits.	$1 billion
December 1, 2009	Education for the Disadvantaged (Section 1(B))	Deadline for local educational agencies to file with the state educational agency a school-by-school listing of per-pupil expenditures from state and local resources during the 2008-2009 academic year. (See March 31, 2010)	$13 billion
December 31, 2009	Extension of Emergency Unemployment Compensation Program (Section 3)	End of extension of period during which individuals are eligible for extended unemployment benefits.	Indeterminate
January 1, 2010	Competitive Grants to States and Indian Tribes for the Development of Loan Programs to Facilitate the Widespread Adoption of Certified EHR Technology (Section 6(C))	Date awards may begin to be granted.	Yet to be determined

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January 1, 2010	Full Federal Funding of Extended Unemployment Compensation for a Limited Period (Section 3)	End of full federal funding for extended unemployment compensation benefits. (Can be extended; see June 1, 2010)	Indeterminate
January 1, 2010	Increase in Unemployment Compensation Benefits (Section 3)	End of period during which federal government will finance extra $25 per week in unemployment compensation.	Indeterminate
February 17, 2010	Clean and Drinking Water State Revolving Funds (Section 5)	Deadline for beginning construction if projects are to receive priority status.	$6 billion
February 17, 2010	General Provision for Funding Distributed by the Department of Transportation (Section 12)	Third Reporting deadline for recipients of grants under this section.	n/a
February 17, 2010	Grants-in-Aid to Airports (Section 12)	Deadline for the Secretary of Transportation to grant all the funds under this section.	$1.1 billion
February 17, 2010	HOME Investment Partnerships Program (Section 7(A))	Deadline for state agencies to commit at least 75 percent of the funds.	$2.25 billion
February 17, 2010	Supplemental Discretionary Grants for a National Surface Transportation System (Section 12)	Deadline for the Secretary of Transportation to announce grant awards under this section.	$1.5 billion
February 17, 2010	Training Funding (Section 3)	Deadline for the Secretary of Labor to issue procedures regarding the distribution of funds held in reserve if additional training funds are deemed necessary.	$853.75 million
March 31, 2010	Education for the Disadvantaged (Section 1(B))	Deadline for state educational agencies to file with the Secretary of Education a school-by-school listing of per-pupil expenditures during the 2008-2009 academic year. (See Dec. 1, 2009)	$13 billion
June 1, 2010	Full Federal Funding of Extended Unemployment Compensation for a Limited Period (Section 3)	End of extension period with respect to certain workers for full federal funding for extended unemployment compensation benefits.	Indeterminate

June 30, 2010	Job Corps Centers (Section 3)	Deadline for obligation of construction, rehabilitation, and acquisition funds for Job Corps Centers.	$250 million
June 30, 2010	Workforce Investment Programs (Section 3)	End of period during which additional Workforce Investment Act funds are available.	$3.95 billion
September 30, 2010	Broadband Technology Opportunities Program (Section 11)	Deadline for awards under this section to be made.	$4.35 billion
September 30, 2010	Community Oriented Policing Services (Section 8(A))	End of additional funding for career law enforcement officers.	$1 billion
September 30, 2010	Corporation for National and Community Service Programs (Section 3)	Existing AmeriCorps grantees whose grants were made prior to this date can take advantage of funds in the ARRA.	$89 million
September 30, 2010	Extension of TANF Supplemental Grants (Section 3)	End of extension period for TANF supplemental grants.	$319 million
September 30, 2010	NSF Research and Related Activities (Section 11)	Extra funding for "research and related activities" is available until this date.	$2.5 billion
September 30, 2010	Other General Provisions (Section 14)	All ARRA funds are available until this date unless otherwise specified.	n/a
September 30, 2010	State Unemployment Insurance and Employment Services Grants (Section 3)	End of period during which additional unemployment insurance and employment services funds are available.	$400 million
September 30, 2010	Temporary Increase in Federal Medical Assistance Percentage ("FMAP") (Section 6(A))	Deadline for states to submit form regarding how additional FMAP funds were expended.	Indeterminate
December 31, 2010	Extension of the Qualifying Individual Program (Section 6(A))	End of twelve-month extension of Qualifying Individual Program.	$562.5 million
December 31, 2010	Extension of Transitional Medical Assistance ("TMA") (Section 6(A))	End of eighteen-month extension of work-related TMA.	Indeterminate
December 31, 2010	Temporary Increase in Federal Medical Assistance Percentage ("FMAP") (Section 6(A))	End of period during which each state's FMAP is increased by 6.2 percent.	$89.7 billion

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January 1, 2011	Election to substitute grants to states for low-income housing projects in lieu of low-income housing credit (Section 7(A))	Deadline for states to use the funds provided for in this section.	Yet to be determined
February 17, 2011	General Provision for Funding Distributed by the Department of Transportation (Section 12)	Fourth Reporting deadline for recipients of grants under this section.	n/a
February 17, 2011	Grants-in-Aid to Airports (Section 12)	Projects must be scheduled to be finished by this date in order to receive priority funding.	$1.1 billion
February 17, 2011	HOME Investment Partnerships Program (Section 7(A))	Deadline for state agencies to demonstrate that project owners have spent at least 75 percent of the funds.	$2.25 billion
February 17, 2011	Supplemental Funding for Facilities and Equipment (Section 12)	Projects must be scheduled to be finished by this date in order to receive priority funding.	$200 million
October 1, 2011	Special Transfers for Unemployment Compensation Modernization (Section 3)	Final date when incentive payments for unemployment compensation modernization will be paid to states.	up to $7 billion
February 17, 2012	General Provision for Funding Distributed by the Department of Transportation (Section 12)	Final Reporting deadline for recipients of grants under this section.	n/a
February 17, 2012	HOME Investment Partnerships Program (Section 7(A))	Deadline for state agencies to demonstrate that project owners have spent all the funds.	$2.25 billion
February 17, 2012	Supplemental Discretionary Grants for a National Surface Transportation System (Section 12)	Projects must be scheduled to be finished by this date in order to receive priority funding.	$1.5 billion

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Economic Stimulus March 19, 2009

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	ARRA Page Ref.	FY	Sec. No.	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2	p. 165	FY2009 Capital	1	Education	Commissioner's Office				State Fiscal Stabilization Fund - Education and Job Training		20,699.0			20,699.0
3		FY2009 Capital	1	Environmental Conservation	Appropriation				American Recovery and Reinvestment Act of 2009 Appropriation totals $68,637,000					0.0
4	p. 55-56	FY2009 Capital	1	Environmental Conservation	Allocation Water/Water Quality				Alaska Clean Water Stimulus Projects include sewer collection, treatment, discharge and water quality related projects. These funds will be allocated and administered by the Municipal Grant and Loan program.		23,637.0			23,637.0
5	p. 55-56	FY2009 Capital	1	Environmental Conservation	Allocation Water/Water Quality			3	Alaska Drinking Water Stimulus Projects include drinking water source, treatment, storage, and distribution. These funds will be managed by the Municipal Grant and Loan program and the Drinking Water program.		19,500.0			19,500.0
6	p. 55	FY2009 Capital	1	Environmental Conservation	Allocation SPAR/Contaminated Sites Program				Leaking Underground Storage Tank Stimulus Projects include those that involve the cleanup of leaking underground storage tank sites. There are currently 501 open Leaking Underground Storage Tank (LUST) sites in Alaska, and the Contaminated Sites program plans to use the funds to cleanup 10-20 so-called "orphan" sites (sites where the responsible party cannot be located or is not viable).		1,000.0			1,000.0
7	p. 55 and 57	FY2009 Capital	1	Environmental Conservation	Allocation Water/Facility Construction			5	Village Safe Water Stimulus Projects include water and sewer infrastructure improvements. Funds are being allocated by the Indian Health Service using a statewide database of water and sewer project needs in Native communities. These funds will be managed by the Village Safe Water program.		24,260.0			24,260.0
8	p. 55	FY2009 Capital	1	Environmental Conservation	Allocation Water Quality				Water Quality Planning Stimulus Projects include natural conditions statistical analysis implementation tools, grants for stormwater projects, environmental assessments, and green infrastructure assessments.		240.0			240.0
9	Various	FY2009 Capital	1	Governor					American Recovery and Reinvestment Act of 2009 Statewide Competive, Discretionary, and Incentive Grants Executive Branch placeholder for future grant awards in order for departments to be able to comply with the Legislative Budget and Audit Committee review provisions of AS 37.07.080(h).		1,000.0			1,000.0
10	p. 13	FY2009 Capital	1	Labor	AVTEC				Economic Stimulus - Additional Funding for AVTEC Culinary Building Replacement and Cafeteria Upgrade Funding from the Economic Development Administration to support the increased costs of construction and equipment for AVTEC's Culinary Building Replacement and Cafeteria Upgrade project.		3,000.0			3,000.0
11	p. 56	FY2009 Capital	1	Natural Resources	Forest Development				Forestry and Fire Economic Stimulus - Fire Fuels and Forest Management This project will provide for hazardous fuels reduction and wood to energy projects that will minimize the risk of wildland fire to homes and community infrastructure while providing wood energy and employment.		1,500.0	1,000.0	Statutory Designated Program Receipts	2,500.0
12	p. 100	FY2009 Capital	1	Revenue	AHFC				Capital Fund Program (CFP) - Competitive This program provides funding for the capital and management activities of Public Housing Agencies and will be used to help renovate and modernize public housing units. Funds will be distributed competitively to Public Housing Authorities nationwide.		1,200.5			1,200.5
13	p. 100	FY2009 Capital	1	Revenue	AHFC				Capital Fund Program (CFP) - Formula This program provides funding for the capital and management activities of Public Housing Agencies and will be used to help renovate and modernize public housing units. Funds will be distributed to grantees that received funding in FFY08.		3,307.0			3,307.0
14	p. 107	FY2009 Capital	1	Revenue	AHFC				Emergency Shelter Grants (ESG) This program provides foreclosure prevention and re-housing, case management and social services, renovation, major rehabilitation, or conversion of buildings for use as emergency shelters or transitional housing, shelter operating costs, and related activities.		1,144.0			1,144.0

5625

Economic Stimulus March 19, 2009

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	ARRA Page Ref.	FY	Sec. No.	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
15	p. 106	FY2009 Capital	1	Revenue	AHFC				Home Investment Partnerships This program expands the supply of affordable, low- and moderate-income housing and to strengthen the ability of the state to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing.		5,490.7			5,490.7
16	p. 248	FY2009 Capital	1	Revenue	AHFC				Low-Income Housing Grants in Lieu of Tax Credits This program allows taxpayers to receive a grant from the Treasury Department in lieu of low-income housing tax credits. So, the state's housing agency would receive a grant up to a maximum of 85% of 40% of the State's low-income housing tax credit allocation in lieu of credits. The grant would apply to each state's 2009 low-income housing tax credit allocation.		28,500.0			28,500.0
17	p. 17	FY2009 Capital	1	University	Appropriation				UAF Alaska Region Research Vessel Additional Receipt Authority The American Reinvestment and Recovery Act directed $3 billion to the National Science Foundation (NSF) to enable U.S. investment in America's scientific enterprise. Of this funding, NSF will direct $196 million to the University of Alaska Fairbanks (UAF) for the construction of the Alaska Region Research Vessel. In FY05, UAF was given receipt authority up to $80 million for NSF funding to purchase a new research vessel. Since this time the NSF funding has increased by $116 million to accommodate inflation and changes in scope of work over the past few years.		116,000.0			116,000.0
18	Various	FY2009 Capital	1	University	Appropriation				UA Economic Stimulus Federal Receipt Authority Competitive, Discretionary, and Incentive Grants University of Alaska placeholder for future grant awards. The University of Alaska plans to pursue economic stimulus grant funding opportunities from various federal agencies. The main areas of focus will be energy, research, technology, and health.		1,000.0			1,000.0
19		FY2009 Capital	2 - 3			0	0	8	Sets out funding by agency and statewide for the appropriations made in sec. 1.	0.0	251,478.2	1,000.0		252,478.2
20			4						Statement of Intent regarding the one-time nature of the federal appropriations and the appropriations to state agencies, the University of Alaska, and other entities of the executive branch.					0.0
21	p. 17	Prior Year Capital	5	University					UAF Alaska Region Research Vessel Additional Receipt Authority prior year fund source change Add $80 million in Federal Economic Stimulus Funds and remove $80 million of Federal Receipts to the appropriation made in sec. 2, ch. 159, SLA 2004, page 54.					0.0
22			6						Retroactive effective date of February 17, 2009.					0.0
23			7						Immediate effective date.					0.0
24						0	0	8	Economic Stimulus Bill Subtotal	0.0	251,478.2	1,000.0	0.0	252,478.2
25									Economic Stimulus Bill Total including UA's $80 million Federal ES Fund Source Change	0.0	331,478.2	1,000.0		332,478.2

5626

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
Operating Items													
1	p. 314-316	FY2009 - FY2010 Operating	Administration	Finance				This provides for a federally funded subsidy for COBRA health insurance coverage to assistance eligible individuals (AEIs). AEI is defined as an individual who is involuntarily terminated from employment between September 1, 2008 and December 31, 2009, who elects to receive COBRA coverage and pays 35% of the premium due as of March 1, 2009. The employer pays the remaining 65% of the premium and is reimbursed by the federal government by withholding premiums paid from payroll taxes reported on the quarterly 941 employer tax form.		1,489.0			1,489.0
2	p. 16	FY2009 - FY2010 Operating	Administration	Violent Crimes Compensation Board				Funding will be used to pay claims for assistance received from Alaskans and visitors to Alaska that suffer financial losses that are the direct result of violent crimes. Categories of expenses covered include mental health counseling, medical expenses, lost wages, funeral expenses, and other expenses as authorized by statute.		149.4			149.4
3	p. 70	FY2009 - FY2010 Operating	Commerce	Alaska State Community Services Commission				Funding will provide grants to existing AmeriCorps grantees for performing volunteer programs.		1,500.0			1,500.0
4	p. 67	FY2009 - FY2010 Operating	Education	Student and School Achievement				ESEA Title I-A Grants to LEAs and School Improvement Grants will help school districts mitigate the effect of the reduction in local revenues and State support for education by distributing funding to schools and school districts with a high percentage of students from low-income families, and by providng funding for academic assessment, LEA and school improvement.		40,000.0			40,000.0
5	p. 68	FY2009 - FY2010 Operating	Education	Student and School Achievement				ESEA Title II-D Education Technology Grants will improve student achievement through the use of technology in elementary and secondary schools.		3,210.0			3,210.0
6	p. 68	FY2009 - FY2010 Operating	Education	Student and School Achievement				McKinney Vento Homeless assistance Grants to ensure that homeless children, including preschoolers and youth, have equal access to free and appropriate education.		328.0			328.0
7	p.68	FY2009 - FY2010 Operating	Education	Student and School Achievement				IDEA Part B (611 and 619) Grants to States, Preschool Grants to provide services to students with disabilities ages three through twenty-one who are enrolled in special eduation programs. The state will receive the allocation as a grant and pass-through to LEAs based on the number of children with disabilities who are receiving special education and related services. Funding will also be provided for services to children with disabilities ages three through five (and optionally to two-year olds who turn three during the school year). The state will receive the allocation as a grant and pass-through to LEAs based on population, including consideration for the number of children living in poverty.		34,300.0			34,300.0
8	p. 168	FY2009 - FY2010 Operating	Education	Student and School Achievement				State Stabilization Funds (base) will be distributed by the department to LEAs based on their relative share of funding under Title I-A grants for 2009. LEAs may use the funds for activities authorized by ESEA, IDEA, Adult Family Literacy Act, Carl D. Perkins Career and Technology Act, or for the repair, modernization or renovation of public school facilities that is consistent with State law.		93,043.0			93,043.0
9	p. 5	FY2009 - FY2010 Operating	Education	Child Nutrition				Temporary Emergency Food Assistance Program will provide funding for the emergency food assistance program, allocated as a grant to the State distributing agency who then distributes to public or private nonoprofit organizations that provide food and nutrition assistance to the needy.		50.0			50.0
10	p. 5	FY2009 - FY2010 Operating	Education	Child Nutrition				National School Lunch Program Grants provides funding to the state for National School Lunch Program equipment assistance in proportion to the State's administrative expense allocation. In turn, the state will provide competitive grants to school food authorities based on the need for equipment assistance in participating schools. Priority given to schools in which at least 50% of the students are eligible for free or reduced priced meals.		286.0			286.0
11	p. 57	FY2009 - FY2010 Operating	Education	Alaska State Council on the Arts				National Endowment for the Arts Funding to provide an additional distribution to State Art Agencies. The Arts Council submitted an application for the additional funds by the March 13, 2009 deadline.		300.0			300.0

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
12	p. 369	FY2009 - FY2010 Operating	Health & Social Srvcs	Health Care Services/Medical Assistance Administration	4			This request will allocate funds for Medicaid provider Health Information Technology (HIT) adoption and Electronic Health Records (EHR) payments. Administrative funding is to be used to coordinate with other state or local HIT projects, national standards setting, and coordinate with other agencies to assure interoperability of systems and avoid duplicate provider payments.	40.0	2,000.0			2,040.0
13	p. 61	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Child Care Benefits				Child Care Development Block Grants - increased funding to improve the quality of child care and provide for the expansion of child care services. These funds cannot be used to supplant state funding. Of this allotment, $333.7 is targeted for quality expansion and $193.2 is for improving the quality of infant and toddler care.		3,153.1			3,153.1
14	p. 5	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Public Assistance Administration			4	Supplemental Nutrition Assistance Program (SNAP) - formerly Food Stamps - funding for increased administrative costs beginning April 1, 2009. This expands the benefit but is not an expansion of the program. Includes funding for 4 non-perm staff to assist with increased caseload, outreach and administrative process revisions for greater efficiency.		462.0			462.0
15	p. 5	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Assistance/Women, Infants and Children				Additional funds to support Women, Infants and Children (WIC) operations and establish, improve or administer WIC management information system. Funds are to be used for extension and expansion of programs.		777.7			777.7
16	p. 63	FY2009 - FY2010 Operating	Health & Social Srvcs	Public Health/Chronic Disease Prevention and Health Promotion				Increased funding for immunization, prevention and wellness and infection reduction grants. The department assumes that current Health and Human Serviecs (HHS) requirements apply.		2,000.0			2,000.0
17	P. 65	FY2009 - FY2010 Operating	Health & Social Srvcs	Children's Services/Infant Learning Program Grants				Expand Infant Learning Program grants established as part of the Individuals with Disabilities Education Act, Part C.. Department will focus on one-time infrastructure improvements; any service expansions are intended to be backfilled with enhanced Medicaid claiming through program changes.		1,000.0			1,000.0
18	p. 62	FY2009 - FY2010 Operating	Health & Social Srvcs	Senior and Disabilities Services/ Senior Community Based Grants				Administration on Aging, Home Delivered Meals and Congregate Meals Continue and enhance food security for current eligible groups. These funds are limited to senior meal programs only.		485.0			485.0
19	p. 59-60	FY2009 - FY2010 Operating	Labor	Employment Training Services	8			These funds will be used to hire an additional 8 full time, front-line service delivery staff to assist with the increased volume of labor exchange customers and unemployment insurance claimants. Six Employment Security Specialist II positions (qualified in case management) will provide job search assistance, labor market information, case management, and other reemployment services in the job centers. Two Community Development Specialist positions will provide career support and training services to unemployment insurance claimants who need training to upgrade skills in order to obtain employment. Funding will also be used to support salary and benefit costs of existing staff, travel for trainers, enhancements to the Alaska Labor Exchange System (ALEXsys) and equipment replacement and upgrade to support the federal Stimulus effort. These efforts include continuing to provide front-line employment and reemployment services, and career support and training services, to an increased volume of labor exchange customers. The outcome will be to increase the number of customers receiving staff assisted services by approximately 2,250		4,304.7			4,304.7
20	p. 59	FY2009 - FY2010 Operating	Labor	Employment Training Services				Funding will support additional training and employment opportunities for unemployed low-income seniors. Grantees will expand the number of Senior Community Service Employment Program (SCSEP) participants assigned to community service work, especially in those growth industries emphasized in the Recovery Act (e.g., health care, child care, education, green jobs, energy efficiency and environmental services) and in expanded public service activities that utilize Recovery Act funds. The funds will be used to provide high quality job training, on-the-job training and employment assistance to an estimated 80 low income older workers and will assist employers that are faced with the challenges of today's workplace.		507.3			507.3

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
21	p. 329	FY2009 - FY2010 Operating	Labor	Unemployment Insurance				Funds will be used to upgrade computers on the department's annual replacement schedule, UI tax and benefit program enhancements, software and associated data processing costs, and office equipment. The funds will support a UI claim center phone call routing software package along with licensing and installation charges. They will also purchase a Tax auditing software package; web based Quality Control audit software; software to record and retrieve claim center calls for staff performance review; software for managing UI workflow and documentation processes; and computer enhancements to existing Employment Security Division on-line systems integration.		1,115.7			1,115.7
22	p. 58-59	FY2009 - FY2010 Operating	Labor	Business Services				Additional funding will be utilized to increase workforce development training opportunities in the Workforce Investment Act programs for Adult $1,679.5, Dislocated Worker $3,546.4, and Youth $3,936.1. It will be used for personal services to support existing staff engaged in Stimulus related activities, travel to monitor grantees, commodities and contractual services for normal office and staff related costs, and contractual services and grant funds to provide training. It is estimated to provide training opportunities to an additional 729 Adult, 733 Dislocated Worker and 1,681 Youth participants.		9,161.9			9,161.9
23	p. 69	FY2009 - FY2010 Operating	Labor	Client Services				Funding will provide vocational rehabilitation services and grants to disabled individuals. These services include assessment for determining eligibility for services, job development, orientation and mobility services, and supported employment services.		1,800.0			1,800.0
24	p. 266	FY2009 - FY2010 Operating	Labor	Employment and Training Services				The ARRA reauthorized and permanently expanded the Trade Adjustment Assistance program. Eligibility was expanded to include workers in the services sector. The funds will be utilized to support salary and benefit costs of existing staff to provide employment and case management services to increased participants to include comprehensive and specialized assessment of skill levels and service needs; development of an individual employment plan; information on how to apply for financial aid; information on training available in local and regional areas; short-term prevocational services; individual career counseling; employment statistics information; and information relating to local occupations that are in demand and the earnings potential of such occupations. In addition, the Trade Adjustment Assistance database will need to be upgraded as mandated by new federal regulations. The estimated outcome is 115 participants will utilize Trade Adjustment Assistance program benefits such as job search activities, relocation benefits, training, health care tax credits and trade readjustment allowance benefits.		350.0			350.0
25	p. 69	FY2009 - FY2010 Operating	Labor	Independent Living Rehabilitation				These funds will be granted to the four Centers for Independent Living (CILs) to support activities that lead to competitive employment, independent living and business ownership by Alaskans with disabilities. Activities include providing home accessibility modifications, adaptive equipment and/or services that allow people to remain in their homes and communities. Funds will also be used to expand independent living services statewide, including rural and remote areas of the state, by encouraging partnerships, collaborative efforts, training and outreach. The funds will also support operations of the State Independent Living Council (SILC), examining the State Plan for Independent Living resource plan to determine if it needs to be updated.		246.2			246.2
26	p. 16	FY2009 - FY2010 Operating	Public Safety	Alaska State Troopers/Special Projects				Funds are to be used to enhance law enforcement's response to online child victimization and child pornography cases. The department will use the funds to cover personal services costs of investigators and associated supplies and equipment. The Anchorage Police Department is the only eligible applicant in Alaska and is expected to subgrant these funds to the department.		50.0			50.0
27	p. 16	FY2009 - FY2010 Operating	Public Safety	Alaska State Troopers/ Narcotics Task Force	6			Justice Assistance Grant (JAG) will be used to cover the personal services costs of new trooper positions, travel, training, supplies and sub-grants to other state agencies and to units of local government to fund projects supporting approved JAG purpose areas.		5,821.0			5,821.0

5629

Items Not Included in the March 19 Economic Stimulus Bill

	ARRA Page Ref.	FY	Department	RDU/ Component	PFT	PPT	NP	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
28	p. 16	FY2009 - FY2010 Operating	Public Safety	Council on Domestic Violence and Sexual Assault/Council on Domestic Violence and Sexual Assault				Victim compensation and assistance. These federal funds may be used to provide services to victims of criminal violence. The funds will be sub-granted to approved victim services programs to provide immediate safety and support to victims of domestic violence and sexual assault in Alaska.		545.0			545.0
29	p. 15	FY2009 - FY2010 Operating	Public Safety	Council on Domestic Violence and Sexual Assault/Council on Domestic Violence and Sexual Assault				Services*Training*Officers*Prosecutors (STOP) Grant. These funds may be used to provide for law enforcement, prosecution and victim services enhancements such as training public safety and court-related personnel, expanding specialized units and enhancing technology. Funds will be sub-granted to law enforcement and prosecutorial agencies, courts and approved victim services programs.		803.6			803.6
30	p. 335, Sec. 2104	FY2009 - FY2010 Operating	Revenue	Child Support Services Division				The division had originally requested a $1.9 million fund source change from RSS to GF Match. Neither the House or Senate Finance Subcommittee budgets include that change. The combination of a change in federal policy that now allows federal incentive funds to be used as match and the unexpected level of FY10 carryforward due to high PFD collections now result in just $400.0 GF Match being required. The $400.0 GF Match is necessary to collect the federal funds.	400.0	612.5	(1,012.5)	Receipt Supported Services	0.0
31					18	0	4	**Operating Items Total**	440.0	209,851.1	(1,012.5)		209,278.6
Capital Projects													
32	p. 103		Commerce					Community Development Block Grant Program This program provides grants (not to exceed $850,000) to municipalities for planning activities, infrastructure projects, and economic development activities which benefit low- to moderate-income individuals.		679.9			679.9
33	p. 65		Commerce					Community Services Block Grant Program The CSBG program is designed to provide a range of services which assist low-income people to attain skills, knowledge and motivation necessary to achieve self-sufficiency. The program may also provide low-income people immediate life necessities such as food, shelter, medicine, etc. As authorized by federal Public Law 97-35, the U.S. Department of Health and Human Services (H&HS) has designated 950 Community Action Agencies (CAAs) -- all of whom may then receive federal funding that passes through their appropriate state agency. Within Alaska the federal H&HS has designated only one CAA. That entity is the non-profit corporation Rural Alaska Community Action Program, referred to as RurAL CAP.		3,960.0			3,960.0
34	p. 56		Environmental Conservation					Air Non-Point Mobile Source Stimulus Projects include diesel emission reduction, increasing the fuel efficiency of stationary source diesel power generation in Alaska villages, coupling use of ultra low sulfur diesel with oxidative catalysts or particulate traps, development and use of fish oil and waste vegetable oil derived biodiesel, and installation of anti-idling technologies. These funds will be managed by the Air Non-Point Mobile Source program.		2,000.0			2,000.0
35			Revenue					AHFC - State Energy Program U.S. Department of Energy (DOE) funds for State Energy Program (SEP) special projects such as building technologies, codes and standards, wind and power technologies, renewable energy for remote areas, or transportation technologies.		28,563.0			28,563.0
36			Revenue					AHFC - Weatherization Program U.S. Department of Energy (DOE) funds to assist low- and moderate-income families attain decent, safe, and affordable housing through the weatherization and rehabilitation of existing homes. Weatherization provides for fire safety through furnace and electrical repairs, education, chimney and woodstove repairs, and egress windows (installed during bedroom window replacements).		18,466.2			18,466.2
37			Revenue					AHFC - Energy Efficiency and Conservation Block Grants U.S. Department of Energy (DOE) funds for energy efficiency and conservation activities for communities, including but not limited to: developing/implementing an energy efficiency and conservation strategy; retaining technical consultant services to assist in the development of such a strategy.		8,500.0			8,500.0
38					0	0	0	**Capital Projects Total**	0.0	62,169.1	0.0		62,169.1
39					18	0	4	**Operating and Capital Combined Total**	440.0	272,020.2	(1,012.5)		271,447.7

Federal Economic Stimulus Funding March 20, 2009

			INCLUDED IN BILL		NOT INCLUDED IN BILL		
	Department	Item	Federal ES Capital	Other Funds Capital	Federal ES Operating	Other Funds Operating	Federal ES Capital
1	Administration	COBRA Health Insurance Subsidy			1,489.0		
2		Violent Crimes Compensation Board			149.4		
3	Subtotal Administration		0.0	0.0	1,638.4	0.0	0.0
4	Commerce	AK State Community Service Commission (AmeriCorps)			1,500.0		
5		Community Development Block Grant Program					679.9
6		Community Services Block Grant Program					3,960.0
7	Subtotal Commerce		0.0	0.0	1,500.0	0.0	4,639.9
8	Education	ESEA Title IA			40,000.0		
9		ESEA Title IIA Education Technology			3,210.0		
10		McKinney Vento Homeless Assistance Grants			328.0		
11		IDEA Part B Grants to States, Preschool			34,300.0		
12		State Fiscal Stabilization Base Funds			93,043.0		
13		Temporary Emergency Food Assistance			50.0		
14		National School Lunch Program			286.0		
15		National Endowment for the Arts Funding			300.0		
16		State Fiscal Stabilization Fund - Education and Job Training	20,699.0				
17	Subtotal Education		20,699.0	0.0	171,517.0	0.0	0.0
18	Environmental Conservation	Alaska Clean Water Municipal Grant and Loans	23,637.0				
19		Alaska Drinking Water Municipal Grant and Loans	19,500.0				
20		Leaking Underground Storage Tanks	1,000.0				
21		Village Safe Water	24,260.0				
22		Water Quality Planning	240.0				
23		Air Quality Grants - Diesel Emission Reductions Grant authority legislation needed					2,000.0
24	Subtotal Environ Conserv		68,637.0	0.0	0.0	0.0	2,000.0
25	Governor's Office	Executive Branch Capital Grant Placeholder (for LB&A)	1,000.0				
26	Subtotal Governor		1,000.0	0.0	0.0	0.0	0.0
27	Health & Social Services	Health Care Medicaid Provider Electronic Health Records			2,000.0	40.0	
28		Child Care Development Block Grants			3,153.1		
29		Supplemental Nutrition Assistance Program (food stamps)			462.0		
30		Women, Infants, Children Operations & Mgt. Information System			777.7		
31		Immunization, Prevention & Wellness, Infection Reduction Grants			2,000.0		
32		Infant Learning Program Grants			1,000.0		
33		Senior Meal Program			485.0		
34	Subtotal Health & Social		0.0	0.0	9,877.8	40.0	0.0
35	Labor	Employment and Training Services			4,304.7		
36		Employment Services for Low-Income Seniors			507.3		
37		Unemployment Insurance for Program Improvements			1,115.7		
38		Unemployment Insurance Alternate Base Calculation Legislation needed			15,600.0		
39		Workforce Investment Act Increase Training for Adults, Youth, & Dislocated Workers			9,161.9		
40		Vocational Rehabilitation Services to Disabled Individuals to Obtain or Maintain Employment			1,800.0		
41		Trade Adjustment Assistance			350.0		
42		Independent Living/Blind Services			246.2		
43		AVTEC Culinary Building Replacement - additional funding from EDA	3,000.0				
44	Subtotal Labor		3,000.0	0.0	33,085.8	0.0	0.0
45	Natural Resources	Forestry & Fire Fuels and Forest Management	1,500.0	1,000.0			
46	Subtotal Natural Res		1,500.0	1,000.0	0.0	0.0	0.0
47	Public Safety	Online Child Victimization and Child Pornography Cases			50.0		
48		Justice Assistance Grants			5,821.0		
49		CDVSA Victim Compensation & Assistance			545.0		
50		Services Training Officers Prosecution (STOP) Grants			803.6		
51	Subtotal Public Safety		0.0	0.0	7,219.6	0.0	0.0
52	Revenue	Child Support Services Division			612.5	-612.5	
53		Low Income House Grants In Lieu of Tax Credits	28,500.0				
54		HOME Investment Partnerships (Increase supply of safe, energy-efficient, affordable housing)	5,490.7				
55		Capital Fund Program - Formula (Renovate and modernize public housing)	3,307.0				
56		Capital Fund Program - Competitive (Renovate and modernize public housing)	1,200.5				
57		Emergency Shelter Grants (Renovation and rehabilitation)	1,144.0				
58		State Energy Program Legislation needed					28,563.0
59		Weatherization Program Legislation needed					18,466.2
60		Energy Efficiency and Conservation Block Grants Legislation needed					8,500.0
61	Subtotal Revenue		39,642.2	0.0	612.5	-612.5	55,529.2
62	University	UAF Alaska Region Research Vessel	116,000.0				
63		Fund source change of $80 million in prior year capital project for the UAF Alaska Region Research Vessel					
64		Capital Grant Placeholder (for LB&A)	1,000.0				
65	Subtotal University		117,000.0	0.0	0.0	0.0	0.0
66		**Economic Stimulus March 19 - Bill Total**	251,478.2	1,000.0			
67							
68		**Items not Included in Economic Stimulus March 19 Bill Total**			225,451.1	-572.5	62,169.1

Federal Economic Stimulus Summary as of March 22, 2009	
State Government Preliminary Allocations	**$930.5**
(does not include competitive grants or funds direct to community/organizations)	
Capital Requests - Create Jobs & Promote Economic Growth	
February 24, 2009 DOTPF Appropriations Requested*	
Surface Transportation	$175.5
Transit	$9.1
Aviation	$78.3
Subtotal February 24	**$262.9**
March 19, 2009 Appropriations Requested:	
Education and Job Training	$20.7
Environmental Conservation - Water/Storage Tanks	$68.6
Labor - AVTEC Training Center	$3.0
Natural Resources - Fire Fuels & Forest Management	$1.5
AK Housing Finance - Public Housing	$39.7
University Research Vessel	$116.0
Competitive Capital Grants for LB&A	$2.0
Subtotal March 19	**$251.5**
*HB154 / SB 123 - DOTPF Economic Stimulus Appropriations - includes additional contingent authorization should more funds become available	
Total Capital Requested - 55% of estimated allocation	**$514.4**
Operating Items Requested**	
Medicaid - Federal Reimbursement Rate - 14% of estimated allocation	**$128.5**
** Requested in budget amendments for FY2009 ($54.0) and FY2010 ($74.5)	
Total Capital and Operating Items Requested - 69% of est allocation	**$642.9**
Items Not Requested - pending policy discussions	
Environmental Conservation - Air Quality Grants	$2.0
AK Housing Finance Corporation - State Energy Program	$28.6
AK Housing Finance Corporation - Weatherization	$18.5
AK Housing Finance Corporation - Energy Efficiency & Conservation Block Grants	$8.5
Labor - Unemployment Insurance Alternate Base Calculation	$15.6
Subtotal Policy Items	**$73.2**
Operating & Capital Items Not Requested - pending additional budget discussions	
Administration - COBRA ($1.5) and Violent Crimes Compensation Funds ($0.2)	$1.6
Commerce - Serve Alaska (formerly AK State Community Service Commission)	$1.5
Commerce - Community Development Block Grants ($0.6), Community Services Block Grants ($4.0)	$4.6
Education - Title I ($40.0), Special Education ($34.3), Technology ($3.2), Fiscal Stabilization Base Funds ($93.0), Emergency Food Assistance ($0.05), Homeless Grants ($0.3), School Lunch Program ($0.3), Natl Endowment for Arts ($0.3)	$171.5
Health & Social Services - Electronic Health Records ($2.0), Child Care Development Block Grants ($3.2), Supplemental Nutrition ($0.5), WIC ($0.8), Immunizations ($2.0), Infant Learning ($1.0), Senior Meals ($0.5)	$9.9
Labor - Employment Services ($4.8), Unemployment Insurance ($1.1), WIA ($9.2), Vocational Rehabilitation ($1.8), Trade Adjustment Assistance ($0.4), Independent Living ($0.3)	$17.5
Public Safety - Online Child Victimization ($0.05), Justice Assistance Grants ($5.8), CDVSA ($0.5), STOP Grants ($0.8)	$7.2
Revenue - Child Support Enforcement	$0.6
Subtotal Operating & Capital Items	**$214.4**
Total Not Requested Pending Further Discussion/Information - 31% est alloc	**$287.6**

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 19, 2009

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault:

I am transmitting a second appropriation bill to implement the $787 billion American Recovery and Reinvestment Act of 2009 (ARRA). This bill contains authorization requests for capital projects designed to create jobs and promote economic growth within the State of Alaska. This appropriation bill does not include every ARRA program that runs to or through the State of Alaska.

Under the direction of the Office of Management and Budget, I have asked our departments to review the Federal spending package with jobs for Alaskans in mind. This is particularly important because I must certify that all the funds I am requesting on behalf of the state will create jobs and promote economic growth. However, because I cannot yet in good conscience certify that all funds in the Federal stimulus package will be used to create jobs and stimulate our economy, I am requesting only job-ready funding and am encouraging a public discussion through the legislative process.

There are three categories of funding that are not included in this legislation: programs with potential strings attached for receipt of the funds; competitive funding where the federal guidance and requirements are uncertain or unknown; and operating funds that increase existing federally funded programs above what is already included in the state budget to provide services to Alaskans.

Programs that have been left out of this bill include those with outstanding questions, such as the impact on Alaskans of "strings" Congress attached to the funding, and tenuous or unclear links to job creation or economic growth. Descriptions of the specific issues for each program that has not been included in this legislation are set out in more detail later in this letter.

My concerns about ARRA spending too much on operating programs that leave the state responsible to pay for expanded services after federal funding ends were stated even before it was passed by Congress. I was disappointed when the final bill cut billions in spending for infrastructure and jobs in favor of operating programs. Despite such changes to the final version of ARRA, Congress maintained a requirement for Governor's to certify that ARRA funds will be used to create jobs and promote economic growth within their respective states.

I respectfully request your assistance and that of the entire Legislature to hold hearings for review, and allow public testimony and debate on the projects included for funding in the bill as well as programs that have not been included. I understand the amount of hard work this effort will require and that this approach is definitely not the easy way out. The easy way would be to blindly say "yes" to all ARRA federal funds without concern, review, or discussion for the consequences to the state, individual Alaskans, and the nation. Our efforts at review and discussion would likely be made easier by issuance of clear final guidance documents from all federal agencies and adequate answers to specific questions we have posed about certain programs.

The appropriation bill I am transmitting today contains capital projects requests totaling $252.5 million, with all but $1.0 million coming from economic stimulus funds. Capital projects requested include $20.7 million for education and job training, $68.6 million for water and sewer projects and storage tank replacements, $3.0 million for the Alaska Vocational Training Center, $2.5 million for Fire Fuels and Forest Management, $39.6 million for public housing projects through the Alaska Housing Finance Corporation, and $116.0 million for the University of Alaska Fairbanks Research Vessel. We have also included two $1.0 million placeholders for competitive grant opportunities for state agencies and the University.

After careful review of the assurances and requirements in ARRA under each title for receipt of federal economic stimulus funds, there are several items that are not included in this appropriation bill. Some items require statutory changes in order to receive and expend these funds, or, in some instances, we have not yet obtained sufficient information upon which to base recommendations to you. Following is a list of the items and policy questions for legislative consideration:

Unemployment Insurance - after review of the requirements to expand unemployment insurance benefits, I will not propose a revision to Alaska's current law to permanently change the calculation of unemployment insurance benefits that would result in a cost increase to employers and businesses. The statutory change would require that Alaskan businesses pick up this increased cost once the federal funds are no longer available. Increasing taxes on business is simply not the way to stimulate the economy. $15 million would be available to the state if the legislature makes a statutory change to comply with the new requirement. Once those funds are no longer available, the Department of Labor estimates a $2 million annual cost to the UI Trust Fund in the future.

I would like to note that Alaska has already moved forward on accepting the additional $25 a week for unemployment benefits provided in ARRA. The additional weekly benefit is 100 percent federally funded and will benefit unemployed Alaskans and support the stability of Alaska's economy. The $25 additional benefit is payable for weeks of unemployment beginning February 22 2009 and continuing through the end of 2009 with a phase out for existing claims through July 3, 2010.

Energy – three assurances that present challenges for Alaska are required in order to receive energy funds: (1) implementation of a general policy that ensures that electric and gas utility financial incentives are aligned with helping customers use energy more efficiently; (2) implementation of a statewide building energy code; and (3) an implementation plan for both pieces in order to achieve 90% compliance on new or renovated buildings within eight years. Without these assurances, the state will not qualify for $28.6 million for the State Energy Program, $18.5 million for Weatherization, and $8.5 million for Energy Efficiency and Conservation Block Grants.

This administration is taking a proactive approach to address areas where federal requirements in the economic stimulus bill create significant hurdles for receipt of funds, such as the adoption of a statewide building energy code. We currently are working with the U.S. Department of Energy to determine possible solutions that will allow Alaska to receive these funds.

Air Quality Grants - Granting authority is needed by the Department of Environmental Conservation (DEC) to receive and expend approximately $2 million from the Environmental Protection Agency (EPA) for the Diesel Emission Reduction Program. The goal of the program is to reduce diesel emissions with new technologies and to further advance these technologies to a larger audience.

This is not a new program; DEC currently has a grant award from EPA and is already spending this funding on diesel emission reduction projects. Current funding is distributed to other government agencies such as the Alaska Energy Authority to increase the fuel efficiency of stationary source diesel power generation, the Alaska Railroad, and the Department of Transportation & Public Facilities for diesel equipment retrofit. Statutory language would be necessary for DEC to identify grantees beyond government agencies, such as smaller private sector businesses, that are looking to forward more efficient diesel fuel usage.

Broadband and health information technology grants – These are two other areas that are not included in the appropriation bill. Gaining sufficient guidance from the federal agencies and a clear understanding of the requirements for receipt of the funds require additional time in order to develop the requests for these significant program areas. These programs fall under the long-range economic development strategies in the economic stimulus legislation. The administration is closely monitoring the evolution of guidelines in the relevant federal agencies in order to determine the benefits and timing of these funds.

Other competitive grant funds for state agencies are also not included in this appropriation bill due to lack of information regarding the application process, amounts available, requirements, and other needed guidance. The Legislative Budget & Audit (LB&A) Committee process is certainly an option for legislative consideration of funding requests during

the interim or the FY2010 supplemental process is another option once more information on these programs becomes available. We have included a statewide placeholder for capital project grants for state agencies and also for the University to allow for LB&A consideration should agencies be successful in obtaining grant funds for capital projects.

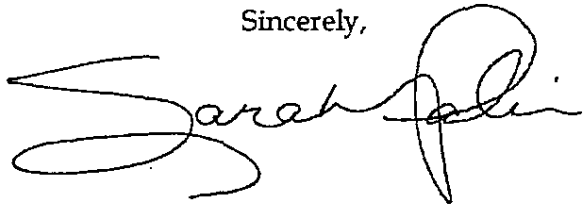
ARRA also provides competitive grant funding to non-state entities, communities, and organizations through the discretion of federal agencies that will flow directly to project applicants. We are communicating information to interested parties and guiding them to <Recovery.gov>, <Grants.gov>, and federal department websites. We are also posting information on the state website at alaska.gov/recovery.

In conclusion I am required to certify that the requests I am forwarding for legislative approval will meet the requirements of the ARRA to create jobs and promote economic growth in Alaska. We are open to discussions on the operating funds that are not included in this appropriation bill. These program increases should be fully debated as part of the ongoing budget process. The Legislature has been working diligently on the operating budget for the next fiscal year to provide for the needs of Alaskans. Simply expanding these programs based on receipt of economic stimulus funds does not meet the ARRA certification requirement and creates an unrealistic expectation that the state will continue these programs when the federal funds are no longer available.

The federal economic stimulus package will have profound implications for Alaska and the nation. The legislative process to consider proposed ARRA spending is crucial to developing a responsible approach to use of these funds. When the final tally of spending and borrowing is added up, current and future generations of Alaskans and all Americans will be required to pay what amounts to the biggest credit card bill in history.

I appreciate your consideration of this legislation.

Sincerely,



Sarah Palin
Governor

Project Review Listing
FY2009 Economic Stimulus Other

Educ _Early Devel Only

Department of Education and Early Development

RefNum	AP/AL	Project Title		Fund Source Total
48467	AP	State Fiscal Stabilization Fund - Education and Job Training		
			1212 Federal ES	$20,699,000
			Federal ES (1212):	**$20,699,000**
			General Fund Total:	**0**
			Federal Total:	**$20,699,000**
			Other Total:	**0**
			Department Total:	**$20,699,000**
			Federal ES (1212) Grand Total:	**$20,699,000**
			General Fund Grand Total:	**0**
			Federal Grand Total:	**$20,699,000**
			Other Grand Total:	**0**
			Grand Total:	**$20,699,000**

* Indicates an appropriation with allocations (amounts not included in totals)

State Fiscal Stabilization Fund - Education and Job Training

FY2009 Request: $20,699,000
Reference No: 48467

AP/AL: Appropriation
Project Type: Research / Studies / Planning
Category: Education
Location: Statewide
Contact: Mark Lewis
House District: Statewide (HD 1-40)
Contact Phone: (907)465-2802
Estimated Project Dates: 03/16/2009 - 06/30/2012

Brief Summary and Statement of Need:
Funding from the American Recovery and Reinvestment Act of 2009, State Fiscal Stabilization Fund, will be used to advance education and job training programs statewide.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$20,699,000						$20,699,000
Total:	$20,699,000	$0	$0	$0	$0	$0	$20,699,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Program details and distribution criteria wil be developed in coordination with the legislature.

Project Review Listing
FY2009 Economic Stimulus Other

Environ Conservation Only

Department of Environmental Conservation

RefNum		AP/AL	Project Title			Fund Source Total
48409	*	AP	American Recovery and Reinvestment Act of 2009			
				1212	Federal ES	$68,637,000
48415		AL	Alaska Clean Water Stimulus			
				1212	Federal ES	$23,637,000
48410		AL	Alaska Drinking Water Stimulus			
				1212	Federal ES	$19,500,000
48414		AL	Leaking Underground Storage Tank Stimulus			
				1212	Federal ES	$1,000,000
48411		AL	Village Safe Water Stimulus			
				1212	Federal ES	$24,260,000
48412		AL	Water Quality Planning Stimulus			
				1212	Federal ES	$240,000

Federal ES (1212):	**$68,637,000**
General Fund Total:	**0**
Federal Total:	**$68,637,000**
Other Total:	**0**
Department Total:	**$68,637,000**

Federal ES (1212) Grand Total:	**$68,637,000**
General Fund Grand Total:	**0**
Federal Grand Total:	**$68,637,000**
Other Grand Total:	**0**
Grand Total:	**$68,637,000**

* Indicates an appropriation with allocations (amounts not included in totals)

American Recovery and Reinvestment Act of 2009 **FY2009 Request: $68,637,000**
Reference No: 48409

AP/AL: Appropriation with Allocations
Project Type: Life / Health / Safety
Category: Health/Human Services
Location: Statewide
Contact: Laura Beason
House District: Statewide (HD 1-40)
Contact Phone: (907)465-5273
Estimated Project Dates: 03/16/2009 - 09/30/2010

Brief Summary and Statement of Need:
Authorization is being requested due to passage of the American Recovery and Reinvestment Act of 2009 (H.R. 1). Supplemental appropriations signed by President Obama on February 16, 2009 for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for the federal fiscal year ending September 30, 2009, and for other purposes.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$68,637,000						$68,637,000
Total:	$68,637,000	$0	$0	$0	$0	$0	$68,637,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Alaska Clean Water Stimulus **FY2009 Request: $23,637,000**
Reference No: 48415

AP/AL: Allocation
Project Type: Water / Sewer / Solid Waste
Category: Health/Human Services
Location: Statewide
Contact: Lynn Kent
House District: Statewide (HD 1-40)
Contact Phone: (907)269-6281
Estimated Project Dates: 03/16/2009 - 09/30/2010
Appropriation: American Recovery and Reinvestment Act of 2009

Brief Summary and Statement of Need:
Projects include sewer collection, treatment, discharge and water quality related projects. These funds will be allocated and administered by the Municipal Grant and Loan program.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$23,637,000						$23,637,000
Total:	$23,637,000	$0	$0	$0	$0	$0	$23,637,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
American Recovery and Reinvestment Act of 2009: Environmental Protection Agency - State and Tribal Assistance Grants, Clean Water Revolving Loan Fund.

Alaska Drinking Water Stimulus

FY2009 Request: **$19,500,000**
Reference No: **48410**

AP/AL: Allocation
Project Type: Water / Sewer / Solid Waste
Category: Health/Human Services
Location: Statewide
Contact: Lynn Kent
House District: Statewide (HD 1-40)
Contact Phone: (907)269-6281
Estimated Project Dates: 03/16/2009 - 09/30/2010
Appropriation: American Recovery and Reinvestment Act of 2009

Brief Summary and Statement of Need:
Projects include drinking water source, treatment, storage, and distribution. These funds will be managed by the Municipal Grant and Loan program and the Drinking Water program.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$19,500,000						$19,500,000
Total:	$19,500,000	$0	$0	$0	$0	$0	$19,500,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
American Recovery and Reinvestment Act of 2009: Environmental Protection Agency, State and Tribal Assistance Grants, Drinking Water Revolving Loan Fund.

Leaking Underground Storage Tank Stimulus **FY2009 Request: $1,000,000**
Reference No: 48414

AP/AL: Allocation **Project Type:** Life / Health / Safety
Category: Health/Human Services
Location: Statewide **Contact:** Larry Dietrick
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-5250
Estimated Project Dates: 03/16/2009 - 09/30/2010
Appropriation: American Recovery and Reinvestment Act of 2009

Brief Summary and Statement of Need:
Projects include those that involve the cleanup of leaking underground storage tank sites. There are currently 501 open Leaking Underground Storage Tank (LUST) sites in Alaska, and the Contaminated Sites program plans to use the funds to cleanup 10-20 so-called "orphan" sites (sites where the responsible party cannot be located or is not viable). These funds will be managed by the Contaminated Sites program.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,000,000						$1,000,000
Total:	$1,000,000	$0	$0	$0	$0	$0	$1,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
American Recovery and Reinvestment Act of 2009: Environmental Protection Agency - State and Tribal Assistance Grants, Leaking Underground Storage Tank Trust Fund.

Village Safe Water Stimulus

FY2009 Request: $24,260,000
Reference No: 48411

AP/AL: Allocation
Project Type: Water / Sewer / Solid Waste
Category: Health/Human Services
Location: Statewide
Contact: Lynn Kent
House District: Statewide (HD 1-40)
Contact Phone: (907)269-6281
Estimated Project Dates: 03/16/2009 - 09/30/2010
Appropriation: American Recovery and Reinvestment Act of 2009

Brief Summary and Statement of Need:
Projects include water and sewer infrastructure improvements. Funds are being allocated by the Indian Health Service using a statewide database of water and sewer project needs in Native communities. These funds will be managed by the Village Safe Water program.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$24,260,000						$24,260,000
Total:	$24,260,000	$0	$0	$0	$0	$0	$24,260,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
American Recovery and Reinvestment Act of 2009: Environmental Protection Agency and Indian Health Service - State and Tribal Assistance Grants, Indian Health Service funding and funding from the EPA Tribal Clean Water and Drinking Water Set-aside Programs.

Water Quality Planning Stimulus **FY2009 Request: $240,000**
Reference No: 48412

AP/AL: Allocation
Project Type: Water / Sewer / Solid Waste
Category: Health/Human Services
Location: Statewide
Contact: Lynn Kent
House District: Statewide (HD 1-40)
Contact Phone: (907)269-6281
Estimated Project Dates: 03/16/2009 - 09/30/2010
Appropriation: American Recovery and Reinvestment Act of 2009

Brief Summary and Statement of Need:
Projects include natural conditions statistical analysis implementation tools, grants for stormwater projects, environmental assessments, and green infrastructure assessments. These funds will be managed by the Water Quality Management program.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$240,000						$240,000
Total:	$240,000	$0	$0	$0	$0	$0	$240,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
American Recovery and Reinvestment Act of 2009: Environmental Protection Agency - 205(j) Water Quality Management.

Project Review Listing
FY2009 Economic Stimulus Other

Governor Only

Office of the Governor

RefNum	AP/AL	Project Title	Fund Source Total
48442	AP	American Recovery and Reinvestment Act of 2009 Statewide Competitive, Discretionary, and Incentive Grants	
		1212 Federal ES	$1,000,000

Federal ES (1212):	**$1,000,000**
General Fund Total:	**0**
Federal Total:	**$1,000,000**
Other Total:	**0**
Department Total:	**$1,000,000**

Federal ES (1212) Grand Total:	**$1,000,000**
General Fund Grand Total:	**0**
Federal Grand Total:	**$1,000,000**
Other Grand Total:	**0**
Grand Total:	**$1,000,000**

* Indicates an appropriation with allocations (amounts not included in totals)

American Recovery and Reinvestment Act of 2009 **FY2009 Request:** **$1,000,000**
Statewide Competitive, Discretionary, and Incentive Grants **Reference No:** **48442**

AP/AL: Appropriation **Project Type:** Economic Assistance
Category: Development
Location: Statewide **Contact:** Karen J. Rehfeld
House District: Statewide (HD 1-40) **Contact Phone:** (907)465-4660
Estimated Project Dates: 03/16/2009 - 09/30/2014

Brief Summary and Statement of Need:
Congress has passed and President Obama has signed the American Recovery and Reinvestment Act of 2009 (ARRA). The purpose of the federal appropriation bill is: "Making supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization, for the fiscal year ending September 30, 2009, and for other purposes." This capital project ensures that the State of Alaska can receive and expend any economic stimulus funding from the ARRA that departments become eligible for through competitive, discretionary or incentive grants.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,000,000						$1,000,000
Total:	$1,000,000	$0	$0	$0	$0	$0	$1,000,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
No prior funding history.

Project Description/Justification:
Agencies of the Executive Branch do not yet have comprehensive information about the competitive, discretionary, or incentive grants for which they may be eligible to apply. Rather than have a "placeholder" capital grant appropriation in each department, this "placeholder" appropriation is applicable to all departments. In the event that a department is awarded an economic stimulus capital grant, with this enacted appropriation, the department will be able to comply with the requirements of AS 37.07.080(h).

Project Review Listing
FY2009 Economic Stimulus Other

Labor_Workforce Only

Department of Labor and Workforce Development

RefNum	AP/AL	Project Title	Fund Source Total
48441	AP	Economic Stimulus - Additional Funding for AVTEC Culinary Building Replacement and Cafeteria Upgrade	
		1212 Federal ES	$3,000,000

Federal ES (1212):	$3,000,000
General Fund Total:	0
Federal Total:	$3,000,000
Other Total:	0
Department Total:	$3,000,000

Federal ES (1212) Grand Total:	$3,000,000
General Fund Grand Total:	0
Federal Grand Total:	$3,000,000
Other Grand Total:	0
Grand Total:	$3,000,000

* Indicates an appropriation with allocations (amounts not included in totals)

Economic Stimulus - Additional Funding for AVTEC Culinary Building Replacement and Cafeteria Upgrade

FY2009 Request: $3,000,000
Reference No: 48441

AP/AL: Appropriation
Project Type: Renewal and Replacement
Category: Education
Location: Seward
Contact: Fred Esposito
House District: Homer/Seward (HD 35)
Contact Phone: (907)224-4159
Estimated Project Dates: 03/16/2009 - 06/30/2011

Brief Summary and Statement of Need:
In a prior year capital project AVTEC received $8,659.0 of General Funds for Culinary Building Replacement and Instructional Equipment. Final project costs for construction have come in at approximately $11,359.0 and some additional needed equipment has been identified costing $300.0. Federal Economic Stimulus funds ($3,000.0) from the Economic Development Administration are available to support the increased costs.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,000,000						$3,000,000
Total:	$3,000,000	$0	$0	$0	$0	$0	$3,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
$8,659.0 GF for AVTEC Culinary Building Replacement and Instructional Equipment, sec. 10, ch. 29, SLA 2008, page 68, lines 23-25.

Project Description/Justification:
The Federal Economic Stimulus funds from the Economic Development Administration are available to support the increased costs.

Project Review Listing
FY2009 Economic Stimulus Other

Natural Resources Only

Department of Natural Resources

RefNum	AP/AL	Project Title		Fund Source Total
48430	AP	Forestry and Fire Economic Stimulus - Fire Fuels and Forest Management		
			1108 Stat Desig	$1,000,000
			1212 Federal ES	$1,500,000
			Federal ES (1212):	**$1,500,000**
			General Fund Total:	**0**
			Federal Total:	**$1,500,000**
			Other Total:	**$1,000,000**
			Department Total:	**$2,500,000**

Federal ES (1212) Grand Total:	**$1,500,000**
General Fund Grand Total:	**0**
Federal Grand Total:	**$1,500,000**
Other Grand Total:	**$1,000,000**
Grand Total:	**$2,500,000**

* Indicates an appropriation with allocations (amounts not included in totals)

Forestry and Fire Economic Stimulus - Fire Fuels and Forest Management | **FY2009 Request:** $2,500,000 | **Reference No:** 48430

AP/AL: Appropriation
Project Type: Life / Health / Safety
Category: Natural Resources
Location: Statewide
Contact: Leta Simons
House District: Statewide (HD 1-40)
Contact Phone: (907)465-3379
Estimated Project Dates: 03/16/2009 - 09/30/2010

Brief Summary and Statement of Need:
Economic Stimulus (ES) funding provides support to mitigate hazardous fuels to reduce risk to communities from catastrophic wildfire; Community Wildfire Protection Planning and Firewise Education; enhanced local community energy independence through wood to energy projects and community forestry. This project meets the mission of continued protection, development, and management of the State's natural resources, by enlisting cooperation at the local level throughout Alaska. ES funding from the US Forest Service and ES funding for local governments will be used for project-specific forestry and fire work.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,500,000						$1,500,000
Stat Desig	$1,000,000						$1,000,000
Total:	$2,500,000	$0	$0	$0	$0	$0	$2,500,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
New project - no prior funding history

Project Description/Justification:
This project supports the Department's mission to develop, conserve, and enhance natural resources for present and future Alaskans by delivering federally and locally funded forest management and development, community forestry, and hazardous fuels reduction programs. AS 41.17.030 gives management of state forests to the Department of Natural Resources. The threat of catastrophic wildland fires in the urban interface areas in the state is increasing as the citizens of Alaska continue to move into the forested areas of the state, increasing fire risk. Division of Forestry has an unprecedented opportunity to put Alaskans to work, especially those from rural communities where unemployment is high and seasonal, and has opportunity to reduce the build up of hazardous fuels. These federal funds from the American Recovery and Reinvestment Act (ARRA) will allow the Division to improve and enhance the ability to support both resources and wildland fire programs that benefit the citizens and resources of Alaska and create jobs.

Through economic stimulus funding from the USDA Forest Service, Forestry can quickly implement hazardous fuels reduction and wood to energy projects that will minimize the risk of wildland fire to

homes and community infrastructure while providing much needed wood energy and employment. A common thread for each of the hazard fuel reduction projects will be the additional training for Alaska's Type II firefighting crews to upgrade their capabilities in tree felling and sawyer skills. This will enable crews to attain a critical requirement in the Type II-Initial Attack certification process. This higher crew rating will improve the crew's ability to compete for fire assignments in state and in the Lower 48 jurisdictions during future fire seasons.

Wood to energy projects stimulate local economies, aid Alaskans in becoming more energy independent, and will decrease local energy costs. Funds can go to local vendors and local governments supporting local economies and jobs as well improving conditions and capabilities. Forest restoration and productivity on Alaska Native Lands and State land from pre-commercial thinning provides the immediate benefits of road infrastructure repair, fish habitat restoration, water quality improvement and enhanced forest growth and yield on private lands and provides the long term benefits of enhancement to forest product and fishing industries, enhanced community planning for wildfires, hazardous fuel mitigation and an active Firewise education program. Programs receiving benefit from ARRA funding include but are not limited to:

- Forest resources and management
- Insect and Disease projects – Invasive pests
- Community Forestry
- Natural Resources Intern Program
- Forest Stewardship
- Forest Practices
- Forest Resource Inventory
- Hazardous Fuels Mitigation
- Prevention and education emphasizing Firewise concepts
- Provide funding for the development of Community Wildfire Protection Plans

The Project does not directly raise state revenue. However, it expands the state's effectiveness in both forest management and wildland fire management.

Federal Economic Stimulus funds of up to $1.5 million will pass through the Division of Forestry to local governments for project specific forestry and fire work. In some cases, the local governments will contract with the Division of Forestry to implement projects. The $1.0 million request for SDPR is for authorization to receive funds and provide services to local governments.

Why is this Project Needed Now?

This project will allow the Division to address one-time unfunded project needs in both forest resources and hazardous fuels reduction. The State has the opportunity to reduce risks to public health and safety (i.e., through wildland/urban interface education, hazardous fuel mitigation), focus on getting wood to energy, and put federal funding into local economies. Benefits from the proposed projects bolster local security from mitigation of hazardous fuels and strengthen local communities, improve climate for residential expansion and business opportunities and enhance local community infrastructure (trees).

Specific Spending Detail:

LINE ITEM	DOLLAR AMOUNT	DESCRIPTION (text)
Personal Services	$ 1,000,000	Non-perm firefighting crews to perform hazard fuel mitigation work. Firewise education, forestry intern crew expansion, project coordinators from non-perm or seasonal extensions to manage projects with boroughs and municipalities.
Travel	$ 50,000	Travel costs associated with statewide hazardous fuels mitigation and wood to energy projects
Services	$ 250,000	Contractual Services related to ARRA projects, including mechanical fuels treatment contracts.
Commodities	$ 100,000	Miscellaneous supplies for hazard fuel reduction projects, Firewise Education, Community Wildfire Protection Planning,
Grants	$1,100,000	Pass thru grants to cities and boroughs, and local govt. for community forestry projects. Note: Actual expenditures will depend on which projects are identified by the USFS.

**Note - For fire fuel mitigation crews, the state will create limited duration short-term non-perm positions (approximately 60 to 80) to work at specific project locales.

The one-time projects are estimated to put almost 200 people to work in the private sector or with the state in non-perm firefighting/fuels crews. The State does not bear the burden of continued operating budget obligations for the projects and services. As fuel treatment projects are completed in a geographic location, the vacant non-perm positions will be transferred to new duty stations for reuse with new crew hires on new projects. Project management costs will be billed as direct costs.

Project Support:
Broad support is anticipated from the public, local government, volunteer fire departments, Alaska Native organizations, numerous state, and federal government cooperating agencies, and grantees.

Project Opposition:
No opposition is anticipated for this project.

Project Review Listing
FY2009 Economic Stimulus Other

Revenue Only

Department of Revenue

RefNum	AP/AL	Project Title			Fund Source Total
48437	AP	AHFC - Low-Income Housing Grants in Lieu of Tax Credits			
			1212	Federal ES	$28,500,000
48436	AP	AHFC - Home Investment Partnerships			
			1212	Federal ES	$5,490,700
48438	AP	AHFC - Capital Fund Program (CFP) - Formula			
			1212	Federal ES	$3,307,000
48439	AP	AHFC - Capital Fund Program (CFP) - Competitive			
			1212	Federal ES	$1,200,500
48440	AP	AHFC - Emergency Shelter Grants (ESG)			
			1212	Federal ES	$1,144,000

Federal ES (1212):	**$39,642,200**
General Fund Total:	**0**
Federal Total:	**$39,642,200**
Other Total:	**0**
Department Total:	**$39,642,200**

Federal ES (1212) Grand Total:	**$39,642,200**
General Fund Grand Total:	**0**
Federal Grand Total:	**$39,642,200**
Other Grand Total:	**0**
Grand Total:	**$39,642,200**

* Indicates an appropriation with allocations (amounts not included in totals)

AHFC - Low-Income Housing Grants in Lieu of Tax Credits **FY2009 Request: $28,500,000**
Reference No: 48437

AP/AL: Appropriation
Project Type: Renewal and Replacement
Category: Housing/Social Services
Location: Statewide
Contact: Les Campbell
House District: Statewide (HD 1-40)
Contact Phone: (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
This program allows taxpayers to receive a grant from the Treasury Department in lieu of low-income housing tax credits. State housing agencies would receive a grant in an amount up to 85 percent of 40 percent of the State's low-income housing tax credit allocation in lieu of credits. The grants would apply to each State's 2009 low-income housing tax credit allocation.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$28,500,000						$28,500,000
Total:	$28,500,000	$0	$0	$0	$0	$0	$28,500,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

LOW-INCOME HOUSING GRANTS IN LIEU OF TAX CREDITS
Total Funds: $28,500.0 Federal ES – FY2009 Capital Budget
Purpose: The Act allows taxpayers to receive a grant from the Treasury Department in lieu of low-income housing tax credits. State housing agencies would receive a grant in an amount up to 85 percent of 40 percent of the State's low-income housing tax credit allocation in lieu of credits. The grants would apply to each State's 2009 low-income housing tax credit allocation.
Timing Issues:
- Funding must be spent within two years of receiving the funds.

Other Restrictions – Beyond the existing regulations and statutes of 26 USC Section 42, unknown at this time. The US Treasury department hasn't issued regulations yet and ARRA didn't detail out any other restrictions.
Recipients - Multi-family rental projects that are unable to syndicate a tax credit allocation received in 2009.

AHFC - Home Investment Partnerships **FY2009 Request: $5,490,700**
Reference No: 48436

AP/AL: Appropriation **Project Type:** Renewal and Replacement
Category: Housing/Social Services
Location: Statewide **Contact:** Les Campbell
House District: Statewide (HD 1-40) **Contact Phone:** (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
The purpose of this program is to expand the supply of affordable, low- and moderate-income housing and to strengthen the ability of the state to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$5,490,700						$5,490,700
Total:	$5,490,700	$0	$0	$0	$0	$0	$5,490,700

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

HOME INVESTMENT PARTNERSHIPS – Modified for Low-Income Housing Tax Credit
Total Funds: $5,490.7 Federal ES – FY2009 Capital Budget
Purpose: To provide capital investments in low-income housing tax credit projects
National Funding Level: $2.25 billion
Allocation Method: AHFC will distribute funds competitively (after receiving the initial formula allocation to States, based on Fiscal Year 2008 HOME formula)
Decision-Maker: HUD Office of Community Planning and Development, then state housing credit agencies - AHFC
Eligible Applicants: Affordable housing developers of qualified projects that, within a certain timeframe, received or simultaneously receive a Low Income Housing Tax Credit (LIHTC)
Special Criteria:
Timing
Housing credit agencies must commit at least 75 percent of funds within one year of enactment, and demonstrate that project owners have expended 75 percent of funds within two years of enactment and 100 percent within three years – failure by an owner to do so will result in redistribution of funds within the State
Available until September 30, 2011

Project Selection Criteria:
For housing credit agencies decisions, prioritize projects that will be completed within three years
Eligible projects must be awarded LIHTC in Fiscal Years 2007, 2008, or 2009
Housing credit agencies shall assure asset management functions comply with LIHTC requirements

Eligible basis of a qualified LIHTC building receiving assistance cannot be reduced by the amount of any stimulus grant
Environmental compliance remains subject to HOME requirements

AHFC - Capital Fund Program (CFP) - Formula **FY2009 Request: $3,307,000**
Reference No: 48438

AP/AL: Appropriation
Project Type: Renewal and Replacement
Category: Housing/Social Services
Location: Statewide
Contact: Les Campbell
House District: Statewide (HD 1-40)
Contact Phone: (907)330-8356
Estimated Project Dates: 07/01/2008 - 06/30/2013

Brief Summary and Statement of Need:
Federal (HUD) grant that provides Public Housing Authorities (PHA) with funds each year to help renovate and modernize public housing units.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$3,307,000						$3,307,000
Total:	$3,307,000	$0	$0	$0	$0	$0	$3,307,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

CAPITAL FUND PROGRAM (CFP)
Total Funds: $3,307.0 Federal ES FY2009 Capital Budget
Purpose: Provide funding for the capital and management activities of Public Housing Agencies as authorized under Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g), including modernization and development of public housing.
Timing Issues:
- Funding must be obligated 100% within one year of the effective date
- Funding must be 60% expended within two years of the effective date
- Funding must be 100% expended within three years of the effective date
- Grantees must submit an annual statement and board resolution no later than 21 calendar days from the effective date
- Recipients prioritize projects that can award bid-based contracts within 120 days from the effective date
- Recipients prioritize capital projects that are already underway or included in the five-year Capital Fund Plan

Other Restrictions
- Funds cannot be transferred to operations or used for rental assistance activities
- Extensions to the obligation and expenditure dates are not permitted
- Priority consideration shall be given to the rehabilitation of vacant rental units

- Funds provided in this grant to supplement expenditures not supplant expenditures from other Federal, State, or local sources or funds independently generated by the grantee
- Grantee will provide a physical needs assessment as specified by HUD
- Requirements relating to the procurement of goods and services arising under state and local laws and regulations shall not apply to the CFP assistance provided by this agreement
- Secretary of HUD may waive or specify alternative requirements for any provision of any statute or regulation in connection with the obligation if necessary to expedite or facilitate the timely use of this funding and if it is not inconsistent with the overall purpose of the statute (42 U.S.C. 5301)

Recipients

- Funding will be distributed to grantees that received funding in FFY08

AHFC - Capital Fund Program (CFP) - Competitive **FY2009 Request: $1,200,500**
Reference No: 48439

AP/AL: Appropriation **Project Type:** Renewal and Replacement
Category: Housing/Social Services
Location: Statewide **Contact:** Les Campbell
House District: Statewide (HD 1-40) **Contact Phone:** (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
Federal (HUD) grant that provides Public Housing Authorities (PHA) with funds each year to help renovate and modernize public housing units.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,200,500						$1,200,500
Total:	$1,200,500	$0	$0	$0	$0	$0	$1,200,500

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

CAPITAL FUND PROGRAM (CFP)
Total Funds: $1,200.5 Federal ES - FY2009 Capital Budget
Purpose: Provide funding for the capital and management activities of Public Housing Agencies as authorized under Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g), including modernization and development of public housing.
Timing Issues:
- Funding must be obligated 100% within one year of the effective date
- Funding must be 60% expended within two years of the effective date
- Funding must be 100% expended within three years of the effective date
- Grantees must submit an annual statement and board resolution no later than 21 calendar days from the effective date
- Recipients prioritize projects that can award bid-based contracts within 120 days from the effective date
- Recipients prioritize capital projects that are already underway or included in the five-year Capital Fund Plan

Other Restrictions
- Funds cannot be transferred to operations or used for rental assistance activities.
- Extensions to the obligation and expenditure dates are not permitted.
- Priority consideration shall be given to the rehabilitation of vacant rental units

- Funds provided in this grant to supplement expenditures not supplant expenditures from other Federal, State, or local sources or funds independently generated by the grantee.
- Grantee will provide a physical needs assessment as specified by HUD.
- Requirements relating to the procurement of goods and services arising under state and local laws and regulations shall not apply to the CFP assistance provided by this agreement.
- Secretary of HUD may waive or specify alternative requirements for any provision of any statute or regulation in connection with the obligation if necessary to expedite or facilitate the timely use of this funding and if it is not inconsistent with the overall purpose of the statute (42 U.S.C. 5301).

Recipients

Total Funding will be distributed competitively to Public Housing Authorities nationwide, AHFC expects to receive $1,200.5

AHFC - Emergency Shelter Grants (ESG) **FY2009 Request:** **$1,144,000**
Reference No: **48440**

AP/AL: Appropriation **Project Type:** Life / Health / Safety
Category: Housing/Social Services
Location: Statewide **Contact:** Les Campbell
House District: Statewide (HD 1-40) **Contact Phone:** (907)330-8356
Estimated Project Dates: 03/16/2009 - 06/30/2013

Brief Summary and Statement of Need:
To provide funding for foreclosure prevention and re-housing; case management and social services; renovation, major rehabilitation, or conversion of buildings for use as emergency shelters or transitional housing; shelter operating costs; and related activities.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,144,000						$1,144,000
Total:	$1,144,000	$0	$0	$0	$0	$0	$1,144,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
Federal Economic Stimulus

Project Description/Justification:

EMERGENCY SHELTER GRANTS (ESG)
Total Funds: $1,144.0 Federal ES – FY2009 Capital Budget
Purpose: To provide funding for foreclosure prevention and re-housing; case management and social services; renovation, major rehabilitation, or conversion of buildings for use as emergency shelters or transitional housing; shelter operating costs; and related activities.
Decision-Maker: HUD Office of Community Planning and Development
Eligible Applicants: Commerce and AHFC have agreed to transfer this program to AHFC because of AHFC's role as the coordinator of homeless housing programs in Alaska. A request is being prepared for the Governor's approval.
Special Criteria:
Timing Issues:
Grantees must expend at least 60 percent of funds within two years of fund availability, and 100 percent within three years;
HUD may recapture unexpended funds if two-year expenditure requirement is not met and reallocate to others in compliance;
HUD must publish a notice establishing requirements within 30 days of enactment; and
HUD may set a minimum formula grant result for localities to receive funds that ensures critical mass of resources to have impact.

Eligible Use:
Including short- and medium-term rental assistance and prevention activities, housing relocation, and stabilization services including: housing search, mediation or outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance for a final month at a location, moving cost assistance, and case management, or other activities for homelessness prevention and rapid re-housing of persons who have become homeless.
Grantee Administration – There is an Administrative cost allowance of up to five percent; Data collection to be in HUD's Homeless Management Information System.

Project Review Listing
FY2009 Economic Stimulus Other

University of Alaska Only

University of Alaska

RefNum	AP/AL	Project Title		Fund Source Total
45331	AP	UAF Alaska Region Research Vessel Additional Receipt Authority		
			1212 Federal ES	$116,000,000
48433	AP	UA Economic Stimulus Federal Receipt Authority Competitive, Discretionary, and Incentive Grants		
			1212 Federal ES	$1,000,000

Federal ES (1212):	**$117,000,000**
General Fund Total:	**0**
Federal Total:	**$117,000,000**
Other Total:	**0**
Department Total:	**$117,000,000**

Federal ES (1212) Grand Total:	**$117,000,000**
General Fund Grand Total:	**0**
Federal Grand Total:	**$117,000,000**
Other Grand Total:	**0**
Grand Total:	**$117,000,000**

* Indicates an appropriation with allocations (amounts not included in totals)

UAF Alaska Region Research Vessel Additional Receipt Authority | **FY2009 Request:** $116,000,000 | **Reference No:** 45331

AP/AL: Appropriation
Project Type: Construction
Category: University
Location: Statewide
Contact: Michelle Rizk
House District: Statewide (HD 1-40)
Contact Phone: (907)450-8180
Estimated Project Dates: 03/16/2009 - 06/30/2014

Brief Summary and Statement of Need:
The American Reinvestment and Recovery Act directed $3 billion to the National Science Foundation (NSF) to enable U.S. investment in America's scientific enterprise. Of this funding, NSF will direct $196 million to the University of Alaska Fairbanks (UAF) for the construction of the Alaska Region Research Vessel. In FY05, UAF was given receipt authority up to $80 million for NSF funding to purchase a new research vessel. Since this time the NSF funding has increased by $116 million to accommodate inflation and changes in scope of work over the past few years.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$116,000,000						$116,000,000
Total:	$116,000,000	$0	$0	$0	$0	$0	$116,000,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY05 $80M, Federal Receipt Authority

Project Description/Justification:
The Alaska Region Research Vessel (ARRV) is a 236-foot ice-capable vessel to support research in high latitudes. The ARRV will be owned by the National Science Foundation and operated by UAF on behalf of the entire ocean sciences community, through the University-National Oceanographic Laboratory System. The new vessel will open up the ice-choked waters of the Alaska region to scientists from all over the world and will be the first vessel in the U.S. academic research fleet capable of breaking ice up to 2.5 ft thick. In addition to its ice-breaking capabilities, the ARRV will allow researchers to collect sediment samples directly from the seafloor, host remotely operated vehicles and use a suite of flexible winches to raise and lower testing equipment throughout the water column. The ship will also be able to transmit real-time information directly to classrooms all over the world. The ARRV will accommodate 26 scientists and students at a time, including those with disabilities.

With its ability to penetrate the polar and sub-polar regions, the ARRV will allow scientists and graduate students to study global issues, such as sea-level rise and climate change and the effects of both on the coastal and arctic ecosystems.

UA Economic Stimulus Federal Receipt Authority **FY2009 Request:** **$1,000,000**
Competitive, Discretionary, and Incentive Grants **Reference No:** **48433**

AP/AL: Appropriation **Project Type:** Research / Studies / Planning
Category: University
Location: Statewide **Contact:** Michelle Rizk
House District: Statewide (HD 1-40) **Contact Phone:** (907)450-8191
Estimated Project Dates: 03/16/2009 - 06/30/2014

Brief Summary and Statement of Need:
The University of Alaska plans to pursue economic stimulus grant funding opportunities from various federal agencies. The main areas of focus will be energy, research, technology, and health. Research projects are temporary in nature and carry no on-going continuation of funding beyond the terms of the contract. Requests for capital funding is limited to one-time items, or facilities that can be supported completely by indirect cost recovery from on-going research projects. This capital project ensures that the University of Alaska can receive and expend, with legislative approval, any economic stimulus funding from the ARRA that becomes available through competitive, discretionary or incentive grants.

Funding:	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Federal ES	$1,000,000						$1,000,000
Total:	$1,000,000	$0	$0	$0	$0	$0	$1,000,000

☐ State Match Required ☑ One-Time Project ☐ Phased - new ☐ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
None.

Project Description/Justification:
The University of Alaska has identified several federal agencies which are likely to award economic stimulus grants to the University. The American Recovery and Reinvestment Act (ARRA) has directed funds to the Federal Department of Energy (DOE) for energy efficiency and renewable energy. UA plans to pursue grant funding in areas such as: wind-diesel applications; carbon sequestration; assessing geothermal resources; and small scale biomass development. Energy grants such as these are focused on reducing the use of fossil fuels and improving delivery of energy to rural Alaska.

In addition to the DOE, several other federal agencies have been identified as likely sources of research funding for the University. The National Science Foundation (NSF) and the National Oceanic and Atmospheric Administration (NOAA) will have grant funding available for scientific research. UA plans to pursue grant funding for projects such as climate modeling in Alaska, North Pacific Storm and Climate research and professional development for Alaska's science teachers.

Michelle Rizk, Associate Vice President
(907) 450-8187
(907) 450-8181 fax
michelle.rizk@alaska.edu

UNIVERSITY of ALASKA
Many Traditions One Alaska

Planning & Budget Development
PO BOX 755260
910 Yukon Drive Ste. 108
Fairbanks, AK 99775-5260

March 17, 2009

Karen Rehfeld, Director
Office of Management and Budget
P.O. Box 110020
Juneau, AK 99811

Re: Fund Source Change

Dear Ms. Rehfeld:

The University of Alaska is requesting a fund source change on an FY05 appropriation that will be used for a federal economic stimulus project. To meet the reporting needs of the American Recovery and Reinvestment Act of 2009, a new fund source code has been created. We are requesting a fund source change for the UAF Alaska Region Research Vessel in the amount of $80 million from Federal Receipts (1002) to the Federal Economic Stimulus fund (1212) as follows:

FUND SOURCE CHANGES FOR FEDERAL ECONOMIC STIMULUS PROJECTS.

Sec. 2, ch. 159, SLA 2004, page 54, lines 7 – 9, is amended to read:

University of Alaska	
Federal Receipts	**36,000,000** [116,000,000]
Federal Economic Stimulus	**80,000,000**
University of Alaska Restricted Receipts	26,302,500

Please let me know if you have any questions.

Sincerely,

Michelle Rizk

5667

Sec. --. FUND SOURCE CHANGES FOR FEDERAL ECONOMIC STIMULUS PROJECTS. (a) Sec. 2, ch. 159, SLA 2004, page 54, lines 7 – 9, is amended to read:

University of Alaska	
Federal Receipts	**36,000,000** [116,000,000]
Federal Economic Stimulus	**80,000,000**
University of Alaska Restricted Receipts	26,302,500

END

OF

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